

Patanjali: The Game Changer of Indian FMCG Market



Vasundhra
Research Scholar,
Haryana School of Business,
Guru Jambheshwar University of
Science & Technology,
Hisar, Haryana



Usha Arora
Professor,
Haryana School of Business,
Guru Jambheshwar University of
Science & Technology,
Hisar, Haryana

Abstract

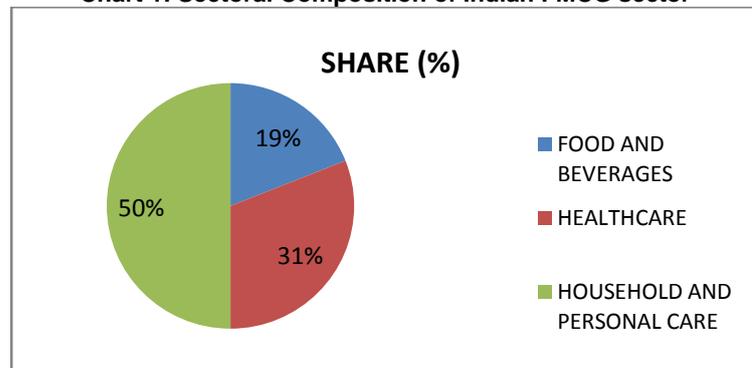
The Indian FMCG sector is the fourth largest in the economy. It has a plethora of national and international companies fighting to be the market leaders. One such company which has garnered the attention of everyone is Baba Ramdev's Patanjali Ayurved Limited (PAL). The morphosis of Patanjali from a small pharmacy to one of the fastest growing FMCG companies is attributable to a large number of factors. The present paper attempts to pen down the journey of Baba Ramdev's Patanjali and underline the marketing strategies adopted by the company for gaining a strong foothold in this sector. The growing population of health conscious Indians, their quest for natural and ayurvedic products which are made in India coupled with value for money pricing strategy have largely contributed towards this unprecedented success. Further, the marketing mix of the company is also studied. Amongst the four dimensions of Patanjali's marketing mix, price emerged to be most significant.

Keywords: Patanjali, PAL, FMCG, Marketing Mix, Marketing Strategies.

Introduction

The Indian FMCG sector is growing by leaps and bounds. It is the fourth largest sector in the Indian economy (IBEF, 2018). Chart 1 depicts the sectoral composition of Indian FMCG sector. Here, it can be seen that household and personal care segment is a clear leader accounting for 50 percent of FMCG sales in India. The sector is expected to reach US\$ 103.7 billion by the year 2020 (IBEF, 2018). Such meteoric growth can be accredited to a plethora of factors such as growing population, rising awareness, ease of access as well as changing demographics and lifestyle of people in India.

Chart 1: Sectoral Composition of Indian FMCG sector



Source: Developed by author using information from IBEF, 2018 report

The sector comprises of multinational companies like HUL, Procter & Gamble, ITC, Nestle and Britannia as well as traditional ones like Dabur, Emami, Himalaya and Vicco fighting to become the market leaders. One such company that has made its way amidst the cut throat competition is Patanjali Ayurved Limited (PAL). Founded by Baba Ramdev and Acharya Balkrishna, PAL has clearly gained a strong foothold in the FMCG sector in a very short span of time.

Patanjali Ayurved Limited: The Genesis

The journey from a small pharmacy named Divya Pharmacy, established in order to manufacture ayurvedic medicines which were distributed free of cost, to Patanjali Ayurved Limited (PAL) happened due to the efforts of Acharya Balkrishna and Baba Ramdev (Prasad, 2018). Although, PAL was incorporated on 13 January 2006, the preparations started way before. Sanskar channel's decision to broadcast Baba

Ramdev's early morning yoga programme in the year 2002 emerged as a stepping stone. After that, seizing the popularity of the yoga guru, Aastha channel took over the rights of broadcasting the programme. Soon, millions of Indians squeezed the programme into their early morning daily routine and Baba Ramdev became a household name.

