

**AN EMPIRICAL STUDY ON KIRANAWALLAHS PERSPECTIVE TOWARDS
FAST MOVING CONSUMER GOODS (FMCG)****Varalakshmi .T**Lecturer, St. Anthony's Institutions,
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ABSTRACT

Over the past few decades Fast Moving Consumer Goods (FMCG) companies have attained an impressive growth rate due to the huge potential from the escalating middle class Indian population both urban as well as rural sector. However among the several fmcg players there is only handful no. of companies who enjoy the maturity stage of their product life cycle due to ever increasing demand for their products whilst others are still experiencing the growth stage.

This article is entirely an empirical study but a discursive paper; as the research is limited to consumables, & personal care (non durable) items of fmcg products at the kiranas disposal. The study is highly significant enough to arouse further value added discussion focusing on the area of consumer packaged goods with lofty demand at the kirana wallahs shelves.

The primary aim of the research was to investigate the leading fast moving consumer goods with massive demand & thereby to know the fmcg company enjoying the maturity stage of the PLC for its diverse products for a consecutive period. Furthermore interesting is, the study even spotlight the reasons behind such striking sales from the kiranas perspective. Hence to investigate the above specified areas, 240 kiranas in Bangalore city were interviewed as respondents with a comprehensive open – ended questionnaire undergoing a judgmental sampling. Besides, Percentage Analysis was the research methodology adopted to arrive at possible suggestions required for the study.

Keywords: *Fast Moving, Consumer Goods, Maturity stage, Product Life Cycle, Kiranawallah.*

INTRODUCTION

The FMCG sector in India is at present, the fourth largest sector with a total market size in excess of USD 13 billion as of 2012. This sector is expected to grow to a USD 33 billion industry by 2015 and to a whopping USD 100 billion by the year 2025¹

The entire globe today has identified the need of these fmcg products due to the growing need of the consumables, household & personal care items gradually. But the tribute goes even to the **kiranas** in making this fmcg industry a highly competitive one, backed by convenience, reasonable price, credit facility & regular supply to its customers making them to still rule the fmcg market even today.

“Although kiranas are sensing stiff competition from organized players they have never stuck behind in satisfying the needs & wants of its consumers at their convenience thereby emerging themselves as a informally a formal sector”

¹ Report given by SHINE.com better careers for better people – fmcg industry overview

FMCG is the common acronym used for Fast Moving Consumer Goods, alternatively named CPG - Consumer Packaged Goods. Typically FMCG includes those product categories which are of low unit value and high turnover, for example;

1. Household items as soaps, detergents, household accessories, etc,
2. Personal care items as shampoos, toothpaste, shaving products, etc and finally
3. Food and Beverages as snacks, processed foods, tea, coffee, edible oils, soft drinks.
4. Other non-durables such as glassware, bulbs, batteries, paper products, and plastic goods. It also includes pharmaceuticals, consumer electronics etc.

FMCG goods never suffer from economic recession even though the economy starts to plunge as the absolute profit made on such products is relatively small. But its mass selling fetches high turnover to the middleman (kiranans – retailers, wholesalers) & the company as well.

RESEARCH GAP

Sustainability of the fmcg players as well as the kiranans in highly competitive business market is not an easy going task. But some companies have attained success in this area enjoying maturity stage of their PLC for its numerous products.

Hence here the research gap here, is exploring the leading fmcg goods with high consumer demand & the reasons behind it from the kiranans perspective.

OBJECTIVES OF THE STUDY

The present research study is undertaken to fulfill the following objectives:

1. To find out the leading products of different fmcg companies enjoying the maturity stage of their PLC.
2. To investigate the reasons for such fmcg products having massive consumer demand at the kiranawallahs disposal.
3. To investigate the kiranans perspective towards fast moving consumer goods.
4. To portray the sales potential of the top 5 fmcg companies operating successfully at the kiranans retail shelf.

LIMITATIONS OF THE STUDY

1. Even though the FMCG is one such category which includes a broad range of products, the current study is highly restricted to only consumables & personal care products.
2. Findings are elicited from the kiranawallahs belonging to (only) Bangalore city.

LITERATURE REVIEW

Articlebase published article *“The FMCG Industry”* indicates that – “The factors that made the FMCG industry a highly competitive one are low operational cost, solid distribution networks, and emergence of new FMCG companies. Along with the ever increasing world’s population is another responsible factor for the huge success of this particular industry. It also indicates that – fmcg not only provide the necessary goods for day to day life, but also created tremendous job opportunities and careers for the job seekers.”

