



NAVRACHANA UNIVERSITY

School of Business & Law | MBA Programme - Semester 3rd | End Term Examination - November 2017

Advertising & Promotion | Subject Code: MK301 | 20.11.17 | 03.30pm to 05.30pm | Total Marks: 40

The figures in the margin on the right side indicate full marks.

Q.1 Patanjali - Case Study

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In a time when yoga has captured the attention across the globe, and all things Indian whether it is our cuisine, culture, or commodities market, are finding an surge in global audience, it should come as no surprise that sadhus are taking over as businessmen. The most prominent of them is Baba Ramdev, a Haridwar-based yoga guru who has rarely strayed far from the spotlight since the Jan Lokpal drama of 2011. He later went on to declare support for Narendra Modi during the 2014 Lok Sabha elections. Having gained a substantial fan following through his televised yoga camps, Ramdev revitalized his Ayurveda firm Patanjali Ayurved, which he began in 2006. Nobody saw it coming but Patanjali is now heading towards a billion dollar sales turnover.

Acharya Balkrishna established Patanjali Ayurved Limited in 2006 along with Baba Ramdev with the objective of establishing science of Ayurveda in accordance and coordinating with the latest technology and ancient wisdom.

Patanjali's main promoter is Acharya Balkrishnan, who owns 93 per cent of the company; the remaining stake is owned by Sarwan and Sunita Poddar, an NRI couple. Yoga teacher and television personality, Baba Ramdev does not own any stake in the company, but he has played a huge part in the brand's gaining visibility, by marketing it in the numerous yoga camps that he holds across the country.

Patanjali Ayurved Limited (PAL), the flagship company of the Patanjali group is an Indian FMCG company. Patanjali Ayurved was established in 2006 as a private limited company and subsequently converted into a public limited company in 2007. It has 3 manufacturing units located in Haridwar for manufacturing of its products with the retail sale of these products being carried through Patanjali Arogya Kendra, Patanjali Chikitsalya, Swadeshi Kendra and more than 177,000 retail outlets spread across the country. According to CLSA and HSBC, Patanjali is the fastest growing fast-moving consumer company in India. It is valued at Rs 13000crore (US\$1.9 billion) and some predicts revenue of Rs 5000 crore (US\$ 740 million) for the fiscal 2015-16.

Patanjali Ayurved produces products in the categories of personal care and food. The company manufactures 800 products including 45 types of cosmetic products and 30 types of food products. According to Patanjali, all the products manufactured by PAL are made from Ayurveda and natural components. Patanjali has now muscled into noodles, cornflakes and cookies. The group employs about 15,000 people in its units.

Besides giving sleepless nights to MNCs like Nestle, Colgate, ITC, and Indian brands such as Dabur and Godrej, Patanjali's business growth shows a lot of similarities with the new generation business models. As per a report by CLSA Research in August 2015, Patanjali, which has seen its revenues quadruple in the last four years, made more than Rs 2,500 crore in revenue during the last fiscal. It is expected to double its revenue reaching Rs 5,000 crore by the end of this fiscal. A recent report shows that they have already reached Rs 4,500 crore.

Patanjali's advertising faced criticism from competitors as well as from ASCI(Advertising Standards Council of India) for misleading the consumer by exaggeration, unfairly denigrates the entire

class/category of fruit juices. In May this year, ASCI had rapped Patanjali Ayurved for 'false and misleading' claims in its various advertisements, including its hair oil and washing powder brands, while issuing list for month of March.

Apart from offering an array of products ranging from toothpaste to health drinks, Patanjali has also ventured into the e-commerce space.

The growth, he adds, will come through expansions into everything from baby care to garments. "From biofertilisers to healthy food, to organic cotton clothes, we will produce anything that can make India and Indians beautiful.

Q.1A - One of the Market Research report considered following factors behind the overall success of Patanjali in Indian Market. Identify and justify 2 most important factors from the list. (8 Marks)

Do not write more than 8 sentences to explain this answer. (4 sentences to explain one factor)

1. Point of Purchase
2. Premium (Sales Promotional tactics)
3. Personality Promotion (tactics which increase sales)
4. Patriotic Advertising
5. Media attention and leverage
6. Personal selling
7. National level anti-Sweepstake program of 2016

Q.1B - Being a brand manager of an ad agency, what is your 'expert view' on following ad? (3 Marks)

Do not write more than 6 sentences to answer this question



Q.1C - How do you relate 'brand equity' of Patanjali in association with following paragraph? (3 Marks)

Do not write more than 6 sentences to answer this question



“ Patanjali has achieved commendable scale in a short period of time. With presence across markets and categories, it has evolved into a corporate; it's a company to watch out for. Patanjali's proposition is that of purity and health. Add to that Baba Ramdev's enormous equity in Yoga and Ayurveda. But Patanjali's vast product range has limited distribution. For success in the Indian market, distribution is crucial. ”

PRAVIN KULKARNI

General Manager, Marketing, Parle Products

Q.2 Case Study

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The marketing team of Ford Motor Company of Southern Africa had to spread the message that Ford was officially back in South Africa. Ford tried to communicate this message to as many people as possible in the shortest possible space of time.