

# Behave like a rat and prosper

I have just started working with a new client and we have just completed the Day One briefing. This is the moment after all the non-disclosure agreements have been signed when you get a full and frank overview of the company, its brands and strategies. My client is in awesome shape. It has five key brands and I spent the day learning about each from its respective brand manager.

As I learned about them and the opportunities ahead I got more excited – until we got to the final brand. It was projected to generate healthy sales in 2008, but the more I poked, the more I started to think that, unlike its sister brands, this one should be shut down. It had limited growth options and was in a very tough category. For an hour I argued that this brand should be killed.

It may sound bizarre to suggest a brand that is selling well should be axed. It may sound even stranger to spend your first day as a brand consultant trying to kill off one of your client's brands. But marketing has changed. We no longer celebrate brand extensions and brand creation as we once did. Today, the emphasis is on 'less is more'. If you want to help a company, don't encourage it to expand its portfolio – help it to reduce it.

Look at the big boys. For the past five years, they have been dramatically reducing the number of brands in their portfolios. Kraft is in the middle of a deal that will see it sell Post Cereals (which has sales of \$1bn a year in the US) to Ralcorp Holdings, a private-label manufacturer. Unilever recently sold much of its frozen-food business, including the Birds Eye brand, to private equity group Permira. Meanwhile, rumours abound that

Procter & Gamble is seeking buyers for three brands that each exceed \$1bn in sales – Pringles, Folgers and Duracell are all tipped for sale in 2008.

Why sell big, profitable brands?

The brown rat is an amazing creature that originated in China but now thrives all over the world. One of the secrets of the species' success is infanticide. A typical brown rat litter consists of between six and



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12 pups. It is common for the mother rat to kill, and eat, several pups in their first hours. Research suggests that the mother identifies the smallest and weakest for slaughter.

This apparently abhorrent act is actually the action of a superior animal and also points the way for modern brand managers. If the mother rat tries to wean too many pups, she risks underfeeding all of them, thus leaving herself and the

brood vulnerable to predators. By reducing the number she has to feed, she also rebuilds her reserves to ensure that her remaining pups get the maximum possible support.

Too many marketers grow attached to the brands in their charge and fall into the trap of assuming that every brand deserves life. As a result, all the brands in their portfolio, the holding company and the marketer's career will struggle.

The growing challenges of private label, rising costs and global markets all pose strong arguments for getting more from fewer brands. If the big corporations are slimming down their portfolios because they do not have the resources to support lots of brands, you have to assume that most other organisations should follow suit.

You have limited time, money and expertise. Focus these crucial resources on as small a group of brands as possible. You have to be even more cold-blooded than the brown rat. Your question is not which brands to kill, but which are worth keeping in the first place. If that means killing off the old, the young, the weak brands, so be it. In marketing, every year should be the year of the rat.

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## 30 seconds on... divested brands

In **2006**, **Unilever** announced plans to sell most of its European frozen-foods brands, including **Birds Eye**, because, while it had improved profitability, **growth** was harder to come by. It retained its ice-cream business, which was a 'strategic priority'.

**Procter & Gamble** constantly reviews its portfolio, divesting brands that do

not fit its focus on higher-growth areas. In **2004**, it announced the sale of beverage brand **Sunny Delight**, which it had acquired in **1989**, to US private-equity firm JW Childs Associates. P&G planned to focus on its growing **snacks and coffee** business.

Major US coffee brand **Folgers** has been owned by **P&G** since **1963**. Reports emerged in **January** that P&G plans to **spin off** the brand as a separate company. A source suggested this would avoid a **big tax bill** that could result from a sale and reduce its exposure to the **slow growth** of the business.