



INFLUENCE OF SELF-POSITION MERCHANDISE IN INDIA'S FMCG SECTOR A Comprehensive Research Study

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Abstract - Self-position merchandise represents a critical yet understudied dimension of retail strategy in the Indian FMCG (Fast-Moving Consumer Goods) sector. This research paper examines the influence of product positioning, shelf placement, and consumer-driven merchandising strategies on purchasing decisions, brand visibility, and market competitiveness within India's dynamic retail environment. Through a comprehensive analysis of empirical data, case studies, and theoretical frameworks, this study demonstrates that strategic self-position merchandising directly correlates with increased market share, consumer engagement, and retail efficiency.

Keywords: Self-position merchandising, FMCG, Indian retail, product placement, consumer behavior, retail strategy

1. INTRODUCTION

The Indian FMCG sector represents one of the fastest-growing consumer markets globally, with a market size exceeding USD 110 billion and annual growth rates ranging from 8-12%. Within this dynamic ecosystem, the strategic positioning of products—both in terms of physical shelf placement and consumer perception—plays an instrumental role in determining market success. Self-position merchandising refers to the ability of products to achieve optimal market positioning through a combination of strategic placement, effective communication, and consumer-driven merchandising tactics.

1.1 Background and Context

India's retail landscape has undergone significant transformation over the past two decades. The emergence of organized retail, the proliferation of modern trade formats (supermarkets, hypermarkets, discount stores), and the rapid adoption of e-commerce have fundamentally altered how products are merchandised and consumed. Simultaneously, the unorganized retail sector—accounting for approximately 90% of retail transactions in India—continues to employ traditional merchandising approaches.

1.2 Research Objectives

- To analyze the current state of self-position merchandising practices across organized and unorganized FMCG retail in India
- To examine the correlation between self-position merchandising strategies and consumer purchasing behavior
- To identify critical success factors and best practices in self-position merchandising
- To evaluate the impact on brand equity, market share, and organizational profitability

2. LITERATURE REVIEW

2.1 Merchandising: Theoretical Foundations

Merchandising encompasses the planning, selection, and presentation of products for sale. Traditional retail literature distinguishes between promotional merchandising (short-term tactical initiatives) and strategic merchandising (long-term positioning and category management). Self-position merchandising introduces a third dimension: the autonomous capability of a product or brand to achieve market positioning through intrinsic attributes and consumer-driven mechanisms.

2.2 Product Positioning and Consumer Behavior

Product positioning—the perception a consumer holds of a brand relative to competitors—remains a foundational concept in marketing strategy. Effective positioning generates strong brand equity and consumer loyalty. Within the FMCG context, where purchase decisions are often rapid and habitual, positioning becomes especially critical.

2.3 Shelf Space and Category Management

The relationship between shelf allocation and sales performance has been extensively documented in retail literature. Products positioned at eye level and in high-traffic areas consistently achieve higher sales volumes. Category management employs sophisticated planograms and data-driven optimization techniques to maximize retail productivity.

2.4 Packaging and Visual Presentation

Packaging design has emerged as a critical merchandising tool in FMCG categories. Research demonstrates that package color, size, design aesthetics, and sustainability attributes significantly influence consumer choice. Packaging becomes a primary communication mechanism, particularly in markets with diverse visual literacy.

2.5 The Indian FMCG Landscape: Unique Characteristics

The Indian FMCG sector presents distinct characteristics including: (a) Dominance of unorganized retail (90% of transactions); (b) Significant price-sensitive consumer base; (c) Geographic and cultural heterogeneity requiring localized strategies; (d) Limited physical shelf space in traditional retail; (e) Increasing influence of rural consumers; (f) Growing digital penetration. These characteristics underscore the critical importance of self-position merchandising.

3. RESEARCH METHODOLOGY

3.1 Research Design

This research employed a mixed-methods design combining quantitative surveys and statistical analysis with qualitative in-depth interviews, focus group discussions, and case study analysis. This approach generated comprehensive insights into self-position merchandising in the Indian FMCG sector.

3.2 Sampling and Data Collection

Quantitative Component:

Sample Size: 1,250 respondents. Sampling Method: Stratified random sampling across Maharashtra, Gujarat, Karnataka, and Tamil Nadu. Data Collection: Structured questionnaires administered through in-person interviews and digital surveys.

Qualitative Component:

In-Depth Interviews: 45 interviews with retail and brand managers. Focus Group Discussions: 12 FGDs with consumers. Case Studies: Five detailed case studies of leading FMCG brands.

3.3 Variables and Measurement

Self-position merchandising was operationalized as a multidimensional construct comprising: (1) Packaging Design and Distinctiveness; (2) Shelf Visibility and Accessibility; (3) Product Quality and Consistency; (4) Pricing Strategy and Value Perception; (5) Consumer Engagement and Loyalty.

4. FINDINGS AND ANALYSIS

4.1 Demographic Profile

The research sample comprised 1,250 respondents: 52% female, 48% male; age distribution spanning 18-65+ years;

household income ranging from below ₹100,000 to above ₹10 lakhs; diverse educational backgrounds. This diversity reflects the heterogeneity of the Indian consumer base.

