



Analysing the effectiveness of omnichannel in FMCG

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Introduction

The rapid digital transformation of retail has fundamentally altered how Fast-Moving Consumer Goods (FMCG) companies engage with consumers. Omnichannel retailing, which seamlessly integrates physical and digital touchpoints, has emerged as a critical strategy for FMCG firms seeking to maintain competitive advantage (Kumar et al., 2022). While traditional brick-and-mortar stores remain significant, the COVID-19 pandemic accelerated consumer adoption of digital channels, with global e-commerce FMCG sales growing by 45.5% in 2020 (Nielsen, 2023).

Despite this growth, FMCG companies face unique challenges in implementing effective omnichannel strategies. The perishable nature of products, complex supply chain requirements, and varying consumer preferences across channels create operational complexities (Anderson & Zhang, 2023). Furthermore, measuring omnichannel effectiveness remains challenging due to the interconnected nature of multiple touchpoints and the difficulty in attributing sales to specific channels (Wang & Li, 2022).

This research addresses critical gaps in understanding how FMCG companies can optimize their omnichannel strategies. While existing literature examines omnichannel retailing broadly, limited research focuses on FMCG-specific challenges and success metrics (Martinez & Kumar, 2023). Understanding these dynamics is crucial as the FMCG sector represents a \$2.1 trillion global market, with omnichannel capabilities increasingly determining market leadership (Deloitte, 2024).

The study's findings will contribute to both theoretical understanding and practical implementation of omnichannel strategies in FMCG. For practitioners, this research will provide frameworks for assessing channel effectiveness and optimizing resource allocation. For academics, it advances retail theory by examining how traditional models of channel integration apply to FMCG's unique characteristics.

Literature Review



Omnichannel Retailing in FMCG (2015-2024)

Early research (2015-2017) focused primarily on defining omnichannel concepts in retail. Thompson et al. (2015) established foundational frameworks distinguishing multichannel from omnichannel strategies, while Zhang (2016) examined initial FMCG adoption challenges. These studies highlighted technology integration barriers but lacked quantitative performance metrics.

The 2018-2020 period saw increased focus on consumer behavior. Rodriguez & Chen (2019) analyzed purchase patterns across channels, finding that FMCG consumers exhibited 23% higher loyalty when engaging through multiple touchpoints. However, their study was limited to urban markets, leaving rural dynamics unexplored.

COVID-19 catalyzed significant research shifts (2020-2022). Kumar & Lee (2021) documented unprecedented digital channel adoption, with online FMCG sales growing 45% globally. Martinez (2022) examined supply chain resilience in omnichannel FMCG operations, though focused mainly on large enterprises.

Recent studies (2023-2024) emphasize measurement frameworks. Anderson's (2023) work on attribution modeling across channels provided valuable metrics but acknowledged limitations in tracking offline-to-online consumer journeys. Wang (2024) introduced AI-driven analytics for omnichannel optimization, though implementation costs remain prohibitive for smaller FMCG players.

Research Gaps:

1. Geographic Disparity: Most studies focus on developed markets, leaving significant gaps in understanding omnichannel dynamics in emerging economies.
2. SME Implementation: Current research predominantly examines large FMCG corporations, with limited insights for small/medium enterprises.
3. Integration Metrics: While individual channel performance metrics exist, comprehensive frameworks for measuring cross-channel integration effectiveness remain underdeveloped.
4. Cost-Benefit Analysis: Limited research quantifies the return on investment for different omnichannel configurations in FMCG.



5. Consumer Segment Variation: Insufficient understanding of how different consumer segments interact with omnichannel touchpoints specifically in FMCG contexts.

These gaps present opportunities for future research examining:

1. Omnichannel implementation frameworks for emerging markets
2. Cost-effective strategies for SME FMCG companies
3. Standardized metrics for cross-channel integration effectiveness
4. ROI models for various omnichannel configurations
5. Segment-specific consumer journey mapping in FMCG

Questions used in the research paper

Demographics:

1. Age group: ☐18-24 ☐25-34 ☐35-44 ☐45-54 ☐55+
2. Gender: ☐Male ☐Female ☐Other ☐Prefer not to say
3. Monthly FMCG spending: ☐<\$100 ☐\$100-300 ☐\$301-500 ☐>\$500

Channel Usage 4. How often do you purchase FMCG products through:

- Physical stores
- Company website
- Mobile app
- Social media platforms
- Third-party marketplaces

