

Wellness and Beauty Sector

A complete Major sector to
the Economy Ecosystem
and Marketing



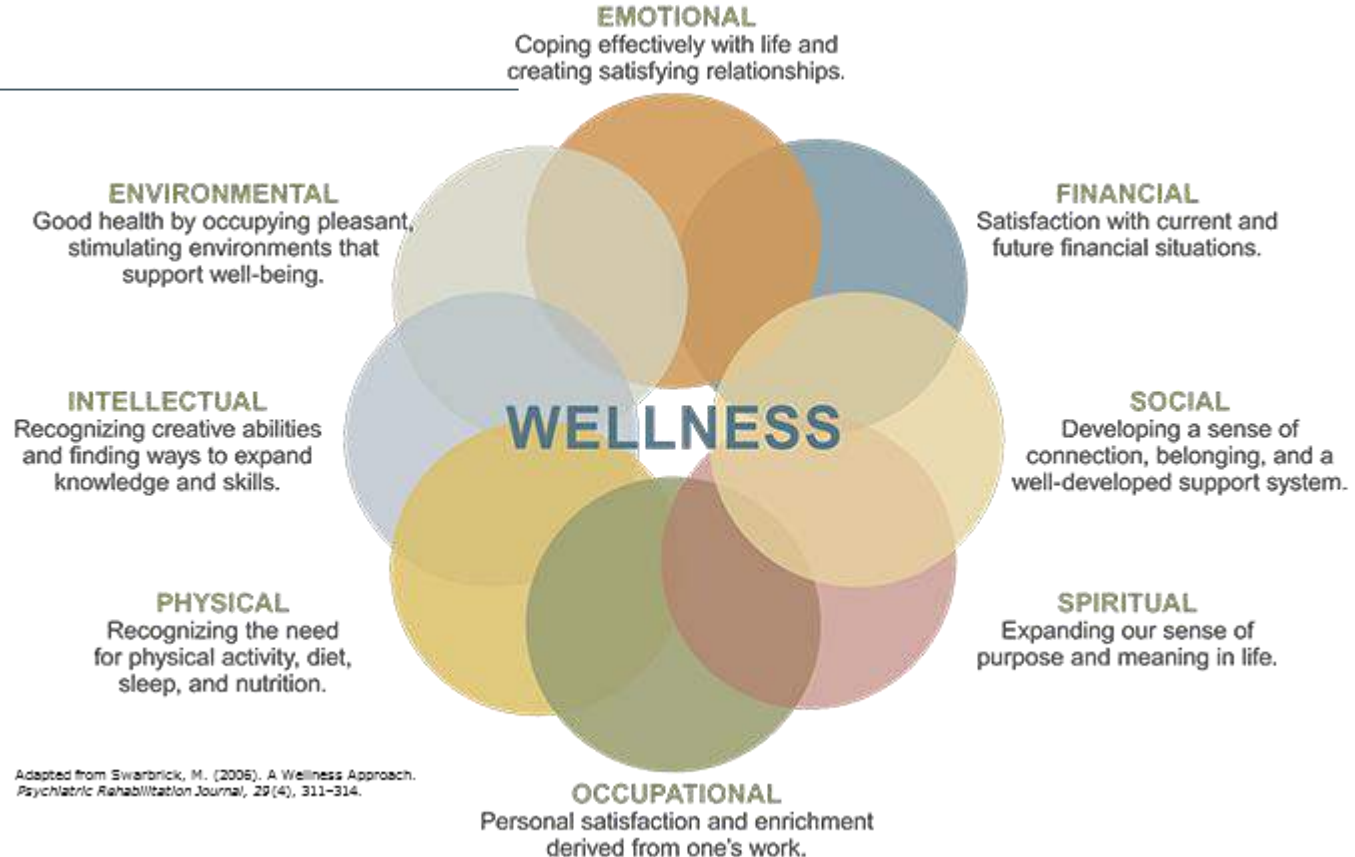
Overview of Industry

Wellness and beauty industry has experienced an impressive growth story in recent years owing to the young demography, incremental disposable income and an overall shift of conscience towards a healthier lifestyle. Being a sunrise industry, each of its segments hold an immense potential. Low penetration levels and surging demand from non-metro cities has exposed the industry to untapped growth avenues.

The growth is not just restricted to the core segments of wellness and beauty, but is spilling over to various peripheral industries like insurance, apparel and footwear, tourism, fast moving consumer goods (FMCG), hospitality and pharma. Consequently, these industries are evaluating opportunities to collaborate and invest in the wellness and beauty industry.

