

Master's Thesis on  
**COVID- 19 IMPACTS ON COSMETIC  
INDUSTRY IN INDIA**

*FOR THE PARTIAL FULFILLMENT OF THE REQUIREMENT  
FOR THE AWARD OF  
MASTER OF BUSINESS ADMINISTRATION*

UNDER THE GUIDANCE OF  
PRAMOD KUMAR SRIVASTAVA

Submitted By

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MAY, 2022

## **CERTIFICATE**

This is to certify that the Master's Thesis "COVID- 19 IMPACTS ON COSMETIC INDUSTRY IN INDIA" has been prepared by Mr. Sumit Chandila under my supervision and guidance. The project report is submitted towards the partial fulfilment of 2 year, Full time Master of Business Administration.

PRAMOD KUMAR SRIVASTAVA

\_\_\_\_\_

Date:

## **DECLARATION**

I, Sumit Chandila, roll No.1704102004, student of School of Business, Galgotias University, Greater Noida, hereby declare that the Master's Thesis on "COVID- 19 IMPACTS ON COSMETIC INDUSTRY IN INDIA" is an original and authenticated work done by me.

I further declare that it has not been submitted elsewhere by any other person in any of the institutes for the award of any degree or diploma.

SUMIT CHANDILA

\_\_\_\_\_

Date:

## **ACKNOWLEDGEMENT**

“Knowledge is an experienced gained in life, it is the choicest possession, which should not be shelved but should be happily shared with others. It is the supreme art of the teacher to awaken joy in creative expression and knowledge”. The success of any project is the result of hard work and endeavour of not one but many people and this project is no different. I take this as a vow that it was an achievement to have succeeded in our final project, which should not have been possible without guidance of- Mr. Pramod Kumar Srivastava (Faculty mentor).

We are thankful to the entire lot who has given the full support in collecting the required information and continuous help during the project.

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## **ABSTRACT**

This thesis affords a strategic evaluation of the Indian cosmetics marketplace and a forecast for its development, taking into consideration the effect of COVID-19 on it. It affords a top level view of the marketplace value, dynamics, segmentation, characteristics, prices, global trade, tendencies and insights, boom and call for drivers, demanding situations, etc. This document makes a speciality of the change & effect with inside the Indian Beauty Products & Cosmetics Industry because of the unfold of Novel Corona-Virus (Covid-19) and the way this has modified the intake sample of the Indian purchasers. The motive of the document is to explain the nation of the Indian herbal cosmetics marketplace. The document additionally the effect COVID-19 has and could have on it. In addition, the document affords an complicated evaluation of the primary marketplace participants, enterprise tendencies and insights, boom and call for drivers and demanding situations and all different factors, influencing the marketplace development. In current years recognition approximately using beauty product has extended with the aid of using leaps and bounds. A plethora of beauty merchandise are to be had with inside the marketplace because of extended exposure of the splendour merchandise generated with the aid of using numerous splendour contests and hordes of TV channels selling beauty merchandise. Present examine aimed toward patron survey of beauty merchandise. In this examine 50 girls purchasers of beauty merchandise from India had been evaluated the usage of established questionnaire. Questionnaire consist of specific questions concerning frequency of purchase and use of beauty merchandise, buy of beauty merchandise, how a whole lot spend on cosmetics according to month, etc. All girls had been requested to fill given questionnaire. Filled questionnaire had been analysed and provided graphically. concluded that fundamental recognition approximately beauty product extended with the aid of using TV channels and additionally believed in natural cosmetics.

## INTRODUCTION



An uneasy calm prevailed throughout the Indian groups whilst the national lockdown of 21 days become introduced with inside the month of March. There become a whole ban at the motion of human beings and goods, apart vital commodities. There become a surprising length of uncertainty that become introduced, consequently making it extraordinarily tough to forecast any form of call for or deliver projections with inside the preliminary few months of the lockdown. Since beauty & cosmetics is categorised as a non-vital item, there has been a surprising standstill on income because the three important factors of income for beauty & cosmetics merchandise: Malls, Salons & E-Commerce web sites have been advised to finish shut-down of services. Sales hit rock backside to a near-0 at some point of the stern national lockdown length that commenced from past due March'20 and keeps until early May'20. This abrupt decline in income, demanded a whole overhaul on deliver chain management, because the destiny import/manufacturing numbers needed to be dynamically revised because of the uncertainty round whilst will operations resume and consequently the hold-up stock may be sold, moreover clearing the direction for destiny orders and procurement. However, no matter restoration signs, it's far predicted that in 2020, sales from income of merchandise might also additionally fall via way of means of 30 in line with cent. This partial restoration is because of the truth the e-trade income of beauty merchandise has grown, in comparison to the 2019 figures. With the approaching up of "Vocal

