

A Project Report on

**“Expanding Nykaa's Global Footprint: A Strategic
Analysis of International Market Entry and Marketing
Strategy”**

Submitted to:

**Department of Management Sciences & Research (DMSR)
G.S. College of Commerce and Economics, Nagpur
(An Autonomous Institution)**

Affiliated to:

Rashtrashant Tukdoji Maharaj Nagpur University, Nagpur

In partial fulfilment for the award of the degree of
Master of Business Administration

Submitted by:

Miss Kanak Sinha

Under the Guidance of:

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Accredited “A” Grade Institution**



Academic Year 2023 – 2024

**Department of Management Sciences and Research
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Academic Year 2023 – 2024

CERTIFICATE

This is to certify that **Miss Kanak Sinha** has submitted the project report titled, “**Expanding Nykaa's Global Footprint: A Strategic Analysis of International Market Entry and Marketing Strategy**”, under the guidance of **Dr Madhuri V. Purohit** towards the partial fulfilment of **MASTER OF BUSINESS ADMINISTRATION** degree examination.

It is certified that she has ingeniously completed her project as prescribed by **DMSR, G. S. College of Commerce and Economics, Nagpur, (NAAC Accredited "A" Grade Autonomous Institution)** affiliated to **Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.**

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Academic Year 2023 – 2024

DECLARATION

I **Miss. Kanak Sinha** here-by declares that the project with the title “**Expanding Nykaa's Global Footprint: A Strategic Analysis of International Market Entry and Marketing Strategy**” has been completed by me under the guidance of **Dr Madhuri V. Purohit** in partial fulfilment of **MASTER OF BUSINESS ADMINISTRATION** degree examination as prescribed by **DMSR, G. S. College of Commerce and Economics, Nagpur, (NAAC Accredited "A" Grade Autonomous Institution)** affiliated to **Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.**

This project was undertaken as a part of the academic curriculum and has not been submitted for any other examination and does not form part of any other courses undertaken by me.

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Academic Year 2023 – 2024

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Place: Nagpur

Date:

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Chapter 1
INTRODUCTION

INTRODUCTION

Overview of the Project Report

In today's interconnected world, the beauty industry has transcended borders, offering immense opportunities for companies to expand their reach beyond domestic markets. Among these companies, Nykaa has emerged as a prominent player in India's beauty and cosmetics sector, known for its wide range of products, exceptional customer service, and innovative marketing strategies. As Nykaa continues to thrive in the Indian market, the prospect of international expansion beckons, presenting a strategic opportunity to tap into new markets and amplify its global presence.

Nykaa's success in India has positioned it as a frontrunner in the beauty e-commerce landscape, boasting a loyal customer base and strong brand equity. In the ever-evolving landscape of global commerce, expanding beyond domestic borders has become a strategic imperative for companies seeking sustained growth and competitive advantage. Nykaa, a trailblazer in India's beauty and wellness sector, now stands at the threshold of international expansion. This project is dedicated to a meticulous examination of Nykaa's strategic endeavour to broaden its global footprint, with a keen focus on delineating effective market entry strategies and subsequent marketing approaches.

The decision to venture into international markets is not merely an extension of Nykaa's domestic success but a calculated response to a confluence of strategic imperatives. Having established itself as a household name and market leader in India, Nykaa is primed to leverage its brand equity, industry expertise, and innovative offerings to capitalize on the vast opportunities offered by the global beauty and wellness industry. With an unwavering commitment to delivering

quality products and exceptional customer experiences, Nykaa aims to transcend geographical boundaries and enrich the lives of consumers worldwide.

This project will be structured into several key phases, including market analysis, target market selection, competitive analysis, marketing strategy development, and implementation planning.

What is Marketing?

Marketing is about connecting your company with potential customers and connecting those customers with your products. It involves understanding customer needs, translating those needs into products and services, packing and pricing those products and services, and then convincing customers that they need to buy those products and services. To put it simply, **marketing is the entire cycle from identifying potential customers to satisfying those customers' needs with the products you produce.**



What Marketing isn't

Marketing isn't just advertising, public relations or putting together a website or email campaign. It's also about everything leading up to those activities to support both your customers and your sales team. It, ideally, drives your entire

business and determines what products you produce and how you distribute them.

Cross-Cultural Marketing

Cross-cultural marketing involves developing and implementing marketing strategies that account for the cultural differences and similarities among various consumer groups. It is essential for businesses operating in multiple regions or aiming to reach diverse demographic segments within a single market. The goal is to create marketing campaigns that resonate with different cultural groups, enhancing engagement and effectiveness.

Key Concepts in Cross-Cultural Marketing

- a. Understanding the cultural norms, values, beliefs, and behaviours of different groups. This awareness helps marketers avoid cultural faux pas and create messages that are culturally sensitive and relevant.
- b. Conducting thorough research to understand the preferences, needs, and buying behaviours of various cultural groups. This includes both qualitative and quantitative research methods.
- c. Dividing the market into distinct cultural segments based on factors such as ethnicity, language, religion, and social practices. This allows for more targeted and effective marketing efforts.
- d. Adapting marketing materials and messages to fit the local culture. This can include translating content, modifying imagery, adjusting product features, and aligning with local customs and traditions.
- e. Creating marketing strategies that appeal to multiple cultural groups simultaneously. This often involves finding common ground or universal themes that resonate across cultures.
- f. The ability of a business or marketer to relate and work effectively across cultures. This involves empathy, open-mindedness, and a willingness to learn and adapt.

Global Footprint

A global footprint in business refers to a brand's presence and reach in both domestic and global markets. Expanding a business's global footprint can help increase revenue, customer base, and market share. However, it can also present challenges, such as New markets, Laws, Consumers, Culture, and Business environment. A company's global footprint also refers to the widespread geographic reach and international presence of its operations, sales, customer base, and overall business activities across multiple countries and regions around the world. It encompasses the markets where the company has established a presence, either through sales channels, physical locations like offices, factories or retail outlets, sourcing of materials and labour, distribution networks, or by serving customers directly.

A large global footprint indicates that a significant portion of the company's revenue is derived from international markets, its workforce and partnerships span across borders, and its brand is recognized globally. Factors like the number of countries with company operations, the geographical spread of facilities, employees, supply chains and customer bases, as well as the contribution of overseas markets to total revenue, all determine the size and scope of a global footprint. Having an extensive global footprint allows businesses to tap into growth opportunities worldwide, diversify revenue streams, access global talent pools, mitigate risks through market diversification, leverage economies of scale, and build a strong multinational brand presence.

International Market

International Market or Global Market refers to the global arena where goods, services, capital, and labour are exchanged across national borders. Engaging in international markets allows businesses to expand their reach, increase sales, diversify risk, and tap into new opportunities for growth.



