



## MARKET INTELLIGENCE REPORT ON POTATO FLAKES

### The potato market is projected to record a CAGR of 1.0% during 2019-2024

Potato is a major food crop that is grown in over 100 countries across the world. After wheat, rice and maize, potato is the most important food crop in the world. It contributes to almost 50% of the total tuber and root crop production. One of the world's major food crops is potato, which produces a high amount of edible energy. Potato is a rich source of vitamin, iron, potassium and dietary fiber. Potato is a fundamental element regarding food security, for millions of people across South America, Africa, and Asia, including Central Asia. Dehydrated potato products, including potato flakes, potato granules and other, are processed food products made from whole, raw potatoes that are cleaned, peeled, sliced, precooked, cooled, cooked, and mashed and either drum dried into flake form or air dried into granule form.

### Global packaged processed potato products market to grow at a CAGR of over 4% during 2018-2022



The growing focus on expanding production capabilities for potato processing is one of the major trends being witnessed in the global packaged processed potato products market 2018-2022. Changes in consumer lifestyle, increase in disposable income, and growth in demand for convenient and easy-to-prepare food have led to higher consumption of packaged processed potato products. To cater to this higher demand, manufacturers are expanding their production facilities, which will lead to an increase in the overall growth and revenue of the global packaged processed potato products market.

The retail sector helps in selling finished products to end-consumers. The sector has witnessed steady growth globally in recent years with the mushrooming of convenient stores, specialty stores, hypermarkets, and supermarkets. Supermarkets and hypermarkets form one of the most popular distribution channels of packaged products, including packaged processed potato products. Discounted prices, attractive shelf displays, and pleasant shopping experiences are some of the factors that attract consumers to supermarkets and hypermarkets. Growing internet use globally has also given a boost to online retailing, which is boosting the growth of the global packaged processed potato products market.

*“Apart from increasing number of retail channels, emergence of several technological advances is one other factor that is boosting the growth of the global packaged processed potato products market.”*

**Amongst the packaged processed potato products, demand for potato flakes, which are rich in carbohydrate and contain imperative minerals, will ride the coattails of shifting consumer preferences toward consumption of nutrition-rich food & beverages. Potato flakes market will register an impressive growth at 7.0% CAGR through 2028.**

Potato flakes are flat chunks of dehydrated mashed potato. These flakes are the main ingredient in pre-mashed potato sold in food stores, in commercially available products, like instant mashed potatoes, croquettes, pasta and fabricated snacks. As a thickener, they enhance creamy frozen desserts, gravies and chocolate milk. Like other dehydrated potato products, they extend the shelf life of baked goods.

**Revenue generated by the potato flakes market is estimated to be ~US\$ 5.7 billion in 2019, and is expected to expand at a CAGR of ~7% in terms of value throughout the forecast period.**

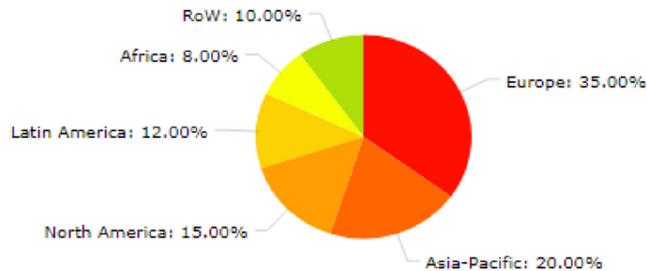
## **Escalating Demand for Potato Flakes from Bakery Industry**

- Due to the increasing adoption of potato flakes in bakery products, soups, sauces, ready-to-eat meals, and other processed food products, there has been significant growth in the market.
- Potato flakes are used as a thickener or base, for the preparation of ready-to eat vegetable gravies and soups.
- Further, potato flakes are also used in the manufacturing of texturized potato products, potato chips, snack pellets, and others.
- On the other hand, potato flakes are also gaining demand as an alternative for wheat flour, cornstarch which adds volume to stews, sauce, soups, and broths.
- The burgeoning demand for potato flakes in the global food industry is expected to fuel the growth of the potato flakes market in the coming future.

