



## MARKET UPDATE

**Tomatoes:** Palmetto/Ruskin growers are finishing up any remaining crown picks on round tomatoes this week and will be moving into 2<sup>nd</sup> and 3<sup>rd</sup> picks for the remainder of the season. Quality has remained nice on crown picks, but there have been reports of several concerns (including decay) with fruit from later harvests. Production has mostly transitioned to the Naples/Immokalee area where quality is nice, but size is short. Look for volume to remain mostly steady until after Jan 1<sup>st</sup> when weather patterns generally warm up and more southern FL farms come into Winter crops. Roma availability continues to be light, while grape tomato numbers have been steady.

Baja and Eastern Mexico continue to harvest round and roma tomatoes but are definitely winding down. Slow to start, West Mexico farms have finally gotten into new roma crops and will see volume increase weekly as more growers get into the mix. Round tomato production is still limited out of Mainland Mexico but gradual increases are expected throughout the month. Baja's grape tomato shipments are down to the nitty gritty and Nogales shippers saw a slow-down due to cool weather, keeping things snug this week. As with other tomato varieties, more growers will be starting up soon and supply should begin to build by the New Year.

**Bell Peppers:** Florida's pepper supply has improved as a few more growers have gotten up and running with Winter crops. Growers on the East Coast side of the state were expecting a big start, but have been a little slow to get into volume. With most growers in crown picks, harvests are heavier to jumbos with very few offgrades available. Overall quality from current production areas (Palmetto, Immokalee and the East Coast) is mostly good. In the West, CA is winding down quickly with very little volume and weak quality. Fortunately, Mainland Mexico is producing more peppers despite a gain-stall-gain-stall pattern. Quality from early picks has been outstanding

with good color, strong walls, and healthy cavities.

**Cucumbers:** Although Sinaloa farms have received a little rain, cucumber production out of Mexico continues to increase daily with strong quality on the fruit. However, cooler weather has slowed down South FL's production so there's less product available in the East. Despite the cold, quality continues to be nice. Honduras growers are bringing a little product in, but volume will remain on the light side until after the first of the year.

**Summer Squash:** With squash being sensitive to recent cold weather, availability is down this week. Both Mexico and Florida's crops have lightened up from the recent cooler temps. Volume will pick up as the weather warms, but it may be another 7-10 days before we see a significant change. Quality is challenging on yellow (especially in FL), but okay on zucchini.

**Green Beans:** Florida's green bean supply is adequate to meet this week's pre-holiday demand spike and quality is good. Meanwhile, Mainland Mexico production continues to see stronger numbers as growers move deeper into harvests.

**Chili Peppers:** With various growing areas in Mexico suffering crop loss, re-planting, and experiencing cold weather, the chili pepper situation remains critical. Supply will remain tough until mid-January, when re-planted crops come to maturity. Unfortunately, FL farms don't have much product to help with supply. Tomatillos and serranos have become extremely difficult to find.

**Hard Squash:** Growers in Sonora, Mexico have very little acorn squash this week, but have huge numbers of butternut and spaghetti available. With CA farms planning to harvest through March (3 months longer than usual), there should be plenty of hard squash to go around in the foreseeable future. Eastern buyers are looking to these areas now, as FL farms are on the tail end of crops and Honduras is still a month or two away.

## TRANSPORTATION FACTS

\*The national average diesel price dropped another \$.05 this week, moving from \$3.21 to \$3.16 per gallon.

\* The average price for a gallon of diesel is \$.25 higher than the same time last year.

\* All areas reported price declines, with the most significant coming from the Gulf Coast where the price fell almost \$.06 per gallon.

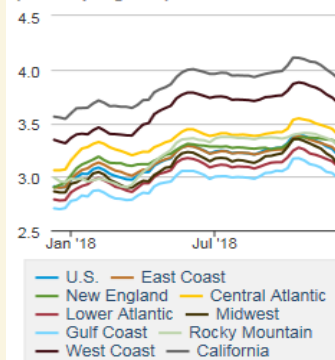
\*California continues to have the highest diesel prices in the country at \$3.89 per gallon while the Gulf Coast is the low-price leader at \$2.93 per gallon.

