"THE IMPACT OF FAST MOVING CONSUMER GOODS DURING THE COVID-19 PANDEMIC PERIOD WITH SPECIAL REFERENCE TO CHENNAI CITY"

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ABSTRACT

The purpose of this work is to examine the Fast Moving Consumer Goods (FMCGs) with an emphasis on during the covid-19 pandemic period with special reference to Chennai city. This study shows how FMCG market is playing a vital role in the Indian economy. Predictions by various reports about the FMCGs included in the article. It is understandable from this article that how world's well known nation for its traditions and values is now also adapting to the new dimension of living standards in current scenario. Examine SWOT Analysis of FMCG Sector and find out facing problems in consumer buying pattern in covid19 pandemic period. In this study choose period from March to July 2020. Used to sampling to collect online method from consumer in 200 respondents. In final part of study determine demographic factor in FMCGs in Chennai city.

KEYWORDS : FMCG- COVID19- CHENNAI CITY-CONSUMER BUYING PATTERN

1.1 INTRODUCTION

Fast moving consumer goods (FMCG) is the fourth largest sector in the Indian economy. There are three main segments in the sector – food and beverages, which accounts for 19 per cent of the sector; healthcare, which accounts for 31 per cent of the share; and household and personal care, which accounts for the remaining 50 per cent share. FMCG market is expected to grow 5-6 per cent in 2020. FMCG's urban segment grew by 8 per cent, whereas, its rural segment grew 5 per cent in the quarter ending September 2019, supported by moderate inflation, increase in private consumption and rural income. Indian online grocery market is estimated to exceed sales of about Rs 22,500 crore (US$ 3.19 billion) in 2020, a significant jump of 76 per cent over the previous year. FMCG companies are looking

to invest in energy efficient plants to benefit the society and lower cost in the long term. Dabur had plans to invest Rs 250-300 crore (US$ 38.79-46.55 million) in FY19 for capacity expansion and possible acquisitions in the domestic market. The sector witnessed healthy FDI inflow of US$ 16.28 billion during April 2000-March 2020. Investment intentions related to FMCG sector arising from paper pulp, sugar, fermentation, food processing, vegetable oils and vanaspati, soaps, cosmetics, and toiletries industries worth Rs 19,846 crore (US$ 2.84 billion) was implemented until December 2019.

Growing awareness, easier access, and changing lifestyle are the key growth drivers for the consumer market. The focus on agriculture, MSMEs, education, healthcare, infrastructure and tax rebate under Union Budget 2019-20 was expected to directly impact the FMCG sector. Initiatives undertaken to increase the disposable income in the hands of common man, especially from rural areas, will be beneficial for the sector.

In the first quarter of 2020, India's fast moving consumer goods (FMCG) industry grew at 6.3% — across traditional trade, modern trade and e-commerce — down from 7% in the previous quarter, largely due to the effect of COVID-19 felt in the month of March.
The initial two months of the quarter — January and February — saw signs of recovery before the COVID-19 pandemic impact led to a fall in the growth rate. "There were distinct signs of recovery in January and February, which is considered pre-COVID-19 for the India market. The industry clocked a growth of 7.5% in January and February.

This growth was significantly impacted in March, with the initial effect of COVID-19 bringing growth down to 4%. This led to a slowing down of overall growth for the quarter.

Further, while the slowdown was witnessed across FMCG categories, it was more pronounced in non-food categories. Interestingly, large manufacturers, classified as those with an annual turnover of over ₹600 crore, continued to witness volume growth in March while the small players with annual turnover of less than ₹100 crore showed agility and grew at 5%.

1.2 FMCGs TRENDS IN INDIA

The FMCG industry in India is divided into the demographics of rural and urban India. The urban market contributes 60% of the consumption revenue of the FMCG market in India. In 2017, this sector recorded a market size of $ 29.4 bn. While urban areas have spearheaded the growth of the FMCG industry in India, semi-urban and rural segments are

growing at a rate that cannot be ignored. Semi-urban and rural segments contribute over 40% of the overall revenues of the FMCG sector in India. FMCG companies in India have witnessed higher growth in rural areas compared to urban ones. And with 12.2% of the world's population living in the villages of India, the Indian rural FMCG market cannot be ignored by investors. Dabur, one of the top FMCG companies in India, generates over 45% of its domestic revenue through the sale of packaged consumer goods in rural India. Hindustan Unilever, another name that has consistently dominated the list of top FMCG companies in India, earns over 35% of its revenue from rural areas. Rural India accounts for more than 40% of consumption in major FMCG categories such as personal care, fabric care, and hot beverages. In urban areas, home and personal care category- including skin care, household care, and feminine hygiene- will continue to grow at attractive rates. Within the foods segment, it is estimated that processed foods, bakery, and dairy are long-term growth categories in both rural and urban areas.

