

Transforming Marketing through Sustainable Branding Strategies of FMCG Brands in India

Kuldeep
Research Scholar
School of Business Management
IFTM University, Moradabad

Abstract

As organizations seek to establish a balanced approach to social progress, environmental responsibility, and economic development, the adoption of sustainable marketing management strategies has become increasingly essential. The Fast-Moving Consumer Goods (FMCG) sector in India is experiencing a notable transformation, with sustainability recognized as a key element for long-term success. Growing consumer awareness, stringent regulatory requirements, and rising environmental challenges are driving FMCG firms to integrate sustainable practices throughout their value chains. Research demonstrates that sustainable marketing not only improves long-term profitability but also fosters consumer loyalty and enhances brand reputation, as illustrated by various case studies and emerging trends. The findings highlight how businesses can secure a competitive edge and contribute to a more sustainable global economy by embracing genuine sustainability initiatives. Furthermore, the study underscores the role of government policies, technological advancements, and consumer behavior in shaping sustainability strategies. Through an examination of leading FMCG companies, the paper outlines best practices and the challenges faced in implementing sustainable programs. The results indicate that companies that emphasize sustainability by developing eco-friendly products, optimizing supply chains, and ensuring transparent corporate governance are more likely to achieve greater brand loyalty, regulatory compliance, and sustained profitability. This research provides valuable insights into how FMCG companies can transition from short-term sustainability efforts to comprehensive, long-term strategies that deliver both environmental and economic benefits in the Indian market.

Keywords: Sustainability, FMCG, India, Circular Economy, Green Packaging, Supply Chain, Consumer Behaviour, Corporate Governance.

1. Introduction

Sustainability has emerged as a crucial element of business strategy, particularly in the fast-moving consumer goods (FMCG) sector, which is marked by complex supply chains and a diverse consumer base. In India, sustainability goes beyond simple regulatory compliance; it has become a vital competitive advantage. Increased environmental awareness, consumer preferences for ethically produced goods, and stringent government regulations are reshaping the marketing and product development approaches of companies. The Indian FMCG sector is one of the largest and fastest-growing industries, driven by rising consumer demand and evolving market conditions. In light of escalating environmental concerns and regulatory pressures, businesses are adopting sustainable green marketing practices to secure a competitive advantage. Sustainable green marketing includes strategies and initiatives that promote eco-friendly products, reduce ecological footprints, and align with consumer expectations for sustainability.

The Indian Government's commitment to Sustainable Development Goals is reflected through various Govt. schemes that aim at promoting Renewable Energy, Control Plastic Pollution, and restoring degraded lands. India is already well on its track and would achieve the Paris commitment targets well ahead of 2030. The recent Union budget has also laid more emphasis on climate action and a green future. The Government of India through a notification has put a ban on single-use plastic from July 2022 onwards. This includes the manufacture, import, stocking, distribution, sale, and use of single-use plastic, including polystyrene and expanded polystyrene commodities such as earbuds with plastic sticks, plastic flags, ice-cream sticks, polystyrene for decoration, plates, cups, glasses, cutlery such as forks, spoons, knives, straw, trays, wrapping or packing films around sweet boxes, invitation cards, and cigarette packets, plastic or PVC banners less than 100 micron, stirrers, etc.

This paper explores how sustainable green marketing enhances the competitive advantage of FMCG companies in India by improving brand reputation, cultivating customer loyalty, ensuring regulatory compliance, and encouraging innovation.

2. The Need for Sustainability in the Indian FMCG Sector

2.1 Rising Consumer Awareness

Indian consumers are increasingly aware of environmental and social issues, resulting in a heightened demand for sustainable products. A Nielsen report (2021) indicates that 73% of Indian

consumers prefer brands that exhibit environmental responsibility. This shift is prompting FMCG companies to incorporate sustainable practices into their product sourcing, packaging, and waste management strategies.

2.2 Regulatory Framework

The Indian government has implemented a range of regulations aimed at promoting environmental accountability, which include: The Plastic Waste Management Rules (2016, revised 2021), which impose restrictions on single-use plastics; Extended Producer Responsibility (EPR), which mandates that manufacturers take responsibility for waste generated after consumer use; and Corporate Social Responsibility (CSR) requirements, compelling companies to invest in sustainable development initiatives. These regulations prompt fast-moving consumer goods (FMCG) companies to reevaluate their marketing and production approaches.

