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830 views | Apr 28, 2020, 11:23pm EDT

COVID-19 Threatens To Reverse Progress Toward Fresh, Artisanal Eating And Bountiful Food Industry Jobs

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[Food & Drink](#)

WASHINGTON, DC - APRIL 28

You know that organic local daikon you've started cooking into vegan steaks for your kids? Or the adorable specialty food shop that popped up in your hometown? According to some food-industry analysts, likely changes to the way the United States will produce and sell its food post-coronavirus mean you may have to bid farewell to some of this healthy progress.

It goes without saying that the nation's food systems are scrambling to adapt to rapidly evolving safety regulations and extraordinarily uneven buyer demand. What's less known is what will happen once the country opens back up and suppliers, consumers, ancillary businesses and regulatory bodies must find their way forward in an unfamiliar landscape rife with previously unforeseen contagions.

On April 23, right as meat suppliers started issuing serious warnings about an impending shortage, analysts at the **New York-based Marcum public accounting and advisory firm** dove deep into how U.S. food systems are reacting to COVID-19 and how we might expect to shop and eat in the future. Though they didn't make this point themselves, their messages coalesced to suggest two conclusions: 1) [corporate consolidation](#) in the food chain has led to some of our most severe present-day problems; 2) in the "new

normal,” Americans will likely revert to eating packaged comfort meals bought in huge grocery chains run on automation.

“Farmers are dumping thousands of gallons of milk,” says [Lou Biscotti, a Forbes contributor and Marcum Food and Beverage Services leader](#) who spoke on agriculture. “I’ve heard reports of that 75% of the lettuce crop is being plowed under, and that Florida has lost \$500 million worth of crops.”

Because he says half of the nation’s grown food goes to restaurants, stadiums, schools, universities, hotels, airlines and theme parks, the closure or cut-back of these venues for social distancing purposes has led to gargantuan sales losses. But as a result of our distribution systems generally [connecting large producers and processors to the large corporations](#) that run these businesses or distribute food to them, the country has found itself unable to rescue this excess by diverting it away from these commercial channels to residential ones. There simply does not exist a way to do it.

“A lack of demand has caused major problems and shifts,” Biscotti says. “No one was able to react quickly enough to the over-supply.”

Meat may be impacted most acutely and counter-intuitively. Farmers are [burning staggering quantities of animal carcasses](#) and the [USDA](#) is setting up a [National Incident Coordination](#) to “advise and assist on depopulation and disposal methods.” Meanwhile, the press is [warning of a shortage](#) and prices are already hitting record highs.

Though other factors contribute — tariffs, bans on immigration and a 30% drop in meat sales from the contraction of the commercial market – Biscotti attributes most of the puzzling imbalance to a bottleneck created by the country’s mega meat processors temporarily closing down and losing employees to the COVID virus.

For instance, he says, not only have dominant meat suppliers like Cargill, Tyson Foods and JBS closed plants temporarily, “Smithfield closed, reopened and closed plants. That represents 7% of the country’s pork.”

As of Thursday, more than a dozen meatpacking and food processing plants had shut for some period of time over the past two months, which led to 25% drop to U.S. capacity to slaughter pork and a 10% drop to capacity to slaughter beef, according to the [United Food and Commercial Workers International Union](#) in a [New York Times article](#).

With low-paying jobs at the nation's meatpackers held largely by immigrants who generally live and work in close, sometimes unsanitary quarters where once-onsite inspectors now travel from plant to plant, [these processing facilities act as breeding grounds](#) for coronavirus. When they close, they leave their farmers with nowhere to process their pigs and cows and hence, no way to get them to market.

"There's plenty of supply. It's distribution," President Trump said Tuesday in announcing he would sign an executive order to force meatpackers to stay open despite the food workers union reporting that thousands of workers at these plants have gotten infected, resulting in at least 20 deaths.

Stocking the Stores

Marcum accountants say now and for the foreseeable future, Americans are stocking up on food to avoid restaurants and repeat visits to the store, and that means shelf stable stuff. Fresh produce sales in grocery stores rose just 3% from March 2019 to March 2020, compared with a 10% increase to packaged goods.

On top of that, shoppers are buying comfort food in volumes not seen in ages.

Biscotti says that reversing recent trends, "Wheat is hot because of bread and pasta sales. Other products are also hot," such as peanut butter, rice, canned beans, water and pretzels, with certain subsectors enjoying unprecedented demand. "Comfort food and 'center of the store' may not be quite as dead as they seemed. But I think imports will take a hit."

Camden, New Jersey-based [Campbell Soup](#) Co. for example, is up 59% "after years and years of declining sales," says Marcum partner Lenny Gordon, who spoke about manufacturing.

A strongly selling brand like Campbell Soup may perform exponentially better over the medium-term, as Gordon predicts most groceries will limit diversity, primarily stocking products “they know will fly off the shelves.”

Going forward, shoppers can expect to do convenient curbside pick-up, where wait times average less than three minutes. Or they’ll go inside, where governments will likely require stores to set up displays in ways that force more distance between customers, which disadvantages smaller stores. Regardless of size, shoppers will likely buy food from masked and gloved cashiers or self-checkout registers and pay with touchless systems like [Google Pay](#).

Bypassing the Middle Man

Shoppers might choose to skip the retail outlet altogether and shop straight from a warehouse or get delivery right from a farm or manufacturer. This approach generally cuts out the distributor, which ostensibly cuts down costs as well as time and anxiety over COVID closures at warehouses.

Jim Aspromonti, a partner who covered distribution, says, “Risk of a COVID-19 outbreak could dramatically impact warehouses, where workers can’t do their jobs virtually.”

To wit: savvy produce farmers have pivoted to selling their surplus online and direct to consumer (DTC) through community-supported agriculture programs and the like. [General Mills](#) is sending Cheerios and flour right to [Kroger](#) grocery warehouses around the country. Some manufacturers are opening up their warehouses to customers and also trucking deliveries straight to their homes. Unfortunately, the cost of logistics makes it less price effective for a manufacturer to strike this type of relationship with a small retailer.

Manufacturing Jobs May Become Too Expensive for Human Help

Producers and retailers may find it increasingly advantageous to find their way around distributors because manufacturing costs seem poised to rise astronomically.

Gordon predicts that in order to keep manufacturing facilities safe from COVID, they're "disinfecting everything often."

He expects them to increasingly limit contact between employees by staggering shifts and breaks and minimizing common work spaces where employees share touch. He offers the example of automated doors to replace traditional doors that require a push or pull.

"Think of the addition of costs of equipment like personal protective equipment," he says. "Where are they all coming from and who's going to pay for them?"

Manufacturers will also face ongoing pressure to spread workers out physically, which might slow down the production process and adds another reason executives might increasingly look to phase out human capital and usher in a new phase of automation and artificial intelligence.

Gordon now advises his clients to track cash flow weekly or even daily, which, he admits, may also cut down their willingness to work with smaller co-packers and other partners.

"They may divert to larger customers who're more apt to pay on time," he says.

Closing on a hopeful note that contradicts the looming likelihood and society reverting to the days before the locavore movement, Patrick O'Reilly, who addressed retail, emails, "I would echo your fears about further consolidation of business leading to potentially less competition in large processors and distributors. However ... I see there being a groundswell not only to support smaller local companies out of principle, but also out of safety concerns of wanting to know where and who your food came from."