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Programs and Opportunities

Potato Board Efforts Help Propel U.S. Exports of Frozen and Dehydrated Potatoes to New Records

U.S. Frozen Potato Exports Find Warm Welcome Abroad

U.S. frozen potato products are finding a warm reception in markets abroad. Frozen potato product exports climbed to new records in both volume and value in marketing year 2006/07 (July – June), reaching 679,510 metric tons valued at \$550 million. These record sales were thanks in large part to robust efforts by USPB (the National Potato Promotion Board, doing business as the United States Potato Board) and supported by funds from MAP (the Market Access Program, administered by FAS). USPB selected Mexico, Japan, China, South Korea, Singapore, Malaysia, Indonesia, the Philippines, and Thailand as target markets for its international marketing program for frozen

potato products, using a strategic approach to create new opportunities.

In marketing year 2006/07, Japan remained the top export market for U.S. frozen potato products, with purchases of 253,810 tons, up 6 percent from the previous year. Other top markets registering strong growth were Mexico, with purchases of 91,627 tons (up 2 percent); China, with 39,561 tons (up 31 percent); and the Philippines, with 28,328 tons (up 56 percent). Exports to South Korea declined 11 percent to 28,780 tons.

Training Establishes U.S. Fries as Standard, Builds Loyalty:

In marketing year 2006/07, 27 restaurant chains in USPB's target markets added a second U.S. frozen potato product (mostly basket-weave and curly fries, but also wedges, tater tots, and hash browns) to their menus. Four chains in Mexico, China, and Southeast Asia switched to a U.S. product from that of a competitor; three other chains upgraded to a higher specification of U.S. product.

These actions resulted from USPB efforts to build loyalty to U.S. frozen potatoes through one-on-one training, merchandising, and educational and promotional support for customers. The efforts emphasized the high quality of U.S. frozen potatoes. USPB's training program on proper handling of U.S. frozen potatoes reached 976 restaurants and stores in 42 cities in six countries. USPB also held 106 tailored seminars for distributors and their clients that covered cold chain requirements, merchandising, preparation, and handling of frozen potatoes.

Microwave Fries Send Retail Sales

Soaring in Japan: Non-fried and specialty frozen potato products enjoyed huge

Frozen Potato Program: A Quick Overview

Strategy	Results
Expand sales with new products and development of new channels throughout the globe	Eighty-nine new menu items were introduced into HRI sector Twenty-seven chains added menu items Twenty-six retailers began carrying U.S. frozen potatoes Nine new types of channels, including movie theaters, baseball stadiums, and wine bars, began selling U.S. potatoes
Establish U.S. fries as standard of quality in developing and emerging markets	Chains in Mexico, China, and Southeast Asia switched to U.S. from competitor products, and added or upgraded products
Explore new markets	New program was launched in Central America following market research
Focus on market access and issues management	Tariffs in Vietnam, the Dominican Republic, and South Korea were eliminated or reduced

customers. As a result, Cinépolis, one of the larger movie chains in Mexico with 120 theatres, began trial use of U.S. potato products. Successful initial sales spurred 102 theaters to add frying equipment and two types of frozen fries to their menus. Cinépolis plans to increase the number of its outlets offering the fries, using 100-percent U.S. frozen potatoes. USPB supported the chain by providing point-of-purchase materials and helping to train theater staff in the fries' preparation.

Healthy Potato Campaign Helps Reclaim South Korean Retail Shelves: Since the acrylamide, a naturally occurring byproduct of baking, frying or roasting starches at high heats, was found in some foods in 2005, many retailers in South Korea stopped stocking frozen potatoes in response to health concerns. Those retailers still selling frozen potatoes were less aggressive in promoting them.

To combat sliding sales and lingering negative perceptions from the issue, USPB designed a healthy potato campaign and coupled it with retail sales promotions to launch new products. Through cooking classes, articles, and TV cooking shows, USPB raised consumer and trade awareness of the healthy and convenient aspects of U.S. frozen potatoes. Eight new products were launched at 35 stores in five retail chains across the country. Although, as noted above, South Korean purchases of U.S. frozen



