

Hyperlocal Future in India - Specific to Fast Moving Electrical Goods (FMEG) Industry

¹Dr. Pradeep N. Dutta, ²Prof. S. K. Dubey,

¹Institute of Management Studies, Banaras Hindu University, Varanasi (Uttar Pradesh), India,
hipradeep_dutta@yahoo.co.in

²Director, Institute of Management Studies, Banaras Hindu University, Varanasi (Uttar Pradesh), India,
skdubey@fmsbhu.ac.in

Abstract: The hyperlocal future of India is being driven by the digitisation of the nation, growing middle-income households and rapid urbanisation. On the other hand, fast-moving electric goods (FMEG) is also the fastest growing industry in today's context market of India due to rapid urbanisation and growing consumption of electrical goods. The growth that India has shown globally has shown that in its domestic market, the FMEG market could also see a significant rise shortly. This further begs the question of the hyperlocal future of FMEG in the country to meet the growing demands effectively. This research aims to provide a concise discussion on the future of the hyperlocal market of India specific to the fast-moving electrical goods (FMEG) industry. Peer-reviewed journals, annual reports and online articles have been used to provide the required findings with the help of multiple themes. From the analysis, it had been found that hyperlocal retailing in the Indian FMEG industry is increasing with numerous players looking to get a share of the hyperlocal market in the country. The FMEG market is witnessing a shift from traditional retailing to hyperlocal retailing. The hyperlocal future in the FMEG sector is driven by innovation and tough competition with all the major players looking to give their best to gain an advantage. Hyperlocal business models are going to expand at a significant pace in the future to meet the growing needs of FMEG in the country. The digital economy supported by rapid urbanisation and the rising middle class is going to drive the hyperlocal market of FMEG.

Keywords: *Electrical, FMEG, Industry, India, digitisation, hyperlocal*

1. Introduction

Hyperlocal means the localization of the business and the major online business model needs to meet customers within the offline shops through the digital platform. The hyperlocal business can make business easiest along with steady progress. In addition, the hyperlocal delivery model combines with the recent infrastructure of the local market, which can form a bridge between the customer and the provider of retail business. This business strategy is essential to survive even in a difficult situation. The hyperlocal delivery model in the business of India connects the recent infrastructure with technology in the local market which can be focused on the formation of a "Macro-marketplace" (Indian Retailer, 2023). This study has focused on the future of the fast-moving electrical goods (FMEG) industry concerning hyperlocal practices. This business delivery in India has been enhanced through such practices on which certain sectors can get perfect opportunities.

Hyperlocal is a common trend in countries that have great cultural diversity based on languages, races, and history. Countries like India and China both come under this category and especially India which is a vibrant democracy and has an open culture of cultural diversity (Gupta and Biswas, 2021). India is a huge consumer market and the size of the market has increased over the years which can easily be understood with the help of statistics. As per Statista, in the financial year 2011, the total value of the consumer goods was 31.3 billion USD while it had become 110 billion USD in the year 2020. It has been projected that in the coming years, this trend is going to speed up and the market size is going to be 220 billion USD in the year 2025 while in the year 2027, it will become 615.87 billion USD (Minhas, 2023). The FMEG market of India in terms of wires and cables was 33,500 crore INR in the financial year 2015 and it had increased by 10% in the year 2022 and had become 65,000 crore INR.

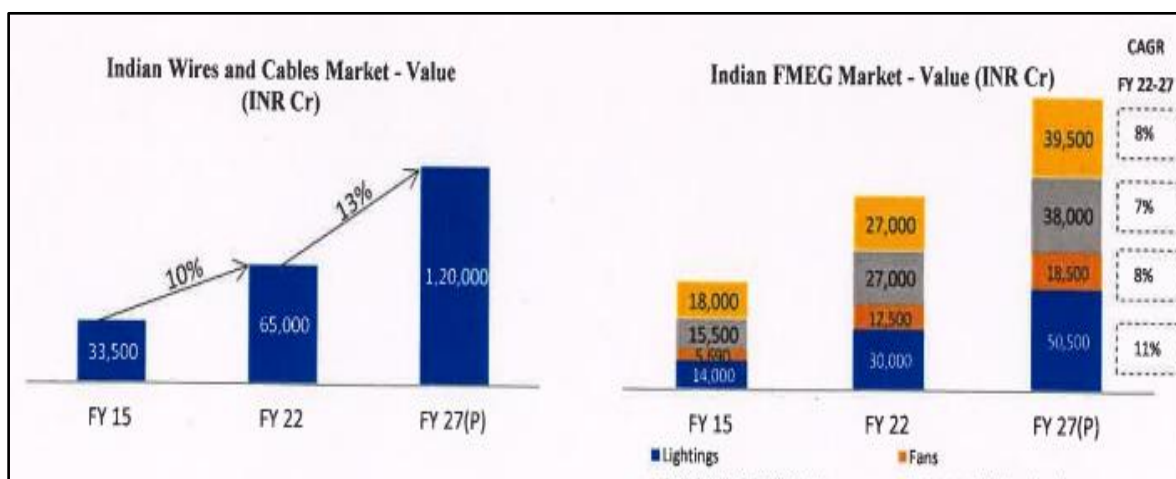


Figure 1: FMEG market in India

(Source: RR Kabel Industries report, 2023)

Fast-moving electrical goods (FMEG) come under the category of the consumer which includes electric items like switches, home automation, fan, geysers, and lightning. India has become a popular destination for the hyper-local delivery of products and this is due to faster delivery services, cost-effectiveness, improved customer experiences, increasing revenue potential, and support of traditional stores (Kumar and Khatri, 2022). Coming to the FMEG the most popular product among all the hyper-local markets of India is a fridge which has a 6% share.

