



THE COMMERCE SOCIETY

SHRI RAM COLLEGE OF COMMERCE



INDUSTRY

FMCG INDUSTRY REPORT





EXPERIENCE TRADITION, CHASE SUCCESS

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IMPORTANCE OF FMCG INDUSTRY

ABOUT FMCG INDUSTRY

About FMCG Industry

- **Fast-moving consumer goods, also known as consumer packaged goods, are products that are offered for sale immediately and at a low price. Since consumers use FMCG products frequently, which causes them to disappear from shop or supermarket shelves quickly, they are referred to as "Fast-Moving" products. Due to their characteristic low price and great usability, Fast-Moving Consumer Goods (FMCG) are in high demand. Non-durable household items such packaged foods, drinks, toiletries, candy, cosmetics, over-the-counter medications, dry goods, and other consumables are some examples. Producing, distributing, and marketing fast-moving consumer goods are primarily the responsibilities of the consumer packaged goods (CPG) or fast-moving consumer goods (FMCG) industries.**
- **One of the main drivers of the Indian economy is the Fast-Moving Consumer Goods Sector. The FMCG industry is the 4th largest sector in the Indian economy.**
- **Consumer packaged goods with a high turnover rate—i.e., those that are created, delivered, advertised, and consumed in a brief period of time—are what define the sector. Detergents, personal care items, dental care goods, cosmetics, and other FMCG products currently rule the market. Pharmaceuticals, consumer electronics, soft drinks, packaged food items, and chocolates are also part of India's FMCG industry.**
- **About 3 million people are employed in the sector, which accounts for about 5% of all factory jobs in India. It is a significant factor in the growth of India's GDP, contributing around 20% to it.**



About FMCG Industry

- The value of India's FMCG (fast-moving consumer goods) industry rose by 16 percent in 2021. Price increases and a small base against which to compare have been the key drivers of the sharpest growth in nine years, although pressure has continued to mount on the actual volume of goods sold. Growth in the country's FMCG sector is being fuelled by improving scenarios in both demand as well as supply side.
- The main growth factors for FMCG are income growth, changes in lifestyle, higher awareness, and simpler access. While the majority of the contribution came from the urban sector, semi-urban and rural segments have seen significant increase during the previous 10 years.
- F&B accounts for 19% of the sector. This segment includes health beverages, staples/cereals, bakery products, snacks, chocolates, ice cream, tea/coffee/soft drinks, processed fruits and vegetables, dairy products, and branded flour.
- Healthcare accounts for 31% of the sector. This segment includes OTC products and ethicals.
- Household & personal care It accounts for 50% of the sector. Includes oral care, hair care, skin care, cosmetics/deodorants, perfumes, feminine hygiene and paper products, fabric wash, and household cleaners.



IMPORTANCE OF FMCG INDUSTRY

WHY FMCG INDUSTRY IS IMPORTANT TO INDIA?

Importance of FMCG Industry

01 | CONTRIBUTION TO GDP

The FMCG sector is expanding in line with the Indian economy. Sales of fast-moving consumer goods (FMCGs), which rose 16% in 2021 and contributed to a nine-year high in consumption-led growth, are driving economic expansion. The FMCG sector has a market of US\$110 billion in 2020, making it the fourth-largest sector in India's economy. This is anticipated to double by 2025.



02 | EMPLOYMENT

Approximately 5% of all manufacturing employment in India, or about 3 million people, are employed by it. One of India's largest industries, FMCG employs between 15% and 20% of the labour force.



03 | RURAL FOCUS

As the market becomes saturated, businesses are concentrating on rural areas for penetration by giving consumers small, single-use products like sachets.



04 | LOW CAPITAL INTENSITY

Most of the companies operating in FMCG require relatively less capital for investments in manufacturing plants, machinery, equipment and other fixed assets. At a fully modernised manufacturing plant, the turnover is typically five to eight times the capital invested. Due to the continued use of credit and cash for business transactions, companies have low capital intensity.



05 | SOCIAL CONTRIBUTION

- Provide jobs for those with less formal education. In order to interact with upcountry and rural areas for both inputs and distributions as well as to fulfil CSR, FMCG companies have also undertaken several specific projects.



MARKET SIZE AND OVERVIEW

WHAT IS THE MARKET SIZE OF **FMCG INDUSTRY** IN INDIA?

Market Size And Overview

▶ FMCG is the fourth largest sector in the Indian economy with total market size of USD 110 billion in 2021 .FMCG accounts for around 15% GDP of country and provides employment to around 10 million people in India accounting for approximately 5% of the total factory employment in India ,thus FMCG sector is an important contributor to India’s GDP growth .

▶ And By 2025, the market was expected to grow to 220 billion dollars with a CAGR of 27.9% during the forecast period.

The retail market in India is estimated as US\$ 7.814 trillion in 2020 from US\$ 840 billion in 2017, with modern trade expected to grow at 20-25% per annum, which is likely to boost revenue of FMCG companies The packaged food market in India is anticipated to grow twofold to US \$ 70 billions in the next few years.



▶ Logistics Market of Indian FMCGs is estimated to be US dollars 97.88 Billion in 2022 and is expected to reach US dollars 124.33 Billions by 2027, growing at a CAGR of 4.9%.

▶ The size of the online FMCG market. in the Indian e-commerce sector was estimated at USD 8 billion in 2022, making the Indian e-commerce FMCG market one of the fastest growing markets in the world. The fast-moving consumer goods sector recorded an 8.5% revenue increase in 2022-23, and this year's revenue is expected to increase by 7-9% compared to last year. Sales growth is largely due to higher prices amid inflationary pressures

▶ The Indian FMCG industry increased by 16% in FY 21-22 reaching a nine year high despite massive lockdowns. Consumer demand and value growth from higher product prices ,were major reasons.

▶ However in terms of volume, in this fiscal year ,FMCG industry is expected to see only 1-2 %growth compared with 2.5 % growth in last fiscal year.

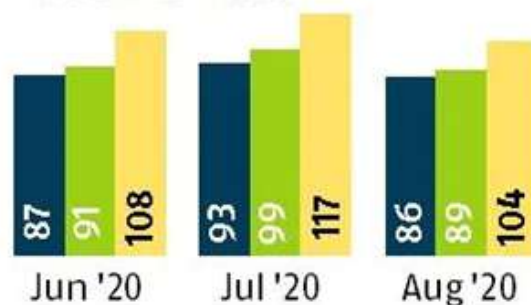
Market Size And Overview

- ▶ According to some economist, for the next fiscal, the FMCG sector will see an almost similar pace of growth with operating margins projected to improve by 50-70 bps owing to better volume-driven growth and coverage of costs, almost reaching pre-pandemic levels of 20 per cent.
- ▶ Currently ,India accounts for a share of 2.67% of the Global FMCG market, this share is expected to increase significantly over the next 5 years mainly due to the macro-economic factors such as improving demographics, rising disposable income, expansion of organised retail in tier II & III cities in India.
- ▶ The FMCG space in India is largely dominated by unorganized players. However, there are several players in the organized market that dominate various segments of industry.
- ▶ The FMCG sector in India has expanded over the years due to consumer-driven growth and higher product prices, especially for essential goods. In addition, due to numerous government initiatives, including hygiene categories, high agricultural production, reverse migration, and packaged staples, it experienced double-digit growth and reached 10.6.
- ▶ The urban segment accounts for a revenue share of around 60%, and is the largest contributor to the overall revenue generated by the FMCG sector in India. As urban demand is less impacted by the inflationary pressures and will grow faster, led by increased direct-to-consumer (D2C) and sales through e-commerce channels.
- ▶ However, in the last few years, the FMCG market has grown at a faster pace in rural India compared to urban India. Semi-urban and rural segments are growing at a rapid pace and FMCG products account for 50% of the total rural spending
- ▶ Geography-wise, rural demand is expected to improve in the next fiscal year with inflation beginning to moderate. On the other hand, urban demand continue to remain steady.

RURAL AREAS DRIVE FMCG GROWTH

(Figures indexed to 100)

■ Metro ■ TC1 ■ Rural



OVERALL FMCG GROWTH

(Figures indexed to 100)



*TC1 is town-class one or tier1 markets

Source: Nielsen; figures for Sept '20 not disclosed

KEY MARKET SEGMENT

WHICH IS THE KEY MARKET SEGMENT OF THE FMCG INDUSTRY?

Market Segment of FMCG Industry

Fast-moving consumer goods (FMCG) Including daily necessities These are relatively inexpensive products that required very little shopping efforts ,These are non-durable products sold in packaged form. These products are purchased frequently in fairly small quantities by the end consumer.. The main FMCG segments can be classified as Personal Care, Household care, Branded and Packaged food.

01 | PERSONAL & HEALTH CARE

It consists of oral care; hair care; skincare; personal wash (soaps and shampoo); cosmetics and toiletries; deodorants; perfumes; paper products (tissues, diapers, sanitary); shoe care etc. This segment includes OTC products and ethicals.

- In India, personal care products are estimated to be USD 4 billion (25144 crore) p.a. The key products include hair care, skin care, colour cosmetics, bath/shower products and fragrances. Different segments are showing different trends.
- Bar soaps dominate the largest segment of these products and second largest is the hair care products. Bar soaps have been growing at 5% per annum over the last five years whereas in the case of hair care products, it's 9-10% per annum during the same period. In the case of hair care, coconut oil holds 72% share in the India's hair oil market
- The skin care market is also keeps on surging India's Skin Care Products Market is estimated to be USD 6.53 Billion in 2022 and is expected to reach USD 8.84 Billion by 2027, growing at a CAGR of 6.25%.As People are becoming more aware of it because of change in lifestyle, rise in income, more choices and ease in availability.
- Oral care, which is also an important part of personal care, can be segmented into toothpaste, toothpowder and toothbrushes that hold 60%, 23% and 17% of market share respectively.

