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THE GRADUATE SCHOOL OF SOCIAL SCIENCES
ECONOMICS AND ADMINISTRATION SCIENCES**

MASTER THESIS

**INTERNATIONALIZATION METHODS OF COSMETICS COMPANIES
IN TURKEY: A DESCRIPTIVE STUDY**

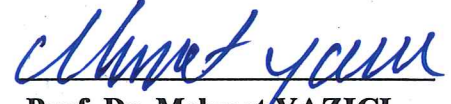
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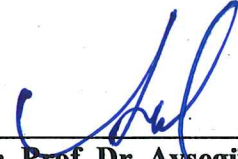
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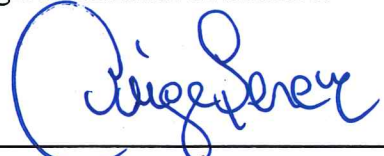
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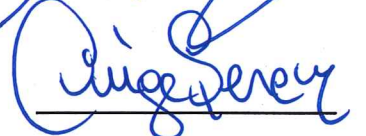

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ABSTRACT

INTERNATIONALIZATION METHODS OF COSMETICS COMPANIES IN TURKEY: A DESCRIPTIVE STUDY

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In today's global environment internationalization is inevitable for many companies. Internationalized companies use different methods which differ in terms of risk encountered and rewards gained. Being one of the ancient industries, cosmetics industry is affected from international competition. There exists many well-known brands of Turkish cosmetics companies, and the demand for the products is growing internationally. In line with increasing demand for Turkish cosmetics products internationally, this study focuses on internationalization methods of selected cosmetics companies. Within this frame, the aim of the study is to determine and compare the internationalization methods of cosmetics companies. Based on secondary analysis of data from 20 cosmetics companies, the study is conducted as a descriptive research. As the findings indicate, all of 20 cosmetics companies prefer exporting, regardless of their size and product groups. Besides, according to the findings, most of the companies use direct exporting. Since internationalization is a key factor for the success in the industry, it was noticed that one of the companies use export method since its establishment. It was also found out that some companies use other internationalization methods which are franchising, contract manufacturing and foreign direct investment. The

companies that are engaged in such more riskier internationalization methods are large-scaled and older companies. Furthermore, there exists differences in terms of foreign direct investment between Turkish and foreign companies. It was determined that foreign company preferred brownfield investment and acquired the shares of one of the well-known Turkish cosmetics company, whereas greenfield investment was preferred by Turkish company.

Key Words: Internationalization, Internationalization Methods, Cosmetics



ÖZET

TÜRKİYE'DEKİ KOZMETİK ŞİRKETLERİNİN ULUSLARARASILAŞMA YÖNTEMLERİ: BETİMLEYİCİ BİR ÇALIŞMA

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Günümüzün küresel ortamında uluslararasılaşma birçok şirket için kaçınılmazdır. Uluslararasılaşan şirketler, karşılaşılan riskler ve elde edilen ödüller bakımından değişiklik gösteren farklı yöntemler kullanırlar. Eski endüstri alanlarından biri olan kozmetik sektörü de uluslararası rekabetten etkilenmektedir. Türk kozmetik şirketlerinin tanınmış birçok markası vardır ve bu ürünlere olan talep de uluslararası olarak artmaktadır. Türk kozmetik ürünlerine uluslararası alanda artan talep doğrultusunda; bu çalışma, seçilen kozmetik şirketlerinin uluslararasılaşma yöntemlerine odaklanmaktadır. Bu çerçevede, çalışmanın amacı kozmetik şirketlerinin uluslararasılaşma yöntemlerini belirlemek ve karşılaştırmaktır. 20 kozmetik şirkettinden elde edilen verilerin ikincil analizine dayanarak, çalışma betimsel bir araştırma olarak yürütülmüştür. Bulguların belirttiği gibi, 20 kozmetik şirketinin tümü, büyüklüklerine ve ürün gruplarına bakılmaksızın ihracat yapmayı tercih etmektedir. Ayrıca, bulgulara göre, şirketlerin çoğu doğrudan ihracat yapmaktadır. Uluslararasılaşma, sektördeki başarı için kilit bir faktör olduğundan, şirketlerden bir tanesinin kuruluşundan bu yana ihracat yöntemini kullandığı tespit edilmiştir. Ayrıca bazı şirketlerin uluslararasılaşma yöntemlerinden; franchising, fason üretim ve doğrudan yabancı yatırım yöntemlerini kullandığı da tespit edilmiştir. Bu yöntemler gibi daha riskli olan

uluslararasılaşma yöntemlerinden faydalanan şirketler büyük ölçekli ve daha eskiden kurulan şirketlerdir. Bunun yanı sıra, Türk ve yabancı şirketler arasında doğrudan yabancı yatırım açısından farklılıklar bulunmaktadır. Yabancı şirketin kahverengi alan yatırımını tercih ettiği ve tanınmış Türk kozmetik şirketlerinden birinin hisselerini satın aldığı, Türk şirketinin ise yatırım yaparken yeşil alan yatırımını tercih ettiği tespit edilmiştir.

Anahtar Kelimeler: Uluslararasılaşma, Uluslararasılaşma Methodları, Kozmetik



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DEDICATION

This thesis is dedicated to my family, to my deceased grandfather Müştak Hayri ŞENGÜN and to everyone who is with me on this long and difficult road.



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CHAPTER I

INTRODUCTION

Along with the world that has begun to globalize, economic, political and cultural changes have started to take place between the countries. As a matter of fact, this change has affected existing enterprises. With the globalization of the world, the displacement of labor, capital, and information has become easier and this has increased the competitive environment among enterprises. Companies that want to make their brand to be known more in the world, to have more market share and to make more profits have turned to internationalization. For this reason, developing countries are trying to gain a place in the globalizing world by becoming international. A company that achieves internationalization gains competitive power in the market, which gives it a number of advantages. Therefore, internationalization activities have rapidly gained importance along with globalization.

Internationalization is a process in which enterprises increase their participation in international activities. This process includes not only the activities of the enterprises but also their relationships, environments and resources (Johanson & Vahlne, 1977: 23, Calof, 1993: 60, Albaum et al., 1998: 1, Ruzzier, Hisrich, Antoncic, 2006: 479). The rapid change in world markets has led enterprises to turn to internationalization not only for growth but also to survive. The main reason why businesses turn to international markets is to make a profit. In addition, many reasons stemming from the characteristics of the national and international market play a role in the internationalization of enterprises. However, the real purpose underlying each of these reasons is to increase profitability (Albaum et al., 1998: 40). There are various entry strategies for businesses opening up to international markets. Each strategy has different advantages and disadvantages. Therefore, entry strategy choices of enterprises are

one of the important and complex decisions they face in the process of internationalization. Entering international markets with the right strategies increases their market potentials and benefits such as profit and entering with the right strategy saves them both time and money. For these reasons, companies' entry strategies to the international markets are vital for companies. There are some factors that affect the strategic choices of enterprises. These factors can be listed as the sources of the enterprises, the degree of control they desire, the level of risk they can bear and their purposes other than profit (Kotler, 1994: 417, Hollensen, 2007: 296). There are many studies in domestic and foreign literature on the subject of internationalization. In general; these studies were directed towards business groups, small and medium-sized enterprises, retail sales firms, and it is determined that the majority of these studies were carried out about construction sector, pharmaceutical sector, automotive sector, textile sector, telecommunications sector, food sector, beverage sector and higher education sector, but it can be said that the studies conducted for the internationalization of cosmetics companies is limited. However, the cosmetics industry in terms of export volume, as well as Turkey has an important place in the world. From this point of view, the cosmetic sector which has not been extensively studied in previous studies in terms of internationalization has been selected within the framework of this study.

The origin of cosmetics goes back to ancient times. Since ancient people have resorted to cosmetics to flourish and change their appearance. As a result of the excavations in ancient Egypt, it was understood that cosmetics were used for a long time (Yapar & Ölgen, 2014: 253). Sometimes; they painted their faces due to protect from some external factors such as animals, insects, evil spirits, sometimes they applied paints to their faces to look more beautiful and they used the essential oils of various plants and flowers to smell better. Cosmetic useage has several purposes. These can be classified as skin, hair, and beautify, protect, clean, camouflage. Nowadays, with the globalizing world, the desire of people to look beautiful has gradually increased. Companies produce a wide range of products for this purpose. These products are classified as perfumes, colored cosmetics, skin care products, hair care products and products for special purposes, such as

sun protection products. These cosmetic products have both physical and psychological benefits for humans. By using cosmetics, people both physically provide hygiene and are psychologically confident. Cosmetics sector has developed very much since past times and has gained an important international meaning. In the last 20 years, the annual growth rates of cosmetics sector ranged from 3% to 5,5% and grew by an average of 4,5% per year (Łopaciuk & Łoboda, 2013: 1079-1080). Today, the largest cosmetic market is the European Union.

Since cosmetics became an important industry, this study focuses on the determination and comparison of the Turkey-based cosmetic companies' internationalization methods. In line with its aim, this study consists of five parts. In the introductory part, the aim, scope and research question of the study is given and the issues that are prominent in the study are explained briefly. In the second chapter of the study; the definition of internationalization, the internationalization of motivation, the theory of international trade, and internationalization strategy and the details of the Turkey-based companies from previously conducted studies on the internationalization strategy, are mentioned. In the third chapter of the study; the definition of cosmetics, the history of cosmetics, the aim of cosmetics, the classification of cosmetics, importance of cosmetics, the industrialization of the cosmetics industry, the place in the world of cosmetic industry, the place of the cosmetic industry in Turkey, in place of the cosmetic industry in Turkey, have been mentioned. The fourth chapter of the study covers the research methods and findings. In this context, in this part, the purpose and importance of the study, the scope, assumptions, and limitations of the study, the type, method and data collection tools and findings of the study are mentioned. The collected data related with this study and the analysis made using these data are included in this section as well. In the fifth and final chapter of the study, conclusion, and discussion are given. In this section, various findings and inferences are made based on the findings.

CHAPTER II

LITERATURE REVIEW

This chapter discusses the existing literature about internationalization and internationalization process. The chapter is divided into six sections. The first presents the definitions of internationalization, the second presents the motivation of internationalization, the third section discusses international trade theories and the fourth section discusses internationalization strategies and the fifth part is about the studies conducted in Turkey about internationalization.

2.1. The Definition of Internationalization

Internationalization is defined in many studies. According to Clark et al. (1997), some researchers adopt a static approach to internationalization, while others focus on it as an increasing and cumulative process. For example, Dunning (1981, 1988); Hennart (1982); Hill et al. (1990); Hymer (1960, 1976) and Teece (1981) (As cited by: Ulaş, 2003: 29; 2009: 18) usually examine the external expansion of a firm as a set of static options determined by productivity appraisals and relative costs and benefits. On the contrary, others view internationalization as a process of increasing participation in national markets and within the country (i.e. Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977, 1990; Clark et al., 1997: 605-606).

Some of the other definitions focus on “process and firm’s operations”. Accordingly, internationalization is defined as the degree to which a firm's sales proceeds or transactions are carried out outside its own country (Sun, 2009: 130). It comprises “a wide variety of activities including exporting, licensing, original equipment manufacturing (OEM), and foreign direct investment” (Liu et al., 2010: 2). Internationalization is regarded as the process of adopting customs and adapting the

exchange process to international methods (Gemser et al., 2004: 129) or the process of raising the awareness of companies about the future impact of international activities and establishing and managing relationships with other countries (Beamish et al., 1997: 3). Calof and Beamish (1995: 116) defined internationalization as a process of adapting the activities of companies to the international environment (strategy, structure, resources, etc.). Some authors define internationalization by suggesting a broader definition, including both sides of the process; as an increase in participation in international operations (Welch and Luostarinen, 1988: 36). According to another perspective, Melin (1992) has defined internationalization which can be considered as part of the ongoing strategy process of most business firms (Andersen, 1997: 29). The internationalization process was described as a set of decisions of firms which change both the area and type of control of a firm's international marketing and production activities (Ellis, 2008: 351). Internationalization has been defined as a time-dependent continuum by Hunt (1991) and it is the sequencing of behaviors and trends related to the development of international operations (Wind et al., 1973:14), so that internationalization is a continuum which is included in the enterprises' external activities and progressively involving in businesses' international activities (Bell, Crick, Young, 2004: 23).

Furthermore, internationalization has the same meaning as the geographical enlargement of economic operations across the national borders (Ruzzier, Hisrich; Antoncic, 2006: 477). Some authors have focused on the type of internationalization. For instance, according to Welch and Luostarinen (1993) “internationalization is the outward movement of a firm’s international operations”, this definition focuses on “process and firm’s operations” (Ruzzier, Hisrich & Antoncic, 2006: 479). In a similar way, Calof and Beamish (1995) defined internationalization as “the process of increasing involvement in international operations”, this definition has also focused on “process and firm’s operations” (Ruzzier, Hisrich & Antoncic, 2006: 479). Another definition by Johanson and Mattson (1993), pointed out “internationalization as the process of adapting firms’ operations (strategy, structure, resources etc.) to international environments”, so that this definition has revolved around “process and firm’s operations” (Ruzzier, Hisrich & Antoncic, 2006: 479).

While the authors have grouped the definitions as “process and firm’s operations”, Johanson and Vahlne (1990) described internationalization as “relationships and process” and internationalization has been defined as “a cumulative process in which relationships are continually established, developed, maintained and dissolved in order to achieve the firm’s objectives” (Ruzzier, Hisrich & Antoncic, 2006: 479). Lehtinen and Penttinen (1999) have discussed mainly “networks and relationships” and they defined “internationalization” as developing networks of business relationships in other countries through extension, penetration, and integration (Ruzzier, Hisrich & Antoncic, 2006: 479). Lehtinen and Penttinen (1999) have also focused on “relationships, firm’s operations, process and international environment” and they described internationalization as “concerns of the relationships between the firm and its international environment, deriving its origin from the development and utilization process of the personnel’s cognitive and attitudinal readiness and is concretely manifested in the development and utilization process of different international activities, primarily inward, outward and cooperative operations” (Ruzzier, Hisrich & Antoncic, 2006: 479). Ahokangas (1998) focused on “resources and process” and defined internationalization as a process of activating, collecting and improving reserve of source for international activities (Ruzzier, Hisrich & Antoncic, 2006: 479).

These definitions of internationalization summarized by Ruzzier, Hisrich and Antoncic, (2006: 479) is presented in Table 1.

Table 1: Definition of Internationalization According to Its Focus

Author	Definition	Focus
Welch and Luostarinen (1993)	“Internationalization is the outward movement of a firm’s international operations”	“Process, firm’s operations”
Calof and Beamish (1995)	“Internationalization is the process of increasing involvement in international operations”	“Process, firm’s operations”
Johanson and Mattson (1993)	“Internationalization is the process of adapting firms’ operations (strategy, structure, resources etc.) to international environments”	“Process, firm’s operations”
Johanson and Vahlne (1990)	“Internationalization as a cumulative process in which relationships are continually established, developed, maintained and dissolved in order to achieve the firm’s objectives”	“Relationships, process”
Lehtinen and Penttinen (1999)	“Internationalization as developing networks of business relationships in other countries through extension, penetration and integration”	“Networks, relationships”
Lehtinen and Penttinen (1999)	“Internationalization concerns the relationships between the firm and its international environment, derives its origin from the development and utilization process of the personnel’s cognitive and attitudinal readiness and is concretely manifested in the development and utilization process of different international activities, primarily inward, outward and cooperative operations”	“Relationships, firm’s operations, process, international environment”
Ahokangas (1998)	“Internationalization is the process of mobilizing, accumulating and developing resource stocks for international activities”	“Resources, process”

Source: Ruzzier, Hisrich & Antoncic, 2006: 479

2.2. Motivations for Internationalization

The rapid change of world markets has led not only large but also all small enterprises to move towards internationalization not only for growth but also to survive (Czinkota et al., 2009: 225). The factors underlying internationalization are discussed in the literature with different topics (internal-external causes, proactive and reactive reasons, pushing and pulling factors). Some authors define the motivations for internationalization as internal and external motivators (i.e. Çavuşgil and Nevin, 1981: 114; Kaynak and Kothari, 1984: 67; Hutchinson et al., 2007), some authors have used proactive and reactive reasons (i.e. Piercy, 1981: 29; Leonidou, 1985: 133; Albaum et al., 1998, Hollensen, 2007: 50; Czinkota and Ronkainen, 2007), and the other authors have classified them as reasons for pushing and pulling (i.e. Kacker, 1985, Treadgold, 1988, Alexander and Quinn, 2002). Each of these classifications is similar in the context of internationalization (Hollensen, 2007: 50).

Businesses tend to internationalize due to various reasons and these reasons can be listed as (Çavuşgil and Knight, 2009: 6; Hodgetts, 1997: 422):

- (1) Searching for ways to grow through market diversification,
- (2) Obtaining new product ideas from foreign influence,
- (3) Utilization of economies of scale in production and marketing,
- (4) Gaining high profits from profitable foreign markets,
- (5) Facing competitive impact in the international market more than in the local markets,
- (6) Paying the costs of marketing and product development in many markets,
- (7) Forcing the business to become international by senior executives.

According to Dunning (2000), there are four main different categories of motivations for international investment. These are strategic asset research, resource search, rationalized search and market research. According to his research, it has been founded that the market research and resource search motives are two most known categories of motives before internationalization. These two categories are still used by companies initially during internationalization. Overall, rationalized search and strategic asset search motivations were gaining importance and were more common as motivation for companies that already had multinational activities. Besides, closer

relationships with customers and long-term relationships with suppliers are important motives. He also argues that internationalization is driven by opportunities rather than threats (Dunning, 2000: 164-165). From a strategic asset search perspective, companies are investing not only for their own advantages to foreign countries but also for obtaining strategic assets in the host country. From this perspective, companies which intend to gain advantage through foreign investment tend to use the opportunity to invest in a particular host country where the strategic assets they need are available (Makino et al., 2002: 406). According to the traditional dualism of the firm's internationalization, businesses behave in accordance with market search approaches or market orientation and asset search approach or entrepreneurial orientation towards internationalization or multinationalism. The market search approach is based on the assumption of overseas or multinational corporations in order to optimize transaction costs for the use of company-specific high-level assets originating from their own countries in offshore countries. On the other hand, the asset search approach is based on the proposal by firms to open up overseas to maximize value creation opportunities by acquiring new resources and competencies (Wang and Suh, 2009: 449).

In sum, Ghoshal (1987) observes that innovation, learning, and adaptation are important strategic goals for companies expanding internationally. It was argued that firms learn from social differences in organizational and managerial processes and systems (Ghoshal, 1987: 428; as cited by: Zahra, et al., 2005:132). The basic standard for moving businesses to international markets is profit and this is the basis of internationality and international market characteristics, but still, this reason exists (Albaum et al., 1998: 40).

The basis of internationalization is exports and the major motives for starting to export are indicated in Table 2 below:

Table 2: Major Motives for Starting to Export

Major Motives for Starting Export	
Proactive motives	Reactive motives
<ul style="list-style-type: none">• Profit and growth goals	<ul style="list-style-type: none">• Competitive pressure
<ul style="list-style-type: none">• Managerial urge	<ul style="list-style-type: none">• Domestic market: small and saturated
<ul style="list-style-type: none">• Technology competence / unique product	<ul style="list-style-type: none">• Overproduction / excess capacity
<ul style="list-style-type: none">• Foreign market opportunities / market information	<ul style="list-style-type: none">• Unsolicited foreign orders
<ul style="list-style-type: none">• Economies of scale	<ul style="list-style-type: none">• Extend sales of seasonal products
<ul style="list-style-type: none">• Tax benefits	<ul style="list-style-type: none">• Proximity to international customer / psychological distance

Source: Adapted from Albaum et al., 1994: 31

2.3. International Trade Theories

After the second half of the 18th century, the academicians have tried to understand the benefits of international trade and why some countries are more prosperous and richer than the other countries. Some theories have been put forward in the last two centuries (Mutlu, 2017: 31). Some of these are (1) mercantilism, (2) the theory of absolute advantage, (3) the theory of comparative advantage, (4) the theory of factor proportions, (5) the Leontief paradox, (6) Linder's overlapping product ranges theory (7) the stages of the product cycle, (7) economies of scale and imperfect competition, (8) the competitive advantage of nations (Mutlu, 2017: 38).

The development of international trade theories is shown in Figure 1 below (Czinkota, Ronkainen, & Moffett, 1999: 35):

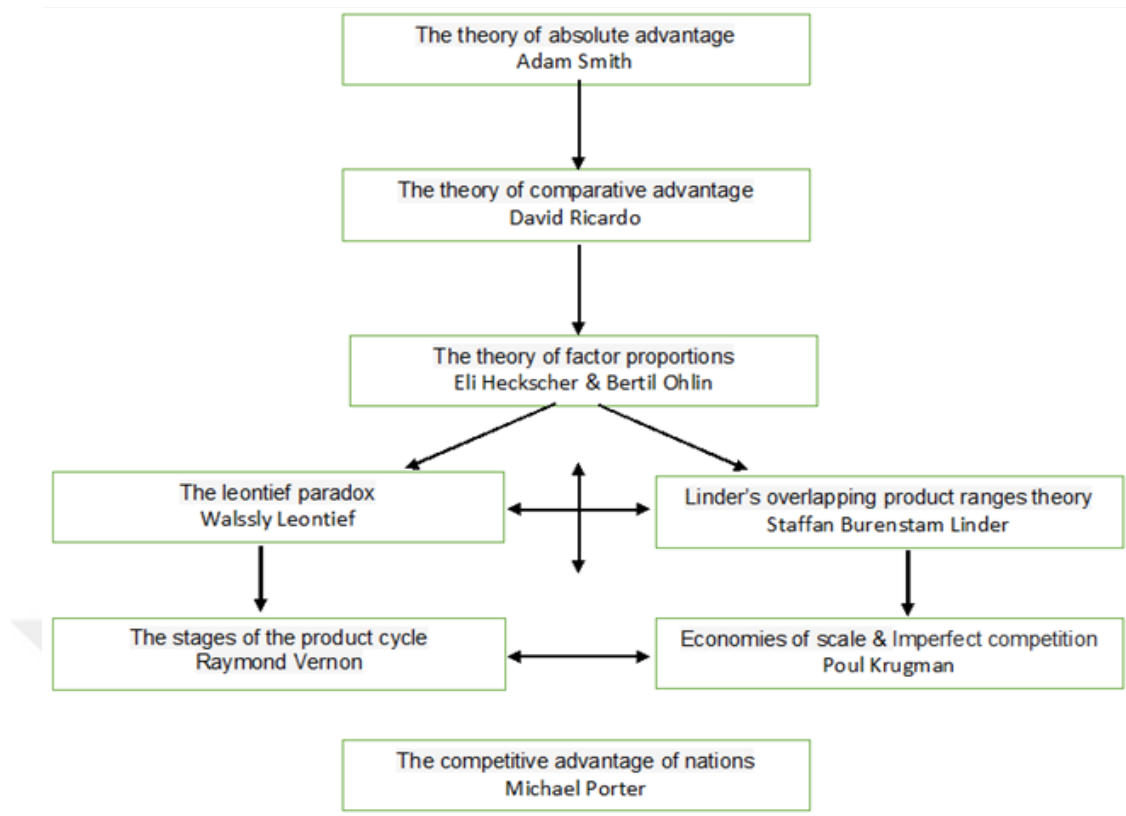


Figure 1: Development of International Trade Theories

Source: Czinkota, Ronkainen & Moffett, 1999: 35

Mercantilism is a trade theory, which forms the basis of economic thinking from around 1500 to 1800. According to mercantilism, countries should import less than they export (Daniels and Radebaugh, 2000). According to the mercantilists, the wealth of a nation depends on the number of precious metals such as gold, silver, etc., while the industrial and agricultural wealth-enhancing sectors don't provide wealth. Therefore, the main policy of the national states in foreign trade is to increase their precious metal stocks to the extent possible. If there are no gold or silver mines in a country, the way to increase it is through foreign trade, increasing foreign exports and reducing imports, will increase precious metal output (Mutlu, 2017: 36-37).

