

Global Powers of
Consumer Products 2012
Connecting the dots



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Global Powers of the Consumer Products Industry 2012

Deloitte Touche Tohmatsu Limited (DTTL) is pleased to present the 5th 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 2010 (encompassing companies' fiscal years ended through June 2011). The report also provides an outlook for the global economy, an analysis of market capitalization in the industry, and a discussion of major trends affecting consumer products companies.

Global economic outlook

The economic situation for consumer products companies

The global economy is decelerating, with growth in 2012 likely to be slower than in 2011 in many of the world's leading markets.

In Europe, the crisis of the euro has led to the seizing up of credit markets. In an effort to rebuild investor confidence, governments across the continent are cutting spending and raising taxes, the net effect of which is to weaken economies and, in the process, undermine confidence even further. While the European Central Bank has helped the situation by massively lending to commercial banks, the risk of failure by Greece continues to dog financial markets despite a recent agreement on a second bailout. While there is little short-term risk that the Eurozone will fail, the situation is having a negative impact on growth.

The United States shows signs of accelerating economic activity. Yet trouble in the housing market and its impact on credit markets continues to restrain economic growth. While the U.S. economy may accelerate in 2012, it will probably not lead to a rapid drop in unemployment.

The world's second-largest economy, China, is slowing following a tightening of monetary policy combined with the negative effects of slow growth in Europe and the United States. While monetary policy has been reversed, 2012 will likely see the slowest growth in China in a decade. In addition, the remaining BRICs face slower growth resulting from the lagged effects of tight monetary policy and weak global growth.

Only in Japan is economic growth in 2012 widely expected to exceed that of 2011. The reason is that 2011 was so awful following the devastating earthquake and tsunami. Plus, reconstruction expenditures are likely to provide a temporary jolt to the Japanese economy.

However, consumer products suppliers may find some silver linings in this otherwise cloudy environment. One positive effect of slower global growth will be continued dampening of commodity prices. Meanwhile, a number of countries are seeing higher retail price inflation. These include several in Western Europe, the U.S., Japan, and many leading emerging markets.

Combined with stagnant input prices, this suggests the possibility of improved profit margins, even in the context of slow top line growth.

Another silver lining is that, in many of the slowing markets, a disproportionate share of the growth of consumer income is accruing to the relatively affluent. This is especially true in the United States and China. Hence, for those companies targeting upscale consumers, the environment might not be so bad. As for those targeting everyone else, the ability to offer low prices to uncertain consumers will be a clear competitive advantage.

Finally, the most significant silver lining is the long term. Even though the economic environment in 2012 will be difficult, the long-term outlook for the global economy remains good. Global growth in the coming decade is expected to be strong, with particular strength coming from leading emerging markets other than China. Of course China will grow, but as discussed later, it faces some headwinds, both demographic and structural. Yet other emerging markets such as India, Brazil, Turkey, Indonesia, the Andean region of South America, and much of sub-Saharan Africa offer new the possibility of stronger growth and new opportunities.

In an effort to rebuild investor confidence, governments across the continent are cutting spending and raising taxes, the net effect of which is to weaken economies and, in the process, undermine confidence even further.

Let us now consider the outlook for the world's leading markets:

Western Europe

Given that this publication will be distributed through calendar year 2012, it is difficult to provide a helpful roadmap to a situation that, as of this writing, is changing daily. So perhaps it is best to look back at how it came to this.

The Eurozone project was intended to bind the economic and political fortunes of Europe's economies in perpetuity. Yet the architecture of this union was always lacking. Countries were required to maintain fiscal discipline, but there was never a credible vehicle for ensuring this. The first countries to violate the rules were Germany and France and it is not surprising that others soon violated the rules.

Indeed, the existence of the euro enabled the countries of Southern Europe to borrow with abandon. Investors were happy to extend credit at low interest rates in the expectation that bonds denominated in euros were a safe asset.

Yet an absence of fiscal rectitude alone was not the biggest problem. The biggest problem was that several Mediterranean economies lost their competitiveness. Over the past decade, their wages rose far faster than their productivity, with the result that it became less feasible for them to generate the strong export revenues needed to service their external debts. Normally, a country with a competitiveness problem will devalue its currency. However, because these countries no longer have their own currencies they cannot restore competitiveness unless they dramatically accelerate productivity growth and/or cut wages – both a tall order.

When Greece was unable to roll over its considerable debts and the EU bailout was deemed insufficient to correct Europe's ailments, investors became fearful. Governments faced difficulty in rolling over debts, and banks that held such debts faced problems raising funds. Risk spreads increased, credit market activity declined, and Europe faced a new recession.

Following the summer of 2011, Europe's governments agreed on various measures to calm markets, but to no avail. However, late in 2011 the European Central Bank engaged in massive lending to commercial banks. This improved bank liquidity, removed the threat of bank failure, and drove down sovereign bond yields – thereby helping troubled governments to improve their finances. Yet commercial banks mostly hoarded the cash they borrowed and, therefore, did not improve credit market activity. By early 2012, European governments agreed on a new bailout package for Greece that entailed banks taking a haircut on Greek debt. While this removes the immediate danger of default, the situation in Greece remains troubling. In addition, commercial banks were required to raise capital, most likely by reducing lending and selling assets. This will have the effect of damaging credit market activity. Thus, as of this writing, the situation in Europe has been temporarily calmed but is by no means settled.

There are three possible scenarios as to what might happen next. In the first, Europe agrees to engage in greater integration in order to avoid disintegration. This could entail using the European Central Bank (ECB) to backstop sovereign debtors and create a fiscal union with large transfers of resources from richer to poorer nations within the union. This would enable the Eurozone to succeed and ultimately prosper. The problem with this scenario is that it requires individual countries to give up sovereignty and to abide by conditions set by the richer countries in the EU.

Investors were happy to extend credit at low interest rates in the expectation that bonds denominated in euros were a safe asset.

The second scenario is that the Eurozone fails. While this could happen, the short-term costs of disintegration would be catastrophic. It can be argued that, in the long run, some of the troubled countries would be better off outside the Eurozone, but much of Europe would suffer grievously during the transition.

The Mediterranean countries would face problems in gaining access to global credit markets, while the northern economies would see their currencies rise rapidly, thereby hurting exports. Hence, this scenario is politically problematic as well.

China's economy is decelerating, the result of tighter monetary policy in 2011 and declining export growth.

The third scenario, then, seems to be the most likely: Europe manages to hold the Eurozone together but fails to take action that would guarantee its success. This could be called the "muddling along scenario" and would likely involve a prolonged period of slow economic growth, political turmoil, and periodic crises.

What does this scenario mean for consumer products companies? It means continued fiscal contraction across Europe, in part through higher taxes, and tight credit market conditions. Consumer spending would grow slowly, if at all. Consumers would be highly price sensitive and uncertain about the future.

China

China's economy is decelerating, the result of tighter monetary policy in 2011 and declining export growth. In response, China's central bank has stopped tightening policy. Therefore, although China's economy will slow in 2012, it will not necessarily slow dramatically. On the other hand, it is notable that a senior Chinese official recently predicted that growth in 2012 would be below nine percent. If so, it would be the first year since 2001 that growth falls below nine percent. Interestingly, there is evidence that the economic slowdown is being experienced principally by small to medium sized private businesses (especially those that export) and not by the large state-run enterprises that retain favorable access to credit. As such, recent efforts to provide more credit to small business may be helpful in stabilizing the economy.

China's officials have complained about the rapid expansion of U.S. government debt. This reflects fear that the massive stock of foreign currency reserves held by China's government could lose value. Less attention, however, has been paid to the big increase in overall debt in China itself. Yet that is likely to change soon given the fact that overall debt has nearly tripled in the past five years. Notably, a top Chinese official recently said that the debt of China's local governments is "our version of the U.S. subprime crisis."

The \$1.7 trillion in debts issued by local governments to fund infrastructure has been a concern for some time, but officials have downplayed the danger until now. The fear is that multiple defaults without a bailout from the central government, could damage the health of China's banks. How did this come about?

When the global economic crisis began in 2008, and China's exports suddenly dropped, the government implemented a vast stimulus program to boost domestic demand and offset the drop in exports. Part of this involved extending credit to provincial and local governments to engage in infrastructure development. In the short run, this policy was successful in boosting growth and preventing a general recession. The problem, however, is that many such investments have failed to generate adequate returns. The Chinese government estimates that little more than one quarter of local government investment has produced a return adequate to service the debts.

Local government borrowing is not the entire problem. During the global crisis, the government injected capital into state-run banks so that they could lend to state-run companies. The result was an investment boom. Yet this too involved many investments that are not producing an adequate return. As a result, investment in fixed assets surged, reaching almost 50 percent of GDP last year. Meanwhile, consumer spending declined to about 35 percent of GDP. Now that the Chinese economy is slowing, the risk exists that China's debtors will soon face greater difficulties in servicing their debts.

So is China at risk of having a financial crisis? The answer is yes and no. Yes, there is a danger that a new round of defaults will damage the solvency of China's state-run banking system. Yet it is likely that the government would bail out such banks and, thereby, prevent a larger financial crisis. Indeed the Chinese government recently instructed banks to simply roll over loans to local governments.

China does, however, face a risk. Specifically, if the government were compelled to bail out troubled financial institutions, it would probably not support continued lending for the purpose of poorly conceived investments. Consequently, investment would likely fall considerably. Given that investment is now close to 50 percent of GDP, such a fall could have serious consequences for GDP absent an offsetting increase in something else. What could that something else be?

Exports are not likely to take up the slack. Instead, China will look toward a boost in consumer spending to offset a decline in investment. Yet given that consumer spending is now only 35 percent of GDP, it would have to grow very rapidly to make a difference and avoid a significant economic slowdown.

There are, however, some positive signs concerning the prospect for consumer spending. First, wages have been rising, adding to real disposable incomes. This reflects a shortage of labor, as demographic trends limit labor force growth and as internal migration slows. In addition, provincial and local governments have been increasing their minimum wage. Second, the government intends to have state-run companies pay higher dividends to shareholders (mainly the government). This money could be used to boost overall spending. Third, high inflation might spur more spending by consumers. Fourth, the currency is gradually being allowed to rise in value. This reduces import prices and helps to stimulate consumer spending.

On the other hand, the biggest negative for consumer spending is simple demographics. Due to the lagged effect of the one child policy, the labor force is expected to grow much more slowly in the coming decade than it did during the past ten years. As such, the prime consuming age cohort will barely grow while the elderly population will grow rapidly.

Finally, one side effect of China's unbalanced economy is a sharp increase in income inequality. While incomes have increased overall, lower income cohorts have not seen significant increases in purchasing power, especially as home prices have increased dramatically.

There are reasons to expect that in the coming decade China's economy will grow more slowly than in the past. Although consumer spending is likely to increase as a share of GDP, it is not clear that it will be sufficient to create a consumer spending boom.

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United States

As of this writing, the U.S. economy is showing signs of modest strength. There is growth, but not the kind that has followed past recessions when housing made a sizable contribution to the recovery. Instead, growth has been relatively anemic and the housing market remains troubled. Partly as a consequence of this, credit markets have not been strong and bank lending has only begun to recover following a long slide. Moreover, the troubles in Europe could have a negative impact on credit activity in the United States.

Despite these headwinds, U.S. consumers continue to spend. This is a bit surprising given the various negative influences they have faced. Unemployment is uncomfortably high at above 8 percent, real disposable incomes have been declining over the past year, and various measures of consumer confidence have only recently recovered from historic lows. Yet consumer spending has been rising. There are various explanations. First, consumers have substantially paid down debts. Today, debt service payments as a share of income are at the lowest level since 1993. Thus, consumer cash flow has improved. In addition, the increase in spending lately has been at the expense of saving. The saving rate has declined, suggesting a higher degree of confidence on the part of consumers – despite what they tell survey takers. Finally, it is likely that there is considerable pent-up demand following a long dry period.

Consumers may feel a bit more confident because the overall economy is showing signs of renewed strength – albeit modest strength. In the first half of 2011, economic growth was so anemic that many pundits worried that the United States was heading into a new recession. Today, fears of a double dip have abated somewhat as growth has accelerated. Industrial activity has been rising moderately, with particular focus on production of capital goods.

In addition, exports have been strong. Although export growth has decelerated somewhat as the global economy has slowed, it remains strong and contributes substantially to overall GDP growth. This reflects the effects of a relatively weak dollar and the impact of a decade of sizable productivity gains for the manufacturing sector.

Finally, recent growth has been almost entirely due to increased demand for goods and services. There has been little inventory accumulation and inventories remain historically lean. This is good news as it means that the increased output was mostly due to increased demand. It also bodes well for the future, as further increases in demand will require more production rather than dipping into existing inventories.

The impact of economic policy has been mixed. On the one hand, monetary policy remains supportive of growth. Although the Federal Reserve is no longer engaged in “quantitative easing,” it is engaged in a policy designed to reduce long-term interest rates and, therefore, stimulate more credit demand. While it is too early to say whether this has been effective, the decline in bank lending has reversed and consumer willingness to take on new debt has increased substantially. The Fed has indicated that it is open to another round of quantitative easing should the economy generate disappointing growth.

Fiscal policy is a different story. During 2011, the President and the Congress failed to reach an agreement on dealing with long-term budgetary issues. This resulted in the first ever downgrade of the U.S. government. Although the bond market yawned at this news, it probably had a negative impact on business confidence. However, if the Congress does absolutely nothing, the budget deficit will decline considerably. That is because, under current law, taxes are scheduled to rise considerably at the end of 2012 yielding nearly \$3 trillion over ten years. In addition, there have already been \$2.2 trillion in spending cuts built into future budgets. Thus, the real issue facing the Congress is how to eliminate those tax increases and find offsetting reductions in future budget deficits.

A reasonable expectation for the coming year is that consumer spending growth will be positive but modest, that inflation will be low, that consumers will remain relatively price sensitive, and that commodity prices will be soft.

For consumer products companies, the U.S. economic environment is lukewarm. A reasonable expectation for the coming year is that consumer spending growth will be positive but modest, that inflation will be low, that consumers will remain relatively price sensitive, and that commodity prices will be soft. It is also a reasonable assumption that, to the extent there are income gains, a disproportionate share will accrue to upper income households. Thus, spending growth will be bifurcated.

Japan

Japan suffered grievously in 2011 due to the terrible earthquake and tsunami. Aside from the unspeakable human cost, there was a big economic cost as well. The sharp drop in electricity production and the damage to transport infrastructure led to a big decline in industrial output. Not only did this lead to a drop in Japan’s GDP, it had a global impact as well as much of the global automotive and electronics industry supply chains are dependent on Japan’s participation.

While growth in the third quarter of 2011 was very strong, the economy slid again in the fourth quarter – partly because of the impact of Thailand’s floods on industrial supply chains. Going forward, the Parliament has allocated the equivalent of US\$240 billion on reconstruction, most of which will be spent in the coming year and-a-half. This should have a positive impact on growth in 2012.

Still, Japan faces some challenges. First, it is likely that the reconstruction spending will be financed in part by higher taxes on consumers, and this will probably have a negative impact on the consumer. Second, Japan remains highly dependent on exports. Yet the value of the yen is at an historic high and is not expected to come down. Moreover, as the global economy slows, export growth is likely to decelerate. In addition, because the earthquake damaged nuclear generating capacity, Japan has had to import oil and gas to close the gap. This has resulted in a large trade deficit, hurting economic growth.

Finally, although Japan’s central bank has engaged in a more aggressive monetary policy, this alone may not be sufficient. The goal of such a policy is to increase inflation, reduce real interest rates, and stimulate more spending and credit market activity. Yet as of this writing, inflation remains very low, consumer spending is anemic, and credit market activity is poor. Absent a more aggressive policy, it is likely that Japan’s economy will grow slowly following the end of reconstruction spending.

India

Indian distribution briefly made global headlines when the government announced it had changed the rules regarding foreign investment in retailing. Multi-brand foreign retailers would be permitted to own up to 51 percent of an Indian retail enterprise. In the long-term, this would have a positive impact on economic growth and could lead to a rationalization of the supply chain, greater supply chain efficiency, and greater effective spending power for consumers. It would also be beneficial to the world's leading retailers as they continue to seek global opportunities beyond the Chinese market. However, facing serious opposition, the government backed down and withdrew the planned liberalization. At this writing, it is not clear whether and when this proposal will be offered again.

The short-term outlook for India is a bit cloudy. The country's economy is clearly slowing following a period in which monetary policy was tightened in order to fight inflation. The problem is that although the monetary tightening resulted in slower economic growth, it did not bring inflation down. Now policymakers are faced with the conundrum of slow growth with persistent inflation.

