



MARKET UPDATE

Tomatoes: Eastern tomato production continues to be hampered by rains in VA, TN, NC, AL. Harvests are sporadic as farms wait for fields to dry so they can pick, then more precipitation comes along. With attention to sorting, producers are able to put out a nice pack but shelf life is always a possible concern when there's a lot of water on the fruit. NJ and MI have had a little better luck with weather and offer moderate volumes on rounds and romas. Grape tomatoes are faring a bit better with the weather, but are a little snug due to lack of time in the fields.

Although Mexico's production of rounds and romas is lighter this time of year, there's plenty of product available in CA. Market conditions and heat are reducing harvests on some sizes, but there's lots of fruit in the fields. Roma quality has been inconsistent with rounds faring a little better. Western grape tomato supply has tightened up as Baja growers wait for new plantings to begin over the next few weeks.

Bell Peppers: With MI, NJ, and NY now in the mix and several local deals recovering from previous concerns, the bell pepper situation has improved in the East. Western markets have fruit available from several areas in CA and also in the Northwest. Washington state's peppers are beginning to size down to XL now and are mostly good quality. Shipments out of CA areas show an occasional concern with bruising and thinner walls, but have overall excellent quality with strong, blocky peppers.

Cucumbers: Baja's production is slowing as early crops start to fade out, but consistent supply and good quality are expected over the next few weeks. Growers in the Northwest have good volumes available as well, but are dealing with some weather-associated shape issues. Eastern volumes have ramped up as MI, NY, and NJ are now rolling along in stride.

Summer Squash: Yellow and zucchini squashes are readily available in the East with major production in NJ and MI and from many other local/regional deals. Overall, quality is nice but scarring concerns persist on yellow from certain lots/shippers. In the West, Santa Maria's production has lightened up due to the heatwave that pushed fields and production together. Fortunately, Baja is back in business to help with supply.

Eggplant: With NJ, SC and other local deals in steady production, there's an adequate amount of eggplant available to meet Eastern needs. MI is due to start next week, which should keep things rolling smoothly in the East. California's Fresno area continues to harvest with moderate production and good quality.

Green Beans: Eastern green beans are still very short but supply should improve over the next week or so as VA gets back in business after a skip and NY volumes pick up. Western supply is limited, as all five production areas in CA are dealing with extreme heat.

Chili Peppers: CA chili pepper production is ramping up with all varieties available by the end of next week. New regions in Mainland Mexico have begun shipping, but quality has been hit or miss so far. Some of the best quality is coming out of Baja where the fruit has good color, shape and size available on most all varieties. In the East, chili production is limited to a few local/regional deals with light to moderate production on select varieties.

Hard Squash: Mexico's hard squash is still hanging on, but new-crop CA product is taking over the Western marketplace with good volumes and very nice quality. The East has adequate volumes available from mostly local and/or regional deals with more areas to start over the next month. There are a few sizing concerns on butternut and spaghetti, but overall quality is good.

TRANSPORTATION FACTS

*The national average price for diesel fuel inched up less than \$.01 per gallon this week, moving from \$3.22 to \$3.23 per gallon.

* The average price for a gallon of diesel fuel is \$.70 higher than the same time last year.

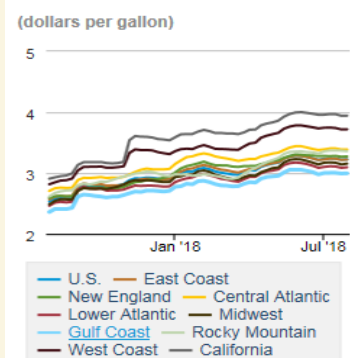
* All reporting areas except the Rocky Mountain zone reported slight price increases with the most notable coming from the Midwest (up \$.014).

*California maintains its role as the high-price leader at \$3.95 per gallon. As usual, the Gulf Coast region offers the lowest price at an even \$3.00.

*The WTI Crude Oil price dipped slightly (down 0.5%), moving from \$69.30 to \$68.96 per barrel.

*With exception of the Eastern shore of Virginia and select melon-shipping areas, transportation supply is adequate throughout the country this week.

