

# Demystifying the Brand Patanjali - A Case on growth strategies of Patanjali Ayurved Ltd.

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## Abstract

This case study is about Patanjali Ayurved Ltd., also known as PAL, an Indian FMCG which has registered phenomenal growth in the last 5 years. The case tracks the different strategies which worked for Patanjali Ayurved Ltd (PAL) in the hyper competitive Indian FMCG sector. Acharya Balkrishna is the Managing Director and major stake holder of Patanjali Ayurved Ltd (PAL) but the driving force behind Patanjali Ayurved Ltd is Baba Ramdev, an ascetic and yoga guru of Indian origin. The case narrates the growth strategies of Patanjali Ayurved Ltd and key role played by Baba Ramdev and Acharya Balkrishna to bring it to its present stage. Authors have used two business models namely “Value Creation and Delivery sequence” and “Strategic Planning” model to narrate the growth and success of Patanjali Ayurved Ltd. The case ends with a peep into the future prospects of PAL.

**Keywords:** *Patanjali Ayurved, STP, Environment Analysis, Marketing mix*

*“We don't know markets or marketing . . . but what we know is serving the people by providing them high-quality products at attractive prices.”*

**Acharya Balkrishna, MD, Patanjali Ayurved Ltd.**

Half a decade back experts and analyst would have simply ignored the above phrase from Acharya Balkrishna, Managing Director & primary stakeholder, Patanjali Ayurved, but the meteoric rise of Patanjali Ayurved Ltd has caught the fancy of every single individual in the country. The moot question everybody seems to be asking is, “How does an organization which started as a small pharmacy did a turnover of close to a billion dollars in the Indian FMCG sector in such a short time?”

Patanjali Ayurved Limited is a Haridwar based Indian FMCG company with a market valuation of close to USD 2 billion (Rs 13,000 cr). The organization, founded in the year 2006, has registered an impressive y-o- y growth with commendable top and bottom lines in the last five years. It has become the fastest growing Indian FMCG organization till date and its growth rate has created high benchmarks for competition to emulate. The following figure narrates the story of Patanjali Ayurved's phenomenal growth:

### IN LEAPS & BOUNDS

The Patanjali growth story so far

	Revenue (₹ cr)	Net profit (₹ cr)	Net profit margin (%)
2011-12	453	56	12.36
2012-13	849	91	10.72
2013-14	1,191	186	15.62
2014-15	2,006	317	15.80
2015-16	5,000	NA	NA

Sources: Registrar of Companies, Ministry of Corporate Affairs and Patanjali

These financials put Patanjali Ayurved in the same league as big Multi-National Corporations like Britannia, Nestle, Colgate, P&G etc. The questions which puzzle the management experts and intellectual community alike are:

1. “How can a small organization based out of a holy town in India, Haridwar, can make inroads in the FMCG sector so soon?”
2. How did PAL do a Gross Merchandise Value of close to USD 1 billion in such a short time compared to its other FMCG counterparts like Britannia, ITC, Dabur etc.?(Annexure 1).

Since there are no readily available illustrations from the Indian FMCG sector, one is forced to track the growth of other sectors in search of any recent examples. A parallel can be drawn, probably, between the growth of revenues of Patanjali Ayurved and few major Indian e-commerce players like Flipkart and Snapdeal. This case study is an attempt to decipher the mystic growth of Patanjali Ayurved Limited (PAL) in the Indian FMCG market.

## **Overview**

Patanjali Ayurved was co -founded by Acharya Balkrishna and Baba Ramdev to propagate the science of ayurved. Today, some of the ayurvedic products produced by PAL are a strong synergy between ancient wisdom and modern technology. Even though Acharya Balkrishna is the primary stakeholder of the company (92% stake), the main driving force behind Patanjali Ayurved is the charisma and

philosophy of Baba Ramdev, a Yoga guru and an ascetic of Indian origin. (Patanjali Ayurved, Wikipedia)

### ***Foundation of Brand Patanjali and Patanjali Ayurved***

It all started in the year 1995 when Baba Ramdev established Divya Yog Mandir Trust with the help of Acharya Balkrishna and Acharya Karamveer under the guidance of Swami Shankardev ji. The trust mission was to put Yoga and Ayurved on the world map. With the aim of popularizing Yoga, Baba Ramdev started teaching Yoga through small camps and shivirs. The breakthrough moment came in the year 2002 when Sanskar, a spiritual channel in Hindi, signed Baba Ramdev for its morning Yoga program. The program was a hit. Next year in 2003, the rival channel of Sanskar, Aastha signed up Baba Ramdev for its 5 am Yoga program titled “Divya Yog”. This program made Baba Ramdev a household name across the country. This also gave a big boost to Baba Ramdev's Yoga Shivirs/Camps (Ramdev, Wikipedia) A typical Yoga Shivar of Baba Ramdev comprises of Yoga and Pranayam postures with Baba Ramdev explaining the benefits of each of those postures, the benefits of embracing Ayurved, the testimonials of people who got cured from terminal illnesses by practicing yoga and pranayama, singing patriotic songs and above all Baba Ramdev explaining ill effects of the MNCs and their products on the Indian economy and how they are looting India and exploiting Indian populace. It is estimated that around 70 million

people have been touched by Baba Ramdev through his Yoga Shivirs and experts assume this number to rise to 200 million, going forward. The live telecast of Yoga Shivirs was instrumental in building the Brand Patanjali, Yoga, Ayurved and above all Baba Ramdev.

