MARKET UPDATE

Tomatoes: Rain has taken a toll on Palmetto/ Ruskin's round tomato production from both harvesting and quality standpoints. Growers are picking and packing during breaks in the rain, focusing on crown picks rather than 2nds or 3rds. This harvesting plan has shortened the supply of smaller fruit temporarily. Although quality is beginning to decline, rigorous grading can still produce a nice case of fruit. Grape tomatoes have their share of quality concerns but should continue for another 2-3 weeks in current harvest areas. Growers plan to keep harvesting as long as quality allows to bridge the gap until Quincy and South Carolina start during the first full week of June.

For the most part, mature green round production has transitioned to California while vine-ripe numbers are building in Eastern Mexico and Baja. Roma harvests are expected to be consistent through June with fruit coming from Eastern Mexico, Baja and California. Overall quality is good on rounds and romas but varied on grapes. Nogales shippers are winding down with sub-par quality and Baja's volume hasn't ramped up yet. Look for better availability on grapes as we move into June.

Bell Peppers: Florida's bell pepper producers are struggling with rain-related quality and harvesting concerns, keeping supply on the snug side. Georgia farms are now in action and seem to have better quality but early numbers remain light. Quality is also a concern in the West as Mexico's plants are fatigued and heat-stressed and the California desert has been shipping just average-quality fruit so far.

Cucumbers: Mainland Mexico's cucumber harvests are nearing the end of the season and quality is becoming a struggle. Baja's new crops have better fruit but production is light with only a few growers online so far. Look for more volumes of good-quality product out of Baja in 2 weeks. In the East, Florida producers continue to ship cucs, but most volumes are offgrades. Georgia has much nicer quality available but this week's super numbers are down a little as growers wait for new plantings to start.

Summer Squash: Yellow and zucchini squashes are readily available in the East, but quality is definitely a concern. Georgia's fruit is nicer than Florida's, but rain has caused harvest delays and quality problems. Look for North Carolina and other local areas to start over the next two weeks, hopefully bringing good quality to the table. Western markets are transitioning from Northern Mexico to the Santa Maria and Fresno areas in California. We expect to see California ramp up over the next several weeks as more growers come online.

Green Beans: The quick transition between growing areas is underway in the West. Mexico and the California desert have finished up, shifting production to the Fresno and Stockton, CA areas. Numbers are still light but should improve in the next 7-10 days. The East has plenty of product to meet demand, mostly coming from Georgia. Overall quality is holding up in Georgia but is compromised out of Florida.

Eggplant: Plant City continues to provide a strong supply of eggplant to the East. Quality is average, but, unfortunately, doesn't meet spec for some retailers. The West has very nice fruit available from the CA desert and less-than-perfect quality still coming out of Mexico.

Chili Peppers: There's plenty of product available in the West with Sinaloa and Sonora on the decline and Baja on the upswing. Quality coming into Nogales is suspect, as these crops head towards the end. Baja's peppers have much better quality but strong volumes aren't yet available on all varieties. In the East, Plant City continues to expand its offerings- now including Anaheims in the mix. Quality is mostly good.

TRANSPORTATION FACTS

*The national average price for a gallon of diesel fuel continues to climb, moving from $3.24 to $3.28 this week.

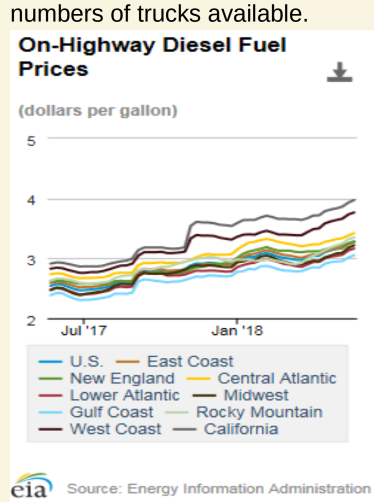
* The average price for a gallon of diesel fuel is $.74 higher than the same time last year.

* Every area in the country reported price increases with the most notable from California where the price rose $.04 per gallon.

*California maintains its role as the high price leader for diesel at $3.97 per gallon while the Gulf Coast region offers the lowest price at $3.06 per gallon.

*The WTI Crude Oil rose slightly this week (up 0.9%), moving from $71.49 to $72.13 per barrel.

