



Patanjali: The Story of a Yoga Brand

Ishani Chakraborty *

*"Look at how the company has grown. ITC's FMCG business is around Rs 5,000 crore. Patanjali has disrupted the FMCG space with simple products that promise the goodness of tradition"*¹.

Aroind Singhal, retail expert and founder of Technopak

*"He has got his branding spot on. He has gone back to the basics. His ads are rustic, he talks about the products. I'm excited about Ramdev. He could turn out to be the silent MNC killer of the future"*².

Harish Bijoor, Brand Expert

PAL - The Inception

The origin of PAL could be traced back to the late 1990s when Ramdev and Balkrishna started Divya pharmacy in Haridwar, India. The pharmacy prepared and distributed ayurvedic and

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¹ 'Baba Ramdev's Patanjali to foray into yoga wear', <http://brandequity.economictimes.indiatimes.com/news/business-of-brands/baba-ramdevs-patanjali-to-foray-into-yoga-wear/49811424>, as accessed on August 8, 2016

² 'Baba Ramdev's Patanjali to foray into yoga wear', <http://brandequity.economictimes.indiatimes.com/news/business-of-brands/baba-ramdevs-patanjali-to-foray-into-yoga-wear/49811424>, as accessed on August 8, 2016

herbal medicines free of cost. Divya pharmacy was registered under a trust called Divya Yog Mandir. The medicines were made from herbal ingredients and very soon these became popular among the local people. The popularity of their medicines led them to the decision to expand this as a business and also experiment with other product categories. Meanwhile, Ramdev gained popularity as a yoga guru and was often seen on various Indian television channels such as Sanskar (2001), Aastha (2003) etc., promoting Indian yoga. Ramdev's rising popularity as a *yoga-guru* (yoga-teacher) further contributed to the demand of Divya pharmacy medicines. This led Balkrishna to plan for incorporating a for-profit company that could manufacture and market ayurvedic products. Ramdev's increasing popularity brought in donations. Some enthusiastic disciples like the non-resident Indian couple Sarwan and Sunita Poddar donated huge amount of money which eventually contributed to the incorporation of PAL in 2006³. Balakrishna owned 93% of company shares. Rest was held by disciples (refer exhibit 1). Ramdev continued to be PAL's chief patron and brand ambassador endorsing the Patanjali products both in his television yoga-sessions and yoga *shibirs*⁴.

The Growth Phase

"Product development at Patanjali works on three basic principles, they are: competitive pricing, purity of raw materials used and innovation"⁵, commented Balkrishna. He shared his experience on how the company decided upon some of its products. For instance, Ramdev used to recommend taking Aloe Vera juice to the participants in his Yoga classes. However, people complained that those were high priced (INR 1,200 per litre). Balkrishna found that

³ 'Baba of All Trades', <http://www.businesstoday.in/magazine/corporate/baba-ramdevs-patanjali-ayurved-forays-into-indias-rs-5300-crore-instant-noodles-market/story/226011.html>, as accessed on August 08, 2016

⁴ Huge gathering of participants to learn Yoga.

⁵ 'Baba of All Trades', <http://www.businesstoday.in/magazine/corporate/baba-ramdevs-patanjali-ayurved-forays-into-indias-rs-5300-crore-instant-noodles-market/story/226011.html>, as accessed on August 08, 2016

though the farmers sold the raw materials cheap, the manufacturing firms kept a huge profit margin. Consequently, the company came up with cheaper variant by directly sourcing the raw material from the farmers. On the other hand, the innovative Amla candies (Indian gooseberry) and Amla juice happened when they came to know that many farmers in UP's Saharanpur district decided to cut down Amla trees as there were no buyers. According to Ramdev and Balkrishna, they never bothered to do expensive market research to launch new products. Rather, received inputs directly from the people who attended Ramdev's yoga sessions. The company sold its products at 15 - 30% lesser price than its competitors.⁶ Balkrishna mentioned that PAL was able to keep the price low as it bought raw materials directly from the farmers. Besides, the company kept its profit margin low on principle. "Profiting from patients is against the philosophy of Ayurveda, so we aim at minimum profit from our health products"⁷, Ramdev commented. Nonetheless, by 2008-09, the company's annual revenue was INR 609 million of which the food segment contributed INR 250 million.⁸

