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Expansion of Radiance Glow Skincare in North America

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ABSTRACT

As Radiance Glow Skincare (RGS) continues to expand in Australia, the company is exploring opportunities to enter the North American skincare market. This study evaluates the feasibility of this expansion by examining market trends, consumer preferences, competitive conditions, and strategic challenges. The analysis indicates that increasing consumer demand for skincare products with health-promoting ingredients creates favorable market opportunities for RGS. However, the company's medium-sized scale, limited brand recognition, and lack of experience in the North American market represent significant barriers to successful entry. The findings suggest that market expansion is feasible if supported by a well-defined market entry strategy, effective risk management, product localization, and strategic partnerships. This study provides practical insights for firms seeking international expansion in the rapidly evolving skincare industry.

1. Introduction

Considering both benefits and challenges of Radiance Glow Skincare (RGS) entering the North American skincare market, this paper evaluates four aspects selected from Porter's Five Forces, with two forces presenting opportunities and two posing risks [1-3]. Simultaneously, integrating PESTLE for more comprehensive and accurate analysis. Porter's Five Forces was proposed by Michael E. Porter in the early 1980s, providing a new method and model for strategic analysis of businesses and companies [4]. The Five Forces are the Threat of New Entrants, the Bargaining Power of Buyers, the Bargaining Power of Suppliers, the Threat of Substitutes, and Competitive Rivalry [5]. Relatively lower bargaining power of buyers presents an opportunity for RGS. Much research [6-9] highlights a growing consumer awareness of skincare issues caused by harmful chemicals, leading to a preference for clean beauty products.

Therefore, the demand for clean beauty is increasing, as consumers prefer transparent brands that provide environmentally friendly packaging and products made with ethically sourced, non-toxic ingredients [10]. As consumers' demand for such beauty and skincare products increases, the market has also expanded accordingly. RGS, featuring both sustainably sourced skincare products and eco-friendly, biodegradable packaging, greatly aligns with current consumer demand. Meanwhile,

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although the industry has seen double-digit growth, this rise is largely driven by price increases rather than a boost in sales volume, indicating a possible change in consumer behavior and market strategies [11]. Compared to price, buyers attach great importance to the ingredients and effectiveness of skincare products [10]. The preference and trend of consumers towards beauty brands that use ethical and sustainable ingredients constitute the social factors supporting RGS's development in North America. This suggests that consumers are willing to pay a relatively higher price for brands recognized as eco-friendly and sustainable.

Another force that can promote the growth of this brand in North America is the threat of new entrants, which is at a low to moderate level for this brand. That is primarily attributed to strict local policies and regulations. A paper published on July 31, 2024, Targeted News Service issued a warning letter to the website Repair Skincare, stating, "Your TCA chemical peels and Glycolic Acid chemical peels are unapproved new drugs introduced or delivered for introduction into interstate commerce in violation of the Federal Food, Drug, and Cosmetic Act" This indicates that the North American skincare market is heavily regulated by laws and regulations. While this increases the complexity of shipping ingredients from Australia, it also discourages new entrants from brands that use non-indigenous ingredients, creating high barriers to entry. For example, some practitioners who lack relevant professional legal knowledge may not be able to enter their skincare and beauty industry due to non-compliance with compliance standards in various North American countries.

Therefore, despite the strict inspections and procedures required for importing ingredients, RGS's harmless and natural materials such as Tasmanian blue gum extract and marine algae complex are more likely to be approved for import into North America. Because the risk of new entrants limits an industry's profit potential, a high threat forces existing companies to either lower prices or invest more to deter competitors [5]. Conversely, a lower threat of entry allows firms to reduce investment and maximize profits. Therefore, the policies and regulations in North America give RGS a significant competitive advantage over new entrants using non-sustainable materials.