Both Baba Ramdev and Acharya Balkrishna were working with a single minded focus to restore the original place of Yoga and Ayurved as described in the Indian scriptures and ethos. In 2006, Baba Ramdev and Acharya Balkrishna established “Patanjali Yogpeeth Trust”. A landmark organisation fostering the cause of Yoga, Pranayam and Ayurved. This further strengthened the brand Patanjali. Also Patanjali Yogpeeth Trust is considered to be an organization which laid the foundation for Patanjali Ayurved Ltd to grow at a rapid pace. The basic objective of Patanjali Yogpeeth Trust is to spread the awareness of Yoga, help the economically weak section of society by providing them free treatment of diseases and to perform cutting edge Research and Development in Ayurved. Patanjali Yogpeeth Trust is located on Delhi-Haridwar highway in a sprawling campus of 100 acres. It employs around 200 doctors and has a huge treatment facility through which ayurvedic treatment is provided to the economically weaker sections of the society. It is now a multinational organization with its branch offices located in countries like US, UK, Canada, Nepal etc. Through Patanjali Yogpeeth Trust Baba Ramdev has touched millions of lives till date (Kumar V et al, 2014) (Kumar V et al, 2014)

Baba Ramdev and Acharya Balkrishna have established number of institutions since they established Divya Mandir Yog Trust. These institutions have also contributed to the success of Patanjali Ayurved Ltd by providing raw material, manpower, technological knowhow etc. Some of these institutions include:

- Patanjali Yogpeeth Trust
- Patanjali Ayurved College
- Patanjali Chikitsalaya
- Yoga Gram
- Goshala
- Patanjali Herbal Botanical Garden
- Organic Agriculture Farm
- Patanjali Food and Herbal Park Ltd

In 2006 Baba Ramdev and Acharya Balkrishna established Patanjali Ayurved to provide products and other ayurvedic medicines to its patients. In 2012 the duo decided to unlock the potential of Patanjali Ayurved by expanding it into the mainstream Indian retail sector. (Annexure 2)

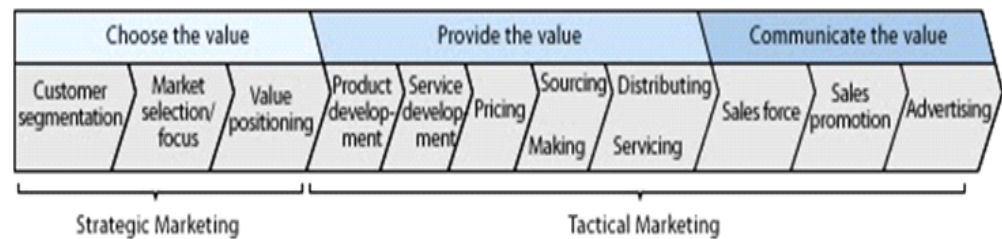
### ***Strategic Planning***

Baba Ramdev and Acharya BalKrishna knew that they have created a captive market with their efforts since last one and a half decade, which values health, yoga, pranayama and above all brand Baba Ramdev. This captive market is health conscious, looks out for affordable products, believes in the philosophy of swadeshi (home grown) and above all

considers Baba Ramdev as their ideal. When Patanjali ayurved launched its products in the Indian retail sector, this captive market was among the first to buy and use its products. This captive market developed instant loyalty to Brand Patanjali. The role of this captive market was not only limited to buying, using and spreading good word of mouth about PAL products but they also became partners with PAL by becoming their franchisees. In the initial days majority of the franchisees established by PAL came from this captive market. These franchisees along with the distribution of products also advertised and promoted PAL products in their respective regions, hence

establishing brand Patanjali firmly into the mind of local populace. When compared to an FMCG multinational which uses a traditional distribution channel, PAL followed a different distribution strategy, effective in catapulting it to its present position. Today Patanjali's turnover stands close to USD 1 billion (Rs 5,000 cr, FY ending 2016) with a mammoth goal of reaching close to USD 1.5 billion (Rs 10,000cr by FY ending 2017) and close to USD 3 billion (Rs 20,000 cr by FY ending 2020). Patanjali Ayurved's value creation and delivery strategy encompassing both the Strategic and Tactical Marketing is instrumental in making it a force to reckon with in the Indian FMCG industry.