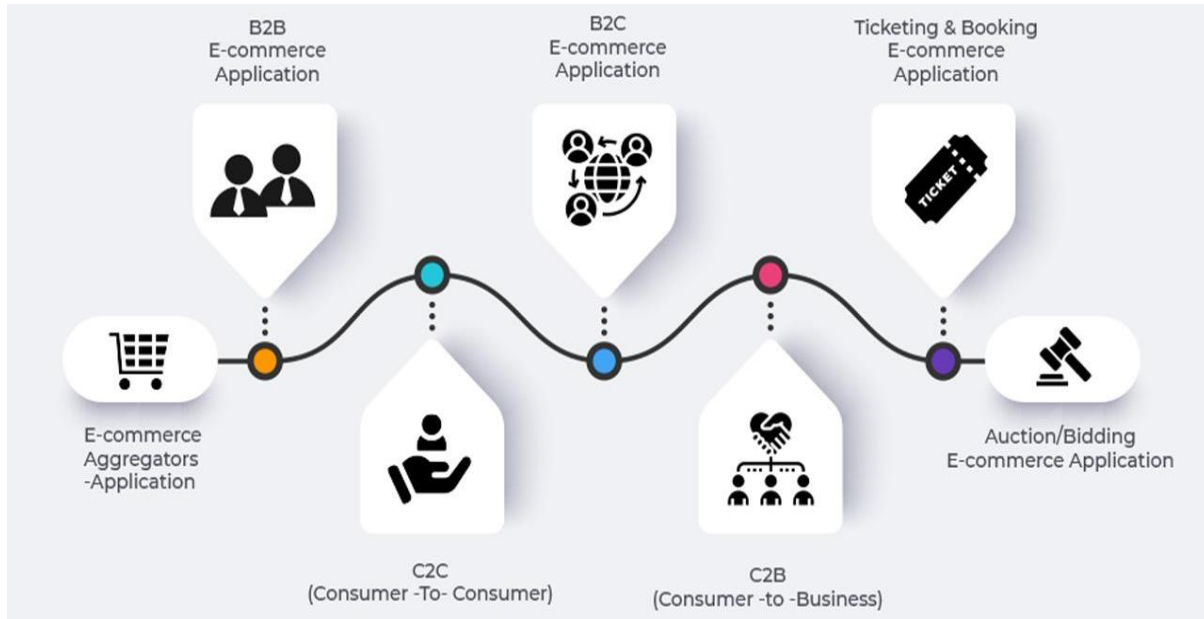
In the words of Kotler, “*Global Marketing is concerned with integrating and standardising marketing actions across several graphic markets.*”

When the business decides to go beyond the domestic audience to reach the foreign audience, the concept of **International Marketing** arises. International Marketing includes understanding the culture, language, values, and beliefs of the international audience and making one’s products and services useful for them. Practices to overcome language barriers, different cultural norms, and other barriers are undertaken with effective marketing strategies. The main objectives of international marketing involve interaction with a foreign audience, growth and expansion of business and customer base, etc.

Electronic Commerce (e-commerce)

Electronic commerce (e-commerce) refers to companies and individuals that buy and sell goods and services over the Internet. E-commerce operates in different types of market segments and can be conducted over computers, tablets, smartphones, and other smart devices. Nearly every imaginable product and service is available through e-commerce transactions, including books, music, plane tickets, and financial services such as stock investing and online banking. As such, it is considered a very disruptive technology.

Types of e-commerce



Marketing Strategy

A marketing strategy is a plan designed by a business to promote and sell its products or services effectively. It involves understanding the market environment, identifying target customers, and determining the best ways to reach and influence them. This strategy outlines how a company will differentiate itself from competitors and achieve its marketing goals, such as increasing sales, building brand awareness, or entering new markets.

What are the different Marketing Strategies for the Businesses?

- a. **Content Marketing:** Creating valuable content to attract and engage your target audience.
- b. **Social Media Marketing:** Promoting products and engaging with customers on social media platforms.
- c. **Email Marketing:** Sending targeted emails to promote products and build relationships.
- d. **SEO (Search Engine Optimization):** Improving website visibility on search engines to attract organic traffic.

- e. **PPC (Pay-Per-Click) Advertising:** Using paid ads to drive traffic to your website.
- f. **Influencer Marketing:** Partnering with influencers to promote your products.
- g. **Affiliate Marketing:** Collaborating with affiliates who promote your products for a commission.
- h. **Public Relations (PR):** Managing your company's reputation and generating positive media coverage.
- i. **Event Marketing:** Creating or participating in events to promote your brand.
- j. **Brand Partnerships:** Collaborating with other brands to co-promote products.
- k. **Direct Marketing:** Reaching out directly to potential customers (e.g., direct mail, telemarketing).
- l. **Customer Loyalty Programs:** Rewarding repeat customers to encourage loyalty (e.g., points systems, exclusive discounts).
- m. **Guerilla Marketing:** Using unconventional tactics to create a memorable impact (e.g., street art, viral stunts).
- n. **Market Segmentation:** Dividing the market into segments and targeting them with specific campaigns (e.g., demographic targeting).

Chapter 2
COMPANY PROFILE

NYKAA

Your Beauty. Our Passion.



COMPANY PROFILE

Overview of the Company

Nykaa is a Public Company that was initially incorporated as FSN E-Commerce Ventures Private Limited and was listed on the stock exchange in 2021. It was founded in 2012 by Falguni Nayar, a former senior managing director at Kotak Mahindra Capital Company.

Nykaa's USP includes a first-mover advantage, a strong brand identity in the cosmetics industry, and a data-driven approach with personalised recommendations for customers. Nykaa's target audience is primarily women aged 18–50 and beauty influencers. Nykaa has extensively used brand marketing and social media reach to build its customer base. The phrase “Be Bold and Be Good” drives Nykaa and the company is still working towards its goals.

Nykaa is a D2C brand of consumer products with 145 BPC stores and 9 fashion stores across 60 cities that work on an inventory-based model, i.e., the company buys the products from the manufacturers and stores them in warehouses. Products are sold either through online apps or in offline stores.

Nykaa also has a series of in-house brands in fashion and beauty. Some of them are Nykaa Cosmetics, Kay Beauty, and Nykaa Naturals. Nykaa Fashion: 20 Dresses, Nykd by Nykaa. The apparel and accessories verticals consist of 1,350 brands.

Behind-the-screen-A Successful Entrepreneur

Falguni Nayar, the founder of **Nykaa** graduated from IIM Ahmedabad, India. Before founding her own business, she served **Kotak Mahindra Capital Co** for around 18 years. She always had a dream



FALGUNI NAYAR
Founder & CEO
Nykaa.com

of her start-up and noticed the opportunity in the field of the cosmetics industry. This led her to start her own company with the help of her husband **Sanjay Nayar** and Daughter **Adwaita Nayar**. To quickly succeed with her start her knowledge in the field of investment banking helped a lot. She believes that e-commerce has a huge untapped potential in India.

Company's Journey

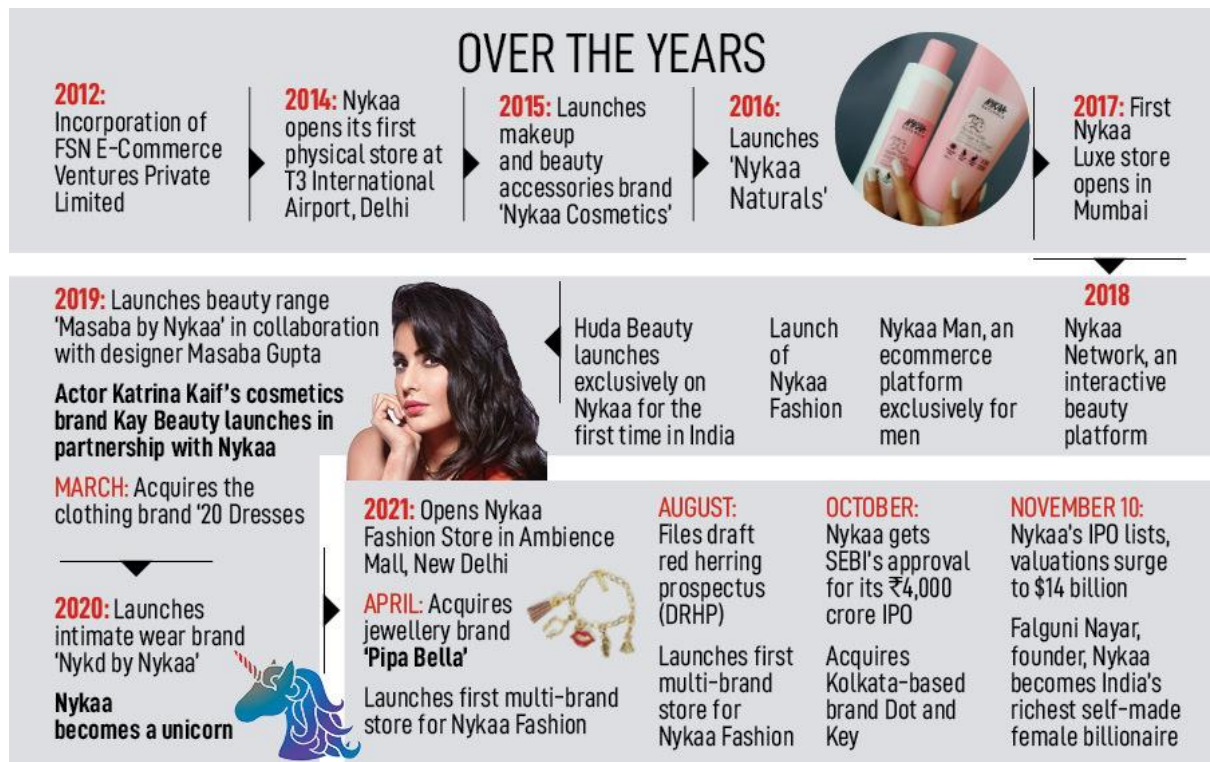


Image source: Forbes India

Vision, Mission, and Values

Vision: Bring inspiration and joy to people, everywhere, every day.

