NielsenIQ

Geopolitics is Showing on the shelf

How exposed are you to the disruptions in 2026?

We Live in Interesting times!

Amul, Mother Dairy milk price hike effective from today; household budgets set to take fresh hit

Fuel price hike: Petrol price increased by 87 paise, diesel by 91 paise

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US-Iran war: Govt may have prevented a consumer shock for now but every buffer has a cost

Home / Immigration / H-1B overhaul Bill: Fewer visas, $200K salary rule, no dependents allowed

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The great 'gas-by': 45,000-tonne LPG tanker crosses Strait of Hormuz — why it matters for India

How do we work with this uncertainty

Understanding the Disruption

Disruption will be cumulative and uneven – Not a single moment shock

Disruption duration determines impact- Long term disruptions would need proactive approach

Trends in India FMCG amidst the disruption

Pricing power and portfolio resilience must be actively engineered

Track channel behavior, and cohort reactions

What if Scenario in case of longer disruption

At the consumer level, plan for lasting behaviour change

NIQ enables shift from insight to decision confidence

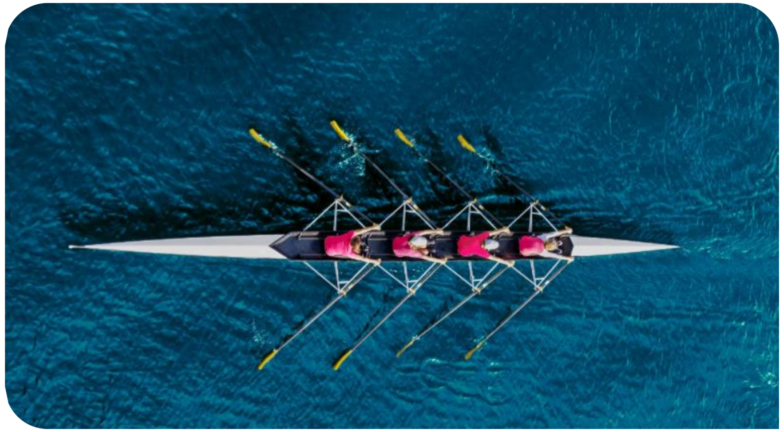
Understanding the Disruption

From global shocks to shelf level Impact

Strategize by assessing the potential impacts depending on length of impact

Impact Duration	Impact		
	Short Term	Mid Term	Long Term
	< 3 Mths	6-9 Mths	> 1Yr
We have seen this movie before	Ex : GST 2.0	Ex. Conflicts (start of Ukraine, Middle East, tariffs	Ex. Covid
Observations from the Past	Stock disruption for TT	Impact on Portfolio - packsize shifts	Lasting change in channel mix, Ecom expansion
	MT and Ecom resilience	Change in Price Elasticity	Lasting change in consumer preferences
	Temporary brand Shifts	Shrinkflation	Portfolio mix changes

Strategize by assessing the potential impacts depending on length of impact



Rebound (short term crisis - <3 months)

- Petrol prices contained
- Minimal supply disruption
- Focus on maintaining availability and price perception

Reboot (mid term crisis

- Sustained cost pressure
- K shaped economy and potential channel shifts
- Focus on Revenue Growth Management, pack price architecture and value communication

Reinvent (long term crisis > 1 year)

- New normal of volatility
- Value led, trust driven consumers
- Focus on resilient supply chain and accessible innovation that meets consumers unanticipated needs and removes friction

Mid term conflict that extends through 2026

Energy prices remain higher for longer. Freight, packaging and manufacturing costs reset at a higher baseline.

Consumer Behaviour

- *Cautious becomes habitual:* rising food, delivery and transport linked prices.
- *Channel shifts accelerate:* Ecommerce gains share.
- *Home centric consumption:* restaurants impacted by LPG shortage

FMCG Impact

- *Demand:* K shaped economy as value tiers and private label grow and premium holds only where it delivers clear benefit or emotional payoff. Mid tier brands are squeezed the hardest.
- *Distribution:* Cost pressures becomes systemic. Transport and energy linked inputs stay elevated. Greater focus on route optimisation and supplier renegotiation.

Actions

- Rebuild price *pack architecture* (entry, core, stretch)
- *Renovate products* for cost efficiency (formulation, packaging)
- Double down on *value communication* (more per use, lasts longer etc)

Disruption in India is Currently Midterm/Long term

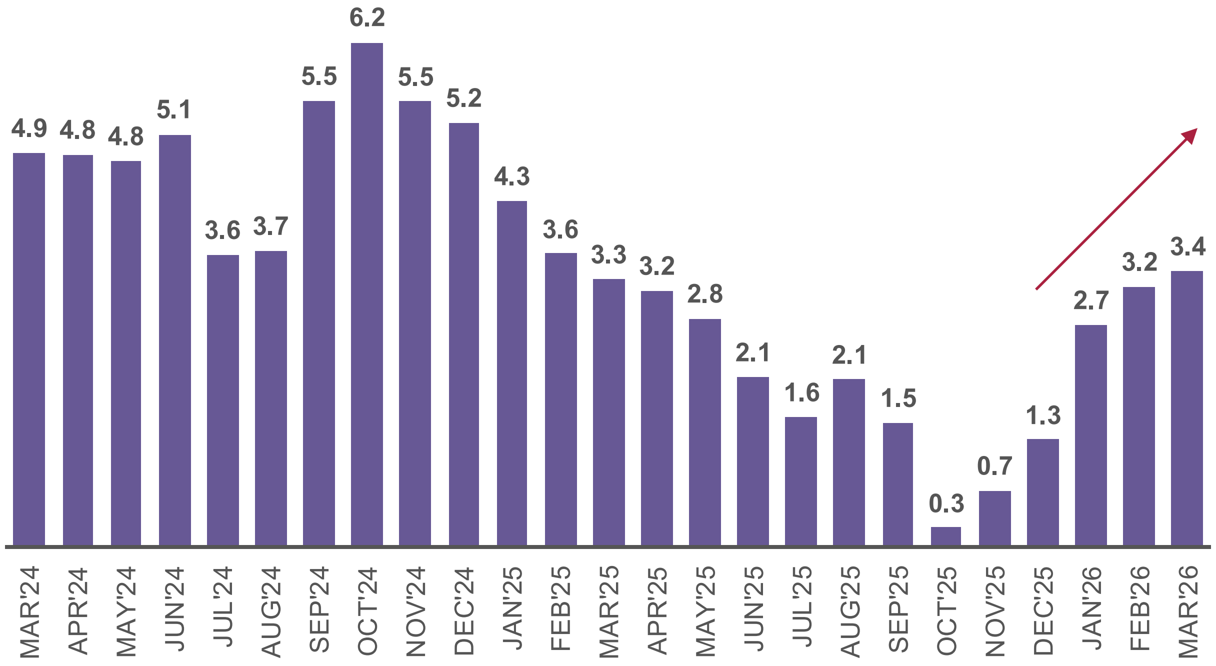
Are we witnessing a structural Change in the market?

