



# Thank you, New Zealand Potato Growers

2007 Buzz Shahan

**The latest book on succeeding in  
business:**

**Competing on Analytics:  
The New Science of Winning**

by

**Thomas H. Davenport/Jeanne G. Harris**

**The book should have been titled:**

**The Guy With The Best Data Wins**

by

**Thomas H. Davenport/Jeanne G. Harris**

# Data Areas of Importance

✓ **Market demand**  
**(Show Nielsen comparison)**

- ✓ **Market demand and Pack Plan**
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- ✓ **Farm supplies and Pack Plan (show plan July 18 conference call email message)**

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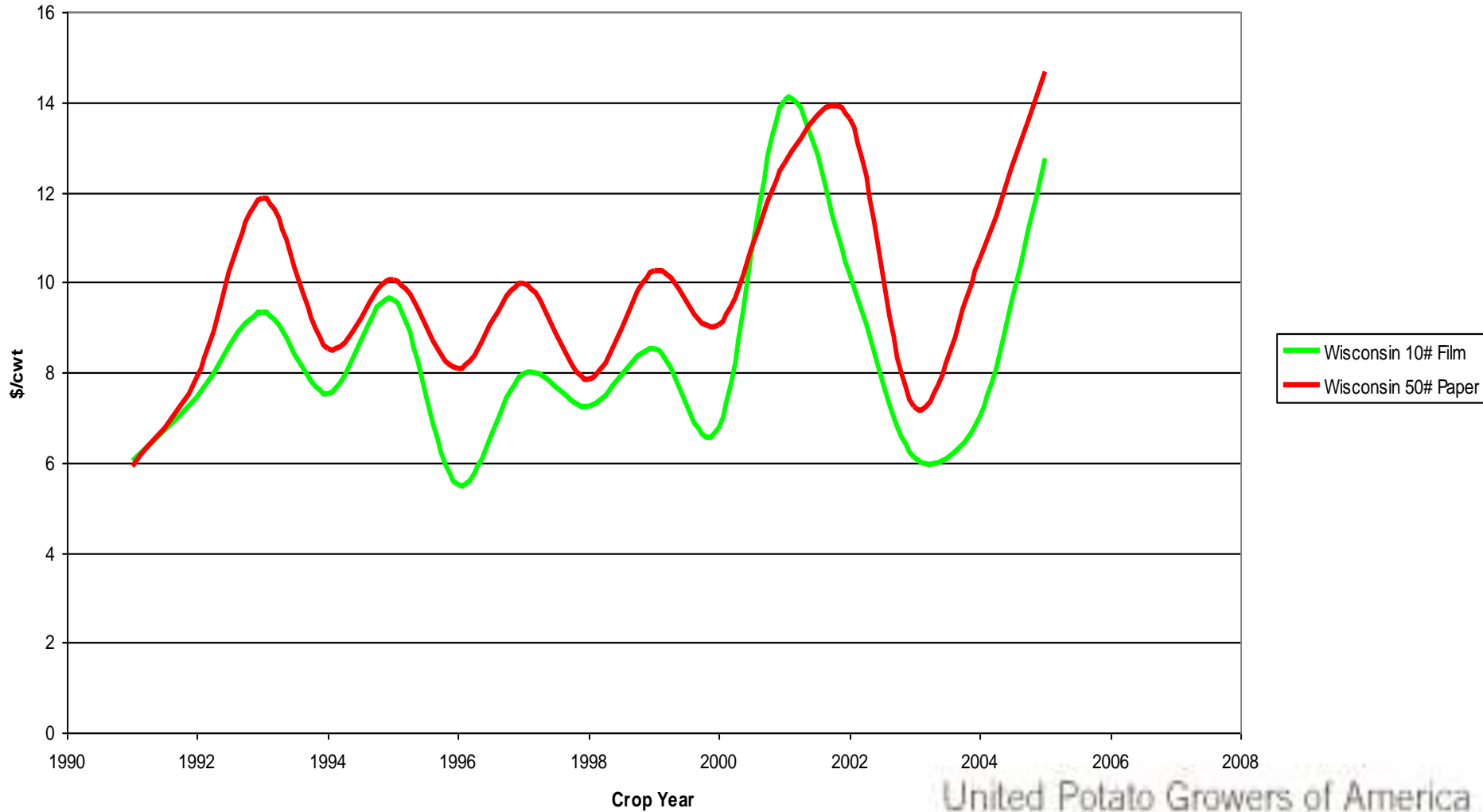
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  - ✓ **Overlap of old and new crop called**  
**Crop Transition Period**

