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Exploring Consumer Preferences in Fast-Moving Consumer Goods (FMCG) E-commerce- Case Study: Company X.

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Title
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This thesis investigates the preferences of consumers for fast-moving consumer goods (FMCG) and how to market and sell FMCG products online. To answer the three main research questions, the study looks at the most popular FMCG product features, the best distribution channels, and the most significant e-commerce and FMCG industry trends. The study uses PESTEL and SWOT analyses as well as a primary data expert interview to address these questions.

The results show that although consumers' growing e-commerce usage presents growth opportunities, FMCG companies must remain focused on improving their online presence and developing new products in response to shifting consumer trends and preferences. Despite intense competition in the FMCG industry, Company X stands out by transparently showcasing its efforts in product development.

Due to the large-scale of the global FMCG industry and the dependence on secondary data, the study contains limitations. Future study areas are suggested to solve these shortcomings and improve the research's applicability.

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Appendix 1 Amazon Product Ranking Methodology: Understanding the Two Key Steps in Amazon's E-Commerce Process

1 Introduction

In the era of digital transformation and shifting consumer behavior trends, companies are adapting and investing in digital platforms, such as electronic commerce platforms (e-commerce) (Pham, Nguyen, Bui, Nguyen, Tran & Pham 2022, 1). E-commerce refers to the online exchange of goods, services, and information between businesses, consumers, and individuals (Purnomo 2023, 3). As e-commerce is gaining ground among consumers, Fast-Moving Consumer Goods (FMCG) companies are looking to engage consumers via e-commerce platforms to improve sales and maximize their profits (Kumar, Agarwal & Saraswat 2021, 3).

FMCGs describe cost-effective goods in high demand and move quickly from the retailer into the consumer's shopping basket. These products are referred to as "fast-moving" because consumers use them frequently, which causes them to cycle out from store or supermarket shelves quickly (Kumar, Agarwal & Saraswat 2021, 3).

In response to this shift towards e-commerce, FMCG companies are increasingly leveraging digital marketing strategies to reach and engage consumers (Kotorov, Krasylnykova, Demel & Blaschke 2023a, 68-76). Social media platforms, in particular, have become essential tools for FMCG companies to connect with their target audience and promote their products (Krasylnykova, Kotorov, Holendová & Zips, 2024). By utilizing platforms like Instagram, Facebook, and TikTok, companies can create visually appealing content and engage with consumers in real-time. Furthermore, influencer marketing has emerged as a powerful tool for FMCG brands to leverage the trust and credibility of popular online personalities to promote their products to a wider audience (Kotorov, Krasylnykova, Demel & Blaschke 2023b, 37-50).

This shift towards digital marketing not only allows FMCG companies to reach consumers more effectively but also provides valuable data and insights into consumer preferences and behavior, enabling companies to tailor their marketing strategies accordingly (Blaschke, Demel & Kotorov 2021, 7-12). As FMCG companies continue to adapt to the digital landscape, those that can

effectively integrate e-commerce platforms and digital marketing strategies into their operations will be best positioned to succeed in the increasingly competitive market.

1.1 Background

Online FMCG growth is accelerating globally because of growing consumer demand for convenience, improved technology, and other enabling conditions. The FMCG industry is known for its rapid product turnover rates and consistent demand. (Agarwal, Saraswat & Kumar 2021, 3). As a result, there are plenty of growth opportunities for FMCG products in e-commerce. FMCG businesses are devoting resources to e-commerce to provide customers with quick and convenient shopping experiences as well as to better understand customer behavior (Subramani & Suryakuma 2022, 7).

One aspect of e-commerce that distinguishes it from traditional retail is its ability to provide a personalized purchasing experience. E-commerce platforms can track the consumer habits, preferences, and purchase histories of individual consumers by utilizing data. This enables recommendations, promotions, and content to be adapted to each user's unique needs. This level of customization enhances the shopping experience, making it more engaging and efficient by presenting consumers with products they are more likely to be interested in. Additionally, e-commerce allows for easy access to shopping remotely, further enriching the consumer journey (Chen et al. 2022, 3).

To help gather findings regarding FMCG strategies and approaches in the FMCG industry and e-commerce, an expert interview with Company X's Senior Manager will be conducted. Company X, a global leader in the FMCG industry, specializes in various product categories, delivering innovative solutions and brands to consumers worldwide (Company X 2024).

Different currencies will be applied through this thesis to give a fair comparison between provided information. At the time when the conversion rate was been

applied from European Central Bank, the currency rate was 1.0916 EUR vs. USD (European Central Bank 2024).

1.2 Aim of the Thesis

Challenges lie in online environments, which leads FMCG companies and e-commerce operators to bring solutions to make online shopping easy and attractive for consumers. The distributor and the e-commerce operator may face different issues, but it is to their mutual benefit to work jointly to find solutions. Modern consumers demand instant satisfaction. As technology advances and becomes more accessible globally and developing nations experience economic growth, retailers and FMCG manufacturers encounter the challenge of competing for consumer attention and spending power. Under these circumstances, all market players, including retailers and FMCG manufacturers, must continually track consumer preferences and work towards optimizing their satisfaction (Natorina 2018, 2).

This thesis aims to study the consumer preferences and challenges in e-commerce operations for FMCG companies and attempts to identify opportunities with suggestions to enhance FMCG e-commerce operations. This thesis aims to provide answers to the following research questions (RQ):

- **RQ1:** What features make FMCG products attractive to consumers in e-commerce platforms?
- **RQ2:** What distribution channels work best for FMCG products?
- **RQ3:** What are the biggest trends in FMCG industry and e-commerce?

1.3 Research Methods

Primary data is used in the research for this thesis to learn about the FMCG industry's strategies regarding consumer trends, needs, and preferences as well as FMCG product development. This indicates that the information gathered

through interviews is specifically tailored to comprehend and address the current research issue (Kloos. 2021, 447-454; Benedictine University 2024).

Most of the data used in the present study was obtained from online sources, including survey and data information, government websites, professional research and studies, company websites, articles, and posts. Utilizing data that has already been generated for instance, by big government agencies and medical facilities, as part of organizational record keeping can be used to collect secondary data (Marouf, Kotorov, Aslam, Krasylnykova & Pezer 2023, 403-412).

1.4 Outline of the Thesis

This thesis will explore consumer preferences and challenges in e-commerce for FMCG products across seven chapters, aiming to provide insights and recommendations for enhancing FMCG product e-commerce operations. The first chapter goes through the background of the FMCG industry and e-commerce business. In the second chapter, a literature review studies literature related to the FMCG industry, e-commerce, and consumer behavior. The third chapter will introduce the FMCG industry definition with examples from one of the FMCG giants on the global market. In the fourth chapter, a business environment chapter is conducted utilizing a PESTEL analysis. Chapter 5 is a competitive analysis of four competitors of Company X in the Finnish market, where a SWOT analysis is performed. The sixth chapter will provide suggestions for FMCG operations in e-commerce. Chapter 7 is a conclusion that provides an overview of the study's main conclusions and findings.

2 Literature Review

A literature review synthesizes existing scholarly research on a specific topic, presenting an organized account of findings, controversies, and gaps in knowledge. It aims to inform readers about the current state of research, critically appraising the strengths and weaknesses of published work. Beyond summarizing sources, it directly supports a research question or thesis, demonstrating skills in information-seeking and critical analysis (University of Toronto, 2024).

2.1 E-commerce in FMCG

As consumer consumption trends shift towards online shopping, this chapter explores the impact of e-commerce on the FMCG industry. It examines the need for FMCG companies to adapt to competition and trends or risk losing market shares. The value of e-commerce for FMCG firms is increasing as online shopping becomes more integrated into customer purchasing habits. However, going through the e-commerce journey leads to more than just the distribution of goods. Building a successful e-commerce strategy requires FMCG companies to develop and implement digital strategies that effectively guide consumers through their purchasing journeys (Yasmeen 2023).

Yasmeen notes as e-commerce evolves, it encompasses a wide range of digital platforms and business models that shape distinct shopper journeys and interactions. When developing an e-commerce strategy in a competitive market, FMCG companies must consider channel, category, and consumer fit. In other words, businesses must understand when and where customers buy their chosen product category (Yasmeen 2023).