Consumer confidence has started getting impacted

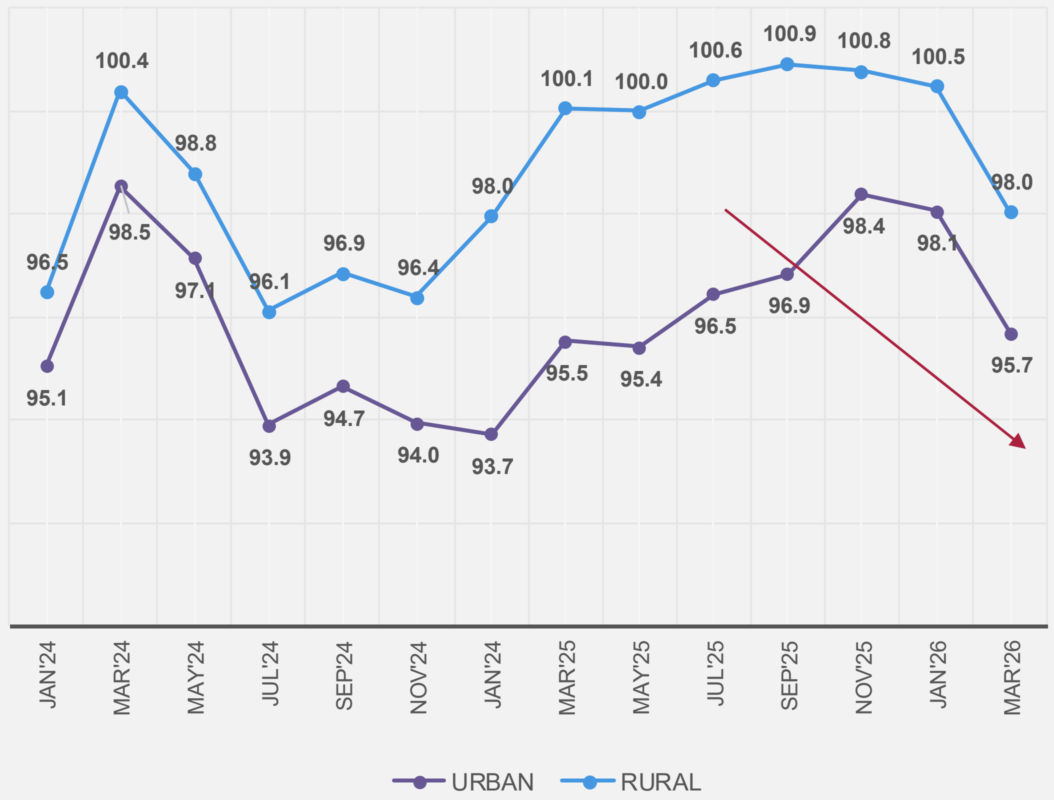
Weak Consumption Pulse Despite Policy Support

Consumer Price Index

Rising inflation



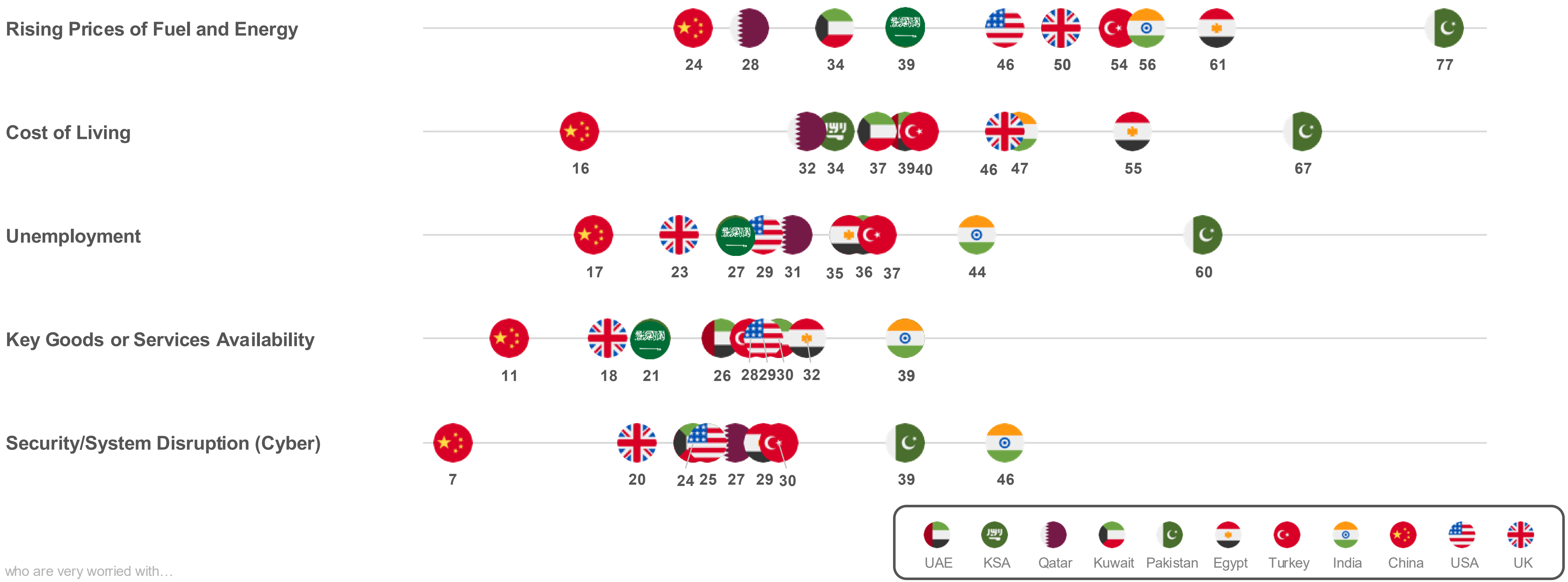
Consumer Confidence Index



Source: https://tutorial.gst.gov.in/offlineutilities/gst_statistics/8YearsReport.pdf
Source: https://www.rbi.org.in/Scripts/Publications.aspx?publication=BiMonthly

More than Half Indian consumers concerned about Rising prices and cost of living

> *Based on the **information available to you** (from media, conversations, or things you notice in everyday life), please indicate **how worried you are** about each of the following in the current situation?*



% who are very worried with…

Concerns of Global Conflict/ Escalation have been on the minds of consumers even last year.

