

# Analytical Study of Patanjali Ayurveda Limited in India

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**Abstract:** Ayurveda or the 'science longevity' is the system of nature cure. It is known to promote positive health, natural beauty and long life. Ayurveda, the traditional form of Indian medicine was developed by ancient sages whose bright observations led to the development of constitutional medicine. Ayurveda [Ayur + Veda] is considered to be a sub-veda or the branch of knowledge that is concerned with the physical health and happiness on earth which therefore assumes great significance to human life. Vedic culture was based on the Vedas four books of knowledge the origin of which dates back to 40000 years. This is an indication to the age old roots of Ayurveda. Ancient physicians segmented the universe into different types of manifested energy and attributed the very same energy to food and herbs. Patanjali is the leading producer of Ayurveda-based products, and it is the only company to directly challenge the industry incumbents in India, such as Unilever, Dabur, P&G, Marico, and Nestle. Patanjali has been able to offer low prices and has found a way to break through market entry barriers such as high startup and manufacturing costs, achieving rapid success where its cohorts could not.

## I. OBJECTIVES

- 1) Analyse the success story of Patanjali in India.
- 2) To study the satisfaction level of consumers after using Patanjali's Products.

## II. LITERATURE REVIEW

- **Rani, S., and Shukla (2012)** conducted a study to know the trends of Patanjali products. For the purpose of above study they collected a sample of 90 consumers in Pantnagar. On the basis of above study they concluded that within a very short period of time Patanjali products captured a number of consumers. Also they found that from 2008 to 2012 there is a huge increment in number of products which is from 26 to 120. They also suggested about limitation of Patanjali products that delivery system should be improved by Patanjali Company.
- **Ali, M.L., and Yadav (2015)** carried a study to know about consumer perception towards herbal products. The objectives of the above study were to know the reasons of using various herbal products. For the purpose of above study researcher collected data from 60 consumers using herbal products in three cities of Bhopal. On the basis of their study they found that due to hazards created by chemical products people shift it to natural products. Also they

concluded that all consumers had a positive attitude towards herbal products and there was no side effect faced by these people.

- **Khanna (2015)** carried a study on consumer perception regarding Patanjali products. The objectives of the above study were to know about the perception, satisfaction level and attributes of consumer with regard to Patanjali products. The data was collected by the researcher from 100 respondents in Punjab. They found that consumer were highly satisfied with Patanjali products due to reasonable prices and due to curing ability.

## III. INTRODUCTION

Patanjali Ayurved Kendra Ltd was founded by Swami Ramdev and Acharya Balakrishna in 2006. It started its operation in Katmandu, Nepal to provide holistic, natural and effective ayurvedic treatment. Patanjali Ayurved Limited (PAL) has three manufacturing units at Haridwar, Uttarakhand with its registered office in New Delhi. The initial project of Ramdev was his Patanjali Yogpeeth and since its inauguration in 2006, it has been labelled as one of the largest centres for research on yoga and Ayurveda in the world. The central government and Patanjali had invested huge funds in the Food and Herbal Park at Haridwar. It has been estimated that individuals will get direct employment and two lakh people will benefit indirectly from the park. The park will produce agricultural products, products related to nature and products related to herbs and plants. The food park has the current capacity to produce tons of food and supplements, juices and candies, cosmetics and herbal products. It requires 1.72 lakh metric tons per year of raw material as an input.

According to India infoline finance Ltd. IIFL, Acharya Balkrishna accounts for 94% of the share and the remaining stake are owned by Sarwan and Sunita Poddar, an NRI couple. However, Baba Ramdev does not own any stakes but plays an important role in the brand gaining visibility by marketing Patanjali's product in his yoga camps.

## IV. SWOT ANALYSIS OF PATANJALI

Patanjali came into the picture less than a decade back but has taken a huge share of the Indian market due to the large scale following of Baba Ramdev. Patanjali registered a revenue of

INR 5000 crores in 2015-16 growing at 150% over the previous year.

