

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Management



Diploma Thesis

**Effect of the PESTELE Factors on the Marketing
Strategy of the FMCG Sector in India**

Neel Kapashi

© 2020 CULS Prague

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

B.Sc. Neelkumar Kapashi, BBA

Economics Policy and Administration
Business Administration

Thesis title

Effect of the PESTELE Factors on the Marketing Strategy of the FMCG Sector in India

Objectives of thesis

The diploma thesis aims to analyze relevant secondary data on FMCG, external environment, marketing and marketing communication strategy. This analysis will be combined with original primary reconnaissance aiming to analyse current state and development of external environment and its effect on marketing strategies of FMCG companies in India. This reconnaissance will set-up framework for hereabove mentioned FMCG sector in India improvement suggestion.

Methodology

"Literature Review" part will be elaborated based on relevant secondary data analysis and synthesis.

"Analysis" part will result from relevant secondary data and original primary reconnaissance combination.

Recommended structure:

1. Introduction
2. Goals and Methodology
3. Literature Review
4. Analysis
5. Results and Discussion
6. Conclusions
7. References
8. Appendices

The proposed extent of the thesis

60-80 pages

Keywords

marketing strategy, external environment, FMCG, communication strategy, market research

Recommended information sources

BRADLEY, N. *Marketing research : tools and techniques*. Oxford: Oxford University Press, 2007. ISBN 978-0-19-928196-1.

KELLER, K L. – KOTLER, P. *Marketing management*. Harlow: Pearson, 2015. ISBN 9781292092621.

PARENTE, D. *Advertising campaign strategy : a guide to marketing communication plans*. Mason: Centage Learning, 2006. ISBN 0030128986.

PERREAULT, W D. – CANNON, J P. – MCCARTHY, E J. *Basic marketing : a marketing strategy planning approach*. [New York]: McGraw-Hill Irwin, 2014. ISBN 978-1-259-06076-2.

Expected date of thesis defence

2020/21 WS – FEM (February 2021)

The Diploma Thesis Supervisor

Ing. Michal Chocholoušek, Ph.D.

Supervising department

Department of Management

Electronic approval: 1. 12. 2020

prof. Ing. Ivana Tichá, Ph.D.

Head of department

Electronic approval: 1. 12. 2020

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 01. 12. 2020

Declaration

I declare that I have worked on my diploma thesis titled "**Effect of the PESTELE Factors on the Marketing Strategy of the FMCG Sector in India** " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break the copyrights of any other person.

In Prague on 30th November 2020

Neel Kapashi

Acknowledgement

Direct or indirect cooperation from various sources, help in the successful completion of any project, although it is individually accomplished.

First and the foremost I would like to thank my supervisor **Michal Chocholousek** for his continuous coaching and leadership towards helping me to generate this thesis. Throughout the length of this project, he has provided me his continuous guidance, for which I am thoroughly grateful.

The library resources, as well as the online availability of information were great enablers to increase my knowledge in the field of marketing and the external environment as it relates to the FMCG industry. The resources available online as well as the thesis in the university database helped me to build on my research.

I extend my gratitude to my classmates and batch mates who, I have not met personally due to the pandemic since many months but who have stayed connected with me by using technology throughout the duration of building this thesis. They have kept me going towards achieving my goal, by constantly giving me inputs to improve my writing.

The support of my near and dear ones through this journey has been a source of immense motivation to give my best shot at this thesis. The presence of family and friends at each step of my life, to help keep me on track on all my endeavours is truly laudable and deserves the highest amount of appreciation.

Once again, thank you all for being a part of this journey with me through your constant patience and cooperation.

Effect of the PESTELE Factors on the Marketing Strategy of the FMCG Sector in India

Abstract

The FMCG sector is the fourth largest sector in India with a dominance of various players in this huge industry competing against each other. In this highly competitive market, FMCG companies need to ace their marketing strategies so as to fulfil their business objectives. However, apart from the internal factors, there are many external forces which impact on the way the marketing strategy of any FMCG company is drafted. PESTELE analysis is one tool which can help companies identify the opportunities and threats presented by several overlapping factors in the country's political, economic, social, technological, ecological, legal and ethical scenario. The purpose of this thesis is to study the impact of these PESTELE factors on the marketing strategy of the FMCG sector in India. Existing literature on the subject was reviewed, as well as primary data was collected with the help of a survey among 150 participants from India. The chi square statistic was used to conduct the test of independence on the developed hypothesis using cross tabulation. The results declared that all of the PESTELE factors, namely political, economic, social, technological, environmental/ecological, legal and ethical factors impact the marketing strategy of the FMCG companies. In the light of this discovery, the FMCG companies in India should draft their marketing strategy touching all the variables of the marketing strategy of the FMCG companies - product, price, promotion, place, physical evidence, process and people.

Keywords: FMCG Sector, PESTELE Analysis, Political Factors, Economic Factors, Social Factors, Technological Factors, Ecological Factors, Legal Factors, Ethical Factors, Marketing Strategy

Vliv faktorů PESTELE na marketingovou strategii sektoru FMCG v Indii

Abstrakt

Sektor FMCG je čtvrtým největším sektorem v Indii s převahou různých hráčů v tomto obrovském odvětví, které si navzájem konkurují. Na tomto vysoce konkurenčním trhu musí společnosti FMCG prosazovat své marketingové strategie, aby splnily své obchodní cíle. Kromě interních faktorů však existuje mnoho vnějších sil, které ovlivňují způsob, jakým je koncipována marketingová strategie jakékoli společnosti FMCG. Analýza PESTELE je jedním z nástrojů, který může společností pomoci identifikovat příležitosti a hrozby, které představují různé překrývající se faktory v politickém, ekonomickém, sociálním, technologickém, ekologickém, právním a etickém scénáři země. Účelem této práce je studovat dopad těchto faktorů PESTELE na marketingovou strategii FMCG sektoru v Indii. Byla přezkoumána stávající literatura o tomto tématu a primární údaje byly shromážděny pomocí průzkumu mezi 150 účastníky z Indie. Statistika chí kvadrát byla použita k provedení testu nezávislosti na vyvinuté hypotéze pomocí křížové tabulky. Výsledky deklarovaly, že všechny faktory PESTELE, jmenovitě politické, ekonomické, sociální, technologické, environmentální / ekologické, právní a etické faktory, ovlivňují marketingovou strategii společností FMCG. Ve světle tohoto objevu by společnosti FMCG v Indii měly vypracovat svou marketingovou strategii, která se bude dotýkat všech proměnných marketingové strategie společností FMCG - produkt, cena, propagace, místo, fyzické důkazy, proces a lidé.

Klíčová slova: Sektor FMCG, analýza PESTELE, politické faktory, ekonomické faktory, sociální faktory, technologické faktory, ekologické faktory, právní faktory, etické faktory, marketingová strategie

Table of Contents

1. Introduction	12
2. Objectives and Methodology	13
2.1 Research Questions	13
2.2 Research Objectives	13
2.3 Methodology	14
2.3.1 Research Methodology.....	14
3. Literature Review	15
3.1 Business Environment.....	15
3.2 External Environment	15
3.2.1 External Micro Environment.....	16
3.2.2 External Macro Environment.....	17
3.2.3 Environmental Scanning	19
3.2.4 SWOT Analysis	20
3.2.5 PESTELE Analysis	22
3.3 Marketing Strategy.....	33
3.4 FMCG Sector	35
3.4.1 Trends in the FMCG Industry of India.....	39
3.5 Effect of PESTELE Factors on Marketing Strategy of FMCG Sector	40
4. Analysis	47
4.1 Data Collection Tool	47
4.2 Population and Sampling	47
4.3 Data Collection Procedure	48
4.4 Limitations	48
4.5 Profile Analysis.....	49
4.5.1 Gender Distribution.....	49
4.5.2 Age Distribution.....	50
4.5.3 Education Distribution	51
4.5.4 Occupation Distribution.....	52
4.6 Lifestyle Factors Analysis.....	53
4.6.1 Media of Marketing Communication.....	53
4.6.2 Frequency of Exposure to Marketing Communication from FMCG Brands.....	54
4.6.3 Influence of Marketing Communication from a FMCG Company.....	54
4.6.4 Factors Influencing Purchase Decision of FMCG Products	55
4.6.5 Influential Aspect of Marketing Communication	57
4.7 Perceptions Analysis	58
4.7.1 Hypothesis Test – Political Factors.....	60
4.7.2 Hypothesis Test – Economic Factors.....	61

4.7.3	Hypothesis Test – Social Factors	62
4.7.4	Hypothesis Test – Technological Factors	62
4.7.5	Hypothesis Test – Environmental Factors	63
4.7.6	Hypothesis Test – Legal Factors	64
4.7.7	Hypothesis Test – Ethical Factors	64
5	Results and Discussion.....	65
6	Recommendations	69
7	Conclusion.....	70
8	References	70
9	Appendix	76

List of Figures

Figure 1: Business Environment Components	15
Figure 2: External Micro Environment	16
Figure 3: Macro External Environment	18
Figure 4: Environmental Scanning Tools	20
Figure 5: The External Environment	22
Figure 6: Process And Stages Of Pestele Analysis	23
Figure 7: Advertisement Of Amul Showing The Impact Of Political Factors On Marketing	24
Figure 8: FMCG Categories Reporting Decline In Sales During Q3 And Q4, 2016 Following Demonetisation	26
Figure 9: The 7ps Of Marketing	34
Figure 10: FMCG Market Segment In India	36
Figure 11: Best Fmcg Brands Of India For 2020	37
Figure 12: Value Growth Of The Fmcg Sector In India From Q1 2019 To Q3 2020	38
Figure 13: Percentage Of Belief-Driven Buyers	42
Figure 14: Intention Of Purchase After Viewing A Product Communication And A Brand's Stand Communication	43
Figure 15: Brand's Stand Matters At The Point Of Sale	43
Figure 16: Intention To Talk About The Brand	44
Figure 17: Mode Of Engaging Consumers	45
Figure 18: People Who Matter The Most For Brand Advocacy	45

Figure 19: Truth About Fmcg Brands	46
Figure 20: Distribution Based On Gender.	50
Figure 21: Distribution Based On Age.	51
Figure 22: Distribution Based On Education Level.	52
Figure 23: Distribution Based On Occupation Level.	53
Figure 24: Most Attractive Media Of Markeeting Communication.	53
Figure 25: Frequency Of Exposure To Marketing Communication From FMCG Companies.	54
Figure 26: Influence Of Marketing Communication From An Fmcg Company.	55
Figure 27: Factors Influencing Recent Fmcg Product Purchase.	56
Figure 28: Influencial Factors Of Marketing Communication Of Fmcg Company.	58

List of Tables

Table 1: SWOT Analysis of FMCG Sector in India	22
Table 2: Political Factors Affecting the Marketing Strategy of FMCG Sector in India	25
Table 3: Economic Factors Affecting the Marketing Strategy of FMCG Sector in India	26
Table 4: Social Factors Affecting the Marketing Strategy of FMCG Sector in India	27
Table 5: Technological Factors Affecting the Marketing Strategy of FMCG Sector in India	29
Table 6: Environmental Factors Affecting the Marketing Strategy of FMCG Sector in India	30
Table 7: Legal Factors Affecting the Marketing Strategy of FMCG Sector in India	31
Table 8: Ethical Factors Affecting the Marketing Strategy of FMCG Sector in India	32
Table 9: Reasons for the Low Rate of Growth of the FMCG Sector in India	38
Table 10: Characteristics of FMCG Sector from Viewpoint of Different Stakeholders	39
Table 11: People’s Perception of Brands as a Force for Change	43
Table 12: Sample Size Determination	48
Table 13: Frequency Distribution for Respondent’s Gender.	50
Table 14: Frequency Distribution for Respondent’s Age.	50
Table 15: Frequency Distribution for Respondent’s Education Level.	51
Table 16: Frequency Distribution for Respondent’s Occupation.	52
Table 17: Factors Influencing Purchase Decision of FMCG Products	56
Table 18: Influential Aspect of Marketing Communication	57
Table 19: Hypothesis for PESTELE Factors	60

Table 20: Chi-Square Statistic for Political Factors	61
Table 21: Chi-Square Statistic for Economic Factors	62
Table 22: Chi-Square Statistic for Social Factors	62
Table 23: Chi-Square Statistic for Technological Factors	63
Table 24: Chi-Square Statistic for Environmental Factors	63
Table 25: Chi-Square Statistic for Legal Factors	64
Table 26: Chi-Square Statistic for Ethical Factors	65
Table 27: Results from Hypothesis Analysis	67

1. Introduction

Marketing of the Fast Moving Consumer Goods (FMCG) industry has a pivotal role to play in the economic advancement of a country, irrespective of its size and population. The presence of multinational firms, a cohesive distribution network, low profit margins, stiff competition and presence of organized and unorganized areas characterize any country's FMCG industry. In the light of this scenario, the marketing strategy of a firm is a function of the dynamic and interactive processes, which involve a combination of the internal firm resources as well as the external environment factors. All FMCG firms need to have a sound knowledge of the external environment, which has a bearing on the marketing strategy to gain traction in this highly volatile market full of competitors trying to get a pie of the consumers' pocket.

The external factors play a huge role in deciding the course of the marketing elements of a company, especially in the world's largest democracy, India. The unique structure of India with more than 60% of its population residing in the rural areas, presents a much-dispersed environment, which has an intertwining of many political, economic, social, technological, environmental as well as legal and ethical parameters, affecting the life of the people. This effect also proliferates on the purchase decisions and the way the consumers behave. Hence, the marketing strategy employed by the firm needs to align itself to this structure.

There has been numerous research on various topics, which relate to the marketing strategy of the FMCG industry, like the consumer behaviour, product related trends, marketing tactics like celebrity endorsements, visual merchandising, corporate branding and many more. However, there is limited research conducted on the series of external factors, which affect how the marketing strategy of a FMCG company is designed. This thesis is an attempt to address the effect of the external environment on the marketing strategy of the FMCG sector in India. The external environment factors are studied under the PESTELE framework as the first step of this thesis. The effect of these factors on the marketing activities of the FMCG companies is studied from secondary sources like previous research and the primary source like a questionnaire. The survey results are identified and presented towards the end of the thesis.

2. Objectives and Methodology

2.1 Research Questions

The external environment of India is a combination of several factors, which are interrelated to each other. These factors cumulatively as well as individually affect each enterprise within the country. FMCG sector is no exception. The macro environment is scanned and studied to what is commonly known as the PESTEL framework, which has evolved into the PESTELE structure over time. Some of the questions, which this research answers through the thesis, are as mentioned under:

1. What is the effect of the political factors on the FMCG sector's marketing strategy in India?
2. What is the effect of the economic factors on the FMCG sector's marketing strategy in India?
3. What is the effect of the social factors on the FMCG sector's marketing strategy in India?
4. What is the effect of the technological factors on the FMCG sector's marketing strategy in India?
5. What is the effect of the environmental factors on the FMCG sector's marketing strategy in India?
6. What is the effect of the legal factors on the FMCG sector's marketing strategy in India?
7. What is the effect of the ethical factors on the FMCG sector's marketing strategy in India?

2.2 Research Objectives

The main objective of this thesis is to study the effect of the external environment on the marketing strategies which are employed by the FMCG companies in India. The sub goals of this thesis are mentioned as under:

1. Study of the business environment
2. Study of the external environment
 - 2.1 External Micro Environment
 - 2.2 External Macro Environment

2.3 Environmental Scanning

2.4 SWOT Analysis

2.5 PESTELE Analysis

3. Description of Marketing Strategy

4. Description of FMCG Sector

5. Effect of the PESTELE Factors on the Marketing Strategy of the FMCG Sector in India

2.3 Methodology

2.3.1 Research Methodology

Research methodology is the set of processes, techniques and methods which are used to accumulate data and break it down into useful and easy to understand information. In order to study, how the external environment of a country affects the marketing strategies of the FMCG industry, the research was carried out in two parts. The first part focusses on the literature review of the previous research which has been conducted in this subject over the past few years. This data is systematically presented under various headings in the literature review section of this thesis. The second part comprises the primary or the empirical research, which focuses on the primary data and its evaluation and analysis quantitatively as appropriate. The data was collected through the questionnaire method. The data shows an easy to understand analysis of the effect of the external environment on the marketing strategies of the FMCG industry in India.

The research method can be subdivided into three different areas like the exploratory, explanatory as well as descriptive researches. The use of the exploratory method was used in this thesis to get a deep insight into the research question on hand. This method was used since the effect of the external environment on the marketing strategy employed by the FMCG sector in India is unknown.

