



## MARKET UPDATE

**Round Tomatoes:** With Quincy, South GA and SC wrapped up for the season, round tomato volume in the East has been on the light side. There is fruit showing up from regional programs in NC, AL, and TN but these areas aren't into seasonal volumes yet. VA will come online this weekend as well. Early harvests are expected to be on the small side, but sizing and volume will pick up as farms move deeper into the crops. Overall quality has improved in the East and volume should strengthen as more acreage comes into play. Baja and Eastern Mexico are the sources for vine-ripes in the West. All sizes are available but overall volume was a bit slim over the past week. Look for CA's San Joaquin Valley to become the more dominant factor with mature green volume building. Quality is varied by grower/farm, but there is nice fruit available.

**Roma Tomatoes:** TN and NC growers have started romas with the stronger numbers coming from TN. Look for availability to build as we move toward mid-month. Although Mexico's roma crossings were lighter last week, CA farms are fully in action, providing good volume. Early fruit has been small and there are a few quality issues but shippers are providing a nice finished product.

**Grape Tomatoes:** Eastern grape tomato production has fully transitioned from Quincy/South GA and SC to VA, TN and other regional areas. VA's new crop has great quality which is helping provide good packouts and steady volume. In the West, several Baja growers have moved past older acreage which is improving quality. Availability was snug for the holiday week, but should be a little better over the next several days.

**Bell Peppers:** Peppers are readily available on both sides of the country this week. In the East, NC is in full production with good size and volume. NJ and several other local deals are also off to the races with pepper, expecting more volume to come on

after the holiday. In CA, Bakersfield is holding its own with pepper although there's more choice and smaller sizing available now. LeGrand and Fresno will be ready to take the helm as volumes are starting to increase in these areas.

**Cucumbers:** Cucumber supplies are somewhat limited and spread out in the East. There's a little fruit from late GA crops, light volume from NJ, some small pockets of local product in KY, VA, TN, etc, but no major go-to area yet. MI will be the next major production area. A few growers have scratched fields, but most won't have significant volumes for another 5-7 days. The West has also been shy on product as cooler weather has slowed Baja's production. Warmer temps are on the way and a few more growers have started, so we should begin to see more fruit from Baja as soon as next week.

**Summer Squash:** More Eastern areas have joined the squash deal providing small to moderate volumes in many states. MI looks to become the next center of volume as more growers and fields come online. There's a hodge-podge of quality in the market, but zucchini is mostly good. Yellow squash has significantly more challenges with scarring and scuffing. The West has several areas in the squash business: Baja, Santa Maria, Fresno, Salinas and WA state. As in the East, zucchini quality is solid, but yellow is all over the board.

**Eggplant:** GA still has eggplant to offer but quality is hit or miss, sending buyers to other states with new crops. Eastern NC has a significant crop with strong volume that's just getting into the swing of things and several other local areas are beginning to show up with fruit. The West has fully transitioned to CA's Central Valley where supplies have started out lightly due to cooler weather.

**Green Beans:** Both Eastern and Western markets have plenty of green beans available to meet

demand. After a recent shortage in the East, there are at least 5 states coming in with product now. Western volume is concentrated in CA, although there are also beans in WA and more to come from Baja.

**Chili Peppers:** Baja's chili pepper volume has been steady providing all varieties on a consistent basis. Domestic supplies have also started in CA where they expect to see more volume over the next few weeks. Quality is mostly good, but poblanos and Anaheims are pretty rough until new fields start. In the East, there's a few chilies left in GA, but most production has scattered to small local deals where growers pick and choose the varieties they plant.

**Organic Squash:** Baja, the Northwest, and CA are all harvesting organic squash. As is the norm, yellow plantings are lighter and quality is more challenging but there's a decent amount of product available. A few more small local deals have come on in the East with light numbers available in VA, SC, NY, and KY.

**Organic Cucumbers:** Western organic cucumber harvests have transitioned to Baja where production is becoming more consistent. WA has also started in a light way and looks for more volume next week. Eastern supply is limited to a few deals in more southern areas right now.

**Organic Green Bells:** Bakersfield, CA is still the spot for organic green bells in the West. Although most of the Eastern deals are still a few weeks away, there are a few small growers with minimal volume this week.

**Colored Bells:** Colored bell pepper production picked up in both Canada and Mexico last week. Orange seems to be the short suit in both areas.

