

# INTERNATIONALIZATION OF THE COSMETIC INDUSTRY WITHIN THE CONTEXT OF DIGITAL TRANSFORMATION

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## ABSTRACT

After the phenomenon of globalization spread all over the world, which has its origins back in the last century, many companies underwent numerous changes to fit within the new reality, idealizing the process of Internationalization. Since the last decades, the usage of technology has created the possibility of development within business, as well, through Digital Transformation. Apart from that, it is possible to affirm that the Cosmetic Industry has shown enormous growth during recent years, influenced by the idealistic beauty standards, embracement of self-care and strong Digital influence. This paper aims to analyze the Internationalization process of cosmetic companies in the context of Digital Transformation, additionally to the impacts of Global Marketing Strategies within International companies. To achieve this goal, exploratory and quantitative research was conducted using bibliographic and documentary material to obtain all of the necessary information and data. It was possible to observe that there is still a lack of information on that currently, making the development of more studies necessary. However, regarding the used materials, it was feasible to conclude that the Internationalization of companies can be possibly potentialized by the application of Digital Transformation simultaneously. In that same sense, conclusions also revealed the importance behind Internationalization strategies when it comes to the cosmetic businesses nowadays, as well as the relevance of Global Marketing Strategies. It is possible to declare that, given the objective of this paper being to comprehend the aspects of cosmetic company's Internationalization within Digital transformation, it was possible to observe the impact provided by both processes alongside Internationalization.

**Keywords:** Internationalization. Digital Transformation. Cosmetic Industry. Global Marketing Strategies.

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## INTRODUCTION

It is possible to declare that the globalization phenomenon has grown intensively during the last century, being driven by different factors that altered the environments placed all over the world. It has created numerous possibilities for the global population, generating new opportunities that were before considered unachievable. On the other hand, some challenges came alongside globalization, placing people within new realities they didn't know exactly how to deal with by that time. Impacts related to economic, financial, and cultural aspects were felt, consequently reaching diverse companies located in different countries. Internationalization emerged as an opportunity to align companies with the modern world they were in, enabling them to spread their values all around the globe. It has been providing, since then, different advantages to the businesses that are adepts of the process, increasing their competitiveness, profitability, and accessibility to innovations.

On the other hand, the last decades have been characterized by the innovations the world has made regarding the technological environment. It is possible to declare that, since the beginning of the century, the world has been changing rapidly through the possibilities that technology has been bringing to humanity. Over the years, a vast number of technological devices, platforms and software have made daily life easier, creating opportunities through the facilitations of activities provided by innovation. It didn't take long for different human organizations to start enjoying the benefits provided by technological equipment, including businesses across the globe. In that sense, technologies started being incorporated inside many different companies, proportioning the process named Digital Transformation. Nowadays, diverse organizations all over the world use technologies to optimize their activities, solve problems and increase profitability. Digital Transformation is a process that aims to create business advantages using the most diverse digital technologies that exist nowadays.

In the current world, there are many segments that have been getting a lot of attention, concerning the development of demands that are different from the ones that existed before. It is possible to say that cosmetics have always been relevant in the global market since they relate to millennial traditions. However, since the last decades, people have been caring more about those products, considering the high beauty standards, the self-care movements, and the influence of social media. It is possible to consider that all those factors combined resulted in many people interested in skincare, haircare, makeup, and related products. Since the last few years, the profitability of the cosmetics Industry has increased largely due to the rise of the sales worldwide. It is even possible to affirm that many countries, like South Korea and Japan, have been lately focusing intensively on their national production of cosmetics, expecting to follow the rise of the Cosmetic and Personal Care Segment all over the world.

Considering what was mentioned above, it is possible to say that what will be analyzed inside this paper corresponds to the Internationalization of cosmetic companies within the context of Digital Transformation. Inside this study, many different companies from diverse countries were analyzed to bring a general overview of the topic. It can be useful for companies that belong to the Cosmetic Industry, companies that are willing to internationalize or companies that are seeking the Digital Transformation experience, not counting that it can be helpful for researchers that are looking for this sort of information. In that sense, it is possible to say that the main objective of the study is to comprehend the aspects of cosmetic company's Internationalization inside Digital Transformation, while the specific objectives are to:

- Detect the most used digital technologies inside Internationalization;
- Identify the most used GMS within the Internationalization process;
- Detect the characteristics of the Cosmetic Industry Internationalization;
- Discover some digital technologies used by the Cosmetic Industry.

It is finally possible to say that what was mentioned before, leads the research question to be: "What are the aspects of the Internationalization process within the Digital Transformation regarding cosmetic companies?"

## **1 METHODOLOGY**

It is possible to affirm that this paper's methodological approach is exploratory, considering that it searches for new evidence willing to develop ideas that can be complemented since they still show gaps. Its main objective is to provide insights about the subject, solve problems related to it and transform ideas into something more understanding. In its essence, this paper seeks to mature hypotheses rather than testing them thoroughly, considering different sides of the phenomenon during the study (KOTHARI, 2004).

On the other hand, it is possible to classify this paper as qualitative since it is related to qualitative phenomenon, which involve essentially quality or kind (KOTHARI, 2004). Alongside that, the data and information included inside this study comes from the descriptions of people, places, and processes according to the researcher's direct contact with the situation itself. It is possible to mention that the researcher's perspective of the synthetic observation is essential to create explanations about the natural environment throughout the analysis (GODOY, 1995).

When it comes to the procedures responsible for the collection of data, bibliographic and documentary research were made to obtain all the information

concentrated in this paper. Both are very similar, since the only difference between them is that: bibliographic research uses multiple contributions of diverse authors about a subject, while documentary research deals with documents that have not been treated analytically (GIL, 1999). During the study, an extensive literature study was concretized to meet all the goals, including consultations to academic journals, books, government reports, articles and conference proceedings (KOTHARI, 2004).

## 2 RESEARCH

### 2.1 INTERNATIONALIZATION

Internationalization is certainly one of the numerous consequences the globalization phenomenon has brought to the contemporary world. During the time between 1870 and 1914, the development of the communication and transportation networks, the fast growth of the international commerce and the accentuated flow of european business capital to non-industrialized areas has created a propitious environment for the development of a global economy (BARRACLOUGH; FABIANO, 1978). Global exchange, international division of jobs, transnationals and multinationals, financial markets and labor markets were some of the most relevant factors when it comes to the concretization of this reality (ANTUNES, 2012). Globalization impacted diverse aspects that have changed the way the world functions currently, especially inside different economic structures all across different countries. Considering the favorable environment created by this phenomenon, businesses were placed in a position that presented more opportunities to cross borders and increase opportunities, encouraging numerous companies to adopt Internationalization.