## Swot analysis

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• Good relations with indian government</li> <li>• Low production cost</li> <li>• So many followers of YOGA (20 crore )</li> <li>• Price 20-30% lower than competitors</li> </ul> <p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Ties with retails like BIGBASKET.com where they can promote their products</li> <li>• Only 21% of revenues from pure ayurvedic products while another 39% from herbal/cosmetics, 40% from foods.</li> </ul>	<p><b>WEAKNESS</b></p> <ul style="list-style-type: none"> <li>• Low presence in traditional retail</li> <li>• Huge dependency on Baba ramdev</li> <li>• Restrictions over distributions</li> <li>• Packaging is poor as compared to other companies</li> </ul> <p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Backlash from FMCG MNC'S</li> <li>• Himalaya worth 600 crore already in to skin care Ayurveda segment whose products are very popular</li> <li>• Challenges from DABUR INDIA and EMAMI who are planning for making new strategies</li> </ul>
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### V. MARKETING MIX OF PATANJALI

<p style="text-align: center;"><b>PRODUCT</b></p> <ul style="list-style-type: none"> <li>▶ Started with an Aloe vera gel</li> <li>▶ Operates in four major categories:                     <ul style="list-style-type: none"> <li>▶ Ayurvedic health products</li> <li>▶ Food products &amp; Juices</li> <li>▶ Skin-care products</li> <li>▶ Home-care products</li> </ul> </li> </ul>	<p style="text-align: center;"><b>PRICING</b></p> <ul style="list-style-type: none"> <li>▶ Products are competitively priced at 15-20 percent lower than industry leaders</li> <li>▶ Eliminates intermediaries and their margins by sourcing raw materials directly from farmers</li> <li>▶ Ensures better profitability along with lower cost for consumers</li> </ul>
<p style="text-align: center;"><b>PLACE</b></p> <ul style="list-style-type: none"> <li>▶ Uses franchise model to sell its products</li> <li>▶ Outlets classified as:                     <ul style="list-style-type: none"> <li>▶ Patanjali Chikitsalaya</li> <li>▶ Patanjali Arogya Kendra</li> <li>▶ Swadesi Kendra</li> </ul> </li> <li>▶ Products available at 5000 franchise stores, 17000 retail stores, Patanjali website and online platforms like BigBasket and ZopNow</li> </ul>	<p style="text-align: center;"><b>PROMOTION</b></p> <ul style="list-style-type: none"> <li>▶ Focusses on content marketing: educating consumers about products</li> <li>▶ Relies heavily on Ramdev's endorsement and promotions at his yoga camps</li> <li>▶ WOM plays a major role</li> <li>▶ Started investing in mass media marketing, television commercials</li> <li>▶ Partnered with Future Group to increase visibility of its products</li> </ul>

## VI. EXPECTED FUTURE PERFORMANCE OF PATANJALI PRODUCTS

The growing demand for organic products and rising health concerns have caused individuals to prefer detergents, soap and hand wash without any added chemicals. Future estimates indicate the growth in this category, however, it has been forecasted that toiletries will contribute 3% to Patanjali's overall revenue. Hair oil and Patanjali's shampoo are expected to boost the revenues generated from the hair care segment and is projected to contribute 8% to Patanjali's overall revenue. Majority of revenue generated by the hair care segment comes from the northern region of the country. The rising demand for herbal and organic products will see an augmenting demand for Patanjali's toothpaste in the future, especially from the rural market and this is expected to boost revenues. Patanjali will manufacture and sell new lines of body lotion and face wash, targeting men and children will help further boost the contribution of the body care segment to Patanjali's overall revenue.

Products like Patanjali Moisturizer Cream, Patanjali Multani Mitti Face Pack, Patanjali Aloe Vera Juice, Patanjali Yoga Sutra, Patanjali Coconut Hair Wash, Patanjali Sheetal oil, Patanjali Sunscreen, Patanjali Aloe Vera apricot Face Scrub, Patanjali Anti-wrinkle Cream, and Patanjali Drishti Eye drop are gaining huge popularity.

*Competitive scenario of Patanjali:*

- Innovation** – Patanjali being a major competitor, FMCG companies are expected to introduce innovative Herbal and Ayurvedic products over the forecast period.
- Pricing** – Patanjali sells its product at a lower price to meet consumer demands. Patanjali is able to sell its best quality product at a price which is 10% to 30% less than its competitors who spend 12% to 18% on advertising and promotion.
- Brand Marketing** – Patanjali has given a tough competition to some of the FMCG majors in the area of hair care, oral care and OTC products across its brand portfolio through impressive brand marketing by Baba Ramdev.
- Revenue Market Share** – According to IIFL, Patanjali could attain a net turnover of Rs 20,000 crore by FY20.

