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The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2024-F-13
Date: June 11, 2024

Subject:

Hannover Messe 2025 – Financial Commitment

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That a sole source award be approved in advance of the exhibition for a leading/preferred Europe-based booth vendor offering design and construction services as recommended by the trade fair with experience and expertise in delivering booths for the Hannover Messe trade fair and at the discretion of the Commissioner of Planning and Economic Development; and
 - B) That subject to the approval by the Planning and Economic Development Committee to participate in the Trade Fair, one-time funding of up to \$590,000 be provided from any available savings in the 2024 Planning and Economic Development Business Plans and Budget, with the balance from the Economic Development Reserve Fund.
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1. Purpose

1.1 The purpose of this report is to seek approval for the necessary one-time funds for the Region's Economic Development and Tourism Division (Invest Durham), in collaboration with the Durham Economic Development Partnership (DEDP) and regional innovation community partners, to exhibit at the Hannover Messe 2025 trade fair. Hannover Messe 2025 will take place from March 31 to April 4, 2025, in Hannover, Germany.

2. Background

2.1 Invest Durham is responsible for:

- a. Generating and sourcing leads for potential new investment into Durham Region, including investment attraction missions, in-market lead generation

- services, and hosting investor tours and delegations;
 - b. Responding to investment inquiries and delivering specialized services and advice to prospective investors;
 - c. Promoting the Region for new investment, including among key international business audiences; and
 - d. Cultivating relationships with community partners, post-secondary institutions, and senior government agencies, to promote investment attraction to Durham.
- 2.2 Hannover Messe is the world's leading annual trade fair for industrial technology. It welcomes exhibiting companies from all sectors related to advanced manufacturing, including mechanical and electrical engineering, research & development, digital industries, automotive, the energy sector, automation technologies, machinery, aviation & transport, and more.
- 2.3 Approximately 4,000 businesses and organization exhibit at the show annually with a booth. There are 1,870 speakers, and 130,000 attendees. It is so large that it takes places in multiple exhibition halls, and the City of Hannover's overnight accommodations are at full capacity.
- 2.4 At Hannover Messe, there is a large concentration of decision-makers from businesses from all over the world, with a large percentage of these being based in Europe. Over 70 per cent of professional visitors to the trade fair that are surveyed after visiting state that their attendance benefitted their professional activity significantly or very significantly, in comparison to a visit to other industrial trade fairs. For a third of those attendees surveyed, it is the only trade show they visit each year.
- 2.5 Each year, one country is selected to be the primary sponsor country for the trade fair. The partner country has a large pavilion area for themselves, and there is a spotlight throughout the fair in materials and hall decoration for this partner country. In 2025, Canada will be the partner country.
- 2.6 As partner country for 2025, Canada aims to strengthen its European relationships and forge partnerships between Canadian businesses and global companies focused on digital technologies, industrial transformation, clean technologies and resilient supply chains.
- 2.7 Over the course of the next year, Canada will work to build a strong and diverse participation at Hannover Messe 2025 by Canadian companies. Earlier this year at Hannover Messe 2024, more than 70 Canadian companies across key industrial sectors, such as automation, robotics, digital technologies, hydrogen and fuel cells, and e-mobility, attended. Next year, Canada intends to build on this success by

showcasing more than 200 Canadian companies. Representatives of companies participating will have the opportunity to meet face to face with international investors and potential customers from Germany, Europe and beyond, creating opportunities, opening markets and creating jobs.

- 2.8 Invest Durham has historically only traveled outside the Province to attend these types of events for the purpose of meeting directly with companies that have expressed an interest in learning more about expansion into Canada. Invest Durham has only exhibited with booth space internationally in very limited capacities, and in all instances in partnership with others such as the Province or Ontario Tech University.
- 2.9 In 2022 and 2023, Invest Durham partnered with the DEDP, post-secondary institutions and innovation community partners to exhibit with a large physical booth space at the Collision Conference in downtown Toronto.
- 2.10 Investment Attraction organizations primarily undertake promotional activities that achieve one or both of two objectives: lead generation, and awareness generation. Lead generation is when an activity is designed to identify individual businesses, and ideally contacts within these businesses, that are interested in pursuing an expansion project. Awareness generation activities are designed to create an awareness of that region's value proposition for investment among a certain key audience, so that when businesses pursue an expansion they are aware of the region and the benefits of locating there.
- 2.11 Exhibiting with a large booth at an industry trade fair, when coupled with dedicated lead generation activity in advance, can effectively achieve both objectives.

