



Retail Supply Chain Update

November 13, 2020

HHS enlists food and drug chains to boost COVID-19 vaccine access

- With several COVID-19 vaccines on the way, the U.S. Department of Health and Human Services (HHS) is partnering with large chain pharmacies across the food, drug and mass retail channel and independent pharmacy networks to ensure wide consumer access to the eagerly awaited immunizations.
- HHS said yesterday the Federal Pharmacy Partnership Strategy for COVID-19 Vaccination program will provide coronavirus vaccine coverage across about 60% of pharmacies in 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. Via partnerships with network administrators, independent pharmacies and regional chains will also be part of the federal pharmacy program, which HHS noted will help provide COVID-19 vaccination access in traditionally underserved areas.
- About 60% of U.S. pharmacies could administer free coronavirus immunizations under partnership program.
- The initiative is part of Operation Warp Speed (OWS), the federal government's project to accelerate the development, manufacturing and distribution of COVID-19 vaccines, therapeutics and diagnostics by working with private firms and coordinating efforts among HHS, the Department of Defense and other federal agencies.
- In September, the department issued guidance authorizing state-licensed pharmacists to order and administer Food and Drug Administration-approved coronavirus vaccines to people ages 3 and older. State-licensed or registered pharmacy interns also were authorized to administer the vaccines under the supervision of a pharmacist. Then in October, HHS expanded its authorization to enable qualified pharmacy technicians and state-authorized pharmacy interns to administer childhood and COVID-19 vaccines, as well as COVID-19 tests.
- According to HHS, pharmacy partners will directly order and receive allocations of COVID-19 vaccines from the federal government. The immunizations will be provided at no cost to the pharmacy operators and be administered free to consumers at retail locations.

Walmart adding 'pop-up' centers for online holiday sales

- Walmart Inc. is placing "pop-up" e-commerce fulfillment centers inside dozens of its regional distribution facilities as the retail giant braces for an expected crush of online sales during the holiday season.
- The 42 sites will hold fast-moving items in sections of warehouses that are traditionally used to ship pallets of goods to Walmart stores. The network of pop-up sites will ship up to 30% of Walmart's online holiday volume, the company said in announcing the plan Thursday, adding to the fulfillment capacity at its stores and dedicated e-commerce campuses that typically contain two or more fulfillment centers.

- It is a seamless merge of stores and e-commerce, so our buildings can do either one," said Srini Venkatesan, an executive vice president at Walmart Global Technology who oversees supply-chain technology.
- Putting both activities in one site also can reduce transportation costs, Mr. Venkatesan said. Walmart can use its trucks to move online orders from the pop-up sites to stores before handing them off for last-mile delivery, instead of shipping parcels from its big fulfillment centers through carriers such as United Parcel Service Inc. and FedEx Corp. "We are getting a much more distributed footprint," he said.

Amazon launches Key In-Garage Grocery Delivery service

- Amazon is expanding its contactless Key In-Garage Delivery service to more than 4,000 U.S. cities and adding grocery to the mix.
- The e-tail giant said Thursday that Amazon Key In-Garage Grocery Delivery has launched in selected areas of Chicago, Dallas, Los Angeles, San Francisco and Seattle. Through the new service, Prime members can opt to have their Whole Foods Market or Amazon Fresh online grocery delivery orders placed inside their garage. Plans call for the program to expanded to other cities.
- First launched in 50 cities in April 2019, Key In-Garage Delivery enables Prime members with a Chamberlain Group myQ smart garage door opener to receive packages in their garage. After linking their myQ app with Key, customers click on "Free In-Garage Delivery" at checkout on Amazon.com. Packages are brought by a delivery service professional, and customers can use the Key by Amazon app or Amazon mobile shopping app to get an alert when their package is delivered. The also can view videos of the delivery by using a compatible Ring smart home camera with their Ring Protect Plan or a LiftMaster Smart Garage Camera powered by myQ with a myQ Video Storage Subscription, Amazon said.

Online grocery shopping with food stamps surges for Amazon, Walmart amid coronavirus

- The number of online grocery store shoppers using Supplemental Nutrition Assistance Program (SNAP) benefits, or food stamps, has risen sharply amid the coronavirus pandemic.
- According to Bloomberg, the number of U.S. households using government benefits each month to buy groceries online has experienced a 50-fold increase this year after the Department of Agriculture (USDA) expanded options for recipients of food stamps to use their benefits for online shopping.
- The majority of online grocery shoppers have made their purchases through Amazon and Walmart, which Bloomberg reported are the only retailers in most states allowed to participate in the USDA's online shopping pilot program.
- In September, more than 1.1 million U.S. households used their government benefits to buy groceries online, although Bloomberg reported this is a small fraction of total food aid.
- The most recent SNAP program data showed that more than 22 million households received food stamps in April.
- According to the USDA, only eligible food may be purchased with SNAP benefits and "delivery fees and other associated charges may not be paid for with SNAP benefits."

