On The Horizon

Market Update

Tomatoes: Florida tomatoes are status quo, with little change from last week's report. Previous and continued weather patterns have affected both yields and quality on rounds, romas and grapes. Although it varies by farm and grower, typical yields are off 30-40% from the norm. Quality remains fair to good with reports of skin check and wind scar. The market situation is projected to stay the same for the next several weeks until Palmetto starts up in April/May.

Overall, Mexico's round and roma volumes are down this week, in part due to growers picking ahead to capitalize on the previous few weeks' high markets. Round tomato availability is heavier to the large sizes and quality has been good. However, quality could begin to diminish as crops experience the current heat wave. Already showing puffiness, romas could be especially susceptible to this. Grape tomato volumes are increasing out of Central Mexico and should come on strong from the Mainland's current warm weather. There are some quality concerns on fruit from older fields and new crops are unusually large in size.

Bell Peppers: Pepper production has slowed even more in the West this week as growers transition out of Winter sets. Quality and condition issues are on the rise with reports of wet stem, shrivel, and turning fruit. We may see improved yields but smaller fruit in the coming weeks as the result of unusually warm weather in the growing areas. Florida is still coming up short on the pepper front. Very light volume is projected for the next few weeks but should pick up in the first or second week of March, pending a little help from the weather.

Green Beans: Florida's green beans continue to be very short. . Although there are a few more this week, availability is spotty and yields are as low as 25% of normal volumes. As we look toward the Easter holiday, we should see production increase somewhat, but nowhere near "normal" levels. Quality is just okay since most plantings have endured countless rains and winds. In Mexico, growers continue to work through production gaps for another 7-10 days, bringing less product to market. Mainland Mexico should get into better production in the next few weeks, pending weather and disease having negative effects on crops.

Cucumbers: Mainland Mexico continues to bring solid numbers of cucumbers to the States with good volume expected through the month. Quality has been very nice. The East continues to have adequate supply from Honduran imports. However, import production is now on the down swing and will decrease gradually over the next few weeks. Florida is due to break fields on Spring crops in the 2nd or 3rd week of March.

Eggplant: Florida's eggplant production is on the light side with weather showing its effects on the fruit. As growers get into newer plantings over the next few weeks, we anticipate better quality and slightly improved volumes. Western eggplant production is steady this week with most growers heavier to 24-count sizing. Quality has definitely improved as the weather conditions have.

Summer Squash: As more acreage comes online, Florida is finally beginning to see increases in squash volumes, particularly on zucchini. There are quality challenges to work through, as all this fruit has been through weather. Mexico is also providing strong volumes of zucchini and improved numbers of yellow squash.

Transportation Facts

*Dropping another $.03 this week, the National Diesel Average is now below the $2.00 mark at $1.98 per gallon.

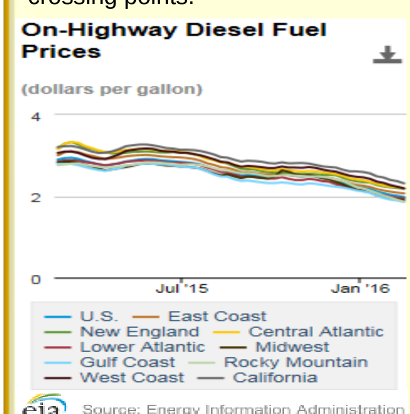
*The average price for a gallon of diesel fuel is $.89 lower than the same time last year.

*Diesel prices dropped in all areas of the country with the most notable decrease in California (down $.05 per gallon).

*Once again. California reported the highest-priced diesel fuel at $2.32. The fuel bargain in the nation can be found in the Gulf Coast area at $1.86.

*The WTI Crude Oil Price is finally on the rise, reaching $30.66 per barrel. This is an 11.7% increase from last week's $27.45 per barrel.

*All areas of the country report adequate levels of transportation with slight surpluses at Mexican crossing points.



