Retail Supply Chain Update
May 8, 2020

**Ahold Delhaize US and Global Sales Up**

- Ahold’s global net sales increased more than 12% in the fiscal 2020 first quarter, including nearly 14% comparable sales growth in the United States.
- With more consumers ordering groceries online, Ahold Delhaize also is raising its projections for e-commerce growth — especially in the U.S., where the company now expects online sales to climb over 50% for the year, up from the previous forecast of 30%.
- For the first quarter ended March 29, net sales at Ahold Delhaize USA surged 13.7% to $12.48 billion from $10.98 billion a year earlier.
- U.S. online sales totaled $357 million in the first quarter, up 42.3% from $251 million a year ago.
- Ahold Delhaize USA finished the quarter with 707 grocery pickup sites, compared with 692 at the end of fiscal 2019.
- Globally, Ahold Delhaize reported first-quarter sales of €18.21 billion ($16.51 billion), up 14.7% (12.7% at constant exchange rates) from €15.88 billion ($13.98 billion) a year earlier. The gain was driven largely by 12.2% comp-sales growth excluding fuel, with a 26.9% increase in March from coronavirus-related demand.
- Net consumer online sales climbed 38.6% (37.7% at constant exchange rates) to about €1.35 billion ($1.22 billion) in the first quarter from €970 million ($854 million) in the prior-year period.
- As of the end of the first quarter, Ahold Delhaize had 7,002 stores in the U.S., the Netherlands, Belgium and Central and Southeastern Europe
- Ahold operates Stop & Shop, Giant Food, The Giant Company, Food Lion and Hannaford stores in the U.S.

**Costco in-store sales fell in April in year over year comparison**

- Costco’s global sales at stores open for at least one year fell 0.5% last month, excluding gas prices and currency volatility, compared with last year.
- This is the first sales drop for the company in years.
- The company says sales fell in April because of stay-at-home orders, social distancing restrictions and some mandatory store closures.
- Online sales boomed for the company, with digital sales jumping 87%.
- In previous months, the company benefitted from panic buying. Sales at Costco’s stores open for at least one year in March increased 9.6% compared with the year prior, and February sales were up 12.4% from a year ago.
Amazon

- A warehouse in North Las Vegas has three workers who have tested positive.
- A warehouse worker in Waukegan, IL died of COVID-19. While the worker died in April, the report is just now surfacing. So far, 4 deaths due to COVID-19 have been reported among Amazon workers.

Tyson Foods

- A processing plant in Logansport, IN has re-opened. The plant resumed limited production after undergoing a deep cleaning, installation of plexiglass workstation barriers and other measures after 900 workers tested positive for COVID-19. The plant employs about 2,200 people.
- On Thursday, a beef processing plant in Dakota City, NE re-opened with limited operations. The plant had closed on Friday for a deep-cleaning and a mass testing of employees.
- 1,031 workers at a Tyson plant in Waterloo, IA have tested positive for COVID-19. That number includes some who were asymptomatic.
- The plant in Waterloo re-opened on Thursday, after being closed for two weeks.

COVID-19 found in 115 meat processing plants in 19 States

- CDC released a report noting that COVID-19 was detected at 115 meat processing plants across 19 U.S. states between April 20 and 27, 2020.
- 130,000 people are working in those affected plants and 4,913 of them (3 percent) tested positive for the coronavirus during the above period.
- 20 of them have died.
- Pennsylvania has the highest number of plants with confirmed cases (22) followed by Georgia (14) and Nebraska (12).
- Even though only two processing plants have reported infections in Iowa, the state has the highest rate of COVID-19 at its affected facilities at 18.2 percent. South Dakota's affected plants have an infection rate of 17.3 percent while Wisconsin had the third highest figure at 8.8 percent. While Pennsylvania had the most affected locations, data regarding its infection rate was not available.

USDA to purchase surplus food and dairy

- USDA will $470 million to buy surplus food during the pandemic. The department said this will allow more products to be distributed to communities nationwide while giving financial support to struggling producers.
- The buys will include fruits, vegetables, meat, dairy and seafood, all of which have been negatively impacted by the loss of food service business.
- "America’s farmers and ranchers have experienced a dislocated supply chain caused by the Coronavirus," U.S. Secretary of Agriculture Sonny Perdue said in a statement. "USDA is in the unique position to purchase these foods and deliver them to the hungry Americans who need it most."
Trade groups seeking federal guidance

- Trade groups that represent companies including PepsiCo, Clorox and Procter & Gamble wrote a letter to Vice President Mike Pence urging clarity on how safely run their plants as businesses reopen.
- The groups are seeking federal guidance on a number of questions, including how many positive employee Covid-19 tests should trigger a plant shutdown.
- The groups include Household and Commercial Products Association, American Frozen Food Institute and the Consumer Brands Association.
- The groups are also looking for guidance on when – and how – to administer tests as they begin to reopen a plant that has been closed.
- They’re requesting direction on how to safely configure common areas, such as break rooms, locker rooms, wellness clinics and cafeterias.
- They want to know how truck drivers should interact with those who have returned to work in manufacturing plants and stores.

IGD releases interim grocery analysis for US and China for 2020

US

- The pandemic is likely to have different effects on total grocery markets in the three focus countries—higher growth than previously forecast for the US and the UK and lower increase vs 2019 for China.
- Continued online gain in market share depends, alongside consumer demand, on operational infrastructure and profitability.
- Convenience stores, which are mainly based on fuel stations, are seeing lower traffic, as lockdown mandates broadly remain in place.

China

- Weekly sales were down across all physical channels during the lockdown phase. This was due to customers trading down and shifting to online. Now that the social distancing measures are being relaxed, people are cautious about returning to stores.
- Omnichannel is well-established in China with an advanced last mile delivery operation. This makes it easier for customers to switch to online shopping.
- Food suppliers would need to be able to meet this demand by developing new products and strengthening their online capabilities as customers are now more familiar with online grocery shopping than pre-COVID.