



Technomic®

Volumetric Assessment of the Foodservice Potato Market

Prepared for



December 31, 2107

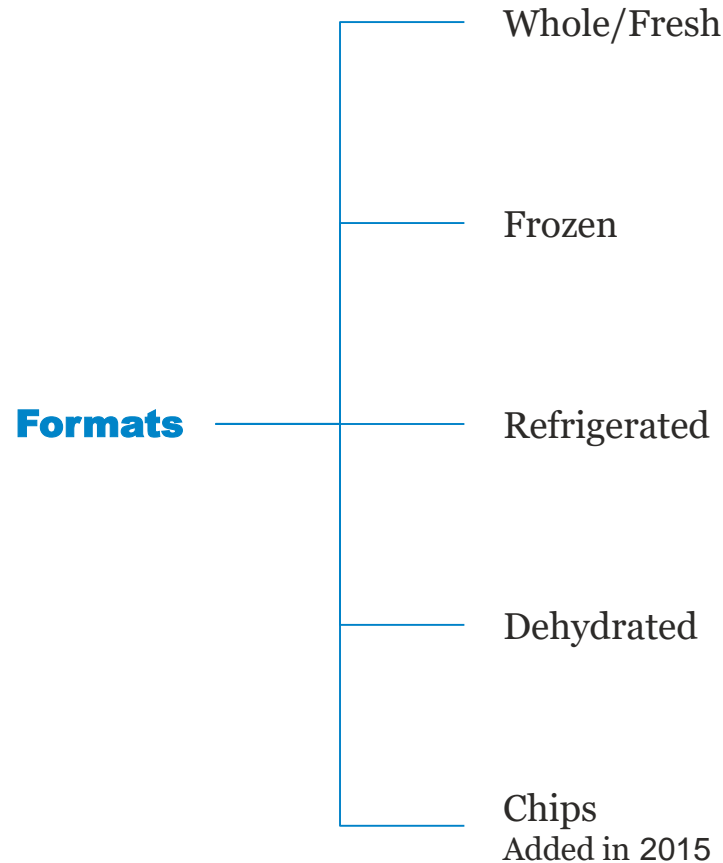
Project #17624
Add-on project #17787



Introduction

Technomic has provided updated volume data relating to both fresh and processed potatoes within the 2017 foodservice marketplace, as described on the right.

Furthermore, an additional deliverable for this year was quantification of applications for all potato formats including fresh, frozen, refrigerated, dehydrated, and chips. For example, within each segment, Technomic quantified what percent of fresh potato volume would be utilized in various applications, such as mashed, fries, casseroles, breakfast potatoes, soups/stews, etc. A comprehensive list of applications was determined using Technomic's MenuMonitor program to identify relevant applications for potatoes by format.



Methodology

For the sake of consistency, a similar methodology was employed as in previous years. Technomic obtained potato volume usage from foodservice operators including chain and independent restaurants, and beyond restaurant operators. To obtain enough information relative to fresh potato application data, a minimum quota of fresh potato users was included in our sample.

- 856 total foodservice operator respondents, distributed across commercial and non-commercial foodservice segments to be representative of the channel
- Within the respondent base, 735 respondents were users of fresh potatoes

Channel interviews were also conducted with 15 foodservice distributors as well as processed potato suppliers active in the foodservice business to confirm/validate market findings. All data obtained was analyzed and evaluated using Technomic's market sizing model.

Key Findings

1

Whole/fresh potatoes are performing stronger in limited service restaurants and exhibited volume growth in 2017. By comparison, volume for whole/fresh in the full service segment is down compared to 2016—driven largely by declines in the segment for business overall.

2

A similar dynamic exists within the frozen potato sector for limited and full service operators. Fresh fries account for the largest gains in limited service and largest declines in full service, respectively. Beyond restaurants, growth was observed in the travel and leisure segment. A decline in volume for retail hosts was also observed, driven by an intensified focus on fresh/whole.

3

Some softening of in the potato chip foodservice market occurred in 2017, with the category declining 1.5% compared to 2016. In addition to slowing performance within the sandwich sector, many consumers are seeking alternate side options, which also negatively impacted the market.

4

On an overall basis, the foodservice potato market grew 0.5% in 2017, driven by the frozen, whole/fresh and refrigerated categories. This growth rate is slightly slower than 2016, when the market grew 0.8%.

5

As an add-on request, Technomic also estimates the size of the meal kit potato market to be 9.4 million pounds and the online retail market to be 22.5 million pounds. Technomic will work with Potatoes USA and SRG to determine further application of these estimates.