Internationalization can be described as a configuration that involves engagement in cross-borders activities or involvement in international questions (BODDEWYN, 1997). In other words, it represents the reality where a company's operations or sales revenues are managed outside its country of origin (SUN, 2009). Johanson and Vahlne (1993), from University of Uppsala, responsible for one of the most prestigious representations of Internationalization, describe it as being characterized by the development of knowledge and the rise of commitment with the external environment. It is possible to report the Internationalization process as being a group of procedures responsible for making companies increase their opportunities by accomplishing activities outside their home country. Considering the definitions of this operation, the reasons behind

expanding a company to an external environment include increasing profitability, ensuring sustainability, and establishing growth (BELL, 1997). Hitt, Hoskisson and Kim (1997), describe Internationalization as being able to give the opportunity for business to acquire new abilities while working Internationally.

It is important, as well, to describe the dissertations published by Hitt, Hoskisson and Ireland (2007) related to international strategies. In their opinion, the motivations for Internationalization include: increase market share, return on investment, economies of scale and location advantages. According to the authors, the international strategies can be classified into multidomestic (high need for local responsiveness and low need for global integration), global strategy (low need for local responsiveness and high need for global integration) and transnational strategy (high need for local responsiveness and global integration). Hoskisson, Hitt and Ireland (2007) declare that Internationalization leads to some problems, risks, and difficulties, that can all be defined mostly as economic or political obstacles. However, the authors affirm that the well management of those proportionate consequently a better performance and a wide innovation for the company. It was said by them that taking the necessary precautions will guarantee the success of the organizations that take part in diverse international strategies.

### 2.1.1 Internationalization's Models of Entry

It is possible to say that there are different ways of entering the international environment as a company, being described by the authors specialized in this area as the Internationalization process modes of entry. Hitt, Hoskisson and Ireland (2007) describe the modes of entry as exporting, Licensing, strategic alliances, acquisitions, and establishment of a new subsidiary. However, some other authors usually add some variants to the possibilities as well, dividing those sometimes inside different categories. It is necessary to declare that there is a range of possibilities when it comes to the diverse modes of entry within the Internationalization process, however, only some views, considered relevant, will be approached inside this paper.

#### 2.1.1.1 Indirect and direct export

It is possible to affirm that the exporting modes of entry are often referred to as the first phase of Internationalization after national sales, being usually recommended for companies that have never experienced Internationalization before. In its essence,

exporting allows companies to face less risks, requiring minor commitment from the whole company (KOTABE; HELSEN, 2022). However, when it comes to exporting strategies, there are two different approaches that can be used by an organization, those being the indirect export and direct export. Indirect export is characterized by the presence of intermediaries within the process of reaching clients from different countries. It allows the business to start international contact without having to experience major costs, specific abilities, and high risks. On the other hand, direct export requires the company to establish contact with the customers abroad. It has larger risks and implies more wisdom in comparison to indirect export, however, it provides international abilities, market knowledge and experience, some features that the other modality is not able to proportionate deeply (ROOT, 1994).

### 2.1.1.2 Franchising and licensing

It is possible to mention that some authors classify Franchising and Licensing as being part of a group named Contractual Agreements. In its essence, this category counts on some other modes of entry that will be approached later, however, Franchising and Licensing are the most common, spread and recognized by the specialists within the area, being the key concepts of the group above all. When it comes to Licensing, it is possible to say that it is a mode of entry based on the relationship between the licensor and the licensed. In that sense, the licensor corresponds to the company responsible for allowing a business to use their own organization information through a license, such as a great patent, a technology, or a personal name. On the other hand, the license is the company that receives the permission to take advantage of that information. Licensing allows license to manufacture and sell goods from the licensor inside the country of origin, which as much as it brings great results rapidly, presents some risks that must be considered (NUNES; STEINBRUCH, 2019). When it comes to Franchising, it is possible to mention that it is based on the relationship between the franchisee and the franchiser. Regarding that, the franchiser is paid to allow the use of the company's name, rights, and information, as well as to give assistance to the user. On the other hand, the franchisee is the one who pays to open a business with the same name and properties from the franchiser. It provides the capability of expanding quickly, although some management, financial and bureaucratic problems may be faced throughout it (NUNES; STEINBRUCH, 2019).

### 2.1.1.3 Contract manufacturing, joint venture and management contracts

Considering what was mentioned above, Contract manufacturing, Joint Venture and Management Contracts are some of the other components of the Contractual Arrangements for Internationalization modes of entry. Often referred to as intermediate entry's mode, those require some sort of relationship between different components, as it was possible to visualize in the Franchising and Licensing. When it comes to Contract manufacturing, the connection happens between a company that is responsible for organizing, producing, and shipping the goods (Contract manufacturer), as well as an organization that hires that service (hirer). It may present numerous benefits such as increased practicality, reduction of costs and guaranteed quality, however, it is necessary to consider that there might exist obstacles related to the company's relationship, the lack of control and the cultural barriers (MANUEL, 2022). On the other hand, when it comes to Joint Ventures, it is possible to describe it as being a mode of entry characterized by the cooperative relationship between companies that are independent. Inside this cooperation, both involved organizations share the same risks, responsibilities, and benefits throughout the contract's time of duration (KOGUT; ZANDER, 1993). However, as much as Joint Ventures can provide enhancing exchanges, it comes along with high costs due to the coordination strategies, as well as risks related to conflicts within the established relationship between companies (KEEGAN; GREEN, 2000). Finally, when it comes to Management Contracts, Svend Hollensen (2006) describes it as the relationship "where one firm (contractor) supplies management know-how to another company that provides the capital and takes care of the operating value chain functions in the foreign country". According to the author, this mode of entry can provide low entry risks, no local investments and a locally made image, however, it comes along with some risks, difficulties and limitations that have to be managed through precautions.

