A Research Report

On

PATANJALI

Submitted in partial fulfillment of the requirements of

Contemporary Concern Study (CCS)

Under the able guidance of
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Objective of the study: Rise of Patanjali: To analyze the strategy followed by Patanjali, it's feasibility if followed by other business houses and impact on global FMCG companies

Executive summary:

Patanjali, founded in 2007 by Baba Ramdev and his aide Swami Acharya Balakrishan has grown into a 5000 crore company in 2015. It has disrupted the entire FMCG market with its unconventional growth story. The credit goes to Baba Ramdev who has very meticulously decided the timeline for each action and delivered unprecedented success. Patanjali's vision is to provide herbal/ayurvedic/natural solutions to all the problems and in this pursuit it is also elevating the livelihoods of local farmers. It has leveraged the emotional route by bringing in the 'Swadeshi' angle to market its products. The drivers for Patanjali purchase are lower price points which induces sampling and when they find no noticeable difference with the pricey brands, they tend to stick to Patanjali. The key differentiators for Patanjali are its herbal or ayurvedic offerings and the free consultation it provides to the customers at Arogya Kendras/ Chikitsalayas through its certified Ayurvedic doctors. Besides it has also increased its distribution channels through franchise stores, retail chains and kirana stores. However the supply is not proportional to demand and a lot of customers are not able to find the desired products. To solve this, they have invested in food parks and have outsourced manufacturing to other SMEs while conducting stringent checks to ensure consistent quality.

The strategy followed by Patanjali is unconventional in that they have not made any significant investment in marketing and promotion and have relied on word of mouth publicity. Baba Ramdev has done minimal promotion by endorsing the brand in his yoga sessions televised on national channels. The FMCG giants cannot rely on such a strategy because they cannot sell the products at such low prices or provide free doctor consultations and other activities on a continuous basis. Thus it is not feasible for other companies to follow this model.

The FMCG industry has a lot of big players with dominant market leaders in each category. Patanjali is in direct rivalry with most of them and with time has been able to take away market share from the best-selling brands. In retaliation, the market leaders are bringing out newer herbal products at lower price points or putting into action other strategies. However Patanjali has the advantage of being the forerunner and have gained sufficient traction that it will be difficult to displace them. The entrance of Patanjali has not just marked its increased share of the pie but it has also managed to increase the size of the pie itself.

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Introduction

The Company:

Patanjali Ayurved was formed in January, 2006 as a private limited company by yoga guru Ramdev and his partner Sri Acharya Balkrishnaji. In June, 2007, it was converted to a Public Ltd. Company. It is registered under the Companies Act, 1956 and has its registered office in Bijwasan, New Delhi and three other offices in Haridwar. The company was started with the vision of uplifting the life of Indian farmers by locally sourcing the raw materials from them and making their lives better while at the same time provide an opportunity to the Indian masses to move towards healthy lifestyle by promoting Ayurveda and herbal products. Baba Ramdev started off as a yoga trainer who featured in televised programs in Aastha and Sanskaar channels and made Indians realize that they have forgotten Indian tradition and art forms- one of them being yoga. He got wide acceptance and word of mouth publicity helped him reach to a wider audience. He projected Yoga as a panacea to all the health problems. In its first year of operations, 2008, Patanjali generated a revenue of over 60 crores.[1] Almost 10 years later, the homegrown venture has grown to be a 5000 crore company and is posing a threat to the well-established companies in the FMCG domain.[2]

Patanjali range of products

Patanjali has a wide range of products with the theme of Ayurvedic/herbal being common across all categories. It has four business divisions: food and beverages, cosmetics and health, health drinks and home care. The highest revenue grossing products are Patanjali cow ghee, Dant Kanti, Kesh kanti, Patanjali Atta noodles and Patanjali Aloe Vera juice and gel.

The customer base of Patanjali is very huge and with each passing day, it is growing bigger. A major ramp-up came when Patanjali was relaunched by Baba Ramdev in 2014. After that it has not looked back. The company is finding it difficult to cater to the demand of all the customers. It has increased its distribution channels and expanded its reach multifold from the point when it started. Production has also increased and it has now over 450 products in its portfolio.[1]

Organization structure:

The Board of Directors is formed of three founding people. Swami Acharya Balkrishnaji is serving as the Managing Director of the company. Two other members Swami Muktanandji and Sri Ajay Kumar Arya are also holding positions as the Directors of the company. Swami Ramdev do not hold any position or stake in the company but does act as the Ambassador for the entire Patanjali

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[1] http://www.patanjaliayurved.org/about.html

[2] http://www.indiatvnews.com/business/india-ramdev-led-patanjali-registers-over-rs-5-000-crore-turnover-in-2015-16-325922

brand. The operations department is headed by Ramdev's brother Ram Bharat. Everyone else from the finance, logistics and other teams report to him He is the informal CEO but designations are not very formalized within Patanjali.[3] Patanjali has over 200,000 employees in total. They hire street-smart people and do not look for MBA graduates only. This helps them to keep costs down while also delivering unprecedented growth.

Patanjali growth story:

In terms of revenues and net profit, the company had nearly grown 10 times in a span of 5 years.

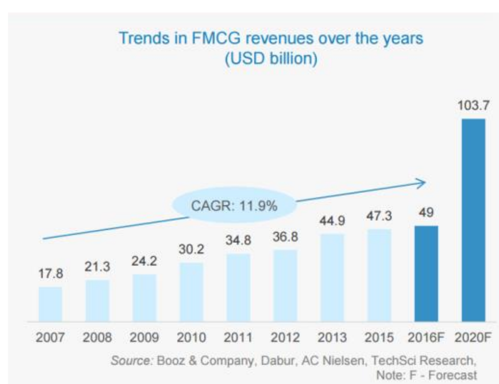
Year	Revenue(in crore rupees)	Net profit(in crore rupees)
2011-12	453.38	55.89
2012-13	848.56	91.33
2013-14	1191.14	185.67
2014-15	2028.03	316.60
2015-16	4819.61	450

Table 1Revenue and profit data from 2011-2016[4]

Industry Analysis

The FMCG market in India is worth $49 billion USD as of January, 2016 and is expected to grow to $103.7 billion USD by 2020.[5] It is the India's fourth largest industry. The growing awareness, rising disposable income of the masses and easier access are the key drivers of demand growth. There is also an increased demand for premium products because of the growing youth population. Besides the penetration into rural areas is increasing and thus newer geographies are made into playgrounds for the myriad FMCG companies. The FMCG industry has three main segments: Food and beverages (18%), Health care (32%) and Household and personal care (50%).

The FMCG sector has witnessed a CAGR of 11.9% between 2007 and 2016. The urban sector account for 65% of the revenues, while the semi-urban and rural make up the rest 35%.[6] The current trends in FMCG are product innovation (e.g. Honitus: non-drowsy), product customization/mass customization, premiumization, backward integration, outsourcing, increasing rural



[3] http://economictimes.indiatimes.com/industry/cons-products/fmcg/ram-bharat-meet-baba-ramdevs-low-profile-younger-brother-who-handles-patanjalis-day-to-day-operations/articleshow/52137413.cms

[4] Source: Care rating rationale, May 2015 and September 2014

[5] http://www.india-opportunities.es/archivos/publicaciones/FMCG-January-2016.pdf

[6] http://www.india-opportunities.es/archivos/publicaciones/FMCG-January-2016.pdf

penetration, outsourcing, expanding distribution networks, smaller sized SKUs, increasing private label penetration and reducing carbon footprint.

