

Solving the marketing problems of Revlon based on SWOT analysis

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Abstract. With the development of the cosmetics market, cosmetics have become one of the leading lifestyle products consumed by women. Some cosmetic companies have grown along the way, while others have stayed out of sight. In this study, Revlon, as a cosmetic company once sought after by women, the reasons for its failure deserve to be examined. Therefore, this study takes the market research and SWOT analysis, and the result indicates that the marketing strategy of Revlon was one of the main reasons for its bankruptcy. The advantage of Revlon is that it has visibility and fame, and the disadvantage is that the original marketing strategy gives people the impression of being antiquated. The popularity of the Internet and the increase in consumption level give Revlon more opportunities to reform, but the strong competition brings threats simultaneously. In response to Revlon's current situation, some marketing suggestions were provided--Change the market positioning, packaging, and sales approach to launch new products.

Keywords: SWOT Analysis; Revlon; Marketing.

1. Introduction

Since ancient times, women have been in pursuit of beauty. With the development of the global economy and the improvement of people's living standards, women's desire to consume cosmetics has dramatically increased, and many cosmetic companies have been born. With today's intense competition in the cosmetics market, marketing strategies are essential to attract more consumers. On June 16, 2022, a well-known beauty company called Revlon filed for bankruptcy protection.

In contrast to Revlon, Maybelline, also an affordable American cosmetics brand, entered the Chinese market a year after Revlon and has enjoyed a reputation up to now. Maybelline attaches great importance to marketing and has adopted strategies such as discounting and setting up counters. With excellent marketing strategies, Maybelline has occupied a place in the Chinese market, while Revlon is gradually being eliminated.

The example of Maybelline is proof of the importance of marketing. Marketing is a meaningful way to develop a business; good marketing is the way to prove that the company has a good business. In addition to driving the company's development, marketing also drives the growth of the social economy. Marketing makes the market more competitive, and companies will innovate more efficient and cost-effective products to develop the social economy further. [2]

This study is based on Revlon's existing marketing strategy in the Chinese market to improve and innovate it. This study will first analyze the current status of the company's marketing implementation and financial reports and provide suggestions for improvement from the perspective of Chinese consumers. Then, a SWOT analysis will be applied to analyze the company's strengths, weaknesses, opportunities, etc., in detail.

2. Firm Description

Founded in 1932, Revlon is an American cosmetics and care products company with a philosophy of beauty and health for women. It also stood for fashion and color, starting a business with the first opaque bottle of nail polish that set the trend. The company soon expanded and became a public company in 1955. The company has a global reputation, and its brands include Revlon, Almay, New Complexion, and others. The company's products are mainly beauty products but also deal with toiletries, fragrances, and other products. The company entered the Chinese market in 1996. It has

been sold at mid-range prices and refused to be promoted with low price promotions. The company abandoned the Chinese market in 2013 and filed for bankruptcy on June 16, 2022.

Based on the figure below, After Revlon entered the international market, it peaked in 1998, and its share price could reached up to 535.6 dollars per share. It can be seen that the global market has brought great benefits to Revlon. From 2000, Revlon started to go downhill in the Chinese market as one of the reasons for the plummeting stock price. In 2003, Revlon opted out of the China market, while stock price fell to \$30 per share.



Figure 1. Historical Daily Share Price

Table 1. Historical Annual Stock Price

Year	Average Stock Price	Year High	Year Low	Annual % Change
2022	7.2890	11.6600	1.1700	-56.26%
2021	11.7742	17.4600	9.6800	-4.55%
2020	11.4549	24.0200	4.1000	-44.54%

The table above shows historical annual stock price data from 2020 to 2022 Revlon. In 2020, Revlon announced its imminent bankruptcy, so the public knew the news and caused a buying frenzy. Revlon was thus saved. In 2022, Revlon's annual low share price has reached \$1.17 per share, proving that the company's finances are also in trouble.

Next, the figure below presents Revlon's Profit and loss statement for March 2022. In this figure, Revlon had total revenues of \$480 million and a net income of negative \$67 million. The data indicates that the company is running up debt and that revenues are insufficient to cover the liabilities. The company needs to change its marketing strategy to generate higher revenues.

Revlon Profit and Loss Statement March 2022

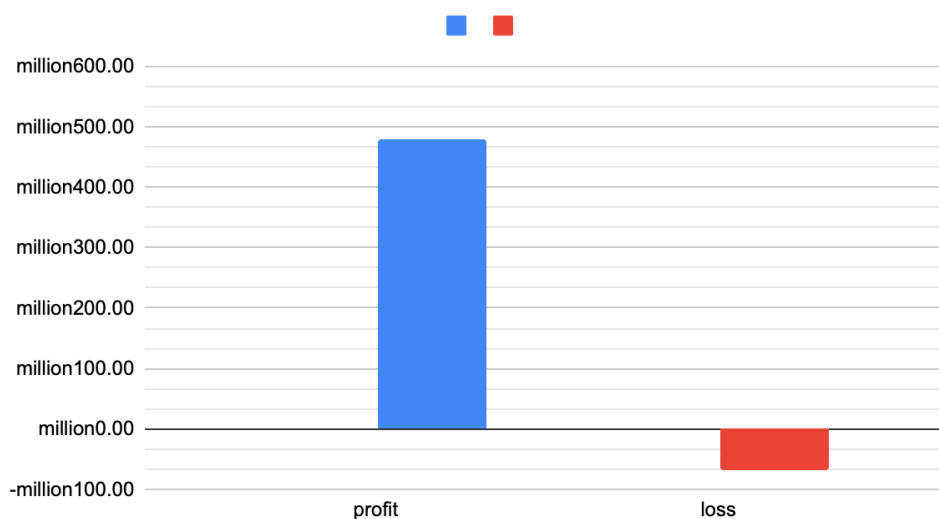


Figure 2. Profit and Loss Statement

3. Marketing Analysis

3.1 Marketing Status

Revlon's marketing location is a mid-range brand. After entering the Chinese market, it has become famous among Chinese women for its good product quality as one of the few foreign trade brands. Soon after, more foreign brands poured in, and China's brands gradually became more.

