



## Retail Supply Chain Update

October 26, 2020

### Target makes checkout, pickup faster and safer for holidays

- To address shopper worries about coronavirus this holiday season, Target Corp. is implementing new and enhanced measures to make in-store and online purchases faster and safer.
- Target said Thursday that, on the safety front, customers can now use the Wallet mobile payment option in the Target app for contactless self-checkout experience. By using Wallet, in-store shoppers won't need to pick up a scanning device regardless of where they choose to pay, at the register or self-checkout stations. Wallet also brings Redcard payment, Target Circle offers, weekly ad coupons and gift cards into one place for a single scan at checkout.
- The Minneapolis-based retailer also said it's deploying another 1,000 MyCheckout devices across its store base. Using MyCheckout, associates can help customers check out anywhere in the store and skip waiting in line.
- To promote social distancing, Target is introducing pre-trip shopping reservations. The company said it has continued to monitor store capacity and, as needed, limit the total number of shoppers inside stores at one time. This holiday season, customers can go online to Target.com/line to see if their local store currently has a waiting line and, if so, reserve a spot in line. Target then will text the customer to notify them that it's their turn to enter the store.
- Enhanced safety measures for the holidays focus on Target's same-day services for online orders. The company said it aims to add nearly 8,000 Drive Up curbside pickup sites, doubling the total number of locations for the service, in which Target associates bring online orders directly to customers' vehicles within minutes of their arrival at the store.
- In addition, Target said it's improving social distancing for Drive Up by eliminating the need for barcode scanning. Now, when arriving at the store, customers just have to show the personal identification number on their app screen to associates through their car window to confirm the order. Shoppers, too, can now switch in real time between Drive Up curbside and Order Pickup in-store pickup options, even after they've arrived at the store. Target noted that this flexibility to switch between services will provide more convenience during the busy holiday months.

### Aldi, Instacart team on EBT integration for SNAP online grocery purchases

- Deep discount grocer Aldi plans to enable Supplemental Nutrition Assistance Program (SNAP) participants across more than a quarter of its store base to directly pay for Instacart online grocery orders via electronic benefit transfer (EBT).
- San Francisco-based Instacart said Thursday integrated EBT payment for SNAP grocery purchase is slated to launch at more than 60 Aldi stores in Georgia in the coming weeks and then expand to more than 570 Aldi stores in Illinois, California, Florida and Pennsylvania in the upcoming months.

- With the move, EBT SNAP participants will be able to buy fresh food and grocery essentials from Aldi through Instacart’s same-day delivery and pickup services, the companies noted.
- “Enabling customers to use their SNAP/EBT benefits for their grocery delivery and curbside pickup orders is an important extension of our in-store payment policy,” Aldi U.S. Co-President Brent Laubaugh said in a statement. “While the option is only available in select markets at the moment, we’re eager to roll out this update broadly as quickly as possible.”

### **H-E-B to pay \$500 ‘thank you’ bonus to all employees**

- Texas grocer H-E-B plans to pay its 120,000-plus employees a \$500 bonus as a “thank you” for their extra efforts during the coronavirus crisis.
- The San Antonio-based supermarket chain said all full-time and part-time hourly and salaried staff employed before Oct. 23 will receive the award via direct deposit. Those eligible for the payment include workers in stores, manufacturing, warehousing, transportation and administration, as well as employees of H-E-B’s Central Market, Mi Tienda and Joe V’s locations and the company’s Favor on-demand delivery subsidiary.

### **Walmart, H-E-B come out on top in grocery pickup, delivery service**

- Walmart, Sam’s Club and H-E-B were named the top-performing U.S. grocery retailers for in-store pickup, curbside pickup and home delivery, respectively, in a new study by global research firm Ipsos.
- The two-pronged study first surveyed 2,000 U.S. consumers about their usage, attitudes and perceptions of retailer pickup and delivery offerings, and then researchers conducted thousands of mystery shopping trips (150 per brand) that evaluated the pickup and delivery services of national and regional retailers.

### **Retention of online growth looks strong, but a COVID-19 recession looms ahead**

- Nearly eight months into the coronavirus pandemic, the food retail industry continues to face a tsunami of change brought on by the staggering growth of online grocery in that time.
- For the first couple of months of the pandemic, grocery experienced over a 300% increase in online sales, equating to seven years of online growth in seven months.
- Since COVID, according to FMI—the Food Industry Association, about 21% of consumers have tried online shopping for the first time. Of that 21%, 8% have returned and 19% are continuing to shop online and most at deeper levels than they did initially.
- Online, the majority of consumers expect that they will return to their pre-pandemic levels of ordering groceries online (delivery at 57% or pickup just under 60%). And while some — 27% for delivery and 24% for pickup — say they expect to be ordering more online in the future, others say they expect to order fewer groceries — 16% and 18%, respectively.

