

By Jim Prevor, editor-in-chief of Produce Business. This article was originally printed in the March 2020 issue of Produce Business magazine.



Retailers, and those who sell to them, are overwhelmed — working 24 hours to keep the supply chain adequate as consumer demand reaches multiples of its all-time high. The demand is driven primarily by hysterical shoppers deeply determined to feed their families and concerned stores may close or the health situation may make future visits to stores, or even store delivery, dangerous or impossible. Secondly, the demise of the opportunity to eat at restaurants is leading to more need to buy at retail.

The restaurant chains, and broader foodservice industry, are reeling. Many restaurants are trying to survive on take out orders that many consumers see as dangerous, possibly prepared by kitchen staff who may be infected with the coronavirus. And the decision to purchase take-out food weighs heavily when many are afraid of losing their jobs with projections that the unemployment rate will hit 30% very soon. If everyone is going to be “sheltering in place” and poor, restaurant meals don’t seem wise.

Schools are closed at all levels, theme parks are closed, cruise ships are docked, closed or closing. They do still have prisons, and the hospital business is booming as other facilities are being converted for medical use.

Foodservice distributors had little notice restaurants would be ordered closed, so they had storerooms filled with food that was needed to deliver to their customers. Now, their customers are mostly closed. They are scrambling desperately, trying everything. Baldor in New York has offered to deliver food direct to consumers with a \$250 minimum, and foodservice distributors are trying to sell to retailers by offering direct-to-store delivery.

Making the best of a necessity, many foodservice operators, such as the Disney Parks, have been trumpeting large donations to local food banks of inventory that would have gone to waste. But foodservice distributors and operators will suffer deep losses, and many people will lose their jobs.

Producers, driven by strong retail demand, are mostly working at capacity. With the exception being that those who produce foodservice-specific items are struggling. There is deep fear about who will plant and harvest, as worker-visa processing has stopped or slowed, as US Embassies protect their staff from meeting with people. Export markets are uncertain. At one moment, there were 1,500 trailers of Chilean cherries stuck in ports in

China.

“It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair.”

— A Tale of Two Cities by Charles Dickens

Walmart and Target are temporarily raising pay and are desperate to hire more people, but others depend on the kindness of their employers. Most smaller companies don't have the ability to pay employees without money coming in. The perishable nature of the produce industry makes it a likely winner on the recovery side. Campbell Soup announced it is increasing production to keep up with demand as consumers stock up on the shelf-stable soup. But when the fear of the moment ends, and consumers realize they have more canned soup than they will eat in years, demand will crash. No matter how much fresh produce consumers buy now, in a month it will be either eaten, cooked and stored, or rotten, and produce sales will likely normalize.

One wonders what the long-term implications of many of these things will be. Consumers who have never cooked are unemployed and stuck at home, and so are cooking. Families that were always on the run with different schedules are sitting down to eat meals together. Is it possible this pause in the economy will lead to long-term changes in eating habits? Or will this all be remembered like the Christmas Truce of 1914 during World War 1, a moment to remember but not one that changed anything long term?

There have been real questions raised about being dependent on Chinese-produced drugs and labor. Will there be real efforts made to ensure our country is not dependent on outside sources for life-saving drugs and key-labor pools? Or will the lure of cheap products and cheap labor win out?

Suddenly we are short of masks, ventilators, hospital beds, doctors and nurses. Is there a system where we can support building excess capacity, so it is available for the next outbreak? Or does some combination of culture and economics make us unwilling to make a certain sacrifice for an uncertain benefit?

People will suffer, from both disease and the economic impact of fighting the disease. Good businesses will, in some cases, not be able to recover. Yet we will endure... we will come out

the other side, and so we will prevail. Perhaps with closer families, a new sense of priorities and a chance to build and grow all over again.