



MARKET UPDATE

Tomatoes: Eastern tomato volumes are spread out with hot spots in Tennessee, North Carolina, and Virginia. Round and roma quality are good in Virginia and improving in Tennessee. North Carolina's mountain farms are seeing some stress on the fruit from hot temps and consistent afternoon showers. Grape tomatoes are available in more than ample volumes, with some of the best quality coming from Virginia's Eastern shore.

In the West, overall round and roma production are light this week. Mexican ripe availability is limited as there is significantly less volume planted for this time of year. However, the quality is very nice and size is heavily skewed to the larger end of the spectrum. California's mature green crops are fighting extreme heat, which limits harvesting and will likely affect fruit quality over the coming days. Grape tomatoes are plentiful as there are several growing areas in both Mexico and California in season. Good quality is available, but there is some older fruit shipping as growers try to clean out coolers.

Bell Peppers: There are plenty of bell peppers in the East this week! Michigan is rolling full steam with nice quality. There are numerous local areas harvesting, but quality is hit and miss, depending on the fickle nature of Summer showers. North Carolina growers, in particular, are seeing some stem decay and bruising but should work through these issues as weather patterns clear up. Western markets are seeing nice quality and condition from several growing areas in California. As well, Washington state is now adding to the mix.

Green Beans: With major harvests underway in Michigan, Virginia, and

Tennessee, beans are plentiful in the East. Hot weather is showing its effects in some areas, causing shrivel and shortening shelf life, but there is good-quality product available. The West is looking to smaller regional deals in California for bean supplies now. Overall quality has been good.

Cucumbers: Despite some growers letting older fields go, there seems to be plenty of cucumbers available in the East. Cooler weather is expected in some growing areas next week, which could shorten up supply lines for a few days. In the West, cucumber volume is on the light side. The two largest growers in Baja are between seasons and only expect light volume until September.

Summer Squash: Squash remains available in multiple areas throughout the East. Quality on yellow squash is a bit challenging, as weather has produced scarring concerns. The Central California Coast is expected to have steady production until mid-August on Summer squash. Zucchini quality and condition are very nice, but yellow squash quality is less than desirable.

Eggplant: Hot weather has been good for eggplants crops and there is more volume flowing this week. North Carolina is back with solid volumes and good quality, while Michigan is just getting up and running. Eggplant supply remains fairly limited in the West.

Chili Peppers: Western chili pepper supply continues to be fragmented with only a few varieties available from each growing area. However, Baja should be in full swing with all types by mid-August. Overall quality and condition have been nice, but we could begin to see the effects of the extreme California heat over the coming week.

TRANSPORTATION FACTS

* The National Diesel Average fell \$.02 more this week, moving from \$2.40 to \$2.38 per gallon.

* The average price for a gallon of diesel fuel is \$.34 lower than the same time last year.

* Diesel prices dropped in all reporting areas this week. The West Coast saw the most significant decline (-\$.03).

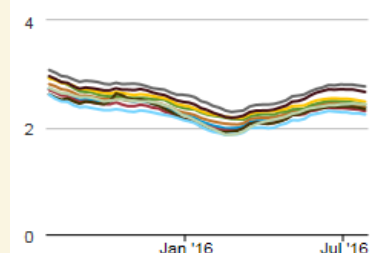
* California continues to have the highest-priced diesel fuel at \$2.76. The Gulf Coast region keeps rolling with the best price in the nation (\$2.24 per gallon).

* The WTI Crude Oil Price continues to sink lower with another significant decline (-4.5%) this week, moving from \$44.94 to \$42.92.

* Transportation is available in adequate supply throughout the country's shipping regions this week.

On-Highway Diesel Fuel Prices

(dollars per gallon)



— U.S. — East Coast
— New England — Central Atlantic
— Lower Atlantic — Midwest
— Gulf Coast — Rocky Mountain
— West Coast — California

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Restaurant Industry News

Delivery is Overtaking Drive-Through Business

By: RH Editors, www.restaurant-hospitality.com, July 21, 2016

One notable trend is giving full-service restaurants an edge over their quick-service rivals: Delivery orders are up, while drive-through traffic is declining, according to research firm The NPD Group.

