

Marketing and Distribution Strategies in Patanjali Herbal Product

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Abstract: Market strategies are the method in marketing of product; however, supply chain management has special significance in marketing. Patanjali follows smooth supply chain management. The present study on distribution system and market margin selected Patanjali product was based on sample of 3 distributors, 10 retailers and 60 consumers. Data collected for the year 2017-2018. The findings of the study are shampoo, dantkanti, ghee, honey and maggi are the major product sold in Akola city. More than 200 retailer sells Patanjali product and access for purchase to any distributors. Market margin received by distributor was 5-10%. Sufficient stock is available with distributor. Distributor are dealing with Patanjali product since 5-10 years. Senior retailers are most attracted towards the Patanjali product hence their investment, sale, and opinion are significantly positively related.

Keywords: Patanjali product, Distribution, Market margin, Supply chain, Commodity.

Introduction

In today's competitive environment where the customer has got tremendous choice for selecting brands, it is a very challenging task for a marketer to attract new and retain the old customer. To accomplish this objective the marketer uses different types of marketing strategies to position their product in the mind framework of the customer and establish their brand image in the market.

Marketing strategies are the method of utilizing the marketing mix to satisfy and attract consumers to make a profit for the organization. The marketer should find out what the consumers wish to purchase and how much they are willing to pay. The company should decide whether the desired product can be produced and sold at the price consumer will pay and at a profit to the company. Modern marketing begins with the customer, not with production, sales or technological advancements and last with the customer satisfaction and social well-being. Under market-driven economy, buyer or customer is the king.

Patanjali's supply chain management:

Patanjali follows a very smooth Supply chain management. The three parts of supply chain are product flow, cash flow and information flow. In supply chain of Patanjali all these are maintained very smoothly. Supply Chain of Patanjali can be well understood with the help of some examples. First we will take the example of sale of Patanjali products. They sell their products only through their own outlets opened in almost every district/city of India. Each outlet sends its demand to central office at Haridwar. Then based on demand, different products are gathered from various units of Patanjali viz. Divya Pharmacy, Patanjali Ayurveda, Patanjali Foods etc. Then the items are delivered to the respective outlets mainly through Patanjali transport. This shows a good example of Supply chain management. Next, we can take the case of Patanjali Gram at Uttarkashi. Here Swami Haridasji has presented a very good example of SCM. They collect cow urine from rural households. After initial filtration, it is sent to Patanjali Food and Herbal Park where it is processed and is sent to various Patanjali outlets for distribution. The part of money received from the sale of cow urine is kept by Patanjali Food and Herbal people as a price of cow's urine, rest is used for the development of the village like establishing necessary infrastructure, building schools etc. The Patanjali Mega Food Park (PMFP) has been envisaged to help in creation of enabling infrastructure for food processing

and a comprehensive _farm-to-plate ‘supply chain system. The initiative aims to seek maximum value addition by backward as well as forward integration between the farmers, factory and the market. It can be said that the supply chain doesn’t have any intermediary in between but rather it’s a direct from supplier to producer to consumer. This also helps in reducing the cost because it avoids the unnecessary commission cost and other related charges of the intermediaries. Consumer preference for branded products over time is the proper foundation for winning and retaining consumers.

This study provides valuable insight to the marketers on the level of distribution management, brand preferences among consumers and its influence on the buying behaviour thus, enabling them to devise their marketing strategies based on the findings. The study also gives a clear picture about what the consumer is actually looking for in a branded product. In this regard, the study on distribution management, consumer preference for branded products and promotional strategies in Akola city was taken up with the following objectives.

Objectives

- To study the distribution system of selected Patanjali product.
- To study the market margin of selected Patanjali product.

Hypothesis

1. Product distribution system and demand supply chain are in existence for the products.
2. Selected products are available in Akola city.

Need for Research

Marketers can benefit from understanding the individual accounts behaviour over time. They can select marketing actions that fit their consumer’s patterns, commitment and behaviour and can identify and use actions to influence those patterns. Insufficient understanding can lead marketers into trouble. Therefore, sound understanding of consumer preference for branded products over time is the proper foundation for winning and retaining consumers

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Limitation of the study.

