SRCC CHAPTER

INDUSTRY PRIMER

Fast Moving Consumer Goods

FMCG INDUSTRY

FMCG brings everyday essentials to millions, fast and everywhere.

MARKET ANALYSIS

Strong, sustained growth driven by rising rural demand, premiumization, and rapid online channel expansion.

MARKET OVERVIEW

~US$207.5 billion	27.9%	~US$1,108.48 billion	~40% of all FMCG consumption
Indian Market Size	CAGR (2021-27)	Expected Indian Market Size (2033)	Forecast of Online share (2030)

Introduction

The Fast Moving Consumer Goods (FMCG)industry is one of the largest sectors in the global economy. It includes products that are low in cost,sold in large volumes,and consumed on a daily basis ,such as packaged foodscosmetics,over-the-counter medicines,and household cleaning items.Food and beverages account for nearly half of the market share, followed by personal care, household care and health care product. The sector's resilience lies in the fact that these products form part of essential daily consumption, ensuring a continuous flow of demand regardless of economic fluctuations.

Features

- *High Volume,Low Margin*
- *Short Shelf Life*
- *Low Involvement Products*
- *Mass Consumption*
- *Brand Loyalty and Heavy Marketing*

Major Players

Company	Product Categories	Approximate Market Share
Hindustan Unilever Limited	Personal care,home care,food products	~50% in personal care; leading market player overall with 85%+ in key categories.
ITC	Fruits, personal care, lifestyle products	10-15% in personal care; strong in packaged foods and lifestyle segments.
Dabur	Health care, herbal products,food products	15-20% in herbal healthcare and Ayurveda - based FMCG products
BRITANNIA	Bakery and dairy products	30-35% in bakery; significant presence in dairy products
Godrej	Household, personal care, personal hygiene products	8-10% in household and personal care; rising presence in personal hygiene

Key Drivers

- **Rural Consumption**: Rural India drives **35%+ of FMCG sales, with nearly 50%** of rural household budgets spent on FMCG, supported by good harvests, government schemes, and rising incomes.
- **Demographics & Income: A young population (median age 27) and an expanding middle class** with higher disposable incomes are boosting demand for branded, premium, and lifestyle-driven products.
- **Urbanization & Lifestyle Shifts:** Changing consumption patterns in urban centers are driving growth in food, healthcare, and personal care categories.
- **Digital & E-commerce Expansion:** With **780M+ internet users,** quick commerce and e-grocery dominate, accounting for **70–75%** of online grocery orders, while D2C brands emerge as challengers.
- **Government Support: PLI schemes, rural development budgets, and focus on food processing** strengthen manufacturing and infrastructure for FMCG growth.
- **Industry Innovation & Investments:** Companies like **Amul, ITC, and Reliance** are investing in new categories such as pet food, health-focused foods, and premium personal care, backed by **aggressive digital marketing**.

Recent Merger & Acquisitions

Unilever / Minimalist

Hindustan Unilever acquired Minimalist in early 2025, HUL acquired Minimalist a direct to consumers skin care brand for approximately 2955 crore rupees .This acquisition aligbs with HUL's strategy to expand its presence in the premium beauty and personal care segment.

ITC / PRASUMA

ITC acquires Prasuma. ITC strengthened its food portfolio by acquiring Prasuma, a frozen and ready to cook food brand. This move enhances ITC's presence in the convenience food sector catering to growing demand for quick and easy meal solutions.

adani / AWL Agri business

Adani Group sells stake in AWL Agri Business .In July 2025 ,Adani group sold a 20% stake in its FMCG joint venture AWL Agri Business Limited to Singapore based Wilmar international for 7150 crore rupees This strategic divestment reflects Adani's focus on core business areas while allowing Wilmar to expand its footprint in India's FMCG sector

TATA / Godrej

Tata consumer products and Godrej Agrovet signed a non-binding memorandum of understanding(MoU) with India's ministry of food processing industries proposing a total investment of 2960 crore rupees. This collaboration aims to strengthen India's processing sector through substantial private sector participation.