Potato flakes have a vast application for the following end uses:

- Instant Mashed Potatoes - The flakes are mixed with warm milk or water for making instant mashed potatoes which is one of the common items for a continental breakfast.
- Extruded and other Snacks - Fabricated snacks (Pringle, Potato sticks), Croquettes, Pasta
- Bakery Industries - Used as anti-stalling agent to slow the drying effect and to improve crust colour
- Meat Processing - In recipes like minced mutton balls, fish cutlets, meat/chicken nuggets etc. Potato flakes are used as extender and binder
- As Thickener - Creamy frozen desserts, gravies and chocolate milk
- Soups & Premixes - As a thickener in ready to use soup powders, gravies and other food premixes
- Formed Products - Patties, Cutlets etc.
- Instant Noodles etc. - For instant noodles, dried powdered mixes for sauces and stews.
- Baby food
- Chips and French fries

## Snack Pellets Market

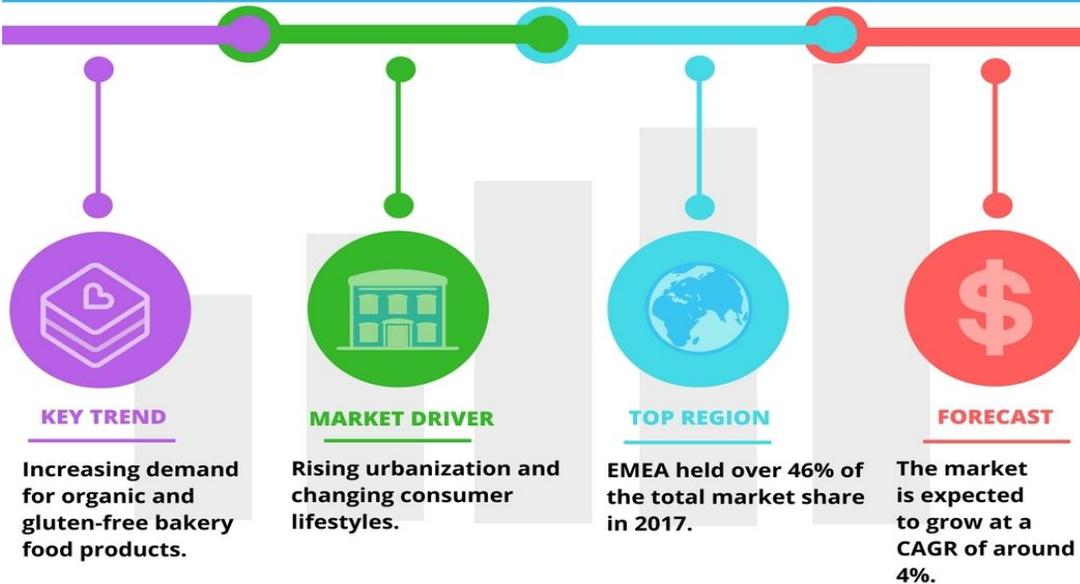


The European Union dominates the global market with the largest share due to an increasing demand for savory snacks in the region.

Which region will dominate the market in 2022?

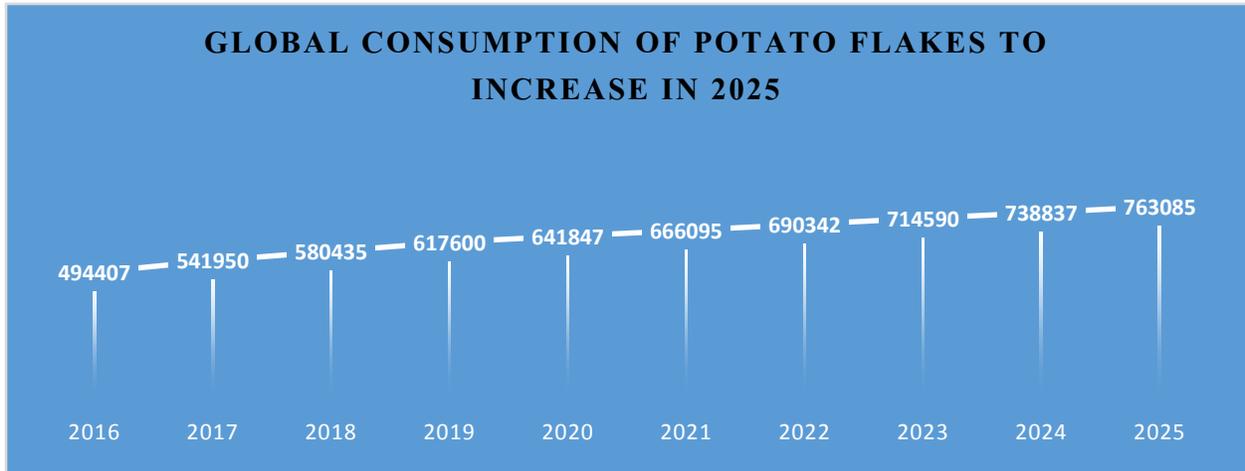
Consumer's increasing demand for ready-to-eat snack foods which is easy to digest is playing a key role to drive the potato flakes market

