



India's massive untapped growth opportunity in luxury beauty

Decoding market dynamics
to create a winning strategy
for long-term growth in
2025 and beyond

Executive summary

India offers an exciting and lucrative opportunity for global beauty brands to enter and establish themselves early in the luxury beauty space.¹ Already a billion-dollar market in 2024, luxury beauty in India is expected to reach \$1.6 billion by 2028 and \$4.0 billion by 2035, growing at an expected CAGR of 14 percent—making it one of the fastest-growing markets in Asia and the rest of the world.

The underpenetrated luxury beauty landscape in India presents an enormous opportunity for brands to capitalize on favorable socioeconomic factors, such as overall country development, GDP growth, a growing middle class, and luxury-conscious consumers' awareness, which is fueling a desire to trade up. In many ways, the 14 percent projected CAGR may be misleading as there can be a sharper inflection point and a growth spurt when developing economies cross the threshold of income levels where basic living needs are being met and discretionary spending surges. This is the near-vertical growth phase of an S-curve if we look at a 10- to 20-year view, the exact timing of which is nearly impossible to predict.

India must not be overlooked on account of its smaller market for luxury beauty products. Instead, the immense market potential over the next decade is undeniable, and it is expected to follow the high-growth trajectory that China enjoyed over the past 15 years. Currently, India's luxury beauty landscape is comprised of about 90 percent international brands and 10 percent local brands, even though many more international brands have yet to enter the market. This is in stark contrast to mature luxury beauty markets such as Japan and South Korea, where homegrown luxury brands tend to constitute around 40 percent of the market. Top brands in the global beauty ecosystem are already betting on India's vast consumer base, especially its rising younger aspirational digital-savvy consumers. The influx of international brands over the past few years is further evidence and a clarion call for brands to swiftly enter India to capture early-mover advantages.

That said, India is a challenging market to master, being a "land of many Indias" and much different from other Asian countries due to its vast geography and large ethnic diversity. To succeed, brands will need to develop a variety of region- and even city-specific strategies rather than relying on a generic Asian or single-market strategy.

Three strategic pillars need to be addressed:

Product: customize the product portfolio by region and cities. Tailor the product portfolio to cater to India's climate, the variety of complexions, and consumer preferences while leveraging an existing international portfolio without investing in dedicated R&D. For example, launch shades for brown complexions with neutral and warm undertones instead of cool undertones, and launch mini-SKUs to recruit consumers with better price accessibility.

Marketing: create and execute a localized marketing strategy. Make a committed marketing effort for two to three years to unlock the full potential of international brands with limited consumer awareness in India. Forge partnerships with Instagram influencers, and capitalize on well-trained in-store beauty assistants exclusive to the brand (even in chain stores). Identify influencers that are appropriate for the brand, and leverage the digital mechanics on retailer platforms along with mainstream channels such as YouTube.

Partnership and distribution: choose the right partners to harness accurate market intelligence and access more channels. Adopt an omnichannel distribution strategy, and work with a local partner to leverage their online and offline footprint across the country. This will involve navigating operational complexities such as product registration, imports, and the supply chain along with unlocking value drivers, such as tapping into a nationwide sales team and training, deploying, and managing an army of dedicated beauty consultants in omnichannel chain-store environments.

¹ The luxury segment of the beauty market is categorized based on pricing of \$15 or more for haircare (250 ml), \$20 or more for skincare (50 ml) and color cosmetics (standard sizes), and \$40 or more for fragrance (100 ml). This also includes the prestige segment.

India is luxury beauty's next gold rush

The market is expected to double to \$1.6 billion over the next five years

“The beauty market is experiencing rapid growth, fueled by increasing disposable incomes and a young population highly engaged in self-care. As India emerges as a global beauty hotspot, now is the ideal time for prestige and luxury brands to enter the market and leverage the strong growth projected for the coming years.”

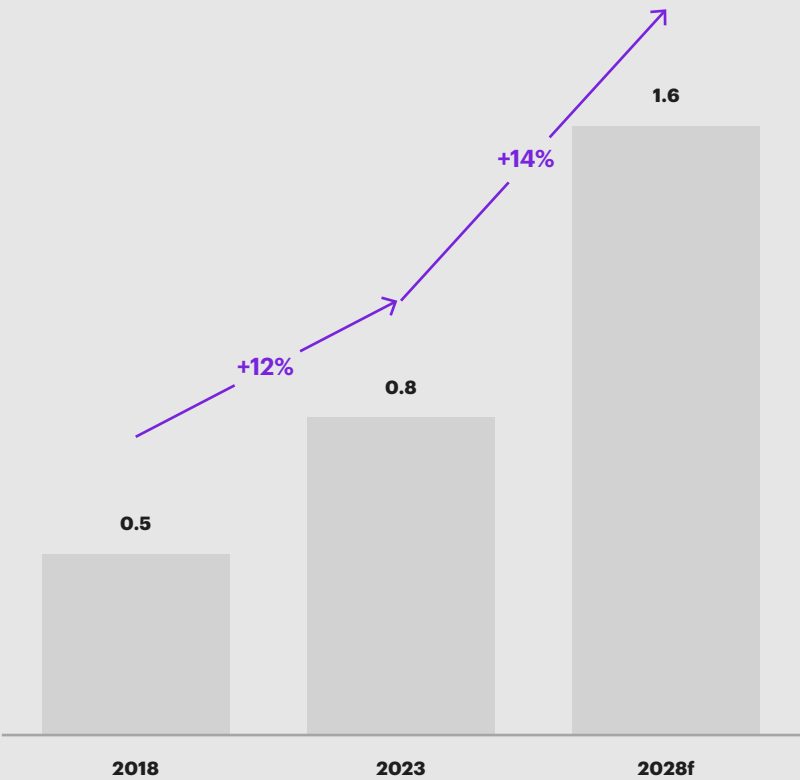
– Bhakti Modi, co-founder, Tira Beauty

One of only two countries in the world with more than a billion people, India is expected to become one of the world's fastest-growing luxury beauty markets. Having just experienced a double-digit five-year CAGR of 12 percent per year to reach a market size of \$0.8 billion in 2023, India is projected to accelerate at 14 percent per year—doubling its market size to \$1.6 billion by 2028 and reaching \$4.0 billion by 2035 (see figure 1 on page 3). In fact, India could easily see an even sharper growth trajectory, which is difficult to predict, as China's experience 15 years ago suggests.

China, one of the world's largest beauty markets, is facing economic headwinds and dampened consumer spending on beauty. This has turned the eyes of global brands to seek out new pastures in its neighboring market: India. The country's vast and increasingly well-informed consumer base, young aspirational population, and rising disposable income make it ripe for explosive growth in luxury beauty.

