

Potatoes USA Annual Report
The Fiscal Year 2024 (FY24)
July 1, 2023 to June 30, 2024

The National Potato Promotion Board (Board), operating as Potatoes USA, was created in 1971 to develop potato markets in the U.S. and abroad using innovative marketing, promotional, and educational activities and programs. Potatoes USA also encourages and supports nutritional and potato variety research on behalf of the potato industry.

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

Executive Summary

Potatoes USA made significant progress in FY24 toward all the organizational 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.

Every program strategy aligns with Potatoes USA's mission to "Strengthen Demand for Potatoes" and vision to "Create positive change in the industry through innovative and inspiring approaches."

Potatoes remained America's favorite vegetable. They continue to be on nearly 83% of U.S. menus. They are also the number one produce item sold at retail stores.

U.S. potato exports reached a record value during the market year, up 4% from the previous year to \$2.3 billion. However, the volume of U.S. potato exports experienced a modest decline of -1.6% to 3,253 million metric tons (fresh weight equivalent). Mexico remained the United States' largest potato export market for the second year, followed by Canada and Japan.

U.S. retail sales of potatoes increased by volume and value in July 2023-June 2024. Domestic retail sales of potatoes increased by 4.6%, and volume sales increased by 1.3% for the year (fresh weight equivalent). Sales have steadily increased over the last five years, while volume sales exceeded prior year sales.

The volume of potatoes sold to the domestic foodservice sector decreased slightly by -1.6% to 17,995 billion pounds (fresh weight equivalent); however, while the value of potatoes sold to foodservice reached a record of \$11.6 million, up 2.4% from the prior year.

Based on the FY24 Sales & Utilization analysis, 36% of the potatoes grown in the U.S. were sold as a frozen product, 27% as fresh, 23% as potato chips, and 8% as dehydrated potatoes.

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 potato processors and now includes a fresh potato distributor, the American Frozen Food Institute, and Potato growers of Canada, and continues to invest in potato nutrition research, specifically in 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, further establishing that potatoes fuel performance while expanding the understanding of potato nutrition. During FY24, the domestic marketing program employed the following strategies:

- Implemented targeted marketing programs for consumers, nutrition professionals, retailers, and foodservice audiences.
- Demonstrated the possibilities with potatoes through culinary expertise.
- Communicated the benefits of potatoes to all audiences.
- Positioned potatoes as a nutrient-dense vegetable.
- Positioned potatoes as performance fuel.
- Cultivated strategic partnerships.
- Advocated for scientific research to strengthen the nutritional position of potatoes.

Research supported all these programs, ensuring the activities aligned with current market conditions and leveraged technology to deliver key messages effectively.

The consumer marketing program focused on younger consumers, Generation Z (ages 18-25), to ensure they understand how to prepare potatoes and their nutritional benefits. The goal is to create lifelong potato enthusiasts thereby strengthening long-term demand.

The nutrition marketing program cultivated relationships with nutrition leaders in academia, healthcare, and science communications. The program focused on ensuring potatoes are included in Food as Medicine programs like produce prescription programs, medically tailored meals, and medically tailored groceries. The program also established Potatoes USA as a culinary medicine training leader.

The foodservice sector continues to recover from the pandemic. Potatoes USA strived to ensure operators understand the value potatoes deliver to their menus and see potatoes as a solution to their many challenges.

The retail program focused on key decision-makers and featured fresh potato merchandising best practices. By sharing the latest data, market insights, trends, research, and merchandising tips, Potatoes USA helped retailers understand the category's importance. It ensured potatoes were promoted effectively to consumers throughout the year.

Some of the successes achieved in FY24 include the following:

- Americans stated that potatoes are their favorite vegetable.
- U.S. retail sales of potatoes increased by volume and value in July 2023-June 2024. Domestic retail sales of potatoes increased by 4.6%, and volume sales increased by 1.3% for the year (fresh weight equivalent). Sales have steadily increased over the last five years, while volume sales exceeded prior year sales.
- While domestic foodservice sales volume fell slightly from the prior year by -1.6% to 17.9 billion pounds sold, dollar sales increased by 2.4% for a record of \$11.6 million.