Revlon's competition in the Chinese market has become fierce. Various cosmetic brands use many marketing methods, such as coupons, to attract customers. At the same time, Revlon's leaders believed that lowering prices altogether would not make the brand more famous. They insisted on keeping the original price for a long time and selling them on supermarket shelves.

Meanwhile, Revlon did not further understand the Chinese market and hired many American stars to endorse them. Realizing they needed Chinese stars, they finally hired a Chinese star to support them. However, her popularity was not good. After more cosmetic brands became famous and set up counters, Revlon's marketing strategy did not improve much; neither did it set up counters, nor did it have beautiful packaging and attractive enough marketing methods. Revlon gradually disappeared from the Chinese market and ushered in a bankruptcy crisis.

3.2 The psychology of consumers and their behaviors

In 2022, many Chinese domestic brands, such as Perfect Diary and Floras, have grown. They all have excellent marketing, and every Chinese girl who pays attention to makeup will know these brands. Revlon also needs good marketing to attract more Chinese girls to see and buy Revlon's makeup. As suggested, the company's product positioning should promote American-style makeup, which must fit the Chinese aesthetic.

First, the appearance of Revlon cosmetics needed to be changed. As you can see on the Revlon website, the current cosmetic packaging is too old-fashioned. To echo the company's philosophy of unleashing women's beauty, using strong colors on the packaging and products can be the chance. Once consumers are attracted to the new packaging, the product must likewise be innovative. For consumers seeking the perfect makeup, cosmetic contact lenses are essential so that companies can introduce American-style cosmetic contact lenses as a new product. Then, advertising from social software with high viewership is an excellent way to let more people see. Douyin and Xiaohongshu are social networking software used by most young Chinese people. Placing ads and inviting bloggers to do reviews can get tremendous views. So Revlon should use these social software to promote and let more potential customers.

4. SWOT Analysis

SWOT Analysis is a fundamental analytical method of marketing. By analyzing the company's strengths, weaknesses, opportunities, and threats, Revlon can gain a deeper understanding of its company's competitiveness and customize its strategy for it. [5].

4.1 Strengths

This company has an excellent reputation and attention as a globally well-known brand, as seen in the events of 2020 when Revlon announced its impending bankruptcy, a sharp increase in sales of Revlon because consumers did not want their once favorite brand to disappear. The reputation will be a tremendous advantage for Revlon. Revlon's comeback will have great support as long as consumers love the brand.

Likewise, Revlon's reputation can make more consumers trust the brand naturally, and as long as good quality and marketing are maintained, Revlon can have continuous sales volume.

4.2 Weaknesses

After Revlon's bankruptcy, the company was in crisis and heavily in debt. With the original marketing strategy, the company did not understand the needs of the Chinese cosmetics market. The celebrities who represented them did not gain enough attention from Chinese consumers, and the packaging design did not follow the trend. Revlon no longer has its former glory.

When it comes to Revlon, perhaps many Chinese girls will say that it is a product used by their mothers. To solve this problem, Revlon should innovate to eliminate the old impression left by consumers.

4.3 Opportunities

Fortunately, with the advancement of technology in China and a more developed Internet, the company gained insight into the needs of Chinese consumers through the Internet, which greatly saved the cost of market research and provided a chance to reform the company.

As China's consumption level grows, Revlon's product price can be increased accordingly to alleviate the debt crisis. Ditching supermarket sales could be one of the company's reforms. Setting up counters in areas where cosmetics are sold, such as shopping malls, would better target the company's customer base and bring the brand to consumers' attention.

4.4 Threats

The company is in a debt situation today, and the cost of trial and error is extremely high if it has to transform and come back.

The cosmetics market in China is close to saturation, and there is no shortage of foreign trade and domestic brands that are highly competitive. Due to the rise of domestic brands, Chinese-inspired makeup has been extensively promoted, and American-style makeup is difficult to compete with. Otherwise, many brands have already achieved good results with sculpted lipsticks, limited sets, and other marketing tools. Revlon must spend a lot of time and cost on research if they want to surpass and innovate.

5. Conclusion

Through research, one of the main reasons Revlon has not been able to compete with other companies in the Chinese market is that the marketing has not been tailored to the Chinese consumer. In response to the marketing problems of Revlon in China, this study recommends changing product positioning as American-style makeup, changing external packaging to a more intense color, and launching new products--cosmetic contact lenses. Making improvements and innovations to the company is a unique opportunity for Revlon to return.

After SWOT analysis, this company, because of its reputation, can prove that it has enough popular support. But to break the stereotype, Revlon needs to put more time and effort into researching the market using the internet and change the original selling method to counter-selling. The cosmetics industry has become significantly developed in the Chinese market, and companies need to bear not only the pressure of competition but also the pressure of post-bankruptcy.

While this study analyzes Revlon, it also provides a reference value for other cosmetic brands that want to compete in the Chinese market. From the data provided in this study, there is not enough data to prove that the recommendations provided are competitive. Further considerations could be implemented for the advice of this study if the willingness of Chinese consumers to go deeper is gathered.

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