

JANUARY 14 2022

ON THE HORIZON

BRINGING YOU WEEKLY INDUSTRY UPDATES



GOOD FROM THE GROUND UP

THE MARKET

UPDATE



ROUND TOMATOES

With only the southern part of the state in harvest now, FL's round tomatoes have settled into a somewhat lighter, but steady winter production mode. Lipman is harvesting in both Naples and Immokalee which is where we'll continue to operate from now through the month of February and possibly longer. Generally cooler temperatures have delayed maturity on planned crown picks, so it's been a little lighter for us during the early part of this week. However, we expect to get into the new plantings in the next few days which will help lift the overall sizing profile as we move into next week. Quality is very good.

Baja is down to a trickle and East Mexico's numbers continue to lighten up as West Mexico becomes the predominant area of supply for round tomatoes in the West. Volume is picking up in Culiacan and Guasave and should continue to gain strength over the next few weeks. As most harvests are crown picks, sizing is heavier to big fruit (4x4's and 4x5's) and there are no major quality concerns.

ROMA TOMATOES

There should be a little more roma volume than usual in FL this week and next as some put in an extra planting or two to capitalize on Mexico's late start. The industry's sizing profile is leaning toward jumbo and XL fruit and quality has been excellent, especially on first picks. The current plantings in harvest are producing fruit that is slightly less elongated than usual, likely due to cool mornings stunting growth, but we look for that to change once farms move out of these fields over the next week or so. There's a little scarring and puffiness on later picks, but any issues are minimal. Look for similar volumes next week, then a slight drop off.... back to normal winter levels... after that.

As with rounds, Mexico's roma production continues its transition to a West Mexico deal for the winter. Guaymus, Culiacan and Guasave are seeing stronger numbers thanks to some favorable weather and should see healthy volumes through the rest of the month. Overall quality has been good with no reports of major issues.

GRAPE TOMATOES

FL's grape tomato volumes are still strong and should remain steady for at least the next few weeks. Quality has been good on earlier picks and average on fruit from later harvests. The lesser quality requires a bit more detail on the packing lines to grade out any splits, etc., but the finished product is also good quality.

Grape tomato supply remains more than adequate out of Mainland Mexico and could become even stronger with the favorable weather forecast.

BELL PEPPERS

At this point, most of FL's older pepper fields have been worked through and supply is now limited to newer winter plantings which are lighter. Supply is snug this week, especially on XL and choice fruit. With most of this week's harvests coming from crown picks, the sizing profile is skewed toward jumbo fruit. In another 7-10 days, we'll see fruit size down and a better mix of sizing options. With the older plantings out of the picture, quality has improved and there are no major issues.

After rain and cooler weather slowed production for the past 10 days, Mexico's growers are slowly getting back into their fields and supply is rebounding a bit this week. Our Victory Gardens farms have a good amount of large and medium fruit, but all sizes are available.

CUCUMBERS

Other than some offgrade scrapping in FL, the East is looking to the Honduran imports for cucumber supply. The port congestion, labor and logistics issues are still a problem but there is a little more fruit starting to make it into the pipeline this week than last. We're monitoring product age and quality carefully, as there are still possibilities of port-delayed product making it into the system. If the fruit has made it through the system in a timely manner, quality is good.

Sonora and Sinaloa continue to provide solid cucumber production this week with adequate supplies and good quality available. New crops that will be starting up soon are also looking good. There's nice weather in the forecast so we don't anticipate any supply issues.

YELLOW & ZUCCHINI SQUASH

Squash production is definitely on the light side in FL this week due to 1) older fields being abandoned due to low market prices during the holidays, 2) cooler weather, and 3) lighter winter acreage. There doesn't seem to be as much fruit in Homestead this year and production is down in the Immokalee area as well. Quality has been average to good on the fruit that is available, with a few more issues (scarring/scuffing) on the yellows due to wind. With temperatures on the cooler side for the next week or so, expect a similar situation for at least the next 10-14 days.

Even with the cool weather behind us in Mainland Mexico, we will continue to experience light supplies on squash for the next 7-10 days. A nice warming trend has begun in the growing areas which should provide an increase in production after the plants have time to respond to the weather.