Mission: To create a world where our consumers have access to a finely curated, authentic assortment of products and services that delight and elevate the human spirit.

Values: Be bold and be good, Be better everyday, Be the customer's champion, One Nykaa, A culture of belonging, and Sustainability in every action.

Key Financial Highlights

1. Revenue and Profit:

- Nykaa's gross revenue increased by 36.3% to ₹5,144 crore (\$631 million) from ₹3,774 crore in FY2022. The overall revenue, including non-operating income, was ₹5,174 crore (\$634 million).

- Despite the revenue growth, net profit declined by 49% to ₹21 crore (\$2.57 million) from ₹41.3 crore (\$5.06 million) in FY2022.

2. Expenses:

- The company's total expenses rose by 36.8% to ₹5,135 crore (\$630 million) compared to ₹3,753 crore (\$460 million) in the previous fiscal year.

- Major expense categories included the purchase of traded goods (₹2,866 crore, \$352 million), employee benefits (₹491.7 crore, \$60 million), and marketing & advertising (₹591 crore, \$72.6 million).

3. Segment Performance:

- The Beauty and Personal Care (BPC) segment remains the largest contributor, with a 33% YoY increase in gross merchandise value (GMV), totalling ₹6,649 crore (\$816 million).

- The Fashion segment also showed strong performance, with a 47% YoY increase in GMV to ₹2,570 crore (\$315 million).

4. Physical Retail and Expansion:

- Nykaa opened 39 new stores in Q3 FY2024, bringing the total to 174 stores by the end of 2023.

- Investments in employee benefits and expansion efforts, such as acquiring stakes in various companies, underscore Nykaa's growth strategy.

5. Quarterly Performance:

- In Q3 FY2024, Nykaa's revenue from operations grew 22% YoY to ₹1,788.8 crore (\$220 million).

- However, there was a notable decline in quarterly profits towards the end of FY2023, with Q4 profits dropping 72.9% to ₹2.3 crore (\$290,000) compared to Q3 FY2023.

6. Market Capitalization and Stock Performance:

- As of early 2024, Nykaa's market capitalization was estimated at \$4.3 billion.

- The company's stock performance has been under close watch, with some analysts suggesting a "reduced" rating due to various financial pressures.

Organization Hierarchy of Nykaa



Chapter 3
LITERATURE REVIEW

LITERATURE REVIEW

Literature Review: 01

“Speed of internationalization of new ventures and survival in export markets”

Authors: Geir Gripsrud, Auke Hunneman, and Carl Arthur Solberg

Keywords: International market entry, Speed of export entry, Resource perspective, Learning perspective, New ventures, Born globals

Issued Date: Volume 32, Issue 4, August 2023, 102121

Source: J-Gate – The Largest e-Journal Gateway (<https://jgatenext.com/>)

Sub Source/Source Link:

<https://www.sciencedirect.com/science/article/pii/S0969593123000215?via%3Dihub>

Conclusion: If a firm has a specific resource advantage, it should seriously consider entering the export market at or very close to the time of its foundation. This is particularly true for firms from small open economies since their home markets are normally too small to allow for meaningful scale economies (Luostarinen & Gabrielsson, 2006). For firms from larger countries, this conclusion is less applicable since they can gradually build resources in a large home market before they start exporting. The risk of this strategy is, nevertheless, that they may develop a narrow worldview based on their experience from their home market only, making later adaptations to foreign markets a much costlier undertaking with uncertain outcomes.

Once a firm has embarked on an export venture, it should enter new markets consistently – the mean number is just short of one entry per year. Concentrating on only one or a few markets and penetrating more deeply into these markets may take more time and is therefore more cumbersome than entering new markets. This is in opposition to received knowledge, whereby firms should build a strong market position before entering new markets. Our research

suggests that rapid entry into new markets confers several advantages to a firm: it makes a firm less vulnerable to failure in a single market; it broadens a firm's perspective and knowledge; it creates a broader reference base and network for further expansion; and it grants firm access to scale economies.

Major orders or overambitious plans that strain a firm above its normal path of growth financially and organizationally are not necessarily always a blessing. A sudden surge in export orders should be followed by resource reinforcement, which is an obvious strategy for some. For a small, newly established firm, such attempts to develop the organization and its finances may result in insurmountable tribulations (Coad & Kato, 2020).

Literature Review: 02

“E-Commerce Expansion In Indian Retail: A Strategic Analysis Of Market Penetration And Competitive Dynamics”

Authors: Kamal Ahmed and Vaishnavi Joshi

Keywords: Indian Retail, E-Commerce evolution, Market dynamics, Regulatory Challenges, Competitive Strategies, Strategic Analysis, Technological, Regulatory frameworks

Issued Date: VOL. 3, No. 1, Feb 2024, PP: 12 -20

Source: J-Gate – The Largest e-Journal Gateway (<https://jgatenext.com/>)

Sub Source/Source Link:

<https://www.paradigmpress.org/fms/article/view/999>

Conclusion: In this comprehensive exploration, we delved into the transformation of the Indian retail landscape, the evolution of e-commerce, and the intricate dynamics of market forces, regulatory challenges, and evolving consumer behaviour. The journey unfolded the nuanced phases of e-commerce growth, strategic responses to regulatory complexities, dominance of key players, and the profound impact of changing consumer dynamics.

The evolution of e-commerce in India showcased pivotal milestones, from the emergence of online marketplaces to the transformative influence of mobile technology and the accelerated shift during the COVID-19 pandemic. Regulatory challenges were strategically navigated by platforms, turning obstacles into opportunities through adaptability and proactive engagement. The dominance of key players in the retail sector extended beyond market share percentages, revealing diversified strategies and competitive dynamics shaping the industry. Regulatory complexities and changing consumer behaviour were explored, highlighting the crucial aspects of trust-building, adaptability to evolving expectations, and anticipation of future trends. As we conclude, key insights emphasize the imperative for e-commerce platforms to adapt to changing consumer preferences, leverage technological innovations, and proactively engage with dynamic regulatory environments. The strategic interactions among retail giants will continue to redefine the industry, emphasizing the importance of technological prowess, supply chain optimization, and customer experience strategies. The study provides a roadmap for platforms to navigate complexities and seize opportunities in the vibrant Indian retail market.

Literature Review: 03

“Exploring Innovative Business Models In Cross-Border E-Commerce Under Digital Economy”

Author: Yifu Ma

Keywords: Digital Economy, Cross-Border, E-Commerce, Business Models

Issued Date: VOL. 13, No. 1, 2024, PP: 205 -209

Source: J-Gate – The Largest e-Journal Gateway (<https://jgatenext.com/>)

Sub Source/Source Link:

<https://drpress.org/ojs/index.php/fbem/article/view/16699>

Conclusion: Generally speaking, the era of the digital economy has brought unprecedented opportunities and challenges to cross-border electronic commerce. The key to an innovative business model lies in the active application of technology, the optimization of user experience, the development of the global market and the establishment of strategic cooperation. Successful enterprises organically combine these elements to achieve sustainable development in the digital age. In the future, with the continuous evolution of technology and the constant change of the market, cross-border electronic commerce will continue to meet new challenges, innovate and adapt constantly, and lead the development trend of the digital economy.

