ANALYSIS OF HAIR CARE PRODUCTS WITH REFERENCE TO SHAMPOO MARKET IN INDIA

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ABSTRACT

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In the past few years, Indian beauty has occupied a significant place in the fashion world. Both men and women have started giving importance to personal beauty grooming. As such Indian cosmetic industry, especially the hair care market has risen to productive market. In this paper the researcher tried to focus on the hair care products especially top shampoo companies, major brands, SWOT analysis of shampoo market and portfolio analysis of top shampoo brands. The market share of hair care segment in India is continuously increasing day by day. The shampoo market is dominated by HUL and P&G. The top shampoo brands are Sunsilk, Clinic Plus, Pantene and H&S which are placed in the 'Stars' cell of BCG matrix of shampoo brands of India.

Keywords: Hair care products, Market analysis, Shampoo market, BCG Matrix, Top shampoo companies, Top shampoo brands.

INTRODUCTION

Washing the hair and scalp has become a near universal practice. The method of doing so varies depending on both geographic and economic factors. Shampoos assumed importance as a product category with the advent of synthetic detergents. These were developed in the 1930s, became widely used in laundry markets by the mid of 1940s and appeared in a shampoo format during the 1950s. Shampoos are probably the most widely used hair products today; based on synthetic detergents they are relatively insensitive to water hardness, thus allowing for efficient rinsing since there are no scum residues. In the early days a shampoo could be defined as an effective cleansing agent for hair and scalp, but today the shampoo must do much more. It must leave the hair easy to comb, lustrous and controllable whilst being convenient and easy to use.

REVIEW OF LITERATURE

Ruchita Saxena (2008) has explored the facts that Hindustan Unilever (HUL) has increased its share in the shampoo market even as rivals Procter & Gamble (P&G) and CavinKare have suffered erosion. She also mentioned that according to retail measurement figures released by AC Nielsen, market leader HUL's share grew from 46.9% in January to March (2007) to 47.8% in the October to December (2006) quarter and in the same period, P&G's market share fell from 25% to 23.7% and third placed CavinKare's from 12.6% to 12%.

P. Guru Ragavendran et al (2009) emphasized in their research that the survey helped them in understanding the consumer perception on brand awareness and position of product in the market. It was observed that consumer's expectations were Quality, benefits offered and packaging of shampoos. Based on the results obtained, integrated marketing communication was suggested; as a result an improvement of 8% to 12.6% was observed in target population.

Albert Ferror et al (2012) concluded in their study that the European market of perfumery and cosmetics is the largest in the world. Germany has the largest market in the Europe, followed by France, UK, Italy and Spain. These countries are "the big 5" of the sector, and they are leaders in number of new product launches and in volume of production, exports and imports.

Dr. Himani Sharma and Shallu Mehta (2012) said that Male's frequency of using the shampoo is very less as compared to females and the consumers do not concentrate on the natural shampoos, they use it only for the purpose of cleaning, not for to make their hair healthier and stronger. The frequency of shampoo usage in males is very low. They use shampoo on special occasions such as weddings, parties etc. The maximum respondents i.e. 51.39% prefer the TV for the advertisement and the consumers are not satisfied from the quality of the shampoo and also the free gifts distributed with them. Sachet is more preferred as compared to bottles for the purpose of packaging of shampoo.

OBJECTIVE OF THE STUDY

To analyze different market players of shampoos available in India, SWOT analysis of shampoo market and portfolio analysis for different shampoo brands with the help of BCG matrix.

RESEARCH METHODOLOGY

The data was collected through the websites of different search engines like Google, MSN, Yahoo, Wikipedia etc. The data was also collected through different magazines, newspapers, research journals, annual reports of the companies etc.

Indian FMCG Industry

Products which have a quick turnover, and relatively low cost are known as Fast Moving Consumer Goods (FMCG). FMCG products are those that get replaced within a year. Examples of FMCG generally include a wide range of frequently purchased consumer products such as toiletries, soap, cosmetics, tooth cleaning products, shaving products and detergents, as well as other non durables such as glassware, bulbs, batteries, paper products, and plastic goods. FMCG may also include pharmaceuticals, consumer electronics, packaged food products, soft drinks, tissue paper, and chocolate bars.

