



**Mexican Hass Avocado Importers Association**  
**Board Meeting Minutes**  
**February 16, 2016**

**Place**

AFM Headquarters  
Las Colinas, Texas

**Time:** 9:00 AM – 3:00 PM

**Board of Directors:**

**DIRECTORS**

Ricardo Vega (p) (Chair)	Director
Jorge Hernandez (p)(Vice)	Director
Mike Browne (p) (Treasurer)	Director
Adrian Iturbide (p) (Sect.)	Director
Luke Sears (p)	Director
Doug Meyer (p)	Director
Carlos Genel (p)	Director
Antonio Villaseñor (p)	Director

**ALTERNATES**

Ygnacio Valerio (a)	Alt
Alfredo Rodriguez (p)	Alt
Gary Calaroso (p)	Alt
Martin Mendoza (p)	Alt
Giovanni Cavaletto (p)	Alt
Jon Ullrich (p)	Alt
Victor Barragan (p)	Alt
Sergio Paz (p)	Alt

**AMS:** \_\_\_\_\_  
Vicky Carpenter

**Officially Present:** \_\_\_\_\_

Armando Lopez	Kevin Hamilton
Ramon Paz	Mark Garcia
Dolora Sillman	Stephanie Bazan
Ron Campbell	Miguel Molina
Alvaro Luque	Grisel Perez
Kevin Brosch	Dennis Crowley
Maggie Hall	Miguel Barcenas
Alfonso Delgado	Alejandro Duran
Dianne Lee	Steph Browder

**Members**

Marco Hernandez	Phil Garcia	Rob Berteles
Russell Faulks		

**Guests:**

Emiliano Escobedo	Kevin Latner
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At 10:20 Chairman Ricardo Vega called the MHAIA meeting to order, took the roll call, established a quorum and emphasized the antitrust policy.

The minutes from the September Annual meeting were considered for approval. Mike Browne motioned to approve the minutes, which was seconded by Antonio Villaseñor. The motion passed unanimously.

Sr. Vega introduced Mike Browne to present the Treasurers Report.

MHAIA Treasurer's Report:

#### Bank Balances

Bank Balances In Citizens Business bank and Merrill Lynch as of February 12 are \$5,911,675

#### MHAIA Financials

YTD (Jan 31) Volumes 1.1 Billion lbs. with a forecast of 1.6 Billion lbs.

Contributions from HAB = \$23.3 million  
Contributions from APEAM = \$160,576  
Interest = \$3,863  
Total Income = \$23,525,441  
Budget = \$36,003,949  
Change in net assets = \$2,586,497  
Total Expenses = \$20,938,944  
Cash and Cash Equivalentents = \$10,221,897

#### Statement of changes in net assets

577 million lbs. remaining from the forecast or 2/3 of the budgeted forecast.  
Revenue = 34% remaining  
Expenses = 45% remaining  
Admin Expenses on target

#### Balance Sheet

\$10MM cash on hand

Discussion followed on the importance of the 15% reserve. The amount of spending and monthly cash flow \$5-7MM and the one-month delay from HAB the reserve at 15% is reasonable.

Upon conclusion, Jorge Hernandez motioned to approve the Treasurers Report, which was seconded by Antonio Villaseñor. The motion passed without objection.

#### Crop Report



Mike Browne presented the results of the second stage of the crop report.

Guidance figure of all fruit remaining on the trees including Marceña, aventajada and remaining loca is 730 million lbs. effective January 23<sup>rd</sup>. As a result, MHAIA will subtract about 120 million lbs. for accuracy. Therefore, the remaining crop is about 610 million lbs. and the current budget number is accurate will no adjustments needed.

Discussion on the crop report:

In early May we will receive the loca crop for the summer.

There is a lot of irrelevant information in the crop report and there may be other perspectives in Mexico. We need to understand what is valuable for us in the report. The estimate is based upon 205 grams per fruit the size being shipped is closer to 220 grams. Therefore, we need to find a way to incorporate size into the crop report.

