



Us Market

Background

Chips remain America's favorite salty snack with sales in excess of \$6 billion. But as an industry that is over 150 years old, it falls well within the classification of being a "mature" industry. Overall, sales have been relatively flat, in both pounds and dollars, over the past several years, somewhat encouraging given its maturity, the multitude of alternate snack items, and America's push to dieting and healthier eating. However, it has provided limited growth opportunities for growers of chipping potatoes. In 2001 the USPB initiated a "chipping committee", comprised of growers, to advise the USPB of activities to be undertaken to support the grower base.

Challenges

The real challenge is that with the USPB, or virtually any budget for that fact, we are not able to promote or advertise to increase the sale of potato chips. That assignment must be left to the manufacturers, and the retail accounts they sell to. Additionally, chip suppliers typically must rely on the chip manufacturers to utilize the raw material they produce. With demand flat to declining alternate finished product uses for chipping potatoes would be beneficial to the entire chipping industry. A new product offering has the potential to bring new consumers to the potato category.

Acrylamide has become a significant issue in the potato industry and it appears that the raw material can provide at least a part of the reduction solution. Lower sugar levels, decreased bruising, reduced stem end, improved peel, etc have all been shown to reduce acrylamide levels. There is a limitation on the fresh crop production of Atlantic due to associated quality related issues. There is also a limitation on the ability to store potatoes late into May and June due to associated sugar related issues in Snowden. These two variety limitations cause cost, quality and consumer related issues that can be solved with more capable raw materials. Improved raw materials also have the potential of increasing the nutrient values in potatoes adding consumer health benefits like increased vitamin levels. Breeding and variety trial work must be continued to contribute to finding a solution to this challenge.

There are also health and environmental challenges that need to be resolved to help the potato chip category remain competitive. In today's ever changing market it is imperative to conduct core research that keeps track of industry changes and what these changes might mean to the industry. In the past we've influenced progress against zebra chip, storage and sugar monitor programs and stem end research. Further attention to resolve these challenges and new ones such as disease screening, acrylamide testing, improved sustainability, improved nutrition level, etc are all important to bring more value to the consumer and a higher level of product acceptability.

Combine those challenges with increased attacks on traditional salty snack foods and a consolidated/ declining buyer base who are just now realizing the importance of working more efficiently as a collective group, and the USPB chip activity set must be strategic, creative and ultimately supportive for the grower base.

Resolution

Provide growers with an opportunity to protect and/or improve their return on investment.

The activities of the Board are conducted with the support and input of the Grower Chip Committee. The activities which are to be included in the (LRP) include:

- **Develop/Pursue Alternate Uses:** The USPB will pursue/investigate alternate uses for chipping potatoes, bringing additional markets or consumers to chip potatoes and provide new product opportunities for processors.
- **Breeding/Variety Trial Work:** Developing improved raw materials will address industry needs of improved consumer benefits and enhanced processor/producer performance while adding velocity through “Fast Tracking” promising new potato cultivars.
- **Breeding and Variety Research:** The focus of this project will be to support the industry with vital variety specific information, addressing specific consumer attributes (taste, texture, and appearance), health and wellness (acrylamide, nutrition levels) and environmental opportunities (reduced carbon footprint).
- **Open Forum for Communications:** This strategy will focus on bringing alignment to the collective industry by forming a collaborative working environment that addresses industry wide opportunities.
- **National Chip Processor Trials:** This new strategy develops a collaborative, industry supported and financed, national variety develop program focused on delivering consumer winning raw materials in less time than traditional strategies.
- **Funding from All Stakeholders:** The focus of this strategy is to obtain funding from the chip processors allowing sufficient funding for the development of the National Chip Processor Trails.

Chips & Chipping Potatoes <i>US Market</i>	
<i>Growth Strategy</i>	<i>Productivity Strategy</i>
<p><i>Create/increase market share for chipping potatoes</i></p> <ul style="list-style-type: none"> • Develop/Pursue alternate uses • Improve consumer benefits of raw material • Create collaborative environment focused on industry needs • Generate adequate financial support for industry activities 	<p><i>Enhance competitive ability with collaboration, velocity and alignment</i></p> <ul style="list-style-type: none"> • Define consumer trends that align with chip potato capabilities. • Work with processors on new product offering requirements. • Support core variety breeding programs. • Consumer acceptability testing and reporting. • Acrylamide testing and reporting. • National variety development trials. • Processor contribution to national variety development.