Articlebase published article *'Sales Boosting of Fast Moving Consumer Goods'* indicates that – “FMCG products are subject of planned purchase, but are very often subject of impulse purchase. Impulse for purchase can be triggered by clever positioning and merchandising of product within the shopping area.”

Articlebase published article *FMCG and Retail Companies Need to Capitalize on New Shifts in Consumer Shopping Behavior* – “In less sophisticated economies like the Asian emerging markets, consumers are also demanding much more than value & moreover Food and Beverage, Retail chains, Fashion houses, FMCG and other consumer goods companies are concerned about how they will respond to reduced consumer spending in mature markets and how to target new demographic groups and emerging markets.”

Sagar Malviya, ET Bureau in his article *“Kirana stores throng big retailers like Future Group, Reliance Retail and others for better margins”*, indicates that - Cissel is one of the modern retailer in India who has picked up the trend of kiranawallahs lining up outside hypermarkets for deals on days of discount and bargain offers that are more than fast-moving consumer goods (FMCG) companies offer them & moreover he also specifies that it's the huge margin on offer that an average Kiranawallah gets acting as a reason attracting others towards this phenomenon.”

Sagar Malviya, ET Bureau in his article *'Kirana stores dump big brands like Hindustan Unilever, Dabur and PepsiCo, stock high margin US brands'* – “Many of his consumers may still have no idea where these brands priced 10-30 per cent less than those of Hindustan Unilever, Dabur and PepsiCo are sourced from. Well, they come from the world's largest retailer, Wal-Mart.”

DIVERSE FMCG COMPANIES OPERATING AT THE KIRANAS RETAIL SHELVES

Kiranas highly restrict the products at their disposal. The reason might be low investment, low shelf space available, Mentality of the average consumers to demand only for few products that they know from years together, customer loyalty etc. Those are –

Table 1: List of fmcg products available at the kiranas store shelves

Name of the Manufacturer	List of FMCG products offered
Hindustan Unilever Limited (HUL)	Hamam, Dove, Rexona, Lifebuoy, Pears, Lux, Rin, Wheel, Clinic Plus, Clear, Comfort, Ponds, Bru, Vim, Fair & Lovely, Vaseline, Closeup, , Pepsodent.
Procter & Gamble co.,	Tide, Pantene, Aerial, Head & Shoulders.
Glaxo Smith Klin consumer healthcare ltd	Horlicks, Boost
Godrej Consumer Products Ltd	Cinthol, Godrej Hair Dye
Wipro Ltd	Santoor, Chandrika.
ITC Ltd	Vivel, Yipee Noodles. Cigars, <u>Aashirvaad</u> , Minto, Sunfeast, Bingo
Dabur India Ltd	Vatika, Dabur red tooth paste, Hajmola
Cavincare pvt ltd	Karthika, meera, Chik, Indica Hair Dye.
Cadbury India ltd	Gems, Dairy Milk, Munch, 5 Star
Nestle India Ltd	Nescafe sunrire, Maggi, Munch
Colgate Palmolive (India) ltd	Colgate
Reckitt Benckiser (India) ltd	Dettol
Pepsico India Holdings pvt ltd	Kurkure
Ava Cholayil Health care pvt ltd	Medimix
Emami	Mentho Plus
Parle	Parle G Biscuits, Monaco
Karnataka soaps & Detergent ltd	Mysore Sandal soap.
MTR foods pvt ltd	MTR masala products – vermicelli – gulab jamun mix
Maharaj soaps industry pvt ltd	Shashi, Arya, Savaal
Aachi Masala Food pvt ltd	Aachi masala products
Lakshmi Industries	Swad turmeric powder – chilli powder – coriander powder.
M K Agrotech pvt ltd	Sunpure Refined Oil
Sai Sankarsh Enterprises	OM groundnut Oil
Kaleesuwari refinery pvt Ltd	Gold Winner Refined Oil
Hanuman Oil Traders	Prriyam Deepam oil
Sri Gurukrupa Traders	Gold Star refined oil
Sri Sadananda Foods pvt ltd	Krishna Ghee
GRB Dairy foods pvt ltd	GRB Ghee
Abiram soaps works (power soaps ltd)	Power Detergent cake
Cothas Coffee Co.,	Deccan Brew, Cothas Coffee
Iyengar Home Products	Iyengar puliogare mix