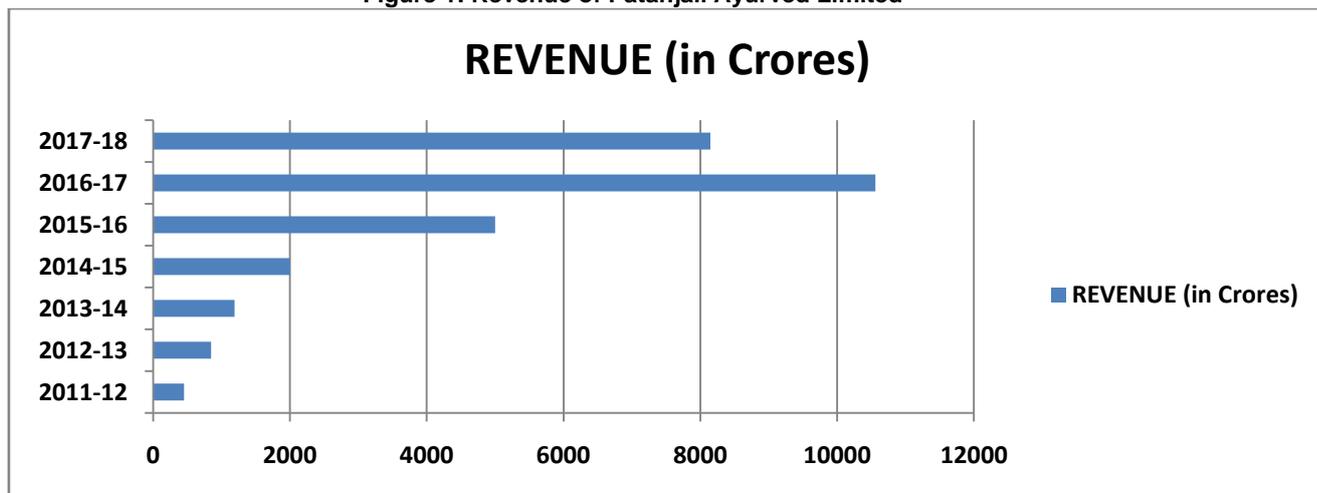
Not long after, with aid from Scotland based NRI couple Sarwar and Sunita Poddar as well as riding on Baba Ramdev's fame, the pharmacy metamorphosed into one of the leading FMCG companies, Patanjali Ayurved Limited (PAL). PAL is headquartered in the industrial area of Haridwar, Uttarakhand and has its registered office in New Delhi. As regards to the ownership, Acharya Balkrishna holds 93 percent of the stake in the company, the rest 7 percent is held by the NRI couple Sarwar and Sunita Poddar (IIFL, 2016). Baba Ramdev, surprisingly does not hold any stake in Patanjali Ayurved Limited (Agarwal & Agrawalla, 2017). Neither does he draw any salary from the company. Yet, it is predominantly due to his charisma and appeal, PAL has witnessed an unparalleled growth and forayed into segments like dental care, food products, personal care etc.

Company Overview

The change in lifestyle and demographics of people in India and the quest for natural and herbal products has propelled the growth of Patanjali Ayurved Limited (PAL) (Rawat, 2016). Due to the extremely fast lifestyle, strenuous work culture, restricted physical activity, people are more susceptible to various lifestyle diseases like diabetes, obesity, hypertension etc. Especially in India, an emerging class of people prefer natural products instead of modern medicine for their ailments primarily because of the side effects of the latter. Owing to such lifestyle changes, majority of the people are willing to try new products which are herbal, ayurvedic, organic and free from hazardous chemicals.

With its element of Swadeshi, word of mouth publicity and value for money pricing strategy, Patanjali is giving behemoth companies a run for their money (Khanna, 2015; Shukla & Shrivastav, 2016). In the year 2016-17, Patanjali showed a whopping growth of almost 100 percent in their revenues as shown in Figure 1.

