

Tourism Toronto

BUSINESS PLAN & ANNUAL BUDGET 2010



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CHAIR'S MESSAGE

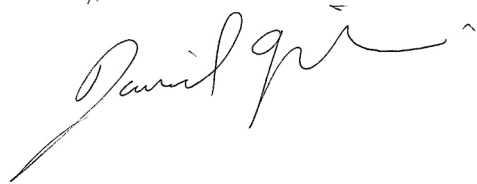
On behalf of our entire Board of Directors and Tourism Toronto team, we are pleased to present the proposed 2010 Business Plan and Budget. This plan and budget is designed to fulfill the stated objectives and goals in keeping with our mission and covenants with our strategic partners while taking into account the realities of the ongoing challenges facing our organization and the visitor economy.

Tourism Toronto's continued fundamental purpose is the effective and efficient stewardship of resources designed to promote the Greater Toronto Area as a premiere destination of choice for leisure travelers, travel planners, meeting delegates, meeting planners and travel-related media. Within that stewardship is support from over 1,200 members as well as our strategic partnership with the Greater Toronto Hotel Association and a myriad of corporations, associations and governmental bodies that share and support our objectives.

We thank our Board, our Committee Chairs and all of the members and supporters of our organization for their contribution to this plan. We look to continue to sustain our momentum during the current business environment as well as support programs designed to help rebound toward and re-establish prior successes while responding to new challenges all with the end result of ensuring that Tourism Toronto achieves its objectives.

I look forward to continuing to serve you in the coming year.

Sincerely,

A handwritten signature in black ink, appearing to read "David Ogilvie", with a stylized flourish at the end.

David Ogilvie
Chair, Board of Directors

PRESIDENT'S MESSAGE

It is with much pride and confidence in our entire staff and volunteer leadership team that I present the proposed 2010 Business Plan and Budget. The enclosed plan has been prepared by our executive team and our staff that, in consultation with our members, partners and organizational committees, has made proposals and adjustments based on key learnings from the current year including the significant economic and customer challenges our industry is currently addressing.

Our planning and implementation continues to rely on four key pillars to support our vision:

Planning

The 2010 Business Plan and Budget takes into account the significant adjustments that were made as we progressed through 2009 with an eye toward anticipated time frames, recovery patterns and growth rates of our key industry and performance metrics in all business sectors. Financial planning also takes into account valid concerns about continued decline or "flatness" in many core sectors with direct impact on Destination Marketing Fees generated. While working to stabilize our overall operations, the plan also seeks to support new investment strategies as perhaps we incorporate what many refer to as the "new normal" in our business environment.

Resources

Tourism Toronto continues to be extremely fortunate to have the tremendous support of the Greater Toronto Hotel Association and over 1,200 member partners as well as major partnerships with local, provincial and national organizations that share our mission. With this opportunity comes the equal responsibility to manage and invest these resources to deliver optimum results. 2010 will be a critical transition year as Tourism Toronto and the Greater Toronto Hotel Association move into a new financial model based primarily on the Province of Ontario's Tax Harmonization policies, the impact and projected fundamental changes in the charge and collection of Destination Marketing Fees. This change and new legislation traverses the entire GTA and our relationships with members, partners and constituents.

A key component of the plan includes the creation and investment of marketing dollars to create a newly proposed "Co-operative Marketing Fund" that will allow Tourism Toronto to leverage marketing dollars with key partners including numerous marquee and priority special events and programs that help nurture and establish our various brand assets, induce out-of-town travel and overnight visitation during key travel need periods or added exposure and promotion of our destination and of our assets.

PRESIDENT'S MESSAGE

The delicate balance of sustained and or increased investments in current or new initiatives during a critically lean financial period in terms of revenues requires a vigilant focus on efficiencies in spending, elimination of non-essential expenses and the redistribution of a variety of one-time expenses and the management of our human resources.

Integrity

Critically important during this transitional period and attendant with our stewardship of our resources is our continued pledge to conduct the business of our organization with an openness, transparency and commitment to our corporate responsibility to the community and the constituents we serve. The staff of Tourism Toronto will continue to rely upon and support our Board of Directors, our Committee Chairs and Members and the member partners and stakeholders to fulfill this commitment. The goals associated and integrated throughout the Plan continue to provide realistic but where applicable "stretch" challenges that exceed the percentage of increases in funds available. This will require our teams and our partners to continue to find ways to maximize our return on investments.

Partnerships

The fundamental strength and success of any community-based organization, including Tourism Toronto, is the level and degree of partnerships that we are able to establish and foster. The 2010 Business Plan and Budget includes a number of initiatives that seek to expand upon these partnerships both in our core business units as well as the new business environment we will be operating within. On behalf of all involved, I want to take this opportunity to join our Chair in thanking those who share in and support this partnership. On a personal note, I sincerely thank all who have contributed their time, expertise and support of the Tourism Toronto Family.

Yours Truly,

A handwritten signature in black ink, appearing to read 'David Whitaker', written in a cursive style.

David Whitaker
President & CEO

2009 IN REVIEW

The number of overnight visitors to Toronto continues to be tracked and has been revised downward during each quarter and although relative uncertainty remains in the final months of the year, Tourism Toronto is currently projecting to complete the year down anywhere from 8 to 10%. Trends show continued declines among overseas visitors and a sluggish recovery from the significant decline in corporate and business travel.

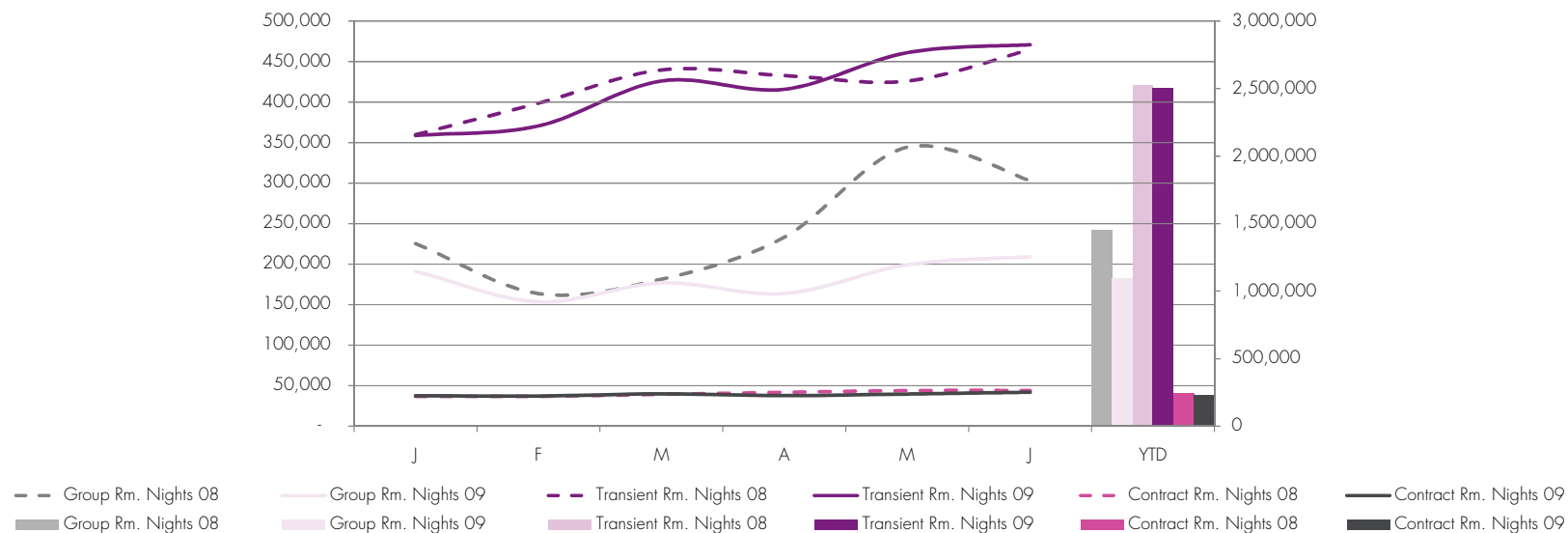
Domestic travel remains a source of stability for the Toronto Region. While visitor numbers from the U.S. have continued to decline, the rate of decline is levelling and the U.S. will still account for approximately 2 million overnight trips and more than \$1 billion in visitor spending.