In the initial days the company did not follow any conventional advertising or promotional strategy. The products were suggested by Ramdev in his yoga sessions and the product awareness spread through 'word-of-mouth'. Consumers associated Patanjali products with yoga and a healthy lifestyle. The yoga sessions helped to gain consumer trust and once they trusted the brand, brand extension became easy. "When Patanjali is launching multiple products today, what it is selling is a promise or a concept – good living, closer to nature, less artificial, Ayurvedic – that has been

⁶"Patanjali Ayurved targets 250% revenue growth in FY16: Edelweiss", Business-Standard, http://www.business-standard.com/article/markets/patanjali-ayurved-targets-250-revenue-growth-in-fy16-edelweiss-115100900788_1.html, as accessed on August 12, 2016

⁷ "The Patanjali Effect", Business-Standard, http://www.business-standard.com/article/management/the-patanjali-effect-116020800204_1.html, as accessed on August 12, 2016

⁸ 'NRI couple holds big stake in Baba Ramdev's empire', <http://timesofindia.indiatimes.com/india/NRI-couple-holds-big-stake-in-Baba-Ramdevs-empire/articleshow/8782945.cms>, as accessed on August 13, 2016

thoroughly sold for many years. Once people bought the concept, the company is now piggybacking on it"⁹, stated Mayank Shah, marketing head of Parle Products.

The Essence of Brand Patanjali

All the product categories of PAL were associated to a healthy lifestyle, purity and Indian traditional practices. Ramdev, in his yoga sessions often talked about the evils of synthetic products manufactured and sold by multinational companies (MNCs). He also made participants aware of the health hazards of chemical fertilizers and how Patanjali manufactured herbal products devoid of chemicals. Since Ramdev himself was a *yogi* (saint) practicing Yoga and Ayurvedic principles, people trusted him. They genuinely believed in the goodness of ayurveda and the healing power of natural, chemical-free products. In Hindu tradition, a saint would not have any profit motive and would rather have the intention of serving the society. Consequently, when the message to use all natural Ayurvedic products came from a saint, people found that more trustworthy than believing in some product advertisement by a multinational company. Ramdev became the most important differentiating factor for brand Patanjali. Ramdev instantly struck a chord with the older generation who were the primary decision makers for product buying. They genuinely believed in the goodness of ayurveda and the natural, chemical-free products.

The Patanjali brand was further illustrated on the *Swadeshi* (Indian-ness) plank. Ramdev emphasized the Indian-ness of brand Patanjali vis-à-vis stating how MNCs have exploited Indian population in his yoga sessions and television advertisements. One of the print advertisements for PAL stated, "Though we got political freedom 70 years back, economic freedom is still a dream. The way East India Company enslaved and looted us, multinational companies

⁹ "Caution: Diversion Ahead", http://www.business-standard.com/article/management/caution-diversion-ahead-116040300592_1.html, as accessed on August 14, 2016

are still doing the same by selling soap, shampoo, toothpaste, cream, powder and similar daily items at exorbitant price"¹⁰.

The company also appealed its franchisers and traders to sell its *Swadeshi* products. "The country needs Swadeshi products; now we are telling shopkeepers to help in this movement. Ultimately, Swadeshi products should reach the consumer"¹¹, commented SK Tijarawala, spokesperson for brand Patanjali.

PAL and Integrated Marketing Communication

Brand Patanjali's success was a result of effective Integrated Marketing Communication (IMC). Ramdev first created mass awareness about yoga and ayurveda and how herbal products and ayurvedic treatments can help people lead a healthy life. Simultaneously, he talked about the harmful side effects of chemical products that people usually consume. As a solution towards healthy living, he then proposed Patanjali products and emphasized on the purity and originality. The tag line for the brand suggested "*Prakriti Ka Aashirwad*" (a boon from the nature). In the initial days, PAL's products were promoted through Ramdev's yoga sessions on television and yoga *shibirs*. Besides, Ramdev published many books on yoga and ayurveda from Divya Prakashan, a publication house under the Patanjali Yogpeeth - Divya Yog Mandir trust. The books also helped to create general awareness about these ancient practices.

