



MARKET UPDATE

Tomatoes: Eastern round and roma tomato numbers remain light this week, as the majority of production areas (NC, VA, TN, AL) continue to experience rain. There are some shelf life and skin check concerns, as is normal for fruit experiencing weather conditions. Grape tomato supply is also light, but quality and packouts are a bit better on these smaller varieties. Look for a break in the situation and improvements in quality 2-3 weeks after rainy weather patterns subside.

Eastern Mexico's vine-ripe round and roma production has declined as growers work in lighter, late Summer plantings. However, there's plenty of mature greens and romas coming from California's San Joaquin Valley and light to moderate numbers crossing from Baja. Overall quality has been good on rounds, but there are definitely some challenges on the California romas. Grape tomato volumes are light but steady enough to meet the current soft demand levels. Expect to see more grapes in late August when new plantings come to maturity.

Bell Peppers: With MI and NJ farms fully into harvests and NY growers up and running, bell pepper availability has improved somewhat in the East. There are also a number of local deals rolling, but some of these have been affected by weather and are experiencing reduced yields. Overall quality is pretty good, but there are definitely rain-related quality issues showing up. Western supply is plentiful with production peaking in CA growing areas and significant volume coming out of WA. Quality on Western product is strong this week.

Cucumbers: Baja continues to offer a steady stream of cucumbers but will begin to slow down over the next few weeks. Growers in the Northwest are also contributing to the cause but are dealing with some shape issues. Eastern supply is mostly coming from NJ, MI and NY with a few local deals also in the mix. We could see things tighten up slightly in the next few

weeks, as low market prices on offgrades are leading farms to walk away from older fields.

Summer Squash: Yellow and zucchini squashes are still 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. New fields are expected to start next week. Fortunately, Baja growers are crossing moderate volumes of squash to help provide supply.

Eggplant: Although MI and NJ are in season, yields and production have been on the light side on eggs, tightening up availability in the East this week. CA's Fresno area continues to harvest with steady, but limited production. Quality remains good and numbers are expected to pick up over the next few weeks.

Green Beans: Green beans remain very snug in the East as all of the current production areas (MI, NY, VA, TN, NC) have either quality, yield or planting skip concerns due to rain. There is some positive news- quality is improving from NY and MI as growers get past early picks that were more affected by weather. The situation is similar in the West as current production areas are very light due to weather. But, in their case the weather challenge is heat.

Chili Peppers: Chili peppers are strong in the West. With product coming from Baja, Mainland Mexico, CA, and WA, all items are available in good supply. The East is working with scattered supply from major growing regions (NY, MI) as well as lighter-volume local growers.

Hard Squash: Hard squashes are readily available throughout the country. The West is looking to domestic product from CA and WA, while the East has a number of local deals starting up and/or continuing.

TRANSPORTATION FACTS

*The national average price for diesel fuel has flip-flopped back to \$3.22 per gallon, down less than \$.01 from last week's \$3.23 mark.

* The average price for a gallon of diesel fuel is \$.64 higher than the same time last year.

* All areas except the Central Atlantic zone reported slight price declines of less than \$.01 per gallon.

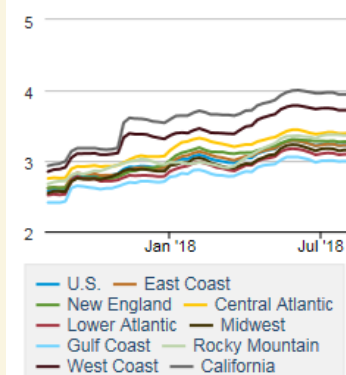
*California maintains its role as the high-price leader at \$3.94 per gallon. As usual, the Gulf Coast region offers the lowest price at an even \$3.00.

*The WTI Crude Oil price rose slightly (up 0.3%), moving from \$68.96 to \$69.17 per barrel.