This study was based on primary data collected from sample consumers by survey method. As many of the consumers furnished the required information from their memory and experience, the collected data would be subjected to recall bias. The study area was limited to Akola city and the findings may not be applicable to other markets, as vast difference exists among the consumers with regard to demographic and psychographic characteristics. Hence, the findings of the study may be considered appropriate for the situations similar to study area and extra care should be taken while generalizing the results.

Review of Literature

Raman and Suganthi (2003) analysed factors that enabled the MNCs to have their own foot hold in rural India. Success of MNCs in rural market depends on how they adopt different marketing strategies for the rural markets over a period. These strategies are to be based on

cultural, sociological, economic and psychological background along with a factor 4Ps for consumer in that area

Ravichandran and Narayanarajan (2004) found that advertisement played a vital role in influencing the purchase decision of particular brand. Social- economic factors such as sex, age, education, occupation and income influence, the brand preference and motivation the buyer to choose a particular brand. Quality of product also largely determines the buyer's market.

Lokhande (2004) observed illiteracy to be a major hindrance in rural marketing and thus audio-visual aids can help the marketers to take their message effectively in rural areas. It was found that brand does not matter to the rural consumers; they just want to fulfil their needs. Some consumers were brand loyal and also didn't make brand shift. Thus, marketers should focus on brand value. Distribution channel should be made effective so that rural retailers are not deficient of necessary goods. Although barter was found to be prevalent notably in the rural areas, but daily wage earners were purchasing commodities on payment basis only

Kumar (2004) in his study on place of purchase for very much aware of FMCGs. The author as subjected that FMCGs need to be made available through retailers also suggested distribution quality products at afford price.

Saab et al. (2008) analysed the flow of information and material throughout a four-level Fast Moving Consumer Goods (FMCG) supply chain and they conclude that under certain circumstances, the coordination of information and material flow along the supply chain should be done by the distributor, in an arrangement called Distributor Managed Inventory (DMI), a significant departure from the more traditional best practice concept of Vendor- Managed Inventory (VMI). They have analysed a DMI model from both strategic and the economic perspectives and analysed its dynamic behaviour by using a numerical simulation model built for this specific. Their dynamic analyses revealed that the DMI model is stable and its simulation study showed, in terms of performance measures, that the analyse four-level supply chain could cope with increments of 20 per cent of the normal demand level with 55 per cent less inventory at the retail level and 33 per cent less inventory at the distributor level than a reference VMI model.

Shinde, D.T., and Gharat, S.J. (2017) examined a study on product positioning of Patanjali products. The purpose of above study was to find the various prospects of Patanjali products and factors influencing these products. They concluded that Patanjali has captured a huge market share within a very short time period, but shortage of these products is the major problem faced by consumer these days.

Roy, Lath and Sharma (2015) believe that strong innovation and new products pipeline, pricing discounts to the peers, ayurvedic and natural propositions with low A&P spends and manufacturing indigenously lend Patanjali 's products a competitive advantage but distribution and stock outs remain a key factor. Patanjali Ayurveda is one of the India 's largest food and herbal parks in the world equipped with an excellent R&D facility and world-class manufacturing machinery. Patanjali has completed its revenue target of INR 2000 crores in FY15 and now the management has set a revenue target of INR 5000 crores in FY16. The company has low A&P spends which leverages Baba Ramdev's brand pull, leads to provide its customers a discount of 15-30% to competition, while other companies have A&P spends ranging from 12-18%, as a % of sales. Even though the company's thrust is not on profitability, the company managed to regulate 20% EBITDA margin in FY15, supported by better cost management which includes latest machinery and strong R&D capabilities and lower A&P spends. Patanjali registered revenue CAGR of 64.7% over FY12-15.

Research Methodology

The present study was conducted in Akola city in all 5 patanjali products shampoo, dantkanti, ghee, honey and maggi were selected for the study. A sample of 3 distributors, 10 retailers and 60 consumers were selected for the study. Data was collected with the help of free designed questionnaire; personal interview method and simple tabular analysis method was used for the study. Data pertains to year 2017-2018.