3. Literature Review

3.1 Business Environment

Each and every organisation is a sum total of its internal and external environment. The internal environment is controllable by the organization to a major extent. It can also be modified to suit the changing needs of the external environment (Ratrey, 2020). However, the external environment is not controllable by the business as it is a combination of several factors which are interrelated to each other. The components of the business environment which can assist a marketer in drafting its strategies are mentioned as below:

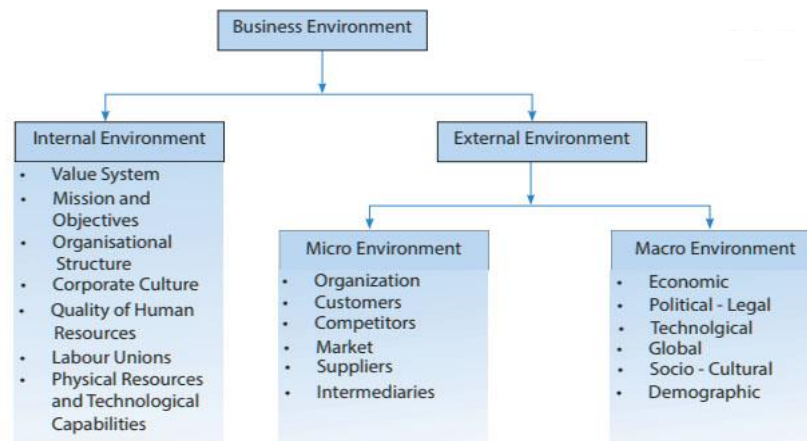


Figure 1: Business Environment Components Source: Ratrey, R., 2020. *Environmental Scanning*. [online] toppr.com. Available at: <https://www.toppr.com/guides/commercial-knowledge/business-environment/environmental-scanning/>

3.2 External Environment

Each business operates in a dynamic environment which can impact how it operates and whether it will be successful in achieving its business goals or not. The external factors, which affect a business, are generally outside the control of the management and are constantly changing. This outside environment comprises of many interrelated forces, which can be sub grouped into several key sub environments.

3.2.1 External Micro Environment



Figure 2: External Micro Environment Source: Mukherjee, S., 2020. *Business Environment Types (External Micro And External Macro)*. [online] Economics Discussion. Available at: <https://www.economicdiscussion.net/business-environment/business-environment-types-external-micro-and-external-macro/10095>

The first one is the external micro environment which are the collective elements which affect a firm's ability to serve the needs of its customers. The internal micro environment is also known as the directly interactive environment as it has an immediate and almost first hand impact on the organization (Mukherjee, 2020). The internal micro environment consists of the following forces:

- 1. Customers:** Customers are an integral part of the business for profits and growth. The FMCG industry is dominated by a lot of products from different brands in the market. Therefore there is fierce competition among the companies to gain the attention of the consumers and buy their products. In the context of the present day, each company needs to spend a lot of time, effort and money to promote their products by intense advertising and sales promotion efforts (Vanessa, 2020).
- 2. Suppliers:** The suppliers of the business are important links since they are the ones who provide raw materials for manufacturing the FMCG products. There is a greater need to communicate effectively with the suppliers as well so that they are satisfied with the FMCG company and help promote smooth relations.
- 3. Competitors:** The FMCG market is intensely competitive and there are a lot of players in the market. There are many products available in the same category, so marketing needs to be really persuasive to woo the consumer for the share of his or her money.

- 4. Marketing Intermediaries:** In the external micro environment, marketing intermediaries in the form of distributors, wholesalers, agents, retailers, play an important role to ensure that the products reach the consumers from the manufacturing facility. There needs to be solid communication from the company's end with these intermediaries to learn about new outlets, new markets and new areas for the selling of the FMCG goods.
- 5. Competitors:** The FMCG space is full of different companies selling similar categories of the products at different levels of pricing to suit all the strata of the society. Competition in this space is less about pricing and more about promotions in the form of advertising, sales promotions, sponsoring of events, publicity, media attention and other similar factors which increase the intensity of the positioning in the mind of the consumer and help the company generate sales (Vanessa, 2020).
- 6. People:** Employees are a crucial part of the success of any business. Each business in the FMCG space is heavily dependent on the blue collar as well as white collar employees who are responsible for the manufacturing to the marketing and the sales of the products.

3.2.2 External Macro Environment

The external macro environment consists of factors which can have a positive or negative effect on a business. The positive factors present a set of opportunities which the company can milk and generate the profits from. On the other hand, there are also negative factors which can adversely affect a business. These forces are also known as the indirectly interactive forces which happen to have an indirect effect on the marketing strategies of the FMCG companies (Vanessa, 2020). The intensity with which these factors affect the FMCG business depends on how the business has adapted to these factors (Vanessa, 2020). There are a range of factors which affect the marketing strategy of the firm which need to be studied constantly to look out for opportunities and threats which a business might be exposed to. The factors which broadly affect the marketing strategy of the firm are as follows:

- 1. Economic:** The economic dimension includes financial condition of the country comprising of the various parameters such as interest rates,

unemployment rates, gross national product, and inflation. Favourable economic matrices indicate a growth in the sales of the economic policies as well.

2. **Social and Cultural:** This dimension of the environment is very important as the values, belief systems and the traditional cultural norms, demographics related to age, gender, income, education, and occupation play an important role in determining what factors work and what don't work for the business.
3. **Political and Legal:** The political parties in the government decide the policies which regulate the business and the boundaries within which the business needs to work. The political and the legal environment of the business has a great influence on how the products are marketed to the public within the statutory limits set by the legal and the political environment of the nation.

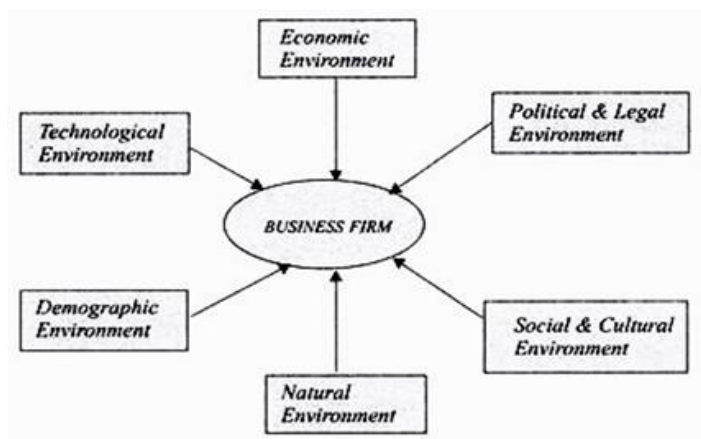


Figure 3: Macro External

Environment Source: Mukherjee, S., 2020. *Business Environment Types (External Micro And External Macro)*. [online] Economics Discussion. Available at:

<https://www.economicdiscussion.net/business-environment/business-environment-types-external-micro-and-external-macro/10095>

4. **Technological:** This environment has the most effect on the policies and the marketing strategies of the FMCG companies. The companies need to make good use of the technology in their marketing messages and the places in which they promote their messages like social media platforms and the internet in general. Not only technology use is patronized in the communication strategy of the FMCG industry, but technology should be used to reduce the cost of

production as well as give the customers innovative products which decrease their inconvenience.

5. **Natural:** The natural resources including raw materials, minerals, energy, forests, climatic conditions and waterways are some of the significant factors which determine the extent of the business activity of an FMCG firm and also play an important role in the way the product communication messages are framed for the public.
6. **Demographic:** Factors like the size of the population, the average age, the gender distribution, the skills of the people as well as the life expectancy of the people present a unique permutation and combination of possibilities in the way the marketing messages are processed and presented to the public.

3.2.3 Environmental Scanning

As seen in the earlier section, the environment is a complex web of many intertwining factors at the macro and the micro level. These number of factors create a landscape which can either be favourable or unfavourable for the business of FMCG companies. The environment needs to be constantly scanned for new opportunities, potential threats, new consumer trends, new markets and new technologies. Marketers have devised a number of tools and techniques with which this environment can be studied. The factors which are external to the environment of the business are uncontrollable from a business standpoint of view, however it is crucial to consider them in making major decisions for the business. There are various tools which have been devised for the study of the external environment. The process by which the external environment is scanned for gathering, analysing and dispensing information for drafting the strategy of the business is known as environmental scanning. There are various different tools for studying the external environment. Some of the most commonly used tools are:

1. SWOT Analysis
2. PESTELE Analysis
3. Five Forces Model
4. Interviews
5. Surveys

6. Focus Groups

The three widely used tools of environmental scanning which is SWOT, PESTELE and Five Forces Model is discussed in the following sections in detail with regard to the marketing strategy of the FMCG sector of India. The figure below shows a brief overview of the tools of environmental scanning:

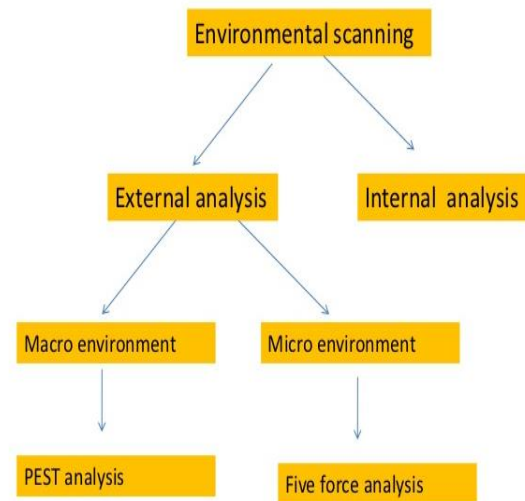


Figure 4: Environmental Scanning Tools Source: Kumar, R., 2011. *Environmental Scanning*. [online] Slideshare.net. Available at: <https://www.slideshare.net/rajworship/environmental-scanning-8870811>

3.2.4 SWOT Analysis

The internal factors of the business present a combination of strengths and weaknesses. On the other hand, the external factors present a unique combination of opportunities and the threats from the outside world. The strengths and the opportunities available to the company can be leveraged for to its advantage in fulfilling its objectives of profits and revenue. Throughout the world, almost all the companies use what is known as the SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis for almost each and every industry. At the micro level, the SWOT analysis can be finetuned to suit the individual strengths and weaknesses of the organisations within the FMCG industry. A meticulous study of the SWOT analysis gives the marketers an idea of the consumer trends, new changes in the lifestyle of the individuals as well as the needs of the consumers. After the marketers get an idea of what the consumers really want, their communications as well as their marketing strategies can be developed to suit the taste of the consumers so as to reap the maximum benefits. In the highly competitive FMCG space, organisations that quickly capitalise of their strengths and use the opportunities to make money, fare better than others. Presented below is a general SWOT analysis of the FMCG industry (Srivastava, 2020).

Strengths	Weaknesses
<ul style="list-style-type: none"> • Low cost of operations • Thorough understanding of the local culture • Thorough understanding of the needs of the consumers • Wide and extensive distribution network • Industry has a lot of well established brands 	<ul style="list-style-type: none"> • Low scope for achieving economies of scale by technology investment • Lower share in exports, since some of the verticals like food and beverages have a lower shelf life • The goodwill of the FMCG company is harmed by the production of counterfeit products
Opportunities	Threats
<ul style="list-style-type: none"> • Rising levels of income which increases the purchasing power of the people, which are a driving force for higher revenues • Huge remote markets in the rural areas of India which are untapped by the FMCG brands • Possibility of earning revenues from exports in certain verticals of the FMCG companies • Higher spending on consumer goods • Changing lifestyles and preference towards health and nutrition as well as ready to eat foods • Increased usage of social media and video sharing websites 	<ul style="list-style-type: none"> • Tax regimes and regulatory framework of the government towards FMCG companies • Increasing cost of raw materials and ingredients used in the manufacturing of the FMCG products • Presence of international brands eating away the share of the domestic companies

which increase the potential of advertising the products	
--	--

Table 1: SWOT Analysis of FMCG Sector in India Source: Prepared by researcher

3.2.5 PESTELE Analysis

The PESTELE is a common acronym used in the marketing world which is used to summarize, in what light to view the broader forces, the macro environment which shapes and structures an organisation (Story, 2020). The macro environment in which the FMCG sector of India operates can be studied under the broader facets of the PESTELE analysis which shape a business. The figure below represents, how the forces of the macro and the micro environments operate with each other in the context of an organisation.

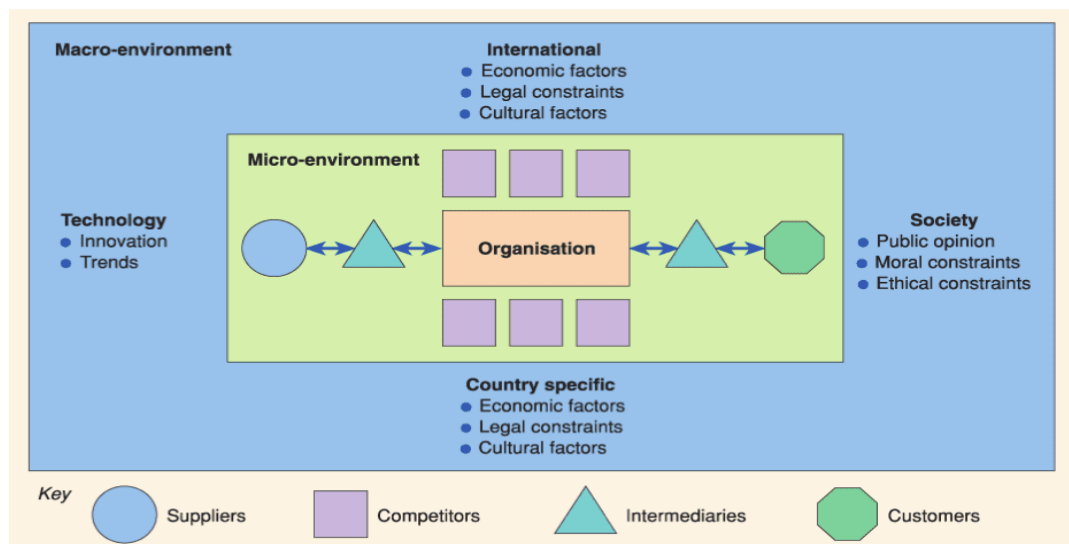


Figure 5: The External Environment Source: Story, J., 2020. *Using The PESTLE Analysis Model For Your Brand | Smart Insights*. [online] Smart Insights. Available at: <https://www.smartinsights.com/marketing-planning/marketing-models/pestle-analysis-model>

The PESTELE analysis has a good value, however only if it is done at a deeper level and subsequently acted on the information. The external environment is a combination of the micro and the macro environment framework within which it operates.

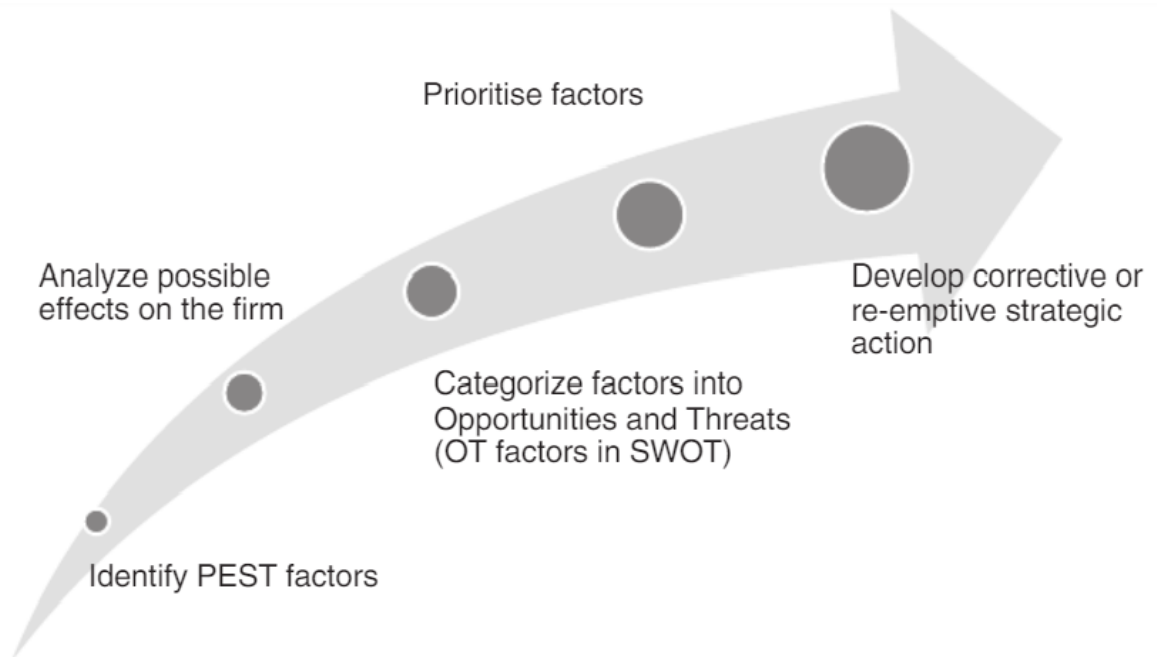


Figure 6: Process and Stages of PESTELE Analysis Source: Sammut-Bonnici, T. And Galea, D., 2015. PEST analysis. *Wiley Encyclopedia of Management*, [online] 12, pp.1-1. Available at:

https://www.researchgate.net/publication/257303449_PEST_analysis#pf6

The process of exploring an FMCG firm’s external macro environment commences with the identification of current and future PESTELE factors. The next step is to analyse the possible effect of each of the PESTELE factors on a firm’s competitive position. This is followed by the identification of opportunities and threats presented from the external environment. The factors are prioritized and then action is taken towards developing corrective or re-emptive marketing strategies. At this juncture, it is worthwhile to note that each of these PESTELE factors overlap with each other. The overlap is however, crucial to managers so that they do not miss anything which is important towards drafting their marketing strategy (Lewin and Hirai, 2020).

