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## Impact of covid-19 pandemic on Global FMCG Space

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**Abstract:** Covid-19, an infectious respiratory virus is characterized as a pandemic by global health bodies that threatened the rate of healthy life expectancy across the geographies to a great extent. Eventually, to neutralize the effect including India counterpart nations have adopted the plan of temporary closures leaves no sign of progress. Instead, grappling with the survival console as a strategy to adapt to the new normal by addressing the needs and preferences of the customers. Our line of research is towards FMCG because, it contributes a valuable proportion in the charter of Indian economy. This study covers the crucial impacts of covid-19 on FMCG and how organizations defending the shift in consumption trend globally.

**Keywords:** FMCG, Pandemic, Needs and preferences, new normal, consumption trend

**Introduction:** First and foremost, the mounting awareness and change in lifestyles and aspiration levels are turned to be the core drivers for the progression of FMCG. Even the growing base of young consumers and their consciousness towards the brands also fuels the demand of FMCG (IndiaBrandEquityFoundation, 2020). Consumer goods companies aligned their line of focus on roping forensic investigators to monitor and integrate the supply chain from various key suppliers. In this dire times FMCG is witnessing sharp decline in traditional cash and carry stores. (ShambaviAnand, 2020). In the regions of USA and North America, the impact of covid-19 calamity is far more critical. As a result the adoption of e-commerce and preference of customers towards procuring health and hygiene products including absolute essentials marked an upward trajectory (JanConway, 2020). In today's competitive arena customers are completely value conscious, to facilitate their preferences and feed the sudden spike of global demand FMCG giants are opine as not so welcoming (FinancialExpress, 2020). Through this study we project the untapped quadrants w.r.t the impacts of covid -19 on FMCG.

### Literature review:

Consumers International opines consumer protection and empowerment of individuals in marketplace as the top priority. In accordance to this they highlighted how all the nations in G20 are supporting to relieve the financial burden of customers in the pursuit of survival. Since the effect of crisis is severe, in response to the crisis authorities trying to curb unfair business practises and calling for stimulus packages by monitoring the regular updates on severity of the pandemic (ConsumersInternational, 2020).

Vivek Gambhir (M.D & CEO of Godrej group) opined that the impact of covid-19 is very high and shed a torch on the severity of having distribution workforce to make sure the availability of essential goods He also added availability grabs chair compared to pricing and said to ramp up the units faster with reducing capacity to minimize the impact. He opined placing adequate workforce in factories to complement the tasks are a huge challenge which they are addressing first hand in Godrej (AnirudhLaskar, 2020).

Consumer affairs wing has opined to set up a congress with leading FMCG giants and addresses e-commerce players on stern restrictions that has been imposed and clearly need to specify the need to frame a blueprint to streamline the operations. Some of the hiccups that FMCG companies are facing currently includes the 3<sup>rd</sup> party manufactures with limited capacities, safety, and supply chain concerns (CNBCTV18, 2020)

### Research objectives:

To study the vital reasons behind shift in consumer preferences

To find the major challenges for FMCG giants in terms of fulfilling consumer demands

To figure out the reasons behind the decrement in the level of customer purchasing trend

### Research Methodology and data analysis:

As part of our research study, we conducted both primary and secondary research to project the insights regarding the impact of covid-19 calamity on global fintech space. Accordingly, to draw these final conclusions various research articles, Newspapers, articles from public domain and insights from executives has been taken into consideration. The purpose of this research is also to find the impact of pandemic on FMCG in today's fast paced economy in various untapped quadrants such as consumer preferences, potential factors for downfall due to market slowdown and the reasons behind shift in consumption trend etc. It was done by conducting a survey through online questionnaire.

To achieve the mentioned objectives, we implied following research design. The sample size of 100 is considered which comprises of graduates, postgraduates, working professionals and home makers ranging in the age group 20-60. Moreover, various tools such as Pie charts, Bar graphs, Line graphs are prepared to analyse the data. The methodology of research is purely based on the facts and insights that we collaborated from secondary research and responses that we got from the primary research.