## **Lidl upgrades air filtration in U.S. stores to help prevent COVID-19 spread**

- To bolster coronavirus safety measures, Lidl plans to install hospital-grade air filtration in all of its U.S. stores by the end of 2020.
- Lidl US said Tuesday that it the new air filtration systems are rated MERV 13 or higher — a level typically found in hospitals — to help filter out COVID-19. Previously, Lidl used advanced commercially-rated MERV filtration systems in its U.S. stores, which number more than 100 in nine East Coast states.

## **Whole Foods Market launches free grocery pickup at all stores**

- Whole Foods Market has started offering free one-hour grocery pickup from any of its U.S. stores for members of Amazon's Prime customer benefits program.
- Parent company Amazon said Wednesday that Whole Foods pickup service carries no charge for Prime customers placing orders of \$35 or more, including fresh produce, meat and seafood plus everyday grocery and household staples, locally sourced products and holiday favorites. The Austin, Texas-based specialty grocer operates 487 U.S. stores.

## **Meijer serves up free pickup for the holidays**

- Heading into the holiday shopping season, Meijer has begun offering free curbside pickup for online orders.
- Under the new program, Meijer Pickup service carries no charge for orders of more than \$50 and doesn't require membership, the Grand Rapids, Mich.-based supercenter retailer said yesterday. Product pricing is the same as in stores, as is access to weekly sales items.

## **FMI helps consumers understand rising grocery prices amid pandemic**

- With U.S. consumers experiencing food price hikes nationwide, FMI-The Food Industry Association has launched online resources to explain how the coronavirus crisis has hoisted grocery pricing.
- The website, [FMI.org/FoodPrices](https://www.fmi.org/foodprices), outlines four COVID-19-driven changes that impacted food prices in a short time period: a rapid shift to eating at home, the loss of foodservice demand, increased production and processing costs, and higher operating costs for grocery stores. FMI said the insights are based on the study, "[The Fundamentals of Food Prices: Costs, Consumer Demand and COVID-19](#)," prepared for the association by Ricky Volpe, Ph.D., associate professor for Cal Poly in San Luis Obispo, Calif.
- In April, the Consumer Price Index (CPI) for food at home saw its largest month-to-month increase since February 1974, rising 2.7% versus a 0.5% uptick in March. Grocery prices are up 5.6% for the period from June 2019 to June 2020, FMI noted.
- The latest CPI figures from the U.S. Bureau of Labor Statistics (BLS), released this week, show no month-to-month change in the overall food index for September but a decrease of 0.4% for food at home and an increase of 0.6% for food away from home. Still, the overall food CPI was up 3.9% year over year through September, reflecting increases of 4.1% for food at home and 3.8% for food away from home.
- FMI's food prices website highlights a dramatic shift in food spending away from home to at home. In February, 52% of all household food spending was away from grocery stores, but that percentage dropped to 34% in April, with about \$23 billion in away-

from-home food expenditures being redirected to the grocery sector. That shift gutted demand in the foodservice arena, depriving growers, ranchers and other food producers a core revenue stream and making it too costly or impractical for them to produce and store food.

- Meanwhile, manufacturers saw production and processing costs jump as they needed to invest in COVID-19 protections for their workforce, facilities and products. Grocery retailers have experienced similar cost hikes as they instituted coronavirus safety measures in stores, hired more workers to help sanitize stores and keep shelves stocked, and implemented bonus pay and added health care and leave benefits. Supermarkets and other retailers, too, have grappled with higher product acquisition, transportation and logistics costs.

### **Target plans fourth round of bonuses for frontline workers**

- This month, Target Corp. plans to begin paying \$200 bonuses to 350,000 frontline workers for their extra efforts during the coronavirus pandemic.
- Target said Monday that hourly associates in stores and distribution centers, including seasonal hires, and in customer and employee contact centers will be eligible for the bonuses, which are slated to be paid out by early November. The Minneapolis-based discount store chain noted that the bonus represents a more than \$70 million investment in employees as the retailer heads into the holiday season.