



Global Powers  
of Consumer  
Products 2014  
The connected  
consumer evolves



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# Global Powers of Consumer Products 2014

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Deloitte Touche Tohmatsu Limited (DTTL) is pleased to present the 7th annual *Global Powers of Consumer Products*. This report identifies the 250 largest consumer products companies around the world based on publicly available data for the fiscal year 2012 (encompassing companies' fiscal years ended through June 2013).

The report also provides an outlook for the global economy, an analysis of market capitalization in the industry, a look at M&A activity in the consumer products sector, and a discussion of major trends affecting consumer products companies.

# Global economic outlook

Last year's report noted that "barring a fiscal convulsion, the U.S. economy is likely to accelerate in the coming year." Well, there was a fiscal convulsion. Consequently, growth was not especially strong. It said that, in China, a hard landing seemed unlikely. That was correct and the economy has actually stabilized at a new level of economic growth. We wrote that "the economic situation in Japan suggests continued weak sales growth and declining prices." This was wrong simply because we did not anticipate that a new Prime Minister would embark on a radically different path. Finally, we noted that, despite a recession in Europe, the decline in the value of the euro combined with wage restraint had boosted the competitiveness of European exports. Indeed today, the burgeoning economic recovery is mainly due to the improvement in export performance.

Overall, we didn't do too badly. What we got wrong was largely due to our failure to anticipate the political environment in both the U.S. and Japan. What we got right was due to drawing sensible inferences from economic trends. Thus, going forward, the question arises as to what changes in the political environment might play havoc with the economic outlook. Around the world, there are some significant political uncertainties. These include whether and how the Eurozone will implement a banking union; whether the ECB will move toward a more aggressive monetary policy; whether Japan's government will endorse a radical program of deregulation; how China's government deals with financial imbalances, and how other emerging markets deal with a new global economic environment.

The pages that follow offer a view on the economic outlook for the major markets and the potential impact on consumer product companies. This is a baseline view. Yet it should be noted that unexpected political decisions, by leaders or voters, can relegate any predictions to the rubbish bin. Hopefully, what follows still offers a useful road map.

## Eurozone

The Eurozone is recovering from a prolonged recession, itself the result of the sovereign debt crisis. Prior to the crisis, the creation of a common currency had led to interest rate harmonization and relatively low borrowing costs across Europe. With the crisis came a loss of confidence in the durability of the euro and the ability of some countries to service their debts.

Consequently, borrowing costs for Southern European countries increased dramatically leading to a severe drop in credit market activity. In addition, most European countries adopted tight fiscal policies in order to convince financial markets of their commitment to fiscal consolidation. The result was a recession which is only now ending.

The recovery came about for three main reasons. First, the ECB promised to "do whatever it takes" to save the euro. That meant that the ECB would not allow sovereign debtors to default. As a result, bond yields declined, leading to lower borrowing costs. Moreover, this caused an improvement in the ability of governments to service their debts. That, in turn, led to the second reason, which is a loosening of fiscal policy. Today, government finances in Europe are in much better shape than a few years ago. This means that countries can take a more relaxed attitude toward fiscal discipline—at least in the short run. Finally, the decline in the value of the euro, combined with wage restraint and productivity gains, caused exports to grow once again.

In 2014, the Eurozone is expected to experience modest growth. Inflation, which is very low, will remain so, thereby providing the ECB with plenty of wiggle room should it choose to engage in a more aggressive monetary policy. The ECB is studying the possibility of employing unusual policy tools to boost credit market activity. This could include something akin to quantitative easing (already in use in the U.S., UK, and Japan) or using fees to compel banks to lend. At the national level, several countries are increasingly committed to labor market reforms designed to reduce the cost of hiring and, therefore, reduce unemployment.

Yet perhaps the biggest obstacle to better economic performance in Europe is the absence of financial market integration. European banks are primarily supervised by their national governments. When they get in trouble, the national governments have been forced to assume bank liabilities. Banks holding Greek sovereign debt have been forced to take haircuts and banks in Cyprus have been forced to confiscate deposits. There is no Europe-wide deposit insurance and no Europe-wide system for resolving troubled banks. Negotiations have taken place aimed at creating a banking union, but the outlines agreed upon so far fall far short of true financial market integration.

The countries have agreed to a modest fund for bank resolution, a requirement that national governments get involved if the fund is exhausted, and a requirement for unanimity among Eurozone members to approve using bailout funds to support banks. In other words, there will not be a strong central authority with the resources to support and resolve troubled banks. As such, this reform fails to do what is needed to harmonize credit market activity. Absent a more integrated approach, it is hard to see how credit market activity will heal quickly. It is also hard to see how the Eurozone can succeed in the long-term. It is increasingly evident that a successful currency union requires a different architecture than now exists. It requires integration of the financial system in which all banks are supervised and supported by a central authority with considerable resources and independent decision-making. This is not going to be the case under the plan now being discussed.

There remain considerable risks to the Eurozone. These include potential problems of sovereign debtors such as Greece; possible election of anti-European governments in key countries; failure of countries to enact major economic reforms that would boost productivity; and failure of Germany to boost domestic demand, thereby helping its European compatriots. Indeed much of the failure to reform the architecture of the Eurozone stems from disagreements between Germany and the other countries. Germany is worried that any joint liability involving financial institutions would effectively be a German liability. As such, it is reluctant to endorse a more integrated approach to financial reform.

The outlook across Europe varies by country. Here are some highlights:

#### **Germany**

Growth in Europe's largest economy is expected to accelerate in 2014, driven by a combination of rising consumer spending, business investment, and exports. The implementation of a minimum wage will boost consumer incomes, but will also cause a modest increase in unemployment. Other aspects of the agreement of the governing coalition will have a negative impact on competitiveness. Germany remains highly dependent on exports of capital goods. A deceleration in investment in China could have a negative impact on Germany's economy. The revival of growth in the rest of Europe, however, will be helpful.

#### **France**

France has become the weakest link in the Eurozone. The economy is barely growing and 2014 is expected to be a weak year. Poor business confidence, engendered by a failure of the government to enact significant labor market reforms, will suppress investment. A partial reversal of the government's plans for very high tax rates has not convinced businesses to invest. France has lost competitiveness as productivity has lagged. Consequently, it is not experiencing the export revival seen in other Eurozone economies.

#### **Spain**

Spain is finally recovering from a long recession and growth in 2014 is expected to be modest. Spain's financial situation has improved, with bond yields now at relatively low levels. Fiscal austerity has been eased and the export sector is performing well following an improvement in competitiveness. On the other hand, the financial sector remains weak, with bank lending continuing to decline. The economy remains fragile.

#### **Italy**

Italy's longest post-war recession is finally ending. Moreover, the ascension of a new reform minded Prime Minister could lead to new efforts to reform the economy. The government is shifting away from fiscal austerity and towards more labor market reforms. In addition, Italy is gradually becoming more competitive, thereby boding well for export performance. The result is likely to be modest growth in 2014. On the other hand, Italy faces a number of problems. These include continued high government debt, poor demographics, high unemployment, and continued weakness in credit market activity.

#### **Japan**

Japan's economy, having grown rapidly in the first half of 2013, slowed in the second half. Still, economic performance in 2013 was the best in years. This was largely a result of the monetary policy component of Abenomics (the other components are fiscal stimulus and deregulation). The monetary policy has involved sizable asset purchases by the central bank designed to suppress bond yields, create inflation, suppress the value of the yen, and boost consumer and business willingness to spend. So far it has been a modest success. Inflation is finally returning to Japan, albeit modestly. Bond yields remain low, thereby creating an environment of low capital costs which encourage investment. The yen has significantly depreciated, thereby helping export competitiveness and helping to revive Japan's manufacturing sector. A sizable increase in wealth, due to higher equity prices, has boosted consumer spending.

Despite the positive news from Abenomics, there are reasons for concern. First, Japan will face a large increase in the national sales tax in April. This was already in the pipeline prior to Prime Minister Abe's accession to office. It is designed to improve the sustainability of Japan's pension system in the future. Yet the increase is expected to hurt consumer spending. Moreover, earlier strength of consumer spending was partially due to consumers purchasing big ticket items before the tax increase takes place. Although the government intends to implement a sizable fiscal stimulus to offset the impact of the tax increase, it is possible that, after April, the economy will slow down considerably.

Second, sustained growth of consumer spending will require increases in wages. Yet while prices have risen, wages have not. This means declining real purchasing power for consumers. The government has encouraged businesses to boost wages, and a leading business lobby has recommended that its members take action. Whether wages will rise in 2014 remains uncertain. If wages continue to stagnate, economic growth will suffer.

Finally, the longer term benefit of Abenomics will require radical deregulation of the economy. The details of what the government intends remain unknown, and the government has delayed implementation of some aspects of deregulation. Absent significant reform, Abenomics will not have a lasting impact on productivity growth and economic growth.

## China

The Chinese economy has slowed considerably. The critical manufacturing sector has been stung by slow overseas growth, a rising value of the yuan, and rapidly rising wages, all of which have hurt export growth. Instead, the economy has relied heavily on domestic demand, especially investment in fixed assets. This has been fueled by massive borrowing by local governments, corporations, and individuals investing in the frothy property market. Unfortunately, the growth of debt, mostly off the balance sheets of banks (in the so-called shadow banking system) has created a sizable risk to the Chinese economy. This threatens to either derail economic growth or cause further problems in an economy already suffering from serious imbalances. Although the massive investment in fixed assets has maintained employment, it has often generated negative returns. It has not contributed to the ability of the economy to grow. The government will likely have to bail out troubled financial institutions, force them to reduce lending, and thereby cause a drop in economic growth. The best way to avoid a serious crisis would be to implement significant reforms of the financial system as soon as possible.

As such, the government recently announced a range of reforms intended to create a more normal economy.

The reform program proposed by the Chinese government is radical yet cautious at the same time. On the one hand it proposes increased competition for state-owned enterprises (SOEs). On the other hand, it fails to propose privatization of SOEs. On the one hand it proposes to protect private property rights, but on the other hand it fails to give up state ownership of land. On the one hand it does much to decentralize economic power by empowering the private sector. Yet on the other hand, it pulls more power into the hands of the central government, often at the expense of local and regional governments. As such, it is a mixed bag of reforms.

Despite a bit of ambiguity, it is clear what the government generally hopes to achieve. The reforms, if implemented successfully, should lead to faster economic growth, less financial risk to the economy, and a shift in growth away from investment in fixed assets. In addition, the reforms tackle a variety of social issues. The reforms will lead to greater fairness by promoting more income equality as well as a more powerful and less corrupt judiciary. Finally, the reforms are somewhat conservative in that they should help to stabilize the economy and society by engendering greater predictability. There should be more transparency of financial markets and SOE finances, more professional management of SOEs, less reliance on the decisions of fickle local officials, and more reliance on market forces to determine allocation of resources.

As to the potential impact of the reforms, this depends on how fast they are implemented and the degree to which they are fully implemented. Many of the reforms will only bear fruit over a relatively long period of time. Reform of the financial system, on the other hand, might have more immediate implications for the functioning of financial markets. Given the problems in the banking system, the faster China improves the efficiency of its financial services industry the better.

## United States

During the post-recession period, the U.S. economy has actually grown faster than the economies of Western Europe and Japan. Despite this, there has been considerable disappointment in the U.S. with the pace of growth, especially given the continued high rate of unemployment. As 2014 begins, the U.S. economy is recovering nicely after a prolonged period of modest growth. During the last two years, there were factors that held back growth.

In 2012, the recession in Europe hurt the U.S. recovery. In 2013, a severe tightening of fiscal policy in the U.S. probably reduced economic growth by 1.5 percentage points. Yet in 2014, these factors will not play a role. Rather, Europe will be in recovery and U.S. fiscal policy will have a modest positive impact on growth—especially now that the Congress has agreed to scale back the sequestration.

In addition, there are a number of positive factors. These include rising overseas demand, increasing investment in energy production, pent up demand for household formation, and improvements in the functioning of credit markets. Indeed the economy has shown signs of strength. This has included continued growth of consumer spending, especially spending on automobiles. Significantly, it has also included a sizable rebound in the U.S. housing market. Home prices have risen, sales of new and existing homes are up, and construction of residential property has risen. The strength of housing reflects low mortgage interest rates, declining unemployment, improved credit conditions, and the fact that private equity firms have invested heavily in foreclosed properties. The latter has contributed to the rise in property prices which, in turn, has enabled millions of homeowners to return to the market.

On the other hand, the U.S. Federal Reserve has begun to taper its program of quantitative easing. This will entail reducing the pace of asset purchases. In the coming months, depending on economic conditions, the Fed will continue to cut back on asset purchases. Meanwhile, it will maintain a relatively loose monetary policy, keeping interest rates historically low for a longer period than previously planned. It will also take actions to boost credit market activity. Still, the tapering has already led to higher bond yields and mortgage interest rates. These can be expected to continue rising, putting some downward pressure on housing market activity. In addition, the Fed's policy is putting upward pressure on the value of the dollar. This could hurt export competitiveness. In the short term, it is creating some turmoil in emerging markets where currency values have been under pressure.

There remains uncertainty about the economic impact of the implementation of Obamacare. If large numbers of young and healthy individuals fail to purchase insurance, then insurance premiums will rise, possibly having an adverse impact on business. If, on the other hand, such individuals purchase insurance in large numbers, premiums could actually fall.

## United Kingdom

In the course of 2013 the UK went from being one of the rich world's growth laggards to being one of its stronger performers. This surprised just about everyone. However, before we get carried away we need to put the British picture in perspective. On average economists forecast the UK will grow by 2.3% in 2014. Before the financial crisis that would have been regarded as a normal, if unremarkable, rate of growth. But after five years in which the economy has shrunk, 2.3% growth looks relatively good and, if realized, would represent the strongest growth since 2007.

Why is the economy rebounding? There are several factors. First, consumer spending is growing despite a sizable drop in real incomes. Evidently there is considerable pent up demand and consumers are dipping into savings and taking on new debts. Plus, wages are starting to turn around. Second, housing has soared, largely the result of a government scheme designed to spur home buying. Third, monetary policy has been expansive. The central bank has been engaged in quantitative easing. Fourth, fiscal policy, having been tight, is starting to ease as the government is close to achieving its fiscal goals. Finally, the recovery in the Eurozone is having a positive impact.

On the other hand, business investment has not risen accordingly. It appears that businesses are not yet convinced of the durability of the recovery. Moreover, the rise in consumer spending may not be sustainable given the weakness in consumer income. A debt financed rise in spending, similar to what happened in the last decade, is hardly the basis for a firm recovery. Britain will need to export more.

## Emerging markets

### Brazil

Economic growth in Brazil has decelerated considerably. The country has been beset with inflation, currency depreciation, some social unrest, and business pessimism. The central bank has tightened monetary policy in order to slow inflation and resist currency depreciation. The outlook for the short term is, consequently, not very good. In the longer term, Brazil has many favorable attributes including good demographics, a likely dramatic increase in energy production, increased foreign interest in the manufacturing sector, and increased exports of services. On the other hand, Brazil continues to have a variety of challenges which require legislation. These include overregulated labor markets, inadequate infrastructure investment, and trade restrictions.

## India

India had a few years of astronomical growth that turned out to be unsustainable. It led to bottlenecks that created inflation. Plus, the growth was financed by an accumulation of external debt that cannot be sustained. The central bank has significantly tightened monetary policy in order to quell inflation and stabilize the currency. Meanwhile, the government has failed to implement many of the reforms that would boost productivity and unleash more investment and faster growth. Rather, such changes must await the next election which will take place in 2014. For now, therefore, India appears to be on a lower growth trajectory.

## Russia

The Russian economy has slowed considerably in the past two years. Over the past two decades, Russia's economic performance was usually correlated with the price of oil. However, that relationship has shifted. Today, the price of oil is relatively high but growth is slowing. Evidently, Russia has some fundamental weakness. There has been inadequate investment in energy, resulting in a decline in output. There has been very modest investment in non-energy industries. The population is declining, thus creating a labor shortage which has resulted in higher wages and low unemployment. While consumer spending has been strong, household debt has increased, thereby hurting potential growth. Inflation remains too high and the central bank has, therefore, not eased policy despite a slowdown in growth. Moreover, the country faces growing competition in its core energy export based. Thus, the economic outlook is modest at best.

## Other markets

Many emerging markets have seen a deceleration of growth in the past year. This follows a period of very rapid growth that was driven by several factors. These included plenty of inbound investment fueled by low returns in developed markets, excessive accumulation of external debt—especially given the cheap cost of borrowing, and the commodity boom that was fueled by China's massive investment spending. Now, things have changed. Further accumulation of debt is not feasible. In addition, capital flows have reversed now that bond yields have increased in the U.S. Moreover, this has caused a decline in the value of emerging market currencies, thus forcing central banks to tighten monetary policy in order to stabilize exchange rates. Such action has a dampening effect on growth. In addition, the very rapid growth of recent years caused bottlenecks leading to inflation. That is another reason for central bank tightening. Finally, the commodity boom is over, thus dampening growth for commodity exporting countries.

Going forward, the emerging world is likely to have a year or two of disappointing growth while imbalances are unwound. However, the longer term outlook remains positive. Indeed for those emerging markets that did not accumulate too much debt, the outlook is quite good. Among the more promising markets are Colombia, Mexico, Philippines, and much of sub-Saharan Africa among others. These countries have improved governance, competitive industries, and favorable demographics. They should experience strong growth in the coming decade.



# Global trends affecting the industry in 2014

## The connected consumer evolves

The major trends that we wrote about three years ago in *Consumer 2020*—globalization, the economy, health & wellness, sustainability, and technology – are as important today, if not more so. What is different now is the extent to which the digital revolution is enabling consumers. Technologies that were once new are now established and are converging in ways that empower consumers as never before. The result is that consumer products companies today find themselves somewhat disrupted and needing to re-examine their business strategies—they must be innovative and agile enough to address these developments and be ready for any potential technology disruptors in the near future. The following is a short-term view on how companies will be impacted by this evolution of the connected consumer.

### Consumers are now truly global

Consumers socialize with people around the globe, shop from the global marketplace, access information from almost any part of the world, and travel globally.<sup>1</sup> International airline passenger demand grew 5.4% in 2013 despite a difficult economic environment and over 3 billion international and domestic airline passengers are expected in 2014.<sup>2</sup>

Though some consumer products companies are veterans at entering new markets, the challenge of developing products for global and local needs and marketing to the global consumer remains. Companies are faced with balancing global versus local consumer requirements; managing and growing profitably; and buying and selling to optimize their global portfolio. At the same time they must be developing their end-to-end global supply chains with the infrastructure, governance, transparency, and flexibility needed to consistently meet consumers' demands from any part of the world, through any channel.

They are also learning to embrace new approaches and to compete in smarter ways, such as entering new markets virtually rather than physically. In 2014, according to Forrester, "A growing number of brands will supplement their traditional retail relationships with new direct-to-consumer websites around the world, offering global online shoppers more immersive brand experiences and new opportunities to buy.

Brands selling online will increasingly embrace international shipping as a way to reach consumers in markets where they do not yet have local operations. Brands will also launch new stores on global marketplaces to take advantage of these marketplaces' sizeable audiences and understanding of local consumers' needs."<sup>3</sup>

### Consumers want and expect more for less

Consumers are spending, but they are also saving. Post-recession, developed market consumers have adapted their purchasing behaviors and have learned to look for promotions and discounts, buy in bulk, buy private label, budget, plan shopping trips, shop across channels, shop at discount stores and outlets, and participate in group buying.

"A significant number of consumers are planning to decrease their spending over the next year, but they are not willing to sacrifice consumption. Instead, they are looking at other routes to reducing spending such as shopping at discount stores or continuing to buy private label brands."  
Euromonitor International's 2013 Global Consumer Trends Survey

Even once free-spending, emerging market consumers are more price-sensitive and shopping smarter due to the continued economic slowdown in developing markets. Consumer products companies will not be able to depend on them for profitable growth. For example, while luxury goods sales are expected to continue to grow as more emerging market consumers continue to aspire to luxury consumption, consumers have become more subtle and less conspicuous in their consumption, as showing off has become "bad taste." Consumers also want "affordable luxury" and are shopping at outlets and second-hand stores and buying gourmet and premium versions of everyday goods such as coffee and shampoo.<sup>4</sup>

Consumers also want more than products and services; they want a unique, entertaining experience during the shopping and purchasing process and are willing to spend a little more for it. For example, Adidas announced its plans for a high concept, interactive retail store in China. "The store resembles an arena that customers can walk up to in a tunnel cheered on by spectators, much like athletes do before a sporting occasion."<sup>5</sup>

Companies are also offering consumers opportunities to personalize and customize their products, everything from selecting the color of components and designing the products themselves, to crowdsourcing to determine the next new product. After success in 2012, Lay's (one of the brands from PepsiCo's Frito-Lay division) has once again launched its "Do Us A Flavor" contest in which U.S. consumers can choose from three forms of potato chips and submit their flavor idea via a special website, Twitter, YouTube, Facebook, or text for a chance to win prizes.<sup>6</sup>

With consumers continuously expecting more for less and slower growth in consumer spending expected in 2014, everyone's vying for a share of consumers' limited wallet. Consumer products companies are required to work harder, be more innovative, and push the frontier with new products, services, and experiences to satisfy the consumer as king. Companies therefore will need to hire innovative people and put in place the culture, organization, and incentive structure that encourages innovation and agility.

