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Wardah and Sariayu on the Global Stage: Analysis of Strategies and Challenges in Indonesian Cosmetic Expansion

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ABSTRACT

This study examines the challenges and strategies for international expansion of Indonesian cosmetic companies, focusing on Sariayu and Wardah. A qualitative descriptive approach was applied, using literature review and company documentation analysis to collect data. Findings reveal that Sariayu's failure resulted from limited cross-cultural adaptation, domestic branding, restricted distribution, inadequate marketing strategies, and suboptimal human resource management and regulatory compliance. Conversely, Wardah succeeded in global markets through integration of products, culture, marketing, human resources, regulations, and economic strategies. The study recommends conducting global market research, adapting products and branding to local cultures, enhancing HR capabilities via cross-cultural training, and developing digital distribution and marketing. These strategies are expected to improve global competitiveness and reduce the risk of expansion failure.

Keywords: international expansion, global business strategy, Indonesian cosmetics, cultural adaptation, digital marketing

A. INTRODUCTION

Over the past decade, Indonesia's cosmetics industry has shown rapid growth and has become one of the leading sectors of the national creative economy. According to data from the Central Bureau of Statistics (BPS, 2023), the increase in income among the middle class, lifestyle changes, and awareness of the importance of self-care have greatly contributed to the surge in demand for local cosmetics. Globally, beauty trends continue to evolve towards the use of more natural, environmentally friendly, and halal-labeled products—a trend that opens up wide opportunities for Indonesian producers to participate in the international market.

Wardah Cosmetics has become a concrete example of a local brand's success in going global through innovative strategies. By embracing the concept of halal cosmetics, continuous product innovation, and a strong digital marketing approach, Wardah has successfully expanded its reach to Southeast Asian and Middle Eastern countries. This success demonstrates that Indonesian local brands have great potential to compete on the global stage if differentiation strategies and cultural adaptation are implemented effectively.

Unlike Wardah, Sariayu is part of the Martha Tilaar Group, standing out in the domestic market with an image that emphasizes Indonesian cultural heritage and natural ingredients. However, Sariayu's international expansion has not yet shown optimal results. Limitations in global market research, product adaptation to foreign consumer preferences, and promotional strategies still focused on traditional values have become obstacles in expanding its global market reach. Comparing these two companies becomes interesting to examine more deeply in order to understand the factors that determine the success or failure of global expansion for Indonesian cosmetic brands.

International expansion is not merely a strategy to increase sales, but also a means to build competitiveness and global reputation. However, this process is not without challenges such as cultural differences, legal and regulatory policies in the target countries, and global economic fluctuations. Therefore, a comprehensive and adaptive strategy is required for companies to survive and thrive in a competitive international business environment (Kotabe & Helsen, 2020).

Problem Formulation

Based on the background above, this study aims to answer two main questions: 1. What factors made Wardah Cosmetics successful in entering the international market? 2. What obstacles caused Sariayu to face difficulties in global expansion?

Research Objectives

This study aims to:

1. Analyze Wardah Cosmetics' global expansion strategies, including product management, marketing, distribution, and human resource management in facing international markets.
2. Identify the challenges and obstacles faced by Sariayu in expanding into international markets, both from internal aspects (organization and strategy) and external aspects (regulations, culture, and consumer preferences).

Research Benefits

In general, this study is expected to provide academic and practical contributions for various parties:

1. **For Indonesian cosmetic entrepreneurs**, the results of this study can serve as a reference for designing effective global expansion strategies, building an international brand image, and enhancing the ability to adapt to cultural differences in target countries.

1. **For the academic world**, this study can serve as an empirical source to understand the global business strategies of companies from developing countries, as well as a foundation for further research in the fields of international management, cross-cultural marketing, and product innovation.
2. For the public and government, the results of this research provide insights into the potential for increasing exports of local cosmetic industries, strengthening the competitiveness of the national creative economy, and contributing to the positive image of Indonesian products in the global market.

B. THEORETICAL FRAMEWORK

Concept of International Business

International business encompasses all economic activities involving the exchange of goods, services, capital, and technology across national borders. Cavusgil (2008) explains that international business is not limited to export-import activities, but also involves direct investment, strategic collaborations, as well as technology transfer between companies in different countries. In the era of globalization, understanding the dynamics of the global market becomes crucial because differences in culture, regulations, and economic conditions in each country can affect the strategies and success of companies abroad.