Industry is averaging 37% size 40 and 16% size 36 which are difficult sizes to move and we are not trending smaller. Small fruit is a value proposition for the retailers.

If we are able to get this information to AFM earlier, there will be less reliance on flex funds.

An update on Jalisco was provided. Complications with the pest list have delayed publication of the final rule and phytosanitary work plan negotiations could drag on after publication of the final rule. However, indications are that Jalisco volumes will impact the coming season and we should expect larger volumes with lower prices.

In essence, the industry needs more resolution in the crop reporting beyond a lump tonnage figure. Sizing needs to be incorporated and possibly a crop update every 90 days would be beneficial.

Kevin Latner, an expert in China affairs provided a presentation about avocado market opportunities.

Alvaro provided a marketing update.

Alvaro presented the Super Bowl review for 2016 with the following highlights:

- Last year's SB was more depressing in tone in terms of ads. This year was highly competitive, with more comedy and celebrities.
- Our main objective was to avoid the "sophomore" slump; play in comedy lane and focus the messaging on always in season.
- 2016 Super Bowl Business Goals:



- Media Effectiveness: prove that investing those dollars in media was going to pay out in a bigger way than investing them in our regular buy.
- Awareness: drive consumer awareness and preference building on the Always in Season brand benefit.
- Channel: drive channel excitement for more promotions and partnerships that will drive pre and post game sales volume.
- Engagement: drive consumer engagement for our creative and our brand.
- Super Bowl activity started in January with a company takeover on trade and foodservice publications.
- CBS presented a special program on the 50 best Super Bowl ads of all time and designated our First Draft Ever campaign as #12.
- We kicked off our campaign with a dedicated article in New York Times on Jan 24 and a unique segment in Good Morning America on Feb 1 including our behind the scenes footage.

#### **Avos in Space: digital success.**

- We created a whole digital program called Avos in Space that launched on Jan 26th with a dedicated landing page and launching promotion.
- Google rewarded us for the amazing search results on SB. They created a series of videos that we could use in our social media platforms.
- Avos in Space Amplification - We created over 5,000 brand assets to just interact on FB, Twitter and Youtube
- We also had a DCO technology in our banners to change the headlines to reinforce our Super Bowl messaging.
- We did a GoGoGab with Tim Teabow on Feb 4th and generated almost 300 MM impressions, trending # 6 hashtag that day nationally
- AFM completely owned the pre game leading in mentions and having the number one hashtag associated to the game.
- Influencers were our secret weapon – with over 35,000 brand ambassadors.

