

“What’s News?”

Q2, FY11, Year-to-Date

ADVERTISING—New ‘Many Sides of Potatoes’ Campaign Launches

The new advertising campaign, “The Many Sides of Potatoes”, launched on February 1st in women’s lifestyle and cooking magazines. This is the second campaign the United States Potato Board (USPB) has introduced to consumers. The initial campaign, “Peel Back the Truth”, was introduced in magazines in 2008 to debunk the negative nutrition myths about potatoes. Over the last three years, the “Peel Back the Truth” campaign successfully improved consumers’ perceptions of potatoes (positive potato perceptions increased by 4%, while net negative perceptions decreased by 11%).

“The Many Sides of Potatoes” campaign is an evolution of the original campaign and focuses on key opportunity areas to increase “Linda’s” consumption of potatoes as identified in the Consumer Segmentation Study. The new campaign prompts Linda to serve potatoes more often by enticing her with new usage ideas for potatoes that can be made in less than 30 minutes. These flavorful recipe ideas highlight the fresh and natural equities of potatoes. The advertisements drive readers to visit PotatoGoodness.com to download the recipes and serve potatoes as a side dish in their dinner tonight.



The **print advertising campaign** continues to build awareness and drive action with a total of 12 ad insertions in 7 publications in the first 8 months of FY11 (July – February), generating over 58 million impressions and delivering 53% of the total print plan. The total advertising plan will reach 75% of Lindas with our message 5.5 times throughout the year.

The **online advertising** campaign continues to prove to be an effective medium to reach Linda with our potato nutrition message. Online advertising on WeightWatchers.com generated significant awareness for the recently released findings from the weight management study. In the month of January alone, advertising on WeightWatchers.com drove over 6,000 users to the Transform Potatoes website to download Quick & Healthy potato recipes and learn about the new weight management study. The average click through rate for the month of January was 0.42% (nearly 4 times the industry average of 0.10%), with some pages receiving click through rates as high as 2%.

In addition to the paid print media plan, **added value opportunities** equaling \$447,495 were received in the first eight months of FY11



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(July –February), delivering 74% of the negotiated added value for the full year. These added-value opportunities included 11 in-book programs, 2 online program and 7 Vista Print Effectiveness Rating surveys. These programs are highly integrated with the Public Relations and Retail programs to maximize the effectiveness of USPB marketing programs.

A new campaign targeting the entire potato industry will be launched at the March Annual Meeting. The “**I Stand Up for Potatoes**” campaign will prompt industry members to increase usage of the “Potatoes...Goodness Unearthed®” campaign signature by educating them on how valuable it is. The campaign will feature quotes from fellow growers and consumers that have experience with “Potatoes...Goodness Unearthed”. Get ready to stand up for potatoes and start integrating the “Potatoes...Goodness Unearthed” campaign signature into your communications materials.

Public Relations–Nutrition Communications and Partnerships Provide Constant Promotion of Potatoes

The USPB’s foundational nutrition science program serves to protect the positive nutrition profile of the potato. Scientific research provides a timely and credible resource for media and influencers. To date in FY11, the USPB has reached more than **189 million** consumers with potato nutrition information and recipes.

Quarterly Media Pushes: Each quarter an electronic press kit (EPK) is emailed to food and nutrition editors at newspapers and magazines across the country, supermarket registered dietitians (RDs) and media RDs. The three EPKs created to-date this fiscal year are:

- **Back to School, Back to the Dinner Table:** The first “all-media” push focused on “Back to School” and families returning to the dinner table. A Quick & Healthy Slow Cooker Chicken and Potatoes recipe was included to highlight nutrition and convenience messaging. The USPB also created a well-received video featuring Chairperson Cheryl Koopin in her fields as a grower and in her kitchen as a mom. Combined, this media push generated more than **12 million** impressions
- **Lose the Weight, NOT the Potatoes:** This EPK focused on the USPB-funded study by the University of California, Davis and the National Center for Food Safety and Technology, Illinois Institute of Technology that **showed people can include potatoes in their diet and still lose weight**. Since its October release date, the weight management study has generated nearly **41 million** media impressions – that’s more than the population of the entire state of California.
- **Twice Baked, Twice as Smart:** The USPB partnered with The Nutrition Twins this winter to tell consumers potatoes are “twice as smart” because they are packed with vitamin C and potassium. A new Quick & Healthy Twice Baked Taters recipe was included, as well as links to additional videos and recipes. The Q3 “Twice Baked, Twice as Smart” media push has generated nearly 30 million impressions to date and resulted in headlines like: “Taters are twice as nice,” and “Spuds have their benefits.”

Consumer E-Newsletters: Each quarter, in conjunction with the EPK themes, an e-newsletter is emailed out to a database of 1,500 consumers who have signed up via PotatoGoodness.com, “[Potatoes, Taters and Spuds](#)” Facebook page, Mom’s Dinner Helper or through advertising promotions.

More Spuds in the News: The USPB target audience “Linda” loves her magazines and those publications continue to sing the spud’s praises. Potato nutrition information has been front and center since our last update, including:

- *FIRST:* The January 2011 issue featured a USPB potato skins recipe and said it “delivered all-day energy” and “boosted immunity.”
- *Women’s World:* included the weight management research with a quote from Dr. Britt Burton Freeman in the January 10, 2011 issue.
- *Country Living:* featured an eight page article “In Praise of Potatoes” and included our key nutrition messages that potatoes have no fat, 45% of the recommended daily amount of vitamin C and more potassium than a banana.
- *Men’s Health:* named potatoes as the highest source of potassium and included a photo of a baked potato.
- *Something Extra:* called potatoes a “nutritional powerhouse” and featured four recipes.