\*The WTI Crude Oil price dropped from last week's \$53.25 per barrel to \$51.15, down 3.9%.

\*Other than slight shortages in select potato and onion shipping areas, transportation levels are adequate throughout the country.

### On-Highway Diesel Fuel Prices

(dollars per gallon)



Source: Energy Information Administration

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## RESTAURANT INDUSTRY NEWS

### Predicting Menu Trends Means Understanding Customers' Feelings

By: Suzy Badaracco, [www.fastcasual.com](http://www.fastcasual.com), December 11, 2018

To predict what types of menu offerings customers will want in the near future, we have to start by understanding the underpinning drivers behind their desires. You have to understand the big picture in order to be a trend leader.

The USA, for example, is in an emotional stall. This is different than a recession as it is emotionally driven, not economically driven. Consumers do not feel grounded or confident right now, so they are reverting partially back toward comfort food. Forming an emotional alliance with consumers will go a long way towards gaining their trust. Remember that you are not the hero in the consumer's story. You are their guide allowing them to be the hero in their own life.

#### Forward friendly formula

With unease in the air, consumers need to feel grounded, so restaurants should keep the bases of dishes approachable and familiar and then add some intrigue either with fringe add-ins, seasonings or preps.

By keeping the base of the dish approachable and familiar and adding some intrigue either by add-ins, seasonings, or preps you successfully move back toward comfort while allowing consumers to feel they are still retaining an experimental edge. And don't forget to make it Instagram worthy. This is the Forward Friendly formula.

Adding spins to traditional dishes like grilled cheese sandwiches and mac 'n' cheese dishes are good examples of this. Allowing guests to customize these familiar dishes provides them comfort and intrigue.

Preps are holding fast to dry cooking techniques including air and deep-frying, grilling, roasting, puffed, brick pressed, cast iron, live fire, roasted, smoked and charred. The two primary wet methods still in play are pickled and fermented due to the shock value on the palate and global influencers.

Add-ins are where you get to be even more experimental by playing with regional, global and technological inspirations. So here you find smoke, nitro, frozen elements, spice or sweet heat, vegetables, global fruits, grains, seeds, florals, and grilled items to name a few.

#### America's landscape

The Southern trend is still going strong due in part to its complexity. It began

with low-country, Gullah, Cajun, Creole, and Floridian (Florida / Cuba) but has spawned new cousins and is traveling up the east coast into the Ozark region, Appalachia and Pennsylvania Dutch territories.

Hot chicken and biscuits are two examples of Southern menu favorites that are making their ways across the country. To the south, it continues into island territories including Cuban and Puerto Rican cuisines.

For mainland USA, don't be surprised if the region that comes to light is the upper Midwest — Minnesota, Detroit, and Chicago — with highlights on region-specific dishes like Detroit pizza, Chicago Italian specialties or Scandinavian baked good from Minnesota.

Regional BBQ will continue its spiral upwards as more regions step forward to share their nuanced shift away from their neighbors across the country. Regional and cracked peppers, alcohol infusions and add-ins help to set these regional BBQs apart and assure their distinct voices are heard.

#### International comfort flavors extend their visits

Due to the stall pattern, we will remain swirling around Peruvian, regional Italian and Mexican, Russian, and familiar Asian flavors, such as Indian and Japanese. Asian countries, along with Peru and Russia will not showcase regional specialties but instead focus on nationally celebrated dishes. International cuisines familiar to consumers such as Mexican and Italian will continue to boast regional specialties. As a global cuisine establishes a foothold in the U.S. and becomes familiar on a national level, it has no choice but to regionalize or risk falling out of favor.

Here are some sure bets:

- Middle east — za'atar, zhug, tahini, baharat.
- Africa — harissa, dukkah, berbere.
- Easter bloc EU — sweet & sour, fermented.
- Asian — adobo, sambal, chaat masala.
- South America — chimichurri, chancaca.
- Caribbean — varietal citrus, pepper sauce, jerk.

#### Coffee, tea, and plant waters remain rockstars

Coffee, tea, and plant waters bridge four central themes. They can cross between alcohol and non-alcohol, appear in international beverage, play in food and beverage and have ties to clinical health. The beauty lies in the fact that they can behave as either the leading lady or the best friend.

