(Appendix for Windfall profits and deadly risks: How the biggest retail companies are compensating essential workers during the COVID-19 pandemic, published November 20, 2020)

Ranking major retail companies' COVID-19 compensation for workers

Methodology:

Companies are ranked across the following factors:

1. Absolute COVID-19 compensation: The total amount a full-time (40 hours per week) entry-level frontline worker received from temporary wage increases, bonuses, and permanent wage increases divided by the number of weeks between March 13 and November 19 (36 weeks).

2. Relative COVID-19 compensation compared to the financial performance and size of the company.

3. The starting wage or average wage for an entry-level position.

LEADERS

(tie) 1. Best Buy: *Generous hazard pay and permanent wage increase to $15 per hour*

- ***Starting wage:*** $15 per hour
- ***Absolute COVID-19 compensation*:** $3.07 per hour (28% raise)
- ***Profit***: $591 million (two quarters); $88 million higher than same period last year (+17%)
- ***Permanently raised wages***

In March, Best Buy offered "appreciation pay" of an additional $2.50 per hour—among the highest temporary wage bumps for retail companies. Effective August 2, the company raised the starting pay to $15 per hour, up from an average of $11 per hour for cashiers, citing that "none of this would be possible without the effort and energy of our frontline-employees." Best Buy stores were initially closed during the shutdown, and the company furloughed 51,000 employees. As they reopened, the company brought back more than two-thirds of its furloughed workers and offered at least seasonable employment to the rest. Best Buy is the only retail company in our analysis whose CEO took a pay cut.

(tie) 1. Target: *Accelerated permanent pay raise to $15 per hour on top of periodic COVID-19 bonuses*

- ***Starting wage:*** $15 per hour
- ***Absolute COVID-19 compensation*:** $2.22 per hour (17% raise)
- ***Profit***: $3 billion (three quarters); $541 million higher than same period last year (+22%)
- ***Permanently raised wages***

Target provided a combination of $2 per hour pay bumps early in the pandemic and periodic "recognition bonuses" in the summer and late fall. On July 5, the company permanently raised starting wages from $13 to $15 per hour, several months ahead of its previously announced goal to do so at the end of the year.

Target maintained its generous COVID-19 compensation despite negative and modest earnings growth as the pandemic began. Even with this additional cost, Target had a 42% profit increase compared to last year in their third-quarter earnings, delivering what Target's CEO called "the strongest comps in our fifty-year history." Target's CEO called the companies' workforce its "secret sauce," and highlighted a commitment to an additional $1 billion in employee pay and benefits in 2020. While many other companies in our analysis resumed stock buybacks this year, Target announced in November that it was ending the suspension of its stock buyback program but did not plan to repurchase shares until 2021.

The industry-leading wages Target pays its employees stand in contrast to the gig workers from its Shipt platform, the home delivery gig company Target owns, which has boomed during the pandemic. While Target employees benefit from a $15 minimum wage, COVID-19 bonuses, and benefits such as health care, Shipt "shoppers" do not. Shipt workers have organized protests calling for fairer compensation and changes to the platform's algorithmic pay.

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3. Home Depot: *Longest-running hazard pay and a modest permanent pay bump*

- ✓ ***Average wage (cashier):*** $11 per hour
- ✓ ***Absolute COVID-19 compensation*:** $2.27 per hour (21% raise)
- ✓ ***Profit***: $10 billion (three quarters); $1.2 billion higher than same period last year (+14%)
- ✓ ***Permanently raised wages***

Home Depot is the only company in our analysis that continued to provide predictable hazard pay to its workers into the fall. For 33 weeks, from April 1 until November 15, Home Depot offered full-time frontline workers a $100 per week bonus, or the equivalent of about $2.50 per hour. On November 17, the company announced it was shifting from temporary bonuses and benefits to permanent wage increases worth $1 billion annualized. This makes Home Depot only the third company in our analysis to permanently raise wages during the pandemic—however, they did not announce a new starting wage or specify an amount for the wage increases, which will vary across positions. The cost of the permanent pay bumps for frontline workers is approximately 40% less per month than the company's cost for the temporary COVID-19 pay and benefits since March, suggesting that the permanent pay increases will be significantly less on average than the $2.50 per hour bumps, on top of modest hourly wages.

Home Depot's profits are among the highest of all the companies, but its profit growth during the pandemic is more modest than some of the bigger retail companies, in part due to Home Depot's commitment to COVID-19 compensation. Home Depot spent more on temporary wage increases and benefits for frontline workers in the first three quarters of the year than it earned in additional profit. Like Target, Home Depot posted a decrease in earnings in the first quarter compared to the previous year, and still stayed committed to generous hazard pay. The company suspended its aggressive stock buyback program in March. In 2019, the company repurchased nearly $7 billion in stocks—more than four times the amount the company spent on COVID-19 pay and benefits so far in 2020 and nearly seven times the planned increase in worker pay for 2021.

