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Global Powers of the consumer products industry 2011
Getting back to growth

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Global Powers of the consumer products industry 2011

Deloitte Touche Tohmatsu Limited (DTTL) is pleased to present the 4th 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 2009 (encompasses fiscal years ended through June 2010). The report also provides an outlook for the global economy, a discussion of major trends affecting consumer products companies, a look at M&A activity in the consumer products sector, and an analysis of market capitalization in the industry.

The economic situation for consumer products manufacturers

As 2011 begins, consumer products companies must worry about inadequate demand in rich countries and overheating in emerging countries. In addition, they face challenges about exchange rate volatility, rising commodity prices, changing fiscal policies, and the sustainability of recovery in some markets.

One problem is that imbalances continue to haunt the global economy. Interest rates in developed countries are unusually low, reflecting aggressive monetary policy and weak demand for credit. Hence, money is flowing out of these countries into higher interest rate emerging markets. Yet in those countries, where growth is strong, the inflow of capital is putting upward pressure on currency values, thereby hurting export competitiveness. At the same time, rapid growth in emerging markets is creating new inflationary pressures, which have led some central banks to tighten monetary policy-putting upward pressure on currencies yet again. Also, many emerging governments are intervening in currency markets to hold down their currencies in order to improve export competitiveness. This risks exacerbating inflation. Moreover, if every country tries to devalue its currency, no currency will decline in value, but all countries will increase their money supplies, thus generating inflation.

Hence, the global economy remains imbalanced. Countries that have traditionally relied on exports (such as China, Japan, and Germany) and need to move toward domestic led growth, continue to depend heavily on exports. Countries that relied too heavily on their consumers (such as the United States and United Kingdom) and need to export more, now face competitive devaluations in their target export markets, thereby hurting their own export competitiveness. Failure to adjust to new realities will only delay the day of reckoning. Yet making the necessary adjustments involves short-term pain.

Affluent countries that nearly experienced financial meltdown now face tattered financial markets. Credit fails to grow as consumers and businesses hoard cash and continue to deleverage. Debate rages over whether central banks and governments should respond by becoming more aggressive. Yet an aggressive stance risks continuation of global imbalances.

Overall, the outlook for 2011 is for strong global economic growth with the preponderance of growth taking place in emerging markets. In the developed world, growth is not expected to be exceptional. Let us examine the outlook in each major market and consider the potential impact on the market for consumer products.

United States

The U.S. economy did not perform especially well in 2010, but 2011 looks to be more promising. This is due to several factors. First, the tax policy agreement reached in December will result in lower payroll taxes in 2011, thereby putting extra cash in the pockets of low and middle income consumers. Second, the aggressive expansionary policy of the Federal Reserve, known as quantitative easing, is likely to push down real interest rates and, therefore, boost demand for credit. It could also lead to increased values for various financial assets. The result, it is hoped, will be a stimulus for consumer and business spending. Finally, although a high degree of structural unemployment remains, there are indications that job growth will pick up speed in 2011. This would boost consumer spending and help to reduce worrisome budget deficits at the federal and state levels.

On the other hand, there are some negative factors that are likely to restrain growth. Slowing growth overseas could hamper export growth, which was strong throughout 2010. In addition, a weak housing market could have a negative impact on overall economic activity. Finally, continued private sector deleveraging in the wake of the financial crisis could hamper growth.

As for U.S. consumers, they appear to be operating within the realm of a "new normal." After a near orgy of debt-financed spending over the past decade, greater sobriety is now in evidence. While good for individual households, this new frugality is not necessarily good for consumer products companies. It is manifested in greater value orientation, more price sensitivity, less discretionary spending, and less spending on big-ticket items. In the past decade, much spending was fueled by the housing market. In the coming years, housing is likely to be constrained if not dormant.

While low prices of homes boost affordability, for many households it means having mortgage debt in excess of the value of the home. This fact, applicable to about one-quarter of all U.S. mortgage holders, has a negative impact on spending and mobility.

For U.S. suppliers of consumer products, the reality of the new normal has meant substantial cost cutting, lean inventories, and modest expansion. We are also likely to see spending restraint in the realm of discretionary merchandise. Thus suppliers focused on home-related and other big-ticket items may face challenges. The bifurcation of the market, so evident the past decade, is likely to accelerate. This means strength for highly price-oriented suppliers, strength for suppliers focused on superior customer experience, and trouble for those in between. Clearly the challenges in the U.S. market will stimulate many companies to accelerate investment outside the United States.

Western Europe

Although Europe bounced back in 2010 from the crisis of the previous year, a confluence of factors is likely to cause a slowdown in growth in 2011. More importantly from a consumer perspective, most of Europe's growth is coming from exports rather than consumer spending. In Germany, for example, which had strong export-driven economic growth in 2010, consumer spending remained relatively stagnant. On the other hand, the modest and declining unemployment rate in Germany boded well for a modest pickup in consumer demand.

Notably, economic policy within Europe has been aimed at reducing budget deficits rather than stimulating growth. Most governments are currently engaged in fiscal contraction, which entails tax increases and spending reductions. The European Central Bank (ECB), unlike the United States and Japan, has not engaged in quantitative easing and remains focused on minimizing inflation. Finally, European credit markets remain troubled by continuing sovereign debt problems and bad bank assets. The result is that the only factor stimulating economic activity in Europe is the weak euro combined with strong growth in emerging markets. These factors have boosted exports. Meanwhile, consumer spending is going nowhere. Fiscal contraction is likely to have a negative impact on consumer spending in the year ahead.

The other interesting thing about Europe's outlook is that the continent faces a two-track economic outlook. On the one hand, Germany, Sweden, Netherlands, and other northern countries are performing well, largely based on export strength. On the other hand, the peripheral nations of the EU face the prospect of recession or slow growth, largely due to massive government austerity combined with troubled credit markets. In some cases (such as Ireland and Spain), the outlook is hurt because banks need to repair their balance sheets following the collapse of a housing price bubble. In other cases (such as Greece), the problem is a history of government largesse combined with failure to boost productivity. In any event, the recent recession shocked Europe into confronting long-simmering problems.

Euro outlook

All the turmoil in Europe in 2010 caused considerable volatility for the value of the euro. It also caused concern about the sustainability of the euro project. The underlying problem was the imbalance within the eurozone. Germany, with strong productivity growth and modest wage gains, reduced its unit labor costs and was able to boost its exports to the rest of Europe and the rest of the world. On the other hand, Greece, Spain, and Portugal, saw only modest productivity gains and declining competitiveness.

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At the same time, being in the common currency area enabled these countries to borrow cheaply and accumulate excessive debts. In any other part of the world, this situation would have resulted in currency devaluation for Greece or Portugal. In this case, that cannot happen. Hence, there was a need for structural reform. Although the EU provided a large financial backstop for its wayward members, the reforms undertaken have not convinced markets that problems have been solved. Thus, Europe seems to muddle from one crisis to the next.

What happens next? The answer is that uncertainty remains. Some observers question whether the euro itself will survive. However, the cost of ending the eurozone would be catastrophic, especially for northern countries like Germany that are strong exporters. That is because an end to the eurozone would lead to a big appreciation in the value of a new deutschemark, resulting in competitiveness problems for Germany. Instead, a more likely scenario is for a new debate about how to make the eurozone work better. This could entail greater fiscal integration, more serious punishments for wayward countries, and more predictable procedures for dealing with crises. As of this writing, a new procedure for dealing with troubled countries is in the works.

UK outlook

In the United Kingdom, the government is engaged in a bold experiment in austerity. It is drastically cutting the budget deficit in order to boost market confidence. The goal is to make sure that Britain avoids the problems that some other European countries have had with sovereign debt. Critics say that such a policy will slow economic growth unnecessarily and create social unrest. Indeed, real GDP declined in the fourth quarter of 2010. Supporters, however, point to growing strength in the private sector, which might help to offset the deleveraging of the public sector. For consumer products companies, the rise in the value added tax (VAT) will surely have some negative impact on spending.

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The good news in the United Kingdom is that, with low interest rates, the otherwise troubled housing sector has not been damaged as much as might have been expected. Unemployment is far lower than expected as well. But there are troubling headwinds for the consumer sector. These include a sizable decline in real wages (the result of modest wage gains combined with higher inflation), an abnormally high level of consumer debt and debt service, and substantially tightened consumer credit conditions. These factors, combined with government austerity, suggest that consumer demand in the coming year will grow modestly at best.

Japan

The earthquake and tsunami in Japan has shifted the outlook for the next few years. Prior to the tragedy, Japan's economy was decelerating and the outlook for 2011 was not good. The problem was that the main source of growth has been exports, and with a rising and strong currency, Japan's exports were becoming uncompetitive. Also, a slowdown in demand in many foreign markets hurt the growth of Japan's exports. The result was that, by the end of 2010, exports were no longer growing and neither was the economy. Slow growth combined with modest money supply growth led to deflation (falling prices), which tends to discourage consumer and business spending. In addition, deflation exacerbates the problems of debtors, thereby harming bank profitability and causing troubles in credit markets. Although the Bank of Japan had instituted a modest policy of quantitative easing, there was debate as to whether this was sufficient to create some inflation and boost the economy.

Then came the earthquake and tsunami with its devastating human toll. As for the economic impact, the short run outlook is for a substantial slowdown in economic growth, even a recession, for about two or three quarters. The damage to infrastructure, especially electric generating capacity, means less economic activity. It especially means a smaller volume of exports. In the longer term, the crisis will have a modest positive effect on economic growth. There will be about $200 billion in expenditures on rebuilding that will boost economic activity. The degree to which this accelerates growth will depend, in part, on how the government finances this expenditure. If the central bank boosts money supply growth to fund rebuilding, it will have a strong positive impact.

As for the Japanese consumer, there was a modest pickup in spending in 2010 due to temporary government incentives. While the end of such incentives reduces government stimulus for spending in 2011, the added spending on rebuilding could have a positive impact. On the other hand, the shock to confidence might encourage consumers to save more and spend less. Thus, it is difficult to predict the ultimate outcome. In addition, business investment is likely to accelerate as part of the process of rebuilding.

China

There have been signs of a soft landing in China after fears that the economy would slow down too much. The government, in 2010, started the process of tightening monetary policy in order to slow growth and defuse inflationary pressures. In response, by initially pushing down equity prices, global financial market participants demonstrated concern that China might be headed for a hard landing. That is, they were worried that government policy would be too blunt and that the economy would slow down excessively. The more gradual slowdown that China has experienced lately has been welcomed by global markets. On the other hand, the rise in inflation has alarmed markets, especially food price inflation. However, this rise is not surprising as the impact of a monetary tightening on inflation will likely take time. A reasonable expectation is that inflation will continue to rise before starting to decline sometime later in 2011.

One reason for global anxiety about the rate of deceleration in China is that the country has become an engine of growth for the world. Rising domestic demand in China leads to increased imports, thereby stimulating exports in other parts of the world including the United States, Germany, and many commodity exporting emerging countries. As domestic demand decelerates, there could be a negative impact on global output.

Still, the global economy will probably be better off if China undergoes a soft landing – and China may be better off as well. History shows that China tends to face increased social unrest and wrenching economic change during periods of inflation. Clearly the Chinese authorities want to avoid such an occurrence.

Exchange rates

One of the big issues in the global economy is the exchange rate between China and the United States. China has begun to gradually revalue its currency. This will be beneficial to China as it will help to suppress inflation and will help the country to shift away from export dependence toward growth based more on consumer demand. Yet China's revaluation has been gradual lest the country cause serious dislocation for exporters. Finding the right balance between concerns over inflation and export competitiveness will be a challenge in the year ahead. Meanwhile, other Asian countries have been reluctant to allow their currencies to rise more rapidly for fear that their exports to China will become less competitive. Finally, the United States' aggressive monetary policy is pushing down the dollar and boosting the value of many emerging market currencies. For China, this means either further upward pressure on the renminbi or a greater cost to holding down the value of the renminbi. In any event, 2011 is likely to see continued controversy about currency values with the risk that protectionism could rear its ugly head. Meanwhile China and other Asian economies face the risk of greater inflation if they fail to allow currency appreciation. Although China is fighting inflation with higher interest rates, this has the perverse effect of boosting flows of hot money into China, thereby leading to money supply growth and potential inflation. Only revaluation would allow for slower money supply growth.

Consumer spending

What does all of this mean for China's consumer market? The good news is that, through all the turmoil of the past two years, Chinese retail sales never skipped a beat. Growth has been steady and strong. This is likely to continue, especially as China gradually transitions away from export dependence. On the other hand, rising inflation, along with possible price controls by the government, could cause difficulties for suppliers and retailers. Rising commodity prices also threaten margins. Finally, although China's overall growth will decline somewhat in 2011, it is expected that growth in secondary cities and regions will remain strong. This is where a disproportionate share of consumer spending growth is likely to take place.

India

India's economy has been growing quite rapidly following the end of the global recession. Growth has been so strong, in fact, that inflation has started to rise to uncomfortable levels. As a result, India's central bank started to tighten monetary policy in 2010, which should lead to a modest slowdown in growth in 2011.

Interestingly, a significant source of India's economic growth in 2010 was exports. Industrial production rose rapidly to meet the rising external demand for India's output.

Yet due to rising interest rates (the result of monetary tightening), capital inflows accelerated, leading to an appreciation of the Indian rupee. This will likely have a negative impact on export growth in the near term and will contribute to the slowdown in India's economy in 2011.

Longer term, exports are well positioned to play a major role in India's growth. Although India has become well known for its proclivity to export business services, this has been only a modest source of growth in recent years. It cannot play a large role in India's future as India is not likely to produce sufficient numbers of skilled workers to meet the needs of this industry. Instead, manufacturing, especially for export purposes, can be a way to absorb large numbers of unskilled workers into the economy. Already India has shown considerable manufacturing prowess. In addition, China's shift toward higher wages and higher value added production means that an opening exists for India to produce low wage output.

India's potential for industrial growth, combined with favorable demographics, bodes well for strong economic growth. It also bodes well for strong consumer spending growth, especially as the number of young consumers rises rapidly. Also, large Indian conglomerates are accelerating the modernization of Indian retailing. India's modern retailing sector as a share of the total industry has risen rapidly in the past few years and now accounts for roughly 15 percent of retail sales. This figure is likely to continue rising in the years ahead. As the retailing industry modernizes, the cost of distribution will fall, supplier organizations will have an incentive to invest in technology, and consumers will gain access to cheaper and safer products.

Brazil

Brazil's new president Dilma Rousseff is relatively lucky. The biggest short-term challenge she faces is one that many other world leaders would envy. That is, rather than trying to make the economy grow, she will have to prevent the economy from growing too fast. When Brazil experienced very rapid growth in the past (mainly in the 1950s and 1960s), such growth was usually accompanied by very high inflation, even hyperinflation.

The recent strong growth, especially the blistering growth that took place in 2010, was unusual in that inflation remained very low by historic standards. Still, there is a general consensus that such rapid growth is considerably more than Brazil can sustain without creating serious bottlenecks that could ultimately lead to inflation.

On the positive side, the new president will benefit from a surge in tax revenue, the result of a strong economy. Moreover, the new administration is planning to cut spending. Therefore, the fiscal deficit is likely to decline from an already relatively low level. And engineering a slowdown in growth is not that difficult. It entails a tightening of monetary policy that was already well under way by late 2010. In addition, a rise in the value of Brazil's currency suggests that the rapid pace of Brazilian export growth will lessen somewhat in 2011. Nevertheless, that rise will also be the source of headaches for Brazil's growing export sector.

For consumers, the outlook is very good. Brazil's economy is expected to grow at a healthy pace over the next several years. In addition, the number of households moving from poverty into the middle class is expected to be large. The growing market for lower middle income households will be a significant source of growth for the consumer products industry.