- Established FMCG players are introducing new product lines like herbal, Ayurveda, organic, etc. with a focus on the overall.
- Wellness, Fitness apparel companies are partnering with gyms to offer signature workout and meal plans.
- Hotels are allying with spas to offer complementary services.
- Health insurance plans are including wellness coaches to provide guidance on fitness regime, nutrition, lifestyle changes and the like.
- Salons are expanding into fitness gyms and entering hospitality sector by opening spas in luxury hotels.

Introduction to Wellness and Beauty



Adapted from Swarbrick, M. (2006). A Wellness Approach. *Psychiatric Rehabilitation Journal*, 29(4), 311-314.

THE BUSINESS OF BEAUTY

₹41,224 crore

Estimated size of the beauty and wellness market in India in 2012/13

₹80,370 crore

Projected size in India in 2017/18

20-23%

Projected compounded annual growth rate in the organised beauty and wellness sector

3.4 million

Estimated workforce in beauty and wellness services

SEGMENTS
OF THE
SECTOR

48%
Beauty and wellness

48%
Slimming and fitness

4%

Rejuvenation

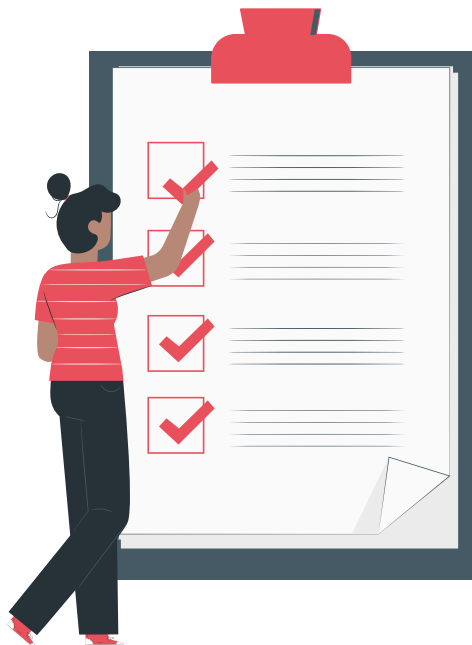
Source: KPMG

Market Segments



Market Size and Distinction

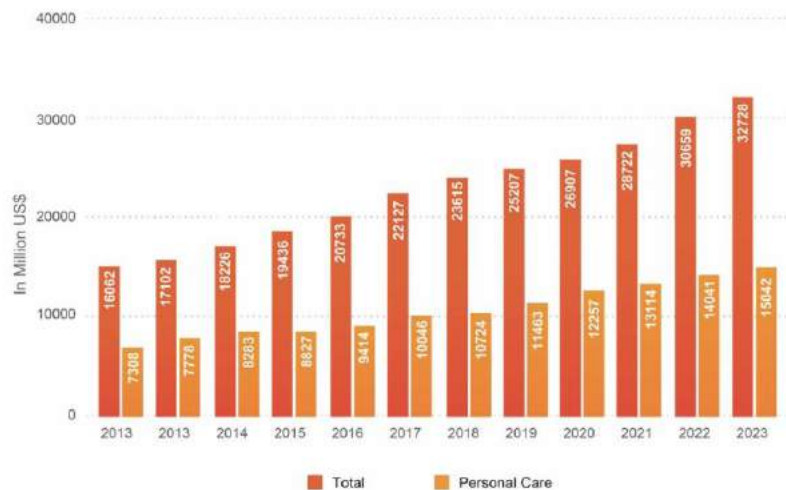
Growth scale/opportunity in Sector



Source: Statista &
DataLabs Analysis

Personal Care Contributing Major Revenue In Total Beauty & Care Market In India

Personal care market value crossed US\$11.5 Bn in 2019 in India



Industry Structure



Nutraceuticals

Pharmaceuticals and FMCG companies control the majority of the nutraceutical segment, with select few companies that specialize only in nutraceutical products. While the pharma companies are the major players in the health supplements market, FMCG companies rule the functional food and beverage segment. The nutraceuticals market is inhibited by both domestic and international players alike. The health supplements market is led by Amway India with a 33.8% market share, followed by Pfizer




Fitness and slimming

The fitness industry has traditionally been dominated by mom-and-pop outlets, but is recently witnessing an influx of global players and homegrown start-ups which are making way for the much-awaited consolidation. The organized fitness industry stands at ~28% of the total industry size and is expected to grow at a CAGR of ~25% for the next three to five years. However, Talwalkars Better Value Fitness leads the organized segment with a market share of ~41% by the number of outlets, followed by Gold's Gym having a 24% share.