Absolute advantage theory was revealed by Adam Smith. In 1776, Smith indicated that what determine the real prosperity of a country is the goods and services that the citizens of that country can reach (Daniels and Radebaugh, 2000). According to this theory, every nation should be specialized in a product that can be produced quickly

and efficiently under free-market conditions. Some of these produced goods must also be exported in the same way as goods produced in another country. This relationship will increase the welfare of both countries, which is the basis of this theory (Mutlu, 2017: 39).

Later, Ricardo sought answers to issues that the theory of absolute advantage could not answer. In his "Principles of Political Economy" book published in 1819, he took Adam Smith's ideas a step further (Mutlu, 2017: 40). According to Ricardo, if a country is more specialized in producing a product than other countries, global productivity can be achieved from trade, regardless of whether other countries produce the same product more efficiently (Daniels and Radebaugh, 2000). This view is not based on whether countries have absolute superiority in the production of goods, but rather on which goods are more productive in terms of opportunity costs (Mirze, 2018: 54).

According to the theory of factor proportions, the fact that countries have comparative advantages over other countries in some goods and services depends on the extent to which they have the production factors involved in the production of these goods or the ease of access to them (Mirze, 2018: 57). Products vary according to the variety of factors and quantities (labor, natural resources, and capital) required for their production. Countries vary according to the type and quantity of production factors they have (Çavuşgil et al., 2017: 150). According to this theory, the main reason behind the different relative costs between countries is the differences arising from the distribution of the production factors among the countries (Mutlu, 2017: 42).

The Heckscher-Ohlin model has been considered as the backbone of traditional trade theory. This model defines matching from externally supplied factor supplies and externally given external product prices to internal factor prices, output levels and consumption levels, as determined in the international market; the difference between these last two items is international trade (Leamer, & Levinsohn, 1995: 1345). The results of the study, which was performed by Wassily W. Leontief to confirm Heckscher-Ohlin (H-O) in the US, were not consistent with the findings of

H-O (Mirze, 2018: 57). The Leontief paradox revealed the need to add a factor of technology to the theory of factor proportions and subsequent theories of foreign trade (Mutlu, 2017:45). The suggestion of the Leontief paradox is that international trade is complicated and cannot be clarified by a single theory (Çavuşgil et al., 2017: 150).

On the other hand, Linder's Overlapping Product Ranges Theory is an alternative theory produced by Linder (1961) to replace the theory of factor proportion. It argues that international trade will take place between countries with certain income levels. Countries with similar income levels will make similar demands based on-demand approach, international trade will be shaped depending on similar income levels (Mutlu, 2017:46). The trade between the similar sectors of similar countries was examined and it was tested that the similar demands of the societies arose in the case of differentiated varieties of the same goods, not as a result of comparative factor advantages of the countries (Mirze, 2018:60).

The theory of stages of the product cycle shows that how a product is produced and exported (Mutlu, 2017:48). Raymond Vernon, who developed this theory, claimed that international trade between the countries of the world took place depending on the life of goods and services, and that comparative advantages had shifted over time between countries according to the product life stages (Mirze, 2018:60). There are 3 steps in the product cycle. These are “new product stage, mature product stage and standardized product stage” (Çavuşgil et al., 2017: 151).

The economies of scale theory was developed by Paul Krugman (1979) which was developed in the late 1970s and early 1980s and according to this theory, the average production costs in some goods depend on the production scale or production volume. In the same way, if the production scale costs are decreasing, in production, decreasing costs or increasing returns according to scale can be mentioned (Mutlu, 2017: 50). In some sectors, economies of scale are provided with large scale production; however, low prices can be provided (Çavuşgil et al., 2017: 149).

The imperfect competition theory is a new theory which explains why a country both exports and imports is due to that the goods imported/exported are different types of the same product (Mutlu, 2017:51). In this type of competition, there are many enterprises in the market. Some firms make differences from their rivals for example in their products, activities, and behaviors (brand, patent, image, design, quality, etc.) and so behave freer to control the prices of their products and to shape their behavior (Mirze, 2018:142).

The competitive advantage of nations is the best theory to explain international trade and today's conditions. In this theory, the studies of Michael E. Porter are considered essential. Porter had started this study in 1980 which reveals that the international competition model has changed from industry to industry. Porter's diamond indicates the competitive advantage factors of nations (Mutlu, 2017:52). These factors are “(1) demand conditions, (2) firm strategy, structure, and rivalry, (3) factor conditions, (4) related and supporting industries” (Çavuşgil et al., 2017: 154). Porter's Diamond model is shown below in Figure 2 (Porter, 1990):

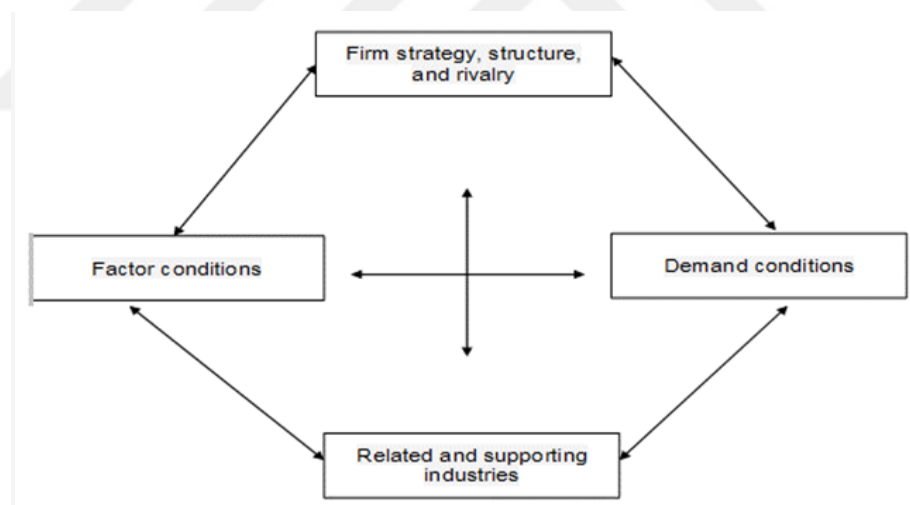


Figure 2 : Porter's Diamond Model

Demand conditions which are the first factor in international competitive advantage theory can be explained as follows; regional demand is more important when the domestic market is higher than the demand in external markets for a product. It brings a competitive advantage when this product is exported. As the name suggests, demand conditions refer to variables of demand for goods and/or services produced.

These can be defined as qualified demand, export, and new market opportunities. Because the more demanding domestic market gives rise to competitive advantage. At the same time, the strong and up-to-date market conditions has enforced regional firms to monitor global changes (Barca et al, 2006: 40).

Firm strategy, structure, and rivalry which is the second factor in international competitive advantage theory can be explained as follows; regional conditions affect the strategies of firms and/or sectors. Low competition in the sector makes it attractive. From this perspective, firms prefer low competition, but regional competition forces firms to innovate, that is, to produce and develop something new. As a result, high regional competition leads to low global competition. *Factor conditions* which is the third factor in international competitive advantage theory can be explained as follows; a country can reveal its important inputs such as resources and technology. At the same time, regional input disadvantages enforce organizations to innovate and develop new methods that can create a national relative advantage. In general, raw materials and labor are included under the basic variable of input conditions. *Related and supporting industries* which is the fourth factor in international competitive advantage theory can be explained as follows; if regional supporting industries are competitive, organizations experience the convenience of cost-effective and innovative inputs. This effect is strengthened when suppliers experience global competition. Relevant and supportive industries are the most important fundamental changes in a competitive and exporter industry. In other words, the existence and activities of such institutions and organizations affect the competitiveness of the sector and/or the sectors and hence the ability to export (Barca et al, 2006: 40).

Porter's classic Diamond Model has been revised by adding two new factors which is shown in Figure 3 below (Gürpınar & Sandıkçı, 2008:113). Two more external variables are added to the interaction of the four factors. These variables are (5) the state and its policies and (6) the opportunities and chances encountered (Gürpınar & Sandıkçı, 2008:112).

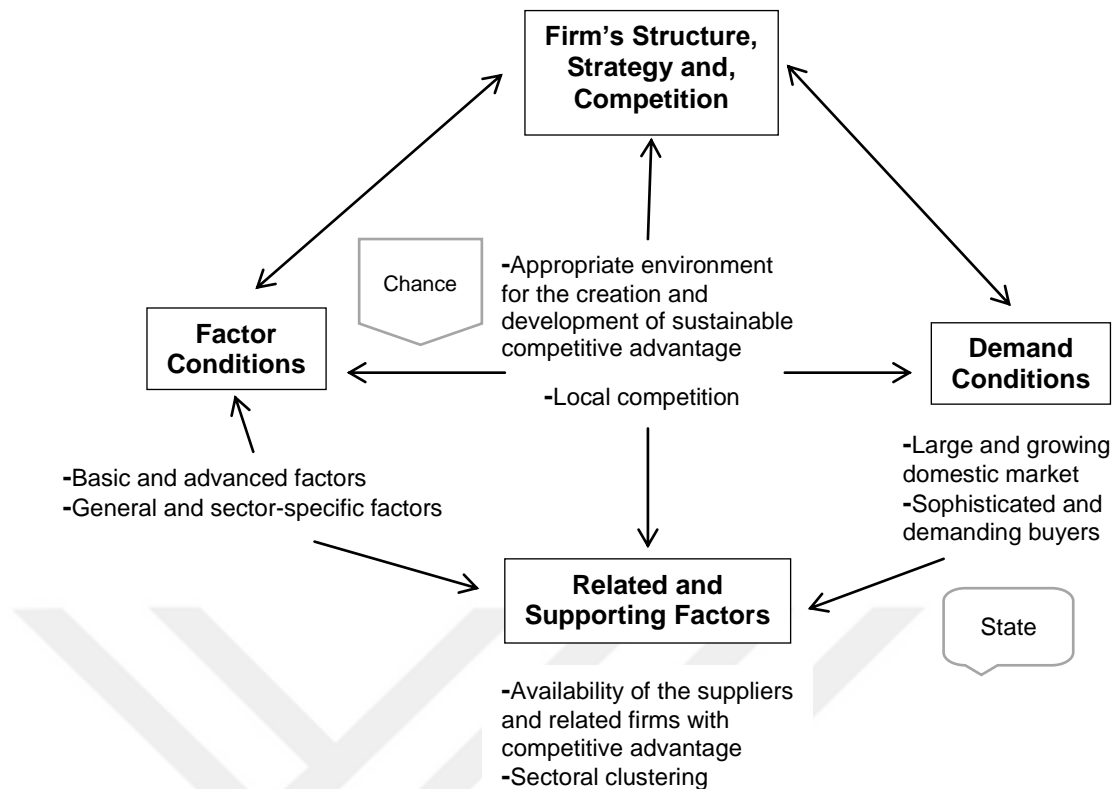


Figure 3 : Porter's Competitive Diamond

Source: Gürpınar & Sandıkçı, 2008:113

The state and its policies is the fifth factor in international competitive advantage theory. Porter (1990) believes that the role of the state in developing a sector's international competitiveness is important but it is indirect. According to Porter, what the government needs to do is not to try to create a competitive advantage, but to support the industry within the framework of the main elements described above that form the four main components of the diamond model. The involvement of the state as a part of market or a market guide affects firms' chances of global competition. Both opportunities and state policies are effective in determining the global competition in the form of mutual interaction within the system as a whole (Gürpınar & Sandıkçı, 2008: 119-120).

The opportunities and chances is the sixth factor of international competitive advantage theory. According to the theory, uncontrollable conditions but still affecting the sector and change the relative positions in the competitive environment are called events. For example; these are wars, natural disasters, etc. Indirect

opportunities affecting global competition are generally: innovation; sudden changes in input (raw material etc.) costs; changes in the financial markets, suspensions in the world and local demands; policies and wars applied by foreign countries (Aktan and Vural, 2004: 62).

2.4. Internationalization Strategies

The risk involved in each internationalization strategy is different. The profit potential of the company and the control area are different according to the selected method. For example, establishing a production facility in the foreign country itself is riskiest among internationalization strategies. However, all control is in the hands of the firm and the profit potential is very high (Cengiz et al., 2007: 23). The strategies of entering the international market entry could be categorized as in Figure 4 below (Mutlu, 2017:103):

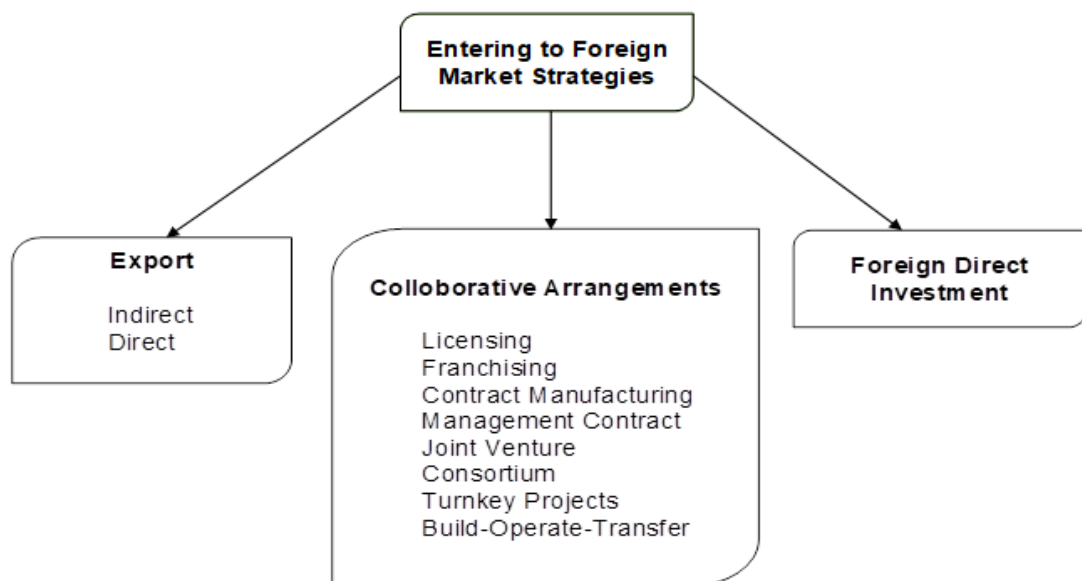


Figure 4 : International Market Entry Strategies

Source: Mutlu, 2017: 103

The relationship between the level of internationalization of firms and their risk and reward expectations is shown in Figure 5 below (Wall, Minocha & Rees, 2010):

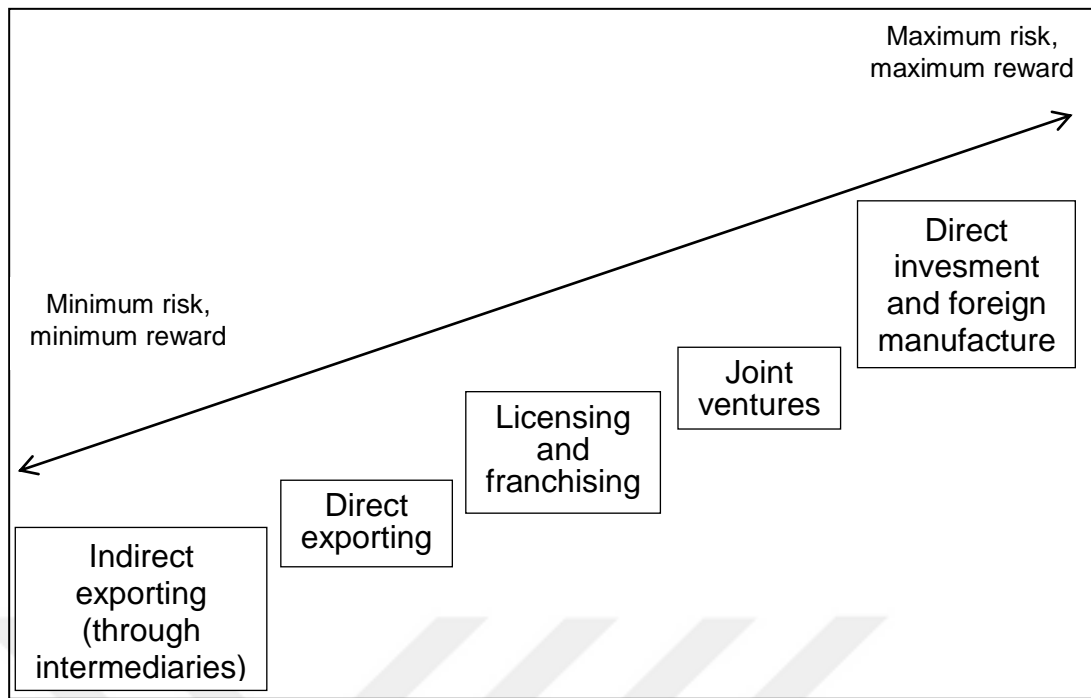


Figure 5 : The Relationships between Firm's Internationalization Level and Risk/Reward

Source: Wall, Minocha & Rees, 2010.

2.4.1. Export-Based Internationalization Strategies

Export based internationalization strategies are one of the internationalization strategies which is least risky. Export-based internationalization strategies consist of indirect export and direct export strategies. The easiest and most frequently preferred outside country activity is export. At the same time, the oldest form of international trade is exports. Export is the strategy of selling and distributing goods and services from one country to another country (Çavuşgil et al., 2017:376). According to Leeman (2010: 12), export is defined as marketing, selling, distributing goods or services from one country to another country or countries. The easiest way to internationalize is to sell the goods or services belonging to the owner or someone else abroad. The firm can also sell the existing products, usually without changing them outside of the package or by changing them according to the wishes of the recipient country (Tek, 1990: 188-189). For this reason, export is the most commonly used strategy for internationalization (Douglas and Craig, 1995: 155).

Export-based internationalization strategies consist of indirect export and direct export strategies. For *direct exports*, enterprises perform their export activities

through intermediaries in foreign markets. In the case of direct export activity, the entity must have more than one relation in the country in which it intends to enter. In order to carry out direct export activities, the enterprise must have attained a certain level of expertise, and by selecting such a way of entry to the market, the entity obtains significant control over the distribution channel. Successful direct export activity depends on the vitality of the relationship between the exporting entity and the local distributor or importer. With the establishment of good relationships, the exporting enterprise saves significant investment costs (Hennessy, 1995: 298-299). According to Kotler and Armstrong (2005: 483); for direct exports, the enterprise which wishes to carry out its own export activity must have reached sufficient size. There are some investment and risk, but there is a potential incentive (Kotler, 1991: 413).

When the exporting company sells to the domestic market, this export is called *indirect exporting*. The business is not related to international marketing because its products are sent abroad by others. This type of export approach is suitable for businesses with limited export targets. Indirect exports are a viable option if overseas sales are seen as a means to dissolve surplus production or as a very rare activity (Hollensen, 2008: 218). Indirect exports are much easier than direct exports. Because it does not require much expense nor is it a special area of expertise. Exporters or intermediaries in the main country only give orders (Mutlu, 2008: 102).

2.4.2. Types of Collaborative Arrangements

There are various internationalization strategies based on contracts. In this section, these strategies which are Licensing, Franchising, Contract Manufacturing, Management Contracts, Joint Venture, Consortium, Turnkey Projects, and Build-Operate-Transfer Modeled Strategies, will be mentioned.

2.4.2.1. Licensing

License agreements are one of the ways of entry to foreign countries (Aydoğmuş et al., 2005: 15). There are two parties in license agreements, which are licensor and licensee. The licensor is a company which grants the use of the rights of intangible properties to another company, the licensee is a company which has the right to use of the other company's intangible rights for a specified area and time (Daniels and Radebaugh, 2001:489). Licensing is a term which means to authorize or grant license (Warren, 1998: 375). In the license agreements, the manufacturer or the supplier grants the rights to the licensee to use; these rights are trademark, design, marketing techniques, know-how, patents, copyright and others. The enterprise has the right to use the branding, product and store design, marketing techniques and management systems of the licensee manufacturer or supplier as well as technical information and consultancy on production (İlker, 2010: 206). The transfer of the rights which are patent of a domestic product, production know-how, trade mark rights for bid price and the right of distribution of the goods to a foreign company in a foreign country (Aydoğmuş et al., 2005: 15).

An enterprise offers trademark, patent, trade secret or other similar intellectual property value for a royalty (license fee) or another fee, with licensing agreements (Berkowitz et al., 1994: 659). A company that undertakes a licensing agreement grants to other companies the rights that are tangible. There are also some intangible rights besides these tangible rights. These intangible rights are divided into five categories by Daniels and Radebaugh (2000). These categories are “(1) patents, inventions, formulas, processes, designs, models; (2) copyrights, literary, musical or artistic arrangements, (3) marks, brand names, stamp names; (4) concessions, authorities, contracts and (5) methods, programs, procedures, systems, etc”.