### 2.1.1.4 Foreign direct investment

It is possible to say that Foreign Direct Investment is a branch of entry's mode that is composed of subsidiaries, mergers, acquisitions, and greenfield operations. In its essence, Foreign Direct Investment is characterized by the ownership of facilities inside the country where the company is willing to start its operations. Inside this mode of entry, technologies, capital, personnel, and other resources are transferred to the mentioned facilities placed inside the target country (MANDEL, 2006). When a company establishes formal operations abroad, it can supply the local market through factories, offices, and networks outside the country of origin (MANUEL, 2022). It is certainly the

mode of entry that represents the biggest investment regarding the others, generally bringing expensive costs alongside it. However, it can provide a connection with the target country that no other mode can provide, since the operations are being carried out by its own company, this time, just outside the country of origin (MANUEL, 2022). Already stated, there are many ways a company can invest in Foreign Direct Investment, those being subsidiaries (autonomous enterprise owned by an international company), mergers and acquisitions (company that gains control of a firm through the purchase of stocks, the exchange of stocks or the payment of a price) or greenfield operations (firm pays for a certain amount of a foreign company's equity stakes or buys the whole existing organization through merger or acquisition) (MANUEL, 2022). It is possible to say that this mode of entry will count on some difficulties and require some knowledge, however it can provide some advantages that are important for the company overall.

## 2.2 GLOBAL MARKETING STRATEGIES

It is indispensable to first describe the areas, concepts and thoughts involved behind Global Marketing Strategies to make it comprehensive itself. In the beginning of the last century, marketing was first discovered by companies that were facing distribution problems. Considering that situation, they reunited concepts from diverse disciplines to help with trade practice, which later ended up being responsible for the development of that area (BARTELS, 1976). Since the decade of 1920s until nowadays, marketing has been responsible for helping businesses to increase their profitability, customers, and influence on the market. It can be described as a set of processes, activities and operations that create, notify and exchange valuable contributions, having customers, partners, and markets as a target (AMA, 2017). Overall, marketing can help to identify markets, define their profit potential, and satisfy their needs (KOTLER, 2023).

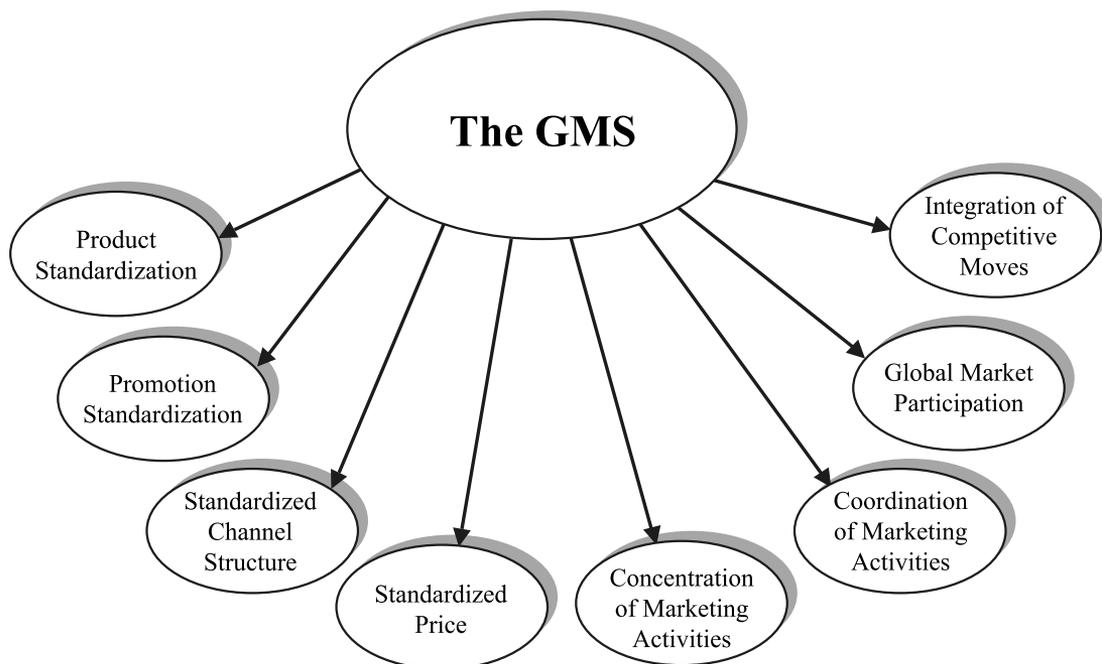
On the other hand, marketing strategies are related to recognizing what are the company's differentiating characteristics in comparison with competitors, which leads to the development of actions responsible for adding value to all the relationships the business is related to (DOUGLAS; CRAIG, 2010). It is possible to affirm that marketing strategies are responsible for sustaining the sales inside an organization, being represented by specific decisions the company applies to make it achievable. In the opinion of Michael E. Porter (1980), there are five factors that can determine a company's competitive advantages, these being: "threat of new entrants, bargaining power of buyers, bargaining power of suppliers, threat of substitute products and rivalry among existing firms". The author affirms that this analysis is extremely helpful when it comes to establishing the best specific marketing strategies, which leads to the largest profitable posture a company can have in a specific market.

When it comes to describing marketing strategies at a global level, Douglas and Craig (2010) define global as “the geographic scope of the firm’s operation and strategy development”. In their opinion, an organization that applies these strategies globally can perform marketing strategies in diverse countries, having the knowledge about the differences between all the different markets. Consequently, Zou and Cavusgil (2002) describe Global Marketing Strategies as a manner of exploring the harmony between different geographic locations, as well as the competitive advantages a business presents in each one of them. In the same line of thought, they affirm that the importance of Global Marketing is related to the capability of spreading a company’s value chain across all the countries where it is somehow active.

Zou and Cavusgil (2002) proposed a model that represents the Global Marketing throughout eight different strategies, those being, according to them, some procedures possibilities regarding the companies’ individualities. In that sense, the strategies are divided into three branches: standardization, configuration-coordination, and integration. Inside the standardization category, the strategies included are: Product Standardization (degree of similarity between goods in different markets), Promotion Standardization (degree of use of the same between promotional mixes in different markets), Standardized Channel Structure (degree of use of the same channel structure in different markets) and Standardized price (degree of use of the same price in different markets). It is normally considered the most relevant group of strategies, providing more control over a standardized system placed in all operation’s countries (ZOU; CAVUSGIL, 2002; JIANG, 2016). Inside the configuration-coordination, the strategies included are: Concentration of Marketing Activities (how much the company’s marketing activities are concentrated interdependently on a global scale) and Coordination of Marketing Activities (how much the company’s marketing activities proceed interdependently on a global scale).