The loss of corporate transient travel and the sluggish marketplace for large groups and conventions has created an even greater reliance on leisure travel. This of course remains a very competitive segment of the marketplace and through a combination of factors this competition and variability has had a significant impact on hotel average daily rate and the direct correlation in the generation of DMF fees.

Tourism Toronto is currently projecting an overall reduction in DMF revenues of 15% by the end of the year (improving slightly from the 20% declines experienced mid-year). The 2009 operating budget has been formally revised downward three times during the course of the year to accommodate for this reduction and the overall pattern of collections will be factored in when establishing the baseline revenue budget for 2010.

2009 IN REVIEW

ROOM NIGHTS SOLD BY BOOKING TYPE



2008 monthly numbers shown as dotted lines and faded columns.

'Group' refers to bookings of 11 rooms or more, 'Transient' refers to bookings of 10 rooms or less, 'Contract' refers to bookings under contract to companies such as airlines etc.

	2009 Total		Group		Transient		Contract	
	Room Nights	Change	Room Nights	Change	Room Nights	Change	Room Nights	Change
Jan	587,200	-5.6%	191,100	-15.2%	358,600	-0.4%	37,600	2.3%
Feb	561,200	-6.4%	153,600	-7.1%	370,500	-7.1%	37,100	0.4%
Mar	642,800	-2.7%	176,800	-2.5%	426,100	-3.1%	39,900	1.4%
Apr	617,200	-12.8%	163,700	-29.8%	415,800	-3.9%	37,700	-10.1%
May	700,100	-14.0%	199,200	-42.1%	461,200	8.3%	39,700	-10.0%
Jun	722,000	-11.1%	209,100	-31.0%	470,900	1.3%	42,000	-5.2%
YTD	3,803,500	-9.2%	1,093,500	-24.8%	2,503,100	-0.8%	234,000	-3.9%

THE COMPETITIVE SET

RANKED BY 2008 OCCUPANCY

City	2007	2008	Change	2007 Rank	2008 Rank
New York	83.4%	81.9%	-1.8%	1	1
San Francisco/San Mateo	75.1%	75.0%	-0.1%	3	2
Oahu Island	76.8%	74.9%	-2.5%	2	3
Miami-Hialeah	72.4%	71.5%	-1.2%	7	4
Los Angeles-Long Beach	75.0%	71.3%	-4.9%	4	5
Vancouver	72.7%	70.2%	-3.5%	6	6
San Diego	72.9%	69.5%	-4.7%	5	7
Anaheim-Santa Ana	72.2%	68.8%	-4.7%	8	8
Seattle	71.4%	68.1%	-4.6%	9	9
Toronto	68.5%	67.6%	-1.4%	11	10
Houston	65.7%	67.4%	2.6%	18	11
Washington	68.3%	67.1%	-1.8%	13	12
Boston	68.4%	66.5%	-2.8%	12	13
Orlando	67.9%	65.9%	-2.9%	14	14
Philadelphia	68.8%	65.3%	-5.1%	10	15
Canada	65.3%	63.9%	-2.1%		
Chicago	67.5%	63.5%	-5.9%	15	16
Denver	65.6%	63.1%	-3.8%	20	17
New Orleans	57.7%	62.6%	8.5%	28	18
Montreal	65.6%	62.5%	-4.8%	21	19
Minneapolis-St Paul	65.8%	61.9%	-5.9%	17	20
Nashville	65.7%	60.8%	-7.5%	19	21
USA	63.1%	60.4%	-4.3%		
Phoenix	66.9%	59.4%	-11.2%	16	22
Dallas	60.0%	58.9%	-1.8%	26	23
Atlanta	63.1%	58.8%	-6.8%	22	24
St Louis	60.6%	58.5%	-3.5%	24	25
Tampa-St Petersburg	61.4%	56.9%	-7.3%	23	26
Detroit	58.3%	55.3%	-5.1%	27	27
Norfolk-Virginia Beach	60.3%	55.1%	-8.6%	25	28

RANK BY 2008 AVERAGE DAILY RATES

City	2007	2008	Change	2007 Rank	2008 Rank
New York	\$269.74	\$276.02	2.3%	1	1
Oahu Island	\$168.36	\$169.92	0.9%	2	2
Miami-Hialeah	\$158.41	\$159.71	0.8%	3	3
San Francisco/San Mateo	\$148.35	\$156.34	5.4%	6	4
Boston	\$151.78	\$153.38	1.1%	4	5
Washington	\$149.93	\$153.31	2.3%	5	6
Toronto	\$142.54	\$144.23	1.2%	7	7
Vancouver	\$138.35	\$143.82	3.9%	9	8
San Diego	\$139.13	\$141.96	2.0%	8	9
Montreal	\$134.33	\$135.04	0.5%	10	10
Canada	\$128.66	\$132.55	3.0%		
Chicago	\$129.65	\$131.71	1.6%	11	11
Los Angeles-Long Beach	\$123.06	\$127.94	4.0%	12	12
Seattle	\$122.31	\$126.66	3.6%	13	13
Phoenix	\$120.80	\$124.80	3.3%	15	14
Anaheim-Santa Ana	\$121.82	\$122.61	0.6%	14	15
Philadelphia	\$119.34	\$122.57	2.7%	16	16
New Orleans	\$116.50	\$118.18	1.4%	17	17
Tampa-St Petersburg	\$103.84	\$106.58	2.6%	19	18
USA	\$104.04	\$106.55	2.4%		
Orlando	\$105.84	\$106.11	0.3%	18	19
Denver	\$99.28	\$105.53	6.3%	20	20
Minneapolis-St Paul	\$98.10	\$102.39	4.4%	21	21
Houston	\$91.58	\$100.17	9.4%	23	22
Nashville	\$90.97	\$95.53	5.0%	24	23
Dallas	\$91.83	\$93.87	2.2%	22	24
Atlanta	\$90.12	\$91.03	1.0%	25	25
Norfolk-Virginia Beach	\$88.03	\$88.63	0.7%	26	26
St Louis	\$85.32	\$87.19	2.2%	27	27
Detroit	\$85.30	\$86.81	1.8%	28	28

THE YEAR AHEAD

CHALLENGES – Recovery Rates, Timing, Efficient Use of Resources

The biggest challenges in planning and budgeting for 2010 are obviously tied to the anticipated stabilization and ultimate recovery of the visitor economy in the next twelve months and beyond, as well as the timing and pace of any such recovery. We will continue to face several challenges to the success and evolution of Toronto's tourism and meetings performance. The U.S. economy is a leading barometer of this recovery model while the global travel industry is reacting to various fluctuations and challenges. Well documented issues such as the changes and implementation of border crossing criteria, visa regulations and changes in currency exchange rates will, to some degree, become the "new normal" and will continue to have a direct correlation to Toronto's price and value proposition.