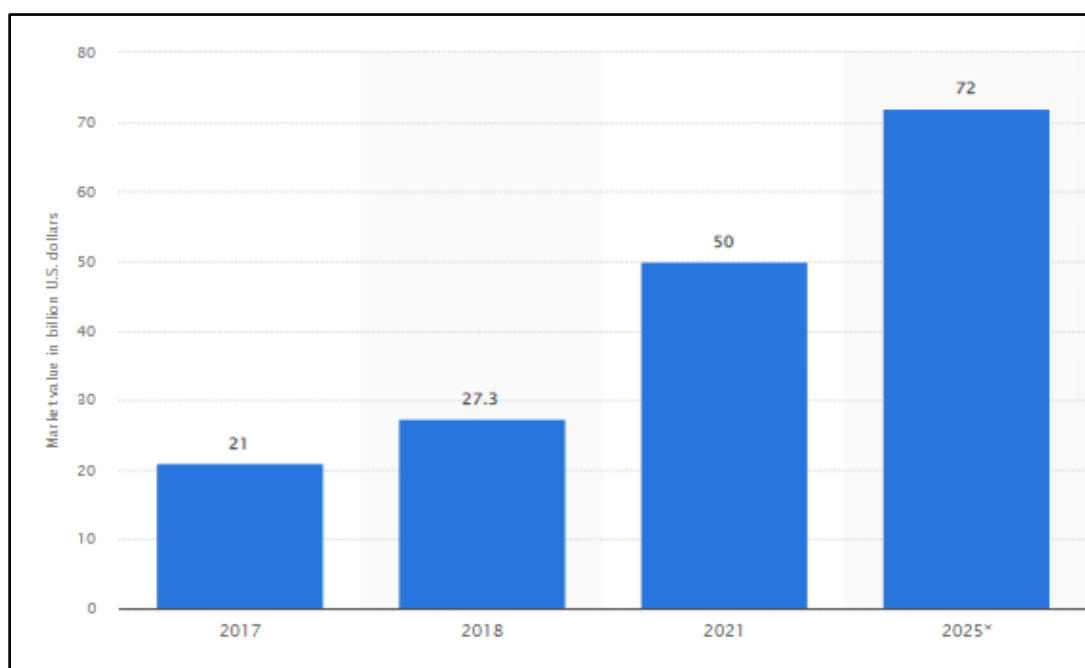


Figure 2: Value of the electrical equipment market in India

(Source: Sun, 2022)

The value of the electrical equipment market in India was 21 billion USD in the year 2017 and it jumped to 27.3 billion USD in the year 2018. The electric market is set to increase in the future as well and in the year 2025, it is expected to become 72 billion USD (Sun, 2022). In the Indian market, electrical equipment is manufactured and it also generates

huge revenue, especially the manufacturing of wiring, electric motors, control apparatus, dynamo, batteries & accumulators, domestic appliances, and other electrical equipment (Krichen *et al.* 2023). The revenue for the manufacturing of electric motors, generators, transformers, and control apparatus in India was 12.82 billion USD while it had become 16.94 billion USD in the year 2023. It is expected to rise further in the future and 2024 it will reach the mark of 17.16 billion US dollars (Statista Research Department, 2021). Hence, this research aims to understand the hyper-local future of the Indian FMCG market whether it is an optimist or pessimist.

Characteristic ↕	Manufacture of wiring and wiring devices ↕	Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus ↕	Manufacture of batteries and accumulators ↕	Manufacture of domestic appliances ↕	Manufacture of other electrical equipment ↕
2012	7.59	14.07	2.95	4.62	2.18
2013	8.83	12.82	3.37	4.52	3.64
2014	10.37	12.48	4.16	4.44	2.83
2015	9.79	13.88	3.94	5.72	2.81
2016	11.73	14.16	4.78	5.37	4.49
2017	14.74	15.1	5.32	5.1	4.11
2018*	15.49	15.44	5.57	5.38	4.33
2019*	16.29	15.81	5.79	5.52	4.46
2020*	13.65	13.01	4.81	4.54	3.68
2021*	14.44	13.6	5.06	4.76	3.85
2022*	15.94	14.9	5.56	5.22	4.21
2023*	18.2	16.94	6.32	5.93	4.77
2024*	18.46	17.16	6.39	6.01	4.81

Figure 3: Revenue market of electrical equipment

(Source: Statista Research Department, 2021)

2. Methods

Methodology plays a significant role to maintain smooth work processes and strategies for the study. Different types of research philosophies are Interpretivism, positivism, and pragmatism in the study. In this study, “**Interpretivism research philosophy**” has been selected to gather information. This is beneficial for researchers to collect assumptions related to subjective, multiple, and socially constructed in the study. The social world is interpreted with the help of Interpretivism research philosophy, and this is beneficial to gather various data and information related to the subject matter. According to the perspectives of Alharahsheh and Pius (2020), interpersonal dynamics and social contexts are considered through Interpretivism research philosophy. The researcher gets an opportunity to improve their experiences about the subject matter successfully.

Inductive and deductive are two types of research approaches in the study and this is beneficial for the researcher to gain more information and knowledge related to the subject matter. The inductive research philosophy is helpful for researchers to develop theories successfully. Deductive research philosophy is beneficial to start the research work with a specific theory for the study. In this study, the “**Inductive research approach**” has been chosen for the researcher to gain more information and ideas related to the subject matter globally. From the viewpoint of Walter and Ophir (2019), this inductive research approach is chosen in the study to develop various kinds of theories for the specific study.

According to the perspectives of Bhatt (2020), many cases are represented by quantitative research design in the study. Structured and statistical analysis has been done by the researcher to gather relevant information related to the topic. Quantitative research design is valuable for the researcher to gather numerical data related to the subject matter successfully. As mentioned by Tomaszewski *et al.* (2020), research goals and objectives are achieved by the researcher with the help of the qualitative research design. In this study, “**qualitative research design**” has been selected to finish research work within a given deadline. According to the perspectives of Muzari *et al.* (2022), the qualitative research design is helpful for the researcher to gain prevalent trends in opinions and thoughts consistently. A small number of non-representative cases are improved through qualitative research design. This is beneficial to interpret non-statistical data consistently.

From the viewpoint of Santos *et al.* (2021), primary data are easily collected from different sources. Hence this method needs more amount of money to maintain the authenticity of the research work. In this study, the researcher has followed the “**secondary data collection method**” to achieve the research objectives. The researcher gets an opportunity to gather relevant and authentic data related to the subject matter. The thematic data analysis method has been chosen for the study to interpret non-numerical and unstructured data successfully. The inclusion and exclusion criteria for selecting the articles are presented in the table below.

Table 1: Inclusion and exclusion criteria of the study

Inclusion criteria	Exclusion criteria
Journals, articles and reports that are published after 2019 are selected for the study.	Journals that are published before 2019 are excluded from the study.
Peer-reviewed journals and industry reports are included in this study.	Doctoral dissertations or blogs are rejected for the study to maintain the quality of research work.
Articles that are published in the English language and specific to the subject matter are chosen in the study.	Articles that are published in other languages are rejected for the study.
Specific to fast-moving electrical goods (FMEG) industry-related journals are selected in the study.	Other industry-related journals are excluded from this particular study.

3. Results

Theme 1: Brief discussion of the hyperlocal market in India

As mentioned, 'Hyperlocal market' refers to the product being acquired at the local level and delivered to the consumers in a short time. It is something that targets consumers in a small geographical region to meet their demand in a quick time. The hyperlocal business model becomes quite important for the growth of businesses along with the economic development of the nation (Guruet *al* 2023). The hyperlocal market in India is growing at a faster rate with a large number of start-ups and established industry players looking to capture the biggest share in the market. The hyperlocal market of India is being driven by numerous factors like the growth of digital technologies due to initiatives like 'Digital India', increasing urbanisation and growing middle-class income. Further, Covid-19 has accelerated the rate at which technology is adopted by enterprises and digitisation is something that is expected to continuously grow in the country due to the affordability of the internet, development in telecommunication infrastructure, the rising popularity of social media platforms, adoption of online payment platforms and increase in data consumption (Tewari, 2023).