Figure 1
India's luxury beauty market is projected to double over the next five years

India's luxury beauty market
(\$ billion)



Source: Kearney and LUXASIA analysis

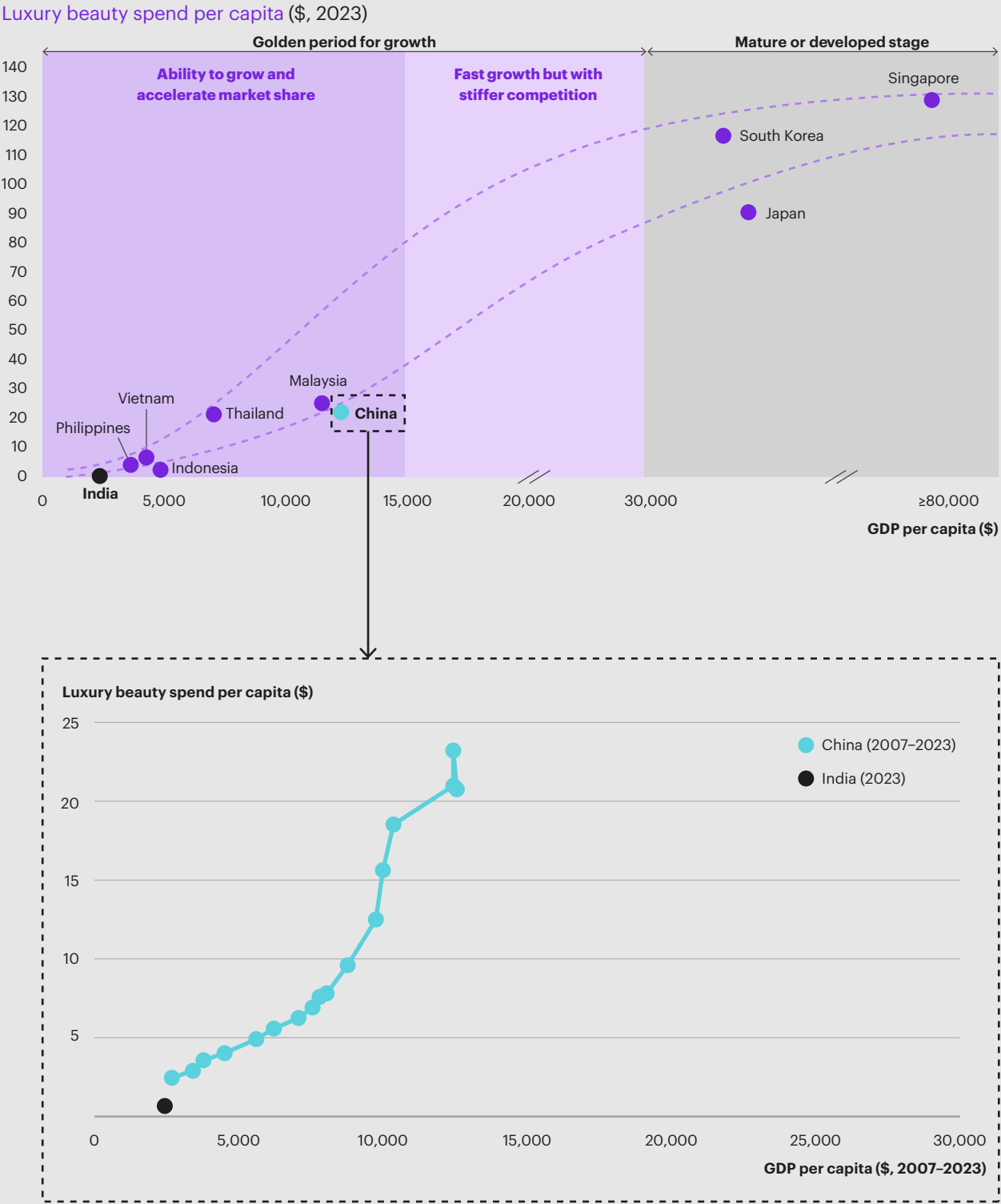
India is on track for a growth surge in luxury beauty

India's luxury beauty journey indicates that the country is approaching an inflection point and is poised to follow the exponential growth path of other Asian economies (see figure 2 on page 4). An analysis of major Asian markets suggests that India's luxury beauty market will follow an S-curve growth trajectory as income levels rise. Unlike other major Asian markets, India is at the lower end of the S-curve—with enormous potential to catch up. Notably, mature markets in other countries are near saturation, characterized by low single-digit market growth and intense competition, prompting international beauty brands to hunt for growth elsewhere. This has put India on the radar for market entry and expansion.

"India is today where China was 15–16 years ago. And it just went through a consumption boom in all categories, particularly the beauty and fashion segments," Falguni Nayar, Nykaa founder and CEO, said in a [2024 interview](#). "So, we are very confident that it is going to be repeated in India."

India's luxury beauty market is poised for high growth, mirroring the trajectory China was on when the country surpassed the \$2,000 to \$2,500 mark in per capita income, which triggered a surge in consumption. Countries at this point have a sizable and growing middle class that tends to trade up from mass and masstige segments to luxury products. This demographic group is primarily composed of people ages 15 to 45, who tend to be more aspirational spenders rather than savers. By 2030, these consumers are expected to make up nearly half of India's population.

Figure 2
The luxury beauty markets in other Asian countries indicate that India is poised for a growth surge



Sources: Oxford Economics, Euromonitor, interviews with industry leaders; Kearney and LUXASIA analysis

Luxury beauty is only 4 percent of India’s overall beauty and personal care market

In contrast to many other Asian and Western markets, luxury beauty in India is still nascent with only about a 4 percent share of the overall beauty and personal care market, providing huge headroom for growth (see figure 3). This market share is far below its developing Asian peers, with Thailand, Vietnam, and Malaysia standing in the range of 20 to 25 percent. The gap is more pronounced than in developed markets such as Canada, Japan, Singapore, South Korea, the United States, and the United Kingdom, which have a 35 to 50 percent share of the market. The low degree of penetration gives India a unique opportunity to scale by capitalizing on the rising affluence of its middle class and the increased demand from young aspirational spenders.

