



COSMETICS EXPORT PERFORMANCE IN INDIA

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Abstract:

The Indian cosmetics market has seen major changes in terms of user perception and product availability over the past few years. There have been market shifts during this period and the past few years have seen the market take further momentum. The increasing market size is the direct result of the changing socioeconomic status of the Indian consumers, especially women. Higher paying jobs and increasing awareness of the western world and beauty trends there have served to change the tastes and customs of the middle class and higher strata of the society, with the result that a woman from such social strata now is more conscious of her appearance and is willing to spend extra cash on enhancing it further. Main objective of the study is to find out the export performance of cosmetics products of India during the period of 2005-2019. The study makes use of statistical techniques such as Percentage analysis, Growth analysis, Standard Deviation, CAGR and CV in analyzing the data for finding the result.

Key Words: Cosmetics, Production, Export and India

Introduction:

The cosmetic industry describes the industry that manufactures and distributes cosmetic products. These include color cosmetics, like foundation and mascara, skincare such as moisturizers and cleansers, haircare such as shampoos, conditioners and hair colors, and toiletries such as bubble bath and soap. The manufacturing industry is dominated by a small number of multinational corporations that originated in the early 20th century, but the distribution and sale of cosmetics is spread among a wide range of different businesses. The largest cosmetic companies are Johnson & Johnson, L'Oréal Paris, Gillette, Neutrogena, Nivea and ChaChane. The market volume of the cosmetics industry in Europe and the United States is about EUR €70b per year, according to a 2005 publication. The worldwide cosmetics and perfume industry currently generates an estimated annual turnover of US\$170 billion (according to Eurostat – May 2007). Europe is the leading market, representing approximately €63 billion. The cosmetic industry worldwide seems to be continuously developing, now more than ever with the advent of the Internet companies. Many famous companies sell their cosmetic products online also, in countries in which they do not have representatives. The cosmetic industry in Asia is mainly dominated by regional cosmetic brands. Shiseido Co. LTD, A popular cosmetic brand based in Japan, has 82.1% of its sales in Asia. No other Western company in the top 10 match these kinds of regional sales. Furthermore, geographic dispersion of sales by Asian cosmetic companies in Asia accounted for 92.42% of sales, while geographic dispersion of assets of Asian cosmetic companies in Asia was 87.05%. Western cosmetic companies often have failed to gain footholds in various countries. Due to recent significant economic growth in many Asian markets, regulation pertaining to chemicals in cosmetic products has been lacking. SK-II, a cosmetic product owned by P&G, was found to contain banned heavy metals in China in 2006. Another study found that women who had recently moved to Vancouver, Canada from East and South Asia had higher levels of lead in their blood than South and East Asian immigrants who had been living in Canada for longer. One of sources of lead was determined to be some facial powders marketed in various regions of Asia.

The global cosmetics market size was valued at \$380.2 billion in 2019, and is projected to reach \$463.5 billion by 2027, registering a CAGR of 5.3% from 2021 to 2027. Presently, cosmetics have become an indispensable feature of modern lifestyle of individuals. In addition, growth in consciousness about external beauty along with individual's internal intellect has become one of the major driving factors for use of cosmetics in the global market. Presently, along with women, there is a rise in use of cosmetics among men in their daily routine, which complements growth of the global cosmetics market demand. Hence, such changing lifestyles, have led to growth of the global cosmetics market. Manufacturers are changing their product branding and advertising strategies to accelerate their sales across various countries. Innovative strategies such as new product launches with natural ingredients and appealing packaging have been adopted by manufacturing companies to increase sales of their cosmetics products. As cosmetics have become an integral part of individual's lives, consumers, especially women, prefer to use cosmetics products, which are handy and easy to use while travelling or attending social meetings. Moreover, use of natural ingredients for manufacturing of cosmetics

products, which does not have any adverse effect on skin, is a popular strategy of manufacturers to attract more customers. This also helps in increasing revenue of companies operating in this industry.

