Retail Supply Chain Update  
July 30, 2020

**FreshDirect to launch two-hour grocery delivery in Washington, D.C.**

- Online grocer FreshDirect has partnered with on-demand fulfillment provider Fabric to expand its delivery service in metropolitan Washington, D.C.
- Plans call for Bronx, N.Y.-based FreshDirect to launch Fabric-powered automated micro-fulfillment centers across its metro D.C. grocery delivery footprint, which spans the District of Columbia; Silver Spring-Potomac, Md.; and Vienna-Dulles, Va., markets.
- In announcing the expansion on Tuesday, FreshDirect said D.C.-area customers will be able to order from a wide selection of fresh food and grocery items and have them delivered within a two-hour window, on top of the current next-day service. The expanded service is slated to launch in late 2020.
- Overall, FreshDirect delivers directly to customers in selected markets in seven states, including New York, New Jersey, Connecticut, Pennsylvania, Delaware, Maryland and Virginia, as well as the District of Columbia.

**Holiday shopping is changing amid COVID-19 pandemic with Best Buy, Kohl's, Walmart, Target closed Thanksgiving**

- Thanksgiving is still four months away but retailers are preparing for a different holiday shopping season amid the coronavirus pandemic.
- While stores are saying they will stay closed on Thanksgiving, they haven’t shared yet when they will open on Black Friday and how the sales will be handled. In past years, they started to share holiday plans including when they would kick off Black Friday sales in late October or early November.
- Michael Brown, a partner in the consumer practice at Kearney, a global strategy and management consultant firm, said holiday sales will need to start "as early as October for retailers to have enough selling days in restricted occupancy stores."
- "You’ll see dramatic spikes in e-commerce sales, so shoppers should expect longer shipping times as fulfillment centers run at peak," Brown said. "They’ll also see some inconsistency in delivery times as fulfillment centers may close if a COVID-19 case is discovered."
- "We’re also going to start offering some of the hottest deals of the season earlier than ever, to make it even easier for our customers to check off their gift lists," Best Buy said in its statement.

**Pilgrim’s Pride posts loss after drop in Mexico sales**

- Pilgrim’s Pride Corp. (Nasdaq: PPC) posted a $6 million loss in the prior quarter after its operating margins in Mexico fell by 13%.
The US-based chicken producer posted revenues of $2.82 billion and a loss of 2 cents per share in the previous quarter against Wall Street consensus estimates of $2.93 billion and a gain of 12 cents per share.

Pilgrim’s Pride blamed a “challenging macro environment” in Mexico for the drop-off in sales there, including a relatively weak Peso depressing sales margins. Income margins for the U.S. and European markets rose 2.2% and 3.1%, respectively, despite the various COVID-19 shutdowns affecting restaurant sales.

The quarter was particularly volatile for the company after CEO Jayson Penn was indicted by a federal grand jury on price-fixing charges as part of a larger U.S. Department of Justice investigation into anti-competitive practices in the poultry industry.

**Tyson Foods Launches New, Nationwide COVID Monitoring Strategy; Expands Health Staff**

- As part of its commitment to team member safety and continually evolving efforts to protect workers from COVID-19, Tyson Foods, Inc. (NYSE: TSN) is launching a new, industry-leading monitoring program and expanding its occupational health staff, including a new chief medical officer position.
- The comprehensive COVID monitoring strategy was designed with the assistance of outside medical experts and includes ongoing, data driven COVID testing of workers without symptoms, as well as those who exhibit certain symptoms or have been in close contact with someone who has the virus.
- “While the protective measures we’ve implemented in our facilities are working well, we remain vigilant about keeping our team members safe and are always evaluating ways to do more,” said Donnie King, Tyson Foods group president and chief administrative officer.
- Tyson Foods has been using testing as a tool to protect workers and has likely been involved in more testing than any other company in the country. Already having tested nearly a third of its workforce, the company plans to test thousands of workers every week across all of its facilities. Currently, less than one percent of Tyson Foods’ U.S. workforce of 120,000 team members has active COVID-19. The company is continually tracking active COVID-19 cases involving company team members as well as the case levels in the communities where the company operates.
- The new monitoring strategy Tyson Foods is implementing was designed with input from Matrix Medical and is consistent with CDC guidance.
- To support the effort, Tyson Foods has created a chief medical officer position and plans to add almost 200 nurses and administrative support personnel to supplement the more than 400 people currently part of the company’s health services team. The additional nurses will conduct the on-site testing and assist with case management, coordinating treatment for team members who contract the virus.
- The testing program includes three categories:
  - Strategic, always-on monitoring. Team members who have no symptoms may be selected for testing based on an algorithm-based selection process. The number tested each week will be dynamic and adjusted based on factors, such as the number of positive cases involving plant workers as well as people in the community.
  - Symptomatic team members. The company conducts health screenings daily as team members arrive for work. Those found to have symptoms will be tested using CDC guidance.
Close contacts. Team members who have come into close contact with co-workers (or non-Tyson personnel in the workplace) who have symptoms or have tested positive will be tested according to CDC guidance.

**JBS donates $1M to Green Bay community for COVID-19 response after outbreak at east-side plant**

- JBS will donate $1 million to help the city boost its coronavirus relief efforts months after the company's Green Bay plant became a hot spot for the virus in Brown County.
- It's not yet clear where the funds will go. JBS plans to work with local leaders to determine how the money should be used with a focus on three areas: COVID-19 relief, food insecurity, and community infrastructure and well-being.
- "We're excited to work in collaboration with JBS on this significant investment, which has the potential to catalyze a dramatic improvement and transformation within Green Bay," Mayor Eric Genrich said in a statement.
- **JBS is also donating $1.2M to Louisville, KY** and an undisclosed amount to Grand Island, Nebraska.

**Procter & Gamble sales rise 4% as consumers buy more cleaning products**

- P&G’s organic sales grew 6% during the quarter.
- In North America and China, more consumers were buying its household cleaning products.
- In fiscal 2021, the company expects sales growth of 1% to 3%.