

Role of FMCG Companies in Promoting Sustainable Consumption

Ribhu Kumar Samanta¹, Swaroop Patra², Suraj Singh Sahi³

^{1,2,3}Student, International Institute of Management Studies, Pune

Dr. A. B. Mishra⁴

⁴Professor, International Institute of Management Studies, Pune

Abstract

The purpose of this study is to examine the role of Fast-Moving Consumer Goods (FMCG) companies in promoting sustainable consumption in India, with a focus on corporate practices, consumer response, and policy support. This review synthesizes recent literature and industry evidence (2018–2025) on how India's FMCG firms influence sustainable consumption. It is a secondary, review-based study drawing on academic articles, corporate sustainability and annual reports, government policy documents, and industry consultancy surveys. Key themes identified are sustainable packaging as the primary corporate lever (recycled content, refill/refillable formats, lightweighting), green marketing that must align sustainability with Indian consumers' priorities (health, quality, affordability), the accelerating role of policy and Extended Producer Responsibility (EPR) in forcing packaging redesign and collection obligations and persistent challenges cost constraints, greenwashing risks, and the intention–action gap among consumers. Evidence shows a large share of Indian consumers express concern about sustainability and responds positively to transparent, verifiable green claims, yet price sensitivity and limited access often limit adoption of premium sustainable products. For managers, the review recommends embedding circular-design principles across product and packaging lifecycles, deploying clear impact metrics and third-party verification, and leveraging retail & public partnerships for collection and refill systems. For researchers, gaps include limited longitudinal outcome studies, scant research on rural and low-income segments, and the need for India-specific sustainability metrics.

Keywords: Sustainable consumption; FMCG India; Green marketing; Sustainable packaging; Extended Producer Responsibility (EPR).

1. Introduction

Sustainable consumption choices that minimize negative environmental and social impacts while meeting human needs is central to achieving SDG 12 (Responsible Consumption & Production). In India, FMCG (fast-moving consumer goods) companies are uniquely positioned to influence everyday consumer behavior because of their scale, distribution reach (urban and rural), and the ubiquity of their packaging. Packaging and CPG product lifecycles generate substantial plastic and food-system impacts; consequently, packaging redesign, product formulation, and marketing are high-leverage levers for lowering sectoral footprints. Regulatory momentum (e.g., single-use plastic restrictions and EPR frameworks) has made packaging redesign an operational imperative for Indian FMCG firms, while rising consumer concern about climate and health is shaping purchase intent. Yet the literature shows a persistent gap between consumer intent and purchasing behavior, and highlights risks such as greenwashing when claims are vague or unverified. Given rapid developments between 2018–2025 in policy, corporate commitments, and consumer sentiment, a focused literature synthesis is needed to: (a) summarize corporate practices and marketing strategies used to promote sustainable consumption in India; (b) surface managerial implications; and (c) identify where empirical research is still thin. This paper addresses those needs. The study identifies major themes and strategies used by FMCG companies (packaging, product, marketing, supply-chain & partnerships).

Consumer Sustainability Attitudes in India

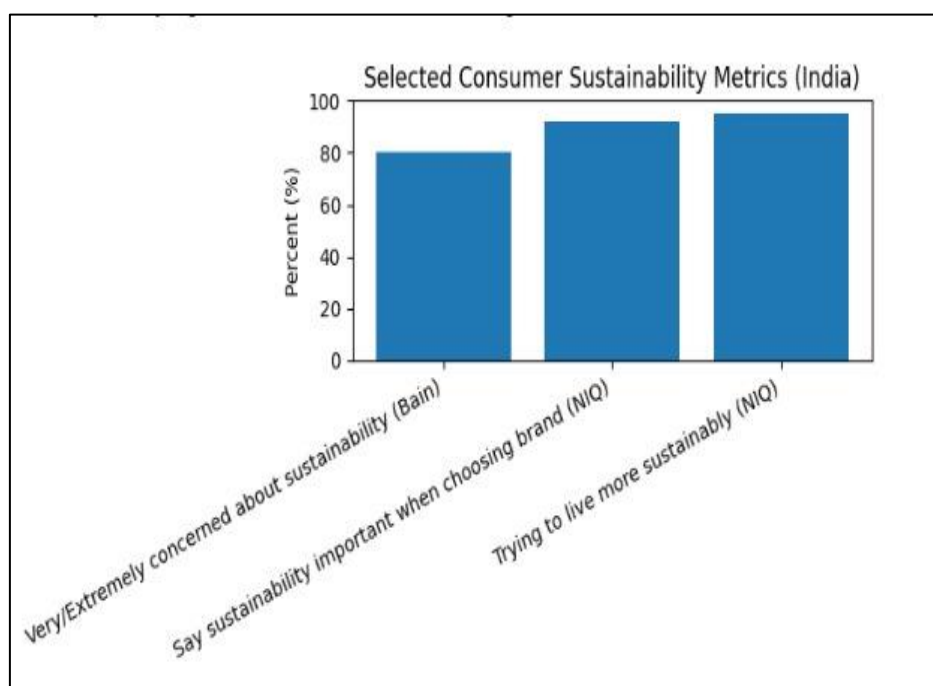
Multiple market studies indicate high concern for environmental issues among Indian consumers and rising salience of “health + eco” attributes in FMCG choices. Bain’s Indian consumer research finds sustainability is a natural part of the consumer journey in India consumers care deeply but prioritize health, quality and value when deciding purchases; concern doesn’t always translate to recycling behaviour or premium purchases.