Job security, inflation, economic hardships are the next highest concerns

Top concern	APAC	Australia	China	India	Indonesia	Japan	Singapore	South Korea	Thailand
1	*Increasing food prices*	*Increasing food prices*	*Economic downturn*	*Global conflict / Escalation of crisis / War*	*Increasing food prices*	*Increasing food prices*	*Increasing food prices*	*Increasing food prices*	*Economic downturn*
2	*Economic downturn*	*Global conflict / Escalation of crisis / War*	*Self / Family welfare / happiness*	*Global warming / climate change / environment*	*Global conflict / Escalation of crisis / War*	*Increasing utility bills (e.g. electricity, gas, heating)*	*Economic downturn*	*Economic downturn*	*Global conflict / Escalation of crisis / War*
3	*Global conflict / Escalation of crisis / War*	*Increasing utility bills (e.g. electricity, gas, heating)*	*Job security*	*Job security*	*Economic downturn*	*Global conflict / Escalation of crisis / War*	*Global conflict / Escalation of crisis / War*	*Global conflict / Escalation of crisis / War*	*Increasing food prices*
4	*Self / Family welfare / happiness*	*Increased housing costs (i.e. rental rates, housing shortages,)*	*Increasing food prices*	*Increasing food prices*	*Ability to provide basics (food/ shelter) for myself/ family*	*Economic downturn*	*Job security*	*Increasing utility bills (e.g. electricity, gas, heating)*	*Increasing utility bills (e.g. electricity, gas, heating)*
5	*Increasing utility bills (e.g. electricity, gas, heating)*	*Economic downturn*	*Ability to provide basics (food/ shelter) for myself/ family*	*Economic downturn*	*Self / Family welfare / happiness*	*Global warming / climate change / environment*	*Increasing utility bills (e.g. electricity, gas, heating)*	*Job security*	*Increased housing costs (i.e. rental rates, housing shortages,)*

Source: NIQ July 2025 Consumer Outlook survey

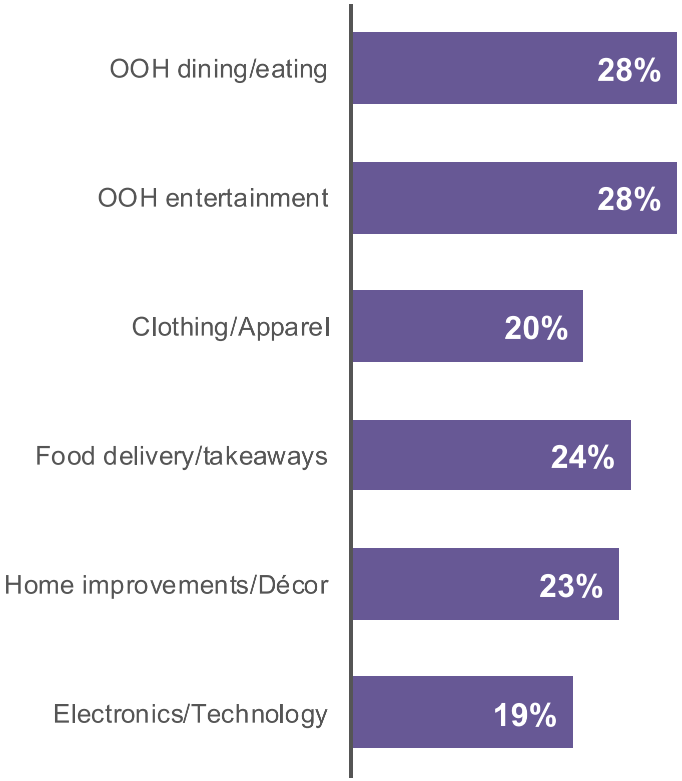
Consumers have been moving toward affordability with a range of actions amid macro headwinds

Source: NIQ July 2025 Consumer Outlook survey

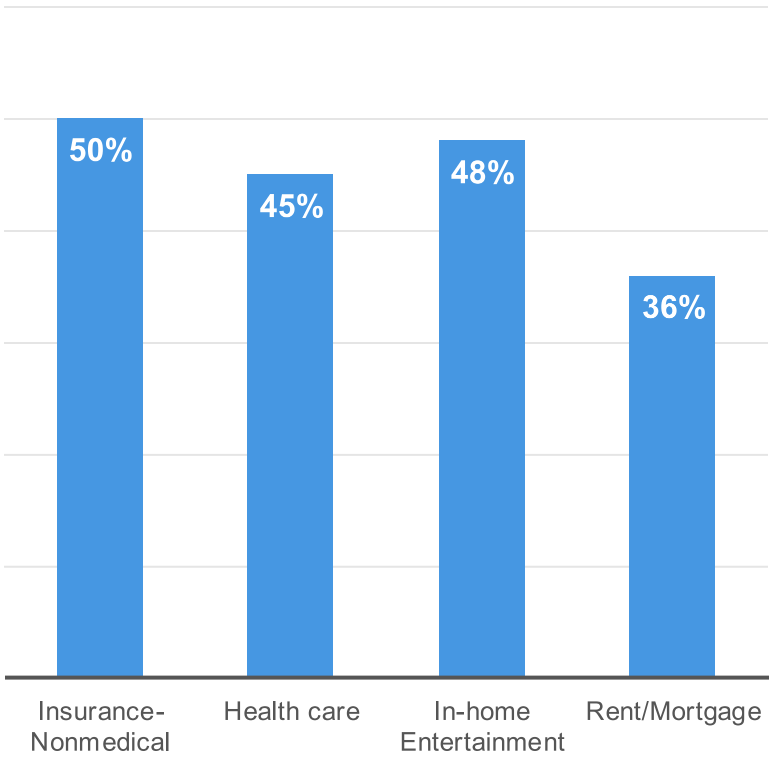
While Core expenses are prioritized, Child Education remains the biggest priority to consumers for Spending more.

