The Phenomenal Success of Patanjali in FMCG Sector-An Analytical Study

Dr. Moloy Ghoshal
Delhi School of Professional Studies and Research, New-Delhi
India

Abstract: in India FMCG sector does play a vital role in economic development. It is the 4\textsuperscript{th} largest sector so far as revenue is concerned. In India the major share of market is ruled by the foreign MNCs. In this research paper the researcher would discuss about how an infant Indian company, Patanjali Ayurveda Ltd. Is combating the foreign big firm in all most all segments of this sector.

Key words: Ayurved, Brand, FMCG, Patanjali, India

An overview of Indian FMCG sector:
The Fast Moving Consumer Goods (FMCG) sector is the fourth largest sector in Indian economy. Food product is the leading segment accounting more than 53\% in this sector. Personal care 20\% and fabric care 10\% come next in term of market share. It has a strong MNCs presence and is characterize by well established distribution network, intense competition between organized and unorganized segments and low operational cost. Availability of key raw material, cheap labour and presence across the entire value chain gives India a competitive advantage. The penetration of FMCG in rural area is not high as yet but the opportunity of growth in this area is huge by means of enhanced penetration into the rural market and conducting the awareness programme in this area. The scope of growth of FMCG sector is high as per capita consumption of FMCG products is low in comparison to the developed countries.
The major players in FMCG sector in India are; Hindustan Unilever, Procter &Gamble(P&G), Dabur India ltd, Colgate-Palmolive India, Coca Cola, Pepsico Ind., Nestle, Britannia India Ltd. and most of them are foreign MNCs. In other word we can say that Indian FMCG sector is ruled by the foreign companies and huge amount of revenue are drained to the foreign countries.

Major Segments of FMCG- Industry

![Diagram showing the distribution of segments in the FMCG industry]

Patanjali –From Yoga-Shastra to Artha-Shastra (Yoga to Economics), Company Profile at a Glance:
Acharya Balkrishna established Patanjali Ayurved ltd in the year 2006 along with Baba Ramdev with the objective of establishing science of ayurveda in accordance and coordinating the latest technology and ancient wisdom. Patanjali Ayurved Ltd is a complete Indian FMCG company located in the industrial area of Haridwar(U.K),India. According to CLSA( Credit Lyonnais Securities Asia) and HSBC , Patanjali is a fastest growing FMCG company in India. Its asset value goes up to Rs13000Cr and some predicted revenue of rupees 5000 crores for the fiscal year 2015-16. Patanjali food and herbal park at Hardwar is the main production facility operated by Patanjali Ayurved. The company plans to established further units in India and Nepal in near future. It produces products in the category of personal care and food sector. The company produces 444 types of products including 45 types of cosmetics products 30 types of food products. According to the company all the products manufactured by Patanjali are made from Ayurveda and natural components.
Patanjali’s products are cheaper compared to the alternatives available in the market due to less production and marketing costs. It has also launched beauty and baby products. Its ayurvedic manufacturing division has over 300 medicines for treating a range of ailments and body conditions from common cold to chronic paralyses. Patanjali launched instant noodles on 15th November 2015 after the Maggi controversy, which has a market share of 77% in noodles sector, with the aim to capture the world's 5th largest noodles market worth more than 4000 Crore. Patanjali sales its products nearly through 4000 outlets as on 2015. It also sells its products through online and planning to open outlets in Railways Stations and Airports. It also has tied up with Pittie and Kishore Biyani’s Future Group on oct.9, 2015, to make available its products in all the outlets of Future Groups. Its products are also available in modern trade centers like Reliance Retail, Hyper City, and Star Bazaar apart from online channels. Defense organization, DRDO entered into license agreements with Patanjali Ayurveda for transfer of technology.

Few popular products of Patanjali
Patanjali in Food products:

Patanjali in Personal care products:

Patanjali in Ayurvedic Medicine:

Patanjali in House- hold Care

As discussed, that major segments of FMCG industry consists of food & beverages counts 53%, personal care 20%, tobacco 15%, house hold care 10% and lighting 2%; we can see that Patanjali left no stone unturned so far as product variety, quality and price is concerned.

