



MARKET UPDATE

Tomatoes: Overall tomato supply continues to be light in the East. With previous hot weather pushing crops ahead and frequent rains hampering harvests, numbers are down on rounds, romas, and grapes this week. The weather has taken its toll on plant health and fruit quality in Tennessee and North Carolina, reducing packouts and saleable volumes. Michigan will be back in production in the next week or so, adding light volume back into the mix.

Western tomato availability has tightened up this week. Growers in Eastern Mexico have light supply and color, as they work through rain-related quality issues on vine-ripes. California's mature green supply is also on the short side, as plantings are lighter and they have experienced some bloom drop. With these two areas short, Baja is handling the excess demand that it can, despite normal production levels. Roma availability is also a bit challenging, as several Eastern Mexico growers have been hurt by rain and could be out for a few weeks.

Bell Peppers: Bell peppers remain plentiful in the East, with multiple regional and local growing areas shipping strong volumes. Quality has been good, but recent lots are showing some bruising and side effects of rain. California's bell pepper production regions are now experiencing cooler night time temperatures, which have slowed production a bit. Quality remains excellent and the fruit is sizing down, as growers get into later picks.

Green Beans: All three of the major bean production areas in the East (TN, NY, & MI) have experienced rain, which has caused skips in production. Some fields were lost, so we could see supply tighten up

over the coming weeks. Western bean volume has lightened up considerably this week as the major growing areas are in between blocks of fruit.

Cucumbers: Cucumber availability is very limited in the East this week. Michigan and some portions of the Northeast have experienced bloom drop and reduced yields due to excessive heat. Couple that with rain-related quality concerns and we have a very tight market for quality product. Fall crops will be starting up in the Carolinas over the next 7-10 days, which will relieve some of the pressure. Western markets are seeing a little more volume out of Baja this week, but don't expect any major improvement in availability until Fall crops come on in mid-September.

Summer Squash: Like cucumbers, Summer squash yields are down in Northern growing areas due to bloom drop, reduced yields, and heat. Supply will continue to be challenging until Fall crops come in from Southern growers over the next week or so. In the West, California's Central Coast has light supply until their final Fall blocks begin in a few weeks. Northern Mainland Mexico is also scheduled to start up in mid-late September.

Hard Squash: Stockton and Fresno continue to provide consistent supply of hard squash to Western markets. Overall quality is nice and is even improving on spaghetti. With Michigan now adding volume to local and regional deals in the East, supply has become solid on hard squash.

Chili Peppers: Chili pepper production remains very fragmented in the West. California farms generally grow only a few varieties, making it difficult to ship and fill orders for a complete lineup from this area. Baja has not really come to the table with consistent volumes as there seems to be less acreage.

TRANSPORTATION FACTS

* After many consecutive weeks of decline, the National Diesel Average has finally rebounded and is up \$.06 (\$2.37) over last week's \$2.31 per gallon price tag.

* Despite the significant price hike, the average price for a gallon of diesel fuel is \$.19 lower than the same time last year.

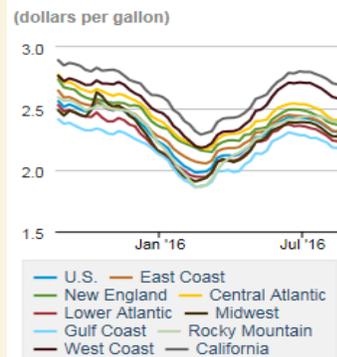
* All reporting regions saw diesel prices increase this week with the most significant jump coming from the Gulf Coast (+\$.07).

* California has the highest-priced diesel fuel at \$2.72 and the Gulf Coast region offers the best bargain at \$2.25 per gallon.

* The WTI Crude Oil continues to rise this week, increasing 2.1%, from \$46.58 to \$48.10.

* Trucks are readily available this week, with adequate or surplus supply reported throughout the country.

