Retail Supply Chain Update
May 27, 2020

USDA and DOJ looking into rising beef prices

- Supermarket customers are paying more for beef than they have in decades during the coronavirus pandemic. But at the same time, the companies that process the meat for sale are paying farmers and ranchers staggeringly low prices for cattle.
- Now USDA and DOJ are investigating whether the meatpacking industry is fixing or manipulating prices.
- DOJ is looking at the four largest U.S. meatpackers — Tyson Foods, JBS, National Beef and Cargill — which collectively control about 85 percent of the U.S. market for the slaughter and packaging of beef, according to a person with knowledge of the probe. The USDA is also investigating the beef price fluctuations, Agriculture Secretary Sonny Perdue has confirmed.
- Meatpackers say beef prices have spiked during the pandemic because plants are running at lower capacity as workers fall ill, so less meat is making its way to shelves.
- But the coronavirus crisis is highlighting how the American system of getting meat to the table favors a handful of giant companies despite a century of government efforts to decentralize it. And it’s sparking new calls for changes in meatpacking.
- The average retail price for fresh beef in April was $6.22 per pound — 26 cents higher per pound than it was the month before, according to the Bureau of Labor Statistics. At the same time, at the end of April, the average price for a steer was below $100 per hundred pounds; the five-year average for that same week was about $135 per hundred pounds, according to USDA’s weekly summary.

Sales of plant-based foods increased 90% in peak panic buying period

- Retail sales of plant-based food experienced a major spike in mid-March, outpacing overall food sales as consumers raced to stock up ahead of COVID-19 lockdowns, according to the Plant Based Foods Association (PBFA) and wellness-focused data and retail analytics firm SPINS.
- Retail sales of plant-based food as of March 15 were up 90% from a year earlier, compared with about 70% growth for total food retail sales. In the four weeks after the peak panic-buying period, plant-based food sales grew 27%, which is 35% faster than total retail food.
- “This new data shows that consumers are turning to plant-based food options now more than ever,” Julie Emmett, senior director of retail partnerships at San Francisco-based PBFA, said in a statement. “Even after the highest panic-buying period, plant-based foods growth remains strong, proving that this industry has staying power.”
- Plant-based meat saw the biggest gain, with retail sales surging 148% in mid-March from a year ago. That growth was 50% more versus the peak panic-buying rate for animal-based meat, which saw about 100% year-over-year growth, PBFA reported. The ensuing four weeks saw plant-based meat sales grow at a rate of 61%, more than twice as fast as
animal-based meat. What’s more, animal-based meat sales declined over the last two weeks of the period, whereas plant-based sales trended upward.

Wegman’s changes store openings due to COVID-19

- New stores will open doors within targeted time frame, and no grand opening events will be held.
- “As we keep the safety of our employees and customers a top priority, we’ve had to rethink how we open these stores. While we love the excitement of opening morning, with customers anxiously awaiting to see their new Wegmans, we know this isn’t possible as the need to maintain social distancing remains. With that in mind, we will share a targeted time frame that the store will open,” Wegmans said in a statement to customers on Tuesday.
- “We believe this will allow us to keep our employees and customers safe, and also give us flexibility to open our doors as soon as possible,” the company explained. “We look forward to meeting you in person but will be limiting the number of customers in the store at any given time to ensure we are able to maintain safe social distancing. With these measures in place, we ask for your patience and understanding, as you may need to wait in line to enter the store.”
**Stater Bros. extends COVID-19 hourly wage bonus**

- Southern California grocer Stater Bros. Markets is extending its hourly wage incentive for frontline workers a fourth time.
- The $2-per-hour wage bonus will continue to June 14 for all time worked by hourly employees in stores, distribution facilities, corporate offices, and transportation and construction operations.
- Stater Bros. has more than 18,000 employees and operates 169 supermarkets in the Southern California area.

**Instacart workers not receiving promised safety kits**

- Many Instacart workers still have not received the safety kits (face mask, thermometer, and hand sanitizer) that the grocery delivery app promised them on April 2.
- Instacart has sent out notifications that health and safety kits have shipped, but weeks later, workers have received nothing in the mail.
- Instacart declined to provide a statement on the record about why workers still have not received safety kits.