



STRATEGIC PLAN

Effective July 2019



MISSION, VISION, VALUES

- **MISSION:** Strengthen demand for U.S. potatoes
- **VISION:** Create positive change in the industry through innovative and inspiring approaches

■ WE VALUE:

Stewardship

- Wisely managing our human, natural and material resources

Forward thinking

- Innovative and future-focused thinking in all that we do to grow long-term demand vs. short-term sales

Transparency

- Saying what we mean, matching our behaviors to our words and building trust in all our actions

Respect

- Open communication, diverse idea sharing and respectful engagement throughout the industry

Collaboration

- Working together with state, regional and national organizations, as well as other industry or commodity groups when appropriate, for the greater good of the industry

Accountability

- Assessing our performance and proactively pursuing a results-driven culture

GOALS

- Establish new markets for potatoes
- Increase new channels for and usage of potatoes
- Improve perception of the nutrition and health benefits of potatoes
- Optimize coordination of national and regional research efforts
- Expand awareness, understanding, engagement and involvement of board members and industry

STRATEGIC INITIATIVE FILTERS

The potato industry faces multiple challenges as well as multiple opportunities each year. However, resources are not unlimited, and decisions must be made on how we allocate our resources. Filters are used to create a transparent and unbiased decision-making process that staff, members of the Board and other industry members can clearly understand. Hard filters are yes/no questions. If the answer to a hard filter is no as it relates to the initiative under consideration, it is immediately dropped. If the answer is yes, the initiative moves forward to the soft filter questions. Soft filters are a rating system with overall scores calculated based on all questions. The initiatives that rate highest will most likely be the first funded. This will help us allocate our limited resources in a manner that is clear and easy to understand.

■ HARD FILTERS

- Can it be done under the legislation governing the National Potato Promotion Board?
- Is the risk level acceptable? Politically? Financially?

■ SOFT FILTERS

- Does it create long-term demand for potatoes?
- What is the cost vs. benefit (cost per unit of demand strengthening)?
- Does it create net new demand?
- Does it deliver a measurable impact?
- Is it innovative?
- Does it enhance our competitive position?
- What is the breadth of impact across the industry?
- Does it deliver a positive nutritional message?
- Does it improve grower and industry engagement or involvement?
- Is it scalable and actionable for the industry?
- Does it inspire changes in behavior?
- Does it create program or funding leverage internally or externally?



DOMESTIC MARKETING

■ OBJECTIVES

- More people eating more potatoes in more ways
- All audiences know potatoes fuel performance

■ POINT OF VIEW

Domestic demand for potatoes is growing. The potato is America's favorite vegetable; it is the number one vegetable sold at retail and it is the number one side dish at foodservice. The potato's strengths in the domestic market include affordability, consumer affinity, versatility, widespread consumption, positive nutrition factors, consistent supply, sustainability and a feel-good farming story.

Potatoes are challenged by negative health perceptions, especially given that two of the most popular forms are fried and that many preparation or serving approaches include ingredients that are high in calories. The misunderstood use of the glycemic index and glycemic load value for evaluating carbohydrates negatively impacts potatoes and is a growing concern.

Another challenge potatoes face is that many consumers view potatoes as boring and old-fashioned with only limited preparation options. Consumers often view potatoes as inconvenient, which is compounded by a lack of basic understanding of potatoes and ways to prepare them.

The external forces affecting the marketplace are moving swiftly and are constantly changing; these will compete with our efforts to build demand and maintain market share. We are competing with the proactive efforts of suppliers of all other foods racing to brand themselves the "it" food for tomorrow's trends in taste, ideology, health emphasis and/or cultural focus. The retail aisles, not to mention restaurant menus, are filling up with the ever-fresher faces of competitors already focused on consumers' changing moods, habits and expectations.

Positioning potatoes as a performance vegetable takes advantage of many trends, including functional foods, plant-forward dishes, whole and natural foods and a desire by all to perform at their best amid today's hectic lifestyles. The biggest obstacle is that consumers and athletes have not considered potatoes as fuel for performance. By creating a moment of re-evaluation and fostering an understanding of the benefits

of potatoes, we can establish a new paradigm about potatoes in consumers' minds. Other foods, such as chocolate milk, avocados, eggs and tree nuts, have reinvented themselves as super foods. There is no reason why potatoes can't do the same thing.

The movement toward plant-based diets and sustainable food sources provides endless opportunities for potatoes, but also creates challenges. Potatoes have long been thought of as a side dish for red meat and do not always get considered as a meat substitute. Potatoes often get categorized as a starch and not a vegetable and, thus, are not promoted as part of plant-based diets. However, this creates exceptional opportunities to reintroduce the potato as the perfect fit for plant-forward diets that provides nutritional value, versatility and consumer acceptance.

While many consumers talk of wanting whole foods, the consumption of processed and packaged foods continues to grow. These foods frequently offer functional benefits or convenience and ease of preparation. Potatoes can, and should, be further utilized in these types of products due to their nutritional benefits, versatility and formats.