1.3 IMPORTANCE OF FMCG

Fast Moving Customer Goods play an essential role in the economy of every country. The basic characteristic of the companies operating in the sphere of FMCG is a significant goods turnover, a large number of assortment and a medium cost of goods sold percentage. One of these characteristics is the intensive struggle for a market share among the FMCG manufacturers. This is the reason the rate of introduction of innovation is growing but at the same time the "life-cycle" of the products becomes shorter. In order to understand the process of FMCG implementation it is necessary to analyze the leading FMCG giants in current scenario.

1.4 SWOT ANALYSIS OF FMCG SECTOR

Strengths:

• Low operational costs- Low cost of production owing to labour-intensive   techniques of production.

• Presence of established distribution networks - Intense network of distribution in extending to rural areas.

• Presence of well-known and strong brands in FMCG sector- Innovative brand promotion strategies that help to create a larger market share.

Weaknesses:

• FMCG companies do not invest much in technology - Small-scale sector reservations limit ability to invest in technology and hence fail to enjoy lower costs in long-run or economies of scale.

 • Low exports levels- Inflationary pressures hit the production costs.

 • Several "me-too'' products -:"Me-too" products, which illegally mimic the labels of the established brands. These products narrow the scope of FMCG products in rural and semi-urban market (Imitated products in market hurt the brands).

Opportunities:

• Indian market-Untapped or Unexplored rural market

• Rising income levels- increase in purchasing power or disposable income of consumers which will result in faster revenue growth.

• Large and expending domestic market- a population of over one billion.

• High consumer goods spending- Changing tastes and preferences of consumers- preference to packaged goods.

Threats:

• Imports restrictions-Removal of import restrictions resulting in replacing of domestic Brands.

• Demand

• Tax Structure-Tax and regulatory structure

1.5 THE STATEMENT OF PROBLEMS IN FMCG

Lack of roads and transportation facilities create difficulties in entering into shops and markets due to covid19 pandemic period. Transportations are the nerve centre for any business enterprise. But unfortunately, most of the city and roads parlayed in the absence of proper working of this nerve centre. This problems is more deeply felt by the urban marketing systems, as it mostly deals in agro based product like Milk, fruits, vegetables, fish, poultry and dairy products which gets spoiled if nor transported efficiency and quickly.

As a far as packaging concerned, as a general rule, small size packages as more popular in consumer buying behavior. At present all essential product are not available in the all shops and markets due to covid19 lockdown period. Therefore, the lower income group consumers are not able to purchases large package the entail lot of expenditure.

1.5.1 UNPREDICLABLE BRAND SUCCESS:

The next challenge in Indian market in Covid19 period is that the success of brand in this market is highly unpredictable. Hence, many brands that failed miserable in Indian Market. Therefore, markets should understand the social dynamics and attitude variations which in each sector of rural and urban market of this study area.

2. REVIEW OF LITERATURE

Kaushik Mukerjee(2007) through his article explains the potential and issues of the rural market. This descriptive study was done with Kevin Keller's customer based brand equity pyramid and sub dimension of brand building blocks. Although FMCG sector in India accounts for more than Rs one crore business in India the growth of the FMCG sector is hindered in the rural areas due to poor infrastructure like roads, cold storages etc. The strategies adopted by Hindustan Lever Ltd in the rural markets comprised of penetrative pricing, direct marketing programs and other social awareness programs. Coco Cola followed the principle of availability, affordability and acceptability. The study concluded that the potential of the rural markets can be realised provided the marketer is willing to use suitable strategies for reaching the rural customers to ensure proper need satisfaction, feelings and judgments and generating suitable resonance among the consumers.

