

On The Horizon



Market Update

Tomatoes: Florida tomatoes continue to be very short, with only minimal volumes available on rounds, romas, and grapes. Round tomatoes are sizing up now, which shifts the short suite to the smaller end of the sizing spectrum. Quality is average, but is better than might be expected considering the conditions the fruit has been through.

Western Mainland Mexico is slow to get going, which is particularly affecting round tomato availability. Although more roma growers are coming into supply, many are experiencing a slight gap this week as they pulled heavily from the plants last week. Grape tomatoes are being sourced from both Central and Mainland Mexico, but total production is off by 25-30%. Numbers are expected to improve over the next two weeks, pending cooperation from the weather.

Bell Peppers: Last weekend's storm in South Florida caused damage to pepper fields. New crops experienced wind damage, which spurred farms to pick the mature fruit ahead of schedule. They expect to see skips over the next few weeks as the plants rebound from storm effects and picking ahead of plan. Older fields that suffered damage are now finished up for the season. The overall effect of this weather event is that product will continue to be short in Florida for at least the next few weeks. Meanwhile, Mexican growers are beginning to see things perk up. Nice weather in Southern growing areas should bring along more volume and size in the coming weeks. Quality is also improving with nice, thick walls and good color on the pepper that's crossing this week.

Green Beans: Warmer weather has improved green bean numbers in Mexican growing areas, but yields remain less than the norm for this

time of year. A number of growers are experiencing a skip this week, but they should be back in business in 5-7 days. Quality has been very nice. In Florida, bean crops experienced some storm damage, which will affect immediate volume and quality. Expect to see lighter production down the road as well, since there were reports of bloom damage.

Cucumbers: Honduran import volume and quality is expected to improve next week, which will ease Eastern markets somewhat. Mexico is also anticipating increased volume as more new fields start up. However, overall yields are down from the norm. Fruit quality and condition reports are good.

Eggplant: Florida looks for lower eggplant volume over the next 4-6 weeks as crops rebound from weather damage. Western markets are seeing limited production out of Mexico this week with calyx and liver spotting issues. Production should increase over the next 10-14 days as nice weather works its magic.

Summer Squash: Weather continues to be an issue for squash production in South Florida with volume very limited out of the Homestead area. In the West, we are beginning to see slight increases in production from both Northern and Southern Mexican growing regions. However, numbers are nowhere near normal. Quality is also improving although there are still scarring and scuffing issues. Farms project stronger production around the first of February.

Hard Squash: With Florida out of the mix and imports still a month and a half away, the whole country is looking to Mexico to fill hard squash needs. Sonora has steady production on all varieties. Scarring is a concern on butternut and spaghetti.

Transportation Facts

*The National Diesel Average continues to move toward the lowest levels we've seen in some time. It dropped \$.065 this week, and is now listed at \$2.11 per gallon.

*The average price for a gallon of diesel fuel is \$.82 lower than the same time last year.

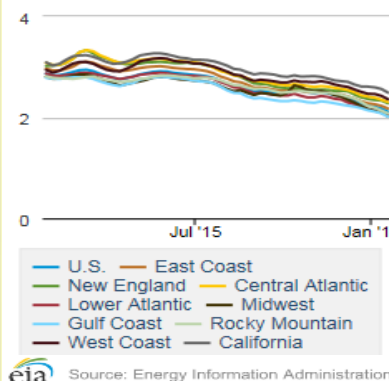
*Diesel prices dropped in all areas of the country this week with the most notable decreases in the Midwest and California (down \$.07 per gallon).

*California reported the highest-priced diesel fuel of the week at \$2.49. The fuel bargain in the nation can be found in the Gulf Coast area at \$2.01.

*The WTI Crude Oil Price continues its downward trend, falling 6.5% from \$30.44 to \$28.46 per barrel.

On-Highway Diesel Fuel Prices

(dollars per gallon)



eia Source: Energy Information Administration

ON THE HORIZON CONTENTS



News in the Grocery Trade- page 2
Spotlight on Lipman- the Estero Farm- page 3
Keep your Eye on the Consumer - page 4
Keep Your Eye on the Consumer Con.- page 5

Produce Barometer-page 3
January Calendar- page 3
National Weather Spotlight- page 5
Pack Your Bags - page 5



News in the Grocery Trade

HOW TO EXPAND FRESH DEPARTMENTS WHILE AVOIDING PITFALLS

By: Bill Crawford, www.supermarketnews.com, January 15, 2016

The growth of fresh and perishable products has been steady and strong and some rapidly growing chains have used them as the foundation of their store offerings. The recent *Supermarket News* gallery of the top alternative formats in food retailing shows how pervasive the focus on fresh and perishable is. It also shows on how many fronts grocery chains are facing intense competition. In addition to an increasingly challenging competition landscape, there are changes in the consumer marketplace. More Boomers, who have been the dominant demographic group to which food retail catered for years, are retiring and more Millennials, who demonstrate a penchant for fresh, non-processed food, are in the workforce and shopping for groceries.

