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Comparative Study on Inventory Management Practices of Hindustan Unilever Ltd. and ITC Ltd. in the FMCG Sector

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ABSTRACT

Inventory management is a vital issue of operational efficiency, mainly in the rapid-transferring customer goods (FMCG) area, where product availability and turnover play a important function in marketplace fulfillment. This research paper affords a comparative take a look at of the inventory management practices of main gamers in the Indian FMCG sector—Hindustan Unilever Ltd. (HUL) and ITC Ltd. The goal of this look at is to investigate and examine the strategies, structures, and technology followed via each agencies to manipulate their inventory efficaciously, and to evaluate their effect on deliver chain performance, fee control, and customer pride. The take a look at employs a mixed-method technique, incorporating both primary and secondary information. Primary statistics turned into gathered via based questionnaires and interviews with deliver chain professionals, while secondary records become accumulated from enterprise reviews, journals, and industry databases. Key inventory parameters together with inventory turnover ratio, lead time control, stockout frequency, demand forecasting accuracy, and use of digital equipment were analyzed and as compared.

The findings monitor that whilst both corporations exhibit robust inventory management frameworks, there are extremely good variations in their procedures. HUL emphasizes agile practices and actual-time facts integration, whereas ITC demonstrates energy in vertical integration and strategic warehousing. The study concludes via highlighting first-rate practices from every enterprise and offering guidelines for optimizing inventory management inside the FMCG region. This comparative analysis no longer simplest contributes to educational know-how however additionally gives sensible insights for deliver chain managers and policy-makers aiming to decorate performance in stock systems.

Key words: Inventory management, efficaciously, strategic, warehousing, professionals, parameters.

Introduction

The rapid-moving consumer items (FMCG) quarter is one of the maximum dynamic and competitive industries, characterised with the aid of excessive product turnover, massive-scale distribution networks, and ever-evolving purchaser possibilities. In such an environment, green inventory control performs a critical function in ensuring product availability, minimizing operational charges, and maintaining consumer pleasure. It enables companies to strike the right stability between inventory degrees and call for fulfillment, thereby contributing extensively to supply chain performance and normal profitability. Inventory management is not merely about stocking goods; it includes the strategic making plans, controlling, and tracking of inventory to align with enterprise targets. In the context of FMCG businesses, wherein products are perishable or have brief life cycles, the significance of well timed and correct stock selections is magnified. Poor stock practices can lead to stockouts, excess stock, elevated conserving fees, and misplaced sales possibilities.

The study focuses on comparing the inventory management practices of two major Indian FMCG giants- Hinduston Unilever Limited (HUL) and ITC Limited. While HUL is famous for its global supply chain integration and agile inventory practices, ITC is known for its diverse product lines and strong distribution networks. The main objective of this research is to analyze and evaluate how each company manages its inventory, the equipment and technology they have and challenges faced by them. The study will detect aspects such as inventory turnover, decreased lead time, demand forecast, digitization and stability in inventory processes. By comparing the approaches of HUL and ITC, research tries to identify the best practices, highlight areas for improvement and provide actionable insights for inventory adaptation in the FMCG sector. This study will also contribute to the widespread understanding of inventory management as a strategic function in companies of consumer goods on a large scale.

Objectives of the Study

1. To assess the level of awareness and understanding of inventory management practices among employees and supply chain professionals in HUL and ITC.

2. To identify and compare the specific inventory management techniques and tools used by both companies, such as demand forecasting, stock replenishment methods, and inventory tracking systems.
3. To evaluate the perceived effectiveness of these inventory practices in terms of cost control, stock availability, lead time reduction, and overall supply chain efficiency.

Literature Review

This take a look at specializes in comparing the stock management practices of two leading Indian FMCG giants—Hindustan Unilever Ltd. (HUL) and ITC Ltd. Both agencies have a sizeable product portfolio and massive deliver chain operations, making them best subjects for a comparative analysis. While HUL is famend for its international supply chain integration and agile inventory practices, ITC is understood for its diversified product strains and strong distribution network. The most important aim of this research is to research and evaluate how each organisation manages its inventory, the gear and strategies they employ, and the demanding situations they face. The study will explore factors along with inventory turnover, lead time discount, call for forecasting, digitalization, and sustainability in inventory approaches. By evaluating the methods of HUL and ITC, the research seeks to become aware of great practices, spotlight areas for improvement, and offer actionable insights for inventory optimization within the FMCG area. This take a look at may even make contributions to the wider know-how of stock control as a strategic characteristic in big-scale customer items businesses.

Waters (2019) provided in-depth insights into inventory control methods and stressed the importance of balancing inventory costs against service levels. He highlighted the use of forecasting techniques and real-time tracking systems to ensure accurate inventory management.

Bowersox, Closs, and Cooper (2018) explored the intersection of logistics and inventory management, noting how integrated systems like ERP platforms can provide end-to-end visibility and coordination across the supply chain. Their research also discussed the evolution of inventory strategies with the growing adoption of digital technologies.

