“Using advocacy to build a reputation for domestically grown potatoes and potato products.”

AHDB Potatoes

Domestically, potatoes continue a steady and cautious recovery in consumption with both fresh and frozen retail volume growth year on year since May 2015. Pricing strategies continue to be fiercely competitive at retail and collective effort across the whole supply chain will be required to ensure a sustainable and investable future for potato businesses.

Convenience is and will remain front-of-mind for many busy consumers. As an example, the newly emerging chilled category has achieved double digit growth in recent years. Out-of-home, potatoes have also fared well with consumers buying 136 million more portions of potatoes year-on-year (to August 2016), mostly as chips. Significantly, the standard chips of ten years ago are being substituted out by premium offers like skins-on, spiced and flavoured driving cash into the sector. Consumer-attitudes are unlikely to change medium term with convenience, versatility and health remaining important and the move to single-occupancy households (for both young and old) will provide the sector with opportunities around single-meal solutions, frozen portion-controlled offers and smaller pack-sizes.

With regard to export, freedom from key notifiable diseases – ring rot and brown rot – along with excellent low-virus status, continue to make British produced seed attractive under the Safe Haven scheme. Premium snacks, especially crisps, are in high demand overseas. However, the overall level of import trade is both a concern and a substitution opportunity for British producers with around 1.6M tonnes (estimated raw equivalent) frozen product and 240 000 tonnes of fresh crop imported each year. This raises a longer term possibility that any market growth may be fulfilled by overseas rather than domestic producers.

Longer term, the consequences of Brexit remain uncertain. Analysis of potential trade impacts (both positive and negative) is underway and expected to continue. This will help us understand any emerging import threat while providing detail on the shape and size of any new markets in the context of any trade tariffs imposed. In parallel, we will be growing our trade focused presence overseas assisting B2B discussions to fulfil open markets and using our Brexit expertise to identify new opportunities.

A broad package of activities covered in this strategy is required to tackle international trade issues, assist British levy payers to respond to market changes more quickly and help them to cope with the ups and downs of the domestic market by focusing on productivity and competitiveness.

We will be assisting the sector in getting better at interrogating European and global production practices and speeding up how new technologies are deployed on farm.

As we expect the sector to continue to consolidate, better approaches to enable all those who influence production to communicate about improvements in productivity will be vital.

We plan to build stronger relationships with trusted agronomists and supply chain technical teams and use more peer-to-peer learning developed through the SPot Farm network. This will help repair a fragmented KE landscape where new technologies are easily misunderstood and their value can be overlooked.

Our focus on getting research into practice will be primed by the research outcomes coming through our existing Research and Innovation strategy. The strategy already addresses a number of the challenges facing the potato sector. These include rotational management of soil structure and health, management of pest and disease threats, making the link between agronomy and storage, pesticide stewardship and vital management of stores and sprout suppressants. The strategy also provides capacity to anticipate and take on the likely challenges ahead such as availability of pesticides and natural resources. It also recognises how we can exploit a wider research network provided through the newly formed Agri-Tech centres.

There is always a need to convert the gains achieved through adopting new practices into a financial context so growers and supply chains can change practice with confidence. Benchmarking tools and accounting packages differ greatly depending on service provider and we plan to make this benchmarking and understanding cost of production simpler and more consistent by participating in new economic benchmarking tools provided through AHDB Farmbench.

Further, there is a requirement to position potatoes more positively in the public-eye and advocate all that is good about potatoes grown in Great Britain. In particular, growing our evidence base that differentiates between other carbs and imported potato products will be an important requirement in driving demand.

Key priorities

Of the 14 activities identified in the potato strategy, eight constitute genuinely new activity whereas six evolve existing activity. The three we expect to deliver most impact most quickly to allow rapid change in sector performance are:-

Driving productivity by working with agronomists and SPot Farms. This recognises levy payer views that agronomists are the preferred provider of advice and their role in delivering change to businesses and influence on the speed of change. We will be dedicating resource to working with agronomists and supply chain fieldsmen ensuring rapid delivery from R&D through a less fragmented KE landscape. We'll also build on the early successes provided through SPot Farms.