Given the changes in both competition and consumer preferences, a shift to a focus, or at least a greater emphasis on fresh and perishable products may be a wise strategic move. Keeping up with or maybe gaining a leg up on competition is a sound move. Having product offerings that are appealing to a large consumer group coming into more and more disposable income can lay a foundation for solid growth for the time to come.

However, just because there may be strategic value in making such a move, does not mean that you are ready

to make it. Bad execution will not only give your store a black eye, but it may damage your reputation in ways that are tough to recover from. What happens to your customer loyalty if you mishandle product and foodborne illness is the result? The Food Safety Modernization Act (FSMA) going into effect later this year through next spring has provisions that retailers, not just manufacturers, need to be in compliance with. What happens to your image, and your sales, if your local media reports that you are in trouble with the FDA for violating food safety rules? Be sure that you have the tactical resources available to execute this change well if you are going to move in this direction. A few thoughts:

• **Do you have the right vendor partners?** Fresh and perishable products inherently have short shelf lives. They need to turn quickly or be replaced quickly to be at their peak. Are your current vendors up to the task of your expansion in this area? Are there others available that you feel confident can keep your shelves full and customers happy?

• **Do you have the right control systems?** Excess inventory of products that have limited shelf lives can be a financial disaster. Do you have systems that allow for tight inventory levels, rapid replenishment, and quick adjustment based on

consumer demand and seasonal availability? Can you find and fix areas of inventory shrink before they become damaging?

• **Do you have the right people?** Are they on your staff already? Or are there current staff who, with the right training, can manage a shift in this direction for you? If not, are the right people available for you to bring in? You need to find people who are not only skilled in managing something as fast-moving and dynamic as a fresh and perishable program but who also are a good fit with your company culture and personality. For additional thoughts on the importance of hiring the right people, check out this article.

My advice is not that you avoid considering or acting upon the potential strategic opportunity to make fresh and perishable a greater part of your offerings. My advice is that you have the right tactical and practical resources to do it right.

Bill Crawford is the founder and Principal Consultant at Crawford Solutions, a management consulting firm specializing in strategy and organizational development.





SPOTLIGHT ON LIPMAN The Estero Farm

Welcome to the Lipman Vegetable Garden! This 5,400-acre, fully-functioning farm in Estero, Florida gained its nickname from the wide variety of crops that are harvested there from October through May each year. You'll find everything from tomatoes to bell peppers (and many things in between) on this farm at some point during the season.

This location is special to our heritage, as it was one of the first land purchases made by the Lipman family back in the early 1960's. Through the years, the farm has been continually protected, enhanced, and developed into one of the most environmentally sound and technologically advanced farms in South Florida.

Because of its size and diversity, this farm is often highlighted when we host customer tours. Scott Rush (pictured upper-left) is the Farm Manager and unofficial "Tour Guide." His years of experience, wealth of knowledge and fun anecdotes make him the perfect fit for each of these roles. Scott is quick to give credit to some of the key members of his team- Matt Griffin- Assistant Farm Manager, Tony Medrano, and Carlos Ramirez- who help keep everything moving toward the goal of providing fresh food for our customers on a daily basis.

This location is also home to one of Lipman's Research & Development facilities, where a full staff works to develop the best-tasting and longest-lasting tomatoes possible. There's a lot going on in this little piece of paradise...and we love every minute of it!

PRODUCE BAROMETER

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



January Calendar

All Month

Get Organized Month

Fourth Week

National Clean Out Your Inbox Week

January 23rd

Better Business Communications Day

January 29th

National Have Fun at Work Day

Homestead, FL Weather

Thu Jan 21	Fri Jan 22	Sat Jan 23	Sun Jan 24	Mon Jan 25	Tue Jan 26	Wed Jan 27
72° F	73° F	66° F	61° F	70° F	73° F	77° F
64° F	61° F	48° F	48° F	61° F	66° F	64° F
E 13 MPH	SSW 16 MPH	W 24 MPH	NW 13 MPH	ESE 7 MPH	SE 9 MPH	SE 9 MPH
Averages	Precip 80%	Precip 50%	Averages	Averages	Averages	Precip 60%
77° F/55° F	77° F/55° F	77° F/55° F	77° F/55° F	77° F/55° F	77° F/55° F	77° F/55° F



