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# Desi Bustle v/s MNC Muscle: How Ramdev's Patanjali is setting trend for HUL

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## Abstract

The lifestyle of the Indian consumer is changing and they have become more concerned about their health. In this changing market scenario as the preference of consumers towards Herbal and Ayurvedic products is increasing, so Baba Ramdev flagship brand Patanjali is offering highest value, and satisfaction to the general consumers not only in India but abroad also. The basic purpose of the study is to explore the reasons of increasing sales, perception and changing attitude of consumers towards these herbal and Ayurvedic products. Finally this article studies and compares Patanjali products with other competing brands in the market.

**Keywords:** Baba Ramdev, Patanjali, Natural Products, Herbal Products, Media Role, Promotion, Strategy, Ayurved, MNC

## Introduction:

Baba Ramdev's brand Patanjali is gaining a lot of popularity and it is at its sales are at highest point ever. Baba Ramdev's popularity and profile has been increasing manifolds by broadcasting his Yoga Programs throughout the world. Apart from the regular Yoga programs his business empire of Ayurvedic and Herbal Products and Medicines for a range of ailments has also mushroomed tremendously. His company named Patanjali Ayurved Limited started in the early 2007 and is located in the industrial area of Haridwar. The company is flagship project of Baba Ramdev and Acharya Balkrishnaji. This unit was established with the aim of manufacturing only pure quality and scientifically developed herbal products. Gradually they company have successfully expanded their range from mere herbal medicines to food items and even cosmetics. As per a recent report by one of the famous Hong Kong based investment banking company CLSA, Patanjali Ayurved Limited, concluded that Patanjali Ayurved Limited is bigger

than Emani and Jyothy Labs. Moreover that report also stated that it is perhaps among the fastest growing fast-moving consumer company of India. Patanjali Ayurved is one of the untold startup success stories in India, and in the coming couple of years it will inevitably displace more large players.

Most of the companies do believe that in order to make a product successful, the marketing department needs to create product awareness and advertising in a systematic and channelized manner to sell a product but Baba Ramdev has started his business and proved all of them completely wrong in terms of their marketing concepts. Patanjali Ayurved Limited has invested almost zero in advertising their products. Even then their company has managed to do a business of Rs. 2500 crores for the financial year 2014-15 and profits exceeded Rs. 300 crores. This huge profit has not only surprised competitors but the marketing honchos as well.

The overwhelming success of the herbal products and medicines didn't happen in just an overnight. Ramdev had started his plans much before along with his extra ordinary yoga camps, spiritual lectures and above all the ayurvedic treatments which he used to discuss along the Yoga camps. He started with the preaching about the ill effects of using fast food which is generally made with the help of few chemicals and toxics.

He also made awareness regarding the corruption prevailing in Indian society and how the big private brands are playing with lives of people at the cost of profit. He managed all this awareness through his regular Yoga camps which he did not only in India but abroad too..Ramdev focused on the latent need of the consumers, and came out with a series of FMCG products including balms, soaps, ghee, juices, oils, masala. He clicked on the needs of consumers at right time and in perfect style.

The masses were already searching for a good and herbal alternative by then and when Ramdev stood as the herbal and natural icon and then everything fixed in perfect spaces and the products started selling like hot cakes. They are pitched as 'Swadeshi' and adhering to traditions of ayurvedic products. In today's competitive environment in the herbal products and herbal medicines Baba Ramdev's Patanjali is sweeping away all the big MNCs coming in its path. Anyone can find the wide range of Patanjali products from local stores to various e-commerce platforms.

| **Company Name** | **Market Capital** |
|---|---|
| Dabur India Limited | 47681.5 |
| Godrej Consumer Products Ltd | 42081.4 |
| **Patanjali Ayurved Limited (PAL)** | **40000** |
| Emami Ltd | 25699.5 |
| Colgate Palmolive (India) Ltd | 25543.5 |
| Marico Ltd | 25477.7 |
| P&G Hygiene & Health Care Ltd | 20066.9 |
| Hindustan Unilever Ltd | 17372.2 |
| Gillete India Ltd | 16111.1 |
| Godrej Industries Ltd | 12535.7 |
| Bajaj Cor Ltd | 6325.5 |

| | |
|---|---|
| Jyothy Lab Ltd | 5686.9 |

**Source: Ace Equity (Market Capital as on 20 October 2015, All Figures in Crores)**

The product quality provided by the Patanjali Ayurved Limited (PAL) is best in the segment, the prices are highly competitive and the distribution chain is considered as the best as it is rivaling the Cola majors. The availability of the PAL products is distributed throughout India evenly, be it urban area or rural area. The advertisement strategy of the PAL products is not same as that of the MNCs products. Rather the Patanjali is focusing more on content marketing. The PAL group is attracting the potential or existing consumers not by bombarding them with uninterrupted ads but by educating them on the advantages of using the herbal products and Swadeshi products. Baba Ramdev is not shouting how their products are better than competitors rather he is busy in creating a new Herbal class consumers from the existing non herbal class consumers.

