

The illusion of choice: an exploratory study looking at the top 10 food companies in Australia and their brand connections

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Over the past sixty years, the Australian food system has grown rapidly, fuelled by advances in food processing and the national appetite.¹ These changes have led to the introduction of numerous international food companies into the Australian food market.² This globalisation of food production has created opportunities for many energy-dense, nutrient-poor food brands to be added to supermarket shelves and become part of the national diet.³ The introduction of processed foods has led to Australian adults consuming just over one-third (35%) of their daily energy from energy-dense, discretionary sources.⁴ Additionally, those under the age of 18 consume between 30% and 41% of their total energy in the form of discretionary items, with teenagers between the ages of 14 and 18 years displaying the highest consumption rates (41%).⁴

The adoption of these types of products into the Australian diet has strengthened the influence of major international food brands, whose diverse ownership of products lacks transparency.^{5,6} Through market saturation and an increase in household food expenditure, these products have become commonplace within the diet, and the companies responsible for their production are now ingrained within the food system.⁵ The sale of these packaged foods accounts for 70% of global food sales, making the industry worth almost US\$1.9 trillion.⁷ Food producers are no longer local specialised manufacturers; many of them are large, multinational companies whose success stems from continued market control.³ 'Big

Abstract

Objective: To identify the brands owned by each of the 10 top grossing food companies operating in Australia and visually represent them on an infographic.

Methods: Desktop research was conducted to determine Australia's 10 largest food companies based on revenue. Brand ownership for each of the companies was traced through financial records and company publications. This information was then visually documented in the form of an infographic 'food web' to clearly illustrate company and brand ownership.

Results: Fonterra, Coca-Cola Amatil, Lion, Murray Goulburn, George Weston Foods, Wilmar, Nestle, Mondelez, Parmalat and Asahi were determined as the top 10 food companies operating in Australia. The food web illustrated that brand ownership ranged from 75 (Nestle) to four (Fonterra) brands per company.

Conclusions: The food web illustrates the dominance of each of these major companies within Australia and shows how their diverse brand ownership limits consumer choice.

Implications for public health: This study expands on current knowledge and further defines the breadth of market influence that the top 10 food companies have within the Australian food context, and how they use their brand power to create an illusion of choice for consumers. The food web will assist in promoting transparency of brand ownership in the Australian food market, therefore allowing consumers to make an informed decision about the food they purchase, and will allow community and other organisations to make an informed decision about which companies they form partnerships with.

Key words: Big Food, industry tactics

Food', as these companies have collectively been named, has shaped the industry to ensure it can control everything from food production to distribution.⁸ Within the Australian market, Big Food is present in the form of large multinational companies who have established themselves within the market as subsidiaries of large international food organisations.⁹

Companies such as Coca-Cola Amatil and Nestle have maintained steady growth in the Australian food market, with numerous brand acquisitions allowing the companies increased control over the food landscape.^{10,11}

Coca-Cola Amatil in particular is the largest producer of sugar sweetened beverages (SSBs) and bottled water in the Australian market, positioning it as the largest beverage company in the country.^{12,13} Similarly, milk producer Fonterra has grown from a small-scale cooperative to having significant presence in Singapore, Hong Kong, Thailand, Mauritius, the Philippines and Australia, with recent progressions into South America, India and China.^{14,15} Within the Australian market, Fonterra is the largest food company operating.¹⁵

