

Global Brand Marketing Strategy



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INTRODUCTION

Sugar Cosmetics isn't your average beauty brand. Founded by Vineeta Singh in 2015, Sugar was created specifically for the needs and desires of Indian women. Tired of makeup that didn't cater to warmer skin tones and the Indian climate, Vineeta envisioned a vibrant, high-quality line that was both playful and affordable.

Sugar's philosophy is all about "being bold and unafraid." Their products boast catchy names and bold colors, reflecting the brand's youthful and fun personality. But it's not all about aesthetics. Sugar is formulated to withstand India's hot and humid weather, with long-lasting formulas and ingredients that suit a variety of skin types.

The brand's success story is a testament to Vineeta's vision. Sugar quickly gained a loyal following for its quality products and relatable approach. Today, Sugar offers a wide range of makeup, from lipsticks and kajal to primers and setting powders, all designed to empower Indian women to embrace their individuality and beauty.

MARKET ANALYSIS

The Indian cosmetic makeup and skin care market have presented Sugar Cosmetics with opportunities to don virtual crowns and harness its avant-garde and customer-oriented business strategies and products. Organization managed to reach enormous echelon whose source can be linked to four fundamental factor, that is, strong overall financial performance, tech centric business model, tricky marketing strategies and proof of continuation profitability.

Sugar's competitive edge is its very tech-driven attitude which is outside of any question in business contradiction. The business implements tech-based marketing, distribution, and customer relations, which enables it to create a more efficient organizational structure, widen its operational scope, and, hence, achieve superior outcomes. Sugar Cosmetics has exploited digital techniques to achieve higher brand presence so that the brand is taken to a wider audience thus decreasing the overall demand for the product.

The management has however done very well by generating a positive increase in operational income by 22% which rose from Rs 103.71 crore (\$12.58 Mn) to Rs 126.36 crore (\$15.33 Mn). However, the big challenge is that currently the company is operating on a negative margin (earnings < expenses). This proves extent of losses the organization had raised from \$3.42 million in FY 22 to \$9.23 million nearly 3.6 times higher as compared to FY 21. ¹;

The company has experienced a 34.1% upwards surge in their domestic sales, which, for about 93.1%, became the whole of their total sales. This implies that Indian customers have a high demand for Sugar Cosmetics products. Though the rising sounds this growth, evidently the costs involved are taking up considerable muscle especially in terms of advertising, and sales promotion which seem to have used 32.5% of spending budget. The brand marked the figure of clear augment in advertising cost from Rs. 34.36 crore in FY21 to Rs. 97.54 crore in FY22 ¹ depicting the strong marketing strategy of the brand to maintain and expand its market.

One of the other large expenditures was procuring cosmetics from manufacturers, which increased almost by half the amount to Rs66.35 crores ¹. Therefore, Sugar Cosmetics is clearly putting a lot of its budget into product innovation as well as inventory and logistic constraints to match the current trends and to widen its product range.

The gain in EBITDA margin that help in to reduced loss of \$3.42 million to \$2.55 million just represents a part of of loss in last financial year's (FY22) ¹, which gives rise to a worry about the financial sustainability of the brand. But, concretely, the firm's policy regarding customer satisfaction, low cost of the goods, and online space have helped it to attain powerful positions in the highly competitive cosmetics business.

Also, the underlying point about the firm itself and its profit as well as vigour mirrors the unique identity of the brand in the market and at the same time the growth of the brand. Although the firm showed some losses in this year, the company still continues working on to achieve the goal of their future movements which is to become profitable in the next year. Their brand would not remain unnoticed as well if they managed to achieve their goal and progress, either in the measures of profit or the markets they penetrate. It can be said that this is the most strategic consideration, which is practiced by different projects to enhance the chances of survival and generating profits.

Vineeta Singh's statement, that Sugar Cosmetics would be profitable by FY24 and should file DRHP 2 in two years is a clear sign that the company's future is wisely planned for financial stability and progress. It follows

¹ Garg, Garg, and Garg, "Sugar Cosmetics: Sales, Revenue & Tech-Driven Business Model."

² Now, "SUGAR Cosmetics Expects to Turn Profitable in FY24; May File DRHP in Next 2 Years: Vineeta Singh."

