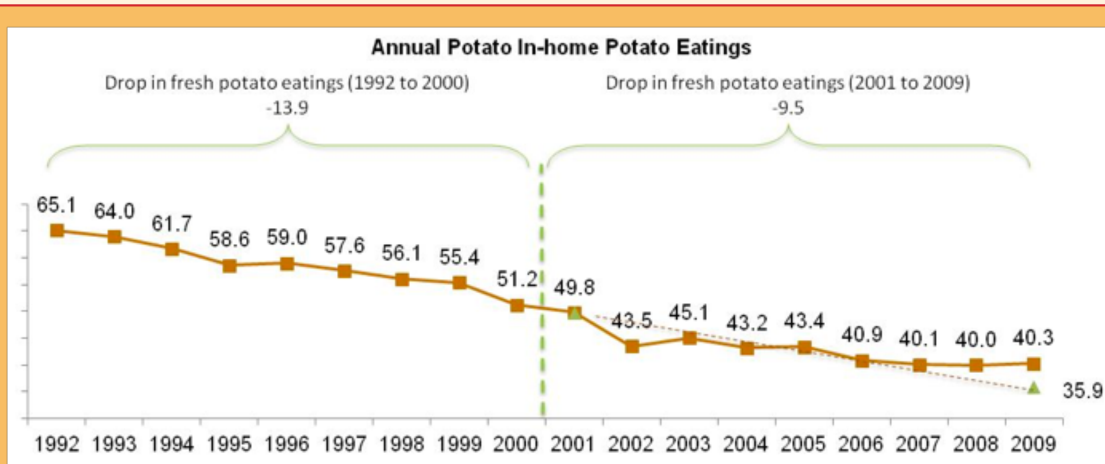
# Industry Information / Reference

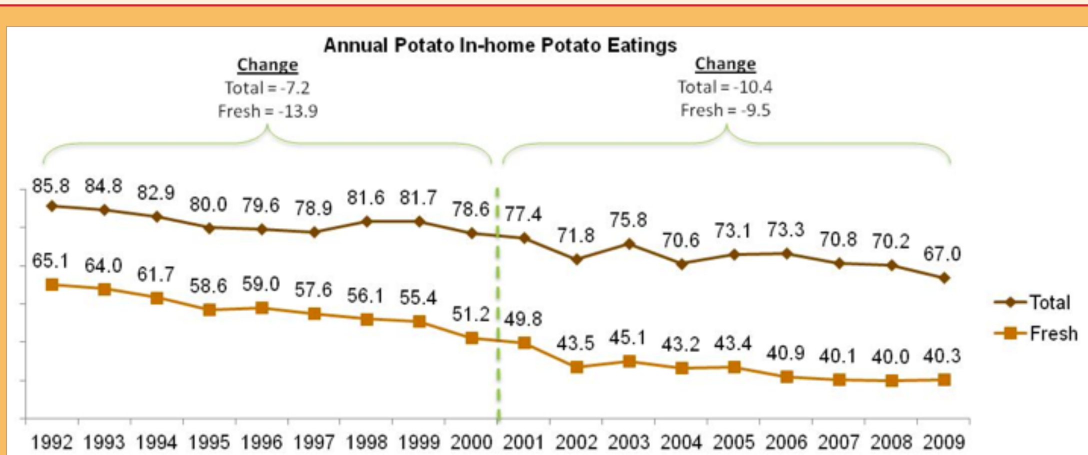
## *Fresh Potato Consumption is Stabilizing*

The drop in fresh potato eatings from 1992 to 2000 was greater than from 2001 to 200. Therefore, in comparison to the previous decade, fresh potato consumption appears to be leveling off. Further, the Atkins diet (peaking around 2004) does not appear to have had as negative effect on *fresh* potato consumption as initially assumed.[5]




## *Total Potato Consumption is Decreasing*

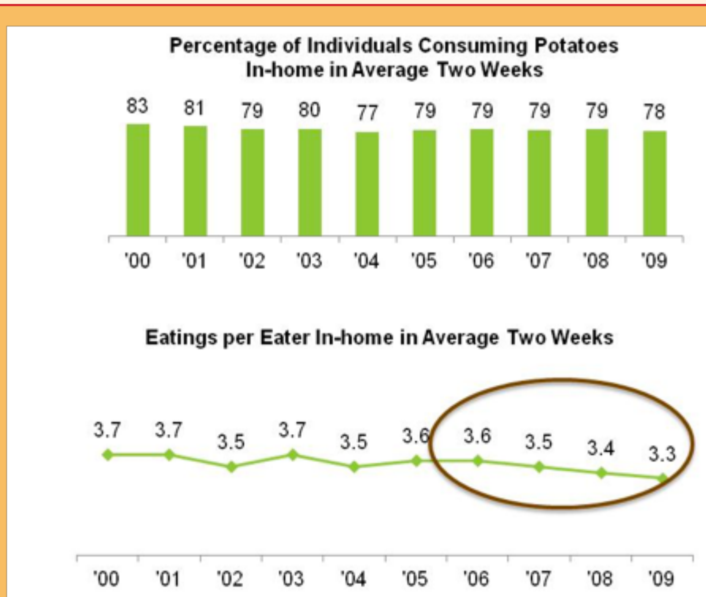
Although fresh potato consumption appears to be stabilizing this decade, the drops in  potato in-home eatings, however, have been more significant this decade (compared to the decade before). After being relatively stable from 2004 to 2008, in-home per capita consumption of all potato eatings dropped in 2009 to 67 eatings per year.[6]




