Retail Supply Chain Update
August 7, 2020

**CDC: 25% of Smithfield employees in Sioux Falls contracted COVID-19 during spring outbreak**

- The Centers for Disease Control and Prevention on Thursday, Aug. 6, released another report providing more information on the outbreak in which 929 employees of 3,635 became infected.
- The report said 25.6% of the employees tested positive: “Overall, 48 COVID-19 patients were hospitalized, including 39 employees and nine contacts. Two employees died; no contacts died.”
- The pork processing facility shut down April 15 to allow for an investigation, per the South Dakota Department of Health’s request.
- “Cases among employees and their contacts declined to approximately 10 per day within 7 days of facility closure. SARS-CoV-2 can spread rapidly in meat processing facilities because of the close proximity of workstations and prolonged contact between employees,” the report states.

**Clorox Won't Meet Demand for Disinfecting Wipes Until Next Year, CEO Says**

- CEO Benno Dorer told Reuters Monday that the "entire supply chain is stressed" and "we feel like it's probably going to take until 2021 before we're able to meet all the demand that we have."
- The wipes are made of the same in-demand material as is used to make masks, medical gowns and medical wipes.
- "There has continued to be unprecedented demand for disinfecting products, which exceeded expectations in our fourth quarter due to worsening COVID trends. At the current rate of elevated demand, we think we'll be able to catch up with demand in wipes by next summer. We're pushing as hard as we can to bring more supply online and expect sequential improvement between now and then. We have a high sense of urgency about this and are doing everything feasible to expand supply capacity, including running our manufacturing facilities 24/7; adding more than 10 new suppliers since our third quarter to help maximize product output; and, of course, taking care of our frontline teams, who are critical to the overall effort."

**Weis Markets reports second-quarter sales surge**

- The Mid-Atlantic grocer saw net sales jump 23.7% to $1.1 billion for the 13 weeks ended June 27 from nearly $888 million a year earlier. Same-store sales climbed 24.1% year over year, while e-commerce sales through the Weis 2 Go online grocery pickup and delivery service skyrocketed 243%.
• The surge in customer demand during the coronavirus pandemic also more than doubled Weis Markets’ second-quarter net earnings. For the period, the company posted net income of $41.5 million, or $1.54 per share, up 102.5% from $20.5 million, or 76 cents per share, a year ago.
• Currently, Weis Markets operates 197 supermarkets in Pennsylvania, Maryland, Delaware, New Jersey, New York, West Virginia and Virginia, compared with 200 stores a year ago.

Beyond Meat incurs $6M in repacking expense to handle pandemic demand shift

• Beyond Meat incurred $5.9 million in repacking expenses as the plant-based food supplier diverted finished goods inventory from foodservice channels to retail channels, executives said on their earnings call for the second quarter of 2020 Wednesday.
• The costs included the transportation of finished inventory from 3PL facilities to Beyond Meat’s warehouses to repack them for retail rather than foodservice, CFO Mark Nelson said on the call. The supplier also incurred costs to install new packaging and dispose of the original foodservice packaging.
• At the beginning of the year, Beyond Meat’s customer base was roughly 50-50 retail and food service.
• The company switched food service production lines over to retail products as part of an effort to "pivot resources away from COVID-19 impacted business segments," CEO Ethan Brown said, which resulted in a mix of 88% retail and 12% food service.
• "It's not a small exercise ... to make a change like that over a quarter," Brown said. "We had 50% of our infrastructure set up for a sector that essentially disappeared."
• As Beyond Meat rebalanced product mix to meet demand, U.S. retail revenues rose 195% year over year in Q2 (ending June 27) while food service revenues dipped 61%.