Spending intentions for the next 12 months

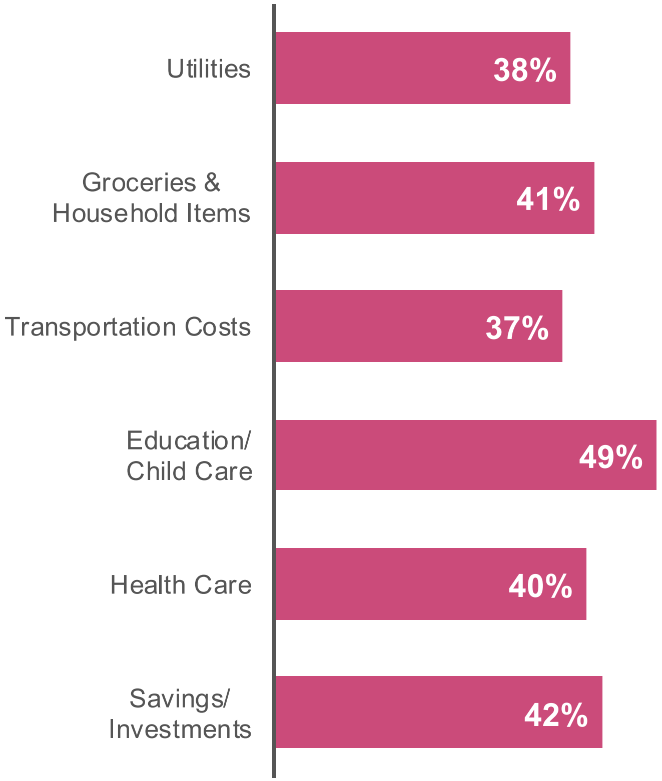
Spending less



Same as before



Spending more

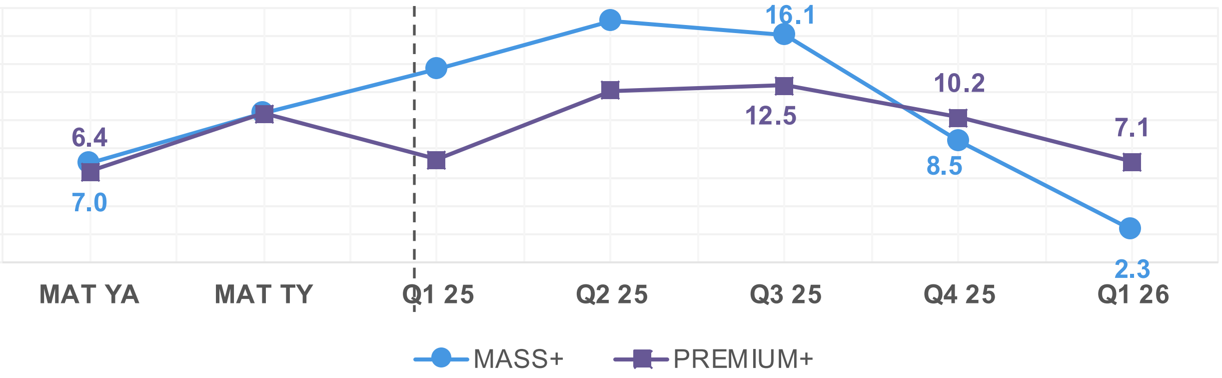


Source: NIQ 2025 Consumer Outlook survey

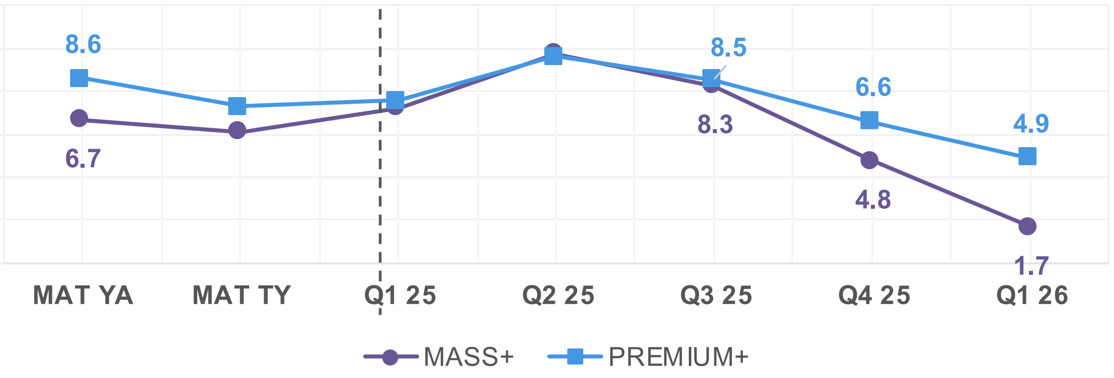
Premiumization Re-Energizing: Fueled by MT & Urban recovery

Non-Food Steady Strong, Food Rising Again

Food : QoQ Value Growth vs YA



HPC : QoQ Value Growth vs YA



Why Premiumization currently is still resilient?

