

## SATVIC FOODS: ATTAINING COMPETITIVE ADVANTAGE THROUGH BRAND BUILDING

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*Kiran Sharma, Neha Yadav, and Mukesh Govind Kharat wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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The first wealth is health.  
—Ralph Waldo Emerson

When Jamana Mahajan received the Digital Women Award from SheThePeople, her heart filled with compassion, gratitude, and pride. Her eyes moistened remembering the struggles of the last two and a half years, but this much-deserved recognition brought a sense of contentment. It was not a mean task for a regular middle-aged homemaker from a rural background to make her presence felt through her business. Her urge to provide healthy food products for the larger benefit of society paid huge returns in not only monetary terms but also social appreciation.

Jamana started preparing organic and herb-based products for her family to curb COVID-19-related complexities in 2020 and soon realized the potential of her venture and registered her company, Satvic Foods (Satvic) in June 2021. Satvic was an Indian spice (masala) firm based in the historic city of Ujjain, Madhya Pradesh. The city of Ujjain was recognized for its abundant cultural legacy and offered a perfect setting for Satvic's objective of providing genuine, premium spices with a strong foundation in Indian traditions.

The company manufactured a diverse range of spices, specializing in organic spices sourced from local farmers. Satvic's expertise was in its preparation, which was devoid of any artificial additives. The company's undeterred devotion to purity and quality had earned it a trustworthy name within a short span of time. Jamana's son, Viraj Mahajan, was instrumental in this transition and a reckoning force in digitalization, which helped to expand the business. With an initial investment of just ₹15,000,<sup>1</sup> the business became self-sustainable within a few months and started making profits three times that amount. In 2022, the business invested ₹40,000 and, with a ticket value of ₹700, earned a profit of ₹120,000.

One of the biggest challenges was increasing production to satisfy enhanced demand while retaining the brand's quality. Moreover, there were logistical challenges related to managing the entirety of production in a small location, coupled with transportation and supply-chain inefficiencies. There had been a significant increase in the demand for organic and natural food products. This had brought about a great opportunity

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<sup>1</sup> ₹ = INR = Indian rupee. US\$1 = ₹72.8460 on June 1, 2021.

for Satvic, for expansion in global markets. However, Jamana and her son did not have experience running a business, and they had multiple questions to address in the wake of inevitable expansion. Some of these questions related to (a) developing an effective measure for dealing with cutthroat competition from several leading brands in the country; (b) elevating the branding and packaging of Satvic for better recall in consumers' minds; and (c) improving the company's distribution network for attaining greater availability across markets.

There was an urgent need to design and implement a strategy that would strike a balance between the assurance of quality and the prospects of growth without conceding to Satvic's principles. Several approaches were being explored to deal with these challenges. One was an investment in cutting-edge packing and processing technologies, which could provide a significant measure to enhance productivity and achieve product conformity. Another possibility was the formation of a strategic alliance with other organic food producers, which could provide expansion of both market and resources. In addition, Satvic could increase its presence online by leveraging digital marketing and other e-commerce platforms, which would not necessitate any major physical expansion.

## SATVIC FOODS

### Inception

Jamana embarked on her inspiring journey from homemaker to entrepreneur from a small village called Khargone in Madhya Pradesh, India. Though she had a degree in home science and Hindi literature and a strong desire to pursue her dreams of starting a business, she could not fulfill her dream until age 57. Initially, she had taken care of her daughter, who had been diagnosed with cerebral palsy. After her daughter's sad demise, Jamana had battled chronic depression for years.

In 2018, just before the COVID-19 pandemic hit the country, Jamana's son, Viraj, fell seriously ill. He suffered from high fever throughout the year and underwent numerous tests, but no diagnosis was forthcoming, and the illness persisted. Jamana was determined not to lose another child, and she began preparing *kadhas*<sup>2</sup> for Viraj. Her efforts paid off, and Viraj made a full recovery within 15 days.

In 2021, during an evening in June, the family was discussing alternatives for a healthy lifestyle in the context of the COVID-19 pandemic when Jamana shared her dream of starting a business. Viraj suggested the idea of selling the *kadhas* that had successfully cured him, along with other organic and herb-based products. He offered his expertise in website development and content writing as well as his experience in running an agency, to assist in creating a digital presence for the business.