The newest frontiers

The world of consumer products looks most promising in emerging markets – especially those with strong growth prospects and good demographics. That means such disparate places as Turkey, Egypt, Indonesia, Colombia, and South Africa. In each of these markets, it is expected that economic growth will be strong and that investment in modern distribution will be large. Perhaps of most interest is the fact that global companies are increasingly talking about Africa. This region, which failed to have significant growth for much of the last half century, is now experiencing good growth. This is a result of rising commodity prices and better governance. It will be interesting to see if the world's leading players take the plunge into this last frontier.

Global trends and issues affecting the consumer products industry in 2011

For consumer products companies, 2011 and beyond will be characterized by substantial opportunities for growth, challenges in maintaining margins and heightened needs to collaborate with other participants in their business eco-system. The developed markets of the world will remain, for the most part, the primary generators of profitability but will offer limited growth opportunities and the legacy of the recession will see more value-conscious consumers still expecting more value for less money. The emerging middle class in developing markets represents the biggest single opportunity for growth but meeting the lifestyle needs of these consumers will require radical innovation in delivering the right products at price points that are typically well below equivalent products in the developed world. The other key themes that will characterize the next few years will be the transformation of marketing models, learning how to cope with transparency, changing demographics, a focus on health and wellness, rising and volatile commodity costs, putting sustainability at the heart of strategy and innovation, and the need to be proactive in shaping regulation.

Changing demographics, especially the aging population in developed and many developing economies, creates substantial opportunities. Healthy retirees in developed economies will become increasingly important consumers of leisure and related products and services. They will also become increasingly important consumers of healthcare related products and services and we will see fiscally challenged governments increasingly looking to shift the burden of healthcare provision to the private sector, including the consumer products industry. The focus on health and wellness will not be limited to older consumers and we can expect governments to be ever more proactive in encouraging healthy lifestyles from birth and the private sector to respond to the opportunities and demands this creates.

We are already seeing the impact of volatile and rising commodity costs, and with supply and demand in fine balance we can expect this to continue. As higher gas and food prices drive up prices in a host of other goods and services, this is bound to take a toll in consumer willingness to make discretionary purchases in areas such as apparel and fashion. Manufacturers are trying to pass rising input costs through to their retail customers, with some success. At the same time, retailers are using food price inflation to protect and, where possible, improve margins. These higher prices mean a larger share of total consumer expenditure for food, with less remaining for other consumer products. Consumers will therefore be more selective about their purchases. In emerging economies with a substantial part of the population living at or below subsistence levels, the impact of these increases in the cost of basic foods can be severe and contribute to political instability. And we have yet to fully understand how the recent devastation in Japan will affect prices.

Consumer products companies are challenged by fragmenting media, increasingly connected consumers, and growing retailer power and sophistication in knowing their shoppers. These factors will require brand owners to become much more focused on what ultimately drives success at the point of purchase, whether in-store or on-line. Messaging at every touch point with the consumer outside the store and inside the store needs to be aligned behind a clearly articulated value proposition based on deep insight that prepares the consumer to make the right choice.

These themes are explored in more depth in the paragraphs that follow.

The developed markets of the world still present major opportunities – but they are challenging

In the aftermath of the 2008-09 global economic crisis, consumers in the developed markets hardest hit by the recession are showing signs of frugality fatigue. Sales, though modest, are up. It is unlikely that they will be spending at pre-recession levels given tighter credit, less available discretionary income and the loss of wealth that is causing them to continue to deleverage and save. Instead, their return to buying will reflect a recalibration of value. They don’t want cheap, they want better – better products, better service, better brand, better experience, and “better-for-you” – but at a low price. As they continue to hunt for better value, they will also expect their values to be embedded in what they buy, whether that involves healthier food and products, sustainability, or any number of personal interests. The challenge for consumer products companies will therefore be to offer more for less.

After cutting costs and reining in spending during the global economic slowdown, consumer products companies will be taking risks and launching innovative new products, services, and marketing campaigns to differentiate themselves from competitors and avoid destructive price competition. Expect to see an increase in products that offer more benefits, that enable consumers to do more, save time, and simplify their lives, but at a better value.

The emerging middle class in developing markets represents the biggest growth opportunity

An estimated 70 million new consumers are expected to enter the global middle class each year, a majority from emerging markets. With consumer spending curbed in most developed markets and a disproportionate share of global economic growth taking place in emerging markets, consumer products companies will continue to focus on emerging markets to drive growth. Many fast-growing economies such as South Africa are getting a lot of attention due to their young populations, rising disposable income, and vast natural resources. Competition is heating up to capture share-of-wallet of the newly wealthy (whose expensive taste in European luxury goods is driving the rebound of the luxury market) and the fast-growing middle class in emerging markets. These markets will be a laboratory for innovation, as companies adapt and develop new products, services, manufacturing and marketing techniques, and business processes to fit the lifestyles and values of their consumers.

In addition, expect to see more mergers and acquisitions in the Asia Pacific region, especially China, as well as in Latin America, specifically Brazil. As those markets continue their fast growth trajectory, both foreign and domestic/local consumer products companies want a part of the opportunity.

As of the writing of this publication, Wal-Mart has plans to enter South Africa with its intended acquisition of Massmart, which should increase interest of consumer products companies in Africa.

The sense of *values* and *value* differ from market to market, and they are changing

Seventy six million U.S. baby boomers – those born between 1946 and 1964 as defined by the U.S. Census Bureau – account for an estimated half of total U.S. consumer spending. With the oldest American baby boomer turning 65 this year, American companies are creatively overhauling product lines, changing marketing messages, redesigning store layouts, enlarging typeface, and lowering store shelves to cater to and capture market share of a relatively affluent generation[1]. For example, the boomers' "forever young" attitude – they don't want to be reminded that they are aging – is helping to drive a global market for anti-aging products already worth US$160 billion a year[2]. Innovations include undergarments with anti-wrinkle properties that help hydrate the skin, as well as mobile devices and web brain games to help boomers boost productivity and stay mentally fit.

Aging populations in developed markets such as the U.S., UK, Germany, Japan, and even China and Russia, offer abundant opportunities for innovation to address the specific needs of this consumer segment. Given that many are dealing with multiple ailments, it is no surprise to see consumer products companies racing to take the lead in the functional foods category to help manage (not treat) disease, illness and health and wellness. Such is the case of Nestlé, which created a Health Science subsidiary and recently acquired a pharmaceutical company, a 'medical food' start-up[3]. However, scientific credibility, proper health claims, and labeling will be critical. Food products do not face the same regulations and testing as pharmaceutical drugs and will likely face criticism and scrutiny from governments and medical communities.

1. Byron, E. (2011, February 5). How to market to an Aging Boomer: Flattery, Subterfuge and Euphemism. *The Wall Street Journal.*

2. Walters, J. (2010, January 16). Buying time: Consumers are spending billions trying to reverse the ravages of aging. *The Hamilton Spectator.*

3. Sonne, P. (2011, February 2). Nestle Buys 'Medical Food' Start-Up. *The Wall Street Journal.*

Use sustainability as a primary lens to drive product and business model innovation

The food sector provides just one example, albeit an important one, of the need to put sustainability at the heart of strategy and innovation. As agricultural resources come under increasing pressure from the consumption habits of a growing middle class, the real cost of food will rise. The food chain will need to become more efficient and eating habits will need to change. As with other areas of consumption, the industry will have a key role to play in re-engineering value chains, taking consumers on the journey to more sustainable lifestyles, making brands relevant as part of this, and advising governments and regulators about how best to create a business and social environment in which this is possible.

While we expect to see volatility in resource costs in 2011, the trajectory is likely to be upward with almost every major resource becoming more expensive in the years to come. Therefore, radical shifts to more sustainable business models are required.

Businesses will increasingly need to look at the end-to-end value chain in which they participate and form close collaborations with other participants to eliminate waste and adopt more sustainable farming and production practices. Many companies are recognizing that sustainability and value creation are not necessarily mutually exclusive and can lead to better innovation, products, business processes, business models, and opportunities for positive business outcomes.

However, it will not be enough for people to simply consume less, nor will it be feasible; instead, they will need to consume differently. Engaging them in innovative new ways of using and consuming resources will be fundamental to the success of new business models. Consumer products companies are in the best position to engage consumers to change their behaviors given their proximity.

Transform how you engage consumers and shoppers at every point in the path to purchase

In an increasingly connected world, consumer products companies need to continuously rethink how they nurture and protect their brands. At any point during the consumer's shopping and non-shopping journey, the experience can go well or quickly sour, making a consumer an advocate or a critic of a brand with the power to share the experience with his or her global network of "friends." It is therefore critical for organizations to be engaging with their customers through these series of interactions and ensure that they have a positive experience at every point.

> Empowered, employees can be powerful brand ambassadors who positively engage consumers.

Consumer products companies need to actively listen to the conversations consumers are having on social media sites about their brands, address any issues bubbling to the surface, and take the lead in collaborating with consumers on solutions that will make consumers brand advocates. And they can't overlook the power of advocates closer to home – their employees present perhaps the easiest way for companies to engage consumers or to lose them. Employees not only communicate and interact directly with customers as part of their jobs, they also connect and socialize with other employees and consumers outside of work, talking about the company and its products, services, policies, people, and more, via e-mail, on Facebook, and around water coolers – virtual or otherwise. Empowered, they can be powerful brand ambassadors who positively engage consumers.

Engage proactively with governments to shape smart regulation

In addition to engaging deeply with consumers, consumer products companies will need to collaborate with governments to identify new ways of measuring and incentivizing patterns of resource consumption and, most likely, new models for resource ownership. Through their ability to set national and international regulatory frameworks, governments can provide direction and incentives to accelerate the emergence of a more sustainable economy and make sustainable behavior and consumption the "social norm."

Proactive engagement with government, however, extends beyond the issue of sustainability. Businesses have an important role to play in engaging regulators to shape smart policies that protect consumers and at the same time avoid over-regulation and unintended consequences. In certain sectors, especially tobacco and alcoholic beverage, regulation and product taxation are becoming increasingly important drivers of strategy.

Businesses that proactively engage with regulators and tax authorities will be better equipped to thrive in increasingly regulated categories and markets.

This is being driven by government concerns around consumer health, as well as by the need to raise taxes to redress fiscal deficits. Although tobacco and alcohol are most immediately affected, certain food subsectors are already eyeing how evolving regulation – for example, around advertising, labeling, and ingredient restrictions – might affect them.

The value at stake for businesses is substantial, both in terms of the cost of managing the burden of regulation and in the potential loss of brand equity where the ability to market brands is restricted. Businesses that proactively engage with regulators and tax authorities will be better equipped to thrive in increasingly regulated categories and markets.

Decide what you want to stand for in the mind of the consumer and align *everything* behind it

Increasing transparency of information requires absolute clarity about what companies and brands stand for and heightens the need to align everything they do behind those values. The brands that stand for something relevant and engaging for consumers and shoppers will survive and thrive in the bitterly competitive environment of the next few years. It will be those companies that win the war for talent essential to their success in the market and prove truly sustainable.

Global Powers of the consumer products industry – Top 250

Sales rank FY09	Company name	Country of origin	Region	Product sector	FY09 net sales (US$mil)	FY09 net sales growth	FY09 net profit margin
1	Samsung Electronics Co., Ltd.	South Korea	Asia/Pacific	Electronic Products	109,805	14.6%	7.4%
2	Nestlé S.A.	Switzerland	Europe	Food, Drink & Tobacco	99,398	-2.1%	11.0%
3	Panasonic Corporation	Japan	Asia/Pacific	Electronic Products	79,966	-4.5%	-2.3%
4	The Procter & Gamble Company	United States	North America	Personal & Household Products	78,938	-0.1%	16.1%
5	Sony Corporation	Japan	Asia/Pacific	Electronic Products	67,839	-11.5%	0.2%
6	LG Electronics Inc.	South Korea	Asia/Pacific	Electronic Products	57,632	15.3%	3.8%
7	Nokia Corporation	Finland	Europe	Electronic Products	57,158	-19.2%	0.6%
8	Unilever Group	United Kingdom and Netherlands	Europe	Food, Drink & Tobacco	55,538	-1.7%	9.2%
9	PepsiCo, Inc.	United States	North America	Food, Drink & Tobacco	43,232	0.0%	13.8%
10	Kraft Foods Inc.	United States	North America	Food, Drink & Tobacco	40,386	-4.3%	7.5%
11	Anheuser-Busch InBev SA/NV	Belgium	Europe	Food, Drink & Tobacco	36,758	56.4%	16.0%
12	Apple Inc.	United States	North America	Electronic Products	36,537	12.5%	15.6%
13	Koninklijke Philips Electronics N.V.	Netherlands	Europe	Electronic Products	32,340	-12.1%	1.8%
14	The Coca-Cola Company	United States	North America	Food, Drink & Tobacco	30,990	-3.0%	22.3%
15	Sharp Corporation	Japan	Asia/Pacific	Electronic Products	29,709	-3.2%	0.2%
16	Mars, Incorporated	United States	North America	Food, Drink & Tobacco	28,000e	-6.7%	n/a
17	Bridgestone Corporation	Japan	Asia/Pacific	Tires	27,788	-19.7%	0.2%
18	Japan Tobacco Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	27,103	-11.1%	5.8%
19	Tyson Foods, Inc.	United States	North America	Food, Drink & Tobacco	26,704	-0.6%	-2.0%
20	Philip Morris International Inc.	United States	North America	Food, Drink & Tobacco	25,035	-2.6%	26.2%
21	L'Oreal SA	France	Europe	Personal & Household Products	24,368	-0.4%	10.3%
22	Imperial Tobacco Group PLC	United Kingdom	Europe	Food, Drink & Tobacco	22,883	45.8%	4.6%
23	British American Tobacco plc	United Kingdom	Europe	Food, Drink & Tobacco	22,249	17.2%	20.8%
24	Coca-Cola Enterprises Inc.	United States	North America	Food, Drink & Tobacco	21,645	-0.7%	3.4%
25	Groupe Danone	France	Europe	Food, Drink & Tobacco	20,894	-1.6%	10.2%
26	Compagnie Generale des Etablissements Michelin S.C.A.	France	Europe	Tires	20,650	-9.8%	0.7%
27	Kirin Holdings Company, Limited	Japan	Asia/Pacific	Food, Drink & Tobacco	20,530	-0.2%	3.3%
28	Heineken N.V.	Netherlands	Europe	Food, Drink & Tobacco	20,502	2.7%	7.8%
29	Kimberly-Clark Corporation	United States	North America	Personal & Household Products	19,115	-1.5%	10.4%
30	NIKE, Inc.	United States	North America	Fashion Goods	19,014	-0.8%	10.0%
31	Henkel AG & Co. KGaA	Germany	Europe	Personal & Household Products	18,929	-3.9%	4.6%
32	Haier Group	China	Asia/Pacific	Home Furnishings & Equipment	18,224	4.5%	n/a
33	JBS S.A.	Brazil	Latin America	Food, Drink & Tobacco	17,440	13.1%	0.4%
34	Acer Incorporated	Taiwan	Asia/Pacific	Electronic Products	17,397	5.1%	2.0%
35	Whirlpool Corporation	United States	North America	Home Furnishings & Equipment	17,099	-9.6%	2.1%
36	Altria Group, Inc.	United States	North America	Food, Drink & Tobacco	16,824	5.4%	19.1%
37	Lenovo Group Limited	Hong Kong	Asia/Pacific	Electronic Products	16,605	11.4%	0.8%
38	Suntory Holdings Limited	Japan	Asia/Pacific	Food, Drink & Tobacco	16,593*	2.5%	2.1%
39	The Goodyear Tire & Rubber Company	United States	North America	Tires	16,301	-16.4%	-2.2%
40	Diageo plc	United Kingdom	Europe	Food, Drink & Tobacco	15,475	5.0%	17.8%
41	Nintendo Co., Ltd.	Japan	Asia/Pacific	Leisure Goods	15,462	-22.0%	15.9%
42	Colgate-Palmolive Company	United States	North America	Personal & Household Products	15,327	0.0%	15.6%
43	Cargill Meat Solutions Corporation	United States	North America	Food, Drink & Tobacco	15,000e	0.0%	n/a
44	Research In Motion Limited	Canada	North America	Electronic Products	14,953	35.1%	16.4%
45	General Mills, Inc.	United States	North America	Food, Drink & Tobacco	14,797	0.7%	10.4%
46	Svenska Cellulosa AB SCA	Sweden	Europe	Personal & Household Products	14,597	0.4%	4.4%
47	Fomento Economico Mexicano S.A.B. de C.V.	Mexico	Latin America	Food, Drink & Tobacco	14,570*	17.3%	7.7%
48	adidas AG	Germany	Europe	Fashion Goods	14,478	-3.9%	2.4%
49	AB Electrolux	Sweden	Europe	Home Furnishings & Equipment	14,369	4.1%	2.4%
50	SABMiller plc	United Kingdom	Europe	Food, Drink & Tobacco	14,195	-4.6%	14.7%

