



Maximizing Return on Grower Investment

“What’s News?”

Summer 2007

Nutrition

The *HEALTHY MR. POTATO HEAD™* campaign – at 300+ million consumer impressions for the nutrition message of potatoes – is in its third year. Components include the Macy’s Thanksgiving Day Parade, national media mailings, wire service photos, and school assemblies.

USPB is seeing serious traction in the nutrition opinion leader program, as nutrition professionals stand with us in touting the good qualities of potatoes and in debunking fad diets.

NEWS! This Quarter:

- Planning for Thanksgiving ’08 is underway.
- An October ’07 media presentation will launch the UN’s International Year of the Potato.
- A “Summer of Healthy Potato Salads” press kit is generating potato salad stories in media nationwide.
- Demonstrations of innovative “quick and easy” cooking techniques for potatoes were conducted at the Food Network and at major food and nutrition magazines.

For more information contact Linda McCashion at lindam@uspotatoes.com or 303 873-2326.

Foodservice

With the goal of achieving Healthy Potato sides and salads in sandwich and casual restaurant chains, the USPB has held two custom seminars on potatoes at the Culinary Institute of America (CIA) in Napa Valley, CA. Chefs attending represent \$29 billion in sales and 40,000 units. Thirty percent of those attending are adding new potato items to their menu.

NEWS! This Quarter:

- We’ve been working with major foodservice chains to get potatoes on the menu, especially the growing “sandwich” segment, which offers no or very limited potato offerings.
- A third custom seminar for restaurant chefs is planned to October ’07. Recruiting of chefs is now underway.
- USPB will attend the School Nutrition Association Annual Convention and communicate the many ways potatoes and potato products can deliver good nutrition in schools.

For more information contact Linda McCashion at lindam@uspotatoes.com or 303 873-2326.

Domestic Marketing Overview

The US Potato Industry is huge, competitive, and diverse – but regardless of the segment – it’s consumer driven. The domestic marketing program is designed to help the industry understand the consumer and support the industry’s ability to respond.

NEWS! This Quarter:

- 1st Quarter supermarket fresh retail sales saw a .5% increase in pound sales, the first increase in 14 quarters! Organics, while a very small piece of the overall category sales, were up 60.3%, and under 4 lb. UPC’ed bags were +9.4% – both consumer driven.

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- Frozen potato foodservice pound sales for the 1st Quarter were +2.4%, representing the 7th straight quarterly increase in this huge segment of the potato business. Strong QSR traffic is leading the way.
- Refrigerated potato pound retail sales were +62% in 2005, +23% in 2006 and the trend continues—+7.3% for 1st quarter of 2007. Almost all these increases are driven by refrigerated mashed potatoes which meet the consumers need for convenience.

International Marketing Overview

- US exports of all potato products reached a record \$883 million in the 2005/06 marketing year.
- This represents the fresh weight equivalent of 52,762,181 hundredweight of potatoes, or close to 15% of the total US potato crop.
- US potato exports have grown at an annual average rate of close to 10% for the past 20 years.
- For the first six-months of the current marketing year, exports are continuing to grow, particularly on the value side, as reduced supplies in the US have limited the volume of exports, but increased their value.

Table-Stock - Retail

The USPB has been working with major retailers across the US to implement “Potato Best Practices”: merchandising, pricing, promotion, assortment and packaging; to prove that by using these Best Practices (BPs) they can grow sales —and it’s working. These “Best In Class” accounts have consistently been outperforming their competition. When you respond to the consumer, good things happen!

The USPB offers two training courses to help you help your accounts respond to the consumer.

1. Best In Class, and
2. Category Management

Both are one-day classes offered to the industry. **Contact Carroll Graham at 303-369-7783 or carrollg@uspotatoes.com for details.**

Table-Stock - Domestic

Increasing demand for fresh potatoes by responding to the consumer is the goal of the Domestic Table-Stock program through Best In Class. The implementation of the “Best Practices” programs has produced positive results with all our retail partners. The program is supported with research, and two training programs available through the USPB to help grower/shippers take their accounts to the next level.

NEWS! This Quarter:

- Making fresh potatoes more convenient for today’s time starved consumer will support getting them back on the table. Our new products team, Turover-Straus has developed 21 quick and easy potato recipes – the challenge now – get them out to the consumer.
- New nutritionals go into effect January 1, 2008. **Please call the USPB at 303-369-7783 for a CD outlining new packaging claims and nutritional label.**
- The USPB has retained Sterling Brands, a leading image development firm located in New York City, to develop a tag line and icon the industry can use to more effectively communicate to the consumer. Phase I underway; project results due in September.
- **Just started** – packaging project to make fresh potatoes more convenient and relevant for today’s consumer.

Table-Stock - International

The USPB works to increase the export of fresh table-stock potatoes through efforts to open foreign markets. Unjustified phytosanitary barriers restrict access to US potatoes in many markets such as Mexico, Japan and China.

In markets where the US can ship, such as Taiwan, 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.

NEWS! This Quarter:

- In Taiwan one of the most popular daytime variety shows featured US potatoes. The Board's representative in Taiwan brought in a wide variety of US potatoes and conveyed the nutritional message while a celebrity chef prepared a number of dishes using US potatoes.
- The USPB is conducting further research to determine exactly what the potential for US fresh potatoes is in Central America now that the CAFTA free trade agreement is coming into force.
- The Board supported the use of US potatoes in innovative new ways at restaurants in Singapore, Hong Kong, Taiwan and Mexico.
- The Board participated in the main food show in Taiwan in June. Three US shippers participated in the pavilion style booth, allowing them to make sales directly.

