

A study on Maggi ban and simultaneous launch of Patanjali Atta noodles

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Abstract

This research is done to study the impact of Nestle Maggi ban on the consumers and on the newly launched noodles by Patanjali as an entrant in instant food market in India. This research paper focuses on analysing the growth of Patanjali Atta noodles and to study the perception of consumers for these noodles after the massive Maggi ban in 2015. This paper also takes into consideration 'Make in India' campaign in food processing industry which explains the launch of swadeshi noodles in India. Primary data has been collected and survey method is used to interpret the results of this study.

Key Words: Maggi ban, Patanjali Atta noodles, Make in India

Introduction

Instant snack market is on rise in India. Noodles is one of the most popular snack which is relished mostly by children, youngsters and middle-aged people in India. Instant noodles concept was brought in India by foreign FMCG company 'Nestle' with brand name "MAGGI". Several other noodle brands came and are still operational in market but none of the brands could match the success and fame bagged by Nestle Maggi. With the recent Maggi ban case in India in the year 2015, trust of many people have shaken but still loyal consumers of Maggi have not abandoned its consumption altogether. By the research we found that consumers openheartedly welcomed Maggi after its comeback. Drawbacks of the Maggi ban was that the consumers looked for alternative noodles which includes Patanjali Atta noodles, ITC Yippi noodles, etc to satisfy their taste buds and craving for these instant noodles.

Patanjali atta noodles is a newly launched product of swadeshi FMCG company "Patanjali", which is endorsed and founded by Baba Ramdev. He entered noodles market in the light of "Make in India" campaign started by Prime Minister of India, Mr. Narendra Modi and manufactured instant noodles in India claiming them to be more healthy, safe and economical than other noodle brands including

Maggi. Patanjali atta noodles entered Indian market when Maggi was back on shelves in November 2015 after the ban.

Following research is conducted to know consumer perception towards swadeshi 'Patanjali atta noodles' and its growth in Indian market in competition with market giant 'Nestle Maggi'. 'Make in India' campaign is initiated in order to facilitate business from around the world including local manufacturing. Hence, Patanjali Atta Noodles is a very good example to qualify for 'Make in India' campaign in food processing industry.

Key words: Maggi ban, Quarterly loss, Instant noodles, Patanjali, Make in India

Why was Maggi banned in India and its consequences?

Nestle Maggi faced heat in India in June, 2015 when it got banned in several parts of the country. Food safety regulators from Uttar Pradesh tested few samples of Maggi and found excessive amount of lead and MSG (Monosodium Glutamate) beyond the permissible limit. FSSAI (Food Safety and Standards Authority of India) immediately acted upon the complaint filed by food safety regulators of U.P and ordered testing of Maggi samples all over India. On testing, maximum states found excessive amounts of lead in Maggi samples except states like Goa, Kerala & Punjab where no faulty samples were found.

Permissible amount of lead in food is .01 ppm but Maggi samples contained 17 parts per million lead which is a very huge quantity. Hence, due to health and safety reasons, Maggi was banned in India as lead and MSG are harmful chemicals which causes inflammation of liver, damage of brain not immediately but with lapse of time and other serious health issues especially in children.

As a consequence, Nestle Maggi suffered a quarterly loss of Rs.64.40 crore for the first time in the history of Nestle India for the quarter ended June 2015. Contribution of Nestle Maggi in the revenue of Nestle India accounts to 20% approximately due to which company suffered badly because of the ban.

Film stars like Amitabh Bachchan, Madhuri Dixit and Preity Zinta were sent summons because at some point of time they endorsed Maggi as a brand. Thus, FIR was lodged against them for false marketing. Nestle Maggi improved its production and made a comeback in November, 2015 after successfully clearing all the test samples.

Key Words: Lead, MSG, FSSAI, Maggi Ban

Consumer reactions on Maggi Ban

News of Maggi ban spread like a wildfire all over the country. Many online social media platforms like Facebook, Twitter, Instagram, etc were flooded with mixed reactions of public at large from all areas of the country. Big retail chains like Big bazaar, etc cleared their shelves immediately.

Some consumers were heartbroken to know about the harmful content found in their favourite noodles Nestle Maggi and swore not to consume it ever. Then there were others who mocked this ban and compared it with pesticides in soft drink and believed that this lead in Maggi will be soon forgotten like the pesticides in soft drinks were forgotten. Reactions of students and the like were astonishing as they stockpiled the Maggi packets from their nearest stores when they heard of the ban irrespective of its harmful implications. Many switched to other brands available in market as they have developed taste and habit of eating noodles.

Maggi has always been a saviour of hostellers and people away from home due to ease of cooking and negligent cooking time. Thus, Maggiban experienced mixed reactions from all classes of people in the country.

Key Words: stockpiled, mixed reactions, heartbroken, switched

Launch of 'Patanjali Atta Noodles'

'Patanjali' is the Indian FMCG (Fast Moving Consumer Goods) company promoted by international fame yoga guru 'Baba Ramdev'. Owing to the growing popularity and demand of noodles in India, Baba Ramdev launched completely Indian version of noodles 'Patanjali Atta noodles' in competition with foreign company's brand Maggi. These noodles were launched in November 2015 soon after the comeback of Maggi after ban.