Market Segment of FMCG Industry

02 | HOUSEHOLD CARE

The household sector includes laundry (laundry soaps and detergents), household cleaners, dish/utensil cleaners, toilet cleaners, air purifiers, mosquito repellents, polishes, etc.) Demand for home care is growing rapidly in India. The annual growth rate for the last five years is 10% to 11%.

03 | FOOD AND BEVERAGES

It includes healthy beverages; Soft drinks staple food/grains; baked goods (cookies, bread, cakes); snack; Chocolate; french fries, ice cream; tea; the coffee; processed fruits, vegetables and meats; confectionery and dairy products; bottled water; branded flour; rice; Street; juice etc In India, food and Beverages come in 5th in terms of production, growth, consumption and export.

- The packaged food segment is estimated to grow at 9% annually to become a 6-lakh crore industry by the end of 2030.
- Ready to drink tea and coffee segment is estimated to be 2200 crore in the next three years.
- The total soft drink that includes both carbonated beverages and juices segment is expected to touch USD 1 billion, Coca cola and Pepsi are the leaders in the Indian soft drink market,
- Others segment : This includes a range of products such as insecticides , stationery ,cigarettes ,Paints and colours etc.

The personal care and household sector which together accounts for 50% of the industry's total sales, dominates the FMCG market in India and, healthcare accounts for 31% of the sector's share, food and beverages (F&B) (19%) comes next in terms of market share

MAJOR PLAYERS

WHO ARE THE
MAJOR PLAYERS
IN THE FMCG
INDUSTRY?



Major Players in FMCG Industry

Fast Moving consumer goods (FMCGs) sector was driven by Indian subsidiaries of multinational companies like Unilever like Hindustan Unilever Ltd. Procter & Gamble Ltd ,Nestle india and Colgate-Palmolive Along with Indian origin companies like Patanjali ayurved, Dabur india ,Godrej and Emami. Some of the Major Players in FMCGs sector are:-

01 | HINDUSTAN UNILEVER LIMITED

Hindustan Unilever Limited is a subsidiary of Unilever (UK based company) HUL was established in the year 1933. In 1956, there was a merger between the Lever brothers and Hindustan Vanaspati Manufacturing Company Limited then Hindustan Unilever Limited (HUL) Was founded.

HUL is a Major player in the organised market, manufacturing various products related to food & beverages and household & personal care witnessed a revenue of INR 459.9 billion in 2020-21 In 2022, the Hindustan Unilever company led the FMCGs companies with a market capitalization of 5 trillion Indian rupees in 2021 (HUL) net sales grew by 16 per cent y-o-y (year to year) to Rs 14,872 crore and net profit surged 11.7 per cent to Rs 2,670 crore It employs more than 16,500 workers in India and indirectly helps to assist the employment of more than 65,000 people. The company's products are available in more than 150 countries, with a portfolio of over 400 brands. As per the research conducted by Nielsen survey, two out of three people use the products of HUL in India, HUL has more than 2 million direct retail store all across India and its products are available in more than 6.5 million outlets in the country.

Major Players in FMCG Industry

02 | PROCTER & GAMBLE

Procter & Gamble, is a multinational company, was established in the year 1837 in Ohio, America. In India It was incorporated In 1964 with the name Procter & Gamble healthcare ltd ,P&G india has one of the largest market capitalization of Rs 45803.07 crores and It own large share in fmcg sector of India FMCGs sector Along With HuL and ITC P&G serves more than 650 million consumers in India. P&G is 2nd Largest Organization in the FMCG sector of India With 12% Market share of industry, one of the main reasons behind their success is superior product propositions and innovation in terms of technology. In India, P&G operates under three entities

1. "Procter & Gamble Hygiene and Health Care Limited "
2. "Gillette India Limited"
3. "Procter & Gamble Home Products"

Proctor and Gamble india has turnover of \$18.9 billions in the Fiscal year 2021-22 In the last quarter of FY 22-23 the company reported a Standalone Total Income of Rs 1,051.62 Crore, up 34.48 % from last quarter Total Income of Rs 782.01 Crore The company make Total revenue of 1398 With net income of rs 1334 crore In the Last financial year P&G provides jobs to more than 26,000 workers both directly and indirectly. In addition to this, it is dedicated to sustainable growth in India. It also focuses on Environmental Protection and Social Responsibility in the places it operates.

The P&G logo is displayed in a large, white, serif font, centered within a blue circular graphic that has a gradient and a slight shadow effect. The logo is positioned in the bottom right quadrant of the page, partially overlapping the page number.

P&G

Major Players in FMCG Industry



03 | DABUR INDIA LTD.

Dabur India Ltd is one of the biggest FMCG companies with a presence in Ayurveda based products across categories. Dabur India was established in the year 1884 by a physician named Dr. SK Burman. The company has a dominant market share in health supplement, OTC & Ethical products, hair oils & Juices. Dabur India is a Large Cap company (having a market cap of Rs 101,477.75 Crore) operating in the FMCG sector.

For the quarter ended 30-09-2022, the company has reported a Consolidated Total Income of Rs 3,109.77 Crore, up 6.39 % from last quarter Total Income of Rs 2,922.98 Crore and up 6.13 % from last year. At the end of fiscal 2021-22, Dabur India 4(four) brand cross 1000 crore turnover and It had 12 brands above Rs 100 crore in size, two brands over Rs 500 crore in size.

Dabur has been least impacted by high inflation in commodity prices given and now The company is increasing the addressable market by diversifying in categories like fruit drinks, health foods (under Real brand), herbs & baby products under Dabur brand, edible oil & extending Chyawanprash, Honey into new variants.



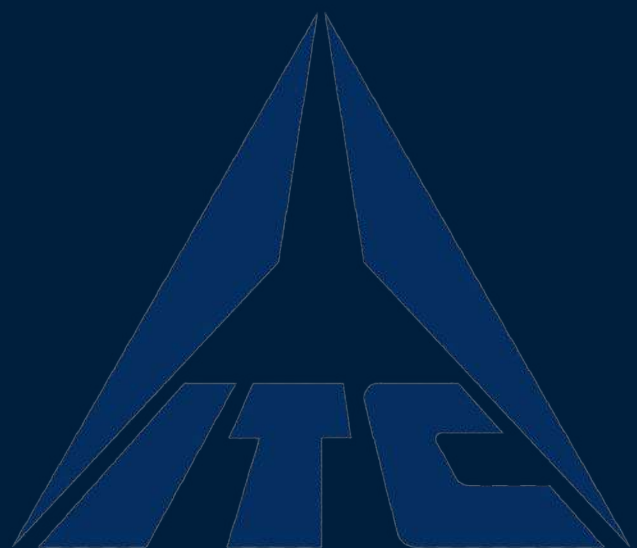
Major Players in FMCG Industry

Enduring Value

04 | ITC

ITC was established in 1910 as the Imperial Tobacco Company of India Limited but later in the year 1970, it was renamed as Indian Tobacco Company: ITC has been on the list of top FMCG in India for the past few years. ITC earned Revenue of Rs 51,321 Cr with market capitalization of 320,094 Crores. ITC is one of India's foremost private sector companies with a Gross Sales Value of ₹ 90,104 crores and Net Profit of ₹ 15,058 crores (as on 31.03.2022).

Its businesses include mainly five segments: FMCG, Hotels, Paperboards & Packaging, Agri Business & Information Technology.



ITC Limited 17

Major Players in FMCG Industry

05 | NESTLE

Nestlé is the world's largest food and beverage company. The company has more than 2000 brands ranging from global icons to local favourites, and is present in 191 countries around the world. Nestle India Limited is the Indian subsidiary of Nestle which is a Swiss MNCs. The parent company owns 62.76 per cent of Nestle India It is the third Largest in Top FMCG Companies in India: Currently Nestle india has Market capitalization of worth 139,532 Crores and Revenue earned by the company in PY21-22 is 16,177 crores



Major Players in FMCG Industry

प्रकृति का आशीर्वाद

06 | PATANJALI

Patanjali is an Indian multinational conglomerate holding company It was founded by Ramdev and Balkrishna in 2006. The company manufactures cosmetics, ayurvedic medicine, personal care and food products .The company earned Revenue ₹30,000 crore (US\$4.02 billion) (FY2021) Net income of company is ₹590 crore (US\$80 million) (FY2021) and Total assets worth ₹4,345 crore i.e US\$590 million (2019-20) own by companies According to HSBC report, Patanjali was one of the fastest-growing FMCG companies in India in 2016. It was valued at ₹3,000 crore (equivalent to ₹37 billion or US\$460 million in 2020). Patanjali estimated its annual turnover for the 2019-20 fiscal year at ₹10,216 crore (US\$1.3 billion)

PATANJALI®

ONGOING TRENDS

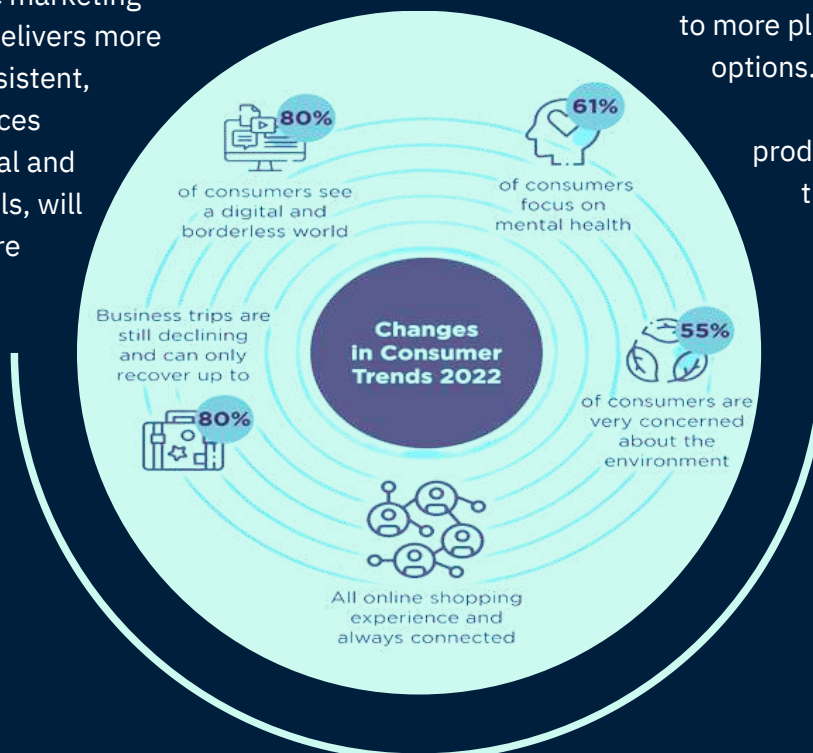
WHAT ARE THE RECENT TRENDS IN THE FMCG SECTOR?

