



MARKET UPDATE

Tomatoes: With Ruskin completely finished, the Florida tomato deal is limited to the Naples/Immokalee and Homestead areas. Up and down temperature patterns typical of winter are having some effect on daily numbers, but round production is, overall, mostly steady. With big fruit coming off crown picks and smaller fruit from 2nd harvests, a good range of sizing is available. Quality has been very nice on most, but there are a lot of #2's coming from Homestead this week as a result of wind and weather from several weeks ago. Roma production remains extremely limited, but quality and sizing are very nice. Grape tomato harvests have been mostly steady although some of the fruit is coming in light on color.

The long-awaited tomato volume increases from Mainland Mexico are slowly beginning. With warmer temperatures in play, we look to see a little more fruit crossing each week. Current round sizing is heavier to big fruit (4x4's and 4x5's) and quality has been great thus far. Grape and roma numbers are also improving as farms work past cold weather issues.

Bell Peppers: Green bells are in a tight spot this week, especially when it comes to retail sizing. With newer growers in Mexico starting and more going into shade, the plants are there but there's not enough warmth or sunshine to get them going. Big pepper is crossing in handfuls this week, not loads. Stronger volumes are available on large and smaller fruit but there are concerns with misshapen fruit and less blocky dimensions. Quality is all over the board, ranging from poor to excellent. Sinaloa farms seem to have the best fruit now, but their volume is lighter than Sonora's. Barring any weather issues, size and volume should pick up over the next 7-10 days. Meanwhile, Florida's few winter season pepper producers are experiencing light yields and the occasional quality issue.

Cucumbers: Mexico's cucumber farmers are still trying to catch up after

the frost/rain over the last few weeks. Production is picking up slowly and we should begin to see better numbers sometime next week. Fortunately, the weather hasn't affected quality. With Florida crops wrapped up, Eastern markets are looking to Honduras imports for cucumber supply. Most growers are up to speed now, bringing an adequate amount of product to market.

Summer Squash: Eastern squash production is limited to South Florida as is normal during this time of year. Lighter yields result in less frequent harvest schedules, which in turn leads to more medium-sized fruit to work with. Scarring and scuffing is evident on the fruit that's available (especially on fancy) as a byproduct of the winter weather patterns that include wind. Mexico's squash supplies are also shy this week, causing a lot of growers to harvest fruit on the small side. The good news is that there are new fields in multiple growing areas that should get underway in the next few weeks.

Green Beans: With steady production in both Florida and Mexico, green bean crops are the bright spot in the veg world this week. Unless weather becomes a factor, expect steady production and nice quality for the next few weeks from all current harvest areas.

Eggplant: Eggplant has become quite snug in Florida. Older fields finished up early because the quality just wasn't there and new crops are slow to grow in the cooler winter weather patterns. Mainland Mexico's supply has also been light but we expect to see more volume over the next 10 days.

Chili Peppers: The chili pepper market is at an all-time high! Weather patterns have rocked Mexico's production since October, in some cases wiping out crops completely. Growers are shipping what they can, but unfortunately, that brings a lot of quality issues to the table like scarring, mixed sizes, discoloration, shoe polish, etc. There's beginning to be talk that the situation may not repair itself until Spring. Stay tuned.

TRANSPORTATION FACTS

*The national diesel average fell more than \$.03 this week, moving from \$3.01 to \$2.98 per gallon.

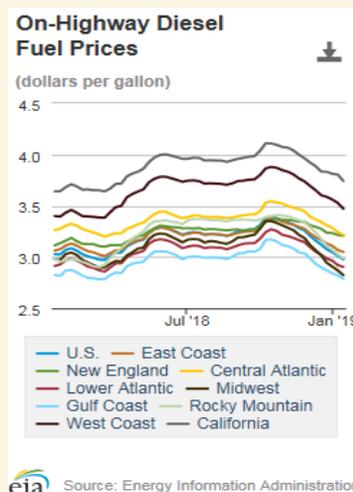
* The average price for a gallon of diesel is actually \$.05 LOWER than the same time last year.

* All areas reported price declines, with the most significant decrease coming out of California, where diesel prices are down \$.06 per gallon.

*California continues to have the highest diesel prices in the country at \$3.74 per gallon while the Gulf Coast is the low-price leader at \$2.79 per gallon.

*The WTI Crude Oil price remained relatively steady this week (down only 0.5%), moving from \$52.36 to \$52.11 per barrel.

*Trucks are available throughout the country, with a slight surplus in Central and South Florida over the past 7 days.



