



MARKET UPDATE

Round Tomatoes: Lipman's VA crops experienced a significant rain event from Isaias, but after it stopped, a light breeze came which helped to dry out the plants and fields. At this point, there's no significant damage, but we will probably see a few quality hiccups here and there. Our VA round harvests are 2 weeks from a short hiatus between Summer and Fall crops. We'll continue to harvest crown picks for another 10 days or so, do some very limited 2nds, then step out until new crops start in the first week of September. The TN and NC mountain growers are now in full production, as most all growers have finally started. There wasn't any impact from Isaias but this general area has been experiencing pop-up showers/storms in the afternoon or evenings almost every day for the past few weeks. Naturally, this affects quality to some degree. Our repack facilities have assessed their quality as "fair to good." All sizing options are available but there is a good amount of larger, crown-set fruit around. Mature green supply from CA's San Joaquin valley is improving slightly as farms move past fields affected by previous heat. Quality and sizing have also improved with a larger portion of the fruit measuring 5x6 or better this week. Meanwhile, Baja continues to offer moderate supplies of vine-ripe product, as does Eastern Mexico where new acreage is in play.

Roma Tomatoes: The East has moderate roma volumes, with the majority of product coming from TN, NC, and NJ. Like rounds, the quality is okay but not great. Look for more impacts on NJ quality and volume since they took on a lot of water from the storm. As with rounds, Baja will continue the season with moderate supply while East Mexico is now seeing volume and size increases from new roma crops. CA's roma numbers have been a little lighter this week but should bump back up as harvests move into new areas over the next 5-7 days. This will also have a positive impact on quality.

Grape Tomatoes: Lipman's VA grape crops are into the 3rd-5th picks, so sizing is great for retail. Despite the recent weather, we're expecting average volume for the next few weeks and will continue harvesting through the round tomato break. Most lots will be fine but there could be the occasional rain-related issue

over the next week or so. There are also grapes in NC and TN with no major quality issues to report. As for the West, Baja's volume has remained fairly consistent despite some swings from shipper to shipper. Production from our Central Mexico program has increased so there's plenty of fruit available.

Bell Peppers: There are still a lot of different areas in the East with peppers to peddle. MI and NJ both have volume, despite some cool weather in MI and NJ dealing with the after-effects of a ton of rain. There's also product in plenty of other areas- IN, TN, VA, KY and NC...to name a few. Overall quality ranges from excellent to just fair depending on the area and grower. All sizes are available to move. The West still has steady supplies out of CA – mostly coming out of Legrand, Fresno and Gilroy. Quality continues to be very strong.

Cucumbers: Cucumber availability is light to moderate in the East. MI's production will be lighter for the next several days due to cool temps, while some of the more southern areas are seeing less production due to August heat. Overall, there's been enough supply to get by, but not a lot of extras. NY, where the weather hasn't created any major issues, is a great spot for cukes this week. As for Western supply, cooler weather in Baja has slowed this week's production. Weather will warm up over the weekend and we will start harvesting from new shade houses at one of our ranches, so expect more volume next week. Quality continues to stay strong.

Green Beans: Before the storm, beans were already coming up short in IN and MI due to heat, rain, and then a cold snap in Michigan. Coastal VA crops took a beating from the storm but production was just about to transition north for a month and a half before moving back down to VA in mid-September. This has created, what we hope to be only a short-term gap until the middle of next week. There are beans in NY to pick up part of the slack, but they are in high demand. With most of the NY growing areas being a good distance from the coast, the impact of Isaias was minimal. Despite this nice little pocket of product, beans will remain short through the weekend. The West continues to have beans available from Baja and several spots in CA although

availability has tightened up due to Eastern demand. .

Summer Squash: Eastern squash volumes are light despite product being available in many growing areas with zucchini faring much better than yellow. Quality is questionable on the yellow squash from many shippers which has tightened up supply. But it's not all bad news- TN and KY still have some beautiful product and there are other areas with lighter volumes of nice fruit. MI's numbers will fall through the weekend, as the temps dipped down to 45 degrees on Tuesday night. There haven't been any major issues with zucchini, but MI's yellow squash has not had glowing reviews. Baja, Santa Maria and the CA Central Valley are experiencing some cool weather which has squash production on the light side for now. With a little warm up in weather we expect supplies to pick back up again over the weekend.

Eggplant: There's a decent amount of eggplant in the East as even the northeast is now harvesting. We have a steady supply coming from SC and NJ with pockets of local product throughout the East. Quality is varied. We've got good reports out of NY and VA, average in SC, and poor in IN. In the West, the CA Central Valley will see volume slowly increase over the next few days. Baja fruit is also crossing product, but volume is minimal, arriving only a few times per week. Coachella will be back in for the Fall in mid-September.