SWOT (Strength, Weakness, Opportunity & Threat) – Analysis of Patanjali Ayurved Ltd:

Strength:
1. Image of Baba Ram Dev
2. Image of Patanjali Yoga Pith
3. Positive conception of people about Ayurved
4. Huge disciple based
5. Publicity through its own T.V. channel and through huge gatherings of Baba’s Yoga Sibir
6. Publicity through positive and very effective word of mouth communication.
7. Good product quality with low price compared to its counterparts
8. Low cost of production

Weakness:
1. Weak distribution system.
2. Lack of attractive packaging and poor quality of packaging
3. No Celebrity endorsement
4. Dealers dissatisfaction in some areas.
5. No product for premium sector.
Opportunities:
1. Growing organic sector
2. Un-tapped global market
3. All most daily controversy on chemical contain in MNCs companies
4. En-cashing public sentiment on domestic company issue.
5. Tie up with different big retail giants and online retailers.

Threats:
1. Low visibility in the market
2. MNCs can also enter in Ayurvedic and organic sector
3. Totally depend on one man image and any rumor, mistake or conspiracy can jeopardize the whole success.
4. Controversies created by opponent companies.

Objective of the Study:
1. To understand the demand pattern of FMCG products in different categories; food & beverage, personal care, household etc.
2. To know the brand preference on consumption of FMCG products.
3. To know the image of Patanjali’s as a brand to consumers
4. To know the satisfaction level of consumers of Patanjali’s products.
5. To know the post purchase behaviour of users of Patanjali’s products.

Research Methodology:
The sample size was take near about 200 consumers who are using Patanjali’s products either of food and beverage, personal care or house hold care or all of these. The area where from the data was collected is mainly the northern part of Delhi, India. Out of 200 respondents 35% were working people both male and female, 30% were house wife, 20% were college going students and 15% were senior citizens. A judgmental sampling technique was used to collect the primary data with the help of self administered questionnaire. The questionnaire designed was built up to know the type of products they use, the reason of using these products, their satisfaction level etc. data was also collected from different secondary sources like public opinion about Patanjali in youtube.com, articles on internet, paper, interview on different national news channels. To analyse the primary data, frequency distribution, correlation and regression tools will be use with the help of MS-Excel and SPSS software.

Consumer-Data Analysis
The data collected through 200 consumers of patanjali’s products analysed through frequency distribution, correlation and regression tools. Below graphs show the descriptive data analysis i.e. the frequency distribution of different parameters.

As discussed, the FMCG industry is mainly caters in four categories viz. Food & Beverage, Personal care and House hold care; questions were asked to the users of Patanjali’s product pertaining to their opinion and choice in these categories.

1. company Preference in food & beverage products:

From the above graph it is clear that though the respondents are using few items of patanjalis, their main preference in food & beverage are Amul, Britannia, Nestle, Parle Agro.
2. **Company Preference in personal care products:**

In personal care category Hindustan Uni Lever, P&G, Godrej & ITC are the most preferred companies.

3. **Preference in Home-care products**

The home care product market in India is growing due to the increased awareness in health and hygiene as well as considerable increase in per capita disposable income and change in family system. Several FMCG companies has entered to en-cash the opportunity of the positive change. The home care products are into the following segments-Fabric care( cotton and woolen garments), Dishwash products, Surface cleaners, house hold insecticide and air care. From the above graph it is clear that Hindustan liver and P&G are the two giants in this sector.

4. **Purchased FMCG products on the basis of company’s name or brand name.**

From the above graph it is clear that more than 70% customers purchase products base on the brand name, only 30 % consumers asked for company when purchasing products from the stores.

5. **Reasons for selecting a particular brand in food and beverage segment**

In food and beverage segment which consist more than 50% of FMCG market, 52% respondents emphasized taste as the main decision making factor of brand selection, after that it is the health, 20% of respondents believe it the most important factor for selecting brand, quality(10%), price(7.5%), brand loyalty(7.5%) come there after.

**Statistics**

<table>
<thead>
<tr>
<th></th>
<th>Valid</th>
<th>Missing</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>200</td>
<td>0</td>
</tr>
</tbody>
</table>
6. **Want to switch permanently from your existing brands in food & beverage, personal care, home- care to patanjali’s product?**

Though the respondents are the current users of Patanjalis' products either on trial basis or long term basis, a remarkably good, some 20-40% of them, depending on segment, are like to turned as a permanent user of patanjali, which is very impressive on behalf of a company if we think the overall market share in near future.