After literature review, we performed the Porter's Five Forces analysis to determine the attractiveness of the industry, the details of which are as follows:

Bargaining power of Buyers (dealers, whole sellers)/ customers: HIGH

The switching cost is very low in case of FMCG products. FMCG market is extremely competitive and hence every company fights to get the largest shelf space at the most strategic locations to have greater visibility. On the contrary, the products are low involvement products and are not highly differentiated. Thus they ask for higher margins to stock the products. For the customer, he/she has a wide array of choices. The Indian customer is price-sensitive as well. So unless he/she sees value in the products or are given discounts it would be difficult to persuade him/her to purchase. In such a setup, the dealer/ whole seller/ distributor/customer has higher bargaining power.

Bargaining power of Sellers: LOW

They have typically low bargaining power, Big FMCG companies have more power in deciding the pricing structure when they source from local farmers or fragmented commodity supplier groups. The FMCG companies are also moving towards backward integration with farmers so as to capture a larger part of the value chain. They provide the expertise to these farmers and in return are able to source raw materials at cheaper prices. Finally the big FMCG companies are also signing MOUs with local government to source items at fair prices from the farmers.

Threat of substitutes: HIGH

There are a lot of brands and hence an equal number of offerings from each brand. The product differentiation is not superb and thus commoditization is not uncommon. Thus threat of substitutes is quite high since there is a huge number of products in the same category. Besides the switching cost is nil. The only concern is the availability of products in particular channels.

Threat of new entrants: MEDIUM

Barriers to entry is quite high since it requires significant capital investment in setting up distribution networks and brand promotion.[7] The existing distribution channels are already being used by the current players. The economies of scale can be leveraged by

[7] http://www.india-opportunities.es/archivos/publicaciones/FMCG-January-2016.pdf

only a few with expertise. The established brands do a lot of marketing to build brand equity and thus it will be difficult to beat them in their game. Unsustainable prices cannot be offered as the newer companies do not have so much money to spare on promotion.

Competitive Rivalry: HIGH

The competitive rivalry is very high as the private label brands give heavy discounts compared to the established brands. Thus the weak players are ousted from the market. There are a huge number of players as the market is highly fragmented. More MNCs are also coming to join the competition. The established brands do a lot of branding to demand higher prices. So it is difficult to gain market share in any category.

Verdict: *Thus the overall industry is only mildly attractive for new entrants because of the huge investment and marketing costs. However Porters five forces have a weakness as it undermines the core competencies of the company which it may utilize to earn profits.*

Situation analysis

For the situation analysis, we look at the 5Cs of marketing.

Context

The entire world is disillusioned with the harmful side effects of all packaged products be it food or personal care products. Everyone wants to return to nature and live a healthier lifestyle. This provided Baba Ramdev an opportunity to give back to society. He started Patanjali Ayurved, a company that would bring the goodness of nature with each of its products, which would be natural and would make everyone healthier. He shot to fame because of the yoga lessons he gave to the masses through television channels and other workshops all across India. And people adopted Yoga, they found it useful and easy. Thus he had a huge mass following. So when he started the company, a lot of people immediately sought after his products. He branded all of the products as natural and containing the secrets of Ayurveda. Thus Patanjali, which is fully aligned with the trend of healthy lifestyle was conceived as merely an extension from healthy exercise to healthy natural products.

Customer

The huge number of followers of Ramdev's yoga constitute the main customer base of Patanjali. Besides this, people in the age group of 35 years and above, people living in urban cities who are health conscious are the customers of Patanjali products. These people are worried about the chemicals in all the modern day so called healthy packaged food and other personal care products. The lower price points of Patanjali products have promoted sampling and once they use it and like it, they continue using the product. Customer base is also expanding because of the positive word of mouth marketing by friends, colleagues and family members. People from other segments have also started using the products.

Company

Strength

Patanjali sources most of the raw materials from local farmers and thus can offer products at lower prices. All the products have some ayurvedic touch to it. This appeals to the masses. Besides there are no chemicals used for manufacture of the products. Having Baba Ramdev as the brand ambassador leads to a transfer of credibility from Ramdev to the brand itself. Thus it does not have to work hard to build trust among its customers. Finally Patanjali has a very good distribution channel. It has 1200 Patanjali Chikitsalayas, 2500 Arogya Kendras, 7000 open stores in villages and 5600 marketing vehicles[8] apart from tie-ups with hypermarkets like Big bazaar, Reliance retail, Hypercity, Star Bazaar(Tata), D-mart, Spencer retail, More(ABG retail). It has also recently tied up with Apollo pharmacy and thus had license to use its 2200[9] stores in India for distribution of its products. Baba Ramdev has strong political affiliations which he can utilize to get benefits from the government. He has already helped Patanjali secure loans at lower interest rates and is also being offered subsidized land as food parks. These are the strengths of Baba Ramdev but it is not sustainable if he deserts the company.

Weaknesses

The sourcing of the raw materials is done from local farmers and is therefore dependent on the produce of these farmers. Thus the supply is not steady and therefore they are not able to cater to the demand of the customers. It does not have any definite strategy on scaling and thus might leave a trail of unsatisfied customers behind since it would not be able to cater to their demand. Secondly, the positioning is done to attract people above age group of 35 years of age and it does not appeal to younger generations. This can seriously impact growth of the company after a certain point if it cannot reposition its appeal towards the younger generations. Thirdly, the packaging is not good or up to the standard of the current big players. This might impact adoption of the products. They have been trying to manufacture products in a lot of categories but only a select few have been successful. They should try to build those into bigger brands rather than investing their resources in a lot of products so as to gain market share. They are not focused as of now. Despite having a wide distribution network, Patanjali does not sell their products through kirana stores as extensively as other FMCG giants. This is crucial as one of the insights regarding consumers' purchase of FMCG products is that they purchase them

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[8] http://economictimes.indiatimes.com/magazines/brand-equity/could-distribution-be-patanjalis-achilles-heel/articleshow/52306425.cms
[9] http://www.business-standard.com/article/companies/apollo-pharmacy-to-sell-patanjali-products-116043000332_1.html

almost 90% of the time through kirana stores. Besides since they price their products very low, therefore they are not able to give higher margins to sellers which might lead to strained relations.

Threats

The differentiation that Patanjali has created is in terms of ayurvedic knowledge and use of herbal and natural ingredients in the products. Secondly, Patanjali products are generally available at lower price points compared to other branded products. However, the competitors can easily make their foray into the herbal space and they can spend big bucks on marketing their products as well. Besides they have stronger distribution channels. Secondly the bigger companies can always create newer brands to start a price war with Patanjali (e.g. Colgate created Cibaca Vedshakti and is selling at lower price than Patanjali)[10]. This might drain Patanjali's resources in the long run compared to the bigger companies who can burn more cash. Another strong point of Patanjali is the backward integration with local farmers to source their products. However other FMCG companies are also doing that to some extent. If they begin to extend their backward integration, then it might create sourcing problems for Patanjali.

Opportunities

The targeting can be changed to appeal to younger generations as it is yet to capture that segment. For this they need to build a good brand which they can do by working on advertising and packaging that appeals to broader segments. They are trying to acquire more food parks in India so as to solve the problem of sourcing. This will create stability in the availability of products and they can cater to the increased demand. They can scale up even more through franchise model or tie-ups with more supermarkets/hypermarket chains. Finally, it can price its products a bit higher, especially the best-selling ones as people have become loyal and are willing to pay a premium. This benefit can be passed on to the sellers in the form of higher margins which would lead to better sales.

