

# Growing Presence of Ayurvedic/Herbal Brands in Indian FMCG Market: An Analysis

Manisha Choudhary

Department of Commerce, Government College, Jatauli, Haily Mandi, Gurgaon  
E-mail: [manishachoudhary81@yahoo.co.in](mailto:manishachoudhary81@yahoo.co.in)

---

**Abstract**—The Fast Moving Consumer Goods (FMCG) market in India has grown tremendously and has witnessed different forms of competition. The fast growth of Ayurvedic/Herbal brands in the FMCG market is a recent trend that is witnessed in this market. These brands are able to put a dent in the market share of the big MNCs. Ayurveda, despite of being originating in India, was lost amidst the glare of the attractive products offered by the MNCs. But Indian market has seen a revival of the Ayurvedic/Herbal products and the brands selling these products are received with open arms by the market. Consumers are now substituting their routine purchases (generally synthetic in nature) by ayurvedic brands. Thus, the market offers tremendous potential for the Ayurvedic brands. Some of the existing Ayurvedic brands like Patanjali, Sri Sri Ayurveda etc. are becoming increasingly popular.

This paper examines the factors contributing to the growth of Ayurvedic brands in the Indian FMCG market. Statistical analysis is done to find out the growth rate of Ayurvedic/Herbal brands vis a vis the synthetic ones. An attempt is made to identify some of the faster growing areas in the Ayurvedic segment amongst the larger FMCG market.

**Keywords:** Ayurvedic/ Herbal Brands, FMCG, MNCs, Synthetic, Competition.

## 1. INTRODUCTION

Growing stress, synthetic products, polluted environment and associated ailments are making people move towards the nature. People, in general, and the sellers in particular, have a realization of the environmental impact, either on their own or due to some regulation. This offers tremendous opportunity for natural products i.e. products having non-chemical components/ingredients. In such a scenario, the age old treasure of India, Ayurveda, has seen a revival. Ayurvedic brands have emerged as a fast growing alternate to the synthetic ones. Although, Ayurvedic brands were present in the Indian market for a long time but a growing consciousness amongst consumers has led to a new trend of substituting their routine purchases with the natural ones. When it comes to looking for alternatives in the natural category, the brands labeled as herbal, organic or ayurvedic catch the consumers' attention. Ayurveda, as an alternative treatment of medical ailments, is well established and has carved a niche for itself but it has much more to offer. These offerings are in the form

of age old herbs and other natural ingredients which have numerous beneficial properties for the general well-being of humans. Thus, the consumer products made with natural ingredients based on their properties also come under the purview of ayurveda. So, by whatever name we call, natural, herbal, organic or ayurvedic, they all refer to products which are not chemical-based and have a natural orientation.

Along with Ayurvedic medical treatment, the ayurvedic/herbal brands are capturing the ground at an accelerating pace in the fast moving consumer goods (FMCG) segment as well. The FMCG sector comprises of the organised and the unorganised sector. The FMCG market includes all the products that are purchased frequently by the consumers. These products include cereals, pulses, fruits and vegetables, packaged food like biscuits, fruit cakes, tea, coffee, carbonated drinks soaps, hair-oil, shampoos, cosmetics, floor-cleaners, detergents, room-freshners etc. While buying commodities like cereals, pulses, fruits and vegetables, people, in general are becoming inclined towards the organic ones (which are grown without using chemical fertilisers). When we talk about the FMCG market, we include only the packaged consumer products. The ayurvedic/herbal/natural options are not always readily available in case of all the FMCG categories but wherever they are, consumers are quite quickly switching over to these ayurvedic products.

This paper draws evidence from the FMCG market and identifies the segments in this market where the herbal/ayurvedic brands are doing well. The reasons for the growth of these brands are discussed along with some statistical analysis.

## 2. INDIAN FMCG MARKET AND AYURVEDIC/HERBAL BRANDS

The Fast moving consumer goods (FMCG) market comprises of the goods that are purchased and consumed frequently by the consumers. The Indian FMCG market offers huge potential for growth. Indian Brand Equity Foundation (2016) highlighted the prospects of growth in this sector. As per the report, "the FMCG sector has grown at an annual average of about 11 per cent over the last decade. The overall FMCG

market is expected to increase at (CAGR) of 14.7 per cent to touch US\$ 110.4 billion during 2012-2020, with the rural FMCG market anticipated to increase at a CAGR of 17.7 per cent to reach US\$ 100 billion during 2012-2025. Food products is the leading segment, accounting for 43 per cent of the overall market. Personal care (22 per cent) and fabric care (12 per cent) come next in terms of market share.”<sup>[1]</sup>

Nielsen (2014)<sup>[2]</sup> expects the Indian FMCG sector to touch US\$49 billion by 2016. According to their report, the Indian FMCG sector is the fourth largest sector in the economy with a total market size in excess of US\$ 13.1 billion. It has a strong MNC presence and is characterised by a well-established distribution network, intense competition between the organised and unorganised segments and low operational cost. As per Nielsen’s report, there are some factors that will contribute to the growth of FMCG sector in India. These factors are identified as follows:

- a) Competitive advantage:
- b) Untapped market potential
- c) Shift in consumption patterns
- d) Growth in demand for Aspirational products such as chocolates, cold cream, fragrances and breakfast cereals.

