

Patanjali's marketing mix: the monk's new Ferrari

Varun Agarwal and Sweta Agrawalla

We haven't done this for business but for welfare. I am not doing this to amass personal wealth. Neither do I own a single share of Patanjali Ayurved Limited nor do I take a single penny to promote it. - *Baba Ramdev*

Introduction

The Haridwar[1] based, bearded, saffron-robe clad Baba Ramdev who is best known for his mass Yoga[2] camps and for supporting India's ancient herbal medicinal system, Ayurveda, was born as Ramkishan Yadav in Alipur, in the Mahendragarh district of the Indian state of Haryana. He suffered from paralysis during his childhood which was then cured through Yoga.

He attended school till eighth standard in Shahbazpur village. He then joined an Arsh Gurukul[3] in Khanpur village to study Sanskrit and Yoga under the training of Acharya[4] Shri Pradyuman. Eventually, he assumed Sanyasa or monastic living taking his present name. He then moved to Jind district and joined Arsh Gurukul Kalwa and started offering free Yoga training to villagers across Haryana.

Baba Ramdev, started relentless efforts to popularize Yoga in the year 1995 with the establishment of Divya Yog Mandir Trust along with Acharya Karamveer and Acharya Balkrishna. While Karamveer was well-versed in Yoga and the Vedas, Balkrishna was a physician with a degree in Ayurveda. Baba Ramdev became the President of the trust, Acharya Karamveer the Deputy President and Acharya Balkrishna, the General Secretary. The objective of the trust was to teach Yoga in every part of the country and across the world and cure as many patients as possible. With this, he began activities in health and spiritual pursuits and has cured many incurable diseases since.

The kick start of a billion-dollar journey

It all began in the year 2002 when Sanskar television channel[5] started airing Baba Ramdev's Yoga classes. Baba Ramdev's live Yoga classes became very popular. Then Sanskar channel's rival Aastha channel[5] signed him up. In two years' time, he was huge and with him, the channel also benefited. His TV shows had the highest TRPs[6] during the morning slot, as many viewers practiced morning Yoga, listening to and watching his sessions.

He was not only on religious channels such as Aastha, but also on news and feature channels such as Aaj Tak, India TV and Sahara One. Millions around the country followed his programmes religiously and used Ayurvedic medicines prescribed by him. There was an eight-month waiting period before one could meet Baba Ramdev; he was being booked

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well in advance by television channels for his live Yoga classes each morning. His Yoga sessions were broadcast live in 170 countries.

Even Sony Entertainment Television on May 1, 2016 telecast *Yog Yatra*[7], a 90-min biopic on the life of Baba Ramdev, his efforts to popularize Yoga and the rationale for the founding of Patanjali Ayurved Limited.

Patanjali Ayurved Limited

Earlier, in 1995, when Baba Ramdev was still a less-known Yoga teacher in Haridwar, Acharya Balkrishna[8] set up Divya[9] Pharmacy under the aegis of Ramdev's guru, Swami Shankar Dev's ashram – to make Ayurvedic and herbal medicines. For the first three years, till 1998, the medicines were distributed free of charge. The medicines proved so popular that Baba Ramdev and Acharya Balkrishna sought to scale and diversify into other products. But that proved difficult because Divya Pharmacy was registered under a trust. At the same time, good funds began to come in with Baba Ramdev's national fame as a Yoga guru through his programmes on TV channels Sanskar in 2002 and Aastha from 2003, sizeable loans from the Scotland-based NRIs[10] Sarwan and Sunita Poddar, as well as locals such as Govind Agarwal, which in turn helped to secure bank loans. Then the management decision-making came into the picture, which gave birth to the "Patanjali Ayurved Limited" as a private company in 2006, with an aim to spread Ayurveda, the ancient medical science in India. Acharya Balkrishna held a 93 per cent stake in the firm and the remaining 7 per cent was held by the Scotland-based non-resident Indian (NRI) couple, Sarwan and Sunita Poddar. Baba Ramdev owns no stake in Patanjali Ayurved Limited.

Zero to billion dollars – marketing mix

Product

Patanjali products entered the market with a Swadeshi (indigenous) tag and an aura of purity about them. Patanjali claimed that all its medicinal and non-medicinal products were made from Ayurvedic and natural ingredients giving consumers a healthy and quality proposition. Although the brand was entirely pushed into the market through Baba Ramdev's popularity, it brought with it a strong association of Baba Ramdev's trust, in the minds of consumers. Patanjali decided to target the whole of the Indian population who wanted to stay healthy through Yoga, as well as customers who were dissatisfied with the quality and price of big fast moving consumer goods (FMCG) companies.

When the company first introduced their products, hardly any of the existing market players took notice. It was similar to any other very small scale "organic food maker".

HSBC Global Research termed Patanjali's growth as "meteoric" and said the company had become India's fastest-growing consumer brand. Patanjali's revenue was equal to or larger than the domestic revenues of established listed heavyweights such as Dabur, Emami, Marico and Godrej Consumer. Ghee[11] was the biggest money spinner for Patanjali, contributing 30-35 per cent to its revenue, followed by healthcare (around 20 per cent) and toothpaste Dant Kanti (8 per cent).

Analysts from HSBC, who visited the company's headquarters in Haridwar in 2015 said, "Patanjali owes its success to two categories of products – one, in which it was a 'disruptor' because of quality and cost advantage, and second, in Ayurveda-focused products, where it had 'specialist' know-how. Also Patanjali had managed to keep costs low because it directly sourced from farmers (no middleman) and paid modest salaries to employees".