## GLOBAL BAKERY MARKET 2018-2022



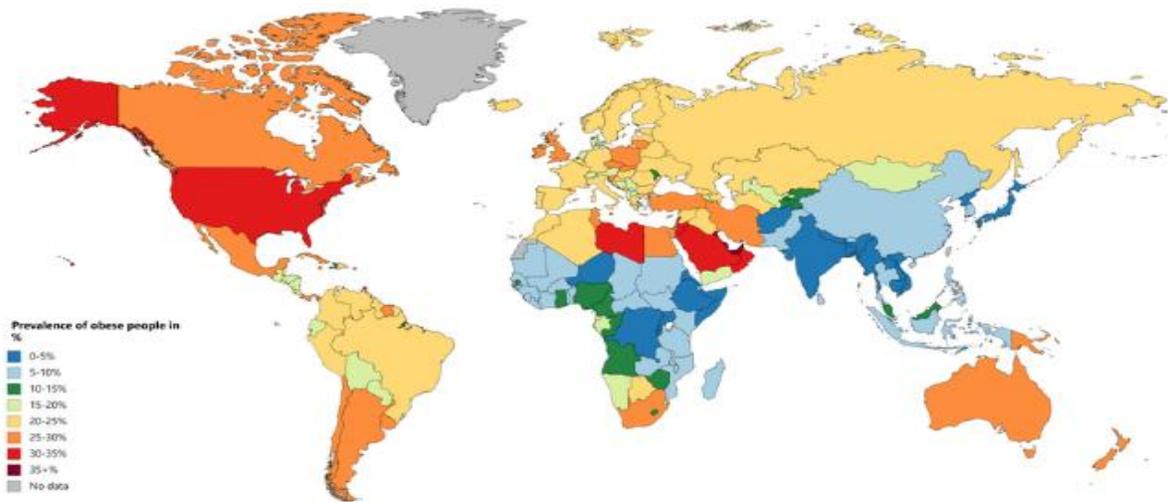
“Consumer's increasing demand for bakery products growing @4% would play a key role to drive the potato flakes market”

## GLOBAL CONSUMPTION OF POTATO FLAKES TO INCREASE IN 2025



**USA & Middle East most perspective markets for Potato flakes** having a rich amount of fibre content which helps in the reduction of body fat.

### Prevalence of obesity around the world



## Factors contributing to potato flakes demand

<p>Potato flakes are very popular among old age people as it is very easy to digest, this factor is boosting the growth of potato flakes to a great extent.</p>	<p>The potato flakes have an increased shelf life which does not affect the quality of the final product, which is also another key driving factor for the growth of potato flakes market.</p>	
<p>As potato flakes is a rich source of vitamin c, it helps to boost the immunity of the body.</p>	<p>Rapid urbanization and growing GHDI of consumers has enhanced their expenditure on ready-to-eat and processed food products, which partly offers relaxation in their increasingly hectic regime. Rising demand for such food is further rubbing off on growth of the potato flakes market.</p>	<p>Demand for potato flakes, which are rich in carbohydrate and contain imperative minerals, will ride the coattails of shifting consumer preferences toward consumption of nutrition-rich food &amp; beverages.</p> <p>Potato flakes contains flavonoid which keeps the level of bad cholesterol low, these factors are also going to drive the potato flakes market to a significant extent.</p>
<p>The potato flakes are light and are very easy to digest. The potato flakes are also used as a replacement for various flour such corn flour, wheat flour etc.</p>		



The growing trend of ready-to-eat food is one of the key drivers for the exponential growth of the potato flakes market. Consumers are exploring ingenious ways to use instant potato flakes to make crispy meat cuisines, and provide the added texture and consistency in meals. However, potatoes are found to have increased amounts of carbohydrates and fat, which is creating a resistance for their adoption from health-conscious consumers.

