Retail Supply Chain Update
August 11, 2020

U.S. consumers ready to stockpile groceries again

- If the coronavirus pandemic again forces public lockdowns, 53% of American consumers say they will stockpile groceries as well as hygienic and school supplies, according to a survey by CPG sales and marketing firm Acosta.
- Of shoppers polled, 38% said they stocked up on groceries at the start of the COVID-19 crisis and would do so again if another shutdown occurs. That scenario also would spur another 15% of respondents to build up their stores of groceries, even though they didn’t stockpile at the beginning of the pandemic.

If Another Shutdown Occurs, More Than Half of Shoppers Intend to Stock Up

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>38%</td>
<td>Stocked up at the start of COVID and will again</td>
</tr>
<tr>
<td>15%</td>
<td>Did not stock up at the start but plan to this time</td>
</tr>
<tr>
<td>17%</td>
<td>Stocked up at the start of COVID but won’t this time</td>
</tr>
<tr>
<td>24%</td>
<td>Did not stock up at the start and won’t this time</td>
</tr>
</tbody>
</table>

- Jacksonville, Fla.-based Acosta — which conducted the online surveys from July 10-16, its 10th round of coronavirus research — noted that retailers need to be ready because consumer concern about the pandemic hasn’t abated, especially as COVID-19 cases started to escalate again nationwide since early summer.
- More than two-thirds (67%) of respondents think another COVID-19 lockdown is extremely or somewhat likely, Acosta said. Similarly, consumers rate their level of concern about the pandemic at 7.9 on a scale of 1 to 10 — the same as in the latter part of March (7.9), after the virus was declared a national emergency, and near peak levels in April (8.2 for April 4-7 and 8.1 for April 17-23), when the pace of public shutdowns picked up around the country as incidence of the disease skyrocketed.
Kroger to Build Web Marketplace to Compete With Amazon, Walmart

- Kroger Co. is setting up an e-commerce marketplace open to third-party vendors, part of the grocery-store operator's bid to wrest web sales away from giants like Amazon.com Inc. and Walmart Inc.
- The owner of the Fry's and King Soopers chains is working with online commerce specialist Mirakl to offer tens of thousands of additional goods, including housewares and toys, the companies said Tuesday in a statement. The partnership will let Kroger offer “more-relevant products” by broadening its e-commerce operations to include third-party sellers, according to Jody Kalmbach, the company’s vice president of product experience.
- Kroger is looking to capitalize on growth in its digital platforms and heightened demand for essential goods as quarantined customers stock up during the pandemic. Amazon’s marketplace remains the undisputed leader in terms of selection, with hundreds of millions of products listed -- but with demand surging amid the global pandemic, many merchants are seeking new online partners.
- Online marketplaces let retailers offer inventory without having to buy it wholesale, minimizing the risk of getting stuck with unsold products needing markdowns. Third-party merchants typically pay a commission on each sale, and mature marketplaces like Amazon and eBay also sell advertising to merchants looking to stand out, providing an additional revenue source.

FDA adds to list of hand sanitizers that should not be used

- Full list available [here](#).

Amazon may take over old JCPenneys and Sears to try and speed up deliveries

- Amazon may replace closed department stores at struggling malls.
- The company is in talks with Simon Property Group, the largest mall owner in the United States, to convert former or current JCPenney and Sears stores into distribution hubs to deliver packages.
- Amazon wants more space closer to where customers live as it builds out its one-day delivery strategy. Malls are typically located closer to highways and residential areas.
than mammoth warehouses, which would allow Amazon to speed up shipping times to customers.

- Mall owners need cash-rich tenants to replace their bankrupt anchor stores. Although Amazon warehouses won't be attracting much foot traffic, they'll help to pay the bills.
- "It is a win-win for both sides," said Chris Walton, a former Target executive and now CEO of the retail blog Omni Talk. "Simon gets an anchor tenant and Amazon gets a more localized fulfillment center. For Amazon, the deal would also give it "a front row seat into developing the mall infrastructure for the future."
- It isn't clear how many stores are under consideration for Amazon, and it is possible that the two sides may fail to reach an agreement.
- The talks between Amazon and Simon reflect a growing trend in the retail industry of stores and malls turning into warehouses.