On-Highway Diesel Fuel Prices



Source: Energy Information Administration

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KEEP YOUR EYE ON THE CONSUMER

Shoppers Want Local Foods But Grocers Aren't Providing the Goods

By: Cathy Siegner, www.fooddiver.com, July 26, 2018

Dive Brief:

*A recent survey from Forager, a Maine-based local food procurement platform, found that shoppers in New England and upstate New York would like to buy more locally grown food, but many retailers aren't meeting their demands. David Stone, Forager's founder and CEO, told AgFunder News that as local options increase, so do sourcing dilemmas.

"[I]t turns out that it's a lot simpler to source from one or two large distributors than from many local, small-scale producers," Stone said. "Furthermore, with an increasing number of local produce varieties, the complexity rises exponentially."

*Forager's survey found that 70% of consumers purchase locally grown veggies and 47% buy locally grown fruits, but 55% of respondents noted limited offerings kept them from buying more at conventional grocery stores, compared to 35% at independent and natural stores. The survey also found that while 81% of grocers thought they were delivering fresh items, 67% of consumers said they're completely dissatisfied with local fresh produce in their grocery store.

Dive Insight:

Local foods are one of the biggest trends in grocery since shoppers associate them with

sustainability, ethical farming practices and better quality products. Consumers are also generally willing to pay more for this value-add, so offering more local items can be a huge opportunity for grocers. According to Packaged Facts, local food sales reached \$12 billion in 2014 and are projected to hit \$20 billion by 2019.

However, according to the Forager survey, retailers aren't stepping up to the plate enough to satisfy customers looking for local food items. And those customers are growing — the survey found that 84% of respondents said their shopping list included locally produced food.

The problem, as AgFunder News described it, stems from grocery retailers typically ordering fresh produce from just one or two large distributors, which is a lot simpler than individually contracting with a bunch of local producers. It may be difficult for a large grocery chain to partner with a large number of small farms, but it may be worth it to snag those customers who want locally grown items and are willing to go to farmers markets or directly to the farmers to get it. And though this strategy may be more expensive than dealing with large distributors, the prospect of increased consumer loyalty and willingness to pay more could make it worth the investment.

Interested in ready-to-roll local programs for your business?



Let us introduce you to **Lipman Local** a dependable, seamless way to combine the best of both sourcing strategies discussed in this article! We offer:

-A large network of local tomato and vegetable partners in more than a dozen states.

-Transportation efficiencies with Lipman's ability to pool multiple items/growers together, and deliver all straight to your warehouse.

-A dedicated Lipman Local team that works to assist and develop small to mid-size growers.

-Consistent supply through Lipman even when local farms experience crop or quality concerns.

-Food safety assurance as Lipman only partners with farms that have acceptable 3rd party food safety certifications.

-Seamless transitions in and out of local seasonality.

-Marketing support to help get your locally-grown message to the consumers!

Tomato Talk

Tomato Giants Lipman and Nature Sweet Join Forces

www.theproducenews.com, July 27, 2018



Tomato industry leaders Lipman Family Farms and NatureSweet are joining forces to better serve customers and quick service restaurants by ensuring year-round premium, high-quality, high-flavor slicing and salad tomatoes. NatureSweet brings to the table years of greenhouse growing expertise, while field-grown tomato leader Lipman brings deep experience serving foodservice customers.

As the better burger, quick service and fast casual restaurant industry continues to grow in the United States, changing consumer taste demands high-quality and exceptionally tasting ingredients, and Lipman Family Farms and NatureSweet help deliver on that promise.

"We're pleased we'll be able to assure a 52-week supply of exceptional slicing and salad tomatoes to our valued clients," said Kent Shoemaker, Lipman Family Farms chief executive officer. "NatureSweet is known for their successful snacking tomatoes and innovative packaging, and we're glad to share our strengths and expertise in a partnership. Our goal is to bring the high flavor, high color, high density characteristics of our field grown Crimson variety to the greenhouse product we create with NatureSweet. Our foodservice customers need access to premium product on a year-round basis. They also need greenhouse and field-grown options."

It's a 100 percent joint venture between both companies with equal investments. The tomatoes will be cobranded and distributed under the Lipman name.