for neighborhood” motion which goals to empower neighborhood artisans the audience’s allegiance is likewise slowly transferring closer to domestic grown manufacturers and MSME’s are ultimately grabbing the spotlight. The maximum these days released Khadi e-marketplace has additionally speedy installed itself with a pan-India reach. New traits in manufacturing, and pleasing an global attraction are instilling the concept that neighborhood cannot most effective fulfill the Indian markets however compete on a international level, as well. Brands like Khadi, Mamaearth, Patanjali, Beardo and plenty of greater apprehend purchaser behaviour and alternatives so as to role themselves as marketplace leaders This is a push closer to the Swadeshi motion and goals to empower neighborhood artisans. The aid of neighborhood groups is an vital element for neighborhood manufacturers to maximise their potential.



## **LITERATURE REVIEW**

**1) Britton, 2012:**

The research used the survey method for data collection, the survey questioned usage, habits and beliefs of students (particularly female) towards makeup. The results show that the cosmetic industry has a significant influence on college women. College women form a major part of the cosmetic industry.

**2) DeBelen, 2016:**

The research is conducted to understand the reason behind the rapid changes, impact of consumers and advertisements on these changes. Advertisements do not have a great influence over today's consumer. There are various other factors that influence a consumer like online reviews, blogs, testimonials and video reviews.

**3) Silverio, 2010:**

The study helps in understanding whether a woman values herself more or less when she is wearing makeup. The study used the survey method to collect data and mainly filled in by students. The study found that women feel more in place when they have makeup on.

**4) Alex L. Jones, 2016:**

The study tries to evaluate the impact applying makeup can having on identity. Most variation in attractiveness comes between individuals due to the difference I identities. The study includes understanding how cosmetic and identity affect attractiveness by studying professionally applied makeup.

**5) Joseph, 2017:**

This particular study was conducted to understand the perception and awareness among college students towards online shopping. The level of awareness, factors that affect online shopping along with challenges encountered while shopping online are taken into account for the study.

**6) Mohamed, Hussein, Zamzuri, & Haghshenas, 2014:**

The study was conducted to give information about an individual's online shopping continuance intention. The research has used two theories, Expectation Confirmation Theory and Technology Acceptance Model.

**7) Jung Eun Lee, 2014:**

The study was conducted to inspect the effects of high vs low price discounts by combining existing literature on price discounts, perceived risks and purchase intentions for products sold online.

**8) Rakesh & Khare, 2012:**

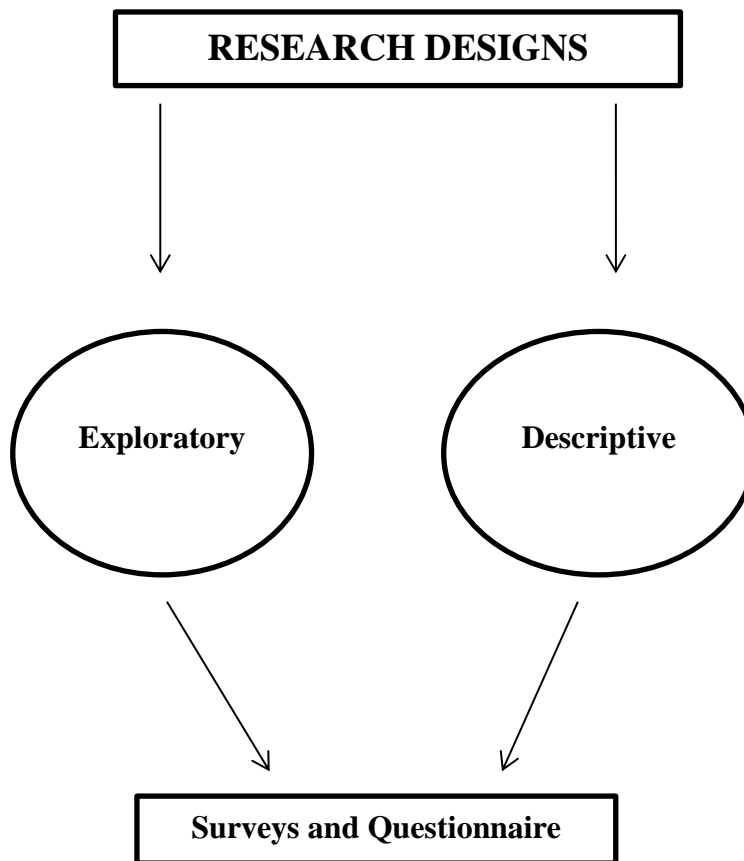
This research evaluates the influence of deal proneness on Indian consumer's shopping behaviour online. Online shopping attracts heavy investment from retailers.