The licensor grants the licensee permission to produce the firm's own product, so the firm also provides information on management services, technical information or production processes. It is a risk in terms of business because there are risks such as not being able to produce in desired quality and not being able to fully populate the market and potential to create an individual or company who/which will be a competitor in the future due to the transfer of information. Some reasons make

licensing arrangements restrictive. These issues are (1) boundaries of agreement, (2) compensation, (3) rights, privileges, and restrictions, (4) resolution of disputes, (5) duration of agreement (Griffin & Pustay, 1996: 394).

License agreements often have many advantages; some of them are as follows (Sherman, 2011: 371):

- Spread the cost of risk, development, and distribution,
- Penetrate faster,
- Earning from the initial licensing fee and continuing with royalty (license fee) revenues,
- Increase customer loyalty,
- Does not offer the opportunity to test existing and tested new technologies.

Disadvantages of the license agreement are also presented by Bradley (1995) as follows:

- Ease of transfer of technology, knowledge, and experience
- Difficulty in controlling the activity of the licensee
- Inability to enter the market actively
- Difficulty of the form of agreement

2.4.2.2. Franchising

The word "franchising" originates from the English word of "free" which means "to release, to let free, to allow, etc." (Can, 2012:111). Franchising is a contractual relationship between franchisee and franchisor, between the two legally independent parties (Nart, 2005: 124). There is a continuous debt relationship between franchisee and franchisor with franchising agreement (Aslanoğlu, 2007: 77-78).

Franchising is a form of licensing in which the use of a business system is provided (Anderson and Gatignon, 1986: 5). Although it is similar to license agreement, it is called franchising, which differs from it by covering the whole market program, including the business image, marketing techniques, brand name, and business methods, and providing the most efficient access to the products and / or services from the producer to the consumer. Franchising is a term that one company grants

another company the right to use certain privileges for a specific period of time and in a particular area (Mutlu, 2017: 113).

Franchising is a specialized form of licensing that the franchisor not only give to use the right of intangible asset of the company but also operationally helps the franchisee. These operational assistances could be training and sales promotion (Daniels and Radebaugh, 2001:492). According to Warren (1998: 257) franchising means providing concession. Franchising allows a local company to successfully enter a foreign market with a period of capital sharing and by offering an international service success and product brand (Paliwoda and Buckley, 1994: 29). The franchisor which grants the franchise receives a fee on his behalf, or receives a percentage of the sales, which is called royalty (Cengiz et al., 2007: 69).

There are basically four elements of franchising agreements. These are *franchisors* (real or legal person who sells trade names, marketing and production technical rights), *franchisees* (who use the stated rights for a certain period of time), a *franchising agreement* (an independent commercial agreement that establishes the nature of the relationship between a franchisor and a franchise), and a *franchise* (the subject of a franchise agreement) (Göksu and Canitez, 1999: 18). The franchise provides moderate control, because typical agreements include incentives to comply with system rules and ensure that franchise owners' activities are monitored at a high level (Anderson and Gatignon, 1986: 5).

In essence, if a franchisee proven product and service success is not well-known and well-recognized, then the franchisee risks introducing a product or service that is ultimately tiny. In some countries, the franchise contract is not easily applied. Since the product has already been developed in the host country, the franchising is considered as domestic research & development cost. As a result, franchising provides international, off-the-shelf benefits for honest companies, but when working for a private company in a franchise, care must be taken to evaluate and make decisions on specific costs and benefits (Mendenhall et al., 1995: 262).

The franchise agreement must regulate all other aspects of interests and responsibilities of the parties, without any ambiguity. Important issues that must be included in the agreement are (Cebeci, 2005: 13):

- The rights granted to the franchisor and the franchisee,
- Goods and services to be offered to individual franchisees,
- Obligations of the franchisor and individual franchisee,
- The conditions of the payments to be made by the individual franchisee,
- The length of the agreement, which should be long enough for the individual franchisee to take out the first investment,
- The renewal conditions of the treaty,
- Conditions that entitle the individual franchisee to transfer and sell the franchisee and the first possible purchase right of the franchisor,
- The terms of the individual Franchisee's use of the Franchisor's distinguishing marks, trade names, trademarks, service marks, shop signs, logos and other distinguishing marks,
- The right of the franchisor to adapt the franchise system to new and changing methods,
- The conditions of the end of the treaty,
- Terms of delivery of material or non-material items belonging to the franchisor or other persons following the end of the treaty.

2.4.2.3. Contract Manufacturing

Another alternative internationalization strategy for businesses that prefer production abroad is contract manufacturing. Contract manufacturing is a mid-way between licensing and production and direct investment. An enterprise wishing to enter international markets has a contract with the production of a foreign manufacturer's products. Contract manufacturing is a form of outsourcing. Products are marketed and distributed by the parent company in the country of production or in another international market. The contract usually includes technology transfer and technical assistance from abroad (Albaum et al., 1998: 285).

Contract manufacturing is defined as the production of a product by the local producer enterprise that the company wishes to enter into the market. It is suitable if the company can find a local company that can produce the goods in the desired quality and quantity (Özcan, 2000: 178). Contract manufacturing is a type of partnership that does not require the entity to invest in production activity in the host country. Aiming entry to international market, the firm has the product made by a local manufacturer in the foreign market and carries out its marketing activities itself (Mutlu, 2017: 116).

Products produced under contract in one country can be offered to the home market where the production is realized or sold to other countries. In contract manufacturing, an agreement is generally made per unit produced. Although the quantity is understood as a fee, it is an important element in quality. For this reason, an enterprise that follows the strategy of entry to the foreign market through contract manufacturing should pay attention to the quality standards, financing and labor force structure of the local enterprise. The contract manufacturing method is generally preferred for entry to host markets that have a low volume market potential and are protected by high tariffs. In this case, local production provides an advantage in overcoming high tariff barriers, but the market volume is not large enough to require direct investment. The countries where contract manufacturing is generally preferred are those with technological competence and where marketing activities has a high importance. Examples include small countries in the Americas, some African and Asian countries (Jeannot, 1992: 300).

The advantages of contract manufacturing include that it does not require investment costs, ensures branding and protection of the brand, being able to gain market experience and does not carry price and production problems due to the standards set by the agreement. In addition to these advantages, there is a significant disadvantage that the company can create its own competitor as a result of providing the technical knowledge to the manufacturer. Other disadvantages include lack of technology or profit, and problems with quality (Akat, 2004: 159). In general, contract manufacturing offers opportunities such as low risk for entry, loss of control, low risk of exchange rates and low financial problems. In addition to all of these, the

difficulties of transferring information, the need for additional training support, and the difficulty of quality control are problems (Hollensen, 1998: 259). However, it can sometimes be difficult to find a manufacturer with sufficient qualifications in the local market and training a local manufacturer can take years (Toyne and Walters, 1989: 339).

2.4.2.4. Management Contracts

Management contracts, which are one of the methods of international market entry, are the mutual agreements of an international company with a foreign company to manage some or all of its activities. A local business is able to transfer information about management of foreign investors who provide capital. Local businesses export administrative or management services rather than their own products. This strategy has a relatively low risk for foreign market entry (Kotler and Armstrong, 1994: 563-564).

One of the most important management assets a firm can have is the management contract. Despite the huge gains in capital and technology, inadequate quality management is a challenge that many governments and entrepreneurs face (Daniels and Radebaugh, 1989: 471). Management contract has a very low risk for international business. As for some other internationalization strategies, there is no promise to build fixed facilities (McCarthy and Perreault, 1988: 384). As an example, Hilton uses this method for the management of hotel chains all over the world (Kotler & Armstrong, 1994: 623).

2.4.2.5. Joint Venture

Joint ventures are one of the internationalization strategies in the form of production and marketing of goods or services in a foreign country with the participation of a foreign business (Kotler and Armstrong, 1994: 623). It is a group of companies that are specialized in a certain area of business, independent from each other, formed by merging in the framework of a contract in order to make a certain job and gain a profit (Çelik, 2002: 72-77). In a joint venture, a kind of strategic partnership is being carried out among the enterprises. Stocks and business controls are shared. In the

joint venture approach, companies from at least two different countries (usually the local operation of the country in which an enterprise is established) work together and set up a new business to co-produce or provide services. Joint ventures can be classified as a partnership venture based on expertise or a joint venture based on creation of a common value addition. Initially, the enterprise was organized around specific functions such as marketing and production. Each partner adds something unique that creates added value; for example, when one company design a common product, the other produces them. In the second type, partners are equally involved in value-added activities, for example a common design team is being created (Albaum et al., 1998: 288).

As with any internationalization strategy, the joint venture has both advantages and disadvantages. The benefits of joint ventures for international business can be listed as follows (Mutlu, 2017: 120-121):

- The entire capital of the international business is not endangered, and the current risk is shared with the local business,
- All valuable information that the local business owner has about the host country is shared with the international business,
- International business can make good relations with the host country government by taking advantage of the relations established by the local partner, and political advantages can be achieved in this way,
- Costs can be reduced,
- Technological superiority can be achieved against rivals,
- Competitive advantage can be achieved in the market,
- Resources are easier to reach,
- Political pressures may be reduced,
- It may be easier to enter new markets.

As well as the advantages of joint ventures, they also have disadvantages in terms of international businesses. These disadvantages are as follows (Mutlu, 2017: 121):

- Due to the reduced availability of control, international business may loose control,

- As the profits need to be shared with the local partner, the international enterprise may have to settle for less profit.

At this stage, there is a method that the businesses in international markets also use this method. This method is "joint ownership". Joint ownership is the consolidation of an entity's ability to share common ownership and control with a foreign investor to create a national business. Joint property is created especially for economic and political reasons. The entity may not have sufficient financial, physical, or managerial resources to make the necessary initiative alone, or the government may impose joint ownership conditions for the condition of entry (Kotler and Armstrong, 1994: 593).

2.4.2.6. Consortium

Consortium is the co-operation of two or more operators in order to carry out the work required for large capital. These projects are usually those that use large capital such as ports, railways, bridges, and dams (Şimşek, 2009: 81). Companies with different areas of expertise from various countries work together on a contractual basis, without establishing a capital-based firm under a new identity, for a large international project, and ensure that the project is carried out in certain parts of the project. Each firm works with its own identity. The firm is responsible for completing the part specified by the project contract in the area of its own expertise. The consortium ends with the completion of the project (Mirze, 2018: 233).

There are some advantages of consortiums (Fletcher & Wheeler, 1989: 33), which are listed below:

- The consortium is more prominent in the foreign market.
- It is more likely to benefit from the support of export promotion organizations at home.
- Form a basis for mobilizing different export-related skills in the consortium.
- Produces the economy through the joint use of domestic and foreign export opportunities.
- Provides the spread of export risks and costs.
- Increases available resources to support the export process.

However, there are also some weaknesses in a consortium (Fletcher & Wheeler, 1989: 33):

- Many companies are not prepared to reduce their autonomy. This alone is an important reason for the failure of the consortium.
- There should be a strong reason for firms to work together, such as adding the resources of a firm deemed inadequate for international trade or taking advantage of an external market opportunity.

2.4.2.7. Turnkey Projects

In this method, the main international trading company provides a service for the construction and installation of a production facility, training of personnel and initial operation of the factory for a local producer in a foreign market. The customer then acquires all the operating system and the necessary knowledge and skills to operate it (Albaum et al., 1998: 287). Turn-key projects include typical projects such as airports, ports, power plants, dams or very large factories. Due to the size of turn-key projects, it can generate substantial revenue for service providers (Mendenhall et al., 1995: 236). Turnkey projects are common for all of the expensive and complex manufacturing technologies such as chemistry, medicine, oil refining, and metal processing industries (Hill, 2008: 406).

Turn-key projects have some benefits for international businesses, and it is possible to list these benefits as follows (Paul, 2011: 397):

- It provides the firm opportunity to benefit from special technical know-how.
- It makes possible to benefit from the collective financial resources and experiences gathered by the companies involved in the projects in the consortium.
- The main benefit for the host countries is that they provide a more convenient and faster option for establishing capital infrastructures and financial assistance and low-cost projects provided by foreign governments and international organizations.
- Information can be gained.
- Has less risk than traditional direct foreign investment (FDI).

In addition to the advantages of turn-key projects, there are some disadvantages for international businesses (Paul, 2011: 397):

- The relatively short turnover of some of the turnkey projects and the interest of governments means that long-term relationships with the host country cannot be established, but success in one country may attract contracts to be made by other countries.
- Local firms can benefit from the technology that the firm has transferred, and in the future, the company may be the biggest competitor on similar projects.
- When the firm transfers its technology and other resources, it actually transfers some of its competitive advantages and does not provide any long-term benefit to it.
- It is not long term in a foreign country.
- It can create an opponent.
- The process of selling technology may become the process of selling competitive advantage.

2.4.2.8. Build-Operate-Transfer Contracts

Build-Operate-Transfer contracts are strategies aiming at providing business financing and realization of basic infrastructure investments of a country by private sector. With the help of this method, it is aimed to realize big investment projects such as power plants, dams, airports, highways and underground in the country (Mutlu, 2008: 121). Build-operate-transfer strategy is a turnkey project in which the design, equipment and construction of the entire plant or production system belongs to the agreed company and then returns to the buyer for a predetermined price (Steers and Nardon, 2006: 209).

This cooperation is a further extension of turn-key contracts. As in turnkey agreements, plant investments are carried out by a foreign business or consortium in the same way, and facilities are made available. However, customers do not make any payment to the international production company; instead international company operates the existing facility with a minimum guaranteed income for a certain period of time and collects the payment it needs to receive. At the end of this period, the

producers get their money and even make profit. After that, the facility is ordered to transfer all kinds of commodities and after this period, the operation of the plant is continued by the investor (Mirze, 2018: 233).

2.4.3. Foreign Direct Investment

There are various definitions of foreign direct investment (FDI) in the literature. It is called foreign direct investment by one or more international investors to undertake all of the investments within the borders of a country or to undertake investments together with one or more companies located in that country (Kırankabeş, 2006). FDI can be defined as to establish a production facility in the countries outside of its main center or to buy existing production facilities to expand the production of a company beyond the borders of the country where it is located (Seyidoğlu, 2003). Another definition was made by the United Nations Commission on Trade and Development on the world investment report on foreign direct investments. According to this report, foreign direct investment flows represent the acquisition of capital by any persons or institutions that are not settled in the country, or the acquisition of capital from foreign investors for foreign direct investment (UNCTAD, World Investment Report, 1999). Foreign direct investment refers to the investments of private or legal persons who are not residents within the borders of the host country, in other words, they can not purchase a firm, provide establishment capital for a new firm or increase the capital of an existing firm. These investments carry the technology, business knowledge and control authority together with the capital to the country where the investment takes place (Kırankabeş, 2006).

Multinational corporations prefer foreign direct investments rather than joint venture because of many factors. Some factors, such as the constant increase in transport costs, high tax rates, import quotas and government incentives, can cause multinational enterprises to prefer foreign direct investment (Mutlu, 2008: 122). Ensured that they provide political and economic stability in the countries where they establish business multinational enterprises prefer foreign direct investment in order to dominate the market, to gain market prestige, to determine the market price in the desired direction, taking advantage of the cheap labor and raw material fees in international markets (Terpsta and Sarathy, 2000: 399). If an enterprise has gained

the necessary experience through exports and the target market has sufficient size, foreign direct investment gives the operator many advantages in operating overseas based on assembly or production facilities (Kotler and Armstrong, 1994: 593).

Foreign direct investment is undertaken in two different ways, it can be classified as greenfield investment or brownfield investment (Mutlu, 2017:125). Direct investment to establish a new production or administrative facility unlike the acquisition of existing facilities is *greenfield investment*. In *brownfield investment*, a company purchases an existing field or facility (Çavuşgil et al., 2017: 419).

There are major important decision-making tools that international operators can use before foreign direct investment and these are as follows (Welch et al., 2007: 324):

- Foreign direct investment and other forms of operations
- Ownership level
- Acquisition, new investment from scratch (Greenfield)
- Acquisition targets
- Direct foreign investment package content
- Placement (country / region / city)
- The depth of operation
- Finance

Foreign direct investment has many advantages if an international enterprise has gained experience in exporting and has grown up to capacity in the host country. These are as follows (Kotler & Armstrong, 1994: 624):

- Business can get cheap labor or raw materials, foreign government incentives and transportation savings.
- Since the business is doing great jobs, it can make a good image in the host country.
- Often the business can develop good relations with the government, customers, suppliers and distributors, and in the local market, production can be better adapted.

- Finally, the business holds all control of the investment and therefore can achieve its international objectives by developing long-term production of goods and marketing policies.

In addition to the advantages of foreign direct investment, there are many disadvantages. Some of them can be listed as follows (Kotler, 1991: 415):

- The biggest disadvantage is that businesses are exposed to the risk of large investments. For example, blocked or devalued money, worsening market conditions or expropriation.
- The host country may request to increase the current wages of employees in the business or the existing wages.
- The company may find fewer discounts or stop production.

2.5. The Studies Conducted in Turkey about Internationalization

There are several studies in the literature which examine Turkey-based companies' "internationalization" process (i.e. Arslan & Karan, 2009; Bardakçı, 2004; Bostrom, 2010; Erdilek, 2008; Eren Erdoğan, Çobanoğlu, Yalçın & Ghauri, 2010; Esra Karadeniz & Göçer, 2007; Gülöksüz, 2009; Günay, 2005; Karabağ, Tuncay-Çelikel & Berggren, 2011; Karafakioğlu, 1986; Kaya & Erden, 2008; Kaya, 2005; Kunday & Şengüler, 2015; Şahin & Mert, 2014; Üner, Koçak, Çavuşgil & Çavuşgil, 2013; Uray, Vardar & Nacar, 2012; Yaprak, Yosun & Çetindamar, 2018; Yener, Doğruoğlu & Ergun, 2014). These studies are summarized in Appendix A.

There are also several dissertation studies in the literature which examine Turkey-based companies' "internationalization" process (Akben, 2008; Akben, 2014; Avcı, 2007; Bal, 2014; Buladi Çubukcu, 2015; Dirlik, 2014; Gödekmerdan, 2012; Karakaş, 2013; Kaya, 2004; Keskin, 2011; Koç, 2016; Mamadaliev, 2013; Mert, 2012; Özbaysal, 2017; Öztürk, 2014; Sundu, 2013; Vuran, 2010; Yazıcı, 2001). These studies are summarized in Appendix B.

When the studies in the literature covered by "internationalization of companies based in Turkey" are examined; it is observed that this issue is generally addressed in the axis of the internationalization process, degree, methods (strategies) and the

success of the related companies in international markets. In addition, it has been determined that both quantitative and qualitative types of research are conducted on this subject, the survey method is used as the basis of quantitative researches, and sometimes secondary data of the companies are used, and the interview method stands out in the qualitative method and these interviews are usually conducted with senior managers. In some studies, it has been determined that the issue of internationalization was analyzed for SMEs or large-scale enterprises without discrimination in some sectors; besides in some studies, it has been examined in certain sectors such as food, textile, and paint.



CHAPTER III

COSMETICS INDUSTRY

This chapter is divided into six sections. The first presents the historical development of cosmetics industry, the second part classification of cosmetics products, the third part is about importance of cosmetics in our life, the fourth part is about Cosmetics Sector in the World, and the the last part of this chapter is the studies conducted about cosmetics.

3.1. Historical Development of Cosmetics Industry

People have been aware of the importance of various color factors in order to beautify and change the appearance of women since ancient times (Kapucu, Kahveci, Susam & Çanta; 2009: 15). Personal care and cleaning products, as raw materials and finished products, has a long history. Archaeological excavations in ancient Egypt have shown that cosmetics were widely used in the 4000s (Yapar & Ölgen, 2014: 253). For example, in ancient Egypt, the dead and his belongings were placed in the grave. Small bowls mixed with the paints on the face were found in archaeological excavations, and the ointment containers still retain its beautiful odor after thousands of years. It is known that these beauty products, which are usually prepared by priests, are obtained from fragrant plants, seeds and oils (Çomoğlu, 2012: 1-2). Cosmetics were prepared using oregano, pelargonium, cedar wood, log, amber, musk, gum, resin and various flowers, leaves and roots. The formulas of them were kept secret. For this reason, making cosmetics was a very important art (Kapucu, Kahveci, Susam & Çanta; 2009: 15). During the Greeks, Hippocrates and his friends' studies on dermatology were effective in the development of cosmetology. These elements are also mentioned in Galenus's book which has named as "Local Remedies" (Yapar, & Ölgen, 2014: 253).

Cosmetics have a colorful history extending to various purposes. Cosmetics have been used since ancient times for artistic, beautifying, protective, decorative, cleansing, camouflage and ceremonial purposes (Sencan, Duman & Koparan; 2008: 270). Throughout history, men and women have tried to use the medicinal power of natural compounds to improve their health, improve their appearance, and fight aging, and the use of cosmetics is thought to enhance beauty (Şencan, Duman & Koparan; 2008: 270). In addition, the archaeological excavations uncovered many findings about the cosmetics and ancient civilizations (Sungur, Şahne & Yeğenoğlu: 2018, 192). Developed since ancient times, cosmetics became an important industry today and it is defined as "products intended for application to the human body for the purpose of cleansing, beautifying, promoting attractiveness or changing their appearance, spreading, sprinkling or spraying, inserting or otherwise applying" according to the intended use by the Food, Drug, and Cosmetic Act. The products included in this definition are skin moisturizers, perfumes, lipsticks, nail polishes, eye and face makeup preparations, shampoos, permanent waves, hair colors, toothpastes and deodorants, as well as cosmetic products (Şencan, Duman & Koparan; 2008: 271-272).

The aim of usage of cosmetic goods is cleaning, beautifying, making attractive and a different appearance of the body or any part of the body (Çomoğlu, 2012: 1). But, the most important purpose of useage of cosmetics in ancient times, was to protect the human body from elements in nature, such as sunlights and heat. The ancient people painted themselves with oil and oil mixtures, clay and plant varieties to protect themselves from the dryness of the cold, sunburn and the irritation of insect bites. In addition to these, another reason was religious. For example, ancient people burned fragrant woods and tried to defeat the devil with it (Mitsui, 1997: 3). For today, according to Euro Cosmetics Legislation, there are six main purpose of cosmetics, which are cleaning, correcting body odours, changing appearance, protecting, keeping in good condition, perfume (www.ceway.eu, Access date: 01.07.2019).

