



YOGIC GURU TO SUCCESSFUL ENTREPRENEUR: A CASE OF PATANJALI YOGPEETH

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ABSTRACT

Be it consumer products, lifestyle or entertainment, spiritual gurus are stepping into business and are finding success. Yoga guru Ramdev's Patanjali Ayurved has presented itself as a credible alternative in fast-moving consumer goods (FMCG), compelling many to switch from age-old preferences and brands. "Herbal and ayurveda is one aspect of what Patanjali stands for. With the aim of popularizing Yoga, Baba Ramdev started teaching Yoga through small camps and shivirs. The success of Patanjali has to do with its positioning on health. The fact that Swamiji (Baba Ramdev) is a yoga guru who has always canvassed for good health is not lost on people. The wave of babas stepping into business is linked to their larger and core ability to tap into a captive base of followers. Baba Ramdev's aspiration as a businessman seems to have no bound. From turning a yoga practitioner into one of the main players in the FMCG section with his company Patanjali, the yoga guru last month announced his plan to launch a clothing line.

Key Words: Herbal, Ayurveda, FMCG, Yog Guru.

INTRODUCTION

Addressed as Babaji, Swami ji, or Maharaj ji, Baba Ramdev – who brought yoga to people's drawing rooms and made it easy and approachable -- is ready to take on the biggies of the FMCG world with his Patanjali products. The New York Times called him "An Indian, who built Yoga

Empire, Baba Ramdev, He has taught yoga to many celebrities like including Indian film actors Amitabh Bachchan and Shilpa Shetty. He has also taught yoga in the British Parliament, at the MD Anderson Cancer Center affiliated to the University of Texas and an outspoken critic of Western capitalism, has built a consumer-goods empire using his fame to peddle an ever-expanding portfolio of products based on traditional Indian medicine.

THE MOST CELEBRATED GURU OF MODERN INDIA

We all know him as **Swami Ramdev** (born as *Ramkrishna Yadav* in Haryana) the most admired, vibrant and the one who virtually mesmerize the modern genre to connect them with Indian ancient body of knowledge called *Yoga*(An ancient Hindu way of meditating and breath control) and *Ayurveda* (A system of traditional medicine native to the Indian subcontinent). Baba Ramdev is a yoga teacher known for his work in Ayurveda, Politics and Agriculture. He is best known for popularizing yoga among Indians through his mass yoga camps. He founded the Patanjali Group of Institutions. Ramdev has more recently become interested in Indian political issues. He has simultaneously used yoga camps and unconventional new age media without using traditional *Gurukul* (A type of ancient residential school in India) to reach every household in India.

In 2003, Aastha TV began featuring morning yoga slot. He was the host of a program named 'Divya Yog' that airs on 5 am in the morning every day. The health conscious people from different parts of the country watch this program and have started doing yoga from the comforts of their home. Within a few years, he had gathered a huge following. A large number of people and many celebrities in India and abroad have attended his yoga camps. The Indian people who are gradually becoming habitual of tele-shopping by now had witnessed free yoga teachings through television. These yoga shows are not merely demonstration but marked first step towards new social business revolution.

RESEARCH METHODOLOGY

The present study is a qualitative research and focuses on the extensive review of literature available in forms of research articles, news, reports of Patanjali Yogpeeth. The data is also collected from primary sources through various unstructured face-to-face interviews and discussions with academicians, doctors, yoga instructors and managers of retail outlets of Patanjali products.

IDEA OF PATANJALI YOGPEETH:

Just 50 years old, the world's an oyster for Baba at present. The journey has been more than promising so far, and there's so much more that Patanjali can achieve in Baba Ramdev's lifetime. Already, he has covered more milestone than many can't in a lifetime. "I've always put my whole and soul into everything that I do. In the beginning, I had only my body and mind to invest. Today, I have so much more," he says. The concept for forming this Company was to link the rising destiny of millions of rural masses on the one hand and many more suffering and leading unhealthy urban lifestyle on the other. The Vision of the Swami Ramdevji Maharaj, the renowned YOGA GURU and Sri Acharya Balkrishnaji, made the concept into writing through formation of the Company PAL (PATANJALI AYURVED LIMITED).

The institute is flagship project of Swami Ramdevji Maharaj and Acharya Balkrishnaji Maharaj and has been set up not only for treatment, research and development in Yoga and Ayurveda, but also for the manufacturing of ayurvedic medicines. It is located on the Haridwar- Delhi highway at Kankhal, Haridwar. Patanjali Yogpeeth is an institution for scientific research and treatment which offers treatments for all. The ambiance of Patanjali Yogpeeth is world class. It has been constructed in almost 100 acres and designed to have buildings, car parks, and a landscape to rival the best of Delhi's housing projects. A team of over 200 qualified doctors have been trained and are already attending to over 2500 patients daily. Free consultation is being done for all patients as well as medicines are made available to economically weaker persons at concessional rates.