Source: zionmarketresearch.com

Consultancy and market surveys indicate significant awareness and stated interest but limited willingness to pay a persistent premium across mass segments, producing the classic intention–action gap. This gap often stems from limited availability, affordability constraints, and confusing or insufficient product information.

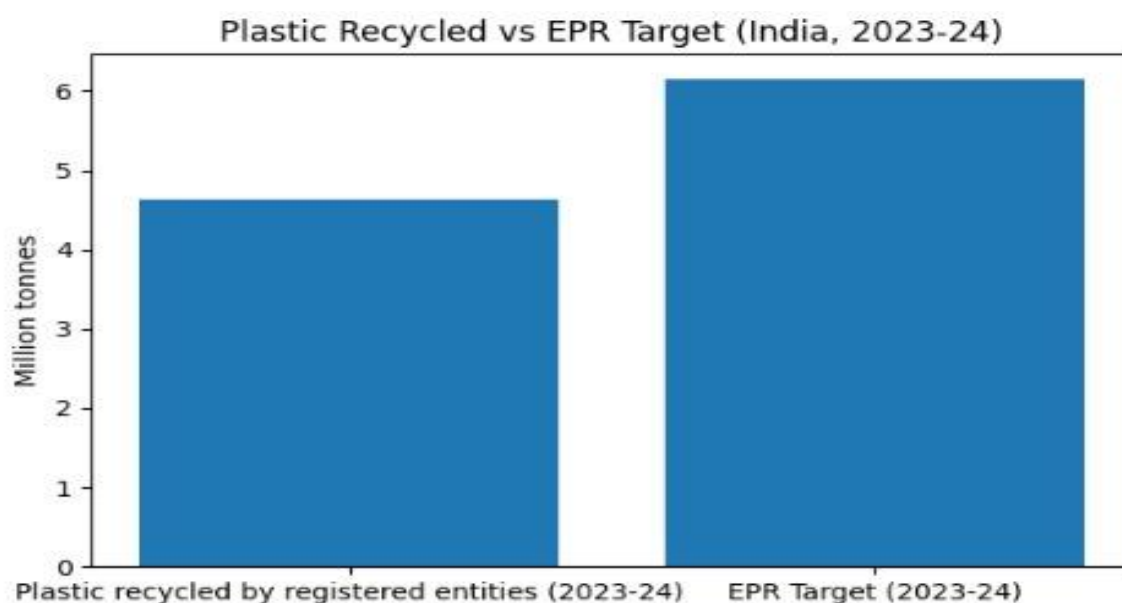
Fig 1 : Selected Consumer Sustainability Attitudes in India



Policy & regulatory drivers: EPR and single-use plastic rules:

India's Plastic Waste Management (Amendment) rules and subsequent EPR guidelines legally require producers to collect/recover specified amounts of plastic packaging and to register in national EPR systems. These rules have accelerated corporate focus on recyclable content, collection programs and material substitution. The CPCB's centralized EPR portal operationalizes producer obligations and has become a critical enforcement and compliance instrument for FMCG firms operating at scale. Firms must now reconcile ambitious public targets with on-the-ground circularity (collection, sorting, recycling) infrastructure constraints.