### Frequency Table

<table>
<thead>
<tr>
<th>Statistics</th>
<th>food beverage</th>
<th>personal care</th>
<th>homecare</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Invalid</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

#### food beverage

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>30</td>
<td>15.0</td>
<td>15.0</td>
<td>15.0</td>
</tr>
<tr>
<td>no</td>
<td>170</td>
<td>85.0</td>
<td>85.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

#### personal care

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>20</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>no</td>
<td>180</td>
<td>90.0</td>
<td>90.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
### Correlation Analysis

The values of correlation among the factors which affect buying decision of the users are calculated with the help of SPSS software and are presented in a tabular form. From the table we can see that the correlation-values(r-value) among the factors affecting the purchase decision of Patanjalis’ products are strongly positive. We can see that, taste, reasonable price, quality, health, Baba Ramdev Image, herbal products, domestic company, packaging, advertising, and availability all the factors have a very good positive r-value indicating that patanjali is on the right direction in these areas. Brand loyalty with price and advertising has moderately low r-values indicating that loyalty of brand does not depend on price and advertising but depends other factors of quality product. Similarly r-value between health and advertising is low indicates that health of consumer does not depend on advertising. Domestic product(swadeshi) and quality has a very high correlation value(.937) shows that our Indian companies if able to deliver quality product like Patanjali, can also become successful. The fact prove that being a domestic company Patanjali has been able to deliver good quality product as per the perception of consumers.

The distribution strategy taken by Baba Ramdev is very successful and aggressive as indicated by very high level of correlation(.903).

### Correlations:

<table>
<thead>
<tr>
<th></th>
<th>taste</th>
<th>brand loyalty</th>
<th>reasonable price</th>
<th>quality</th>
<th>health</th>
<th>Baba Ramdev affect</th>
<th>herbal natural</th>
<th>domestic</th>
<th>packing</th>
<th>advertising</th>
<th>availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.400**</td>
<td>.771**</td>
<td>.549**</td>
<td>.476**</td>
<td>.866**</td>
<td>.698**</td>
<td>.586**</td>
<td>.438**</td>
<td>.623**</td>
<td>.777**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.400</td>
<td>.308**</td>
<td>.728**</td>
<td>.840**</td>
<td>.464**</td>
<td>.572**</td>
<td>.682**</td>
<td>.912**</td>
<td>.249**</td>
<td>.514**</td>
<td>.514**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.771</td>
<td>.308**</td>
<td>.424**</td>
<td>.367**</td>
<td>.664**</td>
<td>.538**</td>
<td>.452**</td>
<td>.338**</td>
<td>.808**</td>
<td>.599**</td>
<td>.599**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>
For the purpose of regression, satisfaction level of customers/users is taken as dependent variable and attributes of products are independent variables. We assume that the consumers are dissatisfied with Patanjali’s product and not willing to buy it again (H$_0$).

Now we will regress the satisfaction level of customers on the factors which together make the buyer to take his buying decision.

We will again regress the ‘buy again’ factor with satisfaction level to know the post purchase behavior of the users.
Variables Entered/Removed\textsuperscript{a}

<table>
<thead>
<tr>
<th>Model</th>
<th>Variables Entered</th>
<th>Variables Removed</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>buy again, advertisement, brand loyalty, Ramdev\textunderscore affect, reasonable price, herbal natural, health, availability, quality, packaging\textsuperscript{b}</td>
<td>.</td>
<td>Enter</td>
</tr>
</tbody>
</table>

a. Dependent Variable: satisfaction\_level 
b. Tolerance = .000 limits reached.

Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.973\textsuperscript{a}</td>
<td>.947</td>
<td>.944</td>
<td>.11501</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), buy again, advertisement, brand loyalty, Ramdev\_affect, reasonable price, herbal natural, health, availability, quality, packaging

This table provides the R and $R^2$ values. The R value represents the simple correlation and is 0.973, which indicates a high degree of correlation. The $R^2$ value indicates how much of the total variation of the dependent variable, consumers' satisfaction, can be explained by the factors of buying decisions. In this case, from the table we can see that as much as 95% can be explained with the independent variables which is very large, indicating right choice of factors of buying decision.

The next table is the ANOVA table, which reports how well the regression equation fits the data and is shown below:

ANOVA\textsuperscript{a}

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>44.375</td>
<td>10</td>
<td>4.437</td>
<td>335.475</td>
<td>.000\textsuperscript{b}</td>
</tr>
<tr>
<td>1 Residual</td>
<td>2.500</td>
<td>189</td>
<td>.013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>46.875</td>
<td>199</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: satisfaction level
b. Predictors: (Constant), buy again, advertisement, brand loyalty, Ramdev\_affect, reasonable price, herbal natural, health, availability, quality, packaging

In one-way ANOVA, the total variation is partitioned into two components. Between Groups represents variation of the group means around the overall mean. Within Groups represents variation of the individual scores around their respective group means. Sig indicates the significance level of the F-test. Small significance values (<.05) indicate group differences, in this result of hypothesis test, the significance level is less than .05 (.000<.05) means that the satisfaction level of consumers depends on how well the company performs on the independent variables of purchase decisions.

