



Maximizing Return on Grower Investment

“What’s News?”

Fall 2007

Nutrition

The *HEALTHY MR. POTATO HEAD™* campaign – at 300+ million consumer impressions for the nutrition message of potatoes after two years – is in its third year. Components for fall 2007 include the Macy’s Thanksgiving Day Parade with national television coverage, plus local media coverage on balloon handlers.

The “Summer of Healthy Salads” promotion scored 15 million impressions. A two-week test kitchen tour included visits to consumer magazines in New York, Des Moines, Nashville and Birmingham. Presentations included potato nutrition, demonstrations of new innovative potato preparation methods and a preview of the “UN International Year of the Potato”.

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.

School Wellness Grants and the Potato Power brochures for schools were warmly welcomed at the PTA and School Food Nutrition conventions this summer.

NEWS! This Quarter:

- Planning for Thanksgiving 2008 is in the final stages.
- The “UN’s International Year of the Potato” was launched in October. USPB is actively pitching media on international potato recipe stories. (A second media wave is scheduled for January 2008.)
- Demonstrations of innovative, “quick and easy” cooking techniques for potatoes went online at “The Potato Underground” blog.

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

Foodservice

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

Attendance at the School Nutrition Association produced great enthusiasm and the launch of a strong partnership between our two organizations.

NEWS! This Quarter:

- A third CIA custom seminar for chefs took place in September 2007. USPB will follow up and offer assistance in developing new menu items. The CIA will carry seminar concepts on its Pro Chef web site.
- A potato innovation brochure is in production – using the best potato menus and preparation techniques of the seminar.
- Participation in the International Foodservice Information Council produced an editorial schedule of Healthy Potato feature stories and recipe placements for the next year.

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:

- Through two quarters of 2007, ending June 30, sales of bagged potatoes, through supermarkets, experienced a 1.6% increase in dollar sales, and a 1% decline in pound sales. While russets continue to represent the largest portion of the market, they were the only major variety to experience both a dollar and pound decline. Reds, whites, golds, organics and specialties, such as fingerlings, all had dollar and pound increases.
- Frozen potato foodservice pound sales for the first six months of 2007 were +2.8%, representing the eighth straight quarterly increase in this huge segment of the potato business. Dollar sales were + 8.7%. Strong QSR traffic and fries are leading the way.
- Refrigerated potato pound retail sales were +62% in 2005, +23% in 2006 and the trend continues—+7.3% for the first six months of 2007. Dollars were also up an impressive 17.0%. Refrigerated mashed potatoes, which meet the consumer's need for convenience, continues to be the key driver of this category.
- The full Nielsen Supermarket Data Set, and IFMATRAC Frozen Foodservice Data are available. Contact macjohnson@uspotatoes.com

International Marketing Overview

- US exports of all potato products were a record \$1 billion for the 2006/2007 July/June marketing year.
- This represents the fresh weight equivalent of 56,671,589 hundredweight of raw potatoes, or roughly 15% of the total US potato crop.
- Exports were up 13% by value and 5% by volume over the previous marketing year.
- This increase was led by a 15% increase in exports of frozen potato products, which reached 679,510 metric tons, valued at \$550 million.
- Exports of dehydrated potatoes were up 6% by volume and 32% in value due to a 25% increase in the unit value.
- Plans for the new marketing year were finalized at a meeting of the USPB's international representatives and international department staff.
- The USPB hired new representatives for Thailand and the Philippines, as the marketing programs in Southeast Asia are beefed up and focused on each individual market as opposed to a regional approach.
- Research of the potential for US potato and product exports to Russia began with a market research visit to Moscow and attendance at the World Food show there.

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:

- Promotions featuring US table-stock potatoes were carried out at restaurants in Hong Kong and Singapore.
- Nutritional information on US potatoes was highlighted in articles in a number of consumer magazines in Mexico.
- The USPB's new convenience potato recipes have been transferred to the Hong Kong market and will be used at retail outlets to promote US potatoes and their versatility.
- Efforts continued to create political support for the further opening of the Mexican market beyond the 26 kilometer frontier zone.
- Extensive information was provided to USDA for a submission to Russia of a request for access for US fresh potatoes through a permanent import protocol.

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. The USPB new products team, Turover-Straus, has developed 21 quick and easy potato recipes and all are posted on both www.uspotatoes.com and www.healthypotato.com.
- **Reminder, the new fresh potato nutritional label goes into effect January 1, 2008. Please call the USPB at 303-369-7783 for a CD outlining new packaging claims and the nutritional label.**
- The USPB retained Sterling Brands, a leading image development firm located in New York City, to develop a tag line and image the industry can use to communicate potatoes' rich nutritional message in a motivating and contemporary way. It's been a nine-month project with a projected completion date in November.
- This summer, over 5,000 in-store demos were done by SC Johnson to launch their new microwave cooking bags. The USPB provided the potatoes which were used exclusively during the demonstrations. Additionally, over 1 million recipe and potato nutritional cards were handed out to consumers. Ziploc® Brand Zip 'n Steam™ Microwave Steam Cooking Bags combine the taste and nutritional benefits of steam cooking with all the convenience of your microwave for healthy meals in minutes!

