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Patanjali Ayurved Limited : A Fast Moving Consumer Goods Company A case study of Patna town

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Abstract : *Abstract: Patanjali Ayurved Limited “Buy Indian Buy Pure”*

Green marketing includes product modification; changes in the production process, packaging charge & promotion to minimize the detrimental impact on the natural environment and in turn, the consumers' welfare at large. As society becomes more concerned with the natural environment, businesses have begun to modify their behavior in an attempt to address society's “new” concerns. This requires a voluntary exchange which must benefit both the seller & the buyer mutually. Here is a company formed by Yoga Guru- Baba Ramdev in 1997 by collaborating with Acharya Balkrishna, a scholar of Ayurveda, Sanskrit and Vedas in the 1990s to manufacture Ayurvedic medicines. Ramdev focussed on

Yoga, while Balkrishna assumed the responsibility of spreading Ayurveda medicine. An unlikely combination of - YOGA for inner peace and FMCG for external beauty - but Baba Ramdev appears to have struck the right pose in both. The guru whose ‘easy yoga’ has won him a mass following, is also cornering the FMCG market with daily used commercial products. Patanjali is working for the revival of Ayurved and making India again follow swadeshi.

This paper tries to study the case of Patanjali Ayurved Ltd and its significant contributions to the masses, through the sprawling business ventures, reactions and attitudes of its competitors and the different views of its customers.

Keywords: *FMCG (Fast Moving Consumer Goods), Swadeshi, Ayurveda.*

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Introduction:

Introduction to FMCG

The Fast Moving Consumer Goods industry covers the household items that we buy when shopping in the supermarket or a pharmacy. ‘Fast moving’ implies that the items are quick to leave the shelves and also tend to be high in volume but low in cost items. The products are essential items we use day in and day out. This multi-million dollar sector holds some of the most famous brand names that we come across every single day.

These FMCG companies are identified by their ability to give the consumer the products that are highly demanded, while also developing a relationship with them that involves trust and loyalty. Household products, such as, those used in cleaning and laundry,

over the counter medicines, food items and personal care goods make up the majority of the FMCG industry. However, products, such as, plastic goods, stationery, pharmaceuticals and consumer electronics are also placed in fast moving consumer goods.

Fast Moving Consumer Goods (FMCG), are the products that are sold quickly at relatively low cost. Though the absolute profit made on FMCG products is relatively small, they generally sell in large quantities, so the cumulative profit on such products can be large. Some of the best known examples of Fast Moving Consumer Goods companies include Procter & Gamble, Miller Coors, HERO Group, Anheuser-Busch, Clorox, Colgate-Palmolive, General Mills, H. J. Heinz, Cadbury's, Reckitt Benckiser, Sara Lee, Nestlé, Unilever, Coca-Cola, Carlsberg, Kimberly-Clark, Kraft, Pepsi, Warburton, Wilkinson, Wipro Consumer Care, etc.

Patanjali Aurved Limited

Most firms realize that they are members of the wider community & therefore must behave in an environmentally responsible fashion, for which they translate their objectives towards achieving environmental obligations along with profit motives. Patanjali Ayurved is perhaps the fastest growing fast-moving-consumer goods firm in India with an Annual revenue of more than Rs. 5,000 crore. It is reported to have said that it expects to take the revenue to a whopping Rs. 10, 000 crore. The company sources products directly from farmers and cuts on middlemen to boost profits. It is to be noted that Baba Ramdev does not hold any stake in Patanjali Ayurveda Ltd. His partner Acharya Balakrishna is believed to own **92%**. The balance **8%** stake is held by Sarwan and Sunita Poddar, a Scotland-based NRI couple; who are associated with the UK Trust of Patanjali. Its proactive moves in innovation have been crucial for its growth; the report says, and cautions that the other consumer companies will need to speed up innovations, particularly in the Herbal and Ayurvedic space to counter competition. Currently, Patanjali is present in almost all categories of personal care and food products ranging from soaps, shampoos, dental care, balms, skin creams, biscuits, ghee, juices, honey, mustard oil, sugar – and has been launching products targeting every group male or female, old, middle aged or children as their customers.