On the other hand, the retail chains for Patanjali products such as Patanjali Chikitsalaya and Patanjali Seva Kendras necessarily had Ramdev's large size cutouts and pictures - thus establishing a strong brand association. Gradually, the company launched its

¹⁰ 'Patanjali Ayurved brings out advertisements comparing MNC rivals to East India Company', <http://economictimes.indiatimes.com/industry/services/advertising/patanjali-ayurved-brings-out-advertisements-comparing-mnc-rivals-to-east-india-company/articleshow/53714677.cms>, as accessed on August 19, 2016

¹¹ 'Patanjali takes 'swadeshi' pitch to retailers; analysts say strategy likely to fail', <http://economictimes.indiatimes.com/industry/services/retail/patanjali-takes-swadeshi-pitch-to-retailers-analysts-say-strategy-likely-to-fail/articleshow/51319360.cms>, as accessed on August 16, 2016

website <http://patanjaliayurved.org> and started taking orders for Patanjali products online.

In late 2015, PAL went for aggressive advertisements on print and television media. The company reached DDB Mudra group¹² for the television commercials. The advertisements focused on the purity and indigenouness of the products. For some of the products such as biscuits and ghee, the company went for celebrity endorsement. The celebrities were also chosen carefully. For instance, for the Patanjali ghee, the Olympic champion Indian wrestler Sushil Kumar was roped in. Wrestling have been one of the age old Indian game. Consequently, choosing a wrestler strengthened the 'Indian-ness' of the brand. "Pure Ghee is an essential component of almost every Indian household. With Patanjali Ghee, we intend to provide an alternate to the consumers who seek purity and worth for their money with the product. Featuring Sushil Kumar for the ad has been great since he is the face of Indian wrestling today and epitomizes hard work and perseverance - an apt quotient for our product"¹³, commented Rakesh Sharma, VP-Marketing, PAL. Its toothpaste advertisement, on the other hand, focus on *Bharat Swabhimani* (Indian-ness) to attract the Indian mass. Also, PAL appealed to the franchisers/traders/shopkeepers to give prominence to its products as it "will help in fulfilling the dream of Mahatma Gandhi to promote Swadeshi"¹⁴.

¹² The DDB Mudra Group is a part of the DDB Worldwide Communications Group, is India's first and largest integrated marketing communications and services network.

¹³ 'Sushil Kumar reveals 'champion banney ki taakat' through Patanjali ghee's new ad', <http://brandequity.economictimes.indiatimes.com/news/advertising/sushil-kumar-reveals-champion-banney-ki-taakat-through-patanjali-ghees-new-ad/50079712>, as accessed on August 17, 2016

¹⁴ 'Patanjali takes 'swadeshi' pitch to retailers; analysts say strategy likely to fail', <http://economictimes.indiatimes.com/industry/services/retail/patanjali-takes-swadeshi-pitch-to-retailers-analysts-say-strategy-likely-to-fail/articleshow/51319360.cms>, as accessed on August 17, 2016

External Factors Supporting PAL's Growth

In the 21st century, there was a global shift in the consumer's taste and preference towards FMCG products. People were adopting more of natural and herbal products for food, beauty, health and wellness. People believed that herbal supplements and remedies had no ill side effects as compared to the allopathic medicines or cosmetic beauty products, and thus were more beneficial. According to Global Industry Analysts, a US based market research firm, the herbal and natural products market may reach \$115 billion by the year 2020.¹⁵ While Europe was the largest market for such products,¹⁶ the Asia-Pacific markets were also growing at a reasonable pace with countries such as India and China taking the lead. In both the aforementioned countries, cultural affinity towards such products was high. In India, the Ayurvedic personal-product sales increased 12 - 13% annually; against 7.5 - 8% industry average during 2000-2015.¹⁷ The brand Patanjali happened to be launched at the right time to take advantage of the shift in customers' taste and preference in the FMCG sector. Besides, the Government of India (GoI) also took certain initiatives to revive ancient systems of healing like Ayurveda, Yoga, Unani, Siddha and Homoeopathy. Prime minister Narendra Modi led government rejuvenated the department of AYUSH¹⁸ and extended administrative and financial support of INR 12 million.