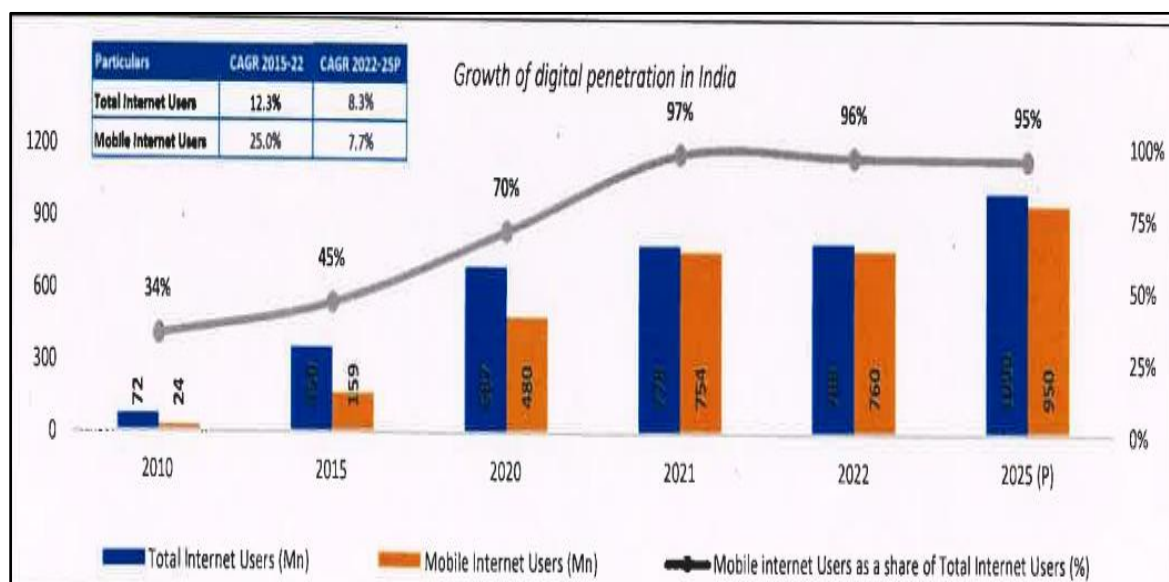


Figure 4: Digital Penetration in India

(Source: Industrial Report, 2023)

Further, the share of household income with annual income b/w \$10,000 to \$50,000 has increased from 5.8% of the total population to 30.6% in 2020 and is expected to reach 42% by 2030 (Industrial Report, 2023). On the other hand, the pace of urbanisation is also increasing in India with 50% of the population expected to live in urban cities by 2030.

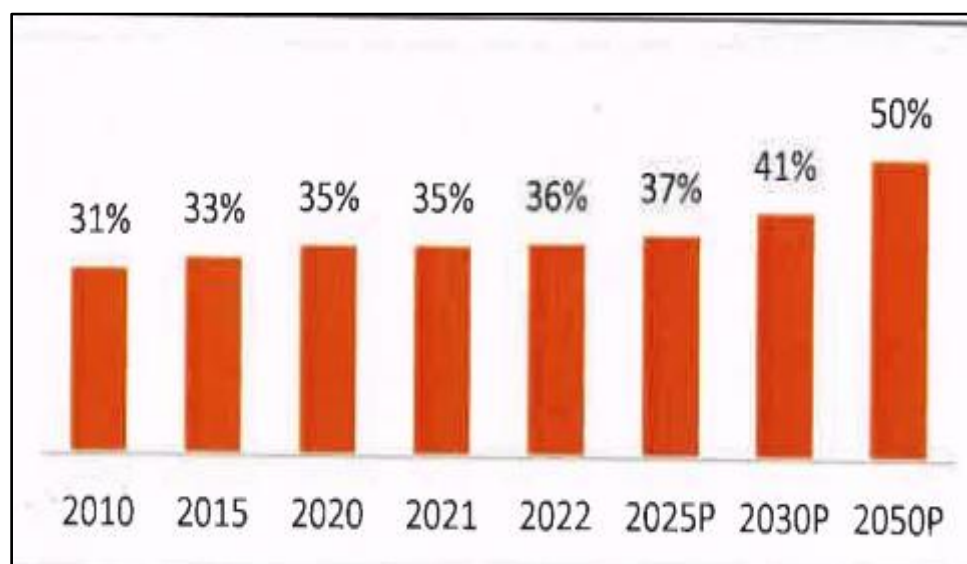


Figure 5: Increasing urban population of India

(Source: Industrial Report, 2023)

Hence, these are the key factors that are driving the hyperlocal market in the country and the hyperlocal market can further be divided into two categories- on-demand services and e-commerce. On-demand services involve the delivery of food, grocery and laundry services while e-commerce includes the platform that sells products and services to consumers in a specific region. The on-demand services are currently larger in India while growing rapidly with key players being Swiggy, Zomato and Uber Eats. The e-commerce segment is also growing at a rapid rate and is expected

to surpass the on-demand services segment in a few years with key players being Amazon, Flipkart and Snapdeal (Nougarahiya *et al.* 2021). These players are providing products at competitive prices and partnering with local stores to deliver products in the shortest period. The hyperlocal market is quite competitive in the country and the competition is only going to intensify in the coming years when the key players will innovate and provide services in a manner that will provide them with a competitive advantage (Biswas and Chinmaya, 2019). Further, alongside the growing hyperlocal market, the FMEG market is also growing rapidly due to the same reason like rising income and urbanisation. The hyperlocal future of the FMEG market is also greatly dependent on the digitisation of the nation. The FMEG is a highly competitive market in India with the presence of a large number of local and domestic players. The FMEG market is expected to witness healthy growth over the years with the rising popularity of online shopping and increased penetration of e-commerce. Hence, a proper discussion of the hyperlocal future of FMEG will be provided while moving forward with the analysis and discussion.

Theme 2: Overview of the FMEG Industry in India

India is a diverse market when it comes to making purchases of FMEG products for both the consumer market as well in the commercial segment of the market. Talking about the consumer segment of India the main electrical product is the wire and cables segment. The most widely used wires and cables are housing wires, power cables, communication cables and flexible appliances. Housing wires take the lion's share in the Indian cable wires and cable market with a market share of 32.8% with a revenue of 21,300 crore INR (Industrial Report, 2023). Housing wires are mostly used in residential areas, apartments, households and other domestic purposes.