[5] Source: 2009 National Eating Trends, NPD Group
[6] Source: 2009 National Eating Trends, NPD Group

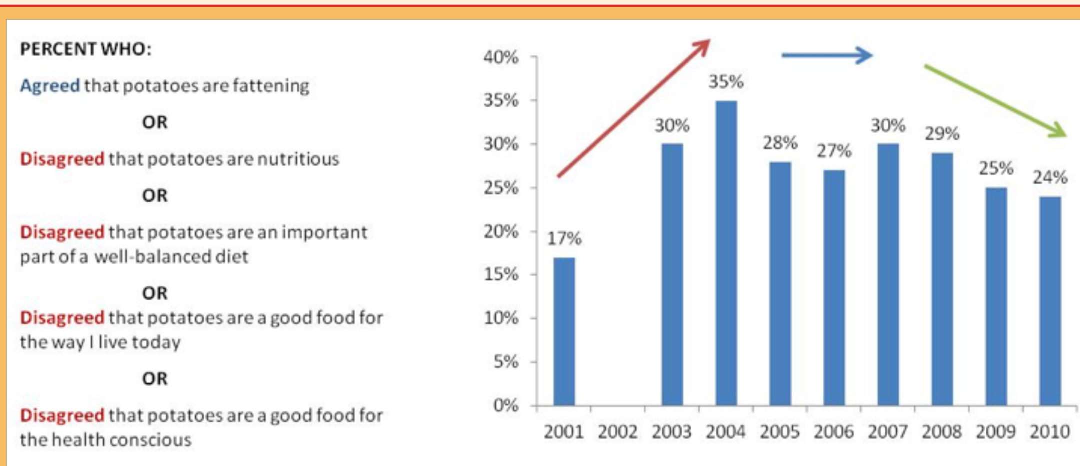
## *Consumption Decrease is due to Frequency, not Penetration*

The percentage of individuals eating potatoes in-home has remained flat since 2002. However, the *frequency* of potato eatings among eaters has dropped slightly since 2006, driving the overall drop in in-home eatings per capita.[7]




## *Consumer Attitudes around Potatoes Continue to Improve*

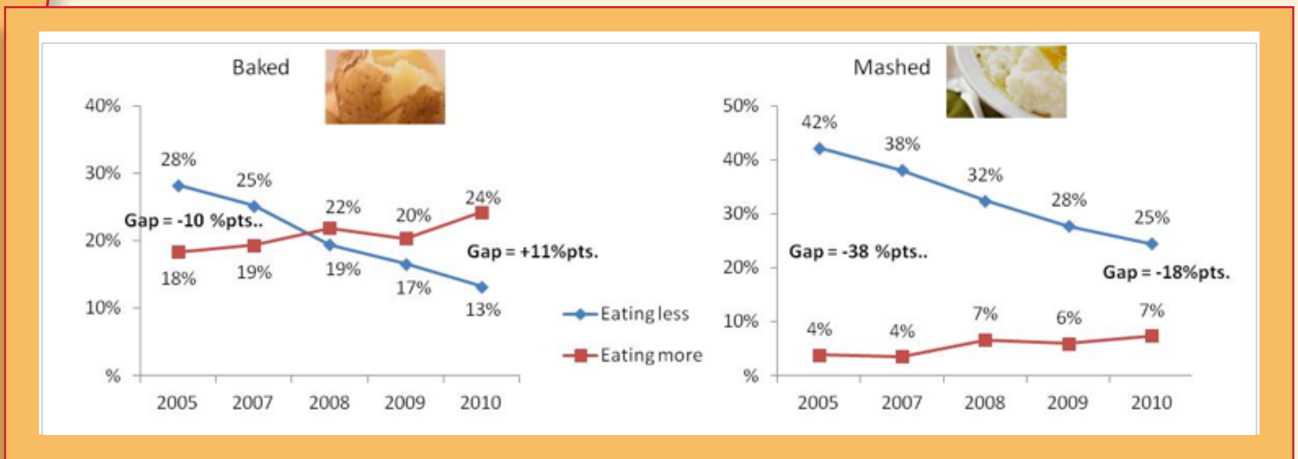
Although the decreased frequency of potato eatings has resulted in a decrease in consumption, consumer attitudes' toward potatoes are improving. The net negative scores continue to slowly decline after a peak in 2003/2004, indicating the positive impact communications have made on consumer attitudes' toward potatoes.[8]




[7] Source: 2009 National Eating Trends, NPD Group
[8] Source: 2010 Consumer Attitudes & Usage, Sterling-Rice Group

