

# MARKETING

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## **EXECUTIVE SUMMARY**

Patanjali has become one of the biggest disruptors in the FMCG sector. It has reduced the sale of many companies in India. The innovative strategies of the company have taken the existing shares of the company. However, the company has experienced a slower pace in its sales and growth due to various allegations and unethical practices. The report determines the key advertising issues face by the company along with it analyses the critical consumer data to understand the present situation in the market. At last, it recommends some strategies to improve the manufacturing units of the company.

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## INTRODUCTION

Patanjali is one of the fastest growing companies in the FMCG market in India. The company manufactures a wide variety of products from biscuits to atta Noodles, from ghee to honey, from new apparels to the footwear industry. The company has launched more than 2 dozen products in the Indian market. It has been observed that the annual sale of the company has doubled in the past few years. No other marketing company has diversified products portfolio. The epic rise of Patanjali has disrupted the market of already established companies which include Hindustan Unilever, Nestle, Colgate, Johnson and Johnson, P& G and many more. The company has grown more than ten times in the revenue in comparison to other industry. No doubt, it has covered the entire Indian market with its Swadeshi movement. The company has attracted a large number of consumers stating that the brand is completely Indian. A large number of people has started purchasing their products in large quantities. Ancient Indian Ayurveda and the technological mix have established an innovative industry which is not only working in the field of medicines but other sectors as well. The company is known for its culturally rooted products. It claims that the company uses natural ingredients to maintaining purity and high-quality products. But, soaring success of Patanjali Ayurveda in the Indian market is carried out with a number of controversies. Many of the Patanjali Ayurveda products are failing to clear the laboratory test conducted by the health authorities in the country. The company is found to be allegedly misleading its consumers by claiming that their product is herbal and does not contain any sort of chemicals in the products manufactured. The company has faced many allegations from its competitors' and consumers in the past few years. Still, the company is flourishing in India by making 10 times more revenue in comparison to the last five years.

## KEY ADVERTISING ISSUES

As per the statistics are shown in the House of people (Lok Sabha) by the government authorities Patanjali has received 33 complaints in the year 2015 and 2016 for its unsubstantial claims and false advertisements practices. After an investigation, it was found that out of 33 complaints filed by the customers 25 were found to be violating the Advertisement Standards of Council of India (ASCI) code of conducts. The upheld complaints of the consumers were in various categories which include education, healthcare, personal care and food and beverages. The Customer Care Council(CCC) of India revealed that Patanjali, Kesh Kanti Natural hair cleanser and hair oil is carcinogenic in nature that may cause cancer. It was also identified that edible refined oils and mustard oils are manufactured with the help of Neutroxin Hexagon Solvent extraction process (Ahmed et al., 2018). It was identified that Patanjali honey which claims to give 200 % natural extract failed FSSAI approval because the company uses sugar or saccharine in the product. Another test was conducted on the Vanaspati ghee which claims in the advertisements that it provides pure and natural ghee prepared from the cow milk failed the investigation. It was found that the ghee contains added colours in it. The allegations of the customers over several products of Patanjali are not new to the company (Gaur and Nimit, 2016). The company is defending its products since past stating that they are providing good quality products prepared from the natural extracts and natural ingredients to manufacture herbal products for its customers. RTI query exposed that Patanjali's Divya Alma juice and shivlingi beej did not meet the quality standards (Shukla, 2017). Both the products have less than the prescribed limit of the PH value. It was identified that the company is using more than 31.68% foreign material in Shivlingi beej. The managing director Acharya Balkrishna denied the lab reports stating the Shivlingi is a natural seed and it is not possible to adulterate natural substances. As per the findings of ASCI, the brand is promoting its product in the market through media and advertisements in order to degrade the various products of its competitors (Shukla, 2018). It further added that the company unfairly denigrates the products of its rivals which are an unethical practice. The ASCI revealed that company exaggerated claims are baseless and immoral.

