

'A Study of Supply Chain of FMCG Companies With Particular Reference to Patanjali'

Juhi G. Thakur^[1], Miss. Aditi Saha^[2]

[1] Student, MBA, J D College Of Engineering & Management

[2] Assistant Professor, J D College Of Engineering & Management

Abstract:-

The fast-moving consumer goods (FMCG) sector is an important contributor to India's GDP and it is the fourth largest sector of the Indian economy. Items in this category are meant for frequent consumption and they usually yield a high return. The Indian FMCG sector, which is the fourth biggest sector in the Indian economy, has a market size of ₹2 trillion with rural India contributing to one third of the sector's revenues.

A **supply chain** is a system of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer. Supply chain activities involve the transformation of natural resources, raw materials, and components into a finished product that is delivered to the end customer. Supply chain is a crucial part of the success of any FMCG company.

Patanjali is the fastest growing FMCG company in India. It is valued at ₹30 billion (US\$460 million) and some predict revenues of ₹5,000 crore (US\$770 million) for the fiscal 2015–16. Patanjali declared its annual turnover of the year 2016-17 to be estimated ₹10,216 crore (US\$1.6 billion). This study focuses the aspects of supply chain of the company and its efficiency to ensure smooth supply of goods to meet the growing demands for its products.

The data for the study has been collected from wholesale and retail distributors in Nagpur city.

The data analysis has been done with the help of bar graph, charts etc.

Keywords:- FMCG products, Supply chain, and Patanjali

INTRODUCTION:- SUPPLY CHAIN

Supply Chain Strategies are the critical backbone to Business Organizations today. Effective Market coverage, Availability of Products at locations that hold the key to revenue recognition depends upon the effectiveness of Supply Chain Strategy rolled out. Very simply stated, when a product is introduced in the market and advertised, the entire market in the country and all the sales counters need to have the product where the customer can buy and take delivery. Any glitch in the product not being available at the right time can result in the drop in customer interest and demand which can be disastrous. Transportation network design and management assume importance to support sales and marketing strategy.

Factory ————— Warehouse ————— Distributor

In a global scenario, the finished goods inventory is held at many locations and distribution centers, managed by third parties. A lot of inventory would also be in the pipeline in transportation, besides the inventory with distributors and retail stocking points. Since any loss of inventory anywhere in the supply chain would result in loss of value, effective control of inventory and visibility of inventory gains importance as a key factor of Supply Chain Management function.

FMCG COMPANIES:-

The fast moving consumer goods (FMCG) sector is the fourth largest sector of the economy with the size of about more than Rs 500 billion. FMCG sector generally includes a wide range of frequently purchased consumer product such as soaps, dairy products, confectionary, soft drinks, fruits and vegetables and batteries. FMCG products usually have a low unit cost but large volumes. Top ten FMCG companies in India consist of both global players such as HUL, Nestle, Cadbury, P&G and Indian companies such as Amul, Asian Paints, Dabur etc. In the FMCG sector the supply chain performance is a key factor. The FMCG industry is characterized by complex distribution network and intense competition forcing firms to constantly work on supply chain innovation. Companies with better supply chain system will perform well, whereas those with poorly managed supply chains will find it tough to even survive in the competitive market.

LITERATURE REVIEW:

Layak and Singh (2015) report “Desi bustle v/s MNC muscle” stating how Ramdev’s Patanjali is setting trend for HUL and how Baba Ramdev’s unconventional marketing and strong follower base coupled with aggressive pricing has helped him overtake established players in ayurvedic FMCG like Emami and Himalaya

Vyas (2015) believes Patanjali instead of outsourcing like established, listed FMCG firms, it has flourished on a backward integration model, using large tracts of land to cultivate and run its factories. Patanjali's revenues have more than quadrupled in the past three years. Despite undercutting competitors, PAL's operating margin is around 20% — higher than many of its peers which advertise aggressively.

