Giants are Getting Bigger

The World's Largest Consumer Companies Have Earned CZK 61 Billion

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Consumer Goods Industry

The sales of the 250 largest enterprises in the consumer goods industry have grown by 5%. The largest European technological players only include Nokia.

In global retail, the saying that money makes money applies as well as anywhere else – and the major players become yet stronger thanks to the power they already have. The largest 250 companies in the field of consumer goods earned USD 3.1 billion (CZK 61.4 billion) from July 2012 to the end of June 2013. Regardless of the low economic growth all over the world, their common earnings grew by more than 5%, while the ten largest players were responsible for almost a third of the total earnings.
The information comes from the 7th edition of the Deloitte study “Global Powers in the Consumer Goods Industry”.

The first rankings are dominated by technological giants: five of the ten companies with the largest turnover come from the electrical production industry. The consumer goods company with the largest earnings in the world is Samsung, with sales of over USD 179 billion, maintaining the top position since 2009. Apple comes next, with sales of over USD 156 billion. In addition, Apple's turnover has grown by 44.6% year-on-year, which makes it one of the four fastest-growing companies in the consumer goods industry.

"If you look at the top ten companies in the ranking, you see big technological players. It is interesting to watch how electronics keep going up, while electronics chains are dropping or going bankrupt," Antoine de Riedmatten, the Deloitte global leading partner responsible for the consumer goods sector, commented the study. According to Riedmatten, companies like Apple or Samsung have changed the rules of electronics retail: "They made the brand so important that people don't buy a television today – they buy a Samsung. They succeeded in creating a brand that was more important than the product itself. And when your brand is more important than the product, you are ready to open brand stores."

However, Europe has lost technological players of a global format. The Deloitte study shows that out of the 20 largest technology companies, Europe is only represented by Nokia, a company whose turnover has shown a one-fifth year-on-year drop to USD 39 billion in the monitored period. In addition, Nokia recently issued a statement saying that it will no longer produce mobile phones.

"We missed the technology wave. This is a sad story for Europe. Nokia, for example, used to be at the top of technological development. I'm sure you remember the times when the mobile phone brand you wanted was Nokia. But iPhone killed it," says Riedmatten. He adds that European companies are good at start-ups. Those, however, are usually bought at an early stage by giants like Apple or Microsoft.

European companies are compensating what they have missed in the technology sector with food. In the tobacco and food and drink industry, listing 141 largest companies by sales, Europe is represented by almost one fourth of the companies. The largest of these is the Swiss Nestlé with a turnover of USD 100 billion.

The technological “crisis” that Europe is going through at the moment may only be temporary. “It may happen that tomorrow somebody will come up with something completely new. If you ask Google employees what they fear most, they won't tell you they fear competition. They'll tell you they are afraid of the man they haven't met yet, who is sitting in his garage right now and discovering new technology. That's why they buy everything they come across,” says a Deloitte partner.

High sales are, to a certain extent, related to the power of the brand. Out of the ten largest players in the Deloitte rankings, three appear on the 2013 Interbrand list of the highest-value brands: Apple, Samsung and Coca-Cola.

This is in line with the trend saying that the brand and its marketing are more important than the product itself. Riedmatten, on the other hand, agrees only in part: "I wouldn't draw a direct link to the companies' sales, but rather to their profitability. The power of a brand is its ability to sell products at a higher price than the competition. If you have premium prices, your brand has a name," says Riedmatten.

TOP 20 largest consumer goods brands

(by sales in USD billion in the 12 months until June 2013)

1. Samsung
2. Apple
3. Nestlé
4. Panasonic
5. Procter & Gamble
6. Sony
7. Unilever
8. PepsiCo
9. Coca-Cola
10. LG Electronics
11. Anheuser-Busch InBev
12. JBS
13. Nokia
14. Bridgestone
15. Mondelez International
16. Lenovo Group
17. Tyson Foods
18. Mars
19. Philip Morris
20. L'Oréal

The ten fastest-growing companies

(in the consumer goods sector) growth* sales** country
(in %) (USD billion)

1. Green Mountain Coffee Roasters 62.4 4 USA
2. Leucadia National Corporation 51.4 9 USA
3. Marfig Alimentos 48.0 12 Brazil
4. Apple 44.8 157 USA
5. Boparan Holdings Limited 41.7 4 The United Kingdom
6. JBS 39.9 39 Brazil
7. Imperial Tobacco Group 34.9 23 UK
8. BRF – Brasil Foods 33.9 15 Brazil
9. Groupe Bigard 31.3 6 France
10. Wuliangye Yibin 29.9 4 China

* by the company's compounded annual growth rate of sales for VII/2007 to VI/2013
** for the 12 months until VI/2013