PAL marketing department is having a very clear concept of not competing directly with the competitors. For the last few years, Baba Ramdev in his Yoga camps did not focus on proclaimed that his brand Patanjali was the best among others. Rather, he discussed about the malevolence of MNCs, the benefits of products if they are made in India, and above all he emphasized the cancerous effects of fertilisers and chemicals on human body. PAL just created an environment where people started demanding the herbal products. Patanjali's consumers are having a highly specific profile, and the advertisement content revolves around that only. The PAL products are completely fitting into their lifestyle. The PAL group is not at all focusing on any type of celebrity endorsement.

**Patanjali Products**

Patanjali Ayurved Limited has introduced a lot of products in their product line so as to diversify in the market. Indian FMCG market is very big market, primarily occupied by a lot of local and MNCs. Indian market has a very wide range of customers varying from low purchasing parity to high purchasing parity.

| **Revenue from Different Products in 2015-15** | | |
|---|---|---|
| **Product** | **Revenue Contribution** | **Growth Rate** |
| Food | 36.78 | 99.57 |
| Healthcare | 19.13 | 30.58 |
| Toiletries | 14.56 | 53.77 |
| Dental Products | 10.93 | 45.86 |
| Hair care | 10.78 | 51.35 |

| | | |
|---|---|---|
| Cosmetics | 7.38 | 40.7 |
| All figures are in percentage | | |

**Source: - Company Website**

**Table-1: Patanjali Vs Other Brands**

| Product | Brands of Patanjali | Some of the Competitive Brands |
|---|---|---|
| Sharbat/ Squash | Amla, Bel, Brahmi, Gulab, Keshar Badam, Orange, Nimbu, Mango | Kissan Squash, Rooh-afza, Minute Maid, Rasna |
| Juice | AloeVera, Anar, Amla, orange | Real, Priyagold, Godrej and Kissan Juices |
| Jam | Apple ,Pineapple and Mix Fruit Jam | Kissan, SIL, Tops, Druk |
| Salt | Saindha Namak | Tata, Annapurna |
| Chyawanaprash | Sada, Special Chyawanaprash | Dabur, Baidyanath, Zandu kesari Jiwan |
| Flour | Arogya Aata | Aashirwad, Annapurna |
| Candy | Amla, Anardana | Dabur Hazmola |
| Washing Powder | Ujjwal | Arial, Surf-excel, Tide |

There are a lot of competitors in all the categories of the products. Most of the products are having similar prices as that of competitors. As we can from the table that the Patanjali has got a wide product line like food items, health care, toiletries, dental products, medicines, hair care and cosmetics. We can see from the table above that in case of the food items there is almost 100% growth, which is really astonishing. Apart from it there exist two categories mainly toiletries and hair care which are witnessing more than 50% growth.

## Theoretical basis of research:

### Objectives of the Study

The major purpose of our research is to understand the consumers changing psychology and preference towards herbal and Ayurveda products of Patanjali. The overall objectives are as follows:

1. To find why consumers prefer Herbal Products and Natural Products.

2. To explore that whether consumers are familiar with the ayurvedic and herbal products with other brands available in the market.

3. To analyze the attitude of consumers towards Herbal products.

4. To analyze the role of Media in promotion of Patanjali products.

### Research Methodology

The present research study is a majorly a qualitative research based study and it focuses on the marketing strategies being followed by the Patanjali Ayurved Limited (PAL). The data is collected from various primary sources and secondary sources. As the study is qualitative so the main focus was on secondary source of information. In the beginning primary data was collected by various sources like face-to-face interviews with franchisees, doctors and shopkeepers dealing in Patanjali products. A total of

six franchises were contacted for an unstructured interview of Yamunanagar and Jagadhri Region of Haryana State. Later, secondary data was collected through different brochures, websites, leaflets, magazines and articles etc. The data so collected from various sources, discussions with retailers was thoroughly analyzed to filter out the relevant information.