Product innovation, portfolio expansion and aggressive distribution across channels and geographies have helped companies popularise categories such as impulse, health and wellness, lifestyle and convenience, says the Nielsen study on fast moving consumer goods, available exclusively to ET.

India’s fast-moving consumer goods companies want to cash in on the country’s oldest medicinal science. According to Karnik (2016), The market size of Ayurvedic products in Asia’s third largest economy is expected to grow at 15% between 2016 and 2020, according to Nomura, the Japanese broking firm.<sup>[3]</sup> In the last five years, the market has grown at a compounded annual growth rate of 10.7%.

The various sub-segments of the FMCG market can be identified as follows:

1. Food and Beverages (including confectionery): It includes all the packaged food products and beverages like biscuits, chocolates, snacks, chips, noodles, tea, coffee, juices etc.
2. Personal Care Products: This category includes the products which consumers use for personal care, hygiene and general well-being. Products falling in this category are hair oil, shampoos, hair colours, face-wash, body-wash, creams, cosmetics etc.
3. Household care products: This category includes detergents, room-freshners, floor-cleaners, mosquito repellents etc.
4. Tobacco products
5. Fast moving electronic goods

Out of all the above mentioned FMCG sub-segments, the presence of ayurvedic/herbal brands is not seen equally across

the board. It is felt most strongly in case of personal care category and the food and beverages sub-segment. Home-care products are yet to witness the emergence of strong natural substitutes. Tobacco products and fast moving electronic goods are completely out of the purview of ayurvedic/herbal brands.

### 3. EMERGENCE AND GROWTH OF AYURVEDIC/HERBAL BRANDS IN THE FMCG MARKET

The presence of Ayurvedic brands in the food and beverages and personal care categories is not a new phenomenon in the Indian FMCG market. Old and established companies like Shri Baidyanath, Dabur India Ltd. etc. have their own share of the market and have enjoyed consumer loyalty. Table 1 gives a list of some prominent Ayurvedic companies and their products.

Table 1: Ayurvedic Brands in India	
Baidyanath Ayurved Bhawan (1917)	Ayurvedic medicines and health care products like Baidyanath Chyawanprash
Dabur India Ltd. (1884)	Along with 260 medicines, it is the fourth largest FMCG Co. which offer products in oral care, hair care, skin care, health care, foods and home care.
SKM Siddha and Ayurveda (1989)	Ayurvedic medicines
Zandu Pharmaceutical Works (1910) taken over by Emami Ltd. in 2009	Manufacturing and distribution of ayurvedic and medicinal preparations including popular products like Zandu Pancharisht
The Himalayan Drug Co.(1930)	Health care and ayurvedic products under the name Himalaya Herbal Healthcare
Surya Herbal (1999)	herbal health care medicines, herbal manufacturing and herbal personal care products.
Charak Pharmaceutical (1947)	tablets, liquids and veterinary supplies, Evanova (herbal solution to female problems)
Babuline Pharma (1912)	Bauline Gripe Water
Arogya Bhawan (1958)	Mentha citrata oil, Scented oil, Aromatherapy oils, Refresher oils, Muscle pain oil, Janamghunti and Shishu Kalp
Vicco Laboratories (1952)	Vicco Vajradanti Paste, Powder and Vicco Turmeric Skin/Sun Cream
Source: companiesinindia.net <sup>[4]</sup>	

Established in 2003, Sri Sri Ayurveda offers effective herbs, personal care products and food & nutritional products. Patanjali Ayurved Ltd. was established in 2006. Despite of age old presence, it is only in the recent past that this ayurvedic market is becoming popular amongst the masses. Much of this is owed to the emergence of Patanjali Ayurveda. People in general are becoming conscious of what they are consuming and substituting the synthetic products with the natural ones. The launching of the entire Patanjali range of consumer products hit the market at the right time and was received with

open arms by the market. The mass appeal of the yoga guru Swami Ramdev along with the growing consciousness and receptiveness amongst consumers contributed to the success of this Ayurvedic brand. This has also had a favourable impact on other Ayurvedic brands.

