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INTERNATIONAL MARKETING RESEARCH: A MARKETING  
STRATEGY CASE STUDY WITH INARI ARCTIC COSMETICS

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Title

International Marketing Research: A Marketing Strategy Case Study with Inari Arctic Cosmetics

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Abstract

The topic of the thesis is to study an international market. The report is a case study based on a luxury Finnish/German start-up skincare company Inari Arctic Cosmetics. The company already has presences in the international market and is currently gaining momentum in both the local and international markets.

The main aim of the thesis will be to study from a strategic analytical approach, the company's potentials by entering the UK market. The possible risks and potentials of this product in the targeted markets are also key components to that the study is focusing on. The research will go into details of multiple aspects of the market situation, such as cosmetics trends, risk factors, consumers behaviour and attitude towards a perspective high-end skincare product. The current political and economic climate of the UK will be discussed in major sections of the thesis.

The primary data will be collected using both qualitative and quantitative method. In addition to this, secondary data will be collected through online articles, studies and reports. From the data collected, a conclusion on the topic based on multiple factors, such as market potential, possible partnerships will be made. A strategic international market entry mode will also be determined from the data collected. The research will also present recommendations for future research on similar subject.

Language

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International Market, Cosmetics Analysis, UK, Skincare, Inari Arctic Cosmetics,

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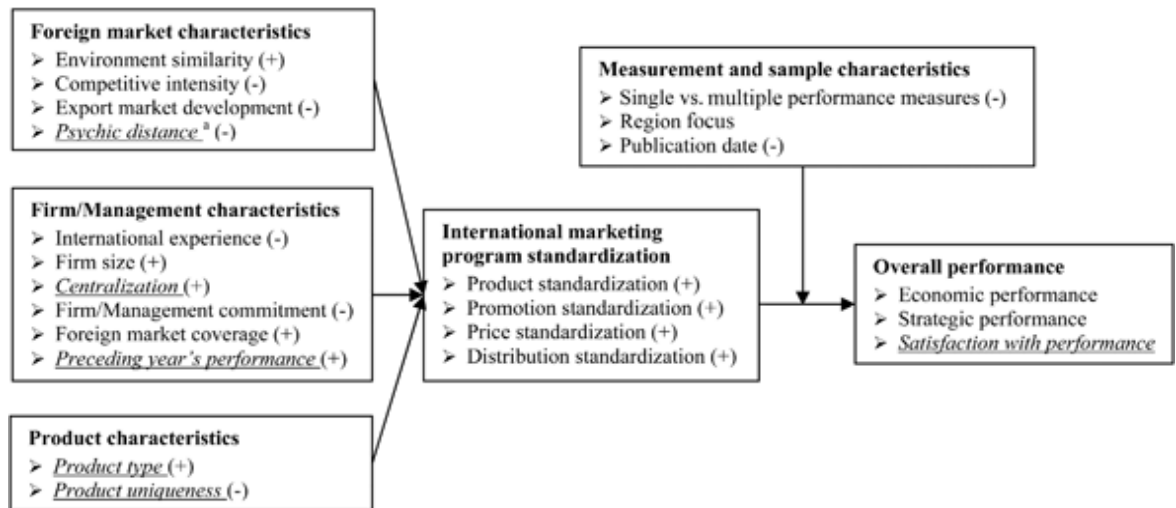
## APPENDICES

- Appendix 1 Pictures of the products and Inari Arctic Cosmetics mention in Vogue
- Appendix 2 Interview questions and transcript
- Appendix 3 Statistical market information
- Appendix 4 Survey outcome

## 1 INTRODUCTION

One of the most important components of business strategies revolves around different marketing functions. Marketing strategy is a strategic long-term plan that aims to reach more of a company's single-user and tries to model them into loyal customers. (Barone 2019). In general, companies regularly develop their marketing strategies to identify areas in which improvements are necessary. (Barone 2019). Due to the term 'marketing strategy' being a vast terminology, and can include many disciplines, it is important for companies to define and determine which factors are being focused on, when conducting a strategic marketing plan. (Newlands 2015). For this research, the focus will be on international marketing strategy. An international marketing strategy refers to a strategic plan developed to effectively, enter a foreign market to aid the overall growth and expansion of an organisation.

There are several factors that have to be taken into account when a marketing strategy is being developed. And indeed, more of the focus on these factors should be more precise when an international marketing strategy is being developed. According to Kotler and Armstrong (2012), there are several key factors that a company has to decide on, in order to acquire a marketing strategy. Examples of factors that companies should decide on, in order to implement an international marketing strategy are as follows: The adaptability of the product in a foreign market, distribution standardisation, the suitability of the business environment for the company. (Tan & Sousa 2013.) (See figure 1)



<sup>a</sup> The italic, underlined constructs were excluded in the subsequent meta-analytical model due to the lack of adequate information.

Figure 1: International marketing standardization (Tan & Sousa 2013).

## 1.1 Company background

Inari Arctic Cosmetics is a high-quality luxury Finnish and German skincare product brand that produces Clean and Natural skincare products. Natural beauty products are products in which the ingredients and formulas are based on natural and synthetic free ingredients. Clean beauty products on the other hand are referring to products being sustainable and eco-friendly. (Malacoff 2019.) The company was founded in 2017 by Finnish Germans Sirkku Hahn and Nina Stenberg and it is a privately held company. The skincare products entered the market in July 2018, a year after the company started its operations. The company is considered to be the first premium arctic skincare brand (LinkedIn). Inari Cosmetics' headquarters is located in Venejärvenkylä, Kolari Finland (Inari Arctic Cosmetic 2019).

While, the company mostly operates in Finland and has retailers in Helsinki, SaariSelkä, Ivalo and Rovaniemi, Inari Cosmetics also operates in the International Market and has retailers in Germany, Austria and Switzerland. The company simultaneously started its operations in Finland and Germany (Inari Arctic Cosmetic 2019.)

As of the moment, the company has a very light structure, Inari Arctic Cosmetics has two core employees, the co-founders, who are working as full-time employees.

The rest of the team are outsourced from various organisations (such as chemist, production, marketing, salespeople, etc.) The company currently has a turnover of 100 000€. (Hahn 2019.)

The founders recognised that there was a need for a high performing natural beauty skincare product, however, there were not many products in the market fulfilling this need. Satisfying this need and to create a high performing all-natural anti-ageing product is the idea behind the foundation of the company. Inari Arctic Cosmetics mission is to make “the finest skincare care product” to aid enhance healthy skin regardless of the age of the user. (Hahn 2019.)

Currently, Inari Arctic Cosmetics offers 6 different products with different functionalities and different price range. The products are as follows: (See appendix 1)

- Midsummer Magic Rejuvenating Eye Cream helps tighten the eye area, smoothing, fine lines and decrease dark circles. This anti-ageing eye cream product retails for 109€ on the company’s website.
- Midsummer Magic Lifting Serum, this product is described as a lifting serum that boosts the revitalising effects, while smoothing the skin and reducing wrinkles and fine lines of the skin. The serum retails for 145€.
- Midsummer Magic Sleeping Cream, which retails for 199€, is a night-time skin treatment that acts like a moisturiser, which enables the rejuvenating benefits for the skin.
- With active arctic ingredients, the Midsummer Magic Water Cream is an anti-ageing cream that provides a lightweight wave of hydration for the skin. The price of this product is 119€.
- A day-time hydration moisturiser, that helps firm the skin with a smooth and light-weighted texture. The Midsummer magic Moisture Boost trades at 119€ on the company’s website.
- To help removes impurities and make-up, Inari Arctic Cosmetics also has a cleanser retailing at 59€. The Midsummer Magic Hydration Cleanser leaves the skin bright and radiant. (Inari Arctic Cosmetics 2019.)

In addition to its existing products, the company has plans of introducing more products in the market in the future.

## **1.2 Research aim**

The report aims to analyse the attainability/feasibility of introducing Inari Arctic Cosmetics' products into the UK market. A market, which is very vast and highly competitive. The UK market is additionally more competitive in the cosmetics industry due to it being saturated with many cosmetics brands.

The purpose of the study is to conduct a research on the market to measure several factors, such as the potentials of the product, the situation of the business environment, marketing and distribution channels, target market and suitable market entry modes.

The final purpose of the report will be to determine the most suitable strategy to enter the international market. Themes such as the product/company potentials, risks and barriers that will be faced in a market with a very unstable political environment (Brexit) will be explored in major sections of the thesis

## **1.3 Outline of the research**

This research aims to gather insights of the UK cosmetics industry, a market that is yet to be explored by Inari Arctic Cosmetics. The report will study multiple aspects of the industry, such as beauty trends, consumers possible behaviour/attitude towards the product or similar products. The research will consist of both qualitative/documentary and quantitative analysis research methods. From this data collected, an international marketing strategy will be created.

Relevant market data related to luxury skincare products in the UK market will be the main points of the secondary data collection analysis. While the primary data will be collected through quantitative and qualitative methods. Qualitative method will consist of interviews from key officials from the company to get their insights. The quantitative method will be based on survey mainly from the company's targeted demographic. Through the above-mentioned methods, a conclusion on the topic will be reached based on multiple factors, such as market potential, possible partnership, etc.

A SWOT, PESTEL and Five Forces analyses will also be conducted to offer a better understanding of the UK market. The research will also present recommendations for future research on similar projects for Inari Arctic Cosmetics.

## **2 RESEARCH METHODOLOGY**

### **2.1 Research methodology**

There are several types of data collection methods. In order to require the necessary and adequate in-depth data needed for this research, the primarily research will consist of both qualitative and quantitative methods. Qualitative research is a primary data obtaining method that focuses on gaining information through open-ended forms of communication. Qualitative research can be categorised, and the data can be gathered in different ways, for example, through case study research, focus groups, a process in observation, one-on-one interviews, etc. (Bhat 2018.) The Primary data were collected through one-on-one interviews, with key officials of the company to get a better understanding of non-sensitive internal data of the company and product to help aid with the analysis. This qualitative analysis data collected will be used in major sections of the thesis.

The quantitative analysis will consist of a survey potential users' insight on the cosmetics/skincare industry. This method will be used to further gain insight on the market and skincare users from different countries from Europe. The research method will either endorse or disprove that has been previously collected.

In addition to the qualitative and quantitative methods used, secondary data represent a sizeable portion of the research as well. Secondary data present approximately 50% of the data that was used in this report. In the section such as business environment analysis and overview of the market opportunities, secondary data, from various online articles and reports were utilised to give a piece of comprehensive information.

### **2.2 Interview data collection method**

Gathering data through interviews with representatives of the company, was one of the most important methods of that the primary data was collected. The reasoning behind utilising this method is to get more in-depth perspectives from the interviewees.



While the interviewee was a representative of the company, an unbiased approach was taken to get usable data. The questions that were used during the interview were open-ended. This method of questioning was used during the one-on-one interview to allow the interviewee to give more in-depth answers to the questions, without limiting their opinions etc.

### **2.3 Research limitations**

Both the qualitative and quantitative research methods brought about in-depth insights that supported each other in various sections of the study. However, there were some limitations that were noted in the quantitative portion of the research.

The survey conducted showed constraints to further develop some important questions. There was insufficiency in sample size in some areas to give a more advanced statistical measurement. The age group of the group used for the survey was not diverse enough to get balanced data on the demographics of the company. Another restriction was the location of the participants, only a limited amount of the test subjects were residing in the UK. The lack of enough test subjects from the UK provided limited perspectives from the needed demographic. While these limitations were not easy to overcome, simulations to duplicate similar results were used. And from these test results a conclusion was reached. (See appendix 4)

## **3 LITERATURE REVIEW**

Over the past couple of decades, people have become more in tune with taking care of both the external and internal parts of themselves. Within the previous decade (2010s), however, research has shown that there has been a growing popularity of the usage of skincare products, especially, with millennials. (Jacoby 2019.) With the rise of social media and influencer marketing, came the popularity of skincare products.

