

The Rise of Online Grocery Shopping During COVID-19: Impacts on Workers, Consumers, and Communities



Introduction

The COVID-19 pandemic upended virtually every aspect of life, forcing us to rethink so many things we took for granted, such as how we work and shop. This disruption casts new light on long-standing systemic inequities in our society and economy, including in those industries deemed “essential” like food retail. This factsheet is the result of interviews with employees of brick-and-mortar grocery stores and online grocery services, pick-and-pack and delivery gig workers, business owners, and researchers during the summer of 2020.

When California’s statewide shelter-in-place orders began in March 2020, a record number of new customers turned to gig grocery shopping and delivery companies while large brick-and-mortar grocery stores also experienced a surge of online orders. In April, even as 70 percent of Americans continued to visit grocery stores in person (either out of choice or need),² they also shopped for groceries online at unprecedented levels. What does this new dynamic mean for consumers and the grocery store workers crucial to ensuring you can put food on your table? And how will a current ballot proposal and evolving California state law change our food system?

1 In response to COVID-19, Governor Gavin Newsom signed Executive Order N-33-20 identifying essential sectors required to stay open and exempt from the statewide shelter-in-place order, including the grocery retail industry. <https://www.gov.ca.gov/wp-content/uploads/2020/03/3.19.20-attested-EO-N-33-20-COVID-19-HEALTH-ORDER.pdf>

2 Carré, Françoise, Chris Tilly, Chris Benner, and Sarah Mason. Change and Uncertainty, Not Apocalypse: Technological Change and Store-Based Retail. UC Berkeley Center for Labor Research and Education and Working Partnerships USA. September 2020, p. 7. https://laborcenter.berkeley.edu/wp-content/uploads/2020/09/Change-and-Uncertainty-Not-Apocalypse_final.pdf

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The Pandemic Triggers a Shift for Consumers

The percentage of people shopping for groceries online more than doubled under shelter-in-place.³ While grocery stores were among the few businesses allowed to offer in-person shopping, the expansion of online grocery shopping occurred across all platforms. One Safeway.com fulfillment worker interviewed for this project previously received around 20 online orders a day, but volume jumped to 50 orders a day during the pandemic. A Raley's eCart clerk reported receiving approximately 80 orders a day, up from 15 to 25 a day before the pandemic, representing an increase of as much as 433 percent.⁴

In April 2019, the U.S. Department of Agriculture launched a pilot program⁵ to allow participants in its Supplemental Nutrition Assistance Program (SNAP) to buy groceries online for the first time. In California (where SNAP is implemented as CalFresh), Amazon and Walmart were the only permitted online vendors.⁶ Nationally, SNAP participants boosted online grocery sales,⁷ growing from a consumer base of 35,000 to 750,000, an increase of 2,043 percent. The Center for Digital Democracy warns that this transition to online retail could subject disadvantaged populations to predatory marketing tactics promoting unhealthy foods,⁸ which could further exacerbate disproportionate rates of chronic diseases, like obesity and Type 2 diabetes, among people of color.⁹ Anti-hunger advocates are also concerned about

2,043%

increase in online grocery sales by SNAP participants nationally since April 2019

"...this transition to online retail could subject disadvantaged populations to predatory marketing tactics promoting unhealthy foods,⁷ which could further exacerbate disproportionate rates of chronic diseases, like obesity and Type 2 diabetes, among people of color.⁸"

3 Only 19 percent of respondents in a 2019 Gallup survey indicated they had ordered groceries online (<https://news.gallup.com/poll/264857/online-grocery-shopping-rare.aspx>). By April 2020, the number of people who had shopped for groceries online more than doubled to 49 percent (<https://www.supermarketnews.com/consumer-trends/it-s-new-scene-grocery-shopping-pandemic-changes-behaviors>). This growth reportedly made Instacart profitable for the first time.

