



## MARKET UPDATE

**Tomatoes:** Eastern tomato production is transitioning North. With Quincy and South Carolina on the last week of production, supply will become more fragmented as the market looks to smaller programs and local deals to meet demand. Supply remains adequate during the transition period, although grape tomatoes are a little tighter than usual.

On the round front in the West, there is steady supply of vine-ripes with good quality and size coming out of Baja. However, Southern areas are finishing up which will reduce supply to only the Northern Baja region. California greens are available in light to moderate volumes, but early picks have had some quality opportunities. Baja has been flushing with grapes tomatoes, but is now back to normal levels. Roma production and quality are solid out of Baja.

**Bell Peppers:** North Carolina pepper growers are seeing stronger volumes and solid quality this week. Much of what they are shipping are jumbo-sized crown picks, so sizing could be an issue for a few days. New Jersey and Michigan are just getting started and look to have more significant volumes in another 7-10 days. Meanwhile, Georgia farms continue to ship, but quality has become an issue as they near the tail-end of the season. Western pepper volume is light this week, especially on retail-sized fruit. Bakersfield is winding down, while Fresno-area growers are just beginning to come online. The Gilroy area will add to the mix during the second week of July.

**Green Beans:** Green beans remain volatile, but should see improved supply in a week or so. Due to various weather events, a few areas are late starting and others are

experiencing reduced yields. Look for this situation to improve next week, as Virginia, Michigan, and Tennessee growers see their crops rebound from previous weather effects. California's bean growers are battling the heat to harvest. We should begin to see increases out of the Central Valley over the next 7-10 days..

**Cucumbers:** Cucumbers have been tight in the East and may remain so for another couple of weeks. Most Southern growing areas have finished up for the season, while their Northern counterparts are slow to start. Look for improvement when Ohio, Michigan and New Jersey get ramped up. The West continues to look to Baja for cucumbers. Production remained steady this week, but should increase as new growers come onboard over the next few weeks. There are a lot of larges and plains in the market due to hot weather.

**Summer Squash:** California's Central Coast area is shipping increased volumes of squash this week as they get into second blocks of product. Watsonville continues to have light volumes, while Fresno is winding down for the season. In the East, supply has improved with multiple growing areas and local deals in the mix. Overall, quality has been nice.

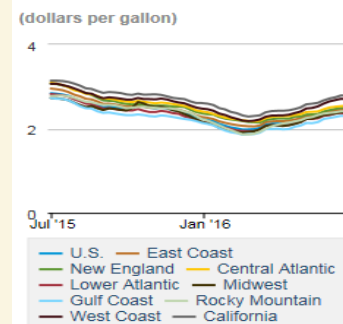
**Eggplant:** The East has sufficient volumes of eggs available with little to no quality concerns. . Fresno's heat is working well for eggplant crops. Volumes are improving and quality is very nice.

**Chili Peppers:** With Georgia wrapping up and most local deals a few weeks out, chili production is very light in the East. . The West continues to struggle through the transition period on chilies. We won't see any significant increase in production until Baja gets going in late July/early August.

## TRANSPORTATION FACTS

- \* The National Diesel Average remains at \$2.43 per gallon for the second week in a row.
- \* The average price for a gallon of diesel fuel is \$.42 lower than the same time last year.
- \* Diesel prices rose slightly in the Lower Atlantic, Midwest, Rocky Mountain, and California reporting areas this week. However, all other areas reported slight decreases which leveled out the overall average.
- \* California has the highest-priced diesel fuel at \$2.80. As expected, the fuel bargain in the nation is in the Gulf Coast region where a gallon of fuel remains at \$2.29 this week.
- \* The WTI Crude Oil Price rose 2.1% this week, moving from \$48.85 to \$49.88.
- \* Trucks are short in South Carolina, but are readily available in other shipping areas of the country.

### On-Highway Diesel Fuel Prices



Source: Energy Information Administration

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## News in the Grocery Trade

### FMI's 'Power of Produce' Peels into Megatrends

By: Meg Major, [www.progressivegrocer.com](http://www.progressivegrocer.com), June 22, 2016

Despite an ever-growing variety of food shopping outlets, supermarkets remain a "powerhouse in fresh," especially fresh produce, which resides as a "supermarket stronghold" among 68 percent of shoppers, according to Anne-Marie Roerink, who unpacked findings of the Food Marketing Institute's second annual Power of Produce report at this week's FMI Connect in Chicago.