INSIGHTS FOR FUTURE

Distributor experience, and digital enablement, rising rural demand are shaping FMCG growth and competitive differentiation.

Distributor Experience

What makes distributors stay loyal in India's FMCG sector?

The 2025 KPMG India CX Report reveals that while 98% are satisfied, many may still switch brands if expectations fall short.

Key Insights

- **Onboarding:** Lengthy paperwork, poor digital tools, and unclear benefits hinder estate distributors.
- **Relationship vs Transaction:** Overemphasis on transactions makes them feel undervalued; weak returns and supply chain issues add strain.
- **Retention & Loyalty:** Growth prospects, compliance, and product support often drive attrition despite high satisfaction.

Areas of Improvement and Differentiators

Personalization & Trust: Retention grows through transparent communication, brand integrity, and consistent delivery performance.

Digital Enablement: Digital tools for inventory, tracking, and analytics are as e-commerce and rural demand reshape distribution.

Tailored Value Propositions: Distributors favor strong, reliable brands with broad portfolios, often trading margins for scale.

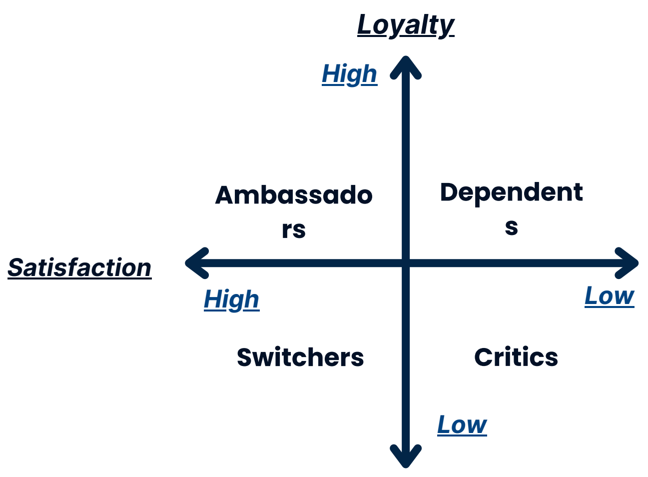
Recommended Strategies
(For Segmentation & Retention)

Long-term retention relies on scalable growth,training,competitive incentive, and region-specific customization.

Distributor Segmentation

Distributors can be grouped into four categories based on satisfaction and loyalty:

- Ambassadors: Highly satisfied and loyal, they actively contribute to brand success.
- Switchers: Satisfied but open to exploring alternatives.
- Critics: Express dissatisfaction and can negatively affect brand reputation.
- Dependents: Dissatisfied but remain due to lack of alternatives.



Distributor Segmentation Matrix

Small Players Take Charge

Rural Market Momentum

In 2025, rural India led FMCG growth with 8.4% volumes rise vs. 4.6% in urban areas, driven by small packs, e-commerce access, and agile regional players.

Evolving Consumer Preferences

- **Rural aspirations rises with digital access, while urban growth is driven by smaller towns.**
- **Larger cities see weaker demand with a shift to local and unbranded products.**

Growth Drivers and Outlook

- **The FMCG sector is projected to exceed $200 billion in value in 2025.**
- **Key competitive differentiators are smaller-pack innovation, digital strategies, and tapping rural demand.**
- **These differentiators can be leveraged in the FMCG industry to rule rural markets.**

Porter's 5 Forces

Analyzing competitive pressures shaping FMCG industry.

Bargaining Power of Buyers

With 1.4 billion consumers, India's expanding middle class is highly price-sensitive yet increasingly values quality.

Bargaining Power of Suppliers

FMCG firms leverage scale to limit supplier power, but raw material volatility drives long-term sourcing deals.

Threat of New Entrants

India's vast FMCG market and retail growth attract investors, but high marketing,distribution, and compliance costs hinder entry.

Threat of Substitutes

Growing health, wellness, and natural products, along with private labels and digital commerce, intensify substitute pressure on legacy FMCG brands.

Rivalry Among Competitors

Over 50 major FMCG brands operate in India, with HUL, Dabur, ITC, and Nestle dominating and generating over $40 billion annually.