Research has been conducted through the years about the benefits of skincare and the importance of adopting a skincare routine, especially in areas with harsh climates. Consequential, there are several skincare routines that range from the standard moisturiser to a 7 step Korean skincare routine. (Moore 2019.)

Millennials made a big impact on the popularity of skincare (Seth 2018). Cosmetics companies have recognised this change and are quickly adapting and shifting from makeup to focus more on skincare products This sudden rise is due to consumers prioritising natural beauty over makeup. Additionally, many celebrities and influencers have taken to the movement of going “natural. (Moore 2019.) According to a report by Loreal (2019), the skincare market increased by 9% in 2018.

The rise of natural and clean beauty is also another trend that has made an impact on the skincare industry. There are growing fears and mistrust of chemicals and toxins being used in skincare. (Linkage Research & Consulting 2019.) Millennials, in particular, have been more vocal than any other age group that skincare products have the ability to affect their overall health. (See figure 2). According to Linkage Research & Consulting (2019), approximately 40% of millennials have been purchasing natural beauty products that are considered to be toxin-free. The research also showed that around 50% of millennials will purchase synthetic-free skincare products and 59% will buy synthetic-free hair products.

The channels, in which cosmetic products are being purchased from, have also been changing. Online beauty shopping has become the norm, for both Millennials and Generation Z (the generation after Millennials). This is because of the accessibility online shopping offers. (Linkage Research & Consulting 2019.)

While there are people that are ritually following the skincare routine, there are others that fall on the other end of the spectrum. Naturally, there are people that do not believe that skincare products have an overall positive impact on the skin. An article from The Outline the called the skincare trend a scam (Varagur 2018). According to the author it is impossible to get the perfect skin because this is something that does not exist. Varagur (2019) went on to mention that having a skincare routine, is an indoctrinate imposed by society and in fact, skin care products are not necessary, due to millions of years of evolution that have helped human organics function without the need of any chemicals. (Varagur 2018.)

One of the most popular ingredients in skin care products over the past two years are various types of acids such as Glycolic, Hyaluronic and Salicylic. Varagur (2019) pointed in her article, that people are encouraged to use these products, without really understanding the full effects it will have on the skin. Without proper guidelines on how to correctly use the products, these chemicals will indeed harm the user, due to their heavy concentration on some products. (Varagur 2019.)

Another article from The Guardian (2018) highlighted the darker side with the increasing usage of the thousands of skincare products. The author highlighted the growing skincare addiction with multiple people. A social media site, Reddit, has been a means for people to discuss and give unprofessional tips about what products to use and how to use them. These beauty tips can be harmful, due to the fact that there is an encouragement to try anything and everything, without any knowledge of whether or not the products will aid the skin, or in worst-case scenarios, cause serious harm to the skin. (Cochrane 2018.)

While more benefits have been emphasised in the growing discussion revolving around skincare. It is also crucial to include the cons in these discussions. There should be more education as to what these acids are doing to the skin and the dosage of usage. (Cochrane 2018.)

**% of Generation Agreeing with Statement:**

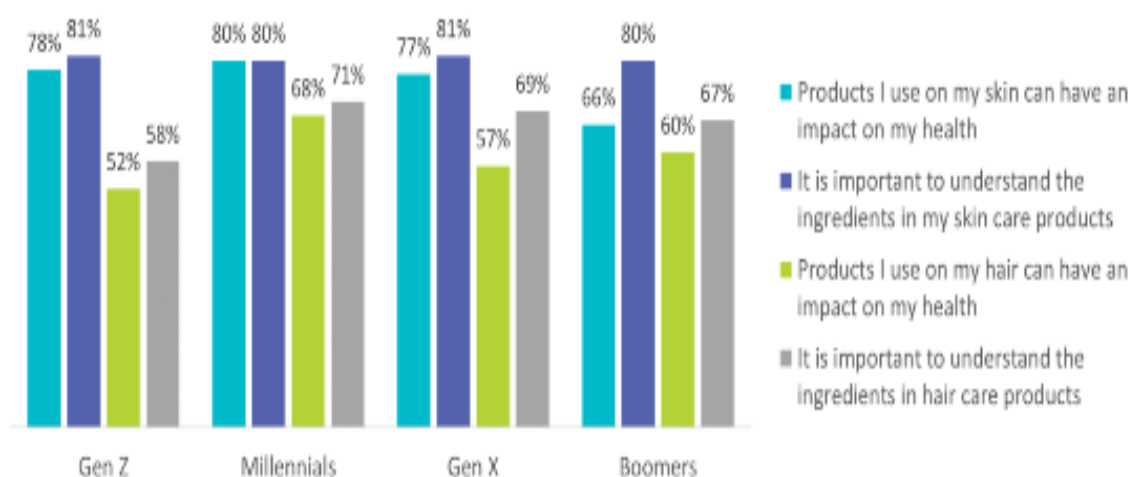


Figure 2: Survey on skincare ability of affecting overall health. (Linkage Research & Consulting 2019).

## 4 THE UK AS A TARGET MARKET

With a market size of over 66 million and approximately 83% of the population living in urban areas, the UK has one of the biggest economies both in Europe (2nd) and on the global spectrum (5th). The UK represents 66% of the total Europe consumer market, in 2017. (The World Bank 2019.) According to the World Bank (2019), the final household consumption expenditure of the UK was 1.868 trillion dollars in 2018.

The country is amongst the top 10 global importers and exporters. In 2019, the imported goods amounted to 682.92 billion USD (Dillinger 2019). Approximately, 57.6% of the population in the UK are in the age bracket of 25-69. In 2015, the average age was 39.5.(Santander Trade Portal 2020). While there is a growing ageing population in the UK, the acceleration is lower than in most EU countries.

With a healthy employment rate (75,90%) and a relatively stable economy, mainly service-focused, consumer expenditure has been increasing (Trading Economics 2019). However, the Brexit referendum has had an impact on consumer confidence. In 2017, consumer confidence reached a four-year low (Stander Trade Portal 2020).

The purchasing power of those who voted to remain in the EU has been decreasing. While those who voted to leave are more optimistic. The study showed a variance of scenarios. Shopping for the best deal, or at stores that offer loyalty discounts have been increasing with consumers in recent years. (The Bank of England 2019.)

Factors such as superior design, quality, branding, price and environment are crucial elements when it comes to what will have an impact on what consumers in the UK will purchase. There is an acknowledgement of advertising that showcases the advantage of various products to consumers. In recent years, consumers have had an increase of interest in ethical practices of companies that they associate with. The British consumers are willing to purchase at a higher price from a company that share and support cause/charity as them. (MediaCom agency 2017.)

The UK is a suitable test market for Inari cosmetics to entre because there is a good target for their products. London with a population of 8 million is the most populated city in the UK.

The population proportion of London is mostly populated by the targeted age of Inari cosmetics. 24% of the population structure of London is made of 25-34 and around 22% of the population is proportioned of 45-49 age group. (Trust for London 2018.)

The UK was chosen as a target market, due to it being an English-speaking country. Particularly retailers from all over the world tend to focus on the UK market to look for new companies. Succeeding there might mean that there is a possibility for Inari Arctic Cosmetics to attract partners outside of the UK as well (Hahn 2019).

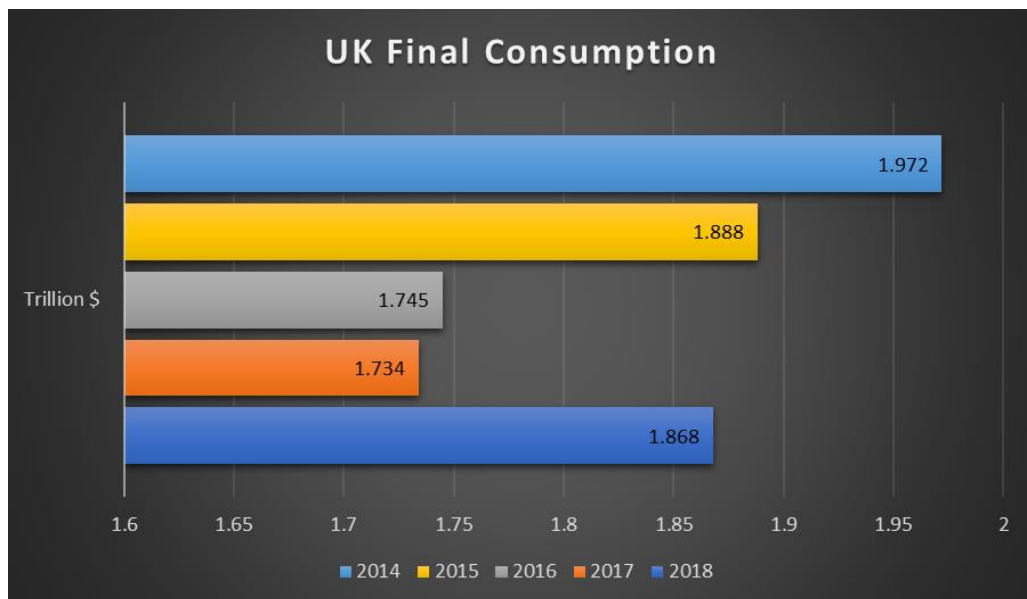


Figure 3: UK household final consumption evolution (The World Bank 2019).

## 5 ANALYSIS OF BUSINESS ENVIRONMENT (PESTEL)

The business analysis tool, PESTEL will be utilised in the next section of the report to further explain the current cosmetics industry's business environment in the United Kingdom.

**Political factors**

There are plenty of market opportunities within the country to attract various companies as well as investors. However, the current political climate of the UK is very unstable and unpredictable. The uncertainties over Brexit has been a cause of concerns for many business owners, as well as investors. A ‘no-deal Brexit’ will mean that Inari Arctic Cosmetics will be impacted by new taxations regulations.

**Economical factors**

There are several economic factors due to the current political climate that has the potential of impacting customers’ (retailer and consumers) purchasing power. The main one is the Brexit politics. The British economy has been slowing down ever since the Brexit referendum. In 2019, it was forecasted that the economy will grow 1.5% in 2020, this is figure is still lower than the 1.7% in 2017. (See figure 4) The investment rate has declined, and the consumption has also been on the decline due to the uncertainty. Unemployment is forecasted to rise from 4.2% to 4.5% in 2020. (Santander Trade Portal 2019.)

Research has shown that the cosmetics industry is resistant to economic crisis’. People will indeed become more price-conscious during a time of recession; however, most consumers will continue to purchase cosmetic products. This is mostly directed to cheap cosmetics products. Luxury cosmetic products are most likely to be affected by a recession, as people are likely to change from luxurious products to cheaper ones. (Futureproof 2014). As of the moment, it is uncertain as to how these factors will affect Inari Arctic cosmetics, as all scenarios are indeed just simulations.

**Social factors**

The current generations of cosmetics users require different preferences and needs from their products. The popular trend of natural and clean beauty is on the constant rise. People are more self-aware of the synthetic ingredients in cosmetics products and how they affect both the skin and environment. In the world of social media, consumers are more educated on what to expect from different types of skincare products.

An article by Varagur (2018) highlighted in section 3, mentioned that skincare products are scam, however, in another article by Frue (2018), it was stated that many people are more interested in the long-term benefits of the products, instead of the quick fixes that were popular during the previous decade.