Digital Potatoes

- Website Traffic: 103,077 Unique Visitors, July 1, 2010-Feb 24, 2011. Traffic drivers: Banner Ads on Weight Watchers.com, the three electronic press kits, consumer e-newsletters and a Facebook contest.
- USPB’s “[Potatoes, Taters and Spuds](#)” Facebook page has 6,232 fans!
- Mom’s Dinner Helper blog: 24,333 page views in FY11 to-date. Top search terms driving traffic to the blog this quarter: “potato nachos,” “healthy potato soup recipe” and “healthy potato casserole.”
- Potato Goodness on YouTube: 12,250 total video views to date.



Potatoes Featured in Two New Diet Cookbooks

- Authors and friends-of-potatoes, David Feder from *First* magazine and Frances Largeman-Roth from *Health* magazine, both released cookbooks last summer, which promote carb diets, and of course, potatoes! The USPB has leveraged these exciting new assets on Facebook and Mom's Dinner Helper.

First Ever Facebook Contest

- USPB hosted a Facebook page contest asking consumers to submit a recipe and photo of their favorite, original potato recipe. The winning recipe was featured in the December 2010 issue of *Family Circle* magazine and on PotatoGoodness.com.

New Potato Recipes and Photography

- Slow Cooker Chicken & Potatoes, Chili and Lime Chicken Potato Tacos, Twice Baked Potatoes and Potato Lasagna were added to the Quick & Healthy series.
- "Purple Potato Salad with Beets and Arugula" and "Pan Fried Fingerling Potatoes with Wild Mushroom Sauce" and three new recipe photos were created for the favorable uses of potato varieties program.
- Seven new Farmer's Market-themed variety photos (Russets, yellows, blues/purples, reds, whites, fingerlings and petites) were also shot.



More with The Nutrition Twins

During Q3, the USPB teamed up with registered dietitians and personal trainers Tammy & Lyssie Lakatos, also known as "The Nutrition Twins," to help spread the word on **two** important potato nutrition points - vitamin C and potassium. In their new book, "The Secret to Skinny," they dispel common food myths, including the myth potatoes aren't healthy.

- **Web Chat:** On February 22, 2011, the USPB and The Nutrition Twins hosted a web chat to discuss potato nutrition, overall nutrition and a "Twice Baked, Twice as Smart" Facebook recipe photo contest. More than 20 food and mommy bloggers participated and DietsinReview.com posted a guest blog by the Nutrition Twins as an immediate result.
- **Facebook Recipe Photo Contest:** Our second USPB Facebook contest this year asked consumers to upload a picture of their best twice baked potato for a chance to win \$500 and a copy of The Nutrition Twins' new book, "Secret to Skinny." A press release was distributed and picked up by **235 outlets** including *The Sacramento Bee*, *Denver Post* and *San Diego Union Tribune*.
- **Media Coverage:** The Nutrition Twins have secured media placements with key potato nutrition messages including "Good Day New York", *Ladies Home Journal*, *Woman's Day* and two "Good Morning America Health" segments.



Potato Types Video Project

- The USPB has partnered with Katie Cavuto Boyle, RD, personal chef, Food Network health blogger and past contestant on "Next Food Network Star"

Reaching Dietitians with Potato Nutrition Messages

- USPB attended and exhibited at the American Dietetic Association's Food & Nutrition Conference & Expo in Boston in November and the Society for Nutrition Education's Annual Conference in Reno in July. Combined, the events hosted a record-breaking 10,000+ nutrition influencers, including registered dietitians, nutrition science researchers and industry leaders. USPB served the Quick & Healthy Greek Potato Salad to rave reviews, while sharing the new Weight Management Research.



2010 Dietary Guidelines Support the Role of Potatoes in a Healthy Diet

On January 31, 2011, the Department of Health and Human Services and the United States Department of Agriculture (USDA) announced the release of the *2010 Dietary Guidelines for Americans*. Potatoes provide two of the key "shortfall" nutrients identified by the 2010 Dietary Guidelines Advisory Committee — potassium and fiber — which are nutrients currently consumed in inadequate amounts by Americans. **The #1 food source of potassium listed is potatoes**, with 738 mg for a standard portion. The USPB distributed a press release highlighting the role of potatoes in a healthy diet, and it generated over **16 million** impressions.

Nutrition Research Preview

The USPB commissioned Dr. Adam Drewnowski of the University of Washington to examine the relationship between potato consumption, diet quality and diet cost using data from the most recent National Health and Nutrition Examination Survey (NHANES). The results demonstrate **potatoes are indeed associated with healthier and more economic diets**. The data will be used to combat misconceptions about potatoes and public health, including Institute of Medicine-led initiatives to exclude them from government-funded school meal programs. The results will be important to the USPB in discussions with nutrition influencers and opinion leaders about potatoes as a key component of nutritious yet economical diets. An abstract specific to child data was submitted to the *Federation of American Societies for Experimental Biology (FASEB)* in February; if accepted the abstract will be presented at the FASEB conference in April. In late February, an abstract specific to the adult data was submitted for consideration for presentation at the American Dietetic Association's annual Food and Nutrition Conference and Expo (FNCE), October, 2011.

Issues Management

Acrylamide: Regulatory agencies around the world continue to meet and discuss the issue of acrylamide, while news organizations continue to cover acrylamide developments in varying depth. The USBP continues to update acrylamide messaging and stay abreast of the issue's developments in the US and abroad, and has an aggressive action plan in place ready to execute a series of tactics when and if the need arises.