**9) Dr. G. K. Deshmukh, 2016:**

The research includes an empirical study of around 100 online consumers to recognize their online shopping behaviour by making use of the Structural Equation Modelling. The main finding of this research portrays the demographics of customers, variety of products, sellers, and characteristics of websites have a positive influence on the intention and the behaviour of the customers in India.

## **RESEARCH DESIGN AND METHODOLOGY**

Research design refers to the method of organization and data collection that a researcher applies to a project or study.



- Exploratory research design is chosen to gain background information and to define the terms of the research problem.
- Descriptive research is chosen to identify frequencies, trends, and categories.

## **DATA COLLECTION-**

- The medium used for collecting data is via surveying questionnaires online.

I had it filled from few people residing in different cities in India belonging from different age groups.

- The questions in the form are related to the impacts of the COVID-19 pandemic on businesses, with top challenges including ingredient and raw material delays, component and packaging shortages, reduced/cancelled orders from retailers and consumers, and closures of production lines in some impacted areas.
- Sequencing of questions is based on the motive to cover every aspect of consumer buying behaviour.

- Questions: -

1. Name
2. City
3. Age
4. Mode of buying preferred?
5. Category of choice.
6. Rate Quality of online products.
7. Thoughts on duration of delivery of online products.
8. Frequency of cancellation/ return of orders.
9. Cost range preferred.
10. Better category choice during Covid- 19.

**SAMPLING DESIGN-**

Target Population: Females

Sample Frame: Indian Cities

Sample Units Used: 50

Method for selecting sample:  
Simple Random Sampling

Sample Size: 50

Response Rate: 100%

## **LIMITATIONS**

- 1) Time span for the project is limited.
- 2) Biasness among the respondents.
- 3) Monetary issues may arise.

## **DATA ANALYSIS & INTERPRETATION**

In the first few months of the nation-wide lockdown, consumers got used to only spending and purchasing essential commodities, thus changing their typical day to day needs. Also, a large section of Indians who spent a lot on beauty & cosmetic transitioned into adapting to work from home routine, in which they did not necessarily feel the need for beauty solutions. This brought in a major depletion in demand in the initial few months of the unlock.

As people continue to follow self-isolation, they relied on home-made remedies such as natural and home-made facials, lotions, and essential oils to take care of themselves. Consumers are now more focused on their body and skin aesthetics thus increasing the consumption of natural products rather than chemical-based products. Also, the added economic crisis due to pandemic resulting in job losses, job insecurity and pay cuts, has led customers to limit their expenditure on luxury and non-essential products.

With work from home becoming a norm & face masks mandatory while stepping out, the need for buying makeup products and fragrances also reduced as the customers no longer feel the zeal to dress up as earlier while getting ready for work. There is a shift of focus on purchasing products for facial areas exposed above the mask i.e., eyes, which is reflected by an increase in the demand for eye makeup products.

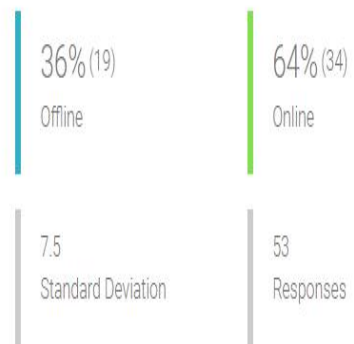
However, despite recovery signs, it is estimated that during 2020, revenues from sales of products may fall by 30 per cent. This partial recovery is due to the fact the e-commerce sales of cosmetic products have grown.

