



**ORIGINAL RESEARCH PAPER**

**Economics**

**CULTURAL INFLUENCES AND CONSUMER PREFERENCES IN THE INDIAN FMCG SECTOR**

**KEY WORDS:** FMCG, India, Consumer, COVID-19, Artificial Intelligence, Machine Learning, Packaging, Recycling, Sustainable, Supply Chain.

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**ABSTRACT**

The FMCG sector has a significant impact on many places, particularly when it operates during the COVID-19 epidemic and continues to advance. Even with all of its advantages, the FMCG sector still faces innovative challenges, and up to this point, each region has demonstrated some variations. India is home to the majority of Hindu population, and its veganism demonstrates certain variations in how the country approached FMCG industry's wisdom. The eco-friendly trend that the sector has created through the cultural promotion of vegetarianism makes it distinct in its own right. We'll get closer to looking at the distinctive data by using the Krippendorf method. According to research, the FMCG industry in India has also been influenced by shifting consumer tastes. As consumers' awareness of their health increases, they want natural, organic, and chemical-free items.

**INTRODUCTION:**

Due to shifting consumer preferences, technology breakthroughs, and new business models, the FMCG sector has been expanding quickly in recent years. The FMCG industry and customer behaviour are anticipated to be shaped by a number of developments as 2023 is here.

With an emphasis on giving back to society and assisting social causes, FMCG firms are anticipated to continue prioritising social responsibility in 2023. Consumer brand loyalty and trust are likely to rise for companies that can show a dedication to social responsibility.

In 2023, the FMCG sector is anticipated to keep emphasizing sustainability and environmental friendliness. Customers are seeking environmentally friendly products and packaging as they become more conscious of their effect on the environment. Consumer demand is projected to increase for companies that prioritise sustainability and implement eco-friendly procedures into their business strategies.

Consumers now place a high focus on their health and wellness in the wake of the COVID-19 pandemic. The FMCG sector is anticipated to continue catering to this trend by providing products that are healthier and more nourishing. Additionally, an emphasis will be placed on items like probiotics and prebiotics that enhance immunity and provide functional advantages.

The FMCG sector is anticipated to keep expanding the range of products it offers to meet the preferences and wants of its customers. Offering items that are organic, gluten-free, or dairy-free as well as branching out into new product categories like animal food or personal hygiene products could be examples of this.

Convenience reigns supreme in the fast-paced world of today. It is anticipated that the FMCG sector will continue to provide consumers with goods and services which will make their lives easier. Meal kits, prepared foods, and service subscriptions that send goods right to customers' homes may fall under this category.

Digital technologies are being quickly embraced by the FMCG sector to improve customer experience and optimise operations. In order to reach consumers and learn more about their preferences and behaviours, more firms are projected to use social media, mobile apps, and e-commerce in 2023. In order to assist firms personalise their services and boost supply chain efficiency, the adoption of technologies like AI (artificial intelligence) and ML (machine learning) will also be increasing.

Consumers' increasing focus on sustainability will lead to

more packaging innovation in the FMCG sector. Consumer demand is projected to increase for brands that can provide biodegradable or recyclable packaging which would also prolong product shelf life.

Customers are looking for personalised goods and experiences more and more. The FMCG sector is anticipated to capitalise on this trend by providing products that may be altered to suit unique preferences and requirements. Customers will likely be more loyal and engaged with brands that can use analytics and data to personalise their services.

The FMCG sector anticipates an increasing need for plants-based goods as more customers adopt flexitarian or plant-based diets. Market share is projected to grow for companies that can provide exceptional quality plant-based alternatives to dairy and meat products.

Consumers are requesting more openness from FMCG companies regarding their sourcing, manufacturing, and ingredient policies. Brands that prioritise openness and consumer communication are likely to experience a rise in trust and loyalty. In 2023, this pattern is anticipated to continue as businesses use cutting-edge technology like blockchain to increase transparency and traceability.

As a result of shifting customer preferences, technology improvements, and new business models, the FMCG industry is rapidly changing. Brands that can adapt to these trends and prioritise sustainability, wellness and health, social responsibility customization, openness, plant-based goods, diversification, packaging innovation, growth and accessibility, and digitization are probably to be better preserved.

The rising demand for sustainable and healthful goods is yet another trend in the country's FMCG sector. Customers are increasingly asking for FMCG items that include natural ingredients, recyclable packaging, and sustainable production practises as they grow increasingly health-conscious and environmentally concerned (Mohamed Saheed Bayat & Pillai, Anban, 2020; Moran et al., 2019). Preference for natural and organic goods has increased as a result of this trend, especially in the beverage and food industry. (Bashir et al., 2020; Leach, 2022).

