



On The Horizon

MARKET UPDATE

Tomatoes: Although Virginia farms have finished for the season, local deals in the Carolinas, Alabama and Tennessee continue with light volumes of rounds and romas until first frost. Growers in the Quincy area are coming online slowly with more joining in the fun over the next 7-10 days. Reports vary, but volumes from both Quincy and Palmetto/Ruskin are expected to be at reduced levels thanks to Irma. Quality varies by grower and area, but there are definitely reports of challenges from early north Florida crops. The grape tomato story in the East is similar with light production spread throughout both older and newer production areas.

California's round and romas volumes are winding down, with some growers finishing next week and others hoping to go through the end of the month. Eastern Mexico and Baja continue to provide steady volumes from existing round acreage and are now breaking into new romas plantings. The strongest grape tomato volumes are crossing through Texas this week, as Baja still waits for its numbers to pick up the pace. Overall quality has been average to good on rounds and romas and is improving on grapes.

Bell Peppers: Most of the northern bell pepper deals in the East are winding down, but there's still plenty of fruit available from many areas, including KY, NC, SC, VA, TN and GA. Quality is holding up reasonably well from older crops and has been good from newer fields. California's current production areas are piping down with cooler nights for some and quality issues for others. The desert will start sometime late next week, bringing some new crops to the table.

Cucumbers: Baja production continues to be strong and will continue into November with new fields breaking next week. Growers in Mainland Mexico are also up and running, so there's more than an adequate supply in the market. Quality has been good, especially from

Mainland Mexico's growers. In the East, North Carolina production will wrap things up over the next 7-10 days. However, Georgia farms have been shipping steady volumes with good quality and north Florida is just getting started.

Summer Squash: Summer squash is still available in many local areas in the East, as well as in Georgia. As usual, yellow squash is the shorter suite, mostly due to lighter plantings and scarring concerns. As for the West, Watsonville and Fresno are still in the squash business but demand is beginning to shift to Nogales where crossing volumes continue to increase.

Green Beans: Watsonville, CA expects to have good volumes of beans for the next 10-14 days, but other growing areas have limited numbers as they wind down for Fall. The next area on the horizon is the California desert which isn't due to start until the end of the month. The East has beans shipping from NC, TN, VA and GA this week. Volume has been adequate but looks to be tightening up as cooler weather sets in to the north and Georgia farms deal with disease pressure.

Eggplant: Eggplant is readily available in the East as many local deals are holding on to the season. Overall quality is good, but there are some reports of brown calyx on Georgia's fruit, as crops react to disease pressure. California's eggplant numbers have been waning, but should improve when the desert gets going next week.

Chili Peppers: Santa Maria is winding down quickly on chilies with shortages on thinner-walled peppers and a decline in size and quality on japs and serranos. Baja is in with light supply but has great quality. Sonora is set to start in about 10 days, with Sinaloa following in another week or so. Weather has been great in those regions and supply should start strong. Several shippers in Georgia are offering the full line of chilies (except tomatillos) with good quality.

ON THE HORIZON CONTENTS

Keep Your Eye on the Consumer- [page 2](#)
 Team Lipman in Pictures- [page 3](#)
 An Apple a Day - [page 4](#)
 Restaurant Industry News- [page 5](#)

Produce Barometer-[page 3](#)
 October Calendar- [page 3](#)
 National Weather Spotlight- [page 4](#)
 Pack Your Bags - [page 5](#)

TRANSPORTATION FACTS

*For the first time in several weeks the National Diesel Average dropped, moving from \$2.79 to \$2.78 per gallon.

* The average price for a gallon of diesel fuel is \$.33 higher than the same time last year.

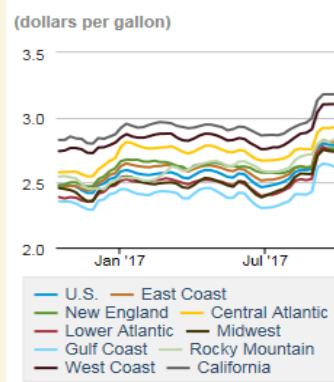
* Prices declined in all reporting areas with the most notable change in the Lower Atlantic region (down \$.04).

*California remains the high price leader for diesel fuel at \$3.17 while the Gulf Coast region continues to offer the best bargain at \$2.60 per gallon.

*The WTI Crude Oil price edged up 1.0% this week, moving from \$50.42 to \$50.92.

*Truck shortages continue in potato/onion shipping areas. However, transportation availability is adequate in other vegetable shipping regions.