Literature Review: 04

“Research on the Influencing Factors of Cross-Border E-commerce Consumers”

Author: Jiang Liu

Keywords: Cross-border e-commerce, Consumers, Trust, Price, Product Quality, Convenience, Cultural Factors

Issued Date: VOL. 13, No. 1, 2024, PP: 84 -86

Source: J-Gate – The Largest e-Journal Gateway (<https://jgatenext.com/>)

Sub Source/Source Link:

<https://drpress.org/ojs/index.php/fbem/article/view/16451>

Conclusion: As a significant component of the global economy, cross-border e-commerce has garnered widespread attention. This paper has discussed five key factors that influence consumers in cross-border e-commerce, including trust, price, product quality, convenience, and cultural factors. Trust plays a critical role in establishing consumer confidence and loyalty, price factors directly impact purchasing decisions, product quality relates to satisfaction and word-of-mouth promotion, convenience enhances the appeal of shopping, and cultural factors affect consumer needs and behaviour. Understanding and addressing

these factors are vital for e-commerce platforms and sellers to ensure successful navigation in a highly competitive market.

Chapter 4
RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

Problem Statement

“Expanding Nykaa's Global Footprint: A Strategic Analysis of International Market Entry and Marketing Strategy”

Need of the Study

1. To study the Comprehensive market research and analysis of potential international markets.
2. To study the evaluation of different market entry modes and localization requirements.
3. To study the development of tailored marketing and branding strategies for target markets.
4. To study the Strategic alliances, partnerships, and M&A opportunities evaluation.
5. To study organizational restructuring and change management planning.

Objectives of the Study

1. To identify potential international markets suitable for Nykaa's expansion based on factors such as market size, growth potential, competitive landscape, and cultural alignment.
2. To forge strategic alliances and partnerships to accelerate growth trajectories.
3. To establish key performance indicators (KPIs) aligned with Nykaa's global expansion objectives to monitor the success of market entry and marketing strategies.
4. To explore opportunities to integrate innovative technologies and trends such as augmented reality (AR), virtual try-on experiences, or subscription models into Nykaa's marketing.

Hypothesis of the Study

1. **Null Hypothesis (H0):** International Market Entry and Marketing Strategies of Nykaa have no impact on expanding its Global Footprint.
2. **Alternative Hypothesis (H1):** The International Market Entry and Marketing Strategies of Nykaa have an impact on expanding its Global Footprint.

Limitations of the Study

1. Limited period for the study.
2. Limited data availability on Nykaa's international expansion plans and financial details.
3. Lack of comprehensive case studies due to the early stage of Nykaa's global expansion.
4. Difficulty in obtaining the right and accurate information for the study.

Chapter 5
DATA ANALYSIS AND INTERPRETATION

DATA ANALYSIS AND INTERPRETATION

SECONDARY DATA

SWOT Analysis of Nykaa Company

SWOT Analysis of Nykaa

Strengths
Strong Brand Recognition
Diverse Product Portfolio
Omni-channel Presence
Customer Loyalty and Engagement

Weaknesses
High Operational Costs
Dependence on E-commerce
Limited International Presence

Opportunities
Expansion in New Markets
Product Line Expansion
Technological Advancements

Threats
Intense Competition
Economic Downturns
Regulatory Challenges

➤ **Strengths**

- Strong brand recognition and reputation in the Indian beauty and wellness market.
- Wide range of products from various brands, catering to diverse customer needs.
- Omnichannel presence with online and offline stores.
- Efficient supply chain and logistics network.
- Efficient supply chain and logistics network.
- Loyal customer base and high customer retention rates.

➤ **Weaknesses**

- Dependence on third-party brands and suppliers for inventory.
- Intense competition from other e-commerce platforms and brick-and-mortar stores.

- High customer acquisition costs in the saturated Indian e-commerce market.
- Limited geographical presence, primarily focused on urban areas.
- Relatively high operational costs due to the need for physical stores.

➤ **Opportunities**

- Expansion into new product categories such as men's grooming and wellness products.
- Potential for international expansion into other markets.
- Collaborations and partnerships with international brands.
- Increasing demand for beauty and wellness products in tier-2 and tier-3 cities.
- Leveraging data analytics and personalization to enhance customer experience.

➤ **Threats**

- Entry of new competitors, including global e-commerce giants.
- Counterfeit products and potential damage to brand reputation.
- Disruptions in the supply chain or logistics network.
- Changes in consumer preferences and trends in the beauty and wellness industry.
- Regulatory changes or policies affecting e-commerce operations in India.

PESTLE Analysis of Nykaa Company

➤ **Political Factors**

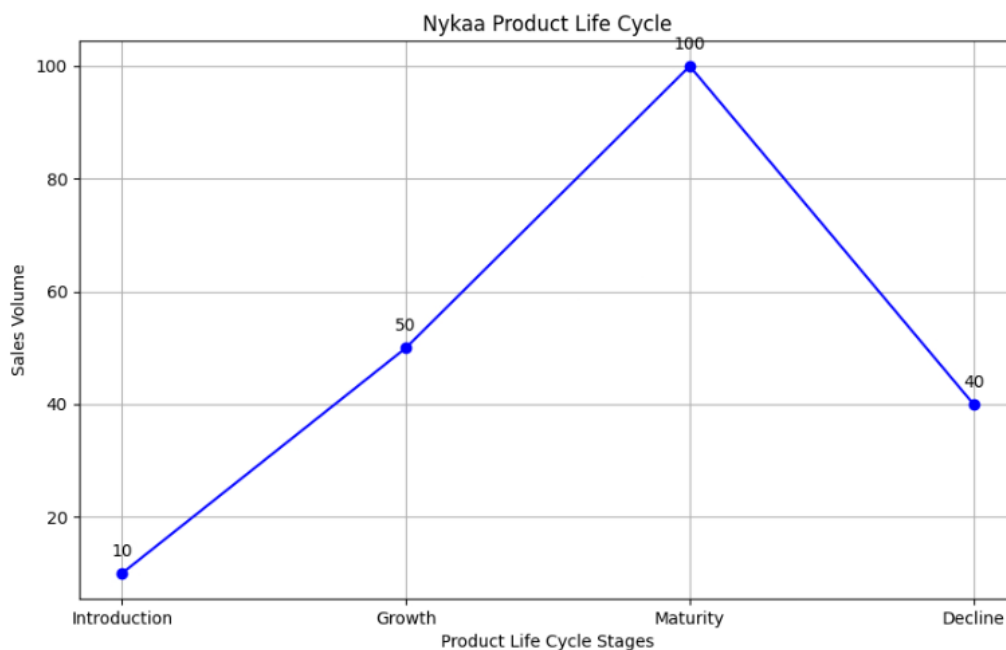
- Government policies and regulations related to e-commerce, consumer protection, and data privacy
- Trade policies and import duties on beauty and wellness products
- Taxation policies like GST rates affecting pricing and profitability

➤ **Economic Factors**

- Economic growth and disposable income levels affecting consumer spending
- Inflation rates and their impact on pricing and operational costs
- Exchange rate fluctuations affecting import costs and international expansion plans
- **Social Factors**
 - Changing beauty and wellness trends, consumer preferences, and lifestyle choices
 - Increasing awareness and demand for natural, organic, and sustainable products
 - Influence of social media and influencer marketing on consumer behaviour
- **Technological Factors**
 - Advancements in e-commerce technologies, mobile apps, and online payment systems
 - Adoption of artificial intelligence, data analytics, and personalization tools
 - Cybersecurity risks and the need for robust data protection measures
- **Legal Factors**
 - Regulations governing e-commerce operations, consumer rights, and product safety
 - Intellectual property rights and trademark laws related to beauty products
 - Labor laws and regulations affecting employment and workforce management
- **Environmental Factors**
 - Growing concerns about sustainable and eco-friendly packaging and shipping

- Environmental impact of product ingredients and manufacturing processes
- Initiatives to reduce carbon footprint and promote environmental responsibility

Product Life Cycle of Nykaa Company



Visualization: The graph will have four stages on the X-axis: Introduction, Growth, Maturity, and Decline. The Y-axis will represent the sales volume. Each point on the graph corresponds to a stage in the product life cycle, with sales volume increasing during the introduction and growth stages, stabilizing during the maturity stage, and decreasing during the decline stage.

