# E.l.f. Beauty disrupts the market with $1 billion acquisition of Hailey Bieber’s Rhode



The beauty industry has once again been shaken up, this time by e.l.f. Beauty's bold acquisition of Hailey Bieber's skincare brand, Rhode, for a staggering $1 billion. The deal, which includes $600 million in cash and $200 million in stock, could see an additional $200 million based on the brand's future performance. This acquisition not only marks a significant milestone for e.l.f., but it also underscores Rhode's meteoric rise since its launch in 2022, carving out a niche in a competitive market.

E.l.f. Beauty has long pursued a strategy centred on disruption, aiming to challenge conventional beauty standards. Founded in 2004, the brand has positioned itself as a cost-effective alternative in the cosmetics landscape, boasting an impressive track record of success. According to Nielsen, e.l.f. is now the top cosmetics brand in the U.S. by unit sales, and it ranks second in dollar share, despite its average product price remaining well below that of competitors. The company intends to maintain its competitive pricing even after a planned price increase in August, where 75% of its products will still retail under $10.

The acquisition of Rhode, however, marks a shift towards the prestige beauty segment. In just three years, Rhode has made a name for itself through innovative products that resonate with consumers, particularly Gen Z. The brand's success can be attributed not only to Bieber's celebrity status but also to Rhode’s emphasis on community engagement and a methodical approach to product development. Notably, the brand has amassed 11 million Instagram followers—an indication of its strong connection with consumers and ability to leverage social media effectively.

Tarang Amin, e.l.f. Chairman and CEO, highlighted the alignment between e.l.f. and Rhode in terms of their disruptive ethos, stating, “rhode further diversifies our portfolio with a fast-growing brand that makes the best of prestige accessible.” Despite the excitement surrounding the deal, some analysts express caution. Drew Fallon, a former CFO, remarked in his Substack newsletter that the short history of Rhode raises questions about its long-term viability, while TD Cowen's Oliver Chen echoed similar sentiments concerning whether Rhode can sustain its momentum beyond the initial celebrity endorsement.

Rhode's rapid ascent has been meteoric, reporting $212 million in net sales over the past year, predominantly through e-commerce and pop-up shops. Following the acquisition, Rhode plans to broaden its retail footprint by launching its product line in Sephora stores across North America and the U.K. later this year, potentially giving it a significant boost in visibility.

As e.l.f. aims to leverage Rhode's innovative offerings—such as the brand's signature "glazed donut skin" concept—they face the challenge of effectively integrating Rhode's premium products into their existing low-cost portfolio. Rhode, which offers items priced from $18 for lip tints to $32 for its signature “glazing milk,” operates at a price point aimed at a different demographic compared to e.l.f.'s traditional offerings. This shift reflects both a strategic expansion and a need to adapt to changing market demands, particularly as e.l.f. grapples with slowed growth and fluctuating sales. E.l.f.’s revenue growth has markedly slowed, with just a 4% rise reported in its latest quarter, which raises the stakes for the success of the Rhode acquisition.

Bieber will remain actively involved with Rhode post-acquisition, serving as the brand's Chief Creative Officer and a strategic advisor to Amin and the e.l.f. team. Her influence, coupled with what has been described as a "disruptive marketing" strategy, may position Rhode well for continued growth in the skincare and hybrid makeup realm.

Ultimately, the e.l.f.-Rhode partnership has the potential to redefine the beauty landscape further, provided that e.l.f. successfully navigates the complexities of merging their business model with Rhode's premium offerings while retaining the brand’s identity. As Dr. Brent Ridge, co-founder of Beekman 1802, optimistically noted, this collaboration brings together a "business powerhouse" with a brand that has adeptly engaged its community. Meanwhile, analysts and industry observers will be watching closely—this acquisition may be a game-changer or a cautionary tale, depending on its execution.

## Reference Map:

* Paragraph 1 – [[1]](https://www.forbes.com/sites/pamdanziger/2025/05/31/elf-continues-to-disrupt-the-beauty-business-by-acquiring-hailey-biebers-rhode-for-1-billion/), [[2]](https://www.axios.com/2025/05/29/hailey-bieber-rhode-elf-beauty-sale), [[3]](https://apnews.com/article/e50afe56cd3d7e6caa004bcc7eeb420b), [[4]](https://www.marieclaire.com/beauty/elf-acquires-rhode/)
* Paragraph 2 – [[1]](https://www.forbes.com/sites/pamdanziger/2025/05/31/elf-continues-to-disrupt-the-beauty-business-by-acquiring-hailey-biebers-rhode-for-1-billion/), [[5]](https://www.reuters.com/business/hailey-bieber-sells-makeup-brand-rhode-elf-beauty-1-billion-deal-2025-05-28/)
* Paragraph 3 – [[2]](https://www.axios.com/2025/05/29/hailey-bieber-rhode-elf-beauty-sale), [[3]](https://apnews.com/article/e50afe56cd3d7e6caa004bcc7eeb420b), [[5]](https://www.reuters.com/business/hailey-bieber-sells-makeup-brand-rhode-elf-beauty-1-billion-deal-2025-05-28/)
* Paragraph 4 – [[4]](https://www.marieclaire.com/beauty/elf-acquires-rhode/), [[6]](https://www.beautypackaging.com/contents/view_breaking-news/2023-09-22/hailey-biebers-rhode-expands-into-makeup/)
* Paragraph 5 – [[3]](https://apnews.com/article/e50afe56cd3d7e6caa004bcc7eeb420b), [[5]](https://www.reuters.com/business/hailey-bieber-sells-makeup-brand-rhode-elf-beauty-1-billion-deal-2025-05-28/)
* Paragraph 6 – [[1]](https://www.forbes.com/sites/pamdanziger/2025/05/31/elf-continues-to-disrupt-the-beauty-business-by-acquiring-hailey-biebers-rhode-for-1-billion/), [[4]](https://www.marieclaire.com/beauty/elf-acquires-rhode/), [[6]](https://www.beautypackaging.com/contents/view_breaking-news/2023-09-22/hailey-biebers-rhode-expands-into-makeup/)
* Paragraph 7 – [[2]](https://www.axios.com/2025/05/29/hailey-bieber-rhode-elf-beauty-sale), [[5]](https://www.reuters.com/business/hailey-bieber-sells-makeup-brand-rhode-elf-beauty-1-billion-deal-2025-05-28/)
* Paragraph 8 – [[2]](https://www.axios.com/2025/05/29/hailey-bieber-rhode-elf-beauty-sale), [[4]](https://www.marieclaire.com/beauty/elf-acquires-rhode/)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.forbes.com/sites/pamdanziger/2025/05/31/elf-continues-to-disrupt-the-beauty-business-by-acquiring-hailey-biebers-rhode-for-1-billion/> - Please view link - unable to able to access data
2. <https://www.axios.com/2025/05/29/hailey-bieber-rhode-elf-beauty-sale> - Hailey Bieber has sold her beauty brand, rhode, to e.l.f. Beauty in a landmark $1 billion deal. Founded just three years ago, rhode quickly gained traction and became a significant player in the beauty industry. The transaction includes $600 million in cash and $200 million in e.l.f. stock, with the potential for an additional $200 million in performance-based payouts over the next three years. Bieber expressed enthusiasm for the acquisition, emphasising her original vision to create essential skincare and hybrid makeup for daily use. The deal reflects both rhode's rapid growth and e.l.f. Beauty’s strategic expansion within the beauty market. ([axios.com](https://www.axios.com/2025/05/29/hailey-bieber-rhode-elf-beauty-sale?utm_source=openai))
3. <https://apnews.com/article/e50afe56cd3d7e6caa004bcc7eeb420b> - E.l.f. Beauty has acquired Hailey Bieber's Rhode skincare brand in a deal valued at $1 billion. Rhode, which reported $212 million in net sales in the 12 months ending March 31, 2025, is currently an online-only brand but plans to expand into Sephora stores in North America and the U.K. by year-end. Hailey Bieber, who launched Rhode in 2022, will continue with the company as Chief Creative Officer, head of innovation, and strategic advisor. The deal includes $600 million in cash, $200 million in newly issued e.l.f. stock, and an additional $200 million dependent on Rhode's future growth over the next three years. Both e.l.f. and Rhode are known for offering vegan, cruelty-free products and for capitalising on minimalist beauty trends. E.l.f., which began as a low-cost online brand in 2004, has grown significantly, posting $1.3 billion in sales for the fiscal year ending in March 2025. This acquisition enhances e.l.f.'s growing portfolio of beauty brands, which also includes Well People, Naturium, and singer Alicia Keys' Keys Soulcare. ([apnews.com](https://apnews.com/article/e50afe56cd3d7e6caa004bcc7eeb420b?utm_source=openai))
