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Sustainable Scaling of Small Cosmetic Brands in India: A Comparative Analysis of Capability Gaps and Platform Strategies

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Abstract: The Indian cosmetics market, worth 1billion INR as of 2025, has undergone a transformative change with the e-commerce and omnichannel platforms that have made the breakthroughs. Brands such as Nykaa and Tira have set the market pace with their advanced business models and robust infrastructure. The small cosmetic brands have critical issues in scalability such as weak visibility, weak logistics, little technology adoption and lack of omnichannel integration. The study compared the business modes of Nykaa and Tira using a comparative approach, discussing market place inventory-based, direct-to-consumer, and omnichannel models to identify scalable pathways of adaption, and found that the main capability gaps were of 2.7 points (57% deficit) on average, with omnichannel integration posing the worst gap at 4.0 points. The analysis suggested a scalable hybrid approach to strategy development as the capability gap had critical common elements including selective market place participation, D2C excellence and partnership based presence.

Keywords: Small Brands, Cosmetic Brand, Scalability, Gap Analysis, Omni-channel model, Small enterprises

Introduction

Online shops and hybrid online-offline models are defining how businesses are done, as the small brands attempting to grow seek to understand how to operate with limited budgets, incur higher shipping costs due to poor distribution networks and lack of linking online and bricks-and-mortar experiences. The emergence of ecommerce platforms and omnichannel retail ecosystems has also become the growth engine of the transformative growth of the Indian cosmetics. The small cosmetic players, such as Days Ahead and Molekulaire, have some fundamental scaling challenges such as little brand awareness, inefficient logistics that add 50-100% to delivery expenses, limited technology adoption, which restricts personalization and CRM, and absence of omnichannel integration, which removes physical trial opportunity all of which are critically important in experiential beauty categories. This paper aims to compare between Nykaa, Tira, Days Ahead and Molekulaire, and explore how the small cosmetic companies can adopt some useful practices of big players to stay competitive in the market.

Industry Overview

The Indian cosmetics and beauty sector has witnessed a booming growth, having grown by 95,000 crores in 2020 to an approximate 1,50,000 crores by 2025, with the major drivers of the growth being the digital transformation, increased disposable incomes, and changes of consumer preferences to higher-end and specialized products. The use of e-commerce platforms and omni-channel retail ecosystems has changed the dynamics of the industry fundamentally and the organized players such as Nykaa and Tira incorporate well-developed marketplace model, technology infrastructure and wide distribution networks to establish market dominance and enable the rise of direct-to-consumer brands in the cosmetic industry. The digital platforms are also a kind of scaling of the brand with fewer entry barriers, the possibility of direct interaction with the customer, and data-driven personalization, and social media and the use of influencer marketing are now the most important channels of customer acquisition and brand building. Small cosmetic brands however have severe scalability issues such as lack of brand awareness, insufficient access to sophisticated technology and logistics infrastructure, capital limits on marketing investments, and lack of omni-channel integration, which pose significant capability gaps relative to the established platforms. These structural drawbacks require the implementation of strategic business model change that will allow the resource-constrained brands to utilize the successful strategies used by the organized platforms and consider the inherent capital and operational constraints.

Sustainability and New Sustainable Cosmetic Company

Sustainable brands such as Ruby's Organics, Typsy Beauty, Earth Rhythm, Kiro Beauty, and Pahadi Local have been developed in the Indian cosmetics industry that incorporates eco-friendly products, packaging, and ethical sourcing in line with United Nations Sustainable Development Goals. These brands have direct links to SDG 12 (Responsible Consumption and Production) in the form of sustainable resource management, less usage of chemicals and adding more policies of the circular economy such as recyclable packaging and minimum waste. Also, they contribute to SDG 9 (Industry, Innovation, and Infrastructure) by facilitating sustainable and inclusive industrialization by favoring innovative approaches to natural formulations, open supply chain strategies, and just cooperation with local suppliers of ingredients. The sustainability positioning, however, comes with special scalability issues because, the eco-friendly sourcing of ingredients is generally costlier, sustainable packaging is also more expensive to operate and transparent supply chains require strong systems that are typically well beyond the resource limitations of the brand. These green brands experience a multiplied set of issues of a combination of sustainability pledges and the normal limitations of small-scale brands such as low visibility, insufficient logistics infrastructures, and capital limitations, that require strategic frameworks of business models that allow the realization of sustainability goals and commercial viability through capital-efficient adjustments of successful platform approaches

Literature Review

The emergence of ecommerce platforms has radically transformed the Indian beauty industry with the introduction of scalable business models, which integrate technology, logistics, multibrand ecosystems, and organized marketplaces. In the case of Nykaa, as examined by Krishna and Arora (2022), as the company evolved into an omnichannel platform in India, the marketplace model enabled the company to grow exponentially due to network effects, i.e. the more brands a company possesses, the higher the number of customers who are attracted to it. Omnichannel retailing integrates physical and digital touchpoints to create a seamless customer experience and strengthen competitive positioning across channels (Verhoef et al., 2015). The evolution from multichannel to omnichannel retailing reflects increasing integration of customer interaction points and coordinated retail strategies across platforms (Beck & Rygl, 2015). D2C cosmetic brands significantly rely on founder-led authenticity, personalization, and niche positioning to compete against large retail ecosystems (Blázquez, 2014; McKinsey & Company, 2023). Platform-based beauty retail demonstrates winner-take-most dynamics driven by network effects and integrated omnichannel infrastructure (Gielens & Steenkamp, 2019). Their analysis demonstrates that the success of Nykaa is driven by a diverse product (3,000+ brands) offering content based authority via editorial platforms, investments in technology and the creation of their own labels which maximize the margins.

