# Global Powers of the consumer products industry 2010
## Extracting value

January 2010

# Contents

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Deloitte Touche Tohmatsu ("Deloitte") is pleased to present the 3rd annual Global Powers of the consumer products industry. This report identifies the 250 largest consumer products companies around the world based on publicly available data for the companies' fiscal year 2008 (encompasses fiscal years ended through June 2009). The report also provides an outlook for the global economy; an analysis of market capitalization in the industry; and a discussion of major trends affecting consumer products companies.

# Global economic outlook

The year 2009 has come to a close and all one can say is good riddance. It was the worst year for economic performance in recent memory. The year began on the heels of a near breakdown of the financial sector. At the start of the year, economists found themselves opining on the probability of another Great Depression. Thankfully, the year ended on a more positive note with economists offering their views on the potential strength of the all but certain recovery.

The main theme of the economic outlook for the coming year is that the global economy seems to be on track for a better than expected outcome. Most of the world's major economies are now growing and some, like Japan and the Eurozone, started growing sooner than most analysts expected. The global crisis was notable for the near synchronicity of the downturn. Likewise, the upturn appears to be happening everywhere at once – something that is not usually the case. The good thing about this is that strengthening global demand is self-reinforcing, especially as it boosts global trade flows and export oriented production. The mostly synchronous policy response to the crisis (fiscal and monetary expansion) probably played a key role in the global recovery. Likewise, the risks of the recovery are similar in most places. These include the lingering effects of financial market stress as well as the possibility of future inflation.

As for the world's Consumer Products companies, economic recovery will return the industry to a growth path. However, the nature and geographic distribution of that growth will be quite different than the recent path. In the decade prior to the current economic crisis, there was strong consumer spending growth in the United States as well as smaller economies such as the UK, Spain, and Ireland. Such growth was funded, in part, by borrowing against the increased value of homes, itself the result of a flood of liquidity from surplus countries such as China. This excessive consumer spending growth was not only the principal source of economic growth in these countries, it also fuelled export driven growth in surplus countries such as China, Japan, and Germany. In fact, the symbiosis between these "consuming" and "producing" groups of countries was the hallmark of the global economy in the first decade of the twenty-first century.

### The next phase in consumer spending growth

All of that is about to change. The global economic crisis of 2008-09 exposed the fault lines of the imbalanced global economy. When the inflated values of property-based assets peaked and then collapsed, global financial institutions suffered huge losses. The resulting loss of confidence caused a near shut-down in global credit markets as investors fled to the safety of short-term government securities. Moreover, indebted consumers were forced to dramatically shift gears. They increased savings, paid off debts, and ceased to spend with abandon. Of course this crisis is now ending and the recovery is clearly underway. Yet the global pattern of consumer spending of the past decade will not return soon.

In the coming decade, the countries that borrowed heavily to finance excessive consumer spending may experience slower consumer spending growth as households struggle to de-leverage, repair tattered balance sheets, and accumulate wealth for future retirement and other needs. More of the economic growth of these countries will likely be driven by exports, business investment, and government spending. Conversely, those countries whose growth was fuelled by exporting to borrowing countries will no longer be able to depend on such markets. The U.S. consumer will not be able to sustain China's export sector as it did in the past. Consequently, countries such as China will likely shift away from export oriented growth toward growth driven by consumer spending. The degree to which this adjustment takes place, and takes place smoothly, will depend on the policies put in place by various governments. Nevertheless, an adjustment of some sort will almost surely take place.

For global consumer products companies and the retailers they supply, the next decade will entail a very different business environment than that of the past decade. Not only will the growth of consumer spending shift geographically, the nature of consumer spending will shift as well. In countries such as the U.S. and UK, retail spending growth will not only be slower, but will be focused on the needs of a value oriented consumer.

The recent shift in market share toward discount formats may very well be sustained during the recovery. The weakness of housing markets in countries that experienced frothy housing prices will have consequences as well. Spending on discretionary items, especially those for the home, will be restrained.

On the other hand, countries that ran large surpluses such as China will experience faster consumer spending growth. A larger share of the growth of global consumer spending will now take place in such markets – especially the big emerging markets.

Let's consider some of the major markets and the outlook for their consumers.

### China

China is the toast of global economic policymakers. No other major country in the world has performed as well as China during the global crisis. Most analysts have revised their forecasts for 2010 to economic growth of about 9 percent. This exemplary performance is a bit of a surprise given the collapse of global trade that followed the onset of the credit crunch in late 2008. Given China's significant role as an exporter, there was widespread expectation that China would suffer considerably. Yet the drop in net exports was more than offset by strength of consumer spending, business investment, and especially government investment. Indeed investment alone contributed six percentage points to economic growth in the first half of 2009.

That strength, of course, was due to massive monetary and fiscal stimulus on the part of the Chinese government. That stimulus not only assisted economic recovery. It also fueled new increases in property prices, leading to fears of a new bubble. It fueled excessive investment in industrial capacity, and strengthened the role of state run enterprises at a time when the private sector needs to gain market share. Hence, while the recovery is under way, the policies that have brought on recovery are laden with risks for the future.

The authorities in China have begun the process of shifting monetary policy to a tighter stance. As usual, timing is everything. By starting now, when the economy is not yet fully recovered, the authorities may be able to navigate China toward strong growth without inflation and without ruinous and destabilizing asset price bubbles. Still, risks remain. China's history of credit policy is one of blunt instruments leading to volatility in asset prices. That may recur. Yet the policy stance of the past year has had the positive effect of moving China along the road toward domestically driven growth. This is helping to lessen the negative effects of lower export growth.

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#### What about the Chinese consumer?

As for consumer spending, it will perform well if China makes a successful adjustment away from export-oriented growth and toward growth based on consumer demand. For China, adjustment means undertaking measures to stimulate consumer spending. This could include liberalizing consumer finance, improving the social safety net so as to discourage saving, and allowing the currency to appreciate in value – thereby suppressing import prices.

There are indications that China intends to move in this direction, but there are obstacles as well. First, China's government appears to be of two minds on the currency. On the one hand, it wants to encourage domestic demand so that it need not accumulate more foreign currency reserves. On the other hand, it complains about the potential capital loss on its existing reserves should the dollar fall further. During the economic crisis, China stopped allowing the currency to appreciate lest it harm its export competitiveness. However, once global recovery is fully extant, China is likely to allow further revaluation. The question is how much?

Second, China's response to the crisis was to massively stimulate investment in infrastructure and state-owned companies. The result is an economy distorted by excessive investment and insufficient consumer demand. If the consumer is to play a bigger role in the economy going forward, China will have to adjust policy accordingly. The degree to which this will take place remains uncertain.

If China and the United States both do all the right things, then adjustment in the global economy should go smoothly. The growth of global consumer spending will shift away from the United States and toward China. If policymakers fail to act, however, then the road to adjustment could be bumpy. It could, for example, entail volatility in financial markets – especially currency markets – that could have onerous consequences for economic growth.

**United States**

The good news is that the U.S. economy will most likely experience a robust recovery in 2010. Indeed the economy has shown impressive signs of healing in recent months. As the billions in monetary and fiscal stimulus slowly work their way into the economy, continued improvement can be expected. Housing prices have stabilized and, with heavy government incentives, sales have risen. Auto sales have soared on government subsidies aimed at improving sales and fleet mileage. Manufacturing is showing signs of renewed strength. Bank profitability has rebounded sharply. Most importantly financial markets appear to be healing. Risk spreads are now lower than when the crisis began and bank balance sheets are mostly far better than a year ago.

The good news is that the U.S. economy will most likely experience a robust recovery in 2010. Indeed the economy has shown impressive signs of healing in recent months.

The recovery, however, will look very different from the traditional economic rebound. While domestic consumers will play their part, they will not be the biggest driver of growth. Instead, government spending, foreign consumer purchases of U.S. exports, and business investment will lead the U.S. economy to a stronger-than-expected recovery.

As for the consumer, there are signs of improvement. High debt levels and rising unemployment have led many analysts to write off any potential contribution to future growth from consumer spending. The consumer only looks dead: the reality is much better than it first appears. The fundamentals for consumer spending have improved sharply in recent months. Real consumer purchasing power is soaring. Real hourly wages grew during the summer at their strongest pace in more than 40 years. At the same time household net worth, which took a pounding over the past two years, is beginning to rebound. Given the pent-up demand, it is likely that there will be an uptick in consumer spending in the U.S. in 2010. Still, the consumer will not be able to behave as in the recent past.

**The longer term**

It is not sufficient to predict that American consumers will simply decide to spend less in the future. Something will compel them to do this, and there are several factors that will likely contribute to a significant shift in U.S. consumer behaviour. First, the destruction of wealth that has transpired over the past two years (roughly $14 trillion) will not be reversed quickly unless both the equity and property markets experience unusually rapid price increases. Thus, consumers will feel the necessity to rebuild wealth by saving, a process that has already begun.

Second, given the destruction of housing wealth, most consumers will no longer be in a position to borrow against increased property values. Thus, consumer spending will be constrained by income. Third, while financial markets are showing signs of recovery, history suggests that banks will remain cautious in their lending behaviour for some time to come. Thus, consumer credit will not be as readily available as in the recent past.

Moreover, prospective changes to the regulatory environment will likely exacerbate this factor. If banks are forced to hold more capital, and if the market for securitization remains a shadow of its former self, there will be less credit available for consumers.

Fourth, other areas of government policy may play a role in restricting consumer spending. Increased taxes on upper income households will have a negative impact on spending. In addition, efforts to restrict emissions of carbon gases are likely to increase the price of energy, thus shifting consumer spending away from other goods and services. Finally, there is the elusory psychological factor. That is, the length and depth of the recent recession, the worst of the post-war era, may have a lasting impact on the willingness of consumers to engage in risky behaviour. This may compel a permanent shift toward more frugal spending (fewer big ticket items purchased, more discount shopping).

## Eurozone

The Eurozone is staging a surprising recovery, thanks to stable consumer spending and a revival of demand from trading partners in Asia. A belated yet aggressive monetary policy response is playing a role as well.

The corporate response to the uncertainty faced at the end of 2008 was to slash inventories and freeze investments. However, with manufacturing orders picking up, companies are expected to start rebuilding inventory, aiding the rebound in industrial production and contributing positively to GDP growth.

If the recovery in global demand can be sustained and capacity utilization rises, companies will likely take advantage of the low interest rate environment to initiate some investment spending. If investment spending is slow to pick up, it will not be for lack of money. As part of the financial rescue plan, and in the hope that it would rebuild banks' confidence in lending to the real economy, the ECB flooded the banking system with liquidity. Some of this liquidity is seeping through to the corporate sector.

Overall, however, corporate lending remains at an extremely low level. And surveys suggest this is not due to an issue with the supply of but rather with the demand for money. Even the ECB accepts that business borrowing to fund investment will likely pick up only slowly as the recovery unfolds. Hence, the future pace of recovery remains somewhat uncertain.

### The European consumer sector

While the clampdown on spending by corporations has been a drag on growth in recent quarters, consumer spending has held up better than expected during the recession – not least because of government incentives such as the "cash for clunkers" schemes. But now there are fears that Eurozone consumers could tighten their purse strings as unemployment rises.

The impact might be less severe than feared, though. Lower wage income is partly compensated by higher social transfers (unemployment benefits), which in Europe can run up to two-thirds of the last income for a year or longer. Also, the savings ratio (currently at about 15 percent in the Eurozone, slightly above its longer-term average of 14 percent) has room to decline as unemployment rises, acting as a buffer for spending. The bottom line is that, while consumer spending did not suffer egregiously during the recession, it will probably not grow rapidly in the recovery.

## United Kingdom

Like most advanced economies, the United Kingdom has seen a marked improvement in its economic prospects. Financial markets have stabilized and this has been reflected in the continued rally in equities and corporate bonds, in narrowing corporate bond spreads and falling inter-bank interest rates. Most lead indicators of economic activity signal recovery. Still, recovery is likely to take place at a modest pace.

A slow recovery is the price the United Kingdom is likely to pay to rebalance its economy. Consumers entered the downturn with low savings and relatively high levels of debt. Household debt as a proportion of income increased from 100 percent to 165 percent in the 10 years to 2007 while the savings ratio dropped from 4.5 percent to -0.5 percent. Financial innovation had enabled more consumers to access credit more readily, and this helped fuel house prices and consumption.

Since 2007, lower house prices have eroded consumers' collateral and, therefore, their ability to raise credit. At the same time, banks have become more cautious about lending. The result is that a process of balance sheet rebuilding is well underway.

The pace of consumption growth depends largely on the pace of rebalancing in the economy. The general view is that this will be a slow process. The corollary is that growth in consumer spending will remain subdued into 2011 and possibly beyond.

UK consumer balance sheets are certainly stretched, but the problems may be less acute than they appear at first. Borrowing has risen sharply, but so too has the overall value of consumers' financial assets. This is because part of what has been driving the housing market is older homeowners selling large homes, buying smaller ones, and putting the extra cash into financial assets. UK households accumulated an additional £1 trillion of debt between 2000 and 2008 but also acquired over £750 billion of financial assets over the same period. And while lower house prices are seen as an economic depressant, more affordable housing provides a boost for those planning to trade up or buy their first house.

For now it looks as if the process of strengthening consumer balance sheets will take time. The United Kingdom's economic recovery over the coming quarters is unlikely to come from the consumer. Rather, the main drivers are likely to be investment, exports, and a switch in demand from foreign to UK producers.

## Japan

Japan appears to have come out of the worst postwar recession. The recovery appears fragile, bringing back memories of the "lost decade" of the 1990s when the economy showed signs of recovery only to keep faltering again. Record unemployment, falling wages, and a decline in business investment have kept the mood somber. The accelerated decline in consumer prices (excluding food and energy) recently increased fears of the economy being caught in a deflationary spiral.

The massive fiscal stimulus coupled with an almost zero interest rate policy is nearly the same that fueled the recovery between the period 2000 and 2007. Consumer spending is set to rise modestly despite a worsening job outlook. The current recovery, however, is being led by exports, a pattern similar to the past. Exports have grown thanks to the massive stimulus spending programs launched by governments across the world, especially China.

A short-term euphoria may be created by the landslide victory of the main opposition party, the Democratic Party of Japan (DPJ). However, there is some uncertainty regarding the policies the DPJ is likely to adopt and their impact on economic growth in the medium and long term. The DPJ has indicated that it will try to boost domestic consumption through reduction in taxes and fees and through provision of a social safety. The idea is to increase household income and reduce precautionary savings and, thereby, boost household spending. Skeptics, however, are worried that households may divert the increased income to savings rather than increase consumption.

A big concern is how the DPJ will fund these policy measures. It plans to raise the money by eliminating waste in government and reevaluating public works projects. The suspension of dam construction projects has already been announced. Yet even if the government withholds the entire public works spending, however, it will likely get only around half the amount needed.

The real hope for the economy is that exports are likely to continue to expand. The recent strengthening of the yen against the dollar, however, has worried exporters. A stronger yen erodes earnings by reducing the amount exporters repatriate to cover their costs. Further, the Chinese yuan being closely tied to the dollar means that earnings of Japanese exporters from China, a price-sensitive market, could also get hurt. China has emerged as the single biggest market for Japanese exports and the current growth in exports is mainly being fueled by China and other Asian.

The bottom line for Japan is that it remains highly dependent on exports at a time when its currency is rising in value and its second most important market (the US) is retrenching. Hence, overall growth will likely remain slow while the outlook for the consumer is uncertain.

**Russia**

There are several things clear about Russia. It had a very bad 2009; it will have a better 2010; and its longer-term outlook depends heavily on the price of oil. The big question then is whether Russia, even with higher oil prices, is capable of returning to the high growth of the past decade. The answer depends on several factors. These include the policy response of Russia's authorities, the health of global credit markets, the degree of confidence in Russia on the part of foreign investors, and, of course, just how high oil prices go.

The outlook for the coming year depends on a number of factors. First and foremost, the price of oil will have a big impact. When oil was close to $150 per barrel, Russia was doing very well. Yet when the price fell to $60 per barrel, the situation became troubling. However, the price of oil throughout the past decade was lower than this. And yet Russia's economic performance was quite good. Export revenue in 2009, while considerably lower than last year, will probably be roughly comparable to that of 2006. The problem is that during the past decade, Russia took advantage of the relatively high price of oil and low capital costs to borrow heavily from abroad.

Russia's performance next year will depend heavily on the stance and flexibility of government policy. Fiscal policy has been highly expansive, the effect of which has been widely debated.

Today, external debt is much higher than three years ago. Given this and the state of global credit conditions, Russia requires an even higher level of export revenue in order to restore economic credibility.

Russia's performance next year will depend heavily on the stance and flexibility of government policy. Fiscal policy has been highly expansive, the effect of which has been widely debated. But there is almost no debate as to what comes next. Russia will ultimately have to remove fiscal stimulus, something it seems determined to do in a credible way. Indeed, the government is making very pessimistic assumptions about the price of oil and the rate of economic growth in forecasting its budget deficit of 7.5 percent of GDP for next year.

Monetary policy will matter as well. It has lately been relaxed, aimed at providing liquidity to the financial sector. Yet inflation remains stubbornly high, possibly necessitating another tightening of monetary policy in the near future.

Finally, longer-term prospects will depend on other aspects of economic policy such as regulation, investment in infrastructure, efforts to stave corruption, and respect for private property rights. Such issues have been an impediment to economic diversification. Russia's excessive dependence on the resource sector is a concern for policymakers and diversification will require a new business environment.

The outlook for the consumer sector, however, looks good. If Russia grows, consumer spending will grow. Moreover, with limited government interference, retail modernization will likely continue and foreign investors will be welcomed.

## Brazil

Brazil is on fire. Its economy has recovered nicely from a very modest recession. Moreover, there is a general consensus that the outlook is quite strong. Nearly two decades of low inflation, modest deficits, and strong growth have convinced the global investment community that Brazil is a relatively safe bet. A combination of stable politics and economics has generated very strong direct investment from overseas. Plus, the recent awarding of the 2016 Olympics to Rio de Janeiro has increased the sense of confidence and even euphoria in the Brazilian business community.

Another positive aspect to Brazil is that the social policies of the current government have led to a lessening of income inequality – a sharp reversal from past experience. Thus, the number of people moving from poverty into the lower middle class is substantial. In addition, for the first time roughly half the population is considered middle class. This represents a major opportunity for consumer products manufacturers.

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# Global trends and issues affecting the consumer products industry in 2010

### New consumer realities reshape spending patterns

In response to the global economic downturn, many consumers have curbed their spending – cutting back on non-essentials such as home furnishings, appliances, and eating out. Even affluent consumers in such markets as the United States and the European Union are spending cautiously as flaunting wealth becomes unfashionable during a time of financial hardship for so many. And though spending on essentials such as food and beverage has remained fairly robust, consumers have been trading down to private label goods and searching for discounts and better value.

But today's cost-conscious consumers are not just looking for savings and the lowest price. The economic crisis has also had an impact on consumer confidence overall – so much so that consumers are scrutinizing their spending habits, critiquing their choices, rethinking their attitudes about consumption, and reassessing their priorities. They want value aligned with their personal values: the importance of quality, health and wellness, sustainability, ethical concerns, and even convenience have not gone away in the current economic downturn. For example, in the United States, sales of organic foods remain somewhat stable – and there is still a core group of people who are willing to pay for these "superior" products even during a recession.[1]

In 2010, as the world continues to recover from the downturn, consumer products companies will need to closely track, understand, and anticipate how consumers have been influenced by the financial crisis. More importantly, they will need to determine which of these changes in attitudes, needs, preferences, and behaviors may be permanent – especially in light of the unprecedented pace of change in consumer attitudes and behaviors over the past two years. As traditional market segmentation models become rapidly outdated, more and more businesses will need to reassess how they analyze the market to better understand opportunities for growth and value capture. And in today's more cautious investment environment, business leaders are seeking higher levels of fact-based substantiation before making a case for investment.

### Emerging markets will drive growth as global economy recovers

Expect to see strong growth of consumer products spending in emerging markets in 2010. Because the global recession has contracted consumer spending in developed markets, the consumer products industry is looking at emerging markets such as China, India, and Brazil – as well as a host of new fast-growing economies – to drive future growth. Companies are especially interested in Asian nations. Given their projected population growth and the rise in disposable income associated with their growth in gross domestic product, these countries are expected to be the largest source of future consumer spending. For example, in the first quarter of 2009, Japanese manufacturers' direct investment in the United States decreased 82.6 percent year-on-year while it increased in China and India by 3.8 percent and 39 percent, respectively.[2]

However, consumers in emerging markets are very different from those in developed markets. Many products created for developed markets cannot be adapted for emerging markets because they do not satisfy their consumers' unique needs, tastes, preferences, or value. There is also the question of affordability. In 2008, the per capita gross domestic product, at purchasing power parity exchange rates,[3] in India was approximately US$3,000 compared to over US$45,000 in the United States.[4] Even the emerging middle class in countries like India and Brazil cannot afford to buy products if they are priced as they are in the United States. So products not only need to be customized for emerging market consumers' tastes, they also need to be inexpensive and of sufficiently high quality. Some fast-moving consumer goods companies have recognized this need and are packaging their detergents, soaps, shampoos, and toothpaste for one or two uses and pricing them under US$0.10.

Consumer products companies will also need to closely monitor where retailers are investing to understand where there are distribution opportunities. For example, India's modern-trade retailers are closing stores or curbing expansion plans with the slowdown in the Indian economy and as a result of political and regulatory constraints.[5]

1 "Organic Food Sales Remain Strong," Time, 21 July 2009

2 "Emerging Markets Key for Survival of Japan Inc," Nikkei Report, 24 July 2009

3 The approximate value of goods produced per person in a country taking into account differences in the relative prices of goods and services from country to country to reflect the true purchasing power of the country's currency

4 World Bank, 15 September 2009

5 "India: Strategies for Consumer Goods," BusinessWeek.com, 15 June 2009

However, as the global economy recovers, expect investment in modern retailing to be rapid in the next few years in most emerging markets. This will clearly provide opportunities for consumer products companies: it is less costly, for example to distribute to a few large retail outlets than to dispersed mom-and-pop stores; companies will also have more control of how their products are positioned and displayed. At the same time, however, the current lack of infrastructure to support distribution – particularly cold distribution – will pose significant challenges.

### Innovation opportunities abound as recovery takes hold

2010, a period of recovery, will be a great time to invest in innovation. With consumers carefully comparing products, trading down, switching to private label, and otherwise looking for value, the consumer products industry needs innovative and differentiated products and services that offer great value and at the same time resonate with the other values consumers hold dear. Innovation is required to address consumers' changing attitudes and behaviors – an opportunity for collaboration between consumer products companies and retailers to develop products and services that address the needs of these consumers. And with the focus on emerging markets, innovation that addresses these markets' unique cultural and historical needs and expectations (e.g., smaller package sizes at affordable prices) will help companies capture growth opportunities. In addition, with many companies retrenching, this is the time to innovate in areas where competitors may not be present in order to capture the market.

### M&A activity to rebound

As the world comes out of a global recession and credit market conditions improve, stock prices rebound, cash accumulates from cost-cutting measures, and consumers increase spending, now is an opportune time to consider mergers and acquisitions (M&A) opportunities. This may be especially true for companies hoping to enter or increase penetration in emerging markets. In 2010, therefore, expect to see many transactions designed to facilitate entry or expansion into growing geographic markets as companies seek opportunities to acquire solid brands and undervalued businesses that can be quickly scaled up through marketing acumen and broader distribution.

With the shifts in consumer demographics, consumption patterns, and food/taste preferences, companies will also pursue deals to establish or expand positions in growth industries, such as health and wellness or functional foods, and use M&A as a way to incubate innovative entrepreneurial startups. In addition, greater consolidation in the consumer products sector will provide leverage with an increasingly consolidated and global retailing industry and help cut back-office costs in order to improve margins in slow-growth developed markets.

### Manufacturers seek greater security of food supply

Access to secure and affordable supplies of basic food commodities continues to be a global issue. The growth of the global population, rapid expansion of the middle class in key developing economies, decreased crop yields due to climate change, and use of grains for feed and biofuel have all contributed to the depletion of food stocks and volatility in food prices. With higher input costs, consumer products companies have seen their margins get squeezed or have felt the backlash of passing costs onto their customers. Concerned about the security of supply, more and more consumer products companies are locking primary suppliers into longer-term contracts, while some have made strategic investments in vertical integration to secure the supply of key raw materials. In fact, a growing number of companies and countries, such as Saudi Arabia and Korea, are investing in overseas farming to secure their food supply.[6] Even Tiffany is buying diamond mines to secure its supply.[7] In 2010 and beyond, expect to see efforts like these to intensify as consumer products companies, retailers, and their suppliers try to shore up the security of their food supply and other raw materials.

### Food safety concerns continue to grow

Food safety has been one of the top issues on the CIES (now The Consumer Goods Forum) Top of Mind survey for the last two years and will continue to be a priority for food processors, producers, and their suppliers in 2010. With more food sourced globally, high-profile recalls, food-borne illnesses, and manufacturers unsure of the origin of some raw materials, consumers' concerns about food safety continues to grow. And, increasingly, they are demanding transparency into the origin, nutrition, and quality of the food they eat.

6 "Is There Such a Thing as Agro-Imperialism?" The New York Times, 22 November 2009

7 "Diamond Industry Makeover Sends Fifth Avenue to Africa," The Wall Street Journal, 26 October 2009

These demands have led to increasing regulatory oversight of the food and beverage industry. In 2009, the U.S. Congress passed a food-safety bill that places significant responsibilities on farmers and food processors to prevent contamination. Given that six of the top ten food and beverage companies on this year's Global Powers of the consumer products industry Top 250 are U.S. companies and the remaining four have significant operations in the United States, legislation like this has an enormous impact on the industry.

Food safety will become even more critical as food and beverage companies focus on growth in emerging markets, which can lack the infrastructure or pervasive standards needed to ensure food safety. In addition, the freedom and exuberance of the local press to quickly criticize and highlight any missteps of multinational corporations, puts these companies' reputations at particular risk.

But the industry is responding. Retailers and their suppliers are adopting more rigorous, globally accepted food safety and quality standards. Countries as well as companies are also implementing innovative technology to help address food safety. In Japan and South Korea, for example, consumers can use a supermarket kiosk, cell phone, or computer to access information about a package of meat – such as an animal's birth location, the farmer's name, and the processing plant – which brings with it major implications for data integration across the supply chain.

As retailers learn more about tools and resources that can educate consumers on product origins, recalls, and food safety measures (for example, safe food handling), they will expect the same effort from food and beverage companies and their suppliers. As such, in 2010, there should be even more focus on food safety initiatives in the consumer products industry.

As the world comes out of a global recession and credit market conditions improve, stock prices rebound, cash accumulates from cost-cutting measures, and consumers increase spending, now is an opportune time to consider mergers and acquisitions (M&A) opportunities.

### Sustainability initiatives shaped by multiple constituencies

Sustainability may not be the number-one priority for many consumer products companies in 2010 given that most will still be focused on managing the volume and price pressures resulting from the global economic downturn.

However, sustainability remains high on the agenda of executives and there are signs that it is increasingly becoming a primary lens for product and process innovation. Companies are increasingly understanding the urgent need for sustainability – as well as the necessity of getting ahead of regulation. Many companies have committed to putting more sustainable products in households, sourcing sustainable raw materials, and investing in the development of standards to measure sustainability of consumer products.

In addition, sustainability initiatives – such as reduction of waste, energy and water use – can mean significant cost savings to consumer products companies and can benefit a company's bottom line during these hard times. If the savings are passed along to consumers, this enables them to shop more sustainably without spending more money. That is, over time, more sustainable products will also become more affordable products. And regardless of cost, during the recession consumers have shown that they are less likely to cut back on products that are beneficial to their quality of life, such as organic and natural foods. For all of these reasons, there will be continued activity and progress toward sustainability in the consumer products industry, and sustainability will become less about "corporate responsibility" and more about good business practice

### Social media creates new marketing opportunities

For years, social media (also known as consumer-generated media) has been used to promote "brands" such as musicians and celebrities. But consumer products companies have treaded lightly in the social media space given initial user backlash regarding a perceived lack of sincerity or authenticity by corporations selling products.

Only recently have companies successfully used social media as a powerful marketing and customer service tool and realized the benefits. The consumer products industry is now embracing social media as well: as of 2009, 47 of the top 50 companies on this year's Top 250 have profiles on Facebook. Moreover, consumers are no longer scoffing at a corporate presence on social media sites, with many becoming "fans" or advocates of a brand.

In light of this newfound acceptance, expect to see companies jumping on the social media bandwagon in 2010, if they haven't already done so, and using this tool more effectively and creatively as new applications and technologies are developed. Increasingly, consumer product companies will use social media sites to reach larger audiences – or an audience they never even thought of tapping – in order to promote their products, brands, company, and initiatives.

Considering both the opportunities and the risks these platforms offer, companies should have a clearly articulated and communicated social media strategy. Because consumers are already congregating via social media, companies need to continuously monitor discussions to ascertain consumer awareness and the resonance of particular marketing messages, as well as to gauge consumer product usage, attitudes, and issues. They may even find ideas for improvements or new products and services. Companies will also need to follow developments in social media regulations that can potentially limit the type of activity occurring on these sites.

### Reassessing pricing strategies to improve profitability

Effective pricing of consumer products will be particularly challenging in 2010. In parts of the world most affected by the economic downturn, consumers have adjusted their spending patterns – balancing price and quality to create their own unique definitions of value. Extensive price discounts and promotions used to move inventory (e.g., 70 percent off sales, buy-one-get-one-free) have also contributed to resetting price expectations. Consumers have learned to wait for sales, expect every-day-low-prices, chase bargains, and even expect discounts on luxury items – all of which have battered the top line across the industry.

In addition, the continuing fluctuation in input costs, such as for oil and raw materials, is cutting into the bottom line and further squeezing margins across the industry. And with the shift of growth in consumption from the Western world to emerging markets like China, India, and Brazil, pricing will be even more difficult as companies respond to cultural and historical differences (for example, smaller package sizes at affordable prices).

All of these factors make balancing price with product quality, size, costs, and demand to protect margin and market share unusually challenging. As such, effective pricing strategy and execution is vital, as is investment in pricing analytics, technology, and data management. Getting the right product to the right market at the right time and the right price has become more critical than ever.

# Global Powers of the consumer products industry: the Top 250

| Sales rank FY08 | Company name | Country | Region | Product sector | FY08 net sales (US$mil) | FY08 net sales growth | FY08 net profit margin |
|---|---|---|---|---|---|---|---|
| 1 | Hewlett-Packard Company | United States | North America | Electronic Products | 118,364 | 13.5% | 7.0% |
| 2 | Samsung Electronics Co., Ltd. | South Korea | Asia/Pacific | Electronic Products | 112,804 | 23.1% | 4.9% |
| 3 | Nestlé SA | Switzerland | Europe | Food, Drink & Tobacco | 101,823 | 2.2% | 17.3% |
| 4 | The Procter & Gamble Company | United States | North America | Personal & Household Products | 79,029 | -5.4% | 17.0% |
| 5 | Panasonic Corporation (formerly Matsushita Electric Industrial Co., Ltd.) | Japan | Asia/Pacific | Electronic Products | 77,655 | -14.4% | -5.2% |
| 6 | Nokia Corporation | Finland | Europe | Electronic Products | 74,612 | -0.7% | 7.7% |
| 7 | Sony Corporation | Japan | Asia/Pacific | Electronic Products | 71,101 | -13.3% | -1.3% |
| 8 | Japan Tobacco Inc. | Japan | Asia/Pacific | Food, Drink & Tobacco | 68,323 | 6.6% | 1.9% |
| 9 | Toshiba Corporation | Japan | Asia/Pacific | Electronic Products | 66,545 | -13.2% | -5.1% |
| 10 | Philip Morris International Inc. | United States | North America | Food, Drink & Tobacco | 63,640 | ne | 11.2% |
| 11 | Dell Inc. | United States | North America | Electronic Products | 61,101 | -0.1% | 4.1% |
| 12 | Unilever Group | United Kingdom | Europe | Personal & Household Products | 59,623 | 0.8% | 13.0% |
| 13 | LG Electronics Inc. | South Korea | Asia/Pacific | Electronic Products | 58,851 | 18.4% | 1.8% |
| 14 | PepsiCo, Inc. | United States | North America | Food, Drink & Tobacco | 43,251 | 9.6% | 11.9% |
| 15 | Kraft Foods Inc. | United States | North America | Food, Drink & Tobacco | 42,201 | 13.3% | 6.9% |
| 16 | Imperial Tobacco Group PLC | United Kingdom | Europe | Food, Drink & Tobacco | 40,504 | 66.3% | 2.1% |
| 17 | Canon Inc. | Japan | Asia/Pacific | Electronic Products | 39,713 | -8.6% | 7.8% |
| 18 | Koninklijke Philips Electronics N.V. | Netherlands | Europe | Electronic Products | 38,821 | -1.5% | -0.7% |
| 19 | Apple Inc. | United States | North America | Electronic Products | 32,479 | 35.3% | 14.9% |
| 20 | The Coca-Cola Company | United States | North America | Food, Drink & Tobacco | 31,944 | 10.7% | 18.2% |
| 21 | Bridgestone Corporation | Japan | Asia/Pacific | Tires | 31,374 | -4.6% | 0.4% |
| 22 | Motorola, Inc. | United States | North America | Electronic Products | 30,146 | -17.7% | -14.1% |
| 23 | Mars, Incorporated | United States | North America | Food, Drink & Tobacco | 30,000[e] | 36.4% | n/a |
| 24 | Sharp Corporation | Japan | Asia/Pacific | Electronic Products | 28,472 | -16.7% | -4.4% |
| 25 | Tyson Foods, Inc. | United States | North America | Food, Drink & Tobacco | 26,862 | -0.1% | 0.3% |
| 26 | L'Oreal SA | France | Europe | Personal & Household Products | 25,810 | 2.8% | 11.1% |
| 27 | Christian Dior SA | France | Europe | Fashion Goods | 25,776 | 3.7% | 12.4% |
| 28 | Michelin Group | France | Europe | Tires | 24,142 | -2.7% | 2.2% |
| 29 | Anheuser-Busch InBev NV/SA | Belgium | Europe | Food, Drink & Tobacco | 23,692 | 11.6% | 13.0% |
| 30 | British American Tobacco plc | United Kingdom | Europe | Food, Drink & Tobacco | 22,488 | 21.0% | 21.9% |
| 31 | Groupe Danone | France | Europe | Food, Drink & Tobacco | 22,394 | 19.1% | 9.8% |
| 32 | Coca-Cola Enterprises Inc. | United States | North America | Food, Drink & Tobacco | 21,807 | 4.2% | -20.1% |
| 33 | Heineken N.V. | Netherlands | Europe | Food, Drink & Tobacco | 21,068 | 14.0% | 2.4% |
| 34 | Henkel KGaA | Germany | Europe | Personal & Household Products | 20,792 | 8.1% | 8.7% |
| 35 | Fujifilm Holdings Corporation | Japan | Asia/Pacific | Electronic Products | 20,594 | -16.0% | 0.6% |
| 36 | The Goodyear Tire & Rubber Company | United States | North America | Tires | 19,488 | -0.8% | -0.1% |
| 37 | Kimberly-Clark Corporation | United States | North America | Personal & Household Products | 19,415 | 6.3% | 9.4% |
| 38 | Altria Group, Inc. | United States | North America | Food, Drink & Tobacco | 19,356 | -73.8% | 25.5% |
| 39 | NIKE, Inc. | United States | North America | Fashion Goods | 19,176 | 2.9% | 7.8% |
| 40 | Whirlpool Corporation | United States | North America | Home Furnishings & Equipment | 18,907 | -2.6% | 2.4% |
| 41 | SABMiller plc | United Kingdom | Europe | Food, Drink & Tobacco | 18,703 | -12.6% | 11.5% |
| 42 | Kirin Holdings Company Limited | Japan | Asia/Pacific | Food, Drink & Tobacco | 18,652 | 37.3% | 5.1% |
| 43 | Nintendo Co., Ltd. | Japan | Asia/Pacific | Leisure Goods | 18,386 | 9.9% | 15.2% |
| 44 | Sanyo Electric Co., Ltd. | Japan | Asia/Pacific | Home Furnishings & Equipment | 17,707 | -12.2% | -4.8% |
| 45 | Acer Incorporated | Taiwan | Asia/Pacific | Electronic Products | 17,344 | 18.2% | 2.1% |
| 46 | Haier Group | China | Asia/Pacific | Home Furnishings & Equipment | 17,154 | 0.8% | n/a |
| 47 | Svenska Cellulosa AB SCA | Sweden | Europe | Personal & Household Products | 16,964 | 4.3% | 5.1% |
| 48 | JBS S.A. | Brazil | Latin America | Food, Drink & Tobacco | 16,904 | 114.5% | 0.1% |
| 49 | Sony Ericsson Mobile Communications AB | United Kingdom | Europe | Electronic Products | 16,544 | -12.9% | -0.5% |
| 50 | Associated British Foods plc | United Kingdom | Europe | Food, Drink & Tobacco | 16,322 | 21.1% | 4.7% |

n/a = not available
ne = not in existence (created by merger or divestiture)

e = estimate

| Sales rank FY08 | Company name | Country | Region | Product sector | FY08 net sales (US$mil) | FY08 net sales growth | FY08 net profit margin |
|---|---|---|---|---|---|---|---|
| 51 | Electrolux AB | Sweden | Europe | Home Furnishings & Equipment | 16,095 | 0.1% | 0.3% |
| 52 | adidas AG | Germany | Europe | Fashion Goods | 15,889 | 4.9% | 6.0% |
| 53 | Colgate-Palmolive Company | United States | North America | Personal & Household Products | 15,330 | 11.2% | 12.8% |
| 54 | Fomento Economico Mexicano S.A.B. de C.V. | Mexico | Latin America | Food, Drink & Tobacco | 15,161 | 13.7% | 5.5% |
| 55 | Diageo plc | United Kingdom | Europe | Food, Drink & Tobacco | 15,046 | 15.1% | 18.5% |
| 56 | Cargill Meat Solutions Corporation | United States | North America | Food, Drink & Tobacco | 15,000[e] | 0.0% | n/a |
| 57 | Lenovo Group Limited | Hong Kong | Asia/Pacific | Electronic Products | 14,901 | -8.9% | -1.5% |
| 58 | General Mills, Inc. | United States | North America | Food, Drink & Tobacco | 14,691 | 7.6% | 8.9% |
| 59 | Suntory Group | Japan | Asia/Pacific | Food, Drink & Tobacco | 14,676 | 1.2% | 5.2% |
| 60 | Asahi Breweries, Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 14,189 | -0.1% | 2.9% |
| 61 | Royal FrieslandCampina N.V. | Netherlands | Europe | Food, Drink & Tobacco | 13,910 | ne | 1.4% |
| 62 | The Pepsi Bottling Group, Inc. | United States | North America | Food, Drink & Tobacco | 13,796 | 1.5% | 1.6% |
| 63 | Groupe Lactalis | France | Europe | Food, Drink & Tobacco | 13,683 | -3.1% | n/a |
| 64 | Maxingvest AG (formerly Tchibo Holding AG) | Germany | Europe | Food, Drink & Tobacco | 13,527 | 1.4% | 6.6% |
| 65 | BSH Bosch und Siemens Hausgerate GmbH | Germany | Europe | Home Furnishings & Equipment | 12,886 | -0.7% | 3.6% |
| 66 | Sara Lee Corporation | United States | North America | Food, Drink & Tobacco | 12,881 | -2.5% | 2.8% |
| 67 | Kellogg Company | United States | North America | Food, Drink & Tobacco | 12,822 | 8.9% | 9.0% |
| 68 | Kao Corporation | Japan | Asia/Pacific | Personal & Household Products | 12,763 | -3.2% | 5.1% |
| 69 | ConAgra Foods, Inc. | United States | North America | Food, Drink & Tobacco | 12,731 | 9.7% | 7.7% |
| 70 | Vion NV | Netherlands | Europe | Food, Drink & Tobacco | 12,566 | 22.1% | 0.6% |
| 71 | Smithfield Foods, Inc. | United States | North America | Food, Drink & Tobacco | 12,488 | 10.0% | -1.5% |
| 72 | Dean Foods Company | United States | North America | Food, Drink & Tobacco | 12,455 | 5.4% | 1.5% |
| 73 | Reckitt Benckiser plc | United Kingdom | Europe | Personal & Household Products | 12,176 | 24.6% | 17.1% |
| 74 | Land O'Lakes, Inc. | United States | North America | Food, Drink & Tobacco | 12,039 | 34.9% | 1.5% |
| 75 | Ajinomoto Co., Inc. | Japan | Asia/Pacific | Food, Drink & Tobacco | 11,904 | -2.2% | -0.7% |
| 76 | Carlsberg A/S | Denmark | Europe | Food, Drink & Tobacco | 11,829 | 34.0% | 5.3% |
| 77 | Dairy Farmers of America | United States | North America | Food, Drink & Tobacco | 11,700 | 5.4% | 0.5% |
| 78 | Seiko Epson Corporation | Japan | Asia/Pacific | Electronic Products | 11,225 | -16.7% | -10.3% |
| 79 | Research In Motion Limited | Canada | North America | Electronic Products | 11,065 | 84.1% | 17.1% |
| 80 | Avon Products, Inc. | United States | North America | Personal & Household Products | 10,589 | 7.6% | 8.2% |
| 81 | Nippon Meat Packers, Inc. | Japan | Asia/Pacific | Food, Drink & Tobacco | 10,284 | -0.4% | 0.2% |
| 82 | Coca-Cola Hellenic Bottling Company S.A. | Greece | Europe | Food, Drink & Tobacco | 10,271 | 8.0% | 3.4% |
| 83 | H. J. Heinz Company | United States | North America | Food, Drink & Tobacco | 10,148 | 0.8% | 9.1% |
| 84 | Cadbury plc | United Kingdom | Europe | Food, Drink & Tobacco | 9,988 | -32.5% | 6.8% |
| 85 | Pernod-Ricard S.A. | France | Europe | Food, Drink & Tobacco | 9,899 | 9.3% | 13.4% |
| 86 | Arla Foods amba | Denmark | Europe | Food, Drink & Tobacco | 9,762 | 3.6% | 1.1% |
| 87 | Masco Corporation | United States | North America | Home Improvement Products | 9,600 | -18.4% | -3.7% |
| 88 | Danish Crown Group | Denmark | Europe | Food, Drink & Tobacco | 9,472 | 5.9% | 2.2% |
| 89 | Eastman Kodak Company | United States | North America | Electronic Products | 9,416 | -8.6% | -4.7% |
| 90 | The Ferrero Group | Italy | Europe | Food, Drink & Tobacco | 9,319 | 8.2% | n/a |
| 91 | Uni-President Enterprises Corporation | Taiwan | Asia/Pacific | Food, Drink & Tobacco | 9,287 | 4.7% | 1.9% |
| 92 | Reynolds American Inc. | United States | North America | Food, Drink & Tobacco | 8,845 | -2.0% | 15.1% |
| 93 | Nikon Corporation | Japan | Asia/Pacific | Electronic Products | 8,797 | -8.0% | 3.2% |
| 94 | Beiersdorf AG | Germany | Europe | Personal & Household Products | 8,785 | 8.4% | 9.5% |
| 95 | MillerCoors LLC | United States | North America | Food, Drink & Tobacco | 8,746[e] | ne | 6.3% |
| 96 | Pilgrim's Pride Corporation | United States | North America | Food, Drink & Tobacco | 8,525 | 12.2% | -11.7% |
| 97 | S.C. Johnson & Son, Inc. | United States | North America | Personal & Household Products | 8,500[e] | 6.3% | n/a |
| 98 | Alticor Inc. | United States | North America | Personal & Household Products | 8,200 | 15.5% | n/a |
| 99 | Campbell Soup Company | United States | North America | Food, Drink & Tobacco | 7,998 | 1.7% | 14.6% |
| 100 | Sherwin-Williams Company | United States | North America | Home Improvement Products | 7,980 | -0.3% | 6.0% |

n/a = not available
ne = not in existence (created by merger or divestiture)

e = estimate

| Sales rank FY08 | Company name | Country | Region | Product sector | FY08 net sales (US$mil) | FY08 net sales growth | FY08 net profit margin |
|---|---|---|---|---|---|---|---|
| 101 | Yamazaki Baking Co., Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 7,874 | 5.0% | 0.7% |
| 102 | Compagnie Financiere Richemont SA | Switzerland | Europe | Fashion Goods | 7,718 | 2.2% | 19.9% |
| 103 | Dole Food Company, Inc. | United States | North America | Food, Drink & Tobacco | 7,620 | 9.9% | 1.6% |
| 104 | Fortune Brands, Inc. | United States | North America | Food, Drink & Tobacco | 7,609 | -11.1% | 3.2% |
| 105 | V.F. Corporation | United States | North America | Fashion Goods | 7,562 | 5.9% | 7.9% |
| 106 | Grupo Bimbo, S.A.B. de C.V. | Mexico | Latin America | Food, Drink & Tobacco | 7,465 | 13.9% | 5.4% |
| 107 | The Estee Lauder Companies Inc. | United States | North America | Personal & Household Products | 7,324 | -7.4% | 3.1% |
| 108 | Meiji Dairies Corporation | Japan | Asia/Pacific | Food, Drink & Tobacco | 7,114 | 0.6% | 0.8% |
| 109 | Shiseido Company, Limited | Japan | Asia/Pacific | Personal & Household Products | 6,903 | -4.6% | 3.4% |
| 110 | Pirelli & C. S.p.A. | Italy | Europe | Tires | 6,857 | -28.4% | -8.5% |
| 111 | Mohawk Industries, Inc. | United States | North America | Home Improvement Products | 6,826 | -10.0% | -21.4% |
| 112 | Hormel Foods Corporation | United States | North America | Food, Drink & Tobacco | 6,755 | 9.1% | 4.2% |
| 113 | GuangDong Midea Electric Appliances Co., Ltd. | China | Asia/Pacific | Home Furnishings & Equipment | 6,532 | 36.1% | 3.4% |
| 114 | Grupo Modelo, S.A.B. de C.V. | Mexico | Latin America | Food, Drink & Tobacco | 6,474 | 6.2% | 19.7% |
| 115 | Newell Rubbermaid Inc. | United States | North America | Personal & Household Products | 6,471 | 1.0% | -0.8% |
| 116 | Barilla Holding S.p.A. | Italy | Europe | Food, Drink & Tobacco | 6,359 | 1.8% | 2.0% |
| 117 | Perdigão S.A. | Brazil | Latin America | Food, Drink & Tobacco | 6,348 | 71.8% | 0.5% |
| 118 | The Black & Decker Corporation | United States | North America | Home Improvement Products | 6,086 | -7.3% | 4.8% |
| 119 | Gree Electric Appliances, Inc. of Zhuhai | China | Asia/Pacific | Home Furnishings & Equipment | 6,059 | 10.6% | 5.0% |
| 120 | Sadia S.A. | Brazil | Latin America | Food, Drink & Tobacco | 5,978 | 22.6% | -23.5% |
| 121 | Mattel, Inc. | United States | North America | Leisure Goods | 5,918 | -0.9% | 6.4% |
| 122 | Sumitomo Rubber Industries, Ltd. | Japan | Asia/Pacific | Tires | 5,868 | 6.6% | 0.4% |
| 123 | National Beef Packing Company LLC | United States | North America | Food, Drink & Tobacco | 5,847 | 4.4% | n/a |
| 124 | Morinaga Milk Industry Co.,Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 5,839 | -0.5% | 0.7% |
| 125 | Parmalat Group | Italy | Europe | Food, Drink & Tobacco | 5,754 | 1.2% | 17.1% |
| 126 | Steinhoff International Holdings Limited | South Africa | Africa/Middle East | Home Furnishings & Equipment | 5,726 | 12.9% | 7.1% |
| 127 | Dr Pepper Snapple Group, Inc. | United States | North America | Food, Drink & Tobacco | 5,710 | ne | -5.5% |
| 128 | Groupe Terrena | France | Europe | Food, Drink & Tobacco | 5,681 | 16.6% | 0.9% |
| 129 | Mccain Foods Limited | Canada | North America | Food, Drink & Tobacco | 5,615 | 1.6% | n/a |
| 130 | B.&C.Tönnies Fleischwerk GmbH & Co. | KG Germany | Europe | Food, Drink & Tobacco | 5,603 | 26.9% | n/a |
| 131 | Pioneer Corporation | Japan | Asia/Pacific | Electronic Products | 5,582 | -27.7% | -23.3% |
| 132 | TCL Corporation | China | Asia/Pacific | Electronic Products | 5,537 | -1.7% | 1.1% |
| 133 | Kohler Co. | United States | North America | Home Improvement Products | 5,500[e] | 5.2% | n/a |
| 134 | The Clorox Company | United States | North America | Personal & Household Products | 5,450 | 3.4% | 9.9% |
| 135 | Jarden Corporation | United States | North America | Personal & Household Products | 5,383 | 15.5% | -1.1% |
| 136 | Arçelik A.S. | Turkey | Africa/Middle East | Home Furnishings & Equipment | 5,265 | 2.3% | 0.1% |
| 137 | The Swatch Group Ltd. | Switzerland | Europe | Fashion Goods | 5,259 | 0.5% | 14.8% |
| 138 | Bongrain SA | France | Europe | Food, Drink & Tobacco | 5,231 | 4.0% | 1.1% |
| 139 | Saputo, Inc. | Canada | North America | Food, Drink & Tobacco | 5,196 | 14.5% | 4.8% |
| 140 | Casio Computer Co., Ltd. | Japan | Asia/Pacific | Electronic Products | 5,180 | -16.9% | -5.7% |
| 141 | The Yokohama Rubber Company Limited | Japan | Asia/Pacific | Tires | 5,173 | -6.2% | -1.0% |
| 142 | The Hershey Company | United States | North America | Food, Drink & Tobacco | 5,133 | 3.8% | 6.1% |
| 143 | Nippon Suisan Kaisha, Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 5,053 | -5.4% | -3.0% |
| 144 | Humana Unternehmensgruppe | Germany | Europe | Food, Drink & Tobacco | 5,020 | 19.0% | n/a |
| 145 | Husqvarna Group | Sweden | Europe | Home Improvement Products | 4,967 | -2.8% | 4.0% |
| 146 | Maple Leaf Foods Inc. | Canada | North America | Food, Drink & Tobacco | 4,950 | 0.6% | -0.6% |
| 147 | PepsiAmericas, Inc. | United States | North America | Food, Drink & Tobacco | 4,937 | 10.2% | 4.8% |
| 148 | Red Bull GmbH | Austria | Europe | Food, Drink & Tobacco | 4,885 | 7.9% | n/a |
| 149 | Itoham Foods Inc. | Japan | Asia/Pacific | Food, Drink & Tobacco | 4,871 | -6.0% | -1.3% |
| 150 | Premier Foods plc | United Kingdom | Europe | Food, Drink & Tobacco | 4,830 | 15.8% | -17.0% |

n/a = not available
ne = not in existence (created by merger or divestiture)

e = estimate

| Sales rank FY08 | Company name | Country | Region | Product sector | FY08 net sales (US$mil) | FY08 net sales growth | FY08 net profit margin |
|---|---|---|---|---|---|---|---|
| 151 | Polo Ralph Lauren Corporation | United States | North America | Fashion Goods | 4,824 | 3.3% | 8.1% |
| 152 | Charoen Pokphand Foods Public Company Limited | Thailand | Asia/Pacific | Food, Drink & Tobacco | 4,787 | 15.9% | 2.0% |
| 153 | Molson Coors Brewing Company | United States | North America | Food, Drink & Tobacco | 4,774 | -22.9% | 8.4% |
| 154 | Groupe SEB | France | Europe | Home Furnishings & Equipment | 4,753 | 12.6% | 5.0% |
| 155 | Nichirei Corporation | Japan | Asia/Pacific | Food, Drink & Tobacco | 4,745 | 2.4% | 1.3% |
| 156 | Nisshin Seifun Group Inc. | Japan | Asia/Pacific | Food, Drink & Tobacco | 4,667 | 8.1% | 3.2% |
| 157 | Indesit Company S.p.A. | Italy | Europe | Home Furnishings & Equipment | 4,642 | -8.2% | 1.8% |
| 158 | Perdue Incorporated | United States | North America | Food, Drink & Tobacco | 4,600 | 7.0% | n/a |
| 159 | Yamaha Corporation | Japan | Asia/Pacific | Leisure Goods | 4,593 | -16.3% | -4.5% |
| 160 | Lexmark International, Inc. | United States | North America | Electronic Products | 4,528 | -9.0% | 5.3% |
| 161 | Essilor International S.A. | France | Europe | Personal & Household Products | 4,523 | 5.7% | 12.7% |
| 162 | Q.P. Corporation | Japan | Asia/Pacific | Food, Drink & Tobacco | 4,512 | 1.3% | 1.8% |
| 163 | LOTTE Co., Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 4,451 | 4.9% | 1.9% |
| 164 | The Stanley Works | United States | North America | Home Improvement Products | 4,426 | -1.3% | 7.1% |
| 165 | Bacardi Limited | Bermuda | Latin America | Food, Drink & Tobacco | 4,394 | -3.0% | 18.3% |
| 166 | Energizer Holdings, Inc. | United States | North America | Personal & Household Products | 4,331 | 28.7% | 7.6% |
| 167 | Levi Strauss & Co. | United States | North America | Fashion Goods | 4,303 | 0.9% | 5.2% |
| 168 | Hallmark Cards, Inc. | United States | North America | Leisure Goods | 4,300 | -2.3% | n/a |
| 169 | Tingyi (Cayman Islands) Holding Corp. | Hong Kong | Asia/Pacific | Food, Drink & Tobacco | 4,272 | 32.9% | 8.5% |
| 170 | Namco Bandai Holdings Inc. | Japan | Asia/Pacific | Leisure Goods | 4,264 | -7.4% | 2.8% |
| 171 | Hanesbrands Inc | United States | North America | Fashion Goods | 4,249 | -5.0% | 3.0% |
| 172 | CJ CheilJedang Corporation | South Korea | Asia/Pacific | Food, Drink & Tobacco | 4,223 | 47.5% | 0.5% |
| 173 | Electronic Arts Inc. | United States | North America | Leisure Goods | 4,212 | 14.9% | -25.8% |
| 174 | Hankook Tire Co., Ltd. | South Korea | Asia/Pacific | Tires | 4,149 | 24.4% | 0.5% |
| 175 | Meiji Seika Kaisha, Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 4,141 | 2.3% | 0.7% |
| 176 | Kikkoman Corporation | Japan | Asia/Pacific | Food, Drink & Tobacco | 4,126 | -0.3% | 0.8% |
| 177 | GRUMA, S.A.B. de C.V. | Mexico | Latin America | Food, Drink & Tobacco | 4,062 | 25.1% | -26.4% |
| 178 | Sodiaal International S.A. | France | Europe | Food, Drink & Tobacco | 4,040 | 23.5% | 1.4% |
| 179 | Sichuan Changhong Electric Co. Ltd | China | Asia/Pacific | Electronic Products | 4,026 | 21.2% | 0.9% |
| 180 | Hasbro, Inc. | United States | North America | Leisure Goods | 4,022 | 4.8% | 7.6% |
| 181 | Sapporo Holdings Limited | Japan | Asia/Pacific | Food, Drink & Tobacco | 4,021 | -7.7% | 1.8% |
| 182 | Liz Claiborne, Inc. | United States | North America | Fashion Goods | 3,985 | -12.9% | -23.9% |
| 183 | IAWS Group plc | Ireland | Europe | Food, Drink & Tobacco | 3,960 | 39.5% | 5.4% |
| 184 | Controladora Mabe S.A. de C.V. | Mexico | Latin America | Home Furnishings & Equipment | 3,922[e] | 6.6% | n/a |
| 185 | PT Indofood Sukses Makmur Tbk. | Indonesia | Asia/Pacific | Food, Drink & Tobacco | 3,880 | 39.3% | 4.7% |
| 186 | Coca-Cola West Co., Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 3,837 | -3.4% | 0.0% |
| 187 | San Miguel Corporation | Philippines | Asia/Pacific | Food, Drink & Tobacco | 3,811 | 8.5% | 12.0% |
| 188 | Miele & Cie. KG | Germany | Europe | Home Furnishings & Equipment | 3,807 | -1.4% | n/a |
| 189 | The J.M. Smucker Company | United States | North America | Food, Drink & Tobacco | 3,758 | 48.8% | 7.1% |
| 190 | Puma AG Rudolf Dassler Sport | Germany | Europe | Fashion Goods | 3,714 | 6.3% | 9.2% |
| 191 | D. Swarovski & Co. | Austria | Europe | Fashion Goods | 3,708 | -1.7% | n/a |
| 192 | Groupe Bigard S.A. | France | Europe | Food, Drink & Tobacco | 3,678[e] | 121.4% | n/a |
| 193 | Nordmilch AG | Germany | Europe | Food, Drink & Tobacco | 3,668 | 8.9% | 0.3% |
| 194 | Constellation Brands, Inc. | United States | North America | Food, Drink & Tobacco | 3,655 | -3.1% | -8.2% |
| 195 | Vestel Elektronik Sanayi ve Ticaret A.S. | Turkey | Africa/Middle East | Electronic Products | 3,647 | 1.4% | -8.5% |
| 196 | Del Monte Foods Company | United States | North America | Food, Drink & Tobacco | 3,627 | -2.9% | 4.8% |
| 197 | Nissin Foods Holdings Co., Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 3,621 | -6.1% | 4.4% |
| 198 | Chiquita Brands International, Inc. | United States | North America | Food, Drink & Tobacco | 3,609 | -22.6% | -9.0% |
| 199 | Coca-Cola Amatil Limited | Australia | Asia/Pacific | Food, Drink & Tobacco | 3,606 | 7.5% | 9.1% |
| 200 | Pactiv Corporation | United States | North America | Personal & Household Products | 3,567 | 9.7% | 6.1% |

e = estimate

n/a = not available
ne = not in existence (created by merger or divestiture)

e = estimate

| Sales rank FY08 | Company name | Country | Region | Product sector | FY08 net sales (US$mil) | FY08 net sales growth | FY08 net profit margin |
|---|---|---|---|---|---|---|---|
| 201 | ITC Limited | India | Asia/Pacific | Food, Drink & Tobacco | 3,564 | 11.4% | 20.0% |
| 202 | Jones Apparel Group, Inc. | United States | North America | Fashion Goods | 3,563 | -6.1% | -21.2% |
| 203 | The Schwan Food Company | United States | North America | Food, Drink & Tobacco | 3,530[e] | 7.0% | n/a |
| 204 | La Coop fédérée | Canada | North America | Food, Drink & Tobacco | 3,527 | 9.7% | 1.7% |
| 205 | Foster's Group Limited | Australia | Asia/Pacific | Food, Drink & Tobacco | 3,504 | 7.1% | 9.5% |
| 206 | Coty, Inc. | United States | North America | Personal & Household Products | 3,500[e] | 0.0% | n/a |
| 207 | Lorillard, Inc. (formerly Carolina Group) | United States | North America | Food, Drink & Tobacco | 3,492 | 6.4% | 25.4% |
| 208 | Fraser and Neave Limited | Singapore | Asia/Pacific | Food, Drink & Tobacco | 3,489 | 4.5% | 11.5% |
| 209 | Ebro Puleva S.A. | Spain | Europe | Food, Drink & Tobacco | 3,484 | -11.8% | 5.6% |
| 210 | Unicharm Corporation | Japan | Asia/Pacific | Personal & Household Products | 3,478 | 3.3% | 5.9% |
| 211 | World Co., Ltd. | Japan | Asia/Pacific | Fashion Goods | 3,428 | -4.3% | 1.5% |
| 212 | Techtronic Industries Co. Ltd. | Hong Kong | Asia/Pacific | Home Improvement Products | 3,416 | 7.4% | 0.7% |
| 213 | Armstrong World Industries, Inc. | United States | North America | Home Improvement Products | 3,393 | -4.4% | 2.4% |
| 214 | The Nisshin OilliO Group, Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 3,379 | 13.3% | 1.0% |
| 215 | RPM International Inc. | United States | North America | Home Improvement Products | 3,368 | -7.6% | 3.6% |
| 216 | Ito En, Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 3,335 | 1.5% | 1.5% |
| 217 | Toyo Tire & Rubber Co., Ltd. | Japan | Asia/Pacific | Tires | 3,284 | -8.1% | -3.2% |
| 218 | Lion Corporation | Japan | Asia/Pacific | Personal & Household Products | 3,281 | -1.0% | 1.0% |
| 219 | Fromageries Bel S.A. | France | Europe | Food, Drink & Tobacco | 3,262 | 12.8% | 2.2% |
| 220 | Valentino Fashion Group S.p.A. | Italy | Europe | Fashion Goods | 3,247 | 2.8% | n/a |
| 221 | Thai Beverage Public Company Limited | Thailand | Asia/Pacific | Food, Drink & Tobacco | 3,225 | 4.7% | 10.0% |
| 222 | Toyo Suisan Kaisha, Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 3,221 | 2.3% | 4.5% |
| 223 | McCormick & Company, Inc. | United States | North America | Food, Drink & Tobacco | 3,177 | 8.9% | 8.1% |
| 224 | KT&G Corporation | South Korea | Asia/Pacific | Food, Drink & Tobacco | 3,128 | 10.4% | 26.4% |
| 225 | E. & J. Gallo Winery | United States | North America | Food, Drink & Tobacco | 3,100[e] | -1.6% | n/a |
| 226 | Irish Dairy Board Co-operative Ltd. | Ireland | Europe | Food, Drink & Tobacco | 3,076 | -1.0% | 0.6% |
| 227 | Funai Electric Co., Ltd. | Japan | Asia/Pacific | Electronic Products | 3,028 | 9.2% | -5.7% |
| 228 | PT Gudang Garam Tbk | Indonesia | Asia/Pacific | Food, Drink & Tobacco | 3,025 | 7.4% | 6.2% |
| 229 | Bakkavör Group hf. | Iceland | Europe | Food, Drink & Tobacco | 3,002 | 10.0% | -9.5% |
| 230 | The Scotts Miracle-Gro Company | United States | North America | Home Improvement Products | 2,982 | 3.8% | -0.4% |
| 231 | Citizen Holdings Co., Ltd. | Japan | Asia/Pacific | Fashion Goods | 2,969 | -11.8% | -8.8% |
| 232 | Ashley Furniture Industries, Inc. | United States | North America | Home Furnishings & Equipment | 2,960[e] | -13.7% | n/a |
| 233 | Snow Brand Milk Products Co., Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 2,947 | 2.7% | 2.8% |
| 234 | Groupe Yves Rocher | France | Europe | Personal & Household Products | 2,943[e] | 0.0% | n/a |
| 235 | Hunter Douglas N.V. | Netherlands | Europe | Home Furnishings & Equipment | 2,942 | -2.8% | -1.2% |
| 236 | Makita Corporation | Japan | Asia/Pacific | Home Improvement Products | 2,940 | -14.2% | 11.3% |
| 237 | Yakult Honsha Co., Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 2,935 | -7.5% | 5.4% |
| 238 | Perfetti Van Melle S.p.A. | Italy | Europe | Food, Drink & Tobacco | 2,901 | 7.6% | n/a |
| 239 | JELD-WEN, Inc. | United States | North America | Home Improvement Products | 2,900[e] | -8.2% | n/a |
| 240 | Videocon Industries Limited | India | Asia/Pacific | Electronic Products | 2,894 | -5.6% | 9.2% |
| 241 | Harman International Industries, Inc. | United States | North America | Electronic Products | 2,891 | -29.7% | -14.6% |
| 242 | Ezaki Glico Co., Ltd. | Japan | Asia/Pacific | Food, Drink & Tobacco | 2,890 | 3.7% | -0.2% |
| 243 | Cooper Tire & Rubber Company | United States | North America | Tires | 2,882 | -1.7% | -7.9% |
| 244 | Coopagri Bretagne Groupe | France | Europe | Food, Drink & Tobacco | 2,871 | 24.3% | n/a |
| 245 | Anadolu Efes Biracilik ve Malt Sanayii A.S. | Turkey | Africa/Middle East | Food, Drink & Tobacco | 2,851 | 21.1% | 7.9% |
| 246 | SanDisk Corporation | United States | North America | Electronic Products | 2,843 | -17.5% | -61.4% |
| 247 | Dairy Crest Group plc | United Kingdom | Europe | Food, Drink & Tobacco | 2,837 | 5.0% | 4.5% |
| 248 | Ralcorp Holdings, Inc. | United States | North America | Food, Drink & Tobacco | 2,824 | 26.5% | 5.9% |
| 249 | Wimm-Bill-Dann Foods OJSC | Russia | Europe | Food, Drink & Tobacco | 2,824 | 15.8% | 3.7% |
| 250 | Société L.D.C. | France | Europe | Food, Drink & Tobacco | 2,816 | 6.4% | 2.2% |

n/a = not available
ne = not in existence (created by merger or divestiture)

e = estimate

**Top 250 consumer products companies alphabetical listing**

| | |
|---|---|
| Acer Incorporated | 45 |
| adidas AG | 52 |
| Ajinomoto Co., Inc. | 75 |
| Alticor Inc. | 98 |
| Altria Group, Inc. | 38 |
| Anadolu Efes Biracilik ve Malt Sanayii A.S. | 245 |
| Anheuser-Busch InBev NV/SA | 29 |
| Apple Inc. | 19 |
| Arçelik A.S. | 136 |
| Arla Foods amba | 86 |
| Armstrong World Industries, Inc. | 213 |
| Asahi Breweries, Ltd. | 60 |
| Ashley Furniture Industries, Inc. | 232 |
| Associated British Foods plc | 50 |
| Avon Products, Inc. | 80 |
| B.&C.Tönnies Fleischwerk GmbH & Co. KG | 130 |
| Bacardi Limited | 165 |
| Bakkavör Group hf. | 229 |
| Barilla Holding S.p.A. | 116 |
| Beiersdorf AG | 94 |
| Black & Decker Corporation | 118 |
| Bongrain SA | 138 |
| Bridgestone Corporation | 21 |
| British American Tobacco plc | 30 |
| BSH Bosch und Siemens Hausgerate GmbH | 65 |
| Cadbury plc | 84 |
| Campbell Soup Company | 99 |
| Canon Inc. | 17 |
| Cargill Meat Solutions Corporation | 56 |
| Carlsberg A/S | 76 |
| Casio Computer Co., Ltd. | 140 |
| Charoen Pokphand Foods Public Company Limited | 152 |
| Chiquita Brands International, Inc. | 198 |
| Christian Dior SA | 27 |
| Citizen Holdings Co., Ltd. | 231 |
| CJ CheilJedang Corporation | 172 |
| Clorox Company | 134 |
| Coca-Cola Amatil Limited | 199 |
| Coca-Cola Company | 20 |
| Coca-Cola Enterprises Inc. | 32 |
| Coca-Cola Hellenic Bottling Company S.A. | 82 |
| Coca-Cola West Co., Ltd. | 186 |
| Colgate-Palmolive Company | 53 |
| Compagnie Financiere Richemont SA | 102 |
| ConAgra Foods, Inc. | 69 |
| Constellation Brands, Inc. | 194 |
| Controladora Mabe S.A. de C.V. | 184 |
| Coopagri Bretagne Groupe | 244 |
| Cooper Tire & Rubber Company | 243 |
| Coty, Inc. | 206 |
| D. Swarovski & Co. | 191 |
| Dairy Crest Group plc | 247 |
| Dairy Farmers of America | 77 |
| Danish Crown Group | 88 |
| Dean Foods Company | 72 |
| Del Monte Foods Company | 196 |
| Dell Inc. | 11 |
| Diageo plc | 55 |
| Dole Food Company, Inc. | 103 |
| Dr Pepper Snapple Group, Inc. | 127 |
| E. & J. Gallo Winery | 225 |
| Eastman Kodak Company | 89 |
| Ebro Puleva S.A. | 209 |
| Electrolux AB | 51 |
| Electronic Arts Inc. | 173 |
| Energizer Holdings, Inc. | 166 |
| Essilor International S.A. | 161 |
| Estee Lauder Companies Inc. | 107 |
| Ezaki Glico Co., Ltd. | 242 |
| Ferrero Group | 90 |
| Fomento Economico Mexicano S.A.B. de C.V. | 54 |
| Fortune Brands, Inc. | 104 |
| Foster's Group Limited | 205 |
| Fraser and Neave Limited | 208 |
| Fromageries Bel S.A. | 219 |
| Fujifilm Holdings Corporation | 35 |
| Funai Electric Co., Ltd. | 227 |
| General Mills, Inc. | 58 |
| Goodyear Tire & Rubber Company | 36 |
| Gree Electric Appliances, Inc. of Zhuhai | 119 |
| Groupe Bigard S.A. | 192 |
| Groupe Danone | 31 |
| Groupe Lactalis | 63 |
| Groupe SEB | 154 |
| Groupe Terrena | 128 |
| Groupe Yves Rocher | 234 |
| GRUMA, S.A.B. de C.V. | 177 |
| Grupo Bimbo, S.A.B. de C.V. | 106 |
| Grupo Modelo, S.A.B. de C.V. | 114 |
| GuangDong Midea Electric Appliances Co., Ltd. | 113 |
| H. J. Heinz Company | 83 |
| Haier Group | 46 |
| Hallmark Cards, Inc. | 168 |
| Hanesbrands Inc | 171 |
| Hankook Tire Co., Ltd. | 174 |
| Harman International Industries, Inc. | 241 |
| Hasbro, Inc. | 180 |
| Heineken N.V. | 33 |
| Henkel KGaA | 34 |
| Hershey Company | 142 |
| Hewlett-Packard Company | 1 |
| Hormel Foods Corporation | 112 |
| Humana Unternehmensgruppe | 144 |
| Hunter Douglas N.V. | 235 |
| Husqvarna Group | 145 |
| IAWS Group plc | 183 |
| Imperial Tobacco Group PLC | 16 |
| Indesit Company S.p.A. | 157 |
| Irish Dairy Board Co-operative Ltd. | 226 |
| ITC Limited | 201 |
| Ito En, Ltd. | 216 |
| Itoham Foods Inc. | 149 |
| J.M. Smucker Company | 189 |
| Japan Tobacco Inc. | 8 |
| Jarden Corporation | 135 |
| JBS S.A. | 48 |
| JELD-WEN, Inc. | 239 |
| Jones Apparel Group, Inc. | 202 |
| Kao Corporation | 68 |
| Kellogg Company | 67 |
| Kikkoman Corporation | 176 |
| Kimberly-Clark Corporation | 37 |
| Kirin Holdings Company Limited | 42 |
| Kohler Co. | 133 |
| Koninklijke Philips Electronics N.V. | 18 |
| Kraft Foods Inc. | 15 |
| KT&G Corporation | 224 |
| La Coop fédérée | 204 |
| Land O'Lakes, Inc. | 74 |
| Lenovo Group Limited | 57 |
| Levi Strauss & Co. | 167 |
| Lexmark International, Inc. | 160 |
| LG Electronics Inc. | 13 |
| Lion Corporation | 218 |
| Liz Claiborne, Inc. | 182 |
| L'Oreal SA | 26 |
| Lorillard, Inc. (formerly Carolina Group) | 207 |
| LOTTE Co., Ltd. | 163 |
| Makita Corporation | 236 |
| Maple Leaf Foods Inc. | 146 |
| Mars, Incorporated | 23 |
| Masco Corporation | 87 |
| Mattel, Inc. | 121 |
| Maxingvest AG (formerly Tchibo Holding AG) | 64 |
| Mccain Foods Limited | 129 |
| McCormick & Company, Inc. | 223 |
| Meiji Dairies Corporation | 108 |
| Meiji Seika Kaisha, Ltd. | 175 |
| Michelin Group | 28 |
| Miele & Cie. KG | 188 |
| MillerCoors LLC | 95 |
| Mohawk Industries, Inc. | 111 |
| Molson Coors Brewing Company | 153 |
| Morinaga Milk Industry Co.,Ltd. | 124 |
| Motorola, Inc. | 22 |
| Namco Bandai Holdings Inc. | 170 |
| National Beef Packing Company LLC | 123 |
| Nestlé SA | 3 |
| Newell Rubbermaid Inc. | 115 |
| Nichirei Corporation | 155 |
| NIKE, Inc. | 39 |
| Nikon Corporation | 93 |
| Nintendo Co., Ltd. | 43 |
| Nippon Meat Packers, Inc. | 81 |
| Nippon Suisan Kaisha, Ltd. | 143 |
| Nisshin OilliO Group, Ltd. | 214 |
| Nisshin Seifun Group Inc. | 156 |
| Nissin Foods Holdings Co., Ltd. | 197 |
| Nokia Corporation | 6 |
| Nordmilch AG | 193 |
| Pactiv Corporation | 200 |
| Panasonic Corporation (formerly Matsushita Electric Industrial Co., Ltd.) | 5 |
| Parmalat Group | 125 |
| Pepsi Bottling Group, Inc. | 62 |
| PepsiAmericas, Inc. | 147 |
| PepsiCo, Inc. | 14 |
| Perdigão S.A. | 117 |
| Perdue Incorporated | 158 |
| Perfetti Van Melle S.p.A. | 238 |
| Pernod-Ricard S.A. | 85 |
| Philip Morris International Inc. | 10 |
| Pilgrim's Pride Corporation | 96 |
| Pioneer Corporation | 131 |
| Pirelli & C. S.p.A. | 110 |
| Polo Ralph Lauren Corporation | 151 |
| Premier Foods plc | 150 |
| Procter & Gamble Company | 4 |
| PT Gudang Garam Tbk | 228 |
| PT Indofood Sukses Makmur Tbk. | 185 |
| Puma AG Rudolf Dassler Sport | 190 |
| Q.P. Corporation | 162 |
| Ralcorp Holdings, Inc. | 248 |
| Reckitt Benckiser plc | 73 |
| Red Bull GmbH | 148 |
| Research In Motion Limited | 79 |
| Reynolds American Inc. | 92 |
| Royal FrieslandCampina N.V. | 61 |
| RPM International Inc. | 215 |
| S.C. Johnson & Son, Inc. | 97 |
| SABMiller plc | 41 |
| Sadia S.A. | 120 |
| Samsung Electronics Co., Ltd. | 2 |
| San Miguel Corporation | 187 |
| SanDisk Corporation | 246 |
| Sanyo Electric Co., Ltd. | 44 |
| Sapporo Holdings Limited | 181 |
| Saputo, Inc. | 139 |
| Sara Lee Corporation | 66 |
| Schwan Food Company | 203 |
| Scotts Miracle-Gro Company | 230 |
| Seiko Epson Corporation | 78 |
| Sharp Corporation | 24 |
| Sherwin-Williams Company | 100 |
| Shiseido Company, Limited | 109 |
| Sichuan Changhong Electric Co. Ltd | 179 |
| Smithfield Foods, Inc. | 71 |
| Snow Brand Milk Products Co., Ltd. | 233 |
| Société L.D.C. | 250 |
| Sodiaal International S.A. | 178 |
| Sony Corporation | 7 |
| Sony Ericsson Mobile Communications AB | 49 |
| Stanley Works | 164 |
| Steinhoff International Holdings Limited | 126 |
| Sumitomo Rubber Industries, Ltd. | 122 |
| Suntory Group | 59 |
| Svenska Cellulosa AB SCA | 47 |
| Swatch Group Ltd. | 137 |
| TCL Corporation | 132 |
| Techtronic Industries Co. Ltd. | 212 |
| Thai Beverage Public Company Limited | 221 |
| Tingyi (Cayman Islands) Holding Corp. | 169 |
| Toshiba Corporation | 9 |
| Toyo Suisan Kaisha, Ltd. | 222 |
| Toyo Tire & Rubber Co., Ltd. | 217 |
| Tyson Foods, Inc. | 25 |
| Unicharm Corporation | 210 |
| Unilever Group | 12 |
| Uni-President Enterprises Corporation | 91 |
| V.F. Corporation | 105 |
| Valentino Fashion Group S.p.A. | 220 |
| Vestel Elektronik Sanayi . ve Ticaret A.S | 195 |
| Videocon Industries Limited | 240 |
| Vion NV | 70 |
| Whirlpool Corporation | 40 |
| Wimm-Bill-Dann Foods OJSC | 249 |
| World Co., Ltd. | 211 |
| Yakult Honsha Co., Ltd. | 237 |
| Yamaha Corporation | 159 |
| Yamazaki Baking Co., Ltd. | 101 |
| Yokohama Rubber Company Limited | 141 |

# Top 250 highlights

### Global economic downturn reshapes consumer spending

The global economy stalled rapidly during fiscal year 2008, weighed down by a financial crisis that began in the U.S. and subsequently spread to Europe and around the globe. Consumer products companies faced an extremely challenging environment as economic conditions depressed demand for consumer goods. Manufacturers of apparel, home improvement products, electronics and other homegoods were hit hardest by consumers' spending cuts. Companies in the food, drink and tobacco sector fared much better.

The performance of the Top 250 Global Powers of the consumer products industry reflects the impact of the global economic downturn, with many companies posting significantly lower revenue and earnings in 2008. More than one-third (88 of Top 250 companies) experienced declining sales in 2008. That is more than double the number in 2007. A much larger number of consumer products companies also were unprofitable in 2008 compared with the year before. Of the 222 companies that disclosed their profit/loss figures, 48 operated at a loss. In 2007, only 13 of 223 companies were unprofitable.

Thirty-two companies suffered both declining sales and negative profits. As a group, the reporting companies produced a composite net profit margin of 4.8 percent in 2008, down from 7.6 percent in 2007.

Total sales for the Top 250 consumer products companies approached $3.2 trillion in 2008, up from $3.0 trillion for 2007's Top 250 group. Part of the increase reflects modest nominal sales growth. But part of the gain in the aggregate U.S. dollar-denominated sales figure reflects the impact of a weaker dollar against many major currencies during 2008. And part is simply due to the changing composition of the Top 250 group itself. The average sales volume for these large companies was $12.7 billion in 2008. The threshold sales level to rank among this elite group was $2.8 billion.

Looking only at the 2008 list of Top 250 companies, sales-weighted, currency-adjusted composite sales growth slowed to 4.8 percent, down substantially from 2007's 7.2 percent year-over-year growth rate. However, given the severity of the economic downturn, overall sales growth was not as sluggish as might have been anticipated.

## Economic Concentration of Top 10 Continues to Fall

**Global Top 10 consumer products companies 2008**

| FY08 sales rank | Company name | Country | Product sector | FY08 net sales (US$mil) | FY08 net sales growth* | FY08 net profit margin** | FY08 return on assets** |
|---|---|---|---|---|---|---|---|
| 1 | Hewlett-Packard | United States | Electronic Products | 118,364 | 13.5% | 7.0% | 7.3% |
| 2 | Samsung Electronics | South Korea | Electronic Products | 112,804 | 23.1% | 4.9% | 5.6% |
| 3 | Nestlé | Switzerland | Food, Drink & Tobacco | 101,823 | 2.2% | 17.3% | 17.9% |
| 4 | Procter & Gamble | United States | Personal & Household Products | 79,029 | -5.4% | 17.0% | 10.0% |
| 5 | Panasonic (formerly Matsushita) | Japan | Electronic Products | 77,655 | -14.4% | -5.2% | -6.3% |
| 6 | Nokia | Finland | Electronic Products | 74,612 | -0.7% | 7.7% | 9.8% |
| 7 | Sony | Japan | Electronic Products | 71,101 | -13.3% | -1.3% | -0.9% |
| 8 | Japan Tobacco | Japan | Food, Drink & Tobacco | 68,323 | 6.6% | 1.9% | 3.3% |
| 9 | Toshiba | Japan | Electronic Products | 66,545 | -13.2% | -5.1% | -6.4% |
| 10 | Philip Morris Intl.*** | United States | Food, Drink & Tobacco | 63,640 | ne | 11.2% | 21.7% |
| **Top 10** | | | | **$833,895** | **1.3%** | **6.0%** | **6.2%** |
| **Top 250** | | | | **$3,175,922** | **4.8%** | **4.8%** | **4.7%** |
| **Economic concentration of Top 10** | | | | **26.3%** | | | |

* Top 10 and Top 250 sales growth figures are sales-weighted, currency-adjusted composites
** Top 10 and Top 250 figures are sales-weighted composites
*** PMI was spun-off from Altria Group in March 2008. As a result, year-over-year net sales growth was not calculated for this company as it was not considered a separate entity in 2007
Source: Published company data

In 2008, the ten largest consumer products companies again accounted for a smaller share of Top 250 sales, as was also true in 2007. The economic concentration of the Top 10 fell from 27.0 percent in 2007 to 26.3 percent. This can be attributed to some extent to the makeup of the leader board. Six of the companies are manufacturers of electronic products, an industry that continues to suffer from falling prices, and now, weak demand as well. As a group, the Top 10 grew sales at a composite rate of just 1.3 percent in 2008, much slower than the 4.8 percent rate of growth for the Top 250 overall. The results do not include tenth-ranked Philip Morris International, which was spun-off from Altria Group. Because PMI was spun off in March 2008, the company was not considered as a separate entity in 2007. However, even if PMI is factored into the Top 10 composite growth rate, it would still be subpar.

Hewlett-Packard rose to the top spot in 2008, overtaking Samsung strictly on the basis of a stronger U.S. dollar against the Korean won. Samsung's sales actually increased at a significantly higher rate compared with its U.S. competitor. Nestlé, the world's biggest food company, maintained its third place ranking. P&G remained number four on the list despite declining sales in 2008, attributed primarily to the impact of unfavorable foreign exchange rates.

**Performance by region/country 2008**

| | number of companies | Average size (US$mil) | FY08 net sales growth* | FY08 net profit margin** | FY08 return on assets** |
|---|---|---|---|---|---|
| Africa/ME | 4 | $4,372 | 8.5% | 1.9% | 1.8% |
| Asia/Pac | 77 | $12,953 | 0.4% | 1.0% | 1.2% |
| Japan | 52 | $13,267 | -6.7% | -0.3% | -0.3% |
| Europe | 68 | $13,530 | 5.7% | 8.2% | 6.5% |
| France | 16 | $10,094 | 7.1% | 8.1% | 5.5% |
| Germany | 10 | $9,369 | 6.2% | 6.7% | 7.2% |
| UK | 11 | $19,915 | 9.6% | 9.7% | 7.4% |
| Latin America | 9 | $7,856 | 30.0% | 1.4% | 1.4% |
| North America | 92 | $12,721 | 5.3% | 5.8% | 6.3% |
| US | 87 | $13,103 | 4.9% | 5.7% | 6.1% |
| **Top 250** | **250** | **$12,704** | **4.8%** | **4.8%** | **4.7%** |

* Sales-weighted, currency-adjusted composite growth rates
** Sales-weighted composites
Source: Published company data

Best known for its Panasonic brand name, fifth ranked Matsushita changed its name to Panasonic Corp. effective October 1, 2008. Sales deteriorated significantly in 2008 for Panasonic and rival Sony. As a result, Nokia, which also experienced a small drop in sales, surpassed Sony.

Altria Group, the top consumer products company in 2006, fell to sixth place in 2007 and out of the Top 10 entirely in 2008 following the spin-off of PMI, its international tobacco business. PMI was joined by another tobacco giant, Japan Tobacco, as a Top 10 company in 2008. Dell, the tenth ranked company in 2007, fell to number 11.

