Retail Supply Chain Update
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FMI calls on CDC to hone COVID vaccine distribution

- As grocery retailers ramp up COVID-19 vaccination programs, FMI-The Food Industry Association is doing its part to help the Centers for Disease Control and Prevention (CDC) resolve issues in vaccine distribution and administration.
- FMI said yesterday it participated in an online public meeting hosted by the CDC’s Advisory Committee on Immunization Practices (ACIP). The grocery trade group voiced support for federal guidelines in vaccine allocation but said food industry employees — deemed as “essential workers” by the government — are falling short as one of the priority populations to be immunized.
- “FMI strongly supports the ACIP’s recommendations to prioritize health care personnel, including pharmacists, in the initial phase of COVID-19 vaccine allocation, as well as food and agriculture industry essential workers in Phase 1b. However, to achieve consistent and equitable COVID-19 vaccination, states and jurisdictions should be strongly encouraged to adhere to federal recommendations,” Peter Matz, director of food and health policy at FMI, said in a statement.

COVID vaccinations to have limited effect on shopping behavior, says survey

- Even as more Americans receive COVID-19 vaccinations, most U.S. consumers won’t be swayed to change their shopping habits or eschew coronavirus safety precautions, according to a new survey from Shopkick.
- Less than half (48%) of people already immunized against COVID reported feeling more comfortable shopping in-store and taking part in other indoor activities, rewards app provider Shopkick said Monday in releasing the study, which polled more than 21,000 consumers from Jan. 20 to 24. Similarly, only 18% of those vaccinated and 15% of those planning to get a vaccine indicated they would shop in stores or engage in indoor activities more frequently.
- Underlying the low percentages is the fact that many consumers don’t want to get a COVID-19 vaccine, Shopkick noted. Among respondents, 8% received a COVID vaccination, 48% said they were planning to do so and 44% reported they don’t plan to get vaccinated against the virus.
- “With evolving news regarding the vaccine, it is becoming increasingly clear to the retail industry that a return to pre-COVID shopping behaviors and expectations is, at best, still far off,” according to Dave Fisch, general manager at Redwood City, Calif.-based Shopkick.
- Meanwhile, 96% of respondents who have been vaccinated against COVID-19 and 97% of those planning to do so said they would continue to take personal safety measures when shopping in stores. Those precautions include wearing protective face coverings (93%), using disinfectants (87%), shopping when it’s less busy (66%), paying with debit or credit
cards instead of exchanging cash (66%), using self-checkout (58%) and wearing protective gloves (21%).

• On the flip side, consumers also expect retailers to uphold their COVID-19 health and safety practices, even if most Americans receive a vaccine, Shopkick found. In that event, 79% of those surveyed expect retailers to continue enforcing health and safety restrictions. That includes requiring protective face coverings for shoppers and employees (86%), offering disinfectants to shoppers (86%), enforcing social distancing (80%), keeping plexiglass barriers at checkout (74%) and limiting the number of shoppers in the store (62%).

• Importantly, 62% of consumers said enforcement of such guidelines would influence where they choose to shop, Shopkick said.

• The study revealed generational differences in attitudes about the coronavirus vaccine. Millennials represented the largest segment of people not confident in the vaccine (35% of those polled) and not planning to get vaccinated (51%), Shopkick found. Younger and older consumers exhibited more confidence in COVID vaccination, with 71% of Generation Z and 75% of Baby Boomer shoppers reporting they felt some level of confidence.

• “These latest findings prove that retailers must remain diligent and dedicated to maintaining health and safety standards in-store and continue to find ways to meet shoppers in whatever ways make them feel most comfortable,” Fisch added.

Pandemic taught grocery supply chain valuable lessons

• Major inventory disruptions and the simultaneous boom in online shopping brought by the COVID-19 pandemic will reshape the grocery supply chain going forward, consumer packaged goods (CPG), retail and distribution executives said in a panel discussion at the FMI Midwinter Executive Conference.

• Session moderator Thom Blischok, chairman and CEO of CPG and retail advisory firm The Dialogic Group, said “the unparalleled impact of COVID-19” on food and beverage retailers and manufacturers — now nearing 12 months — caused an “interruption in the way we do business” and has “necessitated a fundamental restructuring of the retail and manufacturing environment as we see it today.”

