



Management Report

November 2009

Topics included in this report:

- 2009 Research
- Marquee Tourism Events Program (MTEP)
- Department updates:
 - Marketing
 - Operations
 - Programs
 - Rentals
- 2010 First & Second Quarter Staff Travel

Executive Summary:

Traditionally, the CNEA Board of Directors has received individual information reports from the CNE General Manager and his team of managers. We are now moving to this new format: a Management Report which will highlight all of the new information for the Board in one concise document. This enables us to streamline the information process and to reduce the consumption of paper. Any reports which require the approval of the Board of Directors will be sent individually as done in the past. This first report in the new format provides information on consumer research conducted at the 2009 CNE, initial staff comments on MTEP, and brief updates on staff activities. As a reminder to the board, the meeting schedule and major agenda topics are attached as Appendix B.

2009 Research

Patrons of the 2009 CNE were the subject of three separate research studies. The studies were conducted by three different firms for three distinct purposes. Experience Renewal Solutions (ERS) returned for a third year to examine our core target market, families with young children. Enigma Research (Enigma) came back for a second year to gauge the economic impact of the 2009 CNE as compared to 2008. This was a repeat of our part in the cross-country study that was due last year by CAFE (Canadian Association of Fairs & Exhibitions) and Agriculture Canada. This year's economic impact study was a requirement of the Marquee Tourism Events Program (MTEP) and is being funded by that program. The third study was also a repeat of a prior study and was conducted to re-examine the question of sharing of admission revenues between the CNE and Ontario Place (OPC). The last time such a study was conducted was in 1999. Therefore, TNS Research (TNS) was engaged to provide this research because it is the successor firm to Canadian Facts, the firm that conducted the previous study. We were fortunate to be able to engage some of the same lead research staff who worked on the 1999 study.

The results of the ERS study have been delivered and the Executive Summary is attached as Appendix A. (The full report is available at <https://www.digitalbucket.net/Members/Login.aspx> [username: cne and password: cne2009 (all lowercase)] or you may request a copy from Patricia Chiasson). In reviewing the report, it is important to remember that ERS did not look at a broad cross-section of our attendees this year. The results reported pertain only to families with children aged 12 and under. The large sample size (600 interviews) and ERS's study methods have provided a deeper look at this group than in prior years. The 2009 results indicate that we have succeeded in many improvements for this critical segment of our customer base, such as signage, cleanliness, wayfinding, the Family Fun Guide, and amenities. Unfortunately, while the enjoyment of the CNE has gone up slightly for the parents, it has gone down for the children. The net effect has lowered our rating on the Family Fun Index, so we have some work to do to address this issue.

As of the writing of this report, we have not received the results from Enigma and TNS. Enigma's economic data, especially as it pertains to tourism, will be critical to our credibility in applying for the second year of MTEP. The results from 2009 will demonstrate, or not, how the MTEP funding affected our draw as a tourism destination. The TNS research will compare the CNE to OPC with the following criteria: attraction to attend (i.e.: did the visitor decide to attend

based on CNE or OPC?) and use of time while attending (i.e.: did attendees spend more time at one site versus the other?). The summary result of the 1999 study was that the arrangement for revenue sharing was a reasonable one. This agreement has been in place since the early 1970's: the CNE and OPC merge into one site for the CNE period and admission revenues are shared on the basis of OPC receiving 10% and the CNE retaining 90%, with the exception of the Ontario Place Season Pass and corporate group sales, of which the CNE retains no percentage.

CNE staff is in the process of formulating a plan of action to make changes to the 2010 CNE based on the ERS results. It is likely that there will be elements of the Enigma and TNS results that will be useful as points of comparison or counter-point to ERS results, even though these other studies were conducted for very different reasons. We want to wait until all the data is available before committing to specific actions.

Marquee Tourism Events Program (MTEP):

As mentioned in remarks to the Annual General Meeting in October, the MTEP put an enormous strain on staff in the final stages of preparing the 2009 CNE, as well as during the fair itself. Therefore, we can offer some staff observations independent of what the research will reveal about the success, or lack thereof, of the program in terms of increasing tourism, which is the main criteria that will affect future applications to this program, or any other that may follow.