Research indicates that the positive influence of trust and the negative impact of perceived risk are the two ways in which the quality of the e-commerce platform influences purchase intention indirectly. Purchase intention is directly influenced by perceptions of risk, information, usefulness, and trust. Although perceived risk deters purchase intention, attitudes toward information, trust, and perceived utility all positively influence it. Furthermore, perceived utility and trust have a

relatively strong influence on purchase intention. Information attitude and perceived risk have minimal bearing on intentions to buy (Pham et al. 2022, 6).

2.2 Competitive Analysis

When FMCG companies are looking to sell products online, it is fundamental to identify the competition in the industry. To understand how to create competitive advantages, companies must identify and focus on multiple factors to maintain and gain attractiveness for consumers. According to articles published by experts, these factors include consumer preferences, brand loyalty, strategic pricing, efficient distribution channels, and compliance with regulations. Success in this industry depends on a company's ability to understand and play through these complex factors, effectively set its brand apart, and adapt to the constantly evolving market (Hussain 2023; Marie 2023).

Hussain (2023) claims that the FMCG industry attracts local businesses and multinational corporations, which often leads to a competitive setting with similar products. International brands offer their global experience and well-known product lines, while local businesses usually have a better understanding of the local markets' preferences, habits, and distribution channels. Research published in the *International Marketing Review* provides evidence that consumers tend to show a stronger preference for locally owned brands in categories where there is a notable correlation between the product and its country of origin (Winit et al. 2014, 13).

Market strategy expert highlights the need to measure, monitor, and reward performance in different distribution channels for better competition management. Organizations need to grasp these channels' roles and optimize them. The structure should support performance across all channels. Identifying growth areas and competitors in the market is crucial. Using external data helps avoid a narrow view, ensuring a clear competitive insight (Marie 2023).

2.3 Consumer Behavior in E-commerce

The study made in 2021 on Consumer Perception towards Online Shopping of FMCG research highlights that shopping intentions have changed from buying products with a need-based intent to buying products with mood-based purchase decisions (Joshi & Sabri 2021, 2).

Brand loyalty is a process where consumers develop a preference for a specific brand, going through thinking and feeling stages. It fits into a usual buying decision process and divides consumers by how often they stick with a particular brand. (McKenzie 2020, 3.) Brand loyalty and recognition are key in the FMCG industry. Many consumers prefer sticking with brands they trust. For companies, constantly working to build and keep a strong brand image is a big challenge in staying ahead of the competition (Hussain 2023).

As illustrated in Table 1 brand loyalty relates to satisfaction, covering emotional, motivational, and gratifying aspects. Loyalty, affected by satisfaction, has multiple dimensions. Without consumer satisfaction, loyalty may not develop or will be weaker, sustained by repeat purchases. Research suggests that brand loyalty levels can be defined as non-existent, feigned, latent, and genuine (McKenzie 2020, 3).

Repurchase	Commitment	
	Low	High
Low	<p>No loyalty</p> <ul style="list-style-type: none"> • Low loyalty • Uncommitted • Consumer not interested in any particular brand <p>Strategic action</p> <p>Development of new ways and forms of stimulating consumer choice, individualization of the service offered, increased value of the service for the consumer</p>	<p>Latent Loyalty</p> <ul style="list-style-type: none"> • Consumers engaged • Does not have a strong attitude towards a particular brand • They do not buy or consume with high preference their own brand <p>Strategic action</p> <p>Programs that support the level of attitudinal loyalty, encouraging consumer to increase orders, expanding the range of purchased services</p>
High	<p>Insincere Loyalty</p> <ul style="list-style-type: none"> • Relationship more than voluntary dependence between the consumer and the brand. • The consumer does not always have the resources both in money and in time. • Consumers are forced to make the purchase or are forced to be loyal. <p>Strategic action</p> <p>Building consumer relationships based on emotions and trust, offering unique and highly valued privileges within the program</p>	<p>True Loyalty</p> <ul style="list-style-type: none"> • Purpose, intention, and motivation of the consumer against the purchase of the own brand. • The consumer feels highly committed to buying the same brand. • The consumer is strongly influenced by the affective ties, the confidence and satisfaction towards the own brand and its offer <p>Strategic action</p> <p>Programs that encourage consumers for loyalty to the company, maintaining the level of purchases, maintaining consumer loyalty</p>

Table 1. Consumer level of loyalty and strategic action plan to enhance or maintain the consumer loyalty level. Adapted from (McKenzie, Baraya, Wyld, Medina & González 2020, 4 and Fedotova, Kryvoruchko & Shynkarenko 2019, 5).

Table 1 shows the relationship between brand commitment, repurchase intention, and consumer loyalty. Low repurchase intention and commitment due to lack of loyalty necessitate the use of strategic interventions. High

commitment combined with a neutral attitude is known as latent loyalty, which makes loyalty programs necessary to boost attitudinal loyalty and promote more purchases. Frequent purchases combined with a lack of commitment characterize insincere loyalty, which highlights the need for emotional connection-building. High commitment and repurchase intention are indicators of true loyalty, and programs to maintain current levels of loyalty are advised. A customized approach to develop and sustain varying degrees of customer loyalty can be informed by an understanding of these dynamics, which will ultimately improve brand-consumer relationships and propel business success (Fedotova et al. 2019, 5).

2.4 E-commerce Platforms and Features

As Joshi and Sabri state in the Study of Consumer Perception Towards Online Shopping, FMCG shopping has grown in popularity with many people selecting both online and in-store options. Customers can easily find a wide variety of FMCG products on online platforms, which facilitates the search for what they need. E-commerce websites are under pressure from this competition to retain their patronage. New features brought about by technological advancements enhance shopping experiences. With more people looking to purchase the newest things online, the way consumers view and select FMCG products online has a significant impact on their success (Joshi & Sabri 2021, 2).

The growth of e-commerce has led to a surge in competitive intensity among numerous e-commerce platforms, each competing to attract customers and establish market dominance. Joshi and Sabri claims that to secure the position of market leader, e-commerce operators must understand the decision-making process of consumers. Therefore, they should focus on uncovering the psychological aspects and various elements that affect consumer choices (Joshi & Sabri 2021, 2).

Essentially e-commerce sites must give consumers an amazing easy access experience as possible. This will guarantee that leads complete their purchases

and keep them repeatedly returning. Since most online shoppers use smartphones to make purchases, e-commerce websites must be mobile-friendly. No matter how fantastic a desktop website is, it will not matter if the mobile user experience is appalling. Furthermore, the website needs to have buttons that are simple to click on mobile devices, and it needs to be easy to navigate. There is a real need to cut down on the steps needed to complete a purchase from when an item is added to their cart. Ultimately, the delivery should involve working with a dependable shipping company, and an excellent background in package loss prevention is fundamental (Capturly 2023).

2.4.1 Case Study Amazon

Moaiad indicates that Amazon's strategic focus on product diversification and product availability is its success in e-commerce. As shown in the Figure 1 by providing a wide assortment, Amazon draws consumer interest and establishes itself as a recognized worldwide e-commerce platform. In addition to offering a diverse range of products, Amazon's expansion strategy involves opening branches across the globe and effectively utilizing the internet to enter foreign markets. (Moaiad 2023, 4-5.)

Decisive factors related to Amazon's success are its compelling dedication to consumer satisfaction and consumer loyalty. By recognizing the key role of trust, Amazon prioritizes efforts to cultivate enduring relationships with its consumers. Through competitive pricing, diverse payment options, comprehensive product comparisons, and effective after-sales service, Amazon builds trust and loyalty with consumers. These strategic pillars not only solidify Amazon's market leadership but also serve as a blueprint for success in the ever-evolving landscape of online retailing (Moaiad 2023, 4-5).

