SOCIAL AND PUBLIC SERVICE MARKETING: A STUDY OF SWADESHI MARKETING OF PATANJALI AYURVEDA

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ABSTRACT

Patanjali Ayurved’s entry into FMCG have threatened existing players in all categories. Patanjali had started in 1997 as a small pharmacy in Haridwar and was incorporated as a company in 2006 to produce personal care, food and beverage products through company-owned outlets. It has expanded from 200 Patanjali outlets in 2014 to 5,000 franchise-owned stores today. Patanjali signed a marketing partnership with Future group under which the retailer will offer over 300 Patanjali products at its Big Bazaar stores in around 250 cities. Patanjali hired advertising firms Micann and Mudra to ramp up its advertising campaign. Patanjali has been giving sleepless nights to executives of formidable Hindustan Unilever (HUL), ITC, Britannia, Dabur, Nestle P & G and others. The country’s landscape for Fast Moving Consumer Goods (FMCG) is rapidly changing with companies. The spiritual gurus lead company like Baba Ramdev pushing products from Patanjali Ayurved, Gurmeet Ram Rahim Singh, Dera Sacha Sauda and Sri Sri Ayurveda etc. Further, Baba Ramdev promoted Patanjali Ayurved and Art of Living fame Sri Sri Ravi Shankar backed Sri Sri Ayurveda started catching the imagination of people of the wellness of Ayurveda-based products. Now, Consumers are looking at cutting edge technology, competitive price and an ecosystem of value ads. Thus, the 132 - year old consumer goods company Dabur recasts and refreshes several brands. Sachitanand, Rahul (2016) Dabur entered into a license agreement with Central Commercial of Research in Ayurvedic Sciences (CCRAS) which will lead to commercial production of two ayurvedic drugs. Pinto, Viveat Susan (2016). According to Market Research agency Nielsen, the herbal segment in India today accounts for 41 per cent of the Rs 45,000 crore personal care market. HUL has marked its presence in hair oils and skin care, both key constituents of the herbal market with Indulekha and Citra, Pinto, Viveat Susan (2017)

Keywords: Ayurveda, FMCG, E-commerce, Advertising, Brands, Consumer Goods

Introduction

Patanjali was incorporated ten ago in 2006. It has become the 8th largest FMCG firm in the country by annual revenue. It has been overtaking many prominent names such as GlaxoSmithkline Consumer HealthCare, Colgate-Palmolive and Emami. Patanjali at present is in nearly 25 categories and its portfolio ranges from oats, jams, ketchup, cornflakes, shaving gel, body lotion, shampoos, hair conditioner, cace pack, body moisturizer, lip balm and sun screen cream. Patanjali launched beauty care products like Fairness

cream, body cleansers and even anti ageing cream. Table 01 stated the market Size of herbal products in India and Table 02 describes the Patanjali growth during 2011-12 to 2015-16. Further, E-commerce players like Amazon, Flipkart, and Big Basket all major and modern retail chains and nearly two million brick and mortar outlets now sell Patanjali products. Moreover a number of new food parks are also underway in Naggpur (Maharashtra), Greater Noida (UP), Sonitpur (Assam), and Jammu (J & K) which will help strengthen Patanjali’s grip over the market. Dutta, Arnab (2016) The herbal-natural products market has got an impetus in recent times with the emergence of Patanjali. While many FMCG companies are now relooking at their strategy like HUL plans to revive its herbal personal care brand level Ayush. Colgate has relaunched Cibaca to counter Patanjali’s Dant Kanti in the toothpaste space. Garnier has launched a new herbal-natural hair care product rate, Ultralight, while Emami bought Kesking to strengthen its hair care line of products. Dutta, Arnab (2017) The credit rating agency ICRA has upgraded A- to A+ for Patanjali Ayurveda. Dutta, Arnab (2017)

Table 01 : Market Size of Herbal Products in India

<table>
<thead>
<tr>
<th>Year</th>
<th>In Crore</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>43,584</td>
</tr>
<tr>
<td>2017</td>
<td>46,308</td>
</tr>
<tr>
<td>2018*</td>
<td>48,351</td>
</tr>
<tr>
<td>2019*</td>
<td>49,713</td>
</tr>
<tr>
<td>2020*</td>
<td>51,756</td>
</tr>
</tbody>
</table>

(*-Estimates, Source: Euro Monitor)

Table 02: The Patanjali Growth during 2011-12 to 2015-16.

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (Rs Cr.)</th>
<th>Net Profit (Rs Cr.)</th>
<th>Net Profit Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>453</td>
<td>56</td>
<td>12.36</td>
</tr>
<tr>
<td>2012-13</td>
<td>849</td>
<td>91</td>
<td>10.72</td>
</tr>
<tr>
<td>2013-14</td>
<td>1,191</td>
<td>186</td>
<td>15.62</td>
</tr>
<tr>
<td>2014-15</td>
<td>2,006</td>
<td>317</td>
<td>15.80</td>
</tr>
<tr>
<td>2015-16</td>
<td>5,000</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(Source: Registrar of Companies, Ministry of Corporate Affairs and Patanjali)

Table 03: Rice Variant purchased by Patanjali Ayurveda.