- The 2024 consumer attitudes and usage study revealed that health perceptions about potatoes have improved since 2018 for the following attributes: provide nutrients, help fuel me for everyday activities, allows you to feel good about what your family is eating, provide sustained energy, good for recovery, good for athletic performance, gluten-free, being used and approved by athletes, low in calories, good for weight management.
- Potatoes appeared on nearly 83% of all menus.
- Fries were the number one potato dish offered on 72% of menus.
- Potatoes USA conducted a foodservice patron study that showed diners will pay more for meals that include potatoes.
- Team Potato hosted two record-breaking fitness challenges, gaining thousands of new members passionate about fueling with potatoes. The challenges had more participants than the New York City and Boston Marathons combined.
- Conducted a potato campus takeover at Purdue University, that engaged registered dietitians and students.
- Positive potato stories increased as more news covered the benefits of potatoes.
- Potatoes USA initiated the Powered by Potatoes retail campaign, which showcases best practices for retailers seeking to sell more potatoes.
- Two Potatoes USA team members were certified in Culinary Medicine and began training healthcare professionals.
- Enhanced USDA My Plate resources for healthcare professionals that showcased potatoes positive impact on diet quality.

The **International Marketing** program focuses on increasing U.S. potato exports across all product types, expanding access for U.S. potatoes across the globe, getting more people to eat more U.S. potatoes in more ways, and international consumers knowing potatoes for their nutritional benefits. To accomplish these goals, the program employs the following 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 market interests.
- Implement targeted marketing programs for foodservice, retail, and consumer audiences.

Potatoes USA implemented market development programs focused on foodservice, retail, consumer, and seed potatoes. Market access and reputation management programs are also employed to address market situations. Potatoes USA conducted market development activities in the following markets: Mexico, Japan, South Korea, Philippines, Taiwan, Malaysia, China, Thailand, Myanmar, Vietnam, the Gulf Cooperator Council region (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates), and the Central America region (Costa Rica, Guatemala, Honduras, Dominican Republic, Nicaragua, Panama, and El Salvador). The seed potato export program was focused on Cuba and Guatemala.

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The international foodservice program focused on introducing 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 worldwide.

Potatoes USA worked with international retailers to ensure that U.S. potatoes appeared more often on consumers' tables at home. Traditional supermarkets and online stores introduced high-quality U.S. potato products to consumers.

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 U.S. potatoes' health and lifestyle benefits while spreading the word about their great taste and versatility.

The international market access program worked to expand and preserve global sales opportunities by assisting the U.S. government in resolving international trade barriers. FY24 was the second year of Mexico's fresh potato market access and remained the largest export market for U.S. potatoes.

Some international marketing successes achieved in FY24 include the following:

- Record export value of U.S. potatoes, sales increased 4% to \$2.3 billion.
- This was the second year of Mexico's fresh potato market access, and it remained the largest export market for U.S. potatoes.
- Hosted the Foodservice Reverse Trade Mission (RTM) 2023 that brought together 24 chefs from 10 international markets, including Japan, Malaysia, the Philippines, South Korea, Vietnam, China, Mexico, Taiwan, Central America, and the Gulf Cooperative Council. RTMs showcase the U.S. potato supply chain and facilitate business relationships between industry stakeholders. This RTM led to several new U.S. potato menu launches at high-volume foodservice operations across the globe.
- The top importers and distributors of U.S. potatoes now carry sixty-six new U.S. potato products.
- One hundred nineteen new menu items were launched on foodservice menus in target markets.
- Forty-two new volume foodservice operators are purchasing U.S. potato products.
- Twenty-nine foodservice operators and/or importers and distributors switched to using 100% U.S. potatoes at their operations.
- One hundred four culinary schools trained students on the U.S. potato curriculum, and 92% of those students foresee using U.S. potatoes on their future menus.
- One hundred sixty-five leading retailers increased potato volume sales by 5-10% or more compared to the previous year.
- One hundred and ninety-eight secondary displays at retailers increased U.S. potato sales by 10% or more than the previous year's timeframe.
- Fifty-five new potato products are now available in leading retail outlets.
- Recipes on social media drove 425,923 new consumers to learn new ways to cook with potatoes.
- Three hundred fifty-eight positive media stories about cooking with potatoes, especially U.S. potatoes, and potato nutrition were published.
- A new research company was selected to gain a deeper insight into consumer sentiment and opinions around potatoes.
 - 68% of international consumers believe potatoes are healthy.
 - 74% of international consumers believe potatoes are a nutrient-dense food.

