

# BRAND PATANJALI: A CASE STUDY ON GROWTH STRATEGIES AND CONTROVERSY AGAINST PATANJALI

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## ABSTRACT

*Patanjali Ayurvedic Ltd, also known as PAL, an Indian Fast Moving Consumer Goods which has registered phenomenal growth since its inception January 2006. Along with its products, It has set up medical clinics across the nation under the name of Divya Chikitsalaya that provided free diagnosis to people. Swami Ramdevji is the most famous guru in teaching yoga and pranayam in India and he, through Patanjali Yogpeeth, has launched several products based on ayurvedic and nature based products. He has made yoga and pranayama popular all over the world and gain huge publicity across the world through his popular yoga and pranayama workshops.*

*Patanjali have a exceptional prowess in manufacturing and distribution and thus it became a distinct and prominent player in India's Fast Moving Consumer Goods (FMCG) domain and it has been one of the most significant contributors to the country's health and wellness sector. After the huge success in ayurvedic medicine and fast moving consumer goods, PAL diversified its product portfolio into edible oils and wind energy sector.*

*Swami Ramdev promoted holistic health by promoting yoga and pranayam and different range of medicine to live natural healthy life. But he criticized allopathy and claimed that firm's products can cure thyroid, diabetes and macular degeneration and many more diseases. Indian Medical Association went to court against false advertisement against modern medicines given by PAL. The matter went into the supreme court. The Apex court of India said Baba Ramdev has done good work for Yoga but criticized their smear campaign against modern medicine. It also criticized Patanjali's claim to cure diseases. Supreme Court ordered Swami Ramdev and Balkrishnana to publish full page apologies in newspaper twice. Then the Company stopped all advertisements for banned products and stopped sale of banned products.*

**Keywords:** *Fast Moving Consumer Goods, product portfolio*

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## Introduction

Patanjali Ayurvedic Ltd, also known as PAL, an Indian FMCG which has registered phenomenal growth from its inception January 2006. Along with its products, It has set up medical clinics across the nation under the name of Divya Chikitsalaya that provided free diagnosis to people.



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Swami Ramdevji is the most famous guru in teaching yoga and pranayam in India and he, through Patanjali Yogpeeth, has launched several products based on ayurvedic and FMCG. He has made yoga and pranayama popular all over the world and gain huge publicity.

After the huge success of Ayurvedic medicines through the Divya Pharmacy outlets, Patanjali Ayurvedic Ltd entered into Indian Mainstream Retail sector. The main aim was to help poor people gain access to better health services. Through the Divya Chikitsalaya that provided free diagnosis to people.

The annual revenue of PAL will cross Rs 1 lakh crore from around Rs 45,000 crore recorded in FY 2022-23. Patanjali products have already reached over 30 countries and they target to reach more than 50 countries. Within India, around 70 crore people are using these products and they target to reach to 100 crore people.

**Definition of Marketing Mix:** Edmund Jerome McCarthy (1960) proposed conceptual framework of 4P's which consists of four elements of marketing mix namely product, price, place and promotion. These are controllable variables which marketer can

manage to satisfy customers

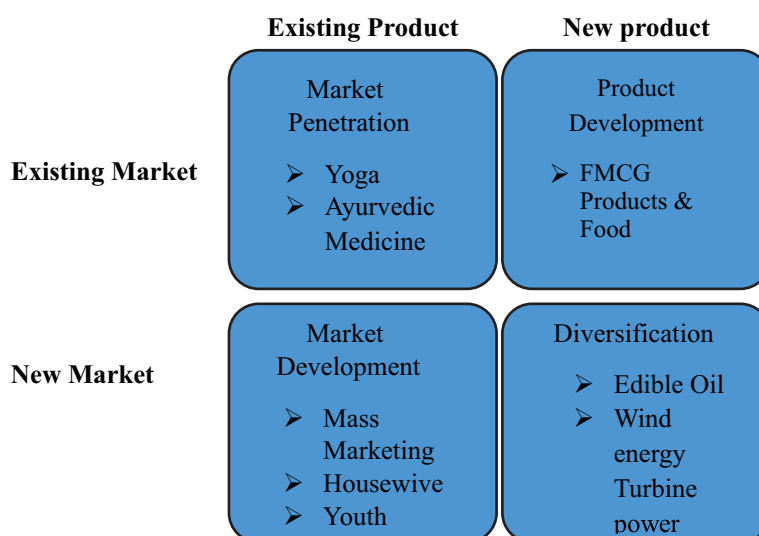
Philip Kotler defined marketing mix as “set of marketing tools that the firm uses to pursue its marketing objectives in the target market”.

