



## Retail Supply Chain Update

January 8, 2021

### Amazon Surpasses Boeing as Washington State's Biggest Employer

- Last year, Amazon — which in the 26 years since its founding in CEO Jeff Bezos' Clyde Hill garage has emerged as a major player in retail, logistics and cloud computing — surpassed Boeing as the state's largest private employer, usurping a title the airplane manufacturer had likely held since the post-World War II era, said aerospace historian Cory Graff.
- The milestone speaks to the new economic realities wrought by the pandemic, experts say, but also to the increasingly tenuous nature of much blue-collar work, employers' changing relationship with labor and the rise of a class of highly paid technology workers whose preferences are remaking the Seattle area.
- Amazon thrived during the pandemic, due both to booming online shopping and increasing reliance on its cloud-computing services, which power many of the technologies behind remote work and life under lockdown. In its most recent quarterly earnings report, Amazon charted record-high sales and profits; its share price rose 72% last year while Boeing's dropped 36%.
- Alongside Amazon's record-setting financial performance was a record-setting hiring spree. Globally, the company added more than 400,000 workers in 2020 in what it says is the largest peacetime worker mobilization in history. More than 16,500 of those new hires were in Washington state, where Amazon ended 2020 with more than 80,000 employees, according to a company spokesperson, a nearly 25% increase over 2019.
- Boeing, meanwhile, slashed its Washington workforce by nearly 13,000 people last year, as the travel industry's plunge into the red compounded Boeing's pre-pandemic financial pain from the lengthy grounding of its 737 MAX aircraft.
- At the start of 2020, 71,829 Washingtonians worked for Boeing, according to disclosure forms filed with the state Department of Revenue. By year-end, a combination of voluntary buyouts, layoffs and attrition reduced that number 18% to roughly 58,800 people, with analysts warning job cuts could continue in 2021.
- Boeing and its employees are no strangers to cycles of boom and bust, and the effects of the pandemic and reputational fallout from faulty engineering that caused two 737 MAX plane crashes are likely to recede eventually.

### Amazon buys Boeing jets from Delta, WestJet as aircraft prices drop

- Amazon is buying 11 used Boeing 767-300 jets as it pushes for faster delivery amid a pandemic-fueled surge in online orders.
- Amazon has been steadily building up its air cargo fleet through leasing agreements but Tuesday's announcement marks its first-ever outright aircraft purchase.
- Amazon said the Amazon Air fleet will have more than 85 planes, both leased and owned, by the end of 2022. Amazon launched its air fleet in 2016, prompting speculation that it would reduce its reliance on UPS and FedEx. The company still relies on outside

carriers for a portion of its deliveries, but it has rapidly accelerated its in-house logistics operations, particularly during the pandemic. Amazon Air's 767 fleet is operated by Atlas Air Worldwide Holdings and Air Transport Services Group, but an Amazon spokeswoman declined to comment on which airlines would operate the newly purchased planes.

### **Amazon Has Shut Down Its Prime Pantry Delivery Service**

- Now that Amazon has largely integrated Whole Foods into its online shopping options, the online shopping giant is looking to pare down some of its more redundant offerings by shutting down its Prime Pantry delivery service.
- Launched back in 2014, Prime Pantry was created to help people purchase non-perishable groceries or cleaning supplies in bulk using a low-cost flat shipping fee (or for free if you were an Amazon Prime member), with the caveat that all the items had to fit inside a single standard-sized box.
- However, following Amazon's acquisition of Whole Foods in 2017 and the expansion of Prime Now and Amazon Fresh delivery options, it seems Prime Pantry had become unnecessary, and on Wednesday of this week, Amazon decided to shut down Prime Pantry for good.
- In a statement made to Bloomberg, an Amazon spokesperson said "As part of our commitment to delivering the best possible customer experience, we have decided to transfer Amazon Pantry selection to the main Amazon.com store so customers can get everyday household products faster, without an extra subscription or purchase requirement."

### **Retail giants Target, Amazon, and Home Depot have been hit by COVID-19 outbreaks in Los Angeles County**

- Over 900 workers have been infected with COVID-19 across various Target, Costco, Home Depot and Amazon stores and warehouses in Los Angeles County.
- Fast food chains Chick-Fil-A, McDonald's, and In-N-Out Burger also reported over 150 cases among workers.
- Los Angeles County has recorded a 905% increase in its weekly average of positive cases since November 1.