# Potato Flakes Market

2019-2029

Market by Region, 2019



**~7% CAGR**  
(2019-2029)

Nature



End Use



## Industry Highlights



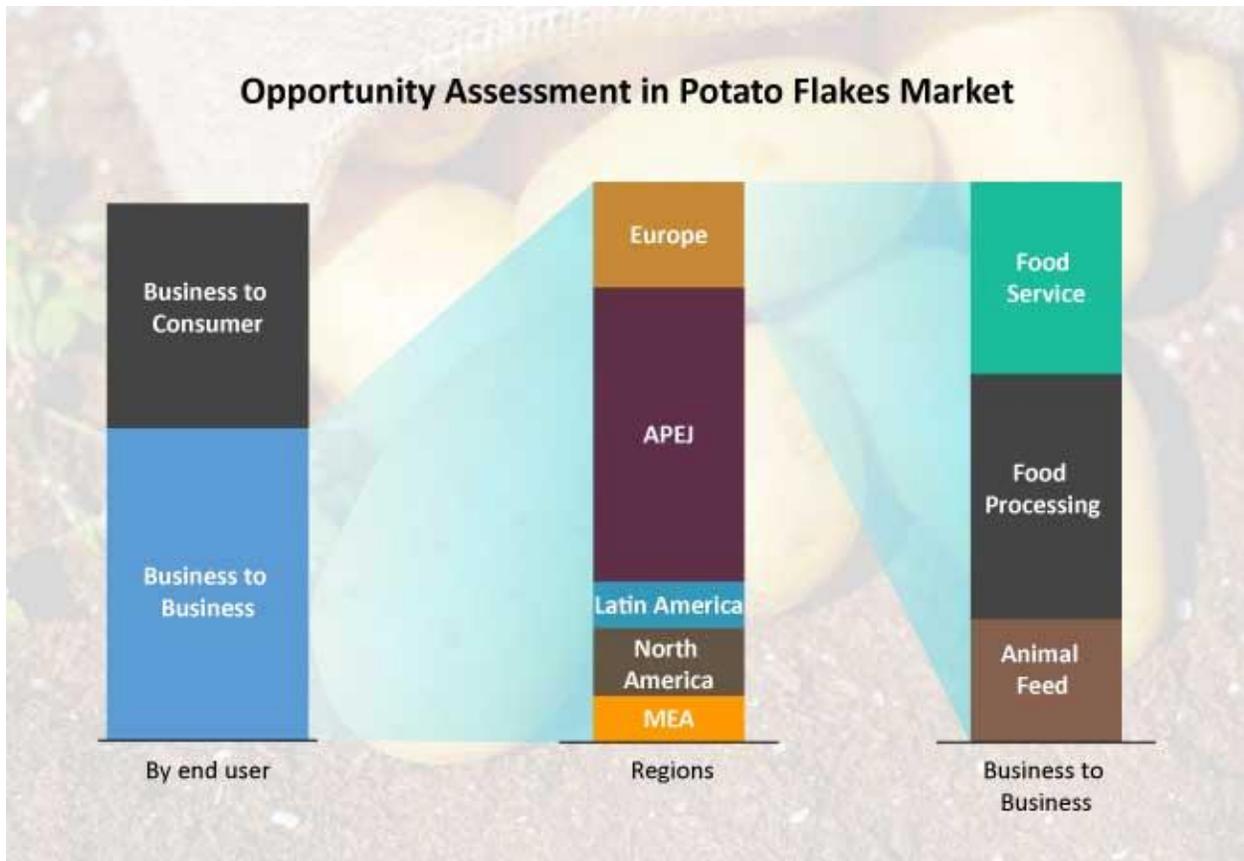
**Companies Invest in High-tech Drum Dryers to Increase Production of Potato Flakes**



