THE TIMES

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Business Editor's briefing

Reckitt cuts its cloth in Europe and America

Peter Stiff

Reckitt Benckiser will cut jobs and investment in Europe and North America to fuel an expansion drive in the world's emerging markets.

The shift is intended to reinvigorate the company's performance, which has waned from the position of market leader in the past two years.

Reckitt has 19 so-called "power brands" that it wants to expand globally, including Dettol disinfectant, Nurofen painkillers, Durex condoms and Cillit Bang bleach.

Revealing the results of its strategic review, Rakesh Kapoor, the chief executive, said yesterday that the group would become the first in the industry to merge its European and North American divisions — a move that will save £30 million a year and result in job losses.

Its new ENA division, whose headquarters will be in Amsterdam, will sit alongside two new emerging market units broadly focused on Russia, the Middle East and Africa (Rumea) and Latin America and Asia (Lapac). Mr Kapoor, who replaced Bart Becht in September, hopes that the new organisation will improve the speed at which it brings new products to market. He argues that Europe and North America should be run as one because they are similar.

Reckitt will also put a greater emphasis on its health and hygiene products, which have higher profit margins and greater growth potential in developing markets. "It's time to change the identity of this company," Mr Kapoor said. Its private label business, which supplies cleaning products for the likes of Aldi, will be closed to avoid providing "solutions for other people's brands", and the pharmaceuticals business will be reviewed in 18 months, with the possibility that it might be sold.

Reckitt will also move away from "outdated" advertising and promotions and devote more time and money to programmes that link its products to health initiatives.

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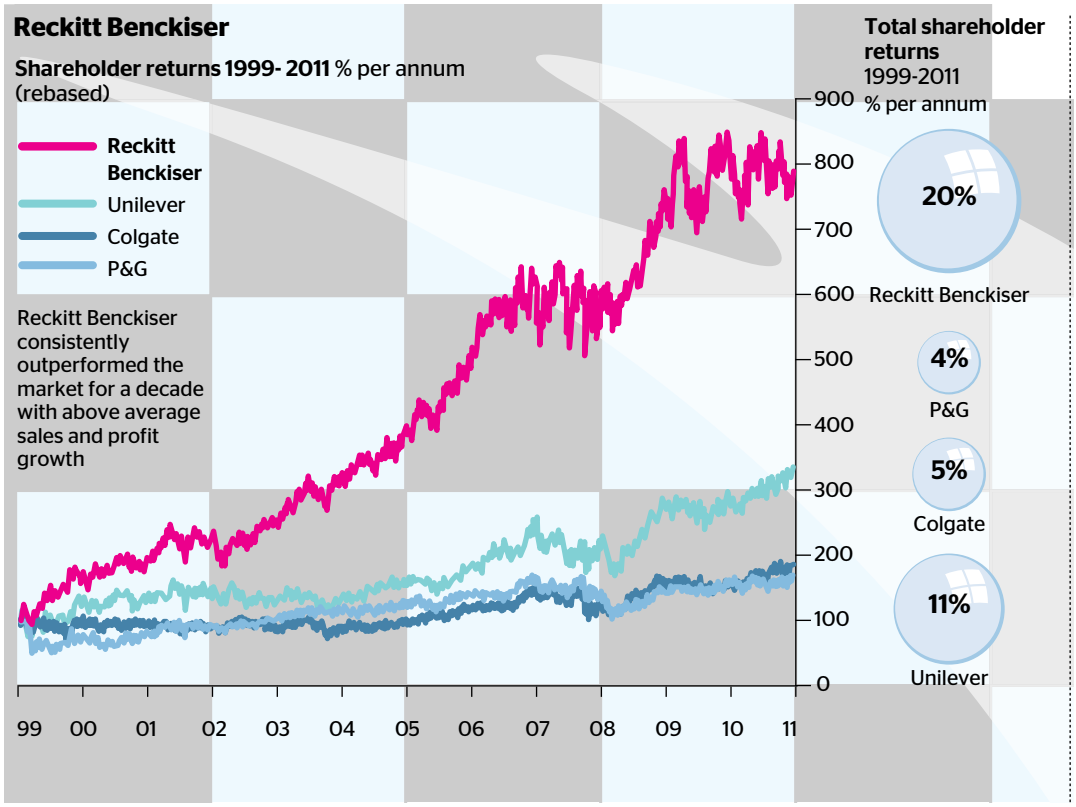

