

Sustainable Growth Strategy for Nykaa's Beauty Segment



Prepared by: Sayan Ghosh

Role: Business Analysis and Strategic Management Student / Aspiring Consultant

Tools Used: Power BI, Microsoft Excel, Python

Date: 25/05/2025

1. Executive Summary

This project provides a comprehensive analysis of Nykaa's beauty segment with the goal of identifying actionable strategies for sustainable growth. By leveraging simulated customer purchase data, Power BI dashboards, and strategic frameworks, the report uncovers key behavioral, pricing, and channel trends that inform four primary growth levers.

2. Project Objective

To analyze Nykaa's current beauty segment performance through data-driven lens, segmenting customers, evaluating category dynamics, and drawing actionable insights that can drive revenue growth and brand equity in a competitive D2C beauty landscape.

3. Methodology

- a. **Data Simulation:** A dataset unique users was generated to reflect realistic purchasing behavior over 12 months, including category preferences, spending patterns, price sensitivity, and channel usage.
- b. **Tools Used:** Excel, Python (Pandas, Matplotlib), Power BI

- c. **Analysis Techniques:** Pivot tables, clustering logic, scatter plots, stacked bar analysis

4. Key Insights

a. Category Performance

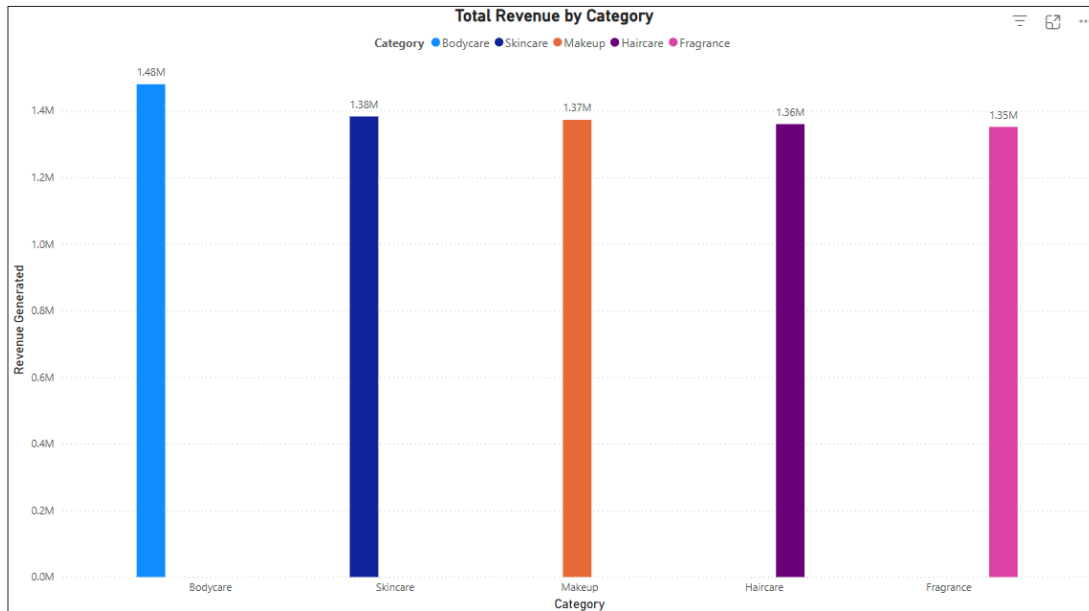


Fig 1. Revenue generated by each Category

- Bodycare is the highest revenue-generating category (INR 14.79L).
- All categories contribute almost equally, with <10% variance, signaling a balanced portfolio.

b. Customer Segmentation

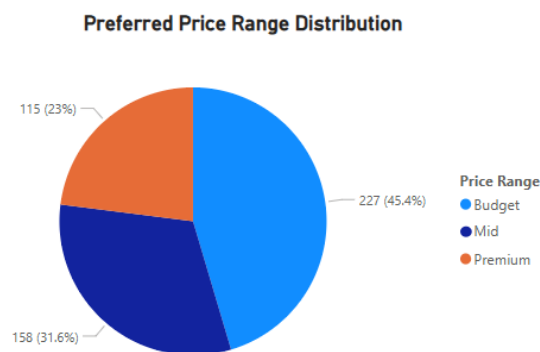


Fig 2. Customer Segmentation based on amount spent

- 45.4% of users are Budget shoppers, 31.6% are Mid-tier, and 23.0% prefer Premium products.