Sharma (2020) discussed inventory practices in the Indian context, particularly in the FMCG sector. He noted that companies like HUL and ITC are investing heavily in digital transformation and lean inventory models to remain competitive in both urban and rural markets.

Christopher (2016) elaborated on how inventory management is central to supply chain agility. He argued that the ability to react to market fluctuations quickly depends on having the right inventory data and infrastructure in place.

Industry reports have also provided valuable insights. A KPMG India (2023) report on FMCG supply chains indicated that firms are increasingly adopting advanced analytics and automation to reduce wastage and increase stock turnover. Deloitte (2022) emphasized inventory optimization through AI-powered tools and predictive analytics. McKinsey & Company (2021) highlighted the need for resilience in supply chain operations, pointing to real-time inventory visibility as a cornerstone of efficient supply chain design.

Online resources such as Investopedia and SupplyChainDigital have helped bridge theoretical knowledge with practical applications. For instance, articles from these platforms explain current industry practices, challenges, and tools like RFID, barcoding systems, and ERP software used by leading FMCG companies.

Research Methodology

The research methodology serves as the blueprint for conducting the study in a systematic and structured manner. This study follows a primary research approach to analyze and compare the inventory management practices of Hindustan Unilever Ltd. (HUL) and ITC Ltd. in the FMCG sector.

1. Research Design

The research design used for this study is **descriptive and comparative** in nature. It aims to describe the current inventory practices within both companies and compare their effectiveness from the perspective of employees and supply chain professionals.

2. Type of Research

The study uses **primary research** to gather first-hand information from the target population. It incorporates **quantitative methods** through structured questionnaires to ensure objective analysis and statistical interpretation.

3. Sampling Method

A **non-probability convenience sampling method** was used for data collection. This method was chosen to reach respondents who are easily accessible and willing to participate in the study within the scope and time constraints.

4. Sample Size

The total sample size of the study is **100 respondents**, comprising employees and supply chain professionals working in or associated with Hindustan Unilever Ltd. and ITC Ltd.

5. Data Collection Method

Primary data was collected using a **structured questionnaire** designed to address the three main research objectives:

- Awareness and understanding of inventory practices.
- Techniques and tools used for inventory management.
- Perceived effectiveness and operational outcomes.

The questionnaire included a mix of **multiple-choice questions** and **Likert scale-type responses** to capture detailed insights.

6. Data Analysis

The collected data was analyzed using **tabulation and percentage analysis** to identify trends, draw comparisons, and interpret respondent feedback meaningfully. Tables were used to present data for clarity and ease of understanding.

7. Scope of the Study

This study focuses on the **FMCG sector** in India and is limited to two major companies—Hindustan Unilever Ltd. and ITC Ltd. The research provides insights from employees' perspectives and does not directly evaluate corporate financial data or proprietary operational systems.

8. Limitations of the Study

- The study is limited to a sample size of 100, which may not represent the entire workforce of both companies.
- Data is based on self-reported responses, which may be subject to individual biases.
- The use of convenience sampling may affect the generalizability of the findings.

Data Analysis & Interpretation

Section 1: Awareness and Understanding of Inventory Management Practices

1. How familiar are you with your company's inventory management system?

Particular	No. of Respondents	Percentage (%)
Very Familiar	30	30%
Somewhat Familiar	45	45%
Not Very Familiar	20	20%
Not Familiar at All	5	5%

Interpretation:
The majority of respondents (45%) are somewhat familiar with their company's inventory management system, while 30% are very familiar. This suggests a reasonably good awareness level among employees, though there is room for improvement through training and communication.

2. Have you received any formal training on inventory management practices in your organization?

Particular	No. of Respondents	Percentage (%)
Yes	58	58%
No	42	42%

Interpretation:
58% of respondents reported receiving formal training, indicating that both HUL and ITC invest in inventory-related employee education, though a significant 42% remain untrained, suggesting a need for wider coverage.

3. In your opinion, how important is inventory management for the overall efficiency of your company's supply chain?

Particular	No. of Respondents	Percentage (%)
Extremely Important	70	70%
Moderately Important	22	22%
Slightly Important	6	6%
Not Important	2	2%

Interpretation:
An overwhelming 70% of respondents consider inventory management extremely important, highlighting its central role in supply chain success in the FMCG sector.

Section 2: Inventory Management Techniques and Tools Used

4. Which of the following inventory techniques does your company primarily use? (Multiple Responses Allowed)

Particular	No. of Respondents	Percentage (%)
Just-in-Time (JIT)	40	40%
EOQ	28	28%
ABC Analysis	35	35%
FIFO/LIFO	22	22%
Others	10	10%

Interpretation:
JIT (40%) and ABC Analysis (35%) are the most commonly used techniques, suggesting a focus on lean inventory and categorization-based control. EOQ and FIFO/LIFO are moderately used.

5. What inventory tracking systems or tools are currently used in your organization?

Particular	No. of Respondents	Percentage (%)
ERP Systems	50	50%
Barcode/RFID Systems	30	30%
Manual Records	8	8%
Custom Software	10	10%
Don’t Know	2	2%

Interpretation:
ERP systems (50%) are the most used tracking tools, showing high digital integration. Barcode/RFID use is also significant, while manual tracking is minimal.