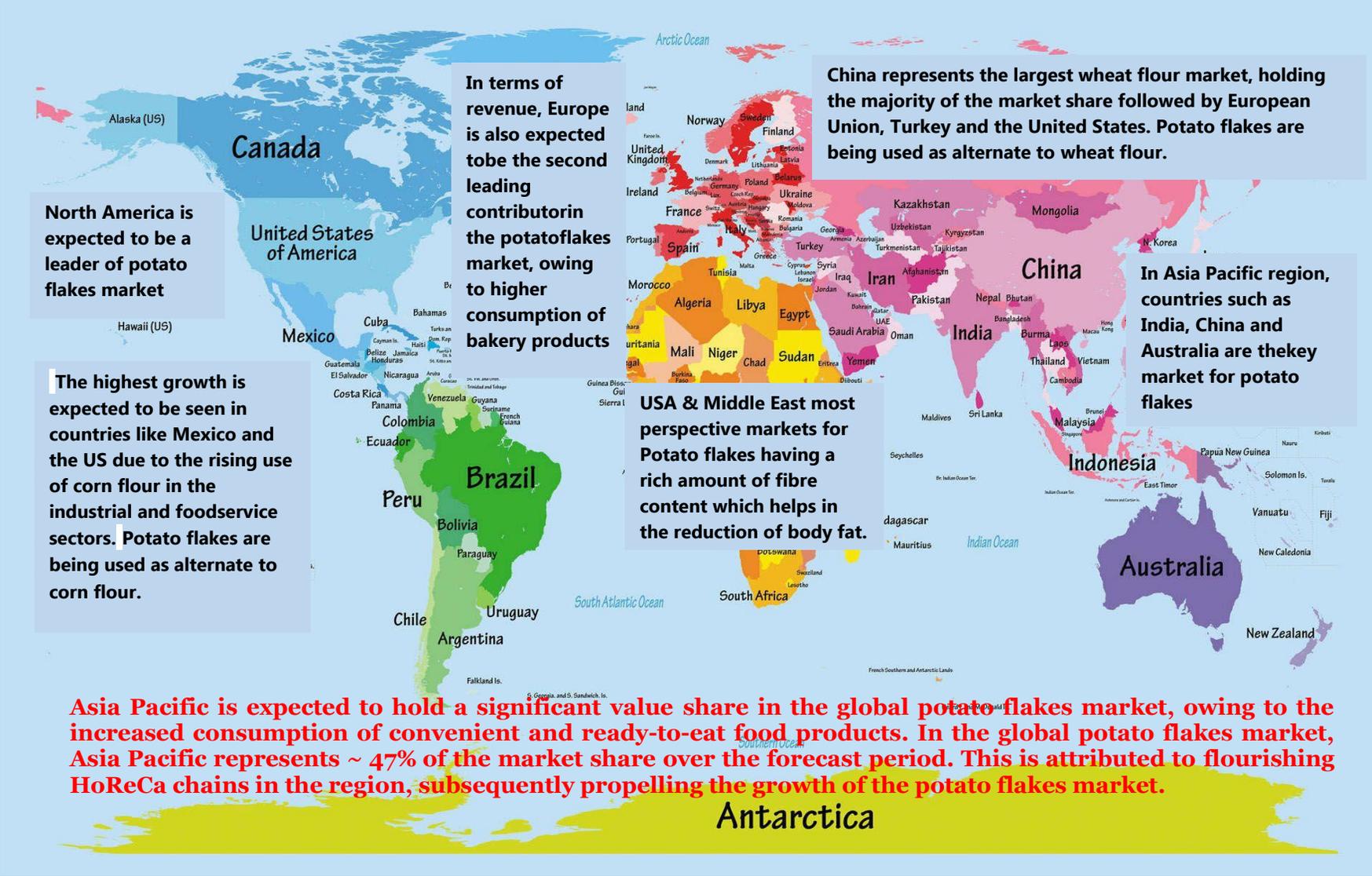
**New Potato Processing Factories in Central Asia Cater to Growing Demand**

# Market Segmentation

Potato flakes market is segmented on the basis of packaging, end use, distribution channel, nature, and region. On the basis of packaging, the market is segmented into retail packaging and bulk packaging. Bulk packaging is mostly purchased by restaurants and hotels, whereas retail packaging is more purchased by the consumers for their household. The demand for potato flakes is more from the common consumers as potato flakes can be used as a thickening agent, which adds up the volume to soups, stews, sauces, and broths. On the basis of distribution channel, the market is segmented into supermarkets/hypermarkets, convenience stores, specialty store and online stores. It is expected that supermarkets/hypermarkets will hold a relatively higher value and value share in the potato flakes market compared to other distribution channel. On the basis of nature, the potato flakes market is segmented into organic and conventional. The demand for organic potato flakes is on the rise, owing to rising number of health-conscious people across the globe.