ON THE HORIZON CONTENTS

An Apple a Day
USDA UPS HEALTHY FOOD REQUIREMENTS FOR SNAP RETAILERS

By: Tom Karst, www.produceretailer.com, February 17, 2016

A 40 from the U.S. Department of Agriculture will require nearly 200,000 small retailers and convenience store operators who want to sell food to Supplemental Nutrition Assistance Program participants to stock a wider array of food choices, including fruits and vegetables.

"USDA is committed to expanding access for SNAP participants to the types of foods that are important to a healthy diet," USDA Under Secretary for Food, Nutrition and Consumer Services Kevin Concannon said in a news release. "This proposed rule ensures that retailers who accept SNAP benefits offer a variety of products to support healthy choices for those participating in the program."

Congress passed a law in 2014 that requires the USDA to put in place regulations that require retailers that accept food stamp benefits offer a wider range of healthy food options.

Comments on the proposed rule will be taken until mid-April, according to the release.

The proposed rule requires retailers who accept SNAP benefits to offer seven varieties of qualifying foods in four food groups (dairy/breads and cereals/meats, poultry and fish/fruits and vegetables) for sale on a continuous basis, according to the release. Current regulations only require three varieties for each food group.

In addition, the retailers must offer perishable foods (fresh as opposed to canned or processed) in at least three of the four staple food groups, according to the release. The rule also calls for retailers to stock sufficient quantities of food so SNAP customers have continuous access.

The USDA said an example of the variety of foods within the vegetables and fruit category would be apples, cabbage, tomatoes, bananas, melons, broccoli, and squash. The agency said that multiple varieties of apples offered at retail — such as galas, red delicious and Honeycrisp — would be only counted as one "food variety" for the purpose of determining the number of required varieties in any staple food group.

The proposed rule will mean that close to 200,000 small grocery stores and convenience stores in the U.S., will have to change their inventory in order to comply with the new minimum inventory requirements, according to the USDA.

However, the agency said that, for most stores, the changes needed will be minimal and will represent less than one-tenth of one percent of a typical store's total gross sales.

The agency said in the proposal that the agency will be sensitive to preserving access to SNAP retailers in under-served areas.

The proposed rule also sets out the guidelines on how the USDA will disclose information about retailers that are disqualified or sanctioned for violations.

The USDA offers an online SNAP retail locater that identified all USDA approved retailers.

In fiscal year 2013, almost $76 billion in food stamp benefits were redeemed in the 252,962 participating stores, farmers' markets, direct marketing farmers, homeless meal providers, treatment centers, group homes, and others authorized to accept SNAP benefits, according to the USDA.

In fiscal year 2013, the USDA said convenience stores accounted for 40% of SNAP retailers but represented just 5% of food stamp sales. Combination grocery/other retail locations represented 25% of total SNAP retailers but just 6% of total SNAP sales, according to the agency.

In contrast, the USDA said that supermarkets and superstores made up just 15% of the 252,962 firms authorized in fiscal year 2013 but redeemed 82% of food stamp benefits.

SPOTLIGHT ON LIPMAN
TPE/Lipman- Livermore, CA

The Produce Exchange (TPE) is a sourcing, sales, logistics, and warehousing arm of Lipman that extends and enhances our coast-to-coast presence. With locations in California, Arizona, and Washington, TPE is well-equipped to service retail, foodservice, and wholesale customers west of the Mississippi with dry veg, tomatoes, and organics.

TPE became a part of Lipman in 2014, but has a longstanding history of its own. Back in 1979, an energetic team started up this office humbly…in a trailer in San Jose. Through the years, the main office has relocated a few times, but settled in Livermore in 1997. The Nogales location was added in 1983, followed by the Kent, WA facility and the Vista/Otay warehouse in the late 90's.

Over 200 employees in four locations get the job done for TPE. The team is a mix of 30+-year veterans and newer members, some of whom are 2nd generation.

True to the Lipman spirit, this group is very active in the communities in which they live and work. They contribute to and participate in the Special Olympics, Case for Kids, the El Cerrito School Thanksgiving Food Drive, 4-H clubs and the yearly Ag Fest at the county fair.

