



**MARKET UPDATE**

**Tomatoes:** It's transition time in the East, with lots of moving parts. Both Quincy and South Carolina are finished with crown picks and are headed for the finish line. Quincy will wrap up this week, especially since quality has started to decline rapidly. South Carolina may go into the early part of next week but will be wrap up as well. New Jersey has started in a light way and expects volumes to increase over the next 7-10 days. Tennessee, Alabama and Virginia, as well as some smaller, local deals, are on tap to get going over the next 7-14 days also. On the roma front, Tennessee farms started light harvests this week and should see volume pick up after the holiday. Grape tomatoes are also transitioning from Florida to various points north.

Tomatoes are readily available in the West this week. With all the major growers in California's San Joaquin Valley running, mature green supply should be plentiful for the foreseeable future. Various Mexico areas will continue to cross vine-ripes, romas and grapes but numbers are definitely migrating to the Baja area. Overall quality has been nice on all varieties.

**Bell Peppers:** Eastern bell pepper availability remains mostly adequate as production transitions from Georgia's older fields to newer local and regional growing areas such as NC, SC, VA, TN, KY and NJ. New crops are picking mostly XL and above, so there's not an abundance of small fruit available. However, quality looks good with minimal trouble from any given area. California's bell pepper production is also transitioning north- from Bakersfield to Stockton- with crops currently overlapping. Heat is starting to show its effects on the Bakersfield fruit, but seems to be just what the doctor ordered in Stockton. Look for quality to migrate upwards as more fruit is pulled from Stockton.

**Cucumbers:** Baja is still two weeks away from having "normal" cucumber volumes for this time of year and Nogales shippers are in the short rows

of the season, keeping things a bit snug in the Western cucumber deal. Northwest growers are up and running with light volumes but should build to expected volumes for their regional program over the next few weeks. In the East, cucumber crops are completing the transition from Georgia to points north, such as the Carolinas, New Jersey, and Michigan. Georgia will grind to a halt this weekend, shifting the majority of orders to NJ and MI for next week.

**Summer Squash:** Squash is available in various Eastern states/growing areas this week with the bigger volumes coming from New Jersey and Michigan. Although there are still occasional concerns with scarring on yellow squash, overall quality has been nice. In the West, Santa Maria's volume has been lighter than recent weeks but is expected to pick back up after the 4<sup>th</sup>. However, with Baja's steady production and new local deals in the Northwest, there seems to be plenty of product to go around.

**Green Beans:** Green beans have been short in the East this week as crops transition to new growing areas. The eastern shore of North Carolina was hammered by a hailstorm earlier this week, which will definitely affect volume from this area. But, TN, VA and MI, all significant producers, have broken fields and should ease availability concerns within the next week or so. Western markets have limited volumes available from several California areas.

**Chili Peppers:** With prior rain, then heat/humidity in Mainland Mexico, chili pepper quality is spotty at the moment. Baja chilies are starting to ramp up and will be at full volume in about 10 days once Central Baja gets going. Quality has been excellent with good size and shape. In California, chilies are just getting going in new areas (Stockton). Santa Maria is also slated to start around the same time as Central Baja. Quality and supply will struggle for about a week, as we transition fully into Baja and California.

**TRANSPORTATION FACTS**

\*The national average price for diesel fuel dropped almost \$.03 this week, moving from \$3.24 to \$3.22 per gallon.

\* The average price for a gallon of diesel fuel is \$.75 higher than the same time last year.

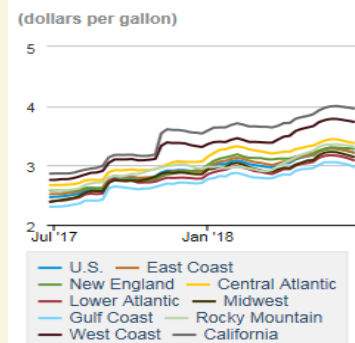
\* All areas of the country reported prices decreases with the most significant drop coming out of the Gulf Coast region (down \$.04).