Today the digital outreach and the partnership with influencers define the appearance of beauty companies and attract their clientele. Poswal and Tanwar (2024) also claim that sharing information, communicating with platforms, and managing personal online presence are among the practices that influence about two thirds of the decisions millennials make when purchasing cosmetics unexpectedly, descriptions about chemical makeup are better than sales-focused ads at generating trust. Shadiya M. S. and Chitra (2025) also discovered that smaller influencers whose small following will result in real responses and real purchases rather than big-name influencers since individuals feel that their suggestions are authentic; organic discovery will reduce the cost of identifying purchasers by a significant margin, particularly helping labels that do not have fame in the background.

Platform-based business models bring unique advantages such as large third-party participation and scalable network effects (Parker et al., 2016). Technological integration, unified customer engagement and operational coordination are key success factors driving omni-channel intigration (Piotrowicz & Cuthbertson, 2014). Advanced retail technologies such as AI-enabled recommendations and digital customer interfaces significantly influence customer experience and retention (Roggeveen & Sethuraman, 2020). Although previous studies provide valuable insight about the functioning of platforms and the mechanisms of digital marketing as well as how consumers feel, there is one significant lack, namely that there is no experimentally tested framework that adapts the strategies of big platforms to small brands. Previous literature analyzes primarily established companies or personal strategic decisions without including a comprehensive comparison to identify deficiencies in skills or develop feasible plans to adjust. This paper picks up where others falter as it compares Nykaa and Tira to smaller players such as Days Ahead and Molekulaire through clear structures of identifying differences, then to develop flexible blueprints that puts emphasis on cost-aware expansion and development of stronger capacities in the long run.

Research Methodology

The present research is based on a qualitative, comparative and exploratory research strategy to analyze business models, as well as to determine gaps in strategic capabilities between high-profile platforms (Nykaa, Tira) and small cosmetic brands (Days Ahead, Molekulaire). The study analyzes four brands as a sample of various strategic lenses such as omnichannel integration, technology implementation, marketing capacities, logistics network and positioning in the marketplace through comparative case study. Data were largely collected from websites, published case studies, academic journals, industry reports and publicly available financial reports to derive a broad-based picture of organizational strategies and operating capabilities. The specific objectives of the study included the following:

- To discuss the business models, marketplace, inventory led, direct to consumer(D2C) and omni-channel approaches to business that are present at Nykaa and Tira and identify the key success factors that allow them to be scalable and dominant in the market.
- The prime objective is to compare organizational competencies between Nykaa, Tira, Days Ahead and molekulaire and assess the variations in the use of technology, marketing performance, logistics, and omni-channel.
- To determine the strategic ability differences between large organized platforms (Nykaa, Tira) and small cosmetic brands (Days Ahead, Molekulaire) with the aid of systematic gap analysis based on capability maturity assessment.
- To assess approaches used by Nykaa and Tira that improve visibility, customer acquisition, operative efficiency and competitive positioning in the Indian cosmetics market.
- To create a generalized business model framework and 18- month implementation roadmap specifically to be implemented on small cosmetic brands, with special focus on capital efficiency, progressive capability building and hybrid channel approaches.

The analytic scheme comprises four integrated parts: the business model analysis evaluating the D2C, inventory-led, marketplace and omni-channel approaches; the competitor analysis evaluating the strategic positioning and the scale of operations; and the structured gap analysis that is based on the 5 point capability maturity scale, where 5= Industry Leading (fully developed, benchmark excellence) , 4= Strong (well developed , with minor limitations) , 3 = Moderate (functional but limited capability) , 2 = Weak (basic capability with major limitations), and 1= Very Weak(minimal or nothing). The framework was conceptually adapted from capability maturity and benchmarking literature (Paulk et al., 1993; Camp, 1989) and operationalized using observable secondary indicators derived from publicly available sources

Benchmark scores are used as the industry standard capability reference, hence, they are calculated in the following way: Benchmark Score = (Nykaa Score + Tira Score)/2. Gap differences Gap Difference = Benchmark Score - Small Brand Score, which measures capability deficits and the gap is indicated by 01 (a low gap), 12 (a moderate gap) and 24 (a high gap), which need to be strategically addressed. This methodology provides foundation of the construction of scalable business model structures by pinpointing major sources of adaptation that can help transfer the platform success factors into resource constrained settings.