That said, India is relatively immune to the problems in the global economy. That is because trade is a modest share of GDP in India. In addition, India's financial sector is not highly exposed to the troubles in European credit markets. Thus, even a worsening of the situation in Europe is not likely to have a big negative impact on India.

Longer term, India's prospects are good. The country has a youthful population, which bodes well for growth and consumer spending. Economic policy has been supportive of growth through deregulation. In addition, India's capital markets have funneled credit to entrepreneurs, contributing to growth. However, India has obstacles. These include a high degree of trade protection, continuing regulation of labor markets, and uncertainty regarding the future of policy.

Brazil

As in much of the emerging world, Brazil's policymakers have quickly shifted from a focus on excessive inflation toward a focus on growth. In the first half of 2011, Brazil was growing rapidly and experiencing uncomfortably high inflation. The central bank raised interest rates, which resulted in a sharp rise in the value of the currency and harmed export competitiveness. Yet by the second half of the year, with domestic demand decelerating and exports being harmed by slower global growth, the central bank shifted and cut interest rates.

Going forward, Brazil is likely to have modest growth in 2012 and declining inflation. Interestingly, consumer spending has held up well despite the economic slowdown. This was due in part to continuing growth of consumer credit. While positive for spending, this credit expansion does pose a risk to the economy and especially to the banking system.

Longer term, the prospects for Brazil's economy and consumer sector are very good. With a youthful population, favorable economic policies, and sizable foreign direct investment, growth should be strong. In addition, roughly half of Brazil's exports are now manufactured goods. This is a big change from the past when Brazil was largely a commodity exporter and it suggests a less volatile future. Improving income distribution and the rapid rise of the middle class also bode well for continued growth of modern retailing.

Russia

Russia's growth has been moderately strong lately owing to the strength of commodity prices. In addition, there are indications of greater openness to foreign investment in the commodity sector, which would offer the possibility of increased commodity production. Yet Russia's continued dependence on commodities makes it vulnerable to volatile prices. Russia is also highly dependent on Western Europe, and a deepening crisis there would have a strong negative impact on Russia.

As long as the economy grows, Russian consumer spending has good prospects, at least in the largest cities where a disproportionate share of spending power exists. On the other hand, a declining and aging population means that longer-term prospects are not great. And a failure to diversify away from commodities puts the consumer sector at the mercy of forces beyond the control of Russia's authorities.

Global trends and issues affecting the consumer products industry in 2012

In 2012, most of the consumer products companies on the top 250 list will continue to seek global growth opportunities, pursue business model innovations to win with consumers and customers, and establish more effective ways to manage uncertainty. With the economic crisis in Europe, increasing social unrest in various regions and elections in several developed markets, 2012 will present an unstable environment for consumer products companies. Leaders will, however, continue to pursue both top-line and margin growth. According to a recent report from *Forbes Insights*¹, 38 percent of senior executives view “improving top- and bottom-line performance” as their top strategic priority, followed by “expanding into global and new markets” at 33 percent. Key emerging markets will continue to present the highest growth opportunities for consumer products companies, with countries such as Brazil, China, and India driving global GDP growth. This global growth agenda will result in strong corporate M&A activity, proactive management of category and brand portfolios, and significant investments outside the core developed markets that are home to most of the world’s leading consumer products companies.

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Over the past few years, consumer products companies have learned some valuable lessons about global expansion and growth. While emerging markets will continue to be the engine of growth thanks to an increasing middle class and domestic consumer demand, capturing this growth comes with significant challenges. Firstly, understanding the consumer in each of these markets (and in some cases in each region within a market) is a task that cannot be underestimated. Local tastes, preferences, and affordable price points have huge implications for how products are developed, manufactured, and promoted. With increasing advertising costs in many emerging markets, consumer products companies will also continue to seek optimal ways of allocating marketing investment across multiple channels. For example, word of mouth campaigns seem to generate the highest ROI in Asian markets, but they are extremely difficult to execute successfully without local market knowledge. Secondly, intense price competition, wage inflation and the cost of real estate in emerging markets put great pressure on margins and profitability. Consumer products companies will continue to evolve their business and commercial operating models in order to be successful and profitable. Product innovation, combined with effective pricing strategies, will be key areas of focus for the companies that will succeed in 2012 and beyond. Finally, managing global talent is becoming a key priority for consumer products companies and will be a prerequisite for achieving successful global growth. Recent research from the Deloitte member firm in the United States found that nearly one in four executives (23 percent) surveyed cited competing for talent globally and in emerging markets as a top talent concern². When asked to look forward three years from now, the global talent search rises even higher on the agenda to 27 percent. Global mobility initiatives, training and competency development programs, and cross-border centers of excellence will continue to dominate the talent agenda for consumer products companies in 2012.

¹ ‘Forbes Insights’ Survey of 376 senior executives and talent managers at large companies (annual sales of +\$500 million) worldwide; Forbes, October 2011

² ‘Talent Edge 2020: Redrafting talent strategies for the uneven recovery’; Deloitte Development LLC, January 2012

Consumer products companies will continue to evolve, and in some cases rethink their operating models in order to be competitive in the global marketplace.

Consumer products companies will continue to evolve, and in some cases rethink their operating models in order to be competitive in the global marketplace. Changes in governance models, including corporate structures and decision-making hierarchies, will continue to evolve to meet the need for de-centralized and real-time decisions aligned with wider business and brand strategies. Functional processes and procedures will also need to evolve. Marketing and sales investment allocation rigor, proactive financial stewardship, and sustainable practices throughout the value chain will increasingly become business as usual. Commercial transformation will become a higher priority in the consumer products sector as businesses grapple with the need to rethink traditional marketing and sales models to meet the needs of a radically different business and consumer environment.

The companies that get it right will rise to the top and become global leaders in the increasingly interconnected consumer business landscape.

The magnitude of the untapped opportunity goes beyond much-discussed general trends such as the rising middle classes in emerging markets and the increasing importance of social media. The true opportunity lies in connecting the dots in an increasingly complex consumer and customer ecosystem and winning over the ever-changing hearts and minds of consumers and shoppers with products and value propositions relevant to their individual situations.

These themes, and how consumer products companies can respond to them, are explored in more detail in the paragraphs that follow.

Use analytics to inform where to play and how to win

One of the biggest challenges that consumer products companies will face in 2012 will be the growing need to strengthen the skill-sets, tools, and processes that enable them to convert data into real insights in an effective and timely manner – and to use those insights to inform business decisions. Depending on geography, consumer products companies are faced with either a plethora or a lack of data. Countries with concentrated modern trade usually have an abundance of consumer, shopper, and customer data. By contrast, in most emerging markets dominated by a traditional retail trade this data either does not exist or is at best far from complete. Consumer products companies will continue to invest time and effort in analyzing ‘data’ to track changing value and profit pools in and across markets and to understand trends, behaviors, and patterns of activity that provide the insights needed to achieve and sustain competitive advantage. More than ever, consumer products companies that best integrate and use consumer, shopper, and customer insights to drive strategic and tactical innovation and optimize engagement with individuals throughout the journey to the point of purchase will ultimately win at the shelf.

Winning at the shelf – physical or virtual – also requires constructive collaboration with the retailer. Consumer products companies will continue to seek strategic alliances with retailers based both on quantitative factors such as current and projected profitability, as well as qualitative factors such as alignment of strategic objectives, compatibility of supporting tools and processes, and cultural fit. While often fraught with tension, such relationships will be crucially important.

At the corporate level, consumer products companies will continue to leverage scenario planning and econometric modeling to better manage macro-economic and political uncertainty. Indeed, leading consumer products companies are becoming more sophisticated in establishing global Enterprise Risk Management governance, processes, and systems. Businesses are beginning to quantify drivers of value at risk that have previously not been quantified, such as the impact of increasingly stringent product regulation. Not surprisingly, many leading consumer product companies are evaluating the impact of structural changes in the Eurozone and their potential impact on areas such as pricing and supply chain management.

Use pricing as a strategic lever to win with consumers, shoppers, and retailers globally

Pricing has always been an area of focus for consumer products companies. However, the accessibility and transparency of pricing information to consumers and shoppers, as well as the global scale and power of major retailers, pose significant challenges in the way consumer products companies think about their pricing strategy. To manage the increased complexity and margin pressures, consumer products companies will increasingly use the latest technological advances such as analytics and pricing management tools to optimize consumer pricing and trade pricing, as well as to maximize the returns on investment from marketing and trade spend.

Private label products will continue to be a significant and growing competitor to branded consumer products companies in 2012 and beyond. In many major markets around the world, private label penetration has increased as the global economic recession continues to burden the world's largest markets. Since mid-2008, private label's U.S. market share of total consumer products unit-volume has grown by more than 16 percent from about 18 percent in mid-2008 to over 21 percent in January 2011. With private label in European grocery representing more than a 45 percent share this may still have some way to go. Furthermore, a recent study demonstrated that roughly 85 percent of shoppers in the U.S. currently rate store brands as equal in quality to national brands³.

As shoppers make the switch from branded to private label products, the study also found that about 93 percent of them expect to continue 'spending cautiously' on private label products, even after the economy improves. Unlike previous economic recessions that caused temporary changes in shopping habits, this prolonged recession may be turning frugal shopping habits into more permanent consumer behavior.

More consumer products companies are taking the view that part of the answer to the margin challenge lies in revisiting product portfolios within the category. This process typically involves altering consumer unit size and packaging types (pack type is an important part of the consumer/shopper value equation), and developing a ranked good/better/best product portfolio, while also considering potential variants for specific consumer needs. Changed category propositions of this sort are then tested with consumers and shoppers through a combination of qualitative and quantitative research into what drives perception of value, typically using analytics and modeling techniques to establish the pack/price/preference parameters that describe the determinants of consumer choice. The results of this type of research and insight are then used to develop a win-win category proposition for each retailer. At the core of such a strengthened category proposition is alignment of category strategy, brand architecture, and pricing architecture – such alignment is critical in creating a stronger proposition for the retailer and the consumer that offers real up-side in category margin.

Use digital media as a key strategy to 'own the consumer' throughout their journey with your brand

There is no doubt the rapid pace of digital media growth has transformed the way consumers think, behave and interact with each other and with businesses. However, most consumer products companies struggle with adapting their strategies, capabilities and internal processes to meet these new consumer needs. Consumers utilize digital and social media throughout their purchasing journey – from browsing, to product identification and comparison, to purchasing, and post-purchase customer service.

³ 'The 2010 American Pantry Study', Deloitte Development LLC and Harrison Group, 2010

The implications for consumer products companies are huge – as is the opportunity to engage with customers in an effective and timely manner to build long-term brand loyalty. More and more businesses are moving beyond thinking about digital media as an additional and, perhaps, more effective, communication channel that allows for highly personalized and targeted engagement. Increasingly, companies are moving to a more structured way of integrating digital media into their broader marketing and corporate strategies. What's clear is that the world's leading consumer products companies are embracing digital media as a platform for large-scale direct consumer engagement. Such engagement will serve many purposes – to inform innovation, test new products, nurture and support brands, sell direct and provide after sales service. Most importantly, it will help enable consumer products companies to understand their consumers better as individuals and target them accordingly. Again, the use of data and analytics will be key to this.

Building teams that focus exclusively on digital channels, developing talent that understands and anticipates future digital trends, and shifting investments from traditional to digital marketing are only a few of the initiatives that consumer products companies are likely to pursue as they re-think their digital media strategies. While the specific optimal digital media strategy will vary by company, geography, and product category, there is one constant denominator for consumer products executives – the need to meaningfully engage with consumers throughout their journey with their brands and convert them from merely loyal customers into active brand advocates.

Use sustainable practices as a key component of the growth agenda

Consumer products companies will increasingly operate in a resource-constrained, climate-impacted world that requires businesses to place sustainability at the center of what they do and how they do it. It's not a nice to have; it's about the very sustainability of the business model.

In 2012 and beyond, consumer products companies will increasingly integrate sustainable practices into their core operating models throughout the value chain.

In 2012 and beyond, consumer products companies will continue to move away from Corporate Social Responsibility (CSR) and a separate set of sustainability initiatives. Instead, they will increasingly integrate sustainable practices into their core operating models throughout the value chain – from sourcing and waste management to consumer engagement with the brand. Increasing numbers of companies are recognizing that sustainability can be a primary driver for strategic product and business model innovation that makes them more relevant to consumers, captures market share, and helps them continue to operate effectively in a changing world.

One of the key drivers of the need for change is consumer expectations. Yes, consumers will continue to place strong emphasis on price, convenience and quality in making their decisions about where to shop and what to buy. However, increasing numbers of them will want explicit reassurance that what they buy will be 'good for the planet', and most will likely expect that businesses are already operating to the highest possible standards in this respect. Business leaders are increasingly recognizing that they have the responsibility, capability, and self-interest to achieve real beneficial change in consumer behaviors through the way their products and marketing messages touch people's lives every day.

It is also likely that more consumer products companies will collaborate with government, civil society, and even competitors to tackle massive societal problems such as water scarcity and deforestation. Increasing regulation and taxation, as well as highly volatile commodity costs, will increasingly result in true resource costs being reflected in the price of products for the consumer, which will change behaviors based on affordability and the perception of value versus personal values. This, in turn, will provide new incentives for R&D and product innovation. Practices such as closed loop and localized supply chains, water management and carbon labeling will help enable organizations to create both value and competitive differentiators. Businesses that successfully take their consumers on this journey are likeliest to remain relevant in the long term.

Review the operating model of the business to ensure it delivers the capabilities needed to win in markets around the world

There is increasing focus on strengthening capabilities and adapting operating models to underpin strategies to enhance organic growth. Three facets of the business operating model are top priority for most leading consumer products companies:

- **Commercial transformation:** to create new capabilities and underpin effective through-the-line integration of marketing spend.
- **Finance transformation:** to bring new levels of financial literacy to commercial and operational decision making.

- **Wider business model optimization:** to better align global, regional, and in-market decision-rights with the category and brand portfolio of the business and to extend the adoption of structures that reduce effective tax rates and free up additional resources to invest in growth.

Commercial Transformation: The consumer in 2012 is very different from the consumer of just a few years ago. What is even more astonishing is the pace at which consumer behavior is changing. Today's consumer is able to access and share real-time information and has a radically different way of making purchasing decisions. For example, point-of-purchase activities are more important than ever, with coordination of messages along the entire purchasing funnel becoming increasingly critical to maximizing conversion rates. Integrating consumer, shopper, and customer/ outlet-based insights will therefore be essential in shaping optimal strategies and tactics to win at the point of purchase. This has profound implications for organizations in which marketing and sales still operate largely within traditional silo-based structures. Going forward, marketing strategies have to be integrated "through the line" in strategy, planning, and execution.

Moreover, understanding and meeting the needs of each consumer segment with the right general value propositions will be necessary but not sufficient to win with this consumer. Personalization and relevance to individual needs are becoming ever more critical to being noticed, ensuring relevance to the individual and, while that lasts, achieving a degree of loyalty.

In order to successfully execute this consumer-centric strategy, consumer products companies will continue to innovate across multiple areas of their value chain – from introducing new marketing and distribution channels, to acquiring new skills and, finally, to establishing new multi-channel business models. Given the way that global brand portfolios evolve, finding the right governance and operating models to prioritize investment behind global, regional, and local brands becomes ever more important.

There is increasing focus on strengthening capabilities and adapting operating models to underpin strategies to enhance organic growth.

Although there is no one-size-fits-all solution for all companies, most will continue to evolve their commercial operating models to embrace digital, support new channels, and integrate every point of engagement on the path to purchase.

Finance transformation: The changing role of finance within the business is a key area of focus for virtually every CFO in the consumer products sector. Today's finance organizations must execute on a much broader range of responsibilities than existed in their traditional role as stewards of the finances of the business. The traditional responsibilities for information quality and consistency, finance talent management, internal controls and corporate governance, and overall finance function effectiveness remain. However, there is more emphasis on business partnering and business performance management, as well as on finance professionals acting as coaches to functional roles across the business. This is part of a broader change in which the role of finance is evolving from "decision support" into an integral part of decision processes at every level of the business.

In a volatile global environment, the ability to respond quickly to changes in the market based on accurate facts and forecasts will be increasingly important to a company's ability to avoid unwarranted costs and to get the best return on every dollar, Euro, or Yuan spent. Most consumer products companies have already established new finance operating models underpinned by integrated ERP systems and characterized by shared services for transaction processing, centers of excellence for specialist skills areas such as treasury and tax, and refocused in-market finance functions. Businesses that build on this by developing the right finance competencies and skills supported by the right information strategies and business analytics tools will acquire capabilities that make a real difference to succeeding in the market and delivering optimal shareholder returns.

