

## MSU Product Center

*For Agriculture and Natural Resources*

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### **Fresh Potatoes – Few opportunities**

#### **Market drivers that provide many opportunities**

- There are **few** opportunities for fresh potatoes to appeal to the demand drivers of **convenience, ethnicity, indulgence** and **value**.

#### **Specific Opportunities**

- Fresh potatoes are not considered a convenient product. They require preparation by the person preparing the meal. This demand driver works against fresh potatoes.
- There may be some potential to appeal to the demand driver of indulgence by offering rare heritage varieties of potatoes to consumers.
- Many consumers believe that fresh potatoes are a commodity. Basic performance at a low price is very important. Given the maturity and the well defined supply chain, developing products or markets that appeal to the demand driver of value will be very difficult.
- There are also very few opportunities to appeal to the demand driver of ethnicity. Many ethnic groups are not major consumers of fresh potatoes.

#### **New product examples**

- A search of the Global New Products Database yielded no new product introductions in fresh potatoes in the U.S. market.
- Most innovations in the industry have been at the farm level. Potato varieties are being developed or existing varieties are being improved in order to meet the quality and taste standards of consumers and processors.
- In the eyes of most consumers potatoes are a commodity, performance at a low price is the overriding concern.

#### **Special issues**

- The fresh potato market is very mature, and the supply chain is well established. Contracting is common. This creates a barrier to entry for new firms and products.
- There may be potential to sell the product in farmer's markets and roadside stands.

#### **Key to success**

- Produce at a low cost. Given the level of integration in this market, a guaranteed outlet for the products produced is very important.

#### **Sources**

Salazar and Bush. Standards and Strategies in the Michigan Potato Industry, Research Report No. 576. East Lansing, Michigan Agricultural Experiment Station, 2001.

Mintel. Side Dishes.

\_\_\_\_\_. Global New Products Database.