The Test statistic value ($\Delta \text{I}$) of $F_{\text{cal}} = 335.475$, using $\alpha = 0.05$, the $F_{(k-1)\alpha\text{T}-k\tilde{\eta}} = F_{1,10,.05} = 4.96$, and since $F_{\text{cal}} > F_{\text{tab}} (335.475>4.96)$; we reject the null hypothesis (H\text{O}). It means the alternative hypothesis (H\text{A}) that there is a significant relation of customers satisfaction with factors of purchase decision is accepted.

Variables Entered/Removed\textsuperscript{a}

<table>
<thead>
<tr>
<th>Model</th>
<th>Variables Entered</th>
<th>Variables Removed</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>satisfaction_level\textsuperscript{b}</td>
<td>.</td>
<td>Enter</td>
</tr>
</tbody>
</table>

a. Dependent Variable: buy\_again 
b. All requested variables entered.

Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.795\textsuperscript{a}</td>
<td>.632</td>
<td>.630</td>
<td>.27217</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), satisfaction\_level
The high percentage of R2 value, 63% indicates that repeat purchase decision is mostly explain by the customer’s experience (satisfied/dissatisfied) about the use of the products.

ANOVA

| Model       | Sum of Squares | df | Mean Square | F         | Sig.  
|-------------|----------------|----|-------------|-----------|-------
| Regression  | 25.208         | 1  | 25.208      | 340.312   | .000  |
| Residual    | 14.667         | 198| .074        |           |       |
| Total       | 39.875         | 199|             |           |       |

a. Dependent Variable: buy_again
b. Predictors: (Constant), satisfaction_level

Here the value of p(.000) is far less than 0.05, too depicts that customers being satisfied, would like to buy Patanjalis’ products again after using once. The higher F cal value(340.312) compare to the tabular value, F Tab (10.13) indicates that there is no relation of customers satisfaction with repeat purchase is rejected.

The coefficient table provides us with the necessary information to predict repeat purchase with customers satisfaction. We can use the values in the B column under the “ unstandardised coefficients” column as shown below:

Coefficients

| Model       | Unstandardized Coefficients | Standardized Coefficients | t     | Sig.  
|-------------|----------------------------|---------------------------|-------|-------
| (Constant)  | .533                       | .067                      | 7.913 | .000  |
| satisfaction_level | .733                      | .040                      | .795  | 18.448| .000  |

a. Dependent Variable: buy_again
to present the regression equation as: repeat purchase= .533 + .733( customers satisfaction).

Conclusion

The finding of the research shows that there are many significant factors that determine the buying decision of a customer. Customer’s perception about a brand is largely build up by the satisfaction he derives out of the use of the product and the price he paid for it. In this research the researcher mostly got a positive opinion from the users of Patanjali’s products, apart from few complaints of low quality of packaging which Patanjali should take seriously.

The distribution strategy it has adopted as discussed is very successful and unique in the sense that it has adopted all possible channels to reach the customer viz. through its franchises, through different organized retail giants, through unorganized retailers, through it’s own web site, through online shopping sites.

The advertising strategy is also very aggressive, all most all leading news channel are covered by Patanjalis’ advertisement with very high frequency projecting the concept of Ayurveda and the image of Baba Ramdev along with few interview of Baba Ramdev in this channel to combat the controversies spread by opponent forces. Patanjali has also succeed to convey the message that if quality can blend with reasonable price no celebrity is require to sell the product.

The research result established the fact that people are accepting Patanjalis’ products because of its herbal nature, good quality and reasonable price compare to its counterpart MNCs.

Patanjalis’ strategy of entering all the segments of FMCG sector, also unique in India and may be in the world, where a single infant domestic company is taking numbers of world giant MNCs on its horns. Both domestic and international big companies are afraid-off for the success of Patanjali Ayurved Ltd, a complete Indian company in FMCG sector. But the success is not achieved in a day. It was the years long effort of Baba Ramdev to make Indian people aware about the benefits of Yoga and consumption of herbal products. Finally Patanjali should recognize its weaknesses and work on it seriously to stay in the market for long.
References: