



## EMERGING STARTUPS IN THE HERBAL COSMETIC INDUSTRY: OPPORTUNITIES, CHALLENGES, AND FUTURE PROSPECTS

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### ABSTRACT:

The global demand for herbal cosmetics has witnessed significant growth in recent years, driven by increasing consumer preference for natural, sustainable, and chemical-free products. Emerging startups in the herbal cosmetic industry are playing a pivotal role in shaping this trend by introducing innovative formulations, eco-friendly packaging, and ethically sourced raw materials. This paper explores the opportunities available for startups in this sector, such as expanding consumer awareness, government support for Ayurveda and herbal products, and access to e-commerce platforms that enable direct market penetration. At the same time, the industry faces considerable challenges, including regulatory compliance, quality standardization, high research and development costs, and intense competition from both established brands and unorganized local players. By analyzing these factors, the study highlights the strategies startups can adopt to sustain growth, such as leveraging digital marketing, building strong supply chains, and focusing on product differentiation through innovation. The paper concludes that while challenges persist, the herbal cosmetic industry offers promising prospects for startups that align their business models with sustainability, consumer trust, and global wellness trends.

**Keywords:** *Herbal, Cosmetic, Sustainable, Challenge, Opportunities.*

### INTRODUCTION :

Emerging startups in the herbal cosmetic industry have opportunities in sustainable product development; scientific validation of traditional ingredients. The term cosmetic refers to “Substances of diverse origin, scientifically compounded and used to cleanse skin troubles, cover up imperfections and beautify [1]. The global consumption of herbal cosmetics has shown spectacular growth in recent years due to the growing recognition of long-term health benefits. Over the past decade, the herbal cosmetics market has grown continuously. This growth is due to rising consumer interest in natural, clean-label, chemical-free, and sustainable products. Cosmetics are defined by their intended use as a material rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body for beautifying, promoting attractiveness, or altering appearance. People mainly use cosmetics to

boost glamour and appeal. They play a significant role in shaping one's image and in appearing presentable to others. Because of their frequent use, cosmetics have a strong impact on the skin and can produce both effective and ineffective results.[2,3] However, these opportunities also bring significant challenges. Regulatory compliance is complex. Different regions have different standards for herbal ingredients, organic or “clean” labeling, safety and efficacy claims, and permitted preservatives, among others. It is essential to examine how new startups in the herbal cosmetic industry can handle these opportunities and challenges. This paper looks at key factors, obstacles, strategies, and future possibilities for these startups. The goal is to identify how they can create sustainable, competitive business models in this changing environment.

**LITERATURE REVIEW :**

In recent decades, the global cosmetics industry has experienced a dramatic shift, shifting from chemical-based formulations to more natural, sustainable, and health-conscious alternatives. At the core of this change is the growing demand for herbal cosmetics, which are derived from plant-based ingredients such as roots, leaves, flowers, fruits, seeds, and essential oils. These goods satisfy the rising demand from customers for clean-label, ethical, and wellness-focused cosmetics. They are commended for their safety, minimal adverse effects, and environmental friendliness [4]

Digital technologies are driving a major transformation in the natural cosmetics industry. We examine the ways in which block chain, social media, augmented reality, e-commerce, and artificial intelligence are changing the business environment. The emergence of direct-to-consumer business models, tailored product suggestions, virtual try-on experiences, and increased supply chain transparency are some of the major trends. Enhancing customer experiences, streamlining supply chains, speeding up product development, and enhancing sustainability transparency are all made possible by digitalization. Nonetheless, issues like protecting consumer privacy, integrating new technology with current systems, preserving a "natural" brand image online, and guaranteeing accessibility for a wide range of customer segments continue to be obstacles [5].

