



Retail Supply Chain Update

September 14, 2020

Smithfield Foods pork plant faces OSHA fine from outbreak

- Federal regulators said Thursday they have cited Smithfield Foods for failing to protect employees from exposure to the coronavirus at the company's Sioux Falls plant, an early hot spot for virus infections that hobbled American meatpacking plants.
- The Occupational Safety and Health Administration found that employees were working closely together and exposed to the coronavirus. It also found that leading up to the first known infections at the plant on March 23, Smithfield did not do enough to space them out or provide other safety measures like face coverings or physical barriers.
- The citation included the latest assessment of the virus' impact at the Sioux Falls plant, with four workers killed by COVID-19, at least 1,294 infected and 43 hospitalized. Only two deaths among employees had been previously known.
- Smithfield Foods, which is based in Virginia, said it planned to contest the citation and \$13,494 fine. Keira Lombardo, a spokeswoman for the company, called the citation "wholly without merit" in a statement and argued the company had taken "extraordinary measures" to protect employees from infections.
- OSHA conducted an investigation that spanned months as it conducted 60 interviews and reviewed over 20,000 pages of documents, according to Lombardo. She blamed coronavirus infections in Sioux Falls for causing the outbreak at the plant.

OSHA fines JBS beef plant in Colorado for failing to protect employees from virus

- The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) has cited a second large meat production company for failing to protect employees from exposure to the coronavirus.
- Nearly 300 JBS employees in Greeley, CO, were infected with the COVID-19 virus since March and seven died. Six worked in the beef plant and a seventh was assigned to the JBS USA corporate headquarters located nearby.
- OSHA has proposed \$15,615 in penalties for the JBS beef plant in Greeley, CO.
- JBS USA, which operates as Swift Beef Co., took sharp exception to the federal agency's findings, saying in a statement that "the OSHA citation is entirely without merit."
- "It attempts to impose a standard that did not exist in March as we fought the pandemic with no guidance," the company said. "When OSHA finally provided guidance in late April, one month after the beginning of the citation time period, our previously implemented preventive measures largely exceeded any of their recommendations."
- Based on a coronavirus-related inspection, OSHA cited the company for a violation of the general duty clause for failing to provide a workplace free from recognized hazards that can cause death or serious harm. The \$15,615 penalty assessed for the general duty clause violation is the maximum allowed by law. The company also failed to provide an authorized employee representative with injury and illness logs in a timely manner following OSHA's May 2020 inspection.

- “Employers need to take appropriate actions to protect their workers from the coronavirus,” said OSHA Denver Area Director Amanda Kupper. “OSHA has meatpacking industry guidance and other resources to assist in worker protection.”

Bigger customer base portends more growth for U.S. online grocery market

- Despite a drop-off from a June peak, U.S. online grocery sales are nearly five times what they were a year ago, according to the the Brick Meets Click/Mercatus Grocery Shopping Survey.
- Sales from online grocery delivery and pickup services came in at \$5.7 billion in August, down 20.8% from \$7.2 billion in the previous Brick Meets Click/Mercatus survey in June but up 475% from \$1.2 billion in August 2019. The study, released Thursday and conducted Aug. 24 to 26, polled 1,817 U.S. adults who participated in the household’s grocery shopping.
- Brick Meets Click said the August online grocery sales falloff, in part, reflects changing shopper attitudes about COVID-19. The Barrington, Ill.-based strategic advisory firm noted that its ongoing research has tracked a steady decline in the percentage of households expressing a high level of concern about catching the virus, from a high of 47% in April to 38% in August.

August Scorecard: Online Grocery Delivery & Pickup

Total US – Past 30-day activity*

Performance Metrics	Aug 2019	March 2020	April 2020	May 2020	June 2020	Aug 2020
 Sales (Past 30 days)	\$1.2 B	\$4.0 B	\$5.3 B	\$6.6 B	\$7.2 B	\$5.7 B
 Spend (Average per order)	\$72	\$85	\$85	\$90	\$84	\$95
 Orders (# Past 30 days)	16.1 M	46.9 M	62.5 M	73.5 M	85.0 M	59.5 M
 Customers (# Active during past 30 days)	16.1 M	39.5 M	40.0 M	43.0 M	45.6 M	37.5 M
 Frequency (Monthly average/customer)	1.0	1.2	1.6	1.7	1.9	1.6

* Excludes online grocery orders shipped to home via common or contract parcel carriers.

Sources: Brick Meets Click/Mercatus Grocery Shopping Survey, August, June & May 2020; Brick Meets Click/Symphony RetailAI Grocery Survey, April 2020; Brick Meets Click/ShopperKit Grocery Survey, March 2020; Brick Meets Click research, August 2019.