The Canadian travel industry has had an historic reliance on nearby overnight visitors from bordering U.S. states drive markets and the attendant value proposition attracting these customers. Over the previous number of years, Tourism Toronto realized significant success in expanding beyond this reliance but as the current year unfolded and the global economy spiraled downward, Tourism Toronto began to shift focus and reach more aggressively into these historic feeder markets. Limited growth in resources are going to have a direct correlation on how quickly Tourism Toronto can re-engage in previous growth strategies and the important balance of investment strategies in traditional marketing and advertising, leisure trade and MC&IT sales, public relations and new media including on-line and social marketing.

A trend that began several years ago and is projected to continue to have an impact in 2010 is fewer confirmed and smaller city-wide conventions held in Toronto. 2010 will continue to see this trend as Toronto will host and realize 27,440 fewer city-wide room nights than in 2009 (a reduction of 19.6%).

City-wide Impact

	2007	2008	2009	2010	2011	2012
City-wides	11	13	11	8	7	6
Attendance	90,400	71,100	74,750	52,500	63,900	42,950
Room nights	159,885	160,487	139,370	111,930	121,072	74,481

THE YEAR AHEAD

In partnership with our hotel and meetings facilities, Tourism Toronto will continue to explore and implement strategies for new business opportunities and new target market segments (such as groups with peak-room nights between 1,100 and 1,499) that will bring into focus new prospect accounts for our sales teams to pursue. 2010 will also present a major opportunity to take advantage of and prospect new relationships and interest generated from our hosting key decision makers attending this summer's ASAE and the Center's Annual Meeting bringing with it major influencers of both city-wide prospects as well as smaller and/or self-contained meetings (less than 1,500 room peak).

The conclusion of 2009 and 2010 is also a pivotal period for our Association as the current agreement with the Greater Toronto Hotel Association and our stewardship of the Destination Marketing Fee is currently set to expire December 31, 2009. An extension has been negotiated to extend for the first six-months of 2010 to coincide with the new Harmonized Tax legislation implemented by the Province of Ontario and Tourism Toronto and the GTHA's newly formed partnership and business model with the Province.

Efficient use of resources will be an even greater priority as Tourism Toronto's Annual Budget and Business Plan is predicated on a relative slow and flat recovery from the projected 15% decline in hotel revenues in the current year. A number of measures are included in the 2010 plan to minimize the impact of administrative costs and non-essential expenses, while taking advantage of a proposed new Co-operative Marketing Fund to further grow and leverage marketing resources with our partners.

OPPORTUNITIES – Marketing to Potential, New Media and Distribution Channels, Growth Opportunities and Efficient Use of Resources

- Effective destination marketing organizations need to be poised to address and aggressively counter real and/or perceived challenges as well as continually look to grow market share by targeting and interacting with new customers and doing so using new and expanding media such as social networking.
- By "Marketing to Potential" Tourism Toronto seeks to utilize and expand existing market intelligence to target growth opportunities and trends (both on the meetings and leisure fronts).
- As a global destination, Toronto is also poised to receive its share of a new "global traveller" community. This will be supported by a continued increase in public relations efforts around the world including supporting new marketing initiatives.

MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES

Despite obstacles created by the global economic situation, ongoing scrutiny of meetings by the media, and every meeting dollar spent being challenged, MC&IT is currently projecting to complete the year at 98% of its goal. This forecast represents definite business on par with 2008 record definite room night results. Equally encouraging, definite city-wide room night development is on pace to meet the 162,000 total room night target for 2009.

Generating a steady stream of qualified leads is central to the success of the Sales Division and one of the most vital aspects of Toronto's success as a meeting and convention destination, ensuring that leads flow into the tentative pipeline. On the tentative front, 2009 has been an extraordinarily challenging year given the languishing economy, MC&IT is forecasting to achieve 1,520,000 total room nights.

The further shortening of lead times for events, a longer wait for confirmations, and a more risk-averse buyer, has resulted in U.S. planners opting for "safe" solutions. The perception issue has hit the financial and insurance industries especially hard and border crossing continues to rank highly as an obstacle in site selection.

According to PCMA 2009-2010 Planner Intention Survey, 44% percent of respondents expect the total number of annual off-site meetings to decrease compared to the number booked in 2008, while 9% expect the number to increase. The same survey indicates that 54% of respondents had and would make more use of webinars and videoconferencing due to the economy and tightening travel budgets.

MC&IT will further augment lead sourcing initiatives to uncover emerging and new business within the SMERF, Sport and Diversity sectors for Toronto and focus on the development of the most profitable group segments. The medical and health care sector will continue to produce positive results as the need for more education and training will figure prominently as a means to address projected job creation within this sector.

MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES

Heightened price competition will continue into 2010 and as of this writing, Smith Travel Research has significantly lowered its expectations for U.S. hotel industry room rates and revenues, and said moderate declines would continue through 2010. Smith Travel Research forecasts that rates will drop 3.4%, occupancy will drop by 0.3% and RevPAR will be down 3.7% in 2010.

The recession is impacting hotel construction in the United States as the number of new hotel projects in the pipeline is declining and the number of project cancellations is increasing. However, a projected 2.4 million square feet of new exhibit and meeting space is expected to come online in 2010. The competitive landscape is such that large new or expanded hotel product in cities such as L.A., Orlando and San Antonio coupled with expanded convention facilities in Philadelphia and Indianapolis, will further the imbalance of supply and demand.

Notwithstanding the immediate need to deliver in the short-term, building long-term relationships with Toronto's customers is our biggest asset. Toronto's ability to engage on an emotional level, establish long-lasting and relevant dialogue and create passionate advocates for our destination is paramount to our success.

MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES

Our team's highest priorities are:

Priority #1 – We've Been Expecting You, More Importantly We're Expecting You Back

In concert with efforts to target and attract Sport and the Diversity Segments to the Greater Toronto Area, Toronto will play host for the first time to the Canadian Sport Tourism Alliance Congress, which is comprised of Canada's national sport organization rights holders. Additionally, the National Coalition of Black Meeting Planners will also hold their first Toronto event, whereby Toronto will showcase the offerings of our destination to this group of decision makers and influencers representing business, civil rights, church and fraternal organizations.

Continue to evolve the Signature Service program through a proactive marketing strategy to influence delegate and exhibitor attendance, promote access to local member services, implement call centre outreach and volunteer resources to support clients in meeting their goals. Deliver on personalized signature service to lay the framework for a winning rebooking strategy.

Provide a persuasive, member-supported web and print-based "come back" offer to delegates to return with family and friends.