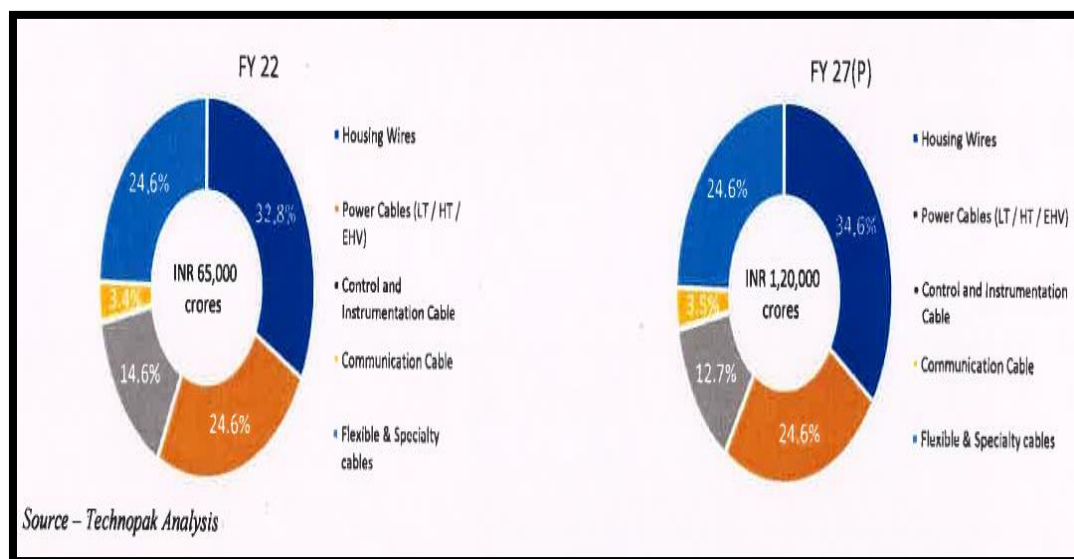


Figure 5: Wire and Cables market comparison from the year 2022 to 2027 in India

(Source: Industrial Report, 2023)

As per the consumer electrical market of India's wires and cables, it is dominated currently by household wires with a percentage share of 32.8%. In future, the market share would be dominated by Household Wires as well with a market share of 34.6%. however, the market share of power cables would be 24.6% (Industrial Report, 2023). The market share of the communication cables would remain the same as it was in the financial year 2022 which is 3.4% in 2022 to 3.5% in the year 2027. There are five major FMEG companies in India which almost dominates the domestic consumer market of India and those are KEI, Havells, Finolex, RR Kabel, and Polycab. The total market share of KEI is 8%, the market share of Havells is 7%, the Market share of Finolex is 6%, the market share of Polycab is 16% and the market share of RR Kabel is 5% (Industrial Report, 2023). As per the above figure, it can be said that Polycab, Havells and KEI have the highest share with a combined market share of 31%.

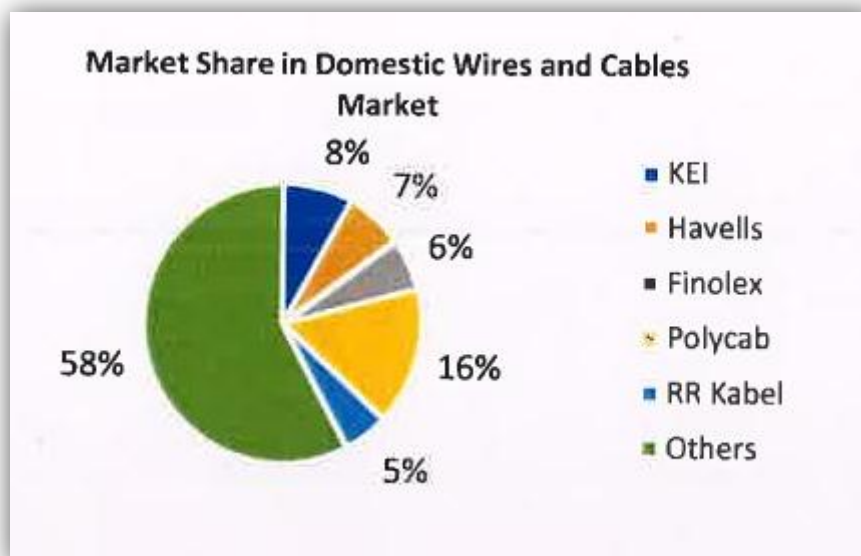


Figure 7: Market share of Domestic wires and cables companies in India

(Source: Industrial Report, 2023)

In this context, Havells India Ltd is one of the largest electric equipment companies that has started to provide doorstep services to their consumer base to increase their consumer reach further. With the help of the wide range of available products, such as Domestic Circuit Protection Devices, Wires, Cables and Switches, the company has been successful in catering to both industries and domestic market users. The hyper-local business model allows the company to provide quality products to their consumers at a record pace; consumer complaint levels have been dramatically low for these reasons. The image provided below has effectively showcased how, of over 92 people that were surveyed, only 4 encountered problems with the service that was provided (Luiz, 2020). However, research carried out on the organisation has also pointed out that even though the organisation provides services at the door of the consumer, the marketing communication of the organisation can be improved to make the product lines more desirable to the consumers.

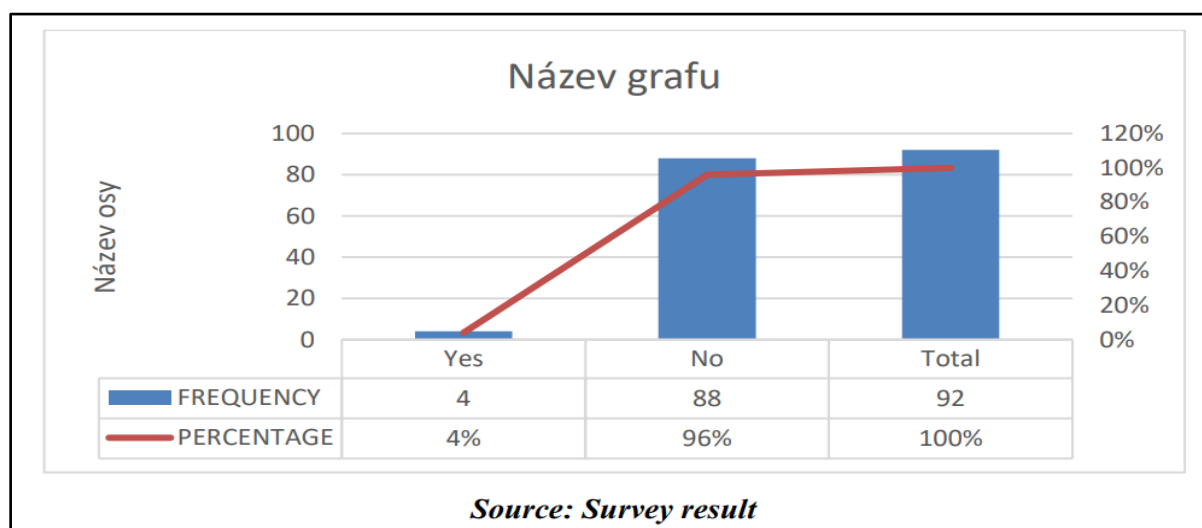


Figure 8: Complaints on Havell's Products

(Source: Luiz, 2020)

The products that are developed with the help of the FMEG industry serve the basic needs which are required by modern society to function. The rise in digitalisation and globalisation has resulted in a high level of competition among the different FMEG companies in India, further contributing to the growth of the sector as a whole. The companies have realised that to have a dominant presence within the market, they need the support of both the local and global markets (Mathur and Kumar, 2019). The research has also pointed out that some of these companies have continued to provide their services in the traditional method over the decades; it can often be hard to change the mindset of the people. Therefore, while an organisation can comprehend the advantages that digital advancements can provide them, implementing the changes can often be a hard procedure. FMEG is an emerging sector in India and has fueled the rise of other industries within the market.

