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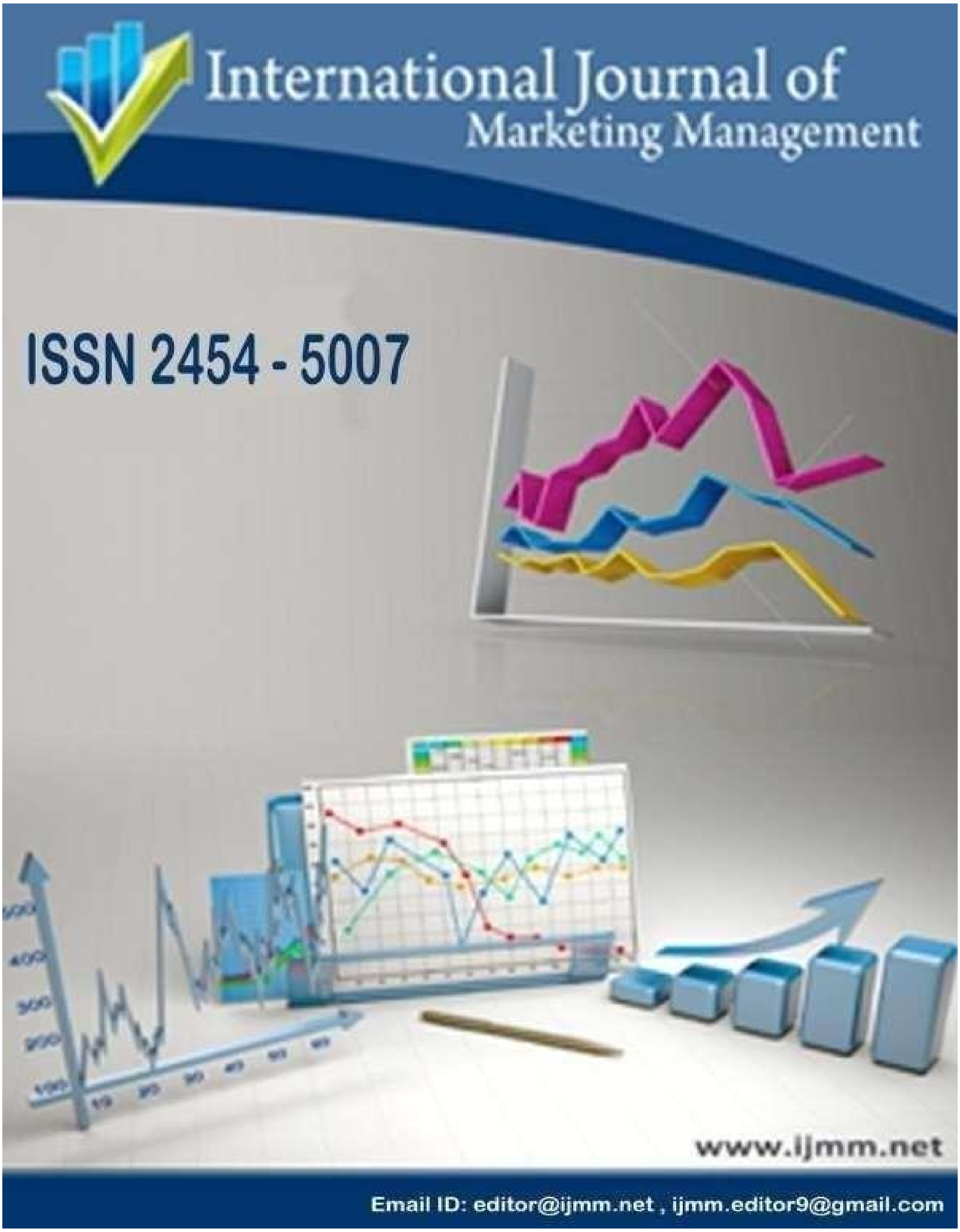

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ANALYZING THE SUCCESS OF BUSINESS MODELS IN BEAUTY AND WELLNESS STARTUPS:A STUDY IN COIMBATORE CITY

Dr. (Mrs.) M. Sumathi[1] M.Com., M.Phil., MBA., PGDCA., Ph.D.

Alagammai Chinnakaruppan[2], Miruthula Sr[3], Apinaya S[4]

*1 - Assistant Professor Department of B Com (e-com) & B Com (SF)

*2,3,4 - Students of III B Com (SF), the Department of B Com (e-com) & B Com (SF) PSGR Krishnammal College for Women, Peelamedu, Coimbatore

ABSTRACT

The beauty and wellness industry in India has grown rapidly due to rising consumer awareness, increasing disposable income, and lifestyle changes. Startups in this sector have introduced innovative services and business models that contribute significantly to the economy. However, sustaining success requires strategies that ensure scalability, customer loyalty, and long-term stability. This study focuses on beauty and wellness startups in Coimbatore, analyzing the common strategies and patterns that drive success. The study aims to propose a practical framework of business models for startups and to identify differentiating factors such as innovation, branding, pricing, digital integration, and customer engagement. Data will be collected from entrepreneurs and customers, and analytical tools such as percentage analysis, chi-square tests, and mean ranking will be employed to draw insights.