#### 4. AYURVEDIC/HERBAL BRANDS: TRENDS AND IMPACT

Out of the FMCG category, one segment that has really caught the momentum in ayurvedic brands is that of the personal care products and they have actually started eating the share of big established MNCs in this segment of FMCGs. According to Malviya and Tyagi (2016), “In shampoos, sales of Ayurvedic brands more than doubled to 194 per cent, while for MNCs, it declined to 15 per cent from 21 per cent earlier.”<sup>[5]</sup> Out of personal care products also, ayurvedic cosmetics need a special mention when it comes to talking about the growth of ayurvedic brands. Ayurvedic cosmetics refers to beauty products that use natural ingredients, rooted in a Hindu system of traditional medicine based on herbal treatments. According to Bundhun (2015) “The market for ayurvedic cosmetics products in India is expected to grow at a rapid pace over the coming decades. The market is only beginning to get populated with ayurvedic brands and it will be a while until it gets too crowded.”<sup>[6]</sup> These kind of facts and figures clearly indicate the acceptance and popularity of ayurvedic/herbal brands as an alternative to the synthetic ones in the category of personal care products.

Table 2 shows the sales growth of some of the leading FMCG companies over the last five years. This brings out some startling results as Patanjali Ayurveda, which is the youngest company floated in 2006 has recorded a growth of 58% over this period. Whereas Hindustan Unilever Limited, the FMCG giant has been jolted by this growth.

Table 2: Growth of FMCG Companies' Turnover (2011-2015)		
Company name	Growth rate (%)	Significance level
Patanjali	58.94	0.0005
Colgate Palmolive	13.94	0.0003
Dabur India	15.78	0.002
Hindustan Unilever	11.57	0.001
Godrej	20.59	0.003
Marico	13.7	0.006
Proctor and Gamble	21.47	0.0009
Britannia	13.2	0.0001
ITC	12.61	0.0015
Source: Company annual reports and newspaper reports		

Patanjali Ayurveda is the biggest success story in the recent past. Founded by yoga guru Ramdev, it is now among India's top 10 FMCG firms (by revenue) and is rapidly expanding.

The company says all its products. Patanjali products are free of many unhealthy chemicals—including Monosodium Glutamate—found in brands of many other FMCG majors. Patanjali has cast its web across a range of categories, from instant noodles and pasta to soaps and biscuits. So, Patanjali Ayurveda has revived the ayurvedic brands with a big bang. Along with its own growth, it has also given boost to other herbal/ayurvedic brands. According to Vyas (2016) “After Patanjali, existing FMCG players may face challenge from Sri Sri Ravi Shankar's Sri Sri Ayurveda”<sup>[7]</sup>.

Other FMCG companies which were so long offering synthetic products are also taking the herbal/ayurvedic path to salvage their market share. This is evident from their recent strategies. Hindustan Unilever Limited has decided to launch its new range of Ayurveda based products under the brand name “Ayush”. Lo'real has invested huge amounts in herbal garden for its cosmetics.

#### 5. CONCLUSION

The market trends and analysis carried out in this paper show that Ayurvedic/ Herbal brands are capturing the ground at a fast pace in the Indian FMCG market. Growing consumer consciousness and the availability of natural substitutes has facilitated this shift. Patanjali Ayurveda is one company which has brought a major change in the FMCG scenario. The fact that the FMCG companies offering synthetic products so far are exploring the natural options shows that they are fearful of losing the market to the ayurvedic/herbal brands. So, this trend of growth of ayurvedic/herbal brands seems to be irreversible, atleast as of now.

#### REFERENCES

- [1] <http://www.ibef.org/industry/fmcg-presentation>
- [2] Nielsen (2014) “What's in store for India's FMCG Market”. Neilsen 25-11-2014 <http://www.nielsen.com/in/en/insights/reports/2014/whats-in-store-for-indias-fmcg-market.html>
- [3] Karnik, Madhukar (2016) “Indian consumer goods firms see a new money-spinner in an old product: Ayurveda”. Scroll.in, Mar 08, 2016 · 09:30 pm.
- [4] <http://companiesinindia.net/top-10-ayurvedic-companies-in-india.html>
- [5] Tyagi, Neha and Malviya, Sagar (2016). “Patanjali Ayurved injects new life into herbal market, helps rivals sell more personal care products” Economic times 23feb 2016, 6.50AM IST
- [6] Bundhun, Rebecca (2015). “Ayurvedic and herbal cosmetics gaining fast traction in India”. The National Business, *Updated: October 17, 2015 02:41 PM*.
- [7] Vyas (2016) “After Patanjali, existing FMCG players may face challenge from Sri Sri Ravi Shankar's Sri Sri Ayurveda”. Economic Times, ET Bureau Mar 17, 2016, 05.46AM IST.