³ SimilarWeb. "Sugar Cosmetics Website Traffic"

that the company employees are trying hard to keep increasing the company's growth and its share value. The firm might be contemplating further business expansion or the raising of capital. Singh's optimistic assumptions evident in his reference to the future profitability of the company indicate his positive perspective, regarded to be built on internal research and market studies. Hence, this is obvious that the company is also working on some of the important areas and opportunities to grow and maximize the shareholders value in the near term.

Web traffic data analysis of sugarcosmetics.com sees huge traffic and so, is strong online. Data cryptocurrency like average time spending on site, pages per visit and bounce rate show the proofs of users' active engagement in the website, as well as of their interest in its content. Average session duration is 3 minutes and 28 seconds, with 3.99 pages per visit along with low bounce rate congruous with 29.61%³, then it indicates the visitors are spending a lot of time by viewing multiple pages. These critical data show that a commendable website design, exciting content, and a fruitful user retention strategy by Sugar Cosmetics are working in order to attract and keep online consumers engaged.

EARLY CHALLENGES FOR SUGAR COSMETICS

Sugar Cosmetics, launched in India in 2015, carved a niche for itself in the vibrant beauty market. But their initial journey wasn't without its share of sweetness-stealing challenges.

Standing Out in a Crowded Compact:

A Saturated Market: The Indian cosmetics industry is a giant, with established players like Lakmé, Maybelline, and Lotus Herbals dominating the market share [4]. These giants offered a wide range of products at various price points, making it difficult for a new brand to stand out.

1. **Brand Awareness and Recognition:** As a new entrant, Sugar Cosmetics had to create brand awareness and establish itself in the minds of consumers. This meant competing for attention with established players who already had significant brand recognition and loyal customer bases.
 2. **Limited Distribution Channels:** Initially, Sugar Cosmetics primarily focused on online sales. While this strategy tapped into the growing e-commerce market, it limited their reach compared to competitors who had a well-established network of physical stores across India.
 3. **Funding Constraints:** Bootstrapped in the initial stages, Sugar Cosmetics faced limitations in terms of marketing budgets and resources for product development. This made it difficult to compete with larger companies that could spend heavily on advertising campaigns and product innovation.
 4. **Educating Consumers:** Sugar Cosmetics aimed to bridge the gap between international trends and Indian sensibilities. They offered products catering to a wider range of skin tones, a relatively new concept in the Indian market at that time [5]. Educating consumers about these benefits and creating a shift in beauty preferences presented a challenge.
 5. **Building Brand Trust:** Gaining consumer trust in a crowded market, especially with a new brand, is no easy feat. Sugar Cosmetics had to establish itself as a reliable brand offering quality products at a competitive price. This involved building brand awareness and positive customer experiences.
 6. **The Price Perception:** Sugar positioned itself as a premium brand with high-quality products. However, this meant competing not just with established players but also with a price-sensitive Indian consumer base. Offering value for money while maintaining brand image was a crucial balancing act.
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7. **Standing Out from the Generic:** Many cosmetics companies offered similar products with generic packaging and marketing. Highlighting Sugar's unique selling proposition (USP) – high-quality, trendy makeup at an accessible price point – was crucial to differentiate themselves.
8. **Competition from International Brands:** In addition to established domestic players, Sugar Cosmetics also faced competition from international luxury and masstige (mass-tige) brands entering the Indian market. These brands offered a wider variety of products and often benefited from brand recognition built globally.
9. **Counterfeiting:** As Sugar Cosmetics gained popularity, the risk of counterfeiting increased. This could damage brand reputation and affect sales. Sugar Cosmetics needed to implement strategies to combat counterfeiting and protect their intellectual property.
10. **Keeping Up With Trends:** The beauty industry is constantly evolving, with new trends emerging all the time. Sugar Cosmetics needed to be agile and responsive to stay relevant and keep pace with changing consumer preferences

[4] According to a report by Technavio, the Indian cosmetics market was valued at ₹886.7 billion (US\$12.23 billion) in 2020 and is expected to reach ₹1,513.7 billion (US\$20.77 billion) by 2025.

[5] The Beauty of Empathy: How India's SUGAR Cosmetics Disrupted the Market by Focusing on Underserved Customers

HOW SUGAR OVERCOMES THE GENERAL CHALLENGES

SKUs are proliferating in Sugar Cosmetics, so they need to be handled properly. With only limited shelf space available, it's hard for companies like sugar cosmetics to manage inventory expiration dates. To address this issue, they have created products that are not affected by seasonal changes ⁷. Agile production and stock management systems help the company know what to produce at any given time of the year based on customer preferences. In addition to monitoring expiry dates more closely than ever before, wastefulness is also reduced through efficient product rotation methods which ensure everything gets used up before going bad or stale.

