

Original Article

Companies View on Cosmeceuticals in Indian Context.

Virendra S.L., Pradeep M., Sreedhar D., Manthan. J., Udupa N*.

Department of Pharmacy Management, Manipal College of Pharmaceutical Sciences, Manipal University, Manipal.

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Abstract

The cosmetic industry is growing rapidly in India. As it expands and evolves in tandem with society, the industry creates higher and higher profit margins and gleans more and more prominence power in Indian consumerism and popular culture^[1]. Companies are taking the opportunity to manufacture more of cosmeceutical products, which typically generate more profits.

Keywords: Cosmeceuticals, India, Cosmetic.

1. Introduction

The cosmetic industry is growing rapidly in India. As it expands and evolves in tandem with society, the industry creates higher and higher profit margins and gleans more and more prominence power in Indian consumerism and popular culture^[1]. Companies are taking the opportunity to manufacture more of cosmeceutical products, which typically generate more profits. The cosmetic industry is more oriented towards producing cosmetic products with developing 'medicinally' active cosmetics and pharmaceutical industry is more oriented towards developing 'cosmeceutically' oriented medicinal products^[2]. The manufacturing of cosmeceutical products is dominated by a small number of multinational corporations. The three largest cosmetic companies in the world in terms of market shares are Procter and Gamble, L'oreal and Unilever. However they face stiff competition from other companies like Estee Lauder, Colgate Palmolive, Avon, Shisiedo, Johnson and Johnson and Beiersdorf. There are also many domestic players within the market. Nowadays pharmaceutical companies are entering this lucrative market.^[3]

With the boundary between cosmetics and pharmaceuticals blurring a few global pharmaceutical and cosmetic giants, including Pfizer and L'Oreal are embarking on research to fill this niche segment^[4]. With same pace Indian Pharmaceutical companies are now contemplating to enter this lucrative area. The probable reasons are: cosmeceuticals doesn't require premarket approval in some countries. Efficacy testing is not mandatory compared to drugs. Products should be safe but there is no definition of safety for cosmeceuticals. Labeling requirements are less complex compared with drugs. Average time for breakthrough technology in cosmeceuticals is about 3-5 years. Cost of creating and developing a breakthrough cosmetic technology is US\$ 2-3 million compared to cost of R&D for new drug is US\$800million. By looking at favorable conditions pharmaceutical companies are more fascinated towards cosmeceuticals segments. Companies like Piramal Healthcare have already done by joining hands with Pierre Fabre, even drug maker Dr. Reddy's Laboratories recently entered into licensing and distribution agreement with a US-based dermatology and aesthetic medicine company 'Cosmederm Technologies' for distribution of proprietary skin care products in the country. Other Indian pharmaceutical companies who have entered

*Corresponding author.

E-mail address: n.udupa@manipal.edu

(Udupa N.)

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into the dermo-cosmetics area include Elder Pharma, USV, Ozone pharmaceuticals and Himalaya herbal healthcare^[5].

Objective

To analyze cosmetic and pharmaceutical companies view toward cosmeceuticals in India.

Research Methodology

Research Design

A research design is a framework or blueprint for conducting the marketing research project. It specifies the details of the procedures necessary for obtaining the information needed to structure and solve marketing research problems^[6].

Components of Research Design

Information Needed – Information regarding to companies opinion on cosmeceuticals was sought to know the intricacies involved in cosmeceutical manufacturing and marketing business.

Type of research design – Research design type used in this work was exploratory and not conclusive. The primary objective of exploratory research is to provide insights into, and an understanding of the problem confronting the researcher^[7]. The primary objective of study was to provide insights into and comprehension of the problem situation.

Scale of measurement – Nominal scale was followed for the study. The statistics applied were descriptive percentages.

Data Collection

Data was collected through primary research and secondary research.

Sample size – Target sample size was ten. Final sample size which was used for evaluation was ten. All respondents questionnaire were included for analysis as they were qualified and answered all questions.

E-mail survey method was followed where the respondents were sent questionnaire as an attachment in the mail. Respondents typed their responses to open ended questions and highlighted or marked closed ended questions and sent the answered questionnaire through mail.

Data

Primary data – Primary data were obtained with the help of structured questionnaire.

Secondary data – Secondary data were obtained from authentic websites. Information with regard to research objectives was collected from published literature in medical online and print journals, market reports and news items from the internet.

