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updates

CROP & MARKET

INDUSTRY INFO





MARKET UPDATES

ROUND TOMATOES

Roma production continues at the normal steady, but lighter wintertime pace in FL. Barring weather, Lipman expects to continue at current production levels until March when we transition from Naples to Estero. However, one of the other larger growers has 30% less acreage in production for the next 4-5 weeks, so we may see less fruit overall. There's a good mix of sizing this week, as crown picks are yielding mostly J and XL and 2nd picks offer L and smaller. Quality is excellent. West Mexico is expected to remain in strong supplies throughout the month of February. Guasave harvests have been slowed due to a couple days of rain this week, which may result in a short-term dip in supply, but there's plenty of fruit coming out of Culiacan and LaCruz to pick up the slack. East Mexico (Jalisco, San Luis Potosi, etc.) will also have fruit from their lighter Winter production schedule. Overall quality is good and the best availability is on larger sizes.

ROMA TOMATOES

FL's overall round tomato production has been steady at the lighter Winter levels. Some growers experienced a brief skip this week as they waited for new crown to come on, but Lipman's numbers have been steady. There's a good mix of sizing as most are harvesting crowns, 2nds and 3rds and quality has been nice. Expect consistent production levels until mid-March, when Spring crops get rolling and acreage increases. West Mexico growers are in the thick of things on both mature greens and vine-ripes with good volumes available. Sizing is still skewed to the bigger side (mostly 4x4's and 4x5's) but we are seeing a few more 5x5's this week. No major quality issues have been observed.

TOV

As the days lengthen and light levels improve, MX's growers seem to be coming out of the Winter doldrums with a little more fruit and better sizing this week. With domestic growers in CA expecting increases from interplantings over the next few weeks as well, supply should be a bit stronger as we move through February.

GRAPE TOMATOES

Warm weather has helped to spur on grape tomato production in FL. After a lighter spot last week, Lipman has returned to

steady, more normal volumes this week. The lighter color we saw last week has corrected itself with warmer weather and overall quality is good. Lipman will stay in Naples for the next few weeks, but will move into the Estero crops, likely by the 3rd week of February. Conversely, cool weather and rain in some areas have lightened up the supplies out of MX for this week but supply is adequate. A return to higher nighttime temperatures should kick production back into its typically strong pace soon.

COLORED BELL PEPPERS

Retail-sized red, yellow and orange bells are available in good supply from both Culiacan and Central Mexico growers this week. On the Culiacan side, red production is the strongest and quality can vary depending on the grower's inventory and movement. There's not a whole lot of bushel product in McAllen with yellows being the tightest. Red bushels are more available, but quality has been poor on some of the recent lots.

GREEN BELL PEPPERS

South FL has both older and newer fields in production this week, bringing the size/grade profile down from last week's larger fruit. Quality has been mostly good, especially from the new-field fruit. Production should remain fairly steady at the current levels until March, when Spring crops are expected to start. Overall, Western pepper production continues at a steady pace. Our harvests in Guasave has been hampered by rain this week and cooler temps have reduced our sizing profile, but we should move into new plantings and be more consistent in a week or so. Growers in the Culiacan area just moved into new blocks and have good volumes and adequate numbers of retail-sized product. Quality has been solid, but there has been a little more wind-scar than preferred on the product out of Culiacan.

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CUCUMBERS

Although Honduras' volumes are less than usual this year, they are now in their peak of production. They expect good volumes for the next 4-6 weeks before slowing down for the season. Quality has been good, but we may see some condition issues if product gets backed up as it sometimes does. By the time Honduras winds down, FL Spring crops should be in action. Harvests will begin as a trickle in early March, with good volumes expected by mid-month. Mainland Mexico farms have been providing a consistent stream of product in Nogales. As usual, quality and color are good on the Mexican fruit.

GREEN BEANS

FL's green bean production has been minimal this week as yields have dropped off significantly due to prior cool weather. Quality is just okay, as there are some sporadic issues due to the cold. We should see improvements in the next two weeks as we work through the current blocks. Mexico's bean production has become a little more limited due to the 5-7 day weather rollercoaster ups and downs but product is available most days. Demand continues to be strong with overall light to moderate production. Quality has been good on most lots.

YELLOW & ZUCCHINI SQUASH

FL's squash production has been a little erratic, but supplies strengthened a notch at the end of the week. Nice, warmer weather could bring on a little more fruit next week but we're expecting similar light volumes until March when new crops and other areas get rolling for the Spring. Quality has been consistently good on zucchini but there are scarring and scuffing concerns on a lot of the yellows. In the West, cycles of cool weather, warmer weather, and rain have generated some ups and downs with production but adequate supplies are available. Now that the rain is behind us, we expect production to increase again within the next few weeks. We will more than likely experience more ups and downs during the month of February.

