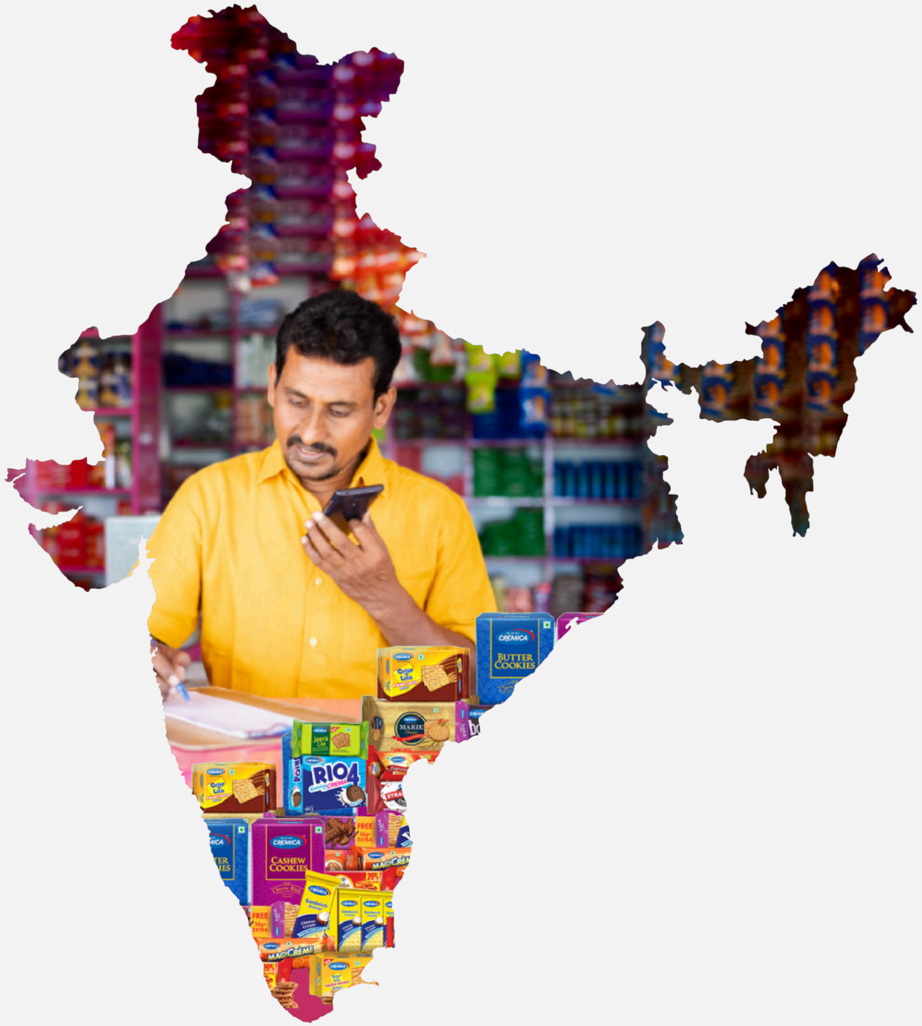
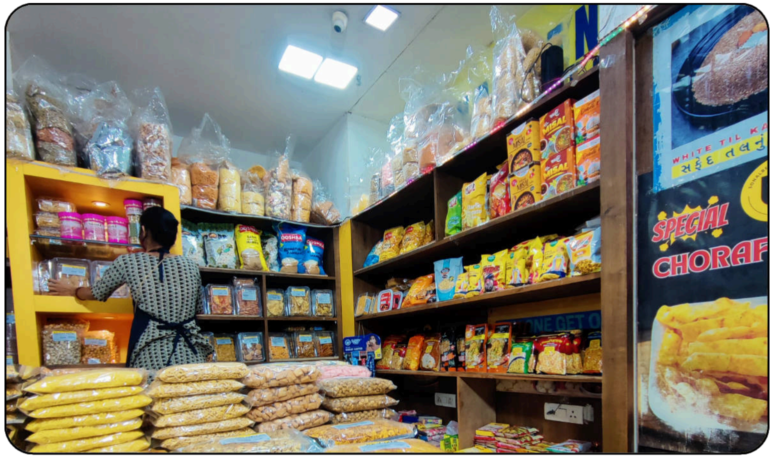
INDIA FMCG OUTLOOK 2025

Strategic Insights from India's FMCG Leaders





Introduction

The FMCG (Fast-Moving Consumer Goods) industry is the backbone of daily life for Indian consumers, fueling not only everyday needs but also driving economic growth. It covers everything from food, beverages, and personal care to household essentials, and plays a key role in creating jobs and boosting development.

Example: The household brands like Hindustan Unilever, ITC, and Procter & Gamble, don't just provide daily essentials, but they also employ millions across manufacturing, distribution, and retail.

Undoubtedly, the FMCG sector keeps the wheels of the economy turning. However, the surge in demand for everyday products across rural and urban areas and the rise of newer distribution channels such as Q-Commerce and eB2B makes the road ahead only get bumpier, particularly when it comes to how products reach consumers.

So how can FMCG companies stay ahead in a world of shifting consumer preferences, economic growth, and rapid technological advancements?

This report unpacks the nuances, offering insights to help businesses navigate these changes and seize new opportunities. FMCG is a critical contributor to India's employment landscape, accounting for 8.4% of total factory jobs. Out of the total FMCG workforce, women represent 13% (approximately 390,000 workers) and hold 18% of corporate leadership positions.

Which factors are anticipated to be the primary drivers of FMCG growth in India in 2025?

Growth of Q-commerce and E-commerce

Manigandan Ramesh, *Head of Business Excellence at Bikano*

Expansion into semi-urban and rural areas, Product premiumization, Growth of Q-commerce and E-commerce

Parikshit Prabhudesai, *Vice Chairman at Pitambari Innovative Products*

Report Creation Methodology

This report, based on a comprehensive survey of over 100 industry-leading FMCG professionals across the country, offers expert perspectives on the future of the FMCG industry.

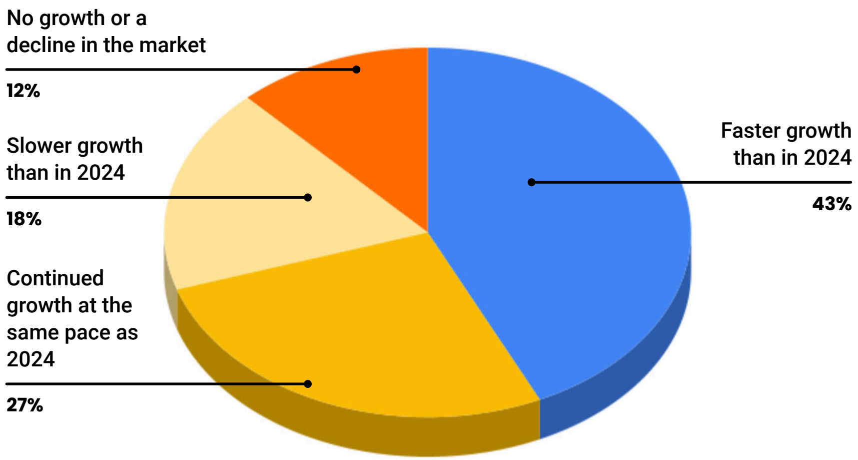
These leaders have shared their insights on emerging trends, strategic priorities, and the role of technology in shaping the sector. Packed with their advice and forward-looking viewpoints, this report serves as a valuable guide for businesses looking to adapt and thrive in a rapidly evolving market.

