

Determinants of Business Performance among Human Hair Traders: An Exploratory Analysis in Tier-II Cities of Tamil Nadu

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Abstract: The human hair industry has emerged as a significant sector within the global beauty and fashion markets, driven by increasing demand for natural hair products such as wigs, hair extensions, and other hairpieces. Consumers increasingly prefer natural human hair products due to their superior quality, durability, and aesthetic appeal compared to synthetic alternatives. This study is significant as it provides a comprehensive analysis of the human hair marketing ecosystem in Tamil Nadu's Tier-II cities. The study analyses the factors influencing the human hair trade in the tier –II cities selected for the study and identifies the overall performance of human hair trade in selected tier-II cities of Tamilnadu. This study has extensively analyzed the key factors influencing the industry's growth and sustainability. The findings suggest that the industry is largely male-dominated, with experienced entrepreneurs operating in both formal and informal markets, heavily relying on temple hair auctions, heritage-based trade models, and export-driven sales channels.

Keywords: Human Hair Industry, Tier-II Cities, Entrepreneurs, Export-Driven Channels.

Introduction

The human hair industry has emerged as a significant sector within the global beauty and fashion markets, driven by increasing demand for natural hair products such as wigs, hair extensions, and other hairpieces. The trade in human hair, commonly referred to as "black gold," has grown into a multimillion-dollar industry that supplies not only domestic markets but also international buyers across Asia, Europe, and the Americas. This growing demand has positioned India, particularly the southern state of Tamil Nadu, as one of the largest exporters of human hair worldwide. Indian hair, known for its texture and quality, is highly sought after in both local and international markets, making it a key commodity in the beauty supply chain. Tamil Nadu plays a pivotal role in this industry, with temples such as Tirupati and Madurai Meenakshi serving as major collection points for human hair. The human hair trade is not limited to major urban centers; Tier-II cities of Tamil Nadu, such as Coimbatore, Tiruchirappalli, and Madurai, have emerged as important hubs for the collection, processing, and distribution of human hair. They often act as intermediaries, where hair collected from temples and local sources is processed, sorted, and distributed to wholesalers and exporters. Despite the industry's rapid growth, the human hair trade in Tamil Nadu faces several challenges, particularly in Tier-II cities. Traders in these regions encounter issues related to sourcing raw materials, navigating complex distribution channels, and staying competitive in both domestic and international markets. Furthermore, the influence of technological advancements, fluctuating demand patterns, and government policies all shape the operational dynamics of this sector. As a result, human hair marketing in Tier-II cities offers a unique case for study, as it reveals the interaction between local economic activities and global market forces.

Review Of Literature

Gosavi (2023) presents an analysis of the global market size and future projections for Human Hair Wigs. The report includes market data like the revenue generated by the global market for human hair wigs is projected to

be in the range of millions of dollars for the periods spanning from 2018 to 2023 and from 2024 to 2032. The revenue projections for the global market of human hair wigs are reported for the periods of 2018-2023 and 2024-2032, measured in thousands of units (K Units).

According to Parthasarathy (2010), Vice-Chairman & Managing Director, Thirumalai Chemicals Ltd. addressed the members of the Chamber said that private sector companies are doing export business when government sector is less and also they are having more advantage comparing to others, say under the Leadership series.,

Thibaut et.al (2005) defined the shape of hair by the hair follicle. Terminal hairs, which are found on the scalp, are produced by large follicles, while fine vellus hairs, which are found on the body, are produced by small follicles. Curly hair is produced by follicles that are curved, regardless of ethnicity.

Julia Angwin (2003) -The Wall Street Journal, India is a small part of the global hair business, compared to the market leader China, so called Indian Temple Hair fetches among the highest prices. Indian hair is generally finer than Chinese and more similar to much European. American hairdressers say, making it the lock of choice for certain clients.

Statement of the Problem

This study is significant as it provides a comprehensive analysis of the human hair marketing ecosystem in Tamil Nadu's Tier-II cities. With the global demand for natural human hair continuing to rise, understanding the role that smaller cities play in the supply chain is critical for maintaining Tamil Nadu's position as a leading exporter of human hair. By examining how Tier-II cities contribute to the global market, the study can provide insights into how these cities can better align with international standards and tap into global trends. This has implications for enhancing the overall competitiveness of Tamil Nadu in the international human hair trade, thereby benefiting both the state's economy and the global beauty industry.

Objectives Of the Study

- To analyse the factors influencing the human hair trade in the tier –II cities selected for the study.
- To identify the overall performance of human hair trade in selected tier-II cities of Tamilnadu.

Scope Of the Study

This study on human hair marketing in Tamil Nadu, with a specific focus on Tier-II cities, aims to provide an in-depth analysis of the socio-economic, operational, and market dynamics that influence the human hair trade. These cities have been selected due to their growing significance in the human hair marketing supply chain, acting as intermediaries between rural suppliers and international markets. The research will examine the collection, processing, distribution, and export activities specific to these cities, offering insights into how they contribute to the broader industry.