As per the HSBC report 2015, "Patanjali had a 20 per cent share in the Rs 1,240-crore (US\$184.25 mn) Ayurveda-based toothpaste market in FY15, whereas Dabur had a 65 per cent share. By the financial year 2020, Patanjali's Dant Kanti toothpaste is expected to have

a 50 per cent share, whereas Dabur's market share will drop to 40 per cent in the Ayurveda toothpaste category”.

Patanjali went head to head with MNCs', launching “Atta Noodles[12]” against Nestle's and “Maggi”; Patanjali Flakes and Chocos against “Kellogg's Conflakes” and “Chocos”; “Powervita” against Health Food Drink majors, such as Mondelez's “Bournvita”, GlaxoSmithKline's “Horlicks” and Heinz's “Complan”.

It even had a product development arrangement with the Defence Research Development Organisation for food and health supplements.

Price

“We arrive at the price by calculating the cost of raw material, administration, processing cost and a bit of margin for sustenance,” said Acharya Balkrishna, Managing Director, Patanjali Ayurved Limited.

Management's decision of keeping prices low has been the cornerstone of Patanjali's marketing strategy. Moreover, Patanjali products were priced 10-40 per cent below the well-established rival brands of MNCs' For instance, when a 250-gm bottle of honey from Patanjali Ayurved Ltd. came for Rs 70 (US\$1.04), the market leader Dabur India sold the same pack size at Rs 120 (US\$1.78). Similarly, chyawanprash[13], one of the first products from the Haridwar-based company, was priced at Rs 250 (US\$3.71) for a 1-kg jar, whereas Dabur's chyawanprash was priced at Rs 333 (US\$4.94) for 1 kg.

Because of Patanjali's cost plus pricing strategy[14] products were available at a lesser cost to the consumers compared to other brands, at prices that were 10-40 per cent lower than its competitors. In the case of honey, it was 71 per cent lower. As of Dec 2015, while Kellogg's was selling flakes for Rs 91 (US\$1.35) for 250 gm and Rs 159 (US\$2.36) for 475 gm, Patanjali flakes were available for Rs 85 (US\$1.26) for 250 gm and Rs 145 (US\$2.15) for 500 gm. Maggi sold its Atta Noodles for Rs.25 (37 cents) whereas Patanjali offered it for Rs 15 (22 cents). This actually opened the eyes of the consumers regarding the high prices of products charged by MNCs. This made huge MNCs such as Dabur, Hindustan Unilever (HUL), Emami and P&G worry about their product and pricing strategy, because they had never imagined that a brand like Patanjali, which did not spend much on advertising in its nascent stage, could achieve such phenomenal success. (Refer Exhibit 1 for price comparisons)

Revised pricing strategy. According to the India Infoline Ltd. (IIFL) Institutional Equities report 2015, Patanjali revised its pricing strategy. The report states that there was increase in prices of popular products such as toothpastes and shampoos over the past few years. A 100-gm tube of Dant Kanti toothpaste, one of its top-selling products, was sold for Rs 40 (59 cents) in 2016 against Rs 28 (42 cents) earlier. Similarly, shampoo, a category which it entered much later had also seen price revisions. The price of a 200-ml bottle of Kesh Kanti Natural shampoo had gone up from Rs 68 (US\$1.01) to Rs 75 (US\$1.11). The company also increased the price of its anti-dandruff shampoo from Rs 85 (US\$1.26) to Rs 95 (US\$1.41) for 200 ml.

Ghee was one product where Patanjali followed a different pricing strategy. Marketed as a premium product, a 1,000-gm jar of Patanjali Ghee came for Rs 450 (US\$6.68) compared to a 1,000-gm jar of Amul Ghee which sold for Rs 390 (US\$5.97).

Yet, even as the firm increased the price for some of its products, the low price points helped in sampling of its products, ultimately resulting in high sales. “In India, people do not mind testing a new product if it does not pinch their pockets”, says N Chandramouli, CEO, Trust Research Advisory, a brand intelligence and data insights company.

Place (Exclusive to selective to intensive)

Initially, Patanjali shunned the conventional distribution network, preferring to rely on its own exclusive channels. Run by franchisees, Patanjali had a three-tier distribution system. These included Patanjali Chikitsalayas which were franchise dispensaries and clinics along with doctors, Patanjali Arogya Kendra which were health and wellness centres and Swadeshi Kendra, non-medicine outlets. A typical Patanjali centre was 500-2,000 square feet in size with no fancy lights or glass panels. Iron shelves were lined against the walls that held cartons, bottles and plastic canisters. In a corner, sat a man with a long register, the wooden table in front of him laden with small packages. The cash went into the little drawer under the desk. The group grew to 15,000 exclusive outlets across India. They plan to grow to 1, 00,000 exclusive outlets by 2020. (Refer [Exhibit 2](#) for the online application form for Distributorship)

These stores weren't exactly the first choice for Patanjali. Around 2010, when it started its big push into consumer goods, Patanjali found retail outlets unwilling to keep its products because of the low margin it gave to retailers.

Unlike other FMCG companies, which apart from giving a standard discount to retailers, allowed further discounting to be able to sell their products, Patanjali could neither afford to sell at discounted rates, nor give any special discount to retailers. It also did not give goods on credit initially.

"Moreover, we want our products to be placed at the front aisle, so that people get to see them", said Balkrishna. While large FMCG companies including HUL, ITC Ltd and others paid 19-20 per cent margin to modern retailers and 12-15 per cent to kirana shops[15], Patanjali paid 12.5 per cent margin to modern retailers and 8-9 per cent margin to kirana shops. It was the same story when Patanjali tried to place its products in modern retail stores.

