The beauty boom in 2023

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In India, the wellness, beauty, and personal care industry is going through a significant transformation. The spending propensity has expanded enormously as Indians in metro and upcountry areas become more aware of many facets of beauty and wellness.

Per capita spending on cosmetics and personal care items was reportedly around INR 450 in 2017; between 2019 and 2024, this figure is predicted to nearly double. The Indian beauty and wellness industry was estimated to be worth INR 901.07 billion in 2018 and is anticipated to develop at a compound annual growth rate (CAGR) of 18.40 percent between 2019 and 2024 to reach INR 2,463.49 billion.

The industry growth has been driven by increasing product access, rising disposable income levels and growing awareness about skin care products and their usage. Covid too has been a catalyst to the growth of this sector. With the growing trend of working from home, people started spending more time with themselves. As a result, there has been a growing need towards self-care and skin care, which also ramped up the industry's growth in the last two years in India.

Additionally, with the growth of the women workforce in tier 1 and 2 cities, purchasing power has increased regardless of gender, and earning women are no longer dependent on their families to fund their personal care spending. This growth trend is expected to witness consistency for the next one year and receive a bigger push by 2024.

By 2023, India should see an increase in the number of domestic and foreign beauty and wellness businesses expanding there. In 2022, there were a tons of new product launches in the Indian beauty retail sector as a whole; this tendency will pick up speed in 2023.

Below are some interesting trends expected in the wellness industry in 2023:

Natural or chemical-free ingredients- Ingredients derived from plants and other natural sources are becoming increasingly popular in India. Consumers are increasingly moving towards chemical free products, as they see the benefits without any visible impact on product efficacy, with the additional attraction of zero side effects. As a result, Brands and their manufacturers are focused on creating products which are natural, environmentally sustainable and use lesser synthetics. This trend towards natural/ chemical free products will only escalate in 2023.

Increased product knowledge: Consumers today are more aware of the products they use. They get into the minute details of product ingredients, understand the importance of environmental sustainability, and give importance to sustainable packaging. This is also changing companies and brand outlook, as they have to cater to the changing consumer behaviour. Today, companies cannot create just a product that looks fancy, smells good and have great packaging. Companies are working hard to use ingredients which cater to the well-informed millennial audience.

Increased use of E-commerce platform: E-commerce is playing a significant role in the growth story. The biggest advantage brought about by e-commerce is the accessibility to upcountry and remote markets. The inventory holding required has been reduced, enabling faster upgrades. E-commerce has also ensured that companies are getting faster feedback from consumers, which has increased the rate of customization in the market. Companies have been forced to innovate at a faster pace to meet consumer requirements. E-commerce has been a true enabler for the beauty and wellness industry, providing greater geographical reach, a wider audience, and greater interest from segments that were not traditionally catered to.

Going in Tier 2 and 3: No longer are the demands for beauty and wellness products limited to urban centres. The growth in Tier 2 and Tier 3 cities is almost outpacing the demand in certain categories. Around 30-40 percent (approx) of consumer demand has been witnessed from the smaller cities in the last year. All thanks to e-commerce, which has been a catalyst in pushing the demand and supply of wellness products in the Tier 2/3 markets and even beyond. Added to the increased consumer knowledge, the personal care market is witnessing fast and consistent growth in smaller towns and cities. 2023 will also witness a good penetration of the latest innovations and trends in upcountry India.

In a nutshell, the beauty and Wellness industry is poised to accelerate its growth story in 2023. There could be some short-term hurdles, due to the slowdown in overall economic growth, but the upward movement will be sustained. The industry has to cater to the changing market dynamics, consumer needs and ever-evolving customer demands. Thus, data analytics will play a key role in the product portfolio, innovative tech and new product plans of brands and manufacturers, who will strive to go to market with customized beauty offerings as per the fast evolving consumer tastes and preferences.

*(Sandhya Sakhuja Director, Vedic Cosmeceuticals Pvt. Ltd.)*