As you know, there were five key elements to the 2009 program: Elvis Stojko in the skating show, Tony Hawk on the FLOWRIDER, President Clinton's keynote address, the soccer match, and a large marketing campaign outside the GTA. From the staff point of view, some of these aspects worked better than others. Elvis Stojko was a big addition to the skating show and appeared to increase its popularity. There did not seem to be as much buzz about Tony Hawk, however his appearance coincided with bad weather. Although at the end of the day, President Clinton's keynote address was very successful; its lead-up and aftermath did suffer from some negative press (initial criticisms of how he shouldn't have been retained in first place were subsequently replaced by negative reports of all the people who lined up onsite but couldn't get in). Looking to the future, President Clinton's address would be a hard act to follow, especially in a venue as large as the BMO Field. If we are to repeat the appearance of a "celebrity speaker", staff's current opinion is that it would need to be in a smaller venue less vulnerable to weather. The experience of the soccer match was seen to be generally positive. With longer time to prepare, it is possible that this could become a self-funding annual event, perhaps a new tradition of its own. On the marketing front, we really do have to wait for the research results. That said, as we were tracking ticket sales to the speech and the soccer match, it became obvious that the online parts of the campaigns, in particular the targeted email blasts, were the most effective in stimulating ticket sales, far more so, it seemed, than traditional media. This is partially due to the very narrow window of time we had to sell tickets: two weeks to sell President Clinton (further exacerbated by the restriction not to show a ticket price with his name or image); and only two and a half weeks to sell the soccer match.

The MTEP commitment to us in 2010, which has already been approved by Industry Canada, is \$.75m for the purchase of new "people-mover" trains and is the subject of a separate report entitled "Purchase of People Mover Trains".

Departmental updates:

Marketing

The CNE Marketing Department has reviewed its 2009 initiatives and programs and is in the process on determining ways in which we can improve our overall communication both online and offline. Onsite research conducted during fair has confirmed that the new site map and the Family Fun Guide improved our visitor's experience of the fair, and that our visitors had a clear understanding of all that was "free" with the price of admission, which had been unclear in the past.

A priority for 2010 will be "clarity of message". We are looking to rebrand the Advance Sale Program and to rename the Fun and Magic Passes, so that their names reflect what they are. We have been informed that Shoppers Drug Mart may not be returning as our Advance Sale Retail Partner, so we are in the process of developing a back up plan should Shoppers withdraw.

We are reviewing grant opportunities, including Celebrate Ontario which is due on November 27th; and are discussing what our 2010 onsite gate promotion recommendations will be (i.e. \$5 after 5 pm; Opening Weekend special) . In our ongoing quest to make the CNE website more user friendly, we are looking to enhance the site (budget allowing) with an interactive grounds map, an interactive calendar and an overall refresh of the home page. We are also researching wireless applications such as making information and schedules available on cell phones. End of season financial reconciliation is also underway, which is a bigger job than in the past due to an additional \$1 million in advertising expenditure that was made possible by the MTEP.

Operations

Current projects include reconciling all 2009 budgets and settling all customer accounts. The Concessions Department is completing the 2009 evaluations of all concessionaires and making recommendations for 2010. For 2010, responsibility for the Food Building is being transferred to the Rentals Department and responsibility for Outdoor Retail will be assumed by Operations. In an ongoing major initiative of the CNE strategic plan, staff is working on alternatives for a new site plan which will carry the CNE well into the future. Staff is also completing an RFQ (Request for Quotation) for new "people-mover" trains (see separate report, "Purchase of People Mover Trains"). Delivery of the trains is planned for July of 2010. Staff is also reviewing the 2009 research findings and will transform some of the findings into to action items in 2010. Finally, Operations staff is preparing a three year environmental and energy conservation plan for the CNE.

Programs

The Program staff has met regularly for the past month to discuss areas that succeeded during the 2009 CNE and areas that we want to look at improving in 2010. This past week, the ERS Research results were presented and we have had some feedback on 2009 from both the Program Committee and the Youth Advisory Committee. Staff will start investigating which programs to bring back and which ones we will be replacing. When the new committees start meeting in December, we will firm up program opportunities.