**Mini Sweet Pepper:** Mini sweet farmers still going in Nogales have challenges with size and quality but are trying to fill the gap until Baja gets up and running. Canadian crops have nice quality and light to moderate volumes available.

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Transportation Facts  
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## ON THE ROAD AGAIN...

### More Flexibility Coming for Hours of Service Regulations?

By: Tom Karst, [www.thepacker.com](http://www.thepacker.com), July 3, 2019

Hours-of-service regulations for truckers are attracting attention again, with some dead set against any relaxation in the rules and others fighting to give truckers more flexibility. The Owner-Operator Independent Drivers Association reports that the Federal Motor Carrier Safety Administration now plans to publish a revised hours-of-service proposal by July 31, citing a reference in the Department of Transportation's Significant Rulemaking Report for June.

#### From a news release published by OOIDA:

The notice of proposed rulemaking, which is promised to provide more flexibility within the hours-of-service regulations, was sent to the Office of Management and Budget on March 28. As of Monday, July 1, the proposed rule was still listed as "pending review." Truck drivers are eager to see the proposal as there has been a growing push for hours-of-service reform since the electronic logging mandate went into effect in December 2017.

The Owner-Operator Independent Drivers Association helped start the discussion on hours-of-service reform when the trucking group submitted a petition to FMCSA in February 2018. The petition asked for regulations to allow drivers to take a rest break once per 14-hour duty period for three consecutive hours if the driver is off-duty. OOIDA also asked the agency to eliminate the 30-minute rest break requirement.

FMCSA issued an advance notice of proposed rulemaking about the hours of service in August 2018. The agency hosted five public listening sessions on the topic and received more than 5,200 comments. Many of the comments from truck drivers said the current regulations are too rigid and can force drivers to travel in unsafe weather conditions or extreme traffic.

While no definitive details of the revised hours of service have been revealed, U.S. DOT Secretary Elaine Chao and FMCSA Administrator Raymond Martinez have each promised an increase in flexibility. After the notice of proposed rulemaking is published, there will be a comment period. The projected date for the end of the comment period is Sept. 16. However, July 31 and Sept. 16 are only projections. The Advocates for Highway and Auto Safety, a group supported by insurance and consumer interests, is urging Congress to reject efforts to diminish the rule requiring the use of ELDs and to further erode HOS regulations.

#### From the group's website:

Driver fatigue is a well-known CMV safety problem. The National Transportation Safety Board (NTSB) has repeatedly cited fatigue as a major contributor to truck crashes and included reducing fatigue related crashes in every edition of its Most Wanted List of safety changes since 2016. Currently, truck drivers are permitted to drive up to 11 hours per day for a total of 77 hours per week. These grueling hours can lead to cumulative fatigue and devastating safety consequences. Self-reports of fatigue, which almost always underestimate the problem, document that fatigue in truck operations is a significant issue.

In a 2006 driver survey prepared for the Federal Motor Carrier Safety Administration (FMCSA), "65 percent [of drivers] reported that they often or sometimes felt drowsy while driving" and almost half (47.6 percent) of drivers said they had fallen asleep while driving in the previous year. Yet, certain segments of the trucking industry continue to push for further weakening of hours-of-service (HOS) safety regulations.

One of the most effective tools to help prevent driver fatigue is the use of Electronic Logging Devices (ELDs) to record drivers' HOS. Paper logs are frequently referred to as "comic books" throughout the industry because of the ease in falsifying actual driving and work time. The FMCSA estimates that requiring ELDs will save 26 lives, prevent over 500 injuries and avoid over 1,800 crashes annually. In addition, the U.S. DOT estimates the annualized net benefits of adopting ELDs to be over \$1 billion. Congress, recognizing the benefits of ELDs, mandated their use as part of the Moving Ahead for Progress in the 21st Century (MAP-21) Act.[15] In 2015, the FMCSA delivered on this Congressional directive and issued a rule requiring the use of ELDs which went into effect in December 2017. FMCSA reports that since the implementation of the ELD rule, the percentage of driver inspections with an HOS violation has decreased 39 percent.[16] Despite this compelling evidence, broad support and an established final rule, a vocal minority continues to object to the use of this technology and is filing meritless applications for exemptions from compliance with the federal law with the FMCSA in a concerted effort to undermine the regulation.

