

# Analysis of india's cosmetic industry



**ASSIGN  
BUSTER**

Cosmetics or Makeup are substances to enhance the beauty of the human body, apart from simple cleaning. Their use is widespread, especially among women in Western countries. Cosmetics, general term applied to all preparations used externally to condition and beautify the body, by cleaning, coloring, softening, or protecting the skin, hair, nails, lips, or eyes. Perfumery is usually excluded from the field of cosmetics. Although perfumes are commonly manufactured in coordination with cosmetics. The use of cosmetics is worldwide and dates from the remotest antiquity. Although it is generally believed that cosmetics as they are now known originated in the Far East, the study of simple cultures indicates that forms of cosmetic beautification have been practiced in every part of the world. The war paint of the Native American, the tattooing and scarification practiced by many peoples (the Maori of New Zealand and numerous African cultures), and the use of woad (a blue dye used by ancient Britons to paint their bodies) are all forms of cosmetic adornment. A large variety of cosmetics are generally available today. Cold cream is an emulsion of various oils and waxes and water; it is employed to cleanse and soften the skin. Face powder and dusting powder are based on talcum (powdered magnesium silicate) and zinc oxide and are used to dry and give a satiny texture to the skin. Lipsticks, either applied directly or brushed on the lips, are made of cocoa butter or lanolin and are manufactured in an endless variety of shades, as are rouges, mixtures of red pigments and starch or finely powdered clay. Bath salts and other bath preparations combine water-softening agents such as sodium carbonate or borax with perfume; bath oils are also a popular skin-softening and perfuming aid. Nail polishes are lacquers or plastics available in many colors. Hair lotions and hair sprays are used to condition the hair, keep it in

place, or make it glossy. Shampoos are based on soap or synthetic detergents. Hair-coloring dyes, tints, and rinses, available in many shades and colors, are widely used cosmetic products. Henna is a vegetable dye, used for centuries to impart a red tint to the hair. Weak solutions of hydrogen peroxide are often employed as hair bleaches. For coloring the eyebrows and eyelashes, mascara is generally used. This is a compound of gum and black, green, or blue pigment. Sulfides of calcium and barium have the property of removing hair from the skin and are generally the active agents in cosmetic depilatories. Bronzes are creams that impart a color to the skin similar to that of suntan. Whereas perfumes are not classified as cosmetics, deodorants are. Deodorants may contain an astringent such as aluminum sulfate, which closes the openings of the sweat glands. An antibacterial ingredient, hexachlorophene, was banned from deodorants in 1972. Cosmetics and perfumery are by no means confined to use by women. Grooming aids frequently used by men include powders, colognes, and lotions, particularly alcohol-based after-shave lotions; bay rum, a mixture of alcohol, oil of bay, and oil of orange, originally made with rum; hair tonics, often with an alcohol or quinine base; and deodorants. Annual retail sales of men and women toiletries in the U. S. today make cosmetic manufacturing a multibillion-dollar industry. Cosmetics are designed for cleansing, beautifying, promoting attractiveness and altering appearance of skin. There are an ever-growing number of ingredients included in cosmetics that are purported to be beneficial for the skin, but often little information on these ingredients is available.

## **COSMETICS INDUSTRY OVERVIEW**

The cosmetics industry is a \$45-billion-a-year business with thousands of products embodied in 33 Food and Drug Administration (FDA) classifications (13, 18). Cosmetics are defined by the Food, Drug and Cosmetic Act as “articles intended to be applied to the human body for cleaning, beautifying, promoting attractiveness or altering the appearance without affecting the bodys structural function” . The key words in this definition are “intended” and “bodys structural function.” Intended use of the cosmetic must be clearly labeled and if the safety of a cosmetic product is not adequately substantiated for that intended use, the product is considered misbranded and may be subject to regulatory action. The physiological, or functional, altering of the body differentiates drugs from cosmetics. The FDA regulates this difference by not requiring premarket approval of cosmetics. At the same time, however, the FDA does expect that the manufacturer of a cosmetic has conducted toxicological and other appropriate tests to substantiate the safety of the product and can provide this data if challenged by the agency. While it has become fashionable for some manufacturers to apply the “cruelty-free” label to their products (indicating that animals were not used during safety testing), this claim can be misleading.

