VOLUME 4

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GOVERNMENT OF INDIA
MINISTRY OF SKILL DEVELOPMENT
& ENTREPRENEURSHIP

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National
Skill Development
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Transforming the skill landscape

Human Resource and Skill Requirements in the Beauty and Wellness Sector

(2013-17, 2017-22)

cutting through complexity

This report is prepared by KPMG Advisory Services Pvt Ltd (KASPL).

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Acknowledgement

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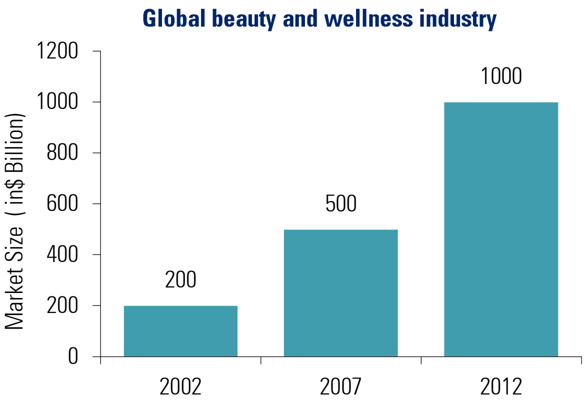
We would like to thank all NSDC's industry and training partners for their active participation. The success of the study has been possible through their collaborative efforts.

In addition, we convey our gratitude to all those who have, in some way or other, contributed towards the successful completion of this study.

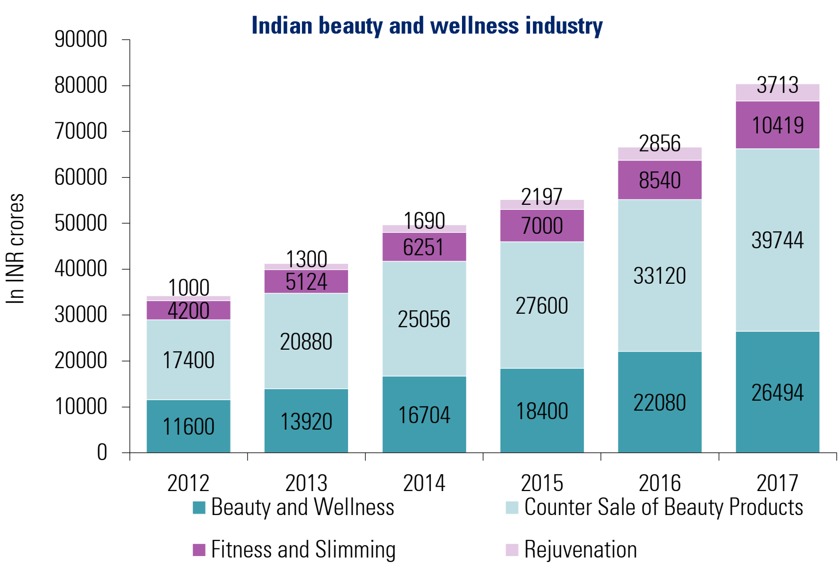
Executive Summary

Industry Overview

The estimated market size of the global beauty and wellness industry is around $ 1.4 trillion…



- The global beauty and wellness industry is growing at a CAGR of 15 % annually over the last five years.
- The top five growth beauty and wellness markets are China, Brazil, the US, India and Indonesia.
- The rise in world's leading health problems (obesity, hypertension and cardiovascular diseases) contribute to the demand for wellness-related products and services.
- The list of other fast-growing sub - sectors include acupuncture, naturopathy, Ayurveda, meditation, biofeedback and yoga.



- The beauty and wellness industry in India is growing at a CAGR of 18.6 %
- The sector is thriving on the increasing section of affluent and middle-class population that has started considering beauty and wellness as a necessity
- Increased emphasis on a holistic wellbeing with people's desire to look good and young are other motivators for the industry.
- The rejuvenation segment is no longer perceived as a mere luxury service but it is now acknowledged as an essential tool to de-stress

Industry Trends:

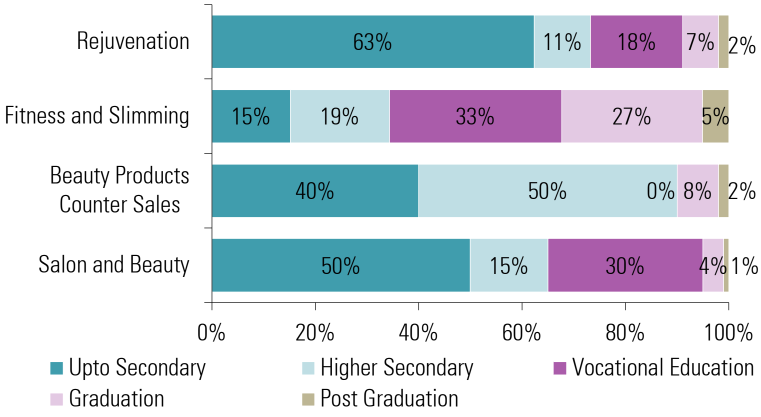
- **Increasing level of personal spending:** According to CSO, expenditure on wellness products and services remains steady, riding on increasing share of discretionary spending.
- **Changing consumer psyche towards beauty and wellness:** Customers are willing to pay a premium for a beauty and wellness 'experience'. Spending on beauty and wellness is no longer considered a luxury
- **Emerging Unisex beauty and wellness centers:** Unisex beauty and wellness centers are increasingly finding acceptance among young. Several leading brands in the organized segment offer unisex services.
- **Expansion beyond tier 2 cities/towns:** Rising income, increasing awareness among consumers in tier 2 and 3 cities and low rental/manpower costs are some drivers for expansion into hitherto untapped regions.
- **Advent of international beauty brands:** Increased penetration of organized retail augurs well for the sales of foreign brands in India.

Demographic characteristics of workforce

Growth in the beauty and wellness industry is centered around top 50 cities that have high earning as well as spending potential

Gender distribution	Over 50 percent of the workforce among salons, slimming and rejuvenation sub-segments are women. However, men are increasingly gaining interest, especially in hair styling. Segments such as physical fitness and counter sales continue to be dominated by men.
Socio-economic background	Transitional changes are being observed in the economic profile with candidates from mid-income households taking to the sector in urban areas. In rural areas, the workforce continues to be constituted by people from lower socio-economic background
Nativity of the workforce	▪ Employees are usually sourced locally. Workers from Kerala are preferred for rejuvenation services of the Ayurvedic therapy while those from the Northeastern states are preferred for generic services. ▪ There is an emerging trend of migrants from the Northeastern states, West Bengal and Nepal entering the sector.

Workforce distribution by education (2013)



- Workforce distribution by education indicates towards opportunity for increased penetration of vocational education in the sector.
- Segments such as salons, beauty and fitness and slimming are demonstrating increased acceptance of candidates with vocational education than others.

Socio Economic Challenges

- **Social Stigma:** Social stigma and low dignity associated with hair care activities have significantly dampened hair styling-related activities — caste rigidity associated with the profession is a case in point
- **Absence of Social safety net:** Lack of social security benefits, such as job security, continuity of job, paid leave, medical leave, insurance and benefits, coupled with long working hours and lack of additional benefits, lead to high attrition rate among beauty and wellness professionals as they switch jobs for minimal salary increments.
- **Migration:** Migration in labour is noticed predominantly from the Northeastern states, West Bengal, Nepal and Bhutan to major Indian cities for work. However, people in other regions are still reluctant to join the sector.
- **Women Employment:** Though women have high entrepreneurial aspirations, they usually do not have the authority to make investment-related decisions. Also, in non-metropolitan cities, it is difficult to convince women to pursue a career in hair styling.

Incremental Human Resource Requirement (2013-22)

Segments	Workforce requirements in 2013	Workforce requirements in 2017	Workforce requirements in 2022
Beauty and salon segment	3.40	6.20	12.10
Beauty products and counter sales	0.70	1.00	1.80
Fitness segment	0.07	0.09	0.11
Slimming segment	0.02	0.03	0.04
Rejuvenation	0.03	0.08	0.21
Total	**4.21**	**7.39**	**14.27**

- Employment in Beauty sector is expected to grow at a CAGR of 20%, with 23% in organized and 15% in unorganized segments
- With shift in focus towards quality of service, the industry has been looking to hire skilled labor to sustain growth
- The fitness segment is expecting a CAGR of 19% with 22 % in organized and 15 % in unorganized sector
- Beauty products and counter sales sector is expected to grow at a CAGR of 20%, with 24% in organized and 17% in unorganized sector
- Slimming segment is expecting a CAGR of 22% with 29% in organized sector and 17% in unorganized sector
- Rejuvenation is expected to have the largest growth at 30 CAGR with 34% in organized and 27% in unorganized sector

Several leading organized players have established training capacities, primarily to meet captive requirements

- Most of the training courses offered by unorganized small time players are not recognized by the industry and the candidates do not receive a premium for completion of these courses
- Courses requiring detailed theoretical study of human anatomy and complex procedures are usually taken up by those completing graduation
- Training offered by unorganized players who are not from the industry lack practical exposure
- Few organized training organisations are accredited by leading global bodies, while most others do not even have a standardized curriculum or quality trainers
- Training institutes are mostly centered around demand hubs, than sourcing hubs, such as the Northeastern states

Prominent Training Institutes

Institute	Description
VLCC Institute	Established in 2001, VLCC has 51 institutes offering courses in 39 cities
L'oreal Academy	Launched in 2006 to attract talent into the profession of hairdressing
Ananda Spa Institute, Hyderabad	Established in March 2008 by India's premier spa operator, IHHR Hospitality; courses offered - International body treatments, Ayurveda
Jawed Habib Academy	With around 45 salon academies in India, It offers courses in hair care, beauty and skincare

Government Schemes

Modular Employable Skills (MES) schemes	▪ The scheme has an objective to improve skill development for early school leavers and existing workers, IT/ITC graduates, etc, especially in the unorganized sector ▪ The skill levels of persons already employed can also be tested and certified under this scheme, i.e., certification of prior/experiential learning ▪ It has provided a pathway for multiple entry and exits, as well as transforming skill development from long-term skill acquisition periods (1–2 years) to short term (about 3 months)
STAR schemes	▪ The Beauty and wellness sector skill council is the national body federation for the promotion and growth of the beauty and wellness industry ▪ To promote skill development in the sector, the Beauty and wellness Sector Skill Council of India participate in the national certification and reward scheme — the STAR (Standard Training Assessment and Reward) Scheme — and aims to reach out to a million youngsters ▪ The programme rewards employees undergoing training with an average reward of INR10,000 per candidate as incentive under the National Skill Certification and Monetary Reward Scheme (NSCMRS) contingent upon the candidate clearing the assessment with minimum 90 percent attendance ▪ The programme is aimed at training workforce employed in the manufacturing and retail sectors across 200 cities in 23 states

Select recommendations and implications

Recommendation	Implications
Provide long-term benefits to formalise employment and reduce attrition at various levels	▪ One of the key benefits that employees look for is training by the employers which is valid throughout the industry ▪ Industry should formalise their in-house training and certify it
Need to increase training supply by sector-focussed training providers	▪ Support private training providers to expand capacity for training in the industry, by bringing in greater synergy between government schemes and training providers ▪ Incentivise industry players who offer captive training to open for retail consumption
Impart vocational training for SHGs and establish common B&W retail infrastructure in rural areas	▪ Promote vocational training for self help groups in the field of beauty and wellness ▪ Provide common infrastructure facilities on a plug and play model for rural entrepreneurs to offer their services
State/Central portal for the sector via electronic media	▪ A mobile application for updates on the vacancies in beauty and wellness sector in key towns and cities would be useful for the workers to locate jobs. This registry of participants from both job seekers and employers can be managed by the Sector Skills Council
Align captive training initiatives with SSC Assessment and Certification	▪ Aligning captive training initiatives with Beauty and Wellness SSC's Assessment and Certification activity will provide a level-playing platform for the candidates ▪ This will also lead to easy mobility between organisations, from an employee perspective
Increased focus on language and communication	▪ Industry bodies to increase attention on soft skills part of the beauty and wellness industry as much as the technical skills ▪ Training tie-ups could be considered with leading English and Communication institutions such as the Cambridge ESOL
Development of recognition of prior-learning framework	▪ Development of recognition of prior learning (RPL) framework whereby current workforce across subsectors can register and be certified by the SSC increases the employability quotient ▪ This will also assist employers in identifying the right candidate with the appropriate skillset
Incentivise skill upgrading through skill premium	▪ Encourage employees to upgrade skills to remain relevant in the changing industry scenario ▪ Formalise the training relationship with product companies to certify and credit the employees who have undergone training
Training industry to introduce B&W management programmes	▪ Beauty and wellness management programmes can be promoted by the training institutions that offer a combination of technical and management courses