4 Interview with Raley's worker by Diana Rivera, August 5, 2020.

5 U.S. Department of Agriculture Food and Nutrition Service. "USDA launches SNAP online purchasing pilot." April 18, 2019. <https://www.fns.usda.gov/pressrelease/2019/fns-000319>

6 U.S. Department of Agriculture Food and Nutrition Service. "FNS launches the online purchasing pilot." Updated October 7, 2020. <https://www.fns.usda.gov/snap/online-purchasing-pilot>

7 Rasul, Nicole. "Covid brought SNAP users online. Advocates say mega-retailers are selling them junk food." Civil Eats, July 23, 2020. https://civileats.com/2020/07/23/covid-brought-snap-users-online-advocates-say-mega-retailers-are-selling-them-junk-food/?mc_cid=e47146842d&mc_eid=31710a8d31

8 Chester, Jeff, Katharina Kopp, and Kathryn C. Montgomery. "Does buying groceries online put SNAP participants at risk?" Center for Digital Democracy. July 2020. <https://www.democraticmedia.org/article/usda-online-buying-program-snap-participants-threatens-their-privacy-and-can-exacerbate>

9 Harris, Jennifer L., Willie Frazier III, Shiriki Kumanyika, and Amelie G. Ramirez. "Increasing disparities in unhealthy food advertising targeted to Hispanic and Black youth." University of Connecticut Rudd Center for Food Policy and Obesity, Drexel University's Council on Black Health, and University of Texas Health Science Center at San Antonio's Salud America!. January 2019. <http://uconnruddcenter.org/files/Pdfs/TargetedMarketingReport2019.pdf>

ensuring adequate client/shopper protections for SNAP online purchases, including allowing product returns, eliminating minimum purchase requirements, and ideally waiving delivery fees.

Workers Face Heightened Risk and Instability

The grocery workforce expanded significantly to meet the new demand in online retail, with the gig economy exploiting¹⁰ those suffering from unemployment and the recession's highly competitive job market. By late April, Instacart added 300,000 new gig workers, classified as independent contractors, with plans to bring on an additional 250,000 to meet growing demand—a total larger than the population of California's fifth largest city, Fresno.¹¹ At the same time, ongoing fluctuations in grocery demand as pandemic conditions evolve has increased instability for workers, leaving them, in some cases, without a stable income. In search of more hours, some workers asked to be cross-trained to work in other departments.¹²

Grocery stores hired thousands of employees,¹³ and some grocery store workers also turned to third-party gig platforms to supplement their household incomes. One store clerk interviewed for this project explained that she and several of her co-workers supplement their grocery store hours with gig work due to the pandemic's unpredictable impact on grocery workers' schedules. In addition to juggling the gig work with part-time employment at Sprouts, which provides income and grocery discounts, she also works as a substitute teacher.¹⁴

300k

new gig-grocery workers
hired by Instacart by late
April 2020

“I’m working as an Instacart shopper and a grocery clerk to be able to pay for my expenses, but I don’t feel safe in these stores and I feel like it’s up to me to keep myself safe.”

– Instacart employee

¹⁰ UC Santa Cruz Institute of Social Transformation survey of the workforce providing platform-based ride-hailing and delivery work in San Francisco found that 78 percent are people of color and many do not receive the benefits allotted to traditional employees (https://transform.ucsc.edu/wp-content/uploads/2020/05/OnDemandOnTheEdge_ExecSum.pdf).

¹¹ State of California Department of Finance. “E-1 Population Estimates for Cities, Counties, and the State — January 1, 2019 and 2020.” May 2020. <http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-1/>

¹² Interviews with Safeway worker, July 23, 2020 and Sprouts worker, August 5, 2020 by Diana Rivera.

¹³ In March 2020, Safeway announced hiring 2,000 new employees (<https://www.sfchronicle.com/business/article/Safeway-is-hiring-more-than-2-000-workers-due-to-15134670.php>) and by the end of July it had hired nearly 8,000 in the Bay Area (<https://www.sfchronicle.com/business/article/Out-of-work-because-of-coronavirus-These-15135747.php>). Raley's hired hundreds of employees to meet online shopping demands. Redman, Russell. “SpartanNash, Raley's plan hirings amid coronavirus emergency.” Supermarket News, March 18, 2020. Accessed August 2020. <https://www.supermarketnews.com/retail-financial/spartannash-raleys-plan-hirings-amid-coronavirus-emergency>

¹⁴ Monique Lawrence interview with Diana Rivera, August 5, 2020.

