

National Marketing and Promotion Strategy

Canadian Potato Council
Proposed for Approval August 1, 2013





Agriculture et
Agroalimentaire Canada

Agriculture and
Agri-Food Canada



Canadian
Horticultural
Council

Conseil
canadien de
l'horticulture

The Canadian Potato Council and the Canadian Horticultural Council are appreciative of the financial support provided by the Agriculture and Agri-Food Canada for the development of the National Marketing and Promotion Strategy.

Table of Content

- Section 1: Introduction 4**
- Section 2: Background and Context 4**
- Section 3: Change Drivers 4**
- Section 4: Potato Marketing and Promotion Strengths and Opportunities 5**
- Section 5: Weaknesses and Threats 5**
- Section 6: Marketing and Promotion Strategy – Guiding Elements 6**
- Section 7: Strategic Priorities, Outcomes and Objectives 7**
 - 7.1 Strategic Priority 1: Ongoing Consumer and Market Research 7
 - 7.2 Strategic Priority 2: Develop Clear and Consistent Messaging Regarding Potatoes 7
 - 7.3 Strategic Priority 3: Identify and Target Key Market Segments 7
 - 7.4 Strategic Priority 4: Leverage Media to Reach Target Market 8
- Section 8: Roadmap for the Marketing and Promotion Strategy 9**
- Section 9: Immediate Next Steps 10**
- Summary Table 11**

Section 1: Introduction

The Canadian Potato Council (CPC) established the National Marketing and Promotion Working Group to propose solutions to the decline in potato consumption in Canada. The National Marketing Working Group (NMPWG) has identified the need to develop a clear road map and strategy to prepare a nationally cohesive approach to countering this decline in potato consumption.

In February and March 2013, through the support of Agriculture and Agri-Food Canada, the NMPWG was able to hire the Intersol Group to assemble background information and research on consumption patterns, national commodity promotion strategies, and funding mechanisms for the creation of promotion campaigns and activities. This comprehensive report, titled *Background Research to Develop a Marketing Strategy to Respond to Declining Potato Consumption* served as the starting point for discussions leading to this National Marketing and Promotion strategy.

Working Group Members met on April 3rd and 4th to review the background document and develop the strategy. This report reflects the conversations held during the meeting and presents an initial draft of the strategy.

Section 2: Background and Context

This National Marketing and Promotion Strategy relies on a common understanding of terms. Terms such as marketing, promotion, promotion plans are subject to various interpretations. Here are common agreed upon definitions for this strategy.

There are two applicable definitions of marketing. The first one, is more traditional to the discipline of marketing: Marketing is a social and managerial process by which individuals and groups obtain what the NEED and WANT through creating, offering and exchanging products of value with others. (Kotler & Turner) Marketing managers typically deal with four variables in developing a marketing mix: Product, Price, Promotion and Place. A second definition, more closely related to the agricultural commodities is drawn from the *Farm Products Agencies Act*:

“...includes selling and offering for sale and buying, pricing, assembling, packing, processing, transporting, storing and any other act necessary to prepare the product in a form or to make it available at a place and time for purchase for consumption...”.

The definition of promotion is “...stands for the various activities the company undertakes to communicate and promote its products to the target market. (Kotler & Turner). As we saw in the previous definition, promotion is also a "marketing mix" tool, along with Product, Price, Place.

Marketing and Promotion Research is a term that is often used liberally in conversations. With respect to this strategy, marketing research is the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing growers and grower association. Marketing research can take many forms including: consumer behaviours and preferences, competitive product studies, product testing and packaging, market analysis (shares, characteristics), etc.

A final clarification of terms is also in order. This document concentrates on marketing research which is separate and distinct from production research. The latter was the object of a separate strategy completed and approved by the Canadian Potato Council in November 2012.

Section 3: Change Drivers

Potato consumption patterns are ever evolving. A question at the heart of this marketing and promotion strategy is: What is driving these changes in consumption? The background research identified four principal drivers. These include:

Health Concerns: Consumers are increasingly more interested in proactively maintaining or improving their well-being and addressing potential health risks through food and beverage choices. Potentially harmful and unhealthy products are being eliminated from Canadian diet.

Ethnic Diversity: The Canadian population is embracing the increasing variety of foods and beverages available. New cuisines trends are frequently introduced by those travelling abroad, by the food service industry, by retailers looking at building their customer base, and by the general influence of friends and family.

Lifestyle Changes: The lifestyles of Canadians are changing and consumers are experiencing an increase in their professional responsibilities, greater emphasis on activities such as sports participation and culture, and greater stress on family time, especially where younger children are involved. The result is “time poverty”.