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Methods

Determination of the top 10 food companies

Desktop research was conducted to identify an existing list of the top food companies operating within Australia based on total annual revenue. An established report of the Top 100 Australian Food and Drink Companies published by Food and Drink Business Magazine was identified.¹⁶ This was then used as the basis for developing a top 10 list that the food web would be founded upon. This publication was selected as the list was based on data collected by IBISWorld, an independent subscription-based industry research group. To isolate companies that best represented the intentions of this research, criteria were established to remove any company that was deemed unsuitable. The criteria excluded any company that solely farmed, processed or distributed fruit, vegetables, meat, poultry or seafood. Similarly, any company that produced seeds and grains for commercial and industrial purposes was omitted. Additionally, a number of companies that operated simply as distributors of other company's brands, or only in the production

of alcohol, were not included. To ensure the incorporated companies best represented the goals of the study, the criteria were constructed and reviewed by a nutritionist. Upon implementation of these criteria, the food web compiled represented only companies that produce and distribute a diverse range of food brands and products within the Australian market. Once identified, the top 10 companies were cross-checked with current company financial reports to verify their position within the food web. Due to differing release schedules for each company's financial data, the information used was based on recent figures from financial periods.

Food web development

Upon formulation of the top 10 list, further desktop research was undertaken to identify the brands owned by each company. This involved tracing brand ownership and licencing within Australian and international markets through their various websites and business publications. All national and international brands were checked to ensure their availability in the Australian market. Once a list of brands owned and licensed by

each of the companies was compiled, images of each brand logo were collected and used to construct the food web using Microsoft Word. Upon completion of the food web, all research into company and brand ownership was independently verified by a nutritionist to ensure credibility. Following this revision any necessary corrections were made.

Results

This research yielded detailed brand ownership information on each of 10 major companies operating within the Australian market. The top 10 companies were identified as Fonterra, Coca-Cola Amatil, Lion, Murray Goulburn, George Weston Foods, Wilmar International, Nestle, Mondelez, Parmalat and Asahi. The revenue of each company in the top 10 is listed in Table 1. Each of these companies produces a variety of brands, and individual products within each brand. The number of brands owned by each company varies, with the number of brands owned not dependent on the company's financial position. The extent of each company's brand ownership is illustrated in Figure 1. Fonterra, the largest food company operating in Australia, owns four brands and accounts for 1.8% of brand ownership. Murray Goulburn (n=6, 2.7%), George Weston (n=13, 5.9%), Parmalat (n=14, 6.4%) and Asahi (n=15, 6.9%) each possess between one and 20 brands, while Wilmar (n=24, 11%), Lion (n=33, 15%) and Coca-Cola Amatil (n=35, 16%) control between 21 and 40 brands. The highest number of brands was owned by Nestle (n=75), with the company representing 34.3% of total brand ownership of the top 10.

Discussion

The food web illustrates the extent to which food brands within the Australian market are connected and the way in which numerous brands represent a small number of companies. The volume of brands associated with each company is of particular interest. For example, Fonterra, the largest company operating, possesses only four brands within the Australian market. Comparatively, Nestle is positioned in the bottom half of the food web yet possesses 75 brands, many of which have numerous products associated with them. The food web illustrates how a relatively small number of Big Food companies can have a significant presence on supermarket shelves. This influence allows far-reaching branding opportunities that

Table 1: Financial revenue for top 10 food companies in Australia.

Company		Total Company Revenue (AUD000)	Australian revenue (AUD000)	Australian Profit (AUD000)
1	Fonterra Co-operative Group New Zealand	18,042,116	1,592,000	688,587 (Globally)
2	Coca-Cola Amatil Ltd U.S.A	5,150,800	3,393,000	4,553
3	Lion Pty Ltd Kirin Holdings Subsidiary Japan	4,526,700	4,901,900 (AUS & NZ)	400,900
4	Food Investments Pty Ltd (George Weston Foods) Wittington Investments Ltd. Subsidiary U.K.	2,267,375	2,281,809 (Australasia)	24,170
5	Murray Goulburn Co-operative Co Ltd (Devondale Murray Goulburn) Australia	2,500,466	1,447,412	N/A
6	Wilmar Sugar Australia Ltd (Wilmar Sugar) Wilmar International Ltd Subsidiary Singapore	2,066,500	2,092,700	94,800
	Goodman Fielder Pty Ltd (Goodman Fielder) Wilmar International Ltd Subsidiary Singapore	2,014,200	2,014,200	48,800
7	Nestle Australia Ltd (Nestle) Nestle SA Subsidiary Switzerland	1,977,704	2,226,940	156,883
8	Mondelez Australia Holdings Pty Ltd (Mondelez Australia) Mondelez International Inc. Subsidiary U.S.A	1,777,562	1,496,562	107,369
9	Parmalat Australia Pty Ltd (Parmalat Australia) Bsa Sa Subsidiary France	1,605,254	1,806,224	28,497
10	Asahi Holdings (Australia) Pty Ltd (Asahi Holdings) Asahi Group Holdings Subsidiary Japan	1,588,125	1,588,125	-122,796