Statement of the Problem:

As is the case in the industry, cosmetics manufacturers may encounter medium-term problems in the supply of components for their products. Many top brands have factories in Asian countries where they could face difficulties both in keeping up with production and exporting goods. This scenario is giving cosmetic manufacturers cause to analyze the future of their current supply chain and consider possibly investing in a more local distribution model. Another related problem is that many large retail chains such as Walmart and Flipkart have marked cosmetics as non-essential items, leading to supply freezes in some countries.

As the consumption of non-essential products declines during the COVID-19 crisis, many cosmetics businesses have nonetheless benefited from the increased demand for hygiene and personal care products. For manufacturers, this is the perfect opportunity to fully embrace digitization, a move that will optimize the operations of their commercial network, open up new possibilities for supply strategies, and improve communication with consumers. Digitization is not about merely changing course to avert a temporary storm: it is the path forward for staying afloat in the long term. Many changes in consumption and demand have already begun to take root in the economy and manufacturers of beauty care and cosmetic products must also give themselves a face-lift that shows customers the very best image of what they represent: digital user-friendliness, sustainability, and transparency. Hence, the researcher wants to know the answers for the following questions:

- What is the growth and trend of the cosmetic companies?
- What is the productivity of cosmetic Industry in India?
- What are the basic problems in cosmetic industry in India?

Objectives of the Study:

Major objectives of the present study are:

- To evaluate the export performance of cosmetic based products.
- To assess the country-wise export performance cosmetic products.
- To investigate the practices and problems of cosmetic Industry.
- To suggest suitable measures to improve the export potential of cosmetic products.

Scope of the Study:

While the cosmetics industry could be relatively strong as compared to other categories of consumers, the year 2020 has been very poor in terms of sales. Almost all segments of this industry have witnessed a similar kind of downfall in terms of sales during COVID-19 because of closing of the offline stores at different locations throughout. If the productivity is more, there will be the technological innovations and the economic will be growth high. The productivity and efficiency mainly depend upon the age and region of the industry. Productivity and better efficiency help to set the industry in the pace of its higher growth. The analysis of productivity has necessities to increase certain industries' economic position. So, this study and an attempt was made to focus its measures by growth and productivity of the companies.

Research Methodology:

Sample Design:

The study is made for the purpose of an in depth analysis of various indicators and its effect on export performance of Indian cosmetic industry. The major seven products are selected by using convenient sampling method.

Method of Data Collection:

The present study based on secondary data. The secondary data were collected from cosmetic statistics and other web based sources.

Secondary Data:

The study was mainly based on the secondary data from various sources, which included Annual Reports, Yearbooks, Statistical Data publications of Ministry of Commerce, Indiastat.com. The study period was divided into 2009 to 2022.

Tools and Techniques:

- Percentage Analysis
- Trend Analysis
- Growth Rate
- Standard Deviation
- CAGR
- CV

Limitations of the Study:

- Period of the study limited to thirteen years only.
- The study is limited only to exports of cosmetics industry.
- The data used in this study are secondary in nature as given by cosmetics

- For the convenience of discussion importing countries of our cosmetics products have been grouped together.

Review of Literature:

Cosmeticobs (2020) In 2019, the French cosmetics industry once again achieved a strong performance abroad: the sector exported nearly €16 billion of products, an increase of more than 9% compared to 2018. This progression, which has been going on for more than 10 years, makes the cosmetics industry the second largest exporter in France. FEBEA's analysis.

Statista Research Department (2022) The export value of cosmetics, soap and toiletries, and essential oils from India amounted to nearly 1.8 billion U.S. dollars in the financial year of 2021. This was a significant increase compared to 1.5 billion dollars in the financial year 2016.

Fontanelli (2021) Employing thousands of Americans across the country, the U.S. personal care and beauty industry is a critical component of the U.S. economy. With more than \$9 billion in exports in 2019, U.S. personal care and cosmetics are among the most highly desired brands in many overseas markets. Holding a market share of 10%, the United States is the second-largest exporter.

