



On The Horizon

MARKET UPDATE

Tomatoes: Quincy's round and roma tomato harvests will button up for the season next week, which will leave the East in South Carolina's hands until Tennessee, Virginia and other local deals get up and running in early to mid-July. Currently, South Carolina farms have moderate volumes, a range of sizing, and good quality to offer. Grape tomato numbers are up this week, as a few more growers started new plantings in South Carolina, Quincy, and even North Florida. Roma availability is still very limited in the East but should improve when local and regional deals start in July.

Overall tomato availability remains solid in the West. California's San Joaquin Valley is now fully in the mature green tomato business as all but two major growers have started the season with rounds. If vine-ripened are your preference, there are adequate volumes coming out of Mexico during the transition from Mainland to Baja production. Roma numbers have been steady out of Mexico but will begin to decline as some growing areas work toward their seasonal declines. Fortunately, several San Joaquin growers expect to start later this week and should build volumes over the next week or so. And, finally, Baja is seeing stronger numbers on grape tomatoes but this could be short-lived as there have been reports of disease concerns in the crops.

Bell Peppers: While Georgia winds down its pepper season, new growing areas and local deals are popping up in various spots in the East. North Carolina just got up and running over the weekend and is heavy to XXL and jumbo sizing with virtually no choice product available yet. Farms in several other states (KY, VA, SC to name a few) expect to start over the next 7-10 days and should offer improvement over what Georgia has left in the pipeline. The West continues to have good volumes and strong quality from California with more growing areas on tap to start soon.

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Cucumbers: Nogales shippers are seeing Sonora near the finish line with cucumbers, but still have a late Chihuahua deal that is going strong. Baja's crop has been painstakingly slow to come into volume and isn't expected to peak until July. Color has been beautiful, but some farms are struggling with shelf life due to hollow centers. To round out the Western report, we should begin to see light volumes from Washington state growers as they get started next week. In the East, cucumber crops are transitioning from Georgia to points north, such as the Carolinas, New Jersey, and several smaller local deals. Georgia has an abundance of offgrade product but very little in the way of retail quality fruit, which has moved most demand to the newer production areas.

Summer Squash: Squash is available in at least 10 Eastern states/growing areas this week. Although there's no single area with dominant supply, strong numbers are coming out of New Jersey and Michigan will up the game as they get rolling. Quality is good from most areas (except GA), but there are scarring concerns on yellow squash from multiple growing zones. In the West, Santa Maria's squash farms expect to have lighter volumes until July 4th when they move into new plantings. Baja volumes, however, are steady and there are also a few local deals running in the Northwest.

Green Beans: With Georgia mostly finished, Virginia in a slight skip, and light volumes in North Carolina, Eastern beans are snug this week. Look for availability to improve next week as current volumes build and Tennessee gets into the mix. Western production is spread among several growing districts in California, all with light supplies.

Chili Peppers: Mainland Mexico's chili peppers are beginning to see quality concerns from previous weather, which has shifted the focus over to Baja where quality has been excellent. Production is still on the light side in Baja, but is expected to step up to full volume by mid-July.

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TRANSPORTATION FACTS

*The national average price for diesel fuel dropped over \$.02 this week, moving from \$3.27 to \$3.24 per gallon.

* The average price for a gallon of diesel fuel is \$.76 higher than the same time last year.

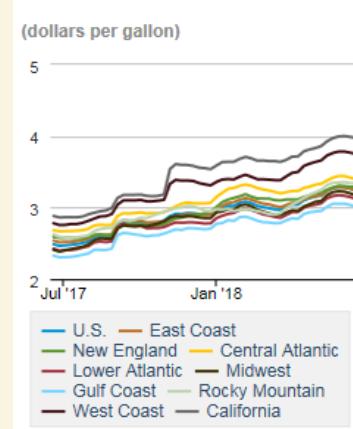
* All areas of the country reported prices decreases with the most significant drop coming out of the Lower Atlantic region (down \$.03).

*California maintains its role as the area with the highest pricing at \$3.98 per gallon. The Gulf Coast region offers the best bargain at \$3.02 per gallon.

*The WTI Crude Oil price fell 2.4% this week, moving from \$66.64 to \$65.07 per barrel.

* Transportation continues to be snug, with many active shipping areas reporting shortages this week.

