



KPMG Organic Growth Barometer 2019

An analysis of growth in top-ranking consumer packaged goods companies

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kpmg.com/uk/consumer



Introduction



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Consumers are more conscious of brand values and purpose than ever before. And at the same time more engaged, better informed, and suspicious of corporate spin. Every good consumer brand knows that trust and loyalty aren't things that can be bought or won, but that they have to be earned, nurtured and protected.

With this in mind, consumer packaged goods (CPG) companies are trying to connect with consumers in a more authentic way than before, and not just at the product or brand level. The findings from KPMG's Organic Growth Barometer 2019 suggest top performing CPG companies are embedding authenticity in every part of their business, even in ways that are not visible to consumers. We're seeing this emerging in the top performers through their focus on building - and executing - strategies in line with the following four themes to win the hearts and minds of consumers:

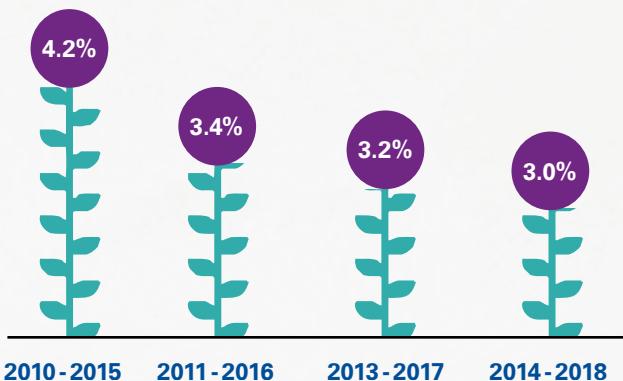
- The (genuine) societal purpose of the brand, and the company behind it**
- Supporting consumer health, wellbeing and self-esteem from the product experience**
- Building consumer trust through authentic brand ambassadors and endorsements**
- Connecting personally with the consumer, through customisation and experience**

Read more from KPMG's Organic Growth Barometer 2019 at www.kpmg.com/uk/consumer for the latest insights on the strategies that top-performing companies are using to grow in an age of authenticity and purpose.

Key findings

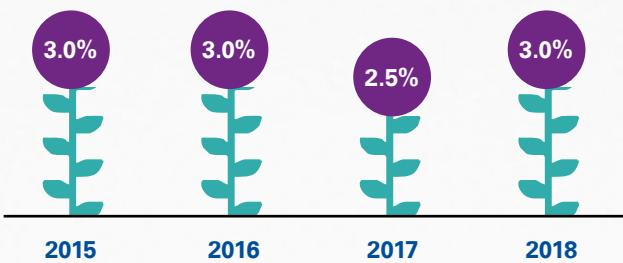
- Over the last financial year, the median annual growth rate has increased from 2.5% in 2017, to 3.0% in 2018.
- The median compound annual growth rate (CAGR) has decreased from 3.2% from 2013-2017, to 3.0% from 2014-2018.
- Companies that are achieving a CAGR of 2.7% or higher from 2014-2018, offer food, beverage and tobacco products, and household and personal goods.
- The health and wellness trend continues to drive innovative product offerings and experiences. An increase in popularity of 'self-care' brands has been observed. Brands that cater to this demand are in the top quartile for growth.
- Personalisation is emerging as an important feature for consumers. Top-ranking companies are focusing on increasing their efforts towards personalisation by providing customised offerings unique to an individual's needs and preferences.
- Top performing companies are also luring consumers through brand endorsements. They are seeking deeper engagement and authenticity while advertising their brands, and are leveraging new engagement models and digital solutions to reach consumers.