On September 17, 2021, the Satvic Foods website was launched, followed by a LinkedIn post where Jamana shared her story of starting a business at the age of 57. The very first post on LinkedIn fetched around 1.2 million impressions, which led to more than 100 orders on the same day. With this overwhelming response, newspapers including the *Hindustan Times*, *Mid-Day*, *Patrika*, and *Dainik Bhaskar* interviewed Jamana so that her inspirational story could reach the masses.

### Initial Challenges

<sup>2</sup> *Kadhas* were medicinal decoctions that formed an integral part of Ayurvedic medicines. These herbal preparations were used to treat ailments and boost immunity. Sahdeo Prasad and Bharat B. Aggarwal, ch. 13, "Turmeric, the Golden Spice," in *Herbal Medicine, Biomolecular and Clinical Aspects*, 2nd ed., ed. Iris F. F. Benzie and Sissi Wachtel-Galor (Boca Raton, FL: CRC Press, 2011).

Jamana and her family faced many challenges when starting the business. The biggest challenge for her was the lack of management and marketing knowledge, as none of her family members had inherited a business or had relevant educational qualifications. They were unaware of the compliance requirements necessary to operate a company, such as registration for goods and services tax and a Food Safety and Standards Authority of India (FSSAI) licence, among others. Also, promoting a business while competing with already established brands was even tougher.

As an environment-conscious person, Jamana opted for glass jars for packaging instead of plastic bottles. However, this decision posed logistical challenges, as handling and shipping glass jars required extra care. In the early stages, Satvic received several complaints from customers about broken jars, which not only increased manufacturing costs but also necessitated special attention to the jars during transportation.

However, in the process of tackling these challenges, Jamana developed exceptional skills that transformed her into a confident entrepreneur.

## Sustained Business

With the help of her son, Jamana was able to carve a path for her business with sheer determination and dedication. Her consistent efforts to provide healthy food options at affordable prices made her business sustainable among its competitors. She expressed her gratitude by donating profits to the Mumbai-based non-profit organization YODA, during the Navaratri<sup>3</sup> festival, which was celebrated in India in honour of the supreme goddess Durga. She encouraged women like her to become part of her company by sending them small packets of Satvic products so that they could operate from their homes and earn a living. This enabled the company to reach a far wider customer base across India. Her successful business also received a ₹5,000,000 acquisition offer, which Jamana politely refused.

## MARKETING MIX

### Product Portfolio

Satvic products were made with an unwavering commitment to purity, devoid of preservatives, and were meticulously ground by hand according to individual orders. This approach ensured that the ingredients retained their natural, unaltered state, without the use of chemical preservatives or even sugar.

Satvic had rapidly expanded its product range in a mere two to three years (see Exhibit 1). Satvic sold 18 products divided into four major categories—milk and chai masala, Indian spices, peanut and pickle, and hair growth. Satvic offered its customers a “collection of immunity boosters that helps in improving your immunity.”<sup>4</sup> Some of its immunity-boosting products, such as Kadak Chai Masala, Coffee Spice Mix, Golden Milk Masala, Cinnamon Doodh Masala, and Herbal Immunity Kadha, enhanced the flavour of beverages while fortifying the immune system against seasonal flu.

Satvic offered a diverse array of masala powders, such as Rajwadi Garam Masala and Delhi Pav-Bhaji Masala, which were sun-dried and ground by hand to preserve the nutritional integrity of 100 per cent natural spices. The company also offered a broad range of homemade butter crafted from natural dried fruits

<sup>3</sup> Parul Dave Mukherji, ch. 10, “Popular Festivals, Populist Visual Culture and Modi Masks,” in *Democratic Culture: Historical and Philosophical Essays*, ed. Akeel Bilgrami (London, UK: Routledge India, 2011).