**Profile of the target sample:** We included males and females of the age group ranging from 20 to 60 where the sample size comprises of students, working professionals and home makers.

#### Source of the data:

Primary research: Sample size of 100

Secondary research: Newspapers, official sites, blogs, and insights from executives.

**Period of the study:** This study was conducted for a month

#### Secondary Research:

Nielsen opined covid -19 pandemic has crippled the growth of the FMCG to a great extent in terms of growth momentum. The urban and rural segments have seen a significant dip in terms of percentage of sales and distribution of growth across the FMCG chain .Most importantly the small size and medium sized companies got impacted very badly where their annual turnovers nosedived very badly when compared to profitability at previous quarters. (TheHindu, 2020)

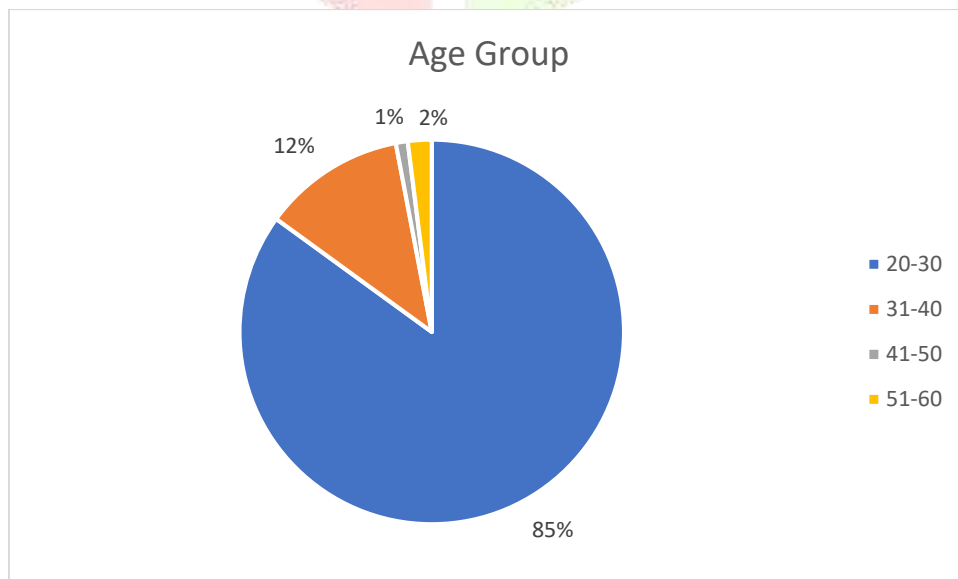
Many FMCG unicorn's including ITC, P&G and HUL have started their direct to home initiatives collaborating with delivery partners and reaching out to resident welfare associations through their sales workforce. They also opined the supply chain need to get streamlined to make the supplies are delivered to retail outlets and households. One of the vital challenges due to covid-19 is the scarcity of the workforce and mainly transportation of production is an evident challenge (SagarMalaviya, 2020).

Covid-19 impaired tracks of economy to a great extent, in addition to that lockdown inflicted deep impact on FMCG globally. Across nations there is 71% dip in the demand and eventually no orders received by 95 percent of outlets. Even counterpart FMCG players are experiencing a tough blow due to the products getting out of stock. To drift against this wave, FMCG strikes a chord by complementing the demand with the advent of e-commerce to ensure ease of convenience to the customers (BusinessLine, 2020).