Continued on page 2

EGGPLANT

As Plant City finishes up for the season, we're starting to see Eastern eggplant supply get a little more snug. South FL's acreage is lighter this season and cooler temperatures haven't helped, so we expect supply to remain somewhat limited for the next few weeks. Warmer weather will help to boost production, but we do expect to see lighter winter volumes until early-mid March. Quality has varied by grower- some good and some not so good- and there's a higher percentage of choice fruit around than usual, but there is some nice quality eggplant available.

Mainland Mexico has moved past the recent spell of cooler weather which slowed production. This item takes a little longer to recover from cool weather than others, so supply levels may stay at the lighter but adequate levels for the short term. Quality continues to be excellent.

CHILI PEPPERS

There are still a few chilies straggling in out of Plant City, but the majority of FL's production is coming from the East Coast and Immokalee area now. Jalapenos are the most available chili pepper option with significantly less acreage on the specialty items. Expect light supply for the next two months, especially on Cubanelles, as several farms opt to reduce production acreage in January and February. Quality has been good on most varieties, but we're starting to see more issues in Cubanelles as it's mostly older, tired plants in production.

Sonora and Sinaloa's chili pepper crops are bringing good volumes and quality to the table. Poblanos are still the most limited and sizing is on the smaller side. Our Victory Gardens crops are currently working through a small flush of jalapenos and have excellent quality available.

GREEN BEANS

FL's green bean supply is somewhere between light and moderate this week. There is product available in several locations and yields are starting to rebound slightly from the past weeks. Quality is mostly good, although there are still some fields/locations with residual quality effects from the recent foggy, moist mornings.

Mexico's bean numbers are on the lighter side due to the past cold weather pattern but weather conditions have changed for the good and we expect to see better volume and quality over the next few weeks.

COLOR BELL PEPPERS

There's not much change on the colored bell pepper front this week as Central Mexico and Sinaloa growers continue to bring consistent numbers to the border. Central Mexico's volumes will lighten up as we go into February when the less high-tech growers finish up for the season, but there will still be some product available from the high-tech operations. Meanwhile, growers in Culiacan and Los Mochis (Sinaloa) should continue with consistent good volumes. There's a variety of quality out there with the better fruit coming from high tech operations. If the green bell market stays at higher levels much longer, we expect that some colored bell growers will harvest the fruit green, leading to a bit shorter supply of colored bells in a few weeks.

MINI SWEET PEPPERS

Mini sweet peppers should be available in good supply for the next few months. As more growers enter the mix and crops reach maturity, Mainland Mexico's availability is gaining strength. Baja also has product and expects consistent volume as we head into Spring. Quality is good from both growing areas.

MINI CUCS

After a prolonged period of minimal market prices, several growers in Mainland Mexico let their mini cuc fields go but there's still an adequate amount of product available. Baja's year-round crops also continue to offer steady supply. Quality is strong and we don't anticipate issues for at least the next few weeks.

ORGANIC HH ENGLISH CUCUMBERS

Volume is still very light on this item which is typical for January/February. Production should pick back up in March when the weather gets warmer and new crops come online.

ORGANIC SQUASH

Organic yellow squash production has been a little lighter, in part due to cool weather, but there are adequate volumes coming into Nogales. Zucchini is a bit more snug than yellow but there's enough supply to cover most normal orders. Overall quality is average to good on both colors.

ORGANIC SLICER CUCUMBERS

Organic cucumber volumes remain light overall, but supply is not as tight as it was a few weeks ago and there's enough to cover demand. Expect the lighter availability to continue for the next month or so.

ORGANIC GREEN BEANS

Production has been a little lighter than usual but the bigger issue on organic beans has been russetting due to the rain a few weeks back. We've started in a new field that will produce better quality but it has been slow to come online.

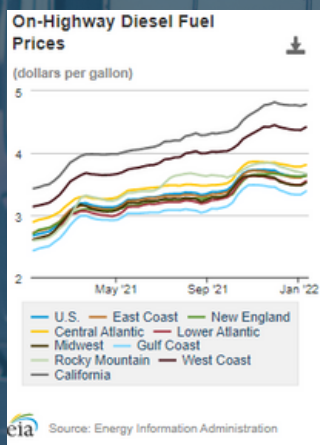
ORGANIC GRAPE TOMATOES

Excellent volumes are available in both McAllen and Nogales. Production should continue at steady levels for the next two months, providing promotional opportunities.