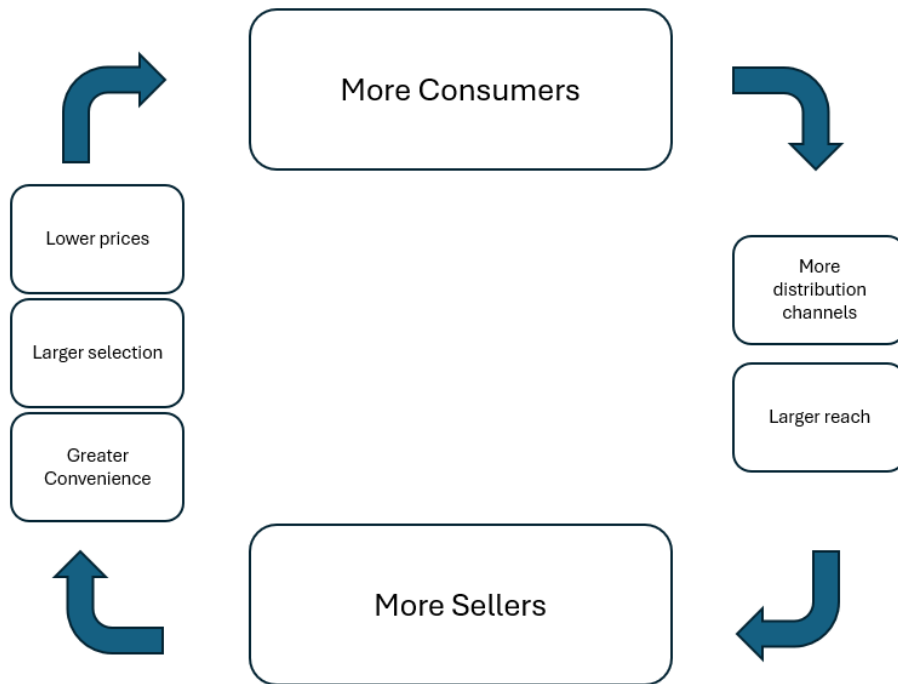


Figure 1. Amazon selling format. Adapted from Moaiad (2023, 4-5).

Amazon claims to be striving to be the world's most customer-centric company (Amazon.com 2024). One of Amazon's business strategies is their refined customer-centric selling format in the Amazon e-commerce platform, which aims to offer great value to the consumers by having a conveniently vast assortment of goods and affordable prices (See Figure 1) (Moaiad 2023, 4-5).

According to Maio, consumers that are viewing products online send hundreds of millions of searches to Amazon e-commerce site monthly. The platform must choose which products to show for each search query based on a variety of variables that will raise the likelihood that a customer will make a purchase. For each product as well as every possible combination of product and search query, Amazon must ascertain the likelihood that a purchase will be made. As stated by Maio, Amazon uses a two-step procedure to address this issue and rank products. (Maio 2020,11-12.) This can be reviewed from Appendix 1.

Maio highlights that Amazon operates as a standard search engine. Therefore, improving product content is going to significantly enhance the product search results to consumers. This will ultimately lead to an increased click-through rate (CTR) and higher conversion rate (CR) leading to more sales. This process is visualized in Figure 2.

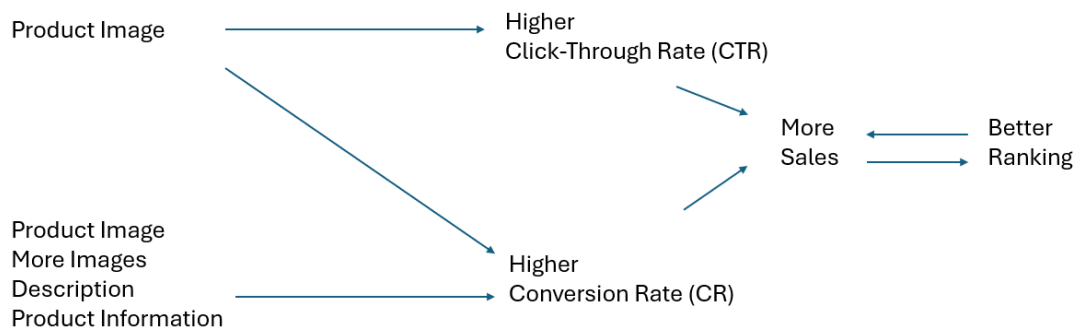


Figure 2. Relation between product content and sales in Amazon. Adapted from Moaiad (2023, 12).

Improving product photos and descriptions may improve rankings, especially for sellers who have registered their brands. To increase the variety of content available, Amazon offers A+ content to help communicate product features to the consumer. The A+ content attributes can be found from Figure 2. These improve product pages by offering a variety of layout options and an easy-to-use interface for engaging text and images. Improved content efficiently responds to consumer inquiries, increasing conversion rates and sales and decreasing returns. Moiad (2023, 12) suggests that better content may boost sales by 3% to 10%.

3 Industry Profile

3.1 General Information of FMCG Industry

The FMCG industry thrives on products characterized by rapid turnover at affordable prices as seen from Table 2. FMCGs are distinguished by their short shelf life driven by high consumer demand. FMCG products are affiliated with frequent purchases, fast consumption, low price points, and large-scale distribution. FMCGs have high turnover rates, which is indicative of their widespread appeal and importance in the world market (Kenton 2024).

Category	Description
Products	Consumable consumer goods that have a fast rotation cycle on the market
Market Size Globally	\$11,3tn (€10,3tn) globally in 2022
Distribution Channels	Retail stores, e-commerce, traffic redirection from company website and social media to retailers
Challenges	Intense competition, altering consumer preferences, demand for innovation and cost-cutting
Trends	Growing emphasis on sustainability initiatives, social impact, and natural and organic product demand

Table 2. FMCG industry description (Deliverect 2024).

The FMCG industry developed further in the 21st century with the introduction of new goods, including frozen and refrigerated meals, as well as cutting-edge, scientifically supported skincare items and even personal grooming equipment. Toh demonstrates that the development of methods for mass manufacturing in the late 1800s marked the beginning of the FMCG industry. Goods that were

capable of being made fast and at lower costs included soap, canned food, and other home necessities (Toh 2024).

Bhandalkar notes that FMCG is the largest combination of product categories in the consumer goods sector. It includes a wide range of product categories, including food and beverages, personal care & cosmetics, health care, and home care. Notably, the growing disposable income of consumers is driving significant growth in the personal care sector. With their incomes rising, customers can now devote a larger percentage of their purchases to high-end personal care items (Bhandalkar 2023).

A report published by Research & Development Hub in January 2024 claims that the demand for FMCGs is high and the trend of FMCG market size is expected to grow. As the research indicates the FMCG market size will reach a 5.03% compound annual growth rate (CAGR) from 2022 to 2028. The report highlights the projected market size growth, as the global FMCG market size was valued at \$11.3tn (€10.3tn) in 2022. The forecast indicates the FMCG market size to grow to \$15.2tn (€13.9tn) by 2028 (Research & Development Hub 2024).

Because of the expected FMCG market growth and popularization of online shopping, the development of e-commerce percentage of total retail sales is expected to continue growth (See Figure 3). Figure 3 showcases the statistics of the e-commerce market share of the total retail sales from 2015 to 2023 (Statista 2023).

