

15. The Study on Leveraging Storytelling in Startup Beauty Products

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Abstract:

Story is a strategic framework that connects products to people, and companies to cultures. For beauty brands, which deal with personal identity, confidence, and self-expression, storytelling is foundational. Storytelling is an important tool for communication. Beauty startups can leverage the latest technologies, such as artificial intelligence, augmented reality, biotechnology, and blockchain, to create personalized, interactive, and sustainable products and services. The main aim of this study is to understand the importance of storytelling in beauty product startups, examine the factors and challenges in storytelling for startups. The best fundraisers are the best storytellers. In today's competitive market, where every founder claims to be "disrupting" something, the startups that stand out aren't always the ones with the best products; they're the ones that make investors believe in ROI. Investors are often more motivated by the potential and vision of the company rather than the perfectly calculate financial projections. The findings revealed that 60% of respondents said storytelling is used to attract investors, most of the respondents used Founders Journey in investors pitch. The most preferable medium to narrate the story was Pitch deck.

Keywords:

Startup, Beauty products, Storytelling, Fundraisers, communication.

15.1 Introduction:

India is the 4th largest beauty market in the world is expected to grow steadily in the subsequent years. Beauty, cosmetics market projected to reach \$46.6 billion by 2032 (The Hindu, 2024).

This growth is driven by factors such as rising disposable income, changing consumer preferences, increasing awareness of beauty trends, and social media influence. The beauty industry is also diverse and inclusive, catering to different segments of customers based on their age, gender, ethnicity, skin type, and personal style. This creates a lot of room for innovation and differentiation, as well as a loyal and engaged customer base.

Beauty startups can leverage the latest technologies, such as artificial intelligence, augmented reality, biotechnology, and blockchain, to create personalized, interactive, and sustainable products and services.

They can also tap into the emerging trends, such as clean beauty, vegan beauty, indie beauty, and wellness beauty, to offer solutions that are aligned with the values and lifestyles of the customers. Moreover, beauty startups can use various channels, such as online platforms, social media, influencers, and pop-up stores, to reach and connect with their target audience and build a strong brand identity and community.

The beauty industry is fostering a culture of entrepreneurship and supporting the growth of startups, both within and outside the industry. There are many resources, such as incubators, accelerators, mentors, investors, and media, that are available for aspiring and existing beauty entrepreneurs to access and benefit from.

Investors are approached by many startups' beauty products. The key differentiator could be the well-crafted story that makes the startup vision and mission memorable and emotionally engaging the investors. This study explores the factors consider while narrating the story and the challenges faced by the startup founders.

15.2 Objectives of The Study:

- To understand the importance of storytelling in Beauty product startups
- To examine the factors to narrate a startup story
- To identify the challenges in storytelling for startups

15.3 Review of Literature:

(Gruss & Collier, 2023) conducted a study on The Importance of Founding Narratives to Entrepreneurial Pitch Success. The study tested the inclusion of origin story in an entrepreneurial pitch significantly increases the probability of obtaining funding. The author concludes that entrepreneurs need to concentrate on the narrative used in their pitches.

(Key & Duening, 2020) has investigated a study on Strategic Entrepreneurial Storytelling: An Applied Framework for Better Pitches builds a framework for strategic entrepreneurial storytelling (SES) through qualitative analysis of actual pitches. Entrepreneurs need to pay attention on the three essential components to successful SES are context, content, and execution. These elements provide a valuable and efficient framework for SES in the investor pitch setting.

(Huangfu, 2023) conducted a study on Storytelling as a PR Tool for a Tech Startup examining whether how a tech startup communicates effectively with its stakeholders using storytelling to raise awareness and support among key stakeholders. The author concludes that storytelling is a critical strategic PR technique for tech startup to communicate with customers, investors, and early employees to raise awareness and increase awareness.