Technological advancements will continue to change the way that consumer products companies think about every aspect of their business – from product innovation to supply chain management

Ever since the invention of newsprint, then radio and then television consumer products companies have made use of the latest available technologies to win the hearts and minds of consumers and shoppers. In some ways therefore nothing has changed. However, what has changed is the pace of change and the power of the new communications technologies that have recently emerged to connect people and provide complete transparency of information. Consumer products companies need to embrace these new technologies and recognize how they impact different aspects of the business such as innovation, brand development, revenue management, and demand planning.

Full pricing transparency, access to real-time product availability at the store level, and technology-enabled consumer-to-consumer influencing are just a few examples of the way the consumer's 'path to purchase' is being reshaped. As a result, consumer products companies are increasingly looking to new ways of gathering and using consumer and shopper insights to design, develop, and test products; to communicate the brand value proposition; and to ensure efficient distribution throughout the traditional and new channels in which they operate. Recognizing the inevitable challenges in retail-supplier relationships, the need to align every touch-point on the path to purchase requires close collaboration with retailers, who still dominate the consumers' attention in-store. This will continue to be critical to ensuring that the product is placed, priced, and promoted at the right level. In 2012, it is expected that innovative technologies, such as self-service checkout via mobile phone apps and personalized digital coupons – promoted by the retailers, or even by the consumer products companies themselves – will increasingly be tested with consumer and shoppers globally.

Wider business model optimization: For many consumer products companies, the combination of organic and inorganic growth over many years has resulted in complex portfolios of global, regional, and local brands. While a rich portfolio of brands is a huge asset, in increasingly competitive markets around the world it is critically important that in-market investment decisions reflect both local market realities and above-market category and brand strategies. Most global consumer products companies have matrix operating models that reflect the need to manage the business from both a category and geography perspective. Optimizing how this matrix works is therefore important, and companies across the industry are increasingly focused on achieving this in several ways: improvement of top-down and bottom-up strategy and planning processes to ensure top-to-bottom alignment behind investment priorities and plans; removal of ambiguities in decision rights and accountabilities between in-market and above-market roles; and increasing focus on above-market leadership from a like-market archetype perspective rather than geography.

A look into the 'virtual store'

Consumer products companies and retailers are seeking new and innovative ways of engaging with consumers and shoppers like never before. Virtual stores provide one way to stimulate impulse purchases and capture pent-up demand from mobile consumers. The concept, which has been successfully executed by Tesco in South Korea and is being piloted by Procter & Gamble in Prague's subway stations,⁷ is likely to become much more widespread. It plays to the growing demand for convenience while providing a powerful marketing opportunity. For consumer products companies that seek new channels to reach consumers, utilizing mobility is a new cost-effective way of increasing sales without having to invest in real estate. For time-constrained and technologically savvy consumers it is a convenient on-the-go shopping experience, as simple as capturing the quick-response (QR) codes alongside the brand images with a hand-held device. It is not surprising that companies such as Tesco, Procter & Gamble, and others are already experimenting with the concept.

An additional operating model concern for many companies is ensuring that the business is structured efficiently from a tax perspective. For example, most leading consumer products companies with pan-European businesses have already established central entrepreneur/low-risk distributor structures in the region. The success of these structures in reducing effective tax rates has prompted many to explore their application in regions such as Asia Pacific where, in spite of slightly different tax regimes, similar opportunities exist.

Recognize that the IT strategy of the business has to change

Most leading consumer products companies have invested heavily in their core ERP systems over the past decade and many have a reasonably complete operational ERP infrastructure. Nearly half of all organizations with ERP implementations plan to make investments to expand their capabilities in the next year⁴. Most of these consumer product companies are making a clear distinction between the "need to play" vs. "play to win" processes, and will continue to establish a clearly defined corporate strategy for how each process will be enabled for the business.

However, given the digitally-enabled world that is becoming the new reality, the leading consumer products companies are undergoing a profound rethink of their IT strategy. According to a recent publication by the 'Deloitte Centre for the Edge'⁵, "to get better faster at whatever it is you do, you've got to be supported by a broad array of complementary people and resources from which you can pull what you need to raise your rate of performance improvement".

In the context of an IT strategy for a consumer products company, this means that the focus needs to be outward, not inward.

In 2012, consumer products companies will have no shortage of technological capabilities at their fingertips; nor will they lack available data, with data volumes doubling every 14 months⁶. However, the increasing complexity of global business and the proliferation of media (and, as a result, consumer touch points) make uncovering hidden insights a challenging task. It is no surprise that more and more consumer products companies are integrating business performance improvement, information management, and advanced analytics initiatives to meet the needs of their businesses. In many cases, consumer products executives will seek to deploy existing and new technologies in a disruptive way, to further engage with consumers and customers and to provide the analytics and insights that can ensure that such engagement is relevant and successful.

4 Additional information is available in Deloitte Consulting LLP (2011), "Tech Trends 2011: The natural convergence of business and IT", Chapter 7

5 The Power of Pull: How Small Moves, Smartly Made, Can Set Big Things in Motion, by John Hagel III, John Seely Brown, and Lang Davison, Deloitte Development LLC, 2010

6 Additional information is available in Deloitte Consulting LLP (2010), "Depth Perception: A dozen technology trends shaping business and IT in 2010", Chapter 10

7 Procter & Gamble website (link: <http://news.pg.com/blog/innovation/pg-and-mallcz-introduced-first-virtual-drugstore-czech-republic>)

Top 250 highlights

Consumer products industry rebounds in 2010 despite continuing economic malaise

The consumer products industry ended 2009, one of the toughest years in the world's economic history, poised for a rebound. And in 2010, robust sales growth and profitability prevailed, despite a persistent feeling of unease about where the global economy was headed.

Although a durable economic recovery still appears distant, composite, currency-adjusted sales grew 8.4 percent in 2010 for the 250 largest consumer products companies, nearly a 10 percentage point turnaround from the prior year's 1.2 percent decline in sales. Unlike 2009, when 60 percent of Top 250 companies experienced negative sales growth, more than three-quarters of Top 250 companies reported a sales increase in 2010.

The vast majority of the companies that disclosed their bottom-line results also were profitable in 2010 (201 of 216 companies). The composite net profit margin for the 216 reporting companies was 8.5 percent, an increase of more than two percentage points over 2009's 6.4 percent result. While the group's composite asset turnover remained the same in 2010 at 0.9 times, better profitability led to higher return on assets: 7.5 percent compared with 5.6 percent in 2009.

The 250 largest consumer products companies generated combined sales of more than \$2.82 trillion in 2010. This is a significant increase over 2009, when sales for the Top 250 totaled \$2.57 trillion. Average sales volume for the Top 250 companies was \$11.3 billion in 2010. To rank among the global powers of the consumer products industry required net sales of at least \$2.5 billion, up from \$2.3 billion in 2009.

Top 250 quick stats, 2010

- \$2.82 trillion – aggregate sales of Top 250 in US\$
- \$11.3 billion – average size of Top 250 consumer products companies
- \$2.5 billion – minimum sales required to be on Top 250 list
- 8.4 percent – composite year-over-year sales growth
- 8.5 percent – composite net profit margin
- 0.9x – composite asset turnover
- 7.5 percent – composite return on assets
- 27.8 percent – economic concentration of top 10

Top 250 consumer products companies

Sales rank FY10	Company name	Country of origin	Region	Product sector	FY10 net sales (US\$mil)	FY10 net sales growth	FY10 net profit margin
1	Samsung Electronics Co., Ltd.	South Korea	Asia/Pacific	Electronic Products	134,528	11.2%	10.4%
2	Nestlé S.A.	Switzerland	Europe	Food, Drink & Tobacco	105,492	2.0%	32.2%
3	Panasonic Corporation	Japan	Asia/Pacific	Electronic Products	101,704	17.2%	1.0%
4	The Procter & Gamble Company	United States	North America	Personal & Household Products	82,559	4.6%	14.3%
5	Sony Corporation	Japan	Asia/Pacific	Electronic Products	73,761	0.2%	-3.1%
6	Apple Inc.	United States	North America	Electronic Products	65,225	52.0%	21.5%
7	Unilever Group	Netherlands and United Kingdom	Europe	Food, Drink & Tobacco	58,775	11.1%	10.4%
8	PepsiCo, Inc.	United States	North America	Food, Drink & Tobacco	57,838	33.8%	11.0%
9	Nokia Corporation	Finland	Europe	Electronic Products	56,364	3.6%	3.2%
10	Kraft Foods Inc.	United States	North America	Food, Drink & Tobacco	49,207	21.8%	8.4%
11	LG Electronics Inc.	South Korea	Asia/Pacific	Electronic Products	48,506	-23.6%	2.3%
12	Anheuser-Busch InBev SA/NV	Belgium	Europe	Food, Drink & Tobacco	36,297	-1.3%	15.9%
13	Sharp Corporation	Japan	Asia/Pacific	Electronic Products	35,357	9.7%	0.7%
14	The Coca-Cola Company	United States	North America	Food, Drink & Tobacco	35,119	13.3%	33.8%
15	Koninklijke Philips Electronics N.V.	Netherlands	Europe	Personal & Household Products	33,754	9.6%	5.7%
16	Bridgestone Corporation	Japan	Asia/Pacific	Tires	32,680	10.2%	3.7%
17	JBS S.A.	Brazil	Latin America	Food, Drink & Tobacco	31,426	60.5%	-0.5%
18	Mars, Incorporated	United States	North America	Food, Drink & Tobacco	30,000 ^e	7.1%	n/a
19	Japan Tobacco Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	29,088	-1.1%	6.0%
20	Tyson Foods, Inc.	United States	North America	Food, Drink & Tobacco	28,430	6.5%	2.7%
21	Philip Morris International Inc.	United States	North America	Food, Drink & Tobacco	27,208	8.7%	27.6%
22	L'Oreal SA	France	Europe	Personal & Household Products	25,888	11.6%	11.5%
23	Compagnie Générale des Établissements Michelin S.C.A.	France	Europe	Tires	23,757	20.8%	5.9%
24	Imperial Tobacco Group PLC	United Kingdom	Europe	Food, Drink & Tobacco	23,415	1.8%	10.1%
25	British American Tobacco plc	United Kingdom	Europe	Food, Drink & Tobacco	23,014	4.8%	21.1%
26	Danone	France	Europe	Food, Drink & Tobacco	22,587	13.5%	12.0%
27	Lenovo Group Limited	Hong Kong	Asia/Pacific	Electronic Products	21,594	30.0%	1.3%
28	Heineken N.V.	Netherlands	Europe	Food, Drink & Tobacco	21,423	9.7%	9.6%
29	Kirin Holdings Company, Limited	Japan	Asia/Pacific	Food, Drink & Tobacco	20,959	-4.3%	1.2%
30	NIKE, Inc.	United States	North America	Fashion Goods	20,862	9.7%	10.2%
31	Haier Group	China	Asia/Pacific	Home Furnishings & Equipment	20,075	9.2%	n/a
32	Henkel AG & Co. KGaA	Germany	Europe	Personal & Household Products	20,041	11.2%	7.6%
33	Acer Incorporated	Taiwan	Asia/Pacific	Electronic Products	19,973	9.6%	2.4%
34	Research In Motion Limited	Canada	North America	Electronic Products	19,907	33.1%	17.1%
35	Suntory Holdings Limited	Japan	Asia/Pacific	Food, Drink & Tobacco	19,898*	12.4%	2.7%
36	Kimberly-Clark Corporation	United States	North America	Personal & Household Products	19,746	3.3%	9.8%
37	The Goodyear Tire & Rubber Company	United States	North America	Tires	18,832	15.5%	-0.9%
38	Whirlpool Corporation	United States	North America	Home Furnishings & Equipment	18,366	7.4%	3.5%

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Top 250 consumer products companies

Sales rank FY10	Company name	Country of origin	Region	Product sector	FY10 net sales (US\$mil)	FY10 net sales growth	FY10 net profit margin
39	Altria Group, Inc.	United States	North America	Food, Drink & Tobacco	16,892	0.4%	23.1%
40	adidas AG	Germany	Europe	Fashion Goods	15,921	15.5%	4.7%
41	Diageo plc	United Kingdom	Europe	Food, Drink & Tobacco	15,808	1.6%	20.3%
42	Colgate-Palmolive Company	United States	North America	Personal & Household Products	15,564	1.5%	14.9%
43	Svenska Cellulosa AB SCA	Sweden	Europe	Personal & Household Products	15,195	-1.5%	5.1%
44	SABMiller plc	United Kingdom	Europe	Food, Drink & Tobacco	15,145	6.7%	16.9%
45	Cargill Meat Solutions Corporation	United States	North America	Food, Drink & Tobacco	15,000 ^e	0.0%	n/a
46	General Mills, Inc.	United States	North America	Food, Drink & Tobacco	14,880	0.6%	12.1%
47	AB Electrolux	Sweden	Europe	Home Furnishings & Equipment	14,803	-2.6%	3.8%
48	Ajinomoto Co., Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	14,130	3.1%	3.0%
49	Kao Corporation	Japan	Asia/Pacific	Personal & Household Products	13,886	0.2%	4.0%
50	Groupe Lactalis	France	Europe	Food, Drink & Tobacco	13,810	22.4%	3.0%
51	Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA)	Mexico	Latin America	Food, Drink & Tobacco	13,342	-14.1%	26.7%
52	Reckitt Benckiser Group plc	United Kingdom	Europe	Personal & Household Products	13,071	9.0%	18.6%
53	Meiji Holdings Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	13,035	0.7%	0.9%
54	BRF – Brasil Foods S.A.	Brazil	Latin America	Food, Drink & Tobacco	12,947	42.6%	3.5%
55	Maxingvest AG	Germany	Europe	Personal & Household Products	12,741	7.7%	5.8%
56	Dr. August Oetker KG	Germany	Europe	Food, Drink & Tobacco	12,558	18.9%	n/a
57	Kellogg Company	United States	North America	Food, Drink & Tobacco	12,397	-1.4%	10.0%
58	ConAgra Foods, Inc.	United States	North America	Food, Drink & Tobacco	12,303	1.9%	6.7%
59	Smithfield Foods, Inc.	United States	North America	Food, Drink & Tobacco	12,203	8.9%	4.3%
60	Dean Foods Company	United States	North America	Food, Drink & Tobacco	12,123	8.6%	0.7%
61	Asahi Breweries, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	12,054	3.2%	4.9%
62	BSH Bosch und Siemens Hausgeräte GmbH	Germany	Europe	Home Furnishings & Equipment	12,048	7.9%	5.1%
63	Royal FrieslandCampina N.V.	Netherlands	Europe	Food, Drink & Tobacco	11,914	10.0%	3.2%
64	Nintendo Co., Ltd.	Japan	Asia/Pacific	Leisure Goods	11,868	-29.3%	7.7%
65	Vion N.V.	Netherlands	Europe	Food, Drink & Tobacco	11,644	-2.4%	0.9%
66	Nippon Meat Packers, Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	11,575	3.7%	1.7%
67	Motorola Mobility Holdings, Inc.	United States	North America	Electronic Products	11,460	3.7%	-0.7%
68	Land O'Lakes, Inc.	United States	North America	Food, Drink & Tobacco	11,146	7.1%	1.6%
69	GD Midea Holding Co., Ltd.	China	Asia/Pacific	Home Furnishings & Equipment	11,030	57.7%	5.4%
70	Avon Products, Inc.	United States	North America	Personal & Household Products	10,731	4.3%	5.6%
71	H. J. Heinz Company	United States	North America	Food, Drink & Tobacco	10,707	2.0%	9.4%
72	Carlsberg A/S	Denmark	Europe	Food, Drink & Tobacco	10,706	1.1%	9.9%
73	Yamazaki Baking Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	10,601	4.8%	1.4%
74	Uni-President Enterprises Corp.	Taiwan	Asia/Pacific	Food, Drink & Tobacco	10,586	18.0%	4.9%
75	Pernod Ricard S.A.	France	Europe	Food, Drink & Tobacco	10,424	7.9%	14.1%

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Top 250 consumer products companies

