



Management Strategies and the Product Life Cycle at Patanjali

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Abstract: One way to classify products is according to their product life cycle (PLC). Commencing with its launch and continuing through its development, maturity, and finally, decay. This study delves into the importance of major internal contributors at each step of the PLC and the best techniques to use at each stage. This study aimed to examine and document the present phases of product life cycles for a few Patanjali Ayurveda Limited (PAL) goods using the product life cycle theory matrix developed by the Boston Consulting Group (BCG). Also included was an examination of the various product life cycle phases and the management tactics used by Patanjali Ayurveda Limited (PAL). Data on sales of Patanjali group items in a certain area were collected for the study, which then used the BCG matrix to draw conclusions. The Patanjali product distributors were provided with tips and proposals to enhance sales even more.

Keywords: Patanjali Ayurved Limited (PAL), managing strategies, product life cycle (PLC), and Patanjali products

1. Introduction

There is often a progression from the debut stage to growth, maturity, and finally decline for a newly launched product in a market. The product life cycle (PLC) is the sequence of these activities in chronological order. Products may be products, services, or a combination of the two; in essence, they are anything that meets a consumer need. The "Product Life Cycle" describes the stages that a product goes through, albeit each product has its own unique lifespan.

Depending on the state of the market, the PLC sequence influences the marketing mix and tactics used to promote a product. To create markets, marketers must meet the requirements and desires of their target customers more effectively than their rivals. A buyer purchases a package of happiness known as a product, and marketing revolves around this idea. There is more to a product's marketing definition than what the maker thinks it is.

2. Literature Review

For the last four decades, the idea of the product life cycle has been central to marketing philosophy. The key to survival in business is managing the life cycle of a product or service, according to Kotler (2000: 315), Walker, Boyd & Larréché (1999: 146), and Churchill & Peter (1998: 234). Developed in the 1950s and later popularized in the 1960s, the product life cycle has been an important part of marketing theory for the last four decades. Despite mounting evidence that the product life cycle idea has limited relevance, it has remained a steady part in marketing education.

According to Mercer (1993: 269), just 20% of the 271 articles published on the topic between 1971 and 1991 conducted further research or contested the theory's fundamental assumptions, suggesting that the public has remained mostly silent on the product life cycle hypothesis. According to Grantham (1999: 4), the absence of a universally accepted definition of "life" has hampered efforts to empirically support the life cycle notion, as many writers have used different terminology when discussing the product life cycle.

3. Purpose of the Research

- To study the product life cycle of the Patanjali products and determine its stage with the implementation of BCG matrix.
- To study the management strategies of the product implemented by the company.
- To identify the future prospects of the company in comparison to other leading MNCs.



3. Theoretical Framework

3.1 Product Life Cycle

The traditional PLC theory is defined by the pattern of salesor revenues against time, which is generally assumed to adopta bell-like shaped curve, developed by Steffens & Kaya in 2008. The PLC can be divided into four key life stages, whichare: introduction, growth, maturity, and decline, each representing a different level of sales volume as shown in figure 1

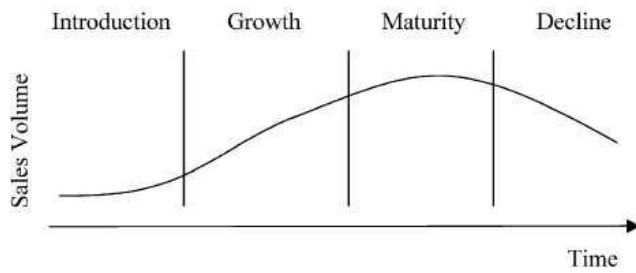
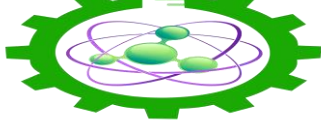
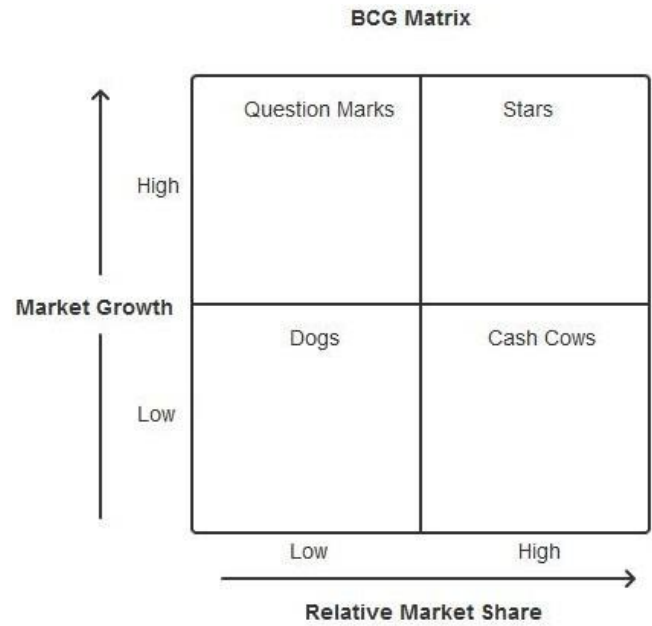