**Literature Review:**

Hinduism, one of the world's oldest faiths with a history spanning more than 4,000 years, is a belief system that has its roots in the Indian subcontinent. Hinduism is founded on a sophisticated set of doctrines, customs, and customs, and it profoundly affects how people live in India and throughout the rest of the world. Ahimsa, or the practise of non-violence

and empathy towards all living things, is one of the core tenets of Hinduism. As a result of this, many Hindus opt to eat vegetarianism because they consider the killing of animals for food to be a violent act that violates the ahimsa precept.

One of the biggest industries in the world, FMCG comprises businesses that manufacture and distribute a variety of goods, such as food, drinks, personal care products, and household goods. In several countries throughout the world, including India, there has been an increasing push towards veganism and vegetarianism in recent years, and this has had a huge impact on the FMCG business. In India, there is a growing market for vegan and vegetarian goods as more individuals opt for a plant-based diet for ethical, environmental, and health benefits. As a result, the FMCG sector has developed a variety of vegan and vegetarian products, such as meat alternatives, plant-based milk, and dairy-free goods (Sathyan & S.N., 2021).

The requirement to accommodate the different dietary choices of the Indian population is one of the problems that FMCG companies face. Numerous Hindus eat meat and other animal products, but a sizable portion of them are vegetarians or vegans as well. In order to satisfy the various dietary preferences of its customers, FMCG companies in the country need to provide a wide variety of products. In India, the vegetarian market is especially crucial for FMCG companies who produce food items. India's culture and heritage include a strong vegetarianism component, and many Hindus prefer to eat a vegan diet for ethical and spiritual reasons. Therefore, FMCG firms that manufacture food goods have to make sure that the goods they produce are suitable for vegans and do not contain any substances originating from animals (Karthik & Ram Prasad, 2020).

In India, especially among the younger generation, there has been an increasing trend towards vegetarianism in recent years. Avoiding any animal products, such as dairy products, eggs, meat, and honey, is part of the vegan lifestyle. In order to meet the demands of this expanding market, FMCG businesses in India are progressively creating vegan products. The increase of vegan and vegetarian diets in India has also had a big impact on how FMCG companies sell their products. In some instances, businesses are even creating items expressly for the vegan and vegetarian markets and promoting them to their target consumer on social networking sites and other online platforms.

As a result of their strong ties, Hinduism and vegetarianism have had a considerable influence on India's FMCG business. A broad selection of plant-based products are being developed by FMCG companies in response to the increasing number of vegetarian and vegan diet adherents in India. The increase in vegan and vegetarian diets is anticipated to carry on influence on the FMCG sector in the country for many years, even though there are still difficulties in responding to the varied dietary preferences of people throughout the country.

India's FMCG segment has expanded significantly in recent years. Products that are used on an everyday basis in the industry include foodstuffs and drink, personal hygiene goods, home supplies, etc. The FMCG sector of the country is an important component of its economy which has permeated every aspect of the life of the populace. Numerous reasons have contributed to the expansion of the FMCG sector in India.

First, as the middle class has grown, consumer spending has grown along with disposable income. People are more likely to spend their money on superior, quality, and well-priced things as their disposable income increases. This has led to a rise in consumer appetite for FMCG goods.

Second, the expansion of the FMCG industry has been aided by the rising population. India is one of the world's biggest consumer markets with a population of more than 1.3 billion. Basic requirements including healthcare, food, and personal care goods are what fuel demand for FMCG products.

Third, FMCG companies now have access to a wider range of distribution channels because to the growth of contemporary retail and e-commerce. It is now simpler for FMCG companies to reach consumers thanks to the expansion of organised retail, such as hypermarkets, supermarkets, and convenience shops. The growth of online stores has also given FMCG companies a new way to connect with clients in far-flung regions of the nation.

Fourth, the changing consumer behaviour in India is a result of the country's growing urbanisation. Consumers in urban areas are more concerned with their well-being and health and are willing to spend extra for items that address these requirements. As a result, there has been an increase in demand for items that are natural, organic, and low in fat, sugar, and salt.

In India, the FMCG sector has grown significantly in recent years. According to a Nielsen report, India's FMCG market is anticipated to reach \$200 billion by 2025. The FMCG sector is divided into three main categories: food and beverages, personal care, and home care. The rise of packaged foods and drinks has been a major factor in the market for food and beverages. Changing lifestyles and the desire for convenience have raised the demand for packaged food. The industry has benefited from the expansion of the organised retail sector. Additionally, there has been a noticeable increase in the personal care sector. Spending on personal care items has increased as disposable income has increased. A bigger distribution network for personal care goods has also been made available to FMCG businesses by the expansion of the organised retail sector (Adnan, 2021; Ebrahim et al., 2022).

The increase in the popularity of goods like laundry detergent, dishwashers in particular, and cleaning supplies has fueled the household care category. A change in customer behaviour, such as the demand for cleanliness and hygiene, has increased the market for household care goods. Large international corporations like the Hindustan Unilever Group, Procter & Gamble, Nestle, and Coca-Cola dominate the FMCG sector in India. These businesses are well-established in the industry and are always coming up with new ideas to fulfil the shifting demands of customers. The number of indigenous competitors in the FMCG market has increased as well. These businesses can offer items at lower rates than their multinational competitors because they are concentrated on serving the demands of customers in certain geographic areas (Olfat et al., 2019; Prashar, 2022).

**Objectives of the Study:**

- 1.) To investigate and understand the impact of cultural variables, particularly Hinduism's influence on consumption behaviours on the Indian FMCG sector.
- 2.) To explore the influence of changing consumer preferences on the FMCG sector in India, with a particular emphasis on the growing demand for natural, organic, and chemical-free products.

The study hopes to improve understanding of the particular characteristics of the Indian FMCG sector, which are influenced by the combination of cultural factors and changing customer preferences.

**Rationale of the Study:**

The rationale for this study is to investigate the unique data linked to the FMCG sector in India, which is influenced by the

interaction of cultural influences and health-related trends. Using the Krippendorff method, this study intends to provide useful insights that will enable FMCG companies to successfully traverse the Indian market and fulfill the shifting demands and preferences of their broad consumer base.

The FMCG sector is an important sector that plays a significant role in the global economy and people's daily lives. The COVID-19 pandemic emphasized the sector's tenacity and adaptation as it continued to operate in difficult circumstances. However, as the industry progresses, it will confront new problems, particularly in terms of shifting consumer tastes and rising market trends. Because India is home to the majority of Hindus, this study shows the impact of cultural variables on the FMCG business. The effect of Hinduism on dietary choices has resulted in differences in consumer preferences, particularly regarding veganism and vegetarianism. These cultural standards have impacted the country's FMCG sector.

The Krippendorff method, a qualitative content analysis tool, was chosen for this study because it provides a thorough assessment from a variety of sources, including customer attitudes, market trends, and media depictions. Furthermore, the study acknowledges the impact of changing customer tastes. Consumers are increasingly choosing natural, organic, and chemical-free items as their understanding of health and wellness grows post COVID-19. Understanding these shifting preferences is critical for FMCG sector in order to design and align their product offerings with changing consumer demands. The purpose of this study is to provide light on how customer behaviour influences product development, marketing strategies, and overall business decisions in the FMCG sector.

**Research Methodology:**

In order to find patterns and insights, vast collections of digital data, including text, photos, and video, are methodically analysed using Krippendorff's digital content analysis (DCA) method. The FMCG sector has employed this strategy extensively to gain insight into customer behaviour and preferences and to drive advertising and development of products strategies.

The capacity of DCA to reliably and swiftly evaluate massive amounts of unstructured data is one of its main advantages. This is crucial for the FMCG sector in particular because there is a lot of user-generated content there, like feedback, social network posts, and even online forums, which may provide useful insights into consumer trends and preferences.

In addition to being able to determine the mood and tone of client conversations, DCA can assist in identifying recurrent themes and topics. With the aid of this information, marketing and advertising strategies that appeal to consumers and speak to their specific needs and interests may be developed. The ability of DCA to recognise emerging patterns and trends in consumer behaviour is another key benefit.

DCA does have certain restrictions, though. The procedure, for instance, largely depends on the calibre of information being evaluated. The insights produced may be erroneous or deceptive if the data is prejudiced or lacking.