Over the past four years, delivery has grown by 69 million visits (orders), while drive-through visits fell by 128 million, according to NPD

The growth in foodservice delivery is even greater when you remove pizza delivery from the equation. Pizza orders still comprise over 60 percent of foodservice delivery visits, but traffic has declined by double digits over the last four years. Consumers instead are ordering delivery from a variety of restaurants, including quick-service Asian and burger, full-service and fast casual, finds the NPD report, "Delivery: A Growth Opportunity on the Horizon."

What's behind the switch? Delivery options are especially important to Gen Z and millennials. Together, these two groups represent half of the U.S. population, a large target group who will drive the growth in delivery far into the future. These consumers want to eat their favorite food when they want it, regardless of where they are, as well as

order and pay for it with the click of a button.

If you're eager to join the game but don't know where to start, plenty of third-party providers are happy to step in, and the options for getting food from your kitchen to your customers' homes continue to expand. Among recent developments:

- In Europe, this summer the delivery app Just Eat is testing robots developed by Starship Technologies, an Estonian startup from several Skype cofounders. The delivery firm paid the developer to deploy six of the two-foot-high robots to transport meals from several Central London restaurants. If all goes well, Just Eat plans to expand the program later in the year. The robots have already been in use in London, Berlin and Tallin, Estonia. Just Eat contends the robots are meant to supplement, rather than replace, human drivers during peak periods.

- UberEats joined an already crowded field of meal delivery services in Miami. The idea is to tap into the local popularity of Uber's transportation service, although UberEats customers need not register with Uber. Deliveries—done by the 10,000 Uber drivers in the area—will be available

between 8 p.m. and midnight. For now the service is free, but eventually it will ramp up to \$4.99 per order.

- Amazon is expanding its Prime Now one-hour restaurant delivery service to more cities. Prime customers can get food from dozens of local restaurants delivered free in about an hour using the company's Prime Now app. Today the service is available in a handful of cities across the country, including Portland, Los Angeles, Chicago, Austin and now San Francisco, another hotly competitive market for restaurant delivery.

"If delivery fits a restaurant operator's business model and is operationally feasible, now is the time to consider adding it as an option for customers," says Bonnie Riggs, NPD Group's restaurant industry analyst. "It's one way to stay competitive and relevant in a low-growth foodservice environment. However, before moving ahead with a delivery program, it is important to understand the growth opportunity along with the potential barriers to use that might exist from the consumer perspective."



SPOTLIGHT ON LIPMAN Team Lipman Shouts Out

Dusty McQueen Sales Manager Lipman- Knoxville, TN

As a sales manager at Lipman-Knoxville, Dusty works to obtain new business and care for our existing customer base. Food shows, sales meetings and key customer calls are key functions of his position

When asked about Lipman, Dusty's thoughts were, "It's a big company with a small company attitude. You're not treated like a number, and you're treated like you are part of the family. Everyone has a get-it-done attitude."



Crystal Smith Sales Lipman- Kent, WA

As a part of the Sales team, Crystal manages several customer accounts. She works to understand their needs and handle daily orders from start to finish.

"The greatest part about working at Lipman, is our team. I am fortunate to work with great people."

PRODUCE BAROMETER

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



AUGUST CALENDAR

All Month

National Sandwich Month

First Week

Simplify Your Life Week

August 3rd

National Watermelon Day

Friendship Day

August 4th

Single Working Women's Day

Exmore, VA Weather

Fri Jul 29	Sat Jul 30	Sun Jul 31	Mon Aug 1	Tue Aug 2	Wed Aug 3
88° F	88° F	88° F	84° F	84° F	82° F
77° F	77° F	75° F	75° F	73° F	73° F
WSW 11 MPH	ESE 6 MPH	S 6 MPH	NNE 6 MPH	ENE 11 MPH	E 10 MPH
Precip 40%	Precip 20%	Precip 30%	Precip 50%	Precip 40%	Averages
Averages 87° F / 70° F	Averages 87° F / 70° F	Averages 87° F / 70° F	Averages 87° F / 70° F	Averages 87° F / 70° F	Averages 87° F / 69° F

NEWS IN THE GROCERY TRADE

From Pokemon Go to Going Shopping: Augmented Reality for Retailers

By: Phil Dance, www.progressivegrocer.com, July 22, 2016

Augmented reality has been having quite the month. It seems like no matter where I go, I can't get away from Pokémon Go. It is filling my news feed and office talk, and I keep getting bumped into on the street by people staring at their phones.