Most cosmetic consumers will refrain from purchasing products that they know to have been tested on animals. In 2018, Cruelty Free International and The Body Shop started a petition campaign to get other brands to stop the testing on animals. The petition was signed by 8.3 million people from all over the world pledging to help avoid the usage of cosmetic products tested on animals. This is because cruelty-free is also another popular social factor that impacts the cosmetics industry. (Postlewhite 2018.)

### **Technological factors**

Social media revolutionised how technology can be used to improve brand image and marketing. Industries such as Education, Fashion and Entertainment are using it to their advantage and incorporating them into their marketing strategies. (Carranza 2015.) Restaurants have seen benefits of social media, due to it helping build a positive brand recognition (Carranza 2015). As mentioned in section 4 of the report, in the UK, marketing is very important, especially more in the cosmetics industry.

Companies are using this rise of technology to their advantage by having social media influencers market their products. Technological advancements give the opportunity for consumers to be able to purchase products online. This will allow the company to have more access to customers. (UKESSAYS 2016.)

### **Environmental factors**

As more people are becoming aware of the issue related to climate change. More and more consumers are becoming more wary about product selection. Eco-friendly products are very important to the demographic that Inari cosmetics are targeting. Consumers are most likely to support companies that adopt sustainable and environment-friendly ways of practice. (Hahn 2019.)

## Legal factors

In the UK, there are strict regulations in the cosmetics industry that are tightly monitored. In order for a company/product to be active in the UK, several regulations have to be followed. The European Cosmetics Regulations 1233/2009 is the same framework that is being followed in the UK. Product safety is quite important, and products in the market are governed by the Cosmetics products Safety Regulation act of 1996. (UKESSAYS 2016.)

This regulation ensures that factors such as warning precautions, list of ingredients, batch number code, etc. are visible on the packaging of the product. The legal work frame of the country is up to standards to most European countries. And the corruption index of the country is relatively low (11th). (UKESSAYS 2016.)

Main Indicators	2016	2017	2018 (e)	2019 (e)	2020 (e)
GDP (billions USD)	2,669.11	2,628.41e	2,808.90	2,809.91	2,912.89
GDP (Constant Prices, Annual % Change)	1.8	1.7e	1.4	1.5	1.5
GDP per Capita (USD)	40,658	39,800e	42,261	42,036	43,358
General Government Balance (in % of GDP)	-2.9	-1.8	-2.0	-1.7	-1.5
General Government Gross Debt (in % of GDP)	87.9	87.5	87.4	87.2	86.5
Inflation Rate (%)	0.7	2.7	2.5	2.2	2.0
Unemployment Rate (% of the Labour Force)	4.9	4.4	4.1	4.2	4.5
Current Account (billions USD)	-139.30	-99.21	-99.23	-90.26	-88.59
Current Account (in % of GDP)	-5.2	-3.8	-3.5	-3.2	-3.0

Source: IMF - World Economic Outlook Database, October 2018

Note: (e) Estimated Data

Figure 4: The UK economic outlook evolution (Santander Trade Portal 2018).

## 6 MARKET ANALYSIS

Despite it being one of the biggest economies in the world, the UK is going through a time of uncertainty. While the country is not going through a period of recession, according to the Focus Economics (2019), Brexit and un-favourable external environment have led to minimal economic expansion in the third quarter (Q3) of 2019. The labour market is experiencing pressure from Brexit, this has resulted in worsening business conditions and the rise of unemployment. (Focus Economics 2019.)



## **6.1 Overview of market opportunities**

The global cosmetics industry is currently worth 445 billion dollars and it is forecasted that it will reach 675 billion dollars between 2020-2022 (Bogan 2019). This makes it one of the biggest industries in the world. According to the European Commission (2019), the EU is a dominant leader both in the cosmetics and the exportation of cosmetics products.

The United Kingdom is one of the biggest cosmetics markets in Europe (3rd). The cosmetics industry's total revenue in the UK is estimated to be worth 5 billion euros in 2019. Between the period of 2014-2019, the industry has experienced annual growth of 4.5%. The cosmetics market in the UK displays high product penetration of various global brands with high purchasing power. (IBISWORLD 2019.)

Despite, the Brexit uncertainty and household incomes decreasing, a study showed that the UK cosmetics industry has seen an increase of revenue during 2016 to 2019. The market has also seen a rise in beauty trends such as the preference for organic, vegan and natural beauty. More consumers are migrating from the usage of harmful products towards cleaner options. Social awareness of harmful cosmetics ingredients to both users and the planet is on the rise. (Mintel 2019.)

There has also been a focus on anti-ageing and male-targeted cosmetics products. In the 2010's there has been a high penetration of luxury cosmetics brands. This has increased the opportunities for industry providers. Skincare products are of high importance to consumers in the UK. According to Mintel Reports (2019), the UK is a global leader in facial skincare products. Skincare products accounted for 71% of all cosmetic products launched in 2018 in the country (Stat 2016).

Despite, the country's political instability, the market has opportunities to offer Inari Arctic Cosmetics. The continuous popularity of clean skincare products has given an insight into the high demand of the consumers.

## **6.2 Primary target market segment**

The British consumers are steadfast cosmetics purchasers. According to a survey commissioned by Fragrance Direct (2018), on average, women spend up to £482.51 on various cosmetics products annually. The highest spenders according to the study is between the age group of 16 and 24. (Tehan 2018.)

The targeted customer for Inari Arctic Cosmetics products is an urban working woman, with the age group ranging from 30-50. With this particular demographic, there is a high need for balancing career and family life. This is target demographic are interested in high-quality luxury products and they have the means to afford it. (Hahn 2019.)

According to Inari, they will describe their user profile as “someone not very ecological but getting interested in the topics of sustainability. A person who is in touch with modern society and taking good care of themselves.” (Hahn 2019.) This description of a user profile is best located in the big populous cities. Making London the perfect test market to find consumers that will match the end-user profile of the company.

## **6.3 Analysis of competitive of situation**

Porters Five Forces tool will be utilised in the next sections to gain further understanding of the beauty industry in the UK.

### **Competition in the industry**

The cosmetic industry is highly competitive. The UK market is saturated with different beauty products from big companies such as Lush and The Body Shop, with differences in prices and catering to different audiences. (Szalai 2017.) Inari Arctic Cosmetics has few direct competitors, the main ones are Tata Harper, Henua Organics and Susanne Kaufmann.

However, there is a considerable number of indirect competitors such as Lumene with a relatively similar product at a very low-price range and lower performance rate. Furthermore, due to its popularity, industry providers are steadily introducing clean beauty products to the market. This means that Inari cosmetics will constantly have to face both old and new competitors in the market.

**Potential of new entrants into the market**

According to one of the company's co-founders Sirkku Hahn (2019), there are many incoming cosmetics brands entering the market. The figures for new incoming brands are even higher in major markets, such as Germany, France and the UK. Indeed, the cosmetic industry has a very low entry barrier, meaning the market is easily penetrable, giving many companies the opportunity of entry. New entries can have the ability to impact Inari Cosmetics potential market share.

**Power of supplier**

There is considerable low level of risk or threat of the power of a supplier for the company. This due to Inari Arctic Cosmetics manufacturing their own products. However, because they are outsourcing most of their operations, there is a possibility of threat from these disciplines slowing down the manufacturing process.

**Bargaining power of consumer**

The company is targeting a niche audience and as a luxury brand, the target audience will have a high expectation and indeed a high bargaining power. Even with the high demand for clean skincare products, consumers are sensitive to prices, meaning that product demands are quite elastic.

**Threat of substitution**

As previously mentioned, there are very few direct competitors of Inari. Due to this, there will be a significantly low threat on this factor. However, with indirect competitors, the products are cheaper and offer some of the similar benefits as Inari. Meaning, there is a considerable threat for customers to switch to products that offer lower performance, but low in prices as well. However, the company has a competitive advantage of having high-quality products.

#### **6.4 Assessment of product potential**

According to a report by Statista (2019), skincare products were valued at 20 billion euros and in 2018, it was one of the most desired cosmetic products in Europe. (See figure 4). As mentioned in the Overview of Market Opportunities (Section 4.1), the cosmetic industry is on the constant rise and the UK is one of the leading markets in Europe. (Statista 2019). In 2018, the value of imported cosmetics products in the UK was worth 2.5 billion dollars, which accounted for 4.3% of all imported cosmetics products worldwide (Workman 2019).

Taking into consideration all these different factors, there is a perfect opportunity for Inari cosmetics to enter the UK market. There is consumer demand for clean beauty products. The products have a strong value proposition of being a high performing anti-ageing product, which offers nice user experience, as well as offering all the benefits seen on synthetic cosmetics, but with all-natural ingredients.

There are, however, several factors that have the probability of affecting the product's potentials. As mentioned in the PESTEL analysis, the level of competitions in the UK is very high. There will be a need to constantly increase the level of marketing to get the product known amongst all the other noise in the market. Another factor is price, while the product offers high-quality performance, the price point might be a tricky point to overcome during the first months after the product is introduced to the market.

### **7 STRATEGIC MARKETING PLAN**

The 4ps of marketing is an important component to help boost the strategic marketing plan of a company when entering a new market. Another well-known analytic tool is a SWOT analysis. SWOT is a strategic analytic tool that helps companies recognise their Strength, Weakness, Opportunities and Threat. It is quite essential when entering a new market. A SWOT analysis will also be conveyed in order to conclude to the point of a marketing entry strategy.

## **7.1 Product**

The product analysis & awareness tool ACCESS FM (Aesthetics, Cost, Customer, Environment, Safety, Size, Function and Materials) is used to analyse the products. From this tool, a product analysis will be made based on the following factors, aesthetics, customer, cost, environment, safety and size. (accessfm.com 2019.)

### **Aesthetics**

The aesthetics of the products does not fall into the norms of the usual cosmetic product. In contrast to the colourful packaging that is seen on various cosmetics products, the packaging of the actual product is white with black lettering as well as a simple yellow line which plays perfectly with the logo of the company.

This gives the product an appealing and luxurious look. And the difference in appearance allows for the potential of standing out amongst competitors such as Tata Harper, which packages its products in a bright green colour. In addition to the products packaging, there is also an outer protective packaging. This packaging fits into the cosmetics norms with the use of colourful images. This package is a bright yellow and on one side showcases a picture of the nature of Lapland, a region from Finland in which the main ingredients are located. (Inari cosmetics 2019.)

### **Cost**

The prices of Inari Arctic Cosmetics' products range from €59 to €145. The company is positioned as a luxury brand, therefore, the price of the products are placed on the higher end of luxury skincare products.

As of the moment, there are few all-natural skincare products that offer the same effectiveness as that of synthetic products. In addition to this, the main ingredients used in the products are coming from one of the cleanest regions in the world. The price point is relatively similar to that of one of its main competitor, Tata Harper and Susanne Kaufmann. (Cult Beauty.co 2019.)

**Customer**

The products have been developed for users that enjoy high quality and high performing skincare products. A person who is in touch with modern society and understands the challenges that the production of synthetic skincare cosmetics is having on both the users and the planet. (Hahn 2019.)

**Environment**

The production of the products, as well as the distribution process will have an impact on the environment, through CO2 emissions. Additionally, the means of transporting determines how much more environmental impact can be caused by the overall process of the transporting process. However, both the container and the box the products come in are recyclable.

**Safety**

Inari Arctic Cosmetics' products have been tested by dermatologists in order to make sure that they are safe for utilisation. There has been extensive research before the start of production and during the whole process, in order to achieve a product that is safe to use by users with different needs in skincare products. (Hahn 2019.) However, like any product on the market, there is a possibility of causing an allergic reaction, if one is allergic to any of the ingredients used in the product.