15.4 Importance of Storytelling:

Credibility can be established through storytelling (Sheehan 2022), the market discount can be reduced to category spanning (Cutolo and Ferriani 2023), and the value of objects and actors can be increased. Compared to arguments and facts, stories are frequently seen as more vivid, emotive, captivating, memorable, and resonant (Escalas 2007; Freling et al. 2020; Heath, Bell, and Sternberg 2001). According to these studies, storytelling is frequently portrayed as a valuable skill or resource in scholarship (Suddaby et al. 2020; Teece, Pisano, and Shuen 1997). Multiple factors, such as the team, product/service, traction, market, valuation and exit strategy, contribute to a startup attracting investors and raising funds. However, a startup with a strong narrative, similar core values and brand equity is equally important, as it drives sales volume.

According to Marq's State of Brand Consistency report, an enterprise with consistent branding across all channels can increase revenue by 20 per cent. For instance, the branding of the fintech startup CRED is centered around 'creditworthiness as a currency'. It uses the company website, the application and social media channels to communicate the benefits of good credit, such as access to better interest rates and travel rewards. They have raised USD 801.5 million in nine rounds of funding from 34 investors, including Tiger Global Management, Sofina and Alpha Wave Global (thub-editor, 2024)

Funding allows startups to invest in advertising, influencer partnerships, and customer acquisition. However, branding often shifts to appeal to investors, emphasizing market size, differentiation, and revenue potential. The challenge is to balance this without losing authenticity-investors see through exaggerated claims, and a weak foundation can hurt credibility.

The best fundraisers are the best storytellers. In today's competitive market, where every founder claims to be "disrupting" something, the startups that stand out aren't always the ones with the best products; they're the ones that make investors believe in ROI. Investors are often more motivated by the potential and vision of the company rather than the perfectly calculate financial projections.

While businesses with strong storytelling generate conversion rates three to four times higher than industry averages, poor narrative positioning can impair fundraising effectiveness by as much as 70% (Figure 1). There are proven instances where single narrative pieces have been shown to outperform months of product-focused pitching, and story-based material produces conversion rates that are 340% greater than traditional approaches.

By 2026, the global skincare market is predicted to reach a value of over \$200 billion. The experience of rising disposable income in India, the wellness obsession of Gen Z, and their consumer-first approach to digital space are some of the aspects that will foster the growth of homegrown brand opportunities. It is advisable to assess your funding requirements before looking for potential funding sources. Whether plan is to manufacture own products, work with white-label suppliers, or establish an e-commerce brand alone will determine the start-up costs.

15.4.1 How to Narrate a Story:

Story is a strategic framework that connects products to people, and companies to cultures. For beauty brands, which deal with personal identity, confidence, and self-expression, storytelling is foundational. Storytelling is an important tool for communication.

Origin of the story – How the product was created and why it is created.

Mission and vision - Start to narrate a story that is why the startup exists. The purpose behind it. To the investors clearly show the gap or need in the market. What problem is to be solved? Also mention the emotional or personal trigger to start the beauty product. Outline the long-term vision and mission of the startup and the impact it will have on the industry.

Presenting the solution – Explain the problem from the customer view point. Use data or observation to prove the problem faced by target customer. Introduce the product is the solution for the problem. How the product is better than the competitors. Use customer testimonials to add authenticity to the narrative. Product uniqueness needs to be articulated. The market demand needs to be presented. Show the investors about the product's profitability.

Growth – To gain confidence from the investors, show the progress of the startup. Use key metrics like number of increases in customers, revenue growth and customer engagement. Showcase the details using any visuals like charts, graphs, etc.,

Future growth – Present a detailed plan like market expansion, product launch. Share the roadmap and milestone planning to achieve. It is important to describe the startup's current potential and long-term impact to the investors.

Spontaneous team – Highlight about the team and their expertise. Show the team can handle challenges, pivot when needed and their dedication. If there is any personal anecdote relating to the problem and the team commitment to bring a solution to the customers can be shared with the investors.

Investor role and engagement – Be specific on the startup requirement and expectation from the investors like the funding amount, funding purpose, and also the outcome the investor can yield. Ensure that investors are becoming a part of something bigger. Be clear in objectives and demonstrate how the investment grows over a period of time.

15.4.2 Structuring of The Story:

Start with something interesting happening in the world. Grab the people's attention and explain the problem startup is going to solve. Clearly show the gap between the customers' needs that is unmet in the market. To tell a story characters are very crucial, so have a hero in the story. The beauty product is the hero of the story fulfilling the customer needs and make their lives better. Indicate the positive comments from the customers. Then comes the part where the hero proves the worth.

It is proving the worth of the startup, as the founder and the team will achieve its goal. So, induce the confidence in the investors to invest in the startup. The concluding part is the investors are to be inspired to take action like investing in the startup or sharing the startup details to other partners and customers.

15.5 Research Methodology:

The research has selected the respondents on the convenience sampling method with a sample size of 55.

Startup Companies in beauty products are selected for the study. Primary data have been extracted by using structured questionnaire and schedule which had questions that relates to the objective and contribute in deriving proper inferences.

Table 15.1: Data Analysis and Interpretation Storytelling Is Used to Attract Investors

Storytelling	Number of Respondents	Percentage (%)
Yes	33	60
No	22	40
Total	55	100

Source: Primary data

From the above table, 60% of respondents said storytelling is used to attract investors, and 40% said storytelling is not used to attract investors in Startup Beauty products.

Therefore, most of the respondents' said storytelling is used to attract investors in Startup Beauty products.

Table 15.2: Which of The Storytelling Elements Used In Investors Pitch?

Storytelling elements	Number of Respondents	Percentage (%)
Founders Journey	26	47.20
Customer success story	16	29.09
Product innovation story	13	23.63
Total	55	100

Source: Primary data

From the above table 47.20% of the respondents used Founders Journey in investors pitch, 29.09% of the respondents used Customer success story in investors pitch, and 23.63% of the respondents used Product innovation story in investors pitch. Therefore, more respondents used Founders Journey in investors pitch.

Table 15.3: Medium Used to Narrate the Story to Investors

Medium	Number of Respondents	Percentage (%)
Pitch deck	24	43.63
One-on-One meeting	19	34.54
Company website	12	21.81
Total	55	100

Source: Primary data

From the above table, 43.63% of the respondents used Pitch deck as a medium to narrate the story, 34.54% of the respondents used One-on-One meeting as a medium and 21.81% of the respondents used Company website. Therefore, most of the respondents used Pitch deck as a medium to narrate the story in Startup beauty products.

Table 15.4: Do You Revise the Story When It Is Necessary

Revise the story	Number of Respondents	Percentage (%)
Yes	29	52.72
No	26	47.27
Total	55	100

Source: Primary data

The above table shows that 52.72% of the respondents have revised the story when it is necessary, and 47.27% of the respondents has not revised the story when it is necessary. From the above finding most of the respondents revised the story whenever it is necessary in Startup beauty products.

Table 15.5: Challenges Faced in Narrating A Story

Challenges	Number of Respondents	Percentage (%)
Crafting a founder story	13	60
Producing high quality content	6	10.91
Goal is not defined clearly	8	14.54
Maintaining a consistent narrative	11	20
Unstructured storytelling	10	18.18
Focusing more on product	7	12.72
Total	55	100

Source: Primary data:

It revealed from the above table that, 60% of the respondents have challenge in Crafting a founder story, 10.91% of the respondents have challenge in Producing high quality content, 14.54% of the respondents have challenge in clearly defining the Goal, 20% of the respondents have challenge in Maintaining a consistent narrative, 18.18% of the respondents have challenge in Structuring the storytelling, and 12.72% of the respondents have focused more on the products. It shows that most of the respondents find difficulty in crafting a founder story.

15.6 Conclusion:

Beauty industry is one of the highest growth sectors in India. Beauty industry quickly adapts to customer's changing preferences and changes in the external environment. Startup beauty products can leverage the emerging trends such as clean beauty, vegan beauty, Indie beauty and wellness beauty. Startup beauty products should align with customer value and lifestyle. In this competitive startup's beauty products, where creativity and innovation thrive, founders try to attract investors for funding. Narrating a story is very crucial in attracting investors because they always look for how well the vision is articulated. Storytelling a way to demonstrate that the startup is capable of achieving its goals. This paper enlightens the startup founders on narrating a story that is engaging, relatable and inspiring. Storytelling helps in securing crucial funding.

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