TRANSPORTATION FACTS:

- The national average price for diesel fuel rose \$.04 this week, now coming in at \$3.66 per gallon.
- Aside from the Rocky Mountain zone (down \$.02 per gallon) , all other regions reported price increases ranging from \$.01 per gallon in New England to almost \$.08 per gallon on the West Coast.
- Diesel fuel prices are \$.99 higher than the same time last year.
- The usual suspects have the high and low prices this week: California with the high at \$4.78 per gallon and the Gulf Coast coming in with the bargain price of \$3.38 per gallon.
- Although availability is a notch better after the holidays and last week's Winter weather, transportation is still short in the key vegetable shipping areas- Nogales, Florida and Texas/Mexico crossing points.



DID YOU KNOW?

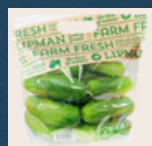
-Stressed? Cut up an entire cucumber and place it in a pot of boiling water. The chemicals and nutrients from the cucumber will react with the boiling water and be released in the steam, creating a soothing, relaxing aroma. How's that for a quick stress reliever?



-Using a pen and made a mistake? Take the outside waxy coating of the cucumber and slowly use it to erase the pen writing.



-Out on a date and realize you forgot gum or breath mints? Ask your waiter for some sliced cucumber. Press a slice to the roof of your mouth for 30 seconds to eliminate bad breath. The phytochemicals will kill the bacteria that cause bad breath.



PRODUCE BAROMETER:

ITEM	QUALITY	PRICING
Bell Pepper	Good	E-Higher; W-Higher
Cucumber	Mostly Good	E-Higher; W-Higher
Eggplant	Mostly Good	E-Steady; W-Higher
Green Beans	Good	E-Steady; W-Steady
Jalapeños	Good	E-Steady; W-Steady
Squash-Hard	Good	E-Steady; W-Steady
Squash-Soft	Varied	E-Higher; W-Higher
Tomatoes	Good	E-Steady; W-Lower

EVENTS

March 3-5, 2022

SEPC's Southern Exposure
Swan & Dolphin Resorts
Lake Buena Vista, FL

www.seproducecouncil.com/events

Team Lipman looks forward to seeing you at booth #124!



March 7, 2022

Flavors of Carolina Show- Got to Be NC
Embassy Suites Charlotte-Concord
Concord, NC

www.gottobenc.com/event/flavors-of-carolina-2022/

Stop by the Lipman booth...we'll be there!

RESTAURANT INDUSTRY NEWS

Most Restaurants Remained Understaffed in December

WWW.RESTAURANT.ORG
January 7, 2022

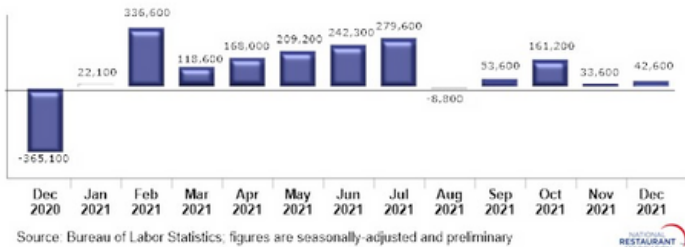
Restaurant employment continued to trend higher in December, but overall staffing levels remained well below pre-pandemic readings. Eating and drinking places* added a net 42,600 jobs in December on a seasonally-adjusted basis, according to preliminary data from the Bureau of Labor Statistics.

This continued a period of relatively modest job growth, compared to the healthy gains posted early in the pandemic recovery. Restaurants added an average of 56,000 jobs during the last 5 months, which was well below the average gains of nearly 200,000 jobs during the first seven months of the year.

In total during 2021, eating and drinking places restored nearly 1.7 million jobs to payrolls. While this was easily the largest calendar-year employment increase on record, it still left the industry roughly 650,000 jobs – or 5.3% – below pre-pandemic staffing levels.

