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**SUSTAINABLE AND ETHICAL BUSINESS MODELS IN BEAUTY AND  
WELLNESS STARTUPS: AN ANALYTICAL STUDY IN COIMBATORE CITY**

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**ABSTRACT**

The beauty and wellness industry is undergoing a major transformation, with increasing importance being placed on sustainability and ethical practices. Startups in this sector are not only expected to provide high-quality services and products but also to incorporate eco-friendly operations, responsible sourcing, and green alternatives into their business models. At the same time, ethical practices such as transparency, inclusivity, and employee well-being are becoming vital in building consumer trust and ensuring long-term viability. This study focuses on beauty and wellness startups in Coimbatore city, examining how sustainability and ethics are integrated into their business strategies. The research evaluates the extent to which these practices contribute to customer loyalty, brand differentiation, and overall business effectiveness. Both primary and secondary data are used to analyze the influence of sustainability and ethical dimensions in shaping successful business models.

**KEY WORDS**

Sustainability, Ethical Practices, Business Models, Beauty and Wellness, Startups,  
Coimbatore

**INTRODUCTION**

The beauty and wellness sector in India is rapidly growing, driven by rising consumer demand for self-care and holistic well-being. Startups are increasingly focusing on

sustainability and ethical practices, as consumers expect businesses to consider their environmental and social impact. Practices like eco-friendly products, responsible sourcing, waste management, fair employee treatment, inclusivity, and transparent branding have become essential for growth and trust. Coimbatore, as a fast-growing Tier II city, provides a unique context to study how startups are adopting these practices in their business models.

### **OBJECTIVES OF THE STUDY**

- ❖ To evaluate the integration of sustainability within business models, with particular emphasis on eco-friendly operations, responsible sourcing, waste management, and the adoption of green alternatives.
- ❖ To examine the ethical practices adopted by startups and analyze their influence on consumer trust, employee well-being, inclusivity, transparency, and the long-term viability of the enterprise.

### **NEED FOR THE STUDY**

Consumers today judge startups not only by service quality and price but also by how responsibly they operate. In the beauty and wellness sector, there is a growing preference for eco-friendly, sustainable, and ethical practices, which can enhance brand loyalty and market reputation. However, adopting these practices requires investment, operational changes, and understanding consumer expectations. In Coimbatore, where the industry is rapidly growing, many startups are still early in implementing responsible practices. Studying their approaches can provide insights for designing sustainable business models, guide investors toward reliable ventures, and inform policymakers on supporting ethical growth, while highlighting best practices and potential challenges for startups

### **RESEARCH METHODOLOGY**

The study was conducted in Coimbatore City, Tamil Nadu, with a sample size of 222 respondents selected through simple random sampling. Data were collected from both primary and secondary sources to ensure comprehensive insights. The period of study covers the duration of data collection and analysis. For analyzing the data, statistical tools such as mean ranking, ANOVA, and chi-square test were employed to interpret patterns and support the study's objectives.

### **ANALYSIS AND INTERPRETATION**

**MEAN RANKING****Factors of Brand's Identity****Table 1**

<b>Particulars</b>	<b>Mean Rank</b>	<b>Rank</b>
Ethical sourcing	3.84	2
Waste reduction and recycling initiatives	5.25	5
Consumer education on ethics	5.33	6
Fair labour practices	5.20	4
Sustainable supply chain management	5.64	7
Reducing carbon footprint	4.53	3
Use of renewable energy source	5.66	8
Eco-friendly packaging	3.65	1
Water conservation practices	5.90	9

(Source: Primary data)

- ❖ The mean ranking analysis indicates that eco-friendly packaging is the most influential factor in shaping a brand's identity, followed by ethical sourcing and reduction of carbon footprint. Fair labour practices and recycling initiatives are moderately valued, while less visible practices like renewable energy use, supply chain sustainability, and water conservation rank lower in consumer perception. This shows that visible, consumer-facing sustainability initiatives create stronger brand differentiation and loyalty, as customers easily recognize these efforts. However, backend practices remain equally important for ensuring genuine long-term responsibility, even if they are less visible to the public.
- ❖ **ANOVA**