To strengthen demand for potatoes, Potatoes USA's programs must focus on the opportunities for all products in all sectors through bold and inspiring initiatives. To motivate consumers to "eat more potatoes in more ways," we must be focused, consistent and compelling in our value proposition. True success, though, will only come when the entire potato industry recognizes these trends and market conditions, and embraces the performance messaging and other innovative approaches to keep potatoes as America's favorite vegetable and now its favorite fuel.

■ STRATEGIES

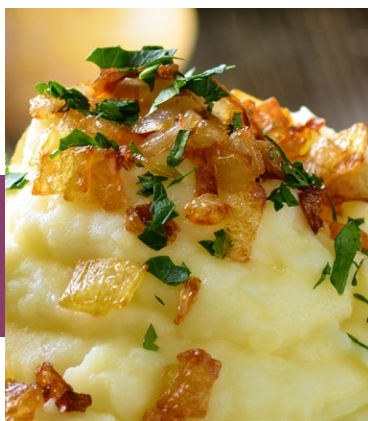
- Inspire potato innovation across all channels
- Strengthen the role of potatoes as a performance food
- Cultivate strategic partnerships
- Advocate for scientific research to demonstrate potatoes' role in enhancing physical and mental performance

■ PROGRAMS

- Consumers
- Nutrition Professionals
- Retail
- Ingredient
- Foodservice

■ SUPPORTING PROGRAMS

- Research and Evaluation



INTERNATIONAL MARKETING

■ OBJECTIVES

- Increase U.S. potato exports across all product types
- Expand access for U.S. potatoes across the globe
- More people eating more U.S. potatoes in more ways
- Consumers and trade know U.S. potatoes for their nutritional benefits

■ POINT OF VIEW

U.S. potato exports have been an engine of growth for the industry for more than 30 years and now account for 18% of sales of U.S. potatoes. Worldwide demand for potatoes, particularly processed potato products, has been growing at more than 6% annually for the past 10+ years. In response, producers in Europe and other competitor countries have expanded acreage and processing capacity, thus greatly expanding the supply available for exports. This has significantly increased the competition to U.S. potatoes and potato products in international markets. This competition is enhanced by the strong dollar and the higher cost of U.S. freight.

Establishing a very strong presence in the international markets and putting forward a compelling Why Buy U.S. message is paramount to retaining and growing U.S. market share in the face of this increased competition. The U.S. has established a strong position in many markets and has successfully increased U.S. potato exports across all product types while expanding applications. To maintain this, we must aggressively promote the high quality and profitability benefits of U.S. potato products and the services offered to loyal U.S. customers to highlight our products' value.

The relatively low consumption of potatoes in most target markets presents both an opportunity and a challenge. In many markets, potatoes are not widely grown or consumed, and the potential for growth in demand is significant. The lack of preconceived notions about potatoes allows for greater and easier innovation, creating an opportunity for the adoption of new products, dishes and uses. However, these opportunities are hindered by the lack of familiarity with potatoes and potato products. Moreover, we must either counter or adapt to strong preferences for local foods. Finally, where domestic production of potatoes exists, the local industry is often protected by the government, creating access issues for U.S. potatoes.

The international marketing program is challenged by the different stages of development of each market. Even within each market, access for different products varies, and the demand by sector is inconsistent. To address these issues and to help focus on the marketing programs with the best potential for success, a matrix has been developed to guide where investments should occur by country and sector within each market. The international program currently targets those countries where the greatest demand can be generated in the

near term. However, Potatoes USA must also help position the industry to take advantage of future growth opportunities. Therefore, new market exploration must continue to identify where Potatoes USA should move in the future. The tradeoff is how to continue to grow or maintain current markets, while accessing new markets, given a fixed level of funding.

Just as in the U.S. domestic market, misperceptions of potato nutrition are widespread in international markets. These nutrition misperceptions are exacerbated by the fact that, in many cases, fried products dominate U.S. exports. While not as prevalent internationally as domestically, U.S. potatoes and products have fallen into usage ruts in the more established international markets. Food safety is a big issue in the international markets. Fortunately, U.S. foods are viewed as being safe, so this can be a strong selling point. However, new government requirements in many markets may have a negative impact on access to these markets in the future.

The biggest threat to U.S. exports comes from the lack of progress by the United States in securing free-trade agreements. Our competitors are moving very quickly to gain duty-free access to most markets in Asia and Latin America. These tariff disadvantages will greatly reduce U.S. competitiveness and result in lost market share.

The similarities between the international and domestic markets means the same strategies and programs can often be utilized, improving efficiencies and creating synergies. We must still allow for all programs to adapt to the local needs and culture—and to be implemented based on the needs of the market. The worldwide demand for food will continue to grow; it is our challenge and opportunity to make sure U.S. potatoes are one of the key sources of this food.