* Transportation is in short supply for many tomato and truck veg shipping areas this week. Only Georgia and select potato shipping states report adequate numbers of trucks available.



ON THE HORIZON CONTENTS

KEEP YOUR EYE ON THE CONSUMER

To Attract the Right Customer, Understand Who's Shopping and How They're Spending

By: Nancy Coulter-Parker, www.supermarketnews.com , May 17, 2018

We know, you've heard about millennials. A lot about millennials. We know they shop differently than the Gen Xers and baby boomers who went before them. They have different expectations and values. But now, as the retail landscape is starting to shift, we're really starting to see the implications of how millennials shop. New research conducted by New Hope Network in partnership with NMI sheds light on the changing face of retail, key consumer targets and the best channel strategies to reach these shoppers.

To set the stage, to say millennials are important is not to say that Gen X shoppers or baby boomers are not. But they are important in large part because of their size—there are 80 million of them. Combine this with the fact that they span ages 21 to 41, so many of them have yet to come into their peak spending power. Within the two decades this group covers, millennials can again be divided in two, with one-third of millennials ranging in age from 21-27 and the other two-thirds ages 28 to 41. The younger millennials may still be in college or are just starting to come into spending power, while the older group is made up of young professionals and families with young children who are spending money.

These two groups need to be looked at as leading edge versus trailing edge, explains Maryellen Molyneaux, NMI managing partner. "There is a big group of millennials who are spending less; they are not spending the high dollar amounts yet," she says. "They are different in income and stage of life, and it affects what they do and spend their money on. The older millennials will spend on family type categories or stress needs." She adds, "A lot of things are happening; you have to know who your consumer is."

For instance, it is important to know that millennials are aspirational and oriented to e-commerce. In fact, over the past 10 years, the growth in internet shopping for healthy and natural products has primarily been driven by millennials, Molyneaux explains. "In 2017, 49 percent of millennials indicated they had shopped for healthy and natural products on the internet in the past three months."

When asked the same question in 2007, only 17 percent of millennials had the same answer. Over a 10-year period, this group saw 190 percent growth in how they shop online. "When you think about that, here we have another generation bigger than the boomers that we need to pay attention to," Molyneaux says. "They have grown up on the internet, e-commerce and social."

By comparison, 38 percent of Gen Xers and 30 percent of boomers said they had shopped for healthy and natural products over the past three months. Gen X shoppers saw 91 percent growth from the 20 percent reported for them in 2007, while Boomers saw just 24 percent growth over 2007, when 24 percent of them reported shopping the health and wellness category over the past three months.

Being comfortable online makes millennials great online searchers. They are comfortable searching for better prices and comparison shopping. Yet, says Molyneaux, they are not as knowledgeable in the health and wellness space as the boomers, who pushed the natural product movement and started it.

With this in mind, she adds, "In a lot of cases, as we look at who made the purchases of any product category within healthy and organic, we see boomers still spending more. There may be fewer of them buying, but they are spending more. We need to pay attention to that, too."

Another way to look at consumers…
While millennials certainly are the generation to keep an eye on, NMI has another way to break down the value of consumers in the healthy products space in order to capture cross-sections of consumers based on values, not just age.

Out of five shopping profiles, the **Eat, Drink & Be Merry** group of consumers consists of 17 percent of shoppers. They are not motivated by health and therefore don't need to be given a lot of attention.

But there are opportunities with the **Fence Sitters**, who make up 23 percent of shoppers. These are the health strivers who don't always stay on track but have the "want to be healthy" mentality.

Next, the **Magic Bullet** crowd makes up 20 percent of shoppers, and they have a lower commitment to a healthy lifestyle while also wanting quick, easy solutions.

The **Food Actives**, who make up 14 percent of consumers, represent the mainstream healthy crowd and are self-directed in their pursuit of better health.

At the top of the pyramid are the early adopters, the **Well Beings**, who are the most health proactive and account for 26 percent of healthy product shoppers. The Well Beings spend more than any other group on products in the natural channel.

Yet, while millennials make up 49 percent of Well Beings, baby boomers, who make up 34 percent of Well Beings, spend more in the category. "Almost half of the Well Beings are millennials, and we have known them to be aspirational, but they don't always spend on what they are aspiring to do," says Molyneaux.