KEY WORDS

Beauty and Wellness, Startups, Business Models, Innovation, Coimbatore

INTRODUCTION

India’s beauty and wellness industry is rapidly expanding, driven by startups introducing personalized services, eco-friendly products, and technology-based solutions that attract modern consumers. In Coimbatore, a city known for its entrepreneurial spirit, numerous ventures such as salons, spas, organic brands, and fitness studios have emerged. The success of these startups depends not only on service quality but also on effective business models involving innovation, branding, customer engagement, and digital adoption. However, many face challenges in sustaining growth due to the lack of scalable

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and stable frameworks. This study aims to identify strategies and frameworks that promote long-term success for beauty and wellness startups in Coimbatore.

OBJECTIVES OF THE STUDY

- ❖ To identify the common patterns and strategies consistently adopted by successful beauty and wellness startups in Coimbatore that ensure growth and long-term stability.
- ❖ To recommend a practical framework of business models that helps both new and established startups build sustainable, scalable, and competitive enterprises.
- ❖ To highlight the key differentiators such as innovation, customer engagement, pricing, branding, and digital integration that give startups a competitive edge.

NEED FOR THE STUDY

The beauty and wellness sector goes beyond personal care, contributing to employment, entrepreneurship, and lifestyle transformation. With rising awareness of self-care and holistic well-being, it has become a vital part of the service economy. Startups in this field bring innovation and personalized solutions but often struggle due to weak business models and lack of sustainable strategies. Focusing on Coimbatore, this study aims to understand success factors, identify common challenges, and develop a practical framework for long-term growth. It also emphasizes innovation, branding, customer engagement, and digital adoption as key elements for strengthening the startup ecosystem.

RESEARCH METHODOLOGY

The study was conducted in Coimbatore City, Tamil Nadu, focusing on understanding the business practices of beauty and wellness startups. A total of 222 respondents were selected using the simple random sampling method to ensure fair representation. Data were gathered from both primary and secondary sources, providing a comprehensive understanding of the topic. The period of study covers the duration during which data collection and analysis were carried out. For data interpretation, various statistical tools such as percentage analysis, chi-square test, mean ranking, ANOVA, and descriptive statistics were employed to derive meaningful insights and support the study's objectives.

ANALYSIS AND INTERPRETATION

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PERCENTAGE ANALYSIS

Percentage Analysis of Key Survey Questions

Table 1

Variable	Categories	Frequency (n)	Percentage (%)
Age	18-24	33	14.9
	25-34 (Model Group)	115	52.0
	35-44	55	24.9
	45-54	17	7.7
	Total	**222**	**100**
Occupation	Student	13	5.9
	Self-employed/entrepreneur	189	85.5
	Salaried	17	7.7
	Others	2	0.9
	Total	**222**	**100**
Primary business model	Direct-to-Consumer (D2C)	120	54.3
	Business-to-Consumer (B2C)	70	31.7
	Business-to-Business (B2B)	31	14.0
	Total	**222**	**100**
Validation	Customer surveys	104	47.1
	MVP/prototype testing	84	38.0
	Influencer trials	10	4.5
	Pre-orders or crowd funding	10	4.5
	Others	13	5.9

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	Total	**222**	**100**
Revenue Streams	Online product sales	106	47.7
	In-store sales	72	32.4
	Subscription plans	17	7.7
	Services (salon, spa, etc.)	30	13.5
	Licensing/franchising	8	3.6
	Total	**222**	**100**

- 52.0 percent of the respondents belong to the 25-34 years age group, which forms the majority.
- A maximum of 85.5 percent of the respondents are self-employed/entrepreneurs.
- It is observed that 54.3 percent of the respondents prefer the Direct-to-Consumer (D2C) model.
- The analysis shows that 47.1 percent of the respondents validated their business through customer surveys.
- The study reveals that 47.7 percent of the respondents derive their revenue mainly from online product sales.