**The U.S. fresh potato market suffers a disastrous decline in market price every year during July and August when the market transitions from old crop to new crop. The low price achieved during this period lingers into the winter months and enormous amounts of grower profitability remain unrealized even when the overall crop might be below average in volume.**

# Red/Russet Relationship: A Potato is a Potato

Average Wisconsin Pricing

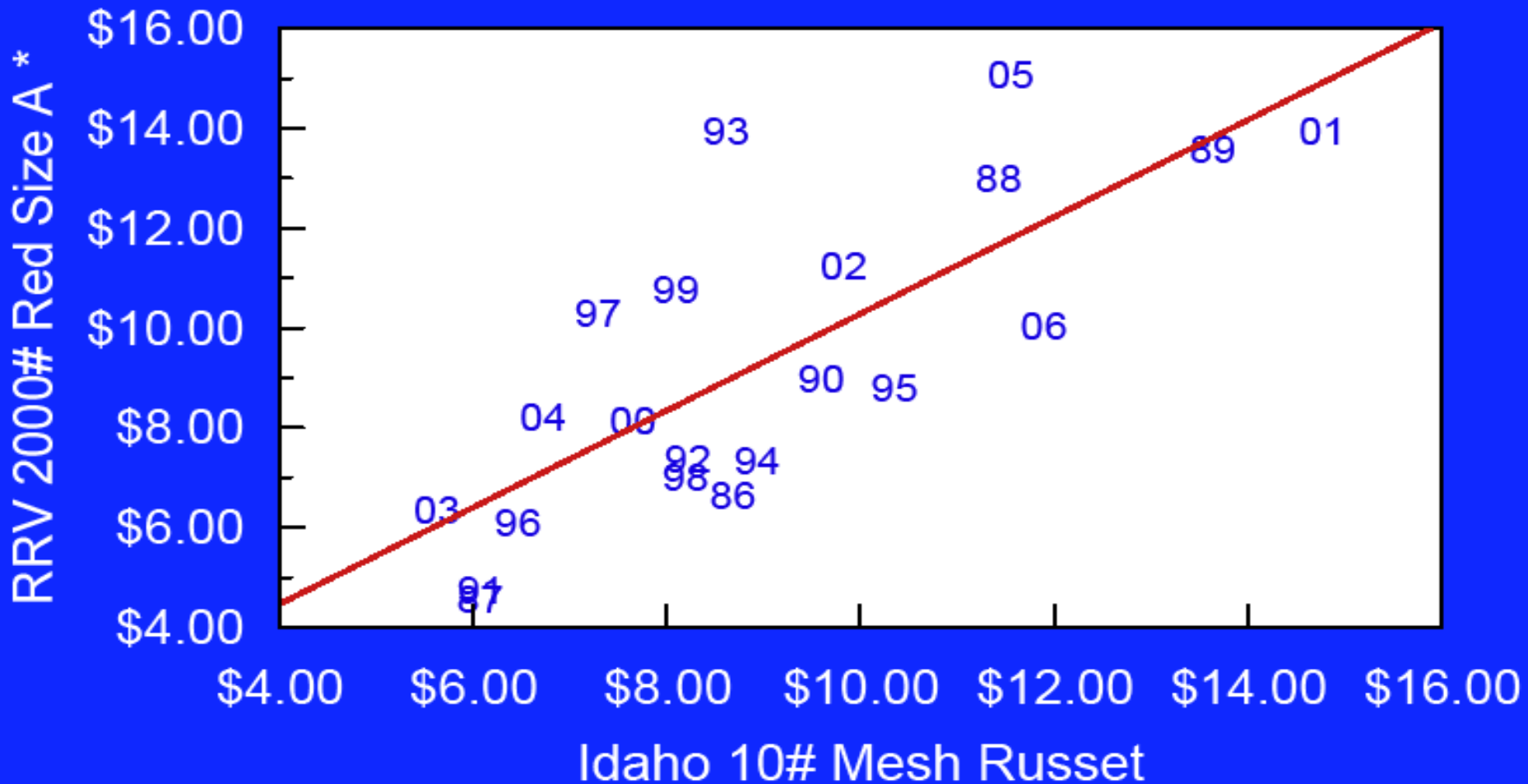


United Potato Growers of America

# A Potato is a Potato

## FOB SHIPPING POINT PRICES

\$/Cwt



\* 100# Bag Price Prior to January 1, 2006

# What is the condition of the fresh-potato market today?

Is today's fresh-potato market expanding or shrinking?

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Annually, is the potato farmer producing more yield per acre, or less?