Learning from the best. Buying in to international benchmarking, we'll be able to identify which technologies and practices provide the best improvements in productivity. By running technical comparison missions alongside the new activity we'll be able to identify which changes make the biggest impact most quickly for domestic crops and ensure this is incorporated into our KE. Further, in situations where we simply cannot compete on cost or price, evidence of where home-grown production differs in key inputs and sustainability criteria will feed a positive news agenda.

Using advocacy to build reputation for domestically-grown potatoes and products. Recognising the opportunity to increase use of domestically-grown crop in home markets and overseas we will seek to influence key influencers across government in particular education and health departments, media, NGOs and social media contacts using strong health and sustainability evidence to make potatoes grown in Great Britain the carb of choice. Growing our capacity to bust myths around diet and health will help make potatoes the carb of choice.

AHDB Strategic Priority 1: Inspiring British farming and growing to be more competitive and resilient

The AHDB Potatoes' objective is industry access to better competitive comparisons.

Businesses with a better understanding of costs and efficiencies will be better able to cope with volatility and plan for a sustainable future. Furthermore a detailed understanding of how and where British production differs from key competitors will allow them to adopt the best practices in key technical areas, supply the domestic market more efficiently and substitute imports.

Targets:

Farmbench adopted by the potato sector, consistently in use for 50% area grown and the benefit of technical change driven through software

Production differences with competitors understood in four technical areas

Benefit of change within technical areas understood and changes made.

Activity 1.1: Improved technical analysis of how Britain compares globally in areas such as soils and cultivation, PCN, water and storage

Four priority technical areas need a much more detailed understanding of how Britain differs from key competitors such as the Dutch, French and Belgians in terms of their research agenda, KE methods, deployment on farm and influence on sustainability. Evaluation of how any new findings could be adopted in Britain will be critical to improved competitiveness, so we will be introducing research bursaries to garner new knowledge and a new focus in KE to ensure findings are shared quickly.

Activity 1.2: Providing information on direct competitor cost comparisons

To compete effectively, our levy payers require detailed analysis relating to all elements of variable and fixed costs and how they relate to productivity across a range of end-markets. Joining international benchmarking groups gives AHDB the scope to do this in a way that enables the biggest differences between domestic and international costs to be understood and addressed. We will be leading Northern Europe's entry into the international benchmarking network and will use the new data to not only plot our cost comparison but to identify key differences in use of sustainable inputs that we can use in our advocacy campaign.

Activity 1.3: Engaging growers with production costs

Adopting and rolling out AHDB's Farmbench costings system will provide a consistent platform for increasing grower understanding of, and engagement with costs of production. This will help address industry inconsistencies in accounting conventions which act as a barrier to engagement and restrict like for like comparisons between farm enterprises. Longer term we will start using the benchmarking software to demonstrate where adoption of new practices genuinely impacts production costs.

AHDB Strategic Priority 2: Accelerating innovation and productivity growth through coordinated R&D and KE

AHDB Potatoes' objective is to accelerate productivity growth.

Improved productivity underpins the sector's ability to grow and be profitable. It also enables the sector to better cope with volatility, attract investment and respond to sustainability drivers.

Target:

Yield gain trend improved by 20% in potatoes for processing long term

Yield and value baseline established in fresh and seed sectors, historic trend analysis established and yield/value target agreed with relevant sector and supply chains.

Activity 2.1: *Place soils, water and crop protection at the heart of the research and innovation strategy*

Productivity is already a focus of the current research and innovation strategy with work commissioned around efficient use of inputs, variety performance and best use of resources. This work focuses on soils along with making vital links between seed and ware / agronomy and storage.

As vital inputs such as water and pesticides come under increasing pressure, and threats from indigenous pests and diseases remain real, the industry requires solutions. We will be maintaining our current research and innovation strategy, seeking to capitalise on new innovations emerging through Agri-Tech centres and ensuring resource is available and flexible so that we can respond to issues identified through horizon scanning.

