

2020 Spencer Stuart Consumer Sector Snapshot

Boards of consumer companies in the S&P 500 index tend to be slightly younger and more gender diverse than S&P 500 boards. In other respects, governance practices and structures of consumer companies — consisting of 95 companies in the S&P 500 consumer staples and consumer discretionary primary sectors — are comparable to S&P 500 boards.

- » The average age of independent directors on consumer boards is 61.8 years, lower than the 63.0 year average for S&P 500 boards.
- » The youngest average age of a consumer board is 51.8 years, the oldest is 71.2.
- » Consumer boards average 10.8 directors, compared to 10.7 members on S&P 500 boards.
- » Eighty-four percent (84%) of consumer directors are independent, versus 85% of S&P 500 directors.
- » The average board tenure of independent directors on consumer boards is 8.0 years, just above the 7.9 average for S&P 500 boards.
- » The longest-tenured consumer board averages 15.6 years.

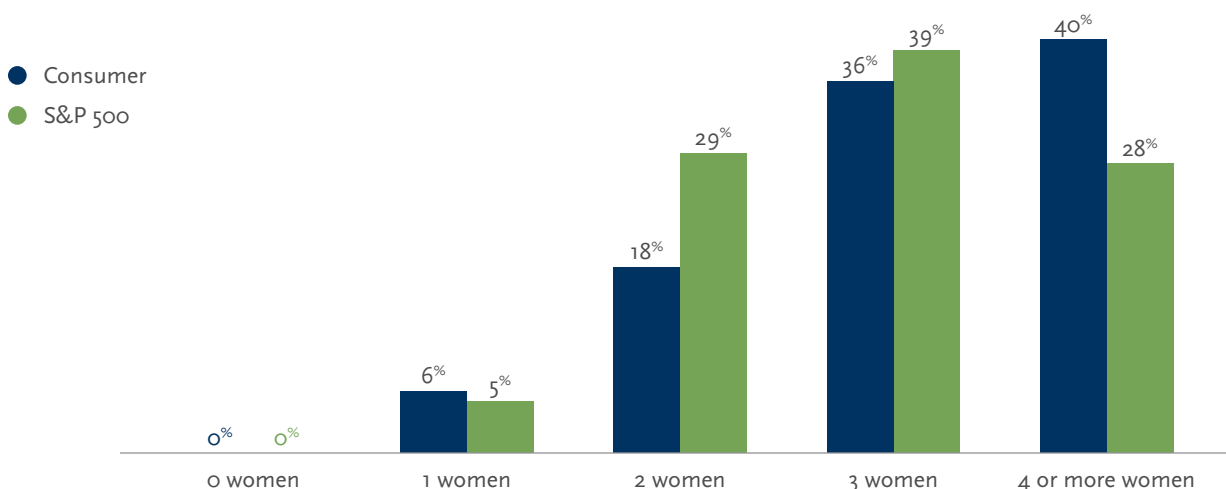


Diversity

Gender diversity of consumer boards is the highest of all primary sectors in the S&P 500 index, with women representing 31% of all consumer board members in 2020, compared to 28% of S&P 500 directors.

Every S&P 500 company has at least one female director. Ninety-five percent (95%) of the S&P 500 index have at least two female directors, and two-thirds (67%) of S&P 500 companies have three or more female directors. In contrast, three-quarters (76%) of the consumer companies have three or more women directors. Thirteen S&P 500 boards are composed of at least 50% women; six are consumer companies.

Representation of Women Directors on Consumer Company Boards



When it comes to race/ethnic diversity of the boardroom, 21% of directors of 47 consumer companies in the top 200 companies are minorities (defined as Black/African American, Hispanic/Latinx and Asian), slightly above the 20% average for the S&P 500 index. The diversity breakdown of consumer boards generally aligns with the S&P 500: 10% Black/African Americans (compared to 10% of S&P 500 directors); 6% Hispanic/Latinx (compared to 4% S&P 500); and 5% Asian (compared to 5% S&P 500). According to the U.S. Census Bureau, about 40% of the U.S. population is estimated to be a minority, including 18.5% Hispanic/Latinx, 13.4% Black/African American, 5.9% Asian.

New independent director backgrounds

Forty-four companies — 46% of the surveyed S&P 500 consumer companies, the lowest percentage of all S&P 500 primary sectors — added at least one director over the past year. Appointees averaged 56.0 years of age, lower than the 57.8 average for all independent directors joining S&P 500 boards and the second lowest average of all sectors in the S&P 500. First-time directors represented 27% of directors joining consumer boards — slightly lower than the 28% overall average for the S&P 500.

Diverse directors constituted 62% of the 66 directors joining consumer boards over the past year: 48% are women and 14% are minority men, the second-highest percentage of S&P 500 primary sectors. In comparison, 59% of directors joining the S&P 500 index in 2020 are diverse, including 47% women and 12% minority men.