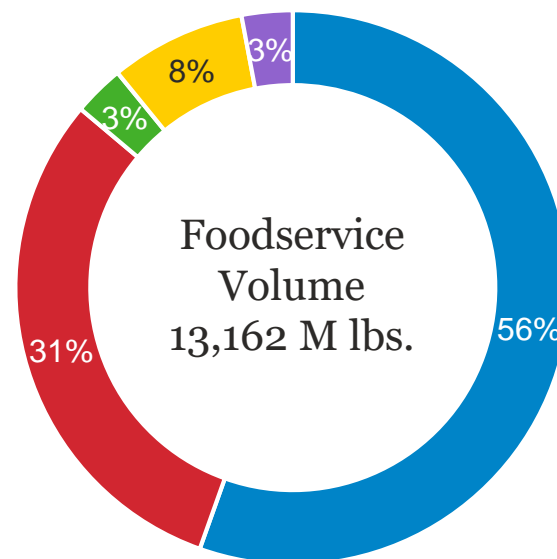
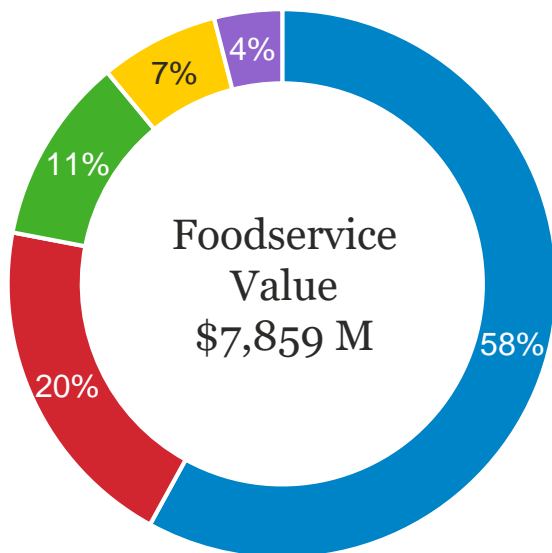
Key Findings

The frozen category accounts for the largest share of both volume and market value, followed by the whole/fresh category.

On an overall basis, the total shares that each category represent did not shift significantly in 2017.

However, changes within product types and segments occurred, which are detailed in the subsequent tables provided in this report.

Manufacturer Shipments



■ Frozen ■ Fresh ■ Chips ■ Dehydrated ■ Refrigerated

Potatoes in Foodservice (All Formats)

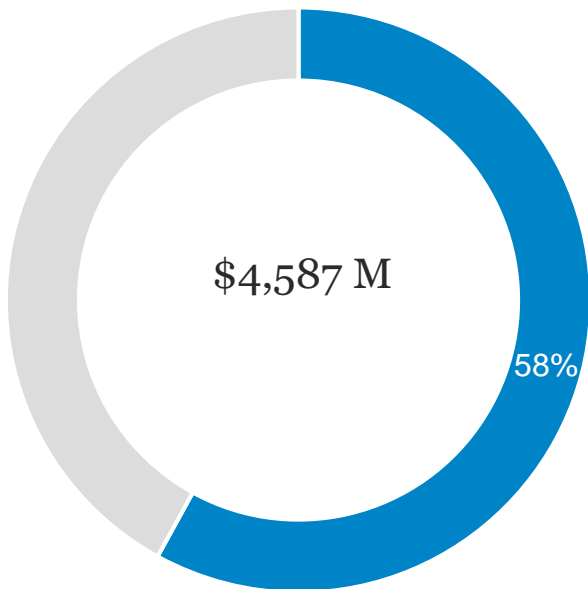
2017 Foodservice Potato Market – All Formats (Manufacturer Shipments)

Segment	\$			lbs.		
	MM	%	YOY Change (\$ MM)	MM	%	YOY Change (MM lbs.)
Restaurants	\$5,875	75%	\$123	9,901	75%	48
Limited Service	\$3,413	43%	\$92	5,463	42%	114
Full Service	\$2,462	31%	\$31	4,438	34%	-66
Beyond Restaurant	\$1,984	25%	\$68	3,261	25%	15
Travel & Leisure	\$499	6%	\$25	875	7%	14
Retail Hosts	\$211	3%	\$17	459	3%	11
Business & Industry	\$221	3%	\$4	467	4%	-10
College & University	\$236	3%	\$12	441	3%	5
K-12 Schools	\$251	3%	\$5	282	2%	-1
Healthcare	\$254	3%	\$5	482	4%	-1
Vending	\$186	2%	-\$2	84	1%	-3
All Other Foodservice	\$126	2%	\$2	171	1%	0
Total	\$7,859	100%	\$192	13,162	100%	65

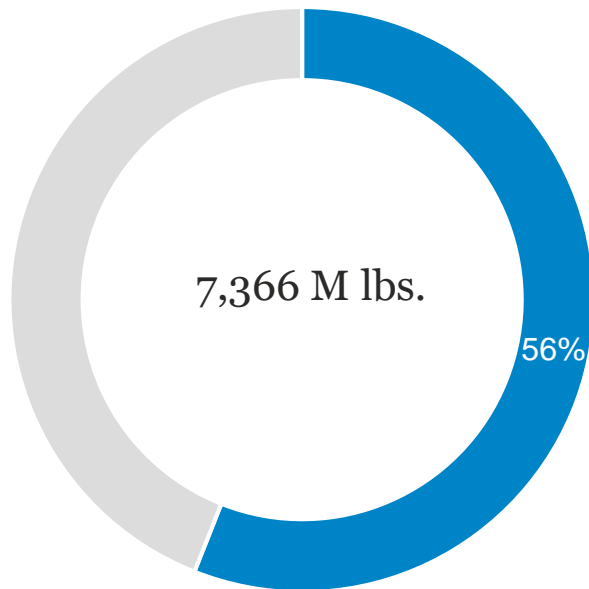
Note: The Travel & Leisure segment includes hotels and recreation venues. The Retail Hosts segment includes supermarkets and convenience stores. The Healthcare segment includes hospitals, long term care and senior living facilities.
Some totals may not add due to rounding

