

MAY 20 2022

ON THE HORIZON

BRINGING YOU WEEKLY INDUSTRY UPDATES



GOOD FROM THE GROUND UP

THE MARKET

UPDATE



ROUND TOMATOES

The round tomato season is coming to an early close in the Ruskin/Palmetto area. Crown picks will wrap up over the weekend, leaving only a minimal amount of 2nd's and 3rd's to harvest next week. The later picks are very light this season as 1) the crown set was very heavy, draining the plants' energy and 2) weather was cool at the time the 2nd's were setting.

This will put a pinch in Eastern supply for the next few weeks until new growing areas get up and running. Lipman's SC farms will start in a light way over the Memorial Day weekend, with stronger numbers coming by the following week, while Quincy is still looking to be delayed until the 2nd week of June. Quality is good on the remaining crown fruit in R/P, but there have been reports of a little wind scar and some skin check on the 2nd picks they've been able to harvest. This week's sizing has dropped a notch with the majority of fruit coming off in the mid-sized range with a few 6x6's in the mix. There are no jumbos to speak of and very few 6x7's.

Western round tomato production continues its transition from the typical Spring areas in Mainland Mexico to the Summer season producers in Baja, Eastern Mexico and California. Although West Mexico expects to have stragglers going into June, the majority of farms will finish up over the next two weeks. As is the norm at the end of the season, volume and sizing are declining each week. In Baja, harvests have just gotten started in San Quentin and Vizcaino is expected to follow sometime in the next 7-10 days. It will likely be another week or two before volumes ramp up and they become a factor though. Reports indicate that Baja's acreage is down so we should expect a bit less volume than in years past. On the domestic side, there's a small mature green deal going in the CA desert now, but it will be the 2nd or 3rd week of June before the San Joaquin Valley growers come online as they are projecting a late start.

ROMA TOMATOES

As with rounds, the Ruskin/Palmetto roma season is in its last days. Some growers have already bowed out for the season and the remainder will finish up over the weekend or early next week. Sizing and quality continue to be good, even as the season draws to a close. Lipman's proprietary Crimson roma variety has really performed well this season, producing some of the best fruit in the industry. Since there's no significant roma acreage in Quincy or SC, the East will experience its normal gap in supply until regional deals get started in TN, NC, etc. after July 4th. Until then, the East will be looking to Mexico and/or CA for supply.

West Mexico's roma growers are heading into the short rows, but there should still be lighter volumes coming from several different areas through May and going into the first part of June. At that point, the West will be looking to Baja and

California for supply. A handful of growers have started from the Vizcaino and LaPaz districts in Baja and there will be a few more to come online over the next week. Domestic roma programs in CA are running a little behind due to rain interrupting the planting schedule, but we expect the first fruit to come online by the 2nd full week of June. San Luis Potosi (Eastern Mexico) has also started roma harvests in a light way and should gradually see increases, providing a boost to availability in McAllen.

GRAPE TOMATOES

Ruskin/Palmetto's grape tomato volumes are also declining, but there should still be fruit available for the next 2-3 weeks. Most of the grapes from older plantings are going into bulk packs, while the newer fruit is packing out nicely for clamshells. Overall quality is holding on nicely with no major issues to report. Looking ahead, Lipman is on schedule to get started with grapes and cherries in SC over the Memorial Day weekend. There should also be light volume in the Quincy area once they get up and running in June. These areas will need to carry the Eastern supply until regional programs start in late June/early July.

Volume and quality continue to decline out of Mainland Mexico as production transitions to Baja. There are a few growers that have already gotten started but Baja's volume is still on the shy side. More acreage will come online over the next few weeks, providing seasonal production levels by the first week of June.

BELL PEPPERS

There's still not a lot of pepper in the East but there seems to be just enough to get by. A few GA farms got underway over the past weekend, but volume is limited at this point. More fields are expected to get started by the weekend, so we should begin to see more seasonal volumes next week.

There's still some retail-sized fruit in Plant City, which should go for a few more weeks, but growers further south are down to choice peppers, most with questionable quality.

With Mainland Mexico out of the picture now, the CA Desert (Coachella) has the only pepper game in the West. Unfortunately, volume and sizing are down as they enter the last few weeks of the season and availability is very snug. Recent heat has been a factor on quality, as sunscald and turners are becoming more prevalent in the box. Bakersfield will be the next CA production area for bells and they are still 2-3 weeks away so we could see a gap if the desert can't hold on that long.

