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Factors that influence purchasing



The beauty market in India is promising huge turnovers for those in the business in the times to come. **Sageraj Bariya**, Managing Partner, Equitorials, an independent stock market research and advisory firm, throws light on the potential, challenges and the growth prospects of leading beauty FMCGs.



India's health and beauty business (H&B), including product and service, is estimated to be worth ₹1.73 trillion, of which only 8 per cent is the organised sector amounting to ₹134 billion. The fragrance category, including deodorants, is the largest worth ₹259 billion, while personal care and colour cosmetics follow with a sales value of ₹208 billion each, with hair colour contributing around ₹90 billion. Considering the the speed at which it is growing, it is not surprising that the H&B segment is going to double in the next five years to reach ₹3.57 trillion.

In terms of market composition, the affluent contribute nearly 19 per cent with ₹320 billion, the upper middle class 24 per cent with ₹414 billion, and the middle class contributes 35 per cent to the total H&B market. This is further categorised into the men's grooming market which accounts for 32 per cent and contributes nearly ₹554 billion. The H&B market has registered a CAGR of 22 per cent over the last five years which was ₹670 billion (Euro10 billion) in 2006 against ₹1.73 trillion currently.

Growth opportunity

Considering the increase in the spending power of consumers, there is a growth potential in beauty and wellness. Some segments that are likely to explode would be:

