

MSU Product Center

For Agriculture and Natural Resources

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Processed Potatoes – Selective opportunities

Market drivers that provide many opportunities

- There are **selective** opportunities for processed potato products to appeal to the demand drivers of **convenience**, **ethnicity**, and **indulgence**.

Specific Opportunities

- The processed potato market is based on providing convenience, but potential still exists to develop single serve packaging and enhanced ease of use.
- Developing flavors that appeal to ethnic markets have strong potential. Asian flavors hold particular promise; examples include curry flavor, sesame, etc.
- The same trend holds true for flavors that appeal to Hispanic tastes. Examples include pepper flavored or guacamole flavored.
- New flavors could also be used to appeal to the demand driver of indulgence. Another way to appeal to indulgence is through the use of upscale packaging and through sales to gourmet stores.
- New flavors can also be used to appeal to indulgence and ethnicity in the fry industry. Few new products have been introduced in the important food service market. There is a potential provided the fries meet the price parameters set by the restaurants and food service vendors.
- Potatoes are a naturally healthy food, but have been traditionally processed in an unhealthy way. There is a potential to develop organic, low sodium, and low fat processed potato products that appeal to wellness.

New product examples

- Despite the maturity of the industry there continues to be a steady stream of new product introductions. Many of these introductions appeal to convenience. Processed potato products that are a component of frozen dinners are also common.
- Blue Ridge Farms, Potato Salad.
- Save-A-Lot Foods, Four Cheese Instant Mashed Potatoes.
- ConAgra, Lamb Weston Inland Valley, Triple Cheese Twice Baked Potatoes, frozen.

Special issues

- These markets are very mature, and the supply chain is well established. Contracting is common. Meeting size criteria is important, especially with respect to the fry industry. This creates a barrier to entry for new firms and products. Furthermore some of the firms such as Frito Lay are very large and well established. Obtaining retail space may also present difficulties.
- Selling to gourmet stores and ethnic stores may present some opportunities.

Key to success

- Given the level of integration in this market, a guaranteed outlet for the products produced is very important. Try to link indulgence and ethnicity with other product attributes such as wellness to differentiate your product from the others.

Sources

Mintel. Side Dishes.

_____. Salty Snacks.

_____. Global New Products Database.

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