

Staggering Growth of Patanjali Ayurvedic Limited: An Analysis

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ABSTRACT

The growth of Patanjali Ayurvedic Limited (PAL) is a big menace to the established market players of FMCG products as the turnover of the company is persistently increasing. Patanjali Ayurvedic Limited (PAL) a new entrant in the FMCG market as compared to other big players but its aggressive pace of growth is not only important for its market share but it is also important to reestablish the image of ancient as well as nature and health friendly Ayurveda method of production. Patanjali Ayurvedic Limited (PAL) distracts the interest of whole market because of the staggering growth. The purpose of this research paper is to understand and analyze the tremendous growth of Patanjali Ayurvedic Limited.

Key Words: FMCG, Patanjali Ayurvedic Limited, Growth.

INTRODUCTION

Indian market is a fast growing market has gained an emerging market status in the world. It is important that Indian market has overwhelming opportunities for almost all the sectors to grow faster than most of the economies of the world. Fast Moving Consumer Goods (FMCG) is one of such sectors which is persistently growing with unprecedented profit opportunities. This positive situation attracted manufacturers towards FMCG sector. It also created stiff competition among manufacturers and the survival in the market depends upon the trust of consumers. To a manufacturer, maintain the trust of the consumer is becoming tuff as they have lot of information about the product and comparative analysis of different products and brands available in the market. 'Consumers of this millennium have become more concerned about their health and also inclined to maintain quality of life which is reflected through the preferential consumption of those products that protects the good state of their health as well as provide maximum satisfaction' (Dutta 2015). According to Neilson, the health and wellness segment is worth Rs 33000 crore. The market share of MNCs in FMCG product is very high and the entry of Patanjali Ayurvedic Limited in FMCG product with substantial growth rate is a new and encouraging phase for Indian industries as the business model of Patanjali Ayurvedic Ltd. is different from other models. It represents the Indian way of life which is near to the nature as well as eliminating harmful products from our daily life. This paper is an attempt to analyze the growth of Patanjali Ayurvedic Ltd. and its impact on other FMCG Companies.

OBJECTIVES

Following are the objectives of the study:

1. To analyze the growth of Patanjali Ayurvedic Limited.
2. To study the reasons behind success of Patanjali Ayurvedic Limited.
3. To find out impact of Patanjali products on other companies.

RESEARCH METHODOLOGY

This study is analytical in nature and it is based on secondary data. The data has been collected from various secondary sources like journals, newspapers, books and websites.

MAJOR COMPETITORS IN FMCG MARKET

FMCG sector in India has witnessed enormous change over the years due to changing stance of consumers and manufacturers. 'As competition intensifies, the interest of marketers in understanding consumers preferences has become a central issue and most challenging and interesting areas of

research'(Gupta 2016).Today Indian FMCG sector is not dependent on few players. There is lot competition among multinational companies along with domestic players. Few major competitors in this sector are Hindustan Uniliver Ltd, Dabur India, ITC, Godrej, Britannia, Cadbury, Procter and Gamble, Marico Industries, Nestle etc. Patanjali Ayurvedic Ltd (PAL) is a new players as compare to other companies and in the last seven years it witnessed an unprecedented growth, which none of its competitors has been able to match' (Raizda 2016). For its competitors, PAL has created turmoil like situation in the market and it will intensify if the growth of PAL will continue with the same pace in future. In fact, the entire market has stunned because of the staggering growth of PAL.'There is no doubt Patanjali is a disruptive force in the FMCG space and is credible threat for established players'(Sardar 2016)It turned the attention of much older players towards natural products. Now the other players are diversifying their portfolios to include Herbal or Ayurvedic products due to stiff competition from PAL.For example, Colgate launched Cibaca Vedshakti, Colgate Neem and Active Salt, Colgate Sensitive Clove, Colgate Fruity Toothpastes for kids, Dabur launched Honey based fruit spreads to expands its honey portfolio. It shows that growth of PAL is an important event in FMCG market and needs through analysis.

