

- A Closer Look at the Value of -

IDAHO[®] POTATOES

A RECENT STUDY BY ARIZONA STATE UNIVERSITY LOOKED AT VALUE AND PRICE ELASTICITY

PRICE ELASTICITY

is the value that helps determine the relationship between a change in the quantity demanded of a particular good, and a change in its price.¹

THE STUDY FOUND THAT IDAHO[®] RUSSETS

are much less elastic than russet potatoes from elsewhere. This means that when the price goes up, the resulting lost volume is significantly less than non-Idaho[®] Russets.



INCREASED PRICE

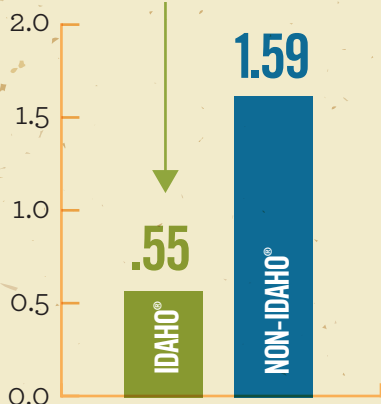
STABLE DEMAND/VOLUME



THE FINDINGS SUGGEST

that retailers don't need to discount Idaho[®] Russets to the same degree as non-Idaho[®] Russets for fear of a decline in volume.

BASED ON 5lb BAGS of russet potatoes



Like in golf, the lower the score the better.



LOWEST

vulnerability to competitive pricing.

HIGHEST

potential for increased profit margins.

"The fact is that even if you pay 10 cents per bag more for Idaho[®] Russets, you can charge 20 cents per bag more at retail."

SETH PEMSLER

*Vice President,
Retail and International Programs
Idaho Potato Commission*

Study Info provided by:

The study was conducted using IRI syndicated data

Category: Potatoes

Timeframe: 104 weeks ending 4/17/2016

8 Regions and Total U.S.

Level of Detail: Weekly data broken out by variety and pack

EQ Volume = Lbs

Timothy Richards, Ph. D. with Badger Metrics, LLC using his proprietary price elasticity model provided the statistical results reported. Category Partners, LLC, in concert with Dr. Richards, provided the conclusions and takeaways reported.

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