More than half (55%) of the directors joining consumer boards are actively employed, compared to 49% of independent directors joining S&P 500 boards. The sector's incoming class of division/subsidiary executives is the highest percentage of all S&P 500 primary sectors. Most (90%) of the additions to consumer boards in 2020 are current or former CEOs (35%); finance/accounting professionals (23%); division/subsidiary heads (14%); line/functional leaders and other top corporate executives (9% each).

	2020 Consumer	2020 S&P 500
CEOs	35%	29%
<i>Active</i>	17%	13%
<i>Retired</i>	18%	16%
Chairs/presidents/COOs	9%	6%
<i>Active</i>	5%	3%
<i>Retired</i>	5%	3%
Line and functional leaders	9%	16%
Division/subsidiary presidents	14%	7%
Finance/accounting executives	23%	27%
<i>Financial executives/CFOs/treasurers</i>	17%	14%
<i>Investment managers/investors</i>	5%	8%
<i>Bankers/investment bankers</i>	0%	4%
<i>Public accounting executives</i>	2%	1%
Academics/nonprofit executives	0%	3%
Consultants	5%	3%
Legal	5%	2%
<i>General counsel</i>	5%	2%
<i>Lawyers</i>	0%	0%
Others	2%	7%
<i>Government/military</i>	2%	5%
<i>Others</i>	0%	2%

Board leadership

The chair and CEO roles are separated at 61% of consumer boards — higher than the 55% average for the S&P 500 index and the second highest of all S&P 500 primary sectors. Executive chairs are more common on consumer boards — 20% versus 13% for the S&P 500. Consumer boards, on average, have a slightly lower percentage of independent board leaders: 33% have independent chairs (compared to 34% of the S&P 500), and 71% have an independent lead director (compared to 73% of the S&P 500).

Board organization and process

Compared to the S&P 500 index, relatively fewer consumer companies have a classified board and slightly more have a mandatory retirement age for directors. Other aspects of consumer board governance processes and structures align with averages for the S&P 500 index.

	2020 Consumer	2020 S&P 500
Classified board	7%	10%
Board meetings (avg #)	7.4	7.9
Board committees (avg #)	4	4.2
Audit committee		
<i>Size (avg #)</i>	4.3	4.4
<i>Meetings (avg #)</i>	8.1	8.2
Compensation committee		
<i>Size (avg #)</i>	4.1	4.3
<i>Meetings (avg #)</i>	5.7	5.9
Nominating/governance committee		
<i>Size (avg #)</i>	4.5	4.4
<i>Meetings (avg #)</i>	4.5	4.5
Mandatory retirement	73%	70%
Retirement age (avg)	73.1	73.6

Consumer sector companies

Advance Auto Parts	H&R Block	PulteGroup
Altria Group	Hanesbrands	PVH Corporation
Amazon.com	Harley-Davidson	Ralph Lauren Corporation
Aptiv PLC	Hasbro	Ross Stores
Archer-Daniels-Midland Company	Hilton Worldwide Holdings	Royal Caribbean Cruises Ltd.
AutoZone	Hormel Foods Corporation	Starbucks Corporation
Best Buy Co.	Kellogg Company	Sysco Corporation
Booking Holdings	Kimberly-Clark Corporation	Tapestry
BorgWarner	Kohl's Corporation	Target Corporation
Brown-Forman Corporation	L Brands	The Clorox Company
Campbell Soup Company	Lamb Weston Holdings	The Coca-Cola Company
CarMax	Las Vegas Sands Corporation	The Estee Lauder Companies
Carnival Corporation	Leggett & Platt	The Gap
Chipotle Mexican Grill	Lennar Corporation	The Hershey Company
Church & Dwight Co.	LKQ Corporation	The Home Depot
Colgate-Palmolive Company	Lowe's Companies	The J.M. Smucker Company
Conagra Brands	Marriott International	The Kraft Heinz Company
Constellation Brands	McCormick & Company	The Kroger Co.
Costco Wholesale Corporation	McDonald's Corporation	The Procter & Gamble Company
Coty	MGM Resorts International	The TJX Companies
D.R. Horton	Mohawk Industries	Tiffany & Co.
Darden Restaurants	Molson Coors Brewing Company	Tractor Supply Company
Dollar General Corporation	Mondelēz International	Tyson Foods
Dollar Tree	Monster Beverage Corporation	Ulta Beauty
Domino's Pizza	Newell Brands	Under Armour
eBay	NIKE	V.F. Corporation
Expedia Group	Nordstrom	Walgreens Boots Alliance
Ford Motor Company	Norwegian Cruise Line Holdings	Walmart
Garmin	NVR	Whirlpool Corporation
General Mills	O'Reilly Automotive	Wynn Resorts Limited
General Motors Company	PepsiCo	Yum! Brands
Genuine Parts Company	Phillip Morris International	

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