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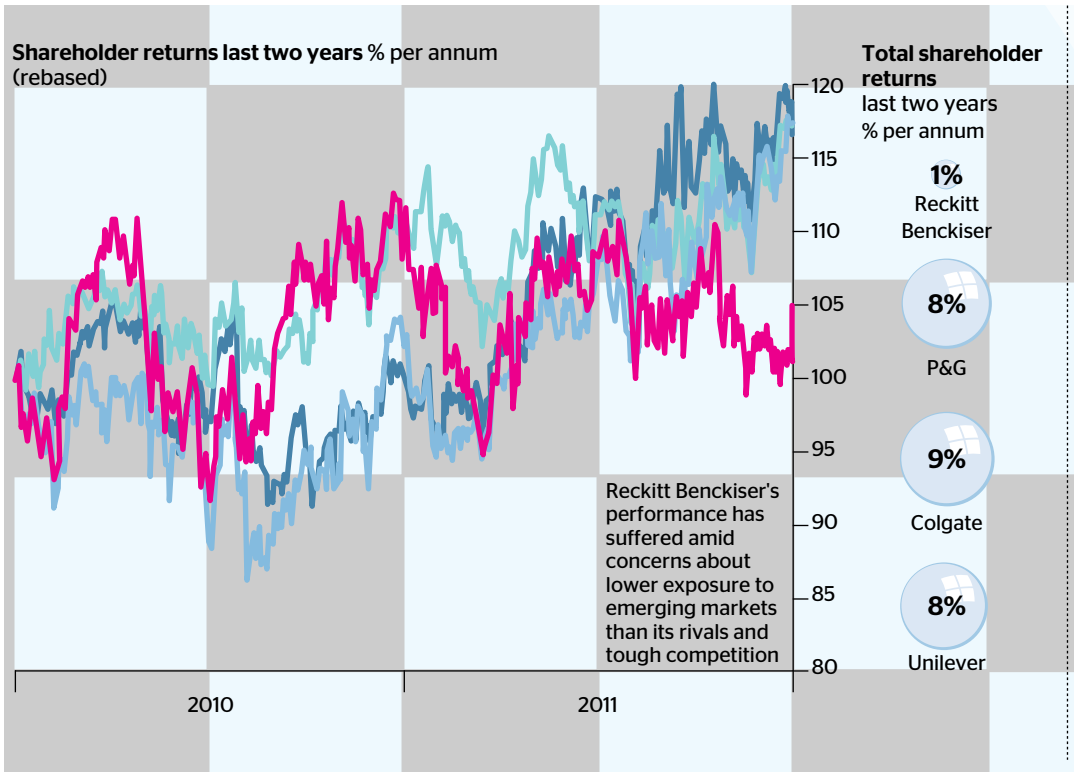

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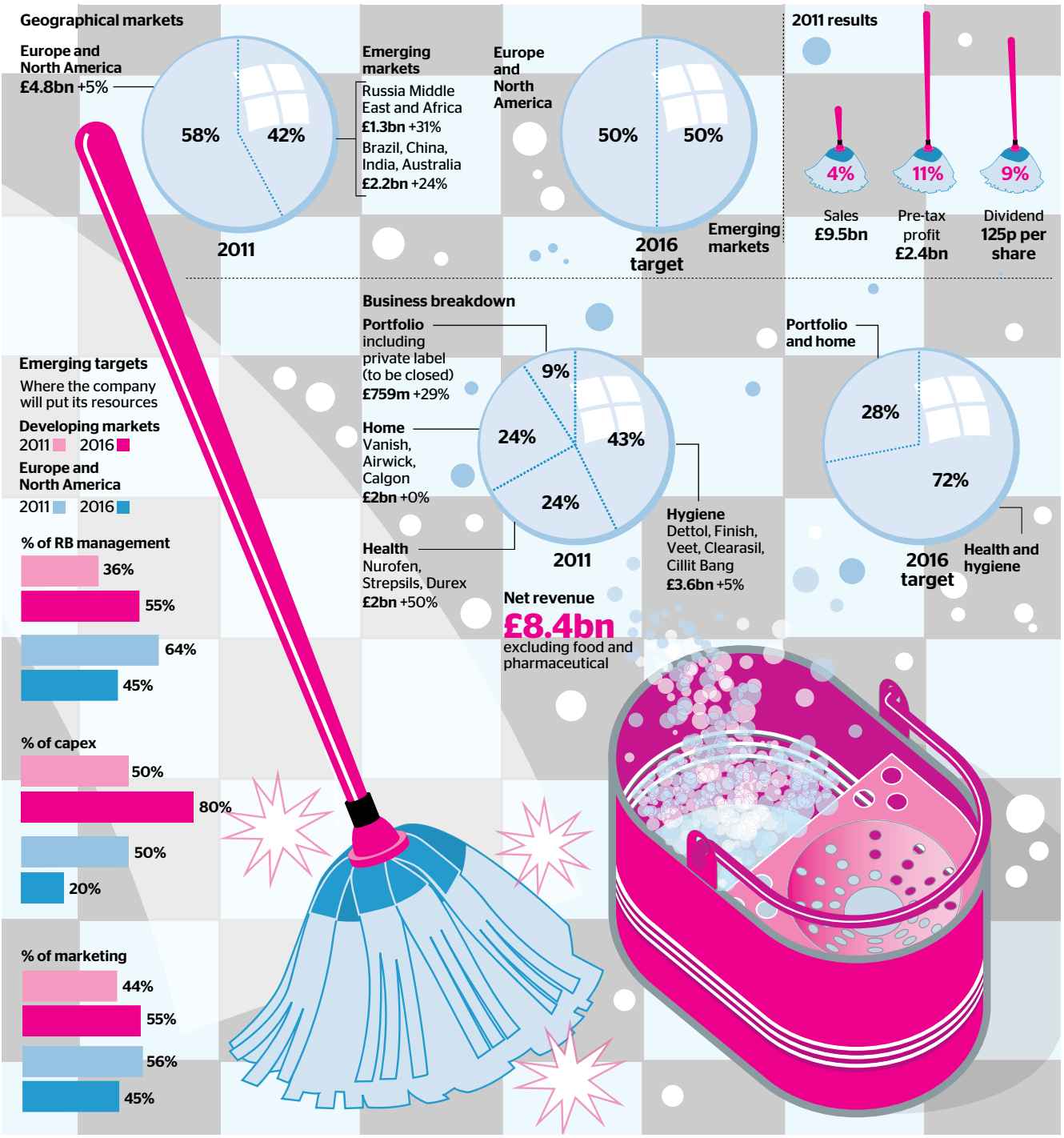

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