Retail Supply Chain Update
June 19, 2020

USDA's SNAP online grocery pilot grows to more than 40 states

- Under the initiative, launched last year, recipients of Supplemental Nutrition Assistance Program (SNAP) benefits, formerly known as food stamps, can shop and pay for groceries online from authorized retailers using their electronic benefits transfer (EBT) cards.
- South Carolina and Utah have now been added to the program, which covers 42 states.
- USDA said Delaware, Mississippi, New Hampshire, and South Dakota will be enabling SNAP online purchasing “in the near future.”
- Amazon and Walmart are the authorized SNAP online retailers working with all states.

A new threat to global trade: Exhausted crews want off cargo ships now

- Global trade is facing another coronavirus crisis just as economies begin to reopen: 200,000 seafarers stranded for months by port closures and the collapse in long-haul aviation could refuse to keep working.
- Shipping companies and unions agreed to suspend crew changes in March to minimize disruption to cargo. But this was intended to be a short-term solution.
- Many seafarers extended their contracts by several months to keep supplies of food, fuel and medicine flowing around the world during the pandemic, according to shipping companies and labor unions. But the months at sea without a break are taking their toll on crews. Fatigue and mental illness is a growing threat to safety and many seafarers now want off their ships.
- Maersk, the world's largest container shipping company, said as many as 35% of the 6,600 seafarers it currently has at sea have been "stranded" on board for longer than their contractual arrangement.
- The International Transport Workers' Federation, which represents about half the world's seafarers, said emergency extensions to contracts expired on Tuesday and the organization will now do everything it can to help crew exercise their legal rights to stop working and return home. If enough of the highly skilled seafarers take action, the move could cause slumping global trade to grind to a halt, according to the Federation, snarling supply chains.
- About 80% of world goods trade by volume is carried on ships, according to the United Nations World Conference on Trade and Development. The pandemic has thrown the shipping industry into chaos. Access to ports has been restricted and airplanes grounded, making it impossible to move workers from one part of the world to another and to swap crews.
- "Some seafarers have been on board for more than a year, and over the course of this pandemic many have been prevented by governments from coming ashore even for a walk and alarmingly refused emergency medical care," Dave Heindel of the International Transport Workers' Federation said in a statement. "Frankly, we have seafarers killing
themselves at the prospect of this misery continuing without end. They call them 'floating prisons,'” he added.

**Costco bringing back free food samples; Target relaxing restrictions on returns**

- Costco is bringing back free food samples. Target is accepting customer returns on all merchandise.
- Costco started bringing back free food samples in a handful of stores and plans to roll them out to additional locations in coming weeks. The samples are pre-packaged and the company is weighing whether to put up plexiglass barriers in front of them.
- Costco is also loosening restrictions on the number of people members are allowed to bring with them during shopping trips.
- A spokesperson for Target, which has reopened Starbucks locations in some its stores, said it is taking “a careful market-by-market approach, and in some cases store-by-store, to ensure we prioritize the health and safety of our team and guests.” Starbucks at Target stores offer drinks and other items to go and “follow all of the current safety measures within our stores.”
- Stores have strong financial incentive to return to regular procedures, retail analysts said.
- While “essential” chains have reported sales increases as consumers stock up on food and other items they need, the costs of operating in the pandemic have weighed on their profits.

**Kroger posts double-digit sales gains in first quarter**

- For the quarter ended May 23, sales totaled $41.55 billion, up 11.5% from $37.25 billion a year earlier, Kroger said Thursday. Identical sales excluding fuel surged 19% year over year. Digital sales also skyrocketed, up 92% from a year ago.
- Operating profit jumped 47.6% to $1.33 billion from $901 million in the prior-year period. Kroger said adjusted FIFO operating profit came in at $1.45 billion, up 51.8% from $957 million in the fiscal 2019 quarter. The company noted that, during the quarter, it contributed an additional $236 million to multi-employer pension plans to stabilize associates’ future benefits.

**Michigan extends COVID-19 protections for grocery workers, shoppers**

- Executive Order 2020-126, enacted yesterday, continues a range of COVID-19 health and safety guidelines to July 15. Among the key measures, grocery and pharmacy customers who can medically tolerate a face covering must wear one when entering a store. Grocery stores and pharmacies also must devote at least two hours of shopping time per week for vulnerable populations, including people over age 60, pregnant women and those with underlying health conditions.
- Also, if an employee tests positive for COVID-19, the business must notify other workers without infringing on private health information.
- The executive order calls on “food-selling establishments” — including grocery stores, convenience stores and restaurants that sell groceries or food available for takeout — and pharmacies to deploy strategies to reduce COVID-19 exposure for customers and employees.
Besides face coverings, those measures include comprehensive store cleanings, especially high-touch areas; access to handwashing, hand sanitizer and disinfecting wipes; social distancing (six feet), aided by protective barriers, signage or one-way aisles; and the closing of self-serve food bars and sampling stations, among other strategies. Sick employees also are prohibited from reporting to work and must be sent home if they display coronavirus symptoms.