Although the ten largest companies' combined sales grew more slowly compared with the Top 250, they were more profitable. The Top 10 composite net profit margin was 6.0 percent versus 4.8 percent for the entire group. This also translated into better return on assets.

## 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.

### "Big Three" Lift Europe; Japan Drag on Asia

European consumer products manufacturers are the largest companies, with average 2008 sales of more than $13.5 billion. The average size was inflated by 11 UK-based companies with average sales of nearly $20 billion. The 68 companies that comprised the European region posted slowing but still respectable sales growth of 5.7 percent in 2008, down from 7.9 percent in 2007. Among the European companies, UK powerhouses led the way with 9.6 percent sales growth in 2008, up from 7.9 percent in 2007. Sales growth accelerated for the French and German companies as well. The region's composite net profit margin led the industry, holding up well at 8.2 percent. As is the case in all regions, however, this is down from the year before (10.5 percent in 2007). UK companies also boosted the region's bottom line with a composite 9.7 percent net profit margin.

The U.S. continued to dominate the Top 250 with 92 companies, or 34.8 percent of the total, accounting for 35.9% of total sales. Although operating in one of the most volatile and uncertain economic environments in recent history, U.S. consumer products manufacturers' combined sales grew 4.9 percent in 2008, on a par with the Top 250 as a whole. This surprisingly solid growth also represents an increase over 2007's 3.8 percent growth rate. Profitability for the U.S. companies was above average at 5.7 percent.

Japan represented the second largest group of companies by country of origin. Compared with 2007, Japan gained four Top 250 spots. However, the country's resurgence in the rankings resulted primarily from the strength of the yen against the dollar rather than real growth among Japanese consumer products companies. In fact, composite sales growth for Japan's 52 Top 250 companies was negative in 2008, at -6.7 percent. This represents a huge swing from 7.9 percent growth in 2007. Nearly two-thirds of the Japanese companies suffered declining sales. Profitability also plummeted in 2008 to -0.3 percent from 4.0 percent the year before.

By contrast, only three of the other 25 Asia/Pacific companies had negative sales growth in 2008, all of them makers of consumer electronics. The composite growth rate for this subgroup was a robust 16.5 percent. Overall, the Asia/Pacific region grew combined sales by just 0.4 percent. The region's 1.0 percent composite net profit margin masked much better profitability among the non-Japanese companies, which had a combined 4.2 percent profit margin.

Latin American companies enjoyed by far the strongest growth in 2008 with a composite sales increase of 30 percent. Unfortunately, profits did not keep pace with sales. The region's net profit margin plunged to 1.4 percent from 8.7 percent in 2007. However, two makers of alcoholic beverages (Bacardi and Grupo Modelo) continued to be highly profitable.

Four companies based in Africa/Middle East are represented among the Top 250. These relatively small companies, with average sales of $4.4 billion, grew at a healthy rate of 8.5 percent in 2008. The composite profit margin was a slim 1.9 percent.

**Figure 1. Share of top 250 companies by country/region 2008**

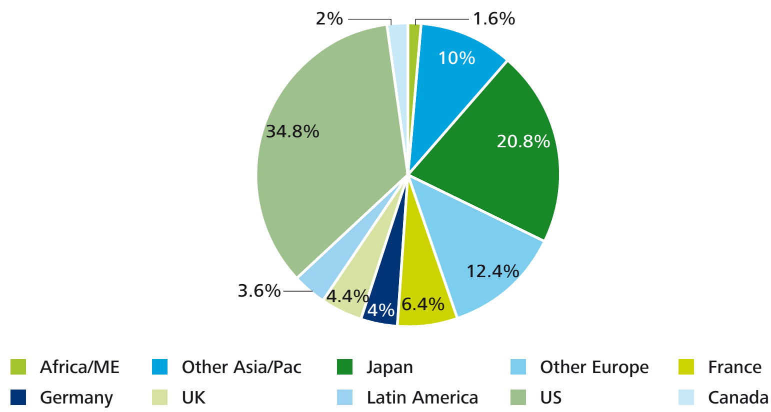
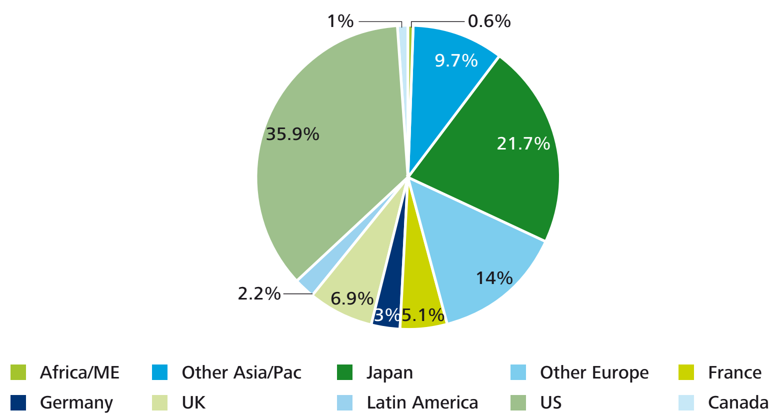



**Figure 2. Share of top 250 sales by country/region 2008**



**Top consumer products companies by region**

**Top 10 European consumer products companies 2008**

| Company name | Europe rank | Top 250 rank | Sector | Country | FY08 net sales (US$mil) |
|---|---|---|---|---|---|
| Nestlé | 1 | 3 | Food, Drink & Tobacco | Switzerland | 101,823 |
| Nokia | 2 | 6 | Electronic Products | Finland | 74,612 |
| Unilever | 3 | 12 | Personal & Household Products | United Kingdom | 59,623 |
| Imperial Tobacco | 4 | 16 | Electronic Products | United Kingdom | 40,504 |
| Philips | 5 | 18 | Food, Drink & Tobacco | Netherlands | 38,821 |
| L'Oreal | 6 | 26 | Fashion Goods | France | 25,810 |
| Christian Dior | 7 | 27 | Personal & Household Products | France | 25,776 |
| Michelin | 8 | 28 | Tires | France | 24,142 |
| AB InBev | 9 | 29 | Food, Drink & Tobacco | Belgium | 23,692 |
| BAT | 10 | 30 | Food, Drink & Tobacco | United Kingdom | 22,488 |

**Top 10 North American consumer products companies 2008**

| Company name | North America rank | Top 250 rank | Sector | Country FY08 net sales | (US$mil) |
|---|---|---|---|---|---|
| Hewlett-Packard | 1 | 1 | Electronic Products | United States | 118,364 |
| Procter & Gamble | 2 | 4 | Personal & Household Products | United States | 79,029 |
| Philip Morris Intl. | 3 | 10 | Food, Drink & Tobacco | United States | 63,640 |
| Dell | 4 | 11 | Electronic Products | United States | 61,101 |
| PepsiCo | 5 | 14 | Food, Drink & Tobacco | United States | 43,251 |
| Kraft | 6 | 15 | Food, Drink & Tobacco | United States | 42,201 |
| Apple | 7 | 19 | Electronic Products | United States | 32,479 |
| Coca-Cola | 8 | 20 | Food, Drink & Tobacco | United States | 31,944 |
| Motorola | 9 | 22 | Electronic Products | United States | 30,146 |
| Mars | 10 | 23 | Food, Drink & Tobacco | United States | 30,000[e] |

**Top 10 Asia/Pacific consumer products companies 2008**

| Company name | Asia/ Pacific rank | Top 250 rank | Sector | Country | FY08 net sales (US$mil) |
|---|---|---|---|---|---|
| Samsung | 1 | 2 | Electronic Products | South Korea | 112,804 |
| Panasonic (formerly Matsushita) | 2 | 5 | Electronic Products | Japan | 77,655 |
| Sony | 3 | 7 | Electronic Products | Japan | 71,101 |
| Japan Tobacco | 4 | 8 | Food, Drink & Tobacco | Japan | 68,323 |
| Toshiba | 5 | 9 | Electronic Products | Japan | 66,545 |
| LG | 6 | 13 | Electronic Products | South Korea | 58,851 |
| Canon | 7 | 17 | Electronic Products | Japan | 39,713 |
| Bridgestone | 8 | 21 | Tires | Japan | 31,374 |
| Sharp | 9 | 24 | Electronic Products | Japan | 28,472 |
| Fujifilm | 10 | 35 | Electronic Products | Japan | 20,594 |

e = estimate

## Top consumer products companies by region

The top 10 European consumer products companies comprise a diverse group representing five of the eight major product sectors and six countries. Switzerland's Nestlé remained the largest company based in this region and ranked as the third largest consumer products company in the world in 2008. Nokia and Unilever retained their second and third place rankings, respectively. Imperial Tobacco moved into the number four spot, dropping Philips to fifth place. Imperial's January 2008 acquisition of Altadis moved the company up the Top 250 ranking from 23rd in 2007 to 16th in 2008. Belgium's AB InBev acquired Anheuser-Busch in 2008 and became the world's largest brewer, displacing SABMiller in the number nine position. The UK beer maker dropped out of Europe's top 10 entirely when it and Molson Coors agreed to merge their U.S. units in July 2008, creating a new joint venture company, MillerCoors (#95 on 2008's Top 250 list).

With HP and P&G securely anchoring the top two spots among the North American companies, Philip Morris International joined the top 10 in third place replacing its former parent company Altria Group. Following the spin-off of PMI, Altria has fallen well out of the top 10. Apple continued its ascent, moving from tenth place in 2007 to seventh place in 2008. Tyson (ninth on the North American top 10 in 2007) was overtaken by Mars, which jumped from #28 to #23 on the Top 250 list following the October 2008 purchase of Wrigley. All of the top 10 North American companies are based in the U.S., and half operate in the food, drink or tobacco sectors.

The top 10 Asia/Pacific companies remained the same in 2008, with a few changes in the order. Number one Samsung built up its lead with a 23.1 percent sales increase in 2008. Two more electronics manufacturers, Panasonic and Sony, maintained the number two and three positions. Japan Tobacco moved from sixth place to fourth in 2008. Eight of the top 10 companies in this region are based in Japan. Japan Tobacco and Bridgestone (tires) are the only two companies that are not electronics manufacturers.

Acquisitions fueled growth in the Latin America region in 2008. As JBS continued it global march, sales for the world's largest beef producer soared 114 percent in 2008. JBS followed its July 2007 acquisition of U.S.-based Swift Foods with Smithfield Beef in the U.S. and Tasman Group in Australia, among others. As a result, JBS overtook FEMSA as the largest consumer products company in Latin America. To further cement its number one position, in September 2009, JBS announced it would acquire a 64 percent stake in Texas-based Pilgrim's Pride, which had 2008 sales of $8.5 billion. Brazilian food company Perdigão (the region's fifth-ranked company) was also focused on the acquisition of new businesses in 2008, including Eleva (dairy products and meats) Plusfood (meat processing in Europe), and Cotochés (dairy products). In 2009, Perdigão acquired its smaller rival Sadia and changed its name to Brasil Foods. Together, Brazil's top two poultry and pork processors will create a global industry leader in this market segment. All but one of the Latin American companies represent the food, drink & tobacco sector as either food processors or beverage makers. Mexico's Controladora Mabe, one of the largest manufacturers of white goods in Latin America, joined the Top 250 in 2008 for a total of nine companies from this region.

Africa/Middle East had four companies among the Top 250 in 2008. The top two are home furnishings & equipment manufacturers: Steinhoff International, based in South Africa, and Arçelik, a Turkish appliance manufacturer. Turkish beverage group Anadolu Efes joined the Top 250 in 2008 near the bottom of the list at #245.

**Top consumer products companies by region continued**

**Top Latin American consumer products companies 2008**

| Company name | Latin America rank | Top 250 Rank | Sector | Country | FY08 net sales (US$mil) |
|---|---|---|---|---|---|
| JBS | 1 | 48 | Food, Drink & Tobacco | Brazil | 16,904 |
| FEMSA | 2 | 54 | Food, Drink & Tobacco | Mexico | 15,161 |
| Grupo Bimbo | 3 | 106 | Food, Drink & Tobacco | Mexico | 7,465 |
| Grupo Modelo | 4 | 114 | Food, Drink & Tobacco | Mexico | 6,474 |
| Perdigão | 5 | 117 | Food, Drink & Tobacco | Brazil | 6,348 |
| Sadia | 6 | 120 | Food, Drink & Tobacco | Brazil | 5,978 |
| Bacardi | 7 | 165 | Food, Drink & Tobacco | Bermuda | 4,394 |
| Gruma | 8 | 177 | Food, Drink & Tobacco | Mexico | 4,062 |
| Mabe | 9 | 184 | Home Furnishings & Equipment | Mexico | 3922[e] |

**Top Africa/ME consumer products companies 2008**

| Company name | Africa/ ME rank | Top 250 rank | Sector | Country | FY08 net sales (US$mil) |
|---|---|---|---|---|---|
| Steinhoff International | 1 | 126 | Home Furnishings & Equipment | South Africa | 5,726 |
| Arçelik | 2 | 136 | Home Furnishings & Equipment | Turkey | 5,265 |
| Vestel | 3 | 195 | Electronic Products | Turkey | 3,647 |
| Anadolu Efes | 4 | 245 | Food, Drink & Tobacco | Turkey | 2,851 |

e = estimate
Source: Published company data

**Performance by product sector 2008**

| | Number of companies | Average size (US$mil) | FY08 Net sales growth* | FY08 Net profit margin** | FY08 Return on assets** |
|---|---|---|---|---|---|
| Electronic Products | 31 | $30,991 | 0.5% | 1.4% | 1.6% |
| Fashion Goods | 16 | $7,461 | 1.4% | 6.9% | 6.1% |
| Food, Drink & Tobacco | 134 | $10,433 | 11.2% | 6.4% | 5.9% |
| Home Furnishings & Equipt. | 15 | $8,624 | 0.1% | 1.3% | 1.7% |
| Home Improvement Products | 13 | $4,953 | -6.1% | 0.0% | 0.0% |
| Leisure Goods | 7 | $6,528 | 2.3% | 5.6% | 6.0% |
| Personal & Hshld. Products | 25 | $14,205 | 2.5% | 11.2% | 9.6% |
| Tires | 9 | $11,468 | -4.0% | -0.3% | -0.3% |
| **Top 250** | **250** | **$12,704** | **4.8%** | **4.8%** | **4.7%** |

* Sales-weighted, currency-adjusted composite growth rates
** Sales-weighted composites
Source: Published company data

**Figure 3. Share of top 250 companies by product sector 2008**

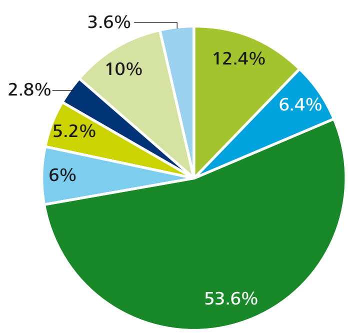
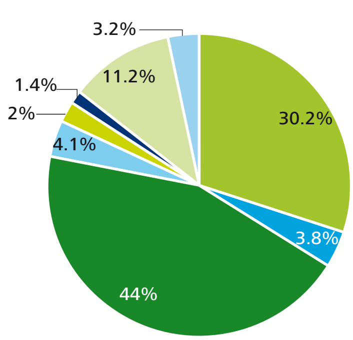



**Figure 4. Share of top 250 sales by product sector 2008**




## 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:

- Electronic Products
- Fashion Goods
- Food, Drink & Tobacco
- Home Furnishings & Equipment
- Home Improvement
- Leisure Goods
- Personal & Household Products
- Tires

### Recession-resistant food, drink & tobacco drives Top 250 growth

The food, drink & tobacco sector continues to dominate the Top 250. In 2008, it accounted for 53.6 percent of all companies and 44.0 percent of total sales. With a company count of 134, the group includes 89 food processing companies, 35 manufacturers of alcoholic and non-alcoholic beverages, and 10 tobacco companies. Tobacco companies, while small in number, were the largest in size. With average 2008 sales of $23.6 billion, they were more than twice the $10.4 billion average size for all companies in this sector.

Food, alcohol and tobacco tend to weather recession better than most other product categories. Therefore, it is not surprising that companies in this sector enjoyed robust growth in 2008, far outpacing any other product sector. Indeed, this was the only group to outperform the Top 250 average for top-line growth. Composite net sales growth nearly doubled to 11.2 percent in 2008 from 6.3 percent in 2007. With a composite net profit margin of 6.4 percent, profitability was not as strong as the year before, but it beat the Top 250 average of 4.8 percent.

