

Evolving Indian Market Towards Beauty Products with Special Reference to Nykka's Offerings: A Case Study

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Abstract—The Indian cosmetic industry is exploring its wings through improvised offerings and catering augmented demands of consumers. Cosmetics Industry is an industry that is involved in manufacturing and distributing beauty and personal care products. The Indian cosmetic industry is mainly categorized into skin care, hair care, oral care, fragrances, and colour cosmetics segments. Nykka is one such organisation in the Indian Cosmetics industry with its wings expanding in the international market. Nykka was established in 2012 by Falguni Nayar, and in 2015, it expanded from an online-only model to an omnichannel model, beginning to sell products beyond beauty. Nykaa has been able to maintain consistent growth because of its unrelenting concentration on the requirements of its customers and its close working relationships with other companies, which are helping it to face the challenges. This case highlights the journey of Nykka, its offering and discussed around the dilemma associated with Nykka & overall cosmetic Industry.

Index Terms—Nykka, Indian Market, Beauty Products, Dilemma in Cosmetic Industry

I. ABOUT THE INDUSTRY: COSMETIC INDUSTRY IN INDIA

The cosmetic industry is an industry that is involved in manufacturing and distributing beauty and personal care products. Over the last few decades, India has seen an increase in demand for beauty and personal care products on boutique and retail shelves. The Indian cosmetic industry is mainly categorized into skin care, hair care, oral care, fragrances, and colour cosmetics segments. India has ranked 4th globally for generating the highest revenue from the beauty and personal care market. The overall market share is expected to grow to US\$20 billion by 2025 with a Compound Annual Growth Rate (CAGR) of 25%. On the other hand, the global cosmetics

industry is growing at a 4.3% CAGR and will reach US\$450 billion by 2025. With the advent of Generation Z, the beauty industry is expected to grow significantly in the near future. Some of the prominent players in the Indian cosmetic market include HUL, Dabur India Ltd, Godrej Consumer Products Ltd, L'Oreal India Pvt. Ltd, Himalaya, Mama Earth, Sugar Cosmetics Pvt Ltd, MyGlamm, L'Oréal, and Lakmé are some of the dominant players in the Indian market. In India cosmetic market are segmented based on Gender, Skin type, and Distribution Channel.

II. ABOUT NYKKA

Nykka is one of India's beauty and wellness platforms. It was founded in 2012 by Falguni Nayar, and in 2015, it expanded from an online-only model to an omnichannel model, beginning to sell products beyond beauty. Through an omnichannel approach, Nykaa has mastered the art of online retail while ensuring a personalized offline experience. The brand name Nykaa is derived from the Sanskrit word nayaka, meaning actress or "one in the spotlight"

III. JOURNEY OF NYKKA

Nykaa aimed to provide a comprehensive range of beauty products and an exceptional shopping experience. In 2018, Nykaa launched Nykaa PRO. It is a membership program that provides users with special access to professional beauty products and offers on the Nykaa app. In 2018, the company also launched an online beauty forum called Nykaa Network. It has evolved into a lifestyle brand offering 2,000 brands and 2,00,000 products across its platforms.

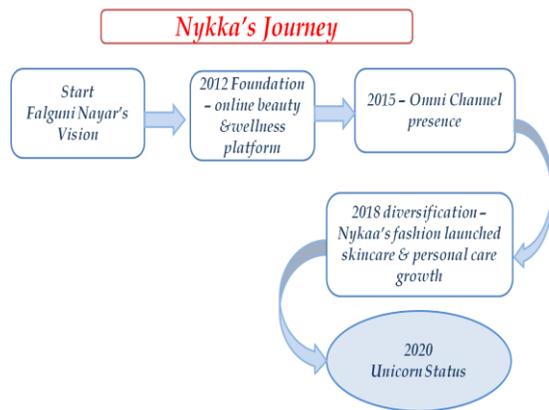


Chart No.1: Nykaa's Journey

IV. PRODUCT PROFILE OF NYKKA

- Skin
- Makeup
- Bath & Body
- Appliances
- Natural
- Mom & Baby
- Health and wellness
- Men

Above points are from the home page of Nykaa, which showcases the broader category of products offered by them.

