



# Always Worth It

2019 ANNUAL REPORT









# Table of Contents

<b>3</b>	Consumer
<b>13</b>	Digital
<b>17</b>	Big Game
<b>23</b>	Cinco de Mayo
<b>27</b>	Education
<b>31</b>	Hispanic
<b>35</b>	Salad Center Program
<b>39</b>	Shopper Programs
<b>43</b>	Trade/Power Accounts
<b>47</b>	Foodservice
<b>63</b>	For Our Bountiful Future
<b>65</b>	Financial





# CHAIRMEN'S Letter

Dear fellow members of MHAIA, APEAM and Avocados From Mexico (AFM),

Few people outside of our industry know what it takes to bring billions of pounds of avocados to shopping carts and tables across North America each year.

But we certainly do.

Despite the considerable effort and sacrifices required by our fellow growers, packers, importers and other partners, avocados truly are appearing everywhere. And last year's numbers were, indeed, great.

We're pleased to report that for fiscal year 2019, the U.S. imported more than 2 billion pounds of Avocados From Mexico—a true milestone in the history of AFM. We saw a year-over-year increase of 6% in U.S. imports of Mexican avocados.

The U.S. consumer is fairly obsessed with avocados—a reflection of fresh avocados' remarkable versatility and the hard work of everyone reading these words. Today they are popping up in airports and arenas, hotels and college campuses, on the sidewalks of New York and in more homes and restaurants than ever before. They appear in recipes far more imaginative than mere guacamole—from cocktails to popsicles.

In fact, the avocado's meteoric rise in popularity—and per capita consumption—rivals that of any produce item in modern memory. From 1997 to present day, consumption has increased 79% per capita use making avocados one of the fastest growing sectors in the produce industry.

Once again, AFM's marketing-savvy tactics played a critical role in keeping avocados top of mind among consumers, foodservice and trade partners.

**The Big Game /** The world's most successful brands competed for market turf and consumer awareness during the nation's most publicized football game of the year. Few broke through the clamor and clutter like Avocados From Mexico. With millions of faithful fans fixed on Big Game coverage, our marketing efforts truly championed our brand—winning more than 7 billion impressions, among other impressive results. In our fifth year of Big Game marketing, savvy media plays and strategic partnerships scored AFM major gains in engagement, viewership, memorability and purchase intent. Not to mention we ranked #2 in the Merkle's Digital Bowl Report—the only brand in the history of this report to be among the top three positions for four consecutive years.

**Cinco de Mayo /** Every fifth of May we commemorate Mexican culture across the U.S.—and aguacates always play a starring role. With our Mexican heritage fruit—and the spirit of Cinco—Avocados From Mexico is claiming this key holiday. Sales of avocados peak during the Cinco time frame, making it a prime time for brand-building. This past year, we made the most of our time in the limelight with fresh, lively and targeted campaigns aimed at consumer, foodservice and shopper audiences. Our shopper team launched an unprecedented partnership with Tostitos® merchandising 77,000 co-branded displays in-store and secured AFM branding on 11.6 million bags of Tostitos®. AFM Digital reached millions on social media through the #NoGuacNoCinco hashtag—netting a staggering 23,000 direct engagements. To top things off, our PR activity pushed our brand messaging to more than 2 billion consumers through national and local print, TV and online outlets. The results were worth celebrating, all our AFM marketing channels worked cohesively to truly optimize success.

**Salad Center /** Most avocados, we know, are used to make guacamole—a recipe occasion we proudly support. However, Avocados From Mexico believed that its common use—in salads—could use a boost. Our digital and shopper teams put their marketing minds together to create a one-of-a-kind avocado salad tactic that could engage consumers on a digital platform—while also driving sales volume in stores. The solution? Our Salad Center Program. It was a produce marketing breakthrough that exceeded our expectations, reaching more than 13 million salad-loving customers—and winning multiple awards. We don't plan to stop our success here, this is just the beginning of a strategic e-commerce plan rollout and we'll have engaging new updates in the coming year.

**Education /** You could say that to know avocados is to love them. As our consumption and education research shows, 73% of shoppers would be likely to buy more of the fruit if they had more knowledge—including heavy users and Hispanics. The two biggest areas of avocado confusion: 1) How to preserve ripe avocados after they're cut, and 2) how to control the ripening process. This resulted in the most comprehensive insights-based Education Strategy and Playbook in the produce industry to inform all stakeholders and align messaging and communication across all channels—ultimately building confidence and value for consumers. Partnerships with Walmart and Kroger helped us share this key information and we plan even more in the coming year.

**Foodservice /** We're proud that our foodservice customers are some of America's favorite restaurant brands. And we all know what the public craves: novelty and new flavor experiences. That's why big names like Potbelly, McAlister's Deli, Rubio's Coastal Grill, Chipotle, and Dave & Buster's turn to us for menu inspiration—and for limited-time offers (LTOs) that keep their food selections fresh and appealing. It's all about freshness. According to a recent survey, 83% of diners want restaurants to add more fresh items to their



market research shows that consumers value the quality and value customers place on restaurants. By helping foodservice customers drive their customers' demand, we helped ourselves to a generous increase in volume growth over the past fiscal year.

Given the increased demand and consumer value placed on fresh avocados by patrons, major operators had a real appetite for AFM's Fresh Seal program, now entering its third year. They praised our ability to customize the seal's menu presentation to their unique visual brand—a strategy that earned

AFM 10 new LTO partnerships with key operator targets. We also taught major chains how to use and promote fresh avocados in their menu items.

**Flagship Concessions** / We're especially proud of our AvoEats program launch for a high-flying new account: American Airlines Center in Dallas. Travelers flocked to our two guac carts and in-arena concession stand, prompting American Airlines Center to order a third, full-size stand for next year. The program drove a 507% increase in fresh avocado sales over fiscal 2017/18. We also tested a new stand at the Miami Open, a top tennis tournament at Hard Rock Stadium in Florida. It was such a smash, selling over 25,000 tacos, that the stadium plans to open a full concession stand later this year.

**Digital** / We launched our first ever Consumer Relationship Management activation. Through our CRM platform we're now able to organize our consumer leads and engage our consumers on a monthly basis with our newly launched Avo Sauce Newsletter. Partnering with Salesforce, the development of this new digital newsletter has helped AFM surpass industry benchmarks to deliver more than 711,000 personalized emails in one single push—as was the case for Cinco de Mayo where we obtained an unprecedented 38% click to open rate from subscribers. This is just the first building block of our robust data, personalization, and Artificial Intelligence driven predictive analytics strategy that will push our digital efforts to the level of the most advanced digital practices in the industry.

**Shopper** / Once again, our national shopper programs strategically pursued incremental sales by covering the calendar throughout the fiscal year. In addition to robust Big Game and Cinco de Mayo retail programs, we successfully strengthened our in-store presence and extended shopper mindshare with customized shopper programs themed to March Madness, fall tailgating and Hispanic Heritage Month. Additionally, our power accounts are important to avocado volume and sales growth. These top grocery chains and mass merchandisers account for about 60% of our annual volume—and we are successfully sustaining their loyalty and support. In FY 2019, we effectively strengthened these partnerships, introducing new programs and

promotions—and creating several new opportunities along the way. Our strategic focus with retailers such as Walmart and Albertsons/Safeway, in turn, yielded more support for our communications objectives—and an increase in programming participation.

**Reforestation** / Led by MHAIA, we continue our partnership with Forests for Monarchs, a reforestation initiative in the State of Michoacán. Since the inception of our vital relationship, we have planted more than 200,000 trees in the buffer-zones surrounding the Monarch Butterfly Biosphere Reserve and in the watersheds of Pátzcuaro and Zirahén. With our goal to plant a total of 800,000 new trees in four years, we also have an incredible opportunity to share educational programs to schools in planting areas to help raise awareness for future generations by providing hands-on, practical learning opportunities.

Last but certainly not least, we can't forget that imported avocados employ thousands of U.S. workers and sustain countless families. They add pleasure to our meals and celebrations. Avocados From Mexico believes that with commitment, collaboration and good faith efforts, we can balance the need to protect our industry with the imperative to preserve our precious environment.

In this effort, and in our daily marketing work, AFM's success is not possible without the hard work and focus of the industry's growers, packers, exporters and importers. We also wish to recognize the commitment of the USDA—Agricultural Marketing Service for their keen oversight of our vast programs.

On behalf of the board(s) of directors and AFM and MHAIA senior management, thank you for your continued support and confidence in the entire Avocados From Mexico team.

The successes of FY19 have laid the groundwork for us to have an incredibly productive FY20. We've shown America that avocados are truly worth it... **thanks to you.**



**Gabriel Villaseñor,**  
Chairman of APEAM



**Mike Browne,**  
Chairman of MHAIA

# Consumer

## COMPELLING BRAND EXPERIENCES DRIVE DEMAND AND AWARENESS FOR AVOCADOS FROM MEXICO

According to *Forbes* in an article titled "Finding Brand Success in the Digital World", the average consumer encounters 4,000 to 10,000 ads every single day. People are bombarded with streams of marketing messages. But only a fraction of those banner ads, outdoor boards, blog posts or radio spots actually break through the clutter—gaining attention and interest. Fewer still send consumers down the purchasing path.

Avocados From Mexico, on the other hand, has consistently succeeded in standing out from the crowded consumer marketplace—through **compelling advertising, targeted digital marketing tactics and strategic media placements.**

### THIS YEAR WE INITIATED SEVERAL NEW MARKETING RESEARCH TACTICS TO STRENGTHEN THE AFM BRAND AND PROVIDE BETTER VISIBILITY INTO OUR FUTURE WORK.

In addition to our **Hall & Partners Spring Wave Brand Tracker Study**, we added a Winter Wave Brand Tracker Study for general market and Hispanic market. Also, with the help of **The Cambridge Group**, we continued gathering research to solidify our **key pillars** and **consumer demand landscape**—laying the groundwork for the brand's long-term planning roadmap.

Leveraging this newfound knowledge, we produced **three new AFM-branded TV spots**, including a **health and wellness TV ad** that featured people going the extra mile for our avocados—at a workout class! The spot scored above norm in several important categories. Some example scores are: Attention (710 vs 631), Likeability (677 vs 610), Desire [for the product] (664 vs 561).

Our robust media plan of year-long TV, strategic audio, streaming video and outdoor advertising made a lasting impression and drove brand preference by sharing our story and demonstrating why AFM is the unknown market leader. No matter what media tactics or channels we use to reach consumers, AFM's success in consumer marketing reflects our **"brand ambition"**: to make Avocados From Mexico the most **highly valued produce brand.**

We ensured a consistent and integrated approach to AFM brand communications in another way this past year: through the **Agency Council**. The Agency Council requires that all of AFM's advertising, PR and marketing partners work together to collaborate brand efforts, ensuring the consistency and integrity of our brand representation.

The Council includes **two new agencies**. AFM smoothly transitioned to **Energy BBDO**, our new creative agency, during one of our biggest campaigns, the 2019 Big Game. Around the same time, we successfully onboarded a **new public relations partner: Padilla.**



**We think you'll be entertained, educated and proud to see the sampling of great consumer brand work your marketing team produced in FY19.**





# Brand Tracker

## FULL YEAR STUDY 2019

Conducting a **Winter and Spring wave of research** revealed that AFM's key brand metrics remain strong and preference continues to rise. We also maintained high levels of health and taste associations as well as ownership of the "available all year 'round" concept.

Fall marketing activity has helped AFM become a more relatable, easier-to-understand brand, boosted by a strong seasonal connection to football.

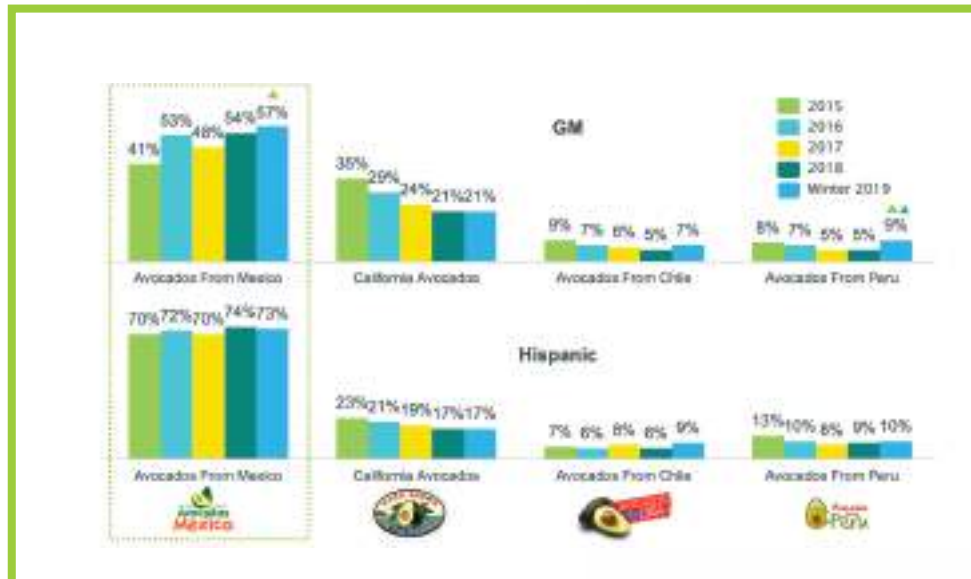
The success of AFM's 2017 health and wellness marketing paid off, too. Consumers continued to strongly associate the brand with health throughout 2018. AFM's health imagery in advertising continues to be extremely high, which speaks to the strength of the brand.