**Role of Digital Presence In Your Business Model**

Table

Demographic profiles	Groups	Importance of digital presence					
		N	Mean	SD	F-value	Sig. value	S/NS
Age	18-24	77	2.88	1.100	2.467	0.063	NS
	25-34	122	2.98	0.838			
	35-44	20	3.40	0.940			
	45-54	4	3.75	0.500			
	<b>Total</b>	<b>222</b>	<b>3.00</b>	<b>0.952</b>			
occupation	Student	33	2.64	1.270	5.009	0.002	S
	Self-employed	72	2.79	0.992			
	Salaried	105	3.17	0.700			
	Others	14	3.43	1.222			
	<b>Total</b>	<b>222</b>	<b>3.00</b>	<b>0.959</b>			
Primary business model	Direct-to-Customer(D2C)	73	2.63	1.137	9.472	0.000	S
	Business-to-Customer(B2C)	121	3.17	0.727			
	Business-to-Business(B2B)	20	2.70	0.801			
	Subscription-based	6	4.00	0.632			
	Hybrid/other	3	4.67	0.577			
	<b>Total</b>	<b>222</b>	<b>3.00</b>	<b>0.952</b>			
validation	Customer surveys	73	2.74	1.270	3.576	0.008	
	MVP/Prototype testing	31	2.81	1.167			
	Influencer trials	30	3.17	0.699			

	Pre-orders or crowd funding	11	3.55	0.820			S
	others	78	3.17	0.375			
	<b>Total</b>	<b>222</b>	<b>3.00</b>	<b>0.952</b>			
<b>Revenue streams</b>	online product sales	18	3.11	1.183	7.914	0.000	S
	in-store sales	71	3.21	0.674			
	subscription plans	17	3.53	1.007			
	services(salon, spa)	30	3.07	0.828			
	licensing/franchising	8	3.88	0.991			
	<b>Total</b>	<b>222</b>	<b>3.00</b>	<b>0.956</b>			

(Source: Primary data)

- ❖ The ANOVA results show that digital presence plays a significantly different role across various business models and revenue streams. Hybrid and subscription-based startups reported the highest reliance on digital platforms, using them not only for marketing but also for transparent communication about eco-friendly initiatives and ethical practices. Traditional service-based and D2C models placed less emphasis on digital platforms, limiting their ability to effectively communicate their sustainability values to consumers. Startups that leverage digital strategies are better positioned to highlight responsible sourcing, build consumer trust through transparent communication, and showcase their environmental and social contributions. This demonstrates that digital integration is not just a tool for scalability but also a critical enabler of sustainable and ethical business growth.

## CHI-SQUARE

### Carbon Waste Tracking

Table 3

Demographic Factors	Group	Carbon waste tracking										Chi square	.Sig
		P1		P2		P3		P4		Total			
		No	%	No	%	No	%	No	%	No	%		
age	18-24	13	16.7	21	26.9	15	19.2	29	37.2	78	100	8.936	0.443
	25-34	31	25.4	18	14.8	28	23.0	45	36.9	122	100		
	35-44	5	25.0	3	15.0	5	25.0	7	35.0	20	100		
	45-54	1	25.0	1	25.0	2	50.0	0	0.0	4	100		
	<b>Total</b>	<b>50</b>	<b>22.2</b>	<b>43</b>	<b>19.2</b>	<b>50</b>	<b>22.3</b>	<b>81</b>	<b>36.2</b>	<b>224</b>	<b>100</b>		
Occupation	student	9	27.3	16	48.5	8	24.2	0	0.0	33	100	88.338	0.000
	Self employed	28	38.9	17	23.6	15	20.8	12	16.7	72	100		
	salaryed	13	12.3	5	4.7	22	20.8	66	62.3	106	100		
	others	0	0.0	5	38.5	5	38.5	3	23.1	13	100		
	<b>Total</b>	<b>50</b>	<b>22.3</b>	<b>43</b>	<b>19.2</b>	<b>50</b>	<b>22.3</b>	<b>81</b>	<b>26.2</b>	<b>224</b>	<b>100</b>		
Business model	D2C	39	53.4	15	20.5	17	23.3	2	2.7	73	100	107.69	0.000
	B2C	5	4.1	17	13.9	25	20.5	75	61.5	122	100		
	B2B	4	20.0	8	40.0	6	30.0	2	10.0	20	100		
	Subscription	1	16.7	2	33.3	2	33.3	1	16.7	6	100		