3 Basic Principles of product development at PATANJALI

1. Competitive pricing
2. Purity of raw materials used
3. Innovation

One of the reasons behind Patanjali's success is the thrift in practices. "Our profit margins are miniscule because the main aim is **NOT** to make profit," says Ramdev. "**Profiting from patients is against the philosophy of Ayurveda, so we aim at minimum profit from our health products.**

Our input costs are low because we source directly from farmers, avoiding middlemen. "Most companies have administrative costs of around 10% of their revenue, but in our case it is just 2%."

Patanjali is following the strategy of GOOD QUALITY AT LOW PRICE. Its competitors are totally shocked with the growth rate and increasing craze of Patanjali. Many FMCG companies are now bringing innovations in their products following the ayurvedic strategy of Patanjali. Thus, Patanjali Ayurved Ltd was born as a private company in 2006, and has since rolled out a range of products at breathtaking speed.

SWOT Analysis of Patanjali Yogpeeth

The SWOT Analysis of the Patanjali Yogpeeth is explained as follows.

Strengths:

- Natural products without any kind of side effects
- Innovative use of spirituality
- Presence of established distribution networks in urban areas
- Solid base and image of the trust
- Social Responsibility to make people healthy

Weaknesses:

- Strong competitors and availability of substitute products
- Low exports levels
- Absence of established distribution networks in rural areas
- Very less promotional activities

Opportunities:

- Large domestic market – over a billion populations
- Untapped rural market
- Changing lifestyles and rising income levels, i.e. increasing per capita income of consumers
- Export potential and tax and duty benefits for setting exports units

Threats:

- Political interference
- Controversy created by other groups regarding Patanjali products
- Removal of import restrictions resulting in replacing of domestic brands
- Temporary Slowdown in Economy can have an impact on FMCG

Patanjali's Effects on Competitors

1. **HUL's** managing director and chief executive Sanjiv Mehta says, "What we find is that consumers' interest in natural/ayurvedic products is growing. It is one of the emerging trends now. As a consumer goods company, we have to respond to this, which is why Ayush, which existed in our portfolio, has now staged a comeback. We also acquired Indulekha to increase our presence in the value-added hair oil segment. We will continue to make investments in this area."

Companies that have been directly affected by Patanjali, such as Dabur, Emami and Himalaya - all three operate in the herbal/naturals space - say they will buttress their portfolios, making their products relevant to consumers.

2. **Emami's** director, Harsh Agarwal, says he is open to acquisitions to strengthen his firm's position in the herbal space. "Ayurveda has been around for a long time.

I don't see this as a new trend. But, the emergence of new players is happening right now. We welcome them and will continue to

fortify our range with new variants, launches and acquisitions."

Emami had acquired hair oil brand *Kesh King* last year and was also in the race to acquire *Indulekha* before opting out. Agarwal says he is looking at new targets, some of them located in the south. Industry sources say that herbal and non-herbal companies are now going back to the drawing board, looking at how they can incorporate natural ingredients when developing new products

3. **Godrej Consumer**, for instance, has launched a neem-based mosquito coil; a creme hair colour that has coconut oil; and new variants under Godrej No 1, its naturals platform in soaps. Sunil Kataria, business head (India and Saarc region) at Godrej Consumer, says, "Our endeavour will be to fortify these products as we come up with innovations in other categories."

4. **Colgate**, of which the volume growth has taken a hit on account of Patanjali's Dant Kanti toothpaste, according to brokerage firm Credit Suisse, which is aggressively advertising its active salt neem toothpaste launched a few months ago.

This toothpaste, a variant of Colgate's Active Salt toothpaste, was made in India to address the herbal revolution, according to industry sources. Colgate is expected to come up with more such offerings, as Patanjali's threatens to eat into its business.

5. **Dabur**, on the other hand, is introducing new Ayurvedic products targeting men, women, and children. Existing products, such as, Dabur Honey and Chawanprash are being pushed aggressively in the marketplace as Patanjali positions itself as a price warrior in these categories.

6. **Himalaya**- another herbal product company - recently launched its range of wellness products which aim to provide therapeutic solutions to consumers. Products ranging from anti-hairfall creams to pills for staying slim are part of this new initiative.

