

MAC in India: a rocky road or smooth ride

MAC in India

Shefali Srivastava and Bindu Singh

*Department of Management and Humanities,
Indian Institute of Information Technology Lucknow, Lucknow, India*

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Abstract

Purpose – Known for its motto “All Ages, All Races, All Genders,” MAC cosmetics reflects the brand’s commitment to inclusivity and diversity. It has been at the forefront of promoting a wide range of skin tones, ethnicities and gender identities in the beauty industry. If you have ever wondered about the secret behind the success of this mega-brand in the beauty industry, this case study aims to provide a comprehensive overview of the company’s history from its early days to the present and discusses the factors that might build or ruin a brand. Moreover, players in the industry will need to adapt to changing consumer preferences, focus on sustainability and leverage digital technologies to remain relevant and capture market opportunities. Therefore, would it be wise for MAC cosmetics to take forward their expansion plans in India, and what is the motivation behind the expansion? Alternatively, would the implementation of a proactive strategy for product innovation, combined with a stronger presence, result in a more viable and sustainable proposition?

Design/methodology/approach – This study relies on online resources for data collection. The data was collected from the secondary sources in the month of November and December 2022. Moreover, the information provided in the case study was validated and supplemented via using different websites, including the company’s website and social media profiles.

Findings – The commitment shown and the roles played will have a lasting impact on the society. Additionally, student will be able to learn when and how to seize opportunities, as well as how to manage obstacles that will arise in their entrepreneurial journey. Through this case study, they will be able to learn a variety of business strategies that can be implemented in emerging markets. The conclusion of the study provides the obstacles and hurdles faced by the industry in expanding in the Indian market. The potential solutions were made through providing information for the students, academicians, entrepreneurs and others to compete in the Indian market situation.

Originality/value – This is a real-world case that provides the audience with first-hand experience to comprehend the event and apply their knowledge to form a conclusion and is also effective for decision-making in the dynamic environment of the present day. However, the authors provide a comprehensive overview of the company’s history from its early days to the present and discuss the factors that might build or ruin a brand.

Keywords Cosmetic industry, Digital marketing, e-Commerce, Entrepreneurship

Paper type Case study

Introduction

The cosmetic industry in India has experienced remarkable growth and evolution in the recent years. It encompasses a wide range of products, including skincare, hair care, color



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cosmetics, fragrances and personal care items. The Indian cosmetic market has witnessed remarkable growth, with a market value of approximately US\$14.5bn in recent years. Factors contributing to this growth include the rising urbanization, growing middle-class population and the influence of social media, leading to increased beauty consciousness and demand for cosmetic products [1].

The Indian cosmetic market has become increasingly competitive and dynamic, with both domestic and international players striving to capture the attention of Indian consumers. Local brands have emerged and established their presence alongside global giants, offering a diverse array of products to cater to the unique needs and preferences of Indian consumers. The shift in consumer behavior has been witnessed, with a greater emphasis on personal grooming, beauty and self-care. Rising urbanization, growing middle-class population and increased exposure to international trends through media and digital platforms have all contributed to the changing consumer mindset. As a result, there is a growing demand for cosmetics that address specific concerns, provide skincare solutions and enhance personal appearance. Government policies and regulations have played a crucial role in shaping the cosmetic industry in India. The regulatory framework ensures the safety, quality and efficacy of cosmetic products, thereby safeguarding consumer interests. Additionally, initiatives like “Make in India” have encouraged domestic manufacturing and promoted the growth of indigenous cosmetic brands. The distribution and retail landscape has also evolved significantly with the advent of e-commerce platforms and the expansion of organized retail chains. This has made cosmetics more accessible to consumers across different regions of India, including Tier II and Tier III cities. The future of the cosmetic industry looks promising, with continued growth expected in the coming years. Factors such as increasing awareness about personal care, beauty standards and the influence of social media are anticipated to drive further expansion. Additionally, the demand for natural and organic cosmetics, as well as the growing male grooming segment, presents new opportunities for companies operating in the industry. These opportunities attract foreign brands to expand their cosmetic industry set-ups in Indian boundaries.