PATANJALI AYURVEDIC LIMITED AND ITS STRATEGIES

Patanjali Ayurvedic Ltd (PAL) is an Indian company headquartered in Haridwar, Uttarakhand . It was established in 13 January 2006 as a private limited company and converted into public limited company in 2007. PAL has achieved exceptional growth and the products of the company popularized in a very short time. The strategy of PAL is entirely different as the founder Baba Ramdeo did strain work to interact millions of people during his yoga camps and created faith in ancient Indian way of life and use of natural product for avoiding several diseases.'It has become the fastest growing Indian FMCG company till date and its growth rate has created high benchmarks for competition to emulate'(Singh and Gopal 2016).According to a recent report titled 'Patanjali – Injurious to listed FMCG Health' released by Financial Services Company IIFL capital, Patanjali is expected to clock sales worth Rs 20000 crore in 2019-20. Moreover it poses a big challenge and embroilment before other existing players. During maggi controversy, PAL launched atta noodles with tagline *jhat pat pakao, aur befikr khao* (cook quickly and eat without worry).This clearly shows that the PAL took advantage of the controversies arises regarding other products and launched new products with the strategy of introducing western food products with safety of health. Baba Ramdev is the main driving force behind the phenomenal growth and boost sales of PAL because he already engaged in yoga before establishment of this company and this create a positive impact on the minds of the people. He is playing a crucial role in popularizing Patanjali products.He not only utter the benefits of yoga in his *shivirs* but also create awareness of Patanjali products. Moreover he gives advice to people for purchasing Patanjali products. According to him, Patanjali products are good, qualitative, swadeshi and available as cheaper cost as compared to multinational company's products. Apart from this, Baba Ramdev constantly communicates the benefits of Patanjali products with brand slogan 'Blessings of Nature'. He always claims that their product is in market after lot of research, survey and developmental process on human health and ancient Ayurvedic pattern. 'Riding on the popularity of its founder Baba Ramdev, he has not only established itself as a major player but has radically impacted the development of the FMCG sector with innovative products and strategies' (Pandey and Shah 2016). The company also used the emotional card and tries to convince the consumers that instead of buying products of MNCs products buying PAL products, money will remain in the country and all profit would be used for charity.By using said strategy, the PAL is succeeded to convince the consumers especially the consumers whose life is hectic and busy. Company's strategy is helping to increase propensity of consumption regarding natural, pure, and harmless products.PAL introduced products emphasized on ayurveda and herbal mantra along with low pricing strategy. As a result, PAL achieved phenomenal growth and got success in seizure the attention

of people. Patanjali ‘The Company’s products are priced at around 15-30% discount to competition, which makes it an attractive proposition for consumers’ (Kumar 2016). Following data of growth and other aspect of PAL’s success has analysed as under:

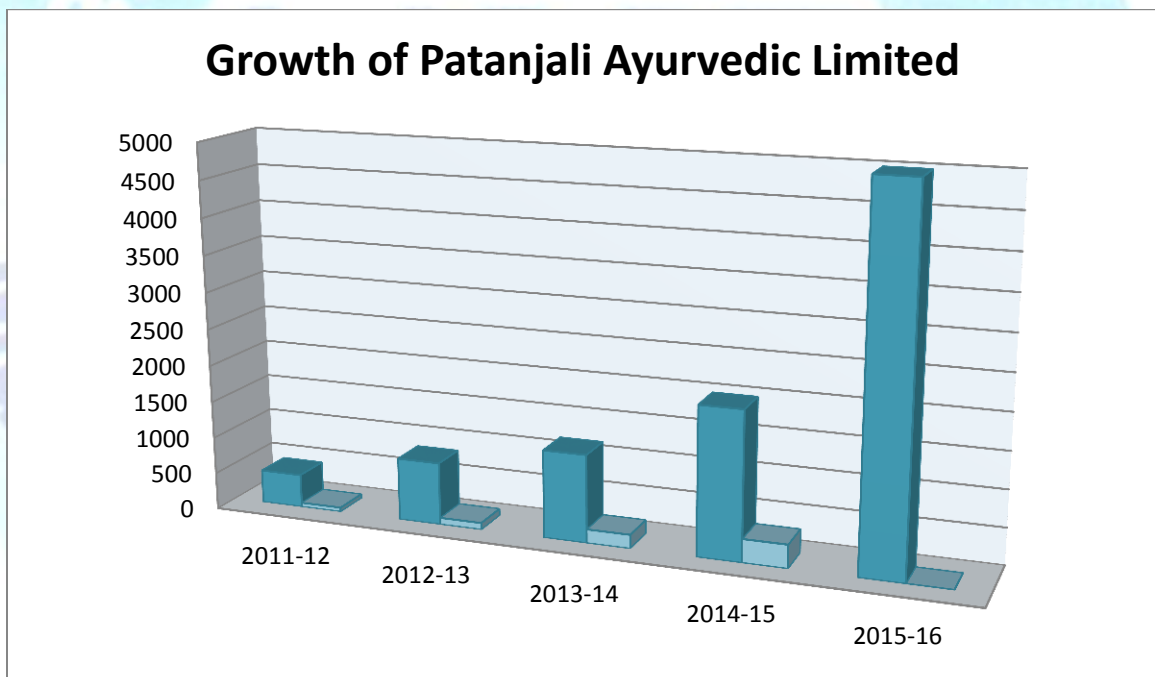
Growth pattern of PAL:

‘PAL has become the fastest growing FMCG firm in the country, with the widest product portfolio based on ayurveda’ (Jha 2016) .The Company has been growing phenomenally over past few years. The following data clearly reveals how this company is climbing ladder of success.