Well Beings comprise value-minded consumers helping to drive natural products sales online—one-third of all internet shoppers for healthy and natural products are Well Beings. Online they look for new self-care methods to prolong their health and vitality; they look for new products, and in doing so they influence family and friends on how to live a healthier lifestyle. The Well Beings are more brand loyal and not swayed as much by price, whereas just over half of Fence Sitters, for instance, will still buy whatever is the lowest price. Well Beings can help drive in-store sales, too.

Referring to Well Beings as the leader group, Molyneaux says, "If you can get to know the leader group, they are always looking for new self-care methods, they are early adopters, they are loyal to brands they buy and they are not price sensitive. When you get them in and have used transparency and knowledge to attract them and they know who you are, they are more likely to buy and buy repeatedly and talk about you and your knowledge. That is how you bring more people in."

So, where to start?
First, if small retailers don't have an online presence, they need to get one, Molyneaux says. "No matter what size retailer you are, you must have an online presence. Do it on your own, with a consultant or in partnership with a distributor or brands. It may sound like I am preaching to the choir, but there are a lot of independent retailers who think that they can't." But they can and they should, she says. This is not to replace brick and mortar, but to exist in addition to. Brick and mortar still accounts for 85 percent of retail revenue. "Brick and mortar is not going away, it is transforming and there is

Continued on page 3

Keep Your Eye on the Consumer...continued

opportunity to take advantage of different channels no matter who you are," explains Molyneaux. Online can help the sale begin before someone even steps into the store. "Online and mobile shopping can help all consumers and retailers," Molyneaux says. "It's an easy way to communicate about benefits and ingredients, and to offer a deal. There are lots of ways to make your consumer happy and offer things for them to think about."

Traditional grocery stores and supermarkets lead the pack, followed by mass merchandisers. Ultimately, she says it's about connecting with your customers. "How do I market myself as a store and create an experience in my store no matter what size it is? It can be very educational or pass on knowledge through nutritional counseling or a visual experience itself. It's really more about how can I connect with my customers and what are all of my options to connect with them," she explains. A website is yet another way to connect.

Having a presence in both is also a way to balance out the shortcomings of brick and mortar or online. For instance, the cons that consumers see in shopping at a traditional brick and mortar store include the inconvenience of traveling to a store, parking issues, poor customer service, prices possibly being higher, store hours not being what they need, poor selection of natural or organic products, and not finding the items they need. Conversely, the challenges of shopping online that consumers dislike include not being able to physically see the item, having to pay for delivery/shipping, waiting for delivery, having to return the item if it is not right, not wanting to have packages left at the doo,r and no easy way to have perishables delivered.

In addressing the cons, Molyneaux points out that opportunities present themselves for each type of channel. For instance, perishable items are difficult to do online and deliver fresh. Therefore, she says, you may not be able to do something about the inconvenience of travel to a store, but brick and mortar can capitalize on selling "fresh."

Fresh can be fresh flowers, fresh food, fresh produce. You can use "fresh" to get customers back in the store to buy other products, Molyneaux says. Focusing on fresh in-store is where natural products consumers say they will increase their spending in the next year or two. Fresh is the only area that consumers say they will buy more at a natural foods store than online. While online sales are expected to grow in natural organic pet food, personal care and eco-friendly household products, consumers report almost equal interest in shopping online or in-store for fortified/functional foods and packaged foods. vitamins and minerals online and only 12 percent will look to buy from a natural products store in the next few years.

Dietary supplements have traditionally been an area to draw customers to natural products stores. Turning back to Molyneaux's comment about millennials not being as educated about natural products as baby boomers, she notes that retailers should see this as an opportunity to up their game in customer service and education or to really speak to the interests of millennials and Well Beings. You can increase your "fresh" offerings and up your education programs, but you can also think outside the box. Online can't offer the experience that stores can.

