Assessing the Growth of FMCG Industry -A Special Case Study of HUL

Preeti Kumari [a], Justin Chacko [b], Nidhi Kumari Singh [c], Mansi Chandra [d]

[a] *Assistant Professor, Department of Management, Lovely Professional University, Punjab*
[b,c,d] *Researcher, Department of Management, Lovely Professional University, Punjab*

ABSTRACT

Nine out of ten households in India use a product from Hindustan Unilever Limited (HUL), the largest fast-moving consumer goods company in the nation. There is no online application process for distributor or supplier appointments at Hindustan Unilever Limited. The primary goals of the paper are to examine customer loyalty to HUL and the variables influencing consumer behavior about HUL product purchases. With the aid of a standardised questionnaire distributed via Google Forms, the study is carried out in the Coimbatore city with a sample of 11 participants. This study shows how loyal HUL's customers are. There is a substantial correlation between income and expenses, according to the data from REGRESSION and two-way ANOVA. Fast-Moving Consumer Goods (FMCG), India's fourth-largest industry, has an impact on everyone's daily lives. It might be difficult to predict consumer behavior when selling commodities that are subject to rapid change. This behavior is inadequate for several reasons. In today's globally connected world, customer preferences are always evolving. FMCG are essential to India's economy. As a result, it's important to monitor changes in consumer purchasing patterns when it comes to FMCG products. The study concentrated on the brand categories and product portfolios of these two corporations. The study compares the brand recognition of HUL and ITC products. Customers' levels of satisfaction are also influenced by the types of products they use and how much of them they consume.

Keywords: FMCG, Case study, HUL, Regression

1. Introduction

In terms of fast-moving consumer goods (FMCG), Hindustan Unilever is India's largest company. Unilever, an Anglo-Dutch company, has laid claim to it, and Hindustan Unilever owns somewhere between 52 and 54 percent of it. Food, drinks, housekeeping staff, and thoughtful touches are all part of the package. Bombay, Maharashtra, is home to its headquarters. According to data gathered by Nelson statistical polling, one in three Indians use Hindustan Unilever products. This number represents more than 35,000 employees across 20 different categories.

Hindustan Unilever Limited (HUL), India's biggest FMCG company, produces more than 20 distinct product lines across the food, beverage, personal care, and house & personal care industries, and thus affects the daily lives of 2 of every 3 Indians. They add up to over 4 million kilos along with more than Rs. 13,000 crores in revenue, giving the company considerable heft. The Indian government has recognized HUL as Golden Super Star Trading House because it is among country's largest shippers. Uni Corp, an Anglo-Dutch conglomerate, owns 52% of Hindustan Unilever Limited. United Traders Ltd. and Hindustan Vanaspati Mfg. Co.Ltd. combined with Lever Brothers India Limited, which had been established in 1933, to form Hindustan Lever Limited in 1956. Located in Mumbai, India, the company's office employees over 15,000 people both directly & further 52,000 people tangentially. There was a name change at the company in the month of June 2007; the new name is Hindustan Unilever Limited.

This paper provides a summary of fast moving consumer goods (FMCG) market and an outline of Hindustan Unilever Limited's development strategies. It also evaluates the effect that the industry's rapid evolution has had on customer preferences and purchasing habits.

2. Literature review

Urban and semi-urban regions are where Nagarajan and Khaja are making up ground. (2013) Products that are packed frequently, distributed frequently, or eaten frequently in small amounts are refer as FMCG. They have reduced prices and rely more on volume to generate earnings. FMCG retail sector in India is a relatively new and dynamic business. The metropolitan and semi-urban regions are where Nagarajan and Khaja are making up ground. (2013).

What Malhotra says about the story (2014) Malhotra (2014) claims the piece is about selling FMCG. And have low profit margins as well as are therefore sold in high quantities. particular the abundance of competing brands in any particular market segment, it is essential to consider how to boost customer perception of a company's brand. The study also looks at how the downturn affected sales of fast-moving consumer products. For makers and companies to succeed in this market, they must raise spending on popular names and goods.

Nagarajan Sheriff (2013) The opinions of FMCG products were discussed by Sheriff and Nagarajan (2013). The research explores the fresh challenges and opportunities in marketing of FMCG in India. They theorized that growth in the industry was related to a country's GDP. Additionally, they thought

for fulfilling client needs, there needed to be an all-encompassing understanding of how patterns and hobbies were changing over time. They reasoned that changing customers' minds required getting them to think more creatively. Ultimately, they reasoned, the global FMCG business is shifting its focus from urban to rural in India in order to establish a new market niche.