Frozen (Processed) Potatoes in Foodservice

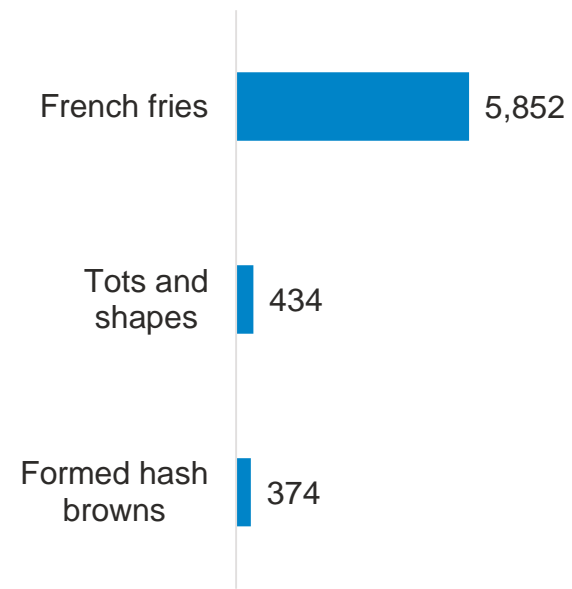
Manufacturer Shipments
Value and share



Manufacturer Shipments
Volume and share



Top 3 Menu Applications
M lbs.



Frozen (Processed) Potatoes in Foodservice

2017 Frozen (Processed) Foodservice Potato Market (Manufacturer Shipments)

Segment	\$			lbs.		
	MM	%	YOY Change (\$ MM)	MM	%	YOY Change (MM lbs.)
Restaurants	\$3,853	84%	\$106	5,977	81%	57
Limited Service	\$2,740	60%	\$108	4,414	60%	102
Full Service	\$1,113	24%	-\$2	1,563	21%	-45
Beyond Restaurant	\$734	16%	\$20	1389	19%	1
Travel & Leisure	\$186	4%	\$8	372	5%	7
Retail Hosts	\$45	1%	\$0	143	2%	-5
Business & Industry	\$94	2%	\$3	293	4%	1
College & University	\$90	2%	\$2	219	3%	0
K-12 Schools	\$182	4%	\$4	144	2%	-1
Healthcare	\$91	2%	\$2	145	2%	-1
Vending	N/A	N/A	N/A	N/A	N/A	N/A
All Other Foodservice	\$46	1%	\$1	73	1%	0
Total	\$4,587	100%	\$126	7,366	100%	58

Note: The Travel & Leisure segment includes hotels and recreation venues. The Retail Hosts segment includes supermarkets and convenience stores. The Healthcare segment includes hospitals, long term care and senior living facilities.
Some totals may not add due to rounding

Frozen (Processed) Potatoes in Foodservice

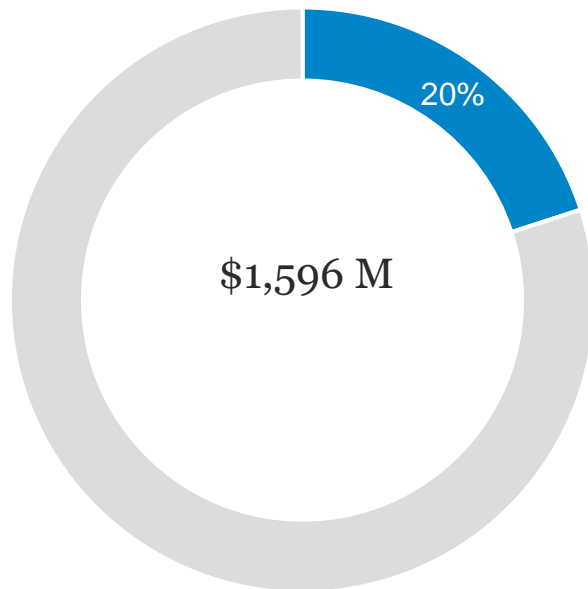
2017 Frozen (Processed) Foodservice Potato Market Menu Applications