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Sales rank FY09	Company name	Country of origin	Region	Product sector	FY09 net sales (US$mil)	FY09 net sales growth	FY09 net profit margin
51	The Pepsi Bottling Group, Inc.	United States	North America	Food, Drink & Tobacco	13,219	-4.2%	5.3%
52	Kao Corporation	Japan	Asia/Pacific	Personal & Household Products	12,768	-7.2%	3.5%
53	Ajinomoto Co., Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	12,622	-1.6%	1.9%
54	Kellogg Company	United States	North America	Food, Drink & Tobacco	12,575	-1.9%	9.6%
55	Vion N.V.	Netherlands	Europe	Food, Drink & Tobacco	12,535	5.2%	0.7%
56	Maxingvest AG	Germany	Europe	Personal & Household Products	12,421	-3.1%	4.6%
57	Reckitt Benckiser Group plc	United Kingdom	Europe	Personal & Household Products	12,141	8.1%	18.3%
58	ConAgra Foods, Inc.	United States	North America	Food, Drink & Tobacco	12,079	-5.1%	6.0%
59	Meiji Holdings Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	11,930	ne	1.2%
60	Groupe Lactalis	France	Europe	Food, Drink & Tobacco	11,854	-8.6%	n/a
61	BSH Bosch und Siemens Hausgeräte GmbH	Germany	Europe	Home Furnishings & Equipment	11,722	-4.0%	3.9%
62	Royal FrieslandCampina N.V.	Netherlands	Europe	Food, Drink & Tobacco	11,380	-13.7%	2.2%
63	Smithfield Foods, Inc.	United States	North America	Food, Drink & Tobacco	11,203	-10.3%	-0.9%
64	Dean Foods Company	United States	North America	Food, Drink & Tobacco	11,158	-10.4%	2.0%
65	Carlsberg A/S	Denmark	Europe	Food, Drink & Tobacco	11,122	-0.9%	7.0%
66	Dr. August Oetker KG	Germany	Europe	Food, Drink & Tobacco	11,096*	-14.0%	n/a
67	Asahi Breweries, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	10,939	3.3%	4.6%
68	Sara Lee Corporation	United States	North America	Food, Drink & Tobacco	10,793	-16.2%	4.9%
69	H. J. Heinz Company	United States	North America	Food, Drink & Tobacco	10,495	3.4%	8.4%
70	Land O'Lakes, Inc.	United States	North America	Food, Drink & Tobacco	10,409	-13.5%	2.0%
71	Avon Products, Inc.	United States	North America	Personal & Household Products	10,285	-2.9%	6.1%
72	Nippon Meat Packers, Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	10,280	-7.3%	1.7%
73	Pernod-Ricard S.A.	France	Europe	Food, Drink & Tobacco	9,859	-1.7%	13.8%
74	Yamazaki Baking Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	9,477	9.1%	0.8%
75	Sony Ericsson Mobile Communications AB	Sweden	Europe	Electronic Products	9,467	-39.6%	-11.9%
76	Cadbury plc	United Kingdom	Europe	Food, Drink & Tobacco	9,356	11.0%	8.5%
77	Coca-Cola Hellenic Bottling Company S.A.	Greece	Europe	Food, Drink & Tobacco	9,126	-6.3%	6.4%
78	Arla Foods amba	Denmark	Europe	Food, Drink & Tobacco	8,658	-6.5%	2.1%
79	Grupo Bimbo, S.A.B. de C.V.	Mexico	Latin America	Food, Drink & Tobacco	8,645	41.3%	5.2%
80	The Ferrero Group	Italy	Europe	Food, Drink & Tobacco	8,588	2.1%	n/a
81	Uni-President Enterprises Corp.	Taiwan	Asia/Pacific	Food, Drink & Tobacco	8,567	-3.4%	4.2%
82	S.C. Johnson & Son, Inc.	United States	North America	Personal & Household Products	8,500[e]	0.0%	n/a
83	Nikon Corporation	Japan	Asia/Pacific	Electronic Products	8,468	-10.7%	-1.6%
84	Reynolds American Inc.	United States	North America	Food, Drink & Tobacco	8,419	-4.8%	11.4%
85	Alticor Inc.	United States	North America	Personal & Household Products	8,400	2.4%	n/a
86	Danish Crown Amba	Denmark	Europe	Food, Drink & Tobacco	8,143	-4.7%	2.4%
87	Dairy Farmers of America	United States	North America	Food, Drink & Tobacco	8,100	-30.8%	0.8%
88	BRF – Brasil Foods S.A. (formerly Perdigão S.A.)	Brazil	Latin America	Food, Drink & Tobacco	8,084	39.6%	0.7%
89	The Estée Lauder Companies Inc.	United States	North America	Personal & Household Products	7,796	6.4%	6.2%
90	Masco Corporation	United States	North America	Home Improvement Products	7,792	-18.8%	-1.9%
91	Eastman Kodak Company	United States	North America	Electronic Products	7,606	-19.2%	-2.7%
92	Campbell Soup Company	United States	North America	Food, Drink & Tobacco	7,586	-5.2%	9.7%
93	MillerCoors LLC	United States	North America	Food, Drink & Tobacco	7,574	1.7%	11.3%
94	Compagnie Financière Richemont SA	Switzerland	Europe	Fashion Goods	7,318	-4.5%	11.6%
95	V.F. Corporation	United States	North America	Fashion Goods	7,143	-5.5%	6.3%
96	Shiseido Company, Limited	Japan	Asia/Pacific	Personal & Household Products	6,944	-6.7%	5.8%
97	GD Midea Holding Co., Ltd. (formerly GuangDong Midea Electric Appliances Co., Ltd.)	China	Asia/Pacific	Home Furnishings & Equipment	6,931	4.3%	5.3%
98	Dole Food Company, Inc.	United States	North America	Food, Drink & Tobacco	6,779	-11.0%	1.3%
99	Fortune Brands, Inc.	United States	North America	Home Improvement Products	6,695	-12.0%	3.7%
100	Hormel Foods Corporation	United States	North America	Food, Drink & Tobacco	6,534	-3.3%	5.2%

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Sales rank FY09	Company name	Country of origin	Region	Product sector	FY09 net sales (US$mil)	FY09 net sales growth	FY09 net profit margin
101	TCL Corporation	China	Asia/Pacific	Electronic Products	6,493	15.3%	1.6%
102	Morinaga Milk Industry Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	6,308	0.2%	1.4%
103	Groupe Bigard S.A.	France	Europe	Food, Drink & Tobacco	6,276e	80.0%	n/a
104	Gree Electric Appliances, Inc. of Zhuhai	China	Asia/Pacific	Home Furnishings & Equipment	6,225	1.0%	6.9%
105	Pirelli & C. S.p.A.	Italy	Europe	Tires	6,223	-4.2%	-0.5%
106	Mccain Foods Limited	Canada	North America	Food, Drink & Tobacco	6,159e	0.0%	n/a
107	Grupo Modelo, S.A.B. de C.V.	Mexico	Latin America	Food, Drink & Tobacco	6,082	8.6%	17.3%
108	Barilla Holding S.p.A.	Italy	Europe	Food, Drink & Tobacco	5,817	-3.5%	-2.4%
109	Sumitomo Rubber Industries, Ltd.	Japan	Asia/Pacific	Tires	5,613	-13.3%	2.1%
110	Newell Rubbermaid Inc.	United States	North America	Personal & Household Products	5,578	-13.8%	5.1%
111	The Clorox Company	United States	North America	Personal & Household Products	5,534	1.5%	10.9%
112	Dr Pepper Snapple Group, Inc.	United States	North America	Food, Drink & Tobacco	5,531	-3.1%	0.0%
113	Parmalat Group	Italy	Europe	Food, Drink & Tobacco	5,529	1.4%	3.1%
114	National Beef Packing Company LLC	United States	North America	Food, Drink & Tobacco	5,449	-6.8%	2.6%
115	B.&C. Tönnies Fleischwerk GmbH & Co. KG	Germany	Europe	Food, Drink & Tobacco	5,439e	2.4%	n/a
116	Mattel, Inc.	United States	North America	Leisure Goods	5,431	-8.2%	9.7%
117	Mohawk Industries, Inc.	United States	North America	Home Improvement Products	5,344	-21.7%	0.0%
118	Saputo Inc.	Canada	North America	Food, Drink & Tobacco	5,338	0.3%	6.6%
119	The Hershey Company	United States	North America	Food, Drink & Tobacco	5,299	3.2%	8.2%
120	Nippon Suisan Kaisha, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	5,191	-4.7%	0.2%
121	Jarden Corporation	United States	North America	Personal & Household Products	5,153	-4.3%	2.5%
122	Tingyi (Cayman Islands) Holding Corp.	China	Asia/Pacific	Food, Drink & Tobacco	5,081	18.9%	9.9%
123	LOTTE Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	5,077	5.8%	n/a
124	The Yokohama Rubber Company Limited	Japan	Asia/Pacific	Tires	5,027	-9.8%	2.5%
125	Itoham Foods Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	4,877	-7.1%	0.3%
126	Groupe Terrena	France	Europe	Food, Drink & Tobacco	4,859	-10.7%	0.6%
127	Charoen Pokphand Foods Public Company Limited	Thailand	Asia/Pacific	Food, Drink & Tobacco	4,846	5.6%	6.2%
128	Kewpie Corporation (formerly Q.P. Corporation)	Japan	Asia/Pacific	Food, Drink & Tobacco	4,834	-4.6%	2.2%
129	Polo Ralph Lauren Corporation	United States	North America	Fashion Goods	4,796	-0.6%	9.6%
130	Nisshin Seifun Group Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	4,783	-4.9%	4.1%
131	The Black & Decker Corporation	United States	North America	Home Improvement Products	4,775	-21.5%	2.8%
132	The Swatch Group Ltd.	Switzerland	Europe	Fashion Goods	4,749	-9.4%	14.8%
133	Pioneer Corporation	Japan	Asia/Pacific	Electronic Products	4,732	-21.4%	-13.2%
134	Nichirei Corporation	Japan	Asia/Pacific	Food, Drink & Tobacco	4,723	-7.7%	2.1%
135	Kohler Co.	United States	North America	Home Improvement Products	4,680e	-14.9%	n/a
136	Casio Computer Co., Ltd.	Japan	Asia/Pacific	Electronic Products	4,613	-17.4%	-8.3%
137	Sichuan Changhong Electric Co. Ltd	China	Asia/Pacific	Electronic Products	4,612	12.6%	1.7%
138	The J.M. Smucker Company	United States	North America	Food, Drink & Tobacco	4,605	22.5%	10.7%
139	Humana Unternehmensgruppe	Germany	Europe	Food, Drink & Tobacco	4,602	-3.3%	n/a
140	Perdue Incorporated	United States	North America	Food, Drink & Tobacco	4,600	0.0%	n/a
141	Maple Leaf Foods Inc.	Canada	North America	Food, Drink & Tobacco	4,597	-0.4%	1.2%
142	Bongrain SA	France	Europe	Food, Drink & Tobacco	4,573	-7.8%	1.4%
143	Essilor International S.A.	France	Europe	Personal & Household Products	4,558	6.3%	12.3%
144	Red Bull GmbH	Austria	Europe	Food, Drink & Tobacco	4,556	-1.6%	n/a
145	Husqvarna Group	Sweden	Europe	Home Improvement Products	4,487	5.4%	2.7%
146	Yamaha Corporation	Japan	Asia/Pacific	Leisure Goods	4,472	-9.7%	-1.1%
147	Groupe SEB SA	France	Europe	Home Furnishings & Equipment	4,430	-1.7%	5.1%
148	PepsiAmericas, Inc.	United States	North America	Food, Drink & Tobacco	4,421	-10.4%	4.0%
149	ARYZTA AG (formerly IAWS Group plc)	Switzerland	Europe	Food, Drink & Tobacco	4,368	20.7%	1.3%
150	Bacardi Limited	Bermuda	Latin America	Food, Drink & Tobacco	4,300e	-2.1%	n/a

