

Organic Wellness – Influencing People’s Choice via Cause Marketing

On February 3 2017, Mr. Krishan Gupta, Founder and Managing Director of Organic Wellness, an organic health products company, received the “Emerging Startup of the Year” award at the 18th National Management Summit on ‘Leading Transformation of Organization in The Digital Age’ in New Delhi. Gupta, while on the dais, announced that he would receive the award along with his farmer associates – cultivators who produced the raw materials for the offerings of Organic Wellness. The farmers had come at Gupta’s behest all the way from Bundelkhand in Central India and shared in the moment of glory for the organization and its founder. Gupta dedicated the award to his employees and farmer associates, and announced that the latter will be accompanying him for various international expos the organization was participating in Germany and China in 2017-18.

According to the agricultural market analysis report prepared by Associated Chamber of Commerce and TechSci Research (2015)ⁱ, the organic food market was slated to treble in the next four years as a result of the government’s relaxation of the restrictions on export of organic goods. As a firm that specialized in organic health supplements and beverages, Organic Wellness thus stood to gain from the expanding markets. However, a growing market also meant increased competition, and succeeding in such scenario called for adopting the right kind of marketing strategy and ensuring market-readiness in terms of proper supply chain, consistent quality, and competitive pricing. To upstage the competition, Organic Wellness thus needed to be aggressive in marketing and promotions. Although Organic Wellness’s business is on the expected growth trajectory, Gupta wondered if his company, with its unconventional cause-centric approach to marketing without a salesforce and relying mainly on word-of-mouth strategies would be able to cope up with the rising competition.

Gupta was facing a crossroad on whether to continue in the same vein for now or adopt more conventional and paid mechanisms of marketing. Secondly, he had received some proposals from US firms for strategic tie-ups. With the expanding market opportunities knocking at the door, would joining hands with US firms at this initial stage deliver enhanced value to his firm? It was time for him to come to a decision.

Organic Industry: Back to the Roots

The United States Department of Agriculture (USDA) defined ‘organic farming’ as the products that were produced using cultural, biological, and mechanical practices that supported the cycling of on-farm resources, promoted ecological balance, and conserved biological diversity in accordance with the devised regulations.ⁱⁱ The organic operations needed to maintain or enhance the quality of soil and water, while also conserving wildlife, wetlands, and nature. By no means, fertilizers, irradiation, and genetic engineering methods were to be appliedⁱⁱⁱ.

Agriculture, in its pre-industrial form, had been in practice for thousands of years and resembled what is widely known as organic farming today – i.e., devoid of use of chemicals or machinery.^{iv} However, after the Industrial Revolution, many inorganic farming methods came into existence, and not all of these were well researched or the side-effects known.

The first half of the 20th century bore testimony to concurrent progression of knowledge in biochemistry and engineering, which impacted farming practices in a radical manner. Introduction of mechanized farm equipment and commercialization of genetically modified seeds changed the character of farming in various ways. As more and more areas were brought under cultivation through the efficient use of machinery, crop production ballooned, leading to food sufficiency for the growing population across the world. However, the widespread use of chemical fertilization and genetically modified crops led to alarming negatives such

as the inadvertent human consumption of chemical pesticides, destruction of species of insects and birds due to their exposure to poisonous sprays, and the destruction of soil quality and ground water resources with harmful chemicals.

The developed countries, in the early 1970s, realized the ramifications and started reembracing organic means of agro-production. However, developing countries such as India and Mexico, to meet the food-security concerns for their expanding population, still promoted use of cost-effective and quick-yielding nitrogen-based fertilizers and genetically modified seeds. In recent times, however, major sections of society were waking up to the problems of chemical farming and were seeking an alternative in organic farming, without the use of genetically modified crops or inorganic (chemical) fertilizers. Worldwide, three strong developments pushed the revival of organic cultivation methods and growth of organic products: one, the adverse effects of inorganic produce on human health and environment; two, the stringent restrictions imposed by developed nations on the use of chemical fertilizers and pesticides in agriculture products exported from other countries; and three, the price premium that exporters of organic products received.