Frozen – International

The USPB is working to expand the sale of frozen potato products through new products and channels and establishing US fries as the standard in developing markets. Demand is also being built through the inclusion of frozen potatoes into the local cuisine and the delivery of a positive nutrition message for potatoes in all markets.

NEWS! This Quarter:

- "Range Potatoes" from the US are doing very well in Japan. This new product, sold at both retail and in convenience stores, can be prepared in either microwave or conventional ovens. Many customers cook the product right at the store to eat on their way home from work. The USPB has assured good sales of this innovative new product through in-store and subway advertising featuring USPB Immediate Past Chairman Randy Hardy.
- The National Excellence Awards ceremony and training for China was held in June. This two-day seminar and awards ceremony recognized outstanding US frozen potato promotional efforts by Chinese companies. It also provided further education on US frozen products, including a nutrition talk by International Marketing Co-Chair Cheryl Koopin.
- Large seminars were held in Osaka and Tokyo Japan in June to promote the use of non-fried frozen potato products to restaurant, convenience store and institutional feeding employees. Cheryl also discussed potato nutrition with these audiences.

Chip-Stock – Domestic

Through a 20 member grower chip committee, USPB is supporting industry efforts to improve grower returns through education, networking, and new variety trials and development. Internationally, the USPB is working to educate chip manufacturers and build a greater understanding of US chipping potato varieties, characteristics and technical requirements.

NEWS! This Quarter:

- The 2008 Chip Seminar will be held in Orlando, FL, March 5–8, at the Wyndham Orlando Resort. This is a tremendous opportunity to network with fellow growers and customers and get the latest information about what's going on in the chip industry. **Please contact Sarah Mahler, 303-873-2334 or sarah@uspotatoes.com.**
- Meeting dates for the Chip Committee schedule are set: July 10, Gaylord, MI (front end of the NPC summer meeting); December 5, Branson, MO (front end of Outlook Summit/Seed Seminar) and March 5, 2008, Orlando, FL (front end of chip seminar). Mark your calendars today!
- Major project to develop alternate uses for chipping potatoes to develop a new market and keep them off the fresh market. Tests are well underway.
- Committee has approved extended cold storage chipping potato study test. Will take place in three locations starting at NDSU's facility.

Chip-Stock – International

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NEWS! This Quarter:

- A trade team, comprised of USPB staff, two US chip-stock growers, a technical expert and International Marketing Co-Chair Virgil Slagell, traveled to Southeast Asia to meet with foreign chip manufacturers and to give growers a first-hand look at the demand for US potatoes in foreign markets.
- Sample shipments of US chip-stock were sent to Malaysia, Thailand and the Philippines, funded by the USDA Quality Samples Program, to demonstrate to foreign manufacturers the benefits of using US chip-stock potatoes.
- Shipments of fresh chipping potatoes to Japan resumed in May after the USPB assisted USDA in renegotiating access to the market and facilitated an inspection of the shipping facilities by the Japanese government officials.

Dehydrated – International

The USPB is increasing demand of US dehy in international markets through general education of the foreign trade and technical training. Additionally, considerable time is being devoted to increasing the use of dehy in food aid settings.

NEWS! This Quarter:

- A series of seminars were held in Southeast Asia providing bakers there with innovative ways to use dehydrated potatoes in Asian sweet buns and Japanese baked products.
- New products using US dehy have been developed and released in Japan, Mexico and Korea. These all represent net new business for US dehydrators.
- The Board had a large presence at the USAID/USDA International Food Aid Conference in Kansas City in mid-April. In addition to Board staff and grower leaders, representatives from three dehydrators were present to explain the many benefits of dehy to US government and private voluntary organization employees.
- The Board obtained approval from USAID for the inclusion of dehy granules under the PL480 Title II program.
- USAID purchased 70 metric tons (MTs) of dehy flakes in April and another 70 MTs in June for use in food aid programs in Senegal and Burkina Faso.

Seed – International

The USPB seed export program is working to increase demand for US seed potatoes in world markets through research, market development and market access work.

NEWS! This Quarter:

- The USPB assisted USDA in negotiating a market access protocol with Honduras for US seed potatoes.
- Working with USDA and the US Embassy in Colombo, a major obstacle to access for US seed potatoes to Sri Lanka was overcome when the Sri Lankan government agreed to allow shipment rather than area freedom for Colorado Potato Beetle for US seed exports.
- Variety trials of US seed were planted this spring in the Dominican Republic, Honduras and Uruguay. Trials for Nicaragua will begin in the Fall of 2007. These trials will help establish the effectiveness of US seed in these markets and introduce new varieties to growers there.

Upcoming Event:

A reverse trade mission to the US for importers, distributors and growers from Uruguay, Honduras, Dominican Republic, Nicaragua and Sri Lanka is scheduled for July 30-August 4, 2007. Starting with a Symposium in Las Vegas, US growers from around the country will have a chance to meet participants and learn more about the markets. The tour participants will then divide up and go to different seed producing states (California, Idaho, Maine and New York) based on the seed needs of the different countries. **To attend the Symposium, contact Sarah Mahler at 303-873-2334.**