Premium performance skewed to Urban

Increasing Contribution of MT and Ecom, Both Channels with

- more premium portfolio
- first choice for Premium Launches

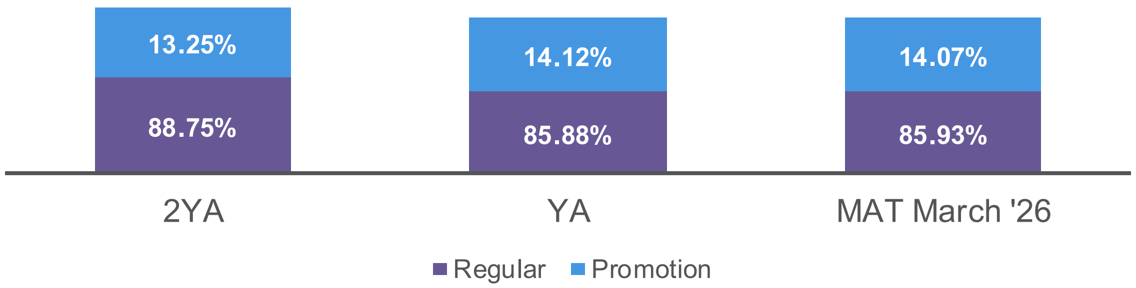
Launches of Premium Accessible Packs

Increasing Base of Urban Digital Savvy consumers

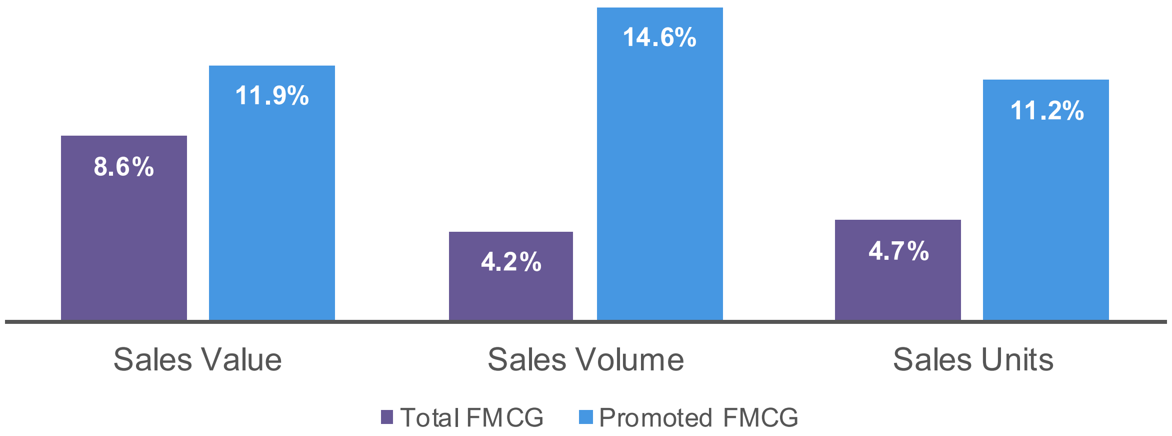
Source: NielsenIQ, FMCG Quarterly Snapshot Q1 2026 (JAS'26)

Importance of promotion increasing – specifically driving volume consumption

Relative importance of Value promotion

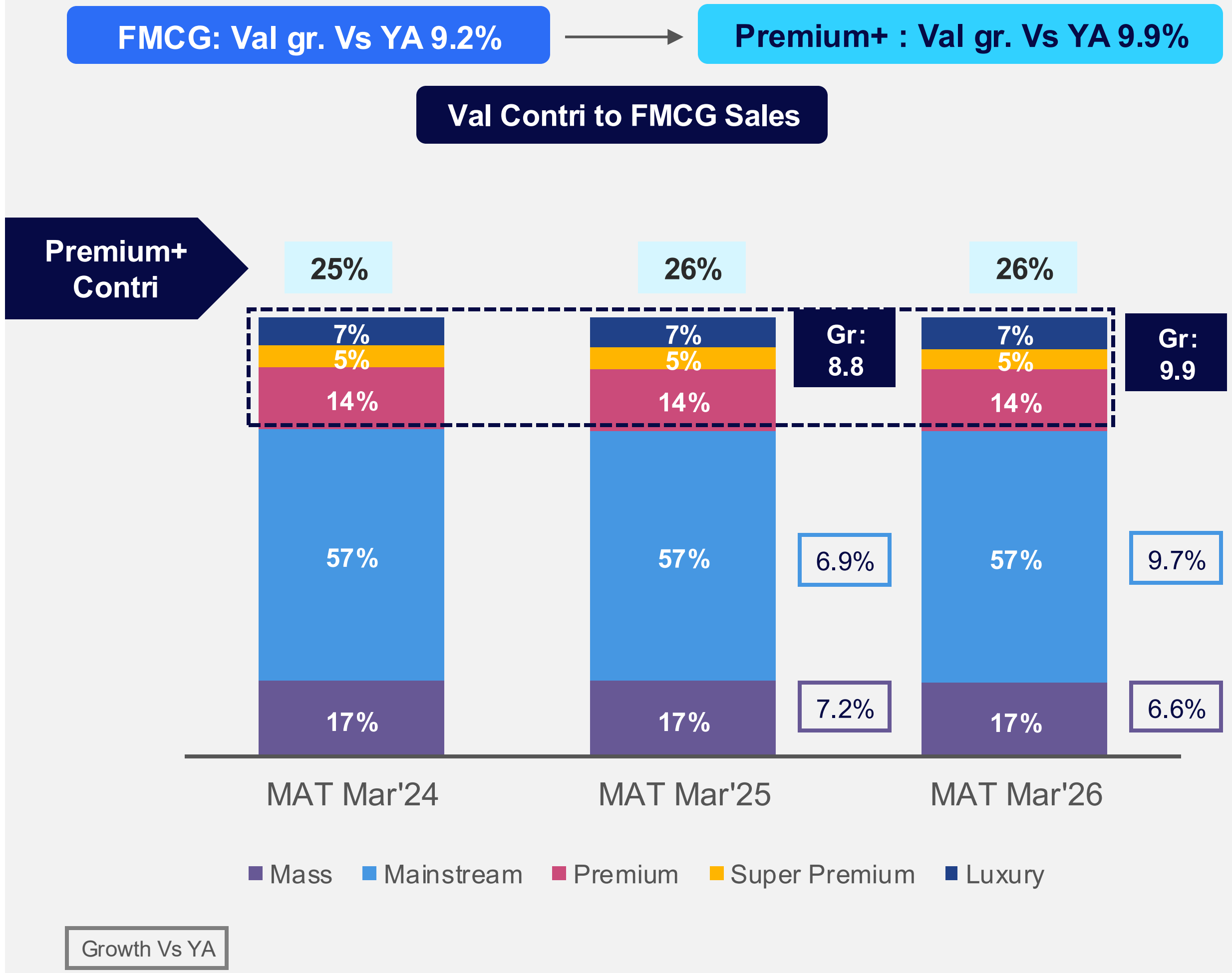


Last 3Y CAGR



MAT March'26

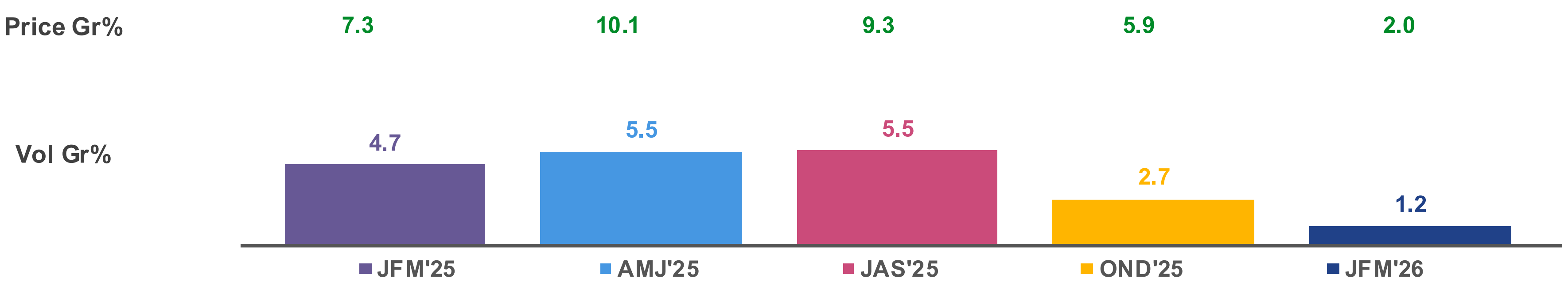
K-shaped growth – Both Luxury and mainstream growing faster than other segments