“I haven’t really thought about (if I became ill). I don’t know what I’d do.”

– An Instacart shopper who began working for the company in April lost her previous restaurant job due to the COVID-19 pandemic.

Brick-and-mortar grocery stores have implemented a variety of policies to protect shoppers during the pandemic, but there was an initial lack of uniform statewide guidance.¹⁵ Protocols include limiting the number of in-store customers, requiring face coverings, sanitizing grocery carts, and providing hand sanitizer to customers. One-way aisles, social distancing floor decals, and managing cashier lines to avoid bottlenecks are also common in-store practices to protect the health and safety of customers and employees. However, Cal/OSHA issued guidance¹⁶ for delivery drivers puts the onus on the gig worker classified as an independent contractor, leading to a patchwork of company-derived “recommendations,” spotty provision of equipment, and generalized referrals to Center for Disease Control guidance.

Gig workers and grocery store workers are our family members, neighbors, and friends. Unfortunately, gig grocery workers are subject to their companies’ continued efforts to skirt California’s labor laws by misclassifying their employees as independent contractors.¹⁷ While some of these companies reap massive profits, their app-based workers face heightened risk on the job due to limited job opportunities during the pandemic-induced recession. The Berkeley Institute for Research on Labor and Employment estimates that, if companies were to bypass the requirements of California’s recently enacted Assembly Bill 5, gig workers can be expected to earn as little as \$5.64/hour, far below California’s minimum wage of \$12.00/hour.¹⁸

\$5.64/hr

Expected income for a gig worker if companies were to bypass requirements of CA Assembly Bill 5

¹⁵ Bay Area grocers were required by develop, post, and implement social distancing protocols by April 2, 2020, to conform to public health orders coordinated between six Bay Area counties. <https://www.cagrocers.com/covid-19-local-updates/>

¹⁶ California Department of Public Health and California Division of Occupational Safety and Health. “COVID-19 Industry Guidance: Delivery Services.” July 29, 2020. <https://files.covid19.ca.gov/pdf/guidance-delivery-services.pdf>

¹⁷ Assembly Bill 5 requires California companies to use an “ABC test” to determine if they are properly classifying their workers as independent contractors (https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB5). Companies like Instacart are seeking to overturn AB5 (<https://www.latimes.com/business/story/2020-09-02/uber-lyft-veena-dubal-twitter-bullying>) via Proposition 22 (<https://voterguide.sos.ca.gov/propositions/22/index.htm>), even though grocery delivery services are at the core of their operation.

¹⁸ Jacobs, Ken, and Michael Reich. “The Effects of Proposition 22 on Driver Earnings: Response to a Lyft-Funded Report by Dr. Christopher Thornberg.” UC Berkeley Labor Center and UC Berkeley Center on Wage and Employment Dynamics. August 26, 2020. <https://laborcenter.berkeley.edu/wp-content/uploads/2020/08/Response-to-Thornberg.pdf>



Our Communities Pick Up the Costs

While gig-worker companies earn increased profits, their business model shifts the costs of basic worker protections to the public.¹⁹ This is reminiscent of existing retailers like Walmart, who have kept many workers at part-time status, which often makes them ineligible for employer-sponsored benefits like health care.²⁰ Gig-work contractors are even more marginalized than part-time Walmart employees, who at least have access to unemployment insurance (though benefits vary by state).²¹ Growth and innovation in the tech space does not have to be synonymous with taxpayers subsidizing corporations that refuse to support their workers with basic workplace protections and employee benefits like paid sick leave, health insurance, and hazard pay during extraordinary times (such as the current pandemic).

“Growth and innovation in the tech space does not have to be synonymous with taxpayers subsidizing corporations that refuse to support their workers with basic workplace protections and employee benefits like paid sick leave, health insurance, and hazard pay during extraordinary times”

¹⁹ The federal CARES Act expanded unemployment insurance to self-employed workers and independent contractors who become ill due to COVID-19 via Pandemic Unemployment Assistance, which provides gig workers with 46 weeks of unemployment until December 31, 2020 (<https://irle.berkeley.edu/workers-and-the-covid-19-recession/#fn15>).