3. Previous Reports and Decisions

- 3.1 [#2022-EDT-15](#) Ready Set Future: Five Year Economic Development and Tourism Strategy and Action Plan
- 3.2 [#2024-EDT-7](#) Investment Attraction Metrics – Annual Activity Report 2023
- 3.3 [#2023-EDT-11](#) Durham at the Collision Conference: Investment Attraction and Brand Awareness
- 3.4 [#2023-INFO-54](#) Durham Economic Development Partnership (DEDP) Action Plan and Facilitated Session

4. Discussion

Prior Experience

- 4.1 Invest Durham has prior experience exhibiting with a large booth presence at the Collision Conference, and also has prior experience attending the Hannover Messe industrial technology trade fair in prior years for the purpose of meeting with companies interested in expansion.
- 4.2 Exhibition at the Collision Conference presented an opportunity for Regional economic development staff to connect with the Canadian and global tech industry and ecosystem. Invest Durham led the project, and contributing partners included Durham College, Ontario Tech University, Trent University Durham GTA, 1855 Accelerator, Spark Centre, the Automotive Parts Manufacturers Association (APMA) – Project Arrow, Ontario Power Generation (OPG) and the Durham Economic Development Partnership (DEDP) consisting of the Cities of Pickering and Oshawa, the Towns of Whitby and Ajax, the Municipality of Clarington, and the Townships of Brock, Scugog and Uxbridge (represented by Invest Durham).
- 4.3 At the Collision Conference, Invest Durham generated 906 new contacts, and added 546 new subscribers to the Invest Durham e-news. The associated marketing campaign achieved 312,000 paid and organic digital impressions, with 4755 deeper engagements such as landing page, blog post, news release, and announcement views on Invest Durham pages; and News release placements in Canadian Manufacturing, CleanTech Canada, Yahoo Finance, and Canadian Business Journal. Investment Attraction results included 2 Familiarization tours, many advanced leads, a roundtable event with a Federal Minister, new partnership opportunities for post-secondary, and advanced relationships with senior government agencies.
- 4.4 Invest Durham staff attended Hannover Messe in 2023, 2022, and 2018, to meet with prospective investors. Staff met with 77 companies during one-on-one meetings over the course of these three missions. Many of these deals remain open and staff are actively working to advance them toward the site selection phase.

Alignment with Ready Set Future – Durham Region’s 5-Year Economic Development and Tourism Strategy, and the 2023-2026 DEDP Action Plan

- 4.5 Participation at Hannover Messe 2025 advances Goal 3.3 of Ready Set Future – to build Durham’s reputation for innovation to solve global challenges, as well as Goal 3.4 – to attract domestic and international inward investment into Durham’s priority sectors.

- 4.6 Specifically, Hannover Messe 2025 will be a flagship event for Invest Durham to showcase the Region's investment-readiness and value proposition for investment. It will be coupled with a promotional campaign to build the region's reputation for innovating to solve global challenges (Action 3.3.4). The opportunity presented by Canada acting as the 'Partner Country' is that many staff from senior investment attraction agencies will be participating, presenting an unparalleled opportunity to develop and grow partnerships with these senior agencies including Invest Ontario, Invest in Canada, the Federal Ministry of Innovation, Science, and Economic Development (ISED), the Canadian Foreign Trade Commissioner Service (FTCS), and the Ontario Ministry of Economic Development, Job Creation and Trade (MEDJCT) (Action 3.3.4).
- 4.7 The Hannover Messe 2025 industrial trade fair is the largest of its kind, and is expected to draw massive business audiences that align with the Region's target audience for investment attraction. Attendance will be strong in Durham's priority clusters of Future Energy, Next Generation Mobility, and Applied Digital Technology. Innovative technologies, automation and digital transformation, electrification, and sustainability technologies will feature prominently.
- 4.8 Additionally, collaboration by the DEDP to exhibit at this trade fair aligns with the 2023-2026 DEDP Action Plan. Priority #4 of this Action Plan is 'Marketing and Investment Promotion', which includes the following planned actions:
- a. Collaborate to showcase Durham at flagship events such as Collision Conference, Realtor & Developer Events, major clean energy conferences, etc.
 - b. Collaborate to develop and deliver creative promotional campaigns showcasing Durham's value proposition and innovation community.
 - c. Campaigns to showcase Durham's strength in key priority clusters (Clean Energy; Next-Gen Mobility; Agri-Food; Applied Digital Tech; Arts, Culture and Creative).