Why Should You Read It?

India's FMCG market is poised for significant growth, projected to reach $240 billion by 2025, driven by rising incomes, an expanding middle class, and e-commerce adoption. Tier 2 and Tier 3 cities, along with rural areas, are becoming major growth hubs. However, They find it difficult to execute their sales strategies on ground due to fragmented networks and infrastructure limitations. Adapting to these dynamics is crucial for leveraging India's vast market potential.

This report is a must-read for anyone in the FMCG industry, from senior leaders to team managers. If you're in sales, marketing, distribution, or retail strategy, you'll find key insights on the trends, challenges, and opportunities shaping the market. Whether you're leading a well-established brand or building a new one, this report will help you stay informed and make smarter, data-driven decisions to thrive in the constantly shifting FMCG space.

01 2025 Looks Optimistic for FMCG in India



What is the expected growth trend for the FMCG industry in India in 2025? (Choose One)

Most industry leaders believe that the FMCG market is set to accelerate in 2025, or at the very least, sustain its current growth momentum. Our survey shows that 43% of FMCG leaders expect rapid growth in 2025 compared to 2024, while 27% anticipate steady growth. On the other hand, 30% believe that growth may either slow or decline.

However, the growth in FMCG is skewed, driven by factors like shifting consumer preferences, regional variations, and in-demand product categories.

Let's just say that the growth graph in FMCG isn't a straight line - it's full of twists, turns, and some loop-de-loops! The expansion isn't a one-size-fits-all story—each state has its own flavor.

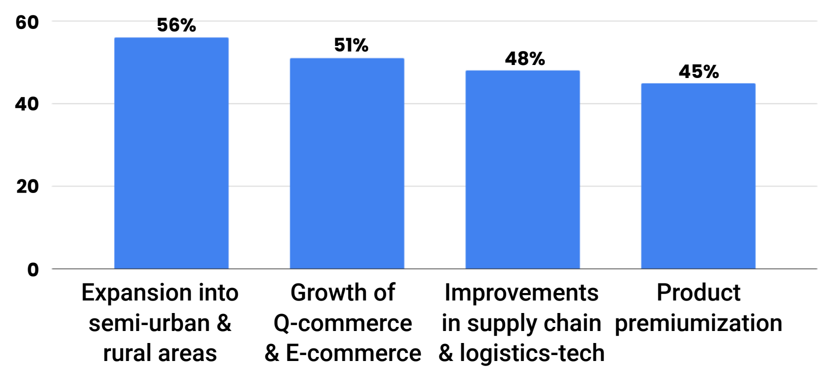
For example, Maharashtra's cities like Mumbai love premium picks like organic food, while Uttar Pradesh's rural shoppers might prefer affordable staples.

Similarly, not all segments and product categories are growing at the same pace. Health-focused products like organic food thrive in urban markets, while glucose biscuits dominate in rural areas. Premium skincare grows in metro cities, but staples and traditional categories lead in smaller towns. Each state's distinct demographic and economic characteristics makes growth uneven across the country for FMCGs.

Additionally, adopting technology further opens new avenues for FMCG brands by streamlining supply chains and strengthening stakeholder relationships and having a goal-driven execution to succeed in this volatile market.

1.1 Factors Fueling the Growth of FMCG sector in 2025

The FMCG sector's growth trajectory in 2025 is set to be shaped by various factors. According to our survey, 56% of FMCG leaders believe that expansion into semi-urban and rural areas will lead the charge. Another 51% point to the rise of Q-commerce and e-commerce as pivotal growth drivers, while 48% emphasize the adoption of advanced technology to streamline supply chain and logistics. Additionally, 45% see premiumization as a major force steering the FMCG growth journey.



Which factors are anticipated to be the primary drivers of FMCG growth in India in 2025? (Choose one or more)

1. **Expansion into semi-urban and rural areas (56%):** Broaden your brand's presence by expanding into new territories, whether it's entering untapped urban markets, smaller towns, or international regions. This allows you to tap into fresh customer segments, boost visibility, and drive revenue growth, ultimately enhancing market share and fostering long-term stability.

2. **Growth of Q-commerce and E-commerce (51%):** Q-commerce and e-commerce are revving up the FMCG engine by delivering products faster and more efficiently. With demand for quick deliveries skyrocketing, these platforms help brands keep up with customer expectations. And let's not forget kiranas—they're the unsung heroes, connecting online shopping with real-world deliveries and making sure products arrive on time. *We'll dig deeper into how kiranas will shape the future of FMCG in the e-commerce and Q-commerce space in Chapters 3 and 4.*

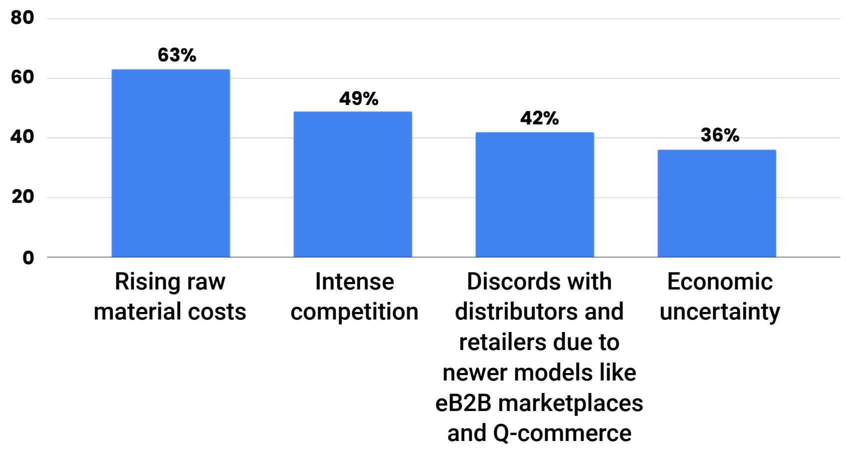
3. **Technological advancements in supply chains (48%):** Optimizing the supply chain helps FMCG companies grow by using AI, automation, and tools like Sales Force Automation (SFA) and Distributor Management Systems (DMS). These technologies cut route-to-market costs, improve resource utilization, and improve inventory management. For example, AI-driven route planning reduces the cost of serving retailers and results in faster service, and higher customer satisfaction, driving growth.

4. **Product premiumization (45%):** Premiumization in FMCG involves offering higher-end versions of products to appeal to customers seeking superior quality, exclusivity, and unique features. By enhancing attributes like ingredients, packaging, or functionality, brands attract more affluent consumers. This strategy helps companies differentiate themselves, expand into emerging markets, and increase margins by catering to consumers willing to pay a premium for luxury goods.

   An example of premiumization is Nestlé India's Espresso Concentrate Coffee, designed for cold coffee lovers seeking a refined experience, boosting margins by offering high-quality, gourmet coffee.

To capitalize on these growth drivers, FMCG businesses must optimize their distributor and retailer networks.

02 Industry Hurdles: The Controllable and the Inevitable



What are the biggest challenges the FMCG industry in India is likely to face in 2025? (Choose one or more)

India's FMCG sector is navigating a range of challenges that impact steady growth and profitability. According to our survey of industry leaders, these challenges can be grouped into two categories: controllable and uncontrollable factors.