3.2. Classification of Cosmetics Products

The cosmetic products which are produced internationally can be classified under 7 groups (Özçelik & Bebekli, 2015: 3) which are listed below:

- Essential Oils
- Blends of Fragrances Used in Industry as Raw Materials
- Toilet Water and Perfumes
- Beauty-Makeup and Skin Care Products
- Hair Care Products
- Products for Oral and Dental Health Protection
- Shaving Products, Body Deodorants, Toiletries (cleaning) Products

There are some different classifications for cosmetics. For example, another definition of classification about cosmetics products divides cosmetics into five separate groups (www.jetro.go.jp, Access date: 01.07.2019). These are;

- Perfume and eau de cologne which include fragrance
- Makeup cosmetics which include foundation creams, lipsticks and eye makeup
- Skin care cosmetics which include facial cream, skin lotion, skin milk and cleansing cream
- Hair care products which include hair dye, shampoo and hair treatment
- Special-purpose cosmetics which include sunscreen

The main ingredients found in most cosmetics are water, emulsifiers, preservatives, thickeners, moisturizers, colors and odors, these ingredients may occur naturally or may be artificial (www.science.org.au, Access date: 19.06.2019).

One of the classifications about cosmetic products is made by the Ministry of Health according to their place of use. Likewise, cosmetic products are classified as commercials by Turkey Chambers and Stock Exchanges Union (Turkish abbreviation: TOBB). According to the classification in Table 3 below, there are 20 categories of cosmetic products (www.resmigazete.gov.tr).

Table 3: Cosmetic Products

ROW NO:	GENERAL CATEGORY NAME
1	Creams for skin, emulsions, lotions, gels and oils (for hand, face, foot, etc.)
2	Face masks (except those that abrade and peel the skin surface)
3	Foundations (liquid, pata cream, powder)
4	Makeup powders, after-bath powders, hygienic powders, etc.
5	Toilet soaps within the scope of cosmetic product definition, deodorant soaps, etc.
6	Perfumes, toilet waters and colognes
7	Bath and shower products (salts, foams, oils, gels, etc.)
8	Depilatories (Hair removers and hair removal products)
9	Deodorants and antiperspirants
10	Hair care products: hair dyes and bleacher, products used for waving, straightening and fixing hair hair styling products hair cleaners (lotions, powders, shampoos) care and conditioning products (lotions, creams, oils) products for combing and styling hair (lotions, hair sprays, brilliantines)
11	Shaving products (creams, foams, lotions, etc.)
12	Products for face/eye makeup and makeup removal/cleansing
13	Products for lips
14	Oral and dental care products
15	Products for nail care and decoration
16	Personal hygiene products for externally being applied to external genitals
17	Products for sun bath
18	Products used to give the skin the appearance of a burned skin without sunlight
19	Products used to lighten skin color
20	Anti-skin wrinkles products

Source: Turkey Republic Health Ministry (2005), Cosmetic Regulation, 23.05.2005, Official Newspaper/25823

3.3. Importance of Cosmetics in Our Life

The history of cosmetic products is as old as the history of humanity, and these products have played a large and varied role in daily life (Sungur, Şahne & Yeğenoğlu: 2018, 192). Cosmetics has a very important place in daily life because people regularly use it increasing amounts and quantities (Mitsui, 1997: 3). In modern times, one of the main purpose of cosmetics is personal hygiene. In addition to useage for hygiene, it is used for being more attractive using makeup materials, to improve self-esteem, to protect hair and skin health from damaging ultraviolet sun lights, some kind of environmental pollution, and to protect aging (Mitsui, 1997: 3).

For example, some adverse conditions in the skin, such as wrinkles, blemishes, lack of moisture, redness, aging, can be improved or corrected by the use of certain cosmetic products. Acne symptoms can be reduced, skin can be protected from the sun with proper use of sunscreen products, skin can be protected against sun with sunscreen products, deodorants and antiperspirants help reduce body odors, skin odor can be used to reveal strong positive emotions, hair is conditioned with shampoo and can be treated to improve its appearance, colorful cosmetic products such as foundation, lipstick, eye, nails and lips products are used to make people's looks more beautiful, dental products, for instances toothpaste and mouthwash clean and reduce odour, soaps cleans the skin and help reduce bacteria in the body (<https://ascc.com.au>, Access date: 21.06.2019).

In general, cosmetic products became widespread in the 1900s. However, the conscious phase of cosmetology and cosmetic usage has started after Second World War (Yapar & Ölgren, 2014:253). Nowadays, cosmetic products are prepared for complex and multiple purposes. Between 1920 and 1930, cosmetics were widely used by women. As a result, the cosmetic industry has begun to develop. However, the use of cosmetic products has entered a more conscious cycle after World War II. (Kapucu, Kahveci, Susam & Çanta, 2009:2). The history of cosmetics and skin care products has been in line with technological developments in various fields. Historically, the rise of more complex societies

has brought an increasing demand for cosmetics, and perfumers, cosmetologists and barbers have become pioneers by undertaking and developing cosmetic practices that have evolved over the ages (Sungur, Şahne & Yeğenoğlu: 2018, 192).

3.4. Cosmetics Sector in the World

The cosmetics sector has witnessed a number of economic, social and cultural changes that have taken place in various parts of the world over the last 20 years. In the last 20 years, the annual growth rates of cosmetics sector ranged from 3% to 5,5% and grew by an average of 4,5% per year (Łopaciuk & Łoboda, 2013: 1079-1080). Similar to the developments in the world, the beauty sector was affected by the recession in 2009, but as the global economy developed, it recovered in 2010 and started to grow steadily. However, the recession did not affect all markets equally, developing countries (i.e. China, India and Indonesia) were not affected by this situation (Łopaciuk & Łoboda, 2013: 1079-1080).

Cosmetic products are divided into sub-sector according to brand prestige, price and distribution channels; these are premium and mass production sectors. Premium product sales are generally widespread in developed countries, Such as America, Japan and France (Barbalova, 2011: 4-6). North America, Latin America, Asia-Pacific and Western Europe have the largest shares in global revenues. Since the beginning of the 21st century, the cosmetics markets of BRIC countries (Brazil, Russia, India, China) have been growing rapidly (Leonard, 2011). BRIC countries (Brazil, Russia, India and China) are the main forces in emerging markets. According to data from 2011, the countries in these emerging markets produced 81% of the increase in cosmetic sales worldwide, and more than half (54%) of them were produced by BRIC countries. Among the other markets from developing countries such as Mexico, Argentina, Indonesia, Thailand and Turkey also showed an increase in sales of approximately \$ 8 billion (Walker, 2012).

Recently, Latin American market has gained importance. For this reason, cosmetics companies have focused especially on the fragrance category

dominated by the mass brands in this region. The emergence of mass production lines has attracted considerable attention in mature markets, traditionally dominated by premium products. In addition, innovations are most often introduced by brands in the premium segment, even though sales growth often results from mass-produced products. There are two trends among product innovations in recent years. These are: time-saving and long-lasting products. Time-saving products meet the needs of today's busy consumers who want to limit the time they spend on daily beauty routines (Łopaciuk & Łoboda, 2013: 1081). Since long-lasting cosmetics can be used longer than traditional products, these products are perceived by consumers as having a good price-value ratio (Leonard, 2011).

The colorful cosmetics sector is the 3rd largest cosmetic segment in the world by sales level. Its share remains stable at 12-13% and continues to grow dynamically. This segment has developed through innovations. Even in 2008, it managed to grow by 8% in Western Europe's tough and mature market (Leonard, 2010). On the other hand, colored cosmetic sales amounted to more than 2 billion \$ in 2010, and this has turned into an increasing gain. However, it remained below expectations. The reason why sales of colored cosmetics remain so weak is due to the lack of tradition of being used as daily products. For example, colored cosmetics are most often bought by middle and high-income women living and working in the largest cities of China, while women consumers in smaller cities and rural areas buy them irregularly. Colorful cosmetics are positioned as luxury goods. In addition, thoughts about the harmful effects that are used frequently are still circulating among people (Łopaciuk & Łoboda, 2013: 1085-1086).

As can be seen from Table 4 below, the largest cosmetic market is European Union (www.tobb.org.tr, Access date: 16.07.2019).

Table 4 : Consumption of Cosmetic Products in the World According to 2017 Data

EU (European Union)	77,6 billion euros
USA	67,2 billion euros
China	43,4 billion euros
Japan	29,9 billion euros
Brazil	25,4 billion euros
India	10,9 billion euros
South Korea	9,7 billion euros
Other Countries	126 billion euros
TOTAL	390 billion euros (sales at retail prices)

Source: Cosmetics Europe (cited in www.tobb.org.tr, Access date: 16.07.2019)

3.5. Cosmetics Sector in Turkey

Turkish cosmetics sector has begun to develop with the industrialization of soap production in Ottoman period. Until the 1950s, production was made by old methods. Later, this production method was left to machine production, various products such as skin and hand creams have started to be produced. Over time, it has become an external sector in terms of raw materials and this dependency still continues today (www.tobb.org.tr, Access date: 24.06.2019). Turkey cosmetics market has shown significant growth in recent years. Initiatives in this sector have started with family companies rather than the international organizations with foreign capital. In the following years, institutionalization needs emerged in these enterprises (Gürsoy, 2004). The historical development of the cosmetics sector in Turkey is seen in Table 5 below:

Table 5 : Historical Development of the Cosmetic Industry in Turkey

Prior to the Republic	Soap and cologne production came to the forefront during the Ottoman period.
Early years of the Republic	Small-sized businesses managed by pharmacists began to be established.
1950s	Foreign companies started to enter the Turkish market. In this context, a standard has been set for packaging production.
1960s	Although firstly there had been domestic companies that had had an important place in the market, these companies were then sold to foreign companies.
1970s	Aerosol infrastructure in Turkey has started to be created. The production of after shave, first domestic deodorant, started.
1980s	Export-based production started with the increase in exports. Large investments have started in the sector. Essence production was started.
1990s	It has been a great increase in Turkey's exports together with the collapse of the Soviet Union. Obtaining the ISO certification has started in the sector.
2000s	Turkey's exports increased substantially following the economic crisis (exports especially to the Eastern Bloc Countries). Private label markets have tended to Turkey. Turkey's exports began to expand into the Middle East and North Africa.

Source: İKMİB, 2012: 7

Today, Turkish cosmetics and personal care products industry has the capacity and technical ability to produce at world standards in terms of quality. Businesses in the sector closely follow the latest international and national developments (www.tobb.org.tr, Access date: 16.07.2019). Parallel to the economic growth in Turkey, cosmetics and personal care products market has grown an average of 10% every year, which is equivalent to the world market (T.C. Ministry of Economy, 2016). Annual cosmetics usage is considered by consumers as an important potential for domestic and foreign companies. The increasing use of

cosmetics is attributed to the increase in socioeconomic level of the society (www.dermaneturk.com, access date: 16.07.2019).

Multinational companies operating in the cosmetic industry in Turkey carries out their marketing and production activities. Many companies in the sector continue their production activities through patent agreements and joint ventures. Some of these companies are Procter & Gamble, Henkel, ColgatePalmolive and Unilever. In addition, there are many local manufacturers in the sector with a large production capacity. Some of those are; Evyap, Hunca Cosmetics, Canan Cosmetics, Kopaş Cosmetics, Hobby Cosmetics, Erkul Cosmetics, Biota Herbal Medicine and Cosmetic Laboratories, Rosense Cosmetics and Dalan Cosmetics (www.ikmib.org.tr, Access date: 16.07.2019).

NACE codes which are the production and domestic trade data are monitored through are shown in Table-6 below (www.tobb.org.tr, Access date: 16.07.2019):

Table 6 : NACE Codes on Cosmetic Products

Product Descriptions	NACE Codes
2042000000 MANUFACTURE OF PERFUMES, COSMETICS AND PERSONAL CARE PRODUCTS	
Perfumes	2042115000
Fragrance liquid products (eau de toilette, cologne, etc.)	2042117000
Lip makeup preparations	2042125000
Eye makeup preparations	2042127000
Manicure and pedicure preparations	2042130000
Powders, whether or not compacted, for cosmetic use (including talcum powder)	2042140000
Beauty, makeup and skin care products, including those used for tanning (except for lip and eye makeup, manicure and pedicure preparations, cosmetic powders and talcum powder)	2042150000
Shampoos (in liquid form)	2042163001
Other shampoos	2042163099
Perm or hair straightening preparations	2042165000
Hair Sprays	2042167000
Preparations for hair (excluding shampoos, perm and straightening preparations, hair sprays, gels, etc.)	2042170000
Tooth cleaning products (including toothpaste, denture cleansers)	2042185000
Oral or dental care products (pastes used to keep dentures fixed in the mouth; powders and tablets, mouthwashes and oral perfumes, dental floss) (excluding dental hygiene products)	2042189000
Soap and organic surfactants, in bars and similar forms, for personal care (including soap impregnated paper, wadding, felt and other fabrics)	2042191500
Organic surfactants and preparations, for skin cleansing, whether or not containing soap, for retail sale (in liquid or cream) (excluding liquid soaps)	2042193000
Preparations used before, during or after shaving; lotions	2042194501
Preparations used before, during or after shaving; creams and others	2042194502
Body deodorants and antiperspirant deodorants	2042196000
Perfumed bath salts and other bath preparations	2042197500
Other body preparations (perfumery products, hair removal, etc.)	2042199000

Source: www.tobb.org.tr, Access date: 16.07.2019

Cosmetics manufacturing facilities and the number of staffs employed in these facilities in Turkey are shown in Table 7. According to Table 7, there are 1.611 production facilities. Most of these facilities are in the fragrance liquid products group (eau de toilette, cologne, etc.) according to NACE codes. However, if we look at the number of employees, the shampoos (in liquid form) are the area where most employees are employed.

Table 7 : Number of Cosmetics Manufacturing Facilities and Their Employees in Turkey (March 2018)

NACE CODE	Number of Facilities	Number of Engineers	Number of technicians	Number of masters	Number of workers	Number of administrative staffs	TOTAL
2042115000	120	158	78	161	2.782	586	3.764
2042117000	241	202	113	229	3.207	693	4.446
2042125000	34	90	57	71	1.624	314	2.156
2042127000	31	86	55	67	1.813	354	2.375
2042130000	40	95	66	79	1.981	415	2.637
2042140000	40	104	75	87	1.838	407	2.511
2042150000	172	305	212	495	5.157	1.222	7.392
2042163001	204	449	443	757	5.295	1.342	8.742
2042163099	54	95	134	85	1.526	513	2.808
2042165000	66	126	97	146	2.069	455	2.894
2042167000	50	89	68	79	1.974	453	2.663
2042170000	131	281	241	293	4.363	1.043	6.500
2042185000	20	50	51	250	547	152	1.050
2042189000	27	34	28	25	613	202	903
2042191500	44	32	26	50	741	190	1.041
2042193000	60	78	74	81	1.437	380	2.051

2042194501	31	69	42	439	1.211	211	1.972
2042194502	56	116	93	330	2.252	467	3.258
2042196000	54	102	75	318	2.061	520	3.076
2042197500	54	120	80	375	2.066	574	3.216
2042199000	82	124	141	119	2.529	491	3.405
20.42 TOTAL	1.611	2.805	2.249	4.536	47.086	10.984	68.860

Source: www.tobb.org.tr, Access date: 16.07.2019

The numerical distribution of the facilities operating in the cosmetics sector by provinces is given in the following Table 8 (www.tobb.org.tr, Access date: 16.07.2019). According to the Table, there are 580 production facilities in 11 provinces. 263 of them are in İstanbul, which accounts for approximately 45% of all facilities.

Table 8 : Provincial Distribution of Cosmetics Production in Turkey

PROVINCE	NUMBER OF FACILITIES
İSTANBUL	263
İZMİR	55
ANKARA	51
GAZİANTEP	39
KOCAELİ	37
KONYA	36
TEKİRDAĞ	33
ISPARTA	18
BURSA	17
ADANA	16
BALIKESİR	15

Source: www.tobb.org.tr, Access date: 16.07.2019

The number of people working in the above production facilities is 68.860. Apart from this, it is not in direct production in the cosmetic sector but also provides employment in other fields, such as shipping, sales, marketing, etc. In this respect, this sector is to provide jobs for many people, and it makes a significant contribution to the country's employment rate. The following Table 9 shows the value estimates of cosmetic products by years (www.tobb.org.tr, Access date: 16.07.2019). As shown in the Table, the total cosmetic sales value as of 2017 is approximately 3.892 million TL. The most selling products are hair care products. This corresponds to approximately 31% of total sales. From 2016 to 2017, “perfume and cologne” was the fastest growing product with an increase of approximately 20%. As it can be seen

from the Table above, if we look at the process from 2011 to 2017, the sales values from total production increased every year.

Table 9 : Sales of Total Cosmetics from Production (Estimated values - Million TL)

	2011	2012	2013	2014	2015	2016	2017
Perfumes and Colognes	133	156	183	216	268	314	377
Color Cosmetics	325	353	383	461	605	720	856
Hair Care Products	758	766	885	999	1.055	1.096	1.199
Oral Care Products*	153	177	183	163	171	207	220
Bath and Shaving Products	253	295	312	368	357	359	390
Personal Cleaning Products	722	883	861	957	906	802	850
TOTAL Cosmetics	2.344	2.630	2.807	3.164	3.362	3.498	3.892

Note: * Estimated value calculated from consumption data

Source: www.tobb.org.tr, Access date: 16.07.2019

The following Table 10 shows data from TUIK (Turkish Statistical Institution) cosmetic database regarding Turkey's foreign trade (www.tobb.org.tr, Access date: 16.07.2019). As it can be inferred from the Table, 2014 was the year with the highest export volume with 438.150 units. In 2011, the export volume was the lowest with 326.756 units. In 2014, 2.171,3 million TL was exported for cosmetics. In 2011, 1.290,2 million TL of cosmetics were exported. 2017 was the year with the highest amount of imports with 159.524 units. The year 2012 was 97.363 with the lowest amount of imports. In 2017, 2.904,5 million TL of cosmetics were imported. In 2011, 1.123,1 million TL of cosmetics were imported.

Table 10 : Turkey's Total Foreign Trade of Cosmetics

Year	Export Quantity Tonne	Import Quantity Tonne	Export Million Dollars	Export Million Euros	Export Million TL	Import Million Dollars	Import Million Euros	Import Million TL
2011	326.756	105.682	764.0	549.1	1.290,2	654.7	470.5	1.097,6
2012	366.766	97.363	856.6	667.5	1.543,0	624.0	484.4	1.123,1
2013	395.712	114.011	915.5	691.0	1.749,8	720.2	542.5	1.370,1
2014	438.150	115.308	991.0	747.4	2.171,3	753.7	567.1	1.651,2
2015	398.074	120.718	843.0	759.9	2.300,7	705.3	635.3	1.910,2
2016	379.231	136.375	800.2	722.8	2.420,0	722.6	652.9	2.182,7
2017	390.679	159.524	837.6	741.5	3.061,9	794.8	705.4	2.904,5

Source: www.tobb.org.tr (compiled from the database of Turkish Statistical Institute),

Access date: 16.07.2019

When we look at cosmetic export values from 2011 to 2014, we see that these values are increasing. In 2014, this value reached 438.150 units. However, this value decreased to 398.074 in 2015. In 2016, the export volume remained below the 2015 level. When 2017 is considered, we see that the export volume of 390.679 units has improved compared to 2016. In other words, between 2016 and 2017, our export volume increased by approximately 3%.

Imports of cosmetics, which were 105.682 units in 2011, decreased in 2012 to 97.363 units. However, it has increased after 2013. This amount is the last 159.524 as of 2017. It has increased by approximately 17% compared to the previous year (www.tobb.org.tr, Access date: 16.07.2019).

3.6. Studies Conducted about Cosmetics

In literature review; it has been determined that many studies have been done in various fields related to cosmetic sector. These studies were conducted in the field of chemistry (i.e. Buschmann and Schollmeyer, 2002; Demir et al., 2014; Salvador and Chisvert, 2011); in the field of biology (i.e. Kapucu et al., 2009; Yavaşal Çarıkcı et al., 2008); in the field of agriculture (i.e. Daneshvar-Royandazagh, 2014); in the field of environmental engineering (i.e. Bayhan ve Değermenci, 2017); in the field of the food engineering (i.e. Alpkent and Göncü, 2003); in the field of health (i.e. Kocaöz and Erođlu, 2014); in the field of pharmacy (i.e. Dinger et al., 1999; Eshun and He, 2004; Kaymak and Tırnaksız, 2007; Kurucu and Demirel, 2006; Maccioni et al., 2002; Müller et al., 2002; Müller et al., 2007; Pardeike et al., 2009; Yapar and Tanrıverdi, 2016); in the field of medicine (i.e. Adams et al., 1985; Broeckx et al., 1987; Draelos, 2015; Eren et al., 2005; Güven and Güven, 2001; Koç and Şahan, 2014; Nardelli et al., 2011; Orton and Wilkinson, 2004; Pitché et al., 2005; Rogiers, 2001; Travassos et al., 2011); in the field of labor economics and industrial relations (i.e. Kalfa Topateş, 2015); in the field of communication (i.e. Yaktıl Oğuz, 2010); in the field of business administration (i.e. Aydoğın et al., 2008; Başarır, 2009; Bobâlca et al., 2012; Chi et al., 2009; Çabuk and Südaş, 2013; Çelikten, 2014; Demirci and Demirci, 2013; Demirel, 2006; Dolatabadi et al., 2012; Ellialtı, 2009; Erduğın, 2013; Göksel, 2009; Koçak, 2008; Korkmaz Devrani, 2009; Nezakati et al., 2013;

Sünnetçiođlu, 2006; Őenocak, 2014; Villi and KayabaŐı, 2013; Wang et al., 2004; Yeo et al., 2016).



CHAPTER IV

RESEARCH METHODOLOGY AND FINDINGS

In this chapter, research methodology and findings are discussed. Firstly, the aim and scope of the study were explained, then the research method of the study were specified, then informations about the companies in the sample were explained, and then the internationalization methods of cosmetics companies were mentioned. In the following, information gathered for 20 companies was analyzed.

4.1. Research's Aim and Scope

This research is aimed at determining the internationalization process of the Turkey-based companies in the cosmetics industry and the examination of their international market entry strategies. In this direction, the research aims to reveal in what way or ways the 20 cosmetics companies based in Turkey, internationalize. This study will contribute to the literature by the comparison of the internationalization methods of Turkish companies in the cosmetics sector and to determine the differences of these methods among companies.