API : Average Price Index (Vs Respective Category)
Source : NielsenIQ Retail Index (88 FMCG Categories) Dec'25

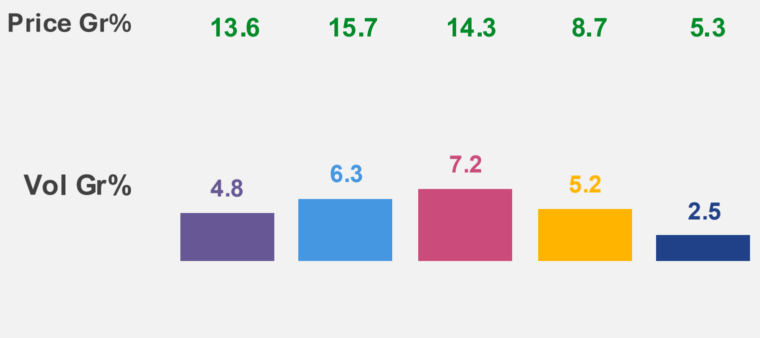
Staples fundamental during times of fluctuations

Food



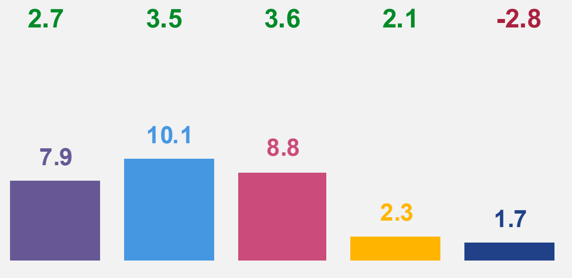
(Val Contribution)

Staples (47%)



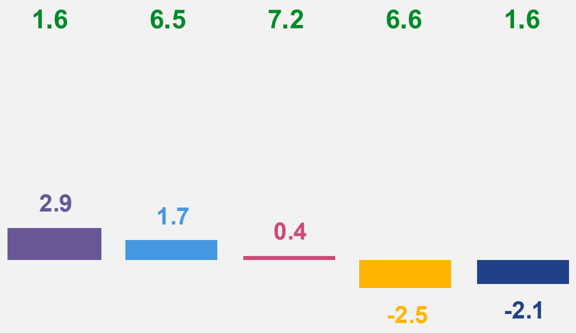
Edible Oils, Spices, Packaged Atta & Packaged Rice

Impulse (23%)



Salty Snacks, Chocolates & Confectionery

Habit Forming (30%)



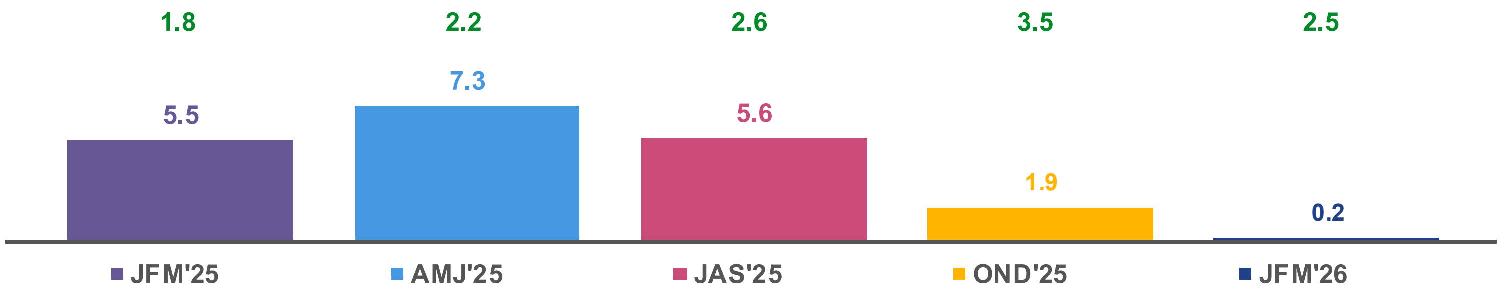
Biscuits, Tea, Coffee, Vermicelli & Noodles, and all other processed food categories

HPC hitting the brakes on consumption – slowdown across Discretionary Purchases

HPC

Price Gr%

Vol Gr%

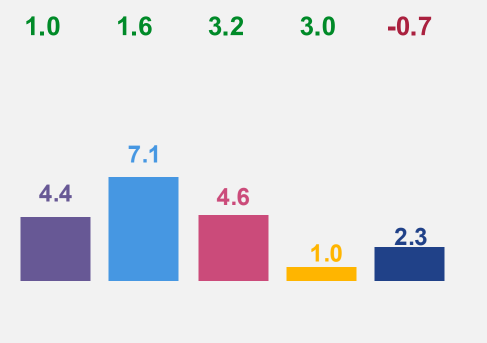


(Val Contribution)

Price Gr%

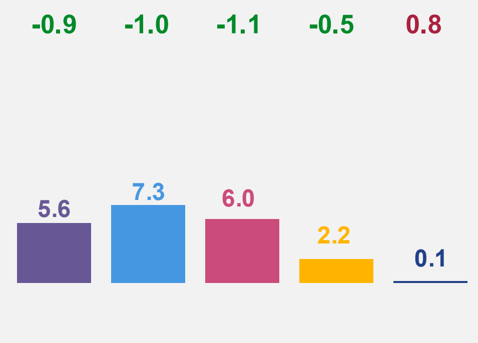
Vol Gr%

Essential PC (35%)



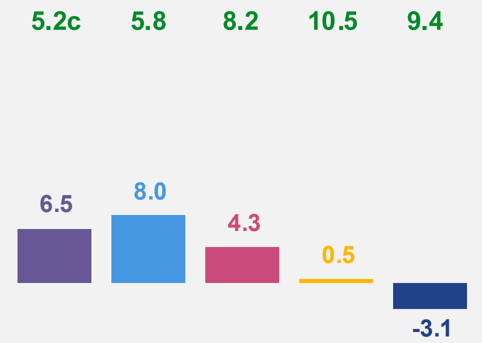
Toilet Soaps, Shampoo, Toothpastes , Diapers & San Naps

