

Research Papers



BEAUTY PARLOURS - PROSPECTIVE CHANNEL PARTNERS FOR RETAIL PROMOTION OF HERBAL COSMETIC PRODUCTS BY S.M.E.

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Abstract

Due to changes in the lifestyle, impact of education, process of urbanisation, role of masses media have changed the attitude of women and increased awareness about their looks which resulted in emerging trend of visiting beauty parlours to enhance and maintain their beauty. There has been metamorphosis in Indian cosmetic industry due to shift in consumer preference from harmful chemical based cosmetic to safe, reliable and affordable herbal cosmetics. Indian herbal cosmetic industry is showing rapid growth constituting 1200 Cr market with 15 to 20% growth rate during last few years. MNC and big companies are shifting to herbal cosmetics. Small and Medium enterprises also entered but these SMEs having limited resources and capital employed. MNCs and Big companies are capable to spend huge amount in marketing activities to promote their product. Due to social and cultural changes, beauty parlours mushrooming even at a small town and cities.

Lookin at this emerging trend Herbal cosmetic SMEs are considering parlours as a prospective channel partner treating it as a perfect tool to reach right customer with cost effective manner avoiding expensive marketing. This study focuses on how SMEs developing and servicing beauty parlour as a channel partner in their distribution channel system while implementing various retail promotional strategies.

Keywords: SME, Herbal cosmetic, Beauty Parlour, Promotions

Introduction-

Cosmetic industry in India plays a significant role in economic development and growth of the country. The need for cosmetics is seen from very ancient days people were using a variety of cosmetic products both as curative purpose as well as for enhancing beauty.

The Indian Cosmetic Industry has witnessed rapid growth over last couple of decades; registering an average 15 to 20% growth

rate. This has turned beauty care business in to 3000 Crore Industry.

Many of the World's popular cosmetic brands entered Indian market since 1990, Growth has mainly from low and medium priced cosmetic products which accounts for 90% of the cosmetic market in terms of volume.

Indian Consumer spends much less on cosmetic products (0.68 US Dollars) than consumers from other part of the world. So Indian Cosmetic Industry has an even greater potential for growth than it is presently experiencing.

Objective of study is to know 'How reinventing distribution and creating new touch point beauty parlour as a channel partner will help in growth of retail sale of herbal cosmetic in cost effective manner * How it will help to widen customer base' and 'How it will provide new platform for consumer to interact with new and/or less aware brand 'How retailing skill can be develop among channel partner which help them

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to implement retail strategy effectively.

The Cosmetic Industry takes off in 20th Century as the popularity of beauty saloon increased in the beginning of 20th Century the cosmetic industry became established and never looked back. The Cosmetic Industry became foundation of fashion, throughout the last few decades women's choices of cosmetics greatly increased. So there were many cosmetic companies (MNC, Big Indian Companies, Small & Medium Regional Companies) everybody getting in to the picture with their own lines.

This increase in growth rate is attributed to 2 main factors.

I Being the increase for the demand in Indian Cost effective products.

II Being the increased purchasing power of the average Indian (among woman, college and school going girls even house wife awareness about beauty increased).

Other reasons for growth for cosmetic products in particular with the introduction of Satellite TV and wide array of TV Channel, average Indian consumer is constantly bombarded with advertisements and information on new cosmetic products which often translate in to the desire to purchase them. A boom in the Indian Fashion Industry has also been linked to increased awareness of Indian woman about their look increased in disposable income, cultural changes, attitude change which consequently contributed to the increased in the demand for cosmetic products.

Throughout history women have unknowingly used cosmetics containing harmful and dangerous chemicals. These ingredients are very appealing to cosmetic manufacturer as they are cheap. Cosmetics are always in contact with our skin and therefore they can be absorbed through skin and get in to our blood system due to presence of complex chemical compound over use of chemical/synthetic based cosmetic has shows side effects like hair loss, early aging of skin, rashes and skin allergies. So herbal cosmetic is the alternative.

India is considered as one of the richest land of Ayurvedic and Herbal products since ancient days Herbal cosmetic products are like blessing for mankind which is highly safe, reliable and affordable by all class of people. Especially for females the desires to look beautiful enhance and maintain their beauty looking charming and young by different beauty way using various herbs as cosmetics.

Their has been metamorphosis in the

cosmetic industry with natural cosmetic products being more in demand than their synthetic counter parts i.e. chemical based cosmetic this has been possible because of shift in consumer preference from synthetic/chemical based cosmetic to natural herbal based cosmetic products.

The Dream weavers of Herbal glow (A Herbal Cosmetic Manufacturing Company) Mr. Satish Kilam and Vineet Goel inspired by magical spell of nature. An in-depth research and analysis of the marketing scenario result shows the virtually a huge and untapped market segment of Herbal Cosmetic Products made from natural ingredient and are effective as well as safe to use with no side effect, no allergic reactions.

Various Multinational Cosmetic Companies, Big Indian Companies also shifting toward Herbal based cosmetic products because people have now become aware of benefits of using Herbal Cosmetic products.