On-Highway Diesel Fuel Prices



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Keep Your Eye on the Consumer

Demographics Don't Tell the Whole Story...But Store Managers Do

Posted By: Kristen Cloud- Guest Contributor: ArtPatch, www.theshelbyreport.com, August 18, 2016

For years, grocery retailers followed a simple formula to identify their key customer. The target was a woman 19 to 49 years old. Why? Because this group most often was married, had children, were homemakers and did the majority of grocery shopping. Their shopping list was usually made up of recipes for family meals. As time moved on, not only did those shoppers born between 1946 and 1964 become known as "Baby Boomers" and referred to as a demographic class, but over time, pundits found names for different age groups. Those generally born between 1980 and 2000 were referred to as Millennials. Others referred to in this column are Gen-Xers (1960-1980) and Gen-Yers (1980 to 1990).



Art Patch is a regular columnist for *The Shelby Report*.

In terms of numbers, the Millennials passed the Baby Boomers 75.4 to 74.9 million in 2015.

However, the younger Millennials became known as Gen-Xers. As of 2015, the Millennials surpassed the Gen-Xers in number—74.9 million to 74.5 million—in 2015.

Maybe the CBS TV show "Survivor," which used demographics to pit two age groups against each other to determine which could survive for a month eating beans and bugs, will clear things up.

"Survivor" pitted the Millennials against the Gen-Xers. The Millennials were described as "ambitious, creative, open-minded and dreamers"; the Gen-Xers as "independent, pragmatic, hard-working and realistic." We won't know who wins until September, when it airs.

A recent study by Pew Research reported facts about 18- to 34-year-olds that can make those demographic labels even more confusing. The study concluded that for the first time in modern history, living with parents has become the primary living arrangement for the 18-to-34 age group. In 2014, 32.1 percent of young adults lived in the parents' home, exceeding marriage and co-habitation. In 1960, 62 percent of this group were married or living with a significant other. This trend is driven by a less-than-favorable job market, the burden of student loans and an inflated real estate market.

Given Pew's findings, there is a growing number of Baby Boomers finding room in their homes for a Millennial or Gen-X child. Many of this group living with their parents have never had a full-time job.

Based on recent industry findings, there are some interesting shopping findings that have surfaced and are consistent with the Pew's study.

- Approximately 40 percent of Baby Boomers are no longer employed, either retired or unemployed. This number may vary depending on the economy.

- Baby Boomers spend \$20 more a week on groceries than do Millennials. What we don't know is how much of the

increase is due to 18- to 34-year-olds returning home.

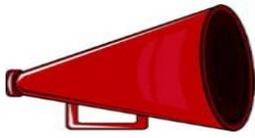
- Baby Boomers make 67 percent of their grocery purchases at a supermarket—an atmosphere where they feel comfortable. Millennials prefer to shop at superstores or online.

Whether you are aware of the "Survivor" show or the Pew study, none of this information alone is sufficient to build a marketing plan.

The supermarket that is most successful is one that understands the importance of communication between a store manager and a category manager. An experienced store manager knows more about the needs of their customers than someone reviewing data, demographic or otherwise, remotely.

Chase those sales. They won't chase you!

After a 40-year career that included executive-level positions with Safeway, Lucky Stores, Appletree Markets and Save Mart/Food Maxx, Art Patch retired from the retail grocery business in 2007. He is a graduate of San Jose State College and the Cornell Food Executive Program. Patch is on the ExecuForce Team of Encore Associates and is a counselor for SCORE, helping new and emerging businesses develop business and marketing plans. He welcomes your feedback; email him at ALPangle@aol.com.



SPOTLIGHT ON LIPMAN Team Lipman Shouts Out

Christina Hahn
Regional/National Sales Manager
Lipman- Dallas, TX

As a member of Lipman’s sales team, Christina’s daily goals include: 1) to give above-and-beyond service to our current customers, 2) to grow business with our current customers, and 3) to look for new opportunities to grow business.

“I love working for Lipman because they give me all the tools I need to be successful and I feel like they care about me like family!”



Meghan Christian
Food Safety Manager/Assistant Veg Buyer
Lipman- Knoxville, TN

As the Food Safety Manager of Lipman Knoxville, Meghan monitors and verifies activities to ensure that all products coming in and out of the facility meet food safety and quality standards. Meghan also serves as the assistant veg buyer and manages inventory levels on products and supplies.