ON THE HORIZON CONTENTS

- News in the Grocery Trade- page 2
- Merchandising Minute- page 3
- Restaurant News & Views- page 4
- Farm Facts- page 5

- Produce Barometer-page 3
- January Calendar- page 3
- National Weather Spotlight- page 4
- Pack Your Bags - page 5

NEWS IN THE GROCERY TRADE

Study: Music, Visuals and Scent Critical to In-Store Experience

By: Marianne Wilson, www.chainstoreage.com, January 15, 2019

When it comes to choosing in-store shopping over online, a store's atmosphere is key.

Seventy-eight percent of shoppers globally said an enjoyable in-store atmosphere is a key factor in their decision to choose in-store over e-commerce, according to a study by in-store media solutions company Mood Media. Music ranked as the number one factor to improve a shopper's mood in-store, with an overall positive impact on 85% of shoppers. But not just any music will do as 57% of shoppers would disengage if brands make poor music choices. (The report identified an enjoyable store atmosphere as the right combination of music, visuals and scent.)

The study, "Elevating the Customer Experience: The Impact of Sensory Marketing," explored the impact of a store's atmosphere – including sensory elements – on the overall shopping experience, as well as what drives certain customer behaviors, such as revisiting a store or making a purchase. It surveyed more than 10,000 consumers across 10 countries worldwide including the U.S.

Specific U.S. shopper highlights from Mood's new study include:

- **Tactile factors:** 43% of U.S. consumers said "the ability to touch, feel & try the product" is the thing they like most

about shopping in-store, the number one factor cited by global respondents as well.

- **An enjoyable atmosphere with attention to detail matters:** 84% said an enjoyable in-store atmosphere (with music, visuals and scent) is a key factor in deciding to make purchases in-store over online. Geographies coming in even higher include Spain at 89%, China at 88% and the United Kingdom at 86%.

- **Music impacts dwell times:** 45% have spent longer in a store than they otherwise would have because they've "enjoyed the music," which lines up with the global result of 46%.

- **Visual Inspiration:** 43% said they have been influenced by digital screens in-store, in line with global findings. Younger generations of Americans cite an even stronger proclivity toward being inspired by in-store digital screens – 62% of 18-24 year olds, and 63% of 25-34 year olds.

- **Personalization drives sales and brand affinity:** "Feeling like the experience is personalized to me" when shopping made 41% of respondents "more likely to want to buy something" and 45% feel like they "want to come back."

- **Social Media behavior:** 31% have shared an in-store experience on social media recently, with 25-34 year-olds coming in at 57%, nearly

double the overall U.S. social media statistic. The U.S. is second only to China, with Chinese consumers ranking most active in terms of in-store social media use, at 56% overall.

"Consistent with our 2017 State of Brick & Mortar study, we found that the physical store remains important to the majority of people around the world, with the experiential element playing a large role in consumers' decision to choose brick & mortar over e-commerce," said Scott Moore, global senior VP of marketing and creative content for Mood Media. "It also further highlights that brick & mortar businesses have to give consumers a reason to get off the sofa and into the store, and part of that reason lies in providing them an elevated sensorial experience."

The Mood Media study was undertaken by Walnut Unlimited a global market research agency specializing in neuroscience and behavioral psychology.



MERCHANDISING MINUTE

Wanted: A Few Good Produce People

By: Armand Lobato, www.produceretailer.com, January 9, 2019

Through the years I've heard a lot of produce people at all levels take varying shots at store and executive management for all sorts of reasons. "They don't understand produce," or "They just don't see the opportunities like we do," among many more laments. And truth be told? "They" are oftentimes precisely as described.

So many times, that's the end of the conversation when a produce person talks about not having enough labor hours. Or not having enough say in a new store design when the produce footprint is too small, the receiving area is too compact, fixtures not quite right. Sometimes the complaint toward management at store level is a lack of produce training resources, not enough display floor space, or being turned down for an upgraded sign kit.

The list (and the related grumbling) goes on. And on.

Once again, should that be the end of these conversations? A shrug of the shoulders, the hands in the air that signal a surrender of sorts? "Ah, what to do, 'they' never give in to what we need."

I've pitched this idea once or twice. We need produce-minded people in the "they" management positions. That's right. You love produce so much you don't want to leave? I was the same. And it's a mistake. If you look at the backgrounds of most store managers, most vice presidents and the executive ranks of retail organizations, there aren't many with a produce pedigree. That's what makes the communication barrier all the harder to break down.