#### Primary research:

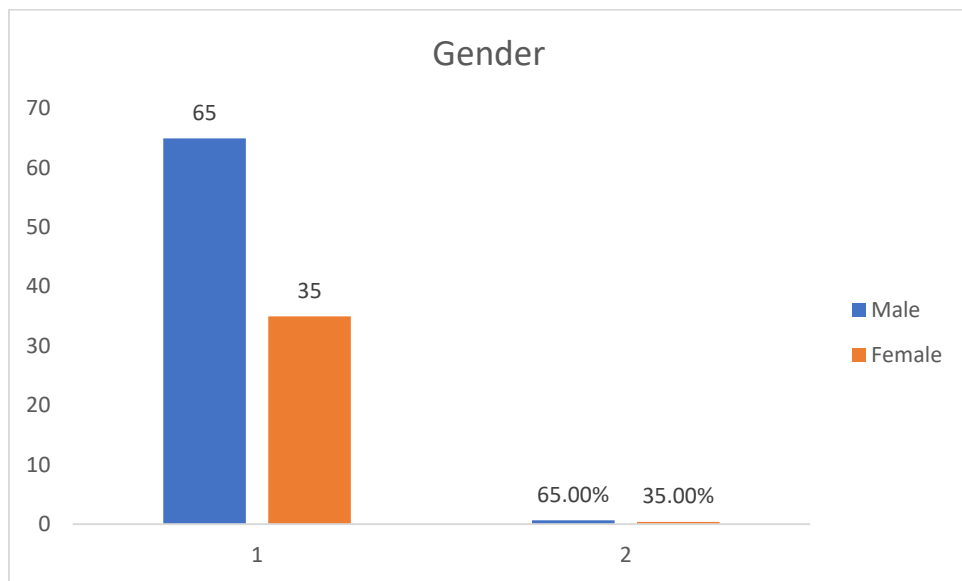
Primary data collected with the sample size of 100

- 1) Please specify your Age group



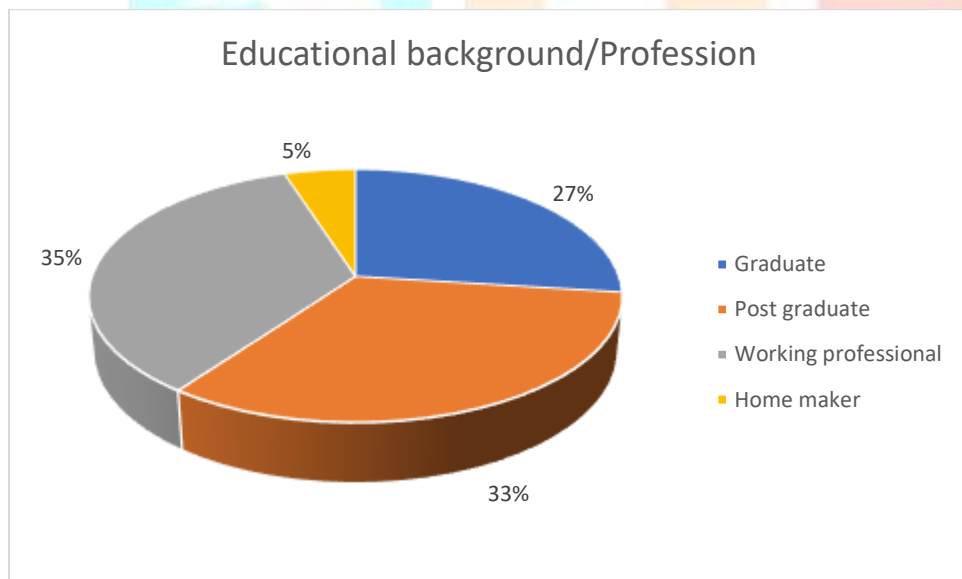
People across the age groups have participated in the survey. But according to the data age group ranging from 20-30 are majority followed by the age group of 31-40