Sales rank FY10	Company name	Country of origin	Region	Product sector	FY10 net sales (US\$mil)	FY10 net sales growth	FY10 net profit margin
76	Nikon Corporation	Japan	Asia/Pacific	Electronic Products	10,384	13.0%	3.1%
77	Dairy Farmers of America	United States	North America	Food, Drink & Tobacco	9,800	21.0%	0.4%
78	Grupo Bimbo, S.A.B. de C.V.	Mexico	Latin America	Food, Drink & Tobacco	9,284	0.7%	4.7%
79	Alticor Inc.	United States	North America	Personal & Household Products	9,200	9.5%	n/a
80	Compagnie Financière Richemont SA	Switzerland	Europe	Fashion Goods	9,120	33.2%	15.7%
81	Marfrig Alimentos S.A.	Brazil	Latin America	Food, Drink & Tobacco	9,064	65.1%	0.9%
82	The Ferrero Group	Italy	Europe	Food, Drink & Tobacco	9,041	4.0%	n/a
83	Coca-Cola Hellenic Bottling Company S.A.	Greece	Europe	Food, Drink & Tobacco	9,021	3.8%	6.4%
84	S.C. Johnson & Son, Inc.	United States	North America	Personal & Household Products	9,000 ^e	5.9%	n/a
85	Gree Electric Appliances, Inc. of Zhuhai	China	Asia/Pacific	Home Furnishings & Equipment	8,941	42.3%	7.1%
86	The Estée Lauder Companies Inc.	United States	North America	Personal & Household Products	8,810	13.0%	8.0%
87	Arla Foods amba	Denmark	Europe	Food, Drink & Tobacco	8,741	6.1%	2.6%
88	Sara Lee Corporation	United States	North America	Food, Drink & Tobacco	8,681	-19.6%	14.9%
89	Reynolds American Inc.	United States	North America	Food, Drink & Tobacco	8,551	1.6%	13.0%
90	Stanley Black & Decker, Inc.	United States	North America	Home Improvement Products	8,410	125.0%	2.4%
91	Sony Ericsson Mobile Communications AB	Sweden	Europe	Electronic Products	8,358	-7.3%	1.6%
92	Danish Crown AmbA	Denmark	Europe	Food, Drink & Tobacco	8,243	1.0%	3.6%
93	Shiseido Company, Limited	Japan	Asia/Pacific	Personal & Household Products	7,847	4.1%	2.3%
94	Campbell Soup Company	United States	North America	Food, Drink & Tobacco	7,676	1.2%	11.0%
95	TCL Corporation	China	Asia/Pacific	Electronic Products	7,668	17.0%	0.9%
96	V.F. Corporation	United States	North America	Fashion Goods	7,625	6.7%	7.4%
97	Masco Corporation	United States	North America	Home Improvement Products	7,592	-2.6%	-13.2%
98	MillerCoors LLC	United States	North America	Food, Drink & Tobacco	7,571	-0.0%	14.2%
99	Hormel Foods Corporation	United States	North America	Food, Drink & Tobacco	7,221	10.5%	5.5%
100	Eastman Kodak Company	United States	North America	Electronic Products	7,187	-5.5%	-9.6%
101	Fortune Brands, Inc.	United States	North America	Home Improvement Products	7,142	6.7%	6.9%
102	Sumitomo Rubber Industries, Ltd.	Japan	Asia/Pacific	Tires	6,904	15.3%	4.0%
103	Dole Food Company, Inc.	United States	North America	Food, Drink & Tobacco	6,893	1.7%	-0.4%
104	Morinaga Milk Industry Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	6,821	-0.4%	1.1%
105	Grupo Modelo, S.A.B. de C.V.	Mexico	Latin America	Food, Drink & Tobacco	6,737	3.9%	18.4%
106	Coca-Cola Enterprises Inc.	United States	North America	Food, Drink & Tobacco	6,714	3.0%	9.3%
107	Tingyi (Cayman Islands) Holding Corp.	China	Asia/Pacific	Food, Drink & Tobacco	6,681	31.5%	9.2%
108	Mccain Foods Limited	Canada	North America	Food, Drink & Tobacco	6,494 ^e	0.0%	n/a
109	Pirelli & C. S.p.A.	Italy	Europe	Tires	6,438	8.7%	0.1%
110	Lotte Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	6,196	12.4%	1.6%

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Top 250 consumer products companies

Sales rank FY10	Company name	Country of origin	Region	Product sector	FY10 net sales (US\$mil)	FY10 net sales growth	FY10 net profit margin
111	Sichuan Changhong Electric Co. Ltd	China	Asia/Pacific	Electronic Products	6,171	32.6%	1.1%
112	The Yokohama Rubber Co., Ltd.	Japan	Asia/Pacific	Tires	6,081	11.4%	2.8%
113	Jarden Corporation	United States	North America	Personal & Household Products	6,023	16.9%	1.8%
114	Charoen Pokphand Foods PCL	Thailand	Asia/Pacific	Food, Drink & Tobacco	6,008	14.5%	7.2%
115	Groupe Bigard S.A.	France	Europe	Food, Drink & Tobacco	5,976 ^e	0.0%	n/a
116	Saputo Inc.	Canada	North America	Food, Drink & Tobacco	5,930	3.7%	7.5%
117	Megmilk Snow Brand Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	5,899	28.2%	1.9%
118	The Swatch Group Ltd.	Switzerland	Europe	Fashion Goods	5,873	18.8%	17.7%
119	Mattel, Inc.	United States	North America	Leisure Goods	5,856	7.8%	11.7%
120	National Beef Packing Company, LLC	United States	North America	Food, Drink & Tobacco	5,808	6.6%	4.3%
121	Nippon Suisan Kaisha, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	5,783	2.6%	0.0%
122	Newell Rubbermaid Inc.	United States	North America	Personal & Household Products	5,759	3.3%	5.1%
123	Parmalat Group	Italy	Europe	Food, Drink & Tobacco	5,711	8.5%	6.5%
124	The Hershey Company	United States	North America	Food, Drink & Tobacco	5,671	7.0%	9.0%
125	Dr Pepper Snapple Group, Inc.	United States	North America	Food, Drink & Tobacco	5,636	1.9%	9.4%
126	Polo Ralph Lauren Corporation	United States	North America	Fashion Goods	5,482	14.3%	10.0%
127	San Miguel Corporation	Philippines	Asia/Pacific	Food, Drink & Tobacco	5,478 [*]	41.3%	9.8%
128	Pioneer Corporation	Japan	Asia/Pacific	Electronic Products	5,353	4.2%	2.4%
129	Kewpie Corporation	Japan	Asia/Pacific	Food, Drink & Tobacco	5,341	4.2%	2.6%
130	Sodiaal Union	France	Europe	Food, Drink & Tobacco	5,339	61.7%	0.6%
131	Itoham Foods Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	5,335	0.8%	0.1%
132	Mohawk Industries, Inc.	United States	North America	Home Improvement Products	5,319	-0.5%	3.6%
133	B.&C.Tönnies Fleischwerk GmbH & Co. KG	Germany	Europe	Food, Drink & Tobacco	5,245 ^e	1.3%	n/a
134	The Clorox Company	United States	North America	Personal & Household Products	5,231	-5.5%	10.6%
135	Barilla Holding S.p.A.	Italy	Europe	Food, Drink & Tobacco	5,183	-6.4%	0.7%
136	Essilor International S.A.	France	Europe	Personal & Household Products	5,168	19.1%	12.1%
137	Groupe Terrena	France	Europe	Food, Drink & Tobacco	5,140	11.1%	0.6%
138	Nichirei Corporation	Japan	Asia/Pacific	Food, Drink & Tobacco	5,122	-0.1%	0.9%
139	Hankook Tire Co., Ltd.	South Korea	Asia/Pacific	Tires	5,058	13.0%	8.2%
140	Red Bull GmbH	Austria	Europe	Food, Drink & Tobacco	5,026	15.9%	n/a
141	Nisshin Seifun Group Inc.	Japan	Asia/Pacific	Food, Drink & Tobacco	4,963	-4.4%	3.6%
142	CJ CheilJedang Corporation	South Korea	Asia/Pacific	Food, Drink & Tobacco	4,932	13.5%	12.1%
143	ITC Limited	India	Asia/Pacific	Food, Drink & Tobacco	4,885	16.4%	22.0%
144	Groupe SEB SA	France	Europe	Home Furnishings & Equipment	4,849	15.0%	6.7%
145	The J.M. Smucker Company	United States	North America	Food, Drink & Tobacco	4,826	4.8%	9.9%
146	Maple Leaf Foods Inc.	Canada	North America	Food, Drink & Tobacco	4,824	-4.9%	0.6%
147	Perdue Incorporated	United States	North America	Food, Drink & Tobacco	4,760	3.5%	n/a
148	Bongrain SA	France	Europe	Food, Drink & Tobacco	4,741	8.9%	2.6%
149	Kohler Co.	United States	North America	Home Improvement Products	4,680 ^e	0.0%	n/a
150	Arçelik A.Ş.	Turkey	Africa/Middle East	Home Furnishings & Equipment	4,612	5.2%	7.9%

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** Company's reported sales include unspecified excise taxes

Top 250 consumer products companies

Sales rank FY10	Company name	Country of origin	Region	Product sector	FY10 net sales (US\$mil)	FY10 net sales growth	FY10 net profit margin
151	Namco Bandai Holdings Inc.	Japan	Asia/Pacific	Leisure Goods	4,612	4.1%	0.5%
152	Husqvarna Group	Sweden	Europe	Home Improvement Products	4,488	-5.4%	5.4%
153	SanDisk Corporation	United States	North America	Electronic Products	4,463	41.5%	26.9%
154	Unicharm Corporation	Japan	Asia/Pacific	Personal & Household Products	4,410	5.6%	9.8%
155	Nissin Foods Holdings Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	4,387	1.0%	5.6%
156	Yamaha Corporation	Japan	Asia/Pacific	Leisure Goods	4,374	-9.9%	1.5%
157	Hanesbrands Inc.	United States	North America	Fashion Goods	4,327	11.2%	4.9%
158	Levi Strauss & Co.	United States	North America	Fashion Goods	4,326	7.5%	3.4%
159	Bacardi Limited	Bermuda	Latin America	Food, Drink & Tobacco	4,300 ^e	0.0%	n/a
160	Coca-Cola West Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	4,291	1.6%	2.0%
161	Energizer Holdings, Inc.	United States	North America	Personal & Household Products	4,248	6.2%	9.5%
162	PT Indofood Sukses Makmur Tbk	Indonesia	Asia/Pacific	Food, Drink & Tobacco	4,224	3.4%	10.2%
163	Phillips-Van Heusen Corporation	United States	North America	Fashion Goods	4,220	103.8%	1.2%
164	ARYZTA AG	Switzerland	Europe	Food, Drink & Tobacco	4,157	-6.3%	5.6%
165	Ito En, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	4,150	5.6%	2.2%
166	Coca-Cola Amatil Limited	Australia	Asia/Pacific	Food, Drink & Tobacco	4,131	2.0%	10.8%
167	Fraser and Neave, Limited	Singapore	Asia/Pacific	Food, Drink & Tobacco	4,111**	6.8%	18.6%
168	Hallmark Cards, Inc.	United States	North America	Leisure Goods	4,100	2.5%	n/a
169	Lorillard, Inc.	United States	North America	Food, Drink & Tobacco	4,053	10.0%	25.4%
170	Ralcorp Holdings, Inc.	United States	North America	Food, Drink & Tobacco	4,049	4.0%	5.2%
171	Miele & Cie. KG	Germany	Europe	Home Furnishings & Equipment	4,024	4.2%	n/a
172	Hasbro, Inc.	United States	North America	Leisure Goods	4,002	-1.6%	9.9%
173	Coty Inc.	United States	North America	Personal & Household Products	4,000 ^e	11.1%	n/a
174	Casio Computer Co., Ltd.	Japan	Asia/Pacific	Electronic Products	3,998	-20.2%	1.5%
175	Ruchi Soya Industries Ltd.	India	Asia/Pacific	Food, Drink & Tobacco	3,958	26.4%	1.2%
176	Indesit Company	Italy	Europe	Home Furnishings & Equipment	3,823	10.2%	3.1%
177	La Coop fédérée	Canada	North America	Food, Drink & Tobacco	3,804	0.7%	0.5%
178	Lion Corporation	Japan	Asia/Pacific	Personal & Household Products	3,781	2.8%	2.0%
179	Premier Foods plc	United Kingdom	Europe	Food, Drink & Tobacco	3,770	-8.4%	-4.1%
180	Controladora Mabe S.A. de C.V.	Mexico	Latin America	Home Furnishings & Equipment	3,720 ^e	20.0%	n/a
181	GRUMA, S.A.B. de C.V.	Mexico	Latin America	Food, Drink & Tobacco	3,693	-7.7%	1.6%
182	The Schwan Food Company	United States	North America	Food, Drink & Tobacco	3,670	0.0%	n/a
183	Del Monte Corporation (formerly Del Monte Foods Company)	United States	North America	Food, Drink & Tobacco	3,666	-2.0%	3.2%
184	Rolex SA	Switzerland	Europe	Fashion Goods	3,654 ^e	11.8%	n/a
185	Puma AG Rudolf Dassler Sport	Germany	Europe	Fashion Goods	3,594	10.0%	7.5%
186	Jones Apparel Group, Inc.	United States	North America	Fashion Goods	3,594	9.6%	1.5%
187	Electronic Arts Inc.	United States	North America	Leisure Goods	3,589	-1.8%	-7.7%

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Top 250 consumer products companies

Sales rank FY10	Company name	Country of origin	Region	Product sector	FY10 net sales (US\$mil)	FY10 net sales growth	FY10 net profit margin
188	Yakult Honsha Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,580	5.3%	5.3%
189	Toyo Suisan Kaisha, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,579	-3.0%	4.3%
190	World Co., Ltd.	Japan	Asia/Pacific	Fashion Goods	3,575	-2.7%	0.0%
191	The Nisshin Oillio Group, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,572	1.3%	1.0%
192	D. Swarovski KG	Austria	Europe	Fashion Goods	3,532	18.2%	n/a
193	Vestel Elektronik Sanayi ve Ticaret A.Ş.	Turkey	Africa/Middle East	Electronic Products	3,517	13.9%	0.8%
194	Funai Electric Co., Ltd.	Japan	Asia/Pacific	Electronic Products	3,462	-6.0%	-0.3%
195	Toyo Tire & Rubber Co., Ltd.	Japan	Asia/Pacific	Tires	3,441	2.2%	0.3%
196	E. & J. Gallo Winery	United States	North America	Food, Drink & Tobacco	3,400 ^e	13.3%	n/a
197	Techtronic Industries Co. Ltd.	Hong Kong	Asia/Pacific	Home Improvement Products	3,388	10.4%	2.8%
198	L.D.C. SA	France	Europe	Food, Drink & Tobacco	3,372	23.7%	1.9%
199	Cooper Tire & Rubber Company	United States	North America	Tires	3,361	20.9%	4.9%
200	McCormick & Company, Inc.	United States	North America	Food, Drink & Tobacco	3,337	4.5%	11.1%
201	Citizen Holdings Co., Ltd.	Japan	Asia/Pacific	Fashion Goods	3,334	12.9%	1.9%
202	Constellation Brands, Inc.	United States	North America	Food, Drink & Tobacco	3,332	-1.0%	16.8%
203	Ezaki Glico Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,323	-0.2%	1.4%
204	Kikkoman Corporation	Japan	Asia/Pacific	Food, Drink & Tobacco	3,317	-0.8%	2.8%
205	Molson Coors Brewing Company	United States	North America	Food, Drink & Tobacco	3,254	7.3%	21.8%
206	Yamae Hisano Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	3,228	4.6%	0.8%
207	Chiquita Brands International, Inc.	United States	North America	Food, Drink & Tobacco	3,227	-7.0%	1.8%
208	Agropur Cooperative	Canada	North America	Food, Drink & Tobacco	3,223	9.5%	1.2%
209	Fromageries Bel S.A.	France	Europe	Food, Drink & Tobacco	3,210	8.9%	4.9%
210	Hermès International SCA	France	Europe	Fashion Goods	3,188	25.4%	18.0%
211	The Scotts Miracle-Gro Company	United States	North America	Home Improvement Products	3,140	-0.1%	6.5%
212	Sapporo Holdings Limited	Japan	Asia/Pacific	Food, Drink & Tobacco	3,082	2.0%	4.0%
213	Kumho Tire Co., Ltd.	South Korea	Asia/Pacific	Tires	3,044	18.2%	-1.1%
214	Konami Corporation	Japan	Asia/Pacific	Leisure Goods	3,018	-1.6%	4.9%
215	KT&G Corporation	South Korea	Asia/Pacific	Food, Drink & Tobacco	3,011	-4.5%	29.8%
216	Société Coopérative Agricole et Agro-alimentaire AGRIAL	France	Europe	Food, Drink & Tobacco	3,002	4.1%	1.5%
217	JELD-WEN, Inc.	United States	North America	Home Improvement Products	3,000 ^e	20.0%	n/a
218	Perfetti Van Melle S.p.A.	Italy	Europe	Food, Drink & Tobacco	2,981	8.0%	n/a
219	Rich Products Corporation	United States	North America	Food, Drink & Tobacco	2,960 ^e	2.1%	n/a
220	Nippon Flour Mills Co., Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	2,950	-3.6%	2.4%
221	Prima Meat Packers, Ltd.	Japan	Asia/Pacific	Food, Drink & Tobacco	2,937	-0.6%	1.5%
222	Natura Cosméticos S.A.	Brazil	Latin America	Personal & Household Products	2,932	21.1%	14.5%
223	Triskalia	France	Europe	Food, Drink & Tobacco	2,921	ne	n/a
224	Ashley Furniture Industries, Inc.	United States	North America	Home Furnishings & Equipment	2,900 ^e	4.7%	n/a
225	Vizio, Inc.	United States	North America	Electronic Products	2,900 ^e	17.3%	n/a
226	Onward Holdings Co., Ltd.	Japan	Asia/Pacific	Fashion Goods	2,834	-1.6%	1.2%
227	Rinnai Corporation	Japan	Asia/Pacific	Home Furnishings & Equipment	2,801	5.9%	6.8%
228	Anadolu Efes Biracilik ve Malt Sanayii A.Ş.	Turkey	Africa/Middle East	Food, Drink & Tobacco	2,772*	9.4%	12.4%