Table of Contents - Detailed Report

Abbreviations

ABTC	Association of Beauty Therapy and Cosmetology
ACE	American Council on Exercise
ACEND	Accreditation Council for Education in Nutrition and Dietetics
CAGR	Compounded Annual Growth Rate
CIBTAC	Confederation of International Beauty Therapy and cosmetology
CIDESCO	Comité International d'Esthétique et de Cosmétologie
ETS	Executive technical supporters
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HABIA	Hair and Beauty Industry Authority
HRD	Human Resource Development
MSME	Micro, Small and Medium Enterprises
NIC	National Industrial Classification
NSCMRS	National Skill Certification and Monetary Reward Scheme
NSDC	National Skill Development Corporation
NSQF	National Skills Qualifications Framework
SLOP	Standard and Local Operating Procedures
SSC	Sector Skill Council
STAR	Standard Training Assessment and Reward

Context and approach

Context and Approach

Brief background	NSDC had conducted sector-wise skill gap studies for 19 high priority sectors in 2008–09 . ▪ KPMG has been engaged as a consultant to help evaluate the skill gap across 25 sectors and develop actionable recommendations for its stakeholders. ▪ Mandate includes sector and sub-sector level analysis, demand-supply projection, estimation of incremental man-power requirement between 2013-2017 and 2017-2022, identification of key-employment clusters, and SWOT analysis of each sector ▪ Study also aims to take qualitative insights from stakeholders on enablers and challenges for each sector, way forward in terms of specific policy level actionable recommendations,
Inclusions over the previous study	▪ Study led by industry – Sector Skill Councils and a panel of professionals from different sub-sectors were consulted for their inputs on industry trends, key takeaways in terms of skill requirement, qualitative insights to understand specific interventions required for each sector and to validate the quantitative results and recommendations ▪ 6 sectors were added to the list of NSDC priority sectors for studying the skill gaps Updated study also includes ▪ Identification of top 20 job-roles in each sector, case studies around good training practices, sub-sector level indicators and growth factors ▪ Study also includes understanding of existing training infrastructure, work-force characteristics and employment clusters, ▪ Macro economic factors, central and state governments policies and their envisaged impact ▪ Synchronisation of the sector wise demand from the district level skill gap studies ▪ Recommendations for key stakeholders - Industry, NSDC, Training organizations and Government ▪ Environment scans every year till 2015-16 including SWOT analysis for the sector

Industry classification

NIC Classification

The beauty and wellness sector has been comprehensively covered under the NIC classification undertaken by the Government of India

Beauty and wellness industry

Comparing NIC classification, beauty and wellness SSC classification and industry input

Salon and beauty centres

Section	S
Division	96
Group	9602
Title	Hairdressing and other beauty treatment

Fitness and slimming

Section	Not covered in NIC
Division	-
Group	-
Title	-

Alternative therapy

Section	S
Division	86
Group	869
Title	Activities of Ayurveda practitioners

Rejuvenation

Section	S
Division	96
Group	96095
Title	Activities of sauna, steam baths, massage salons

Product and counter sales

Section	G
Division	477
Group	47722
Title	Retail sale of perfumery and cosmetic articles

- The rejuvenation segment of beauty and wellness includes ayurvedic spa services.
- However, alternative therapy centers that provide clinical diagnosis and treatments (AYUSH-based) fall under alternative therapy and are out of the purview of this sector study.

Sources: National Industrial Classification, 2008

Industry classification

- The sector includes services that can be broadly classified along an evolving continuum as
    - Hygiene services
    - Preventive services
    - Enhancement services
- Each of the following sub-segments fall into each of the above segments or are placed at their intersection.
- *From a notional perspective, the industry considers the following as distinct subsectors based on the unique skill requirements across each.*

1. Beauty care services, including invasive (Botox) and non-invasive cosmetic treatments including nail services, pedicure and manicure.

2. Hair cutting, hair styling, hair colouring and advanced techniques, such as hair weaving and rebonding.

7. Includes traditional systems of Indian, oriental and western healthcare system such as ayurveda, yoga, unani, siddha and homeopathy.

3. Physical activity, including gymnasiums and group exercises such as aerobics and zumba.

6. Sale of beauty and cosmetic products at salons and retail outlets (both general and specialised outlets)

5. Includes therapeutic massages for body rejuvenation and detoxification, anti-ageing treatments and extended therapies such as acupuncture.

4. Slimming and weight loss centres such as body therapy, weight loss and lymphatic drainage therapies.

The sector offers a series of services along an evolving continuum of beauty and wellness that is divided into sub-segments

Source: KPMG analysis

Industry classification

However, in the real world scenario, organisations offer a combination of services from among the various sub-segments

Sector Classification for skill study

Beauty and salon services

The beauty and salon segment includes skin, hair and nail care services. The sector is spread across hygiene-oriented and image enhancement continuum. Services are partly reactive, as they are undertaken to address perceived flaws in appearances or respond to aging-related signs and partly proactive, as it can be pursued in a wellness oriented approach to self image enhancement

Counter sales of cosmetic products

This includes counter sales of beauty and salon products, including cosmetics and toiletries that address age-related health and appearance issues. The sector spread across the proactive and reactive part of the continuum, as people buy these products to delay aging as well to address beauty and appearance related issues.

Fitness and slimming

Includes service providers involved in the fields of physical exercises, yoga, other mind-body practices and weight-loss and slimming. Fitness is primarily a proactive activity, but it can be pursued reactively, especially in response to physical ailments. Weight loss, however, focuses on reactive services. Healthy eating and nutrition is given equal importance in both the sub-categories

Rejuvenation

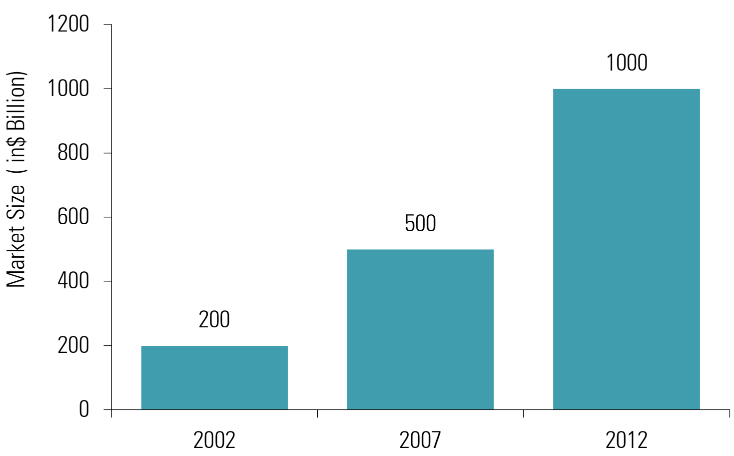
This includes the core spa industry services, including spa operations, spa education, products and events. The sector primarily offers proactive services aimed at relaxing the body and the mind. However, there are niche spa services that are therapeutic in nature and serve patients with specific medical conditions.

Source: KPMG analysis

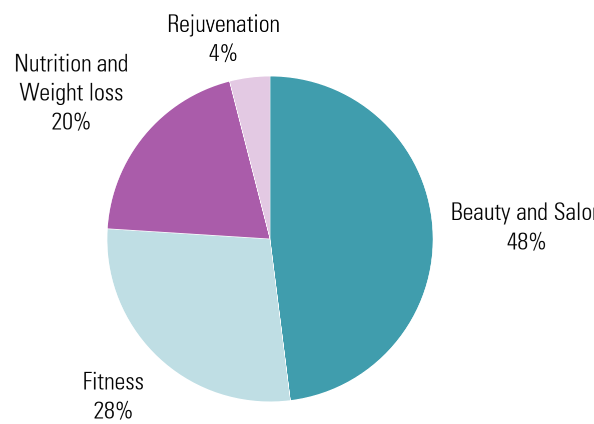
Industry overview

Industry size and growth projections

The global beauty and wellness industry



The share of beauty and wellness services



- The global beauty and wellness industry is growing at a CAGR of 15 percent annually over the last five years.
- The top five growth beauty and wellness markets are China, Brazil, the US, India and Indonesia.
- There is a shift towards the emerging markets and this is likely to continue with over 50 percent of the total beauty sales by 2018 expected from developing countries.
- The rise in world's leading health problems (obesity, hypertension and cardiovascular diseases) contribute to the demand for wellness-related products and services.
- Therefore, the sector thrives on the increasing section of population that is now considering considering beauty and wellness as a necessity for better physical and mental health.
- The list of other fast-growing subsectors include acupuncture, naturopathy, Ayurveda, meditation, biofeedback and yoga.

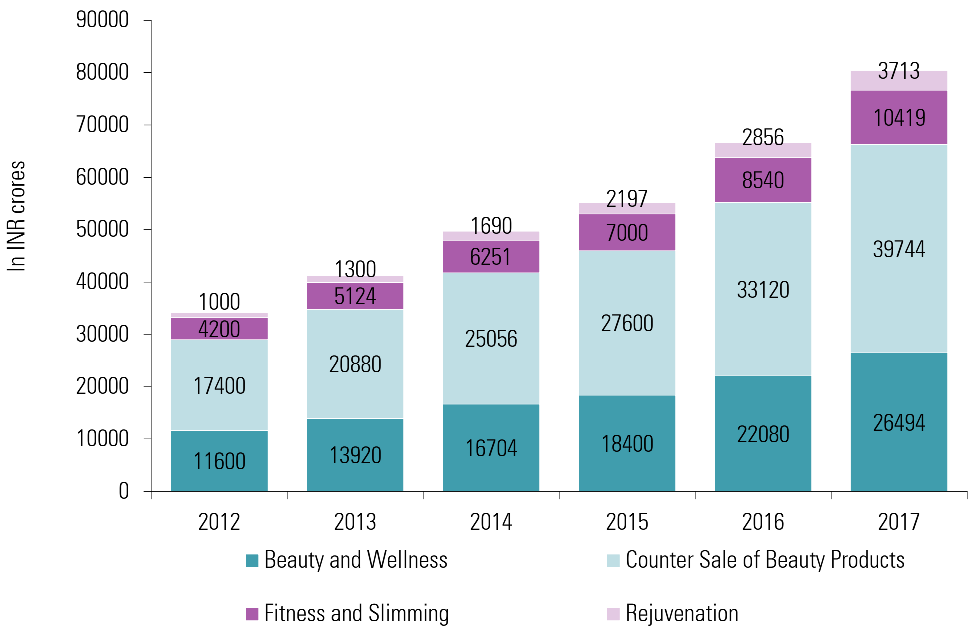
The estimated market size of the global beauty and wellness industry by the above definition is $1.4 trillion

Source: Global Spa Summit, Euro monitor, KPMG analysis

Industry size and growth projections

The next decade is expected to witness a transformation of India's youth, comprising 53 percent of the total population, leading to opening up of the beauty market as everyone in this age group wants to be physically and mentally fit and look and feel good

Beauty and wellness industry in India



- The beauty and wellness industry in India is growing at a CAGR of 18.6 percent, driven by a burgeoning Indian economy.
- The sector is thriving on the increasing section of affluent and middle-class population that has started considering beauty and wellness as a necessity instead of a luxury, as perceived until sometime ago.
- Increased emphasis on a holistic wellbeing with people's desire to look good and young are other motivators for the industry.
- The rejuvenation segment is no longer perceived as a mere luxury service but it is now acknowledged as an essential tool to de-stress and ensure complete wellbeing.