# Global Prospects for Potato Flakes 2020



## Global potato flakes market: APEJ region expected to boost market growth due to demand for nutrition-rich processed food

Asia-Pacific excluding Japan (APEJ) continues to remain the mainstay for potato flakes manufacturers, as the region is home to world's leading food producers, exporters and importers. Future growth opportunities for the potato flakes market in APEJ are immense, on account of huge demand for nutrition-rich processed food from growing middle-class population. Heightened pace of activities among players who seek entering or consolidating their position, in tandem with massive alterations in consumer lifestyle made by ripple effects of urbanization, are key factors impacting growth of APEJ's potato flakes market. **Growth of the potato flakes market will also be impacted by stagnant GDP growth in most prominent economies, and disparate recovery and growth estimated for the same in the foreseeable future.** Emerging and developing nations are expected to significantly contribute to expansion of the potato flakes market, on account of their improving consumer lifestyles and lucrative opportunities paved by the rise in FMCG sector in these countries. Overall, prospects of the potato flakes market continue to remain promising in the forthcoming years.

## USA, Malaysia and Italy remains the most promising market for potato flakes

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Italy	42398	46565	54673	49152	50466	51780	53094	54408	55722	57037
Malaysia	41740	42240	51584	43432	46231	49029	51827	54625	57423	60221
USA	32656	44521	45217	54319	57386	60453	63519	66586	69653	72720
United Kingdom	24470	28214	39494	39777	40924	42071	43218	44365	45512	46659
France	37271	35673	35264	42863	44577	46291	48005	49719	51433	53147
Mexico	28335	30055	32905	35605	36919	38233	39548	40862	42176	43490
Japan	26618	34853	31987	33383	34252	35121	35990	36858	37727	38596
Belgium	25828	27601	30188	29557	29922	30287	30651	31016	31381	31746
Germany	17893	20852	23255	21075	21629	22184	22738	23293	23847	24402
Spain	13824	13470	15900	18042	18172	18303	18434	18565	18695	18826
Indonesia	9337	10956	11726	11815	12375	12935	13495	14055	14615	15175
Canada	8103	8902	11531	10314	10788	11262	11737	12211	12685	13160
Saudi Arabia	9382	10026	10151	9774	10429	11085	11740	12396	13051	13707

Source: ITC

# Potato flakes: global stories

## Organic Potato Flakes Sales Proliferate, yet Conventional Counterparts Continue to Hold Bulk Market Shares

Pace of technology penetration in the food sector has been observed to be robust recently, compelling manufacturers to enhance their R&D efforts. Widening range of applications has led enormous commercial vendors to develop a variety of potato flakes in their purest forms, pointing at discovery possibilities in the market in tandem with increased research activities. Efforts of key players toward realizing innovative, new product developments, and unique product offerings to gain a competitive edge and greater brand positioning, will remain key demand determinants for conventional potato flakes. Conventional potato flakes continue to subjugate the market in terms of revenues. **Over 95% shares of the market are held by conventional potato flakes currently, and the status quo is expected to prevail in the foreseeable future.** Organic potato flakes, which are still at their infancy, are likely to fast gain ground, with growing consumer preference for natural products that involve the use of fewer additives and chemicals.

Although revenues from the conventional variant remain substantial, **sales growth of organic food products is projected to be faster than the former through 2028.** A wide variety of organic potato flakes have permeated the market that fall in line with surging consumer demand for higher nutrient value and non-GMO-labelled products.

## Potato Flakes Market: Online Stores to Aid Product Transparency and Boost Sales Growth

Growth of ecommerce, internet proliferation, and increase in online stores, in comparison with review sites, are key transformations that have facilitated consumers to compare price levels of potato flakes product variants. Greater availability of inherent intelligence on products, and other relevant details such as details of producer and the crop's origin, has resulted in greater product transparency in the potato flakes market,

thereby favoring its growth. Additionally competitive pricing of potato flakes products, coupled with various profitable coupons or offers, as well as schemes, involved in online purchases are expected to bode well for future growth of the potato flakes market.