In Rupani Santosh's (2011) It is the purpose of Rupani Santosh's (2011) doctorate to conduct an analysis of the promotion of consumer commodities in remote regions. The research shows that while there are challenges in India's rural marketplaces, there are also opportunities for individuals who are able to adjust to specifics of rural economy. Entrepreneurs need to adapt their ways of thinking and acting to cater to the growing popularity of remote marketplaces. The country market is sizable in comparison to metropolitan ones and calls for a unique strategy. Superior products that are reasonably priced, user-friendly, and long-lasting are essential to the country customer. The cheap price assumption has resulted in a substantial increase in packet box sales in country market. The F.M.C.G. industry in remote areas may have a low profit margin, but its massive scale and widespread reach more than make up for this fact. Businesses can save money on packing materials in less populous areas because clients have lesser standards than those in major cities.

The study by Ms. J. Hema and Mr. V. Ariram (2016) Ms. J. Hema and Mr. V. Ariram (2016) found that the fast-moving consumer goods (FMCG) industry in India is booming. Financial research by the business shows that HUL is doing well during the study time, with sales as well as net profit both on increase.

Deliya (2012) Deliya (2012) investigated importance of packing as a medium for conveying information about fast-moving consumer products. The researchers in this study utilized focus group discussions to learn more about how customers felt about the goods under investigation. Academics can better incorporate packaging into a useful purchase decision model if they have a firm grasp on how consumers respond to FMCG product packing. Customers searching for instructions on how to use a product in-store may find relevant and useful information on the product packaging. Product packing may be particularly important in forecasting customer behavior because it happens at conclusion of "promotion-chain" and close to time of real purchase. Labels and containers not only identify the company, but also provide information such as how to use the product, what components or basic materials were used, and any potential dangers.

Titled "A study on Rural Marketing Strategy - with Special Emphasis on Selected Customer Preferences for Hindustan Unilever Limited's (HUL) Selected Products in Valsad District," Shukla Priteshkumar Y.'s 2013-11 paper focuses on the marketing practices of HUL in the rural areas of the Valsad District. The author concludes that many factors, such as price, size variation, main sources of information, and promotion, significantly impact customers' choices to buy in remote areas. Most users also appear to be pleased with their HUL purchases. According to the author, marketing campaigns are vital in the battle against fraudulent goods. They also favored larger amounts for same price, as well as attractive discounts and special deals.

Priteshkumar (2013) Priteshkumar (2013) looked into how different factors influenced HUL product purchases by remote customers. Decisions made by customers in remote areas are heavily influenced by variety of factors, including price, variety, quality of information, and advertising. Most Customers are happy as result of HUL and other brands' goods. They find that offering more for same price is most appealing form of advertising.

Contact Information - fMCG BRAND PREFRENCE

* Required

Untitled Section

1. Name *

2. AGE *

Mark only one oval.

- ( ) Less than 20 years
- ( ) 21-30 years
- ( ) 31-40 years
- ( ) above 40 years

3. OUR FAMILY MONTHLY INCOME   in rupees

Mark only one oval.

- ( ) >10000
- ( ) 10000-20000
- ( ) 20000-30000
- ( ) <30000

4. which fmcg brand you prefer most *

Check all that apply.

- ☐ hul
- ☐ nestle
- ☐ dabur
- ☐ itc

5. which of the following platform you use to purchase fmcg products ? *

Check all that apply.

- ☐ online platform
- ☐ ofline platforms

6. select the reason for your fmcg purchasing ? *

Check all that apply.

- ☐ brand name
- ☐ price of product
- ☐ your need of consumption
- ☐ offer & discounts
- ☐ quality and quantity of product
- ☐ Earlier usage

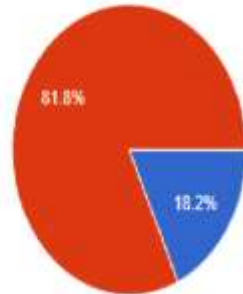7. how often you recommend fmcg products to your friends for shopping? *

Check all that apply.