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



Kotler defines value as sum of all benefits that an organization provides to its customer less the cost which customer incurs to get those benefits.

Hence Value = Benefits – Cost.

Organizations succeed or fail based on the value they provide to their customers. Patanjali Ayurved has always provided high value to its customer which led to its remarkable progress in the target market. Let us understand the Value creation and delivery sequence of PAL.

**Strategic Marketing : Choosing the Value (Kotler et al 2008)**

**Segmentation & Targeting**

PAL has segmented its market based on

1. Demographic – Income, age etc.
2. Psychographic - Health Consciousness, Patriotism

PAL's target segment comprise of health conscious people who prefer “value for money” natural products. PAL has products targeted at children (health drinks) and elderly people (some ayurvedic medicines). Almost all products of PAL are affordable in nature (at a price 15% - 30% lower than the competition), hence the income segmentation strategy has worked. Initially the products were targeted at lower and middle income groups but with the present turnover of close to a billion dollars (Rs 5000 cr) this fiscal, it is evident that PAL's

products have buyers not only from the lower income and middle income segments but also from health conscious upper middle and upper income segments. These 2 segments have found value in PALS's natural and ayurvedic products.

PAL's market targeting strategy is that of "Selective Specialization" as they cater to a lot of segments in their market but not the entire market.

***A visual representation of PAL's Selective Market Specialization Targeting Strategy (Kotler et al, 2008) is depicted below***

Segment ----->	Income			Health Consciousness			Patriotism		
PAL's Product Categories ↓	Low	Medium	High	Low	Medium	High	Low	Medium	High
Home care									
Cosmetics and health									
Food and beverages									
Health drink									

Positioning: Patanjali has a two pronged positioning strategy

1. The brand slogan of Patanjali is "Prakriti ka Aashirwaad" which means Blessings of Nature. Patanjali is positioned as "Natural Products available at affordable prices".
2. The 2nd positioning plank is that of "Swadeshi Make" (Made in India).

Both the positioning planks have created wonders for Patanjali. The twin positioning planks are synergistically integrated with the brand Patanjali as India is considered to be the birth place of Ayurved. The "Swadeshi make" plank also helps in assimilating the previous people movements initiated by Baba Ramdev like Bharat swabhiman and swadeshi andolan with Patanjali Ayurved Ltd.

***Tactical Marketing Mix (Ramswamy et al 2013):***

**Product:** Patanjali Ayurved has 4 product categories:

1. Home care
2. Cosmetics and health
3. Food and beverages
4. Health drink

The company is planning to venture into packaged cow milk, Khadi and animal feed this year. Patanjali uses natural ingredients and herbs to manufacture its products. They have state of the art R&D facility, involved in the latest research on products which can benefit their target market. It has few star products in the product portfolio. Patanjali's cow ghee was

Worth Rs 1308 crore in FY 2015-16, the herbal toothpaste Dant Kanti was worth 425 crores. Shampoo and Hair Oil under the brand name Kesh Kanti, did a turnover of Rs 325 crores (Annexure 3). One of the reasons Patanjali Ayurved has been able to garner market share so rapidly is because of low lead times between the product concept and product launch. Patanjali Ayurved's R & D team has been able to produce good quality products at low cost in less time for eg. The lead time between the product concept of Patanjali Noodles (which happened after Maggi was declared unfit for consumption by FSSAI, India) and the Product launch in the market is close to 4 months.

**Price:** Patanjali Ayurved's products are sold at a price of 15% - 30% lower than that of competition. Except for Patanjali Cow Ghee, which is sold at a premium in the market, every other product has a market penetration pricing strategy. The pricing strategy has helped Patanjali establish itself in the marketplace. Established brands which did not consider Patanjali as a competition initially, are now forced to sit and take notice. HUL (Hindustan Unilever Ltd) has reported the slowest growth in revenue in the last 6 years. Colgate, one of the MNCs worst hit by the growth of Patanjali, has reported its worst revenue growth since last 4 years. A comparison of few well-known brands of Patanjali Ayurved with competition is shown below:

## Patanjali, the Price Warrior

Its products retail at huge discounts to competition



Source: <http://brandequity.economicstimes.indiatimes.com/news/business-of-brands/desi-bustle-v/s-mnc-muscle-how-ramdevs-patanjali-is-setting-trend-for-hul/49881600>

**Distribution:** Patanjali uses multiple distribution channels to cater to the market. Company has a reach of 0.2 million outlets. PAL has a strong presence in the market through its 1200 chikitsalayas, 2500 arogya kendras, 7000 open store in villages and 5600 marketing vehicles. PAL also plans to establish 250 mega stores in tier 1 & tier 2 cities. PAL also has a tie-up with behemoths of modern retail like Reliance and Future Group, which carry its product range across all its stores in the country. It also has tie-ups with Star Bazaar (Tata Group), More (Aditya Birla Group), Spencer Retail, D-Mart, Apollo Pharmacy etc to increase its reach in urban India. PAL has embraced the e-commerce mode of retailing products through patanjali ayurved.net. PAL has a strong presence in the modern retail format, e-commerce and its own outlets but lacks presence in the traditional retail formats, which serve close to 90% of Indian retail market.