This study covers strategies applied in the process of internationalization of businesses operating in the cosmetic industry in Turkey. In the scope of the study; the documents in companies' official websites and other websites are assumed to reflect the reality that 20 cosmetic company based in Turkey which are utilized for secondary data analysis. In addition, it was assumed that the information provided by the relevant manager of Lapitak Company reflects the truth. Under this assumption, various determinations and inferences have been made. The most important limitation of the study is the difficulty to reach these companies, although there are many cosmetic companies in Turkey. For this reason, based on the knowledge of 20 internationalized Turkish companies in the cosmetics sector, the current issue has

been addressed. Therefore, some doubts about the generalizability of the findings should not be ignored.

4.2. Research Method

In this study, one of the qualitative research approaches, phenomenology method is applied (Creswell & Poth, 2017) and "document review" method was used (Şimşek & Yıldırım, 2011); in addition, another qualitative research technique "interview" was conducted for one company in order to further understand the findings related with export strategy. According to Stewart and Cash (1985), the interview is "a process of mutual and interactive communication based on the style of asking and answering questions, for a predetermined and serious purpose". Document analysis involves the analysis of written materials containing information about the cases or cases that are targeted for investigation (Şimşek & Yıldırım, 2011: 187). In this study, companies in the cosmetics sector operating in international markets form the population of the study. However, it was not possible to reach all of them and a sample was selected. Both primary and secondary data sources were used. Various data were collected from the official websites of 20 cosmetic companies and other related websites. Document analysis was performed based on these data. Secondary analysis was described by Glass (1976) as a re-analysis of the data in order to answer the original research question with better statistical techniques or to answer new questions with old data. Pre-compiled data for different purposes by other persons and institutions other than the researcher are called 'secondary data'. In particular, studies on international comparisons are often based on secondary data. If there is a third person / institution between the researcher and the data obtained, the data obtained are secondary data. If a researcher collects secondary data, it can be said that both time and resources are used efficiently and that sufficient resources are searched. Later, in order to reach primary source, an in-depth interview consisting 12 questions was conducted with a cosmetic company. These questions were developed from a previous study (Can, Alayoğlu and Alayoğlu, 2016: 27-29).

4.3. Information about the Companies in the Sample

In this section, general information about the companies covered in this study will be given.

Flormar Cosmetics: Flormar was first established in Milan, Italy. The company moved to İstanbul in 1970. The company employs approximately 1.001-5.000 people. Flormar has reached 40.000 sales points in 110 countries. It produced an average of 8 million products per month and there are 1.312 kinds of products. At the same time, the company is among Turkey's top 500 exporters. Flormar started its retailing journey in 2008 with 950 stores in 250 cities which are spread around the world. It offers a rich choice of skin makeup, accessories and perfumes under one roof. According to the report released by the world-renowned independent research company (Euromonitor, Reinventing Global Color Cosmetics, 30.11.2016, London), Flormar has been selected as the fastest growing brand globally in the color cosmetics category. The company opens 1 store every 4 days and sells 250 products every 1 minute. Flormar, while maintaining its leadership in many markets in Turkey also maintains its leading position. In 2012, a majority stake in Flormar was transferred to Groupe Rocher, a family-run business for three generations. With this merger to grow the business family and brand, Flormar has strengthened its strength to become a leading beauty brand and the company continues to achieve many successes in the face of global competition. In 2016, Flormar strengthened its position by obtaining the Turquality certificate, the world's first state-sponsored branding program. Since 2008, the company has focused on overseas operations. About 75 percent of the stores of Flormar, which started their journey about 10 years ago, are located abroad. (www.posta.com.tr, Access date: 20.09.2019; www.turkchem.net, Access date: 20.09.2019; www.ekonomist.com.tr, Access date: 20.09.2019; www.flormar.com.tr, Access date: 27.07.2019).

Pinkar Cosmetics: Pinkar Chemical Industry was established in 1938 in İstanbul. The company employs approximately 51-200 people. The company produced cologne in its first years. At present, the company offers a wide range of products from cologne to baby powder, hair dyes, skin care products, and shampoos. Currently, the company offers a wide range of products from cologne to baby

powder, hair dyes to skincare products and shampoos. The company's best-known brand is Pastel, which continues to grow by responding to the needs of women around the world. The firm exports to Turkish Republics, Iran and all of the Turkey's neighbor countries. 25% of their production is sold abroad (www.gazetevatan.com, www.linkedin.com, Access date: 27.07.2019).

Özsoy Cosmetics: Özsoy Cosmetics was founded in 1987. The company employs approximately 201-500 people. Until 2001, the company was engaged in sales and distribution activities of the manufacturing companies, in which more than 5.000 products from 150 different manufacturers were delivered to 3.750 retail customers. In 2001, Özsoy Cosmetics became the manufacturing company for the first time with the Shiba brand. Along with the Shiba brand, it has also started producing Shiba Herbal Plus and Özsoy Cologne. The company delivered these to the consumers through its own distribution channels. Cecile Eau De Toilette & Deo & Make-Up and Tiara's Perfume series was introduced to the market and started to move forward with confidence. Today Turkey and in the world, its products are distributed in many countries through major wholesale and retail firms (www.ozsoykozmetik.com.tr, www.linkedin.com, Access date: 27.07.2019).

Farmasi Cosmetics: The company has 67 years-experience in the cosmetic and health sector. Farmasi is an international beauty and personal care manufacturer, retailer and direct sales company in the field of home and health care. It is one of the fastest-growing direct sales companies with 1 million sales representatives. Farmasi exports its products to more than 120 countries and reaches 350 million people. The company employs approximately 1.001-5.000 people. Since the 1950s, the company has been one of the leading, reliable and sustainable companies for both customers and business partners. The production facility is built on a land of 360.000 m² and consists of 5 different high-tech integrated factories; personal care, makeup, fragrance, plastic, and laminated tube. Farmasi has more than 2.000 product ranges from colorful cosmetics and perfumes to personal care and wet wipes. It also has many sub-brands such as Dr. C. Tuna for medicinal lines, Mr. Wipes for detergents and households, and Nutriplus for health. Each Farmasi product is produced to the highest standards and certified by independent international companies and

laboratories such as GMP, HALAL and ISO 9001 (www.linkedin.com, Access date: 27.07.2019).

Erkul Cosmetics: Erkul Cosmetics was founded in 1983. The company employs approximately 501-1.000 people. Since then it has been among the most important organizations in the world cosmetics sector. With more than 30 years of experience, it is the leading company in the sector. Erkul Cosmetics has Golden Rose, Classics, Miss Selene and Emily brands. The company is a wholly-owned Turkish company producing colored cosmetics such as nail polish, lipstick, mascara, eye shadow, blush, foundation, and lipgloss. Erkul Cosmetics, one of the world's 5 largest manufacturers of nail polish, exports to more than 90 countries on 5 continents including Europe, CIS countries (Azerbaijan, Belarus, Armenia, Kazakhstan, Kyrgyzstan, Moldova, Uzbekistan, Russia, and Tajikistan), Balkans, Middle East, North Africa, and America. The company has been ranked first in Turkey's cosmetics exports for four years (www.linkedin.com, Access date: 27.07.2019).

Eyüp Sabri Tuncer: The company has been operating since 1923. The company employs approximately 51-200 people. Eyüp Sabri Tuncer has more than 650 different products including cologne, perfume, home care, personal care, and textile-spa products. These products are exported to 7 continents. Besides the EU market, the company also sells products to Thailand, Iraq, Dubai, Saudi Arabia, South Korea, and the USA. Eyüp Sabri Tuncer has a brand named “EST 1923” which is presented under the concept of “natural creativity”. Eyüp Sabri Tuncer continues to work with special techniques in product development and production processes without testing on animals. It was approved by the European Vegetarian Union in 2016 and the whole world the most reliable vegan/vegetarian products that are accepted as the V-label certification under Turkey's first Vegan Certified first cosmetics brand. (www.turkchem.net, <http://www.hurriyet.com.tr>, www.linkedin.com, www.eyupsabrituncer.com, Access date: 27.07.2019).

Dalan Cosmetics: Dalan, the first brand that comes to mind when olive oil soap is mentioned, was founded in 1941 by Hamdi Dalan in İzmir. The company produces soap, cosmetics, and glycerin with the latest technology in its 70.000 m² facility in Pınarbaşı, İzmir; and the company, which exports to over 100 countries on five

continents, has become one of the leading institutions in Turkey. The company employs approximately 501-1.000 people. Since its establishment, the company has maintained its leadership in the production of pomace oil olive soap. Dalan, with its production of 50 thousand tons a year, it is among the top three largest manufacturers of Turkey. Dalan is also known abroad for its sub-brands Diana, Nancy, Cindy, Alara, Adalya, and Roxy. Company has 5 regional offices across Turkey. These are Aegean, Marmara, South East Anatolia, Central Anatolia, and National Chain Stores and also Dalan has served dealers which are distributed through Turkey (www.linkedin.com, Access date: 27.07.2019).

Ezel Cosmetics: The company has been operating as a pioneer in the furniture sector since the early 1990s. Then, in 2006, the company started production in the cosmetics sector with Dermokil brand with the "Beauty from clay" slogan. With its long years of experience, Ezel Cosmetics has produced approximately 500 products in skincare, haircare, hand and body care, hyperpigmentation categories under the brand name of Dermokil. Cosmetic production is carried out on the 20.000 m² area in Sivas Organized Industrial Zone. The company employs approximately 175-250 people. The R & D work of each product is carried out in the light of science by conducting a joint study with well-established universities such as Yeditepe University and Cumhuriyet University. Dermokil brand clay facial care masks and DKDENT brand toothpaste are the most preferred products in both the national and international market. Ezel Cosmetics has a widespread sales network with more than 25.000 sales points consisting of perfumery, pharmacy and chain markets with Dermokil and DKDENT brands. Since its foundation, Ezel Cosmetics has been able to export to more than 25 countries on 5 continents including Europe, Middle East, Far East, Africa, and America. As the only Turkish brand to be able to make sales in Amazon.com, it has taken its place in the U.S. market (www.dermokilshop.com, www.kariyer.net, Access date: 27.07.2019).

Kopaş Cosmetics: Kopaş was established in 1974. The company employs approximately 501-1.000 people. With leading brands in cosmetics and personal care products area, there are more than 1.300 kinds of products produced in Turkey and consumers in the world met with these brands at many points. The company

produces products that comply with international standards in baby, beauty and professional hair products field with new technology. The firm has an ongoing distribution and distribution of products in the region. With their subsidiaries in Romania, they export their own brands and to more than 20 countries, including the United States and the United Kingdom. The company, which produces more than 40 million units per year, produces shampoo, oil, cream, detergent, and all liquid and semi-liquid product groups such as waxing, hair dye, perfume and deodorant products as all (www.kopas.com.tr, Access date: 27.07.2019).

Rosense: Rosense, whose past is based on Gülbirlik, was established in 2005 in Isparta with the participation of Gülbirlik and 6 unit cooperatives affiliated with Gülbirlik. Its core business is production, sales, and marketing of cosmetics and food products based on rose. Headquartered in Isparta, Rosense is one of the leading companies in the sector. The company employs approximately 5.001-10.000 people. The company represents Isparta rose and rose origin cosmetics and food products in our country and in the world cosmetic sector. The firm produces 120 kinds of cosmetic products (www.rosense.com, www.linkedin.com, Access date: 27.07.2019).

Neva Cosmetics: Neva Cosmetics was founded in 1991 by Teoman Okay, who has worked as a manager in a national cosmetics company for many years. The company employs approximately 51-200 people. One of the first companies to begin production of jelly in Turkey is Neva Cosmetics. The year 1991 has special importance for Neva Cosmetics. The company, after 5 years R & D and market research studies, has offered Turkey's first indigenous hair dye brand "Nevacolor" to the market in 1991. The company opened its first overseas sales office in Germany and the Netherlands in 2013. Neva Cosmetics has an annual production and filling capacity of 5.000 tons of hair dye. Turkey's best-selling hair dye NEVACOLOR is a leader in the market. The marketing and sales services of Neva Cosmetics products are carried out by Okay Cosmetics Industry and Foreign Trade Inc., established in 2006 (www.nevakozmetik.com.tr, www.linkedin.com, Access date: 27.07.2019).

Odak Cosmetics: Odak Cosmetics is the leading cosmetic companies among Turkey. It has been serving the sector since 1995. The company is located in

İstanbul. The production facilities are established on a large area of 10.000 square meters in İzmir Organized Industrial Zone. The facilities are one of the leading production facilities of the sector with modern technology, advanced laboratories, and expert staff that give importance to health conditions and hygiene in accordance with World Health Organization standards. The company employs approximately 501-1.000 people. The company has been in the market since 1995 with Verita colored cosmetics and Verita ladies' edt / deodorants. In addition, there are produced Keen edt / deodorants for male consumers. In 2005, Odak Cosmetics introduced Verita Trend and Sungirl brands, which were developed in Italy and France, containing vitamins and nutrients in their formulas. Odak Cosmetics is exporting to many countries such as Middle East region, Russia, Azerbaijan and USA (www.odakgroup.com.tr, www.linkedin.com, Access date: 27.07.2019).

Hunca Cosmetics: The company was first established in 1957. Later, in 1980, it adopted the professional management structure and reached a leading position in the perfume and deodorant segment. In 1997, it was established the biggest personal care factory in the Middle East and Balkans in Çerkezköy / Tekirdağ. In the facility, there are mainly Research and Development units, Planning, Production, Logistics and support units. Production activities of both the laws and regulations in force in both Turkey engage in accordance with the standards and regulations that have been put into force the European Union. The company employs approximately 201-500 people. The company manufactures products of its own brands in its production facility and also makes private label or contract manufacturing for many national and international companies. In October 2011, Network Marketing - HuncaLife launched and HuncaLife entered the personal care sector with a direct sales vision. There are many products in the fields of skin care, hair care and perfume. At the same time, the company exports these products to many countries and continents such as Middle East, Asia, Eastern Europe, Africa and Russia. In addition to produce the products of Hunca's own brands in the company's production facility, private label or subcontracting is also available for many national and international companies (www.hunca.com.tr, www.linkedin.com, Access date: 27.07.2019).

Sora Cosmetics: Sora Cosmetics has started active work life by the first aerosol filling machines in 1981 in Turkey. The company employs approximately 201-500 people. The company has started to produce cosmetic products since 2000 and soon became one of the leading companies in the cosmetics sector in Turkey and abroad. According to IKMIB export data, the firm was second in the “Personal Care” branch at the year of 2011. The company's products are exported to cosmetics shops, chain stores and wholesalers located in more than 70 countries on 5 continents. The company manufactures products such as room sprays, room spray refills and dispensers under the category of home care and cleaning products. The leading brands of the company include Eci, Bek, Secret of Lady, Baby, Sora Care, Garden, and Cool Air. In addition to its own brands, Sora manufactures products for well-known retail companies and cosmetics companies from time to time with its own brands (www.soracosmetics.com, www.linkedin.com, Access date: 27.07.2019).

New Well Cosmetics: The company has over 35 years of experience in the sector. The company produces cosmetics; high technology and quality standards in 8.000 square meter factory in İstanbul. The company employs approximately 51-200 people. New Well branded products meet with customers at more than 4.000 retail outlets with chain cosmetics stores in Turkey and exported to 40 countries. In 2018, the company opened its first store in Şişli Cevahir Shopping Mall in İstanbul in order to meet high demands New Well brand has proven itself in the field of colored cosmetics and hair care products after the domestic and international wholesale sales began to store with a franchise network. New Well offers a wide range of products to consumers by combining high quality and diversity. The high customer satisfaction achieved in the local market has led the firm to stabilize it and then to open up to international markets. New Well-Makeup Cosmetics is currently exporting its products to many European, Asian and Middle East Arabian Peninsula countries with well-known brands in the local market (www.newwell.com.tr, www.linkedin.com, Access date: 27.07.2019; bayimolurmusun.com.tr, Access date: 21.09.2019).

Evyap: The company was established in 1927 in a small workshop in Erzurum. The company employs approximately 1.001-5.000 people. The company started with soap production first. Today, Evyap produces from soap to shower gel, from

shampoo to shaving products, from skincare creams to scented cosmetics and from diapers to toothpaste in many categories. Evyap company is a leader position in beauty soap, skin care products, shaving preparations and after-shave category in Turkey. An important part of Turkey's exports soap and personal care products is realized by Evyap. It is known in more than 100 countries. The firm established the world's largest oleo-chemistry plant in Malaysia. Furthermore, there are produced worldwide system which is compatible with European standards including in Turkey and also in Egypt in 3 different countries. The company includes important brands such as Duru, Arko Men, Arko Nem, Evy Baby, Fax and Activex. Abroad in the soap category; company has Duru, Fax and Arko brands. With these brands Russia, Ukraine, Belarus, Romania, Poland, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Albania, Moldova and is among the top 2 in many markets. In the shaving preparation category, with the Arko brand, it is active in a wide geography ranging from Russia, Ukraine and Central Asia to the Middle East. Sanino is also the most preferred brand in the toothpaste market in Ukraine. The company is entitled to participate in the Turquality program with Duru and Arko brands. In addition, allowing it to have a say in the international arena, Turkey's 4th largest private port with Evyaport title also has the hands. Evyap pays attention to use natural resources more efficiently with its innovative works and investments. Furthermore, thanks to its powerful R & D Center, it conducts research and development activities in the field of consumer products focused on personal cleaning and care. With more than 3.000 employees it is to maintain its place among Turkey's top 100 industrial companies. In addition, the company is engaged in contract manufacturing for the world's leading companies (www.evyap.com.tr, www.linkedin.com, Access date: 27.07.2019). The markets where the company is strong is shown Figure 6 below:



Figure 6 : Markets Evyap Company is Strong At

Source: Markets Evyap Company is Strong At (<http://en.evyap.com.tr/about-us/international-structure/>, Access date: 19.09.2019).

Biobellinda Cosmetics: It is a family company founded by Süheyla & Hüseyin Kullelmi. As of 2005, the company built its production and sales policy on the marketing organization and established the BioBellinda brand. The company employs approximately 51-200 people. BioBellinda manufactures natural and concentrated products that are sensitive to human and environmental health (www.biobellinda.com.tr, www.linkedin.com, Access date: 27.07.2019).

Gülsha Cosmetics: The company belongs to a group of companies operating in the textile field since 1932 by the Gürkan family and exporting to more than 25 countries. The company started its business by exporting rose water first. Since its establishment, Gülsha has provided raw materials to the world's leading perfume manufacturers and has extensive experience in this field. Today, Gülsha has a modern factory equipped with Tournaire devices with a total processing capacity of 1.500 tons of roses. The company employs approximately 11-50 people (www.gulsha.com.tr, www.linkedin.com, Access date: 27.07.2019).

Selen Cosmetics: Selen Cosmetics was established in 1997 to introduce innovative personal care products to Turkish consumers and to offer quality products in line with the needs of consumers in the market. The company has aimed to add value to the cosmetic industry in Turkey with importer identification and represent the

Turkish cosmetics sector successfully in the international arena. Selen Cosmetics, which started its activities in the field of production and branding in 2013, aims to become a brand that competes with world brands by conducting regular market research with different and innovative products and marketing activities with Urban Care brand (www.selenkozmetik.com, Access date: 27.07.2019). The company employs approximately 11-50 people. Company owner Selen Yorgun mentioned in an interview that they are a company that opened to 16 countries in 1,5 years. They operate in Far East and Europe (www.dunya.com, www.linkedin.com, Access date: 27.07.2019).

Leose Cosmetics: Leose Cosmetics was established in 2019 in Ankara. The production center of the company is located in İstanbul / Silivri. The company employs approximately 1-10 people. The company produces various hair care products (hair dye, hair spray, hair mask, shampoo, etc.) under the Blackline brand. It exports these products to various countries, and this occupies a big place in the sales of the company. The countries that the company exports to are Romania, Macedonia, Serbia, Montenegro, Bosnia and Herzegovina, Albania, Croatia, Kosovo, USA, Azerbaijan, Iranian, Iraq, Russia and Poland (www.leosecosmetics.com, Access date: 27.07.2019).

The following Table 11 is prepared based on the company data, general information about companies mentioned in the scope. This data shows the companies' foundation year and location, number of employees, product types, countries which the companies export.

Table 11 : General Information about 20 Cosmetics Company Based in Turkey

COMPANY NAME	FOUNDATION YEAR AND LOCATION	NUMBER OF EMPLOYEES	PRODUCT TYPES	EXPORT COUNTRIES
Eyüp Sabri Tuncer	1923 - İstanbul	51-200	Perfume, hair care, skin care	Besides the EU market, Thailand, Iraq, Dubai, Saudi Arabia, South Korea, and the USA (7 continents)
Evyap	1927 - Erzurum	1001-5000	Skin care, hair care, perfume	more than 100 countries
Gülsha Cosmetics	1932 - Isparta (İstanbul)	11-50	Skin care, Perfume	more than 25 countries
Pinkar Cosmetics	1938 - İstanbul	51-200	Perfume, hair care, skin cares, colored cosmetics.	Turkish Republics, Iran
Dalan Cosmetics	1941 - İzmir	501-1000	Hair care, skin care	over 100 countries on five continents
Farmasi Cosmetics	1950's - İstanbul	1001-5000	Colored cosmetics, perfume, skin care, hair care, special purposes	More than 120 countries
Hunca Cosmetics	1957 - İstanbul	201-500	Skin care, hair care, perfume	Middle East, Asia, Eastern Europe, Africa and Russia
Flormar Cosmetics	1970 - İstanbul	1001-5000	Colored cosmetics, skin cares, perfumes	110 countries around the world including Sweden, Denmark, United Kingdom, France, the disbanded parts of the former SSBC, Ukraine, Iran, Iraq, the Middle East

Kopaş Cosmetics	1974 - İstanbul	501-1000	Perfume, skin care, hair products.	More than 20 countries, United States, United Kingdom
New Well Cosmetics	1980's - İstanbul	51-200	Colored cosmetic, skin care, hair care	European, Asian and Middle East Arabian Peninsula countries
Erkul Cosmetics	1983 - İstanbul	501-1000	Colored cosmetics	more than 90 countries on 5 continents including Europe, CIS countries (Azerbaijan, Belarus, Armenia, Kazakhstan, Kyrgyzstan, Moldova, Uzbekistan, Russia, and Tajikistan), Balkans, Middle East, North Africa, and America.
Özsoy Cosmetics	1987 – İzmir	201-500	Perfumes, colored cosmetics, special purposes	15 countries including Azerbaijan, Libya, Iran, Iraq and Russia

Ezel Cosmetics	1990 - Sivas - 2006	175-250	Hair care, skin care	more than 25 countries on 5 continents including Europe, Middle East, Far East, Africa, and America.
Neva Cosmetics	1991 - İstanbul	51-200	Hair care	South America, Middle East, Europe, Africa, Russia, Azerbaijan and Iraq
Odak Cosmetics	1995 – İstanbul	501-1000	Colored cosmetics, perfumes	Middle East, Russia, Azerbaijan and USA
Selen Cosmetics	1997 – İstanbul	11-50	Hair care	Far East and Europe (16 countries)
Sora Cosmetics	2000 - İstanbul	201-500	Hair care, skin care, perfume	more than 70 countries on 5 continents

Biobellinda Cosmetics	2005 - İstanbul - 2015	51-200	Skin care, hair care, perfume, special purposes	Germany, Belgium, France, Denmark, Netherlands, Switzerland, Austria
Rosense	2005 - Isparta	5001-10000	Skin care, hair care, perfume, special purposes	Austria, Canada, Denmark, Cyprus, Germany, Japan, Taiwan, Jordan, Libya, Saudi Arabia, Taiwan, United Kingdom
Leose Cosmetics	2019 - Ankara	1-10	Hair care	Romania, Macedonia, Serbia, Montenegro, Bosnia and Herzegovina, Albania, Croatia, Kosovo, USA, Azerbaijan, Iranian, Iraq, Russia, Poland

Diverse information about some of Turkey-based international cosmetic firms are seen in Table 11. Of the 20 companies, 13 companies in İstanbul, 2 companies in İzmir, 2 companies in Isparta, 1 company in Ankara, 1 company in Sivas and 1 company in Erzurum, are operating. The majority (65%) of these 20 companies are in İstanbul.

