



## RESEARCH ARTICLE

### PATANJALI- THE SWADESI TITAN: A CASE STUDY ANALYSIS ON PAL

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#### ABSTRACT

This case study is about Patanjali Ayurved Ltd., also known as PAL, an Indian FMCG which has registered phenomenal growth in the last 5 years. The case tracks the different factors which worked for Patanjali Ayurved Ltd (PAL) in the hyper competitive Indian FMCG sector. Main driving force behind Patanjali Ayurved Ltd is Baba Ramdev, an ascetic and yoga guru of Indian origin. The case narrates the growth of Patanjali Ayurved Ltd and key role played by Baba Ramdev to bring it to its present stage. SWOT Analysis of case study is done to look into the strengths, weaknesses, opportunities and threats of PAL and various USP that plays key role in success story of Patanjali Ayurved Ltd.

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## INTRODUCTION

Patanjali Ayurvedic Ltd. is not only a herbal company launched by Baba Ramdev but it is a well known brand in almost every Indian household. Baba being the brand ambassador of his products touched the lives of people with his yog previously and now with his low cost herbal products. He has induced desi element of spirituality, pure integrands and cost effectiveness and has made Patanjali Ayurvedic Ltd which is standing in midst of biggest and old FMCG companies like HUL, Nestle, Himalayas and its growth. The company is set up with an objective to provide superior quality of products at fair price and to get their customers rid off the chronic diseases by providing products which are organic and natural. This concept of Herbal and Pure has gained momentum in India and across the world since people now a days are more centered towards keeping themselves near to Nature due to their commercialized routines. PATANJALI AYURVEDA LTD has more than 100 different products in the catalogue for Skin, Hair, Heart, Eyes and Kidney diseases. Patanjali's recent tie up with Future Group to enter into FMCG segment through Big Bazaar Retail stores is another big advantage towards the availability of Patanjali Products near to their consumers. The Patanjali Products have rightly been placed at advantage by the very concept of "Marketing through Spirituality"

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This paper is based on the cover story of India Today Magazine, issue 25 July, 2016 on Baba Ramdev and Patanjali presented here as case study.

## Literature Review

According to Philip Kotler (2004), current brand image of the company and its products is done by familiarity and the favorability study. According to Kurtz and Boone (2006), different people have different perceptions of objects or events based on the interactions of two types of factors that are stimulus factor and individual factors. Subrahmanian and Vekatesan (2011) suggested that awareness level towards ayurvedic products was more among elderly population. Lack of facility and availability was a major hindrance in the popularity of herbal products. According to Arya et al. (2012), consumer shows a positive attitude towards ayurvedic drugs and products and use without doctor's prescription. People treat ayurveda not as a treatment but as a lifestyle. The research also explained that promotion plays significant role and impact purchase decision on a consumer. Thaisorn et al. (2012), in their study explained that marketing mix (4ps: product, price, place, promotion) and inflation were factors discovered using in-depth interview and content analysis that impelled Thai Consumers' perception about facial herbal cosmetic products.

According to Huda and Sultan (2013), physical procurement of herbal products by younger generation (17-23 years of age) are influenced and impacted by marketing element (Accessibility, Availability, Awareness and Affordability) and quality of products. In the study of Khan and Khan (2013), found that the company is having high selling activity also rated well in overall marketing mix. This proves that marketing has an influence on the sale of herbal products. This study also reported that awareness level among the women skincare consumers is contributed by education exposure to media and advertisements displaying the use of unique ingredients used in their products to create unique selling point. According to Khanna (2015), Customer Perception towards Brand: A Study on 'Patanjali', Patanjali is enjoying the advantageous position in market through spirituality element involved in its products.