Continued on page 2

CUCUMBERS

There are still some light volumes coming out of South FL and Plant City, but GA has become the volume production area for cucumbers in the East. Quality is mostly good, although there have been a few lots with sunken areas and a bit of scarring. Our Clinton, NC program, which is one of the largest in the region, will get up and running in the first week of June, providing a strong boost to Eastern supply.

As we look ahead to the normal summer “regionalization” that takes place, we could see a little less fruit around as some of the smaller local programs have opted not to participate in the cucumber deal this year.

Four growers in Baja Mexico have started up now and there are more to follow over the next few weeks. There will be a significant overlap with both Baja and Sonora cucumbers available for the rest of May and going into early June. Right now quality is strong from all areas but there have been a few hit or miss issues with fruit from older plantings.

YELLOW AND ZUCCHINI SQUASH

With good volumes coming out of both Plant City and GA, yellow and zucchini squashes are readily available in the East. After being in an oversupply situation, Plant City has moved into its 2nd plantings which are a little lighter but still adequate. Both Plant City and GA should have fruit until the end of May, when production will begin to transition to the north and regionalize. There is good-quality retail fruit available, but there have been a few scuffing and discoloration concerns on yellows.

As the Mainland Mexico season winds down, there are only two shippers out of the Hermosillo area still bringing squash into Nogales. With quality issues on much of the remaining Mexican fruit, most are looking to the new crops in CA for supply. Both Fresno and Santa Maria farms are underway now but volume hasn't really kicked in yet. Warm weather is expected to help strengthen supply by next week.

EGGPLANT

Plant City continues to harvest enough eggplant to carry Eastern demand and overall quality has been good. The next major area of production will be GA and they look to be 10-14 days out from first harvests.

Mainland Mexico's eggplant crops are winding down quickly, with quality and volume slipping daily. While some growers had hoped to go into June, it looks like we'll see most call it quits over the next week or so. This will leave the deal to CA's Coachella Valley for a few weeks where production has been strong but quality has just been average. By mid-June, we should see Baja's product crossing into CA, then Bakersfield and Fresno will follow in July.

GREEN BEANS

GA's bean production has ramped up as a few more growers have gotten started over the past week. With some supply still coming from North FL to add to the GA pile, Eastern supply is in a good place this week and there are no major quality issues reported. Next up- we'll see some of the coastal deals in NC get up and running in another few weeks.

There are only a few weeks to go on our Guasave green bean crops which should provide light supplies through the rest of the month. There have been a few beans showing up in Orange County and pallet volumes coming out of Coachella, but there won't be any significant new production until early next month when Brentwood and Baja get rolling.

CHILI PEPPERS

Plant City has plenty of Cubanelles and good volumes of jalapenos, but supply is very light on poblanos and serranos. They should continue to work fields into June, and be joined by GA farms sometime over the next 2 weeks. From there, we'll see regional pockets of supply in late June/early July.

Mainland Mexico chili pepper growers continue to bring good volumes of Anaheims, jalapenos, poblanos and serranos into Nogales but are, for the most part, finished with tomatillos. Quality is holding up pretty well on most items, but there are some issues on any habaneros that may/may not be available. Baja is on the verge of starting up and already has tomatillos available now. We'll see more volume and varieties crossing through Otay Mesa by the end of the month as they get going in earnest.

COLOR BELL PEPPERS

Cool and gloomy weather to the East and to the West continues to have an impact on Canada's red, orange and yellow pepper production. This week's picks are about 1/3 of what they would normally be, so supply is a bit more snug than usual. There are a few warmer days coming up, so we hope to see a boost in volume by the end of next week. The available pepper is still on the large end of the size spectrum, with most of it still counting in the 16-20 range. If the weather cooperates, we expect a Canadian flush in about two weeks, which will start with big fruit, then gradually provide a wider range of sizing options. Pepper quality is strong with thick walls, strong stems, and good color. Looking to the south, there's not a whole lot of fruit coming out of Mexico this week either. Nogales shippers are still hanging in there, but sizing and quality are poor so this fruit won't work for most. Central Mexico is also in slim pickings for the next few weeks, as production transitions from Spring to Summer plantings.

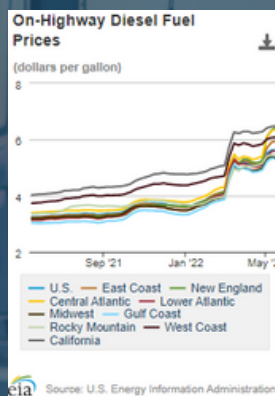
TOV's (Tomato-on-the-Vine)

After an extended period of oversupply, this week's TOV availability has lightened up a bit but is still adequate. There's not much volume remaining in Mexico and quality has declined to the point that they are finished for all practical purposes. We will see some new crop fruit in June, but volume will be minimal, as Mexico's Summer production is limited to one or two growers. Canada is still the powerhouse of TOV production but picks have been down this week due to cloudy and cooler weather. Weather willing, production will pick back up by the end of next week. Product is also available domestically in CA, UT and TX.