Data Analysis and Interpretation

Business Model Analysis

Competitive advantage in the Indian beauty and personal care industry is becoming more business model architecture and less product differentiation. Scalability, capital stability, margin structure and long-term sustainability directly depend on structural decisions in terms of distribution design, inventory ownership, channel integration and customer relationship management.

The four primary business models analyzed below include omnichannel, inventory led, marketplace and direct-to-consumer (D2C). The D2C model focuses on direct customer ownership and data control; the Inventory-led model focuses on procurement control and maximizing the margin; the Marketplace model leverages platform aggregation and network effects; and the Omnichannel model integrates physical and digital touchpoints to enhance the depth of experience.

In this section, structural tradeoffs and strategic implications of big platforms and new specialized brands are recognized through the analysis of these models in the context of scalability processes, the risk exposure, capital requirements and customer acquisition economics.

Marketplace Model Analysis

The cosmetics industry is a platform based ecosystem where marketplace business model works where the central operator connects customers to different brands and is paid commission based on transactions. Since more customers are attracted to larger brands and more platforms can be scaled as a result of using the brand, such a model creates value due to network effects (Verhoff et al., 2015). Marketplace platforms provide operational services such as payment services, logistics, and customer support, and do not only provide centralized product discovery but also guarantee authenticity. Whereas platforms deliver effective growth through the use of common technology and resources between several brands, the new features allow brands to access greater numbers of customers without incurring major infrastructural costs.

Usage of Marketplace Model by Select Cosmetic Brands

Nykaa

The major beauty ecommerce marketplace in India is Nykaa, which enables the operations of 3,000+ third party brands in 150,000+ SKUs and operates its own brands (Nykaa Cosmetics, which provide 1520% of income). The 7580% of the gross merchandise value in marketplace commissions is combined with the business model that provides end-to-end infrastructure support in logistics (6+ fulfilment centres), technology (ML driven recommendations, AR tryon), and customer reach (25+ million registered users). Nykaa has achieved maturity in its marketplace business because it has been diligently working on the optimization of its business in the past decade and has created competitive barriers that cannot be overcome due to network effects, data benefits, and the brand positioning as the beauty destination in India.

Tira

Tira is also less of a commission based marketplace and more of a curated multi-brand retail play, with the business model being to buy in bulk the products of 500+ high-end brands and sell at a retail mark (gross margin of %). Despite the marketplace infrastructure that is present through the technological strengths of Reliance, Tira is laying more emphasis on inventory driven positioning with heavy weight on high-end curation and shopping experiences (6080 stores within two years of its postlaunch operational performance). Some important differentiators are also present in the Reliance ecosystem integration, including cross platform promotion on JioMart, JioSaavn, and JioCinema properties, unified loyalty program through Reliance One, and superior logistics infrastructure, but the marketplace seller ecosystem remains in its infancy in comparison to Nykaa.

Days Ahead

Days Ahead is a single brand business with proprietary clinical hair care products (45 SKUs between 799 and 1998) through the proprietary ecommerce platform (daysahead.in). The brand lacks any marketplace platform features, and third party sales are not allowed, and it is not biased toward any of the major marketplaces (teasing little to no presence on the Nykaa and Amazon marketplaces at the time of analysis). The D2Conly business model is the most sustainable in terms of gross margin (4555% gross margins vs. 3040% after marketplace fees), and customer data ownership to track clinical progress but the most restrictive in terms of brand discovery, credibility, and geographical reach.

Molekulaire

Molekulaire is a pureplay and fully D2C skincare dermatology brand that is sold exclusively by molekulaire.com, and does not have features of a marketplace platform or third party selling of the brand. The focus on owned channel sales is explained by the need to maintain the margins, the intimacy of customer relationships that allows engaging in personalized consultations and medical differentiation, yet at the expense of marketplace discovery benefits which are approximated 1020K monthly website traffic vs 70+ million generated by Nykaa.

Table 1: Marketplace Model Comparison Table

Parameter	**Nykaa**	**Tira**	**Days Ahead**	**Molekulaire**
Marketplace Model Type	Platform Owner, Marketplace + Private Label	Curated Retail & Emerging Platform	Pure D2C Brand (Seller Only Potential)	Pure D2C Brand (Seller Only Potential)
Marketplace Ownership	**YES,** Operates India's largest beauty marketplace	**YES,** Owns Tira platform (primarily retail, marketplace ready infrastructure)	**NO** Product brand only	**NO** Product brand only
Third Party Brand Selling	**YES** 3,000+ brands, 150,000+ SKUs via marketplace	**NO** (currently inventory-led wholesale model, not seller marketplace)	**NO** Single brand (Days Ahead only)	**NO** Single brand (Molekulaire only)
Platform Scalability	**5/5** Fully developed marketplace with network effects, technology infrastructure, national logistics	**4/5** Strong infrastructure via Reliance, rapid store expansion, ecosystem integration; lacks marketplace maturity	**2/5** D2C website scalable but limited; no marketplace leverage; manual operations	**2/5** D2C website operational; limited automation; no marketplace presence
Marketplace Integration Capability	**5/5** Core business model is marketplace; 75-80% GMV from third party sales	**2/5** Currently wholesale retail; minimal marketplace dependency	**1/5** Zero marketplace dependency; 100% D2C self-sufficient	**1/5** Zero marketplace dependency; 100% D2C