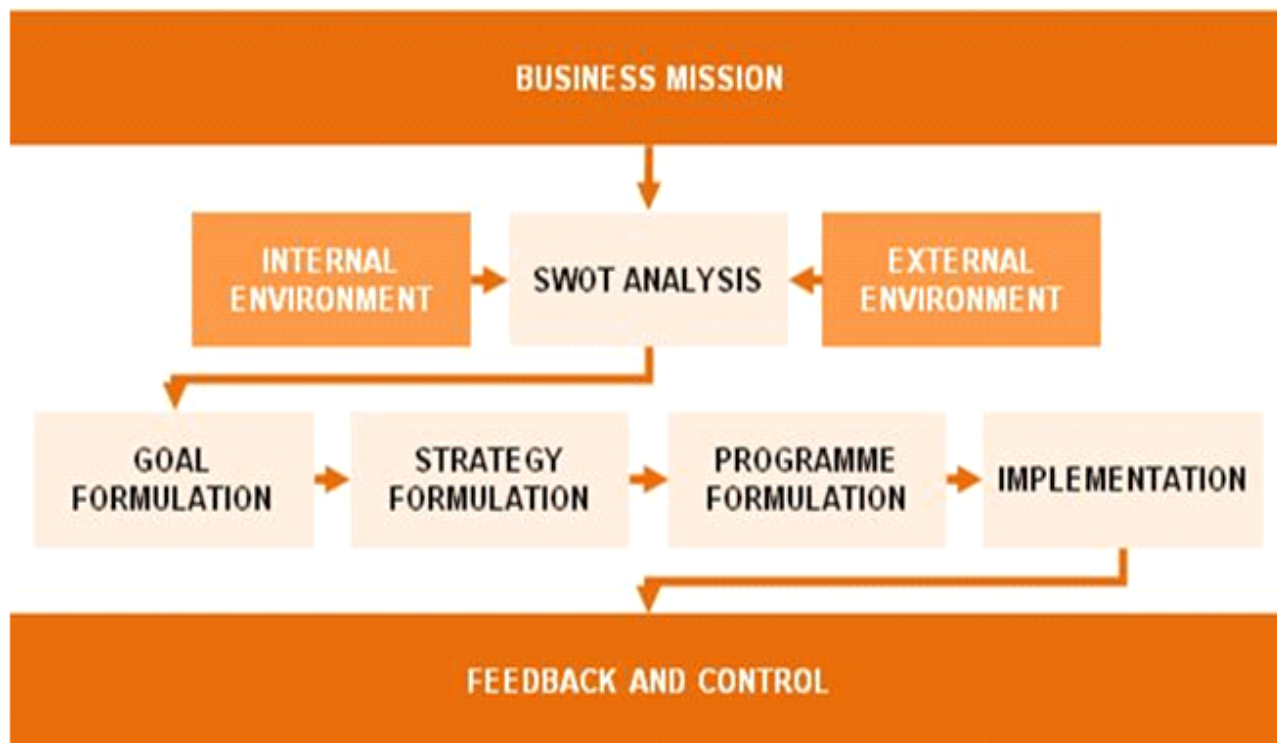
**Promotion:** PAL has used different promotion strategies as follows:

1. Baba Ramdev through his Yoga Shivirs not only talks about the different Yoga postures and their benefits in curing the diseases but also about the Patanjali Ayurved products aiding in a healthy lifestyle and a disease free life. This is one of the most potent promotion tools used by PAL.
2. Word of mouth communication certainly has a higher believability factor compared to other mediums of advertising. Baba

Ramdev has created a strong community of loyalists through the efforts of Patanjali Yogapeeth Trust and Yoga shivirs, who speak very high of Baba Ramdev and Patanjali products.

3. Recently, Patanjali Ayurved has seen a spurt in its advertising spent. PAL's advertisement in print and digital media is readily seen.
4. PAL has also embraced digital marketing and has a well-designed facebook page and twitter account.
5. Public Relations: Baba Ramdev has excellent Public Relations and Media skills. He is an often featured personality along with his products in media.
6. Patanjali ayurved has its channel on youtube which features more than 200 videos on Yoga and product information.
7. Baba Ramdev's books and VCDs are not only an excellent information disbursal tool but also a subtle promotion tool.