## **Companies collaborating to develop innovative drum dryers to increase production capacities of potato flakes**

Manufacturers in the potato flakes market are teaming up to develop record-sized potato drying drums to increase their production capabilities. For instance, food processing companies - Idaho Steel and Kiremko - have teamed up to build drum dryers that provide an exuberant output of potato flakes within a matter of few hours. Manufacturers in the potato flakes landscape are innovating the newest technologies to increase their production capacities of drum dryers. They are increasing efforts in R&D to build multipurpose drum dryers that not only dry potato mash but also mill the mash into flakes or powder.

With the introduction of high-tech drum dryers, manufacturers in the potato flakes market are gaining credibility on a global level by providing state-of-the-art turnkey solutions to the potato industry. Latest design innovations in drum dryers help in the production of premium-quality food products. In this way, manufacturers in the potato flakes market are capable of fulfilling the global consumer demand for high-quality potato products.

## **New Food Processing Factories in Central Asia Help Manufacturers Gain Monopoly**

There is the growing emergence of new potato processing factories in Central Asia. Ever-increasing population growth is one of the key factors for the increased consumption of potatoes. Thus, manufacturers in the potato flakes market are eyeing strategic growth in Central Asia, since there aren't many large-scale food processing factories in the region. In this way, they are able to gain a monopoly in the region's market landscape. In order to achieve dominance in the region, manufacturers in the potato flakes ecosystem are streamlining their production activities by utilizing the best potatoes grown in domestic farms. This is justified, since the organic production of potato flakes is gaining impetus on a global level, as compared to the production of conventionally-produced potatoes.

## Newer Technologies Contribute to Energy Efficiency and Reduce Environmental Impact

Certain challenges in the potato flakes landscape are predicted to negatively influence market growth. For instance, rapid development of food factories in developed and developing economies has added to the environmental stress. Due to this, strict regulations have been implemented by governments to minimize the environmental impact caused as a result of pollution, emissions, and excessive energy and water consumption. The emergence of new potato processing factories is contributing to the global revenue growth of the potato flakes market. But factors such as solid waste generation and negative impacts on the aquatic habitat have given rise to strict regulations in the potato flakes space.

**There is the growing need to improve water and energy efficiency for potato processing factories.** To overcome the challenges in food processing, companies in the potato flakes market are adopting two key operations - non-thermal processing and membrane processes. To achieve higher water efficiency, companies are practicing reconditioning treatments that help reuse water for other purposes than just potato processing. To reduce the volumes of food processing waste, companies in the potato flakes market are relying on the production of renewable energy, since potatoes are rich in various carbohydrates such as starch, cellulose, and hemicellulose. These practices help improve the bottom line of companies. Newer technologies such as molecular interactions via microwaves are gaining increased acceptance to achieve energy efficiency. Non-thermal methods also provide increased energy efficiency, and help minimize the impact on the nutritional and sensory attributes of food products.

- In April, 2019, Nestlé and Carrefour announced providing access to block chain data to its consumers for its brands, so as to create better visibility and transparency of the whole supply chain of its products.
- McCain Foods, a global leader in potato specialty products, announced the acquisition of Serya, a Brazilian food company. This acquisition will enable McCain to expand its boundaries in the Brazilian market. Serya provides pre-formed specialty potato products in Brazil.
- Rixona B.V. has started working on a new production plant in the Gansu Province in China, for the production of high quality potato flakes, with a capacity of 15,000 tons per annum.
- Furthermore, companies are also emphasizing to offer quality products by offering BRC, IFS, HACCP, IFS, and ISO 9000 certified products, owing to the increasing demand for packaging and labelling transparency.

- Companies are also focusing on offering Kosher and Halal certified products on customized requests, as countries in Asia Pacific contribute significantly to the per capita consumption of halal and kosher certified products.
- **Nestle S.A. opened a new quality assurance lab in Araras, Brazil.** The move was intended to enhance the company's organic product portfolio in the region. The company invested around US\$ 6.9 Mn to construct this new facility. The quality assurance facility will ensure that its organic products are free from pesticides and genetically-modified organisms.
- **McCain Foods Limited completed a strategic investment with a highly innovative agriculture company, TruLeaf Sustainable Agriculture.** With this partnership, the company is expected to set new standards for efficient crop production and environmental care.
- **Lamb Weston Holdings, Inc. expanded its Richald Washington plant by 2,90,000 square feet, increasing its production capacity by approximately 300 million pounds,** annually.

## Sources

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