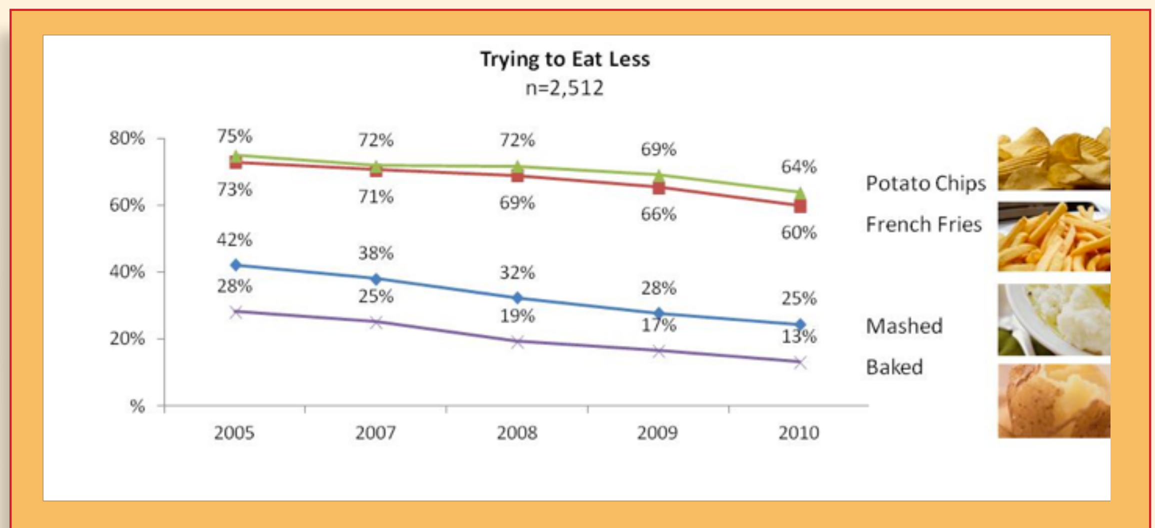
## *Consumer Usage: More Eating More*

The improving consumer perceptions of potatoes are further demonstrated in reported intent. More consumers report actively trying to eat more baked and/or mashed potatoes. In addition, fewer respondents report actively trying to eat less baked and/or mashed potatoes.[9]




## *Consumer Usage: Fewer Eating Less*

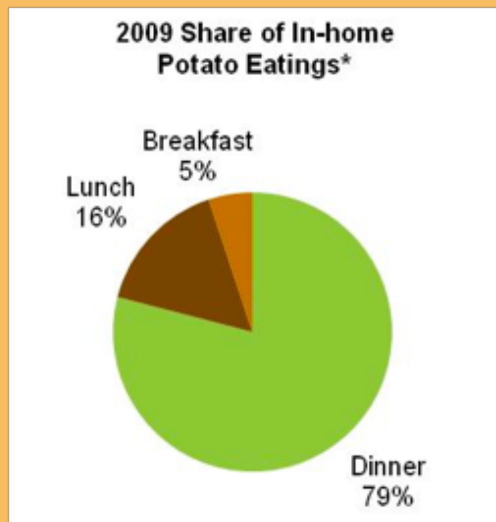
Further, the percentage of respondents reporting actively trying to eat less potato products has decreased significantly since 2005.[10] Both reported intent numbers indicate that consumers have more positive attitudes toward potatoes, they just need to increase the frequency they are eating them to impact overall consumption. This shows that programs should focus on increasing the frequency of potato consumption with current users.




[9] Source: 2010 Consumer Attitudes & Usage, Sterling-Rice Group
[10] Source: 2010 Consumer Attitudes & Usage, Sterling-Rice Group

## *Potatoes are for Dinner*

Dinner is by far the largest occasion for potato usage and is driving declines in eatings per capita.[11] Therefore, communications should continue to focus on increasing the consumption of potatoes during the dinner occasion.




## *Focus on Traditional Family Dinners*

More traditional family dinner situations account for over half of all dinner occasions, while time-and/or energy-constrained situations occur only about 25% of the time.[12]

**Dinner Situations (Last Occasion)**

| | |
|---|---|
| **Family Together Dinners**<br>• *What's for Dinner (23%)*<br>• *Time to Savor (13%)*<br>• *Family and Friends Together (10%)*<br>• *Special Request (7%)* | 53% |
| **Time/Energy Constrained**<br>• *I'm Beat (11%)*<br>• *Lazy Relaxation (7%)*<br>• *Beat the Clock (3%)*<br>• *Everyone on Their Own (3%)*<br>• *Pit Stop (0.5%)*<br>• *On the Job (0.4%)* | 25% |
| **Health-Focused**<br>• *Nourish Me (9%)*<br>• *More of the Good Stuff (3%)* | 9% |
| **Special Occasion and Other**<br>• *Expand my Horizons(2%)*<br>• *Celebration/Party (1%)*<br>• *Other (8%)* | 11% |

[11] Source: 2009 National Eating Trends, NPD Group
[12] Source: 2010 Consumer Segmentation Study, Sterling-Rice Group

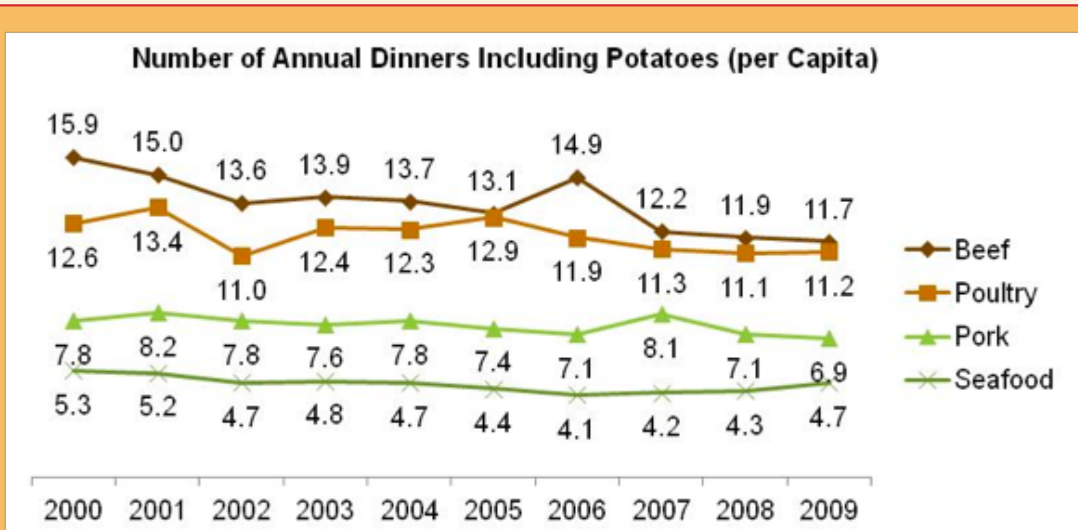
## *Traditional Family Dinners are Highest for Potato Consumption*

