



India's Skincare Brands and their Preference to Digital Marketing over Traditional Marketing

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Abstract

The study investigates the reasons why major Indian skincare companies have preferred digital marketing channels over traditional offline marketing channels to reach their targeted customers. With advancement of technology and growing consumer awareness and their positive perceptions about beauty and personal care, the skincare start-ups have been able to leverage over the marketing opportunity.

The recent trends show that most of the skincare brands mandatorily have their own D2C (direct to consumer) channels such as websites and applications to reach pan India as well as globally. The study follows a qualitative approach and content analysis of the available data to reach to its findings and conclusion. The findings show that with strong digital marketing strategy major Indian skincare brands such as Nykaa, Plum, Pilgrim, Mcaffeine etc. have made a profound market space for them along with a strong and loyal customer base within a very short span of time.

Key Words: Skincare Companies, Skincare Brands, Digital Marketing, D2C.

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1. INTRODUCTION

Marketing has been one of the most important components of the business strategy of all companies to reach to their present and potential customers. However there has been a gradual shift in the techniques and medium of implementing the marketing strategy.

Initially traditional offline marketing (a form of marketing that uses offline media to reach an audience) channels like billboards, pamphlets, newspaper advertisements, magazines, TV and radio advertisements, handouts, direct mail etc. were used by companies to communicate their campaigns about new product launches, innovation in existing products and their CSR initiatives but in the past decade or so the companies have realised the potential of internet and advancement of technology and have started employing it to their own benefit.

This shift to Digital Marketing began in the western countries but very soon the Indian brands also jumped onto the bandwagon.

In 1990s, the term Digital Marketing was first coined. It is also referred to as Online marketing, Internet marketing or Web marketing. During the decade of 2000 and 2010, with the evolution of new social media tools and mobile tools, the concept of Digital marketing began to expand unstoppably.

Digital Marketing according to **(Chaffey and Mayer 2009)**¹, is marketing that has a broader scope because it refers to digital media such as web, email and wireless media, but also includes the management of digital customer data, and also how the internet can be used in common with traditional media to acquire and provide services to customers.

The fruits of the shift from offline marketing to digital marketing were especially reaped by the Beauty and Personal Care (BPC) brands, with their product lines sprawling across skincare and beauty (with special emphasis on skincare). The concept of skincare is not yet well defined. It is an umbrella term covering cleansing, soothing, restoring, reinforcing, protecting and keeping the skin in good condition **(Christian Surber and Jan Kottner)**². According to Collins dictionary, skincare means the care of the condition and appearance of skin.

Initially the BPC industry was dominated by international giants such as L'Oreal, Maybelline, Unilever etc. But in the last decade Indian companies were able to successfully identify the gap between what international brands were offering and what the Indian customers actually required. The international brands majorly lacked Inclusivity since their products were not made and customized as per the Indian skin type. This created an opportunity for the Indian skincare brands especially start-ups to test waters in this unexplored industry and successfully exploit this supply gap.

The skincare brands also realized the potency of natural, ayurvedic and organic ingredients to win over the customers' trust and loyalty and increase the customer base by connecting with the sceptics who in the past would always associate beauty and skincare products to exploitative chemicals. This coupled with advancement in technology like search engine optimisation (SEO), Search Engine marketing (SEM), responsive app development, interactive website designing, and strong online logistical supply chain paved the way for many Indian skincare brands to occupy a significant position in the BPC segment over a short span of time, resulting in start-ups like Nykaa, Plumgoodness, Pilgrim and Mcaffeine now becoming household names sheerly on the basis of their digital presence.

Statista reported that India ranked 4th in revenue generation from the BPC market in 2021 just behind US, China and Japan.

Data by research and markets shows that the skincare product market in India was worth \$6.25 billion in 2022 and is expected to reach \$8.84 billion in 2027 at a CAGR of 6.25%. According to The International Market Analysis Research and Consulting Group (IMARC group), the Indian BPC market is expected to exhibit a CAGR of 6.5% during 2022-2027.