Trader Joe's gives update on COVID-19 among store associates

- Trader Joe's said its coronavirus safety measures since the beginning of the pandemic in the U.S. have mitigated incidence of the virus in its workforce.
- In an update issued yesterday, Trader Joe's said it totaled 1,250 positive COVID-19 cases out of its 53,000 associates over the eight months through Oct. 31, for an infection rate of about 2.4%.
- The Monrovia, Calif.-based specialty grocer reported that, of its 514 stores in 42 states and the District of Columbia, 24% had no positive coronavirus cases among their staff over that time frame and 83% had zero to four cases.
- "We believe that the results in virtually all areas are below the average rates of positive cases in each community where we have stores," Trader Joe's stated.
- During the eight-month period, two Trader Joe's associates died "in which COVID-19 was suspected to be a contributing factor," the company said. Of workers who tested positive and completed a quarantine period, 95% have recovered and decided to come back to work, the retailer noted.

Shipt announces holiday cash bonuses for personal shoppers

- Same-day delivery specialist Shipt plans to pay holiday cash bonuses to all of its more than 200,000 personal shoppers.
- The Target Corp. subsidiary said yesterday that personal shoppers nationwide will receive cash payments ranging from \$50 to \$300 based on orders completed between Nov. 25 and 30.
- Shipt noted that it's doubling its investment in holiday bonuses for shoppers' extra efforts during the busy Thanksgiving week, which kicks off the holiday shopping season and, this year, will present "complexities and challenges" due to the coronavirus pandemic, including more online orders.

SpartanNash offers free pickup, half-off delivery for holidays

- For the holiday season, SpartanNash supermarkets have begun offering free curbside pickup and 50% off grocery delivery through its Fast Lane online grocery shopping service.
- To get the savings, customers must place orders of more than \$50 for free curbside pickup and over \$100 for half-off delivery, SpartanNash said in announcing the program this week. Currently, 69 stores under the Family Fare, D&W Fresh Market, Family Fresh Market, VG's Grocery, Dan's Supermarket, Forest Hills Foods and Ada Fresh Market banners in Michigan, Minnesota, Nebraska, North Dakota, South Dakota and Wisconsin offer Fast Lane online shopping.
- Also under the holiday promotion, Fast Lane enrollees will have their subscriptions extended by eight weeks, SpartanNash. Customer signing up for the Fast Lane service in November or December will receive the eight-week extension as well.

Meatpacking Giant JBS Denies Workers' Coronavirus Claims

- The worker compensation claims are for COVID-19 medical expenses across three states.
- Employees are seeking reimbursement for hospital bills or missed shifts.

- Some court challenges are underway.

Still looking for Clorox wipes? Here's how the company has innovated to meet unprecedented demand

- No product has been quite as valuable during the COVID-19 epidemic as the Clorox wipe. It was one of the first items, along with hand sanitizer and toilet paper, to disappear from grocery store shelves as the pandemic hit the U.S. in March.
- Andy Mowery, senior vice president and chief product supply officer of the Clorox Company, was tasked with ramping up the business as demand surged 500% and manufacturing became complicated by social distancing and safety guidelines. Here, he shares how the Clorox Company is innovating in order to meet this unprecedented need.
- How has the COVID-19 pandemic affected your work?
 - Andy Mowery: I've been in supply chain for close to 34 years, and I've never experienced anything like this. It's been crazy.
 - We're a global company, and we have an office in Hong Kong, so we started to see, toward the end of 2019, restrictions that were occurring in China. So in January and February, we were securing external capacity, building inventory, ramping up for it.
 - And then, holy cow. In the first two weeks of March, shelter in place really started to go into effect, and we saw a buying frenzy. If we think about our supply chain, normally we'd have a couple months' worth of inventory, retailers would have maybe a month or so of inventory. We saw all of that inventory in the system, which is our shock absorber, literally just go away in a matter of weeks. And we've been playing catch-up to this extreme, 500% lift in demand pretty much ever since. Securing external manufacturers, running our plants 24/7, in the midst of a COVID pandemic—it's been incredibly hard to do.
- What was it like having to adjust to new safety measures and heightened demand at the same time?
 - AM: We were never able to take a pause. We started with safety for our workers. Initially, a lot of people thought this was a big-city problem. We had to do a lot of education with our employees on what the virus is, how it's transmitted. We retained an expert medical adviser with expertise in epidemiology to help with that education and help us adapt our processes within the plants so that we could safely operate. And then we got into protection mode for our employees, so we had to very rapidly set up stations as people came on site where their temperatures could be taken, where they could fill out questionnaires, where we established criteria on whether they would be allowed into the plant. We had to reorganize how people worked, to make sure we could manage social distancing and to make sure 50 people didn't show up to the break room all at once for lunch. In some plants we had to install plexiglass partitions in certain places
 - We modified pay and sick leave policies. We made temporary increases to wages, provided special bonuses, created an employee emergency relief fund. If we don't have our people, we don't have our products. It starts with people.
 - From there it went into "How do I run this supply chain?" Every site that makes disinfecting products is running 24/7. But we also saw a demand in things that aren't disinfecting, as people were staying home: Glad trash bags, Kingsford charcoal. Hidden Valley Ranch. Everything was in higher demand. And then we had to work our extended supply chains.
- How exactly has your supply chain been affected?