As revenues in the sector continue to grow, the need for skilled manpower to offer these services would also continues to grow at an equal pace and skilled labour would become the fulcrum of growth.

Source: Industry Interactions, FICCI Report, KPMG analysis

There are several trends emerging in the industry and they augur well for its growth, especially that of the organized segment.

Increasing level of personal spending	According to CSO, growth in consumption expenditure dropped to 4 percent in FY2013 from 8 percent in FY2012, but expenditure on wellness products and services remains steady, riding on increasing share of discretionary spending.
Changing consumer psyche towards beauty and wellness	Customers are willing to pay a premium for a beauty and wellness 'experience'. Spending on beauty and wellness is no longer considered a luxury. Customers are more aware of holistic approaches to wellbeing and setting aside quality time towards these activities. There is an increased preference for organic options.
Emerging Unisex beauty and wellness centers	Beauty and wellness services are expanding among both men and women with men becoming increasingly conscious of their looks and wellbeing. Unisex beauty and wellness centres are increasingly finding acceptance among young, upwardly mobile customers. Several leading brands in the organized segment offer unisex services.
Expansion beyond tier 2 cities/towns	Rising income, increasing awareness among consumers in tier 2 and 3 cities and low rental/manpower costs are some drivers for expansion into hitherto untapped regions. For a number of organized beauty and wellness players, over 50 percent of their new store additions during FY 2013 have been beyond tier 2 and 3 cities.
Advent of international beauty brands	There is an increased presence of foreign brands in the services as well as product segment. Increased penetration of organized retail augurs well for the sales of foreign brands in India. The advent of foreign brands is giving rise to niche skills and increased efficiency of operations and customer orientation.

Source: KPMG analysis

SWOT analysis of the sector

Strengths	▪ Increase in demand for personal services due to change in lifestyle among urban middle class individuals ▪ Increased number of national/international players and present in tier 1 and 2 cities ▪ India is increasingly adopting western culture and cosmopolitanism of the market would drive demand across the country ▪ Availability of various kind of services across price points ▪ Large portfolio of services ▪ Availability of branded services
Weaknesses	▪ Highly unorganized sector (more than than 70 percent) dominated by small players with limited training and lack of knowledge of modern techniques ▪ Infrastructure availability not up to global standards ▪ Lack of penetration of vocational education offered to the workforce ▪ Predominant focus of these services in urban areas ▪ Highly skilled workforce is still unavailable due to the lack of training support ▪ Lack of standardization among training programmes creates gaps in expectation and performance ▪ Limited organization of labour despite the growth of the organized sector
Opportunities	▪ Increasing demand among middle income groups for beauty and wellness services ▪ Increasing set of advanced technologies associated with beauty and wellness, such as Botox, available in India ▪ Demographic dividend augurs well for this sector with growing youth population ▪ Increasing acceptance of services, such as rejuvenation and slimming, among middle income segments ▪ Increasing demand for beauty and wellness for men ▪ Destination spa and resort spas under the rejuvenation segment are likely to become synonymous with the luxury segment in future ▪ India has the highest acceptance and demand for beauty and wellness services ▪ Faster growth of organized players leading to standardization of services ▪ Advent of international players entrenched in India
Threats	▪ Implementation and acceptance of quality accreditation ▪ Increasing home solutions and DIY kits ▪ Increasing number of corporate and home gyms ▪ Proliferation of unorganized players due to low-entry barriers ▪ Delay in the adoption of quality standards by small players ▪ Getting manpower as the sector becomes more organized ▪ Advent of international players entrenched in India

Source: Industry Interactions, KPMG analysis

Geographical Distribution of Clusters

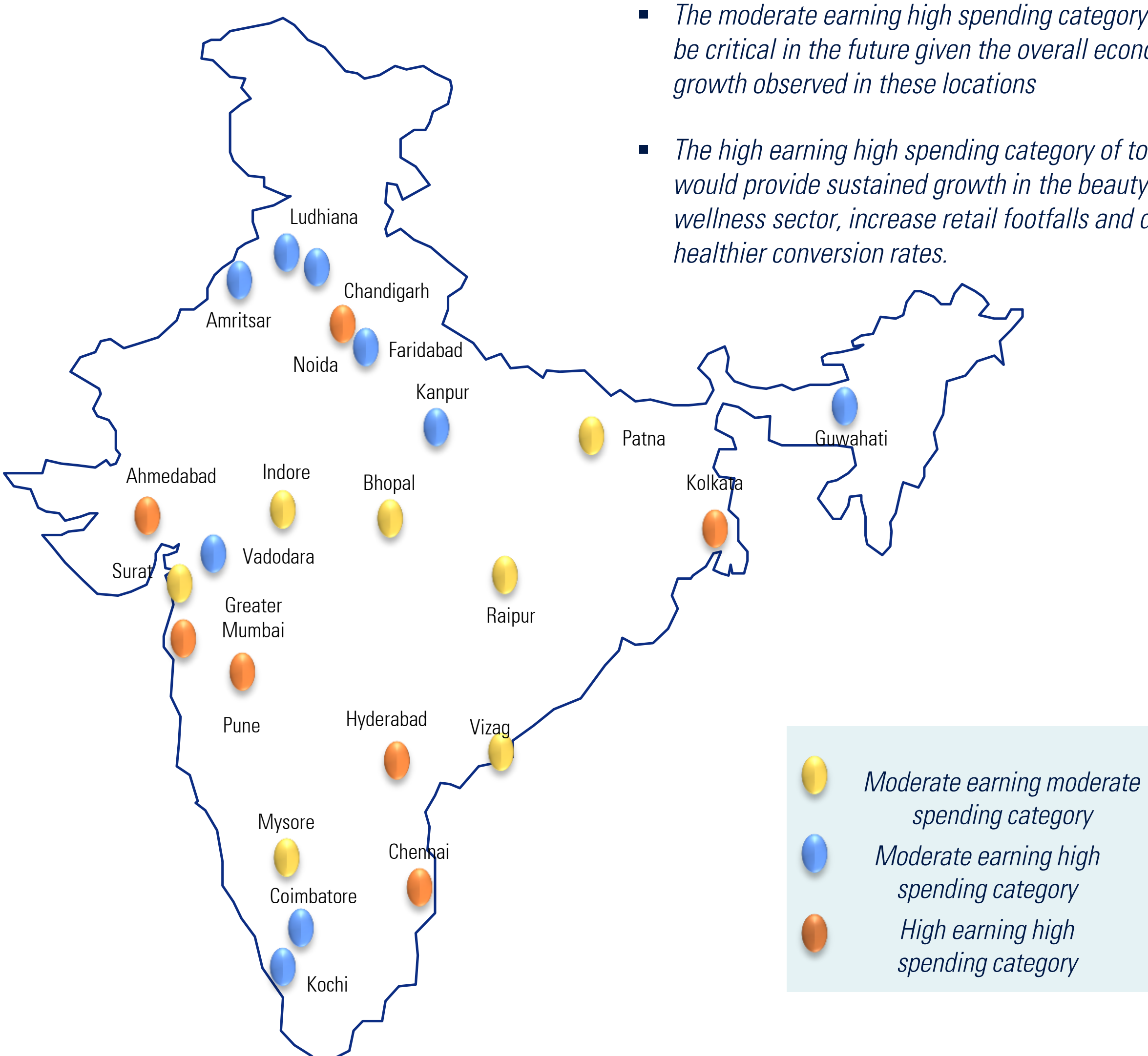
Geographical clusters

Growth in the beauty and wellness industry is centered around top 50 cities that have high earning as well as spending potential

An analysis of key locations of sector growth providers pointers of demand hubs for the sector and impacts aspects such as the establishment of training schools for the local and migrant workforce

Growth in the beauty and wellness sector is spread across the country around top 50 cities.
Growth locations can be categorized based on their potential for growth and profitability.
These cities and towns have been analyzed on the following potential indices:

- *Earning Potential Index: Reflects the concentration of purchasing power in a town and indicates the quality of the market*
- *Consumption Potential Index: Reflects the inclination to consumption of premium products, indicating the volume potential of the market*



- *The moderate earning high spending category would be critical in the future given the overall economic growth observed in these locations*
- *The high earning high spending category of towns would provide sustained growth in the beauty and wellness sector, increase retail footfalls and drive healthier conversion rates.*

Source: KPMG analysis, April 2014

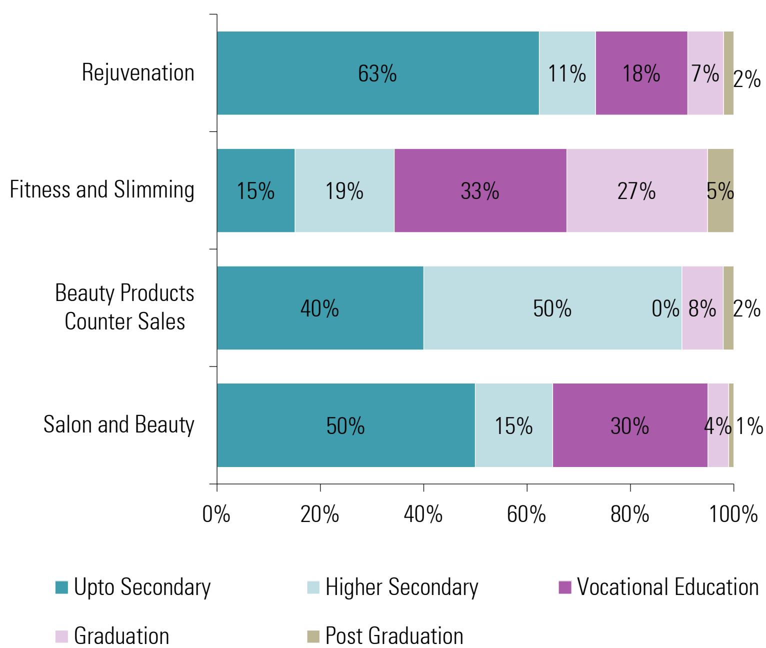
Demographic characteristics of the workforce

Demographic characteristics of workforce

The characteristics of the sectoral workforce are transforming in response to the growing demand of the sector

Gender distribution	▪ Over 50 percent of the workforce among salons, slimming and rejuvenation sub-segments are women. However, men are increasingly gaining interest, especially in hair styling. Segments such as physical fitness and counter sales continue to be dominated by men.
Socio-economic background	▪ Transitional changes are being observed in the economic profile with candidates from mid-income households taking to the sector in urban areas. In rural areas, the workforce continues to be constituted by people from lower socio-economic background, especially in regions where caste prejudices towards the profession are dominant.
Nativity of the workforce	▪ Employees are usually sourced locally. Workers from Kerala are preferred for rejuvenation services of the Ayurvedic therapy while those from the Northeastern states are preferred for generic services. ▪ There is an emerging trend of migrants from the Northeastern states, West Bengal and Nepal entering the sector.

Workforce distribution by education (2013)



- Workforce distribution by education indicates towards opportunity for increased penetration of vocational education in the sector.
- Segments such as salons, beauty and fitness and slimming are demonstrating increased acceptance of candidates with vocational education than others.

Source: Industry Interactions, KPMG analysis

Demographic characteristics of workforce

The sector's workforce faces several socio-economic challenges

Social stigma

Social stigma and low dignity associated with hair care activities have significantly dampened hair styling-related activities — caste rigidity associated with the profession is a case in point. Hence, convincing students to pursue hair dressing as a profession is challenging.

Absence of a social safety net

Lack of social security benefits, such as job security, continuity of job, paid leave, medical leave, insurance and benefits, coupled with long working hours and lack of additional benefits, lead to high attrition rate among beauty and wellness professionals as they switch jobs for minimal salary increments.