V. NYKKA'S UNDERSTANDING OF EVOLVING CONSUMER BEHAVIOR IN INDIA

In 2020, the brand launched India's first multi brand e-commerce website for men's grooming. Through Nykaa's YouTube channel and Instagram profile, the brand stays connected with customers, sharing various makeup videos and tutorials. Different Marketing strategy that were adopted to reach a wider audience includes Influencer marketing, Email marketing, SEO and SEM, and Content marketing, along with digital advertisement and promotions brand also leveraged traditional advertising methods, such as TV Ads and print ads, and billboard advertising as their marketing strategy. The values which are followed by the brand include: "Be bold and be good", "Be better every day", "Be the customer's champion", "One Nykaa", "A culture of

belonging", and "sustainability in every action". Nykaa holds items that are directly brought from the manufacturer (B2B model), which leads to a greater profit margin and ensures product authenticity.

VI. COMPETITION, CHALLENGES & OPPORTUNITIES FOR NYKKA

Despite being one of the leading wellness and lifestyle platforms in India Nykaa faces a huge competition from other platforms such as

- Amazon India,
- Myglamm,
- Plum,
- Purple,
- Sephora India.

Nykaa has been able to maintain consistent growth because of its unrelenting concentration on the requirements of its customers and its close working relationships with other companies, which are helping it to face the challenges. Also, the tech-based operation helps them in optimizing their operation and customer experience.

VII. CHALLENGES THAT WERE FACED BY NYKKA ARE:

Initially, Nykaa faced a problem in managing delivery and logistics, which were solved by improving logistics and better partnership with delivery services. Another challenge which can be faced by Nykaa faces includes easy replication of the business model, and an increasing number of different platforms. Managing inventory levels as the news brands are entering the market can make it difficult for Nykaa to manage the different brands and their products.

Along with rising challenges, Nykaa can leverage the opportunities that include:

- Following trends on social media to connect with potential customers and to stay engaged with audiences
- Expanding to international market
- Increasing product range under in-house brands
- Improving and enhancing

VIII. POTENTIAL DILEMMA ASSOCIATED:

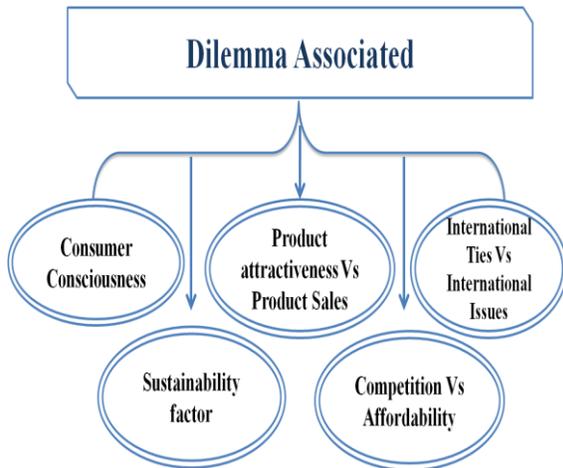


Chart No.2: Dilemma Associated with the Business

IX. CONSUMER CONSCIOUSNESS TOWARDS QUALITY & SKIN CARE

The world of marketing is experiencing its own challenges towards literate & conscious consumers. Today Consumers are well aware about the features and their specific needs, the companies will have to be on their toes to meet the consumer needs.

X. SUSTAINABILITY FACTOR VS GENUINE PRODUCTS

Nykaa has adopted eco-friendly packaging material which is sourced from Micro, Small and Medium Enterprises (MSMEs) contributing both towards reducing reliance on single use plastic and encouraging MSMEs. The “Green” feature on their platform highlights environmental friendly, vegan and cruelty-free products. Having this genuinely exercised approach, it is a question on its sustainability vis-à-vis the cost associated.

XI. PRODUCT ATTRACTIVENESS VS PRODUCT SALES

Nykaa products are not just attractive in terms of marketing efforts but also offer a wide range of both international and national brand for their customers. Having said that it is advisable to track the attractive quotient of the product as it is not free from competition in the Market.

XII. COMPETITION VS AFFORDABILITY

Nykaa is facing a huge competition from many online platforms such as Amazon, Purple, Myntra, etc However, their omnichannel approach, diverse product range, assured authenticity of products and loyalty programs help them to beat the competition. Having said that the affordability factor keeps on beating the door as such products will attract a good portion of the wallet.

XIII. INTERNATIONAL TIES VS INTERNATIONAL ISSUES

As Nykaa offers both international brand and national brand for their customer which is sourced directly from manufacturer or official dealers, the unfavorable relationship between countries can hamper the imports exports deal for Nykaa.