When asked why she enjoys working for Lipman, Meghan’s response was, “I love how management encourages growth and welcomes feedback. I feel valued by Lipman.”

PRODUCE BAROMETER

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



SEPTEMBER CALENDAR

All Month
Ethnic Foods Month
September 1st
National Gyro Day
Random Acts of Kindness Day
September 5th
Labor Day
National Cheese Pizza Day

Clinton, NC Weather

Fri Aug 26	Sat Aug 27	Sun Aug 28	Mon Aug 29	Tue Aug 30	Wed Aug 31
93° F	93° F	91° F	90° F	90° F	90° F
73° F	75° F	75° F	73° F	75° F	72° F
ESE 3 MPH	E 6 MPH	E 8 MPH	E 7 MPH	ESE 5 MPH	SE 2 MPH
Averages	Averages	Averages	Averages	Averages	Averages
87° F/68° F	87° F/68° F	87° F/68° F	87° F/67° F	87° F/67° F	87° F/67° F

NEWS IN THE GROCERY TRADE

Fresh and Clean in the Produce Aisle

www.progressivegrocer.com, August 18, 2016

While marketing and branding certainly loom large in today's produce landscape, when it comes to enticing shoppers to buy more produce, they're only part of the puzzle.

"Quality, freshness, cleanliness and variety drive the department," asserts Rick Stein, VP, fresh foods for FMI. Research supports the idea that clean, well-stocked produce departments staffed with knowledgeable people will sell more produce, he adds.

"When your produce stand looks really clean and organized, and you cull out all the product that isn't high-quality, not only does the consumer buy, they buy incrementally," observes Stein. "Maybe they were going to buy 3 pounds, and that goes up to 5 pounds."

While FMI's "The Power of Produce 2016" research indicates that consumers believe they should eat more produce, it also shows that they may lack an understanding of certain fruits and vegetables.

"They want variety, but give them 15 kinds of apples, and maybe they only know Red Delicious," notes Stein, underscoring the need for experienced staff and in-store education. "Consumers decide where to shop based on the store ad, but they decide what to buy once they're in the store."

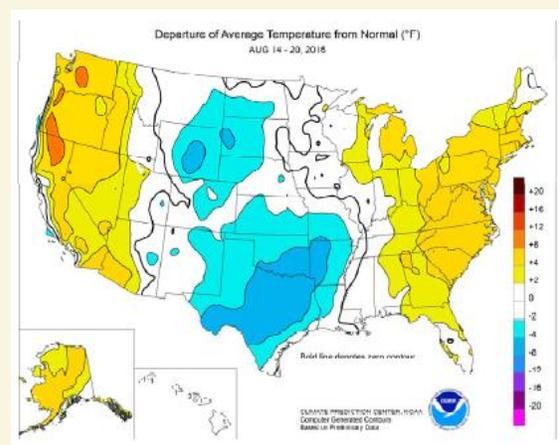
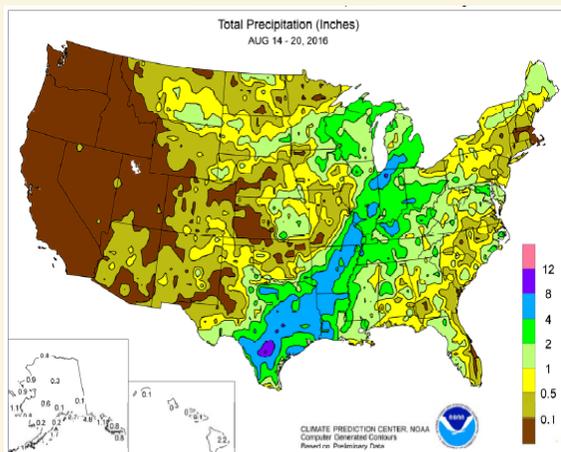
Convenience is also a major trend, says Stein, who notes that value-added and convenience account for \$11 billion of the \$61 billion produce category. "People are more stressed for time, so the more you can do for them, the more they participate."

And while Millennials are a sought-after demographic, one compelling revelation from "The Power of Produce" research is that multiple generations are contributing to the bottom line in important ways.

