

THE PATANJALI EFFECT

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ABSTRACT

The Indian ayurved market is flooded with numerous well known and recognized ayurved brands. Patanjali is one of the emerging brand name, manufacturing and supplying a huge range of ayurvedic products. It is an initiative of Baba Ramdev to provide wholesome variety of ayurvedic products to the people and generating employment for the poor sections of the society. This article relates with the competitiveness of Patanjali products with that of other companys' products (like Proctor & Gamble, Emami, GlaskoSmithKline, etc.) available in the market. Other areas of focus in this article are: the rise of Baba Ramdev's empire and its effect on Indian market; how Patanjali is a threat to domestic and global rivals.

KEYWORDS

Patanjali, Ayurvedic, Competition, FMCG.

INTRODUCTION

There are businessmen, there are entrepreneurs and then there are people who leave you thinking, “What just happened!”. It is an FMCG empire that was not even in the competition of the companies even a couple of years back. Apart from dissipating the knowledge on inner peace, Baba Ramdev also successfully runs a FMCG business. Patanjali Ayurveda makes consumer products such as soaps, oil and breakfast cereals. They are pitched as 'swadeshi' and adhering to traditions of ayurvedic products. Today, Baba Ramdev's Patanjali is sweeping away everything in its path. From local stores to online stores, Patanjali Products are everywhere. Behind all of this are scrupulous efforts of one man in creating his own brand and his expertise in what we today called content marketing. In the past few years Baba Ramdev did not focus on proclaiming his brand as the best. Instead he made people aware of the evils of the MNCs, virtue of Indian made products, the corruption of corporates, exploitations of farmers, harmful effects of fertilizers & chemicals and about everything that surrounded his products. He showed the reasons to the public and left it on their own to explore his products. Now Patanjali has a wide aggregation of the satisfied and potential consumers spread all over the country. There is no village no city left where you cannot find these products. Patanjali has emerged as one of the biggest company

following the ‘MAKE IN INDIA’ concept and leading to the development of the nation strengthening the economy as well.

BABA RAMDEV AND HIS RS.2,000 CRORE EMPIRE

The yoga guru is climbing the stairs of success by adding up extra comma’s to his bank account balance year after year. One of the surprising elements of his brand’s success is that, he hardly spends any money on advertising. Unlike other conglomerates(clusters) who spend an average of 20 percent on advertising, Baba Ramdev has an enormous group of loyal followers who swear by his products and advice. Baba Ramdev is the brand ambassador for the products, which is a big advantage. Instead of advertising, he has de-branded the products so they seem superior and which need no further marketing. Ranging from cornflakes to soaps, Ramdev and his team specialize in a wide array of consumer goods. His USP? Every product that he sells is laced with his magical and spiritual blessings. You can also find his products in *Reliance* retail stores across the country. Hence, his revenue stream benefits from minimal spending on the promotion of his products. A great entrepreneur is one who embraces the latest technology for his business and Baba Ramdev has done just that. Taking advantage of the e-commerce boom, one can also buy his products online at websites. Several e-commerce giants were apprehensive to stock Ramdev’s products initially due to the distinctive customer profile. However, they soon realized that his empire is here to stay and now several websites stock his products.

THE RISE OF RAMDEV EMPIRE AND ITS CASCADING EFFECT ON THE INDIAN MARKET

Before long, this man became a household name, a telegenic personality and a reformer for a healthy lifestyle. Today, he runs a magnanimous business of fast-moving consumer goods that is increasingly becoming popular in a cutthroat marketing arena, sending rival Fast Moving Consumer Goods (FMCG) companies trembling.

Baba Ramdev,conceived the idea of his flagship project to promote and make available yoga and ayurveda to millions across the globe. His modest plan to make ayurvedic healthcare accessible to all was celebrated by followers and non-followers alike. Consumers soon took to his wide array of safe ayurvedic products – from toothpaste to dish-washing bar and noodles to hair-care products.

Unlike those offered by other ascetics that have a spiritual resonance, Patanjali’s you-name-it-we-have-it products have a commercial value attached to them. And much like other consumer goods, Patanjali

products come with a price too. A price so moderate, it will satiate your ayurvedic hunger. The products have given consumers a sense of nostalgia and homely longing – sans artificial flavors or fragrance. The chemical-free products are seldom advertised and there is hardly any need, with older generations in almost all families vouching for them.

Today, when most self-proclaimed God, men, women and spiritual gurus are constantly doubted, and rightly so, considering the murky waters they tread, consumers are more welcoming than wary of Ramdev’s noble intention that is Patanjali. Acclaimed as the next big profit-making thing, Patanjali Ayurved Ltd has the right numbers that are sending rival companies into a tizzy. Its revenue has quashed that of its competitors’ – Procter & Gamble, Emami and GlaxoSmithKline.

Patanjali has risen like an empire and has become a phenomenon. The evolution happened step-by-step. Ramdev made for himself, a market. He carved his niche as a yoga guru, went on to become a politician, saw through his travails and introduced Patanjali to the market. When most FMCGs employed eggheads, Patanjali hired a modest and a sociable staff. Ramdev has made it clear that his brainchild, with its spectrum of products, will be bereft of classical marketing. His is an example of intelligent presentation of products, of honest claims. No wonder the everyday household has recognized a brand, fashioned by a genius who is here to stay.

If you want to learn about Brand success, just take a look at yoga guru BabaRamdev. He spends nothing on advertising and marketing but has built an FMCG empire in just three years, which is now worth a whopping Rs.2,000 crore, almost half of Harsh Mariwala's Marico, which is worth about Rs.4,000 crore.