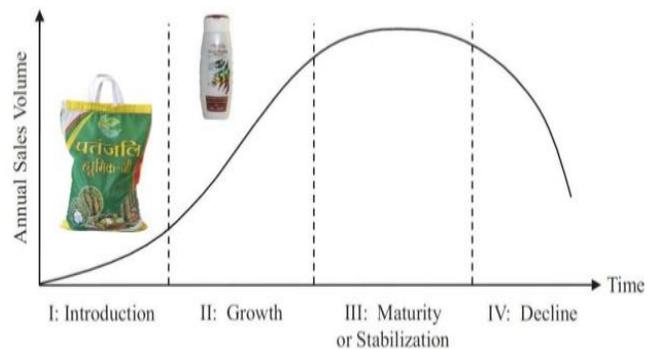
New launches of Patanjali include Patanjali Noodles, Dant Kanti Advance, and Sugar-free Chyawanprash, Power Vita, Seabuckthorn dietary supplement and powdered hair dye. Other than the products related to lifestyle and health, the company has plans to touch every consumer category.

Patanjali Ayurved's managing director Balkrishna is planning to invest Rs 5,000 crore in the country in the current financial year exploring possibilities to set up units in Madhya Pradesh, Maharashtra, the North-East, Jammu and Kashmir, Uttar Pradesh, Rajasthan and Andhra Pradesh. If all goes well, the

company's food processing unit at Pithampur industrial area in Dhar district would process 1,000 tons of wheat daily. Madhya Pradesh government has allotted 40 acres of land to Patanjali at the rate of Rs 25 lakh per acre.

## Product life cycle

Patanjali shampoo like kesh Kanti Reetha, Patanjali anti dandruff and various products of Patanjali are in growth stage and some new products like fertilizers and clothing in the introductory stage the product life cycle curve of Patanjali product is at its introductory stage and growth stage, diagrammatically, could be represented as:-



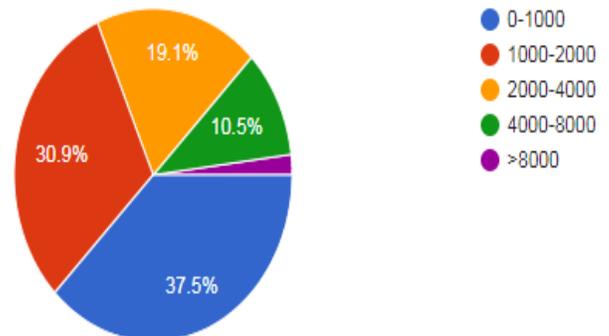
## VII. RESEARCH METHODOLOGY

Questionnaire, a primary source was used to do the survey among the youth. Objective of the survey was to study the consumer reviews related to the Patanjali products.

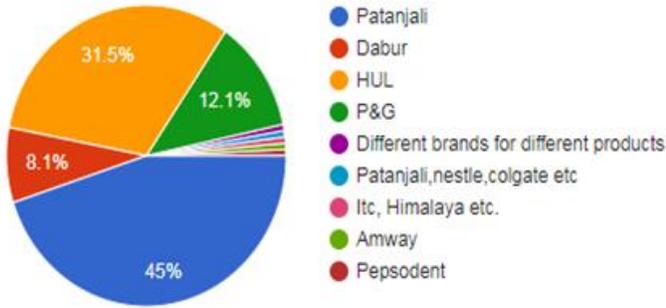
**The survey was responded by more than 150 students.**

**Following conclusions were drawn through the survey:**

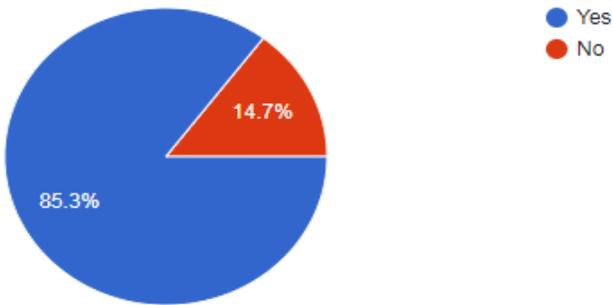
- 37.5% youth spends  $\leq$ Rs.1000 per month on FMCG.



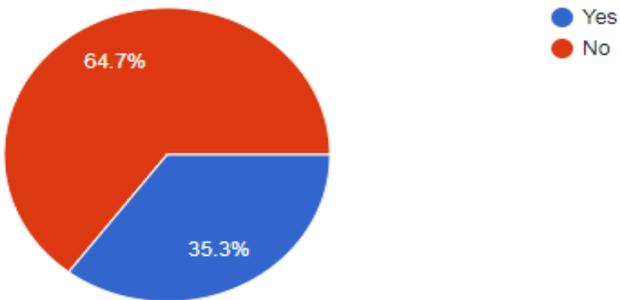
- 45% youth prefer Patanjali in FMCG products in comparison to other companies.