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Top 250 consumer products companies

Sales rank FY10	Company name	Country of origin	Region	Product sector	FY10 net sales (US\$mil)	FY10 net sales growth	FY10 net profit margin
229	Armstrong World Industries, Inc.	United States	North America	Home Improvement Products	2,766	-0.5%	0.4%
230	Herbalife Ltd.	United States	North America	Food, Drink & Tobacco	2,734	17.6%	10.6%
231	Groupe Yves Rocher	France	Europe	Personal & Household Products	2,730 ^e	2.8%	n/a
232	Nordmilch GmbH	Germany	Europe	Food, Drink & Tobacco	2,718	11.8%	0.1%
233	Rosen's Diversified Inc.	United States	North America	Food, Drink & Tobacco	2,660 ^e	6.0%	n/a
234	Humana Group	Germany	Europe	Food, Drink & Tobacco	2,656	18.1%	0.3%
235	Videocon Industries Limited	India	Asia/Pacific	Electronic Products	2,612 ^e	14.2%	n/a
236	Bausch & Lomb Inc.	United States	North America	Personal & Household Products	2,600 ^e	4.0%	n/a
237	Wimm-Bill-Dann Foods OJSC	Russia	Europe	Food, Drink & Tobacco	2,600	19.2%	n/a
238	Tiger Brands Limited	South Africa	Africa/Middle East	Food, Drink & Tobacco	2,594	-5.5%	11.1%
239	Church & Dwight Co., Inc.	United States	North America	Personal & Household Products	2,589	2.7%	10.5%
240	Brown-Forman Corporation	United States	North America	Food, Drink & Tobacco	2,586	4.7%	22.1%
241	Emmi AG	Switzerland	Europe	Food, Drink & Tobacco	2,580	2.5%	3.9%
242	Flowers Foods, Inc.	United States	North America	Food, Drink & Tobacco	2,574	-1.0%	5.3%
243	Spectrum Brands Holdings, Inc.	United States	North America	Personal & Household Products	2,567	15.1%	-7.4%
244	Irish Dairy Board Co-operative Limited	Ireland	Europe	Food, Drink & Tobacco	2,560	5.7%	0.6%
245	Bakkavör Group ehf.	Iceland	Europe	Food, Drink & Tobacco	2,541	-0.4%	-0.8%
246	Nortura SA	Norway	Europe	Food, Drink & Tobacco	2,538	0.1%	1.3%
247	House Foods Corporation	Japan	Asia/Pacific	Food, Drink & Tobacco	2,536	-1.8%	2.4%
248	Goodman Fielder Limited	Australia	Asia/Pacific	Food, Drink & Tobacco	2,529	-3.9%	-6.3%
249	Liz Claiborne, Inc.	United States	North America	Fashion Goods	2,500	-17.0%	-10.1%
250	Hostess Brands, Inc.	United States	North America	Food, Drink & Tobacco	2,500 ^e	-2.3%	n/a

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Top 250 consumer products companies alphabetical listing

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

Global Top 10 consumer products companies, 2010

2010 sales rank	Company name	Country	Product sector	2010 net sales (US\$mil)	2010 net sales growth*	2010 net profit margin**	2010 asset turnover**	2010 return on assets**
1	Samsung Electronics	South Korea	Electronic Products	134,528	11.2%	10.4%	1.2	12.0%
2	Nestlé	Switzerland	Food, Drink & Tobacco	105,492	2.0%	32.2%	1.0	31.7%
3	Panasonic	Japan	Electronic Products	101,704	17.2%	1.0%	1.1	1.1%
4	Procter & Gamble	United States	Personal & Household Products	82,559	4.6%	14.3%	0.6	8.5%
5	Sony	Japan	Electronic Products	73,761	0.2%	-3.1%	0.6	-1.7%
6	Apple	United States	Electronic Products	65,225	52.0%	21.5%	0.9	18.6%
7	Unilever	Netherlands and United Kingdom	Food, Drink & Tobacco	58,775	11.1%	10.4%	1.1	11.2%
8	PepsiCo	United States	Food, Drink & Tobacco	57,838	33.8%	11.0%	0.8	9.3%
9	Nokia	Finland	Electronic Products	56,364	3.6%	3.2%	1.1	3.4%
10	Kraft Foods	United States	Food, Drink & Tobacco	49,207	21.8%	8.4%	0.5	4.3%
Top 10				\$785,454	12.7%	11.4%	0.8	9.5%
Top 250				\$2,823,002	8.4%	8.5%	0.9	7.5%
Economic concentration of Top 10				27.8%				

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

Electronics and food/drink/tobacco companies dominate Top 10

The 10 largest consumer products companies outperformed the Top 250 as a whole in 2010 with double-digit sales growth and profitability. As a result, the top 10's share of total Top 250 sales rose one percentage point in 2010 to 27.8 percent. Despite slightly lower asset turnover compared with the Top 250, the leader group's better profitability translated into considerably higher return on assets.

Headed by South Korea's Samsung Electronics, the first five companies on the list remained the same as in 2009. However, number three-ranked Panasonic narrowed the gap with second-place Nestlé. P&G, the fourth largest consumer products company in the world, is the only company among the top 10 that is neither an electronics maker nor primarily a manufacturer of food or beverages.

Growing 52 percent in one year, Apple ascended the ranks from twelfth place to sixth in 2010. Unilever and PepsiCo each rose one place in the top 10 ranking, bumping Nokia from seventh to ninth. Acquisitions continue to propel both companies. In 2010, Unilever acquired Sara Lee's Personal Care business, and in 2011, the company acquired Alberto-Culver. Nevertheless, Pepsi will likely outrank Unilever in the future following several recent acquisitions of its own. In 2010, the company acquired majority stakes in its two largest bottlers, PepsiAmericas and the Pepsi Bottling Group. In 2011, it completed the acquisition of Russia's Wimm-Bill-Dann Foods.

Meanwhile, Kraft Foods remained in tenth place, while LG Electronics dropped out of the top 10 into eleventh place following a 24 percent sales decline that is attributable primarily to lagging cell phone sales.

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 French, German companies in an otherwise subdued Europe

Latin America continued to lead the regions in top-line sales growth. At 22.2 percent, composite sales for the companies based in this region grew more than 2.5 times faster than the Top 250 group as a whole in 2010. As a result, Latin America continued to gain in stature among the Top 250 as reflected by a growing share of companies and sales. However, profitability continued to lag the larger group. The region added two companies in 2010 for a total of 10 Top 250 companies. Marfrig Alimentos and Natura Cosméticos, both based in Brazil, make a total of four Brazilian companies. Five of the companies in this region hail from Mexico.

While Brazil gained two companies, the UK lost two in 2010. Cadbury, one of the largest confectionery companies in the world, was acquired by Kraft Foods. Dairy Crest, the UK's leading dairy foods company, fell out of the Top 250 following a modest sales decline. Although the UK's share of Top 250 companies and Top 250 sales both dropped, the average size of the UK companies increased to nearly \$22 billion, more than \$10 billion larger than the average Top 250 consumer products company.

The UK has the dubious distinction of being the only geographic area tracked in this study to experience decelerating sales growth in 2010. In 2009, its robust 9.5 percent increase in sales stood out in a sea of mostly negative growth numbers. In 2010, however, the country's composite sales growth cooled to 6.6 percent, while growth rebounded in the other regions and countries.

Performance by region/country, 2010

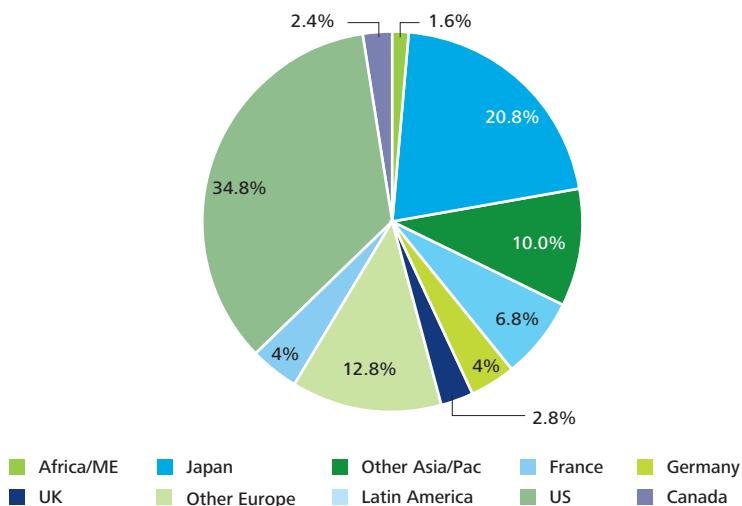
	Number of companies	Average size (US\$mil)	2010 net sales growth*	2010 net profit margin**	2010 asset turnover**	2010 return on assets**
Africa/ME	4	\$3,374	6.2%	7.6%	1.0	7.9%
Asia/Pac	77	\$12,004	5.9%	3.7%	1.0	3.7%
Japan	52	\$10,985	4.4%	1.6%	0.9	1.5%
Europe	66	\$12,492	7.0%	11.7%	0.8	9.2%
France	17	\$8,594	15.2%	8.1%	0.8	6.6%
Germany	10	\$9,155	11.2%	5.6%	1.0	5.8%
UK	7	\$21,857	6.6%	14.0%	0.6	8.8%
Latin America	10	\$9,744	22.2%	6.9%	0.9	6.5%
North America	93	\$10,358	10.9%	11.0%	0.8	9.4%
US	87	\$10,565	10.8%	11.0%	0.8	9.2%
Top 250	250	\$11,292	8.4%	8.5%	0.9	7.5%

Source: Published company data

* Sales-weighted, currency-adjusted composite growth rates

** Sales-weighted composites

Share of Top 250 companies by country/region, 2010

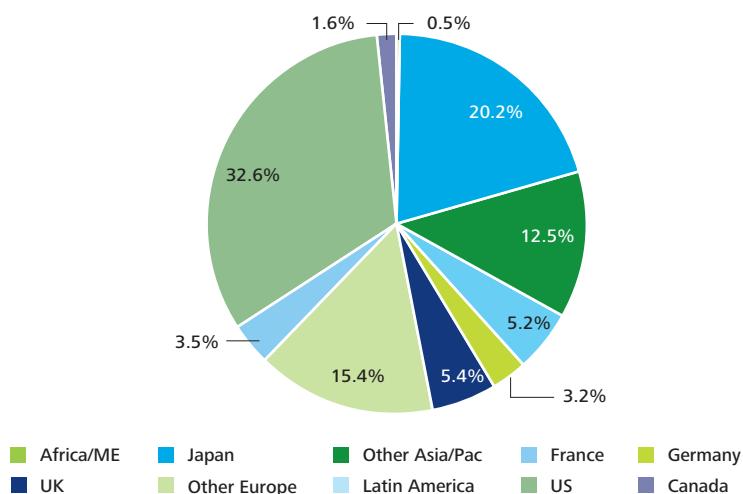


The UK's relatively modest advance in sales contributed to below-average 7.0 percent composite growth for Europe as a whole. A marked improvement over the prior year's negative result, it nevertheless fell short compared with the North American and Latin American regions. Although composite growth for European companies was moderate, that was not the case for France and Germany. These two countries experienced huge swings in top-line performance. For Germany, composite sales growth jumped from -5.4 percent in 2009 to 11.2 percent in 2010. For France, the change was equally notable: from -0.9 percent to 15.2 percent.

Despite more modest sales growth, European consumer products companies recorded the highest composite net profit margin of all five regions – 11.7 percent – assisted by the UK's industry-leading 14 percent profit margin. It should be noted, however, that Nestlé's 32 percent net profit margin in 2010 had a disproportionate impact on the region's overall result. Nestlé's bottom line was given a significant boost from one-time net income of discontinued operations (Alcon) of \$24.5 billion. Excluding Nestlé, Europe's composite net profit margin and return on assets drop to 8.4 percent and 6.4 percent, respectively, slightly below the Top 250 as a whole.

The 93 North American consumer products companies also experienced a big rebound in composite sales, growing nearly 11 percent in 2010 from -3.2 percent in 2009. On a regional basis, this group outperformed the others on the bottom line – including Europe, if Nestlé is factored out of the region's result.

Share of Top 250 sales by country/region, 2010



Companies in the Asia/Pacific region – particularly those based in Japan – did not recover as strongly as the others. Composite net sales grew 5.9 percent in 2010 (4.4 percent for Japan). The region's 3.7 percent net profit margin was the lowest among the five regions, restrained by the Japanese companies' 1.6 percent result. Japan accounted for two-thirds (52 of 77) of all Top 250 companies based in the Asia/Pacific region, so it had a disproportionate impact on the region's results.

Three companies based in Turkey and one in South Africa comprised the Africa/Middle East region. These companies are relatively small – less than one-third the size of the average Top 250 company.

Top consumer products companies by region

Among the European consumer products companies, six of the top 10 operate in the food, drink, and tobacco sector. Nestlé maintained its first place ranking despite weak sales growth in 2010. Double-digit growth propelled Unilever ahead of Nokia to become the second-largest consumer products company in the region. Michelin jumped from tenth place to seventh. Despite these changes in the ranking, the top 10 names remained the same as in 2009.

A similar scenario played out in the North American region where P&G remained the undisputed consumer products leader. However, Apple beat out PepsiCo for second place. As noted above, the technology giant enjoyed heady growth in 2010, with more than half its sales coming from outside the United States. Meanwhile, Kraft Foods fell to fourth place. Top 10 newcomers NIKE and Research In Motion (RIM) displaced Coca-Cola Enterprises (CCE) and Kimberly-Clark. CCE, the third-largest Coca-Cola bottler in the world, sold its North American operations to The Coca-Cola Company (TCCC) in 2010 and acquired TCCC's bottling operations in Norway and Sweden. RIM, which grew by one-third in 2010, became the first Canadian company to join the North American top 10.

Six of the top 10 Asia/Pacific consumer products companies, including the top 5, are manufacturers of electronic products. A 30 percent jump in sales in 2010 pushed Hong Kong-based Lenovo Group onto the region's leader board for the first time, landing in eighth place. As a result, Taiwan's Acer Inc. fell off the list. This was the only change to the Asia/Pacific top 10.

Top 10 European consumer products companies, 2010						
Company name	Europe rank	Top 250 rank	Product sector	Country	2010 net sales (US\$mil)	
Nestlé	1	2	Food, Drink & Tobacco	Switzerland	105,492	
Unilever	2	7	Food, Drink & Tobacco	Netherlands and United Kingdom	58,775	
Nokia	3	9	Electronic Products	Finland	56,364	
AB InBev	4	12	Food, Drink & Tobacco	Belgium	36,297	
Philips	5	15	Personal & Household Products	Netherlands	33,754	
L'Oreal	6	22	Personal & Household Products	France	25,888	
Michelin	7	23	Tires	France	23,757	
Imperial Tobacco	8	24	Food, Drink & Tobacco	United Kingdom	23,415	
BAT	9	25	Food, Drink & Tobacco	United Kingdom	23,014	
Danone	10	26	Food, Drink & Tobacco	France	22,587	

Top 10 North American consumer products companies, 2010						
Company name	North America rank	Top 250 rank	Product sector	Country	2010 net sales (US\$mil)	
Procter & Gamble	1	4	Personal & Household Products	United States	82,559	
Apple	2	6	Electronic Products	United States	65,225	
PepsiCo	3	8	Food, Drink & Tobacco	United States	57,838	
Kraft Foods	4	10	Food, Drink & Tobacco	United States	49,207	
Coca-Cola	5	14	Food, Drink & Tobacco	United States	35,119	
Mars	6	18	Food, Drink & Tobacco	United States	30,000 ^e	
Tyson Foods	7	20	Food, Drink & Tobacco	United States	28,430	
Philip Morris International	8	21	Food, Drink & Tobacco	United States	27,208	
NIKE	9	30	Fashion Goods	United States	20,862	
Research In Motion	10	34	Electronic Products	Canada	19,907	

Top 10 Asia/Pacific consumer products companies, 2010						
Company name	Asia/Pacific rank	Top 250 rank	Product sector	Country	2010 net sales (US\$mil)	
Samsung	1	1	Electronic Products	South Korea	134,528	
Panasonic	2	3	Electronic Products	Japan	101,704	
Sony	3	5	Electronic Products	Japan	73,761	
LG	4	11	Electronic Products	South Korea	48,506	
Sharp	5	13	Electronic Products	Japan	35,357	
Bridgestone	6	16	Tires	Japan	32,680	
Japan Tobacco	7	19	Food, Drink & Tobacco	Japan	29,088	
Lenovo	8	27	Electronic Products	Hong Kong	21,594	
Kirin	9	29	Food, Drink & Tobacco	Japan	20,959	
Haier	10	31	Home Furnishings & Equipment	China	20,075	

e = estimate

Source: Published company data

Latin America had 10 companies among the Top 250 in 2010, up two from the prior year with the addition of Brazil's Marfrig Alimentos, which operates primarily in the meat sector, and Natura Cosméticos, a maker of cosmetics and fragrances. All of the region's companies except for Natura and Mabe operate as either food processors or beverage makers.