Segment	All		French fries		Tots and shapes		Formed hash browns		Other break-fast potato		Loose hash browns	
	MM lbs.	%	MM lbs.	%	MM lbs.	%	MM lbs.	%	MM lbs.	%	MM lbs.	%
Restaurants	5,977	81%	4,904	84%	303	70%	318	85%	148	81%	117	82%
Limited Service	4,414	60%	3,848	66%	82	19%	283	76%	22	12%	19	13%
Full Service	1,563	21%	1,056	18%	221	51%	35	9%	126	69%	98	69%
Beyond Restaurant	1,389	19%	948	16%	131	30%	56	15%	35	19%	26	18%
Travel & Leisure	372	5%	229	4%	36	8%	14	4%	15	8%	12	8%
Retail Hosts	143	2%	28	0%	30	7%	2	1%	4	2%	3	2%
Business & Industry	293	4%	232	4%	13	3%	7	2%	4	2%	3	2%
College & University	219	3%	173	3%	13	3%	7	2%	4	2%	3	2%
K-12 Schools	144	2%	114	2%	9	2%	15	4%	4	2%	3	2%
Healthcare	145	2%	114	2%	26	6%	7	2%	2	1%	1	1%
Vending												
All Other Foodservice	73	1%	58	1%	4	1%	4	1%	2	1%	1	1%
Total	7,366	100%	5,852	100%	434	100%	374	100%	183	100%	143	100%

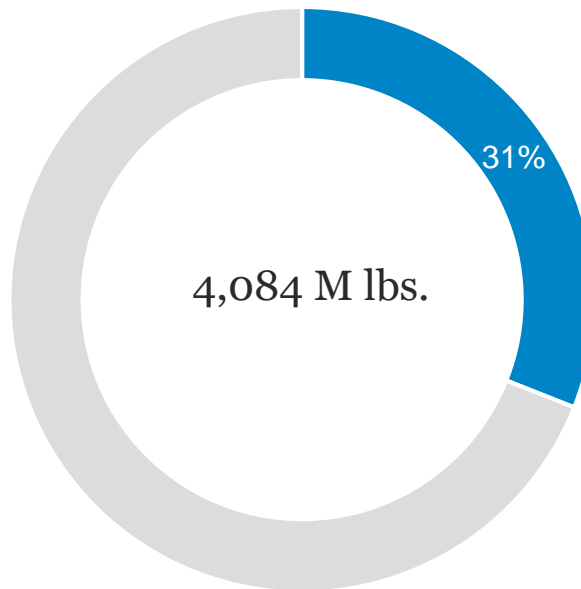
Note: Some totals may not add due to rounding

Whole/Fresh Potatoes in Foodservice

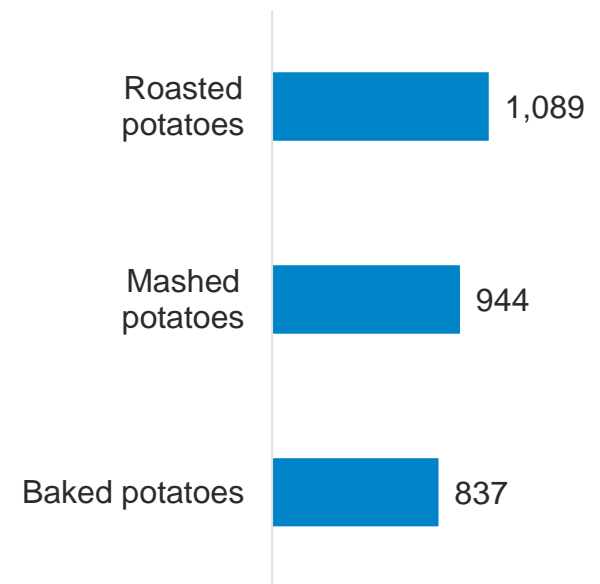
Manufacturer Shipments
Value and share



Manufacturer Shipments
Volume and share



Top 3 Menu Applications
M lbs.



Whole/Fresh Potatoes in Foodservice

2017 Whole/Fresh Foodservice Potato Market (Manufacturer Shipments)

Segment	\$			lbs.		
	MM	%	YOY Change (\$ MM)	MM	%	YOY Change (MM lbs.)
Restaurants	\$1,147	72%	\$34	2,951	72%	19
Limited Service	\$217	14%	\$16	627	15%	35
Full Service	\$930	58%	\$18	2,324	57%	-16
Beyond Restaurant	\$449	28%	\$15	1,133	28%	9
Travel & Leisure	\$144	9%	\$5	326	8%	2
Retail Hosts	\$84	5%	\$7	215	5%	12
Business & Industry	\$40	3%	-\$3	108	3%	-10
College & University	\$48	3%	\$2	124	3%	2
K-12 Schools	\$32	2%	\$1	82	2%	1
Healthcare	\$86	5%	\$3	237	6%	2
Vending	N/A	N/A	N/A	N/A	N/A	N/A
All Other Foodservice	\$15	1%	\$0	41	1%	0
Total	\$1,596	100%	\$49	4,084	100%	28

Note: The Travel & Leisure segment includes hotels and recreation venues. The Retail Hosts segment includes supermarkets and convenience stores. The Healthcare segment includes hospitals, long term care and senior living facilities.
Some totals may not add due to rounding