- ☐ always
- ☐ frequent
- ☐ sometimes
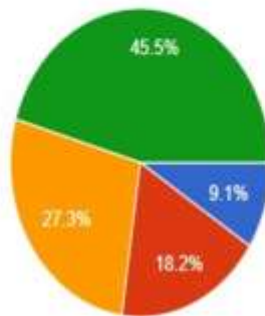- ☐ never

3. Questionnaire responses

AGE

11 responses

- Less than 20 years
- 21-30 years
- 31-40 years
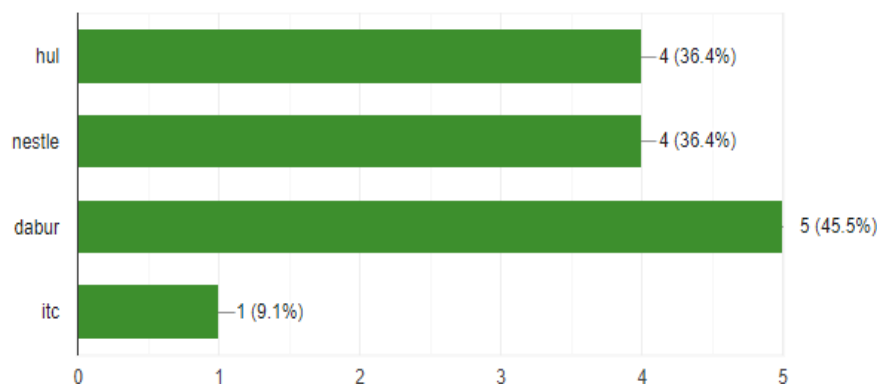- above 40 years

81.8%

18.2%

OUR FAMILY MONTHLY INCOME in rupees

11 responses

- >10000
- 10000-20000
- 20000-30000
- <30000

45.5%

9.1%

27.3%

18.2%

which fmcg brand you prefer most

11 responses

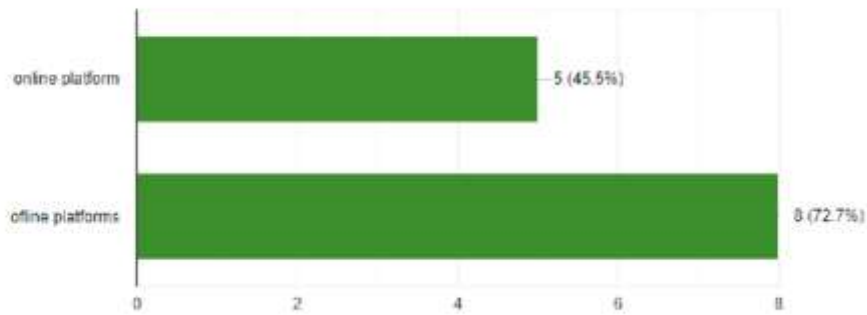| Brand	Value
hul	4 (36.4%)
nestle	4 (36.4%)
dabur	5 (45.5%)
itc	1 (9.1%)

which of the following platform you use to purchase fmcg products ?   Copy
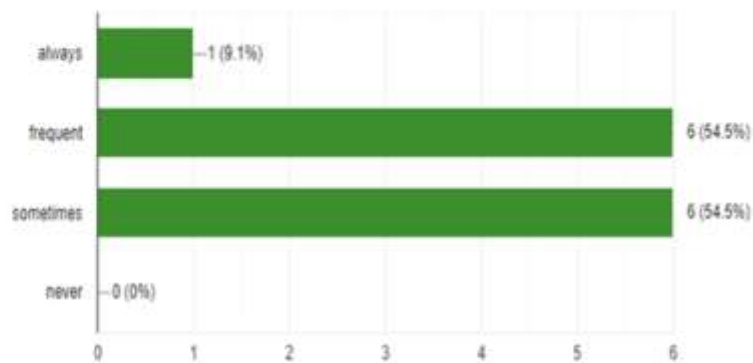
11 responses

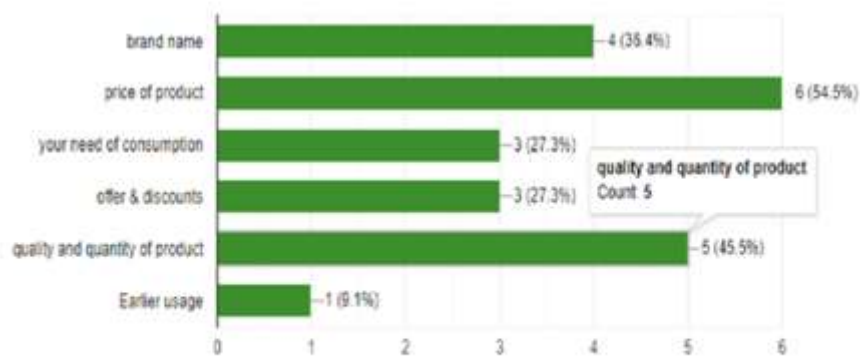how often you recommend fmcg products to your friends for shopping?   Copy

11 responses

select the reason for your fmcg purchasing ?   Copy

11 responses

4. Analysis

The image shows that customers care about both price and reputation when making a decision about which fast-moving consumer goods to buy. In the fast-moving consumer goods market, buyers also care less about how soon after acquisition product can be used. In their eyes, what matters most is not just how much of merchandise there is, but how good it is.