PATANJALI'S BUSINESS MODEL

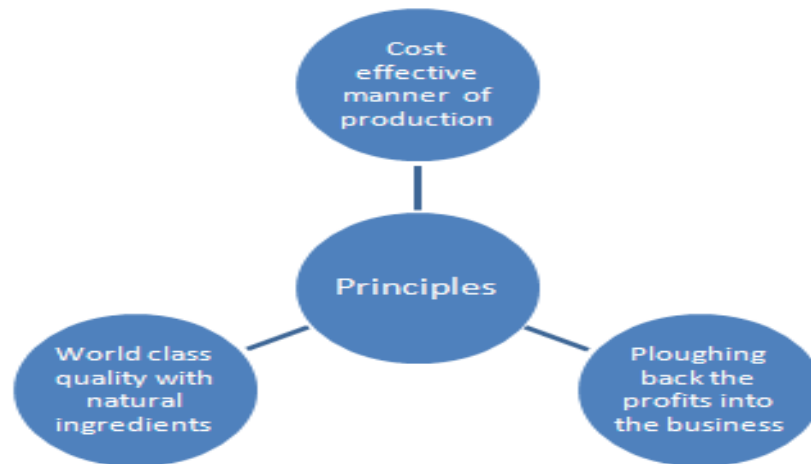
Patanjali Ayurved is an incorporated company under the Companies Act – Patanjali Ayurved Limited. Though a corporate entity, its working and ideology is not completely that can be compared to that of a perfect corporate culture. The company is focussed on top-line growth rather than profitability. Its business ideology is inspired by Swami Ramdev's ideologies to touch every life through Patanjali which will help the consumers and be present in all the segments where the consumers feel they can get a better product at a better price. The organization conducts its business on the following 3 main principles:

(1) Providing world-class products to consumers (making sure the company does not add any preservatives or uses natural preservatives as far as possible).

(2) Producing products in the most cost-effective manner so that the products are priced very reasonably.

(3) Whatever profits the company earns are ploughed back into business so that it can invest the same for launch of new products, cost effectiveness or further capacity expansion.

Patanjali will not launch any products that are harmful to the health of consumers and detrimental to the health and lifestyle of the people. Hence, the company will not get into product categories like tobacco and liquor which are bad for health. Going forward, the company also plans to open 500-600 branches of Acharyakulam (educational institutions).



MARKETING STRATEGY OF PATANJALI YOGPEETH

Patanjali Yogpeeth has already brought a health revolution in the country with the integrated approach of Yoga and Ayurveda. Besides this, the boundaries of the organization have also crossed the national boundaries in USA, UK, Canada, Nepal, etc. All these Trusts are devoted day and night to propagate and implement the noble and sublime aspects of Indian culture the philosophy and teachings of Vedas, Upanisads, etc. along with Yoga and Ayurveda.

PATANJALI's 5 P's

1. Product: The service (yoga) that Baba Ramdev is selling is the product. The product "Pranayama" is well suited for all irrespective of class, creed, culture and hence this success. Swamiji's unique contribution has been to lead a healthy life through the practice of simple

breathing exercises. Use genuine, natural ingredients and in sufficient quantities, so that it delivers the promise. The result: customers experience the promise.

Product: Patanjali Ayurved has 4 product categories:

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

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

2. Competitive Price: Patanjali Ayurved's products are sold at a price of 15% - 30% lower than that of competition. Except for Patanjali Cow Ghee, which is sold at a premium in the market, every other product has a market penetration pricing strategy. The pricing strategy has helped Patanjali establish itself in the marketplace.

Established brands which did not consider Patanjali as a competition initially, are now forced to sit and take notice. HUL (Hindustan Unilever Ltd) has reported the slowest growth in revenue in the last 6 years. Colgate, one of the MNCs worst hit by the growth of Patanjali, has reported its worst revenue growth since last 4 years.

3. Promotion:

- **Through Service:** Baba Ramdev through his Yoga Shivirs not only talks about the different Yoga postures and their benefits in curing the diseases but also about the Patanjali Ayurved products aiding in a healthy lifestyle and a disease free life. This is one of the most potent promotion tools used by Patanjali Ayurveda Ltd..
- **Create buzz (word of mouth publicity):** When a company makes a claim, only 20% – 49% of the people believe it. But when real people speak good about a brand, believability jumps to 70%; when friends speak say good things it goes up to 90%. Result: more people believe in the brand promise, and the firm needs to spend less on advertising and sales promotion. Baba Ramdev has created a strong community of loyalists through the efforts of Patanjali Yogapeeth Trust and Yoga shivirs, who speak very high of Baba Ramdev and Patanjali products.