This paper focuses on exploring the reasons why most of the start-up skincare brands that became successful in India chose digital marketing over traditional offline marketing unlike their predecessors and why digital marketing proved to be more efficient alternative for them to become success stories. We have selected 4 D2C (Direct to Consumer) Indian skincare brands and analysed their marketing strategies and growth to understand the reasons for their preference to digital marketing over traditional offline marketing.

2. LITERATURE REVIEW

Anoopama Ray and S Boopathy (2019)³ aimed at understanding the efficiency of Instagram marketing in influencing purchase decisions for personal care products. It was recommended that customised ads according to the target market should be designed to convert website traffic into actual customers. The paper also included recommendation to authenticate the accounts of non-established emerging sellers of personal skincare products as this will remove scepticism and hesitation from the minds of the consumers and will assure them that their data is absolutely safe.

P. Sathya (2015)⁴ has analysed and recognised the usefulness of digital marketing in competitive markets and used the sample size of 100 respondents as the primary data and some secondary data to make conclusions about the frequency of online purchasing, awareness about digital marketing, safety, concerns about digital marketing, general demographics, and customer satisfaction.

Neeta Bhatia (2015)⁵ The researcher used secondary data and selected samples from Lucknow region representing the different genders, different age groups, education, level, marital status, and monthly incomes and concluded that the consumers are aware and conscious about the difference of natural and synthetic ingredients present in skincare products. The majority of respondents reflected that side-effects from the ingredients used in skincare products is the first concern while making purchase decisions for skincare products and finally, recommendations were made for scientifically authenticated and clinically tested products for wider market penetration in future.

3. RESEARCH METHODOLOGY

Having visited the websites of various brands and after analysing their marketing strategies coupled with drawing inferences from what the owners of these brands have shared about their strategies and scope, the findings and conclusion about the reasons why digital marketing play such a significant role in the success of skin care brands were drawn.

The reports published by the skincare brands and data like pages per visit, bounce rate, average visit, duration, total visitors, total app downloads have been analysed. The efficiency and

interactiveness of websites of various skincare brands and the growth patterns of the skincare brands have been analysed and inferences are drawn through content analysis.

Downe-Wamboldt B. (1992)⁶ has explained content analysis as a research method that provides a systematic and objective means to make valid inferences from verbal, visual or written data in order to describe and quantify specific phenomena.

Qualitative content analysis is a valuable alternative to more traditional quantitative analysis when the researcher is working in an interpretative paradigm.

In this paper, qualitative data derived from interviews, reports, brand applications, websites is analysed and inferences are drawn to understand the role played by digital marketing in the rapid growth of skincare brands in India and why it is preferred over traditional off-line marketing methods by the brands.

4. BRANDS UNDER STUDY

Major growing Indian Skincare Brands using Digital Marketing over traditional offline marketing:

(a) Nykaa

Nykaa, founded by Falguni Nayar in 2012, is the fastest growing beauty and wellness e-commerce platform in India. Within a decade this e-commerce platform has evolved into one of India's largest Cosmetics and Lifestyle brands. Its product portfolio has a wide category including makeup, skincare, haircare, bath and body, fragrance, grooming appliances, personal care and health and wellbeing. Started as an online-only retailer of cosmetics and beauty products, the company expanded itself to an omni channel model and began selling fashion products.

According to the data available on similarweb.com the targeted population of Nykaa is mainly Millennials (18-24 years) comprising 37.08% males and 62.92% females as on Jan 2023 and India was the top country sending desktop traffic to Nykaa.

Nykaa is reaching out to its customers leveraging with a strong digital content and influencer marketing. Under its digital capital it has 4 apps, 8 websites, 13mn social media followers and has spent ₹4781mn on digital marketing and advertising. According to the Integrated Report by Nykaa, it has 5403 influencers connected with it and has spent 140mn rupees on influencers and bloggers for FY 2022. It has 1.2mn subscribers on its exclusive Youtube beauty channel "Nykaa TV" which creates educational content with immersive storytelling across beauty and personal care to engage beauty enthusiasts. Nykaa has a "Nykaa Network" with 4.4mn members which is a kind of interactive beauty forum to reach to members where they are allowed to chat, participate, ask and answer beauty related questions, give and seek advice, discover trends and join beauty-centric conversations. It also provides a "Watch and Buy" feature where consumers watch content generated by influencers on various social media channels and shop for featured products simultaneously and has recorded 23.5mn post views in FY 2022. It even has a repository of beauty and fashion blogs with numerous articles and blogs published.