On-Highway Diesel Fuel Prices



Source: Energy Information Administration

KEEP YOUR EYE ON THE CONSUMER

Trends Driving Fresh Fruit and Vegetable Sales

www.theproducenews.com, October 5, 2017

Consumption of fresh produce grew steadily — albeit modestly at about 1.3 percent — between 2011 and 2016. As market research firm Packaged Facts forecasts in the new report Fresh Produce: U.S. Market Trends and Opportunities, annual gains should continue through 2021.

"Fruit and vegetable producers benefited from steady growth among the U.S. population, as well as from the fact that all age groups have high usage rates, especially Gen X adults," said David Sprinkle, research director for Packaged Facts. "Fruits and vegetables are expected to continue experiencing growth in niche areas as consumers persist in seeking out novel flavors from around the world. Increases in disposable personal income will support purchases of premium fruits and vegetables, including non-GMO, organic, and locally grown types. Also, marketing strategies focusing on health and the delicious taste of fresh produce will help fruits and vegetables to expand their appeal and per capita consumption."

The opportunities seem almost limitless, but as Sprinkle noted some trends are more impactful than others. And so, here are six of the key trends Packaged Facts reveals will influence future growth in the U.S. market for fresh fruits and vegetables:

Online grocery shopping and delivery services inducing produce purchases:

Millennials and families with small children have busy schedules and often do not have the time to plan and shop for healthy meals. The advent of online grocery shopping appeals to this demographic on convenience, allowing consumers to receive produce and other foods without needing to browse store shelves.

"Produce benefits greatly from online ordering because consumers are increasingly seeking healthy foods, and with the added convenience, they are likely and able to purchase more fresh fruits and vegetables," said Sprinkle.

Further convenience with meal kit delivery spurring produce gains:

Another iteration of grocery delivery is meal kit delivery, which provides all the ingredients needed to prepare a meal in the correct portions. Meal

kits appeal mostly to millennials and Generation X, especially among single people and men. The convenience allows busy consumers to cook and eat healthy meals incorporating produce, while perfect portion sizes lead to less food waste for single people, who might find many produce options available at the grocery store too large for their needs.

Community supported agriculture and farmers' markets grow from locavore movement:

Community supported agriculture programs have existed in some areas for a while, but in recent years, they have taken off throughout the country as consumers seek to eat healthy, locally grown produce and to support local commerce. CSAs involve community members pledging support to a local farm by promising to cover the costs of farming operations, and in effect, becoming a stakeholder of the farm. In return, CSA members receive fresh produce from the farm throughout the growing season.

"Direct sales to community members are beneficial to both farmers and buyers, as farmers can have better financial security through sharing the risks of potential bad crops, while buyers can have fresher produce with more variety than might be available in grocery stores, sometimes at a lower cost without middlemen," said Sprinkle.

Diet and superfood claims spur produce gains:

Consumers increasingly focused on health looked to special diets and fresh items over the 2011-2016 period. Trendy diets such as the paleo diet and the raw food diet emphasize the healthy benefits of fresh fruits and vegetables while appealing mostly to young people. However, most healthy eaters tend to be older, as they have more age-related health concerns. As such, Baby Boomers are a key demographic for fresh produce purchases. Millennials tend to eat less well because they are often too busy

to prepare healthy meals, and their youth theoretically comes with fewer health concerns.

"Fruits with natural sugars are marketed as a healthier alternative to sweets such as cookies and cakes that may be eaten as a snack. As snacking becomes more popular throughout the day, ready-to-eat fresh fruits and vegetables represent an attractive option for many consumers on diets as a replacement for sweets and other processed snacks. Additionally, people looking to increase nutrient intake have turned to foods deemed 'superfoods' as a way to stay healthy, which has increased the popularity of produce such as avocados with both the media and consumers alike," said Sprinkle.

Exotic flavor profiles heating up the market:

Ongoing multicultural changes in the U.S. led to tremendous growth in the market for spicy foods over the past half-decade. As adventurous millennials sought out new flavors, hot peppers became incredibly popular. Chili pepper consumption grew 5 percent annually between 2011-2016. Interest in "super-hot" peppers grew as some people took on "pepper challenges." Less spicy chili peppers such as jalapeños gained more mainstream appeal as an increasing Hispanic population and growing interest in Mexican and South American cuisine took off, especially among millennials. As young people acquired a spicier taste, they used chilies more in cooking and shared their recipe ideas online, further exposing people to the spicy trend.

Capitalizing on the flexitarian movement:

Marketing opportunities exist with meat-eating consumers who increasingly identify as "flexitarian." Vegans and vegetarians already eat a large amount of fruits and vegetables, but flexitarians who can be persuaded to eat more vegetarian meals or less meat overall will likely increase consumption of fruits and vegetables to get the nutrients that would be present in a serving of meat.

We're bringing you the best of nature at PMA in New Orleans!