The competitive nature of this market structure has put new strains on the FMEG sector; it has been noted that while in the past, the industries were in a protective market; globalisation has opened the market and given rise to many other competitors. Polycab is another key competitor in the FMEG sector; a research study points out that the organisation's market structure due to the pandemic has resulted in a 10% decline in revenue. The company has developed a new channel to improve the service further (Leyland, 2020). Another key player in the FMEG sector is Bajaj. While Bajaj has been successful in leading the market through its strong consumer segregation and distribution sectors that the organisation has created over the years, Philip has captivated the consumer base through its high-quality products. To improve their services for the future, Bajaj has started offering products in the affordable price range to expand the market (Mital and Fuad, 2022). The company has improved the quality of products that it provides to meet consumer needs and expectations with the products. Research has pointed out that Bajaj has adopted the FMCD model to improve the quality of service. The image below shows how improving the quality of products has resulted in an increase in revenue over the years.

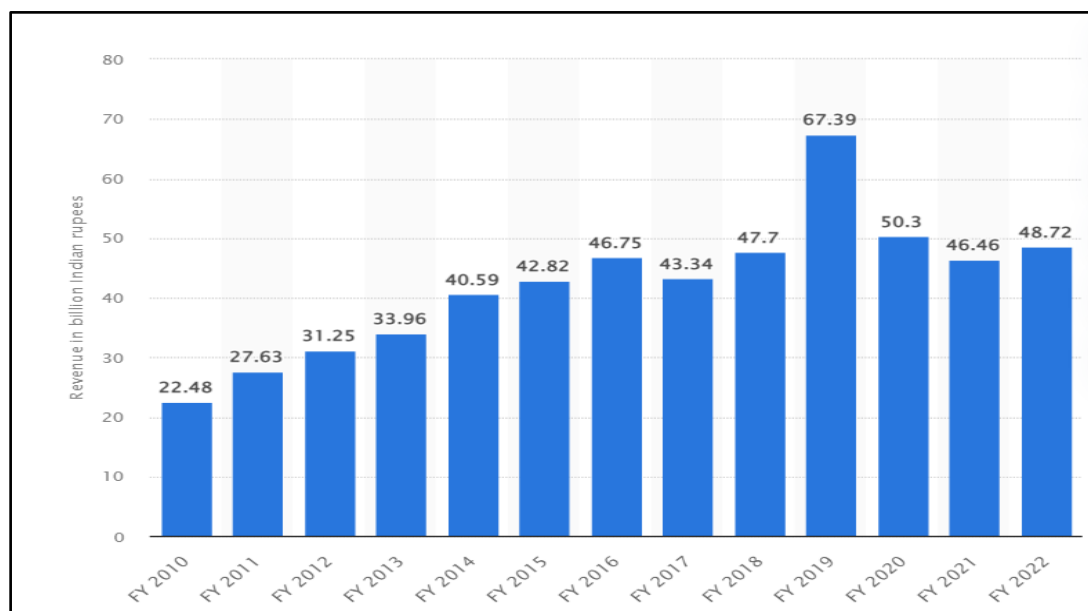


Figure 9: Gross Revenue of Bajaj between 2010 and 2022

(Source: Statista, 2022)

Theme 3: Factors leading to the transformation from traditional retailing to hyperlocal retailing in the FMEG industry

FMEG industry of India is under a major transformation with hyperlocal retailing replacing traditional retailing. Several factors are contributing to this particular transformation but the most important factor among them is the digital transformation of the entire nation. Online shopping has become very popular in the country and the covid-19 has further accelerated the rate at which digital technologies are adopted by the nation (Sharma and Jhamb, 2020). There

has been a significant rise in e-commerce sales in the country over the past few years and this is only going to rise in the future. The 'Digital India' initiative of the Government of India is at the centre of this transformation which is leading to the rise in the number of hyperlocal retailers (Mukherjee, 2019). Traditional retailers have been unable to understand the changing needs of the market and thus they are losing market share to the hyperlocal retailers. Further, digital transformation has complemented the changing needs of the market and consumers which is leading the transformation towards a hyperlocal market. The players in the Indian FMEG industry have taken note of this situation and taking every possible step to gain the required competitive advantage.

Further, the Indian Electrical Industry is incredibly diverse and mature, and the robust supply chains that the organisation possesses allow it to provide its products to both its domestic and international markets. The entire electrical industry scenario has been provided below, and it can be seen that the production rate of the sector has grown by 7%. In contrast, the market has experienced a 6% CAGR rise (Energy World, 2023). The factors, as mentioned, affecting the FMEG industry include the rise of digitalisation and e-commerce, the flexible and affordable price range of products, enhancing consumer experience and energy-efficient products that can help fight the climate cause. Jain (2020) has established how the buying behaviour of consumers has witnessed a major shift due to the effects of the pandemic, and therefore, the different electrical brands had to adopt new strategies to meet the needs of the consumers in a much more efficient manner. The hyperlocal business model has gained prominence with brands taking every possible way to gain an edge in the market.

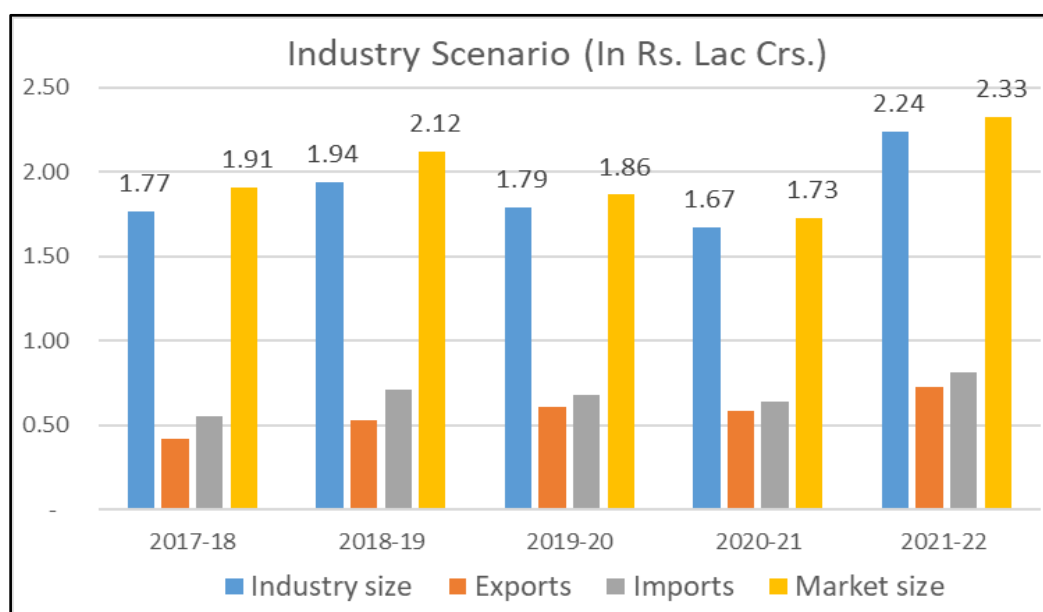


Figure 10: Electric Industry Scenario in India

(Source: Energy World, 2023)