PRODUCE BAROMETER

ITEM	QUALITY	PRICING
Bell Pepper	Fair	Higher
Cucumber	Good	Steady
Eggplant	Fair	Steady
Green Beans	Varied	Higher
Lettuce-Iceberg	Fair	Higher
Jalapenos	Varied	Higher
Onions	Fair-Good	Steady
Potatoes	Good	Steady
Squash	Fair-Good	Lower
Tomatoes	Good	Steady

February Calendar

All Month
National Heart Month
Fourth Week
National Entrepreneurship Week
February 22nd
National Margarita Day
February 27th
National Chili Day

Estero, FL Weather

Thu Feb 18	Fri Feb 19	Sat Feb 20	Sun Feb 21	Mon Feb 22	Tue Feb 23	Wed Feb 24
77°F	77°F	75°F	77°F	77°F	77°F	72°F
55°F	54°F	55°F	59°F	63°F	63°F	55°F
ENE 14 MPH	ENE 17 MPH	E 12 MPH	NE 4 MPH	SE 7 MPH	S 11 MPH	WNW 17 MPH
					Precip 30%	Precip 50%
Averages 77°F/56°F	Averages 77°F/56°F	Averages 78°F/56°F	Averages 78°F/56°F	Averages 78°F/56°F	Averages 78°F/56°F	Averages 78°F/56°F

Restaurant Industry News
REPORT: DELIVERY SHOWS DOUBLE-DIGIT GROWTH

www.restaurant-hospitality.com, February 16, 2016

If you haven't yet partnered with a delivery service, it's time to do so, according to a recent report from market researcher company The NPD Group. If the group's "Delivery—A Growth Opportunity On The Horizon" forecast is correct, off-premise foodservice will continue to outpace overall restaurant industry traffic growth over the next decade.

While restaurant delivery is nothing new, it was until recently the purview of pizza places and, in urban markets, small, independent Asian restaurants. Now, of course, foodservice delivery outfits like DoorDash are making it easier for restaurants to meet customers on their own turf.

Besides creating options at home, NPD says these third parties have created another phenomenon. "Consumers are now accustomed to ordering goods online and having them delivered to their door quickly," write the study's authors.

Delivery services such as Eat24, Grub Hub and Seamless continue to roll out in some smaller markets, while UberEATS and Amazon Prime Now restaurant delivery are making significant headway nationally. As these operations expand, delivery will continue to see significant growth and even outpace regular restaurant traffic growth.

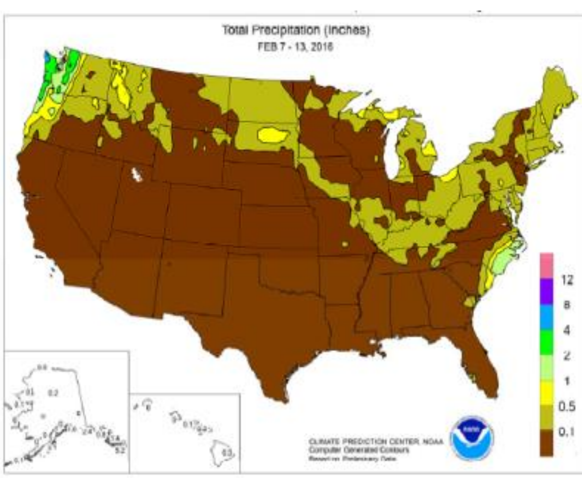
How much has the demand for delivery risen? Delivery traffic, outside of pizza, has increased 33 percent since 2012. Much of this gain seems to be at the expense of traditional quick-service pizza delivery, which decreased three percent over the same period, according to NPD.