¹⁵ 'Herbal Supplements and Remedies - a Global Strategic Business Report', <http://www.strategyr.com/pressMCP-1081.asp>, August 17, 2016

¹⁶ 'Global Herbal Supplement Market To Reach \$107 Billion By 2017', http://www.nutraceuticalsworld.com/contents/view_breaking-news/2012-03-07/global-herbal-supplement-market-to-reach-107-billion-by-2017#sthash.hbwgFG2Q.dpuf, as accessed on August 19, 2016

¹⁷ 'Yoga Guru Baba Ramdev's Traditional Remedies Take on Big Brands in India', <http://www.wsj.com/articles/yoga-guru-baba-ramdevs-traditional-remedies-take-on-big-brands-in-india-1451456969>, as accessed on August 19, 2016

¹⁸ AYUSH stands for Ayurveda, Yoga, Unani, Siddha and Homoeopathy

Advantage PAL

PAL's success was based on two prime aspects: a) offering quality products at a reasonable price, b) expertise on Ayurvedic products. The brand targeted both the masses and the affluent upper class as a supplement to healthy lifestyle. For brand Patanjali, the unique selling proposition was its authentic brand ambassador Ramdev who established the products' health benefits. The Trust Research Advisory report 2015, declared Patanjali to be the seventh most trusted brand in India. Ramdev was the only spiritual leader to be featured as one among the top 21 influential personalities in India.¹⁹ It was more of people's trust and confidence in Ramdev and his teachings that resonated faith in the quality of Patanjali products. Ramdev embodied brand Patanjali. "The immense respect and faith that people have for Swamiji have ensured the popularity of our products"²⁰, commented Balkrishna.

Once a consumer was convinced of Patanjali products' health benefits, he bought PAL's products across the categories. This phenomenon was unique to PAL. The other FMCG players pitched individual product categories to the consumers and for them sale of one product did not ensure the popularity of the other product.

Price was another important construct towards the success of brand Patanjali. PAL sold its products at 15- 30% lesser price than its competitors ²¹ (refer exhibit II). The company sourced its raw materials directly from the farmers. Further, as both Ramdev and Balakrishna were the followers and practitioners of Ayurveda and Yoga, they followed the principle of not profiting from the patient

¹⁹ 'Patanjali noodles riding on Ramdev's marketing', http://www.business-standard.com/article/companies/patanjali-noodles-riding-on-ramdev-s-marketing-115090500022_1.html, as accessed on August 22, 2016

²⁰ 'Baba's FMCG empire worries industry', <http://www.sunday-guardian.com/investigation/babas-fmcc-empire-worries-industry>, as accessed on August 22, 2016

²¹ 'Patanjali Ayurved targets 250% revenue growth in FY16: Edelweiss', http://www.business-standard.com/article/markets/patanjali-ayurved-targets-250-revenue-growth-in-fy16-edelweiss-115100900788_1.html, as accessed on August 22, 2016

care. The company profit margins were kept low and pricing primarily covered the operational expenses of their manufacturing units. On the other hand, the company spent less on its human resources as well. Most of the employees joined PAL on the principle of serving the society. The top management and many key employees did not take any salary. They considered working for PAL as a privilege as they could serve the nation at large by contributing towards making its citizens healthy. Low expense towards employees also contributed towards low operational expenses and gave competitive advantage to PAL vis-à-vis its competitors.

PAL against Competitors

The success of Patanjali was becoming a threat for the other FMCG companies in India. PAL's competitors engaged in various initiatives to rejuvenate their brands. For instance, HUL acquired Indulekha and Vayodha - the premium Ayurvedic hair oil brands from the Mosons Enterprise²² for INR 3.3 billion in December 2015²³. Further, the company revived its herbal brand Ayush²⁴ that had hair and skin care products and pain balms.