**What is the combined effect of increasing production and declining usage?**

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- U.S. fresh potato production exceeds 325,000 acres per year, or;
- With the same acreage, **potato growers produce 2.4 million** more cwt of fresh potatoes each year than the previous year

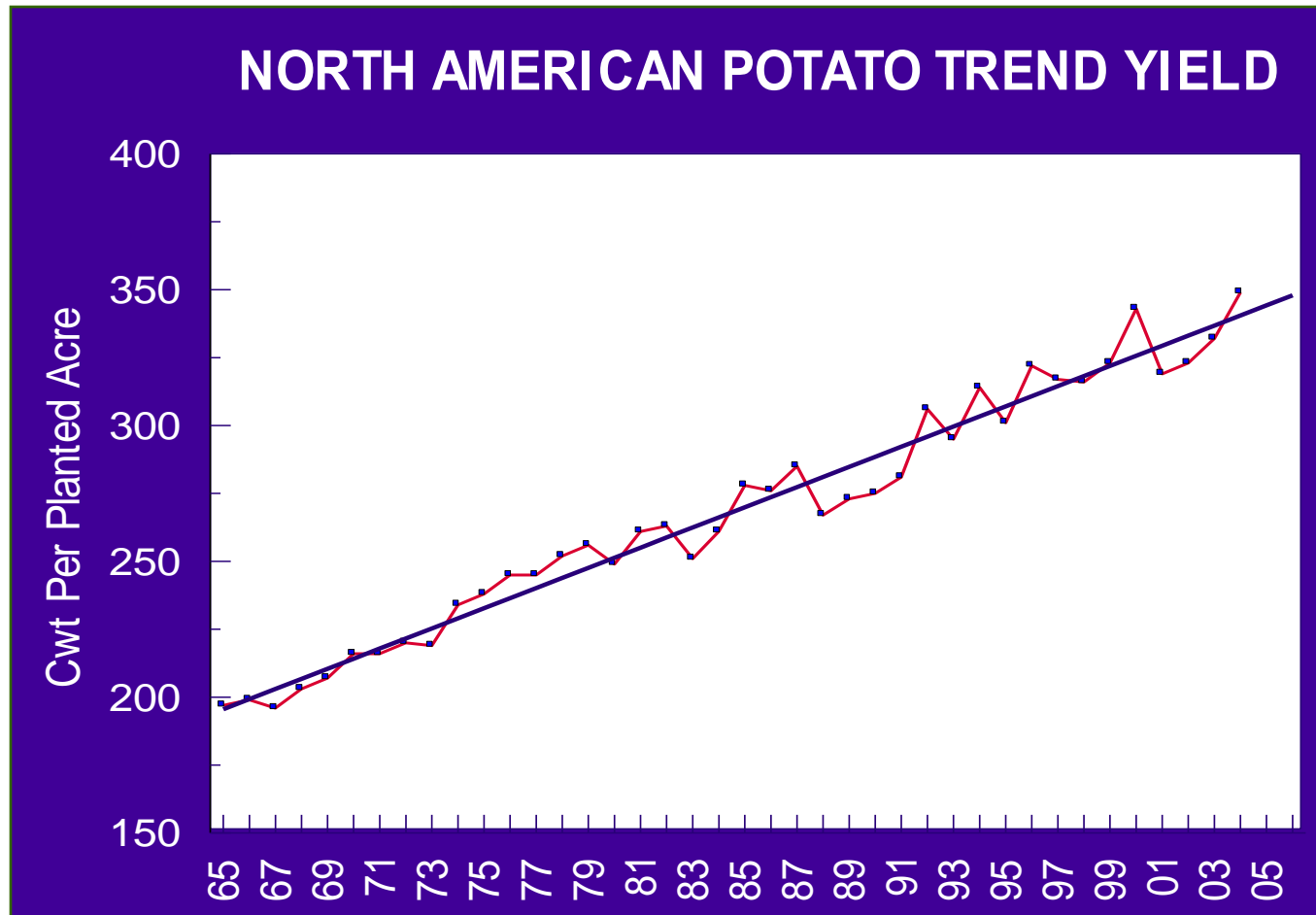
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- Yields are increasing an average of 8 cwt of fresh potatoes per acre per year
- U.S. fresh potato production exceeds 325,000 acres per year, or;
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- The U.S. **consumes an average of 1.8 million** cwt of fresh potatoes weekly

