

Potatoes USA Annual Report  
The fiscal year 2020 (July 1, 2019 to June 30, 2020)

The National Potato Promotion Board (Board), operating as Potatoes USA, was created in 1971 to maintain existing markets and develop new markets for U.S. potatoes and potato products using innovative marketing, promotional, and educational activities and programs. The organization is also responsible for encouraging and supporting nutritional and variety research on behalf of the industry.

These activities and the Board's general operations are administered under USDA's Agricultural Marketing Service (AMS) oversight by a board of directors (appointed by the Secretary of Agriculture) representing potato farmers across the United States. Activities and operations are self-funded by the potato industry of an assessment of \$0.03 per hundredweight (cwt) on potatoes produced and imported into the United States.

For the fiscal year ending June 30, 2020, the USDA-approved budget was negative \$1,801,160. The year's financial audit confirmed the income received during this period was \$20,777,999 with final expenses of \$21,373,855 by year-end. This resulted in assigned reserves of \$2,866,000 and unassigned reserves of 7,827,466 on June 30, 2020.

### **Executive Summary**

Potatoes USA had another very successful year, with significant progress made on the stated goals noted below.

- 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.

Work was fully aligned with the Potatoes USA mission to "Strengthen Demand for U.S. Potatoes." All programs followed the vision to "Create positive change in the industry through innovative and inspiring approaches."

Potatoes remain America's favorite vegetable for the fourth year in a row. Potatoes are on nearly 84% of U.S. menus and are the #1 side dish eaten at foodservice. Internationally, total U.S. potato exports were over \$1.7 billion in sales with the fresh weight equivalent of over 3.2 million metric tons.

Based on Sales & Utilization research, forty percent of the potatoes grown in the U.S. were made into a frozen product in FY20. Fresh potatoes were the second most utilized potato format at twenty-five percent, with chips at twenty-three percent.

Potatoes USA continues to expand the scientific evidence available to understand the nutritional profile of potatoes through investments in the Alliance for Potato Research and Education (APRE). APRE was co-founded with the potato processors and continues to make valuable investments in potato nutrition research, specifically in the areas of cardiometabolic health, dietary patterns, and healthy lifestyles.

### **Marketing Programs**

The **Domestic Marketing** program strives to get more people to eat more potatoes in more ways and position potatoes as a performance food. The domestic marketing program employs the following 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 potato's role in enhancing physical and mental performance.

The domestic marketing program focused on the following target audiences: consumers, nutrition professionals, foodservice, school foodservice, retailers, and food manufacturers. Supporting these programs were the research and digital programs.

The consumer marketing program celebrated the performance benefits of potatoes while also promoting hundreds of potato preparation ideas. The last quarter of the fiscal year changed the marketplace quickly with the onset of the pandemic. Therefore, the marketing changed to include more storage, handling, and cooking suggestions for consumers that featured the ease and versatility of using potatoes in all forms.

The nutrition marketing program reached nutrition influencers to ensure they know about the most current nutrition research about potatoes and their fueling benefits. Nutrition influencers were encouraged to share these insights with their clients, athletes, and social media followers.

The foodservice and school foodservice programs focused on culinary innovation and creative recipe development. The new culinary concepts were shared to generate broad exposure and stimulate new menu offerings. With the onset of the pandemic, the foodservice program pivoted to providing valuable suggestions for takeout and delivery, ensuring that potatoes were prepared and delivered optimally. Grab and go meal ideas for schools were the primary focus as the year concluded.

The retail program focused on key retail decision-makers. By sharing the latest data, market insights, trends, research, and merchandising tips, Potatoes USA helped retailers understand the importance of the category and ensure potatoes were available and promoted effectively to consumers throughout the year. During the last quarter of the fiscal year, the retail program shifted to ensure the U.S.

potato industry had the latest information on the rapidly changing retail landscape and consumer behaviors to meet the surge in demand.

The ingredient program worked with food manufacturers and packaged food manufacturers to demonstrate the numerous nutritional and functional benefits of potatoes, encouraging them to use potatoes as an ingredient in new product development.