Aditya Pittie, CEO, Pittie Group, Patanjali's sole distributor for modern retail and e-commerce, said, a pilot programme it ran for the firm's oral care brand Dant Kanti, helped the homegrown company crack modern retail.

Though Patanjali paid a 10 per cent margin against a rival brand's 20 per cent, the modern retailer was able to sell Rs 3 lakh (US\$4457.68) worth of Dant Kanti toothpastes against Rs 1 lakh (US\$1485.8) worth of toothpastes of the latter, says Pittie. That cracked the deal and Patanjali got a foothold in modern retail with a high volume and low margin strategy:

With retailers realizing that despite getting lower margin, they get to earn more on Patanjali products, they were eager to give shelf space to the company and eventually Patanjali increased the margin for modern retailers to 16 per cent added Aditya Pittie.

Patanjali owned more than 15,000 exclusive outlets and 1,76,800 retail outlets as of 2016 that sold healthy and organic consumer products and many other product categories like healthcare, dental care, personal care, home care, hair care, toiletries, food and more.

The company also entered the online marketplace with an ecommerce portal www.patanjaliayurved.net that sold a wide range of products. In October 2015, Patanjali tied up with the Future Group[16] to sell its products at Big Bazaar[17] and other Future Group stores in 245 cities and towns. At present, most of the big retailers such as Reliance Retail, Big Bazaar, Hyper City and Star Bazaar are stocking Ramdev's FMCG products. Looking at the demand and popularity of the Patanjali products, Reliance's retail store, Reliance Fresh entered into an agreement with Patanjali Ayurved Limited and offered exclusive kiosks. Moreover, its products were sold by vendors on online marketplaces such as Flipkart, Amazon, Netmeds, Snapdeal, ZopNow and Grofers besides inventory-based grocery e-tailer, that is, Big Basket. It had also tied up with Pluss, an on-demand medicine

and healthcare products delivery service, to deliver its products in Delhi[18]. Patanjali was planning to open outlets at railway stations and airports too. Patanjali had also set up Mega Stores in Lucknow and Nagpur and was planning to open 250 Mega Stores in various big cities of India. (Refer Exhibit 3 for details of a Mega Store)

Promotion

The belief in Yoga and the Yoga guru formed the foundation stone for the promotion of Patanjali products which were born with the HTL factor, that is, Herbs + Trust + Low Cost. The mix of spiritualism and effective traditional Indian therapy proved a sound success. When “Baba” launched Patanjali Ayurved Limited, it already had a credible brand ambassador – Baba Ramdev himself.

Events and experiences. Baba Ramdev held numerous Yoga camps. In these camps, as he demonstrated various Yoga postures, he subtly introduced Patanjali products by highlighting their numerous features and the benefits they offer. He requested his “followers” to try and experience the benefits themselves.

Apart from conducting Yoga on land, Baba Ramdev took Yoga to the seas in the summer of 2008 when he conducted a novel week-long meditation and pranayam (breathing exercise) camp for 950 people from across 15 nations aboard the luxury liner Star Cruise Virgo, off the coast of China.

Vijayant Jain, a guru from Ramdev School of Yoga said, “The new generation knows the value of Yoga but they need to be introduced to it in a different manner with a different experience”, thus explaining the need to begin with a session of Bollywood music-fuelled aerobics. The moment 42-year-old Jain changed the music and played Yo Yo Honey Singh’s[19] remix songs, his students were involved. The speed of the aerobics increased and the tempo was set.

The company also received a boost from the Indian Prime Minister Narendra Modi, who had Hindu nationalist roots, and had been raising awareness about all things Indian. During one year of his tenure, he increased government spending on Yoga and Ayurveda and also successfully lobbied the United Nations to declare an “International Day for Yoga-IDY” on 21st June[20]. On the first “International Day For Yoga-IDY” on 21st June 2015, Messrs. Modi and Ramdev together helped lead 35,000 people through poses. This kind of an event convinced many consumers to spend their hard-earned money on products from Patanjali.

He had taught Yoga to many celebrities including Indian film actors Amitabh Bachchan and Shilpa Shetty. He had also taught Yoga in the British Parliament, at the MD Anderson Cancer Center affiliated to the University of Texas and at the seminary of Muslim clerics at Deobandi in Uttar Pradesh, becoming the first ever non-Muslim to publicly address the Deobandi Muslim clerics. These events had earned him an international recognition on a large scale.

Direct marketing. Baba Ramdev intelligently integrated his various products in Yoga camps and TV shows. Baba Ramdev had acquired consumer trust through Yoga, and reaching them with Patanjali’s products became easier.

Baba Ramdev himself being the brand ambassador, spoke and emphasised, often during his Yoga camps, how MNC’s were fooling innocent consumers through of their products. “The cosmetics and food people are buying are poison. It is slow poison”, Baba Ramdev told his disciples in one televised Yoga session, sitting in the lotus position next to a spread of Patanjali’s products. He very often claimed that the ingredients that companies used were impure and the MNC’s that claimed that they provide natural products were not hundred per cent natural. Showcasing the Patanjali products, Baba Ramdev assured them

the best quality with very economical pricing as compared to MNCs' products and claimed that his natural products were hundred per cent pure and natural.

Patanjali had around 5 lakh trained Yoga teachers. Whenever a Yoga camp was organized, many Patanjali Yoga teachers assisted the participants and kept a keen eye on everyone to ensure perfection. Small kiosks were setup in the camp area for sale of various Patanjali products at the end of the camp to encourage trail.