Limitations Of the Study

The study does not comprehensively address the perspectives of other stakeholders, such as end consumers, large-scale exporters, or regulatory bodies. As a result, the study may not capture the full complexity of the human hair trade, particularly from the viewpoint of international buyers, policymakers, or consumer behaviour.

Research Methodology

It outlines the research methodology adopted for the study of human hair marketing in Tamil Nadu, with a focus on tier-II cities. It describes the research design, data collection methods, sampling techniques, and tools used for analysis.

Research Design

The study employs an **exploratory research design**, aimed at understanding the dynamics, challenges, and opportunities in the human hair trade in Tamil Nadu. The descriptive approach allows for an in-depth exploration of the personal, organizational, and operational aspects of the industry.

Area of the Study

The study focuses on the human hair trade in Tamil Nadu, with special emphasis on tier-II cities of the state such as Coimbatore, Tiruchirappalli, Madurai, and Salem.

Sampling Method

A simple random sampling method was used to ensure representation across different categories of stakeholders, including wholesalers, retailers and suppliers.

Data Collection

Primary Data

Primary data was collected using a structured questionnaire, specifically designed to capture quantitative and qualitative insights. The questionnaire consisted of multiple sections, including demographic details, organizational profiles, trade practices, distribution methods, promotional activities, and challenges in the sector.

Secondary Data

Secondary data was gathered from published reports, government records, journals, and online resources related to the human hair industry.

Data Analysis And Interpretation

The data is structured and processed methodically to give insight into the study's socioeconomic state, business practices, and trade dynamics.

Factors Influencing Human Hair Trade:

Factor analysis is a widely used statistical method for identifying underlying relationships among a large number of variables and condensing them into smaller, more manageable factors. In this study, factor analysis has been employed to examine the key determinants influencing the human hair trade. The primary objective is to understand the various dimensions that drive the industry, helping stakeholders make informed decisions based on data-driven insights.

The analysis begins by extracting factors from a set of 28 variables that influence the human hair trade. Using Principal Component Analysis (PCA) as the extraction method and Varimax Rotation with Kaiser Normalization, the study identifies ten distinct factors that explain 70.04% of the variance in the dataset. This suggests that these ten factors effectively capture the major elements affecting the industry, allowing for a more structured understanding of the trade dynamics.

Rotated Factor Matrix for Human Hair Trade TABLE-1

Variables	Factors									
	1	2	3	4	5	6	7	8	9	10
A sufficient supply of raw hairs is available to fulfil demand.	0.764									
For the hair sector, the market size is large.	0.760									
Raw human hair may also be obtained from	0.759									

village comb hair.										
Changes in customer behavior regarding the relevance of hair style.	0.754									
To beat the competition, we use competitor pricing.	0.747									
When compared to other exporting items, the profit margin is huge.	0.731									
Shipping cargo is easily and widely accessible.	0.728									
Air cargo is frequently and adequately available	0.704									
The price of hair and hair products is expensive due to the high cost of manufacture.		0.690								
The availability of raw hair at a lower cost should improve market stability.		0.673								
In comparison to other nations, India has a better potential to obtain long hair for this company.		0.637								
With the latest information technology, we can find out what's going on in foreign markets.		0.591								
In the industry, there are more than a handful of distributors and suppliers.			0.638							

Synthetic hair demand is declining in the worldwide market.			0.593							
We have a fantastic potential to grab and compete in the worldwide market due to the availability of long human hair.			0.544							
We all agree that present communication is really beneficial to the hair business.			0.542							
The government regularly provides export subsidiaries to our sector.				0.461						
Technological innovation is very beneficial in introducing new products into the worldwide market.				0.413						
We are receiving positive government support and encouragement (in the form of space, regulation, technical assistance, and so on).					0.468					
Temple is the primary source of tonsure hair (long hair).						0.496				
In this business, the customer-supplier relationship is increasingly vital.						0.428				
We are outsourcing human hair processing. Because of the high cost of							0.585			

technological investment										
When travelling through road, transportation costs are affordable.							0.550			
Natural human hair is in high demand in the worldwide market.								0.624		
More training and advertising programmes are being supplied by the government to help this sector grow.									0.482	
The government offers a duty drawback concession to the hair sector.									0.447	
Even though the raw materials are there, we think that only a small number of people are interested in becoming hair suppliers.										0.550

Source: Primary Data

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 5 iteration

The above Table-1 exhibits the rotated factor loading for the twenty-eight statements (variables) of factors influencing human hair trade. It is clear from table that all the twenty-eight statements have been extracted into ten factors.