²⁰ Thanos, Nikki, and Maggie Corser. “Trapped in Part-Time: Walmart’s phantom ladder of opportunity.” Organization United for Respect, The Fair Workweek Initiative, and The Center for Popular Democracy. June 2018. <https://united4respect.org/wp-content/uploads/2019/09/Part-Time-Full-Report-Web.pdf>

²¹ See U.S. Department of Labor’s Find Your State Unemployment Insurance Office website: <https://www.dol.gov/coronavirus/unemployment-insurance#find-state-unemployment-insurance-contacts>

What You Can Do

Order directly from stores

If customer concerns about COVID-19 continue, 57 percent of all consumers are forecast to have ordered groceries online by 2021.²² Since online grocery retail is likely to grow in the long term, while gig work continues to lack basic worker protections and benefits, consider using a grocery store's own online ordering system or contactless/curbside pickup.

Shop at stores that value workers

For in-store shopping, choose grocery stores that protect the health of their customers *and* workers by following local, state, and federal guidance to enforce social distancing, mask wearing, and appropriate disinfection. Shop at unionized grocery stores,²⁶ where workers are more likely to have employer-sponsored health insurance, access to paid sick leave, and higher wages compared to similar non-union jobs. If workers become ill but do not receive paid sick leave and cannot afford unpaid leave, they will come to work sick, exposing other workers and customers.

Support policies that protect workers

Grocery work is not only necessary, it can also be a highly skilled profession.²³ Encourage policymakers to mandate that employers provide food retail workers with hazard pay, whether they are gig workers or grocery store staff, for the duration of the COVID-19 pandemic. Paid sick leave is another necessity, in pandemic times or not.²⁴ These essential workers should be appropriately compensated for the COVID-related health risks they face while making sure that our families are able to put food on the table.²⁵

Follow news about changes to the law

Millions of workers and consumers are linked to the gig economy, where tensions between business interests and labor protections result in contentious legal and policy actions. On California's November 2020 ballot, Proposition 22 would exempt app-based transportation and delivery companies from classifying their drivers as employees under existing state law and California Supreme Court precedent.^{27,28,29} A majority of Californians voting *no* on this proposition would uphold existing law,³⁰ requiring delivery and ride-hailing companies to stop misclassifying their employees, thereby ensuring these workers get access to normal employee protections, such as paid sick leave, workers compensation, and unemployment insurance.

22 Keyes, Daniel. "The Online Grocery Report: The coronavirus pandemic is thrusting online grocery into the spotlight in the US — here are the players that will emerge at the top of the market." *Business Insider*. May 2020. <https://www.businessinsider.com/online-grocery-report-2020>

23 Examples include butchery or working with prepared foods (which require state-certified food safety training), and understanding the cold-chain requirements of produce, frozen, and other highly perishable foods with a risk of contamination. For more on this, see first-person accounts of produce work, like Tracie McMillan's *American Way of Eating*.

24 On April 16, 2020, Governor Newsom's COVID-19 Supplemental Paid Sick Leave executive order took effect, filling the gap left by the federal Families First Coronavirus Response Act (<https://www.dir.ca.gov/dlse/FAQ-for-PSL.html>). California's order requires employers (with more than 500 employees nationally) to pay two weeks of sick leave to all food sector workers who are sick because of the coronavirus, including workers not classified as employees.

25 Redman, Russell. "UFCW: Over 11,500 grocery workers affected in first 100 days of pandemic." *Supermarket News*. June 26, 2020. <https://www.supermarketnews.com/issues-trends/ufcw-over-11500-grocery-workers-affected-first-100-days-pandemic>

26 The United Food and Commercial Workers International Union (UFCW). "Who We Represent: Grocery." <http://www.ufcw.org/who-we-represent/grocery>

27 UC Berkeley Labor Center. "Labor Center research and Prop 22." October 19, 2020. <https://laborcenter.berkeley.edu/labor-center-research-and-proposition-22/>