## WINTER CAMPAIGN DIAGNOSTICS - GM



## BRAND PREFERENCE GM & HISPANIC

Among avocado buyers



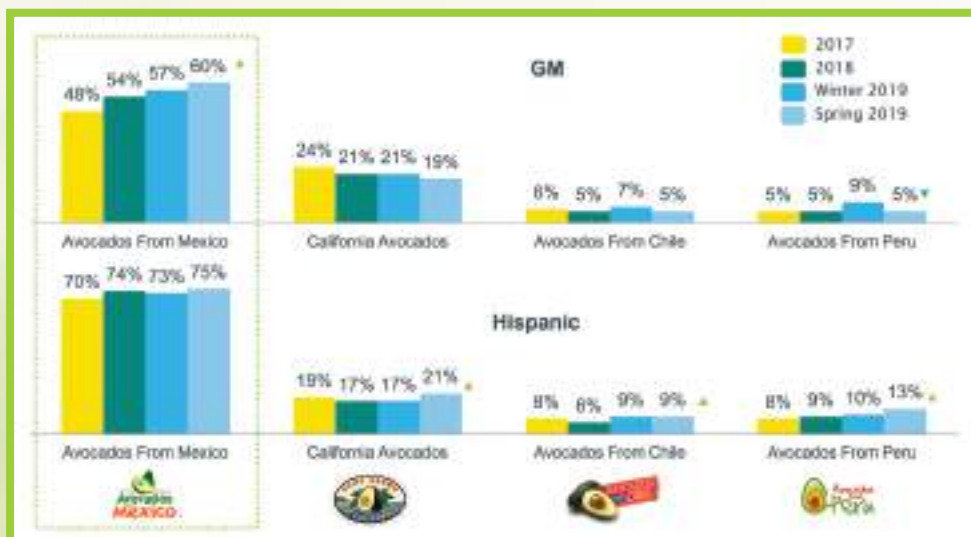


**Our Spring wave** measures the impact of the heavy spend period, while capturing YOY trends vs. the past and we learned GM brand preference for AFM has grown consistently over the years, supported by stronger perceptions of high quality. Brand consideration continues to be strong, but Hispanic consumers are becoming more open to California as an alternative.

## SPRING

### BRAND PREFERENCE GM & HISPANIC

Among avocado buyers



# The Cambridge Group

## KEY PILLARS AND DEMAND LANDSCAPE

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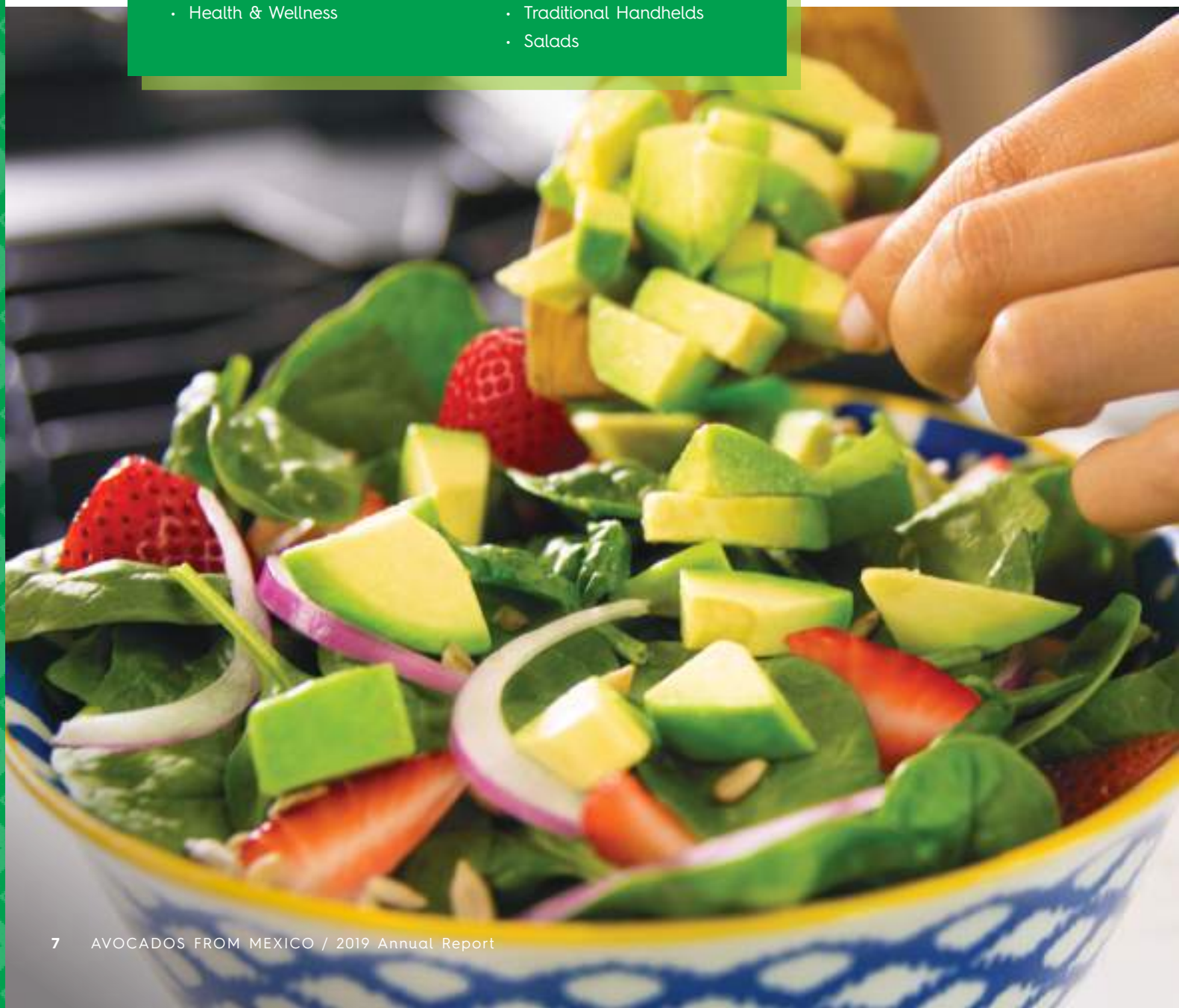
Through an extensive partnership with The Cambridge Group, AFM confirmed its key pillars, mapped the consumer demand landscape and navigated the brand's course to focus on our long-term planning roadmap. Moving into FY20, key focus areas include:

### KEY PILLARS:

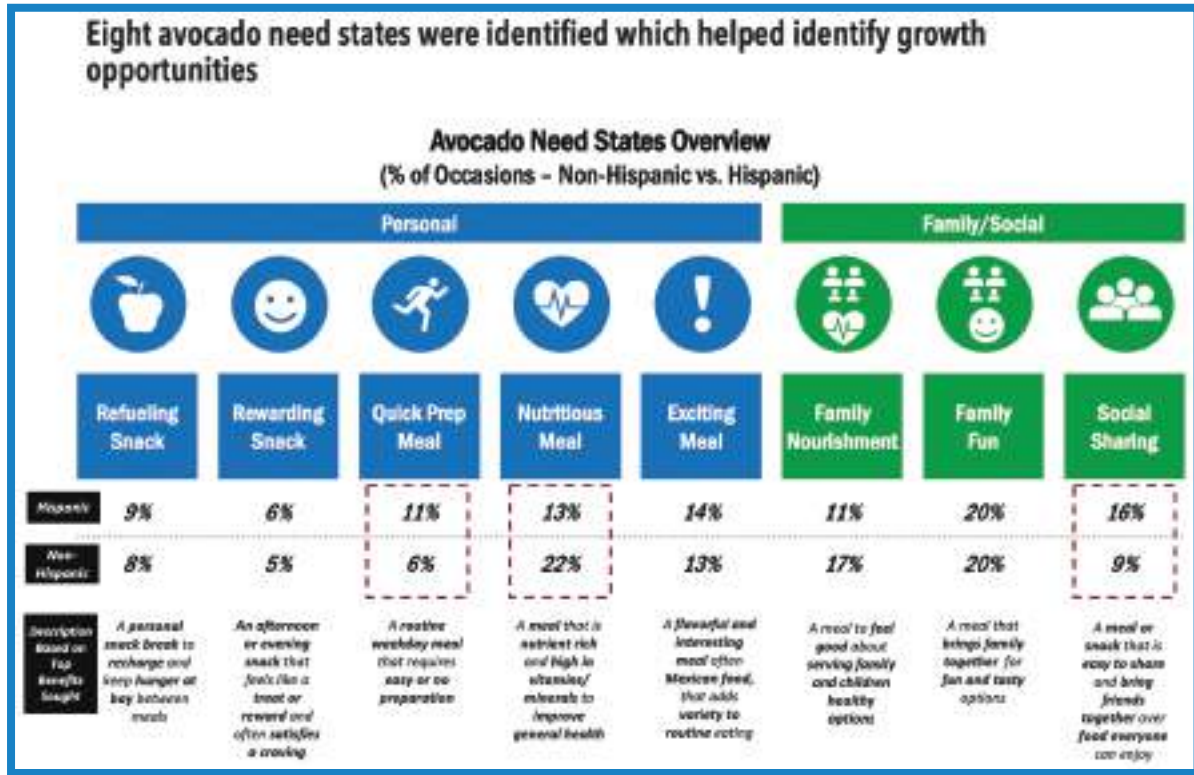
- Branding
- Education
- Health & Wellness

### CORE USES:

- Mexican Handhelds
- Chips & Guac
- Traditional Handhelds
- Salads



AFM developed a near and longterm growth roadmap and implemented the Demand Landscape Project to gather deep integrated insights for future strategy and activation. Our quantitative study targeted 2,500 consumers who have used avocados in the past month in retail or foodservice.



Talking to consumers yielded high level learnings that AFM can now apply to brand building moving forward. Thanks to this vital research, pairing brand positioning and personality, AFM can now build a Brand Pyramid Framework to serve as a roadmap for creating sustainable long-term value.



# “Always Worth It” TV

## ROBUST RANKINGS

People won't let anything stand in between them and their favorite avocados—even during a workout class, a blizzard or an intense poker game. These TV spots got people's attention—and earned high marks for engaging characters, beautiful products and imagery. We also extended our value message with targeted TV, audio and digital spots to enhance our reach.



### RESULTS

Our **Penalty Flag** spot scored above norm in several important categories. Some example scores are: Attention (642 vs 630), Likeability (627 vs 615), Desire [for the product] (572 vs 558).

- Reached **141,082,000** (target audience of adults, ages 25-54) with relevant programming through a targeted cable buy, including epicurean and female interest/lifestyle networks
- CBS football mixed schedule of college football in-game and NFL pre-kick units, delivering **41,483,000 targeted impressions** to adults ages 25-54

The **“Class”** spot played up health and wellness, scoring above Ace Metrix norm for all key components: breakthrough, repetition, communication and product.

- Reached **92,153,000** (target audience of adults, ages 25-54) with relevant programming through targeted cable buy, including epicurean and female interest/lifestyle networks

The **“Trek”** spot scored above Ace Metrix norm on all components of persuasion, with a **persuasion score** of 612 (vs. 583 norm).

- The ad earned **37,200,600 million impressions** to adults aged 25-54 on broadcast across female lifestyle networks
- Audio campaign on Pandora delivered **22,636,024 impressions**
- More than **9 million impressions** delivered through high-impact campaign on Chowhound, and against Trek through video distribution on Ellentube and OTT (streaming video)

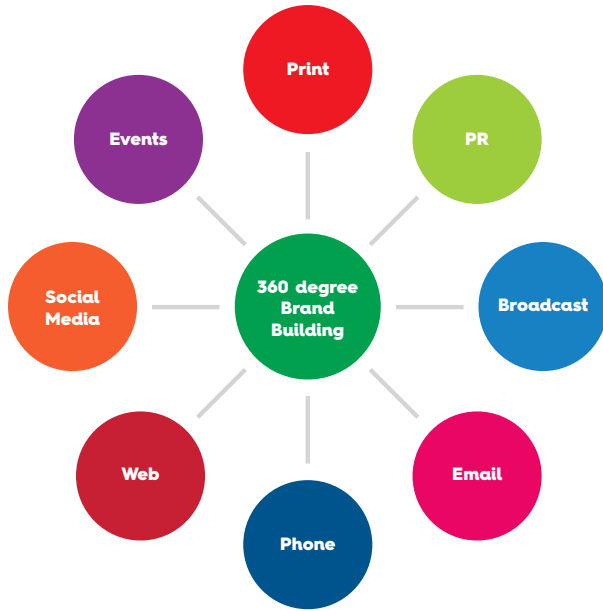
### TARGETED RESULTS

- Reached over 270 million viewers through targeted cable buy
- Delivered 41.4 million impressions on CBS football
- Advanced targeting tactics delivered over 23 million additional impressions



# Media Plan

## SMART APPROACH



AFM developed a 360 degree consumer touchpoints media plan with stable YOY budgets (compared to larger brands) and successfully did so by applying media spend across traditional TV, streaming video, outdoor advertising and streaming radio.

Our flighted approach to planning media spend to maximize dollars focused heavily on measurement. Targeting the core demographic of Maya and learning psychographic information, AFM learned how to reach her in an intelligent and attractive way.