• The industry experienced a double-shot: an “explosion in omnichannel” and an overtaxed supply chain, Blischok said in the virtual event, titled “The Post-Pandemic Rubik’s Cube of Supply Chain — Where Do We Go from Here?”.

• “The monomaniacal focus of not just Kroger, but our industry, on the health and safety of our associates and our customers was second to none,” Kroger’s Aitken said. “In fact, one of the things Kroger did was create this Blueprint for Businesses. There was something we wanted to publish to ensure that, whatever we learned, we could share it with everybody. This was a crisis in the U.S., and we had to all look to one another for help, whether it was manufacturers, our supply chain folks, our sourcing folks. Overall, I was so impressed with how we as an industry came together, how we as an industry helped our customers and truly looked after our associates.”

Amazon cracks $100 billion in quarterly sales with huge Q4

• Amazon vaulted over the $100 billion mark in sales with 44% growth and nearly doubled Wall Street’s earnings-per-share forecast for its fiscal 2020 fourth quarter.

• The strong fiscal year finish came as Amazon prepares for a changing of the guard. In its fourth-quarter conference call with analysts late Tuesday, the e-tail giant announced that
founder Jeff Bezos is stepping down as CEO will transition to the role of executive chairman.

- For the quarter ended Dec. 31, Amazon tallied net sales of $125.56 billion, compared with $87.44 billion a year earlier. Excluding the impact of changes in foreign exchange rates, sales climbed 42%. Online sales came in at $66.45 billion, up 46% (43% excluding foreign exchange) from $45.66 billion in the prior-year period.
- Amazon’s physical store sales, which include Whole Foods Market, declined 8% (7% excluding foreign exchange) to $4.02 billion from $4.36 billion in the 2019 quarter. That followed a 10% year-over-year decline in the third quarter, though sequentially physical store sales rose 6.2% from the third to fourth quarters. During fiscal 2020, the company saw physical store sales decreases in three out of four quarters, with an 8% gain in the first quarter followed by a 13% drop in the second quarter.
- For the full 2020 fiscal year, Seattle-based Amazon totaled net sales of $386.06 billion, up 38% from $280.52 billion in 2019. Excluding the effect of foreign exchange, net sales grew 37% year over year. Online sales surged 39.7% to $197.35 billion from $141.25 billion a year ago.
- Fiscal 2020 physical store sales were $16.22 billion, down 5.6% from $17.19 billion in 2019.

**US House Launches Investigation Into Meatpacking Plants, JBS For ‘Failing To Protect Workers From COVID-19’**

- A federal panel of lawmakers has launched an investigation into multiple major meatpacking companies over the spread of coronavirus in their plants, including the JBS USA facility in Greeley.
- In a letter to a federal occupational safety official, Rep. James Clyburn of South Carolina said that, under the Trump Administration, "the Occupational Safety and Health Administration, or OSHA, failed to adequately carry out its responsibility for enforcing worker safety laws at meatpacking plants across the country, resulting in preventable infections and deaths."
- Clyburn, who is a Democrat, heads the House Select Subcommittee on the Coronavirus Crisis.
- He alleges Trump-era OSHA did not respond quickly enough to complaints or hit companies with unsafe practices with big enough fines.
- Former OSHA official Deborah Berkowitz, who served during the Obama administration, told NPR's Morning Edition in January that the federal office should have done 10,000 to 20,000 safety inspections since March, but that the number was closer to just a few hundred. She also noted OSHA's lack of standardized, nationwide requirements for businesses.
- Beyond JBS, Clyburn's letter also questioned the safety practices of Tyson Foods and Smithfield Foods.
- Clyburn said nearly 54,000 plant workers across the country have tested positive for the coronavirus and at least 270 have died. Six of those worked for JBS in Colorado. One corporate JBS employee has also died of COVID-19.
Dollar Tree’s Family Dollar taps Instacart to make same-day deliveries

- Third-party delivery service Instacart will make nationwide deliveries for Family Dollar.
- The new partnership will give consumers a more convenient way to get groceries from the low-cost retailer.