Online marketing. The e-commerce portal www.patanjaliayurved.net ensured international visibility and marketing. Patanjali Ayurved Limited also launched an official mobile application where the users of the app could order all the products in the Patanjali portfolio. There were third-party developers also who were banking on the name of Patanjali and had developed various mobile applications in the areas of Yoga, Patanjali products and information. Patanjali Ayurved updated its facebook page with its products and new launches. Baba Ramdev while preaching during Yoga camps, kept on telling about various medicines and remedies for diseases. All of his Yoga sessions were telecast live and even recorded. Patanjali's official channel "Bharat Swabhiman" as well as other users uploaded videos on Youtube showcasing cures for various diseases. (Refer to [Exhibit 5](#) for suggestions prompted by YouTube).

Word of mouth

When a company makes a claim, its believability is merely between 20 – 49 per cent. But when real people speak about a brand – the believability jumps to 70 per cent; and when friends speak about a brand's goodness the believability jumps to 90 per cent. (said Rajesh Srivastava, Business strategist)

Patanjali also benefited from a huge word-of-mouth publicity at camps by Yoga students and trainers.

Patanjali's brand ambassador echoed the brand's authenticity, which was enough, to draw people to adopt the products. It was not only him who spoke, but any person who used the products spread his words like wildfire. People swallowed Baba Ramdev's advice that walnuts are a remedy for knee pain. His prescriptions had earlier increased demand for vegetables like "lauki" (bottle gourd), "karela" (bitter gourd) and aloe vera. This word of mouth publicity helped them sell their products like hot cakes and all his remedies went viral. (Refer to [Exhibit 5](#) for suggestions prompted by Youtube).

Time and again, Baba Ramdev motivated followers to use Swadeshi (indigenous) products and raised voices to boycott "foreign" products, ranging from shampoos to colas, by showing their ill-effects. This further created a loyal consumer base that promoted word-of-mouth communication for Patanjali and cleared ways for different product categories. Patanjali relied heavily on word-of-mouth advertising, with a few commercials (such as for cow's ghee, Dant Kanti toothpaste and biscuits) to strengthen its brand identity and promise for all his products. Consumers did not just buy products to suit their needs, instead they bought a solution that offered them value with "trust".

Public relations and publicity. Testimonies of consumers had become an inseparable part of Baba Ramdev. The interactive sessions (both live and digital), gave the people a chance to share their experience and the benefits they received after using the Patanjali products. People, who were dissatisfied after wasting a lot of money and time on medicines and doctors, actually shared their positive experience of Yoga and Patanjali products with Baba and rest of the people around. This took the trust factor of Patanjali products to greater heights. (Refer [Exhibit 6](#) for testimonies by consumers)

Baba Ramdev – the "celebrity" endorser of the brand was always in the news. When the Press wrote about him, his brands got publicity and benefits from it. Ramdev piggy backed on Prime Minister Narendra Modi's "Make in India" campaign to promote his goods. All the products that Patanjali manufactured had a "Made in Bharat" label. The Yoga guru also

depended heavily on followers who were popular celebrities such as Olympic wrestling champion, Sushil Kumar, and actors Sunil Shetty and Shilpa Shetty to endorse products during these Yoga programmes.

Patanjali Ayurved Limited even had a Human Resource policy that aimed at hiring executives from rivals.

Advertising. Patanjali's own advertising was limited in the past, but had increased considerably of late. Apart from advertising heavily on Aastha Channel, its ads started appearing on many TV channels. Patanjali's expansion was backed by a high-powered marketing campaign led by Ramdev himself along with the slogan "Prakriti ka Ashirwad" meaning "Blessings of Nature".

According to data released by the Broadcast Audience Research Council (BARC), India, Patanjali's TV commercials were telecast 12,969 times during last week of November 2015 making it the third most advertised brand on TV after Cadbury's Dairy Milk Silk and HUL's Fair & Lovely. Between January 23 and 27, 2016, Patanjali's commercials were telecast 17,676 times making it the highest advertised brand on TV. Between January and March, 2016, Patanjali Ayurved Ltd. doubled the number of advertisements it aired on TV channels, especially news channels. (Refer Exhibits 7 and 8 for data regarding number of times TVCs' played for top brands)

Patanjali's weekly ad insertions on television jumped 102 per cent from 11,897 in the first week of January 2016 to 24,050 in the week ended 25 March 2016, according to BARC. Ad insertions by Patanjali were 20 per cent more than those by the next most-advertised brand on TV – Cadbury, a chocolate brand owned by Mondelez India Foods Pvt. Ltd.

According to Anuja Chauhan, creative consultant at advertising agency JWT India, "Patanjali is riding on Ramdev's huge fan following. The company got two things right – one, the whole India-Ayurveda connection and, second, the MNC style of advertising". Patanjali had hired two top advertising agencies McCann and DDB Mudra, to prepare the company for the next phase of growth.

Actress Hema Malini, who reportedly once took Yoga lessons from Baba Ramdev, was enlisted to endorse Patanjali's line of maida^[21]-free biscuits. Olympic medallist, wrestler Sushil Kumar was taken as brand ambassador for its ghee.

Also, the company lately targeted all its rivals in the juice market claiming that Patanjali juices have more pulp at lesser prices, with discounts of about 14-16 per cent in comparison to Dabur's Real and Pepsico's Tropicana.

The story of how Patanjali strode into the instant noodles business was much like a fable. According to Balkrishna, Patanjali was never thinking about noodles, not even when the Maggi controversy broke out. "It was a rumour that went viral on social media that got us thinking," he explained.

Patanjali Ayurved in its print ads and social media appealed to shopkeepers "to give prominence to Patanjali products on shelves" to help fulfil the dream of Mahatma Gandhi to promote the *Swadeshi movement*.