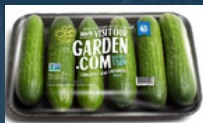
TRANSPORTATION FACTS:

- The national average price for a gallon of diesel actually declined \$.01 this week, moving from \$5.62 to \$5.61 per gallon.
- Two areas (the Midwest and Gulf Coast) came in with price decreases of \$.04 per gallon. The remaining reporting zones came in with steady pricing or increases ranging from \$.01 to \$.09.
- Diesel fuel prices are \$2.36 higher than the same time last year.
- The highest diesel prices are reported in California where they average \$6.48 this week. The best fuel bargain in the country can be found in the Gulf Coast area (\$5.30).
- Central/South Florida and Georgia are slightly short on trucks, but other areas in the country have adequate levels of transportation available.



DID YOU KNOW?

-Persian cucumbers are thin-skinned and botanically classified as Cucumis Sativa. They are members of the Cucurbitaceae, or gourd family, and can grow to be about 4-6 inches long and remain quite narrow.



-The origin of Persian cucumbers is relatively unknown, but it is believed their cultivation evolved from a kibbutz in northern Israel in 1939. Kibbutz are agricultural communities whose economies are reliant on the crops they collectively raise.

-Cucumber seeds can cause people to burp but Persian cucumbers are seedless so they are called "burpless" cucumbers. Burpless cucumbers are usually sweeter and have a thinner skin than other types of cucumbers. They are easy to digest, have a pleasant taste, and are considered less bitter than other types.

PRODUCE BAROMETER:

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

EVENTS

July 28-29, 2022

IFPA (formerly PMA) Foodservice Conference
Monterey Conference Center/Portola Hotel & Spa
Monterey, CA

www.freshproduce.com/events

Lipman will be at booth 100!



September 22-24, 2022

SEPC's Southern Innovations
Gaylord Opryland Resort & Convention Center
Nashville, TN

www.seproducecouncil.com/events-networking

September 26-28, 2022

IFPA's Washington Conference
Grand Hyatt Washington
Washington, D.C.

www.freshproduce.com/events

MERCHANDISING MINUTE

Try These Strategies to Promote Local Summer Produce

WWW.PRODUCEMARKETGUIDE.COM

By: Joe Watson

May 13, 2022

This time of year, fresh produce production is abundant in most U.S. states, with the North arriving to the party little later than those below the Mason Dixon line.

While retailers know how to source, merchandise and market locally grown programs, engaging consumers in a locally grown program can prove to be trickier than in the past. But there are a lot of opportunities.

What is local?

Everyone has a definition of local, but most retailers consider local within the state or sometimes even bordering states. Others use a mileage radius to determine what's considered local. And yet consumers have a much different definition. Some believe local is their town, while others consider Grown in the USA, locally grown. Seriously, I have seen surveys that show this consumer sentiment. So, making sense of what local means can be a challenge if there is no plan.

The plan

A plan to promote local must start with your objective: to sell local produce and make an extra margin; to compete with another retailer; to differentiate; to reduce the cost of goods; to support local farmers; or all the above. These are all good strategies, but given the times we are in today, I believe it is time to peel back the onion on what impact buying and selling locally grown produce has on the local economy and the environment.

First things first

One of the biggest barriers for retailers is maintaining a consistent supply of local product with farmer documentation proving their farming practices meet your company standards, including food safety. These are critical steps that the farmer must develop with assurances and tracking methods in place so that all retailer expectations are met product procurement. I remember having to cull some long-time local farmer partners because they did not have — or did not want to have — the proper documents and practices in place to give us confidence what we were selling was safe. From a liability standpoint, it simply was not worth the risk.

Local is premium

This may be controversial, but from my many experiences, there is a value-add to locally grown produce. Most local farmers do not have the tools and

resources of large farming operations, so their operating costs per volume are often higher. But the buyer saves on the transport cost, so use this as a strategy to promote high-quality locally grown fresh produce. Unique, hard-to-source products even more so should be a value-add — not a true price-point offering. Make it special, as we used to say.

Messaging local

The produce is local: What else can beat that? Well, plenty if the message is simply “locally grown.” The term is everywhere, on a host of categories, so it must be more. The message must have purpose.