#### **Final Super Bowl Results:**

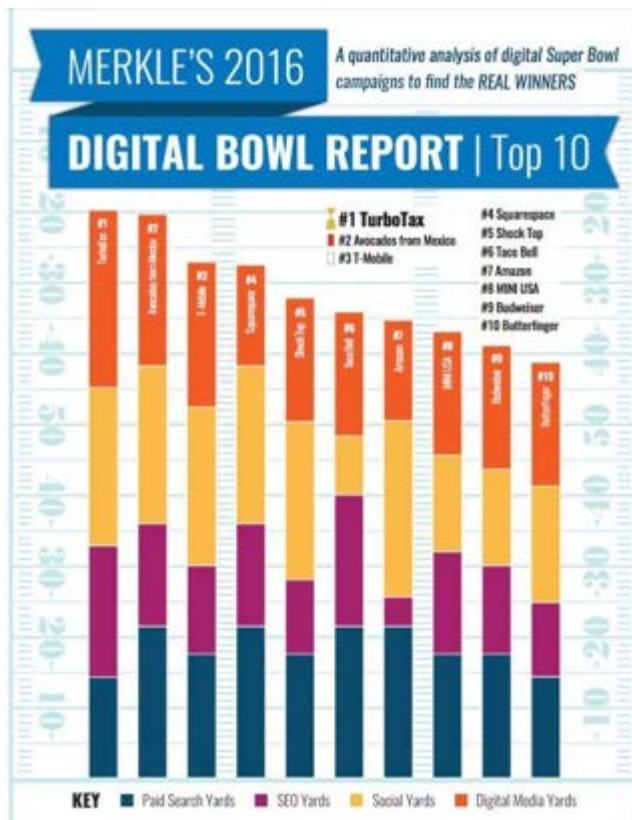
##### **Creative Results:**

- US admeter placed us #17
- Ad Age – Gave us 4 stars
- Yahoo gave us – Grade A
- Ad week – Green thumb up
- We were in the Top 5 in the Chicago Tribune and Fast Company.
- We were in the Top 10 in the Daily Meal, Washington Post, Forbes and Wired.
- You Tube Adblitz- Ranked #11 (out of 74 videos)

##### **Digital:**

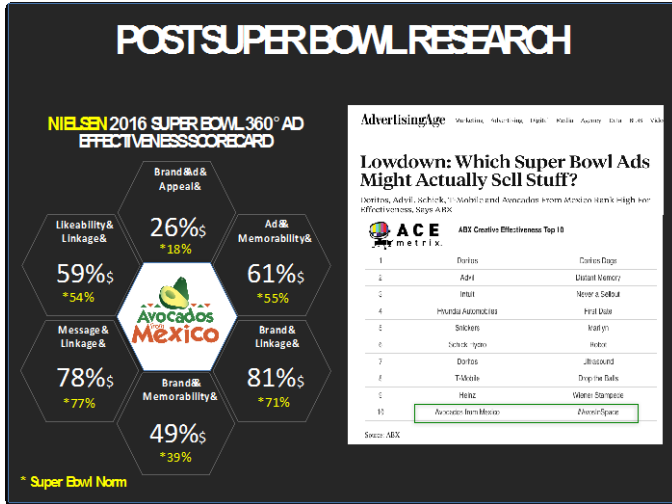


- After puppymonkeybaby were #2 hashtag
- In mentions, AFM was #1 for the pre-game. Post SB we were #2 but almost 100% positive sentiment. Doritos mentions had lots of negative sentiment but it created a lot of mentions.
- Post Super Bowl, we netted #3 in mentions
- We were named #1 twitter champion in Forbes Tech 828MM impressions just in twitter.
- Merkle's – Best independent Agency report on Super Bowl digital – We were #2 out of more than 50 brands.



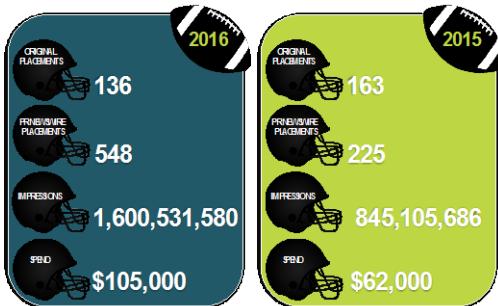
### Post SB Research

- Ace Metrix included us in the Top Ten ads as the most effective generating future sales.
- AFM Purchased a Nielsen report that grade us an “A” in performance. We beat the Super Bowl historic norm in every metric possible and ranked #10 in Brand performance.



### Media Results:

- Number one brand in free media pre Super Bowl with more than 2,000 airings of our :60 ad. Valued at \$500,000
- More than 5 million views of our :60 ad vs 1.5 million views YA.
- We got 1.6 Billion impressions in PR, 90% over YA. Earned media value: \$20MM



\*2016 Results represent a 90% increase over 2015 earned media campaign.