LAGGARDS

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4. Lowe's: *Frequent one-off bonuses throughout the pandemic*

- ***Average hourly wage (cashier):*** $12 per hour
- ***Absolute COVID-19 compensation*:** $1.49 per hour (12% raise)
- ***Profit***: $4.9 billion (three quarters); $1.1 billion higher than same period last year (+29%)
- ***Days since last hazard pay:*** 21

Lowe's has given hourly associates six COVID-19-related bonuses: $300 for full-time and $150 for part-time employees. The most recent bonus was announced late October, as the company announced they were hiring 20,000 more associates for the holiday season. For the month of April, Lowe's provided hourly employees a temporary $2 per hour pay bump, which for full-time employees is about the same amount earned from the one-off bonuses given every two months throughout the summer and fall. The total COVID compensation for Lowe's associates was the fourth-highest in our analysis. The additional pay cost Lowe's just over $800 million, or nearly 75% of the additional profit Lowe's reported for the first three quarters of the year compared to last year.

In its November 18 earnings call, Lowe's leadership provided no commitment to further bonuses and did not announce any permanent pay increases. The company resumed stock buybacks in the third quarter, repurchasing $621 million in shares, and said their guidance assumes $3 billion in share repurposes in the fourth quarter—more than three times the amount the company spent on COVID-19 compensation.

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5. Costco: *Modest hazard pay and sustained commitment to decent wages*

- ***Starting wage:*** $15 per hour
- ***Absolute COVID-19 compensation*:** $0.72 per hour (5% raise)
- ***Profit***: $2.2 billion (two quarters); $224 million higher than same period last year (+11%)
- ***Days since last hazard pay:*** 173

Costco raised its minimum wage by $1 in 2019, to $15 per hour—just one of two companies to provide a $15 per hour minimum wage before the pandemic. In 2019, Indeed ranked Costco the top company for pay and benefits, based on employee reviews.

Costco offered competitive hazard pay to workers at the start of the pandemic. For 13 weeks, from early March to the end of May, Costco offered a $2 per hour temporary wage increase. A full-time employee earned $1,040 from the temporary wage bump, the third-most of the companies we analyzed. Costco hasn't provided hazard pay since the end of May and is the only company to provide increased hourly wages without also giving a bonus or permanently increasing wages. Workers have been without hazard pay for 173 days, above the 138-day average across the companies we analyzed. The company drops to ninth place for the total amount earned from hazard pay over the pandemic.

Costco's earnings growth in the first two quarters of the year was modest. In the company's most recent quarter that began in mid-May, Costco saw a 27% growth in profit. The previous quarter, however, Costco had an 8% decrease in profit.

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6. Albertsons: *An early end to appreciation pay*

- ***Average wage (cashier):*** $11 per hour
- ***Absolute COVID-19 compensation*:** $0.83 per hour (8% raise)
- ***Profit***: $871 million (two quarters); $527 million higher than same period last year (+153%)

- ***Days since last hazard pay:*** 160

Across the company's grocery brands, Albertsons offered $2 per hour "appreciation pay" for the first 13 weeks of the pandemic, from mid-March to mid-June. The company provided a final bonus when it ended appreciation pay in mid-June. In October, Albertsons authorized a new share repurchase program of up to $300 million of the company's stock, which is more than the total cost of Albertson's hazard pay during the pandemic. With the additional profit Albertsons earned in the first two quarters of the year, the company could have extended its $2 per hour appreciation day for workers into November.

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7. Kroger: *From 'hero pay' to zero pay*

- ***Average wage (cashier):*** $10 per hour
- ***Absolute COVID-19 compensation*****:** $0.87 per hour (9% raise)
- ***Profit***: $2 billion (two quarters); $962 million higher than same period last year (+90%)
- ***Days since last hazard pay:*** 181

Kroger, the country's largest grocery chain, provided hazard pay only during the first 12 weeks of the pandemic. The hazard pay added up to a meaningful wage bump for entry-level workers who earn especially low wages.

Initially, the company provided a bonus ($300 for full-time workers) in March, before introducing $2 per hour "hero pay" at the end of March. The company ended the "hero pay" in the middle of May, but provided a final $400 "thank you" bonus in June after facing public criticism and a backlash from its workers and their union. Kroger has not provided any additional COVID-19 compensation since the final bonus in June.