2) Please specify your Gender



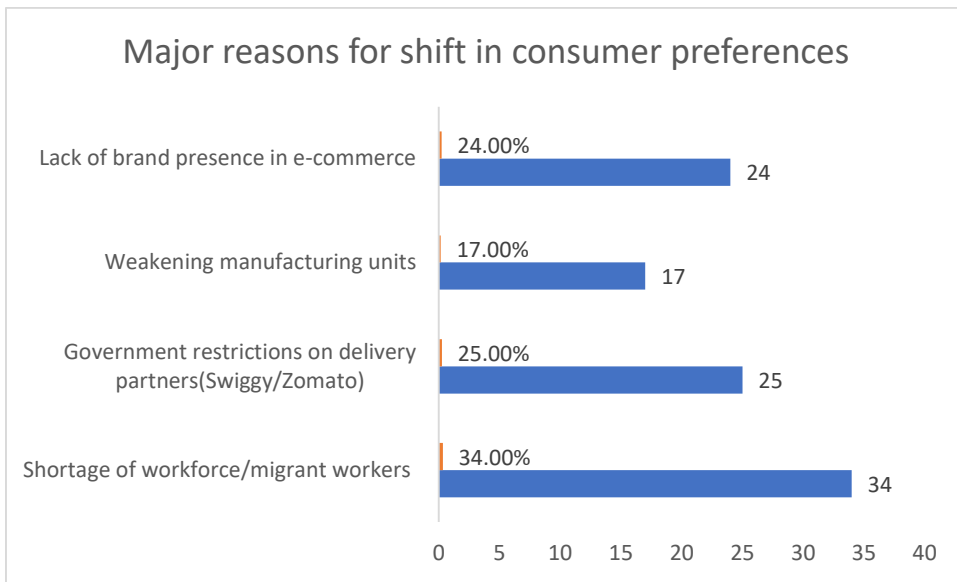
Both male and female respondents participated in the survey. But percentage of male respondents are more when compared to female respondents

3) Please specify your educational background/Profession



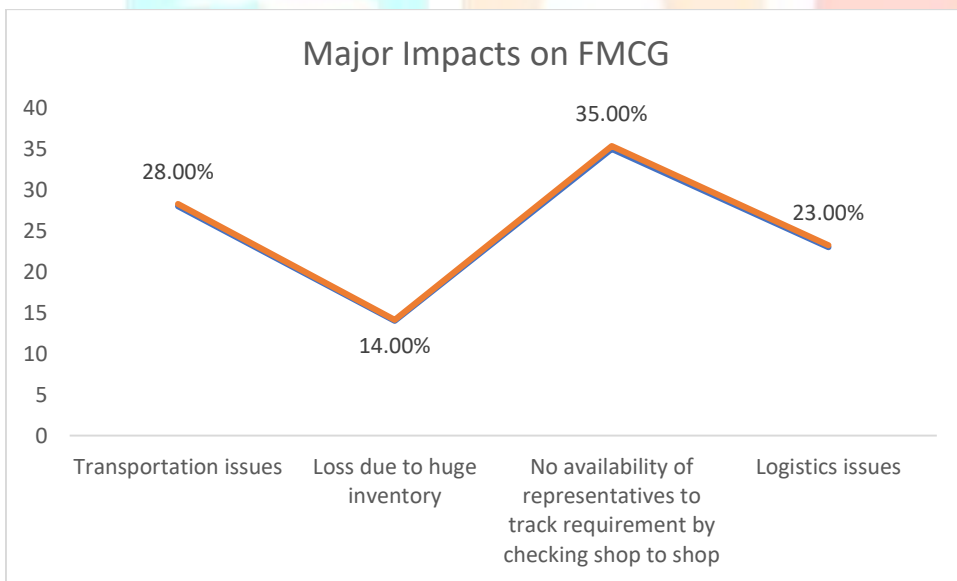
Based on the responses, Postgraduates topped the chart followed by working professionals and graduates. It's a good sign to see home makers also have contributed their responses

4) What do you think are the major reasons for the shift in consumer preferences from branded products to the products in un-organised sector.



