



Retail

Background

Nearly 70 percent of sales of fresh potatoes go through the retail supermarket channel. Within the produce department, potatoes are most often the number one pound producer, and depending on the retailer, between the number two and number six dollar contributor.

The commodity-driven approach of selling a high percentage of volume at a low/value price for one or two key items is no longer effective. This is why the focus of the USPB Retail Program has been on testing, analyzing and creating best practices that drive sales while responding to the changing needs of consumers since 2001. Best practices focus on:

- **Merchandising** – based on the way the consumer shops the category, including relevant and compelling consumer communications at point of purchase (POP)
- **Assortment** – showcasing a large selection of potatoes year-round
- **Pricing** – communicating the value proposition to the consumer using a tiered pricing structure
- **Promotion** – providing strategies to keep potatoes top-of-mind with consumers while also improving volume, dollars and gross margin
- **Packaging** – supporting improved packaging that speaks to consumers

Based on the proven best practices, the USPB has also produced and provided training materials for retailers, their suppliers and the potato industry, encouraging them to adopt and implement new approaches in how they market potatoes to the consumer. While results have generally been positive and well received by many retailers and suppliers, it still involves fewer retailers and shippers than is needed to achieve the desired industry growth.

Challenges

During this period while retail dollars have increased, supermarket pounds have declined. Some of the decline can be attributed to a shift from supermarkets to Supercenter/Club stores, but there is also a decline in the frequency with which consumers are eating fresh potatoes. Many factors have contributed to this lackluster performance: limited number of innovative new products, consumers seeking more convenient side dish items, growth of one dish meals, diets that have given potatoes a “bad rap,” lack of cooking skills, and new non-fresh potato entries, such as the refrigerated mashed and microwavable frozen products. Combine those factors with the commodity approach that many retailers and grower/shippers apply to this category--approaches that are too price-focused and include poor merchandising, unattractive packaging, limited or no signage and peak-and-valley promotions – and there is clear evidence why performance has not kept pace with population growth or other produce or product categories: potatoes have, quite simply, been taken for granted.

Resolution

Enable retailers to reconnect the potato category with their customers by identifying for the retailers what appeals most to their shoppers, developing concepts that respond to their shoppers and transferring concepts and knowledge into business practices.

Upon developing a full set of proven best practices, the USPB took its retail efforts to the next level by creating a model for the industry called “Best In Class”. This long-term (three year) program assists partner retailers and their suppliers in implementing all of the current best practices (BPs) throughout the entire chain, thereby creating a relationship based on responding to the shopper instead of a relationship based on price. In addition, category pounds and dollars are monitored and measured to validate the effectiveness of best practices with participating chains.

To date, results of the Best In Class program have been positive. Pounds and dollars have either exceeded rest-of-market (ROM) performance, or rest-of-chain (ROC) performance, and in all instances, the potato category contribution to the total produce department has improved. Results of the program have driven increased implementation in corporate strategies, best practice roll-out to associated banners, produce industry recognition through awards as well as interest from other commodity groups seeking to create their own model. In a similar fashion, the “Best Practice Partner” program has extended the benefits of adopting best practices to the next level of retail partners by creating a program just 9 months in length that focuses on a single part of the marketing mix, and has also achieved positive results.

The emphasis for the LRP will be supporting retailers and their suppliers while working with both to enhance the productivity of their partnership. The USPB will continue to work with the core “Best In Class” and “Best Practice Partner” retailer base to refine and validate best practices for the category. These learnings in turn will continue to be shared through the education and training process for presentation to retailers and shippers, where we strongly recommend their adoption and implementation.

Another element of the LRP is communicating promotional partnership opportunities at retail. With their high household penetration and frequent use, potatoes make an attractive promotional partner to a wide array of marketers looking to draft off of their advantages. At the same time, the partners typically are able to invest greater marketing support into promotional programs to compensate for a scarcity of funding available from potato suppliers.

Given the latent purchase demand of shoppers who enjoy serving potatoes to their families but seek new preparation & serving suggestions, and potatoes’ corresponding high level of responsiveness to promotional activity which provides these types of suggestions along with a purchase incentive, it benefits the potato industry to participate in well-constructed promotional programs. The USPB will act as a strategic filter for retail suppliers, responding to inquiries from potential promotional partners by vetting each opportunity and then socializing the most promising offers to all industry members.

It needs to be noted that all the retail activities are consumer-targeted and insight-driven. This is the only way to truly increase demand and achieve sustained sales growth. Another integral part of the retail program is continuing to include and support nutritional messaging efforts with emphasis on utilizing the “Potatoes...Goodness Unearthed®” campaign signature in all consumer communications including packaging, POP and both retailer and supplier advertising.



With the goal of increasing demand for fresh potatoes by connecting with and responding to the consumer, the summary of the overall direction is as follows:

- Best In Class and Best Practice refinement
- Accelerate program awareness through Retailer Outreach and BIC Partners Education
- Training
- Communication

Table-Stock Potatoes

Retail

<i>Growth Strategy</i>	<i>Productivity Strategy</i>
<p>Enable retailers to reconnect the potato category with their customers</p> <ul style="list-style-type: none"> • Identify what appeals most to their customers • Develop concepts that respond to consumer demands • Transfer concepts and knowledge into business practices <p>Enable shipper/suppliers to increase demand by responding to the consumer</p> <ul style="list-style-type: none"> • Understand consumer needs, beliefs and behaviors through research • Develop innovative responses to consumer's needs as identified by research • Transfer insights into business practices through training and proper use of USPB materials/tools & education <p>Communicate opportunities for potato suppliers to participate in retail promotions with strategic partners by:</p> <ul style="list-style-type: none"> • Coordinate between all parties willing to participate • Coordinate advertising and sales messages such that the promotion partnership aligns with USPB advertising/PR messaging • Bring forth partnerships that do not solely rely on couponing potatoes 	<p>Demonstrate to retailers that they can positively impact potato volume by:</p> <ul style="list-style-type: none"> • Retail Outreach expansion and enhancement • Best Practices refinement and exploration, • State of the Potato Category (SOPC) comprehension and follow-up • Encouraging greater reliance on and involvement from their key suppliers to provide insights and business-building strategies <p>Demonstrate to suppliers that they can positively impact potato volume</p> <ul style="list-style-type: none"> • Increase level of engagement among suppliers in the BIC Programs • Teaching shippers/suppliers how to implement the best practices and to continue the program without USPB direct involvement • Conduct research around the changing habits of consumers and the potential impact on category performance • Leverage webinar-style training to reach a broader audience • Demonstrate how to be better partners to their retail customers, bringing them actionable shopper insights and business-building strategies <p>Demonstrate to suppliers and strategic partners how to develop and implement retail promotions</p> <ul style="list-style-type: none"> • Vet promotional opportunities presented to the USPB and publicize the most promising situations to all suppliers without bias • Assist suppliers to help maximize the impact of promotional programs they undertake while ensuring that the program aligns with USPB best practices and long-term goals