\*California maintains its role as the area with the highest pricing at \$3.96 per gallon. The Gulf Coast region offers the best bargain at \$2.98 per gallon.

\*The WTI Crude Oil price jumped significantly this week (up 8.4%), moving from \$65.07 to \$70.53 per barrel.

\* Transportation availability has improved in a few active shipping areas (Mexico crossings through TX/AZ), but remains short in much of the country.

**On-Highway Diesel Fuel Prices**



Source: Energy Information Administration

**ON THE HORIZON CONTENTS**

News in the Grocery Trade- page 2

Merchandising Minute- page 3

Keep Your Eye on the Consumer - page 4

Food Safety News- page 5

Produce Barometer-page 3

July Calendar- page 3

National Weather Spotlight- page 4

Pack Your Bags - page 5

## NEWS IN THE GROCERY TRADE

### Grocery Shopping has a Hold on Consumers, Study Finds

By: Michael Browne, [www.supermarketnews.com](http://www.supermarketnews.com), June 26, 2018

Grocery shopping remains the all-American pastime,” David Fikes declared with confidence in this afternoon’s webinar on U.S. Grocery Shopper Trends 2018 from the Food Marketing Institute (FMI) and The Hartman Group. Fikes, vice president, communications and consumer/community affairs at FMI, went on to say that “everyone feels they are a significant part of the household shopping action.”

Backing up that statement with data culled from the trends report, Fikes noted that grocery spending and shopping trips remain steady in 2018, with shoppers spending an average of \$109 per week. That figure is consistent with the last few years, showing relative stability in overall levels of household food and grocery spending despite blurry lines between channels (including online), unexpected mergers and acquisitions and new solutions such as meal kits.

According to the study, the average shopper reports that in addition to the 1.6 trips a week he or she makes to the grocery store, other household members take another 0.6, implying that the total number of trips per household each week is about 2.2.

While online retail continues to grow, Fikes pointed out that “online shopping is not impeding visits to the store.” The number of shoppers who report using online grocery retailers at least sometimes has nearly doubled over the last three years, from 16% in 2015 to 28% in 2018, but “supermarkets remain the key grocery destination among all channels, hovering around 50% the past few years.”

“Traditional supermarkets are adapting — and adapting faster — to remain competitive,” said Fikes. “We see online-only retailers moving into brick and mortar, and the reverse also happening with supermarkets getting into online delivery and pickup.”

Center store and shelf-stable continues to dominate online commerce in grocery, and Fikes referred to the category as “gateway products to online shopping.”

#### Freshness counts

On the fresh side of things, David Feit, vice president, Strategic Insights, The Hartman Group, noted that food retailers are well positioned in health and wellness, as grocery stores have become increasingly important as an ally in eating healthy. Fifty-five percent of respondents said that their primary store was “on their side when it comes to helping them stay healthy,” compared to 45% a year ago. Overall, 41% say that food stores in general are “on their side,” compared to 33% a year ago.

“Fresh categories are the most important feature of the store,” said Feit, noting that in addition to high-quality produce and meat, customers are seeking out “careful curation of products that lead to meaningful store experiences,” such as an in-store cheese shop or olive bar.

The desire for engagement and experience has elevated the demand for transparency, according to the report. Shoppers desire a deeper level of information about



ingredients, growers and production methods in order to better align their purchases with their values about sustainability and wellness. Consumers are looking for transparency on two fronts:

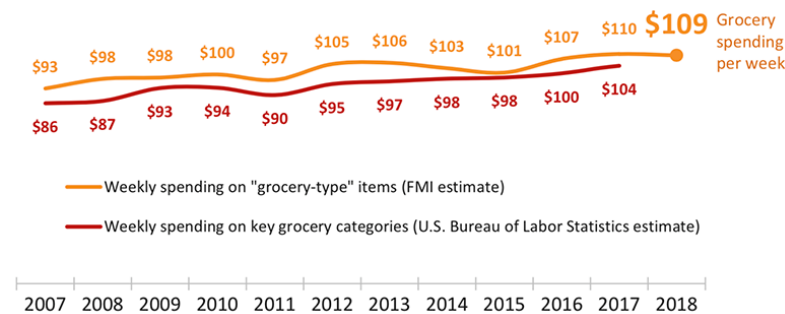
- Curation of products from manufacturers and suppliers that are open, honest and specific about product attributes, quality and social and environmental impact; and
- Communication and commitments by the retailer to provide additional information and context around product selection.