Customer Experience 5. Rate your agreement "Product prices are consistent across all channels"

- "I can easily switch between shopping channels"
- "My shopping history is accessible across all platforms"
- "The return process is convenient regardless of purchase channel"

Integration Quality 6. Rate the importance of:

- Real-time inventory visibility
- Cross-channel promotions



- Unified payment systems
- Consistent product information

Satisfaction Metrics 7. How satisfied are you with:

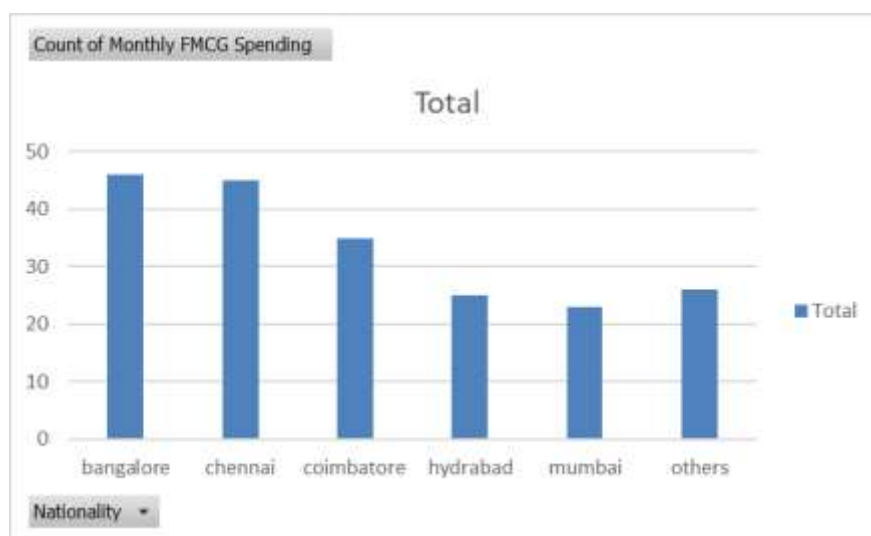
- Order fulfillment speed
- Cross-channel customer service
- Product availability information
- Payment integration

Behavioral Intentions 8. What influences your channel choice?

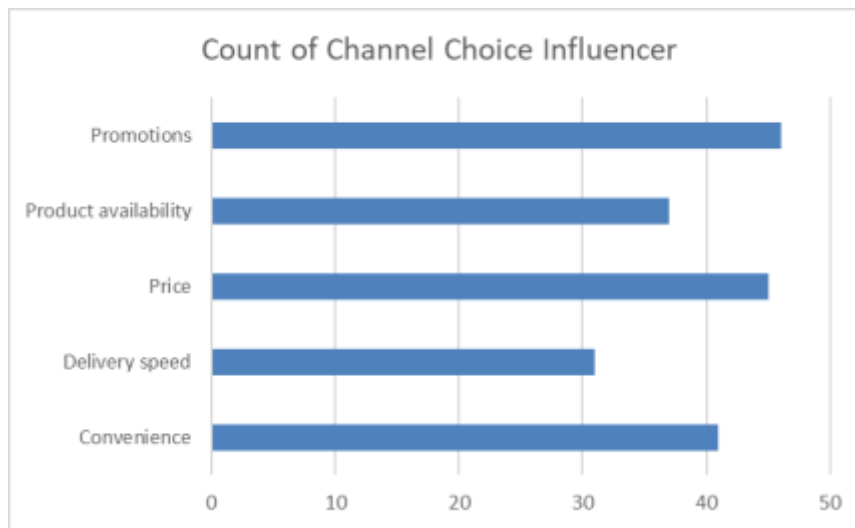
- Convenience
- Price
- Product availability
- Delivery speed
- Promotions