Supercenters (16 percent) are the second most popular outlet for fresh produce purchases, followed next by wareh

ouse clubs (5 percent). Highlights of this year's produce shopper study – sponsored by Yerecic Label and supplemented with POS data from IRI and Nielsen Perishables Group – found that nearly one-quarter of shoppers switch outlets when purchasing fresh produce versus the bulk of groceries, primarily to full-service supermarkets, farmers' markets/produce stands and specialty organic stores.

Roerink, principal of 210 Analytics, which prepared the "mega trends" produce study, warned that younger generations are drawn to alternative channels, which she deemed "a red flag for traditional retailers, as losing the produce basket may result in losing additional spending in center store."

Ringling up a whopping \$61 billion in annual sales, fresh

produce is in hot demand with no signs of a slow down. Powered by a 4 percent growth rate, the category is a lucrative and influential element for grocery baskets, which average nearly \$30 more with fresh produce than one without.

"The nation's food retailers fully understand the clout of the perimeter, and when it comes to their fresh strategies...produce certainly wields influence," affirmed FMI VP of Fresh Foods Rick Stein.

#### Ripe for Growth

As a mature category, "driving growth in fresh produce requires innovation," explained Roerink, noting that "variety is the top area of improvement," followed next by better prices and promotions and enhanced in-store operations.

The most potentially promising tactics to spur growth, according to Roerink, pertains to more dedicated customer service/outreach, greater staff accessibility and more knowledgeable produce department staff.

Interestingly, that same sentiment was further reinforced in a later session by Chef Mario Batali, one of the owners of dining-grocery hybrid Eataly, who suggested grocery retailers should consider adding "vegetable butchers" to encourage exploration, impart education and foster interaction between store associates and produce shoppers.

While shoppers most often base purchase decisions on price, execution will seal the deal, Roerink said.

Beyond price, the most successful incremental produce

purchase drivers, per the Power of Produce study, include:

- Eye-catching displays, which are extremely influential
- Produce cross-merchandised in other parts of the store
- Impulse through ideation, including recipes, serving ideas and sampling
- Education/information, especially nutrition call-outs that are relevant to the audience

Notably, consumers are placing increased value on transparency – how and where the crop was grown – as evidenced by how support for the local farmers/economy overtook perceived freshness as the top reason for buying locally-grown. This sentiment also applies double-digit sales gains for organic fresh produce and an expressed need for "free-from" products. Still, organic remains a niche segment to date, according to the Power of Produce consumer research study, reflecting 8 percent of total produce sales, with usage skewing to the more affluent shoppers and families with children.



## SPOTLIGHT ON LIPMAN

### Team Lipman Shouts Out

#### Jerrilynn Robbins Transportation Coordinator Dallas, TX

Jerrilynn spends her work time searching for carriers with competitive rates and outstanding service. She enjoys being a part of the team because "Lipman is friendly, understanding and family oriented."



#### Asael Martinez Shipping Supervisor Florida & California

"I like that Lipman is a large company with a small business feeling. My co-workers are friendly and even on the most stressful of days, the work atmosphere is pleasant."

### PRODUCE BAROMETER

| ITEM            | QUALITY   | PRICING |
|-----------------|-----------|---------|
| Bell Pepper     | Fair-Good | Higher  |
| Cucumber        | Good      | Steady  |
| Eggplant        | Good      | Steady  |
| Green Beans     | Good      | Steady  |
| Lettuce-Iceberg | Fair      | Higher  |
| Jalapenos       | Good      | Steady  |
| Onions          | Good      | Steady  |
| Tomatoes        | Good      | Steady  |