Objectives:

- To focus on the benefits of Patanjali in Indian economy.
- To study the reactions and attitudes of the competitors of Patanjali products.
- To study the reason behind Patanjali's success and people's trust in the products.
- To examine the views of customers in favor or against Patanjali products.

Hypotheses:

- Patanjali uses herbal products.
- It is moving as a threat to other Fast Moving Consumer Goods (FMCG) companies.
- Patanjali has been launching products for every age group.
- Consumers are satisfied with Patanjali products.

Methodology:

The present study was undertaken in different FMCG companies, Patanjali showrooms and retail shops of Patna for the key information, as research instruments. The study bases itself on primary and secondary data. The primary data were collected by the personal interview method. For this purpose, 100 respondents (customers) were asked relevant questions. In addition, information and secondary data were obtained from various magazines, newspapers and websites. On the basis of interview, findings have been enumerated. At the end, conclusion and suggestions have been presented.

Findings and Analysis :

• Analysis related to First Hypothesis

Our first hypothesis was: **Patanjali uses herbal products.**

After visiting other FMCG companies and examining the contents of Patanjali and other FMCG company's product, we found that Patanjali uses maximum amounts of herbals and less amount of chemicals as compared to other FMCG company's product. The table no.1 and fig.1. are showing the amount of chemicals (60%) and herbals/organic product

(40%) used by the different FMCG companies and the amount of chemicals (15%) and herbals (85%) used in Patanjali products. Patanjali is following the strategy of green marketing, using products that are eco friendly and don't have any side effects on one's body.

• Analysis related to Second Hypothesis

Our second hypothesis was: **It is moving as a threat to other Fast Moving Consumer Goods (FMCG) companies.**

On the basis of our study, we found that Patanjali is earning more revenue than other Indian FMCG and MNCs companies this is shown on **table-2**, in which Patanjali is earning revenue of Rs.5000 crore and many other companies like Colgate Palmolive, Marico, Emami are earning less revenue as compared to Patanjali .There may be many reasons behind this success of Patanjali, like its low price strategy, Baba Ramdev's established name behind the product. Herbal content, etc.**Table-3** and **fig-3** is showing comparison of Patanjali product price with other FMCG's product price.Patanjali products are comparatively cheaper and consumer's pocket friendly. After interviewing consumers of Patanjali, we found shifts in their choice from other FMCG's product to Patanjali. It is seen from **table-4** and **fig-4**.that there are shifts in the different FMCG product sectors; medicinal (50%), toiletries (25%), cosmetics (5%) and food products and groceries (20%).

• Analysis related to Third Hypothesis

Our third hypothesis was: **Patanjali has been launching products for every age group.**

After visiting Patanjali Chikitsalayas and after questioning 100 respondents, we found that that Patanjali products are not only meant for a single age group but for all. It is popular among every individual of every group middle age, old, youth or children. The products especially meant for a particular age group are being especially titled like junior dant

kanti, etc. While all the other products which are not specially meant for a certain age group can be used by everyone. According to **table no.5 and fig.5.** shows the amount of products launched for different groups; old age(30%), middle age (50%), children (20%) and females (20%).

- **Analysis related to Fourth Hypothesis** Our fourth hypothesis was: **Consumers are satisfied with Patanjali products.**

After questioning 100 respondents in Patanjali stores and retail shops we found different views of customers on the Patanjali product they were using .from **table 6 and fig. 6** it is seen that 65% are satisfied with the product they are using because of reasons like good quality, low price. a trust on Baba Ramdev’s name, herbal contents, etc. while 35% of them were not satisfied with the products because of reasons like : some do not find every product of Patanjali to be good, some are not satisfied by the taste and presentation of its product and some still have trust in other FMCG products they are using.