Priority #2 – Casting a Wider Net

Global meeting and convention trend indicators are pointing to groups in the non-traditional market segments for new business opportunities. Typically, non-traditional segments can impact low and shoulder season open dates 18 to 36 months into the future and require a very strong direct sales effort. Over the past year, research supports a doubling in sales efforts in the SMERF, Performance and Festival market segments and these two sectors combined will be tasked with achieving 30,000 definite room nights in 2010. Furthermore, Tourism Toronto will also invest in developing the Diversity Sector through direct sales efforts in DC, Atlanta, and Chicago.

Priority #3 – Maintaining Shared Vision with Key Partners

As a means to eliminate the shortfall in group room nights in 2012 and 2013, and to elevate business results across all sectors within the GTA, Tourism Toronto will launch an aggressive self contained top of mind awareness drive. To this end, Tourism Toronto will lead three community wide and cross-sector prospecting blitzes over the course of the year to identify new business opportunities within our existing client base and expand the volume of potential clients with whom we have a relationship. Incentives will be developed to assist our partners with contracting these groups in 2010.

MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES

At the same time, Tourism Toronto will be gathering a Citywide Circle tasked with targeting need periods based on Trends Analysis Projections (TAP) and collectively determining appropriate strategies and tailored concessions. This community engagement initiative will call upon senior industry leaders across the GTA throughout the year to assist with selling our city's key assets and best-in-class customer service.

Finally, Tourism Toronto will recalibrate the division of accounts thereby allowing in-market sellers to exert greater focus on prospecting higher value accounts and providing a greater volume of high-value opportunities to the community.

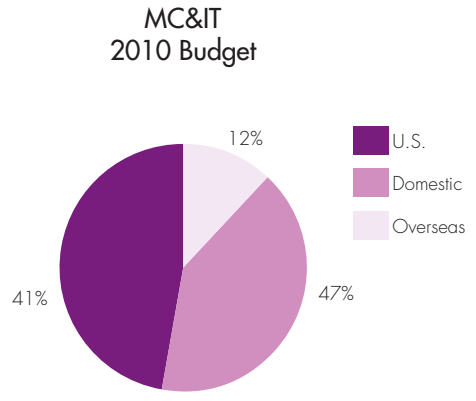
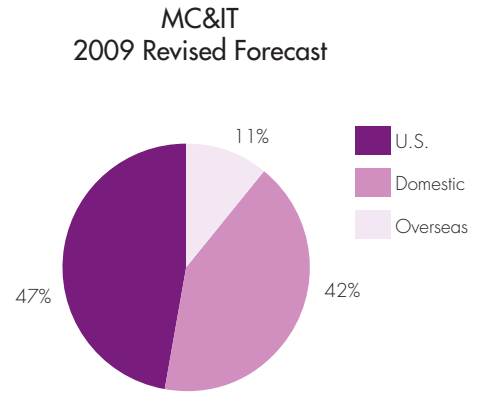
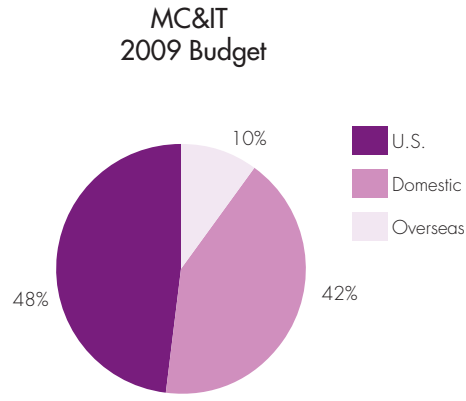
Priority #4 – Get Serious About Sport

Around the world and in Canada, Federal and Provincial governments are shifting focus on sporting events and competitions from professional to amateur levels as a viable economic generator for tourism destinations. Governments are committing more funding to assist cities in underwriting and hosting national, regional and international events. Greater Toronto's local sport communities are focused on tapping into the growing trend to host more sport events to grow their sport's visibility to ensure more participation and enhancing facility infrastructure. Greater Toronto is an attractive destination not only because first class facilities abound in the destination, but also as a backdrop to many fantastic attractions, festivals and family activities to support a memorable event. The Sport market will deliver 40,000 definite room nights in 2010.

Priority #5 – Going Global, Connecting Local

Tourism Toronto's International Congress sector will take on an educational approach with local doctors and researchers to embrace leading future congress bids by tapping into existing relationships with local ambassadors as a means to open direct channels to researchers and doctors at Toronto's hospitals and universities. The team will demonstrate the value in hosting international conferences which includes an increased profile for Toronto doctors and researchers, a heightened level of prestige for our destination's hospitals and universities and, in turn, may increase the likelihood of success in obtaining grants for future research.

MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES GEOGRAPHIC INVESTMENT



MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES

BUDGET & INVESTMENT SUMMARY (\$)

	2007 Actual	2008 Actual	2009 Budget	2009 Revised Forecast	2010 Budget
Client Services	1,059,649	1,063,400	991,000	891,000	800,000
U.S. Association	2,309,786	2,228,625	2,375,000	2,152,000	2,070,000
U.S. Corporate	802,182	811,924	601,000	549,000	499,000
CDN Corporate	150,197	223,777	281,000	281,000	260,000
CDN Association	275,545	253,492	231,000	231,000	230,000
Regional Sector Sales	457,243	894,282	544,000	486,000	720,000
International Congress Sales	345,967	638,971	696,000	658,000	732,000
CDF Investment	500,000	500,000	250,000	–	250,000
BIF Investment-Regional	84,522	105,554	250,000	250,000	250,000
Targeted Meeting Incentive Fund	–	–	500,000	250,000	250,000
	5,985,091	6,720,025	6,719,000	5,748,000	6,061,000

MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES

PERFORMANCE METRICS

	2007 Actual	2008 Actual	2009 Plan	2009 Forecast	2010 Plan
Total Definite Room Nights	469,804	513,621	530,000	515,000	530,000
Total Tentative Room Nights	1,721,473	1,588,292	1,785,000	1,520,000	1,600,000
Future Definite City-wides	14	14	13	13	13
City-wide Definite Room Nights	187,271	195,888	162,000	147,000	162,000
City-wide Tentative Room Nights	1,082,804	849,911	920,000	725,000	770,000
Self-Contained Definite Room Nights	282,533	317,733	368,000	368,000	368,000
Self-Contained Tentative Room Nights	638,669	738,381	865,000	795,000	830,000
Regional Definite Room Nights	45,735	59,974	51,000	51,000	60,000
Regional Tentative Room Nights	37,584	69,600	104,000	104,000	106,000

LEISURE TRADE SALES

2009 proved to be a challenging year for visitor growth from overseas markets. The constraints posed by the economic climate at the start of the year were further exacerbated by the H1N1 global flu outbreak which affected arrivals from Mexico in addition to risk adverse markets such as Japan and China, which saw numerous cancellations of overseas travel groups. Airline route cutbacks, cancellations and reduced frequency also affected travel plans. Visa requirements imposed on Mexican travellers during the height of peak travel season affected one of our key markets that had been demonstrating growth. Stiff global competition for the overseas traveller means consumers' travel choices abound and in many cases are price driven or consumers are opting for closer-to-home holidays.