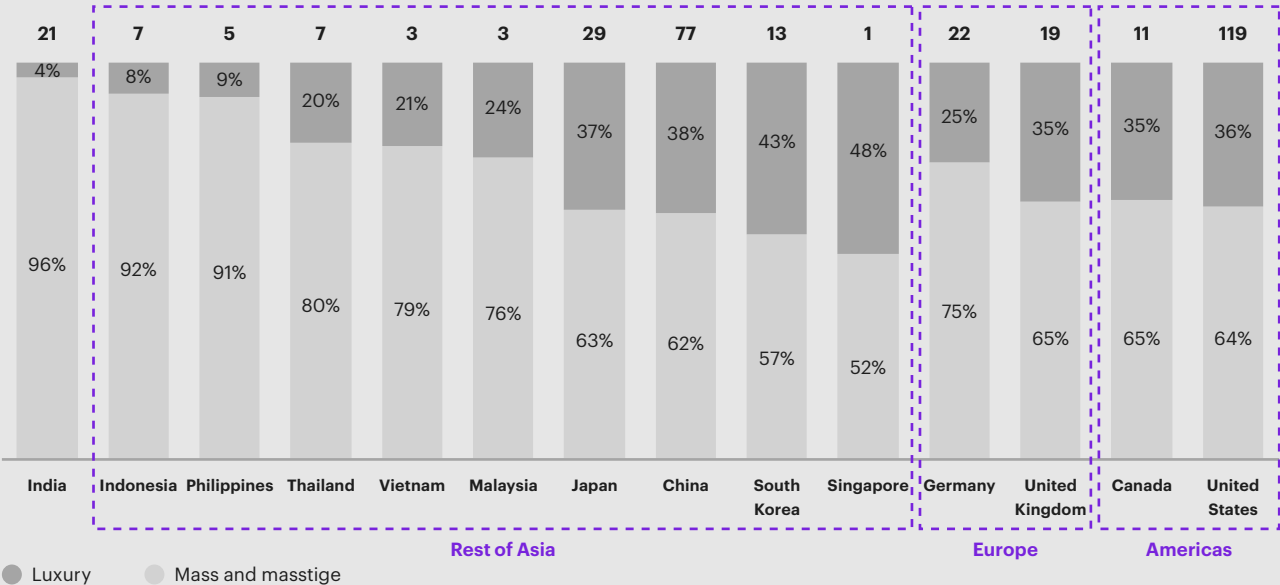
Favorable demographics and luxury purchase trends point to a sustained period of growth

“The number of luxury beauty consumers in India is expected to more than double in eight years, from 15.5 million in 2022 to 33 million in 2030.”

– Former executive of L’Oréal Luxe (India)

Figure 3
Luxury beauty’s share of the beauty and personal care market is much lower in India than in other countries

Luxury beauty as % of the overall beauty and personal care market
(overall market size in \$ billion, 2023)



Sources: Euromonitor; Kearney and LUXASIA analysis

Affluence is expected to surge over the next five to 10 years with the number of high-income households projected to triple, leading to more demand for luxury beauty products (see figure 4). As such, spending is expected to increase across all categories. Over the past five to 10 years, the top luxury players have achieved double-digit growth rates in their respective segments in India, and they are expected to capitalize on their early-mover advantage to fuel their solid performance over the next five to 10 years (see figure 5 on page 7). Among these top luxury brands, Rolex has achieved a remarkable 34 percent annual revenue growth rate over the past four years, and Hermès saw about 14 percent annual revenue growth rate from 2017 to 2022. The performance of these leading brands highlights India’s appetite for luxury brands and products.

India faces cross-border infiltration of luxury beauty products from other markets, showing their strong demand even when brands are not officially present in India

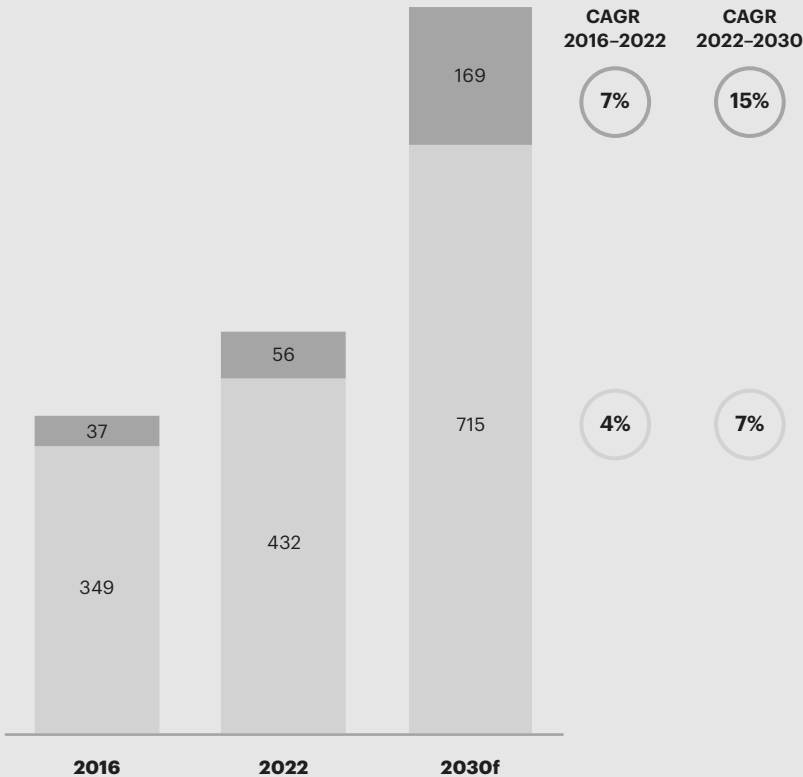
India is seen as a viable clearance market for developed markets’ overstocked products, even those nearing obsolescence. These are primarily sold through unauthorized sellers on e-commerce sites at discounted prices and without printed expiration dates. Furthermore, because many of these brands are not officially in the market, consumers are unable to distinguish if the products are still fresh or have started to degrade. This has adversely impacted brand perception and the consumer experience.

The silver lining is that the commercial viability of such clearance platforms implies a strong underlying demand for luxury beauty products, even for brands that are not officially in India. Notably, counterfeiting in luxury beauty is minimal, although it is a serious issue in mass and masstige segments.

Figure 4
India’s high-income population is expected to triple between 2022 and 2030

Population for households with medium and high annual incomes (million)