- AM: If you think about wipes, everybody's favorite product these days, what we do in our plant is kind of the last step. We take the canister and the lid and the label and the substrate and the fragrances, and we assemble that final canister that gets shipped to a retail customer. But every one of those items has a supply chain that has a supply chain that has a supply chain. So we spent a lot of time working with our suppliers understanding "What's your capacity and capability? What things are you doing for your own employees?" We shared a lot of our protocols and our learnings with our suppliers because if our suppliers weren't running, we weren't running.
- The deeper you go into the supply chain, the more you run into shared supply chains. Other [companies] that make these products are starting to pull on the same people. So we had to expand the number of people that we're working with: We've added more than 10 external manufacturers that are focused in these spaces, just to help supplement production. For some of the raw materials, we have qualified additional suppliers, really just to improve the chances of getting the materials when we need them. If one of those materials isn't there for a given shift, a shift can't run, and that's a big loss for our consumers and our customers.
- Were you ever affected by lockdowns in different states, or have trouble sourcing because of them?
 - AM: Our businesses were identified as essential, and we were able to use that to work with our suppliers to say "You're supplying an essential business, therefore you are essential." We never got shut down for any extended period of time, in large part because we were working in partnership with government entities. Through other organizations, we were helping to make sure things like rest stops on highways were open. All the stuff we do travels by truck; if a trucker can't stop for rest, can't stop for a meal, it all stops. So we had to work well beyond what we do in our four walls, we had to join others to say "we need this infrastructure to run if we're going to make essential products."
- Some other companies have made cuts to the number of products they make to account for high demand. Have you cut down on your products at all?
 - AM: One of the very early things we did was work with our business units, sales, [and] customers [to get down to about 15 SKU's] and focus our energy on disinfecting. We had just launched a compostable wipe, but it did not have an EPA disinfecting claim, so we stopped making that so we could focus on disinfecting, focus on those products that have a priority in a healthcare setting. We made some other choices to preserve raw materials.
 - When you get outside of wipes, there are some spray products that use similar ingredients, so for a short period of time we discontinued 409, which is a product that many people may not associate with Clorox, but we discontinued that so we could make more Clorox Cleanup [and] allocate more materials to things like wipes. We're starting to be able to add stuff back in. Bleach was the first to recover. If you go to the store you'll be able to find bleach now, and we're starting to add back more variety of products. But I don't know that we'll ever want to see it go all the way back. It's been a lesson for us on the value of SKU simplification.
- Have you used any smart factory technologies to fill in the gaps in your manufacturing?
 - AM: Something we've been working on is the use of portable wearables. We were working on it before all this happened, but this environment turned it into something we had to do. We're in a situation where we couldn't fly an engineer or a technician to a plant to troubleshoot if we have an issue. So now we have someone in the plant who can put on a wearable technology, like smart glasses with an iPad, and an engineer sitting anywhere in the world can help them

diagnose and fix that issue. We [used this technology to approve] new suppliers, where normally we would want to go put feet in their plant. We sent them a set of smart glasses and said, “Walk around the plant, I need you to go here, I need you to see this.”

- We even did it with our auditors. When we do wall-to-wall inventory, normally your auditor sends two junior auditors and they stand there and watch you do your counts, but we couldn't do that. So we had people wear glasses and watch on a laptop, so they can visually watch the work that we're doing. And that's a game-changer. That's the kind of thing that, even in a post-pandemic environment, I want to do more of that. Fortunately, we were using it to a degree prior to the pandemic, so we didn't have to cold-start it. We've been making a lot of investments in technology and the supply chain leading into the pandemic, and they've paid off hugely.
- What haven't you figured out yet?
 - AM: The \$64 million question is: What is the future demand? Is it at this 500% level that we see today, is it at 50%? And you have to think about how you want to prepare for that. I don't want to have five times as much equipment that sits idle for the next 99 years if this is a one-in-one-hundred-year issue. But if this continues, or we see resurgence two years from now, how do I want to handle that? Those are big, hard questions with no easy answers.

Presumed President-elect Joe Biden lays out Main Street recovery plan for small businesses

- Presumed President-elect Joe Biden has published his presidential priorities and a comprehensive agenda — including a COVID-19 and economic recovery plan for American workers and small businesses — in his new “Build Back Better” presidential transition website launched on Sunday.
- Here are some of the priorities he emphasizes:
 - Included among his plans are a promise to put out a Main Street “restart” recovery aid package for small businesses and entrepreneurs, with funding that would cover the costs of operating safely in a COVID-era environment, including things like plexiglass and PPE, echoing previous statements from his campaign website.
 - Biden's plan would also extend COVID-era crisis insurance for unemployed workers.
 - Biden's agenda also made reference to the larger businesses and chains in corporate America, adding that he wants to ensure that large corporations “pay their fair share in taxes” and put workers first by respecting employees' power and “voices in the workplace.”