Amanda Lim (2021) South Korea's cosmetics trade surplus exceeded US\$6bn for the first time in 2020, advancing its position on the global stage as the third-largest cosmetics exporter behind only France and the US. According to data released by the Ministry of Food and Drug Safety (MFDS), the country's combined exports of cosmetics products increased 16.1% to KRW8.28tn (US\$7.28bn) in 2020.

Kacey Culliney (2021) International trade of French beauty and personal care products was up 2.5% in 2021 versus 2019, largely due to rising trade of makeup, face care and perfumes and record growth rates in exports to China and the US, says the French Federation for Beauty Companies (FEBEA).

Export of Cosmetis Products from India:

Dollar values in lakhs

Year	Essential Oils and Resinoids; Perfumery, Cosmetic or Toilet Preparations	Growth Rate	Esnl Ols (Cncrts/Abslts); Rsnds, Extrtd Ologrn, Cncntrts In Fats Etc; Trpnc By- Prdctaqus Dstlts/Sltn	Growth Rate	Mxtr/Sltn of Odorfrs Sbtsns of A Kind Usd As Raw Mtrl In Industry And Prprtn Fr Mnfctr of Bevrgs.	Growth Rate	Perfumes And Toilet Waters	Growth Rate
2009-10	826.6		286.19		124.4		81.61	
2010-11	970.78	17.44	365.34	27.66	130.69	5.06	87.92	7.73
2011-12	1,280.04	31.86	568.07	55.49	185.19	41.7	104.15	18.46
2012-13	1,529.84	19.52	736.75	29.69	736.75	297.83	126.37	21.33
2013-14	1,459.30	-4.61	653.88	-11.25	201.95	-72.59	138.93	9.94
2014-15	1,460.66	0.09	588.34	-10.02	246.24	21.93	138.45	-0.35
2015-16	1,484.80	1.65	599.7	1.93	244.5	-0.71	144	4.01
2016-17	1,579.12	6.35	625.11	4.24	251.81	2.99	143.02	-0.68
2017-18	1,871.72	18.53	821.55	31.42	273.37	8.56	175.2	22.5
2018-19	2,066.28	10.39	965.67	17.54	345.33	26.32	149.46	-14.69
2019-20	2,202.48	6.59	1,072.73	11.09	364.71	5.61	163.74	9.55
2020-21	1,916.44	-12.99	875.25	-18.41	343.92	-5.7	114.51	-30.07
2021-22	2,005.71	4.66	929.22	6.17	340.6	-0.97	122.25	6.76
Total	20653.8		9087.8		3789.5		1689.6	
Average	1588.75		699.06		291.5		129.97	
SD	415.49		230.9		155.7		27.64	
AAGR	8.29		12.13		27.5		4.54	
CAGR	-0.071		-0.093		-0.081		-0.033	

(Source: Exim data bank)

Interpretations:

- The above table indicates that total export of 33 Essential Oils and Resinoids; Perfumery, Cosmetic or Toilet Preparations products exported from our country. Its clearly indicates that the total exports cosmetics and cosmetics products which ranges from 826.6 lakhs and 2,005.71 lakhs during the period of 2009 – 2022. Among thirteen years the average export among the period of study is 1588.75 lakhs, out of thirteen years 5 years of export are above than the average and 8 years are below than the average.
- The above table indicates that total export of 3301 Esnl Ols (Cncrts/Abslts);Rsnds,Extrtd Ologrn,Cncntrts In Fats Etc;Trpnc By- Prdctaqus Dstlts/Sltn products exported from our country. It's clearly indicate that the total exports cosmetics products which ranges from 286.19 lakhs and 929.22 lakhs during the period of 2009 – 2022. Among thirteen years the average export among the period of study is 699.06 lakhs, out of thirteen years 6 years of export are above than the average and 7 years are below than the average.
- The above table indicates that total export of 3302 Mxtr/Sltn of Odorfrs Sbtsns of a Kind Usd as Raw Mtrl in Industry and Prprtn Fr Mnfctr of Bevrgs. Products exported from our country. It's clearly

indicate that the total exports cosmetics and cosmetics products which ranges from 124.4 lakhs and 340.6 lakhs during the period of 2009 – 2022. Among thirteen years the average export among the period of study is 291.50 lakhs, out of thirteen years 5 years of export are above than the average and 8 years are below than the average.