There are several criteria for classifying businesses in terms of size. These criteria include number of employees, annual net sales amounts or financial balance status. According to these criteria, companies are divided into 4 as micro enterprise, small enterprise, medium enterprise and large enterprise. If we elaborate on these (Bayram, K k am & Alexander, 2017: 139):

- Micro businesses with a number of employees less than 10 (net annual sales revenue or any of their financial balance, less than one million TL)
- Small businesses with fewer than 50 employees (either net annual revenue or any of its financial statements, less than eight million TL),
- Medium-sized enterprises with fewer than 250 employees (either annual net sales revenue or any financial balance sheet, less than forty million TL),
- Enterprises with more than 250 employees (either net sales revenue or any of their financial balance, more than forty million TL) are classified as large enterprises.

In addition, according to OECD, SMEs are divided into micro enterprises (less than 10 employees), small enterprises (10 to 49 employees), medium enterprises (50 to 249 employees) and large enterprises (250 employees or more) (data.oecd.org, Access Date: 19.09.2019). Based on this information, only one of the companies is classified as micro-size; two of them are small-sized; six of them are medium-sized and eleven of them are large-sized (Table 12).

Table 12 : Companies Size by Number of Employees

SIZE OF COMPANIES	COMPANIES
Micro Size	Leose Cosmetics
Small Size	Gülsha Cosmetics
	Selen Cosmetics
Medium Size	Eyüp Sabri Tuncer
	Pinkar Cosmetics
	New Well Cosmetics
	Ezel Cosmetics
	Neva Cosmetics
	Biobellinda Cosmetics
Large Size	Evyap
	Dalan Cosmetics
	Farmasi Cosmetics
	Hunca Cosmetics
	Flormar Cosmetics
	Kopaş Cosmetics
	Erkul Cosmetics
	Özsoy Cosmetics
	Odak Cosmetics
	Sora Cosmetics
	Rosense

5% of these companies in the sample are micro-scale, 10% are small-scale, 30% are medium-scale and 55% are large-scale enterprises. That is, more than half of the companies are composed of large-scale firms (Figure 7).

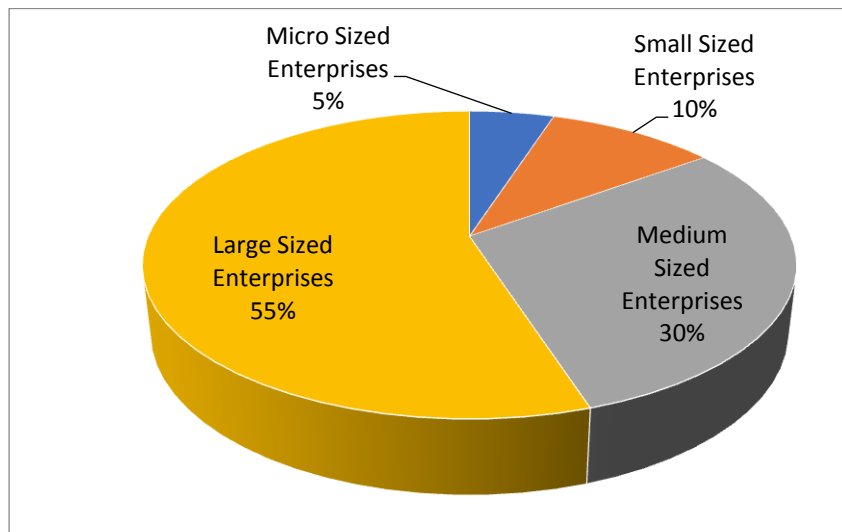


Figure 7 : Distribution of Companies in the Sample according to their Scale

The firms covered in the study are separated according to the number of product groups they produce in below Figures (8.1, 8.2, 8.3, 8.4 and 8.5). Only 4 companies (Erkul Cosmetics, Leose Cosmetics, Selen Cosmetics and Neva Cosmetics) produce just one product group. Erkul Cosmetics produces just colored cosmetics products. Leose Cosmetics, Selen Cosmetics and Neva Cosmetics produce just hair care products (Figure 8).

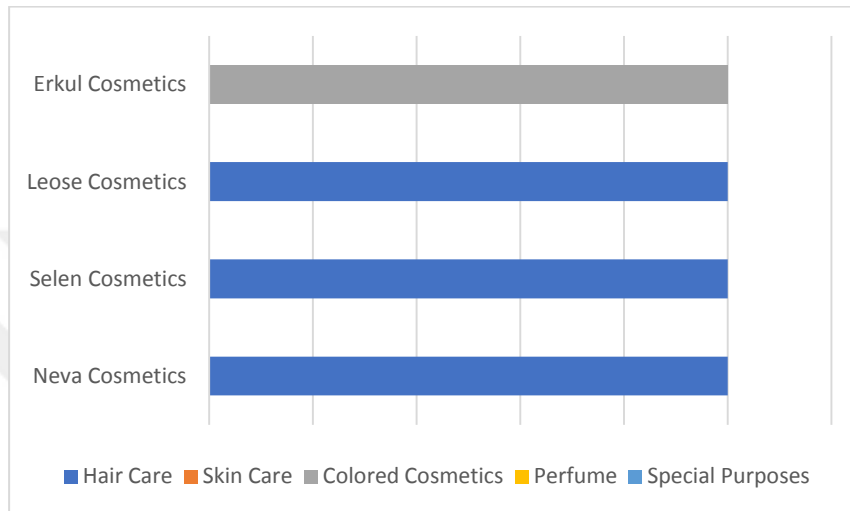


Figure 8 : Companies Producing 1 Product Group

Four companies (Ezel Cosmetics, Dalan Cosmetics, Gülsha Cosmetics, Odak Cosmetics) produce 2 product groups. Ezel Cosmetics and Dalan Cosmetics produce hair care and skin care products. Gülsha Cosmetics produces skin care products and perfume. Odak Cosmetics produces perfume and colored cosmetics products. (Figure 9)

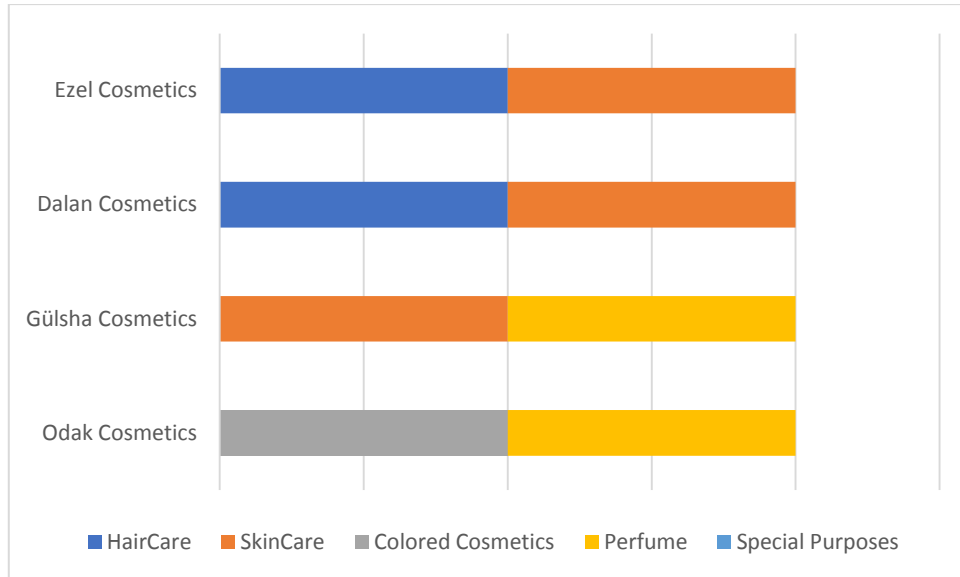


Figure 9 : Companies Producing 2 Product Group

Eight companies (Evyap, New Well Cosmetics, Sora Cosmetics, Hunca Cosmetics, Kopaş Cosmetics, Eyüp Sabri Tuncer, Özsoy Cosmetics and Flormar) produce 3 product groups. Evyap, Sora Cosmetics, Hunca Cosmetics, Kopaş Cosmetics and Eyüp Sabri Tuncer produce hair care, skin care and perfume products. New Well Cosmetics produces hair care, skin care and colored cosmetics products. Özsoy Cosmetics produces colored cosmetics, perfume and special purposes products. And Flormar produces skin care, perfume and colored cosmetics products (Figure 10).

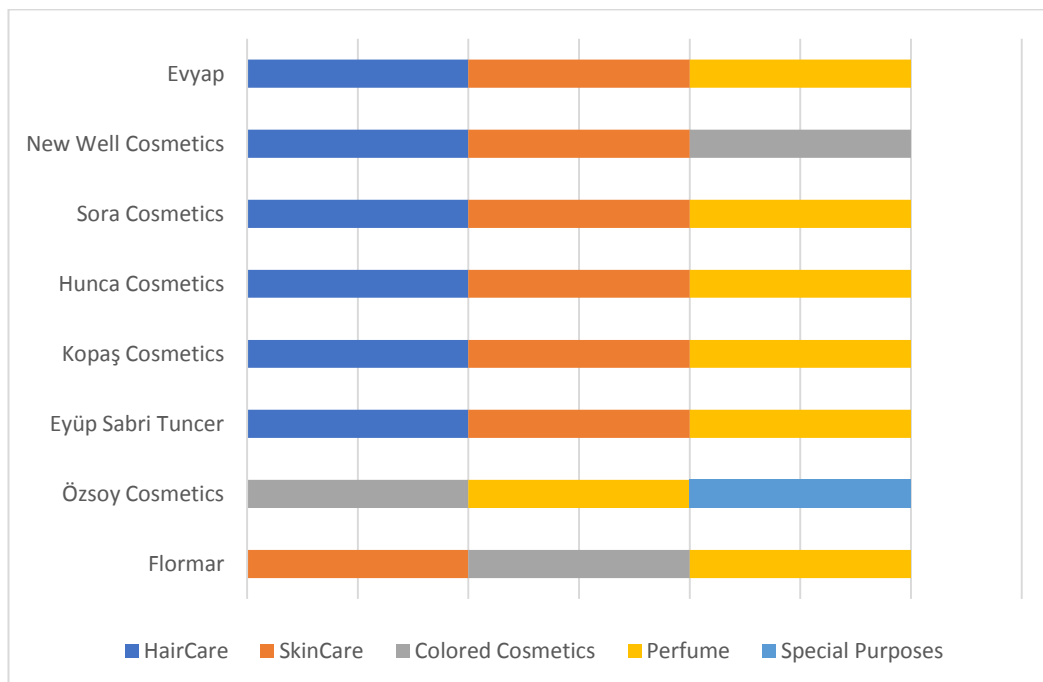


Figure 10 : Companies Producing 3 Product Group

Three companies (Biobellinda, Rosense and Pinkar Cosmetics) produce 4 product groups. While Biobellinda and Rosense are producing hair care, skin care, perfume and special purposes products; Pinkar Cosmetics produces hair care, skin care, perfume and colored cosmetics (Figure 11).

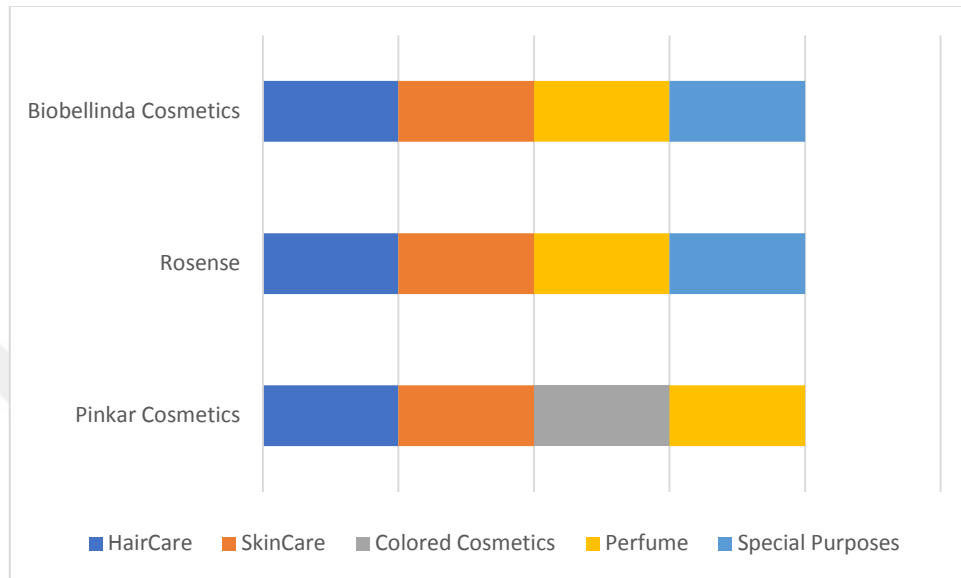


Figure 11 : Companies Producing 4 Product Group

Only one company (Farmasi) produces all 5 product groups (Hair care, Skin care, Colored Cosmetics, Perfume and Special purposes (Figure 12).

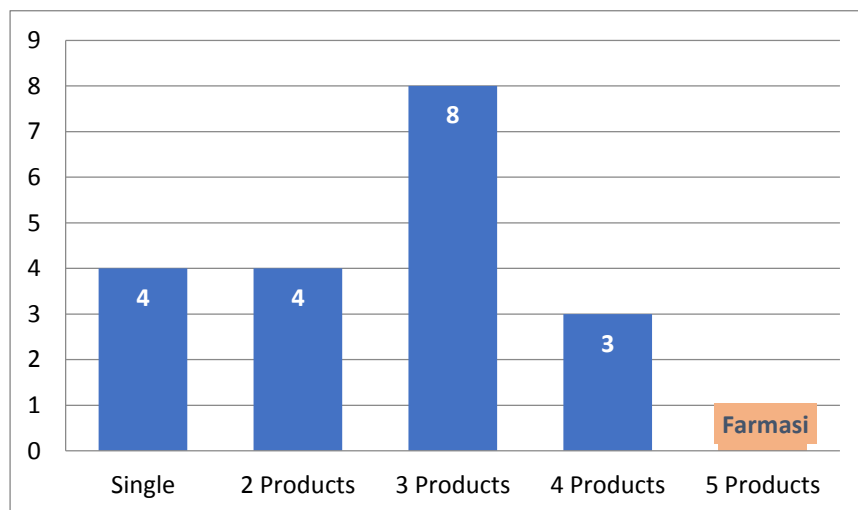


Figure 12 : Companies Producing 5 Product Group

According to the figures (8.1, 8.2, 8.3, 8.4, 8.5) drawn above generally 3 product groups are produced by the companies within the sample. 4 companies produce single product group and 4 of the companies produce 2 product groups. 8 companies produce 3 product groups. 3 companies produce 4 product groups. Just 1 company produce 5 product groups. According to the 5 product groups produced (hair care products, skin care products, colored cosmetic products, perfumes and special purpose products), the most produced product group is hair care (15 of these 20 companies produce hair care products), 13 companies produce skin care products, 6 companies produce colored cosmetics, 12 companies produce parfum and the least produced product group is special purposes (4 companies produce special purpose products). In other words, 75% of these 20 companies produce hair care products, 65% skin care products, 60% parfum, 30% color cosmetics and 20% special purpose products.

4.4. Internationalization Methods of Cosmetics Companies

The following Table 13, which is prepared on the basis of company data, shows the strategies of companies for international markets entry:

Table 13 : Internationalization Strategies of 20 Turkish Cosmetics Companies

Company	Export-Based Strategies	Collaborative Arrangements						Foreign Direct Investment
	Export	Licensing	Franchising	Contract Manufacturing	Management Contracts	Joint Venture	Consortium	FDI
Flormar	X							X
Pinkar Cosmetics	X							
Özsoy Cosmetics	X							
Farmasi Cosmetics	X							
Erkul Cosmetics	X							
Eyüp Sabri Tuncer	X							
Dalan Cosmetics	X							
Ezel Cosmetics	X							
Kopaş Cosmetics	X							
Rosense	X							

Company	Export-Based Strategies	Collaborative Arrangements						Foreign Direct Investment
	Export	Licensing	Franchising	Contract Manufacturing	Management Contracts	Joint Venture	Consortium	FDI
Neva Cosmetics	X							
Odak Cosmetics	X							
Hunca Cosmetics	X			X				
Sora Cosmetics	X							
New Well Cosmetics	X		X					
Evyap	X			X				X
Biobellinda Cosmetics	X							
Gülsha Cosmetics	X							
Selen Cosmetics	X							
Leose Cosmetics	X							
TOTAL	20		1	2				2

Export-Based Strategies:

As can be seen from Table 13 above, all of the 20 companies are exporting. Companies export to many countries and continents. Furthermore, Leose company can be defined as *born-global*, since it was founded in 2019 and started to export immediately. According to İstanbul Minerals and Metals Exporters Association (İMMİB), most of the companies are engaged in direct exports.

In order to understand the reasons for exporting of cosmetics companies, an interview was conducted with Tutku Foreign Trade and Cosmetics Company. The company was established in 1993 in İstanbul and it registered LAPİTAK trademark on 5 October 1995 and has started to produce an effective foot care cream. Lapitak Foot Care Cream has been selected by choosing from a large number of tested formulas. It was produced in November 2002 with the permission of the Ministry of Health. The special formula effective in foot care was explained at the fairs in which it participated in many countries; in medical congresses, symposiums, and events, physicians were informed about the product. After 10 years of its establishment, the company started to operate abroad after about 10 years. The company has export a wide range of countries, including Saudi Arabia, Iraq, Morocco, Kosovo, Turkish Republic of Northern Cyprus, USA, Netherlands, Greece, Bosnia and Herzegovina, Bulgaria, Israel, Lebanon, Libya, Algeria, Australia, Kuwait, Bahrain, Azerbaijan, United Arab Emirates. However, the company does not have direct investments in any country, although it exports many countries. Considering that the most important investment is human, the company continues its activities within the framework of correct working principles without compromising its quality. They were entitled to the “Most Trusted Brand” award given by the Consumer Academy with their company policies in line with business ethics and the product range they expanded based on human health. Besides the satisfaction of the users, it is very valuable for the company to recommend the product by doctors and pharmacists. In addition to being among the pioneering and exemplary organizations in the sector, it also continues its efforts to become the preferred company by entering among the few companies abroad. The goal of the company is to announce

Lapitak products in Foot Care Series manufactured in Turkey to anyone in need of foot care domestically and abroad, and to become a world brand.

As a result of the conclusions reached in the light of the data obtained from the interview conducted with “Tutku Dış Ticaret ve Kozmetik Ltd. Şti.”, it was determined that the company was directed to a single product under the Lapitak brand and limited its products to the cream. The firm does not use any internationalization strategy other than export, which is attributed to the fact that investing is a very demanding and costly situation as explained in the literature. The difficulty of finding foreign business partners is also mentioned. However, on the other hand, the company is willing to invest abroad and therefore is in search of various partners. According to the company representative the most important criteria in this sector is quality and benefit because it produces cream from the group of health care skin care products in the cosmetic sector. As a result, although the company has been operating in the market for approximately 25 years, it uses export method which is the first and fundamental stage of internationalization strategies.

Other Internationalization Strategies:

At the same time, only 1 of the companies (New Well) is doing franchising, 2 of them (Evyap and Hunca) are engaged in contract manufacturing, and 2 of them (Evyap and Flormar) have done foreign direct investment. In the light of these data, it is seen that other internationalization methods (licensing, management contracts, consortium) are not applied by cosmetic companies at all.

Evyap, Flormar and New Well companies have used other internationalization strategies besides exports. Evyap company uses foreign direct investment (FDI) and contract manufacturing strategy. Flormar company uses foreign direct investment (FDI). New Well company uses franchising strategy. In Table 14 below, companies using other strategies together with exports are shown together. In addition, companies’ name, their foundation year, establishment location, number of employees, product types, export countries and production companies of these companies are given in the table. When Table 14 is analyzed, the

internationalization strategies of the four companies mentioned below are different from each other. Furthermore, when the number of employees is examined, it is seen that two of these three companies are large-sized and one is medium-sized. In addition, it was found that these four companies have products in the skin care group as a common feature; and these four companies operate in both Asia and Europe.



