

PRICE OF PROGRESS  
WASHINGTON STATE POTATO COMMISSION  
REPORT TO THE INDUSTRY

by  
A. George O'Leary  
Administrator

The potato industry in Washington is healthy and growing. Acre for acre, Washington fields yield more potatoes than any other state in the country.

We are second only to Idaho in overall production, and, most rewarding, the prices we get for our potatoes have continued to go up over the years.

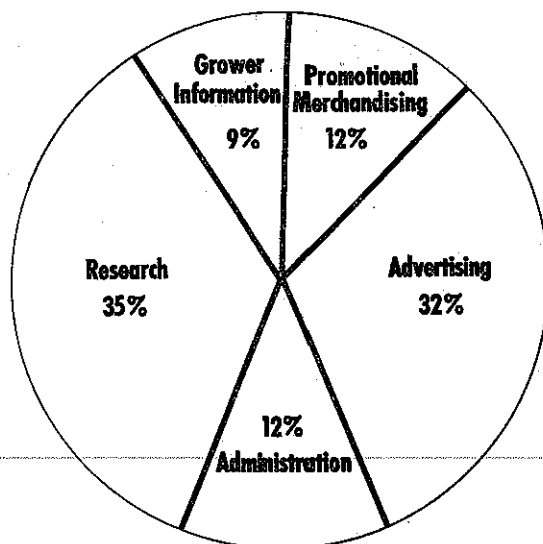
From \$22 a ton in 1968 to \$56 a ton in 1978. That's a whopping 155 percent increase.

STATE OF WASHINGTON  
Industry Progress 1968 - 1978

	<u>1968</u>	<u>1978</u>	<u>Increase</u>
Average contract price per ton	\$22.00	\$56.00	155%
Tons per acre	18.9	23.3	23%
Acres harvested	64,000	109,000	70%

A good part of our success has come from working together to promote our industry. In 1956, the potato growers of Washington voluntarily assessed themselves two cents per hundredweight or, 40¢ per ton.

In the last 23 years, we've gotten more than our money's worth.



**PERCENTAGE BUDGET BREAKDOWN**

As you can see by the chart, the biggest chunk of the budget, 35%, goes to research - to help us produce bigger and better crops and fight problems such as ring rot and seed-borne diseases. The 32% we spend on advertising along with the 12% we spend on promotion, help us maintain our share of the market, which gets more competitive every year. Nine percent goes to grower information, and a modest 12% goes into administration.

Our assessment rate was determined back in 1956, and believe me, it doesn't go far in 1980. Research, advertising and promotion - the cost of everything is up.

We're not the only ones hit by inflation, but we're one of the few groups that hasn't done anything about it. Here's what I mean:

APPLES - Since 1963, Washington apple growers have increased their assessment 100% to maintain their market share at home and open up new markets abroad.

BEEF - Washington beef has done the same thing - up 100% in just five years.

WHEAT - Washington wheat, up 100% since 1976.

DAIRY - Washington dairymen have increased their assessment 33% in the last three years. The Dairy Commission spends over \$1,000,000 in Washington State Advertising. This is just over 3 times the amount the Washington State Potato Commission was able to spend on its total advertising budget in the 1979-80 fiscal year.

ALFALFA - The Alfalfa assessment went up 100% just last year.

CHERRIES - Cherries are up 100% since 1966.

CALIFORNIA GRAPES - Here's a real whopper: California grapes are up 465% in the last 12 years.

STRAWBERRIES - Another California commodity, strawberries, are already up 100%, with the authority to increase the assessment another 50%.

AVOCADOS - California avocado growers invest 5.9% out of each farmgate dollar to raise 4.5 million dollars for advertising.

POTATOES - But in 23 years, the assessment rate on Washington potatoes has gone up exactly ZERO percent. So, while every other industry has been out there getting its share of the pie, we've been going backwards.

Research has been cut down to bare-bones. Merchandising materials are a thing of the past. And advertising for the fresh markets has been chopped a third.

Meanwhile, look at what our competition in Idaho is doing. They've already raised their assessment - twice - to 5.5¢. Today, Idaho growers spend 400% more on advertising and promotion than we do, yet they produce 50% more potatoes. At this rate, they are really MASHING OUR POTATOES.

The fact is, we do some of the best advertising in the country, but people don't see enough of it because we just don't have the money to do the job right. The unit cost of magazine ads has gone up 68%. TV costs have soared out of sight. Just one example is the Super Bowl. Ten years ago a sixty-second commercial on the Super Bowl broadcast cost \$100,000. This year the same sixty-second commercial was \$425,000.

Here's a look at all the media together.

# ADVERTISING RATE INCREASES PAST TEN YEARS

<u>Media</u>	<u>Circulation</u>	<u>Unit Cost</u>
Evening TV Network	up 118%	up 199%
Spot Radio	up 15%	up 85%
Magazine	up 6%	up 68%
Newspaper	down 2%	up 113%

In the next five years, media costs will continue to escalate, and unless we're willing to spend more money, that means people are going to hear less and less about Washington potatoes.

Now, let's take a look at another vital part of our budget: Research - we've invested nearly 3.5 million dollars in research over the years - and every single grower in the state has reaped the benefits of this investment.

Our Seed Lot Trials are one good example. We all know the danger of seed borne diseases. These tests at Othello and Royal Slope have been an effective way of spotting seed borne diseases in planting stocks. Research has also helped us maintain high yields on old ground and develop new disease-resistant varieties. In the future, research will be an essential tool for developing more efficient uses of energy and improving handling and storage methods.

We already have the best potato crops in the country. But they don't do us much good when they're piling up in the shed.

That's why one of our biggest challenges of the coming decade will be to open up new markets abroad. Now is the time to tap the lucrative markets of the Pacific Rim; to teach people whose ancestors ate only rice the benefits of the protein-rich potatoes from Washington State. There's tremendous opportunity waiting for us in Japan, where french fries are the latest craze. Now, it's up to us to tell the Japanese that Washington potatoes make the best fries in the world. Developing this market won't happen overnight. It took the cherry industry 8 years of continuous planning and many trips to Japan to develop their share of the market there. If we want our share, we have to commit ourselves now, and we have to come up with the money to see that commitment through.

Our current assessment will not be enough to meet the challenge of the 80's. Under the current 2 cent assessment the following economies have had to be made:

1. Two employees cut from the Commission staff.
2. Fresh market ad campaigns cut from 2 per year to 1.
3. Fresh market merchandising and point-of-sale materials reduced to a minimum.
4. Field representative market calls condensed from 18 weeks to 8 weeks.
5. Advertising markets cut from 20 to only 7.
6. Five major research projects cancelled or cut back.

We need to increase our assessment to 3¢. It's an increase that's long overdue. What would we do with the money? Well, I've already talked about expanding our markets through exports. Another top priority will be to use advertising and promotion to help maintain our share of fresh markets in the face of escalating shipping costs and tough local competition. We also need to continue vital research programs which will give us the capability to solve problems as they arise.

We've already moved from #6 to the #2 potato-producing state in the country. But our goal is to be #1. We can do it -- we will do it -- with advertising, research and marketing. The price of progress has gone up; but so have the rewards.