Organic Vegetables: Organic cucumber, yellow squash and zucchini supplies are moderate in the West this week. There is more zucchini than yellow but there's adequate volume on each. Green bell numbers remain light as CA growers are starting to see numbers decline and newer Baja crops have been slowed by cooler weather. Our Eastern programs in VA and NY are in production on all four items now which is a very welcome change. Bell peppers are the shortest item as NY is just getting started with them this weekend and VA experienced crop failure on some of their plantings. However, new acreage is in the ground and should provide better supply in mid-late September.

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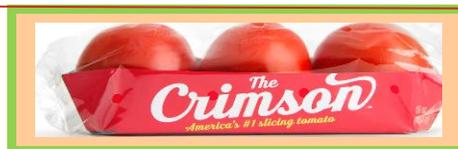
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KEEP YOUR EYE ON THE CONSUMER

Heightened COVID-19 Concerns Drive More Produce Retail Sales Growth

By: Ashley Nickle, www.thepacker.com, August 5, 2020

Fresh produce dollar sales at retail remained elevated more than 10% above year-ago levels in late July as more consumers reported worrying about the coronavirus pandemic.

A recent IRI survey showed that 56% of consumers were “extremely concerned” about COVID-19, the highest share since the first week of May, according to a news release. More than one-third of Americans said they were more concerned than they were the previous week, especially residents of California, Texas and Florida, where case counts have been growing.

“This heightened concern is further delaying the recovery of foodservice sales,” Anne-Marie Roerink, principal of 210 Analytics, wrote in the release. “Additionally, many shoppers are dealing with financial pressure ... 30% of primary grocery shoppers say their financial situation is a little or a lot worse off than it was a year ago.”

Against that backdrop, fresh produce dollar sales at retail the week ending July 26 were up 11.7% from the same week in 2019, according to IRI. As has been the case throughout most of the pandemic, there was a large gap between growth for vegetables and growth for fruits; fresh vegetable sales were up 16.7%, and fresh fruit sales were up 7.5%.

The trend of elevated produce sales at retail is expected to continue as many people are still avoiding eating establishments and other gathering places due to COVID-19.

“According to the latest wave of IRI primary shopper research, more Americans plan to further delay their return to normal activities, though in part this may be due to state mandates disabling them to engage in these activities,” Jonna Parker, team lead for fresh for IRI, said in the release. “Up from 56% two weeks prior, 73% of consumers will wait at least four more weeks before going to a bar or club; 56% will wait this amount of time before dining out at a restaurant; and 45% before going to a coffee shop.”

“As a result of rising concern to re-engage with foodservice, many fresh produce dollars will likely continue to flow to food retail,” Parker said. More than fresh could see more big growth in the coming weeks; Parker noted that pantry-loading is making a comeback as concerns rise over the increasing number of cases.

The top fruit items the week ending July 26 were berries (up 8.9% to \$133 million), melons (up 12.9% to \$91 million) and cherries (up 21.6% to \$72 million). For fruit overall, “dollar gains are heavily impacted by deflation for some areas, such as avocados,” Joe Watson, vice president of membership and engagement for the Produce Marketing Association, said in the release. “With volume gains of 42.9%, there is very strong demand, but lower prices barely put dollar gains above last year’s levels. Grape demand is not quite where we normally see it, but we have a lot of summer left and peaches are up in volume, though deflation is pulling dollar gains into the negative.”

The top vegetable items the week ending July 26 were lettuce (up 9.1% to \$166 million), tomatoes (up 20.8% to \$81 million) and potatoes (up 19.6% to \$60 million). “In contrast to fruit, all top 10 vegetables increased in dollar sales versus year ago and eight in 10 did so with double-digit gains,” Watson said in the release. “Whereas the order and items in the top 10 for fruit are very different each week, vegetables has virtually the same line up each week with just a few items shuffling up or down. “The highest weekly gain percentage goes to corn, at +32.7%. This was fully driven by price increases, with volume down 3.1%,” Watson said.



TRANSPORTATION FACTS

*The average US diesel fuel price dropped only slightly (less than \$.01), coming in at \$2.42 per gallon this week.

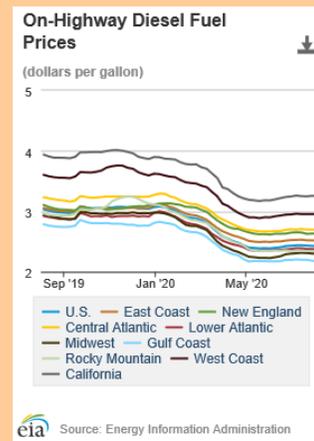
*The average price for a gallon of diesel is \$.61 lower than the same time last year.

*Only the Rocky Mountain and West Coast areas reported very slight price increases (less than \$.01). All other reporting zones came in with the same or slightly lower fuel costs.