The new Patanjali ad targeting retailers and consumers said, "use our products like millions of Deshbhakt^[22] Indians and contribute in the service and prosperity of the country". The ad further said, "Just like millions of patriotic Indians, shopkeepers and customers in the country who are aware, should give priority to Patanjali's products in their shops and hearts and contribute in the service and prosperity of the country. Using our products will help in fulfilling the dreams of great personalities and freedom fighters like Mahatma Gandhi, Bhagat Singh and Ram Prasad Bismil who wanted citizens to use Swadeshi (indigenous) products".

Patanjali even went for ambush marketing for its products such as honey, Kachi Ghani Mustard oil and Dant Kanti toothpaste, taking on leading MNC brands. The packaging showed which top MNC it was targeting:

- Patanjali honey was said to be real honey, costing Rs.70 (US\$1.04) for 250 gm as compared to Rs.120 (US\$1.78) for 250 gm of Dabur Honey, commercialized in the same ad. They even showed a package of honey which was very similar to that of Dabur's.
- Patanjali Kachi Ghani mustard oil ad claimed that "Other than Patanjali's Kachi Ghani most of the other edible refined oils and mustard oil are made using neurotoxin Hexagon solvent extraction process. To make profits at the cost of consumers' health, many companies mix cheap palm oil in mustard oil". Its punch line said "Apne pariwar ko Milawat ke Zeher Se Bachayen[23]" considered to be pure and approved.
- Patanjali Dant Kanti toothpaste ad said "will you believe in a toothpaste ad only when a person wears a doctor's apron and tells you to buy it or will you believe in a toothpaste which is actually good in quality, made from natural ingredients and is Ayurvedic, i.e. Dant Kanti? Its punch line said, "Itna Bhi Muskil Nahi He Sach Ko Pehechanana[24]".

"Straight Infomercial ads in national, local and regional languages, with no fluff, helped Patanjali in creating the trust factor and winning consumers' confidence" said Harish Bijoor, brand strategy expert and CEO, Harish Bijoor Consults Inc. All the ads ended with the image of Baba Ramdev, Acharya Balakrishna and a saint reminding the viewers of the strong brand association.

Social marketing. Acharya Balkrishna said "our objective is to economically empower people, particularly farmers, through the promotion of these products. Profits from the venture would be used to finance initiatives like health care, rural economy and others". It was Baba Ramdev's dream to visualize the farmers and labourers as self-reliant and self-sufficient. This proved highly beneficial for the vegetable and food growers, as they were able to dispose of their entire farm production in bulk to Patanjali Food and Herbal Park[25]. In addition to this, producers were given training to grow amla[26] and aloe vera in vacant barren lands. The complete project removed the role of intermediaries and provided economic benefits to the farmers, producers and other people of the area. This project led the country to a new era of health and prosperity.

Starting from offline to online, above the line (ATL) to below the line (BTL) activities, Testimony to Social Marketing, all the channels have been integrated marketing communication (IMC) to speak the purity proven products of Patanjali which are directly from the nature to cure all types of diseases.

Baba Ramdev as a brand

With a cult following, telegenic appearance, a television channel and his Yoga shows round the country, Baba Ramdev became a household name. The blend of spiritualism and traditional Indian therapy proved a resounding success.

He did not focus on proclaiming that his brand was the best. Instead, he spoke about the evils of MNCs, the virtues of products made in India, the exploitation of farmers, the cancerous effects of fertilizers and chemicals and just about everything that surrounded his Ayurvedic and natural products. He always placed an emphasis on being healthy through Yoga. The one lakh free Yoga classes conducted by the Patanjali Yogpeeth[27] convinced people that he was not in it for the money.

Once customer trust was earned through Yoga, reaching the customers with their products became much easier for Patanjali.

He was also famously involved with the "Bharat Swabhiman Andolan" (Self-respect Indian Movement) which spoke to boycott foreign goods and promote indigenous goods, and managed to attract significant number of followers. Additionally, he was part of some or the

other controversy and was able to grab enough headlines for a whole day. Bottom line, he was popular and drove the brand to what it is now:

We haven't done this for business but for welfare. I am not doing this to amass personal wealth. Neither do I own a single share of Patanjali Ayurved nor do I take a single penny to promote it, said Baba Ramdev.

When Baba Ramdev launched Patanjali Ayurved Limited, it already had a brand ambassador who was high on expertise, credence and trustworthiness qualities – Baba Ramdev himself.

Now is the time, when Hindustan Unilever (HUL), has for the first time acknowledged competition in the herbal segment in the country and said the company has been launching products in the “natural” space to fight it. Patanjali has recently trumped all established FMCG firms in the country including the likes of HUL, P&G, Colgate-Palmolive. The company has also entered into joint ventures with some foreign companies and has been exporting their products to countries such as the USA, Canada and the Middle East. Over and above, Acharya Balkrishna has entered the coveted Hurun India Rich List 2016 as a billionaire with a personal fortune of Rs 25,600 crore (US\$3.82 bn). The rise of Patanjali has inspired CLSA to write a wistful research note titled “Wish you were listed, Patanjali”. Not only will that clear the air on the company's funding sources, it may open up one more Swadeshi option for Indian investors in FMCG stocks.

Patanjali is entering the textile manufacturing sector, hoping that the group's growth rate will swell to 200 per cent in the next fiscal year. It will make a big venture in the textile manufacturing sector and a part of traditional kurta-pajama, it will come out with foreign wears like “Swadeshi” jeans. Yoga guru Baba Ramdev's plans to venture into clothing and make khadi apparel has evoked a positive response from the textile industry with teams from some prominent business houses approaching Patanjali with their products. A team from the Raymond Group showed different samples of its products to Patanjali executives. Ahmedabad-based textile manufacturer Arvind, too, has contacted Patanjali to explore business opportunities, said people familiar with the developments.