India's FMCG sector is the fourth largest sector in the economy and creates employment for more than three million people in downstream activities. Its principal constituents are Household Care, Personal Care and Food and Beverages. The total FMCG market is in excess of Rs. 85,000 Crores. It is currently growing at double digit growth rate and is expected to maintain a high growth rate. FMCG Industry is characterized by a well established distribution network, low penetration levels, low operating cost, lower per capita consumption and intense competition between the organized and unorganized segments.

The Rs 85,000 crore Indian FMCG industry is expected to register a healthy growth in the third quarter of 2008-09 despite the economic downturn. The industry is expected to register a 15% growth in third quarter of 2008-09 as compared to the corresponding period last year. Unlike other sectors, the FMCG industry did not slow down since second quarter of 2008. The industry is doing pretty well, bucking the trend. As it is meeting the everyday demands of consumers, it will continue to grow. In the last two months, input costs have come down and this will reflect in the results of third and fourth quarter.

Market share movements indicate that companies such as Marico Ltd and Nestle India Ltd, with domination in their key categories, have improved their market shares and outperformed peers in the FMCG sector. This has been also aided by the lack of competition in the respective categories. Single-product leaders such as Colgate Palmolive India Ltd and Britannia Industries Ltd have also witnessed strength in their respective categories, aided by innovations and strong distribution. Strong players in the economy segment like Godrej Consumer Products Ltd in soaps and Dabur in toothpastes have also posted market share improvement, with revived growth in semi-urban and rural markets.

Category Wise Share of FMCG Sector

Product category	Percentage market share
Food and beverages	43
Personal care	22
Fabric care	13
Hair care	9
Baby care	4
Home care	4
OTC products	5

From the table it is observed that Food and beverage segment leads the market share with 43% followed by Personal care and Fabric care with 22% and 13% respectively. Whereas the market share of hair care segment also contributes a considerable amount i.e. 9% of FMCG sector.

Hair Care Market Size In Terms Of Value (Rs. In Crores)

Hair care category consists of five main products which includes shampoos, conditioners, herbal remedies, hair dyes and hair oil. Their market share in crores of rupees is presented in the following table.

Hair care products	Apr. 08 - Mar.09	Apr.09 - Mar.10	Growth (%)	Apr .10 - Mar. 11	Growth (%)
Conditioner	45	66.8	48.44	87	30.24
Hair Dyes	780.7	885.3	13.40	1028.6	16.19
Herbal remedies	87	95	9.20	53.7	-43.47
Shampoo	1983.5	2294	15.65	2632.9	14.77
Hair Oil	3334.6	3942.7	18.24	4615.4	17.06
Total	**6230.8**	**7283.8**		**8417.79**	

The total hair care market size in the year 2008-09 was 6230.8 crores of rupees. Out of which hair oil segment constitutes the major share with 53.52% followed by shampoo segment with 31.83%. In 2009-10 the total hair care market size was increased up to 7283.8 crores of rupees. Again majority of share belongs to the hair oil segment with 54.13% followed by shampoo segment with 31.49%. In the year 2010-11, again the hair care market size was increased up to 8417.79 crores of rupees in which hair oil segment has a lion's share with 54.83% followed by shampoo segment with 31.28%.

Hair Care Market Size In Terms of Volume

Hair Care products	Apr. 08 - Mar.09	Apr.09 - Mar.10	Growth (%)	Apr .10 - Mar. 11	Growth (%)
Conditioner (KL)	755	1117	47.95	1485	32.95
Hair Dyes (Tons)	9522	11102	16.59	12891	16.11
Herbal remedies (Tons)	5248	5746	9.49	3085	-46.31
Shampoo (KL)	85230	95775	12.37	105978	10.65
Hair Oil (KL)	167574	193159	15.27	207624	7.49

Volume wise also the hair care market is dominated by hair oil segment with a share of 62.45% followed by shampoo segment with a share of 31.76% in the year 2008-09 whereas in 2009-10 the hair oil segment was having a share of 62.94% followed by shampoo segment with a share of 31.21%. In the year 2010-11, again the majority of share goes to hair oil segment with 62.71% followed by shampoo segment with a share of 32.01%.

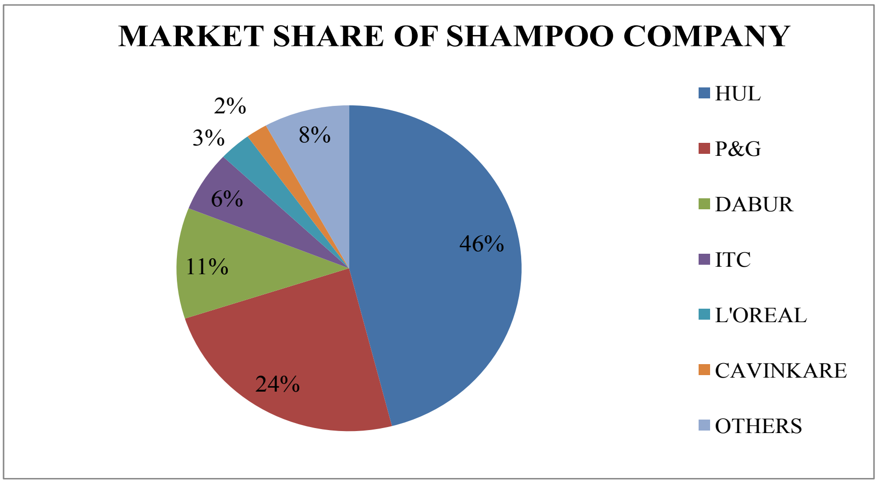
Shampoo Market and Its Growth in India

The hair care market in India is valued at $200 million. It contributes 8% in the total FMCG sector and has registered a growth of 3.8% over the previous year. The hair care market can be segmented into hair oils, shampoos, hair colorants and conditioners, and hair gels.

The size of shampoo market is 2700 Crores of rupees with urban areas accounting for 80% of shampoo sold and rural areas accounting for 20% of shampoo sold in country. The market is expected to increase due to increased marketing by players, lower duties and availability of shampoos in affordable sachets. Sachet makes up to 70% and anti-dandruff shampoo up to 20%of the total shampoo sale. This is primarily a middle class product because more than 50% of the population uses toilet soaps to wash hair. The penetration level is only 30% in metros. The major players are HUL and Procter and Gamble.

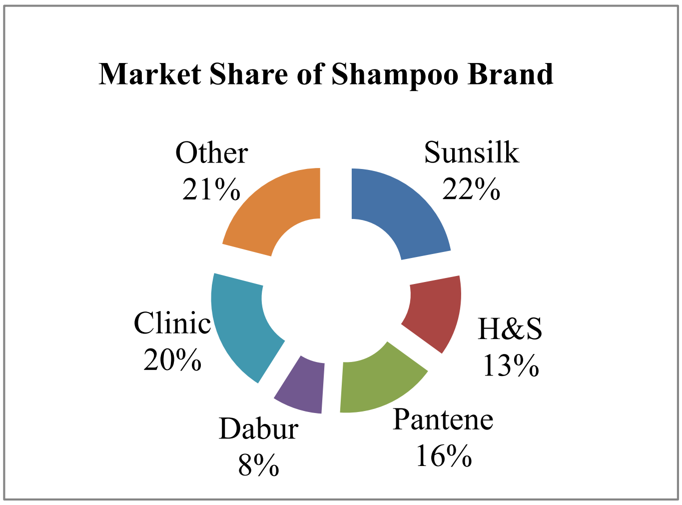
Brand loyalties in shampoo are not very strong. Consumers frequently look for a change, particularly in fragrance. Major expectations from the product are improvement in texture and manageability, giving softness and bounce to hair, curing and avoiding damage to the hair. Southern market is predominantly a sachet market, accounting for 70 % of sachet volumes. In Contrast, shampoo bottles are more popular in the Northern markets. About 50 % of the shampoo bottles are sold in the Northern region alone. The shampoo industry has lot of scope to be penetrated with all India penetration level at 51% with urban penetration at 62% and rural penetration at 46% till now.

Market Share of Shampoo Companies in India



The top three companies in shampoo market are Hindustan Unilever Ltd., Procter and Gamble and Dabur. From the pie chart, it is seen that Hindustan Unilever Ltd. is dominating the market with 46% of market share followed by Procter and Gamble and Dabur with 24% and 11% of market share. The other major players in the market are Indian Tobacco company, L'oreal and CavinKare with 6%, 3% and 2% of market share.

Top Shampoo Brands in India



The major selling brands are Sunsilk and Clinic Plus which are dominating the market with 22% and 20% of market share of shampoo segment followed by Pantene and Head and Shoulders with 16% and 13% respectively. Dabur is dominating the herbal shampoos with 8% of the total market share of shampoo segment.

SWOT Analysis of Shampoo Market in India

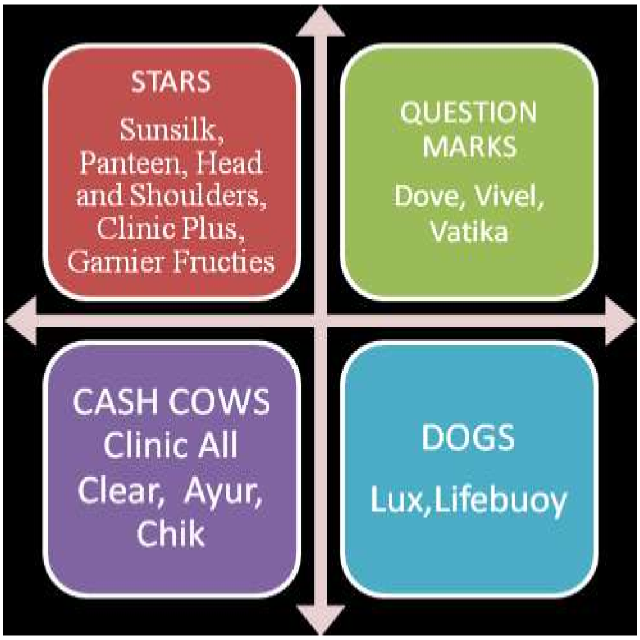
Strengths: The major strengths of shampoo market includes low operational costs, presence of established distribution networks in both urban and rural areas, presence of well known brands in FMCG sector, increase in income level of customers.

Weaknesses: Weaknesses of shampoo market includes lower scope of investing in technology and achieving economies of scale, especially in small sectors, low exports levels, lack of education in rural market and so many products are already available in the market.

Opportunities: Major opportunities of shampoo market includes untapped rural market, rising income levels of customers, large domestic market all over the country, a population of over one billion, export potential of companies and high investment of customers on consumer goods.

Threats: Threats of shampoo market includes removal of import restrictions resulting in replacing of domestic brands, slowdown in rural demand, new entrants of well known international brands and spurious goods and illegal foreign imports of different shampoo brands.

BCG Matrix of Shampoo Brands In India



The portfolio of shampoo business in India is shown by the Boston Consulting Group (BCG) matrix in the above diagram on the basis of their relative market share and industry growth rate. The vertical axis denotes the rate of growth of sales from low to high as we move upwards for shampoo industry in India whereas the horizontal axis represents the relative market share from high to low as we move from left to right. The four cells of BCG matrix have been termed as Stars, Cash cows, Dogs and Question marks or Problem children.

Stars:

In shampoo segment of India it includes Sunsilk, Panteen, Head and Shoulders, Clinic Plus and Garnier Fructies which are high growth, high market share businesses. It means all these market players are in the growth phase of the product life cycle. All of them are following an expansion strategy to establish a strong competitive position with regard to a star business.

Cash cows:

Clinic all clear, Ayur and Chik are placed in this cell of BCG matrix as these market players are generating large amounts of cash but their rate of growth is slow. All these market players fall in the maturity stage of product life cycle in shampoo segment.

Question marks:

This cell includes Dove, Vivel and Vatika which are of high industry growth but low market share businesses in shampoo segment of India. These market players are in the introduction stage of product life cycle. These market players may become 'stars' if enough investment is made or they may become 'dogs' if ignored.

Dogs:

The market players like Lux and Lifebuoy are placed in this cell of BCG matrix of shampoo segment in India. Both of these players are in the decline stage of product life cycle and a retrenchment strategy is generally suggested in this stage of product life cycle.

CONCLUSION

In India the market share of hair care segment contributes a considerable amount i.e. 9% of FMCG sector which is continuously increasing from 6230.8 crores of rupees to 8417.79 crores of rupees in the commercial years of 2008-09 to 2010-11. The shampoo market is dominated by Hindustan Unilever Ltd. with a market share of 46% followed by Procter and Gamble with 24%. The top shampoo brands Sunsilk, Clinic Plus, Pantene and Head & Shoulders which are placed in the 'Stars' cell of BCG matrix of shampoo brands of India.

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