Growth of Patanjali Ayurvedic Limited

Years	Revenue (in cr)	Net Profit (in cr)	Net Profit Margin
2011-12	453	56	12.36%
2012-13	849	91	10.72%
2013-14	1191	186	15.62%
2014-15	2006	317	15.80%
2015-16	5000	NA	NA

Source: Registrar of Companies, Ministry of Corporate affairs and Patanjali



The above data clearly shows, over the years the growth of Patanjali Ayurvedic Limited (PAL) has continued to increase. The PAL revenues were Rs 446 crore in the year 2011-12, Rs 849 crore in the year 2012-13, Rs 1191 crore in the year 2013-14, Rs 2006 crore in the year 2014-15, Rs 5000 crore in the year 2015-16. The PAL net profit were Rs 56 crore in the year 2011-12, Rs 91 crore in the year 2012-13, Rs 186 crore in the year 2013-14, Rs 317 crore in the year 2014-15.

Comparative growth of PAL and other companies:

Now a day, PAL has become a big challenger to other big players like HUL, ITC, Nestle, Dabur, Godrej Consumer Products, Marico, Britannia Industries, Emami. The following data shows the comparative growth of PAL and other companies:

Comparative growth of PAL and other companies

Competitors	Net Profit FY 14 Rs (in crore)	Net Profit FY 15 Rs (in crore)	Changes in %
Indian Tobacco Comp.	8891.38	9663.17	8.68
Hindustan Uniliver Ltd	3946.57	4363.68	10.58
Nestle	1184.69	1064.11	-10.18
Dabur	914.64	1065.8	16.53
Godrej Consumer Products	759.73	907.12	19.40
Marico	485.38	584.88	20.50
Britannia Industries	395.35	688.64	74.18
Emami	402.47	485.61	20.66
Patanjali Ayurvedic Ltd	154.7	308.79	99.61

Source: Bloomberg, Brick work

The above data clearly shows the stupendous growth of Patanjali Ayurvedic Limited as compared to other companies. In the year 2014 net profit was 154.7 and in 2015 it was 308.79 that show 99.61% change in net profit of Patanjali Ayurvedic Limited.

Comparison of prices of some popular products of other companies with PAL products: ‘India is a price sensitive market where any new player who enters the market tries to make a dent by crashing the price’ (Rawal 2016). PAL a new entrant as compared to other established players but its products are available 10%-40% cheaper. The following table clearly shows the comparative analysis of prices of selected products:

Comparative analysis of prices of selected products

Products	Quantity	Price	Discount
Patanjali Special Chyawanprash	500 gm	Rs 115	28.1%
Dabur Chyawanprash	500 gm	Rs 160	
Patanjali Pineapple Juice	1 liter	Rs 85	14.1%
Dabur Real Juice	1 liter	Rs 99	
Patanjali Honey	500 gm	Rs 135	32.2%
Dabur Honey	500 gm	Rs 199	
Patanjali Saundarya Prashadhan Face Wash	60 gm	Rs 60	25%
Pears Face Wash	60 gm	Rs 80	
Patanjali Kesh Kanti Anti Dandruff Shampoo	200 gm	Rs 110	30.7%
Head & Shoulders Anti Dandruff Shampoo	200 gm	Rs 159	
Patanjali Kanti Neem Bathing Soap	75 gm	Rs 15	37.5%
Himalaya Neem and Turmeric Bathing Soap	75 gm	Rs 24	

