

An Industry that Capitalizes off of Women’s Insecurities?

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Abstract:- This paper asserts the current market standing of the Beauty and Personal care industry and its prospects. Further, we shall also discuss the categorization, study its consumers and how the industry has evolved.

I. INTRODUCTION

Have you ever watched an advertisement where a person with acne or skin issues applies a particular product that reverses the issue? While it may be seen as a product with a noble cause, it sets unrealistic beauty standards and makes people with normal common skin concerns feel insecure and lower their confidence levels. Despite all this, the cosmetic industry has truly proven to be a boon to the

economy and it is said that by 2025, India will constitute 5% of the total global cosmetics market and become one of the top 5 global markets by revenue. So, is it a boon or a curse to society? While that decision can be left to the consumers, the industry has proven to be a boon to the Indian economy.

A. Current Market Standing & Overview of the Beauty and Personal Care Industry.

The beauty and personal care industry in India has experienced rapid growth in the past few years and is expected to reach a size of Rs 2,474 billion (USD 33 Billion) in the next five years, growing at a CAGR of 10%. Further, India is projected to become a Rs 2,474 billion beauty and personal care opportunity by 2027.

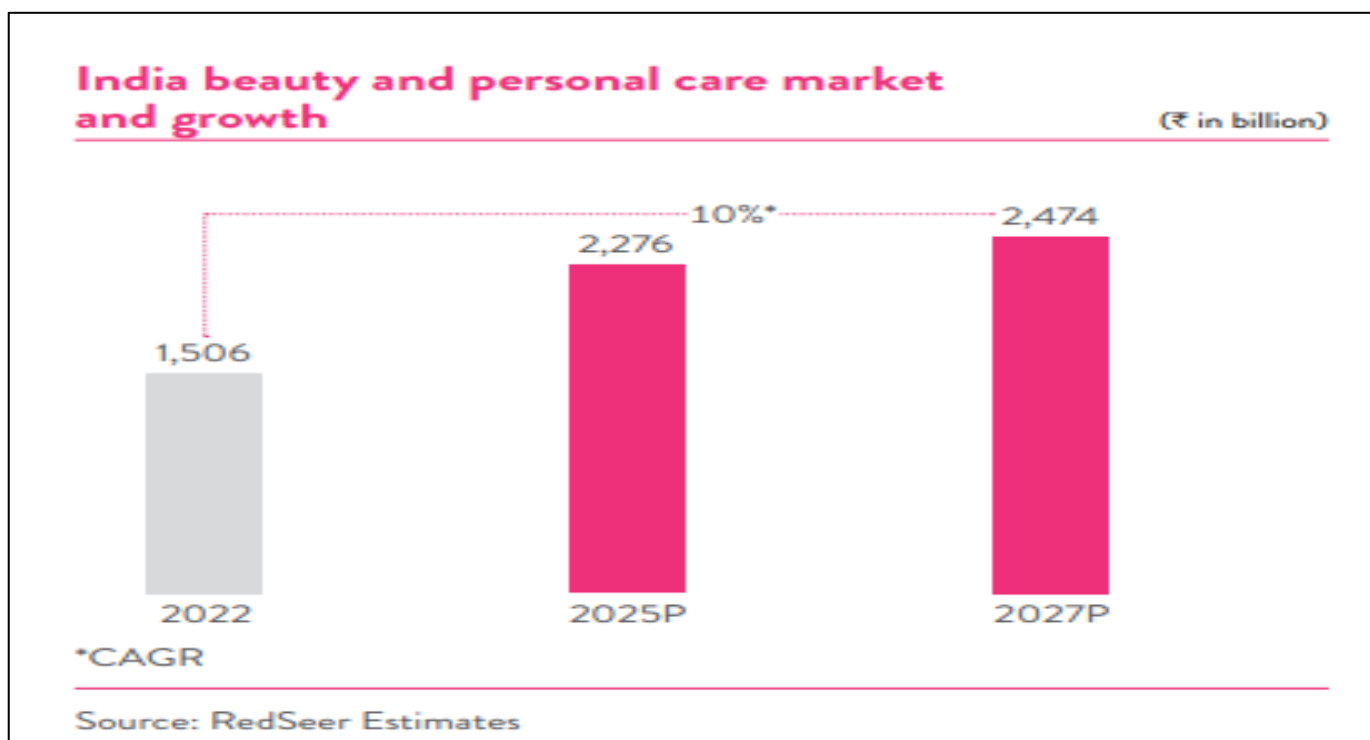


Fig 1: India Beauty and Personal Care market and Growth

The industry comprises of many divisions like hair care, makeup, skincare, body care, oral care, styling tools, etc. which are then categorized further into herbal, vegan, ayurvedic, organic, and numerous other specifications. Skin & sun care products dominated the market in 2022 with a market share of 40% and are expected to keep their

dominance during the forecast period 2024-2032. The consumer is offered a wide range of options even in particular divisions of the cosmetic industry, for example, makeup may range from lipsticks to glitter, offering a huge market for innovation.

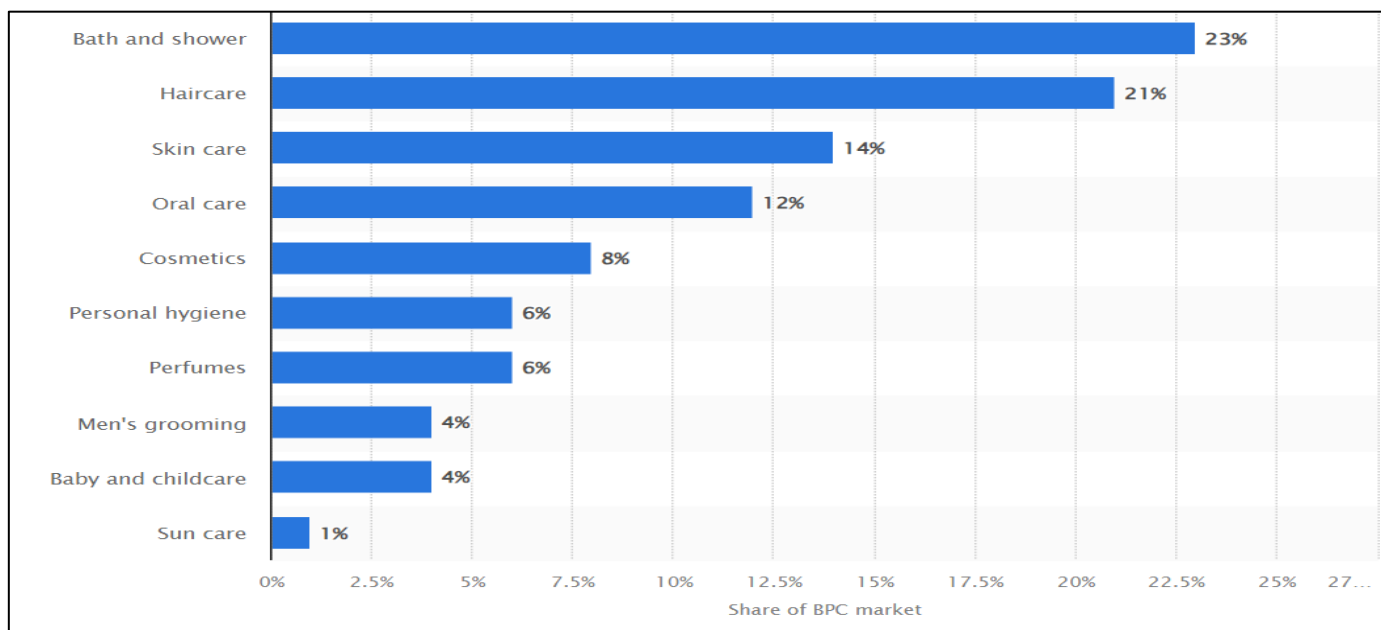


Fig 2: BPC Market

Further, the consumer would be offered to choose from international or home-grown brands, and then further luxury or normal brands, and then further the composition, what the base for the product is? Is it organic or not? Water proof? Transfer-proof? Cruelty-free? This makes the industry one that is driven by great competition which leads these brands to carry out thorough research and come up with the best possible products and formulations that help them differentiate from the rest. The market size of this industry was valued at one trillion Indian rupees in 2020 and is expected to reach about two trillion Indian rupees by 2025.

B. India Online Beauty and Personal Care (BPC) Market

The number of online beauty shoppers in India is expected to cross 122 Mn by FY25 and the beauty and personal care market is estimated to reach \$5.6 Bn by 2025, according to a recent study by Inc42 Plus. And according to Red Seer estimates, the online BPC market is expected to

grow at 29% CAGR over the next 5 years to Rs 799 billion in 2027.

With the onset of ecommerce, the industry has realized its full potential by making use of online platforms. The peak of e-commerce in the 2010's led to more brands getting recognized and introduced in the market. e-commerce sites like Amazon and Flipkart had always been the market players with respect to cosmetic and wellness products. However Online retail stores like Nykaa, Tira, etc have completely changed the game and have paved their way to be on the top. They have made it to the top especially as these online retail stores made available all sorts of beauty and wellness products from a huge variety of Indian and International brands including luxury brands with regular discounts and sales and almost always at a price lower than the price offered to them at offline stores.

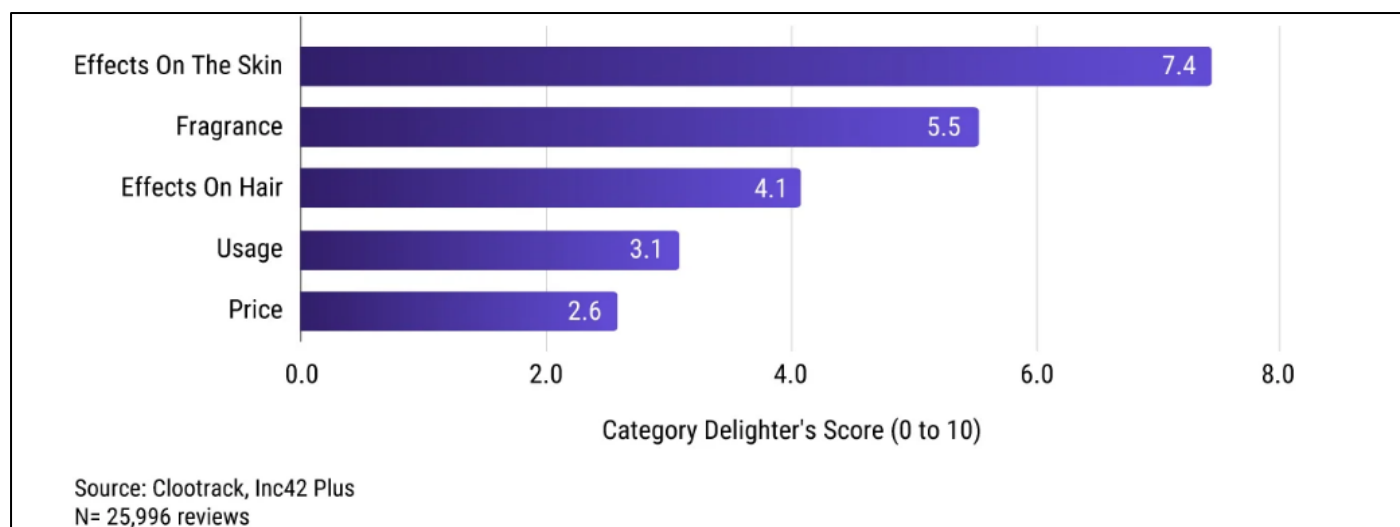


Fig 3: India Online Beauty and Personal Care (BPC) Market

In the online cosmetic and wellness industry in India, price is not a major determinant, the effects of the products on the skin or the product fragrance are. It was found that 65% asserted that they would still buy their favorite product even if its price was to increase by rupees 100. Going online has most helped brands establish their names and gain a loyal base of customers as they are way more convenient, and fast and provide a great deal of offers and resources to consumers as well as the sellers. Additionally, consumers can also rate and review products which results the technological advancements made by the industry, the advertisements, campaigns, social media networking, blogs, influencers and actor’s endorsements, PRs, blogs, reviews, etc. have popularised the industry and have familiarized the products among consumers inducing them to purchase them.

C. Social Responsibility and Accountability in the Industry

The industry has significantly grown over the years mainly due to the changing choices and lifestyle of the Indian consumer. Consumers have grown more aware of the beauty world and have not only acquainted themselves with the composition, sourcing of materials, and the ingredients of products but also analyzed other crucial factors like whether the brand is cruelty-free, its accountability and responsibility, etc. An Instance of this can be seen by taking into consideration recent events of the tragic Gaza-Israel conflict where numerous, established, big cosmetic brands were boycotted by consumers all over the world which resulted in poor sales for huge companies Maybelline, Garnier, MAC cosmetics.

Many consumers are very specific about the brands they use nowadays and usually prefer cruelty-free brands. The health and welfare ministry of India has further imposed a cosmetic testing ban adding to the new rule 148-C prohibition of testing of cosmetics on animals, which states that no person shall use any animal for the testing of cosmetics in the existing Drugs and cosmetics rule.

II. FACTORS THAT FUEL THE GROWTH OF THE INDUSTRY

The betterment in the living standard of the Indian consumer and the increase in their purchasing power, the rising popularity of both new age and global brands, and the influence of the latest beauty trends are all factors that have contributed to the growth of the industry. The industry caters to and attracts many age groups, but the youth is one of the biggest consumers of this industry as these products help them groom themselves and be more presentable, which we shall discuss further in the paper.

A. Rising Disposable Incomes of Consumers:

Consumer expenditure in India has increased from USD 1.9 trillion in 2018 to USD 2.4 trillion in 2022 and the Indian consumers' per capita gross income is estimated to increase by 138 per cent in real terms over 2021-2040. India’s Consumer market is set to become the world’s third largest by 2027 as the number of middles to high-income households rise, according to a report by BMI. BMI estimates India’s household spending will exceed \$3 trillion as disposable income rises by a compounded 14.6% annually until 2027. As the disposable incomes of consumers rise, the market demand notices an increase too, providing cosmetic and wellness brands to penetrate the Indian cosmetic market.

B. Increased Awareness amongst Consumers

A recent study showed that 82 % respondents of the study admitted to purchasing products after seeing influencers rave about the same. Influencers can build a strong and loyal base of followers that trust them due to their consistent and true judgments towards products. Below is a graph showcasing the trust consumers have in influencers and other trust advertising methods. Further, out of numerous different kinds of modalities, social media influencers (39%), digital advertisements (32%) and friends or family members (28%) were the top 3 sources through which individuals found out about the latest cosmetic products. Additionally, 61% consider social media to be equivalent to electronic word-of-mouth and nearly 47% of respondents believe that their perception of a brand was influenced by a social media page.

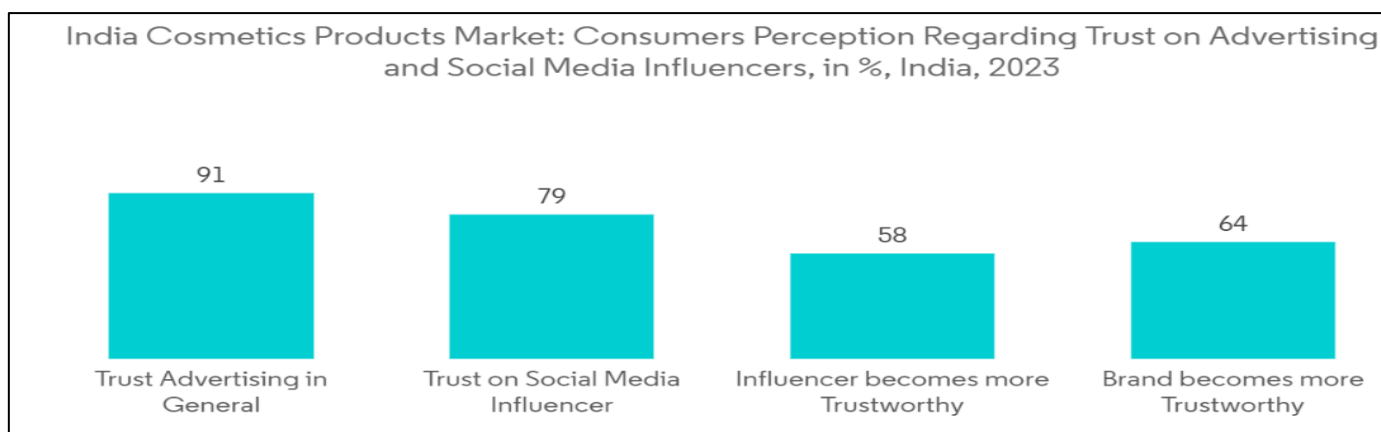


Fig 4: India Cosmetics Market: Consumers Perception Regarding Trust on Advertising and Social Media Influencers, in India, 2023

C. Introduction of Higher Quality Products

Globalisation has led to a better standard of living for the Indian consumers and has offered them a wide variety of choices at different price levels. The cosmetic industry is projected to reach a CAGR of 10.91% during the forecast period (2024-2029) and a few trends and opportunities which may boost the growth of the industry are men's beauty and wellness and the premium and niche segments. The current trends shaping the market are personalized beauty, and organic, and natural products as consumers are looking forward to a greener and more sustainable lifestyle. The need for more inclusive and personalized products has always been craved by Indian consumers as many international brands neglect the need of products that are suitable for darker skin tones and brown features and this has ultimately led to the creation of many homegrown brands that deeply understand these issues and cater to them successfully by making innovative products while satisfying needs of the society and hence provide complete justice to the rising wave of entrepreneurship in India.

III. PRODUCT OVERVIEW - HOW IT HAS EVOLVED

A. Origin of Cosmetics in India:

Beauty in India has always been diverse and it in fact dates to quite a few centuries ago. The earliest use of cosmetics dates to the Indus valley civilisation, circa 2500 and 1550 B.C, according to article by Kunda B. Patkar published in the Indian Journal of Plastic Surgery. In olden times herbal ingredients like butters, oils and ghee were used to tackle almost every beauty need of both men and women.

B. The Indian Cosmetic Industry Post-Independence:

The Indian Cosmetic industry was shaped majorly after independence, the first brand that was introduced was Lakme, founded in 1952 by JRD Tata. In the coming years, many cosmetics brands emerged mainly since more women in India took up jobs, explored the beauty industry like beauty pageants and the increasingly popular magazines, movies and shows. All these reasons contributed to more women becoming aware of the Cosmetic industry and spending their disposable incomes on the same. During this period, not only women but also men realised the potential of grooming oneself and thus played their part in the growth of the industry. Even today, the fact that women consumers dominate the industry persists. We shall discuss the same under the consumer overview of the paper.

C. The Cosmetic Industry during and After the 2000's:

The 1991 economic reform act is an important factor that has shaped the cosmetic industry as it is today. Before 1991, no international brands were allowed to import in India but after the introduction of the act, things changed. With the arrival of international brands like Revlon, L'Oréal, etc. in India, the sales of cosmetics and wellness products skyrocketed. This led to the introduction of more and more international cosmetic brands to the Indian consumer which preferred international brands over the domestic ones as domestic brands stuck to their herbal and natural compositions whereas, to the consumers, the

international brands appeared as more premium and exclusive. The Indian cosmetic industry witnessed a rapid growth, growing at around a 7.5% CAGR between 2006 and 2008. Further, in 2009 the industry registered sales of INR 356.6 billion. This changed in 2014 when domestic brands like Patanjali, famous for their herbal and ayurvedic products noticed a rise.

D. Growing Trends in the Industry:

➤ The Rise in Popularity of Herbal Products:

As discussed earlier, consumers are moving towards clean and natural beauty due to its numerous beneficial properties and the risk imposed on them due to the potential harms of chemicals. which is why Indian brands that have always stood for and practised these trends are noticing a rise in popularity. A few examples of such brands that are growing and giving competition to foreign established brands are VLCC, Boutique, Lotus, Himalaya Herbs, etc. Owing to social responsibility that consumers expect out of brands, consumers strive for sustainable and eco-friendly products which this trend satisfies completely. According to a ESW study, around 60% of Gen-Z only buy from eco-friendly brands, spending more solely because the product or the packaging was sustainable. This shows that the younger generations are actively opting for brands that promote sustainability and are eco-friendly.

➤ Inclusivity in the Beauty and Wellness World:

According to research, an important attribute according to 42% of Indian consumers is whether the products make them feel confident. With the onset of the digital world many positive changes like growing awareness regarding beauty and wellness, ethical endorsements and the acceptance of diverse customers can be noticed. Social media has connected people of various groups together and has provided them a platform to discuss issues and voice their opinions on any matter. The cosmetic and wellness industry has also acknowledged the importance of consumer views and the existing diversity in their consumers and has catered to their needs accordingly. An important example of the same is the inclusivity that has led brands to expand their products to cater to different skin shades, skin types, hair typeset. The change of the product name 'Fair and Lovely' to 'Glow and Lovely' by Hindustan Unilever is a great example of the same. The pop superstar, Rihanna launched her makeup line in 2017 named Fenty Beauty which offered 40 shades and championed inclusivity, thus making her a billionaire. Further, according to a global consumer survey in 2023, 40% Gen-Z consumers prefer gender neutral products.

➤ The Global Craze Surrounding K-Beauty

Another trend to be mentioned is Korean beauty that took the digital media by storm due to the minimal and clean look achieved by Korean beauty products. Innisfree was the first Korean brand that was introduced in India in 2013 with 100% FDI. The digital market seems to be a key part of the Korean beauty strategy. According to a beauty retailer, the search terms like "glass skin" and "Korean sunscreen" were

noticed to increase by 61% and 148% during a quarter. It also observed a 50% growth for its top Korean brands.

IV. CONSUMER OVERVIEW

Let us understand the consumers of the beauty and cosmetic industry by grouping them based on 3 major parameters, gender, age, and a regional analysis.

A. Indian Consumers based on Gender:

On the basis of gender, the consumers of the market can be divided into men, women and unisex. In the year 2022, women dominated with a market share of 60%. They are expected to keep up their dominance as consumers in the market during the forecast period 2024-2032. As discussed earlier, the rising disposable incomes of women and growing awareness regarding the beauty and wellness industry especially through digital media are the key factors contributing to a great number of women consumers.

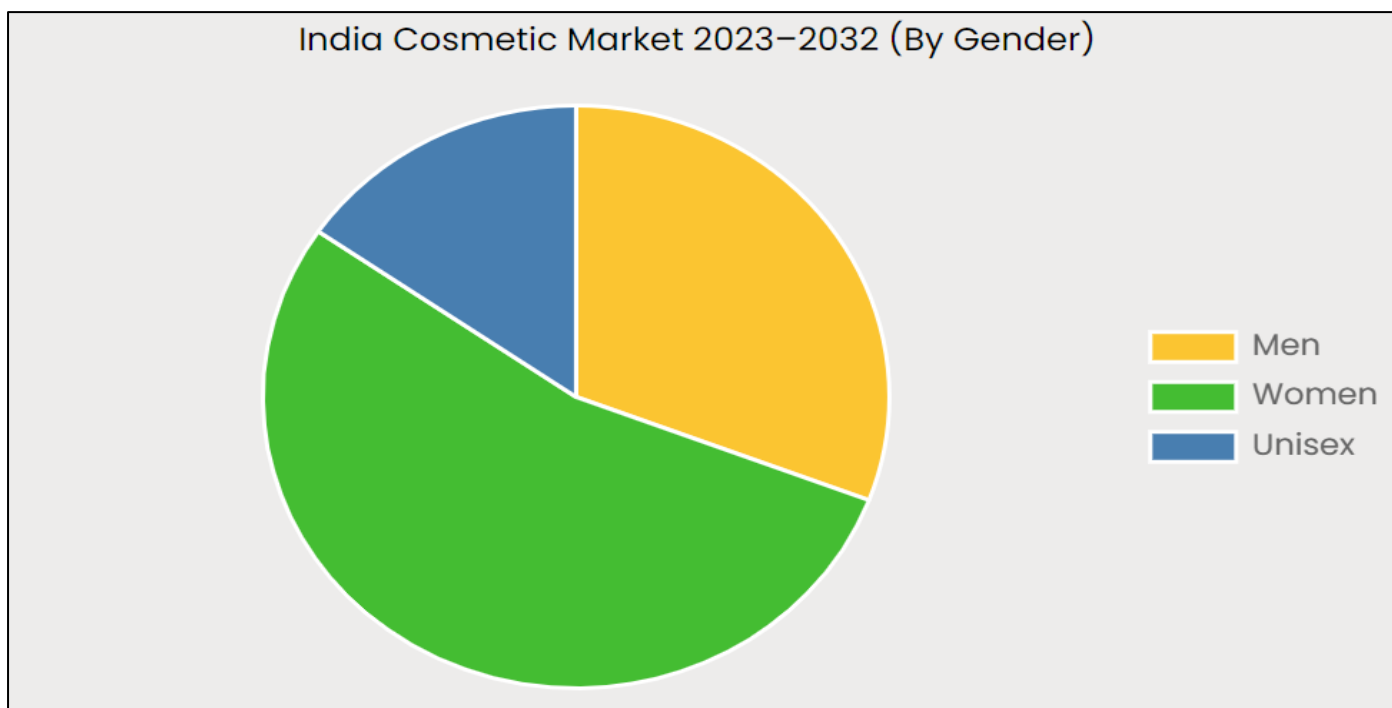


Fig 5: India Cosmetic Market

Earlier, men spent on beauty and personal care products way less as compared to women. However, in recent years, men have demonstrated a keen interest in the industry beyond shaving creams, shower gels, face wash, body lotions, etc. and are becoming increasingly aware of personal hygiene and grooming. There have also been more brands coming up in the market that cater to men’s grooming needs and hence this can prove to be a great trend in the industry.

B. Indian Consumers based on Age:

A study showed that 87.5% of the youth were beauty conscious. Another study stated that more than 80% of the respondents purchase cosmetics once a month, with 55% from the 21-25 age group 15% from the older age groups.

Consumers in the 25-35 years age group are the most active BPC buyers. The youth have strict regimes/routines nowadays that they follow without fail to always look presentable, and therefore are the most active BPC consumers.

C. Indian Consumers based on Region:

The Indian cosmetic and beauty(wellness) industry can be divided into South India, North India, West India, and East India. In 2022, South India dominated the India cosmetic market with a market share of 35% and is expected to continue to dominate the market in the forecast period of 2024-2032. The regions favourable climate enhancing the need for cosmetics, cultural importance of appearance in the south Indian society and the regions cosmopolitan urban areas(Bangalore, Chennai, Hyderabad)accommodating a large consumer base are various factors that make this region the most dominant in the Indian cosmetic, beauty and wellness market.

D. Indian Consumers based on Location:

BPC spending from tier 2+ cities is expected to grow faster than metros and tier 1 cities as a large population increases the per capita Beauty and Personal Care products spend.

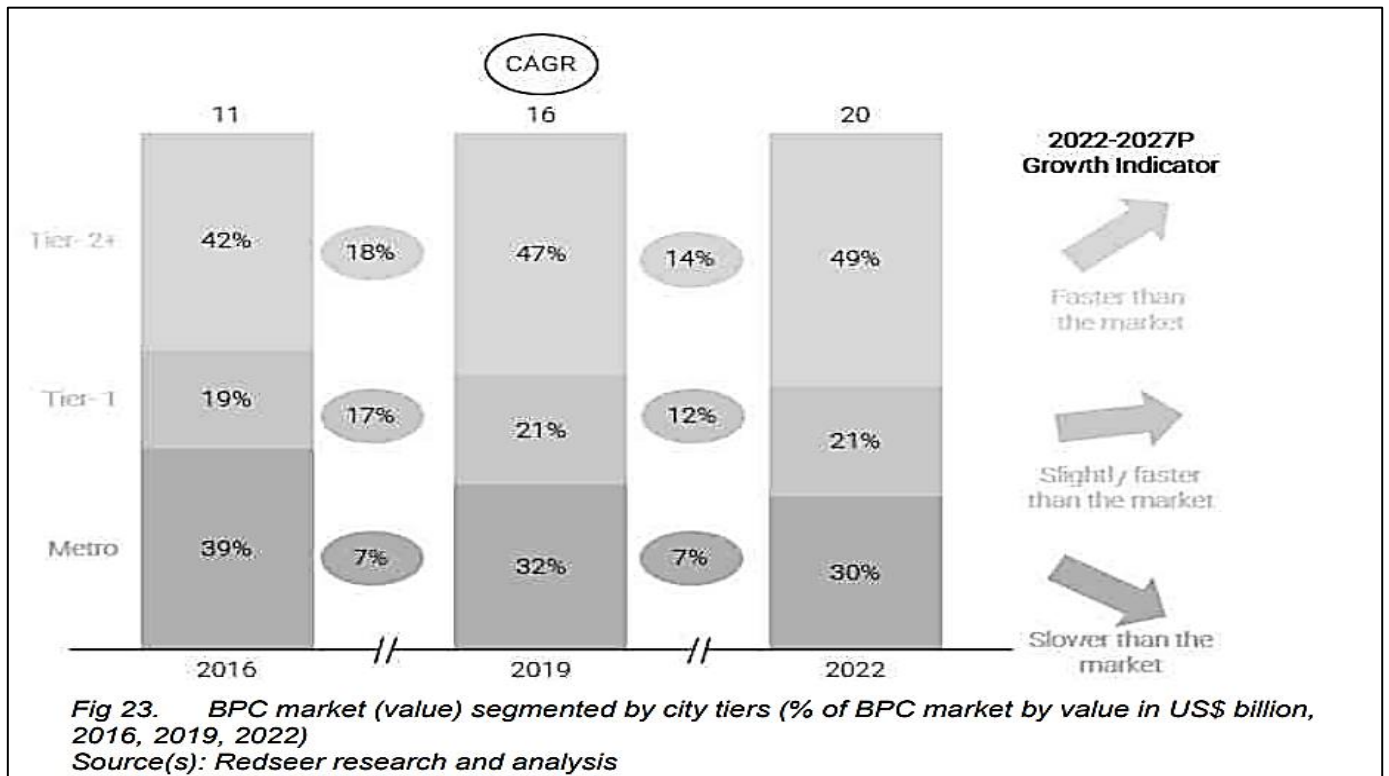


Fig 6: BPC Market (Value)

V. MARKET OUTLOOK AND FUTURE LANDSCAPE OF THE INDUSTRY

A. Market Outlook

The beauty and wellness market can be analysed and studied through its distribution channels, segmentation based on categories and the split of organic and inorganic beauty products.

➤ Distribution Channels:

Based on distribution channels, the Indian cosmetic and wellness market is segmented into hypermarkets/supermarkets, specialty stores, pharmacies or drug stores, brand outlets, online sales channels, convenience stores and others. Around 65% favoured buying cosmetics in the online mode due to the convenience it offers. The unorganized channel caters 75% of the total cosmetics market and the organized market caters to 25% of the total cosmetics market.

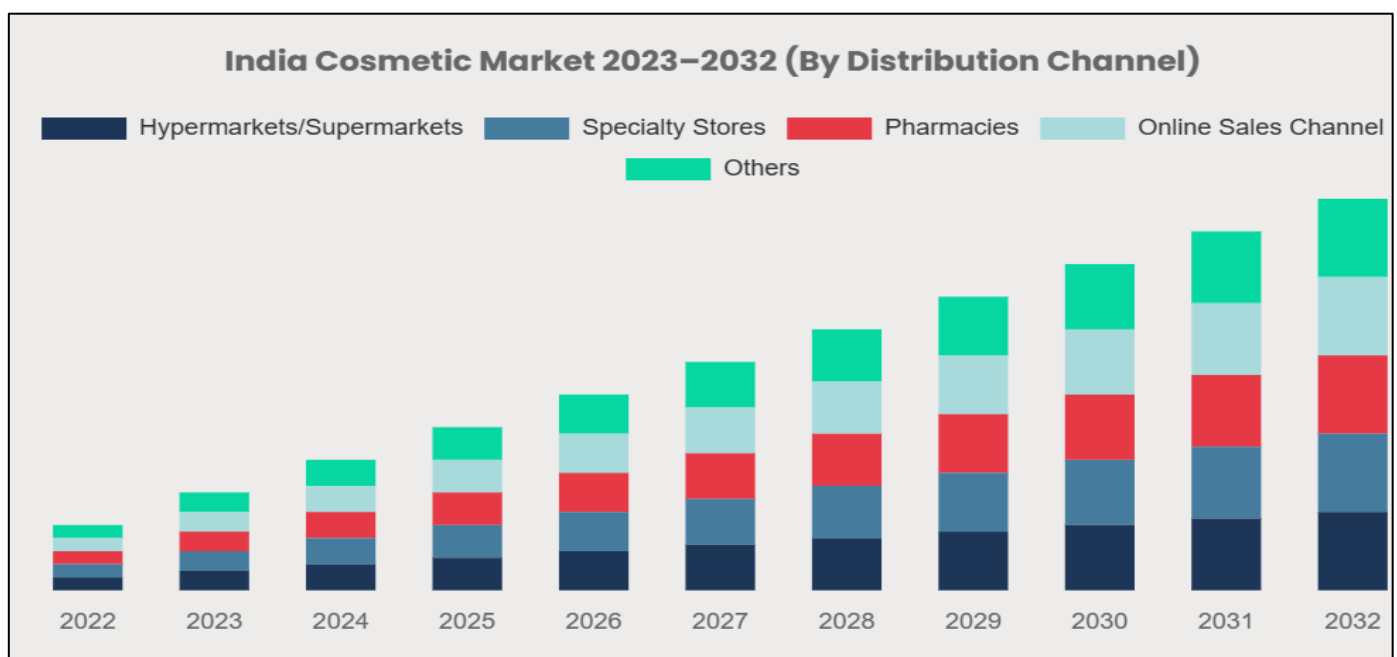


Fig 7: India Cosmetic Market 2023-2032

➤ *Segmentation based on Category:*

- Beauty and wellness products can be categorized into hair care products, skin care products, Oral care products, Fragrance products, cosmetic colors.
- Skin care in India is segmented into 5 categories like facial care, sun care, body care, hand care and other makeup removal and depilatory products. Facial care products dominate the segment by a 34% share. Hindustan Unilever is the leading brand of this segment. It is worth USD 1.63 Bn.
- Hair care is segmented into hair oil, hair shampoo, hair styling and hair colours. Hair oils dominate this segment with a 57% share. The Hair care segment is worth USD 3 bn. Marico is the market leader of this segment.
- Oral care is divided into toothpaste, toothbrush, mouthwash, toothpowder, and other oral care products. The market leader here is Colgate-Palmolive, and the segment is worth USD 1.74 bn. Toothpaste dominates this segment with a 50% share.
- Fragrance category is worth USD 0.47 bn and the market leader is Vini cosmetics and deodorants dominate this segment with a market size of INR 25.5 bn.
- Color cosmetics is worth USD 0.16 bn and the market leader is Hindustan Unilever, and this segment consists of eye makeup, lip makeup, nail paints, etc.

➤ *Split of Organic and Inorganic Products:*

The products can be split into vegan, inorganic and organic in the following manner:

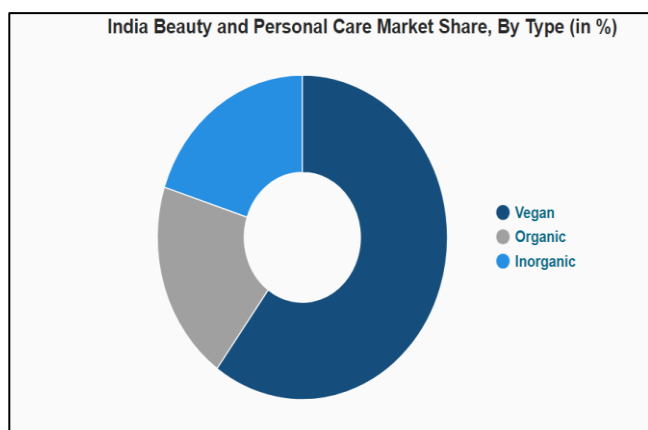


Fig 8: India Beauty and Personal Care Market, By Type (in %)

B. Future Landscape and the SWOT Analysis

Let us analyse the future landscape of the industry by making use of the SWOT analysis framework.

➤ *Strengths of the Industry (S):*

Strengths of this industry or the growing trends have been discussed earlier such as inclusivity in the industry, herbal products, onset of e-commerce and digital marketing are all strengths for the industry in addition to the factors that fuel the growth of the industry like rising disposable incomes of consumers and various other factors.

➤ *Weakness of the Industry (W):*

The complexity of regulatory and packaging requirements, labelling and ingredient requirements of the products can be seen as a weakness or restraint for the industry. The approval of cosmetics is regulated by the Central Drugs Standard Control Organization (CDSCO) under the Drugs and Cosmetics Act and Rules. CDSCO has strict rules regarding the following:

- **Labelling Requirements:** Products must follow to specific labelling standards which is providing the true ingredient list and warnings, instructions, and details regarding the product.
- **Manufacturing Practices:** Compliance with Good Manufacturing Practices (GMP) is important to maintain the quality of the cosmetics.
- **Ingredient Safety:** Cosmetics must contain safe and clean ingredients and must at any cost not make use of harmful ingredients.

➤ *Opportunities for the Industry (O):*

A major opportunity for the industry is Technological advancements in packaging and formulation of the products. Sustainability and eco-friendly products are what most consumers stand for nowadays. The men's grooming segment is also noticing a significant growth. Personalization and customization are also trends that would help the industry grow, catering to the customer's needs by getting the cosmetics exactly tailored the way they want.

➤ *Threats for the Industry (T):*

Following are the threats or challenges faced by the cosmetic industry:

- Seasonal demand fluctuations
- Inventory expiry management
- Returns management.
- Limited shelf space
- Order fulfilment across channel

VI. CONCLUSION

- Therefore, we conclude that the BPC industry is one that is growing rapidly and is expected to keep growing in the future.
- The Beauty and Personal Care (BPC) industry in India has experienced rapid growth, with the industry expected to reach a size of Rs 2,474 billion (USD 33 Billion) in the next five years, growing at a CAGR of 10%.
- Factors fuelling the growth include rising disposable incomes, increased consumer awareness, and the introduction of higher quality products. The industry has evolved over time, with products categorized into hair care, makeup, skincare, body care, oral care, and styling tools.
- Skin & sun care products dominated the market in 2022 with a 40% market share and are expected to continue dominating during the forecast period 2024-2032. The industry is driven by competition, with brands offering a wide range of options and compositions.

- The market size of this industry was valued at one billion Indian rupees (USD 33 Billion) in 2022. The industry is expected to become a Rs 2,474 billion opportunity by 2027.
- Consumers of the industry can be divided on the basis of gender ,region ,location and age while the market is divided on the basis of distribution channels and categorization of products.

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