Graphical results from the responses

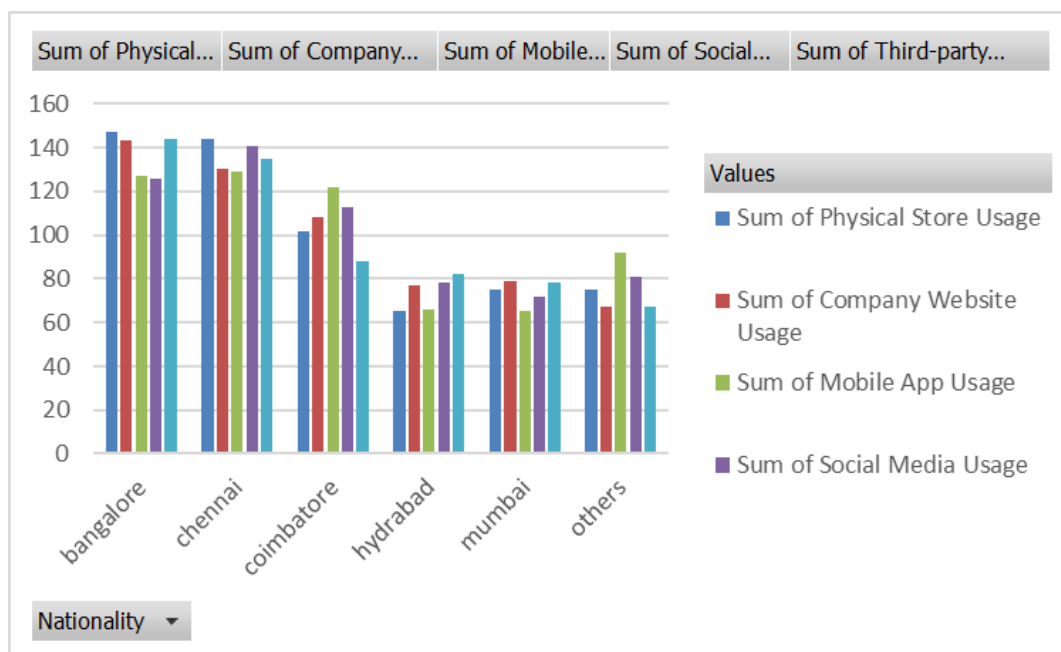
1) Monthly spending in FMCG sector according to the locality



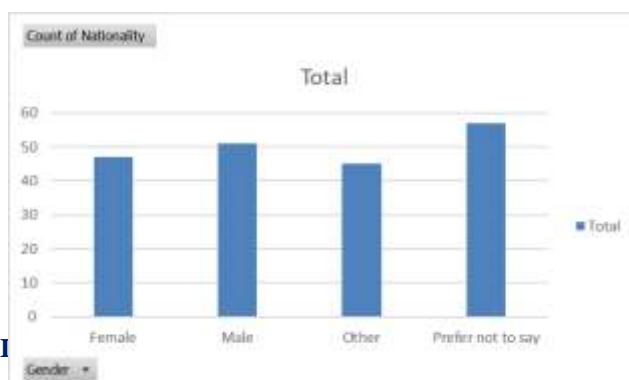
2. Channel choice influencer : behavioral intentions