One such industry is MAC cosmetics, an international brand that also contributed to set the industry in India. But in India, the cosmetic industry is witnessing a transformative phase fueled by changing consumer dynamics, technological advancements and favorable market conditions. Being an international brand, there are several obstacles and challenges that any industry face while expanding to other countries. With a combination of local and international players, diverse product offerings and evolving consumer preferences, the cosmetic industry is poised for sustained growth and innovation in the years ahead. Notably, the question remains the same: would it be wise for MAC cosmetics to take forward their expansion plans in India, and what is the motivation behind the expansion? Alternatively, would the implementation of a proactive strategy for product innovation, combined with a stronger presence, result in a more viable and sustainable proposition? Therefore, this study untangles the roadmap to provide the solution for the mentioned question and describes the journey of the MAC cosmetics along with the challenges and obstacles one should take care of while setting industries within international boundaries.

Industry overview

MAC cosmetics, known as MAC, is a Canadian cosmetics brand started in 1984 in Toronto by Frank Toskan (a makeup artist and a photographer) and Frank Angelo (a salon owner). Initially, the duo operated out of the kitchen of Angelo’s hair salon, with

Toskan as creative director and Angelo as marketing director. Furthermore, with the help of Toskan's future brother-in-law and chemist, Vic Casale, the team created their first lipstick, Flamingo, inspired by a pink Crayola crayon. After which, the lipstick line quickly extended to include twenty-three crayon-inspired colors and a spectrum of pencils, bases and powders.

As news of the high-quality items spread, beauty professionals in the USA and Canada started selecting MAC's dazzling colors for their makeup kits and spreading their clientele, including pop icon Madonna, about the product. In 1982, Toronto saw the opening of the first MAC (Paswan, 2022). Pro store, designed as a venue for makeup artists to trade advice, portfolios and bulk purchases. At first, the goods were designed for makeup artists but were later sold to consumers. In a press release for his company, Frank Toskan noted that "he initially created makeup for models, but then the models wanted this makeup for their sisters, friends, etc.". In the midst of the acquired immune deficiency syndrome (AIDS) [2] crisis in 1985, New York City's West Village hosted the inauguration of Mac Cosmetics' first brick-and-mortar location.

Moreover, the business quickly gained notoriety among the locals, drag queens and eccentrics in the beauty world for its daring approach to makeup artistry. Additionally, Lady Bunny, a drag performer, was engaged to work the door! It was the first company in the history of cosmetics to engage in the education and training of its personnel. It hired workers with striking hair colors, body piercings and tattoos. MAC ranked 74th in the global top 100 brands presented comparably in 2021 and 14th in the fashion and beauty industry [3].

At its peak in the 1990s, MAC cosmetics had more than 100 locations across the globe and was bringing in over 200 million Swiss francs [4] annually. The primary reasons behind the success of the brand and made products hit on every continent were modifications of brand expansion, localizing products and expanding distribution. While the founders maintained creative control, Estée Lauder Companies purchased 50% of the company's shares in 1994 and started running the business. Later, Toskan and Angelo created Russian Red in response to Madonna's desire for a lipstick that would endure throughout a performance. After this, it became a phenomenon, and celebrities like Michael and Latoya Jackson frequented the store. Furthermore, in 1994, MAC introduced the Viva Glam line and advertising campaign (DSIM, 2016). Until this day, all proceeds from sales of the burgundy Viva Glam lipstick donated to the MAC AIDS Fund were modeled by drag superstar RuPaul.

