



CYCLE
PURE AGARBATHI

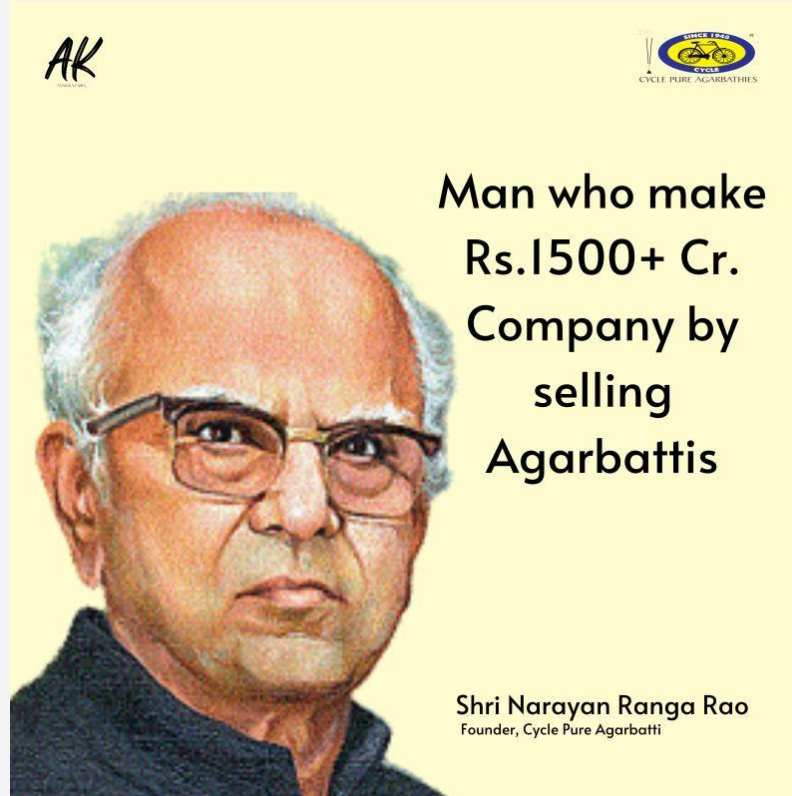
Business Case Study of CYCLE PURE AGARBATTI

By
Oishik Biswas

Cycle Pure Agarbattis

- 1500 crore business empire.
- Sells agarbathies to 75 countries.
- Started in 1948, Mysore.
- Founder Mr Narayan Ranga Rao.

Narayan Ranga Rao



Why choose agarbattis?

- He loved fragrance.
- Importance of agarbattis in Indian older generations.
- Older generation in India due to severe poverty, compromised in their basic commodities, except for offering to God.
- In evening, everyone used to pray Lakshmi, Goddess of wealth.
- Agarbatti instrument of hope to welcome the Goddess of wealth.
- Sandalwood was very affordable at Mysore back then.

Major Gaps in Market

- Companies focused on quantities, not on qualities.
- Neither strong fragrance, nor burn properly.
- Nobody keen on experimenting with different and superior fragrance.
- Wasting money in packaging.

Scientific Research

- Just with the smell, have to decode three types of nodes in single fragrance.
- Jasmine
 - 1) Top node → Morning dew
 - 2) Mid node → Rose note
 - 3) Base node → Musky essence

Scientific Research of Ranga Rao

- Imported books on perfumery from Germany to learn the perfume science.
- Realized the importance of using synthetic substances.
- Sold at three times the cost of other products.
- Tough to get the entry in the market.

How did he make entry in the market?

- Ranga Rao went to the stores of Mysore in peak hours, lighted his agarbattis, just outside the store and left.
- Getting impressed with the fragrance, next day customers demanded the sticks to the shopkeeper. He had to deny.
- When Ranga Rao came to do the same thing, shopkeeper asked for the product to sell to him. Ranga Rao refused and left.

How did he make entry in the market?

- Next day shopkeeper was frustrated, gave Ranga Rao the ultimatum.
- Either sell this product or don't light the,
- Ranga Rao offered him only two sticks and said to use in houses, not in shops.
- The house members and the neighbours demanded the sticks to the shopkeeper.

How did he make entry in the market?

- Shopkeepers realized **they need the product more than the product need their shelves.**
- Next day the shopkeeper has a straight deal with him, no bargaining.
- Cycle agarbatti became the market leader at Mysore.