Source: Author compilation

Inventory Model Analysis

The inventory-led business model in the cosmetic industry involves the purchase of products from the manufacturer and channeling to the consumer through retailer, thus earning revenue through retail margins while incurring all the risks associated with inventory (Beck and Rygl, 2015). This business model provides for better pricing, product, and service control, while allowing for the selection and quality control of products. The model, despite being capital intensive, ensures higher profit margins, exclusive brand partnerships, and improved customer experience through immediate product availability.

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Table 2: Inventory Model Comparison Table

Parameter	Nykaa	Tira	Days Ahead	Molekulaire
Inventory approach	Selective (private labels only, 15-20% of business)	Comprehensive (wholesale model, 85-90% of business)	Complete (single brand, 100% owned inventory)	Complete (single brand, 100% owned inventory)
Estimated inventory value	150-250 Cr INR (private labels only)	200-400 Cr INR (full portfolio)	15-30 L INR	20-40 L INR
Inventory turnover (annual)	8-10x (efficient)	6-8x (moderate)	6-8x (moderate)	5-7x (Low)
Working capital intensity	Low (only 15-20% inventory based)	High (wholesale model)	Moderate (limited scale)	Moderate (limited scale)
Gross margin on inventory	% (private labels)	% (wholesale markup)	45-55% (direct retail)	45-55% (direct retail)
Inventory risk exposure	Low (diversified, limited exposure)	High (substantial capital tied up)	Moderate (absolute amounts small)	Moderate (cash flow constrained)
Stock-out management	<2% (sophisticated systems)	<3% (Reliance infrastructure)	5-8% (acceptable tradeoff)	5-10% (cash preservation priority)

Source: Author compilation

Direct to Consumer (D2C) Model Analysis

The Direct to Consumer (D2C) business model strengthen brands reach the end-consumer directly through own digital platforms, bypassing the middlemen and also having complete control over the operations (Blazquez, 2014). Although requiring steeper upfront customer acquisition costs (800-1,500 INR), D2C strategies offer better unit economics due to margin maximization and direct customer engagement for retention optimization via email marketing, loyalty programs, and subscription services.

Table 3: D2C Model Comparison Table

Parameter	Nykaa	Tira	Days Ahead	Molekulaire
D2C revenue contribution	50-60% (hybrid model)	85-90% (early stage)	95-100% (pure D2C)	95-100% (pure D2C)
Technology sophistication (15)	5 (ML, AR, proprietary)	4 (Reliance infrastructure)	2 (basic Shopify)	2 (basic platform)
Personalization capabilities (15)	5 (behavior-driven)	4 (platform-enabled personalization)	1 (minimal)	1 (minimal)
Mobile app presence	Yes (iOS + Android)	Yes (iOS + Android)	No	No
Content marketing maturity (15)	5 (authority established)	3 (growing)	2 (limited)	2 (basic)
Marketing automation (15)	5 (advanced segmentation)	4 (sophisticated)	2 (basic flows)	2 (semiautomated)
Customer acquisition cost	₹300-700 (organic-heavy)	₹400-800 (ecosystem leverage)	₹1,200-1,500 (paid, dependent)	₹1,200-1,500 (paid, dependent)

Source: Author compilation

Omni-channel Model Analysis

To guarantee a flawless shopping experience, the omnichannel business model integrates multiple customer contact points, including websites, mobile applications, physical stores, marketplaces, and social media, into a single system (Verhoef et al., 2015). The omnichannel business model, in contrast to the multichannel business model, enables the integration of pricing, inventory, and customer data across all points of contact, enabling flexible buying choices like both online and offline product browsing. The experiential nature of the products, which blends offline product experience with online convenience, makes the omnichannel business model the most successful in the cosmetics sector. Additionally, the omnichannel business model requires a lot of technology, making it unsuitable for small businesses.

Table 4: Omni-channel Model Comparison Table

Parameter	Nykaa	Tira	Days Ahead	Molekulaire
Channel presence	Website + App + 130+ stores + Marketplaces	Website + App + 60-80 stores (leverage through Reliance store presence across the geographies)	Website only	Website only
Physical retail footprint	130+ stores (Luxe + standard)	60-80 premium stores	None	None
Mobile app	Yes (native iOS + Android)	Yes (native iOS + Android)	No	No
Click and collect availability	Yes (all stores)	Emerging	Not applicable	Not applicable
Unified inventory management	Yes (realtime synchronization)	Yes (Reliance systems)	Not applicable	Not applicable
Cross-channel loyalty integration	Yes (Nykaa Prive unified)	Yes (Reliance One ecosystem)	No formal program	No formal program
Omni-channel maturity (15)	5	4	1	1

