



# STRATEGIC PLAN

Effective July 2021



# 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 and usage of potatoes
- Improve perception of the nutritional and health benefits of potatoes
- Optimize coordination of national and regional research efforts
- Expand awareness, understanding, engagement, and involvement of Potatoes USA members and industry

# STRATEGIC INITIATIVE FILTERS

The potato industry faces multiple challenges as well as multiple opportunities each year. However, resources are limited, 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 Potatoes USA, 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
- Further establish potatoes' fuel performance
- Expand understanding of potato nutrition
- Increase industry usage of marketing programs

## ■ POINT OF VIEW

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

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

The spread of COVID-19 throughout the United States and the resulting public health driven restrictions and regulations have had and continue to have a profound impact on what, where, and how people eat. The most significant shift has been the return to at-home food consumption and a corresponding decline in consumption away from the home. This resulted in spikes in sales of all potatoes and potato products in retail and a precipitous drop in the sale of potatoes through foodservice. Retail sales of potatoes remain above prior year's levels while sales of potatoes, particularly frozen fries through foodservice, are recovering as that sector makes changes and restrictions are eased.

There should be a return to pre-pandemic food consumption patterns during FY22, however, not a complete one. Public health concerns will still exist and more importantly, changes in behavior will be retained. One of those is the realization that at-home cooking is possible, less expensive, and can even be fun. Consumers have significant pent-up demand for going back to restaurants, but it will be some time before the levels return to where they were.

Potatoes USA programs must continue to provide assistance to consumers on proper ways to store and prepare potatoes, inspire different ways to make them, and show how they can be consumed throughout the day. We must also provide assistance to retailers on how to lock in these increased purchases through better merchandising and promotion of potatoes, both fresh and center of the store. Conversely, we must continue to work with the foodservice industry to keep potatoes on menus as they rebuild their businesses. Potatoes are highly sought after by their patrons and are very cost effective and versatile, so it is important that we help restaurateurs expand the use of potatoes on their menus while introducing potatoes onto menus in under-exploited categories like pizza chains and Asian cuisine.

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. The biggest obstacle is that the majority of consumers do not consider 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 they do not always get considered as a meat substitute. Potatoes often get categorized as a starch and not a vegetable, and consequently are not promoted as part of plant-based diets. This creates exceptional opportunities to position the potato as the perfect fit for plant-forward diets that provides nutritional value, versatility and consumer acceptance.

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 "more people eating 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

- Demonstrate the possibilities with potatoes
- Communicate the benefits of potatoes
- Position potatoes as a performance fuel
- Cultivate strategic partnerships
- Advocate for scientific research to strengthen the nutritional position of potatoes
- Expand interactions with potato industry members

## ■ PROGRAMS

- Consumers
- Nutrition Influencers
- Retailers
- Foodservice
- School Foodservice

## ■ SUPPORTING PROGRAMS

- Research
- Culinary



# 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
- Increase involvement of the U.S. potato industry in international markets

## ■ 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 20% of sales of U.S. potatoes. The world-wide pandemic has had an impact on U.S. potato exports. Starting with the restrictions in Asia that greatly limited access to foodservice operations, the demand for frozen fries in these markets declined in 2020. However, many of these markets are recovering and foodservice demand and imports of frozen fries are increasing. The longer lasting impact is from the restrictions on international travel. Many of the markets both in Asia and Latin America rely on tourism, and international travelers tend to consume more potatoes. As a result, demand will be off in some markets until travel returns to pre-pandemic levels.

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, 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 magnified 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 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 strong position, 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. 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. 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. New market development must continue. 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 nutritional 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.

One of the biggest threats to U.S. exports comes from the lack of progress by the U.S. 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 challenges may 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 a key source.

## ■ 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 U.S. potato innovation across all channels
- Cultivate strategic partnerships
- Educate the U.S. potato industry about international opportunities

## ■ PROGRAMS

- Foodservice
- Retail
- Consumers
- Chipping Potatoes
- 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 a 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, Potatoes USA 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 Potatoes USA, 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, depending on 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 Potatoes USA'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 Potatoes USA to proactively share the results of their research.

## ■ STRATEGIES

- Identify attainable research opportunities with broad appeal within the industry through regular communication and coordination with industry leaders
- Seek ongoing opportunities to communicate product research results to producer stakeholders
- Leverage Potatoes USA funding with additional state, federal, and private funding to increase the impact of research
- Seek ongoing enhancements to chip and varietal development programs to enhance the breadth of testing conducted
- 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
- Publicize nutritional research findings



# INDUSTRY OUTREACH

## ■ OBJECTIVES

- Convey how Potatoes USA is strengthening demand for U.S. potatoes
- Drive engagement with program activities and industry initiatives
- 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 volume. The difficulty in reaching farmers 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 farmers 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 for different market segments. 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. These messages are created and delivered in a succinct and relevant manner to reach all aspects of the industry through the appropriate platforms. Market research and insights are regularly provided to the industry in digestible and actionable ways. 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 "Potatoes. Real Food. Real Performance." message is critical to 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 U.S. potato industry communications and Potatoes USA programs will be conveyed to those who can make the ideas a reality.

The ultimate goal is for the industry to know the who, what, why, how, and where of Potatoes USA programs and the potato markets, 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 effective communication channels
- Address misunderstandings about potatoes
- Optimize a broad range of communication channels
- Directly engage with the potato industry
- Utilize former and current board members to communicate about Potatoes USA
- Engage the industry to further promote Potatoes USA programs, campaigns and assets
- Meet with industry sectors to drive engagement
- Proactively listen, and where appropriate, respond in a timely manner
- Utilize board members to enhance the industry's reputation as appropriate