What did he do special to maintain the market?

- Inculcate extraordinary sense of empathy and humility to the next generation of business.
- When the sale went irregular, they spend hours in different stores to see how the customers behave and interact with incense products.
- Issue was customer needed variety of fragrance.
- Three fragrance of agarbattis in the same packet, sells shot up.

Advantages

- Opportunity to try three flavors in single packet.
- Customer who preferred one particular fragrance buy the entire pack, increase sales.
- First time customers very convenient to buy three in one pack.
- Three in one packet → 6 billion sales (2021). 50% of their sales volume.

Three in One Agarbattis



Barrier for Other Products

- Ranga's were researching about the art of perfumery continuously.
- Huge catalogs of 300 ingredients by cycle which are mastered by them.
- First agarbatti brand to advertise on TV, associate in cricket, omni channel sales network.
- Diversifying the product portfolio aggressive and ambitiously.

Additional Programs

- Women empowerment, supported women regularly since foundation.
- Maternity and paternity leaves.
- All employers with insurance.
- Carbon neutral company.
- Passing the dedication & devotion to next generations.

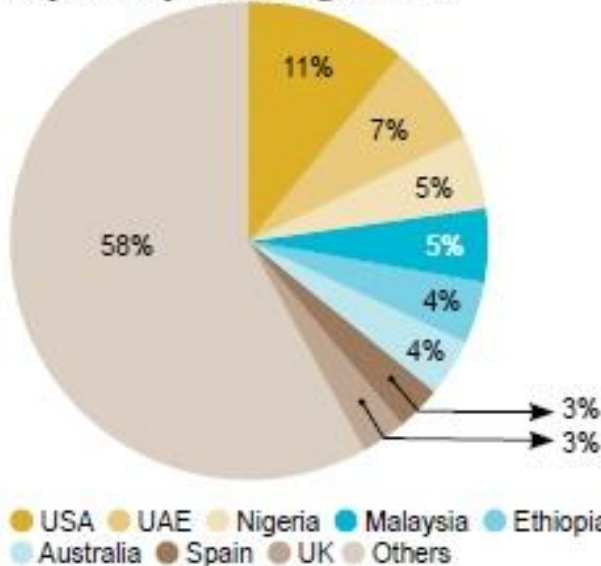
Amitabh Bachchan Promoting Cycle Agarbatti



Indian Agarbatti Market

India's markets for agarbattis

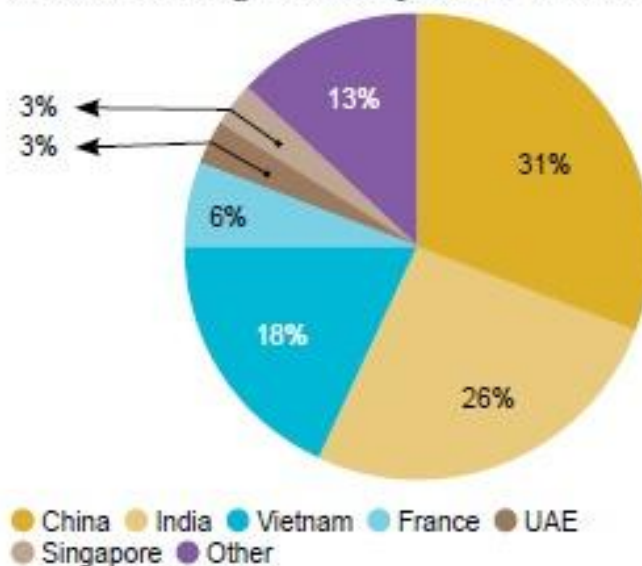
USA has consistently been the largest importer of Indian agarbattis



Source: TDB Intelligence Unit & Ministry of Commerce, Gov;
break-up for FY2017 (Apr-Oct); HS Code:33074100

World's largest exporters

For the first time in a decade China overtook India in agarbatti exports in CY2015



Source: TDB Intelligence Unit & UN Comtrade;
break-up for CY2015; HS Code:330741

Business Lessons

- Value of product is proportionate to tangible aspect or utility of the product.
- Some products have more value due to culture and sentiments.
- If your product is extraordinary, product itself will serve as your most powerful marketing tool.
- Empathy and persistence are the attributes, that can turn a commoner into a king.