- The European Commission finalized its recommendation for investigations into acrylamide levels that are in excess of indicative values. Member states are to report their findings in time for the EU to assess the situation and see if legislation is needed by the end of 2012.
- Acrylamide will be part of the agenda for the 5th session of the Codex Committee on Contaminants in Food, as part of the Electronic Working Group on Acrylamide in Foods, to be held in The Netherlands, March 21-25, 2011.
- Overall media coverage to-date has been very limited in scope, especially in the US

FOODSERVICE—Innovation Foodservice Marketing Sparks New Ideas and Menu Items

Custom Potato Seminar

- Executive chefs from leading foodservice and retail chains met at the Culinary Institute of America in Napa Valley in October for a custom seminar centered on US potatoes.
- Representatives from influential operations such as Denny's, Carrow's and Shoney's restaurants, as well as Giant Eagle and Bon Appétit Management Company, participated in hands-on innovation sessions and enjoyed potato cooking demos by celebrated Napa valley chefs Aaron London and Anne Gingrass.
- All together, seminar attendees represented over 8,800 units and \$3 billion in annual sales.
- The seminar received "excellent" evaluations from the participants and two chefs, from McAlister's Delis and Shoney's, confirmed they're already working on new potato items for their menus.
- To date, 54% of seminar attendees have added or tested new potato items.



StarChefs Congress Tradeshow

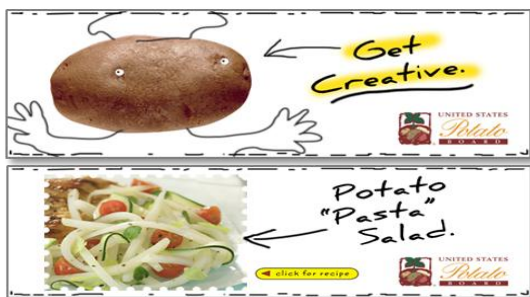
- Professional chefs were standing three deep at USBP's booth at the StarChefs Congress to get a taste of Chef David Varley's potato dish, described as *crushed Yellow Finn potatoes tossed with toasted garlic, topped with scrambled egg mousseline and garnished with chorizo and garlic chive blossoms*.
- The USBP participated in the Congress for the first time this year with the goal of reaching chef influencers and building awareness for the outstanding taste of potatoes. US potatoes were featured in demos by rising star chefs David Varley of Bourbon Steak in Washington, DC, and Louis di Bicarri of *Sel de la Terre* in Boston. By the end of the conference, over 1,000 recipe brochures had been distributed and USBP had made many valuable chef contacts for future publicity efforts.

"Potato Palooza" at Safeway

- The USBP retail and foodservice teams joined forces in July to present innovative potato new product and merchandising concepts to 21 executives and team members from Safeway's deli, produce and meat/seafood departments.
- The highlight of the event was a special tasting and evaluation of eight different salad, soup, meal and side dish potato concepts, which received rave reviews from Safeway participants.



Get Creative! Foodservice Campaign Launched



- Menu innovation is the driving strategy behind USBP's foodservice marketing program. The new "Get Creative" online campaigns features a variety of surprising potato dishes to capture the attention of chefs and encourage them to click through to USBP's foodservice site for recipes, chef video demonstrations and menu ideas.
- The campaign will garner 2.8 million impressions in a marketplace with approximately one million units.

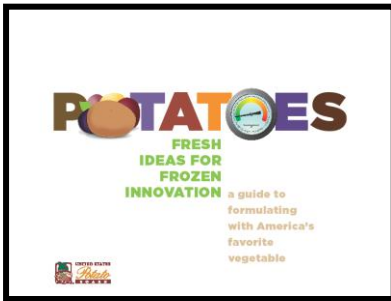


USPB attended the **International Foodservice Editorial Council** meeting in November and pitched 2011 potato features and recipes in desk side meetings with 10 editors—many of whom were highly interested in USPB’s new Weight Management Research. One conference highlight was the potato-focused Chef Showcase at New Orleans’ famous Court of Two Sisters.

Potatoes Offerings at Chain Restaurants Up 7%

- According to Mintel Menu Insights, the number of potato side dish offerings on the top 350 restaurant chain menus grew 7% in the last year (since Q3 2009) and 13% from Q3 2006 to Q3 2010.
- Three of the top 10 side dishes served at chain restaurants are potato-based. Potatoes growing power on chain restaurant menus are remarkable given the foodservice industry continues to struggle.
- Mintel’s report also shows USPB’s focus on healthy menu innovation is having an impact: six new salads featuring potatoes were added to top chain menus, and two of those came from CIA seminar alumni: BBQ Beef Salad with roasted potatoes at **Au Bon Pain** and Grilled Steak Salad with hash brown potatoes at **Champps Americana**.

Frozen Food Manufacturer Program– USPB Launches New Program to Expand Use of Potatoes



If you’ve walked down the frozen food aisle at your local supermarket recently, you probably noticed there is an amazing line-up of new frozen food meals—from healthier versions of popular dinners to a variety of ethnic entrees—and few of them feature potatoes. To protect and grow potatoes’ share of the \$16.8 billion frozen meal category, the USPB has launched a frozen food manufacturing program.