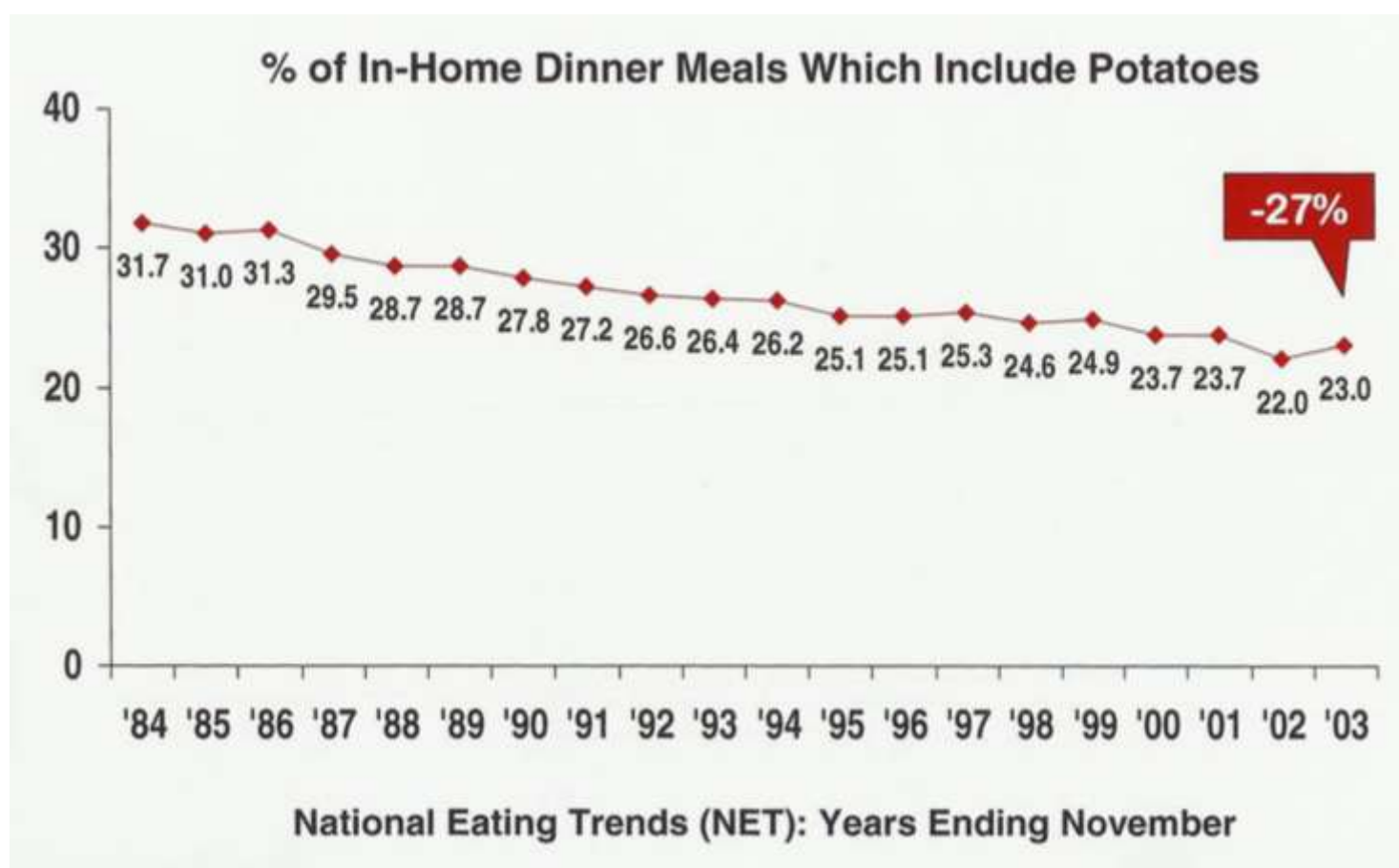
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- Average potato yields are increasing an average of 8 cwt per acre per year
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- With the same acreage, potato growers produce 2.4 million more cwt of fresh potatoes each year than the previous year
- The U.S. consumes an average of 1.8 million cwt of fresh potatoes weekly
- In production efficiency alone, U.S. potato growers produce a **9-day annual fresh-potato over-supply** each year without increasing acreage

# Potato-growing efficiency increases each year by 8cwt/acre; USPB data



# Per capita consumption is declining for in-home usage of fresh potatoes; USPB



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**Average Decline: 4.5%/year**

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- Total fresh potato shipments (usage) for the **2005 crop equaled 102,000,000 cwt** of fresh potatoes: so, **4.5% of 102,000,000 = 4,590,000 cwt** of potatoes
- Combining increasing yields with declining consumption, in 2006/7, a **33.8-day over-supply** had to be removed from the market before the 2007 crop could **expect reasonable prices**