**Marketing Strategies adopted by Patanjali Ayurved Limited**

**a) Mass targeting in Yoga Way:-** Baba Ramdev is primarily known to be Yoga trainer. He is best known for popularizing yoga among Indians through his mass yoga camps. Just because of his endeavor and commitment from the government of India that the UN decided 21 June as Yoga day internationally. Recently, the Government of Haryana had appointed Baba Ramdev as the brand ambassador of Yoga and Ayurveda for the state of Haryana. Apart from it, he was offered the status of Cabinet minister for Haryana. But he later refused that Ministry saying that he wanted to continue serving as a Baba, as he has no aspirations to become industrialist.

Since the last decade, he has popularized Yoga throughout India by regular Yoga Camps. He has taken active part in politics in order to eradicate the social evil of corruption and poverty. Apart from regularly criticizing the MNCs for taking up Indian money abroad, he always stressed to use the Swadeshi products i.e. Products that are made in India. This automatically urged the Indians of trying something new and different not related to MNCs, big brands. The General Election of 2014 in India too helped the Ramdev to show cast the concept of Swadeshi.

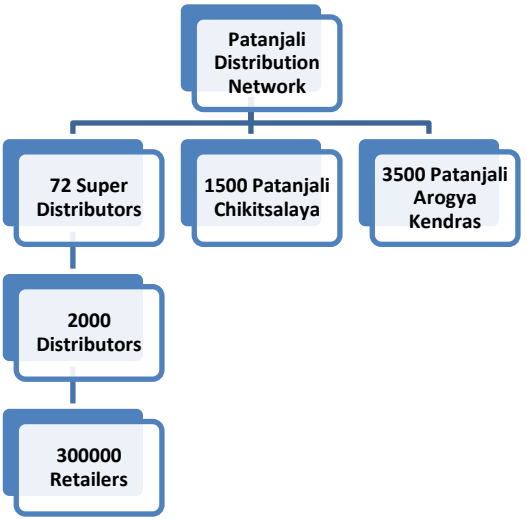



The PAL has crossed more than 2000 crore for the financial year 2014-15, from a mere 454 crore in 2011-12. The Patanjali business has grown around 4.5 times which is very high. These figures clearly indicate that there is 67 percent jump from the previous fiscal which consumer goods firms would love to have. Being different from other consumer brands, which spends nearly 20-30 percent of their sales on advertising in print media or electronic media or through celebrity endorsement, Patanjali hardly spent anything at all in the form of advertisement expenditure.

Most of the awareness regarding the products is spread through the Yoga camps only. And this activity actually has contributed to its grand success. Patanjali brand and products have grown phenomenally mainly through word of mouth and word of usage communication. The franchisee model adopted by PAL has made the product appear uniquely in quantity and exclusive.

The products are herbal in nature and PAL claim there are no chemicals used in the manufacturing so it strongly appeals to consumers. Ramdev has devised very basic and simple techniques for practicing Yoga which are very easily understood by common man just by watching the T.V. and these camps have created the awareness most.

**b) Strong Distribution Network: -** The tremendous growth in the sales and growth of Patanjali products is deeply supported by the strong distribution network. In today's competitive arena the distribution network of any FMCG company is considered as the backbone of the organization. Being new to the Indian consumer market with respect to the existing MNCs which are present since decades, the Patanjali group has been able to make roads in their profits just because of their strong distribution network.




**Source: - Company website (http://patanjaliayurved.net/)**

As we can see from the figure that the figure that the Patanjali group is having a strong Distribution Network with a base of nearly 300000 Retailers. To support these retailers a team of around 1500 Patanjali Chitiksalya have been set up countrywide. Apart from it the PAL group is having more than 3500 Arogya Kendras where the doctors advise the patients about the benefits of using herbal and natural products and medicines

**c) Media Role**: - Earlier, in the year 1995, Ramdev was still a little known yoga trainer & teacher in Haridwar. Baba Ramdev quickly rose to a national fame as yoga guru (trainer) through his regular programmes on religious TV channels. He started broadcasting his yoga programs on Sanskar TV in 2001 and Aastha from early 2003. He whole heartedly acknowledges the strong and quick role of the media in his rise. Baba Ramdev admits that his own role in the rise of Patanjali Ayurved Limited is just one to 10 percent, the rest of the credit goes to the media and his followers.