Preliminary Plans for Invest Durham's Participation

- 4.9 Plans are preliminary and still being developed. The Federal Government, through ISED, is leading Federal plans to exhibit at the trade fair. The federally-funded Canada Global Innovation Cluster for Advanced Manufacturing (NGEN) is leading efforts to organize a target of 200 Canadian businesses to exhibit with booths within the Canadian pavilion at the trade fair. The Province of Ontario also plans to exhibit, and other Canadian municipalities will also likely be in attendance and may have booth space.

- 4.10 Invest Durham plans to secure space for a very large booth. The booth will be designed to showcase Durham's key strengths in Future Energy, Next Generation Mobility, and/or Applied Digital Technology. It will also be designed to showcase the key value proposition messages for international investment attraction.
- 4.11 Since it will be impractical to conduct a formal Request for Proposal process in a foreign country, and there are typically preferred vendors for booth design and construction that are affiliated with these types of major trade shows, staff are seeking approval to negotiate directly with a preferred provider through a sole source procurement for exhibition booth design and construction services from a Europe-based booth designer with experience and expertise in delivering booths for the Hannover Messe trade fair.
- 4.12 It is planned that participants will be limited to staff from Invest Durham, staff from the Economic Development teams of the area municipalities (through the DEDP), and efforts will be undertaken shortly to recruit staff from other Regional partners such as the post-secondary institutions, innovation community members, and potentially the business community. The preliminary budget assumes participation by 30 attendees.
- 4.13 A lead generation service provider will be engaged in advance of the trade fair, to identify businesses that are planning to attend the conference and who may be suitable targets for investment attraction. This service provider will pre-qualify their interest in expansion, and schedule meetings for staff with individual prospective investors throughout the duration of the trade fair.
- 4.14 Staff will coordinate closely with ISED, NGEN, and MEDJCT to ensure that Regional efforts are coordinated with, align with, and support the broader Canadian efforts and objectives at the trade fair. In that respect, staff will support efforts by NGEN to recruit Durham companies to exhibit and showcase at the trade fair. NGEN is offering \$10,000 reimbursement grants to participating businesses to cover their costs of joining and exhibiting.

Preliminary Budget

- 4.15 The preliminary budget for Durham's attendance is as follows.

Item	Budget
Floor Space Rental Fee	\$100,000 - \$150,000
Conference Hall Logistics / Material Handling	\$15,000
Booth Design & Construction	\$100,000
Lead Generation Services	\$75,000
Materials Development & Production	\$25,000
Marketing Campaign	\$100,000
Travel, Accommodation, Meals, Other (12 Regional attendees)	\$60,000
Marquee Booth Attraction/Feature (including shipping)	\$50,000
Contingency	\$75,000
Revenue from partners	(\$60,000)
Total	\$590,000

**Note: Travel and accommodation costs of participating partner attendees will be the responsibility of that partner.*

Objectives and Metrics

4.16 The primary objectives for Durham Region are lead generation for the purpose of investment attraction, and brand awareness generation for the purpose of investment attraction.

4.17 The secondary objectives for the Region are supporting the Canadian efforts to recruit local companies to participate (in promotion of global expansion and international trade), as well as forming and strengthening relationships with senior government investment attraction agencies.