Uncontrollable factors dominate concerns, with 63% of respondents identifying rising raw material costs as the biggest issue, followed by 36% pointing to economic uncertainty. Among the controllable challenges, 49% highlight intense competition, while 42% cite friction with distributors and retailers driven by the emergence of newer business models such as eB2B marketplaces and Q-commerce.

Addressing these challenges requires a nuanced approach, balancing efforts to mitigate external pressures with strategic solutions to optimize internal operations.

1. **Rising Cost of Raw Materials (63%):** Skyrocketing prices for raw materials are putting FMCG brands in a tight spot. Factors such as global supply chain disruptions, inflation, and increased demand for commodities have led to significant price hikes in areas like packaging materials, daily essential products, and energy. These costs hit FMCG brands hard, forcing tough decisions about absorbing expenses or passing them on to consumers, which can impact demand. Premiumization offers a potential solution, enabling brands to offset higher costs by offering enhanced, higher-value products. However, this approach requires careful execution to ensure it aligns with consumer expectations and market conditions.

2. **Economic Uncertainties (36%):** The economic environment remains volatile due to factors like fluctuating GDP growth rates, changing taxation policies, and unpredictable consumer spending patterns. Such uncertainties make it challenging for companies to forecast demand accurately, manage inventory levels, and plan long-term investments.

3. **Intense Competition (49%):** Intense competition is a major challenge for FMCG businesses, especially with the rise of new market entrants, innovative products, and evolving consumer expectations. As brands compete for consumer attention, the pressure to differentiate becomes increasingly fierce. Large companies are facing stiff competition from smaller, niche players, often backed by disruptive technologies. For example, take the rise of quick deliveries through Q-commerce platforms, where customers get products in minutes, or the convenience of e-commerce sites offering 24/7 shopping—this has raised the stakes.

4. **Strained Stakeholder Relationships (42%):** The rise of eB2B marketplaces and Q-commerce is stirring the pot for FMCG distributors and retailers. As brands move towards digital-first strategies to meet customer demand, traditional players feel left out.

   For example, FMCG companies delivering products directly to consumers through D2C and Q-commerce platforms are bypassing local retailers and distributors, creating tension.

   This disruption can lead to dissatisfaction, as partners are left in the lurch, causing churn and instability. It's a classic case of "rocking the boat," where businesses need to strike the right balance between embracing new models and keeping their traditional networks in the loop.

2.1 Addressing the Controllables

While macroeconomic factors like raw material costs and economic uncertainty are beyond a company's control, many challenges in the FMCG sector can be tackled with the right strategies and technology.

Given below are some ways you can tackle your Route-To-Market challenges with a tech-driven approach:

1 Bridging the Communication Gap:

Issue: Inefficient communication between brand sales reps, distributors and retailers leads to missed goals and dissatisfaction.

Strategy:

- Bring all stakeholders onto a common digital platform to enable seamless communication and collaboration.
- Align distributors and retailers with your sales goals and equip them with the tools and information they need to succeed.
- Build stronger relationships with dealers and retailers by educating them on your products and schemes, while enabling them to place orders digitally for improved efficiency and convenience.

2 Simplifying Supply Chain Complexity:

Issue: The intricacy of supply chain operations results in increased costs and reduced agility.

Strategy:

- Use advanced technologies for route planning and optimization to make logistics more efficient and cut transportation costs.
- Deploy Distributor Management System to streamline stock levels and improve demand forecasting, preventing pilferages.
- Implement a contingency plan to tackle supply chain bottlenecks and inefficiencies with data analytics, enabling quick fixes and smooth operations.

3 Preventing Distributor and Retailer Discord:

Issue: The shift to eB2B platforms and Q-commerce is straining FMCG brands' relationships with traditional distributors and retailers.

Strategy:

- Brands should setup their own digital B2B channels to keep distributors and retailers closely connected, integrating them into the brand's digital ecosystem.
- Provide necessary resources to help partners navigate new digital systems, ensuring they feel confident and supported.
- Motivate and engage partners by offering rewards for meeting set targets, fostering collaboration and loyalty.

4 Turning Managers Into Problem Solvers:

Issue: Managers often get bogged down in routine tasks and operational challenges, leaving little room to focus on proactive problem-solving and driving business growth.

Strategy:

- Equip managers with training and tools to manage their teams effectively.
- Foster a culture of empowerment by enabling managers to make informed decisions and take ownership of their teams' goals and outcomes.
- Leverage AI-powered tools which identify problems proactively and inform the managers with contextual cues, enabling them to make faster, more informed decisions and focus on strategic problem-solving.

What impact will Q-commerce have on Kiranas in the medium (5-10 years) term?

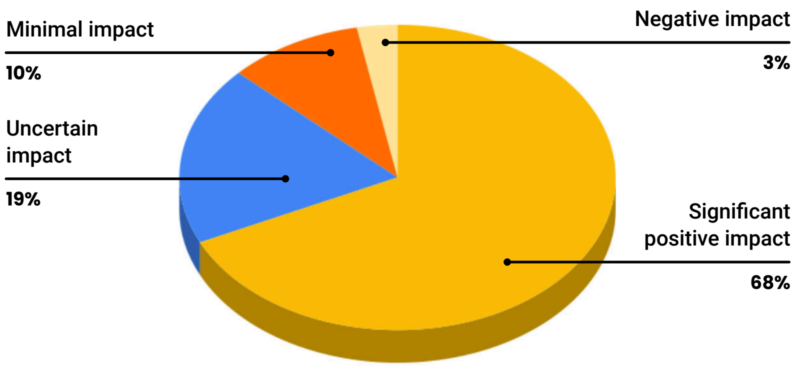
Kiranas may see reduced walk-ins but can benefit if they adapt by partnering with Q-commerce platforms or offering hyperlocal services.

Narasimham Angadi, *MIS Manager at 3F Industries*

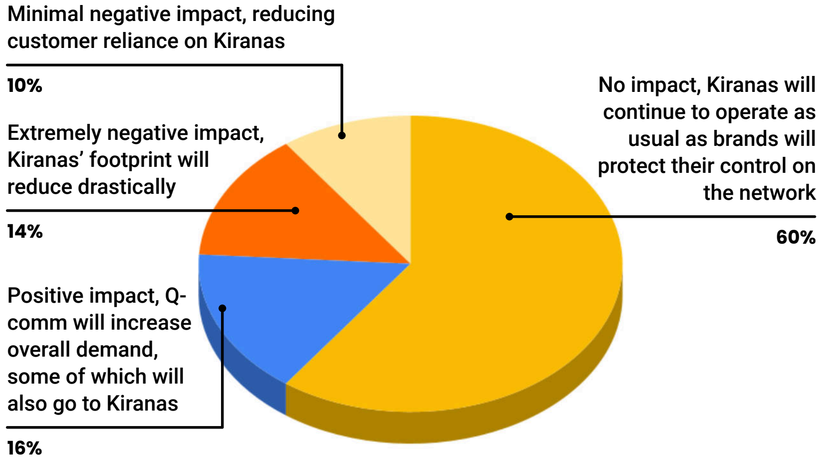
03 The Rise of Q-Commerce

With the surging demand for quick and convenient delivery of essentials, Q-commerce is rapidly gaining popularity and is set to make a significant impact on the FMCG industry in 2025. The majority of our survey respondents expressed optimism about Q-commerce being a prime catalyst for growth, citing its ability to meet the increasing consumer demand for speed and convenience.

