



## News Release

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### **Deloitte's Global Consumer Products Report 2015: Riding out another year of economic uncertainty**

**27 April 2015** – The world's 250 largest consumer products companies generated sales of nearly US \$3.1 trillion in fiscal year 2013 (which encompasses fiscal years ended through June 2014), despite economic uncertainty. This resulted in an average company size of US \$12.3 billion, according to the 8<sup>th</sup> annual [Global Powers of Consumer Products 2015: Connecting with the connected consumer](#) report issued by [Deloitte](#).

The report provides an outlook on the global economy, a look at merger and acquisition activity in the consumer products industry; and a discussion on the importance of connecting with the connected consumer. Only four of the global Top 250 consumer products companies are from the Africa/Middle East region. Savola, a multinational food group based in Saudi Arabia, is the biggest amongst this group, and the 111<sup>th</sup> globally. The region's three other companies are headquartered in Turkey.

"The fall in the price of oil is having a considerable impact on the global economy, with increased disinflationary pressures, especially in developed markets such as the U.S., Europe, and Japan. It is boosting consumer purchasing power in oil-consuming nations such as Japan, India, the U.S., and much of Europe, and contributing to faster economic growth than would otherwise be the case," said Dr. Ira Kalish, Deloitte's Chief Global Economist.

#### **Strong M&A deal activity in consumer products industry**

The number of deals has picked up every year since flat lining in 2009, with 1,421 total deals completed by consumer products companies in 2013. Based on the numbers to date, 2014 is on track to reach or surpass 2013's deal volume. Unlike deal volume, however, deal values have trended down since 2009—that is until 2013 when the average value rebounded sharply. The decline in deal values through 2012 may be accounted for, at least in part, by bargain hunting opportunities coming out of the global economic slowdown that allowed companies to pick up assets at distressed prices.

Herve Ballantyne, partner and [Consumer Business](#) leader at Deloitte Middle East comments: "Organic growth remains a challenge for many consumer products companies. As a result, companies will continue to view strategic acquisitions as a fast-track method to increasing market share. Over the next few years, we expect consumer products companies to continue to use acquisitions and disposals to streamline and focus their product portfolios, making their organizations more agile and responsive to changing consumer preferences."

#### **Connecting with the connected consumer**

While consumers have unprecedented access to product information and online expertise to guide their purchasing decisions, recent research<sup>1</sup> from Deloitte shows that, surprisingly, consumers are talking far less to product or service experts than they are to families, friends, and other consumers. Sixty percent said they either trust family and friends or customer reviews for information on products and service, followed by independent product/service experts (43 percent); store staff/retailer website (16 percent); and product manufacturers (12 percent).

“Consumers are increasingly turning to those they feel they can trust and, as the statistics indicate, trust is an important driver of consumer purchasing behavior,” said Ballantyne. “It is imperative, therefore, that in return for sharing their data, consumers have assurance that their data will be protected and that they receive something valuable in return. This is one of the big challenges facing consumer goods companies.”

## Global outlook

As a whole, 2013-2014 was another challenging year for the global economy. Europe remained in recession during most of 2013, although it began to recover modestly by the end of the year and heading into 2014—but growth remained poor. The U.S. economy grew slowly in 2013 largely due to a tightening of fiscal policy. While the economy strengthened in Japan, supported by improved exports and the government’s massive economic stimulus measures, the Chinese economy decelerated in 2013, and similar slow growth continued into 2014. Economic growth also cooled in several Latin American countries as they faced the end of China’s commodity boom, weaker domestic demand, social unrest, and other downward pressures. Overall, recovery by many economies around the globe continued to be jagged and weak.

To view the whole report, go to: <http://bit.ly/1Ze2q8>

## Top 10 consumer products companies 2013

Top 250 rank	Company name	Country of origin	Product sector	2013 net sales (US\$mil)	2013 net sales growth*
1	Samsung Electronics Co., Ltd.	South Korea	Electronic Products	210,397	13.7%
2	Apple Inc.	United States	Electronic Products	170,910	9.2%
3	Nestlé S.A. <sup>1</sup>	Switzerland	Food, Drink & Tobacco	99,485	2.7%
4	The Procter & Gamble Company	United States	Personal Care & Household Products	83,062	-1.3%
5	Sony Corporation	Japan	Electronic Products	66,756	17.4%
6	PepsiCo, Inc.	United States	Food, Drink & Tobacco	66,415	1.4%
7	Unilever Group	Netherlands and United Kingdom	Personal Care & Household Products	66,143	-3.0%
8	LG Electronics Inc.	South Korea	Electronic Products	53,489	14.1%
9	The Coca-Cola Company	United States	Food, Drink & Tobacco	46,854	-2.4%
10	JBS S.A.	Brazil	Food, Drink & Tobacco	43,306	22.7%

**Source:** Published company data.

<sup>1</sup> Deloitte Research, May 2014



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