Figure 1: The traditional product life cycle model (Steffens & Kaya, 2008)

- **Introduction Stage**



In this stage, the company builds product awareness and develops market for the product, and launches the product into the market. The size of the market for the product is small, which means sales are low, though the sales will be increasing. On the other hand, the cost of things like research and development, consumer testing, and the marketing needed to introduce the product can be very high, especially if it's a competitive market.

- **Growth Stage**

The growth stage is usually characterized by a strong growth in sales and profits, and because the company can start to benefit from economies of scale in production, the profit margins, as well as the overall amount of profit, will increase. In this stage company build brand preference and increase market share.

- **Maturity Stage**

During the maturity stage, the product is established in the market and now the manufacturer aims to maintain the market share they have built up. This is probably the most competitive time for most products and businesses as they need to invest wisely in any marketing they undertake.

- **Decline Stage**

In this stage sales decline. This shrinkage may be because of various factors like, due to the market becoming saturated or because the consumers are switching to a different type of product. To overcome this, the firms either reduce the cost to continue or quit from the market.

3.2 Boston Consulting Group (BCG) Matrix

The growth-share matrix (BCG-matrix, Boston matrix, Boston Consulting Group analysis, portfolio diagram) is a chart that was created by Bruce D. Henderson for the Boston Consulting Group in 1970 to help corporations to analyze their business units. The **Boston Matrix** is a business model which analyses the goods or services of a business in terms of their share of the market, which also takes into account the rate of growth the market is currently experiencing. Using this method, a business can quickly evaluate where each of their individual products lies in their own market.

Figure 2: BCG Matrix

a) A **star** (named after "rising star") has both high market share and high market growth. A star product enjoys increasing sales revenue, but because it's a growing market, competitors are attracted to it. This results in the company spending a great deal on promotional spending, and might involve the business in high capital investment to increase the capacity.

b) **Cash cows** (with high market share in a low market growth) often exist in established markets that have reached maturity stage. The low rate of market growth reduces competition, so it is possible to spend less on advertising. A high proportion of cash cows are ideal for companies seeking high profits, but firms with cash cows will try to develop new products in order to enter high-growth markets.

c) **Question marks** (or **problem children**) are competing in a competitive market, with a low market share and high market growth. Because the market is growing, there is possibility of increase in sales in future, even if the product does not increase its market share. Many new products are problem children at first, as they tend to need large amounts of market research and promotion in order to succeed. If successful, they become stars or cash cows.

d) A **dog** has a low market share and is in a low-growth market. Businesses need to think carefully about retaining such products in the market, as they offer little scope for profit-making. During recession, these products will be dropped. However, these products should not be so simply written off.

3.3 Relation between Product life cycle and BCG matrix

a) There exists a relationship between product life cycle of a product and BCG matrix:

- If a product falls in the category of question mark in the BCG matrix then the product is in its introduction stage of the PLC.
- If a product falls in the category of Star in the BCG matrix then the product is in its growth stage of the PLC.
- If a product falls in the category of Cash Cow in the BCG matrix then the product is in its mature stage of the PLC.
- If a product falls in the category of Dog in the BCG matrix then the product is in its decline stage of the PLC.