Havells is one of the companies that has used the situation to launch their "Online to Offline" program to make sure the consumers are notified all time about the new product ranges that the company has been introducing. Jain (2020) insights on the subject are valuable because it shows how the crisis created due to the pandemic was recovered through this interactive program. The Covid-19 pandemic had brought in unforeseen circumstances, and travelling outside had become a major health hazard, therefore, introducing hyperlocal retailing made it easy to execute and deliver products to consumer doorsteps easier. In this context, it should be mentioned that the wave of digitalisation has not only affected the cities but has also influenced the rural parts of the country. Dutta (2022) has interviewed the managing director of Havells; the latter has pointed out that digitalisation will continue to affect the industry for the next 10 years, and therefore, organisations will have to adapt their business procedures accordingly. Digitisation of the Indian economy is one of the key factors leading the transformation from traditional retailing to hyperlocal retailing.

The digital era has also brought the consumer base much closer to the company as they can directly communicate with company representatives, voice their concerns and ask questions now. Previously the different FMEG companies were entirely dependent on the distributors to reach their consumers. Digitalisation has allowed them to interact with consumers in a much faster manner, additionally, consumers are also looking for more convenient ways they can get their products. Electrical goods companies, therefore, need to transform their businesses and improve delivery services to adapt to the hyperlocal future that consumers need. The business climate is constantly changing, and Polycab has used a dynamic approach to make the FMEG sector grow (Joseph, 2023). The company has developed many different ranges of products, all of which have been carried out with a customer-centric approach. The market growth achieved by Polycab, as shown in the image below, further indicates how the business practices have been successful in attracting new consumers (Google, 2023). The company has also increased its marketing outreach to increase stakeholder engagement. The company has also been looking for ways through which its distribution can be improved and products can be provided to consumers at a faster rate in every region of the country. Hyperlocal business structure has several benefits, it will not only help reduce commodity costs but the deliveries can be made much faster.



Figure 11: Market Summary of Polycab

(Source: Google, 2023)

Similar to Havells and Polycab, Bajaj has also made their digital transformation consumer centric so that a better connection can be established with the consumer base. Even though Bajaj has been one of the leading electrical goods companies in India, the company previously lacked the resources to reach out to consumers; this has led to the development of the digital transformation project, which is customer centric. It has been reported that previously the company only knew about the consumer only due to their purchases and if they encountered any problems with the product. However, in the modern world, the consumer experience needs to be improved to keep them invested. Because of these reasons, the digital transformation initiative has placed the needs of the consumer as the top priority. Study shows that the consumer-oriented digital transformation that has taken place within the organisation has resulted in connecting to over 3 lakh consumers (Maru, 2018). Retail (2023) points out that Bajaj has been trying to attract both regular and premium consumers; the company has recently launched a new brand named “Nex”, which focuses on providing consumers with an upscale experience. Therefore, all the major brands in the Indian FMEG industry are trying

to get a bigger piece of hyperlocal retailing to gain a competitive advantage and make the most out of the digital transformation being witnessed by the Indian economy.

Theme 4: Challenges involved with hyperlocal future in the FMEG Industry in India

Despite the growth of hyperlocal retailing in India, hyperlocal retailers are faced with various challenges in the FMEG industry. The biggest challenge facing these retailers is intense competition from e-commerce giants like Amazon and Flipkart. The electrical items are offered by these platforms at a lower price which makes it difficult for other retailers to sell their products competitively. On the other hand, there is also a lack of awareness among consumers about the hyperlocal aspect of the FMEG sector. Foods and grocery are quite popular in the Indian market where hyperlocal retailing is replacing the traditional form of retailing. However, the awareness among consumers of hyperlocal aspects of electrical goods is quite less with consumers in the market still preferring the traditional methods to purchase these items. Next, the supply chain for the FMEG is quite fragmented which makes it difficult to ensure the availability of the products in the market in the desired quality. The supply chain is one of the biggest challenges in the shift towards hyperlocal retailing since a more robust supply chain needs to be developed by the brand to meet the demand of every region in a quick period (Pachayappan and Sundarakani, 2022). Supply chain disruption can make it difficult for brands to meet the hyperlocal demand and ensure a complete transformation from traditional retailing to hyperlocal retailing in the FMEG sector.

The Covid-19 pandemic has brought different challenges for organisations; before the pandemic, most of these organisations were operating the traditional methods. The issues with supply chains were a major problem for these organisations; the sudden need to migrate to online platforms made the process more challenging. Dubey (2020) has stated that the biggest challenges that Havells has been facing are related to sustaining the demand of consumers at the time of the pandemic and migration of labour due to the uncertainties created due to the pandemic. To make up for the shortcomings of the company, the company has tried to assist consumers by providing additional warranties and reducing interest rates. Hyperlocal engagement also has its challenges; the organisations often face increased competition from other organisations which have also been trying to sell their products in the same space. In this context, Havells needs to have a good market reach to provide the products to consumers on a systematic basis. Additionally, even though an organisation has a loyal consumer base, the consumer behaviour of the customers has changed and this in turn requires the brand to develop its hyperlocal business model.

Bajaj has been reducing its focus on other projects and using the time and resources to fund Bajaj Electricals. Anuj Podder has said that the company has been focusing on the long-term goals of the organisation to strengthen the FMEG aspect of the company (The Economic Times, 2021). All of the electrical goods companies in India were faced with immense difficulties during the pandemic; the supply chain delays led to shipment issues which essentially slowed down the overall business. Organisations, therefore, need to improve their supply chains for the future. Many electrical companies that carried out their business through suppliers and distributors started switching their business structure from B2B to B2C and, in the process, began serving more consumers directly. Sustainability has been one of the top priorities for organisations to meet the country's development goals.

The rising inflation has been another important challenge which prevents organisations from improvising their business practices; in this context, Polycab has shared how the business often updates the prices of products every month depending on the inflation rate within the market. Polycab's optimisation of cost not only helps the company during periods of inflation but also helps the business to focus on the growth aspect of the business. The company has also been looking for opportunities that will allow them to expand its business using the hyperlocal business model; the company has recently acquired an IoT to help combine the digital experience with the products and services that the organisation offers (Rawat, 2022). The company has also acknowledged the importance of government support and how it can help mitigate the problems. Overall, the accessibility of mobile phones in all parts of India has allowed consumers to connect with the brands directly, and because of this improving the digital aspect of the company has been highly important. As the economy continues to change, companies need to influence the purchase decisions of consumers to make the businesses hyper-local.