Baba Ramdev emphasizes on use of 'swadeshi' products instead of 'videshi' company products. Patanjali claims their noodles to be Lead and MSG free and are made with wheat unlike Nestle Atta Maggi which is mostly made up of refined flour (Maida). Thus, Patanjali is promoting its noodles to be a healthy snack in direct competition with Nestle Maggi. Also they are economically priced than Nestle Atta Maggi.

Key Words: swadeshi, economical, healthy

Growth of Patanjali Atta noodles since launch

Soon after the Maggi was back on shelves after five months of ban in 2015, Patanjali launched its noodles within a week. But Maggi was still not available in two tier cities after its comeback and it could be seen only in big cities for some time and that too at very limited stores with limited stock.

This is where Patanjali atta noodles entered market and started selling its newly launched noodles through its own retail stores and some other retail chains like Big Bazaar, etc.

Nestle Maggi developed taste buds of people for noodles and hence when Maggi was out of stores, people looked for alternative noodles. It has been 4 months since the launch of Patanjali noodles and the results and reviews of people who have tasted these noodles are satisfactory. Thus Patanjali now plans to set up six new manufacturing units apart from existing Haridwar, Uttarakhand plant in the light of 'Make in India' campaign.

Key Words: satisfactory, new plant

Take of consumers on Patanjali Atta noodles

Patanjali Atta noodles were launched in the month of November in 2015 and since then many people have already tried these swadeshi noodles and have liked it. While trying Patanjali noodles comparison with Nestle Maggi was natural and evident and consumers somewhere searched for their old taste of Maggi which was intact on their tongues. But people are well aware and mature enough to not risk their health for taste when a healthy alternative is available in market and this is why Patanjali Atta noodles is openly liked by people at large in India. People are very happy with the fact that these noodles are completely made of wheat and not with refined flour (Maida) and are lead and MSG free. Also if you talk economically then Patanjali Atta noodles beat Nestle Atta Maggi fairly because Patanjali is priced at Indian Rupees 15 for 70 gram pack whereas Nestle Atta Maggi is priced at Indian Rupees 25 for 80 gram pack. Thus price is another factor which goes in favour of Patanjali noodles to flourish speedily. Thus overall review for Patanjali Atta noodles is positive and welcoming.

Key Words: healthy, happy, wheat, price

Make In India Campaign

It is an initiative which is launched by honourable Prime Minister Narendra Modi in India on September 25, 2014. This program seeks to attract business from all around the world to invest and manufacture in India and at the same time encourage domestic companies to enhance skills and increase production within country. This campaign has currently identified 25 sectors and food processing industry is among them. Thus Patanjali Ayurveda is head on working on this campaign and that's why dared to stand in front of foreign noodles giant Nestle Maggi by manufacturing noodles in the country and is all set for expansion in 2016 to give tough competition to foreign company Nestle. Maggi noodles are also domestically manufactured by a foreign company in India from decades but it needs to plan expansion in India to take advantage of this campaign.

To sum up, Make In India says-

"You Make"

"You Earn"

"You Grow"

And Ultimately,

"We Grow India as a whole"

Literature Review

Year 2015 shook the Maggi noodles consumers of India as well as the company which owns these noodles, Nestle India. Binoo Gupta (2015) conducted secondary data based research on the rise and fall of Maggi noodles in India. Her research is of the period when Maggi had not made a comeback in stores. Thus she closely studied the reactions and happenings during the ban phase and did indepth research about harmful effects of consuming Maggi noodles. In her research she concluded that consumers felt cheated when they came to know that their dearest Maggi noodles are not safe to consume and all these years, company had been deceiving them. She clearly stated that Maggi was emotionally connected with lot of consumers and this revelation had left them shocked. During her research, she studied several reviews and interviews of consumers and concluded that majority of consumers will not take back Maggi happily in their routine like before and as a result Nestle will have to work hard to establish itself again in the minds of consumers. In current research, study of latest reviews and perceptions of consumers is done and they are somehow positive which clearly denies the conclusion given by Binoo Gupta. Nestle is recovering very fast in Indian market after the ban. Yes, people felt cheated but as soon as Maggi hit the shelves again in November 2015 after the ban, Indian consumers welcomed the new Maggi happily and soon forgot the ban phase.

Research of Binoo Gupta was published in 'The International Journal of Business & Management' which can be found on <http://www.theijbm.com>

Objectives

- To study growth of Patanjali noodles in comparison with Nestle Maggi noodles in the light of 'Make in India' campaign.
- To study cosumer perception regarding Patanjali atta noodles and Maggi noodles after five months of Maggi ban.

Research Methodology

Descriptive research has been conducted and the data used is both primary and secondary in nature. Some of the data was searched on website of newspapers and news channels. Several news channels on televisions and several blogs on internet conducted debate on this issue and thus responses of the consumers proved helpful in completing this research.