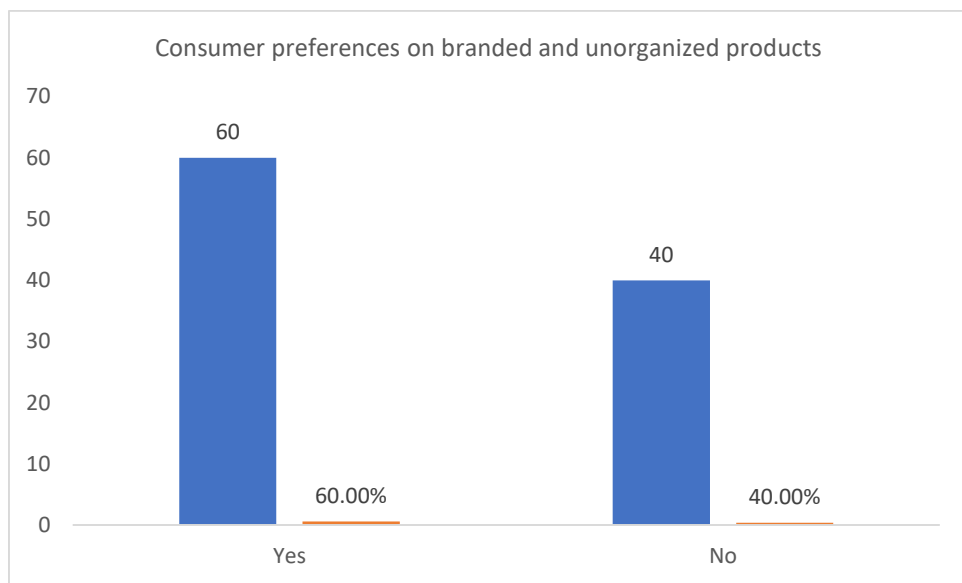
Based on the data, majority of the customers opine that shortage of workforce/migrant workers followed by the government authority restrictions on delivery partners are the crucial reasons behind the shift in consumer preferences.

5) Please specify what do you think are the major challenges for FMCG giants in terms of fulfilling consumer demands



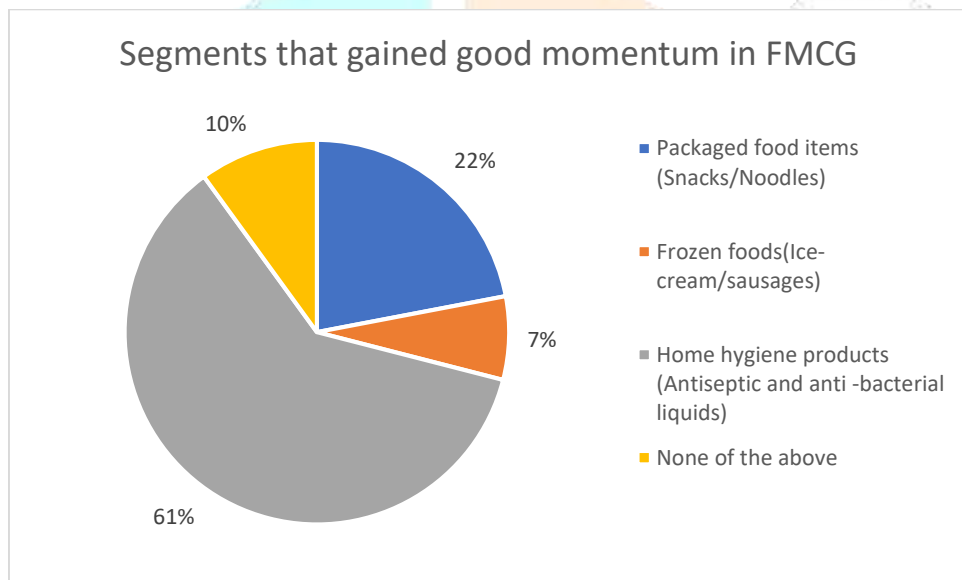
According to the data, major impacts on FMCG is due to the absence of representatives to check requirements from shop to shop followed by transportation and logistic issues. To defend this FMCG executives said to accommodate delivery vehicles and streamline logistic issues to address the preferences of customers.