Theme 5: Steps to mitigate the challenges for the hyperlocal future in the FMEG industry

The two most important challenges that need to be addressed for the further development of hyperlocal retailing in the Indian FMEG industry are price sensitivity and lack of consumer awareness. The supply chain is another important

challenge for the FMEG industry in the way of meeting the demands of the hyperlocal market effectively. Electrical brands need to provide the right quality product at a reasonable rate to consumers while creating strong brand awareness focused on hyperlocal retailing. Addressing these issues will help in disrupting the future market and thus the electrical companies of India like Havells, Orient, RR Kabel, PolyCab, Anchor and Philips have to make their products affordable and easily available to their customers (Hole *et al.* 2019). Indian electric companies have to increase their brand strength in the Indian market, it had to improve customer services and offerings, and it had to come up with unique products, improving product quality at a decent price. Companies like Anchor and Havells which have a high market share in the Indian consumer electric market would have to take more decisive steps for improving the quality of their products in the market and creating a positive brand awareness at lower prices. Anchor, a brand under Panasonic Life Solutions India Pvt. Ltd., is expected to contribute 30% to the forecasted annual revenue of 11,000 crores at the close of FY23 (Business Standard, 2023). Panasonic Life Solutions further expects to achieve a 14% revenue growth in FY'24 and a large portion of it depends on the consumer electrical goods brand Anchor (switches and wire business) (Business Standard, 2023). For mitigating the challenges of pricing Anchor had aimed to increase its production capacity for which it had invested 450 crore INR in the SRI city for its new commercial operation. The products that are aimed to be manufactured are switches, sockets, MCBs and Dimmers.

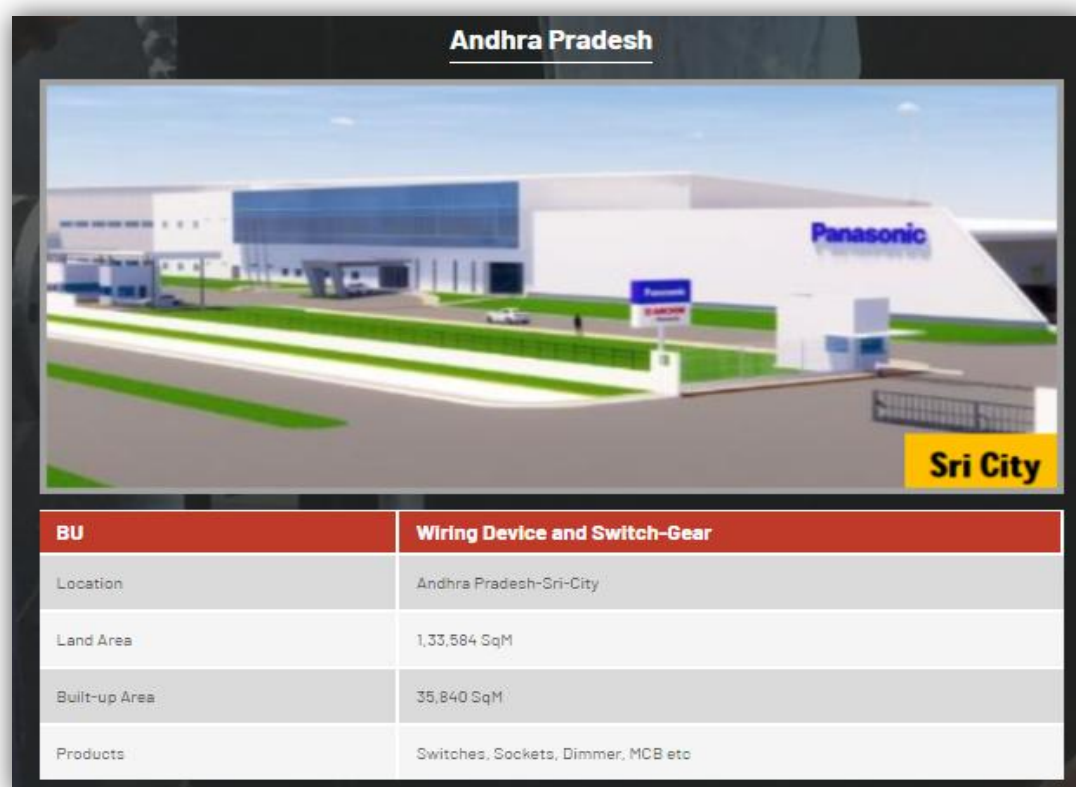


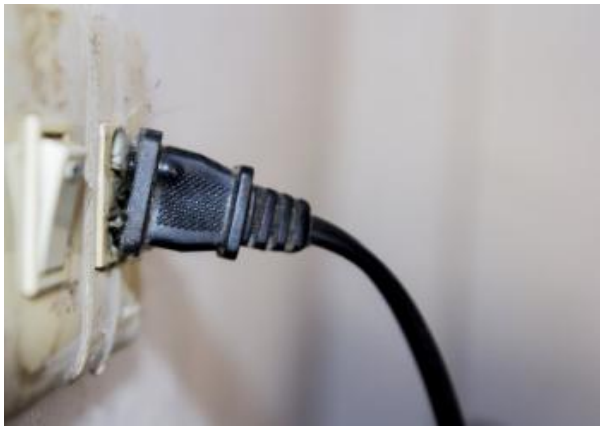

Figure 12: SRI city production hour of Anchor for Switches, Sockets, MCB and Dimmer

(Source: Anchor, 2020)

Anchor had said that in the coming few years the plant would employ 1800 people and it will generate 2000 crore INR as annual revenue. The total investment is expected 650 crores INR in the SRI city of the industrial part of the Chittoor district of the Andhra Pradesh state of India (Anchor, 2020). The managing director of Anchor had also said that for the greater expansion of the company and seeing the future challenge the company would need more stores in the Tier-1 and Tier-2 cities of India (Anchor, 2020). For that reason, the company is expected to open 130 more stores in Tier-1 and Tier-2 markets of India at the end of the financial year 2021-2022. All the new stores will be

installed with the latest software and Technology for acute productivity in the sales of consumer electrical goods in the Indian market.