The road ahead

The IIFL report 2015, had projected Patanjali Ayurved Limited's revenue to reach Rs.20,000 crore (US\$2.97 bn) by 2020. The IIFL report projected a double-digit market share in 10 of the 25 categories including ghee (33 per cent) and chyawanprash (30 per cent). It projected a revenue of Rs 3,100 crore (US\$460.62 mn) from the sale of its ghee by 2020. (Refer [Exhibit 4](#) for Key rivals).

Patanjali's aim is to enter categories of products where consumers are unhappy with the quality or price. Patanjali has diversified into various segments of the market, ranging from FMCG products, Ayurvedic medicines to an Ayurveda hospital and a medical college in its campus Patanjali Yogpeeth near Haridwar. This diversification is now one of the biggest threats not just for the FMCG companies, such as Nestle, Colgate Palmolive, etc., but also for private hospitals that have been strategizing to open facilities on natural medicine and care. Patanjali plans to enter the beauty products segment to compete with major MNCs, the baby care segment to compete with Johnson & Johnson, and the sports segment to compete with Nike and Adidas. (Refer [Exhibit 9](#) for Market Capitalization of MNC's):

While personality-led brands aren't uncommon in advertising – the late Steve Jobs personified what Apple stood for and Richard Branson lends his charisma and charm to Virgin – I don't think there are any examples of it in Ayurveda. The difference between Baba Ramdev and regular brand ambassadors is that - he lives the brand. There is no gap between what he espouses and what Patanjali wishes to communicate. (says Kiran Khalap, co-founder, Chlorophyll Brand and Communications Consultancy)

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Event marketing/public
relations

Patanjali as a brand has a strong positioning in the minds of the consumer as a natural and an Ayurvedic brand. Will Patanjali's foray into so many diversified segments lead to a brand extension trap and confused positioning?

Because Patanjali, as a brand, solely rides on Baba Ramdev's image, if Baba Ramdev ever finds himself at the centre of a controversy, will his brand equity take a hit? Will it affect the brand Patanjali? Even if Baba Ramdev does not get into any controversy, what will happen to the brand Patanjali when Baba Ramdev is no more? Who should be the next face of Patanjali? Can the brand survive without a face?

Notes

1. Haridwar is an ancient city and important Hindu pilgrimage site in North India's Uttarakhand state, where the River Ganges exits the Himalayan foothills.
2. Yoga is an ancient art based on a harmonizing system of development for the body, mind and spirit. It includes breath control, simple meditation and the adoption of specific bodily postures for health and relaxation.
3. Arsh Gurukul, established in the year 1984 is a traditional Yoga school. This is where Baba Ramdev learnt Yoga and Sanskrit. It was founded by Acharya Pradyuman.
4. Acharya is a title affixed to the names of learned men. In Indian religions and society, an Acharya is a preceptor or instructor in religious matters; founder, or leader of a sect or a highly learned man.
5. Aastha TV is a spiritual Indian television channel.
6. Television Rating Point (TRP) is a tool provided to judge which programmes are viewed the most. This gives us an index of the choice of the people and also the popularity of a particular channel.
7. Yoga Journey.
8. Balkrishna is the chairman, managing director and primary stakeholder of Patanjali Ayurved Limited with 93 per cent stake. He founded the company with Yoga guru Baba Ramdev. Balkrishna is a practitioner of Ayurveda and is often referred to as Acharya Balkrishna. In 2012, he was honoured by "Sujaan Shri" award by Shri Viranjy Foundation for his contribution in the field of Yoga and medicinal plants.
9. Divya means divine.
10. A non-resident Indian (NRI) is a citizen of India who holds an Indian passport and has temporarily immigrated to another country for six months or more for employment, residence, education or any other purpose.
11. Ghee is clarified butter made from the milk of a buffalo or cow, used in South Asian cooking, traditional medicine and religious rituals.
12. Noodles made up wheat.
13. Chyawanprash is an Ayurvedic supplement with various herbs, herbal extracts and minerals.
14. A markup is added onto the total cost incurred by the producer of a good or service to cover the costs of doing business. The total cost reflects the total amount of both fixed and variable expenses to produce and distribute a product.
15. Mom-and-pop stores.
16. Future Group is an Indian private conglomerate, headquartered in Mumbai. The company is known for having a significant presence in Indian retail and fashion sectors, with popular supermarket chains.
17. Big Bazaar is the largest hypermarket chain in India.
18. New Delhi is the capital territory of the Republic of India and the second most populous city in India.
19. Hirdesh Singh (born 15 March 1983), better known by his stage name Yo Yo Honey Singh or Honey Singh, is an Indian rapper, music producer, singer and film actor.
20. The Indian Prime Minister Narendra Modi in his UN Address suggested the date of June 21, as it is the longest day of the year in the Northern Hemisphere and shares special significance in many parts of the world.
21. Maida, a Hindi word means white refined flour or all-purpose flour.