The most important potato-relevant dinner situations are traditional family dinner occasions (with What's for Dinner, Time to Savor, and Family and Friends Together making up 57% of potato dinners).[13] While rushed, time-constrained dinners are thought to be a prevalent and growing part of life in the U.S., they are still relatively infrequent, and potatoes are much less likely to be served in these situations. Therefore, communication focus should remain on more common (and more potato-relevant) family dinner situations.

| | Share of Total Dinners | Percent of Occasions Including Potatoes | Share of Total Potato Dinners | Top Three Most Important Attributes |
|---|---|---|---|---|
| What's for Dinner | 23% | 31% | 29% | **Everyone enjoys** (53%), **flavorful**, quick/easy |
| Time to Savor | 13% | 32% | 17% | **Flavorful** (54%), **everyone enjoys**, fills you up |
| I'm Beat | 11% | 15% | 7% | Quick/easy (73%), on hand, fills you up |
| Family and Friends Together | 10% | 27% | 11% | **Everyone enjoys** (58%), **flavorful**, bring people together |
| Nourish Me | 9% | 19% | 7% | Healthy (65%), quick/easy, on hand |
| Special Request | 7% | 24% | 7% | Everyone enjoys (56%), flavorful, appeal to adults |
| Lazy Relaxation | 7% | 16% | 5% | Quick and easy (54%), on hand, fills you up |
| More of the Good Stuff | 3% | 25% | 4% | Healthy (49%), flavorful, quick/easy |
| Beat the Clock | 3% | 17% | 2% | Quick/easy (68%), on hand, fills you up |
| Everyone On Their Own | 3% | 20% | 2% | On hand (49%), quick and easy, fills you up |
| Expand my Horizons | 2% | 19% | 2% | Flavorful (44%), healthy/everyone enjoys, new |
| Celebration/Party | 1% | 36% | 1% | Everyone enjoys (48%), bring people together, feels special |

## *Potatoes Pair Well with Beef and Chicken*

In recent years, poultry dinners have increased and potatoes' share of poultry dinners has remained stable, making poultry dinner occasions nearly as large as beef occasions for potatoes. The slight drop in the number of beef dinners including potatoes is due to a decrease in beef dinners (vs. a decrease in potatoes' share of beef dinners).[14] Therefore, communications should focus on potatoes' versatility with different proteins, namely chicken and beef.




[13] Source: 2010 Consumer Segmentation Study, Sterling-Rice Group
[14] Source: 2009 National Eating Trends, NPD Group

## *Consumers View Potatoes as a Starch*

Based on what consumers would use instead of potatoes, their top competitors are starches – rice and pasta.[15]

**Top Potato Replacements**

| | Total | Linda |
|---|---|---|
| Rice | 31% | 33% |
| Pasta | 18% | 20% |
| Corn | 12% | 11% |
| Green beans | 7% | 7% |
| Broccoli | 7% | 8% |
| Bread/rolls | 7% | 5% |
| Carrots | 2% | 3% |
| Other vegetable not listed above | 4% | 3% |
| Other starch not listed above | 3% | 4% |
| Nothing | 9% | 6% |

## *Potatoes Are the 'Fresh & Natural' Starch*

Potatoes outperform all competing foods on versatility (i.e., know how to prepare in lots of different ways) and good value. Potatoes win on fresh and natural over rice and pasta[16], indicating communications should leverage these equities to gain share from rice and pasta.

**Top 5 Attributes Where Potatoes Outperform vs. Competitor**
(top better-worse scores)

| *Pasta* | *Rice* | *Bagged Salads* | *Corn* | *Green Beans* | *Broccoli* |
|---|---|---|---|---|---|
| Good source of potassium | Good source of potassium | Know how to prepare in many different ways | Know how to prepare in many different ways | Know how to prepare in many different ways | Know how to prepare in many different ways |
| Fresh | Know how to prepare in many different ways | Doesn't spoil quickly | Good source of potassium | Good source of potassium | Something I always have on hand |
| Natural | Fresh | Good source of potassium | Something I always have on hand | Something I always have on hand | Doesn't spoil quickly |
| Know how to prepare in many different ways | Natural | Good value | Good value | Good value | Good value |
| Good value | Good value | Affordable | Affordable | Doesn't spoil quickly | Appealing to everyone in family |

[15] Source: 2010 Consumer Segmentation Study, Sterling-Rice Group
[16] Source: 2010 Consumer Segmentation Study, Sterling-Rice Group

## *Consumers Believe Rice & Pasta are Easier to Prepare*

Potatoes underperform (i.e., are likely to be seen as “worse than”) competitive foods for weight management, ease of preparation, and health. Specifically, rice and pasta are believed to be easier to prepare and better for weight management than potatoes.[17] Programs should highlight the quick and healthy ways to prepare potatoes.