Trend of Patanjali products: Singh and Rajni (2015) reports that PAL perhaps lacks most ingredients for building a large-scale consumer goods business, be its negligible A&P (advertising & promotion) spends or distribution network. Yet, the brand power of a yoga guru has brought PAL into the top league with topline reportedly in excess of JyothyS Labs and Emami

OBJECTIVE:-

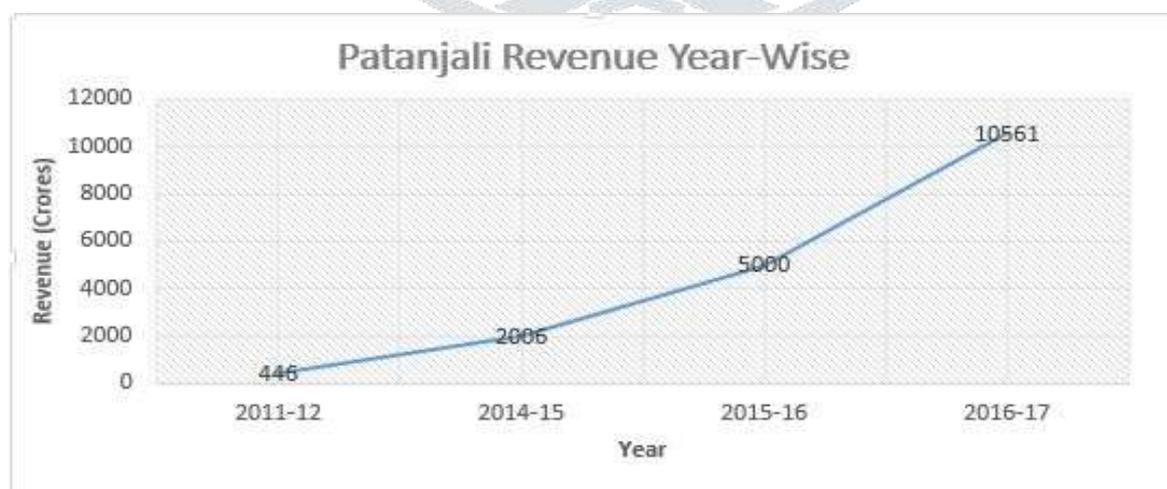
- To study Patanjali as a brand and its product mix.
- To analyze the ratio, thereby to know the companies’ respective positions in the market.
- To know the earning capacity or profitability.

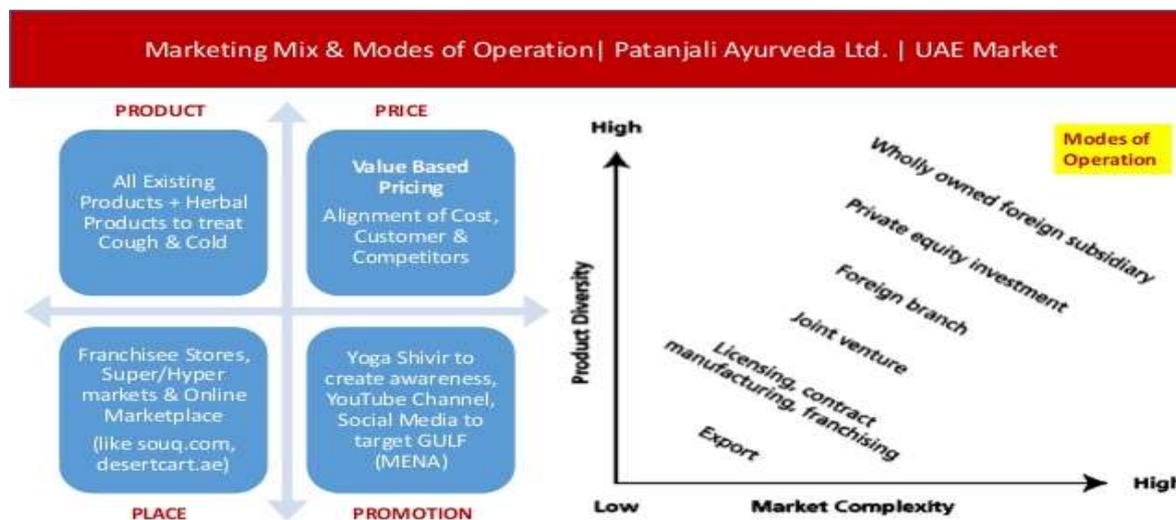
About patanjali:-

The publication also covers the value chain, working model, consumer profile and pricing analysis of Patanjali products. In addition to this, a comparative analysis of bestselling Patanjali products including honey, toothpaste, face wash, instant noodles, biscuit and cookies and hair oil with other FMCG companies has been showcased in order to understand the market share. The financial performance of the company, balance sheet, P&L statement along with the expected future performance of the company has also been showcased in the report. This report will help industry consultants, FMCG manufacturers, dealers, retail chains, potential entrants into the FMCG segment and other stakeholders to align their market centric strategies according to the ongoing and expected trends in the future.

RESEARCH METHODOLOGY:-

- The data for the study has been collected from wholesale and retail distributors in Nagpur city.
- The data analysis has been done with the help of bar graph, charts etc.





ANALYSIS AN INTERPRETATION:-

Analysis of Patanjali Ayurved Limited:-

Nagpur has 16 to 18 patanjali stores selling only patanjali product. Whereas there are 100 to 140 stores with sales patanjali product along with other FMCG product.

The sample size was take near about 100 consumers who are using Patanjali's products either of food and beverage, personal care or house hold care or all of these. The area where from the data was collected is mainly the friends colony Nagpur. Out of 100 respondents 30% were working people both male and female, 20 % were house wife, 15 % were college going students and 10% were senior citizens. A judgmental sampling technique was used to collect the primary data with the help of self-administered questionnaire. The questionnaire designed was built up to know the type of products they use , the reason of using these products, their satisfaction level etc. data was also collected from different secondary sources like public opinion about Patanjali in youtube.com , articles on internet , paper, interview on different national news channels.

The data collected through 100 consumers of patanjali's products analysed through frequency Distribution, correlation and regression tools. Below graphs show the descriptive data analysis i.e. the frequency distribution of different parameters. As discussed, the FMCG industry is mainly caters in four categories viz. Food & Beverage, Personal care and House hold care; questions were asked to the users of Patanjali's product pertaining to their opinion and choice in these categories

Company preference in food beverage products

Parle, Agro, 15, 8% HUL, 10, 5% P&G, 10, 5% ITC, 10, 5% Dabur, 10, 5% Patanjali, 10, 5% Godrej, 5, 2 Britannia, 30, 15% Amul, 60, 30% Nestle, 40,

FINDING AND CONCLUSION:-

The finding of the research shows that there are many significant factors that determine the buying decision of a customer. Customer's perception about a brand is largely build up by the satisfaction he derives out of the use of the product and the price he paid for it. In this research the researcher mostly got a positive opinion from the users of Patanjali's products, apart from few complaints of low quality of packaging which Patanjali should take seriously. The distribution strategy it has adopted as discussed is very successful and unique in the sense that it has adopted all possible channels to reach the customer viz. through its franchises, through different organized retail giants, through unorganized retailers, through its own web site, through online shopping sites.

The advertising strategy is also very aggressive, all most all leading news channel are covered by Patanjali's advertisement with very high frequency projecting the concept of Ayurveda and the image of Baba Ramdev along with few interview of Baba Ramdev in this channel to combat the controversies spread by opponent forces. Patanjali has also succeed to convey the message that if quality can blend with reasonable price no celebrity is require to sell the product. The research result established the fact that people are accepting Patanjali's products because of its herbal nature, good quality and reasonable price compare to its counterpart MNCs.

Patanjali's strategy of entering all the segments of FMCG sector, also unique in India and may be in the world, where a single infant domestic company is taking numbers of world giant MNCs on its horns. Both domestic and international big companies are afraid-off for the success of Patanjali Ayurved Ltd, a complete Indian company in FMCG sector. But the success is not achieved in a day. It was the year's long effort of Baba Ramdev to make Indian people aware about the benefits of Yoga and consumption of herbal products. Finally Patanjali should recognize its weaknesses and work on it seriously to stay in the market for long.

SUGGESTION:-

Baba Ramdev should promote swadeshi more towards younger generation because older people are already influenced by swadeshi products.

They should spend more on advertisements as we can see the returns on the advertisement perception of the consumers. It should be targeted more towards women as they get easily influenced wherever they see the health benefits of their family as they buy Patanjali products more frequently because they are the homemaker. The bestselling products on which they should focus are given in the analysis.

The products which they should manufacture according to consumers are pasta, soft drinks, make up kit, variety in hair colors, daily product like cheese, ice-cream, paneer, variety of sweets to distribute in festivals, sunscreens, perfumes, dairy products, milk, body wash, chocolates, cosmetics, hair dye, they must be available in smaller packages / refill packs, condoms, birth control pills, wines, anti-repellent cream, hair gel, hair removal cream, bathroom cleaner like sunny floor cleaner, hair color, bread, oil, chips and dips, cheap stationery and books, muscle builder WEH protein like Endura Mass and baby products.

BIBLIOGRAPHY:-

1. Dr. Anuja Agarwal(2015). " The impact of patanjali product on the FMCG business hither dominated by multinational like Hul, P&G, Nestle etc." *IJIFR*, Volume 4, Issue 5, ISSN: 2347-1697
2. The data is retrieved from the site <http://articles.economictimes.indiatimes.com>
3. Trend of Patanjali Products: An Ayurvedic Magic Wand for Healthy Living. Paripex – Indian Journal of Research,