6) Do you think due to covid-19 pandemic consumer preferences to branded products from products in un-organised sector.



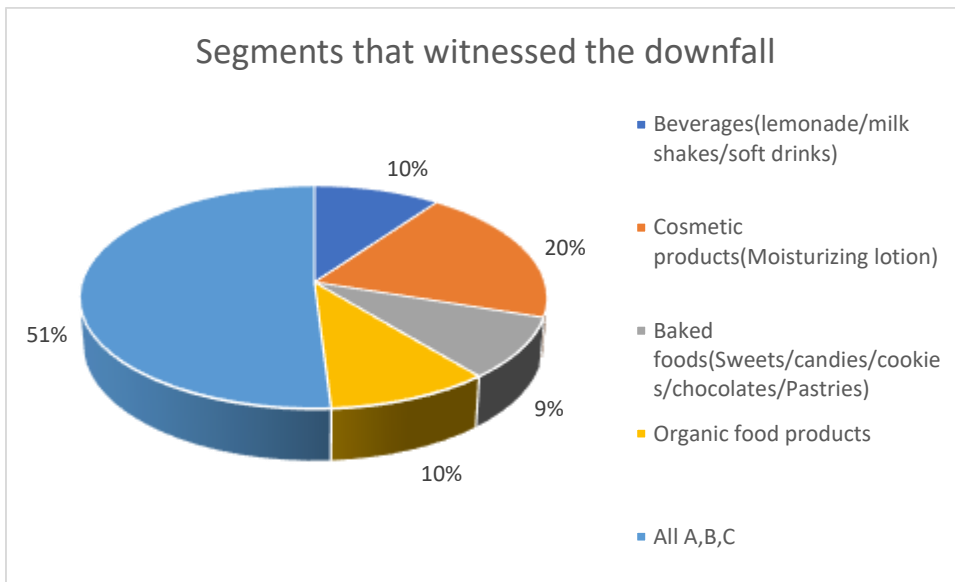
Majority of the respondents opine that consumer preferences have shifted to branded products from products in unorganised products due to mounting concern of quality.

7) Please specify which of the below segments in FMCG gained good momentum amid this lockdown



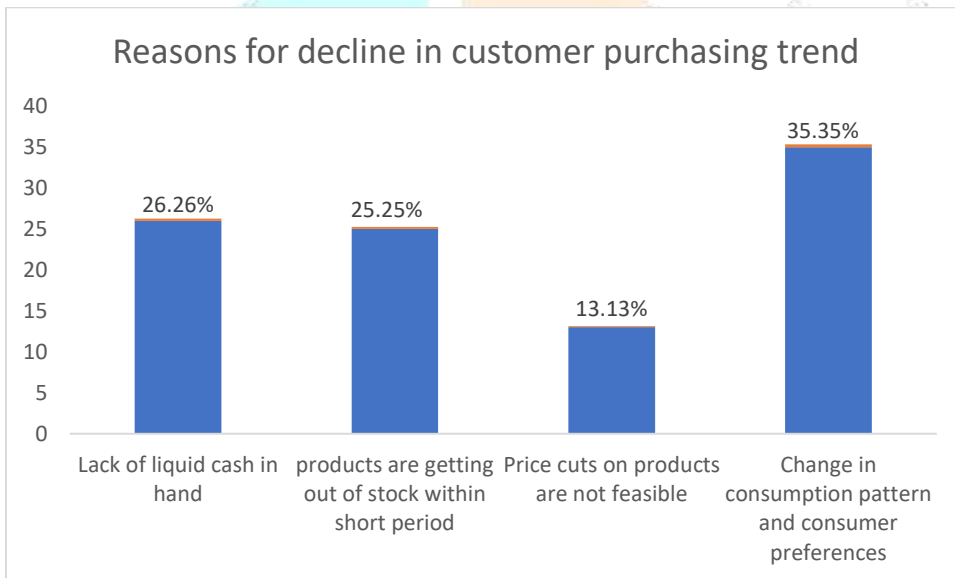
Most of the respondents opine hygiene products gained good momentum amid this lockdown. Products like disinfectants and anti-bacterial liquids have gained exponential demand followed by packaged food items.