Each of the factors are analysed in detail here:

a. Political Factors

India is politically obsessed. Every day there is at least one news item that leads to the cycle of name calling, finger pointing as well as outrage. This politically charged climate has an impact on the marketers of the FMCG industry in India. Corporations have been known to take up political as well as public positions.

Common people believe that huge companies should take stances on issues as well as take actions to address the important issues facing the society.

Political activism and the decision to embrace a cause or take a political stance has a significant influence on market perception and brand performance. It is very natural for brands to take a stance on political fronts that relate to its value proposition. The country's political views have the capacity and the influence to alter products, ads and even the overall brand perception of a FMCG company. There are many examples from the recent past which showcase the fact that the public can make or break the marketing campaigns of the FMCG companies and that the companies need to give enough weightage to these issues to determine its marketing strategies. One of the most prominent messages by the FMCG company AMUL related to political issues which has been admired by the public, is its take on the surgical strike of India in 2016. The print ad highlighted the victorious efforts of the Indian army and air force, by highlighting the word 'URI' to denote the worst ever attempt on the armed forces of India by the terrorists of Pakistan (Furtado, 2016). The figure below shows the picture of the advertisement of AMUL which had garnered a lot of attention and admiration from the public.

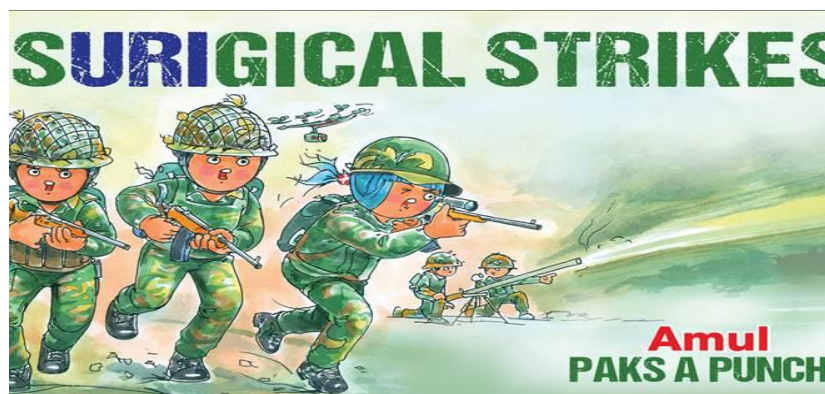


Figure 7: Advertisement of AMUL Showing the Impact of Political Factors on Marketing

Source: Furtado, C., 2016. *Why Brands Choose To Ride On Topicality At The Risk Of Facing Criticism*. [online] Zee Business. Available at:

<https://www.zeebiz.com/companies/news-why-brands-choose-to-ride-on-topicality-at-the-risk-of-facing-criticism-6907>

On the other hand, there are advertisements that have seen a backlash as well on the use of politics for their marketing strategies. Havell's an FMCG brand created an advertisement about 'anti-reservation' during the Jat agitation in India which showcased people burning books (Furtado, 2016). This advertisement received a lot of criticism on social media which forced the company to pull off the communication from the public space.

The political factors which need to be taken care of in the Indian FMCG space:

Political stability	Government interventions	Taxation policies
Subsidies	Trading policies	Labour laws
Policy framework	Infrastructure issues	Demonetization
Article 370	Lockdown due to COVID 19	Surgical strike

Table 2: Political Factors Affecting the Marketing Strategy of FMCG Sector in India

Source: Prepared by researcher

b. Economic Factors

One of the most important context of the business and trade is the economic scenario of the country. The economy of the country needs to be favourable, steady and progressing for the firms to be able to promote their products and brands to the consumers. Inflation rates have a demand and supply effect on the company, it has a direct effect on the purchasing power of the consumers and it also affects the cost of raw materials which in turn affects the price of the products (Contributor, 2016). Similarly there can be a positive or a negative effect of the other economic factors on the marketing strategies of the FMCG companies in India. For example, demonetization of the Indian currency in 2016, left a liquidity crunch in the rural and the semi urban markets which affected the FMCG sales by a 20 to 40% drop.

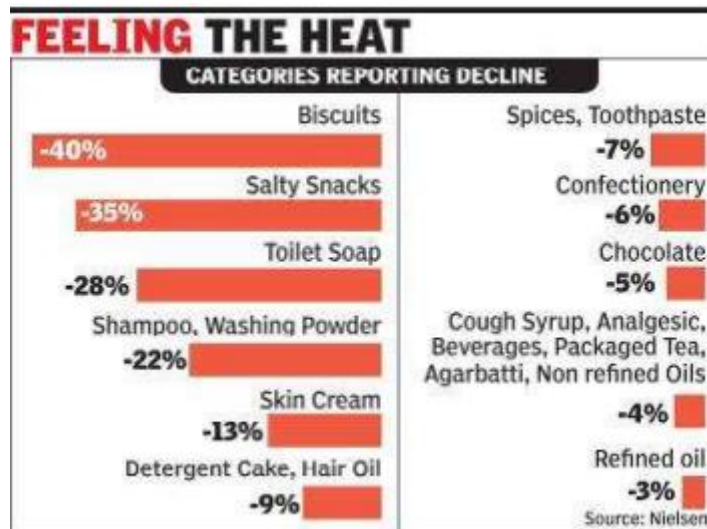


Figure 8: FMCG Categories Reporting Decline in Sales During Q3 and Q4, 2016 Following Demonetisation Source: Kaur, H. and Kaur, R., 2017. IMPACT OF DEMONETIZATION ON FMCG SECTOR. *International Journal of Marketing & Financial Management*, [online] 5(3), pp.27-32. Available at: <http://doi.org/10.5281/zenodo.581797>

Apart from a drop in the sales, the companies also scaled back their promotions including advertising and sales promotions efforts which led to a decline in the sales volumes (Kaur and Kaur, 2017). Distribution networks also suffered and therefore, there were a shortage of FMCG products in the rural and remote markets as well (Kelkar, 2016). The economic factors which impact the marketing strategy of the FMCG companies in India are briefly mentioned below:

Inflation	Employment Rate	Taxation
Interest Rates	Economic Growth	Foreign Exchange Rates

Table 3: Economic Factors Affecting the Marketing Strategy of FMCG Sector in India Source: Prepared by researcher

The FMCG companies in India like Hindustan Unilever and Procter and Gamble had a fierce competition with pricing battles in the detergent soaps category a few years ago which could benefot neither of them (Arora, 2017). An excess of supply in the raw materials needed for processed foods in the FMCG space, has led to a decrease in the prices of the agricultural raw materials. This in turn has trasnlated into better economics for the FMCG sector.The GST (Goods and Services Taxes)

which was implemented in India under the objective of just one tax structure across the nation in 2017 has been a boon for the FMCG industry. The obvious advantage is the lower tax rate of 0-5% for the food inoout products as wells as the preferential treatment for products of daily use. (Arora, 2017). One of the other advantage which is more structural in nature as the design of the company’s logistics, warehousing and distribution infrastructure depend on the state taxes. With the GST implementation, the distribution network of the FMCG companies will be in sync with business goals rather than regulatory goals (Arora, 2017).

c. Social Factors

The social factors are a cohesive force which shape the country. The social factors need to be constantly monitored for new patterns and changes which affect how the FMCG brands market their products to the consumers so as to drive maximum sales. The culture of a region also impacts how the brnads draft their communication messages. The tastes and preferences of the society are continually changing, which needs to be kept in mind while drafting the messages of marketing. Another social trend which has been noticed is the increased usage of social media usage. Brands should take notice of this new trend and make the most communications and engagement with the consumers on this platform. The bunch of factors which affect the marketing stategy of the FMCG factors are as follows:

Buying Habits	Lifestyle	Education Level
Religion & Beliefs	Health Awareness	Gender Distribution
Disposable Income Level	Family Size & Structure	Savings and Investment Attitudes
Social Classes	Popultion Growth Rate	Minorities

Table 4: Social Factors Affecting the Marketing Strategy of FMCG Sector in India Source: Prepared by researcher

The opinions, ideas and the attitudes of the people are shaped by family, friends, neighbours and colleagues. There are a lot of examples which point out the effect of the social factors on the marketing of the FMCG products and how well it is received by the consumers. Brands have the power to engage the consumers and they are viewed by the consumers as social change agents. Lifebouy had an enormous campaign to reduce child mortality in the third world countries with their

Help a Child Reach 5 advertisement (Edelman, 2018). On the other hand, Surf Excel a popular detergent brand is aiding the children as well as parent view failures as learning opportunities. Pepsico India has helped reduce the stress of exams among the teen aged students (Edelman, 2018). As an example, a popular FMCG brand in India presented the ketchup as an accompaniment to the meals, while disparaging homecooked food (Best Media Info Bureau, 2020). One of the other FMCG brands in the cosmetic and personal care category was found to be making discriminatory advertisements for fairness improvement products (Best Media Info Bureau, 2020). There is also evidence to suggest that one of the FMCG brands had misled the customers by promoting a soap as recommended by a doctor and reducing the risk of skin problems by 95% (Best Media Info Bureau, 2020). The FMCG brand was asked to withdraw the advertisement as it was not well received by the consumers.

d. Technological Factors

The technological parameters which are associated with its existence, availability as well as the development are important factors in determining the structure of the marketing strategies of the firms. In current times, technology is a huge dictator of the way business is carried out and has proliferated almost every aspect of human life and in making our lives convenient and better (Bush, 2016). Technology transforms the operations of the business as well as impacts the way messages are communicated to the audience. The digital technology is a great enabler in the FMCG space, touching almost all the Ps of the marketing mix (Miraj, 2019). It is quite significant to note that as the technology is very fast changing in nature, any advantage which is derived from its use in the FMCG space is quite short lived (Sammut-Bonnici and Galea, 2015). Therefore there needs to be continuous innovation and adaptation in the market to stretch the full potential of the available technology. Some of the important technological factors which affect the marketing strategy of the FMCG companies are mentioned as follows:

Internet Technology	Dimension Technology	Digital Marketing
Automation	Augmented Reality	Artificial Intelligence
Innovations in Mechanical, Electronic, Product Design	Data Analytics	Effect on Product Design, Production, Distribution,

& Pricing Actions		Pricing & Consumption
------------------------------	--	----------------------------------

Table 5: Technological Factors Affecting the Marketing Strategy of FMCG Sector in India

Source: Prepared by researcher

One of the interesting things to notice, is that the proliferation of the internet has reduced the need of intermediaries, which is known as disintermediation (Sammut-Bonnici and Galea, 2015). On the other hand, technology has also given birth to the establishment of new intermediaries like e-commerce channels, which is known as re-intermediation (Sammut-Bonnici and Galea, 2015). The e-commerce channels, greatest advantage is the possibility of integration which they allow within social media, which opens the doors for new channels of marketing for the FMCG companies. The new advances in technology can be exploited to the fullest through the through a variety of factors like cost effective production, improved customer accessibility, better branding, product quality and increased levels of business intelligence (Sammut-Bonnici and Galea, 2015). The advent of artificial intelligence and machine learning have given a lot of impetus in the FMCG manufacturing space along with digitization and automation (Miraj, 2019). It is therefore extremely crucial for the FMCG companies to be vigilant about the dynamic nature of technology and use it to the fullest potential.

e. Environmental Factors

In the context of the PESTELE analysis, the environmental factors are sometimes referred to as ecological factors to rule out confusion. The ecological factors consist of a gamut of factors which relate to the physical environment of the earth itself. On first thoughts, it may seem that the environmental factors play an insignificant role on the marketing strategy of the FMCG products, but to the contrary, they affect many different facets of the business, apart from marketing (Bush, 2016). The ecological factors directly relate to the natural environment including pollutions of all kinds like air, water, noise and land. However, all the business efforts are currently related to the protection of the environment. In the light of such a scenario, there are certain restrictions on the use of natural resources, their disposal, pollution control measures, production processes and the quality of the products (Jaideep, 2020). Therefore, the combination of these factors affect the production, distribution, promotion as well as disposal of the products in the FMCG sector.

Some of the most important ecological factors which affect the FMCG companies in general are listed as under:

Climate	Weather	Pollution
Availability of Energy Sources	Availability of Renewable Resources	Environment Related Laws
Pollution	Global Warming	Natural Resources

Table 6: Environmental Factors Affecting the Marketing Strategy of FMCG Sector in India

Source: Prepared by researcher

The world is moving towards green marketing due to the increased awareness of the public toward the harm the humans have caused to the environment with the use of non-biodegradable products like plastic. The consumers have also become conscious about their responsibility to protect and conserve the planet as well as use products that leave a lesser imprint on the environment (Gunasekaran and Ramesh, 2018). In the FMCG space in particular the eyeballs are rolling over the issues like waste and packing (Cutler, 2018). The companies are also stepping up to reduce the amount of plastic used in their operations. A Nielson survey reported that (Cutler, 2018):

1. 81% of the consumers strongly felt that companies should contribute to help improve the environment. Majority of the respondents were from emerging markets
2. 73% of the consumers mentioned that they would change their consumption patterns to reduce the impact of the environment.
3. 49% of the people mentioned that they would be willing to shell out more money for higher quality and safety standards
4. 46% of the people surveyed would also be willing to forgo a brand in order to opt for environment friendly products

The consumers of FMCG products, try and avoid the use of the plastic bags in order to save the planet and opt for eco friendly bags when they shop in the super markets. It can safely be said that the consumer has become more aware, the marketer is also promoting green channels and together they have joined hands to heal the planet.

f. Legal Factors

The firms operate within a legal framework of the country. The government of India has set certain guidelines and established a series of legislations to regulate the business operations. These regulations limit unfair practices and attempt to protect the consumer's interests. The set of these legal policies may create opportunities as well as threats to the business. The marketers need to be aware about this regulatory framework so as not to violate the rules while designing the marketing strategy of the firms (Jaideep, 2020). The marketers of the FMCG space need to pay particular attention to the provisions of the law, while working with the various stakeholders. It is ideal for the businesses to operate within the legal jurisdiction of the local, state and national government. There is a good overlap between the political and the legal factors in India and most of the other markets worldwide. In the context of the FMCG sector, the political factors are the big picture factors like tax policies, trade policies, foreign trade policies and the like. On the other hand, the legal factors are more specific in nature and relate to the following topics:

Labour Laws	Discrimination Laws	Anti-trust Laws
Intellectual Property Laws	Consumer Protection	Privacy
Labelling Regulations	Laws Against Counterfeits	Laws Against Grey Market Products

Table 7: Legal Factors Affecting the Marketing Strategy of FMCG Sector in India Source: Prepared by researcher

The FMCG industry in India is characterised by a slew of legal rules and restrictions within which the marketers need to operate. The law prevents marketers from claiming anything in their marketing messages which the product cannot deliver (Kasi, 2015). The prices of the products cannot be artificially hiked by making a product source scare. On the other hand, the marketers cannot downplay the products of their competitors by explicitly naming the products or showing their pictures. One of the most abused is the consumer protection rights when privacy of the consumers in the FMCG space is infringed by gathering personal data and spamming them across each and every channel in order to increase the sales (Kasi, 2015). The legal environment protects the FMCG space from counterfeit products, as well as trademark and copyrights violations which are rampant in the industry (Hurvitz, 2020). The main challenge which the FMCG industry faces is the multiple

jurisdictions which the companies enter at the same time. In this context, each marketing message must be drafted with the utmost care, as they might leave a company exposed to potential lawsuits by some of the competitors (Lazarus, 2020). Therefore it is absolutely essential for the marketers in the FMCG space to be backed by a great legal team who can monitor any public relations statements, which could have a chance of costing the company a lot of money and rise above their PR crisis (Lazarus, 2020).

g. Ethical Factors

Apart from the political, economic, social, technological, environmental and legal factors which affect the marketing strategies of a FMCG companies, they are also entwined in ethical factors which need due consideration. Irrespective of the size of the business, ethics play an important role in the growth of the company, keeping in mind its capacity to influence sales and hence the bottom lines of the FMCG business (Kumar, Taneja, Sharma and Kathuria, 2013). The image of the company is shaped to a larger extent by the business ethica, the company lives by. The list of the ethical factors which play an important role toward the marketing of the FMCG products are mentioned in the below figure:

Corporate Social Responsibility	Duties	Morality
Integrity	Behaviour	Insider Trading
Respect for Social and Religious Sentiments	Managerial Ethics	Transparency in Business and Marketing

Table 8: Ethical Factors Affecting the Marketing Strategy of FMCG Sector in India

Source: Prepared by researcher

There are many ethical concerns which comes to light in the context of the FMCG companies in India. The companies have a moral responsibility of twlling the truth about their products to the consumers without misleading them. On the other hand, the company’s mission, vision and long term goals should be transparent to all the stakeholders of the business. There should not be any negligence on the company’s part to inform the stakeholders about the actual position and the stand of the company. Lastly the FMCG companies should also not engage in any activities which hurt any of the marketing mix elements and cost the company its reputation,

be it things like abusing the marketing and the broadcasting code, harassment in the workplace, insider trading, profits for products that are bad for health, changing native cultures by promoting products and lifestyles which are foreign to them and many more (Jothi Muthu and Pearline, 2019). It is likely to mention that ethics touch all the aspects of the marketing mix variables and the marketers need to be constantly engaged in ethical behaviour so as to win the trust of the brands.