- The above table indicates that total export of 3303 Perfumes and Toilet Waters products exported from our country. It's clearly indicate that the total exports cosmetics and cosmetics products which ranges from 81.61 lakhs and 122.25 lakhs during the period of 2009 – 2022. Among thirteen years the average export among the period of study is 129.97 lakhs, out of thirteen years 7 years of export are above than the average and 6 years are below than the average.

Export of Cosmetics Products from India:

(Dollar values in lakhs)

Year	Prpns For Beauty/Make Up For Care of Skin (Excping Medicamnts) Inclgd Sun Screen or Sun Tan Pedicure/ Manicure	Growth Rate	Preparati ons For Use On The Hair	Growth Rate	Prpartn Fr Orl/Dntl Hygn, Dntur Fixatv Pst/Pwdr And Dntl Flos In Indvdl Packgs	Growth Rate	Shaving/Pre And After Shave Prpns Bath Prpn Depilatr And Othr Perfmyr Cosmtc/ Toilt Prpnprpn Nes; Prpd Room Deodorisers	Growth Rate
2009-10	108.69		81.15		42.41		102.16	
2010-11	142.15	30.78	91.75	13.06	39.89	-5.94	113.06	10.67
2011-12	153.28	7.83	99.23	8.15	47.64	19.43	122.48	8.33
2012-13	138.55	-9.61	110.52	11.38	41.44	-13.01	134.98	10.21
2013-14	164.9	19.02	114.64	3.73	41.68	0.58	143.31	6.17
2014-15	150.24	-8.89	120.73	5.31	48.1	15.4	168.56	17.62
2015-16	152.7	1.64	129.43	7.21	49.62	3.16	164.86	-2.2
2016-17	161.38	5.68	148.25	14.54	63.88	28.74	185.68	12.63
2017-18	161.36	-0.01	162.63	9.7	75.45	18.11	202.17	8.88
2018-19	174.31	8.03	169.96	4.51	71.89	-4.72	189.66	-6.19
2019-20	168.69	-3.22	161.04	-5.25	75.26	4.69	196.31	3.51
2020-21	152.99	-9.31	155.68	-3.33	69.38	-7.81	204.72	4.28
2021-22	176.38	15.29	149.43	-4.01	66.69	-3.88	221.14	8.02
Total	2005.62		1694.44		733.33		2149.9	
Average	154.28		130.34		56.41		165.31	
SD	17.81		29.57		14.11		38.69	
AAGR	4.77		5.42		4.56		6.83	
CAGR	-0.04		-0.05		-0.037		-0.062	

(Source: Exim data bank)

Interpretations:

- The above table indicates that total export of 3304 Prpns For Beauty/Make Up For Care Of Skin (Excping Medicamnts) Inclgd Sun Screen Or Sun Tan Pedicure/Manicure products exported from our country. It's clearly indicate that the total exports cosmetics and cosmetics products which ranges from 108.69 lakhs and 176.38 lakhs during the period of 2009 – 2022. Among thirteen years the average export among the period of study is 154.28 lakhs, out of thirteen years 8 years of export are above than the average and 5 years are below than the average.
- The above table indicates that total export of 3305 Preparations for Use on the Hair products exported from our country. It's clearly indicate that the total exports cosmetics and cosmetics products which ranges from 81.15 lakhs and 149.43 lakhs during the period of 2009 – 2022. Among thirteen years the average export among the period of study is 130.34 lakhs, out of thirteen years 6 years of export are above than the average and 7 years are below than the average.
- The above table indicates that total export of 3306 Prpartn Fr Orl/Dntl Hygn,Dntur Fixatv Pst/Pwdr And Dntl Flos In Indvdl Packgs products exported from our country. It's clearly indicate that the total exports cosmetics and cosmetics products which ranges from 42.41 lakhs and 66.69 lakhs during the period of 2009 – 2022. Among thirteen years the average export among the period of study is 56.41 lakhs, out of thirteen years 6 years of export are above than the average and 7 years are below than the average.
- The above table indicates that total export of 3307 Shaving/Pre And After Shave Prpns Bath Prpn Depilatr And Othr Perfmyr Cosmtc/Toilt Prpnprpn Nes;Prpd Room Deodorisers products exported from our country. It's clearly indicate that the total exports cosmetics and cosmetics products which ranges from 102.16 lakhs and 221.14 lakhs during the period of 2009 – 2022. Among thirteen years the average export among the period of study is 165.31 lakhs, out of thirteen years 7 years of export are above than the average and 6 years are below than the average.

