

Beauty & Wellness Industry

Skill Gap Study



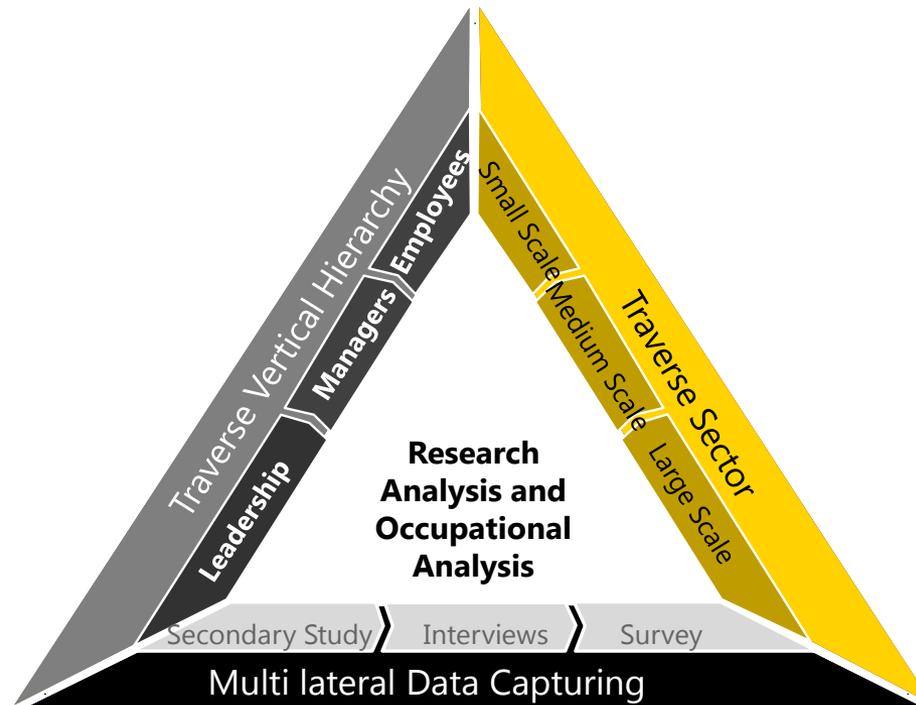
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Research Methodology

Research Methodology

- EY has adopted a robust multi-dimensional approach to conduct the Research Analysis and Occupational Analysis in the Beauty & Wellness sector



Scope

Research Methodology

- EY has visited approximately 30 organizations of varying sizes across India in the initial occupational mapping and skill gap phase to understand the critical roles comprising 80% of the population and career ladders. The study was conducted across Chennai, Mumbai, Delhi
- Subject Matter Experts and members of the Beauty & Wellness Sector Skill council validated the occupational mapping and QP NOS
- The QP NOS developed were validated through one-on-one interviews and industry validation workshops conducted across organizations in Mumbai, Delhi and Guwahati . To name a few players the list is mentioned below:-

Large	Medium	Small	
<ul style="list-style-type: none"> • VLCC • Toni & Guy • Ishi Khosla • Aroma Magic • Affinity • Schwarzkopf • Four Fountains • K11 • Jiva • Naturals • Gold's Gym • Enrich • Lotus • Kairali • Bapu Nautre Cure Hospital • Akhil Bharatiya Prakritik Chikitsa Parishad • NailPro • Fitness First 	<ul style="list-style-type: none"> • Aravli Ayurvedic Healing • Cleopatra • Impressions Hair & Beauty Clinic • Orane • Provado Spa • Sidri International Academy for Beauty & Health Sciences(Delhi) • Strands Spa n Salon • Zep Foundation • Academy Unique International • Prabhat Spa Salon & Institute • Spa Hibiscus 	<ul style="list-style-type: none"> • Touch & Glow • The Lifestyle Naturals • Suncity Beauty Parlour • Sammati • Sidri International • Shiny Beauty Parlour • Smart Look • SIHAB • Rose Beauty Clinic • R's Just Hair • Provado • Pretty Queen • Precious Beauty clinic • Pre-Post Natal Yoga Centre • Oshin Beauty Clinic • Beau Shine • Aravli 	<ul style="list-style-type: none"> • Agehealer • Blooming Buds • Sonakshi Beauty Salon • Lee's Beauty Centre & Spa • Darpan • Fourth Wave • Interface Beauty Wellness • Oshin Beauty Clinic • Akara • Beau Shine Beauty parlour & Training Centre • Saundarya Beauty Salon • Mantra Spa & Salon

➤ Above is the illustrative list of organizations. All the names are shared separately as Minutes of the meetings and Final Validation Endorsements

Sector Profile and Size

The wellness industry in India has evolved rapidly from its nascent unstructured beginning in the early 1990s to a comprehensive ecosystem today. This ecosystem comprises consumers, providers, adjacent industries, facilitators and the Government.

The wellness industry in India is poised to touch Rs. 1,00,000 crore (Rs 1 trillion) by 2015, with a compounded annual growth rate of 15-17%, from about Rs 70,000 crore in 2012, with a likely shortage of ~600,000 skilled personnel by 2016

Sector Profile

- ▶ The estimated market size of the global beauty and wellness industry is around \$1.4 trillion
- ▶ The global beauty and wellness industry is growing at a rate of 15% over the last five years
- ▶ China, Brazil, US, India and Indonesia include the top 5 beauty and wellness markets
- ▶ Beauty & Wellness Industry is one of the fastest growing industries in India today, growing at a compounded annual growth rate of 20-25 per cent
- ▶ The sector is anticipated to grow steadily over the next five years through penetration in smaller cities and towns
- ▶ The high rate of growth in this dynamic industry is being driven by increasing consumer demand for branded products and services and a growing middle class

India's Beauty & Wellness industry is divided into five key sub sectors:

- Beauty & Salons
- Fitness & Slimming
- Rejuvenation
- Alternate Therapy
- Product and Sales

Market Size of each segment in INR Crores

Year	Beauty & Salons	Fitness & Slimming	Rejuvenation	Alternate Therapy	Product & Sales
2014	17774.4	4579	1577.3	23033	160062.8

Key Subsectors and trends

Some of the key industry trends in this sector, include:

- The growing wellness industry has attracted a large number of domestic entrants and international players.
- Established players are pursuing revenue maximisation through product and service diversification and are exploring new global and domestic markets. Franchising is emerging as a popular option for scaling up.
- Companies are actively seeking public and private equity investments to fuel their growth. While there is strong optimism about future growth

Key Subsectors



Key Beauty and Wellness Sector Trends

- ▶ Only 20-30% of the total market share is controlled by the organized players
- ▶ While there is an increasing shift from common salon services to advanced offerings, basic services continue to attract a steady flow of customers
- ▶ Innovative wellness businesses are seen to be taking an increasing role in the marketplace
- ▶ Through extension of products and services, existing players are looking to maximize revenue
- ▶ Organizations are also continually looking towards franchising and seeking public and private equity investments to fuel their growth
- ▶ The franchisees are anticipated to cover more than 25 percent of organized industry by 2015.
- ▶ Men's interest to walk into salon has recently seen a major rise, with an estimated 61 per cent of males as compared to 54 per cent of females visiting salon on a monthly basis and spending between Rs 1,000-2,000 on beauty services
- ▶ Lack of skilled and trained professionals, standardization and accreditation continue to be the major challenges impacting the sector
- ▶ Retaining skilled human capital is another hurdle for the industry as well trained employees move from one organization to other leading organizations.

Beauty & Salons Trends

- ▶ The beauty and salon Sub-sector includes skin, hair, nail care, make up and cosmetic dermatology services.
- ▶ The organized Professional Salon Care market in India is characterized by the presence of various large and small Indian salons and multinational salons
- ▶ The Professional Salon Hair Care market in India was valued at INR 12958 Crore in 2013 and is expected to reach INR 42966 Crore by 2018, growing at a CAGR of 27.69 percent
- ▶ The Hair Care segment dominated the Professional Salon Care Market in India in 2013, accounting for a share of 51.2 percent
- ▶ The Facial Care segment was the second largest segment accounting for 38.7 percent of the market in 2013, the Others segment, which includes salon care services such as manicures and pedicures, accounted for 10.1 percent of the market in 2013
- ▶ Some of the key trends emerging in the Professional Salon Care market in India are listed below:
 - ▶ Entrance of Foreign Players in Market
 - ▶ Increased Acceptance of Male Grooming
 - ▶ Evolving Consumer Needs in Rural India
 - ▶ Growing Number of Franchise Salons
- ▶ The market is fiercely competitive as new players enter the market and local salons emerge with economies of scale and low production costs
- ▶ Extension of the service and product portfolios and innovative concepts adopted by the salons play a significant role in the growth of the market

Beauty & Salons Trends

- ▶ Skincare services
- ▶ Haircare services
- ▶ Makeup services
- ▶ Nailcare services
- ▶ Aesthetic Dermatology services
- ▶ Training Academy services
- ▶ Tattoo services
- ▶ Assessment services
- ▶ The beauty services consumption in India has been increasing exponentially since last couple of years. Consumers are becoming more aspiration driven which has led to evolution of concept of grooming and beauty for both male and female segment in order to enhance their appearances.
- ▶ The Spa segment which is a new entrant to the Beauty and Wellness industry has well integrated itself. Consumers are ready to pay a premium to pamper themselves with the Spa services.
- ▶ Rising affluence of middleclass segment has upgraded their consumption lifestyle and increased their willingness to buy beauty products and services.
- ▶ Beauty and Spa service providers have started expanding to Tier II and Tier III cities as these markets provide similar potential as their metro counterparts.
- ▶ Service providers have also started exploring new venues for rejuvenation like airports and hotels. These spas offer 15 or 30-minute dry foot massage, shoulder and back massage, etc..