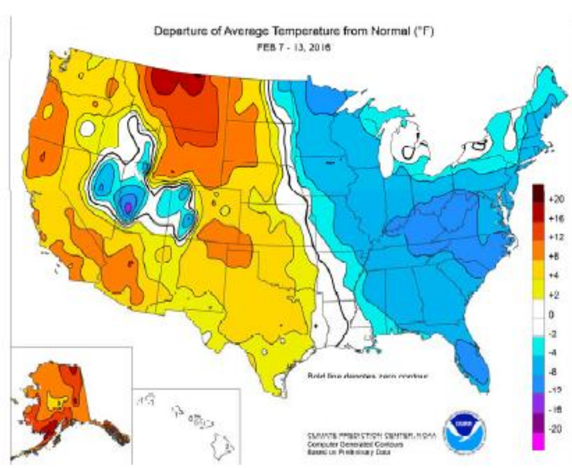
"Consumers want the 'dining out' experience of quality food, but they're saving money and time by having food delivered to their homes," says Bonnie Riggs, NPD's restaurant industry analyst. "Similar to the consumer value online direct-to-door shopping fulfills, there is the appeal of being in the comfort of their own homes, and not having to deal with the 'hassle' of the outside world."

Another (albeit minor) disruptor to the traditional restaurant paradigm is in-home meal kits, which deliver the fresh ingredients for consumers to cook at home. While such products are growing in popularity, particularly in urban areas, they are "not nearly as mainstreamed as foodservice meals," according to NPD.

"I don't believe we'll see mainstream adoption of home meal kits, like we've seen with foodservice delivery," says Darren Seifer, NPD's food and beverage industry analyst. "Meal kit consumers have more expendable income and primarily live in major metro areas. There is definitely a market for these services; it's just not nearly as big as foodservice delivery."

NATIONAL WEATHER SPOTLIGHT
Weekly Precipitation and Temperature Deviation





Keep Your Eye on the Consumer

STUDY: GENERATIONS Y, Z DIFFER IN KEY SHOPPING ATTITUDES, HABITS

By: Gina Acosta, www.chainstoreage.com, February 8, 2016

A new study of the retail habits of Generations Y and Z shows that the different age groups differ when it comes to using computers for online purchases versus shopping at brick-and-mortar stores.

A new GfK survey revealed that Baby Boomers have been slower to adopt the smartphone as a shopping device. But when it comes to making purchases with a desktop or laptop computer, Boomers registered similar levels to Generation Y (40% and 43% respectively), while Gen Z came in at just 32%.

“We are used to seeing younger shoppers lumped together in contrast with their Baby Boomer parents,” said Joe Beier, executive VP of GfK’s Shopper and Retail Strategy team. “But there are some important differences between the two ‘halves’ of the Millennial cohort; in certain areas, we see Gen Y tending toward the ‘old-school’ ways of the Boomers – but in others, they seem equal to their younger brothers and sisters in Gen Z.”

The study also shows that Generations Y and Z differ in their reasons for choosing to buy in store versus online.

For example, when Gen Z consumers choose to make online purchases, they are more likely to be motivated by “saving money (better pricing)” (Gen Z: 60%; Gen Y: 46%) and “recommended by people I trust” (Gen Z: 31%; Gen Y:16%). Meanwhile, Gen Y shoppers who buy online are more likely to say they did so because they “get better information” online (Gen Y: 35%; Gen Z: 22%), have “better delivery options” (Gen Y: 26%; Gen Z: 19%), and “can buy other things at the same time” (Gen Y: 23%; Gen Z: 17%).

When it comes to making in-store purchases, Gen Z buyers are more likely to say they are motivated by “get[ting] better information” in retail outlets (25% versus 18%). Gen Y, on the other hand, is much more likely to say they bought in store because shopping there is “easier” (42% versus 29%).

The new GfK study was based on interviews with 25,000 shoppers globally – including 1,000 in the U.S.

Mark Your Calendar & Pack Your Bags

March 3rd-5th, 2016
SEPC 2016 Southern Exposure
Curio Diplomat
Hollywood, FL
www.southernexposure.seproducecouncil.com
Come see Lipman at Booth 1023!

March 29th-31st, 2016
Restaurant Franchising & Innovation Summit
The Highland Dallas
Dallas, TX
www.franchisinginnovation.com

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Questions or comments about the newsletter?
Contact : joanna.hazel@lipmanproduce.com