Figure 1: Revenue of Patanjali Ayurved Limited



Source: Author's compilation based on Patanjali's financial statements and data from news articles (CNBC, 2019)

However, the growth trajectory of Patanjali hit a road block in FY 2017-18. Patanjali's revenue showed a decline of more than 10 percent from Rs.10,561 crore to Rs. 8148 crore. Such slump in the growth could be due to a host of reasons such as demonetisation, introduction of Goods and Service Tax (GST) and the company's inability to adapt to the change coupled with the weak distribution network (CNBC, 2019). Adding to that, other FMCG companies have also expanded in the herbal and natural segment, thereby attacking on the strength of Patanjali. However, these hurdles can't diminish the fact that Patanjali has given giant MNCs a run for their money. A report by Kantar Worldpanel revealed that Patanjali's products have shown an overall increase in the penetration levels from 44.5 % in the year 2017 to 49.4 % in 2018, meaning its household reach is increasing (CNBC, 2019).

According to IIFL (2016), going by the current growth, Patanjali is expected to surpass the revenue target of Rs. 20,000 crore by the year 2020. Impressed by the company's success and brand power of Baba Ramdev, a leading research and brokerage house, CLSA wished Patanjali to be listed on the stock exchange (Business Standard, 2015). Forbes has compared Patanjali to The Body Shop, the global natural beauty products manufacturer by saying that with its natural ingredients Patanjali could be India's Body Shop (Forbes, 2015).

Marketing Strategies Adopted By The Company

Baba Ramdev, a Yoga Guru and not a businessman, from Haridwar and not Harvard, has single handedly challenged the gigantic corporations like HUL, P&G etc (Shukla, 2018). The company is able to attain such growth due to its tactful yet meaningful marketing strategies.

The Swadeshi Potion

Baba Ramdev has slowly and steadily built a wave of Swadeshi in the minds of Indian consumers. He has been a strong advocate of using products made in India and completely boycotting MNC's products. Interestingly, Baba Ramdev did not preach the superiority of its brand compared to others. Rather, his focus was on making people aware about the vicious MNCs and their harmful products.

During his yoga shivirs, he spoke elaborately on evils of MNCs; how they are destroying the country, the harmful effects of chemicals and fertilizers used and the menace of corruption caused by them (Gupta & Garg, 2016). He always popularised Swadeshi products and stressed on the need to use products made in India and stop these global corporations from robbing the country. Therefore capitalising on the changing trend from "Global to local", he pitched Patanjali's products as Swadeshi alternatives to MNC products (Pandey & Sah, 2016).

Media

Digital age has triggered the role of media in success of Patanjali. In fact, Baba Ramdev himself acknowledges the strong role by saying that his own role in the rise of Patanjali is a mere 10 per cent, the rest is due to the media and his ardent follower base. Patanjali has a free of cost publicist in the form of Baba Ramdev. His political connections as well as harmony with the press and media aid in good publicity of the brand (Shukla, 2017). In 2016, the former Bihar Chief Minister, Lalu Prasad Yadav promoted Patanjali's face cream and demonstrated its features by applying it on his face. Such hype and publicity helps the brand get recognition among masses. The fact that he does not take any salary from the company increases his credibility and ultimately builds strong brand loyalty of people towards Patanjali. Baba Ramdev is also seen making bold statements in the media like all gates are going to be closed for Colgate by Patanjali and Nestle's bird will fly away (Ahmed *et al.*, 2018).

Advertising

Initially, the company did not spend huge sums of money on advertisements and getting a celebrity face for the brand. Instead Baba Ramdev was the celebrity brand ambassador. The fame ushered upon Baba Ramdev due to his Yoga camps and television programmes helped the brand get a lot of media awareness and coverage at a fraction of cost (Mehrotra *et al.*, 2017). Patanjali relies on the premise of informative advertisement where giving information about the benefits of a product is the key (Shukla, 2017). However, lately, the company has started to recognise the importance of mainstream advertising (Jaggi & Ghosh, 2017). It has hired the services of advertising agencies McCann and Mudra (Prasad, 2018).

PAL decided to promote its products through advertisements predominantly on news channels instead of focusing on entertainment channels (Das, 2016). Also, the company follows a "Branded House"

strategy unlike its competitors which follow a "House of Brands" strategy. Under the former, all the products of the company are sold under the common name of Patanjali (Arora, 2016).