Ongoing Trends In FMCG sector

The 2022 FMCG trends that kept the industry afloat and shaped it better: -

1. Rising need for Omnichannel

As the pandemic has transformed the consumer behaviour of many and has pushed their digital maturity many years ahead, the importance of D2C and Digital Channels has increased manifold. In 2022, the Indian e-commerce market was predicted to increase by 21.5%, reaching US\$ 74.8 billion. For an FMCG company to survive and grow in these challenging times, acquiring a more consumer-centric marketing a strategy which delivers more personalised, consistent, and rich experiences through both digital and traditional channels, will become even more essential.



2. Going Green and adopting ethical and sustainable products and practices

With buying power shifting from millennials to Gen-Z, and the world encountering an uptick of climate related natural disasters, sustainability concerns have accelerated steadily over the last few years. Today's consumers are readily willing to change their dietary habits and to more plant based and sustainable options. Last year, 41% of internet users worldwide ditched a product or service from brands that violated environmental and ethical values.

3. Prioritising health and wellness

Owing to the spread of various diseases among different age groups, people have become more health-conscious and prefer those FMCG products with more nutritional benefits and healthier alternative.

CAGR & GROWTH OPPURUNITIES

CAGR AND GROWTH OPPORTUNITIES IN THE **FMCG** SECTOR

CAGR and Growth Opportunities in FMCG Industry

The Indian FMCG market was valued at US \$110 Bn. in 2020, and it is expected to reach US \$615.87 Bn. by 2027 with a CAGR of 27.9% during the forecast period. Growing youth population, changing lifestyles, and increasing brand awareness among the consumers are also contributed to the growth of India FMCG sector.

OPPORTUNITIES

01 | DIGITALISATION

In a country like India, to keep the distribution steady, many FMCG companies have brought together suppliers, distribution and inventory management under one umbrella. Everything from ordering to contactless payment to visibility on the fulfilment can be done with the help of an app. With the increasing internet penetration in the rural sector, the sector can use AI and big data to actually understand their needs and enable them to use e-commerce for their daily needs.



CAGR and Growth Opportunities in FMCG Industry

OPPORTUNITIES

02 | DIRECT TO CUSTOMER SALES MODEL

This model, if increasingly adopted increases the profit margin of the companies. Opening stand-alone online stores and separate websites for the brands have increases the on-customer demand by 88%.

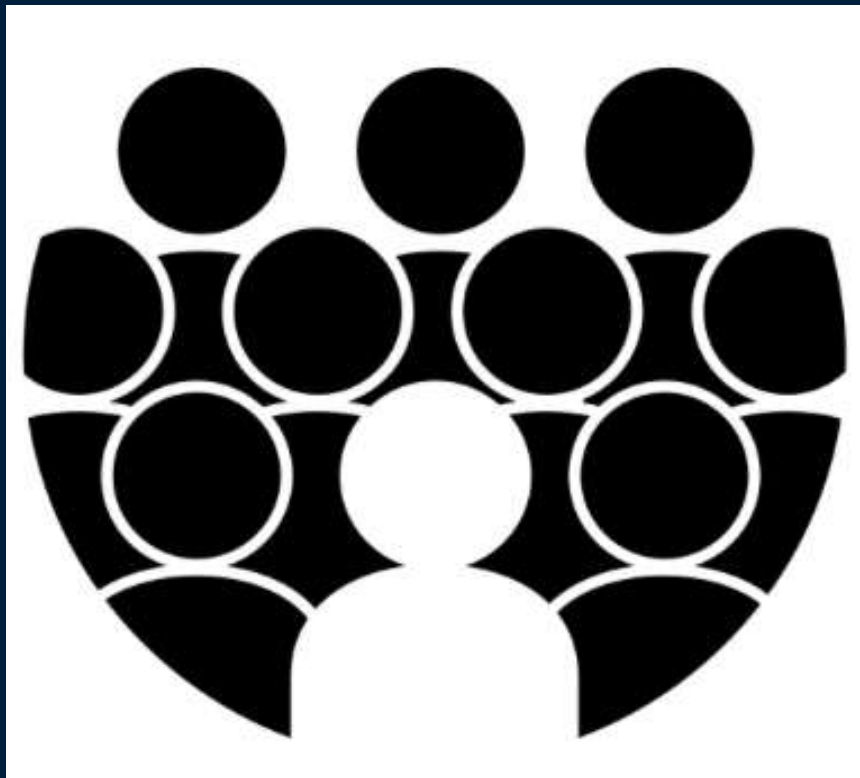


CAGR and Growth Opportunities in FMCG Industry

OPPORTUNITIES

03 | BIOINDIVIDUALITY

It recognises that identifying the genetic singularities within an individual is important for a healthy foundation. Industries in health care and personal care are particularly impacted by this since people want individual relevance rather than generalised results.



CAGR and Growth Opportunities in FMCG Industry

OPPORTUNITIES

04 | SUSTAINABILITY

Nowadays, many people are being environmentally conscious and check out the brand's manufacturing and testing processes to see if they are cruelty-free and environmentally friendly and base their decision to buy the products on that. The industry can capitalise on that. In fact, sustainable businesses have a CAGR 4 times greater than conventional businesses, with nothing as such.



GOVERNMENT'S SUPPORT

INVESTMENTS
AND INITIATIVES
OF GOVT FOR THE
FMCG SECTOR

Investments and Initiatives of Govt. for the FMCG Sector

INVESTMENT SCHEMES

- The govt has allowed 100% foreign direct investment in food processing and single-brand retail and 51% in multi-brand Retail. This would induce the FDI
- This would also bolster employment, supply chain, and high visibility for the FMCG brands across organised retail markets, bolstering consumer spending and encouraging more products.
- This sector Recorded an FDI of US\$ 20.84B between Apr 2000- June 2022



Investments and Initiatives of Govt. for the FMCG Sector

INITIATIVES BY GOVERNMENT

- 1725 cr (US\$ 222.19 million) has been allocated to the departments of consumer affairs
- Rs 215960 cr (US 27.82B) has been allocated to the departments of food and public distribution
- The govt approved (PLISFPI) with an outlay of Rs 10900cr (\$1.4b) to promote and support Indian brands of food products in international markets.
- GST is expected to transform logistics in FMCG sector into a modern and efficient model as all major corporations are remodelling their operations into larger logistics and warehousing.
- The govt has also drafted a consumer protection bill with special emphasis on setting up an extensive mechanism to ensure simple, speedy, accessible and timely delivery of justice to consumers.
- In November 2021, Flipkart signed an MoU with the Ministry of Rural Development of the Government of India (MoRD) for their ambitious Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY-NRLM) programme to empower local businesses and self-help groups (SHGs) by bringing them into the e-commerce fold.



RECENT STOCK PERFORMANCE

FMCG's STOCK PERFORMANCE IN THE LAST 5 YEARS

FMCG'S STOCK PERFORMANCE

FMCG sector in India is the largest industry in the world. It is estimated that FMCG accounts for around 15% of the GDP and employs more than 10 million people in India. Combined annual sales grew in this sector at 24.3% in last 5 years. Annual net profit grew at 9.8% in last 5 years.



FMCG'S STOCK PERFORMANCE

1. HUL



Hindustan Unilever Limited

Established in 1933 Hindustan Unilever is a well-known manufacturer of consumer goods with more than 400 brands in its portfolio. Personal Care, Home Care, and Refreshment are the company's three business divisions. With revenues reaching \$60 billion yearly across 150 countries, the corporation currently ranks among the biggest consumer products companies in the world.



FMCG'S STOCK PERFORMANCE

2. ITC



For the past several years, ITC has been among the best-performing FMCG equities in India. Founded in India in 1910, ITC sells items across a variety of areas in addition to its primary product line of cigarettes. Other well-liked items from this company include Aashirwad Atta, Bingo Chips, Fiana, Savlon, Vivel, Classmate Stationery, Sunfeast Yippee!, etc.



FMCG'S STOCK PERFORMANCE

3. NESTLE



In terms of 5-year returns, Nestle is also among the best FMCG stocks in India. The business of the corporation is broken down into four divisions: Beverages, which includes water and carbonated soft beverages; Chocolate and Confectionery; Nutrition, Health & Wellness; which includes newborn nutrition products; and Petcare.



FMCG'S STOCK PERFORMANCE

4. DABUR



Dabur started in 1884 as a healthcare products manufacturer in Kolkata. Dabur India is engaged in the manufacturing and marketing of pharmaceuticals, Ayurvedic products, personal care, and food products. It is one of the largest companies in the FMCG sector in India with a market share of 5.5%.