Working with Sterling-Rice Research, we first set out to combat manufacturers’ negative perceptions about potatoes. Prior research showed the majority of manufacturers view potatoes as “less contemporary, less healthy and less compatible with on-trend ethnic foods” than pasta and rice. In December, Sterling-Rice fielded online interviews with 500 frozen food users, including 60 real-time chats, which showed positive attitudes toward potatoes in frozen meals. Over 90% of

those surveyed, “strongly agreed” or “agreed” that potatoes are satisfying, can be part of a healthy meal, and can work in a variety of ethnic cuisines. *Most importantly, eight out of ten respondents “wish that there were more frozen entrees with potatoes.”* Consumers were also asked to judge six different potato new product categories* in terms of purchase intent; 80% indicated they “would definitely buy” or “probably would buy” five of the six concepts. This consumer perception research, along with photos of the potato frozen meal concepts, is being incorporated into the USPB’s Guide for Frozen Food Manufacturers.

*Concepts were: 1) Global mashed potato bowls; 2) Italian entrees made with potatoes instead of pasta; 3) Multi-color potato medleys with fish or chicken; 4) Potato “smashers” as a side dish; 5) Lighter, healthier comfort classics and 6) Latin American potato dishes, which scored lowest in purchase intent (72%).

New Frozen Food Manufacturers Guide and Web Site Launches in March

On April 18-19, USPB is holding its first **Frozen Food Manufacturers’ Forum** at the Culinary Institute of America in Napa Valley. The goal of the Forum is to drive potato innovation in frozen meals by stimulating creative collaboration between frozen food manufacturers, potato processors and potato growers/shippers. The Forum will be moderated by Dr. Kerry Huber, associate professor at the University of Idaho’s School of Food Science, and CIA’s Chef/Instructor Bill Briwa. New frozen meal concepts, featuring frozen and dehydrated potatoes, will be showcased at the Forum, along with the latest in potato culinary trends and updated USPB consumer research.

Foodservice—Fresh Ideas for Potatoes to Spark Menu Innovation

- **Deli Program Kicks Off.** A new “Get Creative” deli recipe brochure is in the works, featuring six profitable and innovative potato sides and salads. The brochure will be offered via publicity releases in supermarket publications, direct mail to leading deli operators and distributed at USPB’s exhibit booth at the International Dairy-Deli-Bakery Association Show in June, which is attended by top ranked supermarket and grocery chains representing more than 23,000 stores and \$568 billion in sales.



Creative Concept for New USPB Deli Brochure

- **“Menu Innovations with Potatoes” Seminar Update:** Shoney’s, Saltgrass Steak House and McAllister’s Deli are working on new potato items to add to their menus. Innovations from the seminar are featured in a new Idea Gallery on potatogoodness.com/foodservice, along with four new videos, starring popular Napa Valley chefs Aaron London and Anne Gingrass preparing their favorite potato dishes.
- **Mintel 2010 Update:** The final 2010 report on potato menu trends is in and the most significant finding is that the number of potato side dish menu mentions at the Top 350 restaurant chains grew 7% in 2010 (versus Q4 2009) and 12% from Q4 2006. It’s interesting to note the “Menu Innovations with Potatoes” seminar launched in the spring of 2006!

International Marketing Overview

The USPB International Marketing program works to create new market opportunities for all US potato growers. This is accomplished by a set of strategies designed to open new markets to US potatoes and products, increase access to current markets, introduce new US products to foreign markets, develop new channels for US products in the foreign markets, increase consumer demand for US potatoes, deliver positive potato messaging and counteract regulatory and food safety issues.

- US potato exports were \$1.1 billion in fiscal year 2010 (July 2009 – June 2010), off 2% by value from the FY09 record, but flat in terms of volume at 1,229,853 metric tons.
- Frozen potato exports were down 10% by volume, but the value was up 1% to \$729 million. The main reason for the decline was the 41% reduction in exports to Mexico as a result of the retaliatory tariff imposed by Mexico as part of the NAFTA trucking dispute. On the positive side, US exports to target markets in Central America were up 18% by volume and 23% in value; exports to South Korea were up 31% by volume and 37% by value; and an increase to Indonesia of 41% by volume and 29% by value.
- Fresh exports (table-stock & chip-stock) were up 24% by volume, but down 10% in value. Exports to Mexico were up 59% to 73,253 MT. Exports to Canada, the largest market for fresh potatoes, were up 27% to 224,599 MT.
- Exports of dehydrated potatoes for FY10 were up 14% in volume and 19% in value, led by an 86% increase to Korea, a 61% increase to Mexico and a 38% increase to Japan, all major markets for US dehy.
- Seed potato exports were up 13% in volume and 8% in value due to expanded seed exports to a number of countries.
- Exports to Board’s target markets of frozen products were up 9% for July–October 2010, while dehy is up 16% and fresh 10%.

Frozen – Largest US Potato Export Category

The USPB is working to expand export of frozen potato products through the introduction of new products, new uses and new channels. Demand is also being built through inclusion of frozen potatoes into local cuisines and the delivery of a positive nutrition message for potatoes in all markets. In emerging and developing markets, the superior quality and value of US frozen potato products is driven home.