Over the past couple of years the Herbal wave has been swiping constituting 1200 Crore Herbal Cosmetics market with the growth rate of 15 to 20%. Thanks to Shahnaz Hussain the pioneer of Herbal Cosmetic Manufacture in India. Many Companies MNC Loral Avon and big Indian Companies (HLL, Lakme, Ponds) have jumped in to bond-wagon. Local major including Shahnaz Hussain, Lotus Herbal & Biotique brand dominates the premium Herbal Cosmetics segment in India.

Multinational Cosmetics and big Indian Companies capable to spend huge amount in sales promotion and advertisement for their cosmetic product sales through grocery shop, directly through exclusive counter in major departmental stores and malls featuring their own beauty consultant, point of sales advice across the country. But SME involved in the manufacturing and marketing of their Herbal products can not compete in terms of marketing expenses because of their limited resources like man power and capital employed. Shahnaz Hussain an enterprising lady is pioneer in promoting their herbal products through exclusive beauty saloon as innovative channel of Distribution for reaching to their target consumer in cost effective manner.

While looking at the trend of consumer i.e. inclination toward Herbal cosmetic, awareness about beauty enhancement while visiting beauty parlours, increasing number of working women, lady professionals, beauty consciousness among school college going girls, house wife, beauty parlours emerged as touch point rapidly

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mushrooming even in small places of urban and rural area. So SME thought these beauty parlours as channel partner can help to get retail sales of their herbal products and started treating beauty parlour owner as channel partner as well as retail outlet.

DISTRIBUTION CHANNELS :- Cosmetic Companies will use to get the offering in to hands of consumer while selecting cost effective and efficient channel of distribution.

* On premise sale:- involves the sales of your offering using field sales organisation that visit the prospect's facilities to make the sale.

* Direct Sale:- involves the sale of your offering using direct in-house sales organisation that does all selling through Internet Telephone mail order contact.

* Wholesale Sale:- Sale of your offering using intermediaries or middle men to distribute your products to retailer.

* Self Service Retail Sale:- involves the sale of your offering using self service retail methods of distribution.

* Full service retail sale involves the sale of your offering through full service retail distribution channel such as beauty counsellor, Beauty Advisor, at retail outlet.

An increasing number of Herbal Cosmetic Companies are now dealing with consumer directly through special exclusive counter in major departmental stores and malls featuring their own beauty consultant.

Few adopts service marketing strategy such as point of sale advise and beauty counselling have proven to be effective method to increase sales of cosmetics and body care products.

Traditionally most manufacturers work with intermediaries to bring their product to market. The marketing intermediaries' makeup a marketing channel or Distribution channel marketing channel can be viewed as set of interdependent organisation involved in process of making a product or service available for use or consumption.

For Herbal Cosmetic products sale beauty counsellors or advisors at retail outlet have been very successful in gaining attention, creating products awareness, and overcoming consumer fears about many cosmetics such as skin care, Hair care and body care cosmetic products.

L'oreal India has established Consumer Advisory Unit, POND's offer skin care advice through Touch Screen Kiosks and Telephone Helpline for skin care Lakme opened at selected

metro cities beauty counselling unit.

L'oreal also markets its range of specialised hair care products exclusively through salon and beauty parlours. To promote the growth of their products a number of Indian Companies like Lotus Herbal, Biotique have established exclusive franchisee beauty salon in major metro cities also offer qualified beauty consultant to provide free advice to consumers.

Shahnaz Hussain an entrepreneur lady started herbal cosmetic business in 1970 at very small level it was not possible for her to do competitive marketing with MNC and Big Indian Companies. So she pioneered simple policy of distribution channel. The products of Shahnaz Hussain's Herbal (P) Ltd. are the Herbal Cosmetics and certainly cosmetics are used and consumed in beauty parlours therefore she convinced her friends from Kolkata to start small beauty parlour Shahnaz Herbal Clinic at home also given proper training. So that was first franchisee Beauty Parlour of Shahnaz Hussain, thus beauty parlour were the only intermediaries between producer and end user. The franchisee were bound to use only cosmetic of Shahnaz's Herbal in their beauty parlours while using Company's name and logo to display. This was the beginning of franchisee system which received a fantastic response. So Shahnaz Hussain began to encourage ordinary house wives to open saloon/beauty parlour in their own home. So that they could achieve financial independence, within the first year 80 franchise saloon in Indian opened and adopted same model for opening of Shahnaz's Herbal Clinic abroad. Today Shahnaz Hussain heads a chain of over 400 franchise saloon in India and abroad with retail outlet in prestigious stores.

EMERGENCE OF BEAUTY PARLOURS :-

Just like urban area the awareness about cosmetics increasing in semi urban and rural areas girls have taken vocational courses and training in beauty culture and started small beauty parlour with small investment at home. Due to cultural and social changes, increase of number of working women, increasing awareness about their look among the school & college girls even house wives also regularly visiting such beauty parlours in their locality to enhance and maintain their beauty. Because of these changes in society beauty parlours business is rapidly growing resulted in mushrooming of beauty parlour at every nook and corners of semi urban and rural areas.