Table 14 : Companies Using Other Strategies Along with Export

COMPANY	INTERNATIONALIZATION STRATEGY	NUMBER OF EMPLOYEES	PRODUCT TYPES	EXPORT COUNTRIES	OPERATING CONTINENTS	PRODUCTION COUNTRIES
Evyap	FDI, Contract Manufacturing	1001-5000	Skin care, hair care, perfume	Russia, Ukraine, Belarus, Romania, Poland, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Albania, Moldova (more than 100 countries)	Asia Europe Africa	Turkey, Malaysia, Egypt
Flormar	Joint Venture	1001-5000	Colored cosmetics, skin cares, perfumes	110 countries around the world including Sweden, Denmark, United Kingdom, France, the disbanded parts of the former SSBC, Ukraine, Iran, Iraq, the Middle East	7 continents	
Hunca	Contract Manufacturing	201-500	Skin care, hair care,	Middle East, Asia, Eastern	Europe Asia	

			perfume	Europe, Africa and Russia	Africa	
New Well	Franchising	51-200	Colored cosmetics, skin care, hair care	European, Asian and Middle East Arabian Peninsula countries	Europe Asia	

Evyap company is a leader position in beauty soap, skin care products, shaving preparations and after-shave category in Turkey. Abroad in the soap category; company has Duru, Fax and Arko brands. With these brands the company exports to Russia, Ukraine, Belarus, Romania, Poland, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Albania, Moldova and is among the top 2 in many markets. In the shaving preparation category, with the Arko brand, it is active in a wide geography ranging from Russia, Ukraine and Central Asia to the Middle East. Sanino is also the most preferred brand in the toothpaste market in Ukraine (www.evyap.com.tr, Access date: 19.09.2019).

Evyap is one of the companies which invested abroad. The company has production facilities in 3 countries. These are Turkey, Malaysia and Egypt. The features of these facilities are as follows:

- The total area of the production facility in Tuzla is 322.706 square meters and the closed area is 180,641 square meters.
- The total area of the production facility in Malaysia is 225.000 square meters. In addition, the total product capacity is 350.000 tons per year (Fatty Acids: 175.000 tons / year, Soap: 150.000 tons / year, Glycerin: 25.000 tons / year).
- The total production area in Egypt is 60.000 square meters and the closed area is 33.000 square meters. In addition, the total product capacity is 200.000 tons / year (Soap: 45.000 tons / year).

As it is stated in the company's website and by the company's authorized representatives, **Evyap** company, has an important place in terms of sales amount both in Turkey market and in terms of exports to the world.

“Performing an important part of Turkey's exports soap and personal care products, Evyap name is delivered to more than 100 countries. In addition to the world's largest oleochemical plant established in Malaysia as well, including Turkey and Egypt, it is produced in 3 different countries worldwide system compatible with European standards.” (www.evyap.com.tr).

“From a small family business, I witnessed it becoming a world giant. Technological progress reflected in our way of doing business, we could not

fit in Turkey as a result of growth; we went to Egypt and Malaysia and started production there.” (Şehriban Cakobalı; Evyap World, www.evyap.com.tr).

“Evyap company that is the leader of Turkey's soap and personal care products' export is among the top 100 Turkish industrial companies and is growing day by day. We are step by step closer to our goal of becoming an international Turkish company. With our Malaysian facilities, we will become one of the most important personal care companies in Southeast Asia in the next 5 years. As Evyap, we carry our father's profession, which we have been successfully maintaining for 85 years, to the other end of the world.” (Evyap Chairman of the Board M.Fethi Evyap; www.haberler.com).

Initially, the company invested in Egypt:

“Evyap, which started operations in 2001, entered the African market with Egypt and succeeded.” (Marketing R & D Group President Mustafa Arın; www.haberler.com).

“The company started production in Egypt in 2002.” (<http://www.gazetevatan.com>).

“Evyap established a factory in Alexandria, Egypt in 2002 and started producing soap and cosmetics.” (<http://www.erzurumgazetesi.com.tr>).

Later it was announced that the company also invested in Malaysia:

“Evyap has a factory in Egypt. It is currently building a factory in Malaysia with an investment of 130 million dollar.” (<http://www.patronlardunyasi.com>).

“We are building a palm oil and soap factory in Malaysia.” (Fethi Evyap; emlakkulisi.com).

“Evyap, known for its brands such as Duru, Arko and Evy Baby, is building an oleochemistry facility in Malaysia. The plant, which is planned to start production in early 2014, will be the world's largest oleochemistry facility under one roof. 130 million dollar investment will be made for the factory to be built in Jahor, 50 kilometers from Singapore.” (<http://www.dunya.com>).

The reason for choosing Malaysia is due to access to cheap resources:

“As a result of the competition in recent years, Evyap started to be positioned closer to cheap raw material sources and new markets in accordance with its vision and also to be structured in Malaysia as a result of the decision to switch from neutral soap production technology to oleochemistry technology. Evyap as well as the soap's facilities in Turkey, there are activities in 2002 in Egypt last manufacturing plant.” (Fulya Bıçak Muştı, Evyap CIO; <http://www.cio.com.tr>).

“Currently, the factory in Malaysia has 100% capacity utilization.” (Mehmed Evyap; <http://www.tpf.com.tr>).

In addition to cheap resources; infrastructure, logistics and business partners are also stated as important for the company’s international location decision:

“We chose Malaysia as the base in Southeast Asia because of its strong industrial infrastructure, logistic advantages and the availability of suitable business partners. The reason we are in Malaysia today is the source of soap raw material in this geography. They provide convenience to investors. This is where we chose to open up to the international oleochemistry sector. We are happy to be in Malaysia. One of the soap raw materials, 8 raw materials will be produced. Others will be sold in the free market.” (Evyap Chairman M.Fethi Evyap; <http://www.sondakika.com>).

Another company which is engaged in Foreign Direct Investment is **Flormar**. French Yves Rocher Company acquired Flormar’s shares, which is considered as a foreign direct investment:

“In 2012, a majority stake in Flormar was transferred to Groupe Rocher, a family-run business for three generations.” (www.flormar.com.tr).

Yves Rocher Group acquired 51% of the Turkish cosmetics company Flormar. Flormar will be managed by the current management after the acquisition.

“Flormar was considered an investment opportunity by the Yves Rocher Group” (<http://www.marketingturkiye.com.tr>). “As a cosmetic brand, Flormar completes the brands of the Yves Rocher Group. Considering both the international recognition of its brands and the diversity and success of product marketing methods, we believe that the Yves Rocher Group is a very strategic partner for Flormar in every respect.” (<http://t24.com.tr>; <http://www.istekobi.com.tr>).

“In 2012, 51% of Flormar was bought by French Yves Rocher. Even though it has acquired majority shares of the company, Yves Rocher, which leaves the management to Flormar's second generation representative Alp Şenbay and Cem Şenbay, is represented by three people on the board.” (<http://www.ekonomist.com.tr>).

Apart from foreign direct investment, **Evyap** uses another internationalization strategy which is contract manufacturing:

“With more than 3.000 employees Evyapan preserves its place among Turkey's top 100 industrial companies, it also makes contract manufacturing for the world's leading companies.” (www.evyap.com.tr).

“Evyap Contract Manufacturing and Private Label Unit has wide variety products over bar soap, baby diaper, shaving gel and foam, deodorant, hand and body cream, toothpaste, liquids (Cologne, liquid soap, shower gel, shampoo) categories. Manufactured with state of art design production technologies, Contract Manufacturing and Private Label products originate from 3 manufacturing plants in Turkey, Egypt and Malaysia and meet millions of consumers in over 127 countries.” (www.evyapcm.com).

Hunca company is also engaged in contract manufacturing for companies in other countries:

“In addition to produce the products of Hunca's own brands in the company's production facility, private label or subcontracting is also available for many national and international companies.” (www.hunca.com.tr).

“In the branding process that started with Hunca Balsam, the company grew with brands such as Jagler, Caldion and She; two years ago, began to produce private label products for overseas” (Hunca Chairman of the Board Tuncer Hunca; www.ekonomist.com.tr).

On the other hand, **New Well Company** uses franchising method.

“With more than 35 years of experience in the sector, make-up cosmetics, with the brand New Well in the field of colored cosmetics and hair care products, proving itself in the domestic and international wholesale and then began to store with Franchise network.” (www.newwell.com.tr).

CHAPTER V

CONCLUSION AND DISCUSSION

With the globalization of the world day by day, various changes take place both in economic, political and cultural terms. With these changes, countries and businesses want to gain more shares in world trade. As a result of this, countries and businesses want to be active not only in their own countries but also in foreign countries and thus to increase their earnings, to introduce their brands to the world and so on. For these reasons, the internationalization of firms has become inevitable. An internationalizing company obtains competitiveness in foreign markets and provides its own advantages with this competitive advantage.

Internationalization methods of firms are mentioned in the academic literature. When the literature is examined, it is seen that the methods of entry to international markets are basically divided into three categories. These are exports, collaborative arrangements and foreign direct investment. The above-mentioned methods are further divided into various forms. Exports within itself are classified as direct and indirect. Collaborative arrangements are classified into 7 as licensing, franchising, contract manufacturing, management contracts, joint venture, consortium, turnkey projects and build-operate-transfer. Foreign direct investment is classified as brownfield and greenfield. Each of these methods has its own advantages and disadvantages. While exports has a relatively low risk and therefore low yield expectation, foreign direct investment has a relatively high risk and therefore high yield expectation.

When the literature is examined, it is seen that various studies have been done about internationalization. These studies are generally in the axis of internationalization process, degree of internationalization and methods of internationalization. In addition, both quantitative and qualitative methods are

used in the studies conducted on this subject. The basis of the quantitative methods was survey studies and the basis of qualitative methods was sometimes secondary data and sometimes in-depth interview method. It is seen that these studies are generally handled in terms of large scale enterprises or SMEs and it has been determined that they are examined in sectors such as food, textile and paint. Within this frame, it can be recognized that, although it is an important industry, studies about internationalization of cosmetics companies are limited.

The origins of cosmetics around the world date back to ancient times. Since ancient times, people have used various products for various reasons, sometimes to protect themselves from nature, sometimes to look better and smell better. In other words, they have benefited from their cosmetic products both physically and psychologically and they still do. Considering these reasons, the growth and development of the cosmetics sector over the years has been inevitable. Cosmetics market has a very big and important place in the world. Again, there are many cosmetic companies recognized worldwide. The fact that this sector is open to this development and has an important place in the world trade encourages the national cosmetic companies to open up to foreign markets. In other words, internationalization of cosmetic companies is becoming important in some way.

In literature review; it has been determined that many studies have been done in various fields related to cosmetic sector. These studies were conducted in the fields of chemistry, biology, agriculture, environmental engineering, food engineering, health, pharmacy, medicine, labor economics and industrial relations, communication, business administration. The majority of the studies conducted in the field of business administration related to the cosmetics sector constitute the studies in the field of marketing (i.e. Aydođan et al., 2008; Bařarır, 2009; Bobâlcă et al., 2012; Chi et al., 2009; Çabuk and Südař, 2013; Çelikten, 2014; Demirci and Demirci, 2013; Demirel, 2006; Dolatabadi et al. 2012; Ellialtı, 2009; Erduđan, 2013; Koçak, 2008; Korkmaz Devrani, 2009; Nezakati et al., 2013; Sünnetçiođlu, 2006; Villi and Kayabařı, 2013; Yeo et al., 2016). In addition, it has been determined that there are few studies about cosmetic sector in the fields of production management (i.e. řenocak, 2014) and management and strategy (i.e.

Göksel, 2009; Wang et al., 2004). In the studies conducted in the field of management in the cosmetic sector; Wang et al. (2004) focused on information management and Göksel (2009) focused on strategic management.

In this study; unlike other studies in the field of management, the focus is on the internationalization of cosmetics firms. Within the framework of this study, it is aimed to investigate the internationalization process of Turkey-based cosmetics companies. A qualitative research was conducted to examine internationalization methods. The findings and conclusions made within the scope of the study are summarized as follows.

All of the Turkey-based cosmetics firm within the sample, have been found to export which is the first phase of the internationalization process. One of these companies uses franchising method with export. Two companies use the contract manufacturing method together with the export method. Apart from these, two companies use the foreign direct investment method together with the export method.

As the reason why all companies prefer the export method among the internationalization methods, it can be shown that the use of export method is easier and less labor intensive than other methods. Because this method requires less knowledge and skills than other methods, the need for qualified labor force is low and therefore costs are much lower than other methods. Moreover, political and financial risk is low. In addition, the first investment costs in the export method are lower than in other methods. The cosmetics companies within the sample export to a wide range of countries; no differences were found among the companies in terms of their size and product groups. This indicates that there exists an important demand for these companies' products in foreign markets. Therefore, Turkey-based cosmetics companies can also use other methods except export, for the purpose of internationalization which provide higher than expected returns than exports. However, political and financial risk is higher in non-export methods and more knowledge, skills, experience and capital are needed. At this point, government support may be important to obtain the required funds. In

addition, both the decisions of the top executives of the enterprises and the human resources applications are important in recruiting the qualified workforce with the knowledge, skills and experience needed and providing training to the existing employees.

The franchising method, which is a type of collaborative arrangement, is a bit more costly and requires more information than the export method. One of the companies (New Well Cosmetics) within the sample uses this method because that this method is very important both in order to provide easier progress in business life and to acquire a brand in a short way. With this method, the company can provide access to markets that are difficult to reach or even to new markets. Using this method, especially in hard-to-reach places and in remote areas, ensures recognition and effort in those regions, ensuring that the target audience is properly served and the company makes a profit. In other words, it provides growth and increase in business volume. From another point of view, by providing dealerships, companies provide entry and development fees without costing new ventures and investments. On the other hand, the company earns a continuous income.

Contract manufacturing include that it does not require investment costs, ensures branding and protection of the brand, is able to gain market experience and does not carry price and production problems due to the standards set by the agreement. The companies (Evyap and Hunca) within the sample use contract manufacturing. This may be due to the fact that these firms are already long established and well-known companies in the world. Because they are old companies, these companies are specialized in their business and other companies may prefer these companies. Evyap and Hunca companies also acquire how-know from the manufacturing company.

On the other hand, two of the companies (Evyap and Flormar) within the sample use the riskiest method which is foreign direct investment as an internationalization method. Among these companies, Flormar represents the investment of foreign company in Turkey; whereas Evyap represents the

brownfield investment of a local company in foreign markets. The reason for the acquisition of the Flormar shares by the Yves Rocher Group can be said to be the recognition of Flormar's products in international markets and the diversity and success of product marketing methods. In addition, Evyap has been in the sector for a long time, being a large-scale company and being a globally recognized company with its products are also considered as some of the reasons for foreign direct investment. On the other hand, the investment of Evyap in Egypt and Malaysia is a greenfield investment and the main motivation for Evyap to invest in Egypt and Malaysia is cost reduction. In general, costs are important for each company, including cosmetic companies. In addition to the money that comes to mind when cost is mentioned; with the time spent, energy and effort gaining importance, the company is able to produce at a more affordable price by performing its production activities in the raw material market.

Besides these findings, the most important limitation of the study is, in spite of many cosmetics companies based in Turkey, it is quite difficult to reach all of them. Thus, the data obtained are limited. Therefore, in the scope of the research, documents of 20 companies were collected and various inferences were made based on these data. In addition, since the qualitative research method is used in this study, the generalizability of the study is low. This study examined the internationalization strategies of 20 cosmetics companies based in Turkey. The internationalization strategies used by the international cosmetics companies while they were making investment in Turkey and how these internationalization strategies were used by these international cosmetics companies can be identified in future studies. In addition, in future studies; the internationalization strategies used by the international cosmetics companies based in Turkey can be compared in themselves.

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APPENDIX

A: SOME STUDIES CONDUCTED IN TURKEY ABOUT INTERNATIONALIZATION

AUTHOR	METHOD	SAMPLE	CONDUCTED STUDIES
Arslan & Karan 2009	Quantitative	All the SMEs contained in analyses are based in Ankara, the capital city of Turkey.	The aim of study conducted by Arslan & Karan (2009) is attributable to the factors that cause a common market of local and international loans to SMEs in Turkey is to identify emerging risks. For this reason, this study assumes that cross-border sales, which lead to the internationalization of firms. In 2007, in parallel with economic expansion it has been studied for a total of 1,166 SMEs in Turkey. It was seen that different factors affect credit risk for two types of firms. The results for domestic firms show that there is a direct relationship between the likelihood of corporate default and commercial loans, corporate tax, financial expenses and net profit margin probability, but the relationship turns negative for gross profit margin. As a result, it is observed that informal transactions play an indirect role in increasing the credit risks of both local and international SMEs.
Bardakçı, 2004	Quantitative	In accordance with the definition of SMEs, in 2001, workplaces employing 9 + 1 workers in Denizli.	The study which is conducted by Bardakçı (2004) has two main objectives. The first aim is to investigate the validity of the criticisms for internationalization theories. The second aim is to reveal the level of internationalization of Denizli Manufacturing Industry in the light of current theories. In line with the definition of SME, the research was carried out by mid-level managers of Pamukkale University Faculty of Economics and Administrative Sciences in workplaces employing 9 + 1 workers in Denizli within the scope of Denizli Industrial Inventory project. The data of the study was compiled by questionnaire method.

			<p>According to the data obtained from the study, although the quantity of products exported from Denizli is high, it is concluded that instead of establishing agencies or agencies in the foreign market, the companies export indirectly. As a result, there is no support in this study for certain stages of internationalization theories available in the literature. The number of exporting firms in Denizli Turkey's borders with its neighbors is very small. According to exporters the most important markets in Europe, are the areas especially inhabited by Turkish citizens. Cost-based factors have come to the forefront as the causes of more permanent and participatory activities considered in foreign markets. Proximity to the market is followed by cost-driven factors. As the proximity to the market also means a decrease in transportation, it can be concluded that the main reason for the investments considered abroad is the costs.</p>
Bostrom, 2010	Qualitative	Two universities located in Ankara, Turkey	<p>The study, conducted by Bostrom (2010), deals with the spread of internationalization in Turkish higher education. Administrators in higher education institutions in Turkey are associated with specific international programs and student exchange programs through history, the study discusses the international innovation event. This article summarizes the spread of internationalization at two universities in Ankara. Triangulated data collection techniques were used for this study and a comparative case study was conducted. Also, the study in the global context of higher education institutions in Turkey emphasized the need for international interdependence and internationalization has synthesized a new concept based on the work of researchers who pioneered the concept of internationalization.</p>

Erdilek, 2008	Qualitative	8 Company (Koç Holding, Sabancı Holding, Haznedar Refrakter, Borova, Ener Holding, Oynurden Kimya, Emsas, Aksan Kalip)	The article written by Erdilek (2008) on the reasons for the surge of direct foreign direct investment in Turkey's recent intends to focus on company-specific level. The report focuses on the reasons about where, how, why Turkish multinational enterprises (MEB) invest abroad, and the differences between small and medium-sized enterprises (SMEs) and large enterprises. The case study approach, based on eight cases, is based on information from Foreign Direct Investment (FDI) theories as well as the Uppsala internationalization model. The case studies are based on on-site interviews with company executives. Although this article demonstrates the importance of different external direct investment drivers among the eight MNEs examined, the incremental and environmental quality of their internationalization complies with the brownfield FDI and the Uppsala model, mostly. This study demonstrates that although the different outward foreign direct investment (OFDI) drivers show significant differences between the eight MNEs studied, the incremental and environmental quality of their internationalization is mostly in line with the brownfield FDI and the Uppsala model. Although they initially preferred a majority-owned joint venture with local partners to minimize uncertainty and initiate costs, cope with bureaucratic barriers and access to technology, they eventually acquired full ownership of their foreign subsidiaries after consuming the first benefits from joint ventures. The case study approach limited the generalization of the findings.
Eren Erdoğan, Çobanoğlu,	Qualitative	4 companies which are among Turkey's 600	In the study conducted by Eren Erdoğan, Çobanoğlu, Yalçın & Ghauri (2010), it has been tried to understand the internationalization process of retail sales firms in developing markets and to determine a new focus or change in western based

Yalçın & Ghauri, 2010		largest firms and 100 biggest exporters (Export Promotion Center of Turkey in 2006)	theories. In this article, an exploratory approach using qualitative multi-case studies is followed. Necessary data were collected through eight in-depth interviews with senior executives of four retail companies in the textile and apparel sector. According to the results of the research; internal factors / factors, country characteristics and matcings have an impact on the internationalization of retail companies in developing countries. In addition, a model has been proposed to understand the internationalization of Turkish retail companies.
Esra Karadeniz & Göçer, 2007	Quantitative	471 owners/managers of SMEs in Turkey.	The study conducted by Karadeniz and Göçer (2007), compose of three variables which are: firm, environment and management. The purpose of this study is to investigate the factors which are underlying the internationalization of small to medium-sized enterprises (SMEs) and the most important factors and variables that associated with the process of internationalization of these companies in Turkey. The data for the analysis is collected from 471 owners/managers of SMEs in Turkey. The findings of This study shows that the ability to become an exporter is related to the age and size of the enterprise, the intensity of R & D, the growth rate of domestic markets and the export planning followed by SMEs.
Gülöksüz, 2009	Qualitative	Seven interviews with shareholders, ten interviews with construction company executives, and five interviews	In the study conducted by Gülöksüz (2009) is mentioned that the changes it has undergone in the 2000s of the largest construction company of Turkey's. And also, it is mentioned that the relationships between capital were examined on the basis of a field survey. The factual data presented in this study provided a few questions and problems. One of these questions is the role of the state in the internationalization of capital. According to the results of the qualitative analysis, which is great different level of integration with the international construction

		with officials of Turkey Construction Industry Employers' Union (İNTES), Turkey Contractors Association (TMB) and Turkey Building Contractors Employers Union (TİMSE)	market, small and medium-sized capital protection or liberalization of Turkey's market, with different demands in the selection policy as being at the forefront of technical and price criteria for scoring auctions have tried to show what they found. It is seen that the relatively large and internationalized capitals discussed in this paper sometimes form alliances and conflicts with each other and with smaller capitals before the state policies and regulations.
Günay, 2005	Qualitative	Totally 48 person. (Aegean Ready-Made Clothing and Apparel Exporters' Association - 19 person, Aegean Clothing Manufacturers Association - 17 person, Ege Textile	The study conducted by Günay (2005) was to aim of this study is to examine the strategies of entry into foreign markets and to discuss the results of these strategies which will affect the future of the industry. It was in İzmir and a pilot study. Qualitative research method was preferred as the research method and focus group studies were conducted as data collection method. Focus group activities were carried out in Aegean Ready-Made Clothing and Apparel Exporters' Association, Aegean Apparel Manufacturers' Association and Aegean Textile and Raw Material Exporters' Association in İzmir. There are approximately 200 enterprises active in exports under the Aegean Ready-made Clothing and Apparel Exporters' Association. Among these enterprises, the first 50 enterprises which have been