<sup>4</sup> “Milk and Chai Masala,” Satvic, accessed October 21, 2024, <https://satvic.in/collections/immunity-boosters>.

and herbs with potent antioxidant properties. Distinct from other peanut butters on the market, Satvic Cashews Peanut Butter, Almond Peanut Butter, and Chocolate Almond Butter were 100 per cent natural, chemical-free, homemade, and provided natural immune-system stimulation. Satvic's Shikakai Hair Therapy Powder offered a natural and chemical-free solution for hair care. This unique blend of herbs and seeds, enriched with essential nutrients, offered comprehensive nourishment for hair from roots to tips.

## Promotion

In the era of social media, a digital footprint was a must, and Viraj made this possible by launching a company website. Satvic emphasized product purity by maintaining a comprehensive ingredient list of all its products on the website. The website was precisely curated to make it easy for customers to place their orders by selecting through a list of options. As part of its customer-centric approach, delivery was free for orders placed through the Satvic website, and the company consistently extended special offers to its consumers. Additionally, the website provided instructional videos that demonstrated how these ingredients were blended to create the final product, ensuring transparency throughout the entire process. The website also featured a recipe section where festival-specific recipes for children and adults were posted.

Through the company's LinkedIn profile, Jamana regularly shared her story and plans, and sought professional insights from the LinkedIn community. This connectivity not only contributed to the growth of her business but also aided in building the personal brand of Satvic. Through LinkedIn, she could successfully connect with professionals from legal firms, logistics companies, and export-import firms. Satvic also enlisted with Shopify, an e-commerce company. Satvic also expanded its clientele through WhatsApp groups. Jamana collaborated with women retailers and other small retailers, thereby fostering expansion of the business.

Satvic maintained a database of approximately 2,500 dedicated customers. The churn rate<sup>5</sup> for customers for 2021 was 10.6, which was very low compared to competitors, and the deflection rate<sup>6</sup> of customers was 12 per cent.

Satvic also engaged in developing strategies for content marketing.<sup>7</sup> In 2023, Satvic had more than 59,000 online sales sessions, which was a 151 per cent increase from 2022. Most website traffic came from India (50,100), followed by the United States (4,000). In the past 12 months, Satvic's top-selling product had been Shikakai Hair Therapy Powder, with around 346 orders. Its returning customer rate was about 6.63 per cent.

<sup>5</sup> Churn rate was calculated as the number of customers who left the business in a year's time divided by the number of new customers in the same period. Monique Danao, "What Is Churn Rate & How Do You Calculate It?," *Forbes*, June 10, 2024, <https://www.forbes.com/advisor/business/churn-rate/>.

<sup>6</sup> Deflection rate was calculated as the percentage of customers who left the business in one year. Pratik Sadanand Shanbhag, "Churn Rate: What It Means, Examples, and Calculations," *Yellow.ai*, July 23, 2024, <https://yellow.ai/blog/customer-churn-rate>.

<sup>7</sup> Content marketing was a form of marketing focused on creating, publishing, and distributing content for a targeted audience online. Sonya Jefferson and Sharon Tanton, *Valuable Content Marketing: How to Make Quality Content the Key to Your Business Success* (London, UK: Kogan Page, 2015).

## Packaging and Transportation

A firm believer in environmental safety and concerns, Jamana opted for glass jars for packaging instead of plastic bottles. She wanted her products to have a longer shelf life and to preserve their original flavours and aromas. Almost 80 per cent of products were supplied in glass jars, whereas polyurethane terephthalate bottles were used for a few products. Plastic-laminated boxes for stock-keeping units (SKUs) were perfect for local markets. To avoid the possibility of glass jar breakage, Satvic replaced single-ply boxes with five-ply corrugated boxes for shipment.

## Prospective Customers

There was a major belief-system change post-pandemic, where people were banking on herbal and organic foods to boost immunity. Although healthy alternatives (products that contained fewer chemicals and claimed to be organic) based on Ayurveda had been successful for ages in small cities, the urban crowd had only begun to warm up to organic products in the last decade.<sup>8</sup> Ayurveda—a word derived from the Sanskrit words *ayur* (life) and *veda* (science or knowledge), translated to “the science of life.” It was based primarily on the premise that health and wellness were determined on a judicious balance of the mind, body, and spirit. The three doshas—namely, vata, pitta, and kapha—were central to Ayurveda, as they were considered the major life forces or energies within every human. Every individual has a definite mix of the three doshas, which decided a person’s physical, mental, and emotional attributes. According to Ayurvedic medicine, usage of certain spices, recognized for their medicinal properties, helped to accentuate the balance and harmony of the body’s doshas—vata, pitta, and kapha—through dietary and lifestyle choices. Such masalas contributed to overall health advancement, apart from enhancing the flavour of food.

