



Management Report

May 2011

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General Manager's Comments

This is the time of year when we move from planning and contracting to what we call the "execution" phase. Our plan is set, now it is time to get it done. Seasonal office staff have started to work, the Casino school is well underway and the outreach team is taking AI-Ex to special events around the city.

When talking about the CNE, please remember:

- the CNE pays its own way. It is not subsidized by taxes or grants,
- the CNE is clean, safe fun and good value (last year's research reminds us that we have a big problem of perception among non-users),
- the CNE is the first, and (to date) the only, fair in North America to receive Eco-Logo Certification,
- the CNE delivers social and economic benefits to the community and the region. Direct economic impact in 2009 was calculated at \$58.6M for the City & \$80M for the Province,
- the CNE helps to bridge the urban/rural divide by providing agricultural education to its predominantly urban audience,
- the CNE employs approximately 1500 staff every summer, most of whom are young workers,
- the CNE's partners (midway, exhibitors, Food building) employ an estimated additional 4 - 5,000 employees

Ontario Place (OPC) has announced that grounds admission will be free this year as part of the 40th Anniversary celebrations. We have had some enquiries from partners as to what this may mean for the CNE. Board members may hear similar questions and the only appropriate response at this point is that we do not know. We are in discussions with OPC and will bring a report and proposed agreement for the 2011 CNE to the next meeting of the Board.

The IAFE Spring Managers Conference was held in Louisville, KY in April and Zis, Karen, Virginia and I attended. One of the regular events at this conference is the awarding of Certified Fair Executives (CFE). I am very pleased to inform you that Virginia Ludy received this designation at this conference. The CFE programme recognizes senior fair managers who have made significant contributions to their own fairs and to the industry. Virginia is the first (and so far only) CNE CFE - Congratulations Virginia !

The conference was beset by unexpected problems which required last-minute replacement of three speakers. We were impressed by the organizational structure and facilities of the Kentucky State Fair, as well as the air show and fireworks of "Thunder over Louisville". Staged by *Zambelli Internationale*, the fireworks are billed as the largest annual display in the world.

Over the course of the three days, both in sessions, chatting with colleagues from other fairs, and by attending events, Karen learned of 1) a number of new promotional ideas and experiences and 2) of ways to better communicate "behind the scenes" stories to our customers during their visit.

Zis met and had discussions with a number of entertainment buyers and programmers from across North America. One of the keynote speakers touched on the future of agriculture in a world with more people and less arable land. Programming staff will investigate exhibits about the future of agriculture.

Virginia had the opportunity to chair the International Committee of IAFE. The discussion of the committee centred around using network services such as skype to engage people throughout the industry who may not have an opportunity to attend conventions and conferences. It was suggested that IAFE begin to examine how this technology could be used to hold town hall

meetings with fairs across North America and the world on issues that maybe relevant to the organization at large.

Despite difficulties with the speaker program, the conference was successful and afforded the usual opportunities for us to establish and maintain vital contacts within our industry.

Hiring Process - we have embarked on a new procedure for hiring this year. Seasonal staff will now apply online through our website. We think this new plan will help us streamline our hiring, and may result in a better staff contingent at the fair. You can find the link on our website.

Passes and Unpaid Admissions - in 1999 the Board endorsed a policy to reduce free admission to the CNE. Ever since, staff has been diligent in respect of this policy. However, it makes sense to issue a certain number of passes for normal business purposes. Those who receive passes include performers, presenters, service providers, sponsors, promotional partners, volunteers, Casino VIP patrons, grade-school students and employees. As well, there are other business relationships which generate unpaid admission.

The school pass programme is a long-standing tradition. It is restricted to children aged 13 and under and is distributed to all schools and school boards within an approximate travel distance of 2 hours. A similar pass is given out at community events attended by our outreach team. These passes are bar-coded and tracked for redemption. I believe the school programme was originally based on the idea that child under the age of 14 would need to bring a parent, thereby generating at least one paid admission for one or two passes redeemed. As reported elsewhere, we have expanded the programme to include high school students of the TDSB for their special day on Tuesday August 30th.