		<p>and Raw Materials Exporters' Association – 12 person)</p>	<p>exporting regularly for the last 5 years and exporting between 1-50 million dollars in export value have been selected for focus groups. Two focus groups including a total of 19 participants were conducted among the members of the Aegean Ready-Made Clothing and Apparel Exporters' Association. Two different focus groups were conducted with the members of the Board of Directors of the Aegean Clothing Industrialists Association. A total of 17 people participated in this focus group. A total of 5 focus group studies were conducted with all three organization members and the total number of participants was 48. All participants are university graduates, and each speaks at least one foreign language. The best-known foreign languages are German and English. Focus group studies lasted 1.5 hours on average and were conducted between April and May 2005. With focus group studies, it has been observed that exporters prefer to be industrial brands instead of being the final consumer brand and they avoid this process because being a brand requires time and effort. the enterprises in the industry should produce products that will provide a competitive advantage. In addition, companies should apply different marketing mix strategies to different target markets with their market segmentation strategy. In this way, businesses will have the chance to create profitable market segments while reducing the risks that may exist. Considering the fact that clothing and confection enterprises have been operating with low profit margins for years, developing strategic partnerships that will bring resources and efforts together is considered as the most appropriate strategy. As a result of this study, it is suggested that garment enterprises should take steps in almost every subject together and accept the idea of developing strategic</p>
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			partnerships in order to find new markets, to reveal niche markets, to create brand, to monitor and implement technological developments.
Karabağ, Tuncay-Çelikel & Berggren, 2011	Qualitative	In the two industries where Turkish R&D participation is low or non-existent it is focused on one MNE in each sector: AstraZeneca in the pharmaceutical sector, Ericsson in telecom network equipment.	In the article of Karabağ, Tuncay-Çelikel, & Berggren (2011), Turkey was used as an example, has consistently viewed the inequality of international R & D investments. It was analyzed opportunities and constraints for local initiatives in the telecommunications, pharmaceutical and automotive industries. As a result, it was founded that active private capital, an adequate production scale and focused public policies were necessary to attract international R & D. For production-oriented R & D, it can be said that MNEs' R & D investments can only be realized if it becomes an important production area in the country's global operations. The role of local partners has been demonstrated by comparison with Ford Otosan and Fiat Tofaş, Oyak Renault, Toyota and Hyundai Assan. Ford and Fiat chose to collaborate with local partners and invested in joint ventures that are increasingly expanding their engineering and development resources. In contrast, Renault, Toyota and Hyundai involved local actors to a lesser extent, and despite being a leading producer, Oyak Renault only recently and reluctantly invested in local R & D. International companies focused on market access by acquiring local firms to increase market penetration rather than investing in local joint ventures. Among the economists, the general supply side factors and macroeconomic conditions are seen as the determinants of attracting international investments in R & D to developing economies. However, given the differences between sectors, these countries need special innovation policies and initiatives based on the importance of local entrepreneur firms and investors, private inputs and public investments in

			supporting infrastructure.
Karafakioğlu, 1986	Quantitative	108 companies which have their headquarters in the Istanbul metropolitan area	The study by Karafakioğlu (1986) shows that the majority of Turkish manufacturers do not export due to different advantages, but because of external factors that are negative in nature, such as shrinking domestic demand and competitive pressures. This study was conducted to investigate the products of the company. The study also collected data on export marketing policies, organization and planning activities of Turkish firms relatively new in this area. The major driving force for the start of Turkey's exports has been determined that a change in economic conditions of the inner negative qualities. For collecting data among the 405 member exporter companies registered to the Istanbul Chamber of Commerce, 201 companies were selected systematically. A questionnaire was sent to these companies and each was asked questions to investigate the reasons for entry into export, current problems and export marketing policies. 108 companies answered the survey. In this study, exporters were classified according to annual exports, relative company size and sectors. A cross-sectional analysis was conducted to determine whether there are differences between these groups in terms of marketing policies followed and planning activities and organization.
Kaya & Erden, 2008	Quantitative	94 Turkish manufacturing companies (TMF) with subsidiaries in 28 different countries.	The aim of the study which is conducted by Kaya & Erden (2008) is to investigate the capabilities and characteristics of Turkish manufacturing firms engaged in outward foreign direct investment. For this purpose, it aims to explore how the capacities of these firms vary according to exemplary characteristics such as participation age, size, sector, host country location, ownership type and mode of market entry. The data were collected through a cross-sectional survey from 94

			<p>Turkish manufacturing companies (TMF) with subsidiaries in 28 different countries. Both univariate and multivariate tests were used in the analysis of the data. For this purpose, it aims to investigate how the capacities of these firms vary according to sample characteristics such as age of participation, size, sector, host country position, type of ownership and type of market entry. The findings show that sample firms have strong company-specific capabilities when they begin to expand their business through foreign direct investment (FDI). Company-specific capabilities were grouped into four categories: operation, product, marketing and management. Although the capabilities of sample firms vary moderately according to their age and size, and in the market entry mode to a limited extent, no significant differences were observed in terms of industry, host country position and ownership type.</p>
Kaya, 2005	Qualitative	Turkish FDI Firms	<p>This paper, written by Kaya (2005), identifies the need for research and calls for the examination, evaluation and appraisal of the internationalization of Turkish firms through international direct foreign investment (FDI). It reviews the participation of FDI in a global area and forms the background of the FDI activities of Turkish firms. Subsequently, the article increased the need for a survey of Turkish firms' participation in FDI and proposed a series of research on the subject.</p>
Kunday & Şengüler, 2015	Quantitative	The sample of this study consists of 121, 974 individuals from 81 different countries	<p>According to Kunday & Şengüler (2015), the issue of internationalization of SMEs has been mostly researched in the marketing literature and there is a deficiency in the Management and Organization literature. The aim of this study is to examine the entrepreneurial skills of the entrepreneur who founded the SME, the reason why the entrepreneur started a business, the innovation of the company and the</p>

		<p>that have participated in the GEM data collection process throughout the years 2001-2013.</p>	<p>relationship between these factors and the internationalization of the companies. In addition, the study's aim was to reveal the moderate role of the reason of operations in the export orientation of SMEs. The sample of the research consists of entrepreneurs who were reached through Global Entrepreneurship Monitoring (GEM) study in 80 countries between 2000-2012. A hierarchical regression model was used to test hypotheses at the macro level, including data from each country. Several studies have shown that the reason for the operation affects export orientation but testing the role of the moderator is a new contribution to this study. Many factors, including knowledge, attitudes of senior executives and business skills, influence the internationalization of firms. One meaning of this research is that innovation is an important factor that increases the export orientation of SMEs. Another result is that lack of the necessary business skills is a factor that negatively affects the level of internationalization of SMEs.</p>
Şahin & Mert, 2014	Quantitative	<p>19 large Turkish business group which takes place in the investigation that is prepared by Kadir Has University, KPMG Turkey, DEIK and the Vale Columbia Center on issued</p>	<p>The purpose of the study, conducted by Mert & Şahin (2014), is to examine the impact of internationalization of the business groups in Turkey on motivation and entry strategy. The study reevaluates internationalization theories from the perspective of developing countries and business groups. The scope of the study consists of 19 Turkish business groups. According to the findings of the research; use and research strategy of business groups' assets is more internationalized and demonstrates learning-based strategic behavior. Foreign investments in Turkey depends on the business group said to be more consistent with Mathews' paradigm which is described as LLL (linkage, leverage, and learning) as the opposite of Dunning's OLI paradigm. A large part (74.5%) of the affiliates that make up the</p>

		on January 31, 2011, with the name of "Turkish Multinationals Steady on Their Co. Despite Crisis, Survey Find".	sample of the study consists of foreign investments made at the level of "full ownership" strategy. Joint venture and other types of partnerships are very few. This study has one of the most important theoretical and perhaps practical contributions; It shows that business groups act with the motivation to use and research assets.
Üner, Koçak, Çavuşgil & Çavuşgil, 2013	Quantitative	There are 2540 small and medium sized firms. 2159 usable responses out of 2450 representing a response rate of 88 percent.	The study conducted by Üner, Koçak, Çavuşgil, & Çavuşgil (2013), examines whether the barriers to exportation in the world make a difference for the internationalization stages. Also related to this issue has been concentrating on developing market in Turkey. Although the literature on export barriers has expanded, it has not been addressed whether these barriers make a difference between firms. Similarly, barriers to exports are thought to have changed at different stages of internationalization. Therefore, this study examines this issue. Turkey is an emerging market that offers an opportunity to study the stability of previous findings quickly to emerging economies. In this context, an empirical study was conducted in this article. According to the results of the research, it was found that perceived barriers differ mainly for firms in the internal marketing stage, pre-export stages and global firms in the world.
Uray, Vardar & Nacar, 2012	Qualitative & Quantitative	13 top executives	The study of Uray, Vardar, & Nacar (2012) conducted with large size and leading Turkish MNCs and is an original endeavor to determine and clarify OFDI motives of Turkish MNCs with a micro perspective with special emphasis on marketing-related OFDI motives of EMNCs. This study based on in-depth interview. As a

			<p>result of the qualitative research, for EMNCs of micro variables, in particular it has been found to be more important than the macro variables for Turkey MNCs and therefore, some of the reasons peculiar to Turkey was also determined. It was made a series of in-depth interviews with top executives were conducted as an exploratory. For collecting the datas, 10 in-depth interviews with 13 top executives were conducted with tailor-made questionnaires. It is observed that the Turkish MNCs mainly started their internationalization attempts by taking somewhat less risky and smaller steps. As a result of qualitative research, the support is provided for the theoretical perspective that micro variables are more important than macro variables for Emerging Multinationals (EMNCs), particularly for Turkish MNCs; so, some Turkey-specific motives were also identified.</p>
Yaprak, Yosun & Cetindamar, 2018	Qualitative	5 companies (Alvimedica, Aksa, Arbel, Kordsa, and Şişecam)	<p>The study by Yaprak, Yosun & Çetindamar (2018) was conducted using qualitative, case-based research methodology. Case research is an effective approach to the formation and / or preparation of information on institutional processes because it provides a deeper understanding of events in certain contexts and thus leads to the formation of theory rather than generalizable research results. It is a research approach designed to achieve an in-depth understanding rather than generalizable knowledge. The firms were assigned the firms to be studied to the different researchers. Using the semi-structured interview guide, face-to-face interviews were conducted with the managers of the sample firms, 18 managers in total, sometimes in pairs. The study findings indicate that our sample firms' internationalization was driven by five firm-specific and five country-specific factors. Most of the Turkish firms started their international relations in the license</p>

			roles of the companies of developed countries, and later expanded by acquiring the companies of the licensors or other companies in their industries.
Yener, Dođruođlu & Ergun, 2014	Qualitative	X Company (A distributor of German window and sliding door fittings in the Turkey)	The study conducted by Yener, Dođruođlu and Ergun (2014) is based on the previous literature. Scope of work; Since its establishment, an ethnographic study has been carried out on an SME that actively imports from Germany. The aim is to find connections and applications of different theorems for a small company. In the past, the company has done all the necessary start-up activities to internationalize, except proactively seek customers. Among the challenges faced by the firm are the lack of management commitment to non-local markets and internationalization, lack of ownership of marketed products, lack of knowledge of network and marketing in the international market, lack of confidence in the firm itself, lack of trust in the foreign market. The study data were collected by interviewing and observing multiple employees. Company employees have different opinions about the difficulties faced by the firm in the internationalization process and their solutions. Therefore, these different opinions within the company will provide an insight into how the firm will behave to overcome the problem of internationalization and how these behaviors can be communicated from the management level to the employee level in general. In this study, the information obtained from the past experiences of a small company which is going through gradual internationalization processes is presented.

B: SOME STUDIES CONDUCTED IN TURKEY ABOUT INTERNATIONALIZATION IN THESIS

AUTHOR	METHOD	SAMPLE	CONDUCTED THESIS
Akben, 2008	Quantitative	50 small, medium and large scale companies operating in various fields in Kahramanmaraş (Textile, Food, Steel Kitchenware, Industrial Refrigerators, Copper Coils, Agricultural Machinery, Paper etc.)	Akben (2008), the main body of the quantitative study, where data was collected from managers via survey method, consists of 50 small, medium and large-scale companies operating in various fields (Textile, Food, Steel Kitchenware, Industrial Refrigerators, Copper Coils, Agricultural Machinery, Paper, etc.) in Kahramanmaraş. The aim of this study is to determine the internationalization process of companies in Kahramanmaraş, their place in this process and the problems they face, and what these companies are planning to do in the future about internationalization. It is also to make some suggestions to the companies which are thought to be beneficial. According to the results of the research; companies use various internationalization strategies, especially export.
Akben, 2014	Quantitative	258 international businesses	In the study which was conducted by Akben (2014) carried out a quantitative method and was made a survey for companies located in Turkey on the Fortune 500 list. As a result of this study, the factors affecting the degree of internationalization of enterprises were determined. These factors are operating characteristics, main country factors, and host country factors. Moreover, the

			effects of these factors on business performance were revealed.
Avcı, 2007	Qualitative	DYO paint factories	In the study conducted by Avcı (2007); mentioned about internationalization and global branding. In this context, DYO conducted a SWOT analysis for the Russian construction market for Dye Paint Plants.
Bal, 2014	Quantitative	159 business in three developing sectors in Turkey (textile, shoes, automotive and construction)	Bal (2014) conducted a quantitative study by obtaining data by survey method. In this research, the relationship between the degree of internationalization with the corporative and individual level features was examined for 159 SMEs in Turkey which participated in the international fair. In the last part of the study, the findings were interpreted, and recommendations were made for policymakers, business people and researchers in order to enable foreign trade companies to be more successful in this issue and to eliminate risks while penetrating international markets.
Buladi Çubukcu, 2015	Quantitative	389 SMEs for profit in TRA1 region (Erzurum, Erzincan, Bayburt)	Buladi Çubukcu (2015) conducted quantitative research with the survey method. This study was conducted on 389 SMEs operating in Erzurum, Erzincan, and Bayburt; data were collected through business owners, partners, and managers. Factors preventing the internationalization of SMEs have been identified. In addition, there is a significant relationship between SMEs' acquiring knowledge about the market, market entry decisions, business characteristics and their participation in the international market.
Dirlik, 2014	Qualitative & Quantitative	133 business groups	In the study conducted by Dirlik (2014); The location preference of the 75 business groups with international units and the way of entry of the units in the foreign country they entered are subject to quantitative analysis. In the quantitative

			<p>analysis, the group characteristics of the business groups with and without international units were also compared. In addition to these analyzes, the internationalization of 12 business groups was examined and a qualitative analysis was conducted through in-depth interviews with senior managers of these groups or affiliates with international units. According to the results which were obtained; it has been observed that the characteristics of the business group and the purpose of establishing foreign units have an impact on the internationalization of business groups. However, in the case of the domestic institutional distance between the units outside of Turkey with other countries it has been shown to have an impact. The business group features such as industrial diversification, operating time, international experience and business group size variables have an impact on the way they enter international markets.</p>
Gödekmerdan, 2012	Quantitative	<p>The export data of the 50 countries that Turkey constantly exports in industry, agriculture and mining sectors between the years 1990-2010</p>	<p>The aim of the study carried out by Gödekmerdan (2012); to determine the role of psychological distance in the internationalization process of enterprises. With this main purpose, the effects of language, religion, culture, educational level, political system and industrial development on internationalization strategies, which are the dimensions of psychological distance, were also examined. For the purpose of the research, second-hand data were used. In this research; industrial, agricultural and mining sectors in which Turkey's exports permanently and also Hofstede's national culture dimensions and Freedom House located in 50 countries were included in the index. As a result of this study; It has been determined that education level, industrial development, political system, and culture, which are psychological distance dimensions, have an effect on export quantity.</p>

Karakaş, 2013	Quantitative	Turkey's largest 1,000 industrial enterprises, listed by Istanbul Chamber of Industry (ICI, 2012)	Karakaş (2013) conducted quantitative research that the data were obtained by survey method with the top managers of 104 companies within the scope of 1000 major Turkish Industrial Enterprises. In this study, market, firm, manager characteristics, selected foreign market entry method, applied marketing strategy and the relationship between performance and perceptual distance are examined as the variables leading to the perception of foreignness/uncertainty regarding the targeted foreign market. As a result of the analyzes, it was found that the psychic distance affected the Turkish managers' foreign market selection decisions.
Kaya, 2004	Quantitative	293 entities from manufacturing sector	Kaya (2004) conducted quantitative research on 94 Turkish manufacturing firm managers that the data were obtained by survey. In this study, the method of internationalization through direct investment abroad has been examined and also the strengths of the firms and the importance of these strengths aspects in internationalization have been determined.
Keskin, 2011	Qualitative	Anadolu Efes Company	In the study conducted by Keskin (2011); what companies should do for successful brand management while in the process of internationalization. The study focused on the beverage sector and also focused on beer as a product. As a result of its leadership in the domestic market and its success in international markets, Anadolu Efes has been handled and some determinations have been made based on the internet resources and data of this company. In the scope of the study, internationalization methods of the company in the historical process are also included.
Koç, 2016	Quantitative	46 business owners and	In a quantitative study conducted by Koç (2016), a questionnaire was applied to the owners and managers of franchise firms in which operate the food sector, in

		managers in franchise area in Kentpark and Ceba Shopping Centers in food sector	Kentpark and Ceba Shopping Centers in Ankara. This study focuses on franchising method which is one of the internationalization methods of companies. In addition, it is aimed to determine which qualifications entrepreneurs play an active role in the franchise system.
Mamadaliyev, 2013	Qualitative	The Turkish specialty apparel retailers who are the members of the Birleşmiş Markalar Derneği and "Perakende.org" respectively. A total of 44 firms have been identified as currently operating abroad with more than 50 different apparel retail	In a qualitative study conducted by Mamadaliyev (2013) using in-depth interview method; it is aimed to shed light on the internationalization methods of the four retailer enterprises located in Istanbul and also operating in the apparel and accessory sector in the countries of the CIS Countries (Commonwealth of Independence States) success factors in the international markets of these sectors. The CIS Countries that are mentioned are "Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan". These companies; they reach the CIS countries using a wide variety of market entry methods. Flag brand stores, dealership systems, in-store shop retailing and reaching the customer via the Internet are leading among these methods.

		chains in the aggregate.	
Mert, 2012	Quantitative	19 Turkish business group	The main purpose of the study which is conducted by Mert (2012) is to investigate the impact of the motivation of the internationalization of business groups in Turkey on preferences and location they chose for the entry of foreign direct investment. In 2011, Kadir Has University, Vale Columbia Center and Foreign Economic Relations Board prepared and published by the Turkey-based multinational companies were selected as the sample. The data of 19 enterprises are prepared by using the annual activity reports and web pages of these enterprises. Regression and logit analysis were used as the method of the study. In this study; theories of internationalization are re-evaluated in the context of developing countries and from the perspective of business groups.
Özbaysal, 2017	Qualitative	Three businesses that are supported by Turquality Brand Support and operate in different sectors (Keskinoglu A.Ş. / Food Sector, Baydöner / Gastronomy Sector, Uğur	Özbaysal (2017) conducted qualitative research with face-to-face interviews with three enterprises, each operating in different sectors, namely food, gastronomy and cooling, and these companies have started their branding processes with Turquality Brand Support Programs. In this study; branding and internationalization processes of these enterprises are examined, and a road map is presented to businesses that wish to apply for and brand. According to the results of the research; the economic supports provided, R&D (Research&Development) and training support increase the export of the enterprises and their activity levels in foreign markets.

		Soğutma / Refrigeration Sector)	
Öztürk, 2014	Qualitative	“Malatya Pazarı” Company	In the qualitative study conducted by Öztürk (2014), the interview method was used to collect data. The interview was done with the board of member of Malatya Pazarı that is a company which operas in the food sector. Internationalization methods of the related company were determined within the scope of the research. The member of the board of directors of the company answered the question regarding the method of internationalization: “The first step in our method of entering international markets is to participate in food fairs organized for the target market. In these fairs, products are sold to the companies of that country wholesalers in this sector. Sometimes, instead of exporting, we work in partnership with a selected company in that country with a certain share percentage. We supply wholesale products together with our partner to the sales points such as shops, grocery stores or hotel chains, in that country. In addition, we are opening showrooms and sales points which called “Malatya Pazarı” in the target market”.
Sundu, 2013	Qualitative	SMEs with international activities and operating in eight	In the qualitative study conducted by Sundu (2013), a questionnaire was applied to 367 senior managers of internationalized SMEs (Small Medium Enterprises) operating in Istanbul. In this research, it examined the effect of institutionalization level on the degree of internationalization of the firm. As a result of the research,

		<p>organized industrial zones which are members of the Organized Industrial Zones Supreme Organization within the provincial borders of Istanbul.</p>	<p>it is seen that when the institutionalization level of the company increases, the degree of internationalization also increases.</p>
Vuran, 2010	Qualitative	<p>Four local pharmaceutical companies in the pharmaceutical sector</p>	<p>Vuran (2010) conducted a qualitative study. In this study, it was used as an in-depth interview technique with four managers of the Turkey-based pharmaceutical companies. In light of the findings obtained from these face-to-face interviews, the internationalization process of the relevant companies and the export method used in internationalization were evaluated and made recommendations for the process.</p>
Yazıcı, 2001	Qualitative	<p>Turkish businesses</p>	<p>Yazıcı (2001) makes the following inference from the data related to countries and companies in the study together with theoretical information: industrial networks can contribute to the participation of small and medium-sized local enterprises in the internationalization process. This situation can be a model especially for producing many contract manufacturers and subcontractors engaged in the production of intermediate goods supplier for SMEs in Turkey.</p>

C: CURRICULUM VITAE

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EDUCATION

Degree	Institution	Year of Graduation
MS	Çankaya Univ. Business Administration	2019
BS	Anadolu Univ. Economics	2015
BS	Çankaya Univ. Business Administration	2013
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WORK EXPERIENCE

Year	Place	Enrollment
2017-2019	Çankaya University	Scholarship
2014-2016	Kayhan Yapı Malz.	Sales Representative
2010-2010	Electroword	Sales Representative

FOREIGN LANGUAGES

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HOBBIES

Reading book, singing and traveling