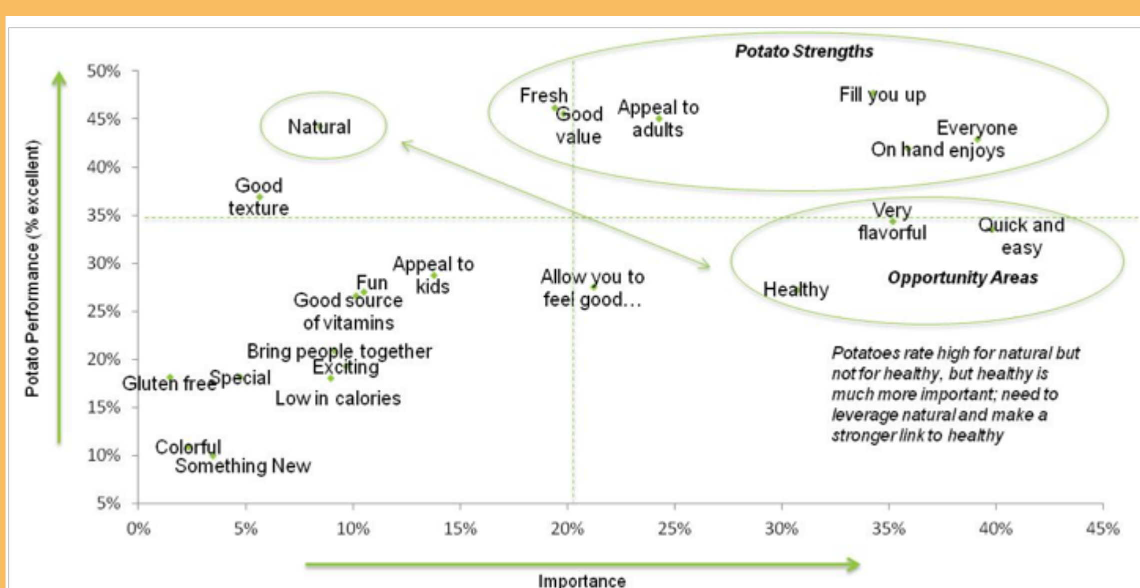
### Top 5 Attributes Where Potatoes Underperform vs. Competitor
(lowest better-worse scores)

| *Pasta* | *Rice* | *Bagged Salads* | *Corn* | *Green Beans* | *Broccoli* |
|---|---|---|---|---|---|
| Doesn’t spoil quickly | Good for managing my weight | Good for managing my weight | Good for managing my weight | Good for managing my weight | Good for managing my weight |
| Easy to prepare | Easy to prepare | Easy to prepare | Low in calories | Low in calories | Healthy/nutritious |
| Good for managing my weight | Doesn’t spoil quickly | Low in calories | Easy to prepare | Healthy/nutritious | Low in calories |
| Flavorful | Low in calories | Healthy/nutritious | Healthy/nutritious | Heart healthy | Heart healthy |
| Low in calories | Heart healthy | Heart healthy | Heart healthy | Easy to prepare | Good source of vitamins |

## *Potatoes Most Important Attributes*

Potatoes score well on being something everyone enjoys, fills you up, and something

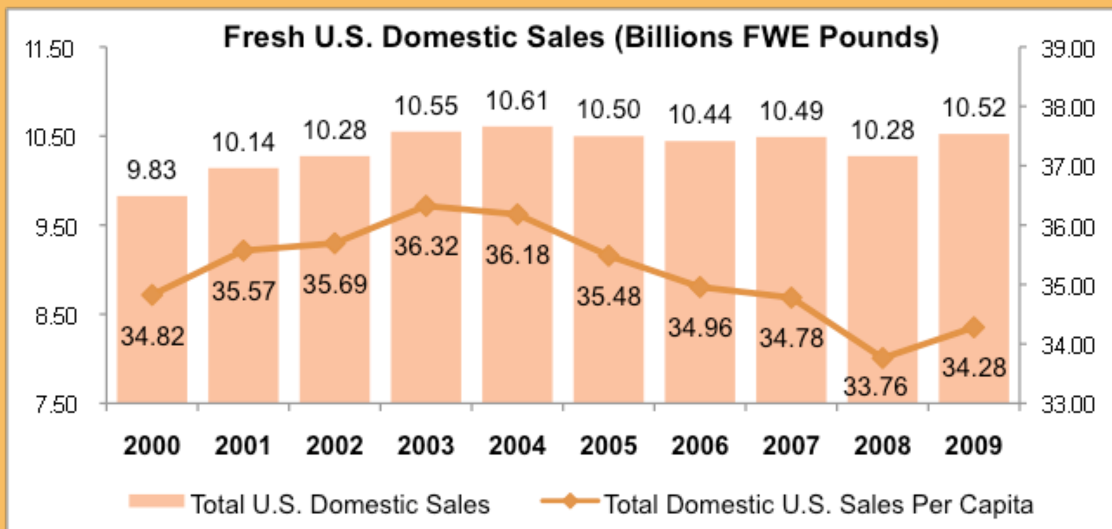
I have on hand. Key areas that are important to consumers but where potatoes currently fall short are healthy, very flavorful, and quick and easy to prepare.[18] Therefore, consumer messaging should focus on key opportunity areas: new, tasty ways to prepare potatoes that everyone will love that are also quick, and easy. Finally, communications should leverage potatoes’ natural and fresh equities to boost health perceptions