MEAN RANKING

Effective Channel In Consumer Acquisition

Table 2

Particulars	**Mean Rank**	**Rank**
Influencer collaborations	3.98	2
Referral programs	5.17	5
Events/pop-ups	4.78	3
Word of mouth	5.90	9
Paid ads (Google/Facebook)	3.72	1
Email marketing campaigns	5.23	6

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Partnership or affiliate marketing	5.65	7
Content marketing	5.78	8
Social media engagement	4.80	4

- The mean ranking analysis shows that digital-first strategies lead customer acquisition for beauty and wellness startups in Coimbatore. Paid ads on Google and Facebook were most effective, followed by influencer collaborations, highlighting the power of digital marketing and social media. Events, pop-ups, and social engagement also performed well, while traditional methods like word of mouth ranked lowest. In terms of brand identity, eco-friendly packaging and ethical sourcing ranked highest, showing that visible sustainability efforts drive customer trust. Overall, the findings emphasize digital integration and sustainable practices as key factors for long-term competitiveness.

DESCRIPTIVE STATISTICS

Standard Deviation Test For Association Between Variables

Table 3

Particulars	N	Minimum	Maximum	Mean	Std. Deviation
Approach to customers	222	1	5	2.09	1.138
Coimbatore eco-system support	222	1	5	3.2	1.432
Personalized/AI-driven services	222	1	3	1.98	0.831
Most effective channel	222	0	5	0.78	1.296
Brand visibility in the market	222	1	5	3.22	0.944
Product strategy approach	222	1	4	2.05	0.756

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- The descriptive analysis shows that brand visibility (Mean = 3.22) and ecosystem support in Coimbatore (Mean = 3.20) are the most influential factors contributing to startup growth, emphasizing the role of branding and a favorable local business environment in fostering success. Approaches to customers (Mean = 2.09) and product strategy orientation (Mean = 2.05) were moderately effective, suggesting that startups are still evolving in their methods of targeting and positioning. The use of AI-driven or personalized services (Mean = 1.98) remains limited, showing a gap in adopting advanced technologies that could improve customer engagement and differentiation. Engagement channels ranked lowest (Mean = 0.78), indicating that startups have yet to fully optimize their outreach strategies. These findings align with the objectives by underlining the strengths of branding and local ecosystem advantages, while also pointing out opportunities for startups to scale sustainably through technology adoption and better customer interaction methods.

ANOVA

Business Model Scalability And Future-Readiness

Table 4

Demographic profiles	**Groups**	**Importance of digital presence**					
		N	**Mean**	**SD**	**F-value**	**Sig. value**	**S/NS**
Age	18-24	77	2.94	0.964	1.081	0.358	NS
	25-34	122	3.00	0.843			
	35-44	19	3.05	1.026			
	45-54	4	3.75	0.500			
	Total	**222**	**3.00**	**0.900**			
occupation	Student	32	2.72	1.085	0.127	0.006	
	Self-employed	71	2.80	0.950			

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	Salaried	106	3.16	0.692			S
	Others	13	3.38	1.261			
	Total	**222**	**3.00**	**0.900**			
Primary business model	Direct-to-Customer(D2C)	73	2.55	1.028	8.581	0.000	S
	Business-to Customer(B2C)	121	3.23	0.642			
	Business-to-Business(B2B)	19	3.05	1.026			
	Subscription-based	6	3.00	1.265			
	Hybrid/other	3	4.00	1.000			
	Total	**222**	**3.00**	**0.900**			
validation	Customer surveys	73	2.71	1.148	5.298	0.000	S
	MVP/Prototype testing	30	2.73	1.048			
	Influencer trials	30	3.20	0.761			
	Pre-orders or crowd funding	11	3.55	0.820			
	others	78	3.21	0.406			
	Total	**222**	**3.00**	**0.900**			
Revenue streams	online product sales	17	3.24	0.970	10.23	0.000	S
	in-store sales	72	3.21	0.580			
	subscription plans	17	3.65	0.996			
	services(salon, spa)	30	3.10	0.712			
	licensing/franchising	8	3.63	0.744			

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	Total	**222**	**3.00**	**0.900**			

- The ANOVA results show that perceptions of scalability and digital presence vary by occupation, business model, validation method, and revenue stream, though not by age. Students showed lower scalability confidence than salaried respondents, reflecting the influence of financial stability. D2C models were viewed as less scalable due to customer acquisition issues, while B2C and hybrid models showed higher confidence. Pre-orders and influencer trials enhanced scalability perception more than surveys or prototypes, as they provided stronger customer validation. Revenue streams like subscriptions and franchising were seen as more future-ready, while service-based models lagged. Overall, diversified models with recurring income and strong digital presence were perceived as more scalable and competitive.