Keep Your Eye on the Consumer 7 CONSUMER TYPES...AND WHICH 3 YOU NEED TO FOCUS ON

By: Sara Rush, Senior Editor, www.restaurantbusinessonline.com, January 5, 2016

Every restaurant operator wants to understand today's consumer—who they are, what they want, what drives their purchasing decisions. But to see the full picture, it's no longer enough just to look at gender, age, ethnicity or income. "Segmentation by traditional demographic groups is becoming less useful as consumers create their own unique identities and usage patterns based on [diverse] attitudes, beliefs and preferences," says Kelly Weikel, director of consumer insights at Technomic. More actionable, she contends, is understanding and grouping diners in a new way: by their habits, their needs and what motivates them.

Meet the new American diners—seven eater archetypes for today's times. Here, we offer a deep dive into these groups, including the latest data and insights on where the opportunities lie for operators. Three of the seven personas—Foodservice Hobbyists, Functional Eaters and Busy Balancers—together make up more than half of restaurant consumers; it's these people who use restaurants most. To meet the needs of these key customers, it's crucial to know how they view restaurants and what they want out of the experience.

Busy Balancer

Anna is confident that she has her act together. She feels good about her diet, her financial situation and her family. This millennial multitasker thrives on stress, and makes time to exercise, eat right and socialize. A good job, a working spouse and an upper-middle-class income help her to have it all. She'd like to cook for her family, but makes healthy choices when dining out, whether grabbing breakfast on the way to work or ordering dinner online on the way home.

Opportunities for operators

- Delivery is an indicator of good value to Busy Balancers, likely due to their on-the-go lifestyles. They've also increased their use of delivery over the last two years.
- Protein is part of a balanced diet in their eyes, and they're more likely than any other group to eat meals that include meat, poultry or seafood. About half, however, think vegetarian meals are healthier, so healthy verbiage on the menu may resonate.
- Portable desserts are a sell at both full- and limited-service restaurants. This group also grabs desserts as snacks or meal replacements, so a convenient location might persuade a Busy Balancer to make a dessert-only stop.
- Heavy reliance on foodservice makes a strong menu and high-quality beverage program a must to build loyalty among Busy Balancers.
- Busy Balancers are more likely than other consumer type to get afternoon snacks from limited-service restaurants. Late-night snacks at limited-service spots are more popular among Functional Eaters.

Foodservice Hobbyist

Meet Fran. She's enjoying middle age, now that the kids can fend for themselves, by working a part-time job and spending quality time with friends, often at restaurants. Lunch might mean a familiar neighborhood place, but dinner is a chance to try something new and have a unique experience while socializing. Because they like to eat out frequently, and they're mostly middle income, Fran and her friends might split an entree or decide where to go based on a special promotion.

Opportunities for operators

- Appetizers, small plates and sides play well with Foodservice Hobbyists, who order these items more than any other group as a way to try a new dish, often sharing with tablemates.
- Food safety is a concern, as are animal-treatment policies and environmental issues. They'll pay more for healthy callouts on the menu, such as "natural," "sustainable" or "locally raised."
- It's not all about meat. They are the most likely group to say that meals do not need to include meat, poultry or seafood; think "plant forward."
- They're looking for value at breakfast, even though it's when they eat out the least. Filling dishes that suit a range of tastes may encourage greater frequency.

Functional Eaters

To Martin, food means fuel. Low-income and struggling to make ends meet, he's working as much overtime as he can get. Meals and snacks are eaten on the go, often in the car or break room, and whenever time allows. Trying the next new thing or worrying about nutrition or ingredient sources isn't a priority; even price takes a backseat to convenience and just getting through his stressful day.

Opportunities for operators

- Promoting drive-thru and easy takeout features such as curbside pickup might pique their interest. They're fickle, but serve their needs and they'll become loyal customers.
- Larger portion sizes signal overall value. Emphasizing more food and combo meals may play to their value-minded, food-as-fuel sensibilities.
- There's promise in mobile technology. The option to place an order and pay remotely and seamlessly may boost both loyalty and satisfaction.
- In-your-face discounts could trigger a sale, given that Functional Eaters don't enjoy spending money on food, but also don't have the time or patience to look for deals. Integrating offers into mobile technology, where this diner already is, might win some loyalty points.

Affluent Socializers

Affluent socializers visit a wide repertoire of restaurants and order from or visit a restaurant at least once a week. These people are typically baby boomers or older and enjoy a high income level. They generally view dining out as entertainments, without seeing price as a confining factor.