Explanation of the Graph

INTRODUCTION STAGE: New Product Launches and Brand

Introductions

- Nykaa regularly introduces new products under its private label brands such as Nykaa Cosmetics, Nykaa Naturals, and Kay Beauty. The recent launch of

new skincare and makeup lines demonstrates the introduction phase, characterized by product development, marketing, and initial customer acquisition.

- Collaboration with global brands for exclusive launches also falls under the introduction stage, where Nykaa brings international brands to the Indian market for the first time.

GROWTH STAGE: Market Penetration and Expansion

- The beauty and personal care segment, including brands like Nykaa Cosmetics and Kay Beauty, is in the growth stage. This phase is marked by rapid increase in sales, wider acceptance, and expansion of product lines.
- The increase in the number of transacting consumers from 8.0 million to 10.0 million in FY 2022-23, along with the rise in the number of orders, highlights the growth phase of these products.
- Nykaa Fashion, which includes brands like Nykd and 20 Dresses, is also experiencing growth, as seen in the increase in unique transacting consumers and higher average order value (AOV).
- Geographical Expansion: The establishment of 154 physical stores across 60 cities and the partnership for a retail platform in the GCC region indicate growth by expanding market presence both domestically and internationally.

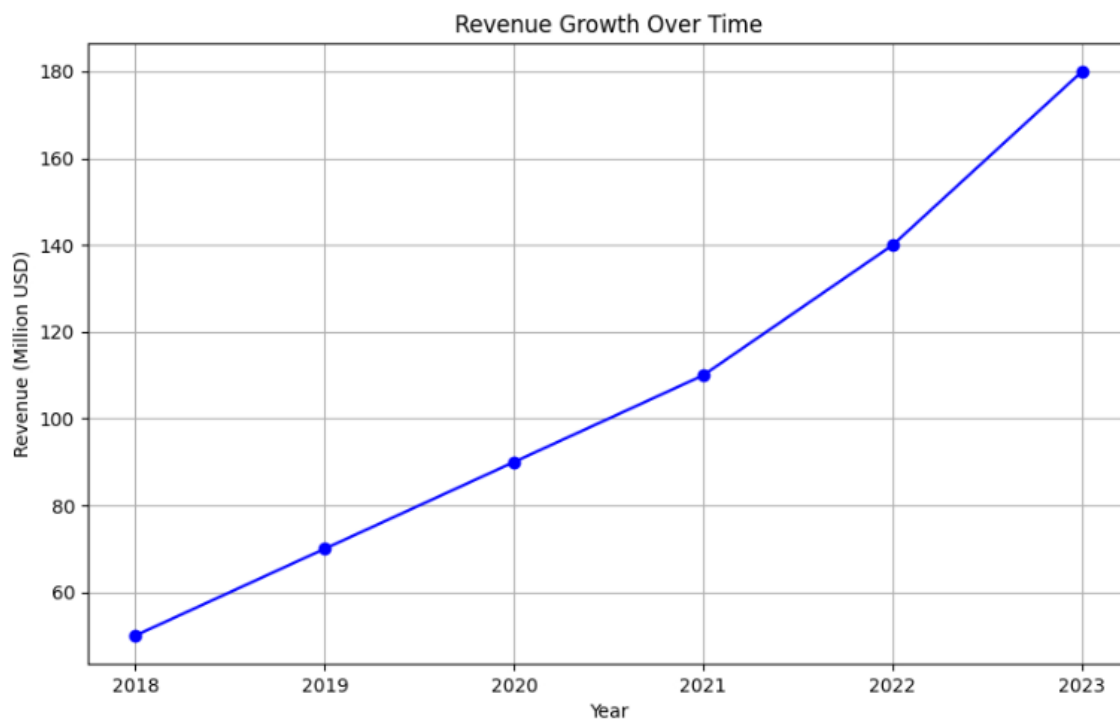
MATURITY STAGE: Established Product Lines

- Products that have been in the market for several years and have reached a stable sales volume, such as core offerings in the beauty and personal care segment, are in the maturity stage. During this phase, Nykaa focuses on retaining market share through customer loyalty programs, extensive marketing, and product diversification.
- The high number of repeat customers and sustained AOV in the beauty and fashion segments reflect products in the maturity stage.

DECLINE STAGE: Phasing Out Older Products

- As new products are introduced, some older product lines may enter the decline stage due to changing consumer preferences and market trends. Nykaa manages this by continuously refreshing its inventory and discontinuing underperforming products
- The company's strategy to nearly double its brand portfolio from 1,500 to over 2,850 brands shows an active approach to replacing products that are in decline with new, trending items.

Overall Growth of Nykaa in the Fiscal Year 2022-2023



FINANCIAL PERFORMANCE: Revenue Growth

- Nykaa's consolidated revenue from operations increased by 36% from INR 37,739 million in FY 2021-22 to INR 51,438 million in FY 2022-23. This growth was primarily driven by an increase in the sale of products and services.
- **Profitability:** The company's EBITDA grew by 57% from INR 1,633 million in FY 2021-22 to INR 2,560 million in FY 2022-23. However, the profit after

tax decreased by 40% from INR 413 million to INR 248 million due to higher tax expenses and increased depreciation and finance costs.

- **Revenue Breakdown:** Revenue from the sale of products increased by 36%, while revenue from services, including marketing support and marketplace services, grew by 37%

SEGMENT PERFORMANCE: Beauty and Personal Care (BPC)

- Nykaa's consolidated revenue from operations increased by 36% from INR 37,739 million in FY 2021-22 to INR 51,438 million in FY 2022-23. This growth was primarily driven by an increase in the sale of products and services.
- The number of annual unique transacting consumers increased from 8.0 million in FY 2021-22 to 10.0 million in FY 2022-23.
- The number of orders rose from 26.5 million to 34.8 million, with a sustained average order value (AOV) of approximately INR 1,857.
- **Fashion:** Annual unique transacting consumers grew from 1.8 million to 2.5 million.
- Orders increased from 5.0 million to 6.0 million, and the AOV rose from approximately INR 3,400 to INR 3,973.
- **Other Segments:** The number of annual unique transacting consumers increased from 0.4 million to 0.5 million.
- Orders increased from 0.6 million to 1.4 million, and the AOV grew from INR 2,726 to INR 3,420.

STRATEGIC INITIATIVES AND MARKET POSITION: Brand Portfolio Expansion

- Nykaa nearly doubled its brand portfolio from 1,500 to over 2,850 brands, significantly enhancing its global store assortment.

- The company launched new brands, including Nykd and 20 Dresses, which have shown substantial growth and have expanded to third-party platforms.
- **Customer Engagement:** The company focused on content-led marketing to engage and acquire customers, using voice, video, and vernacular levers.
- Strong engagement efforts resulted in a significant increase in the cumulative customer base to over 24 million by the end of FY 2023.
- **Omni-channel Presence:** Nykaa operated 154 physical stores across 60 cities and managed 44 warehouses across 15 cities to improve customer reach and experience.
- **Global Expansion:** Nykaa formed a strategic alliance with the Middle East-based Apparel Group to recreate an omnichannel beauty retail platform in the GCC region, expanding its international footprint.

KEY METRICS AND ACHIEVEMENTS

- GMV (Gross Merchandise Value) grew by 47% year-over-year, reaching INR 25,000 million.
- The fashion segment contributed 26% to the overall GMV, reflecting strong market positioning and customer loyalty.
- The company's owned brands' business expanded significantly, with a 141% YoY growth in GMV.