**Size**

The products are convenient transporting for both the single user and for retailers due to their small sizes. The products do not vary from the skincare products that are found on the market. The eye cream which has the smallest volume is 15ml and the biggest, the hydration cleanser is 100ml. (Inari Cosmetics 2019.)

## 7.2 Place

Inari Arctic Cosmetics uses various channels of distribution, but all in all a straightforward distribution method. (See figure 5). The most important form of distribution for the company is through its retailers. These retailers use both their physical stores and online stores to sell the products to the end-users. The company also utilises its own online store as a form of marketing distribution. Inari Arctic Cosmetics is yet to have a store of their own (Hahn 2019).

According to Sirkku Hahn (2019), Inari cosmetics have recently been getting their products to be distributed through pop-up chains that have high-quality products. While these chains are mostly focused on synthetic skincare products produced by big brands, the rising popularity of natural beauty has made them show interest in companies such as Inari Cosmetics.

Cost, Insurance and Freights (CIF) is the incoterm that the company utilises. The company handles the whole shipping/distribution process to the retailers. The retailers are, however, responsible for the shipment cost of the products. The company is partnering with a logistics company that handles the whole shipping process. In the UK, Inari Arctic Cosmetics is hoping to work with Wholesalers who will be able to handle their distribution process. (Hahn 2019.)

In order to reach the possible end-user of the targeted market segment in the UK, Inari Arctic cosmetics should try and reach big retailers that are known for selling luxury and niche beauty products. Companies such as House of Frasier and Debenhams and online retailers' such as BlueMercury, Net-a-Porter, violet Grey and Credo are good options. These retailers are amongst the list of the best online beauty stores in the UK. Net-a-porter, for example, only offers exclusive luxury beauty and skincare products. (Ritschel 2019.)

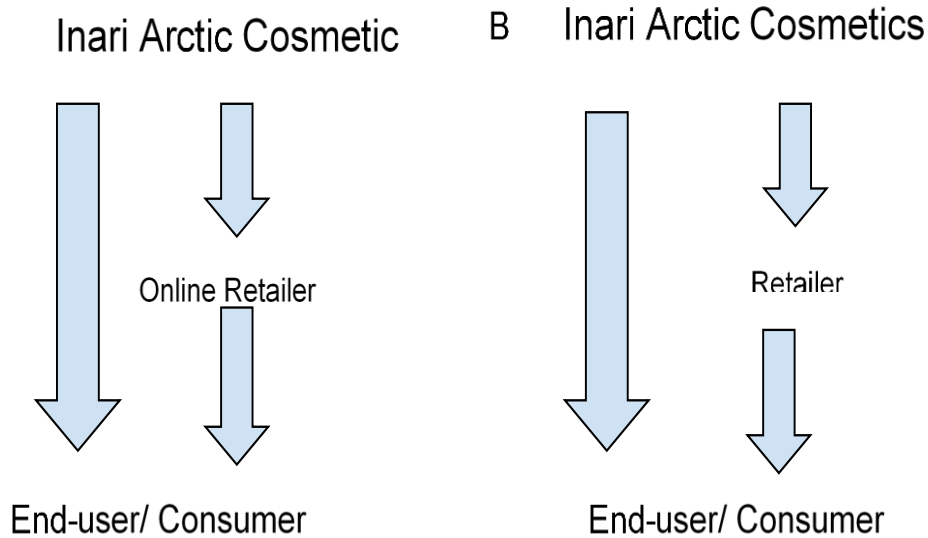


Figure 5: Inari Arctic Cosmetics channels of distribution.

### 7.3 Price

Due to the products being positioned as a luxury, they range from 59€ to 145€. However, the prices are relatively similar to the prices of their main competitors. To make a comparison, Tata Harper's Vitae Eye Serum (15ml) retails for €279 and Inari Arctic Cosmetics' eye cream retails at €109 (Sokos.com 2019).

As part of the company's general pricing strategy, the prices of the products are to be the same, regardless of the country or currency. This is to assure that the company maintains its positioning as a luxury niche company. Retailers are heavily encouraged to keep the recommended prices set by Inari Arctic Cosmetics. In addition, discount policies are not favoured by the company. (Hahn 2019.) With the standard pricing also comes with an additional cost of shipment when the products are purchased online. This varies depending on different retailers and countries. For example, on the company's website, there is a shipping cost of 8 euros per purchase.



In the UK, the company will have to face exchange rates. For markets such as Switzerland, in which they use a different currency, the prices of the products are based on Euro prices. With the British Sterling on constant fluctuation due to Brexit, it is essential to have the Euro prices. Inari Arctic Cosmetics is hoping to use the same pricing strategy as the one that is used in Switzerland. While the pound value decreasing will affect the company, it will not be as big of a risk, if they have agreements with retailers to use Euro prices. (Hahn 2019.)

## **7.4 Promotion**

One of the most important elements of the marketing mix is 'Promotion. Marketing is the aspect that assists companies to reach their target customers in the targeted markets. With the Cosmetic industry being one of the most competitive industry in the world, and the UK being the third biggest cosmetic market in Europe, there will be many aspects to overcome.

As mentioned in section 2 (The UK as a Target Market), British consumers respond very well to advertising. This means that the company will have to overcome a lot of noises in the market to be able to reach the targeted market group. And with Inari Arctic Cosmetics being a niche company and being relatively unknown, it will be of great importance that they focus on marketing. Due to the products produced in the Nordic region, having a high reputation in the world. The company will benefit from having a strong competitive advantage of being produced from Finland.

### **7.4.1 Evaluation of the methods of promotions**

While there are several methods of advertising, not all of them will be suitable for the company. In the current technological era, the most effective and cheapest way for most companies is online marketing. Particularly in the cosmetics industry, online marketing is very crucial. To be able to reach more of the target group and arouse people's interest in a market as big as the UK, Inari Arctic Cosmetics needs to have an active online marketing presence.

This can be achieved by creating blogs or vlogs. Videos as marketing tools are constantly rising, with 81% of companies using videos in their marketing tool (Marketers 2016).

According to Sirkku Hahn (2019), the company has had great success with the classic PR method of advertising. This is a method that is also recommended in the UK. PR publication will be directed to the target group and unlike online marketing, PR publications will have more success in reaching a specific group of people that the company is targeting.

Another method of advertising that the company can utilise is having different digital campaigns, by partnering with different Bloggers and journalist. Inari Arctic Cosmetics already has a mentioned in an article by the German Vogue Magazine. (See Appendix 1).

#### **7.4.2 Use of social media influencers for promotion**

With the rise of Social Media marketing, new forms of marketing rose with it, and a very popular one is Influencer Marketing. An influencer is a person who has a certain level of power to affect the purchasing power of an average person. (Influencer Marketing Hub 2017.)

Influencer Marketing is a form of marketing that focuses on utilising well known online individuals to market service or products to a larger group of people. Influencers marketing is in most cases a form of social media marketing. (Marketers 2016). A report showed that 86% of marketers have utilised influencer marketing and 88.5% have seen the benefits to their marketing strategies (Barker 2019).

Influencer marketing works by companies hiring social media influencers with a large number of online followers to get the word of the product to their followers. Influencers work as brand ambassadors.

While influencer marketing is used in most major industries, it is most popular in the cosmetics industry. Instagram videos are the most popular channel of distribution for influencer marketing. (Fernandes 2016). Influencers create their advertising content with videos engaging the viewer in a fun way, which differs from traditional advertising, this encourages followers to try the product. (See figure 6)

Inari Cosmetics can set up an advantageous partnership with the right influencers. This can happen by sending them PR samples of their products or by hiring them as spokespeople. Due to its popularity, many people are claiming to be influencers, therefore finding the right one might not always a very straightforward process. The benefits of Influencer marketing include building brand image, customers having a stronger brand loyalty, as well as reaching more people.

While influencer marketing can be beneficial. It is mostly targeting single users and not retailers or wholesalers. To be able to promote the products to retailers, the best form of promotion the company should use, would be through salespeople.

### How does influencer marketing work?

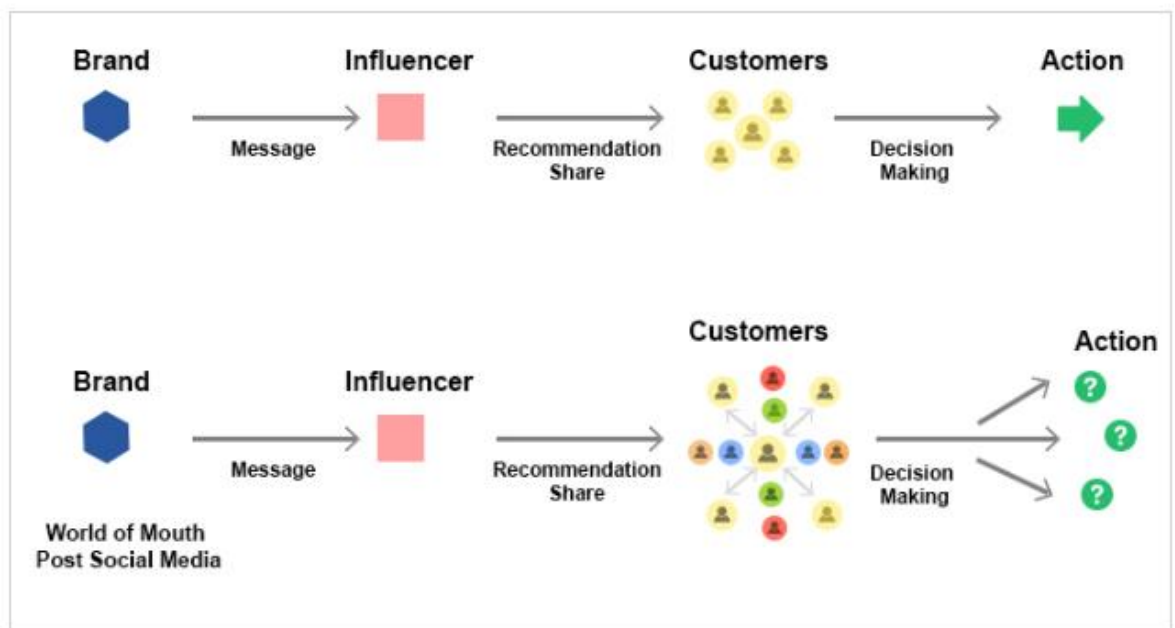
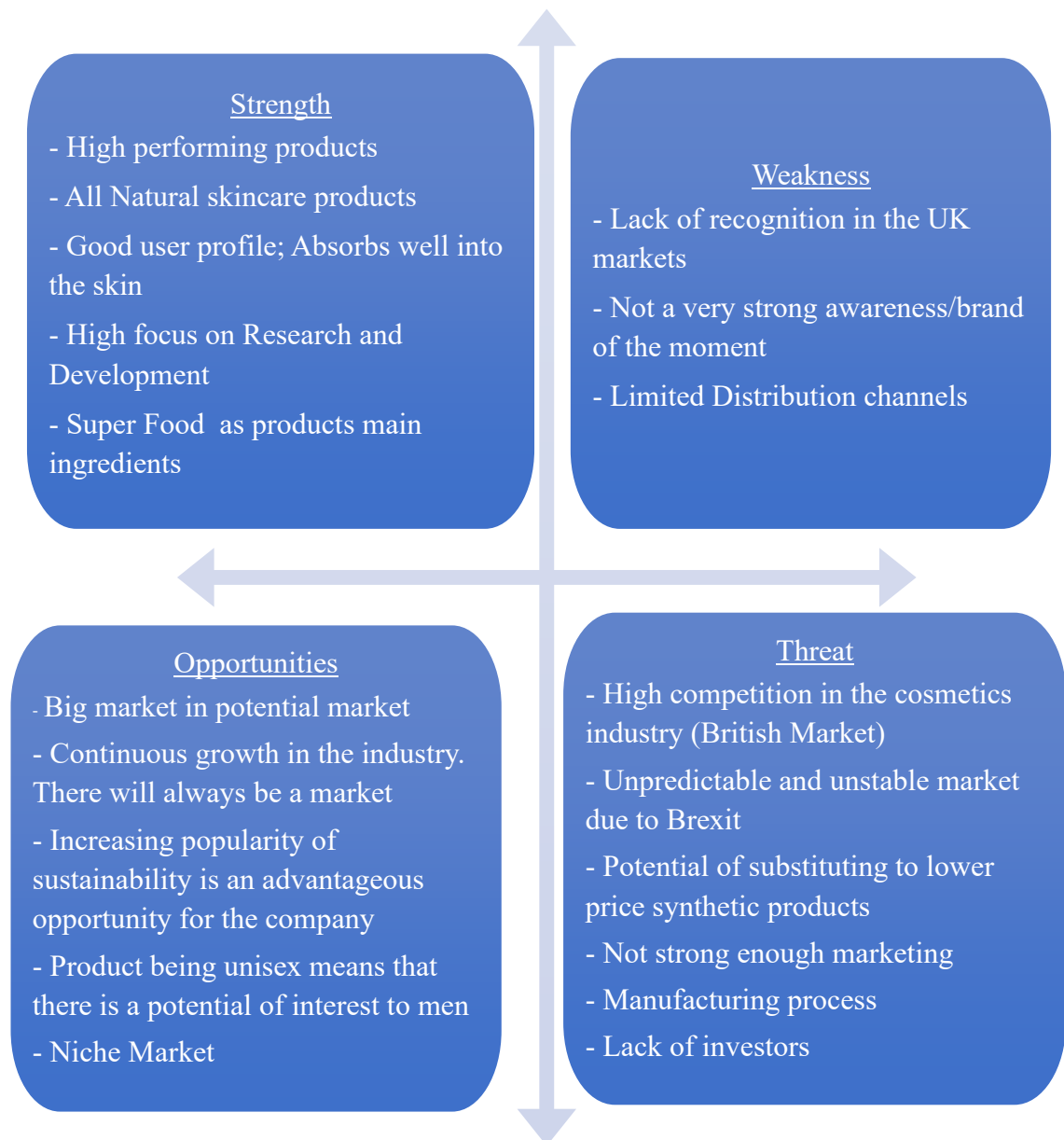