In vitro tests and other nonanimal methods for safety evaluation have come a long way and are being used in industry as initial screening procedures. However, given a new cosmetic derivative or a cosmetic incorporating a drug component, a standardized in vivo test, such as the Draize Ocular Irritation Test, may be in order. This in vivo test is still considered valuable in predicting human eye irritants when the irritation is subtle or when the

chronic recovery phase data may be equally as important as the initial acute exposure data. Industry, in cooperation with regulatory agencies, has established multiple refinements to obtain the required data while minimizing the potential for pain or distress. Evaluation of the agents pH and the use of the primary dermal irritation tests are routinely used to screen out agents likely to evoke a response beyond moderate irritation (17). Agents having passed the preliminary screening could conceivably go on to the classic test but with the following refinements in place: use of three animals vs. the standard of six; use of smaller volumes of solution installed in the eye; use of one animal to evaluate an unknown and await a response before continuing or discontinuing with the remaining test animals; and use, when applicable, of anesthetics in the eye (10). In part, because of refinements to the Draize Ocular Irritation Test and use of available in vitro methods, the number of rabbits used in the cosmetic industry between 1980 and 1989 was reduced by 87 percent.

## **COSMETICS MANUFACTURING**

In the fast-paced and ultracompetitive cosmetics industry, the right color, special effects and functionality can mean the difference between success and failure. Engelhard technologists and market specialists understand this dynamic and are dedicated to helping customers create new and innovative looks and textures for their products. For example, Engelhard effect-enhancing pigments enhance the appearance, performance and value of a wide variety of cosmetic products, including lipsticks, mascaras, nail polishes, eyeshadows and blushes. Specifically, these high-performance pigments impart a range of special effects from a soft satin luster to

dramatic sparkle, and add subtle dimension and nuance to matte-type products. Our performance personal care materials impart a range of important benefits to cosmetics. These range from providing sun protection and anti-wrinkling power in skin products to providing antimicrobial protection in a wide range of cosmetics.

Some product lines include Reflecks™ pigments and colors, which add brilliant star-like glitter and shimmer; Flamenco® pearlescent and iridescent pigments, which provide a range of effects, textures and opalescent colors; Duochrome® iridescent colors for dual-color effects; Cloisonne® colors, which give lustrous and rich color effects; Pearl-Glo® bismuth oxychloride pigments; and many others. Engelhard Actysse™ BG performance actives can impart a new breadth of benefits to cosmetics. And, our performance minerals also are used extensively in cosmetic manufacturing.

Products such as Coslin® specialty performance kaolins are used throughout the industry to enhance oil and moisture absorption, skin adhesion and compressability. Other performance minerals such as mica and treated mica provide other benefits to a wide range of formulations. With such a diverse and technically advanced product range, Engelhard is clearly well positioned to help customers stay ahead of the competition. Utilizing Engelhard technology, customers get products that feel better, look better and work better. And when customers want to create totally new and innovative products and bring them to market fast, Engelhard is the only partner they need.

## **CURRENT PLAYERS IS INDIAN COSMETIC INDUSTRY**

### **Baby Products Listings**

- Futura Poly Containers – Manufacturers and exporters of baby care products like feeding bottles, nipples teats, sippers, training cups, non-spill cups, sports bottles, bottle brushes, infant toys, teethers and pacifiers.
- Johnson & Johnson Ltd – Suppliers of baby care products such as hair oil, baby powder and also provides medicines for a range of conditions in the areas of gastroenterology, fungal infections, womens health, oncology, nephrology, mental health, neurology and pain relief.
- RPE Group – Distributors of baby feeding & teething products, baby feeding spoons & forks, baby teething toys, shaving products, batteries, emergency lights and torches.
- Bonny Product Pvt. Ltd. – Producing and supplying baby care products like baby feeding bottles, nipples, baby teats & pacifier, infant non topple tumbler, brushes, bibbs and key rattle.
- Bonny Baby Care Pvt. Ltd. – Supplying feeding bottles, nipples, nipple shield, pacifiers, soother, sipper and other baby products.

### **Cosmetics & Toiletries Listings**

- Hygienic Research Institute – Manufacturers and suppliers of skin care products, lotions, moisturizer, cosmetics, hair oils, hair dyes, shampoos, hair care soaps and depilatories.
- CavinKare Pvt. Ltd – Exporters of cosmetic products, shampoos, creams, perfumes, hair oils and hair-dyes.