*As usual, California has the highest price at \$3.25 per gallon, while the Gulf Coast remains the low-price leader at \$2.18 per gallon.

*For the third week in a row, the WTI Crude Oil price held relatively steady, only moving from \$41.27 to \$41.95 per barrel.

* NC, SC, IN, IL and the Delmarva area report truck shortages this week. All other shipping areas have adequate numbers of trucks available.



NEW PRODUCT ALERT

LIPMAN FRESH-CUT

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We handle every aspect of the farm-to-table journey, ensuring traceability, safety, and freshness



Picked with Care
Our hand-selected process ensures a longer shelf life and reduced shrink



Reliability Year-Round
Available year-round beginning this October



SUMMER GREEN BEAN SALAD

Recipe Highlights

- 1 Bag of Lipman's fresh-cut & cleaned green beans
- 1 can of corn
- 15oz drained chickpeas
- ½ pint Lipman grape tomatoes, halved
- 1.5 Lipman zucchini, diced
- Favorite vinaigrette dressing (optional)

FRESH
FRESH CUT

the best of nature™

PRODUCE BAROMETER

ITEM	QUALITY	PRICING
Bell Pepper	Good	E-Lower; W-Higher
Cucumber	Mostly Good	E-Steady; W-Steady
Eggplant	Good	E-Steady; W-Lower
Green Beans	Varied	E-Higher; W-Steady
Jalapenos	Good	E-Lower; W-Steady
Squash-Hard	Varied	E-Lower; W-Lower
Squash-Soft	Good	E-Steady; W-Higher
Tomatoes	Fair to Good	E-Steady; W-Steady



AUGUST CALENDAR

- All Month
- National Wellness Month
- National Water Quality Month
- August 11th**
- National Panini Day
- August 13th**
- International Left Handers Day
- National Filet Mignon Day
- August 15th**
- National Relaxation Day
- Chef Appreciation Day

Unicoi, TN Weather

Sat Aug 8	Sun Aug 9	Mon Aug 10	Tue Aug 11	Wed Aug 12
				
85° F	87° F	89° F	88° F	88° F
62° F	65° F	66° F	67° F	67° F
S 2 MPH	SSE 2 MPH	SSE 2 MPH	S 2 MPH	SSE 2 MPH
	Precip 10%	Precip 20%	Precip 50%	Precip 50%

MERCHANDISING MINUTE

Unveiling Retail Standards for the Produce Department

By: Armand Lobato, www.thepacker.com, July 16, 2020

To anyone outside the produce world, marketing fruits and vegetables in retail may seem like a quiet, even easy line of work.

To the untrained eye it's a matter of goods stacked on fixtures, like any other retail line. Except it isn't.

When touring stores with district managers, especially those not completely tuned into produce, I kept them on their toes as we visited as many as a dozen stores in a day. I focused on these direct questions in each location:

How's the sanitation? It isn't difficult to maintain a clean department — clean mats, fixtures, wet rack, floors, back room, prep areas, and more — but only if the produce manager follows a strict routine. If they didn't this was evident in the department's overall appearance, how everything else is managed. All of which affects safety, job satisfaction, organization and even sales. "Clean" invites growth and repeat business just as dirt repels sales.

How's the stock level? Are the tables neatly stocked? Full, level and ready for business? Minimal out of stocks? Inventory under control? Potential shrink due to this or other factors? Evidence of regular rotation and good quality on display?

How's the merchandising? Good organization, color breaks and creative displays? Is the produce manager going above and beyond anywhere that we can complement? What is the manager doing with ad items — promoting aggressively or too timid with space allocation?

What is the crew up to? Are they productive, on the sales floor and stocking in a prioritized manner? Are they working with a sense of urgency? Interacting with customers? In all circumstances I made sure to speak to each clerk, introduce myself to any I didn't know, and sincerely asked them for any suggestions and thanked them for their hard work.

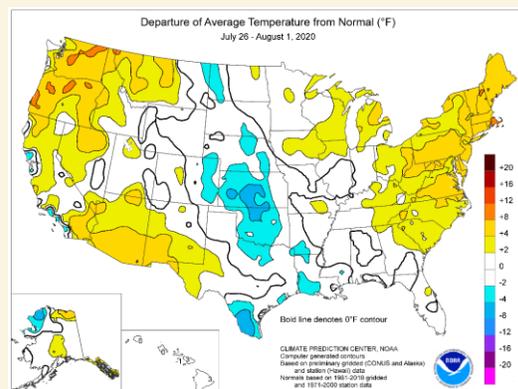
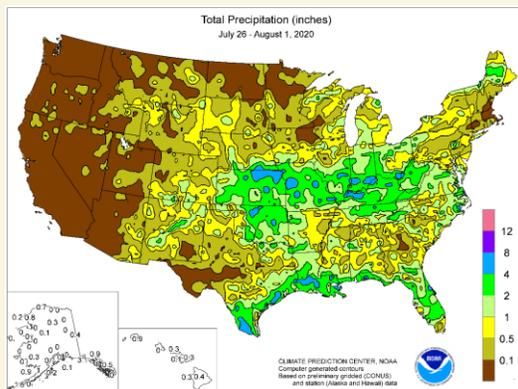
Is the produce manager complying with company programs? We always had plenty to follow up on, be it merchandising direction or proper use of signs, for a couple of examples. Consistency within a chain is vital for success and it's easy for a store to slip into complacency.