2.3 Environmental Issues

India is grappling with significant environmental challenges, notably plastic pollution and water scarcity. Given that FMCG products are major contributors to packaging waste, it is imperative for companies to embrace environmentally friendly alternatives.

3. Sustainable Marketing Approaches in FMCG

3.1 Development of Eco-Friendly Products

FMCG companies are innovating by creating sustainable product formulations that minimize harmful chemicals, incorporate biodegradable ingredients, and prioritize cruelty-free testing methods. For instance, Hindustan Unilever has introduced eco-friendly versions of its products, such as Lifebuoy soap, which features natural ingredients.

3.2 Sustainable Packaging and Waste Minimization

A growing number of FMCG companies are transitioning to sustainable packaging solutions, utilizing biodegradable materials, recyclable plastics, and refillable containers. Colgate-Palmolive India, for example, has launched bamboo toothbrushes and recyclable toothpaste tubes, contributing to a reduction in plastic waste.

3.3 Ethical Supply Chain Management

A sustainable supply chain encompasses fair trade practices, the minimization of carbon emissions, and enhanced energy efficiency. Organizations such as ITC Limited have implemented responsible sourcing strategies to guarantee that their raw materials are obtained from sustainable agricultural sources.

3.4 Transparency and Corporate Governance

Brands that transparently share their sustainability initiatives tend to earn consumer trust. In response, companies are increasingly releasing Sustainability Reports, engaging in global efforts such as the UN Sustainable Development Goals (SDGs), and committing to transparent corporate governance practices.

3.5 Digital and Sustainable Advertising

Digital channels enable fast-moving consumer goods (FMCG) brands to decrease reliance on traditional paper-based advertising methods. Sustainable marketing strategies utilize social media, influencers, and environmentally conscious branding to connect with consumers. For example, Nestlé India conducts campaigns that advocate for water conservation and plastic neutrality.

4. How Green Marketing Enhances Competitive Advantage

4.1 Brand Differentiation and Consumer Preference

Consumers, particularly those from the millennial and Gen Z demographics, are inclined to support brands that reflect their values. By embracing green marketing, companies can distinguish themselves in a competitive marketplace by offering environmentally friendly products. For instance, Hindustan Unilever and ITC have launched sustainable product lines to meet this growing consumer demand.

4.2 Customer Loyalty and Trust

Brands that consistently engage in green marketing build trust and nurture long-lasting relationships with their customers. Consumers are more likely to remain loyal to brands that demonstrate a genuine commitment to sustainability. For example, Patanjali and Mama Earth have developed strong customer bases by promoting herbal, chemical-free, and sustainable products.

4.3 Cost Savings Through Sustainable Practices

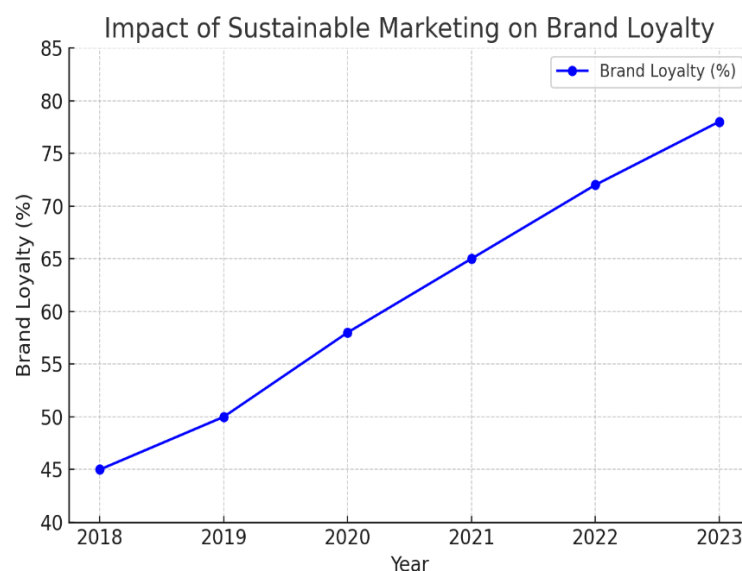
Green marketing encourages the implementation of cost-effective business models. Adopting sustainable packaging, energy-efficient manufacturing techniques, and waste reduction measures can lead to significant reductions in operational costs over time. A prominent example is ITC's "Wealth Out of Waste" initiative, which promotes recycling and contributes to lower raw material expenses.

