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COVID-19, short supplies create hot potato market

March 25, 2020



Twenty-year potato industry veteran Lance Poole of Idaho-based Eagle Eye Produce Inc. was unequivocal in using the descriptor “hot” to describe the current potato market. “I’ve only seen a ‘hot’ market like this one other time in my more than 20 years in the industry,” said the executive vice president of the Idaho Falls company. “That was in 1998-99 soon after I started here. At that time, we were selling cartons of russets for \$35. Right now, we are at \$30 for a carton and it (the f.o.b. price) is still increasing.”

Gary Askenaizer of Progressive Produce Corp. in Los Angeles was equally impressed with the current marketing situation for fresh potatoes. “The market has been red hot for the last two weeks,” he said on March 24. “Concerns over the coronavirus have blown the roof off of consumer demand. We already had a short crop and now you add this extra demand. Who knows how long it’s going to last?”

“Totally insane” is how Tim Worden, account manager for RPE Inc., Bancroft, WI, described the current potato and onion marketing situation. “For all varieties of onions and all varieties of potatoes demand far exceeds supply.”

Askenaizer said russets are typically sold from storage until the new crop begins its harvest in mid- to late summer. If demand continues at its current level, the storage crop just won’t last that long.

Poole lamented that typically potato growers have a bumper crop looking for buyers. “It’s too bad we don’t have this kind of demand when we have the supplies,” he said, though adding that the COVID-19 situation is not the reason anyone wanted that increase in demand.

The Eagle Eye executive surmised that because of their extra long shelf life, potatoes are a produce item that consumers are buying in large quantities to have on hand in case of an emergency. He noted that over the last few years five-pound bags have become the more popular bagged item, but currently 10 pounders are taking the lead. From a production standpoint, Poole said that is a positive as packing a 10-pound bag is more efficient than five pounders allowing the packingshed to crank out more volume in a given time period.

Worden said that no matter what RPE does in the packingshed, it can’t keep up with demand. “There is just not enough product nor packing time to get all the orders filled.”

He predicted that this run on product would last for the foreseeable future as the coronavirus spreads across the country. He said people are afraid and they are filling their homes with the products they need in the event they can’t go out as the situation worsens.

While Eagle Eye is seeing a significant reduction in its foodservice business, Poole said some foodservice potatoes are being packed in retail bags. “We are putting some large (foodservice) potatoes in a 15-pound bag for some retail customers and we are also creating a bag of number 2s for other customers.”

Poole said virtually every packingshed has both foodservice and retail customers as the normal potato harvest produces large quantities of potatoes for both sectors. Foodservice customers, for example, like large potatoes for making fries while the typical home cook wants a smaller potato for baking or other recipes. He said the dig from the field usually will have a 60/40 split with retail-ready potatoes accounting for the larger slice of that pie.

Worden said RPE has been selling many of the bulk cartons of larger potatoes — typically destined for

foodservice — to retailers for their bulk displays. The company is purchasing some of those foodservice-ready potatoes from other regions and packers to fill the demand from its retail customers. RPE has a large array of potato packs, and, for the most part, retailers are taking whatever they can get.

He added that the high potato prices have been caused by the COVID-19 reaction but agreed the short crop this year also has played a role. He said a freeze in Idaho and wet weather in North Dakota last year reduced storage supplies and have contributed to the situation. Onions, on the other hand, are in good supply, yet demand is still exceeding it.

Despite the increased demand, Worden said RPE is not experiencing difficulty in finding transportation to get the extra product to market. He said agricultural loads are classified as an essential product that can be hauled, but he added there has been some concern about backhauls as manufacturers of non-essential items close their operations. Worden said that has not actually been a problem yet, but it is on the radar of truckers.

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