Consider these ideas for your message about your local program this summer:

- Tell the story of the farmer. Consumers more than ever want to know where their food is from and who is producing it. When possible, have local farmers make appearances to speak directly to your customers. It is a powerful experience. Retailers should stop worrying about another retailer taking their local producers away. Stop hiding the story and blast it! Your customers will thank you.
- Sustainability is everywhere today, and there is a story to tell about how locally grown is improving sustainability. It reduces transport times and helps the atmosphere in carbon emissions and collection. Consumers will eat this up if done correctly and with consistency.
- Pay it forward. Develop a charitable strategy by supporting a local charity through a portion of proceeds from all locally grown produce sold in your stores. Again, it's about connecting with consumers and making them feel part of the success and solution, while supporting your store and local producers alike.

What's in it for the customer

When consumers feel good about their purchases and the good that it does, their loyalty to your business grows. You have created a champion for your store. In all the years I bought and sold locally grown fruits and vegetables, I never had a customer complain about supporting local. They relished being a part of a success story, not specifically for our business, but for the farmer and helping them sustain their business. It is truly a win-win with consumers.

What's in it for the retailer

Retailers benefit when they're viewed as a supporter of local businesses, a supermarket that gives back to the community through locally produced fresh fruits and vegetables. Also, being purpose-driven is an important recruiting tool for today's younger generations in the workforce. And what could be more purpose-driven than locally grown fruits and vegetables?

RESTAURANT INDUSTRY NEWS

Dining In Surges, Takeout Declines in Restaurant Trends Report

WWW.PRODUCEBLUEBOOK.COM

May 18, 2022

Toast, the all-in-one digital platform built for restaurants, today announced its Q1 Restaurant Trends Report, providing visibility into the overall state of the restaurant industry through aggregated sales data from restaurants on the Toast platform, which serves approximately 62,000 locations in the U.S.

In Q1, the operating environment continued to change rapidly for restaurant operators – pandemic restrictions lifted throughout the U.S., leading to a surge in guests dining in, all while the industry continued to face a sustained labor shortage alongside rising input prices due to supply chain disruption and accompanying inflation. However, with this backdrop, restaurant operators, employees and suppliers remained incredibly resilient.

DINING IN SURGES WHILE TAKEOUT AND DELIVERY DECLINE

Diners are ready for the warm weather and enjoying their favorite meals in person. On-premise dining sales were up 46% from Q1 2022 compared to Q1 2021, while takeout and delivery sales were down by 7% over the same period.

RESTAURANT SALES SAW STRONGEST GROWTH IN THE WEST AND NORTHEAST

While all regions in the U.S. saw impressive year-over-year sales growth, the Western region grew fastest with 38 percent growth, a rate almost twice as high as the South.

SAN FRANCISCO, SAN DIEGO, SEATTLE, NEW YORK AND LOS ANGELES GREW FASTEST IN Q1

The restaurant recovery is real in major markets across the U.S. The top five performing cities in Q1 2022 were San Francisco (57%), San Diego (55%), Seattle (54%), New

York (50%), and Los Angeles (46%) based on Q1 year-over-year gross merchandise value (GMV) or total sales growth on a same-store basis.

TIPPING REMAINS STEADY

On average across all tipped transactions, tipping across full-service and quick-service restaurants remained steady at an average of 19.9% for full service (slightly up from 19.8% in Q1 2021) and 17.0% for quick service (slightly up from 16.9% in Q1 2021).

INDIANA IS THE HIGHEST TIPPING STATE AND CALIFORNIA IS THE LOWEST

Guests in the Midwest were slightly more generous this quarter, with Indiana coming in at the highest across all tipped transactions with an average tip percentage of 21.29%, followed by West Virginia at 21.23%, Delaware at 21.22%, Ohio at 21.14% and Kentucky at 21.07%. The lowest tipping states were Louisiana at 18.96%, Florida at 18.72%, New York at 18.64%, Washington at 18.41% and California at 17.56%.

GUESTS TIP MORE WHEN THEY DINE-IN VERSUS ORDERING TAKE-OUT OR DELIVERY

Guests continue to appreciate great service when dining in. Across all tipped transactions they are tipping significantly more when they are on premise versus when ordering takeout or delivery.