"Research shows that you can't abandon a generation and overemphasize the next generation," affirms Stein. For example, the majority of shoppers still read advertising circulars. "Retailers want to know how quickly they can go to digital and save on printed ad costs, but while the younger demographic is digital, both platforms are still needed," he adds.

NATIONAL WEATHER SPOTLIGHT

Weekly Precipitation and Temperature Deviation



RESTAURANT INDUSTRY NEWS

Students Looking for Fast-Food Upgrades on Campus

www.qsrmagazine.com, August 23, 2016

The concept of low-quality items eaten on the run to kill a hunger pang no longer defines what young consumers want from fast-food experiences. Raised on well-prepared foods with a variety of cultural influences and trained to seek deals given economic uncertainty, campus consumers expect all of that and more from quick-service restaurants, according to the findings of a new survey from leading college marketing and insights agency Fluent.

"The next wave of consumers starts with a higher set of expectations for engagement than past generations: Food that is tasty yet affordable, made with quality ingredients, and a social environment," says Fluent executive vice president Michael Carey. "In changing strategies over the past few years, quick serves set a new bar for themselves. Even a quick meal is an opportunity to relax, gather, engage, or find quiet time, and enjoy. [Quick Service] is a far more accurate label for what this demographic is looking for than 'fast food'."

As expected, college students limit their spending per visit, but their visits are frequent with most eating out multiple times per week. Respondents were asked specifically about going out to eat and about meals rather than about visits that might be interpreted as only for beverages. Nearly half of students (48 percent) spend between \$5.01 and \$10 on an average visit, with another 35 percent usually spending up to \$15. Less than 10 percent said they would spend up to \$20. While 12 percent say they eat out daily, the majority (52 percent) eats out two to three times per week, and 33 percent once a week at any kind of restaurant.

Quick-service restaurants increasingly present themselves as gathering places, and those efforts have been rewarded. After all, students have dozens of options, with 65 percent choosing to eat on campus the majority of the time, 22 percent eating off campus most of the time, and the rest eating on or off campus about the same amount of time.

"Socializing" is the No. 1 thing students want from a typical restaurant experience after the food itself, with 739 students choosing that factor as one of the top three options. The second thing students seek from their restaurant experiences is the chance to try something new and different from what they normally eat, with 486 students making that one of their top three choices. Nearly the same number of students (471) says they want to "kill a craving." The fourth top reason is going out to celebrate with friends, reinforcing quick serves as a meeting place. Seeking alone time drew only 127 responses overall.

College students aren't particularly fussy, but they will not compromise on the big three factors: taste, price, and quality. Per a weighted scale where 2.0 was very important and -2.0 not important, the first two qualities rated above 1.5. Other strong factors rating higher than a neutral 0 on the scale are: promotional value offerings, ease of ordering, portion sizes, close location, and whether the food is delivered quickly—and generally healthy. Less critical factors for the group were new menu items, environmentally friendly practices. A focus on organic, vegetarian/vegan, or gluten-free options was of even less priority overall.

Looking specifically at new menu options, 77 percent claim to try them at least once a month. Some 59 percent would try new items if encouraged by deals, coupons or value offers, 53 percent by word-of-mouth, and 47 percent would try a new flavor. The more comfortable students are with a restaurant, the more likely they are to frequent it and to try a new menu item there. Forty-eight percent said they would not be willing to try a new menu item at a place they did not already frequent.

This survey was conducted July 20 to 26 and polled 1,142 students from across the country. Sixty-five percent were female, and 81 percent were between the ages of 18 and 21. Fifty percent lived off campus during the past school year, and 70 percent said they spend most of their time where they live, followed by on-campus locations, followed by at friends' and family homes.

MARK YOUR CALENDAR & PACK YOUR BAGS

September 6-11, 2016

Florida Tomato Committee & Florida Tomato Exchange's 41st Annual Joint Tomato Conference
Ritz-Carlton Hotel Beach Resort
Naples, FL
www.floridatomatoes.org/general-information

November 14-16, 2016

United Fresh's Brandstorm
Hilton San Francisco Financial District
San Francisco, CA
www.unitedfresh.org/events

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