In case you've been on a screen-free vacation in the Galapagos Islands for the past couple of weeks: Pokémon Go is a free-to-play location based augmented reality mobile game. The game allows players to use their smartphones to capture, battle, and train virtual Pokémon monsters who appear throughout the real world. It makes use of GPS and the camera of compatible devices.

I've heard mixed reviews. All the players milling around not paying attention to their surroundings irritate some people. On the other hand, I've heard from parents that their teenagers are getting more exercise in one day than they used to in weeks, walking around to find game characters.

According to a report by *AdWeek* in mid-July, the Pokémon game has added more than \$7 billion to parent company Nintendo's market value. *Variety* reported that Pokémon Go was the most popular mobile game in the history of mobile gaming in the United States, surpassing both the popular *Candy Crush* and *Draw Something* games. So what does this mean for retailers?

For brick-and-mortar stores, it can mean an increase in foot traffic. There is a "Lure Module" that's part of the app that, when purchased, cause the Pokémon monsters to gather at a designated Pokéstop. These locations are clearly marked in the game app to draw in players. *Inc.* reports "local stores, restaurants, movie theaters, and other businesses are capitalizing on this massive opportunity, driving huge amounts of foot traffic and conversions." The cost for Lures is fairly low, and can run just a few dollars per hour to drive traffic.

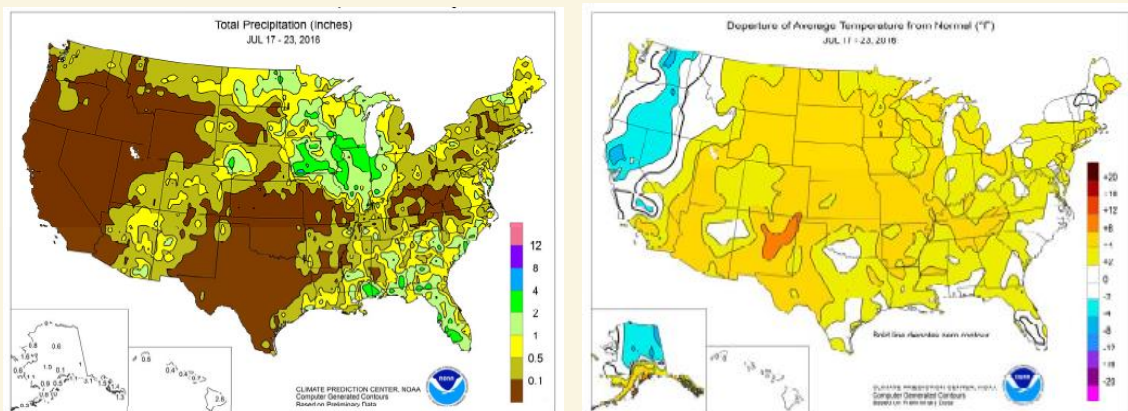
Looking beyond Pokémon Go, which is sure to be a fairly short-lived trend, experts agree that augmented reality and virtual reality aren't going anywhere. In fact, by 2020, the augmented and virtual reality market will likely be worth \$150 billion. For retailers, this technology will become increasingly important. Shopping in a virtual setting allows consumers to interact with brands in meaningful ways. Augmented or virtual shopping can:

- Provide an opportunity for individuals to seamlessly interact with retailers on a digital platform, in real-time, with instant feedback and results
- Deliver the high level of personalized information that shoppers want before actually making a purchase. For example, a new augmented reality app from IBM acts like a personal shopper by using augmented reality to push information while someone is physically browsing at the shelf
- Create a memorable, fun experience that can help to increase physical traffic in the store, as well as prompting purchase decisions. Lowe's recently installed a space in several of its stores where shoppers can slip on an Oculus Rift headset to see a 3-D, 360-degree immersion of renovation plans filled with a selection of products from the store

And that's just a small part of the appeal. Consumers want instant gratification, and they want technology to work for them. Today's tech-savvy population is trending more and more toward making purchasing decisions online (from desktop and/or mobile) prior to the actual spend. Augmented reality bridges this gap for retailers to create stronger, meaningful relationships with target audiences while also influencing shopping behaviors.