There were no changes among the companies that comprised the Africa/Middle East region. However, all four moved up in the Top 250 ranking in 2010.

Top 10 Latin American consumer products companies, 2010						
Company name	Latin America rank	Top 250 rank	Product sector	Country		2010 net sales (US\$mil)
JBS	1	17	Food, Drink & Tobacco	Brazil		31,426
FEMSA	2	51	Food, Drink & Tobacco	Mexico		13,342
BRF – Brasil Foods	3	54	Food, Drink & Tobacco	Brazil		12,947
Grupo Bimbo	4	78	Food, Drink & Tobacco	Mexico		9,284
Marfrig	5	81	Food, Drink & Tobacco	Brazil		9,064
Grupo Modelo	6	105	Food, Drink & Tobacco	Mexico		6,737
Bacardi	7	159	Food, Drink & Tobacco	Bermuda		4,300 ^e
Mabe	8	180	Home Furnishings & Equipment	Mexico		3,720 ^e
Gruma	9	181	Food, Drink & Tobacco	Mexico		3,693
Natura Cosméticos	10	222	Personal & Household Products	Brazil		2,932

Top Africa/Middle East consumer products companies, 2010						
Company name	Africa/ ME rank	Top 250 rank	Product sector	Country		2010 net sales (US\$mil)
Arçelik	1	150	Home Furnishings & Equipment	Turkey		4,612
Vestel	2	193	Electronic Products	Turkey		3,517
Anadolu Efes*	3	228	Food, Drink & Tobacco	Turkey		2,772*
Tiger Brands	4	238	Food, Drink & Tobacco	South Africa		2,594

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

Fashion goods and tire sectors rally

At 14.2 percent, the fashion goods sector posted the strongest composite sales growth in 2010 – a huge turnaround from a 5.3 percent drop in sales in 2009. Liz Claiborne, the only company in this group to suffer a significant sales decline, continues to rationalize its brand portfolio and has shifted its channel focus from primarily serving department stores to become a direct-to-consumer business. Among other transactions, in November 2011, the company sold the trademark rights to its namesake Liz Claiborne brand to J.C. Penney. In 2012, the company will change its name to Fifth & Pacific Companies to better communicate its strategic focus on growing its three global lifestyle brands (Juicy Couture, Kate Spade, and Lucky Brand).

In line with a rebound in auto sales, all 10 tire manufacturers participated in that sector's 2010 sales comeback, with eight experiencing a double-digit increase. In 2009, eight tire companies saw sales decline. The group also returned to profitability in 2010 following two years of composite losses.

Despite relatively modest 6.4 percent sales growth in 2010, the personal and household products sector remained one of the most profitable with a composite net profit margin of 9.8 percent. The companies in this group tend to be large, second only to the electronics sector in average sales volume. The average size of this group was given a boost in 2010 with the reclassification of Philips Electronics as a household products company to reflect its focus on healthcare, lifestyle, and lighting products.

Performance by product sector, 2010

	Number of companies	Average size (US\$mil)	2010 net sales growth*	2010 net profit margin**	2010 asset turnover**	2010 return on assets**
Electronic products	23	\$28,454	9.9%	5.3%	1.0	5.5%
Fashion goods	18	\$5,976	14.2%	7.6%	1.1	8.0%
Food, drink & tobacco	140	\$9,986	7.6%	10.9%	0.8	8.9%
Home furnishings & equipment	13	\$8,615	12.6%	5.0%	1.2	6.2%
Home improvement products	10	\$4,992	12.3%	1.0%	0.8	0.8%
Leisure goods	8	\$5,177	-10.1%	5.2%	0.8	4.3%
Personal & household products	28	\$12,503	6.4%	9.8%	0.8	7.7%
Tires	10	\$10,960	14.1%	3.1%	1.0	3.2%
Top 250	250	\$11,292	8.4%	8.5%	0.9	7.5%

Source: Published company data

* Sales-weighted, currency-adjusted composite growth rates

** Sales-weighted composites

The food, drink, and tobacco sector, the largest of the eight product groups, saw its share of Top 250 companies and Top 250 sales decline for the first time in the five years that Deloitte has been tracking the global powers of the consumer products industry. This group, the only sector to eke out any growth at all in 2009, generated below-average sales growth in 2010 – 7.6 percent versus 8.4 percent for the Top 250. Personal and household products, the other fast-moving consumer goods sector, was the only major product group to grow at a slower pace. Nevertheless, food, drink, and tobacco companies outperformed the other product sectors on the bottom line with a robust 10.9 percent composite net profit margin.

Within the food, drink, and tobacco sector, food processors experienced a strong rebound in sales to 9.2 percent from -1.5 percent in 2009. On the other hand, sales growth slowed significantly for the tobacco companies to 3.3 percent in 2010 from 8.2 percent the year before. Nevertheless, they continued to be highly profitable, as did the beverage makers.

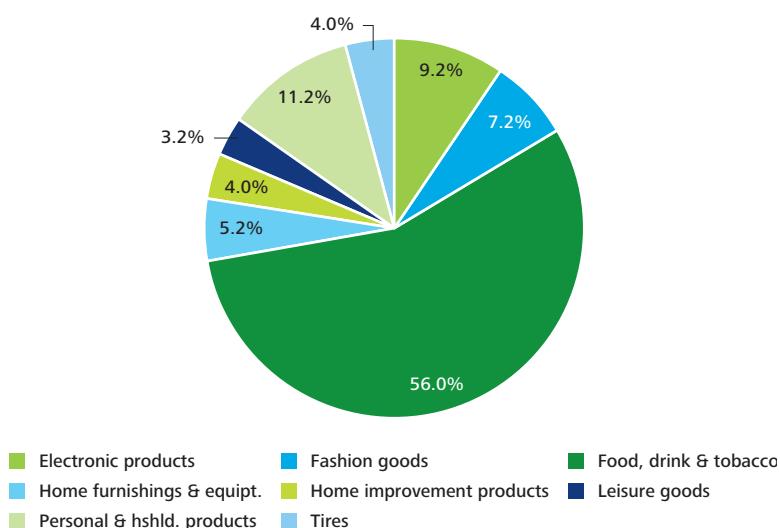
The composite net profit margin nearly doubled in 2010 for manufacturers of electronic products, historically one of the lowest-margin sectors. Although many companies in this sector continued to operate within a 1-3 percent range, Samsung, Apple, RIM, and SanDisk all boasted double-digit profitability. Composite sales for the group advanced a solid 9.9 percent.

Composite sales rose 12.6 percent for the home furnishings and equipment sector. However, this result is not necessarily reflective of the fortunes of many of the individual companies. Total sales for the group were given a boost primarily by GD Midea and Gree, both Chinese manufacturers of home appliances.

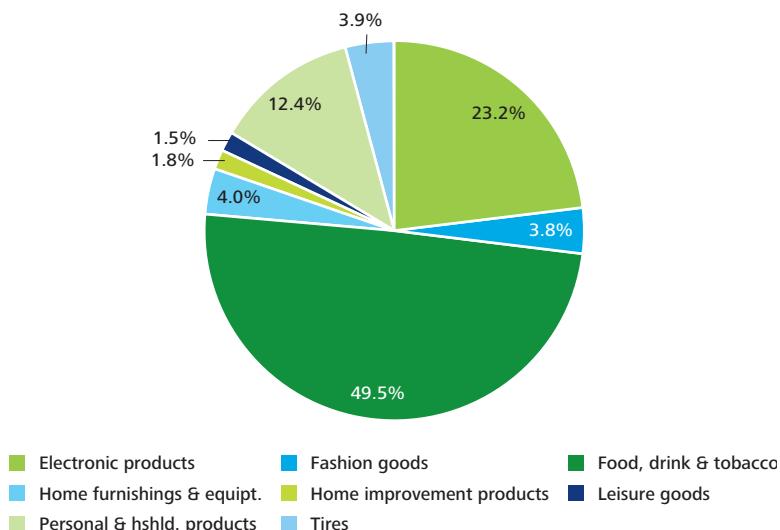
The home improvement products sector generated the biggest turnaround in composite sales of all the product groups in 2010. Composite sales were down more than 13 percent in 2009, but recovered to plus 12.3 percent in 2010. However, the merged sales of Stanley Works and Black & Decker to form Stanley Black & Decker in March 2010 was mostly responsible for the increase.

The leisure goods sector was the lone exception to the consumer products industry's 2010 sales rally. Five of the eight Top 250 leisure goods companies suffered declining sales. In particular, Japanese gaming giant Nintendo continued to stumble amid heightened competition.

Share of Top 250 companies by product sector, 2010



Share of Top 250 sales by product sector, 2010



Food, drink & tobacco: performance by subsector, 2010

	Number of companies	Average size (US\$mil)	FY10 net sales growth*	FY10 net profit margin**	FY10 asset turnover**	FY10 return on assets**
Beverages	30	\$10,115	4.7%	14.4%	0.5	7.4%
Food processing	101	\$9,450	9.2%	8.7%	1.1	9.4%
Tobacco	9	\$15,569	3.3%	17.5%	0.6	10.4%
Food, drink & tobacco	140	\$9,986	7.6%	10.9%	0.8	8.9%

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

Top consumer products companies by product sector

Samsung, Panasonic, and Sony remained in the top three spots among the electronic products companies. The rest continued to jockey for position, with Apple moving into fourth place ahead of Nokia and LG. Philips, number seven on the list last year, was reclassified to the personal and household products sector as noted above. This made room for Research In Motion (RIM) to join the top 10 electronics companies for the first time. The company has grown in leaps and bounds since its Blackberry device evolved into a global wireless data platform. In fiscal 2006, RIM ranked 199th among the Top 250. In fiscal 2010, it had moved up to 34th place overall and became the world's tenth largest electronics company.

The United States and Switzerland dominate the fashion goods leader board, accounting for nine of the top 10 companies. There were no changes among the first four companies in 2010, with Nike, the world's top maker of athletic footwear and apparel, still in the lead over rival adidas. Swatch and Polo Ralph Lauren traded places, as did Hanesbrands and Levi Strauss. Phillips-Van Heusen joined the Top 250 for the first time with the acquisition of Tommy Hilfiger in May 2010, coming aboard as the ninth largest fashion company. Rolex displaced both Puma and World Co., taking the number ten spot.

Top 10 electronic products companies, 2010					
Company name	Product sector rank	Top 250 rank	Country	Region	FY10 net sales (US\$mil)
Samsung	1	1	South Korea	Asia/Pacific	134,528
Panasonic	2	3	Japan	Asia/Pacific	101,704
Sony	3	5	Japan	Asia/Pacific	73,761
Apple	4	6	United States	North America	65,225
Nokia	5	9	Finland	Europe	56,364
LG	6	11	South Korea	Asia/Pacific	48,506
Sharp	7	13	Japan	Asia/Pacific	35,357
Lenovo	8	27	Hong Kong	Asia/Pacific	21,594
Acer	9	33	Taiwan	Asia/Pacific	19,973
Research In Motion	10	34	Canada	North America	19,907

Top 10 fashion goods companies, 2010					
Company name	Product sector rank	Top 250 rank	Country	Region	FY10 net sales (US\$mil)
NIKE	1	30	United States	North America	20,862
adidas	2	40	Germany	Europe	15,921
Richemont	3	80	Switzerland	Europe	9,120
VF	4	96	United States	North America	7,625
Swatch	5	118	Switzerland	Europe	5,873
Polo Ralph Lauren	6	126	United States	North America	5,482
Hanesbrands	7	157	United States	North America	4,327
Levi Strauss	8	158	United States	North America	4,326
Phillips-Van Heusen	9	163	United States	North America	4,220
Rolex	10	184	Switzerland	Europe	3,654 ^e

e = estimate

Source: Published company data

In the food, drink, and tobacco sector, the six largest companies remained the same in 2010 as in 2009, with Nestlé topping the chart. Brazil's JBS moved into the top 10 for the first time at number seven. The company acquired a majority stake in Pilgrim's Pride in December 2009; also in December 2009, JBS merged with Bertin, a Brazilian company and one of the largest beef exporters in Latin America. As a result, JBS rose from number 103 in fiscal 2007 to number 17 overall in fiscal 2010. This knocked Philip Morris International out of the top 10.

The top 10 home furnishings and equipment companies remained fixed in position in 2010. All 10 are manufacturers of household appliances. Three are based in China, including top-ranked Haier.

In 2010, there were a total of 10 home improvement companies among the Top 250 manufacturers of consumer products. As noted above, Black & Decker became a wholly owned subsidiary of Stanley Works. The name of the combined company was changed to Stanley Black & Decker. As a result of the merger, Black & Decker moved from being the fourth largest manufacturer of home improvement products to becoming part of the world's largest home improvement company. Otherwise, this sector's top 10 ranking was fairly stable except for minor changes among the bottom four companies. Eight of the top 10 home improvement companies are based in the United States.

Top 10 food, drink & tobacco companies, 2010					
Company name	Product sector rank	Top 250 rank	Country	Region	FY10 net sales (US\$mil)
Nestlé	1	2	Switzerland	Europe	105,492
Unilever	2	7	Netherlands and United Kingdom	Europe	58,775
PepsiCo	3	8	United States	North America	57,838
Kraft Foods	4	10	United States	North America	49,207
AB InBev	5	12	Belgium	Europe	36,297
Coca-Cola	6	14	United States	North America	35,119
JBS	7	17	Brazil	Latin America	31,426
Mars	8	18	United States	North America	30,000 ^e
Japan Tobacco	9	19	Japan	Asia/Pacific	29,088
Tyson Foods	10	20	United States	North America	28,430

Top 10 home furnishings & equipment companies, 2010					
Company name	Product sector rank	Top 250 rank	Country	Region	FY10 net sales (US\$mil)
Haier	1	31	China	Asia/Pacific	20,075
Whirlpool	2	38	United States	North America	18,366
Electrolux	3	47	Sweden	Europe	14,803
BSH	4	62	Germany	Europe	12,048
Midea	5	69	China	Asia/Pacific	11,030
Gree	6	85	China	Asia/Pacific	8,941
SEB	7	144	France	Europe	4,849
Arçelik	8	150	Turkey	Africa/Middle East	4,612
Miele	9	171	Germany	Europe	4,024
Indesit	10	176	Italy	Europe	3,823

Top 10 home improvement products companies, 2010					
Company name	Product sector rank	Top 250 rank	Country	Region	FY10 net sales (US\$mil)
Stanley Black & Decker	1	90	United States	North America	8,410
Masco	2	97	United States	North America	7,592
Fortune Brands	3	101	United States	North America	7,142
Mohawk	4	132	United States	North America	5,319
Kohler	5	149	United States	North America	4,680 ^e
Husqvarna	6	152	Sweden	Europe	4,488
TTI (Techtronic Industries)	7	197	Hong Kong	Asia/Pacific	3,388
Scotts Miracle-Gro	8	211	United States	North America	3,140
JELD-WEN	9	217	United States	North America	3,000 ^e
Armstrong	10	229	United States	North America	2,766

e = estimate

Source: Published company data

The eight Top 250 leisure goods companies are still dominated by Japan's Nintendo, despite the company's 29 percent plunge in 2010 sales on top of a 22 percent sales decline in 2009. There were a couple changes in the ranking in the middle of the list: Namco Bandai overtook Yamaha, and Hallmark moved ahead of Hasbro. All eight leisure goods companies are based in Japan or the United States.

