

MAX FACTOR FADES IN U.S.

As Distribution Recedes, \$400 Million P&G Brand Focuses on Wal-Mart Sales

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By [Jack Neff](#)

CINCINNATI (AdAge.com) -- Max Factor, the cosmetics brand that once glowed from the cheeks of cinema starlets from Rita Hayworth to Marilyn Monroe, has been reduced to little more than a house brand for the decidedly unglamorous Wal-Mart.



Ads from WPP Group's Grey Global Group, New York, featuring Carmen Electra as the new face of Max Factor, broke last month.

Brand Solutions, Baltimore.

Factor owner Procter & Gamble Co. put its best face on the situation. "We've right-sized the brand for our most productive doors," said a spokeswoman, pursuing a "niche strategy" in the U.S. But in truth, no amount of lipstick—or euphemistic marketing speak—can hide what's happening to the aging ingénue.

\$170 million in sales

The brand had roughly \$170 million in U.S. sales last year, according to Information Resources Inc. data and Ad Age estimates for Wal-Mart. Max Factor's shares last year fell 0.7 points to 2.1% in eye makeup, 0.3 points to 2.1% in face makeup and 0.7 points to 5.7% in lipstick, according to IRI data.

The delistings come despite heroic efforts to resuscitate Max Factor under Marc Pritchard, president-global cosmetics and hair colorants, who has the unenviable task of running P&G's two most embattled beauty businesses.

In 2004, P&G hired Pat McGrath (a prominent designer, not the prominent former head of the P&G ad agency formerly known as Jordan McGrath) to give Max Factor a new look. His first fruits are emerging with this year's product line. Ads from WPP Group's Grey Global Group, New York, featuring Carmen Electra as the new face of Max Factor, broke last month. P&G named Grey, which also handles P&G's bigger Cover Girl, to handle Max Factor last year, replacing Publicis Groupe's Leo Burnett, London.

P&G's potential embarrassment

Even though cosmetics is the lowest priority in P&G's beauty portfolio, said one analyst, another discontinuation would be embarrassing, particularly after P&G pulled the plug on Clarion in the early 1990s and Olay cosmetics in 2001.

It would also be costly. Officially discontinuing Max Factor would trigger P&G's "unsaleables" policy with retailers, under which the company agrees to support closeout activity for a year. Olay's demise became a fiasco in which P&G actually shipped and sold more product the year of the closeout than the year before as retailers took advantage of the policy to make it a low-priced value brand. The result was expensive, though accounting rules meant it fueled top-line momentum for P&G at the time.

60% of sales outside U.S.

In any event, Max Factor would remain a global brand—it gets 60% of its business outside the U.S. already, said a former executive. But he believes its strength in such markets as the U.K. and Japan could also encourage P&G to keep it around in the U.S.

So can Max Factor be saved?

Mr. Pettit isn't sure Ms. Electra will do the trick, but said P&G is right to try a dramatically different approach. "The beauty of Wal-Mart is it's big enough to run programs. ... But you may not be able to do it with mass-media advertising."