



STRATEGIC PLAN

Effective July 2018



I. STRATEGIC PLAN

MISSION, VISION, VALUES

- **MISSION:** Strengthen demand for U.S. Potatoes
- **VISION:** Create positive change in the industry through innovative and inspiring approaches

■ WE VALUE:

Stewardship

- Wisely managing our human, natural and material resources

Forward thinking

- Innovative and future-focused thinking in all that we do to grow long-term demand vs. short-term sales

Transparency

- Saying what we mean, matching our behaviors to our words and building trust in all our actions

Respect

- Open communication, diverse idea sharing and respectful engagement throughout the industry

Collaboration

- Working together with state, regional and national organizations, as well as other industry or commodity groups when appropriate, for the greater good of the industry

Accountability

- Assessing our performance and proactively pursuing a results-driven culture

GOALS

- Establish new markets for potatoes
- Increase new channels for, and usage of, potatoes
- Improve perception of the nutrition and health benefits of potatoes
- Optimize coordination of national and regional research efforts
- Expand awareness, understanding, engagement and involvement of board members and industry

STRATEGIC INITIATIVE FILTERS

The potato industry faces multiple challenges as well as multiple opportunities each year. However, resources are not unlimited, and decisions must be made on how we allocate our resources. Filters are used to create a transparent and unbiased decision-making process that staff, members of the Board and other industry members can clearly understand. Hard filters are yes/no questions. If the answer to a hard filter is no as it relates to the initiative under consideration, it is immediately dropped. If the answer is yes, the initiative moves forward to the soft filter questions. Soft filters are a rating system with overall scores calculated based on all questions. The initiatives that rate highest will most likely be the first to be funded. This will help us allocate our limited resources in a manner that is clear and easy to understand.

■ HARD FILTERS

- Can it be done under the legislation governing the National Potato Promotion Board?
- Is the risk level acceptable? Politically? Financially?

■ SOFT FILTERS

- Does it create long-term demand for potatoes?
- What is the cost vs. benefit (cost per unit of demand strengthening)?
- Does it create net new demand?
- Does it deliver a measurable impact?
- Is it innovative?
- Does it enhance our competitive position?
- What is the breadth of impact across the industry?
- Does it deliver a positive nutritional message?
- Does it improve grower and industry engagement or involvement?
- Is it scalable and actionable for the industry?
- Does it inspire changes in behavior?
- Does it create program or funding leverage internally or externally?



II. PROGRAM PLANS

DOMESTIC MARKETING

■ OBJECTIVES

- More people eating more potatoes in more ways
- Consumers know potatoes as a performance food

■ POINT OF VIEW

The potato is the number one vegetable sold in retail and it is the number one side dish in foodservice. Retaining these leadership positions will be difficult and improving upon them even more so, but that is the objective. The strengths in the domestic market include affordability, consumer affinity, versatility, widespread consumption, positive nutrition factors, consistent supply and a “feel-good” farming story. These are all important factors upon which we will build proactive, programmatic approaches. The farming story and sustainability message will be studied further to determine the potential to create connection with consumers and positively impact demand.

Potatoes are challenged by negative health perceptions, especially given that two of the most popular forms are fried and that many preparation or serving approaches include ingredients that are high in calories. Many consumers view potatoes as a contributor to weight gain, although these perceptions are improving, especially with younger generations. This change in perception creates unique long-term opportunities. Additionally, many consumers view potatoes as boring or old fashioned with limited preparation options. Consumers also view potatoes as inconvenient to buy and prepare. Further, the potato industry can be slow to change and adapt with innovative products, packaging and available varieties.

External forces affecting the marketplace compete with our efforts to build demand and maintain market share. We compete with efforts of suppliers of other foods racing to

brand themselves the “it” food in taste, ideology, health or cultural focus. Retail aisles and restaurant menus are filling up with competitors focused on the consumers’ changing moods, habits and expectations.

There’s no reason potatoes can’t reinvent themselves to be “exciting” and “healthy.” Given the versatility of potatoes and new processing technologies, the opportunity to innovate is unlimited. We will develop new allies and partner potatoes with any item through creativity and innovation. To strengthen demand for potatoes, the Board’s programs will focus on the opportunities for potatoes with all products in all sectors.

We will be bold and inspiring and take chances. We will change perceptions and realities. Some of these perception changes will be addressed through education and smart, relevant marketing. Fundamental market challenges will require increased innovation in products, packaging and potato varieties.

Change is difficult for any major, mature industry. What’s at risk without innovation, diversification and renewed perceptions is not just sales, but relevance. To motivate consumers to “want more potatoes in more ways,” we will be specific and compelling in our value proposition. We will provide consumers new ways to buy and enjoy potatoes, while providing them with one good reason to do so.