The personal and household products top 10 is quite an international group with companies headquartered in seven countries. As noted above, in 2010, Philips Electronics was moved out of the electronics sector to join this group as the second-largest manufacturer of personal and household products. As the rest of the top 10 moved down to accommodate Philips, Avon fell off the list.

The Asia/Pacific region accounts for six of the 10 Top 250 tire manufacturers. The only change in this sector in 2010 is that Japan's Sumitomo Rubber overtook Italy's Pirelli as the fourth largest company. With the exception of Pirelli, all of the tire companies moved up in the overall Top 250 ranking in 2010.

Top leisure goods companies, 2010					
Company name	Product sector rank	Top 250 rank	Country	Region	FY10 net sales (US\$mil)
Nintendo	1	64	Japan	Asia/Pacific	11,868
Mattel	2	119	United States	North America	5,856
Namco Bandai	3	151	Japan	Asia/Pacific	4,612
Yamaha	4	156	Japan	Asia/Pacific	4,374
Hallmark	5	168	United States	North America	4,100
Hasbro	6	172	United States	North America	4,002
Electronic Arts	7	187	United States	North America	3,589
Konami	8	214	Japan	Asia/Pacific	3,018

Top 10 personal & household products companies, 2010					
Company name	Product sector rank	Top 250 rank	Country	Region	FY10 net sales (US\$mil)
Procter & Gamble	1	4	United States	North America	82,559
Philips	2	15	Netherlands	Europe	33,754
L'Oreal	3	22	France	Europe	25,888
Henkel	4	32	Germany	Europe	20,041
Kimberly-Clark	5	36	United States	North America	19,746
Colgate-Palmolive	6	42	United States	North America	15,564
SCA	7	43	Sweden	Europe	15,195
Kao	8	49	Japan	Asia/Pacific	13,886
Reckitt Benckiser	9	52	United Kingdom	Europe	13,071
Maxingvest	10	55	Germany	Europe	12,741

Top 10 tire companies, 2010					
Company name	Product sector rank	Top 250 rank	Country	Region	FY10 net sales (US\$mil)
Bridgestone	1	16	Japan	Asia/Pacific	32,680
Michelin	2	23	France	Europe	23,757
Goodyear	3	37	United States	North America	18,832
Sumitomo Rubber	4	102	Japan	Asia/Pacific	6,904
Pirelli	5	109	Italy	Europe	6,438
Yokohama Rubber	6	112	Japan	Asia/Pacific	6,081
Hankook Tire	7	139	South Korea	Asia/Pacific	5,058
Toyo Tire & Rubber	8	195	Japan	Asia/Pacific	3,441
Cooper Tire & Rubber	9	199	United States	North America	3,361
Kumho Tires	10	213	South Korea	Asia/Pacific	3,044

e = estimate

Source: Published company data

Consumer Products Top 250 newcomers, 2010

Top 250 rank	Name of company	Country of origin	Dominant format
67	Motorola Mobility Holdings, Inc.	United States	Electronic Products
81	Marfrig Alimentos S.A.	Brazil	Food, Drink & Tobacco
90	Stanley Black & Decker, Inc.	United States	Home Improvement Products
163	Phillips-Van Heusen Corporation	United States	Fashion Goods
222	Natura Cosméticos S.A.	Brazil	Personal & Household Products
223	Triskalia	France	Food, Drink & Tobacco
233	Rosen's Diversified Inc.	United States	Food, Drink & Tobacco
235	Videocon Industries Limited	India	Electronic Products
237	Wimm-Bill-Dann Foods OJSC	Russia	Food, Drink & Tobacco
241	Emmi AG	Switzerland	Food, Drink & Tobacco
243	Spectrum Brands Holdings, Inc.	United States	Personal & Household Products

Top 250 newcomers

Eight companies joined the ranks of the Top 250 for the first time in 2010, while three other companies made a return visit. Landing in the top 100 were Motorola Mobility (split from Motorola Inc., now Motorola Solutions), Marfrig Alimentos (acquisition), and Stanley Black & Decker (merger). Phillips-Van Heusen made the list through the acquisition of Tommy Hilfiger. Triskalia, a new France-based food and meat processing company, was formed in 2010 through the merger of three French agricultural cooperatives: Coopagri Bretagne, Cam 56, and Union Eolys. Spectrum Brands rejoined the Top 250 following its merger with small appliance maker Russell Hobbs in June 2010.

Aggressive organic growth contributed to double-digit sales increases for India's Videocon Industries, Brazil's Natura Cosméticos, and Russia's Wimm-Bill-Dann Foods. Rosen's Diversified, a U.S.-based meat processor, and Emmi, a Swiss dairy foods processor, complete the list of newcomers.

The recognition as a member of the Top 250 will be short-lived for two of these companies: Wimm-Bill-Dann was acquired by PepsiCo in February 2011, and Motorola Mobility has signed a definitive agreement to be acquired by Google.

50 fastest growing consumer products companies, 2010

FY10 growth rank	FY10 Top 250 sales rank	Company name	Country	Product sector	FY10 net sales (US\$mil)	FY10 net sales growth	FY10 net profit margin
1	90	Stanley Black & Decker, Inc.	United States	Home Improvement Products	8,410	125.0%	2.4%
2	163	Phillips-Van Heusen Corporation	United States	Fashion Goods	4,220	103.8%	1.2%
3	81	Marfrig Alimentos S.A.	Brazil	Food, Drink & Tobacco	9,064	65.1%	0.9%
4	130	Sodiaal Union	France	Food, Drink & Tobacco	5,339	61.7%	0.6%
5	17	JBS S.A.	Brazil	Food, Drink & Tobacco	31,426	60.5%	-0.5%
6	69	GD Midea Holding Co., Ltd.	China	Home Furnishings & Equipment	11,030	57.7%	5.4%
7	6	Apple Inc.	United States	Electronic Products	65,225	52.0%	21.5%
8	54	BRF – Brasil Foods S.A.	Brazil	Food, Drink & Tobacco	12,947	42.6%	3.5%
9	85	Gree Electric Appliances, Inc. of Zhuhai	China	Home Furnishings & Equipment	8,941	42.3%	7.1%
10	153	SanDisk Corporation	United States	Electronic Products	4,463	41.5%	26.9%
11	127	San Miguel Corporation	Philippines	Food, Drink & Tobacco	5,478*	41.3%	9.8%
12	8	PepsiCo, Inc.	United States	Food, Drink & Tobacco	57,838	33.8%	11.0%
13	80	Compagnie Financière Richemont SA	Switzerland	Fashion Goods	9,120	33.2%	15.7%
14	34	Research In Motion Limited	Canada	Electronic Products	19,907	33.1%	17.1%
15	111	Sichuan Changhong Electric Co. Ltd	China	Electronic Products	6,171	32.6%	1.1%

Fastest 50

Merger and acquisition activity heated up in 2010 in the consumer products industry compared with a lean year in 2009 (see M&A drivers in consumer products sector remain strong beginning on page 38). Fifteen of the 50 fastest-growing consumer products companies, or 30 percent, were involved in a significant acquisition in 2010 (defined as a deal valued at \$100+ million), many of which have been noted throughout this report. This includes 10 of the top 20 fastest-growing companies, demonstrating the importance of acquisitions as a major driver of growth. In addition, several others made a number of smaller acquisitions. Growth was also driven by strong brands, product innovation, and increased demand for consumer goods in emerging markets.

All of these factors contributed to a composite growth rate of nearly 30 percent for the fastest 50. These companies grew 3.5 times faster than the Top 250 as a whole in 2010 (29.2 percent composite net sales growth vs. 8.4 percent), but they were not as profitable (7.1 percent composite net profit margin vs. 8.5 percent). Indicative of an improving, albeit fragile, global economic environment, sales for the fastest 50 grew at a much more rapid rate in 2010 compared with 2009 when composite sales for the group rose 18.2 percent.

The fastest 50 were more representative of the consumer products industry as a whole in 2010 than they were in 2009 when 43 of the companies operated in either the food, drink, and tobacco sector (34) or the electronic products sector (9). A rising tide lifted at least most boats in 2010, as all but one of the eight major product sectors are represented. Only the leisure goods sector is absent from the list of fastest-growing companies in 2010.

Not surprisingly, from a geographic perspective, one-third of the companies (17 of 50) are from emerging markets. The BRIC countries, in particular, are well represented. Of the 14 Top 250 BRIC-based companies, 12 appear among the fastest 50.

FY10 growth rank	FY10 Top 250 sales rank	Company name	Country	Product sector	FY10 net sales (US\$mil)	FY10 net sales growth	FY10 net profit margin
16	107	Tingyi (Cayman Islands) Holding Corp.	China	Food, Drink & Tobacco	6,681	31.5%	9.2%
17	27	Lenovo Group Limited	Hong Kong	Electronic Products	21,594	30.0%	1.3%
18	117	Megmilk Snow Brand Co., Ltd.	Japan	Food, Drink & Tobacco	5,899	28.2%	1.9%
19	175	Ruchi Soya Industries Ltd.	India	Food, Drink & Tobacco	3,958	26.4%	1.2%
20	210	Hermès International SCA	France	Fashion Goods	3,188	25.4%	18.0%
21	198	L.D.C. SA	France	Food, Drink & Tobacco	3,372	23.7%	1.9%
22	50	Groupe Lactalis	France	Food, Drink & Tobacco	13,810	22.4%	3.0%
23	10	Kraft Foods Inc.	United States	Food, Drink & Tobacco	49,207	21.8%	8.4%
24	222	Natura Cosméticos S.A.	Brazil	Personal & Household Products	2,932	21.1%	14.5%
25	77	Dairy Farmers of America	United States	Food, Drink & Tobacco	9,800	21.0%	0.4%
26	199	Cooper Tire & Rubber Company	United States	Tires	3,361	20.9%	4.9%
27	23	Compagnie Générale des Établissements Michelin S.C.A.	France	Tires	23,757	20.8%	5.9%
28	180	Controladora Mabe S.A. de C.V.	Mexico	Home Furnishings & Equipment	3,720e	20.0%	n/a
29	217	JELD-WEN, Inc.	United States	Home Improvement Products	3,000e	20.0%	n/a
30	237	Wimm-Bill-Dann Foods OJSC	Russia	Food, Drink & Tobacco	2,600	19.2%	n/a
31	136	Essilor International S.A.	France	Personal & Household Products	5,168	19.1%	12.1%
32	56	Dr. August Oetker KG	Germany	Food, Drink & Tobacco	12,558	18.9%	n/a
33	118	The Swatch Group Ltd.	Switzerland	Fashion Goods	5,873	18.8%	17.7%
34	192	Swarovski AG	Austria	Fashion Goods	3,532	18.2%	n/a
35	213	Kumho Tire Co., Ltd.	South Korea	Tires	3,044	18.2%	-1.1%
36	234	Humana Group	Germany	Food, Drink & Tobacco	2,656	18.1%	0.3%
37	74	Uni-President Enterprises Corp.	Taiwan	Food, Drink & Tobacco	10,586	18.0%	4.9%
38	230	Herbalife Ltd.	United States	Food, Drink & Tobacco	2,734	17.6%	10.6%
39	225	Vizio, Inc.	United States	Electronic Products	2,900e	17.3%	n/a
40	3	Panasonic Corporation	Japan	Electronic Products	101,704	17.2%	1.0%
41	95	TCL Corporation	China	Electronic Products	7,668	17.0%	0.9%
42	113	Jarden Corporation	United States	Personal & Household Products	6,023	16.9%	1.8%
43	143	ITC Limited	India	Food, Drink & Tobacco	4,885	16.4%	22.0%
44	140	Red Bull GmbH	Austria	Food, Drink & Tobacco	5,026	15.9%	n/a
45	37	The Goodyear Tire & Rubber Company	United States	Tires	18,832	15.5%	-0.9%
46	40	adidas AG	Germany	Fashion Goods	15,921	15.5%	4.7%
47	102	Sumitomo Rubber Industries, Ltd.	Japan	Tires	6,904	15.3%	4.0%
48	243	Spectrum Brands Holdings, Inc.	United States	Personal & Household Products	2,567	15.1%	-7.4%
49	144	Groupe SEB SA	France	Home Furnishings & Equipment	4,849	15.0%	6.7%
50	114	Charoen Pokphand Foods PCL	Thailand	Food, Drink & Tobacco	6,008	14.5%	7.2%
Fastest 50**						29.2%	7.1%
Top 250**						8.4%	8.5%

Source: Published company data

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

** Group growth rates are sales-weighted, currency-adjusted composites; Group profit margins are sales-weighted composites

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 2010 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 2010 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 2010 definition encompasses fiscal years ended through June 2011.

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 drivers in consumer products sector remain strong

Consumer products M&A activity and trends

Over the past two years, the consumer products industry has recovered from its 2008-2009 slump. Sales and earnings have been remarkably robust despite continuing macro-economic uncertainty generated by the Eurozone crisis, U.S. deficit concerns, and political upheaval in the Middle East – not to mention declining incomes, high unemployment, weak housing market activity, and price-conscious consumers and suppliers. Many consumer products companies have been adept at managing costs and conserving cash, resulting in strong balance sheets. As a result, merger and acquisition activity began to rebound in the fourth quarter of 2009.

According to data from mergermarket.com, an independent M&A intelligence tool, the total number of deals completed by consumer products companies increased to 1083 in 2010 from 945 in 2009 when the M&A market turned down. Transactions with a value of \$100 million or more rose even more rapidly. The number of these larger deals surged 41 percent compared with 2009. The recovery in the volume of acquisitions in the consumer products industry continued through the first half of 2011.

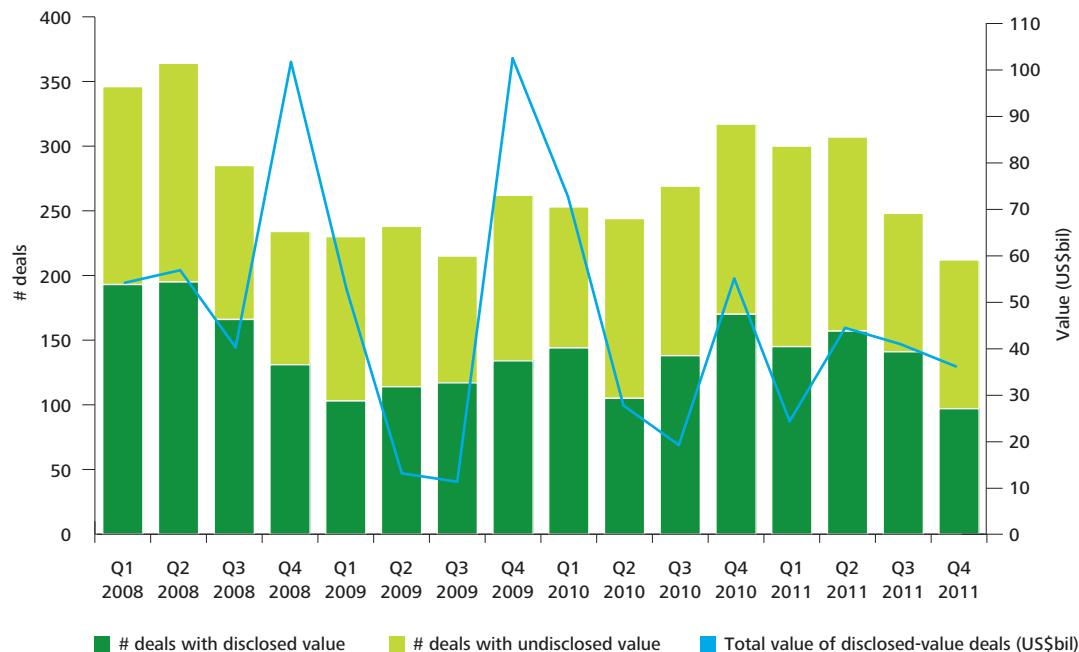
Merger & acquisition activity by consumer products companies, 2001-2011

	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)
2011	1067	540	\$145,799	\$270	527	187	\$135,272	\$723
2010	1083	557	\$174,415	\$313	526	174	\$161,955	\$931
2009	945	468	\$179,598	\$384	477	123	\$169,832	\$1,381
2008	1229	685	\$252,760	\$369	544	207	\$237,739	\$1,148
2007	1331	830	\$222,900	\$269	501	258	\$206,091	\$799
2006	1286	812	\$134,516	\$166	474	201	\$116,810	\$581
2005	1111	695	\$205,648	\$296	416	196	\$191,654	\$978
2004	926	521	\$94,776	\$182	405	144	\$84,351	\$586
2003	695	441	\$138,690	\$314	254	114	\$128,869	\$1,130
2002	560	383	\$76,578	\$200	177	124	\$68,137	\$549
2001	530	406	\$123,282	\$304	124	126	\$113,934	\$904

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

Source: mergermarket.com; accessed March 13, 2012

Merger & acquisition activity by consumer products companies, Q1 2008 – Q4 2011



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

Source: mergermarket.com; accessed March 13, 2012

Although activity levels were up, deal values were not. Financial markets remain volatile, and companies' appetite for risk has fallen. A decrease in the risk appetite of buyers means that sellers have had to concede some ground in their pricing expectations to ensure successful deal completions.