**Marketing Mix of Patanjali:** Patanjali Ayurvedic Limited have very wisely used marketing mix of its product portfolio to satisfy customers.

**Product Mix of Patanjali :** Swami Ramdev promoted Pranayam & Yoga as complete Ancient Indian Therapy which cures physical and mental conditions without side effects. Along with it, Patnjali entered into many business segments giving tough fights to established MNCs for their profit numbers.

Indian FMCG market has a wide range of customers and entry to FMCG market is easy ( low entry barrier). Patanjali have a exceptional prowess in manufacturing and distribution and thus it became a distinct and prominent player in India's Fast Moving Consumer Goods (FMCG) domain and it has been one of the most significant contributors to the country's health and wellness sector. Patanjali's product portfolio diversified edible oils and wind energy sector.

**Figure 1 : Ansoff's Matrix for Patanjali Products**



Product Portfolio of Patanjali: Apart from Pranayama & Yoga, Patanjali is operating in three business segments as

- Food & FMCG
- Edible Oil
- Wind Energy Turbine Power Generation

Patanjali Product Mix (Food & FMCG) has been classified under following categories as

- **Ayurvedic Medicine**
- **Foods**
- **Nutraceuticals**
- **Personal Care**
- **Health Care**

Patanjali has a vast range of products which includes Ghee, herbal products like Chyawanprash, Badam Pak, Musli Pak, staple food like wheat, rice, beverages, honey and spices as mentioned in the table below. These are the key products which are positioned as herbal and ayurvedic products to the herbal –organic consumer product category. Patanjali has a range of products in confectionary such as biscuits, cookies, crackers, noodles, rusks and breakfast cereals.

**Table 1 : Patanjali Product Mix of FMCG**

<b>Key Products</b>			
<b>Ghee</b>	<b>Herbal Products</b>	<b>Beverages</b>	<b>Dry Fruits</b>
Cow Ghee	Chyawanprash	Aloevera Juice	Dry Fruits
	Herbal Powervita	Amla Juice	Madhuram , Kesar
	Badam Pak , Musli Pak	Medicated Juices	
		Fruit Juices & Beverages	
<b>Staples</b>	<b>Honey</b>	<b>Spices &amp; Condiments</b>	
Whole Wheat Atta	Honey	Spices	
Pulses & other staples		Candies , Murabba, Jams , Ketchups & Pickles	

**Table 2 : Patanjali Product Mix FMCG**

<b>Biscuits , Cookies &amp; Rusks</b>	<b>Cream Biscuits</b>	<b>Cracker</b>	<b>Breakfast Cereals</b>	<b>Noodles</b>
Milk Biscuit Doodh	Creamfeast Elaichi	Namkeen	Corn Flake Pouch	Chatpatta
Butter Cookies	Creamfeast Orange	Twisty Tasty	Corn Flake	Chatpatta Cup Noodles

Cashew	Creamfeast Chocolate	High Kick Crackers	Museli Fruits & Nuts	Classic
Nariyal		Top Lite	Chocoflakes	Desi masala
Aarogya			Chocolious	Yummi Masala
Nutty	<b>Backery Biscuits</b>		Instant Wheat daliya	Yummi Masala Cup Noodles
Paushtik Marie	Jeera Cookies		Oats	
Marie	Premium Nariyal Cookies		Plain	
Atta Doodh Rusk			Dalia	
Suji Elaichi Rusk	<b>Crunchy</b>		Masala	<b>Digestive</b>
	Coconut Crunchy		Tomato	Digestive Cookies

Patanjali also have range of nutritional products which consists of general nutritional products, sports nutrition and medical nutrition as described in the table below

**Table 3: Patanjali Nurition Products**

<b>General Nutrition</b>	<b>Sports Nutrition</b>	<b>Medical Nutrition</b>
Nutrela Daily Energy	Nutrela Weight Gain	Nutrela Bone Health Natural
Nutrela Daily Active	Nutrela Isopure Gold	Nutrela Vitamine B12 biofermented
Nutrela Women's Superfood	Nutrela 100% Whey Perform	Nutrela Iron Complex naturals
Nutrela men's Superfood		Nutrela Vitamin D-2K
Nutrela Kid's Superfood		Nutrela Organic Omega 3,6,,7 & 9
		Nutrela Diabetic Cure

Patanjali has diversified its portfolio by entering into Edible oil segment which is profitable market and have a range of products including edible oils, refined oil and palm oil. Following diagram shows Edible oil segment of Patanjali.