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- Assuming that new-crop russets are scheduled to begin on July 22, they now must wait until August 25
- If they don't wait until August 25, they over supply the market and prices drop
- Even when the crop is short, **prices do not recover until the following spring and may influence next year's crop-CO example**

# **What happens traditionally with production overages?**

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- In a ten-year history of Kansas, bulk prices **dropped an average of 42%** from beginning of shipping until September 1

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- In a ten-year history, Wisconsin prices **dropped an average of 52%** from beginning shipments until September 15

# Historical US Market Price Results During Crop Transition

| State | 2004           | 2005           | 2006           |
|-------|----------------|----------------|----------------|
| CA    | (\$717,876)    | (\$669,214)    | (\$1,148,013)  |
| WAOR  | (\$9,799,140)  | (\$4,562,395)  | (\$10,769,280) |
| ID    | (\$26,181,703) | \$19,713,712   | (\$10,874,064) |
| CO    | (\$376,319)    | (\$37,917)     | (\$128,282)    |
| WI    | (\$2,246,490)  | (\$601,600)    | (\$5,362,275)  |
| SW    | (\$3,833,585)  | \$0            | \$0            |
| MN    | (\$5,293,000)  | (\$11,277,000) | (\$10,775,800) |
| Total | (\$48,448,113) | \$2,565,587    | (\$39,057,714) |

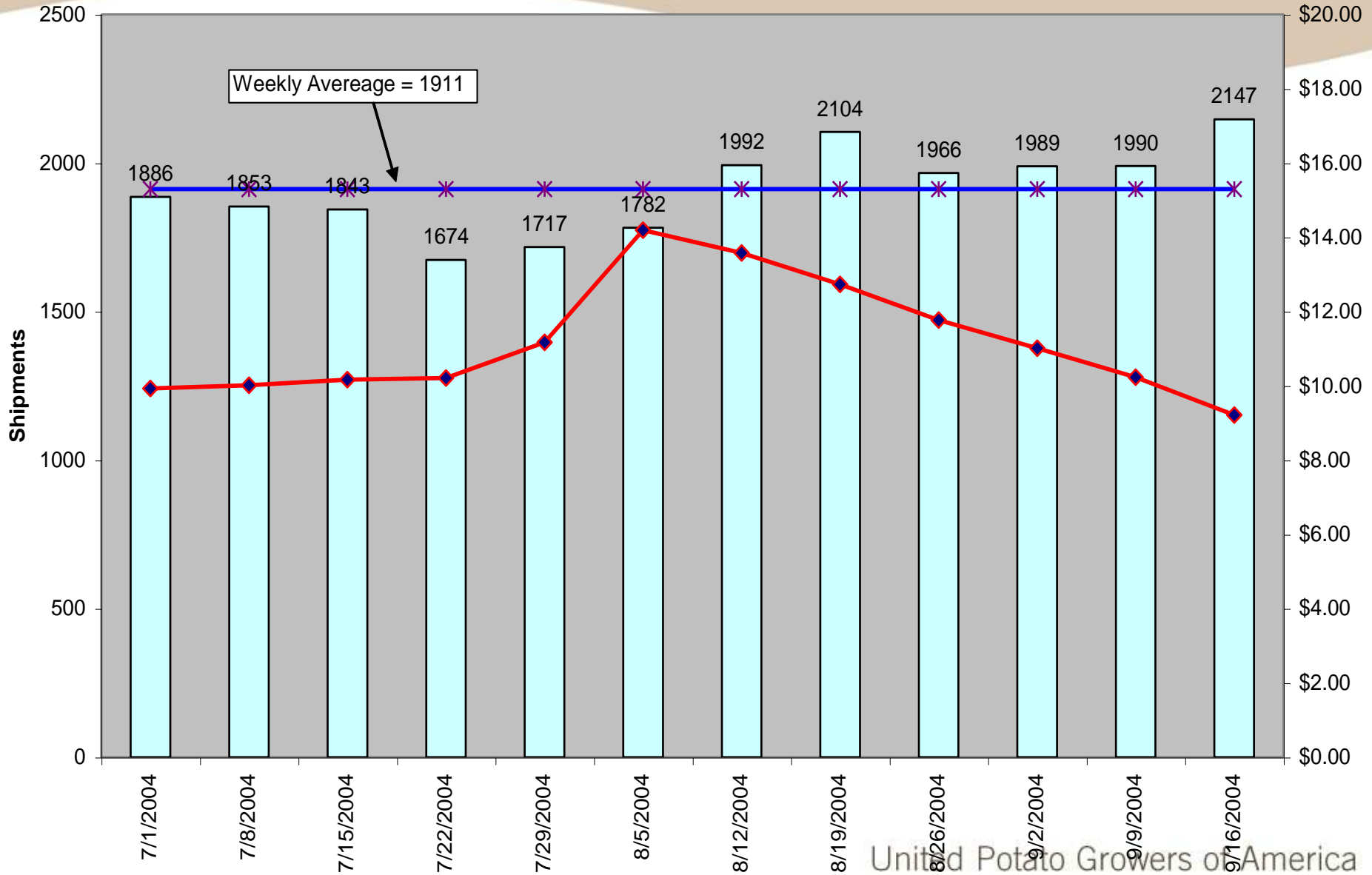
Potato growers must  
have market-relevant data  
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the people to whom  
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# **See Crop Transition Shipping Plan Comparisons**