Whole/Fresh Potatoes in Foodservice

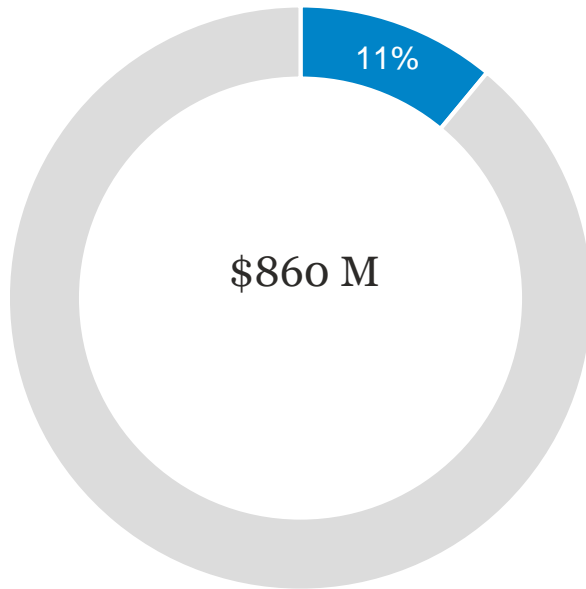
2017 Whole/Fresh Foodservice Potato Market Menu Applications

Segment	All		Roasted Potatoes		Mashed		Baked Potatoes		Other Potato Side		Other Potato Entree	
	MM lbs.	%	MM lbs.	%	MM lbs.	%	MM lbs.	%	MM lbs.	%	MM lbs.	%
Restaurants	2,951	72%	786	72%	711	75%	603	72%	551	69%	302	72%
Limited Service	627	15%	135	12%	81	9%	79	9%	287	36%	49	12%
Full Service	2,324	57%	651	60%	630	67%	524	63%	264	33%	253	60%
Beyond Restaurant	1,133	28%	303	28%	233	25%	234	28%	244	31%	118	28%
Travel & Leisure	326	8%	87	8%	87	9%	67	8%	62	8%	25	6%
Retail Hosts	215	5%	57	5%	60	6%	44	5%	36	5%	18	4%
Business & Industry	108	3%	29	3%	9	1%	23	3%	36	5%	12	3%
College & University	124	3%	33	3%	19	2%	25	3%	32	4%	13	3%
K-12 Schools	82	2%	21	2%	10	1%	17	2%	23	3%	8	2%
Healthcare	237	6%	65	6%	38	4%	50	6%	47	6%	38	9%
Vending												
All Other Foodservice	41	1%	11	1%	10	1%	8	1%	8	1%	4	1%
Total	4,084	100%	1,089	100%	944	100%	837	100%	795	100%	420	100%

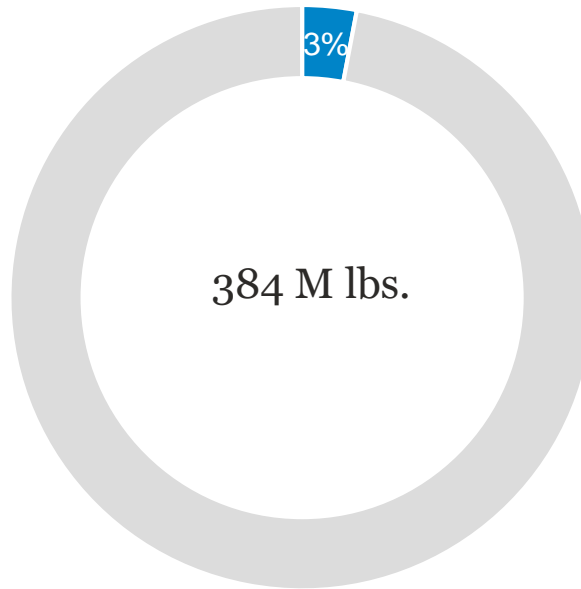
Note: Some totals may not add due to rounding

Potato Chips in Foodservice

Manufacturer Shipments
Value and share



Manufacturer Shipments
Volume and share



Potato Chips in Foodservice

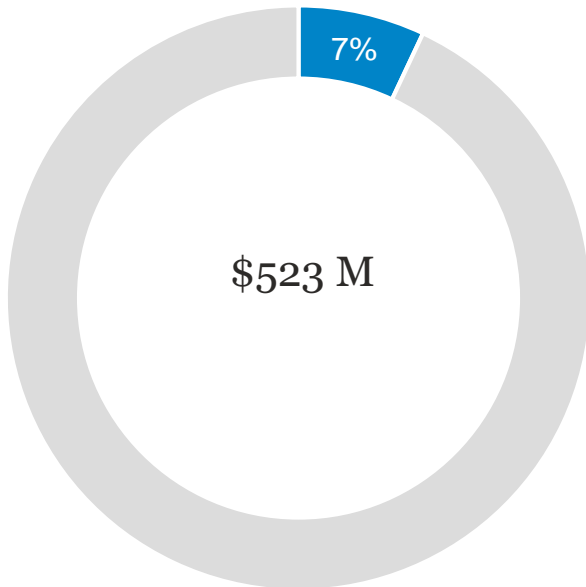
2017 Foodservice Potato Chip Market (Manufacturer Shipments)