On-Highway Diesel Fuel Prices



Source: Energy Information Administration

NEWS IN THE GROCERY TRADE

What QSRs Can Teach Grocers

By: Howland Blackiston, www.theshelbyreport.com, June 14, 2018

As groceries and supermarkets step into the brave, new world of branded, proprietary food offerings, they quickly learn that they have a whole new set of competitors—specifically, QSRs and fast-casual restaurants. But that's not all bad news. QSRs have served their market for 50-plus years, which means that grocers can shortcut their learning curve by adopting some QSR best practices. Here are a few of them.

Develop a menu strategy

This is the foundation of your foodservice business. It links a thoroughly-researched menu strategy to specific business objectives. The strategy prioritizes the menu products and guides all in-store food merchandising. It also helps identify what new menu items should be developed and existing items that should be eliminated. Developing a menu strategy is similar to strategic business planning. You set business goals relative to menu items, prioritize these goals, and then develop/execute a plan with specific action items. Answer the questions below to see if you have a menu strategy.

Do you have a menu strategy?

Unless you score 100 percent on this test, you don't.

1. Has each menu item been prioritized based on its importance to the brand?
2. Do you have a specific action plan for each menu item?
3. Do you have the supportive details in place to execute the plan?

4. Do you have specific metrics to evaluate results?
5. Has the menu strategy been shared and understood throughout the company?

Optimize your menu boards

Research shows that 56 percent of customers can be influenced by the menu board. The CEO of a QSR recently told me that "menu board optimization is one of the best investments we can make, far exceeding any other strategy to increase profits." The problem is that many companies don't link menu board performance to business objectives; plus, they don't take into consideration how customers use the boards. Once you set your objectives, leverage your "hot spots"—the areas where customers tend to look first and most frequently. This is where your best-selling, highest margin menu items should be placed. Conduct a "sales-to-space" analysis to see if the ideal amount of menu board real estate is devoted to your best-selling items. See if those items also enjoy the most prominent placement on the menu board. There's more to do, but this will get you started.

not the only source of innovation; consider your menus. QSR test kitchens churn out myriad new product ideas daily in search of the next signature dish that will be a blockbuster.

Think customer zones

Actually, groceries should have a leg up in this area because they already treat their meat departments differently than the produce aisles and the pharmacy. But there is even more to what we call Customer Operating Zone Improvement (COZI). There are many other zones where your communications can impact the buying decision—outside the store, the entry way, signage pointing the way to the foodservice section, menu boards within the foodservice section. Starbucks recognized this when sales soared after applying COZI strategies to its drive-thru zones. Based on this success, Starbucks made the largest capital investment in its history to replicate the COZI approach at its drive-thrus nationwide.

Howland Blackiston is a principal of King-Casey, a consulting and branding firm serving the restaurant industry.

Commit to innovation...continuously

The best QSRs never stop exploring new ways to do things better. Today, most are simultaneously exploring kiosk ordering, mobile app & pay, and home and curbside delivery, in addition to upgrading their drive-thrus. If you want to compete, you should, too. But technology is



Quick Notes on Foodservice

3 Ways Restaurants Can Engage Gen Z

www.fastcasual.com, June 20, 2018

Members of Generation Z, which make up 26 percent of the U.S. population, spend \$1 out of every \$5 eating out — a statistic that makes clear the critical role these young people play in driving restaurant growth and relevance, according to data gathered by GP PRO, a provider of foodservice disposable products and advanced dispensing solutions for commercial facilities.

GP PRO's research team said it gathered existing data from a vast array of online sources to generate the data shared and used.

"There is absolutely no question that understanding Gen Z and making business decisions to attract Gen Z customers and gain their loyalty is critical to succeeding in today's highly competitive foodservice landscape," GP PRO VP Alec Frisch, said in a company press release.

Restaurants trying to connect with Gen Z should keep in mind the best way to reach them is via technology, authenticity and social responsibility.

Technology: Made up of tech natives with constant exposure and access to technology, Gen Z has a sense of immediacy as well as a reliance on social engagement that impacts their on- and off-premise experiences with restaurant brands.

Authenticity: Gen Z is focused on realism, transparency and authenticity and is more likely to make purchases from brands that understand this. Statistics shared by GP PRO indicate that 44 percent of Gen Z is more likely to visit restaurants that offer new or innovative experiences, but that experience must be authentic.