HARD SQUASH

There's no significant domestic production in the East but the first Honduran butternut has arrived and more is expected next week, along with some spaghettis. There were a few FL acorns around, but they have wrapped up, leaving the East to depend on MX for supply. In the West, Sonora growers are winding down but doing what they can to fill the gap as we wait for the delayed Sinaloa crops to come online. The acorns have a little extra ground scar on them, butternuts are showing a little scuffing, and spaghettis have 15-20% scarring. The new crops in Sinaloa should have started by now but may be delayed by another few weeks.

CHILI PEPPERS

Eastern chili pepper production is limited to the light volumes and few SKUs in South FL, with mostly jalapenos and poblanos available in any volume. We do expect to see some new crop come online at one of our farms in the next 2-3 weeks. Look for overall volume and variety to improve when Spring crops get rolling in April. As for the West, supplies are moderate. There were lot of #2 jalapenos from older fields last week, but supply and quality have improved are we and others have moved into new fields this week.

EGGPLANT

FL's eggplant supply continues at light levels as cool temperatures and reduced winter acreage affect the volumes produced. Spring crops should begin in April. Until then, we expect continued light supply. Growers have walked away from some of the older fields with inferior product, so quality should be a little cleaner now. As for the West, Mainland Mexico/Culiacan has moderate supplies consistently and should continue to for the next few weeks. Look for demand to pick up for Lent as soon as February 15th.

ENGLISH CUCUMBERS

MX's HH cucumber production has leveled out at the lighter-acreage levels for this Winter. There's a little more fruit available this week, but it depends on your tolerance for shape. Shadehouse growers have been affected by the temperature ups and downs and are still having some issues with fruit curvature and bottlenecks but there is product available with better shape. Of note, we're seeing some of the earliest Canadian crops begin to come online now. By mid-March, Canada will be a factor. Our FL program is expecting lighter supply for the month of February, but should be closer to normal yields by March.

CALABACITA

Supplies are on the lighter side this week due to the waethr ups and downs, but we're able to meet demand with no major issues.

ORGANIC GRAPE TOMATOES

With Culiacan growers leading the way, organic grape tomato availability is good. They should continue at these levels for at least the next 2 weeks. Quality has been very good.

ORGANIC ROMA TOMATOES

Organic roma harvests in MX have been steady and consistent, meeting demand daily. Fruit has been on the larger side, but there are J-M's available this week and quality has been nice. Production should stay strong for the next 4+ weeks.

MINI SWEET PEPPERS

Bouts of cold weather continue to slow supply sporadically, but there are adequate volumes of mini sweets coming out of multiple areas in Sinaloa. There have been some reports of greening upon arrival, but the fruit is coloring up acceptably with time. Otherwise, quality and size are good.



NEWS IN THE PRODUCE INDUSTRY

Online sales to near 14% of U.S. grocery market in next five years

By **Russell Redman**

Jan. 31, 2023

WINSIGHTGROCERYBUSINESS.COM

Despite a letup since the peak of the pandemic, U.S. online grocery sales stand to maintain a strong annual growth pace over the next five years, fueled in part by rising use of pickup service, strategic advisory firm Brick Meets Click projects.

E-grocery sales are expected to swell from 11.2% of the overall U.S. grocery market in 2022 to a 13.6% share in 2027, according to the 2023 Brick Meets Click/Mercatus 5-Year Grocery Sales Forecast, released Monday. The estimate reckons an 11.7% compound annual growth rate (CAGR) for online grocery sales during the five-year period.

Meanwhile, total U.S. grocery sales—including in-store and online—look to grow at a 2.5% CAGR through 2027, excluding the impact of price inflation, Brick Meets Click reported. Driving that trend will be a roughly 1.7% gain in household spending and a 0.8% uptick in the number of households.

Within e-grocery, pickup sales will grow at an estimated five-year CAGR of 13.6%, outpacing growth rates of 10.8% for delivery and 8% for ship-to-home. That CAGR will fatten click-and-collect's share of online grocery sales from 45.4% in 2022 to a projected 50.3% in 2027 as pickup siphons sales from the other two channels.

Barrington, Illinois-based Brick Meets Click cited ongoing inflation; lingering concerns about illnesses such as COVID-19, RSV and the flu; and a maturing online segment as key factors behind its five-year online grocery sales outlook. Similarly, an aging population and shrinking household size are encumbering growth in the overall grocery market.

"This forecast reflects that the projected growth of online grocery sales is slowing after the significant gains of the last two-plus years," explained David Bishop, partner at Brick Meets Click, which examines the impact of digital technology on food sales and marketing. "Now more than ever, grocers need a grounded view of the future market while simultaneously strengthening the customer experience to protect their base business and improving the profitability of this higher cost-to-serve mode of shopping."

Consumers will continue to tangle with elevated inflation over part of the five-year forecast period. Brick Meets Click anticipates grocery-related inflation to average 4.8% over that time span, starting at 10.9% in 2022 and sliding down to 2.8% in 2027. The advisory firm noted that inflation will drive nearly 75% of the projected gains for in-store sales but less than half of the gains estimated for online sales.