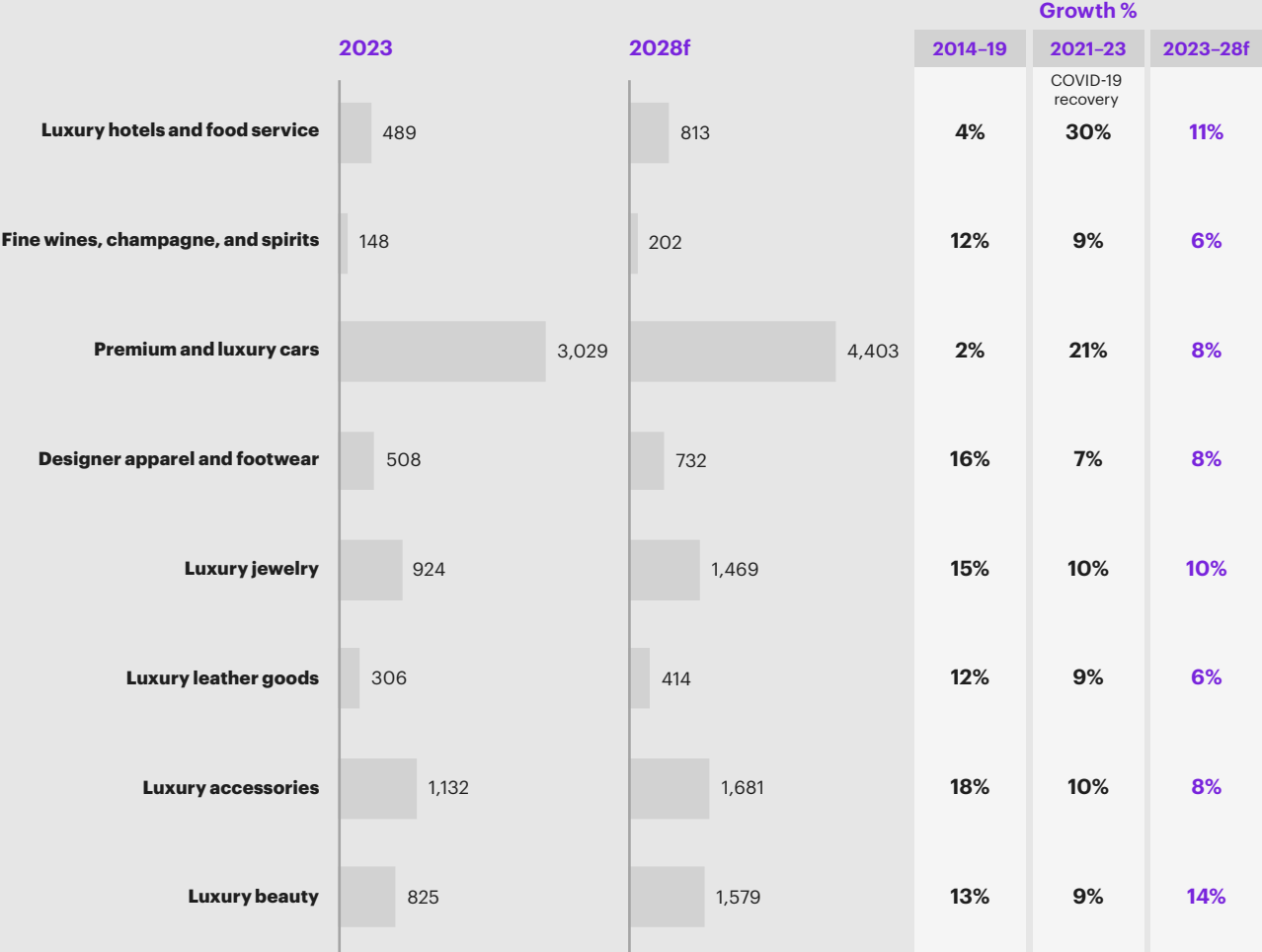
- Annual household income >INR 30L (\$36,000+)
- Annual household income INR 5–30L (\$6,000–\$36,000)



Sources: Price Report; Kearney and LUXASIA analysis

Figure 5
Favorable luxury purchase trends in India indicate a sustained period of growth

Luxury in India by category
(\$ million)



Luxury companies in India have seen sustained growth over the past few years:



Sources: Euromonitor, EMIS; Kearney and LUXASIA analysis

Industry overview and outlook

Seventy percent of the luxury beauty market is offline, and 30 percent is online. Fragrance dominates the product category with a 43 percent share, but makeup is expected to be a close rival by 2028.

Channel mix

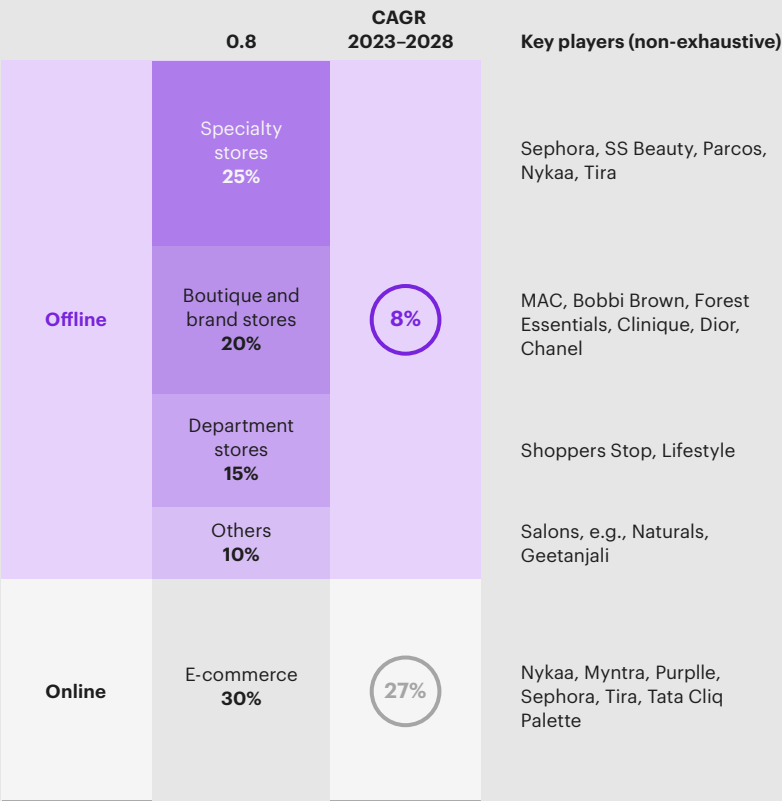
In India's luxury beauty market, offline stores hold a dominant position for first purchases where personalized customer service from retail assistants and product trials matter, especially for fragrances and makeup. Specialty stores, with beauty-focused multi-brand retailers such as Sephora and Nykaa, contribute to 25 percent of the luxury beauty market. This is followed by boutiques or standalone brand stores, such as MAC, Forest Essentials, and Dior, with 20 percent of the market. The overall offline channel contributes to 70 percent of the luxury beauty market.

At the same time, the entry of online beauty retailers such as Nykaa has enhanced accessibility to the market, attracting new customers who previously lacked trust and access to luxury beauty products, especially in tier 2 and tier 3 cities with a small offline footprint. The online channel has also helped improve consumer education and engagement, leading to higher brand awareness, enhanced overall brand experience, and more demand. The e-commerce channel contributes to about 30 percent of the overall market and is projected to grow at a CAGR of around 27 percent from 2023 to 2028 (see figure 6 on page 9).

As a result, an omnichannel approach is expected to be the way forward for brands aiming to reach diverse customers with different channel preferences. Retailers are embracing omnichannel retailing to curate a comprehensive experience for consumers.

Figure 6
E-commerce in India is projected to grow by about 27 percent from 2023 to 2028

Luxury market channel mix
(\$ billion and %, 2023)



Source: Kearney and LUXASIA analysis

Nykaa, a pioneer of online-first retail in India, has expanded with a large network of Nykaa Luxe and Nykaa On Trend stores. The company extended its network of beauty stores across formats from 77 in FY21 to 187 in FY24, positioning Nykaa as an omnichannel retailer, although online sales still make up a majority at 74 percent in FY23. Sephora, which was acquired by Reliance Retail from Arvind Fashions in 2023, is looking to expand its footprint and more than double its stores from its current network of 26 stores over the next three to four years, while also establishing a true omnichannel presence in India by improving its online presence. Tira, Reliance Retail’s ambitious foray into omnichannel luxury beauty retail, is planning an aggressive footprint expansion to reach triple-digit stores in the next four to five years, alongside its online platform.

This vibrant growth of the beauty ecosystem is supported by the planned entry of Galeries Lafayette and the expansion of fashion and other retailers into the beauty sector, including SS Beauty, Tata CLiQ Luxury, and Myntra, alongside traditional department stores.

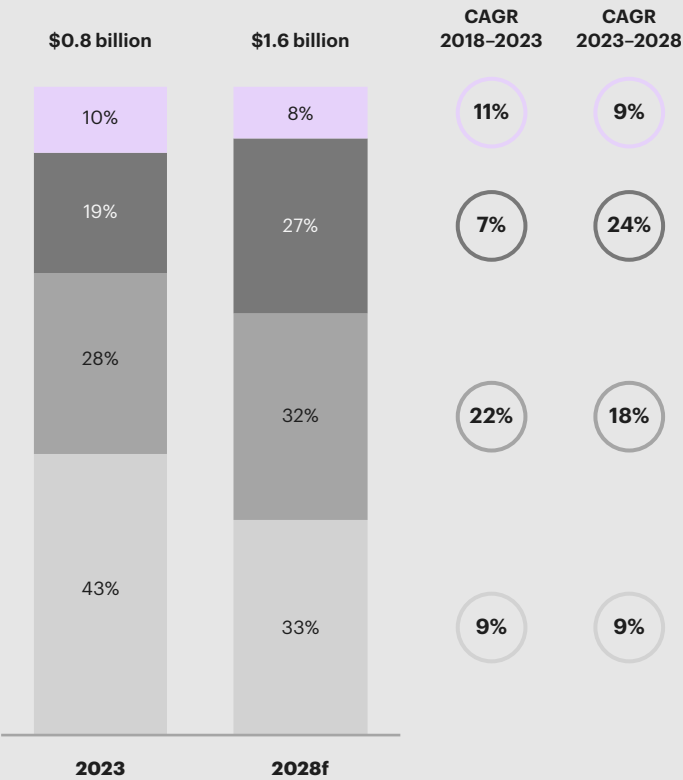
Category mix

Fragrance is the largest luxury beauty category in India with a 43 percent share, driven by impulse shopping, gifting, and the contributions of men (see figure 7 on page 10). That said, this composition is likely to evolve to show more contributions coming from color cosmetics and skincare. Skincare is projected to be the fastest-growing category, thanks to the growing availability of luxury skincare brands and increasing consumer education levels about skin health and skincare routines. Skincare has the potential to outstrip other categories in terms of growth. Although India has traditionally been a fragrance market and has seen several large international makeup brands in the past decade or so, skincare is still a relative white space. This extremely lucrative segment with high loyalty is likely to see a large number of entrants in the next one to three years, which is also likely to drive the sophistication of the Indian luxury beauty consumer. Color cosmetics will also continue to experience robust growth, fueled by a burgeoning young working population with a growing share of women, which will inevitably increase their frequency and usage of makeup.

Figure 7
Fragrance is the largest category in India's luxury beauty market

Luxury market category mix

- Hair care
- Skincare, including suncare
- Color cosmetics
- Fragrances



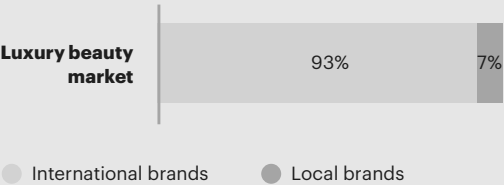
Source: Kearney and LUXASIA analysis

International brands dominate the market, with skincare and cosmetics brands more concentrated and fragrance heavily fragmented

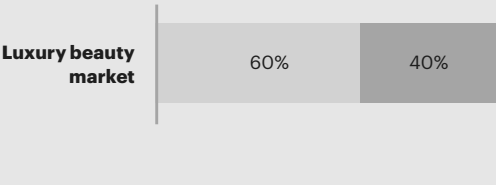
India's luxury beauty landscape is dominated by recognized international brands, with brands launched globally pre-2000 (such as MAC and Kérastase) dominating the market. Because of the unsaturated nature of India's luxury beauty market, newer brands founded in the past 10 to 15 years (such as The Ordinary and Huda Beauty) are also able to consistently grow and gain market share. Indicative of a developing luxury beauty market, the presence of local luxury beauty brands is limited, with Forest Essentials and Kama Ayurveda being the only major brands in this space (see figure 8 on page 11). They have also carved out a niche following for themselves with Ayurvedic or herbal formulations and do not directly compete with scientific formulations of luxury international brands.

Figure 8
India’s luxury beauty market is dominated by recognized international brands from Europe and Americas, though newer brands have emerged

Share of brands in the Indian market



Share of brands in established Asian markets: Japan, South Korea, and China



Source region	Recognized brands launched pre-2000		Newer brands launched in the 21st century
	Beauty as the core focus	Beauty as an extended focus	Beauty as Core Focus
India			Forest Essentials Kama Ayurveda
Europe	Clarins Jo Malone London Kérastase Lancôme Giorgio Armani Dior Caudalie Nina Ricci Pixi Eau Thermale Avène Paco Rabanne Make Up For Ever	Davidoff Gucci Dolce & Gabbana Montblanc Burberry Hugo Boss Givenchy Bvlgari Versace Hermès Jimmy Choo Ferragamo	Charlotte Tilbury
North America	MAC Cosmetics Bobbi Brown Clinique Estée Lauder Aveda Kiehl’s Benefit Cosmetics Elizabeth Arden Artistry Too Faced Cosmetics Carolina Herrera	Calvin Klein Coach	Fenty Beauty Rare Beauty The Ordinary OLAPLEX Tom Ford Beauty Moroccanoil Milani Cosmetic Morphe
Rest of Asia	LANEIGE Shiseido Sulwhasoo Etude House	Issey Miyake	Huda Beauty Beauty of Joseon Innisfree dear, Klairs COSRX Thank You Farmer Belif TONYMOLY

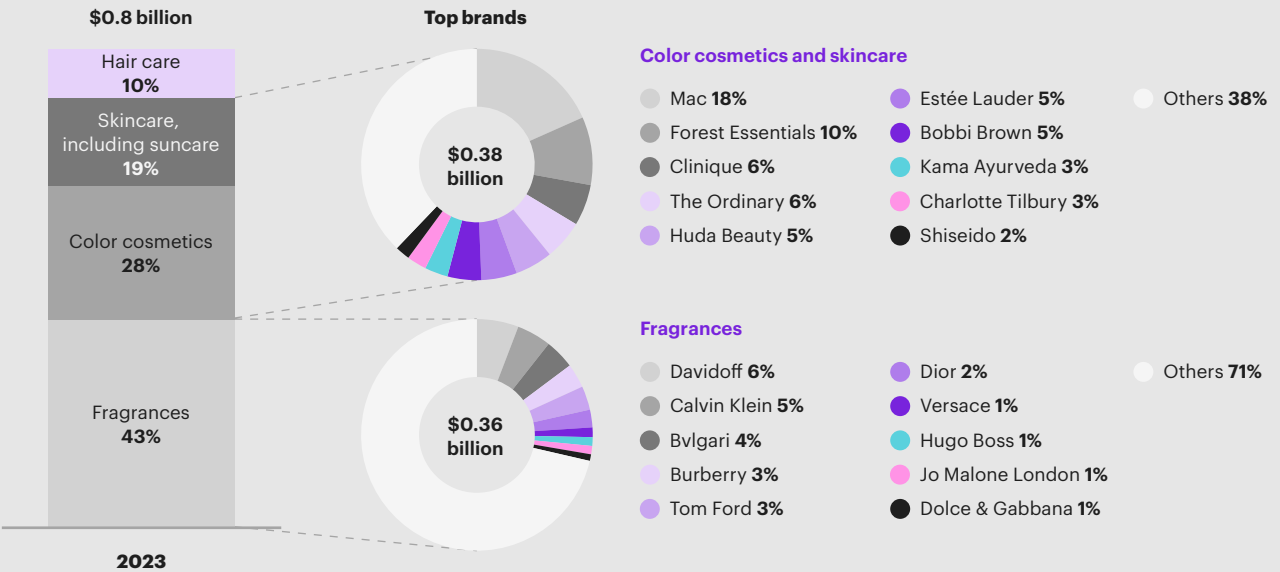
Sources: interviews with industry leaders; Kearney and LUXASIA analysis

Overall, these are strong indicators that India’s luxury beauty market is still far from maturity and has massive untapped potential that could bring major rewards to brands that can unlock the opportunity and establish themselves.

The brand landscape for color cosmetics and skincare is fairly consolidated, with the top 10 brands contributing a share of more than 60 percent (see figure 9). As these categories continue to experience rapid growth, more players will likely enter the market, creating a more competitive environment. All brands that enter India’s luxury beauty market will have an opportunity to ride this wave of growth. However, in the fragrance market, fragmentation is more pronounced because of the presence of numerous early-mover brands, many of which were brought in by distributors and retailers. Niche fragrances are expected to become more popular as the average Indian luxury beauty consumer becomes more sophisticated.

Figure 9
The top 10 color cosmetics and skincare brands have captured more than 60 percent of India’s market

Luxury market by product category



Note: The haircare category was not evaluated for brand market shares beyond Kérastase, which is expected to have a market share of about 25 percent in luxury haircare. Brands launched in 2023 or after, including Rare Beauty and Fenty Beauty, were not evaluated for top brands’ contribution.

Sources: Euromonitor, EMIS, interviews with industry leaders; Kearney and LUXASIA analysis

Seven structural trends are shaping India's luxury beauty market

The beauty market is evolving rapidly, making it one of the most dynamic consumer sectors in India's economy. Informed consumers are embracing sophisticated beauty regimes. There's a noticeable gender shift in fragrance purchases with a growing share of women. Rising affluence and aspirations are driving people to trade up for more luxury products.

Seven trends are fueling explosive growth in luxury beauty and defining the course of the market:

1. The rise of the well-informed and discerning Indian beauty consumer

Indian consumers are growing more conscious of beauty regimes, particularly skincare. They are seeking product recommendations by following influencers on Instagram and turning to YouTube for education and information on beauty, and this is expected to be a final step in a consumer's purchase journey. A 2023 survey by Meta-GWI revealed that 47 percent of Indian consumers learn about beauty products through Instagram Reels, and 70 percent of beauty content viewers watch Indian influencers to make purchase decisions. This heavy reliance on Instagram is exacerbated by India's TikTok ban. Many brands, including Benefit, Caudalie, Estée Lauder, Farmacy, and Charlotte Tilbury, are partnering with local influencers to tap into India's expanding influencer economy. The underlying driver is the increased Internet and mobile penetration, coupled with rising consumer literacy and enhanced education in India. Today's consumers are more internationally exposed and well-read, making them more discerning in their consumption.

2. Consumers adopting sophisticated skincare routines

More Indians are adopting extended beauty regimens, adding products such as toner and sunscreen into their routines in addition to established products such as cleansers and moisturizers. Korean beauty brands are leading the way in advancing sophisticated skincare routines. In October–December 2023, the search terms “Korean sunscreen” and “glass skin” surged 148 percent and 61 percent respectively from the previous quarter, according to Nykaa's Q2 FY24 earnings call. Nykaa responded to this growing demand by launching a dedicated K-beauty section. At the same time, consumers are more informed about product ingredients and are looking for clean labels, “free from harsh ingredients” products, and active ingredients such as Vitamin C and hyaluronic acid. The skincare category has been smaller than fragrance and color cosmetics in India, but this is also supply driven and is expected to change with several new market entrants in the next 12 to 36 months—making this the fastest-growing category in the country.

3. A gender focus shift in the fragrance market

Historically, the fragrance market in India has been male-oriented, with about a 60 percent share five to 10 years ago. However, this is changing as fragrances are increasingly capturing the attention of female consumers. Popular female-centric fragrances that have gained traction include Chanel No. 5, Dior J'adore, Marc Jacobs Daisy, YSL Libre, and Armani My Way. This rise in female-focused fragrances has led to the market being evenly split between male and female fragrances. Even with this gender shift, a 50 percent share of males is significant given that men's contribution to other luxury beauty segments such as color cosmetics and skincare is low. The high contribution from men is one of the main reasons that fragrances have the largest share in India's luxury beauty market with 43 percent.

4. An accelerated trade-up toward luxury

Higher incomes, a larger digital influence, and a growing desire to showcase status in social settings, particularly among Gen Z and Millennials, are accelerating the trading-up across beauty categories. Luxury beauty is growing twice as fast as mass beauty, and luxury makeup is expected to experience a high growth rate of 18 percent. To capitalize on the trend, luxury brands have introduced mini versions of their products, such as smaller lipsticks by MAC and smaller sizes of cologne by Jo Malone London, making them more accessible to price-sensitive consumers who are purchasing at the higher end of the masstige segment.

5. The rise of celebrity-led beauty brands

In recent years, celebrity brands such as Rare Beauty by Selena Gomez, Fenty Beauty by Rihanna, Hyphen by Kriti Sanon, and Anomaly Haircare by Priyanka Chopra have captured the attention of the Indian audience. Indian female celebrity Katrina Kaif's Kay Beauty is among the most successful beauty brands, with an annual revenue run-rate of \$18 million within four years of launch. However, the jury is still out regarding whether this trend will continue or whether it will be successful. As Indian luxury beauty consumers become more sophisticated in their use of products and regimes, it is quite possible that the strength of international brands and product efficacy will play a bigger part in their purchasing choices. Having a celebrity as the face of the brand or as a brand ambassador is not necessarily the elixir for success.

6. A rise in the use of technology for personalization and an improved customer experience

More companies are using AI and augmented reality (AR) to power beauty tech tools, such as makeup trials and skin analyzer mirrors, to offer a personalized and immersive consumer experience. For example, the new Tata CLiQ Palette stores have AR-enabled technologies such as Palette Match Finder to personalize the customer experience. And in 2023, Reliance Retail launched AI-powered virtual try-on technology called ModiFace on its beauty platform, Tira. However, the adoption of such technologies is at a nascent stage and is primarily aimed at building interest and awareness among online customers. The final trials and first-time purchases are still dominated by the offline ecosystem.

7. Omnichannel paving the way for distribution

An offline retail presence has always been crucial for building brand awareness and enhancing the luxury beauty experience. It is also natural that first purchases for luxury beauty are dominated by offline since consumers typically want to try these products before buying them. However, subsequent purchases are often made online. Moreover, online channels are fueling customer purchases in emerging tier 2 and tier 3 hotspots, especially if products are not readily available outside of tier 1 cities. Nykaa, which started off as an online platform and is the leader in luxury beauty retail online, has been investing heavily in physical stores, aiming for an optimum offline-online mix. In addition, as discussed earlier, Sephora is looking to expand its footprint over the next three to four years while building its online share of the business. Reliance's Tira wants to take both of these competitors head-on with a 100-store footprint in the next four to five years, combined with an online presence to create a seamless consumer journey. To win in this market, brands will need to have their own trainers and dedicated beauty consultants in stores and a robust pan-India sales team, coupled with a smart and well-executed digital and e-commerce strategy. To unlock the full potential of the Indian market, brands will also have to keep an eye out for opportunities such as SS Beauty, the entry of Galeries Lafayette, and other e-commerce channels such as Tata CLiQ Luxury.

Strategy for success

Forward-thinking brands will address all three strategic pillars, customizing their strategies for the Indian market backed by strong local intelligence (see figure 10).

Product

Have a strategy that caters to India’s unique customer preferences rather than replicating an Asian strategy.

“Local preferences and climate play key roles in which international products can be launched in India.”

– Neha Ramani, former VP at Nykaa

Figure 10
Three strategic pillars can build success in India’s luxury beauty market



- 1** — Customize the product portfolio by region and cities to cater to a “land of many Indias.”
- 2** — Invest in well-trained brand-exclusive beauty assistants.
— Partner with influencers on Instagram and YouTube.
— Run customized regional campaigns.
- 3** — Implement an omnichannel distribution strategy.
— Partner with a strong local distributor for support in regulatory compliance, product selection, product pricing, and marketing.

Sources: interviews with industry leaders; Kearney and LUXASIA analysis

Because preferences vary across product categories, shades, fragrances, and other factors compared with Southeast Asia, a customized portfolio is necessary. Here are a few examples:

- Fragrances dominate the Indian market with a 43 percent share, which is higher than any Southeast Asian country and is evenly split between men and women. Fragrances that see high demand include citrus, woody, and musky scents, which differs from Southeast Asia, where people prefer more floral and lighter scents, and from the Middle East, where there is more demand for oud and frankincense.
- Skincare is underdeveloped at 28 percent compared with many Southeast Asia markets that see a market share of more than 50 percent. Brands can expand into the skincare category, which is projected to experience explosive growth at a 24 percent CAGR over the next five years, by focusing on trends such as active ingredients (for example, vitamin C and hyaluronic acid) and clean labels.
- Within color cosmetics, imported brands often focus globally on formulations for fair and dark complexions. However, these do not tend to resonate well with consumers who have brown complexions. To attract Indian buyers, there is a need for neutral and warm undertones instead of cool undertones.
- India has a hot climate, unlike several mature markets, so testing the suitability of packaging, formulations, and textures is important. For example, light non-comedogenic formulations are preferred in India, while warm textures such as balms or thick formulations are less likely to succeed.

“In India, complexions change across regions. Brands need to know which shades to sell, or else they’ll fail.”

– Vivek Bali, former CEO at Sephora India

India is not a homogenous market; the country is made up of a variety of races, people groups, languages, geographies, climates, and preferences, making it a “land of many Indias.” Consumer traits and preferences change drastically across regions and cities. Brands will need to master these nuances and complexities, and brand strategies must be carefully customized for each region. For example, consumer preferences in top metros such as Delhi, Mumbai, and Bengaluru vary widely from tier 2 and tier 3 cities. Even within metros and tier 1 cities, Bengaluru has more demand for sunscreen and masks because of its proximity to the equator and windy weather, which leads to drier skin types. Meanwhile, toners and cleansers are more popular in Chandigarh because of the high levels of pollution.² Brands will need to keep this in mind in their marketing approaches. For example, on the e-commerce platform Myntra, d’Alba’s sunscreen with a moisturizing formula is displayed more prominently for the dry environment of Delhi, while d’Alba’s sunscreen with skin complexion benefits is displayed more prominently to Chennai consumers.³

² Bengaluru and Chandigarh examples are based on Tira website analysis in May 2024.

³ The d’Alba example is based on Myntra website analysis in April 2024.

Marketing

Brands with limited local awareness may need to commit two to three years of investments to assess viability. Exclusive store assistants, Instagram influencers, and localized marketing campaigns play a pivotal role.

Brand awareness plays a crucial role in determining success. Newer luxury and niche beauty brands with limited local awareness typically require two to three years to evaluate their viability in Indian markets as well as to achieve sufficient popularity and scale to be profitable. In contrast, established and popular brands can achieve significant growth and be profitable within just three months.

As social media consumption rises, more consumers rely on platforms such as Instagram and YouTube for product information, reviews, and tutorials, while TikTok remains banned in India. Consequently, these channels are crucial for customer conversion. Considering India's diverse demographics, it is essential to view this through a localized lens, including partnerships with micro-influencers for customized regional or seasonal campaigns, such as creating region-exclusive creative content or running specific promotions during important local festivals.

Although influencers can play a crucial role, the importance of well-trained brand-exclusive beauty assistants, whether owned by the brand or operated by partners, is still significant. These ambassadors can guide customers, providing personalized service and recommendations, and in doing so, they can play a pivotal role in pushing the consumer from the consideration stage to purchase.

“Education in categories such as skincare is very important, and brands need to impart education through on-the-ground trained beauty assistants.”

– Vivek Bali, former CEO at Sephora India

Partnership and distribution

Brands that want to expand should adopt an omnichannel distribution strategy and establish a strong local partnership to tap into local consumer knowledge.

Consumer demand in India tends to be geographically fragmented, with the top 10 states contributing to about 75 percent of demand. However, for luxury beauty, distribution across 35 cities is needed to cover about 85 percent of the market (see figure 11 on page 18). An omnichannel distribution strategy can ensure that their presence is not only in tier 1 cities through an offline footprint, but also in tier 2 and tier 3 cities via online distribution.

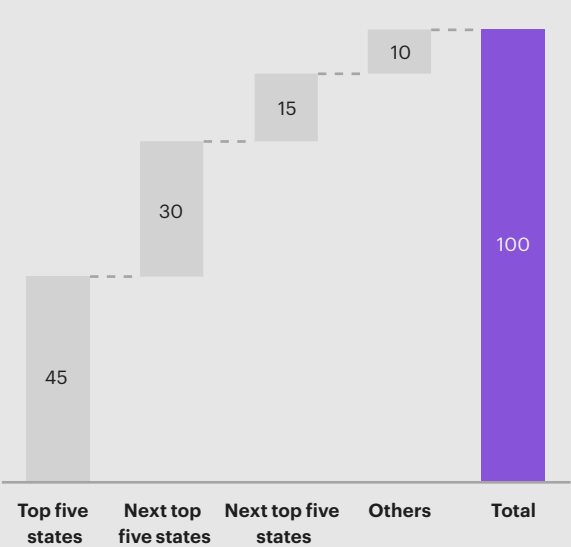
Establishing an exclusive and robust partnership with a local player that has an extensive omnichannel network can give brands access to valuable local market insights and leverage the partner's capabilities for scalable growth. For example, more than two decades ago, MAC Cosmetics entered India through a shop-in-shop format with Shoppers Stop. In today's dynamic and swiftly evolving retail environment, a single-format entry might not be ideal. What brands need is a partner that can be their one-stop contact point to the plethora of channels and knows what type of marketing and retail execution works in each channel and how to customize the channel strategy according to the “land of many Indias.”

“For success in India, it will be important to go with a local partner to benefit from local knowledge and do the right customization of both the product portfolio and marketing.”

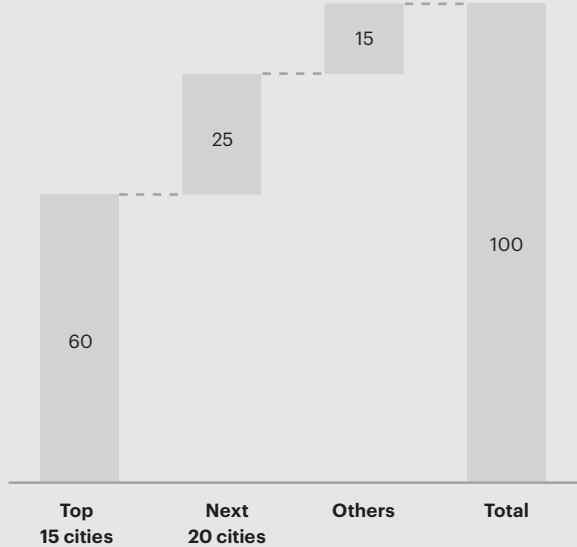
– former executive, Estée Lauder

Figure 11
The demand for luxury beauty in India is fragmented

Consumer expenditure by state
(%, 2023)



Premium beauty sales from online channels by cities
(2024, %)



Sources: interviews with industry leaders; Kearney and LUXASIA analysis

These local partners understand the nuances of the market and can assist in the following areas:

- **Regulatory compliance.** They can offer support with product registration, ensuring adherence to local regulations in a timely manner as well as navigating complex tax structures.
- **Product selection.** They can help select relevant SKUs tailored for the various regions and cities of India, including product types, shades, textures, and sizes.
- **Product pricing.** Brands can benefit from local partners’ insights into competitive pricing strategies based on market dynamics and consumer preferences.
- **Marketing.** Local partners can enhance the marketing return on investment by leveraging the most relevant influencers and messaging as well as optimizing the cost of local omni-marketing execution.

- **Local sales operations.** They may a robust sales team broken down by region operating across all parts of the country and can offer effective support across channels and a network of retailers.
- **Training and beauty consultants.** They can ensure best-in-class training and management of dedicated beauty consultants for the brands, which is a key differentiator in terms of boosting retail performance at a door level.

One popular successful strategy is to partner with a distributor, which allows brands to reach a wider customer base via multiple retailers since customer profiles are heterogenous across retailers. For example, Sephora has a mature consumer base and a strong offline presence, while Nykaa sees higher adoption among the younger generation with its strong online presence.

“Indian partners now have strong tech and capabilities to provide end-to-end support to brands.”

– Neha Ramani, former VP at Nykaa

Conclusion

India's luxury beauty segment is poised for explosive growth. All economic and demographic indicators are pointing toward a growing appetite for luxury well into the future. Now is the time for brands to strategize and enter the market with vigor, preempting any regrets that many brands have had for missing China's growth wave. Given that India's luxury beauty market is still highly underpenetrated, brands that enter now can still capture an early-mover advantage.

That said, the challenges and complexities of India's diverse landscape means that there is no one-size-fits-all approach. Tailored strategies formulated for the numerous regions and cities in this "land of many Indias" will be essential. Mastering the details and nuances of the three strategic pillars—product, marketing, and partnership and distribution—can set brands up for long-term success. Although initially challenging, the rewards will no doubt be worth the effort in the long run.

All economic and demographic indicators are pointing toward a growing appetite for luxury well into the future.

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About LUXASIA

LUXASIA is the leading beauty omnichannel brand builder of Asia Pacific. Since 1986, it has successfully enabled market entry and brand growth for more than 100 luxury beauty brands, the likes of Albion, Aveda, Bvlgari, Calvin Klein, Creed, Diptyque, Hermes, La Prairie, Maison Francis Kurkdjian, Montblanc, Paco Rabanne, Salvatore Ferragamo, and SK-II. LUXASIA has established joint ventures with LVMH Group, Revlon (for Elizabeth Arden), Puig, Shiseido, and Orveon (for Laura Mercier). The Group's integrated brand-building capabilities include luxury retail, online commerce, consumer marketing and analytics, and supply chain management. LUXASIA is powered by a diverse and dynamic #OneTeam of 2,700 talents across a growing footprint of 15 markets.

luxasia.com

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