Segment	\$			lbs.		
	MM	%	YOY Change (\$ MM)	MM	%	YOY Change (MM lbs.)
Restaurants	\$385	45%	-\$20	175	46%	-13
Limited Service	\$310	36%	-\$31	144	38%	-17
Full Service	\$75	9%	\$11	31	8%	4
Beyond Restaurant	\$475	55%	\$27	209	54%	7
Travel & Leisure	\$75	9%	\$7	29	8%	2
Retail Hosts	\$30	3%	\$9	14	4%	4
Business & Industry	\$57	7%	\$6	25	7%	2
College & University	\$49	6%	\$6	22	6%	2
K-12 Schools	\$9	1%	\$0	4	1%	0
Healthcare	\$17	2%	\$0	8	2%	0
Vending	\$186	22%	-\$2	84	22%	-3
All Other Foodservice	\$52	6%	\$1	23	6%	0
Total	\$860	100%	\$7	384	100%	-6

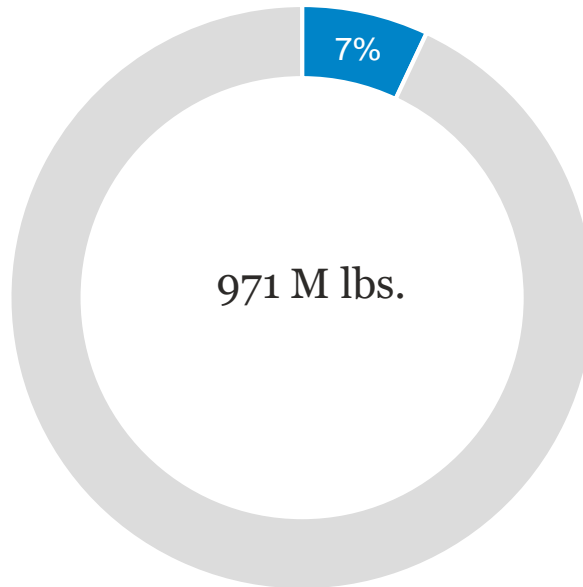
Note: The Travel & Leisure segment includes hotels and recreation venues. The Retail Hosts segment includes supermarkets and convenience stores. The Healthcare segment includes hospitals, long term care and senior living facilities.
Some totals may not add due to rounding

Dehydrated (Processed) Potatoes in Foodservice

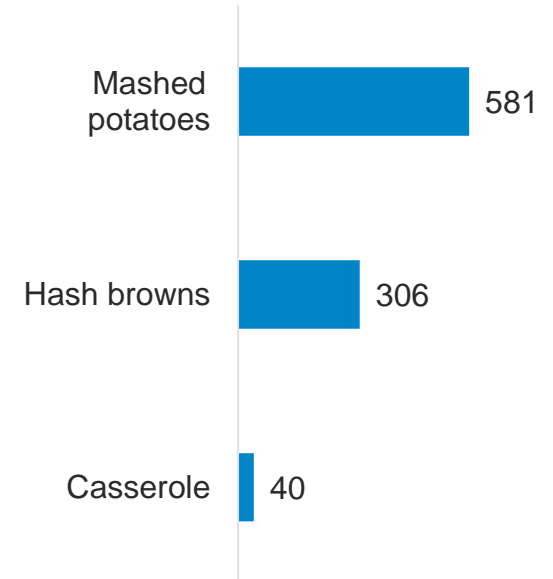
Manufacturer Shipments
Value and share



Manufacturer Shipments
Volume and share



Top 3 Menu Applications
M lbs.



Dehydrated (Processed) Potatoes in Foodservice

2017 Dehydrated (Processed) Foodservice Potato Market (Manufacturer Shipments)

Segment	\$			lbs.		
	MM	%	YOY Change (\$ MM)	MM	%	YOY Change (MM lbs.)
Restaurants	\$312	60%	-\$2	579	60%	-16
Limited Service	\$110	21%	\$0	234	24%	-4
Full Service	\$202	39%	-\$2	345	36%	-12
Beyond Restaurant	\$211	40%	\$2	392	40%	-4
Travel & Leisure	\$54	10%	\$2	100	10%	1
Retail Hosts	\$38	7%	\$1	69	7%	0
Business & Industry	\$20	4%	-\$1	28	3%	-2
College & University	\$27	5%	\$0	49	5%	-1
K-12 Schools	\$25	5%	\$0	48	5%	-1
Healthcare	\$37	7%	\$0	68	7%	-1
Vending	N/A	N/A	N/A	N/A	N/A	N/A
All Other Foodservice	\$10	2%	\$0	30	3%	0
Total	\$523	100%	\$0	971	100%	-20

Note: The Travel & Leisure segment includes hotels and recreation venues. The Retail Hosts segment includes supermarkets and convenience stores. The Healthcare segment includes hospitals, long term care and senior living facilities.

Some totals may not add due to rounding

*Reconstituted pounds.

