



Duracell vs Energizer

copy cat strategy



There are a lot of books about corporate strategy. From Porter to the latest history of Apple, schemes are analyzed, decisions are decrypted and theories are drawn. I do not have the pretense to produce such content but I'd like to share a quick review of two major brands' histories.

Duracell finds its root in the Mallory Company and the invention of the alkaline primary battery technology. Energizer's origin is traced back to the invention of portable flashlight and the Eveready Company. When you look at the time line of the companies, there is a huge similarity and some key turning points illustrate one of the most passive corporate strategy.

Do what your competitor is doing!

Past innovation built the brands

Back in 1898 Hubert invented the flashlight, created a company that became known as The American Ever Ready Company. Taken over by National Carbon Factory then merged with Union Carbide in 1917, the brand name was simplified in Eveready. Battery innovation came in the 50's with hearing aids, first 9V batteries

Pretty similar with Duracell's history that started in the 20s as Ruben and Mallory came together and created the Mallory Company. Invention of the alkaline battery in the 40's was followed by more innovation across the 50's and 60's including the AAA size created to meet Kodak (remember the name) need for a flash battery. Brand name was changed to Duracell in the 60's but Mallory was still used for rechargeable products in the early 2000's.

Energizer's copy of the Bunny

In 1973 Duracell created the Bunny and used it as an advertising icon for many years. It then moved to other identity concept and in the late 80's Energizer sized the opportunity to deposit in the USA and Canada a trade mark on a "battery bunny", as Duracell failed to renew its patent. Outside North America Duracell still uses the Bunny as a brand icon.

Similar ownership changes

In the late 70's Mallory/Duracell was taken over by Dart industries, and then merged into KRAFT until it was taken over by KKR in 1988. KKR took the company public the year after. The 90's were years of intensive development of OEM products and formats by Duracell.

In 1986 Union Carbide's sold Energizer to Ralston Purina that spun it off in 2000, just about one year before the Nestlé takeover.

Two standalone battery companies on the market? Not quite so as Gillette had taken over Duracell in 1996. The "logic" move for Energizer was then to take over Schick-Wilkinson in 2003. Do what the other is doing?

As P&G took over Gillette in 2005 to gain a more male oriented portfolio, the scope did change, even if AG Lafley did comment just after the merger that he did not really understand where Duracell fitted in the P&G portfolio. Energizer Holdings diversified toward a more female oriented portfolio with Playtex and the femcare brands of Johnson & Johnson in North America.

Product race

Across the last 10 years the two brands have been rushing to bring to market some innovations in the portable power category. Whenever one sized some advance in one field, the other one tried to bring similar products to the market.

Energizer stands as the leading flashlight company - Duracell buys Garrity. Duracell initiates a license strategy - Energizer copy cats it. Energizer pushes its AA lithium battery to the retail market to react to Duracell's "longest lasting AA" claim - Duracell launches its own, made in a Chinese plant as the Lexington plant had been closed couple of years before. Duracell secures retail launch of low self-discharge rechargeable cells - Energizer then brings its own to the market.

Finally front to front

While regularly denied it was clear that the Duracell brand did not fit within P&G. It took years to spin off several food brands that were still in the P&G portfolio. Divesture of Folgers coffee to Smucker, Kellogg taking over Pringles after the Diamond deal went awry, pet food sold to Mars, Braun home appliances licensed out to Delonghi... What was to be done with Duracell? USD 2 billion in sales, a brand again in the Interbrand top 100 ranking, valued over USD 4 billion. Not so easy to divest.

Energizer Holdings announced they would spin off the battery business earlier in 2014.

And guess what, P&G told markets they "may" do the same by then end of 2015. That sounds to me like a decision taken because of the opportunity created by Energizer's announcement.

What for tomorrow?

Of course AA, AAA, 9V batteries have way to go. So many devices use them today, from simple toys to complex safety devices. Yet the market is shrinking. Alkaline sales decreased by over 3% in the USA in 2013. Mobile phones take over flashlights as well as voice recorders, cameras, even tomorrow glucometers...

So what's up for our two rabbits? Will they be able to focus back on innovation and exit their current core business and bring back innovation speed in-house? Can Duracell overcome the Garrity failure on flashlights and the loss of a lithium edge after closing Lexington? Can they turn their license programs into something more than a marginal income and drive a new business model? Can they catch up on new chemistries?

Can they avoid the fate of KODAK?