Findings:

- It shows in 2013-14 and 2020-21 growth of cosmetics and cosmetics products is negative and other 11 years shows positive growth. The standard deviation of cosmetics and cosmetics products is 415.49. The overall compound annual growth rate of export is in negative value of -0.071 because of slowdown of export year by year.
- It shows in 2013-14, 2014-15 and 2020-21 growth of cosmetics products is negative and other 10 years shows positive growth. The standard deviation of cosmetics and products is 230.90. The overall compound annual growth rate of export is in negative value of -0.093 because of slowdown of export year by year.
- It shows in 2013-14, 2015-16, 2020-21 and 2021-22 growth of cosmetics and cosmetics products is negative and other 9 years shows positive growth. The standard deviation of cosmetics and cosmetics products is 155.70. The overall compound annual growth rate of export is in negative value of -0.081 because of slowdown of export year by year.
- It shows in 2014-15, 2018-19 and 2020-21 growth of cosmetics and cosmetics products is negative and other 10 years shows positive growth. The standard deviation of cosmetics and cosmetics products is 27.64. The overall compound annual growth rate of export is in negative value of -0.033 because of slowdown of export year by year.
- It shows in 2012-13, 2014-15, 2017-18, 2019-20 and 2020-21 growth of cosmetics and cosmetics products is negative and other 8 years shows positive growth. The standard deviation of cosmetics and cosmetics products is 17.81. The overall compound annual growth rate of export is in negative value of -0.040 because of slowdown of export year by year.
- It shows in 2019-20, 2020-21 and 2021-22 growth of cosmetics and cosmetics products is negative and other 10 years shows positive growth. The standard deviation of cosmetics and cosmetics products is 29.57. The overall compound annual growth rate of export is in negative value of -0.050 because of slowdown of export year by year.
- It shows in 2010-11, 2012-13, 2018-19, 2020-21 and 2021-22 growth of cosmetics and cosmetics products is negative and other 8 years shows positive growth. The standard deviation of cosmetics and cosmetics products is 14.11. The overall compound annual growth rate of export is in negative value of -0.037 because of slowdown of export year by year.
- It shows in 2015-16 and 2018-19 growth of cosmetics and cosmetics products is negative and other 11 years shows positive growth. The standard deviation of cosmetics and cosmetics products is 38.69. The overall compound annual growth rate of export is in negative value of -0.062 because of slowdown of export year by year.

Suggestions:

- This post explains export process of cosmetics, government rules to export cosmetics, different precautions to be taken care to export cosmetics, export documentation to export cosmetics.
- A new entrepreneur has to deal with a lot of competition to survive and then to move ahead in the tough market conditions.
- Small cosmetic brand needs a clever business promotion plan to not only tackle the competition but also to eventually become a leader in your specialty of cosmetics products.
- Cosmetics, an industry that embodies beauty, skincare, personal care, fragrances and male-specific products, is strong and only getting stronger.
- Beauty marketing and the brands behind them are getting innovative as consumers crave creativity in their cosmetic and personal care products.

Conclusions:

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. 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.

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