Dehydrated (Processed) Potatoes in Foodservice

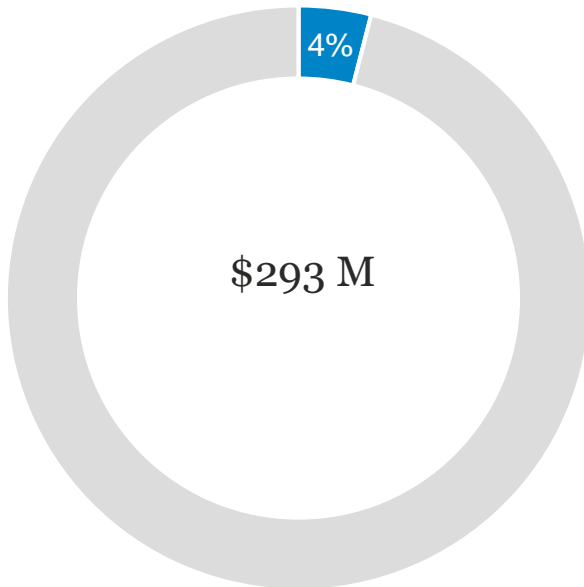
2017 Dehydrated (Processed) Foodservice Potato Market Menu Applications

Segment	All		Mashed		Hash browns – loose		Casserole	
	MM lbs.	%	MM lbs.	%	MM lbs.	%	MM lbs.	%
Restaurants	579	60%	304	52%	252	82%	9	23%
Limited Service	234	24%	196	34%	36	12%	2	5%
Full Service	345	36%	108	19%	216	71%	7	18%
Beyond Restaurant	392	40%	277	48%	54	18%	31	78%
Travel & Leisure	100	10%	76	13%	18	6%	6	15%
Retail Hosts	69	7%	44	8%	6	2%	1	3%
Business & Industry	28	3%	18	3%	6	2%	6	15%
College & University	49	5%	25	4%	6	2%	6	15%
K-12 Schools	48	5%	40	7%	6	2%	2	5%
Healthcare	68	7%	55	9%	3	1%	9	23%
Vending								
All Other Foodservice	30	3%	19	3%	9	3%	1	3%
Total	971	100%	581	100%	306	100%	40	100%

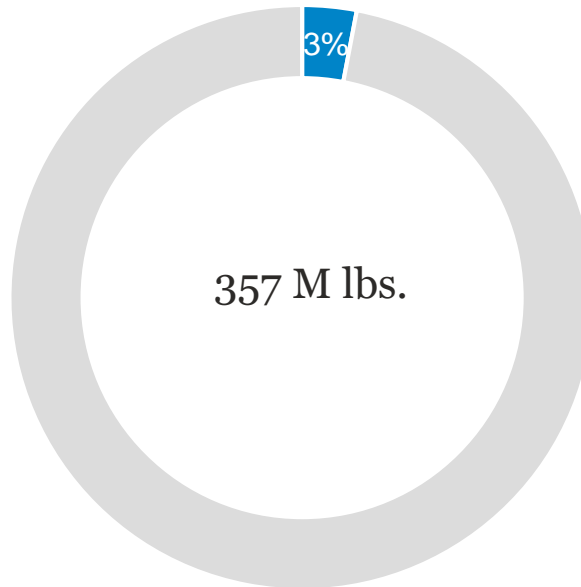
Note: Some totals may not add due to rounding

Refrigerated (Processed) Potatoes in Foodservice

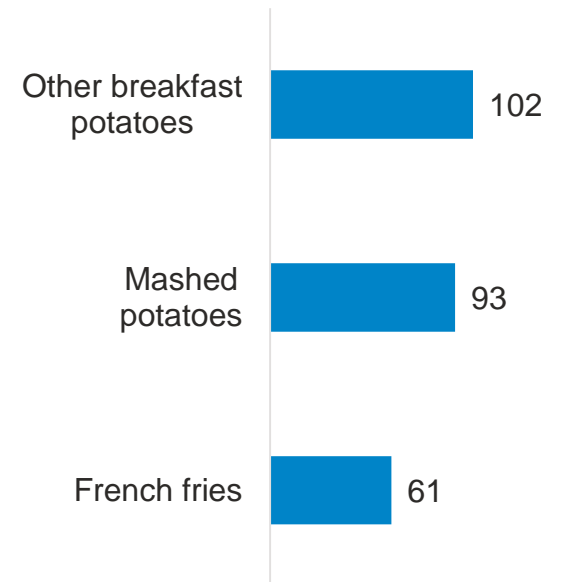
Manufacturer Shipments
Value and share



Manufacturer Shipments
Volume and share



Top 3 Menu Applications
M lbs.



Refrigerated (Processed) Potatoes in Foodservice

2017 Refrigerated (Processed) Foodservice Potato Market (Manufacturer Shipments)\$

Segment	\$			lbs.		
	MM	%	YOY Change (\$ MM)	MM	%	YOY Change (MM lbs.)
Restaurants	\$178	61%	\$5	219	61%	1
Limited Service	\$36	12%	-\$1	44	12%	-2
Full Service	\$142	48%	\$6	175	49%	3
Beyond Restaurant	\$115	39%	\$4	138	39%	2
Travel & Leisure	\$40	14%	\$3	48	13%	2
Retail Hosts	\$14	5%	\$0	18	5%	0
Business & Industry	\$10	3%	-\$1	13	4%	-1
College & University	\$22	8%	\$2	27	8%	2
K-12 Schools	\$3	1%	\$0	4	1%	0
Healthcare	\$23	8%	\$0	24	7%	-1
Vending	N/A	N/A	N/A	N/A	N/A	N/A
All Other Foodservice	\$3	1%	\$0	4	1%	0
Total	\$293	100%	\$9	357	100%	3