## TOTAL FY19 Consumer Results

We reached consumers through various marketing touchpoints more than **8 billion** times in FY19

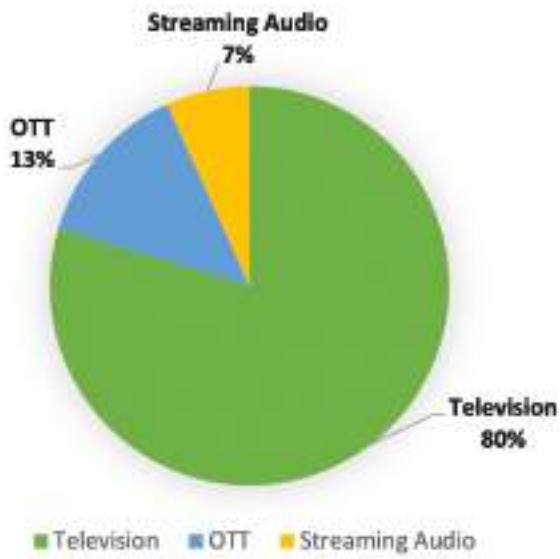
**GENERAL  
MARKET**  
**638,148,000**

**HISPANIC  
MARKET**  
**225,953,351**

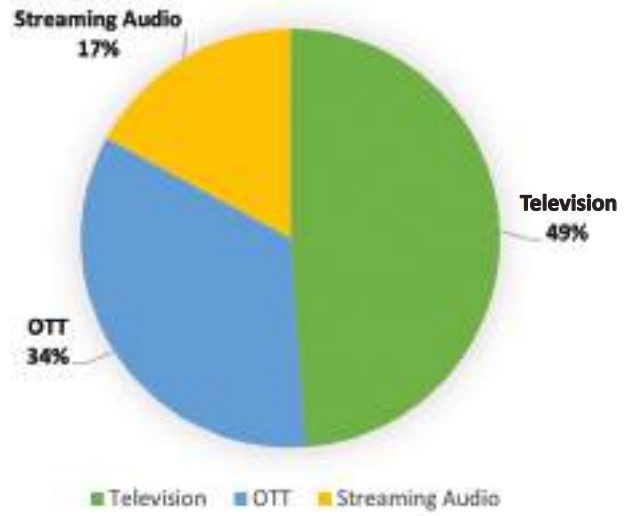
**PUBLIC  
RELATIONS**  
**7.2 B**



## MEDIA WITH BIG GAME



## MEDIA WITHOUT BIG GAME



# Digital

## CREATING PERSONALIZED EXPERIENCES FOR OUR CUSTOMERS—AT EVERY TOUCHPOINT

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Today we are engaging our most valuable users more effectively than ever. How? With a hyper-personalized approach made possible by today's most powerful marketing technology tools.

Avocados From Mexico is constantly optimizing its **users' digital experiences by integrating top-of-the-line tech platforms and next-generation strategies. It's the best way to get closer to our consumers while acquiring two valuable assets: consumer leads and data.** We're proud to report that we've never had a more effective, engaging or innovative digital practice than we do today.

With our partners' support and our new, advanced digital tools and data analytics, AFM is entering into a new era of digital engagement—one that's **more personalized, impactful and cost-effective** for our organization.

For example, we know from Nielsen's Digital Audience Ratings (DAR) measurements that our digital optimization is **increasing users' access to AFM campaigns.** Not only does that improve their experience, but it means we're using our media dollars more effectively—we know we're reaching our targets. After multiple optimizations across campaigns, we standardized our target ratings to a healthy 75%.

The journey continued for **Avocadoland** this year through a unique partnership with celebrity chef, **Pati Jinich.** We created a video series featuring Pati and a few of her friends to discuss avocados as they relate to health and wellness, taste and value.

To support AFM foodservice online, we leveraged the **power of LinkedIn** to target key decision makers in the restaurant, food production, and food and beverage industry. Our campaign performed very well, **surpassing our benchmark of 0.42% by 161%.**

Large multinational organizations have nothing on AFM when it comes to our increasingly sophisticated digital marketing capabilities. Our digital team knows that every online interaction is an opportunity to win new avocado advocates by increasing understanding and building preference for Avocados From Mexico.





[ We're proud to report that we've never had a more effective, engaging or innovative digital practice than we do today. ]





# Digital Spotlights



## CXM (CONSUMER EXPERIENCE MANAGEMENT) SYSTEM

### A powerful boost to email marketing (and more!)

Our new digital marketing partner, M8, led the optimization of our database, increasing email deliverability and improving open rates above industry benchmarks.

### RESULTS

- **More than doubled our sender score**, from 45% to 97%, by changing our internet protocol (IP) address—surpassing the industry benchmark of 94%
- **Continuous improvement in campaign deliverability**, exceeding industry benchmark of 84% with last two campaigns which achieved 99% deliverability
- Continuous improvement in **inbox placement rate: Reached up to 89% for Cinco de Mayo, compared to Valentine's Day effort earlier in the year that reached 80%.**

## MORE REWARDING SEARCHES

We sent more traffic to our website at a lower cost per user through search engine optimization tactics and strategies.

### RESULTS

- Improved average cost per click to \$1.14
- Increased organic traffic to AFM website by 143%, totaling 269,047 visits, for \$306,713 in added value
- Added \$194,353 in organic search traffic value, YOY



## 12 MILLION VIEWS



## AVOCADOLAND VIDEOS

AFM's three Avacadoland social videos, produced to communicate the value message, achieved excellent performance across multiple metrics:

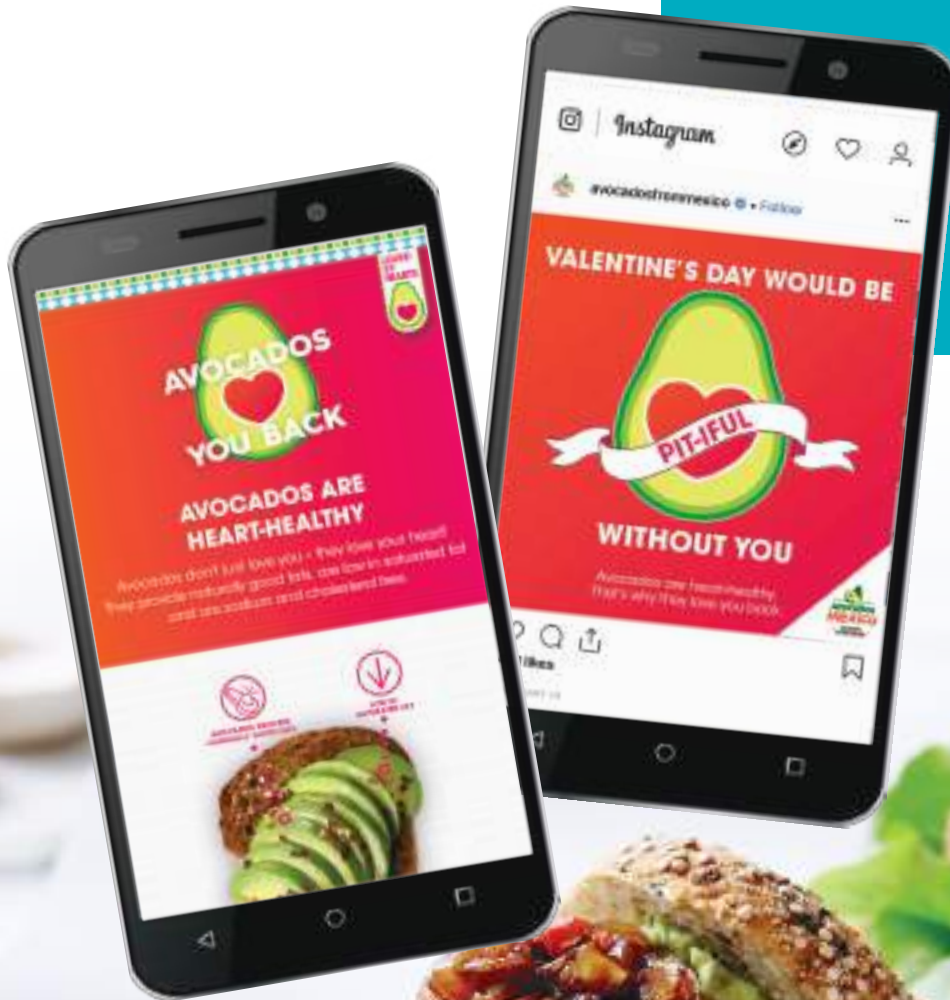
### RESULTS

- Achieved 40,212 clicks on links, passing goal by 56%
- Reached 1.9MM video views, exceeding goal by 33%
- Achieved 1.6 billion impressions vs goal of 1.25 billion impressions

# Health and Wellness Digital

## AVOCADOS LOVE YOU BACK

We generated awareness for the health and wellness benefits of avocados, while sparking social conversations around AFM's content on Facebook.



### RESULTS

- Generated 71 million Facebook impressions **(240% over goal)**
- Achieved 5 Million Video views



# Big Game

## WITH STRATEGIC MEDIA PLAYS, AVOCADOS DOMINATED THE BIG GAME CONVERSATION

It's America's most-viewed game of the year: the Big Game. And the competition is fierce—on and off the field—as some of the largest brands fight to break through the chaos. We are happy to report that few broke through like Avocados From Mexico.

As millions of dedicated fans focused on the Big Game, our marketing forces elevated the AFM brand to new heights by achieving **more than 7 billion impressions**. In our fifth year of Big Game marketing, smart media plays and purposeful partnerships scored AFM major gains in engagement, viewership, memorability—and purchase intent—**lifting our Phoenix brand ranking by nine points from #24 to #15**.

Fabulous celebrity talent and a good dose of humor drew game-day crowds to our three TV spots too. We parlayed the celebrity cachet and comic chops of Kristin Chenoweth to make our mark, drawing widespread attention to the value of delicious, healthy avocados in our “Top Dog” commercials.

Our **Big Game TV ads** were three-way winners: they beat the average for brand memorability, scored in the top ten for Ace Metrix's funniest Big Game ads and outperformed our previous Big Game ads on **purchase intent by scoring 129 vs 114, 96 and 114 in previous Big Game years**.

AFM's innovative digital efforts kept people talking before, during and after the game and made #AvocadosFromMexico the **#1 talked-about brand**.

We even channeled artificial intelligence—using IBM's Watson AI technology and the Adopt-a-Pet.com platform—to set an **all-time record for on-page engagement**. Our dynamite digital campaign exceeded the average time spent on a page by 204%, prompting IBM to share our approach internally as a model of effective strategy.

As confirmed by the leading third-party marketing performance company, Merkle, our digital Big Game campaign achieved its **#2 ranking** for performance—making AFM the only brand in its history to hold a top-tier position four years in a row.

### BIG GAME, SUPER STATS

Record  
**ON-PAGE  
ENGAGEMENT**

More than  
**7 BILLION**  
impressions

Second  
**MOST-TALKED-  
ABOUT**  
brand, digitally





**We earned exclusive national media coverage, with CBS featuring AFM's Big Game spot on its Greatest Super Bowl Commercial Ratings.**

Our teaser spot also got special attention in a *People* magazine exclusive. And our Big Game ads featured prominently in other major publications too, like **USA Today** and **Forbes**, helping us reach **more than 4 billion** people through the news media.





# Big Game Digital

## ANOTHER TOP-RANKING YEAR

Our fifth Big Game digital campaign was another great success, placing AFM among the top two Big Game digital campaigns for **four consecutive years in the Merkle Digital Bowl Report**. It's the most comprehensive and thorough evaluation of all U.S. brands participating in Big Game digital campaigns.

### RESULTS

Six different digital experiences engaged users with AFM in different—and irresistible ways, including:

- **MatchDogCom integration of IBM Watson AI technology** personality insights. Through the technology platform AFM used natural language processing with machine learning to reveal the insights from a massive amount of user data, matching users with their perfect dog available for adoption
- **Augmented reality filters gave users an immersive experience** that emphasized the campaign's theme
- Achieved **98% deliverability rate** on digital, CRM-driven Big Game tactics
- Record-breaking on-page engagement: **204% average time on page, YOY**
- **52%** of AFM's 20,000 chatbot subscribers engaged with our message
- #AvocadosFromMexico was the #1 most-discussed brand with 83K mentions.
- **At 2.5 billion impressions**, AFM generated more Big Game social media exposure than any other brand
- AFM Big Game digital videos earned **54.6 million views**, exceeding goal by 50%



### TOP DOG TV SPOTS: SO WITTY, SO EFFECTIVE

Our Top Dog spots featured the comedic talents of actress Kristen Chenoweth. Memorable and funny, they were timed to air for maximum impact and to reinforce our Big Game PR plan.

### RESULTS

- The three relative strengths of the ad were attention at 617, likeability at 553 and watchability at 533
- Scored in the top 10 for Ace Metrix's funniest Big Game LIII ads
- Outperformed our previous Big Game ads on purchase intent by scoring 129 vs 114, 96 and 114 in previous Big Game years.
- Outperformed the Big Game average for brand memorability, based on solid breakthrough and strong branding. The Big Game average for these three metrics respectively is 47%, 65% and 30%. AFM scored 47%, 77% and 36%

# Big Game PR

## BIG NAME PLACEMENTS

Our PR team made strategic Big Game media plays that really spiked AFM brand awareness and engagement. Our wins included a successful post-game media tour on using leftover avocados, pitching chefs' exciting new recipes and teasing our funny, 15-second TV spot. Result: widespread media interest and multiple high-profile placements—including exclusive coverage in *People* magazine.

### RESULTS

- All-time record high of **4.5 billion impressions** from 5,316 original media placements
- High-impact media placements: *People*, *USA Today*, *Forbes*, *Ad Age*, *Adweek*, *AOL* and others
- 806 total placements (online, broadcast and radio) following Pati Jinich's post-game satellite media tour





# Big Game In-Store

## PAIRING UP WITH TABASCO® SAUCE AND RITAS® IN STORES



We multiplied our merchandising impact with Big Game shoppers by partnering with Tabasco® Sauce and Ritas® margarita beverage. Our eye-catching in-store displays and floor talkers, plus influencer activations, generated a measurable AFM sales lift and boosted brand awareness leading up to the Big Game.