Essential HC (29%)



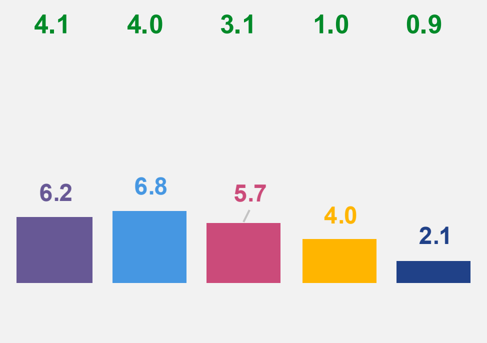
Laundry Detergents, Utensil cleaners, Floor & Toilet Cleaners

Other PC (29%)



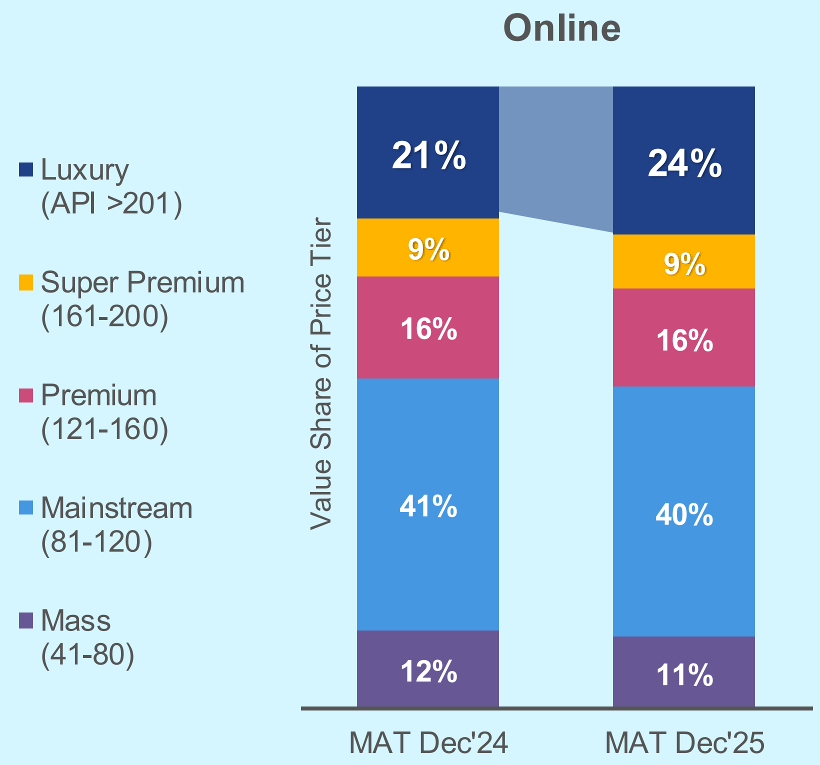
Skin creams, Coconut & Hair Oils, Fragrances, Hair dyes & Shaving categories

Other HC (7%)



All Repellents, Batteries, Air Fresheners. Glass cleaners & Shoe Polishes

Inflation Proof Your Products with the right benefits



Health & Nutrition

Protein-rich snacking

Cereal Bars

Channel	Val Contr.%	Chg.	Proportion of new launch
Online	**11%**	**+3%**	**31%**
Offline	1%	+0.3%	5%

Health & Nutrition

Better-for-you

Zero Sugar Drink

Channel	Val Contr.%	Chg.	Proportion of new launch
Online	**17%**	**+4%**	**3%**
Offline	1.4%	-	1%

Out of Home experience

On-the-go, trial and access packs

Hair Serum 30ml Convenient Pack

Channel	Val Contr.%	Chg.	Proportion of new launch
Online	**18%**	**+13%**	**15%**
Offline	0.1%	-	4%

Convenience

Easy-to-cook format

Cup Noodles

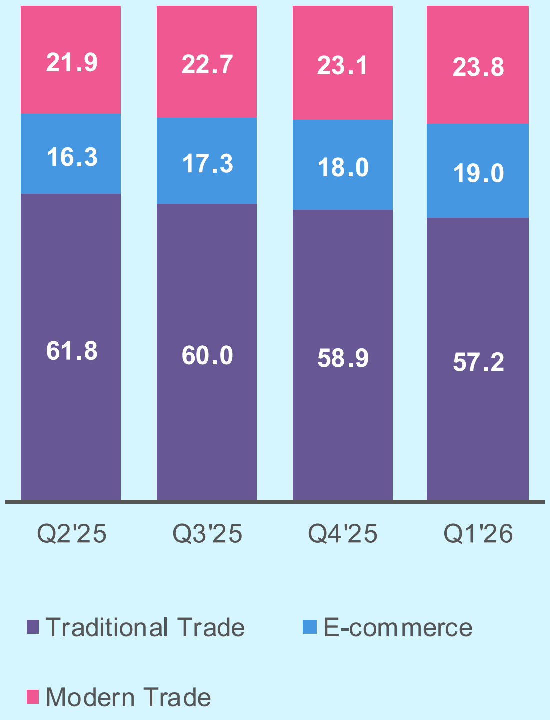
Channel	Val Contr.%	Chg.	Proportion of new launch
Online	**10%**	**+0.5%**	**60%**
Offline	3%	+0.1%	11%

API : Average Price Index (Vs Respective Category)
Source : NIQ EMS & RMS

Channel Mix

***FMCG 72 Categories**

Top 8 Metros



Convenience on click is now table stakes

SURF EXCEL EASY WASH 7 KGz

PPU	Discount vs TT	Val Gr.
MT *[633]*	25%	188%
E-comm *[666]*	21%	**250%**
TT *[843]*		206%

VIM LIQUIDS 900 ML

PPU	Discount vs TT	Val Gr.
MT *[190]*	5%	5%
E-comm *[186]*	7%	**57%**
TT *[200]*		-9%

DAAWAT ROZANA RICE 5 KG

PPU	Discount vs TT	Val Gr.
MT *[370]*	5%	-30%
E-comm *[359]*	7%	**16%**
TT *[432]*		-58%

AASHIRVAAD ATTA 10 KG

PPU	Discount vs TT	Val Gr.
MT *[465]*	5%	-7%
E-comm *[485]*	1%	**31%**
TT *[490]*		-4%

PPU is price per unit

Source : NIQ EMS & RMS

What This Means for FMCG

From reacting to volatility → building resilience and redesigning strategies

What to expect?