Migration

Migration in labour is noticed in various segments, predominantly from the Northeastern states, West Bengal, Nepal and Bhutan to major Indian cities and towns for work. However, people in other regions of the country are still reluctant to join the sector.

Women employment

Though women have high entrepreneurial aspirations, they usually do not have the authority to make investment-related decisions. However, in non-metropolitan cities, it is difficult to convince women to pursue a career in hair styling.

Attrition

Lack of clearly defined career progression in small and unorganized subsectors leads to high attrition rates of over 40 percent.

Attrition is observed at the highest level among married women with a child — indicating the need for women-friendly systems and policies that need to be adopted in the industry.

Source: *Industry Interactions, KPMG analysis*

Incremental human resource requirement (2013-17, 2017-22) and skill gaps

Incremental human resource requirement (2013-17, 2017-22) and skill gaps

Segments	Workforce requirements in 2013	Workforce requirements in 2017	Workforce requirements in 2022
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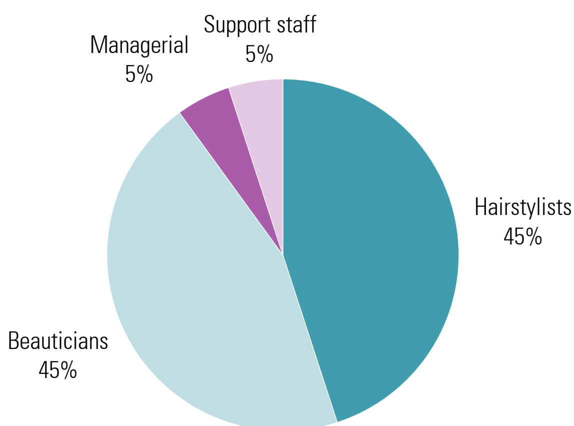
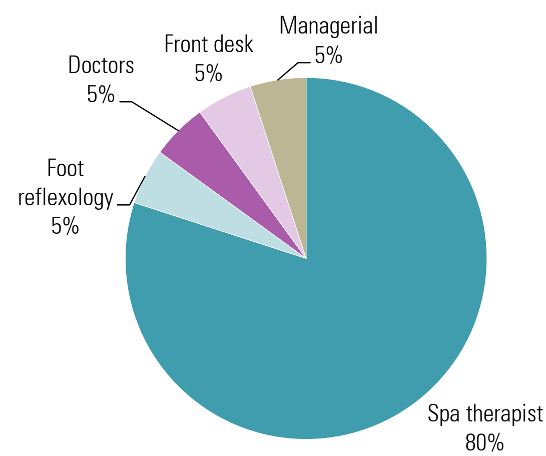
Workforce distribution by Function

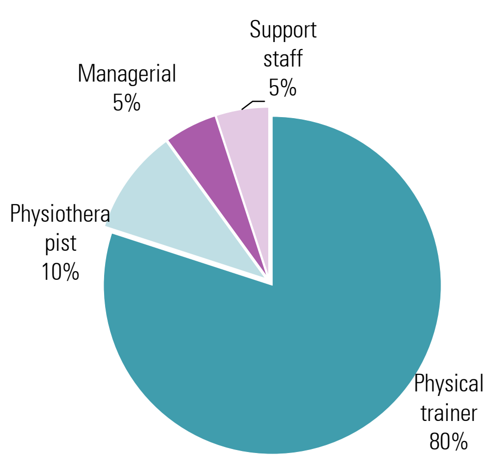
Salon and Beauty



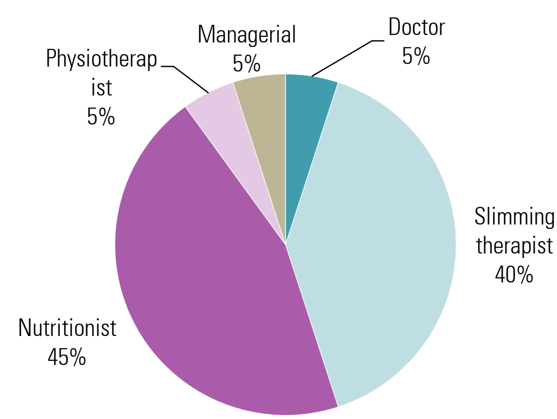
Rejuvenation



Physical Fitness



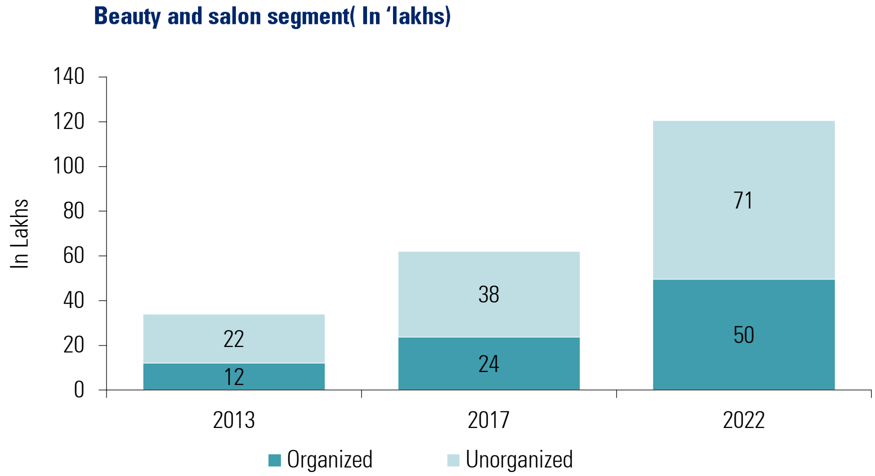
Slimming



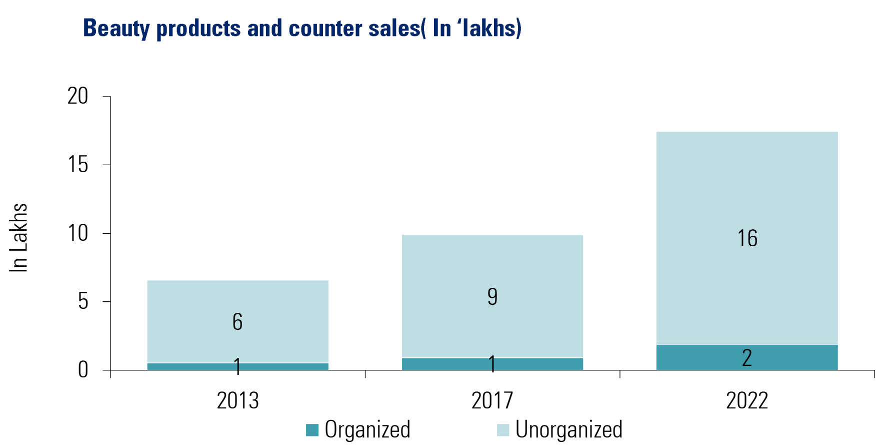
- Predominant section of the workforce in the beauty and wellness segment are involved in technical roles such as beauty therapists, hairstylists, spa therapists, slimming therapists, physical trainers, etc
- Managerial positions include store managers and corporate office roles such as marketing, HR, sales, etc
- Workforce in beauty products and counter sales segment is dominated by those in sales based roles (80 percent)

Source: *Industry Interactions, KPMG analysis*

Beauty & Salon and Beauty Products Counter Sales



- In beauty and salon segment, workforce requirements is expected to grow from 34 lakhs in 2013 to 121 lakhs in 2022
- Based on market interactions, beauty sector is expected to grow at a CAGR of 20 percent with 23 percent in organized sector and 15 percent in unorganized sector
- With shift in focus towards quality of service, the industry has been looking to hire skilled labor to sustain growth

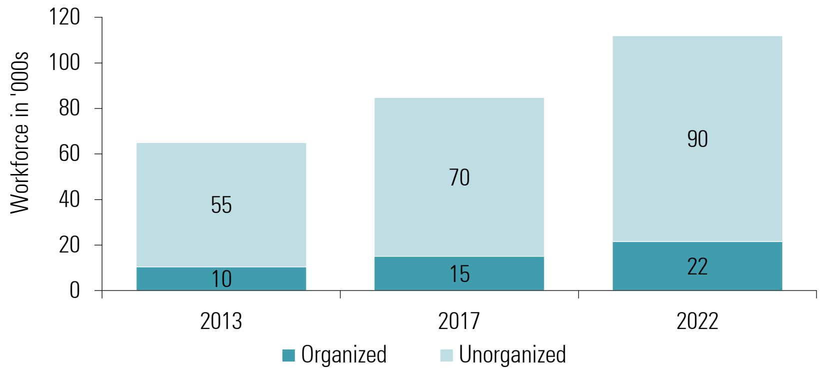


- In beauty products and counter sales sector, workforce requirement is expected to grow from 7 lakhs in 2013 to 18 lakhs in 2022
- Based on market interactions, beauty products and counter sales sector is expected to grow at a CAGR of 20 percent with 24 percent in organized and 17 percent in unorganized sector
- Increasing penetration of organized retail is driving the need for training workforce in customer oriented sales

Source: *Industry Interactions, KPMG analysis*

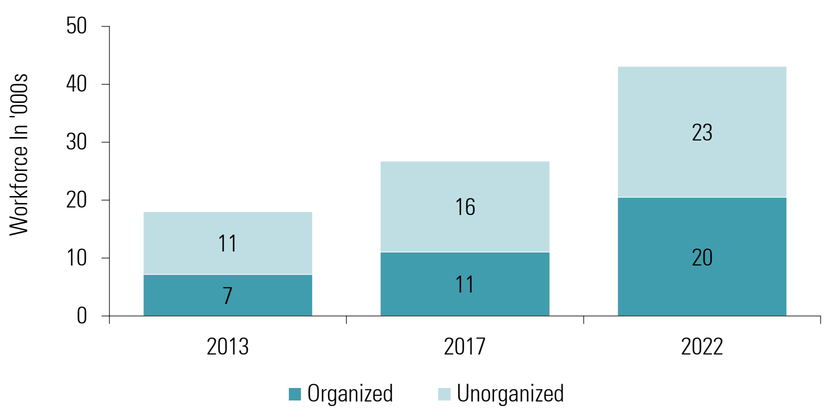
Fitness and slimming segment

Fitness segment(In '000s)



- In the Fitness segment, the workforce requirements is expected to double from 65,000 in 2013 to 112,000 in 2022
- According to market interaction, the fitness segment is expecting a CAGR of 19 percent with 22 percent in organized sector and 15 percent in unorganized sector
- Organized activity in the industry is estimated to be around 20%

Slimming segment(In '000s)

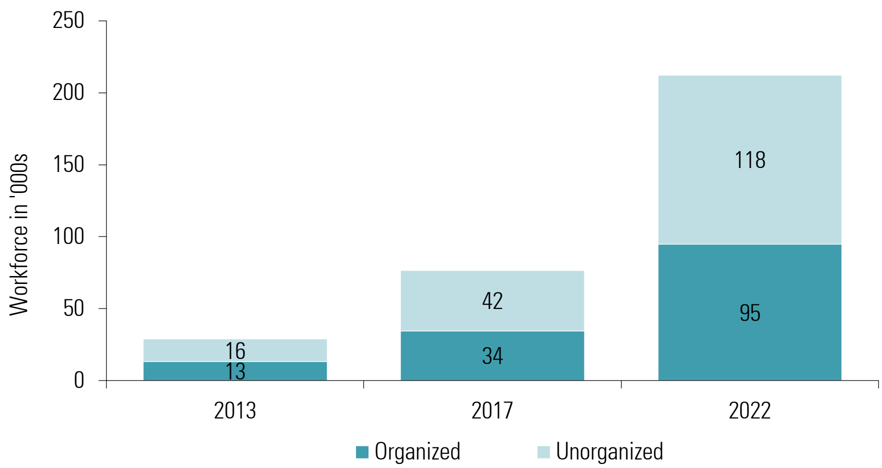


- In the Slimming segment, workforce requirements is expected to increase from 18,000 in 2013 to 43,000 in 2022
- According to market interaction, slimming segment is expecting a CAGR of 22 percent with 29 percent in organized sector and 17 percent in unorganized sector
- Slimming segment is more organized with 40% of the industry organized and a higher percentage of the workforce employed in the same