### The Case

Patanjali is herbal brand has made an identity in almost every household in India. Not only an herbal brand but the image of Baba Ramdev has been attached to it and works as a USP for its products. The biggest question that is lurking in everybody's mind is why the self-existent guru Baba Ramdev is selling shampoo, detergent, toothpaste and cream. As per Baba Ramdev, the answer is rather simple. He said during his visit to Himalayas at young years of life, he has seen many sadhus had sacrificed social life. After all they are doing nothing for well being of mankind. They think moksha is ultimate goal of yogi, But as per baba the ultimate objective for a yogi is not just earning moksha but to nurse the folks and not earning the profit. Patanjali is created with the aim to serve the Indian society. And this Giant FMCG of Baba Ramdev has touched the mark of Rs. 5000 crores. Baba Ramdev is different from other yogi's present in social horizon of India not because he is a businessman but he also has a clean political interest. Talking about Patanjali in last one year, brand is constantly increasing with the rate of more than 100 percent. The most amazing thing about his empire is, it is a perfect mix of spirituality, politics and business. His political clout is increasing because he is specialized in yoga and spirituality. He is one of the most watched Guru in television and he owns the series of FMCG products that connects the common people directly and having a power of changing to colour of skin. Baba Ramdev has 10 lakh active followers and more than thousand people regularly watching him on Astha channel. He established Patanjali Ayurvedic ltd.

In 2009, in the field of FMCG products which have given direct competition to big bears like Hindustan Unilever Ltd., Nestle and Dabur. Currently in Patanjali's basket, near about 350 products are available like shampoo, toothpaste, ghee, detergent, biscuits, food grains and medicines etc. These consumer products are challenging the set standards of market with their desi touch and spirituality content. In 2012, net worth of Patanjali Ayurved was rs.450 crores which has gone up to Rs.5000 crore in past march 2016. It counts to 11 times increase in the profit in the duration of less than 4 years. In last one year, the sales of patanjali products have gone up to more than double the sales of last year. Talking about the biggest competitors of Patanjali, HUL which has registered the sales growth of 4% and ITC registered the sales growth of 7.7% in FMCG category except cigarettes. According to the India Infoline Finance Ltd. Institutional Equities report, Patanjali has captured more than 5% share of FMCG market and has predicted to capture 13% of the market share by year 2020.

Report further states that rise of Patanjali will atleast effect the 13 listed companies and by the financial year of 2020, 11% turnover of Patanjali alone is going to cause loss to the HUL. Its effects are very much visible to the financial reports of their competitors. Toothpaste manufacturer Colgate previously captured 57% of toothpaste market. Colgate had registered sales growth in double digits from 2005 to 2015 but in the financial year of 2015-16, sales have decreased by 3.7 % in first 9 months when patanjali has launched its dental product Dant Kanti.

As per Baba Ramdev, he has kept the price of his products very low in comparison to his competitors and cost of production is quite low. Ramdev has given four reasons for the same:

- We don't have executives, who spends 90% of their time in conference calls and presentations.
- We have honest people in purchase department.
- We have kept our distribution network limited to flagship stores.
- We don't spend much on advertisement as I am a free brand ambassador for our brand.

Now Patanjali has also joined hands with Apollo Pharmacy, Future Groups and Reliance Retail. Previously patanjali was only based on words of mouth and its exclusive distribution network for publicity but now with these new contracts patanjali is also utilizing legendary medium advertisements and distribution. According to BARC, In last week of march 2016, telecast of advertisements of patanjali products has increased to 102 times. During the same period, Baba Ramdev was broadcasted in every t.v. channel in 2, 34, 934 which means in every 30 seconds he was telecasted in almost every alternate channel. Baba Ramdev has changed the rule of games and he has now forced many multinational companies to follow the same path. Now even Colgate is talking about neem and salt in toothpaste. He being a spiritual and yog guru has opened new gates for herbal FMCG consumers at low cost.

### Objectives of the study

The study in hand is conducted keeping in view the following objectives:

- To study the strengths and weaknesses of Patanjali Ayurved Ltd.
- To study about the opportunities and threats presented to Patanjali Ayurved Ltd.
- To study about USP of brand Patanjali Ayurved Ltd.