3.3 Marketing Strategy

The marketing strategy of the firm is the overall game plan which is employed to make the product or service reach from the manufacturing facility to the hands of the end consumer. There are a lot of components which are involved in the marketing strategy of the firm which include a company's value proposition, consumer behaviour analytics, marketing communications as well as many other elements (Barone, 2020). An effective marketing strategy of a firm is the one which is rooted in its value proposition. A company's marketing asset is usually judged by how well it communicates the core value proposition of the company (Barone, 2020). It is extremely essential to highlight the popularly known marketing mix of a company when there is a discussion about the marketing strategy. The marketing mix consists of 7 elements which was framed in 1960 by E. Jerome McCarthy in one of his books Basic Marketing. A Managerial Approach (Hanlon, 2020). All of these elements of the marketing mix play an important role in devising the marketing strategy of a firm. These factors are mentioned below:

Product: Anything that is sold to the consumers for a profit, including physical goods and services is a product. The product should have the potential to meet as well as exceed the demands of the market and live upto the consumers expectations. Product is the heart of an FMCG company and acts as a need satisfying item to suit the needs of the consumers (Alhawsawi, 2016). There are a wide variety of the products which leads to immense competition in the FMCG market.

Place: The ultimate place which is chosen by the company to make the product or service available to the consumers from plays a great role as it is really important to be at the right spot where the consumers will look for the product. The place enumerates the distribution element of the FMCG company products. The FMCG products are fast moving in nature and therefore it is essentially important to make sure that the shelves of the places in which the products are sold from are always loaded (Alhawsawi, 2016).

Price: The cost which is decided for a product, should encompass the perceived value for the product. The price should neither be too high nor too low so as to erode its value.

Figure 9: The 7Ps of Marketing Source: Hanlon, A., 2020. *How To Use The 7Ps Marketing Mix Strategy Model?*. [online] Smart



Insights. Available at:

<https://www.smartinsights.com/marketing-planning/marketing-models/how-to-use-the-7ps-marketing-mix/>

Pricing is an important element of the FMCG company's product as it has to suit

all the income classes and satisfy the basic need at the same time (Kozami, 2020). The marketing strategy of a company heavily depends on the pricing of the products, so that the company can earn a market share as well as generate profit.

Promotion: Advertising, sales promotions, marketing and other techniques to improve the sales of a business is entitled as promotion. Sending the right message through the right medium at the right time is essential for any business to be successfully registered in the minds of the people. Ideally the communication related to FMCG products needs to be oriented towards making the awareness about the product as well as profit oriented (Thain and Bradley, 2014). There are a lot of initiatives which the companies have taken

to communicate the right kind of message which the customers want to see when it comes to the FMCG products marketing.

Physical Evidence: The assurance to the consumers that the company is really existent is known as physical evidence. There are usually two kinds of evidences, one that the sale transaction took place and the confirmation of the brand.

People: The human asset which make the company and are the face of the company play an important role in carrying forward the legacy of the brand. The right kind of people at the right place is necessary for efficient operations.

Processes: The entire set of actions which are involved in making the product reach the end consumer. The processes consist of elements like assessing the sales funnel, distribution procedures, managing customer relationships as well as payment methods.

The marketing mix elements comprising the 7Ps are an important part of the FMCG company's value delivery equation. The FMCG sector is adorned with high advertising, high price, good image of distribution places, and high brand equity (Bhosale, 2020). Corporate branding as well as awareness about the products are the main two factors which are necessary in the right implementation of the marketing strategy.

3.4 FMCG Sector

The Fast Moving Consumer Goods sector consists of a range of products which are sold at lower costs and consumed really quickly. Their demand is ever increasing and almost the similar categories of the goods are consumed by the households on a monthly basis. The FMCG market is divided on the basis of products, distribution and regions.

There are three main divisions of the FMCG sector in India on the basis of products which are depicted in the figure below:

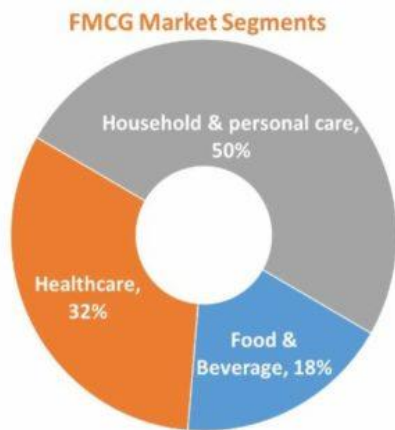


Figure 10: FMCG Market Segment in India Source: Sannam, S., 2020. *FMCG Sector In India | Market Opportunities & Investments | Sannam S4*. [Online] Sannam S4. Available at: <https://sannams4.com/fmcg-market-opportunities-investments-india-2/>

As is evident from this chart, the household and personal care sector comprises of almost half of the FMCG sector at 50%. The healthcare sector consists of 32% and food and beverage sector consists of 18%.

The FMCG market based on distribution is categorised into several formats like super markets, hyper markets, grocery stores, speciality stores, e-commerce platforms and small retailers in local communities.

Based on regions the market can be described as local, national and international for the FMCG products in India. There are a lot of FMCG brands which dominate the Indian market in the recent times. However, some of the best ones are shown in the picture below:

BEST FMCG COMPANIES



Figure 11: Best FMCG Brands of India for 2020 Source: Almeida, A., 2020. *5 Top FMCG Companies In India In 2020 - Best FMCG Shares*. [online] Trade Brains. Available at: <https://tradebrains.in/best-fmcg-companies-india/>

The chief characteristics of the FMCG sector of India is as follows:

1. Fourth largest sector in India (India Brand Equity Foundation, FMCG Industry in India, 2019).
2. Initially the growth of the FMCG sector was pegged at about 27.8% in 2020. However, the year 2020 has had adverse effects of the COVID 19 pandemic and changed the entire ball game. The growth forecast for this booming sector has been slashed down to 5-6% amidst the unprecedented challenges posed by the virus. The graph below shows the rate of growth of the FMCG sector in India from the first quarter of 2019 to the third quarter of 2020. The reasons for this decline in the growth rate can be attributed to the following factors:

Reasons for low rate of growth in the FMCG sector of India	
Low GDP of India	Rising inflation
Weak rural demand	Lower household spending

Severe and extended lockdowns	Restrictions on manufacturing units
Store closures	Social distancing rules
Global pandemic	

Table 9: Reasons for the Low Rate of Growth of the FMCG Sector in India Source: Prepared by researcher

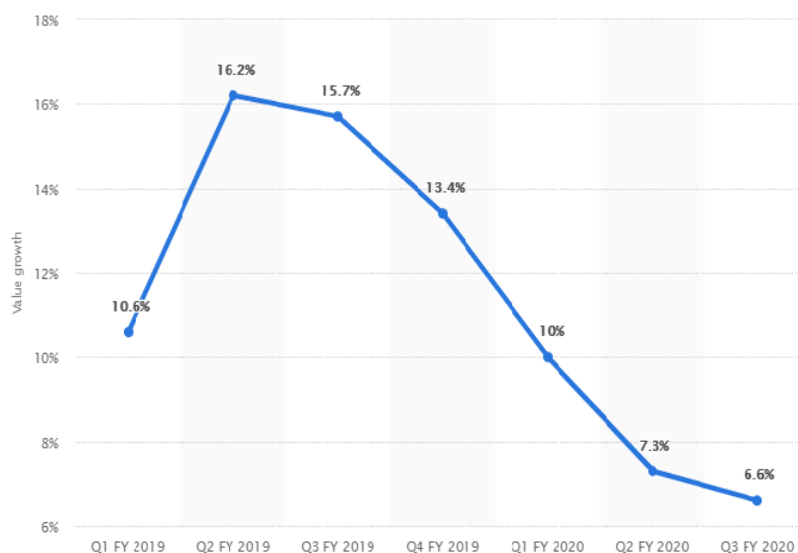


Figure 12: Value Growth of the FMCG Sector in India from Q1 2019 to Q3 2020 Source: Keelery, S., 2020. *India - Growth Of FMCG Sector 2020* / Statista. [online] Statista. Available at: <https://www.statista.com/statistics/1112823/india-growth-of-fmcg-sector/>

3. The FMCG market of the world is expected to value about \$15,361.5 billion by 2025, with a CAGR of 5.4% from 2018 to 2025 (Allied Market Research, 2019).
4. The FMCG sector in India is very turbulent given the fact that India is a very big and diverse market and both the urban and rural scope of the market have to be satisfied. Over the last few decades the sector has evolved magnanimously trying to reach to the deepest market of India with innovations like single use sachets, products fulfilling the needs of the niche customers as well as product customizations to suit local tastes (Srivastava, 2020).
5. The FMCG market is viewed differently from a manufacturer's perspective and an end users perspectives. Some of the ways in which these two different segments view the FMCG sector are mentioned below:

Manufacturer's View of FMCG Sector	End Users' View of FMCG Sector
High volumes of production	Low priced products
Vast and extensive distribution network	Fast consumption of the products
Convenient and lucrative packaging	Regular and frequent purchases
High turnover of inventory	Limited shelf life of some products
Low contribution margins	Extensive marketing
	Vast choice of products from different brands
	Intense competition
	Similar products at various price points to suit different pockets
	Less effort to sell the product due to intensive exposure

Table 10: Characteristics of FMCG Sector from Viewpoint of Different Stakeholders

Source: Prepared by researcher

6. The FMCG industry of India is a massive generator for employment opportunities in urban as well as rural India. It employs about 15 to 20% of the total workforce in India (Roy, 2020).

3.4.1 Trends in the FMCG Industry of India

The FMCG sector of India is characterized with a lot of products to suit the changing needs of the consumer. There is no doubt about the fact that the consumer is still the king of the FMCG market. A lot of new patterns have been observed recently about the way the consumers interact with the FMCG market. Some of the most recent trends which are evident are as follows (Consumer-Centric FMCG Trends 2019 - The Supply Chain Consulting Group, 2020):

1. Looking for products which give the consumers convenience
2. Environmental concerns when using the products
3. Health concerns when consuming the products
4. Streamlined shopping experience
5. Responsive customer service more preferably 24/7

6. Engaging with the consumers through social media influencers
7. Products recommendations from friends and family
8. Product reviews and ratings
9. Use of predictive analysis and business intelligence tools
10. Customized approach to innovative products
11. Organic and local products
12. Online marketing

3.5 Effect of PESTELE Factors on Marketing Strategy of FMCG Sector

FMCG companies use social movements to make political statements in their marketing campaigns to lure customers to sell their products. The brands have become an essential component to express a company's value proposition as well as commitments. Brand is not chosen for its quality alone, it is usually seen as an extension of an avenue to navigate change and make the public feel like they can make a difference (Kambhampaty, 2017). There is a lack of trust in the government, media as well as non-profit. Therefore, the public look forward to brands and companies taking social, political, economic, technological as well as legal stand on the issues that matter the most to them.

Edelman's Earned Brand Study conducted in 2017 revealed the following results (Kambhampaty, 2017):

1. The affiliation which the consumers experience with the FMCG brands is so strong about 57% of the consumers will buy or boycott a brand's products be it soap or biscuits, due to its position on an issue.
2. About half of the consumers across the globe are belief driven buyers, meaning they will not buy a brand's product, when the brand chooses to stay silent on the issues which the consumers feel the brand has an obligation to address.
3. Companies that refuse to take a stand on issues concerning the general public risk themselves to be in the 'No Brand's Land'.

In the current scenario, taking a stand on issues which concern the society as a whole, is crucial for brands and FMCG brands in particular. In the FMCG outlook, be it buying snacks or soap, the consumers weigh the brand's principles as much as they weigh its products. In the wake of the current scenario across the globe, when

media is the least trusted institution, and the government is debouched in self-interest and is viewed as incapable of solving the issues plaguing the general public, the only hope for the people is brands, which can make a difference. Brands have slowly and gradually transitioned into being the advocates for a better society from their original business pursuits (Edelman, 2018). The equation between the company and the consumer has changed, the purchase is not premised on its price or features, rather it is hinged on a brand's willingness to stick to its values, operate with purpose and when necessary actively pursue issues that matter the most to the public.

The perception of the consumers, that the brands are an efficient force for change, make almost more than 50% of the public to believe that brands have the power to solve the social evils of the society. This attitude has proliferated to the marketing strategies of the companies as well. In the FMCG space, a brand's stand on political, economic, social, technological, environmental, ethical and legal issues fuels a purchase intention as much as the promotion of the product features does (Edelman, 2018)

Edelman Earned Brand Survey of 2018 identified some really interesting pointers which make or break a brand (Edelman, 2018):

1. 64% of the consumers of brands of FMCG products, identified themselves as Belief-Driven Buyers, mentioning that they will choose, switch, avoid or boycott a brand based on where it stands on the issues that matter to the people.
2. The Belief-Driven Buyers comprised of a majority of consumers across all the markets, age and income levels as depicted in the figure below:

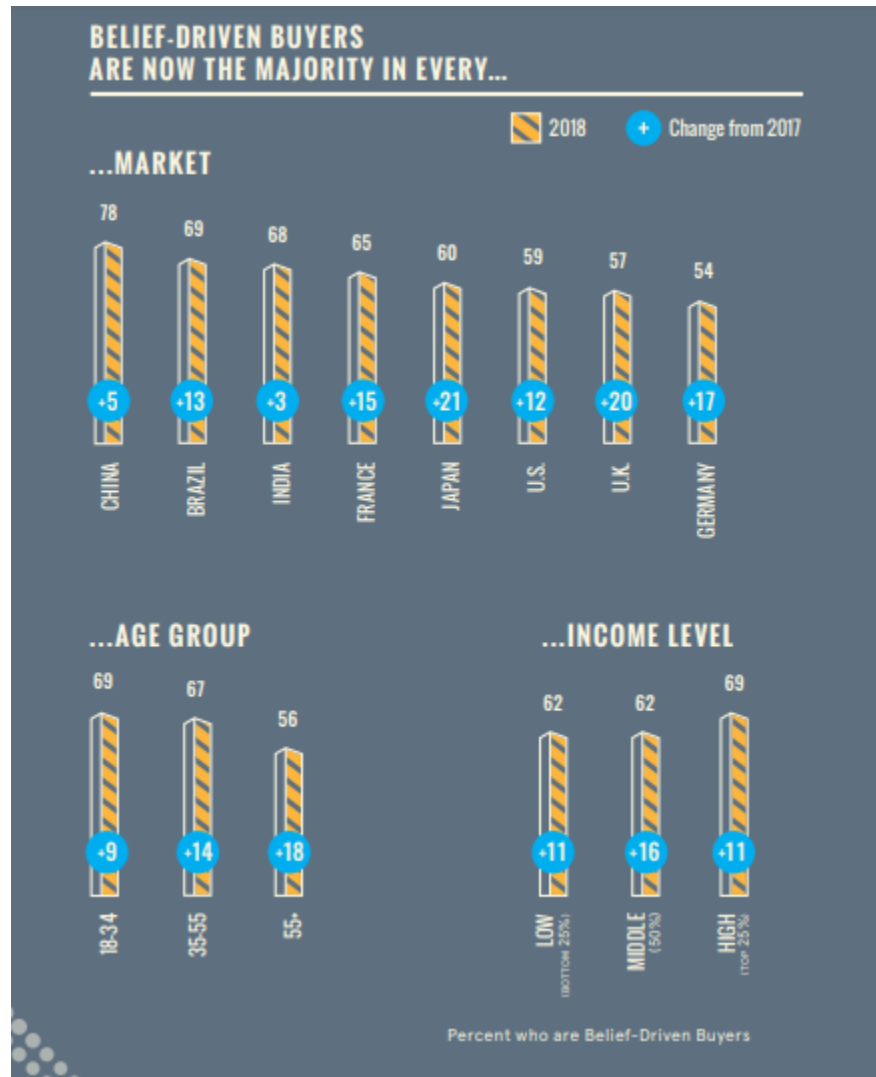


Figure 13: Percentage of Belief-Driven Buyers Source: Edelman, R., 2018. *Edelman - Earned Brand*. [online] Edelman.com. Available at: https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018_Edelman_Earned_Brand_Executive_Summary_Brochure.pdf

- The belief of the people in the brand's power to be a force for social good, present the marketers with an opportunity as well as an obligation to help the consumers live their best lives.

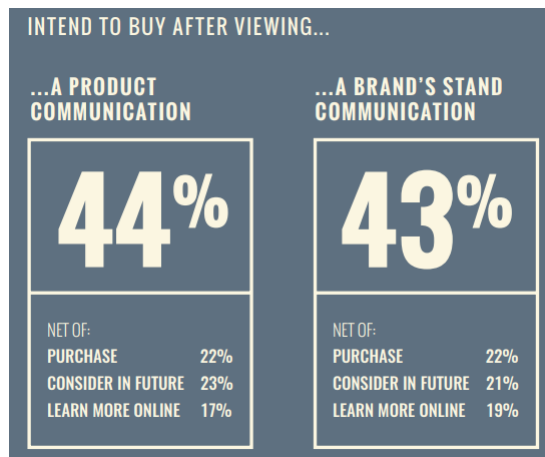
% of People	Beliefs
46%	Brands have better ideas for solving our country's problems than the government
53%	Brands can do more to solve social ills than the government
54%	It is easier for the people to get brands to address problems than to get the government to take action

Table 11: People’s Perception of Brands as a Force for Change Source: Edelman, R., 2018. *Edelman - Earned Brand*. [online] Edelman.com. Available at:

https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018_Edelman_Earned_Brand_Executive_Summary_Brochure.pdf

- Value led communication messaging from the FMCG brands is more popular these days as opposed to messages focussing on products and innovations from the brands.