SME (Manufacturers & Marketer) of Herbal Cosmetic Products with their limited

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resource in terms of man power and capital even SME companies can avoid unnecessary marketing and advertising expenses if their products are sold through such channel partner.

SME Herbal Cosmetic Companies sees beauty parlours as major tool for sales and marketing of their herbal cosmetic beauty products, since beauty parlours are well entrenched in small cities and towns they are equipped to take additional role of retail promotion of Herbal cosmetic to consumer.

This paper identify and focuses on the possibility of adding the emerging beauty parlours as channel partners for retail promotions of herbal beauty products by various SME. Said study also offer suggestion to handle the beauty parlours in the channel system while promoting herbal beauty products.

For this study I have conducted few unstructured and informal interview with some of local GONDIA Beauty Parlour owner to get the primary Data on research topic. Secondary data collected from various sources related to this topic.

SME Herbal Cosmetic product companies taken in to consideration for said study is as follows:-

- (1) Mrinalini Herbal, Nasik
- (2) Nandini Herbal Care Pvt. Ltd.
- (3) Vasu Health Care Pvt. Ltd. Vadodara
- (4) Naturence Cosmetics
- (5) Vaipan Herbal, M.I.D.C. Nagpur
- (6) Puma Ayurvedic Herbal Pvt. Ltd. Nagpur
- (7) Siddhi Herbal Industries, M.I.D.C. Nagpur
- (8) New Panam Herbs Pvt. Ltd., Nashik
- (9) Ayur Herbal, Nagpur.

After analysing the primary and secondary data my findings are as follows:-

FINDINGS :-

- (1) 40 to 50 Beauty Parlours are presently working in Gondia City.
- (2) Small and Medium size Herbal Cosmetic Companies as per list mainly promoting their various herbal cosmetic products (Skin Hair & Body Care) through local beauty parlours treating them as channel partners.
- (3) Most of SME Herbal Cosmetic Companies adopted 3 level channel system which consist of 3 Intermediaries i.e. marketing agencies wholeseller and retailer specifically at the retailer level which is last link between manufacture/marketer and consumer MNC's and Big Indian Companies promoting their products through Exclusive Franchisee, SPA Retail outlet such as Department Store, Grocessory shop but SME approached

through beauty parlours while treating it as innovative channel partner for retail sales promotion of their herbal products.

(4) Sales representative appointed by either Distributor/Whole-seller covers all local beauty parlours while making regular sales visit also performing various task of retail sales promotion as follows :-

(a) Distributing product catalogue informative brochures about Herbal effect.

(b) Sales Representative informing to beauty parlour owner about various schemes of company.

(c) SME organising and sponsoring seminar workshop (conducted by experts) for beauticians some time free of cost or nominal fees just to offset the cost of arrangement. Such seminar workshop helps to enhance knowledge and skill of beauticians.

(d) SME also organising during slack season promotional scheme for customers of respective beauty parlours at their place. For ex. 3 days facial camp at very special price of Rs. 30/- against regular facial price Rs. 100-150 under this scheme company provides facial kit at very special price to beauty parlour which offset difference amount.

(e) Free samples (one time application) to know the effectiveness of products, to know the consumer response about quality of product.

(f) Puma Ayurvedic Herbal Pvt. Ltd. Nagpur invites local beauty parlour owners (Beauticians) meet informing about new launch giving free sample of same products with lunch.

(g) SME offering special trade discount to beauty parlours owner on complete range of their herbal cosmetic products.

(h) SME gives free gift (specifically equipment used in beauty parlours) on the quantity purchase.

(I) Siddhi Herbal Industries regularly organizes professional seminar for beauticians.

(J) Mrinalini's Herbaceutical organised skin care seminar at Gondia during January 2008.

(K) Rahul Phate's Beauty Academy (subsidiary of Mrinalini Ayurvedic Pvt. Ltd. Nashik) organized seminar on 9.5.2008 at Hotel Hardev, Nagpur for beauticians.

CONCLUSIONS :-

(1) For SME of Herbal Cosmetic Products identified such beauty parlours as innovative channel partner involving them in various retail sales promotion activities successfully.

(2) This new channel of Distribution have been seeded with objective of widening consumer growth and successfully providing new platform

for consumer to interact with required Herbal beauty products.

(3) For SME this channel partner working as cost effective manner to reach right customer avoiding unnecessary marketing expenses.

(4) SME of Herbal Cosmetic products successfully implementing retail sales strategy through such channel partner generate 60 to 65% sales for their products.

(5) Knowledge and skill about beautification acquired by beautician through seminar and workshop organised/ sponsored by helps to gain customer confidence in companies' cosmetic products. So beautician acts as beauty counsellor /advisor. New Initiatives creates large vocational opportunities to become self employed entrepreneur.

(6) Said study helps to conclude that Herbal Cosmetic Products SME's adopted new approach to distribution is holistic and seeks 3 way convergences of product availability, brand communication and brand experience.

(7) SME not only reinventing distribution but creating new channel i.e. beauty parlour as channel partner also redefining the way current channels are utilized and serviced while building key capabilities in training large number of beautician involved in this initiatives which helps to get their brands closer to consumer.

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