- **Leverage public relations:** Baba Ramdev is the celebrity endorser of his brand. He is always in news, which automatically brings publicity to his brands.
- **Go digital:** His website is extremely engaging. It has also embraced digital marketing and has a well-designed facebook page and twitter account. Patanjali ayurved has its channel on youtube which features more than 200 videos on Yoga and product information.
- **Baba Ramdev's books and VCDs** are not only an excellent information disbursement tool but also a subtle promotion tool.
- **Public Relations:** Baba Ramdev has excellent Public Relations and Media skills. He is an often featured personality along with his products in media.
- **Integrate the brand in your message:** He holds innumerable Yoga camps and is on Sanskar channel for the better part of the day. While demonstrating Yoga poses, he subtly introduces the products, highlighting their features and benefits. He avoids forceful product placement.

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

Patanjali's Supply Chain Management: The three phases of patanjali's supply chain are product flow, information flow and cash flow. Patanjali has recently completed a tie up with Future group to sell the products. They also sell their products through their own outlets opened in almost every district/city of India. Each outlet has to send their demand to central office at Hardiwar. Then as per the demand, various products are gathered from various units of Patanjali. The items are delivered to outlets majorly through Patanjali transport.

5. People: According to Ramdev, the salespeople in the Patanjali stores act as “authentic consultants”. They listen to the customer’s problems and provide a solution that will eliminate the problem once and for all. He took pains to point out that big companies ensure that people become dependent upon their product, thus providing them business.

Patanjali’ Tie-Ups with Big Retail Outlets

Strategic Alliances: Strategic Distribution tieups with Future Group and Reliance Retail. This strategic alliance gives Patanjali products an instant reach in all the major cities in India through 2 most prominent brands in modern retail. Patanjali also has a tie-up with DRDO for transfer of technology in supplements used at high altitude. It is expected that this strategic planning along with expansion in production, distribution (traditional retail channel) and new portfolio of products will help Patanjali reach its mammoth goal this fiscal. The story of PAL so far has been good but all this success did not come easy.

Proactive moves in Innovation

Patanjali Ayurveda is aggressively planning to enter into every consumer category. Currently Patanjali Ghee is expected to be at INR 12 billion in the financial year 2016 and if it gains solid distribution expertise, it could pose a serious threat to its competitors. An innovative R&D facility equipped with latest technology, Patanjali has also launched a mobile app which helps the consumer to locate retail outlets and for online ordering of Patanjali products

YOGA & AYURVEDA: THE PERFECT BLEND

Yoga is a commonly known generic term for physical, mental, and spiritual disciplines which originated in ancient India. Specifically, yoga is one of the six *āstika* ("orthodox") schools of Hindu philosophy. It is based on the *Yoga Sūtras of Patañjali*. Various traditions of yoga are found in Hinduism, Buddhism, Jainism and Sikhism Swamiji took upon himself the onerous responsibility of demystifying and popularizing Patañjali’s Yoga, while Āchārya Balkrishna (Ayurvedic scholar & one of the Promoter of patanjali yogpeeth) has the task of restoring people’s faith in the efficacy of Ayurvedic system of medicine. Their approach was to treat ailment and disorders in pragmatic, non-dogmatic and non-sectarian way. To operationalize their concept they had established venture known as Patanjali Ayurveda Kendra Pvt.Ltd. The ‘B’ Company: Baba’s Patanjali Yogpeeth, Haridwar Patanjali Ayurveda Kendra Pvt. Ltd. was

founded by Swami Ramdev & Ayurveda Acharya Shree Balkrishna on 27 Sept. 2007 with specific vision and mission (Exhibit-1) started its operation at Swoyambhu, Katmandu, Nepal to provide holistic, natural and effective Ayurveda treatment.

The flagship project of Baba Ramdev is Patanjali Yogpeeth. Since its inauguration in 2006, it has been one of the largest centers for research on Yoga & Ayurveda in the world. He has been running yoga classes and providing Ayurvedic consultancy in the premises of the Yogpeeth. The facilities at the Yogpeeth comprise a 300-bed multi specialty hospital, a yoga research center, a university, an Ayurvedic pharmacy and a food park.

WHAT GIVES BABA RAMDEV'S PATANJALI AN EDGE OVER ITS COMPETITORS?

Patanjali follows a 'Branded House' strategy whereas other companies in the consumer goods sector like P&G and HUL follow a 'House of Brands' strategy. That is the biggest difference why Patanjali was able to capture a huge market share in such a short span whereas it took decades for P&G or HUL to reach to this point.