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151	Arçelik A.Ş.	Turkey	Africa/Middle East	Home Furnishings & Equipment	4,260	-2.7%	7.6%
152	Megmilk Snow Brand Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	4,241	ne	2.4%
153	Premier Foods plc	United Kingdom	Europe	Food, Drink & Tobacco	4,167	2.2%	0.9%
154	Namco Bandai Holdings Inc.	Japan	Asia/Pacific	Leisure Goods	4,081	-11.2%	-7.9%
155	Hasbro, Inc.	United States	North America	Leisure Goods	4,068	1.2%	9.2%
156	Hankook Tire Co., Ltd.	South Korea	Asia/Pacific	Tires	4,065	15.3%	7.3%
157	ITC Limited India	Asia/Pacific	Food, Drink &	Tobacco	4,040	17.2%	21.3%
158	Levi Strauss & Co.	United States	North America	Fashion Goods	4,023	-6.5%	3.8%
159	Nissin Foods Holdings Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	4,001	2.5%	5.6%
160	Hallmark Cards, Inc.	United States	North America	Leisure Goods	4,000	-7.0%	n/a
161	Energizer Holdings, Inc.	United States	North America	Personal & Household Products	4,000	-7.6%	7.4%
162	Coca-Cola West Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,956	-6.5%	-2.1%
163	CJ CheilJedang Corporation	South Korea	Asia/Pacific	Food, Drink & Tobacco	3,946	10.0%	5.5%
164	Miele & Cie. KG	Germany	Europe	Home Furnishings & Equipment	3,940	2.2%	n/a
165	Foster's Group Limited	Australia	Asia/Pacific	Food, Drink & Tobacco	3,935	-4.8%	-10.4%
166	Ralcorp Holdings, Inc.	United States	North America	Food, Drink & Tobacco	3,892	37.8%	7.5%
167	Hanesbrands Inc.	United States	North America	Fashion Goods	3,891	-8.4%	1.3%
168	Unicharm Corporation	Japan	Asia/Pacific	Personal & Household Products	3,847	2.6%	8.4%
169	GRUMA, S.A.B. de C.V.	Mexico	Latin America	Food, Drink & Tobacco	3,751	12.7%	4.2%
170	Del Monte Foods Company	United States	North America	Food, Drink & Tobacco	3,740	3.1%	6.5%
171	PT Indofood Sukses Makmur Tbk	Indonesia	Asia/Pacific	Food, Drink & Tobacco	3,714	-4.3%	7.7%
172	Lorillard, Inc.	United States	North America	Food, Drink & Tobacco	3,686	5.6%	25.7%
173	San Miguel Corporation	Philippines	Asia/Pacific	Food, Drink & Tobacco	3,672*	3.7%	34.8%
174	The Schwan Food Company	United States	North America	Food, Drink & Tobacco	3,670[e]	4.0%	n/a
175	Electronic Arts Inc.	United States	North America	Leisure Goods	3,654	-13.2%	-18.5%
176	Indesit Company	Italy	Europe	Home Furnishings & Equipment	3,645	-17.2%	1.3%
177	Fraser and Neave, Limited	Singapore	Asia/Pacific	Food, Drink & Tobacco	3,612**	8.8%	8.3%
178	Ito En, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,606	0.0%	1.8%
179	Coty Inc.	United States	North America	Personal & Household Products	3,500[e]	0.0%	n/a
180	Coca-Cola Amatil Limited	Australia	Asia/Pacific	Food, Drink & Tobacco	3,490	7.6%	9.9%
181	Chiquita Brands International, Inc.	United States	North America	Food, Drink & Tobacco	3,470	-3.8%	2.6%
182	Sodiaal International S.A.	France	Europe	Food, Drink & Tobacco	3,467	-9.5%	1.4%
183	Lion Corporation	Japan	Asia/Pacific	Personal & Household Products	3,445	-4.8%	1.8%
184	Puma AG Rudolf Dassler Sport	Germany	Europe	Fashion Goods	3,432	-2.5%	5.1%
185	Toyo Suisan Kaisha, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,399	-2.1%	6.1%
186	Funai Electric Co., Ltd.	Japan	Asia/Pacific	Electronic Products	3,395	4.0%	3.4%
187	World Co., Ltd.	Japan	Asia/Pacific	Fashion Goods	3,386	-8.4%	0.7%
188	La Coop fédérée	Canada	North America	Food, Drink & Tobacco	3,366	8.7%	1.1%
189	Constellation Brands, Inc.	United States	North America	Food, Drink & Tobacco	3,365	-7.9%	3.0%
190	Jones Apparel Group, Inc.	United States	North America	Fashion Goods	3,280	-7.9%	-2.6%
191	The Nisshin OilliO Group, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,248	-10.8%	2.0%
192	McCormick & Company, Inc.	United States	North America	Food, Drink & Tobacco	3,192	0.5%	9.4%
193	SanDisk Corporation	United States	North America	Electronic Products	3,154	10.9%	11.6%
194	The Scotts Miracle-Gro Company	United States	North America	Home Improvement Products	3,142	5.4%	4.9%
195	Rolex SA	Switzerland	Europe	Fashion Goods	3,140[e]	n/a	n/a
196	D. Swarovski & Co.	Austria	Europe	Fashion Goods	3,138	-10.7%	n/a
197	Yakult Honsha Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,134	-1.0%	5.5%
198	Toyo Tire & Rubber Co., Ltd.	Japan	Asia/Pacific	Tires	3,102	-12.4%	1.2%
199	Controladora Mabe S.A. de C.V.	Mexico	Latin America	Home Furnishings & Equipment	3,100[e]	-21.0%	n/a
200	Fromageries Bel S.A.	France	Europe	Food, Drink & Tobacco	3,097	0.2%	3.9%

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201	Kikkoman Corporation	Japan	Asia/Pacific	Food, Drink & Tobacco	3,080	-30.8%	3.0%
202	Techtronic Industries Co. Ltd.	Hong Kong	Asia/Pacific	Home Improvement Products	3,077	-10.3%	2.1%
203	Coopagri Bretagne Groupe	France	Europe	Food, Drink & Tobacco	3,068	12.8%	n/a
204	Ezaki Glico Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,067	-1.5%	2.6%
205	Ebro Puleva Group	Spain	Europe	Food, Drink & Tobacco	3,065	-7.2%	7.9%
206	Molson Coors Brewing Company	United States	North America	Food, Drink & Tobacco	3,032	-36.5%	23.8%
207	Société Cooperative Agricole et Agro-Alimentaire (Agrial)	France	Europe	Food, Drink & Tobacco	3,028	13.7%	1.5%
208	Ruchi Soya Industries Ltd.	India	Asia/Pacific	Food, Drink & Tobacco	3,013	14.3%	1.2%
209	Liz Claiborne, Inc.	United States	North America	Fashion Goods	3,012	-24.4%	-10.2%
210	Vestel Elektronik Sanayi ve Ticaret A.Ş.	Turkey	Africa/Middle East	Electronic Products	3,002	-1.0%	2.1%
211	E. & J. Gallo Winery	United States	North America	Food, Drink & Tobacco	3,000e	-3.2%	n/a
212	L.D.C. SA	France	Europe	Food, Drink & Tobacco	2,910	6.0%	3.1%
213	Rich Products Corporation	United States	North America	Food, Drink & Tobacco	2,900	3.6%	n/a
214	Perfetti Van Melle S.p.A.	Italy	Europe	Food, Drink & Tobacco	2,899	5.4%	n/a
215	KT&G Corporation	South Korea	Asia/Pacific	Food, Drink & Tobacco	2,865	9.5%	23.4%
216	Yamae Hisano Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	2,843	-0.3%	0.5%
217	Konami Corporation	Japan	Asia/Pacific	Leisure Goods	2,826	-15.4%	5.2%
218	Nippon Flour Mills Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	2,820	-5.5%	3.0%
219	Sapporo Holdings Limited	Japan	Asia/Pacific	Food, Drink & Tobacco	2,816e	-6.8%	1.7%
220	Groupe Yves Rocher	France	Europe	Personal & Household Products	2,789e	0.0%	n/a
221	Armstrong World Industries, Inc.	United States	North America	Home Improvement Products	2,780	-18.1%	2.8%
222	Cooper Tire & Rubber Company	United States	North America	Tires	2,779	-3.6%	3.0%
223	Prima Meat Packers, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	2,723	-8.7%	1.4%
224	Citizen Holdings Co., Ltd.	Japan	Asia/Pacific	Fashion Goods	2,722	-14.9%	0.9%
225	Hermès International	France	Europe	Fashion Goods	2,670	8.5%	15.4%
226	Onward Holdings Co., Ltd.	Japan	Asia/Pacific	Fashion Goods	2,663	-4.7%	0.9%
227	Agropur Cooperative	Canada	North America	Food, Drink & Tobacco	2,622	8.1%	1.1%
228	Dairy Crest Group plc	United Kingdom	Europe	Food, Drink & Tobacco	2,602	-1.1%	3.2%
229	Flowers Foods, Inc.	United States	North America	Food, Drink & Tobacco	2,601	7.7%	5.1%
230	Bakkavör Group hf.	Iceland	Europe	Food, Drink & Tobacco	2,584	2.0%	-0.7%
231	Hostess Brands, Inc. (formerly Interstate Bakeries Corp.)	United States	North America	Food, Drink & Tobacco	2,560e	-5.2%	n/a
232	Nordmilch AG	Germany	Europe	Food, Drink & Tobacco	2,554	-26.6%	1.0%
233	Irish Dairy Board Co-operative Limited	Ireland	Europe	Food, Drink & Tobacco	2,542	-12.8%	1.4%
234	Church & Dwight Co., Inc.	United States	North America	Personal & Household Products	2,521	4.1%	9.7%
235	Ashley Furniture Industries, Inc.	United States	North America	Home Furnishings & Equipment	2,500e	-15.5%	n/a
236	Bausch & Lomb Inc.	United States	North America	Personal & Household Products	2,500e	0.0%	n/a
237	JELD-WEN, Inc.	United States	North America	Home Improvement Products	2,500e	-13.8%	n/a
238	Mary Kay, Inc.	United States	North America	Personal & Household Products	2,500	-3.8%	n/a
239	Vizio, Inc.	United States	North America	Electronic Products	2,473e	23.0%	n/a
240	Brown-Forman Corporation	United States	North America	Food, Drink & Tobacco	2,469	-0.5%	18.2%
241	Anadolu Efes Biracilik ve Malt Sanayii A.Ş.	Turkey	Africa/Middle East	Food, Drink & Tobacco	2,463*	3.9%	11.1%
242	Nortura SA	Norway	Europe	Food, Drink & Tobacco	2,446	3.2%	.6%
243	Rinnai Corporation	Japan	Asia/Pacific	Home Furnishings & Equipment	2,438	-4.5%	5.5%
244	House Foods Corporation	Japan	Asia/Pacific	Food, Drink & Tobacco	2,378	-0.9%	2.2%
245	Hunter Douglas N.V.	Netherlands	Europe	Home Furnishings & Equipment	2,376	-19.2%	3.8%
246	Goodman Fielder Limited	Australia	Asia/Pacific	Food, Drink & Tobacco	2,347	7.6%	6.2%
247	Kumho Tire Co., Ltd.	South Korea	Asia/Pacific	Tires	2,339	2.7%	-26.8%
248	Chocoladefabriken Lindt & Sprüngli AG	Switzerland	Europe	Food, Drink & Tobacco	2,332	-14.0%	7.6%
249	Herbalife Ltd.	United States	North America	Food, Drink & Tobacco	2,325	-1.5%	8.7%
250	Tiger Brands Limited	South Africa	Africa/Middle East	Food, Drink & Tobacco	2,297	2.7%	12.3%

n/a = not available   ne = not in existence (created by merger or divestiture)   e = estimate
* Unable to determine if company's reported sales exclude excise taxes   ** Company's reported sales include unspecified excise taxes

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Alticor Inc.	85
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Armstrong World Industries, Inc.	221
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Ashley Furniture Industries, Inc.	235
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B.&C. Tönnies Fleischwerk GmbH & Co. KG	115
Bacardi Limited	150
Bakkavör Group hf.	230
Barilla Holding S.p.A.	108
Bausch & Lomb Inc.	236
Black & Decker Corporation	131
Bongrain SA	142
BRF - Brasil Foods S.A. (formerly Perdigão S.A.)	88
Bridgestone Corporation	17
British American Tobacco plc	23
Brown-Forman Corporation	240
BSH Bosch und Siemens Hausgeräte GmbH	61
Cadbury plc	76
Campbell Soup Company	92
Cargill Meat Solutions Corporation	43
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Top 250 highlights

In 2009, consumer products industry still in grip of recession

The aftershocks of the financial crisis that began in 2008 were still reverberating around the globe in 2009, although with a different intensity and duration in various parts of the world. Throughout the consumer products industry, the operating environment remained harsh, mainly owing to a slump in demand brought about by rising unemployment that led to a reduction in household income and by falling consumer confidence resulting from continued economic uncertainty. This made 2009 an especially tough year with regard to top-line sales.

As a group, the Top 250 consumer products companies suffered a composite sales decline of 1.2 percent in 2009, a dramatic drop from 4.3 percent sales growth for this same group of companies in 2008. While the rate of decline slowed or even reversed for some companies in the fourth quarter of 2009, 60 percent of the Top 250 (149 companies) experienced negative sales growth for the year as a whole. In half the product sectors (fashion goods, home improvement products, leisure goods, and tires), sales declined for all but one or two companies.

However, many companies acted swiftly in this challenging environment to adjust their cost structure in order to maintain or improve profitability. As a result, the composite net profit margin improved for the 215 companies that reported their bottom line results. The 2009 composite net profit margin increased to 6.4 percent from 5.6 percent for these same companies in 2008. In stark contrast to the dismal sales results, nearly 90 percent (193 of the 215 reporting companies) were profitable in 2009 compared with 80 percent of these companies in 2008.

Combined sales for the 250 largest consumer products companies exceeded $2.57 trillion in 2009, significantly less than the Top 250 total in previous years. (Note: In addition to overall negative sales growth, changes in the composition of the Top 250 are primarily responsible for this drop in total sales volume. A number of companies were excluded from the 2009 Top 250 analysis as it was determined that consumer products did not comprise the majority of their sales. These decisions had a disproportionate impact on manufacturers of electronic products, which tend to be much larger, on average, than other consumer products companies. For many of these companies, the majority of sales are derived from products and services targeting commercial and institutional customers. In addition, several other companies were removed that were deemed to be primarily retailers rather than manufacturers of consumer products in 2009. (These companies will be included in the *Global Powers of Retailing* study in the future). The average sales volume for the Top 250 in 2009 was $10.3 billion. The threshold level to rank among the Top 250 consumer products companies was $2.3 billion.

Top 250 quick stats, 2009

- $2.57 trillion – aggregate sales of Top 250 in US$.
- $10.3 billion – average size of Top 250 consumer products companies.
- $2.3 billion – minimum sales required to be on Top 250 list.
- -1.2 percent – composite year-over-year sales growth.
- 6.4 percent – composite net profit margin.
- 0.9x – composite asset turnover.
- 5.6 percent – composite return on assets.
- 26.8 percent – economic concentration of top 10.

Global Top 10 consumer products companies, 2009

2009 sales rank	Company name	Country	Product sector	2009 net sales (US$mil)	2009 net sales growth*	2009 net profit margin**	2009 asset turnover**	2009 return on assets**
1	Samsung Electronics	South Korea	Electronic Products	109,805	14.6%	7.4%	1.2	8.6%
2	Nestlé	Switzerland	Food, Drink & Tobacco	99,398	-2.1%	11.0%	1.0	10.6%
3	Panasonic	Japan	Electronic Products	79,966	-4.5%	-2.3%	0.9	-2.0%
4	Procter & Gamble	United States	Personal & Household Products	78,938	-0.1%	16.1%	0.6	9.9%
5	Sony	Japan	Electronic Products	67,839	-11.5%	0.2%	0.6	0.1%
6	LG Electronics	South Korea	Electronic Products	57,632	15.3%	3.8%	1.6	6.2%
7	Nokia	Finland	Electronic Products	57,158	-19.2%	0.6%	1.1	0.7%
8	Unilever	United Kingdom and Netherlands	Food, Drink & Tobacco	55,538	-1.7%	9.2%	1.1	9.9%
9	PepsiCo	United States	Food, Drink & Tobacco	43,232	0.0%	13.8%	1.1	15.0%
10	Kraft Foods	United States	Food, Drink & Tobacco	40,386	-4.3%	7.5%	0.6	4.5%
Top 10				**$689,892**	**-0.8%**	**6.7%**	**0.9%**	**5.9%**
Top 250				**$2,574,823**	**-1.2%**	**6.4%**	**0.9%**	**5.6%**
Economic concentration of Top 10				**26.8%**				

Source: Published company data
* Top 10 and Top 250 sales growth figures are sales-weighted, currency-adjusted composites
** Top 10 and Top 250 figures are sales-weighted composites

Top 10 outperform Top 250

The 2009 list of top 10 consumer products companies differs considerably from prior years. That is because Hewlett-Packard (ranked number one in 2008) and Toshiba (number nine in 2008), along with a number of other electronics manufacturers, are no longer included among the Top 250 consumer products companies as they target primarily business customers rather than individual consumers. In addition, excise taxes have been excluded from the sales of tobacco and drinks companies. As a result, Japan Tobacco and Philip Morris International (PMI) no longer rank among the top 10 consumer products companies.

These changes made room for LG Electronics, Unilever, PepsiCo, and Kraft Foods to join the Global Powers leader board in 2009. LG, ranked number 13 in 2008, rose to sixth place in 2009, despite a weak South Korean won against the U.S. dollar. The company's sales jumped 15.3 percent in 2009. In fact, LG has the distinction of being only one of two top 10 companies to report a sales increase, top ranked Samsung being the other. Nevertheless, the top 10 outperformed the Top 250 as a whole.

With a composite sales decline of 0.8 percent, combined sales for the 10 largest companies deteriorated more slowly compared with a 1.2 percent drop for the Top 250 as a whole. The top 10 also were slightly more profitable than the Top 250. As a group, they enjoyed a composite net profit margin of 6.7 percent, slightly above the Top 250 net profit margin of 6.4 percent. Panasonic was the only top 10 company that did not operate at a profit in 2009, although results varied widely among the group. While asset turnover was the same for the top 10 and the Top 250, at 0.9 times, the leader group's better profitability translated into slightly higher return on assets.