Survey data indicates that 68% of FMCG leaders anticipate Q-commerce to have a positive impact on their revenue in the next 2-3 years. Meanwhile, 19% are unsure of its effect, 10% expect a minimal impact, and just 3% foresee a negative outcome for the brands.



What revenue impact is the growth of Q-commerce expected to have on FMCG brands over the next 2-3 years? (Choose One)



What impact will Q-commerce have on Kiranas in the medium (5-10 years) term? (Choose One)

What revenue impact is the growth of Q-commerce expected to have on FMCG brands over the next 2-3 years?

Significant positive impact

Sunoj Pankunni, *Senior Brand Manager at Namboodiri's Ayurvedics*

What impact will Q-commerce have on Kiranas in the medium (5-10 years) term?

Extremely negative impact, Kiranas' footprint will reduce drastically

Manigandan Ramesh, *Head of Business Excellence at Bikano*

While many consider the rise of Q-commerce to spell doom for Kiranas, 60% of our survey respondents believe Kiranas will continue to thrive as brands maintain control over their networks. Almost 16% respondents predict that Q-commerce will have an indirect positive effect on Kiranas, boosting overall industry growth. Only 24% of respondents expect negative effects on Kiranas, with some anticipating a minimal decline and others fearing a significant reduction in Kiranas' footprint.

The long-established Distributor-Kirana network, built over decades through significant investments, remains a strategic asset for brands, regardless. With that in mind, let's set sail and explore what the future holds for Kiranas in 2025.

3.1 Kirana Stores: The Cornerstone of FMCG Industry

Kirana stores, the ubiquitous neighborhood shops, have long been the cornerstone of India's FMCG industry. With their deep-rooted presence in nearly every corner of the country, these family-run stores primarily dominate the grocery retail landscape.

Despite the rise of modern trade (MT) channels and online platforms, kiranas still capture a major share of India's grocery market. With over 15 million they have built strong relationships with local communities through trust, convenience, and personalized service. They contribute a staggering **85-90% of FMCG brand sales**.

Some of their strategic advantages include:

- **Proximity to Consumers:** Located in residential areas, kirana stores ensure convenience and quick access for customers.
- **Familiarity and Trust:** Personal relationships with store owners foster loyalty and repeat purchases.
- **Flexibility in Transactions:** Many kiranas offer credit and cater to small, frequent purchase behaviors that resonate with the average Indian consumer.

3.2 Supporting Kiranas in the Q-Commerce Era

Here's how this partnership can be nurtured:

1 Adoption of Technology by Kiranas:

Kirana stores are increasingly embracing digital tools to streamline operations. These tools enable store owners to accept digital payments, and place orders directly with brands.

FMCG brands can further empower kiranas by providing retailer-focused digital platforms. Through such apps, store owners can:

- **Access product catalogs and promotional materials.**
- **Track order status and delivery timelines.**
- **Provide real-time feedback to brands, enhancing collaboration.**

2 Collaboration for Mutual Growth:

- Traditional order-taking visits by sales reps are no longer sufficient. Brands need to transition to a partnership model, treating kiranas as business collaborators.
- This involves more meaningful engagement, sharing sales insights, and co-developing strategies to boost sales. For instance, brands can analyze consumer preferences and suggest optimal product assortments tailored to the store's customer base.
- Education on new product launches and market trends is crucial. Kiranas equipped with this knowledge can better promote products to their

What impact will Q-commerce have on Kiranas in the medium (5-10 years) term?

No impact, Kiranas will continue to operate as usual as brands will protect their control on the network

Avelino Oliveira, *Vice President and General Manager at Schreiber Foods*

Positive impact, Q-comm will increase overall demand, some of which will also go to Kiranas

Ramakrishnan Lakshmanan, *Director at Clarion Cosmetics*

3 Incentivizing Loyalty:

Implementing loyalty programs tailored to kirana stores can deepen their commitment to specific brands. These programs might include:

- **Points-based rewards systems tied to sales volumes.**
- **Exclusive discounts or promotional campaigns for top-performing stores.**
- **Tangible incentives such as marketing materials or in-store branding support.**

4 Strengthening Relationship Management:

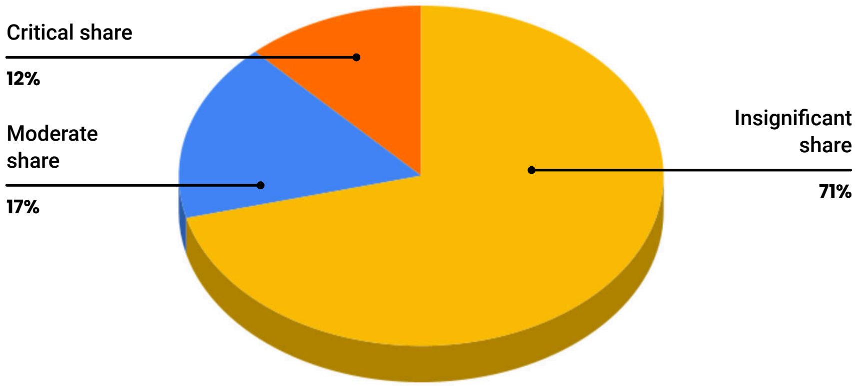
- FMCG brands can adopt relationship management approaches traditionally reserved for distributors. By building strong, trust-based partnerships, brands can secure prominent placement in kirana stores' product assortments.
- Consistent engagement, backed by personalized support, fosters long-term loyalty and reduces the likelihood of competitors gaining a foothold.

5 Empowering Kiranas Digitally:

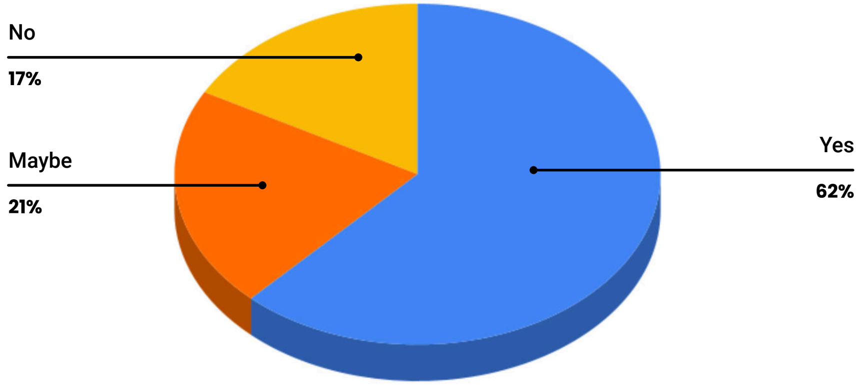
Retailer-focused digital apps can transform the way kirana stores engage with FMCG brands. These apps can:

- **Facilitate seamless order placement.**
- **Provide updates on schemes, offers, and product information.**
- **Enable participation in multimedia educational campaigns, ensuring that store owners stay informed about brand developments.**

04 eB2B Marketplaces vs. In-House eB2B Channels



How significant will eB2B marketplaces, such as Udaan, be for FMCG distribution in India in 2025? (Choose One)



Should FMCG brands prioritize building their eB2B channel for digital engagement with retailers and distributors? (Choose One)

The Debate: Marketplace or In-House?