A barrage of legislative and regulatory proposals also continue to target ELDs and HOS rules. For instance, last year FMCSA issued an Advanced Notice of Proposed Rulemaking (ANPRM) that would dismantle several important safeguards in the HOS regulations including the 30-minute rest break provision. Advocates is especially concerned that the FMCSA also eliminated enhanced driver protections for meal and rest breaks by issuing a decision preempting California law. This egregious agency overstep should be reversed. Further, special interests continue to push Congress to expand working and driving limits or create carve-outs under the guise of "flexibility." These are nothing more than attempts to force drivers to work even more demanding schedules.



#### TRANSPORTATION FACTS

\*The national diesel average held steady this week at \$3.04 per gallon.

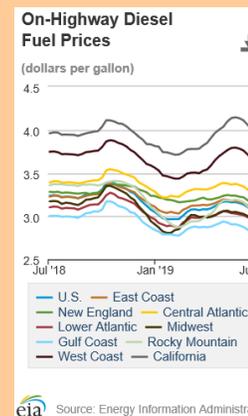
\* The average price for a gallon of diesel is \$.19 less than the same time last year.

\* Regional pricing didn't show much movement, as most areas reported an increase/ decrease of less than \$.01. The Rocky Mountain zone was an exception, as its price dropped a little over \$.03 per gallon.

\*California continues to have the highest diesel prices in the country at \$3.96 per gallon while the Gulf Coast is the low-price leader at \$2.80 per gallon.

\*The WTI Crude Oil price declined by 3.4% this week, moving from \$59.38 to \$57.34 per barrel.

\* Other than a slight shortage in the Carolinas, transportation supply is adequate throughout the country this week.





**FRESH CUT FOCUS**

**Diced Tomatoes**

Contributed By: Johnathan Maldonado, Manager of Innovation/Product Development- Lipman Dallas, TX

Lipman’s fresh cut product line provides you with the best of nature, cut fresh and packed for convenience.... year round. Our product-specific processing and patented packaging drives optimal shelf life – meaning you’ll receive only the best product, every time. And this produce not only tastes good... it helps customers save valuable time in the kitchen, and the convenient packaging also reduces the risk of foodborne illness, by decreasing the opportunity for cross-contamination.

Because our fresh cut products are so versatile in both foodservice and retail applications, we’d like to share some of our ideas on how they can be incorporated into your operation. This week, we’re featuring our freshly-diced tomatoes!

For more information, please reach out to your usual Lipman contact or one of our fresh cut specialists: Johnathan Maldonado at 214.907.0695, Chris Daulerio- East at 215.870.8956 or Brian Arbini- West at 209.402.5184.



Rustic Avocado Toast with Diced Tomatoes,



Roasted Diced Tomato Shakshuka with Soft Poached Egg and Parsley



Steak and Egg Taco with Cheddar, Diced Tomatoes, Avocado and Cilantro



Carne Asada with Diced Tomatoes, Avocado, Jalapenos and Fresh Lime

## Diced Tomatoes: Breakfast and Brunch

**Ingredients:**

- Diced Tomatoes

**Menu Applications:**

- Great for Avocado and Brunch Toasts
- Perfect for Baked Shakshukas and other Brunch Skillets
- Great for Burritos and Bowls

**Kit Versatility:**

- Foodservice items
- Salad bars
- Behind the glass deli
- National accounts
- Kits sold for repack at store level



**PRODUCE BAROMETER**

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



**JULY CALENDAR**

**July All Month**  
 National Culinary Arts Month  
 National Watermelon Month  
**July 6<sup>th</sup>**  
 National Fried Chicken Day  
**July 11<sup>th</sup>**  
 Vegetarian Food Day  
**July 12<sup>th</sup>**  
 National Simplicity Day  
**July 13<sup>th</sup>**  
 National French Fry Day

**Swedesboro, NJ Weather**

Sat Jul 6	Sun Jul 7	Mon Jul 8	Tue Jul 9	Wed Jul 10	Thu Jul 11
88° F	86° F	85° F	88° F	90° F	90° F
75° F	72° F	71° F	71° F	75° F	71° F
SSW 8 MPH	N 6 MPH	ENE 8 MPH	N 2 MPH	NW 5 MPH	SSW 11 MPH
Precip 70%	Precip 50%	Precip 20%			Precip 30%

## KEEP YOUR EYE ON THE CONSUMER

### Are Baby Boomers the Key to Growing the Organic Segment?

By: Jessi Devenyns, [www.fooddive.com](http://www.fooddive.com), June 28, 2019

With the increased interest in health and well-being, organic has moved mainstream in a big way. While statistics from the Organic Trade Association indicate sales are continuing to increase year over year and organic fruits and vegetables now comprise 14.6% of all produce sales in the U.S., it's not immediately evident that the products are struggling to gain market share.