Finally, how do customers perceive the produce department? Using our own customer perspective, would we let our sweet silver-haired mother shop here? Would we shop here? Why or why not? These questions (and a few more I know I missed) were leveled in a pragmatic manner at each store. The "produce walk" definitely involved the produce manager, who we sought to help, improve and provide the necessary tools for maximum sales and gross profit. If the produce manager was present, we made sure to follow up with our notes and a call the next day to review.

All these points show that produce is a little more than what meets the eye.

NATIONAL WEATHER SPOTLIGHT

Last Week's Precipitation Totals and Average Temperature Deviation



RESTAURANT INDUSTRY NEWS

Quick-Service Restaurants Perform Best

By: Tom Burfield, www.thepacker.com, August 6, 2020

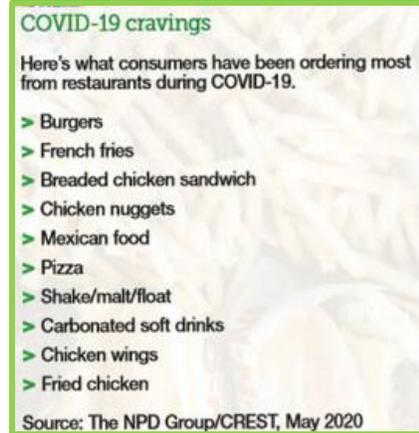
Customer transactions at major U.S. restaurant chains may have dipped by 10% the week ending July 5 compared to a year ago, but the decline was an improvement over the previous week's 14% drop, according to The NPD Group, a Chicago-based data analysis firm.

Quick-service restaurant chains fared best, as customer transaction declines improved by 4 points from the prior week's decline of 13% over year-ago data. Customer transactions at full-service restaurants were down 30% compared to a year ago and a 5-point decline from the prior week. NPD's data is based on chain-specific transactions and share trends for 72 quick-service, fast-casual, midscale and casual dining chains.

"We are entering a new phase of the restaurant industry evolution: the divergence of quick-service restaurants and full-service restaurants," David Portalatin, NPD food industry adviser, said in a news release reporting the latest data.

Even before the COVID-19 pandemic hit in March, consumers were showing an increasing preference for off-premise restaurant meals, he said.

So far, the full-service restaurant segment has experienced transaction declines of 80% or worse during the pandemic in the U.S., Portalatin said, while QSR declines were roughly half as severe thanks to their drive-through windows, capacity for high-volume pick-up and ability to leverage digital apps and provide a contactless experience.



Meanwhile, the National Restaurant Association reported that the restaurant industry expanded payrolls for the second consecutive month in June during the gradual reopening process.

Eating and drinking places added 1.5 million jobs in June on a seasonally adjusted basis, according to preliminary data from the Bureau of Labor Statistics. The June increase followed a similar gain in May, and represented a significant segment of the 7.5 million jobs added to the economy, Bruce Grindy, the association's chief economist, wrote on the association's website.

Grindy said that, although the two-month employment bounce of 3 million jobs was impressive, "it only marks the beginning of a long road to recovery for the restaurant industry." He said restaurants were hit harder than any other industry during the pandemic, and still have the longest climb back to pre-coronavirus employment levels.

The Northeast was hit the hardest by the coronavirus, he said, since more than 60% of workers lost their restaurant jobs.

The full-service segment lost more than 3.6 million jobs between February and April, and gained back nearly 1 million jobs in May, according to BLS numbers.

Staffing at quick-service and fast-casual establishments declined by more than 977,000 between February and April, with 364,000 of these jobs returning in May.

Among the major restaurant segments, only foodservice contractors continued to shed jobs in May, according to BLS.

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MARK YOUR CALENDAR & PACK YOUR BAGS?

September 22-24, 2020
Sustainable Produce Summit
Virtual Event
To register or for more information, go to:
www.thepacker.com/sustainable-produce-summit

February 25-27, 2020
SEPC's Southern Exposure
A Hybrid Experience
Swan & Dolphin Resorts
Lake Buena Vista, FL
www.seproducecouncil.com

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Contact: joanna.hazel@lipmanfamilyfarms.com