

# COMPARATIVE STUDY OF PRODUCTS, PRICES AND PACKAGING OF COSMETIC INDUSTRY

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## INTRODUCTION

In general, the cosmetic industry uses very strong chemicals and unnatural colours which create, when used continuously, skin irritations, patches, decolouration of the skin etc. Experiencing these hazardous results, the herbal cosmetic products are finding the place in the consumers' mind frame. There have been studies done by various institutes like MICA etc, which have found an increasing preference by consumers for herbal/natural products over other cosmetic products. Increasing acceptance of Indian made herbal products in the international market, greater health awareness, changing trends of self-grooming, changing lifestyles, increasing number of mythological serials on air etc. are some of the factors that have led to boom in the herbal products industry. Anything from a toothpaste to a lipsick is available in its natural, herbal variant. As Ayurveda is well known for permanent cure for ailments, it is likely and as evident from the present market trends the products are successful. A Herbal tag attached to the product is one of the easiest way to increase product acceptance and popularity.

All the personal care products are cosmetics used to improve the appearance. When herbs are used for their aromatic and medicinal value in cosmetics, they are known as herbal personal care products. The herbal cosmetics can be divided into three categories:

- A. **Skin care:** Cleansers, Soaps, Scrubs, Cleansing Grains, Pre-wash Cream, Flower-based Skin Tonics and Refreshers, Moisturizing Gels, Lotions and Creams, Nourishing Creams, Gels and Lotions, Protective Creams, Sunscreens, Under-eye Creams, Gels and Lotions, Masks, Rehydrant Mast for Eye Care, as well as Therapeutic Creams, Ointments and Lotions (Acne, Pimples, Pigmentation and Fairness).
- B. **Hair Care:** Hair Oils, Tonics and Revitalizers, Herbal Shampoos and Rinses, Herbal Hair Food Treatments, Henna Conditioners and Powders, Medicated Ointments and Herbal Hair Styling Gels.
- C. **Body Care:** Protective Creams, Pain Relievers, Herbal Drinks, Digestives, Hand and Feet Creams, Body Massage Oil, Body Shampoos, After-bath Body Lotions, Body/Bust Firming Masks, Lotions for Baby Care, as well as Aromatherapy Bar of Essential Oils for Relief of Muscular Tension, Fatigue, Mental Stress and Cellulite.

The growth of health care products is about 20%. The personal care products industry in India is value at Rs. 2500 crores in consumer price terms. The herbal products are no longer perceived as luxuries and consumed daily as personal care products. The growth of herbal cosmetics industry is unlimited with the per capita consumption being low in India. According to the HINDU SURVEY OF INDIAN INDUSTRY, 1995 the following product groups showed the growth rate and per capita usage as shown below:

	Product Group	Product	Growth Rate	Per Capita
I.	Tooth Care	(Paste)	7% (1992)	85 gms
II.	Hair Care	(Oil)	14% (1993)	
		(Shampoo)	20% (1994)	13 ml
III.	Skin Care	(Lighteners)	6% (1992)	
		(Moisturisers)	11% (1994)	9 gms

Seeing this trend and changing consumer preferences, many players have started launching their products in the natural or herbal segment. The market is witnessing a plethora of new brands in the category being launched on daily basis. The shelf space is increasingly being occupied by these products.

The well-established and renowned brands like Shahnaz Hussain, Biotique, etc are having the major pie in the market and have posed barrier to entry for new entrants. Foreign players such as Garnier and Revlon have also succeeded in portraying them as leading houses. Still, many facing the barrier are to design move to enter into the market.

There is a stiff competition among various production houses to emerge as the market leader and are flooding with ideas to bring in innovative products and packaging and competitive prices. This has further worsened the situation for the new entrants. Thus, studying the market trends and consumer preferences for leading herbal houses may help these new entrants to make strategic move for having pie in the India cosmetic segment.

It is also necessary to bring in stiff competition among various players to make Indian market nearly similar to perfectly competitive market so that consumers can get both the quality and products at cheaper and affordable rates.

Revolution in herbal cosmetic industry has started to take place but is yet to pick the pace.

## LITERATURE REVIEW

The principal task of marketing management is to fulfill the aspirations of the consumers. It is thus imperative to understand what the consumers want; how they make the choice; or what are there sources of information and influence processes etc. In this process an organization

can identify new opportunities in the market; evaluate and monitor marketing actions; and in general, evolve better marketing program to serve the interest of consumers. Thus market research acts a link between the consumer and the marketer.