- ii. Despite lower volume, Premium users contribute disproportionately to revenue

c. Purchase Behavior

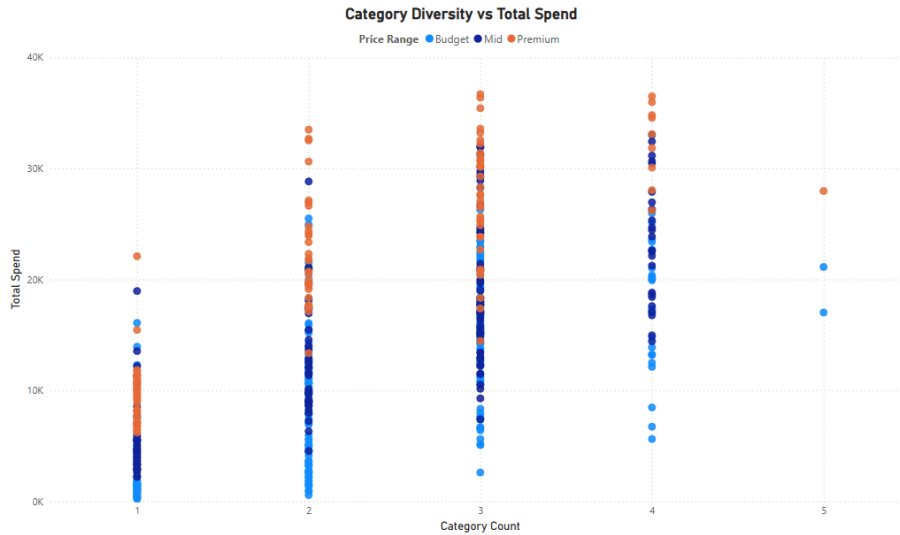


Fig 3. Total amount spent across the number of categories by customers

- i. Customers purchasing across 3-5 categories show significantly higher annual spend.
- ii. Category diversity is directly correlated with customer value.

d. Pricing Patterns

- i. Premium-tier products dominate revenue in every category.
- ii. Bodycare is the most skewed toward Premium, followed by Haircare and Fragrance.

e. Channel Analysis

- i. Offline stores lead in average spend (INR 4,776)
- ii. Mobile apps have the highest transaction volume but slightly lower AOV.

5. Strategic Implications

Insights	Strategic Implication
Premium users dominate value	Launch exclusive SKUs and premium loyalty tiers
Budget users dominate volume	Use product ladders to upgrade their journeys
Multi-category buyers are most valuable	Reward cross-category purchases
Offline outperforms digital in AOV	Merge loyalty systems across channels

6. Growth Levers

- a. Refillable premium product line for skincare and bodycare
- b. Tiered loyalty system to incentivize spending and category exploration
- c. Offline-online loyalty integration to unify CX and drive upsell
- d. Influencer led bundles in Tier 2/3 cities to nurture budget segment

7. Next Steps

- a. Develop a spend elasticity model by category and tier
- b. Build a customer transition matrix to track upgrade pathways
- c. Launch a bundling recommendation engine based on category co-purchase patterns
- d. Deploy a real time KPI dashboard to monitor AOV, GMV, and price-tier dynamics

8. Conclusion

Nykaa's beauty segment stands at a point where targeted data-backed interventions can unblock scalable, sustainable growth. By aligning business strategy with behavioral and pricing insights, the company can strengthen both its brand presence and revenue channels across demographics and geographies.