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The Great Revlon Reboot

As Revlon embarks on a post-Perelman era, insiders analyze what it will take for the storied company to regain relevance. BY FAYE BROOKMAN

FOR THE FIRST TIME SINCE 1985, no Perelmans are running Revlon.

That could be a good thing, according to beauty observers. “It is always good to have a clean slate,” said Marie Driscoll, managing director, luxury and retail at Coresight Research Inc. “New people can provide a fresh set of eyes. They are not tied to decisions made five or 10 years ago. Everyone loves a good comeback story, but they are going to have to make an exerted effort to be relevant.”

While Ronald Perelman raised the visibility of Revlon with high-voltage celebrities and his daughter Debra, as chief executive officer, shepherded the brand through Chapter 11, many believe it is time for a reset.

Elizabeth Smith was named interim CEO last week as Debra Perelman stepped down from the role she held since 2018. Smith was named executive chair in May following Revlon’s exit from bankruptcy after cutting more than \$2.7 billion in debt and handing control to its lenders. Despite five years at Avon, Smith is short on beauty experience, but credited with turning around Bonefish Grill, Carrabba’s Italian Grill and

Fleming’s Prime Steakhouse while CEO of Bloomin’ Brands.

Beauty pundits who spent the last years discussing what Revlon did wrong — a revolving door of CEOs, a lack of innovation to stay competitive with emerging brands, leadership that didn’t understand the complexities of beauty and questionable acquisitions, to name a few — are now focused on what the company can do right to save what was once the largest mass market makeup brand.

Many believe Revlon is on the hunt for a new leader although some said Smith could be the right choice to stay on for the long term. No matter who is in charge, they will take over a company that “has regained some footing,” said one financial analyst. Net sales rose in the first quarter of 2023 to \$490 million from \$480 million in the initial three months of 2022. “Moreover, solid profits were reported — operating income was \$51 million. That’s more than double what was reported in 2022 and close to triple what Revlon administrators had budgeted. And it’s the equivalent of over 10 percent of sales,” he said.

Even with the runway, Revlon faces challenges management will need to

address. “For the past 75 years, Revlon, Coty and L’Oréal have dominated the [mass] beauty industry, but their inflexible and one-sided approach with retailers has not gained much favor,” said Scott Emerson, president of the Emerson Group. “L’Oréal stands out as a leader thanks to its focus on innovation and marketing. Coty holds a somewhat intermediate position in the market. When it comes to gaining an edge, the only place left to win is trade relations. Revlon’s path to success lies in adopting a more cooperative and adaptable trade strategy than its beauty elite counterparts. It’s a top-down transformation, and it must start with the CEO’s unwavering commitment.”

The transformation could require about 5 percent more in spending, but Emerson called it a make-or-break move to outshine the competition and make some short-term gains. “Revlon’s future success story is all about striking the right balance between strategic trade relations and innovation. By mastering this balancing act, they are well-positioned to thrive in the fiercely competitive market,” he said.

Allan Mottus recommended new management not try to mimic Charles Revson and his success. “No one has that capacity,” said Mottus, who reported on Revlon in the Revson days. “The mass market has become more sophisticated. Target and Ulta have set the tone for the category.”

He believes Revlon needs to turn a sharper lens on merchandising and product quality, and less focus on multiple models and red-carpet exposure. “There is too much of that already,” Mottus said, noting Perelman made liberal use of famous faces which moved the needle in years past, but not as much now.

Karen Young, CEO of the Young Group and an industry veteran, pointed to other venerable brands that have undergone a revival. “Revlon deserves to be revved up and revitalized and I hope someone steps up to put the brand back in the game.” A progressive beauty team, she added, could duplicate the success L’Oréal achieved in turning the venerable CeraVe brand into a go-to skin care destination for Gen Z.

Coty’s turnaround of brands like CoverGirl, acquired from Procter & Gamble, can also be a case study for Revlon. “It [a turnaround] will be tough given the strength of brands like E.l.f., but they could take from the playbook of what Coty did,” said Ashley Helgans, vice president at Jefferies. She suggested focusing on core strengths, like Revlon’s leadership in lip and lip oils, and paring down excess stock keeping units.

Driscoll agreed that Revlon needs to follow Coty’s path. “I recall when Sue Nabi [Coty’s CEO] came in →

and went through the sku's that were taking up mindshare and working capital and were irrelevant. Get rid of the superfluous stuff that was added just to achieve year-over-year or month-over-month growth and get back to what the brand stands for," she said.

And then bring on the buzz. "They need to do things like pop-ups, trunk shows or collaborations with an apparel brand to build visibility," added Driscoll.

Experts agree that the enterprise's biggest strength is in the namesake Revlon business, which financial experts said produced 38 percent of sales and 34 percent of profits. Elizabeth Arden comprises a quarter of sales and profits and the portfolio segment of Almay, Sinful Colors, Mitchum and others account for just under 20 percent of sales and profits. Fragrances comprised the rest at 17 percent of sales and 23 percent of profits. While Almay struggles, experts did suggest it has opportunities to leverage its clean heritage.

"The good news is they shed debt," said industry veteran Jeffrey Ten, juxtaposing that with the scrutiny the company will come under from its creditors. Looking at the portfolio, Ten suggested Revlon could generate cash by selling off businesses like Elizabeth Arden. "Arden still has a strong name out there, especially in Asia. It is the likely candidate that has some value."

Despite Revlon's financial woes, consumers still value the brand. "Shoppers haven't been exposed to all the noise of what the company has gone through," said Steve Lubin, a 43-year veteran of Walgreens. "Shoppers only care about buying products they can trust and those that fill their needs. Revlon still has an 84 percent brand awareness by cosmetics users."

