

CANADIAN NATIONAL NEGOTIATION COMPETITION 2020

Confidential Information for the Exhibition Group's Representatives

Exhibition Group is excited about the possibility of having the Institute host the special exhibition that it is planning. If a mutually satisfactory relationship can be established, that bodes well for future exhibitions and for its reputation.

EGL wants the special exhibition to be a financial and cultural success, and wants all the exhibits to be well presented. Some of its goals may be in tension—for example, profit is maximized with a high number of visitors, each paying as high a ticket price as the market can bear. But that can lead to overcrowding and detract from the cultural experience. EGL recognizes that it may have to balance these concerns, and has other ways of generating revenue, such as through marketing and sales of associated merchandise.

The parties have had some direct discussions about these things and have organized their concerns as follows:

1. Revenue and Expense Allocation

Considering EGL's contributions, EGL expects to receive the lion's share of net income from the special exhibition. It considers net income to be the difference between (i) gross revenues from all sources directly related to the special exhibition (including sales of tickets, special exhibition catalogues, official merchandise, books, magazines, and other media) and (ii) all shared expenses related to the special exhibition (including expenses relating to the above items and any additional expenses such as may be required for additional set-up or staffing). EGL is willing to have the revenues deposited to a separate account, from which the shared expenses would be paid, followed by a division of the remainder according to an appropriate division. EGL expects to get three-quarters of the net income. Receiving less than two-thirds of it would cause EGL to rethink its involvement in the project.

EGL wants "shared expenses" to be defined so as to preclude any disputes about what is and isn't included. They should encompass only those costs directly related to the special exhibition—in particular, they shouldn't include vague "overhead" expenses. Exhibition Group thinks that it would help to have contractual language defining "shared expenses" that would cover all legitimate expenses so as to minimize the possibility of any disputes.

2. Ticket Prices and Number of Visitors

EGL is keen to learn how III proposes to handle ticket prices and admission to the special exhibition. Generally, the more visitors the better. But EGL understands that the Institute will likely want to avoid overcrowding. In that regard, EGL would like III to consider a timed-entry system to reduce congestion.¹ Under such a system, prices could vary with expected demand. There could, for example, be higher prices on the weekend and during other peak

¹ See, e.g., Universal Studios Japan, "Timed Entry Tickets to the Wizarding World of Harry Potter" <https://www.usj.co.jp/e/attraction/timed-entry-ticket/>.

periods, which could enhance the experience during peak times and offset lower prices for special groups or other categories of persons during non-peak times. EGI thinks that III should also extend its hours of operation during the period of the special exhibition.

If the Institute wants to allow free or very low-cost entry to the special exhibition for a limited number of school groups, EGI thinks that the Institute should be able to find individual and corporate sponsors for that purpose. It would also like those groups to be concentrated on the least busy days of the week.

Apart from the above, EGI is willing to defer to III's judgment when it comes to ticket pricing; it has the best knowledge of the local market and is likely to know how to balance a quality experience with revenue maximization.

3. Advertising and Marketing

Exhibition Group has strengths in advertising and marketing and would like to take the lead on these roles with respect to the special exhibition. Of course, it understands that because the Institute's name and logo will be involved, the Institute will want input on advertising and marketing. If III has strong objections to any particular approach or content of a particular marketing campaign, EGI would honour those objections or try to address them.

4. Merchandise Sales

A major revenue source is likely to be exhibition merchandise—collectibles, media, books, stationery, t-shirts, games, and so on. EGI proposes that there be a separate store or sales area for merchandise related to the special exhibition, as well as a contractual clause prohibiting III from offering competing merchandise in its own shop. It would like III to design the products and product mix with input from EGI.

5. Exhibition Design and Presentation

Regarding signage and labelling for the special exhibition, EGI expects that it will reflect a joint effort and consensus between the parties. EGI would like the emphasis to be on viewer comfort and legibility. In general, it would like to see shorter text labels for the special exhibition than is typically used in museums, since one can only spend so much time reading. It would like to see labels and textual materials on electronic screens for ease of change and ease of reading.

6. Dispute Resolution

EGI has had good success in using arbitration to resolve disputes with artists, vendors, contractors and others, and wants some kind of dispute resolution process in its agreement with II. It has learned that even minor disputes can turn into larger ones if left unresolved.

7. Additional Information

You may provide additional non-self-serving information and details consistent with the facts stated above and in the General Information for Both Parties.