

# Indian Cosmetic Market and the Rise of the Brand Patanjali: An Exploratory Research

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## **Abstract**

The cosmetics business is a billion-dollar industry. The youngsters, males, and rural Indians are now more beauty oriented. Earlier cosmetics were mainly focused on female consumers, but now males are equally using cosmetics and beauty products. In 21<sup>st</sup> century, there is growing awareness about health, well-being, ayurveda and yoga. These all factors led in the rise of consciousness towards herbal cosmetics. This research is an attempt to study of Indian cosmetic market and the changing trends in it. This research will also focus on the big swadeshi brand Patanjali and how it changed the cosmetic industry in India. After the research, it will be helpful to know the inside story of the Indian cosmetics market and how to better it for the future, exploratory research and secondary data used in current study to reach at conclusion.

**Keywords:** Cosmetics, Ayurveda, Patanjali

## **Introduction**

### **The Indian Cosmetic Market**

Cosmetics are the products used to improve persona. The large number of cosmetics are available for applying on face and body. Cosmetics not only help to look better physically but also help to improve self-confidence. From the ancient time, humans applied a number of cosmetics on their body. Powder, mascara, facial creams, lotions, deodorant, lipstick is widely used cosmetic products. The Section 3(aaa) of the Drugs and Cosmetics Act, 1940 gives definition of the cosmetic as-“Cosmetic” mean “any article intended to be rubbed, pored, sprinkled or sprayed on, or introduced into, or otherwise applied to, the human body or any part thereof for cleansing, beautifying, promoting attractiveness, or altering the appearance and includes any article intended for use as a component of cosmetic.”

According to a report, the global skin care market is expected to reach \$194,961 million by 2024. A report of ASSOCHAM also favours the same- the market size of India's beauty, cosmetic and grooming market will touch 20 billion dollars by 2025 from the current level of 6.5 billion dollars on the back of the rise in disposable income of middle class and more and more people aspiring to live a good life and look good.”

### **The Rise of Brand Patanjali**

In the early years of 21<sup>st</sup> century there is a sharp rise in demand of ayurvedic medicines and herbal cosmetics in Indian market due to lack of side effects of these. Patanjali Ayurveda Limited was formed in 2006. From ashram premise to hypermarket, it changed the scenario of the Indian herbal cosmetic market. It currently deals in number of product segments like ayurvedic medicines, healthcare, personal care, cosmetics, supplements, grocery, home care, books and media (Jaggi and Ghosh, 2017). As per a

report by Brand Trust in 2015, Patanjali was recognized as one of the seven most trusted ayurvedic brands in India (Sharma, 2016).

Patanjali started focusing on smaller cities. Once they capture a good market share in smaller cities and towns, they easily penetrate into bigger cities and metros. Patanjali positioned itself as a brand directly associated with yoga, ayurveda and healthy lifestyle.

## Literature Review

### The Indian Cosmetic Market

The Indian cosmetic market is on boom. According to the latest reports “the consumption pattern of cosmetics among teenagers went up substantially between 2005 and 2015 because of increasing awareness and desire to look good. In fact, they are among the fastest growing segment for the manufacturers of a range of products including body sprays, over 68% of young adults feel that using grooming products boost their confidence.”

The most interesting thing about Indian cosmetic consumers, while other global countries are taking to the traditional Indian herbal and ayurvedic applications for beauty solutions, Indian consumers are increasingly looking to international care personal brands as lifestyle enhancement products, in the belief that the association with and use of an international brand confers one with a sophisticated and upper-class image (Briney, C; 2004). According to Malhotra (2003), cosmetic market boom due to increased consciousness of people towards fashion and beauty products, and also by raising buying power of the Indian household. In India 67 percent of people live in rural areas. The emergence of the rural market creates interest to marketers in this large population (Lalitha Ramakrishnan, 2005).

A study conducted by Ruchi and Chaubey (2010) concluded that there is more consciousness in working women in India about cosmetics. The reason behind this is growing exposure of fashion television channels, and magazines in recent years. Growing awareness about the harmful effects of pollution, excessive use of conventional cosmetics on skin, rising awareness about the harmful effects of UV rays, etc., also boost the women’s cosmetic market in the country.