The few store managers I've worked with who appreciated what it takes to manage a produce department tended to allow me the time, space, labor, or other things I needed to be more successful — providing I could justify my requests. It only makes sense, too. After all, if I look good, so do they.

But there aren't enough like-minded store managers. Or (especially) upper-level management. It's going to take produce-grounded individuals to leave the confines of their departments to become store managers. To perhaps get more formal education, volunteer for internal company training programs to learn the business as a whole.

Amid others with mostly grocery backgrounds, the produce-accomplished person might take the helm. The idea isn't necessarily new or even unique. Many chains express they wish they had more store or district managers with perishable backgrounds, especially in meat or produce.

As chains grow and evolve, decisions regarding produce come down to management, just as they've always done. The ones who stand out will be those who best understand fresh produce — and all it takes to succeed.

PRODUCE BAROMETER

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



JANUARY CALENDAR

January All Month

National Slow Cooking Month

January 20th-26th

National Fresh-Squeezed Juice Week

January 22nd

National Southern Food Day

January 24th

National Compliment Day

January 25th

Women's Healthy Weight Day

Immokalee, FL Weather

| Fri Jan 18 | Sat Jan 19 | Sun Jan 20 | Mon Jan 21 | Tue Jan 22 |
|---------------|---------------|---------------|---------------|---------------|
| | | | | |
| 78° F | 82° F | 76° F | 65° F | 75° F |
| 55° F | 63° F | 43° F | 48° F | 65° F |
| N 2 MPH | ESE 9 MPH | SV 17 MPH | NNE 10 MPH | E 10 MPH |
| Precip 60% | | | | |

RESTAURANT NEWS & VIEWS

Restaurant Industry Achieves Best Results in 3 Years

By: Danny Klein, www.qsrmagazine.com, January 2019

Here’s a jolt of good news to start 2019: After a strong December, the restaurant industry posted its best sales year since 2015, according to the latest Restaurant Industry Snapshot from TDn2K.

December’s same-store sales grew 2 percent across the chain segment, which marked the best monthly performance since August 2015. It was the seventh consecutive month of positive growth. The fourth quarter of 2018 was uplifting as well—same-store sales upped 1.4 percent, the best in three-plus years. Not only that, it stacked on the only positive quarter in 2017. From an annual perspective, 2018’s 0.7 percent growth snapped a two-year run of declining sales. In all of 2017, the industry was only able to post positive sales months twice.

“Perhaps the most encouraging news for the industry came in the form of the unusually strong fourth quarter results,” Victor Fernandez, vice president of insights and knowledge for TDn2K,” said in a release. “... The industry’s recovery from a longer-term perspective also continued to show some upward momentum. Same-store sales during the fourth quarter increased by slightly over 1.4 percent compared with the same period in 2016. Two-year sales growth had been negative for the past eight consecutive quarters.”

Broken down:

December: Comp sales 2 percent; Traffic negative 0.9 percent; Guest check 3 percent

Q4: Comp sales 1.4 percent; Traffic negative 1.6 percent; Guest check 3 percent

2018: Comp sales 0.7 percent; Traffic negative 1.9 percent; Guest check 2.6 percent

One of the questions, though, is whether this sales growth is coming in the restaurants themselves. Off-premises business has accelerated the top-line for chains in the short-term. But it really hasn’t moved the traffic needle. TDn2K’s positive report does reflect this change. Same-store traffic growth dropped 0.9 percent in December. Traffic growth closed the year at negative 1.6 percent in Q4.

