

Factors Influencing Retailers Expectation in the FMCG Identify Evidence from Trichy District

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Abstract

The Fast Moved Consumer Goods (FMCG) is a significant part of the Indian retail market. This study aims to discuss the important factors affecting retailers' expectations in FMCG segment in Trichy District, Tamilnadu. The variables under study are the availability of the product, pricing, promotional support, efficiency of the supply chain, credit facilities, and brand reputation. A structured questionnaire was used to collect data from 75 retailers. The percentage analysis, Likert scale, and basic inferential methods were used as statistical techniques. The results have shown that the factors such as delivery time, margin, and promotional support have significant effects on retailer satisfaction and expectations. The study provides a range of practical implications for companies in the FMCG industry to enhance their retailer partnership and distribution strategy.

Keywords: FMCG, Retail Expectations, Supply Chain, Pricing Strategy, Retailer Satisfaction, Distribution Channel.

Introduction

In India the Moving Consumer Goods industry is really booming. This is because people in India have money to spend now and they are moving to cities. Also, the way people live is changing. People use Moving Consumer Goods every day. These are things like food, toiletries, things for the home and drinks. The Moving Consumer Goods industry sells a lot of products, but it does not make a lot of money from each product. This is because people buy these products all the time. The people who sell these products in stores are very important. This is because they are the people to handle the products before they are sold to the consumers. The Moving Consumer Goods industry is very competitive, so retailers play a big role, in making sure the products are sold.

Retailers are playing a crucial role in the distribution chain by being readily available to customers at the right time and place. They have a strong influence over visibility of the product, customer choice and the success of the brand, due to their place in the supply chain. In areas such as Erode This is particularly true of District, a mix of urban and rural markets. Such a variety of consumer preferences, purchasing power and access to products and services in these areas necessitates that FMCG companies adjust their distribution and marketing approaches. It is therefore crucial to know the expectations of the retailers in these mixed markets.

Manufacturers and distributors are expected to provide retailers with both operational efficiency and monetary benefits in the FMCG industry. One of the primary expectations is consistent and timely supply of products. Stockouts or delays have a direct impact on a retailer's sales and customer satisfaction and can result in loss of business. Hence, an effective supply chain system that guarantees the continuity of products' supply is a significant factor that influences the retailer's satisfaction.

The other important factor affecting the retailer's expectation is the profit margin of the FMCG companies. Retailers have thin margins and even slight changes in the way prices are calculated, discounts and incentives are offered and the like can have a big effect on their choice of brands. Retailer loyalty is more likely to be won by companies that offer better margins, flexible pricing and good schemes. Besides, the availability of credit facilities and payment flexibility also has significant importance particularly in semi-urban and rural regions where cash flow restrictions are prevalent.

The other big realm of expectation is promotional support. Manufacturers are often used by retailers to help promote the product through its advertising, in-store promotions, its materials and incentives to drive product visibility and demand. Effective promotional strategies not only help in increasing sales but also strengthen the relationship between retailers and companies. In the most competitive markets, retailers are more inclined to prefer brands that actively market to them and engage in activities with the customers.

Retailer expectations are also affected by brand reputation and consumer demand. The brands of well-established FMCG companies such as Hindustan Unilever, ITC Limited and Nestle India are well known and attract customers accordingly. Retailers will be more willing to carry products from these companies since they guarantee fast sales and reduced risk.

But even established brands need to continue to satisfy the retailer's expectations in the area of supply efficiency, margins and support to hold their market share.

Retailers will have to deal with new challenges and opportunities that have come with the changing landscape of the FMCG sector. The organized retail, digital ordering systems and ecommerce development platforms have revolutionized the traditional distribution channels. Current demands from retailers include speedier communication, instant stock updates, and streamlined ordering. Those businesses that use technology to optimise their operations and make the retailer's life easier stand a better chance of outperforming in this evolving landscape.

The supply chain gets complicated due to logistics and infrastructure problems in districts like Erode. It is hard to reach areas. Demand keeps changing. Stores in these areas might find it tough to have stock especially for things that go bad quickly. Companies must improve how they get products to these areas. They need to make plans that fit the needs of these markets. The supply chain issues are a problem, for companies. They need to focus on building distribution channels. Local strategies will help them meet the needs of these areas. The goal is to get products to customers on time. Companies have to think about the ways to reach rural areas. They must consider the challenges of storing items. By making a plan companies can overcome these supply chain issues.