Collaborators

Patanjali Ayurved does not have the capacity to produce everything they sell as it is difficult to source such huge quantities of different items. So they outsource the manufacturing to other manufacturers and then pack them using the Patanjali tag. This is done across most of the items starting from biscuits to rice and other personal care products. So they outsource and have a lot of dealings with manufacturers.

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[10] http://economictimes.indiatimes.com/industry/cons-products/fmcg/colgate-to-battle-patanjalis-dant-kanti-with-herbal-toothpaste-vedshakti/articleshow/53482249.cms

Other than that, for the distribution, they have their own Arogya Kendras and Chikitsalayas but those are not enough. So they have many franchises all over India to widen their reach. Apart from that, Patanjali has also signed up with a lot of big retail chains like Future group's Big Bazaar, Reliance among others. This makes it available even to the upscale people who go for shopping at these chains contrary to the lower middle class people who generally go to Kirana stores. It has also made its products available in about 2 lakh kirana stores all over India.

Competitors

Patanjali had made a string of enemies amongst the FMCG giants. With its aggressive stance, it is giving each of its competitors a tough time. Some of the notable mentions are Colgate, Dabur and HUL. Colgate had lost around 5% of market share to Patanjali since it launched its Dant Kanti. Dabur also lost a significant market share in Chawanprash and honey. The bigger FMCG companies like HUL, P&G, ITC, etc. are not affected to a great extent but Patanjali has competing products in a lot of health and personal care, beauty products and food and beverage products. It would not be long before they recognize Patanjali as a threat and take counter measures. A few companies have already taken steps. Colgate has launched a new herbal toothpaste at a lower price point than Patanjali. HUL is creating a new arm to produce herbal products and include them in their product portfolio. They have also acquired 'Ayush'[11] recently to increase their expertise in ayurvedic offerings.

VRIN Analysis

Patanjali has grown into a big company now with a lot of resources and capabilities. To understand if they are a source of sustainable competitive advantage, we also performed the VRIN analysis on all these resources. Each of the capabilities developed is discussed below:

Production plant

Patanjali has its main production plant or rather the headquarters in Haridwar. It has world class state-of-the-art facility where all the products are manufactured. This is valuable because most of the products are produced here. The value comes not from just producing but from producing natural and herbal products. In a sense, it is rare as well, as the scale of production of ayurvedic or herbal products is unprecedented. However, this is neither costly nor inimitable. But it is non-substitutable since the production cannot

[11] http://articles.economictimes.indiatimes.com/2015-09-12/news/66465713_1_lever-ayush-e-commerce-premium-brand

take place at such a scale without the plant. Thus it is a source of competitive advantage for Patanjali.

Application of technology and know-how of Ayurveda

The raw materials for all Patanjali products are derived from Ayurveda and are naturally available. The herbs, and the knowledge about the medicinal benefits and how to mix these herbs to arrive at the magic product is something Patanjali has expertise in. This makes the resource valuable and rare. The competitors like Dabur and other brands which do produce herbal products do not do so at such scale. It is inimitable and non-substitutable as there are no other solution to this. You have to know the formulation to be able to produce them. Patanjali is privy to all the secrets of Ayurveda and thus have a competitive advantage over other brands.

Brand image

Patanjali is piggybacking on the image of Ramdev Baba. Baba Ramdev is the brand ambassador of Patanjali and has projected it as a healthy, natural and organic solution to all the problems. He shot to fame through yoga which was simple and easily adopted. This gave him credibility. He used this credibility to relaunch Patanjali and have associated better health with Patanjali. He is the reason why Patanjali could grow so quickly and is so popular today. Thus the brand image created is valuable as it is giving sleepless nights to other FMCG brands who have been in India for the past 50 years or more. It is not rare to have a good brand image but the brand ambassador of such charisma is rare. It is non-imitable for the same reason that the brand's image is directly linked to Baba Ramdev. Finally it is substitutable as there are other ways of building brand image and credibility.

Affiliations with government and community

Baba Ramdev has strong connections with the ruling party and the tone of the brand is Swadeshi, which is fully aligned with the tone of the national political party. Hence the brand enjoys a strong reputation and bond with authority. This resource is very valuable but not rare as other companies also influence the political parties. However it is non-substitutable as Patanjali got access to land for food-park because of these relations with governments. However, if the ruling party changes, it might be difficult to obtain these benefits. Hence it is a temporary advantage.

Arogya Kendras and chikitsalayas

These are the distinguishing factors for Patanjali. While all FMCG brands have good packaging and good marketing, Patanjali has its own ways to build credibility. It has provided certified ayurvedic doctors which has helped increase the trust of the Patanjali brand. They have led to positive word of mouth publicity and are thus valuable, rare and non-substitutable. It is not possible for other FMCG giants to go for this strategy as they cannot hire ayurvedic doctors to recommend their cosmetics and other products, neither is it possible to hire doctors with MBBS degrees as it would be a costly value proposition. Thus it is inimitable as well.

STP Analysis

Segmentation

From the product line up of Patanjali Ayurved, it can be safely assumed that it does not segment the customer base as such, making the whole population its potential customer. As per Ramdev's vision of bringing welfare and manufacturing good and unadulterated natural Ayurveda products easily available to the common masses, this stance of not segmenting the market as such seems aligned. However on analysis, a broad segmentation can be observed.

Geographic Segmentation (North India & South India)

It is observed that Patanjali products are a huge hit in the North Indian market but not that much in South India. One reason might be that Ramdev being from the Hindi belt and Aastha channel airing in Hindi language, its prominence is not that much down in south. The same reason holds true for its packaging, which uses either English or Hindi. To be noted that Patanjali owes its huge success to Ramdev's active image association with it.

Behavioral Segmentation (based on lifestyle and types of products consumed or used)

The consumers can be segmented based on their lifestyle & health preference and by the type of product they use. The main users of Patanjali products are the people who are health conscious and want to use pure unadulterated natural Ayurveda products.

Demographic segmentation (based on age)

A clear segmentation can be done based on age. The young generation, i.e. typically children to young adult below the age of 35 years is a clear segment, while the rest of the population aged more than 35 years are the other segment. This segmentation based on age makes sense since young adults & children enjoy life and often is not serious about health or life, which makes them not a user of these products. On the other hand, once people turn a little old with the onset of middle age, they start thinking about health & the future. These are the people who generally make the purchase of Patanjali products.

Psychographic Segmentation

Based on the psychology and mindset of the people, this segmentation is taken into account. There is huge overlap between the people who attend Ramdev's Yoga camps or follow him on Aastha. They perceive him as an ascetic and hence his products too shall be good which makes them purchase these Ayurveda products of Patanjali. Also to be noted is that Ramdev wanted to create a Swadeshi sentiment among the customers and thus pitched against FMCGs who are mainly MNCs or use raw materials/ procedure of foreign origin.

Targeting

Currently Patanjali is competing in all FMCG categories catering to the whole population, which is otherwise called Total Market Coverage Targeting Strategy. They have diversified into almost all categories like oral care, hair care, skin care, groceries, health drinks & supplementary, packaged food etc. Also since they have no differential products within the same product portfolio, this substantiates the fact that they are not targeting any particular segment, rather serving the whole population with their offering. To reach to the maximum number of potential customers, it has to target specifically though. The house wives and the elderly of the house are the influencers and decision makers in the purchase process of Ayurveda products. By just producing packages with South Indian languages, the south market can be targeted.