"If millennials are into health, do you have a running club that meets at your store, or a walking group? Help bring people in and create community. Do you have kid-friendly programs to attract young families? Do you have an in-store newsletter with quick easy recipes to attract the Magic Bullets?" If you provide enough variety, Molyneaux says, you can actually attract all four of the top consumer groups, not just the Well Beings. But Molyneaux adds, if 50 percent of Well Beings are millennials, and they are ages 20 to 40, you have to think, "What am I doing with those groups and how do I bring them in and educate them more to the brands I would recommend?" This, she says, involves personnel thinking differently and not just ringing up a sale. It's about being a trustworthy, knowledgeable resource. "There is so much more opportunity when you make it about relationships," she says.

PRODUCE BAROMETER

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

MAY CALENDAR

May-All Month
National Salad Month
National Mediterranean Diet Month
May 28th
National Hamburger Day
Memorial Day
May 30th
National Senior Health & Fitness Day

Ruskin, FL Weather

Fri May 25	Sat May 26	Sun May 27	Mon May 28	Tue May 29	Wed May 30
86°F	82°F	84°F	86°F	87°F	83°F
72°F	73°F	74°F	75°F	77°F	75°F
ESE 10 MPH	ESE 15 MPH	SSE 15 MPH	S 14 MPH	SSE 11 MPH	SSE 19 MPH
Precip 70%	Precip 70%	Precip 60%	Precip 50%	Precip 50%	

NEWS IN THE GROCERY TRADE

10-Minute Merchandiser: The Rise of the Supermarket

By: Armand Lobato, www.produceretailer.com, May 23, 2018

Long ago, in a market far, far away ...

Food used to be sold in specialty shops — dairies, bakeries, meat markets, general merchandise, even drug stores. Produce was loaded into mule-drawn wagons in my hometown of Denver from numerous outlying family truck farms that set up shop near downtown along the Platte river.

Then, as we all know, someone (credit is attributed to several businessmen) came up with the idea of combining different types of operations under one roof for ease of shopping convenience. The “super” market was born.

Fast-forward to today, and the modern supermarket is a dazzling spread of so much more than those early offerings. Today’s chains push features such as banks, post offices, online order pickup and delivery; perishable departments that promote everything from cake decorating to catering.

And the dominant draw that customers base their shopping choice upon? The produce department.

How cool is that? Amid all the technology and trends that affect our livelihood there’s a lot to be said about putting your best foot forward with fresh produce.

Which raises the question: Just how committed is your company, your chain, your district manager, your store manager when it comes to produce department support? Can there be any hesitation in the answer? Why wouldn’t you do everything possible to make sure the produce manager has everything he or she needs to be successful?

Of course, many executives in the business attest to providing full support.

However, behind the scenes, at trade events, in breakrooms and back docks where produce types gather for a morning cup of coffee, the talk is often about less. Less hours, less resources, less space, less training.

In many markets with tired displays and depleted shelves, it shows.

I can’t say how many times I used to race the clock to set up the produce department in the morning. And I couldn’t help but notice the extra bodies working in the deli. “How can this be?” I wondered. “I do triple the sales that they do, and there’s six of them and one of me.”

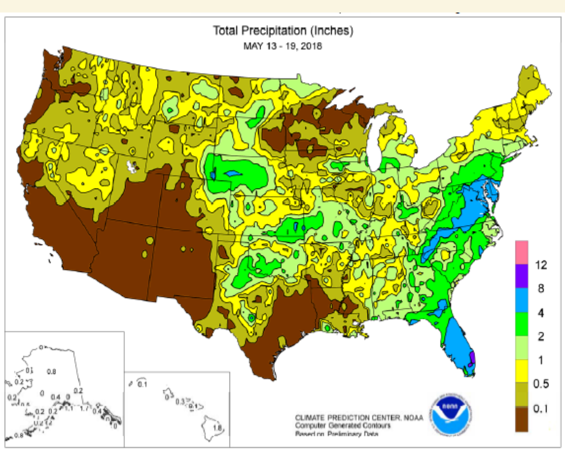
Even challenging this point to the store manager did little good. It was all about time and budgets and wage effective rates that probably only made sense to some distant bean counter who never stocked a case of produce in his life.