Source: Author compilation

Competitor Analysis

The competitive landscape of cosmetic brands in India may be described as fast-paced, niche-oriented and largely channelized as direct-to-consumer brands. The brands Days Ahead, Molekulaire and the like have a narrower scale, and are less powerful than the established omni-channel platforms like Nykaa, Tira, which have organised retail with sophisticated business models, extensive infrastructure, and substantial capital support. This puts a distinct competitive hierarchy on the Indian beauty and cosmetics market. To maintain market dominance and established profitability, 3,000+ brand partners, 10 years of operational optimization, and an integrated omnichannel presence (130+ stores) enable Nykaa, the established marketplace leader, to provide network effects. Tira becomes aggressive competitor with the help of the ecosystem benefits of Reliance Retail. To build premium positioning, Tira uses capital-intensive approaches, including exclusive international brand relationships and the development of stores within a two-year period. Such a competitive landscape demonstrates the dynamics of winner-take-most in platform segments and maintains competitive niches to niche brands that made the difference due to authentic founder-led engagement, category experience, and customer bespoke experiences that cannot be replicated by marketplaces. The strategic variations of capital efficient direct to consumer (D2C) emphasis (small brands), inventory intensive retail growth (Tira) and asset light market scale (Nykaa) represent fundamentally varied ways of achieving value in the fragmented beauty industry.

Brand Positioning Analysis

Nykaa

Nykaa uses integrated owned private labels (Nykaa Cosmetics, Nykaa Naturals) with the highest possible margins and broad marketplace depth (150,000+ SKUs, 3,000+ brands) and democratic access (mass market to luxury) to position itself as the Beauty Destination in India. With comprehensive product research and content authority achieved through the Beauty Book editorial platform (5,000+ articles) and YouTube channel (600K+ subscribers), Nykaa emerged to be a well-trusted beauty authority instead of a transactional retailer. The key barriers are competitive advantages based on first-mover advantages that result in defensible moats like omnichannel integration, which allows consumers to research online, purchase offline, proprietary technology systems and network effects (70-75% of revenue of top metros limiting penetration by tier 2/3 brands).

Tira

Through makeup studios, skin analysis and in-store consultation, Tira is able to position itself as a high-end luxury beauty store of a highly curated product range (500+ versus 3,000+ at Nykaa) and experience retailing. By using ecosystem integration in JioMart, JioSaavn, and Reliance Retail the Reliance-backed strategy creates cross-promotion opportunities and harmonizes Reliance's expansion strategy. The competitive advantages consist of the excellent logistics infrastructure with the well-established hub-and-spoke distribution network of Reliance (15+ distribution centers) that allows it to pursue aggressive expansion without profitability pressures and exclusive brand relationships that Reliance can negotiate based on its credibility as a retailer and substantial purchase commitments. Several drawbacks are also the late-mover disadvantage, which requires the development of a brand awareness base on a ground-up basis despite Reliance association; the inventory-heavy wholesale model, which binds large working capital in inventory (estimated 200-400 Cr INR) to markdown risks; and high-end positioning, which will limit the market base that can be addressed to high-end, urban consumers, and thus constrain the possibility to generate mass market revenue.

Days Ahead

Days Ahead brands itself as clinical grade haircare brand with the tagline of fast rituals of busy professionals with 25 minutes' application products with derm-tested formulations and real-life trial documentation. The D2C-exclusive model focuses on direct customer relationships that allow tracking of clinical progress, before-after documentation and personalized consultation impossible under marketplace standardization and maintaining 45-55% gross margins that is essential in the face of 30-35% COGS incurred through sourcing clinical ingredients. The competitive advantages are founder-led authentic engagement that leads to the development of emotional brand relationships, category expertise in clinical haircare which results in the development of superior problem-solution fit to the specific consumer segments and agile decision-making that allows rapid iteration that is based on customer feedback without marketplace policy limits. The lack of physical retail removes the opportunity to test the products important to understand their texture and scent, technological infrastructure deficiency (basic Shopify operation without customization, CRM advanced features, or mobile applications) curtails product optimization to conversion and retention. The key constraints are extreme discovery restrictions, as the number of monthly visitors to the site is estimated at 20-30K leading to costly customer acquisition (estimated 1200-1500 CAC).

Molekulaire

As a skincare brand that is a dermatological grade, Molekulaire pays significant attention to the education of the formulation science and the transparency of the ingredient and the medical positioning of the product through the consultation-based product selection, serving each skin type, concern, and sensitiveness. Through the pure D2C model, which allows ingredient education and personalization, the medical grade brand positioning and tailored recommendations of skin analysis would be an option through direct relationship maintenance that would be commodified with the existing categories used by the marketplace (generic serum or generic moisturizer). The key disadvantages resemble Days Ahead and consist of low brand recognition beyond direct networks, low online traffic that would require expensive acquisition with self-funding, a lack of sophisticated technology.