However, many consumers remain unswayed by the U.S. Department of Agriculture Organic label. Low-income households are one of the most difficult demographic segments for the organic industry to engage, according to MaryEllen Molyneaux, president of NMI research group told Food Navigator. For this group, price is central to their choice.

Although the price differential between organic and conventional food may not be playing as large a role as it once did, it is still very much there. Nielsen figures for 2018 show the average prices for organic food dropped as more certified items were introduced. The premium was about 7.5% more last year, compared to 9% more in 2014. But organic milk and eggs were priced higher — 88% and 86% more — due to government regulations about what "organic" means. Even for those who do buy organic, the price difference can sting. A 2017 Mintel report found that 62% of consumers said they would be likely to purchase more organic foods if they were less expensive.

Many in the older baby boomer generation have more disposable income. But they still are not dedicated organic customers. Part of this has to do with how organic products are marketed. As companies look toward the future, many products are marketed to millennial and Generation Z consumers, especially parents with young children. In a study by Johnson & Johnson, 43% of parents said they would pay more for organic food for their children.

And while these younger generations represent about 64% of the global population, according to United Nations statistics analyzed by Bloomberg, older consumers still make up a significant portion of shoppers. Plus, as people are living longer, baby boomers may actually be a big part of companies' futures for a while.

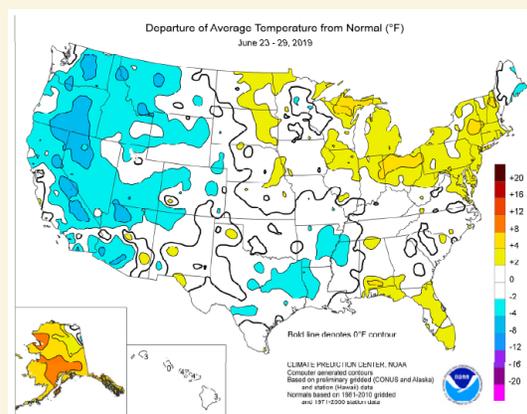
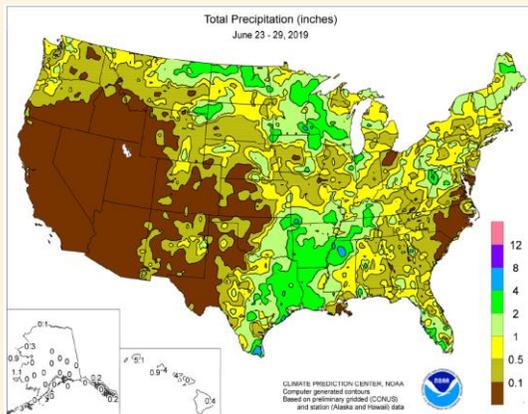
While marketing can be addressed, the higher price of organic products may not be as simple to resolve. For one, much of the land in the U.S. is not yet suitable for growing organic crops. Farms classified as organic account for just 0.7% of total farming operations in the U.S. However, preparing farm land for organic production also contributes to the price. Organic produce has to be grown, harvested, processed and transported separately from traditional foods. It also takes three years for traditional acreage to be converted over to organic, a transition period when producers do not get to reap the higher prices tied to organic but still have to follow the protocols that come with growing the crop. The USDA initially endorsed a certification for farms in transition so that premium could be charged, but withdrew support after internal roadblocks.

Although it can be difficult to convince consumers that an increased price is justified, it can be done. Annie's Homegrown is a success story worth noting. Annie's placed its macaroni and cheese alongside conventional versions to make it seem like simply another choice rather than an elevated product. The brand's approach was so successful, General Mills acquired Annie's in 2014.

Manufacturers and producers should rethink their approach and address those demographics who are not typically associated with organic shopping. If the industry can work to break those stereotypes, there's a whole new market that would be interested in putting those products in their bodies too.