Another skin and healthcare company Emani Limited launched new products like sugar free honey under its 'Zandu' brand. On the other hand, Dabur India planned to focus on the women's healthcare and baby-care segment. Himalaya Drug Company was also a part of this race and was aggressively promoting its products to retain its position in the market. Nonetheless, the competitors could not hinder PAL's growth. Rather, PAL's speedy growth

²² Set up in 1976 by A.C. Moosa, the Mosons Enterprise manufactures skin and hair care products. The company emphasize on coconut based products.

²³ 'HUL to acquire Indulekha for Rs 330 crore', http://articles.economictimes.indiatimes.com/2015-12-18/news/69145459_1_hair-oil-hul-indian-hair-care-market, as accessed on August 23, 2016

²⁴ Ayush was launched in 2003 to combat Amway. HUL also opened Ayush Therapy Centers - a retail spa cum treatment centers in 2004. However, the Ayush products and therapy centers did not gain much popularity and the company thought to terminate the brand

surprised its business partners. "This unusual phenomenon of consumer products market disruption is rare as brand erosion or loyalty for well-established brands generally doesn't happen so quickly"²⁵, commented Devendra Chawla, president, food and FMCG, at Future Group. The company's revenue grew by 150% from INR 20 billion in 2014-15 to INR 50 billion in 2015-16²⁶ (refer Exhibit III).

PAL's Challenges

PAL's growth was driven by a single personality - Ramdev. The credibility of brand Patanjali was by and large governed by Ramdev's credibility. The challenge was that Ramdev was never devoid of controversies. In 2012, he made an unsuccessful attempt to enter Indian political arena²⁷. In 2013, the state government of Uttarakhand filed 81 cases against Patanjali YogPeeth - a 20 acre facility started by Ramdev and Balakrishna in Uttarakhand for serving ailing patients and to facilitate ayurvedic research work. The allegations included false monetary transactions, land grabbing and tax evasion. Though they were acquitted in 2-3 cases, most of the cases were still pending in the Indian courts.²⁸ Industry experts

²⁵ 'Patanjali Ayurved injects new life into herbal market, helps rivals sell more personal care products', <http://economictimes.indiatimes.com/industry/cons-products/fmcg/patanjali-ayurved-injects-new-life-into-herbal-market-helps-rivals-sell-more-personal-care-products/articleshow/51098124.cms>, as accessed on August 26 2016

²⁶ "Patanjali's turnover growth at 150%, Ramdev targets Rs 10000 crore revenue", <http://www.hindustantimes.com/business/patanjali-s-turnover-growth-at-150-ramdev-targets-rs-10000-crore-revenue/story-rco5EKHwY2MPZSUIiZ5iUP.html>, as accessed on August 26, 2016

²⁷ 'High drama after Ramdev arrest', http://articles.economictimes.indiatimes.com/2012-08-13/news/33182636_1_yoga-guru-ramdev-bawana, as accessed on August 28, 2016

²⁸ 'How Baba Ramdev has built a Rs 2,000 crore ayurvedic FMCG empire & plans to take on multinational giants', http://economictimes.indiatimes.com/industry/cons-products/fmcg/how-baba-ramdev-has-built-a-rs-2000-crore-ayurvedic-fmcg-empire-plans-to-take-on-multinational-giants/articleshow/47657636.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst, as accessed on August 28, 2016

feared that these incidents could tarnish Ramdev's image and exert negative impact on the Patanjali brand. In addition to this, the Advertising Standards Council of India (ASCI) had found some of the advertisements for PAL products (such as Patanjali Kesh Kanti Natural Hair Cleanser and Oil) were misleading the audience by ambiguity and by gross exaggeration²⁹.

On the other hand, the GoI proposed to introduce new norms namely Good Clinical Practices (GCP)³⁰ for manufacturing and selling ayurvedic drugs in India. In future, the Ayurvedic drugs would have to go through rigorous clinical trials before being sold in the market. However, there was difficulty in practically adopting such norms which mandated huge infrastructure investments. Patanjali was yet to adopt to any such norms.