The majority of customers are still not ready to venture out for shopping in malls/retail outlets and go to the salon, the brands need to significantly invest in creating a digital-first strategy wherein they are promoting their brand with relevant festival centric communication along with attractive discounts to lure customers in making purchases.

**Question: Mode of buying preferred?**

a) Offline	b) Online
36%	64%

**4** Mode of buying preferred?

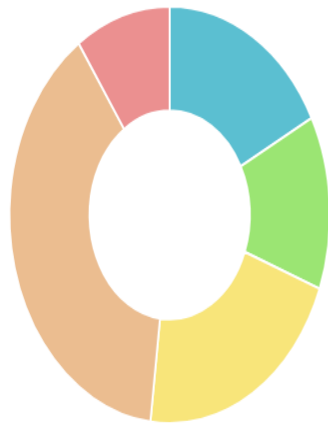




**Question: Category of choice?**

<b>a) Skin &amp; sun care products- 17%</b>	<b>b) Hair care products- 13%</b>
<b>c) Deodorants &amp; Fragrances- 21%</b>	<b>d) Makeup &amp; colour cosmetics- 38%</b>
<b>e) Other</b>	<b>- 10%</b>

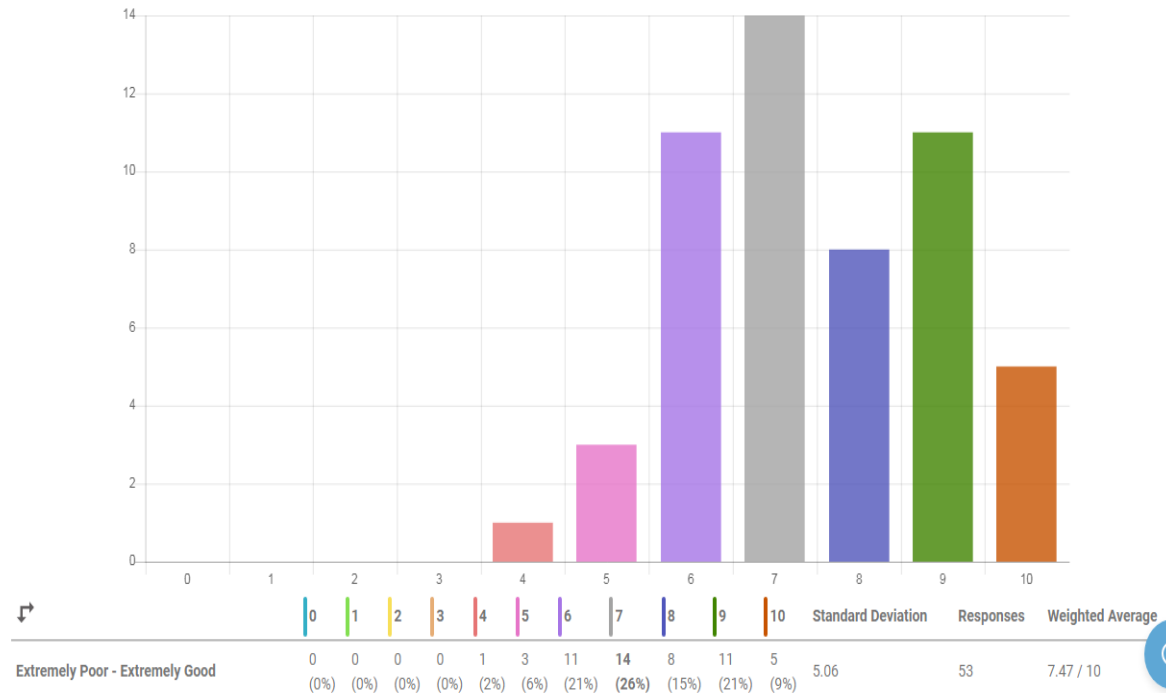
**5** Category of choice?