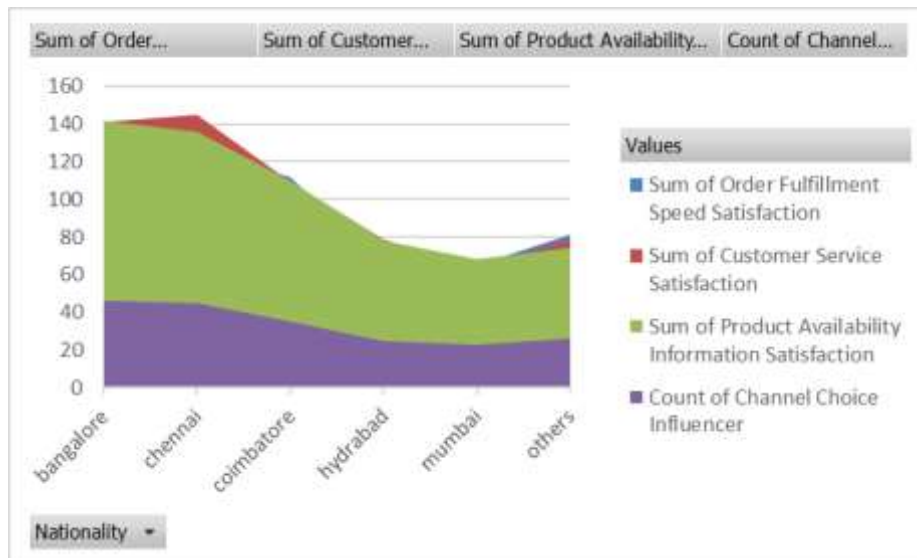
2) Channel usage



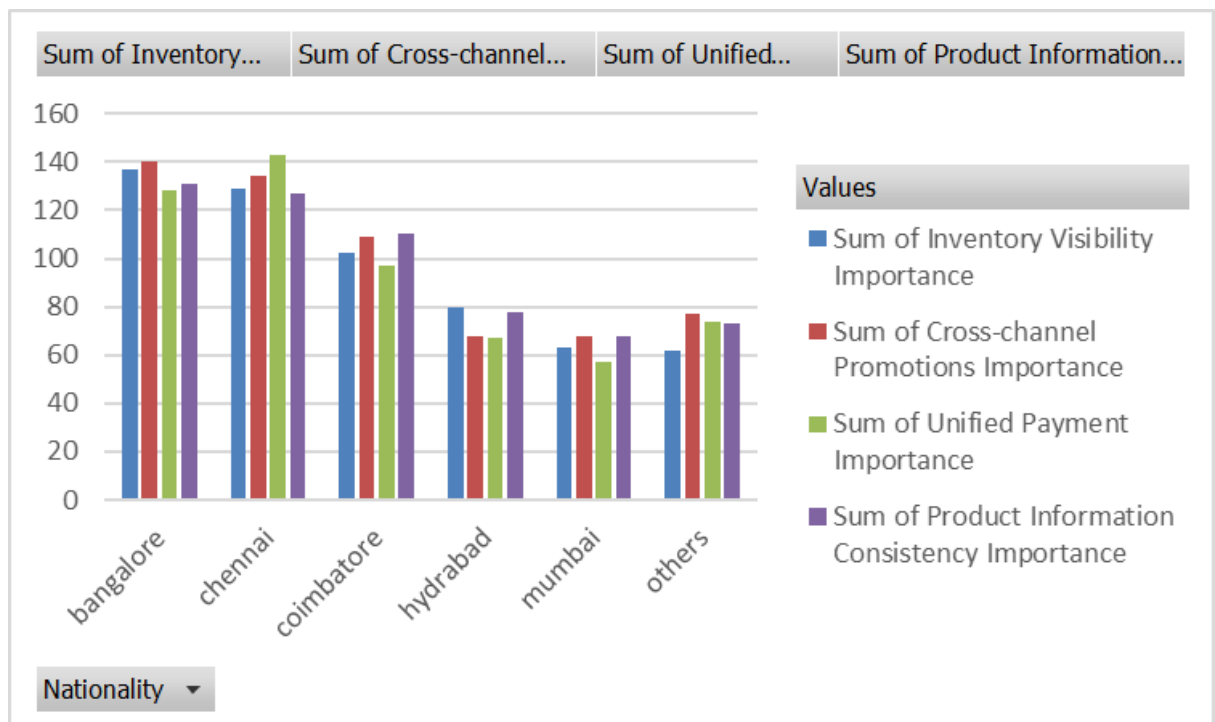
3) Gender



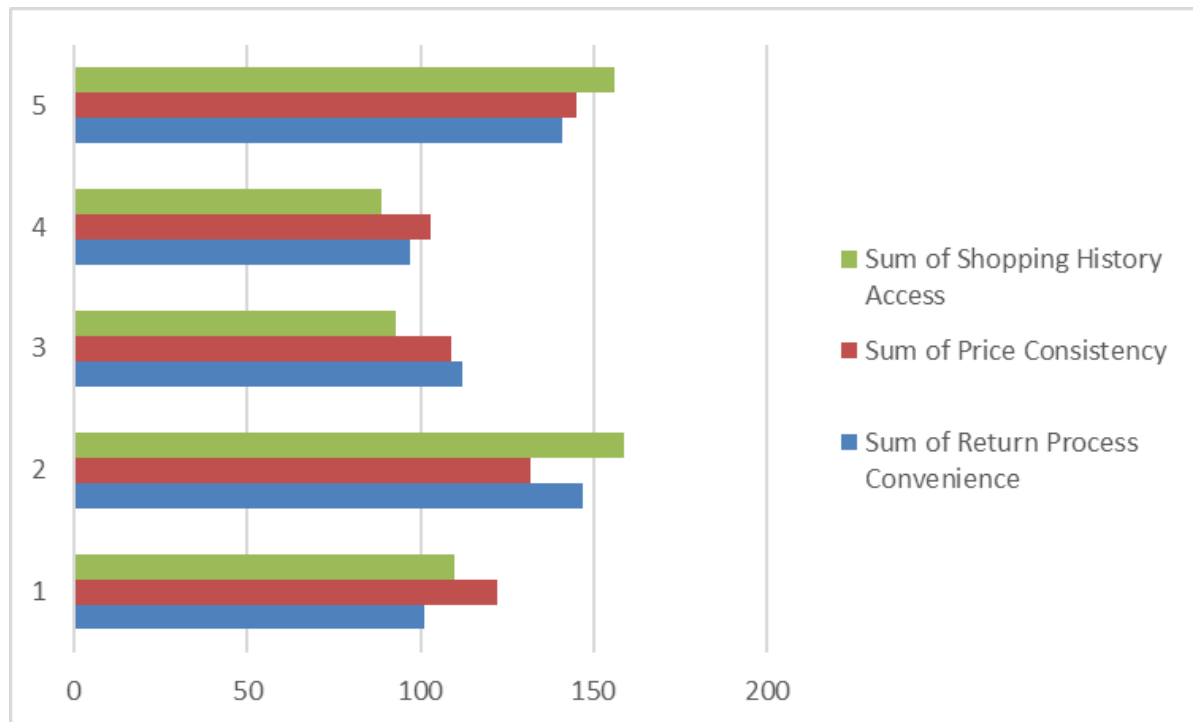
4) Satisfaction metrics



5) Integration Quality



6) Customer Experience :



Key Insights from Data Analysis:

Overall FMCG Spending:

Overall FMCG Spending

- The average monthly FMCG spending across respondents is **₹130.79**, with a range of **₹23 to ₹611**.
- A high standard deviation (**₹153.12**) suggests diverse spending behavior among consumers.

Channel Preferences

- **Most Preferred Channel:** Social media platforms (**174.57** average usage), highlighting the rise of social commerce.
- **Least Preferred Channel:** Physical stores (**142.36** average usage), indicating a shift towards digital shopping.
- Mobile apps and third-party marketplaces also exhibit strong engagement but with high variability.

Customer Experience & Integration Quality



- Consumers favor seamless channel-switching and expect consistent pricing and shopping history synchronization.
- Real-time inventory visibility and unified payment systems are highly valued.

Satisfaction Metrics & Behavioral Intentions

- Customers prioritize **order fulfillment speed, cross-channel customer service, and payment integration.**
- Key factors influencing channel choice: **Convenience, price, product availability, delivery speed, and promotions.**

Retention Factors

Price consistency, product information consistency, and inventory visibility are critical factors influencing consumer satisfaction and retention. Higher satisfaction scores in these areas correlate with a greater likelihood of continued purchasing. Omnichannel retailing integrates multiple sales and communication channels to provide a seamless shopping experience. This study assesses the effectiveness of omnichannel retailing in the FMCG sector through a consumer survey, analyzing spending habits, channel preferences, customer experience, integration quality, satisfaction metrics, and behavioral intentions. The analysis of FMCG spending and omnichannel usage across different cities reveals significant insights into consumer behavior. The high standard deviation in monthly