Shanal Jain et al (2010) on Godrej which attempted a brand makeover by launching a new logo and repositioning its master brand. The FMCG business contributed 1/3 of the group's revenues. The group invested in brand building to create a strong Godrej brand franchise through strategies for product and brand development, retail channel strategy, communication and talent management. They also charged royalty from some of the businesses that used the master brand. Godrej works with a new challenge "Consumers decide on the basis of what brands deliver today not on what they delivered to their parents".

3. OBJECTIVES OF STUDY

1. To study the socio economic profile of consumers in FMCGs.
2. To find out problems FMCG due to covid19 pandemic period.
3. To identify factors influencing purchase decision of FMCG in socio-demographic of the study area

4.1 SIGNIFICANCE OF THE STUDY

There is a highlighted need to understand fast moving consumer goods in Chennai city. The business depends on consumer ability to buy a product is due to covid19 period consumers from the buy of FMCG's goods.

4.2 SAMPLING DESIGN

For the present study around 200 respondents have been chosen in Chennai city by using Convenience Sampling Techniques. The questionnaire was prepared and collected in person from all the respondents. The data information collected has been edited for reliability and consistency and has been presented in a master table for analysis. Periods of study from March 2020 to July 2020.

4.3 TOOLS FOR ANALYSIS

In this study the raw data collected has been edited, classified and tabulated for analysis. The following were some of the tools used such as percentage analysis, and Analysis of Variance (ANOVA)

4.4 HYPOTHESIS OF THE STUDY

"There is no significant relationship between factors influencing purchase decision of FMCG products and size of the family of customers".

"There is no significant relationship between factors influencing purchase decision of FMCG products and educational background of the customers".

5. ANALYSIS AND INTERPRETATION

Gender of the Consumer

Gender is a helpful variable for FMCG for consumer because it seems to behavior of attitudes, options and prudential motives of the consumer. Gender is a significant factor to classify the behavior of the consumer. In general, most of the FMCG are males. Females are not much showing to the success of FMCG and their consequences. Table – 1.1 shows the allocation of male and female of consumer behavior

Table 1.1

Gender of the consumer

	Frequency	Percent	Cumulative Percent
Male	110	68.3	68.3
Female	90	31.7	100.0
Total	200	100.0	

Source: Primary Data

From the above table, it is clear that 68.3% of the consumers are males and 31.7% are females. This profoundly reveals that males are more enthusiastic than females in FMCGs.
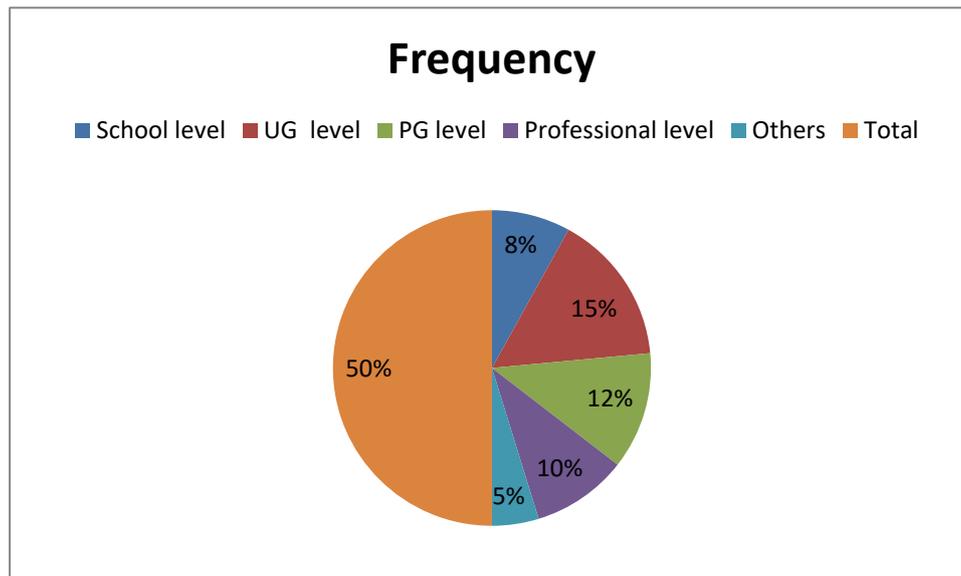
Education of the Consumer

Education absolutely expresses the values of consumer behavior, creates attitudinal changes between consumers, more mostly, it reflects a lifestyle with many FMCGs options for the consumer. Education is a powerful condition for the consumer behavior analysis about the pros and cons of FMCGs. Table - 1.2 presents education wise distribution of the consumer behavior.