Global Expansion Strategy

Global expansion strategy is a systematic plan designed by companies to enter international markets through various approaches such as exporting, licensing, franchising, strategic alliances, and foreign direct investment (FDI). Porter (1986) stated that global strategies can focus on differentiation or cost leadership to create a competitive advantage.

In practice, the success of international expansion heavily depends on the company's ability to adapt products and marketing to the characteristics of the target market. For example, Wardah has successfully penetrated Southeast Asian and Middle Eastern markets by emphasizing halal cosmetics, while Sariayu highlights cultural values and Indonesia's distinctive natural ingredients.

In addition, strategic partnerships with local companies are an important factor because they can help foreign companies understand consumer behavior, distribution systems, and the regulations of the target country. Cavusgil (2008) added that companies from developing countries can leverage global expansion as a learning mechanism to enhance their capabilities and global competitiveness.

Cross-Cultural Management

Cross-cultural management plays a crucial role in the success of international business. According to Adler (2008), each culture has different value systems, norms, and behaviors that influence communication, leadership, and decision-making. Companies operating across countries must be able to adapt their management and marketing styles to fit the local culture.

For example, in the cosmetics industry, cultural differences greatly influence how companies develop communication strategies. Wardah emphasizes a halal image and Islamic ethics for the Middle Eastern market, while in East Asia, the focus is on natural beauty trends. Cross-cultural training for human resources (HR) becomes a key factor for companies to adapt and build harmonious working relationships in the global market.

International Business Strategy

Porter (1980) proposed three main strategies for creating competitive advantage, namely differentiation, cost leadership, and focus.

1. Differentiation means that a company offers unique products or services that stand out among competitors.

1. Cost leadership emphasizes production efficiency and supply chain management to keep product prices competitive.

2. Focus means that a company targets a specific market segment with products specifically tailored for it. In addition to Porter's theory, Luo and Tung (2007) introduced the Springboard Theory, which states that companies from developing countries use international expansion to acquire strategic resources, technology, and knowledge that can enhance their global competitiveness.

This theory is relevant to the phenomena of Wardah and Sariayu, which use global expansion as a means to broaden distribution networks and strengthen brand positions in international markets.

Product Differentiation, Branding, and International Positioning

These three elements are central in building global competitive advantage.

1. Product differentiation creates uniqueness through innovation, quality, and added value. For example, Wardah leverages differentiation based on halal values, while Sariayu highlights natural ingredients and cultural heritage.
2. Branding functions to build a strong brand identity and image in the minds of consumers. An effective branding strategy must align messages and visuals with the cultural values of the target market.
3. Positioning places the brand in consumer perception to be different and superior compared to competitors. The combination of these three elements helps companies communicate the unique value of their products and strengthen consumer loyalty in the global market.

Factors of Success and Failure in International Expansion

Factors contributing to the success of global expansion include in-depth market research, cultural adaptation, competent human resource management, and strong strategic partnerships. Conversely, expansion failures are generally caused by a lack of understanding of local culture, irrelevant marketing strategies, and weak distribution systems. Jeannet and Hennessey (1989) emphasize the importance of adapting to local consumer preferences for products to be accepted in the market. Cavusgil (2008) adds that limited resources often pose a challenge for companies from developing countries, making collaboration with local partners a strategic solution. In this context, Wardah succeeded because it was able to combine product differentiation and consistent branding, while Sariayu faced obstacles due to suboptimal market adaptation.

B. METHODOLOGY

This research uses a qualitative approach with a descriptive-comparative method based on library research. This approach aims to gain an in-depth understanding of the international expansion strategies of two Indonesian cosmetic brands, namely Wardah Cosmetics (PT Paragon Technology and Innovation) and Sariayu Martha Tilaar Group, with an emphasis on descriptive analysis and comparison of business phenomena based on scientific sources and public documents.

According to Creswell (2018), qualitative research is a process of exploring the meaning of social and cultural phenomena through the interpretation of non-numeric data. Researchers strive to understand the context and business strategies based on the information that is already available. Meanwhile, Nazir (2017) explains that library research is conducted by tracing various written sources such as books, journals,

official reports, and scientific articles to obtain valid and relevant data for the research object. This approach is relevant because the research does not collect field data but instead focuses on the analysis of documents and published literature.