It is possible to say that both are related to the international strategies used by the company, being directly related to which focus on the value chain the organization approaches (ZOU; CAVUSGIL, 2002; JIANG, 2016). Lastly, inside the integration branch, the strategies included are: Global Market Participation (degree to which the company operates in the major global markets) and Integration of Competitive Moves (degree to which the company’s marketing competitive moves are interdependent). It generally regards the way that the competitive moves are executed by an organization, including how the strategies are processed inside the markets where it operates (ZOU; CAVUSGIL, 2002; JIANG, 2016). It is possible to visualize below (Figure 1), the proposal of Global Marketing Strategies in the vision of Zou and Cavusgil (2002).

FIGURE 1 — Overview of the Global Marketing Strategy (GMS)



SOURCE: Zou e Cavusgil (2002)

### 2.3 DIGITAL TRANSFORMATION

It is possible to affirm that the world has been going through numerous changes related to the development of technology since the last century. Industrial revolutions were some of the starting points that brought the current society to the digitalized context experienced nowadays. In the present reality, topics such as Artificial Intelligence, Internet of Things, information technology and Big Data analysis have become normal daily. It was natural for companies to become part of this reality through time, which made them start incorporating technology inside different types of processes. In its own essence, digital can be simply described as some source of electronic technology that manages data. On the other hand, transformation stands for a significant change that normally causes impacts to those who are involved in the process. Combining these factors, it is possible to start understanding the meaning of the Digital Transformation process inside a company. Considering what was mentioned above, it is possible to comprehend that Digital Transformation is related to modifications experienced due to technological resources capable of creating, processing, and storing data. Often referred to as digitization, Digitalization or Digital revolution, it can be described as “an organizational strategy formulated and executed by leveraging digital resources to create differential value” (BHARADWAJ et al., 2013). In other words, Digital Transformation can

be defined as “characterized by the use of new digital technologies to enable significant business improvements” (PICCININI; GREGORY; KOLBE, 2015). In the opinion of Hess et al. (2016), the impact brought by digital technologies on a business model can result in “changed products or organizational structures or in the automation of processes”. It is possible to declare that the Digital Transformation process is capable of developing organizations since it is characterized by diverse evolutionary traits. In that sense, it is responsible for changing different aspects inside a company through the impact brought by the implementation of different technologies. Digital Transformation is not only related to the processes, structures, and systems, since the changes are also felt by customers, could be either positively or negatively. Furthermore, the performance of the Digital Transformation can promote numerous appealing benefits for companies, including agility, systematization, efficiency, and productivity, which all lead to future competitive advantages on the market (MORAKAYANE; GRACE; O’REILLY, 2017).

## 2.4 DIGITAL TECHNOLOGIES

In the current reality, the innovation the world has gone through made the creation of numerous types of technologies possible. Nowadays, there is a vast number of opportunities, possibilities and solutions provided by different sorts of platforms, apps and devices that can all be implemented inside a company. It is possible to mention some of the most relevant digital technologies that are present in the most part of the Digital Transformation processes currently.

### 2.4.1 Internet of Things (IoT)

In its essence, the Internet of Things is often referred to as “connected devices” or “smart devices”, as well as the network connectivity between different items like software, sensors, electronics, and actuators. It was defined in 2013 as “the infrastructure of the information society” by the Global Standards Initiative on Internet of Things (IoT-GSI). It is possible to say that the objective behind the Internet of Things is to control or sense objects remotely, all using a connected infrastructure. It provides the unity between the technological environment and the physical environment, promoting money, time, and effort optimization through reduced human intervention. The Internet of Things can be useful inside a huge number of processes at a company, giving numerous benefits like the reduction of costs, the increase of the profitability and the facilitation overall (SCHWERTNER, 2017).

## 2.4.2 Cloud Computing

In the general knowledge, it is stated that Cloud computing is a technology that is responsible for the usage, storage, and connection of different types of resources. Some of the configurable computing resources that can constitute Cloud computing include servers, networks, storage, applications, and services. However, when it comes to a specialized definition, in 2010 it was described by Armbrust et al. (2010, p. 50-58) as “the applications delivered as services over the Internet and the hardware and systems software in the data centers that provide those services”. Cloud computing necessarily is made up of five essential components (broad network access, resource pooling, rapid elasticity, on-demand self-service, and measured service), four deployment models (community cloud, public cloud, hybrid cloud and private cloud) and three service models (cloud software as a service, cloud platform as a service and cloud infrastructure as a service) (SCHWERTNER, 2017). It can provide the reduction of the costs, the increase of the profitability, the improvement of management and the flexibility of the resources when inside a company.

## 2.4.3 Big Data and Analytics

It is possible to say that Big Data and Analytics is a technology responsible for the cleaning, improvement, and review of different types of information, numbers, and data. It was defined as a group of technological resources that can identify data of value inside large amounts of numbers and information, providing agility, practicality, and conclusions for companies (LABRINIDIS; JAGADISH, 2012). Specifically, when it comes to large companies, it is a challenge to observe, describe and make conclusions about huge amounts of data. Consequently, Big Data and Analytics emerged as a solution to these problems, enabling processes that were totally humanized before to become something completely automatic. Inside an organizational context, it can optimize time, money, and effort through the use of business intelligence tools that can provide a whole bunch of conclusions.

## 2.4.4 Artificial Intelligence (AI)

In recent times, Artificial intelligence has gained a lot of attention worldwide due to the release of different varieties of this technology recently. It created different discussions about the topic in general, which provided great popularity overall, increasing the use of it across the world. In its essence, Artificial intelligence can be

described as “a technology that enables machines to imitate various complex human skills” (SHEIKH; PRINS; SHCRUJVERS, 2023). It was defined by the European Commission (2018, p. 1) as “systems that display intelligent behavior by analyzing their environment and taking actions – with some degree of autonomy – to achieve specific goals”. Besides that, the expert group has also stated that AI systems can work through two different ways: software-based (technology that only acts inside the virtual environment) and hardware devices (technology that acts inside the virtual and physical environment). It is possible to affirm that voice assistants, recognition systems, advanced robots and autonomous devices are only some examples of IA that can provide the reduction of human error, lower the risk rate and perform repetitive tasks inside a company.

#### 2.4.5 Mobile Technology

Even though a huge amount of people think of Mobile Technology as something too simple, obvious, and common to complement Digital Transformation, it is possible to say that it has an important role when it comes to this process. It is often referred to as the vast number of digital instruments that are used for communications via mobile devices. Considering that, Mobile Technology usually includes different sorts of devices that are normally portable, contain diverse resources and provide communication, information, and data sharing (NAISMITH et al., 2004). When it comes to the organizational context, it can be helpful in many ways, providing increased interaction with customers, a pathway for a deeper digital experience, improved productivity, and wider profitability overall (SCHWERTNER, 2017).