The current and prospective customer base for Satvic included the following profiles:

### Health-Conscious Millennials

- *Demographics.* This group included individuals between the ages of 25 and 35 who were living in urban and metro cities and belonged to middle and upper-middle classes.
- *Psychographics and behavioural.* They were active, fitness-oriented, and health-conscious individuals who sought convenience. They tended to prefer online shopping, were frequent users of e-commerce apps, and were willing to pay a premium for high-quality products with health benefits.
- *Communication preferences.* They favoured platforms such as Instagram and Facebook, where they looked for health tips, fitness-related content, and interactive experiences.
- *Possible buying motivation.* Revolved around finding natural, chemical-free spices that aligned with their health goals.

### Home Cooks and Food Enthusiasts

- *Demographics.* Consisted of individuals between the ages of 35 and 50, including stay-at-home parents, culinary enthusiasts, and part-time workers. They belonged to the middle and upper-middle classes.

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<sup>8</sup> Gunjan Gumber and Jyoti Rana, “Who Buys Organic Food? Understanding Different Types of Consumers,” *Cogent Business & Management* 8, no. 1 (2021): 1935084, <https://doi.org/10.1080/23311975.2021.1935084>.

- *Psychographics and behavioural.* They were family-oriented and enjoyed cooking. They placed a high value on quality, authenticity, and tradition and were interested in cooking-related content, such as food blogs and culinary shows.
- *Communication preferences.* Leaned toward platforms such as YouTube and online streaming services, where they sought out food blogs, recipe videos and tips for using products in their cooking.
- *Possible buying motivation.* Driven by a desire for homemade spices and traditional cooking methods.

### Older Health Enthusiasts

- *Demographics.* Included individuals aged 50 years and above who lived in urban and suburban areas and belonged to the middle and upper-middle classes.
- *Psychographics and behavioural.* They were health-conscious and preferred home remedies. They valued health, wellness, and tradition, and tended to favour reliable, well-reviewed products when shopping on e-commerce websites or health-focused online stores.
- *Communication preferences.* They preferred print articles, emails, newsletters, and websites that focused on health and wellness.
- *Possible buying motivation.* Centred around seeking products that offered health benefits.

## **MARKET FOR ORGANIC PRODUCTS**

### **Assessment of Market**

Viraj recognized that in the world of masala production, every individual or business capable of crafting spice blends was a potential competitor. Given the company's limitations, such as financial constraints and customer demand, Satvic products were exclusively manufactured and packaged within the Mahajan family's home. All orders were immediately processed and then shipped within 24 hours. The courier partners Satvic used delivered the products within three to four days, depending on the destination. This homemade touch set Satvic apart from large-scale manufacturers and established brands that produced masalas in bulk quantities to meet substantial demand, often at the cost of compromising quality.

### **Major Competitors**

#### Everest Food Products Pvt. Ltd.

Everest Food Products Pvt. Ltd. (Everest) was an Indian manufacturer, distributor, and exporter of spice mixtures and ground spices.<sup>9</sup> In 2007, Everest was ranked as India's largest Mumbai-based brand, used regularly by more than 20 million households across India in more than 1,000 towns and 400,000 outlets. Each year the brand sold more than 3.705 billion packs of its products.

#### Mahashian Di Hatti Private Limited

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<sup>9</sup> Tanmoy De et al., "Spreading the Aroma of Spices Across India: The Brand of JK Masale," *The CASE Journal* 20, no. 5 (2024): 1096–1132, <https://doi.org/10.1108/TCJ-10-2021-0187>.