"Lipman has mastered supplying and serving very large foodservice customers, and we've mastered growing at scale to produce responsibly grown greenhouse tomatoes," said NatureSweet CEO Bryant Ambelang. "We couldn't ask for a better partner as we'll both be able to provide new value for our combined customers."

This is a first-of-its kind initiative to bring together the biggest foodservice names and the industry-leading tomato suppliers. The partnership is planned to launch in October 2018.

PRODUCE BAROMETER

ITEM	QUALITY	PRICING
Bell Pepper	Mostly Good	Steady
Cucumber	Good	Lower
Eggplant	Good	Steady
Green Beans	Varied	Steady
Jalapenos	Varied	Steady
Onions	Good	Steady
Squash	Mostly Good	Steady
Tomatoes	Fair to Good	Steady



AUGUST CALENDAR

August-All Month

National Water Quality Month

August 5th

Green Peppers Day

August 8th

Sneak Some Zucchini Onto Your Neighbor's Porch Night

August 10th

Shop Online for Groceries Day

August 11th

National Panini Day

Exeter, VA Weather

Fri Aug 3	Sat Aug 4	Sun Aug 5	Mon Aug 6	Tue Aug 7
83°F	86°F	86°F	86°F	87°F
75°F	75°F	76°F	76°F	76°F
S 16 MPH	SSW 13 MPH	VSW 6 MPH	VSW 7 MPH	SW 11 MPH
Precip 30%	Precip 50%	Precip 20%	Precip 20%	Precip 20%

RESTAURANT INDUSTRY NEWS

MillerPulse: Q2 Sales Gains Boost Outlook for Year

By: Mark Hamstra, www.nrn.com, July 23, 2018

Restaurant industry sales trends improved in the second quarter, which, combined with the improving economy and other factors, has created a positive outlook for the year overall, said Larry Miller, co-founder of MillerPulse, a restaurant data and information service.

Second-quarter same-store sales among quick-service and casual-dining chains rose about 1.4 percent compared with the year-ago period, according to the MillerPulse data.

"There's finally light at the end of the tunnel," said Miller, who predicted that same-store sales for the full year will be up a little more than 1 percent, compared with flat sales in 2017.

"Progressively, things have gotten better since the start of the year," he said. "We started out sluggishly in the beginning of year, and we added a whole point of growth between the beginning of the first quarter and the end of the second."

Miller cautioned, however, that the sales gains are being driven by price increases rather than by traffic. Still, he said, the decline in traffic is slowing, which bodes well for the rest of the year. Traffic was down 1 percent for the second quarter, compared with a decline of 2.3 percent in the first quarter.

"If traffic were getting worse, we would definitely not be saying we see the light at the end of the tunnel," said Miller. "Traffic is still negative, but it is less negative than it was."

The fact that the slowdown in traffic is abating even as menu prices have risen is encouraging, he said, as it signals that consumers have accepted the higher pricing.

In addition, the steadily improving economy, along with less price competition from the grocery sector and a slowdown in new unit expansion among restaurant operators, provides a positive backdrop for the second half of 2018.

"Taken collectively, the outlook is much better — it's still not great — but much better than it was," said Miller.

Miller said he expects restaurant unit expansion of about 1.5 percent in 2018, compared with 3.5 percent a year ago and expansion of 4 to 5 percent or more in the previous couple of years, during the economic recovery. That slowdown in new-unit growth should translate into improving same-store traffic trends in the coming years, he said.

While Miller is optimistic overall on the outlook for 2018, he noted that the performance of the casual dining sector has been "choppy."

"Casual dining is certainly less consistent," he said. "If we were just looking at that segment of the industry, we probably wouldn't be saying we see the light at the end of the tunnel. It is improving, but it is more volatile in that segment of the business than it is in fast food, which is improving in a more linear fashion."