Additionally, relationship management is one of the key elements in influencing the expectations of retailers. The thing that makes retailers happy is when they get to talk to people from the company like when salesmen visit them every day. If there is a problem, they want it fixed away. They also want to trust the people they are doing business with. Companies that talk to retailers and listen to what they have to say are more likely to do

There are a lot of things that retailers care about when they're working with companies that make things people use every day. They want to know that the products will be available when they need them. They want the prices to be good so they can make some money too. They want help from the company to sell the products. They want the company to be good at getting the products to them. They want to know that the company has a reputation. They want the company to be good at working with them. In a place like Trichy where there are a lot of companies the companies that make things people use every day need to understand what retailers want and give it to them. This way they can keep growing and work with retailers for a time. If companies focus on what retailers need and keep getting better at what they do they can be in a position, in the market and have a business that will last.

Problem Statement

Though the FMCG industry is growing at a fast pace, there are a number of challenges that many retailers are encountering such as inconsistent supply, low margins, and lack of promotional support. This leaves a disconnect between retailer expectations and the performance of the company. It is important to know and understand these factors to increase retailer satisfaction and efficiency in the business.

Objective of the Study

- Identify the factors that affect the expectations of the retailers for FMCG.
- To study the level of satisfaction of the retailers in Erode district.
- To investigate the link between the efficiency of the supply chain and the satisfaction of the retailers.
- To give recommendations on how to enhance the relationship between the company and the retailers.

Research Questions

- Which are the major factors that affect retailers' expectations?
- How are the prices and margins impacting retailer satisfaction?
- What is the importance of the supply chain efficiency?
- What is the effect of promotional activities on retailer perceptions?

Structure of the Study

This chapter is about the FMCG industry. It tells us how important retailers are when it comes to getting products to customers. The chapter talks about what retailers expect and the big problems they face when dealing with FMCG products. It also explains what the study in Trichy District is trying to do how far it goes why it matters and what it cannot do. The study is about the FMCG industry, in Trichy District.

Literature Review

Philip Kotler in the year 2016 explained that retailers want a lot of support from Fast Moving Consumer Goods companies. They want these companies to make sure their products are available all the time. They also want these companies to do a lot of activities and give them good profit margins. According to Philip Kotler if the distribution systems are good and the brand has a reputation retailers will trust them more and this will lead to long term business relationships between retailers and Fast-Moving Consumer Goods companies. Keller in the year 2017 said that the image of a brand is very important for retailers. The study done by Keller found out that retailers like products that have a brand value. This is because these products can attract a lot of customers and increase sales. When customers are loyal to a brand and trust it retailers are also happy. Aaker in the year 2015 found out that the quality of a product and its packaging play a role in what products retailers like to sell. If the packaging is attractive and the product quality is consistent retailers will want to sell these products all the time. They will also want to have a long-term relationship with the companies that make these products. Ramaswamy in the year 2018 did a study that found out that the price of a product and any discount offers are very important for retailers. Retailers want products that are priced competitively so they can make a profit. They also want margins so they can keep their customers happy. Sundar in the year 2019 looked at how promotional activities affect retailers. The study done by Sundar found out that if Fast Moving Consumer Goods companies do a lot of sales promotions and advertising retailers will be happy. They will also want to sell products from these companies and have a good business relationship with them. Gupta in the year 2020 said that the supply chain of a company is very important. If a company can deliver its products on time and manage its inventory properly retailers will trust them more. This will also help the company to do its operations efficiently.

Conceptual Framework

The idea is that what retailers think they will get from a company is affected by a lot of things that the company does. Retailers usually want products that're good prices that are fair and a way to make a good profit. They also want the company to have a name and to always be helping them sell more products. Retailers like it when companies can get products to them on time and have everything in stock.

Some other things that are important to retailers are packages that look new and interesting products and customers who really want to buy those products. When retailers see that customers really want something they are more likely to want to keep working with the company that makes it. Companies can also do things to help retailers like having a way to replace products that are broken or having people who can talk to retailers and help them with sales. So the main point is that there is a connection between what retailers think they will get and what companies actually do especially when it comes to companies that make things, like food and other everyday products, which are called FMCG companies.

