Second Report on Project to Enable Ontario's Potato Industry to Capture Added Value

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The Ontario Potato Board, Loblaw Companies Limited, and Downey Farms are collaborating with the Value Chain Management Centre and George Mitges and Associates to identify how Ontario's fresh potato industry can capture greater value from the market, by determining market opportunities and enhancing the management capabilities of businesses from "gate to plate."

This is being achieved through undertaking three interconnected activities. The first is a detailed study of Ontario consumers' attitudes towards potatoes and purchasing habits when buying fresh potatoes. Secondly, a review of international potato marketing practices was conducted to identify approaches and formats that could suit Ontario's potato market. A third activity — identifying opportunities to reduce costs or increase revenues throughout the process of producing, packing, distributing, and marketing Ontario grown potatoes — is being conducted by interviewing producers, marketers, and other industry experts.

The consumer research encompassed 1,053 consumers, polled through online surveys and intercept interviews conducted in Loblaw stores. 835 consumers also participated in a willingness to pay study, the purpose of which was to identify for which attributes associated with fresh potatoes were consumers willing to pay and at what price.

The research identified that 84 percent of the Ontario market comprises three distinct clusters of consumers. The remaining 16 percent of the population is fragmented. The descriptive names given to each of the segments are "Time Starved, Health Conscious" (39%), "Convenience Driven" (31%), and "Health and Wellness" (14%). The socio-demographics that characterize each of these segments and why they purchase potatoes are markedly different. For almost all consumers, price is not a primary determinant of whether to buy potatoes.

The smallest group, the "Health & Wellness" segment, is dominated by women and has a higher than average representation of respondents who were born outside of Canada. They are most likely to live alone. While their purchases for carbohydrates are driven primarily by health factors, under 30 percent agree that potatoes are "high in fibre" or "low in calories." Respondents in the "Convenience" segment are the least knowledgeable about potatoes, but are most willing to pay for certain attributes, such as potatoes differentiated by taste and use. Less than 50 percent of them believe that potatoes are easy to prepare in numerous ways when compared to alternative carbs such as pasta and rice, and less than a quarter strongly believe that potatoes are healthy. The largest segment, "Time Starved, Health Conscious," are the most positive about potatoes, but the majority still do not understand the key benefits relating to health and usage.

These descriptions epitomize the key challenge facing potatoes. They have an image problem. The majority of the population likes potatoes and views them as offering good value for money, but they do not consider potatoes to be healthy or convenient. Nor do most consumers understand what potatoes to use when preparing specific recipes, which leads to dissatisfaction due to poor performance. Attributes for which segments of the population are prepared to pay include potatoes differentiated by appearance, taste, and fit for use. Addressing this gap in consumer demands and improving consumers' perceptions of fresh potatoes has been the primary driver of numerous successful marketing initiatives undertaken elsewhere in the world. Ontario's industry can undoubtedly learn from these initiatives, some of which could be replicated here with relative ease.

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