

Cervantes:

Hello everyone! Welcome to today's episode of Potato-cast. A Potatoes USA podcast full of all your favorite potato industry content.

I'm Natalia Cervantes, Potatoes USA Conversation Architect and your host.

Today, I have a fantastic lineup of updates for you. We will cover potatoes at retail, foodservice trends, the fun and delicious recipes our culinary team have been cooking up in the new Spudlab, and the latest and greatest on potatoes in international markets, including an update on Mexico.

So, let's get into it!

We are officially two years into the striking changes that happened with how consumers shop at retail. It's no secret that consumers were cooking more at home over the pandemic. It's also no secret that new consumer shopping trends will emerge as the world continues to open up.

For example, consumers are spending far less time in the physical store. What does that mean for retailers? It means they have far less time to help consumers find what they need, let alone grab their attention. But retailers want consumers to buy potatoes. Research shows that the average size of a consumer's shopping basket is nearly double in value when potatoes are in it.

To help grocery decision-makers across the country, Potatoes USA teamed up with IRI to analyze and compare retailers' potato sales and cross-reference the sales with the store's merchandising. You've probably heard about this, but the research was consolidated into an actionable merchandising best practices toolkit available to everyone in the potato industry.

But this toolkit was just the start. We also worked on an entire retailer's education and training video series. The 5-part set of videos shares information on potato storage, potato types, potato nutrition, planting, harvesting, and potato displays and promotions.

The goal is to show retailers what potatoes can do for their sales. While these educational resources are being promoted heavily through The Packer, I still encourage everyone who sells to grocery stores to share these resources with their local retailers. Visit potatoretailer.com to learn more.

The latest data from IRI shows that twenty-nine percent of people are concerned about the impact inflation will have on their household income. Thirty-nine percent are still stocking up on items due to difficulties in the supply chain. Data shows that while the amount of money consumers spend in grocery stores is down; each buyer is spending more per trip. This aligns with the thirty-nine percent that say they are stocking up and the fewer trips most consumers are taking.

When it comes to actual potato sales, when looking at 2021 holistically, the sales remained above 2019 levels in most categories. One-to four-pound bags of fresh potatoes have seen the greatest increase compared to 2019, and five-pound bags still make up the largest dollar and volume share for the fresh potato category.

Yellow, petite, and medley potatoes are all up in double-digits compared to 2019. But deli-prepared sides have still not returned to pre-pandemic levels.

An estimated 53% of dollars are spent on meals eaten at home. This is higher than in 2019. In fact, eighty-two percent of people ate most of their meals at home in January.

Consumers shift from dining out to staying in, and while it's hard to know the exact reason for the shift, it will be interesting to see how this impacts the still struggling foodservice industry.

Looking at foodservice sales, from October 2021-December 2021, frozen potato sales to foodservice showed improvement for the third quarter in a row, even exceeding 2020 volume by 20%. Finally! And fresh potato volume for the same timeframe increased by 14%.

While these numbers are up from 2020, they are still lagging compared to 2019.

Something else that might come as no surprise but traffic to restaurants was down 15.9% in January compared to December. According to National Restaurant News, the average check size is rapidly increasing, likely contributing to the erosion of traffic growth.

You might find it interesting that NR News predicts that the #1 appetizer for 2022 will be upscale potato chips, which means potato chips with new preparations or using unexpected ingredients.

I think NR News is on to something here. I recently read an extravagant article in the Wine Enthusiast called How to Pair Wine and Potato Chips. Let me tell you; this article left my taste buds dripping. Just listen to the poetic art that Wanda Cole-Nicholson writes about potato chips and champagne. The Advanced Sommelier says, "The high acidity of the Champagne plus the salinity of the chips really go hand in hand." "And when it comes to Riesling and Buffalo Blue Cheese chips, the sweetness and cool mineral notes of the Riesling go well with the blue cheese flavor in the chips, the earthy notes of the wine and the chips really make this pairing sing."

Even though I don't need an excuse to buy several bags of potato chips and bottles of wine, I'll take any opportunity to try a new potato snack combination.

If anyone is interested in the How to Pair Wine with Potato Chips guide from Wine Enthusiast, I'll add a link to it on this episode's page.

You're probably thinking, this episode couldn't possibly make me hungrier than I already am, but hear me out. Chef RJ has been busy in the new Spudlab, mashing up some fantastic recipes for consumers and foodservice operators. But Chef RJ is no longer mashing around in the kitchen alone. That's right. There's a Sous Chef in the kitchen now. Vince Armada. Vince comes to Potatoes USA with copious culinary experience from quality control to quality assessment and, of course, cooking. The SpudBuds have developed some tasty potato creations.