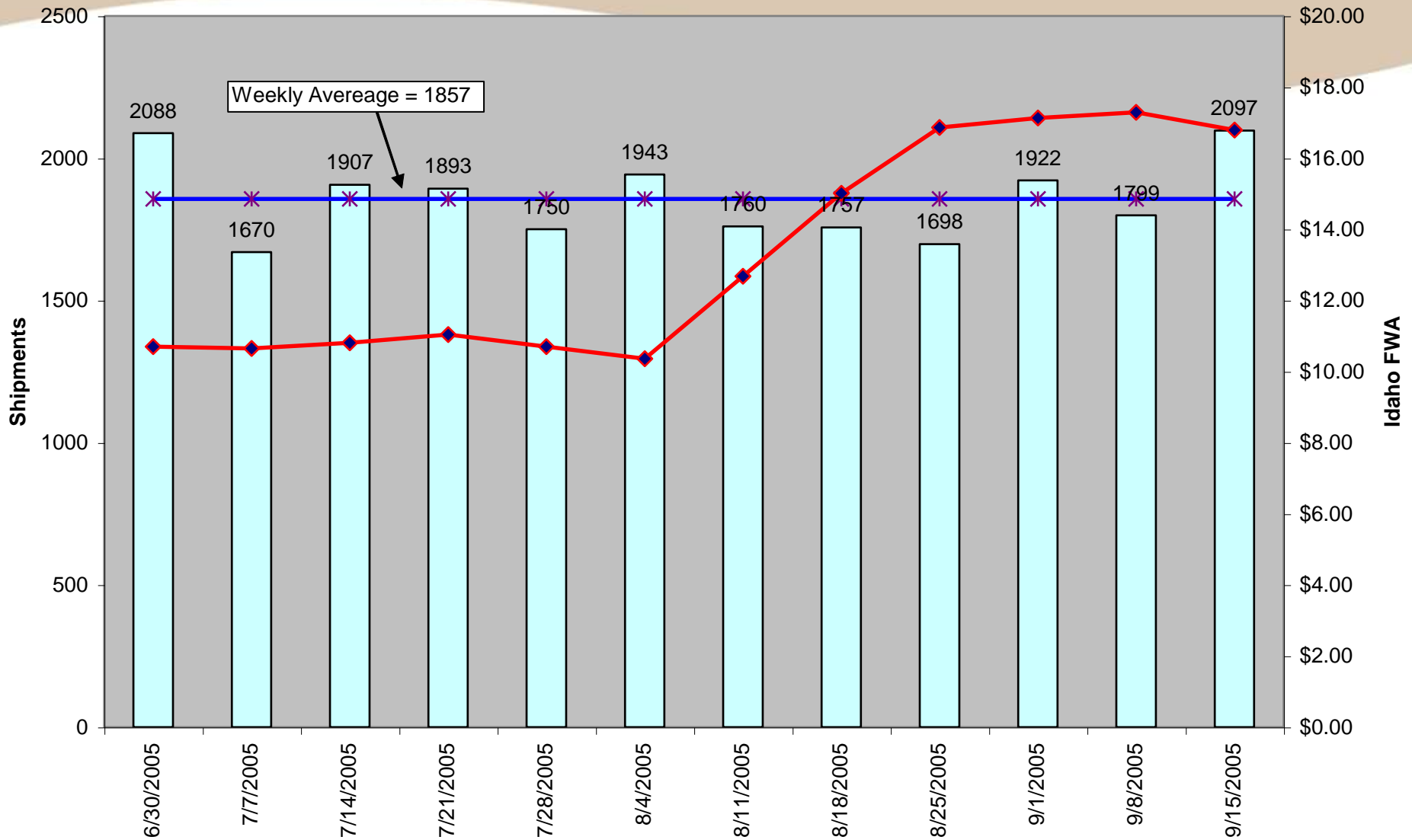
# **See Crop Transition 2007 Weekly Shipping and Pricing Guide**