Social Responsibility: Brands must exercise social responsibility from providing a good value at a fair price and protecting the environment to advancing racial, gender and income equality.

PRODUCE BAROMETER

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



JUNE CALENDAR

June-All Month

Great Outdoors Month
National Fruit & Veggie Month

Fourth Week (June 24th -30th)

Watermelon Seed Spitting Week
June 22nd
National Eat at a Food Truck Day
June 30th
Social Media Day

Beaufort, SC Weather

| Fri Jun 22 | Sat Jun 23 | Sun Jun 24 | Mon Jun 25 | Tue Jun 26 |
|------------------------|--------------------------|-----------------------|--------------------------|--------------------------|
| | | | | |
| 93°F 80°F | 91°F 79°F | 93°F 79°F | 92°F 77°F | 89°F 75°F |
| W 10 MPH Precip 40% | W/SW 9 MPH Precip 20% | W 9 MPH Precip 20% | W/SW 8 MPH Precip 40% | W/NW 8 MPH Precip 40% |

KEEP YOUR EYE ON THE CONSUMER

The New Retail Playbook: Reimagining the Store

By: Nicole Peranick, www.winsightgrocerybusiness.com, June 19, 2018

If you build it, there is no guarantee they will come. The new retail playbook calls for retailers to rethink the four walls of the store and create a destination for shoppers. As e-commerce continues to make a footprint on retail, physical stores will not be killed off. Instead, they will be challenged to change by upending their strategies to marry the best of digital with the best of physical.

With a larger portion of shoppers joining the online movement, thanks to burgeoning new technology such as voice-enabled purchases and home delivery, it's time to reimagine the shop. Based on findings from Daymon's Private Brand Intelligence Report 2018, here are five strategies to bring the future of retail stores forward.

Stay Connected

For modern shoppers, loyalty is a thing of the past. Many of the products and services that were once confined to a single retailer are now available everywhere, which means retailers need to encourage greater connectivity with consumers to build a relationship that motivates them to come back for more. Considering seven in 10 engaged shoppers want to give feedback to help improve the shopping experience, now is the time to up the ante by creating new customer touch points—think innovation incubators, in-store cooking classes, design workshops and more.

Personalize the Store

If products and services are going to be successful, they need to be tailored to the specific lifestyles and needs of shoppers. The good news for retailers is that investing in personalization can pay off in a big way; but of course, the foremost roadblock is cost. However, private brands can help mitigate risk because they are positioned for scalability and profit, thanks to their inherent flexibility and unique position as a retail-controlled brand. Daymon's research shows that shoppers are acknowledging the experiential attributes of private brands, with 81% saying private brands address their specific local needs at least as effectively as—if not better than—national brands.

Make It Experiential

We are living in a world of overstimulation, so how does a retailer break through the clutter? The answer is dimensionalized experiences. With 59% of shoppers seeking engagement while they shop, it's time to tap into this desire for discovery and multisensory interactions to transform their journey. Sligro, cash-and-carry retailer based in the Netherlands, has introduced experiential elements to reinvent traditional departments with digital coffee-tasting stations. Shoppers can use the stations to sample coffees while learning more about their origins with the simple touch of an interactive table. However, experience doesn't end at the shelf. Retailers should look to incorporate AR, VR and other curated experiences both in and out of store to elevate and differentiate from the pack.

Get Fresh

Fresh just got a lot more interesting. What used to be thought of as the produce department is now a much bigger idea and offering that extends across the store to include new and unique products and services. In fact, six in 10 shoppers cite fresh as being a determinant of store choice. Nontraditional retailers have caught on, which has led to a spike in fresh offerings at value, mass, drug and convenience shops. To outdo the new competition, retailers must abandon conventional thinking and approach fresh through a holistic lens. Alexela Oil, an Estonia-based petrol station, illustrated this modern interpretation of fresh when it introduced local farmers market stands at its stores and allowed farmers to book stands for free and sell their local goods. Other retailers have also taken fresh to the next level, with fresh-focused restaurants, trend-forward prepared foods, meal kits, meal-prepping parties and new fresh services such as the produce butcher.