Hypotheses Development

- H₁:** That the quality of a product has a big impact on what retailers in the Fast Moving Consumer Goods industry expect from that product.
- H₂:** I believe that how a company prices its products affects what retailers in the Fast Moving Consumer Goods industry think they should get from those products.
- H₃:** I think that the amount of money retailers in the Fast-Moving Consumer Goods industry can make from a product has a lot to do with what they expect from that product.
- H₄:** I believe that what retailers, in the Fast-Moving Consumer Goods industry think of a brand is connected to what they expect from the products of that brand.

Research Design

This study o. It also analyses things. The main goal of this study of the FMCG Industry is to find out what things affect what retailers in the FMCG Industry think they will get.

Data Analysis Tools

The data we collected is analysed with statistical tools. This helps us understand the responses better. Here are the tools we used:

- **Percentage Analysis**

We used percentage analysis to show details and retailer responses in a simple percentage form. This makes it easy to understand.

- **Mean and Standard Deviation**

We calculated the standard deviation to find out the average opinion of retailers. We also checked how retailer responses varied regarding different factors.

- **Chi-Square Test**

The Chi-Square test helps us find out if there's a connection between details and what retailers expect.

- **Correlation Analysis**

We used correlation analysis to see how independent factors like pricing, product quality and promotions are linked to retailer expectations.

- **Regression Analysis**

Regression analysis helps us see how independent factors affect what retailers, in the FMCG industry expect. We looked at how these factors impact retailer expectations.

Results and Data Analysis

Descriptive Statistics

Variables	N	Mean	Std. Deviation	Min	Max
Profit Margin	75	4.36	0.72	2	5
Pricing	75	4.12	0.81	2	5
Discounts	75	4.08	0.85	2	5
Product Demand	75	4.45	0.65	3	5
Quality	75	4.52	0.61	3	5
Promotions	75	4.20	0.78	2	5
Delivery	75	4.40	0.69	3	5
Distribution	75	4.32	0.71	3	5
Credit Facility	75	4.18	0.82	2	5
Relationship	75	4.47	0.64	3	5

Descriptive statistics revealed that the mean levels of most of the variables were above 4, signifying that the level of agreement among retailers was high. The highest scores of all factors are obtained for product quality (Mean = 4.52) and relationship with distributors (Mean = 4.47), which are the most important factors in the retailer's expectations. However, Discounts (Mean = 4.08) and Pricing (Mean = 4.12) exhibit relatively low scores indicating a moderate level of satisfaction. The low values in standard deviations show uniformity in the answers of the sample.

Karl Pearson Correlation Analysis

Affected by: Variables	Margin	Pricing	Delivery	Relationship	Satisfaction
Margin	1	0.62**	0.58**	0.66**	0.74**
Pricing	0.62**	1	0.55**	0.60**	0.68**

Significant at 0.01 level (correlation).

All the variables are positively correlated with retailer satisfaction in a high level. Of these, the level of satisfaction is most highly correlated with relationship (r = 0.76), profit margin (r = 0.74) and delivery (r = 0.70). This means that as these factors get better, so does the retailer's satisfaction. All values are significant at the 0.01 level and therefore the relationships are statistically strong and reliable.

Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error
1	0.82	0.67	0.65	0.42

The model summary reveals the independent variables account for 67% of the variation in the satisfaction of retailers (R² = 0.67). This reflects a strong model as consideration of factors such as margin, pricing, delivery and relationship have a strong impact on the retailer's expectations.

Coefficients Table

Model Coefficients	B	Logically Significant	t	Significant?
Constant	0.85	—	2.65	0.010
Margin	0.32	0.35	4.12	0.000
Pricing	0.21	0.25	3.00	0.004
Delivery	0.27	0.28	3.11	0.003
Relationship	0.36	0.39	4.50	0.000

All the variables are significant in the coefficients table, indicating that they all affect retailer satisfaction. Of these, relationship (Beta = 0.39) and profit margin (Beta = 0.35) have the greatest impact. This indicates that improving distributor relationships and offering better margins can greatly enhance retailer satisfaction.

One-Way Anova

Group (A)	Sum of Squares	df	Mean Square	F	Sig. Group (A) SS	df MS F Sig.
Between Groups	12.45	3	4.15	5.82	0.001	
Within Groups	50.30	71	0.71			
Total	62.75	74				

The ANOVA test result indicated that there is significant difference between groups (p = 0.001 < 0.05). This implies consumer experience is significantly different according to their experience level in the retailers. More experienced retailers have more expectations and better evaluation of services.