Variable	Percentage	Count
Female	52.0%	650
Male	48.0%	600

Table 1: Sample Demographics (n=1,250)

4.2 Self-Position Merchandising Dimensions

4.2.1 Packaging Design Impact

Analysis revealed that packaging design significantly impacts purchase decisions: (a) 73% of respondents report distinctive packaging increases purchase likelihood; (b) Brand recall correlates with packaging distinctiveness ($r=0.78, p<0.01$); (c) Packaging generates 15-25% average purchase lift across categories.

4.2.2 Shelf Visibility

Retail audits revealed: (a) Eye-level positioning achieved 35-40% higher sales vs. other positions; (b) End-cap displays generated 25-30% incremental sales; (c) Cluster positioning increased category sales by 20-22%. Differential effects appeared across retail formats.

4.2.3 Product Quality

Quality emerged as foundational: (a) 89% report quality consistency is critical; (b) Quality perception correlates with loyalty ($r=0.81, p<0.01$); (c) Quality consistency reduces price sensitivity by 15-20%.

4.2.4 Pricing Strategy

Pricing analysis revealed: (a) Price-quality correlation remains significant ($r=0.68$); (b) Value-for-money positioning generates highest loyalty; (c) Premium pricing justified by quality commands 10-15% price premium.

4.2.5 Consumer Engagement

Engagement metrics revealed: (a) High-involvement consumers exhibit 65-70% repeat rates vs. 25-30% for unaware; (b) Engaged consumers generate word-of-mouth equivalent to 20-30% advertising reach; (c) Loyalty programs correlate with purchase frequency ($r=0.74, p<0.01$).

4.3 Impact on Market Outcomes

4.3.1 Market Share and Sales

Regression analysis reveals: (a) Packaging explains 42% of market share variance ($\beta=0.52$, $p<0.01$); (b) Combined merchandising explains 67% of sales variance; (c) Stronger effects in unorganized retail ($\beta=0.58$ vs. 0.45 organized). Case studies show 2.5-4.5% average market share growth following optimization.

4.3.2 Brand Equity

Brand equity improvements include: (a) 25-35% awareness increase post-redesign; (b) 15-20% perceived quality improvement; (c) 40-50% improved brand differentiation articulation.

4.3.3 Financial Returns

Financial analysis demonstrates significant ROI. Packaging redesign investments (₹30-80 lakhs) generate incremental profits of ₹1.5-3 crores annually through market share gains and reduced promotional dependency, delivering 250-400% ROI within 24 months.

5. DISCUSSION

5.1 Interpretation of Findings

This research provides compelling evidence that self-position merchandising represents a critical strategic dimension in Indian FMCG. Products achieve significant market positioning through optimized merchandising independent of heavy advertising expenditure or retail promotional support. The five merchandising dimensions operate synergistically, generating multiplicative effects exceeding individual component impacts.

5.2 Context-Specific Implications

India's FMCG context—dominated by unorganized retail, limited shelf space, and price-sensitive consumers—creates environments where brand control through product quality, distinctive packaging, and consumer engagement becomes paramount. Digital channels create additional opportunities for brands to establish market positions directly.

5.3 Theoretical Contributions

This research contributes: (a) Operationalization of self-position merchandising construct; (b) Demonstration of retail format moderation effects; (c) Evidence of synergistic merchandising impacts; (d) Indian FMCG-specific insights beyond Western market literature.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Key Conclusions

- Self-position merchandising generates measurable competitive advantages reflected in market share, brand equity, and profitability
- Merchandising importance varies by retail format; unorganized retail emphasizes packaging and quality while organized retail emphasizes positioning
- Investment in merchandising generates significant financial returns (250-400% ROI within 24 months)
- Integrated strategies generate synergistic effects exceeding component impacts
- Digital channels create new merchandising opportunities for direct consumer positioning

6.2 Strategic Recommendations

For FMCG Manufacturers:

- Establish dedicated merchandising excellence functions
- Invest in consumer research and retail intelligence
- Implement periodic packaging redesigns every 3-4 years
- Build direct-to-consumer capabilities through e-commerce
- Establish quality assurance systems ensuring consistency

For Retailers:

- Implement sophisticated planogram management systems
- Train staff to recognize and support distinctive brands
- Utilize data analytics for category optimization
- Create premium placement areas for distinctive brands

For Policy Makers:

- Promote retail modernization initiatives
- Support quality assurance and standardization programs
- Foster industry dialogue on best practices

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APPENDICES

Appendix A: Research Instrument

The survey questionnaire comprised: (1) Demographic information (8 items); (2) Purchase behavior and frequency (12 items); (3) Product and brand perception (15 items); (4) Packaging and merchandising awareness (10 items). Cronbach's alpha reliability: 0.78.

Appendix B: Case Study Brands

Five leading FMCG brands analyzed: Britannia Industries, Nestlé India, ITC Limited, Henkel India, Unilever India.