Sampling design

There was no specific sampling frame (A representation of the elements of the target population. For example telephone directory, an association directory etc.) from which the company personnel were contacted. It was possible to gather the mail addresses of the respondents through web pages of the companies and the network of people researcher had. Sampling technique used for the study was non probability convenience sampling, which relies on the personal judgment of the researcher rather than chance to select sample elements. We decided arbitrarily which elements to be included in the sample. Final sample size used for evaluation was ten.

Questionnaire design

A questionnaire (structured technique for data collection consisting of a series of questions, written or verbal, to which respondents reply) which consisted of formalized set of questions was used for obtaining information from respondents. Questions were carefully framed to minimize the element of bias and errors. There were twelve questions in total which answered research questions.

Data Analysis and Interpretation: It was done taking into consideration the characteristics of the data. The data obtained is edited, classified and put in as tabulated form to make it understandable and presented with help of charts, diagrams and graphs etc.

Results and discussion

Table 1. Whether companies involved in manufacturing and marketing of cosmeceutical products.

Responses	Percentage of respondents
Yes	80
No	20

The above data (Table 1) shows that 80% of companies were involved in manufacturing and marketing of cosmeceutical products. Companies not involved in manufacturing and marketing cosmeceuticals were contemplating to enter this lucrative area.

Table 2. To know whether the company is a large scale, small scale and medium scale.

Category	Percentage of respondents
Large Scale	30
Medium scale	40
Small scale	30

The data (Table 2.) revealed that 40% of companies are medium scale, 30% of companies were large scale and 30% of companies were small scale. Ratios of domestic companies were more compared to multinational companies as study was focused on Indian context.

Table 3. Cosmeceutical products manufactured by companies.

Product category	Percentage of respondents
Sunscreens	40
Moisturizers	40
Bleaching agents	20
Anti-aging products	50
Conditioning agents	50
Hair growth stimulants	40
Antidandruff shampoos	30

The above data (Table 3.) revealed that 50% of companies manufactured anti-aging products. 40% of companies manufactured sunscreen products. 40% of companies are manufacturing moisturizers, from skin care segment followed by hair care segment. According company experts growth of anti-agers in all channel looks set to continue for some time to come.

Table 4. Regulatory guidelines followed for safety of cosmeceutical products.

Regulatory guidelines	Percentage of respondents
OTC products	50
Drugs	-
Cosmetics	30

In present scenario due to lack of cosmeceutical regulations for safety aspects, 30% of companies followed existing cosmetic regulation for testing safety of cosmeceutical products. 50% of companies get their product approved as OTC product and hence they follow the guidelines specified for OTC product by regulatory authorities.

Table 5. Regulatory guidelines followed for efficacy of cosmeceutical products.

Regulatory guidelines	Percentage of respondents
OTC products	30
Drugs	-
Cosmetics	50

From the above data (Table 5.) 50% of companies have acknowledged that for efficacy testing of cosmeceutical products they followed the regulatory guidelines as specified for existing cosmetic products. It is up to the manufactures to conduct the efficacy tests. 30% of companies followed efficacy guidelines as specified for OTC products.

Table 6. Regulatory guidelines followed for labeling of cosmeceutical products.

Regulatory guidelines	Percentage of respondents
Drugs	10
Cosmetics	70

From the above data (Table 6.) shows that due to lack of cosmeceutical labeling guidelines, 70% of companies follow labeling conditions as specified for cosmetic products. Labeling requirements are well defined by regulation, but are far less complex compared to drugs.

Table 7. Factors that may encourages consumers to use cosmeceutical products.

Encouraging factors	Percentage of respondents
Appearance/Packing	50
Newsgroup on internet	-
Word of mouth (friends)	40
Advertising	80
Quality	60
Safety	40
Price	60

A major factor which may encourage the consumers to use cosmeceutical product is cosmetic advertising. The above data (Table 7.) shows that 80% of company expert said that cosmetic advertising is very crucial element for companies to make ensure that advertising message reaches the consumers.60% of experts were of opinion that quality product is another important factor where consumers may consider before purchasing cosmeceutical products. Next important factor is price of products, 60% of experts said that most of the cosmeceuticals are expensive and price tag is associated with status symbol in India. Indian consumers are increasingly looking for international cosmeceutical products brands as use of these brands confer one with sophisticated and upper class image. 50% of experts were of opinion that packaging of cosmeceutical products is another important factor which may

encourage consumers to use these products. 40% of experts said that safe and result oriented products will have bright prospect ahead.

Table 8. Cosmeceuticals that would become popular over next five years.

Product category	Percentage of respondents
Sunscreens	40
Anti-aging	80
Shampoos	10
Wrinkle reducers	70
Skin firming agents	50
Skin repair creams	50

From the above data (Table 8.) 80% of experts said that age-defying products will achieve the fastest gains, driven by a highly expanding group of graying baby boomers who want to redress visible damage to the skin caused by aging. Indian anti-aging market is 60 crore and is growing at a rate of 30%. At the same time wrinkle reducers and skin firming agents have major demand in the market. Moisturizing products with SPF also have the high demand in the market.

Table 9. Potential cosmeceutical products in future.

Response	Percentage of respondents
Strongly agree	60
Agree	40
Neutral	-
Disagree	-
Strongly Disagree	-

According Freedonia market research group by year 2017 the demand for overall skin care cosmeceuticals is predicated around US\$ 11,520 million. There are more cosmeceutical products introduced in the market place on a monthly basis than pharmaceuticals. All experts were of opinion that cosmeceutical market will flourish in next five years. Looking at the lucrative cosmeceutical market, majority of companies are very much interested to manufacture more cosmeceutical products in near future. The data is shown in table 9.

Table 10. Future of cosmeceuticals, once regulatory guidelines are established.

Response	Percentage of respondents
Strongly agree	-
Agree	40
Neutral	30
Disagree	30
Strongly Disagree	-

The company experts were asked whether it would become difficult to manufacture cosmeceutical products if once guidelines are established, there were different opinion regarding the same. From above data (Table 10.) 40% of experts were of opinion that if guidelines are established there may be rigorous procedure to get the marketing approval for cosmeceutical products. While 30% of experts were undecided are on this question. 30% of experts disagree with the same, they were of opinion that if guidelines are established, consumers may get superior product and may be safe. This may restrict entry of substandard and spurious cosmeceutical products.

Table 11. Reasons for not establishing the regulatory guidelines.

Responses	Percentage of respondents
May not feel the need	10
Financial Incapability	-
Procedural difficulties	70
Lack of infrastructure and manpower	20

This question was posed to know from companies point of view whether government is serious about framing regulatory guidelines in near future and what are probable reasons for not framing the cosmeceutical guidelines compared to other countries. From analyzed data (Table 11.) 70% of experts said that there are some procedural difficulties because of which they are unable to classify cosmeceuticals. Experts said that there is multiple and complex regulations under

different bodies and non-uniform licensing approvals across various states and there is inconsistent approach across authorities in interpretation of a particular issue. 20% of experts said that lack of infrastructure and knowledge regarding cosmeceuticals among regulatory authorities is not encouraging. 10% of respondents were of opinion that government did not feel the need to have a separate category for cosmeceuticals in India.

Conclusion

Indian cosmetic industry has emerged as one industry holding huge potential for future growth. Increasingly, there is a noticeable effort on the part of larger pharmaceutical manufacturers contemplating entering lucrative area of cosmeceutical business. The companies are aware of absence of regulatory guidelines for cosmeceuticals. Absence of regulatory guidelines is a major hurdle for the trade of cosmeceutical market in India and abroad. Some cosmetic companies follow the existing guidelines for safety, efficacy, and labeling and some companies follow guidelines as specified for OTC products. Innovative and persuading cosmetic advertising play important role in purchasing decision of cosmeceutical products. Quality product is another important encouraging factor for consumers to select best cosmeceutical products from the market.

The future market may be dominated by anti-aging, wrinkle reducer's cream, skin repair creams according to company experts. The companies are looking optimistic about the growth of cosmeceutical market and are interested in producing more number of cosmeceutical products in near future. According company experts the cosmeceutical market is more focused in metro cities and looking for Indian rural market as potential in future. Further investment on R&D cosmeceutical products is less compared with foreign origin multinational cosmetic companies. Majority of company experts say that regulatory authority are facing problem with product classification for cosmeceuticals. Company experts call for clearer government policy on cosmeceutical products so that everyone will be benefited from these regulations including the consumers.

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