**What happens to price when  
shipping volumes exceed 92%  
of 3 year levels?**

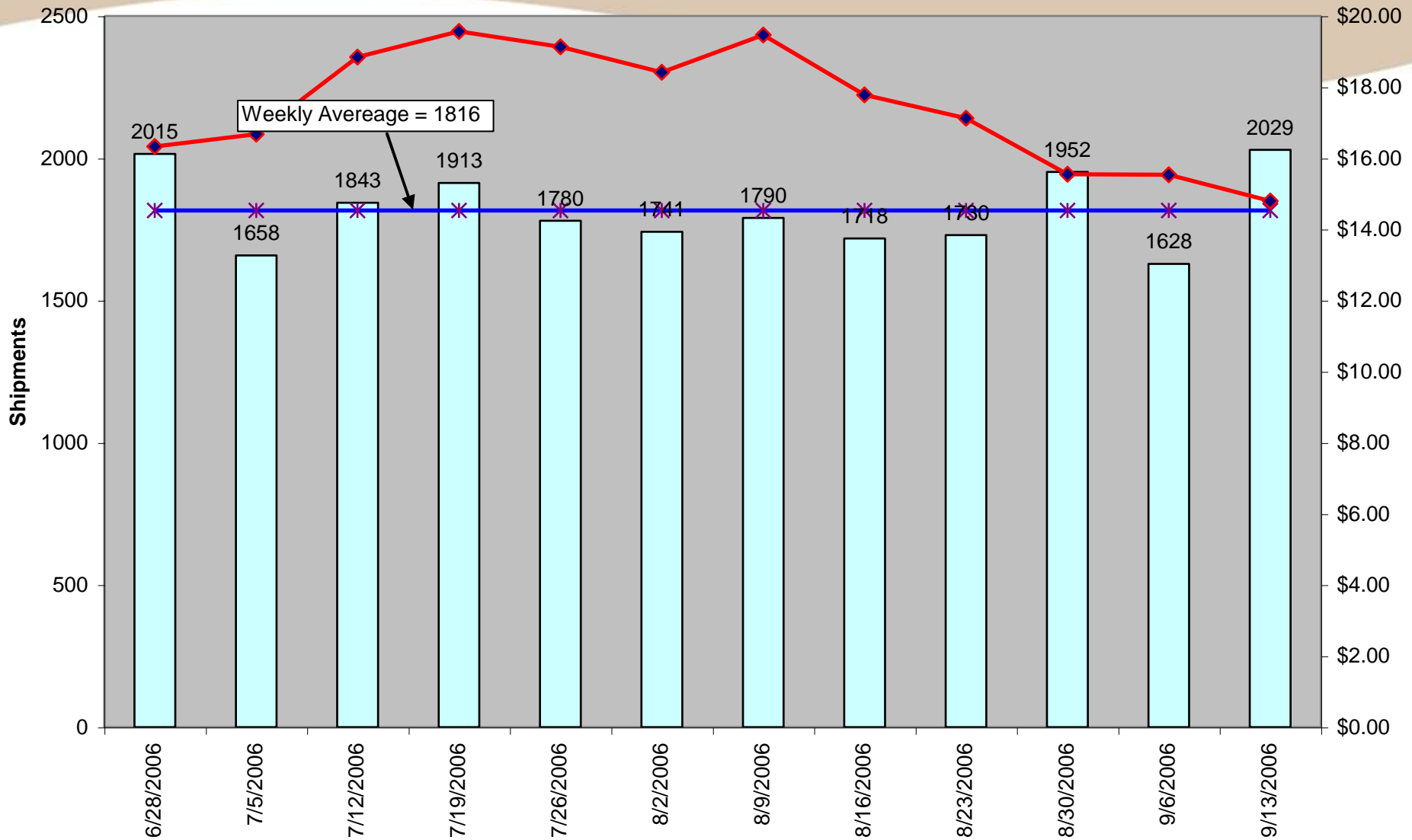
# National Shipments Vs. Idaho Fresh Weighted Average - 2004