PAL's success had inspired other spiritual leaders like Sri Sri Ravi Shankar of 'Art of Living' fame. The Sri Sri Ayurveda Trust sold ayurvedic and herbal products and they were all warmed up to increase the number of their franchisee stores from 600 to 2500 in 2016. In May 2016, brand Patanjali slipped to sixth position from the top since February 2016³¹.

The way Forward

Gradually, with increasing customer trust, PAL ventured into new product categories. As of 2016, the company sold about 400 product categories³². The company catered to both the urban and rural markets across India with its strong franchisee network

²⁹ 'Patanjali slips drastically on list of top 10 brands', <http://www.ibtimes.co.in/patanjali-ayurved-slips-drastrically-list-top-10-brands-680389>, as accessed on August 29, 2016

³⁰ 'New ayurvedic drugs to face tough clinical trials', <http://articles.economictimes.indiatimes.com/2016-03->

³⁰/news/71926463_1_new-drugs-cosmetics-act-such-drugs, as accessed on June 29, 2016

³¹ 'Patanjali slips drastically on list of top 10 brands', <http://www.ibtimes.co.in/patanjali-ayurved-slips-drastrically-list-top-10-brands-680389>, as accessed on August 30, 2016

³² 'The secret behind Patanjali's success', <http://www.rediff.com/business/report/pix-column-the-secret-behind-patanjalis-success/20160219.htm>, as accessed on August 29, 2016

comprising of 3044 Patanjali Arogya Kendras and 1266 Patanjali Chikitsalayas (as per the website) besides selling products through Future Group and Reliance Retail. The Broadcast Audience Research Council (BARC) India³³ report of November 2015 showed Patanjali to be the third most advertised (12,969 times) brand on television. Reports suggested that the company setting aside INR 3 billion as their advertisement budgets. Further, PAL also planned to set up six more processing units and to invest INR 1.5 billion in research and development³⁴.

Some industry experts were positive of PAL growth trajectory whilst there were others who were skeptical of their growth sustainability in future. Deeraj Sinha, Chief Strategy Officer, Leo Burnett said, Baba Ramdev and his Patanjali brand has had a fantastic launch platform, but in India, having a good launch doesn't ensure a profitable and long run. I would be wary of quality monitoring and there has to be a plan for how you will differentiate the product".³⁵



Exhibit I- Ownership Pattern of Patanjali

Source: Malhotra Satika, "Baba of All Trades",

<http://www.businesstoday.in/magazine/corporate/baba-ramdevs-patanjali-ayurved-forays-into-indias-rs-5300-crore-instant-noodles-market/story/226011.html>

³³ A joint industry body set up in 2012 by the broadcasters, advertisers and advertising agencies to measure television audience.

³⁴ 'Baba Ramdev's Patanjali aims to double its revenue to Rs 10,000 cr in 2016-17', http://www.business-standard.com/article/companies/baba-ramdev-s-patanjali-aims-to-double-its-revenue-to-rs-10-000-cr-in-2016-17-116042700061_1.html, as accessed on August 28, 2016

³⁵ 'The yoga guru turned company boss', <http://www.bbc.com/news/business-35097567>, as accessed on August 30, 2016

Exhibit II PAL's Pricing Against Competitors

Product Category	Patanjali	Competitors
Toothpaste	DantKanti – INR 35	Colgate (Active Salt) – INR 48; Dabur Red Paste – INR 47
Mixed Fruit Jam	INR 70	Kissan – INR 105; Tops – INR 95
Liquid Detergent	Somya – INR 80	Ezee – 90
Honey	INR 135 for 500gm	Dabur – INR 199 for 500gm; Genteel – INR 99
Chyawanprash	INR 115 for 500 gm	Dabur – INR 160 for 500 gm

Compiled by the author by various sources

Exhibit III Revenue Details of Major Indian FMCG Firms

Company name	Revenue (2014-15) in (INR. Billion)	Market capitalization as on October 2015 in (INR. Billion)
Patanjali	20.07	400
Procter & Gamble	24.09	200.669
Emami	22.20	256.995
Dabur	79.85	476.815
Colgate-Palmolive (India)	40.15	255.435
Jyothi Laboratories Ltd.	15.04	56.86
HUL	308.06	1703.722

Source: Compiled by the author from various sources