Electronics companies represent the next largest product group. Nevertheless, this sector's share of Top 250 companies and sales continued to decline as the number of electronics manufacturers fell to 31 in 2008 from 33 in 2007 and 37 in 2006. Electronics manufacturers tend to be far larger, on average, than companies in any of the other product groups, with an average size of nearly $31 billion. That is because their sales include products and services targeting businesses as well as consumers. Composite sales growth for this sector was dismal in 2008, up just 0.5 percent – a huge drop from 8.2 percent in 2007. Profits also plummeted. The composite net profit margin was 1.4 percent in 2008, down from 6.3 percent the prior year.

Not surprisingly, fashion goods companies experienced rapidly deteriorating sales in 2008 as consumers reined in their discretionary spending. Composite sales were up a meager 1.4 percent compared with 7.3 percent in 2007. In addition, sales did not fall to the bottom line as quickly in 2008. Even so, the historically high-margin fashion sector's 6.9 percent net profit margin was the second highest of all the product groups.

The leisure goods sector was the fastest growing product group in 2006 and 2007. In 2008, composite sales growth dropped to a modest 2.3 percent. Sales for top ranking Nintendo cooled to 9.9 percent in 2008. In 2007, the company's sales soared 73 percent, which made the videogame maker one of the world's fastest growing companies.

The two homegoods sectors also lagged as the collapse of the housing market took its toll. Manufacturers of home improvement products were hardest hit, with 2008 composite sales down 6.1 percent and no bottom-line profits.

The personal & household products sector, represented by 25 companies, recorded relatively slow growth but strong profitability. Composite sales rose 2.5 percent in 2008, compared with 7.2 percent in 2007. However, the sector's net profit margin remained the highest of all the product groups at 11.2 percent.

Tire manufacturers had a tough year in 2008. In the first half of the year, companies faced rising prices for raw materials, especially natural rubber and petrochemical materials. In the second half, the rapid progression of the global economic recession around the globe caused consumer spending to contract and exports to decline. The tire sector was the only group to suffer both declining sales and negative profits in 2008. Sales fell for seven of the nine companies that comprised this sector. Five of the companies operated at a loss.

Food, alcohol and tobacco tend to weather recession better than most other product categories. Therefore, it is not surprising that companies in this sector enjoyed robust growth in 2008, far outpacing any other product sector.

**Top consumer products companies by product sector**

| Top 10 Electronic Products companies 2008 | | | | | |
|---|---|---|---|---|---|
| **Company name** | **Product sector rank** | **Top 250 rank** | **Country** | **Region** | **FY08 net sales (US$mil)** |
| Hewlett-Packard | 1 | 1 | United States | North America | 118,364 |
| Samsung | 2 | 2 | South Korea | Asia/Pacific | 112,804 |
| Panasonic (formerly Matsushita) | 3 | 5 | Japan | Asia/Pacific | 77,655 |
| Nokia | 4 | 6 | Finland | Europe | 74,612 |
| Sony | 5 | 7 | Japan | Asia/Pacific | 71,101 |
| Toshiba | 6 | 9 | Japan | Asia/Pacific | 66,545 |
| Dell | 7 | 11 | United States | North America | 61,101 |
| LG | 8 | 13 | South Korea | Asia/Pacific | 58,851 |
| Canon | 9 | 17 | Japan | Asia/Pacific | 39,713 |
| Philips | 10 | 18 | Netherlands | Europe | 38,821 |

| Top 10 Fashion Goods companies 2008 | | | | | |
|---|---|---|---|---|---|
| **Company name** | **Product sector rank** | **Top 250 rank** | **Country** | **Region** | **FY08 net sales (US$mil)** |
| Christian Dior | 1 | 27 | France | Europe | 25,776 |
| NIKE | 2 | 39 | United States | North America | 19,176 |
| adidas | 3 | 52 | Germany | Europe | 15,889 |
| Richemont | 4 | 102 | Switzerland | Europe | 7,718 |
| VF | 5 | 105 | United States | North America | 7,562 |
| Swatch | 6 | 137 | Switzerland | Europe | 5,259 |
| Polo Ralph Lauren | 7 | 151 | United States | North America | 4,824 |
| Levi Strauss | 8 | 167 | United States | North America | 4,303 |
| Hanesbrands | 9 | 171 | United States | North America | 4,249 |
| Liz Claiborne | 10 | 182 | United States | North America | 3,985 |

| Top 10 Food, Drink & Tobacco companies 2008 | | | | | |
|---|---|---|---|---|---|
| **Company name** | **Product sector rank** | **Top 250 rank** | **Country** | **Region** | **FY08 net sales (US$mil)** |
| Nestlé | 1 | 3 | Switzerland | Europe | 101,823 |
| Japan Tobacco | 2 | 8 | Japan | Asia/Pacific | 68,323 |
| Philip Morris Intl. | 3 | 10 | United States | North America | 63,640 |
| PepsiCo | 4 | 14 | United States | North America | 43,251 |
| Kraft | 5 | 15 | United States | North America | 42,201 |
| Imperial Tobacco | 6 | 16 | United Kingdom | Europe | 40,504 |
| Coca-Cola | 7 | 20 | United States | North America | 31,944 |
| Mars | 8 | 23 | United States | North America | 30,000 |
| Tyson | 9 | 25 | United States | North America | 26,862 |
| AB InBev | 10 | 29 | Belgium | Europe | 23,692 |

Source: Published company data

## Top consumer products companies by product sector

There were few significant changes among the top companies by product sector in 2008. The top 10 electronics companies are the same as in 2007 with only minor changes in the order. As noted earlier, HP replaced Samsung in the top spot on a technicality (weaker Korean won). Nokia and Sony also switched places on the list.

The only change to the top 10 fashion goods companies in 2008 was in the bottom part of the list. Levis Strauss switched places with Liz Claiborne, which moved Levi to eighth place and Liz to tenth place. Sales plunged 12.9 percent in 2008 for Liz Claiborne. Sales dropped 5.1 percent for Hanesbrands, which maintained its position as number nine. Levi eked out a 0.9 percent gain, allowing the company to rise up the ranks of the beleaguered fashion sector. The other seven top 10 fashion goods companies posted modest sales gains in the low-to-mid-single digits.

Acquisitions reshuffled the deck of the top 10 food, drink & tobacco companies in 2008. Japan Tobacco assumed second place behind Nestlé. Consolidation of Britain's Gallaher Group, acquired in April 2007, and the April 2008 purchase of Katokichi Co. contributed to the cigarette maker’s strong growth. Altria left the sector’s leader board as a result of the spin-off of Philip Morris International.
As a freestanding company, PMI landed in third place. As noted above in the regional analysis, Imperial Tobacco and Mars also rose in the ranks through significant acquisitions. The purchase of Anheuser-Busch by InBev helped put AB InBev in tenth place displacing SABMiller.

There were no changes to the top half of the home furnishings & equipment top 10 companies in 2008 even though all five companies had flat or declining sales. However, there was considerable shake-up in the bottom half. Strong sales growth propelled Midea and Gree, two Chinese appliance makers, further up the list. France's Groupe SEB, a small appliance and housewares maker, also had a successful year, surpassing Italy's Indesit to take the number 10 spot.

The U.S. dominated the home improvement products arena, accounting for eight of the top 10 companies. The 2008 leader board looks the same as the group's 2007 list, except that Hong Kong-based tool and appliance manufacturer TTI moved up the list, while flooring company Armstrong and paint and coatings maker RPM moved down. Masco, which manufacturers plumbing products, cabinets and other items for the home improvement market, remained at the top of the list despite an 18.4 percent drop in sales. Declining sales plagued eight of the top 10 home improvement companies in 2008.

Japan and the United States accounted for all seven companies in the leisure goods sector. Nintendo led the sector with 2008 sales that were more than three times the size of second place Mattel. Electronic Arts recorded the strongest growth among the leisure goods companies in 2008, which moved it ahead of Hasbro.

**Top consumer products companies by product sector continued**

**Top 10 Home Furnishings & Equipment companies 2008**

| Company name | Product sector rank | Top 250 rank | Country | Region | FY08 net sales (US$mil) |
|---|---|---|---|---|---|
| Whirlpool | 1 | 40 | United States | North America | 18,907 |
| Sanyo | 2 | 44 | Japan | Asia/Pacific | 17,707 |
| Haier | 3 | 46 | China | Asia/Pacific | 17,154 |
| Electrolux | 4 | 51 | Sweden | Europe | 16,095 |
| BSH | 5 | 65 | Germany | Europe | 12,886 |
| Midea | 6 | 113 | China | Asia/Pacific | 6,532 |
| Gree | 7 | 119 | China | Asia/Pacific | 6,059 |
| Steinhoff International | 8 | 126 | South Africa | Africa/Middle East | 5,726 |
| Arçelik | 9 | 136 | Turkey | Africa/Middle East | 5,265 |
| SEB | 10 | 154 | France | Europe | 4,753 |

**Top 10 Home Improvement Products companies 2008**

| Company name | Product sector rank | Top 250 rank | Country | Region | FY08 net sales (US$mil) |
|---|---|---|---|---|---|
| Masco | 1 | 87 | United States | North America | 9,600 |
| Sherwin-Williams | 2 | 100 | United States | North America | 7,980 |
| Mohawk | 3 | 111 | United States | North America | 6,826 |
| Black & Decker | 4 | 118 | United States | North America | 6,086 |
| Kohler | 5 | 133 | United States | North America | 5,500 |
| Husqvarna | 6 | 145 | Sweden | Europe | 4,967 |
| Stanley | 7 | 164 | United States | North America | 4,426 |
| TTI (Techtronic Industries) | 8 | 212 | Hong Kong | Asia/Pacific | 3,416 |
| Armstrong | 9 | 213 | United States | North America | 3,393 |
| RPM | 10 | 215 | United States | North America | 3,368 |

**Top Leisure Goods companies 2008**

| Company name | Product sector rank | Top 250 rank | Country | Region | FY08 net sales (US$mil) |
|---|---|---|---|---|---|
| Nintendo | 1 | 43 | Japan | Asia/Pacific | 18,386 |
| Mattel | 2 | 121 | United States | North America | 5,918 |
| Yamaha | 3 | 159 | Japan | Asia/Pacific | 4,593 |
| Hallmark | 4 | 168 | United States | North America | 4,300 |
| Namco Bandai | 5 | 170 | Japan | Asia/Pacific | 4,264 |
| Electronic Arts | 6 | 173 | United States | North America | 4,212 |
| Hasbro | 7 | 180 | United States | North America | 4,022 |

Source: Published company data

**Top consumer products companies by product sector continued**

| Top 10 Personal & Household Products companies 2008 | | | | | |
|---|---|---|---|---|---|
| **Company name** | **Product sector rank** | **Top 250 rank** | **Country** | **Region** | **FY08 net sales (US$mil)** |
| Procter & Gamble | 1 | 4 | United States | North America | 79,029 |
| Unilever | 2 | 12 | United Kingdom | Europe | 59,623 |
| L'Oreal | 3 | 26 | France | Europe | 25,810 |
| Henkel | 4 | 34 | Germany | Europe | 20,792 |
| Kimberly-Clark | 5 | 37 | United States | North America | 19,415 |
| SCA | 6 | 47 | Sweden | Europe | 16,964 |
| Colgate-Palmolive | 7 | 53 | United States | North America | 15,330 |
| Kao | 8 | 68 | Japan | Asia/Pacific | 12,763 |
| Reckitt Benckiser | 9 | 73 | United Kingdom | Europe | 12,176 |
| Avon | 10 | 80 | United States | North America | 10,589 |

| Top Tire companies 2008 | | | | | |
|---|---|---|---|---|---|
| **Company name** | **Product sector rank** | **Top 250 rank** | **Country** | **Region** | **FY08 net sales (US$mil)** |
| Bridgestone | 1 | 21 | Japan | Asia/Pacific | 31,374 |
| Michelin | 2 | 28 | France | Europe | 24,142 |
| Goodyear | 3 | 36 | United States | North America | 19,488 |
| Pirelli | 4 | 110 | Italy | Europe | 6,857 |
| Sumitomo Rubber | 5 | 122 | Japan | Asia/Pacific | 5,868 |
| Yokohama Rubber | 6 | 141 | Japan | Asia/Pacific | 5,173 |
| Hankook Tire | 7 | 174 | South Korea | Asia/Pacific | 4,149 |
| Toyo Tire & Rubber | 8 | 217 | Japan | Asia/Pacific | 3,284 |
| Cooper Tire & Rubber | 9 | 243 | United States | North America | 2,882 |

Source: Published company data

The top 10 personal & household products companies were a stable group in 2008. P&G, which has exited certain categories in recent years in order to focus on its core businesses, remained the highest ranking company in this sector, followed by Unilever. Stronger growth and a stronger euro boosted Germany's Henkel ahead of U.S.-based Kimberly-Clark in 2008. There were no other changes in this group's top 10 ranking. Nine of the top 10 personal & household products companies are based either in Europe or North America.

There were nine tire companies among the Top 250 in 2008. Bridgestone was the largest, ranking 21st overall. Four of the nine Top 250 tire companies are based in Japan. In addition to weak demand in both domestic and overseas markets, the appreciation of the yen weighed heavily on these companies' yen-denominated sales growth. The only shift in the order of the companies involved Sumitomo Rubber and Yokohama Rubber. These companies switched places in 2007, then switched back in 2008.

## Strategic acquisitions power fastest 50

In 2008, the 50 fastest-growing consumer products companies increased sales at a composite rate of 24.8 percent, more than five times faster than the Top 250 overall. These companies were also more profitable. For the 44 companies that reported their profits, the composite net profit margin was 5.5 percent versus 4.8 percent for the larger group.

Companies from all five regions and six of the eight product sectors are represented among the Fastest 50. Perhaps not surprisingly, no manufacturers of fashion goods or home improvement products are to be found among this group as consumers around the world had less disposable income to spend on apparel and homegoods.

As noted throughout this report, acquisitions – mega-mergers as well as smaller-scale deals – have been a preferred driver of growth for many consumer products companies in recent years. A review of the 50 fastest-growing companies in 2008 found that eight of the first 10 companies on the list boosted sales primarily through merger and acquisition activity.