■ STRATEGIES

- Inspire potato innovation across all channels
- Promote potatoes as a performance food
- Cultivate strategic partnerships
- Advocated for scientific research to demonstrate potatoes role in enhancing physical and mental performance

■ PROGRAMS

- Consumers
- Nutrition Professionals
- Foodservice
- Retail
- Ingredient

■ SUPPORTING PROGRAMS

- Research and Evaluation
- Reputation Management



INTERNATIONAL MARKETING

■ OBJECTIVES

- Increase U.S. potato exports across all product types
- Expand access for U.S. potatoes across the globe
- More people eating more U.S. potatoes in more ways
- Consumers know U.S. potatoes for their nutritional benefits

■ POINT OF VIEW

U.S. potato exports have been an engine of growth for the industry for over 30 years and account for 18% of sales of U.S. potatoes. Growing demand in international markets has caught the attention of potato producers in competitor countries. Many of these competitors expanded their acreage and processing capacity in the past 10 years, significantly increasing competition to U.S. potatoes and potato products. Competition is made more difficult by the strong U.S. dollar and the higher cost of U.S. freight. Many of these potato-producing countries are focused on exports; the U.S. industry has traditionally been much less focused on exports.

The relatively low consumption of potatoes in most target international markets, presents an opportunity and challenge. In many markets potatoes are not widely grown and there is great upside potential for growth in demand. The lack of preconceived notions about potatoes allows for greater and easier innovation and facilitates opportunities for adoption of new products, dishes and uses. These opportunities are countered by lack of familiarity with potatoes and potato products. We must counter or adapt to strong preferences for traditional foods. Where there is local production of potatoes, the local industry may be protected by the local government, creating access issues for U.S. potatoes.

The international marketing program is challenged by the different stages of development of the markets. Within the markets, access for different products varies and the demand by sector is inconsistent. To address these issues and focus the programs on efforts with the best potential for success, a matrix has been developed to guide where investments should occur. The matrix is by market and by sector within



each market. The international program currently targets countries where greatest demand can be generated in the near term. The Board will also help position the industry to take advantage of future growth opportunities. New market exploration will continue identifying locations the Board should pursue in the future.

Misperceptions of potato nutrition are also widespread in the international markets. The nutrition misperceptions are exacerbated by the fact that fried products dominate U.S. exports. While not as prevalent in the international markets, U.S. potatoes and products have fallen into usage ruts in the more established international markets. Food safety is a big issue in the international markets. Fortunately, U.S. foods are viewed as being safe, so this can be a strong selling point.

Similarities between the international and domestic markets means the same strategies and programs can be utilized, improving efficiencies and creating exciting synergies. We must still allow for all international programs to adapt to the local needs and culture and be implemented based on the market situation. The worldwide demand for food is going to continue to grow; it is our challenge and opportunity to make sure U.S. potatoes are a key source of food.

■ STRATEGIES

- Work in high-opportunity markets, channels and forms
- Increase market access for U.S. potatoes through work with allied interests in the markets, the U.S. government and U.S. industry
- Educate targets on the benefits and usage of U.S. potatoes
- Showcase U.S. potatoes in on-trend applications
- Inspire potato innovation across all channels
- Elevate the industry's engagement in international opportunities
- Cultivate strategic partnerships to leverage industry resources
- Determine new opportunities around the globe for the U.S. industry to pursue

■ PROGRAMS

- Foodservice
- Retail
- Ingredient
- Consumer Relations
- Seed Potato Exports

■ SUPPORTING PROGRAMS

- Market Access and Reputation Management
- New Market Exploration and Development



RESEARCH

■ OBJECTIVES

- Provide leadership to the U.S. potato industry's research efforts
- Institutionalize variety development programs in the chip and fry sectors, while increasing transparency
- Create a robust body of nutritional evidence to promote the health and lifestyle benefits of potato consumption
- Enhance the availability of research data to U.S. potato growers
- Where possible, obtain outside resources to increase the overall research budget

■ POINT OF VIEW

The complexity of the potato drives research of this popular vegetable. As varied and versatile as potatoes are, many unique challenges face each sector (chip, fry, fresh, dehy) and individual varieties within each sector. When geographic tendencies and the associated stresses—environmental, pest and disease—on potatoes are considered, research variables and opportunities within the potato industry increase exponentially.

State, regional and sector interests frequently compete for limited research resources in an effort to strengthen the competitive position of their respective growers. As the nation's primary research, education and marketing entity for the potato industry, the Board is uniquely positioned to take a leadership role in helping coordinate and guide the industry's research efforts.