A big cost saver and profit increase game for the Patanjali brand is that they don't need to spend a lot of money on advertising because of the very high brand value of Baba Ramdev whose popular TV shows and public appearances have gained him mass media awareness at a very low cost. Apart from it, the Company reaps the benefits of a celebrity brand ambassador like Baba Ramdev for free. Patanjali has been quite welcoming of analysts and media to its offices to back the belief of purity. The appeal of the

ayurvedic/herbal/natural platform and a desire to consume Indian brands had made a winning formula for the group.

**d) The 4P's Of Patanjali Group: -**

| **Product:** | **Price:** |
|---|---|
| • The Patanjali Products are differentiated products.<br>• Products are Natural and Herbal<br>• All the products are pure and free from chemicals.<br>• The procure only pure raw material.<br>• Appeals to the Indian belief in Ayurveda/natural remedies/'hand' medicine. | • Most of the Products are discounted at 20 – 30% compared to competitors.<br>• Low cost of packaging<br>• Different sizes packet available<br>• Packaging is not as good as that of competitors and it further saves costs for Patanjali.<br>• No major expenditure on TV advertisement<br>• No celebrity endorsement. |
| **Place:** | **Positioning:** |
| • The Distribution is done through Ayurvedic pharmacies.<br>• They have a franchisee based distribution strategy.<br>• The distribution channel is as strong as that of cold drinks.<br>• Recently tied-up with Future Group & will enlarge Patanjali's footprint to make it easily available to shoppers.<br>• Tie-ups with online retailers such as bigbasket.com will reduce their cost of distribution and display. | • Patanjali has positioned their products based on Ayurveda and health.<br>• Promoted Baba Ramdev as their Brand Ambassador.<br>• They are positioning the product as Herbal and Natural Products.<br>• Moreover their products are in reach of common man.<br>• Patanjali is consistently positioning the products as Swadeshi. |

**e) The strong Strategic Business Unit of Patanjali Group:** In addition to Patanjali Ayurveda Kendra Pvt. Ltd. Baba Ramdev established following institution:-

- PatanjaliYogpeeth Trust
- Patanjali Ayurved College
- PatanjaliChikitsalaya
- Yog Gram
- Goshala
- Patanjali Herbal Botanical Garden
- Organic Agriculture Farm
- Patanjali Food and Herbal Park Ltd
- Patanjali Ayurveda kendraPvt. Ltd.

**10 Lessons Startup Entrepreneurs Can Learn From Baba Ramdev**

a) Stronghold and complete expertise on the subject
b) Hires the best
c) Understands the market completely
d) Believes in leveraging a successful personal brand
e) Well connected with the audience
f) Low Cost Marketer
g) Truly 100% Indian product
h) Strongest Distribution Network
i) Has a vision, and understands opportunity to materialise it
j) Attacking International Expansion

| **SWOT Analysis of Patanjali Ayurved Limited (PAL)** | |
|---|---|
| **Strengths** | **Weaknesses** |
| ➢ Without any kind of side effects<br>➢ Innovative use of spirituality<br>➢ Strong and Suitable distribution networks<br>➢ Positive word of usage communication<br>➢ Presence in urban areas and Rural Areas<br>➢ Solid base and image of the trust<br>➢ Positive word of mouth communication<br>➢ Social Responsibility to make people healthy<br>➢ Natural and herbal products<br>➢ Make in India Initiative<br>➢ Swadeshi Campaign | ➢ Strong and established competitors' base<br>➢ Easy availability of substitute products<br>➢ Very few exports<br>➢ Not clinically proved<br>➢ Markets concentrated only in North and West India<br>➢ High price of some products<br>➢ Very less promotional activities |
| **Opportunities** | **Threats** |
| ➢ Inclination towards Herbal and Natural Products<br>➢ Huge untapped Indian rural market<br>➢ Large untapped domestic market (South and East India)<br>➢ Changing lifestyles<br>➢ Increasing per capita income of consumers<br>➢ Export potential<br>➢ Tax and duty Subsidy<br>➢ Increase in cases of Fake products | ➢ Political interferences<br>➢ Some products are in controversies<br>➢ Controversy created by other groups<br>➢ Removal of import duties<br>➢ Threat from International Competitors<br>➢ Slowdown in Economy<br>➢ Indulged in Politics |