### 2.5 COSMETIC AND PERSONAL CARE INDUSTRY

It is possible to say that cosmetics have been widely used since the first civilizations, having the most diverse uses throughout the generations. Different cosmetics have served as status symbols, religious traditions, cultural habits, and beautifying tools. During the time passage, the meaning of those products kept changing constantly inside different countries. Nowadays, it is possible to mention that cosmetics are described by the Cambridge Dictionary as “substances that you put in your face or body that are intended to improve your appearance” (COSMETIC, 2023). Considering the innovations that the modern world goes through daily, the motivations for the usage of cosmetics has gained new explanations. Overall, most of those are characterized by the high beauty standards, the self-care movements, and the influence of social media. Some

of those factors have increased the consumption of cosmetics exponentially since the last decades, opening opportunity doors for the producers as well. In that sense, the industry responsible to produce those goods is often referred to as the Cosmetic and Personal Care Industry, being also sometimes called Beauty Industry or Cosmetic Industry. Having said that, the Cosmetics and Personal Care Industry is responsible for the production of goods that are used for cleaning, protecting, beautifying, and changing at a physical scope. It is stated by Statista (2023) that the Cosmetics and Personal Care Industry is subdivided into five main categories, which include: skincare, haircare, makeup, fragrances, and toiletries, being skincare the biggest share of the market, followed respectively by haircare and makeup.

Statista (2023) declared, as well, that in 2021 the geographical region that dominated the market was North Asia, while the biggest player of the market was L’Oreal. According to the same platform, the market behind the Cosmetic and Personal Care Industry was estimated to be worth more than 500 billion U.S dollars during 2021. On the other hand, according to the Observatory of Economic Complexity (2023), the world trade of the industry was totalized in 62 billion U.S dollars in 2021, as well as the export growth (CAGR) of the year reached a total of 15,7%. In 2013 the most exporting countries of cosmetics were France, Germany, United States, United Kingdom, and Italy, while the most importing countries were France, Germany, United States, United Kingdom, and Italy (GUIMBERT, 2013). However, nowadays the reality has started to change, since Asian countries are starting to get more and more attention on their skincare, makeup, and hair care products. In 2021, the top exporters of beauty products were France, South Korea, Japan, United States and Germany, while the top importers were China, United States, Hong Kong, Germany, and Singapore, according to the Observatory of Economic Complexity, which makes it possible to visualize the way the trends have changed. In conclusion, it is possible to see that the beauty industry is gaining attention exponentially nowadays, having the consumption of its products being boosted by diverse factors involved in the modern world. Overall, the combination of all those factors ensures the importance of the Cosmetic Industry currently, requiring more studies regarding the business aspects of the segment.

## 2.6 DIGITAL TRANSFORMATION ON INTERNATIONALIZATION

Considering the Digital Transformation’s descriptions above, it is possible to conclude that the implementation of technologies inside any organizational process can generate numerous positive impacts for a company. Internationalization is one of the processes that can be optimized using technologies inside of it, facilitating the complexity present in the pathway of crossing borders as a business. In the opinion

of Nambisan (2017), “technologies are creating more fluidity and nonlinearity in entrepreneurial processes and activities across time and space”. In the current present, many companies are taking advantage of the various existing digital technologies to improve their performance when it comes to Internationalization.

In 2020 a bibliometric analysis was conducted by Alves (2020) about the impact of Digitalization on SMEs international strategies, where it was revealed that the literature about the topic started to grow exponentially since 2015. However, the author mentions that most of the existing materials tend to approach business models, global value chains and organizational development related to the impacts of Digital Transformation. It was brought up by this paper that research that broaches specifically the relationship between Internationalization and digital technologies are lacking, which means that more studies are needed to expand the knowledge in this field. Furthermore, according to the author, most of the materials only focused on one country, totalizing just 27 papers that approached two or more countries, meaning it is difficult to make conclusions when there are practically no specific publications about the topic available.

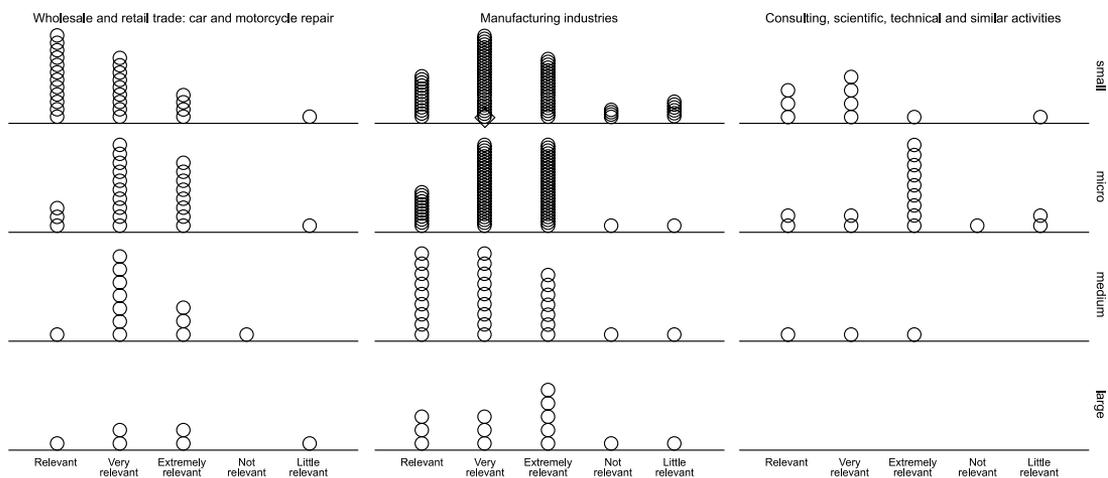
On the other hand, in 2022 a study was conducted by Pereira et al. (2022) about the importance of Digital Transformation in international business. Although the paper was focused on obtaining perspectives only from Portuguese entrepreneurs, it created a general perspective about the impacts that the Digital Transformation can have on a company’s Internationalization. Considering that, much research was conducted inside Portuguese companies, aiming to comprehend the perception of entrepreneurs concerning Digital Transformation, the relevance and obstacles of the technologies and the differences in each company’s individualities.

