Retail Supply Chain Update
June 8, 2020

Amazon workers file lawsuit

- A lawsuit filed by three Amazon workers calls into question the company’s contact tracing efforts.
- Amazon reviews surveillance footage to identify those who were in contact with an infected individual, which isn’t in line with CDC guidelines around contact tracing.
- The employees aren’t seeking financial damages but are asking the court for an injunction that would require Amazon to follow public health standards.

Instacart changing tip policy after shopper complaints about “tip-baiting”

- Tip-baiting is when customers bait shoppers with a big tip and then reduce the tip to zero after they receive their groceries. It emerged as Instacart’s demand skyrocketed due to the pandemic and people being unable to go to the grocery store.
- Instacart continues to say that tip-baiting is rare and that less than 0.5% of orders have tips removed after delivery. It says tip totals have doubled for shoppers since the COVID-19 pandemic began.
- Instacart is now requiring customers who remove tips after delivery to leave feedback, and claims it will deactivate any customer who consistently removes tips.
- The company also said that it is reducing the tip-adjustment window (the time period for how long a customer can change the tip) from three days to 24 hours.

Kroger adds fulfillment centers to meet online shopping demand

- The company will build three customer fulfillment centers (CFCs) to meet the increased demand for online grocery ordering.
- The CFCs will be in the Great Lakes Region, the West and the Pacific Northwest.
- CEO Luke Jenson of Ocado Group, Kroger’s partner in the project, says this is part of Kroger "building an e-commerce ecosystem across the U.S. that will deliver unrivaled online experiences to more customers, in more ways and in more markets."

Imperfect Foods increased demand due to COVID-19

- Since January, the San Francisco-based food subscription service says that its weekly order volumes have doubled and they are “on track” to save more than 200 million pounds of food from going to waste in 2020.
- The biggest challenge, according to Ed O’Malley, Imperfect Foods’ vice president of merchandising, has been adjusting to “the huge ramp-up in volume” and having the
operational capacity — and management — to quickly handle that kind of volume increase. This has greatly impacted the company’s fulfillment centers.

- Although Imperfect Foods sources from Mexico and Canada, O’Malley says “well over half” comes from the U.S., among approximately 300 growers and producers.
- “About 80% are family farms and another 15% or so are co-ops, food hubs and brokers representing small farmers,” O’Malley said. About 45% of the total volume is organic farming.
- Imperfect Foods has six U.S. fulfillment centers located in the Baltimore, Chicago, San Antonio, Los Angeles, San Francisco and Portland areas.
- Imperfect Foods currently serves 400,000 subscribers in 38 states.