For all deals where the value was disclosed the average deal value fell from \$384 million in 2009 to \$313 million in 2010 and further to \$270 million in 2011. The average value of \$100+ million deals dropped even faster, to \$931 million in 2010 from a decade-high \$1,381 million in 2009. The downward trend continued in 2011 to \$723 million. The ongoing economic uncertainty suggests the decrease in valuations will likely continue in 2012.

M&A drivers in consumer products industry

While respondents to recent Deloitte surveys indicate lower expectations for M&A activity in the near-term, three main trends will continue to drive deals in the consumer products sector in the longer run:

- International expansion (particularly into emerging markets).
- Market consolidation to strengthen market share and achieve further economies of scale.
- Portfolio rationalization/non-core divestments.

For the Top 250 and other large consumer products companies, the search for growth will be a compelling, ongoing driver for mergers, acquisitions, and joint venture activity. However, many companies with cash resources face the challenge of diminished organic growth opportunities in their traditional markets. Increasingly, companies are seeking to establish footprints in higher-growth emerging markets. Notably, attractive high-growth opportunities extend well beyond the much-publicized BRIC markets as evidenced by:

- Heineken's brewery acquisitions in Ethiopia.
- Electrolux's foray into Chile.
- Turkish investments by both Diageo and SABMiller.
- British American Tobacco's investment in Colombia.

In more developed markets, strategic moves that strengthen market share and realize economies of scale are driving M&A activity. Key players are acquiring businesses that allow them to build scale in particular regions and achieve category leadership in core product areas. Unilever's acquisition of Alberto-Culver, for example, bolsters its leadership position in the hair care and skin care markets. LVMH's acquisition of Bulgari will help the French luxury goods company consolidate its position in the high-end accessories market.

In addition, M&A activity will continue to be driven by the disposal of non-core assets as a result of portfolio rationalization or, in some cases, to satisfy anti-trust concerns, such as the divestitures required by Unilever's acquisition of Alberto-Culver. Large companies with available cash reserves or ready access to funding are also taking advantage of opportunities arising from other companies' financial distress. Some M&A activity will continue to be driven by over-leveraged companies' divestment of non-core brands, or even flagship brands.

Top acquisitions predominantly in fast-moving consumer goods sectors

In 2011, 33 deals with values in excess of \$500 million were completed by consumer products companies. Of these deals, 17 had values in excess of \$1 billion.

The food, drink and tobacco sector continues to see a relatively high volume of M&A activity compared to most other consumer products sectors. Food and drinks companies acquiring other food and drinks companies or brands accounted for 18 of the 33 largest deals. The largest transaction in 2011 was SABMiller's \$12.9 billion acquisition of Australia's Foster's Group.

Many of the larger beverage companies have been active in gaining a foothold in high-growth markets or building on an existing presence. PepsiCo's acquisition of Wimm-Bill-Dann now makes it the largest beverage business in Russia. It also provides PepsiCo with a solid entry point into the fast-growing Central and Eastern European markets. Similarly, Diageo's acquisition of Mey Icki not only provides it with ownership of Turkey's largest Raki (Turkish liquor) producer, but also with a platform to access Turkey's increasingly affluent middle class with Diageo's international portfolio of spirits brands.

Meanwhile, SABMiller has transferred its Russian and Ukrainian beer businesses to Anadolu Efes, Turkey's largest brewer, in return for a 24 percent shareholding. As a result of the strategic alliance, which was completed in March 2012, Anadolu Efes will develop SABMiller's international brands in Turkey, Russia, the CIS, Central Asia, and the Middle East.

Deal activity has been more sporadic in the tobacco sector, which is already highly consolidated. British American Tobacco's purchase of Colombia's Protabaco for \$452 million (completed in October 2011) is the largest tobacco transaction in the past two years.

Unilever was the most active company in the personal and household products sector in 2011. It completed the acquisition of Alberto-Culver in May 2011 and commenced some of the related anti-trust-driven and non-core disposals.

Top deals* by consumer products companies, 2011

Deal Rank	Buyer	Buyer location	Buyer product sector	Acquired business/Parent company	Acquired business location	Acquired business product sector	Deal value (US\$mil)
1	SABMiller plc	UK	Food, Drink & Tobacco	Foster's Group Limited	Australia	Food, Drink & Tobacco	\$12,925
2	PepsiCo, Inc.	United States	Food, Drink & Tobacco	Wimm-Bill-Dann Foods OJSC (66% stake)	Russia	Food, Drink & Tobacco	\$6,127
3	LVMH Moët Hennessy Louis Vuitton SA	France	Fashion Goods	Bulgari S.p.A.	Italy	Fashion Goods	\$5,406
4	Groupe Lactalis	France	Food, Drink & Tobacco	Parmalat S.p.A. (71.03% stake)	Italy	Food, Drink & Tobacco	\$4,700
5	Unilever Group	UK	Food, Drink & Tobacco	Alberto-Culver Co.	United States	Personal & Household Products	\$3,595
6	Kirin Holdings Company, Limited	Japan	Food, Drink & Tobacco	Schincariol Participacoes e Representacoes SA (50.45% stake)	Brazil	Food, Drink & Tobacco	\$2,553
7	Cargill Inc.	United States	Food, Drink & Tobacco	Provimi Holding B.V.	Netherlands	Food, Drink & Tobacco	\$2,167
8	Diageo plc	UK	Food, Drink & Tobacco	Mey Icki Sanayii ve Tic AS	Turkey	Food, Drink & Tobacco	\$2,106
9	Embotelladoras Arca SA de CV	Mexico	Food, Drink & Tobacco	Grupo Continental, S.A.B.	Mexico	Food, Drink & Tobacco	\$2,099
10	Nordmilch AG	Germany	Food, Drink & Tobacco	Humana Milchunion eG	Germany	Food, Drink & Tobacco	\$2,045
11	V.F. Corporation	United States	Fashion Goods	The Timberland Company	United States	Fashion Goods	\$1,961
12	Nestlé S.A.	Switzerland	Food, Drink & Tobacco	Hsu Fu Chi International Ltd. (60% stake)	China	Food, Drink & Tobacco	\$1,700
13	Jinro Co., Ltd.	South Korea	Food, Drink & Tobacco	Hite Brewery Co., Ltd.	South Korea	Food, Drink & Tobacco	\$1,453
14	Asahi Group Holdings, Ltd.	Japan	Food, Drink & Tobacco	Flavoured Beverages Group Holdings Limited	New Zealand	Food, Drink & Tobacco	\$1,270
15	Fila Korea Ltd. and a consortium of bidders	South Korea	Fashion Goods	Acushnet Company/Fortune Brands	United States	Leisure Goods	\$1,255
16	General Mills, Inc.	United States	Food, Drink & Tobacco	Yoplait S.A.S. (51% stake) and Yoplait Marques S.A.S. (50% stake)/PAI Partners and Sodiaal	France	Food, Drink & Tobacco	\$1,154
17	Stanley Black & Decker, Inc.	United States	Home Improvement Products	Niscayah Group AB	Sweden	Industrial Products & Services	\$1,131
18	Colgate-Palmolive Company	United States	Personal & Household Products	Sanex brand/Unilever Plc	UK	Personal & Household Products	\$947
19	Boparan Holdings Limited	UK	Food, Drink & Tobacco	Northern Foods plc	UK	Food, Drink & Tobacco	\$909
20	Unilever Group	UK	Food, Drink & Tobacco	OJSC Concern Kalina (82% stake)	Russia	Personal & Household Products	\$838
21	Labelux Group GmbH	Austria	Fashion Goods	Jimmy Choo Ltd.	UK	Fashion Goods	\$812
22	Coca-Cola FEMSA SAB de CV	Mexico	Food, Drink & Tobacco	Grupo Tampico (Beverage Division)	Mexico	Food, Drink & Tobacco	\$783
23	Lenovo Group Limited	Hong Kong	Electronic Products	Medion AG (52% stake)	Germany	Consumer Electronics Retailer	\$726

Deal Rank	Buyer	Buyer location	Buyer product sector	Acquired business/Parent company	Acquired business location	Acquired business product sector	Deal value (US\$mil)
24	H. J. Heinz Company	United States	Food, Drink & Tobacco	Coniexpress SA Industrias Alimenticias (80% stake)	Brazil	Food, Drink & Tobacco	\$723
25	Reckitt Benckiser Group plc	UK	Personal & Household Products	Paras Pharmaceuticals Ltd.	India	Personal & Household Products	\$720
26	Grupo Bimbo SA de CV	Mexico	Food, Drink & Tobacco	North American Fresh Bakery business/Sara Lee Corp.	United States	Food, Drink & Tobacco	\$709
27	Sodiaal Union	France	Food, Drink & Tobacco	Groupe Entremont Alliance/Unifem	France	Food, Drink & Tobacco	\$642
28	PPR SA	France	Fashion Goods	Volcom Inc.	United States	Fashion Goods	\$608
29	Société Européenne de Participations Industrielles (EPI) S.A.S.	France	Fashion Goods	Piper-Heidsieck-Compagnie Champenoise/Rémy Cointreau	France	Food, Drink & Tobacco	\$593
30	TOMY Company, Ltd.	Japan	Leisure Goods	RC2 Corporation	United States	Leisure Goods	\$585
31	AB Electrolux	Sweden	Home Furnishings & Equipment	Olympic Group Financial Investment Company S.A.E	Egypt	Home Furnishings & Equipment	\$565
32	AB Electrolux	Sweden	Home Furnishings & Equipment	Compania Tecno Industrial S.A.	Chile	Home Furnishings & Equipment	\$563
33	Ralcorp Holdings, Inc.	United States	Food, Drink & Tobacco	North American refrigerated dough business/Sara Lee Corp.	United States	Food, Drink & Tobacco	\$545

* Acquisitions by consumer products companies with deal values of \$500+ million completed in 2011
Company names in bold are 2010 Global Powers of the Consumer Products Industry Top 250 companies

Source: mergermarket.com and company reports

In June, it disposed of Sanex, the personal hygiene business, to Colgate-Palmolive in an innovative deal where Unilever simultaneously acquired Colgate-Palmolive's Colombian detergent business. The company continued its acquisition spree in December, acquiring an 82 percent stake in Concern Kalina (a Russian beauty company), thereby significantly strengthening its position in the Russian market.

M&A outlook

Despite the fragile economic backdrop, underlying M&A drivers in the consumer products industry remain strong. Inorganic growth strategies will most likely continue to find favor in the absence of realistic organic growth potential, but companies will be highly discerning in how they invest their money.

Going forward, companies based in mature markets like Western Europe, the United States, and Japan will continue to seek opportunities in high-growth geographies in order to counter slow-growing or stagnant consumption at home.

These new geographies may also lead to an increase in the number of joint ventures either with local players – potentially through regulatory necessity – or with other financial buyers to share risk and pool expertise.

The need to manage costs downward and productivity upward is a strong driver for further consolidation in the consumer products industry, promoting M&A activity motivated by scale. Companies will pursue deals that allow them to achieve category leadership positions in developed markets by intensifying, broadening, or filling in their product portfolios. At the same time, portfolio rationalization will result in the divestment of non-core brands in low-growth segments and geographies. And there will continue to be some opportunities for distressed deals.

For more information on M&A activity and trends in the consumer products sector, see *"The Deloitte Consumer Products M&A Survey: Stick or Twist?"* published December 2011.

Q ratio analysis

This report ranks the world's largest consumer products suppliers by revenue. Yet the size of a company, although interesting, does not tell us anything about future performance. Large size merely shows that a company performed well in the past and has, therefore, achieved critical scale. In addition, the market capitalization of a publicly traded consumer products company, examined alone, says something about past performance – even if only recently – but not necessarily about the future.

However, examining financial information to draw inferences about future performance can, to a limited extent, be useful. With that in mind, this report has provided an analysis of the Q ratio of consumer products companies for the last four years to find out how financial markets are evaluating the future prospects of the world's largest publicly traded consumer products companies. In particular, the Q ratio helps 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 assign a positive value to 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, a company could, theoretically, be purchased through equity markets and the tangible assets could then be sold at a profit.

Why should we care about the Q ratio?

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

The antidote to commoditization is to differentiate through better customer experience and innovation, and to communicate this differentiation to consumers through good brand management. Consequently, a high Q ratio suggests that the financial markets believe a company is doing the right things to succeed in a business environment characterized by commoditization. A Q ratio less than one may indicate that the financial markets believe a company isn't using its physical assets in a profitable manner.

Top 30 consumer products companies by Q ratio

Hermès International SCA	9.66
Apple Inc.	6.12
ITC Limited	6.03
Herbalife Ltd.	5.55
Natura Cosméticos S.A.	5.45
Lorillard, Inc.	5.02
Philip Morris International Inc.	3.99
Colgate-Palmolive Company	3.95
Tiger Brands Limited	3.66
The Estée Lauder Companies Inc.	3.49
Tingyi (Cayman Islands) Holding Corp.	3.32
NIKE, Inc.	3.26
Polo Ralph Lauren Corporation	3.19
Brown-Forman Corporation	3.15
The Hershey Company	3.14
Compagnie Financière Richemont SA	2.60
The Swatch Group Ltd.	2.43
V.F. Corporation	2.41
Essilor International S.A.	2.32
Church & Dwight Co., Inc.	2.30
Saputo Inc.	2.23
British American Tobacco plc	2.20
Charoen Pokphand Foods PCL	2.19
Grupo Modelo, S.A.B. de C.V.	2.16
The Coca-Cola Company	2.12
The Clorox Company	2.11
L'Oreal SA	2.04
Mattel, Inc.	2.01
Anadolu Efes Biracilik ve Malt Sanayii A.Ş.	2.00
McCormick & Company, Inc.	1.96

What do the numbers show?

This year the Q ratio was calculated for 189 publicly traded consumer products companies, compared with 186 companies last year, and 190 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 1.200, compared with 1.205 last year, and 1.068 and 0.800 in the two prior years respectively.

Here are some of the highlights of the analysis:

The companies with the highest Q ratios come from a mix of industries, but all possess strong brands. First on the list for the second year is Hermes, the French luxury company. This is followed, once again, 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. Apple also appears as a retailer in the *2012 Global Powers of Retailing* report, where it similarly ranks high in the Q ratio ranking. Next on the list are a collection of tobacco, food, and personal care companies.

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 a high Q ratio is no guarantee of future success, and no company should ever rest on its laurels – the bottom of the list of 189 companies (which is not included in this publication) includes many familiar names that once dominated their industries, only to be eclipsed by innovative upstarts.

- Composite Q ratios were calculated by country and region. Country composite Q ratios were calculated only if a country had more than three publicly traded companies in the top 250 list. The country with the highest composite Q ratio is India followed by the U.S. As was the case last year, the country with the lowest Q ratio is Japan followed by Italy. Strong Q ratios are found in France, Germany, Mexico, Switzerland, and the UK. The composite Q ratio for companies based in emerging markets is only slightly below that of companies based in developed markets.
- Composite Q ratios were also calculated based on a company's primary product sector. Not surprisingly, the industry with the highest composite Q ratio is fashion goods, an industry in which success usually requires strong brand identity. 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. As shown in the chart, composite Q ratio for most of the industries has increased over the past few years. However, this was not so much the case for home furnishing, home improvement, and tires.

Top 30 consumer products companies by country	
India	2.61
US	1.80
Switzerland	1.68
UK	1.58
Mexico	1.50
France	1.36
Germany	1.12
Netherlands	1.11
South Korea	1.02
Turkey	1.01
China (excl HK)	0.98
Canada	0.92
Brazil	0.91
Sweden	0.59
Italy	0.55
Japan	0.43

By region	
North America	1.78
Africa/Middle East	1.41
Europe	1.22
Latin America	1.04
Asia Pacific	0.61
Developed markets	1.20
Emerging markets	1.10

By primary product sector	2012	2011	2010	2009
Fashion goods	2.26	2.16	1.02	0.58
Personal & household	1.34	1.55	1.50	1.25
Food, drink, tobacco	1.24	1.22	1.13	0.90
Electronic products	1.09	1.06	0.90	0.57
Leisure goods	1.03	1.48	1.53	1.87
Home improvement	0.75	0.77	0.81	0.49
Home furnishings	0.69	0.82	0.59	0.25
Tires	0.47	0.45	0.42	0.27

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