**Trends of Herbal &Ayurvedic Products of Patanjali in World Economy**

The world population normally depends on natural products in order to protect themselves from the side effects of modern medicines and high cost of medicines (Report by WHO) (Sharma, Shanker, Tyagi, Singh, &Rao, 2008). The global market trend of herbal products is reached at $6.2 billion and estimation is that it will reach at US$5 trillion by the year 2050 (WHO & Kumar & Janagam, 2011) (Figure 1)

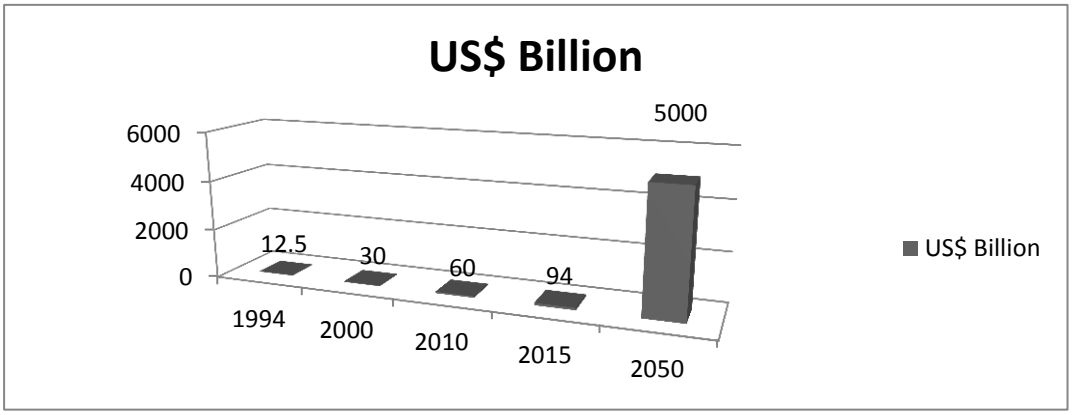



**Figure 1 Source WHO estimate (Kumar & Janagam, 2011)**

The herbal exports of India are valued at about INR (Indian National Rupee) 874 crores (1crore=10 million) in 2001-02 constitute about 73 percent in the form of crude drugs and extracts and 27 percent as finished products (Government of India Planning Commission, 2006). If we look at the present scenario, then the demand for traditional Indian herbal products has increased tremendously in India and abroad (Government of India Planning Commission, 2011).

**Figure-2 INDIAN HERBAL MARKET IN S$ BILLION**

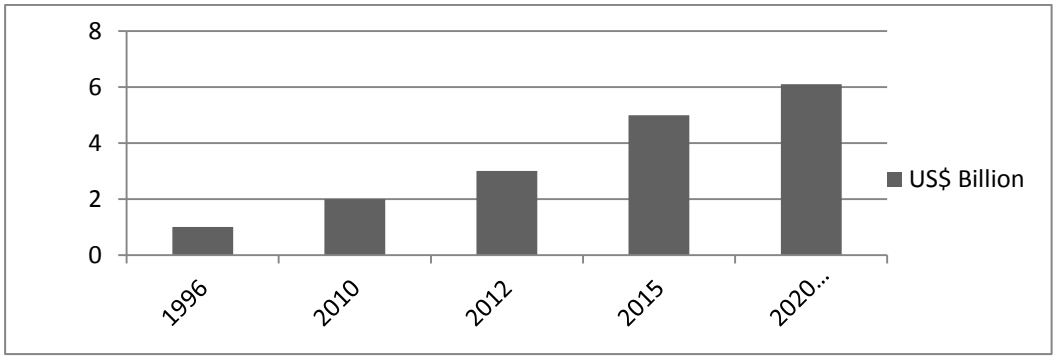


**Figure 2 Sources (A Brief Report on Nutraceutical Products in India, 2015) (Sharma, Shanker, Tyagi, Singh, &Rao, 2008)**

As the lifestyle of the people is changing and due to increasing awareness of healthcare and fitness products the Fast Moving Healthcare Goods (FMHG) in India is expected to grow by 20 percent to USD 6.1 billion by 2019-2020 as shown in Figure-2.