Herbal cosmetics have problems with batch consistency, microbial load, and shelf-life despite their natural origin. Regulatory agencies such as the FDA in the United States, the CDSCO in India, and the EMA in Europe are increasingly developing standards for herbal cosmetics quality control and product claims. Main objective of start up in herbal cosmetics

are artificial intelligence-powered personalized herbal regimens. Utilization of environmentally friendly extraction techniques, focus on sustainability and clean beauty certifications and scientific confirmation of eco friendly methods [6].

The science is moving forward every hour. The technology in cosmetics is also improving by using the science of dermatology, trichology, and more. Here are some recent developments in cosmetic technology that use natural products, food waste, and other agricultural waste to create active pharmaceutical ingredients in cosmetics. This represents a modern approach in the cosmetic industry. Product development can be supported by improving waste management and reducing the carbon footprint of cosmetic ingredients. There are multiple uses for optimizing natural byproducts and food waste through recycling. This is seen as a sustainable option for those supplying ingredients for cosmetics. For example, polyphenols can be extracted from olive waste, and flavonoids can come from the rinds of citrus fruits [7].

**Opportunities for Emerging Startups**

Consumers are increasingly avoiding synthetic chemicals and turning to natural, organic, and plant-based products due to rising health and environmental awareness. The rise of "clean beauty" and "green cosmetics" offers a lucrative niche for startups with transparent, chemical-free formulations. The global herbal cosmetics market is projected to grow at a CAGR of 6–10% between 2024 and 2030, creating space for new entrants. Many governments (e.g., India's Startup India, Ayushman Bharat) offer funding, mentorship, tax exemptions, and incubation for herbal and wellness startups.

Indian market and Indian government provide numerous opportunities to find solutions to the problems and challenges being faced by startups established in India.

1. Immense Indian Population: The country's large population provides significant opportunities for startups that aim to transform a sizable unemployed group into a workforce..
  2. Changed Perspective of Working Class: Challenging assignments, competitive pay, and a break from traditional career paths draw talented individuals to either start their own company or work for a startup. New entrepreneurs are eager to join startups because they create jobs.
  3. Connectivity: The Indian government's digital initiative is improving connectivity and making data transfer easier. The affordable data connection has allowed startups to access the market, territories, and traditional businesses with ease..
  4. Innovation and Transformation: The skilled, creative, future entrepreneurs offer great opportunities for startups to tackle many problems in business. The diverse workforce delivers quality services and excellent products to the country.
  5. Big Investment in Startups: Foreign and Indian investors are putting a lot of money into the market. This creates a great chance for startups to grow their businesses.
  6. Environmental Issues: Many startups stumble because they overlook crucial environmental factors, like legal challenges, current trends, and market limitations. In contrast, a successful entrepreneur pays close attention to creating a supportive environment that nurtures their startup's growth [8].
- Opportunities for startups that are expected to convert a large unemployed population into a working population.

#### **Challenges Faced by Emerging Startups**

The cosmetics industry has always offered chances for startups to innovate and stand out. Major global companies traditionally dominate this field. However, startups are trying to find their place by providing unique, exciting, and

high-quality products and services. As more people pay attention to what they apply to their skin and use cosmetics to express their personal style, these startups are ready to make a significant impact in the industry.

1. Revenue generation: The most challenging task for startups is to generate revenue as several startups fail due to a lack of revenue.
2. Lack of Access to Infrastructure: The risk of failure is increased when the startups are deprived of access to support mechanisms like incubators, science and technology parks, and business development centers.
3. Government Policies: The startups face a big challenge in requiring several permissions from the government before starting the entity. The regulations about labor laws, intellectual property rights, and dispute resolution make the task more pernicious for startups.
4. Financial Resources: Improper cash management and insufficient amount of money adds to the challenges of Startups.
5. Lack of Awareness in Markets: The Startup has to build every single thing from scratch for a new product or service as needs to establish the entity for its innovation and uniqueness in the market.
6. Exceeded Customer Expectations: The startups come up with innovation and newness of products in the market to fulfill the required customer expectations.
7. Right Team Members: The biggest challenge is to find and recruit the virtuous talent for the business to compete with the growing customer expectations
8. Tenacity of Founders: The founder of the startup needs to be efficient in dealing with any kind of setbacks and complications with appropriate solutions.
9. Growth Decelerators: The agencies being part of Startups themselves create the hurdles in the budding stage of startups. The issues arise when these agencies decelerate the growth of

startups with the influence of incubators, institutes, and similar organizations attempting to control and manage the startups.