The debate between eB2B marketplaces vs building in-house eB2B channels seems to be settling in 2025. In fact our survey reveals that industry leaders are not sold on working with third-party platforms like Udaan.

A notable 71% FMCG leaders believe that these platforms will have a minimal role in the future. This unease is driven by concerns over trust, losing control over customer relationships, and managing valuable data. In response, 62% of brands are prioritizing the development of their own eB2B channels to ensure direct, secure engagement with retailers and distributors.

As a result, there's a noticeable shift toward building in-house eB2B channels. Brands are looking to take back control, improve their direct relationships with customers, and reduce their dependency on external platforms.

4.1 Roadblocks Created by eB2B Marketplaces

While eB2B marketplaces like Udaan have certainly changed the game for FMCG transactions, they also come with a set of challenges like:

1 Trust Issues:

Brands often find it difficult to entrust sensitive business data to third-party platforms. Information regarding pricing strategies, sales trends, and customer behaviors is crucial for competitive advantage.

There's also the fear that marketplaces may prioritize their own profitability over the interests of brands, potentially favoring competitors or disrupting established trade dynamics.

2 Losing Their Turf:

By relying on third-party platforms, brands risk losing control over their established relationships with distributors and retailers. These relationships, built over decades, are critical to market success.

Marketplaces commoditize brands, placing them alongside competitors in ways that dilute their unique value propositions.

3 Discord with Distributors:

The introduction of eB2B marketplaces often creates friction with distributors. By bypassing traditional routes, brands may alienate these long-standing stakeholders, leading to disruptions in the supply chain.

4 Limited Reach:

Despite their digital promise, platforms like Udaan have struggled to penetrate smaller, rural markets effectively. Their focus tends to remain on urban and semi-urban centers, leaving a significant portion of India's retail landscape underserved.

4.2 Udaan's Missteps: A Bold Vision Gone Awry

Udaan, the B2B e-commerce platform that vowed to redefine India's FMCG distribution landscape, began its journey with much fanfare. The vision was clear: disrupt the traditional wholesale model by connecting manufacturers directly with retailers, cutting out middlemen. The idea was bold, but the execution was broken.

According to reports from ***The Economic Times, OfficeChai***, and other sources, recent disruptions at Udaan are due to concerns over its growing influence and direct dealings with retailers, bypassing traditional distributors. FMCG giants such as Amul and Parle have halted direct supply to Udaan, fearing loss of control over their supply chains. Udaan's model, which challenges traditional distribution systems, has led to market friction and regulatory challenges.

eB2B Marketplace Model Challenges:

Clash with FMCG Giants:

eB2B marketplaces upset traditional players who feared losing control of their supply chains and relationships with customers, leading to pushback from key FMCG brands.

Trust Issues:

Suppliers and manufacturers grew wary of their growing influence and its inability to maintain control over the process.

Resistance from Key Players:

They struggled to gain the cooperation of the distributors and manufacturers they needed for success.

Regulatory Conflicts:

They filed complaints with India's antitrust body, alleging that FMCG companies were blocking its growth, intensifying the conflict.

Despite their bold vision and initial investment, they faced major hurdles in India's complex FMCG market, preventing their success.

4.3 Seizing Control with In-House eB2B Channels

With growing skepticism and hesitation about partnering with eB2B marketplaces, FMCG brands are increasingly turning toward building their own eB2B channels. While the challenges faced by platforms like Udaan play a major role in this shift, these brands also recognize a valuable opportunity to regain control over their operations and distribution networks. This change stems from their desire to reclaim control over customer relationships and distribution, which they feel are often compromised when relying on third-party platforms.

By creating in-house platforms, FMCG brands can directly manage relationships with distributors and retailers, avoid the limitations of third-party platforms, and harness digital tools to streamline processes. This strategic move is driven by the need for greater flexibility, transparency, and long-term stability in an increasingly competitive market.

Let's dive a layer deep and explore the long-term benefits that come with building an in-house eB2B channel along with decoding the entire strategy to achieve this feat:

1 Strengthening Existing Distribution

Why it Matters: An in-house eB2B channel complements the efforts of on-ground sales reps, enhancing their productivity rather than replacing them.

How It Works:

- **Digital Order Management:** Sales reps can focus on relationship building while routine order-taking and route planning shifts to the eB2B platform, reducing workload and errors.
- **Real-Time Insights:** Tools like Sales Enablement Platforms integrated with the eB2B channel provide reps with data-driven insights, such as retailer preferences and past purchasing behavior, enabling more targeted engagement.

2 Strengthening Relationships

Why it Matters: Direct engagement with retailers and distributors fosters loyalty and ensures consistent brand messaging.

How It Works:

- **Retailer-Focused Apps:** These apps provide retailers with real-time access to promotions, product catalogs, and loyalty programs.
- **Distributor Management Systems (DMS):** By enabling seamless tracking of primary sales, brands ensure that distributors are consistently stocked and aligned with sales targets.

3 Safeguarding the Turf

Why it Matters: Owning an eB2B channel ensures that brands retain control over critical elements such as pricing, promotions, and customer data.

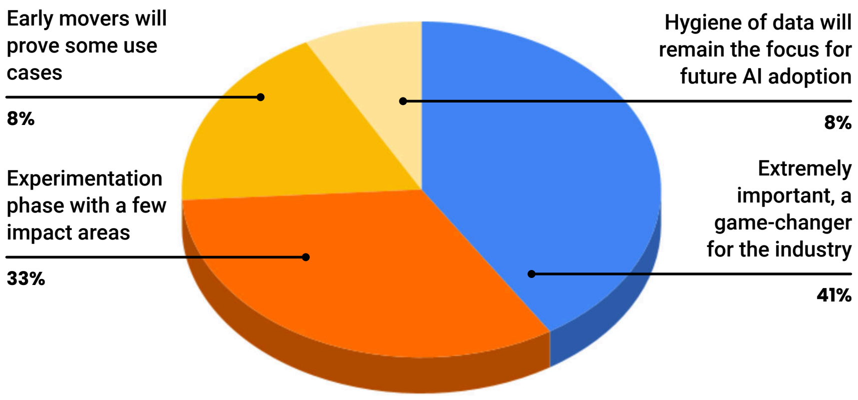
How It Works:

- **Data Ownership:** Direct control over transaction data allows brands to derive actionable insights for demand forecasting, inventory optimization, and personalized marketing.
- **Custom Schemes and Offers:** Brands can design and implement exclusive programs tailored to their retail partners' needs without interference or dilution by third parties.

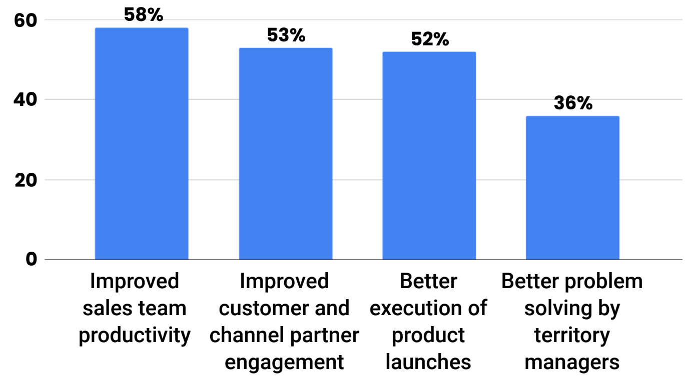
As eB2B adoption grows, the debate between relying on marketplaces and developing proprietary channels will continue. For FMCG brands, the choice is clear.

