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A STUDY ON MARKETING ANALYTICS OF FMCG COMPANIES

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Abstract

Data driven decision making has become a one-stop solution to most of the organizational problems. Understanding behavioral dynamics is always a herculean task for marketing managers. The scope of marketing analytics is widening day by day because of the value it carries along. It offers us a feasible solution to analyze the present data and to predict the future trends. Qualitative and quantitative data analysis helps the organization to make strategic decisions. Marketing analytics in the fast moving consumer goods sector has become crucial because they are not only sold in large quantities, but also low priced and non-durable. To tackle cut-throat competition an organization should consider every aspects of marketing and design a model for possible solutions. The present study attempts to understand the theoretical aspects and conceptual models of marketing analytics in the fast moving consumer goods sector.

Key words: Marketing Analytics, FMCG, Behavioral Dynamics

INTRODUCTION

Marketing analytics consists of qualitative and quantitative, structured and unstructured data used to make strategic decisions in relation to brand and revenue outcomes. It involves predictive modeling, marketing experimentation, automation and real-time sales communications. The data enables companies to make predictions and alter strategic execution to maximize performance results. It is a management strategy requiring top management support and viewing analytics as a programme where people skills, applied methodologies, and technologies matter to gain firm-wide adoption. Goods which are consumed every day by the consumer are referred as Fast Moving Consumer Goods (FMCG). They are generally low profit margin products and therefore sold in large quantities. It is very important to focus on how to improve brand value for the customers as many brands are available for the same categories of products.

Evolution of marketing analytics

Sir Henry Farnese described beating his competitors by analyzing his own marketing and promotional techniques; it didn't take long after the printing press was invented for marketing advertisements to appear. But it wasn't until 1865, when the banker that the term business intelligence entered the public domain. Fifty years later, in 1915 the University of Pennsylvania introduced the world's first marketing course. In 1942, when television advertisements began running, businesses knew there was value in determining which advertisements were converting viewers into customers. The advent of the internet hastened the evolution of marketing analytics.

Marketers began using digital attribution models to examine consumer behaviour on a more granular level. These models measured the value of each consumer touch point to determine where and when a person engaged most meaningfully with a brand. Multi-touch attribution soon followed, allowing marketers to analyze a consumer's path along multiple devices and channels. Today, marketing analytics is a common practice at most businesses. In fact, more than 80% of marketers admit that their decisions today are mostly data driven. The abundance of data combined with the accessibility of powerful analytics tools has made it possible for marketing teams to evaluate every aspect of their digital marketing campaigns, giving businesses what is commonly described as a 360-degree view of the customer.

REVIEW OF LITERATURE

Davenport and Harris (2007) According to Hitachi consulting group, marketing analytics is the “focus on coordinating every marketing touch point to maximize the customer experience as customers move from awareness, to interested, to qualified, to making the purchase

Hauser (2007) data gathering and mining phase is important to examine and evaluate databases to identify limitations and potential problems with the data and to make sure that the data appropriately meets the needs and requirements of the project

Dhanalakshmi and Abdul Azees (2018) These are non-durable products which are sold in packaged forms to end-consumers in small quantities and frequently. The sector covers a wide range of products such as detergents, food products, confectioneries and beverages

Pallavi Patil, (2015) Fast moving consumer goods product touches every aspects of human life. These products are frequently consumed by all sections of the society and a considerable portion of their income is spent on these goods

Pramod (2016) Fast moving consumer goods sector is an important contributor to India’s GDP. It is characterized by a well-established distribution network, low penetration level low operating cost, lower per capita consumption and intense competition between the organized and unorganized segments. Fast moving consumer goods constitute a large part of consumer’s budget in all countries. This sector creates more employment opportunities and each business association reaches the customers through their goods and services

RESEARCH OBJECTIVES

1. To Study Marketing Analytics of FMCG Companies
2. To Evaluates the Techniques of Marketing Analytics

RESEARCH METHODOLOGY

This research papers throws light on marketing analytics of companies in India a conceptual study in a descriptive way of synthesizing the gathered data information. The researcher collected the required data and information from official website of various companies which are currently practicing the marketing analytics techniques and adopted for betterment of business models. Secondary survey methods were used in addition to books, journals, occasional papers, special edition publications, reports and articles have been reviewed thoroughly to meet the set objectives of the paper

Marketing Analytics

- A. Digital analytics: The online channels are of increasing importance, even in FMCG. Defining a uniform digital KPI (Key Performance Index) framework and building web analytics capabilities is key to create insights into the digital performance on e-commerce platforms.
- B. Brand analysis: This analysis focuses on providing insights into the brand perception of a firm. With the use of sentiment analysis being one of the other the firm can compare the perception of their brand with that of the main competitors and create a data driven brand strategy.
- C. Marketing mix ROI: Here, the analyses focus on determining the effectiveness of marketing investments. By reducing ineffectiveness spending and intensifying high returns, marketing tactics, the marketing mix is optimized leading to higher returns on the overall marketing spending.
- D. Pricing strategy: The analyses focus on demand variation at different price levels with different promotion/rebate offers. It is used to determine optimal prices throughout the life of the product/service lifecycle by the customer segment. Benefits include increasing sales margin, decreasing markdowns and aiding inventory management.
- E. Trade Promotion Effectiveness: This analysis focuses on providing insights in both the effectiveness and planning of trade promotions. These insights allow the company to improve the aforementioned processes to increase sales while keeping the marketing costs at the same level.
- F. Competitor Intelligence: Knowledge is power. Knowledge of what one's competitors are doing allows one to take action quickly in order to gain an advantage. This analysis focuses on obtaining this knowledge and extracting the actionable insights that allow one to form data-driven competitor strategy.