Table 2: Comparison of switches developed by Havells over time to meet the changing demands of the market

	<ul style="list-style-type: none"> • Havell's old switches consisted of only a switch and plug. • It was less durable (Fu <i>et al.</i> 2022). • It had fewer plugs with no USB cable options. • It had only a round plug-in socket.
Havells old Switches	
	<ul style="list-style-type: none"> • It had missed out on both the round socket and the Roman plug socket (Agostinelliet <i>al.</i> 2021). • It had a dedicated slot for the USB cable option (Schaumburg <i>et al.</i> 2020). • The switches are more durable and the warranty is also higher.
Havells latest designed switches	

In this sameway, Havells also has dealt with the problem of increased price sensitivity by working on the quality of products and better customer offerings. The next challenge related to the growth of hyperlocal retailing in the FMEG sector that had been discussed here is the lack of consumer awareness and it had affected the market segment of the electrical companies of India (Goel *et al.* 2021). There are various ways by which a company can mitigate the challenges of low consumer awareness in this digitized world and those solutions are embracing the strength of social media, utilizing chatbots for offering services, analysing the feedback of customers with the help of data analytics, and the adoption of Omni-channel. Due to the higher engagement of the customer in social media, the electrical company has used the social media channels like Facebook, Instagram, and Twitter as a part of the omnichannel operation (Iglesias-Pradas *et al.* 2022). Through social media, the company can use the new tagline as well for changing the perspective of the customer of India. The digital penetration of India can effectively be used by FMEG brands to increase awareness for hyperlocal retailing by building on the potential of social media platforms.

Further, the supply chain is another important challenge for the FMEG industry in the way of ensuring a complete transformation from traditional retailing in the Indian market. The supply chain can be developed with the integration of modern technologies like blockchain, AI and IoT across the entire process. The integration of modern technologies increases transparency across the supply chain and helps in effectively tracking the process with proper forecasting of the market demands (Dutta *et al.* 2020). FMEG players would be able to build a more resilient supply chain to meet the demands of the market effectively with the help of these technologies. On the other hand, the companies also need to focus on building a localised supply chain to avoid any disruptions due to international

conflicts. Anchor's production plant in Andhra Pradesh can be said to be one such step in developing a localised supply chain for meeting the hyperlocal demand appropriately.

4. Discussion

With the rising popularity of online shopping and changing needs of consumers in the Indian market, hyperlocal retailing is going to replace traditional retailing in the FMEG sector. The digitisation of the entire nation, reforms and initiatives of the government and changing preferences of the consumers are going to drive the growth of the hyperlocal market in the FMEG sector. The food and grocery market has already witnessed a transformation from traditional retailing to hyperlocal retailing in major parts of the country and the same is going to be witnessed for the FMEG sector in the coming years. Retailers need to adapt to these changing landscapes in the market or they would lose their market share to the hyperlocal retailers. Hyperlocal retailing is providing consumers with a large number of benefits and this is the primary reason behind hyperlocal getting popular with time in the Indian FMEG sector. However, there are still several challenges being faced by the FMEG sector which need to be addressed for making the most out of the Indian market. India is a fast-growing market and the market trends regarding the electrical market are clear as the market has grown by 10% as compared to the financial year 2015 to 2022. The jump was 13% from the financial year 2022 to 2027 from 65,000 crore INR to 120000 in the expected financial year 2027 (Industrial Report, 2023). Hence, this research aimed to understand the future of the hyper-local market of India regarding fast-moving electrical goods.

The hyperlocal market of India is witnessing significant growth and there has been a shift from traditional retailing due to various factors like changing consumer preferences, rise in middle-income households, rapid urbanisation and digitisation. On the other hand, the FMEG industry is also witnessing growth due to rapid urbanisation and digital advancement. Further, the sales of the electrical goods and services of Indian electrical companies in the future will depend largely on the urbanization scale and the electrification in the country. In the year 2010, the total urban population percentage was 31% while it was 36% in the year 2022 after a decade. In the coming years, urbanization is set to increase in India and by the end of the year 2015 it will be 37% and by the end of the year 2030, it will be 41%. The middle-income households are also expected to rise in the future along with the digital penetration in the country (Industrial Report, 2023). This is clear that the lower incomes and the middle class will be reduced in the coming year and this will boost the Indian economy and will increase to purchase of the products and services offered by the FMEG companies of India. The digitisation of the economy and urbanisation will contribute to the complete shift towards hyperlocal retailing in the FMEG to meet the demands most appropriately.

The domestic electrical consumer market of India is dominated by the few companies in which Havells, Polycab, Anchor and KEI have the highest percentage share. For electrical products, India is a more favourable market for consumer electrical goods rather than commercial electrical goods. This is the reason why household wires have the lion's share in the Indian market. Companies like Havells and Anchor by Panasonic life solutions have been trying their best to capture this market segment. The shift towards Hyperlocal retailing is a significant opportunity for these brands to get a better hold of the consumer electrical market which is being driven by rapid urbanisation and growing consumer demand. However, doing so would require organisations to take appropriate steps to address the various challenges faced by the FMEG sector when it comes to hyperlocal retailing. The prices of the products offered by major brands are quite high and this is an important challenge in the Indian market where consumer behaviour is significantly influenced by prices of the products. Havells have focused to do it by improving the quality of its products and use the best market strategy in the market. On the other hand, Anchor had adopted to different strategy installing more production installations in the SRI city and working towards improving its brand image by engaging in social welfare activities. The total investment that will be made by the Anchor for the installation of the factory would be 650 crore INR and it is expected to be completed as soon as possible.

Further, digital technologies need to be effectively used by these brands to create awareness among consumers to improve the hyperlocal retailing prospect in the market. The tough competition in the hyperlocal market can be addressed by providing customers with the right quality product at an affordable rate. FMEG industry is bound to witness a significant rise in hyperlocal retailing in the future and it will replace traditional retailing in the Indian market due to the growing middle-class families and digital penetration. Hence, the hyperlocal future of FMEG in the Indian market will witness high competition due to the impact that it can have on the sales and revenue of the top brands in the market. Digital penetration and urbanisation will lead to the growth of hyperlocal retailing in the Indian FMEG sector with key players like Havells and Anchor looking to achieve the highest share of the market. Consumer demand will

continue to rise and top brands would have to integrate innovation into their product development and marketing strategies to gain the biggest share of the hyperlocal retail market.

5. Conclusion

The hyperlocal market of India is big and diverse as well and the market size of India is also big instead of being the fastest growing market all over the world. The research aimed to provide a brief discussion on the future of the hyperlocal market of India in the context of the FMEG industries. This whole discussion has been covered in five sections and those are introductions where the topic has been analysed with the help of secondary data. In the next part, the research methodology had been discussed and the methods that had been chosen for the discussion have been covered. The data collection method that has been selected is the secondary data collection method while the collected data has been analysed with the help of the thematic data analysis method.

All the data that had been taken from authenticated websites and peer journals had been reviewed after the year 2019. In the result section the collected data had been analysed with the help of themes which were five in number. The themes had been designed as per the research topic and the aim of this discussion was to understand the market of India. The key challenges have been supply chain, pricing, and lack of consumer awareness which can be mitigated if necessary steps are taken. After the results part a discussion part had been provided where all the necessary findings have been discussed as per the thematic analysis. Finally, the whole discussion had been concluded with the conclusion part after the discussion part.

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