### RESULTS

- Sold-in a total of 33,921 bins in partnership with Ritas®
- Achieved 2.4% sales lift following floor talker placements in Kroger, Albertsons and Food Lion stores
- Generated nearly 385,000 impressions from News America campaign with Ritas® and Tabasco® Sauce
- Drove over 568 million impressions from cross-platform Pinterest influencer activation and partner tie-in, surpassing goal by 20%



# Savor WINNING flavors

WITH YOUR GAME  
DAY FAVORITES



# Cinco de Mayo

## IN-SYNC AND ON-TARGET CINCO CAMPAIGNS CELEBRATE AVOCADOS' BIG DAY

Cinco de Mayo gets bigger each year. And we're celebrating the fact that avocados, together with everyone's favorite partygoer, guacamole, continue to be the most popular guests at every gathering.

And that's why Avocados From Mexico has officially claimed this key holiday. No other brand has earned that distinction like we have. Cinco is one of our biggest sales days of the year, making it **prime time for brand-building, and ours to win.**

### THIS YEAR WE HAVE PLENTY TO CELEBRATE TOO, INCLUDING OUR BIG IMPACT IN FRESH, LIVELY AND TARGETED CAMPAIGNS AIMED AT CONSUMER, FOODSERVICE AND SHOPPER AUDIENCES.

Guac is a focused core usage occasion that drives future growth. Since 88% of guacamole eating occasions include tortilla chips, partnering with Tostitos®, the #1 brand of tortilla chips, was a perfect match.

Our first-time retail partnership with Tostitos® allowed AFM to share branding and our unique #SalsaGuac recipe across five SKUs, landed on more than 11.6 million bags of Tostitos® chips.

Our shopper campaign, **Cinco Central**, featured 78,085 in-store displays and **2 million** coupons on Tostitos® bags.

We strengthened our Tostitos® partnership this spring with 30-second radio spots playing in 2,500 stores (including Albertsons and Kroger).

Once our massive, co-branded digital campaign was set in motion we reached shoppers online with engaging ads prominently highlighting the product. And AFM coupons were featured nationally on 2 million Tostitos® bags. An exceptionally strong redemption rate is projected for the instantly redeemable coupon (IRC).

And weeks before Cinco, we got the party started by boosting our digital and broadcast exposure **among a key consumer group: women ages 25 – 54. One of many successful tactics:** Our humorous **"Trek" TV spot**. It showed just how far a party guest—at a remote Arctic research station—would go in search of fresh avocados.

The ad **outperformed the norm for two key performance metrics**—attention 702 vs 631 norm and persuasion 612 vs 589 norm - earning more than 37 million impressions through a variety of video distribution tactics. And our broadcast partnership with **Pandora** garnered over **22 million audio impressions** within our key demographic too. We used the AFM jingle to reinforce our brand.





Pre-holiday we also hosted an hour-long Twitter party, featuring celebrity chef, Pati Jinich. With the hashtag #NoGuacNoCinco, Pati got the public thinking and talking about Avocados From Mexico across social media, sending scores of avocado lovers to our Cinco landing page.

Consumers searching online for Cinco-related topics often found themselves on AFM's website. Our customer database and digital search optimization helped improve the efficiency of direct search traffic during Cinco. Those improvements made our targeted digital and social campaigns more effective too.

Our PR efforts gave top-tier media outlets something to celebrate as well. Together with Tostitos®, we hosted Cinco-themed brunches at Rachel Ray Every Day, Southern Living and Delish. We also partnered with chefs in top markets to demo exciting avo-centric dishes for broadcast and print.

**All told, our consumer-based, Cinco-themed media relations and storytelling initiatives earned 2.7 billion media impressions and 115 media placements, including placements in *People*, *USA Today*, the *New York Post*, *NPR* and *Fox News*.**



# Cinco Spotlights

## AVOCADOS FROM MEXICO AND TOSTITOS®:

### CINCO CENTRAL INSPIRES SHOPPERS

We paired Avocados From Mexico and Tostitos® throughout the store, including branded, in-store merchandise displays, coupons and a co-branded SalsaGuac recipe on the backs of Tostitos® bags.



### RESULTS

- 78,085 co-branded in-store displays
- 2 million coupons on Tostitos® chips bags
- Co-branded SalsaGuac recipe featured on 11.6 million Tostitos® bags
- Digital paid media generated over 301 million impressions

### MERCHANDISING

78,085 in-store displays and **2 million coupons** on Tostitos® bags.

### HISTORIC FIRST

#### AFM AND TOSTITOS® CINCO-THEMED PACKAGING

AFM branding and SalsaGuac recipe featured on 11.6 million Tostitos® bags, across five SKUs: Original Restaurant Style, Scoops, Scoops Hint of Jalapeño, Bite Size and Bite Size Hint of Lime. In market the second week of April through May 5<sup>th</sup>.

#### SALES PERFORMANCE

- For the week leading up to Cinco Walmart had a Volume lift of 10.8% vs YA
- Tostitos® saw strong performance in all its grocery accounts (total dollar sales increase over previous year results)

## “TREK” TV SPOT: HIGH-IMPACT HUMOR

Using the AFM jingle—and a hearty dose of humor—our Trek TV spot demonstrated the absolute necessity of having plenty of fresh avocados and guac at Cinco de Mayo celebrations.





## CINCO BRAND PROGRAMMING

AFM's Cinco strategy built strong brand presence in the two weeks leading up to the holiday. Our media blitz included targeted digital, increased broadcast presence across female networks, a partnership with Pandora (using our jingle to reinforce the brand) and outdoor media that reflected our PR tactics and reinforced brand activation.

### RESULTS

- 37 million broadcast impressions of Cinco creative
- 22 million+ audio impressions from two-week audio campaign on Pandora
- 2 million+ impressions delivered through high-impact campaign on Chowhound, a food forum site featuring Cinco recipes and content for home chefs
- 8.9 million video impressions of Trek video



## INFLUENTIAL PR TACTICS: TOP-TIER COVERAGE

We helped the media tell engaging and informative stories with chef demos in top markets, by conducting a consumer perceptions survey and by hosting a Cinco Central media brunch.

We also took our Tostitos® partnership to the sidewalks of New York for delightful tastings. And our satellite media tour, featuring Pati Jinich, showed people everywhere how easy party prep can be with avocados.

We also worked with five social media influencers, increasing AFM brand awareness and driving people to the pop-up guacamole carts around four New York City locations. Influencers used Twitter, Instagram and Facebook to describe their guacamole sampling experiences in each high traffic location—just in time for Cinco de Mayo.

### RESULTS

- 136 media placements, including *New York Post*, *NPR* and *Fox News*
- Total impressions: 2.7 billion
- Estimated impressions from guac cart activations: 3+ million
- Drove over 3 million paid estimated impressions
- Secured +30 million earned media impressions
- +35 Instagram posts
- Over 7.5 million earned influencer impressions



## #NOGUACNOCINCO DIGITAL CAMPAIGN

Our targeted Cinco digital and social media campaign was even more effective because of improvements to our customer database and search functions. Celebrity chef, Pati Jinich, inspired all levels of avocado consumers with Cinco de Mayo recipe ideas on May 1<sup>st</sup>, ahead of the holiday. The party included AFM video, pre- and post-Cinco.

### RESULTS

- 296 million total impressions and 4 million video views
- Over 24,000 engagements
- Average time on website was 1:23
- 150% improvement in direct search traffic for "Cinco" and AFM ranked in 4th position for 11 different "Cinco" queries on average
- Tweets garnered 124,821 impressions and 3,454 engagements
- Social media posts earned 199,051 impressions, 5,875 engagements, 9,492 video views and 915 visits to campaign landing page



# Education

## RAISING “AVO-CONFIDENCE” ACROSS CHANNELS AND CATEGORIES

**73% of shoppers would be likely to buy more avocados if they had more knowledge—even heavy users and Hispanics are likely to buy more.**

This year, AFM developed a first-of-its-kind educational campaign to help importers, retailers and consumers overcome common barriers to purchase. The guidelines, outlined in the new Avocados From Mexico Education Playbook, offer importers and retailers new insights for positioning and strategy.

**One key insight:** Our research shows that 73% of shoppers would be likely to buy more of the fruit if they had more knowledge—including heavy users and Hispanics. We also uncovered two big areas of avocado confusion: 1) how to preserve the other half of an avocado after it is cut, and 2) how to control the ripening process. Study participants struggle with judging avocado ripeness and selecting avocados as well.

**Increased knowledge can decrease avocado waste, potentially causing consumers to re-evaluate the value and cost of avocados. Avocado education—a key growth strategy is the answer.**

Over the past year, AFM marketing doubled down on our strategic education efforts across every key marketing channel. Leading the way to avocado enlightenment: **The Education Playbook.**

The Playbook also leads the produce category in a completely new direction. This first-of-its-kind, impactful and visually engaging education platform helped importers, retailers and consumers overcome common barriers to purchase—boosting confidence and perceived value.

Designed to drive category growth and increase purchase frequency, it stands apart among produce brands: the first omni-channel teaching tool of its kind.

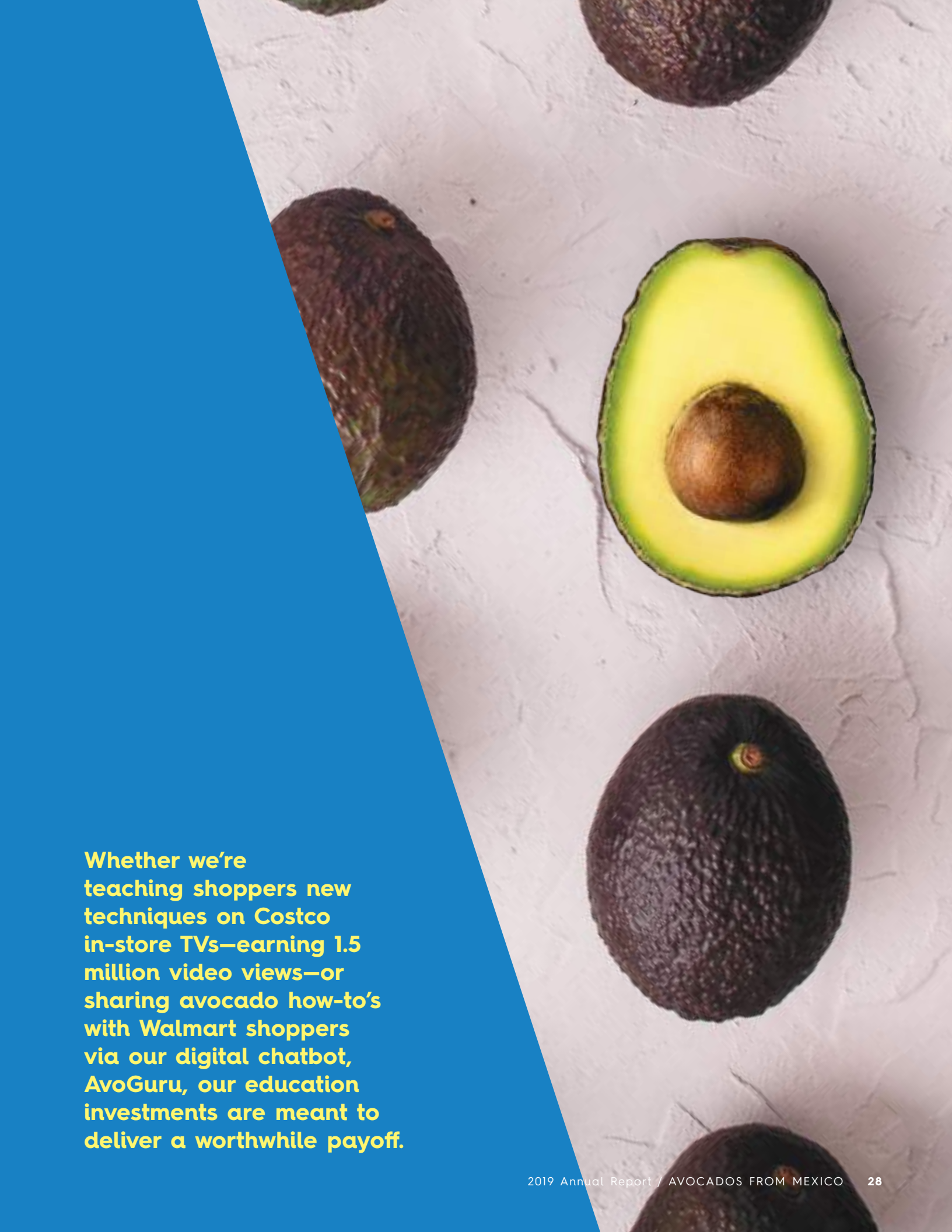
The 68-page Playbook includes visual guidelines and activation examples—as well as techniques for ripening and preserving, which were tested in our state-of-the-art Culinary Center.

At point of purchase, our educational messages achieved impressive nationwide exposure and impact, buoyed by partnerships with two retail market leaders: **Walmart** and **Kroger**.

Plus, a partnership with **Glad Press 'n Seal** showed shoppers how to preserve their fruits at home, effectively engaging consumers at over 2,500 national sampling events across these powerhouse retailers.

By building “avo-confidence,” we’re helping to change perceptions about value—and encouraging purchasing frequency.

