

COSMETICS STORE

1. INTRODUCTION

The influx of global beauty companies into India is now on the rise. These businesses are strategically targeting the country, hoping to capitalize on its sizable young population and rising disposable money. This inflow of major cosmetics has envisaged a significant increase in demand from smaller cities and areas. After the COVID-19 pandemic, many professionals, mainly from larger cities, have returned to their hometowns and smaller villages to work remotely. As a result, demand for these cosmetic products has increased significantly in smaller cities of state such as Uttarakhand, where the market was previously less exposed to such global offers. All of these elements combined make the potential of opening a cosmetics store in Uttarakhand quite profitable. A cosmetic store in Uttarakhand can be established in cities like Nainital, Haridwar, Dehradun, and Udham Sing Nagar which is burgeoning with youths and tourists.

2. PRODUCT & ITS APPLICATION

A cosmetic store typically keeps a diverse range of beauty and personal care products, such as makeup, skincare, hair care, fragrances, and more. These goods are used in a variety of elements of personal grooming, from daily routines to special events. All the items are intended to enhance and maintain one's appearance, hygiene, and well-being.

3. DESIRED QUALIFICATION FOR PROMOTER

To successfully develop and maintain a cosmetics store, the promoter needs to know the cosmetics industry and the trends. Anyone with basic retail management skills and expertise in marketing and customer service can start a business.

4. BUSINESS OUTLOOK AND TRENDS

The cosmetics industry is a dynamic and expanding industry. In 2023, the cosmetics market will generate \$6.27 billion in revenue. The market is anticipated to expand by 2.86% a year (CAGR 2023-2028) in India. The shifting beauty standards and growing knowledge of personal grooming influence the market for cosmetics in Uttarakhand. As consumers become more health-aware and ecologically conscious, they are drawn to items made with natural components, free of toxic chemicals, and environmentally sustainable. Furthermore, the growth in e-commerce is having a tremendous impact on the Uttarakhand cosmetics business. Consumers are increasingly switching to internet platforms for their buying requirements as they grow more digitally connected. E-commerce's simplicity and accessibility make it a critical route for reaching clients in even the most remote corners of the state. As a result, in this changing retail world, taking an omnichannel approach that combines a physical shop presence with an online storefront might be especially beneficial.

5. KEY BUSINESS ELEMENTS

- Location: Selecting a strategic location with substantial foot traffic, preferably near commercial centers, malls, or tourist attractions will attract more customers.
- Customer service: It entails providing consumers with personalized help and product recommendations.
- Product Selection: It includes providing a wide choice of cosmetics and personal care items. It is the key differentiator. By offering a vast product range, promoters can attract and retain loyal customers.
- Marketing: To reach a large audience, one must leverage both online and offline marketing tactics.

6. MARKET POTENTIAL AND MARKETING ISSUES; IF ANY

Uttarakhand's cosmetics business has enormous untapped potential. This is due to some reasons, making it an attractive market for cosmetics entrepreneurs. Firstly, the region's discretionary income has increased noticeably. As more citizens gain financial means, they are more likely to invest in beauty and personal care products. This awareness translates into a thriving market for cosmetics as it paves the way to express self-confidence. However, marketing in this booming sector is filled with difficulties. One noteworthy challenge is competition from established brands. Local businesses may find themselves competing for the attention of consumers who are already loyal to global and national beauty brands as they enter into the region by setting up kiosks and stores in malls.

7. SUPPLY OF RAW MATERIAL

Many wholesalers and distributors focus on delivering raw ingredients to the cosmetic industry. Some cosmetic companies make and sell raw materials. Direct purchasing from manufacturers can be a cost-effective and dependable option to obtain your supplies. For example, in Uttarakhand, there are giant cosmetic manufacturers such as Vivo Cosmetics, Derma Company, Kalour Cosmetics, Beauty, etc. with whom B2B relationships can be established for bulk buying. Joining associations and organizations in the cosmetics sector can give the promoter significant leads and connections.

8. BUSINESS MODEL

The business area is spread across 2,000 sq. meters and has an inviting entrance with well-organized product displays, a designated makeup and beauty area, and a storage area for inventory. The layout must incorporate space for staff assistance, product testing, promotional displays, and customer comfort.

9. BUSINESS PROCESS

The business process includes;

- **Inventory Management:** This is the primary step in operating a cosmetics store. The promoter has to check product availability by efficiently managing stock levels, reordering as needed, and tracking expiration dates.
- **Sales and Client Service:** To increase the client's trust and loyalty, the promoter has to provide great service. For that, he/she has to hire and train knowledgeable employees to provide outstanding customer service.
- **Marketing and Promotion:** The promoter must run initiatives to improve brand visibility across several platforms.
- **Financial management:** Along with other business operations, the promoter has to review the business finances to ensure financial sustainability.
- **Expansion and adaptation:** For growth, the business has to constantly adapt to market trends and client inputs, looking for chances of expansion.

10. MANPOWER REQUIREMENT

Sr. No	Particulars	No.	No. of month in year	Wages/Salaries per month (Rs. in Lakhs)	Annual Expense (Rs. in Lakhs)
1	Self-employed	1	-	-	-
2	Skilled	4	12	0.30	14.40
3	Unskilled	1	12	0.12	1.44
4	Accountancy Service	1	12	0.35	0.60
	Total				16.44

11. IMPLEMENTATION SCHEDULE

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	1
2	Construction (if applicable)	1.5
3	Procurement & installation of furniture and fixtures	2.5
4	Arrangement of Finance	1
5	Recruitment of required manpower	1
6	Total time required (some activities shall run concurrently)	3

12. COST OF PROJECT

Sr. No.	Particulars	Annual Expenses (Rs. in lakhs)
1	Pre-operative and preliminary Exp.	0.69
2	Equipment and Furniture Exp.	6.60
3	Working Capital	61.23
	Total Project Cost	68.52

13. MEANS OF FINANCE

Bank-term loans are assumed @ 60%

Sr. No.	Particulars	Annual Expenses (Rs. in lakhs)
1	Promoter's contribution	27.41
2	Bank Finance	41.11
	Total	68.52

14. FURNITURES AND FIXTURES

Sr. No	Particulars	Unit	Price per Unit (Rs. in lakhs)	Total Amount (Rs. in lakhs)
1	Display Shelves	4	0.10	0.40
2	Mirrors	5	0.15	0.75
3	Storage Racks	20	0.05	1.00
4	Cash Counter	1	0.25	0.25
5	Storage Bins and Drawers	35	0.05	1.75
6	Chairs and Tables	5	0.25	1.25
7	Computer	1	0.60	0.60
8	Product Display Cases	3	0.20	0.60
	Total			6.60

Local suppliers in India offer a wide range of furniture and fixtures. The entrepreneur can avail office furniture after thorough research and analysis. Below are the tentative suppliers in India. Besides these, online platforms such as India Mart, Trade Mart, etc. can also be explored for ordering online.

1. S. K. Enterprises
Khasra No.160, Sewadham Road,
Opposite Bank of Baroda, Mandoli- 110093,
New Delhi, India

1. Oakly Chairs
No. A-2/1, Ground Floor,
Kunwar Singh Nagar, Nangloi, -110041,
Delhi, India
2. Hybonn Storage Systems
WZ - 2/10, 2nd Floor,
Surya Complex, Budella, Vikaspuri-110018,
Delhi, India

15. SALES REALISATION

Sr. No	Product	Sales in Percentage
1	Makeup Products: (Foundation, Concealer, Powder, Blush, Eye shadow, Eyeliner, Mascara, Lipstick, Lip gloss, Lip liner, Makeup brushes and tools)	88.0%
2	Hair Care Products: (Shampoo, Conditioner, Hair styling products, Hair treatments, Hairbrushes and combs)	7.0%
3	Fragrances, Bath and Body Products: (Perfumes, Colognes, Body sprays, Body wash, Body lotion, Shower gel, Bath salts, Body scrubs, Hand and foot creams)	2.0%
4	Men's Grooming Products: (Shaving creams and razors, Aftershave, Men's skincare products, Beard grooming products)	2.0%
5	Skincare Products: (Cleansers, Toners, Moisturizers, Serums, Sunscreen, Face masks, Acne treatments, Anti-aging products, Eye creams, Exfoliators)	1.0%
	Total	100.00%

16. PROFITABILITY CALCULATIONS

The basis of profit calculation is;

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
A.	Sales realization	183.69
B.	Cost of production	
i)	Raw materials	119.40
ii)	Utilities	1.09
iii)	Manpower Cost (Salaries/wages)	16.44
iv)	Administrative expenses	0.24
v)	Packaging Cost	0.06
vi)	Material Lost Cost	0.06
vii)	Selling & distribution expenses	5.04
viii)	Repairs & maintenance	0.00
ix)	Rent	10.00
x)	Interest	0.48
xi)	Misc. expenses	10.00
	Total (B)	152.81

	No of Unit production	58230
	Cost of Goods Sold <i>per unit</i>	Rs. 262(Two hundred Sixty Two)
	Gross profit/loss (A – B)	30.88
	Less: Depreciation	1.16
C.	PBIT	29.72
D	Income-tax	5.94
E	Net profit/loss	23.78
F.	Repayment (Annual)	0.62
G	Retained surplus (E-F)	23.16

17. BREAKEVEN ANALYSIS

(Rs. in lakhs)

Fixed cost	
Land & Building Rent	10.00
Depreciation	1.16
Interest	0.48
Manpower	4.93
Total Fixed cost	16.57
Variable cost	
Raw materials	119.40
Utilities	1.09
Man Power	11.51
Administrative expenses	0.24
Selling & distribution expenses	5.04
Total Variable cost	137.28
Variable cost per Unit	235.75
Revenue per unit	315.46
Margin per Unit	79.71
Number of Units for Break-Even Point	20789
Actual Capacity	58230

18. STATUTORY/GOVERNMENT APPROVALS

It is important to comply with statutory rules and regulations before starting a cosmetics store.

1. Businesses selling cosmetics that are designed to beautify, cleanse, promote attractiveness, or modify the appearance of a human, must acquire a State Drug license.
2. Shop and establishment license is necessary for operating a cosmetics store wherein working hours, employment conditions, and other regulatory requirements are stipulated.
3. Trade License: The business has to obtain a trade license from the local municipal corporation. This license permits to carry out commercial activities within a specific jurisdiction.
4. Registration of business for Goods and Service Tax (GST) with the Goods and Service Tax Network (GSTIN) as it applies to all the products.

19. TRAINING CENTERS AND COURSES

Training centers that offer professional training and certification in entrepreneurship and business management are as follows:

1. National Institute for Entrepreneurship and Small Business Development (NIESBUD)
Regional Centre, Dehradun
NSTI Campus, Green Park, Dehradun- 248001,
Uttarakhand, India
2. Indian Institute of Entrepreneurship(IIE)
Basistha Chariali, NH-37 Bypass, Near Game Village,
Lalmati Guwahati- 781029,
Assam, India

Disclaimer

Only few suppliers of furniture and fixtures are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for suppliers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.