Figure 14: Intention of Purchase after Viewing a Product Communication and a Brand’s Stand Communication Source: Edelman, R., 2018. *Edelman - Earned Brand*. [online]

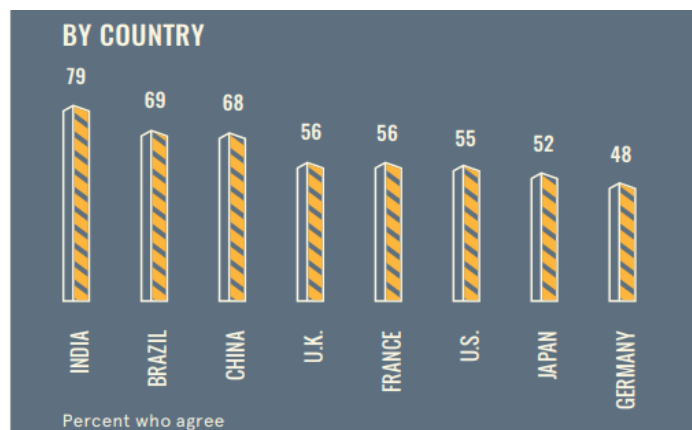


Edelman.com. Available at:

https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018_Edelman_Earned_Brand_Executive_Summary_Brochure.pdf

- The stand that a brand takes on the important and pressing issues of the society matter a lot to the consumers when they make a purchase. In India about 79% of the people agree that the stand of the branding on important factors affecting the environment, matter when making a purchase as shown in the figure below:

Figure Matters Source: *Earned*



15: Brand’s Stand at the Point of Sale

Edelman, R., 2018. *Edelman - Brand*. [online] Edelman.com. Available at:

https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018_Edelman_Earned_Brand_Executive_Summary_Brochure.pdf

6. Consumers are more likely to talk about the FMCG brands after looking at a communication which portrays a brand's stand on an issue rather than about product details as shown in the figure below:

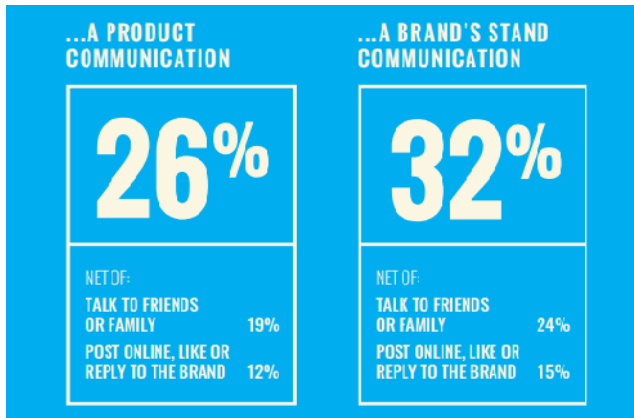


Figure 16: Intention to Talk about the Brand Source: Edelman, R., 2018. *Edelman - Earned Brand*. [online] Edelman.com. Available at: https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018_Edelman_Earned_Brand_Executive_Summary_Brochure.pdf

7. A brand's barcode should also reflect its moral code. When a brand engages on issues which are pertaining to the larger good of the society, the consumer is engaged more with the FMCG brand. A brand can take a stand on any of the issues which are in alignment with its purpose, culture and activism.
8. The way a consumer notices a communication is highly important when it comes to messages sent by the marketers of the FMCG companies. It has been noticed that 16% of the consumers noticed a communication from a brand when it interrupted their attention. On the other hand 84% of consumers noticed the communication when it engaged their attention. Out of the people who noticed a communication, while being engaged, the channels through which the attention was captured is as follows:

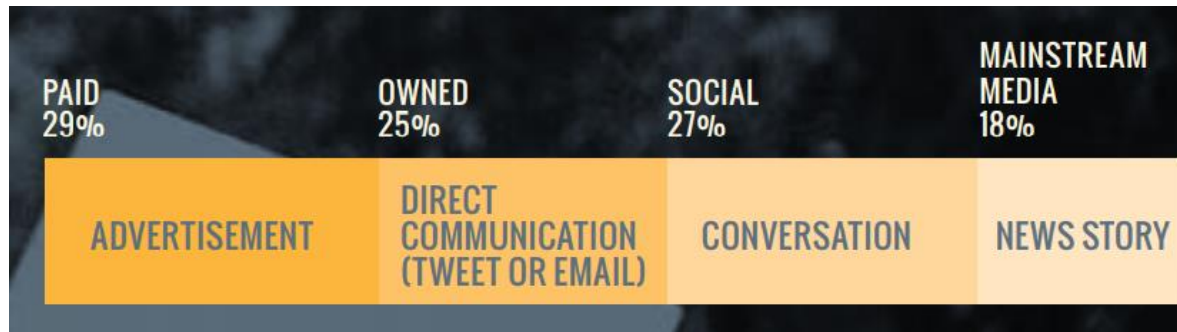


Figure 17: Mode of Engaging Consumers Source: Edelman, R., 2018. *Edelman - Earned Brand*. [online] Edelman.com. Available at: https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018_Edelman_Earned_Brand_Executive_Summary_Brochure.pdf

- The person by whom the brand message is communicated also matters the most to drive brand advocacy. Actors or celebrities fared low while real customers or people fared the highest on the index as seen in the figure below:

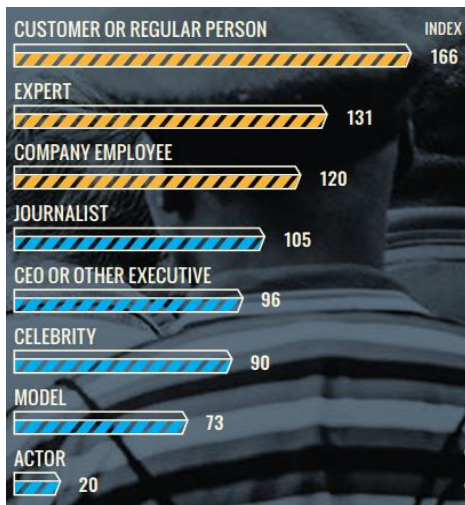


Figure 18: People Who Matter the Most for Brand Advocacy Source: Figure: Mode of Engaging Consumers Source: Edelman, R., 2018. *Edelman - Earned Brand*. [online] Edelman.com. Available at: https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018_Edelman_Earned_Brand_Executive_Summary_Brochure.pdf

- There are many truths about the FMCG brands taking a stand on political, economic, social, technological, environmental, legal and ethical issues as shown in the figure below:

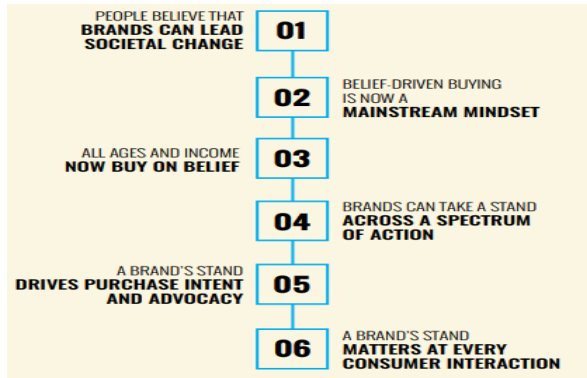


Figure 19: Truth about FMCG Brands

Source: Figure: People who matter the

most for brand advocacy Source: Figure:

Mode of Engaging Consumers Source:

Edelman, R., 2018. *Edelman - Earned*

Brand. [online] Edelman.com. Available

at:

<https://www.edelman.com/sites/g/files/aatuss191/files/2018->

[10/2018 Edelman Earned Brand Executive Summary Brochure.pdf](https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018_Edelman_Earned_Brand_Executive_Summary_Brochure.pdf)

4. Analysis

The practical part of the thesis focussed on research from the primary source of data collection. To address the objective of finding out the effect of the external environment on the marketing strategy of the FMCG sector in India, the researcher obtained the data using a thoughtfully drafted questionnaire. The data was quantitative as well as qualitative in nature. After the survey responses were collected, the data was populated in Microsoft Excel as well as the SPSS software for analysis. The data was coded so as to use statistical tools for constructing models that generate meaningful results. The research has made extensive use of graphs, pivot tables, hypothesis testing, as well as variance testing of the primary data to get conclusive results.

4.1 Data Collection Tool

The most common data collection tool takes the form of a survey or a questionnaire. The survey is a traditional method of collecting opinions as well as information from a sample of people, which are reflective of the inferences from a larger population. The mode of conducting the survey can take many forms like face to face, self-administered, through telephones, and many more innovative ways, which are computerized and self-aided. The most popular and effective method of surveys nowadays is the use of online surveys which can be filled through the mobile. This thesis used a questionnaire which was made using Google Forms. The survey had three sections. The first section collected the general details of the survey respondents. The second section focussed on questions, which gauged the lifestyle of the respondents as, connected to the world of marketing. The last section captured the perceptions of the people on the external factors, which affect the way the products are marketed.

4.2 Population and Sampling

The population of this research ideally is all the people of India who consume FMCG products. However, since not all the people can be surveyed, the population is broken down into a sample, which is representative of the population. The sample size was calculated using the following parameters:

Confidence Level	95%
Margin of Error (Confidence Interval)	8%
Population Size:	1300000000
Sample Size	Approximately 150

Table 12: Sample Size Determination Source: Prepared by researcher

The researcher was able to collect responses from 152 people, regarding their opinion on the effect of the external environment on the marketing strategy of the FMCG sector in India. To ensure that the sample was representative of the population, the stratified sampling was used in terms of gender, age, education and occupation. The population was split in these categories and samples were taken from all the sub categories to ensure practical representation. The questionnaire was circulated to people on social media from all the parts to India to represent the thoughts and opinions of all the people in the country.

4.3 Data Collection Procedure

The questionnaire was drafted using Google Forms. This was distributed on social media channels like Facebook, Instagram and WhatsApp. People in Facebook groups and WhatsApp filled majority of the forms. The survey was not conducted with any candidate face to face keeping in mind the social distancing norms in the ongoing COVID 19 pandemic.

4.4 Limitations

A detail oriented survey questionnaire was conducted to gather information about the lifestyle of the people and their perceptions about the factors and parameters, which affect their behaviour, which in turn has a proliferating effect on the way companies, use marketing to influence purchases. The study was conducted fairly; however, no piece of research is always perfect. Since there is human interaction involved in the research, there is bound to be some limitations involved, which are mentioned here:

1. The sample size was determined using the sample size calculator available online, however, the sample size might not be a true representation of the vast population of India.

2. There is no way to find out if the respondent understood the question asked by the researcher in the correct sense. Since there can be misinterpretations of the questions, the answers might not always be a correct reflection of the opinions of the people.
3. There is a possibility of skewed results, since there is no way to judge if the respondents answered all the questions correctly.
4. Every researcher can approach the results of the survey using the varied options of statistical tests in different manner. There is no right or wrong answers. The same data tables can be manipulated to generate different results, so there are chances that if this data set was given to a different researcher, his or her analysis might be the opposite of the first researcher. However, none of them is wrong, since the data variables have been used differently. Since statistics is subjective and based on assumptions; there are many different choices and alternatives to play around with the data.

4.5 Profile Analysis

The Profile section of the survey gathered information about the data on the bases of social and economic factors, like gender, age, education as well as occupation. This type of analysis is known as the demographic analysis. In a world, which is gearing towards big data and artificial intelligence, demographics is a very useful tool for marketers for designing their strategies to generate maximum business (Chappelow, 2019). The data collected under this section was analysed using the Statistical Package for Social Sciences (SPSS) as well as Microsoft Excel. For better understanding of the data, visual graphs have been used along with the tables.

4.5.1 Gender Distribution

The table below shows the frequency distribution of respondent's gender. From the table, it is inferred that most of the respondents were male 79 (53%) while 64 (43%) are females. A small 4.6% preferred not to reveal their gender.

		Frequency	Percent
Valid	Male	79	52.7

	Female	64	42.7
	Prefer not to say	7	4.6
	Total	150	100

Table 13: Frequency Distribution for Respondent’s Gender. Source: Prepared by Researcher

The graphic representation of this table is as under for better understanding.

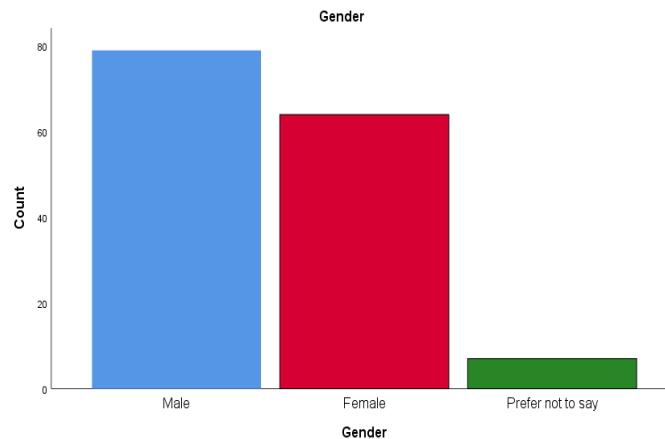


Figure 20: Distribution Based on Gender. Source: Prepared by Researcher

4.5.2 Age Distribution

Age of the respondents is extremely important for the marketers to know what kind of marketing messages would appeal them and how they are influenced when it comes to FMCG products. Below is a tabular representation of the data collected from 150 participants regarding their age.

		Frequency	Percent
Valid	18-35 Years	82	54.7
	36-50 Years	51	34.0
	50-65 Years	12	8.0
	65 Above Years	5	3.3
	Total	150	100.0

Table 14: Frequency Distribution for Respondent’s Age. Source: Prepared by Researcher

The table above represents the frequency distribution of respondent’s ages. From the table, it is deduced that most of the respondents were between 18-35 Years (82) and

(55%) while respondents above 65 years had the lowest frequency (5) and percent (3.3%). The data is presented graphically below for better understanding.

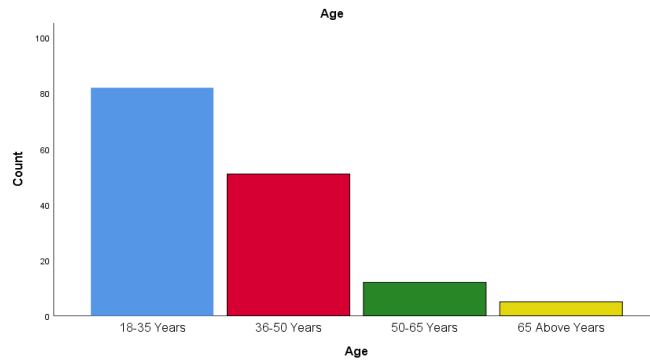


Figure 21: Distribution Based on Age. Source: Prepared by Researcher

4.5.3 Education Distribution

The level of education is an important factor which shapes the beliefs and attitudes of people towards life. The distribution of the respondents regarding their level of education is shown in the table below.

		Frequency	Percent
Valid	Graduate (Bachelors)	52	34.7
	Post Graduate (Masters)	68	45.3
	Secondary (Class 10)	2	1.3
	11th class	2	1.3
	Higher Secondary (Class 12)	20	13.2
	Graduate (Bachelors), Post Graduate (Masters)	1	.7
	Secondary (Class 10), Higher Secondary (Class 12), Graduate (Bachelors), Post Graduate (Masters)	1	.7
	Total	146	97.2
	Missing	System	4
Total		150	100.0

Table 15: Frequency Distribution for Respondent's Education Level. Source: Prepared by Researcher

The table above represents the frequency distribution of respondent's educational level. From the table it can be inferred that most of the respondents are Post Graduate (Masters)

level 68 (45.3%). A visual representation helps to understand the data more accurately. Below is the graph showing the distribution of the level of education.

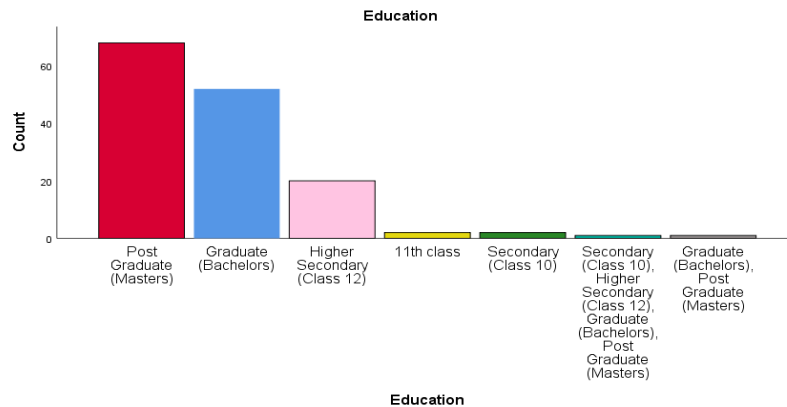


Figure 22: Distribution Based on Education Level. Source: Prepared by Researcher

4.5.4 Occupation Distribution

The occupation of the respondent covers many categories starting from a student and ending at retired. The table below shows, what activities the survey participants are engaged in.