**Table 4 : Edible Oil**

<b>Edible Oil</b>	<b>Fats</b>	<b>Derivative</b>
Refined palm Oil	Vanaspati and hydrogenated fats	Glycerine
Refined Soyabean oil	Bakery fats and speciality fats	Oleochemicals
Refined Sunflower Oil		Derivatives of Soya , castor and Palm
Rice Bran Oil		
Groundnut oil		

With a strong focus on sustainability, Patanjali have ventured into the wind and solar energy segment to reduce carbon footprint and use renewable energy resources to reduce their expenses and become self sufficient. Their wind power projects generate clean and sustainable energy for their internal consumption and for sale to the grid. Thus they reduce greenhouse gas emissions and promote a greener future. Renewable energy alignment support sustainability goals and reflects their dedication to environmental responsibility. This not only reduce their cost for energy consumption but they also sell the surplus energy thus reducing carbon footprint and contributing to a greener future.

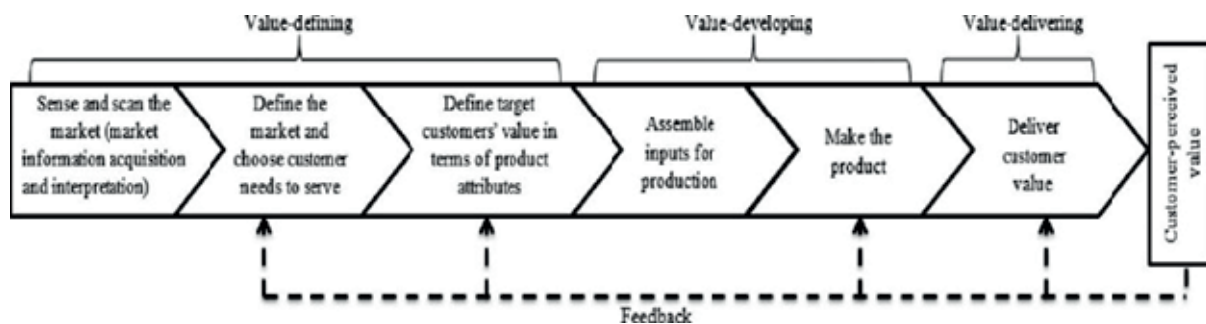
**Table 5 : Wind Energy Turbine Power Generation**

Wind and solar energy Segment	Revenues	EBITDA
	Rs 53 crores	Rs 35 crores

Patanjali have created a captive market which is health conscious, requires value for money, best products at affordable price and requires swadeshi products. So when Patanjali Food products entered into Indian market, they captured this huge market with their range of products which can fulfill the needs of these segments. Also “Swami Ramdev” was a strong brand ambassador which people believed in and thus within a short span of 20 years, company revenue reached to Rs. 31,821.

Patanjali also have range of nutritional products which consists of general nutritional products, sports nutrition and medical nutrition. Patanjali Food products has always provided high value to its customer thus satisfying their customers with different range of products.

**Figure 1 : Value Creation and Delivery Sequence (Kotler et al 2008)**



**Price Mix of Patanjali :**

Price is the only element in marketing mix which yields revenue for the company. It is the most important and difficult part of the marketing process as Indian consumer is very price sensitive. For FMCG products, pricing strategy used by Patanjali is mix of skimming price and penetration price. Some products prices are at par with other MNCs whereas some products are cheaper than MNCs. Dantakanti has been priced using “Penetration Strategy”. All competitor brands like Colgate, Pepsodent, Close up and many more brands suffered their sales due to the low price strategy of Dantakanti.

Medical advice is free in all centers. Also Yoga and pranayam which can help to live healthy life is also available at cheaper rates. Thus in comparison with other competitors, product availability, demand, supply is better and also pricing strategy is used wisely to reach the revenue of Rs. 31,821 crore within a short time span. Most of the products PAL offered has a generic price strategy which attract lower and middle class people in India. Most of products sold by Patanjali are sold at price 10% to 20% lower than competitors. Indian consumers are price conscious and also want value for money. Thus penetration market pricing worked very well with Patanjali and many competitor companies have experienced slowest growth in their revenue in last six years.