**Figure-3: NET SALES OF VARIOUS HERBAL COMPANY(RS.CRORE)**

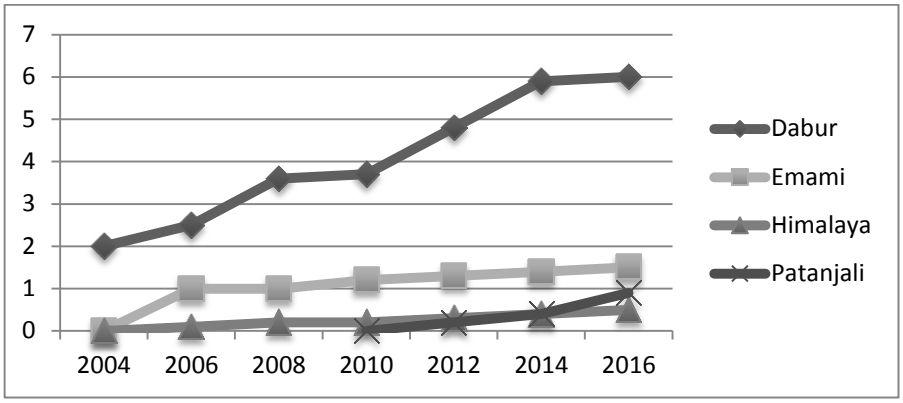



**Figure 3 Source www.moneycontrol.com**

Some of the major players in the Indian herbal market are Dabur, Himalaya, Patanjali, Vicco, Emami and others. Figure 3 and 4 shows the net sales growth rate and of herbal companies stated.

**Figure-4: GROWTH RATE OF VARIOUS HERBAL COMPANY (%)**

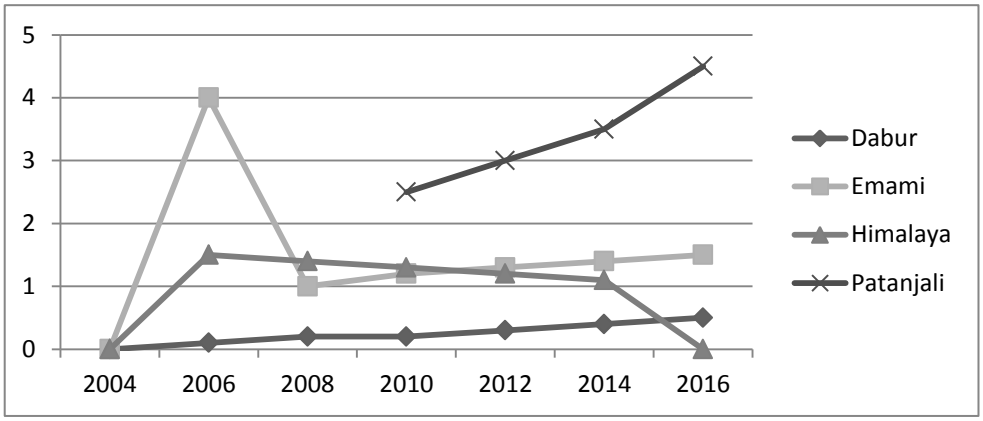



**Figure 4 Source www.moneycontrol.com**

If we look at the figure 3 and Figure 4,there are frequent variations in the data. Due to stiff competition in various sectors there are wide variety of fluctuations. Marketers are making sure to have preference over competitors by ensuring that their products and services can meet consumers expectations consumers (Schiffman & Kanuk, 2008). There are more than 7800 herbal manufacturers and processors in India (T.P., Hisham, M, Madhu, & V., 2009).

Due to spreading of digital media and increasing awareness of advertising and digital marketing, it has become challenge for companies to retain consumers and there interest in various products. It has become very difficult to grow, excel and stabilize in business performance. All herbal companies (or brands) have made a huge expenditure in promotional activities. All firms are increasing their advertisement expenditure to catch up with slowdown and improve sales (Joshi R.2013).

**Suggestions & Findings**

The study was done with special reference to study the marketing strategies of Patanjali products. The respondents from whom the data was collected, suggested that all the herbal and ayurvedic products are made from natural essence and they are having no side effects at all. Moreover Herbal and ayurvedic products are bought on daily, monthly & fortnightly basis.

The second objective was related to that how many consumers are familiar with herbal products.Most of the respondents who prefer these products are familiar with it as these are already available at local shops.

Further posters, banners and mass media, retail stores are major sources of information for consumers for buying these herbal products.

The third objective tells us the attitude of consumers towards herbal products. Most of the respondents are having positive attitude towards herbal products and full confidence towards Ayurveda brands.

**Conclusion**

We can conclude from our study that firm must study the pattern and scenario of competition in the market, so that they can compare various marketing strategies of various companies selling their brands of herbal and ayurvedic products. It is very much essential that consumers must recognize the importance of ayurvedic and herbal products in the market, so that they can develop positive attitude and have familiarity ad favorability towards products sold by Patanjali.

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