AFM is also looking ahead, inspiring the next generation of avocado lovers and fueling long-term category growth. **Our New Generations education** campaign introduced five new digital programs and got school children excited. It earned top grades from teachers, too: 98% of educators rated the program’s educational effectiveness as good to excellent.



**Whether we're teaching shoppers new techniques on Costco in-store TVs—earning 1.5 million video views—or sharing avocado how-to's with Walmart shoppers via our digital chatbot, AvoGuru, our education investments are meant to deliver a worthwhile payoff.**

# Education Playbook

## POWERFUL TEACHING TOOL MOVES BUYERS UP THE PURCHASE FUNNEL

Based on insights gained during in-depth custom research, analysis and testing, this comprehensive teaching tool proved to be an effective educational platform for **consumers, retailers and foodservice operators**.



### “READY WHEN YOU’RE READY”

messaging, targeted to shoppers, gives tips on avocado picking, ripening, preserving and handling.

### “IT’S THAT EASY”

messaging, targeted to foodservice and retailers, clarifies common misconceptions among food professionals, offering tips on bulk prep for foodservice operators and distributors, and guidance on storage to merchandising for retailers.



## GLAD PARTNERSHIP

### SHOPPER

Shopper demos, samplings and coupons showed shoppers how to ripen and preserve avocados.

### RESULTS

- 43.5% increase in average daily units sold at Walmart; 1,846 sampling events
- 57% increase in average daily units sold at Kroger; 687 sampling events
- 14.5% redemption of 859,000 digital coupons

## WALMART CHATBOT, AVOGURU

### SHOPPER

We partnered with Walmart for a second year, using in-store channel strips to gain shoppers’ attention across 4,000+ stores nationwide. Shoppers were sent to an online Chatbot, primed to provide instant, helpful tips—such as how to choose, store and cook with avocados.

### RESULTS

- 4,250 in-store channel strips
- 13.6 million impressions

### COSTCO

- AFM’s Quick & Easy video link was featured in Costco’s “Avocado Evolution” article
- Video included salad recipes and “Ready When You’re Ready” educational content
- Achieved more than 1 million views and 13.6 million impressions of Costco Quick & Easy video (launched in January 2019 on Costco’s webpage and in AFM’s Facebook)



## NEW GENERATIONS

Expanding its reach, AFM also developed educational components for students, teachers and parents. The poster, guide for teachers and student/parent materials—including 72,000 avocado ripening kits—enriched the studies of students in grades K- 3 and brought avocado education home. Many teachers praised the program, expressing their appreciation with comments like this:

**“I really enjoyed the avocado lesson. My students were so excited to watch the avocados ripen!”**  
—Grade School Teacher

The program’s educational activity included a ripening bag kit with instructions for students to perform a ripening experiment at home. This activity helped to cultivate avocado affinity with the whole family.

## YOUNG MINDS INSPIRED



### SPARKING STUDENT INTEREST IN AVOCADOS

Our avocado education program for the new generation featured online and downloadable curriculum tools and activity ideas for educators, as well as a microsite and engaging learning activities for students—including a take-home avocado ripening kit.

By using avocados as an example, AFM helped to **enrich students’ understanding of nutrition and science. The program reached over 8 million students and families, and over 100,000 educators** visited our microsite. It fostered avocado familiarity and education among school children and made parents more aware of Avocados From Mexico.

### RESULTS

- 97% rated the program’s appeal to students as good to excellent
- 98% rated the program’s educational effectiveness as good to excellent
- 137,422 program downloads of monthly supplements
- 110,264 educator visits to microsite
- Reached more than 8 million students and families online



# Hispanic

## RESEARCH INSIGHTS POWER EFFECTIVE ENGAGEMENT WITH THE HISPANIC SEGMENT

The most effective marketing tactics speak authentically to their targeted audiences. Whether they're TV spots or email offers, they resonate on an emotional level to drive product affinity from the start.

That's always the thinking behind AFM marketing, and it's especially important **as we work to increase consumption levels in the Hispanic customer segment**—traditionally some of our heaviest users. We're often reminding Hispanic audiences that avocados are always a great go-to ingredient for creating delicious and healthy dishes. And we're prompting them to purchase more avocados for a variety of occasions.

### IN FACT, AFM IS REINVENTING THE WAY WE MARKET TO OUR HISPANIC AUDIENCES.

We use powerful research insights, digital targeting tools and targeted creative approaches. We started by assessing our knowledge gaps in the category and with the consumer over the past year.

As part of our research, the marketing team leveraged AFM's **historical reports and insights** as well as U.S. Hispanics insights and growth opportunities data. Next, we launched our research plan, using focus groups and online exploratory research **around Hispanic heritage, culture, traditions and language**.

### THE INSIGHTS WERE VALUABLE.

Our findings validated that many bicultural Hispanics want to pass their food and cultural heritage down to their children. We learned about the importance of traditional dishes as part of personal heritage—and the **key role avocados** can play, too.

We also learned that using the Spanish language in marketing content feels personable and warm. It's that emotional comfort along with Latino pride, flavor and convenience, that make avocados exciting and "worth it." Avocados elevate the enjoyment of family togetherness and help extend important traditions.



**AFM is leveraging these and other findings to guide our creative approaches and themes as well as new unique media opportunities and placements.**









# Avoscope Campaign



## INSPIRING USES

To continue inspiring Nueva Latinas to add avocados to their breakfasts and handhelds, we relaunched Avoscope. This year we added a video recipe to increase program engagement and returning rate.

## RESULTS

- Generated 257,753 total visits with an average bounce rate of 62.78%
- The program was resourceful, using only 40% of the budget to achieve 79% of the site visit goals
- Achieved an in-target DAR value of 51% (11% over our goal) with a good media mix of Facebook and Google
- Good returning rate: 27.3% of our total site's sessions were from returning visitors



## HISPANIC BRAND TV SPOTS

### HIGH NIELSEN RATINGS

AFM effectively built brand awareness using Spanish-language spots on targeted, high-profile TV programs and through online video views.

### RESULTS

- Achieved over 14 million video views by April 30 (95% of the goal with only 62% of the budget)
- Nielsen DAR results at 70%

## VIDA AGUACATE CAMPAIGN

### REINFORCING HEALTHY RECIPES

This robust social media campaign helped AFM cut through the clutter on Maria's social newsfeed. We focused on healthy avocado messages and nutritious recipes to remind her that avocados are heart healthy because they have good fats.

### RESULTS

- Achieved 21+ million impressions at an efficient CPM of \$3.48
- Efficiently re-purposed creative assets to share healthy recipes, focusing on heart-healthy avocados with good fats.

## ALIMENTA LA VIDA (ALV) CAMPAIGN

### MORE FACEBOOK FACE TIME

To inspire Nueva Latinas to enjoy more avocados, we used ALV—a Hispanic-based health and nutrition Facebook site—to help us generate leads, asking users to prioritize their health goals. Activation rates were exceedingly high—at a very low price point.

### RESULTS

- Generated over 887,000 link clicks by June 30, 2019
- Achieved the lowest cost per lead on Facebook in the history of AFM (average \$2.1 per lead)
- Achieved 104% of leads goal with only 33% of budget
- 41% of 3,585 active users are returning to the site for more content
- Alimenta La Vida achieved a 20.17% email open rate, exceeding suggested benchmark of 15%

# Salad Center Program

## AWARD-WINNING PROGRAM ATTRACTS BIG CONSUMER BRANDS—AND PUTS AVOCADOS IN SHOPPERS' CARTS

With its fresh, creamy goodness, the simple addition of avocado transforms any salad from the everyday to the exceptional. No wonder it's such a popular way to use this versatile, delicious fruit. And today, that salad magic is happening every day, everywhere.

Our creative shopper and digital teams made the most of this pairing by joining forces themselves to create a **one-of-kind avocado salad solution center** that could engage consumers on a digital platform, while also **driving sales volume in stores**.

Salad Center Program, was a produce marketing breakthrough that exceeded our expectations, **reaching 13 million consumers and winning multiple awards**.

We partnered with Chicory, an interactive marketing technology firm, to create an irresistibly engaging and **interactive digital salad hub** linking AFM recipes to shoppers' online grocery carts—the first and only produce brand to link its website to e-commerce sites.

To extend our consumer appeal, we co-branded recipe content with two great salad partners: **Fresh Gourmet®** and the **American Egg Board**.

This inventive e-commerce application allows shoppers to add all their avocado recipe ingredients directly to their digital shopping carts, while shopping at some of the country's leading online grocery providers: **Instacart, AmazonFresh, Whole Foods** and others. They can even share their own salad recipes on social media for a chance to win prizes.

Now, over 70% of U.S. households can have their favorite avocados delivered right to their door. No wonder The Salad Center is becoming a go-to destination for online recipe seekers and salad shoppers.

The Salad Center's innovative design was recognized with **several awards for its effectiveness** in reaching consumers. Only avocados could make salads this exciting. And we're just getting started. This innovative e-commerce solution will continue to evolve over the next year.

In addition, AFM partnered with Fresh Gourmet® in-store to promote the salad meal occasion at Albertsons. This program reinforced the use of AFM and Fresh Gourmet® products to enhance and transform consumer's salads. It also promoted the Salad Solution Center by providing shoppers with additional salad recipe inspiration.





[ Only avocados could make salads this exciting. And we're just getting started: This innovative e-commerce solution will continue to evolve over the next year. ]



## Steps to a Sensational Salad with Heart Healthy Avocados from Mexico



### Build a Nutrient Rich Base

TRY: Spinach, Kale, Romaine or Arugula



### Make a Rainbow

TRY: Blueberries, Oranges, Red Bell Peppers or Tomatoes



### Add Crunch

TRY: Almonds, Walnuts, Pistachios or Quinoa



### Power it with Protein

TRY: Eggs, Chicken, Tuna, Beans or Cheese



### Dress with Good fats

TRY: Creamy, Delicious Avocados From Mexico!



Learn more at [AvocadoSaladCenter.com](http://AvocadoSaladCenter.com)

While every nutrient added to your favorite salad, avocados are a part of a diet low in saturated fat and cholesterol may reduce the risk.

## SALAD CENTER RESULTS

- Produced 60 million total program impressions and 564,000 clicks
- Chicory delivered 13,000 impressions and 26,000 clicks to purchase
- Salad Center sweepstakes garnered 35,440 entries from November 2018 - June 2019
- Website won 2019 Interactive Media at AMA DFW Marketer of The Year Award, recognizing its success in reaching consumers through a digital portal
- Website won third place for "Most Effective Mobile Campaign" in the Excellence in Interactive Marketing Awards (EIMA)







### **SALADS COME ALIVE IN STORE WITH ALBERTSONS**

- Salad Solution displays with Fresh Gourmet® croutons and Avocados From Mexico were featured multiple Albertsons divisions
- Circulated 325K Just For U coupons in partnership with Fresh Gourmet®
- Achieved more than 644K brand impressions and 23.1% redemption with Ibotta® rebate program





# Shopper Programs

## TAKING CENTER STAGE IN STORES ON ALL THE BIG DAYS

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Each year we consider how we can capitalize on seasonal shopper programs, such as Big Game, Cinco de Mayo and Hispanic Heritage Month. And we think big—from dynamic partnerships that are wins all around to engaging digital and creative executions effectively targeted to reach our audience. It's an important process for us and we don't take it lightly.

Our marketing tactics strategically pursue incremental sales by covering the calendar beyond the months of January and May. In FY19, we successfully strengthened our **in-store presence** and **extended shopper mindshare** with customized shopper programs themed to **Hispanic Heritage Month** in September and October, fall football and **college basketball's March tournament**.

For Hispanic Heritage Month, mid-September to mid-October, we partnered with Bimbo® bread and Tabasco® Sauce to move appetites beyond the produce aisle. Our Toast to your Heritage campaign dedicated each day of the month-long celebration to a Latin country.

Themed videos with chef-inspired recipes were featured on our website and social media channels, encouraging consumers to celebrate Hispanic heritage with culturally authentic recipes. The videos reached 5 million shoppers and drew more than 227,829 visits to the AFM website.

For **Tastiest Tailgate**, partnered with Ritas®, driving engagement with 19K in-store bins, including first ever placements in Walmart & Kroger stores

News America shelf talkers were displayed in the beer aisle in 4,180 Kroger, Albertsons and Food Lion stores too, garnering a +2.1% sales lift and \$409 in incremental avocado dollars sold per store.

AFM also helped its **power accounts drive volume**, creating inspiration points in stores and driving impulse purchases during fall football and other occasions.

The largest college basketball tournament in March is a slam dunk for fans of avocados and traditional handhelds, like wraps, sliders and hearty sandwiches: our core uses. We capitalized on those appetites—and brought home the bacon—through a **promotional partnership with Smithfield® Bacon**: our “Fanwich” campaign.

Fanwich inspired shoppers with snackable sandwich recipes, supplemented by a variety of digital, in-store and print-at-home coupons. We also caught shoppers' eyes in stores with 850,000 coupons via display, floor talkers and shelf talkers, digital and print-at-home coupons.

We kept the Fanwich wave going over the air, too. Our compelling live **DJ radio spots** captured the interest of audiences—and delivered a **10% increase in purchase intent**.



**[ We think big—from dynamic partnerships that are wins all around to engaging digital and creative executions effectively targeted to reach our audience. It's an important process for us and we don't take it lightly. ]**

# Shopper Spotlights

## TOAST TO YOUR HERITAGE CAMPAIGN

### HISPANIC HERITAGE MONTH

Partnerships with Tabasco® Sauce and Bimbo® Bread took shoppers beyond the produce aisles, with retailer support from in-store displays and point-of-sale kits. Videos featuring celebrity chef Yisus inspired consumers to try authentic recipes.