In-house eB2B channels provide a pathway for brands to take control of their distribution networks, future-proof their operations, ensuring that they remain agile, efficient, and resilient in an increasingly digital world. The rise of proprietary eB2B channels represents not just a tactical shift, but a strategic evolution for the FMCG sector.

05 AI in FMCG Distribution: The Next Big Leap



How important do you think AI will be for FMCG distribution in India in 2025? (Choose One)



What early benefits do you expect from implementing AI in sales and distribution? (Choose one or more)

Survey Insights: The Role of AI in FMCG Distribution by 2025

The potential of AI in FMCG distribution in India has generated significant interest, with 41% of industry experts viewing it as a game-changer for 2025. However, the path forward is less certain - 33% see AI as still in the experimentation phase, showing impact in limited areas, while 18% believe early movers will lead the way by proving key use cases.

Additionally, 8% emphasize that focusing on data hygiene will be critical for unlocking AI's full potential in the future. The excitement is high, but clarity on how AI will reshape the sector remains a work in progress.

5.1 Closing Gaps Across Route to Market with AI

AI is poised to address significant gaps in FMCG sales and distribution. Our survey reveals key areas where AI will have a profound effect:

58% of experts expect AI to boost sales team productivity.

52% foresee better execution of product launches.

53% believe it will improve customer and partner engagement.

36% expect AI to help territory managers solve problems more effectively.

Let's dive deeper into these use cases, exploring how AI will transform each aspect of the distribution process:

1 Boost Sales Team Productivity:

AI empowers sales teams by automating routine tasks, providing actionable insights, and enhancing field efficiency. From recommending optimal sales routes to suggesting the right SKUs for specific retailers, AI streamlines workflows for better outcomes in following ways:

How important do you think AI will be for FMCG distribution in India in 2025?

Experimentation phase with a few impact areas

Shraddha More, *Head of Marketing at Holistique Beauty*

Hygiene of data will remain the focus for future AI adoption

BK Sahu, *DGM Marketing at Dharampal Premchand*

Visit Planning for Territory Managers:

- **Challenge:** Inefficient visits to stores that may not need immediate attention.
- **AI Solution:** AI analyzes sales data, identifying stores with issues such as stockouts, declining sales, or potential growth opportunities. Territory managers receive prioritized visit plans to maximize their impact on the ground.

Stock Recommendation:

- **Challenge:** Suboptimal inventory allocation leading to overstocking or stockouts.
- **AI Solution:** Based on past sales trends, regional preferences, and seasonality, AI suggests ideal stock levels for retailers. This reduces wastage and ensures better product availability.

Task Planning Assistance:

- **Challenge:** Sales reps often spend excessive time on non-productive tasks.
- **AI Solution:** AI helps sales reps plan their day with task prioritization. For example, it recommends which stores to visit first, what products to promote, and where to focus upselling efforts, improving daily productivity.

2 Better Execution of Product Launches:

- **Challenge:** Product range expansion efforts often face hurdles in identifying the right SKUs for different markets, leading to inefficiencies and missed opportunities.
- **AI Solution:** By integrating with order execution workflows, AI ensures that the right SKUs are suggested to individual retailers, regardless of whether orders are facilitated by sales teams or placed directly by customers.

  An AI-driven approach combines historical order patterns, retailer cohorts, and market behavior to create personalized and actionable recommendations. By identifying relevant SKUs and proposing new or complementary products which are likely to succeed at each retailer, AI helps maximize conversion rates, improve operational efficiency, and ensure a targeted, successful product launch across diverse markets.

3 Channel Partner Engagement:

AI helps brands foster stronger relationships with distributors and retailers through tailored incentives, personalized communication, and data-driven engagement strategies.

- **Challenge:** Ensuring consistent and meaningful engagement with channel partners, such as distributors and retailers, is often hindered by inefficient visit planning and lack of prioritization. Field teams struggle to identify which partners to visit and how to tailor interactions effectively.

- **AI Solution:** AI helps plan visits by identifying key partners based on sales trends and past interactions. It suggests who to meet, which area to go, and which partner to focus on, while customizing incentives and messages to build stronger partnerships and boost product launches.

4 Solving Retail Execution Woes:

Territory Managers struggle to identify and address issues in their territories due to a lack of actionable insights. AI detects goal deviations and provides clear insights, enabling faster problem-solving and improved retail execution.

Enable Territory Managers to Solve Execution Challenges:

- **Challenge:** Managers are usually unable to detect problems in their territories, and even when they do, they do not have insights for the course correction.

- **AI Solution:** Leveraging conversational AI, territory managers can skip the complicated dashboards and get straight to the point. It offers real-time insights and answers, making it easy to spot issues and prioritize actions. Managers can ask specific questions and get quick responses, making their day-to-day tasks smoother and more efficient. This AI-powered approach means no more sifting through reports—just fast, smart decisions that keep territories running like a well-oiled machine.

5.2 The Future of AI in FMCG Distribution

As the FMCG sector evolves, the real impact of AI will come from enabling brands to achieve their sales goals by applying AI strategically within their unique business context.

The future lies in adopting AI solutions that:

- Drive targeted improvements in sales productivity and supply chain efficiency.
- Helps build deeper engagement with channel partners through data-driven insights.
- Empower sales teams & managers with actionable, real-time recommendations.
- Support new product roll outs or product launches with precise market intelligence.

For FMCG brands, it's not just about jumping on the AI bandwagon - it's about using it wisely. As businesses take the plunge, those who truly harness AI will leave the competition behind. The key lies in choosing solutions that align with your goals, integrate seamlessly into existing processes, and deliver real value.

By focusing on the right use cases and ensuring a smooth transition, AI can optimize operations, boost sales, and strengthen partnerships.

What early benefits do you expect from implementing AI in sales and distribution?

Better problem solving by territory managers

Avelino Oliveira, *Vice President and General Manager at Schreiber Foods*

Improved sales team productivity, Better execution of product launches, Improved customer and channel partner engagement

Ramakrishnan Lakshmanan, *Director at Clarion Cosmetics*

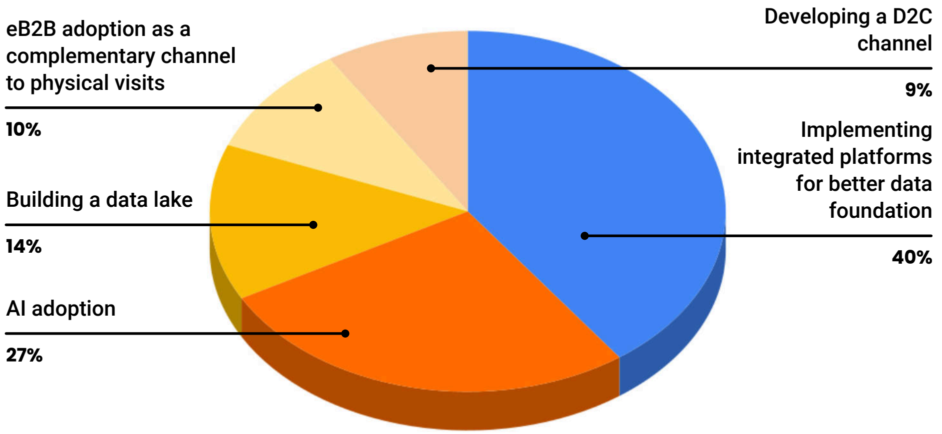
5.3 AI Fit Check: Ensuring Seamless Integration