A descriptive-comparative approach was chosen because this study compares two case studies that share a similar industry background but show different results in global expansion. Wardah represents a local brand that has successfully expanded into international markets, whereas Sariayu faces various obstacles in the globalization process of its brand. Therefore, this study aims to identify the internal and external factors that influence the successes and challenges of the international strategies of these two brands. Type and Source of Data

The data used are entirely secondary qualitative data. The data were obtained from various reliable sources such as scientific journals on international business strategies, official company websites (www.wardahbeauty.com and www.marthatilaar.com), annual and CSR reports, publications from research institutions such as Euromonitor, Statista, as well as reports from the Ministry of Trade of the Republic of Indonesia. As explained by Sugiyono (2019), the use of secondary data provides an empirical overview based on facts that have been previously published, allowing researchers to conduct an in-depth analysis without conducting direct surveys or interviews.

Population and Sample

The research population includes local Indonesian cosmetic companies that have operated nationally and are expanding into the global market. The sampling technique used is purposive sampling, which involves selecting subjects based on specific criteria according to the research objectives. The criteria used include: (1) the company has been operating for at least 10 years in the domestic market; (2) has export activities or distribution to foreign markets; and (3) has publicly accessible international business strategy documentation. Based on these criteria, two main research entities were selected: Wardah Cosmetics as a brand that has successfully entered the global market, and Sariayu Martha Tilaar Group as a brand facing expansion challenges.

Data Collection Technique

This research is a literature-based study, and data collection was carried out through several stages:

1. Literature Review – Collecting fundamental theories related to international business strategies, export management, and key success factors for global expansion from books and scholarly journals.
2. Documentary Study – Examining annual reports, economic news articles, sustainability reports, as well as official publications from companies and government agencies.
3. Online Content Analysis – Observing digital marketing activities, global campaigns, and international communication strategies of both brands through websites and social media.
4. Comparative Study of Secondary Data – Comparing the analysis results of both companies to identify patterns in strategies, obstacles, and different outcomes of global expansion.

As stated by Zed (2018), the literature study method involves activities such as reading, taking notes, and organizing relevant literary materials so that they can be used in academic analysis systematically. Data Analysis Technique Data is analyzed using a descriptive-comparative method with the following stages:

1. Data Reduction – Filtering and selecting relevant data from various literature sources.

2. Data Presentation – Arranging information in the form of narratives and comparison tables.

3. Comparative Analysis – Comparing strategies, results, and key factors between the two companies.

4. Drawing Conclusions – Identifying main findings that explain the successes and challenges of global expansion.

According to Miles and Huberman (1994), qualitative data analysis is carried out interactively and repeatedly through three main steps: reduction, presentation, and drawing conclusions until a deep understanding is achieved.

Data Validity and Reliability

Data validity is maintained through source triangulation, which involves comparing information from various literatures such as academic journals, official reports, and credible business news. In addition, source criticism is conducted to ensure the authenticity and credibility of the documents. The researcher also applies consistency between theory and facts, namely by matching international business strategy theories with the practices implemented by companies. In line with Moleong's view (2017), the validity in qualitative research is determined by the credibility of sources and the appropriateness of interpretations to the context being studied.

Location, Time, and Research Limitations

The research was conducted from May to October 2025, with data collected through online sources such as Google Scholar, Scopus, ResearchGate, as well as national economic news portals. Since it is a literature review, the study does not involve physical locations or direct interaction with respondents.

The research limitations include: 1. data sourced from secondary publications 2. analysis does not cover internal financial aspects 3. research focus is limited to expansion strategies and cultural factors in the context of international business for the period 2010–2025.

DISCUSSION

Company Profiles

This study examines two major Indonesian cosmetic brands, namely Wardah Cosmetics and Sariayu (Martha Tilaar Group). Both represent different international expansion strategies. Wardah stands out with its modern halal cosmetic identity, while Sariayu promotes cosmetics based on local wisdom and natural ingredients. Understanding the company profiles is important as a basis for assessing their global strategies.