Activity 2.2: *State-of-the-art research and KE services for storage*

Investment in storage nationally has been sporadic. AHDB needs to provide critical and compelling R&D and KE to help the industry improve in areas such as store investment, knowledge and management. This will help the challenge of a changing climate, the introduction of higher yielding but "softer" varieties, along with possible changes to the future sprout-suppression approaches.

We will continue our focus on sprout suppression and store management and explore new opportunities in storage research and innovation as a partner in the Crop Health and Protection Agri-Tech consortium.

Activity 2.3: *Accelerate KE delivery through agronomists, advisors, the supply chain network and responsive growers*

AHDB's levy payer satisfaction survey identified agronomists as the single most important delivery channel of technical information to growers. Our view is that our current research strategy is providing the right sort of game-changing messages (such as soil management) but uptake is stifled by a fragmented pipeline in KE. We will be developing a more consistent third party delivery approach, using relationship-management methods aligned to the research programme and agronomists are central to this. This will speed up KE delivery and its impact which is vital to improving competitiveness.

Activity 2.4: *Placing SPot Farms at the centre of an innovative and improved KE network*

AHDB's levy payer satisfaction survey identified 'learning from other farmers' as one of the preferred ways for farmers and growers to find out about new methods and business practice. This is supported by numerous academic studies showing peer to peer learning is an effective delivery platform for effective KE. SPot Farms will be in an excellent position to share best practice and learnings with other AHDB sector Monitor Farms and we will continue to resource SPot Farms, drawing down match-funding where available ensuring we provide the best geographical access for farmers, supply chain and agronomists.

AHDB Strategic Priority 3: Help the industry understand and deliver what consumers will trust and buy

AHDB Potatoes' objective is to use advocacy to position potatoes and potato products from Britain as the carbohydrate of choice, and increase export volumes.

Potatoes are consistently competing against other carbohydrates and are affected by changing diet trends. This is in spite of strong evidence-based credentials for sustainability and nutrition and envious household penetration rates. Opportunities exist to exploit untapped ‘open’ markets overseas, grow consumption in all our markets and replace imports with domestic production.

Targets:

Existing markets maintained and trade established in 50% of currently under-traded or dormant markets

EU match funded campaign objectives (5% shift in attitudes on nutrition) and 300 000t uplift in fresh sales met

Consistent “good news” agenda based on evidence.

Activity 3.1: Create an advocacy approach; influencing the influencers to drive a positive attitude to potatoes and potato products from Britain

AHDB already has a strong evidence base that positions potatoes as a virtuous crop – beating carbohydrate competitors in areas such as sustainability and health. By enhancing this evidence and deploying it more effectively we can engage and inspire a broad family of stakeholders to improve the sector’s reputation.

By pooling AHDB experience in crops, meat and dairy we will establish a core stakeholder list including agriculture, education, health, NGOs and food bloggers ensuring they receive a steady stream of evidence-based positive messages about potatoes and the potato industry.

Activity 3.2: Continued delivery of EU co-funded partnership with Bord Bia

This has been a highly successful campaign for the past two years, and continues to deliver against its targets of increased awareness of the potato’s nutritional value, versatility and convenience in modern diets. By partnering with Bord Bia and achieving match funding from the EU we have provided a good example of how potato levy funds can be leveraged for maximum impact. We plan to continue the current marketing campaign.

Activity 3.3: Exploit existing overseas market access agreements for potatoes

Opportunities currently exist to develop the seed export trade with around 20 overseas markets for which access has been granted at a government or regulatory level. A fresh approach is required to help levy payers establish the right trading partnerships to fulfil these markets. We will be developing a new trade-supporting toolkit assisting exporters to develop trading partnerships. Potential to explore ware and product trading relationships could also benefit levy-paying supply chain businesses and we will work with exporters, other than seed businesses, to explore how we can promote products overseas.