10 Lack of Mentorship: One of the challenges that exist in the Indian ecosystem is the lack of guidance and proper mentorship for startups. Mostly the startups are laced with inventive proposals of products and services but due to lack of mentorship, the idea comes to an end before its emergence.

11. Lack of Good Branding Strategies Branding demands paramount attention as it provides identity to the product/service and builds the space for it in the consumer's mind. Due to the absence of an effective branding strategy, the firm does not flourish at a faster pace [9].

#### **Future Prospects & Trends**

Herbal medicine has a very bright future. Numerous fascinating fields have enormous potential, such as Customized herbal medicine: Adapting remedies to specific needs Nutraceuticals: Creating cutting-edge goods with targeted health advantages Phyto pharmaceuticals: Creating novel medications by fusing contemporary technologies with traditional herbal knowledge Using Traditional Chinese Medicine (TCM) to treat complicated and long-term medical issues Ayurveda: Encouraging overall health and wellness [10].

The World Health Organization (WHO) defines herbal medicines as finished, labeled pharmaceuticals that contain an active ingredient, aerial or underground plant components, as well as other plant materials or mixtures. According to a WHO report, about 80% of people worldwide are thought to rely on traditional medicine for their basic medical needs. Even in wealthy countries, complementary and alternative medicine is growing in popularity. 3–5 Conducting comprehensive clinical research to assess the efficacy, safety, and modes of action of various herbal treatments is becoming more and more

popular. an emphasis on supporting conventional wisdom and understanding the medicinal potential of herbs through the use of randomized controlled trials (RCTs), systematic reviews, and meta-analyses[11].

#### **Implications & Recommendations**

It takes a lot of commitment, planning, and research to launch a successful herbal and organic cosmetics company. Establishment in the rapidly expanding natural beauty sector may occur when customer satisfaction and transparency are prioritized over quality. Innovation, sustainable business practices, and effective marketing will guarantee that the brand thrives and can satisfy the growing demand for clean beauty products around the world. For future success, you must start this lengthy journey by adhering to the principles your brand has embraced while simultaneously meeting the needs of shifting consumer preferences.

#### **Following are the Steps to Start a Successful Herbal and Organic Cosmetics Brand.**

- Market understanding
- Unique Selling Proposition
- Natural Ingredients Sourcing
- Product Development
- Legal and Regulatory Compliance
- Branding and Packaging
- Manufacturing and Production
- Establishing a Strong Customer Base

#### **CONCLUSION:**

The market for herbal cosmetics is growing rapidly as a result of consumer demand for natural, sustainable, and safe products. Growing markets and technological advancements like AI diagnostics and customized formulations are causing the industry to change rapidly. However, problems with inconsistent quality, regulatory gaps, and green washing persist.

Sustainable growth requires clear branding, strong R&D, ethical sourcing, and regulatory support. By combining traditional knowledge

with modern science, the sector can ethically promote social justice, biodiversity, and wellness. Herbal cosmetics have made a name for themselves in the pharmaceutical and personal care industries. Their ongoing development will be dependent on improvements in scientific validation, safety procedures, and standardization. To boost the growth of Indian startups, the government aims to increase individual participation in entrepreneurship. The government provides entrepreneurs with various schemes and helps them to choose the right one for the firm. Entrepreneurs are expected to build detailed domain knowledge for providing effective competition with their appropriate strategies for herbal cosmetic industry startup.

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