Product	Claims	ASCI's Observations
Patanjali hair Oil	Majority of competing companies adulterate the products with cheap palm oil.	Unfairly depreciates other brands

Patanjali Jeera Bites	Made from 100% wheat flour and is free from cholesterol and contains low sodium salt.	False claims misleading with ambiguity.
Patanjali Dant Kanti Tooth Paste	The product is trusted among thousands of people in India moreover the profit from the product goes in educational charity.	The company is misleading the consumers by its false claims and exaggeration.
Patanjali Soaps	The company claims to have no PH value.	The claims made by the company are false and ambiguous in reality.
Patanjali Atta Noodles	The company claims that their Atta noodle is healthier.	The company is misleading its consumers and trying to capture the nestle market with false claims.

TABLE NO -1

## PUBLIC RELATION ACTIVITIES

Patanjali Ayurveda is best to maintaining its public relations. In spite of a large number of allegations and court cases the company is still shunning the business of the foreign companies and generating huge profits in the Indian market. Acharya Balkrishna meets at least 200 people from different walks of life and spends maximum time answering questions related to the Patanjali products on the authenticity of the brand. He stated that the competitors of the company are planning and plotting conspiracies to demean the brand in the Indian market. He states in his interviews that Patanjali's strength lies in purity and authenticity of the brand. He claims that the company is offering value for products without compromising the quality standards (Mehrotra et al., 2017). Consumers are not at all questioning their products rather it's the competitors who are trying to degrade the reputation of the brand in the market (Kumar et al., 2014). If consumers would have experienced any issue they would have stopped purchasing the products and market of the company would have immediately declined. The spirituality Guru Baba Ramdev marketing strategies are changing the behavior of the mass population which is resulting in a change in the consumption behavior of the people. In India,

people generally believe the statements of the religious and spiritual guru's. They have a complete faith and trust on them; as a result, they follow the instructions of Baba Ramdev (Shukla, 2018). The company is not only establishing a relation between the consumers through personal interviews but also attracting large mass through Pranayama and Yoga.

## **INTEGRATED MARKETING**

The company is planning to double its market revenue by using a marketing mix strategy to attract potential customers and meet the increasing demand for the products in the market. The company is developing to even enter the e-commerce industry for increasing its market all across the globe. The company uses Ansoff matrix for diversifying its products in both ayurvedic medicines and FMCG sector (Dawes, 2018). In spite of being an old marketing strategy, it contributes to the growth and development of the industry. The company use effective price marketing strategy for penetrating against the competitive brands that are selling their products at high rates in comparison to Patanjali. In addition to this, Spiritual Guru Ramdev Maharaja urges people to use Patanjali products as they are made up from natural ingredients

(Shukla and Sanghvi, 2017). He urges people not to depend solely on expensive products and treatments. According to him, Pranayama and Yoga are two elements which can treat incurable diseases like diabetes, cancer, HIV AIDS and much more at the cheapest rates. The company's advertisement strategies play a significant role in increasing the customer base. It has promoted the Ayurveda system of medicine which includes Panchkarma, Naturopathy, Yajna therapy and many more in the Indian market.

## **SITUATIONAL ANALYSIS**

The company is innovating and manufacturing products which do not contain any side effects. It claims that it is their social responsibility to make healthy products for its varied customers. Strong competitors and availability of the substitute in the market can lower down sales of the products. The current statistics of the company reveals that sales volume of the company has grown by 7% during October- March 2018. The brand is continuously growing in the terms of both shares and retail shelves. The growth of the company is realistic in the Indian market. The company faced a sharp fall from 52% in October and March 2017. However, the claims of the company proved to be

false and inappropriate. Many of its products faced an allegation of adulteration (Singh and Gopal, 2016).

## **DATA ANALYSIS**

Data shows that the products of Patanjali Company fail to clear the quality check test. Moreover, the organization is offering several products which are of poor quality. A research shows that nearly 40 per cent Ayurveda products including the offerings of the Patanjali Company are found to be of lower quality. It is not hidden that Patanjali is just working as a marketing company for many products. The products are manufactured by other organizations and are marketed on the name of Patanjali Ayurveda. Due to the allegations, the company's sales and profitability rate have also affected. The founder and the CEO of the company firmly believed that the company would grow nearly 100 per cent every year and its profit would also be doubled each year. The organization claimed that it would surpass MNC's like HUL (Hindustan Unilever Limited) and Colgate Palmolive in the coming years. But, the situations seem to be disturbed due to the allegations and lower quality product's offerings. In the year 2014, the turnover of the company was 2,000 crore and in 2017, the turnover has grown to 10,000 crores (Singh, 2018). However, the recent allegations and quality check results have adversely affected the sales and profitability of the company. In 2018, the revenues of the company remained flat and have not grown as compared to the revenue of 2017 (Singh, 2018).