For businesses to harness AI effectively, the technology must align with their organizational needs and capabilities. The following factors are critical for assessing AI readiness:

Category	Action Item	Status (Yes/No/In Progress)	Comments/Next Steps
AI Adoption Maturity	Conduct a thorough assessment of existing IT infrastructure and identify gaps for AI readiness.		
	Create a roadmap for upgrading systems to support AI tools.		
Data Readiness and Quality	Perform a data inventory to catalog all available data sources.		
	Identify and eliminate duplicate or irrelevant data.		
	Implement automated tools to clean, structure, and validate data.		
Integration Suitability	Review existing systems (e.g., CRM, ERP, SFA, DMS) for compatibility with planned AI tools.		
	Develop APIs or middleware to facilitate smooth integration of AI tools with existing systems.		

Category	Action Item	Status (Yes/No/In Progress)	Comments/Next Steps
Employee & Stakeholder Readiness	Develop a tailored training program to educate employees on using specific AI tools.		
	Create clear documentation on how AI tools generate insights and make recommendations.		
	Host stakeholder workshops to address concerns and build trust in AI systems.		
Cost vs. Benefit Analysis	Create a detailed financial model comparing upfront AI costs to potential revenue gains.		
	Benchmark the benefits and cost of AI against existing processes.		
Regulatory Compliance	Conduct a compliance audit focusing on AI-related data usage and storage policies.		
	Work with legal experts to ensure alignment with data protection laws (e.g., GDPR, CCPA).		
Future Readiness	Assess the scalability of AI tools to handle increased data, business complexity or process expansion.		
	Monitor AI trends to identify future-proof technologies for long-term competitiveness.		

06 High Priority Areas for 2025



Which of the following areas is expected to be the highest priority for FMCG organizations in 2025? (Choose One)

As the FMCG sector evolves, businesses are honing in on key focus areas to drive sustainable growth and stay ahead in a competitive market.

According to our survey, the top priorities for 2025 include implementing integrated platforms for a strong data foundation (40%), adopting AI (27%), building data lakes (14%), leveraging eB2B platforms as a complementary channel (10%), and developing direct-to-consumer (D2C) channels (9%).

Which of the following areas is expected to be the highest priority for FMCG organizations in 2025?

AI adoption.

Sridhar Joshi, *Co Founder at OM Bhakti*

Implementing integrated platforms for better data foundation.

BK Sahu, *DGM Marketing at Dharampal Premchand*

1 Survey Insights: The Role of AI in FMCG Distribution in 2025

While it is generally believed that most FMCG companies have figured out primary and secondary visibility over the last decade, this survey suggests that data remains an unsolved challenge even today. A unified data foundation - the backbone of modern FMCG operations - remains fragile for various reasons including: data silos, inaccuracy, latency, complexity, technology gaps, resource constraints, market dynamics.

Our survey reveals that FMCG companies are placing greater emphasis on solving the data challenges across different aspects of execution like:

Disjointed Data Across Different Tools

- **Fragmented Systems:** Disconnected platforms result in data silos, hampering seamless access and decision-making.
- **Inconsistent and Inaccurate Data:** Errors in data collection or mismatched records diminish trust and reliability.
- **Unstructured Data:** A large portion of sales and distribution data remains unformatted, limiting its usability for AI and analytics.
- **Security and Privacy Concerns:** Data breaches and lack of robust safeguards deter companies from fully embracing digital transformation.
- **Data Gaps:** Missing or incomplete data creates blind spots, preventing comprehensive strategy execution.

Weak Data Foundation

- **Suboptimal Sales Strategies:** Poor data quality impacts planning, targeting, and promotional effectiveness.
- **Missed AI Opportunities:** AI relies on high-quality data; weak foundations lead to underperforming or failed AI initiatives.
- **Operational Inefficiencies:** Inaccurate or fragmented data impedes stock tracking, sales monitoring, and retailer management.
- **Erosion of Trust:** Teams and partners lose confidence in systems with inconsistent data, leading to resistance in adopting new tools.

❖ Building a Reliable Data Foundation

To address these challenges, FMCG companies are prioritizing integrated platforms that consolidate data across all systems—DMS, customer apps, and SFA—into a unified system. Key steps include:

Unified Platforms for Seamless Data Flow

- **The Need:** Fragmented systems hinder insights and efficiency.
- **The Solution:** Unified platforms with integrated SFA, DMS and Retailer Apps enable real-time synchronization, eliminating silos and ensuring consistency.

Ensuring Data Accuracy and Integrity

- Use automated validation tools to minimize errors.
- Conduct regular data audits and train teams to improve data quality.

Structuring Unusable Data

- Deploy data cleansing tools to standardize formats.
- Use AI-driven technologies to organize legacy and unstructured data.

Enhancing Data Security

- Implement encryption, access controls, and compliance measures to protect sensitive information.
- Adopt secure cloud platforms for scalable and secure data storage.

Filling Data Gaps

- Leverage digital tools to capture missing insights, such as retailer feedback or competitor activity.
- Apply predictive analytics to infer missing data based on historical trends.

A robust data foundation enables FMCG companies to align their operations, unlock the full potential of AI, and drive actionable insights that lead to better decision-making and operational success.

2 AI Adoption to Unlock New Potential (27%)

AI is emerging as a game-changer, with applications in predictive analytics, real-time recommendations, and supply chain optimization. FMCG companies adopting AI strategically can achieve superior efficiency, deeper insights, and competitive advantages.

3 Building a Data Lake for Advanced Analytics (14%)

Data lakes offer a centralized repository for structured and unstructured data, enabling advanced analytics and reporting. They play a crucial role in unlocking deeper insights and supporting AI initiatives.

4 Leveraging eB2B as a Complementary Channel (10%)

eB2B platforms enhance retailer engagement and order management, complementing physical visits and expanding market reach.

5 Developing Direct-to-Consumer (D2C) Channels (9%)

D2C channels strengthen consumer relationships and provide valuable insights into customer preferences, enabling personalized marketing and product innovation.

AI adoption will be the top priority to drive better decision-making, customer insights, and operational efficiency.

Narasimham Angadi, *MIS Manager at 3F Industries*

07 Key Takeaways

Move to a Unified Platform

Switch to a unified platform with integrated SFA, DMS and Retail App to foster deep collaboration among your sales team, distributors and retailers.

Invest in Goal-Driven Sales Technology

Adopt tools that align sales efforts with clear business goals, so that you are able to effectively execute your 2025 strategies on ground.

Leverage AI Strategically

Focus on targeted AI use cases like sales optimization, route planning, and product launch execution for maximum impact.