#### Functional beats stealth health

The functional halo gives a product an extra dimension and can extend its lifecycle so is never a bad thing to capitalize on if you have the science to back it up. Functional has many faces including a cognitive function which encompasses sleep, stress, anxiety, depression and focus. It can also apply to digestion, joint, skin, bone, and hair health. A functional label must be tied to solid science or consumers will not only abandon the product, but they can also retaliate through social media and lawsuits.

Stealth health, on the other hand, is based on trickery and deceit. There is typically no health advantage to stealth health because to hide an ingredient in a product means it is added at a low enough level so as not to be detected. Stealth also does nothing to encourage healthful eating because the ingredient you are adding is unrecognizable. Stick with functional - just because you can create a stealth product, doesn't mean you should.

#### The "artificial exit" continues

The artificial exit trend began with "natural," then moved to "free from," which then moved briefly to "pure" and finally to the "artificial exit." The problem with the terms "natural," "free from" and is their subjectivity. It opens a trend up for attacks by adversarial groups resulting in lawsuits. What sets the "artificial exit" trend apart from its cousins is that it is better defined and directional. It allows a company to strategically enter the trend by clearly demonstrating its entrance strategy to both consumers and industry clients.

2019 is shaping up to be a complex year so remember to spend more time following the trajectory of a trend than worrying about what your competitor is doing, after all ... they may be idiots.

## KEEP YOUR EYE ON THE CONSUMER

### Study: QSR Gift Cards Redeemed Most Quickly

[www.fastcasual.com](http://www.fastcasual.com), December 6, 2018

Digital guest experience platform, Paytronix Systems, Inc., today released its inaugural Gift Card Sales Report, using data from more than 190 restaurant brands and 550 stored value program figures to project restaurant gift card sales trends, a news release said. The study focused on the impact of various sales channels and consumer redemption rates, particularly during the holiday season.

One key finding was that third-party channels accounted for more than half of all restaurant gift card sales in 2017, for both units sold and total dollars. Third-party channels include discount warehouses, as well as gift cards sold in retail establishments not owned by the restaurant brand, including grocery, convenience or drug store outlets.

"Third-party retail sales are a critical component to any gift card program and this report underscores its value for restaurant brands," Paytronix co-founder and President Andrew Robbins, said in the release. "Gift sales contribute substantial top-line impact, plus it offers the often overlooked benefit of being one of the most effective customer acquisition programs."

As part of this report, a Delaware-based pizza chain said its strategic gift program with Paytronix helped grow sales 30 percent, while another chicken QSR said it grew gift sales 18 percent.

Other key findings include:

- 0.76 percent growth from 2016 to 2017 in gift card sales.
- In-store sales fell to 42.8 percent of all gift card sales last year from 2016 as third-party retailers gained popularity.
- Holiday season, in-store sales were 51.5 percent of all sales, however, from Nov. 1 to Dec. 24, 2017.
- Around 70 percent of all gift cards are redeemed within 180 days of purchase.
- About 20 percent of gift cards retain balances a year later.
- QSR gift cards are redeemed most quickly, with a 75% redemption rate after 180 days compared to 52 percent for fine dining.

## PRODUCE BAROMETER

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



## DECEMBER CALENDAR

**December All Month**  
National Human Rights Month

**December 16<sup>th</sup>**  
National Chocolate Covered Anything Day

**December 17<sup>th</sup>**  
Clean Air Day

**December 21<sup>st</sup>**  
Winter Solstice

National Hamburger Day

### Immokalee, FL Weather

Fri Dec 14	Sat Dec 15	Sun Dec 16	Mon Dec 17	Tue Dec 18
82° F	77° F	74° F	71° F	72° F
65° F	58° F	50° F	48° F	51° F
SE 16 MPH	SW 9 MPH	N 10 MPH	N 6 MPH	N 5 MPH
Precip 30%	Precip 40%			

## NEWS IN THE GROCERY TRADE

### How Grocery Stores Can Compete with QSRs

By: Carrie Schuster, [www.progressivegrocer.com](http://www.progressivegrocer.com) , December 10, 2018

Grocery stores today are quickly transforming into destinations that expand beyond their traditional produce, packaged food and deli offerings to offer consumers a foodservice experience similar to that of quick-serve restaurants (QSRs). As consumers increasingly expect grocery stores to provide customized and unique dining experiences through cafés and fast-casual food stations, as well as prepared food sections, grocery stores face growing pressure to compete for market share with QSRs.

