



**MINUTES OF THE CAIA 2019 ANNUAL MEETING**  
**Tuesday, May 7, 9 A.M. – 3:30 P.M.**  
Hyatt Regency Newport Beach  
1107 Jamboree Road, Newport Beach, CA 92660

Meeting attendees included the following:

Gonzalo Bulnes  
Jorge Covarrubias  
Kellen Newhouse  
Sebastian Bulnes  
Rodrigo Kunstmann  
Max Cathalifaud  
Cristian Hargous  
Raimundo Lira  
Oscar Villegas  
Juan Pablo Cerda  
Fernando Cerda  
Sebastian Errazuriz  
Nicolas Abarzua  
Rigo Perez  
Rankin McDaniel  
Carson McDaniel  
Gary Caloroso  
Andy Bruno  
Ryan Larkan  
Dana Thomas  
Debbie Willmann  
Patrick Lucy  
Bob Lucy  
Chris Henry  
Gahl Crane  
Laurie Luschei  
Ohannes Karaoghlanian  
Emiliano Escobedo  
John McGuigan  
Susan Coleman  
Stephen Kleiner  
Lisa Jell  
Penny Greening  
Barry Duncan  
Allison Myers  
Karen Brux  
Steve Hattendorf

## **Welcome Remarks and Call--to--Order**

Chairman Covarrubias convened the meeting at 9 A.M. He commented that total volume for the season reached 63 million pounds. He then spoke briefly about the CAC proposed change to the HAB assessment, from fifteen percent down to five percent. He communicated that an avocado stakeholders meeting was called for by the CAC and scheduled for mid-June, with all avocado associations sending four representatives to discuss the proposed change. The CAIA Board of Directors had addressed this in an earlier call, confirming that 2 exporters and 2 importers would attend on our behalf. This includes Jorge Covarrubias, Sebastian Bulnes, Dana Thomas and Rankin McDaniel.

Chairman Covarrubias said that he had invited Tom Bellamore, Laurie Luschei, Ohannes Karaoghlanian and Emiliano Escobedo to the CAIA annual meeting. Emiliano would be giving a presentation on the HAB's activities in order to update everyone on their work.

Managing Director Karen Brux then introduced Susan Coleman, the AMS representative attending the meeting. Brux also walked everyone through the meeting agenda, giving an overview of the day.

## **Review and Approval of Minutes**

Brux directed everyone's attention to the minutes of CAIA's 2018 mid-term meeting and asked everyone to review. There were no questions or comments. Dana Thomas made a motion to approve the minutes, which was seconded by Kellen Newhouse and unanimously approved.

## **Presentation by HAB**

Executive Director of the HAB, Emiliano Escobedo, gave an overview of the HAB's activities and their contribution to the industry. He commented that nutrition research and nutrition marketing are what HAB does best. There were numerous questions from CAIA members. Rodrigo Kunstmann asked what the HAB would do with more money. Escobedo replied that they would engage in more nutrition research/nutrition marketing. Sebastian Bulnes brought up the increase in per capita consumption and asked how long we can count on this growth. Escobedo responded that California per capita consumption (16 lbs.) is double that of the national average so there is still room for growth. John McGuigan added that the Southeast and Northeast have been growing faster than the West Coast for the past 2 years. Chairman Covarrubias asked Emiliano's opinion regarding the contribution to avocado growth by the HAB vs. the avocado associations. The response was that everyone has their role.

Bob Lucy then brought up the extensive document prepared by the HAB in response to the PAC's request. He thanked Escobedo for providing such a comprehensive response. Chris Henry commented that the HAB has made an impact beyond the areas in which they are directly involved. For example, foodservice. The heart check mark achieved by the HAB is now used on menus, and this is significant. Cristian Hargous asked about the price of avocados and how that has changed with rising consumption. Sebastian Bulnes communicated that a U.C. Davis study showed that pricing has increased along with consumption. Someone else mentioned that the goal is to increase consumption to 14 lbs. or \$28 per capita. The current per capita spend is \$18.80

Finally, there was a discussion about water/sustainability issues and the role that the HAB can play in addressing this. Juan Pablo Cerda made reference to the Petorca water issue in Chile. Escobedo said that the HAB can't do much with their existing budget, but there are definitely numerous issues related to sustainability that should be addressed at a broader level. It's a very complicated topic and the issues vary by country. Managing Director Brux suggested that further discussion of this be held during the afternoon session.