After it ended hazard pay, Kroger resumed its stock buyback program during the second quarter. Kroger announced that it had repurchased $211 million in shares in its second quarter. On September 11, 2020, the company authorized a new $1 billion share buyback program.

Kroger has seen consistently strong profits. In its first quarter of 2020, profits were up 57% from the previous year. Profits for its second quarter were 176% higher than last year.

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8. Ahold Delhaize: *Hazard pay ended while stock buybacks did not*

- ***Average wage (cashier):*** $10 per hour
- ***Absolute COVID-19 compensation*****:** $0.75 per hour (7% raise)
- ***Profit***: $1.6 billion (three quarters); $201 million higher than same period last year (+15%)
- ***Days since last hazard pay:*** 98 (averaged across the companies)

Ahold Delhaize—a Dutch company that owns U.S. grocery chains Food Lion, Giant, Hannaford, and Stop & Shop—initially offered hazard pay at the start of the pandemic. We were unable to find definitive hazard pay information for Food Lion and Hannaford, but some reporting found a $1 and $2 per hour temporary wage bump, respectively, in the spring. Both Giant and Stop & Shop offered a 10% temporary wage increase starting in late March. Giant ended the temporary increase at the end of May, and has since provided a $400 bonus in the summer and a $300 bonus paid out in early November. Stop & Shop ended their 10% temporary wage increase in early July. Due to pressure from the workers' union, Stop & Shop provided retroactive hazard pay in the amount equal to 10% all hours worked between early July and late August.

Ahold Delhaize had a banner year financially. In their second quarter, the operating income for the U.S. section of the company had increased 113% compared to last year. Their third quarter reported less profit growth due to previously planned pension payouts. Ahold Delhaize is the only company we analyzed that did not temporarily suspend its stock buyback program during the pandemic. Since March 1, the company has repurchased more than $862 million in shares. In November, the company announced authorization for nearly $1.2 billion in stock buybacks for 2021, more than twice the total amount the company spent on all COVID-19 costs to date, including safety, compensation, benefits, and charitable contributions.

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9. Walgreens Boots Alliance: *Struggling business, small bonus*

- ***Average wage (cashier):*** $10 per hour
- ***Absolute COVID-19 compensation*:** $0.21 per hour (+2% raise)
- ***Profit***: $885 million (two quarters); $810 million less than same period last year (-48%)
- ***Days since last hazard pay:*** 243

Walgreens is the only company in our analysis to lose money over the course of the pandemic. Profit in the first two quarters of the year for Walgreens' U.S. business was down 48%. The company's stock has dropped 17% since the start of the pandemic. Despite this poor financial performance, Walgreens provided one COVID-19 bonus at the start of the pandemic. Its total COVID-19 compensation per worker was similar to CVS Health, which posted more than a billion dollars in additional profit. The $300 COVID-19 bonus Walgreens provided full-time workers was a third of Walmart's COVID-19 compensation, even though Walmart made an extra $5.6 billion in profit compared to Walgreens.

Despite the company's poor performance, Walgreens workers face significant risks as they work at the forefront of the pandemic. Walgreens has delivered more than a million COVID-19 tests at more than 440 sites in 49 states.

THE LEAST GENEROUS

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10. Amazon: *Blockbuster profits and only small pay bumps*

- ***Starting wage:*** $15 per hour
- ***Absolute COVID-19 compensation***: $0.95 per hour (6% raise)
- ***Profit***: $14.1 billion (three quarters); $5.8 billion higher than same period last year (+70%)
- ***Days since last hazard pay:*** 143

Amazon has had blockbuster growth during the pandemic, while the company provided only modest COVID-19 compensation to its workers. Profits increased nearly $6 billion—to $14.1 billion in the first three quarters of the year, a 70% increase. Its stock price is up a stunning 65%.

Amazon provided $2 per hour hazard pay from March until the end of May, and announced a one-time $500 bonus at the end of June. Total COVID-19 compensation costs comprise just 9% of Amazon's profits for the first three quarters of the year. The company could have quadrupled the hazard pay it gave frontline workers and still earned more profit than the previous year.

While the company touts its $15 per hour starting wage, in reality, these wages are less generous for warehouse workers, as laborers in warehouses earn on average just over that amount. Amazon made no mention of any further COVID-19 compensation when it announced its record third-quarter growth, despite unprecedented profits, an even deadlier winter ahead, and more than 20,000 COVID-19 cases reported among its workers.