An Indian spice manufacturer and seller based in New Delhi, Mahashian Di Hatti Private Limited (MDH) held the second-largest position after Everest, with a market share of 12 per cent in India.<sup>10</sup> MDH's range included 62 products in varying pack sizes (10–500 grams). The company initially operated manually but then later automated processes so that it could cater to the increasing demand for MDH spices. MDH had a well-established network of nearly 1,000 stockists and 400,000 retail dealers.<sup>10</sup> MDH was able to produce 30 metric tons of powdered spices per day.<sup>11</sup>

### Catch

Catch, Not Just Nuts, and Kewal were popular brands that belonged to the Dharampal Satyapal Group. Catch brand offered whole and blended spice sprinklers and pastes across eight different categories, with more than 131 different variants and 263 SKUs. Catch started its journey in 1987 with a tabletop salt and pepper dispenser; since then, the brand had significantly grown by capturing and understanding the cooking recipe and providing a wide variety spice blends.<sup>12</sup>

### Pushp Masale

Established in 1974, Pushp Masale offered the widest possible range of top-quality spices and blends, prepared without artificial colours or preservatives. The Pushp brand held a substantial presence, with a plant product capacity of 200 metric tons per day.<sup>13</sup>

### Munshi Panna Spices

The Munshi Panna Spices brand was named after the two brothers who started the company in 1940: Shri Munshi Lal Ji and Shri Panna Lal Ji. Initially, the brothers had spice shops in Rawatpara Johri Bazaar, and Agra, a historically buzzing place in which to trade different spices. After 60 years of their initial business of trading spices through their stores, the brothers established Munshi Panna Masala Udyog Pvt. Ltd. under the brand name Munshi Panna Spices. The company's completely automated system for making products with 100 per cent quality assurance at budget-friendly prices attracted clients across India.<sup>14</sup>

### Organic Condiments

Organic Condiments (or ORCO) employed marginalized women from rural areas to provide healthy, clean, and high-quality spices without any adulteration. Apart from spices, the company also offered a wide variety of tea and milk masalas at very reasonable prices.<sup>15</sup>

<sup>10</sup> Sagar Malviya, "FMCG Sector's Highest Paid CEO Is a 94-Year-Old School Drop-Out," *The Times of India*, January 17, 2017, <https://timesofindia.indiatimes.com/business/india-business/fmcg-sectors-highest-paid-ceo-is-a-94-year-old-school-drop-out/articleshow/56613386.cms>.

<sup>11</sup> MDH (website), accessed August 22, 2024, <https://mdhspices.com/>.

<sup>12</sup> "About Us," Catch, accessed August 13, 2024, <https://catchfoods.com/about-us/>.

<sup>13</sup> "Introducing Pushp Brand Spices: Igniting Flavors Since 1974," Pushp Online, accessed August 13, 2024, <https://pushponline.com/about-us/>.

<sup>14</sup> "About," Munshi Panna, accessed August 13, 2024, <https://munshipannamasale.com/about/>.

<sup>15</sup> ORCO (website), accessed August 13, 2024, <https://orco.in/>.

There were also local players, such as Lalaji pure spices and ShantiMasala , that had private labels from retailers.

## MARKETING STRATEGY FOR GROWTH

### Value Proposition

Jamana and her son took a hands-on approach, personally preparing the products to ensure a unique combination of ingredients that maintained a consistent taste. Under Jamana's guidance, specific ingredient quantity and quality standards were established so that any family member could replicate the products in her absence. Satvic products boasted a shelf life of approximately nine months and were certified by the National Accreditation Board for Testing and Calibration Laboratories under the FSSAI. This certification attested that the products contained no chemical preservatives.

Viraj highlighted the company's discount offerings for bulk orders exceeding 10 kilograms, employing specialized packaging to mitigate shipment and associated costs. Satvic avoided shipping bulk orders in glass containers, which extended a 20 per cent discount on its profit margin. The Mahajan family took immense pleasure in each order they received and strove to fulfill every customer's requirement.

### Sales Forecast

The Mahajan family's strong commitment to their business enabled them to predict sales adeptly and manage raw materials for production. Jamana observed increased demand during festive seasons such as Navratri. Consequently, the company proactively stocked raw materials that would be in high demand during that time, such as those contained in its Golden Milk Masala, thus enabling faster production and timely delivery to customers. These sales forecasts empowered the family to efficiently manage fluctuating demands.