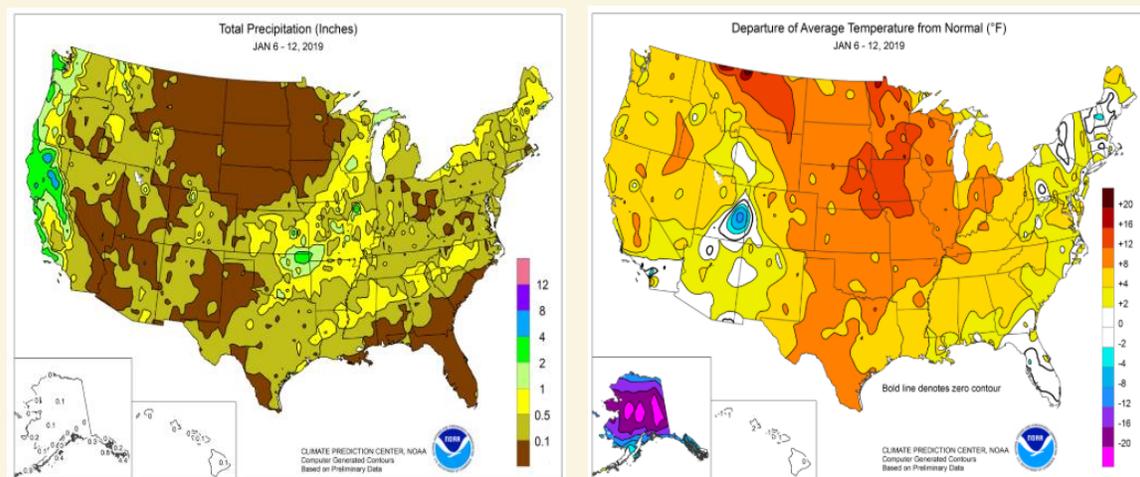
On top of the off-premises flood, restaurants are generating better sales through higher checks: Average guest checks grew 3.1 percent in Q4, year-over-year. “It continues to be through an acceleration in average spending per guest that the industry can produce positive sales growth amid the persistently falling guest counts,” TDn2K said.

“Although the importance of persistently declining guest counts cannot be overlooked, there are some small signs of recovery in the latest results,” Fernandez added. “Two-year same-store traffic growth was negative 3.6 percent during the fourth quarter of 2018. The average two-year growth for the first three quarters of the year was negative 5.8 percent.”

A boost in prices compared with grocers and other restaurants is becoming a new normal in the chain dynamic. The rate at which restaurant guests are spending per visit grew during this past quarter. Average check growth of 3.1 percent in Q4, year-over-year, is significant. During the previous three years, average guest check growth never topped 2.5 percent. The formula: price increases and reduced discounting.

NATIONAL WEATHER SPOTLIGHT

Last Week’s Precipitation Totals and Average Temperature Deviations



FARM FACTS

Just How Extreme Was the Weather Last Year? (2019 State of the Vegetable Industry)

By: Carol Miller, www.growingproduce.com, January 16, 2019

Prior to this year's **State of the Vegetable Industry survey**, we asked you a straightforward, yes-no question about extreme weather: Did you experience extreme weather on your farm? This year we wanted to begin tracking what type of extreme weather growers are dealing with. So instead of asking a yes-no question, we asked which type and how often you experienced the weather condition.

We received a startling response. For the past two years, the number of farms reporting extreme events were markedly similar — 41.2% had none in our 2017 survey, with 41% reporting the same in 2018.

This year? Only 16.4% of you did not have an extreme event. Since this is such a strong contrast, we're not comparing to past years. Instead, we will allow these charts to tell the story.

How Often Did Your Extreme Weather Event Happen?

| | 1 Once | 2 Twice | 3+ More than Three Times |
|---------------------------|-----------|------------|-----------------------------|
| Drought | 50.9% | 19.5% | 29.7% |
| Flood | 28.2% | 30.6% | 41.2% |
| Wildfire* | 16.7% | 50% | 33.3% |
| Tornado* | 100% | 0% | 0% |
| Hurricane/Tropical Storm | 50% | 31% | 19.1% |
| Extreme Rain | 24.9% | 20.1% | 55% |
| Hail | 70.5% | 27.3% | 2.3% |
| Out-of-Season Freeze/Snow | 62% | 22% | 16% |

* These two categories represent only a handful of growers: six reported wildfires; five reported tornadoes.

Percent of Farms Reporting Extreme Weather this Past Year



Drought 48.4%



Flood 34.8%



Wildfire 2.5%



Tornado 2.0%



Hurricane/Tropical Storm 17.2%



Extreme Rain 69.3%



Hail 18%



Out-of-Season Freeze/Snow 20.5%



FRESH

TOMATOES

the best of nature™

MARK YOUR CALENDAR PACK YOUR BAGS!

March 7-9, 2019

Southeast Produce Council's Southern Exposure
Walt Disney World Swan & Dolphin Resort
Orlando, FL

www.seproducecouncil.com

Come join #TeamLipman at Booth #1125!

March 11-13, 2019

Restaurant Franchising & Innovation Summit
Omni Louisville Hotel
Louisville, KY

www.franchisinginnovation.com

CREATED BY LIPMAN FOR OUR VALUABLE CUSTOMERS

www.lipmanfamilyfarms.com

See what we're all about here:

https://www.dropbox.com/s/xk5zxttw3tco23a/Lipman_2018_11_09_1.mp4?dl=1

Follow us on social media



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