AHDB Strategic Priority 4: Delivering thought leadership and horizon scanning

AHDB Potatoes' objective is to deliver better informed businesses through improved market intelligence horizon scanning and thought leadership.

Better informed businesses are able to respond to both opportunities and threats more quickly, driving improved resilience in the sector.

Target: Businesses are confident in making decisions based on stimulating and inspiring thought pieces from AHDB, measured on the annual AHDB survey as an increased score (from 4.5 to 6 out of 10) on AHDB meeting business needs.

Activity 4.1: Making consumer insight data and analysis available and easier to interpret to stimulate businesses to adapt and provide the best consumer solutions

Ensuring ready access to excellent analysis enables businesses to capitalise on the steadily improving domestic consumption of potatoes. Opportunities exist to respond quickly to factors affecting consumer behaviour including affluence, globalisation, health, and dining opportunities. We will make more consumer analysis readily available to levy payers allowing businesses to adapt to changing market requirements and opportunities.

Post-Brexit, understanding international consumer markets will become a more important feature and will help us prioritise resources against the best international opportunities. We will be pooling international market knowledge with our overseas partners so that our levy payers are better informed about new opportunities and threats.

Activity 4.2: Accelerate a market intelligence shift towards continuous stream of thought-leading reviews that fully extract value from insight

The market intelligence offer has been refocused to deliver more detailed analysis and interpretation, in addition to historic market data. This trend shift is reflected in recent AHDB Horizon reports relating to Brexit.

Activity 4.3: Underpin improved market intelligence analysis with state of the art data capture systems and use of new technology

Addressing big data opportunities will require state-of-the-art data capture systems and use of new technology. This will enable us to explore possibilities for future data capture and ensure potatoes are well represented in a broader big data agenda.

Activity 4.4: Explore investment in satellite technologies providing improved data to underpin research and levy collection

Exploration of satellite technologies will allow AHDB Potatoes to devise a more dynamic and strategic approach to operating a fair levy collection system. It may also have further applications in providing data for market intelligence and research purposes. We will start discussions with potential providers with a view to developing systems in 2019.

Activity to phase out, divest or reduce investment in for 2017 - 2020

Activity: *Routine market intelligence products*

There is ongoing debate in the industry regarding some AHDB Potatoes routine market intelligence products with divergent views on need for the products and their quality. We have collected user data regarding usage and relevance of our product range and will use this to fine-tune the product range in parallel with AHDB's broader review of market intelligence.

Activity: *Grow Your Own Potatoes*

With a renewed focus on return on investment for the potato levy, measuring direct industry benefit from this activity has been a challenge. The programme has evolved to the stage where it could be taken on in its entirety by a third party. We will be engaging potential future deliverers ensuring that we don't create a vacuum of activity and that we maintain opportunities for levy payers to engage directly with schools. Selected educational elements of Grow Your Own Potatoes and our wider work with secondary schools and colleges could be wrapped up into a wider AHDB package on education and form part of strategic advocacy work.

Activity: *Historic approaches to economic comparison overseas*

The last two rounds of economic review undertaken by AHDB Potatoes have fine-tuned market intelligence thinking. The focus around business structures and enterprise costs is 'nice to know' but does not result in beneficial changes in practice. We will replace this work with a deeper technical dive into international production issues.

Activity: *Decision support systems for blight and aphid health and safety toolkit*

With the evolution of services within the national Agri-Tech centres, decision support systems will start to compete with each other and alignment in the industry is needed. As new services develop we will offer our resources and expertise to allow development of the best, independent levy-payer facing tools.