- 65 restaurant chains in the target markets added, upgraded or switched to US products from competitors, these switches represent net new sales of US frozen potato products.
- 18 retail chains began carrying US frozen potato products, while 39 new products were added to the selection in chains already carrying US products.
- 14 alternative channels were tapped in FY10, including a pizza chain in Japan, a bakery café in Korea, a convenience store chain in Mexico, sandwich kiosk chain in Korea, 2,288 cafeterias in Japan, bulk retail sales in the Philippines, hypermarkets in Malaysia and others.
- 57 new frozen potato items or menu items, made with US frozen potatoes, were introduced at restaurants in Japan, China, Korea, Mexico, Indonesia, Malaysia, Thailand and the Philippines.
- Over 100 positive potato messages, based on the nutrition, quality and convenience of frozen US potato products, were conveyed in all markets through seminars, trade shows, press releases and websites.
- Employees at 831 restaurants, from 44 chains in 11 countries, were trained in proper storage, handling and preparation of US frozen potato products, with close to 100% of the outlets adopting the better practices taught.
- 18 seminars for importers and distributors were held in 11 countries, with 466 participants educated about US frozen potato quality, profitability, versatility, variety and proper handling. Over 75% of the participants demonstrated increased knowledge.
- Indonesian government officials were convinced frozen potato products do not require phytosanitary certificates, while the Japanese improved their MRL sanctions policy. These successes were achieved in cooperation with the NPC and American Potato Trade Alliance (APTA).
- In October 2010, 30 employees of importers and distributors handling US frozen potato products in Central America, China, Indonesia, Malaysia, Mexico, the Philippines, Thailand and Vietnam brought to Washington for training. Training consisted of a field to fork look at frozen potato products, including proper cold chain, a look at new products and ideas about alternative uses.

Dehydrated Exports – International: Supporting All Growers

The USPB is promoting the use of US dehy in a wide variety of products and dishes to be made in international markets. This requires extensive technical research and expertise into use and benefits of dehy in a wide array of applications. New usage information and ideas are distributed through trade shows, seminars and one-on-one technical meetings. Potential customers are given samples to use in their product development and promotional support to assist with new product launches. The USPB also works to increase the use of



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dehy in US government-funded international food assistance and development programs.

- 123 new products made with US dehy were under development in all markets during FY10.
- 31 new products were launched, including noodles, soup mixes, breads, pastries, and snacks in FY10. These product launches will result in net new sales of US dehy in the markets.
- 65 one-on-one technical meetings were held with potential customers to help them with product and menu development.
- USPB participated in 21 trade shows and seminars to more broadly disseminate information about US dehy and its many uses.
- Two new Importers in Malaysia began importing new dehy products from the US.
- 11 technical seminars were given to importers and distributors so they would have a better understanding of US dehy and its many properties and uses.
- In FY10, 480 metric tons of dehy flakes were purchased by the US government for use in a food aid program in Guinea-Bissau. The USPB provided training to IPHD staff in Guinea-Bissau in August, after the dehy arrived in-country.
- Two PVOs have requested changes to their approved commodity mix to include dehy, which will be purchased in FY11.
- 18 employees of PVOs were brought to Idaho for training on the properties and benefits of dehydrated potatoes and their use in international food aid programs and settings. The employees were also guests of the USPB at the USDA/USAID International Food Assistance and Development Conference in Kansas City. The USPB had a significant presence at this conference with a booth, processor and state representation and speakers on 3 panels.
- Two studies were conducted in Senegal, West Africa, to measure the benefits of feeding dehy to preschool children and chronically malnourished children. Another study was conducted in Zimbabwe to measure the benefits of Manna Pack Potatoes (a dehy-soy blend) as a recovery ration for children and adults suffering from acute diarrhea. The positive results of these studies are being disseminated to the PVOs and government officials.
- USDA agreed to allow producer issued Certificates of Analysis (COAs) rather than requiring expensive and lengthy USDA tests for purchases of dehy under US food assistance programs.
- The Japanese agreed to change their MRL sanctions policy and Brazil dropped its retaliatory tariff on dehy as part of the settlement of the WTO Cotton case. Both of these successes were achieved in cooperation with the NPC and APTA.

Research—Studies Provide Important Insights to Target Audience Attitudes and Shopping Patterns

Findings from the **Consumer Segmentation study**, which helped to further define and refine the Linda target audience, were presented at the USPB Winter meeting in January. The goal of the Consumer Segmentation study was to identify the best target opportunity for potatoes based on consumer demographics, psychographics, need states, situations and moods. The study also uncovered when Linda uses potatoes and identified the key opportunities to increase her usage of potatoes.

Originally, we knew Linda was an adult female with kids in the home. But that is a lot of people, with a lot of different attitudes and situations. The findings from the Consumer Segmentation Study allowed us to refine the Linda target audience for tighter targeting and messaging opportunities. Now we know that Linda is a woman with kids who:

- Likes to experiment and try new recipes
- Cooks frequently throughout the week (approximately 5 days per week)
- Prefers to cook with fresh rather than frozen foods
- Plans her meals several days in advance, or at least the day before
- Buys a lot of the same brands her mother did when she was a child
- Makes a lot of the same meals her mother did when she was a child
- Her family influences the brands and products she buys
- Is comfortable in the kitchen and enjoys cooking for her family
- Spends slightly more time preparing dinner at 39 minutes than the average respondent at 34 minutes

This refined Linda target audience represents 30 million women in the US. However, Linda's influence goes well beyond this. Linda is the primary grocery shopper and gatekeeper for her husband and children, making food choices for an additional 82 million people (approximately 25 million husbands and 57 million children). Therefore, **Linda influences nearly 1/3 of the US population!**

The Consumer Segmentation study also identified the best situation and messaging opportunities to increase Linda's demand for potatoes. Future marketing to Linda will focus on planned, dinner occasions where Linda is most likely to serve potatoes. Programs will motivate Linda to serve potatoes more often by enticing her with flavorful potato recipes that are a simple twist on how she traditionally prepares potatoes. These recipes will be able to be prepared quickly and easily – in less than 30 minutes. Finally, messaging will leverage potatoes' equities of fresh and natural to boost health perceptions of potatoes.