### RESULTS

- Achieved over 5 million views of Chef Yisus videos
- Videos drew 227,829 AFM site visits
- 97% positive consumer sentiments to Facebook campaign posts
- Secured placement of 4,000 displays and 6,000 point-of-sale kits in-store, including key crossover/general market accounts: Jewel, Bashas, NW Grocers, Shaw's, Publix, Giant Carlisle, DECA and Southeastern Grocers
- Achieved a 2.75% redemption rate on 450,000 distributed coupons



## TASTIEST TAILGATE

### WE SCORE AT THE STORE WITH FOOTBALL AND GUAC

We gave guacamole a boost and encouraged football fans to savor every tailgating moment with Avocados From Mexico and Ritas®.

### RESULTS

- First time executing displays in Walmart and Kroger while leveraging our partnership with Ritas®, taking advantage of their merchandising network and direct access to store
- AFM & Ritas® sold in 19.9K bins (11,555 by Ritas and 8,368 by AFM)
- Placed News America shelf talkers in the beer aisle in 4,180 Kroger, Albertsons and Food Lion stores for a +2.1% sales lift and \$409 in incremental dollars sold per store (avocados)
- Kicked off programming on National Guacamole Day with 628,000 coupons for a 19.2% redemption (17.5% estimated)
- Circulated an additional 747,000 coupons in October with a 27.6% redemption (21.8% estimated)





## FANWICH CAMPAIGN

### COLLEGE BASKETBALL'S MARCH TOURNAMENT

Our in-store displays, shelf talkers, floor talkers and coupon campaign successfully expanded AFM's retail footprint around game day. And radio spots pumped up purchase intent.

### RESULTS

- Sold in 9,900 bins
- Distributed 840,800 coupons via display, floor talkers and shelf talkers, digital and print-at-home coupons
- 24,600 shoppers entered our sweepstakes for a chance to win weekly prizes of a year's supply of Avocados From Mexico and Smithfield® Bacon
- Placed 1,700 floor talkers in produce departments at Kroger and Albertsons stores, and 800 shelf talkers with a joint coupon offer in meat departments of Albertsons, SEG, K-VA-T, Tops and Supervalu stores
- Live radio spots delivered 6.6 million on-air impressions
- Lucid brand study accompanying the campaign reported a 10% increase in purchase intent/consideration among individuals exposed to the DJ live reads, and strong resonance of brand attributes



# Trade

## STRENGTHENING TRADE SUPPORT WITH GREAT IN-STORE PROGRAMS

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Avocados From Mexico looks to the trade accounts to put more avocados in consumer baskets—from retailers like Kroger and Publix to regionals like Jewel Osco. Year after year, those retailers rely on our team's AFM trade-account specific activities for a wide range of merchandising and marketing support.

In FY19, we greened up our trade businesses with a **robust plan for top-tier accounts**, including loyalty targeted programming, demo events and incentive contests. Counting all participating accounts, we delivered **8 million loyalty offers, 7,800 in-store demos and 120,000 displays**.

AFM's merchandising support extended to trade accounts like Food Lion, Albertsons, Walmart and Publix—making avocados stand out in the produce aisle by creating secondary displays.

We drove brand awareness and incremental volume at point-of-sale through compelling in-store displays during seasonal programs, too—including **106,000 individual displays**—and throughout the year, including **28,000 portable displays**. And we made it all easier on our overwhelmed produce friends with big new, easy set-up displays that **boosted bin placements**.

During PMA 2018 we launched Avo Retail IQ (ARIQ), a new digital platform and resource, created for showcasing and sharing research, assets, selling materials and details of our national shopper and merchandising programs with our customers. This new web based tool allows them to place program display orders, simplifying the process and **educating retailers** at the same time, while **supporting sell-in efforts of our national shopper programs**. It provides AFM Trade Marketing Regional Directors with a clean, user-friendly interface where year-round campaigns can be showcased, ordered, tracked, and shared with our customers. To date, ARIQ has tracked **319 orders**, assisting in the success of the rollout and implementation of our national shopper programs and our branded merchandising displays.

And finally, we opened another window of opportunity with retailers and consumers by **engaging with retail dietitians**. By mailing **500 National Nutrition Month kits** to retail dietitians across key accounts nationally, we grew consumer awareness of avocados' health and education messaging—in partnership with the American Egg Board.

Retailers and retail dietitians also received 1,000 salad kits, available in Spanish and English, to reinforce the nutritional benefits of salads with avocados.





**[ AFM's merchandising support extended to trade customers like Food Lion, Albertsons, WalMart and Publix—making avocados stand out in the produce aisle by creating secondary displays. ]**



# Trade Spotlights



## TARGETED TRADE PROGRAMMING

### GROWING LOYALTY

AFM's trade plan included loyalty programming, demo events and contests featuring the following activations:

- 8.2 million loyalty offers
- 7,800 demos
- 120,000 equivalized displays
- 52 retail volume incentives
- 11 e-commerce activations



## MERCHANDISING SUPPORT

### YEAR 'ROUND SUPPORT

AFM created in-store inspiration points to drive impulse purchases during seasonal programs and all year 'round.

### RESULTS

- Introduced easy set-up small and large bin displays
- Placed 120K equivalized seasonal displays
- Placed 28K equivalized portable displays



## ARIQ

### TRACKING EXCELLENCE

With the completion of the Avo Retail IQ (ARIQ) web app providing AFM regional directors with a simple interface to showcase, sell in and track year-round shopper marketing and merchandising campaigns, the team was able to enhance productivity and better-serve clients.

### RESULTS

- 319 orders in support of our national shopper programs and branded merchandising displays



## RETAIL DIETITIAN CAMPAIGN

### NOURISHING EDUCATION

AFM engaged retail dietitians and trade customers with innovative educational kits.

### RESULTS

- 500 National Nutrition Month in-store RD kits mailed to retail dietitians
- 1,000 in-store salad kits mailed to retail dietitians and retailers

# Power Accounts

## STRENGTHENING PARTNERSHIPS DRIVES VOLUME WITH TOP RETAIL CHAINS

Power accounts are powerfully important to avocado volume and sales growth. These top grocery chains and mass retail channels account for about 60% of our annual volume—and we are successfully **sustaining their loyalty and support**.

In FY 2019, we effectively strengthened these partnerships, introducing new programs and promotions—and creating several new opportunities along the way. Our strategic focus on power accounts, in turn, yielded more support for our promotional communications objectives.

With creative, customized in-store promotions, secondary displays, strategic marketing tactics and the targeted use of multiple media channels, AFM:

- Increased unit sales and purchase frequency
- Drove incremental purchases
- Reinforced our education platform
- Strengthened consumer connections with coupons, recipes and avocado inspiration



- Targeted avocado buyers with more than 1 million Catalina® coupons, for a healthy redemption rate



- Placed more than 1,000 Avocado Solution Center displays in key power account, Food Lion
- Generated double-digit percentage-unit sales lift in bulk and bags during Guac Nation “Big Game” promotion
- Achieved healthy increase in incremental sales of 6.8% and achieved ROI of 3.18 for Food Lion during 11/7/18 -1/1/19 loyalty offer program.



- Achieved participation of 1,100 stores in Guac Nation promotion, 1/24 - 2/6/19



- Retail integration of AFM’s “Modern Mexico Innovations”

# foodservice

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## LTO Programming

### LIMITED TIME OFFERS SPARK EXCITEMENT AND DEMAND AT AMERICA'S FAVORITE CHAINS

Foodservice operators have a lot on their plates these days. So AFM is finding exciting new ways to share our marketing expertise and menu ideas with restaurant chains and other operators—creating strong partnerships in the process.


Considering the remarkable program participation from some of the biggest brands in national restaurants, it's clear that they value our expertise—and avocados!

We're proud that our foodservice customers are some of America's favorite restaurant brands. And we all know what the public craves: novelty and new flavor experiences. That's why big names like Chipotle, Potbelly and Dave & Buster's turn to us for menu inspiration—and for a wide array of limited-time offers (LTOs) that keep their food selections fresh and appealing. And keep customers coming back for more.

### BECAUSE FOR CUSTOMERS, IT'S ALL ABOUT FRESHNESS.

According to a recent survey conducted by Technomic, 2,879 general market consumers were surveyed and 83% of diners want restaurants to add more fresh items to their menus. Research shows that avocado additions also elevate restaurant sale prices.





**By helping foodservice customers stimulate customer demand, we helped ourselves to a generous INCREASE IN VOLUME GROWTH UP TO 4% OVER THE PAST FISCAL YEAR.**

Throughout FY19, AFM provided multifaceted marketing expertise and support to its foodservice partners in the form of LTOs and a variety of customized promotional programs.

# FRESH AVOCADOS: STARRING ON FAVORITE MENUS

## CHIPOTLE

In our second major partnership with America's premier Mexican grill master, AFM supported Chipotle on two successful programs.

### RESULTS

- Triple digit increase in guac sales on National Guac Day (first program)
- Millions of impressions and thousands of delivery orders (second program)

### PROGRAM HIGHLIGHTS

- Promotion #1: Digital ads featured Chipotle's new large guac and free guac with online orders for National Guac Day
- Promotion #2: Digital ads featured free delivery on Cinco weekend



## POTBELLY

AFM worked with Potbelly Sandwich Shop to develop a new LTO menu item: Avo Toast.

### PROGRAM HIGHLIGHTS

- Avo Toast window clings
- Digital media marketing
- Fresh Seal stickers on item packaging—(a big win with this large chain!)

## DAVE & BUSTER'S

Following our ideation session with them, the new "Avocado Toast with Mexican Street Corn" was born and gained a coveted spot on Dave & Buster's menu.

### RESULTS

- Triple-digit increase in fresh avocado usage over promotion period

### PROGRAM HIGHLIGHTS

- AFM Fresh Seal featured on all avocado menu items

## RUBIO'S

AFM and Rubio's partnered to promote two menu items: the Cilantro Lime Quinoa Bowl and the California Bowl with Wild Grilled Shrimp.

### RESULTS

- Digital: millions of impressions, thousands of clicks and a healthy click-through rate
- Double-digit percentage increase in avocado volume YOY (February 2018 - February 2019)

### PROGRAM HIGHLIGHTS

- Robust marketing support on and offline

## MOOYAH

Two AFM programs promoted free avocado with burger purchase.

### RESULTS

- Thousands more avocado add-ons sold YOY (first program)
- Double-digit percent increase in YOY sales of avocado add-ins (second program)

### PROGRAM HIGHLIGHTS

- Promotion #1 featured e-blasts, texts, in-store point-of-sale and social media ads
- Promotion #2 featured window clings, table tents, napkin holders, poster, menu board and social media ads



## ANOTHER BROKEN EGG CAFÉ

AFM supported Another Broken Egg Café with the launch of their new Smoked Salmon Avocado Toast.

### RESULTS

- Double-digit percent increase in fresh avocados purchased throughout the partnership timeframe: January 2019 - April 2019

### PROGRAM HIGHLIGHTS

- Traditional and social media marketing support
- 

## BJ'S RESTAURANTS & BREWHOUSE

AFM partnered with BJ's to drive sales of menu items with fresh avocado.

### RESULTS

- Avocado usage volume increased through the promotion time period

### PROGRAM HIGHLIGHTS

- BJ's promoted two of its popular menu items with avocado: Guac Burger and Avocado Egg Roll. They also featured AFM's logo on the promotional menu insert, promoted table tents, a BOHO offer, e-blasts and social posts
- 

## MCALISTER'S FRESH AVOCADO TRANSITION

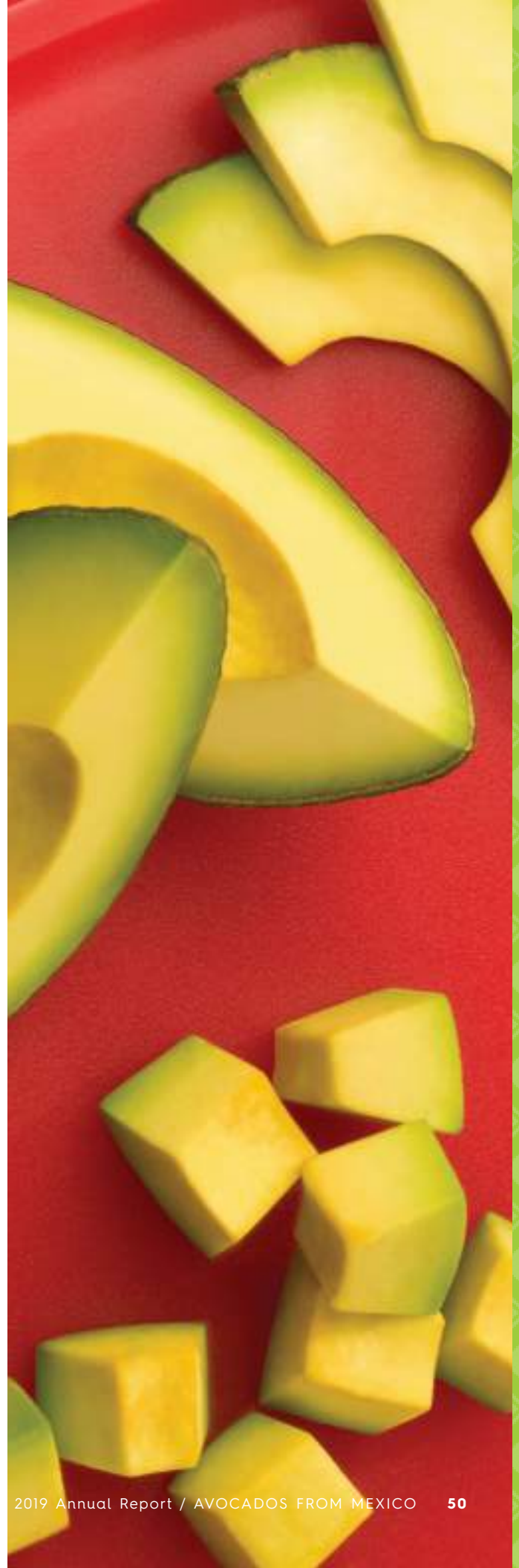
In May 2019, McAlister's Deli switched to 100% fresh avocado throughout their menu and are highlighting new avocado LTO menu items to support the change.

### RESULTS

Fully transitioned menu to 100% fresh avocado, eliminating all pulp avocado product options

### PROGRAM HIGHLIGHTS

- New permanent menu item: Turkey Avocado Jalapeño Crunch Sandwich
- New LTOs: Chicken BLT + A and Southwest Avocado Salad
- In-Store: AFM-branded napkin dispenser, poster and menu board
- E-Blast, app rewards and media
- Avocado storytelling—Grove Video Series





# fresh Seal Program

## IT'S A WRAP FOR 10 NEW CHAINS

Reinforcing the AFM brand and our fresh seal program has been embraced by key operators this past year.

AFM guac research shows that 75% of consumers are more likely to visit a restaurant where AFM's fresh seal is displayed. Given the increased demand and consumer value placed on fresh avocados by patrons, major operators had a real appetite for AFM's Fresh Seal program, now entering its third year.

We customized each seal to fit the partners' unique visual brand, so they complemented each operator's menu presentation: a strategy that earned AFM ten new LTO partnerships with key operator targets. We also taught major chains how to use—and promote—fresh avocados in their menu items.

The results? Beyond satisfying, with significant increases in avocado volume usage across the board. Our fresh avocado additions scored a premier place on menus at Potbelly and McAlister's Deli locations.

### FRESH SEAL ACTIVATIONS:

- Babalu
- Romano's Macaroni Grill
- Rubio's
- Mooyah
- Dave & Buster's
- Another Broken Egg
- McAlister's Deli
- Farmer's Fridge
- Potbelly
- Fuzzy's Tacos







# Innovation & Education

DRIVING DEMAND FOR FRESH AVOCADOS,  
FROM CAFETERIAS TO RESORTS AND CAMPUSES



## MODERN MEXICO INNOVATION

We leveraged AFM's heritage to showcase a modern take on traditional Mexican techniques, taking traditional favorites and giving them a twist by adding fresh avocado.

### DETAILS

- Over 1,664 brochures were distributed to key foodservice professionals
- Produced 5 New Modern Mexico Videos
- Created Microsite for Modern Mexico Technique - [AvoModernMexico.com](http://AvoModernMexico.com)

### RESULTS

- #1 Foodservice website traffic page to date with 31,433 page views: 35.93% of total website traffic
- Engaging pages: average time on site of 1:31 (vs :60 benchmark)





## GUACABILITIES

This program was developed to highlight all the unique ways guac can be showcased on operators' menus, inspiring with unique guac recipes and basic techniques.

### DETAILS

- 2,500 brochures for foodservice professionals
- Will be highlighted across FY20 events with kickoff media campaign
- Guac study completed
- Infographic developed
- Created microsite for Guacabilities
- Created four new videos



## AVOCADO UNIVERSITY: 10 SESSIONS

AFM hosted ten AvoU sessions over the past year, graduating 132 students, including chefs, registered dietitians and other foodservice professionals.

Participants included major operator chains like Potbelly and Taco Bueno, hotel operators, including Omni and Marriott, major concessionaires like Restaurant Associates, as well as several top-tier colleges and universities.

The interactive one-day sessions are customized to each group and are taught in our Culinary Center by AFM's Chef and Foodservice Team. The course is also an officially recognized program, so chef participants can receive continuing education credits.

We also held our first hotel-focused AvoU in January 2019, welcoming attendees from top-tier hotel chains including the Four Seasons, Marriott, Omni and Hilton.



### PARTICIPANTS INCLUDED:

- Marriott
- Four Seasons
- Omni Hotels
- Taco Bueno
- American Airlines Center
- Uncle Julio's
- Restaurant Associates
- Dallas Dietetic Alliance
- Retail Dietitians
- Rubio's Coastal Grill
- Potbelly Sandwich Shop
- University of Arizona
- Indiana University



## MYTHBUSTERS VIDEO CAMPAIGN

These eight educational and entertaining videos quickly debunked myths about avocados for foodservice professionals—from price misperceptions to their limited uses. A genial chef deftly demonstrates avocados' versatility, affordability and more in upbeat lessons that leave viewers smiling.

### RESULTS

- +4 million targeted foodservice professionals views
- Achieved 208% of goal





## FOODSERVICE DIGITAL TACTICS: INCREASED VIEWERSHIP

AFM's "Endless Sauceabilities" foodservice video campaign achieved strong viewership, greatly outperforming the industry benchmarks. The sources of highest viewership were Chipotle, Sysco and Compass Group. We also leveraged the LinkedIn platform to successfully target foodservice professionals online.

### RESULTS

- Strong video viewership and completion: 208% of goal
- Click-through rate exceeded industry benchmark by 161%
- Highly cost-efficient: less than half projected cost
- Effectively reached LinkedIn "Industry" and "Job Title" audiences, with a 1.18% CTR (benchmark 0.42%)



## MADE IN MEXICO 2019

AFM hosted an exclusive group of key industry chefs on a VIP tour of Michoacán and San Miguel, Mexico to educate and inspire them to add more avocados to their menus.

### DETAILS

- Leveraged new foodservice innovations
- Over 30 hours of progressive avocado immersion

### RESULTS

- 16 chefs from high-volume operations (vs. 11 prior year) attended the tour
- Represented companies included:
  - The Cheesecake Factory
  - QuikTrip
  - McAlister's Deli
  - Taco Bueno
  - Restaurant Associates



# The 5 C's

## DRIVING DEMAND FOR FRESH AVOCADOS, FROM CAFETERIAS TO RESORTS AND CAMPUSES

One of the Foodservice team's biggest volume growth opportunities lies in our "5 C's Program." The 5 C's include: 1) Concessions, 2) Colleges & Universities, 3) Contract Feeder Companies, 4) Cruises & Hotels and 5) Convenience. A big growth area this year was our concessions program which has seen an increase with the sell-in of exciting new guac cart programs. These guac carts also forged new territory beyond concessions, finding homes across several segments in the non-retail foodservice sector. Through the development of custom programs and strong relationships we successfully **extended our marketing reach with hotels, contract feeders and colleges and universities.**

Our AFM-branded fresh avocado items are **opening doors at big stadium venues** like **Yankees Stadium** and the **Milwaukee Bucks Fiserv Arena** in addition to smaller arenas, where we can increase volume without making a large-stadium investment.



Thanks to our partnership with Aramark, an influential key contract feeder, we introduced a pilot guac cart program at **eight of its university locations, including Clemson University and the University of Virginia.**

Additionally, the AFM brand earned high marks at universities with our "Eat Lively" food truck cross-country tour of 15 college campuses in the spring of 2019, serving over 11,000 samples and engaging over **thousands of Snapchat users** along the way.

National foodservice leaders like **Compass Group** turned to AFM for innovative and customized programs that could stimulate demand and multiply sales volume across thousands of their locations. And we delivered in a big and measurable way.

We successfully launched a volume-driving guac cart program in **32 of Restaurant Associates' top locations.** This included top-tier cafeterias at locations such as **Harvard Business School, the World Bank** and the **Smithsonian Museum**, which now are offering our guac carts with fresh avocados daily.

## Hoteliers around the U.S. are opening their doors to Avocados From Mexico.

Our presentations and demos with hotel chefs at the industry's Mise Conference made a strong impression—and important inroads—with 100 executive chefs from the nation's top hotel chains.

AFM developed a custom program with Omni Hotels & Restaurants that included a guac cart program for 17 of their top locations. The program also included a contest that generated phenomenal recipes—and further solidified our partnership.











## SPORTS SYNERGIES

### YANKEE STADIUM

Added six branded fresh guac carts in suites and fresh avocado menu items throughout the stadium.

### MILWAUKEE BUCKS

- Added fresh avocado menu items throughout the stadium, with AFM branding
- Sold over 13,000 fresh avocado menu items during the Buck's 2018/19 season

## EAT LIVELY C&U TOUR

### TWO PARTNERS: TABASCO® SAUCE AND AMERICAN EGG BOARD

- 15 total stops – 2 test schools in November and 13 Schools in spring 2019
- Served 11,016 samples during the tour and gave away 3,352 premiums
- Reached 77K Snapchat users during the tour

## COMPASS GROUP NORTH AMERICA

AFM developed new guacamole recipes for Compass' internal recipe system – relied on by chefs in over 4,000 locations.

And our “Guac Off” recipe contest, supported by multiple marketing tactics, tempted Compass chefs to use avocados in new ways. Chefs added the new recipes to their systems – which likely will translate to more avocados on their shopping lists, too.

### PROGRAM HIGHLIGHTS

- “Guac Off” – internal chef's recipe contest with trip to AvoU
- 3 new AFM-developed guac recipes for 4,000-location recipe system
- Avo-centric content for Compass' teaching kitchens

## MENU IDEATIONS

AFM has had great success conducting menu ideations, launching permanent menu items or LTO opportunities with key operator targets.

### OPERATOR IDEATIONS

- Uncle Julio's
- Taco Bueno
- Another Broken Egg
- Firehouse Subs
- Carl's Jr./Hardee's
- Huddle House
- Your Pie
- Romano's Macaroni Grill

# Flagship Concession Program

## SECURING MAJOR ARENA CONTRACTS – AND DRIVING DEMAND ACROSS THE COUNTRY

When it comes to big venues and events, the public is no longer satisfied with hot dogs and popcorn stands. Today's consumers crave a wide variety of high-quality menu items and plenty of fresh menu options.

Avocados From Mexico is all about pleasing the crowds. We're making major gains in that arena by customizing programs that delight the multitudes—from a concession stand test at the Miami Open to premium suites and full-service stands in the American Airlines Center in Dallas—known as AvoEats.

It's all part of our high-flying Flagship Concession Program launch. And it's really starting to take off. We know we're on the right track, judging from scores of positive consumer comments.

At American Airlines Center, fans flocked to our two in-arena concession stands and guac carts, prompting the customer to order a third, full-size stand for FY20, with plans to add additional menu items. The program drove a 507% increase in fresh avocado sales over fiscal 2017/18.

At Hard Rock Stadium, we tested a new taco concept during the Miami Open—a top tennis tournament. It was such a smash that the stadium plans to open a full concession stand and kiosk program later this year.

## AvoEats Concessions



### AMERICAN AIRLINES CENTER

AFM's successful launch of two full-service concessions stands in the Dallas American Airlines Center set a strong course for future sales – and convinced the customer to use only fresh avocados on their menus. Our unique suite-level guac trays program drew interest from the University of Oklahoma, leading to a new program scheduled there in FY20.

The program includes two guac carts, AFM-branded trays ("BYO Guac Experience") for suites and purchasing exclusivity.

### RESULTS

- 507% increase in fresh avocado case purchases, July 2018 – March 11, 2019 over entire FY17/18
- Launched four new menu items: Avocado Fries, Guac Sampler, Avocado Toast and Avocado Taco
- 13 national and regional media placements, yielding 19 million impressions—and driving interest from other arenas

# Hard Rock Stadium

## ROCKIN' THE GUAC, ARENA-STYLE

Added six branded fresh guac carts in suites and a standalone kiosk (Avos 'n Tacos); full "Tacos por fAVOr" program launches fall 2019.

### RESULTS

- Sold 25,722 tacos over 2-week activation and 2,114 guac and chip units





# for Our Bountiful future

## INVESTING IN OUR LIVELIHOODS WHILE PROTECTING THE LAND

Imported avocados employ thousands of U.S. workers and sustain countless families. They add pleasure to our meals and celebrations. And they offer abundant nourishment.

But like all agricultural products, avocados need land and other natural resources to grow before they make their way to our plates.

To sustain our future, we must be good stewards of the land. And to sustain trust as importers, we must be good stewards of the American economy.

Avocados From Mexico believes that with commitment, collaboration and good faith efforts, we can balance the need to protect our industry with the imperative to preserve our precious environment.



### UNDERSTANDING OUR IMPACT ON THE U.S. ECONOMY

To understand the impact of Mexican avocado imports on the U.S. economic environment, AFM commissioned a comprehensive research study in 2018.

Two researchers from Texas A&M University analyzed multiple effects of imports on the American economy as a whole, using a technique that estimates the impact of a single industry on state and national economies.

We are proud to share the findings, available on the MHAIA website. Research showed Mexican avocado imports had a strongly positive effect on the American national economy in 2017, contributing:

- 28,251 U.S. jobs
- \$1.9 billion in U.S. labor income
- \$3.4 billion in U.S. gross domestic product
- \$5.5 billion in economic output
- \$932 million in U.S. taxes

The findings also concluded Mexico imports did not cause the prices of California-grown avocados to drop, but instead helped the state meet a growing consumer demand it could not fulfill alone with its limited resources. And in Mexico, the industry has created over 70,000 full-time jobs for more than 300,000 seasonal employees.

Strong growth in avocado demand over the past 20 years and the industry's important financial contributions demonstrates the importance of Mexican avocados to the economies of the United States and Mexico.



## SUPPORTING FORESTS FOR MONARCHS: A MILLION REASONS TO PLANT MORE TREES

Avocados and other crops are grown in the Mexican State of Michoacán, a vital winter habitat for the monarch butterfly.

But the rise of agriculture and tourism in the region, together with the effects of climate change, has contributed to the loss of forestlands and threatens the plants monarchs need to feed, reproduce and migrate.

Over the past two years, the western monarch population has declined by 80%—partly due to wildfires and droughts.

AFM, together with the Mexican Hass Avocado Importers Association (MHAIA), joined with the Forests for Monarchs (FFM) in a reforestation initiative that will help to preserve the monarch habitat and more. When these lands are reforested, soil conditions will improve, clean water sources will return, and communities and landowners will gain a sustainable economic resource.

Our goal is lofty. Together with MHAIA, we aim to plant 800,000 trees. This effort supports the goals of the Avocado Producer and Exporting Packers Association of Mexico (APEAM): to plant more than 1 million trees in the region.

We aren't working alone. The partnership between MHAIA and FFM brought together 540 volunteers who are receiving important sustainability training. As they learn proper planting methods, they will teach landowners and students about sustainable forestry and farming.

Since 2017 our partnership has benefited 21 communities in Michoacán. To date, we have planted 400,000 trees, helping to reforest 367 hectares of land.

And in 2018 we saw new reason to hope. After years of decline, the monarch colonies overwintering in Michoacán reached about 15 acres—the amount of land considered essential for monarch survival.

Our collaboration with these committed industry partners and our ongoing work to educate future generations of growers on sustainable practices will help to sustain healthy land and animals, livelihoods for future generations and fruitful avocado harvests. This is the bountiful future we are working to cultivate today.

# INDEPENDENT AUDITOR'S Report

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## Report on Financial Statements

We have audited the accompanying consolidated financial statements of Mexican Hass Avocado Importers' Association (a nonprofit organization) and subsidiary, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### Managements' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mexican Hass Avocado Importers' Association and subsidiary as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matters

As described further in note one to the financial statements, during the year ended June 30, 2019, Mexican Hass Avocado Importers' Association and subsidiary implemented Accounting Standards Update (ASU) 2016-14 Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

Board of Directors  
Mexican Hass Avocado Importers' Association  
and Subsidiary  
Fallston, Maryland

### Other Reporting Required By Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 30, 2019 on our consideration of Mexican Hass Avocado Importers' Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Mexican Hass Avocado Importers' Association's internal control over financial reporting and compliance.

Gruber and Associates, Inc.  
Newport Beach, CA  
August 30, 2019



# MEXICAN HASS AVOCADO IMPORTERS ASSOCIATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2019

### ASSETS

Current assets:

Cash and cash equivalents	\$17,362,772
Accounts receivable – assessments from HAB	2,371,154
Accounts receivable – contributions from APEAM	85,205
Accounts receivable – other	-
Prepaid expenses and deposits	167,900

<b>Total current assets</b>	<b>19,987,031</b>
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Restricted cash held for long-term purposes	563,308
Property and equipment	1,654,090
Less: accumulated depreciation	(833,766)
Net property and equipment	820,324

<b>Total non-current assets</b>	<b>1,383,632</b>
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<b>TOTAL ASSETS</b>	<b>\$21,370,663</b>
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### LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable – trade	\$4,938,319
Credit payable – APEAM	1,563,749
Accrued liabilities	2,084,144
Accrued salaries and vacation	209,650

<b>Total current liabilities</b>	<b>8,795,862</b>
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Non-current liabilities:

Deferred compensation	548,203
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<b>TOTAL LIABILITIES</b>	<b>9,344,065</b>
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### NET ASSETS

Without donor restrictions	-
With donor restrictions	12,026,598

<b>TOTAL NET ASSETS</b>	<b>12,026,598</b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$21,370,663</b>
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# MEXICAN HASS AVOCADO IMPORTERS ASSOCIATION

## CONSOLIDATED STATEMENT OF ACTIVITIES, FUNCTIONAL EXPENSES, AND CHANGES IN NET ASSETS

For the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE AND OTHER SUPPORT</b>			
Assessments from HAB	\$-	42,384,330	42,384,330
Contributions from APEAM	6,958,924	13,416,440	20,375,364
Contributions from APEAM - market reports	-	175,231	175,231
Investment income	-	27,742	27,742
<b>TOTAL OPERATING REVENUE AND OTHER SUPPORT</b>	<b>6,958,924</b>	<b>56,003,743</b>	<b>62,962,667</b>
NET ASSETS RELEASED FROM RESTRICTIONS	55,324,528	(55,324,528)	-
<b>TOTAL REVENUE</b>	<b>62,283,452</b>	<b>679,215</b>	<b>62,962,667</b>
<b>EXPENSES</b>			
Program services:			
AMS direct marketing and promotional expenses:			
Consumer branding, digital, food service, market development & other events	42,705,336	-	42,705,336
Retail and trade - seasonal programs, exhibits & other events	5,247,568	-	5,247,568
Total AMS direct marketing and promotional expenses	47,952,904	-	47,952,904
AMS marketing and promotional administrative expenses:			
Marketing administrative- salaries, benefits, travel, consulting, other	7,083,923	-	7,083,923
AMS program fees	287,701	-	287,701
Total AMS marketing and promotional administrative expenses	7,371,624	-	7,371,624
Total program services	55,324,528	-	55,324,528
Support services - management and general:			
Administrative salaries and benefits and related travel	1,049,850	-	1,049,850
Bank service charges and other fees	25,822	-	25,822
Office expense, telephone, web, and small equipment	130,978	-	130,978
Accounting, legal, and other professional fees	840,541	-	840,541
Insurance - directors and officers	91,368	-	91,368
Postage, licenses, taxes, dues, and miscellaneous	249,201	-	249,201
Rent, building and utilities	407,670	-	407,670
(Gain) Loss on disposal of assets	821	-	821
Board of director meetings, training, and related expenses	267,966	-	267,966
APEAM project	3,500,000	-	3,500,000
Depreciation	394,707	-	394,707
Total support services - management and general	6,958,924	-	6,958,924
<b>TOTAL EXPENSES</b>	<b>62,283,452</b>	<b>-</b>	<b>62,283,452</b>
CHANGE IN NET ASSETS	-	679,215	679,215
NET ASSETS - BEGINNING OF PERIOD (as restated - Note 10)	-	11,347,383	11,347,383
<b>NET ASSETS - END OF PERIOD</b>	<b>\$-</b>	<b>12,026,598</b>	<b>12,026,598</b>

# MEXICAN HASS AVOCADO IMPORTERS ASSOCIATION

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$679,215
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation	394,707
(Gain) Loss on disposal of assets	821
(Increase) decrease in operating assets:	
Accounts receivable - assessments from HAB	1,035,302
Accounts receivable - contributions from APEAM	695,343
Accounts receivable - others	(2,362,023)
Prepaid expenses and deposits	(59,436)
Restricted cash held for long term purposes	(194,166)
Increase (decrease) in operating liabilities:	
Accounts payable - trade	1,920,303
Accounts payable - intercompany and APEAM	4,063,778
Accrued liabilities	786,234
Deferred compensation	179,061
<b>Total adjustments</b>	<b>6,064,396</b>
NET CASH (USED) BY OPERATING ACTIVITIES	7,139,139
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of furniture, leasehold improvements, software and equipment	(321,456)
NET CASH USED BY INVESTING ACTIVITIES	(321,456)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,817,683
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	10,545,089
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$17,362,772</b>



# INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY Schedules

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To the Board of Directors of  
Mexican Hass Avocado Importers Association

We have audited the consolidated financial statements of Mexican Hass Avocado Importers Association (a nonprofit organization) and subsidiary as of and for the year ended June 30, 2019, and have issued our report thereon dated August 30, 2019, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedules as listed in the table of contents are presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Gruber and Associates, Inc.  
Newport Beach, CA

August 30, 2019

# MEXICAN HASS AVOCADO IMPORTERS ASSOCIATION

## COMBINING SCHEDULE OF FINANCIAL POSITION

June 30, 2019	MHAIA	AFM	Intercompany Eliminations	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$12,558,413	4,804,359	-	17,362,772
Accounts receivable - assessments from HAB	2,371,154	-	-	2,371,154
Accounts receivable - intercompany	-	3,670,283	(3,670,283)	-
Accounts receivable - contributions from APEAM	85,205	-	-	85,205
Accounts receivable - other	-	-	-	-
Refunds receivable	-	-	-	-
Prepaid expenses and deposits	32,298	135,602	-	167,900
Total current assets	15,047,070	8,610,244	(3,670,283)	19,987,031
Non-current assets:				
Restricted cash held for long-term purposes	8,062	555,246	-	563,308
Property and equipment	259,630	1,394,460	-	1,654,090
Less: accumulated depreciation	(167,056)	(666,710)	-	(833,766)
Net property and equipment	92,574	727,750	-	820,324
Total non-current assets	100,636	1,282,996	-	1,383,632
<b>TOTAL ASSETS</b>	<b>\$15,147,706</b>	<b>9,893,240</b>	<b>(3,670,283)</b>	<b>21,370,663</b>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accounts payable - trade	\$127,768	4,810,551	-	4,938,319
Accounts payable - intercompany	3,670,283	-	(3,670,283)	-
Credit payable - APEAM	-	1,563,749	-	1,563,749
Accrued liabilities	28,217	2,055,927	-	2,084,144
Accrued salaries, benefits, and vacation	-	209,650	-	209,650
Total current liabilities	3,826,268	8,639,877	(3,670,283)	8,795,862
Non-current liabilities:				
Deferred compensation	-	548,203	-	548,203
<b>TOTAL LIABILITIES</b>	<b>3,826,268</b>	<b>9,188,080</b>	<b>(3,670,283)</b>	<b>9,344,065</b>
<b>NET ASSETS</b>				
Without donor restrictions	-	-	-	-
With donor restrictions	11,321,438	705,160	-	12,026,598
<b>TOTAL NET ASSETS</b>	<b>11,321,438</b>	<b>705,160</b>	<b>-</b>	<b>12,026,598</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$15,147,706</b>	<b>9,893,240</b>	<b>(3,670,283)</b>	<b>21,370,663</b>

# MEXICAN HASS AVOCADO IMPORTERS ASSOCIATION

## COMBINING SCHEDULE OF ACTIVITIES, FUNCTIONAL EXPENSES, AND CHANGES IN NET ASSETS

June 30, 2019	MHAIA	AFM	Intercompany Eliminations	Total
<b>OPERATING REVENUE AND OTHER SUPPORT</b>				
Assessments received from HAB	\$42,384,330	-	-	42,384,330
Contributions from APEAM	621,352	19,754,012	-	20,375,364
Contributions from APEAM - market reports	-	175,231	-	175,231
Contributions from MHAIA	-	40,750,728	(40,750,728)	-
Interest income	16,880	10,862	-	27,742
<b>TOTAL OPERATING REVENUE AND OTHER SUPPORT</b>	<b>43,022,562</b>	<b>60,690,833</b>	<b>(40,750,728)</b>	<b>62,962,667</b>
<b>EXPENSES</b>				
Program services:				
AMS direct marketing and promotional expenses:				
Consumer branding, digital, food service, market development & other events	31,954,499	42,705,336	(31,954,499)	42,705,336
Retail and trade - seasonal programs, exhibits & other events	3,969,928	5,138,068	(3,860,428)	5,247,568
<b>Total AMS direct marketing and promotional expenses</b>	<b>35,924,427</b>	<b>47,843,404</b>	<b>(35,814,927)</b>	<b>47,952,904</b>
AMS marketing and promotional administrative expenses:				
Marketing administrative- salaries, benefits, travel, consulting, other	5,450,378	6,569,346	(4,935,801)	7,083,923
AMS program fees	287,701	-	-	287,701
<b>Total AMS marketing and promotional administrative expenses</b>	<b>5,738,079</b>	<b>6,569,346</b>	<b>(4,935,801)</b>	<b>7,371,624</b>
<b>Total program services</b>	<b>41,662,506</b>	<b>54,412,750</b>	<b>(40,750,728)</b>	<b>55,324,528</b>
Support services - management and general:				
Administrative salaries and benefits and related travel	-	1,049,850	-	1,049,850
Bank service charges and other fees	7,875	17,947	-	25,822
Office expense, telephone, web, and small equipment	-	130,978	-	130,978
Accounting, legal, and other professional fees	526,044	314,497	-	840,541
Insurance - directors and officers	26,104	65,264	-	91,368
Postage, licenses, taxes, dues, and miscellaneous	53,204	195,997	-	249,201
Rent, building and utilities	-	407,670	-	407,670
(Gain) Loss on disposal of assets	-	821	-	821
Board of director meetings, training, and related expenses	-	267,966	-	267,966
APEAM project	-	3,500,000	-	3,500,000
Depreciation	81,188	313,519	-	394,707
<b>Total support services - management and general</b>	<b>694,415</b>	<b>6,264,509</b>	<b>-</b>	<b>6,958,924</b>
<b>TOTAL EXPENSES</b>	<b>42,356,921</b>	<b>60,677,259</b>	<b>(40,750,728)</b>	<b>62,283,452</b>
<b>CHANGE IN NET ASSETS</b>	<b>665,641</b>	<b>13,574</b>	<b>-</b>	<b>679,215</b>
<b>NET ASSETS - BEGINNING OF PERIOD (as restated - Note 10)</b>	<b>10,655,797</b>	<b>691,586</b>	<b>-</b>	<b>11,347,383</b>
<b>NET ASSETS - END OF PERIOD</b>	<b>\$11,321,438</b>	<b>705,160</b>	<b>-</b>	<b>12,026,598</b>