Source: Opinion survey with the kirana wallahs across Bangalore City

DATA ANALYSIS & INTERPRETATION

Table 2 – Percentage Analysis showing the fast moving consumer goods of different FMCG companies

Product Category	Name of the Product	No. of Respondents	Percentage (%)	Product Category	Name of the Product	No. of Respondents	Percentage (%)
Detergent Soap	Savaal	16	6.66	Fairness Cream	Fair & Handsome	10	4.16
	Tide	17	7.08		Fair & Lovely	183	76.25
	Surf Excel	21	8.75		Fairever	11	4.58
	Rin	88	36.66		Garnier	03	1.25
	Wheel	98	40.83		Nivea	08	3.33
	Total	240	100 %		Ponds	17	7.08
Detergent Powder	Wheel	90	37.5		Vivel	08	3.33
	Surf Excel	53	22.08		Total	240	100 %
	Rin	25	10.41	Coffee Powder	Bru	145	60.42
	Ariel	20	8.33		Coffee Day	08	3.33
	Nirma	10	4.16		Cothas	10	4.16
	Tide	42	17.5		Gemini	06	2.5
	Total	240	100 %		Green Label	12	05
Bathing Soap	Lifebuoy	38	15.83		Modern	08	3.33
	Lux	42	17.5		Nescafe Sunrise	45	18.75
	Pears	66	27.5		Prakash	06	2.5
	Cinthol	13	5.41	Total	240	100 %	
	Mysore Sandal	14	5.83	Refined Oil	Dhara	03	1.25
	Santoor	45	18.75		Freedom	05	2.08
	Dettol	03	1.25		Gemini	33	13.75
	Dove	12	05		Gold Drop	03	1.25
	Hamaam	07	2.91		Gold Winner	39	16.25
Total	240	100 %	Ruchi Gold		30	12.5	
Tooth Paste	Anchor	02	0.83		Saffola	11	4.58
	Babool	02	0.83		Sun Drop	14	5.83
	Close up	26	10.83	Sun Flower	50	20.8	
	Colgate	167	69.58	Sunpure	52	21.6	
	Dabur Red	03	1.25	Total	240	100 %	
	Himalaya	02	0.83	Tea Powder	3 Roses	60	25
	Meswak	02	0.83		Dinesh	04	1.6
	Pepsodent	36	15		Gemini	22	9.16
	Total	240	100 %		Kannan Devan	09	3.75
Shampoo	All Clear	14	5.83		Red label	84	35
	Chick	14	5.83		Taj Mahal	22	9.16
	Clinic Plus	80	33.33		Tata Tea	39	16.25
	Dove	33	13.75		Total	240	100 %
	Karthika	03	1.25				
	Panteen	11	4.58				

	Sunsilk	41	17.08
	Total	240	100 %

Product Category	Name of the Product	No. of Respondents	Percentage (%)
Cooking Masala Powders	Aachi	34	14.16
	Ashirwad	04	1.6
	Badshah	03	1.25
	Eastern	24	10
	Everest	20	8.3
	Miayas	16	6.6
	MTR	130	54.2
	Shakthi	05	2.08
	Swad	04	1.6
	Total	240	100 %
Salt	Annapoorna	108	45
	Ashirwad	27	11.25
	Nirma	06	2.5
	Tata Salt	83	34.58
	Total	240	100 %

Product Category	Name of the Product	No. of Respondents	Percentage (%)
Biscuits	20 -20	07	2.91
	Bisk Farm	04	1.6
	50 -50 Maska Chaska	29	12.08
	Good Day	20	8.33
	Hide & Seek	04	1.6
	Krack Jack	05	2.08
	Marrie Gold	10	4.16
	Oreo	11	4.58
	Parle G	84	35
	Sunfeast	57	23.75
	Tiger	09	3.75
	Total	240	100 %