The market for men’s cosmetic and grooming market in India also makes a big place for itself. Men’s salons are rapidly open in all over the country. More and more men’s want to be attractive and youthful look. Male icons, like actors and cricket players are widely used in endorsement of cosmetic brands to attract male consumers. According to a study by Nair V.K. and Pillai Prakash R, (2007), the main factor that influences the cosmetic preference of male consumers is quality.

### The Brand Patanjali

The society in which we live today is a brand- obsessed society. Name a product or service and the brands relating to them are inestimable so many that cannot be counted on fingers. Thus, creating, developing, implementing and maintaining successful brands are frequently at the heart of marketing strategy (McEnally, M.). Successful branding requires a strategic perspective (de Chernatony 1998) whereby strong brand concepts are presented and communicated to target segments resulting in favorable brand images which reflect the brand's identity (Gardner and Levy 1955, Reynolds and Gutman 1984, Kapferer 1997).

Yoga and ayurveda are directly linked to spirituality for Indians. Patanjali created awareness in the common people of India towards yoga and ayurveda. The cosmetic products of Patanjali focused on ancient herbal science. Jaggi and Ghosh (2017), in their study described how the effective

communication strategy used by Patanjali, to establish their products and create a strong brand image of Patanjali.

### Objectives

The study is keeping in view of following objectives-

- To explore buying trends in the Indian cosmetic market
- To analyze Patanjali as a brand
- To analyze success factors of Patanjali
- To suggest the marketing mix strategy to marketers, that can help them to target customers in the cosmetic sector

### Methodology

The exploratory research design is used for this study. The data for the study was collected from secondary data. The secondary data was collected from reliable sources such as journals, websites, review of related research articles and recently published news reports. The secondary data was further processed to come out with a solution to the research problem.

### Analysis

The Indian cosmetic market changed years after year. Consumers now are more conscious about their skin, persona, brands, and looks. According to a research report by Tech Sci Research, the Indian skin care market is continuously growing year after year. In his study Monteiro (2003) also predicts high potential of Indian cosmetic market.

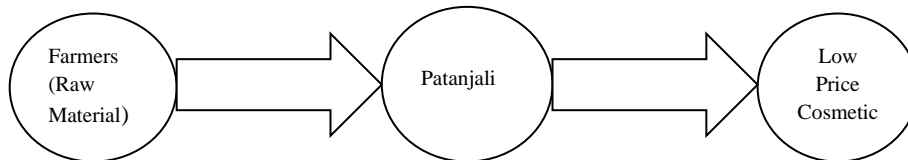
### Trends in Indian Cosmetic Market

- The Indian cosmetic and personal care market shift towards physical well-being through the use of organic, herbal, anti-ageing, anti-allergic, anti-pollutant cosmetic products.
- Increased awareness in male consumers for cosmetic products.
- The use of herbal cosmetics contributes a big role in the Indian cosmetic business and will grow at 12 percent
- More and more cosmetic players using celebrity endorsement to promote their products and brands.
- Indian consumers are spending more money on cosmetic and beauty products than earlier. They look at innovative cosmetics and grooming products.
- Cosmetics products are widely available in both urban and rural areas. Cosmetics are available at variable price and quality, as per need of consumers.
- With development in e-commerce, consumers opting for at-home services and online buying. Youth in urban areas prefer to buy the cosmetic products online.
- Before the purchase decision, consumers giving importance to peer feedback and product reviews.

### The key factors in Success of Patanjali

**1. Economic Pricing:** Indian cosmetic market is highly price-sensitive. Indians usually favor economic price products. Price is the main reason for motivating customers to purchase (Kotler & Keller, 2006). Patanjali is providing its all-herbal cosmetics at relatively lower price in comparison to their competitors. They directly buy raw materials for herbal cosmetics from farmers; it helps them to cut manufactur-

ing cost of cosmetics. Other than this, the top management of Patanjali works without salary and facilities. It reduces 5% of overall cost also. These all-unique strategies of Patanjali provide cosmetics at lower prices to consumers. Patanjali also give low profit margin to their distributors and retailers. These pricing strategies helped them to capture a large market share in very less time.