Conclusions :

- The Patanjali Ayurved Ltd. is one of the swadeshi industries of India. Patanjali produces FMCG products on a large scale. It covers all the sectors like skin care and cosmetics, medicinal products, toiletries, food items and groceries.
- Patanjali has achieved a commendable scale in a short period of time. With its presence across markets and categories, it has evolved into a corporate; it is a company to watch out for.
- The unique part about Patanjali is that there is no conventional technique adopted anywhere. All conventional rules are nowhere found in the technique, no discounts, no schemes, and no sales training. They need not cheat customers or talk about products because everybody knows about the benefits of the age old Ayurved.

- Patanjali has undoubtedly been relatively better in commercializing the ancient and revered science of Ayurved and utilizing Ayurved in the production of FMCG products
- Many FMCG and MNCs are giving different views on Patanjali, as they are totally taken aback with the unexpected and fast growth of Patanjali Ayurved Ltd. Consumers are also being drawn by the viewpoint of Patanjali advertising against the use of chemicals in the products.
- Patanjali’s impressive strategy of good quality with low price , makes its product available for every age group. And since it is low priced, consumers of every income group can use it.
- Baba Ramdev, the yoga tycoon has gained the popularity and trust of people by the spread of yoga, which made masses free from diseases. This is also one of the reasons behind Patanjali’s remarkable success.

Suggestions :

- In this new era of digital india, it should also concentrate on advertising more its e-commerce site, as its is less popular among consumers.
- It should work more on the taste, smell and presentation of a few of its products, like amla juice, kesh kanti, etc.
- Patanjali should raise its profit margin for retailers as the retail shopkeepers avoid keeping Patanjali products in their stores.
- With Patanjali we would also like to suggest other Indian FMCG companies which promote ayurved through their products and do not use harmful chemicals.

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Table 1. Amount F Herbals and Chemicals used

Firms	Chemicals Used	Herbal And Organic Products
Patanjali	15%	85%
Others	60%	40%

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Table 2. Revenue of Patanjali and other FMCGs Companies

FMCG Companies	Revenue in FY 15
Dabur	5,431
Patanjali	5,000
Marico	4,430
Coalgate Palmolive	3,982
P&G	2,334
Emami	2,031

Comparison of Patanjali's Products Price with other FMCG'S Product's Price

The table no.3 is showing the prices of some Patanjali products and comparing their price with the other FMCG product's price which is also the reason behind its increasing revenue and creating a tough competition for other FMCG companies.

Table 3.

Products	Price	Competitors
Chawanprash	115	160
Pineapple juice	85	99
Ghee	450	710
Face wash	60	80
Shampoo	110	159
Toothpaste	68	84
Dish wash	10	15
Cornflakes	145	182
Detergent	13	19

Table 4. Consumers shifting from other FMCGs to Patanjali

Sectors	% of consumers shifted
Medicinal	50%
Toiletries	25%
Cosmetics	5%
Grocery and food items	20%

*Based on sample survey

Table 5. Patanjali Launching Product for Every Group

Children	Patanjali Dant Kanti Junior, Patanjali Atta Noodles Patanjali Candies And Chocolates, Patanjali Janam Ghutti, Patanjali Powervita. 20%
Middle age	Patanjali Dant Kanti, Patanjali Kesh Kanti, Patanjali Honey, Patanjali Swarna Sarso Tel, Borosafe, Aloe vera Juice 50%
Females	Patanjali Kanti Lep, Patanjali Kajal, Aloe vera Gel, Patanjali Rose Water 20%
Senior citizens	Divya Madhunashini Vati, Divya Churan. Amla Juice, Body Pain Oil, Patanjali Balm, Divya Hridayavati 30%

*Based on sample survey

Table 6. Does customers are satisfied with the Patanjali products they are using?

Consumers Satisfied	Percentage
Yes	65%
No	35%
Total	100%

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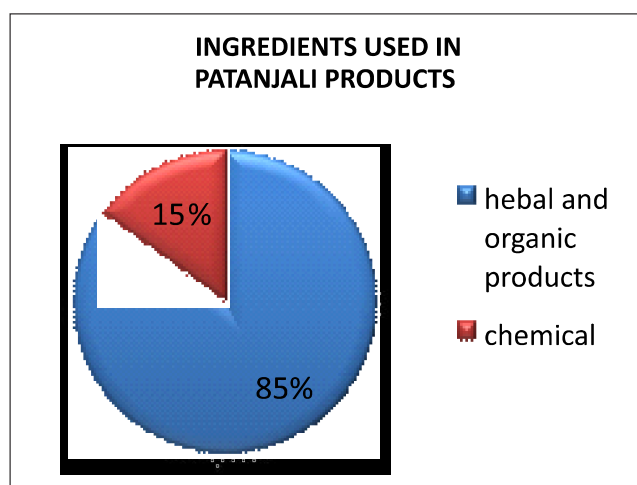