Conventional versus Organic Farming: Cost and Revenue Implications

One aspect in which conventional farming clearly scored over organic farming is economy of scale. Further, owing to the exclusion of low-priced and high-yielding fertilizers, organic farming had to take recourse to alternative means of cultivation that tend to be expensive^v. The high production costs and packaging costs (see Exhibit 1) resulted in retail price of organic food to be 25-50% higher than equivalent conventional foods items. This led to a low demand in the price-sensitive domestic markets. Additionally, domestic retailers were unwilling to stock organic products in their shelves, as they feared that the stocks would not move. As a result, the majority of organic food producers in India focused on exports. The total organic food exports during FY2015-16 was 263687 MT (Metric Ton^{vi})^{vii}, and the export value realization was approximately US\$^{viii} 298 million. Indian organic products were exported to more than 150 countries which included the European Union, USA, Canada, Switzerland, Korea, Australia, New Zealand, south East Asian countries, the Middle East, and South Africa.^{ix} In India, the majority of organic food sellers or organizations were working with organic farmers. They were investing in technology, raw material, land, and logistics to ensure the quality and quantity of produce.

Revenue Implications

A variety of factors impacted the revenue generation in an organic business. Some of the factors were the year of establishment (this indicated the policy framework it coincided with), type of product (food / nonfood), premium or non-premium nature (such as coffee beans, basmati rice, super food, etc.), whether targeted for local or international markets, presence of the business in multiple locations, engagement of entrepreneur with farmers and other stakeholders, and whether they were selling both conventional and organic products. Another key factor that contributed towards the growth was e-commerce, which not only improved the reach of organic products, but also improved the variety of offerings with legitimate testimonials in all categories.

The worldwide net sales of organic food amounted to approximately US\$ 81.6 billion in 2015. ^x In Asia, the organic production area was approximately 2.9 million hectares (9% of the world's organic agricultural land). The principal countries were China with 1.6 million hectares, and India with 1.5 million hectares.

India and Organic Farming

Organic farming was of significance for India, a land of fertile farmlands, diverse agro-climatic conditions, huge manpower, and a large pool of knowledge of traditional farming systems and organic production of crops, inherited from more than 4000 years. Concepts such as biodynamic, green manuring, crop rotation, vermi-compost, living fence, and cover dropping had been listed and explained in ancient manuscripts such

as the *Vrakshayurveda*^{xi} (See Exhibit 2). Realizing the export potential of organic products, in 2001, the Indian policymakers, Agricultural and Processed Food Products Export Development Authority (APEDA)^{xii} and Ministry of Agriculture, designed a standard for organic product exports known as the National Program for Organic Production (NPOP) and implemented a Participatory Guarantee System for India (PGS-India). The NPOP provided accreditation for certification bodies, standards for organic production, and promotion of organic farming. The NPOP standards were recognized by the European Commission and by Switzerland as equivalent to their country standards. Similarly, the USDA recognized NPOP conformity assessment procedures of accreditation as equivalent to that of US. The objective of the PGS-India was to encourage farmers to adopt organic farming on a large scale. Besides these, the state governments and several not-for-profit organizations were offering training, financial assistance, knowledge, and market exposure relevant for organic farming to the rural community. The government was also developing an organic value chain for the north-eastern states in India, and many states set up third party certification bodies to reduce the cost of certification.^{xiii} These measures and recognitions contributed to an exponential growth in the export of Indian organic products, with a CAGR of over 25% during 2014-2019^{xiv}.

In 2015-16, the total farm area under organic certification was 5.71 million hectares, including 1.49 million hectares of cultivable agricultural area and 4.22 million hectares of forest and wild area growing minor forest produces India produced around 1.35 million MT of certified organic products in FY 2015-16, which included dietary supplements and food products such as sugarcane, oil seeds, cereals, cotton, pulses, medicinal plants, tea, fruits, spices, dry fruits, vegetables, and coffee.^{xv} (See Exhibits 3 & 4). There was significant revenue growth in each segment, the largest one being organic tea.

Organic Products: Business Potential in the Indian Market

The organic market in India, in terms of consumption, was still at a nascent stage. Organic products tended to be priced about 3-4 times higher than conventional products, limiting its consumption to the upper middle class of the Indian society. However, post globalization and the liberalization of the Indian economy in 1991, the dynamics of Indian domestic market started changing due to higher disposable income than before, expanding middle class population, and growing health consciousness of people. The health foods market was worth INR 90 billion in 2010, and was expected to grow at a CAGR of 20% to INR 225 billion by 2015.^{xvi} In FY 2013-14, India had the largest number of organic food producers at about 650,000, followed by Uganda (190,000), and Mexico (169,000)^{xvii}. Some of the prominent players in the Indian organic market were Patanjali (turnover FY17 USD 1.6 billion), Himalaya (turnover FY16 USD 280 million)^{xviii}, Organic India (turnover FY17 USD 55 million)^{xix}, Conscious foods (FY17 USD30 Million), and Morarka Organic (Turnover FY17 10 Million) (see Exhibit 6). These organizations had been in the business for more than 2 decades, leading to strong foothold and enriched experience in the relevant industry. In addition, there were more than 25 e-commerce platforms (general and specific) selling organic products, such as Bigbasket, Amazon, Groffers, organicsshop.in, organicsshopindia.com, isayorganic.com, Fabindia.com, Naturalmantra.com and others.

A survey conducted by Indian Council for Research in International Economic Relations (ICRIER) in 2017, found that for the past 5 years, a majority of organic companies reported a boost in their revenue (between 10-50%), depending upon the category of products they sold.^{xx} By 2017, the production, availability and visibility of organic products in India was further improved,^{xxi} with organic farming and products being promoted under various government schemes. Organic products were endorsed by celebrities, chefs, and health experts, and were prominently displayed on the aisles of retail outlets, pharmacies, super markets, and specialty stores. The number of retail and distribution stores exclusively selling organic products is also on a healthy growth path.

Challenges

A majority of farmers in India are small or marginal farmers, with landholding of less than or equal to 2 hectares. The total land available for cultivation is 7, 20,000 hectares, with merely 0.4 per cent of total agricultural land under organic cultivation. Hence, availability of quality of raw material at competitive price is always a major issue. Moreover, it is difficult to convince farmers to adopt organic farming as it is initially cost intensive, with low productivity and the three-year transition period when farmers have to wait before getting their farms certified. In addition, a typical agriculture land takes 3 years to be ready for organic farming.

Transportation, logistics and maintenance of the organic quality are another important components in the organic harvest supply chain. Handling and transportation, storage, packing, etc. of organic products must be carried out distinctively, and under certified conditions. Traceability is one more concern, as it ensures the quality of products all along the chain. Processing, storage and transportation are generally handled by the private sector entrepreneur, wholesaler or exporter, which require a large amount of upfront capital. Additionally, low farm productivity, high seasonality, perishability and intermediation may result in lack of distribution on supply and quality, and in turn, impede production, processing and exports. Guptaa who had been staying in a Metropolitan City soon realized that large distances between farm lands and production unit would cause recurring issues that are stated above.

Krishan Guptaa and Organic Wellness

A chemical engineer by training, Krishan Guptaa, started his career with Colgate-Palmolive in May 1988, and subsequently worked with several national and multinational organizations such as Gillette, Godrej, Benckiser, and Oriflame in India, Europe and USA. It was during his stint as the Chief Executive Officer and Managing Director of Organic India Private Limited, a firm having one of the largest market share in the organic products market in India that Guptaa grew aware of the exponential growth of the organic market and the plight of the organic farmers. To benefit the farmers and boost the use of organic products in a sustainable manner, Guptaa quit Organic India and set up his own venture Organic Wellness Products Private Limited in 2015. . The organization's tag line was 'Together, Let's Heal the World' According to Krishan Guptaa, it was more than just a brand tagline. It was an expression that invited an active participation in the firm's efforts to:

- Care for habitats and the environment
- Give family farmers their rightful place under the sun
- Generate sources of employment for the youth
- Empower women towards social and financial independence
- Create a happy, contented inner circle of employees and business associates
- Promote healthy living by encouraging a shift to organic food

The first farms and manufacturing plants of Organic Wellness was set up in Bundelkhand in Madhya Pradesh, India. This relatively remote location was chosen to ensure production in a pollution-free zone, and thus removing the hazard of pollutants contaminating the products. The manufacturing plant was set up close to the farms to follow a 'farm to factory' approach – minimizing the time taken for freshly harvested produce to reach the factory, in order to retain the freshness of the crops. Gradually, with growing demands, Organic Wellness started procuring from organic farms in other states of India, viz, Uttar Pradesh, Uttarakhand, and Rajasthan.

Developing a value chain for the products was a major challenge for Guptaa. Although consumers were aware of the health benefits of organic products, many were skeptical about the quality and intimidated by the price of the products. Counterfeit organic products were widely available, which adversely impacted the trust of the consumers. It was critical for companies involved in the organic business to increase

awareness among consumers, across all income groups, in metro and non-metro cities, and develop trust regarding product quality and authenticity certifications.

Therefore, Guptaa's first challenge was to spread awareness and advocate authenticity for his products.

Business not 'as usual' at Organic Wellness

'I am not here to sell a product. I am here to educate people about my very unique business model – lean, mean, and thin ... This is a company which is profitable from Day-1, a company with zero debt and zero investors, and yet salaries and bonuses are paid on time ... It is about unique products, unique packaging, and thus an unique business model' -Guptaa

Organic Wellness aimed to bring value to all its stakeholders: farmers, employees, business associates, consumers, and Mother Earth as its way to address sustainability. It followed a business model that not many other organic firms follow in India, such as, giving a percentage of the profit to farmers, training farmers in the latest technology, and offering seeds and funding to the farmers with a promise to buy their entire yield. The farmers were called 'Family Farmers' with whom Organic Wellness entered into contracts for 'large scale organic farming with complete buy-back assurance of their organic produce at competitive market prices'^{xxii}. According to Guptaa, this buyback assurance was what sets his company apart, and ensured that farmers kept working for Organic Wellness, even when there would be other channels to sell their produce. Organic Wellness also has the profit sharing model that lets farmers have 5% of the profit obtained from the sale of a product for which he/she supplied the raw materials. Farmers were treated as heroes at Organic Wellness. They were regularly taken to international forums by the CEO, to present them as the face of the company. Again, the designers for the packaging of the products were hired from the nearby villages, so that employment generation extended to the adjoining rural areas. There were presently 300 dedicated farmers cultivating for Organic Wellness.

To ensure quality and brand value, all products of Organic Wellness, whether selling in the international or national market, were produced, priced, and packaged alike. Guptaa insisted on having all raw materials used in the products produced at the 'family farms', to ensure the 'organic produce' status and the company's credibility. The high quality standards at the Organic Wellness were recognized by TQ Cert, One Cert, USDA Organic, Halal, ISO, and FSSAI.

In addition, Guptaa took several other measures to ensure the consistent supply of quality raw materials, and maintain quality of production, packaging and delivery. He organized regular training programs for farmers on methods of farming, seeds, manures, and organic certifications. A research & development unit was developed at the shop floor, and soil health checks were organized at regular intervals.

By 2017, Organic Wellness was producing a range of certified organic wellness and health products and ships them to various geographies. The offerings were classified into four major categories: OW Real (tea), OW Heal (health supplements), OW Zeal (energy enhancers), and OW Meal (food grains and regular food products (See Exhibit 5). Apart from this, Organic Wellness also offered accessories such as jute bags and self-management books, and was planning to launch offerings in the dog-food segment. It was selling in 27 countries of the world and also has a pan-India presence. In terms of price, Organic Wellness has a distinct policy of maintaining a cost leadership over its competitors. For instance, the Basil tea (Tulsi in Hindi) priced at USD 1.50 compared to his competitors (cost varies from USD 2.50-3.00). Quinoa a super food was priced at USD 3 compared to his competitors cost of USD 4.6 to 9.

Demand Side Bottlenecks

Reaching the end consumer was radically tough in the presence of the global giants. Typically, cash rich organizations like Organic India and Himalaya Drugs have been promoting their products using a balanced combination of offline (primarily consumer fairs, Industry Expo, television, radio, print media and kiosks) and online channels (organic and paid digital marketing, information blogs, YouTube, banner ads, affiliates,

contests, etc.) with an approximate annual budget of USD 5 -10 million (75% of total budget is allocated to offline channels and rest to digital channels). The key components of digital strategy is to engage with customers, attract new customers, provide helpful solutions through expert advice and brand building. A small size organization (similar to Organic Wellness with a turnover of approx. USD 1 Million) dealing in health care products and consumer packaged goods spends somewhere between 6.5-11% of their revenue on marketing and promotions and out of that budget, 15-35% (close to USD 8000-13000) on digital marketing^{xxiii} (for breakup of the cost see Exhibit 6). Since the priority for Organic Wellness is to set up their operations, shelling out USD 8-10000 was also difficult.

Infrastructural Issues

The region where Guptaa established his production unit in Bundelkhand had been witnessing low rainfall, power shortage, drought, extreme heat and low levels of ground water for the previous many years. Moreover, local political instability was also prominent. In addition, another contentious issue has been highlighted by the National Commission for Unorganized Sector, that there is strong evidence to suggest that a successful implementation of land reform package on a relatively small scale can also impact positively the lot of small and marginal farmers.^{xxiv} Therefore, giving tenancy security to small land holding farmers is very important. However, land relations are very complex – often the landholder is not the actual cultivator. As a result, institutional credit and other facilities are not easily available to unregistered cultivators and tenant farmers.

Marketing at Organic Wellness

Guptaa's plan was to get the product quality, operations and processes on track before moving to big budget marketing campaigns. Organic Wellness therefore followed a principle of no paid advertisements, focusing instead on what may be called cause-related marketing – that is letting the product do its own talking, and rely on word-of-mouth promotion. The firm gained publicity from the numerous awards that the CEO had won. Gupta, along with his corporate team and his farming partners, regularly participated in national and international exhibitions, and showcased products at conferences, seminars, fairs, and award ceremonies.^{xxv} Guptaa also delivered Ted talks in educational and corporate institutions to publicize the story of Organic Wellness as a socially viable business model. The intention was to communicate to the consumers that their decision to buy would not only be a benefit to themselves, but would also have an impact on community, society, and the environment, thereby building a strong relationship with customers and enhancing the corporate image as a brand with a difference.^{xxvi}

Perhaps the only area where the marketing of Organic Wellness approached the conventional path was that of social media marketing. However, even here, there was no paid marketing effort by the company. From its inception till 2017, Guptaa personally maintained the YouTube and Facebook pages of the company. Social media channels Facebook, YouTube, and Twitter were widely used by marketers to build awareness about their products and they were found to consistently yield engagements with the viewers. The choice of these channels is appropriate as statistics shows that 93% of social media advertisers use Facebook Ads, about 26% of Facebook users who clicked on ads reported making a purchase, Images account for 75-90% of Facebook Ad performance, and the average click-through rate (CTR) in Facebook ads across all industries is .90%.^{xxvii} Similarly, in case of YouTube, in 2015 the average views per video on people and blogs was 2354, approximately 75% of Indian YouTube users go on to visit the site mentioned in a YouTube video, and 3 out of 5 viewers had posted a comment about the video, while 7 out of 10 scroll down to read comments others have written.^{xxviii} In 2017, there were close to 35million views to the posts related to health and fitness.^{xxix}

The social media posts covered new product offerings, as well as posts on the lives of organic farmers, and the process of manufacturing organic products. (See Exhibit 7 and 8). In March 2018, the YouTube page had 191 subscribers, with 56 official videos posted and an average of 165 views per video (maximum of

650 views). The official Facebook page had daily posts with an average of 14 likes per post (maximum 2149 views). Apart from this, the company also used WhatsApp to push word-of-mouth awareness about new product launches. Guptaa cited the example of the Basil Seeds, a product that was launched using WhatsApp in Srinagar in just 5 days during Ramadan, which went on to make a sale of USD 26,000.

'Zero Sales Force Policy' at Organic Wellness

Organic Wellness' other highly distinctive feature, according to Guptaa, laid in its sales strategy. In an industry that relies extensively on sales teams and distribution networks, Organic Wellness cultivated a 'Zero Sales Force' strategy. Organic Wellness products could be purchased online directly – in sites such as Amazon and Flipkart, as well as from the distributors. Organic Wellness dealt directly with the distributors, and followed a policy of '100% advance payment' that eliminated the need for subsequent follow-ups. Consistent with its policy of singular business policies across the globe, the company offered same wholesale rates to distributors in India and across the world, at 38% discount on the printed maximum retail price (MRP), the legally mandated detail on a product label in India.

The third channel that Organic Wellness exploited was sales through consumer-turned-distributors (CTDs). In this, customers who had benefitted from the products were encouraged to turn into small-scale distributors and sell the products in their own social circles. To give all such individual sellers an equal share of the profits, Organic Wellness avoids second-level recruiting by the original CTDs of new CTDs into the business, instead preferring to maintain first level connect to all individual CTDs. CTDs got a discount of 30% on MRP as wholesale rates. The Organic Wellness direct sellers come from all backgrounds – professors, marketing managers, homemakers, doctors, and IT professionals (see Exhibit 9). The minimum direct sales has been set to USD 100 per transaction for distributors as per Guptaa. To prevent cannibalization, individual direct selling by CTDs were encouraged only in areas where Organic Wellness was yet to have a distributor

Seeing the success of the CTD model, distributors themselves requested Guptaa to let them recruit such direct sellers. In the absence of conventional marketing campaigns, word-of-mouth by users-turned-sellers were expected to act as an influencer for potential new clients. Such second level sellers were given a margin of 18-22%, depending on the distributor's discretion (See Exhibit 10).

Avoiding the sales force model was a conscious strategic decision by Guptaa. It saved the cost of salary and fringe benefits of a sales force, as well as their travel costs, and the hassle of following up with them and keeping them motivated. As Guptaa put it, Organic Wellness believed in spending that money in giving discounts to the distributors, and giving them a free hand in launching and pushing the products, since the latter are experts in their respective markets. However, to maintain consistency in branding and to create an impression of realistic pricing, Organic Wellness had a policy of not allowing distributors/ direct sellers to offer a discount of more than 10% on the MRP. ^{xxx}

Which Way from Here?

With the market expanding, one challenge before Organic Wellness was to cater to the expanding markets and maintain its presence in the existing ones. Guptaa however, felt relatively assured in this regard. His profit-sharing model, which the other firms in the market were yet to replicate, gave him, in his opinion, a competitive advantage over other businesses. He also drew strength from the social capital he had built up with the farmers over time. Farmers had his contact number saved on their phones and could directly call him up at any time. He visited his farmlands regularly, and took the farmers with him in national and international publicity events. It was the strength of this relationship that, he believed, would keep the farmers from shifting elsewhere in case of an expanding market.

What concerned Guptaa more was that farming as a profession was erratic and unprofitable. The challenge was to keep the farmers interested in agriculture more as a business and less as a farming activity, and show them the growth opportunities here. The other major challenge was to stay alive in the customer's mind in

an environment that constantly bombarded them with information about diverse organic product offerings from different brands, their relative merits and demerits, each brand leaving no stones unturned to convince the end buyers that they alone can provide an experience like no other can. In such a competitive multi-channel driven environment, did Organic Wellness's message of emotional and social connect still manage to touch a chord? He had mostly relied on word-of-mouth and non-paid forms of marketing as influencers. He wondered, if this would be enough to meet his future goal for expansion, or was it time to shift to more conventional forms to enhance Organic Wellness's presence in the market?

EXHIBIT 1: INDUSTRY ESTIMATES OF COST INCURRED IN ORGANIC FARMING

Parameters	Percentage of Costs
Farmer training	8-10%
Premium paid to Farmers	10-15%
Processing cost	4-6%
Inventory Holding Costs (includes storage costs)	6-8%
Logistics and Distribution Costs	6%
Packaging Costs	3%
Retailer Margin	12%

Source: This table is compiled and created by authors on the basis of data retrieved from Sharma, K. E. (2013, February 17). Pure Gain. Retrieved from Business Today Website: <http://www.businesstoday.in/magazine/features/organic-food-fast-catching-on-with-the-indian-consumer/story/191942.html>, accessed on June 25, 2017.

EXHIBIT 2: TRADITIONAL TECHNIQUES AND PRACTICES INTEGRAL TO ORGANIC FARMING FROM ANCIENT INDIAN MANUSCRIPT VṚKṢĀYURVEDA^{xxxii}

Traditional techniques and practices integral to organic farming from Ancient Indian Manuscript *Vṛkṣāyurveda*^{xxxii} **Biodynamic** - A farm is considered a living, dynamic and spiritual entity with its own rhythms and life forces. Biodynamic has two basic components - farming operations on the basis of an astronomical calendar, and the use of some very special preparations, which are used as sprays and in the compost heap. **Green manuring and cover cropping** - A process in which a crop like sun hemp or horse bean is sown just before the monsoons (rainy season) and after 35-40 days, the crop is cut down and mixed into the soil after which the season's main crop is sown. Green manuring is beneficial as it fixes the level of nitrogen and helps in improving the soil texture and water holding capacity. Green leaf manuring can also be carried out if sufficient leguminous tree leaves are Available. **Cover cropping** is normally carried out with nitrogen fixing crops that grow fast and require little or no inputs like water or additional manuring. They are used for covering the soil in the fallow months, adding nitrogen to the soil, suppressing weeds, preventing soil erosion and later used as Biomass. **Crop rotation and polyculture** - Traditional farmers till date follow the systems of crop rotation, multi-cropping, intercropping and polyculture to make maximum use of all inputs available to them, including soil, water and light. Crop rotation is the sequence of cropping where two dissimilar type of crops follow each other - a few examples include cereals and legumes, deep-rooted and short-rooted plants. The combinations will depend on the local situations. **Biological / natural pest and weed control** – The ancient farming system believed that in a well-managed organic farming system, pests and weeds are considered to be part of the system itself, as they do not usually get out of control. Many farmers use prophylactics such as diluted cow urine and vermiwash (the fluid from a vermicompost tank) for the purpose. Additionally, for preparing natural bio-pesticides, a number of plants such as ginger, chili, custard apple seeds, turmeric, garlic, tobacco, sweet flag, basil, and Persian lilac are commonly used in pest control.

1. **Composting** - The farmyard wastes form excellent compost in one to six months, depending upon the composting process used. Another method, vermicomposting uses earthworms to eat and break up the organic wastes.
2. **Living fence** – Farmers used to plant living fence which was made out of agave, jatropha, Euphorbia and horse bean. Having such fences around the field has multiple benefits. Besides protection from trespassers and cattle, living fences also provide a buffer. The species suitable for live fence should be thorny, inedible and non-brows able.
3. **Reduced tillage** – It is a practice of minimizing soil disturbance and allowing crop residue or stubble to remain on the ground instead of being thrown away or incorporated into the soil. The technique has found some practitioners in India, especially in Punjab and other northern and northwestern states for the wheat crop. It is becoming popular because of the direct economic benefits it provides to farmers. With less tilling, farmers save on machinery use, fuel, labor and time.

EXHIBIT 3: THE INDIAN ORGANIC PRODUCT PORTFOLIO

Field Crops	Horticulture Crops	Animal Products & Livestock	Processed & Speciality Products	Non-Food Products
<ul style="list-style-type: none"> •Cereal •Pulses •Oilseeds •Millets 	<ul style="list-style-type: none"> •Vegetables •Spices •Fruits •Herbs •Other horticulture Produce 	<ul style="list-style-type: none"> •Milk •Poultry •Aquaculture •Honey •Other Animal Products 	<ul style="list-style-type: none"> •Milk Products •Edible Oils •Sugar •Plantation Crops •Condiments •Nuts & Dry Fruits •Other Processed Food Products 	<ul style="list-style-type: none"> •Animal feed •Seed •Planting Material •Textiles •Non-Edible Oils •Wild Craft •Other Non Food Products

EXHIBIT 4: PROMINENT ORGANIZATIONS SELLING ORGANIC FOOD IN INDIA (2012)

Total Market Size (INR 1000 Crores)		
Companies	Turnover (in INR Crores)	Percentage
Organic India	175	18%
Conscious Foods	120	12%
Ecofarms	85	9%
Moraka	75	8%
24 Letter Mantra	65	7%
Navdanya	25	3%
FabIndia	20	2%
Others	435	44%

Note: = INR = Indian rupee; us\$ = INR 66.50 on July 2017.

Source: The table is created by authors on the basis of data published in a conference report by Yes Bank Ltd. (2012). Indian Organic Foods market- Jaivik India, Commet Conferences, retrieved May 26, 2016, from

[http://www.efreshglobal.com/efreshtrade/\(S\(bedpkkf4eq1h5iek03fhwhf0\)\)/PDFs/Indian%20Organic%20Foods%20Market.pdf](http://www.efreshglobal.com/efreshtrade/(S(bedpkkf4eq1h5iek03fhwhf0))/PDFs/Indian%20Organic%20Foods%20Market.pdf)

EXHIBIT 5: ORGANIC PRODUCTS BY ORGANIC WELLNESS

OW Real (Green tea)	OW Heal (Single Herbs)	OW Zeal (Top of the Chain)	OW Meal
Tulsi Green Tea with Saffron	Amla C+	Quinoa	Cereal
Tulsi Green Tea Premium	Ashwagandha W+	Moringa Powder	Lentils
Tulsi Green Tea Classic	Shatavari A+	Turmeric Powder	Rice
Mashallah Green Tea Classic	Brahmi+	Performance Products (Man-X and Miss- X)	Clarified Butter
Ginger Chai	Moringa		Pickle
Masala Chai	Turmeric C+		Flour
Tulsi Indian Rose	Acne-Never		
Tulsi Lemon	Breathe-Well		
Tulsi Sweet Neem	Diabo-Fit		
The Original Tulsi	Heart-Fit		
Tulsi Moringa	Immuno-U		
Tulsi Ginger	Joint-Fit		
Tulsi Brahmi	Wt-Fit		
Om Shanti for Relaxation	Liv-Fit		
	Stone-Free		
	Lipid-Fit		
	Women-Tone		
	Fat-Fit		
	Om Shanti		
	Herbo-Cal		
	Skin-Tone		
	Bowel-Move		
	Tulsi+		
	Trikatu		
	Triphala		
	Acne-Never		

Source: The table is created by authors on the basis of their interview with Organic Wellness

EXHIBIT 6: SUGGESTED PERCENTAGE BREAKDOWN OF DIGITAL MARKETING SPEND FOR A SMALL SIZE ORGANIZATION WITH A TURNOVER VARIES FROM USD 1-2 MILLION

Digital Marketing Channels	Percentage Range of Budget Allocation (low to high)
Search Advertising	15-20%
Display Advertising (Banner Ads)	7-12%
Social Advertising (Twitter, Facebook, LinkedIn)	10-15%
Email Marketing	5-10%
SEO / Content	15-20%
Training & Consulting	25-30%
Marketing Technology	8-12%
<p>Note: Please note that selection of channel is dependent upon the nature of business, industry, target customers and objective of the campaign. It is assumed that 6% of total revenue is allocated for marketing activities and out of that 6%, about 35% is allocated for promotion through digital marketing channels</p>	

Source: The table is created by authors on the basis of the tool proposed at <https://www.webstrategiesinc.com/blog/how-much-budget-for-online-marketing-in-2014>)