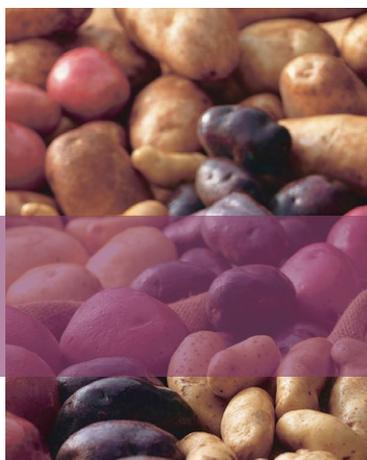
There is also the real threat of the perceived lack of nutrition in potatoes. Due to the nature of this threat, the industry must adopt a long-term strategy to address it, regardless of whether that research is sponsored exclusively by the Board or in conjunction with affiliated organizations within the industry.

As with most research, resources necessary for a robust effort are substantial. Research may or may not be pursued because of resources available to pay for the research. The ability to combine or leverage resources whenever possible can create a more positive outcome.

Regardless of the type of research, it is only as good as the Board's ability to communicate the results, whether the audience consists of growers, processors, researchers, consumers, policymakers or a combination thereof. Therefore, it is critical for the Board to proactively share the results of research.

■ STRATEGIES

- Identify attainable research opportunities with broad appeal within the industry through regular communication and coordination with industry leaders
- Leverage Board funding with additional state, federal and private funding to increase the impact of research
- Standardize all institutional data and knowledge for the industry
- Focus the research sponsored by the Alliance for Potato Research and Education on the areas of greatest potential positive impact for the U.S. potato industry, including areas of future threats
- Publish research findings and data



INDUSTRY OUTREACH

■ OBJECTIVES

- Expand awareness in the U.S. potato industry of marketing and research programs
- Create an understanding in the industry of how these programs strengthen demand for potatoes
- Increase engagement and involvement by the industry in programs and activities
- Establish Potatoes USA as the go-to resource
- Protect and enhance the good reputation of U.S. potatoes and the U.S. potato industry

■ POINT OF VIEW

Potatoes USA implements an array of marketing and research programs to promote all aspects of the potato industry in every potential target market. These programs are effective but challenging to convey due to their complexity and volume.

The potato industry has many competing priorities. It is the challenge of Grower Relations to ensure industry members are informed of all activities undertaken to strengthen demand for potatoes. It is challenging to communicate intangible benefits of marketing programs to potato farmers due to their inherent focus on production and bottom-line sales. This is compounded by different approaches to information and communication technologies in the industry.

Additional challenges are created by the diversity of the potato industry and where, what and how businesses and farmers operate. Commercial potato production is in more than 35 states and farm sizes range from 5 acres to over 50,000 acres. The industry is also very specialized in what it produces and for what markets. There are multitudes of varieties grown and a variety of business approaches around long-term storage, direct to processor marketing, long-term contracts, open domestic and export sales strategies. Growers are members of very different sales organizations—from their own sheds to cooperatives to large companies. All of these differences mean they are interested in, and respond to, different messages and information.

But everyone shares a passion for potatoes.



Grower Relations will distill the Board's programs down to meaningful yet brief, and interesting, messages. They will be delivered in a succinct and relevant manner that reaches all aspects of the industry on the appropriate platform. These efforts will inform a very broad base, increase understanding on a few key specifics and, most importantly, generate engagement and involvement.

The ultimate goal is the industry will know the what, why, how and where of the programs, but most importantly: "why it is important to me." This will be accomplished in a cost-effective manner to maximize funding for programs to strengthen the demand for potatoes, and minimize the amount invested in "talking to ourselves."

Grower Relations communications will be collaborative. Just as it is important to communicate to the industry, the Grower Relations program will listen and respond to the industry. We will monitor the pulse of the industry and provide information to the Executive Committee and management staff. Concerns and dissatisfaction will be identified and addressed early on. New ideas on how to improve the industry and Potatoes USA programs will be conveyed to those who can make the ideas a reality.

■ STRATEGIES

- Utilize all appropriate and effective communication channels and tools to cost effectively and efficiently communicate with the U.S. potato industry
 - Develop succinct and relevant messages focused on "why it is important to me"
 - Employ calls to action in communications to increase engagement
- Educate and train Board members on how to effectively communicate the marketing and research programs stewarded by Potatoes USA
- Increase cooperation and coordination with state and national potato organizations
- Understand the pulse of the industry and convey opportunities, new ideas and concerns to the leadership
- Identify and prepare for adverse issues that could impact the industry

