Retail Supply Chain Update
June 15, 2020

Walmart tests self-checkout only location

- Walmart in Fayetteville, Arkansas is reimagining the shopping experience during the coronavirus pandemic by using self-checkout counters only, in lieu of cashiers.
- The test store is removing its conveyor belt lanes and replacing them with self-checkout counters. The goal is to see if the increased use of self-checkout will speed up purchases while providing a safer experience for shoppers through less interaction.
- Employees will be available to help with self-checkout and will also check out groceries like normal for those who want the traditional shopping experience.
- If the test run is successful, the new design could be rolled out to stores across the country, but the timing will depend on customer and employee feedback, according to the company.
- The company also launched its touch-free payment system, Walmart Pay, last month in an attempt to mitigate the spread of the virus while customers shop in-store.

5 poultry workers in Maryland die from COVID-19

- Three workers employed at the Amick Farms plant in Hurlock in Dorchester County died, and the virus killed two employees from a Perdue plant in Salisbury, said Mike Ricci, a spokesman for Gov. Larry Hogan.
- Amick Farms reported 150 infections, while Perdue found 58, after the state conducted widespread testing at the facilities in recent weeks, he said.

Brazilian court closes another JBS plant

- A Brazilian labor court on Friday ordered the closure of a chicken plant owned by the world’s largest meatpacker, JBS SA, in the southern state of Rio Grande do Sul for 14 days while the company’s workforce is tested for COVID-19.
- The court upheld an injunction sought by state health authorities ordering all workers to immediately leave the plant located in Trindade do Sul so that they can be in isolation for two weeks and be tested at the company’s expense.
- Trindade do Sul is 951km southwest of Sao Paulo.

Kroger mid-Atlantic returning to normal hours

- Kroger Mid-Atlantic will open at 6 a.m. each day and close at 10 p.m., 11 p.m. or midnight. Pharmacy hours will not change.
- Fuel centers will open at 6 a.m. and close at 10 p.m. or 11 p.m., depending location.
Senior and high-risk shopping hours will be extended from 6 a.m., to 8 a.m., on Tuesday through Thursday each week.

**Pandemic changes grocery shopping behavior**

Changes in the **WHERE**, How and Who of Grocery Shopping

- **78%** Of shoppers have made a change in WHERE they shop as a result of the COVID-19 pandemic.
- **40%** Shop at fewer stores
- **28%** Shop more online
- **15%** Avoid stores I usually shop at
- **11%** Changed store shop at most frequently
- **10%** Shop at different type of stores
- **10%** No longer shop in-store

Changes in the Where, **HOW** and Who of Grocery Shopping

- **89%** Of shoppers have made a change in HOW they shop as a result of the COVID-19 pandemic.
- **44%** Spend more money each visit
- **32%** Shopping trips are faster
- **25%** Range of items bought is narrower
- **16%** Spend more money online
CHART 0.2: WEEKLY ONLINE GROCERY AS A PORTION OF ALL GROCERY SPENDING

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>10.5%</td>
</tr>
<tr>
<td>Feb 2020</td>
<td>14.5%</td>
</tr>
<tr>
<td>March/April 2020</td>
<td>27.9%</td>
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</tbody>
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FMI U.S. Grocery Shopper Trends 2019, 2020, March/April 2020

The Evolving Role of Online Grocery Shopping

Online shopping in past month:
- Ongoing: 49%
- Returning: 19%
- First time: 8%
- New: 21%

Products bought for first time online among online shoppers:
- Milk: 45%
- Dairy: 43%
- Bakery: 43%
- Deli: 41%
- Frozen: 41%
- Produce: 40%
- Bread: 39%
- Meat/Seafood: 30%
Grocery Stores Rising to Meet Shopper Needs

**Grocery store food availability improving**

- According to research from The NPD Group, during the week ending May 28, 68% of U.S. grocery shoppers reported to the firm that they hadn’t encountered any of the foods and beverages they were shopping being out of stock for during the week, while the remaining shoppers did encounter out-of-stock items.
- Although consumers have moved on from the panic grocery shopping they did in the early stages of the pandemic, they still are maintaining the same level of food and beverage inventory. Across all categories, there has been only a 3% drop in the estimated number of food and beverage packages on hand in homes compared to early April, NPD reported.
- Taking into account the meat and poultry supply chain issues due to COVID-19 outbreaks at processing plants and resulting labor shortages, 51% of the consumers who reported encountering out-of-stock items said they weren’t able to purchase the meat or poultry item they were looking for in the week ending May 28. Still, NPD said this is an improvement from 61% of consumers who reported finding meat or poultry out of stock the previous week ending May 21.

**Michigan resumes can and bottle returns**

- Michigan supermarkets and convenience stores can start once again accepting bottle and can returns for recycling, effective immediately, according to state officials.
- The deadline for retailers with return machines to resume activity is June 15, but many Michigan retailers have begun this week.
- Bottle and can return had been put on hold since late March, when an emergency order by Gov. Gretchen Whitmer stopped redemption at supermarkets and other stores because of the coronavirus pandemic.
Currently, there is an estimated $65 million in unreturned beverage containers in Michigan.

**Instacart to launch same-day delivery with Staples U.S.**

- Grocery delivery giant Instacart has partnered with Staples US Retail to bring same-day delivery service to the home and office supply chain’s more than 1,000 U.S. stores.
- Framingham, Mass.-based Staples said Friday that customers will be able to place online orders for a range of products, from home office essentials to back-to-school supplies and to cleaning supplies and personal protective equipment for COVID-19 safety.