- Raheja International – Exporters of beauty cream, face wash, shaving cream, toiletries, talcum powder, nail paint, analgesic, lotions, toothpaste, detergent powder & cake, incense sticks and kitchen ware.
- Bagla & Co. (Regd.) – Suppliers of nail polish, kajal, eyeliner and nail polish remover.
- D. C. S. International Trading Company – Dealing in supply and export of indian human hair including double & single drawn, remy and non-remy for making wigs, hair pieces, toupees, dolls wigs, eye leashes and other human hair products.
- Shepherd India Eximp Pvt. Ltd. – Engaged in the exporting of human hair and also provides hair replacement.
- Raj Impex (India) – Exporters of raw human hair, processed human hair and bleached hair in different shades/colors.
- Indian Hair Industries (P) Ltd. – Dealing in supply and export of beautiful & healthy human hair all over the world.
- Kuria Mal Gopi Chand – Exporters of natural henna powder and henna based hair dyes in various colors including black, brown, chestnut, burgundy, mahogany, blond, orange, red and purple.
- Cosmotech Industries – Manufacturers and exporters of talcum powder, nail polishes, perfumes and incense sticks.
- Pretty Maam Herbal Cosmetics – Manufacturers of skin care and hair care products such as tulsii, amla, henna shampoo, aroma hair oil and aroma bouquet fairness cream, etc.
- Clarion Cosmetics Pvt. Limited – Manufacturers and exporters of talcum powder and other fashion & beauty products.



- Vicco Laboratories – Manufacturers of ayurvedic toothpaste, powder, skin care products, face wash, sugar free, etc.
- Chandrika Ayurvedic Soaps – Manufacturer and exporter of ayurvedic soaps and shampoos.
- Lissome Cosmetics Pvt. Ltd. – Manufacturer and supplier of cosmetic products including lip and nail colours, face make-up, etc.

## **Cosmetic Product study**

### **Fair & Lovely**

‘ Fair & Lovely,’ a skin whitening cream, marketed by Unilever in many countries in Asia and Africa, and, in particular, India. Fair & Lovely is indeed doing well; it is a profitable and fast growing brand.

First launched in India in 1975, Fair & Lovely held a commanding 50-70% share of the skin whitening market in India in 2006, a market that is valued at over \$200M and growing at 10-15% per annum (Marketing Practice, 2006). Fair & Lovely was the second-fastest growing brand in HLL’s portfolio of 63 brands, with a growth rate of 21. 5% per year (HLL, 2002). Its two closest rival competitors, both produced by local Indian firms, CavinKare’s brand Fairever and Godrej’s FairGlow, only have a combined market share of 16%. Claiming to possess a customer base of 27 million Indian customers who use its product regularly, Fair & Lovely has successfully launched new product formulations from lotions to gels and soaps. Fair & Lovely is marketed by Unilever in 40 countries in Asia, Africa and the Middle East, with India being the largest single market. Fair & Lovely is certainly doing well financially.

Created by HLL's research laboratories, Fair & Lovely claims to offer dramatic whitening results in just six weeks. A package sold in Egypt displays one face six times, in an ever-whitening progression, and includes 'before' and 'after' photos of a woman who presumably used the product. On its website the company calls its product 'the miracle worker' which is 'proven to deliver one to three shades of change' (Leistokow, 2003). HLL claims that its special patented formulation safely and gently controls the dispersion of melanin in the skin without the use of harmful chemicals frequently found in other skin lightening products. (Higher concentrations of melanin lead to darker skin.)

### **Emami Hairlife Instant Hair Pack**

Emami Limited, the Rs. 600 crore personal care and healthcare major, launched Emami HAIRLIFE Instant Hair Pack nationally. Emami Hairlife Instant Hair Pack is a premixed, crème herbal hair pack enhanced with vitamins and proteins to make hair beautiful and healthy from within.

Emami has identified such a need and now makes it possible with the introduction of a breakthrough hair-care innovation – Emami HAIRLIFE – Instant Hair Pack, which makes hair shinier, easy to manage and look like a million bucks along with revitalising and making it strong from within and all of this in just 10 minutes. KERAHERB11™, an advanced herbal formula, ensures optimum action in just 10 minutes, which helps those women who are hard pressed for time and are constantly on the move, women who want to fashionably turn up at every occasion and are looking out for easy solutions to make life less-complicated.