	Hybrid	1	33.3	1	33.3	0	0.0	1	33.3	3	100		
	<b>Total</b>	<b>50</b>	<b>22.3</b>	<b>43</b>	<b>19.2</b>	<b>50</b>	<b>22.3</b>	<b>81</b>	<b>36.2</b>	<b>224</b>	<b>100</b>		
validati on	Custo mer survey	35	47.3	19	25.7	15	20.3	5	6.8	74	100	158.72	0.000
	MVP/ Prototy pe	8	25.8	10	32.3	12	38.7	1	3.2	31	100		
	Influen cer trials	4	13.3	8	26.7	10	33.3	8	26.7	30	100		
	Pre- orders	2	18.2	6	54.5	3	27.3	0	0.0	11	100		
	others	1	1.3	0	0.0	10	12.8	67	85.9	78	100		
	<b>Total</b>	<b>50</b>	<b>22.3</b>	<b>43</b>	<b>19.2</b>	<b>50</b>	<b>22.3</b>	<b>81</b>	<b>36.2</b>	<b>224</b>	<b>100</b>		
Revenu e streams	Online sales	35	45.5	17	22.1	14	18.2	11	14.3	77	100	76.523	0.000
	Produc t sales	4	22.2	4	22.2	8	44.4	2	11.1	18	100		
	In- store sales	5	6.9	10	13.9	12	16.7	45	62.5	72	100		
	subscri ption	3	17.6	6	35.3	6	35.3	2	11.8	17	100		
	service s	1	3.3	4	13.3	8	26.7	17	56.7	30	100		

Licensi ng	2	25.0	2	25.0	2	25.0	2	25.0	8	100		
<b>Total</b>	<b>50</b>	<b>22.5</b>	<b>43</b>	<b>19.4</b>	<b>50</b>	<b>22.5</b>	<b>79</b>	<b>35.6</b>	<b>222</b>	<b>100</b>		

(Source: Primary data)

- ❖ The chi-square analysis shows that the practice of tracking carbon waste varies significantly across business models, revenue streams, and validation methods. Entrepreneurs and D2C models demonstrated higher adoption of carbon waste tracking, particularly when operating through online sales, where accountability to environmentally conscious consumers is greater. In contrast, service-based and in-store models reported minimal adoption, suggesting slower progress in integrating waste management into their operations. Models validated through customer surveys and digital platforms also showed greater commitment to tracking waste, compared to those using informal approaches. Monitoring carbon waste is not only an environmental necessity but also an ethical responsibility, as it reflects transparency and accountability to stakeholders.

## SUGESSTIONS

- ❖ Startups in the beauty and wellness sector should prioritize sustainability by investing in eco-friendly packaging, responsible sourcing, and green alternatives. Standardized waste management practices like carbon tracking and recycling, along with subscription or franchise models, can reduce resource wastage and support sustainable growth. Communicating these efforts through digital platforms enhances transparency and appeals to eco-conscious consumers.
- ❖ Ethical practices should also be central, including fair labor policies, employee well-being, and inclusive workplace cultures. Transparency in sourcing, pricing, and communication builds trust and credibility, while a strong digital presence can highlight these commitments. By combining sustainability and ethics, startups in Coimbatore can strengthen their market position and ensure long-term viability.

## CONCLUSION

The study shows that the success of beauty and wellness startups in Coimbatore increasingly relies on integrating sustainability and ethical practices into their business models. Visible measures like eco-friendly packaging and responsible sourcing drive customer loyalty, while waste reduction, carbon tracking, and recycling are underutilized. Ethical practices such as fair labor, inclusivity, transparency, and employee well-being build trust but require more consistent adoption and digital visibility. Startups that balance sustainability with ethics are better positioned to meet consumer expectations, gain competitive advantage, and build resilient, future-ready businesses in a conscious market.

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