22. Deshbhakt means patriotic.
23. Save your family from the poison of impurity.
24. It's not so difficult to identify truth.
25. Patanjali Food and Herbal Park located at Haridwar, headed by Acharya Balakrishna, International Authority in Ayurveda, and the Ministry of Food Processing Industry, Govt. of India. The rationale behind this park was research and development, prevent the wastage of produce, encourage agro-based entrepreneurship, dismantle the multi-layer commission agencies in the supply chain, encourage public-private partnership in agro industry, diversify primary sector activity for growth of medicinal and aromatic plants and encourage non-conventional farming for traditional agro-products.
26. Amla means goose berries, which are a major ingredient in most Ayurvedic products, especially the chyawanprash and hair oils. It is a potent fruit known for promoting health and longevity.
27. Patanjali Yogpeeth is an institute founded for the promotion and practice of Yoga and Ayurveda. It has two Indian campuses, Patanjali Yogpeeth-I & Patanjali Yogpeeth-II, with locations in the UK, US, Nepal, Canada and Mauritius.
28. The most common answers would be Steve Jobs, iPhone and iPod. Some students might even say a fruit on a lighter note.
29. The most common answers would be Baba Ramdev, Yoga, Ayurveda, Acharya Balakrishna.
30. Sanskar TV is an Indian television channel dedicated to broadcasting programmes on "Indian philosophy, religion, spiritual solidarity, and culture" and focuses more on devotion than spiritualism.
31. Aastha TV is a spiritual TV network in India, Established in 2000, it is owned by Aastha Broadcasting Network Ltd. Its programmes feature spiritual discourses, socio-cultural ceremonies and religious events, accompanied by meditation techniques and devotional music.
32. Yoga Journey.
33. A Patanjali-trained Ayurvedic doctor also sits in every Patanjali Chikitsalaya from whom consultation can be obtained regarding various medicines.
34. Yoga is an ancient art based on a harmonizing system of development for the body, mind and spirit. It includes including breath control, simple meditation and the adoption of specific bodily postures for health and relaxation.
35. Deshbhakt means patriotic.
36. A cult brand is a product or service with a committed customer base. The attainment of such true believers or "near fanatical" customers is made possible because cult brands sell more than a product, they instil a sense of belonging.
37. Separate brand names for each of the products. Advantage is that if a product fails there is no harm to the reputation of the company.
38. Some companies use their brand name and logo together for all of its products for better identity and image. For example, Godrej, LG, Hitachi.
39. Different products of the company are marketed under one brand name. For example – Tanishq – A Tata product, Pantaloon Retail – An Aditya Birla Group company.
40. Asumal Sirumalani known as Asaram by his followers, is a Hindu religious leader from India, who was arrested on the grounds of harassment.
41. A brand promise is the statement that you make to customers that identifies what they should expect for all interactions with your people, products, services and company. It is often associated with the company name and/or logo.
42. Brand culture is a company culture in which employees "live" to brand values, to solve problems and make decisions internally and deliver a branded customer experience externally.
43. This assignment question should be given a few days before, from when the case is to be taught, so that the international students who might not have heard the name of Patanjali Ayurved Limited, will have an insight about the categories of products of Patanjali, thus also putting the theory learnt about product mix, to practice.
44. This question would make the students aware about the worth of these strong players. Further, it would also lay a foundation to introduce Patanjali's success story which lies in its Marketing Mix. A brand that no one knew in India, to a brand that everybody knows.

45. Chyawanprash is an Ayurvedic supplement fortified with various herbs, herbal extracts and minerals.
46. Indian goose berry.
47. Clarified butter made from the milk of buffaloes or cows, used in South Asian cooking.

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Exhibit 1. The pricing game

Table E1

Patanjali's products are priced lower than rival brands in all categories except ghee

<i>Ghee (per kg)</i>			
Patanjali Rs 450	Sagar Rs 382	Govardhan Rs 415	Amul Rs 390
<i>Edible oils (per kg)</i>			
Patanjali Rs 142	Fortune Rs 149	Sundrop Heart Rs 170	Dhara Rs 153
<i>Toothpaste (all 100-gm packs)</i>			
Patanjali Dant Kanti Rs 35	Colgate Active Salt Rs 48	Dabur Red Toothpaste Rs 47	
<i>Mixed fruit jam (all 500-gm packs)</i>			
Patanjali Rs 70	Kissan Rs 105	Tops Rs 95	
<i>Liquid detergent (all 500-ml packs)</i>			
Patanjali Soumya Rs 80	Godrej Ezee Rs 90	Genteel Rs 99	Safewash Rs 160
<i>Balm (per kg)</i>			
Patanjali Rs 1,600	Amrutanjan Rs 2,667	Zandu Rs 3,200	Vicks Rs 2,400
<i>Chywanprash (per kg)</i>			
Patanjali Rs 250	Dabur Rs 333	Zandu Sona Chandni Rs 261	

Source: IIFL Institutional Equities report 2016

Exhibit 2. Snapshot of online application for Distributorship

**ONLINE APPLICATION FOR DISTRIBUTORSHIP OF PATANJALI
AYURVED LIMITED**

1. Select Division*
 Home Care
 Natural Personal Care
 Natural Food
 Natural Beverage

By the blessing of H.H Param Puja Swami Ramdev Ji Maharaj and the determination of Patanjali Ayurved Limited., cheap and best quality Swadeshi Product is to be made available to each and every household, I am a well-wisher and supporter of this movement and is committed to get rid of the foreign MNCs loot to make the country self-reliant and economic super power.

2. Name of Applicant*:
3. Name of the Company/Firm*:
4. Address*:
5. Email*:

.....
12. Last One Year Turnover?(In Rs Lakhs)*
13. Investment Capacity (In Rs Lakhs)*
 Less than 20
 21-50
 51-100
 Above 100
14. Area of Warehouse (In sq.ft.)*
 Less than 5000
 5001-10000
 10001-25000
 Above 25000
15. No. of Sales Person.....
16. No. of Transport Vehicles (Don't include Two wheelers).....

