FMCG Selling

Leo Gough

- Fast-track route to mastering the sophisticated and highly competitive world of FMCG selling
- Covers the key issues of retailer dominance, retailer resistance to new product launches, consumer behavior, category management, buying structures, product development and regulation, and branding issues
- Case material from Proctor & Gamble, Coca-Cola and Pepsi, Wal-Mart and Red Bull
- Includes a comprehensive resources guide, key concepts and thinkers, a 10-step action plan, and a section of FAQs
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Introduction to FMCG Selling

» The changing nature of FMCG.
» The rise of retailer power.
» The selling wars – a zero-sum game?
Marketing fast-moving consumer goods (FMCG) is one of the “purest” and most sophisticated forms of selling there is. The great FMCG-selling companies, such as Procter & Gamble and Coca-Cola, invented mass marketing almost single-handedly and grew to become multinational giants in the process. FMCG played a major role in the rise of consumerism during the twentieth century and drove the development of the media from the days of the sponsored radio show of the 1920s. Selling FMCG provided the funds for the mushrooming growth of television and the establishment of advertising agencies as a vast, lucrative industry. In the West, and now increasingly in the rest of the world, almost everyone’s lives are touched by FMCG.

Definitions of FMCG vary, but generally the term is used to mean branded products that are:

» used at least once a month;
» used directly by the end-consumer;
» non-durable; and
» sold in packaged form.

The main FMCG segments are:

» personal care – toothpaste, hair-care, skincare, soap, cosmetics, and paper products such as tissues and sanitary towels;
» household care – fabric wash (laundry soaps and synthetic detergents) and household cleaners (such as dish/utensil cleaners, air-fresheners and insecticides);
» branded and packaged food and beverages – soft drinks, cereals, biscuits, snack food, chocolates, ice cream, tea, coffee, vegetables, meat, bottled water, etc.; and
» spirits and tobacco.

It’s not hard to see just how deeply they penetrate our domestic lives. In the “post-modern” West, attitudes towards FMCG are changing along with consumer behavior, and numerous lobby groups pressurize large corporations as part of a general attempt to foster many kinds of social reform. FMCG firms are easy targets of consumer boycotts, and must pay closer attention to notions of corporate responsibility than ever before. “Green” issues, health issues, and fears about biotechnology are just a few matters that companies cannot afford to ignore. In
much of the developing world, however, FMCG are still welcomed as a symbol of progress towards prosperity. Many people in Russia and China, for instance, want as much FMCG as they can get. For leading brand manufacturers, the real opportunities for growth lie in these newer markets.

In the West, power has shifted from the manufacturers to the retailers, and competition has intensified. It’s often a bitter struggle, as salespeople for supermarket suppliers battle for space on the shelves and are trapped in a cycle of wasteful trade promotions that they cannot control. Retailers are consolidating, but are only just beginning to step outside their home territories. If they are successful, it is likely to drive down manufacturers’ prices, hurting brand equity.

The leading FMCG brands sell at a hefty premium, but with the greater power of the retailers, and the introduction of their own “private label” brands, second-tier brands are losing out and smaller manufacturers may go out of business. It’s a secretive, highly complex war, where too many products are vying for customers’ money. Many selling tactics are only successful for a short while, as competitors strangle one another in what in many respects is a zero-sum game.

For the salesperson in the field, it can be difficult to get a coherent overview of what is really happening. Selling into stores has little to do with personal selling skills, and is focused on getting a small edge in an endless, probably unwinnable, war. That small edge, however, can translate into hefty profits – for a while.

This book aims to give a picture of how products are sold in this dynamic and ever-changing industry.