Eating and Drinking Place Employment

Change from the previous month



NEARLY 4 IN 5 RESTAURANTS ARE UNDERSTAFFED

Although restaurant job growth slowed in recent months, demand for employees remained high going into December. In a November 2021 survey fielded by the Association, 77% of operators said their restaurant did not have enough employees to support existing customer demand.

A strong majority of both fullservice operators (80%) and limited-service operators (73%) said their restaurant did not have enough employees to meet customer demand.

For most restaurants, staffing was significantly below necessary levels. Among restaurants that were understaffed in November, 75% of operators said their restaurant was more than 10% below necessary staffing levels. Thirty-one percent of understaffed operators were more than 20% below necessary staffing levels.

Twenty-eight percent of understaffed fullservice operators and 33% of understaffed limited-service operators said their restaurant was more than 20% below necessary staffing levels in November.

Restaurant operators' reporting of how understaffed their restaurant is

Percent below necessary staffing levels	All Restaurants	Fullservice Restaurants	Limited-service Restaurants
1% to 5%	4%	5%	4%
6% to 10%	20%	21%	20%
11% to 15%	21%	22%	21%
16% to 20%	23%	25%	22%
More than 20%	31%	28%	33%

Source: National Restaurant Association, November 2021 survey of 3,000 operators
Base: Restaurants that currently do not have enough employees to support customer demand



IMPACT OF BEING UNDERSTAFFED

As a result of being understaffed, 65% of operators say their restaurant cut hours of operation on days that it is open for business. Forty-four percent of operators reduced the number of items on their menu, while 44% closed their restaurant on days that it would normally be open. Forty percent of operators say they reduced seating capacity as a result of being understaffed.

Fullservice operators were more likely than limited-service operators to say they cut back on menu items, closed on days that they would normally be open and reduced seating capacity.

Actions taken by restaurants in recent months, as a result of being understaffed

Action taken	All Restaurants	Fullservice Restaurants	Limited-service Restaurants
Reduce hours of operation on days that it is open	65%	64%	67%
Reduce number of items on the menu	44%	54%	35%
Close on days that it would normally be open	44%	50%	37%
Reduce seating capacity	40%	51%	28%

Source: National Restaurant Association, November 2021 survey of 3,000 operators
Base: Restaurants that currently do not have enough employees to support customer demand



*Eating and drinking places are the primary component of the total restaurant and foodservice industry, which prior to the coronavirus outbreak employed 12 million out of the total restaurant and foodservice workforce of 15.6 million.

Keep Your Eye on the Consumer

Winter Holidays Brought Bigger Parties, Strong Retail Produce Sales in December
WWW.PRODUCEBLUEBOOK.COM

January 11, 2022

The four December weeks generated a minimum of \$1.2 billion, with the holiday week being the biggest with sales of nearly \$1.5 billion. The week ending December 26 likely included purchases for the Christmas holiday as well as New Year's festivities, boosting sales 13% above year ago levels and an astounding 29.9% over 2019.

"Our surveys indicated that the winter holiday celebrations would be home-centric but with larger party sizes," said Jonna Parker, Team Lead for IRI Fresh. "And that is exactly what we saw playing out in produce and other departments. The holiday week sales were extremely strong and that is an important finding for the early 2022 holidays. I am thinking ahead to Valentine's Day, for instance, a holiday where retail typically loses out to foodservice. In working with other fresh departments, produce has a great opportunity to shine with easy, restaurant equivalent meal solutions."

IRI, 210 Analytics and the Produce Marketing Association (PMA) have teamed up since March 2020 to document the ever-changing marketplace and its impact on fresh produce sales.

Rolling up the October through December results sees fourth quarter vegetable sales back in positive year-on-year growth territory for the first time since the first quarter. Vegetables had the stronger performance in 2020 and thus the harder path to growth. The comparison to 2019 shows very stable gains for both fruits and vegetables ever since the start of the pandemic.

FRESH SHARE

Despite above-average inflation for fresh produce, its share of dollars fell in December. Shelf-stable fruits, in particular had a very strong December with sales gains of 9.4% year-on-year, hand-in-hand with unit and volume gains. Both frozen and shelf-stable are heavily impacted by supply chain disruptions and assortment as well as inventory levels have been down significantly over recent months. The December share of dollars for fresh produce was 78.8%, continuing the downward trend observed since late spring/summer times when the fresh share rose to around 84%.