The Branded House: In this strategy, the company is the brand. All the products produced will be promoted under one brand. For example, Apple! Apple has various products like Mac, iPod, iPhone etc. Though all of them are different and perform different functions but they are all branded as 'Apple products'. Users go crazy for their products because they want to own a product of that brand. Similarly, Patanjali is following the branded house strategy and is launching various products under one brand, i.e., 'Patanjali Ayurveda'. Even if you look at their advertisements, they don't promote individual products (say a toothpaste). Instead, they promote the entire brand which helps them save marketing and advertising costs as well.

The House of Brands: In this strategy, the focus is on development of sub-brands rather than one parent brand. This is primarily done to remove the dependency of the company on one single brand. So, in case if one brand doesn't do well, the company can still earn revenues from other brands and the failure won't hurt the company badly. For example, P&G. Under P&G, there are dozens of brands, including Pampers, Duracell, Gillette, and Tide to name a few. However, the name P&G gets very little prominence, and adds no real credibility to any of its products. You will never see P&G promoting its company in an advertisement. It rather focuses on the individual products

THE COMPETITORS IN HERBAL CATEGORY:

- Dabur India ltd.
- Shri baidyanath
- Zandu pharmaceutical works
- The himalaya drug company
- Charak pharmaceuticals
- Vicco laboratories
- The emami group
- Hamdard (unani) etc.

PATANJALI'S KEY TO SUCCESS

Increasing Number Of Health Conscious People: In recent times, people have become more health conscious which is evident from the fact that many companies are investing money in organic and Ayurvedic products. The health and wellness segment is worth a sizable Rs. 33,000 crore. It grew 6% over 2014. Patanjali, with its Ayurvedic product line, is able to somehow capitalise on this changing consumer behaviour and hence capture more market share.

Less Price: Patanjali products are available at an attractive discount as compared to their competition. The company sources products directly from farmers and cuts on middlemen to boost profits. Hence, they are able to reduce their raw material procurement cost and are able to produce goods at a much cheaper price. Currently, Patanjali is making 20% operating profit which is higher than the industry average.

Strong Distribution Channels: Patanjali products are sold through three types of medical centres. These include Patanjali Chikitsalayas which are basically clinics. Then there are Patanjali Arogya Kendras which are health and wellness centres. They also have non-medicine outlets called Swadeshi Kendras. The group has 15,000 exclusive outlets across India. They also distribute through general retail stores. As mentioned above, they have also tied up with well-known retail chains also. They plan to grow to 1,00,000 outlets in the next few years.

Strong Brand Association With Health Because Of Baba Ramdev: Patanjali is able to create a brand perception of health and wellness among the Indian masses, primarily because of Baba

Ramdev's association with the brand who is considered to be a veteran of yoga. Hence, more people are getting attracted to Patanjali's products and are re-buying products more frequently.

Simple Packaging Gives It A Natural Look: If you notice, Patanjali sells its products with a very simple packaging. Now, many would feel that it is not a good strategy but the truth is it is working for Patanjali. With a product like Patanjali, where the message is to promote 'Ayurveda' and 'Health', simple packaging can be a very effective way of promotion and that is why the company is able to do miracles with its simple yet effective packaging. With a natural look (especially with leaves and herbs), consumers get a feeling of health and wellness and they are attracted to buy the product.

Promotion Through Media: Baba Ramdev is considered to be a veteran guru of yoga across the globe. He has been very co-operative with press and media and has maintained good relationships with them. Also, he is known to have good connections with many politicians. So he used both the facts to publicise his company free of cost. Take for instance when Baba Ramdev approached Lalu Prasad Yadav and gave his face a massage with a Patanjali face cream and it was covered by media. Or the Maggi scandal when Baba Ramdev came forward and gave a statement that he will launch safer and good quality noodles.

Word-Of-Mouth Promotion: Advertising and promotions typically account for 12-20% of revenue expenditure by consumer goods companies. When a new company gets into the business, this spending is significantly higher. During the introduction stage, Patanjali followed a unique proposition and the entire revenue was without any advertising. It was because of the brand loyalty of its customers that the word-of-mouth promotion proved so successful for the company.

CONCLUSION

Patanjali has given a headache to many marketers with its unconventional ways of marketing. It has disrupted the whole FMCG sector and bought a revolution in the industry in a very short span of time. A point to note is that many people are buying Patanjali products due to the hedonic value attached to the products. Hence, Patanjali (unlike its competitors) is attracting brand loyal customers and not price sensitive customers. Instead of focusing on its

differentiator—herbal and Ayurvedic products—it seems to have become more competitor focused. On November 15, it launched atta noodles to take advantage of Nestle Maggi's woes.

Will Patanjali continue to grow at the same pace and prove to be a dark horse in the race? Or will it prove to be a water bubble, with this being a temporary phase for Patanjali and strong players eventually coming up with strategies to recapture the lost market share? Only time will tell.

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