When it comes to the relevance present in each technology tool for internationalization, this same study concluded that entrepreneurs consider e-commerce and agile tools as very relevant ones, being followed respectively by BI, Cloud and Big Data, that were considered relevant as well. On the other hand, 3D printing was considered the least relevant tool, having only a little relevance according to the interviewed people. Pereira et al. (2022) also concluded that the obstacles related to Digital Transformation within the Internationalization that were mostly complained about by the entrepreneurs included insufficient budgets, lack of needed skills, organizational culture, and few technological partners. However, according to the authors, most of the correlations between the obstacles mentioned are related to the traditional business model that is established inside Portugal.

The study in question, divided the companies studied into categories when it comes to the relevance and obstacles of digital tools as well. Considering that, Pereira

et al. (2022) affirm that consulting, scientific, technical, and similar companies showed less resistance when using digital tools inside Internationalization in comparison with manufacturing industries. Moreover, micro companies assigned more relevance to technological tools alongside Internationalization than small companies. In the end, the authors decided to create a graphical representation to explain the degree of relevance attributed to Digital Transformation used for Internationalization according to the size and sector of the company, as it is possible to visualize in Figure 2.

FIGURE 2 — Degree of importance assigned to Digital Transformation by sector and company size.



SOURCE: Pereira et al. (2022)

Considering the lack of studies connecting Internationalization and Digital Transformation, it is difficult to make deep assumptions about the impacts that the usage of technological tools can have when companies are working on international strategies. However, considering the statements made by Pereira et al. (2022) it is possible to forecast that the Digital Transformation can be helpful for companies if well implemented. When it comes to the effects of digitization alongside Global Marketing Strategies, it wasn't possible to find anything documented until now.

## 2.7 GLOBAL MARKETING STRATEGIES ON INTERNATIONALIZATION

Internationalization can bring numerous benefits when it comes to the organizational environment, however, it comes along with a lot of challenges, obstacles and difficulties that must be faced by the company. To overcome these problems, it is important to study the market as an organization, using different strategies to successfully achieve the business goals. Considering that, it is possible to say that one

of the most important sets of strategies that could be approached by the companies while passing through this situation are the Global Marketing Strategies. According to Zou and Cavusgil (1996), those strategies are essential when it comes to the gain of competitive strength since they can provide the integration of the firm's activities. It is stated by the authors, as well, that the standardization, coordination or integration of the company's procedures, actions and measures are the only ways to truly achieve success as a company, on a global scale.

In 2016, a study was conducted by Camargo, Rocha and Silva concerning the influence of the marketing strategies mentioned above within the Internationalization of Brazilian companies. Inside that context, the authors aimed to find out the relevance of those strategies during each one of the stages a company goes through during Internationalization. It was all based mainly on the Global Marketing Strategies proposed by Zou and Cavusgil (1996), like described before on this paper. Considering that, three different businesses from distinct sectors, sizes and realities were analyzed during the study to achieve the author's main objectives.

According to Camargo, Rocha and Silva (2016), the first studied company started the Internationalization process in 2005, having reached more than 400 sales points by the end of 2012, including locations like Brazil, United States, Angola, Colombia, and Portugal. It was mentioned that this organization centralized its purchases inside the Brazilian national territory, even though it presented the same strategic position in all the markets it worked at. Moreover, this organization had all its marketing decisions coming from the head office located in Brazil, although it was affirmed by the entrepreneurs that there was a huge relevance in knowing each market's differences. In the business opinion, the most important Global Marketing Strategies regarding Internationalization were characterized by Product Standardization, Promotion Standardization and Price standardization, being followed by Coordination of Marketing Activities and global marketing participation, that weren't considered very relevant.

Inside the paper, it is also possible to find the second studied company, which effectively started its Internationalization process in 2006, having spread to countries such as the United States, Portugal, and Colombia by the end of 2012. It was affirmed by Camargo, Rocha and Silva (2016) that the organization in question had an exclusive department responsible for the international strategies, as well as a hired agency for communication. However, according to this company's entrepreneurs, Product Standardization was a challenge, since only 20% or 30% of the goods could pass through this process. According to this business opinion, when it comes to Internationalization, the most important Global Marketing Strategies were coordination of marketing activities, Product Standardization and Promotion Standardization, being followed respectively by Integration of Competitive Moves and Global Market Participation, that weren't as relevant as the others according to them.

Moving on to the last company approached by Camargo, Rocha and Silva (2016), it is possible to mention that it started its Internationalization process in 1993, having reached more than 270 stores in different countries by the end of 2012. In that same year, its products had already reached more than 100 countries, which is reasonable considering that this company had the objective of becoming a global brand. According to the organization, the process of Internationalization inside it happened in a very natural way, however, the company counted on 25 employees spread in different countries responsible for acknowledging the diverse market trends. In the case in question, the company affirmed that the most relevant Global Marketing Strategies when it comes to Internationalization were Promotion Standardization, Integration of Competitive Moves and Coordination of Marketing Strategies, even though all the other strategies were mentioned by the interviewed as well.

Considering what was mentioned above, Camargo, Rocha and Silva (2016) created a table containing the responses corresponding to each of the company's studies, being Case A the first organization, Case B the second organization and Case C the third organization. It is possible to affirm that all businesses in question coordinated and concentrated their marketing activities inside their country of origin (Brazil), as well as, worked on Promotion Standardization through locally adapted advertising agencies and Price standardization through the adjustment according to positioning. Besides that, most of the companies didn't mention Integration of Competitive Moves and Global Market Participation, while channel structure was predominantly standardized. Considering that, the strategy that was mentioned the most overall was the Promotion Standardization, being followed by Product Standardization and Coordination of Marketing Activities, as it is possible to visualize in Table 1.

**TABLE 1 — Results of the study conducted by Camargo, Rocha e Silva (2016) on the relationship between each analyzed company and the Global Marketing Strategy**

Stage	Active Involvement		Commitment
GMS	Case A	Case B	Case C
Product standardization	Adapted 10%	Adapted 30%	Not adapted
Promotion standardization	Locally adapted with an advertising agency	Locally adapted with an advertising agency	Locally adapted with an advertising agency
Price standardization	Adapted according to positioning	Adapted according to positioning	Adapted according to positioning and demand
Channel structure standardization	Adapted	Adapted	Not adapted
Coordination of marketing activities	Brazil	Brazil	Brazil and local offices in five countries
Concentration of marketing activities	Brazil	Brazil	Brazil
Integration of competitive movements	not mentioned	not mentioned	Concern about integrating
Global market participation	not mentioned	not mentioned	Concern about initial stages

SOURCE: Camargo, Rocha e Silva (2016)

It is possible to affirm that, even though the study proposed by Camargo, Rocha and Silva (2016) does not consider internationalized companies outside Brazil, the paper mentioned proportionate an idea corresponding to the importance of the Global Marketing Strategies within the international pathway. It is imaginable that most of the international businesses take advantage of the Global Marketing Strategies, even when they do not have the acknowledgement that they are effectively using those. Considering still the theories proposed by Zou and Cavusgil (1996), it is comprehensible that the only way of making an Internationalization strategy effective is by applying the concepts behind marketing within the process, guaranteeing the same quality, spread and success using integrated organizational activities.