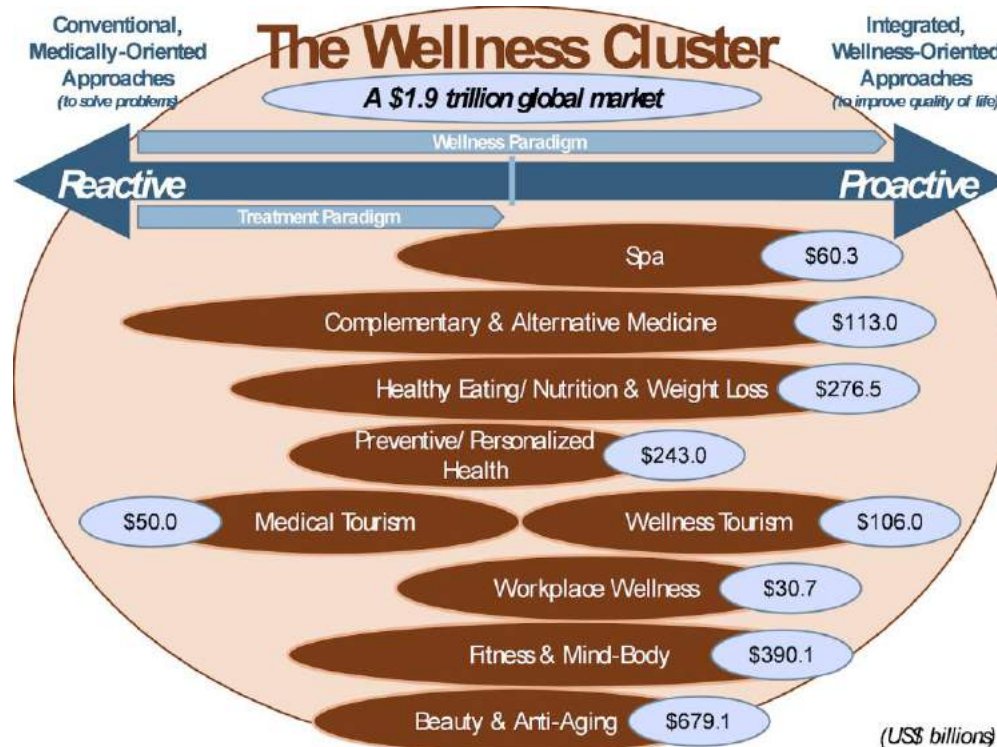


Alternate therapies

Alternate therapies is predominantly an unorganized industry with micro, small and medium enterprises powering more than 80% of the segment. It is getting more organized with ventures from larger players and increased support from the government. The product offerings under AYUSH sector is made by FMCG giants like Dabur, Patanjali, etc. Whereas, there are a few organized players like Dr. Batra's and VLCC in the service delivery space.

								
	▼	↕	↕	↕	↕	↕	↕	↕
1	Huda Beauty	Beauty	7,463,140	181,515	39,081,843	3,520,000	50,246,498	
2	Maybelline New York	Beauty	35,142,054	712,055	9,605,736	276,000	45,735,845	
3	MAC Cosmetics	Beauty	19,941,849	1,574,755	22,679,122	571,000	44,766,726	
4	L'Oreal Paris	Beauty	35,499,721	508,761	6,753,315	181,000	42,942,797	
5	Sephora	Beauty	18,698,464	2,407,350	18,453,376	1,230,000	40,789,190	
6	Dove	Beauty	28,046,766	194,152	475,451	142,000	28,858,369	
7	Kylie Cosmetics	Beauty	3,860,689	858,765	21,935,668	914,000	27,569,112	
8	Nivea	Beauty	23,092,193	34,930	61,832	74,900	23,263,855	
9	Anastasia Beverley Hills	Beauty	1,843,566	759,975	19,752,255	176,000	22,531,796	
10	Avon	Beauty	21,148,993	126,299	174,162	78,800	21,528,254	

Key trends in the wellness and beauty industry



Growth prospect of Sector in India

Rising middle class population

Middle class population is expected to account for over 70% of the total population by 2048.

01

02

Rising disposable income

GDP growth rate is expected to increase to 7.4% y-o-y by FY20.

Urbanization

By 2050, the number of urban dwellers is expected to increase by 416m.

03

04

Huge young population base

Young population is expected to grow. By 2020, the average age of an Indian is expected to be ~29 years.

Glance of Indian Beauty Market traits

Products supplied on consignment in most cases

BAs, Fittings & Marketing on distributors' account

Strong wholesale & grey market

Dept store type & high street retail is limited.