■ STRATEGIES

- Work in high-opportunity markets, channels and forms
- Increase market access for U.S. potatoes through work with domestic interests in the markets, the U.S. government and U.S. industry
- Educate targets on the benefits and usage of U.S. potatoes
- Inspire potato innovation across all channels
- Elevate the industry's engagement in international opportunities
- Determine new opportunities around the globe for the U.S. industry to pursue

■ PROGRAMS

- Foodservice
- Retail
- Ingredient
- Consumer
- Seed Potato Exports

■ SUPPORTING PROGRAMS

- Market Access
- New Market Exploration and Development



RESEARCH

■ OBJECTIVES

- Provide leadership to the U.S. potato industry's research efforts
- Institutionalize variety development programs in the chip and fry sectors, while increasing transparency
- Create a robust body of nutritional evidence to promote the health and lifestyle benefits of potato consumption
- Enhance the availability of research data to U.S. potato growers
- Where possible, obtain outside resources to increase the overall research budget

■ POINT OF VIEW

The complexity of the potato drives research of this popular vegetable. As varied and versatile as potatoes are, many unique challenges face each sector (chip, fry, fresh, dehy) and individual varieties within each sector. When geographic tendencies and the associated stresses—environmental, pest and disease—on potatoes are considered, research variables and opportunities within the potato industry increase exponentially.

State, regional and sector interests frequently compete for limited research resources in an effort to strengthen the competitive position of their respective growers. As the nation's primary research, education and marketing entity for the potato industry, the Board is uniquely positioned to take a leadership role in helping coordinate and guide the industry's research efforts.

There is also the real threat of the perceived lack of nutrition in potatoes. Due to the nature of this threat, the industry must adopt a long-term strategy to address it, regardless of whether that research is sponsored exclusively by the Board or in conjunction with affiliated organizations within the industry.

As with most research, resources necessary for a robust effort are substantial. Research may or may not be pursued because of resources available to pay for the research. The ability to combine or leverage resources whenever possible can create a more positive outcome.

Regardless of the type of research, it is only as good as the Board's ability to communicate the results, whether the audience consists of growers, processors, researchers, consumers, policymakers or a combination thereof. Therefore, it is critical for the Board to proactively share the results of research.

■ STRATEGIES

- Identify attainable research opportunities with broad appeal within the industry through regular communication and coordination with industry leaders
- Leverage Board funding with additional state, federal and private funding to increase the impact of research
- Standardize all institutional data and knowledge for the industry
- Focus the research sponsored by the Alliance for Potato Research and Education on the areas of greatest potential positive impact for the U.S. potato industry, including areas of future threats
- Publish research findings and data



INDUSTRY OUTREACH

■ OBJECTIVES

- Expand awareness of Potatoes USA's marketing and research programs
- Create an understanding in the industry of how these programs strengthen demand for potatoes
- Increase engagement and involvement by the industry in programs and activities
- Establish Potatoes USA as the go-to resource
- Protect and enhance the good reputation of U.S. potatoes and the U.S. potato industry

■ POINT OF VIEW

Potatoes USA implements an array of marketing and research programs to promote all aspects of the potato industry. These programs are very effective, but it is challenging to convey all of the aspects and impacts due to their complexity and number. The difficulty in reaching growers who are mainly focused on producing the best crop possible is also compounded by their approaches to information and the different communication technologies available today.

Additional challenges are created by the diversity of the potato industry and where, what and how businesses and growers operate. Commercial potato production is in more than 35 states, and farm sizes range from 5 acres to more than 50,000 acres. The industry is also very specialized in what it produces and for what markets. All of these differences mean they are interested in and respond to different messages and information.

But everyone shares a passion for potatoes. Industry Outreach strives to distill Potatoes USA's programs down to meaningful yet brief and interesting messages. They are delivered in a succinct and relevant manner that reaches all aspects of the industry on the appropriate platforms. These efforts seek to inform a very broad base of constituents to increase understanding and, most importantly, generate engagement and involvement.

The engagement of the industry in Potatoes USA programs is of growing importance as we promote the performance strategy. Getting everyone in the industry to support the "What Are You Eating?" campaign and deliver the "Potatoes. Real Food. Real Performance." message is the only way that these efforts will be truly successful in changing consumers' opinions of potatoes.

The humble spud seems to draw more controversy than it deserves. Perhaps, as with most people and institutions at the top, others want to pull it down. There is a constant need to defend potatoes, particularly from a nutritional perspective, and to provide the true facts about potatoes and their nutritional benefits to decision makers, influencers and the general public.

Industry Outreach communications must be two-way. Just as it is important to communicate to the industry, we must listen and respond to the industry. We will monitor the pulse of the industry and provide insights and information to the Administrative Committee and management staff to ensure awareness. Concerns and dissatisfaction will be identified and addressed early on. New ideas on how to improve the industry and Potatoes USA programs will be conveyed to those who can make the ideas a reality.

The ultimate goal is that the industry will know the who, what, why, how and where of Potatoes USA programs, but most importantly, it will know "why it is important to me." This will be accomplished by using cost-effective communication vehicles to maximize funding for marketing programs and minimize the amount invested in talking to ourselves.

■ STRATEGIES

- Utilize all appropriate and effective communication channels to communicate with the U.S. potato industry
- Engage all board members on how to communicate about Potatoes USA
- Listen and respond accordingly
- Identify and prepare for adverse issues that could impact the industry
- Engage the industry in the delivery of the performance strategy
- Define sustainable nutrition for the industry's advantage