With Samsung leading the way, the 10 largest consumer products companies accounted for more than one-quarter of total Top 250 sales in 2009. Even with the changes noted above, companies selling electronic products occupied half the top 10 spots. Both Panasonic and Sony rose in the U.S. dollar-denominated ranking despite significant sales declines as a result of a stronger Japanese yen against the dollar.

Global Powers of the Consumer Products Industry geographical analysis

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

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

Growth accelerates for Latin America, United Kingdom; North America most profitable

Among the regions, Latin America stands out for top-line growth that continued to be well above average. Combined sales for the eight companies headquartered in this region soared 16.3 percent in 2009, while growth in the other four regions was flat or negative. Acquisitions boosted sales for several companies. In addition, three of the eight companies based in the region are beverage manufacturers, a sector that is more recession-resistant than most other product categories.

Companies based in the United Kingdom are also notable for their strong performance in 2009. The nine UK-based firms generated composite sales growth of 9.5 percent. Acquisitions, investments in powerful brands, and advances in emerging markets helped account for the group's strong results. Imperial Tobacco's 45.8 percent sales growth rate in 2009 encompassed a full 12-months' contribution from the acquisition of Altadis in 2008. Acquisitions also continued to play a part in BAT's growth strategy. Tekel and Skandinavisk Tobakskompagni (ST), both acquired in mid-2008, were fully integrated into the company in 2009. During 2009, BAT acquired Bentoel in Indonesia, giving it a stronger position in the fourth largest cigarette market in the world.

Performance by region/country, 2009

	Number of companies	Average size (US$mil)	FY09 net sales growth*	FY09 net profit margin**	FY09 asset turnover**	FYO9 return on assets**
Africa/ME	4	$3,005	0.0%	7.9%	1.1	8.2%
Asia/Pacific	77	$10,551	-0.5%	2.9%	1.0	2.8%
Japan	52	$9,729	-7.7%	1.3%	0.9	1.2%
Europe	69	$11,680	-1.1%	7.2%	0.8	5.6%
France	17	$7,844	-0.9%	7.1%	0.7	4.9%
Germany	10	$8,861	-5.4%	3.9%	1.0	3.9%
UK	9	$17,623	9.5%	11.8%	0.6	7.7%
Latin America	8	$8,247	16.3%	5.0%	0.8	4.2%
North America	92	$9,549	-3.2%	9.4%	0.9	8.4%
US	86	$9,784	-3.8%	9.3%	0.9	8.2%
Top 250	**250**	**$10,299**	**-1.2%**	**6.4%**	**0.9**	**5.6%**

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

Figure 1. Share of Top 250 companies by country/region, 2009

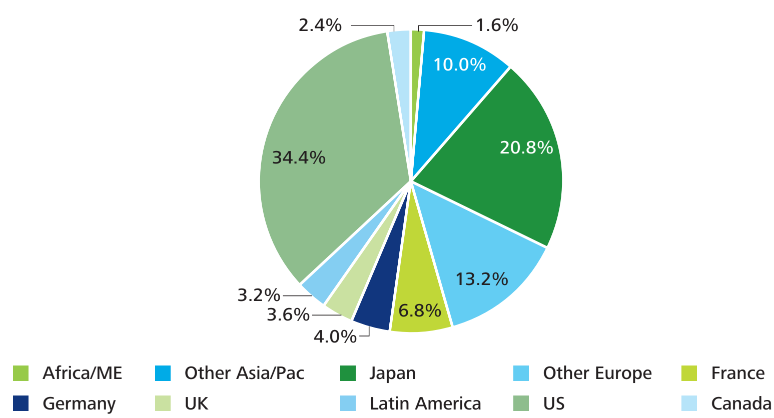
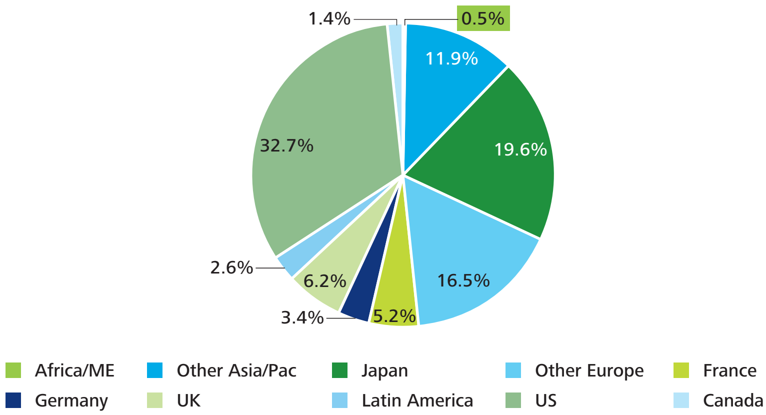


Figure 2. Share of Top 250 sales by country/region, 2009



In addition to strong sales growth, the United Kingdom's composite net profit margin of 11.8 percent is nearly double the 6.4 percent profit margin for the Top 250 as a whole. UK companies were also, by far, the biggest, with an average size of $17.6 billion in 2009 net sales, 70 percent larger than the average Top 250 company.

Elsewhere in Europe, the picture was not as rosy. Overall, Europe's consumer products companies saw sales decline in 2009 at a rate very similar to that of the Top 250, at -1.1 percent. German companies, which span a wide range of product categories – from apparel and footwear to appliances, personal care products, and tires – were particularly hard hit. Composite sales for the group declined 5.4 percent. Germany's 3.9 percent net profit margin also lagged the Top 250. Nevertheless, profitability for the European region as a whole performed well, with a 7.2 percent composite profit margin.

On a regional basis, North America's robust 9.4 percent net profit margin led the industry. On the top line, however, the region reported a disappointing 3.2 percent decline in sales, the worst top-line performance of all five regions. The United States fared even worse, with a composite sales decline of 3.8 percent.

As a group, Asia/Pacific performed better than most of the other regions on the top line. Yet, again in 2009, the region's performance was dragged down by the Japanese companies. Overall, Top 250 companies in this region saw their combined sales drop 0.5 percent. The composite net profit margin was an industry-low 2.9 percent. These results mask much better growth and profitability among the companies headquartered outside Japan, which had combined sales growth of 11.1 percent and a net profit margin of 5.7 percent. The export-dependent Japanese economy continued to be adversely affected by a major contraction in global demand. As a result, the Japanese companies suffered the biggest sales decline of all the regions and countries analyzed, at -7.7 percent, as well as the lowest profitability, with a profit margin of only 1.3 percent.

Only four companies from Africa/Middle East were represented among the world's Top 250 largest consumer products companies in 2009. Sales declined for two of the companies, but all four were profitable. Steinhoff International, the region's top ranking company in 2008, was excluded from the analysis in 2009 as retailing accounted for more than half the company's total sales.

Top 10 European consumer products companies, 2009					
Company name	Europe rank	Top 250 rank	Product sector	Country	2009 net sales (US$mil)
Nestlé	1	2	Food, Drink & Tobacco	Switzerland	99,398
Nokia	2	7	Electronic Products	Finland	57,158
Unilever	3	8	Food, Drink & Tobacco	United Kingdom & Netherlands	55,538
AB InBev	4	11	Food, Drink & Tobacco	Belgium	36,758
Philips	5	13	Electronic Products	Netherlands	32,340
L'Oreal	6	21	Personal & Household Products	France	24,368
Imperial Tobacco	7	22	Food, Drink & Tobacco	United Kingdom	22,883
BAT	8	23	Food, Drink & Tobacco	United Kingdom	22,249
Danone	9	25	Food, Drink & Tobacco	France	20,894
Michelin	10	26	Tires	France	20,650

Top 10 North American consumer products companies, 2009					
Company name	North America rank	Top 250 rank	Product sector	Country	2009 net sales (US$mil)
Procter & Gamble	1	4	Personal & Household Products	United States	78,938
PepsiCo	2	9	Food, Drink & Tobacco	United States	43,232
Kraft Foods	3	10	Food, Drink & Tobacco	United States	40,386
Apple	4	12	Electronic Products	United States	36,537
Coca-Cola	5	14	Food, Drink & Tobacco	United States	30,990
Mars	6	16	Food, Drink & Tobacco	United States	28,000e
Tyson Foods	7	19	Food, Drink & Tobacco	United States	26,704
Philip Morris International	8	20	Food, Drink & Tobacco	United States	25,035
Coca-Cola Enterprises	9	24	Food, Drink & Tobacco	United States	21,645
Kimberly-Clark	10	29	Personal & Household Products	United States	19,115

Top 10 Asia/Pacific consumer products companies, 2009					
Company name	Asia/ Pacific rank	Top 250 rank	Product sector	Country	2009 net sales (US$mil)
Samsung	1	1	Electronic Products	South Korea	109,805
Panasonic	2	3	Electronic Products	Japan	79,966
Sony	3	5	Electronic Products	Japan	67,839
LG	4	6	Electronic Products	South Korea	57,632
Sharp	5	15	Electronic Products	Japan	29,709
Bridgestone	6	17	Tires	Japan	27,788
Japan Tobacco	7	18	Food, Drink & Tobacco	Japan	27,103
Kirin	8	27	Food, Drink & Tobacco	Japan	20,530
Haier	9	32	Home Furnishings & Equipment	China	18,224
Acer	10	34	Electronic Products	Taiwan	17,397

Top consumer products companies by region

The top 10 consumer products companies in Europe, North America, and Asia/Pacific were all positioned among the top 34 consumer products companies globally in 2009. The largest consumer products company elsewhere around the globe was Brazil's JBS, the world's largest beef processor, ranked number 33.

The 10 largest European consumer products companies are fairly dispersed geographically but are dominated by British and French companies. Nestlé remained secure in the top spot and ranked as the second largest consumer products company in the world in 2009. Nokia and Unilever retained their second and third place rankings, respectively (as they have since the inception of this report in 2006). AB InBev moved up several spots to number four. After the completion of its combination with Anheuser-Busch in November 2008, sales soared 56.4 percent in 2009 for the world's largest brewer. Despite 2009 sales growth of 45.8 percent following the acquisition of Altadis, Imperial Tobacco dropped to seventh place with the exclusion of excise taxes from its sales results. Philips, L'Oreal, BAT, Danone, and Michelin complete the region's top 10.

Manufacturers of food, drink, and tobacco products comprise seven of the top 10 North American companies, all of which are U.S.-based. However, the top spot is dominated by P&G, the world's largest manufacturer of personal and household products and the fourth largest consumer products company. Philip Morris International acquired Swedish Match South Africa in September 2009. Nevertheless, the cigarette maker dropped to eighth place from third after excise taxes were excluded from its sales figure. Apple was the only company in the North American top 10 with positive sales growth in 2009, boosting the company to fourth place in the regional ranking and number 12 among the Top 250.

The Asia/Pacific region is dominated by consumer electronics companies. Led by Samsung, six of the top 10 are manufacturers of electronic products. Panasonic strengthened its second place ranking in the region with the acquisition of Sanyo Electric Company in December 2009. Japan Tobacco fell in the ranking due to the removal of excise taxes from its sales results.

Latin America had eight companies among the Top 250 in 2009, down one from the prior year as Brazil's Sadia became a wholly owned subsidiary of Perdigão (now called BRF - Brasil Foods) in August 2009. All but one of the region's companies operate as either food processors or beverage makers. The U.S. arm of top ranked JBS bought a majority stake in Pilgrim's Pride in Dec. 2009, helping to cement JBS's number one position in the region and boost the company in the Top 250 overall ranking. Consistent with its strategy to become a global leader in the bakery segment, Mexico's Grupo Bimbo acquired Weston Foods, Inc., a U.S. bread making unit of George Weston Limited, in January 2009. As a result, sales soared, lifting the region's third largest company significantly in the overall U.S. dollar-denominated ranking despite a weaker peso.

Africa/Middle East, the smallest region in terms of both number of companies and average sales volume, had four companies among the Top 250 in 2009, three based in Turkey and one in South Africa.

Top Latin American consumer products companies, 2009

Company name	Latin America rank	Top 250 rank	Product sector	Country	2009 net sales (US$mil)
JBS	1	33	Food, Drink & Tobacco	Brazil	17,440
FEMSA*	2	47	Food, Drink & Tobacco	Mexico	14,570*
Grupo Bimbo	3	79	Food, Drink & Tobacco	Mexico	8,645
BRF – Brasil Foods	4	88	Food, Drink & Tobacco	Brazil	8,084
Grupo Modelo	5	107	Food, Drink & Tobacco	Mexico	6,082
Bacardi	6	150	Food, Drink & Tobacco	Bermuda	4,300e
Gruma	7	169	Food, Drink & Tobacco	Mexico	3,751
Mabe	8	199	Home Furnishings & Equipment	Mexico	3,100e

Top Africa/ME consumer products companies, 2009

Company name	Africa/ ME rank	Top 250 rank	Product sector	Country	2009 net sales (US$mil)
Arçelik	1	151	Home Furnishings & Equipment	Turkey	4,260
Vestel	2	210	Electronic Products	Turkey	3,002
Anadolu Efes*	3	241	Food, Drink & Tobacco	Turkey	2,463*
Tiger Brands	4	250	Food, Drink & Tobacco	South Africa	2,297

e = estimate
Source: Published company data
*Unable to determine if company's reported sales exclude excise taxes

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, and tobacco
- Home furnishings and equipment
- Home improvement products
- Leisure goods
- Personal and household products
- Tires

Tobacco and drinks companies resilient in tough economic times

Food, drink, and tobacco companies comprise, by far, the largest sector among the consumer products companies. In 2009, the 143 companies in this group accounted for over half of both Top 250 companies and Top 250 sales. In addition to being the largest sector, it was the only one to see an increase in sales. As a group, combined sales rose a modest 0.8 percent in 2009. The food, drink, and tobacco sector also enjoyed good profitability. With a composite net profit margin of 8.1 percent, it was second only to the personal and household products sector.

A more detailed look at the three constituent subsectors, however, shows that the tobacco and beverage companies significantly outperformed the food processing companies. In 2009, tobacco companies grew sales an impressive 8.2 percent and netted a 15.4 percent profit margin. Results for the beverage companies were less stellar but still noteworthy given the tough economic environment. Composite sales for this subsector grew 4.1 percent, with a healthy net profit margin of 10.4 percent. On the other hand, the food processing companies underperformed not only their sector peers, but the Top 250 overall, with a sales decline of 1.5 percent and a composite net profit margin of 5.9 percent.

Tobacco companies, while small in number, are large in size as the industry continues to consolidate. The nine Top 250 companies in this subsector averaged nearly $14.8 billion in 2009 sales volume. As previously discussed, acquisitions have driven the growth of many of these companies in recent years.