Types of Marketing Analytics

1. **Predictive Analytics:** It is a branch of advanced analytics that makes predictions about future outcomes using historical data combined with statistical modelling.
2. **Big Data Analytics:** This involves the use of advanced analytic techniques against large data sets, including structured/unstructured data and streaming/batch data.
3. **Cognitive Analytics:** Cognitive analytics imitates human brains to do certain jobs that enable them to draw inferences and insights from the existing data patterns. This helps businesses to arrive at critical business decisions and conclusions based on existing data.
4. **Prescriptive Analytics:** Prescriptive analytics is the practice of analyzing data to provide recommendations for what one's company can do next to improve their marketing results. The best way to drive better results with one's marketing is by analyzing the results from one's strategies. That's where data analytics comes into the fore.
5. **Descriptive Analytics:** Descriptive analytics prove useful in identifying customer preferences and how they change over time. Understanding such behavioural patterns help companies make data-driven assumptions and strategize their marketing campaigns and product launches accordingly.
6. **Enterprise Decision Management:** Enterprise decision management analytics is a discipline which ensures that business decisions are made by considering all the relevant factors, information, and options available.
7. **Retail Analytics:** Retail analytics is the process of providing analytical data on inventory levels, supply chain movement, consumer demand, sales, etc. that are crucial for making marketing, and procurement decisions.
8. **Augmented Analytics:** Augmented analytics is the use of enabling technologies such as machine learning and AI to assist with data preparation, insight generation and insight explanation to augment how people explore and analyze data in analytics and Business intelligence platforms.
9. **Web Analytics:** Web analytics is the process of analyzing the behaviour of visitors to a website. This involves tracking, reviewing and reporting data to measure web activity, including the use of a website and its components, such as WebPages, images and videos.

10. Call Analytics: Call analytics is the sales and marketing tactic of collecting and measuring call tracking and recording data for analysis. Sales and marketing teams can use the learning from call analytics to drive initiatives and also leverage calls as a primary source of quality leads.

The Top Marketing Analytics Companies in India are as follows:

1. Mu Sigma Analytics
2. Fractal Analytics
3. Manthan
4. Latent View
5. Tiger Analytics
6. Absolute data
7. Convergytics
8. UST Global
9. SIBIA Analytics
10. Genpact

Techniques of Marketing Analytics

Marketing Analytics can be applied across all stages of marketing. This section covers some of the most widely used techniques. Including: These include

1. Customer Lifetime Value
2. Marketing Attribution
3. Clustering
4. Conversion Prediction
5. Anomaly Detection
6. Forecasting

Overview of FMCG Analytics

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 accounts for 18 per cent of the sector, healthcare accounts for 32 per cent while household and personal care products account for the remaining 50 per cent. The FMCG sector has grown from US\$31.6 billion in 2011 to US\$ 49 billion in 2016. The sector was expected to grow at a Compound Annual Growth Rate (CAGR) of 14.9 percent to reach US\$ 220 billion by 2025. Accounting for a revenue share of around 60 per cent, the urban segment is the largest contributor to

the overall revenue generated by the FMCG sector in India and recorded a market size of around US\$ 29.4 billion in 2016-17. Semi-urban and rural segments are growing at a rapid pace and account for a revenue share of 40 per cent in the overall revenues recorded by the FMCG sector in India. The rural FMCG market in India was expected to grow at a CAGR of 14.6 per cent from US\$ 29 billion in 2016 to US\$ 100 billion by 2020. Growing awareness, easier access, and changing lifestyles are the key growth drivers for the consumer market. The Government of India's policies and regulatory frameworks such as relaxation of license rules and approval of 51 per cent Foreign Direct Investment (FDI) in multi-brand and 100 per cent in single-brand retail are some of the major growth drivers for the FMCG market. FMCG companies play a pivotal role in our daily lives. From tooth paste, soaps, daily use items etc., FMCG companies have dominated the Indian market and are set to grow further. The FMCG industry has seen some big players but disruption by new players has also changed the Indian scenario. The top Indian FMCG companies include names like HUL, ITC, Nestle and new entrant Patanjali.

Marketing Analytics Practices in India

Analytics refers to discovery, interpretation and visualization of some meaningful patterns in data. India is a growing analytics hub. The analytics market is growing in the country and is forecasted to double its market size by 2020 with about 24 percent being attributed to big data. Some of the following fast moving consumer goods companies have already adopted the marketing analytics in their organizations they are:

- Godrej consumer products limited
- Hindustan Unilever limited
- ITC Limited
- Nestle Company
- Britannia Company
- Dabur India Limited
- Procter and Gamble

CONCLUSION

Marketing analytics is the need of the hour to study the behavioral dynamics during industry 4.0 and it provides a playground for multidimensional development of an organization and also is the key for making managerial decisions. Quantification of qualitative aspects of consumer behaviour to correlate it with the trends of marketing will facilitate the present position and future trends. Therefore FMCG Analytics is a crucial technique to be incorporated to achieve organizational goals.

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13. <https://analyticsindiamag.com/marketing-analytics-landscape-in-india/>
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