Table 5: Comprehensive Competitor Comparison Table

Brand	Strategic Positioning	Distribution Model	Key Competitive Advantage	Key Limitation
Nykaa	Mass-to-luxury beauty platform	Omnichannel: website/app, 130+ stores, marketplaces	Strong marketplace network effects; data-driven ML; omnichannel integration; content authority	Metro revenue concentration; private-label conflict; brand commission pressure
Tira	Premium curated beauty platform	Omnichannel: website/app, 60–80 stores, Reliance ecosystem	Reliance capital backing; ecosystem loyalty; exclusive luxury brands; strong logistics	Late entrant; high inventory investment; limited affluent segment
Days Ahead	Clinical haircare for professionals	Pure D2C website	Direct customer relationships; high margins; founder engagement; clinical expertise	Low discovery; no offline retail; basic tech; high CAC
Molekulaire	Dermatological clinical skincare	Pure D2C website	Medical credibility; personalized consultations; niche defensibility; founder authenticity	Very low awareness; limited traffic; single channel; tech gaps

Source: Author compilation

Gap Analysis

The gap analysis methodically assesses the capability differences between small cosmetic brands using a structured 5point capability maturity scale. Due to their significant capital investment, operational maturity, and years of market establishment, Nykaa and Tira are recognized as industry benchmarks that demonstrate attainable capability levels. With three categories indicating priority levels, Low Gap (0–1 points), Moderate Gap (12 points), and High Gap (24 points), gap difference measures capability deficiencies that need strategic attention. This framework allows the identification of critical capability gaps limiting the scalability of small brands.

Table 6: Capability Maturity Scoring Scale- Capability definitions

Score	Capability Level	Definition
5	Industry leading	Fully developed, advanced capability representing benchmark excellence
4	Strong	Well-developed capability with minor limitations below benchmark
3	Moderate	Functional capability meeting basic requirements but limited
2	Weak	Basic capability with major limitations constraining growth
1	Very weak	Minimal or no capability; critical deficiency present

Source: Author compilation

Table 7: Gap Analysis Comparison

Parameter	Nykaa	Tira	Days Ahead	Molekulaire
Marketplace presence	5	4	2	2
Marketing capability	5	4	2	2
Technology capability	5	4	2	2
Customer experience	5	4	3	3
Logistics capability	5	5	2	2
Omni-channel capability	5	5	1	1
Brand strength	5	4	2	2
Scalability readiness	5	5	2	2

Source: Author calculations

Scoring Rationale:

- **Nykaa (5):** Marketplace platform with extensive brand portfolio, sophisticated technology infrastructure, omnichannel integration, established brand recognition
- **Tira (4-5):** Reliance-backed premium platform with rapid expansion, ecosystem advantages, strong logistics, emerging marketplace capability
- **Days Ahead/Molekulaire (1-3):** D2Conly models with basic technology, limited brand awareness, single-channel presence, resource constraints

Benchmark and Gap Difference Formulas

Benchmark Score formula = (Nykaa Score + Tira Score) / 2

Purpose: Establishes industry standard capability reference by averaging leading platform scores.

Gap Difference Formula=Gap Difference = Benchmark Score – Small Brand Score

Purpose: Quantifies capability deficit magnitude, indicating strategic priority and resource allocation requirements.

Sample Calculation Examples

Example 1: Marketplace Presence

Given Scores:

- Nykaa Score = 5
- Tira Score = 4
- Days Ahead Score = 2
- Molekulaire Score = 2

Calculation:

Benchmark Score = (5 + 4) / 2 = 4.5

Days Ahead Gap = 4.5 – 2 = 2.5 (HIGH GAP)

Molekulaire Gap = 4.5 – 2 = 2.5 (HIGH GAP)

Example 2: Omni-channel Capability

Given Scores:

- Nykaa Score = 5
- Tira Score = 5
- Days Ahead Score = 1
- Molekulaire Score = 1

Calculation:

Benchmark Score = (5 + 5) / 2 = 5.0

Days Ahead Gap = 5.0 – 1 = 4.0 (HIGH GAP, CRITICAL)

Molekulaire Gap = 5.0 – 1 = 4.0 (HIGH GAP, CRITICAL)

Example 3: Customer Experience

Given Scores:

- Nykaa Score = 5
- Tira Score = 4
- Days Ahead Score = 3
- Molekulaire Score = 3

Calculation:

Benchmark Score = (5 + 4) / 2 = 4.5

Days Ahead Gap = 4.5 – 3 = 1.5 (MODERATE GAP)

Molekulaire Gap = 4.5 – 3 = 1.5 (MODERATE GAP)