[17] Source: 2010 Consumer Segmentation Study, Sterling-Rice Group
[18] Source: 2010 Consumer Segmentation Study, Sterling-Rice Group

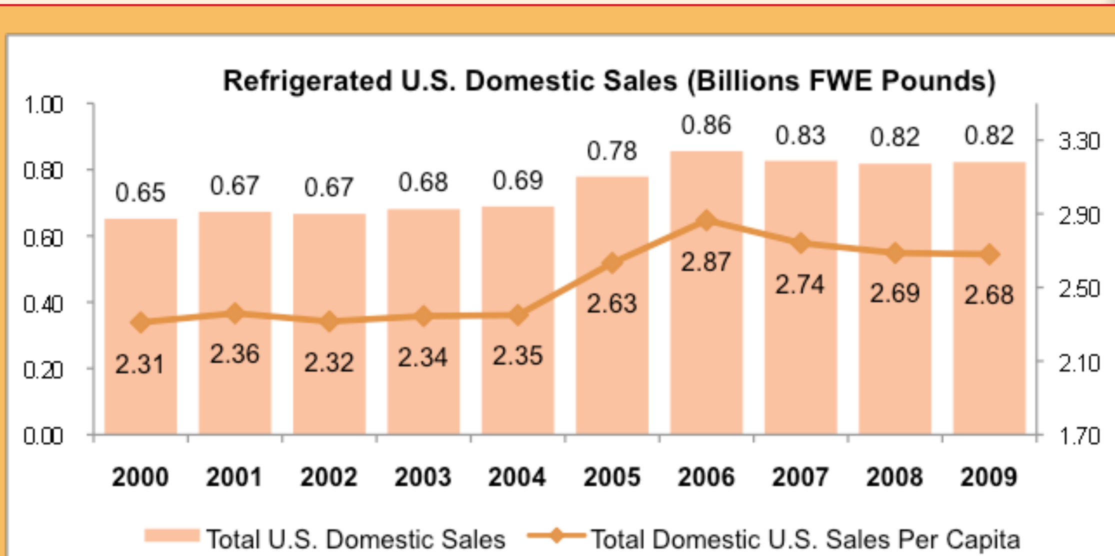
## Fresh Retail Sales

In 2009 foodservice sales were estimated to be off -1.0% while retail increased 4.9%. To recapture per capita sales, we must continue to communicate to the consumer about the potatoes' nutritional values, give them new recipes to excite and get them out of their potato ruts and make them more relevant to their lifestyles.




## Refrigerated Potatoes

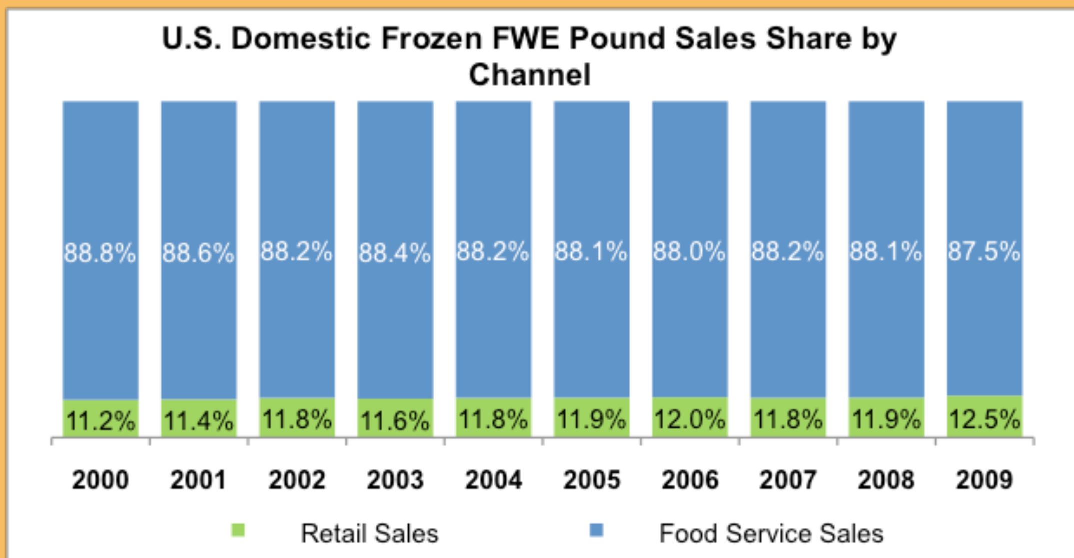
One segment of the business which has grown substantially over the past 10 years is the refrigerated potato segment, primarily driven by tubs of refrigerated mashed potatoes. Unfortunately, while that growth appears to have stabilized, annual sales rates continue to be significantly higher than they were early in the decade.[19]



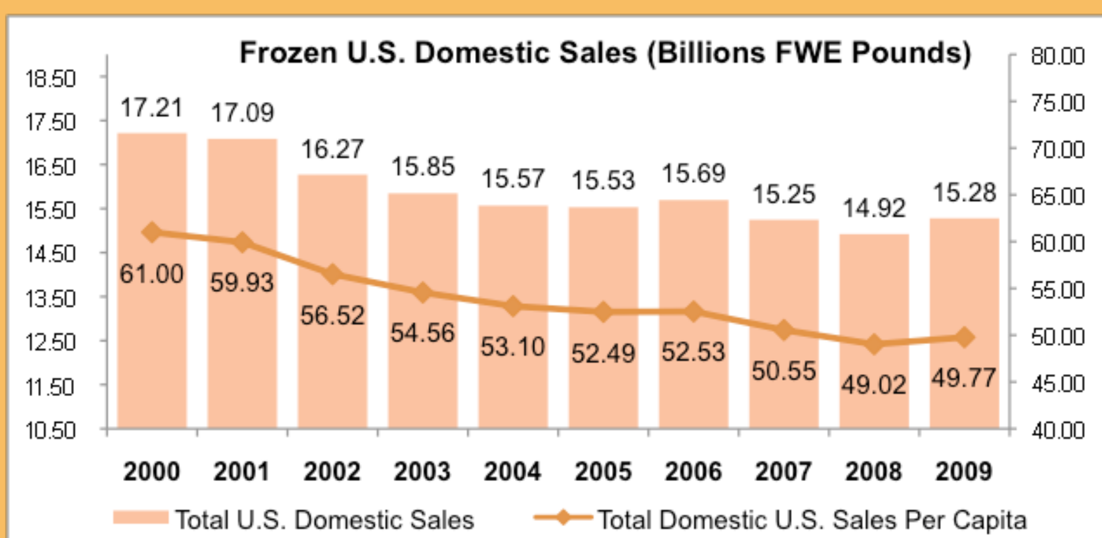

[19] Source: USPB Industry Demand Analysis.

## *Frozen Potatoes*

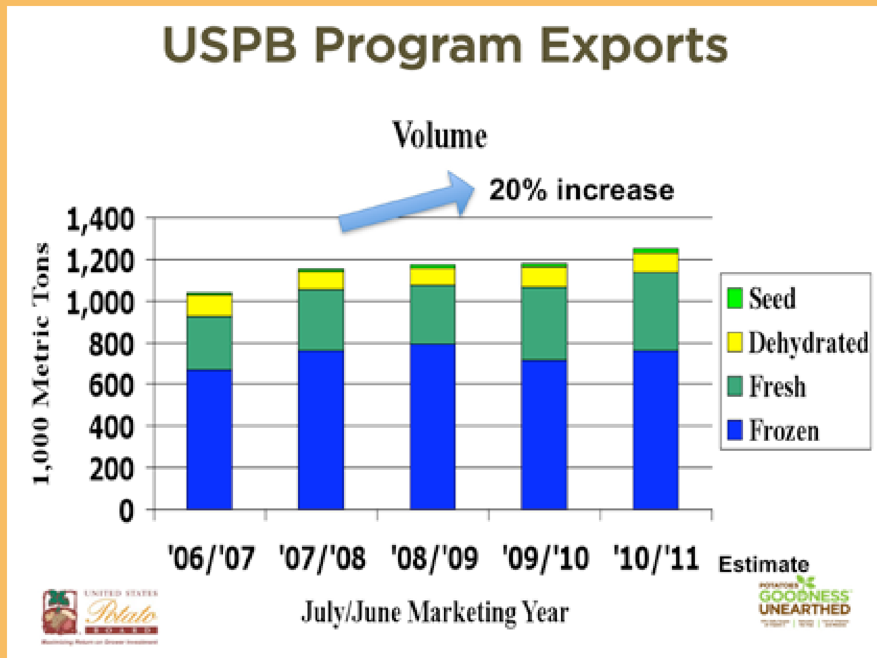
The US Frozen Potato market is dominated by the foodservice sector, and primarily the QSRs (quick service restaurants). While significant space is allotted to frozen potato products in supermarkets, club stores and supercenters, the volume driver is foodservice.[20]