Feit added, “Trust in retailers to provide safe food is at a 10-year high, as consumers’ reliance on food stores has grown.”

Shoppers expect more from brick-and-mortar stores in terms of freshness, selection and price/value and more from online retail in the area of access to information, but overall they hold both brick and mortar and online retail to similar standards. But for all of the interest and value that online shopping provides, brick-and-mortar stores are still seen as delivering more strongly across all areas of shopper expectations, in particular freshness, price/value, personal engagement, returns and rewards programs. That said, online retail is becoming competitive, perceived to be doing at least as well as brick and mortar in terms of breadth of product selection, convenience, business practices, access to product information and discovery.

“Try to see how your store and your online business are working together,” suggested FMI’s Fikes, “and make that as seamless as possible. Look at all the avenues you’re using to convey information and engage with your customer, and engage more deeply with the issues that they are interested in.”

#### HOUSEHOLD WEEKLY SPENDING FOR GROCERIES



Source: FMI U.S. Grocery Shopper Trends, 2018; U.S. Bureau of Labor Statistics, CEX, calculations by The Hartman Group. Estimates labeled to reflect year of publication, based on data collected at beginning of year or during prior year.

## Merchandising Minute

### Is Your Produce Department Summer Fresh? By: Armand Lobato, [www.thepacker.com](http://www.thepacker.com), June 27, 2018

“You can’t improve produce once it’s distressed.” I recall one produce manager lending that advice long ago, as I tried to revive some beyond-dehydrated leaf lettuce with a round of water reconditioning.

In our constant race to sell produce long before it reaches distress level, produce managers use available tools to minimize shrink: Careful orders to avoid being long on inventory; proper care, preparation and handling; prompt receiving and backroom rotation; use of water, ice and refrigeration.

On the sales floor the care is just as important: Merchandising to frequent inventory turn levels helps keeps shrink in check, as do keeping everything neat and clean, careful produce handling with constant culling and display rotation.

However, there remains one important oversight duty in the produce aisle: The “fresh” check. How does your produce department look through consumer eyes? A frequent quick department walk is usually all it takes, like the early-morning walk I touched upon a few weeks back in this space.

This is what I refer to as “a good straightening” fresh check. An attentive, hustling produce clerk or manager just must give each display a quick inspection. The avocado display may look fine, for example, but get your hands in it and straighten, detail and cull it. It takes very little time, but when done you’ve removed any soft overripe fruit (where do they all come from?), and with very little effort the display is once again fresh and appealing.

The formula for this is simple. Straighten, cull, move to next display. Imagine the same with other especially volatile or sensitive items: Bananas, tomatoes, herbs, mushrooms, cut melons, stone fruit, cherries, berries and more. Even if the display at first glance looks OK, if it has been left alone for long (or perhaps you notice customers not purchasing anything), chances are that produce display needs a closer inspection.

Corn is high on my pet-peeve maintenance list this time of year. Sweet corn requires a fresh setup each morning. Any leftover corn should be trimmed, and, if good quality, overwrapped for quick sales. And because fresh corn is inherently a messy display, it needs extra-frequent attention. If you supply some adjacent heavy-duty trash receptacles, it gives customers a place to discard husks if they desire. Also, provide extra-large bags for this bulky item. Summer corn displays are arguably the freshness litmus test. Especially during peak sales periods.