Table 8: Gap Severity Summary

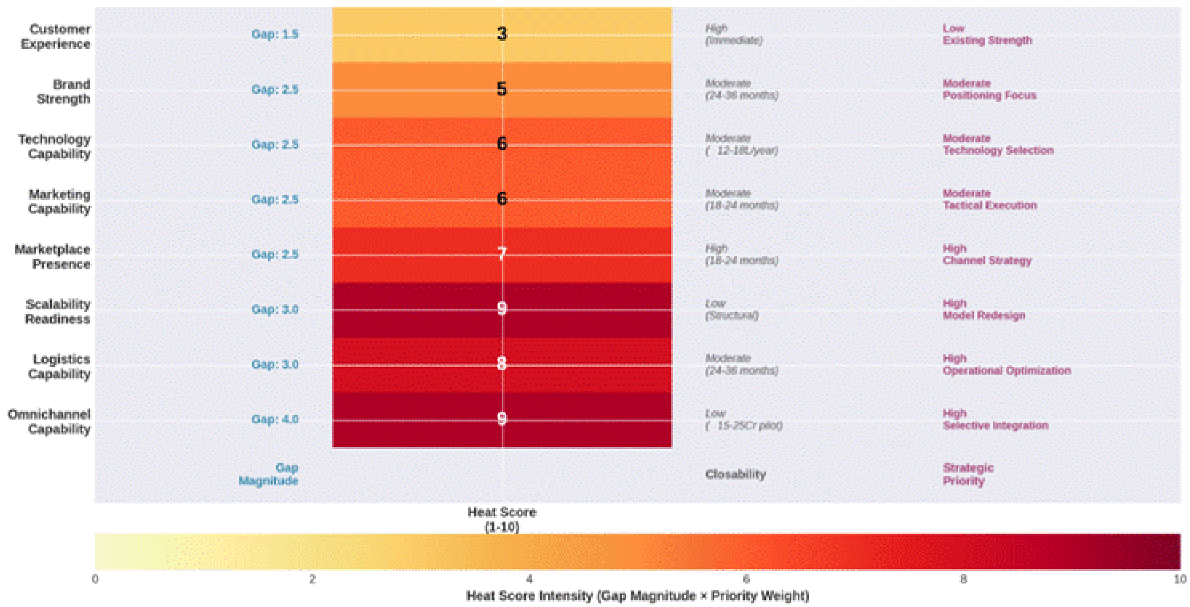
Parameter	**Benchmark Score**	**Days Ahead Gap**	**Molekulaire Gap**	**Gap Severity**
Marketplace presence	4.5	2.5	2.5	High
Marketing capability	4.5	2.5	2.5	High
Technology capability	4.5	2.5	2.5	High
Customer experience	4.5	1.5	1.5	Moderate
Logistics capability	5.0	3.0	3.0	High
Omni-channel capability	5.0	4.0	4.0	High (Critical)
Brand strength	4.5	2.5	2.5	High
Scalability readiness	5.0	3.0	3.0	High
Average Gap	**4.7**	**2.7**	**2.7**	**High (57% deficit)**

Source: Author calculations

Gap Severity Classification:

- **High Gap (2-4):** 7 out of 8 parameters
- **Moderate Gap (1-2):** 1 out of 8 parameters
- **Low Gap (01.0):** 0 parameters

Figure 2: Gap Severity Heatmap - Strategic Priority Matrix
Resource Allocation Framework for Small D2C Brands



Key Gap Insights

Critical capability deficits shows an average of 2.7 points (57% capability gap). Omnichannel integration (4.0 point gap) eliminates the opportunity for physical trials, crucial for purchase decisions in the context of beauty products. Gap in logistics infrastructure (3.0 point gap) limits geographic expansion by posing delivery challenges. Scalability readiness (3.0 point gap) reflects linear business models that require capital deployment against platforms' asset light exponential scaling, marketing capability and brand awareness gap (2.5 point) results in making customer acquisition more expensive versus platforms' organic discovery benefits. Founder-led personal engagement is the most effective way to bridge customer experience gaps (1.5 points).

Framework for Strategy Adaptation, Scalability and Implementation

Strategies are developed over time with increased capital, strong systems, and a solid technological foundation, which provides a competitive edge that is difficult to attain for new entrants. Large players like Nykaa and Tira are not only spending more, but also deploying capital in a strategic manner. Nykaa is investing in technology to the tune of Rs 10-20 crore, and Tira is spending Rs 40-80 lakh on every store. Additionally, small brands suffer from lack of expertise in technology, logistics, marketing, and retailing. Instead of competing with large players, small brands are changing their business models according to their resource capabilities and focusing on their key strengths.

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Table 9: Suggested Strategy Adaptation Framework

Gap Area	Strategy Used by Nykaa/ Tira	Adaptation Strategy for Small Brands
Marketplace discovery	Nykaa: marketplace network effects; Tira: Reliance ecosystem promotion	Amazon/Flipkart discovery; hero SKUs; D2C price parity; convert via inserts/offers
Technology & personalization	Nykaa: ML recommendations, AR try-on; Tira: Reliance Jio AI	SaaS tools (Shopify, Klaviyo, Smile); email segmentation; loyalty; delay mobile app
Omnichannel presence	Nykaa: 130+ integrated stores; Tira: experiential stores via Reliance	Retail partnerships; pop-ups; marketplaces as virtual retail; delay owned stores
Logistics capability	Nykaa: multi-fulfilment centres; Tira: hub-and-spoke logistics	Volume-based aggregator rates; zone courier optimization; scale fulfillment gradually
Brand awareness	Nykaa: heavy marketing & content; Tira: ecosystem reach	Hyperlocal targeting; micro-influencers; educational content; organic marketing
Customer retention	Advanced CRM, ML segmentation, churn prediction	Founder engagement; WhatsApp consultations; loyalty & email retention
Scalability model	Asset-light marketplace scale; Reliance capital backing	Hybrid D2C + marketplaces; growth aligned with cash flow; phased scaling