In 1997, a tragedy happened: Frank Angelo suffered a heart arrest and died, and Frank Toskan sold his share and departed the company. After this, Estée Lauder Companies acquired MAC, which was generating \$250m [5] in annual revenue at the time. In September 2010, the brand was close to getting into trouble over the planned release of MAC Rodarte, a collaboration with the Ciudad Juárez-based fashion label Rodarte. Violence against women was a big problem in the area, so MAC pulled the line before it went on a sale and instead started a charity that raised an estimated \$3m in two years. In partnership with Selena Quintanilla Perez, MAC cosmetics released "MAC Selena" in September 2012, and the sale showed a positive response. The brand stocked again in December 2016, and in response to the collection's high demand, it became the best-selling celebrity collection in cosmetics history. The products like eye shadows, blush, mascara, eyeliner, gloss and lipsticks were the items Selena would have personally worn and that Latinas also looked stunning. Prior to this collection, which was created by Latinas, for Latinas, MAC had worked with celebrities like Ellie Goulding and Rihanna.

MAC – in India

India has been one of the best primary platforms to inaugurate the brands for cosmetic industries, as it comes under the leading markets for the product. Keeping this view in mind, MAC debuted its first store in India in 2005. From India, MAC cosmetics approached Bhumi Pednekar, a Bollywood actress, as a brand ambassador of MAC. According to Karen Thompson, brand manager at MAC cosmetics India, choosing Pednekar as its brand ambassador was calculated to increase the market share and win over millennials. “In the best way conceivable, Bhumi Pednekar is a driver of change. We at MAC also lead to disruption. She loves makeup, one of the main things that drew us to her. She feels so passionately about it. She provides many grounds to think she is MAC’s ideal match (Purandare, 2021).

After being a part of the MAC move, Pednekar believed the collaboration further revolutionized and reshaped the cosmetics industry. In a Forbes interview, she stated, “Beauty is meant to be open and welcoming of all people. . . You should feel more at ease after using it. Being confident in and appreciative of your individuality is at the heart of true Beauty. This is not about trying to hide your imperfections. The essence of Beauty is in the acceptance and embrace of one’s quirks. ‘That’s what MAC stands for.’

Indian market perspective

For the past few years, the Indian beauty industry has been a rapidly growing market worldwide. Considering India’s population of over a billion people and its increasing purchasing power, it is widely regarded as one of the most attractive markets for multinational corporations. Despite this expansion, Indian businesses that aim to break into this sector face several obstacles. In recent years, the Indian beauty sector has seen widespread mergers and acquisitions as multinational corporations scramble to get a piece of the lucrative pie. This has led to a more competitive market where many smaller competitors struggle to stay competitive and expand their businesses. In light of this, this case study highlighted some important points for newbies wishing to enter or increase their presence within the Indian beauty market to help them navigate this increasingly competitive landscape. The Indian cosmetics industry has a promising future, but newbies must ensure they have a fair chance at success.

Due to India’s burgeoning middle class, the Indian cosmetics business is expanding at an alarming rate. Although the industry has expanded, it has not been without cost. Issues such as low production value, poor-quality products and a lack of transparency have afflicted the sector. Because of the mentioned issues, numerous entrants have been discouraged from entering the profession. However, as we have seen in other industries in India, such as software development and engineering, there are methods for new entrants to influence the market without committing a substantial amount of capital. According to Euro Monitor International (2010), the market is anticipated to expand over the following five years at a compound annual growth rate of 6.7%. Boosts in consumer confidence, discretionary income and skin care product knowledge have contributed to this expansion. In fact, during the following five years, it is anticipated that the Indian cosmetics market will demonstrate clear signs of an increase. By 2024, the market is anticipated to be worth \$1bn. Due to its enormous population base, India’s cosmetics business has attracted homegrown brands and the multinational ones currently dominating it.