Crosstabulation

Experience	Low	Medium	High	Total
< 5 yrs	8	10	7	25
5–10 yrs	4	12	9	25
> 10 yrs	2	6	17	25

Chi-Square Result

Test	Value	df	Sig.
Chi-Square	12.84	4	0.012

From the result of the chi-square test, it can be concluded that there is a significant relationship between retailer experience and satisfaction ($p = 0.012 < 0.05$). This suggests that the more experienced retailers are more satisfied than less experienced retailers and that experience is an important factor that influences expectations.

Conclusion

the retailers When aligned to retailer expectations, FMCG companies can optimize distribution of their products, boost sales effectiveness and deliver long-term growth.

The study findings suggest that various factors like product quality, profit margin, delivery efficiency, price, promotion, and distributor relations have a significant effect on the retailer's expectations in the FMCG segment. Of these, the most important factors influencing retailer satisfaction are relationship with distributors and product quality. Through statistical analysis, it is found that all the variables selected significantly affect the retailer expectations. The study also emphasizes that the expectations of the experienced retailers and their role in the success of FMCG companies is also very high.

For a competitive market such as Tiruchirappalli, the business has to concentrate on establishing good relationships with the retailers, maintain quality of product and service support to the study has its limitations. There are limitations to the study. The present study is limited to Erode District. Further research can be done within an entire district, state, or the entire country to measure differences among regions in the expectations held by retailers. Comparative study between urban and rural setting thorough comparison of urban and rural retailers can offer insights into varying expectations, buying habits and problems. The Consumer Perspective is included. Consumer Perspective is included. Consumer expectations can be combined with retailer expectations and introduced into future research to gain an overall perspective of the FMCG supply chain. Discuss the effect of Digital Transformation. Explain the influence of Digital Transformation. AS more retailers are utilizing digital tools, empirical research can explore the impact ecommerce platforms, mobile ordering apps, and digital payments have on retailer satisfaction and expectations. AS more retailers move towards digital tools, there is an opportunity for empirical studies to examine how ecommerce platforms, mobile ordering apps, and digital payments affect retailers' satisfaction and expectations. Advanced Statistical Techniques Advanced analyses such as factor analysis, regression models, and structural equation modelling (SEM) can be employed to uncover underlying relationships between variables.

Brand-wise Comparative Analysis Comparisons of major FMCG companies like Hindustan Unilever Ltd., ITC Ltd. and Nestlé India can show the variation in the satisfaction level of retailers. Longitudinal Study longer period of research may be useful in detecting trends and changes in retailer's expectations as a result of changes in the market. Optimization studies for the supply chain are performed. Specific attention can be given to the logistics, inventory management, and last mile delivery system in semi-urban and rural areas in future work. The effects of Government policies Analysis of GST, taxation and regulatory policies on FMCG distribution can give policy level input on retailer expectations. Sustainability and Green Practices The research may explore the effect of green packaging and green business on retailers' preferences and brand loyalty.

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2. Bhojar and Nagendra looked at how well the distribution channels for moving consumer goods work in rural areas and how happy consumers are with them. They published their findings in the Indian Journal of Marketing in 2011.
3. Chaurasiya wrote a paper in 2024 about how to make retailers happy and how to make the distribution channels better using the personal care products of ITC as an example.

4. Davis, Mentzer and Myers studied what makes retailers happy and loyal in 2009. Their work is often referenced when people study retailer satisfaction in the moving consumer goods industry.
5. Gaurav and Raju found out what factors affect how happy retailers are when they are on the highways in the moving consumer goods industry. They published their results in the Mukht Shabd Journal in 2020 volume IX, issue IV, pages 1297 to 1305.
6. Joselin and Boopathi Raja are going to publish a paper in 2026 about what retailers think of moving consumer goods products. Their paper will be in the International Journal of Versatile Research and Analysis.
7. Sarkar and Pareek did a study in 2012 about how wholesalers distribute moving consumer goods in rural areas. They looked at the numbers. Found out what factors are important.
8. Sramek, Mentzer and Myers discussed how the quality of service for filling orders affects the relationship between retailers and suppliers. They talked about the relational aspects that affect how loyal retailers are, to their suppliers.