4.4 Regulatory Compliance and Risk Mitigation

The Indian government is enforcing strict environmental regulations, such as the Plastic Waste Management Rules of 2016 and the Extended Producer Responsibility (EPR) framework. Companies that embrace sustainable practices can mitigate legal risks and enhance their reputation by proactively adhering to these regulations.

4.5 Innovation and Market Expansion

Sustainability-driven innovation opens avenues for the development of new products and market opportunities. A notable example is Colgate-Palmolive's launch of Vedshakti, an ayurvedic toothpaste aimed at satisfying the growing consumer demand for natural products. Green innovation allows brands to attract new customer segments and expand into both rural and urban markets that prioritize environmental sustainability.



Source: - ITC Ltd. Sustainability Report -2022

5. Objectives

The present paper studies the underlines the following objectives

- To study the different Corporate Sustainability Practices adopted by some leading Indian Consumer Goods Industries (FMCG) along with the analysis of different sectoral investments.
- To highlight the requirements of Corporate Sustainability Practices in the Indian FMCG keeping in mind the status of current economy.
- To Identify and examine the latest sustainability challenges & trends in the FMCG sector, focusing on innovations and practices that enhance environmental performance.

6. Research Methodology

The present study is descriptive in nature which underlines the corporate sustainability driven practices of various manufacturing units in India based on secondary data sources. The data were collected from mainly annual reports, newspapers, sustainability reporting and disclosure statements and the specific companies' websites pertaining to Corporate Social Responsibility and corporate sustainability practices in India.

7. Case Studies of Sustainable FMCG Initiatives in India

7.1 Hindustan Unilever Limited (HUL): Reducing Carbon Footprint

HUL has committed to net-zero emissions across its value chain by 2039. Its "SmartFill" initiative allows consumers to refill detergent bottles at select retail stores, reducing plastic consumption.

7.2 ITC Limited: The Triple Bottom Line Approach

ITC follows a Triple Bottom Line strategy focusing on economic, social, and environmental performance. Its "Well-being Out of Waste" program promotes solid waste management and recycling.

7.3 Tata Consumer Products: Sustainable Sourcing

Tata Tea ensures sustainable sourcing of tea leaves through the Trustea program, benefiting farmers and promoting eco-friendly agricultural practices.

7.4 Colgate-Palmolive

The oral care giant has launched recyclable toothpaste tubes in India as a part of its commitment to sustainability. Colgate, which is the market leader in the oral care segment with a 53% share and a market cap of Rs 15000 Cr is the first to take such initiative at such a large scale. They have partnered with EPL for this initiative and are open to sharing this technology with other companies.

7.5 Dabur India

Dabur India has also planned to do away with cartons for their Dabur Red Toothpaste. They have partnered with Reliance Retail for the sale of these products without carton packaging in some of its stores. The paper thus saved would be redirected towards creating notebooks for unprivileged children supported by Child rights and CRY. Dabur expects to save approx. 150 tons of paper and eliminate waste from the environment.

7.6 Nestle India-Project Vriddhi

The project offers water storage facilities, sanitation improvements, and hygiene and nutrition education. It also enhanced educational resources in local schools and provided health services for livestock, contributing to the community's overall well-being and enhancing overall community health.