		Frequency	Percent
Valid	Self Employed	13	8.7
	Salaried	42	28.0
	Student	33	22.0
	Home maker	25	16.7
	Student, Salaried	2	1.3
	Business Owner	28	18.7
	Student, Self employed	2	1.3
	Self employed, Business Owner	2	1.3
	Retired	3	2.0
	Total	150	100

Table 16: Frequency Distribution for Respondent’s Occupation. Source: Prepared by Researcher

The table above shows that majority of the respondents are salaried people (42) frequency and (28%). The second highest category is 22% as students followed by 18.7% as business owners. A graphical representation of this data gives a better sense of how the distribution is spread. Below is the graph of the occupation distribution.

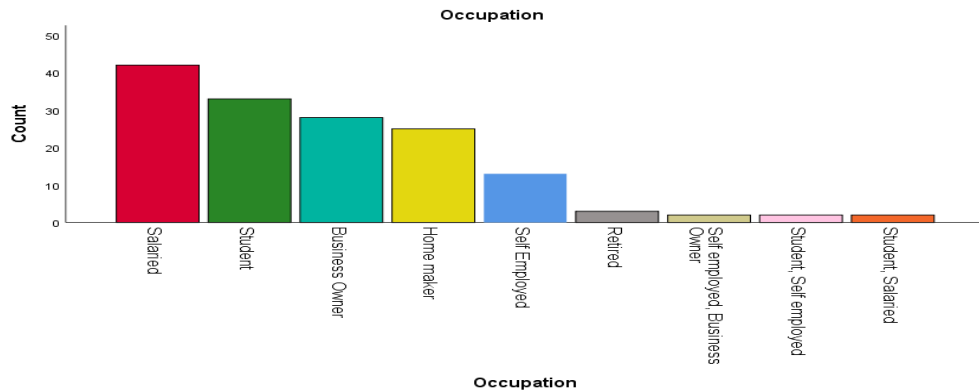


Figure 23: Distribution Based on Occupation Level. Source: Prepared by Researcher.

4.6 Lifestyle Factors Analysis

The questions under this section pertained to the frequency and exposure of the people to marketing communication. In a world, where information flows freely, there are multiple avenues, which can be used as touchpoints to send marketing messages to the people, regarding the FMCG companies and their products. The following sub sections throw some light on the way marketing communication affects an individual's choices.

4.6.1 Media of Marketing Communication

The first question under the lifestyle section was “ which media of marketing communication attracts your attention the most? ” The options ranged from internet, TV, radio, print to bill boards and hoarding. The pie chart below shows the responses of the people.

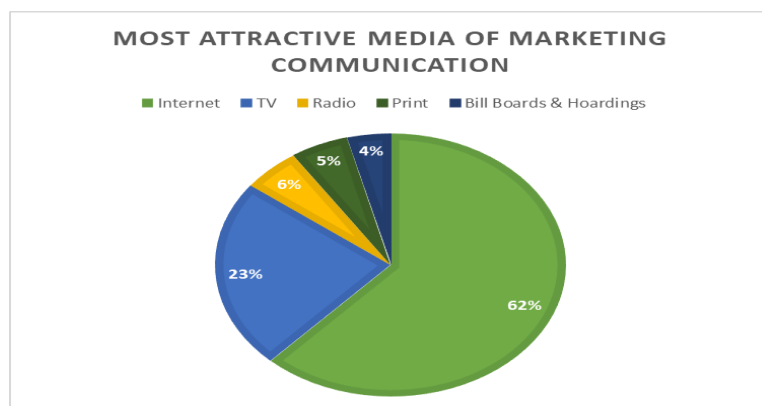


Figure 24: Most Attractive Media of Marketing Communication. Source: Prepared by Researcher

It can be inferred from the above graph, that in the current times, the most effective media of marketing communication is the internet. A whopping 62% of the participants mentioned that the internet attracted their attention then most, followed by TV. Radio and print media share the percentage equally and the last was bill boards and hoardings.

4.6.2 Frequency of Exposure to Marketing Communication from FMCG Brands

The survey participants were asked the question “how often are you exposed to marketing communications from FMCG brands?” The frequencies of exposure ranged from never, daily, 2-3 times a per week to 2-3 times per two weeks. The responses of the participants are summarized below in the pie chart.

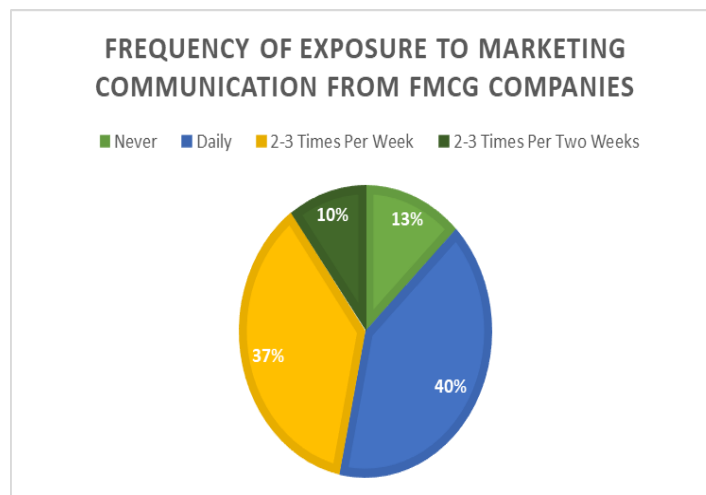


Figure 25: Frequency of Exposure to Marketing Communication from FMCG Companies.

Source: Prepared by Researcher

From the above chart, it is evident that the highest number of people (40%) are exposed to marketing communication from FMCG companies on a daily basis. Only a very small percent of people (10%) mentioned that they were never exposed to the marketing communications.

4.6.3 Influence of Marketing Communication from a FMCG Company

The respondents were asked the question “in what way has marketing communication from an FMCG brand influenced you?” There were four choices, which were better exposure to products in the market, better product recall, aroused interest to buy, and positive

impression about the company. The responses of the survey participants are mentioned below in the pie chart.

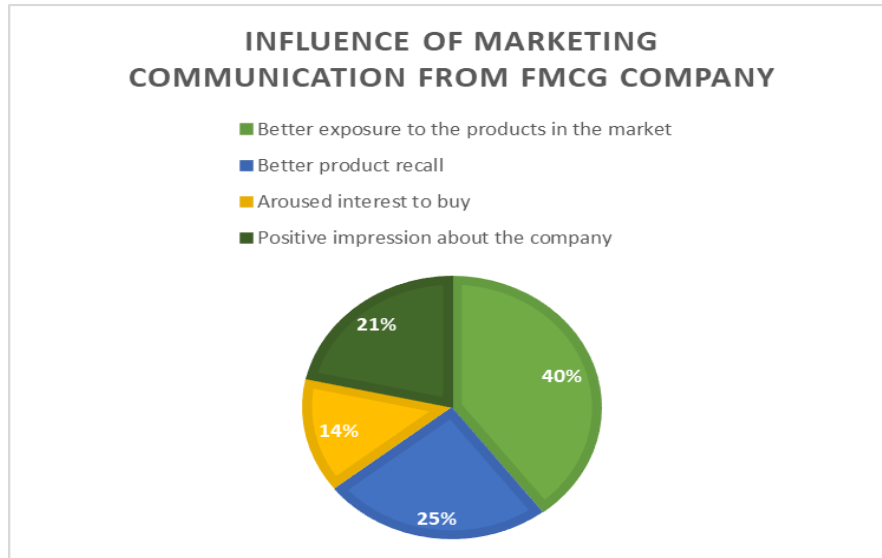


Figure 26: Influence of Marketing Communication from an FMCG Company. Source: Prepared by Researcher

The above pie chart shows that the marketing communication from an FMCG company created a better exposure to the products in the market in the minds of the majority of the people (40%). The marketing communication helped 25% of the people for better product recall. In about 21% of the people, it generated a positive impression about the company and lastly about 14% of the surveyed participants had aroused an interest to buy the products of the FMCG company.

4.6.4 Factors Influencing Purchase Decision of FMCG Products

The respondents of the survey were asked the question “which factor influenced your recent FMCG purchase?” Consumers are affected by many factors, which are internal to their own personality, attitudes and beliefs as well as externally stimulated by the environment. The choices given in the questionnaire are mentioned here for quick reference.

I was impressed by the advertisement of the product

I was curious about what the product was and wanted to try it

I wanted to imitate the celebrities in the advertisement

It was a familiar product brand
I was already planning to buy that product
I was lured by the sales promotion (buy one get one free, coupons, discounts, etc.)

Table 17: Factors Influencing Purchase Decision of FMCG products Source: Prepared by researcher

The pie chart below identifies the main parameters influential for the purchase decision of the consumers.

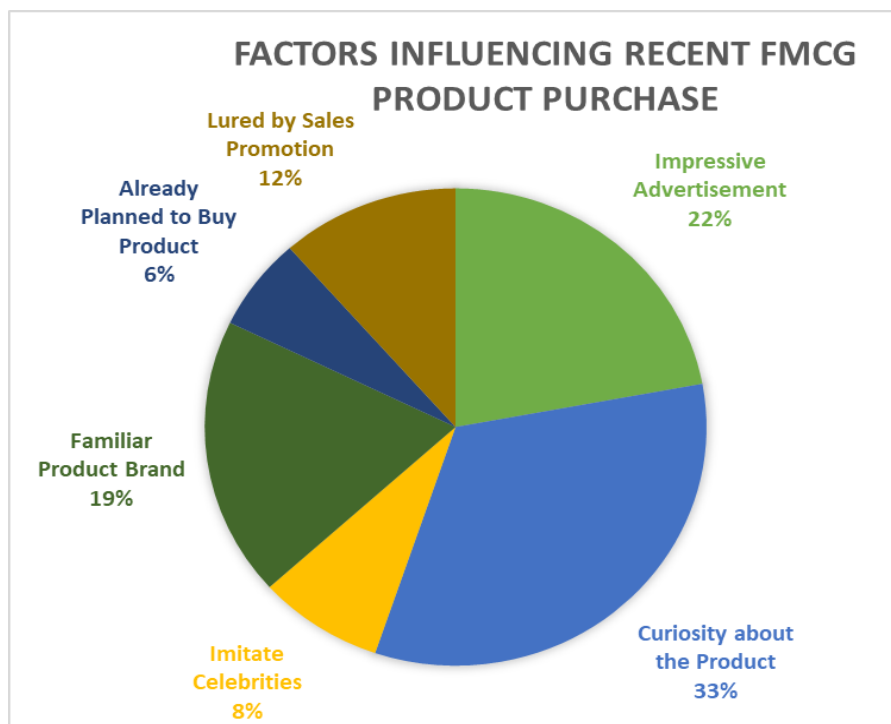


Figure 27: Factors Influencing Recent FMCG Product Purchase. Source: Prepared by Researcher

The pie chart above reveals that the most important factor, which triggered the purchase decision about a FMCG product by the survey participants, was curiosity about the product (33%). Impressive advertisement about the product convinced about 22% of the people surveyed to buy the product. 19% of the participants bought the product since it was a familiar brand and 12% were lured by the ongoing sales promotion on the product in the form of buy 1 get 1 free, or free sample, discount, and other forms of short-term incentives. 6% of the people already had prior plans to purchase the FMCG product and the remaining 8% of the people wanted to imitate the celebrities who endorsed the products.

4.6.5 Influential Aspect of Marketing Communication

The question asked to the survey participants to find out the most influential aspect of marketing communication of the FMCG product was “what aspect of the personality of an FMCG company touches your heart the most?” There were many different topics, which were covered under this question, which are mentioned below:

The company takes a stand on a political issue (ex. demonetization, GST, article 370, surgical strikes, vocal for local, etc.)
The company modifies its marketing plans to suit the state of the economy like reduction in advertising budgets and increase in sales promotion activities
The company is socially active and a part of the community and social belief systems
The company is technologically progressive and keeps pace with the new and upcoming technologies to make lifestyles comfortable
The company cares for the environment and does its bit to conserve the precious resources
The company's messages are within the legal framework of the country and it does not promote miscommunication of facts
The company acts morally and ethically in the way it does business as well as its communications

Table 18: Influential Aspect of Marketing Communication Source: Prepared by researcher

These responses can be dubbed as political, economic, social, technological, environmental, legal, and ethical. The responses are summarized in the pie chart below:

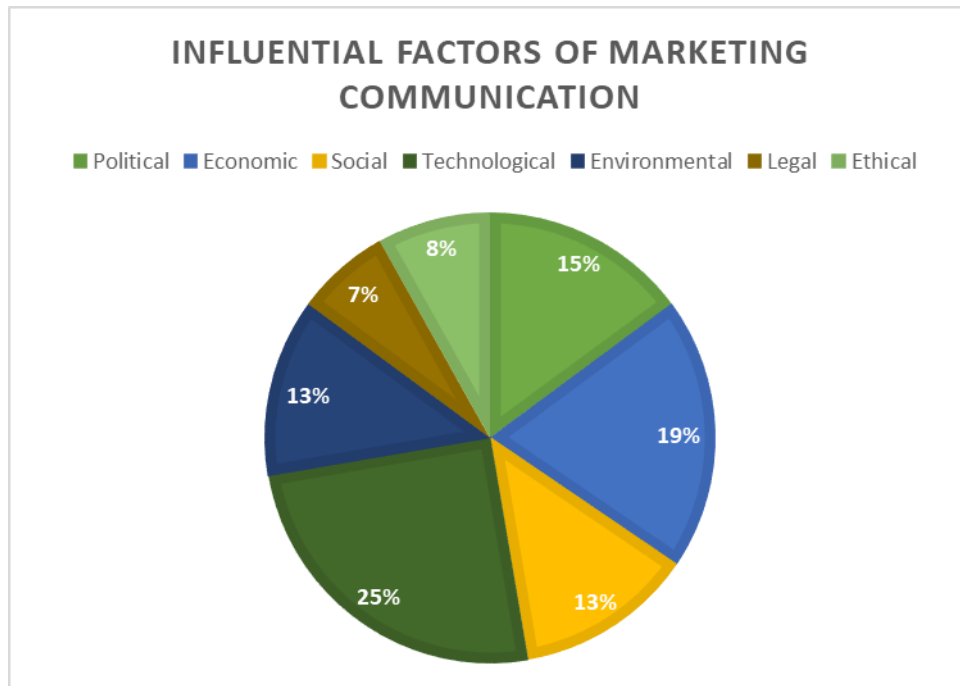


Figure 28: Influential Factors of Marketing Communication of FMCG Company. Source: Prepared by Researcher

The analysis of the above pie chart is quite interesting. Technological factors like keeping pace with the advances in science and technology and developing products to suit the needs of the people and make their lives easier was the most liked by the people (25%). The customers were also concerned about the economic factors, which the company accommodates to suit the changing needs of the economy like decreasing advertising budgets and increasing sales promotions (19%). These were followed by the rest of the factors like the political, environmental, ethical and legal aspects of FMCG companies.

4.7 Perceptions Analysis

The questions under this section relate to the PESTELE framework and how the FMCG companies interact with their consumers in the light of these factors. Each of the seven factors of the PESTELE framework have some two to three questions under them. One of the primary motives of this research was to find out the effect of these factors on the marketing strategy of the FMCG companies in India. Each of the subsections of the PESTELE framework had questions, which had a YES/No response type. Since the distribution was binary, the most logical analysis was the hypothesis test.

Hypothesis testing is a popular means of conducting analysis when there is limited evidence about a phenomenon. In its simplest form, a hypothesis is a wild assumption or a guess of some observed behaviour of the people within a society. Marketers use the hypothesis testing as a means to derive some conclusive viewpoints about how people behave the way they do. Hypothesis, usually are two statements, one is called the null hypothesis which is either rejected or failed to be rejected. If the null hypothesis is rejected by the test, the alternative hypothesis is accepted. If the null hypothesis is failed to reject, there will be insufficient evidence to prove that the factors affect the marketing strategy of the FMCG companies. However, this does not prove that there is no effect of these factors on the marketing strategy of the FMCG firms. In the framework of the PESTELE structure, seven different hypothesis for this research were constructed.