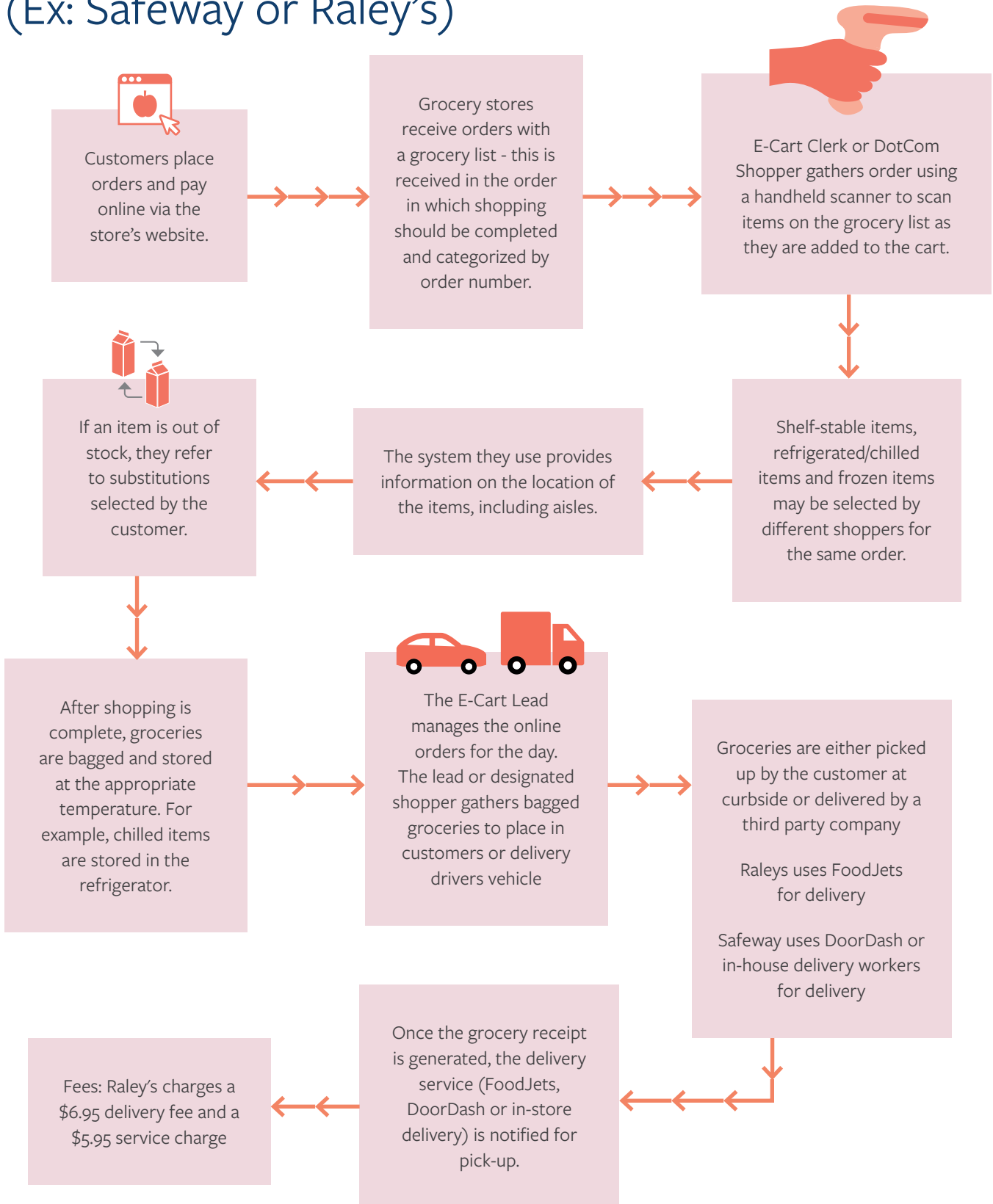
28 California State Assembly Bill 5. September 19, 2019. http://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB5

29 *Dynamex Operations West, Inc. v. Superior Court of Los Angeles and Charles Lee et al.*, 4 Cal.5th 903. 2018. <https://scocal.stanford.edu/sites/scocal.stanford.edu/files/opinion-pdf/S222732-1525112644.pdf>