### JULY CALENDAR

#### All Month

National Culinary Arts Month

**July 2<sup>nd</sup>**

Made in the USA Day

**July 3<sup>rd</sup>**

Eat Beans Day

**July 4<sup>th</sup>**

National Barbecue Day

Independence Day

#### Clinton, NC Weather

| Fri<br>Jul 1 | Sat<br>Jul 2 | Sun<br>Jul 3 | Mon<br>Jul 4 | Tue<br>Jul 5 | Wed<br>Jul 6 |
|--------------|--------------|--------------|--------------|--------------|--------------|
|              |              |              |              |              |              |
| 90° F        | 91° F        | 88° F        | 90° F        | 91° F        | 93° F        |
| 73° F        | 75° F        | 75° F        | 75° F        | 77° F        | 72° F        |
| SSW 8 MPH    | S 7 MPH      | SSW 7 MPH    | SSW 7 MPH    | WSW 11 MPH   | WSW 8 MPH    |
| Precip 20%   | Precip 20%   | Precip 50%   | Precip 50%   | Precip 50%   | Precip 20%   |
| Averages     | Averages     | Averages     | Averages     | Averages     | Averages     |
| 90° F/69° F  | 90° F/70° F  | 90° F/70° F  | 90° F/70° F  | 90° F/70° F  | 90° F/70° F  |



## KEEP YOUR EYE ON THE CONSUMER

### U.S. Hispanics Really Enjoy Grocery Shopping: Acosta/Univision

[www.progressivegrocer.com](http://www.progressivegrocer.com), June 27, 2016

Hispanic shoppers enjoy grocery shopping “significantly more” than U.S. shoppers, in part because they consider the experience to be a social endeavor, according to new research from Acosta Sales & Marketing and Univision Communications Inc.

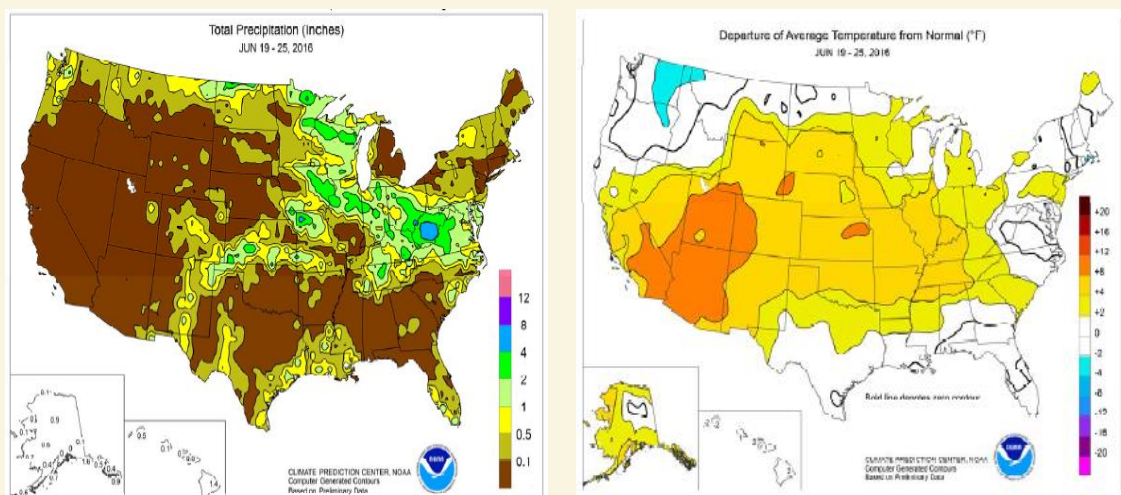
More than two-thirds (68 percent) of Hispanic shoppers and seven in 10 Hispanic Millennials said they enjoy grocery shopping, compared to 59 percent of total U.S. shoppers, the fifth edition of “The Why? Behind the Buy,” a study on U.S. Hispanic shoppers, reports. And while 39 percent of U.S. shoppers said they shop alone, 79 percent of Hispanic shoppers stated that they go grocery shopping with someone else, such as a spouse, child or friend. Among Hispanic Millennials, 88 do the same, making them the most likely of all generations to go grocery shopping with companions.

Additionally, Hispanic shoppers are highly engaged in-store and digitally along the path to purchase. With a positive outlook, Hispanic shoppers are more interactive and take better advantage of opportunities to enhance their experience before, during and after grocery shopping. They are using their stores’ special departments, services and areas more than total U.S. shoppers, with 38 percent using the in-store cafeteria, 34 percent using the coffee bar, and 22 percent participating in cooking demonstrations or lessons, compared respectively to 27 percent, 10 percent and 16 percent of total U.S. shoppers.

