



Research Article

MARKETING STRATEGY OF PATANJALI AYURVED LIMITED - A TALE OF PERSON, PATRIOTISM, PRICE, PROMOTION, PARENTING, AND BEYOND

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ABSTRACT

This exploratory research paper tries to identify the intrinsic expansion and sales strategies of Patanjali Ayurvedic Limited. Integrated marketing communication has worked exemplarily well for this company. Success of the company is based upon the cohesive forces of theme of promotion, brand association with a personal brand, discounted prices and expansion under successful parent brand. A careful use of these success variables sets an example in front of industries and academia. However paper has identified some variables which could pose a threat in the success story of this brand

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INTRODUCTION

Background

Within the Fast Moving Consumer Goods (FMCG) industry, one Indian brand, with patriotic theme is expanding its market share in Indian FMCG industry at much faster rate than other veteran players of the same industry.

Patanjali Ayurvedic Ltd. with estimated revenue of Rs.5000 cr in financial year 2016 is posing threat to its competitors. Within one decade only, Patanjali is standing with Dabur, P&G, Colgate Palmolive, Emami, Marico etc. Stage is now set for Patanjali to challenge big market players of the FMCG industry like ITC and HUL. Many studies done so far on Patanjali conveys about the growth rate achieved by it, while very few studies are based upon the intrinsic growth strategies and marketing and promotion techniques adopted by it.

Person as Brand

It is all about converting a person into a brand. People have done it before in corporate world Richard Branson, Julian Assange, Warren Buffett, Oprah Winfrey etc. are few examples of Person as brand. Success gained by them as personal brand has given them a leverage in their business. In India no such example was available where personal brand contributed so significantly in running business successfully.

In India story started with the creation of individual brand 'Yoga Guru Baba Randev'. India is a land of 'Yogi' and 'Saints', all of them are working for the spiritual well being of the country. No saint ever thought about the economic reforms, it is 'Ramdev' who understood its importance and started working for the same. It is 'Ramdev' who rejuvenated Yoga in India and commercialized it; he started his journey from Patanjali Yog Peeth and later establisher University of Patanjali in 2006. Individual as brands works well if trusted by the majority of people. 'Ramdev' won trust of the most of Indians by teaching them Yoga and telecasting it through Aastha channel. Gradually Indians started feeling associated with the 'Ramdev', as they worked together for the common cause of making India healthy. Today majority of Indians trust 'Ramdev' therefore it is but obvious that they would trust the product which is associated with or promoted by 'Ramdev'. This trust is the fruit of the personal branding methods adopted by 'Ramdev'. Information about health, yoga, Indian culture transferred by the 'Ramdev' in the form of storytelling and exercise gave an extraordinary experience to his disciples. His distinctive way of teaching and training contributed distinctively to the growth of Patanjali. He started promoting products of Patanjali during his yoga camps and other national building programs. By choice Ramdev is a symbol of Indian culture with his dress up, opinion, lifestyle he is always communicating Indian culture and knowledge of culture is important to create brand.

"To built iconic brand companies must assemble cultural knowledge, strategize according to cultural branding principles

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and hire and train cultural experts” - Oxford University
Douglas Holt

Patanjali genetically had this sense of understanding culture. With Ramdev working as its ambassador cultural element is the embedded part of Patanjali. ‘Ramdev’ brought an emotional tie up between Patanjali and its customers. He ravaged the image of foreign multinationals and crusade against corruption. He aggressively promoted feeling of nationalism among the Indian people and hence emotionally persuade them in favour of using products of Patanjali which are of local origin.

Patriotism

However this feeling of patriotism in buying product of Indian origin could be a weapon to gain market share but simultaneously it may go against a nation’s overall interest of gaining economic benefits. Any product purchased cheaply helps an individual to save money. This additional unit of money helps in producing more goods or one can buy more such goods from surplus savings. It means more production and more economic growth. It is not important that a product purchased is of local origin or a foreign one, until or unless it is saving nation’s money. During 1930s in America ‘buy American’ slogan brought trouble to its economy. As most of local American companies were producing costly products and therefore its citizens were purchasing products after paying premium prices. It resulted in the poor purchase of the items and eventually effected production adversely. Although India is not susceptible to this as Patanjali is producing its products at very reasonable rates than its competitors. Thus it is saving nation’s money. Concept of drain of national wealth to foreign country by MNCs has worked for Patanjali and pushed Indians to buy Indian products.

Pricing

Patanjali is offering its products in the market at very reasonable prices. As per reliance securities Patanjali is offering its products at 10%-30% lesser price than its potential competitors. The question arises, how Patanjali is able to sustain with such a low price? Patanjali is sourcing most of its raw material directly from the farmers and hence avoiding middle man in this process. Why than its competitors are not able to procure their material directly from the source? Reasons are quite evident most of Patanjali’s competitors are foreign they do not have strong relationship with local vendors and farmers. Even those which are indigenous brands are procuring materials from the middleman not only this they have not worked on the backward integration since their inception in India. Patanjali started selling its products with its own distribution channel and retail shops and hence cut down the margins of the distributors and dealers. They are now working on better methods of supply chain techniques.

Promotion

Learning is quite evident; theme of promotion, the product and person as brand must be perceived same by the customers. Table II presents a compilation of few brands adopting integrated marketing communication to position their brand image into the minds of the customers. While doing so they are carefully designing strategy communicating the common message through its promotion themes, brand image and person or individual associated with the brands. Baba Ramdev is already a figure that has millions of followers therefore people trust him and this faith is useful for the promotion of Patanjali’s products. Variables on which Patanjali is focusing in its advertisements are Appeal of Ayurvedic and Natural product, Purity of Product, Patriotism, Lower Price and Cultural Values. Advertisements themes are informative in nature providing benefits of the natural products over other products with artificial material in it.