Please join us at Booth #219 to enjoy:

- Chef-inspired tomato snacks and beverages
- Happy hour from 2-5 pm each day
- College football on Saturday
- Learning more about our local sourcing and organic programs
- The opportunity to discuss how Lipman can best partner with you to grow your produce business

We look forward to seeing you there!



Please note:

On the Horizon will NOT be published on October 19th, 2017. Normal publication will resume the following week.

PRODUCE BAROMETER

ITEM	QUALITY	PRICING
Bell Pepper	Good	Steady
Cucumber	Good	Steady
Eggplant	Good	Steady to Higher
Green Beans	Varied	Steady
Jalapenos	Fair to Good	Steady to Higher
Onions	Excellent	Steady
Squash	Good	Steady
Tomatoes	Varied	Steady



OCTOBER CALENDAR

All Month

National Pizza Month

Third Week

National Food Bank Week

October 17th

National Pasta Day

October 18th

Take Your Parents to Lunch Day

October 19th

Get to Know Your Customers Day

Quincy, FL Weather

Fri Oct 13	Sat Oct 14	Sun Oct 15	Mon Oct 16	Tue Oct 17
88°F	86°F	87°F	84°F	80°F
69°F	70°F	70°F	67°F	64°F
E 7 MPH	ENE 8 MPH	E 6 MPH	NE 3 MPH	NNE 8 MPH
Precip 20%	Precip 40%	Precip 10%		

AN APPLE A DAY

Study: Millennials are Most Interested in Fresh and Healthy Foods

By: Sandy Skrovan, www.fooddive.com, September 28, 2017

Dive Brief:

- A study of more than 12.5 million social media posts and other online commentary by millennials during the past year conducted by CBD Marketing substantiate many long-held assumptions about their food and beverage consumption and shopping habits, according to a statement.
- Research findings show millennials prefer healthy and natural foods. They like to cook and prepare meals. And they support alternative food distribution vehicles like meal delivery and meal services.
- "Consumer products companies are obsessed with millennials, and with good reason," CBD Marketing's co-CEO Lori Colman said in the statement. "They are one-fourth of the population and represent \$10 trillion in lifetime buying power. Millennials share their opinions and buying habits online via social media platforms and on other sites. Businesses and brands that mine this treasure trove of online data will be the ones that market their products successfully."

Dive Insight:

More than any other shopper segment, millennials — a generation that grew up with the internet — make a habit of sharing their sentiments via social media. This kind of online data and information can be of enormous value to brand marketers and retailers in understanding shopper preferences and attitudes. More importantly, acting on it can develop marketing and merchandising approaches — both in-store and online — that resonate with different shopper groups.

Some have wondered if grocers' focus on millennial spending and shopping habits are overblown, but this CBD Marketing study shows just how much this demographic is shaping the retail space. The research provides a wealth of insights on millennial shopper sentiments and food-buying behavior based on the analysis of 8.6 million food-related and 2.2 million beverage-related posts.

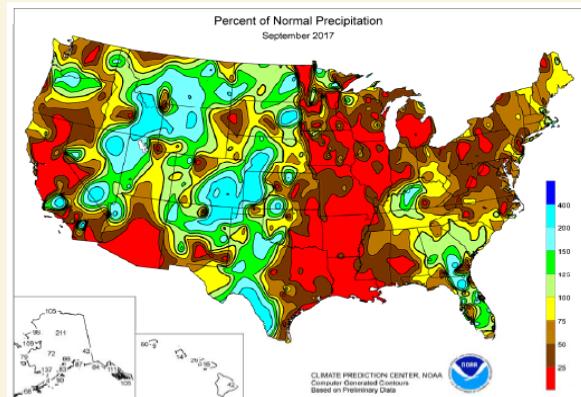
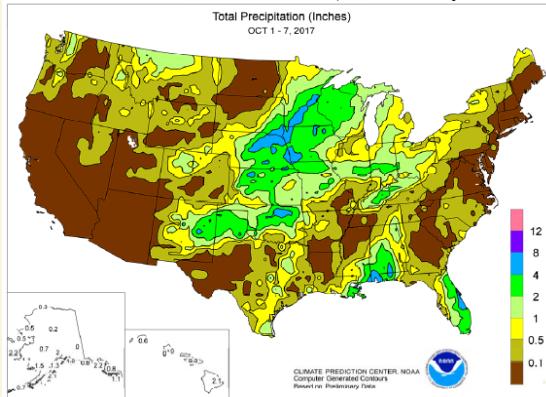
Fortunately, most of the findings align with what retailers and brands have long thought about this younger shopper generation. Millennials want fresh, healthy and natural food and beverages. They care about the environment and expect companies they deal with to be transparent. Soda and other sugary drinks are out, while better-for-you beverages — like sparkling water, kombucha and plant-based milks — are in.