Comparing the three calendar years shows that fresh lost significant ground in 2020, when shoppers looked to shop less and have inventory on hand to last them during lockdown periods. In 2021, the fresh produce share of dollars recovered to typical levels, but its above-average inflation played a role. When removing the effect of inflation by looking at unit sales it is clear that the strong summer months helped boost the 2021 fresh share to above typical levels, at 77% of units. Shelf-stable does not have a pound-equivalent, rendering a volume comparison impossible.

FRESH VEGETABLE SALES IN DECEMBER

"The top 10 sellers on the vegetable side had a mixed performance in terms of dollar sales growth," said Watson. "Vegetables did not see the same inflationary boost as fruit and while total vegetables increased sales by 1% over December 2020 levels, four areas lost ground, including potatoes, onions, peppers and mushrooms. However, given the very strong 2020 performance, it is important to compare to normal sales levels as well, which shows demand is still quite strong for all top 10 sellers, even taking the effect of inflation into account."

Top 10 in sales	Dollar sales increase over comparable period in 2019/2020										
	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Dec '21	Dec vs '20	Dec vs '19
Fresh vegetables	+8%	+21%	+15%	+15%	+	-7%	-3%	+0.1%	\$2.7B	+1.0%	+16.8%
Tomatoes	+13%	+25%	+18%	+18%	+4%	-9%	-5%	-1.2%	\$281M	+0.6%	+16.0%
Potatoes	+19%	+37%	+17%	+12%	-4%	-20%	-5%	+0.1%	\$277M	-0.9%	+13.8%
Packaged salad	+13%	+12%	+14%	+22%	+13%	15%	+11%	+8.5%	\$237M	+11.1%	+40.0%
Lettuce	+4%	+14%	+8%	+23%	+9%	-4%	+2%	+0.5%	\$206M	+4.8%	+30.0%
Onions	+12%	+23%	+12%	+11%	+1%	-15%	-2%	+1.4%	\$192M	-0.1%	+14.5%
Peppers	+6%	+28%	+22%	+22%	+12%	-7%	-4%	-2.4%	\$183M	-0.7%	+20.7%
Carrots	+6%	+12%	+7%	+5%	-5%	-8%	0%	+1.0%	\$110M	+3.2%	+9.1%
Mushrooms	+8%	+31%	+23%	+18%	+8%	-13%	-10%	-6.4%	\$104M	-6.2%	+11.1%
Broccoli	+5%	+19%	+14%	+12%	+5%	-5%	0%	+7.3%	\$99M	+7.0%	+25.3%
Cucumbers	+10%	+21%	+19%	+22%	+10%	+3%	+4%	+5.1%	\$91M	+7.0%	+29.1%

Source: IRI Integrated Fresh, Total U.S. MULO

Source: IRI Integrated Fresh, Total U.S., MULO

WHAT'S NEXT?

Marketplace disruption is likely to continue through the first quarter of 2022 at a minimum.

- In December 2021, 38% of shoppers encountered issues with availability of items they had planned to purchase. The highest out-of-stocks were reported for toilet paper, canned goods and milk.
- In response to not being able to buy what they came for, 34% of shoppers spent their money elsewhere and 26% ended up not purchasing the planned item at all — underscoring the significant impact of out-of-stocks on sales.
 - 34% went to a different store and another 7% went online and bought it from another store.
 - 26% forewent the purchase.
 - 24% bought a different brand or variety.
 - 19% returned to the store later.
- 22% of shoppers stocked up on certain items out of concern that they may not be available next time they shop.
- 18% stocked up on certain items for other reasons, including rapidly rising inflation. This could affect fresh produce sales with dollars shifting to canned and frozen.

The latest COVID-19 wave has not resulted in the same levels of concern as those early in the pandemic.

- 33% is extremely concerned — a ratio that was double as high during the early months.
- Despite the arrival of the Omicron variant, 73% are not any more or less worried; 27% are more worried and 7% are less worried.