Source: Industry Interactions, KPMG analysis

Incremental human resource requirement (2013-17, 2017-22) and skill gaps
Rejuvenation segment

Rejuvenation(In '000s)

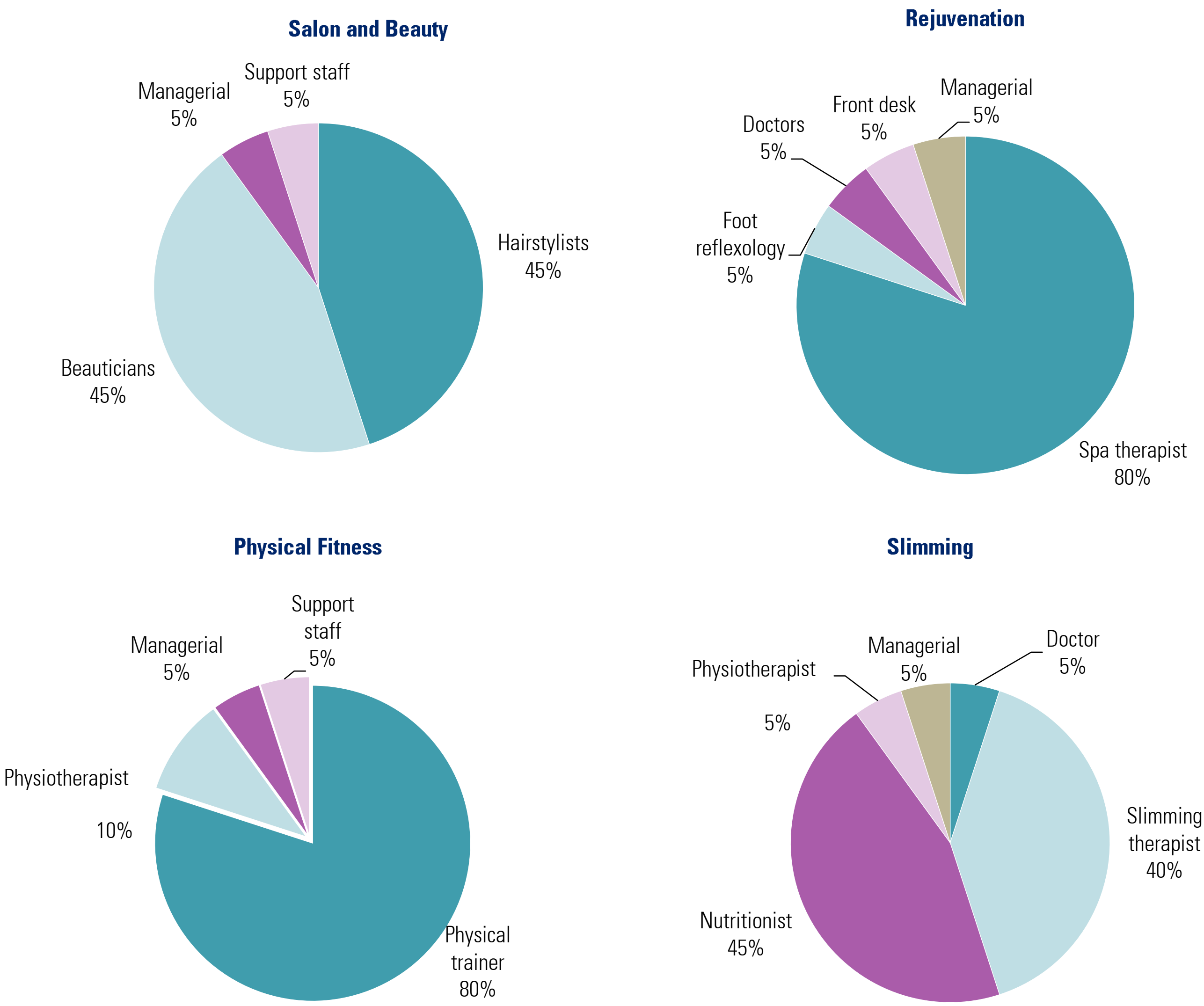


- In the rejuvenation segment, workforce requirements is expected to grow from just 29,000 in 2013 to 213,000 in 2022
- Rejuvenation is expected to have the largest growth at 30 CAGR
- According to market interaction, rejuvenation segment is expected to grow at a CAGR of 30 percent with 34 percent in organized sector and 27 percent in unorganized sector
- The segment that is gaining popularity with the influence of holistic well-being concept

Source: Industry Interactions, KPMG analysis

Functional share of workforce is dominated by personnel in technical roles

Workforce distribution by Function



- Predominant section of the workforce in the beauty and wellness segment are involved in technical roles such as beauty therapists, hairstylists, spa therapists, slimming therapists, physical trainers, etc
- Managerial positions include store managers and corporate office roles such as marketing, HR, sales, etc
- Workforce in beauty products and counter sales segment is dominated by those in sales based roles (80 percent)

Source: Industry interaction, KPMG analysis

Incremental human resource requirement (2013-17, 2017-22) and skill gaps

Job roles across sub-segments

Beauty centres and salon	Products and counter sales	Slimming	Fitness	Rejuvenation
Hair stylist — trainee	Sales trainee	Nutritionist	Gym trainer	Senior spa therapist
Hair stylist — junior professional	Sales executive	Physiotherapist	Personal trainer	Spa therapist — masseur
Hair stylist — senior professional	Team lead — Sales	Medical doctors	Gym manager	Foot reflexologists
Beauty care — trainee	Beauty advisors	Slimming therapist		Therapy trainees
Beauty care — junior professional	Executive technical supporters (ETS)	Slimming manager/slimming head		Medical doctors
Beauty care — senior professional		Dietician		
Specialist services such as chemical and electrical treatment		Psychologist		
Nail technicians		Counsellor		

Centre management	Technical training	Front office	Accounts & finance	HR	Sales and marketing	IT
Centre manager/ team lead	Lead trainer	Front Desk officer/ Guest relation executive	Accounts executive	HR executive	Sales and marketing managers	IT manager
Centre sales and marketing manager	Assistant Trainers	Housekeeping Personnel	Accounts manager/ Finance manager	HR manager	Sales and marketing executives	IT executives

Source: KPMG analysis

Organizational structure of salons and beauty centres

- Roles
  - Center level
    - Core skills
      - Hair care
        - Hair styling
        - Hair colouring
        - Chemical hair treatment
      - Bodycare
        - Facial treatments and make up
        - Body hygiene treatments (waxing and electric treatments)
        - Other beauty services (nail art and pedicure/manicure)
        - Chemical body treatments
    - Managerial
      - Center manager
      - Front office/ relationship manager
      - Support staff
  - Corporate
    - Marketing and sales
    - HR
    - Finance

- All key functions have three job levels for each segment in a large established organization
  - Entry-level trainee
  - Junior professional
  - Senior professional
- In small organisations, these roles usually overlap

Changing skill requirement

Key roles	Skills required	Skill gap
Hair stylist	▪ Shampoo and condition hair before cutting/ styling ▪ Creatively cut hair using basic techniques ▪ Style and finish hair including straightening, perm, neutralizing, plate and twist ▪ Add or remove hair extensions as per the client's request ▪ Provide colour change and colour correction services ▪ Provide specialist consultation services and treatments for hair and scalp conditions ▪ Contribute to planning and implementation of promotional activities when necessary ▪ Offer advise and consult with clients for ideas on styling, cutting and presenting techniques ▪ Develop and maintain work effectiveness ▪ Ensure that one's actions reduce risks of health and safety to the salon ▪ Promote select products and services to clients	▪ There is significant individual responsibility and autonomy that is not fulfilled by employees ▪ Control or guidance is often required, however, it is not initiated ▪ Competence in terms of application of knowledge and skills in varied activities is required. However, experience/education is insufficient ▪ Competence that involves a significant range of fundamental principles across a wide and often unpredictable variety of contexts is unavailable ▪ Inability to serve as per the unique demands of the clientele and, instead, sticking to the known styles of haircut
Front desk/ receptionist	▪ Scheduling/maintaining appointments for the day for the customers and among the staff ▪ Good people skills to keep existing and potential clients comfortable	▪ Lack of experience with respect to people management and organizing activities ▪ Need for improved knowledge on appointment scheduling and handling irate customers ▪ Need for increased customer orientation

Source: KPMG analysis

Changing skill requirement

Key roles	Skills required	Skill gap
Beauty therapist	▪ Provide various types of facials — cleansing, massaging and toning skin ▪ Application of and advising on make up depending on skin type and colour ▪ Shaping and coulouring eyebrows and eyelashes ▪ Perform basic beauty treatments, such as manicures and pedicures ▪ Perform nail treatment like nail extensions and nail art ▪ Removal of unwanted facial and body hair ▪ Electro-therapy treatments to improve body tone and shape ▪ Non-surgical skin improvement treatments ▪ Provide UV (ultraviolet) and spray tanning ▪ Be friendly and make clients feel safe and relaxed ▪ Ensure one's actions reduce risks of health and safety to the salon ▪ Develop and maintain effectiveness of work ▪ Offer advise and consult with clients for ideas on skin, make up and presenting techniques	▪ Follow standardized practices rather than those customized to the customers' requirements ▪ Lack of awareness on products other than those assigned to particular salon/centre ▪ Lack of awareness on the changing market trends ▪ Language barrier in understanding customer requirements, leading to miscommunication ▪ Lack of awareness on health and safety risks in the salon ▪ Lack of customer orientation towards service
Support staff	▪ Keep the salon/parlour clean and maintain the brand's standards ▪ Help stylists/beauty therapists in cleaning and sourcing equipment	▪ Need for increased hygiene standards among support staff ▪ Need for improved communication skills