Demographic Changes: The aging Canadian population will have an impact on consumption trends in Canada given two factors: aging Baby Boomers and the maturation of the Millennial generation. Aging Canadians tend to eat less. They prefer single portion sizing and easy to open packaging. Their dietary choices depend on their contribution to managing health issues such as osteoporosis, high blood pressures, diabetes, and digestive problems (Agriculture and Agri-Food Canada, 2005). This group will continue to grow given the Baby Boomers’ entry to retirement. On the other hand, Millennials (born in 1980s and 1990s) are coming of age and entering the market with purchasing power. Younger consumers are among the fastest growing group of consumers of fresh fruits and vegetables.

Section 4: Potato Marketing and Promotion Strengths and Opportunities

The Background document identified four strengths: 1- A few Provincial Potato Board have strong experience in marketing potatoes to consumers; 2- Some Potato Boards have well-developed practices for using social media, advertisement campaigns and in-store promotion and this experience could be leveraged to shape a national marketing and promotion strategy; 3- Many provincial associations have developed relationships with provincial government bodies to promote potatoes in retail stores; 4- Provincial potato organizations recognize the mutual benefit that could be gained by cooperating in promotion efforts. In addition, members of the NMPWG indicated these additional strengths:

- The presence of a mechanisms to fund potato promotion through the *Farm Products Agencies Act*;
- Robust and progressive Canadian industry;
- Retailers are aware of the declining and willing to devise ways to promote consumption.

The background research paper also noted several opportunities, including: 1- chance to conduct higher-impact promotion, specifically around education on health benefits, varieties and ways to use potatoes; 2- opportunities to engage in international trade promotion activities; 3- opportunities to conduct research that would benefit all Canadian potato producers. The NMPWG also highlighted additional opportunities:

- Target promotion efforts and programs towards ethnic groups;
- Increase the focus on variety marketing;
- Educate consumers on the nutritional value of potatoes.

The opportunity to conduct research could focus on developing a better understanding of consumer attitudes towards potatoes. It makes sense to invest in research at a national level because research could benefit all Canadian potato producers.

Section 5: Weaknesses and Threats

Two important weaknesses were noted in the background document. First, a significant gap exists in Canadian-specific market research for which additional investment is required. Second, although a few Canadian provinces

have developed strong provincial brands, there is no generic national brand. Several additional weaknesses were also identified by the members of the NMPWG, and they include:

- The industry does not have an innovation and promotion mindset. These are mindsets changes in will take some to become ingrained;
- Packers, particularly the small independent ones, may have difficulty accepting that their practices must change;
- Despite having a product that is healthy, there is a persistent perception that potatoes are not.

The background paper identified five threats. 1 - First and foremost is the fact that consumption of fresh potatoes is decreasing due to health concerns, popularity of ethnic food, lifestyle changes, and changing demographics; 2- Potatoes continue to be strongly associated with “starch” which carries an unhealthy connotation with many consumers and with long-preparation times, which deter many busy cooks; 3- The healthy-eating movement in both Canada and the United States tends to negatively portray potatoes – especially French Fries; 4- Traditional potato-eating demographics are decreasing and giving rise to groups who are not yet strong potato consumers; 5- Potato consumption is threatened by the increased amount of ethnic food entering Canadian diets. Consumers are exploring options for other staple food and the consumption of rice, pasta, quinoa, couscous, etc. is on the rise. The members of the NMPWG also identified other threats including:

- Rise in cross-border shopping, particularly in the greater Vancouver area;
- The threat that large multinationals could create a variety that could become a “super-brand” to which growers would not have access.

Section 6: Marketing and Promotion Strategy – Guiding Elements

A vision for the Industry...

An industry that is economically profitable, environmentally sustainable and socially responsible

A Vision for Potato Marketing and Promotion in Canada

In the not too distant future...

Consistent with the industry vision, potato marketing and promotion in Canada is characterized by a coordinated approach to national marketing and promotion activities that focus on education of consumers and industry members. Potato marketing and promotion activities are geared towards understanding consumer needs and adjusting products accordingly. Based upon sound research and working with many partners, the industry develops and continuously adapts nationally consistent messaging regarding potatoes as a healthy dietary choice. Working with all sectors of the industry and in concert with many partners, marketing and promotion efforts in Canada are funded in a sustainable manner.

Potato marketing and promotion has a single goal

To increase the consumption of potatoes in Canada.

National Marketing and Promotion Working Group

The Mission of the National Marketing and Promotion Working Group is to ensure that the national efforts in potato marketing and promotion are sustainable over the long term and ultimately serve to increase consumption.

Section 7: Strategic Priorities, Outcomes and Objectives

The following four strategic priorities form the basis of the Marketing and Promotion Strategy. These priorities are numbered, not to indicate their importance, but simply to illustrate the internal logic – how these four priorities support each other in a sequential manner.