BCG Positions Throughout the Product Lifecycle

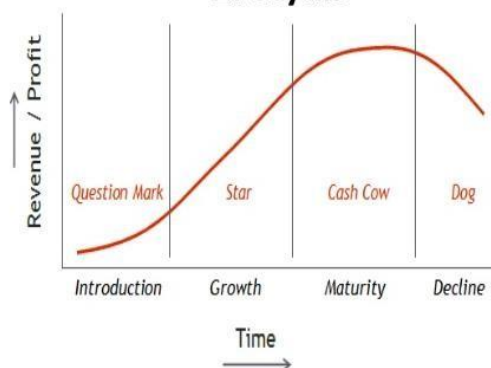


Figure 3: Relationship b/w PLC and BCG Matrix

4. Data Analysis and Interpretation

The Patanjali products which have been considered for study are;

- DANTKANTI
- GHEE
- ATTA NOODLES

Sales Data was collected from the distributor of the study region (INDORE) of the above patanjali products with the help of the questionnaire. Sales Data of other rival companies from the market was also collected from the above category of the product i.e. toothpaste, ghee and Atta noodles respectively by preparing questionnaire.

4.1 Formula

Following formula is used for the calculation purposes:

- Relative Market Share(RMS)

$$RMS = \frac{\text{Business Unit Sales this year}}{\text{Leading rival sales this year}}$$

- Market Growth Rate (MGR)

$$MGR = \frac{\text{Individual Sales this year} - \text{Individual sales last year}}{\text{Individual Sales last year}}$$

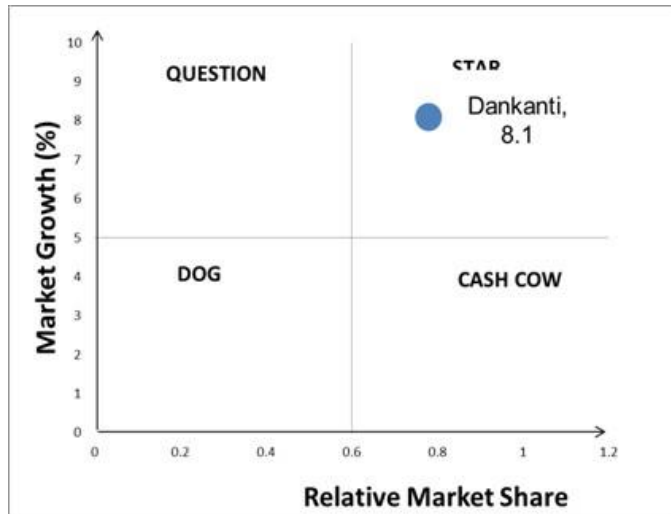
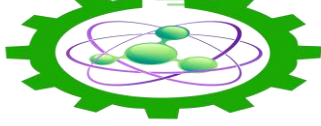
4.2 Dantkanti

Table 1: Sales data of Dantkanti

$$MGR = \frac{1300000 - 1200000}{1200000} = 7.6\%$$

Table 2: Calculation of relative market share for Dantkanti

Brand	Sales (In Lakhs)	Market Share	Relative Market Share
Colgate	17	.25	1.19
Close-up	14	.21	0.81
Dabur	13.6	.20	0.80
Dantkanti	13	.19	0.76
Others	8	.15	0.60



TOTAL	65.6		
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Figure 4: Graph Obtained from Above Data

4.3 GHEE

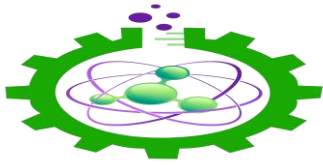
Table 3: Sales data of Patanjali Ghee

Year	Sales (In Units)
2015-16	6800000
2016-17	7400000

$$\text{MGR} = \frac{7400000 - 6800000}{6800000} = 8.1\%$$

Table 4: Calculation of relative market share for Patanjali Ghee

Brand	Sales (In Lakhs)	Market Share	Relative Market Share
Amul	95	0.39	1.30
Sanchi	50	0.20	0.51
Patanjali	74	0.30	0.78
Others	20	0.11	0.28
Total	239		