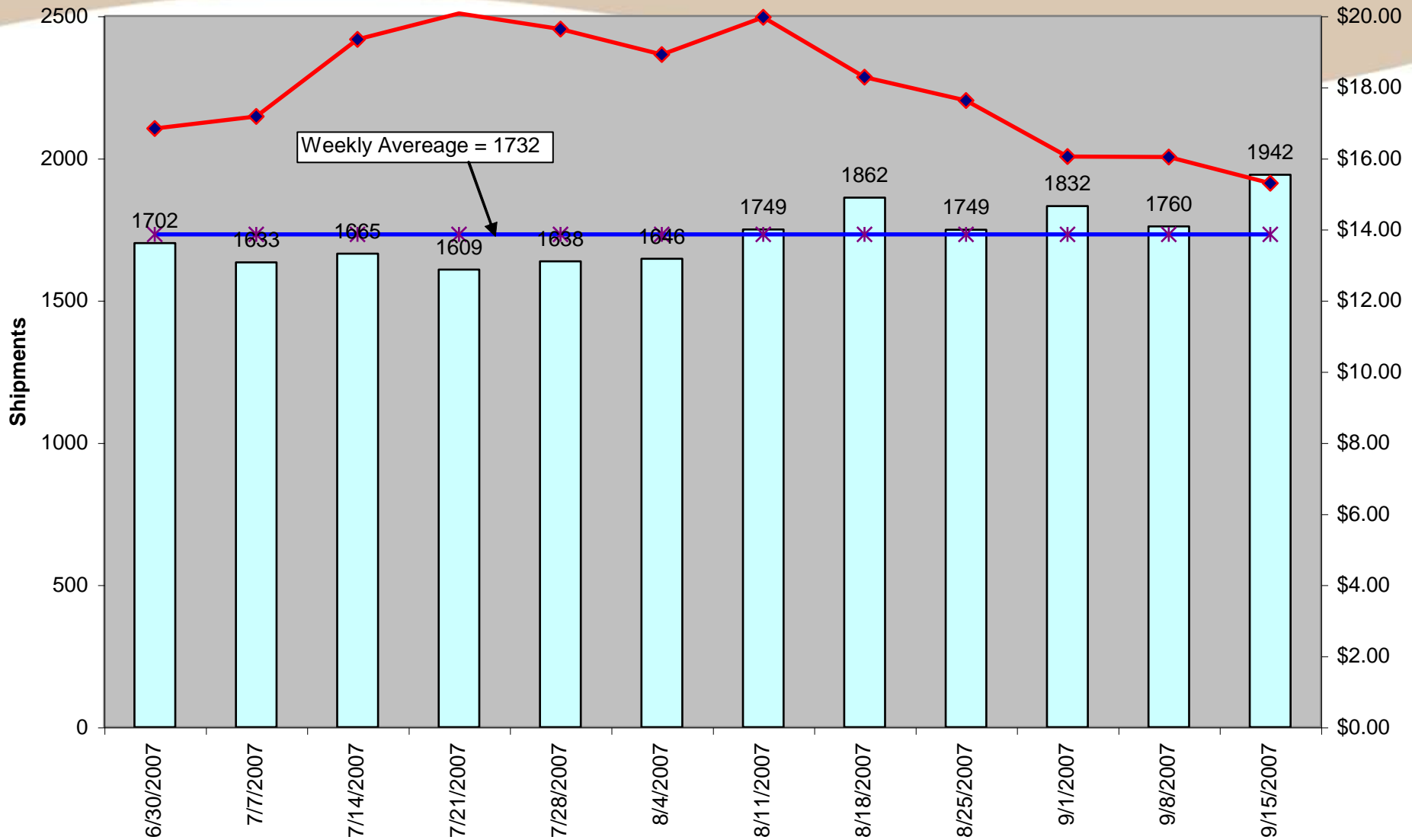
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# National Shipments Vs. Idaho Fresh Weighted Average - 2007



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(Show PMANA contract analysis tool)**

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- 1. Contract analysis through data display**
- 2. Pack Plans**
- 3. Old to New Crop-Transition Plans**
- 4. Conference Calls**
- 5. Planting Conferences and  
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**Remember the slogan:**

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**United Potato  
Growers of America**

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- ✓ **Until UPP, these costs have been borne entirely by the grower**

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- ✓ **The willingness of a supplier/manufacturer to form a strategic alliance with his market is a model already well advanced in modern industry**

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  - ✓ **Corporate sponsors**
  - ✓ **Local co-ops**

# Sponsors

- ✓ Agriliance
- ✓ Case IH
- ✓ BASF
- ✓ Syngenta
- ✓ UAP
- ✓ Volm
- ✓ Valmont
- ✓ Reineke
- ✓ Spudnik
- ✓ Bayer
- ✓ Caterpillar
- ✓ Chep Pallets
- ✓ G/L Packaging
- ✓ Many more

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- ✓ **Income from UPPP: Fall 2008**

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  - ✓ **Be paid to the grower as patronage**

**Thank You**



**United Potato Growers of Idaho**

United Potato Growers of America

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**United Potato Growers of America**

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