- The semi-annual pantry inventory report delivered and distributed in November. Study tracks percentage of US households with potato products currently on hand. November's data showed percentage of households with fresh potatoes on hand declined 1% since February 2010, but remains higher than levels prior to February 2010 (and is still up 4% over October 2009). Findings also show chips are reported to be on-hand now in 62% of households--the highest level since this tracking began.
- NPD National Eating Trends 2009 full report presented in August. Report tracks in-home consumption trends of potatoes using NPD's self-reported consumer panel data. Data showed in-home potato eatings per capita dropped from 70 in 2008 to 67 in



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2009. However, historical data showed a much more positive story: drop in fresh potato eatings from 1992 to 2000 was greater than from 2001 to 2009. Therefore, in comparison to the previous decade, fresh potato consumption appears to be leveling off.

- First annual 2010 Research Overview distributed in August. The Research Overview is a compilation of all research studies conducted in FY10. The booklet highlights the key findings from each study, providing a quick reference guide that allows the research studies to be more usable and actionable for the entire industry.



Retail Marketing—Increasing Potato Demand Through Retail Partnerships

Increasing demand for fresh potatoes by working with retailers and suppliers is the goal of the Domestic Table-Stock program. This is accomplished using through the Retail Outreach, Best In Class (BIC), Best Practice Partner (BPP) and Test & Learn programs, sharing insights, implications and proven best practices to generate positive results with all retail partners. USPB's Retail Marketing program also offers industry training programs that help grower/shippers become more valuable partners with their retail customers.

- **The Best In Class** program is a three-year partnership with a retailer, where all core best practices are implemented and suppliers are included. Delivery of quarterly reviews and recommendations, including Rest of Market (ROM) data, to retail partners and their suppliers helps refine specific programs and more fully develop the potato category.
 - The success of the BIC program and category performance at a **Safeway-Seattle** district lead to division-wide implementation of assortment and merchandising recommendations in January 2011. Recently completed consumer research shows consumers responded favorably to the BIC recommendations implemented in-store.
 - **Meijer** has been partnering with USPB on the BIC program since the end of FY2009. By implementing assortment and merchandising recommendations chain-wide, Meijer has outperformed their competitive market in the potato category. Promotional recommendations and consumer research will be conducted in the coming months to continue building on our success.
 - **Schnucks** joined the BIC program at the end of FY2010 and implemented the USPB's merchandising recommendations in a sub-set of stores prior to the holiday season. Schnucks is on target to roll-out both merchandising and assortment recommendations over the next few months.
- **The Best Practice Partner program** allows retailers to partner with the USPB and focus on optimizing one area of their marketing mix over a nine-month period.
 - **Price Chopper** program continues with USPB monitoring potato category performance with the implementation of assortment and merchandising recommendations across their entire chain.
 - **Save-A-Lot (1200 stores)** partnered with the USPB to develop a set of promotional best practices for the potato category. Save-A-Lot provides the USPB an opportunity to develop best practices for an alternative format retailer.
 - **Walmart** recently agreed to partner with the USPB to develop new packaging for the potato category. Initial packaging designs have been presented and are being reviewed by the Walmart produce team.
- **Retail Outreach** presentations engage retailers in a face-to-face meeting where the USPB shares category trends, shopper insights and proven best practices to grow their fresh potato category. In addition, a business review analyzes their sales versus the competitive market and points out opportunities for additional volume. **13 of 15** meetings planned for FY11 have been conducted to date. Retailers who we've met with are:

| | | | | |
|-----------------|---------------|------------|----------------|-------------|
| BJ's Wholesale | BI-LO | Top's | Lunds/Byerly's | Giant Eagle |
| Save Mart/Lucky | Smart & Final | Sam's Club | Costco | Raley's |
| Wegmans | Food Lion | Walmart | | |

- **Three retail tests** are planned for this fiscal year. Testing focuses on exploring and validating potential new best practices, including secondary displays, associate education and enhanced in-store messaging in FY11.
 - **Giant Eagle** will be incorporating a secondary potato display in the meat department as part of the USPB retail test program. The test will occur in forty stores and is scheduled to begin in March 2011.
- **Four web-based industry training sessions** have been conducted out of the six scheduled for FY11. All four sessions were recorded for later viewing and are available for download from the **USPB Resource Center**.

- *Leveraging the USPB's Consumer Public Relations Campaign (presented)*
- *Social Media 101 (presented)*
- *Shopper Marketing in Produce (presented)*
- *How Marketing Drives Fresh Potato Sales (presented)*
- *Best Practices for Packaging in Fresh Potatoes (scheduled)*
- *Eliminating Barriers to Fresh Potato Sales (scheduled)*

The **USPB Retailer Portal** and **Resource Center** continue to be updated to ensure relevance to the industry and retailers. Both sites provide users with access to USPB research, tools and information to help build and man

Table-Stock – International: Increasing International Demand for US Potatoes

The USPB works to increase the export of fresh table-stock potatoes through efforts to open foreign markets. Phytosanitary barriers still restrict access to US potatoes in many markets such as Mexico, Japan, the Philippines and China. In markets where the US can ship, such as Hong Kong, Malaysia and Singapore, consumers are being taught about the excellent nutrition from US potatoes and how they can incorporate them into their diet through uses in Western, as well as, local cuisines.

