

A STUDY OF INVESTIGATING PATANJALI'S BUSINESS STRATEGY FOR MARKET COMPETITIVENESS

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ABSTRACT

This paper investigate potential reasons of Patanjali's market success by focusing on its business strategy and decisions related to spending on marketing plans. It includes four important areas of marketing spending heads like- *selling expenses, marketing expenses, distribution expenses and promotion expenses*. 10 years of financial data from 2010-2019 is taken on these marketing expenses head from CMIE PROWESS Database and linear relationship is examined between 'marketing spending and sales revenue' of the company. By this, the study would try to determine functional relationship of 'marketing spending' and its impact on sales revenue. The study found strategic spending over various heads play significant role in predicting sales, it shows highest positive relationship also. Selling expenses, promotion expenses and distribution expenses have high degree of correlation whereas marketing expenses shows relatively weak association. Altogether, all four marketing overheads carry success criteria of Patanjali in India consumer market.

Keywords- Patanjali, Marketing Strategy, Market Competitiveness, Competitive Position

1 INTRODUCTION

The fast changing market do not allow firms to remain with one market strategy for market entry, survive and future growth. The market situation is putting heavy pressure on firms to go wisely in their business related strategies and decisions. The impact of LPG can be seen across every industry and all have changed their modest operation techniques (Che, Hsing & Wang (2008). Business strategy

focuses on a various business dimensions like production, operations, finance, HR, marketing etc. and a firm needs to very prompt at these fronts. Significant product development, design innovative promotion campaign and integrate external business partners are some important task of business strategies (MacCormack et. Al. (2006).

Marketing strategies have direct relationship with overall business performance, it gives guidelines to both internal as well as external movement towards goal achievement and policy formation (Adewale, Adesola & Oyewale, 2013). Market competitiveness derive from higher customer satisfaction and strong brand image. The firms' offerings must offer higher degree of satisfaction through product performance, quality and durability. Talking about consumer market, customers like products which are attractive and offer utmost value to them (Owomoyela, et. El. 2013). Patanjali as an example a company which gained high degree of customers' trust for its entire range of products. The success mantra of Patanjali products lies in its Ayurveda base which reflect the Indian heritage in consumables. Patanjali has introduced Ayurveda science in daily usage products which won the customers' heart within no time and firm has got strong brand image and market competitiveness (Shukla, 2017).

With reference to above discussion on Patanjali market success and its overall business strategy the current research is being conducted to analyze its business strategy for market competitiveness. To estimate market related strategy, external marketing plans and moves have been considered and focuses on four crucial elements of its marketing plan viz. selling expenses, marketing expenses, distribution expenses and promotion expenses. These elements are studied in relation with sales and revenue of the firm.

2 LITERATURE REVIEW

Rawal (2016) signifies the early success of Patanjali in Indian consumer market. Author said, an Indian Monk who spent his entire life in Yoga research and ancient Ayurveda science thought a very common business funda but in an entirely different manner. Bringing Ayurveda science in consumables in not new in India, many firms did this and have been doing so. But, Patanjali did it differently as it went beyond the thought of introducing Ayurveda based products in the form of churan, syrup, chatni etc. The business model was completely different which enabled the firm to bring taste and goodness of Ayurveda in daily consumer items like- cream, soap, shampoo, biscuits, health products and many

more. This business strategy led Patanjali to win over the competitors who have operating in the market since long.

Sengar, et, al. (2017) conclude that, Patanjali's integrated marketing style targeting customers with very basic daily usage products with huge variety at very affordable rates made it peculiar in the market. And on the other hand, vast marketing campaigns, promotional techniques and advertising efforts did tremendous job for making Patanjali a well-known brand. The overall business strategy concentrated on consumer value creation through natural therapy. The unique business funda that created a real buzz in the market was purity, naturalness and Ayurveda science in products.

Soni, et, al. (2017) found Patanjali's business strategy very competitive to get market competitiveness. Over a short span of time the firm gain market share and prove to be a competitive firm. Its success story lies in its overall business strategies which includes general products targeting to people class Lesly. The products didn't follow price base segment, gender base segment or preference base segment. It actually followed the behavioral and psychographic segmentation in which products are made keeping the attitude, opinion and lifestyle related aspects in mind. Almost all Patanjali's products essentially being promoted by showing purity, natural, herbal, no-chemical base and environmental friendly which is quite impressive to the people loving environment.

3 OBJECTIVES OF THE STUDY

1. Identify the strategic elements of market competitiveness of Patanjali.
2. Study the relationship between identified strategic elements and market performance of Patanjali.

4 RESEARCH HYPOTHESIS

H01: There is no significant relationship between selected strategic elements and market performance of Patanjali

5 RESEARCH METHOD

Study Design-Descriptive research method is adopted in the current study which allow to investigate the trend, method and mechanism being used in strategy building, allocating resources on various heads and prepare for market competitiveness. The current study examine the mechanism of market competitiveness of Patanjali through selected strategic variables. For that, 11 years of data on various heads like- SE, ME, DE, PE, SALES are gathered from CMIE Prowess Database.

5.1 Variables Used-

Table 1- Description of Variables

Dependent Variable	Independent Variables
Sales	Sales Expenses, Marketing Expenses, Distribution Expenses, Promotion Expenses

5.2 Analytical Tools

With respect to research objective, correlation & regression analysis is found most appropriate. Multiple regression model is applied on the data in order to analyze relationship between 'dependent and independent' variables. The study also analyze the level of impact of each independent variable on dependent variable. Stepwise regression method is adopted to identify the most significant model.

5.3 Proposed Regression Model

$$\text{Sales} = \alpha_0 + \alpha_1 \text{SE} + \alpha_2 \text{ME} + \alpha_3 \text{DE} + \alpha_4 \text{PE} + \varepsilon_1$$

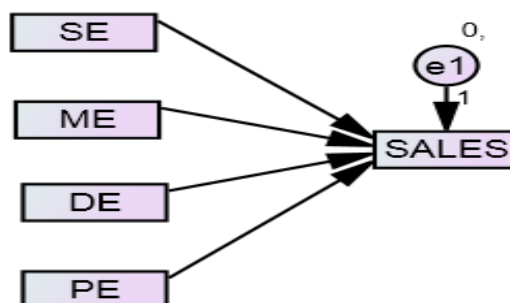
6 RESULT ANALYSIS

6.1 Identifying Strategic Elements of Patanjali's Marketing Strategy

The strategic elements of Patanjali's market competitiveness strategies are identified from its overall marketing plans which includes major heads of its spending. Various marketing related spending, in general, has no sense to study, but, it has significant relevance when we study their relationship and association with sale revenue. This gives an idea of increasing or decreasing spending ratio depending upon the sales volume. Hence, these marketing heads are being studied with respect to Patanjali as it has got huge market competitiveness from the last couple of years.

Potential parameters are identified as:

Fig. 2- Potential Parameters of Marketing Spending of Patanjali



Where,

SE – Selling Expenses

ME – Marketing Expenses

DE – Distribution Expenses

PE – Promotion Expenses

6.2 Correlation Analysis

Table 3- Correlation

Variables		Pearson Correlation	Sig. (1- Tailed)
Pearson Correlation	Sales	1.000	-
	SE	.969	.000
	ME	.252	.228
	DE	.652	.015
	PE	.659	.014

Out of four strategic parameters three have shown positive significant correlation with 'sales' except 'ME'. Among all three, 'SE' shows strongest correlation (.969) with 'sales' which means, selling expenses needs to be taken care very carefully. It primarily concentrates on 'push strategy' wherein, important middlemen like- wholesalers, distributions, stockiest, retailers etc. are given special attention to promote products across the potential market. Various schemes, offers and incentive programs are designed to encourage these middlemen in order to push the sales. This helps a lot to win the market over competitors. 'PE', promotion expenses (.659) is found the second highest scored variable which play crucial role in market competitiveness. Patanjali focuses equally on 'promotion expenses' under its 'pull market strategy'. Promotion expenses let firm to pull potential customers with desires and fulfill them with potential products. Patanjali's success criteria significantly includes promotion techniques for in-depth market penetration and strong brand positioning. 'DE' distribution expenses (.652) is found the third strongest parameter which provide strong market competency to Patanjali. Distribution is a very crucial element of market success and backbone of the firm. Patanjali is found so strong at distribution front and this obviously it's one of the winning elements for it. 'ME' marketing expenses (.252) here shows moderate correlation with sales. It is believed that, marketing stunts are crucial but should be done at right time strategically. Therefore, firms always have a specific portion of its sales to be spent over marketing efforts.