Opportunities for operators

- Value means quality. They are willing to spend money for a good meal, so gear advertising efforts towards pricier items by emphasizing high-quality ingredients, using trigger words such as "locally sourced," "farm-raised" or "organic."
- Show off signatures. They'll often order apps or small plates, especially if they're dishes that cannot be found elsewhere; plus these shareables add to the social aspect of the dining experience. They'll try new cuisines on occasion, so calling attention to interesting dishes can drive decisions.

CONTINUED ON PAGE 5...

CONTINUED FROM PAGE 4

Bargain Hunters

Bargain Hunters are light restaurant users, lower income, and often an older female who is driven by affordable price points. They generally don't follow a specific diet and are not too concerned with healthy menus. This group does not often utilize technology at restaurants.

Opportunities for operators

- Just because they don't like to spend doesn't mean they aren't eating out. Bargain Hunters are more likely than others to seek out low prices in order to eat out more often. They like to build meals out of a combination of value-price items, so having a wide selection on a value menu may win them over.
- Small plates are big. But not necessarily to share or try new flavors like other consumers. Bargain Hunters are more likely to buy them as a less expensive alternative to full-size entrees.

Habitual Matures

Habitual Matures are typically 55-plus, retired men living off a modest income or savings. They are not adventurous eaters and stick to recognizable comfort fare. These people are generally light restaurant users with a few familiar favorites.

Opportunities for operators

- Uninterested in build-your-own options. They like to order menu items as they are, with traditional toppings and sides. Be sure to present traditional options that don't require creativity or decision-making.

Health Enthusiasts

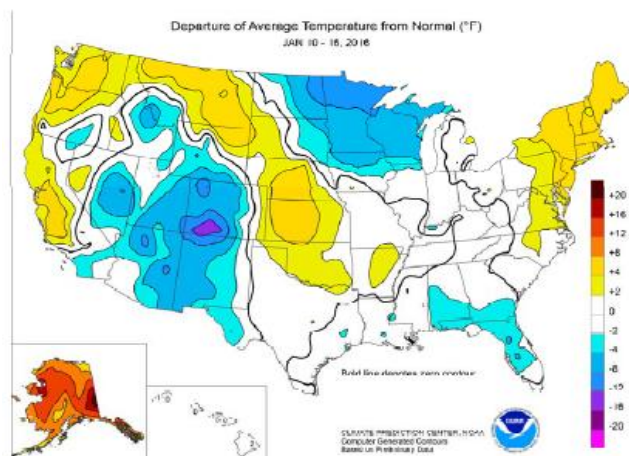
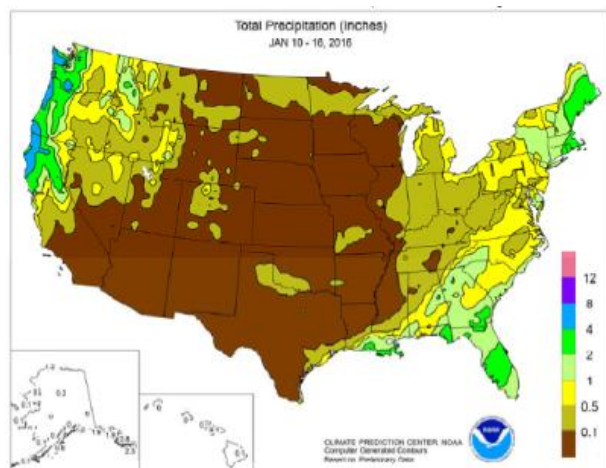
For health enthusiasts, most food purchases come from the grocery store as they prefer to prepare most meals at home. This group eats out the least of all the groups and does not see eating out as entertainment.

Opportunities for operators

- Seeking customizable options and "clean" labels. They're more likely to avoid dairy, so custom toppings and vegan alternatives are a draw. But while they see low sugar as a better-for-you attribute in desserts, they shun artificial sweeteners.

Note: This article has been edited for content due to space restraints. For the full article, please visit www.restaurantbusinessonline.com.

NATIONAL WEATHER SPOTLIGHT **Weekly Precipitation and Temperature Deviation**



Mark Your Calendar & Pack Your Bags

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

www.franchisinginnovation.com



May 17th-19th, 2016
PMA Tech Knowledge
Hyatt Regency Santa Clara
Santa Clara, CA

www.pma.com/events/tech-knowledge

Created By

Lipman
refreshingly dependable

For Our Valued Customers

Visit our website....

www.lipmanfamilyfarms.com

Follow us on Facebook, Twitter and Instagram!

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