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**THE BIG GAME 2016**

**These Brands Have Won the Most TV Exposure Heading Into Super Bowl Weekend**

Avocados From Mexico, Hyundai snagging free airtime By Marty Swant

**Final Impressions & Media Cost:** 2.6B impression vs 1.5B last year; Our CPM was also lowered from \$3.41 to \$1.89. We tripled the # of impressions with this investment vs placing on regular media. We did all this with 5% less in investment vs YA



## BRAND IMPRESSIONS & CPM

REAL-SUPER-BOWL-NUMBERS-2015				REAL-SUPER-BOWL-NUMBERS-2016			
	COST	CPM	IMPRESSIONS		COST	CPM	IMPRESSIONS
SUPERBOWL/BO	\$3,825,000	\$8.42	475,000	SUPERBOWL/BO	\$95,000	\$6.21	1,068,800
PREMIUM/BO	\$626,400	\$30.22	728,000	ADDITIONAL/BO/KEYS	\$46,930	\$83	1,516,800
DIGITAL/MEDIA	\$414,090	\$1.01	11,099,600	DIGITAL/MEDIA	\$44,116	\$60	71,075,523
GOGOGAB	\$220,000	\$1.32	66,623,274	GOGOGAB	\$50,365	\$2	50,308,707
PREARNED/MEDIA	\$62,000	\$0.07	45,105,686	PREARNED/MEDIA	\$5,000	\$0.07	6,600,531,580
<b>TOTAL-IMPRESSIONS</b>	<b>\$5,147,490</b>		<b>3,509,431,560</b>	<b>TOTAL-IMPRESSIONS</b>	<b>\$4,841,411</b>		<b>2,564,501,410</b>
<b>CPM</b>			<b>\$3.41</b>	<b>CPM</b>			<b>\$1.89</b>
WHAT-IF-SCENARIO				WHAT-IF-SCENARIO			
	COST	CPM	IMPRESSIONS		COST	CPM	IMPRESSIONS
TV/INVESTMENT	\$4,451,500	\$10.60	19,962,264	TV/INVESTMENT	\$241,930	\$88	77,694,820
DIGITAL/MEDIA	\$414,090	\$5.12	876,953	DIGITAL/MEDIA	\$44,116	\$65	1,746,767
GOGOGAB	\$220,000	\$3.55	2,000,000	GOGOGAB	\$50,365	\$4	1,720,109
PREARNED/MEDIA				PREARNED/MEDIA	\$5,000		6,000,000,000
<b>TOTAL-IMPRESSIONS</b>	<b>\$5,085,690</b>		<b>562,839,217</b>	<b>TOTAL-IMPRESSIONS</b>	<b>\$4,841,411</b>		<b>811,161,695</b>
<b>CPM</b>			<b>\$9.04</b>	<b>CPM</b>			<b>\$5.97</b>
<b>ADDITIONAL-SB-IMPRESSIONS</b>			<b>946,592,343</b>	<b>ADDITIONAL-SB-IMPRESSIONS</b>			<b>1,753,339,715</b>
				<b>GROWTH-VS-YA</b>			<b>1,055,069,850</b>
							<b>70%</b>

- For the second time in a row we tripled our brand impressions compare to the "what if" scenario.
- We created a little over 1 additional billion impressions this year compare to YA (+70%)
- Our CPM was \$1.89, 44% lower than YA
- We accomplished all these results with 5% less investment dollars vs YA

### Channel Development

- Retail: 35k bins for Guac Nation/Fanwich
- Foodservice: 3,900 stores vs 1,600 vs YA

### Super Bowl ad comments:

- Mike Browne: *Feels very good about what was pulled off. One of the distinctions is that our produce is made in nature and all other brands are made in factory. Perhaps we need to play this up moving forward. Do we consider taking the viewer to Michoacan to the field. We have been wanting to personalize the business. We have a great platform and we need to tell that story about how our product is handpicked. Show the story of Michoacan.*
- Alvaro Luque: *We need to create news. Would love to create a little controversy moving forward. Not in the ad but we can tout we are the only natural good for you "flag". We would create a lot of buzz around it.*
- Kevin Hamilton: *A story like this would be really good on a platform like GMA. Its also an easy sell on earned side*
- Alfredo Rodriguez: *Send message of Super Fruit/Sustainability*
- Giovanni Cavaletto: *Personal story – 26,000 growers. We're a small company*
- Gary Coloroso: *Include the retailer/supply chain on what they have to do to prepare for the SB. Focus digital campaign also directed at customers. Work with top customers.*
- Mike: *When you take a :60 to a :30, do you test it with consumer? Is there time to test different endings/ alternatives? The board is afraid to give our own opinions*