7.1 Strategic Priority 1: Ongoing Consumer and Market Research

Background: The background research conducted in preparation to this strategy revealed that many potato marketing organizations were active in consumer and market research. Most notable were the United Kingdom and the United States. There is no comparable effort in Canada. Marketing and promotion efforts must be based on good information driven from sound research.

Desired Outcome: Ongoing market and consumer research are the basis for all marketing and promotion efforts in Canada.

Strategic Objective:

- 7.1.1 To coordinate a Canadian market and consumer research program to drive marketing and promotion activities.

7.2 Strategic Priority 3: Identify and Target Key Market Segments

Background: The background research conducted in preparation of this strategy highlighted important demographic and ethnic shifts within Canadian Society. Furthermore, the promotion practices for potatoes at the retail point-of-sale have not progressed as much as other commodities. Research has demonstrated that point-of-sale promotion is most effective in increasing consumption.

Desired Outcome: Point-of-sale potato promotion approaches have been modernized and transformed.

Strategic Objectives:

- 7.2.1 To develop innovative consumer information at the point-of-sale regarding the preparation of potatoes (recipe cards, QR Codes, etc.).
- 7.2.2 To establish generic, attractive, variety-related information regarding usage at point-of-sale.
- 7.2.3 To encourage packaging practices that allow for smaller packaging of potatoes that is more convenient, meal-sized, easy-to-prepare.



7.3 Strategic Priority 2: Develop Clear and Consistent Messaging Regarding Potatoes

Background: Desires for healthy diets and lifestyles, growing ethnic diversity and changing demographics are a few of the important drivers changing consumption patterns of Canadian consumers. Clear and consistent messaging adapted to target audiences is the foundation of a sound marketing and promotion strategy.

Desired Outcome: Potato promotion activities are built around clear, consistent and targeted messaging to consumers.

Strategic Objectives:

- 7.3.1 To develop clear and concise messaging regarding the nutritional value of potatoes as an element of choice in a healthy diet.
- 7.3.2 To adapt the messaging to target markets (e.g.: millennials, ethnic population, etc.)
- 7.3.3 To establish a national standard for the nutritional labeling for potatoes.

7.4 Strategic Priority 4: Leverage Media to Reach Target Market

Background: Research has shown that consumers gather information from a wide variety of sources, including the internet and social media. Marketing and promotion efforts should leverage a broad range of media.

Desired Outcome: The national potato consumption promotion efforts leverage multiple forms of media to get messaging to target audiences.

Strategic Objectives:

- 7.4.1 To establish a social media potato promotion campaign that complements existing efforts.
- 7.4.2 To establish a national public relations campaign to support our messaging efforts.

Section 8: Roadmap for the Marketing and Promotion Strategy

Funding for a national effort on marketing and promotion remains a key concern for the Working Group and industry members. Two options were debated by the Working Group members: an ad-hoc approach where Provincial Associations contribute willingly to a fund to enable promotion work to be pursued, or a more formal approach involving the creation of a Research and Promotion Agency under the *Farm Products Agency Act*. The relative merits and limitations of each approach were featured in the background research paper prepared for the strategy session. After some discussion and debate, consensus became apparent on a three point roadmap:

1- *Move forward and establish a Research and Promotion Agency under the Farm Product Agencies Act.*

Several steps have been taken already in this direction. A request for funding through the PEI ADAPT program has been submitted and would allow the development of a feasibility study for the creation of a Potato Promotion and Research Agency under the *Farm Products Agency Act*. Regardless of the results of these applications, the Canadian Potato Council has approved to move ahead and continue exploring the feasibility of such an Agency. Some high level timelines are proposed in this project and they include: the conduct of consultations in each province throughout the fall of 2013; Submission of a proposal for the creation of an Agency to the National Farm Products Council (NFPC) in the winter of 2014; NFPC consultations to ascertain industry support; Formal proposal brought forward for ratification by the CHC AGM in March 2014; Agency development of mechanisms such as levy vehicles, etc. will take an additional year. The Agency would likely not be in full operation until March 2015.

2- *Role of the National Marketing and Promotion Working Group.* Throughout the creation of this Promotion and Research Agency, members of the National Marketing and Promotion Working Group, along with members of the CPC Research Working Group, will play the role of “Steering Committee” during the initial phase of the feasibility assessment and will play a significant role in bringing forward future recommendations to the Canadian Potato Council.