Though not totally surprising, an interesting finding is that millennial shoppers aren't interested in dieting, fat-free food or "helper" convenience foods, which seems to contradict the picture of the always-on-the-go millennial shopper. Instead, CBD Marketing's research finds that millennials like to cook and prepare meals. They also support alternative food distribution methods, including grocery delivery and meal services.

There are a number of ways grocers can cater to this younger shoppers' desire for fast yet fresh food. Food retailers increasingly are leveraging the perimeter of the store to feature prepared food stations and add in-store restaurants, coffee and tea bars, and smoothie stations. Some grocers are adding in-store signage that offers recipes, cooking explainers and meal preparation tips.

NATIONAL WEATHER SPOTLIGHT

Weekly Precipitation and September's Percent of Normal Precipitation



RESTAURANT INDUSTRY NEWS

5 Ways to Take the Temperature of Your Restaurant

By: Justin Cohen, www.restaurant-hospitality.com, October 4, 2017

Measuring performance is critical for your restaurant. A coach measures a team's efficiency with wins, losses and public perception, and restaurant managers should think the same way. Many restaurant failures could be saved by implementing some basic but necessary forms of measurement. Successful restaurants that maximize their profit have one standout approach: They use multiple levels of measurement for real-time feedback on the health of their business.

Use these five best practices to help you identify your restaurant's needs, create a more accountable culture and generate sustainable cash flow.

1. Dine at your restaurant. You would think this is obvious, but it's very uncommon. Every time you dine at your restaurant, you gain a new perspective. Each seat views the business from a unique angle. You may have a wobbly table or notice a light that is out. You can also evaluate the service as a guest. You will quickly see strengths and deficiencies of the service staff. What is their sense of urgency? How strong is their menu knowledge? Is the host attentive and enthusiastic? Are pre-busses and refills consistent with training standards? Once you have identified weaknesses, you can plan to bridge the gap. As for the food, I have dined in my restaurants hundreds of times and have had very few perfect experiences. If you feel there are no growth opportunities with food, you are not looking hard enough. Eating as a guest gives you incredible coaching opportunities for recipe adherence, food production and technique, and helps find training and developmental holes you can work with.

2. Use secret shoppers. Secret shoppers are an important measurement for the sustainability of a restaurant, providing a quantitative valuation of your team's performance. These professionals analyze everything from the façade, to the bathrooms, to theft behind the bar and the server upselling dessert. Your staff will always act differently when you are not around, so these companies are your eyes and ears. All of the successful companies I have worked with have utilized secret shoppers. Creating excitement around these results with your team is important. I have rewarded teams when I get great results, and I have disciplined weak service. When you follow through with the results, this tool can enhance the service culture.

3. Work with financial software. This is an inexpensive and essential tool for measuring your company's financials. Software programs can allow you to identify COGs, labor management, same-store sales, comps and many other measurements in real time. You can use this software for inventory control, prep and ordering pars, which help you decrease waste. Although a monthly P&L is an important measurement, it analyzes the past. P&Ls should be a report card, but you shouldn't measure business health with just a P&L. Use the software to understand your business in real time so you and your team can make operational changes on the fly. Create an educated culture around these tools with your team, focused on sales but able to analyze inefficiencies. In my company, all managers are trained on software so they can understand the "why" behind the numbers and make operational decisions based on analytics. I don't manage to the bottom line; I lead through information. This has added to millions to my company's profit.

4. Pay attention to reviews. Online reviews have an incredible influence on public perception. When dealing with reviews, you first need to communicate directly with the guest who has reviewed your business. Quick public responses to reviews stop a guest from ranting about your business and show them you value their input. It's also essential to thank those who leave positive reviews, providing positive reinforcement and making them more likely to dine with you again. Secondly, take the feedback to your team. If you dismiss reviews, so will your team.

5. Talk to your guests and employees. These are incredible barometers of your business. Guests will tell you if they like the food directly and indirectly. If a guest says everything was good, ask them what you can do to make it great, and they will tell you. Just because they aren't complaining doesn't mean they don't have issues. Watch their interactions to see if they are enjoying themselves. Nonverbal interaction offers much information. Servers and bartenders are filled with information on what people say about their experience. They know which items consistently get returned. Ask them how to make the training program more effective. Find out how morale is and how you can impact it. Give them a voice. Empower them as partners and they will act accordingly.



**MARK YOUR CALENDAR
PACK YOUR BAGS!**

October 19-21, 2017
 PMA Fresh Summit Convention & Expo
 Ernest N. Morial Convention Center
 New Orleans, LA
www.pma.com/events/freshsummit
 Join Team Lipman at Booth #219!

January 25-27, 2018
 The Packer's Global Organic Produce Expo
 The Diplomat Beach Resort
 Hollywood, FL
www.globalorganicexpo.com

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