PRIMARY DATA

Primary Data Collection Method: Interview Method

Interviewer: Miss Kanak Sinha, MBA II year (Sem-IV)

Interviewee: Dr Sonali Gadekar

Interviewee's Profile: Senior professor at G.S. College of Commerce and Economics, PhD., MBA, Academician the vast and rich experience in Management and research.

Interview Venue/Location/Place: G.S. College of Commerce and Economics, Nagpur.

Date and Time: 24 May, 2024 | 11.51 AM

INTERVIEW QUESTIONS

Interviewer: As per your expertise- What are the first things Nykaa should look at when considering entering a new international market?

Interviewee: As per my expertise, the company should have to initially identify the **Target Market**, in which market the company is planning to expand their operation, like Middle Eastern Asian Countries, Asian Countries etc. The company Nykaa should also consider or prefer to focus on CAN i.e. Customer Need Analysis methods. This will help them to penetrate more easily in the International Market.

In India **Herbal Makeup/Makeovers** is trending in the market, and every Indian consumer (especially women) is preferring. Similarly, in other countries, people mostly do makeup daily and in India occasionally. The company should also focus on the different **Customer Attributes**, their choices, preferences, demand etc.

Competitor Analysis/strategy also plays a vital role in the expansion of the procedure. The company should start taking a competitive advantage from the market and try to bring some changes in the business operations.

Interviewer: Can you educate me with- What are some simple and effective ways for Nykaa to enter a new market?

Interviewee: Yes, sure. Nykaa is a well-known brand in the Indian Market and now it is expanded in the International Market. The good thing about the company is they've adopted the **Omnichannel Marketing** strategy performed well in the **Indian Market** and become the most well-known Indian **Beauty Brand Unicorn Company**.

In my opinion, the company has to organise various International Beauty as other beauty brands organise like **Lakme's Fashion Week** etc. For international recognition, companies can also organise these kinds of events for **Brand Promotion, Brand Image** and **Brand Recognition**. Besides, the company can adopt other marketing strategies likewise **Joint Ventures (JV)** with international companies, acquiring other small beauty brand companies or can become a **Subsidiary Company**.

Interviewer: Can you suggest- What can Nykaa do to make sure its brand stands out in new markets?

Interviewee: There are many strategies and ideas for **Branding** and **Brand Recognition**. Nykaa can organise several International **CSR** activities or can participate or join any **International Non-Profit Organisation**. This will help in growing more in the International Market and grasp the brand's attention.

Interviewer: According to you, How can Nykaa show its commitment to sustainability and ethical practices in new markets?

Interviewee: It depends upon the company's Articles of Association and Memorandum of Association.

Chapter 6
FINDINGS AND SUGGESTIONS

FINDINGS AND SUGGESTIONS

Findings

1. By addressing its weaknesses and mitigating potential threats, while leveraging its strengths and seizing opportunities, Nykaa can continue to grow and maintain its leadership position in the beauty and fashion industry.
2. By addressing macro-environmental factors, Nykaa can strategically navigate its growth trajectory and sustain its market leadership in the beauty and fashion industry.
3. Nykaa's product life cycle management is dynamic, involving continuous introduction of new products, significant growth in established categories, and careful handling of products in the maturity and decline stages. This strategic approach ensures sustained growth and market relevance, aligning with the overall financial and operational performance outlined in their integrated report for 2022-23.
4. Nykaa's overall growth in FY 2022-23 highlights its robust financial performance, strategic expansion, and strong market presence, despite a challenging economic environment. The company's focus on customer engagement, brand portfolio expansion, and Omni channel strategy has solidified its position in the Indian beauty and fashion market.

Chapter 7
CONCLUSION

CONCLUSION

In a nutshell,

1. Nykaa has demonstrated a strong commitment to enhancing customer experience by prioritizing their needs across all business aspects.
2. The company's focus on innovation and community building has significantly transformed the beauty landscape in India.
3. Nykaa's strategic market positioning has driven substantial growth, making it a trusted partner for both global and domestic brands.
4. Committed to sustainability, Nykaa aims to establish a long-term presence in the fashion and beauty industry.
5. Key performance metrics, including visits, unique visitors, orders, and GMV, have shown notable year-over-year growth, reflecting strong market penetration and customer engagement.
6. The company's strategic focus on product assortment has improved sales and customer satisfaction, bolstered by the introduction of international brands and expansion into various fashion segments.
7. Investments in infrastructure and technology, such as expanding warehouse capacity and adopting tech-enabled models, have enhanced operational efficiency and customer service.
8. Nykaa has received recognition and awards for its integrated reporting and sustainability efforts, underscoring its dedication to high standards and corporate transparency.
9. These conclusions highlight Nykaa's strategic initiatives, robust market performance, and positive future outlook.

Hypothesis Testing

1. **Null Hypothesis (H₀):** The International Market Entry and Marketing Strategies of Nykaa have no impact on expanding its Global Footprint.

2. **Alternative Hypothesis (H1):** The International Market Entry and Marketing Strategies of Nykaa have an impact on expanding its Global Footprint.

From the above study, it is concluded that the International Market Entry and Marketing Strategies of Nykaa have an impact on expanding its Global Footprint. Thus Null hypothesis was rejected.

Chapter 8
REFERENCES

REFERENCES

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3. <https://www.igatenext.com/>
4. <https://entrackr.com/2023/05/decoding-nykaas-fy23-and-quarterly-financial-numbers/>
5. <https://dazeinfo.com/2023/05/25/nykaas-revenue-in-fy23-reached-a-new-high-of-rs-51-44-billion-profit-declined-49-yoy/>
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12. <https://www.geeksforgeeks.org/international-marketing-features-scope-and-significance/>
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14. <https://chatgpt.com/>

Chapter 9
ANNEXURE

ANNEXURE

1. Integrated Report of Nykaa 2022-2023 (used for Secondary Data Analysis)

Link: <https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/Integrated-Report-2022-23.pdf>



Winning with YOU!

BUSINESS PARTNERS

Synergising strengths with trusted allies

At Nykaa, our business partners play a vital role in delivering a seamless and enriching experience for our customers.

Our network of partners includes influencers who provide valuable insights and content, brand partners and sellers who offer a wide array of choices, suppliers who contribute to our own brand portfolio, and delivery partners who ensure prompt and hassle-free delivery.

Together, we create a collaborative ecosystem that enhances customer satisfaction and drives our success.

Brand partnerships in FY 2023
Connecting global brands with the Indian market

6,900+ Influencers	5 Logistics partners
4,900+ Suppliers	~1.1 Laks Trending orders on Super Store
3,400+ Brand partners - BPC	2,850+ Brand partners - Fashion

Introducing M.A.C Connect in Colour Eyeshadow Palettes

LANCÔME
ANOMALY
REVOLVE

BUSINESS PARTNERS

INDUSTRY TRENDS

INDUSTRY TRENDS

Staying ahead of the curve



Rapid digital adoption

Improved internet access, affordable data, and widespread A-GIG deployments have boosted digital adoption in India. Informative content on digital platforms further builds trust among smartphone and social media users. Additionally, the convenience of online shopping and the availability of a wide range of products have contributed to the rapid growth of the online shopper base in India.

Our take

Since inception, we have created a strong online presence by driving organic traffic from Gen Z and millennial consumers through content-driven marketing, brand campaigns, and online events. This has positioned us as the platform of choice for Indian consumers beauty, personal care, and lifestyle needs. We have strategically improved our marketing spend to reach our target audience, as is evident in our conversion rate.

700 Mn

Internet users as of February 2023, making India one of the world's fastest growing digital markets*

26-30%

Share of BPC shipments from 200-250 million of online shoppers

~103 Mn

Conversion rate to application download as of March 31, 2023

92.31%

Share of mobile applications on online BPC GMV

3.70%

BPC order conversion rate



Premiumisation

Beauty and personal care and lifestyle, being an aspirational category, still lags in premiumisation. With changing demographics, increasing disposable income, better curations, access to global brands, and domestic D2C disruption, the demand for luxury purchases has started picking up. Customers now seek to upgrade their purchase choices to the latest trends.