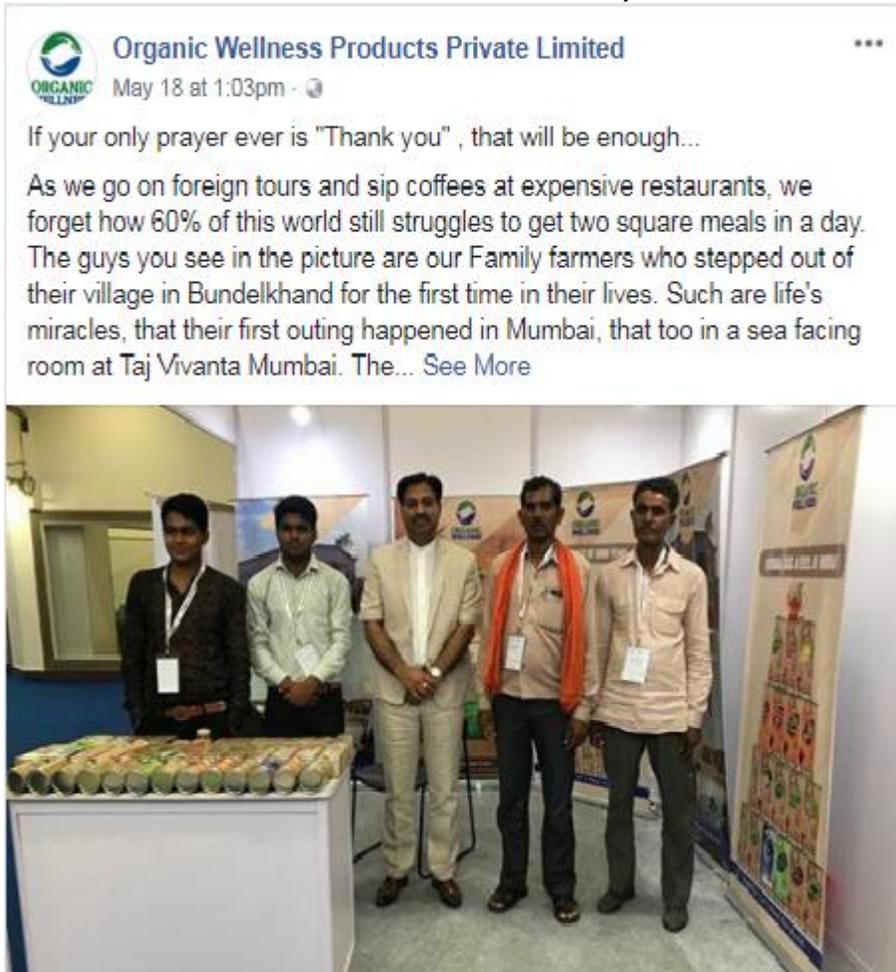
EXHIBIT 7: ORGANIC WELLNESS FOUNDER ADDRESSING FARMER’S COMMUNITY



Source: The Photograph is provided by Organic Wellness

The collective: Krishan Gupta (third from left), MD of Organic Wellness, addressing a meeting of farmers in the village square

EXHIBIT 8: ORGANIC WELLNESS FACEBOOK POST (FOUNDER KRISHAN GUPTAA ALONG WITH FARMERS)



Source: Facebook Post of Organic Wellness

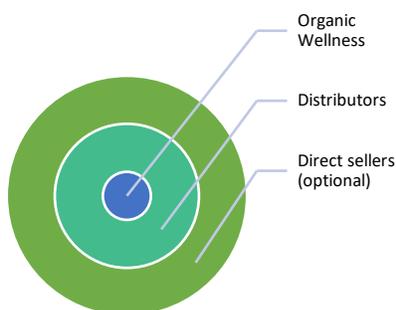
EXHIBIT 9: VALUE CHAIN OF ORGANIC INDUSTRY



Source: Created by Authors

EXHIBIT 10: COMPARISON OF CONVENTIONAL VALUE CHAIN WITH THE ORGANIC WELLNESS' VALUE CHAIN

Distributor driven value chain



Direct Sellers driven value chain



Source: Created by Authors

ENDNOTES

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^{vi} One Metric Ton is a unit of weight equal to 1,000 kilograms (2,205 lb.).

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^{xi} Gopal, L. 2000, "Vrksayurveda in ancient India: with original texts and translation", New Delhi: Sundeep Prakashan

^{xii} APEDA is typically responsible for implementing and controlling various activities in organic foods eco-system, such as fixing standards, inspection, promotion, and research

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- ^{xxii} The official site of organic wellness is www.organicwellness.com
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