

A study on five forces analysis of the aesthetic industry in Taiwan

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1. Introduction

Different industries hold various competitive powers based on their different industrial structure. How to recognize the features of industrial structure and go further the deep of the structure to analyze the sources and strength of the competitive power and help corporate to differentiate their position before setting corporate strategy is the most contributive point of Porter's five forces analysis.

Michael E. Porter (1980) pointed that the fundamental structure of any industry is formed by the following five factors which including: bargaining power of supplier's, bargaining power of customers, threats of new entrants, threats of substitutes, and rivalry among existing competitors. The five forces intensively influenced on the firm's customer service and benefits dimension. Any change of the five forces would make the firm's entry or going out of the industry. The importance of the five forces on the aesthetic practitioners is discussed as follows:

2. Theory

2.1 The bargain power of suppliers: If a firm only relies on several suppliers' raw material, then the strength of the selling side would be powerful and the material's price will be lifted high. Suppliers could increase the price or lower down the quality of product or service by taking advantage of certain strategy, then they can bargain on the cost so that they would be powerful in controlling the cost.

In Taiwan, aesthetic class B and C certified technician skill certification license is issued by skill certification center of National Workforce Development Agency, Ministry of Labor. The proportion of academic and skill subject is properly assigned

based on the necessities of industrial development and labor market after consulting from the scholars and leaders of the related fields. The learners are therefore able to follow the indicated direction to fulfill their objectives. The related aesthetic license and rules are regulated as the suppliers of the certified aesthetic skill license. It is because in the aesthetic industry, tasks have to be achieved within the limitation of the related law. Therefore, the bargain power of the suppliers is relatively high.

2.2 The bargain power of buyers: The bargain power of buyers would force the suppliers to lower down the price. Increasing the product quality and improving service would increase the competition among practitioners. If the buyers only need routine standard products, then they would have stronger bargain power, and the product price would be forced to be down. The integrity of the buyers would influence their own bargain power.

In Taiwan, the National Certification of Professional Skills of aesthetic B and C is operated based on the regulation of the related rules. The test takers (buyers) have to obey the process and regulation to pass the test and obtain the aesthetic license. Accordingly, the bargain power of the buyers is relatively low.

2.3 Threats of new entrants: In terms of any industry, if there is profit, there is investment from investors. If there exist numerous and complicated procedure to get into a business, this would lead to a new entrant's difficulty of entry, if the latent profit is low, the cost and risk are not in proportion to the new ones, or new entrant's benefit is less than that of the new ones. Then the pressure and obstacle brought for the new entrants would be high.

At the present, the aesthetic license is regulated by the Workforce Development Agency, Ministry of Labor, Republic of China. It is not contradicted to the other related licenses; the threats of new entrants are therefore pretty low.

2.4. Threats of substitutes: If there existed substitute product or service for the business, then the price of the product or service will be restricted. The so-called substitute is the one that can perform the same function with the original product. The occurrence substitutes restrained the product price, and the function of the substitutes, the relationship between product price and consumer custom would indirectly influence the product price of the industry (Black, 2004).

The aesthetic industry developed prosperously in these years, and the service contents are also highly diversified. A lot of similar license issued by the private business would not move the national position of the National Workforce

Development Agency, Ministry of Labor, skill verification center. Holding the aesthetic license, class B or C, is the evidence of passing the test, which is the verification of the holders' professional ability and cannot be replaced by the other similar license. In these years, a lot of private business issued various kinds of related aesthetic license, which, to some extent, edged out the license issued by the government and formed threats of substitutes. Therefore, the situation should be regulated by the authority so that the threats of the replacement would be decreased.

2.5.Rivalry among existing competitors: All of the business have to face the present competitors when they are implementing strategy and management (Hall and Goodale, 1986). The number of the firms in the industry is one of the key factors to influence the strength of competition among the present rivalry. The practitioners in the same industry usually have a better understanding toward the existing companies. For example: any price-cutting competition brought by a business would enable the other competitors start to make new active strategy and lead to the decrease of the market attractiveness. Therefore, the competition in the market would be even more intensive.

Presently, there has no equivalent licenses issued by the government. Accordingly, the competition of the present rivalry is relatively low.

3.Results and Conclusion

Based on the above statement, one can understand that it is because the contents of the related laws and regulation are strict; the bargain power of the suppliers is therefore high. Buyers have to follow the regulation of the laws, they have no space to bargain, and their bargain power is therefore low. There has no new license to substitute the present one, in addition, the contents of policies and procedure are processed and controlled by the authority. Accordingly, the threats of the substitutes are low. There has no similar aesthetic license issued by the private business in the present, so the competition of the present competitors is relatively low.

The aesthetic license is the proof of the aesthetic professional skill. Though there are another licenses issued by the private business in order to make profits, the government should protect the professional's rights.

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