Analysis -

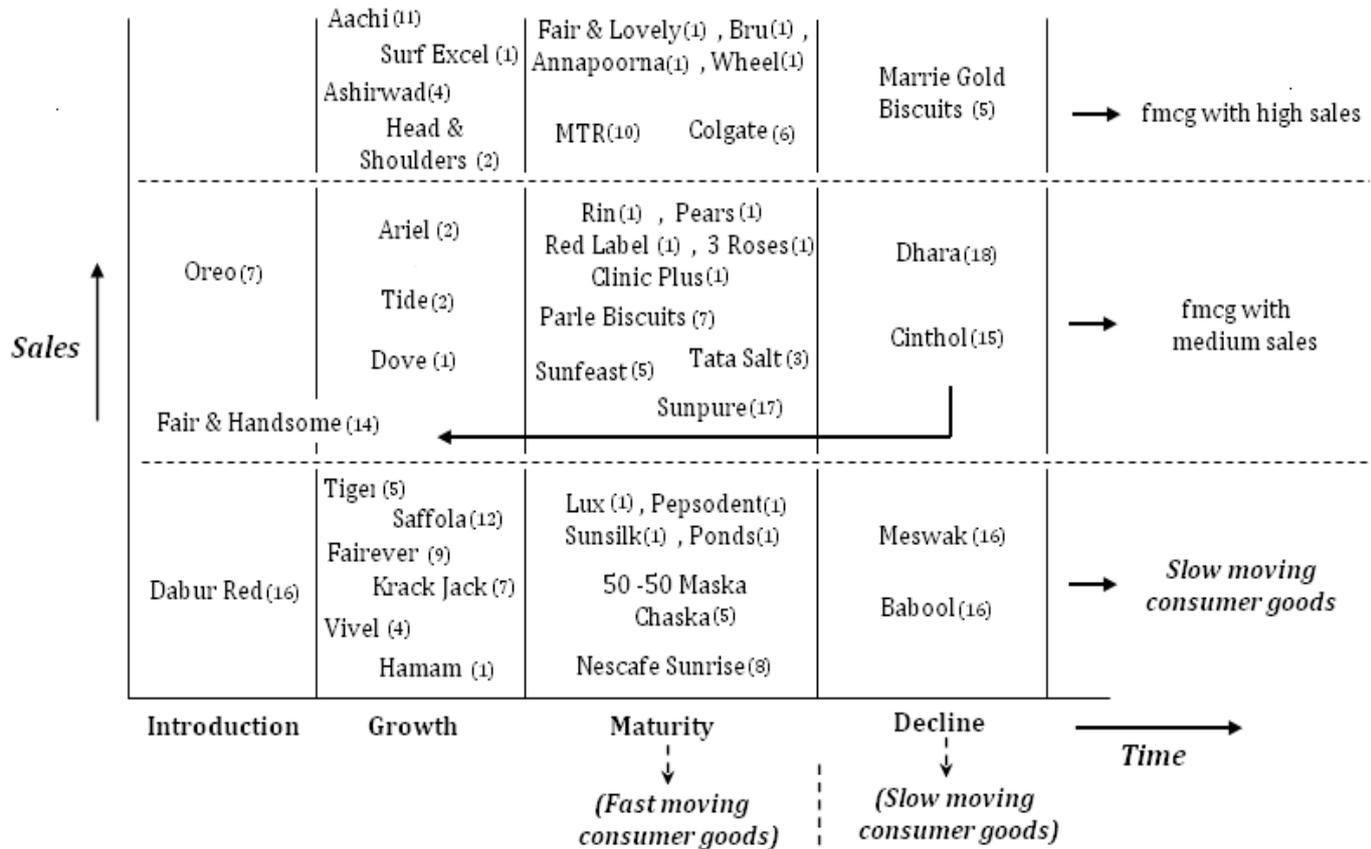
1. The highest selling brands in detergent segment is the Rin & Wheel, a product of HUL as majority of the kiranas i.e, 98% of respondents sell these brands.
2. Pears with its 28% & 34% of market coverage by clinic plus show that it's the unilever products which the kiranas prefer to sell at their store shelves.
3. Nearly 70% of respondents agree that it's the Colgate Palmolive pvt ltd products having highest demand in the toothpaste segment.
4. Fair and Lovely & Bru instant coffee powder have shown an impressive sales figure with 77% & 61% respectively.
5. Sunpure in refined oil segment, 3 roses in tea, sunfeast in biscuits, MTR in cooking masala segments have taken over the maximum market share as Majority of the kirana wallahs are selling such products incessantly over the years.
6. ITC has only 11% of share in its food segment compared to that of its tobacco segment.
7. Tata is growing rapidly in its food segment with its renowned marketing strategies.