To a certain degree, health concerns remain an online grocery motivator as consumers seek contactless ways to shop for food, and it's not just due to COVID, Brick Meets Click said. The October 2022 Brick Meets Click/Mercatus Grocery Shopping Survey found that about 10% of online grocery monthly active users (MAUs) used e-grocery services to help prevent COVID infection. Such concern also spread to other respiratory illnesses like RSV and seasonal flu in the latter part of 2022 as cases mounted and pushed customers to shop online for groceries.

Expected increases in market availability likely will expand pickup more than delivery or ship-to-home. Brick Meets Click noted that some U.S. households still lack convenient access to click-and-collect, and many grocery retailers are still rolling out pickup services across their stores. The advisory firm described the grocery delivery space as "already saturated" since most consumers can choose from multiple home delivery options across a wide range of retail banners. Delivery, too, is more sensitive than pickup to financial (fees) and health concerns (interacting with delivery personnel).

Through 2027, average order values (AOVs) are forecast to grow at a 4.2% to 6.4% CAGR, including inflation. Growth for pickup will be in the higher end of that range, with delivery falling in the middle and ship-to-home on the lower end. Order frequency among active users is expected to rise from 1.9% to 3.3% over the five years, with the same growth-rate breakout among the three fulfillment channels.

In working toward online profitability over the coming five years, grocery retailers should "focus on the fundamentals, according to Sylvain Perrier, president and CEO of Toronto-based e-grocery solution specialist Mercatus.

"Know who your customers are and the value you provide them. Use that insight to deliver a more personalized brand experience that is consistent and frictionless," Perrier stated. "Take steps to improve margins using simple tactics like offering lower-cost pickup services, engaging with multiple third-party delivery providers and leveraging first-party retail media to offset the cost to serve online customers."

Continue to read the rest here



NEWS IN THE GROCERY WORLD

GROCERY STAYS ON UPSIDE AMID U.S. RETAIL SALES DECLINE FOR DECEMBER

By **Russell Redman**

Jan. 18, 2023

[WINSIGHTGROCERYBUSINESS.COM](https://www.winsightgrocerybusiness.com)

Sales growth at grocery stores deflated in December, reflecting a decline in overall U.S. retail sales for the second consecutive month.

December retail and foodservice sales came in at \$677.14 billion (seasonally adjusted), down 1.1% from \$689.44 billion in November but up 6% from December 2021, the U.S. Census Bureau reported in advance estimates on Thursday. Retail trade sales for December—excluding motor vehicles and parts stores, gas and repair stations—fell 1.2% month over month to \$588.81 billion yet climbed 5.1% year over year.

The retail sales performance for December continued decreases from November's performance, when total retail sales dipped 0.6% month to month and were up 6.5% year over year, which marked a notable downturn from October. Retail trade sales in November declined 0.8% month over month to \$599.05 billion but rose 5.4% year over year, compared with monthly and annual gains in October.

Grocery store retail sales for December inched up 0.1% month over month to \$72.95 billion (seasonally adjusted), below the 0.8% sequential gain in November but up 7.3% from December 2021, less than the 8.6% year-over-year uptick in November.

ASales at all food and beverage stores were flat in December on a sequential basis and grew 6.9% over 12 months to \$81.32 billion, versus increases of 0.8% month over month and 8.1% year over year in November, the Census Bureau reported.

December's sales performance marked the nadir for 2022, noted Kayla Bruun, economic analyst at data intelligence firm Morning Consult.

"The final retail sales report of 2022 was the weakest of the year, aligning with monthly declines across a broad range of categories captured by Morning Consult's proprietary spending data. In real terms, retail sales declined year over year—a development that is especially disappointing given that last December was being impacted by the spread of the omicron variant," Bruun said in an emailed statement. "Weaker spending on core goods affirms that growth in the broader consumer spending measure—personal consumption expenditures, released later this month—will need to be driven by services, though Morning Consult's data suggests demand may be losing momentum for these purchases as well."

For the full 2022 calendar year, food and beverage store sales were up 7.6% year over year to \$947.57 billion (unadjusted), the Census Bureau said. That included 8.3% growth to \$848.52 billion at grocery stores over the 12 months.

[READ ARTICLE HERE](#)



UPCOMING EVENTS:

March 2-4, 2023

Southern Exposure Produce Show
Orlando, Florida

seproducecouncil.com

PRODUCE BAROMETER:

ITEM	QUALITY	PRICING
Bell Pepper	Good	Lower
Cucumber	Good	Steady to Lower
Eggplant	Varied	Lower
Green Beans	Good	Elevated
Chili's	Varied	Most are steady
Squash-Hard	Good	Steady
Squash-Soft	Good	Lower
Tomatoes	Good	Steady to Lower