Our take

Our platform, with its curated offerings from reputable global brands, international brands, and new-age D2C brands, enables customers to elevate their premiumisation journey. The average customer spend on Nykaa reflects a willingness to invest in aspirational and lifestyle choices, highlighting the importance of curated offerings and customer education.

\$80

Average annual customer spend for BPC on Nykaa

\$130

Average annual customer spend for Fashion on Nykaa



Personalisation

Personalisation, characterised by tailored shopping experiences for unique customers, is enabling strong customer connect. Online retailers can customise product recommendations, offers, and content based on a customer's preferences, browsing history, and demographics through data analytics and artificial intelligence.

Our take

Personalisation has been a key driver in elevating the customer experience on our platform. We prioritise curating and offering the best choices, enabling customers to enhance their journey—from discovery to purchase. With a robust technology infra-structure, we personalise the discovery process, resulting in improved order conversion rates.

3.7%

Order conversion BPC increment in FY 2023

1.0%

Order to cart ratios increment in FY 2023

Corporate Overview | Statutory Reports | Financial Statements

India's beauty, personal care, and lifestyle industry is rapidly evolving, driven by diverse demographics and their ever-changing preferences, rising disposable income, expanding addressable market, and digitalisation. At Nykaa, we focus on staying ahead of the trends to empower our customers make contemporary lifestyle choices through a robust discovery and curation process, backed by data analytics.



Evolving consumer preferences

The emergence of new need spaces and evolving consumer preferences has significantly shaped the e-commerce industry. Gen Z consumers are keen on experimenting, while millennials focus on sophisticated purchases. Customers are more willing to discover curated and differentiated offerings in the fast-growing BPC and Fashion market; this dynamic environment encourages brands to consistently evolve their offerings.

Our take

Our investments in the BPC and Fashion categories enable us to provide a wide range of choices to consumers. From introducing global brands previously unavailable in India, to actively sourcing niche Indian brands under the Hidden Gems curation, Nykaa Fashion offers direct access to diverse international, national, and niche brands. Our first-in-fashion property focusing on the latest seasonal offerings has gained considerable traction.

31%

Share of new transactions by Gen Z

37%

Share of new transactions by Gen Z - Millennial

24%

Share of new transactions by Millennial

48

Global BPC search launched in March 31, 2023

650+

Global brands introduced in Nykaa Fashion as of March 31, 2023

23%

Share of Nykaa Fashion GMV as a share of the Free in Fashion property in Q4 FY 2023



Rise of D2C disruption

Strong internet penetration and the rise of e-commerce in India have resulted in exponential growth for D2C brands. The increasing demand for convenience, personalised products, and tailored experiences among young Indian customers has fuelled the emergence of disruptive D2C brands.

Our take

Through our unique properties in both BPC and Fashion, such as Hidden Gems, sustainable fashion, and conscious beauty, we offer a wide selection of new-age D2C brands to Indian customers.

500+

D2C beauty brands listed on Nykaa

300+

Hidden gems brands

600+

Responsible fashion & Sustainable brands



Strong offline-online integration

The retail space is adopting a strong offline-online integration to provide a seamless, omnichannel shopping experience to consumers. It also enables retailers to increase their reach, loyalty, organic customer growth and share of the customer's wallet by offering convenience, personalisation and a wide assortment of products.

Our take

We've created an omni-channel platform keeping consumer journeys in mind. Our aggressive expansion of physical stores across India allow customers to test and try newer brands, driving premiumisation. Furthermore, we have invested significantly in hiring and training Beauty Advisors in all our

154

Physical stores as of March 31, 2023

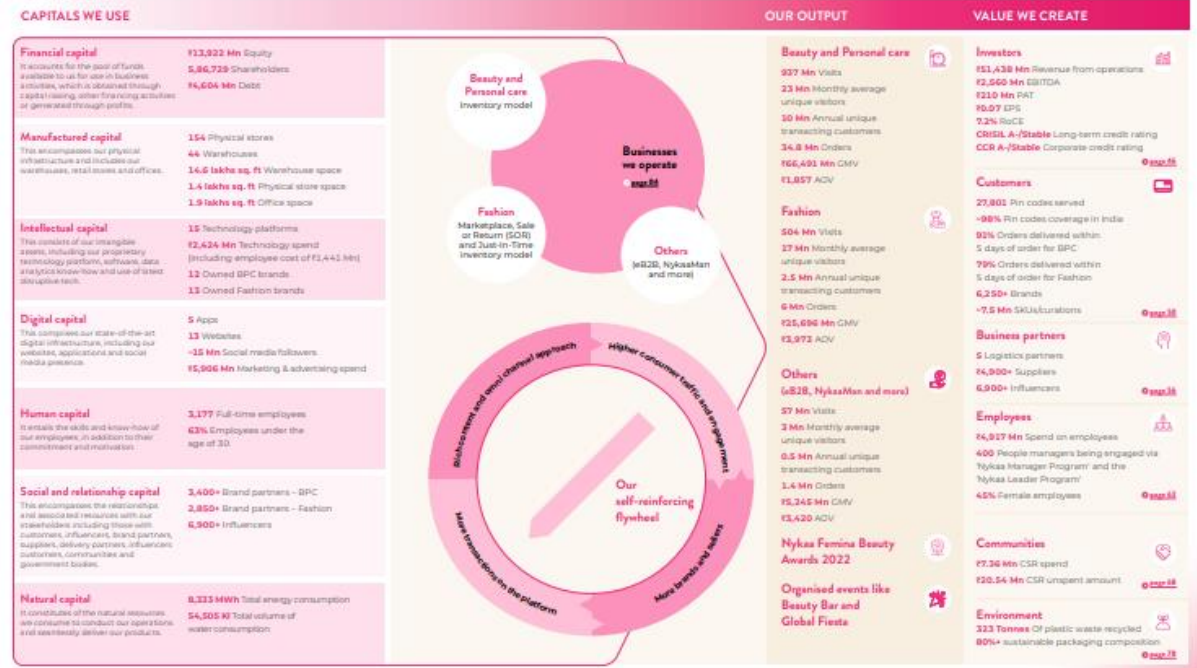
522

Beauty advisors in BPC physical stores

VALUE CREATION MODEL

VALUE-CREATION MODEL

Igniting growth and impact



CUSTOMERS

Working with YOU

CUSTOMERS

Making aspirations a reality

As a leading beauty and wellness platform in India, we are dedicated to delivering unmatched beauty experiences to our valued customers.

Our primary focus has always been on understanding and meeting the evolving needs of our diverse customer base.

Our aim is to empower individuals to express their individuality and embrace their uniqueness through our diverse range of offerings. Our customer-centric endeavours drive our success and shape the future of Nykaa.

Annual unique transacting customers (Mn)



Cumulative customer base of 24 million+ in FY 2023



~15 Mn Social media followers

6,900+ Influencer's network

12 Mn Engage (Watch & Buy) post views

TESTIMONIES FROM OUR CUSTOMERS

I recently had an experience with Nykaa that I want to share. I faced an issue with a large order I had placed - it was delayed, and I was about to leave for a vacation overseas. I decided to cancel a part of the order before delivery since it wouldn't be useful to me anymore. Unfortunately, the entire order was delivered, leaving me stuck with it. After multiple attempts, I contacted with Nagma Hussain. She proved to be a true saviour! Nagma was prompt, kind, and incredibly helpful. She even went above and beyond by personally calling me to clarify the situation. I am truly amazed and grateful for her assistance. People like Nagma are a valuable asset to companies, and others can learn from her exemplary customer service. She is the reason why companies can maintain smooth operations and retain loyal clients."

- RIDHI SHAH, GUJARAT

After the customer reported a failed delivery, leading to dissatisfaction, Brian Fernandes, our proactive agent, quickly stepped in. Collaborating with the logistics team, he initiated a full refund and convinced the customer to accept a COD replacement. The customer expressed her gratitude, saying, "Hello Brian, you saved me. Thanks a ton. Please reward teams using pay on delivery. Will look forward to quicker delivery!" They praise Brian's exceptional skills and requested more professionals like him in the team."