3- *Begin Implementation of the Marketing and Promotion Strategy Immediately.* Creating a Promotion and Research Agency requires time. As stated in point #1 above, it is unlikely for such an Agency to become fully operational before 2015. Meanwhile, consumption trends are still decreasing. The members of the National Marketing and Promotion Working Group feel strongly that we must begin implementing the strategy immediately. Several steps must be taken for early implementation to begin. Amongst these first steps are:

- a. Apply for funding under the Agri-Marketing program to fund projects that support this strategy. Agri-Marketing programs require matching dollars from the industry, and all members agreed in principle to support the application by providing funding. Some discussion was heard regarding modalities and degree of financial support, however nothing final was agreed.
- b. The NMPWG should serve as the Steering Committee to the strategy implementation; begin implementation

Section 9: Immediate Next Steps

Three immediate next steps were identified to begin implementing the proposed roadmap.

First, a preliminary draft of the strategy would be prepared for review by the members of the National Marketing and Promotion Working Group. Feedback from the initial draft would be used to prepare the final report on the Marketing and Promotion Strategy. Following this step, the Strategy document and the background research paper that was prepared to assist in the development of the strategy should be circulated to the members of the AAFC Value Chain Round Table along with a clear indication that the members of the National Marketing and Promotion Working Group are seeking to create a Promotion and Research Agency under the *Farm Products Agency Act*.

A second major step, is to prepare an application to the Agri-Marketing Program to fund projects to begin the implementation of the Marketing and Promotion Strategy. In preparing the application for funding, several decisions will be required of the Working Group: A partial list includes:

- The identification of specific projects to begin the implementation of the strategy;
- A decision regarding the hiring of an individual to coordinate the projects and get things under way;
- The preparation of a multi-year work plan and accompanying budget as an integral part of the Agri-Marketing program application. This will require the identification of amounts requested from the program and from industry along with suggestions on the proposed formula to determine the contributions per province. As of April 4th, 2013, all provinces notionally support moving forward contingent upon application and proposed priorities for implementation.
- Kendra Mills and David Jones agreed to lead development of application. Larry McIntosh (MB) and Clement Lalancette (PQ) to provide assistance

Summary Table

The following table shows the strategic priorities, desired outcomes, objectives (strategies) and their related tactics that were discussed by NMPWG members at the April 3rd and 4th Strategy Development Meeting.

Strategic Priority and Desired Outcome	Objectives (strategies)	Tactics (brainstormed, ideas have not been vetted or refined)
Priority 1 Ongoing Consumer and Market Research Desired Outcome: <i>Ongoing market and consumer research are the basis for all marketing and promotion efforts in Canada</i>	1.1 To coordinate a Canadian market and consumer research program to drive marketing and promotion activities	12 Work with Dietician 16 Research - establish consumption benchmarks 23 Build data base for marketing 31 Develop potato recipes for different ethnic groups 32 Leverage USPB Research 33 Develop nutrient rich potatoes
Priority 2 Develop Clear and Consistent Messaging Desired Outcome: <i>Potato promotion activities are built around clear, consistent and targeted messaging to consumers</i>	2.1 To develop clear and concise messaging regarding the nutritional value of potatoes as an element of choice in a healthy diet. 2.2 To adapt the messaging to target markets (e.g.: millennials, ethnic population, etc.) 2.3 To establish a national standard for the nutritional labeling for potatoes.	1 Launch a campaign to change negative perception of potatoes 2 Develop generic, standard key messages about the potato for use in promotion campaigns 4 Slogans: Need 'em, get'em 8 Social media 20 Tool box to demo in schools the value of potatoes 24 Promote the Potato as environmentally "friendly" 26 Develop messaging to reach various ethnic groups
Priority 3 Identify and Target Key Market Segments Desired Outcome: <i>Point-of-sale potato promotion approaches have been modernized and transformed.</i>	3.1 To develop innovative consumer information at the point-of-sale regarding the preparation of potatoes (recipe cards, QR Codes, etc.). 3.2 To establish generic, attractive, variety-related information regarding usage at point-of-sale. 3.3 To encourage packaging practices that allow for convenient, meal-sized, easy-to-prepare potatoes.	5 Packaging: Include consistent consumer information for preparation of the potatoes (boil, bake, mashed, salad, fries) 10 Retail develop slogans unique to each retailer 17 Develop school education programs 21 Develop generic POS usage information 28 Provide full meal solutions 30 Improve category / variety marketing of potatoes
Priority 4 Leverage Media to Reach Target Market Desired Outcome: <i>The national potato consumption promotion efforts leverage multiple forms of media to get messaging to target audiences.</i>	4.1 To establish a social media potato promotion campaign that complements existing efforts. 4.2 To establish a national public relations campaign to support our messaging efforts.	3 Twitter and Facebook 'campaign' to promote potatoes 6 Potatoes.ca: A national website to post nutritional information 7 Public Relations Campaign 9 National campaign on the health attributes of the potato 14 Look for low cost promotional opportunities 15 The face: establish a spokes person or persons to deliver one message