FMCG'S STOCK PERFORMANCE

5. GODREJ CONSUMER PRODUCTS



The company's products include soaps, detergents, food products, health care products, personal care products, and home appliances. Godrej Consumer Products has a strong presence in the Indian market and is expanding its operations to other emerging markets such as Africa and South America.



FMCG'S STOCK PERFORMANCE

COMPARISON

On the basis of Price to Earning ratio,
Return on Capital Employed & Return on
Equity

Price to Earnings Ratio			
Company	PE Ratio	Ranks	Points
HUL	69.45	4	2
ITC	19.55	1	5
Nestle India	79.48	5	1
Dabur	56.46	3	3
Godrej Consumer Products	51.36	2	4

Return on Capital Employed			
Company	ROCE %	Ranks	Points
HUL	38.4%	2	4
ITC	28.5%	3	3
Nestle India	139.0%	1	5
Dabur	27.3%	4	2
Godrej Consumer Products	19.9%	5	1

Return on Equity		
Company	ROE %	Ranks
HUL	28.6%	2
ITC	21.0%	4
Nestle India	106.0%	1
Dabur	23.7%	3
Godrej Consumer Products	20.3%	5

IMPACT OF COVID-19

10

IMPACT OF
COVID-19 ON
**FMCG SECTOR IN
INDIA**

IMPACT OF COVID-19 ON FMCG SECTOR



The market for fast-moving consumer goods faced considerable changes:

A.) The e-commerce company operating in the grocery segment saw an initial spike in demand as more people ordered online as people faced difficulty and concern going out to the local stores.

B.) The fear and panic of the pandemic made them extra cautious about visiting grocery stores, also there was a perceptible shift with consumers adopting a more precautionary savings approach with resources being set aside from medical needs.

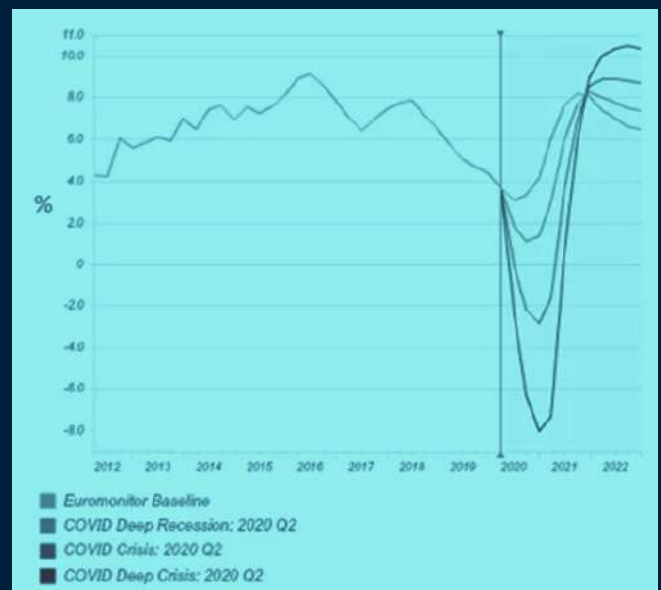
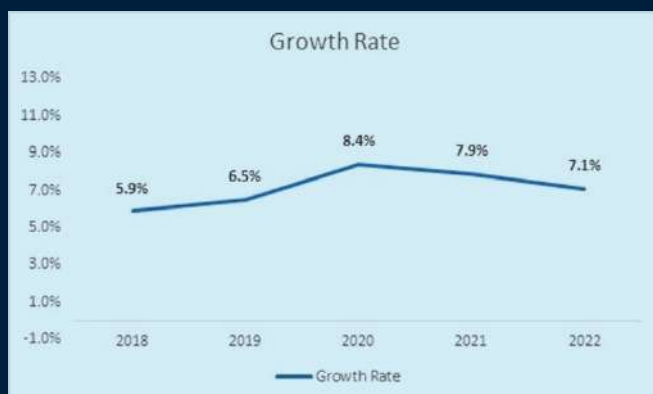
C.) The demand for consumer packaged goods climbed sharply in some places while in others, household goods spending surged as well.

D.) Established companies like HUL, Dabur, ITC postponed their product launches specifically in the discretionary product line. They've cut their production and put more emphasis on producing products for personal hygiene like sanitizers, disinfectants masks.

Challenges Faced by FMCG Companies During Pandemic

A. The manufacturing companies had to double the production but there was less manpower to overuse them as the migrant workers started heading home during lockdown (the workforce was cut down by 25% and in many places, the attendance was only 15% overall) which resulted in additional pressure on the manufacturing facility and a spike was seen in cost, leaving factories operating at only 30 - 40% of the capacity.

B. Due to the excess demand even the online platforms like Big Basket and Grofers were unable to deliver the products. Demand for oil, rice or any other necessity goods has grown by 15-20% in Delhi NCR, Bangalore and Kerala in a week.

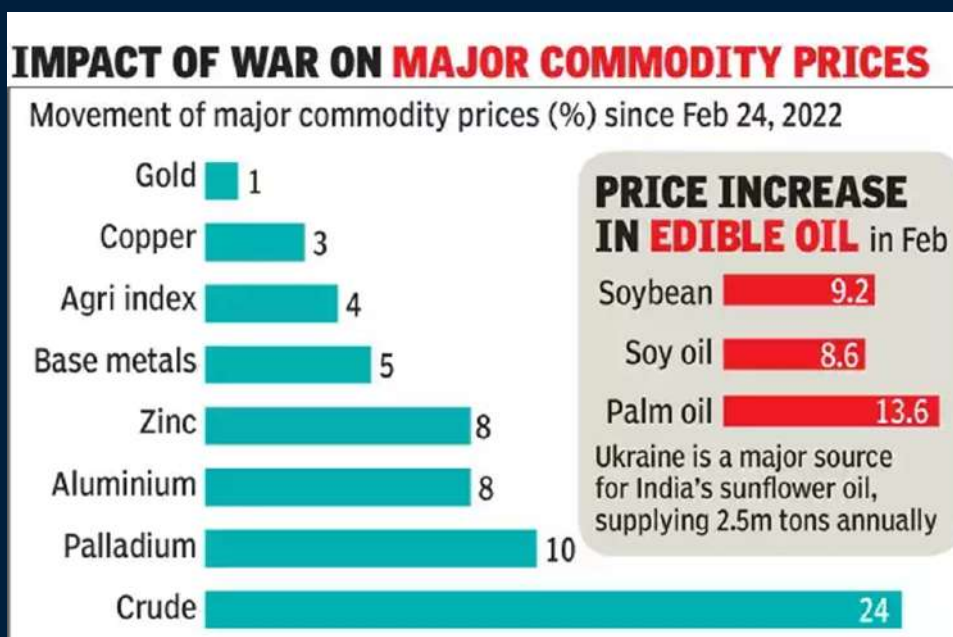


C. Many companies have reported an increase in profits by 15-45 % due to panic buying by the consumers the demand is increasing by 20%.

But many products apart from the basic necessities of an individual saw a sleek downfall in their demand as people were intended to save more as there was uncertainty of every aspect of income that prevailed to the households.

WHAT ARE THE CHALLENGES BEING FACED BY THE **FMCG** **SECTOR?**

CHALLENGES FACED BY FMCG SECTOR



2022 has been a tough year for the FMCG industry as it battled inflationary challenges exacerbated by geo-political headwinds. Shrinkflation and price hikes were the buzz words of the year for the sector.

- According to industry estimates, the sector saw average price hikes of about 7 to 8 per cent over the past 12 months with certain categories witnessing double digit hikes, impacting volume growth considerably.
- The Russia-Ukraine conflict has had a huge impact on global supplies, including sunflower oil putting tremendous pressure on alternative oils.
- 2022 also marked Reliance's entry into the sector. Its move into staples, processed foods and daily essentials segment with brand Independence, will heat up the competition.

KEY SUCCESS STRATEGIES

12 WHAT ARE THE KEY SUCCESS STRATEGIES OF THE FMCG SECTOR?

KEY SUCCESS STRATEGIES OF FMCG



1. The demand to improve sales numbers through digital marketing is at an all-time high due to the exponential rise in the number of people making purchase-related decisions online. Digital marketing's applicability and benefits to the fast-moving consumer goods (FMCG) sector are already apparent. More and more customers are choosing to buy FMCG products online and at their convenience from home rather than going to a physical store. This digital tendency was only accelerated by the COVID-19 crisis. Some FMCG Digital Marketing strategies which can be adopted by companies for their success may include- user-centric content marketing, a digital presence through social media platforms, video content creating to stand out, increasing consumer base through influencer marketing, automated email marketing etc.

KEY SUCCESS STRATEGIES OF FMCG



2. Increasing sales and revenue does not necessarily indicate a profitable business. The business needs a good method to manage operational costs if it wants to increase earnings. It will be exceedingly challenging for a business to reduce unnecessary costs until an appropriate approach is in place.

3. A business must evaluate and manage all operational activities if it wants to control operational costs. Having the proper tools is the only way to accomplish this. Response is always available to deliver the most up-to-date tools to cut down on your operational costs and time.

4. Product flanking is the release of several product combinations at various price points in an effort to reach as many market segments as feasible. To take advantage of various market prospects, it essentially entails delivering the same product in a variety of sizes and pricing ranges. Examples of this method include quality detergents (Tide, Aerial, etc.) in little pouches, Pan masala in small pouches, and shampoos in small sachets.

WHAT DOES THE
PESTLE ANALYSIS SAY
ABOUT THE FMCG
SECTOR?

PESTLE ANALYSIS

A **PESTLE analysis** is a framework used to analyze the external factors that can affect a business or industry. The acronym stands for **Political, Economic, Sociocultural, Technological, Environmental, and Legal** factors. Here is a brief overview of how each of these factors might affect the **FMCG (Fast-moving consumer goods)** sector:



Political: Government policies and regulations can have a significant impact on the FMCG sector, such as tariffs on imports, taxes on consumer goods, and food safety regulations.