## **2018/19 Marketing Review**

Allison Myers and Steve Hattendorf each presented an overview of their retail programs. Allison mentioned that in addition to supporting demos, CAIA also worked with Costco on their new usage video program. Didn't run as many demos with Costco as we had anticipated due to lack of supply. This was the same situation with Sam's Club. Steve followed with updates on promotions with 11 regional chains, 3 of which were new accounts.

Penny Greening from IF presented an overview of trade marketing, social media and events, demonstrating how CAIA utilized both their relationship with Joaquin Niemann and social media influencers to obtain significant growth in both Avocados from Chile Instagram and Facebook.

Finally, Lisa Nichols-Jell from Bloom walked everyone through the digital marketing campaign which ran from September 2018 through February 2019 in six primary and eight secondary markets. Two new ads were produced for the campaign, along with the Joaquin Niemann ads. Digital program included such tactics as YouTube Video, Hulu, Pandora Audio Streaming, Yahoo Native Ads and Event Integrated Sponsorship. The campaign delivered 48.2 million impressions and 10.6 million video completions. Website traffic increased by 1570% after the campaign started. Finally, the brand ambassador campaign (Joaquin Niemann) performed best on CBSsports.com.

## **Financial Report**

Treasurer Kellen Newhouse walked everyone through the April financial statement. YTD assets of \$2.5 million. Brux commented that, based on actual spend through March and projected expenses through the end of June, CAIA would finish the 2018/19 financial year with roughly \$2.4 million in reserves.

There was a brief discussion surrounding CAIA's administrative reserve and whether dues should be reduced, or even temporarily eliminated, due to the high amount of administrative reserves. There was further discussion surrounding the issue of sustainability and whether CAIA could potentially use administrative funds to put together a communications plan about Chile's work in this area. Brux agreed on the importance of this, but also emphasized the need to be clear regarding the role of Chile vs. CAIA in this area. She suggested that a crisis management program should be considered. Bob Lucy agreed and Dana Thomas suggested we might want to set up a separate organization to undertake this.

It was decided that Brux will put together a draft of the issues that CAIA would like to

address and the potential work to be undertaken. She'll follow up with AMS for clarification on what CAIA is allowed to do in the area and whether administrative funds can be used for this. Brux also commented that there are strict guidelines as to how to use marketing funds. It appears less strict on administrative funds. Regarding membership dues, this will be revisited during CAIA's mid-term meeting in October. At this point, no changes will be made to the annual \$3,000 dues.

### **Chilean Avocado Crop & Markets**

Raimundo Lira from Propal presented an overview of the 2018-19 Chilean crop. He highlighted that all markets were tough last year. Rodrigo Kunstmann followed with thoughts/projections for the 2019-20 season. Dana Thomas asked Rodrigo to look 5 years down the road and how Colombia would affect supply. Kunstman replied that this was a big unknown. Jorge also addressed the difficulties exporting to Argentina with their 40% inflation rate.

Timing of the spot market is becoming more and more difficult to figure out and it's very challenging to get the timing right. Mexico can get fruit to the market very quickly and it takes a month for Chile. Rigo Perez commented that the big question is how much Mexico will export during Chile's key fall season and whether there will be more issues like the strike in 2018. Cristian Hargous added that Chilean growers like to finish by January. Out of Chile's production, 70-80% will come by the end of the year. There was overall agreement that the outlook for the U.S. market was highly dependent on what happens with Chile's other export markets. Looking back at the past few seasons, there was general agreement that things will likely be similar for the 2019/20 season. Rigo Perez made a motion to proceed with a budgeted volume of 60 million pounds. This was seconded by Cristian Hargous and approved.

### **2019/20 Marketing Program**

Lisa Nichols-Jell presented the proposed 2019/20 digital marketing campaign. To a great extent, the campaign will build upon existing momentum and further reinforce the Avocados from Chile brand, amplifying the message and increasing reach through the addition of new channels, like Tasty Video, Native Advertising on new platforms, In-Read Everywhere video, and ESPN.com.