Result and discussion

The study on distribution system of related Patanjali products and market margin they are based on five Patanjali products shampoo, dantkanti, ghee, honey and maggi. A data collected on distribution of commodity, number of retailers, stock position and marketing also. The period for which product are being dealt by retailers has been recorded, classifying and presented below

The following table present the information on products distributed by the distributors on going through the table

Table 1: Distribution of distributor major commodity sold

On-going through the table it is observed that none of the distributor is stockist of all the five products one distributor namely Gopal stationery and cycle mart is stockist for dantkanti only. While Honey, Ghee & Maggi are in the stockist of M/S Ujjawalashende. While Dhanvantri products is stockist of Honey, Shampoo, Dantkanti. It is need of the day that all the products should be available with deal for retailer convenience

M/S Dhanvantri foods, M/S Gopal stationary, M/S Ujjwala Shende are the distributor for more than two hundred retailer each receiving market margin up to ten percent. The stock is circulated by all the three distributors among six lakh population of the city. The stock position is available with the distributor is sufficient to maintain the circulation.

All the 3 distributors cover more than 200 retailers and they access to any distributor for their product demand. Distributer give margin of 5-10% on products to retailers. Distributer have sufficient stock of the product demand by retailer.

The period of which distributor are dealing with Patanjali product has been presented following table

Table 2: Period of which dealing with Patanjali product

| Sr no | Commodity | Frequency | Percentage |
|-------|---------------------------|-----------|----------------|
| 1 | Shampoo, Dantkanti, Honey | 01 | 33.33% |
| 2 | Honey, Ghee, Maggi | 01 | 33.33% |
| 3 | Dantkanti | 01 | 33.34% |
| | Total | 03 | 100.00% |

| Sr.no. | Period | Frequency | percentage |
|--------|---------------|-----------|------------|
| 1 | 1-3 yrs. | 00 | 00.00% |
| 2 | 4-7yrs. | 02 | 67.67% |
| 3 | 8-10 yrs. | 01 | 33.33% |
| 4 | Above 10 yrs. | 00 | 00.00% |
| | Total | 03 | 100.% |

The retailers and distributor classification shows that one distributor is having an experience of 8- 10 years in Patanjali product. dealing while others two are product dealers for 4-7 years

Concluding that distributor experience in product dealing

Co-relation between selected variables of retailer:The co-relation workout are presented and discussed in the following paragraph

Table 3: Co-relation of retailer.

| Sr. No. | Age. | Employee. | About Patanjali. | Invest. | Sale. | Opinion |
|---------|------------|-----------|------------------|------------|------------|---------|
| 1 | 1 | | | | | |
| 2 | 0.559767** | 1 | | | | |
| 3 | 0.12125 | 0.15452 | 1 | | | |
| 4 | 0.647047** | 0.279154 | 0.41611** | 1 ** | | |
| 5 | 0.520065** | 0.212795 | 0.42366** | 0.961321 | 1 | |
| 6 | 0.625726** | 0.019295 | 0.608221** | 0.677719** | 0.650108** | 1 |

On-going through the table it is observed that the retailer age was positively co-related with the no. of employees, investment in Patanjali product their sale and opinion. Concluding senior retailer are more attracted towards Patanjali products and there investment, sale and opinion are positive. The knowledge about Patanjali product was significant associated investment, sale and opinion. Investment in the Patanjali product, sale of Patanjali product and opinion about Patanjali product are significant positively co-relation each other.

Concluding senior retailers are most attracted towards the Patanjali product hence their investment; sale and opinion are significantly positively related.

Conclusion

1. Shampoo, dantkanti, ghee, honey and maggi are the major product sold in Akola city.
2. More than 200 retailer sells Patanjali product and access for purchase to any distributors.
3. Market margin received by distributor was 5-10%.
4. Sufficient stock is available with distributor.
5. Distributer are dealing with Patanjali product since 5-10 years.
6. Senior retailers are most attracted towards the Patanjali product hence their investment, sale, and opinion are significantly positively related

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