Some of the successes achieved in FY20 include the following:

- Americans stated that potatoes are their favorite vegetable for the fourth consecutive year.
- Retail sales of all potatoes and products reached a five-year high of \$13.1 Billion in sales. This is an 11.1% increase versus the previous year in dollar sales, and a corresponding 9.5% increase in volume.
- Potatoes are on 83.7% of all menus.
- Fries were the number one side dish at foodservice.
- Website visits for PotatoGoodness.com were 1.4M, and recipe searches were 1.1M.
- Potatoes USA sampled potatoes on the Rock 'n Roll marathon course in Las Vegas, the program's largest marathon.
- Team Potato grew as a community of that love to eat potatoes as part of their athletic endeavors.
- Potatoes USA conducted a path to purchase study at retail to understand the decisions consumers make before buying potatoes.
- Numerous technical potato application studies were conducted throughout the year to help food manufacturers include potatoes in their new product development.

The **International Marketing** program focuses on increasing U.S. potato exports across all product types, expanding access to U.S. potatoes around the globe, getting more people eating more U.S. potatoes in more ways, and international consumers to know potatoes for their nutritional benefits. To accomplish these goals, the program employs the following strategies:

- Work in high-opportunity markets, channels, and forms
- Increase market access for U.S. potatoes through work with allied 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.

The following programs were implemented in the international markets, though not all programs are conducted in all markets: foodservice, retail, ingredient, consumer, and seed potato exports. Market access and reputation management programs are also employed as needed to address market situations. Potatoes USA worked in the following countries: Japan, China, South Korea, Taiwan, the

Philippines, Malaysia, Thailand, Myanmar, Mexico, Costa Rica, Guatemala, Honduras, Dominican Republic, Nicaragua, Panama, and El Salvador. The seed potato export program was focused on Myanmar, Morocco and Guatemala. It conducts maintenance programs throughout Central and South America, north and sub-Saharan Africa, and the Indian sub-continent.

As in the U.S., the marketing programs required changes in the fourth quarter due to the global pandemic. Most activities shifted to online, while others such as in-store promotions and new product development paused due to safety measures.

The international foodservice program focused on exposure, innovation, and engagement. To introduce new uses and products to current and new distribution channels in the foodservice industry, Potatoes USA continued to fuel new sales by putting U.S. potatoes on more menus around the world.

Potatoes USA worked with international retailers to ensure that U.S. potatoes appeared on consumers' tables at home more often. High-quality U.S. potato products were introduced to consumers through traditional supermarkets as well as online stores.

The international ingredient marketing program fostered innovation and new usage for U.S. dehydrated potatoes, frozen fresh, and chip-stock. This program created brand-new growth opportunities by targeting food manufacturers, snack food manufacturers, bakeries, and chefs.

The international consumer and nutrition program delivered positive messages about U.S. potatoes by inspiring consumers across the globe to eat more U.S. potatoes at home and in restaurants. The program promoted the health and lifestyle benefits of U.S. potatoes while spreading the word about their great taste and versatility.

The international market access program works to expand and preserve global sales opportunities by assisting the U.S. government in resolving international trade barriers.

Some international marketing successes achieved in FY20 include the following:

- Due to the global pandemic exports of U.S. potatoes and products declined 2.6% in value and 3.8% in volume for the fiscal year.
- 183 new menu items were launched on foodservice menus in target markets.
- 56 new foodservice operators and/or importers purchased U.S. potatoes.
- 20 foodservice operators switched to 100% U.S. potatoes.
- 71 of the leading retailers increased potato volume sales by 10% or more quarterly vs. the previous year.
- 75 new potato products were sold at leading retail outlets.
- 80 companies carried out new product development with U.S. potatoes.
- 55 new products were launched using U.S. potatoes.
- 224 new recipes were developed for all potato types.

- Built a community of nutrition professionals and athletes to promote the nutritional and fueling benefits of potatoes.
- 18 seed export trade leads were distributed.
- 12 Market access issues were resolved, including year-round access for U.S. chipping potatoes to Japan and access for chipping potatoes to China.