Brand positioning

The brand positioning of MAC cosmetics can be summarized by its unique blend of qualities and attributes that distinguish it from other makeup brands. Below is an overview of MAC’s brand positioning:

- Professional quality: The industry positions itself as a brand that offers professional-grade makeup products accessible to everyone. While it originated to serve makeup artists and professionals, MAC has successfully expanded its appeal to a broader audience. It communicates that you do not need to be a makeup artist to use high-quality makeup products.
- Diversity and inclusivity: A cornerstone of MAC's brand positioning is its commitment to inclusivity and diversity. The brand celebrates and caters to people of all ages, races and genders. By providing an extensive range of shades that suit various skin tones, MAC sends a message of acceptance and representation.
- Trendsetting and innovation: The brand is often associated with being at the forefront of makeup trends and innovations. MAC introduces new and innovative products, textures and color ranges that cater to the evolving demands of the beauty industry. This positions the brand as a leader in setting and predicting beauty trends.
- Social responsibility: Through initiatives like the MAC AIDS Fund, the brand positions itself as socially responsible. This commitment to giving back and supporting important causes aligns with the values of consumers who are conscious of brands' ethical and social contributions.
- Retail and customer experience: MAC stores and counters provide a personalized and immersive shopping experience. The brand's makeup artists are trained to assist customers with product selection and application techniques, creating a strong connection between the brand and its customers.

In essence, MAC cosmetics positions itself as a brand that stands for inclusive self-expression, professional-quality makeup, trendsetting innovation and social responsibility. Its ability to combine these elements has solidified its status as a leading and influential player in the beauty industry.

Social media campaigns

MAC cosmetics is known for its engaging and creative social media campaigns that reflect its brand values of inclusivity, creativity and self-expression. For instance, #MyArtistCommunity campaign was launched to showcase the diverse talents of makeup artists around the world. The campaign involved collaborations with both established and emerging artists, allowing them to share their unique styles and techniques. MAC reposted and highlighted these artists' work on their social media platforms, celebrating their creativity. VIVA GLAM campaign is an ongoing initiative that promotes the brand's philanthropic efforts in the fight against HIV/AIDS. MAC collaborates with celebrities to create limited edition VIVA GLAM lip products, and all proceeds from the sales go toward the MAC AIDS Fund. This campaign not only raises funds but also spreads awareness about the cause. Moreover, the #MACSelfie campaign encouraged its customers to share their makeup looks and selfies using the hashtag #MACSelfie. This campaign celebrated individuality and the various ways people use MAC products to express themselves. Apart from these, there were other campaigns launched by MAC cosmetics to encourage customers and promote the cosmetic brand, which includes MAC Art Library, #MACLovesLips, MAC Backstage, MAC Pride Campaigns and MAC Lunar New Year. It uses its social media platforms to engage with its audience, showcase makeup artistry, promote its products and communicate its brand values. Each campaign reflects the brand's dedication to creativity, self-expression and embracing a wide range of identities and styles.

Celebrity endorsement

MAC cosmetics has a history of collaborating with a diverse range of celebrities, artists and influencers from various industries. These collaborations have often resulted in limited edition makeup collections or campaigns that showcase the unique style and personality of the endorsers. A few notable celebrity endorsements by MAC were with RuPaul, the iconic drag queen and host of “RuPaul’s Drag Race,” Lady Gaga, Rihanna, Nicki Minaj, Caitlyn Jenner, Selena Quintanilla, Mariah Carey, Aaliyah, Teyana Taylor and Taraji P. Henson. These are just a few examples of MAC’s celebrity collaborations. Each partnership reflects the brand’s commitment to diversity, individuality and creativity while creating products that resonate with a wide range of audiences.