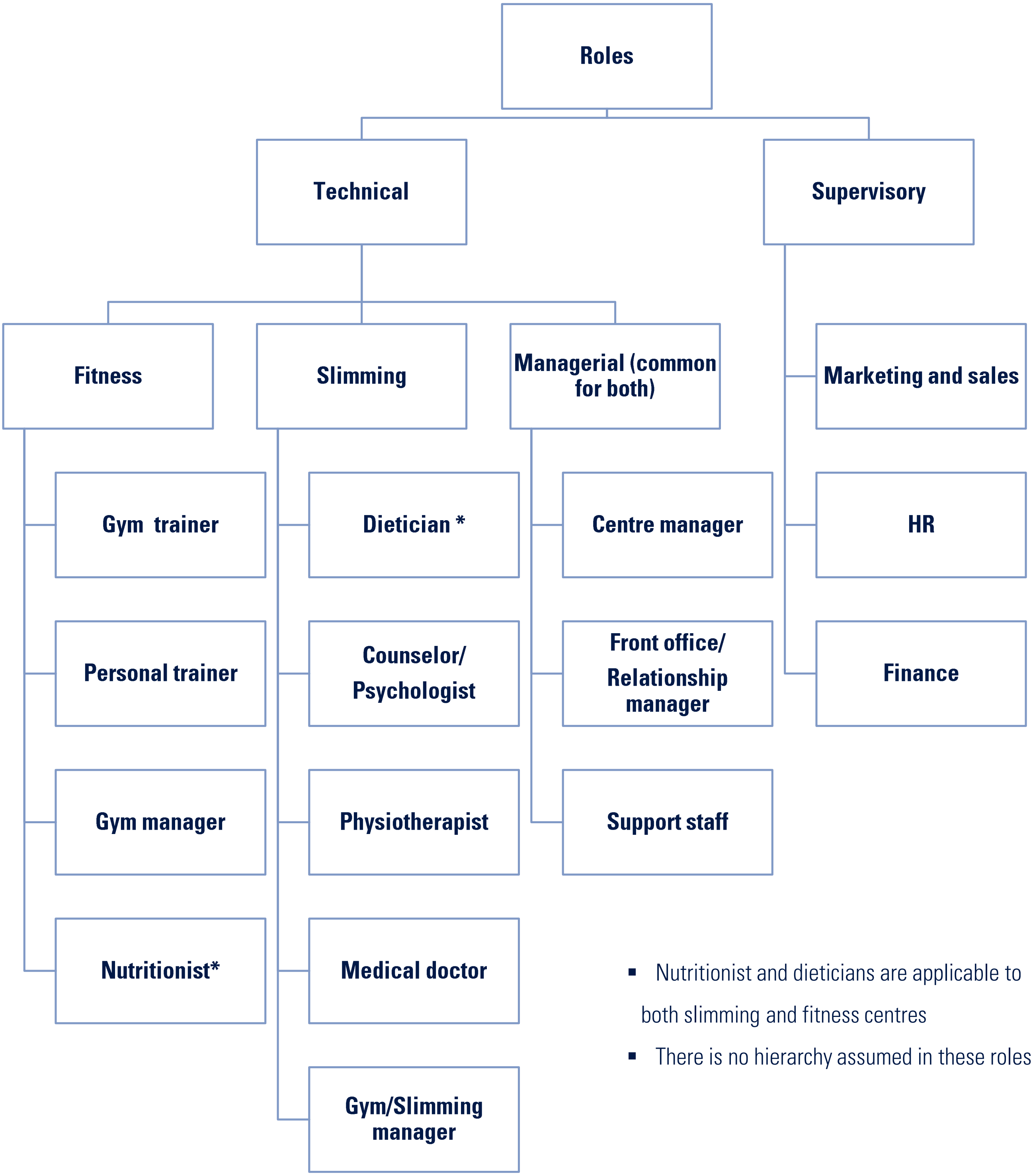
Source: KPMG analysis

Changing skill requirement

Key roles	Skills required	Skill gap
Center manager	▪ Ability to assess employees on effectiveness, technique and performance ▪ Good people skills to manage employees and the support staff ▪ Experience or skills in marketing to promote services to local areas and willingness to take initiative ▪ Managing store maintenance and relationship management with key clients ▪ Managing accounting activities related to the center and reporting to head office	▪ Lack of adequate supply of experienced candidates, which makes freshers perform managerial roles ▪ Lack of experience in people management skills among fresh recruits ▪ Reliance on traditional techniques of marketing such as word-of-mouth publicity ▪ Lack of knowledge on enterprise accounting technology to handle finance and operations

Source: KPMG analysis

Organizational structure of the fitness and slimming sub-segment



- Nutritionist and dieticians are applicable to both slimming and fitness centres
- There is no hierarchy assumed in these roles

Incremental human resource requirement (2013-17, 2017-22) and skill gaps

Changing skill requirement

Key roles	Skills required	Skill gap
Physical trainer/Gym trainer	▪ Develop a sound understanding of anatomy, physiology, and exercises ▪ Undertake an assessment of the client to evaluate strengths and weaknesses ▪ Help clients realize and define their goals based on the assessment ▪ Personalize training programmes for clients ▪ Assist with injury rehabilitation or work with specialty conditions (e.g. diabetes or obesity) ▪ Be organized , maintain clients' interest and progress in exercise programmes to ensure meeting their objectives ▪ Possess strong communication, listening and interpersonal sills to assess, discuss, motivate and teach clients how to improve their fitness, strength or physique ▪ Provide feedback on correct technique as and when required ▪ Be educated and aware on fitness and nutrition to educate clients ▪ Maintain fitness to promote the services to clients	▪ Average communication and soft skills, leading to misunderstandings among trainer and clients ▪ Lack of clearly defined customer service standards ▪ Lack of training and knowledge to take care of special needs — Post-natal, elderly or certain medical conditions ▪ Need for improving networking skills with other professionals for learning and referrals ▪ Lack of clearly defined standards for recruitment ▪ Lack of ability to motivate clients to stick to the regime ▪ Errors in technique and methodology and lack of knowledge on human anatomy

Source: KPMG analysis

Changing skill requirement

Key roles	Skills required	Skill gap
Nutritionist/ Dietician	▪ Knowledge on various foods & nutrition items, health implications and basic regional background of clients ▪ Ability to devise customized diet plans for sustained weight loss as per client requirements (e.g. diabetes and allergies) ▪ Be self-motivated in devising new recipes/ diets that cater to an individual's taste and yet be healthy ▪ Ability to counsel clients based on age and background ▪ Communication skills to explain and motivate clients ▪ Knowledge on recent research articles and implications; ability to maintain record and track performance or achievements of clients	▪ Lack of ability to practically apply theoretical knowledge and modify diets as per individual requirements ▪ Lack of knowledge to be creative and offer alternatives based on customers' tastes and distinct choices ▪ Lack of communication and counselling skills ▪ Lack of motivation to propose innovative recipes and diet plans ▪ Lack of leadership skills and drive to take responsibility for the client
Medical doctor	▪ Excellent soft and social skills, dedicated to preventive health care ▪ Ability to handle clients with challenges and personal requirements ▪ Ability to assess and escalate to a more experienced doctor, if required ▪ Managerial skills to supervise clients	▪ Lack of managerial skills to supervise and guide a team of paramedics, nutritionists and dieticians ▪ Inadequate client interaction skills to clearly explain the cause-effect relations and suggest diagnosis

Source: KPMG analysis

Changing skill requirement

Key roles	Skills required	Skill gap
Physiotherapist	▪ Good understanding of human anatomy, physiology, and exercises ▪ Knowledge of physiotherapy and its application, exercises ▪ Ability to handle medical and non medical clients and knowledge of their requirements ▪ Assist with injury rehabilitation or work with specialty conditions (e.g. diabetes and obesity) ▪ Good communication, listening and interpersonal skills to maintain rapport with client ▪ Ability to handle all types of clients, deliver desired results in specified time and maintain a good client and centre feedback record ▪ Ability to train junior physiotherapists through practice ▪ Be organized and maintain clients' progress in exercise programmes to ensure safe treatment	▪ Lack of subject knowledge or the ability to put theory into practice ▪ Lack of experience to handle medical clients and meet their requirements ▪ Lack of confidence to handle different types of clients ▪ Lack/shortage of experienced and trained physiotherapists ▪ Lack of communication and interpersonal skills

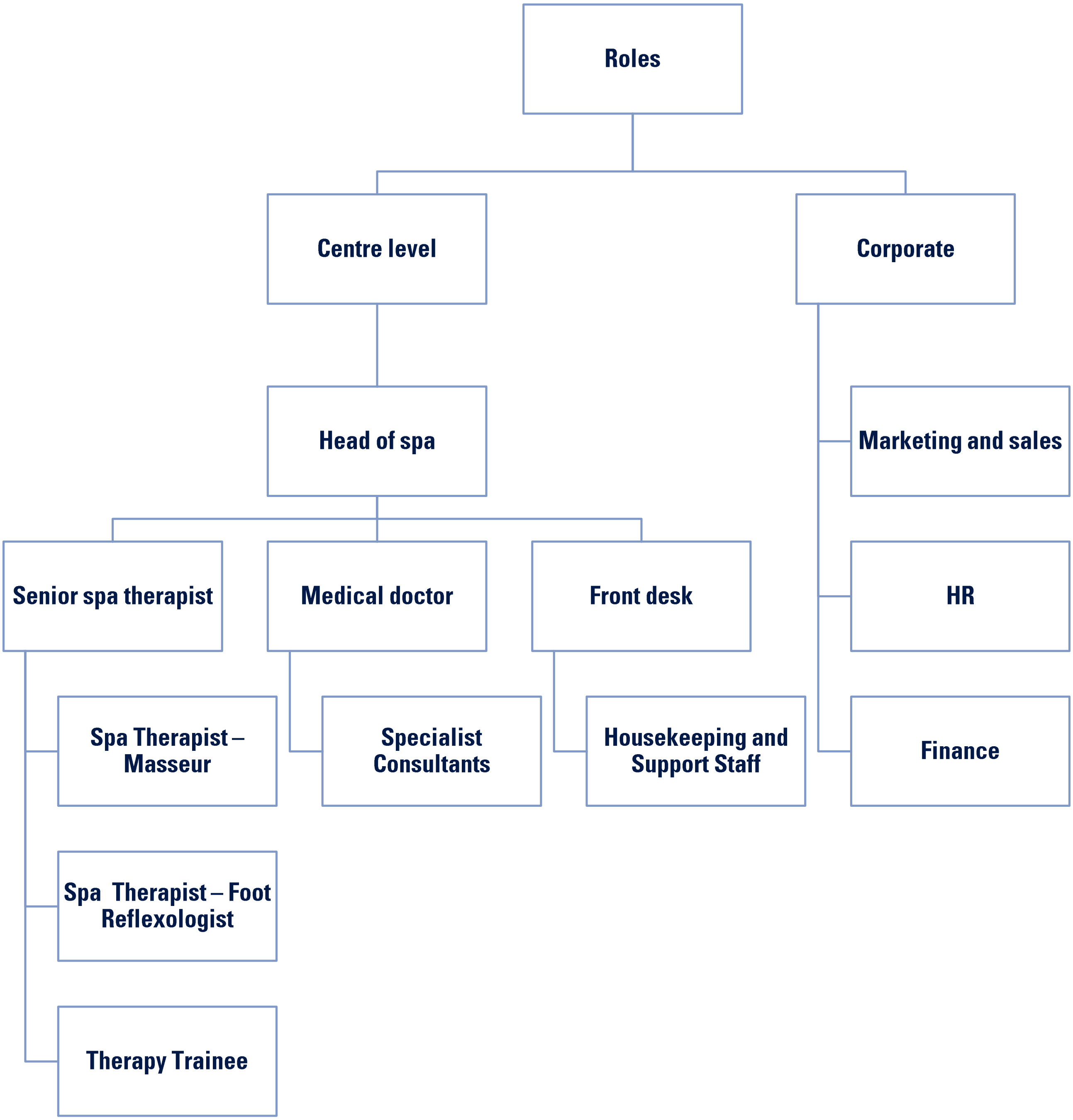
Source: KPMG analysis

Changing skill requirement

Key roles	Skills required	Skill gap
Centre manager (Gym or slimming)	• Ability to assess employees on effectiveness and performance • Good people skills to manage employees and support staff • Experience or skills in marketing to promote the services to local areas and willingness to take initiative • Managing the maintenance required in the store and relationship management with key clients • Managing accounting activities related to the center and reporting to head office	• Lack of experienced graduates therefore leading to fresh recruits managing the Centers • Fresh recruits have no experience in people management skills • Marketing is only by word of mouth if store manager not equipped to promote
Slimming Therapist	• Develop rhythm in hand movements and procedures for all types of massages • Knowledge of various massage strokes, pressure points and knowledge of anatomy. • Basic knowledge of basic and advanced appliances available in slimming stores. • Complete knowledge of all slimming therapies- hands on & theoretical and hands on dexterity of the same • Knowledge of body types and requirements to offer customized treatment and the impact on their body	• Lack of soft skills to communicate with clients • Lack of cleanliness & hygiene • Lack of inclination towards taking responsibility due to lack in training