*With the exception of several melon-shipping areas, transportation supply is adequate throughout the country this week.

On-Highway Diesel Fuel Prices

(dollars per gallon)



eia Source: Energy Information Administration

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RESTAURANT INDUSTRY NEWS

5 Ways to Ensure Your Restaurant Takes a Bite Out of the Food Delivery Boom

By: John Oakes, www.fastcasual.com, August 9, 2018

Food delivery is certainly here to stay: It's now a \$100 billion-plus industry, with restaurant companies large and small embracing the concept. But are restaurant operators really getting ahead by making more and more deliveries? Fortunately, the answer is yes.

Many smart companies are using delivery to enhance their bottom lines, by attracting more customers and experiencing higher check values per order received.

With services like UberEats, Postmates and Grubhub working with restaurants to get restaurant customers' attention, foodservice delivery sales have grown by 20 percent over the past five years, according to the NPD Group.

Certainly, this constitutes a significant opportunity to grow the customer base by reaching new and regular customers who prefer to stay in. Getting delivery right will deepen your customers' brand loyalty, the ultimate goal of every restaurant company.

So how do you embrace delivery and grow your bottom line?

The first step is to have a deep understanding of your restaurant's profitability, tied to the ability to extrapolate trends from customer transaction data. Then, as you consider all the facets of a quality delivery experience, know that everything from overall speed of delivery to the friendliness of service providers impacts how well you make good on your brand promise.

With this in mind, here are five tips that can help as your restaurant company makes sure delivery works for your organization:

1. Keep your customers' price sensitivity in mind as you determine delivery costs and strategy. Yes, it's important to know the true cost, and in turn the profitability of offering delivery service. Operators can calculate this by subtracting the additional commission costs of the delivery service from the net

revenue, which can be more than 20 percent of the bill. Some operators decide not to pass those additional costs on to the customer as they benefit from more customers and higher check order values. Others might look for ways to recoup some of these costs by adding their own delivery charges, but they need to keep in mind that the customer focuses on the total cost of the order.

Don't only think about whether the delivery service is tacking on \$2 or \$4; instead, make sure the total price of an order won't reach a level that turns off the customer. As an example, customers might be happy to place an order for one person that totals \$10.99, but they might get turned off if that total starts to approach, say, \$15. A deep dive into the transaction data on deliveries will show the price sensitivity being shown in your customers' purchases, so you can make an informed and smart pricing decision.

2. Pick delivery partners that fit your restaurant's brand. The delivery partner will be an extension of your restaurant, therefore it's important that they maintain the image and service your loyal customers love and cherish about your brand. Just as a customer will react negatively or positively based on the first visit to a restaurant, the delivery service is also making a critical first impression of your restaurant on new customers. Do your homework as you consider various providers. Ask them to provide information on customer service, customer satisfaction, and the speed of their deliveries to neighborhoods you are targeting. Other important questions: How does the service train its drivers? Does it do thorough background checks? And what benchmarks does it use to gauge the quality of its service? In addition, also check third-party sources such as social media and rating services like Yelp and Trustpilot.

3. Speed is paramount in the delivery process, both for the restaurant and the delivery provider. Analyze every step of the delivery process, from how well delivery orders are integrated into the restaurant's POS system, to how quickly the kitchen turns orders into items ready for delivery, to how fast the delivery partner gets to the customer. Timeliness is critical in customers' decisions on whether they will pick your restaurant for delivery again. An average of 60 percent of consumers cite speed as the biggest variable in their satisfaction with delivery, according to a 2016 worldwide research study by McKinsey & Company.

4. Avoid long-term commitments and quickly make a change if the service doesn't improve. There's a reason restaurants use multiple delivery providers — this gives them options and alternatives to make changes in providers if needed. Don't wait if a provider isn't performing well. Put them on notice and make a switch quickly if things don't improve. Every day with a subpar delivery provider is costing you repeat business and hurting your reputation.