Parenting

Companies have developed their own ways of branding and selling products in the known and unknown markets. At time existing product which is saturated in the existing market face problems in discovering new land where it could prolong its product life cycle. Situation is not different for new product as well. Whether in the existing market or a new market, building and operating a new product is a challenge. Established brands enjoy a leverage to test its new product by associating it with its parent brand. While unknown brands and products struggle a lot to find some space in the already cluttered market.

Many established brands are adopting family branding/ umbrella branding where parent brand names remain the part of the new product launched in the market. Umbrella branding is a way of naming, branding, promoting and marketing an existing or new product under its parent brand name. Umbrella brand is famous almost in all sort of industries, below is the categorization of industries adopting umbrella branding.

Benefits/perils of umbrella branding - Umbrella branding is economical as one need not to start any new subsidiary and hence no extra expenditure is need to brand and market product. Branding is relatively easy as consumers are able to identify the brand. Patanjali followed umbrella branding strategy therefore it is easy for the company to expand in the similar category and bigger market space. So far this strategy is working well in food, cosmetics and ayurvedic medicines. Now let’s talk around the assumptions like if Patanjali want to go for vertical integration and want to serve niche market. It is said that umbrella branding does not work for niche market and in vertical integration.

Table I Patanjali and its Competitors’ Products List with Price 2016 & 2017

Product Patanjali	Weight	Price	Competitors	Competitors
Chyawanprash	1KG	Rs. 190	Dabur Chyawanprash	1KG Rs. 295
Desi Ghee	1 L	Rs. 530	Amul Ghee	1L Rs. 460
Pure Honey	500gm	Rs. 135	Dabur Honey	500gm Rs. 199
Aloevera Juice	1L	Rs. 180	Baidyanath Aloevera Juice	1L Rs. 210
Nutty Delite Biscuit	100gm	Rs. 15	Britainia Nutty Choice	100 gm Rs. 20
Corn Flakes	250gm	Rs. 85	Kellogg’s Corn Flex	250 gm Rs. 96
Dant Kanti	100gm	Rs. 40	Pepsodent	100 gm Rs.45-50
Shilajeet Capsule	5gm	Rs. 85	Colgate	100gm Rs. 46
Patanjali Mustard oil	1 L	Rs. 115		

Source: Self Compilation

Table II

Brand	Promotion Theme	Person as Brand
Patanjali – All Brands	Trust and Purity	Ramdev – Trust and Purity
Virgin Group	Challenger Brand	Richard Branson – Trust and Venturesome
TATA group	Reliable	Ratan TATA – Honesty

Source: Self Compilation

Table III Umbrella branding spectrum

Within one major category	Within few category	Within specialized category	Within most category
Food & Beverages	Kraft Food Ltd., Kellogg’s, Coca Cola, Nestle, Mars, Pepsico, Pillsbury, Nestle	FMCG & others	P&G, Unilever, Patanjali, Dabur
		Electronics & Computer	Sony, LG, Apple, Samsung
			TATA Group, Birla Group, Godrej, Virgin Group

Source: Self Developed

Beside that there is a fear of brand set back, if any product fails to meet the expectations of the customers entire brand can tumble.

Competitors’ analysis

Patanjali is eating market share of Colgate as its oral care products are doing fairly well in the market. Other MNCs are seems to be less effected by the growth of Patanjali as product overlapping is less. Patanjali’s products are overlapping with Indian companies like Dabur and Zandhu. Ayurvedic medicines and Honey produced by Patanjali are strong competitors for Dabur and Zandhu. Patanjali’s most sellable product Ghee is giving a tough competition to Amul Ghee (an Indian cooperative society’s product). Indian FMCG companies are first time facing competition from another domestic company. Patanjali has shown a promising 150 percent growth rate in its revenue in FY 2016. This is more than the growth rate of any competitor working in India. Below is the Table IV showing the revenue of the key players working in India.

Table IV The following table summarizes revenue of key players

Revenue	2015	2016	2017	2018
MNCs				
HUL	30,171	32,315	36,107	40,907
Nestle India	9,806	8,636	10,621	12,109
Colgate	3,955	4,148	4,683	5,328
GSK	4,136	4,517	5,076	5,785
Consumers				
Total	48,068	49,616	56,487	64,129
% of total sales	62.2%	58.4%	58.4%	58.2%
Patanjali				
Ayurved Limited	2,050	5,000	7,071	10,000
		150%	41.4%	41.4%

Source: Axis Capital, IIFL Research, TFI Research

Future Plans

Patanjali has plenty of new products in the pipeline. Some of them are already in the market like

1. Patanjali Noodles (will compete with instant noodle players like Nestle and ITC).
2. Dant Kanti Advance (already has 3 variants of Dant Kanti toothpaste – Regular, Medicated (similar to sensitive) and Junior).
3. PowerVita (will provide competition to all health food drink companies (Mondelez, GSK Consumer) – this product is made up of ayurvedic ingredients like Brahmi, etc.).
4. Sugar Free Chyawanprash (competition to chyawanprash manufacturing companies like Dabur and Emami).
5. Powdered hair dye (the company has a separate unit, *Coloroma*, which manufactures herbal colours and dyes).
6. Divyapay (health drink comparable to tea) in dip dip format.
7. Child range (the company is also planning to launch a children’s range under Patanjali which will include products like baby oil, talcum powder, baby soap, shampoo, etc).

We will see new and innovative products line, better ERP and distribution channels in near future for Patanjali. Online sales and selling strategies would be at the target of the Patanjali Ayurvedic Limited. Therefore we expect much brighter performance of this Indian company in India.

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