Economic: Economic conditions, such as inflation and unemployment, can affect consumer spending and purchasing power, which in turn can affect demand for FMCG products.

Sociocultural: Demographics and societal trends, such as population growth and aging, can affect the demand for different types of FMCG products.

Technological: Advancements in technology can affect the way FMCG products are manufactured, distributed, and marketed, as well as consumer expectations for product features and convenience.

Environmental: Climate change and natural disasters can affect the availability and cost of raw materials, while increased focus on sustainability can affect consumer demand for eco-friendly products.

Legal: Laws and regulations can affect the FMCG sector in areas such as intellectual property, product safety, and advertising.

SWOT ANALYSIS

SWOT ANALYSIS ON THE INDIAN FMCG SECTOR

SWOT ANALYSIS OF INDIAN FMCG SECTOR

STRENGTHS

- Large and growing consumer market
- High demand for packaged and processed foods
- Growing e-commerce and organised retail sectors
- Growing rural market
- Essential nature of products drove demand
- Shift to online shopping and home delivery
- Increased focus on health and hygiene

WEAKNESSES

- Intense competition
- Dependence on imports for raw materials
- Fluctuations in commodity prices
- Limited R&D investment
- Decline in consumer spending and disposable incomes
- Impact on production and distribution due to lockdowns
- Challenges in forecasting and planning due to uncertainty

OPPORTUNITIES

- Rising disposable incomes and growing middle class
- Growing urbanisation
- Growing health awareness
- Expansion into new markets and product categories
- Rising demand for health and hygiene products
- Increase in focus on innovation and premiumization

THREATS

- Economic slowdowns and currency fluctuations
- Regulatory restrictions and taxes
- Changing consumer preferences and tastes
- Competition from international players
- Continued uncertainty and volatility
- Competition from domestic and international players
- Possible shift in consumer preferences
- Rising raw material prices and inflation.

CASE STUDY



Nestlé

CASE STUDY ON NESTLÉ

HISTORY

- **1866-1904**

The Nestle Company history begins in 1866, with the establishment of Anglo-Swiss Condensed Milk Company by US brothers Charles and George Page.

In 1867, Nestlé's founder German pharmacist Henri Nestlé launched his "farine lactée", a breakthrough in infant food to deal with high mortality rates among the infants who cannot be breastfed.

In 1875, he sold the firm to 3 businessmen who helped expand production and sales.

- **1905-1913**

In 1905, the business merged with the Anglo-Swiss Milk company, with whom it had been in a sales feud over ripoffs of each other's original products. Following the merger of these two large corporations, they enjoyed a time of prosperity known as the Belle Époque or 'Beautiful Age' and, shortly before World War I, they expanded to become a global dairy enterprise with more than 20 factories spread across all continents.

- **1914-1918**

The start of World War I in 1914 brought about new opportunities and challenges. Condensed milk consumption rose, but production was slowed by a lack of raw materials and cross-border trading. The business purchased processing facilities in the US and Australia to address these issues. This combined organization had 40 factories by the end of the war.



Nestlé Good food, Good life

- **1919-1938**

The drop in canned milk consumption following the war led to a significant crisis for Nestlé and Anglo-Swiss in 1921. The Wall Street Crash, which diminished consumer purchasing power, rocked the company after it had recovered. Despite the downturn, the period produced a lot of benefits. Research was centralized, the company's management team became more professional, and new goods like Nescafé coffee were introduced.

- **1939-1947**

World War II affected every market. The business started providing and growing to Africa, Asia, Australia, and Latin America in order to defend the corporation. Later, as a result of the US entering the war, Nestlé quickly gained popularity among Americans. The company changed its name to Nestlé Alimentana in 1947 and expanded its product line to include Maggi Soups and seasonings.

- **1948-1959**

The production diversified during the post-war period. First, Nestlé began introducing new items like ready meals and canned foods as people began spending money on appliances like freezers. They also bought companies that produced coffee and milk.

CASE STUDY ON NESTLÉ

HISTORY



Nestlé Good food, Good life

- **1960-1980**

Nestle was able to expand its traditional businesses while also expanding into new markets, such as frozen foods, thanks to acquisitions. The business expanded into cosmetics and pharmaceuticals in the 1970s. Nestle's marketing of baby food has come under increasing fire from activist organisations who claim it is unethical. Later, Nestle was among the first businesses to implement the WHO code for breast-milk substitutes.

- **1981-1999**

The 1980s and 1990s saw expansion. In order to achieve their new goal of "Nutrition, Health and Wellness," they got rid of certain unprofitable companies in order to appease the customers who cared about their health. They aimed for global leadership in the ice cream, animal food, and water industries. Nestlé was also one of the first businesses to create breast milk substitutes.

-

- **2000-2016**

In order to further enhance sustainable supply chains, Nestle announced its Creating Shared Value approach to business, which was followed by the introduction of the Nestle Cocoa Plan and Nescafe Plan. The company started concentrating on medical nutrition while continuing to enhance its position in more conventional markets like infant formula and frozen foods.

- **2017-present**

Nestle continues to discover fresh development potential in healthcare in addition to conventional market areas. Along with Zenpep, Vital Proteins, and Aimmune, it also buys a controlling share in Orgain, a pioneer in plant-based nutrition. The business commits to recyclable packaging and net zero emissions as it increases its sustainability goals.

CASE STUDY ON NESTLÉ

PORTFOLIO MANAGEMENT (MAJOR LAUNCHES & ACQUISITIONS)



Good food, Good life

1947	<ul style="list-style-type: none"> Merged with Alimentana (firm that created the Maggi Soups).
1948	<ul style="list-style-type: none"> Nestea (a soluble tea) was launched. Nesquik was launched this year too and it was a top seller in the United States. Moreover, canned raviolis were launched under Maggi brand.
1977	<ul style="list-style-type: none"> Minority shareholder with L'Oréal.
1985	<ul style="list-style-type: none"> Carnation and Coffee-Mate are acquired by Nestlé.
1986	<ul style="list-style-type: none"> Nespresso story started.
1998	<ul style="list-style-type: none"> Nestlé bought mineral waters business Sanpellegrino group.
2001	<ul style="list-style-type: none"> Nestlé buys US pet food business Ralston Purina, and merges it with Nestlé Friskies Petcare to establish the new market leader in pet care, Nestlé Purina Petcare.
2002	<ul style="list-style-type: none"> Nestlé acquired the licensing rights to premium producer Häagen-Dazs in the US and Canada.
2006	<ul style="list-style-type: none"> Nestlé acquires weight management business Jenny Craig and Australian breakfast cereals company Uncle Toby's.

CASE STUDY ON NESTLÉ

PORTFOLIO MANAGEMENT (MAJOR LAUNCHES & ACQUISITIONS)



Good food, Good life

2007	<ul style="list-style-type: none"> Nestlé acquired Novartis Medical Nutrition since they started focusing on medical nutrition. They also bought the baby food company Gerber and Swiss mineral water.
2009	<ul style="list-style-type: none"> Creation of a foodservice business division
2010	<ul style="list-style-type: none"> Acquisition of Kraft Foods' frozen pizza business.
2012	<ul style="list-style-type: none"> Acquisition of Wyeth Nutrition to strengthen its position in infant nutrition.
2013	<ul style="list-style-type: none"> Purchase of Pamlab specialised in medical nutrition for patients with conditions including mild cognitive impairment and depression.
2014	<ul style="list-style-type: none"> Full control of the Galderma dermatology (it was created with L'Oréal) with the creation of Nestlé Skin Health.
2016	<ul style="list-style-type: none"> Starts a joint venture - Froneri- with UK ice cream manufacturer R+R.
2017	<ul style="list-style-type: none"> Nestlé acquires Atrium Innovations

CASE STUDY ON NESTLÉ

PORTFOLIO MANAGEMENT (MAJOR LAUNCHES & ACQUISITIONS)



Nestlé Good food, Good life

2018	<ul style="list-style-type: none"> • Nestle acquires dog nutrition business Tails.com. • Nestle granted the rights to market Starbucks products globally.
2019	<ul style="list-style-type: none"> • Nestle sold 60% of its stake in Herta to create a joint venture with Casa Tarradellas. • It also sells its US ice cream business to its joint venture Froneri.
2020	<ul style="list-style-type: none"> • Nestle Health Sciences expands its portfolio through the acquisition of Zenpep, Vital Proteins, and Aimmune. • It launches Net Zero Roadmap.
2021	<ul style="list-style-type: none"> • Nestle acquires functional hydration brands Essentia and Nuun. • It acquired The Bountiful Company.
2022	<ul style="list-style-type: none"> • Nestle Health Science acquired a majority take in Orgain. • Nestlé Health Science completed the acquisition of Puravida • Nestlé Health Science completed the acquisition of The Better Health Company. • The acquisition includes the GO Healthy brand and New Zealand Health Manufacturing

CASE STUDY ON NESTLÉ

INDUSTRY ANALYSIS



Nestlé Good food, Good life

One of the industries that is expanding the fastest is the food and beverage sector. People require food to survive. The majority of the food consumed by the world's population is provided by this intricate industry, a vast network of varied firms. This industry is characterised by intense competition that forces businesses to constantly enhance most aspects of their operations and introduce new products. Although it is a very diversified industry, the majority of its businesses are looking for ways to save costs, streamline operations, and keep an eye on food safety.

According to a Plunkett Research analysis, the worldwide food and beverage business is valued more than US\$ 8 trillion and accounts for more than 10% of the global GDP. Despite the recent slowdown in the global economy and the sharp decline in food and beverage prices in several of the key countries, the industry as a whole is still expanding at a steady rate, under the leadership of some of the biggest businesses in this sector in the world.