- The USPB funded in-store retail promotions in 39 chains in Hong Kong, Singapore, Malaysia and Mexico, resulting in sales increases ranging from 50 to 300 percent.
- Two retail chains implemented the USPB Best In Class Program, resulting in increased US potato sales of 26% in value and 11% in volume in Singapore, and 5% in value and 6% in volume in Hong Kong.
- 41 new menu items featuring US potatoes were launched at restaurant chains in Singapore, Malaysia and Hong Kong in FY10. Many of these new items were at restaurants whose chef participated in the USPB chef training program in Hong Kong.
- Seven trade leads were generated, resulting in net new sales of US table-stock potatoes.
- 20 stores in Mexico and Malaysia reported significant reductions in potato shrink after store training.
- The positive potato nutrition message was delivered to millions of consumers in all markets through press releases utilized by the print, web based and television media, cooking classes and demonstrations, school programs and in-store materials.
- The third USPB international chef training program for table-stock potatoes was held in Singapore in November 2010. The event attracted 23 chefs from Malaysia and Singapore. Over a two-day period, chefs learned about US potatoes, new potato culinary trends in the US and how to incorporate US potatoes into local cuisines.
- A trade mission went to Indonesia in December, 2010 to explore opportunities in this market. While limited exports from the US already go to Indonesia, market access needs to be improved. Once open, this very populous country could hold excellent opportunities for US growers.
- After extensive efforts by the USPB, NPC and USDA, Vietnam agreed to an import protocol for US fresh potatoes. Thailand also agreed to an import protocol for US fresh potatoes.
- Extensive work, coordinated with the NPC, state organizations and USDA continues on market access for US fresh potatoes to Mexico, China, the Philippines and Indonesia.

Innovation – Making Potatoes As Convenient as Microwaveable Rice

USPB engaged Mattson, the country's largest independent developer of new food and beverage products, to develop the world's first line of shelf-stable, ready-to-heat mashed potato side dishes. The product line will utilize retort technology to deliver delicious, ready-to-heat, 90 second microwave mashed potatoes with a shelf life of 9-12 months.

PROTOCEPT OPTIMIZATION

- Optimized bench top formulation based on In-Home Use Test results/feedback of Truitt Brothers plant trials in March
- Focus group testing of optimized bench top formulation samples confirmed new taste, texture, color optimization

COMMERCIALIZATION

- Contracted with Sopakco to run plant trials with optimized formulation. Sopakco replaced Truitt Brothers as they have a horizontal retort machine which allows the necessary water run-off during cooking. Truitt Brother's did not have this machine, which resulted in less than optimal plant samples in the initial plant runs.
- Completed pilot plant trials at Sopakco in October. Interesting side note: We sent Sopakco samples of our lab-made product and they told us they were blown away with the quality. They currently do mashed potatoes as part of some of their entrees. They said ours were superior in terms of taste, texture, and appearance.
- Completed full plant trial run in November

CONSUMER RESEARCH

- Repeated consumer In-Home Use Test using Sopakco samples in January. Results ready for Annual Meeting
- Sales presentation to potential manufacturers has been created. Exposure to potential manufacturers halted until product optimization complete with successful full plant trial runs and consumer response. Anticipated restart date in March 2011

Process Potatoes – Domestic Program to Help Develop New Varieties

The processors and producers of French fry potatoes have been working on the development of a variety research program that would focus on identifying high potential advance potato clones with improved health and wellness characteristics. In early November, Tim



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O'Connor and Kathleen Triou hosted a conference call with representatives from the industry to determine the level of financial support. On the call it was determined sufficient financial support would be available to launch a national variety development program for the industry.

Note: The French Fry Variety Breeding program is different than the chip program, in that it is an industry program that the USPB is helping to fund and playing a key role in managing through USPB staff and AIS Consulting. This is different than the chip program which is a USPB program that has been expanded by adding industry funding.

- AIS Consulting, LLC was selected to provide the project management. AIS Consulting is working with the USPB and chip processors and producers on a similar program for chipping potatoes.
- The newly develop French fry variety development program kicked off at the NCC84 conference in Chicago December 14th. The first variety trials will be planted in the spring of 2011. The program is officially named the National Fry Processing Trials (NFPT).
- The NFPT program established an industry Steering Committee consisting of 16 industry representatives. These individuals represent the different stake holders in the industry including producers, processors, state organizations, USDA/ARS, USPB and QSR's. The steering committee will provide advice and guidance on the direction of the program.
- The variety development process will initially focus on identification of advanced process clones that have low sugar, asparagine and acrylamide in conjunction with the traditional characteristics such as size, shape, color, etc.
- US potato breeders have been contacted to submit high potential variety selections for testing in 2011. A list of varieties will be compiled and submitted to the steering committee for approval. The target number of varieties for the 2011 trials is 75.
- Funding from the NFPT project will come primarily from three sources; processors, state organizations and the USPB. All of the major French fry processors and the USPB have made their financial commitment to the program. The state organizations are finalizing their financial commitments. It is estimated the funding will provide an annual budget of approximately \$350,000.
- At the Potato Expo in Las Vegas, AIS Consulting presented a program overview of the newly developed NFPT in the Process Potato Breakout Session. The presentation focused on an overview of the research plan and key attributes that will be monitored during the first year of trials. The presentation also provided the process industry with the opportunity to ask questions and provide feedback on the program.

Domestic Chip-Stock – Industry Collaborates in Variety Trials

Through a 20-member Grower Chip Committee, the USPB is supporting industry efforts to improve grower returns through education, networking and new variety trials and development for consumer product improvement.

The USPB Grower Chip Committee extended an invitation to the Snack Food Association (SFA) and Chip Processors to attend the open session of committee meetings. The intent of this invitation is to gain an industry-wide collaborative effort on those items being addressed or that need to be addressed through the USPB Chip Committee.