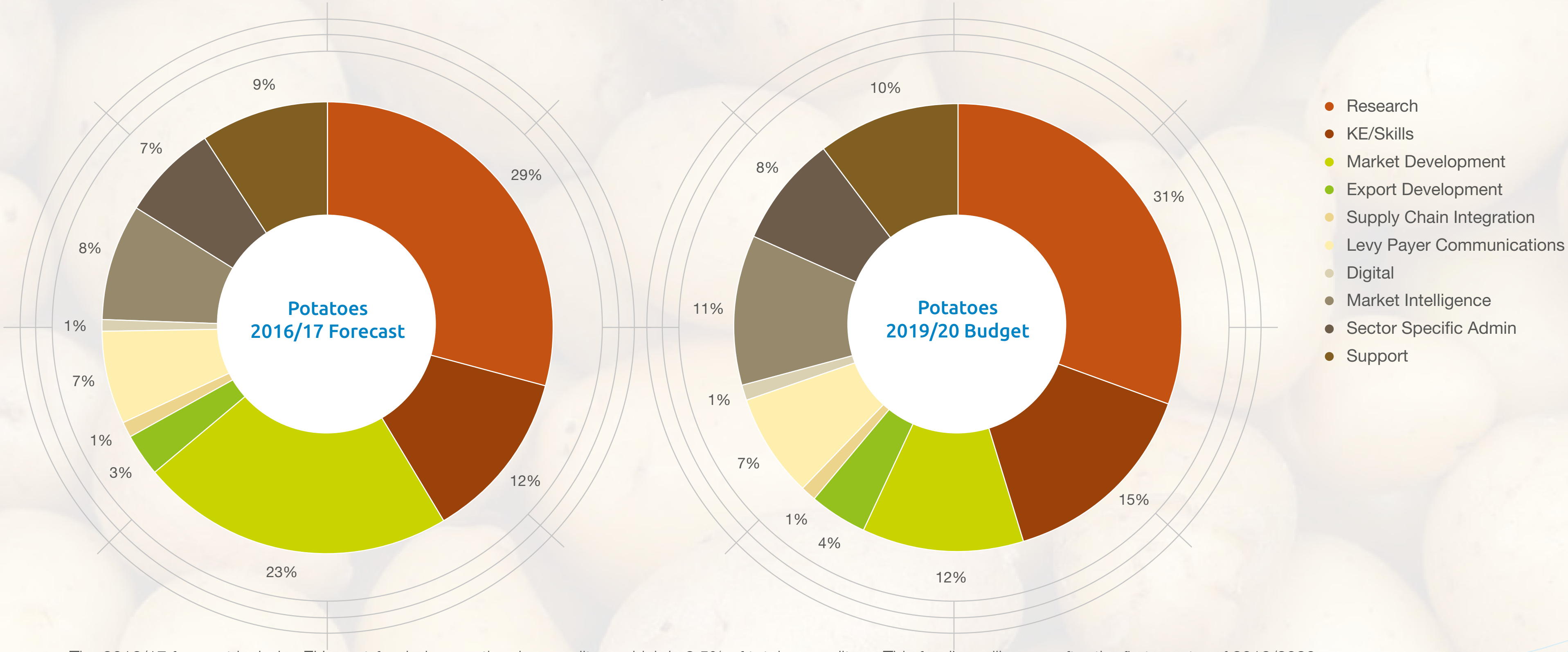
AHDB's health and safety toolkit is fit to run for three years with no further development. We will continue to maintain our multi-language toolkit and encourage levy payers to meet their legal requirements with regard to health and safety.

How AHDB Potatoes will invest

The proposed budget comprises the allocation of AHDB Potatoes' levy income across the AHDB delivery functions. These charts are indicative and show how expenditure will change over the next three years. Levy rates will stay the same for 17/18 and there is no intention for levy rates to change in the final two years of the strategy. Any changes to levy rates would be subject to industry consultation. Current levy rates can be found on page 88.

Key points to note are:

- Increased spend in KE to get R&D adopted more quickly
- Increase spend in market intelligence so industry has a better domestic and international understanding of production and customer attitudes
- Decreased spend in marketing as the current match funded work in the fresh sector draws to a close
- Decrease spend in education as new ways of delivering are developed



The 2016/17 forecast includes EU grant-funded promotional expenditure which is 6.5% of total expenditure. This funding will cease after the first quarter of 2019/2020.