## **CAN INDIA BECOME MANUFACTURING HUB FOR COSMETICS?**

### **Pros & Cons of current scenario**

With disposable incomes increasing in India, the country is poised to become a manufacturing hub for global cosmetics luxury brands over the next five years, a report to be released Monday by the Federation of Indian Chambers of Commerce and Industry (Ficci) and Yes Bank said.

The report referred to the 'core strengths' in India's manufacturing sector, and said manufacturing of luxury items could become a \$500-million industry in this period.

"This optimism stems from the fact that global brands like Louis Vuitton and Frette are already looking at India as a manufacturing base for their products, while others are sourcing their requirements from India," the report said.

Moreover, the study said, cost advantages, particularly in labour-intensive sectors like leather and accessories would goad manufacturing of foreign brands in the country.

The study suggested that in order to promote the luxury cosmetics market, three initiatives were required – organizing the sector, promoting standardization and branding organization, and partnerships with international fashion and luxury associations.

"Corporatization of the luxury cosmetics sector will bring along with it concepts of organized and innovative marketing, leading to large

investments, employments and generating additional revenue streams,” the report said.

Moreover, it said, the luxury sector needed to be treated in isolation with other retail sectors “ as the dynamics governing it were significantly different in nature”.

To reach its potential, the Indian retail sector required significant capital, technology and best practices.

“ One of the key steps towards facilitating the development of the retail sector and in accelerating its growth would be to further ease foreign direct investment in the sector. The constant back and forth on policy decision on retail at the centre also acts as a dampener for luxury brands.”

“ The Indian tariff structure also needs to be streamlined. India has one of the highest duties and taxes on imported luxury goods, which drive the grey market and duty free purchases, while the stringent regulatory environment impedes investment by foreign brands.”

The study called for transparency at all levels for duties and taxes, and a thorough revision of rules and regulations.

Luxury skincare, cosmetics, hair care, fragrances have emerged as thriving sectors and so remarkably proved that often European or US educated brand conscious Indian women. The customer’s first encounter at any departmental store like Shopper’s Stop, Lifestyle, Essence or mall like Crossroads, Ansals, Metropolitan, often is with fragrances and cosmetic brands thus proving that it is these brands that invite customers to stores.

## CONCLUSION

Global cosmetic industry, a Rs. 30000 crore industry, borders are expanding everyday and potential is limitless. The end-user industry of cosmetics and toiletries is amongst the most dynamic industries in world, consistently showing growth rates more than the average GDP growth rate of Europe and displaying an excellent ability to quickly identify and exploit growth areas.

As multinational manufacturers seek to generate growth beyond mature core markets, opportunities are opening up in regions around the world. It is a fast-changing industry, with new product launches, new packaging for old products and price pressures that create a tendency towards economy of scale. Where famous brands remain unchanged, presentation becomes even more crucial.

Naturally, fashion and beauty fads play a part, hence the so-called ‘essential’ and ‘natural’ products. The latest skin creams, facial scrubs, lotions and moisturizers reflect a more fashionable minimalist look for make-up throughout much of the developed world. Changing social attitudes and generally higher disposable incomes also reflect more self-indulgence between both sexes in the use of up-market fragrances and toiletries.

With many players in the beauty care industry coming up with innovative products aimed at penetrating into largely untapped markets, the future looks bright. The cosmetic industry worldwide continues to grow.

Many companies in beauty care industry are coming up seeking opportunities arising out of the changing environment specifically- socio-

cultural and demographic environment, bringing innovative products aimed at merging niche markets and venturing at largely untapped markets.

If we look around we find that what existed 20 or 30 years ago has totally changes and the change is transparent

Despite of every above fact, this industry faces many challenges-including social, demographic as well as cultural ones. No doubt the changing environment do give opportunities, we have to count deep insight into the sector...

As a part of change in socio- cultural environment, it includes changes in education, tastes and preferences, urbanization, women empowerment, attitude of people, increased media influence etc.

Changes in demographic environment with worldwide population growth, geographical shifts in population, sex composition, household patterns are a must study areas which have potential that can be tapped for expansion and for search of better areas or untapped markets.