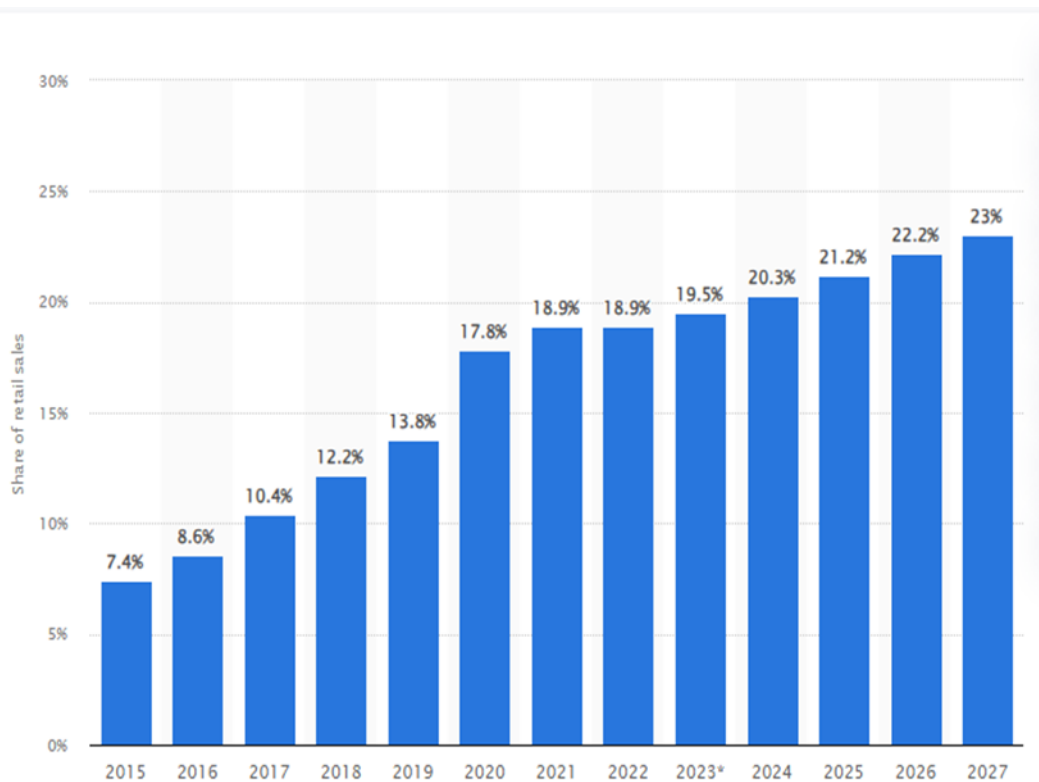


Figure 3. E-commerce as percentage of total retail sales worldwide from 2015 to 2027 (Statista 2023).

Figure 3 showcases the e-commerce market share of total retail sales from 2015 to 2023, followed by a forecast of the market share of e-commerce sales from 2024 to 2027. A big change can be seen in 2020, as the market share of e-commerce sales grew by 4pp, accelerated by start of the Covid-19 pandemic (Statista 2023).

This chapter will introduce one of the FMCG industry's giants to improve the understanding of the industry. According to net sales gathered by Statista, Unilever is among the largest FMCG companies in the world, as seen in Figure 4. As Unilever is among the top ten largest FMCG companies in the world by net sales, examining it as an FMCG operator will give great contrast to understanding the industry.

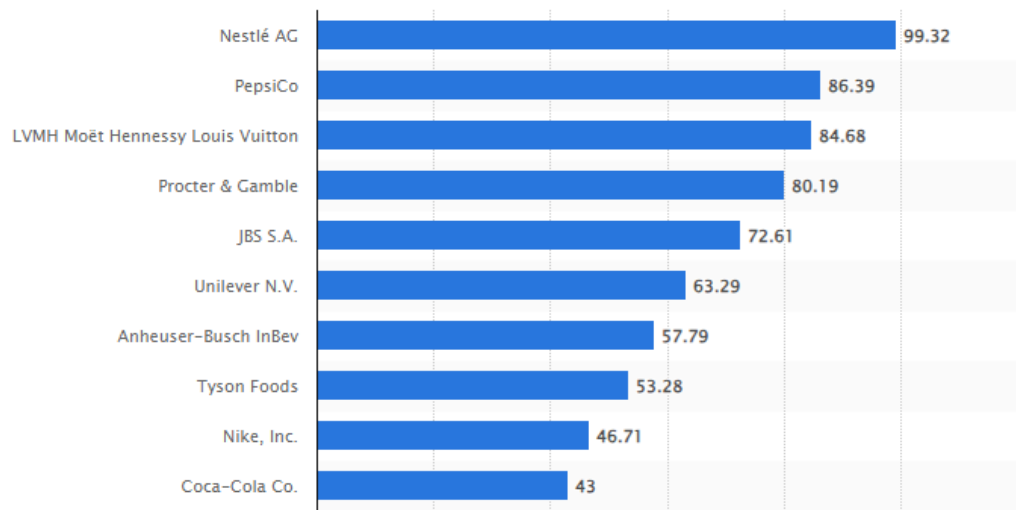


Figure 4. Leading 50 FMCG companies worldwide in 2023, based on net sales (in billion U.S. dollars) (Statista 2024).

Unilever is a major FMCG company operating in the Americas, Europe, and Asia Pacific Africa geographical business areas, Unilever is known as a FMCG manufacturer for business groups, including beauty and well-being, personal care, home care, nutrition, and ice cream brands in the FMCG market. As seen from Unilever's 2023 Full Year (FY) Results report in Figure 5, the company's turnover for FY 2023 was €59.6bn counting all the business groups. The company report states that the turnover in 2023 increased by 0.8% from the previous year (PY) (Unilever 2024).

	2023	vs 2022
Turnover	€59.6bn	(0.8)%
Beauty & Wellbeing	€12.5bn	1.8%
Personal Care	€13.8bn	1.4%
Home Care	€12.2bn	(1.8)%
Nutrition	€13.2bn	(5.0)%
Ice Cream	€7.9bn	0.5%
Operating profit	€9.8bn	(9.3)%
Operating margin	16.4%	(150)bps
Diluted earnings per share	€2.56	(14.2)%
Net profit	€7.1bn	(13.7)%

Figure 5. Unilever 2023 Full Year Results, Generally Accepted Accounting Principles (Unilever 2024).

As indicated in Unilever's Generally Accepted Accounting Principles (GAAP Measures), the net profit of the FY 2023 was €7.1bn which accumulates for an 11.9% net profit margin.

Creating a diverse product portfolio for FMCG companies is essential to satisfy consumer preferences, mitigate risks associated with market variabilities, and maintain competitive advantage. It enables them to capture different market segments, adapt to changing trends swiftly, and maximize revenue streams, therefore enabling sustained growth (Hussain 2023).

Although creating a diverse product portfolio is key for FMCG companies, they are shifting towards enhancing product portfolio by cutting out products that are not performing on the market and thus adding no value for company operations. The operating expenses to maintain the low-performing products can expend company profits (Philippi 2020). This process is known as cutting tails, which essentially is the process of reducing the number of products on the product portfolio. In an interview with a senior-level manager from Company X, the manager underlined that the company is cutting mainly products that have a similar product on the market for the consumer or serve no purpose (Company X).

A senior-level manager from Company X focuses on the fact that by cutting tails, the company can allocate resources to the key brands. This makes it easier to adjust the products to customer needs by making changes to existing key products or launching new products. The interviewee asserts that Company X invests in product development to find consumer preferences. As an example, product development could involve including a sample size of consumers and finding out how consumers react to the assessment (Company X).

Unilever's FY 2023 report presents a Growth Action Plan Update which aims to increase the competitiveness and performance of the business. The Growth Action Plan promotes a growth strategy of focusing on key brands. Unilever describes this Action Plan as Focus on 30 Power Brands. Considering these 30 Power Brands had an underlying growth in sales of 8.6% in FY 2023, they

account for 75% of Unilever's group turnover. These Power Brands are distinguished by Unilever as the focus for brand and marketing investments aimed at growth (Unilever 2024).

Unilever's FY 2023 report highlights its transformation towards developing the product portfolio with intent on growth by focusing on the key brands and products and by cutting tails. Figure 6 displays the brand portfolio for Unilever for Q1 2024 in Finland. As mentioned before, the key to driving brand growth for Unilever is to Focus on the Power Brands. Therefore, measuring the need for cutting tails becomes important for optimizing profitability. Unilever states in the FY 2023 report that it decided to abandon the following brands: Elida Beauty, Dollar Shave Club, and Suave. (Unilever 2024.)



Figure 6. Unilever Brand Portfolio in Finland (Unilever 2024).

As a global manufacturer, Unilever is represented by 400 different brands globally. As an example, Figure 6 displays some recognized brands from Unilever. The company's strategic choices for sustainable growth indicate the

ambition to be a global leader in sustainable business. By focusing on five specific business groups Unilever aims to build a high-growth portfolio. These business groups are Beauty and Wellbeing, Personal Care, Home Care, Nutrition, and Ice Cream (Unilever 2024).