5. Constantly evaluate opportunities to further boost profitability on deliveries. This ties into having a good overall understanding of the profitability tied to all your channels — eat-in, carryout and delivery — through insights gained from your POS system. The benefit of having this extensive knowledge is that you can use it to create impactful promotions and messaging for each type of customer, designed to get them to order or visit more often.

In summary, it's important to make sure delivery is boosting your restaurant's performance, not hurting it. As delivery only gets more popular, understanding how to do this is more and more important to a restaurant's overall success.

Health & Wellness Minute

Flexitarian Diet Gaining Traction Among U.S. Consumers: Poll

www.progressivegrocer.com, August 7, 2018

Rising sales of plant-based foods, without a corresponding increase in the percentage of Americans who identify as vegan or vegetarian, likely indicates a greater overall interest in such products, meaning that U.S. consumers want to incorporate more plant-based options in their diets, but are unwilling to give up animal proteins altogether, according to the findings of a recent Gallup poll. These results are in keeping with the current flurry of attention generated by the “flexitarian” diet.

The poll found that fewer than one in 10 Americans describe themselves as vegetarian or vegan, with 5 percent in the United States identifying vegetarians and 3 percent as vegans – numbers that have changed little over the past few years.

As for those consumers who would cut animal products completely from their diets, Washington, D.C.-based Gallup found that they’re more likely to describe themselves as liberals (11 percent vegetarian and 5 percent vegan, versus 2 percent of self-described conservatives who identify as either); earn under \$30,000 annually (9 percent vegetarian, a higher percentage than the two higher-income groups); under 50 years of age (8 percent vegetarian for those 30-49 and 7 percent for those 18-29, versus 3 percent for those 50-64 and 2 percent for those 65 and older).

The reasons that consumers may choose to eliminate meat from their diets include ethical concerns regarding animals or the environmental impact of agriculture, religious beliefs or health concerns.

Meanwhile, sales of plant-based food rose 8.1 percent in 2017 alone and surpassed \$3.1 billion last year, with plant-based alternatives to dairy products soon expected to account for 40 percent of dairy beverage sales.

Poll results were based on telephone interviews conducted July 1-11, with a random sample of 1,033 adults, age 18 and older, living in all 50 U.S. states and Washington, D.C.

PRODUCE BAROMETER

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



AUGUST CALENDAR

August-All Month

Black Business Month

National Sandwich Month

August 15th

National Relaxation Day

August 16th

National Tell a Joke Day

August 19th

National Hot & Spicy Food Day

Exmore, VA Weather

Fri Aug 10	Sat Aug 11	Sun Aug 12	Mon Aug 13	Tue Aug 14
87° F	85° F	84° F	84° F	85° F
76° F	75° F	75° F	75° F	75° F
N 6 MPH	S 9 MPH	SW 6 MPH	SW 7 MPH	SW 10 MPH
Precip 10%	Precip 60%	Precip 50%	Precip 60%	Precip 50%

KEEP YOUR EYE ON THE CONSUMER

Move Over Millennials- Baby Boomers are Good Restaurant Customers Too

By: Patricia Cobe, www.restaurantbusinessonline.com, August 7, 2018

Millennials get a lot of attention from restaurant operators and chefs, but baby boomers make up a large and lucrative group of potential patrons that shouldn't be ignored. So finds Technomic's *2018 Generational Consumer Trend Report*, which notes that more than half of people between the ages of 53 and 72 use foodservice on a weekly basis. And many are working beyond the age of 65, which translates to more spending power. How to capture these customers? Here's a look at the factors that drive their food choices and restaurant visits.

Boomers are flavor seekers

There's a perception that because these consumers are older, they are stuck in their ways. But this generation are most likely to say they enjoy trying new flavors from time to time, according to the Technomic report. In fact, 66% of respondents like to explore new flavors, especially when they are added to perennial favorites, such as burgers and chicken.