Word of Mouth Publicity

Patanjali has gained the most from word of mouth promotion by its ardent follower base (Bhatt & Bhatt, 2016; Gupta, 2016). It is well known that consumers are best convinced by existing users speaking well about the products rather than company making claims about it (Mehrotra *et al.*, 2017). Word of mouth about any product encourages people for trial and creates first time purchase. The rest is done by their value for money pricing coupled with natural and quality products.

Marketing Mix of Patanjali**Product**

Patanjali claims to produce natural products which are sourced directly from the farmers. It also has a manufacturing unit in Nepal from where the natural herbs are sourced (Bhasin, 2018). Such direct sourcing fulfils two-fold purpose. It gives credibility to the promise of purity of product along with reduction in prices (Shinde & Gharat, 2017). The company is following the practice of carpet bombing where they are producing diverse categories of products rather than focusing on selected categories or selected products (Shukla & Sanghvi, 2017).

It has launched different variants of its products, thereby paying heed to the needs of different consumers' tastes and preferences. For example, the bathing soaps category has soaps made up from different natural ingredients such as aloe vera, jasmine, rose etc. The Ayurvedic element in the products has intrigued customers who were looking for natural and herbal alternatives (Ghoshal, 2016). Anupriya (2017) revealed that a majority of respondents from Coimbatore preferred Patanjali's products as they were chemical free. Providing natural and healthy products, that too at economical prices, helped Patanjali in securing both the health conscious and price conscious segments of consumers (Ahmed *et al.*, 2018).

The products are offered in various sizes which help in making sure that consumers with different needs and economic backgrounds are served at the same time. The time lapse between the conceptualisation of a product and launching of the product is minimal. The time gap between the concept of Patanjali noodles to the execution and launch of final product is around 4 months (Singh & Gopal, 2016).

Patanjali Ghee is the star performer of the company followed by Dant Kanti toothpaste and Kesh Kanti shampoo. Since Ghee is the cash cow, it is priced at a rate higher than competing brands' Ghee (Prasad, 2018). The price for patanjali's cow ghee is Rs. 560 for 1 litre which is high compared to its competitor Amul whose price is Rs. 445 for the same quantity.

The product assortment of PAL is summarised in Table 1.

Table 1: Taxonomy of Patanjali Products

Natural Health Care	Digestives, Health and Wellness, Chyawanprash, Badam Pak, Ghee, Honey, Heath drinks, Food Beverage, Diet Food
Natural Food Products	Biscuits & cokies, Spices, Candy, Herbal tea, Jam, Murabba, Natural Sweetner, Dalia, Poha & Vermicilli, Flours, Sauces & Pickles, Corn Flakes, Dal pulses, Rice, Noodles, Oats, Papad, Namkeen, Edible Oils, Sweets
Ayurvedic Medicine	Kwatch, Vati, Bhasma, Churna/Guggul, Parpati/Ras, Pishti, Arishta, Asava, Syrup, Godhan Ark, Oil, Lep, Balm & Inhaler
Herbal Home Care	Agarbatti and Dhoops, Hawan Samagri, Pooja essentials
Natural Personal Care	Skin care, Dental care, Hair care, Body care, Toiletries, Eye care, Shishu care, Dishwash Bar & Gel
Patanjali Publication	Books, Media

Source: Author's compilation based on information from Patanjali's website (www.patanjaliayurved.net)

Patanjali is continuously bombing markets with its products. It has entered into the branded garment segment through its brand Paridhan. Patanjali has opened its Paridhan store in New Delhi offering apparels under three segments- livfit for sports and yoga wear, aastha for women's apparel and sanskar for menswear (Business Today, 2018). Apart from these, it has around 30 products in pipeline. It has also decided to enter into dairy business by launching milk and milk based dairy products. Another future venture of Patanjali is the frozen vegetables segment, including the frozen snacks like French fries (Business Line, 2018).