At present Patanjali is contending in all FMCG categories obliging the entire populace, which is generally called Total Market Coverage Targeting Strategy. They have expanded into all categories like oral care, hair care, healthy skin, basic needs, health drinks and packaged beverages and so on. Additionally since they have no differential items inside the same item portfolio, this substantiates the fact that they are not focusing on a specific section, rather serving the entire populace with their advertising. To reach to the greatest number of potential customers, it needs to be more specific in its targeting though. The housewives and the elderly of the house are the influencers and chiefs in the buy procedure of Ayurveda items. By simply producing packaging with South Indian dialects, the market in the south can be focused on.

Positioning

The positioning statement of Patanjali is derived to come to the following:

"For the mass Indian consumers, Patanjali Ayurveda offers the complete range of unadulterated natural/herbal/ organic products which are a healthier alternative to the other FMCG products at a significantly lower price." [12]

Ramdev wants to associate Patanjali holistically with Arogyam eco-system, which means disease-free long life. This is actually tying up of yoga, pranayama and Ayurveda to create such a possibility, something which Ramdev banks on.

He also links the idea of indigenous (Swadeshi) to the company's products and does cause marketing for the company by saying that they are helping the farmers to earn more. He projects Patanjali as a not-for-profit company and that it is there to serve the masses. He mentions that they do not keep margins on most of the products and hence the mouth-watering prices.

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[12] *http://www.patanjaliayurved.org/about.html*

4-P Analysis

Product

Starting at 2007 with a humble range of products, Patanjali had quickly diversified into a vast range of offerings: around 800 products[13] including 250 medicinal products, 45 cosmetic products and 30 food products.[14] Broadly, the product category of Patanjali can be classified as follows: Ayurveda Medicinal products, Organic natural juices, Groceries, Oral/ dental care, Hair care, Skin care.

It is interesting to analyze how Patanjali has rolled out its product portfolio and where it is heading towards in the near future. It started its products with chawanprash, honey, organic natural juice and Ayurveda medicinal products, which directly resonates with what Ayurveda stands for. But slowly it started to copy the product portfolio of everything that a typical FMCG company should have. With the launch of toothpaste, shampoo, beauty products, noodles etc., it surely is expanding to become one of the FMCG power houses with a differential offering of Ayurvedic range by the sheer number of products in each of the categories.

Product Strategy & Development

Unlike most of the typical FMCG company practices, Patanjali has never been into any formal market research to find out what product should they come up with or what market they should enter. Rather they believe in the strategy of making the products first and then taking it to the market. Many a times, there has been instances where they entered into a new product category which some other company has been doing it for years. Low price, purity and innovation are the three main drivers of the product development strategy of Patanjali. A good example of this can be of the Patanjali Amla Candy. Before it was launched, there were numerous amla products in the market, hence the market can be said to be existing. But this particular amla product in the form of candy was unheard of before, which is a truly innovative move from the company. As for the low price and purity aspects, this product qualifies them too. The amla farmers were facing loss at a point of time since the market was very small, though amla has many health benefits. Ramdev took a risk and started promoting the health benefits of amla leveraging his huge following. This promotion was shortly followed by the product launch of amla juice and amla candy, which was a hit product in the market. Another example where Patanjali delivered in the lines of purity can be the Desi Ghee. There has been always an inherent concern among the consumers about the availability of pure ghee. This need of the customers did not require an extensive market research to develop a product based on this line since Patanjali always worked form the base of the pyramid

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[13] Mail Today Bureau.2012. Ramdev's ayurvedic products to foray into open market. Business Today. March 2

[14] Sinha,Shishir. 2015. We plan to open Patanjali outlets at railway stations, airports: Ramdev. Thehindubusinessline.21 May

and had a connect with the consumers and hence came up with this product which became their best-selling product and accounted for a 37% of their sales in 2015 which amounted to Rs 442 crore of sales revenue. Hence, it is clear that Patanjali is using Product Development strategy i.e. developing new products (here in this case, making Ayurveda variants of products) in an existing market. Their yoga sessions & camps is an existing service in an existing market, but since it is vital for Patanjali, they will be looking for Market Penetration by this. By targeting the youth, they want to enter into a new market with their existing products & service. This strategy can be a part of their Market Development plan. Finally, they are Diversifying by bringing in new products in new market like cosmetics, health drinks etc.

Product Life Cycle

Patanjali has now a huge product portfolio under its brand. But scrutinizing deeply, not all products were launched at the same time. Rather, they started with few products and since then has been constantly innovating to come up regularly with new products. Also, in comparison with other FMCGs, Patanjali is a fairly young company dating back to 2007. Hence all of its products will be either in introductory or in the growth phase and has still a long way to go before it reaches maturity.

Introductory Stage

Ayurveda means life-knowledge, which was a system of medicine practiced in India since ages. Ramdev was the one who materialized and commoditized that knowledge and broke the barrier of using Ayurveda not only in medicine but in consumable products too. With this vision, Patanjali was started in 2007. Few products which are in the introductory stage are fertilizers and floor cleaners. Clearly, the innovators and early adopters are those who are followers of Ramdev and middle age to old people who are health conscious and believes in the Ayurveda.

Growth Stage

The meteoric rise of Patanjali started from 2012. From 2012 to 2015, it posted CAGR of 64.7% of revenue growth and sales worth Rs. 2000 crore. Patanjali is already past the gap between early adopter & early majority. Many of its best-selling products like ghee and Dant Kanti have reached the growth stage.

Adoption & Diffusion

Adoption is when an individual makes the full use of an innovation as the best option available. In the case of Patanjali, this adoption is done by the innovators and early adopters who are the earnest followers of Ramdev, follows his yoga sessions regularly, either in-person or over media, middle to old age and believes in the purity & health benefits of Ayurveda products.

On the other hand, diffusion is when the innovation is communicated through channels to mass members of the social system over time and is accepted. In the case of Patanjali, this is done by a strong and positive word of mouth communication from the early users to the early majority. Other media channels also play a significant role in this process.

Innovation Strategy

A product or service can be innovative, but whether it will be successfully adopted by the consumers depends on the degree of product change and the degree of behavioral change that the innovation brings. From market visits and interviews, it has been found out that Patanjali products are low in the degree of product change and also low in the degree of behavioral change should the consumers start using it. This makes the products of Patanjali an Easy Sell. For example, let us take Dant Kanti, which is an Ayurveda tooth paste. By keeping it in paste form like the existing Colgate and not powder form, it is ensuring that there is minimal behavioral change. Also by adding a few key Ayurveda ingredients, they are making a minimal change in the product. This innovation strategy contributes to the easy adoption and hence easy sell of these products.

Positive review of products

The products are quite effective and good results are noticed after consumption or usage. At least to the common man's perception, the products are of high purity. The prices of all the products are significantly less that even some people who does not believe in Ayurveda or is turned off by the poor packaging, actually makes the purchase.

Negative review of products

The packaging is of extremely bad quality. Even the colors used and the imagery as well as the packaging material is of low standard. (*Though according to in depth consumer interaction, this is perceived as a symbol of honesty, purity and hard work unlike the MNCs who roll out any product with an attractive packaging*)

The package size of most of the products is limited. Hence customers do not have the option to purchase according to his/ her usage requirements. Also the supply of the products is irregular at times which often causes stock outs or unavailability of the products or size.