#### **Health and wellness goes mainstream and digital**

Consumers are not only much more aware and knowledgeable of the importance of health and wellness, they are taking action. They are eating right and adopting healthier lifestyles. They are switching to foods and personal care products that are organic, less processed, and have health benefits. 59% of consumers globally found appealing the prospect of foods and drinks formulated with the lowest number of ingredients possible, according to Datamonitor's 2013 Global Consumer Survey.<sup>7</sup> "Kraft is looking to capitalize on consumer demand for products with fresh and simple ingredients through new products."<sup>8</sup> They will incorporate the fresh and simple concept into their new product developments and brand-renovation plans. "Hain Celestial has 100 new products planned for 2014, many of which focus on organic and non-GMO ingredients to add to its list of 2,000 certified organic products and 500-plus verified non-GMO offerings."<sup>9</sup> 55% of consumers globally are trying to eat as many vegetables as possible according to the Datamonitor survey. This is in sync with trendy foods such as kale, the large assortment of drinks with vegetables, the increasing sales of juicers, and new products that incorporate vegetables, fruits, and other good-for-you ingredients.<sup>10</sup>

Euromonitor International's 2013 Global Consumer Trends Survey found that the majority of consumers are willing to pay more for food products with specific health benefits such as added nutrients and lower fat.<sup>11</sup>

Consumer products companies are continuing to reformulate their products and launch new versions with reduced-fat, reduced-sugar, and reduced-salt. The world market for functional foods and drinks is expected to reach \$130B by 2015.<sup>12</sup> Consumer products and life science companies are actively trying to cash in on this trend. For example, the first coffee pod products to contain probiotics was launched this year. "Coffee is ideal for the addition of probiotics because people drink it every day and don't have to change their habits to get probiotics into their diet, according to Michael Bush, senior vice president of Ganeden," the biotech company that produces the probiotic.<sup>13</sup>

Consumers are also actively managing their health and wellness digitally. They are researching information online, monitoring and tracking their condition and fitness using digital devices and apps on their smartphone, and communicating with healthcare providers via email. As of this writing there are over 200 Health & Fitness apps on iTunes. Four million units of smart fitness bands are expected to sell globally in 2014, generating over \$550 million of revenue.<sup>14</sup>

Health and wellness tops the CXO board agenda for consumer products companies. According to the latest Consumer Goods Forum (CGF) report, companies have established policies and activated programs on its Health & Wellness Resolutions: (1) Access & Availability of Products and Services, (2) Product Information and Responsible Marketing, and (3) Communication and Education About Healthier Diets and Lifestyles.<sup>15</sup> However, there are still endless opportunities to improve health and wellness among consumers globally. The challenge for consumer products companies will be to determine where to play, how to win, and how to make an impact. Companies will need to have a clear health and wellness vision and strategy aligned with their capabilities and core values, and they will need to work with other organizations, from retailers, to life science companies, to healthcare providers, to community organizations.

#### **More consumers want to shop and act responsibly**

A recent global study identified more than one-third of global consumers, 2.5 billion, as 'aspirational consumers' in which 78% are defined by their love of shopping, 92% by their desire for responsible consumption and 58% by their trust in brands to act in the best interests of society.<sup>16</sup> Two-thirds of online consumers say they "try to have a positive impact on the environment through daily actions and nearly half are worried about climate change," according to Euromonitor's consumer survey.

Consumers in emerging markets are also becoming more concerned about being “green.”<sup>17</sup>

Just look at the number of consumer products companies on the recently launched TOMS Marketplace (<http://www.toms.com/marketplace>) that make consumers feel responsible about their consumption and the innovation of creating an entire channel focused on communicating the message of “giving.” Consumer products companies have huge opportunities to do good and communicate what they are doing. However, these efforts must be genuine, since consumers can recognize insincerity and create a backlash. There is also a gap between what companies do and what consumers perceive they are doing. Therefore, companies must communicate their beneficial efforts in a way consumers understand.

The business opportunities from sustainability programs for consumer products companies have been confirmed: improved revenue growth and brand value, reduced risk and reduced operating costs. For example, the ability to communicate quantitative sustainability performance through social media and digital platforms to “aspirational consumers” and other interested stakeholders such as investors can drive increased sales, brand value and “social license to operate.” “Social license to operate” is of particular value in emerging markets. The power of social media is accelerating this direct connection between “Green” companies and “green consumers.” Another benefit to consumer products companies is reduced risk through “decoupling” revenue growth from resource use (i.e., water, energy and materials) in a world where commodity prices are increasing and volatile, thus reducing operating costs by using less of these resources.

The convergence of consumers and stakeholders demanding “green performance” and the inherent business value from sustainability is creating a “win – win” for all.

### **More connected consumers and better connected consumers means more powerful consumers**

Consumers today have access to a global audience and have the power to create and distribute their own media; instantly communicate a positive or negative message about a product, service, experience, person, or company; and quickly rally a community. They are quite engaged online, reading and writing reviews, and they are highly influenced by what their peers are saying over what companies are advertising.

“The one person who is in charge today, the real competitor in the marketplace, is our consumer. They are more empowered today than they ever have been before, and it’s because of that, we’re shifting into their world of demand.”

**Anindita Mukherjee, Senior Vice President and Chief Marketing Officer for Frito-Lay<sup>18</sup>**

In 2014, more consumers will be connected and they will be increasingly connected via mobile devices. The percentage of the world’s population online rose from 30% to 40% in the last two years, with online penetrations well over 80% in almost every country in North America and Western Europe.<sup>19, 20, 21</sup> In 2014, consumers will be spending \$1.055 trillion on gadgets such as smartphones and tablets<sup>22</sup> – over 1.2 billion smartphones are expected to be shipped worldwide<sup>23</sup> and Deloitte estimates wearable computing devices such as smart glasses, smart fitness bands, and smart watches to generate \$3 billion.<sup>24</sup> Mobile subscriptions are expected to surpass the world’s population due to the number of multiple subscriptions held by consumers – mobile penetration is about 90% in Asia and 117% in the U.S.; Latin America is ahead of the world for average mobile penetration; and more than 95% of all telephone lines in the African continent are on mobile networks.<sup>25</sup> In addition, mCommerce revenues are growing in nearly every market around the world. “In no country that Forrester analyzes is mobile shrinking as a percentage of total eCommerce revenues.”<sup>26</sup>

As a result, more and more consumer products companies are looking online, such as on social shopping communities, for insights and trends; launching their products online via social media to reach a broader set of consumers faster than traditional events and get almost instantaneous feedback; marketing digitally first; and leveraging mobile.<sup>27, 28</sup> Unilever is taking the idea of free product sampling typically seen in stores and working with online retailers to place specific samples of its hair care products in shipments going out to customers based on the products the customer purchases for a greater return-on-investment than traditional, more-random sampling.<sup>29</sup> Kellogg’s Special K cereal brand is using mobile ads to introduce a new 70-calorie snack bar and hoping to drive sales with a click-to-map to lure consumers into retailers. “78 percent of smartphone users are likely to purchase if provided with incentives based on location,” according to Cezar Kolodziej, CEO/president of Iris Mobile, Chicago.<sup>30</sup>

In addition, in today's technology enabled world, consumers have become accustomed to expect customization and demand personalization of products, services and experience for the "consumer of one." "We're going into a world of one-on-one marketing. These days of mass marketing are limited, and the days of just putting deals out there to get consumer attention are also nearing an end," said Anindita Mukherjee, Senior Vice President and Chief Marketing Officer for Frito-Lay.<sup>31</sup> One-on-one means having the infrastructure and talent to understand the data available, collect it, make sense of it, and use the insights to pinpoint how to reach a consumer. However, companies will have to use this data carefully to not damage consumers' trust. Consumers do not want to feel like their privacy has been invaded. "82% of global consumers believe that companies collect too much information on consumers."<sup>32</sup>

Engaging the constantly connected consumer requires a shift from investing in brands to investing in consumers through customized experiences, and a very agile and sophisticated operating model. Organizations need a seamless consumer experience across all channels and need to advance their supply chain and demand planning processes to deliver a consistent, high-quality consumer experience.

Lastly, consumer products companies will need to be thinking about the potentially disruptive impact of technology such as artificial intelligence and robotics that can already do most tasks better than humans and potentially eliminate more than half of service jobs in 10 years; ubiquitous sensors that enable knowledge of anything, anytime and anywhere and threaten privacy; and 3D printing that will enable geographically independent manufacturing and empower individuals to invent and produce their own products.<sup>33</sup> They need to be thinking about what this means to the products and services they offer, how they interact with consumers, and how their organizations will need to adapt to address such developments.

### Serving the evolving connected consumer

To serve evolving connected consumers, consumer products companies will need to focus on talent, innovation, and trust. Companies need the right people with the right skills and talents. For example, they need people with strong data and analytical capabilities and the ability to develop insights and make better decisions. They need people who are innovative and technologically competent, as well as adaptable enough to keep up with the rapid pace of technological and digital innovation.<sup>34</sup> Such people are in limited supply. Companies therefore need to develop the programs, cultures, and workplace environments that attract, retain and grow those people because they are different than what companies are used to hiring.

Innovation also needs to be approached differently. Long gone are the days of slow product development cycles. Companies will need an organization capable of rapid innovation. Some have spun off and isolated teams just to focus on innovation. Companies will also need to get used to constantly and quickly experimenting and failing many times in order to succeed.

**"The amount of useful invention you do is directly proportional to the number of experiments you can run per week per month per year. If you're going to increase the number of experiments, you're also going to increase the number of failures. You've got to be willing to be misunderstood for long periods of time."**

**Jeff Bezos**

Lastly, companies cannot take consumer trust for granted—or leave it to chance. For example, by not thinking about and investing in safeguarding data and using it in a responsible way, companies risk losing customers and revenues and damaging a reputable brand they've invested so much to build. With the globalization of media, companies are at greater risk of losing consumer trust today than ever before. All it takes is one incident and word gets out around the globe in an instant. Everything companies do—from their brand to quality to privacy—must ensure that they maintain consumer trust.

# Global Powers of the Consumer Products Industry

## Top 250 highlights

### Renewed turbulence in global economy weakened demand for consumer products in 2012

Once again in 2012, economies around the world showed signs of weakening. Much of Europe fell back into recession in 2011, a recession that continued throughout the following year. In the first half of 2012 there was considerable financial turmoil associated with the perceived risk that the Eurozone would fail. The European crisis had a negative impact on many of the world's leading economies. In China, growth slowed considerably in 2012 as European demand for imported goods declined. In Japan, economic growth was feeble despite the country's initially strong recovery from the March 2011 earthquake and tsunami. In the United States, despite a bit of momentum early in 2012, limited job growth and slow income growth restrained consumer spending.

The renewed turbulence in the global economy took a toll on the growth prospects for consumer products companies. In both mature markets and export-dependent economies, the industry's overall rate of growth was much more subdued in 2012 compared with 2011 and 2010. Composite, currency-adjusted sales growth for the world's 250 largest consumer products companies cooled to 5.1 percent in 2012, down from 7.0 percent in 2011 and 8.4 percent in 2010. While 78 percent of the Top 250 (195 companies) reported a sales increase in 2012, the deceleration in the rate of growth was widespread—more than 60 percent (154 Top 250 companies) reported slower growth in 2012 compared with 2011.

Profitability, on the other hand, strengthened—despite rising prices for raw materials. Of the 224 companies that disclosed their bottom-line net profits, only 19 operated at a loss in 2012. The composite net profit margin for the reporting companies was a robust 8.2 percent, up from 6.5 percent in 2011 and nearly back to the 8.5 result achieved in 2010 when the industry began to rebound following the Great Recession. Net profit margins improved for nearly two-thirds (142) of the 224 reporting companies in 2012. Asset turnover remained steady at 0.9 times resulting in composite return on assets of 7.3 percent in 2012 versus 6.0 percent in 2011.

The world's 250 largest consumer products companies generated sales in excess of \$3.1 trillion in 2012. This resulted in an average company size of \$12.5 billion. The threshold sales level to join the Top 250 Global Powers of Consumer Products was \$3.0 billion in 2012.

### Top 250 quick stats, 2012

- \$3.13 trillion—aggregate net sales of Top 250 in US\$
- \$12.5 billion—average size of Top 250 consumer products companies
- \$3.0 billion—minimum sales required to be on Top 250 list
- 5.1 percent—composite year-over-year sales growth
- 8.2 percent—composite net profit margin
- 0.9x—composite asset turnover
- 7.3 percent—composite return on assets
- 28.8 percent—economic concentration of top 10
- 5.7 percent—compound annual growth rate in net sales, 2007-2012

## Top 250 consumer products companies

Sales Rank FY12	Company Name	Country of Origin	Region	Primary Product Sector	FY12 Net Sales (US\$mil)	FY12 Net Sales Growth	FY12 Net Profit Margin	2007-2012 Net Sales CAGR <sup>1</sup>
1	Samsung Electronics Co., Ltd.	South Korea	Asia/Pacific	Electronic Products	178,982	21.9%	11.9%	15.3%
2	Apple Inc.	United States	North America	Electronic Products	156,508	44.6%	26.7%	44.8%
3	Nestlé S.A.	Switzerland	Europe	Food, Drink & Tobacco	98,372	10.2%	12.0%	n/a
4	Panasonic Corporation	Japan	Asia/Pacific	Electronic Products	88,367	-6.9%	-10.6%	-4.2%
5	The Procter & Gamble Company	United States	North America	Personal Care & Household Products	84,167	0.6%	13.5%	0.2%
6	Sony Corporation	Japan	Asia/Pacific	Electronic Products	68,864	3.0%	1.5%	-7.0%
7	Unilever Group	Netherlands and United Kingdom	Europe	Personal Care & Household Products	66,007	10.5%	9.6%	5.0%
8	PepsiCo, Inc.	United States	North America	Food, Drink & Tobacco	65,492	-1.5%	9.5%	10.7%
9	The Coca-Cola Company	United States	North America	Food, Drink & Tobacco	48,017	3.2%	18.9%	10.7%
10	LG Electronics Inc.	South Korea	Asia/Pacific	Electronic Products	45,354	-6.1%	0.2%	-0.9%
11	Anheuser-Busch InBev SA/NV	Belgium	Europe	Food, Drink & Tobacco	39,758	1.8%	23.7%	15.0%
12	JBS S.A.	Brazil	Latin America	Food, Drink & Tobacco	38,969	22.5%	1.0%	39.9%
13	Nokia Corporation	Finland	Europe	Electronic Products	38,809	-21.9%	-12.6%	-10.0%
14	Bridgestone Corporation	Japan	Asia/Pacific	Tires	38,118	0.5%	5.9%	-2.2%
15	Mondelēz International, Inc. (formerly Kraft Foods Inc.)	United States	North America	Food, Drink & Tobacco	35,015	-35.6%	8.7%	-1.2%
16	Lenovo Group Limited	Hong Kong	Asia/Pacific	Electronic Products	33,873	14.5%	1.9%	15.7%
17	Tyson Foods, Inc.	United States	North America	Food, Drink & Tobacco	33,278	3.1%	1.7%	4.3%
18	Mars, Incorporated	United States	North America	Food, Drink & Tobacco	33,000 <sup>e</sup>	0.0%	n/a	8.4%
19	Philip Morris International Inc.	United States	North America	Food, Drink & Tobacco	31,377	0.9%	29.2%	ne
20	L'Oréal S.A.	France	Europe	Personal Care & Household Products	28,889	10.4%	12.8%	5.7%
21	Compagnie Générale des Établissements Michelin S.C.A.	France	Europe	Tires	27,617	3.6%	7.3%	4.9%
22	Danone	France	Europe	Food, Drink & Tobacco	26,839	8.0%	8.6%	10.3%
23	Haier Group Company	China	Asia/Pacific	Home Furnishings & Equipment	25,876	8.1%	5.5%	6.7%
24	Japan Tobacco Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	25,654	4.2%	16.6%	n/a
25	NIKE, Inc.	United States	North America	Apparel & Accessories	25,313	4.9%	9.8%	6.3%
26	British American Tobacco plc	United Kingdom	Europe	Food, Drink & Tobacco	24,078	-1.4%	27.1%	8.7%
27	Heineken N.V.	Netherlands	Europe	Food, Drink & Tobacco	23,642	7.4%	15.6%	7.9%
28	Kirin Holdings Company, Limited	Japan	Asia/Pacific	Food, Drink & Tobacco	23,458	7.0%	3.9%	6.0%
29	Suntory Holdings Limited	Japan	Asia/Pacific	Food, Drink & Tobacco	23,219	2.7%	2.4%	4.4%
30	Imperial Tobacco Group PLC	United Kingdom	Europe	Food, Drink & Tobacco	23,135	-3.4%	4.8%	34.9%
31	Henkel AG & Co. KGaA	Germany	Europe	Personal Care & Household Products	21,233	5.8%	9.4%	4.8%

<sup>1</sup> Compound annual growth rate

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e = estimate

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Source: Published company data

Top 250 consumer products companies

Sales Rank FY12	Company Name	Country of Origin	Region	Primary Product Sector	FY12 Net Sales (US\$mil)	FY12 Net Sales Growth	FY12 Net Profit Margin	2007-2012 Net Sales CAGR <sup>1</sup>
32	Kimberly-Clark Corporation	United States	North America	Personal Care & Household Products	21,063	1.0%	8.7%	2.9%
33	The Goodyear Tire & Rubber Company	United States	North America	Tires	20,992	-7.8%	1.1%	1.3%
34	Groupe Lactalis	France	Europe	Food, Drink & Tobacco	20,191	4.7%	n/a	10.3%
35	adidas AG	Germany	Europe	Apparel & Accessories	19,141	11.7%	3.5%	7.6%
36	Kraft Foods Group, Inc.	United States	North America	Food, Drink & Tobacco	18,339	-1.7%	9.0%	n/a
37	Whirlpool Corporation	United States	North America	Home Furnishings & Equipment	18,143	-2.8%	2.3%	-1.3%
38	Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA)	Mexico	Latin America	Food, Drink & Tobacco	18,037	17.4%	11.8%	10.0%
39	Cargill Meat Solutions Corporation	United States	North America	Food, Drink & Tobacco	18,000 <sup>e</sup>	n/a	n/a	n/a
40	Diageo plc	United Kingdom	Europe	Food, Drink & Tobacco	17,940	6.2%	22.7%	7.2%
41	General Mills, Inc.	United States	North America	Food, Drink & Tobacco	17,774	6.7%	10.6%	5.4%
42	Altria Group, Inc.	United States	North America	Food, Drink & Tobacco	17,500	5.3%	23.9%	-14.4%
43	SABMiller plc	United Kingdom	Europe	Food, Drink & Tobacco	17,458	4.5%	20.1%	0.5%
44	LIXIL Group Corporation (formerly JS Group Corporation)	Japan	Asia/Pacific	Home Improvement Products	17,380	11.2%	1.5%	5.4%
45	Colgate-Palmolive Company	United States	North America	Personal Care & Household Products	17,085	2.1%	15.4%	4.4%
46	Kao Corporation	Japan	Asia/Pacific	Personal Care & Household Products	16,268 <sup>e</sup>	6.7%	4.4%	-0.3%
47	AB Electrolux	Sweden	Europe	Home Furnishings & Equipment	16,257	8.3%	2.4%	1.0%
48	Gree Electric Appliances, Inc. of Zhuhai	China	Asia/Pacific	Home Furnishings & Equipment	15,757	19.4%	7.4%	21.2%
49	ConAgra Foods, Inc.	United States	North America	Food, Drink & Tobacco	15,491	16.8%	5.1%	5.9%
50	ASUSTeK Computer Inc.	Taiwan	Asia/Pacific	Electronic Products	15,215	16.8%	5.0%	-9.3%
51	Reckitt Benckiser Group plc	United Kingdom	Europe	Personal Care & Household Products	15,165	0.9%	19.2%	12.7%
52	BRF - Brasil Foods S.A.	Brazil	Latin America	Food, Drink & Tobacco	14,681	10.9%	2.9%	33.9%
53	Acer Incorporated	Taiwan	Asia/Pacific	Electronic Products	14,565	-9.6%	-0.7%	-1.5%
54	Asahi Group Holdings, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	14,505	10.5%	5.0%	3.6%
55	Kellogg Company	United States	North America	Food, Drink & Tobacco	14,197	7.6%	6.8%	3.8%
56	Ajinomoto Co., Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	14,187	-2.1%	4.7%	-0.7%
57	Dr. August Oetker KG	Germany	Europe	Food, Drink & Tobacco	14,072*	9.3%	n/a	7.1%
58	Uni-President Enterprises Corp.	Taiwan	Asia/Pacific	Food, Drink & Tobacco	13,850	9.8%	4.3%	7.9%
59	Meiji Holdings Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	13,631	1.6%	1.5%	ne
60	Royal FrieslandCampina N.V.	Netherlands	Europe	Food, Drink & Tobacco	13,258	7.1%	2.7%	ne

<sup>1</sup> Compound annual growth rate

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e = estimate

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Source: Published company data



Top 250 consumer products companies

Sales Rank FY12	Company Name	Country of Origin	Region	Primary Product Sector	FY12 Net Sales (US\$mil)	FY12 Net Sales Growth	FY12 Net Profit Margin	2007-2012 Net Sales CAGR <sup>1</sup>
61	Smithfield Foods, Inc.	United States	North America	Food, Drink & Tobacco	13,221	1.0%	1.4%	3.1%
62	Grupo Bimbo, S.A.B. de C.V.	Mexico	Latin America	Food, Drink & Tobacco	13,181	29.5%	1.4%	19.1%
63	Svenska Cellulosa AB SCA	Sweden	Europe	Personal Care & Household Products	12,623	5.0%	5.9%	-4.2%
64	BSH Bosch und Siemens Hausgeräte GmbH	Germany	Europe	Home Furnishings & Equipment	12,604	1.5%	4.7%	2.1%
65	Nippon Meat Packers, Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	12,376	0.5%	1.6%	-0.2%
66	Vion N.V.	Netherlands	Europe	Food, Drink & Tobacco	12,372	2.5%	-8.4%	6.6%
67	Maxingvest AG	Germany	Europe	Personal Care & Household Products	12,357	4.7%	6.4%	n/a
68	Nikon Corporation	Japan	Asia/Pacific	Electronic Products	12,227	10.0%	4.2%	1.1%
69	Marfrig Alimentos S.A.	Brazil	Latin America	Food, Drink & Tobacco	12,214	8.4%	-1.0%	48.0%
70	Dairy Farmers of America	United States	North America	Food, Drink & Tobacco	12,100	-6.9%	0.7%	1.7%
71	Yamazaki Baking Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	11,932	2.0%	1.3%	4.2%
72	Carlsberg A/S	Denmark	Europe	Food, Drink & Tobacco	11,611	5.7%	7.2%	8.5%
73	H. J. Heinz Company	United States	North America	Food, Drink & Tobacco	11,529	-1.0%	8.9%	2.7%
74	Dean Foods Company	United States	North America	Food, Drink & Tobacco	11,462	-12.2%	1.4%	-0.6%
75	Alticor Inc.	United States	North America	Personal Care & Household Products	11,300	3.7%	n/a	9.7%
76	Pernod Ricard S.A.	France	Europe	Food, Drink & Tobacco	11,093	4.4%	14.1%	5.4%
77	Research In Motion Limited	Canada	North America	Electronic Products	11,073	-39.9%	-5.8%	13.0%
78	TCL Corporation	China	Asia/Pacific	Electronic Products	11,018	14.3%	1.8%	12.2%
79	Arla Foods amba	Denmark	Europe	Food, Drink & Tobacco	10,905	15.0%	3.0%	5.7%
80	GD Midea Holding Co., Ltd.	China	Asia/Pacific	Home Furnishings & Equipment	10,799	-26.9%	6.1%	15.4%
81	V.F. Corporation	United States	North America	Apparel & Accessories	10,766	15.0%	10.0%	8.6%
82	Avon Products, Inc.	United States	North America	Personal Care & Household Products	10,546	-5.1%	-0.4%	1.4%
83	Stanley Black & Decker, Inc.	United States	North America	Home Improvement Products	10,191	-1.8%	8.7%	17.8%
84	The Ferrero Group	Italy	Europe	Food, Drink & Tobacco	10,188	8.0%	1.2%	6.3%
85	The Estée Lauder Companies Inc.	United States	North America	Personal Care & Household Products	10,182	4.8%	10.1%	5.2%
86	Hangzhou Wahaha Group Co., Ltd.	China	Asia/Pacific	Food, Drink & Tobacco	10,090 <sup>e</sup>	-6.3%	12.7%	19.8%
87	Danish Crown AmbA	Denmark	Europe	Food, Drink & Tobacco	9,862	9.1%	3.1%	4.9%
88	Maruha Nichiro Holdings, Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	9,798	-0.8%	0.5%	-0.8%
89	S.C. Johnson & Son, Inc.	United States	North America	Personal Care & Household Products	9,600 <sup>e</sup>	2.1%	n/a	3.7%
90	Tingyi (Cayman Islands) Holding Corp.	China	Asia/Pacific	Food, Drink & Tobacco	9,212	17.1%	6.5%	23.4%

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Top 250 consumer products companies

Sales Rank FY12	Company Name	Country of Origin	Region	Primary Product Sector	FY12 Net Sales (US\$mil)	FY12 Net Sales Growth	FY12 Net Profit Margin	2007-2012 Net Sales CAGR <sup>1</sup>
91	Leucadia National Corporation	United States	North America	Food, Drink & Tobacco	9,194	540.8%	9.4%	51.4%
92	Luxottica Group S.p.A.	Italy	Europe	Apparel & Accessories	9,113	13.9%	7.7%	7.4%
93	Coca-Cola Hellenic Bottling Company S.A.	Greece	Europe	Food, Drink & Tobacco	9,060	2.8%	2.7%	1.7%
94	Sumitomo Rubber Industries, Ltd.	Japan	Asia/Pacific	Tires	8,906	4.9%	5.6%	4.6%
95	The Swatch Group Ltd.	Switzerland	Europe	Apparel & Accessories	8,319	15.3%	20.6%	6.7%
96	Reynolds American Inc.	United States	North America	Food, Drink & Tobacco	8,304	-2.8%	15.3%	-1.6%
97	Sichuan Changhong Electric Co., Ltd.	China	Asia/Pacific	Electronic Products	8,303	0.6%	0.5%	17.8%
98	Hormel Foods Corporation	United States	North America	Food, Drink & Tobacco	8,231	4.3%	6.1%	5.9%
99	Shiseido Company, Limited	Japan	Asia/Pacific	Personal Care & Household Products	8,201	-0.7%	-1.9%	-1.3%
100	Coca-Cola Enterprises, Inc.	United States	North America	Food, Drink & Tobacco	8,062	-2.7%	8.4%	5.2%
101	Pirelli & C. S.p.A.	Italy	Europe	Tires	7,808	7.4%	6.6%	-1.4%
102	MillerCoors LLC	United States	North America	Food, Drink & Tobacco	7,761	2.8%	15.5%	ne
103	Masco Corporation	United States	North America	Home Improvement Products	7,745	3.7%	-1.0%	-8.0%
104	Campbell Soup Company	United States	North America	Food, Drink & Tobacco	7,707	-0.2%	9.9%	-0.4%
105	Nintendo Co., Ltd.	Japan	Asia/Pacific	Leisure Goods	7,689	-1.9%	1.1%	-17.6%
106	Grupo Modelo, S.A.B. de C.V.	Mexico	Latin America	Food, Drink & Tobacco	7,560	8.9%	19.0%	6.4%
107	Savola Group Company	Saudi Arabia	Africa/Middle East	Food, Drink & Tobacco	7,306	8.7%	6.6%	21.3%
108	Saputo Inc.	Canada	North America	Food, Drink & Tobacco	7,292	5.3%	6.6%	7.6%
109	Morinaga Milk Industry Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	7,153	2.2%	0.9%	0.1%
110	The Yokohama Rubber Co., Ltd.	Japan	Asia/Pacific	Tires	7,019	0.3%	5.9%	0.3%
111	Mccain Foods Limited	Canada	North America	Food, Drink & Tobacco	6,972 <sup>e</sup>	10.5%	n/a	1.8%
112	Nippon Suisan Kaisha, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	6,859	5.4%	-1.2%	1.2%
113	Lotte Japan Group	Japan	Asia/Pacific	Food, Drink & Tobacco	6,836	8.2%	1.7%	5.9%
114	Ralph Lauren Corporation	United States	North America	Apparel & Accessories	6,763	1.3%	10.8%	7.7%
115	Jarden Corporation	United States	North America	Personal Care & Household Products	6,696	0.2%	3.6%	7.5%
116	Inner Mongolia Yili Industrial Group Co., Ltd.	China	Asia/Pacific	Food, Drink & Tobacco	6,662	12.1%	4.1%	16.7%
117	The Hershey Company	United States	North America	Food, Drink & Tobacco	6,644	9.3%	9.9%	6.1%

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118	Tönnies Lebensmittel GmbH & Co. KG	Germany	Europe	Food, Drink & Tobacco	6,430 <sup>e</sup>	8.7%	n/a	10.8%
119	Mattel, Inc.	United States	North America	Leisure Goods	6,421	2.5%	12.1%	1.5%
120	Essilor International S.A.	France	Europe	Apparel & Accessories	6,416	19.1%	12.6%	11.4%
121	Kewpie Corporation	Japan	Asia/Pacific	Food, Drink & Tobacco	6,373	3.8%	2.9%	1.5%
122	Red Bull GmbH	Austria	Europe	Food, Drink & Tobacco	6,340	15.9%	n/a	9.9%
123	Megmilk Snow Brand Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	6,328	2.7%	1.9%	ne
124	Henan Shuanghui Investment & Development Co. Ltd.	China	Asia/Pacific	Food, Drink & Tobacco	6,299	5.6%	7.7%	12.7%
125	Hankook Tire Co., Ltd.	South Korea	Asia/Pacific	Tires	6,256	8.3%	n/a	14.4%
126	Perdue Farms, Inc.	United States	North America	Food, Drink & Tobacco	6,000 <sup>e</sup>	25.0%	n/a	6.9%
127	Unicharm Corporation	Japan	Asia/Pacific	Personal Care & Household Products	5,999	15.7%	9.9%	8.0%
128	Dr Pepper Snapple Group, Inc.	United States	North America	Food, Drink & Tobacco	5,995	1.6%	10.5%	ne
129	Newell Rubbermaid Inc.	United States	North America	Personal Care & Household Products	5,903	0.6%	6.8%	-1.6%
130	The J.M. Smucker Company	United States	North America	Food, Drink & Tobacco	5,898	6.7%	9.2%	18.5%
131	Namco Bandai Holdings Inc.	Japan	Asia/Pacific	Leisure Goods	5,896	7.3%	6.7%	1.1%
132	Arçelik A.Ş.	Turkey	Africa/Middle East	Home Furnishings & Equipment	5,868	25.1%	5.2%	9.8%
133	Mohawk Industries, Inc.	United States	North America	Home Improvement Products	5,788	2.6%	4.3%	-5.3%
134	ITC Limited	India	Asia/Pacific	Food, Drink & Tobacco	5,770	19.6%	23.7%	16.4%
135	TOTO Ltd.	Japan	Asia/Pacific	Home Improvement Products	5,763	5.2%	3.7%	-1.0%
136	Groupe Terrena	France	Europe	Food, Drink & Tobacco	5,759	2.6%	0.2%	6.2%
137	China Mengniu Dairy Company Limited	Hong Kong	Asia/Pacific	Food, Drink & Tobacco	5,724	-3.5%	4.0%	11.1%
138	Nichirei Corporation	Japan	Asia/Pacific	Food, Drink & Tobacco	5,689	3.3%	1.7%	0.3%
139	Groupe Bigard S.A.	France	Europe	Food, Drink & Tobacco	5,659	1.1%	n/a	31.3%
140	The Clorox Company	United States	North America	Personal Care & Household Products	5,623	2.8%	10.2%	1.3%
141	Sodiaal Union	France	Europe	Food, Drink & Tobacco	5,608	-1.4%	0.0%	14.4%
142	PVH Corp.	United States	North America	Apparel & Accessories	5,541	2.4%	7.2%	21.1%
143	Nisshin Seifun Group Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	5,512	3.1%	3.2%	1.1%
144	PT Indofood Sukses Makmur Tbk	Indonesia	Asia/Pacific	Food, Drink & Tobacco	5,507	10.4%	9.5%	12.4%
145	Pioneer Corporation	Japan	Asia/Pacific	Electronic Products	5,467	3.5%	-4.4%	-10.2%
146	Ruchi Soya Industries Limited	India	Asia/Pacific	Food, Drink & Tobacco	5,452	-1.6%	0.9%	20.7%
147	Itoham Foods Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	5,310	-1.9%	1.0%	-3.3%
148	Coca-Cola Amatil Limited	Australia	Asia/Pacific	Food, Drink & Tobacco	5,280	6.2%	9.0%	5.3%
149	Bongrain SA	France	Europe	Food, Drink & Tobacco	5,252	2.6%	1.8%	3.6%

<sup>1</sup> Compound annual growth rate

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\* Unable to determine if company's reported sales exclude excise taxes

Source: Published company data

Top 250 consumer products companies

Sales Rank FY12	Company Name	Country of Origin	Region	Primary Product Sector	FY12 Net Sales (US\$mil)	FY12 Net Sales Growth	FY12 Net Profit Margin	2007-2012 Net Sales CAGR <sup>1</sup>
150	Groupe SEB	France	Europe	Home Furnishings & Equipment	5,221	2.4%	5.2%	7.2%
151	Rolex SA	Switzerland	Europe	Apparel & Accessories	5,122 <sup>e</sup>	n/a	n/a	n/a
152	Barilla Holding S.p.A.	Italy	Europe	Food, Drink & Tobacco	5,065	0.6%	1.5%	-1.5%
153	Kohler Co.	United States	North America	Home Improvement Products	5,000 <sup>e</sup>	0.0%	n/a	-0.9%
154	Orkla ASA	Norway	Europe	Food, Drink & Tobacco	4,913	-52.7%	5.3%	-14.5%
155	Gruma, S.A.B. de C.V.	Mexico	Latin America	Food, Drink & Tobacco	4,896	11.6%	2.6%	12.4%
156	Skyworth Digital Holdings Limited	Hong Kong	Asia/Pacific	Electronic Products	4,877	34.4%	4.2%	22.1%
157	Maple Leaf Foods Inc.	Canada	North America	Food, Drink & Tobacco	4,868	-0.6%	2.5%	-1.4%
158	Activision Blizzard, Inc.	United States	North America	Leisure Goods	4,856	2.1%	23.7%	10.9%
159	Coca-Cola West Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	4,848	-3.3%	1.6%	-1.1%
160	La Coop fédérée	Canada	North America	Food, Drink & Tobacco	4,846	9.6%	1.1%	8.2%
161	Ito En, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	4,819	9.4%	2.8%	4.2%
162	Sapporo Holdings Limited	Japan	Asia/Pacific	Food, Drink & Tobacco	4,763	11.2%	1.4%	4.2%
163	Coty Inc.	United States	North America	Personal Care & Household Products	4,649	0.8%	4.3%	5.8%
164	Société Coopérative Agricole et Agro-alimentaire AGRIAL	France	Europe	Food, Drink & Tobacco	4,640	32.9%	1.3%	15.9%
165	Toyo Tire & Rubber Co., Ltd.	Japan	Asia/Pacific	Tires	4,640 <sup>e</sup>	15.4%	4.2%	0.7%
166	Lorillard, Inc.	United States	North America	Food, Drink & Tobacco	4,636	4.1%	23.7%	7.2%
167	Nissin Foods Holdings Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	4,632	0.6%	5.0%	-0.1%
168	Levi Strauss & Co.	United States	North America	Apparel & Accessories	4,610	-3.2%	3.1%	1.1%
169	Bacardi Limited	Bermuda	Latin America	Food, Drink & Tobacco	4,576	2.9%	n/a	0.2%
170	Energizer Holdings, Inc.	United States	North America	Personal Care & Household Products	4,567	-1.7%	9.0%	6.3%
171	Husqvarna Group	Sweden	Europe	Home Improvement Products	4,557	1.6%	3.3%	-1.5%
172	Hanesbrands Inc.	United States	North America	Apparel & Accessories	4,526	-2.4%	3.6%	0.2%
173	DMK Deutsches Milchkontor GmbH	Germany	Europe	Food, Drink & Tobacco	4,514	-10.2%	0.5%	ne
174	Yamaha Corporation	Japan	Asia/Pacific	Leisure Goods	4,440	2.9%	1.2%	-7.7%
175	Cheng Shin Rubber Ind. Co., Ltd.	Taiwan	Asia/Pacific	Tires	4,417	8.6%	12.3%	15.2%
176	Wuliangye Yibin Co., Ltd.	China	Asia/Pacific	Food, Drink & Tobacco	4,290	34.1%	38.0%	29.9%
177	Arca Continental, S.A.B. de C.V.	Mexico	Latin America	Food, Drink & Tobacco	4,284	28.0%	9.4%	24.8%
178	Dole Food Company, Inc.	United States	North America	Food, Drink & Tobacco	4,247	-41.2%	-3.3%	-9.3%
179	Puma SE	Germany	Europe	Apparel & Accessories	4,206	8.7%	2.4%	6.6%

<sup>1</sup> Compound annual growth rate

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e = estimate

\* Unable to determine if company's reported sales exclude excise taxes

Source: Published company data

Top 250 consumer products companies

Sales Rank FY12	Company Name	Country of Origin	Region	Primary Product Sector	FY12 Net Sales (US\$mil)	FY12 Net Sales Growth	FY12 Net Profit Margin	2007-2012 Net Sales CAGR <sup>1</sup>
180	Lion Corporation	Japan	Asia/Pacific	Personal Care & Household Products	4,203	2.3%	1.5%	-0.4%
181	Cooper Tire & Rubber Company	United States	North America	Tires	4,201	7.0%	6.0%	7.5%
182	Kweichow Moutai Co., Ltd.	China	Asia/Pacific	Food, Drink & Tobacco	4,197*	43.8%	53.0%	29.6%
183	Vestel Elektronik Sanayi ve Ticaret A.Ş.	Turkey	Africa/Middle East	Electronic Products	4,177	7.7%	-1.7%	10.2%
184	Toyo Suisan Kaisha, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	4,169	7.3%	5.2%	1.8%
185	Tsingtao Brewery Co., Ltd.	China	Asia/Pacific	Food, Drink & Tobacco	4,090	11.3%	7.2%	13.8%
186	Hasbro, Inc.	United States	North America	Leisure Goods	4,089	-4.6%	8.2%	1.3%
187	Miele & Cie. KG	Germany	Europe	Home Furnishings & Equipment	4,080	3.8%	n/a	2.3%
188	Herbalife Ltd.	United States	North America	Food, Drink & Tobacco	4,072	17.9%	11.7%	13.7%
189	World Co., Ltd.	Japan	Asia/Pacific	Apparel & Accessories	4,071	2.0%	-0.2%	-1.2%
190	The Lego Group	Denmark	Europe	Leisure Goods	4,044	25.0%	24.0%	23.9%
191	McCormick & Company, Inc.	United States	North America	Food, Drink & Tobacco	4,014	8.6%	10.2%	6.6%
192	Swarovski AG	Austria	Europe	Apparel & Accessories	3,961	7.3%	n/a	3.7%
193	The Hillshire Brands Company	United States	North America	Food, Drink & Tobacco	3,920	-4.3%	6.4%	-21.6%
194	Molson Coors Brewing Company	United States	North America	Food, Drink & Tobacco	3,917	11.4%	11.2%	-8.7%
195	Mead Johnson Nutrition Company	United States	North America	Food, Drink & Tobacco	3,901	6.1%	15.7%	ne
196	Yakult Honsha Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,862	2.1%	6.1%	0.1%
197	Green Mountain Coffee Roasters, Inc.	United States	North America	Food, Drink & Tobacco	3,859	45.6%	9.4%	62.4%
198	Techtronic Industries Co. Ltd.	Hong Kong	Asia/Pacific	Home Improvement Products	3,843	5.3%	5.2%	3.9%
199	Del Monte Corporation	United States	North America	Food, Drink & Tobacco	3,819	3.9%	2.4%	0.4%
200	Electronic Arts Inc.	United States	North America	Leisure Goods	3,797	-8.4%	2.6%	0.7%
201	Société L.D.C. SA	France	Europe	Food, Drink & Tobacco	3,772	5.4%	2.1%	9.8%
202	The Nisshin OilliO Group, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,751	-0.8%	0.7%	0.8%
203	The Jones Group Inc.	United States	North America	Apparel & Accessories	3,751	0.4%	-1.4%	-0.2%
204	Indesit Company S.p.A.	Italy	Europe	Home Furnishings & Equipment	3,712	2.1%	2.2%	-3.4%
205	JVCKENWOOD Corporation	Japan	Asia/Pacific	Electronic Products	3,710	-4.5%	0.4%	ne
206	Ashley Furniture Industries, Inc.	United States	North America	Home Furnishings & Equipment	3,700 <sup>e</sup>	5.4%	n/a	1.5%
207	Boparan Holdings Limited (aka 2 Sisters Food Group)	United Kingdom	Europe	Food, Drink & Tobacco	3,697	13.4%	1.8%	41.7%
208	Hisense Electric Co., Ltd.	China	Asia/Pacific	Electronic Products	3,683	6.7%	6.5%	12.8%

<sup>1</sup> Compound annual growth rate

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Top 250 consumer products companies

Sales Rank FY12	Company Name	Country of Origin	Region	Primary Product Sector	FY12 Net Sales (US\$mil)	FY12 Net Sales Growth	FY12 Net Profit Margin	2007-2012 Net Sales CAGR <sup>1</sup>
209	Agropur Cooperative	Canada	North America	Food, Drink & Tobacco	3,639	5.1%	1.1%	8.3%
210	Kikkoman Corporation	Japan	Asia/Pacific	Food, Drink & Tobacco	3,632	6.0%	3.7%	-6.2%
211	Kumho Tire Co., Ltd.	South Korea	Asia/Pacific	Tires	3,623	4.0%	3.2%	10.7%
212	Casio Computer Co., Ltd.	Japan	Asia/Pacific	Electronic Products	3,603	-1.3%	4.0%	-13.7%
213	E. & J. Gallo Winery	United States	North America	Food, Drink & Tobacco	3,600 <sup>e</sup>	5.9%	n/a	2.7%
214	Fortune Brands Home & Security, Inc.	United States	North America	Home Improvement Products	3,591	7.9%	3.3%	ne
215	Anadolu Efes Biracilik ve Malt Sanayii A.Ş.	Turkey	Africa/Middle East	Food, Drink & Tobacco	3,567 <sup>e</sup>	34.8%	9.8%	16.2%
216	KT&G Corporation	South Korea	Asia/Pacific	Food, Drink & Tobacco	3,546	7.0%	18.2%	5.5%
217	Ezaki Glico Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,545	1.0%	1.0%	1.0%
218	Controladora Mabe S.A. de C.V.	Mexico	Latin America	Home Furnishings & Equipment	3,474 <sup>e</sup>	5.4%	-0.4%	-1.7%
219	LG Household & Health Care, Ltd.	South Korea	Asia/Pacific	Personal Care & Household Products	3,468	12.9%	8.0%	17.9%
220	D.E Master Blenders 1753 N.V.	Netherlands	Europe	Food, Drink & Tobacco	3,467	-4.1%	7.3%	ne
221	China Yurun Food Group Limited	Hong Kong	Asia/Pacific	Food, Drink & Tobacco	3,453	-17.1%	-2.3%	25.4%
222	Bestseller A/S	Denmark	Europe	Apparel & Accessories	3,441	11.3%	n/a	13.4%
223	Seiko Holdings Corporation	Japan	Asia/Pacific	Apparel & Accessories	3,434	-4.4%	2.2%	5.8%
224	Fresh Del Monte Produce Inc.	United States	North America	Food, Drink & Tobacco	3,421	-4.7%	4.2%	0.3%
225	Fromageries Bel S.A.	France	Europe	Food, Drink & Tobacco	3,406	4.8%	4.9%	6.1%
226	Want Want China Holdings Limited	China	Asia/Pacific	Food, Drink & Tobacco	3,359	14.0%	16.5%	25.1%
227	Prima Meat Packers, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,335	1.6%	1.9%	-0.4%
228	The TINE Group	Norway	Europe	Food, Drink & Tobacco	3,335	1.6%	3.4%	4.5%
229	Citizen Holdings Co., Ltd.	Japan	Asia/Pacific	Apparel & Accessories	3,292	-2.8%	-3.3%	-4.2%
230	Nippon Flour Mills Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,280	0.7%	2.5%	1.6%
231	HKScan Corporation	Finland	Europe	Food, Drink & Tobacco	3,275	2.2%	0.6%	3.9%
232	Natura Cosméticos S.A.	Brazil	Latin America	Personal Care & Household Products	3,267	13.5%	13.6%	15.6%
233	Spectrum Brands Holdings, Inc.	United States	North America	Personal Care & Household Products	3,252	2.1%	1.5%	10.3%
234	JELD-WEN, Inc.	United States	North America	Home Improvement Products	3,200	0.0%	n/a	0.3%
235	Perfetti Van Melle S.p.A.	Italy	Europe	Food, Drink & Tobacco	3,200	5.0%	n/a	6.3%
236	Westfleisch eG	Germany	Europe	Food, Drink & Tobacco	3,183	12.2%	0.2%	8.0%
237	Emmi AG	Switzerland	Europe	Food, Drink & Tobacco	3,181	9.6%	4.2%	3.6%
238	Onward Holdings Co., Ltd.	Japan	Asia/Pacific	Apparel & Accessories	3,162	6.6%	1.8%	-2.1%
239	The Schwan Food Company	United States	North America	Food, Drink & Tobacco	3,150 <sup>e</sup>	5.0%	n/a	-0.9%
240	ASICS Corporation	Japan	Asia/Pacific	Apparel & Accessories	3,148	5.0%	5.5%	2.8%
241	Total Produce plc	Ireland	Europe	Food, Drink & Tobacco	3,128	6.4%	1.2%	2.5%

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## Top 250 consumer products companies

Sales Rank FY12	Company Name	Country of Origin	Region	Primary Product Sector	FY12 Net Sales (US\$mil)	FY12 Net Sales Growth	FY12 Net Profit Margin	2007-2012 Net Sales CAGR <sup>1</sup>
242	Thai Beverage Public Company Limited	Thailand	Asia/Pacific	Food, Drink & Tobacco	3,108 <sup>e</sup>	35.5%	29.7%	13.9%
243	Mary Kay, Inc.	United States	North America	Personal Care & Household Products	3,100 <sup>e</sup>	6.9%	n/a	5.3%
244	Rich Products Corporation	United States	North America	Food, Drink & Tobacco	3,100 <sup>e</sup>	2.6%	n/a	3.2%
245	Vizio, Inc.	United States	North America	Electronic Products	3,100 <sup>e</sup>	29.2%	n/a	12.9%
246	Chiquita Brands International, Inc.	United States	North America	Food, Drink & Tobacco	3,078	-1.9%	-13.2%	-8.0%
247	Amorepacific Group	South Korea	Asia/Pacific	Personal Care & Household Products	3,054	12.2%	10.1%	15.9%
248	Rinnai Corporation	Japan	Asia/Pacific	Home Furnishings & Equipment	3,047	2.1%	8.0%	0.2%
249	Flowers Foods, Inc.	United States	North America	Food, Drink & Tobacco	3,046	9.8%	4.5%	8.4%
250	NBTY, Inc.	United States	North America	Food, Drink & Tobacco	3,000	1.4%	4.9%	8.3%

<sup>1</sup> Compound annual growth rate

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### Impact of exchange rates on ranking

The Top 250 Global Powers of Consumer Products have been ranked according to their fiscal 2012 net sales in U.S. dollars. While changes in the overall ranking from year-to-year are generally driven by increases or decreases in companies' sales, fluctuations in exchange rates can also result in changes in the ranking. For example, a stronger currency vis-à-vis the dollar in 2012 means that companies reporting in that currency may rank higher in 2012 than they did in 2011, all other things being equal. Conversely, companies reporting in a weaker currency may rank lower.

In 2012, the U.S. dollar strengthened against most currencies, especially the Brazilian real, Indian rupee, and South African rand. However, a stronger dollar versus the euro had the biggest impact on the 2012 ranking due to the number of euro-denominated companies. On the other hand, China's renminbi continued to appreciate against the dollar in 2012. Currencies in the Philippines and New Zealand, and to a lesser extent Hong Kong and Australia, also rose.

## Top 250 consumer products companies alphabetical listing

AB Electrolux	47	E. & J. Gallo Winery	213	Kraft Foods Group, Inc.	36	PVH Corp.	142
Acer Incorporated	53	Electronic Arts Inc.	200	KT&G Corporation	216	Ralph Lauren Corporation	114
Activision Blizzard, Inc.	158	Emmi AG	237	Kumho Tire Co., Ltd.	211	Reckitt Benckiser Group plc	51
adidas AG	35	Energizer Holdings, Inc.	170	Kweichow Moutai Co., Ltd.	182	Red Bull GmbH	122
Agropur Cooperative	209	Essilor International S.A.	120	La Coop fédérée	160	Research In Motion Limited	77
Ajinomoto Co., Inc.	56	Estée Lauder Companies Inc.	85	Lego Group	190	Reynolds American Inc.	96
Altacor Inc.	75	Ezaki Glico Co., Ltd.	217	Lenovo Group Limited	16	Rich Products Corporation	244
Altria Group, Inc.	42	Ferrero Group	84	Leucadia National Corporation	91	Rinnai Corporation	248
Amorepacific Group	247	Flowers Foods, Inc.	249	Levi Strauss & Co.	168	Rolex SA	151
Anadolu Efes Biracilik ve Malt Sanayii A.Ş.	215	Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA)	38	LG Electronics Inc.	10	Royal FrieslandCampina N.V.	60
Anheuser-Busch InBev SA/NV	11	Fortune Brands Home & Security, Inc.	214	LG Household & Health Care, Ltd.	219	Ruchi Soya Industries Limited	146
Apple Inc.	2	Fresh Del Monte Produce Inc.	224	Lion Corporation	180	S.C. Johnson & Son, Inc.	89
Arca Continental, S.A.B. de C.V.	177	Fromageries Bel S.A.	225	LIXIL Group Corporation (formerly JS Group Corporation)	44	SABMiller plc	43
Arçelik A.Ş.	132	GD Midea Holding Co., Ltd.	80	L'Oréal S.A.	20	Samsung Electronics Co., Ltd.	1
Arla Foods amba	79	General Mills, Inc.	41	Lorillard, Inc.	166	Sapporo Holdings Limited	162
Asahi Group Holdings, Ltd.	54	Goodyear Tire & Rubber Company	33	Lotte Japan Group	113	Saputo Inc.	108
Ashley Furniture Industries, Inc.	206	Gree Electric Appliances, Inc. of Zhuhai	48	Luxottica Group S.p.A.	92	Savola Group Company	107
ASICS Corporation	240	Green Mountain Coffee Roasters, Inc.	197	Maple Leaf Foods Inc.	157	Schwan Food Company	239
ASUSTeK Computer Inc.	50	Groupe Bigard S.A.	139	Marfrig Alimentos S.A.	69	Seiko Holdings Corporation	223
Avon Products, Inc.	82	Groupe Lactalis	34	Mars, Incorporated	18	Shiseido Company, Limited	99
Bacardi Limited	169	Groupe SEB	150	Maruha Nichiro Holdings, Inc.	88	Sichuan Changhong Electric Co., Ltd.	97
Barilla Holding S.p.A.	152	Groupe Terrena	136	Mary Kay, Inc.	243	Skyworth Digital Holdings Limited	156
Bestseller A/S	222	Gruma, S.A.B. de C.V.	155	Masco Corporation	103	Smithfield Foods, Inc.	61
Bongrain SA	149	Grupo Bimbo, S.A.B. de C.V.	62	Mattel, Inc.	119	Société Coopérative Agricole et Agro-alimentaire AGRIAL	164
Boparan Holdings Limited (aka 2 Sisters Food Group)	207	Grupo Modelo, S.A.B. de C.V.	106	Maxingvest AG	67	Société L.D.C. SA	201
BRF - Brasil Foods S.A.	52	H. J. Heinz Company	73	Mccain Foods Limited	111	Sodiaal Union	141
Bridgestone Corporation	14	Haier Group Company	23	McCormick & Company, Inc.	191	Sony Corporation	6
British American Tobacco plc	26	Hanesbrands Inc.	172	Mead Johnson Nutrition Company	195	Spectrum Brands Holdings, Inc.	233
BSH Bosch und Siemens Hausgeräte GmbH	64	Hangzhou Wahaha Group Co., Ltd.	86	Megmilk Snow Brand Co., Ltd.	123	Stanley Black & Decker, Inc.	83
Campbell Soup Company	104	Hankook Tire Co., Ltd.	125	Meiji Holdings Co., Ltd.	59	Sumitomo Rubber Industries, Ltd.	94
Cargill Meat Solutions Corporation	39	Hasbro, Inc.	186	Miele & Cie. KG	187	Suntory Holdings Limited	29
Carlsberg A/S	72	Heineken N.V.	27	MillerCoors LLC	102	Svenska Cellulosa AB SCA	63
Casio Computer Co., Ltd.	212	Henan Shuanghui Investment & Development Co. Ltd.	124	Mohawk Industries, Inc.	133	Swarovski AG	192
Cheng Shin Rubber Ind. Co., Ltd.	175	Henkel AG & Co. KGaA	31	Molson Coors Brewing Company	194	Swatch Group Ltd.	95
China Mengniu Dairy Company Limited	137	Herbalife Ltd.	188	Mondelēz International, Inc. (formerly Kraft Foods Inc.)	15	TCL Corporation	78
China Yurun Food Group Limited	221	Hershey Company	117	Morinaga Milk Industry Co., Ltd.	109	Techtronic Industries Co. Ltd.	198
Chiquita Brands International, Inc.	246	Hillshire Brands Company	193	Namco Bandai Holdings Inc.	131	Thai Beverage Public Company Limited	242
Citizen Holdings Co., Ltd.	229	Hisense Electric Co., Ltd.	208	Natura Cosméticos S.A.	232	TINE Group	228
Clorox Company	140	HKScan Corporation	231	NBTY, Inc.	250	Tingyi (Cayman Islands) Holding Corp.	90
Coca-Cola Amatil Limited	148	Hormel Foods Corporation	98	Nestlé S.A.	3	Tönnies Lebensmittel GmbH & Co. KG	118
Coca-Cola Company	9	Husqvarna Group	171	Newell Rubbermaid Inc.	129	Total Produce plc	241
Coca-Cola Enterprises, Inc.	100	Imperial Tobacco Group PLC	30	Nichirei Corporation	138	TOTO Ltd.	135
Coca-Cola Hellenic Bottling Company S.A.	93	Indesit Company S.p.A.	204	NIKE, Inc.	25	Toyo Suisan Kaisha, Ltd.	184
Coca-Cola West Co., Ltd.	159	Inner Mongolia Yili Industrial Group Co., Ltd.	116	Nikon Corporation	68	Toyo Tire & Rubber Co., Ltd.	165
Colgate-Palmolive Company	45	ITC Limited	134	Nintendo Co., Ltd.	105	Tsingtao Brewery Co., Ltd.	185
Compagnie Générale des Établissements Michelin S.C.A.	21	Ito En, Ltd.	161	Nippon Flour Mills Co., Ltd.	230	Tyson Foods, Inc.	17
ConAgra Foods, Inc.	49	Itoham Foods Inc.	147	Nippon Meat Packers, Inc.	65	Unicharm Corporation	127
Controladora Mabe S.A. de C.V.	218	J.M. Smucker Company	130	Nippon Suisan Kaisha, Ltd.	112	Unilever Group	7
Cooper Tire & Rubber Company	181	Japan Tobacco Inc.	24	Nisshin Oillio Group, Ltd.	202	Uni-President Enterprises Corp.	58
Coty Inc.	163	Jarden Corporation	115	Nisshin Seifun Group Inc.	143	V.F. Corporation	81
D.E Master Blenders 1753 N.V.	220	JBS S.A.	12	Nissin Foods Holdings Co., Ltd.	167	Vestel Elektronik Sanayi ve Ticaret A.Ş.	183
Dairy Farmers of America	70	JELD-WEN, Inc.	234	Nokia Corporation	13	Vion N.V.	66
Danish Crown AmbA	87	Jones Group Inc.	203	Onward Holdings Co., Ltd.	238	Vizio, Inc.	245
Danone	22	JVCKENWOOD Corporation	205	Orkla ASA	154	Want Want China Holdings Limited	226
Dean Foods Company	74	Kao Corporation	46	Panasonic Corporation	4	Westfleisch eG	236
Del Monte Corporation	199	Kellogg Company	55	PepsiCo, Inc.	8	Whirlpool Corporation	37
Diageo plc	40	Kewpie Corporation	121	Perdue Farms, Inc.	126	World Co., Ltd.	189
DMK Deutsches Milchkontor GmbH	173	Kikkoman Corporation	210	Perfetti Van Melle S.p.A.	235	Wuliangye Yibin Co., Ltd.	176
Dole Food Company, Inc.	178	Kimberly-Clark Corporation	32	Pernod Ricard S.A.	76	Yakult Honsha Co., Ltd.	196
Dr Pepper Snapple Group, Inc.	128	Kirin Holdings Company, Limited	28	Philip Morris International Inc.	19	Yamaha Corporation	174
Dr. August Oetker KG	57	Kohler Co.	153	Pioneer Corporation	145	Yamazaki Baking Co., Ltd.	71
				Pirelli & C. S.p.A.	101	Yokohama Rubber Co., Ltd.	110
				Prima Meat Packers, Ltd.	227		
				Procter & Gamble Company	5		
				PT Indofood Sukses Makmur Tbk	144		
				Puma SE	179		



### Coca-Cola joins top 10; LG returns

While Top 250 composite sales growth slowed in 2012, that was not the case for the world's 10 largest consumer products companies—at least as a group. Composite sales for the top 10 grew twice as fast as the Top 250 in 2012 at 10.9 percent compared with 5.1 percent. As a result, the leader board accounted for a larger share of total Top 250 sales in 2012 than it did in 2011: 28.8 percent versus 27.1 percent. That said, only four of the top 10 companies contributed to the group's strong top-line result: Samsung, Apple, Nestlé, and Unilever.

Although profitability improved for both groups compared with 2011, the top 10 group was also stronger on the bottom line, outperforming the Top 250 by more than two percentage points (10.9 percent vs. 8.2 percent). Most of the top 10 companies shared in the group's strong bottom-line performance.

Manufacturers of electronic products accounted for five of the world's 10 largest consumer products companies in 2012. Samsung and Apple ranked as the top two. Nestlé, the world's largest food processor, moved into third place in 2012 ahead of Panasonic. Double-digit growth propelled Unilever into seventh place ahead of PepsiCo as the beverage maker's carbonated sodas business experienced a significant slowdown in sales in developed markets.

Mondelēz International (formerly Kraft Foods, Inc.) fell out of top 10 contention in 2012 following the October spinoff of the company's North American grocery business into an independent company known as Kraft Foods Group. Coca-Cola moved into the top 10 for the first time, although it lags its eighth-place rival PepsiCo by a considerable margin. A big decline in the sales of mobile phones and smart devices dropped Nokia from tenth place in 2011 to 13th in 2012 and opened the door for South Korea's LG Electronics to return to the top 10 after a two-year absence despite back-to-back years of declining sales.

### Global top 10 consumer products companies, 2012

Sales rank FY12	Company name	Country of origin	Product sector	2012 net sales (US\$mil)	2012 net sales growth*	2012 net profit margin**	2012 return on assets**	2007-2012 CAGR* ***
1	Samsung Electronics Co.	South Korea	Electronic Products	178,982	21.9%	11.9%	13.2%	15.3%
2	Apple Inc.	United States	Electronic Products	156,508	44.6%	26.7%	23.7%	44.8%
3	Nestlé S.A. <sup>1</sup>	Switzerland	Food, Drink & Tobacco	98,372	10.2%	12.0%	8.8%	n/a
4	Panasonic Corporation	Japan	Electronic Products	88,367	-6.9%	-10.6%	-14.4%	-4.2%
5	The Procter & Gamble Company	United States	Personal Care & Household Products	84,167	0.6%	13.5%	8.2%	0.2%
6	Sony Corporation	Japan	Electronic Products	68,864	3.0%	1.5%	0.7%	-7.0%
7	Unilever Group	Netherlands and United Kingdom	Personal Care & Household Products	66,007	10.5%	9.6%	10.7%	5.0%
8	PepsiCo, Inc.	United States	Food, Drink & Tobacco	65,492	-1.5%	9.5%	8.3%	10.7%
9	The Coca-Cola Company	United States	Food, Drink & Tobacco	48,017	3.2%	18.9%	10.5%	10.7%
10	LG Electronics Inc.	South Korea	Electronic Products	45,354	-6.1%	0.2%	0.3%	-0.9%
<b>Top 10</b>				<b>\$900,130</b>	<b>10.9%</b>	<b>10.9%</b>	<b>9.1%</b>	<b>8.2%</b>
<b>Top 250</b>				<b>\$3,129,025</b>	<b>5.1%</b>	<b>8.2%</b>	<b>7.3%</b>	<b>5.7%</b>
<b>Economic Concentration of Top 10</b>				<b>28.8%</b>				

\* Top 10 and Top 250 sales growth figures are sales-weighted, currency-adjusted composites

\*\* Top 10 and Top 250 figures are sales-weighted composites

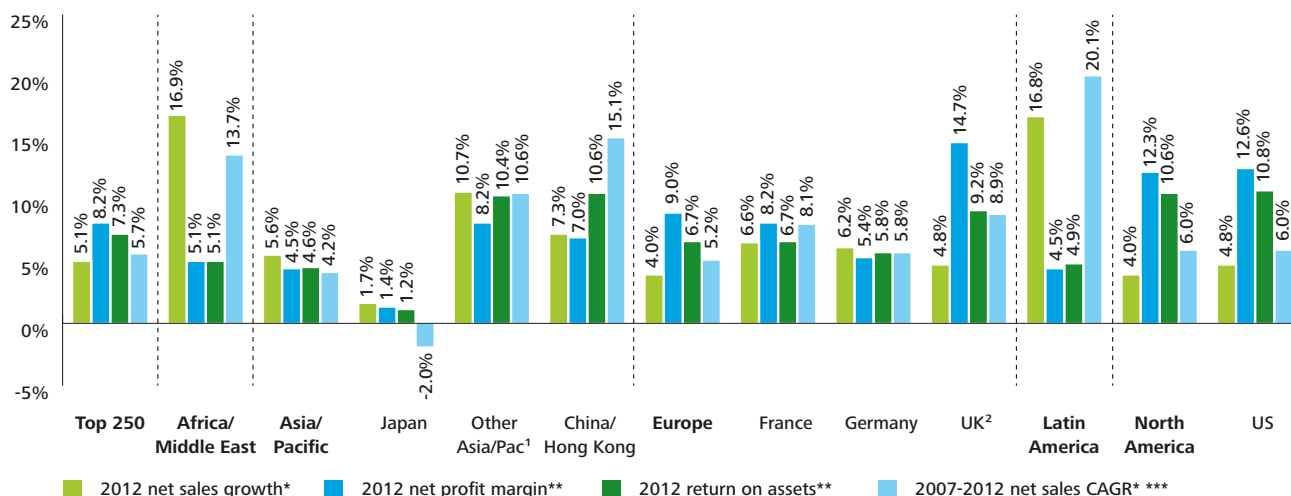
\*\*\* Compound annual growth rate

<sup>1</sup> Nestlé's sales for 2010—2012 reflect an accounting change. Comparable sales figures for years prior to 2010 are not available.

Source: Published company data



## Performance by region/country, 2012



Source: Deloitte analysis of published company data

\* Sales-weighted, currency-adjusted composite growth rates

\*\* Sales-weighted composites

\*\*\* Compound annual growth rate

¹ Excludes Japan; includes China/Hong Kong

² Includes Unilever, a dual-listed company consisting of Unilever PLC, based in London, and Unilever N.V., based in Rotterdam, Netherlands. The companies operate as a single business.

## Global Powers of the Consumer Products Industry geographical analysis

For purposes of geographical analysis, companies are assigned to a region based on their headquarters location, which may not coincide with where they derive the majority of their sales. Although many companies derive sales from outside their region, 100 percent of each company's sales are accounted for in that company's region. Five regions are used for analysis:

- Africa/Middle East
- Asia/Pacific
- Europe
- Latin America
- North America

### Subdued growth in Europe, North America dampens growth in export-dependent China

Sales growth decelerated sharply for **North American** consumer products companies. Following back-to-back years of double-digit sales increases in 2010 and 2011, composite growth for the region's Top 250 companies dropped to just 4.0 percent in 2012. However, North American companies continued to enjoy robust profitability. The 12.3 percent composite net profit margin in 2012 was up from an already-strong 10.4 percent result in 2011. On both the top line and bottom line, U.S. companies outperformed their Canadian counterparts in the region.

## Region/country profiles, 2012

	Number of companies	Average size (US\$mil)	Share of Top 250 companies	Share of Top 250 sales
Africa/Middle East	4	\$5,229	1.6%	0.7%
Asia/Pacific	88	\$12,196	35.2%	34.3%
Japan	53	\$10,950	21.2%	18.5%
Other Asia/Pac¹	35	\$14,081	14.0%	15.8%
China/Hong Kong	19	\$9,232	7.6%	5.6%
Europe	62	\$13,264	24.8%	26.3%
France	14	\$11,455	5.6%	5.1%
Germany	10	\$10,182	4.0%	3.3%
UK²	7	\$23,926	2.8%	5.4%
Latin America	11	\$11,376	4.4%	4.0%
North America	85	\$12,793	34.0%	34.8%
US	80	\$13,154	32.0%	33.6%
<b>Top 250</b>	<b>250</b>	<b>\$12,516</b>	<b>100.0%</b>	<b>100.0%</b>

¹ Excludes Japan; includes China/Hong Kong

² Includes Unilever, a dual-listed company consisting of Unilever PLC, based in London, and Unilever N.V., based in Rotterdam, Netherlands. The companies operate as a single business.

Source: Deloitte analysis of published company data

Top 10 European consumer products companies, 2012						
Company name	Europe rank	Top 250 rank	Product sector	Country	2012 net sales (US\$mil)	2012 net sales growth
Nestlé S.A.	1	3	Food, Drink & Tobacco	Switzerland	98,372	10.2%
Unilever Group	2	7	Personal Care & Household Products	Netherlands and United Kingdom	66,007	10.5%
Anheuser-Busch InBev SA/NV	3	11	Food, Drink & Tobacco	Belgium	39,758	1.8%
Nokia Corporation	4	13	Electronic Products	Finland	38,809	-21.9%
L'Oréal S.A.	5	20	Personal Care & Household Products	France	28,889	10.4%
Compagnie Générale des Établissements Michelin S.C.A.	6	21	Tires	France	27,617	3.6%
Danone	7	22	Food, Drink & Tobacco	France	26,839	8.0%
British American Tobacco plc	8	26	Food, Drink & Tobacco	United Kingdom	24,078	-1.4%
Heineken N.V.	9	27	Food, Drink & Tobacco	Netherlands	23,642	7.4%
Imperial Tobacco Group PLC	10	30	Food, Drink & Tobacco	United Kingdom	23,135	-3.4%

Top 10 North American consumer products companies, 2012						
Company name	North America rank	Top 250 rank	Product sector	Country	2012 net sales (US\$mil)	2012 net sales growth
Apple Inc.	1	2	Electronic Products	United States	156,508	44.6%
The Procter & Gamble Company	2	5	Personal Care & Household Products	United States	84,167	0.6%
PepsiCo, Inc.	3	8	Food, Drink & Tobacco	United States	65,492	-1.5%
The Coca-Cola Company	4	9	Food, Drink & Tobacco	United States	48,017	3.2%
Mondelēz International, Inc. (formerly Kraft Foods Inc.)	5	15	Food, Drink & Tobacco	United States	35,015	-35.6%
Tyson Foods, Inc.	6	17	Food, Drink & Tobacco	United States	33,278	3.1%
Mars, Incorporated	7	18	Food, Drink & Tobacco	United States	33,000 <sup>e</sup>	0.0%
Philip Morris International Inc.	8	19	Food, Drink & Tobacco	United States	31,377	0.9%
NIKE, Inc.	9	25	Apparel & Accessories	United States	25,313	4.9%
Kimberly-Clark Corporation	10	32	Personal Care & Household Products	United States	21,063	1.0%

e = estimate

Source: Published company data

For the second year in a row, **European** companies generated below-average growth compared with the Top 250 as a whole. The region's 4.0 percent composite growth rate matched North America's subdued performance, with both regions trailing the results posted elsewhere around the globe. Consumer products companies based in Europe's big three economies fared somewhat better, but growth was still down from 2011 levels. On the bottom line, however, Europe outperformed the Top 250. The region's 9.0 percent composite net profit margin was second only to North America's industry-leading result.

In 2012, although the region's French companies could not sustain the strong sales growth of the prior two years, they still outpaced their German and British counterparts. UK companies, the world's largest on average—and twice the size of French and German Top 250 companies—were the most profitable. While sales grew a modest 4.8 percent in 2012, the UK's 14.7 percent composite net profit margin outperformed even the U.S. result of 12.6 percent.

Rising affluence across Asia will ensure that consumer goods markets within the region continue to grow. Indeed, while sales growth slowed for the Top 250 consumer products companies in 2012, **Asia/Pacific** was the exception. For the region as a whole, composite sales grew 5.6 percent, up from 1.8 percent in 2011. However, it should be noted that companies in this region—especially in Japan—were severely impacted by the March 2011 Great East Japan Earthquake, so a recovery in 2012 was to be expected. Japanese companies, whose composite sales declined 3.7 percent in 2011, reported growth of 1.7 percent in 2012—still a drag on the region's overall result. Overall sales growth for the region was also tempered by the slowdown in sales among the Chinese companies, whose composite growth fell to 7.3 percent in 2012, about one-third the robust 23 percent pace of growth in 2011.

Profitability also improved for companies in the Asia/Pacific region in 2012. The composite net profit margin of 4.5 percent, while still well below the average for the Top 250 as a whole, reflects a big improvement over the prior-year's 1.7 percent result as Japanese companies returned to profitability in 2012. Companies from across the region participated in the improvement.

**Latin America** was the only region other than Asia/Pacific to post accelerating sales growth in 2012 as the region's double-digit growth streak continued. Composite sales for the 11 Top 250 companies that make up this region increased 16.8 percent. However, profitability did not keep pace. Although the region's net profit margin ticked up slightly to 4.5 percent, it remained below the average for the Top 250 as a whole.

In 2012, **Africa/Middle East** posted an industry-leading 16.9 percent growth rate in sales. The result should be interpreted with caution, however, as only four companies compose the region's results. While all four companies reported an above-average increase in sales, the region's overall growth rate was skewed upward by a 35 percent increase posted by Anadolu Efes. In March 2012, the Turkish brewer acquired the beer businesses in Russia and Ukraine from SABMiller.

#### Top consumer products companies by region

In 2012, **Europe's** top 10 consumer products companies remained the same in name as the year before but with slight changes in the order. While Nestlé and Unilever remained secure in first and second place, respectively, Anheuser-Busch InBev overtook Nokia as number three on the list. Similarly, L'Oreal surpassed Michelin as the fifth-ranked company in the region, and Heineken edged out Imperial Tobacco Group, moving up to number nine. Danone (#7) and British American Tobacco (#8) maintained their former positions, completing the region's top 10 roster.

Apple, the world's second-largest consumer products company, remains the undisputed leader in **North America**, having unseated P&G in 2011 after years of hyper growth. The biggest change in this region's top 10 involved the spinoff of the North American grocery business (now known as Kraft Foods Group) by Mondelez International (formerly Kraft Foods, Inc.). As a result, Mondelez dropped to fifth place, superseded by the Coca-Cola Company. Meanwhile, Tyson Foods, the world's second-largest poultry and meat processor, moved ahead of Mars, the world's largest candy and gum maker. Philip Morris International (#8) and NIKE (#9) remained in place, while Kimberly-Clark replaced Goodyear in tenth place.

#### Top 10 Asia/Pacific consumer products companies, 2012

Company name	Asia/Pac rank	Top 250 rank	Product sector	Country	2012 net sales (US\$mil)	2012 net sales growth
Samsung Electronics Co., Ltd.	1	1	Electronic Products	South Korea	178,982	21.9%
Panasonic Corporation	2	4	Electronic Products	Japan	88,367	-6.9%
Sony Corporation	3	6	Electronic Products	Japan	68,864	3.0%
LG Electronics Inc.	4	10	Electronic Products	South Korea	45,354	-6.1%
Bridgestone Corporation	5	14	Tires	Japan	38,118	0.5%
Lenovo Group Limited	6	16	Electronic Products	Hong Kong	33,873	14.5%
Haier Group Company	7	23	Home Furnishings & Equipment	China	25,876	8.1%
Japan Tobacco Inc.	8	24	Food, Drink & Tobacco	Japan	25,654	4.2%
Kirin Holdings Company, Limited	9	28	Food, Drink & Tobacco	Japan	23,458	7.0%
Suntory Holdings Limited	10	29	Food, Drink & Tobacco	Japan	23,219	2.7%

#### Top 10 Latin American consumer products companies, 2012

Company name	Latin America rank	Top 250 rank	Product sector	Country	2012 net sales (US\$mil)	2012 net sales growth
JBS S.A.	1	12	Food, Drink & Tobacco	Brazil	38,969	22.5%
Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA)	2	38	Food, Drink & Tobacco	Mexico	18,037	17.4%
BRF - Brasil Foods S.A.	3	52	Food, Drink & Tobacco	Brazil	14,681	10.9%
Grupo Bimbo, S.A.B. de C.V.	4	62	Food, Drink & Tobacco	Mexico	13,181	29.5%
Marfrig Alimentos S.A.	5	69	Food, Drink & Tobacco	Brazil	12,214	8.4%
Grupo Modelo, S.A.B. de C.V.	6	106	Food, Drink & Tobacco	Mexico	7,560	8.9%
Gruma, S.A.B. de C.V.	7	155	Food, Drink & Tobacco	Mexico	4,896	11.6%
Bacardi Limited	8	169	Food, Drink & Tobacco	Bermuda	4,576	2.9%
Arca Continental, S.A.B. de C.V.	9	177	Food, Drink & Tobacco	Mexico	4,284	28.0%
Controladora Mabe S.A. de C.V.	10	218	Home Furnishings & Equipment	Mexico	3,474*	5.4%

e = estimate

Source: Published company data

Top Africa/Middle East consumer products companies, 2012						
Company name	Africa/ ME rank	Top 250 rank	Product sector	Country	2012 net sales (US\$mil)	2012 net sales growth
Savola Group Company	1	107	Food, Drink & Tobacco	Saudi Arabia	7,306	8.7%
Arçelik A.Ş.	2	132	Home Furnishings & Equipment	Turkey	5,868	25.1%
Vestel Elektronik Sanayi ve Ticaret A.Ş.	3	183	Electronic Products	Turkey	4,177	7.7%
Anadolu Efes Biracilik ve Malt Sanayii A.Ş.	4	215	Food, Drink & Tobacco	Turkey	3,567*	34.8%

\* Unable to determine if company's reported sales exclude excise taxes

e = estimate

Source: Published company data

Electronics companies occupy the first four places in the **Asia/Pacific** top 10 and account for half the companies on the roster. Samsung is secure in the top spot at more than twice the size of second-ranked Panasonic. Sony (#3), LG (#4), and Lenovo (#6) are the other electronics manufacturers among the region's top 10 consumer products companies. Lenovo Group has continued to move up in the Top 250 ranking over the past four years from 57th place overall in 2008 to 16th place in 2012. With the pending (as of this writing) acquisitions of Motorola Mobility from Google and IBM's x86 server business, the company is on track to continue its ascent.

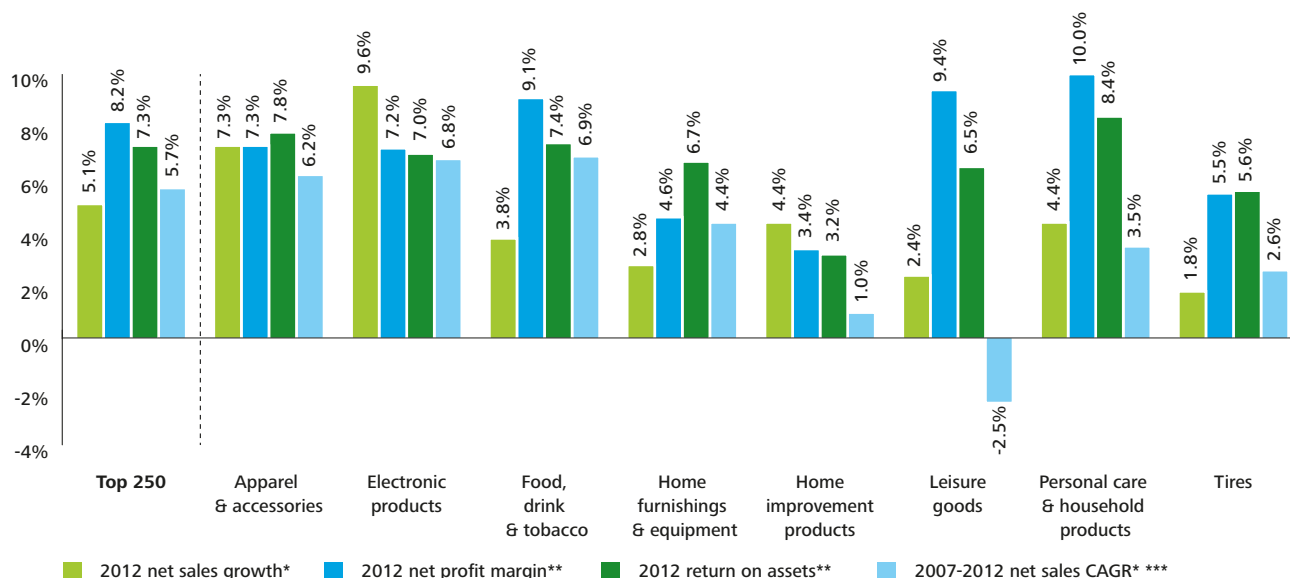
Tire maker Bridgestone remained Asia/Pacific's fifth-ranked company in 2012. However, the bottom half of the top 10 list saw additional changes. Along with Lenovo, China's Haier Group moved ahead of Japan Tobacco. Consumer products no longer account for the majority of sales for Sharp Corporation. Therefore, this company, which ranked in seventh place in 2011, was not included in the Top 250 consideration set leaving room for another company to join the region's top 10 roster. Japanese brewer Kirin Holdings Company moved into the top 10 in 2012. It joined the list in ninth place, ahead of alcoholic and non-alcoholic beverage maker Suntory Holdings, which remained in tenth place.

In both 2011 and 2012, **Latin America** was represented by 11 Top 250 companies, up from just six in 2006 when the first Global Powers of Consumer Products report was published. All but two—tenth-ranked Mabe, a Mexican appliance maker, and Brazilian cosmetic and skin care manufacturer Natura Cosméticos—are food or drinks companies. (Despite double-digit sales growth, Natura Cosméticos fell to 11th place in 2012—the result of a weak Brazilian real.) Brazil's JBS has been the region's largest consumer products company—and the world's largest beef producer—since 2008, following its 2007 acquisition of U.S.-based Swift Foods. As a result, JBS overtook FEMSA, which remains the region's second-largest consumer products company. BRF—Brasil Foods has occupied third place since it was transformed by a \$3.8 billion merger of its former company, Perdigão, with rival Sadia in 2009.

Aggressive organic growth and the integration of new operations boosted Mexican baked goods giant Grupo Bimbo into fourth place in 2012 ahead of meat and poultry processor, Marfrig Alimentos. Bimbo, which has grown through a number of major acquisitions in recent years, looks set (as of this writing) to purchase Maple Leaf Foods Inc.'s Canada Bread Co., a move that would convert Bimbo into a top player in Canada's baked-goods sector in 2014. In another change in the top 10 ranking, Mexican tortilla maker Gruma moved ahead of Bacardi into seventh place.

**Africa/Middle East** remains the smallest region in terms of both number of companies among the Top 250 and their average size. In 2012, the region was represented by four companies, one more than in 2011. Anadolu Efes rejoined the Top 250 following the acquisition of the Russian and Ukrainian beer businesses from SABMiller. Saudi Arabian food group Savola is the region's largest consumer products company. Arçelik, a Turkish appliance manufacturer, and Vestel, a Turkish electronics company, complete the list.

## Performance by product sector, 2012



\* Sales-weighted, currency-adjusted composite growth rates

\*\* Sales-weighted composites

\*\*\* Compound annual growth rate

Source: Deloitte analysis of published company data

## Global Powers of the Consumer Products Industry product sector analysis

For analytical purposes, the Top 250 companies have been organized into eight major product sectors:

- Apparel & accessories
- Electronic products
- Food, drink, and tobacco
- Home furnishings and equipment
- Home improvement products
- Leisure goods
- Personal care and household products
- Tires

### Electronic products rebound after dismal 2011

Manufacturers of **apparel and accessories**, a bright spot in the consumer products industry in 2011, could not keep up the pace in 2012. Composite sales growth for this sector slowed to 7.3 percent. While still strong compared with most other industry sectors, the pace of growth is roughly half what it was in 2011. Individual company results were mixed, with some industry leaders continuing to enjoy double-digit increases. However, Nike, Ralph Lauren, and PVH saw sales growth slow to low-to-mid single digits in 2012 from double-digit growth in 2011. Levi Strauss, Hanesbrands, Citizen Holdings, and Seiko Holdings reported declining sales in 2012.

## Product sector profiles, 2012

	Number of companies	Average size (US\$mil)	Share of Top 250 companies	Share of Top 250 sales
Apparel & accessories	20	\$6,905	8.0%	4.4%
Electronic products	20	\$35,589	8.0%	22.7%
Food, drink & tobacco	141	\$10,711	56.4%	48.3%
Home furnishings & equipment	13	\$9,887	5.2%	4.1%
Home improvement products	10	\$6,706	4.0%	2.1%
Leisure goods	8	\$5,154	3.2%	1.3%
Personal care & household products	27	\$14,758	10.8%	12.7%
Tires	11	\$12,145	4.4%	4.3%
<b>Top 250</b>	<b>250</b>	<b>\$12,516</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Deloitte analysis of published company data

## Food, drink & tobacco: performance by subsector, 2012

	Number of companies	Average size (US\$mil)	FY12 net sales growth*	FY12 net profit margin**	FY12 return on assets**	2007-2012 net sales CAGR* ***
Beverages	32	\$11,505	6.6%	14.0%	7.9%	8.2%
Food processing	100	\$9,981	3.1%	5.2%	5.6%	6.8%
Tobacco	9	\$16,000	1.6%	20.6%	12.4%	4.0%
Food, drink & tobacco	141	\$10,711	3.8%	9.1%	7.4%	6.9%

\* Sales-weighted, currency-adjusted composite growth rates

\*\* Sales-weighted composites

\*\*\* Compound annual growth rate

Source: Deloitte analysis of published company data

**Personal care and household products** have seen increasing competition and sluggish sales in Western markets. As a result, it has been one of the slowest-growing product sectors in recent years. As a group, these companies maintained a moderate 4.4 percent composite growth rate in 2012—although still below average compared with the Top 250 as a whole. However, this was a modest improvement over the sector's 2011 result—one of only three product sectors to see an increase in sales growth in 2012. The sector also remained the most profitable, enjoying a composite net profit margin of 10.0 percent.

Sales growth decelerated to 3.8 percent in 2012 from 8.6 percent the year before for manufacturers of **food, drink, and tobacco** products. Overall growth for the sector was negatively impacted by the tobacco companies' poor top-line result. Despite slowing sales, the group remained highly profitable with a composite net profit margin of 9.1 percent. This sector's overall results vary considerably by subsector.

The *beverage* group continued to perform better on the top line than its food and tobacco counterparts. Although down from 2011's strong 10.9 percent pace, sales advanced a solid 6.6 percent for the makers of alcoholic and non-alcoholic drinks in 2012. Profitability remained robust—beverage makers generated a composite net profit margin of 14.0 percent.

Sales slumped for both the food and tobacco subsectors. *Food processors*, which enjoyed 8.3 percent growth in 2011, reported composite sales growth of just 3.1 percent in 2012. However, the food subsector saw a modest improvement in its bottom-line performance; the composite net profit margin rose to 5.2 percent from 4.8 percent in 2011.

*Tobacco* companies eked out a 1.6 percent sales increase in 2012 as the sale of cigarettes continued to fall in developed markets. While the industry scrambles to take advantage of the rising electronic cigarette market to stem tobacco's decline, it continues to be highly profitable. In 2012, the tobacco group posted a composite net profit margin of 20.6 percent.

After a dismal year in 2011 for manufacturers of **consumer electronics**, 2012 saw the sector bounce back. A moderate recovery among the Japanese companies following the disruption caused by the 2011 earthquake and tsunami, coupled with consumers' increasing desire for connected devices, pushed revenues up nearly 10 percent. Profits followed suit: the sector's composite net profit margin nearly tripled to 7.2 percent in 2012 from 2.6 percent in the prior year.

The strong recovery in sales enjoyed by manufacturers of **home furnishings and equipment** from 2009 through 2011 came to an end in 2012 when sales grew just 2.8 percent. Although profitability remained fairly modest, as is typical for this group made up primarily of appliance makers, its 4.6 percent composite net profit margin was an improvement over the sector's 2011 result.

Sales growth ticked down again for the Top 250 **home improvement** companies in 2012. From a high post-recession pace of 12.3 percent in 2010, growth slowed to 6.8 percent in 2011 and 4.4 percent in 2012. Although the sector's bottom line improved, it remained the least profitable sector with a composite net profit margin of 3.4 percent in 2012.

Having suffered declining sales in 2011, the **leisure goods** group's 2.4 percent composite sales growth in 2012 was an improvement. Nintendo contributed to the turnaround as the slide in sales that has plagued the beleaguered company since 2009 continued, but at a much slower pace. Lego Group was the only company in the sector to enjoy double-digit growth.

The **tire** sector, which rebounded strongly in 2010 and 2011, ran out of gas in 2012. After back-to-back years of double-digit sales growth, sluggish sales rose just 1.8 percent. Nevertheless, all 11 Top 250 tire companies were profitable.



## Top consumer products companies by product sector

Athletic footwear and apparel manufacturers Nike and adidas continue to head up the **apparel and accessories** top 10. The biggest change in 2012 for this sector's leader board was the removal of luxury goods company Richemont from the Top 250 consumer products companies list. For purposes of this report, Richemont's expanding retail business means the company is no longer primarily a consumer products wholesaler. As a result, V.F. Corporation became the sector's third-ranked company. PVH moved up one spot to eighth place and will continue to rise in the ranking following its February 2013 acquisition of The Warnaco Group. Iconic American apparel companies Ralph Lauren and Levi Strauss, eyewear companies Luxottica and Essilor International, and watch makers Swatch and Rolex are also represented in the sector's top 10.

Samsung remained as the top-ranked **consumer electronics** company and, indeed, the world's largest consumer products company in 2012. However, second-ranked Apple continued to gain on the leader with a 45 percent increase in sales. Panasonic and Sony, which fell to third and fourth place in the sector's top 10 in 2011 as Apple continued to move up the ranking, maintained their positions in 2012. Although both LG and Nokia reported declining sales in 2012, LG overtook Nokia and climbed into fifth place.

Sharp Corporation was removed from the Top 250 in 2012 as it no longer derives the majority of its sales from consumer products. As a result, Lenovo rose to number seven. Strong growth boosted Taiwan-based ASUSTeK, usually referred to as Asus, into the consumer electronics top 10 for the first time as number eight. At Research In Motion (aka Blackberry), sales continued to fall, dropping the company out of the sector's top 10 altogether in 2012. Despite a nearly 10 percent drop in sales, Asus rival Acer moved up to ninth place leaving room at the bottom of the list for Nikon, another top 10 newcomer.

While Nestlé maintained a commanding lead among the **food, drink and tobacco** companies, two big changes impacted the sector's top 10 in 2012. The spinoff of what is now Kraft Foods Group from the former Kraft Foods Inc. (now Mondelez International) dropped Mondelez from third place to sixth within the sector, while Kraft Foods Group as an independent company ranked number 36 among the Top 250 overall. The other significant change involves Japan Tobacco Group, which fell out of the top 10 as a result of an accounting change.

### Top 10 apparel & accessories companies, 2012

Company name	Product sector rank	Top 250 rank	Country	Region	FY12 net sales (US\$mil)	FY12 net sales growth
NIKE, Inc.	1	25	United States	North America	25,313	4.9%
adidas AG	2	35	Germany	Europe	19,141	11.7%
V.F. Corporation	3	81	United States	North America	10,766	15.0%
Luxottica Group S.p.A.	4	92	Italy	Europe	9,113	13.9%
The Swatch Group Ltd.	5	95	Switzerland	Europe	8,319	15.3%
Ralph Lauren Corporation	6	114	United States	North America	6,763	1.3%
Essilor International S.A.	7	120	France	Europe	6,416	19.1%
PVH Corp.	8	142	United States	North America	5,541	2.4%
Rolex SA	9	151	Switzerland	Europe	5,122 <sup>e</sup>	n/a
Levi Strauss & Co.	10	168	United States	North America	4,610	-3.2%

### Top 10 electronic products companies, 2012

Company name	Product sector rank	Top 250 rank	Country	Region	FY12 net sales (US\$mil)	FY12 net sales growth
Samsung Electronics Co., Ltd.	1	1	South Korea	Asia/Pacific	178,982	21.9%
Apple Inc.	2	2	United States	North America	156,508	44.6%
Panasonic Corporation	3	4	Japan	Asia/Pacific	88,367	-6.9%
Sony Corporation	4	6	Japan	Asia/Pacific	68,864	3.0%
LG Electronics Inc.	5	10	South Korea	Asia/Pacific	45,354	-6.1%
Nokia Corporation	6	13	Finland	Europe	38,809	-21.9%
Lenovo Group Limited	7	16	Hong Kong	Asia/Pacific	33,873	14.5%
ASUSTeK Computer Inc.	8	50	Taiwan	Asia/Pacific	15,215	16.8%
Acer Incorporated	9	53	Taiwan	Asia/Pacific	14,565	-9.6%
Nikon Corporation	10	68	Japan	Asia/Pacific	12,227	10.0%

### Top 10 food, drink & tobacco companies, 2012

Company name	Product sector rank	Top 250 rank	Country	Region	FY12 net sales (US\$mil)	FY12 net sales growth
Nestlé S.A.	1	3	Switzerland	Europe	98,372	10.2%
PepsiCo, Inc.	2	8	United States	North America	65,492	-1.5%
The Coca-Cola Company	3	9	United States	North America	48,017	3.2%
Anheuser-Busch InBev SA/NV	4	11	Belgium	Europe	39,758	1.8%
JBS S.A.	5	12	Brazil	Latin America	38,969	22.5%
Mondelez International, Inc. (formerly Kraft Foods Inc.)	6	15	United States	North America	35,015	-35.6%
Tyson Foods, Inc.	7	17	United States	North America	33,278	3.1%
Mars, Incorporated	8	18	United States	North America	33,000 <sup>e</sup>	0.0%
Philip Morris International Inc.	9	19	United States	North America	31,377	0.9%
Danone	10	22	France	Europe	26,839	8.0%

e = estimate

Source: Published company data

Top 10 home furnishings & equipment companies, 2012						
Company name	Product sector rank	Top 250 rank	Country	Region	FY12 net sales (US\$mil)	FY12 net sales growth
Haier Group Company	1	23	China	Asia/Pacific	25,876	8.1%
Whirlpool Corporation	2	37	United States	North America	18,143	-2.8%
AB Electrolux	3	47	Sweden	Europe	16,257	8.3%
Gree Electric Appliances, Inc. of Zhuhai	4	48	China	Asia/Pacific	15,757	19.4%
BSH Bosch und Siemens Hausgeräte GmbH	5	64	Germany	Europe	12,604	1.5%
GD Midea Holding Co., Ltd.	6	80	China	Asia/Pacific	10,799	-26.9%
Arçelik A.Ş.	7	132	Turkey	Africa/Middle East	5,868	25.1%
Groupe SEB	8	150	France	Europe	5,221	2.4%
Miele & Cie. KG	9	187	Germany	Europe	4,080	3.8%
Indesit Company S.p.A.	10	204	Italy	Europe	3,712	2.1%

Top 10 home improvement products companies, 2012						
Company name	Product sector rank	Top 250 rank	Country	Region	FY12 net sales (US\$mil)	FY12 net sales growth
LIXIL Group Corporation (formerly JS Group Corporation)	1	44	Japan	Asia/Pacific	17,380	11.2%
Stanley Black & Decker, Inc.	2	83	United States	North America	10,191	-1.8%
Masco Corporation	3	103	United States	North America	7,745	3.7%
Mohawk Industries, Inc.	4	133	United States	North America	5,788	2.6%
TOTO Ltd.	5	135	Japan	Asia/Pacific	5,763	5.2%
Kohler Co.	6	153	United States	North America	5,000 <sup>e</sup>	0.0%
Husqvarna Group	7	171	Sweden	Europe	4,557	1.6%
Techtronic Industries Co. Ltd.	8	198	Hong Kong	Asia/Pacific	3,843	5.3%
Fortune Brands Home & Security, Inc.	9	214	United States	North America	3,591	7.9%
JELD-WEN, Inc.	10	234	United States	North America	3,200	0.0%

Top leisure goods companies, 2012						
Company name	Product sector rank	Top 250 rank	Country	Region	FY12 net sales (US\$mil)	FY12 net sales growth
Nintendo Co., Ltd.	1	105	Japan	Asia/Pacific	7,689	-1.9%
Mattel, Inc.	2	119	United States	North America	6,421	2.5%
Namco Bandai Holdings Inc.	3	131	Japan	Asia/Pacific	5,896	7.3%
Activision Blizzard, Inc.	4	158	United States	North America	4,856	2.1%
Yamaha Corporation	5	174	Japan	Asia/Pacific	4,440	2.9%
Hasbro, Inc.	6	186	United States	North America	4,089	-4.6%
The Lego Group	7	190	Denmark	Europe	4,044	25.0%
Electronic Arts Inc.	8	200	United States	North America	3,797	-8.4%

e = estimate

Source: Deloitte analysis of published company data

The company's voluntary adoption of IFRS global accounting standards has had a significant impact on its net sales as the value of products involved in agent transactions is deducted from revenue.

JT's departure from the top 10 left the door open for Danone to move into tenth place. One other change occurred in the sector's ranking order: Tyson Foods moved ahead of Mars into seventh place.

The top 10 **home furnishings and equipment** companies are all manufacturers of household appliances. While the composition of this group hasn't changed since 2009, the companies continue to jockey for position. Haier, Whirlpool, and Electrolux remained in the top three spots. However, two Chinese companies, Gree and GD Midea, switched places on the list in fourth and sixth place, respectively, following GD Midea's steep 2012 sales decline. The company's poor performance was attributed to a decision to reposition its image as a mid-to-upper price brand as well as its dependence on the Chinese market for the vast majority of its sales. Turkey's Arçelik, with back-to-back years of 20+ percent sales growth, surpassed France's Groupe SEB and moved into seventh place.

The top 10 **home improvement** companies were a stable group in 2012. While Japan's LIXIL Group heads the list, the top 10 is dominated by U.S. companies. The only change in the ranking order was based on a technicality. Mohawk moved ahead of TOTO only as a result of the weak Japanese yen in the dollar-denominated ranking.

There were eight Top 250 companies in the **leisure goods** sector in 2012, down from 10 the year before. Nintendo continued to hang on to the top spot despite another year of declining sales. However, its lead over second-ranked Mattel has quickly narrowed. Fast-growing Lego Group moved ahead of videogame maker Electronic Arts as EA continues to evolve its business to deliver more of its products to consumers digitally via the internet. Declining sales left Japan's Konami Corporation too small to make the Top 250 in 2012. Finally, Hallmark Cards was removed from the Top 250 in line with our decision to exclude publishers of books, magazines, and now greeting cards.



P&G remains the frontrunner in the **personal care and household products** sector. This group's top 10 is dominated by U.S. and European companies—Japan's Kao Corporation being the only exception. The 2012 roster remained the same as in 2011. The only change was the order of the last two companies on the list as Sweden's SCA moved ahead of Germany's Mxingvest.

The **tire** sector is represented by 11 Top 250 companies. In addition to the top 10 shown here is South Korea's Kumho Tire Co. Bridgestone continues to lead the pack, followed by Michelin and Goodyear. The other tire companies are considerably smaller in size than the big three. In 2012, Yokohama resumed its ranking ahead of Hankook. In 2011, the order was reversed because Yokohama had changed its fiscal year end date and its results reflected only a nine-month period. Also in 2012, Japan's Toyo Tire & Rubber overtook Taiwan's Cheng Shin Rubber.

Top 10 personal care & household products companies, 2012							
Company name	Product sector rank	Top 250 rank	Country	Region	FY112 net sales (US\$mil)	FY12 net sales growth	
The Procter & Gamble Company	1	5	United States	North America	84,167	0.6%	
Unilever Group	2	7	Netherlands and United Kingdom	Europe	66,007	10.5%	
L'Oréal S.A.	3	20	France	Europe	28,889	10.4%	
Henkel AG & Co. KGaA	4	31	Germany	Europe	21,233	5.8%	
Kimberly-Clark Corporation	5	32	United States	North America	21,063	1.0%	
Colgate-Palmolive Company	6	45	United States	North America	17,085	2.1%	
Kao Corporation	7	46	Japan	Asia/Pacific	16,268 <sup>e</sup>	6.7%	
Reckitt Benckiser Group plc	8	51	United Kingdom	Europe	15,165	0.9%	
Svenska Cellulosa AB SCA	9	63	Sweden	Europe	12,623	5.0%	
Mxingvest AG	10	67	Germany	Europe	12,357	4.7%	

Top 10 tire companies, 2012							
Company name	Product sector rank	Top 250 rank	Country	Region	FY12 net sales (US\$mil)	FY12 net sales growth	
Bridgestone Corporation	1	14	Japan	Asia/Pacific	38,118	0.5%	
Compagnie Générale des Établissements Michelin S.C.A.	2	21	France	Europe	27,617	3.6%	
The Goodyear Tire & Rubber Company	3	33	United States	North America	20,992	-7.8%	
Sumitomo Rubber Industries, Ltd.	4	94	Japan	Asia/Pacific	8,906	4.9%	
Pirelli & C. S.p.A.	5	101	Italy	Europe	7,808	7.4%	
The Yokohama Rubber Co., Ltd.	6	110	Japan	Asia/Pacific	7,019	0.3%	
Hankook Tire Co., Ltd.	7	125	South Korea	Asia/Pacific	6,256	8.3%	
Toyo Tire & Rubber Co., Ltd.	8	165	Japan	Asia/Pacific	4,640 <sup>e</sup>	15.4%	
Cheng Shin Rubber Ind. Co., Ltd.	9	175	Taiwan	Asia/Pacific	4,417	8.6%	
Cooper Tire & Rubber Company	10	181	United States	North America	4,201	7.0%	

e = estimate

Source: Deloitte analysis of published company data

## Top 250 newcomers, 2012

Top 250 rank	Name of company	Country of origin	Dominant format	2012 net sales growth
36	Kraft Foods Group, Inc.	United States	Food, Drink & Tobacco	-1.7%
88	Maruha Nichiro Holdings, Inc.	Japan	Food, Drink & Tobacco	-0.8%
91	Leucadia National Corporation	United States	Food, Drink & Tobacco	540.8%
154	Orkla ASA	Norway	Food, Drink & Tobacco	-52.7%
182	Kweichow Moutai Co., Ltd.	China	Food, Drink & Tobacco	43.8%
197	Green Mountain Coffee Roasters, Inc.	United States	Food, Drink & Tobacco	45.6%
215	Anadolu Efes Biracilik ve Malt Sanayii A.Ş.	Turkey	Food, Drink & Tobacco	34.8%
226	Want Want China Holdings Limited	China	Food, Drink & Tobacco	14.0%
239	The Schwan Food Company	United States	Food, Drink & Tobacco	5.0%
242	Thai Beverage Public Company Limited	Thailand	Food, Drink & Tobacco	35.5%
243	Mary Kay, Inc.	United States	Personal Care & Household Products	6.9%
245	Vizio, Inc.	United States	Electronic Products	29.2%
247	Amorepacific Group	South Korea	Personal Care & Household Products	12.2%
249	Flowers Foods, Inc.	United States	Food, Drink & Tobacco	9.8%
250	NBTY, Inc.	United States	Food, Drink & Tobacco	1.4%

Source: Published company data

## Top 250 newcomers

Fifteen companies joined the Top 250 in 2012.

Six companies made a return visit. The Schwan Food Company, Vizio, and Flowers Foods returned to the Top 250 after a one-year absence. Anadolu Efes bounced back in a big way in 2012 following the acquisition of SABMiller's beer businesses in Russia and Ukraine.

Strong organic growth propelled Thai Beverage back into the Top 250 following a three-year absence. Just missing the cutoff in 2010 and 2011, back-to-back years of solid sales growth also put Mary Kay, one of the top direct sellers of beauty products, back among the Global Powers in 2012.

Nine companies joined the ranks of the Top 250 for the first time in 2012:

- Kraft Foods Group, the highest-ranking newcomer spun off to Mondelēz International's shareholders in October 2012.
- Maruha Nichiro, one of Japan's top seafood producers.
- Leucadia National Corporation, a diversified holding company with investments in a range of businesses, following its acquisition of a controlling interest in National Beef Packing Company, which ranked 111th among the Top 250 in 2011.
- Orkla, a Norwegian company now focused on branded consumer goods following the spinoff of its aluminum solutions business into a separate joint venture company.
- Kweichow Moutai Co., which manufactures Moutai, the national liquor of China.
- Green Mountain Coffee Roasters, a leader in the specialty coffee and coffeemaker business in North America.
- Want Want China Holdings, a Chinese company known for its rice crackers, dairy products, beverages, and snack foods.
- AmorePacific Group, a South Korean company engaged in the manufacture and marketing of cosmetics, personal care products, and health care products.
- NBTY, a U.S. provider of vitamins, minerals, herbs, sports drinks, and other nutritional supplements.

## Fastest 50

The Fastest 50 is based on compound annual sales growth over a five-year period. Fastest 50 companies that were also among the 50 fastest-growing consumer products manufacturers in 2012 make up an even more elite group. These companies are designated in bold type on the list.

Between 2007 and 2012, composite net sales increased at a compound annual rate of 22.1 percent for the Fastest 50—nearly four times the pace of the Top 250 as a whole. Although most of these companies maintained their aggressive growth in 2012, year-over-year growth cooled somewhat to 17.8 percent, in line with the overall deceleration in sales growth experienced by the Top 250.

At the top of the list are two Top 250 newcomers. Business at Green Mountain Coffee Roasters has been driven predominantly by the growth and adoption of the Keurig single-cup brewing system in recent years. It remains to be seen if the company can maintain its market share as the patent protection for the main K-cup patents expired in September 2012. The acquisition of National Beef Packing Company turned Leucadia National Corporation into a consumer products company and put the company in second place among the Fastest 50 in 2012.

While acquisitions served as the main driver of growth for many Fastest 50 companies over the years, there were no real blockbuster deals in 2012. Thirteen of the 50 fastest-growing consumer products companies made a significant acquisition in fiscal 2012 (i.e., where the deal value was \$100 million or more and the company acquired a controlling interest), but only three deals were valued at \$1 billion or more:

- Anadolu Efes—acquisition of Russian and Ukraine beer business from SABMiller.
- Ambev subsidiary of Anheuser-Busch InBev—acquisition of 52 percent interest in Cerveceria Nacional Dominicana (CND), a Dominican Republic-based maker of alcoholic and non-alcoholic beverages.
- Reckitt Benckiser Group—acquisition of Schiff Nutrition International, a vitamin and nutritional supplement company.

Consumer product manufacturers based in emerging markets accounted for nearly two-thirds, of the Fastest 50 in 2012 (32 companies). This included, among others, 15 of the 19 Top 250 companies based in China or Hong Kong, all four of the Brazilian Top 250 companies, and four of seven from South Korea.

### 50 fastest-growing consumer products companies, 2007-2012 CAGR<sup>1</sup>

FY12 growth rank	FY12 Top 250 rank	Company name	Country	FY12 net sales (US \$mil)	Product sector	2007-2012 net sales CAGR <sup>1</sup>	FY12 net sales growth	FY12 net profit margin
1	197	<b>Green Mountain Coffee Roasters, Inc.</b>	United States	3,859	Food, Drink & Tobacco	62.4%	45.6%	9.4%
2	91	<b>Leucadia National Corporation</b>	United States	9,194	Food, Drink & Tobacco	51.4%	540.8%	9.4%
3	69	Marfrig Alimentos S.A.	Brazil	12,214	Food, Drink & Tobacco	48.0%	8.4%	-1.0%
4	2	<b>Apple Inc.</b>	United States	156,508	Electronic Products	44.8%	44.6%	26.7%
5	207	<b>Boparan Holdings Limited (aka 2 Sisters Food Group)</b>	United Kingdom	3,697	Food, Drink & Tobacco	41.7%	13.4%	1.8%
6	12	<b>JBS S.A.</b>	Brazil	38,969	Food, Drink & Tobacco	39.9%	22.5%	1.0%
7	30	Imperial Tobacco Group PLC	United Kingdom	23,135	Food, Drink & Tobacco	34.9%	-3.4%	4.8%
8	52	<b>BRF - Brasil Foods S.A.</b>	Brazil	14,681	Food, Drink & Tobacco	33.9%	10.9%	2.9%

Companies in bold type are also among the 50 fastest-growing consumer products companies in 2012.

\* Unable to determine if company's reported sales exclude excise taxes

\*\* Fastest 50 and Top 250 growth rates are sales-weighted, currency-adjusted composites

\*\*\* Fastest 50 and Top 250 net profit margins are sales-weighted composites

<sup>1</sup> Compound annual growth rate

e = estimate

Source: Published company data

FY12 growth rank	FY12 Top 250 rank	Company name	Country	FY12 net sales (US \$mil)	Product sector	2007-2012 net sales CAGR <sup>1</sup>	FY12 net sales growth	FY12 net profit margin
9	139	Groupe Bigard S.A.	France	5,659	Food, Drink & Tobacco	31.3%	1.1%	n/a
10	176	<b>Wuliangye Yibin Co., Ltd.</b>	China	4,290	Food, Drink & Tobacco	29.9%	34.1%	38.0%
11	182	<b>Kweichow Moutai Co., Ltd.</b>	China	4,197*	Food, Drink & Tobacco	29.6%	43.8%	53.0%
12	221	China Yurun Food Group Limited	Hong Kong	3,453	Food, Drink & Tobacco	25.4%	-17.1%	-2.3%
13	226	<b>Want Want China Holdings Limited</b>	China	3,359	Food, Drink & Tobacco	25.1%	14.0%	16.5%
14	177	<b>Arca Continental, S.A.B. de C.V.</b>	Mexico	4,284	Food, Drink & Tobacco	24.8%	28.0%	9.4%
15	190	<b>The Lego Group</b>	Denmark	4,044	Leisure Goods	23.9%	25.0%	24.0%
16	90	<b>Tingyi (Cayman Islands) Holding Corp.</b>	China	9,212	Food, Drink & Tobacco	23.4%	17.1%	6.5%
17	156	<b>Skyworth Digital Holdings Limited</b>	Hong Kong	4,877	Electronic Products	22.1%	34.4%	4.2%
18	107	Savola Group Company	Saudi Arabia	7,306	Food, Drink & Tobacco	21.3%	8.7%	6.6%
19	48	<b>Gree Electric Appliances, Inc. of Zhuhai</b>	China	15,757	Home Furnishings & Equipment	21.2%	19.4%	7.4%
20	142	PVH Corp.	United States	5,541	Apparel & Accessories	21.1%	2.4%	7.2%
21	146	Ruchi Soya Industries Limited	India	5,452	Food, Drink & Tobacco	20.7%	-1.6%	0.9%
22	86	Hangzhou Wahaha Group Co., Ltd.	China	10,090 <sup>e</sup>	Food, Drink & Tobacco	19.8%	-6.3%	12.7%
23	62	<b>Grupo Bimbo, S.A.B. de C.V.</b>	Mexico	13,181	Food, Drink & Tobacco	19.1%	29.5%	1.4%
24	130	The J.M. Smucker Company	United States	5,898	Food, Drink & Tobacco	18.5%	6.7%	9.2%
25	219	<b>LG Household &amp; Health Care, Ltd.</b>	South Korea	3,468	Personal Care & Household Products	17.9%	12.9%	8.0%
26	83	Stanley Black & Decker, Inc.	United States	10,191	Home Improvement Products	17.8%	-1.8%	8.7%
27	97	Sichuan Changhong Electric Co., Ltd.	China	8,303	Electronic Products	17.8%	0.6%	0.5%
28	116	<b>Inner Mongolia Yili Industrial Group Co., Ltd.</b>	China	6,662	Food, Drink & Tobacco	16.7%	12.1%	4.1%
29	134	<b>ITC Limited</b>	India	5,770	Food, Drink & Tobacco	16.4%	19.6%	23.7%
30	215	<b>Anadolu Efes Biracilik ve Malt Sanayii A.Ş.</b>	Turkey	3,567*	Food, Drink & Tobacco	16.2%	34.8%	9.8%
31	164	<b>Société Coopérative Agricole et Agro-alimentaire AGRIAL</b>	France	4,640	Food, Drink & Tobacco	15.9%	32.9%	1.3%
32	247	<b>Amorepacific Group</b>	South Korea	3,054	Personal Care & Household Products	15.9%	12.2%	10.1%
33	16	<b>Lenovo Group Limited</b>	Hong Kong	33,873	Electronic Products	15.7%	14.5%	1.9%
34	232	<b>Natura Cosméticos S.A.</b>	Brazil	3,267	Personal Care & Household Products	15.6%	13.5%	13.6%

Companies in bold type are also among the 50 fastest-growing consumer products companies in 2012.

\* Unable to determine if company's reported sales exclude excise taxes

\*\* Fastest 50 and Top 250 growth rates are sales-weighted, currency-adjusted composites

\*\*\* Fastest 50 and Top 250 net profit margins are sales-weighted composites

<sup>1</sup> Compound annual growth rate

e = estimate

Source: Published company data

FY12 growth rank	FY12 Top 250 rank	Company name	Country	FY12 net sales (US \$mil)	Product sector	2007-2012 net sales CAGR <sup>1</sup>	FY12 net sales growth	FY12 net profit margin
35	80	GD Midea Holding Co., Ltd.	China	10,799	Home Furnishings & Equipment	15.4%	-26.9%	6.1%
36	1	<b>Samsung Electronics Co., Ltd.</b>	South Korea	178,982	Electronic Products	15.3%	21.9%	11.9%
37	175	Cheng Shin Rubber Ind. Co., Ltd.	Taiwan	4,417	Tires	15.2%	8.6%	12.3%
38	11	Anheuser-Busch InBev SA/NV	Belgium	39,758	Food, Drink & Tobacco	15.0%	1.8%	23.7%
39	141	Sodiaal Union	France	5,608	Food, Drink & Tobacco	14.4%	-1.4%	0.0%
40	125	Hankook Tire Co., Ltd.	South Korea	6,256	Tires	14.4%	8.3%	n/a
41	242	<b>Thai Beverage Public Company Limited</b>	Thailand	3,108 <sup>e</sup>	Food, Drink & Tobacco	13.9%	35.5%	29.7%
42	185	<b>Tsingtao Brewery Co., Ltd.</b>	China	4,090	Food, Drink & Tobacco	13.8%	11.3%	7.2%
43	188	<b>Herbalife Ltd.</b>	United States	4,072	Food, Drink & Tobacco	13.7%	17.9%	11.7%
44	222	<b>Bestseller A/S</b>	Denmark	3,441	Apparel & Accessories	13.4%	11.3%	n/a
45	77	Research In Motion Limited	Canada	11,073	Electronic Products	13.0%	-39.9%	-5.8%
46	245	<b>Vizio, Inc.</b>	United States	3,100 <sup>e</sup>	Electronic Products	12.9%	29.2%	n/a
47	208	Hisense Electric Co., Ltd.	China	3,683	Electronic Products	12.8%	6.7%	6.5%
48	124	Henan Shuanghui Investment & Development Co. Ltd.	China	6,299	Food, Drink & Tobacco	12.7%	5.6%	7.7%
49	51	Reckitt Benckiser Group plc	United Kingdom	15,165	Personal Care & Household Products	12.7%	0.9%	19.2%
50	144	PT Indofood Sukses Makmur Tbk	Indonesia	5,507	Food, Drink & Tobacco	12.4%	10.4%	9.5%
<b>Fastest 50** ***</b>						<b>22.1%</b>	<b>17.8%</b>	<b>13.1%</b>
<b>Top 250** ***</b>						<b>5.7%</b>	<b>5.1%</b>	<b>8.2%</b>

Companies in bold type are also among the 50 fastest-growing consumer products companies in 2012.

\* Unable to determine if company's reported sales exclude excise taxes

\*\* Fastest 50 and Top 250 growth rates are sales-weighted, currency-adjusted composites

\*\*\* Fastest 50 and Top 250 net profit margins are sales-weighted composites

<sup>1</sup> Compound annual growth rate

e = estimate

Source: Published company data

# M&A activity continues to rebound in the consumer products industry

## M&A activity and trends

Despite the fragile nature of the economic recovery and its susceptibility to economic shocks, well-funded investors have continued to seek merger, acquisition, and joint venture opportunities that strengthen their strategic positions, support their growth objectives, and deliver material cost synergies.

According to data from mergermarket.com, an independent M&A intelligence tool, global merger and acquisition activity by consumer products companies bottomed out in 2009 at 958 deals following the Great Recession. Since then, the number of deals has picked up: In 2012 there were 1,298 deals completed by consumer products companies, up from 1,274 in 2011 and 1,117 in 2010. For 2013, 1,182 deals had been reported as of February 22, 2014. However, completed deal trends tend to lag actual M&A activity levels as it can take up to six months for completed deals to be reported. As more deals are formally reported and the historical data continues to be updated, the trend line is likely to be revised upward, especially in more recent quarters and for 2013 as a whole.

Unlike deal volume, deal values have trended down since 2009—that is until 2013 when the average value began to rebound. In 2012, deal values were disclosed for 616 transactions, or nearly half the completed deals reported. With a total deal value for these transactions of almost \$143 billion, the average value was \$232 million, down from \$379 million in 2009. Based on preliminary results for 2013, the average value of disclosed deals increased substantially to \$345 million.

Another way to assess the industry's M&A activity is to look at the number and average value of large deals. Considering only completed deals with values of at least \$100 million, the trends are the same. The number of such deals hit bottom in 2009, when there were just 123 significant transactions, and then began to rebound. However, the average value of these larger deals peaked in 2009 and then declined through 2012. Again, in 2013, average deal values picked up.

## Merger & acquisition activity by consumer products companies, 2001-2013\*

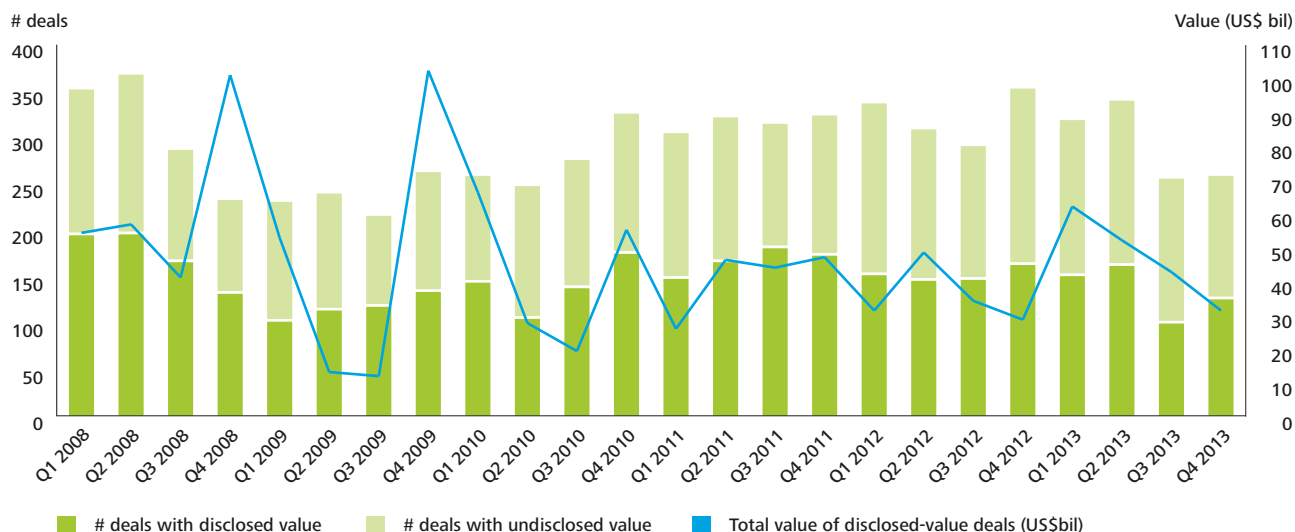
Year	Total # deals	# deals with disclosed value	Total value of disclosed-value deals (US\$mil)	Average value of disclosed-value deals (US\$mil)	# deals with undisclosed value	# deals with value \$100+ mil	Total value of deals \$100+ mil (US\$mil)	Average value of deals \$100+ mil (US\$mil)
2013	1182	547	\$188,579	\$345	635	188	\$177,607	\$945
2012	1298	616	\$142,947	\$232	682	200	\$130,206	\$651
2011	1274	676	\$163,799	\$242	598	217	\$149,735	\$690
2010	1117	570	\$168,850	\$296	547	178	\$155,845	\$876
2009	958	476	\$180,447	\$379	482	123	\$170,461	\$1,386
2008	1248	697	\$253,662	\$364	551	210	\$238,542	\$1,136
2007	1350	840	\$245,179	\$292	510	260	\$228,096	\$877
2006	1304	823	\$136,476	\$166	481	202	\$118,498	\$587
2005	1114	694	\$204,326	\$294	420	195	\$190,424	\$977
2004	931	518	\$95,194	\$184	413	146	\$85,020	\$582
2003	700	443	\$139,661	\$315	257	115	\$129,793	\$1,129
2002	565	384	\$76,618	\$200	181	123	\$68,129	\$554
2001	539	413	\$123,774	\$300	126	128	\$114,298	\$893

Results reflect deals completed during the calendar year by consumer products companies; acquired companies may be in any industry

\* Results for 2013 are preliminary and subject to upward revision

Source: mergermarket.com; accessed February 22, 2014

## Merger & acquisition activity by consumer products companies, Q1 2008-Q4 2013



Results reflect deals completed during each quarter by consumer products companies; acquired companies may be in any industry

Results for 2013 are preliminary and subject to upward revision

Source: mergermarket.com; accessed February 22, 2014

### M&A drivers in consumer products industry remain strong

It is, perhaps, somewhat surprising that the volume of deals has been up an upward trend in recent years given the slow tempo of the global economy. This may be due, at least in part, to bargain hunting opportunities to pick up assets at distressed prices, which also helps account for the decline in deal values through 2012. However, the search for scalar economies and greater share of market—whether defined geographically, by product category, or consumer segment—has continued to drive M&A activity in the consumer products industry.

Deal activity has also been stimulated by improved credit availability, low interest rates, rejuvenated capital markets, and, in some cases, companies' sizable cash reserves. Plus private equity has shown a renewed interest in consumer products. In one of the largest acquisitions in the food business, H.J. Heinz was taken private in June 2013 by Berkshire Hathaway and Brazilian investment firm 3G Capital in a \$28 billion buyout. 3G and Berkshire are equal equity partners in Heinz.

Analysis of the deals completed by consumer products companies over the past two years indicates companies are pursuing three key objectives:

- Consolidate position in existing markets.
- Gain access to new geographic markets.
- Build a strategic growth platform.

#### Consolidate position in existing markets

Mergers and acquisitions have helped the big get bigger in the consumer products industry in an effort to reach more customers and achieve greater efficiency. While many industry sectors—including tobacco, alcoholic and non-alcoholic beverages, luxury goods, and meat and poultry processing—have already experienced significant consolidation, M&A activity to realize further economies of scale and operational synergies continues to be a high priority in many companies—especially as cost-conscious consumers remain cautious and value-driven.

Recent examples of scale-driven acquisitions include the following:

- In July 2012, Sweden's SCA, a global hygiene and forest products company, acquired Georgia-Pacific's European tissue business, consolidating its European position and offering considerable cost synergies.
- AB InBev acquired the remaining 50 percent stake in Mexico's Grupo Modelo that it did not already own in June 2013. The combined company will lead the global beer industry.
- JBS, the Brazil-based meat processing company, bought Seara Alimentos, another Brazilian meat processor, in October 2013. The deal, which follows a number of earlier acquisitions of meat and poultry processors in the United States, as well as the merger with Brazil's Bertin Group, allows JBS to reinforce its position as one of the largest processed meats companies not only in Brazil, but worldwide.
- Suntory's December 2013 acquisition of the Lucozade and Ribena soft drinks brands from GlaxoSmithKline will bolster its existing European drinks position.

As consumer products companies continue to consolidate activities and investment around core categories and big brands, proactively reshaping their product portfolios, they are carving out and divesting unprofitable or non-core operations. This flip side of the consolidation trend has also driven M&A activity to higher levels in recent years as other companies pick up these orphaned brands and businesses.

Private equity has played an important role with a number of non-core businesses and brands spun out of major companies. Campbell Soup Company sold its European simple meals business to CVC Capital Partners in October 2013 in an effort to reshape its portfolio to focus only on its strongest brands in growth markets.

Apax Partners acquired U.S. fashion brand Cole Haan from Nike in February 2013. The transaction is in line with the sports giant's strategy to focus on brands that are more complementary to the Nike brand.

### Gain access to new geographic markets

Although economic growth in developing markets like China, Brazil, and India has slowed, their absolute growth levels remain attractive relative to the sluggish economic growth in more mature markets. As a result, consumer products companies continue to pursue acquisitions and joint ventures to establish or expand access to these higher-growth geographies.

Gaining a presence in new and emerging markets is driving further consolidation in the global drinks market. The following are among an extensive list of deals over the past two years:

- Diageo's acquisition of United Spirits in April 2013 offers it a major presence in the fast-growing Indian spirits market; It has also purchased the Ypioca brand of cachaca liquor in Brazil; In line with the company's strategy of increasing its presence in the fastest-growing economies in the world, Diageo has also acquired controlling or minority stakes in alcoholic beverage companies in Brazil, South Africa, Ethiopia, Vietnam, and China in the past two years.
- Heineken's acquisition of Asia Pacific Breweries in January 2013 consolidated its previous joint venture position in the Asian market.
- AB Inbev has agreed to acquire South Korea's Oriental Brewery from KKR, which will strengthen the Belgian brewer in the Asia/Pacific region.
- In December 2013, Carlsberg acquired an additional stake in Chongqing Brewery to take control of its strategic investment in China's growing brewery market.
- Molson Coors acquired StarBev, the Czech Republic-based operator of breweries throughout Eastern and Central Europe, from CVC Capital Partners in June 2012, expanding its global portfolio into Central Europe.

There has also been an increase in activity among manufacturers of personal care products as they look to tap into the increasingly affluent populations in emerging markets.

- SCA has been particularly active around the world. In 2012, the company bought Everbeauty Corp., a Taiwan-based hygiene products company, to gain access to the growing Asian market, and Papeles Industriales, a hygiene products company based in Chile, to strengthen its presence in South America. In 2013, SCA acquired Vinda International, providing expansion into the Chinese tissue market.

- Revlon bought Colomer Beauty and Professional Products from CVC Capital Partners in October 2013. The acquisition looks to strengthen Revlon's sales outside the United States and provide it with access to the professional salon channel of distribution.
- In January 2014, L'Oréal's plan to acquire Magic Holdings was approved. The acquisition gives L'Oréal the top-selling facial mask brand in China and helps it tap into the country's rapidly growing mid-market customer base. L'Oréal's existing brands have focused largely on China's more affluent shoppers.

### Build a strategic growth platform

Successful consumer products companies are looking to ride the waves created by demographic, societal, economic, and technological trends. Health and wellness (e.g., functional foods, anti-aging products), ethnic diversity (e.g., ethnic foods or personal care products), the environment (e.g., green products, green production practices), luxury (e.g., absolute luxury, aspirational luxury), and convenience (easy-to-prepare foods, grab-and-go packaging) represent some of the emerging growth patterns in today's marketplace.

The desire to secure access to specific brands, resources, capabilities, or proprietary technologies—especially in product categories adjacent to a company's existing business—is driving M&A activity in some sectors of the industry. Such acquisitions often provide a quicker and possibly less risky way for a company to exploit a specific market opportunity that it has adopted as a strategic growth platform.

- Under Armour, the U.S.-based marketer of branded performance apparel, footwear, and accessories, acquired MapMyFitness in December 2013. The company's apps include MapMyRun and MapMyRide, which both draw on GPS technology to let registered users track their workout routes. The company is aiming squarely at the rapidly growing wearable technologies market.
- The tobacco industry has already undergone substantial consolidation such that major deals are now infrequent. Future M&A activity will continue to provide companies with greater reach into emerging markets, where demand for traditional tobacco products remains strong. However, recent activity in the tobacco industry has included investment in smokeless tobacco initiatives as companies seek to utilize new technologies and offer alternatives to traditional cigarettes. BAT, Lorillard, and Imperial Tobacco have all made recent acquisitions in the electronic cigarette market.
- In January 2014, Suntory, a Japan-based global drinks group, agreed to acquire the U.S. spirits company Beam Inc. The acquisition will make Suntory the world's third largest maker of premium spirits, with particular expertise and portfolio breadth in premium whisky, which is driving the fastest growth in Western spirits.



### Top acquisitions predominantly in food and drink sectors

In 2013, 25 deals of at least \$1 billion were completed globally by consumer products companies. This compares with only 13 billion-dollar-plus deals in 2012 and 17 in 2011. In line with historical trends, the food and beverage sectors continue to dominate deal activity in the consumer products industry. Food and drinks companies acquiring other such companies, brands, or geographic business units accounted for 19 of the 25 largest deals in 2013 and 7 of the 13 largest deals in 2012.

As already noted, makers of alcoholic beverages were particularly active. The largest transaction in 2013 was the acquisition by Anheuser-Busch InBev of the remaining 50 percent stake in Mexico's Grupo Modelo for \$20.1 billion. Two other deals in excess of \$10 billion were completed in 2013. In 2012, there were few mega deals; the largest transaction was Kellogg's acquisition of the Pringles snack business from P&G—a deal valued at \$3.5 billion.