**50 fastest growing consumer products companies 2008**

| FY08 growth rank | FY08 top 250 sales rank | Company name | Country | Major product sector | FY08 net sales (US$mil) | FY08 net sales growth | FY08 net profit margin |
|---|---|---|---|---|---|---|---|
| 1 | 192 | Groupe Bigard S.A. | France | Food, Drink & Tobacco | 3,678[e] | 121.4% | n/a |
| 2 | 48 | JBS S.A. | Brazil | Food, Drink & Tobacco | 16,904 | 114.5% | 0.1% |
| 3 | 79 | Research In Motion Limited | Canada | Electronic Products | 11,065 | 84.1% | 17.1% |
| 4 | 117 | Perdigão S.A. | Brazil | Food, Drink & Tobacco | 6,348 | 71.8% | 0.5% |
| 5 | 16 | Imperial Tobacco Group PLC | United Kingdom | Food, Drink & Tobacco | 40,504 | 66.3% | 2.1% |
| 6 | 189 | The J.M. Smucker Company | United States | Food, Drink & Tobacco | 3,758 | 48.8% | 7.1% |
| 7 | 172 | CJ CheilJedang Corporation | South Korea | Food, Drink & Tobacco | 4,223 | 47.5% | 0.5% |
| 8 | 183 | IAWS Group plc | Ireland | Food, Drink & Tobacco | 3,960 | 39.5% | 5.4% |
| 9 | 185 | PT Indofood Sukses Makmur Tbk. | Indonesia | Food, Drink & Tobacco | 3,880 | 39.3% | 4.7% |
| 10 | 42 | Kirin Holdings Company Limited | Japan | Food, Drink & Tobacco | 18,652 | 37.3% | 5.1% |
| 11 | 23 | Mars, Incorporated | United States | Food, Drink & Tobacco | 30,000[e] | 36.4% | n/a |
| 12 | 113 | GuangDong Midea Electric Appliances Co., Ltd. | China | Home Furnishings & Equipment | 6,532 | 36.1% | 3.4% |
| 13 | 19 | Apple Inc. | United States | Electronic Products | 32,479 | 35.3% | 14.9% |
| 14 | 74 | Land O'Lakes, Inc. | United States | Food, Drink & Tobacco | 12,039 | 34.9% | 1.5% |
| 15 | 76 | Carlsberg A/S | Denmark | Food, Drink & Tobacco | 11,829 | 34.0% | 5.3% |
| 16 | 169 | Tingyi (Cayman Islands) Holding Corp. | Hong Kong | Food, Drink & Tobacco | 4,272 | 32.9% | 8.5% |
| 17 | 166 | Energizer Holdings, Inc . | United States | Personal & Household Products | 4,331 | 28.7% | 7.6% |
| 18 | 130 | B.&C. Tönnies Fleischwerk GmbH & Co. KG | Germany | Food, Drink & Tobacco | 5,603 | 26.9% | n/a |
| 19 | 248 | Ralcorp Holdings, Inc. | United States | Food, Drink & Tobacco | 2,824 | 26.5% | 5.9% |
| 20 | 177 | GRUMA, S.A.B. de C.V. | Mexico | Food, Drink & Tobacco | 4,062 | 25.1% | -26.4% |
| 21 | 73 | Reckitt Benckiser plc | United Kingdom | Personal & Household Products | 12,176 | 24.6% | 17.1% |
| 22 | 174 | Hankook Tire Co., Ltd. | South Korea | Tires | 4,149 | 24.4% | 0.5% |
| 23 | 244 | Coopagri Bretagne Groupe | France | Food, Drink & Tobacco | 2,871 | 24.3% | n/a |
| 24 | 178 | Sodiaal International S.A. | France | Food, Drink & Tobacco | 4,040 | 23.5% | 1.4% |
| 25 | 2 | Samsung Electronics Co., Ltd. | South Korea | Electronic Products | 112,804 | 23.1% | 4.9% |
| 26 | 120 | Sadia S.A. | Brazil | Food, Drink & Tobacco | 5,978 | 22.6% | -23.5% |
| 27 | 70 | Vion NV | Netherlands | Food, Drink & Tobacco | 12,566 | 22.1% | 0.6% |
| 28 | 179 | Sichuan Changhong Electric Co. Ltd | China | Electronic Products | 4,026 | 21.2% | 0.9% |
| 29 | 50 | Associated British Foods plc | United Kingdom | Food, Drink & Tobacco | 16,322 | 21.1% | 4.7% |
| 30 | 245 | Anadolu Efes Biracilik ve Malt Sanayii A.S. | Turkey | Food, Drink & Tobacco | 2,851 | 21.1% | 7.9% |
| 31 | 30 | British American Tobacco plc | United Kingdom | Food, Drink & Tobacco | 22,488 | 21.0% | 21.9% |
| 32 | 31 | Groupe Danone | France | Food, Drink & Tobacco | 22,394 | 19.1% | 9.8% |
| 33 | 144 | Humana Unternehmensgruppe | Germany | Food, Drink & Tobacco | 5,020 | 19.0% | n/a |
| 34 | 13 | LG Electronics Inc. | South Korea | Electronic Products | 58,851 | 18.4% | 1.8% |
| 35 | 45 | Acer Incorporated | Taiwan | Electronic Products | 17,344 | 18.2% | 2.1% |
| 36 | 128 | Groupe Terrena | France | Food, Drink & Tobacco | 5,681 | 16.6% | 0.9% |
| 37 | 152 | Charoen Pokphand Foods Public Company Limited | Thailand | Food, Drink & Tobacco | 4,787 | 15.9% | 2.0% |
| 38 | 150 | Premier Foods plc | United Kingdom | Food, Drink & Tobacco | 4,830 | 15.8% | -17.0% |
| 39 | 249 | Wimm-Bill-Dann Foods OJSC | Russia | Food, Drink & Tobacco | 2,824 | 15.8% | 3.7% |
| 40 | 135 | Jarden Corporation | United States | Personal & Household Products | 5,383 | 15.5% | -1.1% |
| 41 | 98 | Alticor Inc. | United States | Personal & Household Products | 8,200 | 15.5% | n/a |
| 42 | 55 | Diageo plc | United Kingdom | Food, Drink & Tobacco | 15,046 | 15.1% | 18.5% |
| 43 | 173 | Electronic Arts Inc. | United States | Leisure Goods | 4,212 | 14.9% | -25.8% |
| 44 | 139 | Saputo, Inc. | Canada | Food, Drink & Tobacco | 5,196 | 14.5% | 4.8% |
| 45 | 33 | Heineken N.V. | Netherlands | Food, Drink & Tobacco | 21,068 | 14.0% | 2.4% |
| 46 | 106 | Grupo Bimbo, S.A.B. de C.V. | Mexico | Food, Drink & Tobacco | 7,465 | 13.9% | 5.4% |
| 47 | 54 | Fomento Economico Mexicano S.A.B. de C.V. | Mexico | Food, Drink & Tobacco | 15,161 | 13.7% | 5.5% |
| 48 | 1 | Hewlett-Packard Company | United States | Electronic Products | 118,364 | 13.5% | 7.0% |
| 49 | 214 | The Nisshin OilliO Group, Ltd. | Japan | Food, Drink & Tobacco | 3,379 | 13.3% | 1.0% |
| 50 | 15 | Kraft Foods Inc. | United States | Food, Drink & Tobacco | 42,201 | 13.3% | 6.9% |
| **Fastest 50*** | | | | | | **24.8%** | **5.5%** |
| **Top 250*** | | | | | | **4.8%** | **4.8%** |

* Group growth rates are sales-weighted, currency-adjusted composites; Group profit margins are sales-weighted composites
Source: Published company data

Groupe Bigard, France’s leading meat processor and the top-ranked growth company, acquired a controlling stake in rival Socopa, more than doubling its size. J.M. Smucker (Fastest 50 #6) bought the Folgers brand coffee business from P&G. The deal will nearly double Smucker's size in its first full year of consolidation. The Kirin Group of Japan (Fastest 50 #10), a dairy food and beverage manufacturer, generated strong growth in sales and profits in 2008 from the consolidation of a series of acquisitions. These include the integration of pharmaceutical firm Kyowa Hakko Group and National Foods of Australia.

## Study methodology and data sources

To be considered for this list, a company must first be designated as a manufacturer (primary SIC code 20-39). Each company was then analyzed in an attempt to determine if the majority of its fiscal 2008 sales were 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 under contract for other companies – and included only the 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 is the sale of consumer products were included among the Top 250 based on their total fiscal 2008 net sales, which may include sales of commercial and industrial products as well as consumer products. Our fiscal 2008 definition encompasses fiscal years ended through June 2009.

A number of sources were consulted to develop the Top 250 list including Hoovers, Factiva, OneSource, Amadeus, and Forbes Largest Private Companies 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. Individual company growth rates and other financial ratios, however, were calculated in the company’s local currency.

### Group financial results

This report uses sales-weighted composites rather than simple arithmetic averages as the primary measure for understanding group financial results. Therefore, results of larger companies contribute more to the composite than do results of smaller companies. Because the data have been converted to U.S. dollars for ranking purposes and to facilitate comparison among groups, composite growth rates also have been adjusted to correct for currency movement. While these composite results generally behave in a similar fashion to arithmetic averages, they provide better representative values for benchmarking purposes.

Composites and averages for each group are 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 accurate as of the date the financial report was originally issued. Although a company may have restated prior-year results to reflect a change in its operations or as a result of an accounting change, such restatements are not reflected in this data. This study is not an accounting report. It is intended to provide an accurate reflection of market dynamics and their impact on the structure of the consumer products industry over a period of time.

As a result of these factors, growth rates for individual companies may not correspond to other published results.

# Q ratio and future prospects

This report ranks the world's largest consumer product suppliers by revenue. Yet the size of a company, useful information that it is, doesn't necessarily inform us about future prospects. Large size merely demonstrates that a company has performed well in the past and has achieved critical scale. The market capitalization of a publicly traded consumer products company, examined alone, also says something about past performance – even if quite recent – but not necessarily about the future.

However, examining financial information to draw inferences about future performance can, to a limited extent, be useful. In pursuit of that goal, we analyze the Q ratio of consumer product companies in order to understand how financial markets are evaluating the future prospects of the world's biggest publicly traded consumer product companies. In particular, 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 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 the financial markets are valuing a company's non-tangible assets such 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 non-tangibles. A Q ratio of less than one, on the other hand, indicates failure to generate value on the basis of non-tangible assets. It indicates that the financial markets view a consumer product 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, theoretically a company could be purchased through equity markets and the tangible assets could then be sold at a profit.

### Why is the Q ratio useful?

Why should we care about the Q ratio? The answer is that, in recent years, one of the biggest challenges facing consumer product companies has been commoditization. That is, consumers often view the brands produced by these companies as undifferentiated from one another except on the basis of price.

**Q ratio spreadsheet for global powers of consumer products 2010**

| Top 50 companies by Q ratio | |
|---|---|
| Lorillard, Inc. (formerly Carolina Group) | 5.521 |
| ITC Limited | 4.759 |
| Apple Inc. | 4.698 |
| Tingyi (Cayman Islands) Holding Corp. | 4.445 |
| Research In Motion Limited | 4.307 |
| Colgate-Palmolive Company | 4.105 |
| Coca-Cola Company | 3.245 |
| Philip Morris International Inc. | 2.925 |
| PepsiCo, Inc. | 2.707 |
| Avon Products, Inc. | 2.539 |
| Beiersdorf AG | 2.500 |
| NIKE, Inc. | 2.430 |
| Hershey Company | 2.425 |
| Unicharm Corporation | 2.395 |
| Reckitt Benckiser plc | 2.162 |
| Swatch Group Ltd. | 2.140 |
| Essilor International S.A. | 2.085 |
| Nintendo Co., Ltd. | 2.017 |
| L'Oreal SA | 1.969 |
| KT&G Corporation | 1.891 |
| Puma AG Rudolf Dassler Sport | 1.885 |
| Polo Ralph Lauren Corporation | 1.860 |
| Estee Lauder Companies Inc. | 1.857 |
| Kellogg Company | 1.851 |
| Thai Beverage Public Company Limited | 1.848 |
| Clorox Company | 1.834 |
| Saputo, Inc. | 1.821 |
| Compagnie Financiere Richemont SA | 1.807 |
| Unilever Group | 1.806 |
| Gree Electric Appliances, Inc. of Zhuhai | 1.791 |
| Campbell Soup Company | 1.786 |
| Nestlé SA | 1.760 |
| Coca-Cola Amatil Limited | 1.709 |
| Foster's Group Limited | 1.630 |
| Mattel, Inc. | 1.592 |
| Sherwin-Williams Company | 1.566 |
| Kimberly-Clark Corporation | 1.489 |
| McCormick & Company, Inc. | 1.473 |
| Altria Group, Inc. | 1.473 |
| PT Gudang Garam Tbk | 1.468 |
| Diageo plc | 1.467 |
| Hormel Foods Corporation | 1.431 |
| Yakult Honsha Co., Ltd. | 1.423 |
| SABMiller plc | 1.414 |
| Makita Corporation | 1.390 |
| HJ Heinz Company | 1.378 |
| Procter & Gamble Company | 1.349 |
| Hasbro, Inc. | 1.317 |
| Canon Inc. | 1.307 |
| Toyo Suisan Kaisha, Ltd. | 1.306 |

**Q ratio spreadsheet for global powers of consumer products 2010 continued**

| Q ratio by country/region | |
|---|---|
| Canada | 2.907 |
| China | 0.830 |
| Emerging markets | 1.023 |
| Eurozone | 0.790 |
| Japan | 0.604 |
| South Korea | 0.796 |
| UK | 1.243 |
| US | 1.439 |

| Q ratio by product | |
|---|---|
| Electronic Products | 0.899 |
| Fashion Goods | 1.019 |
| Food, Drink, Tobacco | 1.129 |
| Home Furnishing & Equipment | 0.593 |
| Home Improvement Products | 0.811 |
| Leisure Goods | 1.528 |
| Personal & Household Products | 1.503 |
| Tires | 0.416 |

This is especially true during an economic downturn. Such an attitude causes intense price competition and tends to drive down 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, therefore, is differentiation through better customer experience and innovation. In addition, such differentiation must be well communicated to consumers through strong branding. Consequently, a high Q ratio indicates that the financial markets believe a company is doing the right things to succeed in a business environment characterized by commoditization. A Q ratio below one may indicate that the financial markets believe a company is failing to utilize its physical assets in a profitable manner.

### What the numbers show

This year we have calculated the Q ratio for 190 publicly traded consumer product companies compared to 194 companies last year. The composite Q ratio (calculated by taking the sum of all company's market capitalization and dividing by the sum of all company's asset values) is 1.068. Last year the figure was 0.800. Clearly, the recovery in global equity markets in 2009 made a big difference.

Here are some of the highlights of our analysis:

- The companies on the list with the highest Q ratios are, not surprisingly, some familiar names with well known and well respected brands. Also not surprisingly, most were at the top of the list last year. The top of the list includes two of the most innovative electronics companies, Apple and Research In Motion. Both have, in recent years, developed highly successful branded products that contributed to a revolution in consumer habits. The top of the list also includes two leading tobacco companies (Lorillard and Philip Morris) as well as the world's two leading beverage companies (Coca-Cola and PepsiCo). In all four cases, these companies have created brands that possess considerable consumer loyalty. The common theme for all of the companies with Q ratios higher than one is that they have popular brands that are clearly differentiated from competitors. In addition, many of these companies have been at the forefront of innovation in products and customer experience.

- Composite Q ratios were calculated by country and region. The countries with relatively high Q ratios are Canada, the U.S., and the UK. On the other hand, the Eurozone and Japan had relatively low Q ratios. It should be noted, of course, that within these composites there are major individual exceptions. Also, the composite Q ratio for companies based in emerging markets was slightly above one.

- Composite Q ratios were also calculated by product sector. The sectors with relatively high Q ratios are personal and household products as well as food, beverage, and tobacco. This reflects the inclusion of large, strongly branded companies in these categories. Conversely, low composite Q ratios were calculated for home furnishing and equipment as well as tires. For the other categories, the composite Q ratio was close to one.

# Consumer business contacts

**For Deloitte Touche Tohmatsu and its member firms**


**DTT Global Consumer Business Industry Leader**
Lawrence Hutter
Deloitte U.K.
lhutter@deloitte.co.uk

**Marketing**
Karthryn Cordes
Deloitte Touche Tohmatsu
kcordes@deloitte.com

**Deloitte Research**
Ira Kalish
Deloitte Services LP
ikalish@deloitte.com

**Consumer Products Leaders**

Americas
Nick Handrinos
Deloitte Consulting LLP
nhandrinos@deloitte.com

Europe, Middle East and Africa
Koen De Staercke
Deloitte Belgium
kdestaercke@deloitte.com

**North America**

United States
Pat Conroy
Deloitte & Touche LLP
pconroy@deloitte.com

Canada
Peter Barr
pbarr@deloitte.ca

**Europe, Middle East and Africa (EMEA)**

Belgium
Koen De Staercke
kdestaercke@deloitte.com

Finland
Sari Vuola-Vuorinen
sari.vuola-vuorinen@deloitte.fi

France
Gilles Goldenberg
ggoldenberg@deloitte.fr

Germany
Peter Thormann
pthormann@deloitte.de

Greece
George Cambanis
gcambanis@deloitte.gr

Ireland
Marguerite Larkin
marguerite.larkin@deloitte.ie

Israel
Israel Nakel
inakel@deloitte.co.il

Italy
Dario Righetti
drighetti@deloitte.com

Netherlands
Erik Nanninga
enanninga@deloitte.com

Poland
Dariusz Kraszewski
dkraszewski@deloitte.com

Portugal
Luís Belo
lbelo@deloitte.pt

Russia/CIS
Alexander Dorofeyev
adorofeyev@deloitte.ru

South Africa
Rodger George
rogeorge@deloitte.com

Spain
Juan Jose Roque
jroque@deloitte.es

Sweden
Lars Egenaes
legenaes@deloitte.com

Switzerland
Howard da Silva
hdasilva@deloitte.ch

Turkey
Ugur Suel
usuel@deloitte.com

Ukraine
Dina Nemirovich
dnemirovich@deloitte.com

United Kingdom
Richard Lloyd Owen
rlloydowen@deloitte.co.uk

**Latin America, Carribean (LACRO)**

LACRO Consumer Business Leader
Francisco Perez Cisneros
Deloitte Mexico
fperezcisneros@deloitte.com

Argentina
Daniel Varde
dvarde@deloitte.com

Brazil
Reynaldo Saad
rsaad@deloitte.com

Chile
Mayorline Aguilera
mmaguilera@deloitte.com

Colombia
Juan Carlos Sanchez Nino
jsancheznino@deloitte.com

Mexico
Omar Camacho
ocamacho@deloitte.com

Venezuela
Ignacio Rodriguez
igrodriguez@deloitte.com

**Asia Pacific**

Asia Pacific Consumer Business Leader
Yoshio Matsushita
Deloitte Japan
yomatsushita@deloitte.com

Australia
Andrew Griffiths
andgriffiths@deloitte.com

China/Hong Kong
Eric Tang
eritang@deloitte.com

India
Shyamak Tata
shyamaktata@deloitte.com

Japan
Yoshio Matsushita
yomatsushita@deloitte.com

Korea
Jae Il Lee
jaeillee@deloitte.com

Malaysia
Yoon Chong Yee
ycyee@deloitte.com

New Zealand
Lisa Cruickshank
lcruickshank@deloitte.co.nz

Singapore
Alan Nisbet
anisbet@deloitte.com.sg

Taiwan
Benjamin Shih
benjaminshih@deloitte.com.tw

Thailand
Montree Panichakul
mpanichakul@deloitte.co.th

Designed and produced by The Creative Studio at Deloitte, London. 1846A