Rejuvenation Trends

- ▶ Spa therapy
- ▶ The global rejuvenation market is estimated at USD \$ 74 Billion of which in India is estimated at INR 1337 Crore in 2013
- ▶ The Indian spa industry is increasing every year with an estimated CAGR of 18%, making the country one of the most popular spa destinations across the world
- ▶ India's spa industry is though still a small, niche market is primarily dominated by resort spas
- ▶ The health conscious population and those who are potential customers for spas in India comprises nearly 69% population and this is predominantly made up of men and women ages 25 – 45 years
- ▶ The most common spa treatments in India include body treatments, facials, massages, aroma therapy, hair removal, hydrotherapy, manicures and pedicures
- ▶ Spa treatments in India have also a great number of massages including Indian and exotic massages done with herbal and aromatic oils
- ▶ A key challenge in India's spa industry is authenticity of treatments, which do not always follow the science of traditional practices such as Ayurveda. Standards and accreditation for spa services and training are also a challenge

Alternate Therapy Trends

- ▶ Comprise of Yoga, Ayurveda, Naturopathy, Reiki, Aromatherpy, Reflexology therapy and other alternate therapies
- ▶ The global market size of alternative medicine is valued at US \$2.7 billion while global market for traditional therapies accounts for US \$60 billion
- ▶ The alternate therapy segment continues to be highly fragmented with a large number of regional players across both products and services
- ▶ With increasing concerns on the side-effects of chemical-based products, Alternative Therapy providers continue to diversify their product portfolio into segments such as Ayurvedic and Naturopathy product categories
- ▶ The growing demand for Ayurvedic medicines and related therapy contributes an estimated 70% of the overall Alternate Therapy market
- ▶ While the industry continues to grow, the two key factors that impede its growth are availability of trained personnel and effective monitoring of the industry keeping quality checks in mind

Alternate Therapy Trends

- ▶ Yoga therapy
- ▶ Ayurveda therapy
- ▶ Naturopathy therapy
- ▶ Ayurveda therapy
- ▶ Aroma therapy
- ▶ Reflexology therapy
- ▶ Rooted in ancient tradition, yoga will continue to remain a part of the exercise routine for all fitness and wellness enthusiasts. With so many styles and methods — from Power Yoga, Bikram, Ashtanga, Vinyasa, Kripalu, Anurara, Kundalini, Sivananda
- ▶ The fitness industry is increasingly focusing on older adults to help them enhance their quality of life and pursue their interests. Senior citizens and retirees, who have a good amount of time and can dole out cash do not mind diverting all their energy towards fitness or wellness classes. Apart from laughing clubs that are growing in popularity, there are different activities designed specifically to keep the 60-plus age group in mind
- ▶ The recent statistical data of Ayurveda suggests that the substantial average growth of ayurveda in recent years has been a remarkable 10-15 percent with 20 percent in the last year. There are approx. 15000 ayurvedic and herbal products available in India.
- ▶ India manufactures worth 6000 crores Ayurvedic medicines of which 1,500 crores are exported making India the second largest exporter of Ayurvedic drugs across the globe. In addition to that, approx 20,000 ayurvedic drug manufacturers exists only in India in forms of small, medium and large enterprise.
- ▶ Moreover, following the growing demand of Ayurveda the Indian government has also shown great interest in promoting ayurveda at large scale

Fitness & Slimming Trends

- ▶ Comprises of Fitness, Slimming and Nutrition
- ▶ The fitness and slimming industry has an estimated 8% of market share, of which slimming and fitness services account for an estimated 65% of market share
- ▶ The Indian fitness and slimming industry is in nascent stages of growth
- ▶ There is a growing demand for wellness services in urban markets beyond Tier 1 cities mainly due to rising health consciousness in the country
- ▶ Significant changes in lifestyle related to lack of physical activity and increased consumption of fast food among both affluent and working class population has led to growth of industry
- ▶ Women make up almost half the market for many gym operators today, in premium clubs there is almost an even split of male and female members, while 40 per cent of members are female at a more affordable local chain
- ▶ Organized fitness segment constitutes only 25 per cent of the overall fitness industry
- ▶ The organized fitness market is concentrated in top eight cities of India (Delhi NCR, Mumbai, Bangaluru, Chennai, Kolkata, Pune, Hyderabad, Ahmedabad) with more than 60 per cent of outlets of top dozen chains located in these cities
- ▶ The high potential of the sector is however plagued by a large fragmented and unorganized segment as the majority of the market is occupied by mom-and-pop gyms
- ▶ Well-known players are pursuing revenue maximization through product and service diversification
- ▶ Introduction of innovative formats and training trends is also emerging as a popular option for scaling up
- ▶ The two most eminent challenges that the industry is facing today are lack of skilled manpower and rising real estate prices

Fitness & Slimming Trends

- ▶ Fitness Services
 - ▶ Slimming Service
 - ▶ Nutrition Services
-
- ▶ Out of the total market the fitness and slimming industry comprises of Rs60b
 - ▶ Major consumers of the industry are young people in the age group of 15-34. In India the portion of young people is increasing and is one of the best in the world. 34% of the population in India is in the age group of 15-34. The number is expected to be around 427mn by 2015.
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- ▶ The population of India is 1.2 billion. That shows there is a huge market to provide fitness products and services. India has the world's largest youth population according to UN report.
 - ▶ According to the report India has 365 million people in the age group of 10-24. This is a big positive for fitness industry as youth forms the primary target group.
 - ▶ As big players enter the industry the smaller players are going to have a tough time to match their standards. The smaller players would not have enough capital to sustain in the market.
 - ▶ Financial strength of bigger players is a big plus for them

Product & Sales Trends

- ▶ Annual growth in the Indian beauty and cosmetics markets is estimated to remain in the range of 15-20 per cent, twice as fast as that of the US and European markets
- ▶ The key emerging markets for beauty and personal care products are Brazil, Russia, India, and China (BRIC countries); these emerging markets are mainly focused on beauty and personal care products such as skin care, hair care, bath and shower products, color cosmetics, and fragrances
- ▶ Over the last five years, cosmetics products have seen a growth of 60 per cent
- ▶ Rising affluence of middleclass segment has upgraded the consumption lifestyle and increased the willingness to buy beauty products and services
- ▶ The beauty product manufacturers are focusing to expand their product ranges to include natural beauty products based on herbal and traditional skin care methods
- ▶ Anti-aging products, sun care products and skin-whitening cosmetics are becoming increasingly popular among women consumers
- ▶ Collagen-based beauty drinks and portable beauty appliances are attracting more interest among women consumers
- ▶ Also, there is a growing demand for men's grooming products ranging from cosmetics to body care products

Geographical Mapping

Geographical Mapping

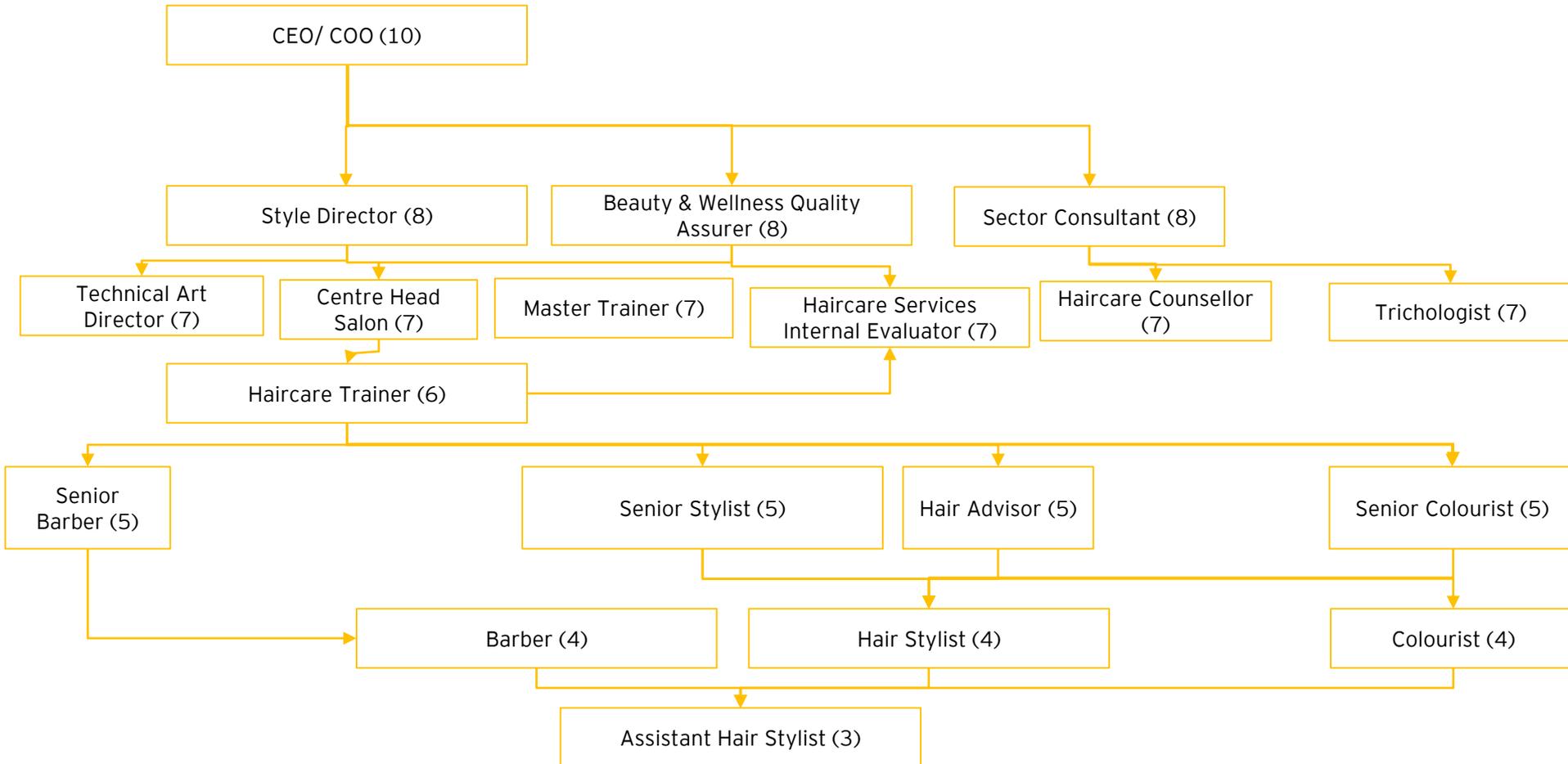
- ▶ In terms of preferences, Alternate therapies are the most popular choice of people in southern India, customers in North are inclined towards beauty, while the maximum number of fitness/ slimming centres are in the West
- ▶ At present, India has over 25 major spa players, most of them in the southern states of Kerala and Karnataka
- ▶ Northern India has seen the biggest increase in spa development, followed closely by Mumbai
- ▶ The Kerala region also has an increasing number of Ayurvedic massage centers and spas
- ▶ The fitness services market is majorly concentrated in the top 8 cities of India out of which Delhi and NCR constitute the highest share
- ▶ It is being consistently observed that most of the working population across Beauty and Wellness sector hails either from North Eastern states or being populated by localites of particular zones where centers are located as below mentioned statistics speak