Source: Authors

Table 10: Suggested Scalable Strategy Framework

Strategic Pillar	Strategy Description	Objective	Expected Strategic Benefit
Selective Marketplace Integration	Curated Amazon/Flipkart entry; price parity; packaging-led conversion	Leverage platform discovery	Lower CAC; wider reach; channel diversification
D2C Platform Excellence	Optimized website; email automation; loyalty; subscriptions; SEO	Maintain high-margin owned channel	Data ownership; retention; recurring revenue
Capital-Efficient Technology	SaaS stack; progressive automation; founder personalization	Efficiency without heavy tech spend	Scalable systems; improved conversion
Community-Driven Marketing	Hyperlocal targeting; micro-influencers; UGC; referrals; content	Organic acquisition and brand trust	Lower CAC; strong advocacy; higher LTV
Partnership-Based Physical Presence	Retail partnerships; pop-ups; salon/spa channels	Enable product trials	Offline discovery; brand credibility
Progressive Capability Building	Phased capability growth aligned with revenue	Sustainable scaling	Lower risk; profitability-led growth

Source: Authors

Table 11: Suggested Strategy Implementation Roadmap (18-month Strategy)

Phase	Timeline	Strategic Focus	Key Actions	Expected Outcome
Phase 1: Foundation	0–6 months	D2C optimization & product–market fit	Launch optimized D2C site; email automation; social media; micro-influencers; content marketing	Initial customer base; validated product–market fit; operational foundation
Phase 2: Growth	6–12 months	Multichannel expansion & tech upgrade	Enter Amazon/Flipkart; implement CRM & loyalty; scale influencers; targeted ads; pop-ups; retail partnerships	Multichannel presence; faster acquisition; improved efficiency
Phase 3: Scaling	12–18 months	Omnichannel scaling & operations	Expand marketplaces; premium retail partnerships; advanced automation; community marketing; logistics optimization	Balanced channels; scalable operations; path to profitability

Source: Authors

Expected Outcomes of the Strategic Interventions

The present paper addresses the major flaws identified in small cosmetics. Domination by direct-to-consumer coexists with cautious penetration into particular marketplaces as well as joint physical spaces related to collaborative networks. The layers have a different connection, and one is constructed on what has already been constructed somewhere without losing the control or original voice on the way. True edges are created when founders are engaged, knowledge gets learned in niche areas, new groups of loyal supporters are created everything digital spaces tend to imitate but never perfect. What makes this approach alive is that it spreads by utilizing earnings, rather than external funds, and is concerned about profit to finance the further development. Flexibility influences all the movements timing adjustments within the markets, pace of technological modifications, or bargains with retailers are quick changed with regard to market trends, competition intensity, and availability of capital. It can be assumed that the anticipated results will lead to improved performance in the key areas of compact cosmetics companies. By beginning with online-based promotion strategies as developed by Nykaa and Tira, and doing well in channels, smaller beauty brands might realize true benefits in how easily it is identified by customers and bringing new buyers on board more effectively in the long term with the help of customized programs developed based on the sound knowledge gained access to by customer data. Nevertheless, the implementation of tech-based inventory management and an improved logistics arrangement could make the day-to-day operations work. Such an arrangement also fortifies silently the systems required such as reliability in delivery and data speed to make the company grow without hiccups. The one step back is that companies who adopt this method shine more as stores become lively in the presence of daily competition. Due to the fact that individuals continue encountering brands via rich experiences similar to older favorites the names remain in the head of those in need of theirs more easily.

Conclusion

This study identifies the contributions and challenges associated with sustainable development in small Indian cosmetic brands, using a comparative capability analysis. The findings reveal a dual reality: while small brands face critical capability deficits averaging 2.7 points (57%) across eight strategic dimensions, they simultaneously occupy a distinctive and defensible position in the emerging sustainable beauty segment that large platforms have been slower to authentically occupy. The 18-month strategic roadmap proposed in this study addresses sustainable development across three interconnected dimensions. Economic sustainability is addressed through the phased hybrid D2C and marketplace model, while operational sustainability is achieved through SaaS-based technology adoption partnerships with logistics aggregator. Social sustainability can best be achieved through founder engagement strategies, which foster customer loyalty and ethical brand relationships in the long-run. Finding ways to copy big platform methods doesn't work well when resources are tight. What tends to help newcomers grow is focusing on one thing they do better than others, fitting who they are. Built around Nykaa and Tira, the new planning blueprint mixes online first dominance with smart picks in specific markets plus team-ups that bring people together physically. It turns observations into something practical, saving money while guiding moves ahead.

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