Interpretation -

1. Hindustan Unilever Limited (HUL) is the market leader in the fmcg category, as it sells more than 23-25 products at the kirana wallas retail disposal with continuous commitment to quality & low priced products.
2. It's the Procter & Gamble (P & G) which stands in the second place, following different cutthroat strategies & thereby giving stiff competition to HUL

3. Whereas other fmcg companies, like Tata, Britannia etc move in the same swing; giving more importance to its quality & taste & thereby incurring high promotional cost.
4. ITC is a well known & fast moving brand due to its tobacco products rather than its food products with its good brand image.
5. Colgate Palmolive ltd is the market leader in the toothpaste segment due to its product depth & product width made available with unusual flavors to its consumers.
6. Other successful fmcg companies are MTR in food segment, Parle in biscuits (it is mainly because of its concentration on generating more consumers rather than profit maximization)

Chart 1: PRODUCT LIFE CYCLE OF THE DIFFERENT FMCG PRODUCTS



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² Note: The no. along with the name of fmcg products in PLC indicates the companies to which they belong to.

Table 3 - depicting the position of different fmcg companies in the local Retail market

Position of fmcg company	Name of fmcg Company	Position of fmcg company	Name of fmcg Company
1	Hindustan Unilever Limited	10	MTR Foods pvt limited
2	Procter & Gamble	11	Aachi Masala Foods (P) Ltd
3	Tata Limited	12	Mairco
4	ITC Limited	13	Cadbury India ltd
5	Britania Industries Ltd	14	Emami ltd
6	Colgate Palmolive India Ltd	15	Godrej Consumer Products
7	Parle Products	16	Dabur India Limited
8	Nestle India Ltd	17	Sunpure
9	Cavincare pvt ltd	18	Mother Dairy

Source: Product Life Cycle (shown above)

Analysis -

1. Unilever brands enjoy being in the maturity stage of their PLC followed by P & G, Colgate Palmolive, MTR & Nestle.
2. But still most of the procter & gamble products are still in the growth stage due to the stiff competition posed by unilever.
3. If emami ltd is in the introduction stage while Mother Dairy and Dhara are still suffering the decline stage of their PLC.

Table 4 - Top 5 fmcg companies whose products (inclusive of their unique marketing strategy) enjoying the Maturity stage of its PLC

Sl No.	Company Name	Reasons for their growing success
1	Hindustan Unilever Limited (HUL)	Affordable price, numerous product lines consisting of high product width & depth)
2	Procter & Gamble (P&G)	Price above the affordable range but its strategy to enable its products at small price units to low volume consumers.
3	Tata	Known for its brand image - through its diversified products
4	ITC	Its strategy to target consumers with tobacco products besides higher price.
5	Britannia	Known for its fmcg products in food segment.

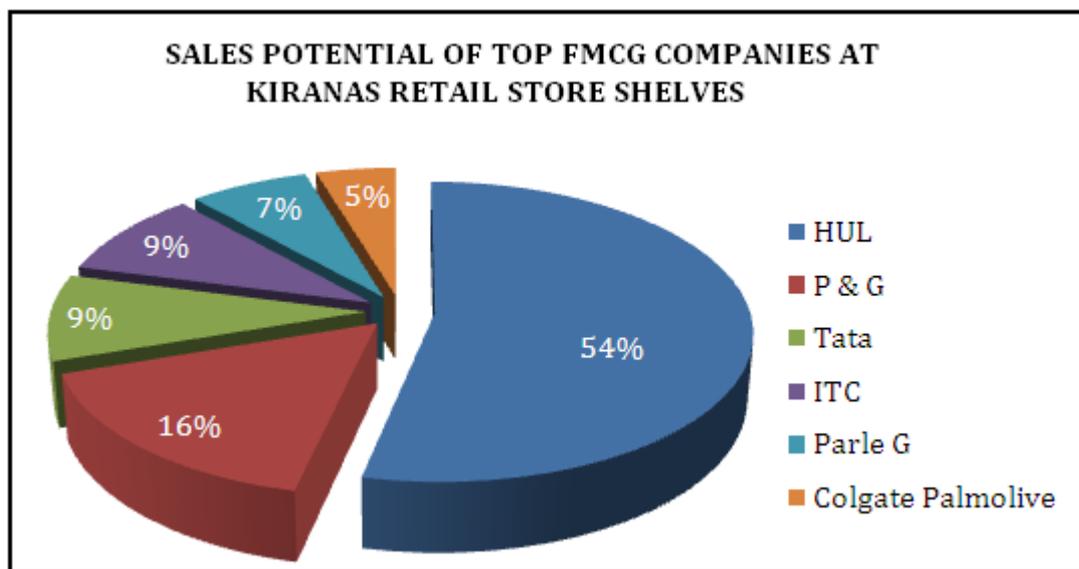
} FMCG products enjoying the Maturity stage of their PLC

Table 5 - Fmcg companies whose products are suffering in the Decline stage of its PLC

Sl No.	Company Name	Slow moving consumer good	Reasons behind the product being in decline stage
1	Mother Dairy	Dhara refined oil	Kiranas unwillingness to sell such product at their disposal low consumer demand & low profit margin
2	Dabur	Babool & Meswak	No Product modification, No brand image, very less profit margin to kiranas.