- In March 2026, leading FMCG executives confirmed that **packaging alone accounts for 15–20% of total costs**, making selective price hikes unavoidable if oil remains elevated

- However, companies typically **do not pass on 100% of cost inflation** due to demand sensitivity, especially in rural markets, which have only recently begun recovering

Partial price hike

Shrinkflation (Grammage reduction)

Premiumization

Absorption with cost efficiencies

FMCG companies weigh shrinking pack sizes, hiking prices to absorb crude shock - The Economic Times | FMCG firms pass 3-7% of price rise to consumers

Impact of war on major Indian commodities

Most Impacted
(Direct impact)

Crude Oil

- India imports over 85% of its crude; disruptions to Hormuz directly inflate fuel, logistics,
  and manufacturing costs.

LNG & Natural Gas

- Industries hit the hardest; Fertilizers, ceramics, glass, steel re-rolling mills, chemicals, textiles (all dependent on gas feedstock)

Petrochemicals

- 73 petrochemical commodities spiked in a single week. Maleic Anhydride (used in plastics, resins) saw 61% price increase

Moderately Impacted
(Import dependent)

Edible Oils (Palm, Sunflower, Soybean

- Retail sunflower oil prices jumped 11.37% in 6 months
- Palm oil and soybean oil rose 6% and 5% respectively in the same period

Pulses (TUR, URAD, LENTILS)

- India imports 5-6 million tons of pulses; higher freight costs pushed up retail prices

Onions

- Domestic oversupply later stabilized prices, but the initial impact was noble

Indirectly Impacted
(via fuel/logistics)

Textiles, Metals & Industrial Commodities

- Petrochemical shortages → higher input costs for polyester, nylon, synthetic fabrics

Aviation Fuel & Transport Costs

- This indirectly affects ALL commodities (higher logistics costs)

Packaging

- Packaged drinking water of 1 ltr again spiked to Rs. 20 due to packaging
- Same impact observed in laundry category due to supply constraint in Surfactants

Source: CNBC, MINT, https://ppac.gov.in/prices/international-prices-of-crude-oil: Copilot

On ground impact : Early Stories (1/2)

How Iran-US unrest affected **giants** – managing costs need immediate attention than making aggressive investments

Parle - Differentiated approach to stape vs. Premium

*With packaging costs up 20 to 25% and crude prices swinging daily, Parle says it is **waiting for stability before before taking a call on prices.** Mayank Shah, senior category head at the company, said that the pressure is coming from three directions: cost of production, packaging materials, and freight. But prices cannot just keep going up. Again, while **Parle-G demand, being perceived is staple, is weathering the pressures; same is not true for premium products** like creams and cookies.*

Marico – Need for smart pricing

*Marico noted that increasing prices of **vegetable oils and other crude-linked inputs are pushing costs higher**, and the company intends to manage this through careful use of pricing strategies across its brands.*

Unilever – Selective value strategy

*Given current commodity inflation in crude, palm oil and plastics, UL has taken **selective price increases across our portfolio** – while maintaining ensure that consumer price-value equation. Prices across its **soap portfolio**, passing on rising raw material and packaging costs to consumers, here has been increases ranging between **Re 1 and Rs 20.***

Dabur – Stock and supply chain bottleneck

Dabur stocks have crashed by 17% since onset of West Asia unrest. Rural demand is believed to be at risk – impacting 45-50% of its sales. Supply chain constraints to impact international sales particularly within MRNA – impacting 8% of revenue

On ground impact : Early Stories (2/2)

How Iran-US unrest has derailed **local brands** growth story

Rapido Mosquito Vapouriser – Raw Material Shock

*After the West Asia geopolitical conflict broke out on **Feb 28**, Varanasi-based entrepreneur Sachin Bhat saw prices of **D-80 solvent (crude by-product)** rise by **40%** within weeks. D-80, essential for his herbal vaporizer, suddenly became scarce. Bhat used all his capital to buy the last barrels available. If the conflict continues, he may be forced to shut in **two months**, as raising prices would mean losing consumers to national brands*

Indore's Detergent Cluster – 85% Units Shut Down

*Indore has ~35 small detergent manufacturers. Due to acute shortages of crude-linked chemicals like **LABSA**, an estimated **85% have shut down in the past month**. Local brand owner Goutam Sarkar (Ranisa) says he has stock only till **April 10**, after which production will stop if crude supply doesn't stabilize*

Mother Choice Spices – Vacuum Packaging Costs Spike

*Vivek Jaiswal, who sells whole spices under the **Mother Choice** brand, is struggling with a sharp rise in **vacuum-packaging costs**, which have jumped **25% in just one month**. While demand surged by **25%**, the soaring cost of high-barrier packaging films has wiped out margins. Jaiswal has already cut trade discounts by **5–10%**, but warns that if the conflict continues and packaging prices don't stabilize, he will be forced to **increase consumer prices**, risking demand collapse.*

The Whole Truth – Dates Shortage & Labor Disruption

Founder Shashank Mehta shared that the geopolitical conflict has disrupted dates imports, a core ingredient for his clean-label energy bars. With shipping delays and spikes in Middle-East freight, procurement cycles have doubled. Additionally, manpower shortages caused by migrant workers returning home (due to Gulf job insecurity) have slowed down production schedules at TWT facilities.

What if the situation is not resolved in this year

Long term conflict that extends into 2027

Geopolitical risk is always on, energy and logistics volatility is baked into planning and companies move from reaction to structural redesign

India Consumer Behaviour

- *Value becomes a mindset*
- *Trust & reliability matter more*
- *Local relevance may increase*

FMCG Impact

- *Demand:* with Caution , Demand for discretionary categories/ price sensitive markets gets impacted
- *Distribution:* Potential structural rewiring with more local production, dual sourcing increases and strategic inventory may replace just in time

Actions

- Win on *trust, availability* and *value* clarity
- Design *innovation* that survives cost swings
- Keep the *consumers' needs* at the heart of your operating model

NielsenIQ can help you navigate through the ripples, reprice and rewire scenarios

Consumer Behavior & Intelligence

Identify new opportunities

- Target consumers
- Optimize positioning
- Drive loyalty

Innovation

Maximize innovation potential

- Forecast innovation
- Promote ideation
- Drive concept testing

NielsenIQ

Analytics & Activation

Optimize performance

- Refine assortment
- Forecast demand
- Inform pricing

Brand & Media

Refine strategies

- Optimize marketing mix
- Focus advertising
- Assess your brand health

Rebound?
Reboot?
Reinvent?