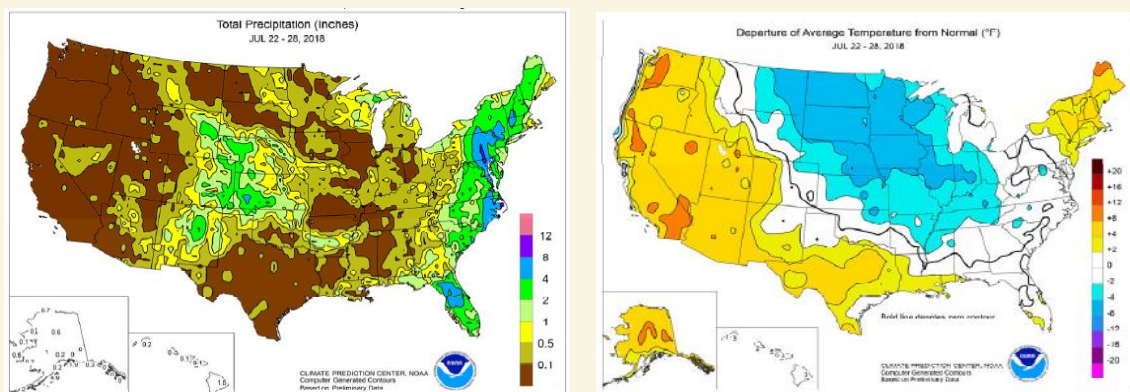
Second-quarter same-store sales were up 2 percent in the quick-service segment — the best performance in more than two years — compared with gains of 0.6 percent in casual dining, according to the MillerPulse data. Casual-dining chains also saw a higher decrease in traffic. Customer counts were down 1.2 percent in casual dining, compared with a decrease of 0.8 percent in quick-service chains.

On a two-year basis, same-store sales for the industry overall were up 1.5 percent, including a 2.5 percent gain in quick-service and 0.3 percent growth in casual dining. Traffic on a two-year basis fell 3.2 percent overall, including a 3.1 percent decline in quick-service and a 3.3 percent drop in casual dining.

MillerPulse for NRN is a quarterly look at the restaurant industry same-store sales and traffic with Larry Miller, founder of restaurant data and information service MillerPulse.

NATIONAL WEATHER SPOTLIGHT

Weekly Precipitation and Temperature Deviation



NEWS IN THE GROCERY TRADE

“Store of the Future” Predictions Involve Pop-Ups- and No Checkouts

By: Marianne Wilson, www.chainstoreage.com, July 30, 2018

Competition, convenience and checkout technology are shaping the grocery “store of the future.”

That’s according to a report by Phononic, which surveyed more than 200 executives across the United States that work in the grocery and food retail space, including traditional supermarkets, convenience stores and big box retailers that sell groceries. (The study mirrors many of the concepts examined in Phononic’s “Store of the Future” survey of shoppers conducted earlier this year.)

Looking ahead five years, 85% of retail executives said it is likely more physical stores will be offering ways to auto-replenish basics, and 81% said it is likely that there will be pop-up supermarkets in urban and rural areas to make it easier to shop. Almost two-thirds expect supermarkets to become more of a community social gathering place with bars and restaurants (65%). And 64% predict the majority of supermarkets will be checkout free.

In addition, over half of executives (53%) say that over the next five years it’s likely that frozen and refrigerated goods will be distributed throughout stores, rather than just at the back of the store; and 74% believe sales of frozen foods will continue to rise in popularity.

In other findings:

- Three in five food retail executives (60%) say their organization invests enough in in-store technology, and 70% say that when it comes to implementing new technologies to improve customer experiences, their organization is proactive.
- However, 49% of food retail executives say grocery stores haven’t yet figured out how to use technology like other retailers have. Half of consumers (50%) agreed with this statement.
- Eighty-seven percent of executives say they have worked a great deal to create an optimized store layout; 72% believe the grocery store layout is changing to accommodate micro-visits.
- At the checkout counter, over half of food retail executives say offering more prepared grab and go meals would perform best.



**MARK YOUR CALENDAR
PACK YOUR BAGS!**

September 5-6, 2018
Retail Foodservice Summit
Sheraton O'Hare
Chicago, IL
www.winsight.cvent.com/events

September 24-26, 2018
United Fresh Washington Conference
JW Marriott
Washington, D.C.
www.unitedfresh.org/events

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