Eighty percent of consumers bought from restaurants in December 2021 — a few points down from prior months. Engagement is driven by takeout and delivery:

- 54% of primary shoppers have gotten takeout and 20% have ordered home delivery.
- 49% have dined inside at a restaurant and 10% have eaten outdoors at a restaurant.

This article has been edited for space and content. To read the entire selection, please visit www.producebluebook.com

News in the Grocery Trade

Online Channel Builds Share of U.S. Grocery Market in 2021

WWW.SUPERMARKETNEWS.COM

By: Russell Redman

January 11, 2022

Fueled by a 3.5% monthly gain in December, U.S. online grocery sales reached nearly \$98 billion last year, according to the latest Brick Meets Click/Mercatus Grocery Shopping Survey.

For 2021, the online grocery market totaled \$97.7 billion in sales via pickup, delivery and ship-to-home channels, as more than 70% of U.S. households, or 93 million, received one or more orders during the year, strategic advisory firm Brick Meets Click reported Tuesday.

December online grocery sales rose to \$8.9 billion (including \$7.1 billion from pickup/delivery and \$1.8 billion from ship-to-home) from \$8.6 billion in November (\$7 billion pickup/delivery and \$1.6 billion ship-to-home). Sales in December represented the second-highest monthly total in 2021, after the \$9.3 billion generated last January and March. More than 69 million households ordered groceries online in December, compared with less than 69 million in November.

Online grocery garnered a nearly 13% annualized share of total grocery spending in 2021, up almost two percentage points from 2020. Brick Meets Click said that excluding ship-to-home — an option not offered by most grocery retailers — the online channel through pickup and delivery accounted for 10% of overall grocery sales last year, marking growth of two percentage points versus 2020.

Although most grocery retailers enlisted third-party delivery platforms when entering the e-grocery arena, the United States stands as a pickup-dominant market, except in some of the largest urban markets, where delivery overtook click-and-collect for the first time in December 2021, Brick Meets Click noted. During 2021, the pickup channel grew its share of online sales by 5% year over year to 45%, whereas delivery saw roughly flat share growth at 33% and ship-to-home share declined five percentage points to 22%.

"If retailers are surprised by these results, it's likely because they are missing a broader view of how and where customers are shopping online for groceries," explained David Bishop, partner at Barrington, Ill.-based Brick Meets Click, which focuses on how digital technology impacts food sales and marketing. "Even before the pandemic started, pickup was preferred over delivery. Then in April 2020, pickup took the

top spot away from ship-to-home, and it's kept that spot ever since."

Fielded Dec. 29 and 30 by Brick Meets Click, the study polled 1,836 U.S. adults who participated in their household's grocery shopping and made an online grocery purchase in the previous 30 days. Delivery includes retailer and third-party services (e.g. Instacart, Shipt), while pickup includes in-store, curbside, locker and drive-up services. Ship-to-home sales cover online grocery purchases delivered via parcel couriers like Federal Express, UPS and the U.S. Postal Service. The national research has been conducted by Brick Meets Click since 2016 and sponsored by Mercatus since May 2020.

During 2021, the average number of online grocery orders placed by monthly active users (MAUs) came in at 2.74 per month, down 1% from 2020. However, Brick Meets Click pointed out, volatility in 2021's monthly order frequency fell 60% versus 2020 levels, indicating that buying patterns are becoming more entrenched at an elevated level — 35% higher than pre-pandemic levels.

Mass merchants also remain a tough competitor to supermarkets and other grocery retailers in the online space. In December, the share of grocery's MAUs who also placed at least one online order with a mass merchant climbed 29.1%, record high for this shopper metric, Brick Meets Click said.

"The state of online grocery in the U.S. today underscores not only the need for grocers to compete online for sales, but also the imperative to develop and implement more sound strategies that improve profitability as sales growth becomes more challenging," stated Sylvain Perrier, president and CEO of Toronto-based grocery e-commerce provider Mercatus. "In this regard, putting customer satisfaction at the center of the shopping experience is paramount and requires implementing an operational process that is not only efficient for the retailer but also caters to customers' demand for quality and convenience."

This article has been edited for space and content. To review the entire selection, please visit www.supermarketnews.com