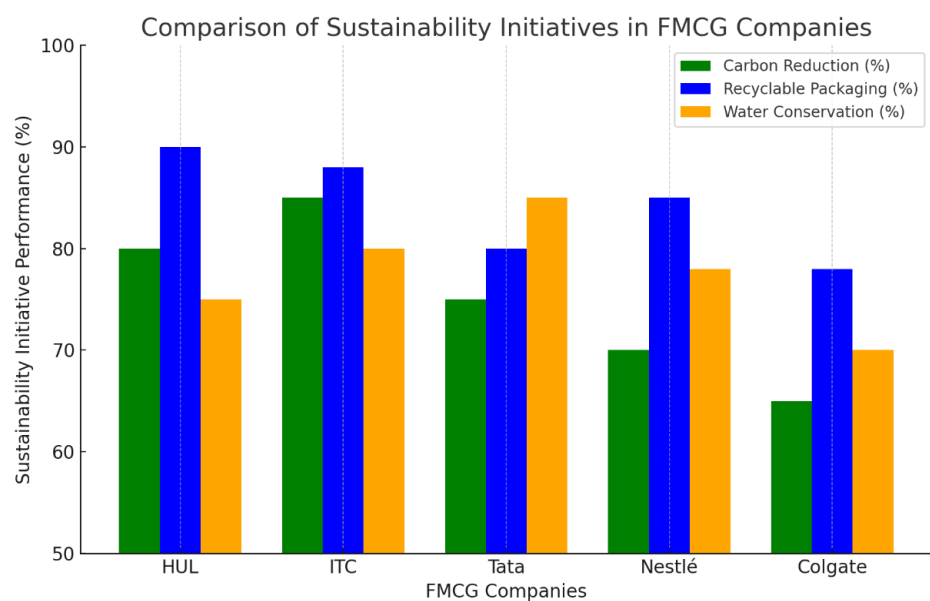
The project has restored eight ponds, creating a storage capacity of 25 million litres. It has engaged 1,000 farmers and transformed six schools while providing 395 children with essential digital and life skills. Additionally, 280 women have received training in nutrition groups, and 133 kitchen gardens and village development committees have been established.

7.7 Procter & Gamble (P&G) India

P & G India had announced the launch of INR 200 Cr Environmental Sustainability Fund in 2021. P&G said that this fund is in line with its global sustainability goals 'Ambition 2030' aimed at creating a positive impact on the environment and society. The company will be using the fund to collaborate with external partners on environmentally sustainable solutions.

7.8 Myntra

India's biggest fashion retailer Myntra has completely eliminated single-use plastic from its packaging. They have replaced bubble wraps, plastic tapes, and plastic covers with shredded materials, paper tapes, and paper boxes and covers. Through these steps, they have been able to divert 670 tonnes of plastic as of September 2021. Myntra has also partnered with Better Cotton Initiative as a part of promoting sustainable cotton farming practices.



Source: - Nielsen India. (2021). The Rise of Conscious Consumerism in India.

8. Challenges in Implementing Sustainable Marketing

Despite the benefits, FMCG companies in India face several challenges in adopting sustainable marketing strategies:

- High Initial Investment: Eco-friendly alternatives often require higher production costs.
- Consumer Price Sensitivity: Many Indian consumers prioritize affordability over sustainability.
- Lack of Infrastructure: Recycling and waste management facilities are still developing.

- Greenwashing Concerns: Some brands falsely claim sustainability to attract consumers, damaging credibility.

9. Future Perspectives and Recommendations

9.1 Government and Policy Support

To facilitate the shift of FMCG companies towards sustainable practices, it is vital to enhance regulations and incentives. The government should advocate for tax benefits for eco-friendly initiatives and endorse extended producer responsibility programs.

9.2 Technological Advancements

The adoption of Artificial Intelligence (AI) and Blockchain technology can improve supply chain transparency and reduce waste. AI-driven demand forecasting has the potential to significantly decrease overproduction, thereby mitigating environmental impact.

9.3 Consumer Education

Brands must educate consumers about the long-term benefits of sustainability. By employing compelling narratives, clear labeling, and digital marketing strategies, awareness can be effectively increased.

9.4 Comprehensive Sustainability Strategy

Organizations should integrate sustainability into their core business strategies rather than treating it as an ancillary effort. Embracing a circular economy model, which emphasizes waste reduction and the ongoing reuse of resources, can create enduring value.

10. Conclusion

The fast-moving consumer goods (FMCG) industry is undergoing a significant transformation as companies increasingly recognize the vital importance of sustainability in promoting a better future. Prominent trends such as sustainable packaging, circular economy models, supply chain transparency, consumer engagement, and innovative product development are reshaping the industry's landscape. By adopting these practices, FMCG firms can reduce their environmental impact, enhance brand loyalty, and contribute to a more sustainable world.

In India, sustainable marketing in the FMCG sector has evolved from a mere option to a fundamental necessity. Companies that prioritize eco-friendly product development, efficient supply chains, and transparent corporate governance are likely to experience heightened brand loyalty, regulatory compliance, and sustainable profitability. Despite ongoing challenges, advancements in technology, supportive policies, and shifting consumer behaviors present significant opportunities. By transitioning from short-term sustainability initiatives to comprehensive, long-term strategies, FMCG companies can realize both environmental and economic benefits, thereby fostering a more sustainable future in India's consumer market.

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