"Four FMCG Trends"

WEEKLY LEARNINGS 2023

Weekly Learnings 30 / 2023

Kantar recently put out some data on FMCG trends over the last 12 months. I looked at the data and see 4 trends out there:

1. Local brands are growing faster than national brands. Local brands have improved quality and value. Many have taken significantly lower price increases vs national brands in current inflation period.
2. India has one of the highest purchase occasions in the world. Indians shop 152 times a year, the rich shop once every 3 days and the poor shop once in 2 days. Frequent shopping is more in foods for freshness. Pack size grammage has dropped by 21% in the last two years. Brand loyalty is dropping as consumers are buying more brands in every category.
3. The rise of Omnichannel. Omnichannel households in Urban India have doubled in the last two years. They tend to buy more categories, more large packs and look for new concepts.
4. Consumers are getting health conscious, especially in the 6 high incidence states. Pivoting to provide a healthier alternative is a profitable route.

PPT below

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4 trends - FMCG last 12 months What it means

Data Source : Kantar Public data

Time frame- last one year

1. There are different types of brands in India.

Is India a brand conscious market?

My view of the hierarchy of brands

Kantar defines a brand available in more than 8 states as a national brand, 2 to 8 states as a regional brand and one state as a local brand.

Maharashtra is a state full of local brands across FMCG categories.

Punjab, Haryana, UP, Cgarh, Orissa, WB have many regional brands.

Local brands @ 12.7 % have grown faster than national brands @ 8.7%.

Local brands are upgrading from loose/commodity.

Local brands haven't taken very price increases compared to national brands, hence driving growth.

2. The average Indian consumer has 152 purchase occasions in a year. This was 132 ten years ago in 2013.

The rich have a purchase occasion every 74 hours, i.e., once in three days.

The poor have a purchase occasion every 52 hours,ie, once in two days.

Food and beverage purchase occasions are 124 out of 152, i.e. 80 %

Frequent purchase occasions are driven by freshness in foods, my choice, E commerce and promotions.

Average number of brands bought per annum has gone up in most categories, spelling higher propensity to try and lower propensity of risk and hence lower loyalty to brands.

Number of HHs buying more than 8 brands per annum of biscuits has gone up from 24 % to 34 %, in washing powders number of HHS buying more than 3 brands has gone from 41 % to 47 % and in soaps, number of HHs buying more than 6 brands has gone up from 38 % to 43 %.

More trips also means retailer recommendation in some category will become important.

Shopping more often leads to lower pack size. Average FMCG pack size dropped from 227 gms in 2021 to 196 gms in 2022 to 181 gms in 2023. This is a 21 % drop in average pack size in 2 years!! This has implications for revenue management.

3.Number of omnichannel households (buying from modern trade plus traditional trade plus E commerce) has gone up from 3 million HHs in 2021 to 6.4 million HHs in 2023. This is Urban only

Omnichannel consumers tend to spend more, buy larger pack sizes , experiment more, buy more categories and more brands.

68 % of omnichannel HH buying growth is in South and West.

4. Health is a key part of evaluating brands. Hypertension plus Diabetes a plus Cardiac challenge is high is 6 states. These are high incidence states, Punjab, Guwahati(assam) WB, Maha, TN, Kerala.

Rajasthan, UP and Jharkhand are low incidence states.

High income HHs in high incidence states are taking to health propositions across categories.

The consumption of Salty snacks, butter and chocolates is dropping amongst high income HS in high incidence states and growing in low incidence states.

High income HHs are leading the way in exercise and gym training.

Salt is the category with the highest growth on the health platform.