6. How frequently does your organization update inventory records?

Particular	No. of Respondents	Percentage (%)
In Real Time	45	45%
Daily	30	30%
Weekly	10	10%
Monthly	8	8%
Irregularly	7	7%

Interpretation:
45% of respondents confirm real-time inventory updates, indicating advanced systems. However, a portion still relies on daily or even weekly updates, suggesting inconsistency in system usage across operations.

Section 3: Perceived Effectiveness and Supply Chain Efficiency

7. How effective do you think your company's inventory practices are in maintaining product availability?

Particular	No. of Respondents	Percentage (%)
Very Effective	48	48%
Somewhat Effective	35	35%
Not Very Effective	12	12%

Not Effective at All	5	5%

Interpretation:

Most respondents (83%) believe inventory practices are effective to some extent in ensuring product availability, a strong indicator of operational efficiency.

8. Has effective inventory management helped reduce operational costs in your organization?

Particular	No. of Respondents	Percentage (%)
Yes, Significantly	38	38%
Yes, to Some Extent	42	42%
No Noticeable Impact	15	15%
Not Sure	5	5%

Interpretation:

80% of respondents observe cost benefits from effective inventory management, demonstrating its financial impact, although a small portion (15%) sees no impact.

9. How would you rate your company's performance in minimizing lead times through inventory management?

Particular	No. of Respondents	Percentage (%)
Excellent	25	25%
Good	45	45%
Average	20	20%
Poor	10	10%

Interpretation:

70% of respondents rate their company's performance as good or excellent in reducing lead time, showing effectiveness in streamlining operations.

10. What are the major challenges you face in managing inventory efficiently? (Multiple Responses Allowed)

Particular	No. of Respondents	Percentage (%)
Inaccurate Forecasting	35	35%
Stockouts/Overstocking	30	30%
Lack of Training	20	20%
Technology Integration	25	25%
Communication Gaps	15	15%

Interpretation:

Inaccurate forecasting (35%) and stock-related issues (30%) are the most reported challenges, indicating the need for better demand prediction and stock planning. Technology and training gaps also persist.

Findings

1. Awareness and Understanding of Inventory Management • A majority of respondents (75%) are both very acquainted or really acquainted with their organisation's inventory control system. • 58% of the respondents have received formal education on inventory control, indicating that training programs are applied however no longer uniformly. • 70% of respondents accept as true with that stock control is extremely vital for the performance of the deliver chain, reflecting sturdy focus of its role.

2. Inventory Management Techniques and Tools Used • The most generally used stock strategies include Just-in-Time (40%), ABC Analysis (35%), and Economic Order Quantity (28%). • ERP structures are utilized by 50% of respondents, showing a preference for included company resource planning answers. • 45% of respondents suggested that stock information are up to date in real-time, followed with the aid of 30% who indicated day by day updates, reflecting high tiers of automation and monitoring in operations.

3. Perceived Effectiveness and Supply Chain Efficiency • Nearly half of the respondents (48%) rated their employer's stock management practices as very effective in keeping product availability. • eighty% of the respondents recounted that inventory practices have contributed to price reduction either

appreciably or to some extent. • 70% of respondents rated their enterprise's performance in minimizing lead time as accurate or first-rate. • The pinnacle challenges faced consist of faulty forecasting (35%), stockouts/overstocking (30%), and generation integration troubles (25%), indicating a want for extra accurate demand making plans and seamless digital solutions.

Conclusion

Inventory control performs a pivotal function in making sure the operational efficiency and profitability of corporations operating within the rapid-moving patron items (FMCG) region. This study aimed to compare and evaluate the inventory control practices of two primary FMCG gamers in India—Hindustan Unilever Ltd. (HUL) and ITC Ltd.—with a selected awareness on worker recognition, strategies and gear employed, and the perceived effectiveness of inventory techniques. The research discovered that each agencies show a excessive degree of consciousness concerning the importance of stock management, with a majority of personnel recognizing its vital role in keeping deliver chain performance. However, the findings additionally imply variability in the level of formal schooling supplied, suggesting that at the same time as know-how exists, there may be inconsistencies in structured gaining knowledge of or upskilling across departments.

From a methodological point of view, both corporations employ a mixture of conventional and cutting-edge stock control strategies including Just-in-Time (JIT), ABC Analysis, and EOQ models. The use of ERP structures and real-time tracking technologies indicates a substantial shift toward automation and statistics-driven decision-making, that's essential for managing complicated and dynamic inventory systems within the FMCG zone. The effectiveness of these practices is reflected of their impact on cost control, product availability, and lead time reduction. A sizeable range of respondents mentioned that their employer's inventory control contributed to advanced operational efficiency. Nevertheless, challenges consisting of faulty forecasting, technology integration troubles, and coffee stockouts highlight areas that require continuous improvement and strategic attention.

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