The above mentioned strategies have helped Patanjali reach a turnover of close to a billion dollars. But PAL has set ambitious goals for itself. Is it possible for PAL to clock a turnover of USD 1.5 billion (Rs 10,000 crore) in the next financial year and USD 3 billion (Rs 20,000 crore) by the end of FY 2020. The Strategic Planning process (Kotler et al, 2008) will through more light on how PAL can attain its goal in the near future.



### Vision:

The Vision of Patanjali Ayurved Ltd is:

- A holistic approach to improve the quality of life of all beings, world over
- Patanjali Ayurved Ltd was conceived with the objective of amalgamating the ancient wisdom of the Science of Ayurved with the modern scientific techniques of Industrial Management.
- The objective was further exalted with intention of distributing quality, tested and hygienic medicines with wide ranging cures to the largest section of populace at reasonable prices enabling the common citizen to avail their benefits.
- Patanjali Ayurved Ltd wants to establish Patanjali Ayurved as a science based, inventional, problem-solving, natural and trusted for healthy lives.

### *Environmental Analysis (Walker et al, 2006):*

An organization's environment comprise of both macro and micro environmental forces which shape its future course of action. A thorough knowledge of these environmental forces helps an organization to analyze its strengths and weaknesses in the present environment context and strategize accordingly. PAL is deeply impacted by both macro and micro environment forces and it is imperative for it to understand and then formulate their goals and strategy based on the same. Macro Environment forces impacting Patanjali Ayurved are as follows:

1. **Political:** The present political environment is conducive to the growth of Patanjali Ayurved in the country. Baba Ramdev is friendly to the present government. He is a big supporter of Shri Narendra Modi, Hon'ble PM of India.



- a. **Stability:** The present central government has majority in the parliament. A stable government augurs well for the organizations like Patanjali who want to move on a fast growth track by investing heavily in the factors of production and marketing.
  - b. **Taxation Policy:** Governments taxation policies impact on the cost of the input products and hence impacting on the final price of the products. PAL input costs increases or decreases based on the taxation policies of the government
  - c. **Government Support:** Central Government is promoting Ayurved and Yoga. Government of India has a separate “Ayush – Ministry” to promote Yoga, Ayurved and other traditional and complementary medicines. (Annexure 4)
  - d. **Challenges faced from State Government:** PAL is expanding its operations but outside its home state, Uttarakhand, because of the lack of cooperation from the present state government
- 2. Economic:** The following economic factors are impacting Patanjali Ayurved Ltd and other organizations in its segment:
- a. **Inflation rate:** Moderate inflation rate, an important factor in the mind of customer to look out for value for money products.
  - b. **Tax Rates and Interest Rates:** Higher tax rates and interest rates impact upon the cost of capital adversely and hence the manufacturing cost increases, making the products costly in the market.
  - c. **GST:** Implementation of Goods and Services Tax will also help organizations like PAL.
  - d. Since Patanjali Ayurved procures its raw materials locally and thrust on exports is minimal, the factors like currency exchange rates etc have no significant impact.
- 3. Social:**
- a. **Health consciousness:** People are becoming more health conscious and there is an increasing trend to spend on health and awareness programs and products.
  - b. **Rise in life style diseases:** Lifestyle diseases like heart attacks, cancer, BP, Diabetes are on rise in the Indian society. The main cause for this is chemicals in the food we eat and the products we use apart from the lifestyle of an individual. People are more inclined towards natural products
- 4. Technological:**
- a. **Research & Development:** Government has created a favorable environment for R&D in India. Patanjali through Patanjali Yogpeeth Trust at Haridwar is involved in R&D of ayurvedic and herbal products. Baba Ramdev has claimed that their R&D has created ayurvedic products which can cure deadly diseases like cancer.
  - b. **Automation:** Automation in drug production helps in mass production of

ayurvedic drugs without losing their effectiveness and efficacy.

- c. Better means of communication, resulting in fast information disbursement and penetration.

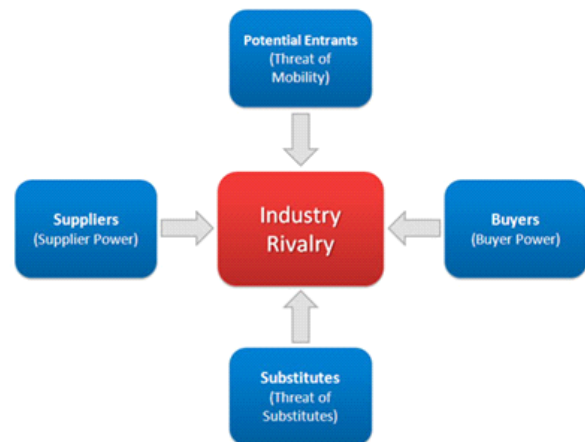
## 5. Environmental

- a. The science of ayurved is free of any hazardous chemicals. It has a direct advantage over allopathic medicines as it has no side effects.
- b. India is a rich source of certain herbs which may not be available anywhere else in the world.
- c. The residues produced in ayurvedic product manufacturing is far less harmful compared to that of an allopathic manufacturing.
- d. Ayurvedic products are more environment friendly compared to other chemical based products.