Figure 6: The structure of influencer marketing (Fernandes 2016).

## 7.5 SWOT analysis

After conducting some analytics to determine, the business environment of the country, the level of competition and consumer purchasing power to name a few. It is also important to conduct a SWOT analysis of the company to understand what its current positioning.



## **8 MARKET ENTRY STRATEGY**

### **8.1 Direct exporting**

Direct exporting is the market entry mode in which the company enters the international market by directly selling with its own sales programme (Trade Start 2016). In many established companies, sales agents and distributors will represent the company in the foreign market. This entry mode is one of the best ways to directly be in touch with customers this is because the middlemen are eliminated with direct exporting.

However, there are several factors to consider, when using direct exporting as a market entry mode. In general, direct exporting means that the company will be responsible for marketing, distribution, warehousing, sales order after sales etc. This method does require a lot of investment from the company, but not as much from external investors. (Global Victoria 2019).

### **8.2 Strategic alliances/joint ventures**

A strategic alliance is an agreement between two companies or more companies, in which there is an arrangement of cooperation to undertake a project but still remaining as independent entities (Kenton 2019). In a strategic alliance, the companies in the agreement combine their resources and core competencies to create a project of either design, manufacturing, distribution of goods etc (Kenton 2019). There are three types of strategic alliances, joint ventures, equity strategic alliance and non-equity strategic alliance. For the purpose of this research, the non-equity strategic alliance will be the focus of the study. A non-equity alliance is a partnership in which an agreement between two companies enters a contract to utilise their capabilities together. (CFI 2015.)

### **8.3 Growth marketing strategy**

Growth marketing strategy is a strategic plan that revolves around the development of an organisation/company. In general, this strategic framework is a method in which the company focuses on different aspects of growth. Within, this strategy, there are different strategies that a company can take to enhance development (Clark 2017). This, for example, can be 'Market Penetration', in which the business penetrates the market by different tactics to increase the market share of an existing product in an already existing market. There are various ways of achieving this, for example, by either by lowering product prices, or by increasing marketing. There is also 'Product Development Growth strategy', which refers to the creation of a new product or improvement of already existing products. (Clark 2017.)

The most common way for a company to achieve growth is by entering a new market with an already existing product or with new products. This is called Market Expansion/Development. Growth strategy is important for all companies; however, it is very important for SMEs. This is a strategy already being used by Inari Arctic Cosmetics, however, when in the UK market, it will be crucial for the company to focus on the market penetration development, as this will increase the opportunity of increasing their market share.

### **8.4 Entry mode**

When various factors such as the market opportunities, competitive situation of the industry and analysis of the business environment are taken into account, we can come to the conclusion that there are two market entry strategy that will yield the most opportunities for a company/product that is known only in few markets.

While, the best entry would have been direct exporting, in which the company will be representing their own interest, this option, will not be the most suitable option for Inari Arctic Cosmetics. This method will require for the company invest a lot of capital by being responsible for the whole distribution process, marketing, after sales activities etc.

According to Hahn (2019), the company is currently not partnering with any other company, however, there are hopes for such venture in the future. Inari cosmetics will have to address the fierce competitions and raise awareness of their products in the UK market.

The above-mentioned factors make a non-equity strategic alliance, the most suitable market entry strategy. There are various options for a partnership that Inari Cosmetics can get involved with. For example, developing a co-marketing strategy with companies that are directly not in competition with Inari Cosmetics. Award-winning organic company, such as Evolve Organic Beauty is an example of a possible company to partner with. (Mypure.co 2020.)

In the beginning stages after entering the market, it will be in the company's best interest to have the products distributed by retailers in physical stores. There is an opportunity by having salespeople/ product experts explaining to both customers and potential customers about the benefits of the product. This will help the brand gain recognition and to be able to reach more of the targeted audience.

## **9 RESULTS**

### **9.1 Key findings**

This report worked with two main research questions. 1. What is the Company's potential in a market that is yet to be explored? 2. What would be the customers possible attitude/behaviour towards the product or similar skincare products? In order to gain a better understanding and answer these questions both theoretical and empirical theories were used in major sections of the study. An empirical study in the form of a survey was conveyed to further develop and provide validity to the theories already used to answer the above-mentioned questions.

### What is the company's potential in a market that is yet to be explored?

The survey conducted for the study revealed important aspects regarding the behaviour of potential customers. The test subjects consisted of 50 people from over twelve countries across Europe and some parts of Asia. Based on the responses, the company not only has the potential of succeeding in the UK market, but in other European markets as well.

Approximately 60% of the participants selected the option 'the product's impact on the skin & natural and clean beauty products' as a significant factor when purchasing new cosmetic products (see figure 7). One of Inari Arctic Cosmetics' value propositions is the products being categorised as a Natural and Clean beauty. This finding further endorses the potentials of the product of succeeding in other countries as well.

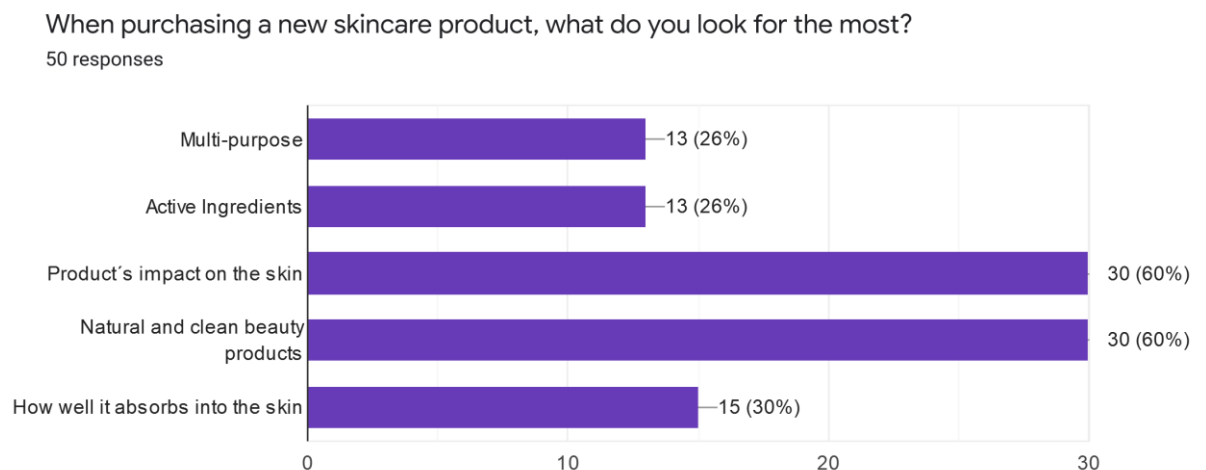


Figure 7: Wants in a new product.

The test subjects were asked what affected their decision when buying a skincare product: quality, low prices and word of mouth were rated the highest (see figure 8). Word of mouth being a decision impacting factor is a key finding. This insight further supports section 7.4.2 (Use of Social Media influencers for promotion).

In this part of the report, the uses of social media influencers as a marketing tactic was highly recommended. As mentioned in 7.4.2, influencers marketing is on the constant rise and highly used in the cosmetics industry (Marketers 2016).



According to a study, 88.5% of marketers have seen the benefits of utilising the word of mouth into their marketing strategies (Barker 2019).

When it comes to cosmetics products, the British are steadfast purchasers as well as early adopters to new cosmetics products. And despite economic uncertainties, the cosmetics and skincare industry will not necessarily be impacted on by these economical situations.

What of the following affects your decision on the skincare products you purchase?  
50 responses

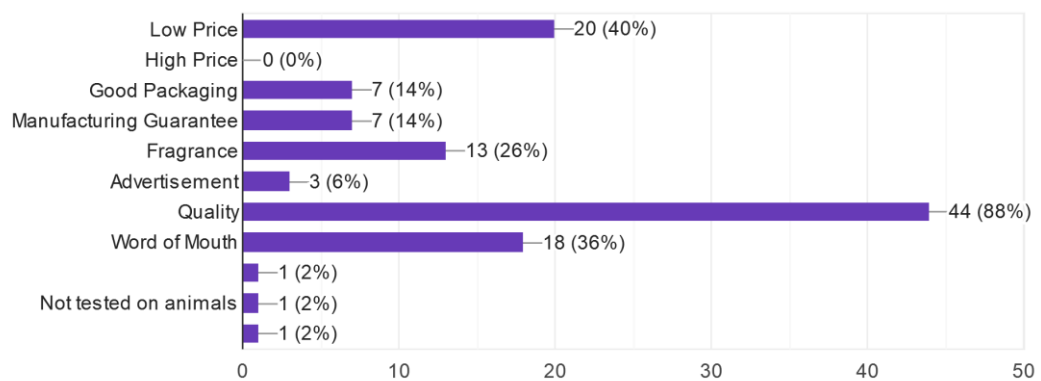


Figure 8: Factors impacting purchase.

### **What would be the customers possible attitude/behaviour towards the product or similar skincare products?**

The main topic of the survey was to understand people's skincare usage habits. When asked if they followed a skin care regiment, 80% of the participants admitted to having one. And 64% said that achieving healthy skin is important to them. This finding further validates the points brought up in the Literature Review about the importance of skincare within the millennial age groups (see figure 9).