Bento box lunches containing U.S. dehydrated potatoes on sale in Japan

Dehydrated Potato Program: A Quick Overview	
Strategy	Results
Build foundation of technical knowledge and information on benefits of products in variety of applications	More than 20 new products were launched in target markets Another 133 new products were under development
Increase number of channels using products	Five new sales channels were developed in Japan and South Korea, including hospitals, bento lunch boxes, and institutional cafeterias
Help importers and distributors to assure product availability in target markets	Three new importers and distributors in Mexico and Japan began selling products
Expand product use in foreign food aid programs	Private voluntary organizations used dehydrated potatoes for projects in Niger, Senegal, and southern Africa Purchases were made for U.S. Agency for International Development in Senegal and Burkina Faso Demonstration projects were carried out in Burkina Faso and Guinea
Focus on market access and issues management	Numerous access issues were resolved, such as duty reductions in Colombia and the Dominican Republic, and increased access in South Korea

potatoes declined last year, sales from the new product launches averaged 600 kg (1 kilogram = 2.2046 pounds) per store, about 1.8 tons of U.S. frozen potatoes per month.

Nutrition Focus in China Puts Potatoes Back on Consumers' Plates: USPB's potato nutrition campaign in China also improved consumer perceptions of potatoes and allayed concerns about acrylamide, helping to reverse sales declines. USPB delivered nutrition information through press releases, a seven-city media tour, seminars, a reverse trade mission for Chinese media to U.S. potato producers and processors, and working with local Chinese nutritionists and industry members.

U.S. frozen potato exports, which began sliding in marketing year 2005/06, recovered by the end of that year. The full effect became more evident in 2006/07, when exports surged 31 percent by volume and 59 percent by value. In addition, the U.S. share of China's market for frozen potato fries jumped from 48 to 70 percent.

U.S. Dehydrated Potatoes Also Scale New Heights

In marketing year 2006/07, U.S. exporters of dehydrated potato products took advantage of reduced production by competitors to increase shipments by 6

percent in volume to 101,268 tons, and 32 percent by value to \$143 million. Notably, the U.S. unit value of exports rose 25 percent from \$1,135 to \$1,414 per ton.

Target markets for USPB's international marketing program for dehydrated potato products were Mexico, Japan, South Korea, and Southeast Asian countries. Exports to the largest market for U.S. dehydrated potato products, Mexico, declined 31 percent by volume, but rose 8 percent by value. Sales to Japan continued to rebound, reaching 18,413 tons valued at \$22 million. Other target markets that showed good growth were China and the Philippines.

New Products Give Mexican Consumers New Tastes for Dehydrated Potatoes:

As a result of USPB's dehydrated potato program, Mexican consumers are eating innovative foods made with U.S. dehydrated potato products. Trade shows, bakery seminars, and technical assistance showcased applications for U.S. dehydrated potatoes, and have helped to create new products and channels in Mexico's bakery, HRI, and retail sectors. About 10 new products were launched, including rosca de reyes bread now sold in bakeries and Wal-Mart, other specialty breads, donuts, turnovers, pizza, frozen potato patties, and soups. Sales of these products were particularly important as U.S. exports fell due to reduced production at a plant; the decline would have been more severe without the new product and channel development.

Record Exports to Japan Indicate Dehydrated Potatoes Have Recovered:

In marketing year 2006/07, export growth to Japan showed the market has fully recovered from the decline of the past several years. The key to recovery was enhancing market access, which USPB supported with targeted activities. Projects have focused on the approval of a sulfite application for dehydrated pieces, trade education, the healthy potato campaign, and one-on-one work with new importers and distributors.

In marketing year 2006/07, one new importer began offering U.S. dehydrated potato products, and another expanded its product line. Targeted companies launched six new products. New sales channels included use of dehydrated products in bento box lunches and in ramen noodles to make the noodles chewy, a characteristic prized by Japanese consumers.

Dehydrated Potatoes Increasingly Used in Food Aid: U.S. dehydrated potatoes are relatively new to food aid, so USPB worked to build familiarity among aid organizations about the product's benefits, use, and acceptability to recipients.

As a result of a reverse trade mission in October 2005, Africare requested 70 tons of U.S. dehydrated standard potato flakes to



Food aid recipient in Burkina Faso enjoying U.S. dehydrated potatoes and soy

blend with soy products to feed malnourished children and people living with HIV/AIDS in Burkina Faso. Because it was a new commodity to Africare's program, USPB, in coordination with the World Initiative for Soy in Human Health, conducted training for 72 Africare staff, health and nutrition specialists, and educators. Africare has since requested an additional 80 tons.

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Website: <http://www.uspotatoes.com>

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