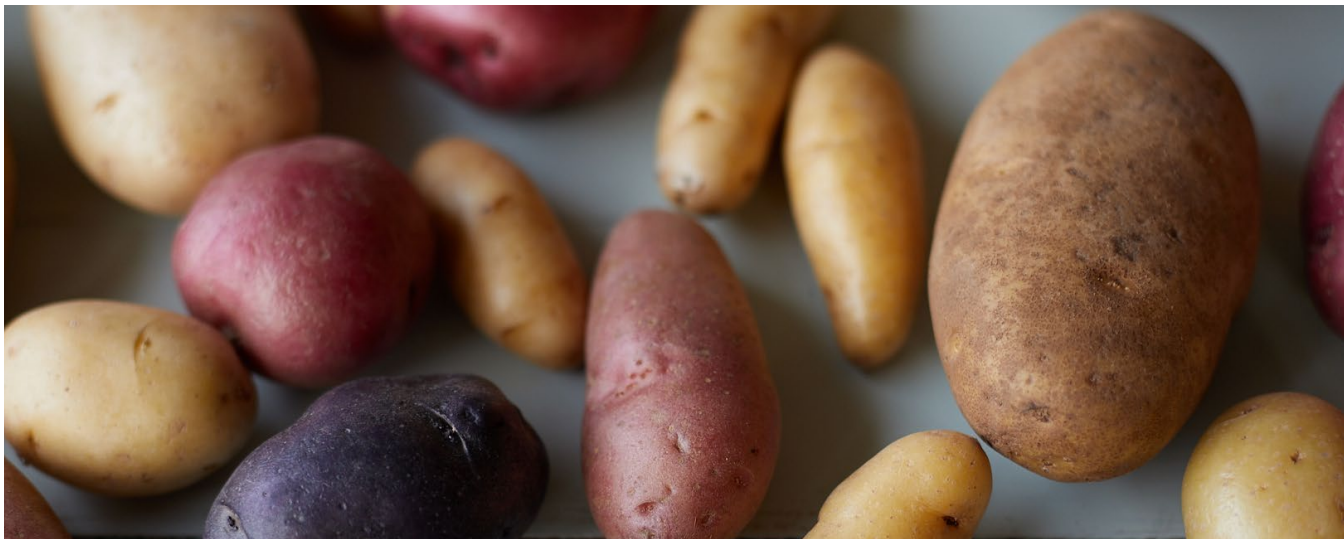
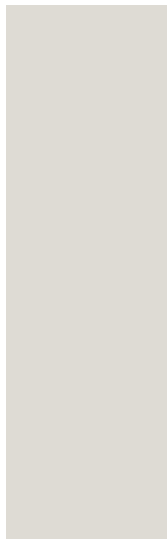
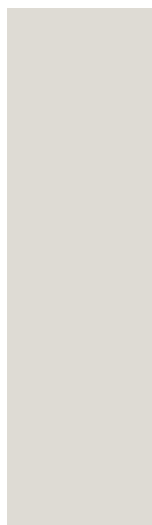
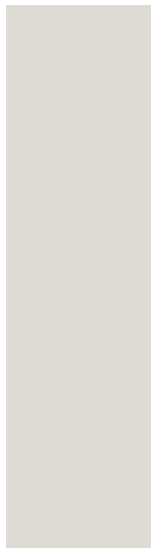




# STRATEGIC PLAN

Effective July 2022



# MISSION, VISION, VALUES

- **MISSION:** Strengthen demand for 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 related 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?
- **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

- Motivate more people to eat more potatoes in more ways
- Further establish that potatoes fuel performance
- Expand understanding of potato nutrition

## ■ 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 domestic market strengths include affordability, consumer affinity, versatility, widespread consumption, positive nutrition factors, consistent supply, sustainability, and a strong farming story.

Potatoes continue to be challenged by negative health perceptions, especially given that two of the most popular forms are fried, and many preparations include ingredients 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 pandemic profoundly impacted what, where, and how food was consumed, but those impacts have subsided as the market moves back toward pre-pandemic buying behaviors. Consumer food spending is currently even between retail and foodservice.

Potatoes USA programs must continue to assist consumers on proper ways to store and prepare potatoes, inspire different ways to make them, and show how they can be enjoyed throughout the day. Retailers must also understand how potato merchandising and promotions can enhance the category's performance when implementing best practices. We must also assist retailers on how to lock in these increased purchases through better merchandising and promotion of potatoes, both fresh and center of the store products. Conversely, the foodservice industry needs to know that potatoes are highly sought after by their patrons, cost-effective, and versatile.

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 most 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, the potato industry 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 superfoods. Potatoes should be able to do the same thing.

The movement toward plant-based diets and sustainable food sources provides endless opportunities for potatoes—and creates challenges. Potatoes have long been considered a side dish. Potatoes often get categorized as a starch—not a vegetable. Therefore, they 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 to eat more potatoes in more ways," the marketing programs must be focused and consistent. 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 its favorite fuel.