Is achieving a healthy skin important to you?  
50 responses

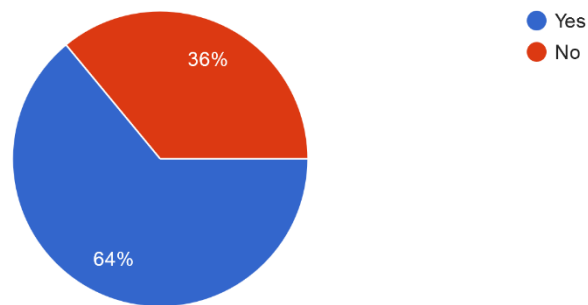


Figure 9: The Importance of achieving a healthy skin.

The test subjects were open to the possibility of trying out new skincare products, 87.8% answered yes to the possibility of trying out new products. For a very young and relatively unknown company like Inari Arctic Cosmetics, this is a relevant discovery. This strengthens the point brought up in several sections of the thesis of there always being early adapters who are willing to try out new products.

Amongst the products listed on the survey face wash was the most popular with 73.8%. Anti-ageing products, on the other hand, were one of the least used products with only 7.1% claiming to have used it. (see figure 10). This finding can be considered a setback since the company produces anti-ageing products.

If you answer yes to 5, please choose the products that you use

42 responses

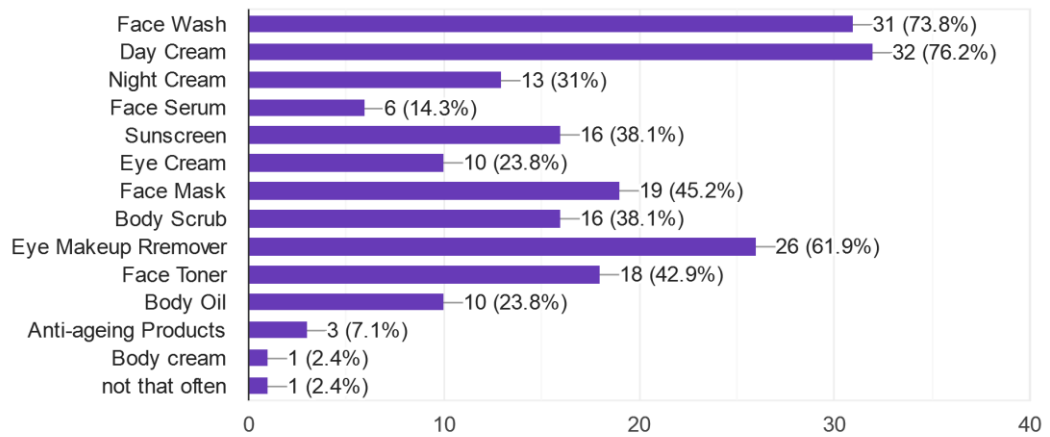


Figure 10: Skincare products usage.

While the products are unisex, the company is mainly targeting female customers and 84% of the test subjects were female. This division of gender in the survey was adequate to give a good insight into the company's targeted gender. While the majority of the test subjects are residing in European countries, quite a small amount of the participants were from the UK, which limited the research to an extent. More than half of those who participated in the survey were students, this means that the age group of the research was not as diverse as was hoped for. This was another limitation that was faced in the study. These limitations were discussed in-depth in section 2.3 of the report.

## 9.2 Recommendations

Despite some of the disadvantages, such as high competition and unstable market situation, there are many benefits of entering the UK market. However, further research is recommended. Only 4% of the survey participants answered that they would be extremely likely to purchase a high performing product with a high price point. (see figure 11).

Another 4% answered to having spent more than 100 euros on average on their monthly skin care purchases. With this quantitative research being limited and not fully capturing all of the company's targeted market it is recommended for the Inari Arctic Cosmetics to further their research to get more in-depth finding

How likely are to use a high performing product with a high price point?  
50 responses

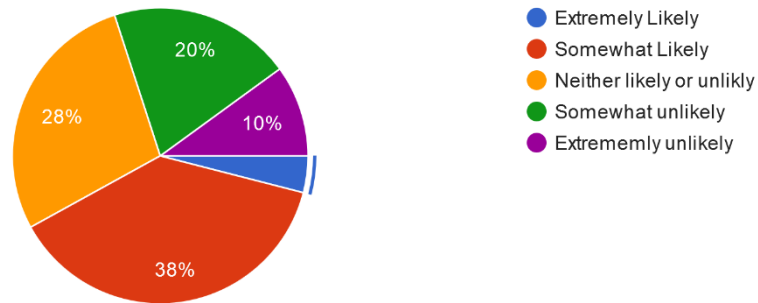


Figure 11: Likelihood of expensive skincare purchase.

Furthermore, getting a more concrete view of factors that construct brand loyalty with long-term customers is needed. Conducting a survey and finding out why some customers keep coming back will be beneficial for the company. The findings based on this suggested research can be used to create marketing campaigns, which will enhance the company's image of producing high quality products.

Improving brand image is another factor that can help with the visibility of the company. According to quantitative research, only 4% of those surveyed have heard of Inari Arctic Cosmetics prior to the study. Creating a strong brand image before entering the UK market, will increase the company's chances in a challenging market.

It is also recommended for the Inari Arctic Cosmetics to look into other European countries. The country with the uppermost participants is living in Italy and according to the survey responses, they are interested in natural and clean skincare products (See appendix 4).

## 10 CONCLUSSION

This research aimed to aid Inari Arctic Cosmetics understand the potentials and limitations that will be faced when entering the UK market. During the process of the study, both empirical and theoretical knowledge was utilised to gain in-depth insight and build a feasible marketing entry strategy.

The strategic plan is conducted based on both the external and internal factors of the company and the market. To develop a strategic plan, customer attitudes, competitive situation and the product's potential in the new market were analysed. These analyses have been able to answer the questions that were asked in the report. The economic factors in the PESTEL analysis highlighted that regardless of the economic situation in the country, the cosmetic industry is likely not to be affected. This is useful information for the company because the country is going through a period of economic and political instability.

In the five forces, it was discovered that competition in the UK market is quite high and this is something that Inari Arctic Cosmetics will have to address in order to reach their targeted customers. Furthermore, there will always be new entrants in the market, so the company will need to continue differentiating themselves as well.

The UK cosmetic industry creates a stable foundation for small companies such as Inari Arctic Cosmetics. This (as pointed out in section 6.4 Assessment of Product's Potentials) is due to the consumer demand for skin care products (Workman 2019).

In conclusion, if Inari Arctic Cosmetics decide to enter the UK market, the findings of the report can help them with their market entry strategy. Furthermore, the research has provided some insights on new potential customers and markets that the company can target next.

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## APPENDICES

### Appendix 1: Pictures of the products and Inari Arctic Cosmetics mention in Vogue



**WALD UND WIESE**  
Cremes und Seren mit Pflanzenpower

1 Stärkt die Hautbarriere. 'Protect + Facial Cream' mit nachhaltig produzierter Sheabutter. Von **NUORI**, 30 ml 72 €. 2 „Jasmine Orchid Youth Protecting & Hydrating Moisturizing Face Oil“ mit Kameleiensamenöl aus Bioanbau. Von **NAZAN SCHNAPP**, 30 ml 102 €. 3 Antioxidativ. „Midsummer Magic Lifting Serum“ mit arktischen Beeren aus Wildwuchs. Von **INARI**, 30 ml 145 €. 4 „Skin Food Light“ mit Bio-Sonnenblumenöl und -Stiefmütterchen. Von **WELEDA**, 75 ml 9 €. 5 „Andress-Serum „Ja Solution + Energier“ mit Edelweiss-Extrakt. Von **ABSOLUTION**, 15 ml 55 €. 6 „Illuminating Moisturizer“ mit Lavendelöl und Diamantenstaub. Von **TATA HARPER**, 30 ml 84 €.

VOGUE.COM / VOGUE APRIL 2019

## **Appendix 2: Interview Questions and Transcripts**

### General Questions

1. What is the size of the Company? Number of employees in the international Market?

A very recent start-up company. Enter last year the market. The company simultaneously entered both the Finnish and the German market. (Germany is the biggest market in Europe in skincare products. Especially, in the naturally cosmetic. That is the reasoning behind starting simultaneously in Germany). A very lightly structure. The two founders are working full time in the company; however, all the other disciplines are outsourced. The company works with many disciplines that are outsourced (Chemist, productions etc).

2. Does it belong to a corporate group?

The company does not belong to a corporate group, it is privately held.

3. How was the company founded?

Sirkku has been working in the beauty industry in Germany for over 20 years and is very familiar with Scandinavian and northern European brands. Sirkku felt that, there was a huge supply in the skincare mass market, without much specification. However, there was a lack of high performing anti-ageing products when it comes to clean and natural beauty products. And not all the offers that are focusing on sustainability are not high performing. A research of the different super foods used in Finland was conducted by Sirkku and came to idea of using these superfoods in the skin care products.

4. Who are the target customers? Describe your end user profile?

An urban woman aged 30-50 are the core target market. A working woman with balancing life between work and family, as well as being very active. Likes high design and values

quality product and getting interested in the topic sustainability. Perhaps she has started eating biological food and getting more aware of this particular lifestyle.

Not very ecological but getting interested in it. A person who is in-touch with modern society and taking good care of themselves.

5. What is the company's channel of distributions?

Online shop, as well as retailers. However, the company has been recently getting more into having their product chains that are have high quality products (Mostly in synthetic which tends to be produced by the big brands) Not many brands are focusing on having their products in chains such as these, that is why Inari cosmetics is focusing on them (a good niche).

6. What do you consider to be the company's competitive advantage/ value proposition?

The fact that it is a high-level anti-ageing performance on the skin. And the products have nice user experience. The texture, how it absorbed in the skin. The same things seen on the synthetic cosmetics, however, with an all-natural product. Using artic plants which are growing in the cleanest parts of the world as the main ingredients of the products.

Marketing

1. Who are your main competitors? (Direct and Indirect competitors)

There are few companies that are direct competitors, such as Tata Harper (An American brand making high level natural skin care product, they have been on the market for more than 10 years, which is the reason why Inari cosmetics treats them as a direct competitor. On the German market, Susanne Kauffmann (also making a similar product as Tata Harper an Austrian brand which is quite popular in German speaking countries). Henua Organics in Finland, which is in the same direction as Inari, from pricing point etc.

Indirect competitions in Finland will be Lumene. A company also dealing with Artic ingredients. (However, Inari products has much more active ingredients in their products than Lumene does)

2. Where are your products manufactured?

The products are manufactured in Finland. In a very industrial company, that does not have their own cosmetic brands. Inari does not want to invest in machines at this point, which is why having their products manufactured in this company is a suitable option. (Manufacturer “TEAMPAC OY”)

3. Is the competition in the sector aggressive?

The completion is very aggressive and though in the beauty industry. The company is feeling it in price issues. In the age of social media, there are many big companies with big marketing budgets, meaning they have better access to influences, unlike the small companies, such as Inari Cosmetics. There are many incoming brands in the market as well. The industry is getting overcrowded in the major markets. Due to high level of completion it is getting difficult to get retailers that wants to have your products.

4. Which channels of promotions do you use? What is the most effective marketing channel?

The most effective way for Inari Cosmetics is through the classic PR. In Germany there has been a high level of awareness due to PR. The company is contacting journalists, bloggers. (E.X. a new product (night cream) was introduced to the market and the company had a press tour in Berlin to promote it. And there is already some positive Instagram post from these events.) The print media is also a good. The products were mentioned in the German Vogue, which is a good reference and a good way to possibly get more retailers.