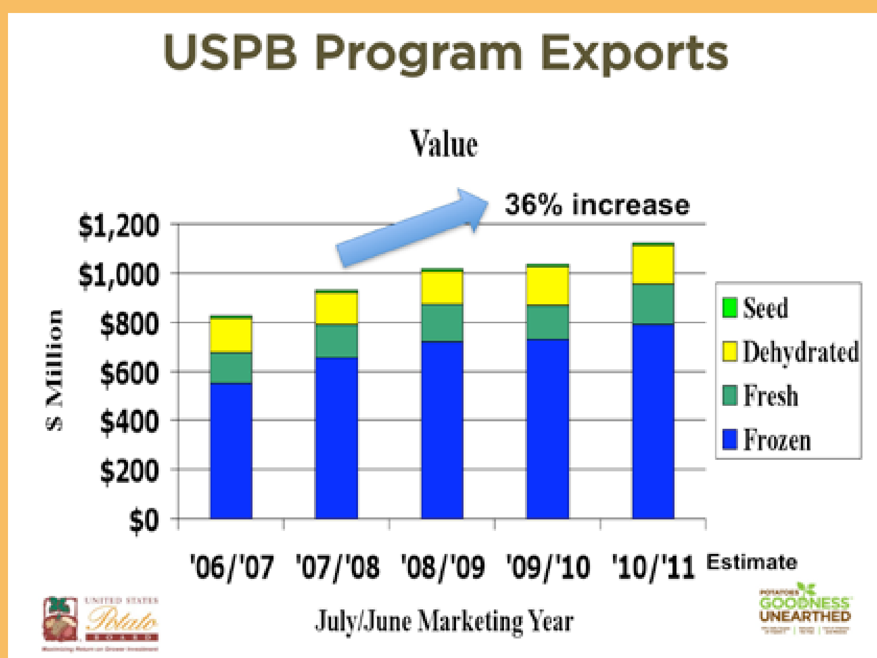


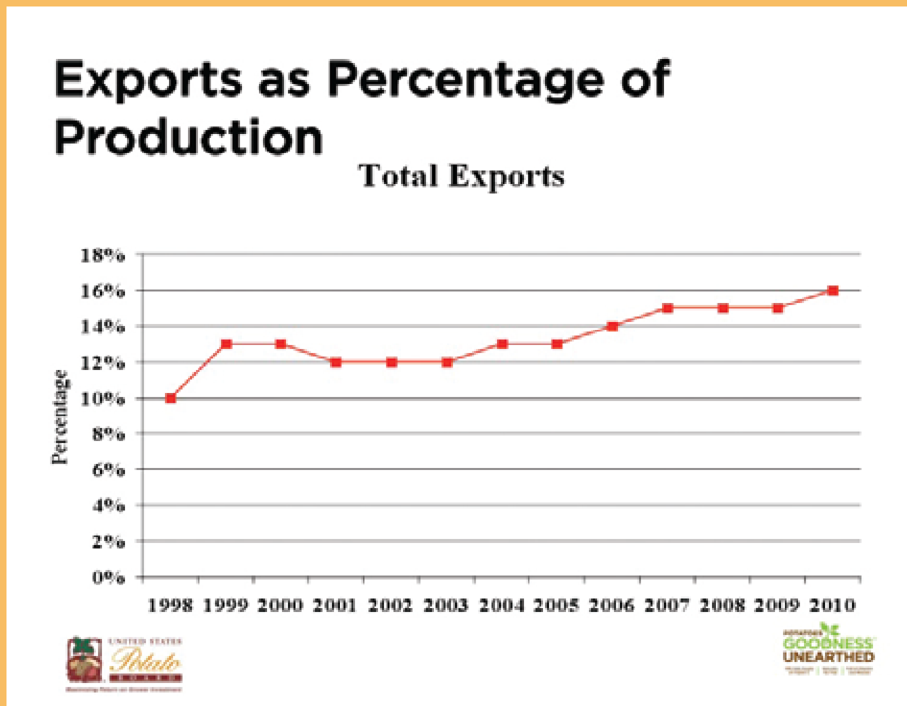

And unfortunately, sales of frozen potato products have fallen substantially over the past decade. A concerted effort to generate demand for potato products in foodservice will likely reverse this downward trend.

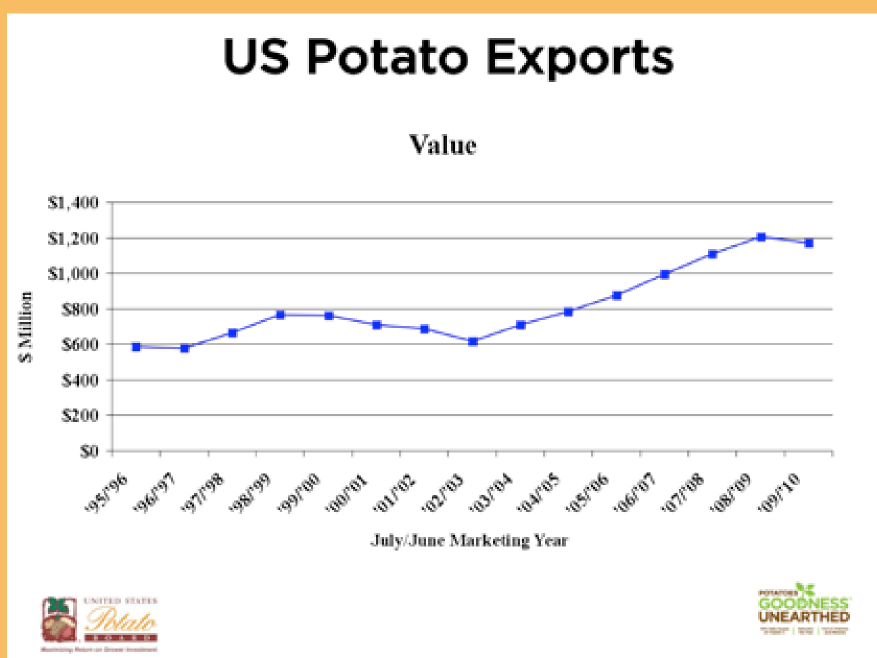



[20] Source: USPB Industry Demand Analysis.


USPB Program Exports
Volume
20% increase
1,000 Metric Tons
1,400
1,200
1,000
800
600
400
200
0
Seed
Dehydrated
Fresh
Frozen
'06/'07
'07/'08
'08/'09
'09/'10
'10/'11
Estimate
July/June Marketing Year
UNITED STATES Potato BOARD
POTATOES GOODNESS UNEARTHED


USPB Program Exports
Value
36% increase
$ Million
$1,200
$1,000
$800
$600
$400
$200
$0
Seed
Dehydrated
Fresh
Frozen
'06/'07
'07/'08
'08/'09
'09/'10
'10/'11
Estimate
July/June Marketing Year
UNITED STATES Potato BOARD
POTATOES GOODNESS UNEARTHED


Exports as Percentage of Production
Total Exports
Percentage
18%
16%
14%
12%
10%
8%
6%
4%
2%
0%
1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
GOODNESS UNEARTHED


US Potato Exports
Value
$ Million
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
'95/'96 '96/'97 '97/'98 '98/'99 '99/'00 '00/'01 '01/'02 '02/'03 '03/'04 '04/'05 '05/'06 '06/'07 '07/'08 '08/'09 '09/'10
July/June Marketing Year
GOODNESS UNEARTHED