The growing convergence of grocery stores and QSRs presents business challenges for grocery stores — but also the potential for growth in higher-margin areas. To satisfy shifting consumer demand and ensure that they aren't being left behind, grocery store managers must adapt their business practices and operational processes to encourage return customers.

#### Hygiene is Good for Business

As grocery stores expand their foodservice offerings, implementing good hygiene practices is crucial in every department. Maintaining cleanliness throughout the entire grocery store, including restrooms and foodservice areas, can go a long way in contributing to customers' positive perception of a grocery store's brand image and encouraging return customers.

The growth of prepared foods and grab-and-go food options in grocery stores also means that keeping salad bars and food preparation areas cleaned and sanitized is critical to promoting hygiene and protecting health. This is especially important during cold and flu season, since most studies have shown that the flu virus can live and potentially infect a person for up to 48 hours after being deposited on a surface. Therefore, grocery store managers should ensure that easily dispensed paper napkins, touch-free paper towel dispensers and hand sanitizer stands are available throughout stores for customers and employees to use.

Grocery stores can also improve the health of employees, customers and the community by promoting good hand hygiene. Implementing hand-washing routines can increase customer loyalty; in fact, noticing that foodservice staff have clear routines for hand washing makes almost one in two customers more willing to eat at a restaurant or foodservice establishment again. Posting signage directing employees to wash their hands properly, which helps mitigate the risks of spreading germs and foodborne illnesses, signals to employees and guests that management is serious about good hand hygiene and food safety. The shift toward QSR-style foodservice within grocery stores also means that adapting food safety and handling processes for both back-of-house and front-of-house operations is important for maintaining hazard analysis and critical control points (HACCP), a system for preventing and managing food safety hazards.

#### Increased Focus on Operational Efficiency

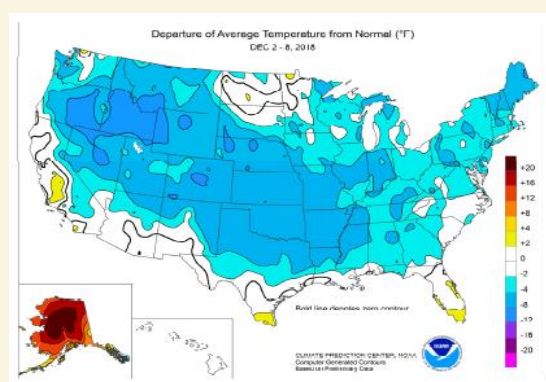
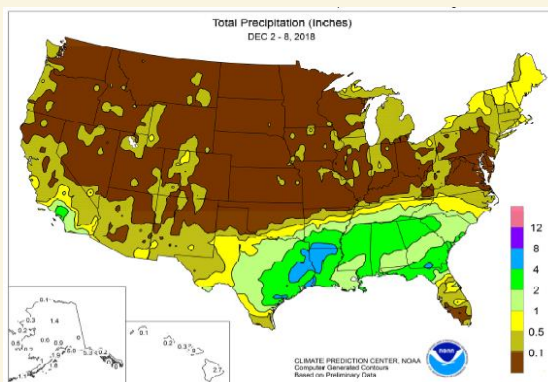
To sustain growing in-store dining offerings and compete with QSRs for customers, sustainable, operational efficiency and cost savings are crucial, and flexibility, consistency and performance become higher priorities. Sustainability is increasingly affecting our choices — both as consumers and professionals — with 66 percent of end users saying they would pay more for sustainable options of goods and services.

One way that grocery stores can save money while improving the customer experience is to reduce waste and boost sustainability by stocking paper napkins and takeout containers that are compostable with food waste. Grocery store managers can also stock napkin and paper towel dispensers designed to last, easy to refill for staff and that allow customers only to take what they will use.

