

B as in Booming Beauty Biz

Point-Of-Purchase takes a look at the burgeoning colour cosmetics category in India, the latest trends in retailing cosmetic products, consumer trends and what brands are doing to tap the beauty conscious shoppers in the country.

The business of beauty is big in India, and has witnessed great growth over the years where the pressure to look good is going up by the minute. As per market research and reports the Indian Cosmetics Industry is slated to grow at the rate of 5-6 % annually and touch \$10.5 billion by 2021. Reports of AT Kearney and the Indian Beauty and Hygiene Association states that men too are becoming significant users of beauty products. According to the report the men's grooming market will touch \$1.5 billion by 2021, almost double growth in five years.

The beauty market primarily consists of five segments - Skin Care, Hair Care, Fragrance, Colour Cosmetic and Oral Care. Hair Care accounts for majority of the market share, followed by oral care, skin care, fragrance and colour cosmetic. According to a report from Euromonitor, the demand for colour cosmetics is expected to continue to be strong in India, with a growth of 12%.

This has also attracted international brands to the country. In June 2016, LASplash Cosmetics, a California-based cosmetics brand, entered

the Indian market. Similarly, the Italian beauty brand Kiko Milano entered India in September 2016 and South Korean cosmetics brand TheFaceShop made its entrance in October.

According to Euromonitor's latest report, Hindustan Unilever continues to be the market leader within colour cosmetics in India in 2016. The company offers some of the leading brands within colour cosmetics in India, such as Lakmé and Elle 18, which have established themselves over the years within facial, eye, lip and nail make-up. The company, due to its product availability at all price points and high penetration rate, has been able to establish itself as the leading player within colour cosmetics, commanding a retail value share of 17% in 2016.

Hindustan Unilever developed with a constant stream of innovations over the review period to attract consumers and market its products. Some other major players include Maybelline, Colorbar, Revlon, L'Oreal, MAC, The Body Shop and Lotus Herbals among others. In this article we give you an overview of the colour cosmetics category while talking to some leading brands who are bringing out new product ranges suited to the demography here, new formats of retail and targeting their audience through various innovative shopper marketing strategies.

Complementing the Consumer Behaviour trends

Applying make-up is no more reserved for special occasions but a daily ritual for most urban women today, where the increased



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Category Focus - Cosmetics



Falguni Nayar, Founder & CEO, Nykaa, says, "We wish to have in-store activities, where the store must be a hub of activities such as giving beauty advice, which will drive traffic from customers who are in the vicinity."

off-take is estimated to help drive sales of colour cosmetics over the coming years. Ajay Ghooli, MD, Kaunis Marketing Group (Exclusive franchisee of BeYu, Anny, Maluwilz, Makeup Factory, Botany Essentials, Farcom) shares on how they are en-cashing on this consumer trend and says, "The space for premium brands is opening at a fast pace and hence the need for platforms like Kaunis, which help facilitate the entry of premium international brands in the India market. India grapples with issues of service levels, customer orientation, and strong retailer relationships, therefore Kaunis's strategy is to attempt to sort all these issues in the most effective manner to enable a superior consumer experience."

Even online beauty retailer, Nykaa.com, has gone offline and during the store launch recently in Bangalore, Falguni Nayar, Founder & CEO,

explained that colour cosmetics is growing all over the world, even in developed markets like Europe and Korea. Now the phenomenon is seen in India too. "Today there is democratisation of beauty, where beauty is not only available and accessible to the rich but others too at better price points. There are international brands coming to India with competitive price points. Lot of beauty was manufactured and sold by multinationals, but according to some counterparts in Europe, they say that only 30% demand is coming for these brands and 30% for retailers like Sephora, Boots, etc. and 30% from brands owned by individuals such as celebs, bloggers, make-up artists."

High on retail formats

Earlier present mostly through shop-in-shop formats at department stores or exclusive shelf space in modern trade spaces, some of the



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Rajiv Kumar Bobal, Director – Sales & Marketing, Revlon India shares, “We are making our retail counters more customer friendly and trying to give an enhanced experience, hence we are expanding the presence of our EBOs.

renowned make-up brands now have their exclusive outlets, while retailers like Sephora have taken the shopping experience for cosmetics to another level.

Revlon India already has 51 EBOs, of them 27 are in metros and 24 are in Tier 1&2 cities. By the end of 2017 they plan to have about 100 EBOs. Rajiv Kumar Bobal, Director – Sales & Marketing, Revlon India shares, “We are making our retail counters more customer friendly and trying to give an enhanced experience. Our expansion with EBOs are an outcome of that, many a times we see that a multi brand retailer does not have the entire collection of our products and thus exclusive stores are the best possible way to inform

the shoppers the range we have.” The brand is getting equal response from the tier I and tier II cities as well as metropolitan cities because of the increasing disposable income of the Indian youth.

Nykaa’s offline sales at present contributes 5% of overall revenue coming from 5 physical stores, where the brand plans to scale it up to 20% in the coming years. Speaking on expanding their offline presence, Adwaita Nayar, Head of Offline Retail Strategy also shares, “I think the companies want customers to experience the brand in its totality. Brands will continue to go strong with presence in MBOs but the exclusive outlets will enhance the brand experience.” Nykaa plans

to open 5 more stores in the next two months.

The industry as a whole feels that the demand for premium products are going up, and there has been an increase in average order value of offtake both in online and offline. “It’s even higher in the physical store. People are leaning towards make-up and skincare. Our offline presence is only through our brand stores, but we are looking at setting up counters of our private labels in MBOs. Upcoming generation are comfortable in buying beauty products online, however there are



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people who want to try it and we are opening our stores for these customers,” adds Nayar.

On the same note Ajay Ghooli also feels that opening an individual store/kiosk does help in accentuating the brands presence and service levels to the customers. They are keen on opening company owned outlets and have already opened 2 kiosks in Delhi region, with plans to have 20 such kiosks by the year end.

Shopper Connect

Cosmetic brands are grabbing the attention of consumers through various channels, such as impactful display at stores, new launch promotions, make-up trials, ‘how to’ video tutorials from make-up artists and in-store activities/workshops. Digital display screens is popular among many, while shoppers also appreciate the complimentary make-up trials at malls and large format department stores.

Bringing the advantages of their online business to offline, Nykaa is soon coming up with another new store that will incorporate technological innovations and digital screens through which customers can interact. The store will showcase products which are best-selling or trending on their online store. “We wish to have in-store activities, where the store must be a hub of activities such as giving beauty advice, which will drive traffic from customers who are in the vicinity. There is a lot of planning going on with omni-channel and incorporating digital interfaces in the store,” shares Falguni.

On the other note Rajiv of Revlon mentions that the standard of digital screens or technology available in India till date is not as per international quality, and thus it does not give the perfect colour calibration which a physical testing



IN-STORE DISPLAY TRENDS

Having worked with more than 35 cosmetic brands till date, Hitesh Sharma, Managing Director of Vista Retail lists out some latest trends in the category:



- Preference for PU paints with matte finish are in trend for display units, as it becomes easy to match the brand's identity and color theme.
- The matte finish gives a contrast to the look of cosmetics products that are often in a glossy packaging mode.
- Cosmetics brands are keen to showcase their complete range in their display which often becomes a challenge in space constrained stores.
- General Trade is also developing great demands for cosmetics products and the stores in this category are changing their formats of sales hence turning into semi-modern stores.
- Brands are also inclined towards the use of technologies like intuitive screens and mobile app and they want their displays to merge these tech solutions to enhance their sales as well as provide an engaging shopping experience.

of the cosmetics shades can give. Enhancing shopper experience, Revlon has incorporated the makeover studio at their exclusive stores and retail touch points that gives the customers an opportunity to get tips from stylists and in a way it leads to a better shopper connective programme for the consumers.

Conclusion

On a global comparison, per capita spend in India at \$7 (about

Rs 450) on Beauty and Personal Care is significantly lower than that in developed nations, according to Indian Beauty & Hygiene Association (IBHA). However, there has been considerable growth in the category, which is also slowly moving towards semi-urban and rural areas too. IBHA report also states that colour cosmetics was the fastest growing category, at 12 per cent. ■

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