} FMCG products suffering at the Decline stage of their PLC

Chart 2: SALES POTENTIAL OF TOP FMCG COMPANIES



FINDINGS

“An Fmcg product is a set of differentiating promises that link a company to its customers; provided they are promoted through the kiranas as a right marketing strategy” in the light of above fact, following are the observations of the present research study:

1. Kiranas intend to sell only those products which fetch high profit margins.
2. Kiranawallas consumers besides quality they prefer to buy price off packs, fmcg products offering more benefits on its quantity.
3. Consumers who buy at the kiranas retail shelves are low income earners & are overly price sensitive.
4. Majority of the kiranas are semi - illiterate, hence find it difficult to pronounce certain brand names.
5. Compared to Branded fmcg companies, it's the **local brands** which rule the world of retailing at the kirana level.
6. Kiranas are the final point of consumer contact in the local market.
7. They usually buy low volume purchases from wholesalers, as their financial economic position restricts them for higher volume purchases.

8. They deal with multi – lingual consumers perceiving different brands with different perception.
9. Kirana's have high inclination towards those fmcg products which fetch them adequate profit margins.
10. The fmcg of Hindustan Unilever ltd are the highest selling brands with the no. of 23 – 25 products at every kiranas disposal.
11. Other fmcg companies enjoying the maturity stage of PLC other than HUL are P & G, Tata, Britannia, Colgate Palmolive etc.
12. Whereas it's the Dabur India ltd and the Mother Dairy products suffering in the decline stage of their PLC.

SUGGESTIONS

For the FMCG Companies -

1. Consumers who buy at the kiranas retail shelves are low income earners & are overly price sensitive. Hence, companies should give more discounts and price offs to retain its consumers for a longer period of time.
2. Companies go for more allowances & price discounts to retailers those who go for high quantity purchases as they intend to sell only those products which fetch high profit margins. E.g.: Parle G biscuits have high consumer demand but it fetches only a profit margin of 5 Rs to the kiranas on the sales of entire pack of Parle G biscuits.
3. Other fmcg companies like Mother Dairy and Dabur who products experiencing the decline stage of PLC should use product revitalization strategies like product modification, new product development etc.
4. Company should go for easy brand recognition & brand name with high recall value. As 60 -68% of kiranas are semi – illiterate & hence find it difficult to pronounce the name of fmcg products like, Garnier, vivel etc.
5. As kiranas are the “first point of consumer contact”; they can serve as a best database from which some valuable suggestions & customer feedback can be obtained.
6. Kirana's are proved to the best reliable source for direct marketing of fmcg company products; hence they can be induced to be a successful marketing strategy provided they get some buffer products, credit facility on their purchases induced by the manufacturers through wholesalers.

For the kirana wallahs –

1. Kirana's should try to make available some fmcg products (like,) at their store shelves even though they doesn't fetch in adequate profit margin to them, to avoid their consumers from being dissatisfied.
2. Kirana's are proved to the best reliable source for direct marketing of diverse fmcg company products; hence there is a higher need for them to retain this image thereby working for the co., from which they earn their main source of living.

CONCLUSION

Today's typical Indian consumer is highly competitive witnessing the savvy behaviour towards his choice of diverse products available in the FMCG market. Yet, they are still connected to the traditional source of marketing i.e. the kiranas. Besides the stiff competition from organized fmcg players, the convenience, credit & regular supply of kirana wallah have made their consumers to show a notable inclination towards kiranas retail shelf products.

While reaping the benefits of selling the fmcg products, over the year's kiranas with their positive perspective towards such products has emerged as an important tool for marketers proving themselves as the unsurpassed Direct – testimonials in this arena.

Hence the initiative taken up by the fmcg players to substantially expand its distribution footprint and drive growth at the kiranas level has been successful with escalating profits at both ends.

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