The hypothesis are mentioned as under:

<p>Political Factors H0: The marketing strategy of the FMCG industry in India is not affected by its political factors H1: The marketing strategy of the FMCG industry in India is affected by its political factors</p>
<p>Economic Factors H0: The marketing strategy of the FMCG industry in India is not affected by its economic factors H1: The marketing strategy of the FMCG industry in India is affected by its economic factors</p>
<p>Social Factors H0: The marketing strategy of the FMCG industry in India is not affected by its social factors H1: The marketing strategy of the FMCG industry in India is affected by its social factors</p>
<p>Technological Factors H0: The marketing strategy of the FMCG industry in India is not affected by its technological factors H1: The marketing strategy of the FMCG industry in India is affected by its technological factors</p>
<p>Environmental Factors H0: The marketing strategy of the FMCG industry in India is not affected by its environmental factors H1: The marketing strategy of the FMCG industry in India is affected by its environmental factors</p>
<p>Legal Factors</p>

<p>H0: The marketing strategy of the FMCG industry in India is not affected by its legal factors</p> <p>H1: The marketing strategy of the FMCG industry in India is affected by its legal factors</p>
<p>Ethical Factors</p> <p>H0: The marketing strategy of the FMCG industry in India is not affected by its ethical factors</p> <p>H1: The marketing strategy of the FMCG industry in India is affected by its ethical factors</p>

Table 19: Hypothesis for PESTELE Factors Source: Prepared by researcher

For the purposes of testing the hypothesis, the yes and no answers were coded as 1 and 2 respectively to get a sample size with binary results. The data collected from the respondents was fed in the SPSS software for analysis. After the coding, each of the responses to individual questions pertaining to unique factors of the PESTELE framework were clubbed together and an average was generated. This average column of each separate factor was cross-tabulated against the media of advertisement to know its significant impact on the marketing strategy of the firm.

The medium of marketing is a crucial parameter in not only generating awareness about a product but also informing the public about the sales promotions as well as other deals which are available on the product. The main idea is to spread knowledge regarding the product to the public, so it is extremely important to select the most appropriate medium, which reaches the maximum customers in a cost effective way. Therefore, the medium of advertisement, which the respondents prefer, was cross tabulated against the average data column of each factor under the PESTELE analysis.

The Chi Square statistic was used to perform the test of independence, using the cross tabulation. The Test of Independence examines whether an association exists between the two variables by comparing the observed pattern of the answers in the cells to the pattern that would be expected if the variables were truly independent of each other. After the performance of the chi square test, the following results can be summarized

4.7.1 Hypothesis Test – Political Factors

H0: The marketing strategy of the FMCG industry in India is not affected by its political factors

H1: The marketing strategy of the FMCG industry in India is affected by its political factors

Decision Rule: Reject H0 if p-value is < 0.05

Chi-Square Tests

	Value	Df	Asymptotic Significance (2- sided)
Pearson Chi-Square	8.496 ^a	4	.075
Likelihood Ratio	7.987	4	.092
Linear-by-Linear Association	6.890	1	.009
N of Valid Cases	150		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is 1.04

Table 20: Chi-Square Statistic for Political Factors Source: Prepared by researcher

The significant value (P-value = 0.075) is not < 0.05 , hence H0 is failed to be rejected. It is concluded that there is no statistical evidence to show that there is no significant association between the marketing strategy of the FMCG industry and political factors since the P-value of 0.075 is greater than 0.05 (95% confidence level).

4.7.2 Hypothesis Test – Economic Factors

H0: The marketing strategy of the FMCG industry in India is not affected by its economic factors

H1: The marketing strategy of the FMCG industry in India is affected by its economic factors

Decision Rule: Reject H0 if p-value is < 0.05

Chi-Square Tests

Value	Df	Asymptotic Significance (2- sided)
5.139 ^a	4	.273
5.078	4	.279
1.510	1	.219
149		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 2.46.

Table 21: Chi-Square Statistic for Economic Factors Source: Prepared by researcher

The significant value (P-value = 0.273) is not < 0.05 , hence H0 is failed to be rejected. It is concluded that there is no statistical evidence to show that there is no significant association between the marketing strategy of the FMCG industry and economic factors since the P-value of 0.273 is greater than 0.05 (95% confidence level).

4.7.3 Hypothesis Test – Social Factors

H0: The marketing strategy of the FMCG industry in India is not affected by its social factors

H1: The marketing strategy of the FMCG industry in India is affected by its social factors

Decision Rule: Reject H0 if p-value is < 0.05

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.133 ^a	4	.274
Likelihood Ratio	5.614	4	.230
Linear-by-Linear Association	2.486	1	.115
N of Valid Cases	149		

a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is 1.73.

Table 22: Chi-Square Statistic for Social Factors Source: Prepared by researcher

The significant value (P-value = 0.274) is not < 0.05 , hence H0 is failed to be rejected. It is concluded that there is no statistical evidence to show that there is no significant association between the marketing strategy of the FMCG industry and social factors since the P-value of 0.274 is greater than 0.05 (95% confidence level).

4.7.4 Hypothesis Test – Technological Factors

H0: The marketing strategy of the FMCG industry in India is not affected by its technological factors

H1: The marketing strategy of the FMCG industry in India is affected by its technological factors

Decision Rule: Reject H0 if p-value is < 0.05

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)

Pearson Chi-Square	4.856 ^a	4	.302
Likelihood Ratio	5.774	4	.217
Linear-by-Linear Association	.710	1	.400
N of Valid Cases	150		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is 1.12.

Table 23: Chi-Square Statistic for Technological Factors Source: Prepared by researcher

The significant value (P-value = 0.304) is not < 0.05, hence H₀ is failed to be rejected. It is concluded that there is no statistical evidence to show that there is no significant association between the marketing strategy of the FMCG industry and technological factors since the P-value of 0.304 is greater than 0.05 (95% confidence level).

4.7.5 Hypothesis Test – Environmental Factors

H₀: The marketing strategy of the FMCG industry in India is not affected by its environmental factors

H₁: The marketing strategy of the FMCG industry in India is affected by its environmental factors

Decision Rule: Reject H₀ if p-value is < 0.05

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.775 ^a	4	.019
Likelihood Ratio	12.288	4	.015
Linear-by-Linear Association	2.493	1	.114
N of Valid Cases	149		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 2.94.

Table 24: Chi-Square Statistic for Environmental Factors Source: Prepared by researcher

The significant value (P-value = 0.019) is < 0.05, hence H₀ is rejected. It is concluded that there is strong statistical evidence to show that there is a significant association between the marketing strategy of the FMCG industry and environmental factors since the P-value of 0.019 is less than 0.05 (95% confidence level).

4.7.6 Hypothesis Test – Legal Factors

H0: The marketing strategy of the FMCG industry in India is not affected by its legal factors

H1: The marketing strategy of the FMCG industry in India is affected by its legal factors

Decision Rule: Reject H0 if p-value is < 0.05

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.096 ^a	4	.059
Likelihood Ratio	8.880	4	.064
Linear-by-Linear Association	2.514	1	.113
N of Valid Cases	150		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is .68.

Table 25: Chi-Square Statistic for Legal Factors Source: Prepared by researcher

The significant value (P-value = 0.059) is not < 0.05 , hence H0 is failed to be rejected. It is concluded that there is no statistical evidence to show that there is no significant association between the marketing strategy of the FMCG industry and legal factors since the P-value of 0.059 is greater than 0.05 (95% confidence level).

4.7.7 Hypothesis Test – Ethical Factors

H0: The marketing strategy of the FMCG industry in India is not affected by its ethical factors

H1: The marketing strategy of the FMCG industry in India is affected by its ethical factors

Decision Rule: Reject H0 if p-value is < 0.05

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.554 ^a	4	.470
Likelihood Ratio	4.629	4	.327
Linear-by-Linear Association	.077	1	.782
N of Valid Cases	150		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is 1.28.

Table 26: Chi-Square Statistic for Ethical Factors Source: Prepared by researcher

The significant value (P-value = 0.470) is not < 0.05 , hence H_0 is failed to be rejected. It is concluded that there is no statistical evidence to show that there is no significant association between the marketing strategy of the FMCG industry and ethical factors since the P-value of 0.059 is greater than 0.05 (95% confidence level).

5 Results and Discussion

The PESTELE factors which affect the marketing strategy of the FMCG sector were studied in detail with the help of secondary as well as empirical data. The secondary data revealed that the political, economic, social, technological, environmental, legal and ethical factors which affect a business, have a significant impact on the marketing mix variables which in turn have a considerable effect on the marketing strategy of the FMCG companies. Since there is a lot of similarity among the various FMCG brands in the way they operate the business, promote the products as well as distribute the products, the marketing strategy of almost all the companies is more or less similar. This study focussed on the marketing sector generically and not any specific FMCG company in particular. The results from the secondary data as well as the empirical data reveal similarities in the way the PESTELE factors affect the marketing strategy of the FMCG companies. The results are briefly mentioned here:

Factor	P-Value	Reject Null/Fail to Reject Null	Result
Political	0.075	Fail to Reject Null	There is no sufficient evidence to warrant rejection of the claim that the marketing strategy of the FMCG sector in India is not affected by its political factors. It can be concluded that the marketing strategy of FMCG products in India is affected by the country's political factors such as demonetization, GST, article 370, surgical strikes, and vocal for local, and many more. However, to what extent the political factors affect the

			marketing strategy of the firm, it is unknown.
Economic	0.273	Fail to Reject Null	There is no sufficient evidence to warrant rejection of the claim that the marketing strategy of the FMCG sector in India is not affected by its economic factors. It can be concluded that the marketing strategy of FMCG products in India is affected by the country's economic factors such as interest rates, inflation, consumer disposable income, raw material costs, rates of unemployment, and the like. However, to what extent the economic factors affect the marketing strategy of the firm, it is unknown.
Social	0.274	Fail to Reject Null	There is no sufficient evidence to warrant rejection of the claim that the marketing strategy of the FMCG sector in India is no affected by its social factors. It can be concluded that the marketing strategy of FMCG products in India is affected by the country's social factors such as health, leisure, work, money, cultural taboos, religion, customer service and many more. However, to what extent the social factors affect the marketing strategy of the firm, it is unknown.
Technological	0.302	Fail to Reject Null	There is no sufficient evidence to warrant rejection of the claim that the marketing strategy of the FMCG sector in India is not affected by its technological factors. It can be concluded that the marketing strategy of FMCG products in India is affected by the country's technological factors such as automation, consumer access to technology, and legislation around technology. However, to what extent the technological factors affect the marketing strategy of the firm, it is unknown.
Environmental	0.019	Reject	Reject the null hypothesis and accept the alternative hypothesis. It can be concluded that the marketing strategy of FMCG products in India is affected

			by the country's environmental factors such as carbon footprint, pollution laws, and support to renewable energy, recycling and waste management policies, and testing on animals.
Legal	0.059	Fail to Reject Null	There is no sufficient evidence to warrant rejection of the claim that the marketing strategy of the FMCG sector in India is not affected by its legal factors. It can be concluded that the marketing strategy of FMCG products in India is affected by the country's legal factors such as consumer protection, product labelling and safety standards, advertising standards, and the like. However, to what extent the legal factors affect the marketing strategy of the firm, it is unknown.
Ethical	0.470	Fail to Reject Null	There is no sufficient evidence to warrant rejection of the claim that the marketing strategy of the FMCG sector in India is not affected by its ethical factors. It can be concluded that the marketing strategy of FMCG products in India is affected by the country's ethical factors such as fair trade, philanthropy, and other corporate social responsibility activities. However, to what extent the ethical factors affect the marketing strategy of the firm, it is unknown.

Table 27: Results from Hypothesis Analysis Source: Prepared by researcher

It is evident from the results above as well as the secondary data gathered in the literature review, that the PESTELE factors affect the way the marketing strategy of the FMCG companies is drafted so as to milk the maximum benefits. These external macro environment factors overlap with each other and are intertwined. However, the effect of these factors on the marketing strategy of the FMCG sector cannot be overruled. These are times of uncertainty. Analysis of the threats and opportunities as well as the risks is

essential for a business to adapt to future changes and safeguard it against the risks (Tredinnick, 2020). A year ago no one had predicted that the COVID 19 pandemic will strike the earth and create havoc over the entire world. In times like these, it is harder to see how the business will progress in the coming year, and even harder to plan for the marketing goals and activities of the FMCG companies (Tredinnick, 2020). During these tough times, planning is the key to survive in this market. PESTELE analysis is an important tool which can help FMCG companies shape its marketing strategy by evaluating the external factors that affect the business in the FMCG sector. The PESTELE analysis looks at the activities in the outside world, to anticipate how the political, economic, social, technological, ecological, legal and ethical factors impact the marketing strategy of the businesses in the FMCG sector (Tredinnick, 2020).

6 Recommendations

The above sections make it wide and clear that FMCG sector's marketing strategy is affected by the combination of the PESTELE factors. The strategy of the companies in relation to the marketing mix variables should be drafted in such a manner that the firms can have the maximum advantage from the outside environment. Some of the recommendations for the companies of the FMCG sector in India are as follows:

1. FMCG companies need a good ABC action plan in their back pockets in order to successfully market their products in the regions they operate (Lazarus, 2020).
2. They need to be fully active and on their toes to look out for opportunities to engage the consumers (Lazarus, 2020).
3. The marketers need to have a bold footprint on the minds of the people keeping in mind their beliefs, value systems and attitudes (Lazarus, 2020).
4. The marketers need to be very creative in order to engage the consumer and convince him or her to be loyal to the brand by marketing messages that touch the heart and soul (Lazarus, 2020).
5. FMCG brands are no longer just sellers of physical products, they are now advocates of social change mongers. Consumers are habituated to immerse in experiences with the brands which align to their beliefs and value systems, rather than just buy the product (Susa, 2020). Along with seeking seamless transactions, consumers look for omni-channel presence and personalization. These attributes can be delivered by direct to consumer channels.
6. FMCG brands need to leverage on the newly in vogue technologies of Artificial Intelligence (AI), Augmented Reality (AR), Virtual Reality (VR), Data Analytics and E-commerce to optimize their relationship with the consumers (Susan, 2020)
7. Sustainability through consumption, waste management practices as well as other modes of eco friendly products and processes should be utilized by the brands and the same should be informed to the consumers (Susan, 2020).

7 Conclusion

FMCG companies do not operate in a vacuum. They operate in an environment which has several forces acting upon it from various directions. There is no doubt about the fact that the companies within this sector in India are affected by its political, economic, social, technological, ecological, legal and ethical factors. The limited research from secondary sources in the form of literature reviews as well as the primary survey conducted point out to the fact that the marketing strategy of a firm in relation to the marketing mix variables namely the 4 or the 7Ps is highly impacted by the PESTELE factors. The strategy needs to fine tune itself to what is going on in the outside world and position the company in a manner in which it can gain maximum sales and brand loyalty from the consumers. The FMCG space of today is not limited to just selling tangible commodities. The FMCG companies need to take a stand on the causes that align with their value proposition and give the consumers a very immersive experience which leaves a lasting impression on them. The growing power of technology needs to be leveraged across all the touch points that the consumer is exposed to, so that the brand engagement can be boosted and ultimately the bottom-line of the FMCG business. Lastly, the FMCG marketers should take care of the fact that the aspect of sustainability which has caused a greater appeal towards the use of eco-friendly products and processes gains further traction through letting the consumers know where the company stands on sensitive issues like these. As the world is close to entering a new decade in 2021, FMCG companies have great opportunities ahead of them by striking a balance of the right kind of marketing messages and communications that capture the hearts and the wallets of the consumers.

8 References

Alhawsawi, R., 2016. Marketing Mix in FMCG's leading Companies: Four Ps Analysis. *International Journal of Scientific & Engineering Research*, [online] 2(7), pp.734-737. Available at: <https://www.ijser.org/researchpaper/Marketing-Mix-in-FMCGs-leading-Companies--Four-Ps-Analysis.pdf> [Accessed 21 November 2020].

- Almeida, A., 2020. *5 Top FMCG Companies In India In 2020 - Best FMCG Shares*. [online] Trade Brains. Available at: <https://tradebrains.in/best-fmcg-companies-india/> [Accessed 20 November 2020].
- Arora, R., 2017. *Performance Of FMCG Companies In India*. [online] <https://www.motilaloswal.com/>. Available at: <https://www.motilaloswal.com/blog-details/Is-there-a-sweet-spot-for-FMCG-stocks-in-India/1256> [Accessed 25 November 2020].
- Barone, A., 2020. *Marketing Strategy*. [online] Investopedia. Available at: <https://www.investopedia.com/terms/m/marketing-strategy.asp> [Accessed 20 November 2020].
- Best Media Info Bureau, 2020. *110 Objectionable Ads Withdrawn After ASCI's Intervention In January 2020*. [online] www.bestmediaifo.com. Available at: <https://bestmediainfo.com/2020/05/110-objectionable-ads-withdrawn-after-asci-intervention-in-january-2020/> [Accessed 25 November 2020].
- Bhosale, A., 2020. *MARKETING MIX POLICIES IN FMCG CASE-STUDY: THE ADVERTISING STRATEGY*. [online] Academia.edu. Available at: https://www.academia.edu/4314101/MARKETING_MIX_POLICIES_IN_FMCG_CASE_STUDY_THE_ADVERTISING_STRATEGY?auto=download [Accessed 21 November 2020].
- Bush, T., 2016. *PESTLE Analysis: Technological Factors Affecting Business*. [online] PESTLE Analysis. Available at: <https://pestleanalysis.com/technological-factors-affecting-business/> [Accessed 25 November 2020].
- Chappelow, J., 2019. What Is Demographics? In: Investopedia.com. [Online]. Available at: <https://www.investopedia.com/terms/d/demographics.asp>. [Accessed on 2 November 2020].
- Contributor, P., 2016. *What "PESTLE" Stands For In Marketing*. [online] PESTLE Analysis. Available at: https://pestleanalysis.com/pestle-in-marketing/#Economic_Factors [Accessed 25 November 2020].