8) Please specify which of the below segments of FMCG splashed with huge downfall



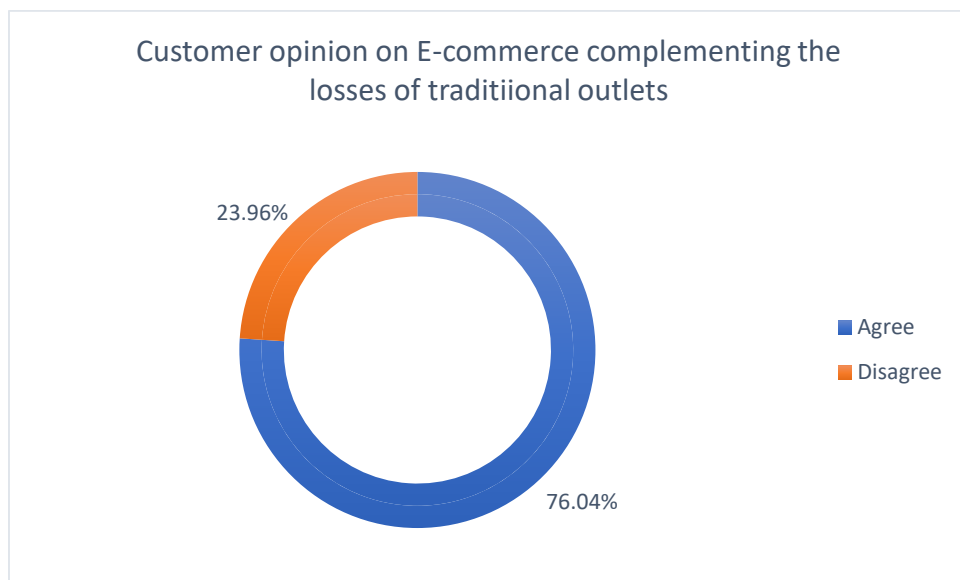
According to the data, Beverages have seen a significant downfall followed by cosmetic and organic food products. The decline in organic food products might be due to the alarming concern of health to a great extent

9) Please specify the reasons for the decrease in customer purchasing trend from traditional retail stores



Based on the data, people opine that change in consumption pattern and preferences are one of the crucial reasons for the decline in customer purchasing trend followed by lack of liquid cash in hand. To an extent even price cuts and products getting out of stock are also the complementing factors for decrement in customer purchasing trend.

10) Do you agree despite covid-19 impact on FMCG e-commerce helped in compensating the losses incurred by traditional outlets



According to the data, majority of the respondent's opinion inclined towards accepting the fact that E-commerce compensated the losses of traditional outlets. This is true because amid the restrictions of lockdown to get access to absolute essentials people getting their needs and preferences fulfilled by purchasing on e-commerce platform.

**Conclusion:** Based on the data, customers opine shortage of workforce/migrant workers followed by the restrictions imposed by the government organizations on delivery partners like swiggy and Zomato are important factors for the shift in consumer preferences. FMCG companies have stated the scarcity of representatives to track the requirements from store to store is a major challenge to facilitate the consumer demands. In addition to that FMCG giants stated that the critical reasons behind the decrement in the level of customer purchasing trend is due to change in consumption pattern and lack of liquid cash in hand.

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