Today, there are more than 2,000 international and local brands represented in the large inventive product line. It includes, among other things, meals for infants and toddlers as well as candy and ice cream. It also covers beverages like coffee or water. The majority of people are familiar with the food giant Nestlé because of its powerful and recognizable brands, including Nescafé, Kitkat, and Maggi, to mention a few. In the upcoming years, the business is dedicated to being the top "Nutrition, Health, and Wellness Company."



CASE STUDY ON NESTLÉ

SALES EVOLUTION

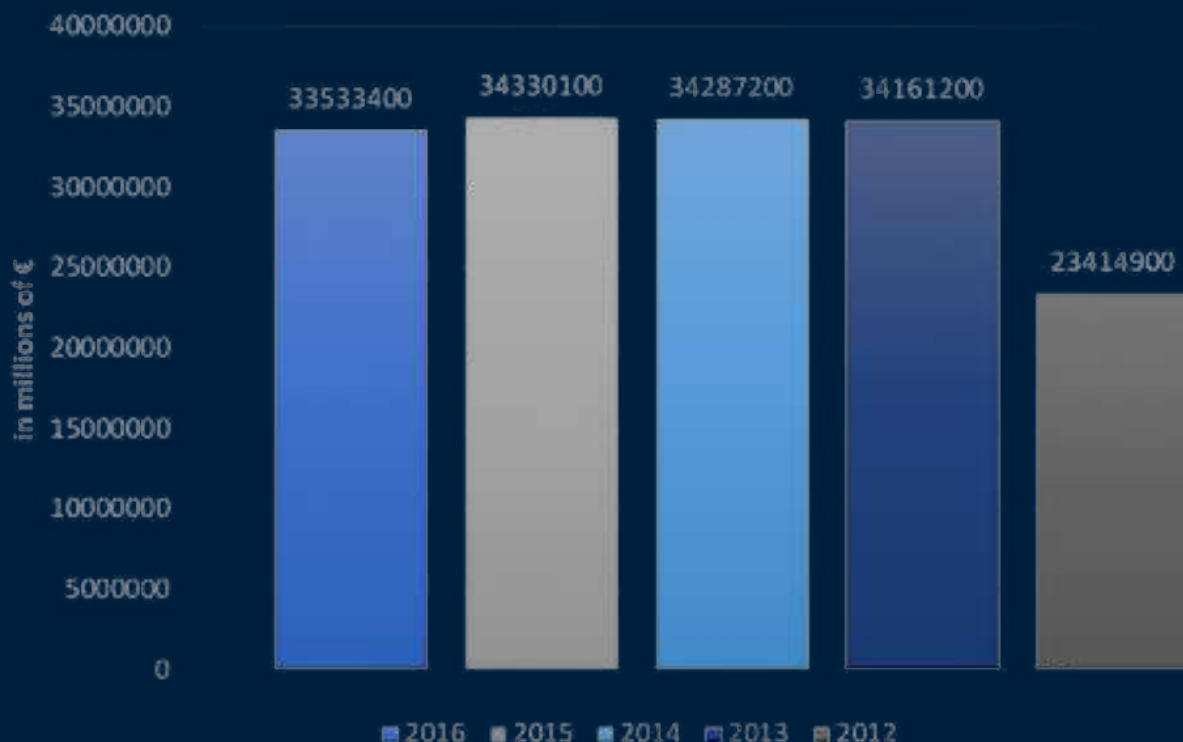


Nestlé

Good food, Good life

The Food & Beverage industry is a part of a typical consumer segment, which is important for understanding how much sales and income it generates. It also appeals to investors more because it is a non cyclical sector centred on fundamental goods. Because of the aforementioned, the products in this sector will always be in demand, regardless of how well the economy is currently doing or how each person's financial status is. Despite the fact that it is 2012, the industry's sales growth may be shown to have maintained a constant level.

Sales evolution of the Industry



CASE STUDY ON NESTLÉ

SALES EVOLUTION



Nestlé

Good food, Good life

The largest manufacturer of fast-moving consumer products in the world according to net sales is the Swiss corporation Nestlé S.A. The net sales of Nestlé total more than 93 billion USD. With its global headquarters in Vevey, Switzerland, the business has about 276,000 employees. Nestlé provides products to a wide range of consumer markets because it is a multinational corporation. Most of the revenue comes from America, which accounts for 44.9% of global sales, followed by Europe, the Middle East, and Africa.



NESTLÉ'S SALES WORLDWIDE

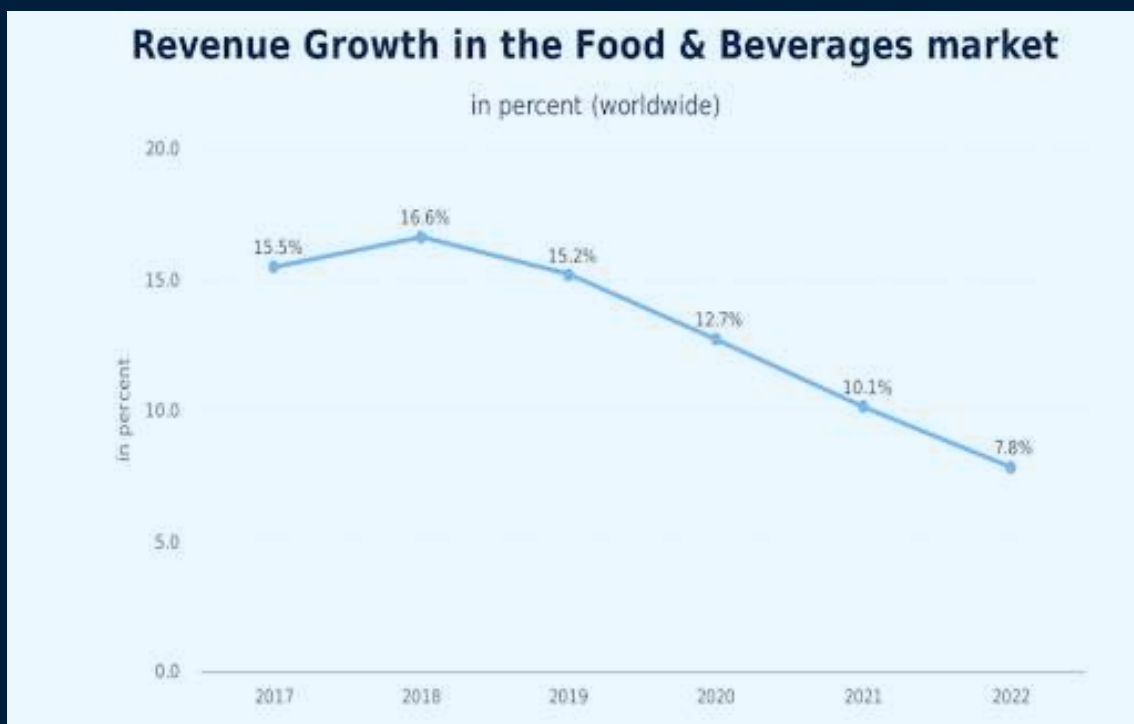
CASE STUDY ON NESTLÉ

SALES EVOLUTION



Good food, Good life

The product line is extensive and includes everything from water and other liquid and powdered beverages to infant and health foods, chocolates, and snacks. Since 2008, Nestlé's confectionery sales have been falling, and most recently they were below seven billion Swiss francs. For the first time in years, confectionery sales increased by more than 500 million francs in the second year of the epidemic. Chocolate is the largest subsegment. The company's portfolio's smallest categories are water and confectionery. With sales of 24 billion Swiss francs, powdered and liquid beverages are the largest Nestlé product category, followed by pet care at 15.6 billion Swiss francs.



CASE STUDY ON NESTLÉ

SALES EVOLUTION



Nestlé

Good food, Good life

7.1%

growth in affordable nutrition products

12%

growth in premium products

8.2%

organic growth in high-growth categories

18.2%

growth from recent acquisitions (2017-2021)

In 2021, the investment in strategic drivers yielded the following:

1. High-growth categories of coffee, pet care, nutrition, water and nutritional health science, together representing 63% of sales, grew by 8.2%.
2. Plant-based food products generated sales of around CHF 800 million with organic growth of 16.8%.
3. 31 of our trusted brands, including *Maggi*, *Milo* and *Nido*, generated over CHF 1 billion each in annual sales at the retail level.
4. E-commerce sales represented 14.3% of sales and grew by 15.1%, and digital expense increased to 51%.
5. Direct-to-consumer businesses represented 8.7% of sales and grew by 8.7%.
6. Our premium offerings represented 35% of sales and grew by 12%.
7. Emerging markets represented 41% of sales and grew by 7.8%.
8. Sales of affordable, accessible products - many nutrient-fortified - grew by 7.1% and accounted for 18.9% of emerging market sales.