## ■ STRATEGIES

- Implement targeted marketing programs to consumers, nutrition professionals, retailers, foodservice and school foodservice audiences
- Demonstrate the possibilities with potatoes through culinary expertise
- Communicate to all audiences the benefits of potatoes
- Position potatoes as a nutrient-dense vegetable
- Position potatoes as a performance fuel
- Cultivate strategic partnerships
- Advocate for scientific research to strengthen the nutritional position of potatoes

## ■ PROGRAMS

- Consumer
- Nutrition Influencer
- Retailer
- Foodservice
- School Foodservice

## ■ SUPPORTING PROGRAMS

- Research
- Culinary
- Industry Outreach





# INTERNATIONAL MARKETING

## ■ OBJECTIVES

- Maintain U.S. potato exports across all product types – fresh, frozen, dehydrated and seed
- Expand access for U.S. potatoes across the globe
- Motivate more people to eat 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 account for 20% of the sales of U.S. grown potatoes. The worldwide pandemic had an impact on U.S. potato exports. Restrictions on movement and dining out first began in Asia and initially limited demand for U.S. potatoes and products. However, as consumers, retailers, and foodservice operators adjusted in these and the other target markets, demand returned. Global demand for frozen, dehy, and fresh potatoes is now above what it was in 2019 before the pandemic.

The significant disruptions to the global supply chain now pose the greatest barrier to increasing U.S. exports. The cost of ocean freight has more than doubled since 2019, and the availability of containers and bookings is very problematic. Delays in shipping disrupt the supply in the foreign markets and lead to degradation in quality, particularly for fresh chipping potatoes. As a result of these problems, restaurant chains in many markets have had to ration fries and are forced to diversify supply as the U.S. can no longer be counted upon to meet all their demand consistently.

The shipping issues have been further exacerbated by tight supplies of U.S. potatoes. Acreage, particularly for frozen processing was cut back in 2020 and 2021, while demand rebounded domestically and internationally faster than anticipated. Weather issues in 2021 also further reduced supplies of U.S. potatoes. At the same time, production in Canada, the EU, and China has continued to grow. Competition for U.S. exports is increasing, though fortunately, worldwide demand is too.

Establishing a solid 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, Potatoes USA 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 more significant and straightforward innovation, creating an opportunity to adopt new products, dishes, and uses. However, these opportunities are hindered by the lack of familiarity with potatoes and potato products. Moreover, U.S. potatoes must 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 each market's different stages of development. Even within each market, access for different products varies, and the demand by sector is inconsistent. The international marketing 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 growing and maintaining current markets while accessing new markets.

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 international markets. Fortunately, U.S. foods are viewed as safe, so this can be a strong selling point. However, new government requirements in many markets may harm access to these markets in the future.

One of the biggest threats to U.S. exports comes from the number of U.S. free-trade agreements. Competitors are moving quickly to gain duty-free access to most Asian and Latin American markets. These tariff challenges may reduce U.S. competitiveness and result in lost market share. The similarities between the international and domestic markets mean similar strategies and programs can often be utilized, improving efficiencies and creating synergies. However, all programs must adapt to the local culture and be implemented based on individual market opportunities. The worldwide demand for food will continue to grow; our challenge and opportunity is to make sure U.S. potatoes are a key source.

## ■ STRATEGIES

- Work in high-opportunity markets, channels, and forms
- Individualize programs by market constraints and opportunities
- Improve market access for U.S. potatoes through work with domestic interests in the markets
- Implement targeted marketing programs to foodservice, retail, and consumer audiences
  - Educate customers about U.S. supply
  - Educate target audiences on the benefits and usage of U.S. potatoes
  - Educate the U.S. potato industry about international opportunities and align on objectives

## ■ PROGRAMS

- Foodservice
- Retail
- Consumer
- Chipping Potatoes
- Seed Potato Exports

## ■ SUPPORTING PROGRAMS

- Market Access
- New Market Exploration and Development
- Industry Outreach



# 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 the research of this popular vegetable. As varied and versatile as potatoes are, many unique challenges face the chip and fry sectors and drive the need for enhanced 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 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 national research efforts.

There is also the real threat of potatoes' perceived lack of nutrition. Due to the nature of this threat, the industry is adopting 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, the resources necessary for a robust effort are substantial. Research may or may not be pursued, depending on resources available to pay for the research. Combining or leveraging 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, trade, or a combination thereof. Therefore, it is critical for Potatoes USA to share results of the research proactively.

## ■ 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

## ■ PROGRAMS

- The Potato Research Advisory Committee
- National Chip Program
- National Fry Processors Trial



# INDUSTRY OUTREACH

## ■ OBJECTIVES

- Educate the U.S. potato industry on market conditions
- Communicate 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. These programs are very effective, but it is challenging to convey all aspects and impacts due to their complexity and volume. Different communication technologies add to the complexity, as does the fact that growers are primarily focused on producing the best crop, not industry issues.

The diversity of the potato industry creates additional challenges, including where, what, and how businesses and farmers operate. Commercial potato production is in more than thirty-five states, and farm sizes range from 5 acres to more than 50,000 acres. The industry also specializes in what it produces for different market segments. These differences mean U.S. potato industry members 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 into meaningful 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 vast base of constituents to increase understanding and, most importantly, generate engagement and involvement.

The industry's engagement 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 provide the facts about potatoes and their nutritional benefits to decision-makers, influencers, and the public.

Industry Outreach communications must be two-way. Just as it is important to communicate to the industry, we must listen and respond. 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 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, the "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

- Convey market research, trends, and insights impacting the U.S. potato industry
- Encourage the industry to further promote Potatoes USA programs, campaigns, and assets
- Meet with industry sectors to drive engagement
- Monitor issues, develop messaging, and respond when appropriate
- Address misunderstandings about potato nutrition
- Engage current and former Board members to communicate about Potatoes USA
- As appropriate, utilize Board members to enhance the industry's reputation