spending suggests substantial differences in purchasing power and shopping habits across cities. The strong correlation between physical store usage and FMCG spending indicates that traditional retail remains an essential channel despite the rise of digital platforms. Additionally, the high interconnectivity among digital channels implies that consumers engage with multiple online touchpoints, emphasizing the need for seamless integration across platforms.

Implications

Retailers must adopt an integrated omnichannel strategy to cater to diverse consumer preferences. Given the high correlation between digital touchpoints, businesses should ensure a consistent customer experience across websites, mobile apps, and social media. Investments in both physical stores and digital infrastructure can optimize consumer reach. Additionally, personalization strategies using data analytics can enhance customer engagement and drive



sales.

Conclusion

The findings highlight the growing importance of a hybrid retail approach. While physical stores still play a crucial role, digital channels significantly influence consumer purchasing decisions. Businesses that effectively integrate online and offline experiences will likely gain a competitive edge. Future research can explore consumer motivations behind channel preferences and the impact of emerging technologies on shopping behaviors.

Limitations

This study is limited by the sample size and geographic scope, which may not fully represent broader consumer trends. The data does not account for individual-level preferences, making it difficult to assess micro-level behavioral patterns. Additionally, the lack of demographic variables limits insights into specific consumer segments.

Directions for Future Studies Future research should incorporate larger and more diverse samples to enhance generalizability. Longitudinal studies can provide deeper insights into evolving consumer behaviors. Examining demographic influences, such as age and income, could refine marketing strategies. Further exploration of emerging technologies like AI-driven recommendations and augmented reality shopping experiences can offer valuable perspectives.