From March 2012, when Ramdev announced his entry into the fast moving consumer goods and herbal retail markets with his 'swadeshi' line of products, the yoga guru today has emerged as one of India's more successful brands in the otherwise less penetrated rural markets too as his 150-200 dedicated outlets in 2012 have grown to almost 4,000 now, prompting Ramdev to sell the FMCG range in the open market too.

From toothbrushes to night suits to breakfast cereals, Baba Ramdev has added a spiritual touch in each item up for sale, thanks to his massive customer communities.

A report in Times of India claims that Patanjali Ayurved, the company that manufactures the products, clocked a turnover of about Rs.1,200 crore in fiscal year 2015, up from about Rs.850 crore a year earlier and Rs.450 crore in fiscal year 2012. And in the current fiscal year, Patanjali is expected to clock a turnover of Rs.2,000 crore, a 67% jump from the previous fiscal year.

Ramdev's products are 30 percent cheaper compared to products being sold by MNCs like Hindustan Lever and P&G and now even the central government may soon allow thousands of Khadi Bhandar outlets across India to start selling ayurvedic and food products manufactured by his trust.

According to reports, the Modi government is considering a proposal made by Ramdev’s company Patanjali Yogpeeth (PY), which made a presentation to Micro, Small and Medium Enterprises (MSME) minister Kalraj Mishra in November, where it highlighted KVIC’s failures and offered ways to “plug the gaps” in its functioning by providing research and development support to the Khadi and Village Industries Commission

Patanjali's success is now the talk of boardroom discussion too, so much so that not just kiranas but big retailers like Reliance Retail, Big Bazaar, Hyper City and Star Bazaar are also stocking Ramdev's FMCG products. But the real play is online. While Patanjali's products are already available at e-commerce site BigBasket, Ramdev is now aiming for Amazon too.

COMPETITION FROM PATANJALI PROMPTS OTHER FMCGs TO HIT BACK

The stiff competition has prompted most of the fast-moving consumer goods (FMCG) companies to hit back. Consider what the country's largest FMCG companies are doing:

PREPARING TO PUT UP A FIGHT

- **HUL**
Company "resurrects" herbal brand, Ayush, launching it online. Plans to increase "natural" offerings
- **Emami**
Firm open to acquisitions for strengthening the company's position in the herbal space
- **Godrej Consumer**
Launches neem mosquito coil, a creme hair colour that has coconut oil, new variants in naturals soaps
- **Colgate**
Firm aggressively advertising its active salt neem toothpaste, as its volume was hit after Patanjali's Dant Kanti
- **Dabur**
Firm launching ayurvedic products. Pushing Dabur Honey and Chyawanprash aggressively

- **Himalaya**

Recently launched its range of wellness products which aim to provide therapeutic solutions to consumer

FUTURE GROUP-PATANJALI TIE-UP TO SEE MUTUAL GAIN

Future Group stocks made strong gains after the announcement that it would market Ramdev-promoted Patanjali Ayurveda's range of products through its network of about 570 stores across 245 cities and towns in India. While FutureRetail was up four per cent, Future Consumer Enterprise gained 18 per cent (and hit its all-time high) over the past two trading sessions. While the entire range of Patanjali products will be sold initially through Big Bazaar (part of Future Retail), the distribution arrangement will be extended later to other chains of the group, which include KB's, Aadhaar and Nilgiris, which are all part of the Future Consumer Enterprise. The Future Group outlets will sell Patanjali's food products (supplements, dairy products, and juices), fast-moving consumer goods/home care (cosmetics, detergents, powder, liquids and ayurvedic products) and products for blood pressure, joint pain, among others. To enable the distribution, the Future Group will set up an office in Haridwar, where Patanjali's food-processing units are. Currently, Patanjali distributes its products through its 200,000 outlets and about 10,000 ayurvedic consulting centers.

Future Group expects the tie-up to generate revenue of Rs.1,000 crore over the next 20 months, an analyst at a domestic brokerage says the target is difficult to achieve as the two partners are starting from scratch. "Given its existing distribution, it is possible to more than double Patanjali's existing revenues to Rs.5,000 crore, but reaching the Rs.1,000-crore mark just through the alliance is an ambitious target." Analysts say the key strength for Patanjali products is the visibility, due to Ramdev and the strong brand. The key issue has always been the distribution network, being rectified. Currently, Patanjali earns an EBITDA (earnings before interest, taxes, depreciation, and amortization) margin of about 20 per cent compared with Future Retail's 10 per cent. The company has not spelt out the finer details on this front, but expects to earn a healthy margin from the sale of Patanjali products.

Future Group might not achieve the target; the deal is a positive for the group given Patanjali's strong brand pull. In May this year, the group had announced a tie-up with Bharti Retail, wherein its retail operations were to be merged into the latter., Future Retail's debt would come down and its return ratios would improve. Further, tie-ups such as the one entered into with Patanjali will improve its range of offerings as well as revenues.

CONCLUSION

After knowing about various facts and figures of Patanjali we can conclude that it is emerging as India’s one of the largest FMCG company. It is also playing a vital role in promoting the concept of “MAKE IN INDIA” by manufacturing ample varieties of goods in India only using the natural elements, giving them a title of ayurvedic products. The main reason behind the success of Patanjali is its unadulterated product range, which has caught the fancy of a wide range of consumers, making it a huge company. Although success doesn’t depend only on one factor and so does its success. The other factors leading to rise of Baba Ramdev’s empire are low price products, faith of customers in Ramdev and his brand name, unique advertising techniques(even when huge amount is not invested on advertising) etc. One day it may emerge as the biggest FMCG Company on International level as well, sweeping away all the big FMCG giants out of its way.

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