Source: KPMG analysis

Organization structure for rejuvenation



Changing skill requirement

Key roles	Skills required	Skill gap
Spa manager/ Head of spa	▪ Supporting management of spa operations and budgets ▪ Comprehending budgets, operating statements and payroll progress reports as needed to assist in the financial management of the department ▪ Managing supplies and equipment inventories within budget ▪ Maintaining cleanliness of spa and related areas and equipment ▪ Understanding the impact of department's operations on the overall property financial goals and objectives and managing to achieve or exceed budgeted goals ▪ Ensuring and delivering exceptional customer service ▪ Interacting with guests to obtain feedback on product quality and service levels ▪ Handling guest grievances and complaints ▪ Bringing issues to the attention of the department manager and Human Resources as necessary ▪ Observing service behaviours of employees and providing feedback to individuals ▪ Reviewing comment cards and guest satisfaction results with employees ▪ Supporting a spa-orientation programme for employees to receive the appropriate training to successfully perform their job ▪ Supervising ongoing training initiatives and conducting training when appropriate ▪ Lots of women may undertake this occupation in their own houses hence ensuring property policies are administered fairly and consistently, disciplinary procedures and complete documents according to Standard and Local Operating Procedures (SOPs and LSOPs) and support the Peer Review Process	▪ Lack of people-management skills and soft skills ▪ Shortcomings in presenting the company brand correctly to the clients ▪ Lack of customer focus and services being sold similar to that of products ▪ Lack of understanding on the larger picture of the organization's objectives and financial goals

Source: KPMG analysis

Changing skill requirement

Key roles	Skills required	Skill gap
Spa therapist	▪ Knowledge of spa massages (swedish, aroma, Balinese, deep tissue, Thai, hot stone therapy) ▪ Experience in providing body wrapping, scrubbing and flotation treatments ▪ Rhythm in hand movements, knowledge of various massage strokes and pressure points ▪ Ability to give a professional massage service according to body type ▪ Capability to provide training for mid-level and entry-level employees on spa protocols and techniques ▪ Expertise in short therapies such as foot reflexology, head, neck, shoulder and back ▪ Aptitude to work with no direct supervision ▪ Experience in providing consistent professional spa massage and body treatments compliant with spa protocols and accepted documentation practices ▪ Ability to handle guests queries and concerns efficiently and politely ▪ Experience in upholding the standards of hygiene and sterilization as directed by law and the spa's policies and procedures ▪ Knowledge of nerve endings and possible ill effects of wrong massage treatments. Knowledge of various massage type and massage trends. Excellent disposition, personality and communicative skills	▪ Errors in technique and methodology and lack in basic anatomy of the body ▪ Not enough knowledge of scientific massages and pressure points and just an ability to rub body vigorously is not a full professional 'massage' ▪ Social stigma of easy money through 'desirous' clients ▪ No recognizable skill gap as many want to start from scratch in a salon when they cannot afford a full fledged paid beauty -spa-salon course

Source: KPMG analysis

Changing skill requirement

Key roles	Skills required	Skill gap
Spa trainer	▪ Delivering training in beauty & spa-related courses and curriculums under CIBTAC & WSQ syllabus ▪ Delivering training on various beauty & spa products and treatments for face and body. ▪ Conducting products and equipment training in various beauty & spa applications. ▪ Assessing trainers and trainees on competencies in beauty & spa treatments ▪ Possessing knowledge of research and development of treatment courses and materials ▪ Supporting workshops, recruitment and promotional activities	▪ Trainer identified only based on experience and not on formal assessment and certification ▪ Lack of scientific methodology and research in training
Front desk executive	▪ Scheduling services for individuals and large groups using spa/salon reservations software system ▪ Answering questions about available services ▪ Updating the reservations/cancellations list, inform providers of last minute changes, and resolve scheduling issues ▪ Checking in guests for appointments and providing general spa orientation to guests upon arrival ▪ Processing guest payments for spa/salon services and obtaining payment authorization as needed. ▪ Notifying engineering of maintenance and repair needs ▪ Following all company policies and procedures; ensuring uniform and personal appearance are clean and professional ▪ Welcoming all guests according to company standards; addressing guests' service needs; assisting individuals with disabilities	▪ Low to average communication and soft skills ▪ Inefficient customer relationship management ▪ Lack of training in handling difficult customers ▪ Greater focus required on personal grooming and presentations

Source: KPMG analysis

The industry is increasingly preferring multi-skilled technicians at junior and specialists at senior levels, blurring the lines between independent job roles

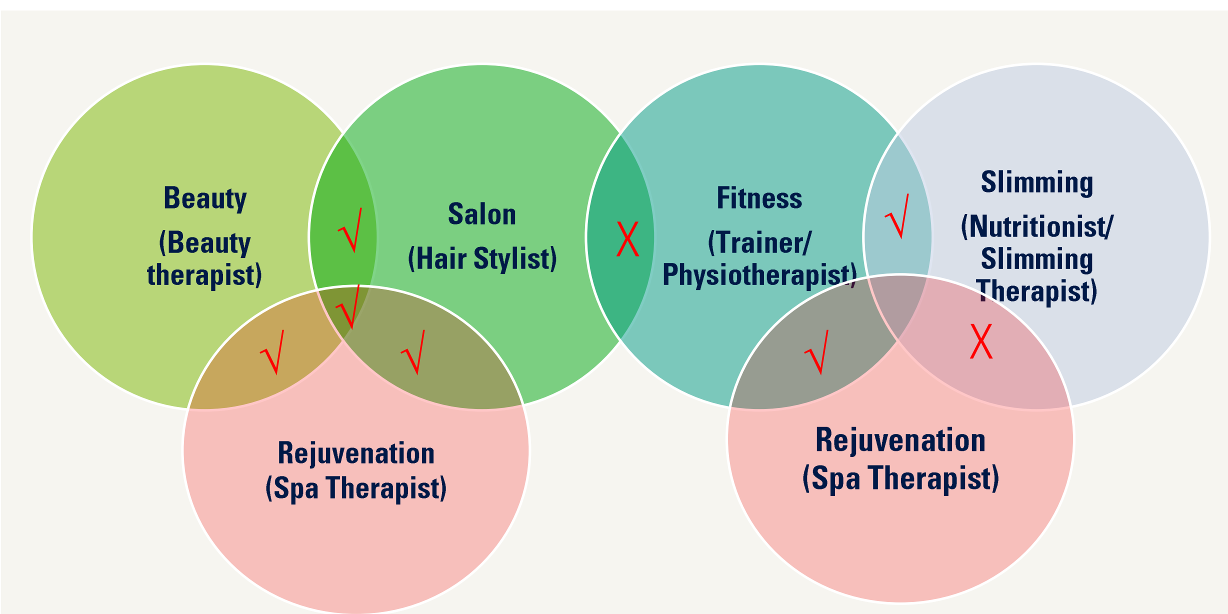
Multi-skilled technicians at junior Levels

- Increasing demand for multi-skilled technicians who can offer more than one service under supervision of senior specialists
- Gaining multi-skill experience at junior level provides a comprehensive understanding of the services offered and helps the junior employees in choosing the most appropriate specialization based on their skill set
- Multi-skilling is usually undertaken within respective sub-segments, though rejuvenation segment overlaps both with the beauty and salon segments, as well as with the fitness and slimming segments
- Multi-skilling increases job prospects at entry level, especially among the organized segment of the industry
- Going forward, multi-skilled technicians are expected to form a large share of the organized workforce in the sector

Specialists at senior levels

- At senior levels, specialized and niche skill sets are given a premium over the generalists
- This would lead to emergence of specialized job roles such as aesthetician in rejuvenation segment, who would be an expert beauty therapist

Complementary skill requirements across sub-segments



Training Infrastructure

Several leading organized players have established training capacities, primarily to meet captive requirements

- Most of the training courses offered by unorganized small time players are not recognized by the industry and the candidates do not receive a premium for completion of these courses
- Courses requiring detailed theoretical study of human anatomy and complex procedures are usually taken up by those completing graduation
- Training offered by unorganized players who are not from the industry lack practical exposure
- Few organized training organisations are accredited by leading global bodies, while most others do not even have a standardized curriculum or quality trainers
- Training institutes are mostly centered around demand hubs, than sourcing hubs, such as the Northeastern states of India

VLCC Institute

- Established in 2001, VLCC has 51 institutes offering courses in 39 cities along with opportunities for internships; VLCC is affiliated to IGNOU to offer vocational training in nutrition and beauty in India and is affiliated with Doncaster College, UK; Cengage Learning, US, and City and Guilds

Ananda Spa Institute, Hyderabad

- It was established in March 2008 by India's premier spa operator, IHHR Hospitality Pvt. Ltd
- The courses offered at the Institute are International body treatments, Ayurveda and Yoga
- It offers three student intakes a year, with CIBTAC and ITEC accreditation that last 6 days

Matrix

- Matrix was established with around 36 Educational studios; the institute offers C.R.A.F.T educational programmes and in-salon master class for existing professionals looking for more creativity
- Matrix conducts educational tours showcasing hair fashion and demonstrations

Talwalkers training academy, Thane

- Established in 2007, Talwalkers offers courses, placements and opportunities for franchise.
- It enables training for various forms of exercise, including Personal training Zumba, Nutrition, Nuform, etc.

L' oreal Academy

- L'Oréal Professional International Hairdressing Academy was launched in 2006 to attract talent into the profession of hairdressing. The courses offered at the institute are in hairdressing and train the trainer; they offer train-the-trainer courses and allow partner institutes to provide trainer

Enrich Academy

- Enrich academy was launched in 2009. Currently, it has a presence in over five locations across Mumbai, Pune and Ahmedabad. Enrich academy offers over 30 courses in hair, beauty and make up for individuals at all levels. Accreditations for the courses are from India Skills City & Guild and CIBTAC

Jawed Habib Academy

- Jawed Habib Academy established around 45 salon academies in India
- It offers courses in a variety of courses in hair care and also courses in beauty and skin

Blossom Kochhar Training Institutions

- Operates a chain of training institutions under the brand name Blossom Kochhar College of Creative Arts and Design. BKCCAD owns Pivot Point India – A Hair & Beauty Academy, Style Inc. – a grooming academy, MUD – Make-up Designory and Blossom Kochhar Aesthetics & Spa Academy – providing holistic approach to spa and wellness education.

Source: Company websites, KPMG insights

In addition to increasing the number of private training providers, the government has gradually increased its training capacity through its schemes

Modular Employable Skills (MES) schemes	▪ Offered under the Skill Development Initiative Scheme (SDIS) ▪ The scheme has an objective to improve skill development for early school leavers and existing workers, IT/ITC graduates, etc, especially in the unorganized sector, in close consultation with the industry, micro enterprises in the unorganized sector, state governments, experts and academia ▪ Further, the skill levels of persons already employed can also be tested and certified under this scheme, i.e., certification of prior/experiential learning ▪ It has provided a pathway for multiple entry and exits, as well as transforming skill development from long-term skill acquisition periods (1–2 years) to short term (about three months)
STAR schemes	▪ The Beauty and wellness sector skill council is the national body federation for the promotion and growth of the beauty and wellness industry ▪ To promote skill development in the sector, the Beauty and wellness Sector Skill Council of India participate in the national certification and reward scheme — the STAR (Standard Training Assessment and Reward) Scheme — and aims to reach out to a million youngsters ▪ The programme rewards employees undergoing training with an average reward of INR10,000 per candidate as incentive under the National Skill Certification and Monetary Reward Scheme (NSCMRS) contingent upon the candidate clearing the assessment with minimum 90 percent attendance ▪ The Government of India (GoI) plans to reimburse the training cost of the Retail Sales Associates to trainees under this scheme ▪ The programme is aimed at training workforce employed in the manufacturing and retail sectors across 200 cities in 23 states

Need for the following activities to maintain training quality

- Quality frameworks, processes, and standards in all elements of the skill development value chain
- Schemes for train-the-trainers in the beauty and wellness industry
- Quality assessments of training providers
- Constant improvement in performance based on the results of evaluation
- Link funding to outcomes and support to training providers
- A framework for incentivising good performance

Source: KPMG analysis, news articles

Training infrastructure

Few established training organisations have been seeking international accreditations to differentiate their offerings

