Retail Supply Chain Update
May 19, 2020

Produce sales back to normal levels after a dip

- During the beginning of the coronavirus crisis, sales of produce were low due to consumer fears about items being touched by others and the desire to buy more long-lasting food.
- That fear caused a drop in fresh produce sales, as people turned more to center of the store and prepackaged food products, and many consumers started buying groceries online, where produce sales are historically a smaller share of the basket.
- With stay-at-home orders beginning to be lifted and people more accustomed to wearing masks and following safe social-distance shopping rules, consumers are once again buying produce at normal levels.

Walmart reports sales numbers for Q1

- The company’s e-commerce sales in the U.S. shot up by 74%, and same-store sales grew by 10% in the first quarter of 2020.
- Walmart CEO Doug McMillon commented on the sales of high-demand items such as toilet paper, disinfecting wipes, etc., “For many of these items we were selling in two or three hours what we normally sell in two or three days.”
- The retailer also announced that it is phasing out the Jet.com brand. Walmart bought the e-commerce company for $3.3 billion in 2016 to speed along its e-commerce strategy and better position the brick-and-mortar giant to compete with Amazon.
- Walmart also reported it spent nearly $900 million on expenses related to COVID-19. About three-fourths of that went to employee bonuses and expanded benefits. The company has had two rounds of special bonuses for employees and accelerated the payout of first-quarter bonuses.

Amazon

- The company is gradually re-opening 6 distribution centers in France after they were closed in April due to a labor dispute with workers who alleged that the internet retailer wasn’t doing enough to protect them from the ongoing COVID-19 pandemic.
- An Amazon warehouse in the foothills of the Pocono Mountains of northeastern Pennsylvania has become Amazon’s biggest Covid-19 hot spot. More employees at AVP1 have been infected by the coronavirus than at any of Amazon’s roughly 500 other facilities in the United States.
- Local lawmakers believe that more than 100 workers have contracted the disease, but the exact number is unknown.
- At first, Amazon told workers about each new case. But when the total reached about 60, the announcements stopped giving specific numbers.
**Impossible Burger Founder and CEO says animal meat production is a “sitting duck” for disruption, says we can repurpose the meat supply chain**

- The animal-meat industry is a “sitting duck” for disruption, CEO Patrick Brown said in the webinar hosted by the University of Chicago’s Rustandy Center for Social Sector Innovation, because it depends on an “inefficient prehistoric technology”—the slaughter of animals—“that hasn’t improved in millennia.”
- The plant-based meat industry will need the millions of workers now employed in animal agriculture, the founder of Impossible Foods said Friday, but the slaughter room has to go.
- “Everything downstream of there, actually, a lot of it can be repurposed. If you work at an animal-based meat counter, and what goes into that counter is plant-based, we still need you,” Brown said.
- “If you’re a trucker who’s transporting food from farm to distributors or something like that—and currently it’s animals, and in the future it’s plant-based products—that job doesn’t go away.
- “Jobs will change. Many jobs will change, but workers will still be required,” said Brown.
- Brown aims to displace the $1.5 trillion meat industry will plant-based meats in 15 years.
- Brown launched his company to solve what he considers a meat-based environmental catastrophe, but he thinks plant-based meat will succeed not by being virtuous, but by being more affordable, more nutritious and more delicious.
- “It had to not require people at any scale buying into my concerns about climate change or biodiversity or the things motivating me,” Brown said, “and it had to be something where the motivation of consumers is exactly what motivates them in their food choices: deliciousness, nutritional value, affordability, convenience and so forth.”
- Brown promised cleaner, safer, higher-paying jobs to most of the workers in the supply chain, but he acknowledged a worry for farmers.
- “Most of the ingredients in our products come from farms, so those jobs, we are going to need farmers no matter what the products are,” he said, but that’s not the primary concern for farmers. “Most farmers’ wealth,” he said, “is in their land.”
- Plant-based meats could produce as much meat as the animal-based industry using only 4 percent of the land area, Brown said.
- “But what it means is, our success will devalue the major reservoir of wealth for a lot of farmers, and we’re actively thinking about how to mitigate that.”

**Tyson Foods**

- **A Tyson Foods poultry facility in Wilkesboro, N.C., remains closed** 12 days after Agriculture Secretary Sonny Perdue said that all U.S. meatpacking plants would fully reopen in the next seven to 10 days.
- A Tyson Foods spokesperson said the company hopes to resume production at the Wilkesboro plant soon. The facility closed last week after an undisclosed number of workers tested positive.
- **An employee at the plant** claims that employees there were told to continue working while they waited for COVID-19 test results.
- A family of an employee at the Tyson facility in Amarillo, TX is **suing the company** after the employee died of COVID-19. The family claims the employee was not given any PPE and social distancing information was not provided.
• **Iowa OSHA is coming under fire** for taking 9 days to respond to a complaint about COVID-19 spreading at a pork plant in Columbus Junction, IA.

• After receiving the complaint, Iowa OSHA took nine days to seek a response from Tyson, and eight more to get one.

• State Sen. Bill Dotzler, a Waterloo Democrat, said Monday that the agency’s handling of the complaint failed vulnerable workers who were facing a choice between risking their health and keeping their jobs.

• A week after OSHA closed its file, the Iowa Department of Public Health announced May 5 that 730 workers at the Perry plant had tested positive for the coronavirus — 58% of its 1,250 employees.