Unilever emphasizes the procedure in their company strategy publication, that they will have a focus on strategic actions to achieve business goals related to the power brands and portfolio. Unilever's growth strategy is focused on using innovation, purpose-driven assignments, and superior products to leverage its brands. The company uses modern technologies and science to create products with superior functionality, anticipating increased consumer loyalty and brand recognition. Unilever believes that innovation is essential to remaining competitive and satisfying changing customer needs. Furthermore, Unilever is dedicated to tackling social and environmental issues by implementing measures on matters that matter to customers, such as promoting social inclusivity, augmenting well-being, and advancing planetary health. Unilever aims to achieve sustainable growth while positively influencing society and the environment by integrating these principles into its brand strategy (Unilever 2024).

According to Unilever's sustainability commitment news publication, the goal is to make a change Unilever aims to drive down greenhouse gas emissions by cutting logistic emissions. Unilever claims to achieve net zero emissions across the business value chain by 2039. To reach this goal Unilever is using a combination of using fewer trucks and covering shorter distances with them, switching to renewable energy for warehouses, and investigating electric cars and alternative fuels for transportation (Unilever 2024).

Unilever innovates product formulas across Home Care to reduce emissions, contributing to lowering the environmental footprint of its products as well as transitioning to using reused and recycled plastic for product packaging as a part of the circular economy. Unilever highlights innovation in packaging in a campaign called Dirt is Good (DiG), which is a campaign for a laundry detergent brand in Unilever's Home Care business unit. Its backside product label is

displayed on page 25 (See Figure 7) (Unilever 2024). DiG campaign is an inspiring Home Care business unit transformation that introduces new and improved packaging for laundry detergent capsules. The packaging is in a 100% recyclable plastic-free cardboard box (Persil 2024).

Unilever's sustainable actions play a key role in all its business units. Unilever describes its company as purposeful to make sustainable living a commonplace with Unilever's brands and people (Unilever 2024). As Unilever is making considerable progress towards its sustainable living goals, it is important to communicate these actions and information to the consumers. A joint study conducted by McKinsey and NielsenIQ examines if consumers are willing to spend more money on products that claim to be environmentally and socially responsible. More than 60% of participants in the 2020 McKinsey US consumer mood poll stated they would be willing to pay more for a product that had sustainable packaging. According to a recent NielsenIQ survey, 78% of American consumers said they value living sustainably. According to a five-year surveillance highlighted in the report, products with social and environmental impact claims grew at an average cumulative rate of 28%, while those without such claims grew at an average cumulative rate of 20% (McKinsey & Company 2023).

To communicate with customers, FMCG companies use a wide range of platforms. FMCG companies need to consider where to communicate to reach the correct consumers and how to communicate to provide the consumers with the information they need to make an informed decision about what to buy. This will help them receive the maximum benefit from communication (Rogers 2022).

Product labels are a simple yet effective way to capture consumer attention. Labelling provides key product information for consumers; this information aims to satisfy consumer awareness and encourage the purchase decision. Additionally, product labels can be used as a communication tool to inform consumers about the company's values and actions as well as describe the conditions of how the product is produced (Lederle 2019). Product labelling is a convenient tool used by FMCG companies to inform consumers about their

environmental and social impact actions, as demonstrated by the label on the laundry detergent product shown in Figure 7.



Figure 7. Persil 3in1 Bio Laundry Detergent Capsules Backside Product Label (Persil 2024).

Figure 7 displays the backside product label of a laundry detergent product from the global laundry detergent brand Persil. Persil utilizes the product label backside to communicate to the consumer about the sustainable actions accomplished by the brand's parent company. As seen in the figure, this product label communicates the product's recyclability, product packaging, and lower carbon footprint per capsule (Persil 2024). As mentioned in the recent study conducted by the collaboration of McKinsey and NielsenIQ, consumers are more willing to invest more money into the products that claim sustainable actions as a part of their products (McKinsey & Company 2023).

While FMCG firms have larger product portfolios, the bulk of those who succeed in online sales do so by focusing on a single category or brand. Figure 8 shows that focusing on an exclusive successful category or brand may provide FMCG companies with a competitive advantage (Yasmeen 2023).



Figure 8. Unilever e-commerce sales breakdown by category in 2022 (Yasmeen 2023).

Unilever has effectively developed a category-driven e-commerce strategy. The company's most popular product category is beauty and personal care, which accounts for over 42% of Unilever's online sales in markets tracked by Euromonitor International's E-Commerce system, as seen above. Amazon accounts for 40% of Unilever's overall e-commerce revenues in the sector. This makes sense, given that Amazon is the world's largest online retailer of beauty and personal care products, thanks to its extensive product variety and unsurpassed logistics skills. As a result, Amazon has become a key retail partner for Unilever, with its hair care, skincare, and bath and shower products among the best-selling beauty and personal care items (Yasmeen 2023).

As highlighted in Chapter 2.4 one of the most efficient ways to increase product ranking in the e-commerce operator website is to improve the product content. FMCG companies have started utilizing product pictures with informative carousels of pictures, that communicate the key benefits of the product, how it works, and sustainable actions. Carousel is a term for a collection of swipeable pictures on a single post that resembles a slide show. Figure 9 presents an example of an informative product picture carousel.



Figure 9. Perlana Black. E-Commerce product carousel (K-Ruoka 2024).

As seen from Figure 9 , this product carousel communicates to the consumer how the product is produced, sustainable actions, product promise, and key features of the product. This carousel was adapted from a Finnish e-commerce site, k-ruoka.fi. Not only will the product carousel increase product ranking on the e-commerce platform but it also enables the consumer to learn about the product with ease. Additionally, a senior-level manager from Company X highlights the purpose of introducing informative product descriptions, product pictures, and product labels to make the consumer's shopping journey more simplified and easier to find the right products for their needs. This can also be executed at physical retail stores with in-store materials, which redirects consumers online if they want to seek more information on the product or brand (Company X 2024).

Essentially making the correct adjustments on the company portfolio by focusing on key brands and by cutting tails brings growth to profitability for the FMCG companies. This is beneficial for brands and brings value to consumers by enhancing user experience with investing in the product development. Hence FMCG companies are making their products more recognizable by having a portfolio so that consumers can more easily determine the right product for their needs. This in turn ultimately speeds up the shopping journey for the consumers (Company X 2024).

4 Business Environment

4.1 Business Environment in FMCG in E-commerce in Finland

Even though the number of e-commerce users in Finland is in the higher percentiles, the average amount of money spent on e-commerce per person remains low compared to other European countries. The percentage of the population that uses e-commerce in Finland is 95% according to an annual report conducted by PostNord in 2021. As seen in Figure 10, Denmark has the highest estimated average spent per person per year in the report published by PostNord, who estimated that 2916€ was spent per person annually despite a lower percentage of the population using e-commerce (88%) (PostNord 2021). A report published by Paytrail, which is Finland's largest company specialising in online payments, states that 10% of Finnish online shoppers that were part of the research buy online because of cheap prices. The main reason for Finnish e-commerce consumers is the convenience of online shopping offers, which was mentioned by 36% of Finnish online shoppers in the study (Paytrail 2023.)

Despite the relatively low average amount spent per person on e-commerce in Finland compared to other European countries, there are several factors contributing to the growth and potential of FMCG in the Finnish e-commerce market. One significant aspect is the widespread internet penetration and high usage of smartphones in Finland, which provides a solid foundation for the growth of e-commerce. Additionally, the convenience of online shopping is increasingly attractive to Finnish consumers, as evidenced by the 36% who cited it as the main reason for their online shopping habits. Furthermore, the evolving digital infrastructure and logistics network in Finland contribute to the ease of online transactions and efficient delivery systems, enhancing the overall e-commerce experience for consumers. As FMCG companies continue to invest in digital platforms and tailor their strategies to the Finnish market's preferences and behavior, there is substantial potential for growth and profitability in Finland's FMCG e-commerce sector (Paytrail 2023).