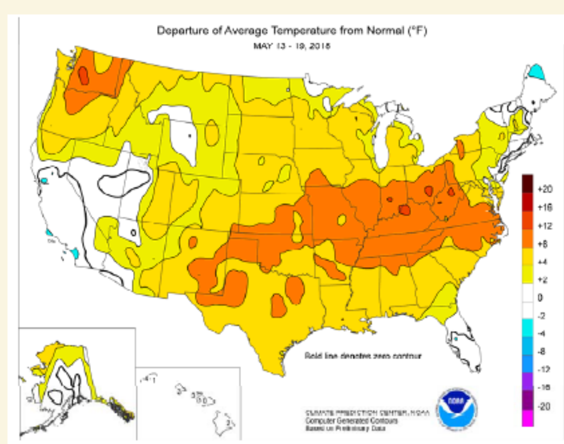
If the quality of the produce and the highest service standards offered within the produce department are truly the single biggest draw to attract, retain customers and build business, perhaps a management re-awakening is in order.

That would surely redefine what a super-market is all about.

NATIONAL WEATHER SPOTLIGHT

Weekly Precipitation and Temperature Deviation





RESTAURANT INDUSTRY NEWS

5 Reports to Improve Customer Satisfaction

By: Dave Bennett, www.fastcasual.com , May 21, 2018

What makes your customers happy when visiting your restaurants, and what keeps them coming back? Is it the quality and taste of the food? Polite and speedy service? Customer fulfillment, or lack of it, will ultimately affect your restaurant business in a significant way. Restaurant executives study reports pertinent to their specific departments (Finance, Operations, Marketing, etc.) but no matter their department, there are factors that overlap amongst these departments. One major issue is customer satisfaction. There are many variables that can affect customer satisfaction and by looking at the right information, restaurant companies can utilize a way to measure the key metrics important to executing a memorable dining experience for their guests. Below are a few key reports that will inevitably help keep the customers happy and grow the success of the restaurant business:

Market basket
This report examines items sold in conjunction with other items. Analyzing market basket is crucial for restaurant customer satisfaction because it tells you exactly what your customers are ordering, and provides specific details that are much more specific than summarized menu mix analysis reports. A market basket analysis will show you whether a certain promotion was a success. The analysis identifies all of the items sold with the promo item on the same check. Sales data might indicate that the promo was effective, but the market basket shows the total dollar amount in combination with other details, such as inventory, etc., giving you the bigger picture.

Speed of service
Most restaurants have peak times, and managers need to schedule accordingly. Likewise, schedules must be adjusted for slow traffic times. If managers tend to over- or under-staff just before or after peak service times, pinpointing these scheduling windows can greatly reduce overtime while ensuring that busy areas have sufficient staff to keep the customers happy with speedy service.

Labor costs per hour
The popular belief is that lower labor equals higher gains. Not so. You might sacrifice meeting customer demand in the meantime. With less staff allocated per shift, you could invite issues that include poor customer service, long wait times, and more. A better bet would be to set schedules according to peak hours. By looking at historically busy periods, you can staff your locations to meet demand and still avoid having too much scheduled labor during the slower periods.

Employee contest
An employee sales competition is good not only for employee paychecks, but also for your bottom line. Many restaurant companies hold upsell competitions on drinks, desserts or side dishes. By motivating your staff with incentives and identifying top performing employees, you can gain greater insight into ways to increase profits and keep everyone satisfied. Happy employees are sure to work harder to make the customers happy.

Promo by store
Running weekly promotion analyses for your stores — to track best-selling items and the success of your promotions — will also help improve customer satisfaction, based on preferences. By the same token, you can discontinue promos that might be have a negative effect on your bottom line. To understand whether your promotions were profitable, you not only need to look at sales that included the promo item, but you also need to factor in your food and labor costs. Merging all of this information can help you gain better insight into your campaign's success. Additionally, you can see performance trends amongst all your locations. If some stores had more success with the promos than others, you can dig deeper to find out why and figure out how to help those stores that underwhelmed increase success with the promos.

FRESH TOMATOES the best of nature™

MARK YOUR CALENDAR
PACK YOUR BAGS!

July 27-29, 2018
PMA Foodservice Conference & Expo
Portola Hotel & Spa and Monterey Conference Center
Monterey, CA
www.pma.com/events/foodservice
#TeamLipman will be at booth #206. Come see us!

September 6-8, 2018
Southeast Produce Council's
Southeast Innovations Organics and Foodservice Expo
Gaylord Opryland Resort & Convention Center
Nashville, TN
www.southerninnovations.seproducecouncil.com

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