## Question: Rate quality of online products.

6

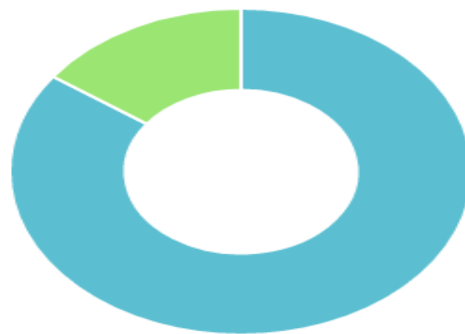
Rate quality of online products.



**Question: Thoughts on duration of delivery of online products.**

a) Satisfied	b) Dissatisfied
85%	15%

**7** Thoughts on duration of delivery of online products.



85% (45)  
Satisfied

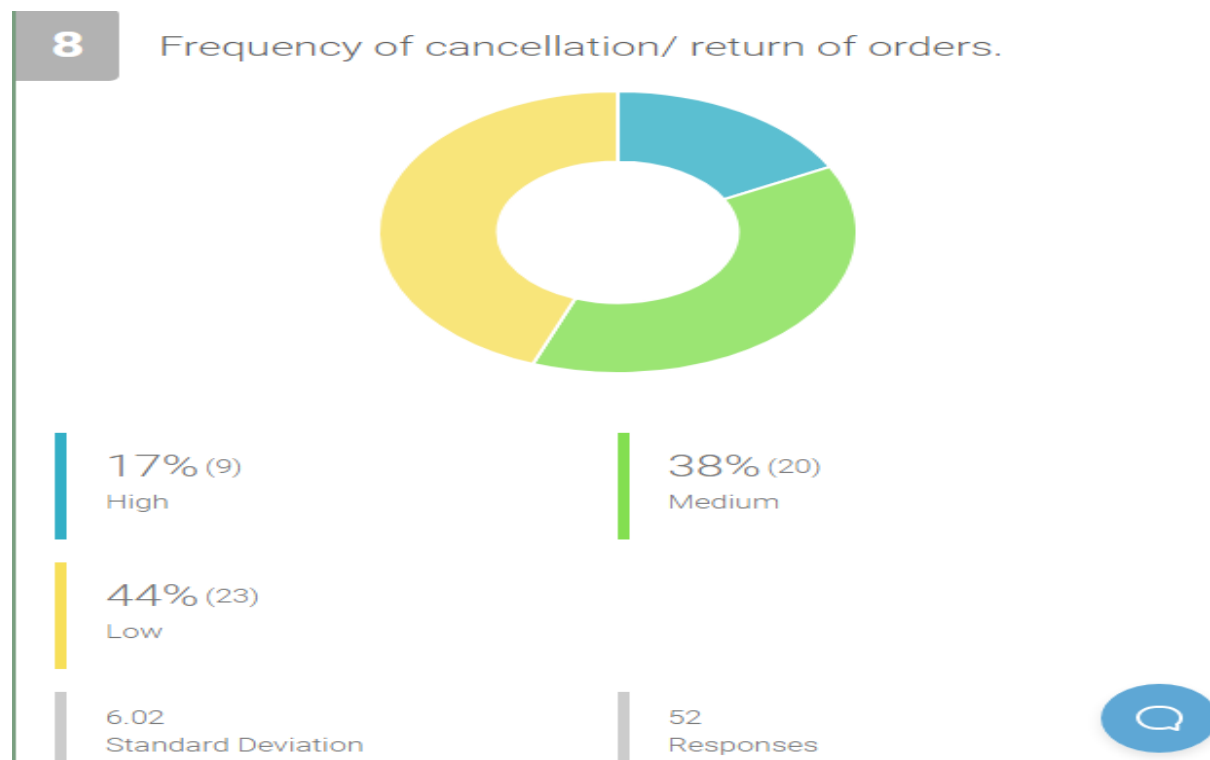
18.5  
Standard Deviation

15% (8)  
Dissatisfied

53  
Responses

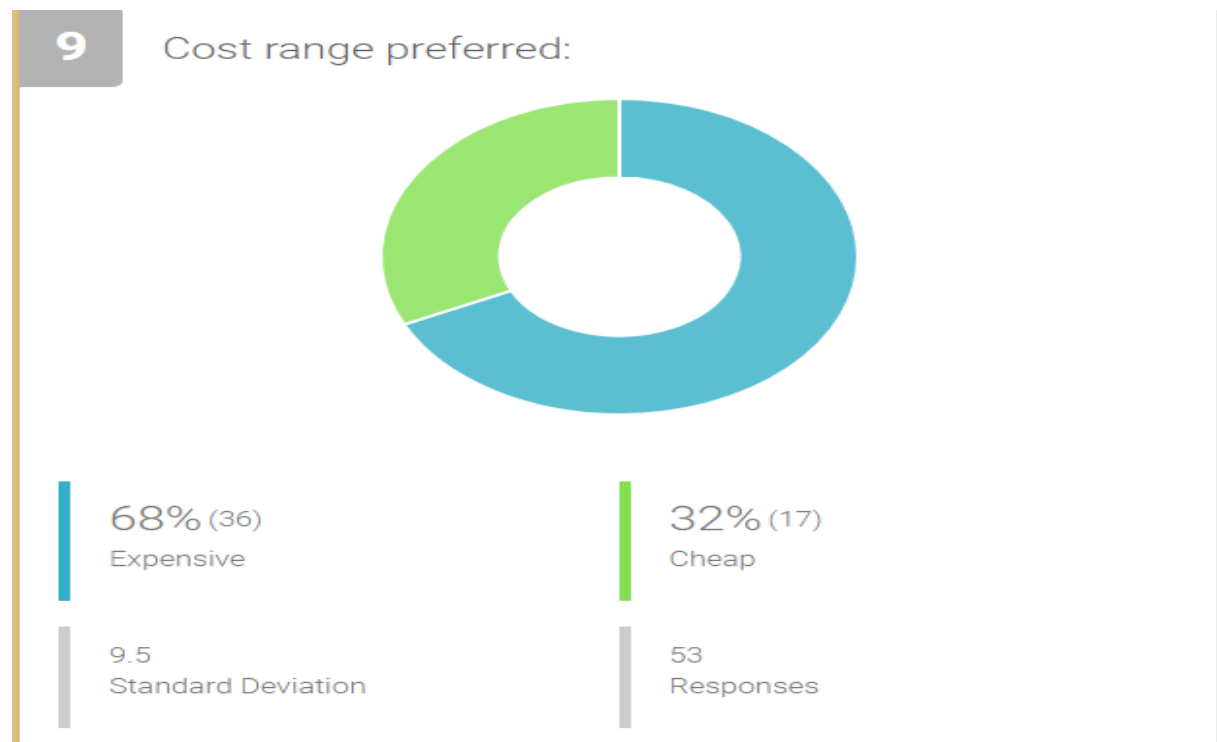
**Question: Frequency of cancellation/ return of orders.**

a) High	b) Medium	c) Low
17%	38%	44%



**Question: Cost range preferred.**

a) Expensive	b) Cheap
68%	32%



**Question: Better category choice during Covid- 19.**

a) Herbal	b) Non- herbal
58%	42%

**10**

Better category choice during Covid- 19:



58% (31)  
Herbal

4.5  
Standard Deviation

42% (22)  
Non- herbal

53  
Responses



## **FINDINGS**

- The best mode preferred to buy cosmetics by Indian women during the pandemic is via Online (64%).
- Category of choice by Indian women amongst all options is Make up & Colour cosmetics (38%).
- On a scale of 1- 10, the ratings given by Indian women regarding the quality of online products falls the most on “7” by (26%).
- Majority of Indian women have been seeing satisfied on the time taken by delivery men to deliver the products safely by 85%
- As per the observation, the frequency of cancellation/ return of orders of Low by 44%.
- The Indian market is interested in buying Expensive cosmetic products by 68%.
- Keeping in mind their safety, most Indian women prefer to use Herbal cosmetic products by 58%.

## **CONCLUSION**

The cosmetics companies manufacture personal care products using natural, herbal and chemical materials purchased from suppliers. These raw materials are tested in plants and laboratories to develop formulas for substances that enhance personal beauty. These formulas, generally patented, are used in the mass production of cosmetics products.