## NATIONAL WEATHER SPOTLIGHT

Last Week's Precipitation Totals and Average Temperature Deviations



## RESTAURANT INDUSTRY NEWS

### 3 Ways to Ghost Out Your Kitchen

By: Desi Saran, [www.fastcasual.com](http://www.fastcasual.com), July 2, 2019

It's 2019, and the restaurant landscape is changing as we know it. Factors like technology, millennials changing and consumer preferences have created a shift in how food is ordered and consumed. With the explosive growth of delivery aggregators such as Uber Eats and Door Dash, restaurants are shifting to accommodate increased delivery options by creating delivery-only business models known as ghost kitchens, cloud kitchens or virtual kitchens.

A traditional ghost kitchen is a restaurant space optimized for delivery-only sales, usually through aggregators such as Uber Eats and Door Dash or through in-house delivery drivers. With this model, customers typically do not enter the space and can only order for delivery. Thus, the operator can focus on fulfilling delivery tickets. There are also hybrid models, which allow customers to come into the space to order food, and for pickup. A ghost kitchen operator may house anywhere from one to 10 or more restaurant brands in one space. Multiple brands allows for multiple listings across different delivery aggregators, increasing overall sales. Efficient operators will house several brands in spaces under 1,000 square feet, which can produce high-profit margins due to low rent, lower labor and multiple revenue channels.

#### So, how can restaurants take advantage of an increasing delivery market with ghost kitchen models?

For starters, restaurants should optimize their own locations to gain a deeper understanding. Explore what services are available in the area, with enough adequate drivers to fulfill orders. I recommend starting with the big four — Uber Eats, Door Dash, GrubHub and Postmates. Next, make sure that you have a dedicated account rep to help you get set up. When you are ready to share your menu, make sure that you have appealing photos. Some services will include free photo shoots for you. And since delivery aggregators take approximately 30% in commissions from your gross sales, price your menu accordingly. I recommend increasing your prices by at least 30% to slightly offset costs. Surprisingly, customers are still willing to pay a bit extra for the convenience of delivery. Lastly, discuss marketing campaigns with your account rep to drive traffic to your listings.

#### The 3 ghosts

Once you understand how the delivery aggregators work, take some time to explore the ghost kitchen models that may be available to you.

-For example, Model 1 calls for creating new restaurant brands internally, to fulfill orders out of your existing restaurant. Let's say that you own "Tom's Pizza" restaurant. You can create a new concept called "Tom's Calzones" to list across different delivery aggregators, creating a new menu that utilizes your existing ingredients. This is a great way to test new ideas and items for your brick-and-mortar location as well. You can even create completely unrelated concepts such as an ice cream shop. You would simply fulfill orders in your kitchen and bag them up for the delivery drivers. Every new brand you create should bring you additional revenue streams.

-Model 2 calls for setting up partnerships or licensing agreements with third-party operators. My concept, Sweetberry Bowls, has 17 restaurant units across four states. In order to expand our footprint within Chicago, for example, we partnered with Dine Hive LLC, a ghost kitchen operator with 12 existing brands under one kitchen. By setting up an agreement that allows them to create and sell Sweetberry products in their ghost kitchen, we've expanded our footprint in a major city we weren't previously in. The partnership allows us to grow, test the market, and increase our revenue through royalties.

-The third and last model requires expansion through building ghost kitchens on your own, similar to a brick-and-mortar location, or renting space from an existing kitchen as a service model. We are expanding throughout New Jersey, for example, by building pure ghost kitchens. You can also expand your footprint by taking over a previous restaurant with low rent, or by partnering with an operator such as Kitchen United. Kitchen United offers 200 SF plus, which are built out to your specs, along with storage and labor services such as maintenance, cleaning and scullery that is shared with other brands. This is a great option if you do not have the capital to build out a space, and you are looking for a ready-to-go kitchen.

With all of the growth and innovation taking place in the on-demand and delivery markets, ghost kitchens seems to be the model that is attracting both big brands and investors. Time will tell if ghost kitchens are truly sustainable and here to stay, but if you are a restaurant owner, it's worth taking a look at the various models available to see if they can be profitable to your brand.

FRESH TOMATOES the best of nature™

MARK YOUR CALENDAR  
PACK YOUR BAGS!

July 26-27, 2019

PMA Foodservice Conference & Expo  
Monterey Conference Center  
Monterey, CA  
[www.pma.com/events/foodservice](http://www.pma.com/events/foodservice)  
**Come see #TeamLipman at booth #1317!**

July 29- August 2, 2019

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