Correspondingly, this paper provides a detailed analysis of the risks Radiance Glow Skincare will face, with the strongest risk factor being the intense market competition. The North American beauty industry has become saturated, with companies such as Estée Lauder and L'Oreal becoming global giants in the American skincare industry [12], competing fiercely with various other independent brands for market share. RGS faces challenges in standing out, gaining recognition, and increasing its market share. In addition, the dominant position of well-known brands makes renowned retailers prioritize these brands with high brand assets and brand influence. Of an instance, Sephora collaborates with many well-known brands because consumers are more inclined to choose these brands with guaranteed reputation and quality. On January 17, 2020, a journalist and editor from Chemicals & Chemistry published a paper about Drunk Elephant, a brand with hundreds of stores worldwide, announcing the exclusive launch of its F-Balm™ Electrolyte Water Face Cream at Sephora. From a social perspective, North American citizens may be more inclined to choose local skincare and beauty brands in North America because they are more familiar with them and local ingredients. Furthermore, RGS should strive to minimize risks associated with suppliers' bargaining power. The brand currently uses Australian native plants and ingredients, such as Kakadu plum, Tasmanian blue gum extract, and marine algae complex. Among these, only marine algae complex can be sourced from coastal cities in South America, while the other two key ingredients must be imported, significantly increasing costs. However, if suppliers can provide unique products that are not available elsewhere, they will have greater bargaining power [13]. As the business grows, the demand for raw materials increases, which may create an urgent demand for reliable suppliers and good maintenance with them. At the same time, suppliers increased bargaining power and affects the brand's cost and the supply of raw materials. Due to legal and political factors such as trade tariffs and export policies, transporting raw materials from Australia to North America may be subject to taxation, tariffs, or import restrictions. Consequently, the increase in import and export costs will lead to a decrease in profits, which hinders RGS's expansion.

2. Methodology

This study adopts a qualitative case study approach using secondary data analysis to evaluate the feasibility of RGS expansion from Australia into the North American skincare market. A qualitative research design is appropriate because the objective of this study is to examine market opportunities, risks, and strategic recommendations rather than testing hypotheses through numerical data. Qualitative research enables researchers to develop an in-depth understanding of business environments, consumer behaviour, and industry dynamics [14].

Radiance Glow Skincare was selected as the case company because it represents a medium-sized Australian skincare brand seeking international expansion. The case study approach allows the application of strategic management theories to a real business context, providing practical recommendations for market entry.

The research uses a descriptive and analytical approach. Existing literature, industry reports, government publications, and market research were analysed to identify both opportunities and challenges associated with entering the North American skincare industry.

The study integrates two established strategic analysis frameworks:

- Porter's Five Forces [5] to assess industry competitiveness.
- PESTLE Analysis to examine external macro-environmental factors, including political, economic, social, technological, legal, and environmental influences.

The combination of these frameworks provides a comprehensive understanding of both industry-level competition and the broader business environment.

This study relies exclusively on secondary data collected from credible academic and industry sources. Secondary research is appropriate because extensive information regarding consumer behaviour, market trends, industry competition, and government regulations is already publicly available.

The data sources include:

- Euromonitor International reports
- Statista market statistics
- FDA (Food and Drug Administration) publications
- Government trade regulations
- Academic journal articles
- Industry reports
- Company reports
- Market research databases

Using multiple data sources improves the reliability of the findings through data triangulation, where information from different sources is compared to verify consistency [15].

The collected information was analysed using thematic analysis guided by Porter's Five Forces and PESTLE frameworks.

Four competitive forces were examined:

- Threat of New Entrants
- Bargaining Power of Buyers
- Bargaining Power of Suppliers
- Competitive Rivalry

Each force was evaluated to determine whether it represents an opportunity or a risk for Radiance Glow Skincare's North American expansion.

To improve the reliability of the study, information was collected from recognised and authoritative sources, including peer-reviewed journals, government publications, and established market research organisations such as Euromonitor.

Validity was enhanced by comparing evidence across multiple independent sources. Furthermore, the use of widely accepted strategic management frameworks (Porter's Five Forces and PESTLE) strengthens the credibility and academic rigour of the analysis.

