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" Inventory Management in the FMCG Sector "

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ABSTRACT

This research paper explores the critical role of inventory management in the FMCG (Fast-Moving Consumer Goods) sector. It focuses on how effective inventory practices contribute to operational efficiency, cost control, and customer satisfaction. The study examines key inventory strategies, the impact of digital transformation, and challenges faced by FMCG companies-especially in India. Case studies of firms such as Hindustan Unilever Limited (HUL), Nestlé India, and Dabur highlight practical insights into best practices. This paper offers a roadmap for inventory optimization through technology, strategic alignment, and sustainability.

I. INTRODUCTION

The FMCG sector in India is one of the fastest-growing industries, driven by rising incomes, urbanization, and retail expansion. Inventory management plays a central role in maintaining a balance between demand and supply, minimizing wastage, and optimizing working capital. This paper outlines how inventory management has evolved as a strategic imperative, beyond just logistics, especially in high-volume, low-margin FMCG businesses.

II. LITERATURE REVIEW

Studies have emphasized that lean inventory systems, driven by ERP and predictive analytics, significantly reduce stockouts and enhance service levels. Chopra and Meindl (2020) highlighted inventory as a buffer against demand volatility, while Kotler and Keller (2015) stressed real-time stock visibility. In India, small

FMCG firms lag in tech adoption, while giants like HUL leverage SAP ERP, IoT sensors, and AI forecasting to streamline operations.

III.CASE STUDY

Hindustan Unilever Limited (HUL):

HUL uses SAP S/4HANA with RFID, barcode, and AI forecasting. It maintains an inventory turnover ratio of 10.5- well above the industry average. Its decentralized warehouse system and hybrid inventory models enable responsive replenishment.

Nestlé India:

Uses predictive analytics and JIT for perishables. Its ERP-integrated inventory management ensures cold chain efficiency and real-time visibility.

Dabur India:

Employs Oracle ERP and ABC classification across 450+ SKUs. It balances modern trade and traditional retail, adapting inventory methods to distribution complexity.

IV. CONCLUSION

Inventory management in FMCG is no longer a back-end function but a strategic driver of business growth. This paper concludes that companies adopting real-time, tech-enabled inventory practices outperform peers in cost, efficiency, and customer satisfaction. As supply chains become more volatile, building resilient and digital inventory systems is essential for future success.

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