Large net work of small multi product retailer, local tertiary city stores

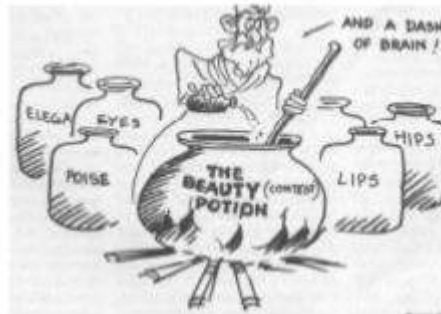
Little opportunity for large visual space; all of it on hire

Heavy launch costs on new products (in terms of advtg, launch promotions, free samples)

Price sensitive. Low switching costs for consumers

Distinction between mass, masstige & prestige is hazy

The unorganized market size is 3-4 times of organized retail market.



Wellness and medical tourism opportunities

Top Medical Tourism Destinations Around the Globe



India is fast becoming a hub of wellness and medical tourism driven by growing demands for services such as yoga, Ayurveda, siddha, naturopathy, spa treatments, etc. The growth is underlined by rising customer focus towards better health and overall well-being, better infrastructure, improved technology, low cost and government support. The country has developed an image of a favorable destination for gaining optimum health and serenity through spas and wellness centers.

Cosmetic procedures like lasers, Botox and skin surgeries such as facelift and nose jobs, etc. are very costly in other countries and not covered in insurance. For instance, face lift in India costs 3.75 times cheaper as compared to the US.

Employment opportunities in the sector



- The unprecedented growth of wellness and beauty industry has created a huge demand for semi-skilled and skilled professionals in the country. The rise in demand for services like nutrition consulting, fitness coaching, etc. has created wide ranging career opportunities that can be pursued by young Indians. The AYUSH industry is expected to provide direct employment to 1m people and indirect jobs to 25m people by 2020. Similarly, National Skill Development Corporation (NSDC) estimated a workforce requirement 0.15m in the fitness and slimming industry by 2022.
- In 2017, the organized beauty and salon market in India required 2.4m workforce compared to 3.8m in the unorganized market. By 2022, the industry will require around 12.1m people, of which 40% will be demanded by the organized sector.
- In the Indian spa (rejuvenation) market, workforce requirement reached 76,000 in 2017, of which 34,000 were part of the organized market. In 2022, the industry will require 213,000 people and 45% of this demand will be generated from the organized sector.

Workforce scenario in Indian beauty services industry

Beauty and salon

- Workforce in the industry is expected to grow at a CAGR of 14.3% during 2017-22 to reach 12.1m.
- Women capture more than 50% of the total workforce in salons, rejuvenation and slimming industries. As the industry grows, the opportunities for women entrepreneurs are expected to increase rapidly.
- Quality of labor in this industry is increasingly gaining importance, with more demand arising for the skilled labor

Spa

- Workforce in the industry is expected to grow at a CAGR of 22.9% during the 2017-22 to reach 0.21m.
- Large proportion of the workforce is sourced locally. For instance, people from Kerala are preferred for the Ayurveda spa services while workers belonging to the Northeastern states are demanded for basic services. As the industry is growing, labor migration is increasing from West Bengal, North-eastern states and Nepal.

Aesthetic dermatology

- Employed around 2,000 plastic surgeons (4.6% of global share) in 2016.
- Indian aesthetic dermatology market is increasingly becoming lucrative due to higher customer demand and technological advancements. Employment opportunities are therefore rising, making it attractive for people to build the required skill-set.

Government programs

Skill Initiative Program (Skill India movement)

It is a vocational training scheme that includes several courses on wellness such as beauty and hair dressing, yoga, naturopathy and spa and wellness. It was launched in 2015 with an aim to train over 400m people by 2022. The program is run by the Ministry of Skill Development and Entrepreneurship (MSDE).

Skill Loan Scheme¹³

It is scheme to provide loans ranging from US\$74 to US\$2,212 to people who wish to undertake skill training programs.

Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

It includes training individuals through accredited and affiliated training partners or centers by providing short-term trainings (STTs) or recognition of prior learnings (RPLs). The schemes are run across 252 job roles related to 35 sector skill councils.

National Skill Training Institute for Women (NTSI):

NTSI (formerly known as Regional Vocational Training Institute (RVTI)) provides vocational training to women in courses such as beauty care, cosmetology, fashion design, dress making, etc. Also, it imparts instructional training to trainers and need based training to women who aim to become entrepreneurs. Currently, there are 18 NTSl in India.