In-store promotions impact Hispanic shoppers’ purchases significantly more than those of their total U.S. counterparts. Specifically, at-shelf coupons (26 percent vs. 21 percent) and product tastings or demonstrations (18 percent vs. 11 percent) affect Hispanic shoppers more. Digital tools, too, also impact U.S. Hispanic shoppers more, with 33 percent researching a new grocery item online, 35 percent reading their grocery retailer’s digital circular, and 32 percent signing up for contest and sweepstakes online after shopping, compared respectively to 22 percent, 30 percent and 21 percent of total U.S. shoppers.

## NATIONAL WEATHER SPOTLIGHT

### Weekly Precipitation and Temperature Deviation



## RESTAURANT INDUSTRY NEWS

### Study: How Millennials Regard Online Restaurant Reviews

By: RH Editors, [www.restaurant-hospitality.com](http://www.restaurant-hospitality.com), June 1, 2016

Gone are the days when people asked for recommendations from friends and family and experts such as travel counselors when deciding where to travel, stay or dine. The advent of web 2.0 resulted in weblogs and review websites, altering how people make these decisions. Online review websites—which aggregate comments to summarize the evaluation of the product, star ratings (or thumbs up or down), votes on how helpful a review is perceived to be and the reviewer's profile information—are especially useful for many audiences, especially younger consumers.

Because anyone can provide online reviews, the volume of spam content and false information has increased, calling into question the quality of this user-generated content. The credibility of the source, measured by the review writer's perceived trustworthiness or expertise, is another concern when it comes to determining the quality of the review. Past research has found that hospitality managers confessed to manipulating reviews and ratings regularly and actively. The quality of the website publishing the reviews can also impact the perceived quality of the information.

Restaurants should be concerned about what determines if a review is useful or not because review readers are more likely to act on a review (i.e., visit a restaurant or not if they perceive a review to be useful). Due to lack of research in the area of what determines if an online review is useful, especially restaurant reviews, Kent State University researchers Saba Salehi-Esfahani, Swathi Ravichandran, Aviad Israeli and Edward Bolden conducted research to determine the relationship between: (1) review extremeness (positive or negative) and the perceived usefulness of online reviews; (2) source credibility and perceived usefulness of online reviews; (3) website quality and information adoption tendencies; and (4) perceived usefulness of online reviews and information adoption tendencies, or behavior.

Data were collected through an online survey of millennial students as this population is more likely to use online reviews to make purchase decisions compared to older consumers. The survey questions were based on what respondents saw in screen captures from a simulated restaurant review website. The reviews included eight scenarios incorporating various levels of positive/negative reactions written by reviewers with different levels of expertise.

Among findings from the study:

- **The more negative the review, the more useful it was perceived to be.** Hence, it is essential that restaurant managers constantly read and respond to negative reviews. That said, it's even more important for restaurants to make the required changes to reduce these negative comments. A proper response to online negative reviews reduces the potential damage of discouraging future customers and increases the likelihood that the review writer gives the company a second chance.
- **The perceived trustworthiness and expertise** of the review writer had a significant and positive correlation to how useful the review was perceived to be. This finding suggests that restaurant managers should highlight reviews that are reasoned to be credible (i.e., high in expertise and trustworthiness). This may be indicated by a large number of "thumbs up" signs or other indicators.
- **Website quality was found to have a significant positive relationship** with information adoption. The important role of website information quality suggests that restaurant marketers and designers of restaurant review websites focus on designing the website in such a way that it prompts review writers to offer constructive, factual information and incorporate examples to support the praises or the criticism.
- Lastly, as expected, **how useful a review was perceived to be** was positively related to the likelihood that a consumer would dine at a specific restaurant.

Complete study results are available at the [Journal of Hospitality Marketing and Management website](http://Journal of Hospitality Marketing and Management website).

## MARK YOUR CALENDAR & PACK YOUR BAGS

### August 28-30, 2016

Western Foodservice & Hospitality Expos  
Los Angeles Convention Center  
Los Angeles, CA  
[www.westernfoodexpo.com](http://www.westernfoodexpo.com)

### September 21-22, 2016

United Fresh Produce Industry Sales Training  
Hilton Garden Inn DFW  
Dallas, TX  
[www.unitedfresh.org](http://www.unitedfresh.org)

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