



Market Coverage

Sector Overview – Consumer Staples

Consumer Staples Sector Overview

I. Background

- Sector Definition:
 - i. Provides consumer goods and services that are considered essential to for regular day-to-day activities.
 - ii. Produces products and non-durable goods that are consumed regularly, regardless of economic conditions.
- Sector Size:
 - i. As of June 21, 2024, the Consumer Staples Sector is the **7th largest sector** in the economy:
 - 1. More than \$4.69 trillion in public market capitalization.
 - 2. Representing 6.36% of the total market.
- Sector Composition:
 - i. Household Products; Packaged Food; Personal Care Products; Soft Drinks; Drug Retailers; Agricultural Products

II. Players in the Sector

Market Capitalizations as of June 21, 2024

- Coca-Cola Company (NYSE: KO) // Market Capitalization ~\$275 Billion

- Colgate Palmolive Company (NYSE: CL) // Market Capitalization ~\$81 Billion
- Dollar General Corp (NYSE: DG) // Market Capitalization ~\$28 Billion
- Kimberly-Clark Corp (NYSE: KMB) // Market Capitalization ~\$47 Billion
- Procter & Gamble Co (NYSE: PG) // Market Capitalization ~\$398 Billion
- Tyson Foods Inc (NYSE: TSN) // Market Capitalization ~\$20 Billion
- Unilever PLC (NYSE: UL) // Market Capitalization ~\$140 Billion

III. Sector Performance

- Return:
 - i. The sector has returned 7.4% throughout 2024 (year-to-date), based on the performance of the ETF SPDR Fund XLP.
 - ii. Relative to the SPY, the Consumer Staples Sector has underperformed the general market by 8.5% YTD 2024.

IV. Additional Notes

- The Consumer Staples Sector represents businesses that provide consumers with the basic goods and services required for everyday essential activities.
 - i. The sector is considered defensive because consumer staples have an inelastic demand curve relative to economic conditions.
 - ii. During economic contractions, consumers are more likely to cut out discretionary goods and services, rather than essential items like milk, soap, toilet trees, cleaning products and disposables.
- General Sector Behaviors
 - i. Given that the Consumer Staples Sector is non-cyclical, it will generally lag behind more-cyclical sectors during times of expansion. The general rule of thumb is that consumers will buy essential items at the same velocity, regardless of economic condition.
- Consolidation and Competition
 - i. The space is dominated by relatively simple products that have low levels of sophistication and barriers of entry. This would suggest that the Consumer

Staples Sector is very competitive but, in reality, the sector is actually highly consolidated.

1. The sector is dominated by a few main players that control a wide variety of the brands.
2. While some growth comes from innovative marketing campaigns and new product launches, a lot of the growth stems from inorganic behaviors such as horizontal acquisition of competing brands or products.

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The material in this document reflects performance based on adjusted close prices for June 21, 2024.

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