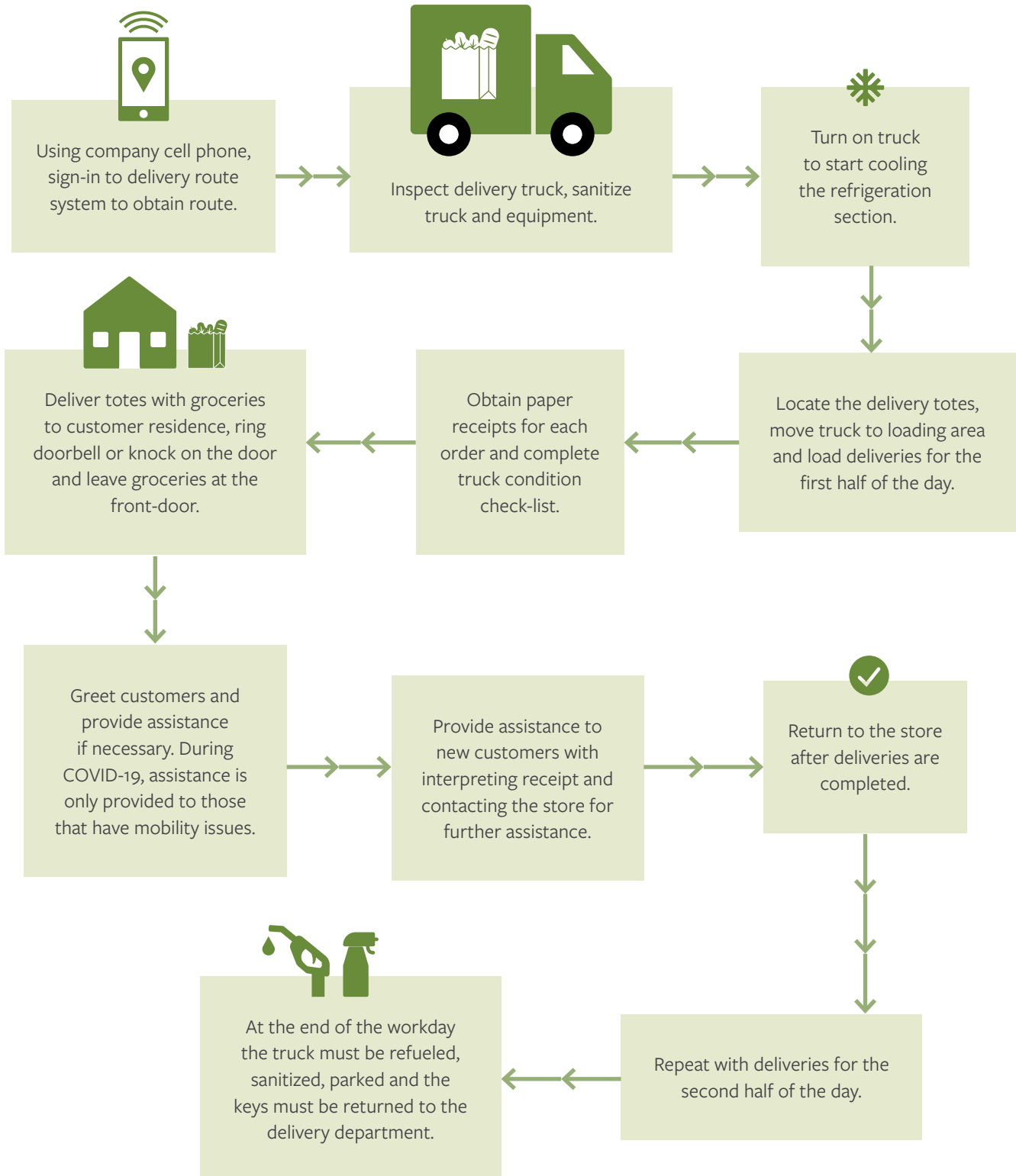
30 Paul, Kari. "She was a farm worker. Her grandson is a Lyft driver. A fight for workers' rights unites them." *The Guardian*. October 15, 2020. <https://www.theguardian.com/us-news/2020/oct/15/california-proposition-22-uber-lyft>

General In-Store Process – Shopper

(Ex: Safeway or Raley’s)



General In-Store Process – Delivery Driver (Ex: Costco)



Third Party Shopping/Delivery Company (Ex: Instacart)