Table - 1.2

Education of the Consumer

Education	Frequency	Percent	Cumulative Percent
School level	32	15.2	15.2
UG level	62	31.5	46.7
PG level	48	24.3	71.0
Professional level	39	19.2	90.2
Others	19	9.8	100.0
Total	200	100.0	

Sources: primary data

It is found that most of the consumers have a good education background. 31.5% of the consumer is graduates, 24.3% are post graduates and 19.2 % are professionals. Remaining of consumer 9.8% are others. This shows that the educated consumer are able to analyze the compensation and disadvantages of FMCGs and they also compromise that they are able to get clear information through television and magazines concerning FMCGs in Chennai

Occupation of the Consumer

Many of the consumer behavior have set up that occupational category can also be used to differentiate the consumer behavior pattern. Occupation of the consumer paves the approach and also induces of the Fast moving consumer goods. Table - 1.3 depicts the occupation of consumer behavior surveyed, amongst five groups according to their occupation.
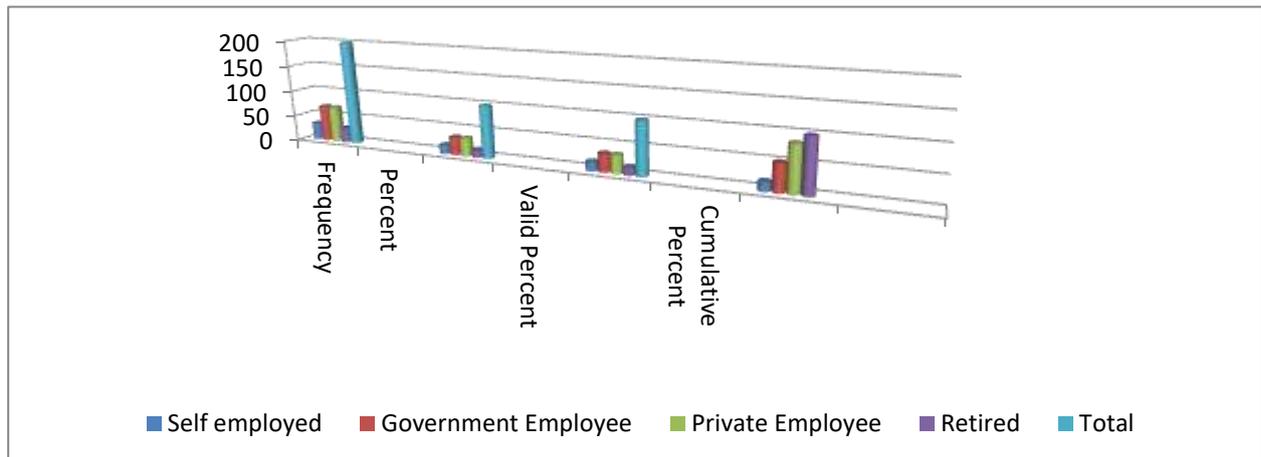
Table – 1.3

Occupation of the Consumer

	Frequency	Percent	Valid Percent	Cumulative Percent
Self employed	33	16.8	16.8	16.8
Government Employee	69	34.3	34.3	51.2
Private Employee	69	34.3	34.3	85.5
Retired	29	14.5	14.5	100.0
Total	200	100.0	100.0	

Source: Primary data

Occupation of the Consumer

In this table, it is acknowledged that most of the consumers are functioning in private concerns or operation their own business, that is 34.3% and 16.8% of consumer are in self employment. The Government employees 34.3% are passionate more in consumer behavior and retired people are 14.5% also show the least attention in Fast moving consumer goods.

Nature of Family of the Consumer

Nature of family is an important factor affecting the regular consumer behavior. Family nature is considered as one of the burdens affecting the behavior of consumer. Family members of consumer are classified into two groups as shown in the table 1.4 From the above table, it is clear that the consumers in the joint family are not much enthusiastic in Fast moving consumer goods.