Price

A significant amount sometimes as high as 20-30% of the sales goes to marketing, packaging & advertisements in the case of typical MNC FMCG. But in the case of Patanjali, these costs are low since they do not market or advertise their products as their competitors nor they spend on fancy packaging. Also, they either directly source the raw materials from the farmers or grow them in their farms. This helps them significantly to keep the costs low. Moreover, their manufacturing plants are nearby the sourcing locations. Patanjali does not spend on extensive market research like other FMCG companies. Also they don't have neither hire high paying officials in their company. As claimed by Ramdev, he does not even take anything home, while most of the promotions are carried out by him. This is one of the main reasons why Patanjali can offer products at such a low price. A table comparing the prices of Patanjali with other products across different categories is shown in appendix.

The lesser price for each product in each category has created a ***Cost Advantage*** for Patanjali. Middle class people find it good reason to switch to these products. Even it urges the first time users to purchase it and give it a try.

Place

The main manufacturing unit is in Haridwar, where all the production & manufacturing takes place. From there on, the products are rolled out in two formats: offline and online.

Offline

Patanjali Chikitsalaya, Arogya Kendra and Retail Stores

These are channels and outlets which are handled directly by Patanjali, from distribution to procurement. The Patanjali Chikitsalaya offers free Ayurveda doctor consultation over & above stocking the Patanjali products, irrespective of whether the customer makes the final purchase or not. The Patanjali Arogya Kendra is similar to Chikitsalaya, the only difference being that the presence of a doctor is not compulsory here. The exclusive retail stores are minimal & simplistic, stocking only Patanjali Ayurveda products and thus giving the customers an easy & large offering to choose from.

Big Bazaar

As a part of tie up with Future group, Patanjali products are made available in Big Bazaar retail outlets. The distribution is handled by Future group in this case. But even in here, the Patanjali products generally have a separate shelf or row of their own hence breaking away the clutter from the 'me too' products of FMCG companies where there is almost no differentiation.

Yoga Camps

Ramdev actively organizes yoga camps across India round the calendar, which lasts for at least 1 week every place where it is organized. These 1-week period also provides an opportunity to promote extensively and sell these Patanjali products.

Post Office

Patanjali products are made available in various post offices all over the country. This is an extremely break through strategy, something which is less explored and almost not done by the other FMCG companies. Since post office is generally frequented by the pensioners and old people, it serves at a place where they can make the purchase while standing on queues.

Online

Patanjali Online Stores

Patanjali maintains 2 websites from where their products can be purchased online. They even have an App in Google Play. Offering this online option was a good move from the company side since it gives high convenience to the customers, who are mostly shifting towards online shopping. Also, these websites serve as a one stop place where a customer or potential buyer can view the entire range of products that Patanjali has to offer, which sometimes is not possible in an offline brick & mortar store. By this, he can choose & select which product to buy & makes the purchase from the offline store in the case he does not buy online.

Third party online platforms

Patanjali products are also available in various e-commerce platforms like Amazon, Flipkart, Snapdeal and Big Basket to name a few. This is a good strategy since it is a platform which is frequented by millennials who want convenience and choice of purchase. It also acts as a promotional tool since Patanjali products can come up in the deals or ads section of these sites, hence attracting the attention of the customers who might end up buying.

Promotion

From the very beginning, the promotion strategy of Patanjali had two main objectives. One was definitely to highlight the health benefits of using Ayurveda products & to evoke the Swadeshi sentiment into the Indian consumer's mind. The other objective was to make aware of the customers about the sinister way of the profit making by the FMCG giants which are typically MNCs: that they not only fool the customers giving stale, adulterated products but at the same time charging high price at the cost of exploiting our farmers. All these promotions were carried out via various channels and modes, some of which are as follows.

Direct marketing

Ramdev with his popular yoga guru image and organizing Yoga camps across India round the calendar contributes to the direct marketing of the Patanjali products where they are promoted and advertised along with the main events.

Word of Mouth

Most of the promotion is carried out indirectly by the followers of Ramdev and the early adopters of Patanjali products who have found these products to be good. While communicating with their family, friends, relatives, neighbors and colleagues, they indirectly promote brand Patanjali by sharing their positive experience with the products. Publicity through word of mouth form users is something that tells that that the brand sells itself with minimal promotion.

Media

Aastha channel is the TV media where Patanjali is heavily promoted. It mainly started as a means to spread health awareness & yoga sessions to the masses. But with the advent of Patanjali, this channel along with the yoga sessions were leveraged to promote Patanjali products & the health benefits of consuming or using it. This move was aligned since they were promoting health products in a health related lifestyle show. Apart from this, Patanjali ads are sometimes observed in few other channels and print media. . Recently, a new campaign on radio has been launched by Baba Ramdev (Patanjali apnaiye, desh ko aarthik aazadi dilaiye)[15], which hovers around the idea of providing financial independence to the nation by the use of indigenous products.

Celebrity endorsement

Patanjali rarely did any celebrity endorsement since the popular face of Ramdev was sufficient to carry on the promotion. His image as a yoga guru totally aligned with the Ayurveda product offering of Patanjali. Celebrity endorsement is something which was not previously in Patanjali's promotion. However lately, wrestler Sushil Kumar has been seen endorsing the Ghee brand of Patanjali. But this is also to be kept in mind that this was not in a very large scale promotion, nor the sports celebrity was a top shot. We are yet to see a top shot celebrity endorsing brand Patanjali.

Branding

Ramdev is the face and the man behind the whole brand of Patanjali Ayurveda. The story started even before the idea of Patanjali was conceptualized. Ramdev started as a yoga guru offering a healthy life style choice and quickly escalated to fame by TV and live yoga sessions, which had a huge reach and created a big impact on the Indian people. One of his erstwhile disciple & friend, Acharya Balakrishna who also happens to be an Ayurveda expert, used this opportunity to launch a range of Ayurveda & herbal products under brand Patanjali. Combining these products with the

[15] http://www.livemint.com/Consumer/iPrCc09EqmwIYSA4qEAlLN/Baba-Ramdevs-Patanjali-Ayurved-splurges-on-radio-ad-with-sw.html

yoga of Ramdev was a good move as they were complementary to each other and helped each other as a sort of unwritten co-branding. Patanjali products started to get promoted by Ramdev via the TV channel (Aastha) and also in his yoga sessions. This association of Patanjali with the popular and mass accepted yoga guru Ramdev has been a strong and favorable one. Hence salience or awareness of the brand is high, significantly more in North India and parts of Western India than other regions, the reason behind can be due to usage of Hindi as its prime language of communication and promotion. The brand recall is also quite high. The imagery that Patanjali carries is quite a positive one, which is seen as a pure, good quality indigenous product and a healthier alternative than other FMCG products typically found in market. In terms of performance, by our market research and interviews, the customers are satisfied with it. Most of the consumers feel that Patanjali is a brand that can be trusted and hence advices each other to use these products. Since it is lifestyle choice of choosing the healthier alternative among the existing brands, there is a resonance among the consumers which results in strong brand loyalty. It is observed that once a consumer starts using a particular Patanjali product, he or she starts using other products too of the same brand since all are aligned with Ayurveda.

From its inception, Patanjali has been following ‘Branded House’ strategy that is keeping everything under one umbrella brand, unlike most of the other FMCG companies like HUL, P&G etc. which uses ‘House of Brands’ strategy i.e. there is a standalone brand for each product line offering. This gives Patanjali a significant advantage in building a unified brand for itself, its current range of products and new products which are going to be launched since it can leverage on the already established brand of Patanjali.