6.3 Regression Analysis

H01: There is no significant relationship between selected strategic elements and market performance of Patanjali

Table 4- Regression Analysis

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin - Watson
					R Square Change	F Change	df 1	df 2	Sig. F Change	
1	.988 ^a	.975	.959	7806.99367	.975	59.221	4	6	.000	1.122

a. Predictors: (Constant), PE, ME, DE, SE

b. Dependent Variable: Sales

The null hypothesis is found rejected and the test is significant with sig value 0.00 lesser than standard value of 0.05. The test indicate that, there is a significant relationship between various marketing spending heads and sales of Patanjali. The adjusted R square value is found 0.959 that shows the level of impact or predictability. It means, with the help of these four elements viz- SE, ME, DE & PE a firm can predict the level of 'sales volume' for given time period. These all have almost 96% of predictive power. Also, Patanjali's market competitiveness lies in this methodology. Significant spending over these heads making Patanjali a competitive brand in the consumer market.

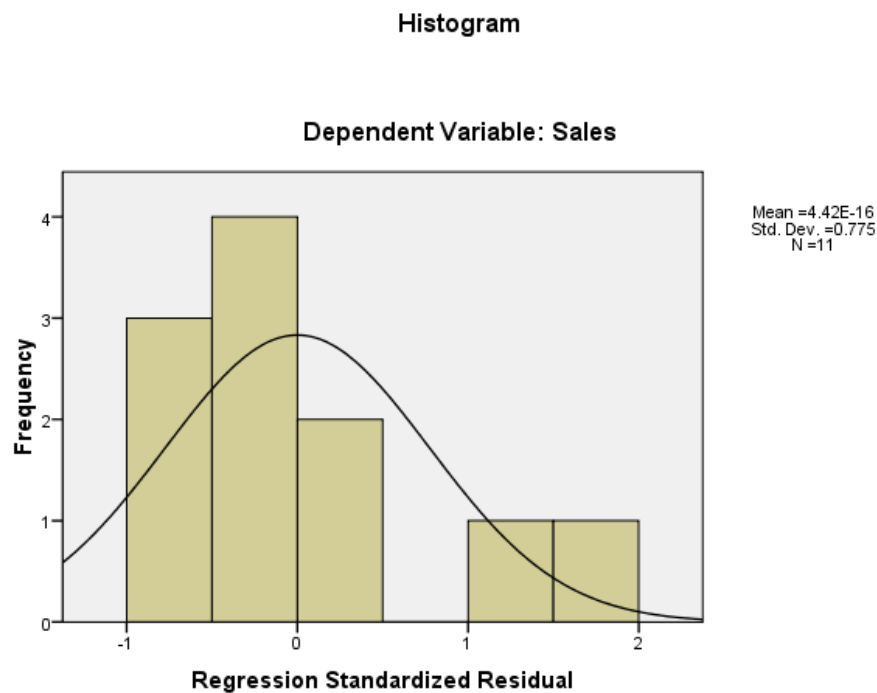
Estimated Regression Model

Based on the regression analysis and calculated values following regression model is developed which help firms which are operating in alike business of Patanjali can estimate their sale performance based on these predictive variables. Also they would be able to arrange these parameters in such a manner which can give desired sales revenue to them. The model is as follow-

$$\text{Sales} = 7060.236 + 10.535 (\text{SE}) + -10.606 (\text{ME}) + -1.244 (\text{DE}) + 1.289 (\text{PE}) + 0$$

6.4 Regression Residual

Fig. 5- Regression Residual



The residual plot shows the distribution of variables (whether normally distributed or not). The histogram shows that the data is acceptably normal distributed and eligible to predict the condition of 'dependent variable'. It play significant role in performing linear regression and form an appropriate model. In current study, the data falls under the normal distribution range which establish the acceptability of the regression test.

7 FINDINGS AND CONCLUSION

The study finds that, firms' marketing spending heads are crucial and play significant role in marketing strategies. The market competitiveness can be built through efficient management of these overheads. The four important marketing heads are identified as- selling expenses, marketing expenses, distribution expenses and promotion expenses. These are the important elements of market competitiveness strategy of Patanjali and help to win the competition. The parameters also helps to manage market related activities and ensure more predictable sales for the period. The amount of each head is not fix or specified, it depends upon the firm's operating activities, goals and short term targets. From all these findings and discussion the study conclude that, Patanjali is very attentive for its marketing plans and aggressively working on it. It manage all marketing related aspects with full concentration and design according to the market requirement. Also, the bright image of Patanjali's founders put more stars into its success. The spending ratio of studied overheads are so wisely designed

which is able to bring result even from the high completion. Lastly, Patanjali's aggressive move towards consumer market will definitely open new vistas in other sectors.

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