

# Revlon case study essay



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Question 1 Should Revlon concentrate its efforts on international markets?

Answer Revlon should retract from international market.

The company should reorganize its international operations by appointing distributor setup and windup its presence in the higher costing markets. This option should be opted for the sub-continental and Latin American markets.

However, the company should maintain its presence in the European market.

This can be done on joint venture basis. Question 2 Should Revlon diversify its operation, or develop joint venture with other cosmetic companies?

Answer We suggest that Revlon should diversify its operations. The method of diversification should be based on the region in focus.

Regions that have impeccable fashion following must be tackled by joint venture. This joint venture must be formed with local cosmetic manufacturers in those regions. Whereas the regions that have low fashion following should be managed by appointing distributors in those areas. The distributor can be given additional discount on performance and sale increase.

Question 3 What role does innovation plays in the strategic management of

Revlon? Which specific type of innovation might Revlon use? Answer

Innovation helps Revlon re-strengthen its customer base. By introduction of Ultima II in 2000 and Charlie in 2002 Revlon was able to recapture the market. As for the innovation for future is concern with the draining finances any investment must be backed up by a pre-investment survey / research regarding customer needs and changing trends. Question 4 What is the role ‘

Branding' should play in future growth strategy of Revlon? Answer Branding is a major strength of Revlon. The brand Revlon is a symbol of fashion sense.

The user can associate a touch of class with the brand. With a huge loyal customer base Revlon can use its brand name to reintroduce some of its product which are no longer market or discontinued. The important point to focus is that a loyal customer remains loyal only if the product is available and within the reach. Thus the distribution must be swift and focus on availability.

Question 5 How will competitive reactions impact Revlon's future plan?

Answer The major competitor of Revlon in the area of cosmetics is L'Oreal, which showed a profit of \$1.36 billion in 2002. With this much money to spare, L'Oreal can easily afford to hire brand ambassadors (or spokesperson) of high prestige for their products like Natalie Imbruglia, Beyonce Knowles, Ben Affleck, Aishwariya Rai Bachchan, etc. Revlon, being short of money in hand, plans to use non famous models instead of high profile celebrities. Elle Macpherson has been named as the latest global face of Revlon, joining the actresses Halle Berry, Jessica Alba and Beau Garrett as brand ambassadors.

Revlon says it's signing of Macpherson " continues the long-standing tradition" that it started of " partnering with the most beautiful and iconic women of the time to represent the brand". Keeping in mind its limited resources, Revlon should design more creative advertisement campaign rather than just having super models. Question 6 What is the impact of social trend and economic trends on companies in the cosmetics/skin care industry? Answer An increasing number of women are entering into the

workforce. The number of people in the mature market (55 and older) also continues to increase in number. With many of these consumers being wealthier, they are willing to spend more on cosmetics.

The population share of Hispanic American and Asian American is on the rise. This means that Revlon can exploit this increasing market in years to come. Due to changing trends, a rise in the segment of metro-sexual men has been observed. This has triggered a new line of product development in the cosmetic industry, like skin creams, bleaches and other grooming products.