

New Image for U.S. Potatoes in Japan Means New Growth Opportunities

By John Toaspern

It sounds like every marketer's dream—to be the standard of success with your product. The down side, of course, is what to do when the market becomes saturated and it seems there is no further room for growth.

In Japan, the United States Potato Board faced this question, but with a twist. After more than 25 years of working in the market, U.S. frozen potato exports achieved a record volume of 253,365 metric tons in the 1999 (July-June) marketing year. Consumption of frozen fried potatoes had reached a saturation point with the primary distribution channel of quick-serve and family dining restaurants, a market sector whose growth was flattening out.

Yet, ironically enough, instead of being able to rest on its laurels, the position of the U.S. potato industry was being increasingly challenged by competitors Canada and New Zealand, and by the expansion of potato processing throughout the world, which offered Japanese restaurateurs more—and sometimes cheaper—supply options.

This expansion coincided with an HRI sector (hotels, restaurants and institutions) increasingly preoccupied with price as Japan's drawn-out economic troubles continued to take their toll. As a result, U.S. exports headed downward, and U.S. market share dropped from 91 percent in marketing year 1999 to 85 percent in 2002.

To revitalize U.S. exports to Japan, the Potato Board began pursuing a new strat-



egy in November 2000. The goal was to transform the market's perception of the U.S. potato as strictly a snack or lunch item consumed by young people at fast-food restaurants to a healthy food and cooking ingredient consumed by all ages at all meals. This required a major change in perceptions among the trade and consumers alike.

To do this, the Potato Board began by focusing on U.S. frozen potato items not used in the Japanese market. It selected IQF shreds (individually quick frozen shredded potatoes, or hash browns), a non-fried product that has a huge range of applications from a stand-alone dish to an ingredient in soups, salads and other types of dishes.

The Potato Board developed a repertoire of Western and Oriental recipes for IQF shreds. It built awareness of the product and its applications via recipe distribution, one-on-one merchandising and aggressive trade communications through direct mail, advertising and similar activities.

The Potato Board's efforts were crowned with success. As of September 2002, a total of 12 HRI entities, several of

them huge chains with the potential to impact the market, had adopted IQF shreds. This group included:

- four frozen food manufacturers, one of which carried out a kick-off promotion at 2,000 retail outlets
- two major family dining restaurants, one of which is now carrying it as a "signature" item and the other an Oriental chain, providing a good demonstration of the U.S. potato's ability to cross over to Asian cuisine
- six major hotels

The Potato Board also convinced major wholesalers throughout Japan to begin carrying IQF shreds, thus ensuring adequate supplies for the 12 HRI customers and for food manufacturers. The product has gotten a positive reception from consumers, with the HRI and manufacturing sector reporting good sales.

Results so far show that both the trade and consumers accept the idea that U.S. frozen potato products have broad applications in the Japanese lifestyle. Prior to this campaign, the United States had sold no IQF shreds in the market. Today, U.S. processors report that they ship an average of 350 tons a month of IQF shreds.

IQF sales are not yet large enough to replace frozen fry sales lost to Japan's economic troubles and foreign competition. However, without this new product, U.S. potato sales to Japan would have fallen off even more. As IQF shreds gain market momentum, and the Potato Board promotes other new products, total U.S. exports are expected to increase. ■

The author is vice president, international marketing, with the United States Potato Board. Tel.: (303) 369-7783; E-mail: johnt@uspotaes.com; Web site: www.uspotatoes.com