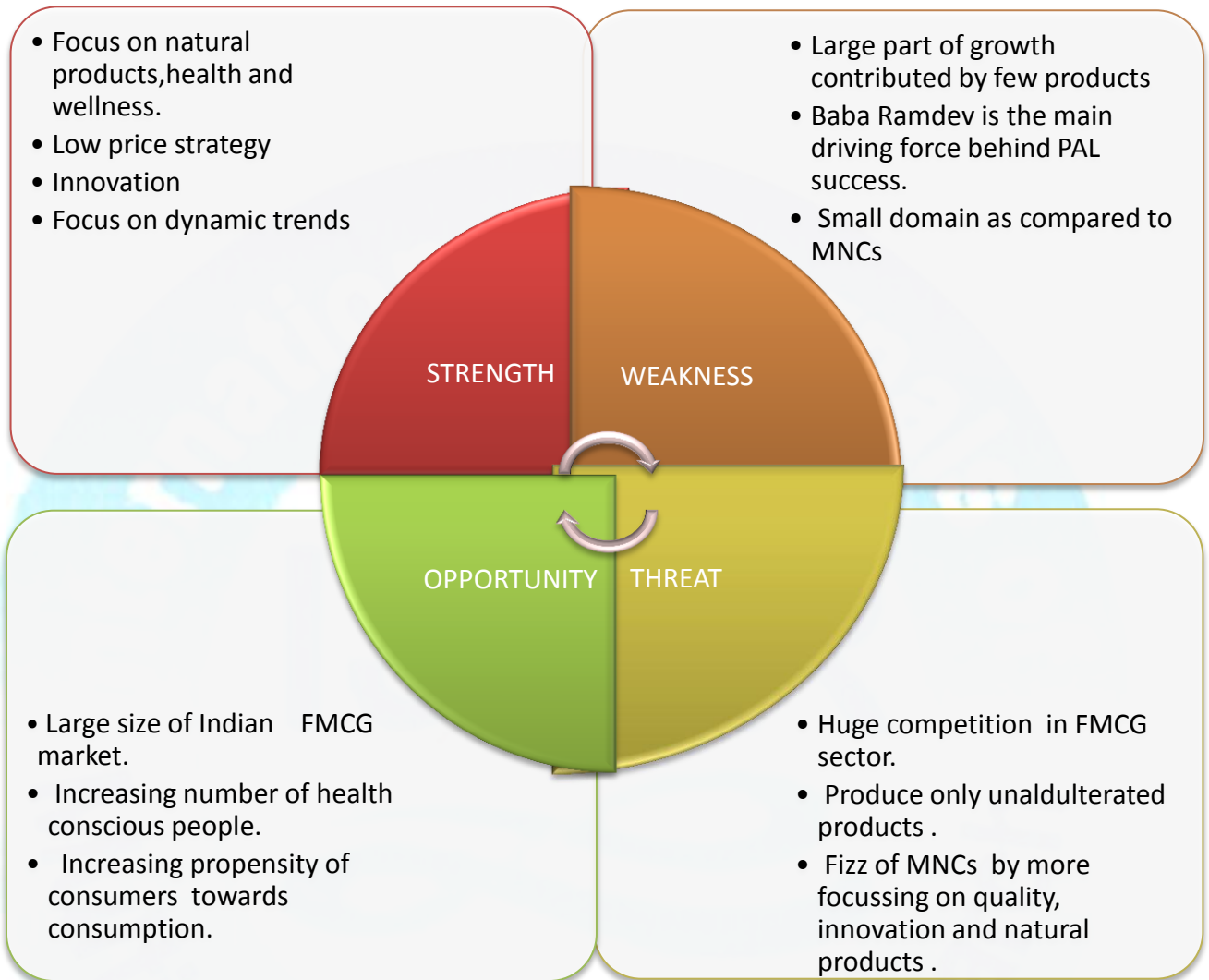
Patanjali Super Dish Bar	175 gm	Rs 10	32.8%
Vim Dish Bar		Rs 15	
Patanjali Corn Flakes Mix	500 gm	Rs 145	20.2%
Kelloggs Corn Flakes Mix	500 gm	Rs 182	
Patanjali Detergent Powder Popular	250 gm	Rs 13	31.6%
Rin Detergent Powder	250 gm	Rs 19	
Patanjali Dant Kanti Toothpaste	200 gm	Rs 68	19.00%
Pepsodent Germicheck Toothpaste	200 gm	Rs 84	
Patanjali Dant Kanti Junior	100 gm	Rs 35	
Colgate Herbal	100 gm	Rs 48	27.08%

Source: Edelweiss Research

The above data clearly reveals that Patanjali Ayurvedic Limited has been offering resemble products at cheaper prices at discount 10-40% for same quantity. Patanjali is selling a 500gm Patanjali Special Chyawanprash for Rs 115 whereas Dabur Chyawanprash price for its 500gm is Rs 199. The above table clearly shows that this trend of PAL is continue not for only one or two products but for all products. PAL has claimed that they provide good quality products at cheaper prices. PAL has understood more demanding and price sensitive behavior of consumers and developed strategy according to them.

SWOT Analysis:

The following analysis focuses on strength, weakness, opportunity and threat (SWOT) of PAL



CONCLUSION

India is a fastest growing economy and it lead automatically to the fact that more and more competitors are entering in the market. Only those marketers will get success who produce goods according to consumer's needs, desires and expectation. Patanjali Ayurvedic Ltd (PAL) is one the competitors which record sterling growth from few years. Its entry has brought many benefits to market like product innovation, price competition, market expansion, differentiation, promote growth etc. PAL launched various resemble products to compete with MNCs and all these products are available at cheaper cost than MNCs. Apart from PAL has focused towards health and wellness. It poses a menace before MNCs. But it is a big question: Will Pat Anjali sustain its growth at the same pace in future? Besides, there is lot of competitors in FMCG sector, who claim and positioned their products as healthy companion .After staggering growth of PAL, other established players also have been focusing on quality, innovation and natural products. In such a dynamic and competitive scenario, PAL will have to be more vigilant, focused and revamp strategies time to time.

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