Impact on Global FMCG companies in the Indian Market

The Indian FMCG market is a fiercely competitive one with products of the same category across brands has almost no differentiation per se and priced almost the same, making all of them a ‘me too’ product. All the players in the FMCG market hence keeps tab on its competitors. Any change in price points or a new product launch is quickly copied and tackled by the rest of the players giving very little space to play in this market. In such a market, Patanjali came with a whole new offering of pure, natural, herbal & indigenous Ayurvedic products with medicinal values and health benefits that also at a price point lower than these FMCG brands. Not only they had a differentiating factor, they got a significant cost advantage. This disrupted the whole market as Patanjali flooded the market with their products. The impact was huge on the other FMCG brands, particularly in those categories where Patanjali was exceptionally strong. Colgate was hit in the tooth paste category as Dant Kanti ate up its market share which is up to 4-5%. In the wake of Patanjali Dant Kanti's success, both volume growth and share of the company fell down in FY16. [16]

Dabur was also affected by the impact since they also played along the herbal range. As a counter move to Patanjali's rise, Dabur too wants to revamp its offerings in the women's healthcare range. Dashmularishta and Ashokaristha, which are both traditional Ayurvedic post-natal health tonic and menstrual pain relief tonic respectively is introduced by them. They want to enter the baby care and health segment too soon after this.[17]

HUL also is taking counter measures to prevent Patanjali eating up its share. It is focusing on e-commerce hoping that digitalization will take over the Ayurvedic market too, and when that happens, they become the key player by having the early mover advantage.[18] In 2015, it relaunched its Ayurveda brand Ayush as a premium brand, thus avoiding price wars with Patanjali Ayurvedic products. Recently, it also acquired Indulekha which was Mason group's flagship brand and positioned differently as 'naturals' and 'therapeutic'.[19]

Feasibility - Can other FMCG houses follow the footsteps of Patanjali?

Patanjali has become a strong player in the FMCG sector and even though it offers Ayurvedic and herbal products only, it is directly competing with the mainstream FMCG players like Colgate, HUL, P&G and Dabur. Understanding the impact created by the presence of Patanjali, HUL, P&G and ITC have started equipping their arsenal by adding herbal ranges to their product line mainly through acquisition discussed in other part of our study. Let us now see whether this move by these companies is feasible or not.

Firstly, it is to be observed that Ayurveda or herbal products was not new to Indian market. It existed before Patanjali came into scene. But those products were either premium & expensive or totally local & unbranded. In the premium & expensive scenario, those brands were restricted to a very small market & customer base which was not sustainable in the long run and also was out of reach of common mass. In the case of local & unbranded, it suffered from quality & image issues and was also not manufactured in mass. What was common in both the cases was that neither of them could cater to the huge number of customers and give them the benefits of Ayurveda. Patanjali came into the market and addressed exactly this issue by filling the gap and bringing Ayurveda to the common household at an affordable, rather cheap price. In this regard,

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[16] http://www.moneycontrol.com/news/buzzing-stocks/credit-suisse-downgrades-colgatepatanjalis-toothpaste-rise_4950661.html

[17] http://brandequity.economictimes.indiatimes.com/news/business-of-brands/fmcgs-fight-club-dabur-to-take-on-baba-ramdevs-patanjali/50432707

[18] http://www.moneycontrol.com/news/cnbc-tv18-comments/agm-report-hul-to-takepatanjali-through-ayurveda_6960621.html

[19] http://timesofindia.indiatimes.com/business/india-business/Dabur-plans-to-counter-Patanjali/articleshow/50431387.cms

it can be said that they identified the gap in the existing market and entered, which obviously gave them the first mover strategy. Now however much the FMCG houses try to enter the market of Ayurveda and herbal products, chances are that they will get a tough time dealing with the market which is swelling with Patanjali products day by day.

Secondly, the Ramdev factor is very strong which the heart of brand Patanjali and a key ingredient to its success. This works in multiple ways. Ramdev is himself a popular face and has a huge base of followers, who not only are the early adopters of Patanjali products but also acts as spokesperson for the brand to their family, extended family, friends, neighbors and colleagues which serves as a word-of-mouth promotion which has higher credibility since the users themselves are promoting them out of their good experience. It also cuts down cost to do other types of promotion form the company side. Speaking of other FMCG houses, they don't have Ramdev type of figure nor can they generate or engage such a huge follower base of Ayurveda. Celebrity endorsement, which is typical of these companies, won't really create that much impact or help in this category.

Thirdly, Patanjali's funds come from Patanjali Yogpeeth Trust and other sources like yoga camps but there are no share holder bodies to which the company owes back. Hence the strategy of Patanjali right from the beginning till date has been to increase market share rather than to make huge profits. As a result, they could easily manage with keeping their margins significantly low, keep the product packaging simple hence cutting cost and keeping promotion cost to a minimal level. The manufacturing plants are also located directly near their sourcing locations, which is both strategic and cheap. Equipped with all these advantages, they flooded the market with their huge product offering and snatched away a significant market share in the process. Coming to the case of the FMCG companies, they have shareholders and investors to whom they have to pay back at the end of the day and hence have to keep create value for them by generating higher revenues. This makes them focus on the bottom line and hence the strategy followed by them is typically profit making than increasing market share. Now if they start a product line on the herbal Ayurveda range, that will be not sustainable in the long run since to take on the market leader Patanjali, they have to keep their costs low, something which they cannot afford nor in line with their current business strategy.

Lastly, Patanjali has its own stores and retail outlets in the form of Patanjali Arogya Kendra, Patanjali Chikitsalaya and exclusive franchise stores. The Chikitsalaya provides free Ayurveda Doctor consultation on top of being a retail store to whoever visits the store, irrespective of them finally making the purchase or not. Even the Arogya Kendra provides doctor consultation, though it is not compulsory. By such a move from the company, they are not only selling a product, they are selling a service too which increases the overall customer experience with the brand. The exclusive franchise store, with its minimal & simple layout stocked with only Patanjali products helps the customers make a choice and breaks away from the otherwise cluttered shelves of FMCG products where differentiation becomes an issue and all brands are almost the same. Even in hyper markets and other outlets, Patanjali products generally are stocked in a separate shelf or different row. On the other hand, typical FMCG companies do not have the expertise to start clinics giving free doctor consultation nor it will be directly aligned to their business.

Issues & Recommendations

Issue 1: Stock-out[20]

With almost 600 products scattered in multiple FMCG categories, the product portfolio of Patanjali is large and has become inconsistent, which is causing confusion among customers and also shifting away from its core value proposition. For example, the noodles or biscuit category falls neither under the Ayurveda bracket nor it is an Indian food or recipe, both of which were core to Patanjali. Also just by flooding the market initially with the sheer volume of their numerous products, now it is posing challenge to the company to maintain demand-supply, to avoid stock-out of best-selling products & clearing the less selling products.

Recommendation - Patanjali should cut off manufacturing or marketing the products which are not aligned with their core value of providing Ayurvedic products which has health benefits. By this, they can retain and strengthen their position as the market leader in Ayurveda and herbal products. Also by this process, they will have a smaller portfolio than present, which will enable them to divert all these resources into those products. Quality will enhance significantly, packaging can be improved & steady demand-supply can be maintained as a result along with many other possibilities.

Issue 2: Fill rate and sporadic supply[21]

The supply & distribution of Patanjali is inadequate & sporadic. Many a times, there is more supply than required and at times, there is very low supply. According to one source, the fill rates of Patanjali products are in the range of 40-50 per cent. On the other hand, multinational consumer goods companies such as Nestlé and HUL have a fill rate of 85-90 per cent. The distributor margins are as low as 5% compare to 8-10% as offered by other FMCG companies. Most of Patanjali products are hence sold on MRP owing to very low margins.