There have also been some paid digital campaigns, however, it has not been quite effective yet. (Even though there has been some visibility through social media). While, social media marketing, is very essential, the company does not have the resources to fully dive into it just yet.

5. How do you manage the marketing department? Who decides? What is the marketing plan that is being followed?

There is an existing marketing plan, that is being followed, however, there is a flexibility of having the opportunity to change plans according to the marketing needs and demands to be able to react quickly. The financial resources are the biggest issue in this department. The co-founder is the one responsible for marketing, however, the company has an external agency, who is sending on a regular basis of press releases.

6. What is the tendency of the market? Is the market unpredictable?

There is many unpredictability in general. However, the ecological aspect will most likely not fade away. That is the predictability of the industry, meaning that there is still room for growth.

International Markets

1. How long has the company engaged in the international activities and what was the first market Inari Cosmetics entered?

From the very beginning. The company entered both the Finnish and German market at the same time. And it was quite early in the operations in which they entered the Swiss and Austrian market. (Fall/Winter 2018). The reason for this is that both countries have German language, furthermore, the media is quite similar. Meaning gaining visibility through the German media meant getting easier access to these markets too. There is also a new Spanish retailer (operating online).

2. What markets are yet to be explored to your company that your product will do well in?

The Asian market is very desirable, particularly Korea and Japan. There are different aspects as to why the products will do well over there. One being that Scandinavian products are very desired in these countries, due to their high repetitions. There is a belief that the Inari's product will do well in these markets, due there artic positioning. The product textures are also inspired by Korean product. Additionally, the purchasing power of the beauty products are much higher in the Asian markets than in the European market.

Something to note → While not positioned as unisex products, Inari Cosmetics products are usable by both genders. The products are created in a way that both females and males can use it. There are already several male influencers who are using the products.

3. The UK is an unexplored market, what opportunities could it have to offer Inari cosmetics?

London is the target market. Due to the UK being an English-speaking country, there are many other countries that focus on it as a market research. Particularly retailers from all over the world tend to focus on the UK market to look for new companies. Succeeding there, might mean that there is a chance to attract partners outside of UK as well.

4. How do you think the political environment of the UK might impact the company/product in the case that you decide to enter the market?

While the impact can't be anticipated, consumer demand will most likely not be affected by this, regardless of the political impact. Retailers might tend to pick well-known brands instead of new ones. The duties will most likely be an issue, however, this cannot be anticipated in advance.

5. What barriers are faced when first entering a new market?

The product itself might be a slight barrier, due to lack of differentiation. For example, Spanish consumer prefer light creams due to their climate, while Finnish consumers on the other hand prefer a thicker consistence. The product design might also be presented as a barrier, due to not knowing how they might be received by new consumers.

6. How are the products priced abroad?

There is a same pricing all over the markets. While, there are no rules, the company does strongly suggest that the retailers keep the same prices as recommended.

7. When exporting abroad, what is the process that is taken by the company before transporting it to retailers?

The company handles the whole shipping process. The retailers pay for the shipment cost etc. The process is very straightforward, the company is working with another logistic company that takes care of the whole shipping process.

8. How do you promote your product in a foreign market to make final customers know your products, is it via retailers or your representatives?

In the case of Spain for example, it is the retailer that handles the promotion, because Spain is not a strategic country for the company. In the UK it will be different as the company will invest more and cooperate with others in order to market the products. It depends on the market and depends whether or not you are working for a wholesalers or retailers. With retailers (depending on the market) the promotion will be an effort from both Inari and the retailer.

9. How do you deal with competition in the markets that your products are?

By focusing on their customers and offering something better than the competitors are offering. The company is also focusing on R and D (By working with several chemist to create their products from scratch. The recipe is 100% theirs) It took 4 years to develop, due to several changes, to get the product as they want it to be.

10. Are you working in a partnership? If yes, who are your partners and how do you work with them?

There are no partnerships as of the moment, however, the company is very open with to the idea of partnerships sometime in the future.

11. What is the distribution process like?

The distributions process is directly to the retailers when an order has been made. In the UK, the company is hoping to work with a wholesaler who will have their own distribution process.

The actual revenue of the company is a bit below 100,000€

12. Do you have discount policies for both local and/or international market?

A good thing to note is that the pricing was not decided based on the want to be a luxury product. However, with the R & D process is the result of the need to have high quality products.

Discount policies are not a favourable, but there might be a need to have for a new brand entering the market. In order to attract customers, in which the retailers are gaining from these discount policies.



13. How has control of the foreign exchange rate when the products enter a market with a different currency than the euro? Is Inari cosmetics responsible for it or is it the retailers?

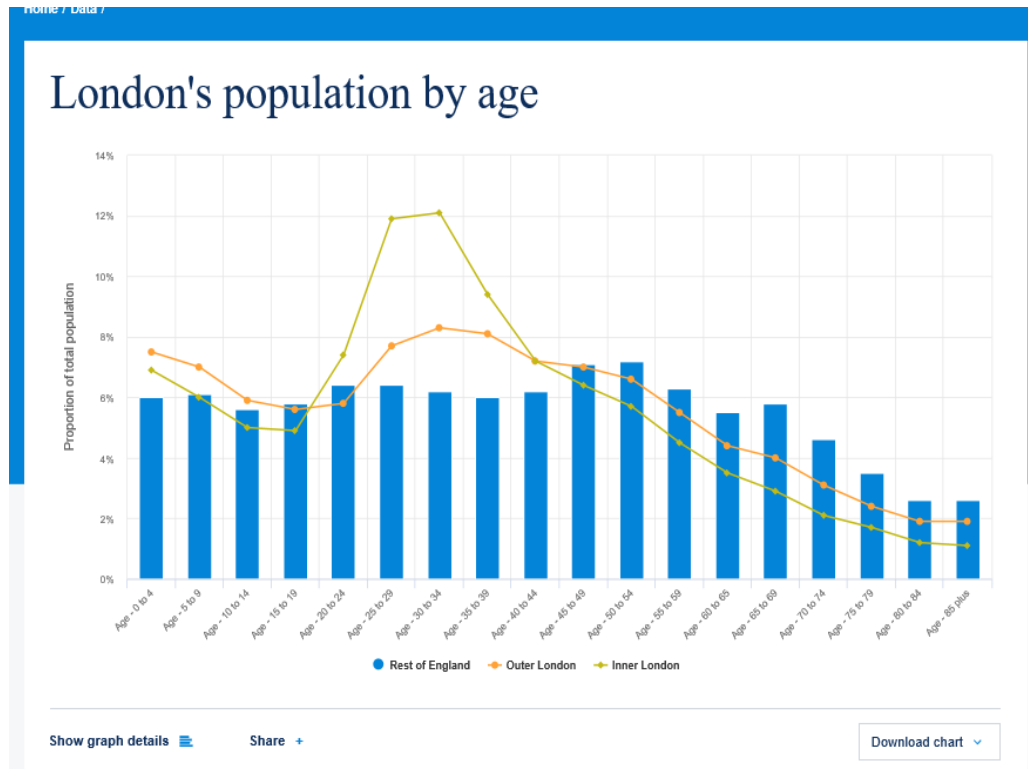
There are Euro prices for markets such as Switzerland. The company is hoping that the same policy will apply in the UK market as well. With the pound fluctuating due to BREXIT it is essential to have the Euro prices. While, the pound value decreasing will affect the company it will not be as big of a risk, as if they have agreements with retailers to use Stirling prices.

14. What's the biggest thing you're working on solving right now?

The current issue that the company is facing is the lack of resources, there is a need to increase the team (particularly, the core team). The company will like to hire salespeople for example, to build the equity of the brand, improve the social channels to improve brand visibility. The company is currently searching for investors in order to grow faster. (Silent investors).

Furthermore, the company to grow extensively, in their current markets as well as other markets. And to be able to have a good positioning in this industry in the different markets.

### Appendix 3: Statistical market Information



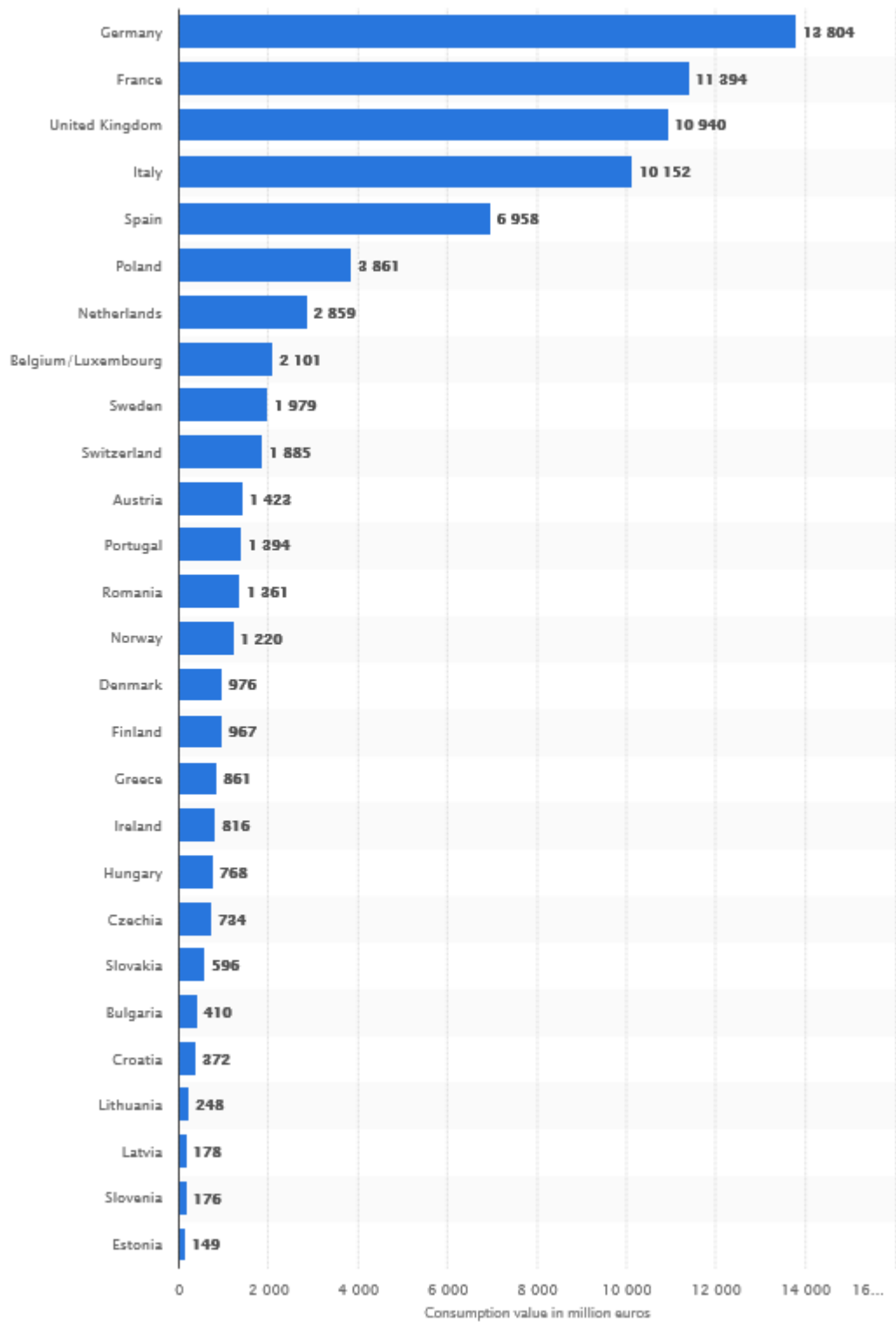
#### Age demographic of the targeted market

### Beauty Cosmetics and Skincare Imports by Country

Top 15   China   US   Hong Kong   Singapore

Below are the 15 countries that imported the highest dollar value worth of beauty cosmetics & skincare products during 2018.