- 74% of international consumers believe potatoes give them the energy they need to perform at their best.
- 64% of international consumers believe potatoes are good for athletic performance.
- Thirty-two U.S. seed potato varieties were trialed.
- Twelve market access issues were resolved.
- Forty-seven trade leads were circulated to U.S. exporters.

Research Program

The **Research** program exists to lead the U.S. potato industry's research efforts, emphasizing program accountability, enhanced communication between growers, processors, and scientists, and establishing a collective focus. As significant SCRI-funded studies progress, production research seeks to enhance outreach efforts to growers regarding primary project results. The program manages various development programs in the chip and fry sectors and helps open international markets to certified seed export. To accomplish these goals, the program employs the following strategies:

- Facilitates PRAC (Production Research Advisory Committee), seeking consensus on production research priorities and supporting chosen scientific project submissions for USDA specialty crop initiative grants (SCRI) and other federal resources.
- Leverages Board funding whenever possible with additional state 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.²
- The international seed export program focuses on Cuba and Central American markets and works to create interest in certified seed grown in the U.S.

Some of the accomplishments in FY24 were:

- Continued to gather 50+ letters of support for PRAC-endorsed USDA National Institute of Food and Agriculture (NIFA) Specialty Crop Research Initiative (SCRI) proposals, projects as follows:
 - Unfortunately, no project wins were recorded in the 2023/24 funding cycle. Cumulative SCRI wins since 2016 total \$38.8M.
 - Project proposals submitted for the 2024/25 cycle were for Diploid Breeding (project 2), \$7.5M, and Powdery Scab, \$2.5M (no award decision as of 1-14-25). In addition, a Black Dot planning grant proposal for \$50k was endorsed with a letter of support.
- The Medius—Re database has 38,410 total data records. In 2024, 2,518 new chip candidate records and 354 new russet candidate records were added, giving breeders a more robust data set for evaluating new varietal candidates.
- An ongoing upswing to 2551 seed acres were planted for graduates from the NCP trial system by crop year 2024.
- In the last two years, 6 U.S.-certified seed varieties have been registered in Nicaragua.

Industry Outreach Program

The **Industry Outreach** program is dedicated to expanding awareness of the Potatoes USA marketing and research programs and creating 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:

- Convey market research, trends, and insights impacting the U.S. potato industry.
- Encourage the industry further to 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.

The industry outreach activities included direct-to-grower communications via in-person presentations and newsletters, press releases, columns in industry publications, podcasts, lunch and learn webinars, PotatoesUSA.com, and participation in state potato organization meetings and events.

Proactive and reactive activities are used to protect and defend the potato's good name, depending on the situation. Potatoes USA monitors press coverage daily and responds to articles that include inaccurate or harmful information about potatoes to ensure that accurate information is available to the writers.

Potatoes USA conducted a study to evaluate the industry's awareness of Potatoes USA's activities and the effectiveness of the communications.

Some of the highlights from the program are as follows:

- 79% of industry members surveyed reported that Potatoes USA is doing a good or excellent job at strengthening the demand for potatoes.
- 86% say they are satisfied or very satisfied with Potatoes USA's communications.
- 86% say they are somewhat or very familiar with Potatoes USA's current marketing and production research programs.
- Media outreach to correct misinformation about potatoes resulted in a 35% correction rate.
- Potatoes USA hosted or attended over 25 state and industry events.
- The Potatoes USA Spud Lab hosted numerous culinary innovations, recipe development, education, training, and catering events throughout the year.
- The Spud Lab has hosted three culinary medicine trainings, developed 15 consumer recipes, participated in the Purdue University campus takeover, conducted ten innovations sessions, helped launch six new menu items and three new potato SKUs at retail.
- Grower outreach included an average of two monthly electronic updates, podcasts, social media posts, and website content.

Financials

The Board had approved Potatoes USA being over budget by \$558,000 for fiscal year 2024 and using unassigned reserves to cover the difference. Potatoes USA was under budget by \$2,193, so no unassigned funds were used. The assessment revenue collected was \$15,515,906, \$484,094 lower than budgeted; contribution revenue and other revenues were \$83,772 higher than forecasted; and total expenses for the general fund ended at \$1.3 million under budget. The total administrative expenditure was \$3,505,148 for the year. (All financial information has been confirmed by Potatoes USA's FY24 financial audit performed by Kunding, Corder & Montoya, P.C.)