Recommendation – Cutting down the existing SKU to a reasonable number will help Patanjali gain traction as they can optimize on the supply demand and give a little more margin to the distributors & retailers. In the second phase, we recommend increasing the production capacity by increasing the number of production units. As a result, they can leverage economies of scale and hence work on the adequate & timely supply as well as give a better margin to the distributors & retailers. In the light of this, it should consider setting up production plants in South India to enter more aggressively in this market. Overall, a hub-and-spoke model would be beneficial for a smooth Pan-India distribution. Also, careful selection of distributors is

[20] http://economictimes.indiatimes.com/topic/Patanjali-Ayurved-Ltd
[21] http://www.business-standard.com/article/companies/patanjali-struggles-to-meet-demand-for-products-116080801487_1.html

recommended who understand their local supply-demand well. To increase reach, it should be available in local kirana stores too.

Issue 3: Outsourcing[22]

Outsourcing & quality has always been a concern for Patanjali. Many of its products like biscuits, corn flakes etc. are outsourced to other companies, only the marketing & final product is rolled out under Patanjali brand. This has raised questions over the Ayurveda offering of those products as well as the quality. Instances have been found where insects, fungus were found in its packaged products, products are stocked with a future manufacturing date etc. All these is causing a trouble to the brand. Though Ramdev wants customers to believe that this is some sort of conspiracy by the MNCs, in the long run it won't help. [23]

Recommendation – It is observed that manufacturing of only those products are outsourced which is not a core offering of Patanjali nor align with its values like the biscuits and cornflakes. Hence Patanjali should really consider moving out from such categories. As a result, they can keep the quality of their core offerings intact which are mostly manufactured in-house. Also, since by this process they are cutting short their portfolio, they can focus more on the quality of the present products. Over top of this, they should still implement stringent quality check and assurance process. This can be done by periodic industry standard quality testing & publishing the results in public.

Issue 4: Advertising spend vs low prices[24]

With a high ambition of directly taking on the MNCs, of lately Patanjali has started spending a bomb on their advertising & promotion. Only in the first two quarters of the current fiscal year, it is estimated that Patanjali has spent around Rs 360 crore, which is around 7% of FY2015 sales revenue of Rs 5000 crore, while the operating margin was around 23%. Naturally, this will put pressure to increase the price.

Recommendation – Since the company is in its growth phase, it is natural that it will have ambitious plans ahead. We recommend that in the light of such plans, it should always think in the long term and do not suddenly increase the price of its products since most of customers are still in adoption stage and diffusion needs time. Increasing the price to bear the cost of promotions and other activities may prove fatal to the company and the customers may switch back to the commonly available FMCG goods.

Issue 5: Hindi packaging vs South India sales

Most of the package and promotion are in Hindi only, with few instances where English is used alongside Hindi. While it is understandable that Patanjali wanted to evoke a Swadeshi feeling and

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[22] http://www.indiasamvad.co.in/business/baba-ramdev-selling-local-made-products-under-stamp-of-patanjali-ayurved-14171
[23] **https://www.scoopwhoop.com/Facing-Claims-Over-Quality-Baba-Ramdev-Says-Global-MNCs-Conspiring-Against-Patanjali/**
[24] http://brandequity.economictimes.indiatimes.com/news/advertising/baba-ramdevs-patanjali-allocates-over-rs-300-crore-as-advertising-budget/50051511

also started mainly catering to North India, now that it has its presence in South India, it is creating an issue among customers. Many a times, a customer gets discouraged from purchasing a Patanjali product since he does not understand Hindi script about what is written on the pack or what is in the promotional poster. Overall, it hinders the adoption and diffusion in South India particularly.

Recommendation – We recommend that it is high time that Patanjali considered using vernacular language of respective states of South India in both their promotion and packages there. This will result in a greater connect between the brand and the customer, which is expected to result in the increase of sales of Patanjali products.

Issue 6: Unfocussed product launch

Following a strategy of increasing market share, Patanjali has flooded the market with its huge variety of products, which are launched very frequently and in very short duration between two launches. This huge array of product line often confuses the customer and also deviates the company from its original value offering of Ayurveda products. Few products sell well, while some products take a long time to clear the shelf since the customer might find a better alternative.

Recommendation – It is already recommended previously that Patanjali should cut down the product lines which are not aligned with its core offering. Apart from that, Patanjali should consider going for a trial version with samples in a small locality. If the product clicks, then only they should go for mass production scale for that product.

Issue 7: Over-reliance on Ramdev

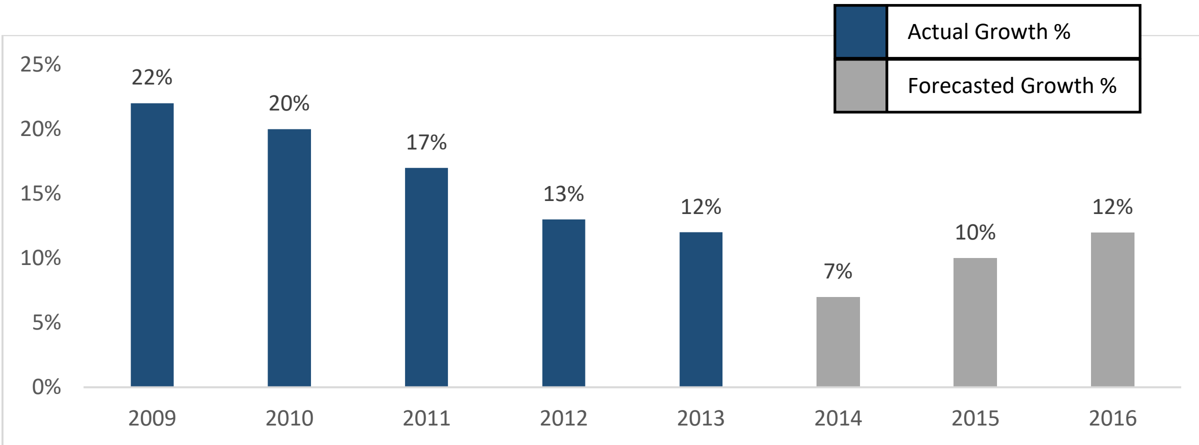
Since Ramdev is at the heart of the brand, any attack on the personality of the individual is like a direct blow to the brand itself. Time and again, Ramdev did come on the limelight for various reasons like using his influence and political tie-ups to get cheap lands and other incentives. This creates an adverse effect on the Patanjali brand itself.

Recommendation – It is true that without Ramdev, the success story of Patanjali might be different. But still with concern with the above issue, Patanjali should start linking the product quality and features and other related stuff in their promotion than depending on Ramdev alone.

Conclusion

Baba Ramdev's Patanjali has made disruptive progress in the FMCG sector. Within a span of less than 10 years, it has displaced ayurvedic market leaders like Emami and Himalaya. Patanjali has become synonymous with ayurvedic products. While the total demand is not being satisfied as of now, efforts are on to increase sourcing so as to maintain steady supply of raw materials. The fill rate is 45-50% and can only increase from now on. They have increased their margins for franchise stores as well as retail chains to around 10% and thus are getting better placement on the shelves. They are focused on serving the masses and thus cut corners in packaging and advertising. This is changing as they are spending on advertising recently. The radio campaign is the first proof of that. Ramdev Baba's charisma has pushed Patanjali to grow over 10 times in a span of less than 10 years. The FMCG giants are also taking steps to check the advancements of Patanjali. However now that it has gained traction in the market and there is overwhelming demand for its products, it will be difficult for them to win back their lost market shares.

Appendix 1: Growth rate of FMCG industry (Source: Neilsen)



Appendix 2: Sales and growth rate for personal care products in India

Product Line	Sales Value in 2015 (INR Bn)	CAGR 2010-15 (%)
Bath and Shower	201.2	12.6
Hair Care	175.5	16.5
Oral Care	105.3	13.7
Skin Care	103.7	20.4
Men's Grooming	75.4	20.5
Color Cosmetics	53.8	25.5
Deodorants	30.5	30.9
Depilatories	12.7	25.8
Total	**747.6**	**16.5**

Appendix 3: Market share of top 5 FMCG companies in India (Source: Euro monitor[25])

Company	Market Share in 2015 (%)
Unilever Group	27.9
Colgate-Palmolive Co	6.7
Proctor & Gamble	5.2
L'Oreal Groupe	4.5
Dabur India	4.2

[25] *Beauty and Personal Care in India, Euromonitor International, May 2016*

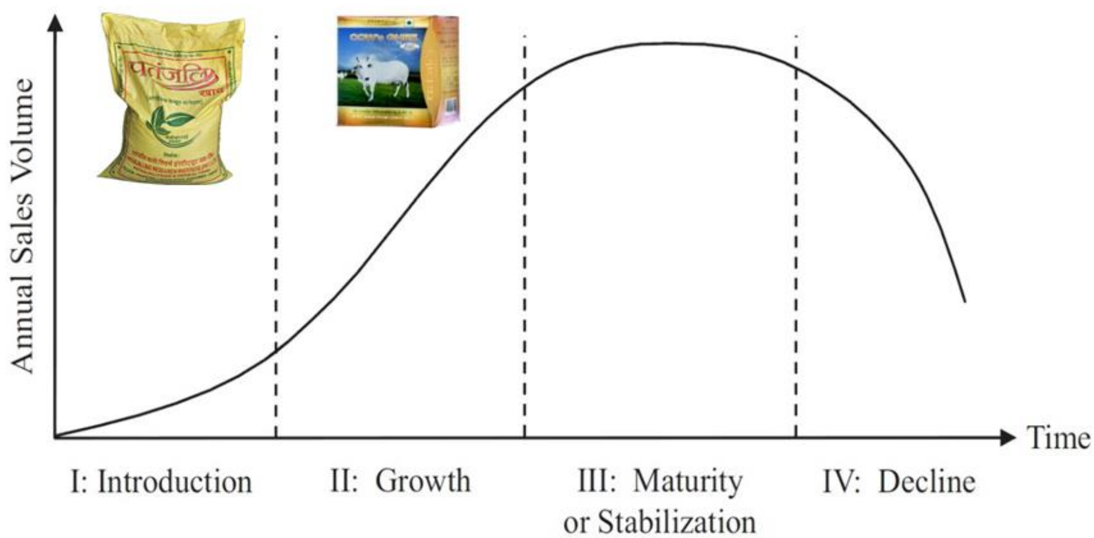
Appendix 4: Price comparison between Patanjali and competing brand/market leader

(Source: Amazon)

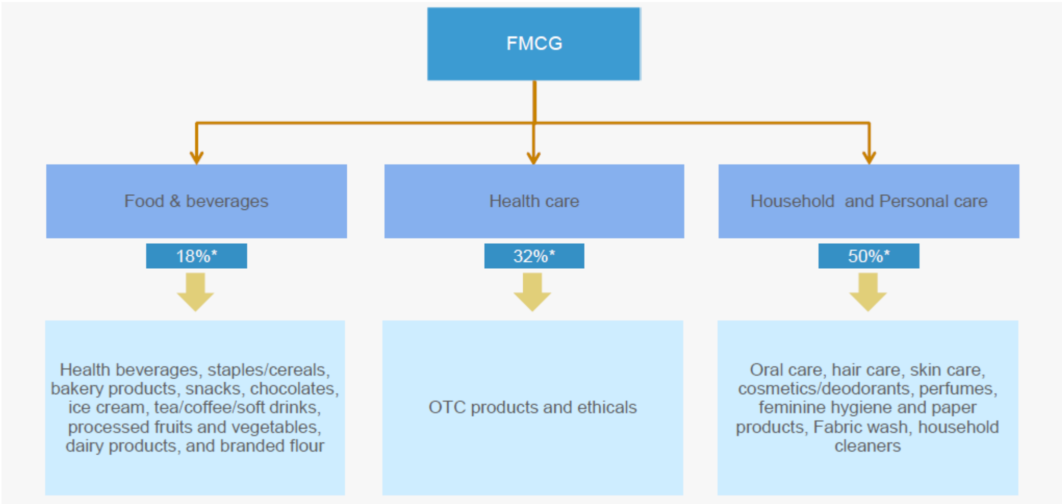
Product	Size (g)	Patanjali price in Rs.	Competing Brand	Size (g)	Price In Rs.
Toothpaste	200	75	Colgate	100	50
Aloe Vera Gel	150	75	Green Leaf	500	324
Coconut Oil	200	65	Parachute	250	72
Amla Juice	1000	100	Healthvit	500	190
Anti-Dandruff Shampoo	200	100	head and Shoulder	180	135
Herbal Mehndi	100	35	Khadi Sudha	100	60
hair cleanser shampoo	200	70	pantene	340	180
Cow Ghee	500	230	Amul	1000	395
Handwash	250	55	Dettol	215	70
Amla Hair Oil	100	40	Dabur Amla	275	111
Saundarya Face Wash	60	60	Clean and Clear	100	110
Neem Tulsi Face wash	60	45	Himalya Neem Face	200	150
Almond Hair Oil	100	50	Bajaj Almond	100	57
Mix Fruit Jam	500	70	Kissan Mix Fruit	700	145
Chyawanprash	1000	250	Dabur Chyawanprash	1000	295
Shikakai Hair Cleanser	200	95	Lotus Herbal	200	150
Agarbatti	28	30	Cycle	1	100
Garam Masala	100	65	MDH	100	72
Saundarya Swarankanti cream	15	399	L'oreal white	50	745
Moisturizer Cream	50	75	Nivea Soft	100	150
Aloe Vera Body Soap	75	13	Vivel Aloe Vaera	100	24
Detergent	1000	185	Surf Excel	1000	200
Kesh Kanti Hair Oil	120	130	Himalaya Hair Oil	200	180
Corn Flakes	500	145	Kellogs	475	164
Tomato Ketchup	500	70	Kissan	500	100
Sun Screen	50	98	Lakme Sunscreen	120	220
Atta Noodles	75	15	Maggi Atta	80	15
Honey	250	70	Dabur Honey	250	100
Patanjali Atta	10	300	Ashirwad	10	325
Patanjali Choco Biscuits	70	10	Britannia Goodday Choco	150	40

Appendix 5: Product placement in retail chains: Bottom shelves owing to low margins

Appendix 6: Product Life Cycle for Patanjali products



Appendix 7: FMCG categories



Appendix 8: Market share of a few FMCG companies in different categories

	Market leader		Others			
Hair oil	marico	29%*	Dabur	17%		
Shampoo	Hindustan Unilever Limited	47%	P&G	27%		
Oral care	Colgate	54.9%*	Hindustan Unilever Limited	30%	Dabur	13%*
Skin care	Hindustan Unilever Limited	54%	CavinKare	12%	Godrej	3%
Fruit juice	Dabur	55%	PEPSICO	30%		

Appendix 9: Ansoff matrix