NATIONAL WEATHER SPOTLIGHT

Weekly Precipitation and Temperature Deviation



KEEP YOUR EYE ON THE CONSUMER

Millennials Driving Sales of Grocery Prepared Foods

By: RH Editors, www.restaurant-hospitality.com, July 5, 2016

A recently released report from market researchers NPD Group confirms the notion that restaurants' competition for millennials' dollars stretches beyond other restaurants to grocery stores. "Supermarkets are raising the bar on their foodservice offerings and by doing so are attracting the attention of the coveted Millennials," states the report, titled "A Generational Study: The Evolution of Eating."

"Millennials' interest in the benefits and experience supermarket foodservice offers will continue to be strong over the next several years," says David Portalatin, v.p., industry analysis at NPD Group. "Give the Millennials what they want—fresh, healthier fare and a decent price—and they will come."

In-store dining and takeout of prepared foods from grocers has grown nearly 30 percent since 2008, accounting for 2.4 billion foodservice visits and \$10 billion in consumer spending in 2015, according to NPD's research. Furthermore, more than 40 percent of the U.S. population purchases prepared foods from grocery stores and, while millennials use grocery stores less than other generational groups, retail foodservice appears to be gaining traction with them. "Many grocers now offer restaurant-quality food at a lower cost than full service or some fast casual restaurants, and specialty categories like Asian, seafood, Italian, Mexican, and barbeque. Grocery stores are aiming to cater to all dining needs, including hot, custom-prepared grilled meat, food bars, soups, and sushi," notes NPD.

What advantages, if any, do grocers have over restaurants when it comes to foodservice? Perceived healthfulness, for one. "Consumers rate visits to grocerants higher than traditional quick service restaurants (QSRs) on variety and healthy options," NPD points out, adding that these two attributes are among the most important when it comes to motivating customers to purchase prepared foods and when it comes to their satisfaction with these purchases. Grocery prepared foods are also rated higher in the areas of "freshness" and "quality"—areas of particular importance to millennials.

Beyond the food itself, millennial-savvy grocers are understanding the importance of the "experience" to the young adult cohort. More retailers are allocating space for "comfortable, casual seating for in-store dining and some a full-service restaurant," notes NPD.

Restaurants can take comfort in the fact that supermarkets are far from becoming dining destinations. Moreover, census data notes that Americans, for the first time, spent more at restaurants (\$54.9 billion) than on groceries (\$52.5 billion). Consultant Aaron Allen, principal, Aaron Allen & Associates, offers this reminder: "Keep in mind what helped restaurants gain market share in the first place: convenience, experience and service." He adds that restaurants can counteract grocery stores' plays for customers by selling family meals and by creating branded retail products. Allen adds that restaurants can maintain their competitive advantage through the following strengths:

- **Customization.** 62 percent of consumers believe grocery stores do not offer customizable meals. "Restaurants still have the edge in being able to prepare food exactly as consumers want it – especially in the ever-growing fast casual sector," points out Allen.
 - **Convenience.** "Grocery stores aren't considered convenient unless the consumer already happens to be there," writes Allen who points out that statistically, customers rarely "go to grocery stores with the sole intention of getting a prepared dinner."
 - **Quality.** Although half of consumers think prepared foods' quality at grocery stores has "greatly improved" since 2010, "40 percent of consumers would like name-brand foods at grocery or retail restaurants, which—in less polite terms—translates to wishing the food were higher quality," points out Allen.
- The bottom line: Millennials are still eating out (3.4 times per week) more than non-millennials (2.8 times per week), which is good news for restaurants that keep the need and wants of young adults in mind.

MARK YOUR CALENDAR & PACK YOUR BAGS

July 29-31, 2016

PMA Foodservice Convention & Expo
Hyatt Regency Monterrey Hotel & Spa
Monterey, CA

www.pma.com/events/foodservice

Come see us this weekend at Booth #122!

October 9-11, 2016

Fast Casual Executive Summit 2016
Laguna Cliffs Marriott Resort & Spa
Orange County, CA

www.fastcasualsummit.com

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