Data type	Primary Data
Sampling Unit	Students and middle-aged people
Sampling Type	Simple Random Sampling
Sample Size	100
Research Tool	survey
Type of Research	Descriptive Research
Data Collection Method	Questionnaire
Area	Delhi, Moradabad and other parts of India

Findings

Following are the findings of the research conducted on 100 random people of India:

- When asked about preference of noodles, 76% voted for Nestle Maggi and 14% sided with Patanjali Atta noodles while rest 10% prefer other brands available in market.
- 'Quality and Taste' is the major deciding factor in choosing noodles brand as believed by 61% respondents while 9% gives importance to 'Health and Nutrition' and 'price' matters to only 1% respondents while choosing noodles brand. But 29% respondents weigh 'All of these' factors equally while selecting noodles brand.
- When news rolled over that Nestle Maggi is not safe to consume, 59% respondents immediately stopped consuming it while 33% respondents still continued to eat and stockpiled Nestle Maggi wherever available.
- 77% respondents missed Maggi when it was banned in India and hence looked for alternatives while 23% respondents did not bother.
- 82% respondents gave Nestle Maggi another chance and tried it after its comeback which shows the popularity and love of Nestle Maggi as a brand in consumer's mind.

- Only 60% respondents are satisfied with changed taste of Maggi while 22% are not happy with the different taste which is not a good figure for Nestle.
- 54% people feel that Nestle Maggi will regain its lost market with aggressive and concept advertising while 15% are of the opinion that Maggi days are gone.
- 35% respondents have already tried Patanjali Atta noodles which is a satisfactory figure because it has been in market for just 4 months now. But still Patanjali has a long way to go because 65% respondents have still not tried these swadeshi noodles.
- Effectiveness of advertisement of Patanjali Atta noodles is not satisfactory because only 24% bought it after seeing ad and 46% purchased randomly and through references. Thus, marketing and promotion is weak.
- 35% respondents feel that Patanjali Atta noodles are a healthier option than other available noodles while 20% believe that they are not healthy.
- 24% respondents say that Maggi tastes better than Patanjali noodles while 13% sided with Patanjali and 12% think that both noodles have almost similar taste.
- Distribution channel of Patanjali Atta noodles is not appropriate as only 26% are satisfied with its availability while 23% are not satisfied with the availability because these noodles are available only at authorized Patanjali stores and few big retail chains.
- 34% respondents say that Patanjali can be made better while 14% believe them to be perfect.
- 24% people don't like Patanjali noodles because of its taste as they use Indian spices while 9% dislike because of its packaging.
- When we asked people to choose between Maggi and Patanjali, 78% respondents voted for Maggi while only 22% opted for Patanjali noodles which clearly states that popularity of Maggi is still on peak.

Conclusion

Nestle Maggi suffered greatly because of the ban and incurred quarterly losses for the first time in last 17 years. In spite of many allegations and ban, Maggi made a comeback and people whole-heartedly accepted it which is evident from this survey conducted on 100 people randomly. But situation is not completely rosy after this ban. Several consumers have shifted to other brands due to health and safety reasons. This Maggi incident paved way for Indian FMCG Company Patanjali Ayurveda to enter noodles market and position themselves in the mind of customers when they were heartbroken by Maggi gyp.

Satisfactory number of people have tried Patanjali noodles as yet and are liking it because Patanjali Atta noodles are made up of wheat and do not contain harmful additives. From our research we came to know that people are not paying heed to price and are ready to pay any amount if the product is tasty and healthy. But if you compare Patanjali with Maggi on health and price factors then Patanjali

bags the prize as it is very economically priced and very healthy in comparison with Nestle Maggi. Within 4 months, Patanjali has collected lot of accolades and is expected to grow in Indian market more speedily in the coming time.

Suggestions / Recommendations

- Patanjali Atta noodles is on the right track to flourish in Indian market but distribution channel is very weak. Currently, Patanjali is selling its noodles through its own authorized stores and few retail chains only. Thus, stock should be distributed to small shops and stores also so that it is easily reachable for public at large.
- Patanjali should focus on its branding and image by involving some celebrity to endorse it as a brand.
- On a personal note, Patanjali noodles tastes heavily of masalas which spoils the flavour and fun of noodles as agreed by many people when interviewed personally. People automatically compare its taste with Maggi and thus get bit disappointed. So Patanjali should try and make a change in this respect to give head on competition to Nestle Maggi.
- Nestle Maggi is slogging hard to mend its tarnished image by different mediums of advertising which is giving the message that Maggi is safe to consume and thus it should continue doing so

Limitations

- With small sample size, adequate results are not possible. In this study, sample size is very small to give concluding results.
- Due to lack of time, sample size is kept small due to which results cannot be concluded efficiently.
- Only survey method is used to interpret results because of lack of knowledge in applying statistical tools.
- There was lack of data for Patanjali Atta noodles since it is newly launched. Hence, interpretation is done after studying limited data.

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