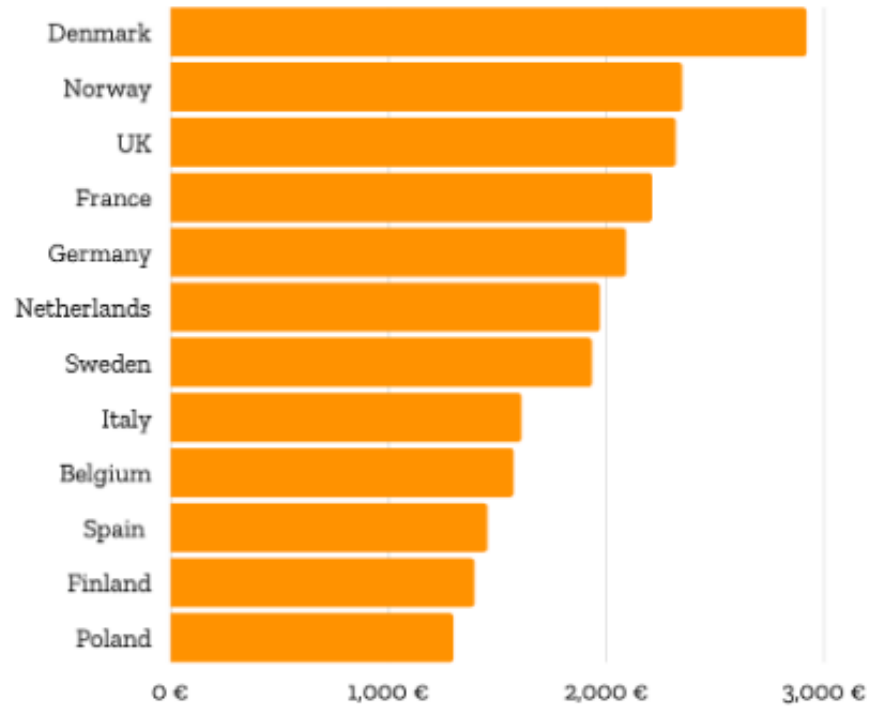


Figure 10. Estimated average spent on e-commerce per person per year in Europe (PostNord 2021).

PostNord reports that the reason for Finns not spending as much as other Nordic countries is that older age groups in Finland are more skeptical than comparable age groups from other Nordic countries when using e-commerce services. However, the consumer trend shifted to being more positive towards e-commerce shopping during the pandemic (PostNord 2021). Figure 11 displays what Finnish consumers are purchasing from e-commerce platforms, where clothing and footwear are the most common categories for the consumer to buy online. Fifty-five percent of reported consumers had placed an order in that product category during the last year. The second most common category for Finnish consumers is home electronics, with 40% of reported online shoppers (See Figure 11) (PostNord 2021).

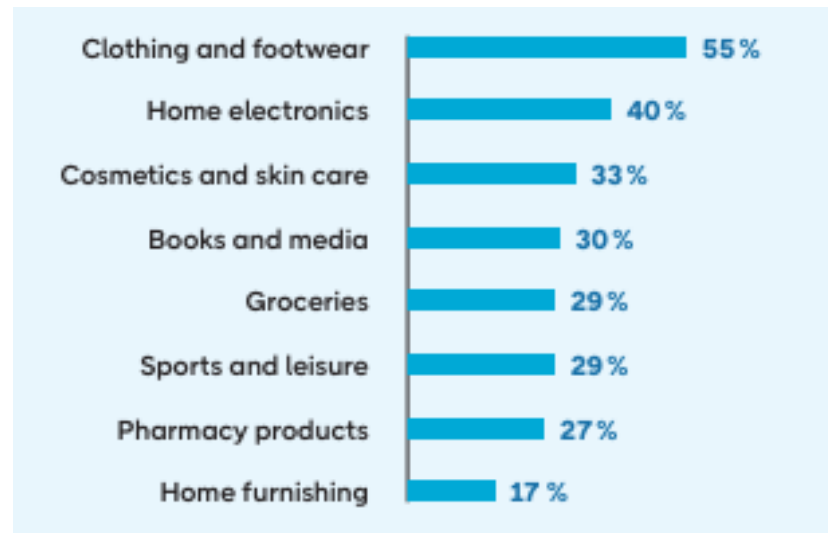


Figure 11. Most commonly bought products online in Finland (PostNord 2021).

In line with a senior level manager from Company X, the Finnish consumer mindset is still slightly different from that of other European citizens, with the Finns preferring to buy consumer goods from physical retail stores. The trend is gradually increasing e-commerce's popularity for the respected category. As some product categories are not as popular on e-commerce platforms, for example, home care or hair coloration products, it may take time to see growth as the Gen Z generation (Birth year range 1997-2013) is ageing, because the younger generation is not as skeptical of placing orders online (Company X 2024)

Paytrail highlights that the Finnish consumer trends favor local e-commerce platforms. This has continued, as the latest report conducted in 2023 claims that 66% of the respondents in the research used a local e-commerce platform during the survey (Paytrail 2023). In another survey, Finnish consumers were asked if they had used any international e-commerce platform during the last month, and 68% of the respondents answered "no" (Paytrail 2023). Research conducted by PostNord in 2021, showcases low usage of international e-commerce sites, where the top sites were as follows: Zalando 36%, eBay 18%, and Amazon 15% (PostNord 2021).

The Paytrail report highlights that Finnish consumer preferences originate from a desire to support a local entrepreneur, familiarity, and a more personalized

experience. Some consumers stated that they did not wish to support global firms. Customs charges and cumbersome return rules were highlighted as practical impediments to shopping from abroad, with price and choice being the main draws. Younger age groups showed a preference for domestic online stores: up to 58% of 18-29-year-olds favoured domestic online retailers, compared to 48% of those 65 and older (Paytrail 2023). Company X's senior manager mentions the loyalty of Finnish consumers towards domestic platforms is a small obstacle to the growth of international e-commerce (Company X).

Finnish consumer preferences on payment methods vary from other European countries, according to the Paytrail report. Among the payment options, online banking was used by 58% of consumers report claims, which has long been popular among Finns. MobilePay, which has swiftly taken over the sector in recent years, also stand out. Additionally, in a survey of consumers conducted by Paytrail, online banking also emerged as the most popular payment method. Finns are unique consumers in Europe, as online banking is not the top payment method anywhere else. Finnish banks have invested in digital services, and many Finns are familiar with online banking, so bank transfers can feel familiar and simple.

In contrast, mobile payments have grown in popularity in recent years. The low percentage of card payments can be explained not only by the preference for bank payments but also by the fact that not all Paytrail merchants have access to all payment methods (Paytrail 2022).

The report by PostNord notes that home delivery remains the most popular delivery option in the majority of markets surveyed by PostNord. However, this is not the situation in Finland. The poll found that consumers prefer to collect parcels from a parcel machine. In comparison to other European online shoppers, Finns place less value on speedy delivery. Customers prefer the option to choose the delivery location (PostNord 2021).

4.2 Analysis of the FMCG Industry in Finland

A PESTLE analysis is used to examine and track the external marketing environment (macro-environmental) elements that affect the FMCG industry. The PESTLE analysis studies the Political, Economic, Social, Technological, Legal, and Environmental aspects of the FMCG industry.

Political

The FMCG industry's supply chain depends on the preservation of political balance. Any disturbance in the state of politics may cause supply chain processes to be hindered and delayed. For instance, the conflict between Russia and Ukraine significantly affected the material costs of several FMCG products. Furthermore, the violence raised the cost of commodities like wheat and palm oil. According to the Sustainable Governance Indicators report, Finland is a politically stable democracy. Surveys show that Finns, like those in the other Nordic nations, have comparatively high levels of trust in political figures and institutions (Sustainable Governance Indicators 2022). Despite Finland's political stability, there is still a risk. In May 2024, an exceptionally lengthy political strike in the container ports lasted for more than a month, leaving up to 100,000 containers unprocessed, the national media company owned by the Finnish State reports (Yle 2024).