Fig. 1

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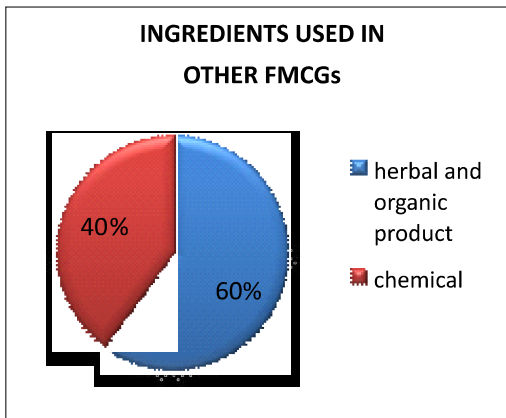


Fig. 2

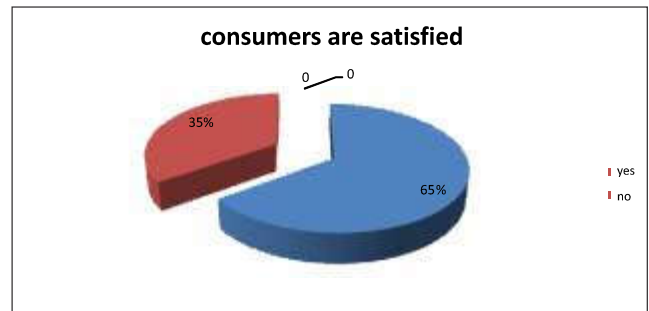


Fig. 6

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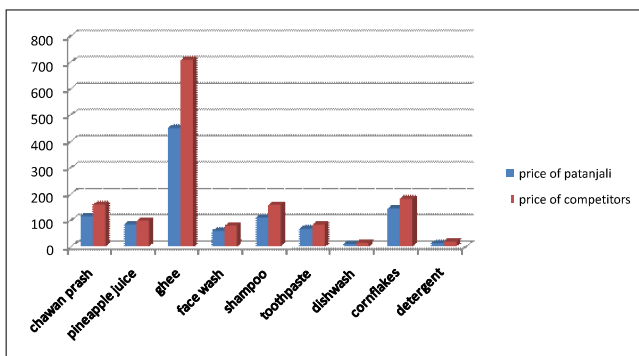


Fig. 3

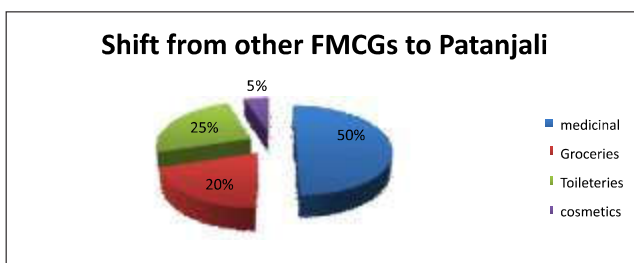


Fig. 4

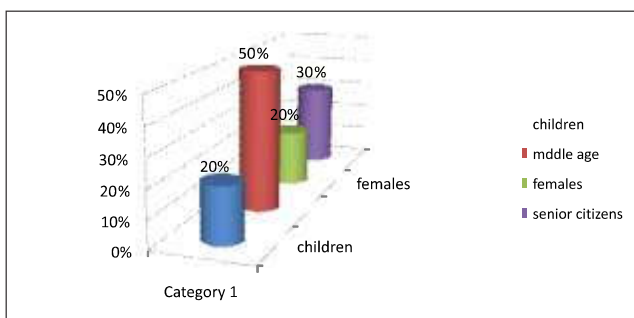


Fig. 5