In spite of these challenges and setbacks, TT will maintain a strong sales and marketing presence in our core overseas markets. U.K. and Mexican consumer campaigns will continue to evolve to account for shorter term booking windows and marketplace realities and target urban experiences specific to each of these international market segments. A partnership with the largest tour operator in Germany saw a dedicated focus on stand alone Toronto city stays and we will continue to build upon this. In 2009, we undertook our first sales missions to Brazil and Argentina in partnership with members and Joint Marketing Activities are underway with a consortium of Brazilian tour operators which we will build upon in 2010.

Japan and Korea will see more emphasis on PR activities as Canada endeavours to re-engage the travelling consumer in those markets. Public relations and trade relationships will continue in China and these strategies will carry over into emerging markets like the UAE to capitalize on increased airlift into Toronto. Emirates Airlines chose Toronto as the first North American destination for the A380 Airbus service from Dubai which commenced June 1, 2009. The Canadian Tourism Commission (CTC) has identified India as one of their target emerging markets and we will work in partnership with the CTC to capitalize on market development in that region.

LEISURE TRADE SALES

The United States visitor market remains a challenge. The economic climate and changing demographics continue to have an impact on travel patterns and traditional distribution channels. Trade partners saw themselves re-align efforts to capitalize on “stay vacations” as their traditional Canadian destination offerings were not in demand.

Traditional joint marketing initiatives were scaled back in favour of On-line Travel Agency (OTA) partnerships which are national in scope and capitalize on direct consumer purchasing channels and late booking patterns and these partnerships will continue going forward. To ensure core near market clients are kept current with the evolving new product opportunities in Toronto, select efforts in partnership with the AAA are planned to mitigate challenges with the drive market and new product and reasons to visit will be featured to target traditional group travel planners from both the U.S. and domestic market. As well, the domestic and U.S. student educational travel sector will remain a focus and partnerships with clients who influence this market segment will continue.

Tourism Toronto will also continue to partner aggressively with key strategic partners including the Ontario Tourism Marketing Partnership Corporation (OTMPC) and the CTC.

LEISURE TRADE SALES

To implement and achieve its 2010 plan, the Leisure Trade Sales Department will engage in a myriad of programs and activities in support of the following objectives:

Objective #1: Evolve tactical consumer/trade partner campaigns with the aim of raising consumer awareness, increasing package sales and room nights from our core markets.

Objective #2: Continue market diversification and development efforts resulting in new business growth from non-traditional markets:

- Latin America (Brazil/Argentina)
- China (Leisure/Meetings/Incentive)
- United Arab Emirates
- India

Objective #3: Retool Joint Marketing Agreements and expand OTA marketing to deliver 2010–11 group and FIT room nights around key product/experience segments

- Core Domestic – Ontario/Quebec senior and student leisure/educational travel
- U.S. – Key border and identified mid-haul, high-yield market segments
- Mexico – Continued expansion of consumer awareness and FIT urban experiences
- U.K. – City break programs
- Germany – Establish stand alone city stay product and city/soft adventure
- Japan/Korea/China – Toronto/Niagara regional experience and PR emphasis
- South America – High yield FIT market segments

Objective #4: Execute and engage members in in-market sales initiatives to position Toronto's value proposition with key client groups at tradeshows such as NTA, ABA, OMCA, SYTA, RVC, WTM, ITB, BRAZTOA and AAA resulting in increased Toronto brand awareness and member leads/referrals.

Objective #5: Continue to focus and expand upon the Toronto/Niagara regional experience in key markets resulting in broader destination selling appeal and expanded length of itinerary/stays.

LEISURE TRADE SALES PERFORMANCE METRICS

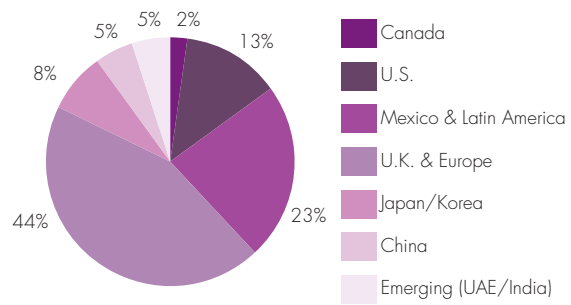
	2007 Actual	2008 Actual	2009 Plan	2009 Forecast	2010 Plan
On-line Travel Agency Marketing Programs	–	–	Influence incremental bookings	On-going till year end	TBD based on 09 results
TOGA On-Line Marketing Program (TT/GTAA/AC/OTMPC)		18,021 RN	2% increase over 08	18,381	TBD based on 09 results
Member Leads/Referrals	264	275	295	295	300 (may be revised based on 09 actual results)
Tradeshows/Sales Trips	34	38	38	28	30
Fams/Product Testing Tours/Sites	–	900	575	575	589
Client Interactions – Tradeshows/Sales Trips/ Training	–	500	950	950	973

LEISURE TRADE SALES BUDGET & INVESTMENT SUMMARY (\$)

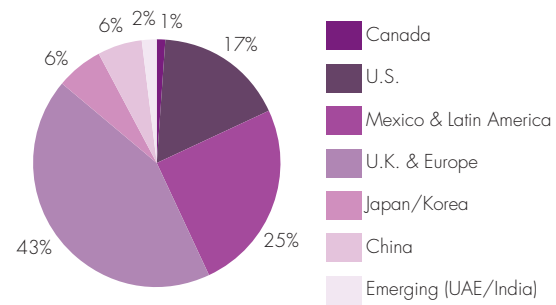
	2007 Actual	2008 Actual	2009 Budget	2009 Revised Forecast	2010 Budget	Comments
Canada	66,914	77,372	57,000	21,000	46,000	S&Y Budget Reallocated to LT for 2010
U.S.	294,017	201,188	349,000	341,000	382,000	Increase for On-Line Marketing Opportunities
Mexico & Latin America	435,279	496,381	635,000	505,000	437,000	Decrease in OTMPC Partner Dollars
U.K. & Europe	1,423,153	1,437,137	1,200,000	883,000	826,000	Decrease in OTMPC Partner Dollars & re-allocation to co-op marketing fund
Japan/Korea	121,697	115,633	212,000	119,000	120,000	Consistent to 09
China	138,735	113,395	145,000	131,000	131,000	Consistent to 09
Emerging (UAE/ India)	19,129	31,422	150,000	35,000	55,000	Allocation for CTC Partner Activities in India
	2,498,924	2,472,528	2,748,000	2,035,000	1,997,000	

LEISURE TRADE SALES BUDGET

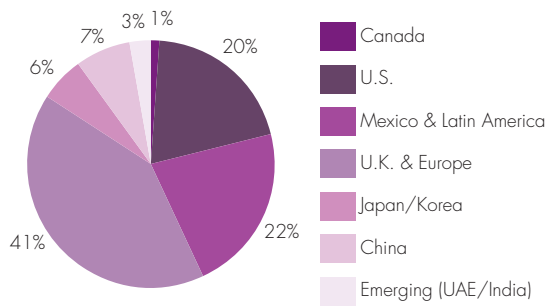
Leisure Trade
2009 Budget



Leisure Trade
2009 Revised Forecast



Leisure Trade
2010 Budget



COMMUNICATIONS & PUBLIC RELATIONS

Public relations play a central role in raising and sustaining Toronto's profile with our potential customers around the world. Compelling media stories help build Toronto's brand as a lively, cosmopolitan destination and help convert interest into travel by making consumers aware of special promotions and events that drive them to Tourism Toronto's web sites. In the past year, media relations efforts have broadened to leverage opportunities in Latin America, resulting in media coverage valued at more than \$5 million in Mexico, Brazil and Argentina — all growing markets for Toronto. At the same time, efforts closer to home resulted in summer-long radio promotions throughout Ontario and Buffalo, and feature stories everywhere from the *Washington Post* and *Chicago Tribune* to the *Daily Telegraph of London*. Overall, our team is on track to host nearly 500 media from around the world in 2009, reflecting a wide range of interests and stories from arts and culture, culinary and luxury to sports, family travel and gay travel.