Economic

Consumer purchasing decisions are influenced by their purchasing power, which is directly related to the economic factors. A weak economy leads to higher inflation, which makes it more difficult for people to afford even necessities. Inflation affects FMCG companies' operating costs, leading to higher product prices. The price of goods has an impact on consumers' decisions to purchase various FMCG products. Consumers will search for lower-priced alternatives when the economy is weak since there is less money to spend on their households. A high unemployment rate is another factor in the economy that lowers sales and revenue for the FMCG industry. Finland's public institutions are very transparent, and its workforce has an impressive level of education. Yle reports that in Finland the median monthly full-time salary was 3,314 euro in 2021 (Yle 2022).

Social

Product demand for health and hygiene-related items increased because of the pandemic, which was felt in consumer purchasing patterns. To cut down on market trips, people were also stockpiling food items. Due to increased demand for goods, the growing global population offers the FMCG industry several opportunities. However, this will present a problem for countries whose populations will decline in the future. Organic and health-conscious product development has been fueled by concurrent trends towards healthier and sustainable product alternatives, especially among younger demographics. To stay relevant in this trend and appeal to younger consumers who have a strong preference for new brands, established brands must adapt and innovate. Finland's fertility rates have been declining for many years, and as its population ages, Finland faces a risk of labour shortage (Statistics Finland 2023).

Technological

The pandemic and advancements in technology have resulted in a demand for electronic formats to serve consumers (Yuloskov, Bahrami, Mazzara, Imbugwa, Ndukwe & Kotorov 2023). The FMCG industry has also gained attractiveness from social media visibility and smartphones that allow consumers to make purchases through e-commerce sites. Social distancing rules also encouraged companies to establish an online presence. Even organizations that had not previously used digital media recognized the importance of connecting with the market through social media and technology. Marketing and product development are advancing thanks to technology. The Senior Manager from Company X mentions an example of eye tracking methods that are being used to learn more about what consumers pay attention to when shopping or viewing product placement or artwork. Essentially, this allows product designers to adjust their products in response to test results, making them more attractive to consumers. (Company X 2024). The Finnish educational system places a strong emphasis on using technology and digital tools for teaching and learning (Pérez-Sanagustín 2022, 413). Moreover, Finland's population is highly adept at

using computers, which is advantageous for the country's possible e-commerce growth. The Finnish Ministry of Finance mentions that Finns are among the best-skilled digital users in the EU (Ministry of Finance Finland 2024).

Legal

FMCG companies are also expected to meet licensing and permit requirements, applicable employment laws, and regulations to operate in the retail sector. Organizations must prioritize occupational health and safety standards, as well as comply with regional labor laws. To continue operations and maintain industry accountability, product quality laws must be followed. If a manufacturing error occurs, the entire batch may be removed from the market and discarded. Essentially FMCG products need to adjust to the regulations since every country has different guidelines. As an example regarding the Classification, Labelling and Packaging (CLP) Regulation, that are also known as warning labels, some ingredients or substances of products can be classified as hazardous ingredients in some other countries as a dangerous ingredient (Company X 2024).

Environmental

The environmental factors for the FMCG industry include the production of recyclable materials for product packaging to the adoption of renewable energy solutions within the companies. Additionally, organizations are bound to publish their environmental initiatives and carbon footprint. Environmental regulations have had an impact on the FMCG industry through organizational sourcing practices. The four seasons of Finland can affect consumer purchasing behavior for seasonal products.

5 Competitive analysis

5.1 Competitive Situation in FMCG Industry in Finland

Company X has several competitors in the Finnish market. These compete for similar products and product categories. FMCG companies that offer products

in a shared product category on the market are considered direct competitors. Table 3 compares Company X with international competitors: Unilever, P&G, and L'Oréal, and also one domestic competitor from Finland, Berner Oy.

	Company X	Unilever	P&G	Berner Oy	Loreal
Revenue (FI 2022)	X	€160m	€7,6m	€88,7	€80,7m
Employees (FI)	X	117	22	X	90
Est. year	X	1929	1837	1883	1909
Based in	X	United Kingdom	United States	Finland	France
Brand and Product (Shampoo 250 ml)	X	Dove daily moisture	Head & Shoulders 2in1 Classic Clean	XZ Blueberry	L'Oréal Paris Elvital Hyaluron Plump
Price Range	€2,69 - €3,5	€3,29 - €4,25	€3,65 - €4,29	€2,89 - €3,90	€3,15 - €4,40
Distribution Channels	Local Hypermarkets (X) Local Supermarkets (X) Local Markets (X) Kiosks International Retail Chain (X) Discount Stores (X) Specialty Stores (X) Regional Stores (X)	Local Hypermarkets (X) Local Supermarkets (X) Local Markets (X) Kiosks (X) International Retail Chain (X) Discount Stores (X) Specialty Stores (X) Regional Stores (X)	Local Hypermarkets (X) Local Supermarkets (X) Local Markets (X) Kiosks International Retail Chain (X) Discount Stores (X) Specialty Stores (X) Regional Stores (X)	Local Hypermarkets (X) Local Supermarkets (X) Local Markets (X) Kiosks (X) International Retail Chain (X) Discount Stores (X) Specialty Stores (X) Regional Stores (X)	Local Hypermarkets (X) Local Supermarkets (X) Local Markets (X) Kiosks International Retail Chain (X) Discount Stores (X) Specialty Stores (X) Regional Stores (X)
All Product Categories	X	Beauty & Wellbeing, Personal Care, Home Care, Nutrition, Ice Cream	Fabric and Home Care, Beauty, Grooming, Baby, Feminine and Family Care	Beauty and Hygiene, Baby and Hygiene Products, Nutrition, Home and Leisure	Skincare, Make-up, Haircare, Hair color, Fragrances
Top Product Category (Global Net Sales)	X	Personal Care	Fabric & Home Care	-	Skincare

Table 3. Competitor analysis (Company X; Unilever; P&G; Berner Oy & Loreal 2024).

Table 4 provides an overview of the features displayed on the websites of various competitors, along with the e-commerce attributes associated with the respective brands.

	Company X	Unilever	P&G	Berner Oy	Loreal
Company / Brand website in local language (FI)	Yes	Yes	No	Yes	Yes
E-commerce Product Pictures (k-ruoka.fi)	2	3	2	1	2
Brand website links to local retailers	Not working	Yes	No	Yes	Yes
Number of listed retailers	-	4	-	9	1
Product description character count for sample product (k-ruoka.fi)	818	1312	620	279	563

Table 4. Competitor analysis on e-commerce presence in Finland (Company X; Unilever; P&G; Berner Oy & Loreal 2024).

Analyzing Tables 3 and 4 shows that all the companies are evenly distributed across a range of distribution channels, with Unilever and Berner Oy benefiting from distribution through kiosks in addition to the other channels used by competitors. A common product category, in the companies that produce goods is beauty/personal care; all the competitors offer comparable products on the market in the product category.

As mentioned, the quality, the number of product pictures, and product descriptions are key factors in product placement in e-commerce sites for FMCG products. Considering the sample products, Unilever and P&G had the most amount of product pictures at 3 (See Table 4). Unilever utilizes the product

picture of Dove Shampoo to inform the consumer about the product promise and product size. Additionally, Unilever's brand offers in-depth product description, which communicates to the consumer about product features, specifications, and benefits. This will also increase visibility on the search engine with the utilization of keywords. Additionally, unique, and clear product descriptions help build trust with consumers and can differentiate the brand from competitors. (k-ruoka.fi 2023.)

By studying Tables 3 and 4 it can be said that Unilever is the largest international competitor in Finland for Company X. Not only is Unilever the largest company by revenue in Finland, but it is also run by the largest number of employees, and Unilever manages vast amounts of distribution channels. In addition, Unilever possesses a competent e-commerce presence in local retailers and operational websites for key brands. This presence can redirect traffic to e-commerce sites and local retailers. As Finns are loyal to local companies and brands, Berner rises as a big competitor. It is a long-established domestic company offering local brands on the market. Company X has an advantage over Berner's sample product at the local retailer e-commerce site in product descriptions and pictures.

5.2 Opportunities in the Finnish FMCG Market

Company X has business investments in a variety of product categories, for example, beauty care. The company's primary strengths are a strong focus on R&D, a wide regional presence, and solid financial success. The company's operations may be impacted by changing retail trends, rising living costs in Europe, and increased competition. The competition in the FMCG industry is intense and the business in Finland is challenging since Finnish consumers are keen on favouring domestic brands and services.