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 its 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 and designed for key sales and marketing shipper staff and are available to the industry. Groups of 20 +/- are needed to make the classes cost effective. **Contact Carroll Graham at 303-369-7783 or carrollg@uspotatoes.com for details.**

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:

- A new microwaveable frozen potato product (natural wedge) was launched at the end of September in several major retail stores in Japan.
- Work on introducing veggie mashed potatoes to foodservice in Japan continued with two mashed potato presentation seminars taking place in August.
- A mass catering recipe cookbook was completed and delivered to institutional food service providers and nutritionists in Korea.
- Retail work continues in Korea with a leading cable TV network/internet station introducing four different US frozen potatoes and recipes on two broadcasted cooking sessions.
- The Korean version of *Better Homes* featured the home cooking of frozen roasted potatoes by the USDA officers based in Korea.
- Two Frozen Purchasing Preparation & Marketing (FPPM) seminars were conducted in China to help foodservice operators understand the high quality and benefits of US frozen potatoes.
- Two restaurant chains' efforts to launch new menu items incorporating US frozen potatoes were supported with promotional funds.
- In China, Phase II of the nutrition campaign to the media was completed with very positive results being noted. Additionally, a new China-based website was launched in August 2007 to keep both the trade and consumers updated on nutritional, as well as recipe concepts using frozen potatoes.
- Merchandising and on-site training work with 86 different restaurants helped ensure US potatoes are properly handled in Southeast Asia and Mexico.
- Ten Frozen Purchasing Preparation & Marketing (FPPM) seminars for importers and distributors took place in July and August in Mexico.
- In Mexico, one of the largest retail operations started offering two new products to their Monterrey stores, replacing Canadian products.

- Continued potato profile management PR efforts in Mexico generated seven pickups in magazine and restaurant web pages in just two months (July/August).
- Efforts were made to assist US exporters whose products were caught in the “food safety” squabble between the US and China.

Chip-Stock – International

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 USPB has been working with snack manufacturers in Southeast Asia to organize sample shipments to be sent out this fall.
- The USPB is inviting all chip-stock growers to join them on a trade mission to Japan to visit snack manufacturers November 5-8, 2007. Trade missions provide an excellent way for US growers to learn more about the export market and meet foreign snack manufacturers.

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.

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: 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!
- A major project was begun to develop alternate uses for chipping potatoes to develop a new market and keep them off the fresh market. Several new ideas have been developed and have undergone limited production testing. One of the concepts was consumer tested late September. Results will be forthcoming.
- The Chip Committee has approved an extended cold storage chipping potato study test. The study will take place in three locations, starting at NDSU’s facility, with additional work being conducted in WI and MI. The Chip Committee also continues to support Zebra Stripe defect research.

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 US government funded international food aid settings.

NEWS! This Quarter:

- The USPB had a large pavilion style booth at the Food Ingredient Asia (FIA) show in Bangkok, Thailand. Two US processors joined in the pavilion, while the booth featured numerous different products from around the globe made with US dehy. Participants were attracted to the booth by a wide array of dishes prepared with US dehy. The USPB also sponsored a bakery seminar on the use of US dehy in Asian-style sweet buns and hosted a trade reception.
- Training was provided to the USPB’s representatives in Southeast Asia on the use of dehy in bakery applications.
- Intensive follow up was made with the US dehy processors to contact a potential new importer in the Philippines. This importer attended a USPB RTM previously and is ready to carry dehy in repacked, smaller packages to facilitate the pent-up demand for dehy in the Manila bakery sector.
- Meetings were conducted in DC with various PVOs to further discuss their applications and programs within food assistance.
- A new product, “potato gratin”, made with US dehy slices, was launched in Japan in the Sav-on convenience store chains which have approximately 555 outlets in the Kanto area. This is a direct result of the company attending a USPB educational seminar and receiving dehy samples.

Dehydrated – Domestic

Following several meetings and conversations with the US dehyers to determine how the USPB could support their efforts domestically, it was determined that identifying high usage bakery applications would be of benefit. The USPB has retained the

American Institute of Baking (AIB) to help us help the industry. Work has been underway for several months, and AIB will make their first presentation to the dehyers at the October 29th industry meeting in Pasco, WA.

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:

- A symposium was held in Las Vegas where US growers, shippers and seed certification officials had a chance to meet with seed importers and growers from Sri Lanka, Honduras, Nicaragua and the Dominican Republic (DR).
- The foreign participants then split up into 3 groups and headed to Idaho, California and New York and Maine for four days of touring farms and learning about US seed potato production.
- Work started to organize variety trials in Honduras, Uruguay, the DR and Nicaragua.
- Work continued on gaining proper market access for US seed potatoes to the DR.
- The USPB sponsored a US seed certification representative to attend the UN ECE seed potato standard meeting, held in Moscow.