If you are attentive with this and every produce display, customers will respond in kind, with strong sales and minimal shrink. Call it my pre-holiday kernel of advice.

## PRODUCE BAROMETER

ITEM	QUALITY	PRICING
Bell Pepper	Good	Steady
Cucumber	Fair to Good	Higher
Eggplant	Good	Steady
Green Beans	Good	Higher
Jalapenos	Fair to Good	Higher
Onions	Good	Steady
Squash	Wide Range	Steady-Higher
Tomatoes	Good	Steady-Lower



## JULY CALENDAR

**July-All Month**  
National Culinary Arts Month  
**First Week (July 1<sup>st</sup>-7<sup>th</sup>)**  
Be Nice to New Jersey Week  
**July 2<sup>nd</sup>**  
Made in the USA Day  
**July 3<sup>rd</sup>**  
Eat Beans Day  
**July 4<sup>th</sup>**  
National Barbecue Day

### Clinton, NC Weather

Fri Jun 29	Sat Jun 30	Sun Jul 1	Mon Jul 2	Tue Jul 3
94° F	95° F	96° F	94° F	94° F
75° F	77° F	78° F	77° F	77° F
NNW 3 MPH	E 3 MPH	WSW 5 MPH	SW 3 MPH	SSW 3 MPH
Precip 30%	Precip 20%	Precip 10%	Precip 20%	Precip 30%



## KEEP YOUR EYE ON THE CONSUMER

### Shoppers Are Most Creeped Out By...

By: Deena M. Amato-McCoy, [www.chainstoreage.com](http://www.chainstoreage.com), June 25, 2018

Consumers want a more personalized shopping experience, but some of the related solutions still creep them out. Wearables and artificial intelligence were ranked as the top “creepy” technologies among consumers in the fourth annual “Creepy or Cool” report from RichRelevance. The study surveyed 1,037 consumers in the United States.

Clothing and wearables with sensors/tracking devices that allow retailers to track users in exchange for a discount ranked as the most creepy technology (according to 76% of consumers), followed by artificial intelligence (69%). Consumers (61%) were also put off by facial recognition technology that identifies a loyal customer as soon as they enter, and relays preferences to the in-store salesperson.

The top cool technologies are robots that can guide shoppers to specific products within store aisles upon request, according to the report. Also cool: fingerprint scanning that allows shoppers to pay for items, and get automatic home delivery, all from the store floor.

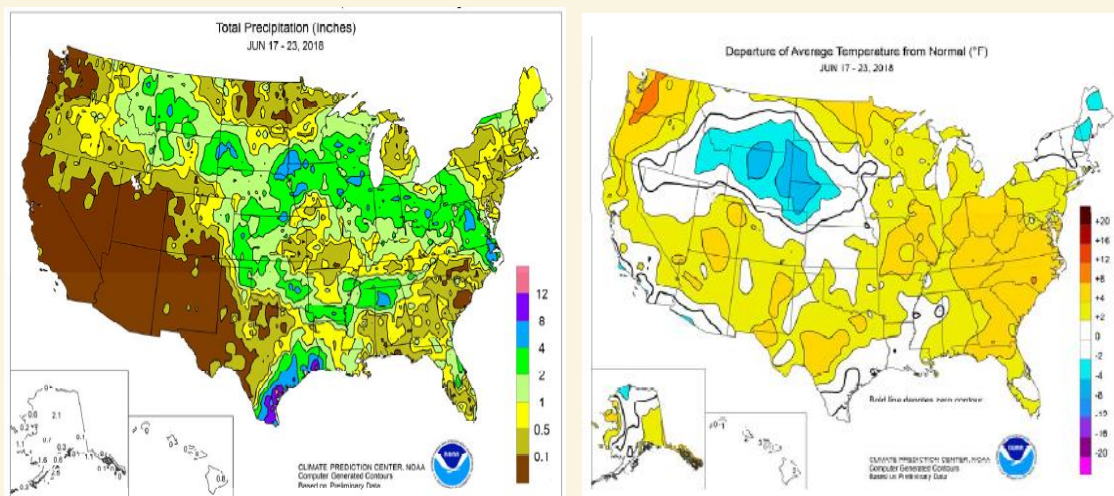
Younger shoppers (ages 18-29) are more willing to embrace some of the newer technologies. For example, younger shoppers feel that AI-based personalization is valuable (66%), and are less likely to find innovation creepy than older shoppers. In related findings:

- When it comes to computer programs (such as chatbots) that use AI to help users answer customer service questions rather than a real person, overall 41% of customers find these creepy, compared to a mere 27% of Millennials.
- Thirty-six percent of consumers consider augmented reality apps that allow them to view products in a store, and then display associated information and recommendations, including whether to replenish what you have at home, as creepy. Only 26% of Millennials agree.
- Similarly, 41% are creeped out by home-based voice assistants (Amazon Alexa, Google Home) that provide personalized product information and suggested products. Only 32% of Millennials agree.

The survey also reveals that AI has entered the mainstream with 67% of Americans reporting that they’re at least somewhat familiar with the term. “Consumers generally know that data is being collected about them and that they are benefiting from AI,” said Mike Ni, chief marketing officer of RichRelevance. “However, consumers are increasingly expecting brands and retailers to be transparent about when and how they’re using AI in their interactions. As a result, companies are increasingly under pressure to adopt explainable and open AI systems that provide clear insight into how and why decisions are being made. Traditional black box, closed AI solutions are just not an option anymore.”

## NATIONAL WEATHER SPOTLIGHT

### Weekly Precipitation and Temperature Deviation



## FOOD SAFETY NEWS

### Trump Wants USDA Charged with Food Safety

Posted By: David Eddy, [www.growingproduce.com](http://www.growingproduce.com), June 25, 2018

President Donald J. Trump wants to consolidate federal food safety under a single agency housed in the USDA, not the FDA, which would be renamed the “Federal Drug Administration” and continue with its focus on drugs, medical devices, biologics, tobacco, dietary supplements, and cosmetics.

According to a story in *Food Safety News*, “USDA is well poised to house the Federal Food Safety Agency,” Trump’s new proposal, released last week, says. “USDA is a strong leader in food safety; has a thorough understanding of food safety risks and issues all along the farm to fork continuum, and many agencies with USDA focus on food safety.”

The FDA along with USDA’s Food Safety and Inspection Service (FSIS) are the two top federal food safety agencies now. The Centers for Disease Control and Prevention assists with foodborne outbreak investigations, but does not have responsibility for food safety rules or enforcement of them.

“There are many examples of how illogical our fragmented and sometimes duplicative food safety system can be,” says the report.

“For example: while FSIS has regulatory responsibility for the safety of liquid eggs, FDA has regulatory responsibility for the safety of eggs while they are inside their shells; FDA regulates cheese pizza; but if there is pepperoni on top, it falls under the jurisdiction of FSIS; FDA regulates closed-faced meat sandwiches, while FSIS regulates open-faced meat sandwiches.”

The report notes that USDA’s ARS spends \$112 million “on in-house food safety research, and ARS scientists work with both FSIS and FDA to help develop research priorities and food safety practices.”

Other USDA food safety programs involve managing wildlife on farms, monitoring animal health, collecting pesticide residue data on fruits and vegetables, and working with the states.

FRESH TOMATOES

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of nature™

MARK YOUR CALENDAR  
PACK YOUR BAGS!

**July 27-29, 2018**  
PMA Foodservice Conference & Expo  
Portola Hotel & Spa and Monterey Conference Center  
Monterey, CA  
[www.pma.com/events/foodservice](http://www.pma.com/events/foodservice)  
**Come join Team Lipman at Booth 206!**

**September 6-8, 2018**  
SEPC’s Southern Innovations  
Organics & Foodservice Expo  
Gaylord Opryland Resort & Convention Center  
Nashville, TN  
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