From above histogram its showing that sometimes the customer favor suggesting their peers for purchase of FMCG goods and frequently also.

Secondary data

For the purpose of argument, we have considered two variables.

The income in "H1" and the costs in "H2" are shown in this equation. Since our sample size is 18 years, we can use statistical analysis to determine whether or not a correlation exists and to what extent the HUL has expanded over that time.

Using SPSS, we performed a T test and a regression analysis that included HUL's expansion.

- HYPOTHESIS STATEMENT 1 – H1 is revenue and H2 is expenses

YEAR	REVENUE	EXPENSES
2004	10,365.57	8,766.46
2005	11,358.29	9,753.82
2006	12,440.91	10,579.23
2007	14,152.51	11,967.99
2008	20,785.08	17,827.10
2009	17,869.50	15,336.81
2010	20,008.39	17,278.19
2011	22,394.68	19,044.52
20122	26,4`17.11	22,067.63
2013	28,640.16	23,840.45
2014	31,424.01	25,900.89
2015	31,625.00	25,648.00
2016	32,416.00	26,261.00
2017	35,094.00	27,747.00
2018	38,888.00	30,139.00
2019	39,518.00	30,229.00
2020	46,509.00	35,792.00
2021	51,586.00	39,813.00

Revenue and expenditures are spelled out year by year so you can see how much they have grown or shrunk based on the information gleaned from Money control.com and entered into Excel. Here, we're looking at statistics from 2004 through 2021, so a full 18 years' worth of information was used in the study.

DATA IN SPSS

year	revenue	expenses
2013	26417.11	22067.63
2014	28640.16	23840.45
2015	31424.01	25900.89
2016	31625.00	25648.00
2017	32416.00	26261.00
2018	35094.00	27747.00
2019	38888.00	30139.00
2020	39518.00	30229.00
2021	46509.00	35792.00
2022	51586.00	39813.00

T-TEST

T-Test

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
revenue	18	27305.12278	12152.78983	2864.440033
expenses	18	22110.67167	8988.144474	2118.525969

One-Sample Test

Test Value = 0.05

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
revenue	9.532	17	.000	27305.07278	21261.63257	33348.51298
expenses	10.437	17	.000	22110.62167	17640.92257	26580.32076

```
* Curve Estimation.
TSET NEWVAR=NONE.
CURVEFIT
  /VARIABLES=expenses WITH revenue
  /CONSTANT
  /MODEL=LINEAR GROWTH
  /PRINT ANOVA
  /PLOT FIT
  /ID=year.
```

REGRESSION(ANOVA)

expenses

Linear

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.998	.996	.996	592.793

The independent variable is revenue.

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	1367752143	1	1367752143	3892.255	.000
Residual	5622455.951	16	351403.497		
Total	1373374599	17			

The independent variable is revenue.

Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
revenue	.738	.012	.998	62.388	.000
(Constant)	1957.315	351.955		5.561	.000

Growth

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.965	.932	.927	.122

The independent variable is revenue.

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	3.235	1	3.235	217.881	.000
Residual	.238	16	.015		
Total	3.472	17			

The independent variable is revenue.

Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
revenue	3.589E-5	.000	.965	14.761	.000
(Constant)	8.935	.072		123.504	.000

The dependent variable is ln(expenses).
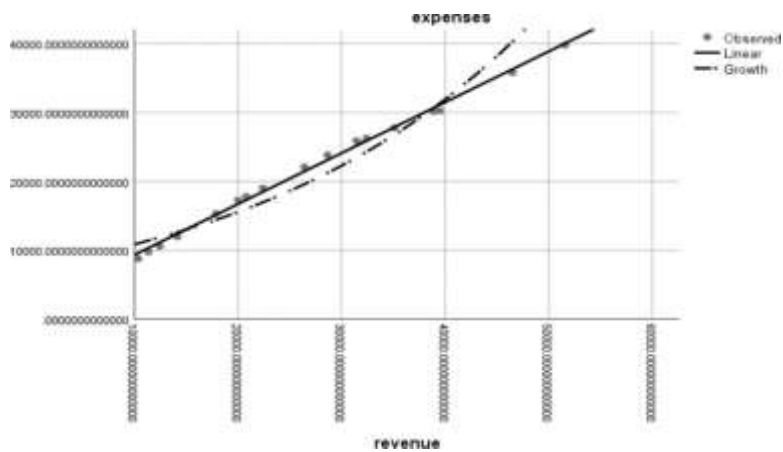
The T test's relevance value of 0.00 indicates that there's a connection among two factors (income and spending). If data is significant & value is less than 0.05, then data is significant; if the value is greater than 0.05, then data is not significant. Our working theory is correct for HUL.