Most cosmetics companies rely on a multilevel distribution strategy, which includes placing products with department stores, specialty retailers, pharmacies, salons, spas, freestanding stores, travel retail outlets, websites and mobile applications. However, some companies, like Avon Products, Inc. (AVP) and Mary Kay, use a door-to-door selling method to directly reach customers.

However, despite recovery signs, it is estimated that during 2020, revenues from sales of products may fall by 30 per cent. This partial recovery is due to the fact the e-commerce sales of cosmetic products have grown, as compared to the 2019 figures.

Cosmetic industry is a very fast paced industry where product innovation is the key to success. In today's extreme competitive landscape, businesses demand continuous innovation and sustainable core competency to survive in the market. To outpace from the competition, fulfilling consumers' demand is the main key to win market share or penetrating into new market. Marketers have presumed green product has emerged to become the direction for future product development and it is the answering call from public to conserve the environment due to extensive pollution and waste creation from corporations. However, as the literature review has shown, most of consumers purchase green products are actually based on personal needs and lifestyle, rather than buying them due to environment cause.

Hence, rather than focusing on how to devise effective marketing strategy, it is vital for marketers to realise the underlying reason of why consumers should choose green products rather than conventional products. As such, the present research intends to contribute knowledge and insights into this area by studying the determinants of purchase intention for green personal care and cosmetic products. Based on the research findings about demographic profile of consumers purchasing green personal care and cosmetic products, female are generally shown to have more favourable attitude and purchase intention on the products than male respondents. This is evident in many previous researches that women are consumers who are highly concerned with climate change and air pollution.



## **Post Covid Marketing Strategy**

After the unlock 1, people started coming out but they were still not ready to spend irrationally. With the festive season around, customers have started spending and this is the time beauty brands need to gear up and come up with strategies to attract the customers.

Since the majority of customers are still not ready to venture out for shopping in malls/retail outlets and go to the salon, the brands need to significantly invest in creating a digital-first strategy wherein they are promoting their brand with relevant festival centric communication along with attractive discounts to lure customers in making purchases.

More than 18 per cent consumers on e- Commerce in the last couple of months for beauty personal care have been first-time users.

Along with promotions, brands will also have to invest in customer education as there is a major shift in the end consumption pattern for many products. For instance, the hair colour segment, which has traditionally been a salon focused product, now needs to become a D-I-Y product, as consumers will still want to avoid unnecessary visits.

With the coming up of "Vocal for local" movement which aims to empower local artisans the audience's allegiance is also slowly shifting towards homegrown brands and MSME's are finally grabbing the spotlight. The most recently launched Khadi e-market has also quickly established itself with a pan-India reach.

New trends in manufacturing, and satisfying an international appeal are instilling the idea that local can not only satisfy the Indian markets but compete on a global level, as well. Brands like Khadi, Mamaearth, Patanjali, Beardo and many more understand customer behaviour and preferences in order to position themselves as market leaders

This is a push towards the Swadeshi movement and aims to empower local artisans. The support of local communities is an imperative factor for local brands to maximize their potential.

The sudden rise and shift of consumption and consumer interest for locally manufactured brands & products will have a negative impact on foreign brand or imported products at least in the near short term. However in the long term, the quality of products will be a deterministic factor to establish a clear preferred choice.