XIV. CONCLUSION:

Nykaa’s journey highlights how a home-grown brand can revolutionize the beauty and personal care industry in India by blending innovation, technology, and customer-centric strategies. From starting as an online marketplace to becoming a successful omnichannel retailer, Nykaa has redefined consumer engagement through personalization, influencer-driven marketing, and authenticity of products. Despite challenges such as rising competition, logistical complexities, and sustainability concerns, the brand has leveraged opportunities in evolving consumer behavior, expanding product categories, and global outreach. Its ability to balance affordability with premium offerings, maintain trust through genuine products, and adapt to market shifts has established Nykaa as a leader in India’s cosmetic industry. Moving forward, continued focus on sustainability, innovation, and international expansion will be key drivers for Nykaa to strengthen its market leadership and sustain long-term growth.

XV. TEACHING NOTES:

OBJECTIVES FOR THE CASE INSTRUCTOR:

- To equip readers / participants with the domain understanding of Cosmetics Industry in India & the strategic skills associated with such Businesses.
- To gain knowledge with respect to the dynamics of Beauty product manufacturing industry while highlighting the challenges & opportunities in the industry.
- To discuss the understanding on evolving consumer behavior in India with respect to beauty products.

XVI. LEVEL OF ANALYSIS:

The current case is a Teaching case with Appraisal Method. The case attracts the level of BBA, MBA Students, In general Commerce Graduates, B Pharma students, and largely the beauty product industry with special reference to cosmetic Industry & related business domain.

XVII. BROAD QUESTIONS ON THE CASE:

- Q.1: Discuss the dynamics of Cosmetic Industry in India. Cite Examples of key players in Industry.
- Q.2: Explain the challenges & struggle of Nykaa in Indian market. Cite Competitive landscape.
- Q.3: Discuss the understanding on evolving consumer behavior in India with respect to beauty products.

XVIII. POTENTIAL SOLUTION: (RESPONSES TO THE DILEMMA)

1. Consumer Consciousness towards quality & Skin Care

ANS:- The consumers are becoming more conscious towards the products and the ingredients involved in it. To tackle the problem Nykaa should emphasize on authenticity of the products they offer to ensure quality and transparency in their offering. As quality conscious consumers prefer more personalized recommendations Nykaa could integrate AI- skin analysis tool for better recommendation, they could also expand to Ayurvedic brand or launch their own

Ayurvedic Private label brand. Focusing on these points can help brand to differentiate themselves from their competitors.

2. Sustainability factor Vs Genuine Products

ANS:- Increasing awareness among customers towards sustainability factors, customers prefer those brands which are taking genuine efforts towards sustainability and try to avoid brands which don't actively contribute towards sustainability. Nykaa has adopted eco-friendly packaging material which is sourced from Small and Medium Enterprises (SMEs) contributing both towards reducing reliance on single use plastic and encouraging SMEs. The "Green" feature on their platform highlights environmentally friendly, vegan and cruelty-free products. Nykaa sources products directly from manufacturers or official dealers eliminating any middle man also their products come with Pink Seal of authenticity ensuring customers receive original products and educate customers through their blog, reviews and expert's video.

3. Product attractiveness Vs Product Sales

ANS:- Nykaa products are not just attractive in terms of marketing effort but also offer a wide range of both international and national brands for their customers. Even after the advent of numerous competitors Nykaa is able to enjoy increasing sales and loyal customers based through loyalty programs, marketing efforts, influencer collaborations, affiliate programs and many more tactics.

4. Competition Vs Affordability

ANS:- Nykaa is facing a huge competition from many online platforms such as Amazon, Flipkart, Myntra, etc. However, their omnichannel approach, diverse product range, assured authenticity of products and loyalty programs help them to beat the competition. Nykaa provides a wide range of products ranging from affordable to luxury products catering to the needs of all types of customers. Adding more products to different categories (both affordable ranging to luxury) can help Nykaa to attract potential consumers.

5. International Ties Vs International Issues

ANS:- As Nykaa offers both international brands and national brands for their customers which are sourced

directly from manufacturer or official dealers. Unfavorable relationship between countries can hamper the imports -export deal for Nykaa. To address these problems Nykaa can maintain a reasonable stock of products in their warehouse base on prediction or maintain a close relationship with official dealers.

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XIX. CASE BENEFICIARIES:

- The representatives of the respective Industry shall benefit from the case study.
- The UG & PG Students with special reference to Commerce & Management and Pharmacy have strong potential of learning from the case.
- The start ups in the relevant industry with respect to ancillary business profile will have good reference of the case.

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