Additionally, DCA may overlook critical variations in customer preferences and attitudes since it is unable to fully capture the intricate nature of human behaviour and emotions. Overall, Krippendorff's method is effective for the FMCG sector, enabling businesses to glean insightful information from sizable digital data sets. Companies may use these insights to improve their advertising and development of products strategies and stay one step ahead of competitors in a market that is constantly shifting.

| Twitter Link  | Information   |
|---|---|
| <a href="https://twitter.com/Starboy2079/status/1645996891442937857?s=20">https://twitter.com/Starboy2079/status/1645996891442937857?s=20</a>         | Good sales for the expansion of both India's economy and FMCG sector.                                 |
| <a href="https://twitter.com/soicfinance/status/1642895118830288902?s=20">https://twitter.com/soicfinance/status/1642895118830288902?s=20</a>         | The expansion of the FMCG sector in India.  |
| <a href="https://twitter.com/FmcgGurus/status/1643194515224682496?s=20">https://twitter.com/FmcgGurus/status/1643194515224682496?s=20</a>             | A UK-based FMCG account tweeted about a nutritious breakfast cereal ingredient.                       |
| <a href="https://twitter.com/Accur8HR/status/1646037091032215552?s=20">https://twitter.com/Accur8HR/status/1646037091032215552?s=20</a>               | A post on Twitter from an account about FMCG Non-Food targeted at bike sales.                         |
| <a href="https://twitter.com/JIVARorecruit/status/1645931392898068480?s=20">https://twitter.com/JIVARorecruit/status/1645931392898068480?s=20</a>     | The FMCG sector in New Zealand is looking for substitute milk.  |
| <a href="https://twitter.com/ParksideFlex/status/1645728940336508929?s=20">https://twitter.com/ParksideFlex/status/1645728940336508929?s=20</a>       | A campaign to support environmentally and sustainably friendly packaging.                             |
| <a href="https://twitter.com/VectorConsultin/status/1643947831320023041?s=20">https://twitter.com/VectorConsultin/status/1643947831320023041?s=20</a> | A tweet promoting the benefits of consumer products for India's prosperous FMCG sector in the future. |

**DISCUSSION:**

India has the largest population of the Hindus. Hinduism as a whole holds a strong belief in the power of vegetarianism, which has influenced India's FMCG business to this point. Because it is not only encouraged by the great powers, but also by their own traditions. However, the country's FMCG sector has recently faced a number of difficulties. Numerous problems, including increasing rivalry, higher costs of inputs, changing tastes of consumers, and difficult distribution, have been affecting the sector.

The fierce competition is one of the main issues the FMCG sector in India is dealing with. With so many competitors in the market, it is getting more and harder for businesses to stand out from the competition to capture market share. It is now much harder for local businesses to thrive as a result of the growth of online marketplaces and the arrival of international competitors. The rising cost of inputs is another issue the FMCG sector in India is dealing with. The financial success of FMCG companies has been impacted by the steady rise in the cost of raw materials.

The FMCG business in India has also been impacted by changes in consumer tastes. As consumers' awareness of their health increases, they want organic, natural, and chemical-free items. Because of this, demand for several categories of consumer goods has decreased, causing businesses to review their product lineup. In India, FMCG companies have faced considerable obstacles related to supply. The country's wide and diversified landscape makes it challenging for businesses to connect with rural and remote regions, as does its poor infrastructure. Moreover, conventional trade, which is frequently dispersed and ineffective, dominates the distribution routes. The FMCG sector in the country has a number of issues that call for creative solutions. To prosper in the market and remain competitive, businesses must adopt new technology, create goods that are unique, expand their distribution networks, and pay attention to operational efficiencies.

**Limitations:**

1.) The study focuses on the FMCG sector in India, taking into account its particular cultural and health-related variables. As a result, the findings may not be immediately applicable to

FMCG sectors in other countries or areas where cultural norms and customer preferences differ.

2.) The Krippendorff method is based on qualitative content analysis and interpretations may be rather subjective.

3.) Due to time constraints, the study may not cover all aspects and depths required to reflect the full complexity of India's FMCG sector. The study focuses on the FMCG sector's response to cultural and health-related issues.

4.) Other external factors such as economic swings or government regulations could however have an impact on consumer behaviour and the industry.

5.) Consumer preferences and trends can shift quickly in the FMCG sector. The study's conclusions may not fully capture the most recent developments or forecast future market changes.

**Further Scope:**

The academic recommendation for this subject is to view additional research from the same angle, where we can observe the industry's spiritual passion for implementing sustainability programmes, much like India did with veganism (Muhammad Sabbir Rahman, 2019). Educating more business owners about living an eco-friendly lifestyle on a spiritual level and showing an effort to collaborate on decisions regarding the sustainability of the environment they foresee for the business is recommended.

**CONCLUSION:**

There are a variety of interests on Twitter. Other social media platforms tend to draw uniform attention, while Twitter's quick reach can create dynamic interest from a single keyword search, giving the subject more scope for interpretation or development into other databases. India is the closest nation with a spiritually enthusiastic industry, despite the fact that each region linked with the post still struggles to implement eco-friendly programmes in their businesses. Because of their upbringing as true vegetarians, some of them have a personal connection to the FMCG sector.

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