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Global potato processing market to surpass $3,500m by 2025

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The global potato processing market is estimated to be valued at $2,327.3m, in terms of revenue, in 2017, according to a new report published by Coherent Market Insights.

Potato processing is carried out to meet the significant demand arising from various applications of processed potato such as processed food, animal feed, biofuel, and glue. Processed foods such as potato fries and chips are gaining popularity among consumers, primarily owing to its taste. Also, potato starch is used as an adhesive. In addition, potato finds application in the generation of biofuel and also as a feed to dairy cattle.

Couleur via pixabay

Key trends and analysis of the potato processing market:

• Processed food is estimated to be the dominant application segment in the potato processing market in 2017. Frozen potato is the largest product type and fresh potato is the fastest growing segment in the potato processing market.

• In Europe, increasing demand for high quality processed food is driving the market for potato processing.

• Asia Pacific is the fastest growing market in terms of revenue in the potato processing market. Urbanisation, modernisation, the influence of western culture, changing lifestyle, population growth, increase in customer buying power, availability of raw materials, and cost competitiveness are the major drivers for the potato processing industry in this region.

• North America is the second largest market for potato processing and is projected to grow further over the forecast period. Manufacturers operating in the region are planning for high investments, which in turn will augment the market growth. For instance, in May 2017, McCain food invested around $200m in its potato processing plant.

• The potato processing market in Latin America, Middle East and Africa is expected to witness significant growth, driven by high investments by key market players. In April 2017, the Switzerland-based food subsidiary, Kingdom Foods announced its plans to invest $10m in its potato processing factory in Kenya.

• Growing consumption of potatoes by processed food industries due to high consumer demand is the major factor driving the robust growth of the potato processing industry.

Key takeaways of the market:

• Europe dominates the potato processing market and it is expected to continue its dominance over the forecast period. Considering this trend, major players are investing heavily in the region. An example is the investment of $210m in 2017 by Aiko in their potato processing plants.

• Asia Pacific is projected to be the fastest growing region. According to India Brand Equity Foundation (IBEF), a trust established by the Department of Commerce, the Ministry of Commerce and Industry, Government of India, consumer spending on processed food will reach $3.6 trillion by 2020 in India. Furthermore, Xisen Potato Industry along with experts from James Hutton Institute of Scotland is planning to set up a $3.87m potato laboratory in China during the next decade.

• Processed food is a dominant application segment of the potato processing market. The high demand for processed food is driven by certain advantages such as easy cooking or immediate consumption and ease of handling, preservation and storage.

Various organic and inorganic growth strategies are adopted by the leading market players in order to strengthen their foothold. For instance, Lyckeby, which is a Sweden-based manufacturer of potato-based fibre and starch, merged with Ingredion in August 2017 and Amazon acquired Whole Foods Market in August 2017.

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