Boomers are brand loyal

Just as this age group takes comfort in trying new flavors in familiar foods, boomers also like to patronize familiar restaurants. Thirty-six percent tend to visit the same few restaurants each time they go out to eat. However, this older generation prioritizes food quality and taste more than other age groups—70% say taste is an important menu attribute and 68% value food quality.

Boomers like deals

Although Gen Xers are the most likely to seek deals and discounts at restaurants (55% say they do so), baby boomers come in a close second at 50%. Along with taste and quality, price entices this group to visit a restaurant, especially in the quick-service segment.

Boomers are flexitarians

More than other generations, this group of consumers rarely follows restrictive diets such as Atkins and paleo. Instead, they are looking for flexible eating plans that include a variety of better-for-you food choices. While few baby boomers are full-time vegetarians, more than 50% say they plan to increase their consumption of fruits and vegetables.

Boomers value cleanliness

Dirty restaurants are a turnoff for this older group of customers. Cleanliness matters, with 63% of boomers saying it is a very important attribute in restaurants, especially as it applies to clean bathrooms and utensils.

Boomers are picky about takeout

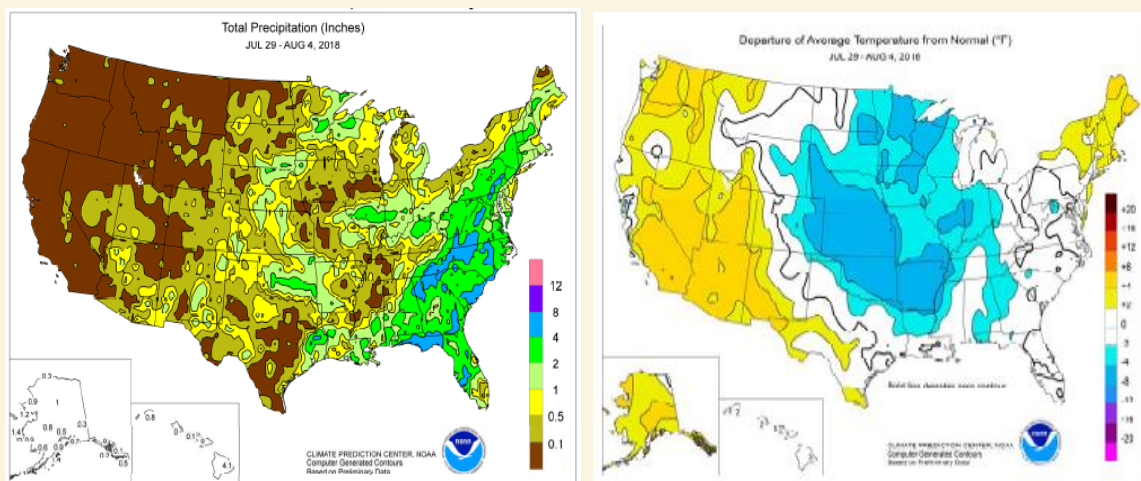
Older customers are more demanding when it comes to off-premise eating. Order accuracy is essential to 70% of baby boomers, and 75% expect the food quality and taste to be as good as it is when dining in the restaurant. Convenience is just not as important to this generation as it is to millennials and Gen Zers, according to the Technomic report.

Boomers want personalized service

Although this generation is pretty tech-savvy and will place online orders from a computer, they are the least likely to order from a mobile device or app. And boomers are not in favor of cashless operations and kiosk ordering at restaurants. Customer service is key, especially in casual dining.