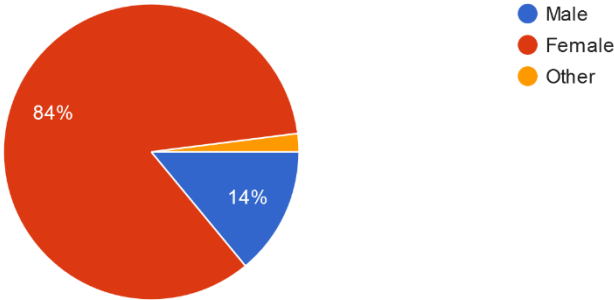
1. China: US\$9.9 billion (17.2% of total beauty/skincare imports)
2. United States: \$5.4 billion (9.4%)
3. Hong Kong: \$5.3 billion (9.3%)
4. Singapore: \$2.9 billion (5%)
5. Germany: \$2.7 billion (4.7%)
6. United Kingdom: \$2.5 billion (4.3%)
7. France: \$2 billion (3.4%)
8. Canada: \$1.7 billion (2.9%)
9. Japan: \$1.4 billion (2.4%)
10. Belgium: \$1.3 billion (2.2%)
11. Italy: \$1.2 billion (2.1%)
12. Russia: \$1.2 billion (2.1%)
13. Spain: \$1.1 billion (2%)
14. Netherlands: \$1.1 billion (1.9%)
15. South Korea: \$1.1 billion (1.9%)



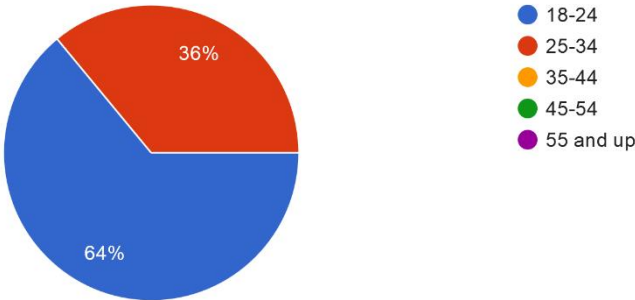
Cosmetic Consumption value in millions

### Appendix 4: Survey Outcome

Gender  
50 responses

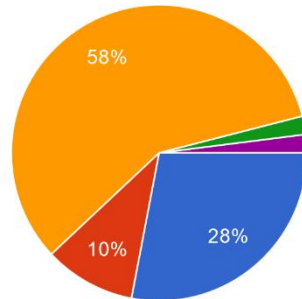


Please indicate your age  
50 responses



### Status of employment

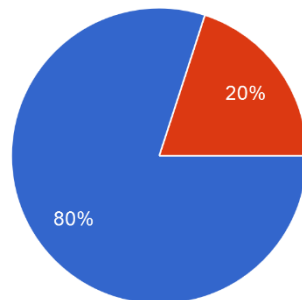
50 responses



- Employed
- Unemployed
- Student
- Self-Employed
- Äitiysloma

### Do you follow a skincare regiment?

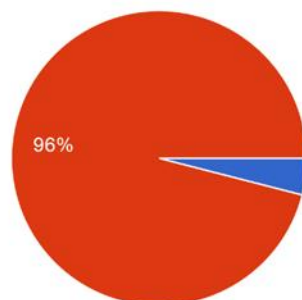
50 responses



- Yes
- No

### Have you heard about Inari Arctic Cosmetics?

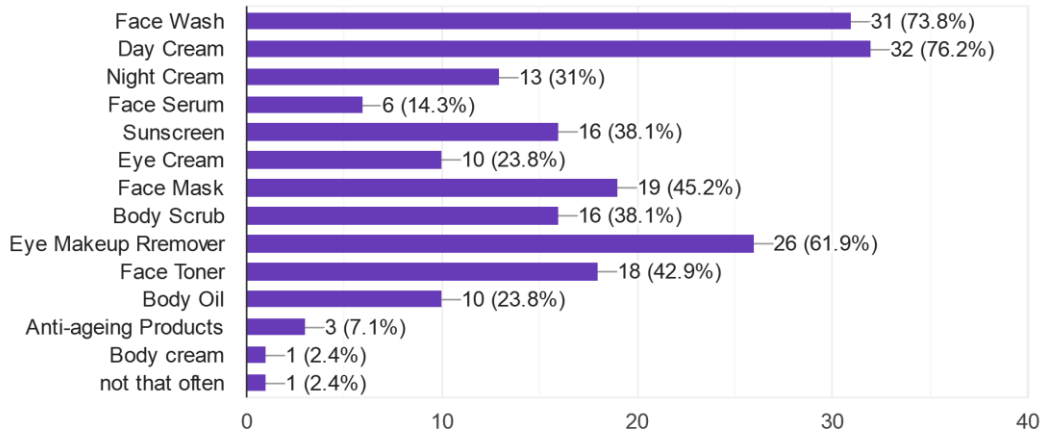
50 responses



- Yes
- No

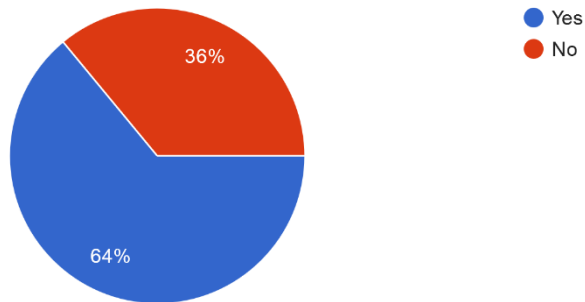
If you answer yes to 5, please choose the products that you use

42 responses



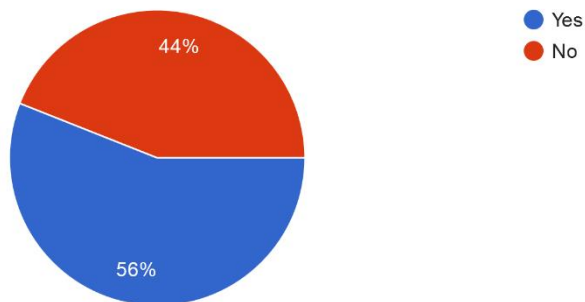
Is achieving a healthy skin important to you?

50 responses



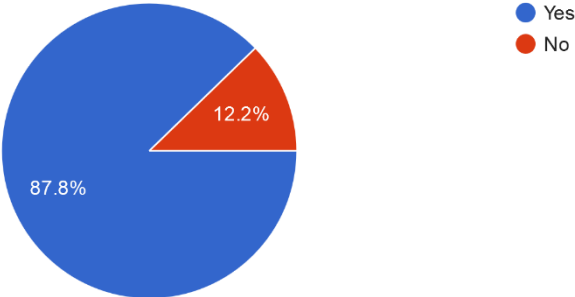
Do you use samples before buying skincare products?

50 responses



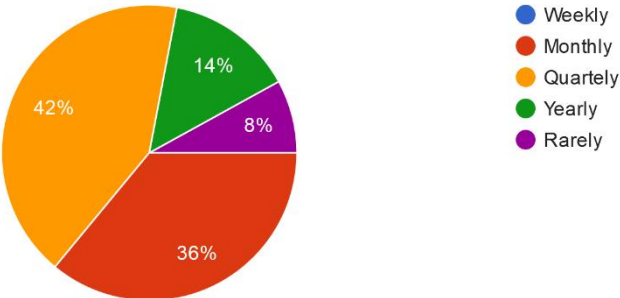
Are you open to trying out new skin care products?

49 responses



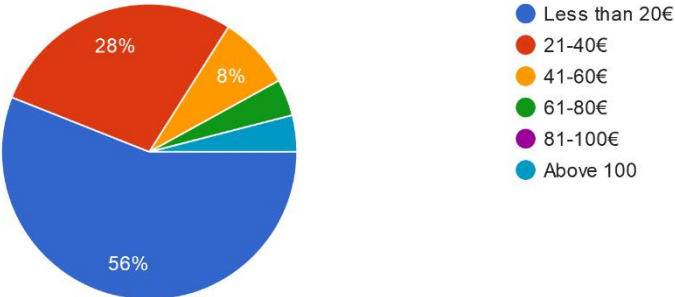
How often do you buy skincare products?

50 responses



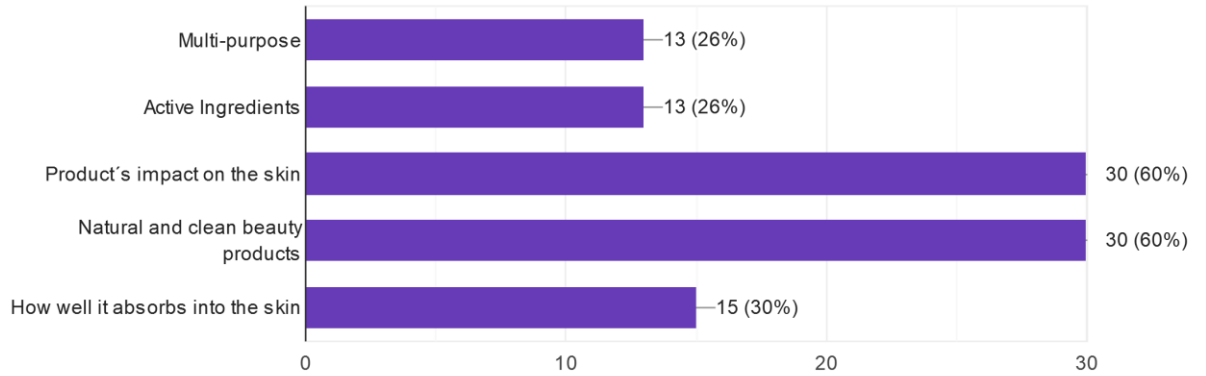
How much on average do you spend on skincare products monthly?

50 responses



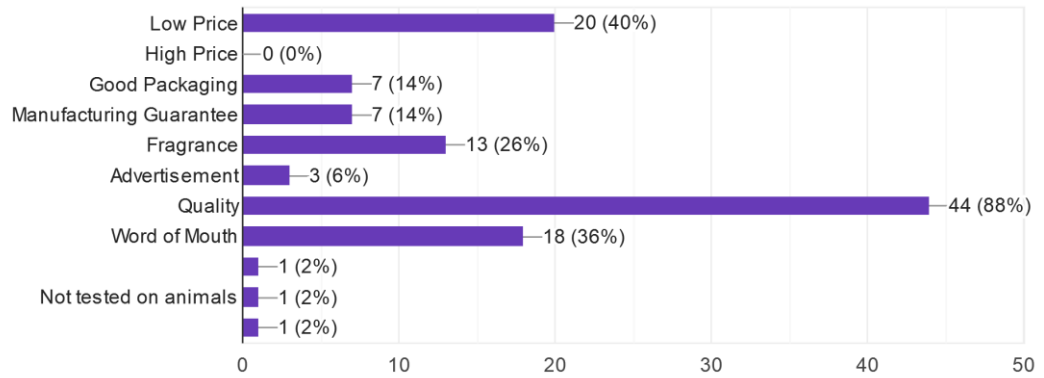
When purchasing a new skincare product, what do you look for the most?

50 responses



What of the following affects your decision on the skincare products you purchase?

50 responses



How likely are to use a high performing product with a high price point?

50 responses

