

Value-Added Potatoes Expand The Category

Value-added spuds are a premium produce department staple.

BY KIMBERLY RINKER

In the past 10 years, as consumer's demand for convenience soared, so has the need for value-added potatoes in the form of small amounts, expanded varieties and advanced packaging.

Kevin Stanger, vice president of marketing for Wada Farms Marketing Group, LLC, Idaho Falls, ID, says value-added refers to "pre-cooked, cut, mashed or sliced [products] — basically any process in the product or packaging itself that allows consumers to prepare potatoes more easily and quickly.

"It also includes any extra washing of the product to allow potatoes in their fresh, uncooked, uncut form to be cooked and eaten without washing. Microwavable packaging also constitutes value-added," he adds.

According to Mac Johnson, vice president of the U.S. Potato Board (USPB), Denver, CO, "I define it as a product that a consumer sees value in. It can be the individually wrapped Micro Baker russet, a 2-pound bag of fingerling potatoes or potatoes that have been double washed, sorted, sized and packaged in a clamshell. To specific consumers, organic or locally grown can be perceived as value-added. Refrigerated mashed potatoes, hash browns and twice-baked potatoes have also really taken off."

Seth Pemsler, vice president, retail/international, at the Idaho Potato Commission (IPC), Eagle, ID, says retailers need to be aware of marketing challenges. "The biggest challenge facing value-added potatoes is price versus value. The retailer must allot space to display premium potato products and the consumer must pay higher prices for them. There are going to be people who see higher prices and back away because of the disparity. People typically see potatoes as cheap. Due to the abundance of cooking shows, potatoes have gotten a rebirth of sorts. As a result, consumers ask for potatoes that weren't mainstream 10 years ago."

Foodservice also helps drive the market, he adds. "Home usage of potatoes has declined 1 to 2 percent in the last five years. However, in the foodservice industry, we've seen an increase as chefs continue to look for ways to dress up restaurant plates."

New potato varieties in restaurants quickly translate to consumer demand in produce departments, Pemsler explains. "Most grocery stores stock five or six varieties of potatoes now. In some upscale markets, you'll find eight to nine varieties or more. The organic sector has grown, too. However, that's a tougher sell because the organic products don't store or ship as well and retailers are not as willing to pay growers premium prices for these products."

Stanger reports value-added potatoes spark repeat sales once consumers make the initial foray into purchasing them. "Consumers who have tried value-added potatoes have been very impressed with the product, first with microwavable Easy Bakers and now with the Easy Steamer."

Sales of value-added potato products are impressive and growing, Johnson reports. "If we evaluate responses by sales, they are very good. The individual Micro Baker started with one manufacturer [Progressive Produce Corp., Los Angeles, CA,] with individually wrapped microwave potatoes that cook in seven minutes. Now, there are a number of suppliers. The refrigerated category, which is led by refrigerated mashed potatoes, has experienced double-digit [dollars and pounds] growth for several years. And while Russets, Reds, Whites and Golds are the mainstays, Fingerlings, Purples, organics and Baby Dutch are showing significant



Value-added potatoes offer retailers both sales growth and differentiation.

sales growth."

Ted Kreis, marketing director for the Northern Plains Potato Growers Association, Inc., (NPPGA), East Grand Forks, MN, agrees, adding, "By far, the most growth has been in refrigerated potato products. Fresh organic potatoes have impressive increases in sales but realistically still make up a very small portion of the fresh potato market."

Today, potatoes are typically separated in supermarkets by brand, name and culinary use. Years ago, value-added status was first achieved through packaging innovations, then by cleaning, culling and size grading, as well as category specifics like baking only, Yukon Gold varieties and Blue Russets.

In 2007, a variety of innovative, value-added potato offerings was available in supermarket produce departments, including Wada Farm's Easy-Steamer, introduced under the Wada Farms and Dole labels.

"Many retailers are expanding their offerings to include specialty potatoes," explains Johnson. "The Food Network and restau-

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rants have certainly helped introduce these to consumers. Last year, a major potato grower/supplier introduced several varieties of fresh potatoes packaged in a steamer bag. Take them home, pop the entire bag into the microwave and you've got a potato side dish in less than 15 minutes."

PACKAGING INNOVATIONS

Packaging techniques for value-added potatoes have also evolved, as growers, shippers and retailers look to improve shipping stability and shelf life.

"Packaging innovations are being tested and brought to the market. We are changing our packaging materials to utilize more recyclable resins and materials. This will be more environmentally friendly," says Wada Farms' Stanger.

"I think microwave-friendly packaging of all types will become more popular as will fresh potatoes combined with meat and other vegetables for easy-meal solutions," states NPPGA's Kreis.

USPB's Johnson agrees, adding, "I think we'll see an increase in quick-and-easy fresh potato packaging options for the microwave, maybe the oven and even the grill."

IPC's Pemsler cites steam technology as a major breakthrough. "This was a technology that didn't exist a year ago. In many

cases, cooking at home has lost its appeal – unless convenience is involved."

CATEGORY GROWTH

"While fresh potato sales have been OK, they have not kept pace with the population growth," notes Johnson. "Our research indicates we're not losing consumers – we're losing frequency of consumption. Time-starved dual-income families, empty nesters and baby boomers looking for new items have all played a role. The refrigerated potatoes, specialty potatoes, organics, the Micro Baker, and package sizes under four pounds have done very well."

IPC's Pemsler says retailers could benefit from co-placement or tie-ins to promote full-meal sales. "We are saying to the customer, 'Here's a meal solution.' It presents a challenge to store management because they've got to allot space between departments. Department heads need to work together for increased sales of both products. This gives the consumer a quick, easy solution for providing a family meal."

Study demographics and match the supply and offerings, advises Stanger. "Beyond the baby-boomers, many young adults do not know how to cook like their parents," he stresses. "New value-added products assist us in keeping the consumption of potato



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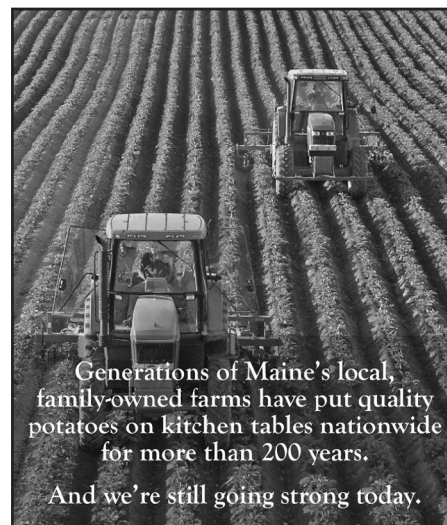
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