"Revlon has 12 product categories ranked in the top five based on sales in the drug channel," he continued. "The business needs companies like Revlon to keep the category exciting, fun and shoppers involved. A healthy Revlon can do a lot more than smaller niche companies to drive shoppers into stores," he said, adding the company overall still posted sales of close to \$2 billion in 2022. Of that, the Revlon brand accounted for \$753 million. He agreed with others that Revlon needs to concentrate on its core competencies.

The heroes for the Revlon brand include ColorStay, Satin Ink and Super Lustrous. "The products were never the issue," said a former Revlon employee. "The formulas are fantastic. They have great performance and stand the test of time."

Ten visited several retail doors recently to get a bird's eye view of Revlon's presence on shelves. A cause for concern was minimal footage in Ulta Beauty and Walmart. "If you want to be a destination, especially for

Gen Z, Millennials and even the Alpha generation, you want to look strong in Ulta," he said. "Walmart produces a third of all personal care sales, so you need to look good there. Those two represent 50 percent of the mass makeup market. It isn't that they have a small space; you don't see newness."

A visit to Target revealed an 8-foot section that Ten said shows the brand can make an impact. "When Revlon has the space, it looks like more of the old Revlon. You see manicure and more new items." With planogram resets in the works, Ten said it will be mission-critical for Revlon to spruce up and maintain footage.

Revlon's space has shrunk considerably over the past decade with some estimating at least a 50 percent decrease. Drug chains like Walgreens and CVS once devoted at least 16 feet to the brand. By contrast, a recently visited new Princeton, New Jersey, Walgreens only turns over 4 feet to Revlon and does not stock Almay.

Those smaller footprints could be beneficial. "Don't try to keep the larger footage, become productive in your small space, and grow into larger space. Otherwise, you are going to keep failing with what isn't working," said a former retailer familiar with Revlon. "Retailers are looking at space-to-sales. It is a hard fix. It isn't easy and won't be fast."

If Revlon doesn't edit its assortment, retailers will. To streamline the shopping experience, CVS is one example of chains taking a less-is-more approach. At a new prototype outside of Boston, CVS has cut about 18 percent of skus. "We're simplifying our message. We are trying to make it easy for consumers to find products," said Musab Balbale, senior vice president and chief merchandising officer during a presentation to suppliers.

To maintain a presence, Revlon will have to have a cohesive and compelling story that is supported with social media, said Raina Vaughan, team leader at Team Direct Management and a former sales director at Coty and merchant for several beauty categories at Walmart. "They need something to go viral on TikTok — it just works," she said.

A clean subline akin to CoverGirl's Clean Fresh could also attract a social buzz, she said: "They should also leverage brand equity in emerging categories like hair and hair tools where their brand name has relevancy and there is an opportunity to expand beyond color and tools." Helen of Troy is the licensee for Revlon hair tools.

Ten did an in-depth analysis of Revlon's social footprint, citing it is ranked only 39th in makeup EMV (earned media value) versus brands like L'Oréal and Maybelline who rank in the top 10. Sharing Traackr data, Ten said Revlon is ranked 54th regarding its VIT (brand visibility,



Revlon hair tools are a hit.



Strong in Asia, Elizabeth Arden could be a candidate for divestiture.



Lip is a key category for Revlon.



impact and trust index) — also behind its contemporaries. Additionally, he also noted a Statista study of 900 consumers ages 18 to 64 years old which found Revlon had 84 percent brand awareness, but only 23 percent said they use Revlon.

"They need to heavy up their investments in social media and create content. There is little buzz around Revlon and when I talked to beauty advisers, they say it was their mother's or grandmother's brand," he said.

That heritage, however, could be a way to turn things around. Jefferies' Helgans said social media chatter has centered on the nostalgic value of Revlon. Rediscovery of Revlon could be a good way to revive the brand and get younger shoppers. "Every survey we've done shows they spend the most on makeup," she said.

Consumer interest in retro brands could signal the return of Revlon's Charlie, added Driscoll. "Charlie was the original free spirit. It is nonsexual and there are so many positive connotations around it today. It would be a great place to start and rebrand to bring the brand alive," she said.

Building volume on Amazon can also kickstart Revlon's revival. Vanessa Kuykendall, chief operating officer of Market Defense, shared her advice on getting attention on social media to drive Amazon sales. "While TikTok viral hits like snail mucin and Mielle Organics are getting lots of attention and becoming top sellers on Amazon, legendary names like Maybelline and Neutrogena continue to have growing businesses," she said. "If Revlon wants to catch up with them on Amazon, they need to invest in customer acquisition and remarketing, and build on the foundation of their One Step Volumizer brush which has been a top-selling item on Amazon for years."

Spate data confirmed the One-Step Hair Dryer and Volumizer is a big win for Revlon and dominates the brand's searches based on average monthly search volume. Digging into Revlon searches, Spate found that the products driving significant increases in average monthly searches are in the Colorstay franchise — including everything from foundation to brow pencils, along with Revlon Super Lustrous Lipstick.

According to Spate, Revlon did have a viral moment in December with the Super Lustrous Glass Shine Lipstick which some equated with the pricier Clinique Almost Lipstick in Black Honey. In the months ahead, the Spate data suggests Revlon has an opportunity to double down on its presence with more promotion of the One-Step Hair Dryer and Volumizer and stepped-up innovation across its hair tools. "Overall, Revlon should note the positive impact of a viral moment and consider ways to replicate the success of their past ones and those of competitors," said Addison Cain, Spate's beauty and innovation manager.

Retailers contacted by WWD were hesitant to speak on the record as Revlon rebuilds. But one senior source summed up what many merchants expressed. "Revlon remains a major brand for us and a name we feel is important to have in our assortment. We look forward to seeing what they have planned," he said. ■