

US Fresh Potatoes Shake Up South Korean Market

Years of effort to broaden market access for US fresh potatoes to Korea by Potatoes USA and the US potato industry is paying off in the current July 2018-June 2019 marketing year. After TASC-funded research helped to reopen the market for the 2018 crop, the new season of U.S. fresh potatoes was met with support from retailers throughout the country, including the top two grocery retailers who highlighted U.S. fresh potatoes during joint promotions with Potatoes USA. MAP funds contributed to the in-store promotions.

Emart, the top grocery retail outlet in South Korea, launched U.S. fresh potatoes in 147 offline stores, as well as its online store E Mart Mall, in December 2018. It held in-store promotions at its ten busiest outlets. Over the course of 90 days, consumers were introduced to U.S. fresh potatoes through interactive produce demonstrations. Sampling demonstrations using an air fryer helped consumers learn preparation methods for the new product. Since it was a new product in most of the outlets, all promotions reached 100% sales growth.

As well, Homeplus, the second largest grocery retailer, highlighted U.S. fresh potatoes in 140 offline stores nationwide. Last year the retailer had carried limited volumes of U.S. fresh potatoes for the first time so there was some existing knowledge amongst its customers. However, to generate excitement for the relatively new product, Homeplus held in-store promotions in 25 of its high-traffic outlets beginning December 2018. The promotion featured demonstrations of both baked and air fried potatoes, and significantly improved sales from a year ago. Increases ranged from 78% to 2,000%.

Supporting the promotions were U.S. potato signage and educational materials, developed using MAP funds. These materials will help consumers remember U.S. fresh potatoes on their next visit and drive repeat purchases. Potatoes USA also utilized its consumer communications program to target key opinion leaders and encourage them to cover US potatoes in their social media. This resulted in Marui's food court, an online cookbook, explaining how to make roasted potatoes at home, and a popular cooking blogger demonstrating how to make gnocchi using fresh US potatoes purchased at E mart.

None of this would have been possible, however, without market access work conducted in prior years to resolve technical issues that had led to a five and half year ban on fresh table-stock potatoes from Idaho, Oregon, and Washington. In August 2012, South Korea had closed its market for all fresh U.S. potatoes from the US Pacific Northwest due to the presence of zebra chip disease. After several months of negotiations, Korea agreed to reopen the market in October 2012 for U.S. chipping potatoes for processing only, with the agreement that shipments were required to be visually inspected for zebra chip. This agreement was formalized in 2014. Throughout the market closure, Potatoes USA partnered with other members of the U.S. potato industry as well as USDA's Animal Plant Health, to help resolve the issue. Using TASC funds, Potatoes USA helped administer two research projects on zebra chip disease research to broaden the understanding of this disease. The results of this work convinced Korean government officials to announce in December 2017 that they would reopen table-stock imports for the 2018 crop. Potatoes USA also coordinated a visit by Korean officials to the US during the 2018 growing season.

In recent years, US exports of fresh potatoes for chipping to Korea have grown even with table-stock restraints in place. Fresh exports for processing have averaged nearly \$6 million annually during the past five years. Yet for the current year and beyond, the reopening of the table-stock

potato market is likely to add millions in new sales to the fresh potato export category. During the current July-June fiscal year, fresh potato exports are already at record levels, with \$10.3 million in fresh potatoes (table-stock and chipping) exported during July-December 2018. This already exceeds exports during all of MY 17/18, which totaled \$7.6 million, as well as all of MY 16/17, which totaled nearly \$3 million.



Korean consumers at Emart (left) and Homeplus (right) get a chance to sample US fresh potatoes in this newly opened market.