Performance by product sector, 2009

	Number of companies	Average size (US$mil)	FY09 net sales growth*	FY09 net profit margin**	FY09 asset turnover**	FY09 return on assets**
Electronic products	22	$26,271	-0.8%	2.8%	1.0	2.7%
Fashion goods	17	$5,462	-5.3%	6.0%	1.1	6.4%
Food, drink & tobacco	143	$9,253	0.8%	8.1%	0.8	6.6%
Home furnishings & equipment	14	$7,233	-3.2%	3.8%	1.2	4.5%
Home improvement products	10	$4,527	-13.7%	1.7%	0.8	1.4%
Leisure goods	8	$5,499	-13.8%	6.2%	0.9	5.7%
Personal & household products	26	$11,402	-0.5%	10.6%	0.8	8.5%
Tires	10	$9,389	-12.4%	-0.2%	0.9	-0.1%
Top 250	**250**	**$10,299**	**-1.2%**	**6.4%**	**0.9**	**5.6%**

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

Figure 3. Share of Top 250 companies by product sector, 2009

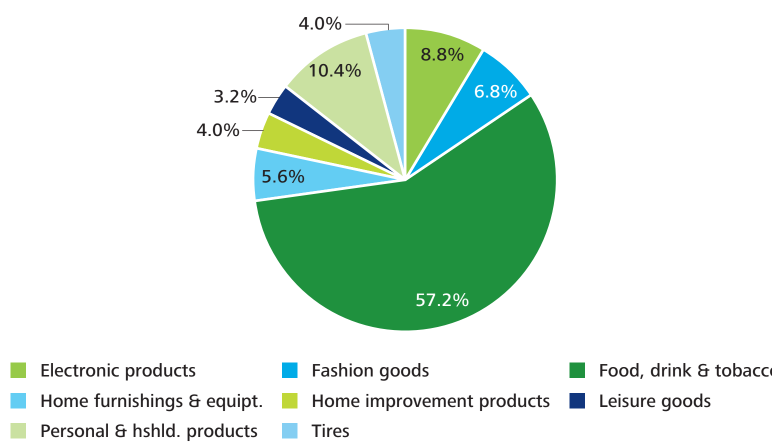
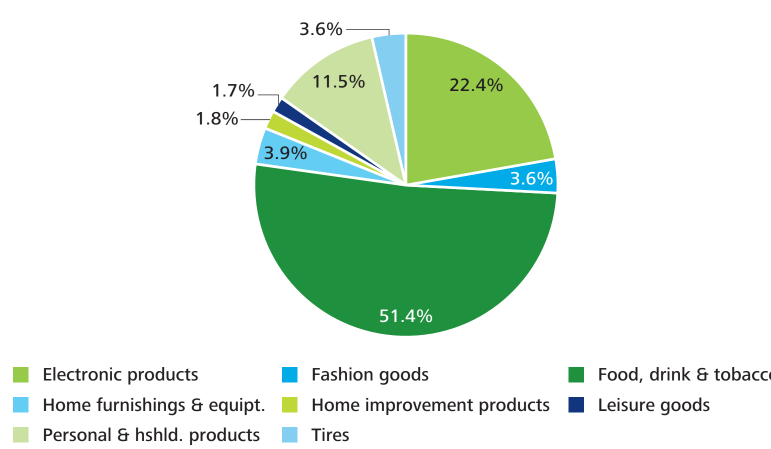


Figure 4. Share of Top 250 sales by product sector, 2009



Manufacturers of electronic products are the largest Top 250 companies with average 2009 sales of nearly $26.3 billion. While the majority of companies in this sector experienced deteriorating sales in 2009, nine of the 22 companies had strong growth, including South Korea's Samsung and LG; China's Lenovo, TCL, and Sichuan; and North America's Apple, Research in Motion, SanDisk, and Vizio. As a group, sales declined 0.8 percent in 2009. The composite net profit margin for this historically low-margin sector was 2.8 percent.

The personal and household products sector was the most profitable of the eight major product groups again in 2009, posting a double-digit composite net profit margin of 10.6 percent. Although sales for the sector declined marginally (-0.5 percent), this still represents the second-best top-line performance of all the major product groups.

Three sectors were especially hard hit by challenging market conditions posed by the struggling economy in 2009. The home improvement sector and the tire sector both suffered declining sales for the second year in a row, with sales down by double-digits in 2009. Profitability in the tire sector remained elusive.

Composite sales plunged 13.8 percent for the leisure goods sector, the biggest decline in top-line growth of all the sectors. Sales fell for all but one leisure goods company in 2009: Hasbro eked out a 1.2 percent increase.

The fashion goods sector had another tough year. Sales fell 5.3 percent in 2009 on top of a weak 2008. Sales declined for 16 of the 17 fashion goods companies. An expanded distribution network and solid business over the 2009 holiday period drove sales up 8.5 percent for Hermès.

As a group, manufacturers of home furnishings and equipment also struggled in 2009. Composite sales dropped 3.2 percent following flat sales in 2008. A number of appliance makers bucked the trend, however, including the sector's three Chinese companies Haier, Midea, and Gree. The sector's profit margin nearly tripled to 3.8 percent in 2009 from 1.3 percent the prior year.

Food, drink and tobacco: Performance by subsector, 2009

	Number of companies	Average size (US$mil)	FY09 net sales growth*	FY09 net profit margin**	FY09 asset turnover**	FYO9 return on assets**
Beverages	32	$9,919	4.1%	10.4%	0.6	5.8%
Food processing	102	$8,555	-1.5%	5.9%	1.1	6.5%
Tobacco	9	$14,789	8.2%	15.4%	0.6	8.8%
Food, drink & tobacco	143	$9,253	0.8%	8.1%	0.8	6.6%

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

Top consumer products companies by product sector

Many of the changes among the top companies by product sector in 2009 were the result of decisions made to remove companies from the Top 250 list, as previously noted. In addition to these changes, a few companies were reclassified from one product sector to another based on the product categories that accounted for the majority of their 2009 sales. The exclusion of excise taxes from the sales of tobacco and drinks companies also had an impact on the rankings. These methodological changes, as well as changes in business operations that impact whether and how companies are included in this analysis, are noted below as they pertain to each product sector.

Samsung once again became the number one electronics company among the Top 250 with the removal of HP from the list of consumer products companies in 2009. Toshiba, Dell, Canon, and Motorola – other former top 10 electronics companies – as well as a number of smaller manufacturers of electronic products, also were eliminated. This made room for four companies to join the sector's top 10 in 2009: Apple, Sharp, Acer, and Lenovo. Asia/Pacific companies dominate this list, accounting for seven of the top 10.

NIKE topped the fashion goods sector top 10 list in 2009. Christian Dior, previously the top ranked company in this group, is now considered to be primarily a retailer. Otherwise, the top 10 look very similar to prior years except at the bottom of the list. A 24.4 percent drop in sales moved Liz Claiborne, which fell to number ten in 2008, off the list entirely in 2009. These changes allowed Germany's Puma and Japan's World Co. to join the fashion sector's top 10.

Top 10 Electronic Products companies, 2009

Company name	Product sector rank	Top 250 rank	Country	Region	FY09 net sales (US$mil)
Samsung	1	1	South Korea	Asia/Pacific	109,805
Panasonic	2	3	Japan	Asia/Pacific	79,966
Sony	3	5	Japan	Asia/Pacific	67,839
LG	4	6	South Korea	Asia/Pacific	57,632
Nokia	5	7	Finland	Europe	57,158
Apple	6	12	United States	North America	36,537
Philips	7	13	Netherlands	Europe	32,340
Sharp	8	15	Japan	Asia/Pacific	29,709
Acer	9	34	Taiwan	Asia/Pacific	17,397
Lenovo	10	37	Hong Kong	Asia/Pacific	16,605

Top 10 Fashion Goods companies, 2009

Company name	Product sector rank	Top 250 rank	Country	Region	FY09 net sales (US$mil)
NIKE	1	30	United States	North America	19,014
adidas	2	48	Germany	Europe	14,478
Richemont	3	94	Switzerland	Europe	7,318
VF	4	95	United States	North America	7,143
Polo Ralph Lauren	5	129	United States	North America	4,796
Swatch	6	132	Switzerland	Europe	4,749
Levi Strauss	7	158	United States	North America	4,023
Hanesbrands	8	167	United States	North America	3,891
Puma	9	184	Germany	Europe	3,432
World	10	187	Japan	Asia/Pacific	3,386

Top 10 Food, Drink & Tobacco companies, 2009

Company name	Product sector rank	Top 250 rank	Country	Region	FY09 net sales (US$mil)
Nestlé	1	2	Switzerland	Europe	99,398
Unilever	2	8	United Kingdom and Netherlands	Europe	55,538
PepsiCo	3	9	United States	North America	43,232
Kraft Foods	4	10	United States	North America	40,386
AB InBev	5	11	Belgium	Europe	36,758
Coca-Cola	6	14	United States	North America	30,990
Mars	7	16	United States	North America	28,000e
Japan Tobacco	8	18	Japan	Asia/Pacific	27,103
Tyson Foods	9	19	United States	North America	26,704
Philip Morris International	10	20	United States	North America	25,035

Source: Published company data

Top 10 Home Furnishings & Equipment companies, 2009

Company name	Product sector rank	Top 250 rank	Country	Region	FY09 net sales (US$mil)
Haier	1	32	China	Asia/Pacific	18,224
Whirlpool	2	35	United States	North America	17,099
Electrolux	3	49	Sweden	Europe	14,369
BSH	4	61	Germany	Europe	11,722
Midea	5	97	China	Asia/Pacific	6,931
Gree	6	104	China	Asia/Pacific	6,225
SEB	7	147	France	Europe	4,430
Arçelik	8	151	Turkey	Africa/Middle East	4,260
Miele	9	164	Germany	Europe	3,940
Indesit	10	176	Italy	Europe	3,644

Top 10 Home Improvement Products companies, 2009

Company name	Product sector rank	Top 250 rank	Country	Region	FY09 net sales (US$mil)
Masco	1	90	United States	North America	7,792
Fortune Brands	2	99	United States	North America	6,695
Mohawk	3	117	United States	North America	5,344
Black & Decker	4	131	United States	North America	4,775
Kohler	5	135	United States	North America	4,680[e]
Husqvarna	6	145	Sweden	Europe	4,487
Scotts Miracle-Gro	7	194	United States	North America	3,142
TTI (Techtronic Industries)	8	202	Hong Kong	Asia/Pacific	3,077
Armstrong	9	221	United States	North America	2,780
JELD-WEN	10	237	United States	North America	2,500[e]

Top Leisure Goods companies, 2009

Company name	Product sector rank	Top 250 rank	Country	Region	FY09 net sales (US$mil)
Nintendo	1	41	Japan	Asia/Pacific	15,462
Mattel	2	116	United States	North America	5,431
Yamaha	3	146	Japan	Asia/Pacific	4,472
Namco Bandai	4	154	Japan	Asia/Pacific	4,081
Hasbro	5	155	United States	North America	4,068
Hallmark	6	160	United States	North America	4,000
Electronic Arts	7	175	United States	North America	3,654
Konami	8	217	Japan	Asia/Pacific	2,826

Source: Published company data

The top 10 companies in the food, drink, and tobacco sector ranked from second place to twentieth among the Top 250 overall. Nestlé maintained the sector's top spot, followed by Unilever, which was reclassified as primarily a food company in 2009 from the personal and household products sector in prior years, based on the company's sales by segment. Japan Tobacco and PMI both moved down the list after excise taxes were excluded from sales, while Imperial Tobacco fell out of the top 10 altogether. The rest of the top 10 food, drink, and tobacco companies were the same as in 2008 with AB InBev moving up to fifth place.

In the home furnishings and equipment sector, Whirlpool dropped to second place while China's Haier took the top spot in 2009. Sanyo, the sector's second largest company in 2008, became a subsidiary of Panasonic in December 2009 and was, therefore, not included as a separate entity. As noted above in the regional analysis, Steinhoff International, another former top 10 company in this sector, was not included in this year's analysis based on its retail sales volume. As a result of these changes, two European appliance manufacturers, Miele and Indesit, rejoined the top 10.

Masco kept its first place ranking among manufacturers of home improvement products in 2009. However, the elimination of several companies changed the face of this sector's top 10 in 2009. Sherwin-Williams is now considered to be a retailer with the majority of the company's sales coming from its Paint Stores segment. Products targeting individual consumers also comprised less than half the sales of The Stanley Works (number seven in 2008) and Specialty Products Holding Corp., formerly RPM International, (number ten in 2008). For purposes of this analysis, these three companies are no longer considered to be primarily consumer products companies. One of the companies filling the vacancies is Fortune Brands, which was reclassified as a home improvement company rather than a drinks company based on sales of its Home & Security segment versus its Spirits segment. This company replaced Sherwin-Williams in second place. Scotts Miracle-Gro joined the top 10 for the first time in 2009, while JELD-WEN rejoined the list in tenth place.

As it has in the past, the United States continued to dominate the home improvement products sector, providing the home base for eight of the top 10 companies.

Despite a 22 percent drop in sales in 2009, Nintendo was still nearly three times the size of second place Mattel in the leisure goods sector. Other than a couple changes in the ranking order, the only difference in this group of companies compared with prior years is the addition of videogame maker Konami Corporation to the list. This made a total of eight leisure goods companies in the Top 250 in 2009, all based either in Japan or the United States.

Reclassifications resulted in a modest shakeup of the top 10 personal and household products companies in 2009. Unilever, which was the number two company in this sector in the past, is now the number two company in the food, drink, and tobacco sector, as noted above. This left P&G as the uncontested sector leader. In eighth place, Maxingvest (formerly Tchibo Holding), maker of NIVEA and other global skincare brands through its Beiersdorf subsidiary, was reclassified in 2009 from the food, drink, and tobacco sector. The remaining companies on the list are perennial top 10 players in this sector.

There were no changes to the names or positions of the companies in the tire sector in 2009 except for the addition of South Korea's Kumho Tires, for a total of 10 companies among the Top 250 representing this beleaguered industry. The big three companies – Bridgestone, Michelin, and Goodyear – accounted for nearly 70 percent of the group's total sales in 2009.

Top 10 Personal & Household Products companies, 2009

Company name	Product sector rank	Top 250 rank	Country	Region	FY09 net sales (US$mil)
Procter & Gamble	1	4	United States	North America	78,938
L'Oreal	2	21	France	Europe	24,368
Kimberly-Clark	3	29	United States	North America	19,115
Henkel	4	31	Germany	Europe	18,929
Colgate-Palmolive	5	42	United States	North America	15,327
SCA	6	46	Sweden	Europe	14,597
Kao	7	52	Japan	Asia/Pacific	12,768
Maxingvest	8	56	Germany	Europe	12,421
Reckitt Benckiser	9	57	United Kingdom	Europe	12,141
Avon	10	71	United States	North America	10,285

Top 10 Tire companies, 2009

Company name	Product sector rank	Top 250 rank	Country	Region	FY09 net sales (US$mil)
Bridgestone	1	17	Japan	Asia/Pacific	27,788
Michelin	2	26	France	Europe	20,650
Goodyear	3	39	United States	North America	16,301
Pirelli	4	105	Italy	Europe	6,223
Sumitomo Rubber	5	109	Japan	Asia/Pacific	5,613
Yokohama Rubber	6	124	Japan	Asia/Pacific	5,027
Hankook Tire	7	156	South Korea	Asia/Pacific	4,065
Toyo Tire & Rubber	8	198	Japan	Asia/Pacific	3,102
Cooper Tire & Rubber	9	222	United States	North America	2,779
Kumho Tires	10	247	South Korea	Asia/Pacific	2,339

Source: Published company data

Growth drives profitability for fastest 50

In 2009, the 50 fastest-growing consumer products companies increased sales at a composite rate of 18.2 percent, a more modest pace compared with previous years. Nevertheless, it was a significant accomplishment compared with the 1.2 percent decline in sales that plagued the Top 250 as a whole. The fastest 50 grew sales more profitably as well, with a composite net profit margin of 9.0 percent versus 6.4 percent for the Top 250. This is consistent with previous years' results, but the difference in profitability between the two groups was more substantial in 2009.

Indicative of the economic times, for the second year in a row, all but seven of the fastest-growing companies were in the food, drink, and tobacco or the electronic products sectors. There were just three makers of personal and household products, two home improvement products companies, one tire manufacturer, and one fashion goods company among the fastest 50 in 2009.

From a geographic perspective, Japanese and U.S. companies are underrepresented among the fastest 50 while Latin American and other Asia/Pacific companies are overrepresented. Japan had just two companies on the fastest 50 list in 2009 representing 4 percent of the total, compared with 20.8 percent of the Top 250 (52 companies). Ten U.S. companies were among the 50 fastest-growing, accounting for 20 percent of the list, compared with 34.4 percent of the Top 250 (86 companies). Meanwhile, three-quarters of the Latin American companies (six of eight) were among the fastest 50, as well as 15 of 25 (60 percent) from the Asia/Pacific region excluding Japan.