Note: The Travel & Leisure segment includes hotels and recreation venues. The Retail Hosts segment includes supermarkets and convenience stores. The Healthcare segment includes hospitals, long term care and senior living facilities.
Some totals may not add due to rounding

Refrigerated (Processed) Potatoes in Foodservice

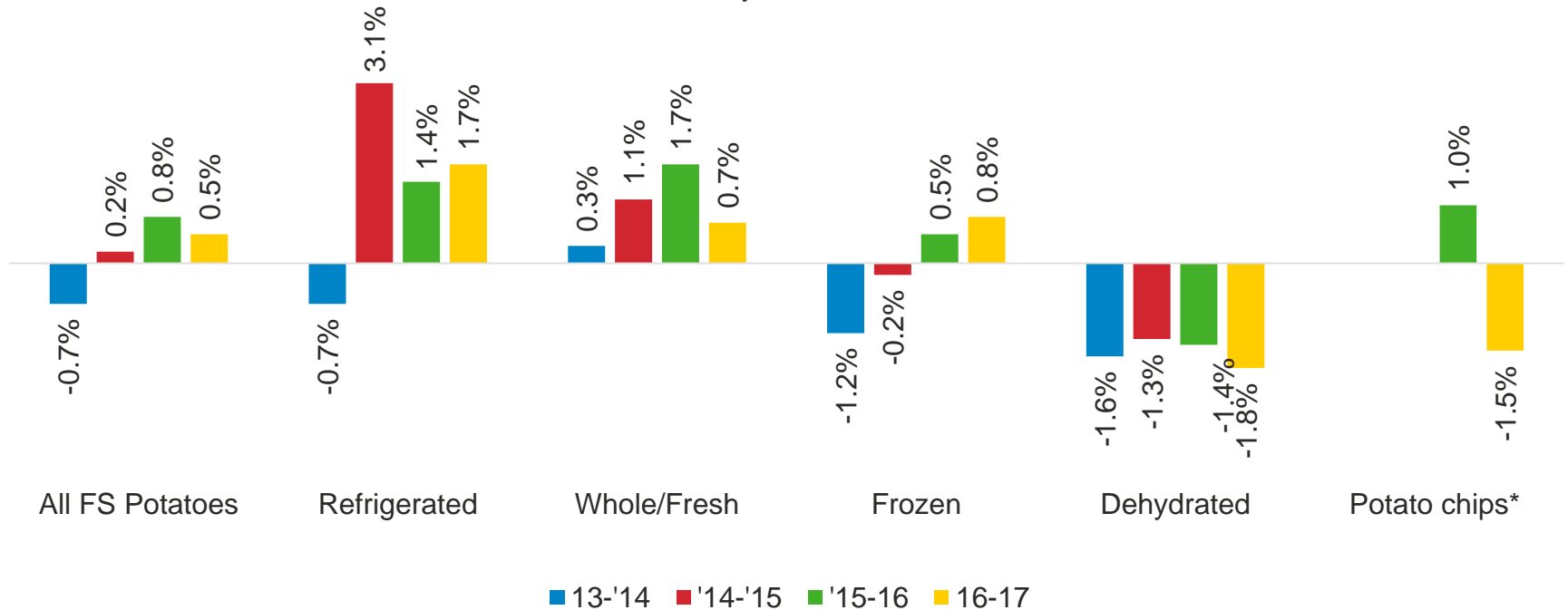
2017 Refrigerated (Processed) Foodservice Potato Market Menu Applications

Segment	All		Mashed		Other breakfast potatoes		French fries		Hash browns – loose	
	MM lbs.	%	MM lbs.	%	MM lbs.	%	MM lbs.	%	MM lbs.	%
Restaurants	219	61%	52	56%	59	58%	42	69%	29	63%
Limited Service	44	12%	14	15%	13	13%	11	18%	4	9%
Full Service	175	49%	38	41%	46	45%	31	51%	25	54%
Beyond Restaurant	138	39%	41	44%	43	42%	19	31%	17	37%
Travel & Leisure	48	13%	13	14%	15	15%	8	13%	6	13%
Retail Hosts	18	5%	7	8%	7	7%	3	5%	2	4%
Business & Industry	13	4%	3	3%	3	3%	2	3%	2	4%
College & University	27	8%	6	6%	6	6%	3	5%	3	7%
K-12 Schools	4	1%	2	2%	2	2%	1	2%	0	0%
Healthcare	24	7%	7	8%	7	7%	1	2%	4	9%
Vending										
All Other Foodservice	4	1%	3	3%	3	3%	1	2%	0	0%
Total	357	100%	93	100%	102	100%	61	100%	46	100%

Note: Some totals may not add due to rounding

Growth by Format

Foodservice Potato Volume Growth
By format



*Potato chips added as a category in 2015, therefore no comparative data for 2014 – 2015 is available.

Questions?



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