## 2.8 THE INTERNATIONALIZATION OF COSMETIC COMPANIES

In the current reality, many companies around the world have been adopting Internationalization, including companies that belong to the Cosmetic and Personal Care Industry. In those sorts of fields, it is very important to have different strategies when it comes to crossing borders, considering the high level of competition, the vast offer of products and the different popular brands placed all over the world. Internationalization can bring a lot of advantages to the Cosmetic Industry, especially regarding the attention the segment is receiving in the current market. It is the perfect opportunity for the companies that belong to the industry to start crossing borders by taking advantage of

the high increase of the numbers. In that sense, there are a lot of aspects that can be analyzed when it comes to the Internationalization of the Cosmetic Industry, which will be mentioned furthermore according to the relevance of the topics.

When it comes to the difficulties inside the process, it is possible to say there might be some common barriers faced by most of the cosmetic companies, which lead Carvalho et al. (2019) to administer a study on that in 2019. It was aimed to describe the obstacles behind the Internationalization of Brazilian small and micro cosmetic businesses, as well as, to find out the differences experienced by each one of them. It was stated by the authors that the Cosmetic Industry presents a huge importance inside the economy, creating the need to conduct research related to that topic. Considering that, the mentioned study concluded that exchange-rate fluctuations, product changes by demand, payment delays and after-sale services were the biggest barriers overcome by the micro cosmetic companies, while payment delays, exchange-rate fluctuations, tariff barriers, after-sale services and obtaining capital were the most common barriers pointed by small cosmetic companies. Overall, it is possible to say that the obstacles that reached all the studied companies in general were: exchange-rate fluctuations, payment delays and product changes by demand.

It is necessary to consider the strategies used by these organizations as well Şengun conducted a study in 2019 about the Internationalization methods of Turkish companies that belonged to the Cosmetic Industry. In that paper, 20 different businesses were analyzed to achieve the researcher goals, where they were interviewed about the usage of export, Licensing, Franchising, Contract Manufacturing, Management Contracts, Joint Venture, Consortiums and Foreign Direct Investment as international strategies. In that sense, all the companies affirmed that they have used export strategies, while two pointed out the usage of contract manufacturing and two described the application of Foreign Direct Investment. Besides that, only one company worked with Franchising, as well as no other strategies were said to be used by the cosmetics companies studied. Considering what was said, it is possible to conclude that exporting is the strategy that was used the most, however, Şengun (2019) justified that occurrence affirming that this happens because it is easier and promotes less labor than the other methods described. According to the author, it requires less knowledge and skills, providing international opportunities to the Cosmetic Industry without any complex needs at all.

However, above all the papers that were mentioned before, it is essential to describe the research that was conducted by Guimbert (2013) concerning the Internationalization strategies of cosmetic companies. Inside this study, four different companies that are very relevant in the Cosmetic Market were analyzed, aiming to find out the differences and similarities between the international and marketing

strategies that were used by each one of them. In Table 2, it is possible to visualize some of the organizations most relevant information regarding the nationality, the Internationalization, the revenues, and other essential factors as well.

TABLE 2 — Individualities from each of the studied companies by Maria Guimbert, 2013

	Country of origin	Date of creation	Date of first internationalization	Number of countries where the company operates	Regions where the company is active	Revenues in 2011	Number of employees
L'OCCITANE	France	1976	1995	85 countries	Europe Asia America Oceania Africa	712 million US\$	4700
NATURA	Brazil	1969	1982	7 countries	America (South mainly) Europe	3 billion US\$	7000
YVES ROCHER	France	1959	1970	90 countries	Europe Asia America Oceania Africa	2,64 billion US\$	13 000 (including franchises' employees)
O BOTICÁRIO	Brazil	1977	1987	11 countries	Europe Asia America Oceania	2,9 billion US\$	11300 (including franchises' employees)

SOURCE: Guimbert (2013)

According to the author, the company's country of origin has a huge impact on the image the brand transmits all over the world. In that sense, businesses from places that serve as an industry role model tend to meet more success when it comes to Internationalization, since those are well known as references. Regarding the acquisition of cosmetics, customers tend to prioritize countries of reference, adapted products or companies that dialogue with them through cultural similarities. It was concluded by the author that all the four organizations that were analyzed adopted a "Think globally, act locally" strategy (HERBIG; JONES, 1983). However, as mentioned, the product's country of origin is already an advantage when it comes to the Cosmetic and Personal Care Industry, meaning, whenever those products come from countries that are taken as references, it is normally better to take advantage of that instead of adapting the products, like it was observed on L'occitane and YVES Rocher.

Guimbert (2013) stated that there were a lot of differences found in each company's Internationalization strategy, even though they all belonged to the same segment. The analysis has shown that while the French companies developed very well outside home, the Brazilian companies still need to grow international roots. In the author's opinion, the explanation corresponds to what was mentioned before: countries with great reputation in the beauty industry do not have to adapt their products, which makes the Internationalization process easier and gives huge advantages due to the trust shown by clients. It was also concluded that most companies tend to start expanding their international activities inside countries that are similar culturally

and close geographically, as well as it was possible to observe that the firms preferred starting the process by opening their own local stores as sales points in each of the countries they emerged in.

Considering the mentioned studies that approached the Internationalization of Cosmetic and Personal Care companies, it was possible to conclude that even though the organizations belonged to the same segment, there wasn't a pattern to be found always. It is possible to say that the beauty industry is very established, even though it is growing constantly day by day, creating some obstacles sometimes for the new players. The history behind the skin care, hair care, perfumes and makeup development in the world is very antique, creating some advantages and disadvantages depending on the origin and objectives of the company. Moreover, there are a lot of traditions that regard the use of these products as well, which ends up making a lot of customers look for something that aligns with their own home culture.

## 2.9 THE DIGITAL TRANSFORMATION OF COSMETICS COMPANIES

In its essence, Digital Transformation can provide numerous benefits for diverse organizations with digital technologies. Inside the Cosmetic industry, there are a lot of procedures that can be optimized using the different options of technology, including applications on services, products, and production. It is said that the key to success in this segment involves the adaptation of products to the customers' needs and the quick creation of new options through flexible and fast measures (KUMAR; MASSIE; DUMONCEAUX, 2006). Digital transformation is the perfect solution to fulfill those needs, considering it provides a rapid environment for the development of great new products. Data analytics is capable of quickly providing conclusions, being probably one the best fits regarding this need. Apart from that, e-commerces are being implemented inside the industry's companies each day more, not since there are many Artificial Intelligence tools being used by mostly cosmetic companies. Sephora is a great example, since after the implementation of A.I, the company experienced a 11% revenue growth in less than one year (TROYER, 2019), proving the points that were before concern.

Since there are a lot of companies that belong to the Cosmetic Industry taking advantage of the Digital Transformation, it is possible to mention some of them to understand the reality better. In 2020, a study that had the objective to comprehend the impact of some digital technologies inside cosmetic businesses was conducted by Vieira (2020). It counted on the analysis of three different firms from the segment that, somehow, used digital tools inside some processes, making it possible to conclude the effectiveness of those. Considering that, the cases of study were directed to L'oreal,

Perfect Corp. and PROVEN, which made it possible to observe a pattern behind the usage of digital technologies inside the Cosmetic Industry, even though each of the cases presented differences depending on the individual factors.

Vieira (2020) concluded that technological tools can provide a Digital Transformation, specifically when it comes to the beauty industry. As mentioned before, companies from that segment need to follow the current trends to stay competitive inside the market, making digital tools necessary for it to happen. Sometimes, the digital technologies can even be needed inside the production of some products, while in other cases, the usage of technology is necessary to guarantee the agility inside the analysis of data with programs like B.I or artificial intelligence. It was said by the author as well that, during Digital Transformation, it is necessary to have all the agents collaborating with each other, that means that information is needed by all of them, which generates feedback and guarantees future improvements.

Regarding the same line of thought, Vieira (2020) also concluded that the analysis of data is essential for a cosmetic company. Since the procedures must be conducted very rapidly within the segment, it is necessary to have the capacity of observing the data very carefully in a small period. In the Cosmetic Industry it is essential to understand the customers demand, providing products and procedures changes very quickly. Big Data and Analytics makes it possible, arranging the store of a huge quantity of information and its analysis in a way that a business can comprehend the demands of the market and act very rapidly according to the solutions provided by the technology in question. However, it was mentioned by the studied companies that there is still a problem when it comes to obtaining information, since most people are yet repulsive about sharing personal information.

The author also concluded that the Artificial Intelligence tools are able to provide numerous benefits for the companies. According to Vieira (2020), some organizations are already applying this technology inside some procedures, although it should be used by all of them. It was stated that this digital technology can bring solutions that were before impossible, promoting even a deeper connection between the business and the customer. In the case of Perfect Corp, the usage of Artificial Intelligence was fomented by the creation of “YouCam”. It is basically a platform that enables users to test different products on themselves, seeing how they would look in each one of them. It increases the proximity with the users through real-time solutions, opening different doors when it comes to A.I. On the other hand, L’oreal contacted Artificial Intelligence through the launch of “Perso, a physical equipment that allows the clients to create products just like they want. What makes it interesting is the fact that the device becomes more intelligent as the time goes by, storing the information from the users

and understanding what the market's preferences are. Finally, in the case of PROVEN the game changer was the creation of "PROVEN's Skin Assessment". It is basically a quiz where the users can select exactly their needs regarding skincare products, like their skin oiliness, skin sensitivity, current location, etc. It shows the customers the correct products they should use using the existing database, solving concerns faced by the clients that don't know what the correct formula for their personal skin is.

Regarding the article that was published by Vieira (2020), it is possible to say that the technologies existent are not only providing Digital transformation for companies individually, however, are creating a whole new model for the industry overall. It is possible to say that the implementation of these technologies is getting more common through the passage of time, allowing the segment in general to change the ways procedures are administered, customers are perceived, and strategies are applied. It is not possible to generalize these occurrences, although it is possible to conclude that the usage of digital technologies tends to be very relevant in the Cosmetic Industry. It provides a whole new perspective for those businesses, creating solutions using technologies that enable rapid strategies.

## **FINAL CONSIDERATIONS**

Given the objective of this paper as being to comprehend the aspects of the Internationalization of cosmetic companies inside Digital Transformation, it was possible to identify the impacts, benefits and risks provided by the establishment of those processes alongside in the segment. Considering the specific objectives, it was detected that Global Marketing strategies are present in most parts of the international businesses, being the most approached ones represented by Promotion Standardization, Product Standardization and Coordination of Marketing Activities. It was feasible to comprehend the effect of the Digital Transformation alongside international companies, observing that the most used technologies are e-commerce, Agile Tools, Business Intelligence, Cloud and Data Analytics. On the other hand, the characteristics of the cosmetic companies Internationalization were encountered, showing that the most common obstacles are exchange-rate fluctuations, payment delays and product changes by demand, while the most used mode of entry is direct and indirect export. It was also possible to perceive the advantages companies that come from countries that are references in the Cosmetic Industry have alongside other businesses that come from places that do not have that reputation. Moreover, some of the digital technologies used by the Cosmetic Industry were encountered, having Data Analytics and Artificial Intelligence as the most relevant for the industry.

Regarding the information mentioned above, it is possible to affirm that Digital Transformation can provide numerous benefits, such as agility, systematization, efficiency, and productivity, while Internationalization can proportion profitability, ensuring sustainability, establishing growth and access to innovations. When both processes are combined, they can create a successful environment for a company, with different digital technologies and modes of entry. It is feasible to declare that the Cosmetic Industry is passing through an exponential growth, being the perfect moment for this segment's companies to invest in those processes. Internationalization can be potentialized by digital technologies, being essential for cosmetic companies to dominate the global market in the present times.

Given the above, it can be said that the scenario is constantly changing, requiring the research on this topic to be continued according to the transformations suffered in the technological and international field. It is also possible to mention that there is still a lack of studies that analyze the impacts of Digital Transformation inside Internationalization, being that considered the limiting factor of this research. Therefore, it is suggested that future research on this field regards specifically the benefits that the application of digital technologies can bring to an international company, including companies from the Cosmetic Segment as well. It can be concluded that the further studies regarding this topic may provide a better understanding of companies inserted in a globalized world with constant innovations.

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