If you accept the above terms and conditions and is ready to give us all the information's mentioned above then please attach your last year ITR (Income Tax Return) and balance sheets with this

6. Mobile*: **Landline:**
7. Level at which you can become a distributor* District
Tehsil
District*:
Tehsil*:
State*:

8. Do you have any experience of FMCG distribution / Wholesale distribution / Other distribution?*
 Yes No

9. If Yes, Brief History of the products of the distribution business you have done so far
.....
.....

10. Name of the company for whom you have already done the distribution*
Distribution Company Name Year from to

11. If No, then give detail of your present business
.....

Application form and send to Email ID. abhuydaivibhag@patanjaliayurved.org.

NOTE:
A. Patanjali Ayurved Limited Reserves the right to reject or accept any application without assigning any reason, however the information given in this form would not be used anywhere and would be highly confidential.
B. Are you already engage with patanjali pariwar? Yes No
If yes then mention the cadre
Karyakarta Yog Teacher Life Patron
Founder Corporate Member Others.....

C. The Person who deals with the trade of Schnapps Business are not eligible to fill the form because our organisation is a Social and Spiritual Organisation
 I Agree with Term and Conditions

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Exhibit 3

1. Minimum area required for Patanjali Mega Store – 2,000 sq. ft.
2. Proposed location of Patanjali Mega Store – It must be the main part of “A” Class cities and it must comply the minimum distance of 1 km from the existing Patanjali Chikitsalaya.
3. Initial investment required – Rs. 50-60 Lakhs.
4. Security deposit required – Rs. 5 Lakhs (refundable).
Mode of deposit – Demand draft.
(Deposit amount should be equally divided into two demand drafts, first 2.5 Lakhs on the name of Divya Pharmacy and remaining 2.5 Lakhs on the name of Patanjali Ayurved, Haridwar).
5. Applicant should not be condemned by court for any unlawful action. He/she must possess a reputed position in society.
6. Products other than the list of Divya Pharmacy, Patanjali Ayurved and Institute approved products are not allowed to be sold in this Patanjali Mega Store. This will be strictly dedicated to the wide range of Patanjali products.
7. Patanjali Mega Store must have a Vaidya (Ayurvedic Doctor) who will be appointed by Patanjali. Applicant has to facilitate Vaidya with all medical instruments, sitting arrangements and other basic requirements.
8. Documents required along with duly filled application form:
 - Applicants' passport size photos – 5 nos.
 - Location photographs – 5-6 nos.
 - Photocopy of applicants' pan Card, identity proof and address proof.
 - Photocopy of sales registration, ownership or rent deed of Mega Store etc.

Exhibit 4. Key rivals (Listed companies)

Table EII	
<i>Product category</i>	<i>Competitor</i>
Wheat flour	ITC
Biscuits	ITC, Britannia
Toothpaste	Dabur, Colgate, HUL
Shampoo/Hair conditioner	Dabur, HUL
Chyawanprash	Dabur
Soap, bath gel, hand wash, pain balm	ITC, HUL, Emami, Marico, Godrej Consumer Products
Malted beverages and milk supplements	GSK, Cadbury
Noodles	Nestle

Source: HSBC Securities and Capital Markets (India) report dated 5th February 2016 and UBS Securities

Exhibit 5. Snapshot of suggestions prompted by YouTube

<p>In YouTube search bar when typed "Ramdev Baba for" YouTube suggests the following :</p> <p><i>ramdev baba for hair growth</i> <i>ramdev baba for diabetes</i> <i>ramdev baba for weight loss</i> <i>ramdev baba for eyes</i> <i>ramdev baba for stomach</i> <i>ramdev baba for thyroid</i> <i>ramdev baba for weight gain</i> <i>ramdev baba for blood pressure</i> <i>ramdev baba for hair loss</i> <i>ramdev baba for hair</i></p>

Source: You Tube

Exhibit 6. Testimonies by consumers

<p>Many followers have uploaded videos on YouTube claiming to have cured many diseases because of Patanjali. The videos can be found by typing the following on the search bar on YouTube:</p> <p><i>"I cured Arthritis Patanjali user review"</i> <i>"I cured my thyroid patanjali user review"</i></p>

Source: You Tube

Exhibit 7. Small screen big splurge

Table EIII	
<i>No. of times television commercials played</i>	
Patanjali	17,676
Cadbury	15,985
Parle	15,573
Horlicks	15,495
Pond's	13,495
Fair & Lovely	13,178

Source: BARC, data for 23-29 January 2016

Exhibit 8. Weekly media insertions of top 10 brands

Table EIV		
<i>Week 23, 4th-10th June 2016</i>		
<i>Weekly insertions of top 10 brands</i>		
1	Dettol	21,892
2	Cadbury	17,160
3	Harpic	17,094
4	Honda	16,200
5	Patanjali	16,042
6	Colgate	15,219
7	Fair & Lovely	14,533
8	Vodafone	14,348
9	Lifebuoy	13,160
10	Kwality Wall's	12,159

Source: BARC

Exhibit 9. Size matters

Table EV	
<i>Its promoters are clear that Patanjali Ayurved will not be a listed company. If listed how Patanjali's market cap will stack up against some of its leading listed rivals in the food and FMCG markets</i>	
<i>Company Name</i>	<i>Market Cap (in crores)</i>
Dabur India Ltd.	47,681.5
Godrej Consumer Products Ltd.	42,081.5
Emami Ltd.	25,699.5
Colgate Pamolive (India) Ltd.	25,543.5
Marico Ltd.	25,477.7
P & G Hygiene & Health Care Ltd.	20,066.9
Hindustan Unilever Ltd.	17,0372.2
Gillette India Ltd.	16,111.1
Godrej Industries Ltd.	12,535.7
Bajaj Corp Ltd.	63,25.5
Jyoti Laboratories Ltd.	5,686.9
Patanjali Ayurved	40,000

Source: Ace Equity

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