Acquisitions served as the primary growth driver for the fastest growing companies. Nine of the first 10 fastest 50 companies made significant acquisitions in 2008 and/or 2009 that propelled their top-line growth. In addition to the acquisitions already mentioned throughout this report, the Bigard group, France's leading meat processor, was the fastest-growing company in 2009 as a result of its acquisition of rival Socopa in February 2009.

Ralcorp Holdings acquired the Post cereals business from Kraft Foods in August 2008. Research in Motion completed the acquisition of Certicom, a provider of information security products, in March 2009. Jam maker J.M. Smucker bought Folgers Coffee Co. in November 2008. IAWS Group acquired Hiestand Holding in August 2008 forming what is now known as ARYZTA. Vizio, a California-based maker of low-cost flat-panel televisions, is the only company in the fastest 50's top 10 that did not rely on acquisitions to drive robust growth in 2009.

50 fastest growing consumer products companies, 2009

FY09 growth rank	FY09 top 250 sales rank	Company name	Country	Product sector	FY09 net sales (US$mil)	FY09 net sales growth	FY09 net profit margin
1	103	Groupe Bigard S.A.	France	Food, Drink & Tobacco	6,276[e]	80.0%	n/a
2	11	Anheuser-Busch InBev SA/NV	Belgium	Food, Drink & Tobacco	36,758	56.4%	16.0%
3	22	Imperial Tobacco Group PLC	United Kingdom	Food, Drink & Tobacco	22,883	45.8%	4.6%
4	79	Grupo Bimbo, S.A.B. de C.V.	Mexico	Food, Drink & Tobacco	8,645	41.3%	5.2%
5	88	BRF – Brasil Foods S.A. (formerly Perdigão S.A.)	Brazil	Food, Drink & Tobacco	8,084	39.6%	0.7%
6	166	Ralcorp Holdings, Inc.	United States	Food, Drink & Tobacco	3,892	37.8%	7.5%
7	44	Research In Motion Limited	Canada	Electronic Products	14,953	35.1%	16.4%
8	239	Vizio, Inc.	United States	Electronic Products	2,473[e]	23.0%	n/a
9	138	The J.M. Smucker Company	United States	Food, Drink & Tobacco	4,605	22.5%	10.7%
10	149	ARYZTA AG (formerly IAWS Group plc)	Switzerland	Food, Drink & Tobacco	4,368	20.7%	1.3%
11	122	Tingyi (Cayman Islands) Holding Corp.	China	Food, Drink & Tobacco	5,081	18.9%	9.9%
12	57	Reckitt Benckiser Group plc	United Kingdom	Personal & Household Products	12,141	18.1%	18.3%
13	47	Fomento Economico Mexicano S.A.B. de C.V.	Mexico	Food, Drink & Tobacco	14,570	17.3%	7.7%
14	23	British American Tobacco plc	United Kingdom	Food, Drink & Tobacco	22,249	17.2%	20.8%
15	157	ITC Limited	India	Food, Drink & Tobacco	4,040	17.2%	21.3%
16	156	Hankook Tire Co., Ltd.	South Korea	Tires	4,065	15.3%	7.3%
17	101	TCL Corporation	China	Electronic Products	6,493	15.3%	1.6%
18	6	LG Electronics Inc.	South Korea	Electronic Products	57,632	15.3%	3.8%
19	1	Samsung Electronics Co., Ltd.	South Korea	Electronic Products	109,805	14.6%	7.4%
20	208	Ruchi Soya Industries Ltd.	India	Food, Drink & Tobacco	3,013	14.3%	1.2%
21	207	Société Cooperative Agricole et Agro-Alimentaire (Agrial)	France	Food, Drink & Tobacco	3,028	13.7%	1.5%
22	33	JBS S.A.	Brazil	Food, Drink & Tobacco	17,440	13.1%	0.4%
23	203	Coopagri Bretagne Groupe	France	Food, Drink & Tobacco	3,068	12.8%	n/a
24	169	GRUMA, S.A.B. de C.V.	Mexico	Food, Drink & Tobacco	3,751	12.7%	4.2%
25	137	Sichuan Changhong Electric Co. Ltd	China	Electronic Products	4,612	12.6%	1.7%
26	12	Apple Inc.	United States	Electronic Products	36,537	12.5%	15.6%
27	37	Lenovo Group Limited	Hong Kong	Electronic Products	16,605	11.4%	0.8%
28	76	Cadbury plc	United Kingdom	Food, Drink & Tobacco	9,356	11.0%	8.5%
29	193	SanDisk Corporation	United States	Electronic Products	3,154	10.9%	11.6%
30	163	CJ CheilJedang Corporation	South Korea	Food, Drink & Tobacco	3,946	10.0%	5.5%
31	215	KT&G Corporation	South Korea	Food, Drink & Tobacco	2,865	9.5%	23.4%
32	74	Yamazaki Baking Co., Ltd.	Japan	Food, Drink & Tobacco	9,477	9.1%	0.8%
33	177	Fraser and Neave, Limited	Singapore	Food, Drink & Tobacco	3,612	8.8%	8.3%
34	188	La Coop fédérée	Canada	Food, Drink & Tobacco	3,366	8.7%	1.1%
35	107	Grupo Modelo, S.A.B. de C.V.	Mexico	Food, Drink & Tobacco	6,082	8.6%	17.3%
36	225	Hermès International	France	Fashion Goods	2,670	8.5%	15.4%
37	227	Agropur Cooperative	Canada	Food, Drink & Tobacco	2,622	8.1%	1.1%
38	229	Flowers Foods, Inc.	United States	Food, Drink & Tobacco	2,601	7.7%	5.1%
39	246	Goodman Fielder Limited	Australia	Food, Drink & Tobacco	2,347	7.6%	6.2%
40	180	Coca-Cola Amatil Limited	Australia	Food, Drink & Tobacco	3,490	7.6%	9.9%
41	89	The Estée Lauder Companies Inc.	United States	Personal & Household Products	7,796	6.4%	6.2%
42	143	Essilor International S.A.	France	Personal & Household Products	4,558	6.3%	12.3%
43	212	L.D.C. SA	France	Food, Drink & Tobacco	2,910	6.0%	3.1%
44	123	LOTTE Co., Ltd.	Japan	Food, Drink & Tobacco	5,077	5.8%	n/a
45	127	Charoen Pokphand Foods Public Company Ltd	Thailand	Food, Drink & Tobacco	4,846	5.6%	6.2%
46	172	Lorillard, Inc.	United States	Food, Drink & Tobacco	3,686	5.6%	25.7%
47	36	Altria Group, Inc.	United States	Food, Drink & Tobacco	16,824	5.4%	19.1%
48	214	Perfetti Van Melle S.p.A.	Italy	Food, Drink & Tobacco	2,899	5.4%	n/a
49	194	The Scotts Miracle-Gro Company	United States	Home Improvement Products	3,142	5.4%	4.9%
50	145	Husqvarna Group	Sweden	Home Improvement Products	4,487	5.4%	2.7%
Fastest 50*						**18.2%**	**9.0%**
Top 250*						**-1.2%**	**6.4%**

Source: Published company data

Study methodology and data sources

To be considered for this list, a company must first have been 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 2009 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 was the sale of consumer products were included among the Top 250 based on their total fiscal 2009 net sales, which may include sales of commercial and industrial products as well as consumer products. Excise taxes were excluded from the sales of tobacco and drinks companies. Our fiscal 2009 definition encompasses fiscal years ended through June 2010.

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 were based only on companies with data. Not all data elements were available for all companies.

It should also be noted that the financial information used for each company in a given year was 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.

M&A market slow to recover in consumer products sector

Note: All M&A activity in this analysis reflects completed deals where the buyer is a consumer products company and the acquired company is in any industry.

For the consumer products industry, 2009 was a particularly lean year for mergers and acquisitions with some limited recovery in 2010 as larger deals returned to the fore. The impact of the global economic crisis, including very restrictive credit conditions, meant that funding was scarce. In addition, the weakness in consumer demand in developed economies stifled business interest in investments, including acquisitions. The result was that the number of transactions fell to the lowest level since the slowdown of the early 2000s.

In terms of overall transaction volumes, 2007 reflected a high water mark over the past decade with more than 1,300 mergers and acquisitions by consumer products companies, including 257 deals with values of $100+ million. 2008 showed a decline in total deal numbers, down some 8%, but included a number of major deals, resulting in the highest aggregate deal value for the industry at more than $250 billion.

In 2009, the total number of completed deals declined by 24 percent, with aggregate deal value (on disclosed deals) declining even faster, dropping 30 percent from the peak in 2008. This was particularly evident with regard to the number of deals of $100+ million, which showed a sharp decline, dropping 41 percent.

In 2010, M&A activity by consumer products companies on deals over $100 million showed some recovery, but the size of these larger deals did not keep pace, averaging approximately $1.1 billion.

Deal values were not disclosed for about half of all mergers and acquisitions by consumer products companies tracked by mergermarket.com, the source of much of the data used in this analysis and, as such, the trend analysis presented is only broadly indicative of activity levels. However, it does appear consistent with the retrenchment and stabilization of the global economy.

Merger and acquisition activity by consumer products companies, 2001-2010

	Total # deals	# deals with disclosed value	Total value of disclosed-value deals (US$mil)	Average value of disclosed-value deals (US$mil)	# deals with undisclosed value	# deals with value $100+mil	Total value of deals $100+mil (US$mil)	Average value of deals $100+mil (US$mil)
2010	843	412	$154,729	$376	431	135	$145,871	$1,081
2009	933	463	$177,468	$383	470	122	$168,059	$1,378
2008	1223	679	$252,190	$371	544	206	$237,283	$1,152
2007	1329	831	$221,521	$267	498	257	$204,795	$797
2006	1290	813	$134,929	$166	477	202	$117,295	$581
2005	1107	694	$204,071	$294	413	195	$190,143	$975
2004	924	518	$94,721	$183	406	144	$84,321	$586
2003	692	439	$138,571	$316	253	114	$128,848	$1,130
2002	559	382	$75,026	$196	177	122	$66,513	$545
2001	534	409	$122,625	$300	125	126	$113,257	$899

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

Source: mergermarket.com

2009 M&A activity by geographic location

Looking at 2009 data based on the location of the acquired company, the following results are noteworthy:

- Europe was the most active region overall. There were 428 acquisitions of European businesses by consumer products companies with the greatest levels of activity in the UK (70), France (57), and Germany (54). However, only 36 deals were over the $100 million mark, resulting in a relatively small average deal value of $119 million.
- Europe had the smallest percentage of large deals to total deals with just 8.4 percent of deals over $100 million. In 2009, there were only three major acquisitions ($100+ million) of French companies and three major acquisitions of German companies.
- The Asia/Pacific region saw the highest number of larger deals ($100+ million), with 42 out of a total of 218.
- Companies located in China (excluding Hong Kong) accounted for 24 percent of all completed deals by consumer products companies in the Asia/Pacific region (52 of 218).
- Africa/Middle East had the highest proportion of $100+ million deals (7) as a share of the region's total deal volume (31), or 22.6 percent.
- Acquisitions of North American entities were the largest, with 93 deals having an average deal value of more than $1.3 billion in 2009. Among the 32 transactions of $100+ million in North America, the average deal value was almost $3.8 billion with 8 deals being over $1 billion.
- Acquisitions of businesses in Africa/Middle East (31 deals), China (52 deals), India (17 deals), and the United Kingdom (70 deals) tended to be smaller than in other geographies – less than $100 million, on average, for deals with disclosed value.
- In Latin America, Brazil was home to the acquired company in over 40 percent of all completed acquisitions in the region (27 of 66).

Consumer products M&A activity by location of acquired company, 2009

Acquired company's geographic location	Total # deals	# deals with disclosed value	Value of disclosed-value deals (US$mil)	Average value of disclosed-value deals (US$mil)	# deals with undisclosed value	# deals with value $100+mil	Total value of deals $100+mil (US$mil)	Average value of deals $100+mil (US$mil)	# $100+mil deals as share of total deals
Africa/Middle East	31	26	$2,086	$80	5	7	$1,444	$206	22.6%
Asia/Pacific	218	163	$31,054	$191	55	42	$28,249	$673	19.3%
China	52	40	$2,948	$74	12	9	$2,161	$240	17.3%
India	17	10	$546	$55	7	3	$366	$122	17.6%
Japan	41	28	$11,166	$399	13	9	$10,691	$1,188	22.0%
Europe	428	151	$17,994	$119	277	36	$14,700	$408	8.4%
France	57	17	$4,072	$240	40	3	$3,746	$1,249	5.3%
Germany	54	13	$1,648	$127	41	3	$1,444	$481	5.6%
UK	70	32	$2,178	$68	38	6	$1,308	$218	8.6%
Latin America	66	42	$4,902	$117	24	10	$4,061	$406	15.2%
Brazil	27	16	$1,962	$123	11	5	$1,677	$335	18.5%
North America	209	93	$122,655	$1,319	116	32	$120,672	$3,771	15.3%
US	183	83	$121,928	$1,469	100	30	$120,387	$4,013	16.4%

Results reflect deals completed in 2009 by consumer products companies; acquired company may be in any industry.

Source: mergermarket.com

Consumer products M&A activity by location of buyer, 2009

Buyer's geographic location	Total # deals	# deals with disclosed value	Value of disclosed-value deals (US$mil)	Average value of disclosed-value deals (US$mil)	# deals with undisclosed value	# deals with value $100+mil	Total value of deals $100+mil (US$mil)	Average value of deals $100+mil (US$mil)	# $100+mil deals as share of total deals
Africa/Middle East	60	38	$2,533	$67	22	8	$1,598	$200	13.3%
Asia/Pacific	234	173	$32,866	$190	61	43	$29,769	$692	18.4%
China	65	41	$2,896	$71	24	7	$2,110	$301	10.8%
India	46	23	$1,158	$50	23	3	$543	$181	6.5%
Japan	74	45	$22,842	$508	29	19	$22,130	$1,165	25.7%
Europe	451	155	$15,840	$102	296	33	$12,319	$373	7.3%
France	91	28	$1,589	$57	63	5	$820	$164	5.5%
Germany	88	23	$3,979	$173	65	5	$3,437	$687	5.7%
UK	95	40	$4,289	$107	55	7	$3,229	$461	7.4%
Latin America	85	49	$7,519	$153	36	11	$6,314	$574	12.9%
Brazil	54	29	$2,584	$89	25	6	$1,831	$305	11.1%
North America	242	111	$121,629	$1,096	131	33	$119,024	$3,607	13.6%
US	218	97	$119,234	$1,229	121	30	$117,067	$3,902	13.8%

Results reflect deals completed in 2009 by consumer products companies; acquired companies may be in any industry.

Source: mergermarket.com

Based on the location of the *buyer*, the data reveal the following:

- Europe also was the most active on the buy side of the deal, with the region's consumer products companies accounting for 451 completed transactions in 2009, with the most active acquirers being the UK (95), France (91), and Germany (88).

- However, most acquisitions by European buyers were relatively small at just over $100 million, on average, with the deal value of acquisitions by French companies averaging just $57 million. By contrast, the average value of acquisitions made by German companies was three times higher, at $173 million.

- U.S. buyers were involved in 218 total deals, including 30 of more than $100 million (6 were over $1 billion). At more than $1.2 billion, the average deal value for U.S. buyers was much higher than for any other geographic buyer group.

- Acquisitions by Japanese companies, with 74 total deals, had the next highest average valuation at more than $500 million, including 19 deals of $100+ million (5 deals were over $1 billion).

- In addition to France, deal value was lowest for buyers from Africa/Middle East, India, and China.