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11. CVS Health: *A billion-dollar profit increase and the smallest hazard pay*

- ***Starting wage:*** $11 per hour
- ***Absolute COVID-19 compensation*****:** $0.21 per hour (2% raise)
- ***Profit***: $6.2 billion (three quarters); $1.3 billion higher than same period last year (+27%)
- ***Days since last hazard pay:*** 242

CVS Health ranks poorly on both *absolute* generosity of its COVID-19 compensation per worker and *relative* generosity compared to its financial means. The company provided just one bonus at the start of the pandemic that ranged from $150 and $500 for frontline staff, managers, and pharmacists. CVS announced the bonus in March at the same time it announced its planned hiring of 50,000 workers. While the company has provided no additional hazard pay, its stores are at the forefront of the pandemic. CVS set up more than 4,000 COVID-19 testing sites and delivered over 6 million tests.

CVS Health's diminutive 2% pandemic pay bump for its frontline retail employees stands in contrast to their strong earnings growth of 27%. The company earned more than $6 billion in profit in the first three quarters of the year, including an additional $1.3 billion compared to last year. A significant portion of earnings growth was driven by nonretail portions of CVS Health's business, including its health care benefits segment.

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12. Walmart: *Billions in profits, some of the smallest pay increases*

- ***Starting wage:*** $11 per hour
- ***Absolute COVID-19 compensation*****:** $0.63 per hour (6% raise)
- ***Profit***: $15.6 billion (three quarters); $4.9 billion higher than same period last year (+45%)
- ***Days since last hazard pay:*** 112

Walmart ranks as the second-least-generous provider of COVID-19 compensation. The company provided three one-off bonuses to frontline workers worth $300 each for full-time workers. The bonuses were paid out in April, June, and August. Averaged over the course of the pandemic, the bonuses translate to just $0.63 per hour, or a 6% pay bump for a full-time associate making starting wages and working 40 hours per week.

So far this year, Walmart has earned nearly $5 billion in additional profit, more than four times the amount the company spent on COVID-19 bonuses for frontline workers. With the additional profit Walmart earned in the first three quarters of the year compared to last year, the company could have offered bonuses to associates that equated to nearly an extra $2.50 per hour and still have earned more profit than the previous year. Since the start of the pandemic, Walmart has hired more than 500,000 workers across its stores and supply chain, and plans to hire 20,000 more workers for the holiday season.

The company's windfall profits have sent stocks up 41% since March, adding more than $45 billion to the wealth of the Walton family—the country's richest family, who own half of all Walmart shares. The company resumed its stock buyback program in the third quarter, purchasing $500 million in stock. Meanwhile, Walmart frontline associates have not received a COVID-19 bonus since August.

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13. Dollar General: *Tiny pay raises, skyrocketing profits*

- ***Average wage (cashier):*** $8 per hour
- ***Absolute COVID-19 compensation*****:** $0.23 per hour (3% raise)
- ***Profit***: $1.4 billion (two quarters); $626 million higher than same period last year (+77%)
- ***Days since last hazard pay:*** 203

Dollar General, the country's largest discount retailer, ranks last in our analysis of COVID-19 compensation. Dollar General was the only company in our analysis that did not publish details of the specific amount of hazard pay it provided to frontline workers beyond total cost, and did not respond to our request for this information.

From news stories and online posts from Dollar General workers, we estimate that total COVID-19 compensation to entry-level employees was between $300 and $350, among the least generous of the companies we analyzed, on top of the lowest average wages. The company spent just $73 million on "appreciation bonuses" through the second quarter. This represents only 12% of the additional profit Dollar General earned in the first two quarters of the year compared to last year, and 5% of its total profits. In other words, Dollar General could have given bonuses worth eight times the amount that their employees received in the first half of the year and still have earned more profit compared to last year.

In August, Dollar General's board authorized an additional $2 billion to the stock buyback program. On November 17, the company announced it would spend an additional $100 million on employee appreciation bonuses in the third and fourth quarters of the year, bringing their projected total COVID-19 compensation to $173 million. This $173 million represents just 28% of the additional profit the company earned in the first two quarters of the year alone and 29% of the second-quarter stock buybacks.

After temporarily suspending stock buybacks in the first quarter, Dollar General resumed repurchasing shares in the second quarter with $602 million of its stock. The company spent more than eight times the amount of money on stock buybacks in the second quarter, in the middle of the pandemic, than it spent on COVID-19 compensation the first half of the year. In their second-quarter earnings report, the company stated it expected to repurchase a total of $2.5 billion in stock by the end of the fiscal year ending in January 2021, or 14 times the amount it pledged to spend on COVID-19 compensation and more than twice the amount it spent last year on share repurchasing.