NATIONAL WEATHER SPOTLIGHT

Weekly Precipitation and Temperature Deviation



NEWS IN THE GROCERY TRADE

The Top Four Reasons Self-Checkouts Fail in Grocery

By: Will Hogben, CEO of FutureProof Retail, www.theshelbyreport.com, August 7, 2018

The first iteration of what we now call “self-checkout” in the grocery industry was launched at the Food Marketing Institute’s annual convention in 1987. The “Automatic Checkout Machine” was unveiled by a Florida company called CheckRobot, and it was received well, generating a lot of industry buzz with words like “futuristic” and “revolution” bandied about. Guided by an instructional video screen, shoppers scanned their items and sent them down the conveyor to a bagger, then they paid a cashier located beyond the bagging stations (the ratio was one human cashier to handle payment for three CheckRobot devices.)

Despite the early hype, CheckRobot’s devices never took off. The computing speed wasn’t sufficient, the machines cost too much, and ultimately, they didn’t even reduce the time spent standing in line, because consumers still had to wait to pay after they scanned and bagged their purchases. CheckRobot lost money and was eventually sold.

The kids who suffered along with their parents through long grocery lines in 1987 now have their own kids—and those long lines, sluggishly slow payments, and tedious checkout processes? All still significant pain-points for grocery shoppers. We can relate, as impatient Millennial shoppers ourselves. In fact, we started our company, FutureProof Retail, to provide mobile checkout solutions for retailers that prioritize the value of time. Although a resurgence of self-checkout began around a decade ago, we still have the same issues now that shoppers are becoming used to ever greater conveniences; the limitations of self-checkout kiosks are all the more relevant; and from our perspective, here are the top four reasons why:

1. Every single store is unique and different

The “one-size-fits-all” model is destined to fail when it comes to something like checkout, especially for chain-wide deployments. Store sizes, store peak volumes, foot traffic patterns, location layout and shopper demographics are all vastly different. A developer of consumer mobile apps knows this concept of extreme customization quite well, whereas a manufacturer of legacy POS hardware will likely come at the issue with a completely opposite approach

2. Every single shopper is unique and different

Self-checkout kiosks don’t actually help retailers’ objectives around data marketing and loyalty. In fact, marketing at kiosks is nearly impossible. Seeing as how customers are typically anonymous, the kiosk is a very impersonal device, and since they’re already checking out, it is too late to take advantage of anything offered until the next store visit...whenver that may be. The result is poorly targeted and ineffective promotions. With mobile self-scanning, grocers are opened up to multiple new ways to market (coupons, loyalty, promos) during the shopping trip, directly to the opted-in shopper on their smartphone.

3. Limited understanding of theft/shrink risk

Installing a big security camera or a network of cameras all over the self-checkout machine and/or using more security personnel? Taking these costly measures, which are (arguably) dubiously effective in the first place, somewhat defeats the intended savings in capex and labor costs. Mobile checkout integrates the identity of the phone user right into the process, which negates the need for a lot of the expense and headache that accompanies LP hardware.

4. Consumers are confused by the machines

Self-checkout machines are not part of consumers’ “everyday” life. Confusion often reigns, ranging from figuring out the right way of “placing the scanned items in the bagging area”; how to work the proper payment input; how to ensure loyalty points are counted; to how to buy weighted produce. In many cases, busy shoppers that may be juggling kids, purses/wallets, baskets, etc., find interacting with self-checkout machines to be even less efficient. By way of contrast, shoppers have become very familiar with mobile applications on their own smartphones—a device they interface with multiple times a day, every single day. With the growing popularity of both e-commerce and mobile-commerce, completing a checkout by pushing a few buttons on consumers’ own devices is much easier to navigate.

Now more than ever before, the grocery industry needs to continually and aggressively invest in tools and technology that drive speed and convenience throughout the shopping experience—especially at the checkout.

FRESH
TOMATOES



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MARK YOUR CALENDAR PACK YOUR BAGS!

October 3-4, 2018
Grocerant Solutions Summit
Minneapolis Convention Center
Minneapolis, MN
www.ensembleiq.swoogo.com/grocerant-summit

October 23-24, 2018
NRA’s Supply Chain Management Conference
Disney’s Yacht Club Resort
Lake Buena Vista, FL
www.restaurant.org

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