For example, we have the cheesy pull-apart garlic taters tossed in garlic and herb butter and topped with mozzarella cheese, then baked to a bubbly perfection and ready to serve with a side of marinara sauce. This recipe is quick, easy, and utilizes frozen potatoes. While developed for foodservice operators, it's easily adaptable for consumers.

There is also the hash brown frittata that's baked in a skillet with roasted tomatoes, rosemary, thyme, and fontina cheese. A mouthwatering recipe that's also quick and easy and has 10g of protein per serving. This recipe was developed for the breakfast or brunch category, but as an equal opportunist, I'd eat this frittata any time of day.

I'll add a link to all the latest culinary creations on this episode's page so you can get your hands on these tasty creations. Other recipes are potato flapjacks with cinnamon apples, mashed potato dumplings with ginger scallion sauce, and more!

You're probably hungry right now, and that's the best part of a podcast, your hands are free to fuel with potatoes as you listen to what's new with potatoes internationally.

Exports of frozen potato products increased by 9% from July 2021 to December 2021 compared to 2020. These increases were led by a 41% increase to Canada, a 24% increase to Central America, and a 22% increase to Mexico.

Exports to target markets in Asia were up by 3%, led by an 85% increase to the Philippines.

Fresh potatoes also saw a positive increase of 16% due to an increase to Canada and Mexico, despite the continued restrictions to the 26-kilometer border zone.

Likely due to the tight supplies from labor and raw product shortages, dehydrated potatoes saw a decrease in exports.

But despite the decrease in dehy exports, potatoes are still a smash hit abroad.

Around the world, culinary students are getting excited about potatoes from the U.S. The new chef training will take place in 11 international markets this year. These trainings provide hundreds of culinary students an opportunity to learn about the benefits of U.S. potatoes and get hands-on experience working with fresh, frozen, and dehydrated products.

For example, in China, 490 students from five culinary schools received in-person training. Students learned about product availability, potato nutrition, proper preparation, and had hands-on practice. Most of the students admitted they had never worked with U.S. potatoes before, but after the training, 90% of them said they will now use U.S. potatoes.

In Thailand, events called "train the trainer" took place to educate culinary instructors about U.S. potatoes so they could take the knowledge back to their students. But it didn't stop there. This year, the students of those instructors participated in a culinary competition to put what they learned to the test. Seventeen teams represented 17 different culinary schools. Students showcased their innovative dishes utilizing frozen and dehydrated potatoes during the competition.

More training like this will take place in Central America, Mexico, the Philippines, South Korea, and Vietnam in the coming months. Around 750 students in 19 different culinary schools across the mentioned countries will gain knowledge and insights on innovating with U.S. potatoes.

On April 5th, the United States Secretary of Agriculture met with Mexico's Secretary of Agriculture and Rural Development to continue the conversation on open trade, science-based policy-making, and sustainable climate-smart agriculture production. After the meeting, it was announced that the United States and Mexico have concluded all necessary plant health protocols and agreed to a final visit by Mexican officials in April to finalize the request by the United States for expanded access to the entire Mexican market for all U.S. table stock and chipping potatoes.

The United States Department of Agriculture says that the finalized agreement between U.S. and Mexico will allow access throughout Mexico by May 15th. And according to Potatoes USA research, the full market potential for fresh table potatoes could reach \$250 million a year.

This is a tremendous victory for the entire industry. The journey to this accomplishment had a lot of curves and blocks, but difficult roads lead to beautiful destinations.

If you have any questions or would like more information on this, feel free to reach out to our Chief Marketing Officer, John Toasperm, at John@potatoesusa.com

Despite the long-standing, twenty-five-year restriction, Mexico remains the largest overall market for U.S. potatoes.

To stay up to date on the latest potato news, make sure to sign up for Potatoes USA Industry Updates. Signing up is easy. Just visit PotatoesUSAUpdates.com

These are all the updates I have for you today.

As always, thank you for listening to this episode of Potato-cast! Please subscribe on Spotify, Apple, or Google Podcast by searching for Potato-cast.

All supporting documents for data provided in this episode can be found on potatoesusa.com. To see all the great information available about potatoes or new and fun ways to cook with potatoes, visit potatogoodness.com.

I am your host, Natalia Cervantes.

Until next time, take care everyone.