- Cutler, S., 2018. *The Environmental Pressures In The FMCG Industry - Nielsen Brandbank*. [online] Nielsen BrandBank. Available at: <https://www.brandbank.com/the-environmental-pressures-in-the-fmcg-industry/> [Accessed 26 November 2020].
- Edelman, R., 2018. *Edelman - Earned Brand*. [online] Edelman.com. Available at: https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018_Edelman_Earned_Brand_Executive_Summary_Brochure.pdf [Accessed 24 November 2020].
- Edelman.com. 2018. *Edelman - Earned Brand*. [online] Available at: https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018_Edelman_Earned_Brand_Executive_Summary_Brochure.pdf [Accessed 24 November 2020].
- Furtado, C., 2016. *Why Brands Choose To Ride On Topicality At The Risk Of Facing Criticism*. [online] Zee Business. Available at: <https://www.zeebiz.com/companies/news-why-brands-choose-to-ride-on-topicality-at-the-risk-of-facing-criticism-6907> [Accessed 24 November 2020].
- Gunasekaran, N. and Ramesh, R., 2018. Consumer Attitude for Eco- Friendly Products in FMCG Sector with Special Reference to Salem Region. *Shanlax International Journals of Commerce*, 6(1), pp.294-300.
- Hanlon, A., 2020. *How To Use The 7Ps Marketing Mix Strategy Model?*. [online] Smart Insights. Available at: <https://www.smartinsights.com/marketing-planning/marketing-models/how-to-use-the-7ps-marketing-mix> [Accessed 20 November 2020].
- Hurvitz, A., 2020. *Everywhere You Look: IP Rights And Other FMCG Challenges | World Trademark Review*. [online] Worldtrademarkreview.com. Available at: <https://www.worldtrademarkreview.com/brand-management/everywhere-you-look-ip-rights-and-other-fmcg-challenges> [Accessed 26 November 2020].

- Jaideep, S., 2020. *7 Factors Constituting Marketing Environment*. [online] Your Article Library. Available at: <https://www.yourarticlelibrary.com/marketing/7-factors-constituting-marketing-environment/48590> [Accessed 26 November 2020].
- Jothi Muthu, S. and Pearline, T., 2019. A STUDY ON MARKETING ETHICS OF FMCG COMPANIES WITH SPECIAL REFERENCE TO TOP FIVE IN INDIA. *International Journal of Emerging Technologies and Innovative Research*, [online] 6(2), pp.662-668. Available at: <http://www.jetir.org/papers/JETIRZ006104.pdf> [Accessed 26 November 2020].
- Kambhampaty, A., 2017. *RETAIL Selling Social Movements: 5 Brands Using Politics In Their Ad Campaigns — For Better And For Worse*. [online] <https://www.cnbc.com/>. Available at: <https://www.cnbc.com/2017/08/11/selling-social-movements-five-brands-using-politics-in-their-ads.html> [Accessed 24 November 2020].
- Kasi, A., 2015. *PEST/PESTEL Analysis Of FMCG Industry In India*. [online] Free PESTEL Analysis. Available at: <https://freepestelanalysis.com/pestpestel-analysis-of-fmcg-industry-in-india/> [Accessed 26 November 2020].
- Kaur, H. and Kaur, R., 2017. IMPACT OF DEMONETIZATION ON FMCG SECTOR. *International Journal of Marketing & Financial Management*, [online] 5(3), pp.27-32. Available at: <http://doi.org/10.5281/zenodo.581797> [Accessed 25 November 2020].
- Keelery, S., 2020. *India - Growth Of FMCG Sector 2020 | Statista*. [online] Statista. Available at: <https://www.statista.com/statistics/1112823/india-growth-of-fmcg-sector/> [Accessed 20 November 2020].
- Kelkar, N., 2016. *Demonetisation Impact: Data Shows 20-40% Drop In FMCG Sales*. [online] Hindustan Times. Available at: <https://www.hindustantimes.com/business-news/demonetisation-impact-data-shows-20-40-drop-in-fmcg-sales/story-wmfAGMM2Xz35HjPBNs17gL.html> [Accessed 25 November 2020].

Kumar, V., Taneja, N., Sharma, H. and Kathuria, M., 2013. Business Ethics and their Role in FMCG Sector in INDIA: A Theoretical and Empirical Analysis. *ICRM*, [online] Available at: https://www.researchgate.net/publication/275658096_Business_Ethics_and_their_Role_in_FMCG_Sector_in_INDIA_A_Theoretical_and_Empirical_Analysis [Accessed 26 November 2020].

Lazarus, L., 2020. *Why Fmcgs Need More Legal Advice Than Other Industries*. [online] Lazarus Legal. Available at: <https://lazaruslegal.com.au/fmcgs-need-legal-advice/> [Accessed 26 November 2020].

Lewin, J. and Hirai, A., 2020. *Legal Factors In Your PESTEL Analysis (Part 7 Of 7)*. [online] Cayenne Consulting. Available at: <https://www.caycon.com/blog/legal-factors-in-your-pestel-analysis> [Accessed 26 November 2020].

Miraj, G., 2019. *How Technology Is Steering The FMCG Sector*. [online] YourStory.com. Available at: <https://yourstory.com/mystory/how-technology-is-steering-the-fmcg-sector-c1nsaq6y4e> [Accessed 26 November 2020].

Mukherjee, S., 2020. *Business Environment Types (External Micro And External Macro)*. [online] Economics Discussion. Available at: <https://www.economicdiscussion.net/business-environment/business-environment-types-external-micro-and-external-macro/10095> [Accessed 21 November 2020].

Prasad, Shubham. *Influence of advertising and promotion on consumer behaviour in India* (Diploma Thesis). Supervisor: Ing. Richard Selby, Ph.D. Faculty of Economics and Management Czech University of Life Sciences Prague, 2020. Retrieved from Dissertations and Theses Database.

Ratrey, R., 2020. *Environmental Scanning*. [online] toppr.com. Available at: <https://www.toppr.com/guides/commercial-knowledge/business-environment/environmental-scanning/> [Accessed 21 November 2020].

Roy, T., 2020. *FMCG Careers And Jobs In India*. [online] Available at: <https://www.stoodnt.com/blog/fmcg-careers-jobs-india/> [Accessed 20 November 2020].

Sammut-Bonnici, T. and Galea, D., 2015. PEST analysis. *Wiley Encyclopedia of Management*, [online] 12, pp.1-1. Available at:

https://www.researchgate.net/publication/257303449_PEST_analysis#pf6

[Accessed 26 November 2020].

Sannam, S., 2020. *FMCG Sector In India | Market Opportunities & Investments | Sannam*

S4. [online] Sannam S4. Available at: [https://sannams4.com/fmcg-market-](https://sannams4.com/fmcg-market-opportunities-investments-india-2/)

[opportunities-investments-india-2/](https://sannams4.com/fmcg-market-opportunities-investments-india-2/) [Accessed 20 November 2020].

Sccgltd.com. 2020. *Consumer-Centric FMCG Trends 2019 - The Supply Chain*

Consulting Group. [online] Available at: [https://www.sccgltd.com/featured-](https://www.sccgltd.com/featured-articles/consumer-centric-fmcg-trends-2019/)

[articles/consumer-centric-fmcg-trends-2019/](https://www.sccgltd.com/featured-articles/consumer-centric-fmcg-trends-2019/) [Accessed 20 November 2020].

Srivastava, Tuhina. *Consumer Behaviour in FMCG Sector with Reference to Coffee in*

Czech Republic and India (Diploma Thesis). Supervisor: Ing. Tomáš Maier, Ph.D.

Faculty of Economics and Management Czech University of Life Sciences

Prague, 2020. Retrieved from Dissertations and Theses Database.

Story, J., 2020. *Using The PESTLE Analysis Model For Your Brand | Smart Insights*.

[online] Smart Insights. Available at: [https://www.smartinsights.com/marketing-](https://www.smartinsights.com/marketing-planning/marketing-models/pestle-analysis-model/)

[planning/marketing-models/pestle-analysis-model/](https://www.smartinsights.com/marketing-planning/marketing-models/pestle-analysis-model/) [Accessed 24 November

2020].

Susan, 2020. *2020 Consumer Trends And Insights For FMCG Companies*. [online]

Dodo.ng. Available at: [https://dodo.ng/post/2020-consumer-trends-and-insights-](https://dodo.ng/post/2020-consumer-trends-and-insights-for-fmcg-companies)

[for-fmcg-companies](https://dodo.ng/post/2020-consumer-trends-and-insights-for-fmcg-companies) [Accessed 27 November 2020].

Thain, G., & Bradley, J. (2014). *FMCG: The Power of Fast-Moving Consumer Goods*.

Sarasota, FL: First Edition Design Publishing

Tredinnick, M., 2020. *How To Improve Your Marketing Strategy With A PESTLE*

Analysis • Knowledge • Practiceweb. [online] PracticeWeb. Available at:

[https://www.practiceweb.co.uk/knowledge/how-to-improve-your-marketing-](https://www.practiceweb.co.uk/knowledge/how-to-improve-your-marketing-strategy-with-a-pestle-analysis/)

[strategy-with-a-pestle-analysis/](https://www.practiceweb.co.uk/knowledge/how-to-improve-your-marketing-strategy-with-a-pestle-analysis/) [Accessed 27 November 2020].

Vanessa, 2020. *What Are Internal & External Environmental Factors That Affect Business*. [Blog] www.mageplaza.com, Available at:

[https://www.mageplaza.com/blog/what-are-internal-external-environmental-](https://www.mageplaza.com/blog/what-are-internal-external-environmental-factors-that-affect-business.html#external-environment-factors)

[factors-that-affect-business.html#external-environment-factors](https://www.mageplaza.com/blog/what-are-internal-external-environmental-factors-that-affect-business.html#external-environment-factors) [Accessed 24

November 2020].

Appendix

Survey Questionnaire

Effect of the PESTELE Factors on the Marketing Strategy of the FMCG Sector in India

Hi! I am a student pursuing my Masters in Business Administration conducting a survey to study the effect of the external environment on the marketing strategy of the FMCG sector in India. I will be grateful to you if you can take out five to ten minutes of your time to fill out this small questionnaire. Your responses will remain confidential and they will help me analyze the impact of macro environment on the marketing strategy of the FMCG sector in India.

*** Required**

This section will ask questions about the demographic characteristics of your life.

General Profile

1. Please select your gender *

Check all that apply.

- Female
- Male
- Prefer not to say

2. Please select your age *

Check all that apply.

- 18-35 Years
- 36-50 Years
- 50-65 Years
- 66-Above Years

3. Please select your educational qualification *

Check all that apply.

- Secondary (Class 10)

Higher Secondary (Class 12)

Graduate (Bachelors)

Post Graduate (Masters)

Other: _____

4. Please select your occupation *

Check all that apply.

Student

Salaried

Self Employed

Business Owner

Home Maker

Retired

Lifestyle

The world of today is flooded with information at every point in our life. Marketers also leave no stone unturned to make their presence felt. This section explores how an individual is exposed to this world of content. Since the topic of this research involves the study of the factors which affect the marketing strategy of the FMCG companies in India most of the questions will be related to the FMCG products. The FMCG sector in India is characterized by three sub categories which are household & personal care, health care and food & beverages.

5. Which media of advertising attracts your attention the most? Please select any one option.

Mark only one oval.

Internet

TV

Radio

Print

Bill Boards & Hoardings

6. How often are you exposed to marketing communications from FMCG brands?

Mark only one oval.

Never

- Daily
- 2 -3 Times per Week
- 2 -3 Times per Two Weeks

7. In what way has marketing communication from an FMCG brand influenced you?

Mark only one oval.

- Better exposure to the products in the market
- Better product recall
- Aroused interest to buy
- Positive impression about the company

8. Which of the following influenced your recent FMCG purchase? Please select any one option.

Mark only one oval.

- I was impressed by the advertisement of the product
- I was curious about what the product was and wanted to try it
- I wanted to imitate the celebrities in the advertisement
- It was a familiar product brand
- I was already planning to buy that product
- I was lured by the sales promotion (buy one get one free, coupons, discounts, etc.)

Option 7

9. What aspect of the marketing communication of an FMCG company touches your heart the most?

Mark only one oval.

- The company takes a stand on a political issue (ex. demonetization, GST, article 370, surgical strikes, vocal for local, etc.)
- The company modifies its marketing plans to suit the state of the economy like reduction in advertising budgets and increase in sales promotion activities
- The company is socially active and a part of the community and social belief systems

- The company is technologically progressive and keeps pace with the new and upcoming technologies to make lifestyles comfortable
- The company cares for the environment and does its bit to conserve the precious resources
- The company's messages are within the legal framework of the country and it does not promote miscommunication of facts
- The company acts morally and ethically in the way it does business as well as its communications
- Option 8

Perceptions

Marketers need to constantly analyze the macro environment in which the FMCG industry is based to devise their marketing strategies. The macro environment consists of political, economic, social, technological, legal, environmental and ethical factors. Below are some questions related to these factors about which you are requested to give your valuable opinion.

Political Factors

Political factors consist of government policies, political stability, tax policies, labor laws, etc. The marketing strategies of the companies are influenced by the political landscape of the country. Examples of political factors in India are the demonetization of Indian currency in India, the introduction of GST, the Ayodhya temple issue, the surgical strikes, article 370 and many others.

10. Do you believe that FMCG brands should take a stand on political issues and display it on their communications?

Mark only one oval.

- Yes
- No

11. Would you buy products of FMCG brands that take a stand on political issues which do not match your ideologies?

Mark only one oval.

- Yes
 No

Economic Factors

The economic factors consist of topics like economic growth, interest rates, exchange rates, inflation, disposable income of consumers and businesses.

12. Is the purchase of your FMCG product affected by the frequency of advertisements?

Mark only one oval.

- Yes
 No

13. Do you think that factors such as your disposable income, inflation, economic growth, etc have an effect on FMCG advertising?

Mark only one oval.

- Yes
 No

14. Do you believe that in the current economic slow down, FMCG companies have increased their sales promotions like offering free samples, discounts, sales, coupons, cash backs, etc?

Mark only one oval.

- Yes
 No

15. Is the purchase of your product affected by its sales promotions like offering free samples, discounts, sales, coupons, cash backs, etc?

Mark only one oval.

- Yes
 No

Social Factors

These factors comprise of areas that involve the shared beliefs and attitudes of the population like population growth, age distribution, health consciousness, career attitudes and so on. These factors are of prime interest as they have a direct effect on how marketers understand customers and what drives them.

16. Do you believe that FMCG corporations have the power to influence social change?

Mark only one oval.

- Yes
 No

17. Have you seen advertisements from FMCG companies like soap brands, food brands, detergents and beverages brands about social distancing or washing hands in the current pandemic?

Mark only one oval.

- Yes
 No

18. Would you buy products of the FMCG brands that advertise on social issues like population control, festivals, the covid pandemic, education, etc.

Mark only one oval.

- Yes

No

Technological Factors

The technological world is changing at a rapid speed. New technological innovations not only devise new ways of producing products and services, distributing them but also new ways of communication with the public for awareness

19. Have you witnessed a change in the mediums of communication from radio, television and print media towards the internet and mobile?

Mark only one oval.

Yes

No

20. Do you believe that it is a right move for FMCG companies to go digital (online on e-commerce companies through web and mobile) in selling their products?

Mark only one oval.

Yes

No

21. Should FMCG brands advertise about their new products on the internet?

Mark only one oval.

Yes

No

Environmental Factors

These factors include all those which are affected by the surrounding environment like climate changes, sustainability, scarcity of resources, pollution, carbon footprint, etc.

22. Would you prefer buying the FMCG products which are sourced ethically and from sustainable sources?

Mark only one oval.

Yes

No

23. Would your purchase of an FMCG product be influenced if the marketer mentioned in their company's communications and advertisement that their products are not tested on animals or that they use bio degradable packaging?

Mark only one oval.

Yes

No

Legal Factors

Legal factors affecting the marketing strategies include health and safety, equal opportunities, advertising standards, consumer rights and laws, product labeling and product safety. In order to communicate effectively the FMCG companies need to be aware of these things that dominate any society.

24. If an FMCG brand promoted gender bias in any way through its advertisements or other communication, would you still purchase that company's product?

Mark only one oval.

Yes

No

25. Would you favor the FMCG brand if you come to know about its misleading information regarding ingredients, weight, nutritional value, etc.?

Mark only one oval.

- Yes
 No

Ethical Factors

It consists of factors which touch morality like child labor, corporate social responsibility, etc which are very important for the community as a whole

26. Would you prefer to pay some extra money on an FMCG product versus its competitor if it says that a portion of the money from sales revenue will go towards education of children or plantation of trees?

Mark only one oval.

- Yes
 No

27. If you ever come to know that the top management of your favorite FMCG brand is involved in unethical activities like embezzlement of funds, would you still prefer buying its products?

Mark only one oval.

- Yes
 No

End of survey!! Thank you very much for your precious time.