The evolution of grocery stores into destinations that compete with QSRs has meant that it's more important than ever for grocery stores to offer unique and customized experiences and attract repeat customers. Despite the challenge that grocery stores face to stay ahead of changing consumer preferences and keep up with QSRs, grocery stores can ultimately attract customers and raise their own bottom lines by adapting business practices to step up hygiene efforts, maximize operational efficiency and reduce waste.

## NATIONAL WEATHER SPOTLIGHT

### Weekly Precipitation and Temperature Deviation





## GOVERNMENT & POLICY UPDATE

### Farm Bill Increases Funding for Double Up Food Bucks Produce Program

By: Ashley Nickle, [www.produceretailer.com](http://www.produceretailer.com), December 12, 2018

The new farm bill prescribes \$45 million in 2019 for the Food Insecurity Nutrition Incentive program, also known as Double Up Food Bucks. At retailers and farmers markets participating in the program, Supplemental Nutrition Assistance Program benefits go twice as far when spent on fruits and vegetables.

Chris Jones, vice president of government relations for the National Grocers Association, said the reauthorization of the program is a big win for independent grocers. "The bill more than doubles the program spending over a 10-year budget window and makes it permanent, so that increases the likelihood that our members and supermarkets will have the ability to participate, but it also steers that funding more toward grocery stores by prioritizing locations that are open longer hours and open more parts of the year and also (are) able to kind of help measure the extent to which the benefits change people's shopping behavior," Jones said. "The grocery store can provide information on what people bought before the incentive and then after the incentive, which really helps the program reach its goals of trying to encourage as much healthy eating as possible."

The bill also favors organizations in food deserts and retailers that provide supplemental services — online ordering or transportation, for example — in high-need communities, Jones said.

Double Up Food Bucks started out as a program that encouraged more purchases at farmers markets, and its expansion into retail has also produced positive results. "It's only recently become more of a grocery store type program that operates in retail locations," Jones said. "The stores that have participated in that — many of them are our members — have really seen a ton of success in terms of their produce sales and then getting people to buy and eat healthier food."

One issue with the program has been technology snafus, but the bill aims to help address those as well. Retailers have experimented with several methods of delivering benefits to SNAP shoppers, from giving them half off produce purchases to having them redeem coupons to loading fresh produce vouchers onto their loyalty cards.

"What the bill will do is create a clearinghouse to help offer technical assistance and best practices for retailers who are implementing a FINI program, and NGA hopes to kind of play a central role in that, providing our members and others with access to advice on how to implement FINI programs at their food store," Jones said.

Between provisions for that program and others, the NGA hailed the passage of the farm bill Dec. 12 as an overall positive development for the industry. "On behalf of the independent grocers across the nation, we applaud the final passage of the farm bill and appreciate the work of the conference committee to producing a bill that strengthens the public-private partnership between the federal government and supermarket operators in the SNAP program," NGA president and CEO Peter Larkin said in a news release. "This legislation addresses important issues for independent grocers, including the protection against harmful processing fees and the increased investment in the FINI program."

"We were especially pleased to see the Farm Bill contain NGA offered language that would direct significantly more FINI funding to independent supermarkets," Larkin said. "It's been a long road to get here, but NGA and its members were engaged with Congress every step of the way to achieve our shared goals."

The NGA did have one contention, however. "Despite these positive inclusions in the Farm Bill, a top priority to protect store-level SNAP sales data was not included in the farm bill," Larkin said in the release. "We will work closely with Congress and industry stakeholders to identify viable solutions to ensure that private information that could be used to give competitors an unfair advantage, particularly over many small and medium size grocers, is protected from public disclosure."

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TOMATOES

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MARK YOUR CALENDAR  
PACK YOUR BAGS!

January 15-17, 2019

United's Fresh Start 2019  
La Quinta Resort & Club  
Palm Springs, CA  
[www.unitedfreshstart.org](http://www.unitedfreshstart.org)

March 7-9, 2019

Southeast Produce Council's Southern Exposure  
Walt Disney World Swan & Dolphin Resort  
Orlando, FL  
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