The product categories in which the market growth rate has declined are hair care products, juices and honey. The major cause of this decline is the disbelief of the customers in the organization's offerings. The stagnant growth from 2017 to 2018 is a clear indication of the lost image due to sub-standard products. Customer's trust and belief in the founder of the company was the main cause of growth but since the allegation proved to be correct, the customers changed their preferences. Moreover, some of the advertisements for the company were also found to be misleading. The firm has also attacked rival products by showing wrong claims and statements. In the pursuit of growth and revenue, the organization diverted from its philosophy to provide pure and qualitative products to the customers. The company claims that millions of housewives are using its herbal washing power and dish wash bar. This claim of the company is completely false. Moreover, it has also not disclosed the kinds of herbs which are used by the company in these products. Some other ads and their claims were also found



to be inappropriate and misleading. The company has been fined 11 lakh Indian rupees for these misleading claims and ads (The Times of India, 2016).

## **CRITICAL ANALYSIS**

Millennium consumers are becoming more concerned towards their health. Many of them are preferring products which guarantees them about the quality and their standards. Some of the consumers favour Patanjali products while the others state that they are not good for the health of the individuals. Everyone has different perceptions, needs and requirements. Indian population purchase when they require the product most. Most of the people in India purchase cheaper products while other go for branded ones. Some of them look for the quality while other does not. The consumer base in India is diverse (Jaggi and Ghosh, 2017). Their culture beliefs and purchasing habits differ from one another. Patanjali has attracted a huge customer base with its low marketing price. Followers of Baba Ramdev do not believe in the allegations made by the food regulatory and advertising authorities. According to managing director and its brand Ambassador, the company provides the highest quality of products to its varied customers. On the other hand, companies such as Dabur honey and many other competitors have put allegations on the company for adulteration.

## **RECOMMENDATIONS**

The company must work in the direction to improve the quality of its products by using natural ingredients. The company needs to hire some experienced people who can check the quality of the products before introducing them in the market. The company must use some ethical means to advertise their products. They must not promote unethical practices of promoting business in India. The company must ensure that the claims of the products are true. The company can easily capture customer loyalty by being true to what they are providing. The must stop adulterating the food by synthetic chemicals and additives. If the company works over the quality and purity of products and medicines that are introduced in the market for selling purpose effectively than they would capture the trust and loyalty of all the Indians (Siganporia, 2018). Recently the company has undergone s set back from the rival companies as they are introducing herbal products in the market to give compete with the products of Patanjali. The company in order to capture the market again would require some innovative strategies which

can win the hearts of the consumers. The company if adopt all these practices it can easily achieve its aims and objectives effectively (Soni and Sandhu, 2017). The growing need of the natural and Ayurvedic products is one significant factor behind the success and growth rate of the company in India. The company can expand its business into new environments by implementing online business strategies. There is a huge requirement of the natural products in the entire world. Patanjali can thus target some countries where the demand of the product is high. It can achieve success in the economic front only when it improves its quality and standards. The company will be able to outclass all the multinational companies in the world market with its ultimate and unique marketing and innovation strategies.

## **CONCLUSION**

It can be concluded from the above findings that the company is using false advertisement practices to lure its wide range of customers in India. Patanjali is among those companies whose main objective is to earn maximum revenue at the cost of ethical practices. It has disrupted the entire market of foreign companies by introducing Swadeshi campaigns in India. The company can continue to flourish in the market if it “sells what it claims”. In spite of ambiguities and false claim, the impact of yoga guru and spiritual leader Baba Ramdev is not letting the reputation of the brand decline among its consumers. Despite a large number of allegations the company is still a threat to the new incumbents in the market. The company needs to revolutionize its unethical practices of advertisements to attract consumers. At last, it can be stated that in spite of many flaws the company continues to remain immensely popular in the Indian market.