**Fig :1 Input-Output in Patanjali Cosmetics**

**2. Linked Cosmetics with Indian Herbal Science:** Patanjali promote their cosmetics not only as an agent of beautifying persona, but also as a product essential for complete wellbeing. With increasing awareness about yoga and ayurveda, Patanjali established them as the synonym to Indian traditional herbal science.

**3. Made in India Tag:** Patanjali promotes their products as a pure ‘Made in India’ tags. It helps them to create a brand image of pure swadeshi brand.

**4. Quality Products:** Patanjali use only herbal or organic raw materials for manufacturing. Their quality team focuses on Total Quality Management (TQM) to provide best cosmetics to their customers.

**5. Strong Distribution Network:** Patanjali established own hypermarket, distributors, aarogya chikitsalayas, and swadeshi kendras. All these outlets have all range of Patanjali cosmetics. Patanjali cosmetic products are also available on e-retail portal.

### Competitors of Patanjali in Indian Cosmetic Market

- **Revlon** was founded in 1932, in America. It deals in personal care, skin care, fragrance, and hair care products. It is operating in India since 1995.
- **Lakme** is an Indian multinational brand, founded in 1952. It deals in skin care, hair colour, make-up, sun protection, perfumes and hair care.
- **Oriflame** was founded in 1967. It is operating in India since 1995. Oriflame adopt the direct selling strategy to capture market.
- **Nykka** is an Indian cosmetic company founded in 2012. It retails over 2,000 brands and 2, 00,000 products across its platforms.
- **Avon** is a London based cosmetic company. It is second largest direct selling organization in the world.

### Limitations and Future Research

Although the study provides critical contributions to both literature and managerial practice, the study is not free from its limitations. The study is solely based on secondary data. So, in future studies may investigate data collection from target market to know in depth knowledge of cosmetic market. It may be helpful to get more valid results for marketers.

### Conclusion

Increasing awareness in Indians about fitness, yoga, and wellness and grooming helps to the rapid incre-

ase of cosmetic industry. The marketers are targeting more and more rural markets, as there is a big market of non-branded cosmetic products. The Indian cosmetic market is highly dominating by research-oriented firms. More and more organizations investing in research-based works to tackle high competition in this industry. So, only that organization will harvest profits in the long run which focus on continuous innovation.

There are hundreds of companies dealing in Indian cosmetic market with wide range of products. But not all are gaining success. Due to dynamic nature of consumer preferences only research based, innovative and customer-centric companies can survive.

### **Suggestion for Indian Cosmetic Market Players**

#### **Focus on Research & Development**

Research and development is essential in the success of every organization. Patanjali, L'Oreal, Avon etc. are some of research oriented cosmetic companies, which dominate the Indian cosmetic market. Research will enable firms to develop quality products, which meet market needs. Customers usually attracts towards the quality products (Peter &Olson, 1999). This strategy is helpful for marketers to increase their market share.

#### **Product and Price Innovation**

Product innovation is essential in gaining competitive advantage in cosmetic market (Kumar, Massie and Dumonceaux, 2006). Product development is a critical part in cosmetic market. A cosmetic marketer should know the pulse of consumers. Like his/her preferences, socio cultural environment, and personality and then develop the product accordingly. Customers in town and in the rural areas have different preferences in the different cosmetic product segment. In rural India, usually buying power is not that much strong, so they prefer low cosmetics, while customers of cities and metros prefer branded cosmetic products.

#### **Promotional Innovation**

The Indian cosmetic market is changing with rapid growth in media, and e-commerce space. Earlier television, radio, newspaper, and billboards etc are common for promotions. But, now promotion through the combination of traditional media and social media is highly suggestable. The Promotional campaign may involve, celebrity endorsement and should be targeted to youngsters and females. As most of the cosmetic sales generated from these segments only.

#### **Distribution Innovation**

The Indian cosmetics industry is a relatively low margin, business and is predominantly volume driven. In order-to develop and maintain an efficient supply chain, companies focus on the availability of products in the complex distribution network. In order to achieve sustained growth through supply chain, companies usually follow trends such as ensuring permanent on-shelf product availability, optimizing costs and investments on products and anticipating demand. The traditional way of distribution has a longer value chain. The increase use of internet encourages consumers to purchase cosmetic products through online sales channels instead of traditional formats. So, the product should be available through e-retailing formats also.

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