The goal of regression analysis is to establish a relationship between a dependent measure and a number of independent variables. As can be seen, R2 equals.932 from on high. Here, income serves as the independent variable while costs serve as the dependent variable. This evidence is important, as the p-value is 0.00, suggesting a link between the two factors.

The line indicates that there is a rise in the expenditures of HUL in connection income that is also rising concurrently.

- HYPOTHESIS STATEMENT 1 -

H1 is expense and H2 is revenue. There is a relationship between both the variables and the data is significant.

5. Conclusions and findings

The results indicated that there's a connection between HUL's costs and profits. The raw data used for analysis reveals things like consumers' favorite FMCG brands, how they search for those brands, and where and how often they tell their peers to buy fast moving consumer goods. The information gathered is useful and can be used in subsequent steps.

A growing number of people rely heavily on FMCGs in their everyday lives. This sector is essential to the Indian economy as it has created a large number of jobs and is resilient to economic downturns. Companies in the fast-moving consumer goods industry (FMCGs) would do well to take advantage of trends like increasing consumer income, changing consumer habits, ambitious country consumers, and steady economic development by making the most of their resources. Competitors in the unregulated sector can be vanquished by increasing brand awareness and decreasing costs through the sharing of resources, such as delivery networks. Demand, supply, and structural factors are all trending upward, pointing to a bright future for this market.

The Indian fast-moving consumer goods industry is expected to expand in the future years. A favorable economic environment, low inflation, and development measures led by the federal government have all contributed to the market's growth. Taking these steps will create an inviting atmosphere for new investments, which are crucial to kickstarting an Atmanirbhar Bharat economy which can see us through the current economic downturn.

In the years leading up to the pandemic, the fast-moving consumer goods (FMCG) industry in India was booming and evolving rapidly. Since India has a ways to go before having a complete revival, the only pressing need is to update its outdated policies. But technological advancements hasten the pace at which these changes are being implemented. Technology's role in ensuring company stability during the outage was critical, and it inspired brick-and-mortar establishments to adapt so they could continue to thrive after the power was restored. Further, many societal segments that rely upon retail sector can rest assured that advances in technology will facilitate numerous changes in the years to come.

REFERENCES

https://www.inspirajournals.com/uploads/Issues/410599254.pdf

https://www.hul.co.in/

https://www.icicidirect.com/research/equity/hindustan-unilever- ltd/5221

https://www.ibef.org/industry/research-development- india/showcase/hul

https://mpra.ub.uni-muenchen.de/85699/1/MPRA_paper_85699.pdf

http://www.academicjournal.in/archives/2016/vol1/issue9/1-8-26

https://startuptalky.com/success-story-hindustan-unilever-limited/

https://www.gapinterdisciplinarities.org/res/articles/1-6.pdf

http://www.opju.ac.in/opjubr/documents/8.pdf

https://www.ijrar.org/papers/IJRAR19J1645.pdf

https://www.hul.co.in/

https://bsmedia.business-standard.com/_media/bs/data/market- reports/equity-brokertips/2021-09/16315165600.14815100.pdf

https://eprajournals.com/IJSR/article/4908/abstract

https://www.irjmets.com/uploadedfiles/paper/volume3/issue_6_june_2021/12026/1628083485.pdf

https://trendlyne.com/research- reports/stock/560/HINDUNILVR/hindustan-unilever-ltd/

https://www.hul.co.in/files/92ui5egz/production/a6587480d4a2c7764
ee1cac077fb6edbea50e38b.pdfhttps://www.ijmsbr.com/Volume%205%20Issue%2012%20Paper%209. pdf

https://mpra.ub.uni-muenchen.de/85699/1/MPRA_paper_85699.pdf

https://www.researchgate.net/publication/322553699_A_'Desi'_Multi national_-_A_Case_Study_of_Hindustan_Unilever_Limited

https://timesofindia.indiatimes.com/blogs/voices/the-state-of-indian- fmcg-sector-and-future-prospects-for-fy23/

https://www.inspirajournals.com/uploads/Issues/1595695277.pdf