Develop In-house eB2B Channel

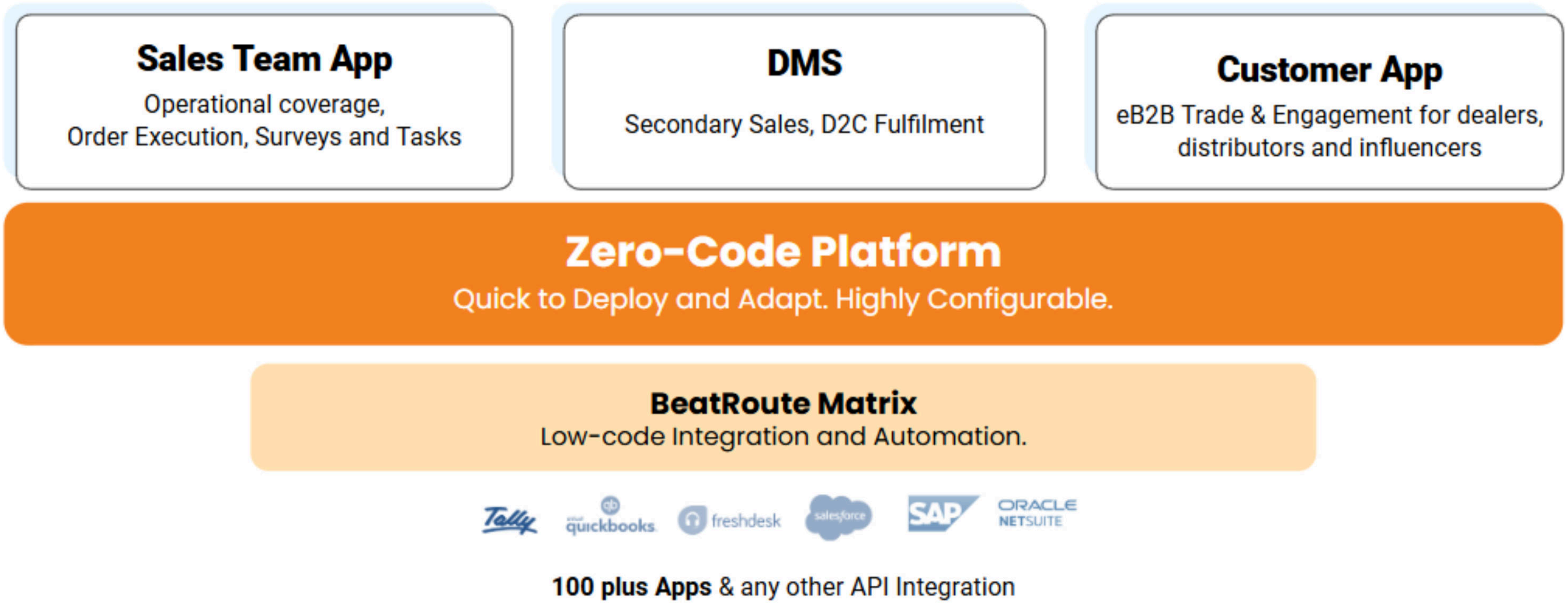
Take control of customer/channel partner relationships and data by building in-house eB2B channel tailored to your business needs.

About BeatRoute

BeatRoute is the world's only goal-driven sales enablement platform designed specifically for retail businesses. What sets BeatRoute apart is its unique goal-driven sales enablement technology, which allows businesses to define their goals within the platform and guide their sales teams, distributors, retailers, and channel influencers toward achieving them.

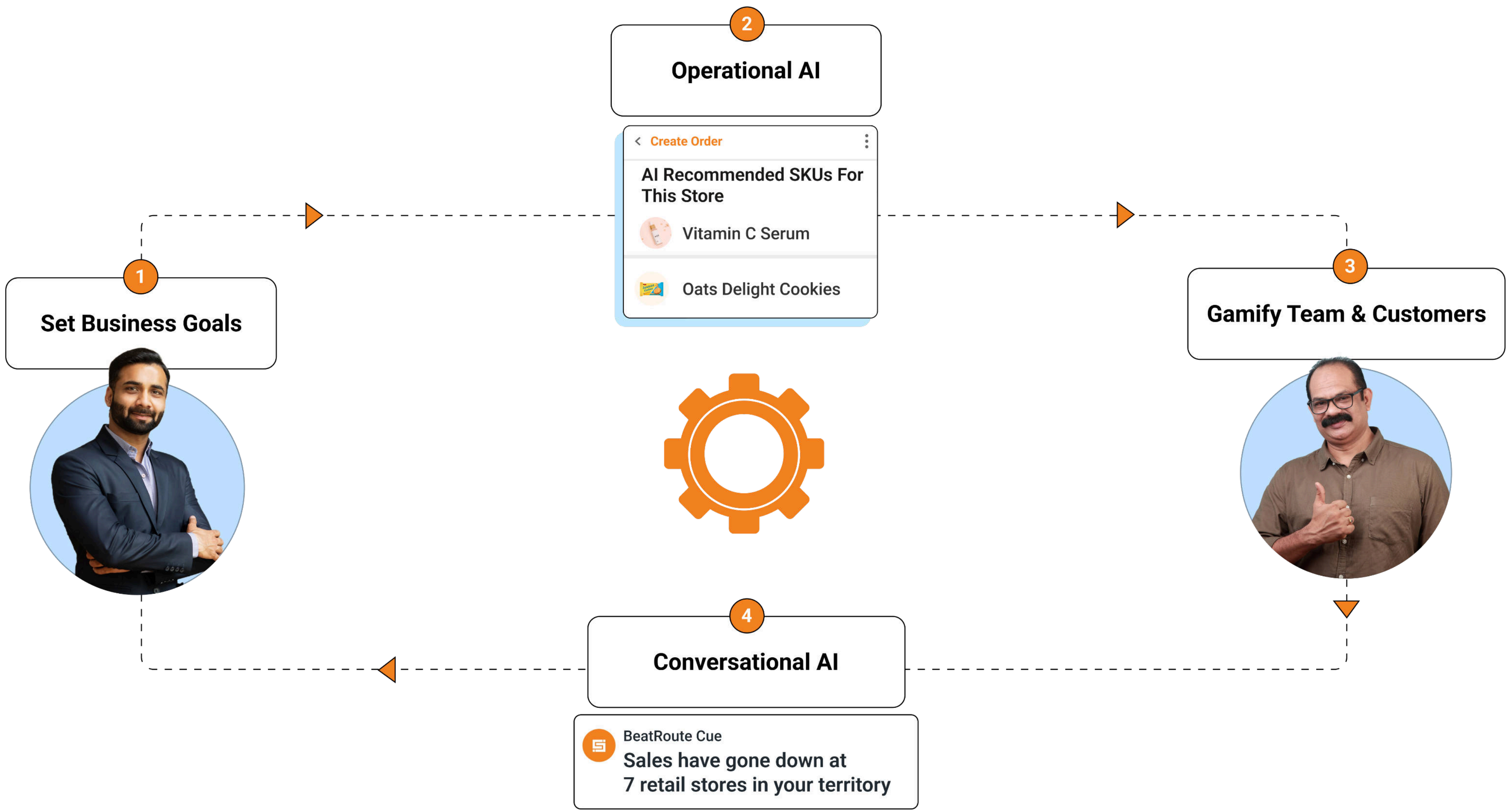
As a unified, AI-powered platform, BeatRoute brings all stakeholders together, enabling seamless collaboration and better route-to-market execution.

BeatRoute is used by 150+ enterprise customers globally, including FMCG brands such as



BeatRoute

Goal-Driven Sales Technology



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Thank You

Contact Us