## RESEARCH METHODOLOGY

This paper is based on secondary data collected from the India today Magazine and other secondary sources have been used to collect information about 'Patanjali' brands. Journals, articles, research reports etc were reviewed to get the insight of the previous interventions that the stakeholders and policy makers have already in place. Also websites of natural products manufacturing company and online document were investigated to conduct this research. To analyze the Case Study, SWOT Analysis is applied to the study. SWOT Analysis is an acronym for strengths, weaknesses, opportunities, and threats and is a structured planning method

that evaluates those four elements of project or business venture. A SWOT analysis can be carried out for a company, product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective. The degree to which the internal environment of the firm matches with the external environment is expressed by the concept of strategic fit. Its four elements are described below:

- Strengths: Characteristics of the business or project that give it an advantage over others.
- Weaknesses: Characteristics that place the business or project at a disadvantage relative to others.
- Opportunities: Elements in the environment that the business or project could exploit to its advantage.
- Threats: Elements in environment that could cause trouble for the business or project.

### Findings and Observations

#### SWOT Analysis Of Patanjali Ayurved Ltd. based on case study

##### Strengths

- Baba Ramdev as a free brand ambassador for Patanjali.
- Touch of spirituality and yoga in herbal products which leads to make buyer to connect with the brand and products easily.
- Baba Ramdev's clean political interest and movements leads to have soft corner in people live.
- Image of Baba Ramdev as spiritual and yog guru in the mind of Indian consumer.
- Retail Collaborations with corporate giants like Apollo pharmacy, future group and reliance retail.
- Baba Ramdev has dedicated 10 lakhs active followers and more than thousand viewers watching him regularly and tends to follow him.
- Low cost products available at flagship stores and other outlets.
- Captive Market.

##### Weaknesses

- Low presence in traditional retail.
- Huge dependency on Baba Ramdev.
- Late entry at level of traditional advertising.

##### Opportunity

- Huge size of Indian FMCG Market.
- Indian Govt's amiable policies towards the ayurvedic sector.
- Untapped market potential of herbal products.
- Few organized players like HUL, Nestle, Himalayas etc.
- Export of Patanjali products.

##### Threats

- Corporate giants like HUL etc and other MNC's.
- Complaints about products.

- Political conflicts may harm company's image.
- Tussle with FSSAI.

#### Unique Selling Proposition Of Patanjali Ayurved Ltd. based on case study

- **Marketing through Spirituality:** Touch of desi yog and spiritual preachings of baba ramdev has given a new dimension to the market of herbal products where buyer and consumer make an connection with products and brands directly.
- **Dedicated Flagship Stores** are there where consumers easily find their product of choice.
- **Touch of Purity:** Belief of the consumers on the product's high quality in terms of ingredients as well as health benefits.
- **Low cost products:** Products from Patanjali are available at around 15-30% cheaper costs than similar products from peer companies.
- Marketing the products on the lines of Made in India.
- **Publicity in Yoga Camps:** Baba Ramdev consistently organizes yoga camps across the country. These have been estimated to attract around 70 million people till date. Further many times this number also witnesses these shows on television. Many Patanjali products are marketed by Baba Ramdev in these yoga camps along with details of their benefits and usage. This has proved to be an excellent marketing tool.

#### Conclusion

PAL is a trendsetter in the Indian FMCG sector. It has grown at a phenomenal pace in the last half a decade. Growth in demand has also put pressure on the pace of production to satisfy the rising needs of consumers. As their sales are rising, there is rising needs of good distribution network. Patanjali has already entered in contracts with future groups etc. Baba Ramdev himself is the biggest strength for Patanjali now. Its continuing touch with people via television, yog camps, and political movements and now with herbal products from past 10 years has proved that a yog guru can be trendsetter businessman also. But again Patanjali has to face tough competition from various corporate giants like HUL, Colgate etc because they have already captured market from so long even before the birth of Patanjali. Though Patanjali's low cost products has made a mark in lives of Indian people.

#### Limitation of Study

This paper is based on secondary data collected from India Today Magazine's cover story for the formulation of case study and other journals and materials available. The bias cannot be excluded since the researcher only reached out to accessible area to gather information. Time and resource constraint are other limitations too.

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