Strengths

Historically, Company X has consistently invested in its R&D efforts. To create innovative and distinct products, the company makes significant investments in product development, process technology, and consumer insights. Despite the challenging economic environment, Company X continued to invest heavily in R&D. Company X reportedly invests 2.5-3.6% of sales in R&D expenditures, which on average accounts for €570m annually. By meeting the demands of diverse consumer segments, the company's strong R&D capabilities allow for frequent product launches, a larger product range, and an expanded client base (Company X 2024).

Weaknesses

The sustainability trend is gaining traction in the FMCG market. Consumers increasingly seek sustainable solutions from retailers as demand for sustainable products rises annually. Furthermore, the e-commerce market is growing, and consumers are buying FMCG products online. Company X has well-known brands globally. These have the resources to invest in product development to increase opportunities in the Finnish market.

Opportunities

The sustainability trend is gaining traction in the FMCG market. Consumers increasingly seek sustainable solutions from retailers as demand for sustainable products rises annually. Furthermore, the e-commerce market is growing, and consumers are buying FMCG products online. Company X has well-known brands globally, which have the resources to invest in product development to increase opportunities in the Finnish market.

Threats

Increased cost of living causes consumers' purchasing power to deteriorate, resulting in less spending on consumer goods. As material and manufacturing costs rise, profit margins become increasingly difficult to manage. Retail stores that demand low prices and face pricing pressure from competitors must conduct extensive analysis and argumentation to maintain healthy gross profit margins. Competitors compete for deeper listings and visible presentations at

retail stores. A product's performance at a retailer, such as slow rotation, exposes it to the risk of being delisted from the retailer's assortment.

6 Suggestions for FMCG E-commerce Activity

A well-performing and attractive product requires a mixture of good qualities, good distribution channels, and efficient communication with consumers. It is vital to adjust to changing consumer trends to stay competitive, acquire and keep consumers, take advantage of every sales opportunity, and guarantee long-term growth and success (Aslam 2023, 873 - 883).

Strategic promotions are a great way to increase brand visibility and engage consumers (Shrestha, Megha, Chakraborty, Mazzara & Kotorov 2023, 576-585). Strategic promotions should be analyzed for time and place, essentially when is the best time to run a campaign and what channels to utilize. To gain maximum benefits from strategic promotions, it is advisable to use a mixture of the most efficient promotion tools, depending on the audience and the target.

To acquire e-commerce and online traffic, along with a promotion, redirecting consumers online can increase consumer engagement. This can be executed for example by placing in-store materials that redirect consumers to brand websites or e-commerce sites. As brand websites can be used as a source of information about the products, they should be easy to navigate and function as a guide for inquiries about from where to buy the products (Kotorov, Krasylnykova, Pérez-Sanagustín, Mansilla & Broisin 2024, 21-36).

To boost online sales, it is evident that enhancing and providing top-quality product information on e-commerce sites increases online visibility. This can be achieved by updating product pictures, which should be clear and informative (Krasylnykova, Kotorov, Demel, Mazzara & Bobrov 2023, 383 - 392). Another factor that boosts product visibility on e-commerce sites is product descriptions. The important qualities of a good product description are the utilization of relevant keywords, instructions on using the product, and appeal to consumers.

Essentially having quality easy-to-access information on products makes the need for information seeking faster for consumers and can make a difference in the experience and speed of the shopping journey for consumers (Kotorov, Krasylnykova, Zhdanov, Mazzara, Aslam, Akhmetgaraeva, Naumcheva & Brown 2021, 1-11).

7 Conclusion

Three research questions that support the study and contribute to the analysis were presented at the beginning of the thesis.

RQ1: What features make FMCG products attractive to consumers in the market and in e-commerce platforms?

When studying literature and analyzing what FMCG industry leaders are doing in the market, it is evident that consumers are looking for products that are following the market trend. For example, as sustainability has become more trending in recent years, studies revealed that consumers are willing to pay more for products that claim sustainable actions on product packaging. In e-commerce platforms, the study showcases how valuable quality product descriptions can be, as they work as a trust-building factor for consumers as well as make online visibility higher with search engine optimization with keywords. E-commerce sites rank the products higher for online users that have intriguing product pictures. It is more valuable to have multiple product pictures and to communicate to the consumer with pictures of the products.

RQ2: What distribution channels work best for FMCG products?

Even though FMCG products are similar in different countries, and the demand for a similar product can be as high in different countries, the distribution channels vary a lot. The studies revealed that consumer preferences and attitudes affect the popularity of distribution channels. As an example, the e-commerce giant Amazon has not breached the preferences of Finnish consumers. Studies showed that Finns are resilient in supporting local retailers and services and sceptic towards international services. This makes it harder

for international players to step in. Essentially distribution channels are very specific for each market shaped by consumer preferences, cultural, technological, and economic factors.

RQ3: What are the biggest trends in FMCG industry and e-commerce?

Based on the results of the studies it appears clear that several trends are influencing how consumers engage with brands and products. Globally looking at sustainability trends, all FMCG giants are making enormous sustainable efforts throughout the whole value chain. These sustainable actions are most visible in product packaging and labels for consumers. FMCG companies are communicating about sustainable actions and social responsibility via many channels, including social media, brand websites, and product labels with certifications and product claims. However, trends vary in different markets. For instance, Finnish consumers have not grasped the growing mobile wallet payment method, where the smartphone stores payment card information and utilizes the stored information for fast check-outs. Finns are accustomed to and confident in online banking's reliability and seek comfort when placing orders online. Essentially more consumers are finding the use of e-commerce more convenient, which has resulted in the growth of e-commerce's share of sales globally.

The study is limited due to the scarcity of primary data collected. The thesis relies on secondary data, it may restrict the scope of the analysis and prevent a thorough grasp of the market. For future research it is recommended to gather more primary data.

However, this thesis clarifies FMCG consumer preferences and e-commerce trends, highlighting opportunities for companies to thrive in this evolving market. By recognizing and adapting to consumer demands for sustainability, transparency, and convenience, FMCG companies can position themselves for success. For instance, as seen in the increasing willingness of consumers to pay more for sustainably packaged products, there is a clear incentive for companies to incorporate sustainable practices into their operations. Moreover, the emphasis on quality product descriptions and engaging product images in e-

commerce platforms underscores the importance of effective online marketing strategies to capture consumer attention and trust.

The findings emphasize the significance of understanding local consumer preferences and tailoring distribution channels accordingly. While global trends shape the FMCG industry, the thesis reveals the importance of cultural and economic factors in determining consumer behavior. For instance, the preference of Finnish consumers for local retailers over international giants like Amazon highlights the need for FMCG companies to adapt their distribution strategies to local contexts. By aligning distribution channels with consumer preferences and cultural nuances, companies can enhance their market penetration and build stronger connections with consumers.

The thesis provides valuable insights into the FMCG industry's future trajectory in e-commerce, paving the way for informed decision-making and strategic planning in this dynamic market.

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Appendix 1: Amazon Product Ranking Methodology: Understanding the Two Key Steps in Amazon's E-Commerce Process. (Maio 2020, 11)

STEP 1: Keywords determine if the product ranks on Amazon. In the first step, Amazon filters out all products that are not relevant for the customer search query by looking at the keywords. If a product does not contain all keywords of the search query, it cannot appear in the search results. This step is important because it drastically reduces the number of products that Amazon needs to sort by purchase likelihood.

STEP 2: Performance determines how high a product is ranked on Amazon. In the second step, Amazon determines the purchase likelihood for the remaining products and ranks them in a specific order. To do this, Amazon looks at the performance of the products. Performance is measured by CTR (click-through-rate in search result), CR (conversion rate on the product page), and sales. These are significant Key Performance Indicators (KPIs) for Amazon as they represent the steps that users need to take to buy a product. Amazon looks at these KPIs on a keyword-specific level. An iPhone, for example, will have different CTRs, CRs, and sales for the keywords "iphone" and "smartphone"