Price

Patanjali follows value for money pricing strategy for majority of its products, except for its Ghee which follows premium pricing strategy (Shukla & Sanghvi, 2017). Almost all the products are priced around 20-30 percent cheaper than the competitors (Malviya & Tyagi, 2016). For example, the price of Dabur Honey is Rs. 122 for 250 gms, whereas Patanjali sells its honey for Rs. 70 for the same quantity, giving a net saving of Rs. 52. Also, it claims to provide premium quality products at economical price. For example, juice products of Patanjali are advertised to contain more fruit pulp than its competitors like Real Juice by Dabur, yet it is sold at price less than the competitors (Chandna, 2016).

One of the reasons for low prices is the low cost of packaging. Patanjali follows simple packaging designs for its products. Secondly, no big celebrities are roped in for advertisements. Instead, Baba Ramdev is the face of Patanjali. And third is the sourcing of the raw material. The company sources majority of its raw material directly from farmers thereby reducing intermediary costs. To add to this, majority of its employees are basically volunteers and believe in "seva", so it saves a lot on their salaries. Such benefits are passed on to the consumers in the form of low prices.

Place

At the outset, Patanjali relied solely on its own exclusive distribution channels. The company did not get a good response from retail outlets in the beginning. In the year 2012, Pittie Group started distributing the company's toothpaste Dant Kanti through its pilot programme, thereby giving the company its initial push in modern retail. Patanjali has a distribution army of more than 47000 retail counters, 3500 distributors and numerous warehouses in 18

states along with proposed factories in 6 states (www.patanjaliayurved.org). The distribution strategy consists of a three tiered channel including Arogya Kendras, which are health centres, Chikitsalyas, which are dispensaries having doctors and Swadeshi Kendra, which are the non medicine outlets (Kataria, 2018; Prasad, 2018). There are around 15000 exclusive outlets all over India and the company plans to reach 1,00,000 outlets by the year 2020 (Agarwal & Agravalla, 2017).

Patanjali has its feet in both traditional as well as modern distribution channels (Shukla, 2017). Along with easy availability at local kirana stores, its products are distributed through collaborations with modern trade stores such as Reliance Retail, Star Bazar and Hyper City (Prabha & Revathi, 2018). Also, the company has inked agreements with Pittie Group and Kishore Biyani's Future Group (Shukla & Shrivastav, 2016). Sensing the surging demand for e-commerce, Patanjali has embraced the trend by making its electronic presence on its two websites, .net, being the e-commerce website and .org being corporate website. Additionally for the online selling, the company is also using online platforms like Grofers, Amazon, Flipkart, PaytmMall etc. In future, the company needs to tap Rural as well as South India.

Promotion

Baba Ramdev's credibility and social image as a Yoga veteran gave the brand promotion during its nascent years. The innumerable free of cost Yoga shivirs and camps organised by Baba Ramdev made people believe that he is not in it for money. The company has given the potion of Swadeshi to the consumers. It has positioned its products as Swadeshi alternatives to the MNC products. They have strongly propagated that unlike other companies, the revenue earned from Patanjali goes to charity and not in the pockets of brand owners. Also, the money remains in India and does not go the foreign giant MNCs (Bhasin, 2018).

The spirit of purity has always been the cornerstone for PAL. Patanjali has highlighted its natural and organic products through its slogan "Prakriti ka Ashirwad" meaning Nature's blessing (Pimplapure, 2018). A number of Yoga shivirs and camps are organised by Baba Ramdev which are attended by various celebrities, thereby giving the brand more exposure. During these camps, he tactfully introduced the company's products by talking

about their features and provided testimonies of common people present regarding how the products have benefitted them. Such shivirs and camps served as huge platform for reaching out to target customers without much mainstream advertising.

The digital popularity of Baba Ramdev on various social media platforms also strengthened its brand positioning (Shukla & Shrivastav, 2016). He has 1.82 million followers on twitter and his page on facebook has 9.6 million likes.

Conclusion

Patanjali Ayurved Limited has emerged as a dark horse in the ever competitive Indian FMCG sector. It has achieved milestones in such short span of time which took FMCG giants decades to achieve. Growing population of health conscious consumers, value for money pricing, appeal of products made in India and highly credible free of cost brand ambassador in form of Yoga veteran Baba Ramdev have all contributed towards the success of Patanjali. However, the company needs to continuously evolve its products and marketing strategies in order to prevent from falling into Icarus Paradox. Also, with big companies coming up with innovative strategies to recapture their lost market share, Patanjali has to up their game and strengthen its distribution strategy as well as increase its penetration in untapped markets, especially in rural and South India.