Median Growth (CAGR)



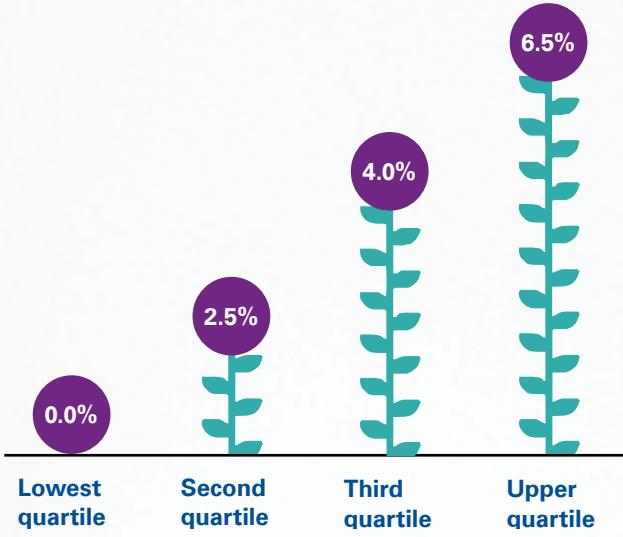
The median compound annual growth rate has decreased from 3.2% from 2013-2017 to 3% from 2014-2018 showing a continual slowdown in growth.

Median Growth (YoY)



A year on year comparison shows that the median growth rate stagnated at 3.0% from 2015 to 2016 and then decreased to 2.5% in 2017, before rising back to 3.0% in 2018.

Median Growth (Quartile performance)



The median annual growth rate for the top-performing CPG companies was 6.5% in 2018.

The top quartile in 2018

| Company | 2018 organic growth |
|----------------------------------|---------------------|
| National Beverage Corp | 18.0 % |
| The Estée Lauder Companies Inc.* | 13.0 % |
| Royal Unibrew A/S | 9.0 % |
| Rémy Cointreau SA* | 7.2 % |
| L'Oréal S.A. | 7.1 % |
| Constellation Brands, Inc.* | 7.0 % |
| Carlsberg A/S | 6.5 % |
| Coca-Cola HBC AG* | 6.0 % |
| Brown-Forman Corporation | 6.0 % |
| Pernod Ricard SA | 6.0 % |
| Heineken N.V. | 5.9 % |
| Beiersdorf Aktiengesellschaft* | 5.4 % |
| Davide Campari-Milano S.p.A.* | 5.3 % |