In 2010 public relations targets will again be set ambitiously as we work to grow and deepen awareness of Toronto among our potential customers. The year ahead presents some unique opportunities, including the G8 Leaders' Summit in Huntsville, Ontario in June, for which the worldwide media centre and its 2,500+ media will be based in Toronto. Also in 2010, Toronto hosts the prestigious GoMedia Canada conference, bringing 150 travel media from around the world to Toronto. Other priorities include greater efforts to penetrate social media, bloggers and online influencers. Several major Hollywood films are scheduled for release in 2010 that are set in Toronto, offering more opportunity to collaborate with the producers to bring Toronto more prominently into American pop culture.

We continue to improve our dialogue with members and stakeholders. Our weekly e-newsletter, *Tourism Now*, is approaching its first anniversary. Email open rates and the feedback we have received indicate the newsletter has become a valuable resource for our partners. This year has presented numerous opportunities to manage delicate issues in the local media and also use media relations as a means of communicating with our industry and government partners about the importance of a thriving tourism industry. Corporate Social Responsibility initiatives, including our environmental program, scholarships and our flagship *Relax, Recharge & Renew* program for local parents of children with special needs, form the foundation of our commitment to the community. The RRR program has now involved more than 175 Tourism Toronto members, showcasing the breadth and generosity of our industry.

Expanded research efforts are bringing more market insights and information to our sales and marketing programs. Our own Tourism Toronto Visitor Survey helps us know our customers better by asking them specific questions about their trip while they are here, enabling us to target future marketing campaigns to the specific interests and motivations of our visitors.

COMMUNICATIONS & PUBLIC RELATIONS

The 2010 objectives in support of the budget and business plan are as follows:

Objective #1: Sustain and grow Toronto's profile as a cosmopolitan destination through placement of stories in media that influence travellers. This means building relationships with targeted media to generate press visits to Toronto so they can experience the destination first-hand.

Objective #2: Expand research program to provide more insights and information about Toronto's visitors and potential visitors to enable greater targeting in marketing programs.

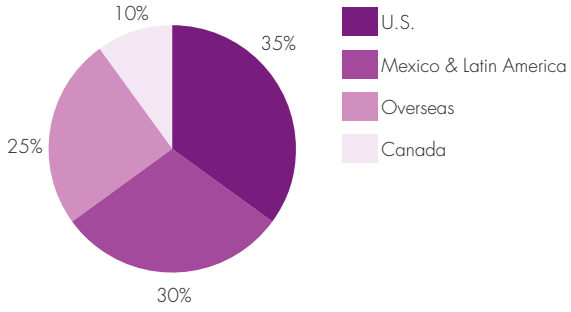
Objective #3: Leverage major opportunities in 2010, including the G8 Leaders' Summit and GoMedia Canada to showcase Toronto when large groups of international media will be here.

Objective #4: Grow Toronto's presence and profile within popular culture and online, through targeted influencers.

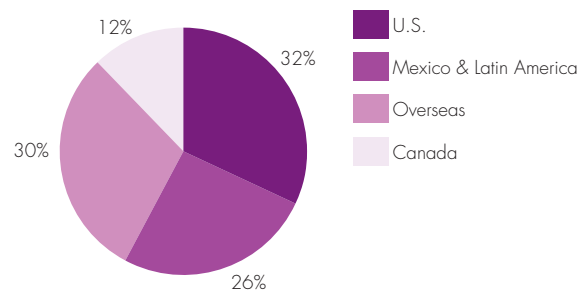
Objective #5: Continue to improve our dialogue with members and local stakeholders, including the local media.

COMMUNICATIONS & PUBLIC RELATIONS

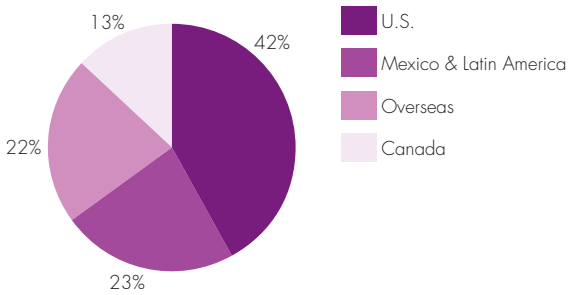
Communications
2009 Budget



Communications
2009 Revised Forecast



Communications
2010 Budget



COMMUNICATIONS & PUBLIC RELATIONS BUDGET & INVESTMENT SUMMARY (\$)

	2007 Actual	2008 Actual	2009 Budget	2009 Revised Forecast	2010 Budget	Comments
Destination Media Relations	382,549	761,091	768,000	691,000	743,000	Increased investment in U.S. PR
Corporate Communications	95,530	129,131	170,000	145,000	465,000	Expanded consumer research program
	478,079	890,222	938,000	836,000	1,208,000	

PERFORMANCE METRICS

	2007 Actual	2008 Actual	2009 Plan	2009 Forecast	2010 Plan
Earned Media Value	\$28.4M	\$36.7M	\$33.5M	\$33.5M	\$34.5M
Media Hosted	398	477	455	475	520

CONSUMER MARKETING

SITUATIONAL ANALYSIS

Toronto has continued to perform as a vibrant destination attracting spontaneous travellers seeking urban escapes despite the challenges of global recession which has depressed travel from our major international markets. The city's festivals, events, attractions and entertainment offerings — anchored by Contact, Luminato, Pride, NXNE, West Jet Just for Laughs, Scotiabank Caribana, the Toronto International Film Festival, Nuit Blanche, and the Cavalcade of Lights, to name just a few festivals — continued to innovate and shine throughout 2009. Sporting events including the Honda Indy, the Canadian Open, Rogers Cup Tennis and the Bills in Toronto highlighted the richness of high profile events on the Toronto schedule. And with a daily canvas of outstanding culinary, theatre, concerts, gallery and museum experiences, Toronto continues to develop as a leading cosmopolitan city.

Among the most culturally rich, ethnically diverse and multi-faceted cities in North America, Toronto is one of the most sophisticated metropolitan areas in the world — but is not typically perceived as such. As the entertainment centre for a large traditional feeder market encompassing the region stretching from Michigan to upstate New York, and from Windsor to Sudbury to Ottawa, Toronto continues to attract visitors who enjoy the range and sophistication of its entertainment offerings. Traditional visitors from these regional markets represent the core of tourist activity to Toronto and they remained active throughout 2009.