Year	Sales (In Units)
2015-16	1200000
2016-17	1300000



4.4 ATTA Noodles

Table 5: Sales data of Atta Noodles

Year	Sales (In Units)
2015-16	126000
2016-17	134000

$$\text{MGR} = \frac{134000 - 126000}{134000} = 6.6\%$$

Table 6: Calculation of relative market share for Patanjali Atta Noodles

Brand	Sales (In Lakhs)	Market Share	Relative Market Share
Maggi	290	0.48	2.07
Yippee	134	0.22	0.45
Patanjali	140	0.23	0.48
Others	40	0.06	0.12
TOTAL	604		

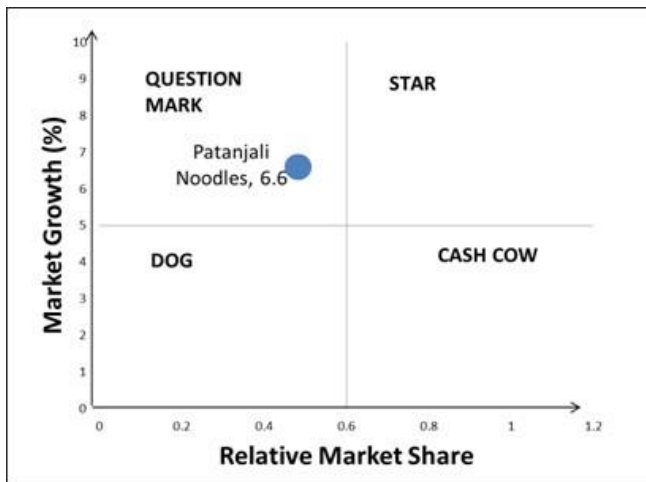


Figure 6: Graph Obtained from Above Data

4.5 Results

The results of all of the three products are obtained from the data analysis and graph. Result obtained is as follows **Table 7:** Results obtained from analysis

Product	Stage
Dantkanti	Growth Stage
Patanjali ghee	Growth Stage
Atta noodles	Introduction Stage

5. Management Strategies of Patanjali Group

➤ Promotional Strategies



- Baba Ramdev himself as the brand ambassador of PAL highly affects the advertisement sector as he has huge following in all sectors of media.
- Yoga shows all over the country helps in promoting patanjali products.

➤ Product strategies

- Brand Image- Ayurvedic and herbal product that has noharmful chemicals.
- 100% natural and herbal products.
- Swadeshi Products- One of the key factors for the successof patanjali products.
- It also strengthen Indian Economy by replacing foreignproduct with Indian product.
- Promoting “MAKE IN INDIA” compaign.

➤ Pricing Strategies

- Patanjali products are 10-15% cheaper than other FMCGproducts.

Table 8: Price comparison

PRODUCT	PATANJALI	OTHER BRAND
CHYAWANPRASH	115	160(Dabur)
HONEY	135	200(Dabur)
NEEM SOAP	15	24(Himalaya)
TOOTHPASTE	35	48(Colgate)
ATTA NOODLES	10	15(Maggi)

6.Suggestive Strategies for Future

Improvement in packaging of the products as they lack attractiveness in case of many patanjali products. Packaging does not attract materialistic people.

More outlet stores should be opened as products are not easily available to the consumer.

Focus on Exports; Patanjali has largely focused to cater to the domestic market. Exports thus remain to be a very low fraction of the total sales. It is thus imperative to focus on exporting products using Indian operations as sourcing hub for the same

Most of the revenues generated by the Patanjali group are from some of its mainline products such as ghee, honey, Dantkanti etc., so it should also focus more on the otherproducts so as to generate maximum revenue for the company.

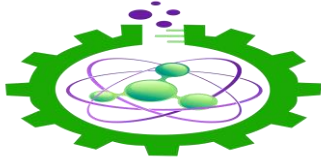
Product availability must also be improved, as shortage ofproducts is many times indicated by the customers.

Conclusion

Based on the data, we know that Patanjali Atta noodles are just starting off, while Dantkanti and Patanjali Ghee are already into their development stages. All of these goods may move on to the next phase if the proposed approach is put into action. PAL ranks high among the fast-moving consumer goods companies in our nation.Their sales increased by 100% in the previous fiscal year, and they anticipate a similar growth this year.

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**International journal of imaging
science and engineering**

ISSN: 1934--9955 www.ijise.net

Vol-17 Issue-02 Aug 2022

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