Consumer products M&A activity, 2009: Buyer from same geographic location as acquired company

Geographic location	Percentage of total deals from same geography	Percentage of deals $100+mil from same geography
Africa/Middle East	83.9%	85.7%
Asia/Pacific	88.1%	90.5%
China	55.8%	55.6%
India	76.5%	33.3%
Japan	90.2%	100.0%
Europe	90.2%	69.4%
France	77.2%	66.7%
Germany	68.5%	33.3%
UK	55.7%	0.0%
Latin America	71.2%	60.0%
Brazil	81.5%	100.0%
North America	87.1%	75.0%
US	84.2%	73.3%

Results reflect deals completed in 2009 by consumer products companies where acquired company and buyer located in same region or country; acquired company may be in any industry.

Source: mergermarket.com

The vast majority of all mergers and acquisitions took place relatively close to home. A look at M&A activity by consumer products companies where the buyer was from the same geographic location as the acquired company shows:

- In four of the five regions, over 80 percent of all M&A activity in 2009 occurred where the buyer and the company it acquired were located in the same geographic region.

- In Latin America, a larger percentage of buyers were from outside the region, and nearly half of all buyers of Chinese businesses were from outside China. This may be reflective of the continuing search for growth by those companies situated in more mature markets.

- For deals of $100+ million, activity was the most concentrated within geographic borders in the Asia/Pacific and Africa/Middle East regions. Activity was less geographically concentrated in Latin America, Europe, and North America.

Top acquisitions predominantly in food, drink & tobacco sectors

In 2009 and again in 2010, the top acquisitions by consumer products manufacturers were primarily food, drink, or tobacco companies acquiring competitors or companies in the same sector.
In 2009, the largest deal was the acquisition of UST, the U.S.-based smokeless tobacco and wine company, by Altria Group for $11.5 billion. In 2010, the blockbuster transaction was Kraft Foods' takeover of Cadbury for $23 billion.

Japanese buyers dominated the list in 2009, accounting for five of the top 15 completed deals, and the United States was the location of the acquired business for seven of the top deals. In 2010, the United States was the dominant buyer and seller location with seven deals and eight deals, respectively. Brazilian companies also featured prominently as buyers on both lists, primarily buying other Brazilian companies.

Japanese companies on buying spree

Among the Top 250 consumer products manufacturers, 27 companies, or just over 10 percent, made a significant acquisition or were involved in a merger with a deal value of $100+ million in their 2009 financial year (encompasses fiscal years ended through June 2010). There were 29 total transactions of $100+ million, of which 9 were over $1 billion, with an average deal value of just over $1.5 billion.

With a shrinking domestic market and a strong currency boosting purchasing power, Japanese companies aggressively sought out acquisition targets around the globe in order to expand their businesses. In one-third of the Top 250 transactions (10 of 29), the buyer was a consumer products company from Japan. However, Japan was also an important target market for Japanese acquisitions in 2009, accounting for 4 of the 10 transactions, as companies looked to increase their market penetration at home.

The United States was the biggest target market for acquisitions among the Top 250: 11 of the 29 transactions involved the acquisition of U.S. businesses. For 12 of 29 transactions, the buyer and the acquired business were located in the same country.

Top 15 acquisitions by consumer products companies in 2009

Rank	Buyer	Buyer location	Buyer product sector	Acquired business/ Parent company	Acquired business location	Acquired business product sector	Deal value (US$mil)
1	**Altria Group, Inc.**	United States	Food, Drink & Tobacco	UST Inc.	United States	Food, Drink & Tobacco	$11,487
2	**Panasonic Corp.**	Japan	Electronic Products	Sanyo Electric Co., Ltd.	Japan	Home Furnishings & Equipment	$8,413
3	**Kirin Holdings Co., Ltd.**	Japan	Food, Drink & Tobacco	Lion Nathan Limited (53.9% stake)	Australia	Food, Drink & Tobacco	$4,009
4	**Suntory Holdings Limited**	Japan	Food, Drink & Tobacco	Orangina Schweppes Group	France	Food, Drink & Tobacco	$3,360
5	**JBS USA Holdings Inc. (subsidiary of JBS S.A.)**	Brazil	Food, Drink & Tobacco	Pilgrim's Pride Corp.	United States	Food, Drink & Tobacco	$2,750
6	**Grupo Bimbo, S.A.B. de C.V.**	Mexico	Food, Drink & Tobacco	Weston Foods Inc. (U.S. bakery business)/ George Weston Limited	United States	Food, Drink & Tobacco	$2,500
7	Pinnacle Foods Group Inc.	United States	Food, Drink & Tobacco	Birds Eye Foods Inc./ Vestar Capital Parnters Inc. and Pro-Fac Cooperative Inc.	United States	Food, Drink & Tobacco	$1,300
8	Hypermarcas SA	Brazil	Personal & Household Products	Neo Quimica Laboratory	Brazil	Pharmaceutical Products	$796
9	**Asahi Breweries, Ltd.**	Japan	Food, Drink & Tobacco	Schweppes Holdings Pty Ltd./Cadbury Plc	Australia	Food, Drink & Tobacco	$776
10	**Suntory Holdings Limited**	Japan	Food, Drink & Tobacco	Frucor Beverages Group Ltd./Danone SA	New Zealand	Food, Drink & Tobacco	$776
11	**British American Tobacco plc**	United Kingdom	Food, Drink & Tobacco	PT Bentoel Internasional Investama Tbk/PT Rajawali Corp.	Indonesia	Food, Drink & Tobacco	$712
12	Davide Campari Milano SpA	Italy	Food, Drink & Tobacco	Pernod Ricard (Wild Turkey business)	United States	Food, Drink & Tobacco	$575
13	**Dean Foods Company**	United States	Food, Drink & Tobacco	Alpro NV/ Vandemoortele NV	Belgium	Food, Drink & Tobacco	$449
14	Grupo Lala SA de CV	Mexico	Food, Drink & Tobacco	National Dairy Holdings LP/Dairy Farmers of America Inc.	United States	Food, Drink & Tobacco	$435
15	**Unilever Plc**	United Kingdom	Food, Drink & Tobacco	TIGI Haircare International	United States	Personal & Household Products	$412

Company names in bold are 2009 Global Powers of the Consumer Products Industry Top 250 companies

Source: mergermarket.com and company reports

Top 15 acquisitions by consumer products companies in 2010

Rank	Buyer	Buyer location	Buyer product sector	Acquired business/ Parent company	Acquired business location	Acquired business product sector	Deal value (US$mil)
1	**Kraft Foods Inc.**	United States	Food, Drink & Tobacco	Cadbury Plc	United Kingdom	Food, Drink & Tobacco	$23,011
2	**The Coca-Cola Company**	United States	Food, Drink & Tobacco	Coca-Cola Enterprises Inc. (North American operations)	United States	Food, Drink & Tobacco	$12,280
3	**PepsiCo, Inc.**	United States	Food, Drink & Tobacco	Pepsi Bottling Group Inc. (67% stake)	United States	Food, Drink & Tobacco	$10,640
4	**Heineken N.V.**	Netherlands	Food, Drink & Tobacco	FEMSA Cerveza SA de CV/Fomento Economico Mexicano SAB de CV	Mexico	Food, Drink & Tobacco	$7,692
5	**JBS S.A.**	Brazil	Food, Drink & Tobacco	Bertin SA	Brazil	Food, Drink & Tobacco	$6,815
6	The Stanley Works Inc.	United States	Home Improvement Products	Black & Decker Corp.	United States	Home Improvement Products	$4,364
7	**PepsiCo, Inc.**	United States	Food, Drink & Tobacco	PepsiAmericas Inc. (57% stake)	United States	Food, Drink & Tobacco	$4,193
8	**Reckitt Benckiser Group plc**	United Kingdom	Personal & Household Products	SSL International Plc	United Kingdom	Personal & Household Products	$3,884
9	**Nestle S.A.**	Switzerland	Food, Drink & Tobacco	Kraft Foods (frozen pizza business)	United States	Food, Drink & Tobacco	$3,700
10	Phillips-Van Heusen Corp.	United States	Fashion Goods	Tommy Hilfiger B.V./ Apax Partners LLP	Netherlands	Fashion Goods	$3,009
11	**BRF – Brasil Foods S.A.**	Brazil	Food, Drink & Tobacco	Sadia SA	Brazil	Food, Drink & Tobacco	$2,923
12	**Unilever Plc**	United Kingdom	Food, Drink & Tobacco	Sara Lee (global body care and European detergents businesses)	Netherlands	Personal & Household Products	$1,777
13	**Shiseido Company, Limited**	Japan	Personal & Household Products	Bare Escentuals Inc.	United States	Personal & Household Products	$1,740
14	Marfrig Alimentos SA	Brazil	Food, Drink & Tobacco	Keystone Foods LLC /Lindsay Goldberg & Bessemer LP	United States	Food, Drink & Tobacco	$1,260
15	**Ralcorp Holdings, Inc.**	United States	Food, Drink & Tobacco	American Italian Pasta Co.	United States	Food, Drink & Tobacco	$1,162

Company names in bold are 2009 Global Powers of the Consumer Products Industry Top 250 companies

Source: mergermarket.com and company reports

Apart from significant synergy potential and economies of scale resulting from these acquisitions, the transactions were analyzed to determine their primary strategic intent. Although an acquisition may fulfill multiple strategic objectives, each of the Top 250 transactions was categorized into one of four types based on the stated or perceived primary objective. The transactions were about evenly divided among the four types, with a slightly greater focus on product/service markets rather than geographic markets.

- **Geographic market intensification** – increase penetration of existing geographic market(s) – 7 transactions.

- **Geographic market diversification** – increase global presence by expanding into new geographic markets – 6 transactions.

- **Product/service intensification** – strengthen category position with existing customers by enhancing existing product/service offer – 8 transactions.

- **Product/service diversification** – target new customer groups with new product categories or brands – 8 transactions.

Going forward, consumer products companies are likely to pursue acquisitions with a greater focus on strategic diversification – putting them on new paths to sales and profit growth – rather than intensification of their existing business. Companies based in mature markets like the United States, Japan, and Western Europe will seek geographic market diversification in order to counter slow-growing or stagnant consumption at home. At the same time, trends in the consumer marketplace – including aging consumers, a greater focus on health and wellness, multiculturalism, and the rise of connective technologies – will drive demand for innovative new products, requiring greater product diversification. Consumer products companies will seek to acquire products and brands with high growth potential, enabling them to reach new customer segments quickly.

Q ratio analysis

This report analyzes the world's largest consumer products suppliers ranked by revenue. Yet the size of a company, although useful, does not necessarily tell us anything about future performance. 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 have been analyzing the Q ratio of consumer products companies for the last several years. Our goal is to understand how financial markets are evaluating the future prospects of the world's biggest publicly traded consumer products 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 financial market participants 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 intangibles. A Q ratio of less than one, on the other hand, indicates failure to generate value on the basis of intangible assets. It indicates that the financial markets view a consumer products company's strategy as unable to generate a sufficient return on physical assets. Indeed, it suggests an arbitrage opportunity. That is, if a company's Q ratio is less than one, 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?

In recent years, one of the biggest challenges facing consumer products companies has been the squeezing of margins due to commoditization. That is, consumers often view the brands produced by these companies as undifferentiated from one another except on the basis of price. Such an attitude causes intense price competition and tends to drive down prices and, therefore, margins. Only the lowest cost leaders in any product segment can compete primarily on the basis of price. All others must do something else. The antidote to commoditization, therefore, is to differentiate through better customer experience and innovation, and to communicate this differentiation 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 less than one may indicate that the financial markets believe a company is failing to use its physical assets in a profitable manner.

Top 30 consumer products companies by Q ratio	
Hermès International	6.588
Apple Inc.	6.076
ITC Limited	4.999
Lorillard, Inc.	4.441
Tingyi (Cayman Islands) Holding Corp.	3.967
Herbalife Ltd.	3.524
The Estée Lauder Companies Inc.	3.437
Colgate-Palmolive Company	3.406
Research In Motion Limited	3.255
Compagnie Financière Richemont SA	3.152
Philip Morris International Inc.	3.101
Tiger Brands Limited	3.027
The Coca-Cola Company	2.999
The Hershey Company	2.941
Reckitt Benckiser Group plc	2.887
NIKE, Inc.	2.877
Brown-Forman Corporation	2.876
The Swatch Group Ltd.	2.862
PepsiCo, Inc.	2.552
Essilor International S.A.	2.543
Saputo Inc.	2.537
Polo Ralph Lauren Corporation	2.367
L'Oreal SA	2.288
Unicharm Corporation	2.185
Grupo Modelo, S.A.B. de C.V.	2.040
The Clorox Company	2.010
SanDisk Corporation	1.946
Mattel, Inc.	1.919
Campbell Soup Company	1.891
Nintendo Co., Ltd.	1.862

Let's go to the numbers

This year we have calculated the Q ratio for 186 publicly traded consumer products companies compared to 190 companies last year and 194 the previous year. The composite Q ratio (calculated by taking the sum of all companies' market capitalization and dividing by the sum of all companies' asset values) is 1.205. This is up from last year (1.068) and the year before that (0.800). Clearly, the recovery in global equity markets during the past two years has had a positive impact on the Q ratio.

Here are some of the highlights of our analysis:

- The companies on the list with the highest Q ratios come from a mix of industries, but all possess strong brands. First on the list is Hermes, the French luxury company. This is followed by U.S.-based Apple, the technology company whose products are not only innovative but have a strong fashion element – one explanation of their strong brand identity. Next on the list are a collection of tobacco, food, and personal care companies. In addition, the top ten on the list includes RIM, the Canadian maker of the Blackberry. The relatively high Q ratio that characterizes these companies reflects financial market confidence in their future ability to generate profits based on strong brands. Yet no company should ever rest on its laurels. The bottom of our list of 187 companies (which we do not include in this publication) includes many familiar names. These companies possess brands that were at one time the leading names in their industries, only to be eclipsed by innovative upstarts. Hence, a high Q ratio is no guarantee of future success.

- Composite Q ratios were calculated by country and region. The country with the highest composite Q ratio is Canada followed by the U.S. The country with the lowest Q ratio is Japan followed by Italy. The English-speaking world does well with relatively high composite Q ratios in Australia, Canada, the UK and the U.S. Strong Q ratios are also found in China and Mexico. Interestingly, the composite Q ratio for companies based in emerging markets is almost identical to the ratio for companies based in developed markets.

- Composite Q ratios were also calculated by product sector. Not surprisingly, the industry with the highest composite Q ratio is fashion goods. Success in fashion generally requires strong brand identity, so this is to be expected. The other industries with relatively high composite Q ratios were food, drink, and tobacco as well as personal and household products. By contrast, such industries as tires, home furnishing, and home improvement had relatively low composite Q ratios. The electronic goods industry has a Q ratio of 1.06, which is far lower than the strong Q ratio found among electronics specialty retailers (see our *Global Powers of Retailing report*). Power in the value chain has evidently shifted in favor of retailers that have clearly differentiated from one another. Meanwhile, suppliers struggle to differentiate products that are increasingly commoditized (with some significant exceptions).

Composite Q ratios

By country	
Australia	1.369
Canada	2.624
China (exc HK)	1.266
France	1.320
Germany	1.175
Italy	0.577
Japan	0.489
Mexico	1.257
Netherlands	0.871
South Korea	0.956
Sweden	0.636
Switzerland	1.773
Turkey	0.989
UK	1.416
US	1.808
By region	
Africa/ME	1.275
Asia/Pacific less JP	1.057
Europe	1.218
Eurozone	1.002
Latin America	0.910
North America	1.824
Emerging Mkts	1.195
Developed	1.206
By primary product sector	
Electronic products	1.062
Fashion goods	2.162
Food, drink, and tobacco	1.217
Home furnishing and equipment	0.819
Home improvement products	0.768
Leisure goods	1.481
Personal and household products	1.552
Tires	0.448

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