Our largest potential growth market is the United States where we will be investing to attract potential traveller's attention and engage both young up and comers and mature adult couples with Toronto's story. As United States' consumers begin to shake off its deepest recession in more than a generation, we will seek to attract visitors interested in the vibrant urban scene in Toronto, people who travel as part of their lifestyle. The LGBT community, as an example, remains an important upscale market for which Toronto is extremely well positioned.

Quebec remains a market which may offer potential for increased travel to Toronto. Montreal, for example, is the largest urban area within reasonably close proximity that has not been a major target for travel campaigns. Due to the rivalry between the two cities and the cultural sensitivities, marketing efforts will be appropriately tailored.

Partnership activities will be approached differently in 2010 in order to leverage available marketing funds. Co-marketing efforts will be initiated which challenge potential partners to match Tourism Toronto funds along with our active engagement in co-managing partnership programs.

CONSUMER MARKETING

The following objectives are proposed as the foundation of our strategic approach to attracting increased leisure visitors to Toronto in 2010:

Objective #1: Promote the Toronto experience based on lifestyle and experiences. Key travel experiences are centred on special events, food & wine, fashion & shopping, nightlife, sports and culture designed to attract high-value customers with the ability to spend more and to influence and inspire other consumer markets.

Objective #2: Design and expand co-operative marketing opportunities to leverage Tourism Toronto investment in signature events, programs and exhibitions. Collaborate effectively with our funding partners to increase ROI in select, overnight markets.

Objective #3: Integrate online, media communications and sales efforts to efficiently drive business and to develop a consistent voice and striking images to demonstrate how surprising a destination Toronto has become. Let the world see that Toronto is a star.

Objective #4: Increase the use of online marketing and social media tools to attract new visitors and to engage our visitors in meaningful ways, enhancing perceptions of Toronto as a destination.

Objective #5: Promote signature Toronto events and experiences capable of attracting out of town visitors for overnight stays and a high level of media attention.

Objective #6: Design and develop creative marketing initiatives that will spark conversations with an increased number of meeting planners, decision makers and our Tourism Toronto sales team.

CONSUMER MARKETING

KEY TACTICS 2010

The strategic objectives for 2010 will be supported with an array of tactics that creates excitement and strong imagery for the unique attributes of the Greater Toronto Area as a destination. These will include:

1. Develop breakthrough marketing campaigns with focus on Toronto lifestyles and experiences
2. Expand reach using online marketing and social media channels to inform and excite visitors about Toronto
3. Pull visitors to Toronto with a strong line-up of festivals and events
4. Invest selectively in headline events, in concert with partners who are prepared to match Tourism Toronto's funding and work collaboratively to generate overnight travel.
5. Increase online bookings and sales with a focus on major events, member hotel packages and referrals
6. Focus on signature events in major need periods including March Break, Summer and the December holidays for the traditional markets
7. Align MC&IT and Leisure Trade sales and marketing collateral with the Toronto consumer brand initiatives to achieve greater consistency across all business lines
8. Raise Toronto's profile in the LGBT market building on the success of the 2009 IGLTA Conference

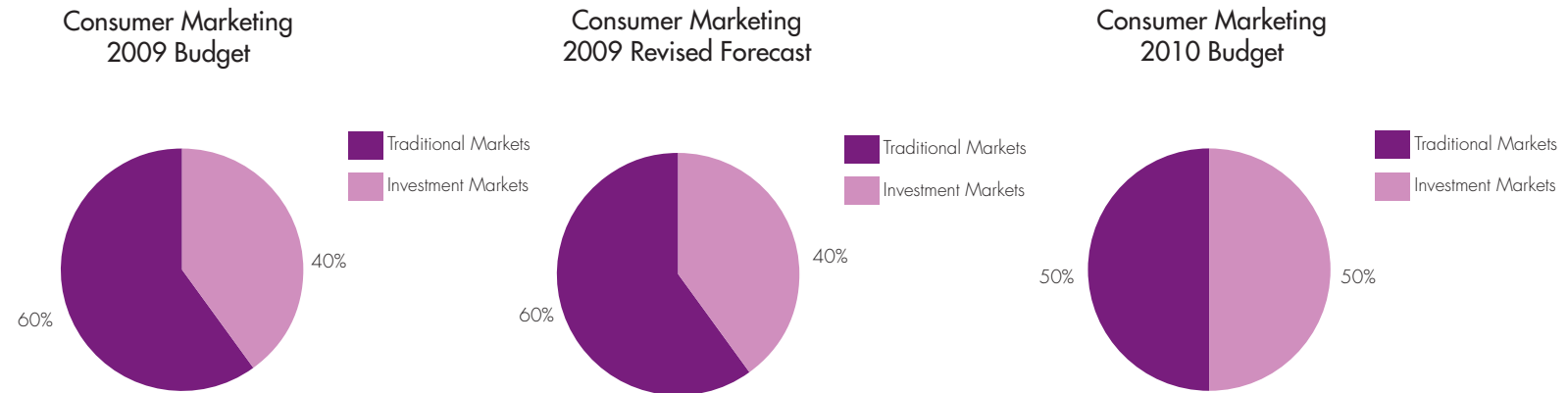
CONSUMER MARKETING

BUDGET & INVESTMENT SUMMARY (\$)

	2007 Actual	2008 Actual	2009 Budget	2009 Revised Forecast	2010 Budget	Comments
Marketing Campaigns	7,149,836	6,097,046	6,716,000	4,835,000	6,563,000	Restores efforts in U.S. and maintains traditional markets.
LGBT	499,386	569,328	500,000	500,000	–	Similar efforts to be funded as partnership
Marketing Alliances	1,281,685	1,747,146	2,150,000	2,150,000	1,850,000	City, regions and strong partnerships
Research & Development	179,412	144,929	152,000	152,000	–	Moved to Communications
Cultural Enhancement Partnerships	1,096,501	519,721	315,000	315,000	–	Partnerships moved to different platform (for approval)
Luxury Program	1,235,004	1,462,262	1,391,000	1,391,000	1,050,000	Estimate for 2010 Program
Creative Services (incl. Visitor Guides)	970,491	812,463	1,046,000	1,046,000	1,098,000	Increase due to publications
Destination Animation	700,000	400,000	200,000	200,000	–	Partnerships moved to different platform (for approval)
Distribution Fulfillment	104,754	191,532	100,000	75,000	210,000	Call Centre and Online Booking Engine support
	13,217,069	11,944,427	12,570,000	10,664,000	10,771,000	
Leveraged Co-op Marketing Fund	–	–	–	–	1,500,000	New fund for partnership activities
	13,217,069	11,944,427	12,570,000	10,664,000	12,271,000	
Reserve Expenditures	–	–	–	1,300,000	–	
	13,217,069	11,944,427	12,570,000	11,964,000	12,271,000	

CONSUMER MARKETING

TRADITIONAL MARKETS VS. INVESTMENT MARKETS



PERFORMANCE METRICS

	2007 Actual	2008 Actual	2009 Plan	2009 Forecast	2010 Plan
Web Visits	2,809,733	3,210,414	3,188,000	3,595,664	4,135,013
Web Visitors	1,979,104	2,176,847	2,410,000	2,394,532	2,681,876

MEMBER CARE

A vibrant and representative membership base is always a key indicator of Tourism Toronto's success and relevance. In 2008, the association welcomed 190 new businesses to the membership. This contributed to a 6.5% annual increase (bolstered by a 91% rate of retention). Total membership is anticipated to grow another 4% with 90% retention by the end of this year. Activity levels (member participation) are high with 680 companies participating in Member Care events at the half way mark of 2009.