3. Results

Strategy can be seen as either fortifying defenses against competitive pressures or identifying a position within the industry where these pressures are least intense [5]. To support the successful entry of Radiance Glow Skincare into the North American market, this paper has developed three main strategies to support it. The first is to expand retail channels by partnering with renowned beauty retailers such as Sephora. The second is to develop e-commerce and adapt to digital transformation. The third is to leverage social media to enhance brand influence and awareness. RGS can explore collaborations with high-end beauty retailers such as Sephora and Nordstrom because many brands focusing on natural beauty products have successfully partnered with Sephora. According to a paper released by NASDAQ OMX's News Release Distribution Channel on June 23, 2022, the natural hair brand Viori announced a significant retail partnership with Sephora 'as part of an overall strategy to increase brand awareness and retail expansion'. Meanwhile, e-commerce in North America is also developing at a rapid pace. Despite accounting for only 5% of the global population, North America plays a significant role in strengthening the global economy. One sector experiencing substantial growth in the region is the e-commerce retail market [14]. In addition to developing its own website for the North American market, RGS can expand its reach by selling on Amazon. According to the Research and Markets Adds Paper on the North American E-Commerce Retail Market [15], Amazon accounts for the largest share of total e-commerce retail sales in the region. Listing RGS products under Amazon's 'Advanced Beauty' and 'Clean Beauty' categories, which focus on sustainable and non-toxic brands, can effectively enhance brand value and visibility.

Additionally, Radiance Glow Skincare will have very low visibility during its early entry into the North American market, making it particularly important to enhance marketing influence and establish brand reputation, especially increasing its popularity among young generations. Enterprise practitioners should pay more attention to brand awareness in order to establish brand assets among young consumers [16]. Most brands now adopt some form of influencer marketing because influencers have a real voice and the ability to engage with audiences and can quickly gain influence globally [17]. Moreover, Digital technologies have had a major influence on the South African beauty and personal care sector, with social media influencers playing a central role in shaping consumer purchasing decisions [18] because they are seen as more trustworthy than traditional sources [19]. Thus, RGS can collaborate with some influencers to promote their products on short video platforms such as Instagram and TikTok to increase its popularity and visibility. Due to the consumers' demand for high-quality and harmless beauty products, RGS need to gain recognition from qualified experts or dermatologists to enhance their reputation and the reliability of their products among consumers. Consumers have developed trust and familiarity with the brand, which is beneficial for enhancing the brand's prestige [20-22]. This will drive the company to better establish itself in the North American market and have the opportunity to become a high-end skincare brand in North America.

4. Conclusions

In conclusion, by integrating Porter's Five Forces and PESTLE analysis to examine the risks and opportunities of RGS's expansion into North America while considering factors such as environmental factor, economic conditions, societal trends, and policies, it has been demonstrated that this expansion is feasible. The growing demand for natural skincare products from North American consumers provides a potential huge market for the brand. Meanwhile, due to FDA regulations, A series of laws, regulations, and policies such as ingredient restrictions and labeling requirements provide a barrier for the North American skincare market, helping Radiance Glow Skincare eliminate the threat of new entrants with insufficient qualifications or substandard raw materials. Despite the great opportunities, there are still some risks. For example, local brands such as Est é e Lauder have already taken the lead in the market, and competing with these brands is a challenge for Skin. In addition, since the brand relies on Australian indigenous biological resources as raw materials, most of which are unavailable in North America, suppliers have high bargaining power, which poses a risk of reducing profits for the brand. Therefore, it is necessary to develop a series of strategies to help it establish a foothold in North America. A proper political strategy is essential for ensuring the success of enterprises and projects, as it helps promote their vigorous development (Pinto., 2020).To be specific, it's crucial to establishing retail partnerships with professional retailers and utilize e-commerce to increase sales alongside expanding brand visibility and reputation through collaborations with influencers and securing expert recognition. To address the strong bargaining power of suppliers, further research on locally suitable ingredients and the feasibility of shipping Australian materials is necessary.

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Conflicts of Interest
The authors declare no conflicts of interest.

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