Passes that are given to third parties are usually contractual and are based on one of a variety of different reasons. For example, if we were to charge admission for the performers, presenters or service providers we employ, they would have a reasonable expectation of an increased fee as compensation. Sponsors have a reasonable expectation that they will be able to get their staff on site to activate the sponsorship. Media partners are a bit different; some passes are used for working media to attend the fair, while others are used in print or on air to lever promotional exposure,. In these cases, we usually obtain approximately three-times the value of paid advertising in our promotional exposure. Casino VIPs must demonstrate a certain level of play at the Casino in order to receive a pass. All of these passes are approved by a CNE Manager and are tracked for redemption. As well, Arlene Campbell and Dianne Young have passes which they give to clients (show managers) of Exhibition Place and the Direct Energy and Allstream Centres.

Passes are distributed to families of the soldiers who attend the Warrior's Day Parade. In similar fashion, the Air Show receives passes (corporate hosting and VIPs) and Labour Day Parade marchers get wristbands for free entry. Organizers for these events have been very co-operative in reducing frivolous or unintended entries.

All employees are admitted for work by way of their employee badges which are scanned. In order to encourage employees to promote the fair to family and friends, employees who work a minimum of 4 months per year may request passes using the form attached as Appendix B. All such forms require approval by myself, Arlene or Dianne. All employees of the CNE, Exhibition Place, Direct Energy Centre and the Allstream Centre may avail themselves of these passes.

In addition to the passes described above, there are many other sources of unpaid admission. Patrons of Toronto FC and Molson Amphitheatre are admitted for free. Employees and marina patrons of Ontario Place, employees of Exhibition Place tenants (MLSE, Gossip, Liberty Grand,

Fashion Incubator, QE Theatre and others), anyone with a disability (and escort), on-duty police, fire and EMS workers, NAME employees, centreplate employees and anyone else who has legitimate business on site.

The Memorandum of Understanding (MOU) - discussions are ongoing. As mentioned in previous reports, Board members are encouraged to review the existing agreement and provide any comments or suggestions to myself or Jim Melvin.

Marketing and Communications

The CNE Marketing and Communications team is now in full flight executing the 2011 Marketing Plan. Responding to the issues revealed through research conducted both onsite and offsite in 2010, the brand creative has been streamlined and modified accordingly. A new look for the campaign has been developed, tested, and tweaked, resulting in a design that is clean, clear, and colourful, with an emphasis on the words CNE.

The new application (App) for Smartphones is currently in development, and the website has been re-branded to reflect the new creative. Our social media campaign is also very active and will continue to ramp up moving into the fair, engaging people through trivia contests and entertaining postings. Our Facebook “likes” grow by the day, thanks to strategically placed ads on the social network, and our Community Events team is tweeting live from all the community events we attend.

More than one million CNE school passes will be delivered to schools Southern Ontario this week ranging from London in the west, to Peterborough to the east. Our Corporate Group Sales campaign is also being launched with a mailing to 6,000 potential new clients.

Tickets (at our early bird discount price) are now on sale at the TheEx.com, and tickets will go on sale at Mac’s Convenience Stores on June 20th.

The Advertising buy is well underway, and our Media Relations team is already working onsite. Meetings with our Media Partners to leverage promotional opportunities are also taking place, as we work to align our key attractions with media partners who will most effectively draw their individual audiences to our concerts and shows.

The Marketing Department has also been working with Human Resources, on a new online hiring program, which is designed to pre-screen applicants for customer service aptitude.

Sponsorship

As of May 16, 2011 we are at \$811,340 (approx.) or 85.4% of our 2011 budget of \$950,000 (an increase of \$50,000 over 2010). To put these numbers in perspective in comparison to last year, as of June 18, 2010 we were at \$801,010 – 89.0% of our 2010 budget of \$900,000. These numbers take into account the loss of a \$50,000 sponsorship last week from Sony Canada who has cancelled all events for the year for their mobile rig due to the situation in Japan. We are currently in negotiations with Molson to replace the Labatt sponsorship. At this stage it is looking promising.