Wardah Cosmetics was established in 1995 under PT Paragon Technology and Innovation. From the beginning, Wardah focused on halal products, continuous innovation, and strong digital marketing. Its domestic strategy includes product innovation, branding through influencers, and wide distribution both offline and online. In the international market, Wardah

implements product adaptation strategies, distributor partnerships, and cross-country digital campaigns. The success of its expansion is evident from its penetration into Southeast Asia, the Middle East, and Europe. In contrast, Sariayu, founded by Martha Tilaar since 1970, highlights cosmetics made from natural ingredients with an Indonesian cultural philosophy. Its local strategy focuses on traditional beauty education, women's empowerment CSR, and distribution through official stores and e-commerce. In the international market, Sariayu emphasizes promoting Indonesian culture through global exhibitions and cooperation with distributors, but faces challenges in product adaptation and Global Digital Marketing.

International Expansion Strategy

Wardah uses an expansion approach based on innovation and halal differentiation. Its strategy includes:

1. Product – highlighting global halal certification and innovations according to international trends.
2. Marketing – utilizing social media, influencers, and local digital content in each country.
3. Distribution – partnering with local partners and global e-commerce platforms.
4. Cultural adaptation – adjusting designs, packaging, and promotional messages to the culture of the target country.

This approach makes Wardah more adaptive to the global market. Sariayu, on the other hand, maintains a traditional identity with products made from natural ingredients. However, limited product adaptation and digital promotion result in slower expansion. Its distribution strategy and understanding of market culture are also not as strong as Wardah's.

Human Resource (HR) Management

Wardah implements modern HR management with a focus on cross-cultural training, international recruitment, and inclusive work policies.

Employees are provided with global training, particularly in innovation, regulations, and cross-country communication. International recruitment allows the company to understand local consumer characteristics and tailor marketing strategies.

In contrast, Sariayu focuses more on domestic HR development with training based on traditional products. The lack of global training and cross-country recruitment results in limitations in cultural adaptation and international regulations.

Cross-Cultural Aspects

In a cross-cultural context, Wardah demonstrates a deep understanding of the social characteristics and values of the target country's society. Adjustments are made through cultural research, product reformulation, and local communication. Wardah tailors campaign messages to align with religious values and local aesthetic preferences. Meanwhile, Sariayu faces obstacles because its cultural research and communication adaptation are still limited. Promotions that overly emphasize Indonesian culture are not necessarily widely accepted by global consumers, resulting in slow brand acceptance in foreign markets.

Legal and Regulatory Aspects

Compliance with regulations is key to global expansion. Wardah has successfully navigated international rules by obtaining global halal certification, official distribution licenses, and intellectual property (IP) protection in various countries.

Sariayu still faces challenges in the licensing process, international certification, and global trademark protection. This slows down the expansion process and increases the risk of brand infringement.

Economic and Market Aspects

Wardah implements strategies based on in-depth market analysis, including mapping consumer segments, local beauty trends, and economic conditions. Pricing and product adjustments are made to align with purchasing power and global trends.

Conversely, Sariayu still relies on a general approach and has not yet optimized its global market research, making it difficult to compete strategically in foreign markets.

From a comparative analysis, it can be concluded that Wardah's success in international expansion is supported by:

- halal product differentiation,
- cross-cultural digital marketing,
- global HR management,
- legal compliance, and
- adaptive strategies toward local markets and cultures.

In contrast, Sariayu faces limitations in adaptation, regulation, and digital promotion. The main lesson from this comparison is the importance of market research, cultural adaptation, and product innovation in supporting the internationalization success of Indonesian cosmetic brands.

E. CONCLUSION AND RECOMMENDATION

Conclusion

Sariayu faces significant challenges in international expansion, such as limitations in cultural adaptation, domestic branding, limited distribution, inadequate marketing strategies, locally-focused human resource management, as well as suboptimal regulatory compliance and intellectual property protection. Wardah's success highlights the importance of integrating product, culture, marketing, human resources, regulations, and economic strategy. Sariayu's experience serves as a lesson for local companies that failure often occurs when cross-cultural aspects and market strategies are neglected.

Recommendation

To enhance its opportunities in the global market, Sariayu is advised to conduct in-depth market research, tailor its products and branding to local cultures, strengthen human resources through cross-cultural training, and

develop digital distribution and marketing. Other Indonesian cosmetic entrepreneurs can learn that cultural adaptation, regulatory compliance, market analysis, business flexibility, and investment in human resources and digital technology are key factors for international success.