Fig 2 : Plastic Recycled Vs ERP Target



Corporate strategies and product/packaging innovations:

Leading FMCG firms in India (e.g., Hindustan Unilever, ITC, Nestlé India, Marico, Dabur) have publicly committed to recyclability targets, recycled content adoption, refill and bulk formats, and investment in supply-chain traceability. Company sustainability reports provide evidence of reductions in energy and water intensity in manufacturing, and pilot initiatives on refillable packs and recycled PET use are increasingly common. However, third-party NGO analyses highlight disparities between high-level targets and operational realities (e.g., multi-layer films that are technically hard to recycle remain used widely). Innovations include light weighting, mono-material conversion, pouch & sachet collection programs, and retail refill stations.

Types of Eco-friendly materials relevant for FMCG firms:

Green marketing, labelling & consumer communication:

Academic and market literature underscores that green marketing is effective when it maps onto core consumer drivers (health, price, convenience). Clear, evidence-backed labels and communications that quantify environmental benefits (e.g., % recycled content, CO₂ saved) perform better than vague claims. Conversely, ambiguous or exaggerated claims risk reputational damage. Case evidence suggests focused messaging (e.g., “recyclable packaging + same price/quality”) works best for mainstream adoption

Barriers, trade-offs and greenwashing risk:

Common barriers include (1) cost premiums for sustainable materials; (2) weak recycling infrastructure; (3) fragmented consumer understanding of recyclability/compostability; and (4)

inconsistent measurement/reporting standards. NGO reports warn of greenwashing — where commitments are publicized but actionable details (recycled content percentages, third-party verification) are lacking. Several analyses call for standardized, verifiable metrics and stronger enforcement to prevent misleading claims.

Finding and discussion:

Synthesis of major insights

1. **Packaging is the primary battleground:** Packaging redesign (recycled content, mono-materials, refill) yields the most immediate environmental gains and shapes consumer perception of corporate sustainability. Corporate commitments to recyclability targets are widespread but implementation quality varies
2. **Indian consumers are receptive but pragmatic:** While environmental concern is high, purchasing decisions are driven by health, quality and affordability; sustainability messages must therefore be framed within these priorities to be effective.
3. **Regulation compels action but infrastructure lags:** EPR and single-use plastic bans are powerful levers but recycling & collection infrastructure must scale to meet corporate commitments; otherwise, claims risk remaining aspirational.
4. **Transparency and credible metrics matter:** Consumers and civil society reward measurable, verified progress; NGOs and media scrutiny penalize vague or unsubstantiated claims. Third-party audits and public KPIs improve credibility.

Implications for sales & marketing

1. Messaging should connect environmental benefits to immediate consumer values (health, savings, convenience).
2. Product pricing strategies and distribution choices must preserve affordability to avoid excluding price-sensitive mass segments.
3. Retail and channel partners are essential for scaling refill/take-back models (e.g., in-store refill kiosks or sachet collection points).

Managerial implications for practical strategies for FMCG firms:

1. **Adopt circular-by-design packaging:** Prioritize mono-materials, increase post-consumer recycled (PCR) content, and design for disassembly and recyclability. Assess lifecycle impacts (LCA) when choosing alternatives.

2. **Pilot refill and bulk channels where viable:** Urban modern retail and e-commerce enable refill & concentrated formats that cut packaging per use and appeal to eco-aware city consumers. Scale pilots via partnerships with retailers and startups.
3. **Communicate transparently & use third-party verification:** Publish clear metrics (% PCR content, collection volumes, CO₂ reductions) and seek credible certification/audit to avoid greenwashing allegations. NGO scrutiny is rising; evidence reduces reputation risk.
4. **Leverage EPR to innovate collection solutions:** Use EPR obligations to fund and co-design collection & sorting infrastructure with local governments, aggregator networks, and waste-management startups.
5. **Segmented marketing & pricing:** Offer sustainability-forward SKUs targeted at willing-to-pay urban segments while keeping mainstream SKUs affordable; combine premium green SKUs with value equivalents to retain mass-market reach.

Conclusion

FMCG companies in India play a pivotal role in promoting sustainable consumption because their products and packaging touch daily life at scale. Between 2018 and 2025 the sector has accelerated commitments driven by regulation (EPR and single-use plastic restrictions), shifting consumer preferences emphasizing health & eco attributes, and corporate sustainability programs. However, to convert intent into sustained behaviour change, companies must combine product and packaging innovation with transparent communication, collaborative collection infrastructure, and pricing strategies that consider India's diversity of consumers. Researchers and policymakers should focus on outcome evaluation, rural markets, and standardized metrics to ensure corporate claims translate into real environmental benefits. Taken together, these actions will strengthen the FMCG sector's contribution to India's sustainability goals while preserving competitiveness.

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