If CAIA continues working with Joaquin Niemann, Bloom recommends that media spend is focused on CBSSports.com and ESPN.com, with a lesser spend on Hulu.

Barry Duncan from IF presented the 2019/20 proposed campaign strategies and activities. He communicated that the recommendation is to continue using "Pick up a little inspiration" as the campaign concept, with "Chile. The Land of Avocados" as the supporting campaign tagline. Planned activities include HTML5 Digital Ads, revised website, consumer social media activities and events. He showed examples of changes to the website that would provide a more user-friendly, engaging experience, and also highlighted new campaign elements like a digital giveaway in the form of an illustrated, downloadable desktop background and an avocado Halloween costume giveaway in conjunction with CAIA's sponsorship of the FitFoodie 5K run in San Diego (new) on October 12. Brux added that other avocado associations had strong promotion tie-ins with big holidays or events like July 4 and Superbowl, and Halloween was

perfect timing for CAIA.

During Barry's presentation of social media promotion ideas, Brux pulled out a pair of the new Avocado Toast shoes produced in limited amounts by Saucony. She drew a number and Ryan Larkan from Westfalia won them. CAIA has a few more pairs and will be using them for upcoming social media contests.

There was discussion regarding whether CAIA should continue sponsoring Joaquin Niemann. Current contract goes through the end of August. Chairman Covarrubias communicated that he has been in touch with Niemann's agent. He suggested that CAIA continue if, and only if, Niemann gets his PGA card. Brux also added that if CAIA continues working with Niemann, we will secure more images and videos that show Joaquin incorporating Avocados from Chile into different parts of his daily diet and training. Would also work with his agent and social media manager to secure tickets and special VIP events during tournaments where Joaquin is playing. There was agreement among CAIA members that CAIA will continue working with Joaquin if he gets his PGA card. Covarrubias and Brux will follow up on this.

### **Board of Director and Officer Elections**

Brux announced the exporters and importers who had communicated interest in serving as Directors. This included the following, as well as the Chairman of the Hass Avocado Committee in Chile (currently Gonzalo Bulnes)

#### **Exporters**

Jorge Covarrubias  
Cristian Hargous  
Sebastian Bulnes  
Rodrigo Kunstmann  
Juan Pablo Cerda

#### **Importers**

Rigo Perez  
Patrick Lucy  
Kellen Newhouse  
Bruce Dowhan  
Carson McDaniel  
Debbie Willmann

Regarding officers, the existing officers (Jorge Covarrubias/Chairman, Bruce Dowhan/Vice Chairman, Kellen Newhouse/Treasurer, Cristian Hargous/Secretary) were willing to continue and there was no interest from any other members in running for these positions. Rigo Perez made a motion to elect the above mentioned importers and exporters for another 2 years (2019/20 and 2020/21) and continue with the existing officers. Gonzalo Bulnes seconded it. Unanimously approved.

### **Review of CAC proposal for Change in HAB Assessment/Discussion of Avocado Stakeholders Meeting**

Chairman Covarrubias gave an overview of the proposed change in the HAB assessment by the CAC. Communicated that 2 CAIA exporters and 2 importers would be representing CAIA at an

avocado stakeholders meeting scheduled for mid-June. Covarrubias then asked each CAIA member to communicate their position on the proposed assessment change. All members support continuing with the current 15% assessment for the HAB. There was agreement that a strong HAB helps everyone in the industry. Kellen Newhouse communicated that it's also important for the HAB to be more transparent about how and where their budget is being spent. Covarrubias also communicated that it's vital for larger importers and growers to join the HAB board. After listening to everyone's comments, Covarrubias concluded that the position of CAIA is to maintain the current assessment structure. He made a motion for CAIA to support the current structure. Sebastian Bulnes seconded it. There was unanimous approval.

### **Discussion of Miscellaneous Items**

CAIA's mid-term meeting has been scheduled for October 17 from 9 A.M. - 12 P.M. at the Hyatt Regency Orange County. The meeting was adjourned at 3:30.