<table>
<thead>
<tr>
<th>Sl</th>
<th>State</th>
<th>Rice Variant</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MP</td>
<td>Pusa Variety</td>
<td>Middle</td>
</tr>
<tr>
<td>2</td>
<td>Telengana</td>
<td>Light weight aromatic</td>
<td>Southern</td>
</tr>
<tr>
<td>3</td>
<td>Punjab</td>
<td>Rice grown</td>
<td>North</td>
</tr>
<tr>
<td>4</td>
<td>Haryana</td>
<td>Basmati</td>
<td>North</td>
</tr>
</tbody>
</table>


Advantages of Patanjali Ayurveda

1. Patanjali has been exporting to the UK, US, Canada and Mauritius. China became the first consumers for Patanjali products. No Indian FMCG company has managed to crack that turf so far. Mitra, Sounak and Sood, Jyotika (2017)

2. The core competence of Patanjali is Ayurveda; which stretching it to anything close to Ayurveda. A toothpaste, a hair oil and may be even Atta is fine. Noodles are a bit of stretch and Jeans is a farfetched stretch. Patanjali jeans would be just another Indian brand. Irani, Delshad (2016)

3. Patanjali known for its best-selling products such as Cow’s ghee and ayurvedic toothpaste Dant Kanti has drawn up an ambitious strategy to disrupt India’s packaged rice market which is currently dominated by branches such as India Gate, Kohinoor, Best Basmati and Dawat. (Table:03)


5. Patanjali has combined 3 values which Indian consumers hold dear, the faith and belief in the power of Ayurveda, provenance and fair value. Mehta, Hemant (2016)

6. Ramdev, the televangelist-turned FMCG magnate wants 3 million shops countrywide for his Patanjali brand.

7. Patanjali has been fuelling its expansion of the herbal products market underlining the growing demand for Ayurvedic products and forcing most companies to launch variants of toothpaste i.e “Natural contains ingredients”. Malviya, Sagar (2017)
8. Patanjali Ayurveda is going digital platform to connect with the youth. Thus, the Patanjali ayurved channel on youtube which was started in July 2014 has more than 96,000 subscribers. It has also 386,709 followers in Facebook.

9. Every yoga camp held by Baba Ramdev serves as an outlet for his brands. The Patanjali group has an online presence, patanjalistores.com. While Sri Sri Ayurveda's offline stores are usually called Divine stores, this one is called Sattva stores, a name reserved for its shopping portal, sattvastore.com.

10. Patanjali has triggered a fairly high awareness for ayurvedic products. Ramdev is instrumental in this because of his large number of followers. Patanjali has focused on traditional Indian remedies, herbal and natural products and wellness.

11. Increasing health consciousness and rising awareness among people regarding the benefits of ayurveda have driven the demands for herbal products and medicines in the market. Further, companies are focusing on herbal cultivation to address such demand.

12. Patanjali Ayurveda has set up plantations of popular ayurveda inputs like Aloevera, Tulsi and Amla in the Northeast and Rajasthan. (Tyagi, Neha.)

13. To build consumer products for a country that's becoming increasingly conscious of its health and wellness and realizing the benefits of Ayurveda. (Sundarsan, Somassekhar.)

14. The aggressive marketing of Baba Ramdev's Patanjali Ayurveda has taken on its MNCs rivals with "Swadesi" tagline. The tagline says "The Way East India Company enslaved and looted us, MNCs are still doing the same by selling soap, shampoo, toothpaste, cream, powder and similar daily items at exorbitant price. (Anand, Shambhan.)

15. Patanjali has another strategy for creating an advertising narrative in local languages for Andhra Pradesh, Kerala, Tamil Nadu, Karnataka and Telengana. 

16. Patanjali is also campaigning online for a boycott of foreign products in sync with the "Go Swadesi Movement". It has also focused special digital content and advertisements are created for social platforms to encourage people to "pledge" the boycott of products of foreign companies.

17. Patanjali offers massive products range and seamless experience like online friendly advertisements for "Saundarya Cosmetics" and Shishu Care lotions and oils etc. Ohri, Raghav (2017)

Challenges of Patanjali Ayurveda

1. The global market for Ayurvedic medicines is an estimated Rs 100 billion and this is to grow to $115 billion by 2020. Europe is the largest market for traditional medicine. Unfortunately, India, where the origin of Ayurveda is traced, has a negligible global trade of such medicine; this is because Indian Ayurvedic medicine companies including Dabur, Himalaya and Emami are making traditional medicine in the form of pills, oils and creams. Bose, Kunal (2016)

2. E-Commerce major Amazon's advertising strategy of all about 25% or more discount on select Patanjali products. Thus, Patanjali will take legal action against the e-tailers selling its products at a discount. Even though, Tata's Star, Big Bazar, Food Bazar and Reliance Retail offer loyalty points on purchase of Patanjali products.

3. Further, Colgate's second indigenous product Cibaca Vedshakti comes as rival Patanjali Ayurveda's Dant Kanti toothpaste. Moreover, Patanjali has achieved through aggressive advertising, marketing and distribution. (Susan, Pinto Viveat)

4. The Unilever, Colgate and Dabur now take a serious look at ramping up their herbal portfolios.

5. India relaxed FDI norms to allow 100% investment in trading of food products made in India in 2016. Thus the Swadesi sentiment mindset distrusts the MNCs.

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