### Cost Management

During the early days of business, raw materials such as pepper, clove, cinnamon, and almonds were sourced from retailers such as Big Bazaar<sup>16</sup> and DMart<sup>17</sup>. However, as the business started experiencing a surge in orders, procuring raw materials from retailers became cost-prohibitive and affected production expenses. In response, Jamana and her son shifted to sourcing raw materials from the wholesale market in Indore, where they could access these materials at a more affordable rate. However, transportation from the wholesaler, in Indore, to Satvic's production site, in Ujjain—a distance of 54.5 kilometres—added to overall operational costs.

The business established partnerships with local retailers to mitigate these transportation expenses, leveraging their transportation facilities to streamline the supply chain.

<sup>16</sup> Big Bazaar (website), accessed August 13, 2024, <https://bigbazaar.com.co/>.

<sup>17</sup> DMart (website), accessed August 13, 2024, <https://www.dmart.in/>.

## Strategic Shift

Viraj aimed to enhance brand visibility and awareness by venturing into organized retail avenues such as DMart and JioMart.<sup>18</sup> However, due to the limited scale of its production, Satvic could not meet the minimum order requirements of these organized retailers. To tackle this challenge, Viraj began engaging with small retailers who did not impose minimum order restrictions or stringent criteria for stocking the product. This shift allowed Viraj to eliminate intermediaries such as wholesalers and distributors, enabling direct profit sharing with the small retailers. For instance, in Bhilai, Chhattisgarh, a small retailer stocked a minimum of 200 packets of Satvic products, and people were encouraged to obtain Satvic products from this particular small retailer.

## Rural Access

Despite its modest investment, Satvic aspired to compete with prominent brands in its category and had grand ambitions for global expansion. However, before venturing onto the global stage, Satvic recognized the importance of building a strong domestic foundation. To achieve this, the company's owner strategically targeted the rural market as a promising avenue for growth within India. By establishing a presence in rural markets across the country by collaborating with local retailers, Satvic aimed to solidify its brand identity, attract potential investors, and fortify its position before expanding globally. Focusing on rural markets was pivotal in realizing its ambitious global aspirations.

## THE WAY FORWARD

The United States, European nations, and the Gulf states have displayed a growing demand for Indian organic and Ayurvedic products. To meet this burgeoning international demand, Viraj was actively pursuing a central licence, an export-import licence, and Good Manufacturing Practices certification. Additionally, he was working toward securing recognition from the Agricultural and Processed Food Products Export Development Authority<sup>19</sup>—a government body established for trade promotion that acts as an interface between farmers, exporters, packers, storehouses, and transport—to position Satvic as a reputable organic product manufacturer.

Viraj had diligently cultivated relationships and established key contacts in the United Kingdom and Gulf countries, which would greatly facilitate the company's expansion into the international market. This strategic move was expected to enable Satvic to scale up its operations, making it an appealing prospect for potential investors eager to support its global journey.

However, to achieve international expansion, Satvic needed to find solutions to the following questions: How could it strengthen the local market to exceed annual turnover of ₹1,200,000 so that it could obtain an FSSAI central licence? How could Satvic build and sustain a community business (*Ujjainwale*)<sup>20</sup> with the help of a strong distribution network that could later take the shape of a wholesale business? How could the company strategize all of its verticals to remain relatable among big competitors?

<sup>18</sup> JioMart (website), accessed October 22, 2024, <https://www.jiomart.com/>.

<sup>19</sup> Prabhsimran Singh, "An Analysis of Trend and Export Competitiveness of APEDA Products, Tobacco, Spices, Tea and Coffee in India," SSRN, August 5, 2023, 1–45, <http://dx.doi.org/10.2139/ssrn.4532725>.

<sup>20</sup> A community of people belonging to Ujjain City in India that helped each other proliferate business and common interests. Ujjain Wale (website), accessed August 22, 2024, <https://ujjainwale.in/>.

**EXHIBIT 1 : PRODUCT RANGE OF SATVIC FOODS**

Source: Company documents.