Table - 1.4

Nature of the family

	Frequency	Percent	Cumulative Percent
Below 3	59	29.3	29.3
3-5	104	52.3	81.7
Above 5	37	18.3	100.0
Total	200	100.0	

Sources: Primary data

From the above table, it is clear that the nature of family divided into three, 29.3% of consumer in the below 3 members; 52.3% of consumer 3- 5 members and left of consumer 18.3% of above 5 members.
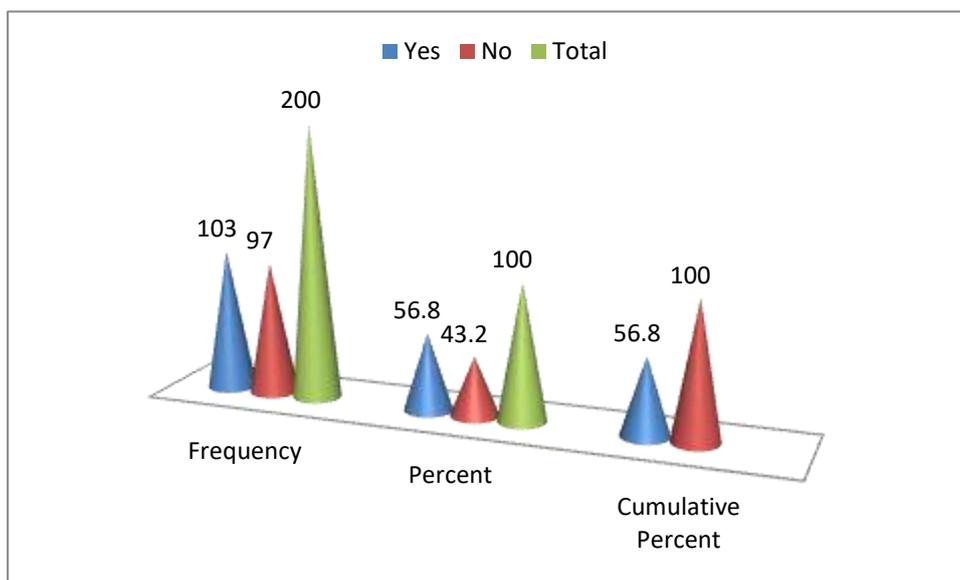
House Ownership of the Consumer

Own house and rented house consumer behave in a different manner during their investment proceedings. Rented house exploits their income and hampers them from investment.

Table - 1.5

	Frequency	Percent	Cumulative Percent
Yes	103	56.8	56.8
No	97	43.2	100.0
Total	200	100.0	

Sources: Primary data

It is inferred from the table that most of the consumer have their own house. It is also found that 56.8% of the consumers have their own houses and 43.2% are in rented house.

ANOVA

Table – 1.6

Association Between Demands Versus FMCGs Product

			Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)		1.976	4	.494	.312	.870
	Linear Term	Unweighted	.925	1	.925	.584	.445
		Weighted	.463	1	.463	.293	.589
		Deviation	1.512	3	.504	.319	.812
Within Groups			340.183	199	1.582		
Total			342.159	200			

The above the table shows that table less than calculating value. So Null hypothesis rejected, the Alternative hypothesis is accepted. There is a significant relationship between Demand and FMCGs.

Chi-Square Test

Table – 1.7

According Classification of Gender and Taste

		Taste					Total
		Agree	Strongly Agree	Neutral	DisAgree	Strongly Disagree	
Gender	Male	31	20	24	24	14	113
	Female	27	16	8	17	19	87
Total		58	36	32	41	33	200

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.596[a]	4	.108
Likelihood Ratio	7.648	4	.105
Linear-by-Linear Association	2.115	1	.146
N of Valid Cases	200		

The above table indicates that table value is more than calculating the value. So Null hypothesis is accepted, an alternative hypothesis is rejected. There is no relationship between gender and of their age.

6. CONCLUSION

The consumers of FMCG products in Chennai city are very much attracted in the marketing of products like cosmetics, toiletries, health drinks, beverages and soft drinks. But due to pandemic period covid-19 disease affected by income factor to relate in consumer buying behavior pattern.

The various segments of the population an affected in different ways by different factor which is lack of transportation, unemployment, low lever buying behavior, low level of income in this period of March to July 2020. Problems facing by all type of people but

especially more affected low and middle class people. Very much demand and lack of stock in shops it happen for big economic defective in Indian markets.

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