

FMCG Cos Use Tech to Fill Up Stocks at Q-Comm Partners

TOP PRIORITY Nestle and others turn to real-time data, demand forecasting to prevent stock-outs

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In the Bag

HOW COS ARE RESPONDING

- 1 Real-time data exchange
- 2 Demand forecasting in addition to quick commerce platforms doing their own forecasting
- 3 Prioritising stock allocation for better fill rates
- 4 Smaller load sizes actioned to cater to higher frequency of shipments

REASONS

- 1 To prevent stock-outs & loss of sales opportunities
- 2 To benefit from high demand

Quick-commerce platforms contribute 30-50% of overall e-commerce sales of FMCG companies

E-comm sales of FMCG cos have doubled in the past 2 years



Ratna Bhushan

New Delhi: With quick commerce (Q-comm) emerging as their fastest growing channel, big FMCG companies such as Nestle, ITC, Parle Products, LT Foods and Coca-Cola are racing to embrace real-time data exchange and demand forecasting to avert potential stock-outs at online platforms like Zomato-owned Blinkit, Swiggy Instamart, Big-Basket's BBNOW and Zepto.

"Unless you don't do stock replenishment at quick commerce in real time, you are missing out on opportunities. We are working on forecasting demand based on sales trends, even if quick commerce platforms are doing their own forecasting to ensure we can turn around stocks within hours at the dark stores," said Mayank Shah, senior category head at biscuit and confectionery maker Parle Products.

Quick-commerce platforms, or those which deliver to consumers within 10-20 minutes, contribute 30-50% of overall e-commerce sales of FMCG companies, drawn to their promise of rapid delivery. For these companies, e-commerce has become a major sales channel, doubling in size in the past two years to 5-10% currently.

"Our quick commerce partners are prioritised for stock allocation to ensure better fill rates. Smaller load sizes have been actioned to cater to higher frequency of shipments," said Sandeep Sule, divisional chief executive, trade marketing and distribution at ITC, which makes Sunfeast biscuits, Master Chef frozen snacks and Fiamas soaps.

"We are evaluating real-time data exchange through electronic data interchange, for which, in-

tegration has been done with all the major quick commerce accounts for faster and digitised data exchange," Sule said.

During high-demand periods such as the IPL cricket league, Cricket World Cup, and Diwali, ITC engages with online platforms to align buying during these events, he said.

A spokesperson for Nestle India said quick commerce contributes nearly half of the company's overall e-commerce business. The maker of Maggi noodles and KitKat chocolates is partnering with quick commerce partners to keep track of inventory at distribution points, so it can take proactive measures and facilitate product availability for consumers, the spokesperson said, adding that the company is supplying directly to distribution points in newer towns.

Executives said quick commerce first took off during the pandemic, when state lockdowns forced consumers to shop for daily essentials online, a trend that has gained traction with consumers attracted to the convenience of rapid delivery, not just for impulse buys but also bulk packs. Ritesh Arora, CEO, India business and Far East at LT Foods, said, "With our quick-commerce contribution having increased rapidly, we are using technology to predict demand and avoid inventory stocking delays."



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