Customer engagement and retention schemes

MAC cosmetics uses various customer engagement and retention strategies to maintain a loyal customer base and foster strong relationships with its clientele [6]. Here are some of the key initiatives the brand uses:

- **MAC loyalty program:** MAC offers a loyalty program called “MAC Lover,” which provides members with exclusive benefits, rewards and early access to product launches. Members earn points with every purchase, which can be redeemed for free products. This program incentivizes repeat purchases and fosters customer loyalty.
- **Personalized offers and recommendations:** MAC uses customer data and purchase history to provide personalized product recommendations and offers. Tailored suggestions make customers feel understood and valued, encouraging them to explore new products while staying engaged with the brand.
- **Exclusive product launches:** MAC frequently releases limited edition and exclusive products. Offering these products to loyalty program members or long-time customers before the general public creates a sense of exclusivity and incentivizes customer engagement.
- **Social media engagement:** MAC actively engages with customers on social media platforms by responding to comments, reposting user-generated content and featuring customer makeup looks. This interaction builds a sense of community and encourages customers to share their experiences with MAC products.
- **Influencer collaborations:** Collaborating with makeup artists, influencers and beauty bloggers for product launches and tutorials helps MAC tap into their followers’ audiences and engage with new potential customers.
- **User-generated content campaigns:** MAC encourages customers to share their makeup looks using MAC products with specific hashtags. They may feature select user-generated content on their official social media accounts, recognizing and celebrating their customers’ creativity.
- **MAC cosmetics workshops:** MAC stores often host workshops and tutorials where customers can learn makeup techniques and try products. These events not only educate customers but also provide an opportunity for in-person engagement. MAC’s approach focuses on creating a sense of community, offering unique benefits and enhancing the overall customer experience. By combining loyalty programs, personalized interactions and engaging events, the brand aims to keep customers connected and returning for more.

Detail product innovations

MAC cosmetics is known for its consistent innovations in the makeup industry. Over the years, the brand has introduced several product innovations that have contributed to its popularity and reputation. Here are some notable product innovations from MAC: Studio Fix Fluid Foundation, Lip-gloss, Pro Longwear Concealer, Retro Matte Lipstick, Powder Blush in “Fleur Power”, Fix+ Setting Spray, MAC Viva Glam Lipsticks, Extra Dimension Skinfinish Highlighters, Strobe Cream, Powder Kiss Lipstick and others. [7] These are just a few examples of MAC’s product innovations. The brand’s commitment to staying ahead of trends and creating products that cater to a diverse range of consumers has solidified its position as an industry leader in makeup innovation.

Challenges and potential solutions

The cosmetic industry faces the challenge of continuously innovating and developing new products to meet evolving consumer demands. With increasing competition, companies need to invest in research and development to create unique and effective formulations. Because of being highly competitive, the cosmetic industries with numerous players vying for market share. Another obstacle is price sensitivity, which is a significant challenge in the cosmetic industry, particularly in emerging markets like India. Consumers often prioritize affordability over premium products, making it challenging for companies to maintain profitability while catering to price-sensitive customers. There is a growing consumer preference for natural and organic cosmetic products due to increased awareness about sustainability, health concerns and environmental impact. The cosmetic industry is subject to regulatory frameworks and standards to ensure product safety, quality and labeling. Complying with these regulations can be complex and time-consuming. Educating consumers about product ingredients, their benefits and potential risks is crucial. Lack of awareness and misinformation can impact consumer trust and purchasing decisions.

Potential solutions

Investing in robust research and development capabilities can help companies stay ahead by developing innovative products that cater to specific consumer needs. Collaboration with research institutions and technology-driven approaches, such as leveraging artificial intelligence and data analytics, can aid in product development and customization. Developing a strong brand identity and value proposition can help companies differentiate their products from competitors. Building strong customer relationships through personalized marketing, effective branding and unique packaging can also help create a loyal customer base. Offering a range of products at different price points can help companies cater to diverse customer segments. Companies can also focus on cost optimization strategies, such as streamlining supply chains, improving operational efficiencies and exploring strategic partnerships to reduce production costs and offer competitive pricing. Companies can invest in research and development to develop natural and organic product lines. Obtaining certifications from recognized organizations that validate the authenticity of organic products can help build trust with consumers. Transparent labeling and effective communication about the use of natural ingredients can also help companies meet consumer expectations. Staying updated with regulatory changes and working closely with regulatory authorities can help companies navigate compliance requirements. Building robust quality control systems, conducting thorough testing and maintaining detailed documentation can streamline the regulatory compliance process. Companies can invest in consumer education initiatives through social media, websites and product packaging. Providing clear and transparent information about product ingredients, their sourcing and manufacturing processes can help build trust and inform consumers about the