4. <https://www.marieclaire.com/beauty/elf-acquires-rhode/> - On May 28, 2025, e.l.f. Beauty announced its acquisition of Hailey Bieber's skincare brand, Rhode, in a substantial $800 million deal. This includes $600 million in cash and $200 million in newly issued e.l.f. stock, approximately 2.6 million shares, to Rhode’s existing equity holders. Launched just three years ago by Bieber with co-founders Michael D. Ratner and Laura Ratner, Rhode quickly gained popularity for its accessible prestige skincare offerings. e.l.f. Chairman and CEO Tarang Amin praised Rhode as a “like-minded disruptor” with strong growth potential, aligning with e.l.f. Beauty's mission to redefine the beauty market. Rhode Skin now joins other successful e.l.f.-acquired brands such as Keys Soulcare, Well People, and Naturium. The deal underscores Rhode’s rapid success and strong market reception, with fan-favourite products including the hydrating Barrier Butter, a nourishing toner, and the widely praised pocket blushes—all admired for their quality and inclusiveness. Whether Rhode will undergo a rebrand remains uncertain, but the acquisition promises further growth and innovation for the popular skincare line. ([marieclaire.com](https://www.marieclaire.com/beauty/elf-acquires-rhode/?utm_source=openai))
5. <https://www.reuters.com/business/hailey-bieber-sells-makeup-brand-rhode-elf-beauty-1-billion-deal-2025-05-28/> - Model Hailey Bieber has sold her popular makeup and skincare brand, Rhode, to budget beauty retailer Elf Beauty in a landmark $1 billion deal. Elf will pay $800 million in cash and stock with an additional $200 million contingent on Rhode's performance. This acquisition marks Elf’s biggest to date and signals its strategic move into the prestige beauty market amid weakening demand in the mass market segment due to inflation. Rhode, launched in 2022, has gained immense popularity among Gen Z through social media and viral products like its $18 peptide lip treatments. Unlike Elf’s mass market distribution through retailers like Walmart and Target, Rhode sells directly through its website and pop-up stores. The brand had $212 million in sales for the year ending March 31 and plans to expand to Sephora stores in the U.S., Canada, and the UK by fall. Hailey Bieber will continue as founder and strategic advisor post-acquisition. Elf, which has faced recent financial challenges including weak demand and tariff issues, sees this move as an opportunity to diversify and enhance its product offerings with a fast-growing premium brand. The transaction is expected to close in fiscal Q2 2026. ([reuters.com](https://www.reuters.com/business/hailey-bieber-sells-makeup-brand-rhode-elf-beauty-1-billion-deal-2025-05-28/?utm_source=openai))
6. <https://www.beautypackaging.com/contents/view_breaking-news/2023-09-22/hailey-biebers-rhode-expands-into-makeup/> - Hailey Bieber's Rhode is expanding from skincare into a hybrid colour cosmetics range—Rhode's tinted peptide lip treatments are launching on September 28th. The Peptide Lip Tint is the same formula as the original Peptide Lip Treatment, which won an Allure Best-of-Beauty Award. It offers a sheer wash of rich, glossy colour. Developing the product wasn't as simple as adding colour, Bieber tells Vogue. "It took a very long time to create them because I wanted to keep the formula the exact same,” she said, adding, “I’m not a chemist, so I thought it would be like, ‘just slap some colour in there and let's just go for it!’ It really wasn't that easy.” The unscented formula contains peptides to address volume loss, fine lines, and dryness. The ingredient list also features cupuaçu to help maintain skin elasticity and improve suppleness; and babassu, which contains lauric acid to support the microbiome and replenish moisture. Packaged in a tube, the product comes in four shades—Ribbon, a sheer pink; Roast, rose taupe; Raspberry Jelly, a crushed berry; and Espresso, a rich brown. The tubes are colour-matched to the formula. The eco-friendly tube is made with PCR materials. The tube contains 30% PCR HDPE and 70% LDPE and the cap is 30% PCR PP. The new Lip Tint range is fragrance-free, but Rhode's Lip Treatment range introduced Strawberry Glaze last month, with a scent inspired by a Krispy Kreme donut. It quickly became a TikTok favourite, just like Bieber's viral glazed donut nails. Prior, there was a Vanilla Cake scent. ([beautypackaging.com](https://www.beautypackaging.com/contents/view_breaking-news/2023-09-22/hailey-biebers-rhode-expands-into-makeup/?utm_source=openai))