aid in influencing purchasing behaviours in the wider community.¹⁷ The extent of each company's brand ownership allows the opportunity to use individual brands to target different groups within the population, a strategy known as market segmentation.¹⁸ The use of this marketing tactic ensures that a single company can reach different groups within the population, thus maximising profits while providing the consumer with the illusion of choice. This ability to penetrate different markets is best illustrated within the food web by beverage company Asahi, which uses its Voss® artesian brand to target premium markets, while targeting athletes and sporting fans through its Gatorade® branding and children with its family friendly Cottees® drinks brand.¹⁹ Although all of these brands are produced by the same company, the targeted marketing and branding allows each brand to reach a larger audience. This extended marketing influence allows different age groups to be targeted, most often children, providing the opportunity for companies to create sustained brand loyalty in their young audience.²⁰

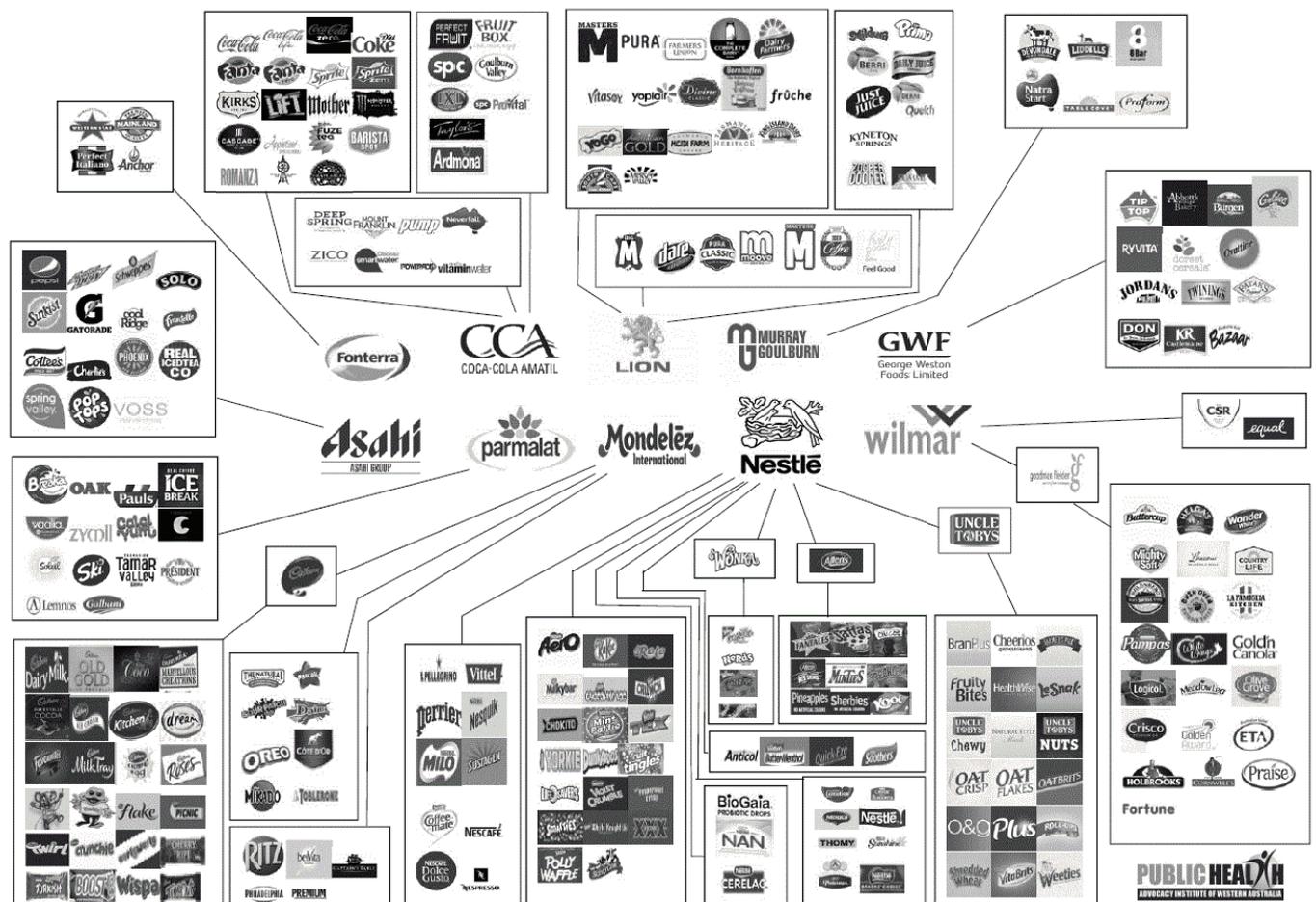
The food web also provides an insight into the extent of diversification that each company has undertaken in its brand ownership. While a number of companies have remained focused on the production of a few products with which they can produce several brands, others have expanded into the production of numerous types of food and beverages, creating greater brand opportunities. An example of the varied production of one of the companies presented on the map is Coca-Cola Amatil. This company is well known for its production of alcoholic and non-alcoholic beverages, and it has also diversified its product range to include the production of tinned foods. Through several acquisitions, Coca-Cola Amatil now owns packaged food brands Ardmona, Goulburn Valley and SPC, which produce tinned tomatoes, fruit, beans and spaghetti. Since 2013, the company has supplied Australia's second-largest supermarket, Woolworths, with tinned fruit for its private label brand.²¹ Each of these brands is well established in the Australian food system but the connection with Coca-Cola Amatil is not as well known.²²

Strengths and limitations

This research is the first of its kind to be conducted within Australia, providing a comprehensive analysis of the major companies operating within the Australian food system.

Although every attempt was made to ensure the financial data used was current, the financial data available for each company varied. In the case of Mondelez International's financial position, only the 2015 period was available for verification. Any financial data not available through company records was sourced from IBISWorld data. Additionally, due to the unstable nature of brand ownership and company structure, the position of the food businesses examined may have shifted in such a way that the food web produced no longer represents the Australian food landscape. At the time of production, the food web created is an accurate representation of the top 10 companies and their brand connections.

Figure 1: Food web of Australia's top ten companies.



Conclusion

This study expands on current knowledge and further defines the breadth of market influence that the top 10 food companies have within the Australian food context, and how they use their brand power to create an illusion of choice for consumers. The food web will assist in promoting transparency of brand ownership in the Australian food market, therefore allowing consumers to make an informed decision about the food they purchase. It is recommended that future research explore how these companies use sport sponsorship at a community, state and national level as well as other marketing tactics to promote their brands and improve their reputation in the community. The far-reaching influence of each of the companies identified within the food web illustrates the role that major food companies play within the Australian food system. The food web illustrates how the companies monopolise the industry and exert extensive control. This influence allows these companies widespread marketing opportunities to assist in persuading a wide range of consumers. This research provides a valuable resource for consumers, business and health professionals seeking to better understand the intricacies of the Australian food system.

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