- KRISHNA DUTTA, WEST BENGAL

When the customer's account access was hindered by contact detail change, our agent provided a complete solution. Cautious customer said, "Thank you so much for that! I did not expect that Nykaa could help me with this, but I am so glad the issue is resolved, and now, I can trust and shop here once again!"

- POOJA SHETTY, THANE, MAHARASHTRA



Corporate Overview | Statutory Reports | Financial Statements

Value we create

₹2,424 Mn Technology spends (including employee cost of ₹1,441 Mn)

27,801 Pin codes served

6,250+ Brands on the platform

~400 Customer-care executives

₹5,906 Mn Marketing and advertising spends

~98% Pin codes covered in India

~7.5 Mn SKUs/categories listed

154 Physical stores



Data-driven assortment curation

We prioritise meeting our customers' unique needs and staying ahead of evolving trends. With data analytics, we curate a comprehensive assortment that reflects the latest lifestyle trends. Our experienced customs work closely with our brand partners to ensure we offer collections that align with diverse demand profiles. We also have a proactive approach to discontinuing products that are no longer relevant, allowing us to consistently deliver curated and relevant offerings to our customers.

Commitment to authenticity

At Nykaa, we place a strong emphasis on authenticity to ensure our customers receive genuine and high-quality products. Through our robust systems and procedures, we have built trust with both our customers and brands. We source products directly from authorized distributors/retailers or from the brands themselves, conducting rigorous quality checks at our warehouses.



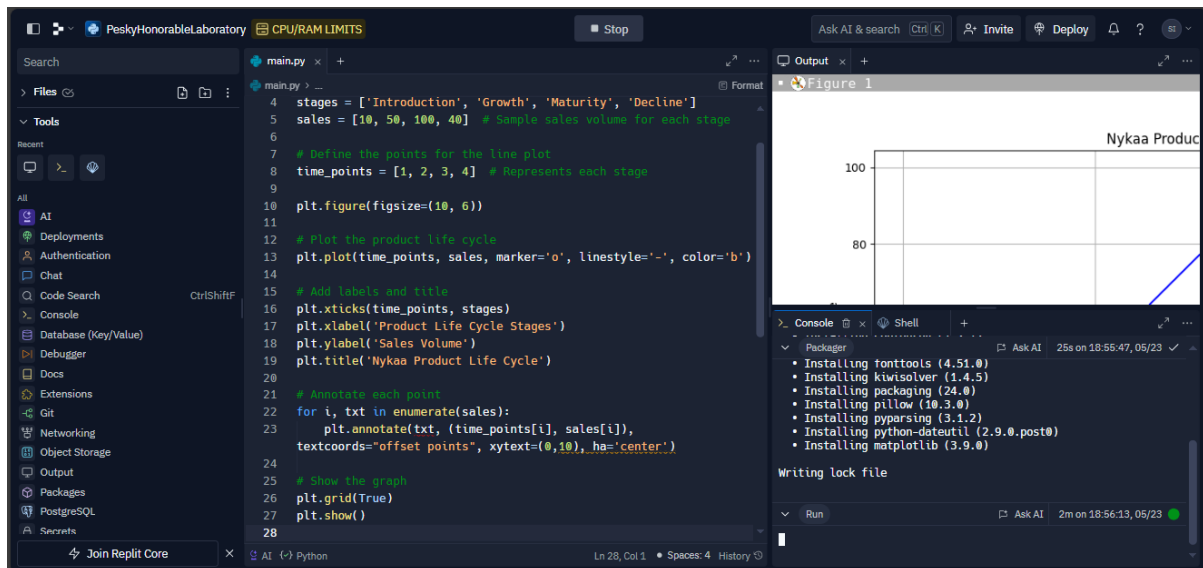
PRODUCT SAFETY AND QUALITY: ETHICAL SOURCING, TESTING, AND AUTHENTICITY

At Nykaa, we prioritise the trust and safety of our customers. Our owned products are designed with ethically sourced ingredients, following existing regulatory frameworks. We embrace sustainability by utilising environmentally acceptable packaging materials. With thorough testing on real consumers before launch, we guarantee an exceptional purchasing experience while reinforcing our commitment to socially responsible products. Moreover, through our platforms, we guarantee the sale of authentic products, ensuring the highest standards of quality. In addition to above, "Conscious at Nykaa" is a dedicated tab on the Nykaa app and website that houses a compelling curation of cruelty-free, vegan, and clean products across brands, categories, and price points - over 130 power brands and 30,000 products. These are manufactured using low carbon footprint production practices in adherence to good manufacturing practice (GMP) standards. These brands are certified by BUREAU VERITAS and Leaping Bunny as cruelty-free. We further generate content such as buying guides and editorial articles as information sharing avenues with our customers.

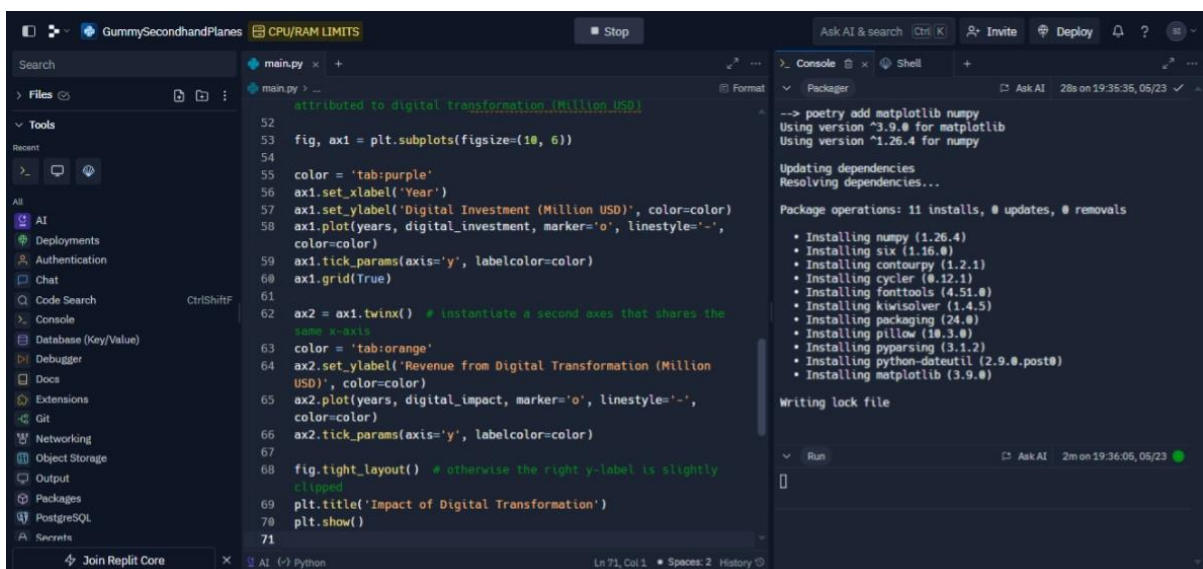
Similarly, our "Responsible Collection" under Nykaa Fashion promotes conscious fashion by utilising locally sourced materials, organic fabrics, hand-woven textiles, and incorporating recycled and upcycled materials.

2. AI Tools (used for graphical representation)

Replit.it (<https://replit.com/>) : Replit is an online IDE that supports various programming languages, including Python. It provides an interactive environment to run Python code.



Product Life Cycle (PLC)



Key Growth Matrices

3. **Interview Questionnaires**

1. As per your expertise- What are the first things Nykaa should look at when considering entering a new international market?
2. Can you educate me with- What are some simple and effective ways for Nykaa to enter a new market?
3. Can you suggest- What can Nykaa do to make sure its brand stands out in new markets?
4. According to you, how can Nykaa show its commitment to sustainability and ethical practices in new markets?