Customer satisfaction rate with regards returning items bought from them has always been very high because even though there might be few people who will have some unsatisfactory experience. They handle this process systematically by coming up clear return policies backed up quality control measures coupled excellent customer care services while managing such returns effectively in terms of cost as well as time consumption too given logistics involved in ensuring that orders made through different channels reach their destinations on time.

In order to overcome the high number of SKU's that are on the increase, Sugar Cosmetics maintains an intentional product portfolio revising and optimizing on their product line regularly to avoid inventory overload as well as uphold operational efficiency. While positioning them strategically to enhance perceptibility and customer interaction, product novelty, packaging efficiency, and placing them on retail outlets have been used by Sugar Cosmetics to make maximum utility of restricted shelf spaces. Proactive planning, operational excellence and ensuring increase.

DIFFERENT STRATEGIES USED BY SUGAR COSMETICS

Performance Marketing Success

From brand-building to demand generation, Sugar Cosmetics' performance marketing has been the main contributing factor to its success ⁸. The brand employs diverse online marketing channels, including search

⁷ sugar cosmetics success story

⁸ marketing magic how sugar cosmetics dominates with their strategy

engine marketing, social media ads, and affiliate marketing, to enable information delivery to the target audience with a greater impact. Through the application of data-driven tactics, Sugar Cosmetics takes care of the fact that anytime it employs its marketing efforts, it is optimizing the return on investment to the maximum. The strategy has not only contributed towards the magnification of the firm's market share but also entrenched their position as a reliable make-up brand in the Indian territory ⁹.

Influencer Marketing Campaigns

Sugar Cosmetics has leveraged the influencers as its integral part in its marketing for the past few years. The collaboration that includes influencers of many fishes as for their follower's interests will come around brand product thereby creating a fuss on brand products. Through working with Influencers, Sugar Cosmetics has the opportunity to amplify its message to a more significant number of people, while ultimately delivering what consumers can easily identify with. Take Sugar Cosmetics for example; it partnered with 1.2k influencers on affable.ai's AI-powered influencer marketing platform, and reached out to 10 million potential customers, spreading Sisterhood (affable.ai) ⁷. This marketing strategy works as the face of the brand that has helped Sugar Cosmetics to become one of the top consumer brands in India via Instagram among many other social media platforms today.

Social Media Marketing

The Sugar cosmetic has already been marked by its ability to make successful marketing on Instagram, Facebook and YouTube Social media platforms. Thanks to these virtual spaces, the brand has a perfect venue to highlight its products, interact with its customers, and create a following of fanatic consumers. Sugar Cosmetics collaborates with popular and beauty bloggers which in turn helps them to create awesome content that sparks a buzz and increases their brand recall. The brand marketing efforts usually lean on the idea of empowering babe and having inclusivity, this is an area the brand's audience identify with. Sugar Cosmetics does not only create a large following through user-generated content but also structures a flourishing community by making customers show off their satisfaction for Sugar's products.

User-Generated Content Strategy

Being able to capitalize on the power of user-generated content, Sugar has been able to create a close-knit community while keeping the assigned buyers going. The process of digital word-of-mouth loyalty generation begins when Sugar Cosmetics customers begin to share their love for the brand's products on social media, naturally making the brand buzz. Through the endorsement and promotion of user-generated content, Sugar Cosmetics has made to people feel that they belong and part of a brand that is real and absolutely true to its users. With this approach the brand has maximized the chances of an improved relationship with its customers and the chances of people supporting its products and spreading the message even through word of mouth. (Source).

SUGAR'S BATTLE AGAINST THE PANDEMIC'S (COVID-19):

Initially positioned in the online market, SUGAR Cosmetics encountered hurdles in its growth trajectory amidst the COVID-19 pandemic. Despite its origins in e-commerce, the company faced challenges expanding

⁹ sugar on top

its reach and maintaining momentum. While it began with a focus on performance marketing, it gradually shifted towards a balanced approach, incorporating brand marketing and content marketing strategies.

During the pandemic, SUGAR Cosmetics recognized the importance of diversifying its sales channels. While online platforms remained crucial, the company also saw value in increasing its physical store presence. Despite the uncertainties of the time, it embarked on an expansion spree, launching its third store in Mumbai's Oberoi Mall on January 1st, 2021. This marked the sixth store opening for the brand during the pandemic period.