## 6. Legal:

Ayurved is a vast field. There are government acts applicable to Ayurved: The medicine central council act-1970, the drugs and cosmetics act 1940 and rules made thereunder, the drugs and magic remedies act 1954 and the rules made thereunder.

**Task environment Analysis:** The task environment is the immediate environment of an organization and most of the organizations manage their task environment on an everyday basis. The task environment of Patanjali Ayurved has been analysed with the help of Porter's five forces model (Porter, 1979)



### 1. Industry Rivalry: High

Patanjali competes with both organized and unorganized players in its industry.

- a. The industry is highly competitive with organized players like Dabur, Zandu, Baidyanath, Himalaya etc. These brands have established marketing channels in both traditional and modern retail and are present in the market since last few decades. They have a strong and loyal base of customers who has been using their products consistently.
- b. The unorganized players include numerous ayurvedic centres, chikitsalayas and shalas which make their own products for their customers and also sell the same in the local market.

### 2. Bargaining power of buyers: Moderate

Buyers are looking for reliable ayurvedic compositions. Price and Quality of the product are the major determinants. Buyers do not hesitate to shift if a similar quality product is available at a lower price from a different manufacturer.

**3. Bargaining power of suppliers : Moderate to High**

Since this business is highly dependent on the right ingredient, suppliers have a good bargaining power. The bargaining power of the suppliers can be controlled by backward integration i.e. by establishing own herbal gardens and planting the herbs. Patanjali has controlled the bargaining power of suppliers by becoming a fully integrated organization. It provides end to end solutions in Ayurved.

**4. Threat of New Entrants: Moderate to High**

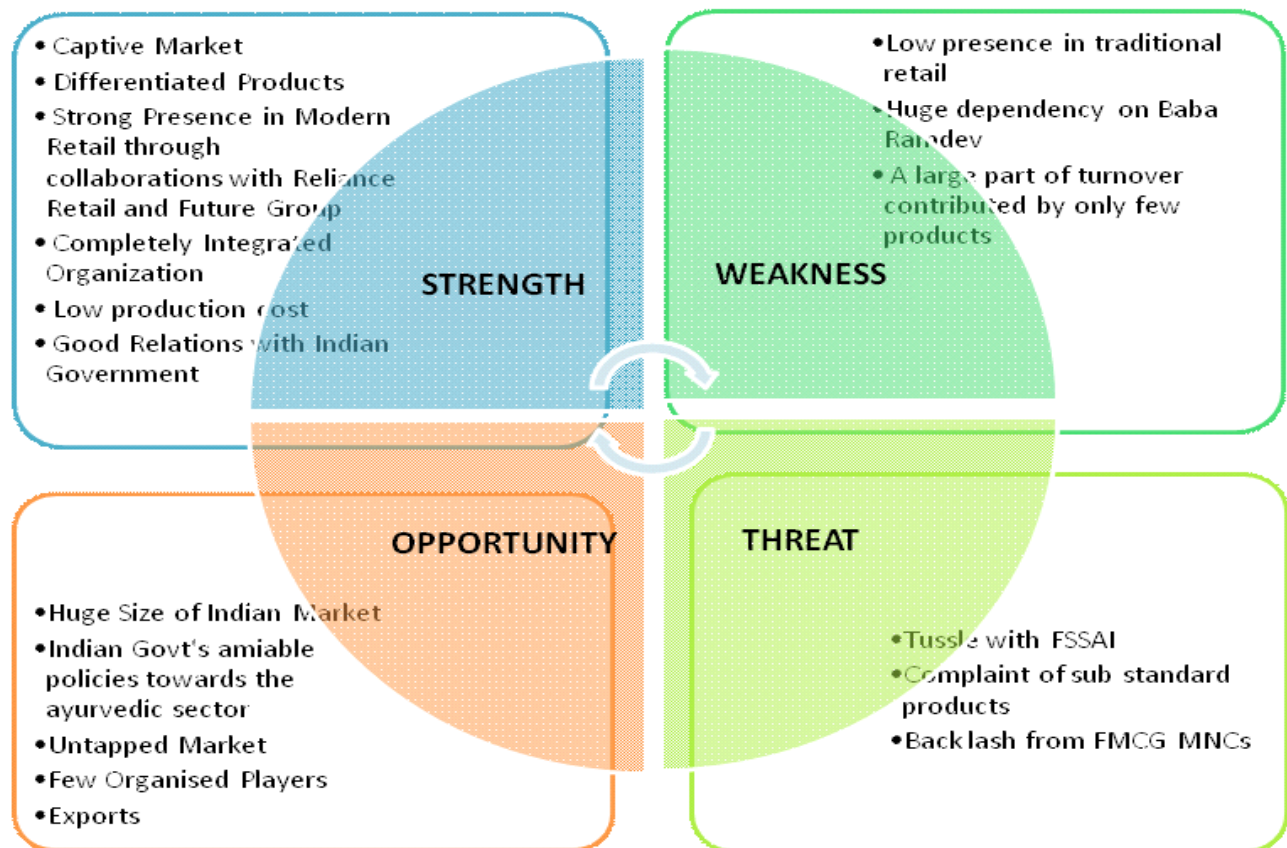
Since FMCG industry is capital intensive, the threat to Patanjali is not from new entrants in the segment. Major threat to