Important Factors for Human Hair Trade Table-2

S. No	Factors	Eigen Value	Percent Variance	Cum. Percentage of Variance
1	Market Demand & Pricing	4.812	17.19	17.19
2	Ethical Sourcing & Transparency	2.794	9.98	27.17
3	Regulations & Cultural Preferences	2.002	7.15	34.31

4	Supply Chain Logistics & Reliability	1.707	6.09	40.41
5	Production Methods & Certifications	1.628	5.82	46.23
6	Marketing & Branding Strategies	1.539	5.5	51.72
7	Regional Trade & Policy Impact	1.448	5.17	56.9
8	Customer Service & Online Presence	1.323	4.72	61.62
9	Transportation & Cost Considerations	1.213	4.33	65.95
10	Competitive Pricing & Differentiation	1.145	4.09	70.04

Source: Primary Data

Table-3

Kaiser – Meyer- Olkin Measure of Sampling Adequacy	0.713
Bartlett's Test of Sphericity. Approx Chi – Square	3814.876
Df	378
Significance	0.000

In the High value of Kaiser – Meyer – Olkin (KMO) measure of Sampling Adequacy test, the derived value (0.713) indicates the correlation between the pairs of variables explained by other variables and thus factor analysis is considered to be good in this model. The Bartlett's test of Sphericity Chi-square indicates the population's correlation matrix. It is a significant identity test of statistics for sphericity which is based on Chi-square test. The extracted value is 3814.876.

Market Demand & Pricing, is the most dominant factor, with the highest Eigen value (4.812) and variance contribution (17.19%). It represents global demand for human hair, price fluctuations, and market trends. Hair types (virgin, Remy, synthetic blends), fashion trends, and celebrity influence significantly drive demand. Higher demand leads to increased prices, making pricing strategies crucial in this competitive industry. "Ethical Sourcing & Transparency" are growing in importance, contributing 9.98% to total variance. Regulations & Cultural Preferences, is the third dominant factor, with the Eigen value (2.002) and variance contribution (7.15%). Legal restrictions and cultural beliefs influence hair trade across different regions. Supply Chain Logistics & Reliability is the fourth factor influencing the human hair trade with eigen value as 1.707 and variance with 6.09%. Production Methods & Certifications is the fifth critical factor with 1.628 eigen value, 5.82 per cent of variance. Marketing & Branding Strategies (Eigen value = 1.539, Variance Contribution = 5.50%) is the next factor consisting Social media marketing (Instagram, TikTok, YouTube), Celebrity endorsements and influencer marketing. Regional Trade & Policy Impact is the seventh factor which influences the human hair trade with eigen value of 1.448 and percent of variance as 5.17. Customer Service & Online Presence is the next importance factor which constitutes 4.72 per cent of variance. Transportation & Cost Considerations are one of the key important factors which influence human hair trade with eigen value of 1.213 and variance of 4.33%. The last major factor, contributing 4.09% to the variance is Competitive Pricing & Differentiation which Involves price wars, differentiation strategies, and value-added services.

Overall Level Of Performance Of Human Hair Trade Table-4

Level of Overall Performance	No of Respondents	Percentage
High (262 – 365)	155	40.2
Moderate (214 – 261)	140	36.4
Low (115 – 213)	90	23.4
Total	385	100.0

Source: Primary Data

It is observed from the Table 4 that Out of 385 respondents, 155 (40.2%) rated the trade's performance as high. Additionally, 140 respondents (36.4%) assessed the trade as performing at a moderate level. On the other hand, 90 respondents (23.4%) viewed the trade as having a low level of performance. Therefore, it is concluded that, Overall, 76.6% of respondents believe the trade is performing at a satisfactory level, which highlights a favorable market environment.

Findings

- Market Demand & Pricing – Strong market demand significantly impacts trade performance.
- Ethical Sourcing & Transparency – Consumers prefer ethically sourced hair.
- Regulations & Cultural Preferences – Legal restrictions and cultural beliefs shape trade practices.
- Supply Chain Logistics & Reliability – Efficient procurement and distribution impact trade success.
- Production Methods & Certifications – High-quality processing and certifications are crucial.
- Marketing & Branding Strategies – Digital marketing and influencer collaborations enhance visibility.
- Regional Trade & Policy Impact – Government policies and tariffs affect trade dynamics.
- Customer Service & Online Presence – Strong customer engagement leads to business success.
- Transportation & Cost Considerations – High shipping costs and international tariffs impact profitability.
- Competitive Pricing & Differentiation – Price wars and product uniqueness influence market positioning.

Suggestions

- Encourage greater female participation through training, financial aid, and awareness campaigns.
- Develop initiatives to attract younger generations into the sector.
- Provide financial and technical assistance to start-ups and small-scale businesses.
- Foster mentorship programs leveraging the expertise of seasoned entrepreneurs

Conclusion

The human hair trade in Tier 2 cities of Tamil Nadu is a multi-faceted, highly lucrative, and globally significant industry, deeply rooted in traditional practices yet evolving rapidly due to modernization, digital transformation, and changing consumer preferences. This study has extensively analyzed the key factors influencing the industry's growth and sustainability. The findings suggest that the industry is largely male-dominated, with experienced entrepreneurs operating in both formal and informal markets, heavily relying on temple hair auctions, heritage-based trade models, and export-driven sales channels.

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