



## Scope of E-marketing techniques to safeguard the growth of product premiumization of FMCG during COVID pandemic: A study on the impact of RBI's consumer confidence survey report, june 2021

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### Abstract

Economy has been hit by pandemic in last two years. The social loss is too high that common people don't even wish to estimate the economic losses at industrial level. COVID has engulfed many lives and left many families devastated. Most of the families have lost their earning members. Several industries have been shut down and the economic crisis rise in front of every middle-income family groups. The sense of losing economic security and unpredictable future has made it difficult for people to spend on luxury products. This was happening in first wave of COVID in India. The recent RBI bimonthly report on Consumer Confidence Survey has found that the demand of essential products has been also reduced in India. This is not a good sign for the economy. The present research paper estimates the impact of covid on consumer behavior in the context of fast moving consumer goods. The researcher has tried to make a valid discussion on the issues based upon the content evaluation on the topic.

**Keywords:** RBI's consumer confidence survey june 2021, product-premiumization of FMCG products, e-marketing techniques

### Introduction

Fast moving consumer goods (FMCG) sector is perhaps the biggest business around the world. From our morning showers with our oats and natural product breakfast our universes twirl around consumer goods. The FMCG business today is continually being disturbed by steadily changing consumer inclinations and new advancements. Clients demand creative stuffs, which mean delivering a more extensive scope of goods at higher volumes rapidly.

The worldwide FMCG market is anticipated to reach \$15,361.8 billion by 2025, developing at a mind blowing 5.4% in the following five years. New roads giving more note worthy business openings. Consumers are demanding new item contributions like better and supportable items, and this is required to open new ways for FMCG players.

India has the most appealing FMCG market on the planet. It is the fourth biggest market of Indian economy. The market size for FMCG in India is assessed to develop from US\$30 billion of every 2011 to US\$74 billion out of 2018. Food Products is the main fragment representing 43% of the general market. Individual consideration 22% and texture care (12%) comes next as far as market share.

FMCG area in India is probably the biggest area in the Indian economy. As per a FMCG industry outline, incomes of the FMCG industry have reached \$52.75bn in FY18 and are assessed to reach \$103.7bn in 2020. As the utilization in India develops at a remarkable rate, the FMCG business stays a vital area for financial backers. Recognizing these patterns in the FMCG business profile, the Government of India has attempted different drives to advance the area. The base capitalization for unfamiliar FMCG organizations to put resources into India is \$100mn. Indeed, even the execution of GST in India has had extensive results concerning the area as the most noteworthy selling FMCG

items in India like cleanser, toothpaste and hair oil go under the 18% expense section which was before under the section of 23%.

### E-Marketing of FMCG in India

Web based business is reshaping the retail market internationally and in India. Web based business shopping has become dramatically on the rear of web and cell phones infiltration, with reach to billions of individuals. While worldwide organizations, for example, Amazon and Alibaba are notable around the world, the ascent of online business is giving development freedoms to a wide scope of organizations, from significant physical players to little house enterprises. Web based business has opened up a totally different shopping experience, giving huge number of consumers admittance to a more extensive item combination and worth freedoms and fulfilling their expanding need for accommodation. Today, internet business deals are wild across different classifications like style, gadgets and FMCG.

India's expanding web entrance and rising computerized development, alongside creating foundation, has helped online exchanges. The online FMCG market is assessed to arrive at US\$ 45 billion of every 2020 from US\$ 20 billion out of 2017, supported by development in online clients from 90 million out of 2017 to 200 million in 2020E. By 2020, about 40% FMCG utilization is relied upon to be carefully impacted. About 72% Indian consumers are destined to shop online locally for premium items. The Indian online staple market is assessed to surpass deals of about Rs. 22,500 crore (US\$ 3.19 billion) in 2020, a 76% leap over the earlier year.

According to Garg, A (2019) <sup>[2]</sup> web marketing empowers you to exploit the developing significance of online life. An

article on the Harvard Business School Executive Education site featured the connection between person-to-person communication and online income development. As indicated by the article, a gathering of consumers that reacted most emphatically to the impact of informal communities produced expanded offers of around 5 per cent. You can exploit this kind of impact by fusing long range informal communication apparatuses in your Internet marketing efforts. Jaiswal G (2019) [3, 7] find that marketing recounts to a story that interfaces crowds with brands in an individual, and human way.