Patanjali is from existing players in different segments for eg Colgate entering into the natural and ayurvedic segment through Colgate Active Salt – Neem. HUL is also reviving its herbal brand Ayush and planning to launch more products in the natural segment to compete with PAL.

**5. Threat of Substitute Products: Low to moderate**

The substitute products depend on the respective product category but generally the category in which Patanjali Ayurved is present the threat of substitute ranges from low to moderate.

Based on the environment analysis the SWOT Analysis of Patanjali Ayurved is as follows



**Goal Formulation:**

Patanjali's goal for the financial year 2016 – 17 is around USD 1.5 billion (Rs 10,000 crores) and it wants to reach around USD 3 billion (Rs 20,000 crores) by FY ending 2020.

**Strategy Formulation (Porter, 1980):**

Target/Market Scope	Advantage	
	Low Cost	Product/Service Uniqueness
Broad (Industry Wide)	Cost Leadership Strategy	Differentiation Strategy
Narrow (Market Segment)	Focus Strategy (low cost)	Focus Strategy (differentiation)

Patanjali's strategy can be mapped to Michael Porters' Generic strategies model. Most of the organizations follow one of the strategies as propounded by Michael Porter, there are a very few organizations which embrace a combination of these strategies. Patanjali Ayurved Ltd has adopted both cost leadership and differentiation strategy. Patanjali's products are generally 15% - 30% lower than that of the competition and it produces natural and ayurvedic products. Patanjali claims that its products are free of chemicals. Thus PAL's strategy is an amalgamation of overall cost leadership and differentiation.

**Strategic Alliances:** Strategic Distribution tie-ups with Future Group and Reliance Retail. This strategic alliance gives Patanjali products an instant reach in all the major cities in India through 2 most prominent brands in modern

retail. Patanjali also has a tie-up with DRDO for transfer of technology in supplements used at high altitude.

It is expected that this strategic planning along with expansion in production, distribution (traditional retail channel) and new portfolio of products will help Patanjali reach its mammoth goal this fiscal. The story of PAL so far has been good but all this success did not come easy. PAL has its own threats and share of controversies.

**The threats & the controversies**

PAL is definitely on a dream run but will this dream run last?

One of the biggest threats to Patanjali is that more than 40% of the turnover in the present fiscal has come from only 4 products (Ghee, Tooth Paste, Shampoo & Hair Oil). Some of the product categories are not doing as well as they were initially predicted to do.

Baba Ramdev has been controversies favourite child and being a co-founder of Patanjali Ayurved, the company is also mired in numerous controversies. Some of them are

- Baba Ramdev is often accused of playing the same game as MNCs in the garb of Swadeshi and Bharat Swabhiman. Experts claim that there is nothing ayurvedic in food products like noodles, corn flakes, biscuits which come out of similar assembly lines as that of other MNCs. Only a wheat based cereal doesn't make products ayurvedic.
- Patanjali's share of controversies also include its recent tussle with Food Safety

and Standards Authority of India (FSSAI) on the issue of necessary approvals required for its noodles brand.

- In December 2015, PAL faced 2 fresh controversies.
  - Firstly, a Tamil Nadu based religious organization, The Tamil Nadu Thowheed Jamat issued a fatwa against PAL products, claiming that all PAL products are based on cow urine which is “haram” for their community. Acharya Bal Krishan, Managing Director, replied to the allegations by clarifying that only 5 products out of a range of close to 700 products from Patanjali contain cow urine.
  - Secondly, there were reports of bugs found inside the packet of noodles in Jind, Haryana.
- There is also a report of cases being filed with Advertising Standards Council of India (ASCI) with regard to PAL's misleading advertisement.

Will these controversies pull down Patanjali Ayurved or will Patanjali Ayurved surmount all these challenges? Is a question that will be answered in the due course of time but at the present moment, the future augurs well for Patanjali Ayurved Ltd.

### **The Future:**

PAL is a trendsetter in the Indian FMCG sector. It has grown at a phenomenal pace in the last half a decade. Growth in demand has also put

pressure on the pace of production to satisfy the rising needs of consumers.