### Top acquisitions by consumer products companies in 2012\*

Deal rank	Buyer	Buyer location	Buyer product sector	Acquired business/Parent company	Acquired business location	Acquired business product sector	Deal value** (US\$mil)	Completion date
1	<b>Kellogg Company</b>	United States	Food, Drink & Tobacco	Pringles snack business/ <b>The Procter &amp; Gamble Company</b>	United States	Food, Drink & Tobacco	\$3,545	31/05/2012
2	<b>Molson Coors Brewing Company</b>	United States	Food, Drink & Tobacco	StarBev, LP/CVC Capital Partners Limited	Czech Republic	Food, Drink & Tobacco	\$3,498	18/06/2012
3	<b>Sony Corporation</b>	Japan	Electronic Products	EMI Music Publishing Limited/Citigroup Inc.	United States	Music Publisher	\$2,200	29/06/2012
4	<b>Anadolu Efes Biracilik ve Malt Sanayii A.Ş.</b>	Turkey	Food, Drink & Tobacco	Beer businesses in Russia and Ukraine/ <b>SABMiller plc</b>	Russia and Ukraine	Food, Drink & Tobacco	\$1,900	14/03/2012
5	<b>Svenska Cellulosa AB SCA</b>	Sweden	Personal Care & Household Products	Georgia-Pacific Services S.N.C./Georgia-Pacific, LLC	Belgium	Personal Care & Household Products	\$1,796	19/07/2012
6	<b>Campbell Soup Company</b>	United States	Food, Drink & Tobacco	Wm. Bolthouse Farms, Inc./Madison Dearborn Partners LLC	United States	Food, Drink & Tobacco	\$1,550	06/08/2012
7	<b>Sony Corporation</b>	Japan	Electronic Products	Sony Ericsson Mobile Communications AB (remaining 50% stake in JV)/Ericsson AB	UK	Electronic Products	\$1,490	15/02/2012
8	<b>Asahi Group Holdings, Ltd.</b>	Japan	Food, Drink & Tobacco	Calpis Co., Ltd./ <b>Ajinomoto Co., Inc.</b>	Japan	Food, Drink & Tobacco	\$1,488	08/05/2012
9	<b>Spectrum Brands Holdings, Inc.</b>	United States	Personal Care & Household Products	Hardware & Home Improvement Group and certain assets of Tong Lung Metal Industry Co., Ltd./ <b>Stanley Black &amp; Decker, Inc.</b>	United States and Taiwan	Home Improvement Products	\$1,400	17/12/2012
10	<b>Reckitt Benckiser Group plc</b>	UK	Personal Care & Household Products	Schiff Nutrition International, Inc.	United States	Food, Drink & Tobacco	\$1,373	17/12/2012
11	Bright Food (Group) Co., Ltd.	China	Food, Drink & Tobacco	Weetabix Limited (60% stake)/Lion Capital LLC	UK	Food, Drink & Tobacco	\$1,133	05/11/2012
12	<b>Haier Group Company</b>	Hong Kong	Home Furnishings & Equipment	Fisher & Paykel Appliances Holdings Ltd. (remaining 80% stake)	New Zealand	Home Furnishings & Equipment	\$1,038	31/10/2012
13	<b>Anheuser-Busch InBev SA/NV</b> (Ambev Brasil Bebidas Ltda.)	Belgium	Food, Drink & Tobacco	Cerveceria Nacional Dominicana S.A. (41.76% stake, taking AB's interest to 51%)/Grupo Leon Jimenes	Dominican Republic	Food, Drink & Tobacco	\$1,000	11/05/2012

\* Includes only acquisitions where a controlling interest in the acquired company is transferred to the acquiring company.

\*\* Deal value is the sum of the consideration paid by the acquirer for the equity stake in the target plus the value of the net debt in the target, where applicable (i.e., where debt will be consolidated as a result of the purchase). Net debt is defined as short-term and long-term debt minus cash and cash equivalents.

Company names in bold are 2012 Global Powers of Consumer Products Top 250 companies

Source: mergermarket.com and company reports

Top acquisitions by consumer products companies in 2013\*

Deal rank	Buyer	Buyer location	Buyer product sector	Acquired business/Parent company	Acquired business location	Acquired business product sector	Deal value** (US\$mil)	Completion date
1	<b>Anheuser-Busch InBev SA/NV</b>	Belgium	Food, Drink & Tobacco	<b>Grupo Modelo, S.A.B. de C.V.</b> (remaining 50% stake)	Mexico	Food, Drink & Tobacco	\$20,100	04/06/2013
2	Thai Charoen Corporation Group (TCC Assets and <b>Thai Beverage PCL</b> )	Thailand	Food, Drink & Tobacco	Fraser & Neave Limited (remaining 90.32% stake)	Singapore	Food, Drink & Tobacco	\$12,932	30/01/2013
3	<b>Nestlé S.A.</b>	Switzerland	Food, Drink & Tobacco	Pfizer Nutrition/Pfizer Inc.	United States	Food, Drink & Tobacco	\$11,850	15/04/2013
4	Oak Leaf B.V. (company owned by a Joh. A. Benckiser-led investor group)	Netherlands	Food, Drink & Tobacco	<b>D.E Master Blenders 1753 N.V.</b> (84.95% stake)	Netherlands	Food, Drink & Tobacco	\$8,623	18/09/2013
5	Coca-Cola HBC AG (holding company formed by Kar-Tess Holding S.A. for the acquisition of Coca-Cola Hellenic Bottling Company)	Switzerland	Food, Drink & Tobacco	<b>Coca-Cola Hellenic Bottling Company S.A.</b> (76.7% stake)	Greece	Food, Drink & Tobacco	\$8,073	18/06/2012
6	Shuanghui International Holdings Limited (now WH Group Limited)	China	Food, Drink & Tobacco	<b>Smithfield Foods, Inc.</b>	United States	Food, Drink & Tobacco	\$6,949	26/09/2013
7	<b>ConAgra Foods, Inc.</b>	United States	Food, Drink & Tobacco	Ralcorp Holdings Inc.	United States	Food, Drink & Tobacco	\$6,740	29/01/2013
8	<b>Heineken N.V.</b>	Netherlands	Food, Drink & Tobacco	Asia Pacific Breweries Ltd./ Fraser & Neave	Singapore	Food, Drink & Tobacco	\$6,593	31/01/2013
9	Midea Group Co., Ltd.	China	Home Furnishings & Equipment	<b>GD Midea Holding Co., Ltd.</b> (remaining 58.83% stake that it does not already own)	China	Home Furnishings & Equipment	\$4,923	18/09/2013
10	<b>Diageo plc</b>	UK	Food, Drink & Tobacco	United Spirits Ltd. (53.4% stake)	India	Food, Drink & Tobacco	\$3,354	26/04/2013
11	Constellation Brands, Inc	United States	Food, Drink & Tobacco	Compania Cervecera de Coahuila/Anheuser-Busch InBev NV	Mexico	Food, Drink & Tobacco	\$2,900	07/06/2013
12	LVMH Moët Hennessy Louis Vuitton SA	France	Apparel & Accessories	Loro Piana S.p.a. (80% stake)	Italy	Apparel & Accessories	\$2,831	05/12/2013
13	<b>PVH Corp.</b>	United States	Apparel & Accessories	The Warnaco Group, Inc.	United States	Apparel & Accessories	\$2,787	13/02/2013
14	<b>JBS S.A.</b>	Brazil	Food, Drink & Tobacco	Seara Alimentos S.A. and Grupo Zenda/Marfrig Alimentos S.A.	Brazil and Uruguay	Food, Drink & Tobacco	\$2,762	01/10/2013
15	<b>Suntory Holdings Limited</b>	Japan	Food, Drink & Tobacco	Lucozade and Ribena non-alcoholic brands/ GlaxoSmithKline Plc	UK	Food, Drink & Tobacco	\$2,120	31/12/2013

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Company names in bold are 2012 Global Powers of Consumer Products Top 250 companies

Source: mergermarket.com and company reports

Deal rank	Buyer	Buyer location	Buyer product sector	Acquired business/Parent company	Acquired business location	Acquired business product sector	Deal value** (US\$mil)	Completion date
16	<b>Fomento Económico Mexicano, S.A.B. de C.V. (Coca-Cola FEMSA)</b>	Mexico	Food, Drink & Tobacco	Spaipa SA Industria Brasileira de Bebidas	Brazil	Food, Drink & Tobacco	\$1,855	29/10/2013
17	Constellation Brands, Inc.	United States	Food, Drink & Tobacco	Crown Imports LLC (remaining 50% stake in JV formed with Grupo Modelo SAB de CV)/ Anheuser-Busch InBev NV	United States	Food, Drink & Tobacco	\$1,850	07/06/2013
18	<b>Jarden Corporation</b>	United States	Personal Care & Household Products	The Yankee Candle Company, Inc./Madison Dearborn Partners LLC	United States	Personal Care & Household Products	\$1,750	03/10/2013
19	Cobega, S.A.	Spain	Food, Drink & Tobacco	Rendelsur SA	Spain	Food, Drink & Tobacco	\$1,553	18/02/2013
20	<b>Saputo, Inc.</b>	Canada	Food, Drink & Tobacco	Morningstar Foods, LLC/ Dean Foods Company	United States	Food, Drink & Tobacco	\$1,450	03/01/2013
21	<b>Svenska Cellulosa AB SCA</b>	Sweden	Personal Care & Household Products	Vinda International Holdings Ltd. (78.3% stake)	Hong Kong	Personal Care & Household Products	\$1,369	11/11/2013
22	<b>China Mengniu Dairy Company Limited</b>	Hong Kong	Food, Drink & Tobacco	Yashili International Holdings Ltd. (89.8% stake)/The Carlyle Group, LLC	China	Food, Drink & Tobacco	\$1,260	24/07/2013
23	Cobega, S.A.	Spain	Food, Drink & Tobacco	Compania Castellana De Bebidas Gaseosas, S.L.	Spain	Food, Drink & Tobacco	\$1,125	18/02/2013
24	<b>Orkla ASA</b>	Norway	Food, Drink & Tobacco	Rieber & Son ASA	Norway	Food, Drink & Tobacco	\$1,033	30/04/2013
25	<b>The Swatch Group Ltd.</b>	Switzerland	Apparel & Accessories	Harry Winston Inc./ Dominion Diamond Corporation	United States	Apparel & Accessories	\$1,000	26/03/2013

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\*\* Deal value is the sum of the consideration paid by the acquirer for the equity stake in the target plus the value of the net debt in the target, where applicable (i.e., where debt will be consolidated as a result of the purchase). Net debt is defined as short-term and long-term debt minus cash and cash equivalents.

Company names in bold are 2012 Global Powers of Consumer Products Top 250 companies

Source: mergermarket.com and company reports

## M&A outlook

As concerns over economic uncertainty begin to recede, 2014 is already shaping up to be a big year for M&A activity in the consumer products industry with January's announcements of the \$15.7 billion acquisition of Beam Inc. by Suntory and AB Inbev's \$5.8 billion deal to acquire Oriental Brewery.

With the right ingredients in place to stimulate deal activity, acquisitions that promise a cost advantage from increased scale will continue to be a high priority in many companies.

Higher-growth geographic markets will continue to attract buyer interest. The search for products and brands that support strategic growth platforms will drive further M&A activity. And valuations will remain high for market-leading brands and businesses with strong growth prospects.

For more information on activity and trends in the European consumer products sector, see *"The Deloitte Consumer Products M&A Survey: Heading in the right direction?"* Winter 2014.

# Q ratio analysis

This report ranks the world's largest consumer products companies by revenue. While the size of a company is interesting, it does not necessarily tell us anything about future performance. Large size merely shows that a company performed well in the past and has, consequently, achieved scale. Moreover, the market capitalization of a publicly traded consumer products company, examined alone, says something about past performance—even if only recently—but not necessarily about the future.

However, we can examine financial information in order to learn something about future performance. With that goal in mind, we have analyzed the Q ratio of consumer products companies over the last six years. Our goal has been to learn how financial markets are evaluating the future prospects of the world's largest publicly traded consumer products companies. The Q ratio enables us to infer whether companies are strong in such areas as brand, differentiation, and innovation.

## What is the Q ratio?

The Q ratio—also known as “Tobin’s Q,” after economist James Tobin—is the ratio of a publicly traded company’s market capitalization to the value of its tangible assets. If this ratio is greater than one, it means that financial market participants believe that a company’s non-tangible assets have value. These include such things as brand equity, differentiation, innovation, customer experience, market dominance, customer loyalty, and skillful execution. The higher the Q ratio, the greater share of a company’s value that stems from such intangibles. A Q ratio of less than one, on the other hand, indicates failure to generate value on the basis of even tangible assets. It indicates that the financial markets view a consumer products company’s strategy as unable to generate a sufficient return on physical assets. Indeed, it suggests an arbitrage opportunity. That is, if a company’s Q ratio is less than one, a company could, theoretically, be purchased through equity markets and the tangible assets could then be sold at a profit.

## Why do we care about the Q ratio?

In recent years, one of the biggest challenges facing consumer products companies has been the squeezing of margins due to commoditization. That is, consumers often view the brands produced by these companies as undifferentiated from one another except on the basis of price. This trend has been exacerbated by the ability of consumers to use the Internet, and especially mobile devices, to compare prices and products. Commoditization causes intense price competition and tends to drive down prices and, therefore, margins. Only the lowest cost leaders in any product segment can compete primarily on the basis of price. All others must do something else.

The antidote to commoditization, of course, is to differentiate through better customer experience and innovation, and to communicate this differentiation to consumers through good brand management. Consequently, a high Q ratio suggests that the financial markets believe a company is doing the right things to succeed in a business environment characterized by commoditization. A Q ratio less than one may indicate that the financial markets believe a company is failing to use its physical assets in a profitable manner.

Top 30 consumer products companies by Q ratio	
ITC Limited	6.22
Henan Shuanghui Investment & Development Co. Ltd.	5.87
Want Want China Holdings Limited	5.60
Lorillard, Inc.	5.13
Green Mountain Coffee Roasters, Inc.	4.96
The Hershey Company	4.86
Mead Johnson Nutrition Company	4.78
Grupo Modelo, S.A.B. de C.V.	4.35
Colgate-Palmolive Company	4.32
Herbalife Ltd.	4.10
Inner Mongolia Yili Industrial Group Co., Ltd.	3.91
NIKE, Inc.	3.79
The Estée Lauder Companies Inc.	3.70
Kweichow Moutai Co., Ltd.	3.52
Philip Morris International Inc.	3.40
The Swatch Group Ltd.	2.87
Apple Inc.	2.77
China Mengniu Dairy Company Limited	2.75
LG Household & Health Care, Ltd.	2.75
L'Oréal S.A.	2.68
The Clorox Company	2.63
Ralph Lauren Corporation	2.62
Hormel Foods Corporation	2.61
V.F. Corporation	2.58
Tsingtao Brewery Co., Ltd.	2.56
Essilor International S.A.	2.56
Reckitt Benckiser Group plc	2.51
Luxottica Group S.p.A.	2.37
Natura Cosméticos S.A.	2.32
British American Tobacco plc	2.28

## What do the numbers show?

This year we have calculated the Q ratio for 191 publicly traded consumer products companies compared to 190 companies last year and 189 the previous year. The composite Q ratio (calculated by taking the sum of all companies' market capitalization and dividing by the sum of all companies' asset values) is 1.302, slightly lower than last year, but higher than in many recent years. Given the recovery in the global economy and the rise of equity prices in many markets, it is no surprise that the composite Q ratio is up.

Here are some of the highlights of our analysis:

- The companies on the list with the highest Q ratios come from a mix of industries. First on the list is ITC Limited from India. It is one of India's large conglomerates producing a wide range of fast moving consumer goods. Interestingly, of the top 20 companies on the list, seven come from emerging markets, all from greater China, India, or Mexico. Not surprisingly, 10 of the top 20 are from the United States. The top three US companies on the list sell tobacco, coffee, and chocolate. Evidently sinful pleasures have considerable value. Also among the top 20 are such iconic brand names as Apple, Nike, and Estee Lauder. The relatively high Q ratios that characterize these companies reflect financial market confidence in their future ability to generate profits based on strong brands. Yet no company should ever rest on its laurels. The bottom of the list (which we do not publish) includes many names that once dominated their industries, only to be eclipsed by innovative upstarts. Hence, a high Q ratio is no guarantee of future success. But it does suggest financial market confidence that the brand has legs on which to stand.
- Composite Q ratios were calculated by country and region. Country composite Q ratio was calculated only if a country has three or more publicly traded companies on the top 250 list. The country with the highest composite Q ratio is Mexico, followed by Switzerland, and the U.S. As was the case last year and the year before that, the country with the lowest Q ratio is Japan. Low Q ratios are also found in Brazil, Canada, Hong Kong, South Korea, and Turkey. Strong Q ratios are found in China, France, Germany, and the UK. Overall, emerging markets had a composite Q ratio nearly identical to that of developed markets.
- Composite Q ratios were also calculated based on a company's primary product sector. Not surprisingly, the industry with the highest composite Q ratio is fashion goods. Success in fashion usually requires strong brand identity, so this is to be expected. The other industries with relatively high composite Q ratios were food, drink, and tobacco as well as personal and household products. This has not changed since last year. By contrast, such industries as tires, home furnishing, and home improvement had relatively low composite Q ratios.
- This year, for the first time, we ask the question whether the size of a company, either in terms of revenue or market capitalization, influences the Q ratio. We found that the top 20 companies ranked by revenue had a moderately higher composite Q ratio than the bottom 20. However, market capitalization appears to be of greater importance. The top 20 companies ranked by market capitalization had a far higher composite Q ratio than the bottom 20. Evidently, the value that the financial markets assign to a company is closely correlated with whether the company makes good use of its value.

### Q ratio by country

Mexico	1.90
Switzerland	1.84
USA	1.80
Germany	1.78
China	1.68
UK	1.60
France	1.42
Italy	1.06
South Korea	1.02
Hong Kong	0.90
Sweden	0.90
Taiwan	0.77
Canada	0.76
Turkey	0.62
Brazil	0.54
Japan	0.48

### Q ratio by region

North America	1.76
Europe	1.46
Latin America	1.16
Africa/Middle East	0.88
Asia Pacific	0.73
Emerging Asia	1.418
Emerging markets	1.283
Developed markets	1.304
<b>Total</b>	<b>1.302</b>

### Q ratio by primary product sector

Apparel and accessories	2.19
Personal care & household products	1.82
Food, drink, tobacco	1.32
Electronic products	1.05
Leisure goods	1.03
Home improvement products	0.89
Home furnishings & equipment	0.80
Tires	0.69

### Q ratio by market cap

Top 20 by revenue	1.40
Bottom 20 by revenue	1.15
Top 20 by market cap	1.84
Bottom 20 by market cap	0.18

# Study methodology and data sources

To be considered for the Top 250 Global Powers of Consumer Products, a company must first be designated as a manufacturer (primary SIC code 20-39). Each company is then analyzed in an attempt to determine if the majority of its sales are derived from consumer products versus commercial or industrial products. Broadly defined, these are products produced for and purchased by the ultimate consumer. Generally, these products are marketed under well-known consumer brands. We have excluded contract manufacturers—organizations that make products primarily under contract for other companies—and included only companies whose brands are on the final products. We also have excluded motor vehicles, as this industry is not relevant to the vast majority of the target audience for this analysis.

Companies whose primary business was the sale of consumer products were included among the Top 250 based on their total fiscal 2012 net sales, which may include sales of commercial and industrial products as well as consumer products. Excise taxes were excluded from the sales of tobacco and drinks companies. Our fiscal 2012 definition encompasses companies' fiscal years ended through June 2013.

A number of sources were consulted to develop the Top 250 list. The principal data sources for financial information were annual reports, SEC filings, and information found in companies' press releases, fact sheets, or websites. If company-issued information was not available, other public-domain sources were used, including trade journal estimates, industry analyst reports, and various business information databases.

In order to provide a common base from which to rank the companies, net sales for non-U.S. companies were converted to U.S. dollars. Exchange rates, therefore, have an impact on the results. OANDA.com was the source used for the exchange rates. The average daily exchange rate corresponding to each company's fiscal year was used to convert that company's results to U.S. dollars. However, the growth rates and profit margin reported for individual companies are calculated in each company's local currency.

## Group financial results

Sales-weighted, currency-adjusted composites are used to report the financial results of groups of companies. This means the results of larger companies contribute more to the composite than do results of smaller companies. To calculate results for groups of companies that may report in a variety of currencies, and to facilitate comparison among groups, it also means that data must first be converted to U.S. dollars. In order to eliminate the impact of fluctuations in exchange rates over time, composite growth rates also are adjusted to correct for currency movement.

Composites and averages for each group were based only on companies with data. Not all data elements were available for all companies.

It should also be noted that the financial information used for each company in a given year is as originally reported. Although a company may have restated prior-year results to reflect a change in its operations (e.g., the divestiture of a business unit), such restatements are not reflected in this data. This study is intended to provide a snapshot of the consumer products industry at a point in time. It is also intended to reflect market dynamics and their impact on the structure of the industry over a period of time. As a result of these factors, the growth rates reported for individual companies may not correspond to other published results.

# Endnotes

1. Consumers go shopping online in the global marketplace this festive season, Customer Click, 29 November 2013. <http://customerclick.in/2013/11/29/consumers-go-shopping-online-in-the-global-marketplace-this-festive-season/>
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