Rentals

The Rentals Department is currently reviewing the 2009 exhibitor base and preparing the 2010 invitation list. All applications have been updated with the 2010 rates and the new sales package is being updated with the assistance of the Marketing Department. The Rentals Department will be responsible for the Food Building as of 2010 and will hand over Outdoor Retail to the concessions department (Operations). Work is under way to make this a smooth transition.

First & Second Quarter Staff Travel

IISA and NICA

Mike Cruz, Michael Knott, and Virginia Ludy will be traveling to Florida from Feb.7 to Feb. 10 for a series of events including IISA (International Independent Showmen's Association) and NICA (National Independent Concessionaires Association). A tour of the Florida State Fair will also be included in this travel.

IAFE Institute of Fairs Management

Mike Cruz and Michael Knott will be attending the IAFE Institute of Fairs Management courses in Austin, TX March 15-17, 2010 working towards their IAFE Institute of Fairs Management diploma.

Canadian Sponsorship Forum March 18 - 21. Location: Whistler, B.C.

This is the major Canadian sponsorship networking event that Eamonn O'Loughlin has attended for the last five years. It covers the trends in the Canadian marketplace and has repeatedly generated new sponsorships based on contacts made at this event.

IAFE Spring Manager's

Virginia Ludy will be attending the IAFE Spring Manager's meeting which will be held in Richmond, VA April 17-20, 2010. The conference has sessions on relevant industry topics and provides networking opportunities with other fair managers.

CAFE Board Meeting

Virginia Ludy, who is a member of the Canadian Association of Fairs and Exhibition's Board of Directors, will be traveling to Ottawa for their spring meeting.

Commissioning Trains

Mike Cruz, EP Purchasing Manager and EP lead mechanic, will travel to the site of the successful respondent to the RFQ in the late spring for inspection & training on the new trains.

Online Marketing, Wireless Applications and Social Media

Karen Lynch is investigating educational opportunities on these topics which may involve travel.

Respectfully submitted.



David Bednar
General Manager

Executive Summary

Improvements are Appreciated

- Improvements to the CNE, such as washroom facilities and seating areas are noticed and appreciated by visitors. Keep up the great work!

Opportunity Areas

- Opportunity areas are in drinking water and healthy food choices

Prices

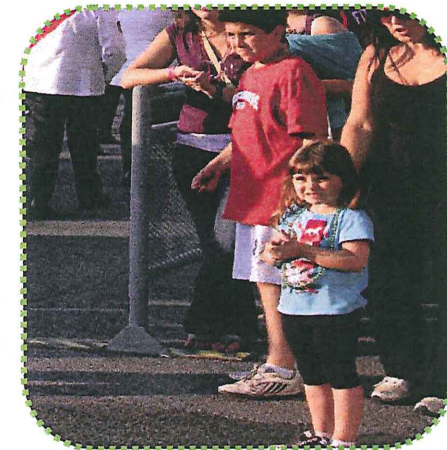
- The theme 'prices' surfaced in visitor comments. Many Young Families felt they had spent too much money beginning with parking and ending with the overall experience. Prices are in need of improvement

In With the New

- Surprise your visitors and keep their interest by adding new activities and interactive elements to the CNE – consistency breeds boredom

CNE Website and Family Fun Guide

- Visitor response to CNE's website and Family Fun Guide is very positive
 - According to visitors, the CNE's website is an important information source and planning tool
 - Family Fun Guide users are enthusiasts of this booklet. However stronger promotion of the Family Fun Guide is needed



CNEA Board meeting schedule

Meeting Date/Time	Major Agenda Items
Thursday, November 26, 2009 at 12:30 pm	Management Report – initial review of 2009 Purchase of People Mover Trains
Thursday, March 4, 2010 at 12:30 pm	Management Report Budget transfers Major contracts requiring Board approval Programming for 2010
Thursday, May 20, 2010 at 10:30 am	Management Report Final budget transfers (if needed) Major sponsors Major contracts requiring Board approval
Thursday, May 20, 2010 at 12:30 pm	Annual Financial Meeting
Thursday, July 15, 2010 at 12:30 pm	Management Report 2011 Operating Budget Delegation of authority to the Executive
Thursday, October 7, 2010 at 12:30 pm	Management Report – initial review of 2010
Thursday, October 21, 2010 at 10:30 am	Annual General Meeting