**Product Premiumization in FMCG Industry**

A biscuit in not a biscuit now a days. It has become Oreo, Jim Jam & Bourbon. These product names became symbolic to product. The industry peers such as Britannia and Indian Tobacco Company (ITC) have positioned themselves as a champion of premium segments. Over a period, the efforts of these companies have made an essential and common use of FMCG products to a luxury and premium good. It is becoming widely accepted for legacy brands to turn to the science to premiumization to overcome competitive pressure from store/retail brands and private labels. Premiumization is simply a means of getting customers to pay higher prices for a brand or product. It’s about stretching the category norms upwards and creating a demand for customers to pay higher category prices. When we say premium, we are not talking about luxuries like Gucci or Prada, but rather reasons why customers would be willing to pay more for products.

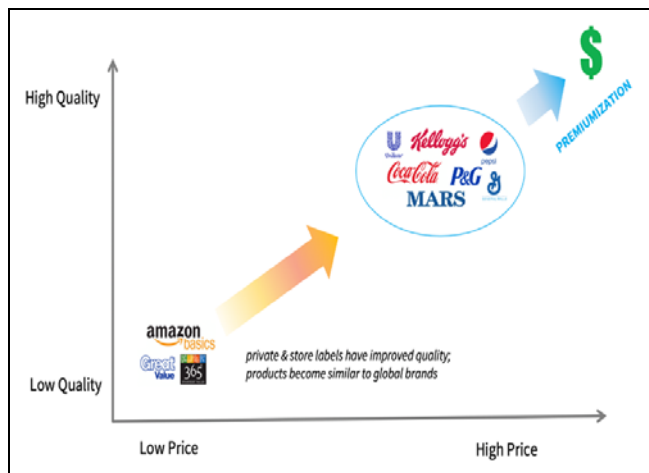


Fig 1: Premiumization of FMCG product<sup>1</sup>

**Problems of Pandemic on FMCG Premiumization**

The appearance of a worldwide pandemic, COVID-19 has brought about making a worldwide emergency in the FMCG industry. Affecting more than 195 nations across the globe, the pandemic has effectively made a monetary setting across the globe, in this way implying for the following worldwide downturn. Solid drives are attempted by various governments for containing the outbreak. In any case, social separating adversely affects the FMCG industry. Strategic

<sup>1</sup><https://www.greenbook.org/mr/brand-impact/premiumization-the-key-to-brand-growth/#:~:text=Premiumization%20is%20simply%20a%20means,to%20pay%20higher%20category%20prices>. Last accessed 02 June 2021.

issues, absence of sufficient work, tasks restricting to the creation of just fundamental things and so forth are a portion of the couple of models most FMCG organizations are looking across the globe.

The food and refreshment industry has additionally not been saved by the effects of COVID-19. For example, organizations engaged with the assembling handled food and durable have seen a vigorous expansion in deals attributable to the absence of accessibility of new products of the soil. Nonetheless, eateries and retail food foundations are confronting difficulties attributable to a deficiency of food supplies, representatives, and severe government lockdowns. Also, interest for natural and normal fixing implanted food items is expanding at a dramatic development rate. For example, Nourish Organic Foods Pvt Ltd., an India based natural food provider, had some expertise in selling natural, sans gluten and vegan food things have encountered 30% deals development during February-March 2020.

Interest for restorative and shading items, in the midst of the COVID-19 outbreak, is expected to see a lofty ruin. Aside from those items that are considered to be fundamental during such emergency, other unnecessary items are expected to provide food enormous misfortune in later 50% of the year.

**RBI’s Consumer Confidence Survey Report June 2021**

Reserve bank of India publishes bi monthly consumer confidence survey report. Due to COID this year, the survey was conducted telephonic medium. This report evaluates 5 parameters as flows:

1. Perceptions and Expectations on the General Economic Situation
2. Perceptions and Expectations on Employment
3. Perceptions and Expectations on Price Level
4. Perceptions and Expectations on Rate of Change in Price Level (Inflation)
5. Perceptions and Expectations on Income

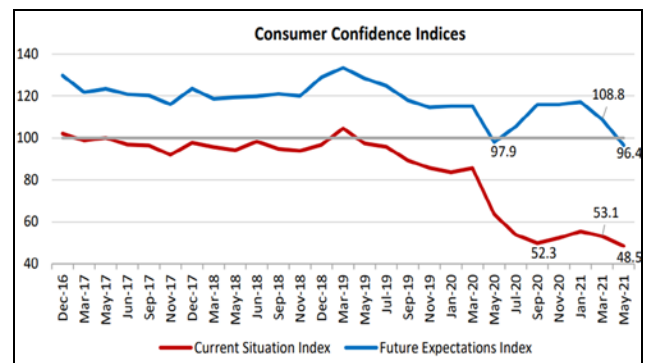


Fig 2: Consumer Confidence Indices<sup>2</sup>

Consumer confidence is on record low. Indian’s perception towards its’ economy. This survey has been conducted in 13 cities of India. It is based upon the general economic situation, employment income etc. In the fig 1.2 current situation index can be explained as how the respondent perceive about economy. Future expectations index is future prediction perceived by respondents. After one year the respondents believe that economy is not going to improve. Presently the CSI is 48.5 i.e., all time low.

<sup>2</sup>RBI report June 2021

Summary based on Net Responses						
Main Variables	Current Perception compared with one-year ago			One year ahead Expectations compared with current situation		
	Mar-21	May-21	Change	Mar-21	May-21	Change
Economic Situation	-63.9	-75.0	↓	5.3	-18.3	↓
Employment	-62.4	-74.9	↓	10.7	-13.0	↓
Price Level	-92.6	-89.0	↑	-64.4	-64.3	↑
Income	-53.7	-50.1	↑	33.4	27.0	↓
Spending	38.2	31.4	↓	59.3	50.9	↓
Consumer Confidence Index	53.1	48.5	↓	108.8	96.4	↓
↑ Positive Sentiments with sign of improvement compared to last round				↑ Negative Sentiments with sign of improvement compared to last round		
↓ Positive Sentiments with sign of deterioration compared to last round				↓ Negative Sentiments with sign of deterioration compared to last round		
↔ Positive Sentiments with no change compared to last round				↔ Negative Sentiments with no change compared to last round		

Fig 3: Net response Consumer Confidence<sup>3</sup>

**The above table predicts following trends**

1. Respondents perceive that the economic growth is low at present, and chances are of low economic growth in coming year.
2. Respondents perceive that employment has reduced in this year, and they expect the same in coming year.
3. Respondents perceive that negative improvement in price level in this year, and they expect the same in coming year. Here, negative improvement says better than earlier but not as much as desired.
4. Respondents perceive that income has reduced in this year, and they expect the recovery in next year.
5. Respondents perceive that spending has increased in this year, and they expect the same in coming year.

The general explanation of response can easily say that coming months in fact the coming year is going to be tuff for every sector. The FMCG sector has made its premium product segment over the years. But this reduced purchasing power may ruin the product image that has been built by FMCG companies.

**Solution of the Situation: E-Marketing Techniques**

The problem looked vibrant for FMCG sector, so the researcher has done the content analysis of several researches upon FMCG sector. Dr O P Yadav, Dr Gautam Jaiswal, (2020) <sup>[1]</sup> focused upon advertising, Garg, A., (2019) <sup>[2]</sup> consider Angle Blackwell model to influence consumer behaviour. During previous few months the management and education domain has been filled with the research work related to COVID. Researcher has done content analysis based upon inclusion criteria of citation, FMCG industry and product premiumization. Following are the suggestions made upon the basis of study:

1. As most of the people have turned to internet for work and study, FMCG products must advertise on internet
2. Nationalist appeal is mostly prevailing in now- a- days advertising. Premium FMCG products must be associated with nationalism and social welfare sentiments in their e-advertising.
3. FMCG companies must build their online store rather relying of the Amazon and other such web spaces. Reason for the same is that the price competitiveness is the key issue for these online selling websites. In such case premium products, be reach behind the selves and may go out of the reach of customer.

4. Premium health care and beauty products can offer e customization, Vedix is a brand which is doing so and trying to retail market for their products.
5. User friendly inter-phase must be created by companies so that they can give more benefits to buyers.
6. Premium products can be kept separated from general product line. This will help the customer to feel privileged and also attract revenue for the companies.

**Conclusion**

FMCG industry in 2021 even as the world wrestled with the effect of the COVID-19 pandemic. With food, individual consideration things, particularly hand sanitizers and sanitizers - the legend results of the pandemic - figuring out how to push the industry to post positive development in the midst of the emergency, for 2022, the FMCG industry is anticipating continue with the energy and supported recovery across classifications in provincial and metropolitan business sectors of India. With exercises learnt on the most proficient method to explore through the obstacles and vulnerabilities hurled by the rare occurrence, the area is more certain going into 2021-22, having optimized reception of advanced vehicle for appropriation and realigned item portfolio, for example, ayurvedic preventive medical care things customized for the new ordinary. While we have inspected significant patterns in FMCG sector, various patterns are still arising – both because of the changing customer assumption and because of the interruptions in their perception towards premiumization. Elements in the economy are driving these changes. To get by in the market of tomorrow, in the post COVID world, a firm should be proactive in recognizing these patterns and should adjust to them.

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<sup>3</sup> RBI report June 2021

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