CHI-SQUARE

Story Telling In Brand Strategy

Table 5

Demographic Factors	**Group**	**Story telling in brand strategy**										**Chi square**	**.Sig**
		P1		**P2**		**P3**		**P4**		**Total**			
		No	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**		
Age	18-24	15	19.7	15	19.7	38	50.0	8	10.5	76	100	9.98	0.352
	25-34	23	19.0	34	28.1	50	41.3	14	11.6	121	100		
	35-44	2	10.0	5	25.0	11	55.0	2	10.0	20	100		
	45-54	1	25.0	0	0.0	1	25.0	2	50.0	4	100		
	Total	**41**	**18.6**	**54**	**24.4**	**100**	**45.2**	**26**	**11.8**	**221**	**100**		

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Occupation	student	9	29.0	12	38.7	9	29.0	1	3.2	31	100	44.80	0.000
	Self employed	21	29.6	25	35.2	18	25.4	7	9.9	71	100		
	salaried	8	7.5	14	13.2	68	64.2	16	15.1	106	100		
	others	3	23.1	3	23.1	5	38.5	2	15.4	13	100		
	Total	**41**	**18.6**	**54**	**24.4**	**100**	**45.2**	**26**	**11.8**	**221**	**100**		
Business model	D2C	29	40.3	21	29.2	20	27.8	2	2.8	72	100	54.78	0.000
	B2C	9	7.5	27	22.5	66	55.0	18	15.0	120	100		
	B2B	2	10.0	5	25.0	11	55.0	2	10.0	20	100		
	Subscription	0	0.0	0	0.0	3	50.0	3	50.0	6	100		
	Hybrid/ other	1	33.3	1	33.3	0	0.0	1	33.3	3	100		
	Total	**41**	**18.6**	**54**	**24.4**	**100**	**45.2**	**26**	**11.8**	**221**	**100**		
validation	Customer survey	27	37.5	24	33.3	19	26.4	2	2.8	72	100	73.12	0.000
	MVP/ Prototype	9	29.0	11	35.5	10	32.3	1	3.2	31	100		
	Influencer trials	3	10.3	10	34.5	11	37.9	5	17.2	29	100		
	Pre-	1	9.1	2	18.2	6	54.5	2	18.2	11	100		

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	orders												
	others	1	1.3	7	9.0	54	69.2	16	20.5	78	100		
	Total	**41**	**18.6**	**54**	**24.4**	**100**	**45.2**	**26**	**11.8**	**221**	**100**		
Revenue streams	Online sales	24	31.2	25	32.5	23	29.9	25	6.5	77	100	37.72	0.001
	Product sales	5	31.2	3	18.8	8	50.0	0	0.0	16	100		
	In-store sales	6	8.5	11	15.5	39	54.9	15	21.1	71	100		
	subscription	2	11.8	5	29.4	8	47.1	2	11.8	17	100		
	services	2	6.7	6	20.0	19	63.3	3	10.0	30	100		
	Licensing	2	25.0	3	37.5	2	25.0	1	12.5	8	100		
	Total	**41**	**18.7**	**53**	**24.2**	**99**	**45.2**	**26**	**11.9**	**219**	**100**		

- The chi-square analysis of storytelling in brand strategy shows significant variation across occupation, business model, validation methods, and revenue streams, but not by age. Storytelling was more prominent in D2C and online sales models, highlighting its role in building emotional connections, while B2C, B2B, and service-based models relied more on transactional approaches. Students and entrepreneurs reported higher exposure to storytelling compared to salaried employees, indicating a gap in engagement. Validation methods like customer surveys and MVPs showed stronger narrative integration than influencer trials or pre-orders. Overall, the findings highlight storytelling as a key differentiator in branding and customer engagement, urging startups to adopt narrative-driven

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approaches for sustained competitiveness.

SUGGESTIONS

- Prioritize eco-friendly packaging, responsible sourcing, and green alternatives to reduce environmental impact and enhance brand perception. Adopt waste management strategies like recycling, carbon tracking, and circular economy practices. Subscription models can support sustainability by minimizing overproduction and creating recurring revenue.

- Ensure fair wages, employee well-being, and inclusivity. Maintain transparency in sourcing, pricing, and communication. Use digital platforms to showcase ethical initiatives, building trust and differentiating the brand in a competitive market.

- Leverage technology like AI personalization and digital engagement to promote sustainable choices. Collaborate with local wellness communities, influencers, and policymakers to scale initiatives. Seek government and industry support through incentives, training, and certifications to strengthen green and ethical practices for long-term growth.

CONCLUSION

The study reveals that the success of beauty and wellness startups in Coimbatore depends on effectively integrating sustainability, ethics, and innovation into their business models. Visible practices like eco-friendly packaging and responsible sourcing strongly shape consumer perception, while areas such as renewable energy and supply chain transparency need more focus. Ethical factors like fair wages, inclusivity, and transparency build trust and credibility. Digital integration, customer engagement, and storytelling also give startups a competitive edge. Though gaps exist in waste management and personalization, they present opportunities for growth. Overall, startups combining sustainability, ethics, and innovation are better positioned for long-term success.

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