*as we are not professional marketers. Do we need more focus groups on the :30 ads? Miguel agreed that we needed more testing.*

**2016 Learnings for our next Super Bowl:**

- Replicate good media negotiation: cost, placement and match. Play it safe in placement.
- Buy a :30 and concentrate our digital & PR efforts on the :60. Unveil a week before game day.
- Create strong, quality PR hits for kick off. Amplify our earned airings.
- Develop a comprehensive digital program and strategy more than isolated executions.
- Amplify digital through influencers/ Twitter. Reinforce and grow Social Toaster.
- Play with clever fun creative. Different, but not disruptive. We need to keep on winning brand sentiment.
- Consider affordable celebs. Throwbacks work.
- Win the digital Pre-game race.
- Success on the Super Bowl is Art & Science. Consumer research is mandatory but also use our own marketing intuition.

**What we need to improve:**

- Develop & launch a more impactful teaser.
- Stronger paid media budget for Game Day.
- Extend our wins to other Social Media platforms, especially Facebook.
- One year to improve and prepare our SEO for Super Bowl.
- Create a post Super Bowl program.
- Reinforce our Millennial engagement.
- Keep our Super Bowl agency but improve our timing and celeb negotiation.
- Houston is next, we need to be a player in experiential

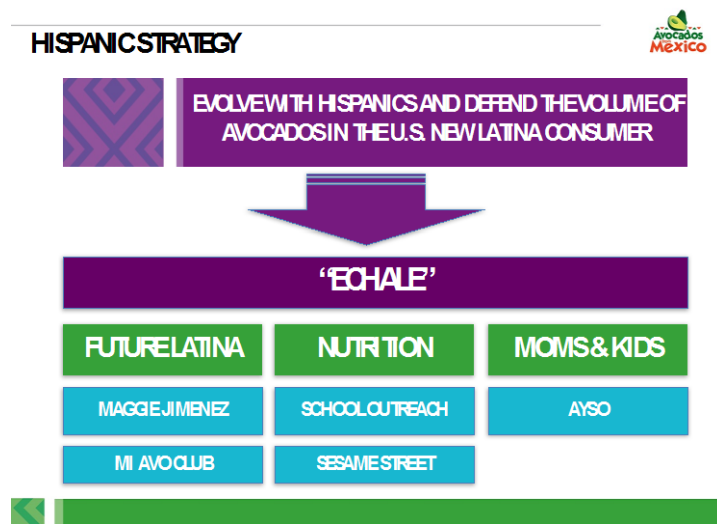




**The AFM team presented an update of our marketing and trade programs:**

Kevin Hamilton presented the new TV campaign for 2016 that will be live the whole calendar year. The campaign includes 3 ads that connect directly with Maya, two football ads and for the first time a Cinco ad that is a time of the year we want to reinforce moving forward and own it with AFM.

Stephanie Bazan presented the Hispanic strategy we are following to reinforce our category and brand development in the New Latina and also presented our new TV campaign that aired on Feb 2016 and will be present throughout the year.



The team presented AvoWellness platform that includes 6 videos with Sesame Street and our Brand Ambassadors. The program has been working very well with the PSA video earning free media in different TV stations throughout the country and a strong digital campaign amplifying views and visits to the dedicated site.

Stephanie Bazan presented the Hispanic programs to penetrate in new generations using YMI in Schools and AYSO in retail events with Food 4 Less in California and HEB in Texas.

Team present our new activation in SXSW where the brand will participate for the first time as the sponsor of South Bites (Food Truck area). AFM will also have a strong brand activation in Rainey Street, a branded Guac Truck and a strong digital promotion around music.