## **ROLE OF MARKETING RESEARCH**

“Market research is defined as the systematic and objective search for and analysis of information relevant to the identification and solution of any problem in field of marketing”.

According to American Marketing Association (AMA) Marketing research is defined as “the systematic gathering, recording and analyzing of data about problems relating to the marketing of goods and services”.

Marketing research is the function which links the consumer, customer and public to the marketer through information-information used to identify and define marketing opportunities and problems; generate; refine; and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process.

Marketing research is a systematic collection and analysis of information that is ultimately used in evolving some marketing decisions. All the stages in marketing research must be carried out in a logical manner. It should also ensure objectivity in every step. Market research must not be a mere collection of statistical information. One must justify the choice of methodology of data collection and analysis. And researcher must not be too preoccupied with techniques, but instead convey the meaning of the results in marketing terms even when some advanced sophisticated or advanced tool is used.; Likewise, marketing manager(s) should provide a clear detailed scenario of the problems faced by the company before the market researcher. They must not use MR as a fire-fighting device or to justify some preconceived actions.

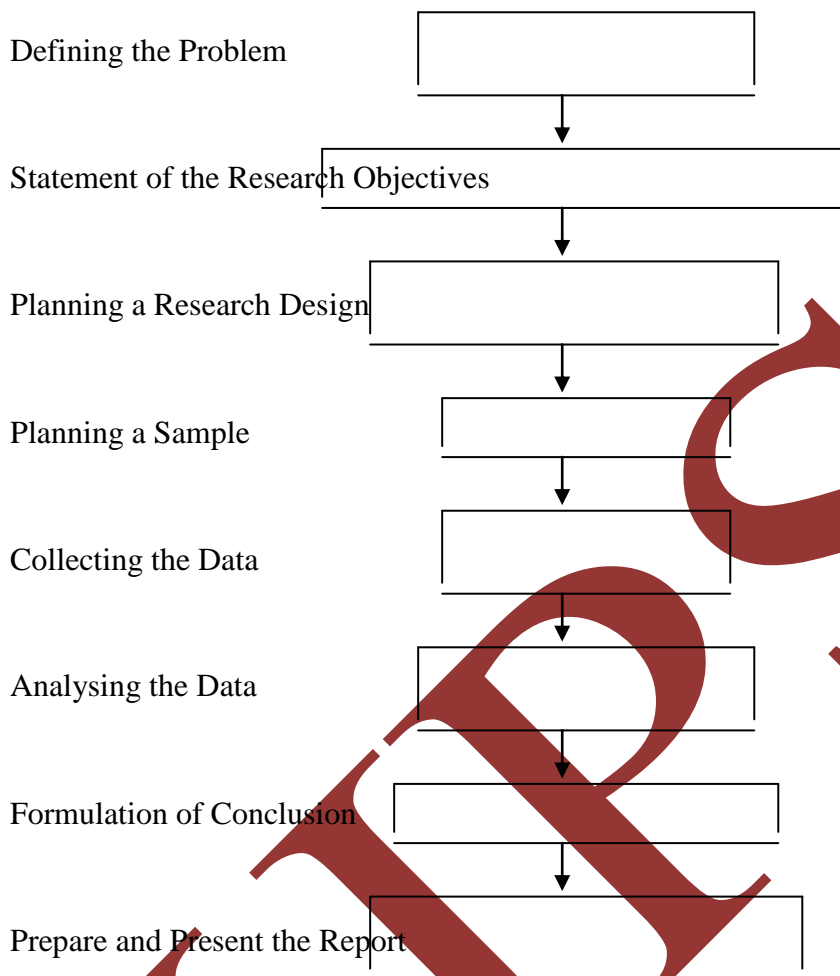
## **THE MARKET RESEARCH PROCESS**

MR exercise may take many forms but systematic enquiry is features common to all such forms. Being a systematic enquiry, it requires careful planning of the orderly investigation process. Though it is an oversimplification to assume that all research processes would necessarily follow a given sequence, MR often follows a generalized pattern which can be broken down and studied sequentially.

## **STAGES IN THE MARKET RESEARCH PROCESS**

In planning and designing a specific research project, it is necessary to anticipate all the steps that must be undertaken if the project is to be successful in collecting valid and reliable information. The steps of marketing research process are highlighted in the following flow diagram.