**Table 6 : Economic Value Added (in Rs crores)**

<b>Particulars</b>	<b>FY23</b>	<b>FY22</b>	<b>FY21</b>	<b>FY20</b>
Revenue generated	31,821	24,284	16,383	13,175
Economic Value distributed	30,711	22,983	15,197	12,681
Operating cost	29,948	22,523	15,213	15,542
Employee benefit	278	186	140	153
Payment to capital providers	181	--	--	--
Direct tax paid	293	286	166	14
CSR expenditure	12	7	10	--
Economic Value added	1110	1301	1186	494

### **3. Place Mix of Patanjali :**

The three parts of supply chain are product flow, cash flow and information flow are very well maintained by Patanjali. PAL has successful distribution channel of its products to reach consumer all over India and also abroad within a short time span. The Patanjali Mega Food Park (PMFP) has been envisaged in creation of infrastructure for food processing and a comprehensive supply chain system which effectively utilize backward and forward integration between different stakeholders such as farmers, factory and consumers. There are very few or less no. of intermediaries thus reducing the cost. It has extensive distribution channel all over India. Apart from this, consumers can directly buy from the website and products can be sent across the country through postal and courier services. Following table shows extensive distribution network of Patanjali all over India.



**Table 7 : Distribution Network of Patanjali**

<b>Widespread distribution network</b>	<b>No of Distributors</b>
No of Distributors	7500 +
Retail Touchpoints	1.5 million +
Super Distributors	130 +
Pharmacies	47000 +
Arogya Kendras	3200 +

Export Footprint of Patanjali has reached to more than 33 Countries abroad and Export Turnover has reached above Rs 530.80 crores indicating a good distribution network all over the world especially in India.

**4. Promotion Mix of Patanjali :**

Initially Swami Ramdev has popularized Yoga and pranayama on Sanskar Channel in 2002 and thereafter there was no looking back. He is very popular in India and abroad and his followers increased by leaps and bounds within few years . He is brand ambassador for the company so whatever he claims people follow him religiously. Also there are many books on Yoga, pranayama, herbal remedies are available. Monthly magazine also available which promotes yoga and pranayama among public. Apart from that Patanjali has given a huge advertisement in all leading newspaper advertising their various products to general public. But there were few advertisements which claimed that they treat diseases like cancer, Corona, diabetic etc which is against rules of Drugs and Magic Remedies Act 1954. Patanjali's "anti-cancer juice", combined with a strict diet regimen, helps "cure all types of cancer in seven days to two months.

Swami Ramdev criticized allopathy. So the Supreme Court on Tuesday, May 14 2023, reserved its order on the contempt notice issued to yoga guru Swami Ramdev, his aide Balkrishna and Patanjali Ayurved Ltd in the misleading advertisements case. Since apex court ordered this notice, it was a huge setback for popular yoga guru Swami Ramdev and his aid Balkrishnana. Supreme court banned these ads and said that yoga guru was spreading misinformation and misleading consumers. According to the Drugs and Magic Remedies (Objectionable Advertisements) Act 1954, it is illegal to promote drugs meant for the treatment and cure of 54 medical conditions, including cancer, heart disease and blood pressure. They point out that Baba Ramdev and PAL are misleading people against the usage of allopathic drugs and legitimate medical practices as ineffective. Also during Covid -19 pandemic, Patanjali launched Coronil and it claimed that it can cure and treat corona virus. Indian government intervened this claim by saying that there is no data to prove this claim. Still huge advertisement in the newspaper were continued.

Also in 2022, the much popular product of Patanjali’s “Pure cow ghee” failed food safety

test. Many products such as Patanjali Honey, Dantkanti also failed a food safety test which was declined by Swami Ramdev.

However in 2022, Indian Medical Association (IMA) went to court against a "false" advertisement given by Patanjali claiming that the firm's products could cure macular degeneration, thyroid and even diabetes. Supreme court ordered them to stop making such claims and threatened to impose a fine. However Swami Ramdev declined all the claims and accused some doctors were spreading false propaganda about his brand. Patanjali still continued airing its controversial ads – in leading newspapers, on radio, television and at Baba Ramdev's yoga workshops in various states. The Apex court ordered PAL to stop airing these controversial advertisement and publish true advertisements within all the channels they used to promote their products. However, in January 2024 the Supreme Court received an anonymous letter flagging the company's refusal to follow the court's order. The news was published in all leading newspapers and social media which has created a bad image for the company. This has created bad word for the company and PAL loosing its credibility among all these controversies.

Questions:

1. Do the SWOT analysis of Patanjali Foods Limited

2. What would have been done by Patanjali Foods Limited to rebuild its image ?
3. If you were public relations officer of Patanjali Foods Limited, what you would have done to build credibility of the brand ?

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