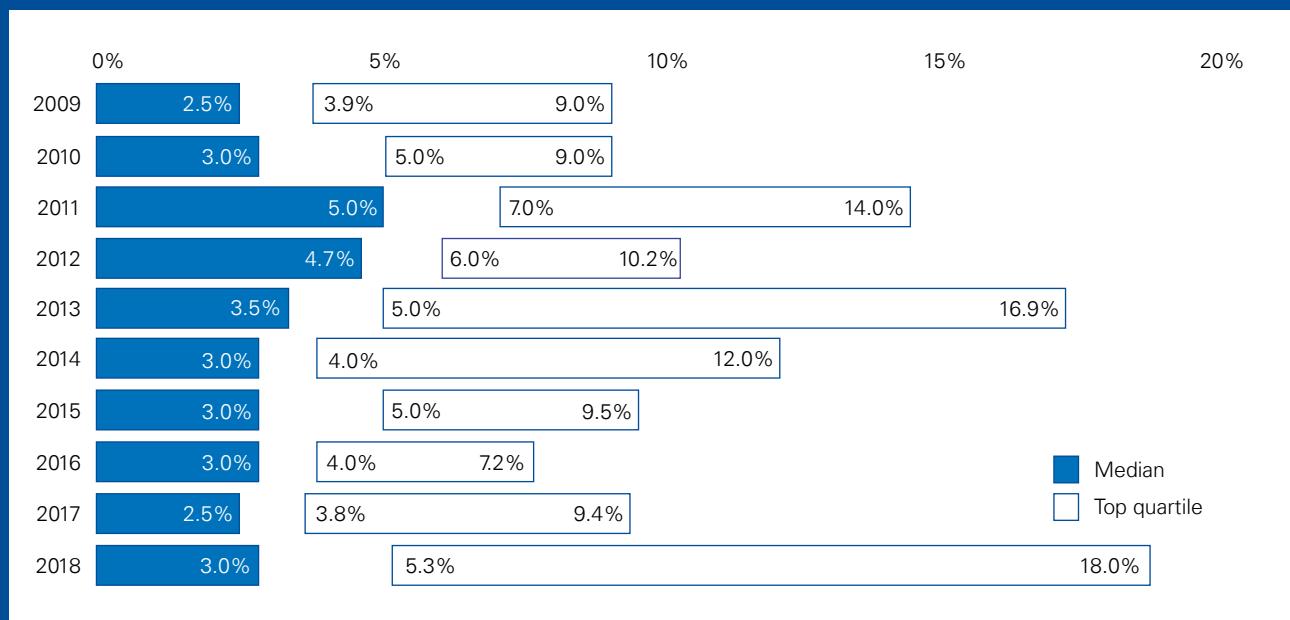
New entrant top performers

| Company | 2018 organic growth |
|--------------------------|---------------------|
| 1 National Beverage Corp | 18.0% |
| 2 Royal Unibrew A/S | 9.0% |
| 3 Carlsberg A/S | 6.5% |
| 4 Pernod Ricard SA | 6.0% |

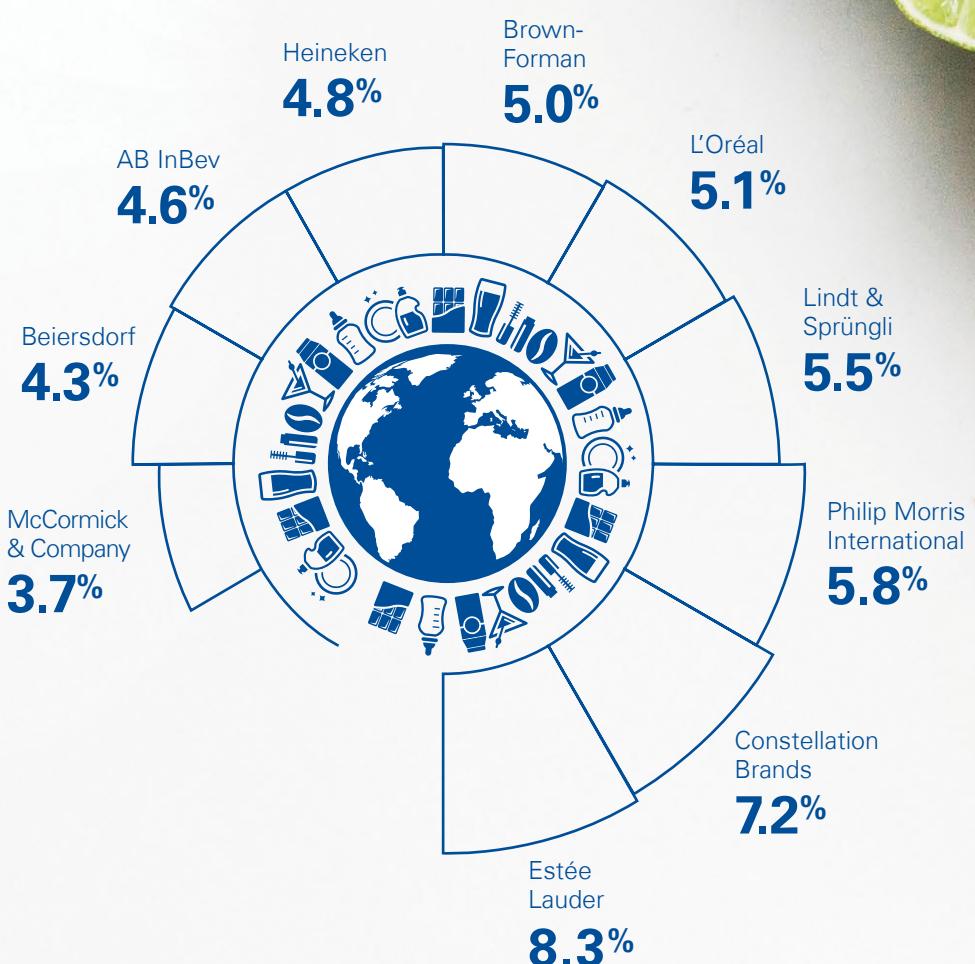
All the new entrant top performers for 2018 organic growth are beverage companies.

*Sustained top quartile performers from 2017 to 2018.

Ten year upper quartile performance



Companies in the top quartile 2014 – 2018 (CAGR)



Strategies for growth

From our analysis, we're seeing top performers consider the following four strategies to achieve and sustain growth. For examples of how top performing CPG companies are embedding these growth strategies into their organisations, please visit: www.kpmg.com/uk/consumer.



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