### **Research Program**

The **Research** program exists to provide leadership to the U.S. potato industry's research efforts, emphasizing program accountability, enhanced communication between growers, processors and scientists, and establishing a collective focus. The program manages variety development programs in the chip and fry sector; is creating a robust body of nutritional evidence to promote the health and lifestyle benefits of potato consumption; and improves the availability of research data to U.S. potato growers. To accomplish these goals, the program employs the following strategies:

- Facilitates PRAC (Production Research Advisory Committee), seeking consensus on production research priorities, and then supporting the scientist's project submissions for USDA specialty crop and other federal resources.<sup>1</sup>
- Leverages Board funding whenever possible with additional state, federal, and/or private funding
- Standardizes all variety development data and knowledge from the chip and fry trials, and leverages industry use through online access to this information in the Medius.Re database.<sup>2</sup>
- Focuses the nutritional research sponsored by APRE (Alliance for Potato Research & Education) on areas of the most significant potential positive impact for the U.S. potato industry, including areas that dispel negative perceptions or reinforce positive reasons for eating potatoes.<sup>3</sup>
- Publish research findings and data.

Some of the accomplishments in FY20 were:

- Continued to gather 20-40 letters of support for PRAC endorsed USDA National Institute of Food and Agriculture (NIFA) Specialty Crop Research Initiative (SCRI) proposals, projects as follows:
  - Wins for the 2019/20 funding cycle were for necrotic viruses (PVY/PMTV) - \$5.8M and polyploid breeding - \$4.4M.
  - Project proposals submitted for the 2020/21 cycle were for nematode research - \$8M and "Big Data" - \$4M (no award decision as of 4-1-21)
- Added an additional 1972 new chip variety records and 300 fry variety records to the Medius.Re database, bringing the total number of available records to 27,363. This provides breeders with a more robust data set for evaluating new varietal candidates.<sup>2</sup>
- The potato nutrition research pipeline continues to increase, with 31 projects now funded, addressing the potato nutrition research priorities established in partnership with APRE. 14 of these projects have now reached publication.<sup>3</sup>

- An ongoing upswing to 5,889 2020 seed acres were planted for graduates from the NCP trial system, up from just 409 acres in 2012/2014.

### **Industry Outreach Program**

The **Industry Outreach** program is dedicated to expanding the awareness of the Potatoes USA marketing and research programs to create an understanding in the industry of how these programs strengthen demand for U.S. potatoes. It also protects and enhances the good reputation of U.S. potatoes and the U.S. potato industry.

The following strategies are employed to accomplish these objectives:

- 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.

The activities employed are categorized in the following areas: direct to grower communications, press relations, advertising in industry publications, PotatoesUSA.com, the Potatoes USA Ambassador Program, and participation in state potato organization meetings and events.

To protect and defend the potato's good name, proactive and reactive activities are used depending upon the situation.

Some of the highlights from the FY20 program are as follows:

- Expanded outreach to include more electronic updates, including video messages.
- Hosted or attended over 25 state and industry events.
- Launch a new website, PotatoesUSA.com to improve usability and resourcefulness for the U.S. potato industry.
- Only 1% of all potato conversations occurring online and in the print media include a topic other than potato preparation/recipes.
- 82% of industry members surveyed reported that they are satisfied with the communications from Potatoes USA, while 86% say they are well informed of Potatoes USA Activities.

### **Financials**

Potatoes USA was over budget by \$595,856 for the fiscal year 2020. The Board had approved Potatoes USA being over budget for FY20 using unassigned reserves to cover the difference. The assessment revenue collected was \$85,240 lower than budgeted due to the effects of Covid-19 on production. Contribution revenue and other revenues were \$22,990 higher than forecasted for the fiscal year. The program and operating expenses for the general fund ended at \$1.3 million and \$38,973 under budget, respectively. The decrease in spending was a direct result of Covid-19 shutdowns in the domestic and international markets. (All financial

information has been confirmed by the Potatoes USA FY20 Financial Audit performed by Kunding, Corder & Engle, P.C.)

Sources:

- (1) [2019 Potatoes USA Annual Research Report](#)
- (2) [Potato Variety Data Management \(Medius.Re – User Registration Required\)](#)
- (3) [APRE Website](#)