With this strong digital presence, Nykaa has been able to become India's first unicorn start-up (with value over US \$1Billion) headed by a women and has featured in the prestigious annual TIME 100 most influential companies list 2022. Nykaa now is linked with 2400+ beauty and fashion brands and offers 100000+ products on its website, app and stores.

(b) Plum Goodness

Founded in 2013 by Shankar Prasad, Plum is India's first online only 100% vegan beauty brand. Its product portfolio includes 100% vegan (free from phthalates and parabens) skin, hair and makeup products.

According to similarweb.com Plum is part of Pureplay Skin Sciences (India) Ltd. which houses Plum body lovin' and PHY (grooming range for men). Since Plum is a D2C (Direct to consumer) skincare brand, digital marketing becomes crucial to reach out to its customers whom it calls THE PLUMSTERS. The customers are largely the Millennials aged between 18-24 years. The user demographic comprises 38.50% males and 61.50% female as on January 2023.

In its digital marketing strategy, Plum mainly emphasizes on Social media marketing, Search Engine Optimisation (SEO) strategies, influencer marketing, digital advertisements, marketing campaigns, content creation and personalised SMS and Email alerts to notify the Plumsters about new schemes and campaigns.

Plum has an active Digital Footprint with 684K followers on Instagram, 240K followers on Facebook and over 30K followers on Youtube, Instagram being the front runner. For this Plum uses Influencer marketing as an important digital marketing strategy. It connects with most influential personalities on social media handles and these influencers with their blog posts, vlogs and other content influences the Plumsters. Plum also launched an influencer affiliated programme "Plum List" to connect with 1000+ influencers to create digital content along with positive word of mouth marketing. 'Influencer marketing can play a significant role in creating brand awareness, reaching out to potential customers and engaging with existing ones.'⁷

In an interview with Business Insider, Shankar Prasad, the founder of Plum, stated about the marketing strategy as 'Initially, like all brands, we also started with performance marketing. We only bothered about how much we were selling through the ads that we were running and the communication was completely product-focused. Then, as we evolved, we looked at influencer marketing, launch marketing, launch events, social media marketing, creating a buzz around the brand fresh new ideas and content marketing'.

(c) Mcaffeine

PEP Technologies Pvt Ltd. doing business as Mcaffeine, is India's 1st caffeinated personal care brand with an exciting range of caffeinated products for young and aspiring Millennials. It was founded in 2016 by Tarun Sharma and Vikas Lachhwani as an internet only D2C personal care brand. Recently Mcaffeine came up with a range of new green tea and coffee based products for the promotion of which it brought on board a wide range of content creators with a follower base ranging from 2L to 20L.

As part of this, it sent gift kits to the creators and some were seen posting posts, videos, blogs using the product. This influencer strategy has made the brand able to connect to millions of its customers. Along with the aggressive use of influencer marketing as its digital marketing strategy, the brand also uses other social media platforms like Facebook and Instagram, content creation, digital campaigns and personalized SMS and Email alerts to notify customers about its sales, schemes and new product launches.

When asked in an interview to Economic Times if Mcaffeine plans to focus on the offline market going forward, the founder said that 'Given the nature of the brand D2C, that is, its website and application is at the highest focus for the company. The retailer presently records over 5 million monthly impressions on its website'. According to him, the company records 75% of its revenue from its digital channels while only 25% from its year old-offline channel (which it went in Sept 2021). With effective application of its digital marketing strategies, Mcaffeine has been able to sell more than 10 million products in just 5 years of its launch. Now Mcaffeine has a strong digital presence where it reaches out to its customers through its own online platforms and through other retailers like Nykaa, Amazon and Flipkart. It is also one of the largest selling brands on Nykaa.

(d) Pilgrim

Pilgrim is an Indian internet only D2C skincare brand started by two IIT and IIM alumni Anurag Kedia and Gagandeep Makkar. Its USP is to provide 100% vegan and cruelty free products, free of 20 toxic ingredients (such as parabens, sulphates, toluene etc), dermatologically tested, FDA approved and plastic positive.

Pilgrim launched its products in May 2020, during the surge of Covid pandemic and lockdown restrictions when the supply chain was entirely disrupted. At that point of time, pilgrim chose the digital channel for marketing as D2C offers multiple benefits over the traditional offline marketing. In an interview to Indianretailers.com, Anurag Kedia, the founder, highlighted the benefits of D2C mode of retail saying "D2C gives you the freedom to reach pan India while sitting at one place. It also helps to get feedback quickly from consumers". He further added "It is not like that we will not go omnichannel. At some point in the journey, we would like to go omnichannel but D2C allows so much closer consumer connection and that is the primary reason behind opting for D2C marketing"

Besides having convenience and direct link with its millennial consumer base, the brand has been able to gather insights and reviews about its products thereby helping it in its performance analysis. With use of digital marketing strategies such as influencer marketing, social media marketing, online content creation, personalized SMS and Email notifications Pilgrim has been able to create a good digital space with its loyal customer base.

**Traffic & Engagement across Different Brands
(as on January 2023)**

Brand	Bounce Rate	Page per visit	Average Visit Duration	Total Visits
Nykaa	55.43%	4.84	00:02:58	122.7 Million
Plum	62.56%	4.63	00:02:52	777.3K
Mcaffeine	60.56%	4.03	00:02:22	1.1Million
Pilgrim	49.52%	3.24	00:03:02	1.4M

Source: similarweb.com

Bounce Rate: Average percentage of visitors who view only one page before leaving the website

Page per Visit: No. of page(s) visited by the visitor in one go

Average Visit Duration: Average duration of time spent on the site

Total Visits: Sum of all visits on desktop and mobile from the last month

5. REASONS BEHIND SKINCARE BRANDS CHOOSING DIGITAL MARKETING

Accessibility: By using digital marketing and social media's influence, the brands can reach wider audience at lower cost. Most of the skin care brands that are now dominating the industry are fairly new in their inception and their phenomenal growth and wide reach is attributed to the fierce, calculative and diligent use of social media by these brands.

Cost Efficiency: The start-ups began their venture with a modest capital and it was pertinent for their success to manage their marketing campaigns in a budget. Online marketing helps in cutting advertising cost as ad spend in online marketing tends to be lower than other forms of marketing. So digital marketing allowed the brands like Plum, Mamaearth, Mcaffeine etc. to create strong brand image through social media influencers in lower budget instead of spending their entire advertising budget on a single expensive already established film star or highly paid cricketer who were getting hired as brand ambassadors by giant multinational corporations in hefty budgets.

Customer Engagement and Prompt Targeting: Customers are already bored of conventional marketing techniques and hence their retention rate is really low. In case of online marketing, the use of interactive multimedia that combines photos, videos, clips is more efficient as it engages the customers much more.

Targeted digital advertising is the process of creating and placing ads in specific areas on the internet to increase the number of target audiences reached and to improve the engagement with these audiences. Through the use of search engine optimisation, hashtags, artificial intelligence powered platforms like ad engines, third-party management tools, and copywriting software the brands are able to reach their target audience instead of scattering their efforts in the wrong directions.

Performance Analysis: The companies can easily and efficiently analyse the performance of their marketing campaigns through pages per visit, bounce rate, average visit duration, total visits, cost per click, etc. Such analytics are extremely important and helpful for the brands to carry on with the strategies that are proving to be successful and to make suitable modifications to the strategies that are not so successful and have not been well received.

Quick Reviews and Publicity: Most of the D2C skincare brands, display customer feedback and reviews on their home pages. These reviews serve two purposes. Firstly, they help the brands to know the feedback of the customers very quickly and appropriate changes are made to the products and strategies according to the feedback to improve customer satisfaction. Secondly, positive feedback on the website encourages more and more people to buy the products as no other publicity is as propelling as positive word of mouth.

Virtual Real-Time Experience to Customers: Virtual reality creates a stimulated space that allows clients to interact with products before making a purchase decision. In beauty industry, a perfect example of this is - Certain websites provide an option to the customers to upload their photo and different swatches of lipstick shades offered by the brand will then be applied to the photo to give a better idea to the customer as to which shade would suit them the best and then they can make

their purchase decisions accordingly. Using virtual reality experience, brands are now able to provide tailored/customised products using try-ons and skin diagnostics, providing at home experience to customers encouraging them to make more frequent purchases.

Influencer Marketing: The rise of social media, such as YouTube and Instagram has opened a new channel for brands to connect with customers, more directly and organically. Instead of spending a large chunk of advertising budget on one highly established and highly paid celebrity sponsored by multinational giants with big and hefty budgets to appoint him/her as the brand ambassador, most of the start-up skincare brands in India opted for influencer marketing so that influencers who have large social media reach on platforms like YouTube, Instagram, Twitter directly and organically market their brands through content creation in the form of vlogs, blogs and posts and create a strong brand impression in the minds of their loyal customer base.

Consumer Awareness and Inclination towards Self Care: Over the past few years there has been a significant increase in the way people prioritise self care especially women. As female participation in workforce increased and they started possessing more disposable income, their expenditure on beauty and personal care increased. These women are now becoming the target markets of most skin care brands. The demographic dominating the skincare market is constituted by young women. The shift from make up to skincare is also a recent trend and the one to stay.

Product Innovations and Customer Perception: Companies like Mamaearth, Plum, Moms Co laid a special emphasis on cruelty free, vegan products and designed online marketing campaigns, highlighting these features about their products. This helps the brands to reach out to socially conscientious customers.

The skin care brands have innovated their products by infusing them with naturally derived and organic ingredients. Through their webpage designing and digital marketing these brands highlighted such innovations and reached out to those customers who were averse to make-up and skincare products thinking that such products are chemically overloaded and hence are harmful for the skin. This helped brands to widen their customer base by removing the scepticism from the consumers' minds.

Technological Advancement: With continuous evolution of Information and Computer Technology (ICT), the number of internet users in India is on a rise. Cisco's annual report suggests that India will have over 907 million internet users by the end of 2023. With this number, India's 64% population will come online, largely the millennial population. This will provide an opportunity to the Direct to consumer (D2C) companies to penetrate the growing digital space even more.

6. CONCLUSION

Having analysed the 4 dominant skincare brands in India (which are notably and fairly new in their inception), their various digital marketing campaigns, analytics, reach and technology used by them, we have reached to the following findings which suggests why starting with digital

marketing has been extremely helpful in the success of these brands and the skincare industry as a whole in India.

- Cost efficiency, customer engagement, performance analysis, quick reviews and publicity, virtual real time experience to customers, influencer marketing, consumer awareness and inclination towards skincare, product innovation, shift in customer perception, advancement of technology and technologically advanced customers have been the major reasons behind Indian skincare brands preference to digital marketing over traditional offline marketing
- The content analysis of the websites of aforementioned brands and their marketing strategies also gives an insight about the future trends and scope of skincare industry in India. The skincare brands which attained their present position and dominance through digital marketing are now shifting to offline stores and traditional marketing techniques like TVCs and print media as well to reach an even wider customer base of those people who are not so technologically inclined.
- The demand for premium products is growing in India and Indian consumers are expanding from functional products to advanced and specialized products. Ethically sourced, packaged and manufactured goods will have a separate niche base of loyal customers who are socially and environmentally conscientious and prefer naturally derived ingredients in their skincare and beauty range. The focus of skincare brands will also expand from females to males and special emphasis will be placed on inclusivity. Plum's parent company Pureplay Skin Sciences (India) Ltd is one such company that already has a dedicated personal care brand for men called PHY. A growth in unisex products is also expected. Harnessing the benefits of digital marketing, a deeper penetration in tier 2 and tier 3 cities seems to be on the cards. Hybrid cosmetics with skin benefits is also a trend that is expected to prosper in future.

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