TOP PERFORMING CUISINES

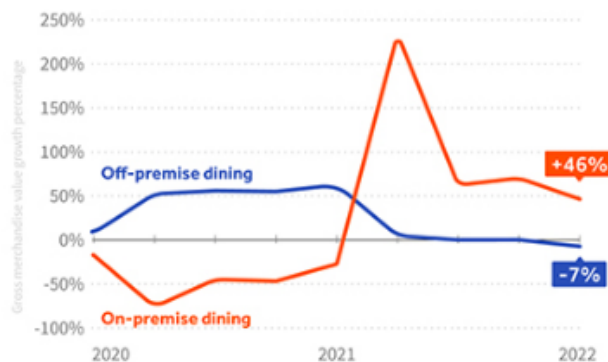
Asian-Inspired cuisine is the top performing cuisine among guests followed by breakfast and Middle Eastern.

METHODOLOGY

The Restaurant Trends Report, powered by Toast, uncovers key trends across the restaurant industry through aggregated sales data from restaurants on the Toast platform, which has approximately 62,000 locations as of March 31, 2022 in the U.S. All growth rates are calculated on a same store sales basis for the applicable period of time. The Restaurant Trends Report is not indicative of the operational performance of Toast or its reported financial metrics including GMV growth and same-store GMV growth.

Guests are ready to dine in again

Restaurants on Toast's on-premise and off-premise Q1 gross merchandise value (GMV) growth percentage year-over-year.



Data from applicable restaurants on the Toast platform

toast

QUESTIONS OR SUGGESTIONS FOR THE NEWSLETTER? EMAIL: JOANNA.HAZEL@LIPMANFAMILYFARMS.COM

NEWS IN THE GROCERY TRADE

5 Trends Grocers Should Consider Throughout 2022

WWW.PROGRESSIVEGROCER.COM

By: Emily Crowe

May 19, 2022

With 2021 being punctuated by pandemic-related consumer trends, a fragile supply chain, a tight labor market and unprecedented inflation, grocers have faced a whirlwind so far in 2022. A new report from McKinsey & Company looks back at 2021 and forecasts the trends that food retailers should keep an eye on for the remainder of the year.

An increase in capital expenditures was also noted for 2021, with grocers increasing investments at an amount 1.3 times their historical levels, according to McKinsey. "As investments continue to pour in, we expect these enhanced capabilities to disrupt the food ecosystem," the study stated.

As for the rest of 2022, McKinsey expects grocers to see the following trends:

1. A CONSUMER BALANCING ACT BETWEEN VALUE AND HEALTH CONSCIOUSNESS

The pandemic and heightened inflation have forced shoppers to seek out the best value for their dollar, with 90% of CEOs anticipating increasing pricing pressure from consumers to continue throughout the year. Indeed, 45% of consumers plan to find more ways to save money and 29% will actively research the best promotions more frequently.

Additionally, about 40% of consumers plan to increase their focus on healthy eating and nutrition – a trend that is most prevalent among Millennial and Generation Z shoppers. "The emergence of this younger, value-conscious, and healthier eater in 2022 creates opportunities for grocers to tailor their value-priced private-label products to include healthier offerings," the study found.

2. HEIGHTENED OMNICHANNEL EXPECTATIONS

A customer preference for online and delivery orders increased about 50% amid the pandemic and is expected to rise further this year. Many still prefer to shop in-store, however, because of a desire for personal contact and expensive delivery charges.

Grocers are urged to invest more money in a seamless online experience, especially as

shoppers expect similar assortments, pricing and promotions across all channels. App user experience, loyalty and personalization are also becoming increasingly important to consumers.

3. THE SUSTAINABILITY IMPERATIVE

With consumers becoming increasingly aware of the consequences of their purchasing behaviors, more companies are making decisions based on social and environmental issues. Some 44% of Fortune 500 companies are integrating environment, social and governance practices into their core business strategies, as McKinsey also found that 76% of shoppers buy or boycott brands based on values.

4. FURTHER INVESTMENT IN TECH AND ANALYTICS, AS WELL AS WORKFORCE PLANNING

Changing workforce requirements are spurring grocers to find ways to reskill their employees, including tuition reimbursement programs. The report further found that 54% of current work activities in retail can be automated, placing even more emphasis on technology and artificial intelligence.

5. BUILDING BROADER ECOSYSTEMS AND PARTNERSHIPS

Improving margins and creating business growth are imperative for today's grocers, and customer loyalty, data and partnerships can be leveraged to broaden their ecosystems. Joining forces with technology and third-party delivery companies can help retailers gain cost efficiencies and e-commerce reach, as well as innovative value propositions for customers.

"The year ahead is already full of challenges. Leading grocers will be defined by the differentiation, innovation, and defensibility of their strategies," the study found. "Grocery executives that can successfully navigate these five issues will be poised for better performance in the years ahead."

Note: This article has been edited for space and content. Please visit www.progressivegrocer.com to view the entire selection.