Stephanie Bazan presented an update on our Seasonal programs including our upcoming promotion for Cinco de Mayo with Tabasco:

**Shopper Programs help increase total volume with incremental display activity and build shopper engagement**

	YEAR TO DATE					
	POSITIVE			AFM IN \$		
	PRIOR YEAR	PROJECTED	ACTUAL	PRIOR YEAR	PROJECTED	ACTUAL
FIESTAS	1,000		4,000	1,100		3,800
TASTIES	8,500	9,300	8,357	9,518	13,000	12,981
SEASONS	-	7,000	6,600	0	9,500	9,600
GUAC	10,000	16,800	10,600	12,646	16,800	19,800
FANWICH	10,000	18,000	8,800	13,147	20,300	16,017
	<b>29,500%</b>	<b>51,100%</b>	<b>38,357</b>	<b>36,411%</b>	<b>59,600%</b>	<b>62,198</b>
			<b>+30% VSA</b>			<b>+71% VSA</b>

	REMAINING PROGRAMS					
	POSITIVE			AFM IN \$		
	PRIOR YEAR	PROJECTED	%	PRIOR YEAR	PROJECTED	%
FIESTAS	6,500	10,000	-	8,500	10,500	-
GRILLS	4,600	11,000	-	5,201	12,500	-
	<b>11,100%</b>	<b>21,000%</b>		<b>13,701%</b>	<b>23,000%</b>	

Mark presented the updated Foodservice program including our LTO programs for the Super Bowl with Chili's, Cheesecake Factory and Freebirds, plus the new upcoming programs with Chipotle, Potbelly and the new Cinco de Mayo program with Tabasco.

Ron provided an update on proposed MHAIA election changes. Ron will provide a proposal to the board prior to the next board meeting. The proposed changes will link a minimum, annual volume to eligibility for serving as a director on the MHAIA board.

New Business:

The May meeting date was changed to May 17 and 18.

Ron and Emiliano Escobedo from the HAB provided an update on the new rules published by AMS that expand the organic exemption. This expanded exemption implements the provisions of the 2014 Farm Bill which calls for an exemption regardless of whether the importer imports only organic or both organic and conventional.



Adjournment:

There being no other new business Giovanni Cavaletto motioned to adjourn and Jorge Hernandez seconded the motion. All were in favor.

Respectfully Submitted,

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Ron Campbell, MHAIA Executive Director

I certify that the above is a true and accurate statement of the February 16, 2016, MHAIA Board of Directors Meeting.

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Adrian Iturbide, MHAIA Board Secretary

Addendum:

On the morning of February 17, prior to the AFM Board meeting, MHAIA and APEAM leadership met to discuss strategies for reinventing MHAIA so it more responsive and communicative to the industry and AFM.

Web site reorganization:

MHAIA's role in research was discussed. HAB nutrition research is scientific and very interesting but it is "not moving the needle." Therefore, MHAIA can be helpful to guide HAB's research initiatives. MHAIA should work with AFM to guide the research with HAB. Niki or Emiliano should come to the next meeting to receive an update of the research schedule. However, if the HAB priorities do not appear to be moving in the direction AFM sees as beneficial, then AFM should conduct the research.

Price vs. value was discussed. FOB import statistics from 2011 to present were provided. The data was derived from the USDA market reporting data. As volume continues to rise at historic monthly levels, F.O.B. values have continued to decrease. However, considering the drastic increases, price levels did not plummet as severely as the volume increase rose.



A discussion on slowing the price decline took place.

Shipping and arrival data should also include inventory data for clarity.

The entire month of September requires special promotions due to the growth of the market during that time. For instance, we need to try to recreate the Cinco de Mayo demand in September. Other options discussed were the “Big Hit” or “Back to School” and expanded food service promotions. Various other options and linkages were discussed including Tostitos, eggs, BLT and avocados and Alvaro said we need to recreate September as a “Super Month.”

It was agreed that price is not an indicator of AFM performance. However, other performance indicators and success metrics could be: per capita consumption, expansion of occasions, brand awareness, trade and food service expansion, measure sales during and after promotions, value of AFM promotions vs. other origins.