Mudra Yojana Scheme for Women¹⁵

The scheme provides financial support to the women entrepreneurs who aim to open their businesses such as salon, spa, etc. It provides loan in the range of US\$697-US\$69,700.

National Skill Development Mission (NSDM)

the program targets skilling at scale with speed and quality and focuses on strengthening institutional training, infrastructure, convergence, training of trainers, overseas employment, sustainable livelihoods and public infrastructure. It aims to train over 400m people by 2022

Regulatory framework



In India, NABH lays down standards for voluntary accreditation of all organizations providing wellness services including gymnasiums, spas, skincare centers, cosmetic care centers, weight-management centers, fitness centers, immunization centers, executive health check-up centers, etc. The accreditation ensures that these centers provide services as per the global standards and by qualified and trained professionals.

Nutraceuticals

- Comprehensive rules for the manufacture and sale of food for health supplements, nutraceuticals, special dietary use, special medical purposes, Functional food and normal food.
- General conditions for the manufacture and sale of these foods in addition to providing chapter-wise details regarding essential composition, requirements related to claims, labelling, permitted use of additives and limits of contaminants, toxins and residues.
- Various schedules dealing with vitamins, minerals, recommended diet, daily allowance, lists of plant ingredients, botanical storages, probiotics, prebiotics, as well as a comprehensive schedule of additives which is further divided into various sub-categories.
- Schedule detailing the micronutrient content for fortification along with the minimum level of micronutrient.
 - Obligations relating to quality, packaging and labelling of the products.
 - The category name under which the product is sold shall be a health supplement or nutraceutical, as applicable.
- The common name of the health supplement or nutraceuticals which is sufficient to indicate the true nature of the product.
- The percentage of the relevant recommended daily allowances as prescribed by the Indian Council of Medical Research.
 - The term "recommended usage".

Alternate therapies

Government agencies like the Quality Association of India (QAI) and NABH have drawn out guidelines to be followed for effective product and service delivery. At present, Rule 158 B of the Drugs and Cosmetics Rules, 1945, lays down the regulatory requirements, including submission of proof of safety and effectiveness for licensing of AYUSH drugs. The enforcement of these provisions is under the purview of the state licensing authorities appointed by the state governments.

Fitness and slimming

As of now, there is no effective law to regulate the operations of gymnasiums and fitness centers. The Government acknowledges the need for a regulation of fitness and slimming industry and therefore, in July 2017, Gymnasiums and Fitness Centers (Regulation) Act, 2017 was introduced in Rajya Sabha. However, it is yet to be implemented.

Salons, spas and aesthetic dermatology

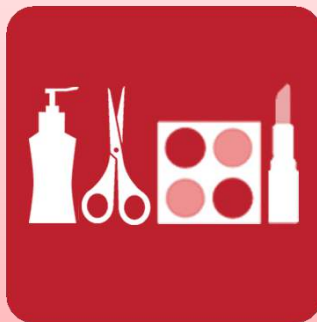
There are very limited regulations and no dedicated government body to directly supervise activities of the salons, spas and aesthetic dermatology industry. However, businesses operating in this industry are expected to comply with some basic regulations such as GST and Shop and Establishment registration.

Marketing trends one must master

- Create online visibility – through websites, ads, social media
- Bring prominent influencers on board
- Provide user-generated content
- Offer localization, customization, personalization
- Experiential marketing



Startups Chains in India



getlook.in
Salon at Home



Investment and Materials Required

Investment for Beauty and Wellness will vary and depend on various factors.

- Job role/expertise- eg Hair stylist or Skin specialist, Beauty therapist
- Location- Metro cities will require higher investment then that of remote or B categories cities
- Target Section societies- Elite class requirement will require to Top brand products then those of middle class.
- Basic requirements like furniture, glasses and space, interior of this space, electricity.
- Human Resource- Top brand centers will have to higher experienced employees demanding investment on salaries then those of nominal brand centers or so.

Basic and minimum requirement will range from 25 thousand to 5 lakh or 10 lakh keeping above points in mind.



Top Colleges/Institutes



- Kurukshetra University- Haryana
 - Calicut University- Calicut
 - LNCT University- Bhopal
- IGNOU - Indira Gandhi National Open University- Saket, Delhi
 - Shri Guru Ram Rai University- Dehradun
- JD Institute of Fashion Technology – Mumbai
 - LTA School of Beauty- Dombivli
 - Shoolini University- Solan
 - MATS University – Raipur
- CCSU - Chaudhary Charan Singh University- Meerut
- LPU - Lovely Professional University – Jalandhar

Thanks!