CASE STUDY ON NESTLÉ

NESTLÉ'S MARKET SHARE, BY PRODUCT

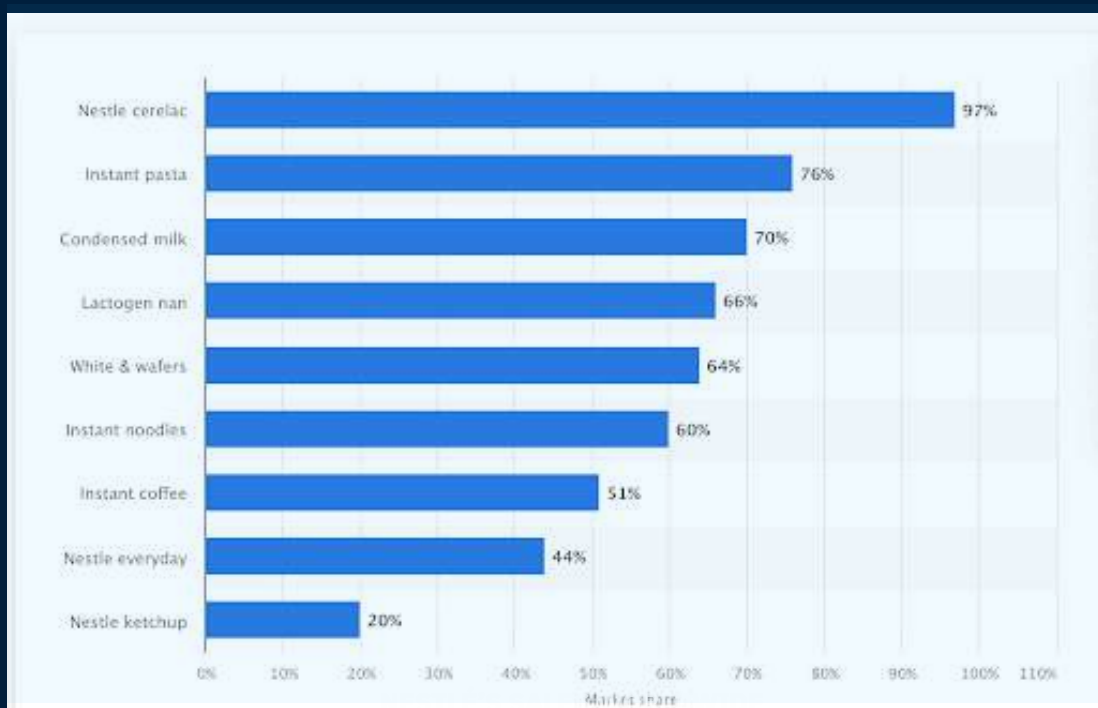


Good food, Good life

The Nestlé Group's net profit rose from about 7 billion in 2017 to roughly 16.9 billion Swiss Francs in 2021. Nestlé is one of the world's largest food and beverage companies, accounting for over 2000 brands in over 180 countries.

Nestlé is a multinational food and drink corporation based in Vaud, Switzerland. In 2019, the Swiss company generated about 46 percent of its global sales in the Americas, Nestlé's largest market. Roughly 29 percent was earned in Europe, the Middle East, and North Africa that year.

In 2020, Nestlé Group's top-selling products based on global sales were powdered and liquid beverages, which made almost 23 billion Swiss Francs that year. PetCare stood in second place with just over 14 billion Swiss Francs; however, it was the top product category that year in terms of organic sales growth. The category grew by roughly 10.2 percent within the measured period.



CASE STUDY ON NESTLÉ

SWOT ANALYSIS



Nestlé

Good food, Good life



Nestle's active presence in 187 nations contributes to the company's overall expansion. The corporation has been operating in a certain nation for more than 150 years, building a solid name there. This shows that Nestle's product is available to individuals in many different nations and affects them over the long term.

Nestle's earnings increased by 10.9% in 2019 to CHF 11.9 billion. This suggests that the group's finances are sound, and they are able to save more money and grow quickly.

Nestle has frequently drawn harsh criticism from consumers for improperly placing and selling their products. An good example is the promotion of a breastfeeding kid recipe to individuals in less developed nations. The goods were being mixed with tainted water by uninformed moms, which led to a large number of illnesses.

Nestle's current, significant development is unconnected to its sphere of responsibility and not rooted in geographical activities.

It causes a huge power gap and hinders agility work. This construction work consistently produces important obstruction.

The social event will be helped by integration and working cash to reduce costs, increase usefulness, and efficiently utilise work. Exercises will become more efficient through close proximity fusing and production, reducing long-stretch expenditures.

More information is currently held by buyers than at any prior period. Growing simplicity will be a terrific notion because of the web presence that is being created. A growing level of simplicity suggests that the consumer is aware of where, when, and from whom the raw materials are being sourced.

The uncultured components of many Nestle products are evidence of environmental changes and their effects. Uncultivated elements like soil, wheat, and dairy are affected by environmental change. They undoubtedly will have an effect on Nestle's development over time.

It is unusually difficult for investment decisions to align with such a diverse item run bunch. The gathering is more likely to lose its reputation as well as the anticipated amount of money.

CASE STUDY



The background features three stylized paper boats. The central boat is white with a yellow sail and is positioned above the main text. The two side boats are light blue and feature various designs, including a small boat icon and the text 'paper boat'. The overall aesthetic is clean and modern, with a focus on the brand's identity.

**paper
boat**

drinks and memories

CASE STUDY ON PAPER BOAT

INTRODUCTION

- Paper boat, which is marketed by Hector Beverages, offers traditional Indian drinks. It has been received positively by customers and it invokes a feeling of nostalgia by connecting the drinks to childhood memories. It is quite surprising how Paper Boat entered the highly competitive beverage market in India.



CASE STUDY ON PAPER BOAT

BRIEF HISTORY

- **Former Coca-cola employees - Neeraj Kakkar, Neeraj Biyani, and Suhas Misra realized the need for a beverage brand that not only tingled the tongue but also pulled at the heart's strings. This happened one day, during lunch, as they were having aam panna packed by Suhas Misra and realised that the market needed commercial traditional drinks. Hector Beverages was born in 2009 after joining forces with James Nuttal.**
- **Two years later in 2011, Hector Beverages debuted two new brands to the Indian beverage industry: Frissia, a protein drink, and Tzinga, an energy drink.**
- **Fast forwarding to 2013, the founders of Hector Beverages decided to enter the traditional Indian drinks market with the launch of Paper Boat - Drinks and Memories.**
- **There were 11 different and unique tastes such as aam panna, rose tamarind among many more which was well received by the market considering that it was the first in its domain.**
- **In 2016, it decided to expand to the traditional foods market as well with offerings such as roasted and smoked nuts.**
- **In 2017, Interbrand named Paper Boat a "breakthrough" brand, and AFAQs ranked Paper Boat in the top 10 buzziest brands in India for 2016.**
- **What worked so well for Paper Boat?**

CASE STUDY ON PAPER BOAT

PRODUCT

- Paper Boat created an enjoyable moment with its unique blend of 'Drinks and Memories'. Most of the ingredients used are naturally found spices and condiments which have differentiated it from other brands in the soft drink segment.

COMPETITION

- As mentioned before, the competition for traditional and branded commercial drinks in the market is not much.

PARTNERSHIP AND COLLABORATIONS

- Initially, it was difficult for Paper Boat to expand, but they eventually gained a foothold in the smaller cities by partnering with Indo Nissin Foods. Today, Paper Boat has 48 SKUs across India, with a strong distribution network around the country. Moreover, Paper Boat is always on the hunt for ways to collaborate with leading e-commerce and delivery firms. Today more than a dozen countries are said to buy the company's products. With more than 20,000 retail outlets, Paper Boat has tie-ups with a wide range of enterprises, from coffee chains like Barista to hotels like the Westin and the Trident, and airlines like Indigo and Jet Airways. It has collaborated with schools to showcase itself as a healthy drink also

CASE STUDY ON PAPER BOAT

MARKETING

- **Storytelling Approach:** What worked very well for Paper Boat on social media was in getting their fans and customers to share their childhood stories and moments on social media. It helped PaperBoat in brand building.
- **Customer Centricity:** PaperBoat primarily focused on their products rather than focusing on the brand philosophy.
- **Multi-media campaign:** PaperBoat launched a multi-media campaign, which includes a three-and-a-half-minute long video dishing out pure nostalgia.
- **Positive word of mouth marketing**
- **As an extension of its marketing campaign,** Paper Boat has also ventured into book publishing and reprinted, *Three Men in a Boat* and *Jungle Book*, which were given away with the beverages as part of gift tokens and sales promotions.

PACKAGING

- It launched its product into the market with single-serving Doypack packaging. This packaging makes the product stand straight on its bottom for display, storage, and use. Elephant, the design consultant of Paper Boat, has made packaging capture the childhood memories of. A revised packaging which is hologramic has been launched and should be applauded because it is both aesthetically appealing and convenient.

CASE STUDY ON PAPER BOAT

SWOT ANALYSIS

Other Learnings - SWOT Analysis	
<p><u>Strengths</u></p> <ul style="list-style-type: none">• Attractive and unique packaging• Premium Product.• Available in variety of Indian traditional flavors.	<p><u>Weakness</u></p> <ul style="list-style-type: none">• Limited brand recall and brand awareness among Customers• Less retail shelf space compared to leading players• Weak brand backing of parent brand
<p><u>Opportunities</u></p> <ul style="list-style-type: none">• Tie ups with schools, malls, offices, etc.• New range of winter drinks• Gift packs and Family packs• Overseas markets (increase penetration)• Collaboration with social media influencers• Add more target segments [children teenagers]• Tapping health conscious audience -> health juice variants• Work with kirana stores -> incentives to shop owners	<p><u>Threats</u></p> <ul style="list-style-type: none">• Direct competition• Cheaper variants possible.• Health factor might overtake the emotional and ingredient positioning of the brand• Less Market Penetration• Weak Distribution Channel• Less Visibility and Availability



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CASE STUDY ON PAPER BOAT

STP ANALYSIS

- **Segmentation** : Targeting urban Indians, especially those over 20, was the goal when creating Paper Boat. The geographical target was created with the intention of reaching out to communities who had relocated from their native areas to other regions of the nation in search of employment and to meet domestic needs. It was recreated to represent a return to a carefree and innocent period that everyone associated with the lofty phrase of "the good old days."
- **Targeting**:
 1. The folks who are addicted to Indian beverages are the main audience that Paper Boat is aiming for by reviving their fond memories.
 2. People switching from carbonated to natural drinks
 3. These are the people who typically choose fruit-based beverages or natural juices over aerated beverages. Paper Boat serves this market by using no preservatives and a high proportion of natural fruit in their goods.
- **Positioning** : The brand Paper Boat is known for its traditional Indian juices and beverages. All of its variations exude "Indianness" and innocence, which have been exquisitely represented in their marketing efforts. These individuals can identify with the drinks, which makes them feel like they are reliving their youth.