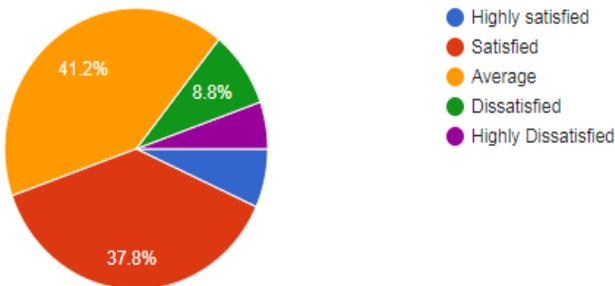
3) 85.3% youth believes that Baba Ramdev affects buying behaviour for Patanjali products.



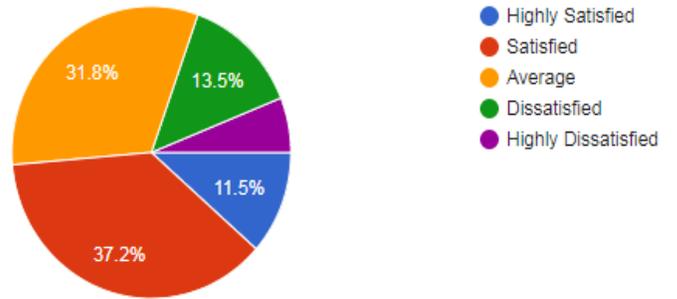
4) 64.7% youth believes that Patanjali products are ayurvedic.



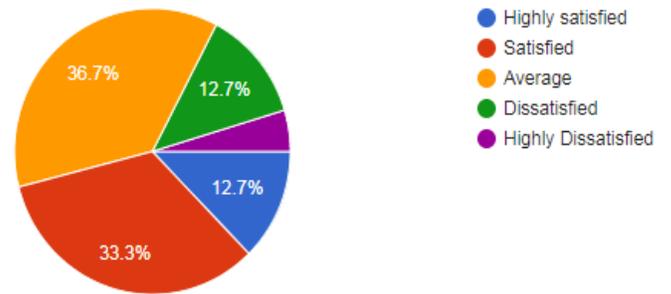
5) 41.2% youth feels average about Patanjali Ghee.



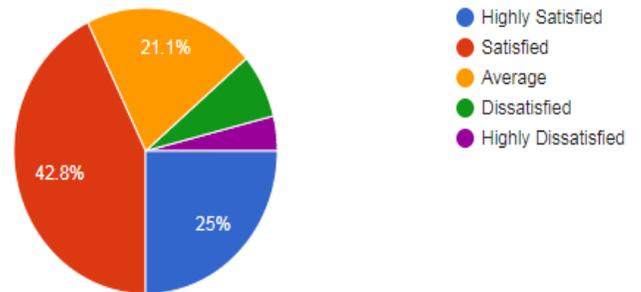
6) 37.2% youth feels satisfied with Patanjali Honey.



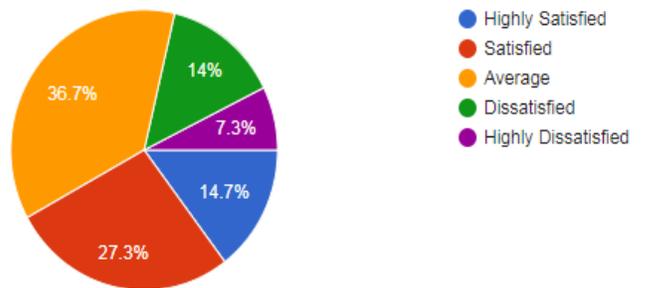
7) 36.7% youth feels average about Patanjali herbal bath soap.



8) 42.8% youth is feels satisfied with Patanjali Danth Kanti.



9) 36.7% youth feels average about Patanjali Kesh Kanti.



### VIII. CONCLUSION

Consumers are liking the Patanjali's products due to its brand ambassador Baba Ramdev. Once, Baba Ramdev disassociates himself with the brand Patanjali, will the company's share in the market remains unaffected?

*Patanjali – Baba Ramdev = ?*

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