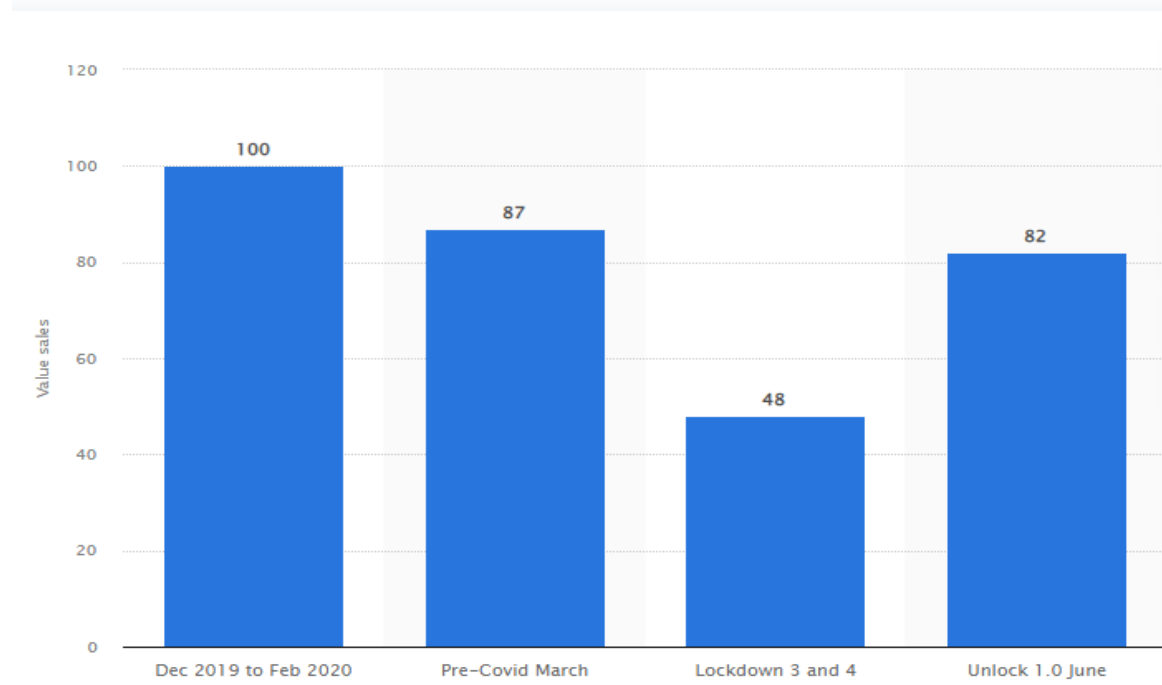
The willingness of brands to customize their products for different segments of customers will play an important role. Today's customer is ready to support local products, but they want products built to their needs.

## **Prospect for Future**

Post-Covid, a customer's journey would tilt towards a digital-first approach, which will of course sky-rocket businesses of websites such as Nykaa, Amazon, and other affiliate channels consumers can only expect the best for them when it comes to competitive pricing and freedom of choice. Therefore, it is extremely important for brands to maintain a strong supply chain and visibility of their products in all major e-commerce stores.

While the economy is now in recovery mode, customers are still sceptical about spending on high price range products, when they have natural affordable home grown products available. The imported product brands have to make sure that the product portfolio and pricing strategy are aligned according to the Indian customers to gain their mind-share and keep customer loyalty intact in the growing beauty & cosmetic market of India. While intangible elements like product quality & brand perception will continue to deliver an edge, elements of product availability & value for money will take centre stage.

**Impact of coronavirus (COVID-19) on average monthly value sales of skin care in India between December 2019 and June 2020**



## **RECOMMENDATIONS**

Although history and growth to dominance of the cosmetic market place has positioned it well for the future, its continued success is not guaranteed as it faces many challenges. The following are proposed recommendations for to continue to meet some of these challenges and continue to grow:

- Continue and accelerate sales in emerging markets, especially in Asia and Eastern Europe.
- Accelerate web-based technology assistance and growth to suppliers and consumers of their AWS and FBA products and services.
- Push regulations to allow automated deliveries of small common products (Drones and automated delivery vehicles).
- Expand its web-based product offerings to further expand its low cost leadership.

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## APPENDICES

### 1. DATA COLLECTION FORMS:

# Research Survey

Present study aimed towards consumer survey of *cosmetic* products during Covid- 19.

1\* ) Name:

2\* ) City:

3\* ) Age:

Done  
press ENTER

3\* ) Age:

4\* ) Mode of buying preferred?

A Offline      B Online

5\* ) Category of choice?

Done  
press ENTER

6\* ) Rate quality of online products

6\* ) Rate quality of online products.



0 1 2 3 4 5 6 7 8 9 10

Extremely Poor Extremely Good

7\* ) Thoughts on duration of delivery of online products.

A Satisfied B Dissatisfied

8\* ) Frequency of cancellation/ return of orders.

A High B Medium C Low

Done  
press ENTER

9\* ) Cost range preferred:

A Expensive B Cheap

10\* ) Better category choice during Covid- 19:

A Herbal B Non- herbal

Done  
press ENTER

Finish Survey

XXXXXXXX