- Today, PAL has one manufacturing plant in the holy city of Haridwar but Patanjali Ayurved will require more production facilities to cater to the rising demand of its products in the country. So PAL has decided to establish 4 more manufacturing units in the country.
- The planned manufacturing plants may come up in the states of Maharashtra, Punjab, Andhra Pradesh and Madhya Pradesh. PAL wants to set up its new manufacturing plants closer to raw material source. Easier and direct availability of raw material will also bring down the cost of production.
- Rs 1000 crores has been earmarked for the expansion this fiscal. The finances will be arranged from the internal accruals and loans from SBI and Punjab National Bank.
- Patanjali Ayurved is also entering into the dairy segment with the packaged cow milk. The company has already acquired a dairy plant in Ahmednagar, Maharashtra with a plant capacity of 12 lakhs litre/day but the company is investing more money in the facility to increase its daily output to 70-80 lakhs litre/day
- Patanjali has also pledged to plough back majority of its profits in operations, which in turn will help PAL better its position in the growing market.

Will PAL reach a turnover of close to USD 1.5 billion (Rs.10,000 crore) this fiscal or an ambitious turnover of close to USD 3 billion (Rs.20,000 crore) by 2020? Whatever the answer to these questions is, nobody can take the success away from both Baba Ramdev and Acharya Balkrishna at the present moment. The disruptive force that they have created in the Indian FMCG industry is set to benefit the consumers for a long time to come.

● **Questions for Discussion:**

1. Explain in detail about the Strategic marketing (STP) adopted by PAL?
2. How has PAL used its tactical marketing mix in gaining a higher market share? Going forward which component of the tactical marketing mix will play the most crucial role in attaining goals of PAL?
3. If you are on the Board of Director of PAL, what decisions will you take to achieve its goal for the present fiscal
4. If you are a part of the top Management in a competing company like HUL (Hindustan Unilever Ltd.) or Colgate, what will be your strategies to stop the growth of Patanjali Ayurved Ltd.?
5. As a consumer, which Patanjali products do you buy? Evaluate your purchasing behavior in terms of Quality, Cost and Availability of Patanjali products?

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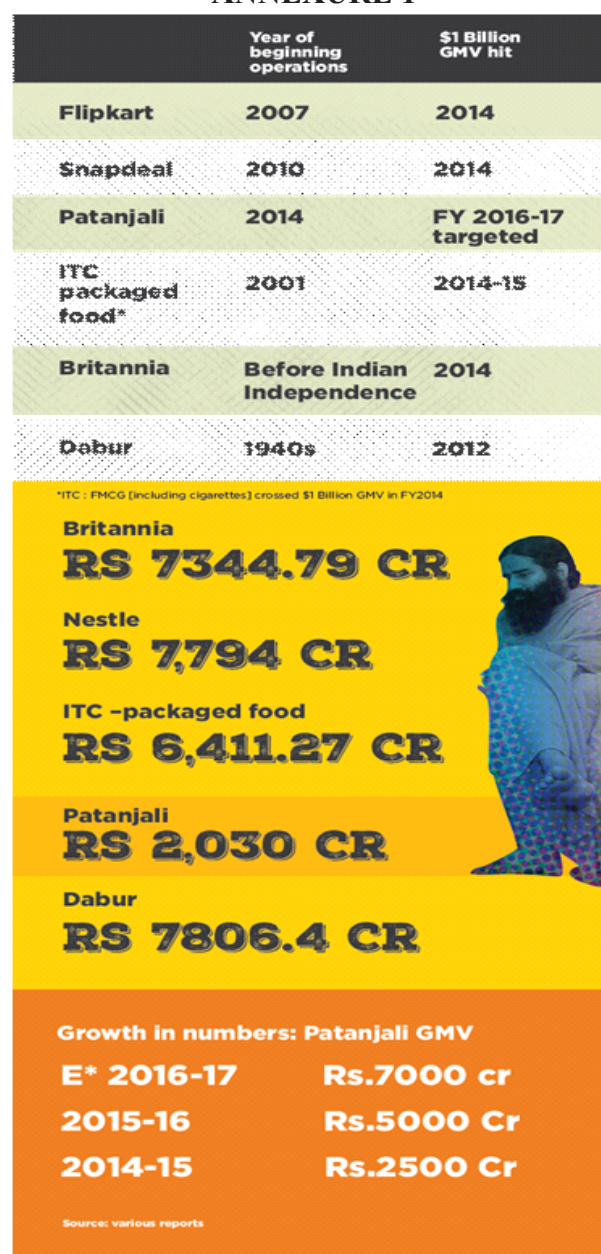
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## ANNEXURE 1



Source: A retail shocker from Haridwar: the Patanjali story, Aarthi Nair, March 25, 2016 <http://yourstory.com/2016/03/patanjali-story/>