Key Observations

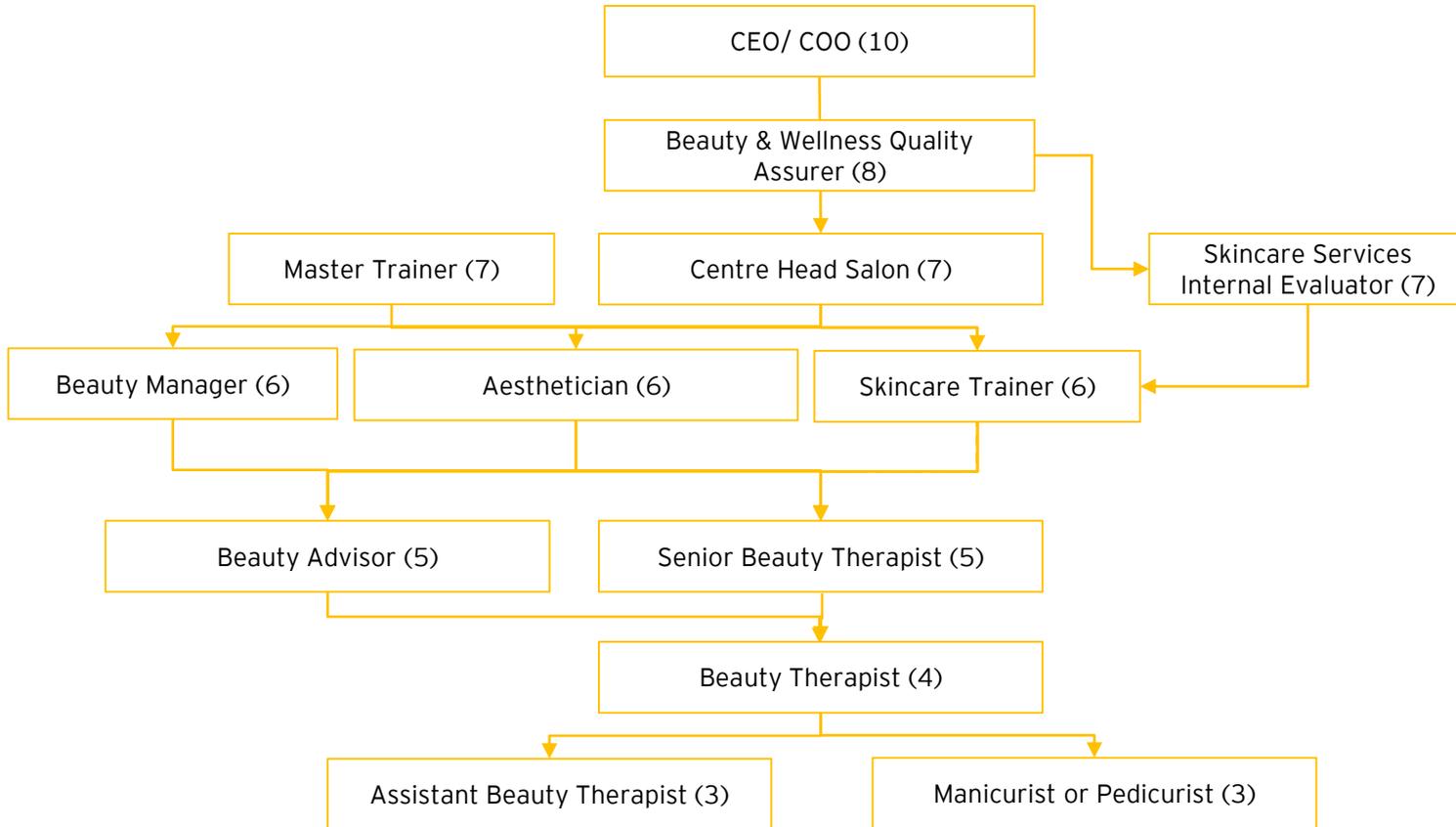
- ▶ Employees in the Beauty & Wellness sector are usually sourced locally
- ▶ Workers from Kerala are preferred for rejuvenation services
- ▶ An estimated 60% of the workforce in the sector hail from the North East

Occupations Clarity

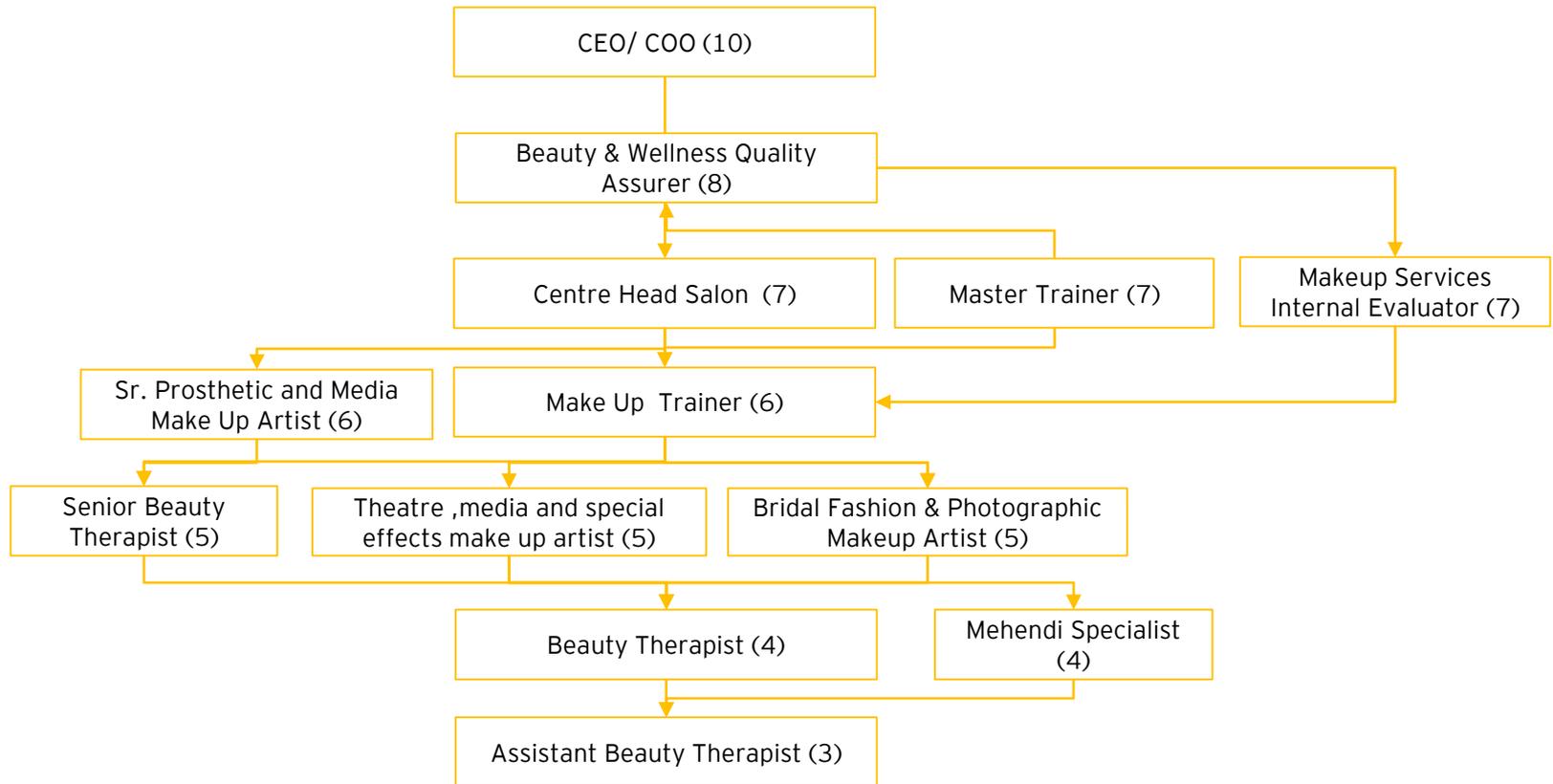
Occupational Map and Career Path – Haircare Services



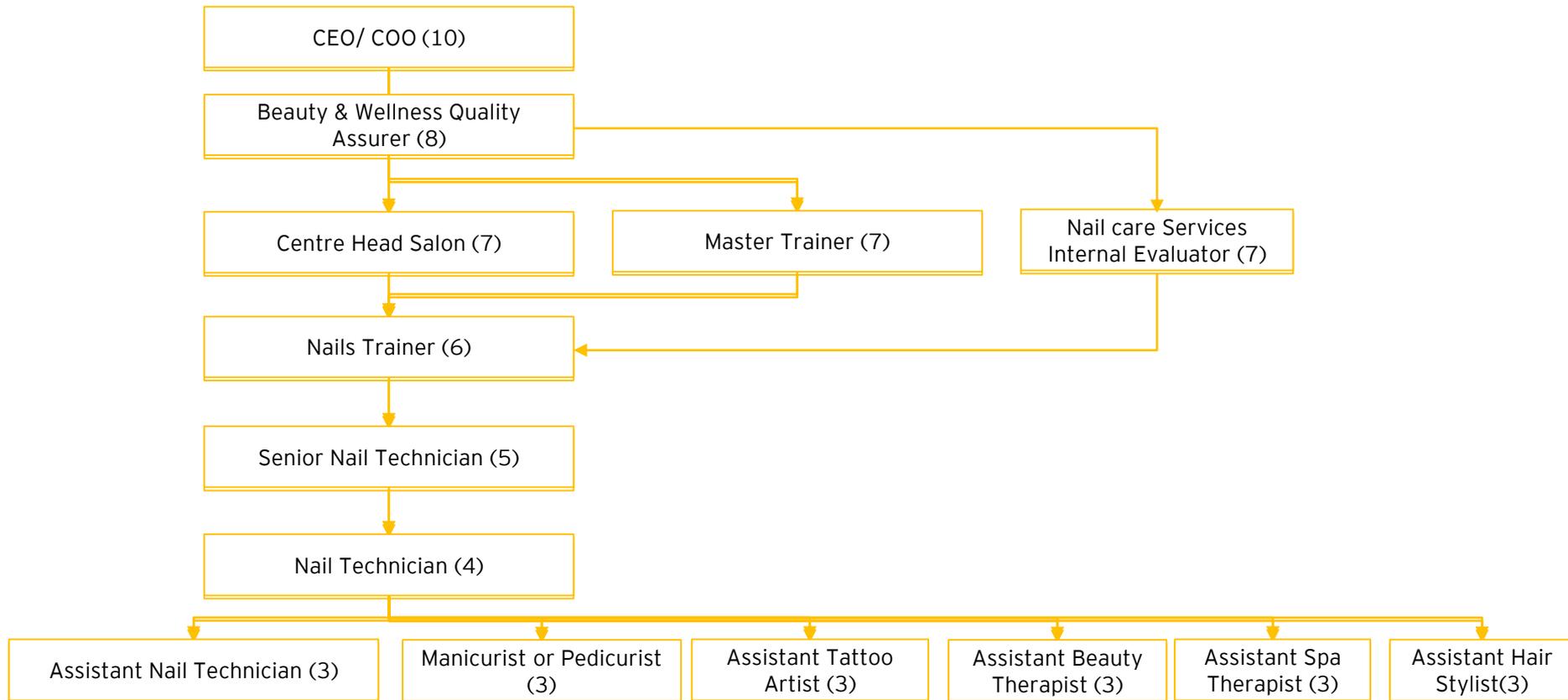
Occupational Map and Career Path – Skincare Services



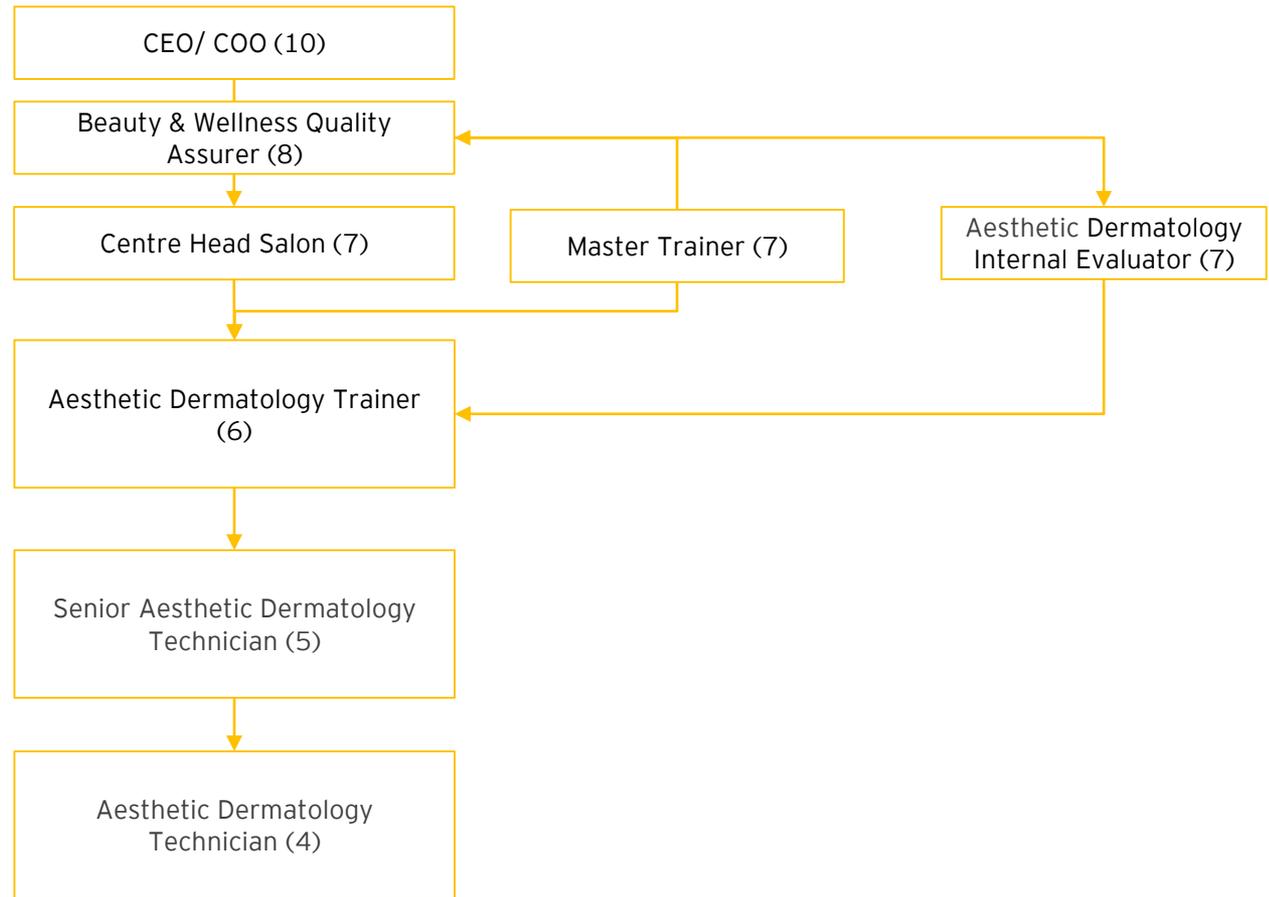
Occupational Map and Career Path – Makeup Services



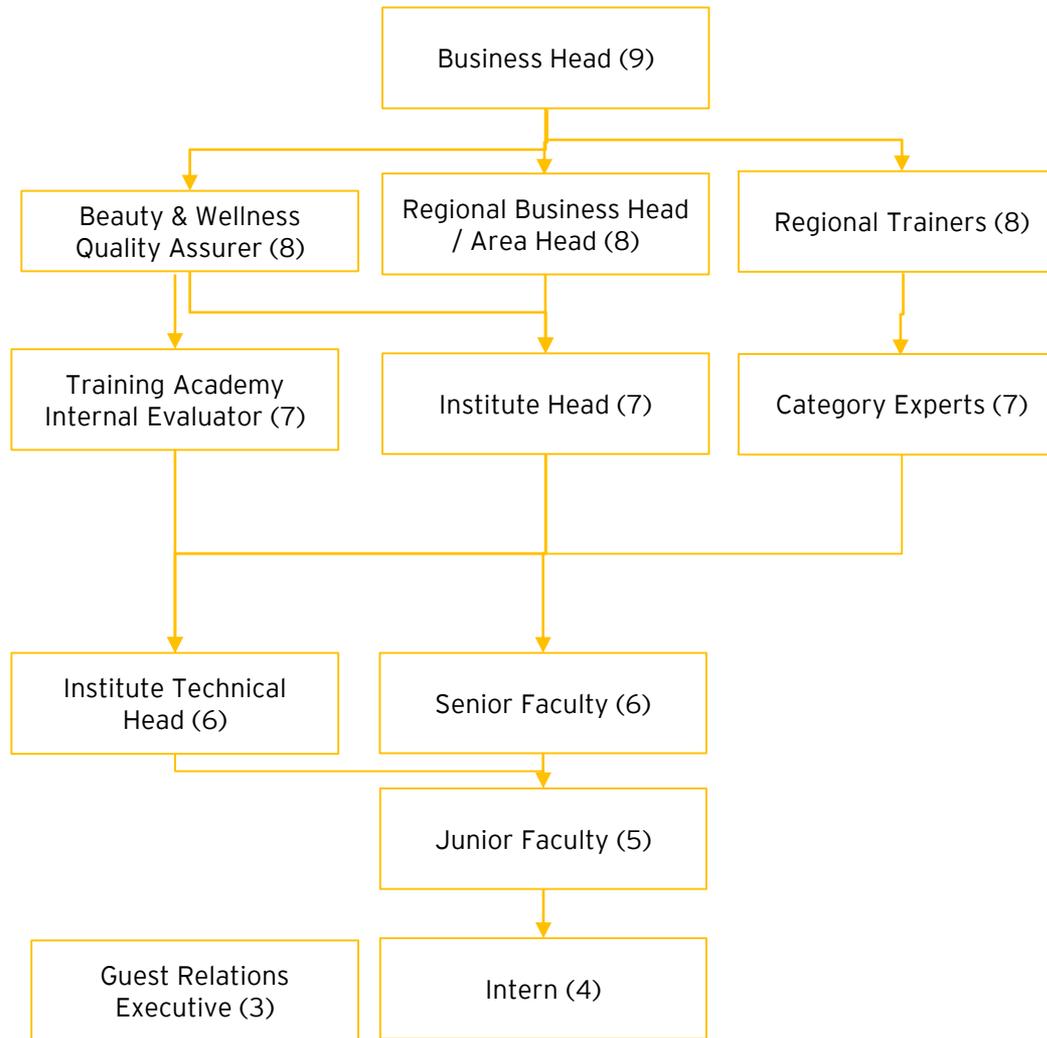
Occupational Map and Career Path – Nailcare Services



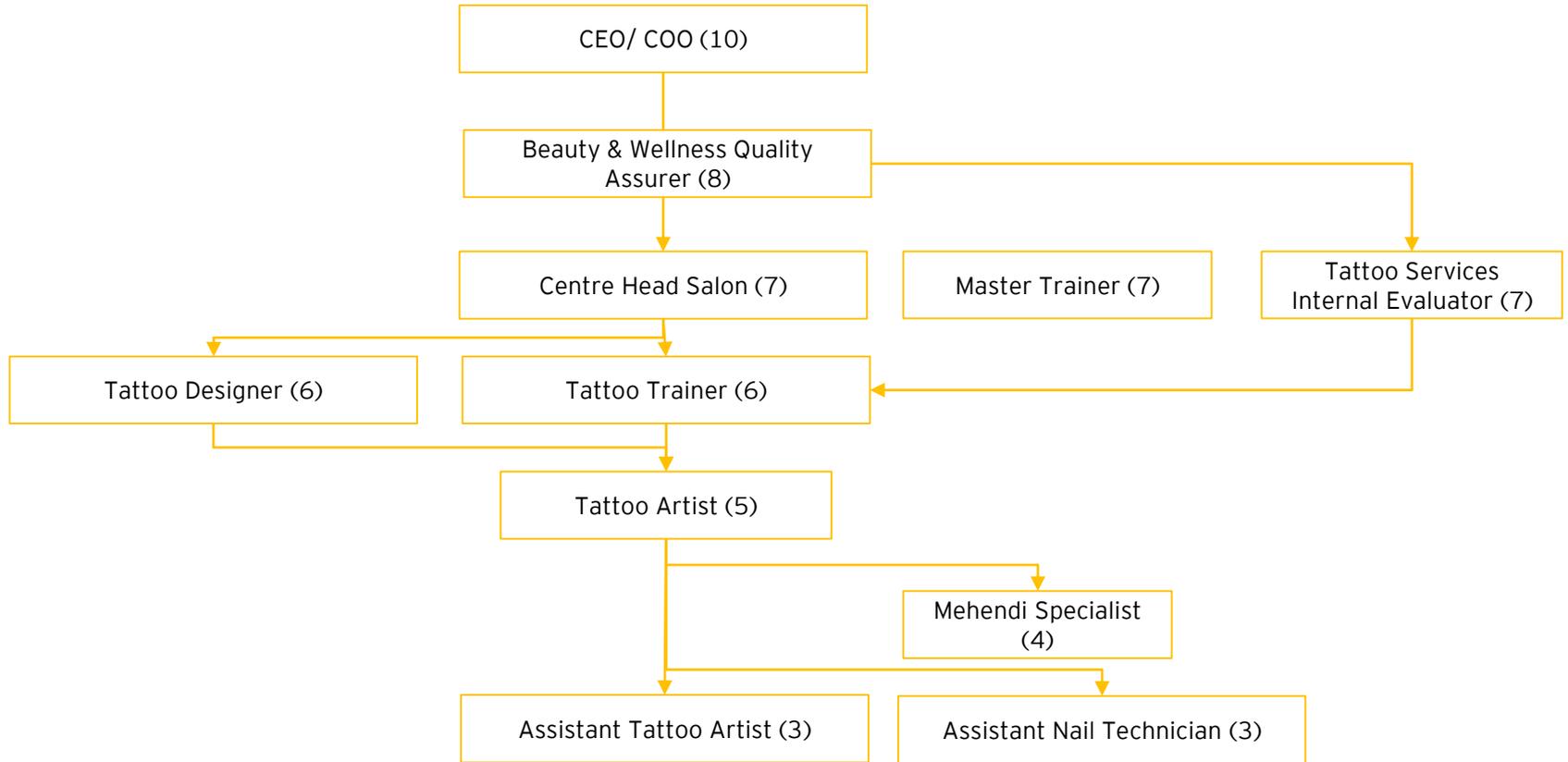
Occupational Map and Career Path – Aesthetic Dermatology Services



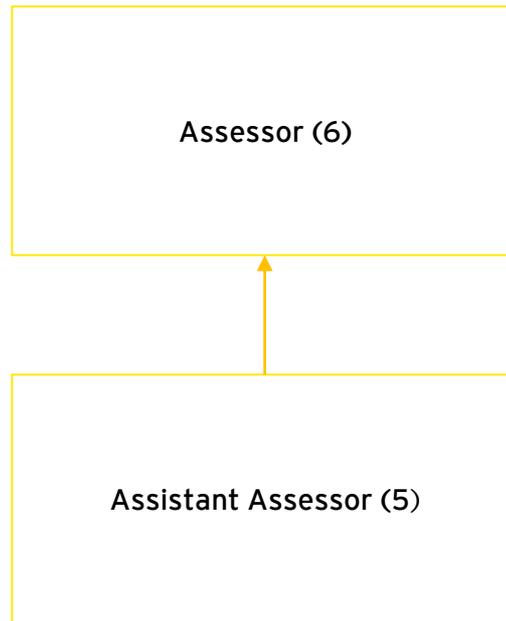
Occupational Map and Career Path – Training Academy Services



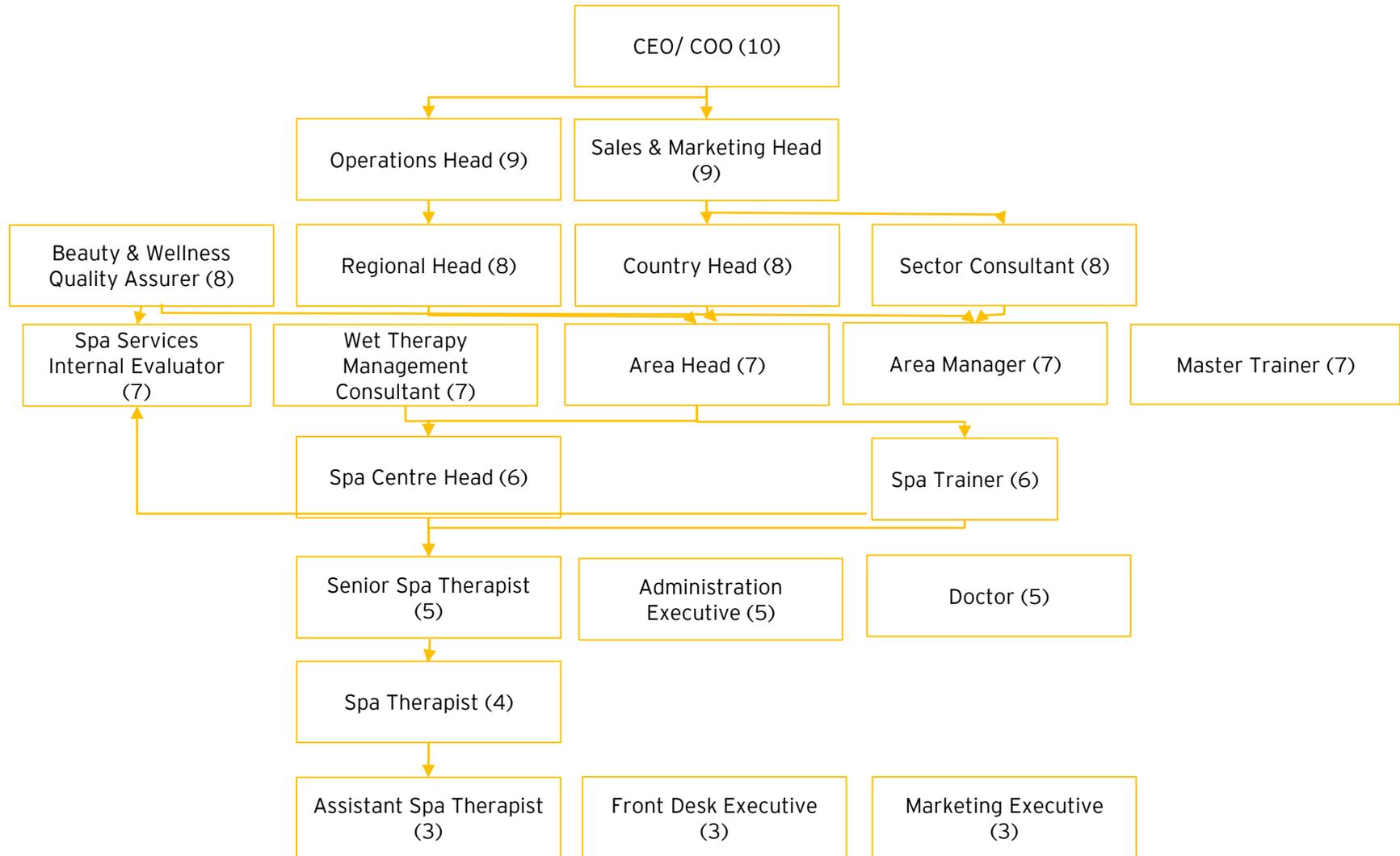
Occupational Map and Career Path – Tattoo Services



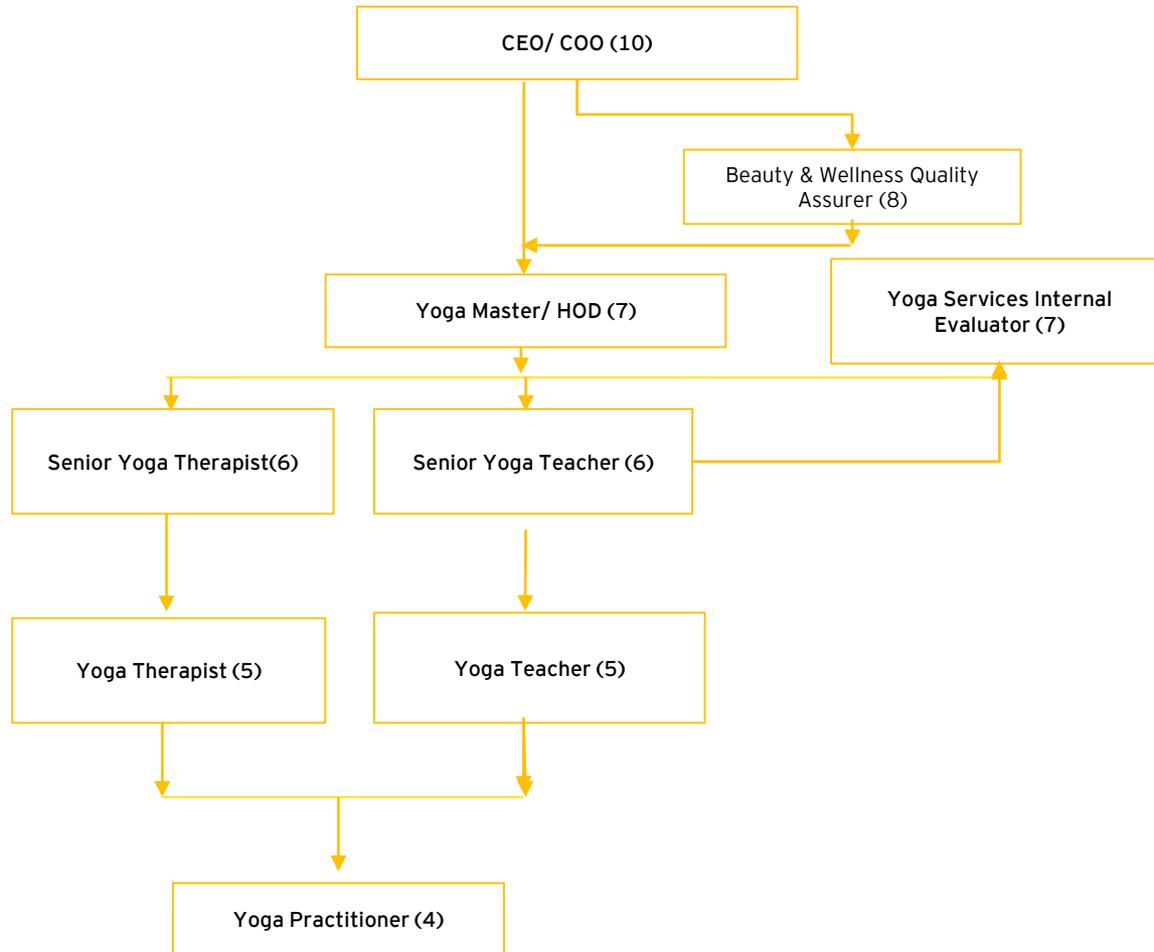
Occupational Map and Career Path – Assessment Services



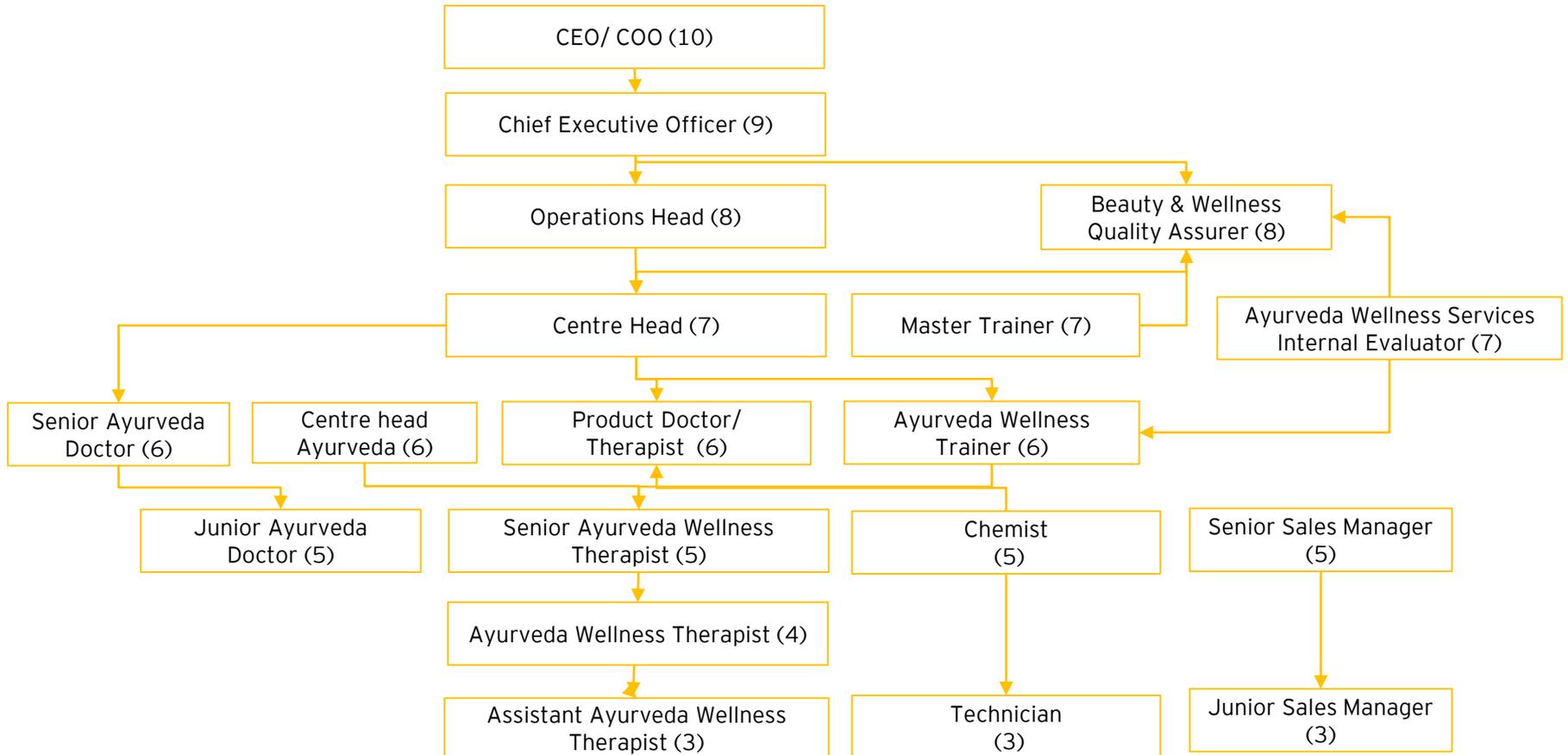
Occupational Map and Career Path – Spa therapy



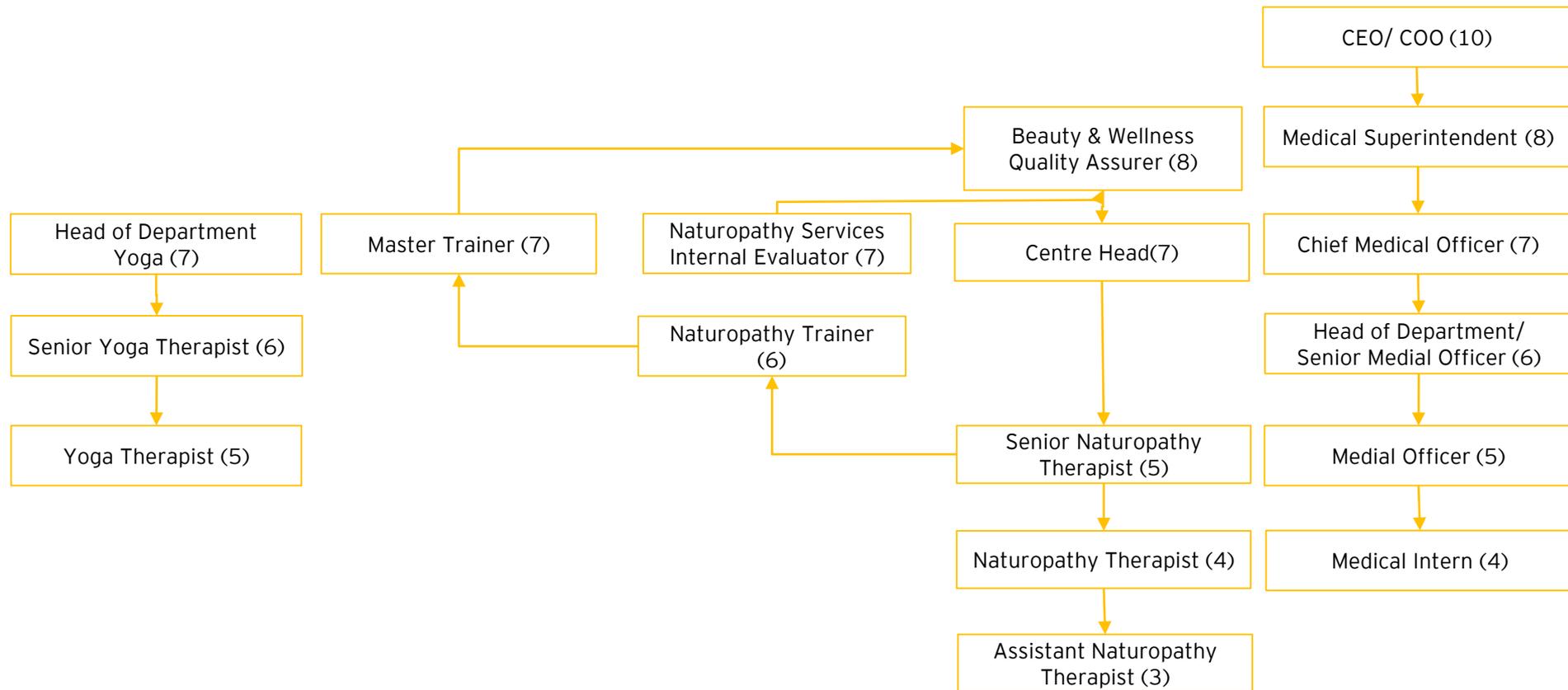
Occupational Map and Career Path – Yoga therapy



Occupational Map and Career Path – Ayurveda therapy

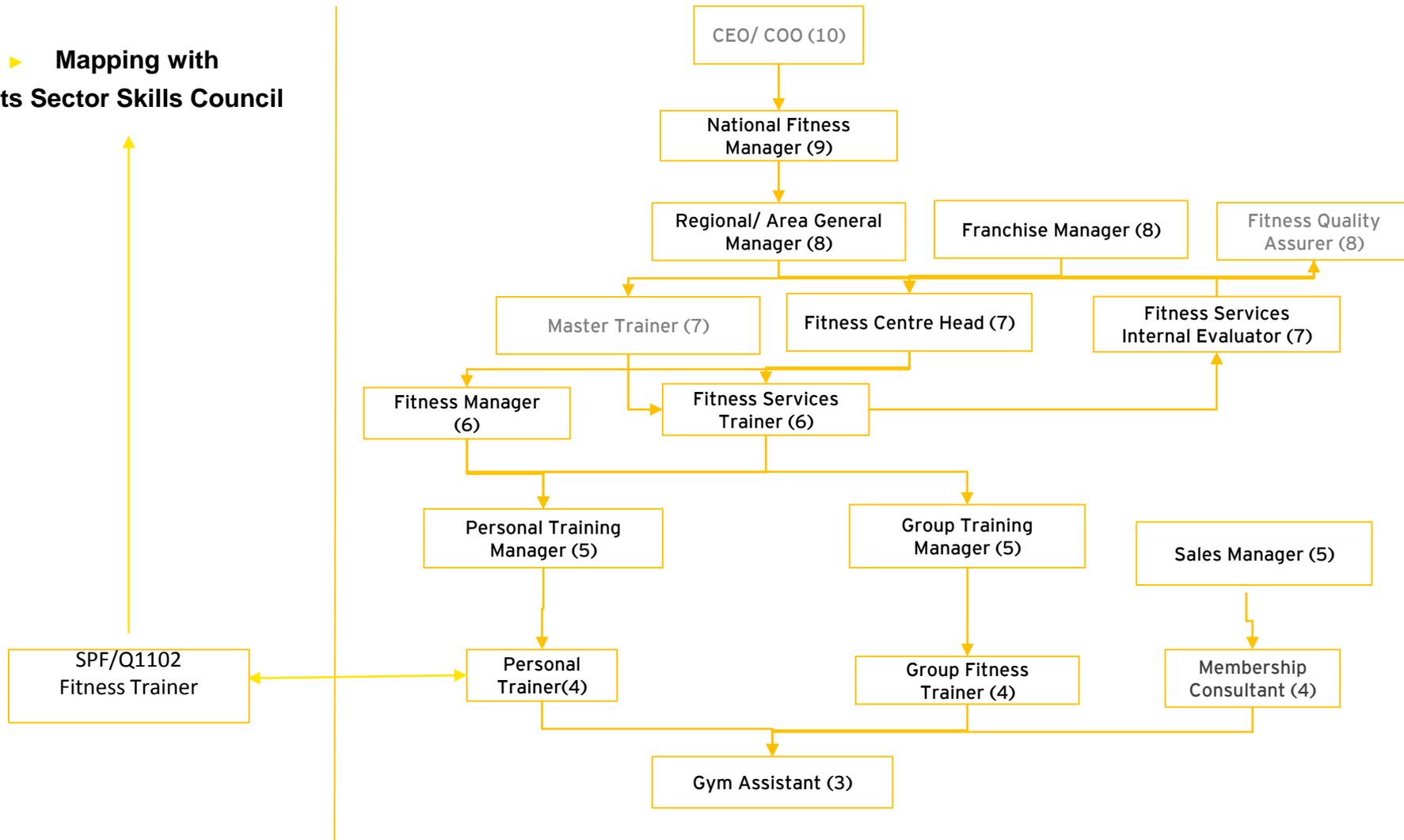


Occupational Map and Career Path – Naturopathy therapy

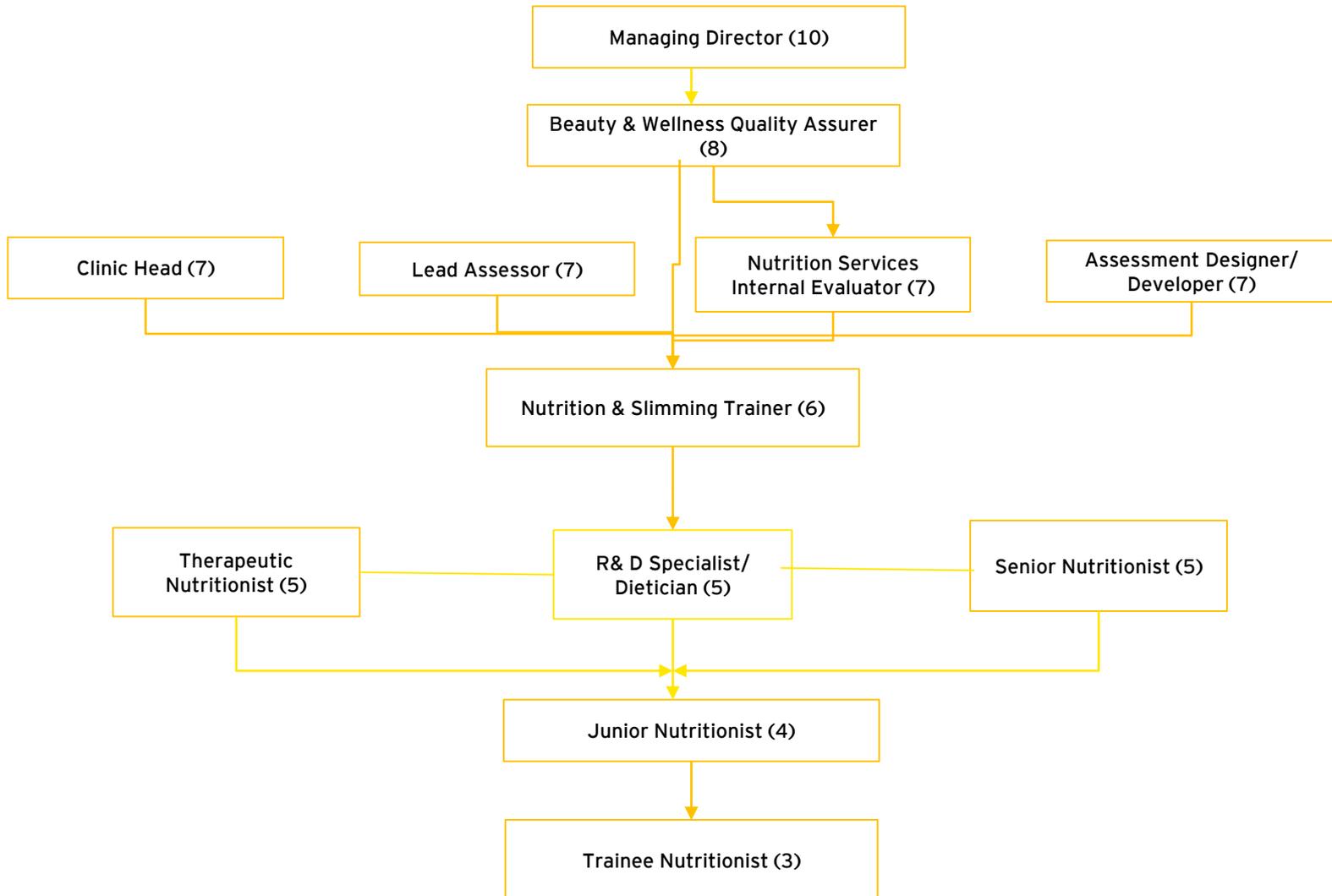


Occupational Map and Career Path Fitness Services

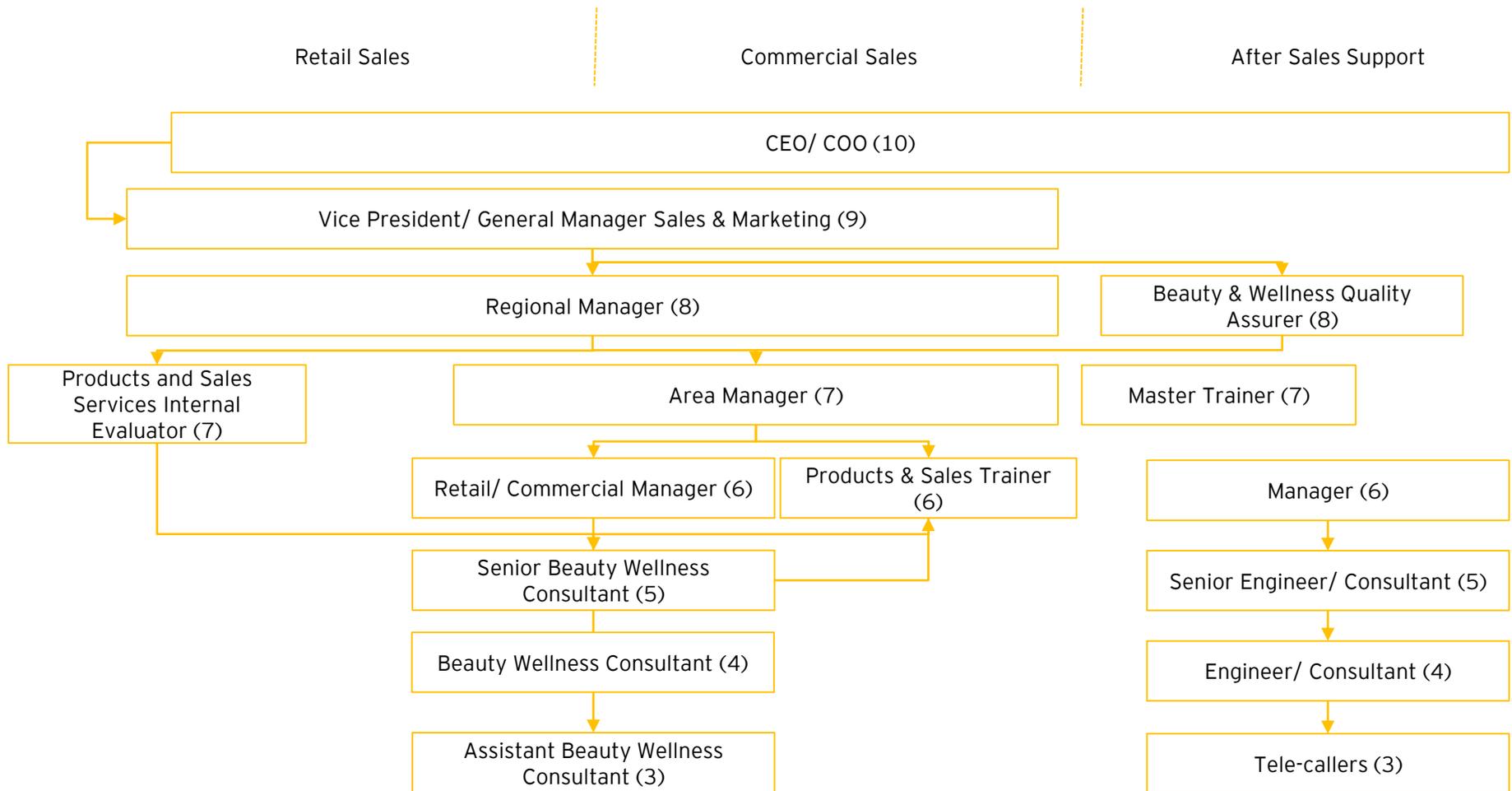
► **Mapping with Sports Sector Skills Council**



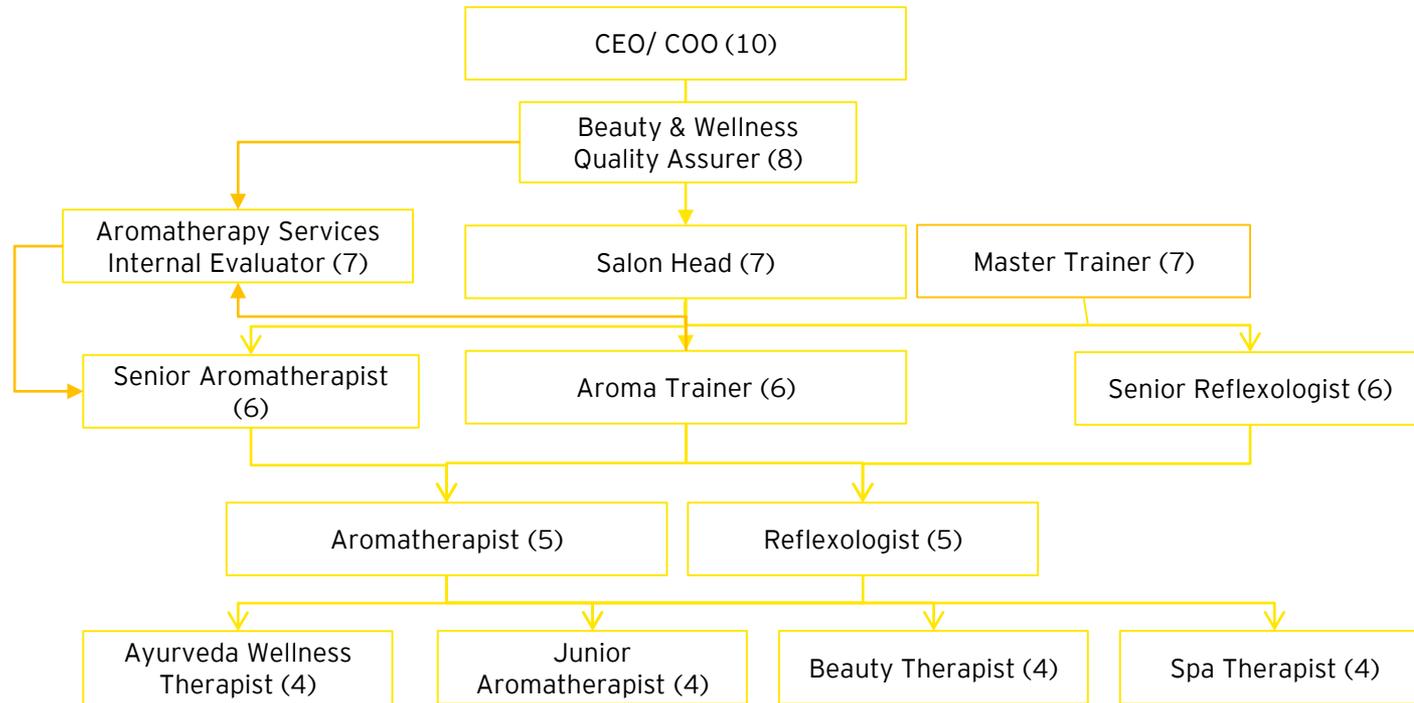
Occupational Map and Career Path – Nutrition Services



Occupational Map and Career Path – Product & Sales



Occupational Map and Career Path – Aromatherapy and Reflexology therapy



Occupational Map and Career Path – Image Makeover

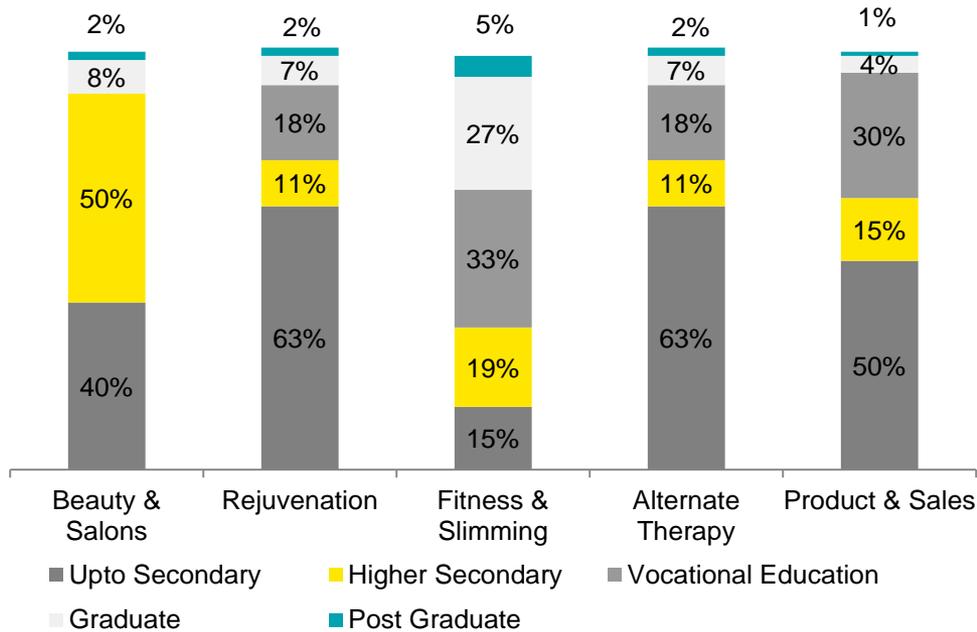
Personal Grooming & Image
Makeover Consultant (3)

Employment Trends and Demographics

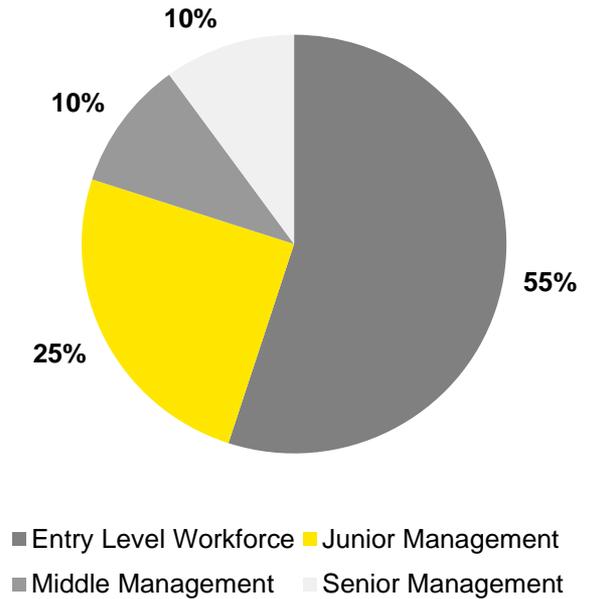
- ▶ Overall, India Inc will need nearly 12 crore skilled workforce across 24 sectors and another 46 crore people will need up-skilling or re-skilling, according to a recent survey conducted by the National Skill Development Corporation (NSDC).
- ▶ According to NSDC, skilled workforce in beauty and wellness sector would grow thrice as much, from 40 lakh in 2013 to 1.42 crore in 2022, making it the fastest growing job creator.
- ▶ In our contemporary, aspirational India, beauty products have become affordable to many. This, along with increasing urbanisation and the impact of TV commercials, has made these products accessible. Even male grooming is on the rise with products like male creams becoming popular—in urban India, according to ace hair stylist Javed Habib, there are 15-20 popular haircuts and in rural areas 3-4. Women, in particular, feel they can earn a few thousand more rupees to support their families by becoming beauticians. All these reasons have made beauty and wellness sectors a major job creator

Employment Patterns

Workforce by Educational Qualifications



Beauty & Wellness Workforce



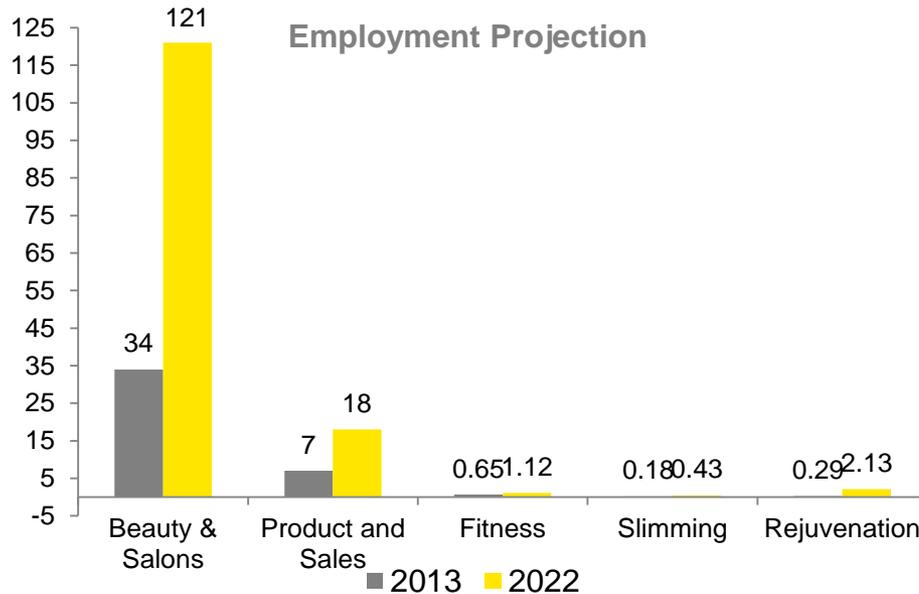
Average Age of Workforce Level Wise

Workforce Level	Entry level workforce	Junior Management	Middle Management	Senior Management
Average Age	16-18 years	16 years onwards	18-20 years	21 years onwards

Typical Age Band and Average Age

Average Age of Workforce Level Wise				
Workforce Level	Entry level workforce	Junior Management	Middle Management	Senior Management
Average Age	16-18 years	16 years onwards	18-20 years	21 years onwards

Anticipated Employment Patterns



- ▶ It is being observed that anticipated growth is for Beauty and Salons segment is approximately **four times** than that of 2013
- ▶ The highest growth is envisaged in the rejuvenation sector i.e. **Seven Times** of 2013 statistics. This could be attributed to the increasing popularity of spa and rejuvenation in the present scenario. It is anticipated that Day Spas will be the preferred choice of the customers. However, Destination Spa will be preferred by the ones who need a relaxing experience and a respite from daily stress
- ▶ Other sectors are envisaged to grow roughly twice their size by 2022

Learning opportunities that can enhance qualifications of workers

- ▶ Beauty and Wellness industry in India is growing at a rampant pace and it offers a number of career opportunities to trained professionals across multiple subsectors in this sector. Higher education and special training in areas such as hair styling, make up etc would help in advancement of career within this sector. Immense learning opportunities exist in areas such as specialisation in aesthetic dermatology, tattoo, nutrition, aromatherapy and Yoga would help in enhancement of qualification of workers. Qualification for entry into different sub sectors may vary; it is even possible to become a professional in this sector with minimum formal qualifications like as low as 5th standard pass. Most employers provide training on the job such that employee spend most of the time working and learning practical skills on the job. To enhance qualification, workers can take structured training or short term certified courses with a registered training provider / government institute/ non-government organization to enhance competency in various areas of beauty and wellness. These trainings help one to assess their skills, improve them and make them competent in all areas. To enhance/build qualifications, workers even without experience can start at assistant level, acquire 1- 2 years experience in the industry and with competency in client management set ups can undergo training for developing skills and knowledge to support productivity and for their growth in the sector/industry. Acquiring knowledge/undergoing training on the following help to enhance qualification of workers in beauty and wellness:
 - ▶ 1) Practical and Technical Training including Maintain safety and hygiene standards, Contribute to effective client management, Understand and obtain knowledge on maintaining workplace health and keeping oneself well groomed
 - ▶ 2) Business Improvement Techniques
 - ▶ 3) Functional Skills

Learning opportunities that can enhance qualifications of workers

- ▶ 4) Organizational Skills
- ▶ 5) Learning and Thinking Skills. Acquiring these skills makes the beauty and wellness technicians qualify and grow in various job roles in the sub sectors like Beauty and Salons, Rejuvenation, Fitness & Slimming, Alternate Therapy etc.

Thank You!