## Marketing Research Process



These steps are explained below:

- **DEFINING THE PROBLEM:** Clear problem definition is of great importance in MR as in terms of both time and money. It is rightly said “a problem well defined is half solved”. Careful attention to problem definition allows the researcher to set the proper research objectives, which in turn facilitate relevant and economic data, collection.
- **STATEMENT OF THE RESEARCH OBJECTIVES:** After clarifying and identifying the research problem with or without exploratory research, the research must be a formal statement of research objectives. Research objectives may be stated in qualitative or quantitative terms and expressed as research question statement or hypothesis.
- **PLANNING A RESEARCH DESIGN:** Once the research problem been defined and the objectives decided, the research design must be developed. A market design is a master plan specifying the procedure for collecting and analyzing the needed information. It represents a framework for the research action. The objectives of the

study discussion in the previous step are included in the research design to ensure that data collected is relevant to the objectives. The researcher must at this stages also determine the type source of information deeded, the data collected methods, the sampling methodology and the data timing and possible costs of the research.

- **SAMPLING:** Although the sampling plans included in the research design, the actual sampling is a separate and important stages in the research process. Sampling involves procedures that use a small number of items or parts of the population to make conclusion regarding the whole population. The first sampling question that needs to be asked is that who is to be sampled, who is the target population. The next important issue concern size how large or how small should a sample be? Generally speaking, large samples give reliable information than the smaller ones, but if probability sampling is used, a small, proportion of the sample may give reliable measures of the universe.
- **COLLECTING THE DATA:** The data collection process follows the formulation of research design including the sample plan. Data, which can be secondary or primary, can be collected using variety of tools. These tools are classified into two broad categories, the observation method and the survey methods, all of which have their inherent advantages and disadvantages.

In marketing research, field survey is commonly used to collect primary data from the respondents. Surveys can be a). Personal, b). By mail, c). Telephonic and d). By Diary.

It is common practice to use structured questionnaires prepared in advance, to elicit the necessary information from the respondents. Whether it is personal or mail survey, it is necessary to design suitable questionnaire, conduct a pilot survey and undertake a pre-testing of the questionnaire. The pre-testing will enable the researcher to realize the shortcomings of his questionnaire.

Secondary data means data that are already available i.e., they refer to data, which have already been collected analysed by someone else. When researcher utilizes secondary data, he has to look into various sources from wher he can obtain data.

Usually published data is available in:

- ✓ Various publication of central, state and local government;
- ✓ Various publications of international bodies;
- ✓ Technical and trade journals;
- ✓ Books, magazines and newspapers;
- ✓ Reports and publications of various associations connected with business and industry, banks stock exchange, etc.;
- ✓ Reports prepared by research scholars, universities, economist, etc. in different fields;
- ✓ Public records and statistics, historical documents and other sources of publication information.

- **DATA ANALYSIS AND PROCESSING:** Data processing begins with the editing of the data and coding process, tabulation and drawing statistical inferences. Editing involves inspecting the data collection forms for omission, legibility and consistency in classification. Before tabulation, need to be classified into meaningful categories. The rules for categorizing, recording and transferring the data to data storage media called codes. This coding process facilitates the manual or computer tabulation. If computer analysis is being used, the data can be punched and verified. Analyses represent the application of logic to the understanding of the data collected about the subject. In its simplest forms, analysis may be determination of consistent patterns and summarizing of appropriate details. The appropriate analytical tool chosen would depend on informational requirements of the problem, characteristics of the research designs and the nature of the data gathered.
- **FORMULATING CONCLUSION, PREPARING AND PRESENTING THE REPORT:** The final stage in the research process is that of interpreting the information and drawing conclusions for use in managerial decisions. The research report should effectively communicate the research findings and need not necessarily include complicated statements about the technical aspects of the study and research methods. The researchers are required to make both the oral and written presentation. Since each project is different, the presentation of each required originality. However, the better the earlier steps in the research process have been executed, the more likely is that a good presentation would result.

## RESEARCH OBJECTIVES

The aim of this research is to study all the aspects of products, pricing and packaging of various players of herbal cosmetic industry in India. The study will highlight the following objectives.

### Objectives

- To find in which category (Skin, Hair and Body) and subcategory the company is manufacturing and marketing its products.
- Focus is to find out whether there is product differentiation in the companies.
- To explore which product is selling the most in each subcategory, its price, its various pack sizes and its case configuration.
- To unravel the pricing strategy of various companies.
- To know the margin the companies are offering to their retailers and distributors.
- To find most selling pack sizes in each subcategory.
- To study various packaging modes and most preferable packaging mode in each category and subcategory.



## RESEARCH METHODOLOGY

### Research Design

A research design is a type of blueprint prepared depending on various types of blueprints available for the collection, measurement and analysis of data. A research design calls for developing the most efficient plan of gathering the needed information. The design of a research study is based on the purpose of the study.

A research design is the specification of methods and procedures for acquiring the information needed. It is overall pattern or framework of the project that stipulates what information is to be collected from which source by what procedures.

### Types of Research

- Exploratory Research
- Descriptive Research

These terms are not generally used by marketing practitioners, who tend to use the terms qualitative and quantitative instead of exploratory and descriptive. But the terms qualitative and quantitative suggest the character of the data and the process by which they are gathered rather than the fundamental objective of the research.

- **EXPLORATORY STUDY** is done to generate new ideas; respondents should be given sufficient freedom to express themselves. Sometimes a group of respondents is brought together and a focus group interview is held. An exploratory study is generally based on the secondary data that readily available. It does not have a formal and rigid design as the researcher may have to change his focus or direction, depending on the availability of new ideas and relationships among variables. This study is in the nature of preliminary investigation wherein the researcher himself is not sufficiently knowledgeable and is, therefore unable to frame detailed research questions. This study involves qualitative research design.

### Qualitative Research Design

If the purpose is to get new ideas then a qualitative research study may be in order. The choice of data collection techniques for this study includes:

- **In-Depth Interview:** It is a lengthy, non-structured interview between a respondent and a highly trained interviewer. Respondents are encouraged to talk freely about their activities, attitude and interests, in addition to the product category or brand under study.
- **Project Technique:** It is designed to tap the underlying motives of individual despite their unconscious rationalization or efforts at conscious concealment. It consists of variety of disguised tests.

- **Focus Groups:** This group consists of eight to ten respondents who meet with a moderator/ analyst for a group discussion focused on a particular product or product category.

- **DESCRIPTIVE STUDY** is undertaken in many circumstances. When the researcher is interested in knowledge the characteristics of certain groups such as age; sex; educational level; occupation or income; interested in knowing the proportion of in a given population who have behaved in a particular manner; making the projections of a certain things; or determining the relationship between two or more variables, descriptive study may be necessary.

Descriptive data are commonly used as directed bases for marketing decisions. These studies are well structured. Design in such studies must be rigid and not flexible and must focus attention on following:

- ✓ What the study is about and why is it being made?
- ✓ What techniques of gathering data will be adopted?
- ✓ How much material will be needed?
- ✓ Where can the required data be found?
- ✓ Processing and analyzing of the data.
- ✓ Reporting the findings.

Descriptive study can be done with the help of quantitative research design.

### Quantitative research design

If descriptive information is needed then a quantitative study is likely to be needed. The choice of data collection techniques for this study includes:

- **Observation:** By watching people, observational researchers gain a better understanding of what a product symbolizes to a consumer, and greater insight into the bond between people and products that is the essence of brand loyalty.
- **Experimentation:** It is possible to test the relative sales appeal of many types of such variables such as package, prices, promotional offers or copy themes-through experiments designed to identify causes and effect.
- **Surveys:** If researchers wish to ask consumers about their purchase preferences they do it through survey, which are of three types:
  - Personal Interview : Through correspondents
  - Telephone Surveys : Through telephone
  - Mail Surveys : Through post

The research design adopted in this study is descriptive research in order to produce descriptive information such as entire range of products of companies, their various pack sizes, their case configurations, best performing product in each subcategory, pricing strategy, various packaging modes and most preferable packaging mode among them. The survey has been conducted through personal interviews.



## SAMPLING

An integral component of a research design is the sampling plan. Specifically, it addresses three questions: Whom to survey (The sample Unit), How many to survey (The sample size), & how to select them (The sampling procedure). Making a census study of the entire universe will be impossible on the account of limitation of time and money. Hence sampling becomes Inevitable. A sample is only a portion of the universe of population. According to Yule, A famous Statistician, the object of sampling is to get maximum information about the parent population with minimum effort. Properly done, sampling produces representative data of the entire population.

## METHODS OF SAMPLING

- **Probability Sampling** is also known as ‘random sampling’ or ‘chance sampling’. Under this sampling design every item of the universe has an equal chance, or probability, of being chosen for sample. This implies that the selection of the sample items is independent of the persons making the study- that is, the sampling operation is controlled objectively so that the items will be chosen strictly at random. Probability Samples may take the form of:
  - Sample Random Sampling
  - Systematic Sampling
  - Stratified Sampling
  - Cluster and Area Sampling
  - Sequential Sampling
  - Multi Stage Sampling
- **Non Probability Sampling** is also known as deliberate sampling, purposive and judgemental sampling. Non probability sampling are those that do not provide every item in the universe with a known chance of being included in the sample. Non probability sampling are of following type:
  - Convenience Sampling
  - Quota Sampling
  - Judgemental Sampling
  - Panel Sampling

The sampling method used here is Non Probability Sampling in which Judgemental Sampling has been used.

## DATA COLLECTION METHOD

Collection of data is the first step in statistics - the goal of conclusion. The data collection process follows the formulation of research design including the sample plan. Data which can be secondary or primary, can be collected using variety of tools.

- **Collection Of Primary Data** during the course of doing experiments in a experimental research but in case we do research of a descriptive type and perform surveys, whether sample surveys or census surveys, then we can obtain primary data either through observations or through direct communication with respondents in one form or another or through personal interviews. This, in other words, means that there are several methods of collecting primary data, particularly in surveys and descriptive researches. Important ones are:
  - Observation method,
  - Interview method;
  - Through questionnaires,
  - Through schedules;
  - Warranty cards;
  - Distributor audits;
  - Pantry audits;
  - Consumer Panels;
  - Using mechanical devices;
  - Through projective techniques;
  - Depth interviews and
  - Content analysis.

In marketing research, field survey is commonly used to collect primary data from the respondents. Surveys can be a). Personal, b). Mail, c). Telephonic. It is common practice to use structured questionnaires prepared in advance, to elicit the necessary information from the respondents. Whether it is personal or mail survey, it is necessary to design suitable questionnaire, conduct a pilot survey and undertake a pre-testing of the questionnaire. The pre-testing will enable the researcher to realize the shortcomings of his questionnaire.

- **Secondary Data** means data that are already available i.e. they refer to data, which have already been collected and analysed by someone else. When the researcher utilizes secondary data, he has to look into various sources from where he can obtain data. Usually published data is available in:
  - Various publications of central, state and local government;
  - Various publications of international bodies;
  - Technical and trade journals;
  - Books, magazines and newspapers;
  - Reports and publications of various associations connected with business and industry, banks, stock exchange, etc.;
  - Report prepared by research scholars, universities, economist, etc. in different fields;
  - Public records and statistics, historical documents and other sources of published information.

## RESEARCH METHODOLOGY ADOPTED

<b>Research Design</b>	:	Descriptive Research
<b>Research Instrument</b>	:	Structured non-disguised Questionnaire

### Sampling Plan

a). Sample Method	:	Non Probability Sampling (Judgement Sampling)
b). Sample Size	:	30
c). Sample Unit	:	Retailers, Distributors, Marketing Executives and Managers

## SAMPLING DESIGN

### Judgement Sampling

As the name suggests, it is based upon the judgement of the researcher on account of its experience and project requirements. Researcher selects the respondents among the population who are well-versed and associated with the subject under study. Researcher may also use snowballing for fixing an appointment with the respondents and for interviewing them.

## SOURCE OF DATA

a. Primary Data	:	Structured non-disguised Questionnaire
b. Secondary Data	:	Internet, Company's Brochures, Leaflets, Order Lists, etc.

## CONCLUSION

The Data Analysis and its interpretation leads to the following conclusions:

- Most of the retail outlets visited were multibranded.
- Among the total outlets visited, maximum retailers were selling the products of Loreal (Garnier), Ayur and Himalayas.
- The key players in the herbal cosmetic industry in India are Himalayas, Loreal (Garnier), Ayur, VLCC, Biotique followed by Shahnaz Husain, Lotus Herbals and Naturence.
- All these players in herbal cosmetic industry operates in all the three categories – Skin, Hair and Body Care.
- Under the heads of each category – Skin, Hair and Body Care lies various subcategories and all the companies have their products falling in these subcategories. Not all the companies cover all the subcategories. Subcategories under different heads are as under:  
**Skin Care:** Cleansers, Masks, Scrubs, Nourishing Cream/ Lotion, Moisturizing

Cream/ Lotion, Flower Based Skin Refresher, Toners, Protective Cream/ Lotion, Sunscreens, Under Eye Cream/ Lotion, Anti Acne, Anti Pimple, Fairness, Gold Collection, Vitalisers, Oxygen Collection, Enhancers, Correctors, Tighteners, Anti Blemish, Honey Collection and Neem Power.

**Hair Care:** Hair Tonics, Anti Dandruff, Scalp Cleanser & Conditioner, Hair Regrowth, Vitalisers, Shampoos, Conditioners, Hair Treatment Ointments/ Lotions and Hair Oils.

**Body Care:** Body Massage Oils, Cleansers, Hands & Feet Creams, Health Foods, Pain Relievers, Balms, Anti-Cellulite, Fatigue, Stress, Herbal Make-up and Men's Collection.

- The key ingredients of products of these companies are made of herbal extracts. The mantra of all the companies is to manufacture these products by blending both ayurveda and latest technologies.
- Most of the companies have classified their products into different classes so that they could meet the specific needs of the different segments.
- All the companies have further divided their products into subcategories. Shahnaz Husain has the highest number of subcategories while Ayur has lowest number of subcategories. Shahnaz Husain again has largest number of products and Lotus and Himalaya stand on the similar position and have lowest number of products. Despite the above facts, it is concluded that Ayur has more variants of products under each subcategory though it has lowest number of subcategories. Again Lotus and Himalaya has less number of variants of products under each subcategory though it has more number of subcategories. **Shahnaz Husain is most diversified company in terms of products.**
- All the products of different companies are packed in various pack sizes. The study concludes that customers who purchase for use prefer to purchase small pack sizes while the customers who purchase for commercial purpose purchase eco packs i.e bigger one.
- The case configuration of most of the companies is multiple of 12 and 6.
- Most of the companies are having their customers' base in Middle Classes and Upper Classes. The company which are leading in the industry are having major customers in the Middle Classes.
- Most of the companies have product classification into categories such as Mass Products, Premium Products and Sub-Premium products. But the defining factor for these classifications varies from company to company. For eg. Himalayas has classified its products on the basis of availability of products on the various outlets whereas Shahnaz has classified its products on the basis of type of customers purchasing the products such as parlours or retail outlets.
- Almost all the companies are fixing the prices of their products on the basis of quality of material used. The other factors are comparison with the prices of competitors' products, quantity packed and purely using the costing techniques.

- The margins announced by the various companies are different for retailers and distributors. But the range of margin offered to retailers lies between 6 – 10 % while the range of margin offered to distributors falls between 10 – 20 %.
- There are various schemes and offers generally announced by the various companies for customers, retailers and distributors so as to increase the sales and market share.
- All the companies are using almost all the packaging modes such as Tube Packaging, Bottle Packaging, Small Container Packaging, Outer Carton Packaging. Some of the companies also use pouch or sachet packaging such as Ayur and Himalayas for capturing the Lower Classes of the Society. Loreal/ Garnier uses the Pouch or Sachet Packaging for sampling purposes.
- Most of the companies believe that customers prefer the conventional trend in packaging such as Bottle for Hair and Body Care Products and Tube and Small Container Packaging for Skin Care Products. But there is a change in the packaging from almost all the companies. Most of products – Skin, Hair and Body Care Products are now packed in Tube Packaging that is made colourful too.
- Many companies have brought innovation in recent times in the market in the packaging. VLCC has changed and still in the process of changing the packaging of Skin, Hair and Body Care Products to TUBE Packaging. Loreal has recently launched Blister Packaging for Make-up and Colour Cosmetics. Himalayas has changed its products packaging from Round Bottle to Rectangular Bottle. Lotus has brought changes in its packaging and has now been coming up with products in Tube Packaging. Naturence is also planning to come in future with special type of Squeeze Tubes Packaging.
- Herbal revolution has already taken place India and worldwide and in future it will further strengthen and catch the pace. The whole lot of customers will get benefited by competition among these competitors. They will get both the quality and quantity at affordable and reasonable prices.