The annual survey (issued in January) reported 96% of members being satisfied with their membership benefits (an increase of 5 points) with 72% of people being fully/very/extremely satisfied. Adding stability to the membership, the members' association loyalty was also substantiated with 93% stating positive intentions to renew in 2009.

The success realized in 2008 with our decision to hold fewer but larger events continues through 2009. Our May AGM attendance was 500+ and resulted in a great exchange of association information as well as greater networking opportunities for those who attended.

The key message for 2009 is loud and clear: price vs. value is "the ringer" through which all association expenses are measured. Value must be perceived as exceeding the price associated with the services/benefits package. The formula for achieving return on a Tourism Toronto investment (a.k.a. realizing the desired value of a membership) 1) takes an active member 2) who has a product/service that has appeal and is marketed successfully and 3) both the member and the association must deliver quality service to their respective stakeholders.

As a result, in 2010 Member Care will continue to successfully engage its members through highly personalized servicing. As well, member activity (engagement/involvement) will continue to be a core mandate to support and measure loyalty. Our end goal continues to be perceived as a most valued resource for our members.

Our core members are our strongest asset and their satisfaction remains top priority for the allocation of the bulk of resources in 2010. There will also be a renewed focus on leveraging member engagement to insure our most valued members are highly engaged and involved in the various opportunities.

OBJECTIVES

Objective #1: To increase overall satisfaction with membership benefits by facilitating active engagement of/participation in our quality programming and business opportunities.

Objective #2: To increase loyalty through heightened awareness about the relevance of the ultimate member benefit: Tourism Toronto's member access to the visitor/business/convention markets and subsequent business opportunities.

MEMBER CARE

BUDGET & INVESTMENT SUMMARY (\$)

	2007 Actual	2008 Actual	2009 Budget	2009 Revised Forecast	2010 Budget
Member Care	228,482	250,412	189,000	109,000	109,000
	228,482	250,412	189,000	109,000	109,000

PERFORMANCE METRICS

	2007 Actual	2008 Actual	2009 Plan	2009 Forecast	2010 Plan
Total Membership	1,181	1,263	1,375	1,300	1,370
Retention Rate	91.2%	91%	94%	90%	92%
New Member Acquisition	194	190	175	160	175
Member Web Site Page Visits	16,217	20,385	36,000	22,500	25,000
Member Satisfaction (from annual survey)	70%	70%	75%	72%	74%
Revenue	\$1,407,746	\$1,386,511	\$1,690,000	\$1,581,000	\$1,078,000

FINANCE & ADMINISTRATION

Finance & Administration includes Human Resources (HR), Information Systems (IS) and Office Services. Finance is responsible for overall financial risk management and control. Finance works closely with Senior Management, Audit Committee and Board of Directors to maximize the most effective and ethical return-on-investment and value-for-money stewardship of the Association's financial resources.

Objective #1: Continue to manage the Association's assets and liabilities prudently and appropriately, in an environment of significant uncertainty.

Objective #2: Continue to preserve, protect and enhance the Association's key internal financial controls.

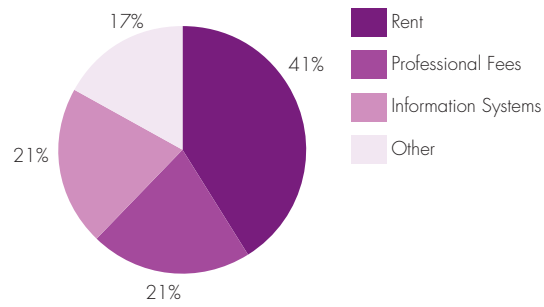
Objective #3: Continue to ensure that all partnership agreements, contracts and other commitments are honoured.

In 2009, working closely with the GTHA and professional GST advisors, Finance won (i) recovery of \$8.9M in double GST on all DMF since 2004 and (ii) cancellation of the annual double-tax GST cost of approximately \$1.3M – \$1.5M per year on all 2009 and future DMF. Finance also completed a (iii) comprehensive and critical risk-management re-assessment and re-write of all HR policies and (iv) industry bench-marking of all employee benefits in 2009.

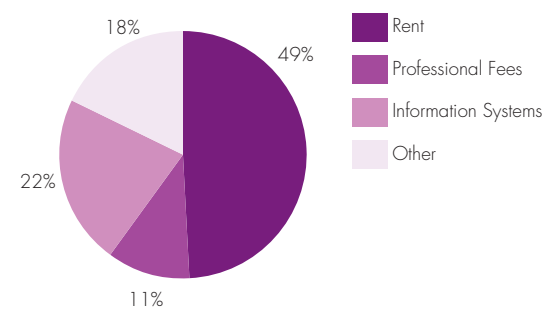
In 2010, depending on future revenue-funding commitments, Finance will (i) replace all obsolete and worn-out 2004–2005 computer equipment and (ii) critically re-evaluate the future effectiveness and upgrading of the 1999 accounting system with bench-marking of the Association's internal financial controls to best practices.

FINANCE & ADMINISTRATION

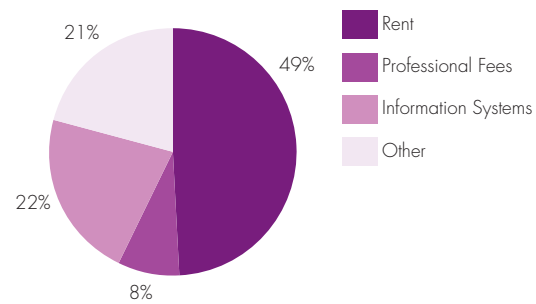
Finance & Administration
2009 Budget



Finance & Administration
2009 Revised Forecast



Finance & Administration
2010 Budget



FINANCE & ADMINISTRATION

BUDGET & INVESTMENT SUMMARY (\$)

	2007 Actual	2008 Actual	2009 Budget	2009 Revised Forecast	2010 Budget	Comments
Rent	888,424	727,186	678,000	678,000	684,000	Fixed costs for new Toronto office lease July 1, 2008
Professional Fees	470,809	313,571	190,000	150,000	110,000	Fixed costs for audit, tax, legal & HR advisory fees, etc.
Information Systems	460,678	507,953	468,000	315,000	303,000	Fixed costs for annual software licenses, service fees, access costs, etc.
Other	380,764	419,934	338,000	254,000	300,000	Fixed costs for insurance, office maintenance, telephone, postage, courier, stationery & supplies, staff training & functions, transaction processing fees, accounting software upgrades & support, kitchen services, etc.
	2,200,675	1,968,644	1,674,000	1,397,000	1,397,000	
% Total Expenditures	8.9%	8.1%	6.7%	6.7%	6.5%	
Amortization	199,702	302,840	176,000	363,000	475,000	Fixed amortization for new computer equipment and existing leasehold improvements and furniture & fixtures over 3-5 years.
% Including Amortization	9.7%	9.3%	7.4%	8.2%	8.5%	
Reserve Expenditures	-	-	-	650,000	-	

 SeeTorontoNow.com