In 2020, Sugar Cosmetics found itself facing unprecedented challenges due to the COVID-19 pandemic. Like many other companies, the brand struggled with disruptions in supply chains, reduced consumer spending, and overall economic uncertainty. This impacted the valuation of the company and fell to 0 in the stock market and it was hard to sustain the company. The company decided to change its strategy and to expand its reach to an online platform and increase their digital marketing and advertisement to overcome the hit in the market.

Sugar Cosmetics has proven to be a resilient company that is able to adapt to changing market conditions. Its commitment to affordability, inclusivity, and community building has helped it to build a loyal customer base and position itself for long-term success.

The company also focused on building a strong online presence, which proved crucial as the pandemic-induced lockdowns prompted many consumers to shift their shopping habits to e-commerce. As a result, Sugar Cosmetics saw an increase in online sales which eventually helped it to overcome the crisis.

In the face of this adversity, Sugar Cosmetics also took an active approach to community building. The brand launched several campaigns and initiatives that aimed to uplift and support small businesses, independent artists and other creative talents, while also focusing on environmental sustainability. This helped the company to position itself as a socially responsible brand, one that cares about the needs and well-being of its customers, its community, and the planet.

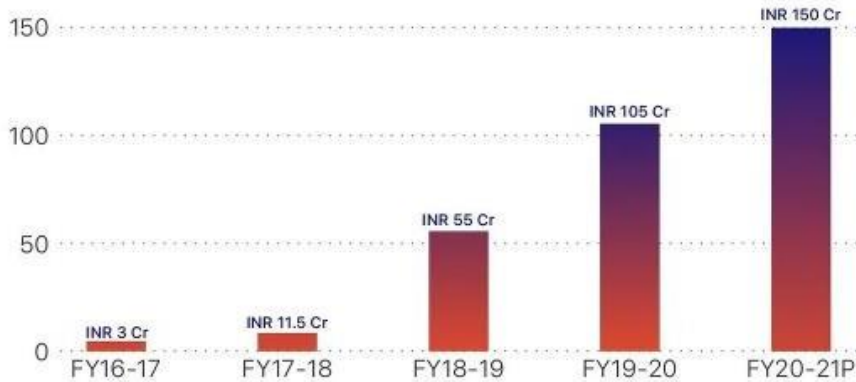
Sugar Cosmetics continued to focus on its core values of affordability, inclusivity and community building, even as it adapted to changing market conditions. The company has been able to build a loyal customer base, and has positioned itself for long-term success. The company also focuses on creating a strong online presence which helped it to increase its reach and sales.

In addition to its commitment to affordability, Sugar Cosmetics has also made a name for itself by offering a wide range of shades and shades to cater to diverse customers. This allowed the brand to reach out to women of all skin tones and ethnicities, and build a loyal following among customers who appreciate the inclusivity of the brand. The company also focused on building a strong online presence, which proved crucial as the pandemic-induced lockdowns prompted many consumers to shift their shopping habits to e-commerce.¹⁰

⁷ How sugar overcame the challenges

MAIN ACHIEVEMENTS OF SUGAR COSMETICS DURING COVID-19 PANDEMIC:

Sugar Rush: SUGAR Cosmetics' Year-On-Year Sales Growth



- Shift to e-commerce: They started focusing on expanding their reach through online platforms.
- Increase in digital marketing: Increased efforts in promoting their products through digital media to counter the effect of reduced sales.
- Persistence and Ability to Adapt: They showed resilience by coping with changes in demand patterns.
- Creation of a strong online presence: They made sure that people could easily find them on the internet, which resulted into massive sales via this platform hence reducing the impacts caused by lockdowns
- Building Communities: Supported communities such as small business owners; contributed towards environmental conservation as well as promoted talented individuals who work independently thereby enhancing reputation among consumers who are loyal to particular brands.
- Commitment to Fundamental Principles: These include keeping prices low so that everyone can afford them; involving all groups regardless of their backgrounds or beliefs thereby creating strong relationships between different parties.
- Differentiated Products Portfolio: Offering different types and colours of makeup products aimed at satisfying needs from various groups leading growth through customer diversification
- All these tactics played a part in helping Sugar Cosmetics overcome challenges brought about by COVID-19 while positioning it for continued prosperity. 11

GROWTH STRATEGIES

Based on the market and company analysis, several growth strategies can propel Sugar Cosmetics' future expansion:

Product Diversification: Introducing new product lines and expanding existing offerings can cater to diverse customer preferences and increase market share. Sugar Cosmetics may consider venturing into skincare, haircare, or fragrance segments to capitalize on cross-selling opportunities.

International Expansion: Targeting international markets with tailored marketing campaigns and localized product offerings can unlock new growth avenues for Sugar Cosmetics. Conducting market research and understanding cultural nuances are crucial for successful expansion initiatives. 12

E-commerce Optimization: Strengthening its online presence and enhancing the e-commerce shopping experience can drive sales growth for Sugar Cosmetics. Implementing user-friendly website interfaces, personalized recommendations, and seamless checkout processes are essential for maximizing online sales.

Sustainability Initiatives: Embracing sustainability practices in product packaging, sourcing, and manufacturing can enhance Sugar Cosmetics' brand image and appeal to environmentally-conscious consumers. Using eco-friendly materials and promoting recycling initiatives demonstrate the company's commitment to sustainability.

Strategic Partnerships: Collaborating with influencers, beauty bloggers, and celebrities can amplify Sugar Cosmetics' brand visibility and attract new customers. Partnerships with retailers and distributors can also facilitate market penetration in untapped regions.

FINANCIAL PROJECTIONS

While providing precise financial projections for Sugar Cosmetics requires access to proprietary data and detailed financial analysis, we can outline some key performance indicators (KPIs) and metrics to monitor:

Revenue Growth: Tracking revenue growth over time indicates the company's sales trajectory and market expansion efforts. Year-over-year revenue growth rates provide insights into the effectiveness of growth strategies.

Profitability Metrics: Assessing profitability metrics such as gross profit margin, operating profit margin, and net profit margin helps evaluate the company's operational efficiency and profitability. Improving margins over time reflects effective cost management and pricing strategies.

Market Share: Monitoring Sugar Cosmetics' market share relative to competitors provides a measure of its competitive position and brand strength. Increasing market share signals successful market penetration and customer acquisition efforts. 13

Customer Acquisition and Retention: Analyzing customer acquisition costs (CAC) and customer lifetime value (CLV) helps assess the efficiency of marketing and customer retention strategies. Lowering CAC while increasing CLV indicates effective customer acquisition and retention practices.

Return on Investment (ROI): Calculating the ROI for marketing campaigns, product launches, and expansion initiatives measures the effectiveness of investments. Positive ROI indicates that investments generate returns exceeding the initial investment costs.

CONCLUSION

Sugar Cosmetics has not only established itself as a formidable player in the Indian cosmetics market but has also demonstrated an exemplary ability to navigate through complexities and challenges, emerging stronger and more resilient. At the core of its success lies a combination of innovative strategies, customer-centric initiatives, and adaptability to changing market dynamics.

One of Sugar Cosmetics' key strengths lies in its strategic utilization of technology and digital platforms. By leveraging technology, the company has streamlined its operations, enhanced customer engagement, and expanded its reach to a wider audience. From implementing advanced e-commerce infrastructure to utilizing data analytics for targeted marketing campaigns, Sugar Cosmetics has embraced digital transformation to stay ahead in the competitive landscape.

Furthermore, the brand's relentless focus on understanding and addressing customer needs has been instrumental in its rise to prominence. By offering a diverse range of products that resonate with modern consumers' preferences for natural, cruelty-free beauty products, Sugar Cosmetics has cultivated a loyal customer base. Moreover, its emphasis on customer feedback and engagement through social media platforms and community-building initiatives has fostered a sense of belonging and loyalty among its customers.

In addition to its tech-driven and customer-centric approach, Sugar Cosmetics has displayed remarkable agility and resilience in the face of challenges. Despite encountering hurdles such as declining operations, the company has demonstrated an ability to swiftly adapt to changing circumstances and pivot its strategies accordingly. Whether it's optimizing supply chain management processes or exploring new market opportunities, Sugar Cosmetics has shown a willingness to embrace change and innovation.

In conclusion, Sugar Cosmetics' journey from a budding startup to a dominant force in the Indian cosmetics market is a testament to its unwavering commitment to excellence, innovation, and customer satisfaction. As it continues to evolve and adapt to emerging trends and challenges, Sugar Cosmetics is poised to shape the future of the beauty industry and deliver value for its customers and shareholders alike.

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