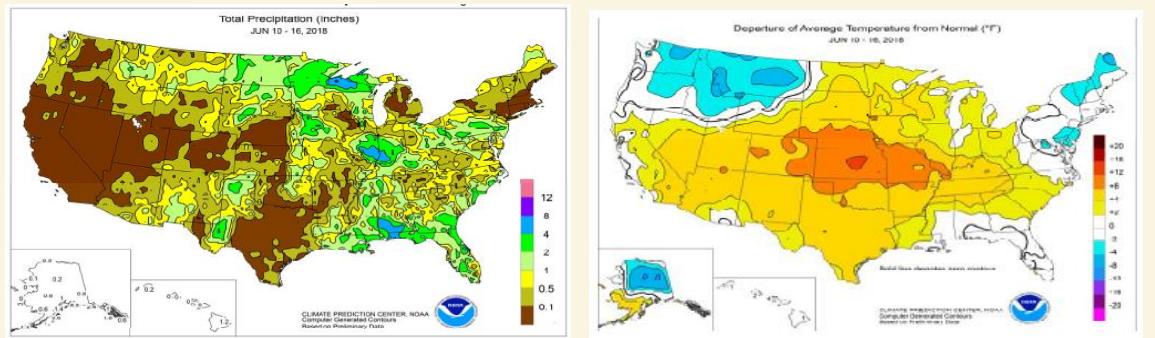
Rethink Convenience

Time is the new currency, which means that doubling down on convenience is a winning bet. Retailers need to redefine convenience for the current "I want it now" culture—especially since, according to Daymon's research, stores can witness a 48% attrition rate on average due to convenience-related frustrations, such as checkout. Apparel retailer Uniqlo provides an example of how to approach convenience differently by tapping c-store partners to set up pickup services for their online orders in stores nationwide. Frictionless commerce can also be implemented by investing in relevant curation, streamlined omnichannel and seamless mobile integration.

While physical stores and e-commerce may seem like adversaries, the truth is they are just two parts of the retail ecosystem. Digital may be at the forefront of today's conversations, but brick and mortar will always provide an experience that no digital advancement can replicate. The name of the game is now reimagining physical retail to pave the way for the store of the future.

NATIONAL WEATHER SPOTLIGHT

Weekly Precipitation and Temperature Deviation



RESTAURANT INDUSTRY NEWS

Aware of the Food Code? Here's How it Helps You

www.restaurant.org, June 13, 2018

Every four years, the FDA revises its Food Code. It is now finalizing updates to the latest version. We asked Vito Palazzolo, our food safety expert, to explain how it affects our businesses.

What is the Food Code?

The Food Code, developed by the Food and Drug Administration (FDA), helps safeguard the public health and ensures that food sold to the consumer is prepared safely and honestly presented. It offers the FDA's best advice for a system of provisions that address the safety and protection of food served at retail and in foodservice. It's typically adopted by local, state and federal jurisdictions.

What should operators know about its latest changes?

They need to know and comply with all requirements of any food code adopted by a local, state or federal entity. In addition, there are several changes to the new, 2017 FDA Food Code that could affect our industry.

What are some of them?

The more notable ones are:

- **The Person-In-Charge** (PIC) will now have to be a specifically designated person within the establishment as well as a certified manager. He or she will have to be on site, and available at all times and all shifts while the facility operates.
- **A change in the cooking time** for ground meats has changed. The temperature is still 155°F, but the time is now 17 seconds instead of 15 seconds. Note: this is not the total cooking time, just the time that the thickest part or center of the food takes until it's cooked through. The extra 2 seconds helps destroy pathogens in the middle of the product.
- **You must cover cuts on the hands** and fingers with a finger cot or impermeable bandage. Also, you must wear single-service gloves over the covering.

What is the biggest challenge?

Local and state governments don't always adopt the Food Code as soon as it's introduced. Sometimes, we have five different codes adopted within one state. This makes compliance difficult. Which code and/or standard should the industry try to meet? In Arizona, for example, the state is on the *1999 FDA Food Code*, but four other counties are on the *2001, 2005, 2009 and 2013*, respectively. The FDA needs to implement a system where local and state health departments adopt the most recent version entirely.

To learn more, please visit www.restaurant.org

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MARK YOUR CALENDAR
PACK YOUR BAGS!

July 24, 2018
NEPC Annual Golf Tournament
Charter Oak Country Club
Hudson, MA
www.newenglandproduceouncil.com/golf

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

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