

## Top Challenges in FMCG Sector

Till date, there has never been such an exciting and energizing time in the Indian FMCG sector. With globalization and digitization driving significant advancements, the potential outcomes have turned out to be endless and massive. Characterized by a complex distribution network along with extremely competitive firms constantly working on supply chain innovation, the FMCG sector is one of the fastest developing industries in the country. Companies and firms with a well-organized supply chain system will undoubtedly perform efficiently, and the ones with ineffectively managed supply chains will find it arduous to try and get by in this highly competitive market.

Some real difficulties and challenges faced in the FMCG sector are as follows:

### 1. COMPLEX DISTRIBUTION SYSTEM

The FMCG sector in India has to work in a very complex multi-channel process consisting of various layers of numerous small retailers between the companies and the end customers. For increasing the market penetration, the companies in the FMCG sector have understood the need to connect with the purchasers present at the economically lower strata of the society. It is a matter of fact that yes; consumerism has widened the range of opportunities and chances for the Indian FMCG sector. Inevitably, companies should discover and come up with creative methods of balancing logistics cost and market penetrations.

### 2. SUPPLY CHAIN MISMANAGEMENT

The difference in the functioning and management of a supply chain characterizes the sales and revenue generated for a company to quite an extent. Since many years, there have been various changes made in the supply chain process. On the one hand, such changes have made the process simpler, and on the other hand, they have also complicated certain aspects. The suppliers now have to oversee large volumes of products and quick turn rates with distributors; due to which, they now demand a logistics chain fit for steady deftness. However, that is not something every FMCG sales process is capable of catering.

### 3. UNETHICAL WAYS OF FUNCTIONING

It is a typical notion in the sales chain distribution that only 50 percent of the promotions and marketing reach the end customers. It mostly happens because

many distributors work deceitfully. Instead of playing the role of the facilitator, they attempt to grab a noteworthy part of the promotion budget for themselves, which results in the wastage of a significant portion of their sales and resources.

#### **4. PERSONALIZED SOLUTIONS**

In India, modern retailers have been attempting to extricate higher edges and margins from FMCG companies for offering better deals to their customers. The Indian FMCG sector finds it hard to provide the type of profound discounts that the modern retailers have been asking from them. On the one hand, FMCG companies will have to sidestep their current distributors and stockists, so channel conflict is probable. Then again, they likewise need to analyse the impact of higher discounts on the overall supply chain distribution system. Therefore, FMCG companies must understand their customers well to provide them effectively with better discounts.

#### **MOVING AHEAD**

For moving in the right direction, FMCG companies in India should try to look into automation in some way or the other. The companies must efficaciously manage their prices and promotions for incrementing sales and generating more value. They must make sincere efforts to address the challenges mentioned above to sustain their position in today's highly competitive world.