CASE STUDY ON PAPER BOAT

PAPER BOAT'S DIGITAL CAMPAIGN TO INCREASE SALES

- The goal of the campaign was to boost overall traffic to and sales of the brand's products on the online retailer Amazon.
- The target market for Paper Boat's Facebook campaign was active e-commerce site users who expressed interest in buying FMCG products online.
- The difficulty lay in weeding out active Amazon users and other e-commerce site visitors who had expressed interest in buying FMCG products.
- Since Facebook is one of the most popular social media networks, it lets you reach the widest possible audience. Additionally, it offers appropriate targeting options including interest- and geography-based targeting, along with other filters that personalise the targeting overall. Therefore, Facebook was employed for this campaign to target those who demonstrate interest in comparable products and fall within the required age range of the campaign's target demographic.
- Paper Boat saw an 80% boost in brand traffic on the Amazon shop as a result of the digital campaign.

CASE STUDY ON PAPER BOAT

HECTOR BEVERAGES' POTENTIAL RECOVERY

The parent business of Paper Boat, a maker of refreshing drinks, Hector Beverages, had a 35% growth in total sales in the fiscal year that ended on March 31, 2022. Total income for the startup funded by GIC increased by 1.3X to INR 331 Cr in FY22 from INR 244.9 Cr in FY21.

From INR 243.2 Cr in FY21 to INR 329.9 Cr in FY22, total sales increased 36%. The startup's expansion of its distribution network following the two years of COVID-19 may be responsible for the increase in sales. Hector Beverages has also begun to roll out new launches that are only available online. Additionally, the firm has been expanding its line of products by including additional items like dry fruits.

In the meantime, interest on its investments in FY22 brought in INR 1 Cr.

The costs for Paper Boat, on the other hand, increased 1.3X to INR 384.1 Cr from INR 284.5 Cr in FY21. Cost of material consumed increased to INR 93.6 Cr from INR 75.1 Cr in FY21, while the purchase of stock-in-trade increased to INR 149.4 Cr in FY22 from INR 95 Cr in FY21.

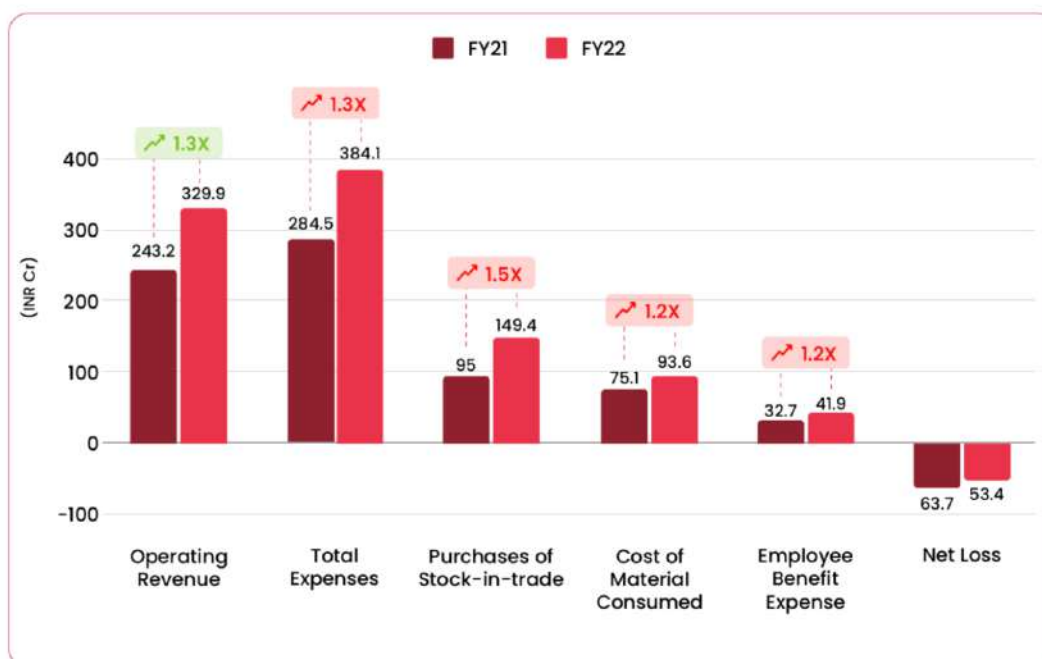
A rise of 84% from INR 8 Cr in FY21 to INR 15 Cr in FY22 was made by Hector Beverages, a company recognised for marketing its products using nostalgia from childhood.

The startup's net loss decreased to INR 53 Cr from INR 63.7 Cr in FY21, and its EBITDA margin increased to -13.14% from -22.2% in FY21.

CASE STUDY ON PAPER BOAT

HECTOR BEVERAGES' POTENTIAL RECOVERY

Paper Boat's Sales Jump 36% To INR 330 Cr In FY22, Loss Narrows To INR 53 Cr



Source: Ministry of Corporate Affairs
Financial Report: Consolidated

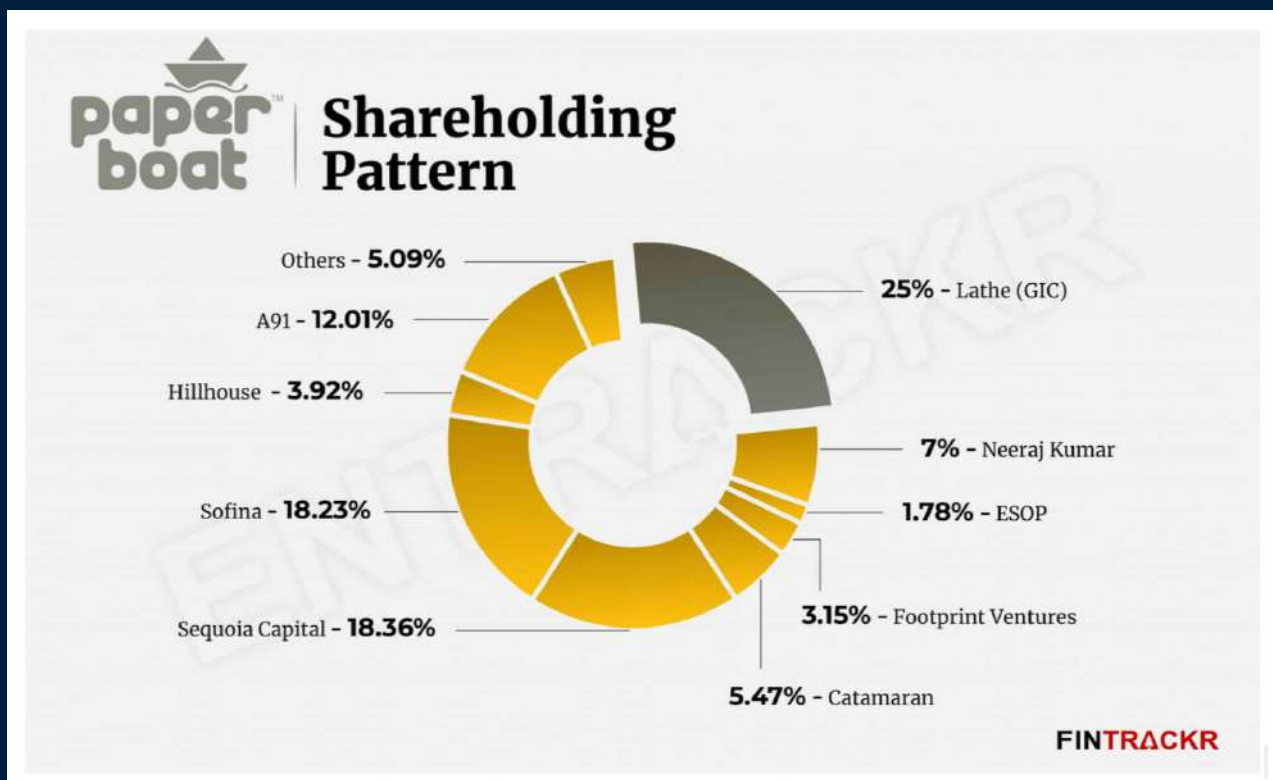
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CASE STUDY ON PAPER BOAT

PAPER BOAT FUNDING

Paper Boat has taken part in nine fundraising rounds since it was established in 2009. Paper Boat has raised a total of \$98.9M. The most recent round of investment for Paper Boat raised \$50.0M on August 20, 2022.

There are 11 investors in Paper Boat, including Sofina Ventures, GIC Pte. Ltd., and A91 Emerging Fund. The most recent investment was made in August 2022. In September 2017, Paper Boat raised \$15M from Singapore-based GIC Pte. Ltd. For context, GIC Pte. Ltd. is an investor that has previously invested in companies such as Grab Holdings Inc. and FedEx Corp. According to Crunchbase, Paper Boat is one of the top funded companies in the food and drinks sector in Asia.



CASE STUDY ON PAPER BOAT

PAPER BOAT'S BLUE OCEAN STRATEGY

The blue ocean strategy represents the simultaneous pursuit of high product differentiation and low cost, making the competition irrelevant.

The first example of blue ocean strategy comes from computer games giant, Nintendo, in the form of the Nintendo Wii. The Nintendo Wii launched in 2006 and at its heart is the concept of value innovation. This is a key principle of blue ocean strategy which sees low cost and differentiation being pursued simultaneously.

Paper Boat adopted a “Blue Ocean Strategy,” creating a niche category by branding traditional Indian drinks.

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