CIBTAC (Confederation of International Beauty Therapy and cosmetology)	▪ CIBTAC is an internationally recognised brand that is valued by employers ▪ It has a certified where awards are recognized based on hours or credits. ▪ CIBTAC certification is officially accepted in 26 countries
ABTC (Association of Beauty Therapy and Cosmetology)	▪ ABTC is the Indian section of CIDESCO (Comité International d'Esthétique et de Cosmétologie) ▪ International examiners are assigned to conduct exams in India ▪ Certification offered by CIDESCO is widely accepted throughout the world
HABIA (Hair and Beauty Industry Authority)	▪ HABIA supports students with apprenticeships, training, examinations and accreditation ▪ HABIA consists of the Sector Skill Council(SSC) for hair, beauty, nail, spa, and Hair-saloon industries. ▪ They also have partnerships with member schools to conduct training sessions
ACE (American Council on Exercise)	▪ ACE is the largest nonprofit fitness certification, education and training organization in the world with nearly 50,000 certified professionals ▪ ACE is one of a few select certifying organisations in the fitness industry whose programmes have been accredited by the NCCA (National Commission for Certifying Agencies
CIDESCO (Comité International d'Esthétique et de Cosmétologie)	▪ CIDESCO was founded in 1946 and is represented by CIDESCO National Sections in 30 countries worldwide. ▪ ABTC is the Indian section of CIDESCO (Comité International d'Esthétique et de Cosmétologie)
ACEND (Accreditation Council for Education in Nutrition and Dietetics)	▪ An autonomous accrediting agency for education programmes, preparing students to be registered dieticians or dietetic technicians ▪ Although predominantly set up in the US, substantial equivalency is granted to dietetics programmes located in colleges or universities outside the US

Source: Company websites, KPMG analysis

Training infrastructure

Despite participation from organized training providers, there are several challenges associated with beauty and wellness training

Little or no premium attached to skills and training	▪ Most players prefer training their workforce in-house as currently, there is little premium attached to trained manpower ▪ Even if an employee is trained, most players re-train workforce to ensure standardization; this indicates the need to align training courses with employer requirements ▪ This creates a mismatch between entry-level employee aspirations and the industry's pay scales ▪ Course fee is moderately high, which makes it difficult for small players to send their employees for training or for individuals, generally from low-income groups, to opt for training

Non-standardisation of training curriculum and standards	▪ Types of institutes/training providers:
	  ▪ Training provided by top retail partners
	  ▪ In-house training by leading industry players
	  ▪ Government/NGO-run skilling schemes
	▪ Training in the sector is unregulated and there are no mandatory approvals required, which leads to several uncertified training organisations making quick money by training

Challenges in conducting training	▪ Training is challenging in the slimming and beauty sectors in cases where the treatments require large infrastructure ▪ Typical trainers in the sector are skilled individuals with more than 15 years of work experience. However, they lack the skill of imparting knowledge to others. Thus, training the trainers is also a challenge for these institutes
Lack of knowledge on career path among youth	▪ The sector's overall attractiveness as an employer is low. A large portion of the workforce choose this path due to lack of options. ▪ There is a significant lack of awareness among the youth on the various roles in the sector and opportunities available for each. ▪ There is no clarity on career prospects for students; shifting to another service role is possible, but pose a challenge since the knowledge and experience in this sector is technical.

Source: Primary interactions with stakeholders, KPMG analysis

There are various opportunities for people with disability in the beauty and wellness

- Leading organized players in the sector have been forthcoming in providing employment support for people with disabilities
- Players such as Blossom Kochhar's Group, Jawed Habib's Academy, VLCC Academy and several others have trained several candidates with disability to be employed in the sector or for captive requirements
- One of the main challenges in training candidates with disability is the longer training programme required to impart knowledge and practice; However, once they have been trained, they function on par with any other employee without disability
- Partially visually challenged candidates are best suited for rejuvenation services such as massages and reflexology, while those with hearing impairment are suited for a large set of roles across sub-segments. Candidates with locomotor disability are well-suited for front/back office roles, technical roles such as hair styling, beauty therapist, pedicure and manicure services

Subsector	Roles	Blindness	Low vision	Hearing impairment	Locomotors
Beauty care	Hair stylist			√	√
	Beauty therapist	√	√	√	
	Nail technician			√	√
Fitness and slimming	Personal trainer		√	√	
	Slimming therapist		√		√
	Doctor		√		√
	Nutritionist		√	√	√
	Physiotherapist		√		
Rejuvenation	Spa therapist	√	√		
	Foot reflexologist	√	√		
Support roles	Front office/receptionist		√		√
	Back office/admin		√		
	Store manager				√
	Support staff		√	√	
Corporate office	Marketing		√	√	
	Sales				
	Human resource		√		
	IT			√	√
	Finance			√	√

Recommendations for stakeholders

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High levels of *Attritions* in the beauty and wellness sector need to addressed through provision of long-term benefits

- High attrition levels across the industry, especially for entry and mid level workers. The attrition at the entry and mid levels is more than 40 percent annually, with unorganised units facing higher churn levels
- Marginally higher competition wages are a sufficient trigger for job change in entry and mid level roles. Such changes are observed to be relatively higher among employees of the native region than among the migrants
- Level of absenteeism is the lowest among the migrant workers and the highest among the native employees. Migrant employees undertake long vacation to their hometown, exceeding one-month period which is planned well in advance, sometimes affecting the continuity of job
- Non contractual labour leading to informal employment in the sector and therefore encouraging frequent and quick changes in jobs. Loyalty of the employees has traditionally been lower in this sector
- Providing long-term benefits could be a strategy to arrest attrition in the industry

Recommendation 1: Provide long-term benefits to formalise employment and reduce attrition at various levels

- Players in the sector find it difficult to identify and recruit top talent in the industry and they find it even more difficult to retain good talent
- Design long-term employment benefit schemes for employees to ensure job continuity and reduce attrition
- One of the key benefits that employees look for is training by the employers which is valid throughout the industry. Industry should formalise their in-house training and certify it
- Medical Insurance is among the most desired benefits by the employees. If not for private insurance, employers should proactively support government insurance schemes covering life and health
- Concept of paid leave under the sick leave category and personal leave is not very common in the unorganised sector

Poor Perceptions among the youth regarding career prospects in the beauty and wellness industry beyond tier 2 cities

- Increased number of jobs and preferences among entry level workers in the rest of the service industries such as retail, banking and IT
- Perception problem affects recruitment in general and specifically for the salon and rejuvenation segment
- In the upcoming retail locations for beauty and wellness, firms in the unorganised sector (and sometimes also organised sector recruit people with a minimum qualification of 8th grade to be trained for entry-level work in the industry, due to shortage of manpower

Recommendation 2: Provide long-term benefits to formalise employment and reduce attrition at various levels

- Awareness needs to be created among the school students through vocational education in the sector during secondary school education, creating awareness of opportunities in the sector. Further, inclusion of beauty and wellness in home science option can be considered
- The government must encourage beauty and wellness courses as an option in popular ITI institutes to avoid isolation of the industry-related courses

Recommendations for stakeholders

***Supply of training courses* by sector-focused training providers inadequate to meet burgeoning industry demand**

- Organised training for the beauty and wellness segment is provided only by established players such as Blossom Kochhar College of Creative Arts & Design, VLCC Institute, Jawed Habib's Hair Academy, Ananda Spa Institute
- Unregulated training providers train candidates without adequate practical training exposure. This leads to reduced standards of service in the industry

Recommendation 3: Need to increase training supply by sector-focussed training providers

- Promote training infrastructure for the beauty and wellness industry through industry players
- Support private training providers to expand capacity for training in the industry, by bringing in greater synergy between government schemes and training providers
- Incentivise industry players who offer captive training to open for retail consumption

***Provision of vocational training* for self-help groups and establishment of common infrastructure for setting up B&W services in rural areas**

- A significant part of the unorganised industry consists of self-employed workforce from a lower or a lower-middle income background
- Such candidates find it difficult to secure formal loans from institutions to pursue their entrepreneurial pursuits
- Support from government in terms of retail space and infrastructure would be of immense benefit

Recommendation 4: Impart vocational training for SHGs and establish common B&W retail infrastructure in rural areas

- Promote vocational training for self help groups in the field of beauty and wellness
- Provide common infrastructure facilities on a plug and play model for rural entrepreneurs to offer their services

Establishment of appropriate channels for *placements*

- Most of the recruitment in the sector is undertaken through NGOs or through references from already employed persons. Walk-ins are encouraged in the unorganised sector, while organised sector takes the traditional marketing route for recruitment
- Given that the channel for recruitment is very narrow, prospective employees are unaware of the existing means of entry into the sector

Recommendation 5: State/Central portal for the sector via electronic media

- A mobile application for updates on the vacancies in beauty and wellness sector in key towns and cities would be useful for the workers to locate jobs. This registry of participants from both job seekers and employers can be managed by the Sector Skills Council

Recommendations for stakeholders

Alignment of captive training initiatives with SSC Assessment and Certification providing mobility passport to employees

- Significant proportion of the training is provided in-house, either as on-the-job training or through exclusive training academies for captive absorption
- This leads to varying standards of quality and efficiency among players in the industry
- Further, there is no single entity to assess, certify and thus standardise the entire training programme for the industry

Recommendation 6: Align captive training initiatives with SSC Assessment and Certification

- Aligning captive training initiatives with Beauty and Wellness SSC's Assessment and Certification activity will provide a level-playing platform for the candidates
- This will also lead to easy mobility between organisations, from an employee perspective

Increased focus on language and communication in schooling given the deficit in soft skills in current manpower

- Current in-house training programmes are tailored for technical training and product training
- Beauty and Wellness, being a personal service industry, requires high standards of soft skills and communication skills to ensure client satisfaction
- This aspect needs greater attention from the training programme coordinators

Recommendation 7: Increased focus on language and communication

- Industry bodies to increase attention on soft skills part of the beauty and wellness industry as much as the technical skills
- Training tie-ups could be considered with leading English and Communication institutions such as the Cambridge ESOL

Development of the _Recognition of Prior Learning (RPL)_ framework

- Significant proportion of the learning happens on the job, which is difficult to quantify and certify
- Despite possessing the required skills in varying degrees of competencies, skill levels are highly under-reported
- Without formal certification of skill, workforce will not be able to demand a skill premium

Recommendation 8: Development of recognition of prior-learning framework

- Development of recognition of prior learning (RPL) framework whereby current workforce across subsectors can register and be certified by the SSC increases the employability quotient
- This will also assist employers in identifying the right candidate with the appropriate skillset

Recommendations for stakeholders

Provide incentives for employees **to undertake skill training/skill up-gradation through skill premium**

- Initial in-house training sessions are mandatory for employees in both, organised and unorganised sector. There is a lack of subsequent training programmes for skill upgrade
- In the organised segment, this shortcoming is overridden through training by product companies which seek to promote the usage of their products in the centres
- Industry does not incentivise skill upgrading, as it does not attach a significant premium to skills learnt in a training institution

Recommendation 9: Incentivise skill upgrading through skill premium

- Provide skill premium for those candidates with formal training experience
- Encourage employees to upgrade skills to remain relevant in the changing industry scenario
- Formalise the training relationship with product companies to certify and credit the employees who have undergone training

Introduction of beauty and wellness *management programmes*

- Significant part of activity in the unorganised sector is associated with entrepreneurship with predominantly women managing the beauty centres and men managing the salon centres
- Entrepreneurship requires skills in the field of business development, customer relationship management, managing operations, handling finances and such training is imparted at a relatively small scale in the industry

Recommendation 10: Training industry to introduce B&W management programmes

- Beauty and wellness management programmes can be promoted by the training institutions that offer a combination of technical and management courses
- This would aid candidates with an entrepreneurial bent of mind to establish their own enterprises and be successful at it, thereby multiplying job opportunities

Inadequate availability **of skilled trainers in the industry**

- Poor trainers' quality or lack of an adequate number of good trainers has been felt to be one of the key reasons for poor quality of training, leading to poor employment outcomes
- Constant improvement of skills in line with Indian and global standards is a pressing need, which is often ignored in the training mandate
- Only select players in the organized training segment focus on holistic training for sector

Recommendation 11: Increase supply of quality trainers for the industry

- "Train the trainer" course should be initiated on full scale to meet the demand of different institutions
- Courses for trainers to be made more scientific and methodical with structured modules and clearly defined learning outcomes for the trainers

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