References

1. Agarwal, V. & Agrawalla, S. (2017). "Patanjali's marketing mix: the monk's new Ferrari", *Emerald Emerging Markets Case Studies*, 7 (4), pp .1-30
2. Ahmed, J. U., Sultana, H., & Ahmed, A. (2018). Patanjali ayurved invades India. *DECISION*, 45(1), 75-91.
3. Anupriya, S. (2017). A study on consumer's preference and perception towards Patanjali product. *International Journal of Multidisciplinary Research and Development*, 4(2), pp 204-209.
4. Arora, I. (2016). With 5,000 Cr. In Sales, What's The Secret Behind Patanjali's Massive Success? Available at <https://www.youthkiawaaz.com/2016/07/patanjali-ayurveda-why-business-is-booming/>
5. Bhasin, H. (2018). Marketing mix of Patanjali – Patanjali Marketing mix. Available at <https://www.marketing91.com/marketing-mix-patanjali/>
6. Bhatt, S. & Bhatt, R. (2016). Hubris of FMCG Companies Shattered by Saffron Robed Man: A Strategic Management Perspective at Baba Ramdev's Patanjali Ayurved Ltd. *Management Dynamics*, 16(1), 41-49.
7. Business Line. (2018). Patanjali to launch cow milk and allied value-added products today. Available at <https://www.thehindubusinessline.com/news/patanjali-to-launch-cow-milk-and-allied-value-added-products-today/article24937718.ece>
8. Business Standard. (2015). Wish you were listed, Patanjali Ayurved: CLSA. Available at [\[listed-patanjali-ayurved-clsa-115082800265_1.html\]\(https://www.business-standard.com/article/markets/wish-you-were-listed-patanjali-ayurved-clsa-115082800265_1.html\)](https://www.business-standard.com/article/markets/wish-you-were-

</div>
<div data-bbox=)

9. Business Today. (2018). Baba Ramdev launches swadeshi apparel store Patanjali Paridhan in Delhi today. Available at <https://www.businesstoday.in/current/corporate/baba-ramdev-to-launch-swadeshi-apparel-store-patanjali-paridhan-in-delhi-today/story/288324.html>
10. Chandna, H. (2016). Patanjali Vs Dabur over market share for fruit juice. *Hindustan Times*. Available at <https://www.hindustantimes.com/business-news/patanjali-vs-dabur-over-market-share-for-fruit-juice/story-rLfMQ4nYHoEht75stQ0gL.html>
11. CNBC. (2019). Mixed bag for Patanjali Ayurved: Growth slows, but product penetration rises sharply. Available at <https://www.cnbc18.com/retail/patanjali-strong-product-penetration-vs-slower-growth-2380241.htm>
12. Das, P. (2016). Patanjali continues TV ad blitz in Feb 2016; spends Rs. 20 crore. Available at <http://www.indiantelevision.com/mam/marketing/brands/patanjali-continues-tv-ad-blitz-in-feb-2016-spends-rs-20-crore-160322>
13. Forbes. (2015). An Indian Yoga Guru's Consumer Products Brand, Patanjali, Is Making Global And Domestic Rivals Sweat. Available at <https://www.forbes.com/sites/saritharai/2015/10/15/an-indian-yoga-gurus-consumer-products-brand-patanjali-is-making-global-and-domestic-rivals-sweat/#6e0b1aa276f9>
14. Ghoshal, M. (2016). The phenomenal success of Patanjali in FMCG sector- An Analytical Study. *Research Journal of Social Science & Management*, 6(4), 11-20.
15. Gupta, N. & Garg, V. (2016). Desi Bustle v/s MNC Muscle: How Ramdev's Patanjali is setting trend for HUL. *International Academic Journal of Business Management*, 3(2), 2016, pp 1-12.
16. Gupta, R. (2016). Disruptive Marketing and Brand Building- A Case Study of Patanjali Ayurveda Limited. *Advances in Economics and Business Management (AEBM)*, 3(2), pp 225-231.
17. IBEF. (2018). FMCG industry in India. Available at <https://www.ibef.org/industry/fmcb.aspx>
18. IIFL. (2016). Make in India! How Patanjali is brewing a storm in FMCG sector. Available at https://www.indiaonline.com/article/news-top-story/make-in-india-how-patanjali-is-brewing-a-storm-in-fmcb-sector-116011300291_1.html
19. Jaggi, R. & Ghosh, M. (2017). Consumer Perception of Patanjali Products: An Analytical Study. *The IUP Journal of Brand Management*, 14(1)
20. Kataria, A. (2018). Analytical Study of Patanjali Ayurveda Limited in India. *International Journal of Latest technology in Engineering, Management & Applied Science*, 7(1) pp 167-171.
21. Khanna, R. (2015). Customer Perception towards Brand: A Study on 'Patanjali'. *Global Journal of*