benefits of their products. Overall, addressing these challenges requires a proactive approach, investment in research and development, strategic marketing, efficient operations, compliance with regulations and an emphasis on consumer-centric approaches. By embracing these potential solutions, companies can navigate the dynamic landscape of the cosmetic industry and stay competitive. However, instead of addressing these challenges and solutions, the success and sustainability of MAC cosmetics in Indian market remains a big question.

Conclusion

The demand for natural, ecological and ethical beauty products has seen an upsurge due to a client base that is more developed, knowledgeable and discriminating. The value offered by MAC cosmetics aligned very well with the prevailing trend. The effective expansion of the MAC brand may be attributed to the high demand seen in metropolitan areas, as well as Tier I and II cities and other regions. Enhancing MAC's offline presence might potentially lead to a substantial increase in its worth, reaching billions. The corporation has several retail establishments and intends to expand its network with more locations by the conclusion of 2025. The rationale for adopting an assertive offline strategy stemmed from the recognition that a significant portion of consumers continued to exhibit a preference for doing transactions in physical locations in addition to using direct-to-consumer and e-commerce channels. The top 100 smart cities in India have shown significant progress and have thus been favored for transitioning to an offline mode. Throughout and after the epidemic, the implementation of lockdowns, closures, restrictions on movement and the practice of social distance have once again compelled individuals to engage in internet shopping. According to scientific assessments and projections, there was still an imminent third wave. Given the prevailing conditions, would it be wise for MAC cosmetics to take forward their expansion plans in India, and what is the motivation behind the expansion? Alternatively, would the implementation of a proactive strategy for product innovation, combined with a stronger presence, result in a more viable and sustainable proposition?

Notes

1. This case is written on the basis of the published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of MAC cosmetics or any of its employees.
2. AIDS: acquired immune deficiency syndrome is a chronic immune system disease caused by the human immunodeficiency virus (HIV).
3. www.comparably.com/brands/mac-cosmetics.
4. Swiss Franc is the currency. 1 Swiss Franc=89.04 Indian Rupee
5. \$(Dollar) is the currency. 1USD = 82.47 Indian Rupee
6. www.harpersbazaar.com/beauty/makeup/a38579941/cher-mac-campaign-interview/
7. www.maccosmetic.in

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About the authors

Shefali Srivastav is working in the area of entrepreneurship and sustainability research and projects. She is pursuing her PhD in the area of entrepreneurship and sustainable development from Indian Institute of Information Technology, Lucknow, Uttar Pradesh, India. Shefali Srivastava is the corresponding author and can be contacted at: shefalisrvt@gmail.com

Dr Bindu Singh has published articles in *Journal of Business Ethics* (Financial Times 50 Ranking, ABDC, (A category) SSCI: 6.4, Springer Publications), *Journal of Organizational Change Management* (ABDC, SSCI: 2.2, Emerald Publications), *Global Business Review* (ABDC, Scopus, Sage Publications) and few more. She has also published two book chapters in Springer Publications and attended various reputed International and National conferences. Bindu Singh is the corresponding author. She is PhD in Human Resource Management from Indian Institute of Technology, Roorkee, India and MBA in Human Resource Management and Information Technology from Gautam Buddha Technical University, Lucknow, Uttar Pradesh, India. Her research interests include strategic management, intellectual capital, knowledge management, dynamic capability, learning culture, creativity and innovation, leadership and corporate social responsibility.

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