- Industry collaboration and integration with regional processors continues to expand with excellent cooperation from all participants. Several regional processors have committed to support testing new fast track varieties.
- All fast track semi-commercial tests were harvested and put into storage as planned. The program expanded significantly in 2010 with semi-commercial tests in WI, MI, TX, ID and WA. This represents an expansion into the Southern and Western US. Varieties will undergo processing tests during the winter months at various cooperator manufacturing facilities.
- The National Collaborative Breeding Trials has been renamed to the National Chip Processing Trials (NCPT). The new name was recommended to the chip steering committee in Las Vegas and approved. The new name better describes the nature of the project and aligns with, but is distinguishable from, the newly created National Fry Processing Trials (NFPT) that focuses on processing varieties.
- Processor financial commitments were confirmed in early November. Invoices for the financial commitment amounts sent to all the program participants in November. All monies will be collected and administered by the USPB office in Denver.
- The NCPT and trial information was reviewed in Chicago on December 14th. This meeting helped determine what program improvements are needed and what material looks promising for continued testing in 2011.
- As we approach the FY2012 budget cycle, we will attempt to bring more processors into the NCPT program. We are currently in contact with several processors that have expressed interest in the program but have not made financial contributions yet.
- Processors have been requested to submit their annual usages for 2010. These usage amounts will be utilized to determine financial contribution amounts for the processor in FY2012.
- Processor tests were run on C095051 and W2133 in two different manufacturing locations in September. No process issues were reported with either variety on continuous or kettle process lines.
- NY139, a high potential Cornell University clone that has been in the fast track program, is slated to be named and taken into commercial production.
- C095051, a high potential Colorado State University clone that has also been in the fast track program, is also generating a lot of interest for commercialization. Discussion continues as to the potential process and timing of the release.
- Processor tests continue on C095051 and W2133. Process reports and consumer testing data are now being sent to all cooperating processors. In January C095051 completed another successful process run in Texas; results from this variety continue to be positive. Next process test scheduled is W2133 in Wisconsin during mid February.

- At the request of the processors, we are setting up a processor field day at the end of this storage. The goal is to invite all of the processor cooperators to a single process facility to observe the manufacturing of C095051 and W2133. This type of activity will help the processors gain understanding of the different varieties available to them in the industry.
- At the Potato Expo in Las Vegas, AIS Consulting provided a chip program update to the industry during the Chip Sector Breakout Session. It was an excellent opportunity for the entire industry to receive a program update and have a Q&A session to further program understanding by all.

Chip-Stock – International: Creating International Markets for US Chipping Potatoes

Internationally, the USPB is working to create new markets for US chipping potatoes, by indentifying new markets through research, bringing buyer and seller together with trade missions and reverse trade missions, supplying foreign processors with samples of US chipping potatoes and providing technical assistance with variety selection, shipping, and storage and handling at the plant.

- One new buyer in Malaysia began importing US chipping potatoes in FY10.
- Chip-stock exports to Japan reached a record 1,909 metric tons in the 2010 shipping window.
- 17 employees of chip manufacturers in Japan, Central America, Vietnam, Thailand, and Malaysia were brought to Washington and Oregon on a reverse trade mission in September, 2010. These potential customers attended a chip-stock symposium with US growers and shippers in Washington as part of the mission.
- Six sample shipments of multiple US varieties sent to processors in Thailand, Malaysia, Central America and the Philippines.
- Research on the potential market for US chipping potatoes in Vietnam was completed, with very positive results.
- A Korean technical specialist was hosted for a week in Idaho by the Board, IPC and APHIS to finalize the reestablishment of Idaho as an approved state for shipping potatoes to Korea, following the cyst nematode find there a few years ago.
- Thailand put in place an import protocol for US chipping potatoes, while Vietnam also approved import of US chipping potatoes.

Seed – Introducing the World to US Seed Quality

The USPB seed export program is working to increase demand for US seed potatoes in targeted international markets through variety trials, trade missions and reverse trade missions, variety registration and market access work.

- Two US seed potato varieties were imported and planted in foreign markets for the first time.
- Five new US growers began exporting US seed potatoes to the foreign markets in FY10.
- Eight trade leads were generated in target markets and elsewhere.
- The bi-annual seed reverse trade mission brought 20 foreign growers, importers and government officials to the US in July 2009. The week began with a Seed Trade Symposium in Las Vegas, attended by over 10 US growers, shippers and state managers. The foreign participants were then divided up into 4 groups that went to Idaho, California, Washington and Maine. Numerous commercial contacts and opportunities have come about as a result of this activity.
- Variety trials for 16 US seed potato varieties were conducted in Sri Lanka, Brazil, Nicaragua and the DR.
- Market visits for US seed exporters went to Brazil, the DR and Nicaragua in the winter and spring of 2010. The participants met with government officials to discuss market access, toured USPB variety trials and met with importers and growers to discuss future purchases. Team Seed also traveled to Sri Lanka to view variety trials and assist APHIS with market access negotiations.
- The USPB hosted two Ministry of Agriculture officials from Thailand to learn about US seed production and certification in Oregon, Washington, Idaho and California. The trip resulted in a signed import protocol for US seed, initially covering these four states. A second visit is planned to the rest of the US in July 2011 as a prerequisite to access for these other states.
- Three Dominican Republic Ministry of Agriculture officials toured states in all seed growing regions in the US. USPB organized the tour and paid for visitors' travel, while Team Seed accompanied them throughout. USDA/APHIS reports final discussions were very positive, and a comprehensive import protocol for US seed to this important market will finally be put in place.