- Management and Business Research: *E Marketing*, 15(9).
22. Malviya, S. & Tyagi, N. (2016). "Patanjali Ayurved Injects New Life into Herbal Market, Helps Rivals Sell More Personal Care Products". *The Economic Times*. Available at <https://economictimes.indiatimes.com/industry/cons-products/fmcp/patanjali-ayurved-injects-new-life-into-herbal-market-helps-rivals-sell-more-personal-care-products/articleshow/51098124.cms>
 23. Mehrotra, S., Salunkhe, U., & Chakraborty, I. (2017). Patanjali: an Indian FMCG on growth path. *Emerald Emerging Markets Case Studies*, 7(2), 1-35.
 24. Pandey, P. & Sah, R. (2016). Growth of Swadeshi- A Case Study on Patanjali Ayurved Limited. *International Journal of Engineering Technology, Management and Applied Sciences*, 4 (7), 7-14.
 25. Pimplapure, P.V. (2018). An Analytical Study of Patanjali Ayurved. *International Inventive Multidisciplinary Journal*. 4(4).80-85.
 26. Prabha, C. & Revathi, S. (2018). Marketing Strategies of Patanjali Ayurved (FMCG) in Present Market Scenario. *International Journal of Current Research in Multidisciplinary*, 3(1), pp 27-30.
 27. Prasad, N. (2018). *The Rise of Patanjali. Business Perspectives and Research*, SAGE Publications 7(1), 108-119.
 28. Presence across India. (2019). Available at <http://patanjaliayurved.org/presence-across-india.html>
 29. Rawat, P. (2016). Indian Monk who wants a Billion-Dollar Company: A Yogic Business Revolution. *International Journal of Management Research & Review*, 6(9), pp 1169-1181.
 30. Shinde, D.T. & Gharat, S.J. (2017). Product Positioning of Patanjali Ayurved Ltd. *Pune Research Discovery: An International Journal of Advanced Studies*, 1(3), pp1-6.
 31. Shukla, P. & Shrivastav, P. (2016). Patanjali- The Swadesi Titan: A Case Study Analysis on PAL. *International Journal of Current Research*, 8(11), pp 41487-41490.
 32. Shukla, R. (2017). Business Analysis and Strategic Plan for Brand Patanjali. *Journal of Management Science, Operations & Strategies*, 1(3), pp 1-14.
 33. Shukla, S. (2017). Growth Strategies to Demystifying the Brand Patanjali. *Journal of Business Management & Quality Assurance*, 1(3), pp 35-50.
 34. Shukla, S. (2018). Case 7: Patanjali: The Black Swan. In *Strategic Human Resource Management and Employment Relations* (pp. 209-222). Springer, Singapore.
 35. Shukla, T. & Sanghvi, R. (2017). India's fastest growing FMCG Company: An insight into Patanjali's Marketing Strategies. 2nd International Conference on Evidence Based Management 2017 (ICEBM'2017)
 36. Singh, B., & Gopal, R. K. (2016). Demystifying the Brand Patanjali-A Case on Growth Strategies of Patanjali Ayurved Ltd. *PES Business Review*, 11(1), 51.
 37. www.patanjaliayurved.net