Operations

The Operations staff has been working on executing the Operations Plan. The following provides a list of programs that are currently being worked on:

- Launch of the 2011 “Chair with Flair Program” to over 126 schools across the Toronto District School Board
- Enhancement of CNE Credential Program to provide all exhibitors, supplier and concessionaires with photo identification for easier access and control

- Implementation of the new point of sale ticket system at the CNE gates
- Completing RFQ process for the awarding of CNE Security Services
- Emergency Planning Training for staff
- Issuing of license agreements for all concessions and outdoor retail
- Planning of the new CNE Sky Ride for the 2012 CNE
- Working with the TDSB in the development of TDSB Day@the CNE
- Recruitment of volunteers for the Friends of the CNE Program
- Beginning the process to re-certify for our Eco-Logo Certification

Programs

The Programmers are finalizing bookings and details in contracts and are confident that the 2011 CNE will offer great highlights and excellent value to our patrons. Some of the details we are trying to finalize are:

- The name performers for the Acrobatic Ice Show. We are close to confirming Olympic bronze medalist Joannie Rochette as our skater, and singer Yvan Pednault, star of the Toronto productions of *We Will Rock You* and *Rock of Ages*.
- TDSB Day @ CNE. We are trying to finalize the student acts on our stages and details for the Bandshell concert and the children's show component.
- Some more community partnerships including conversations with the International Festival of Authors for readings and meet and greets, and Sheridan College Animation Program for a mini film festival of its graduating class
- A flash mob activity.

Please see attached Program Update for May, 2011. Although our concerts are free with admission while many fairs still charge a separate gate, issues around the changing way society listens to and obtains music is also having an effect on the costs of concerts. Artists are no longer making money from album sales since downloading and file sharing is rampant, so they are looking for other ways to collect money from live concerts. Show fees and cuts of the box office are increasing and VIP seating for their own fan club members who would pay a premium to the bands not the venue is a regular occurrence. Staff will continue to be vigilant during negotiations with the various acts we book.

Exhibitor Sales

The Exhibitor Sales unit is responsible for the Arts, Crafts & Hobbies, Food Building, Shoppers Market (previously Shoppers Bazaar), At Home Pavilion, International Pavilion, Warehouse Outlet and Warehouse Extension. Renewal contracts are continuing to be processed daily and new Applications are reviewed and considered by the Review Committee on a bi-weekly basis to ensure a diversified product mix is relative to the number of exhibitors participating in each pavilion, and to ensure product categories are not saturated.

Sales figures for May 2011 are on track from previous year and it is anticipated that all revenue targets will again be achieved this year.

12-May-11				
Building	2010 Actuals	2011 Budget	2011 Achieved to-date	Percentage
Arts, Crafts & Hobbies (Queen Elizabeth Building)	\$ 308,224.00	\$ 320,867.00	\$ 314,653.50	98%
At Home Shoppers Market (DEC - Hall A)	\$ 943,587.00	\$ 930,072.00	\$ 788,013.28	85%
International Pavilion (DEC - Hall B)	\$ 854,784.00	\$ 851,583.00	\$ 741,422.48	87%
Warehouse Outlet & Extension (Hall C & G)	\$ 414,023.00	\$ 354,440.00	\$ 402,216.42	113%
Food Building	\$ 914,151.00	\$ 923,162.00	\$ 935,684.00	101%
	TOTALS	\$ 3,380,124.00	\$ 3,181,989.68	94%

Floor Plan Re-design - we have reconfigured and re-designed the floor plans in the Direct Energy Centre and opened up the air wall between Halls A & B, in order to create an open concept floor plan and ensure an effective flow of visitors from one shopping experience to another (between the Shoppers Market (Hall A), the At Home Pavilion (Hall A) and the International Pavilion (Hall B)).

Food Building - we are in the process of finalizing 7 new food operators in the Food Building and we have some exciting new proposals which are being finalized pending space allocation and availability.

Upcoming Staff Travel

Canadian Association of Fairs and Exhibition (CAFE) Board, Springfield, Mass. - October

The CAFÉ fall board meeting has been moved to Springfield, Mass. Board members will be conducting their regular meetings and will have an opportunity to meet with representatives of the Big E Fair and Exposition. As a Director of the CAFÉ Board, Virginia Ludy will be attending.

Canadian Association of Fairs and Exhibitions (CAFÉ) Convention, London, ON - November

A number of staff will be attending the annual CAFÉ convention to be held in London, Ontario this year.

International Association of Fairs and Exhibitions (IAFE) Las Vegas - November

At this time, David Bednar, Virginia Ludy and Mike Cruz are planning to attend the IAFE annual convention in Las Vegas in November. Sessions are planned on relevant topics as well as a large industry trade show. Due to the extra travel required as a member of the CAFE Board of Directors, Virginia will be exceeding her annual travel limit.

Respectfully submitted,

David Bednar
General Manager