4.18 Target outcomes from Durham's participation at Hannover Messe 2025 are:

Target Outcome	Metric
Number of new connections with individuals	500
Number of qualified new Leads for prospective investment in Durham Region	50
Number of resulting requests by prospective investors for site selection support within 3 months	5
Number of relationships advanced with staff from senior investment attraction agencies in Ontario and Canada	20
Percentage of Durham and partner participants surveyed that felt the booth was very effective or effective at	90% or higher

Target Outcome	Metric
representing Durham Region as a whole	
Percentage of Durham and partner participants surveyed that felt exhibiting at Hannover Messe 2025 was very valuable or valuable to their organization's goals	80% or higher
Number of domestic or international Federal or Provincial/State Ministers that visit the booth to learn about Durham Region	5
Paid and organic digital impressions for the dedicated promotional campaign	350,000
Deeper engagements (click-throughs) to website content	4,000
Mentions in major media	5

4.19 The success of the primary objective of generating brand awareness among the international industrial technology business community is difficult to measure. A large and attractive booth, polished key messages, and exhibiting alongside Provincial and Federal partners, will all position Durham well to build awareness among this audience. While not all trade fair attendees will visit the Invest Durham booth, the total audience size of 130,000 attendees and 4,000 exhibitors offers one of the best opportunities for brand awareness generation, with this concentrated and relevant business audience.

4.20 Additional legacy outcomes of participation will include strengthening the Region's connection and collaboration across Durham's innovation community; higher understanding across Durham partners of Durham's shared value proposition for investment; improved brand recognition and awareness for Invest Durham and Durham Region with the European industrial technology business community.

5. Financial Implications

5.1 In order to participate in Hannover Messe 2025, it is recommended that one-time funding of up to \$590,000 be provided from any available savings in the 2024 Planning and Economic Development Business Plans and Budget, with the balance from the Economic Development Reserve Fund. Expenses will be incurred throughout 2024 and 2025.

5.2 It is also recommended that a sole source award be approved in advance of the exhibition for a leading/preferred Europe-based booth vendor offering design and construction services as recommended by the trade fair with experience and expertise in delivering booths for the Hannover Messe trade fair and at the discretion of the Commissioner of Planning. Section 7.2 of the Region's Purchasing

By-law 16-2020 permits the acquisition of goods and services through sole source negotiations under specific circumstances outlined in Appendix “C” of the By-law. Section 1.1 of Appendix “C” permits negotiations where goods and services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist due to an absence of competition for technical reasons.

6. Relationship to Strategic Plan

6.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- a. Goal 3 – Economic Prosperity, Priority 3.1 – Position Durham Region as the location of choice for business;
- b. Goal 3 – Economic Prosperity, Priority 3.2 Leverage Durham’s prime geography, social infrastructure and strong partnerships to foster economic growth;
- c. Goal 3 – Economic Prosperity, Priority 3.4 – Capitalize on Durham’s strengths in key economic sectors to attract high-quality jobs.

7. Conclusion

7.1 Canada is the primary sponsor and ‘Partner County’ for the Hannover Messe 2025 industrial technology trade fair, at which approximately 4,000 business exhibitors and 130,000 attendees will offer a strong opportunity for Durham Region to undertake successful investment attraction activities.

7.2 It is recommended that \$590,000 in one-time funding be allocated for Invest Durham, along with its Area Municipal partners through the DEDP, post-secondary institutions, and innovation community partners, to exhibit at the trade fair with a booth. Participation will also include lead generation services for business meetings, and an international marketing campaign to generate awareness of Durham’s value proposition for new investment.

7.3 In collaboration with partners, Durham expects outcomes to include growing the awareness of Durham among key international audiences in the clean energy, next-generation mobility, and applied digital technology sectors, and identifying exciting and innovating business investment projects that will create economic prosperity and high value jobs in the future for Durham residents.

7.4 This report has been reviewed by the Planning and Economic Development Department and the Commissioner of Planning and Economic Development concurs with these recommendations.

Respectfully submitted,

Original Signed By

Nancy Taylor
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer