

CEDAR FAIR CRISIS COMMUNICATION PLAN

Globalization in a Flat World
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03/12/2008

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1. COMPANY OVERVIEW:

1) Company background information:

Cedar Fair is the ultimate “fun” company, so much so that even their stock ticker is “FUN” (Properties). Cedar Fair is a partnership out of Sandusky, Ohio, publicly traded since 1987 with net revenues of over \$986 million in 2007 (Cedar Fair, Annual Report 3). The company specializes in amusement parks and water parks, the oldest of which has been operating in some form since 1870. Their name is derived from the merging of their first two parks, Cedar Point and Valleyfair (Wikipedia). According to stock value, Cedar Fair is the second most successful Amusement Park chain in the world behind Disney, and entertained more than 22 million people in 2007 alone (Cedar Fair, Annual Report 4). The company’s CEO since 1986 has been Richard Kinzel, followed by COO Jacob Falfas since 2005, and Vice President and CFO Peter Crage since 2005 (Executive Officers).

a. Company Mission and Goals

The Cedar Fair mission statement reads as follows:

“Cedar Fair Entertainment Company (“Cedar Fair”) is dedicated to providing our guests with world-class thrills, fun and family entertainment, guided by the principles of safety, service, courtesy, cleanliness and integrity” (Cedar Fair).

In his letter to the shareholders, CEO Richard Kinzel states that his highest priority for the future is the continued investment into his company so it may expand and provide his guests with the best experience possible. He also states that everything the company does financially is to “improve our capital and structure and maintain or increase our distribution to our unit holders” (Cedar Fair, Annual Report 11). Cedar Fair does acknowledge the recent financial downturn that negatively affected such financial aspects as their debt to EBITA ratio, but the company is optimistic they can still function and expand at the same high standards without great repercussion. To summarize, the goals of Cedar fair are expansion partnered with quality.

b. Overview of Products/Services

Currently, the Cedar Fair owns or operates 11 theme parks and 6 water parks (Properties). Some of their most popular parks are Knott’s Berry Farm in Los Angeles, King’s Island of Cincinnati, and of course their flagship park, Cedar Point in Sandusky, Ohio. Cedar Point is home to the largest roller coaster in the United States, the most roller coasters in the world (17), and has won *Amusement Today’s* title of Best Amusement Park in the World

for 10 consecutive years (Properties). In addition, the Cedar Point area is home to Soak City, 4 hotels, Cedar Point Marina and Castaway Bay Marina, and Camper Village campgrounds, all owned by Cedar Fair. While Cedar Point is most famous for their roller coasters, CEO Richard Kinzel insists that Cedar Point's success comes from its ability to cater to all audiences and make a trip to the park a family experience. Cedar Fair parks, although based around rides, consist of many universal activities to help expand their potential market. In 2008 Cedar Point added a BMX-style stunt show called "All Wheels Live" and Great America California added an ice skating show (Cedar Fair, Annual Report 4). In addition to rides and attractions, there are a massive amount of food stands and vendors in Cedar Fair Parks. In fact, in 2007 over \$360 million of Cedar Fair's revenue was attributed to food, merchandise and games (Cedar Fair, Annual Report 4). That is approximately 36.5% of the company's total revenue. Cedar Fair Parks have a commitment to handicap accessibility, as well a dedication to customer safety, especially children's. Every park is equipped with multiple first aid stations in addition to the on duty officers. The Parks also offer many themed days and special events, such as Cedar Points "Halloweekends" in October, and their weekend parades in the summer consisting of bands and floats. Just like Disney, Cedar Fair's commitment to well rounded, quality parks have propelled the company to the top of the industry.

2. COMPANY ANALYSIS:

1) SWOT analysis:

STRENGTHS:

- 2nd largest amusement park in the world
- Cedar Fair's flagship park, Cedar Point, has been voted "best amusement park in the world" for 10 consecutive years by *Amusement Today* magazine. Reputation of safety and good products.
- Product diversification: Hotels, food shops, shows (All Wheels Live)...
- The company operates in 13 of the top 25 largest markets in the United States and Canada and serves a population based on more than 150 million people.
(New York • Los Angeles • Toronto • Philadelphia • Washington DC • Detroit • Minneapolis • St. Paul • San Diego • Baltimore • Pittsburgh • San Francisco • Oakland • Cleveland • Cincinnati)
- Large geographical cover: both West and East coast of the country.
- Increase of the attendance rate: 22.1 million in 2007 (19.3 in 2006)
- Huge success of Cedar point's new coaster: Maverick

WEAKNESSES:

- Revenue slow down in 2007 (19% increase compared to 2006 46%)
- In case of problematic situation, the ratio staff/ customer is way off and wouldn't allow a good management of the situation.

OPPORTUNITIES:

- Develop the product and market portfolio with the Paramount acquisition.
- Construction of a new roller coaster at Canada's Wonderland: Behemoth.
- Develop partnership and sponsoring of other companies.

THREATS:

- Impact of the financial crisis:
 - Reduced capacity to obtain a loan and invest in new rides
 - Reduction of the attendance rate (Cedar Point biggest market is Detroit, highly affected by the downturn of the automotive industry)

2) Industry Analysis:

The market:

The amusement parks industry is highly concentrated: the 8 largest park operators hold approximately 75 percent of total industry revenue. (Business Wire, Amusement Parks & Arcades Industry Analysis)

Approximately 600 amusement parks operate in the US. The average large amusement park has annual revenue of \$100 million, while mid-sized parks have \$10 million of revenue and 75 employees.

The industry of amusement parks relies on the health of the economy (especially consumer income). Because of high fixed costs, the parks need a high volume of customers to be profitable. Large companies can build expensive rides and modernize them regularly, while having economies of scale in operations and advertising; what smaller companies can't do. That's why this industry will probably be very affected by the financial crisis, having fewer customers but also less possibilities to invest in new rides.

Customer profile:

During the last two years, 37.8% (83,501,751) of adult Americans attended theme parks and exhibits during an out-of-town, overnight trip of one or more nights. Amusement Parks were visited most often (26.0%), followed by a zoo (15.7%) and an aquarium (15.7%)

(Ontario Ministry of Tourism, US travel market analysis: visiting theme parks and exhibits while on trips)

3) Potential Crisis Company May Face

Cedar Fair has a wide variety of crisis' they could face. Some are particular to the amusement park industry, others pertain more to the large amount of customers that enter and leave Cedar Fair parks, while others could apply to any industry. Some potential crisis' the Cedar Fair Company could endure are, but are not limited to:

- Death, injury, or bodily harm of a customer due to the malfunction of a ride or attraction
- Vandalism of a ride or attraction
- The theft of a customer's personal belongings
- The kidnapping of a child
- A lost child or person
- The contamination of food, water, or other leading to illness
- Drowning in the water parks
- Any type of shooting, or weapon abuse
- Money theft, fraud, or any internal monetary wrongdoing
- Any external economic factor, such a downturn in the economic market

Our communication plan is meant to function as a general guideline so that each other these situations can be given the customized attention it requires.

3. CRISIS COMMUNICATION PLAN:

1) Plan overview:

a. Plan Objectives

A crisis communication plan is written as a guide in order to handle an emerging crisis. It is developed in order to foresee different kinds of crisis's that can occur, and how a company can deal with them. It states what should be done and in which order. A crisis communication plan sets up standards for procedures, and helps staff to know what to do and who to contact. It is also created for the people affected by the crises, by providing correct information quickly, and helping them move on with their own personal tragedy. The crisis communication plan is created and kept as a public document so that people can follow company procedures. It helps the company work more effectively and focuses on the aspects of the crisis that are most important. During a crisis it is very important that the organization works efficiently because time is such an important factor. By keeping a crisis communication plan, the company can prepare employees to work under extreme situations before a crisis happens.

As said before, the crisis communication plan is created in part to help the people affected. However, it is also a tool used to define who is affected. "Affected" encompasses

not simply those parties hurt, but also any parties involved. Questions to ask are who should be informed, and whether different people should be given different information or if all information should be available to everyone? The crisis communication plan also helps with the more administrative aspects of a crisis, such as designing press releases and establishing which kinds of media should be focused on.

b. Crisis Communication Team

The crisis communication team should be established quickly. Their job is to identify which course to take during the crisis. They are also responsible for appointing a spokesperson.

At a minimum, the team should include the CEO, the vice president, the chief of public relations, the senior manager of the affected department, the safety officer, a lawyer and anyone else who may help to shed light on the ongoing crisis. For Cedar Fair

Entertainment Company, November 2008, these would be:

- CEO, Richard L. Kinzel
- Vice president, Duffield, E. Milkie
- Chief of Public Relations
- The Safety Officer
- Lawyer
- The Senior Manager for the affected department

These people are chosen because together, these people can form an overview of most aspects of the business and crisis. They complement each other, which in a crisis situation can be used to cover most, if not all, grounds of a crisis.

2) Plan beneficiaries

a. Positioning

This section establishes how Cedar Fair should position itself in the midst of a crisis. If the crisis is caused by Cedar Fair, it is important that the company admits fault immediately and makes clear that it will do everything it can in order to solve the problem. However, if an outside partner causes the problem, the company may need to implement a different positioning strategy. As Cedar Fair points out on their homepage, they are « firmly committed to the principles of honesty, integrity and fairness in all aspects of its business relationships with vendors, customers, employees, investors and others» (Contact Information). Therefore it is important that the company acts quickly and honestly throughout the entire crisis communication process. When deciding positioning, it is important to put the company in the position of the customer in order to show customer sympathy. In a crisis, Cedar Fair needs to be positioned as an honest and reliable company that people can trust to take the right actions and provide their customers with appropriate information.

b. Key Audience / Stakeholders

The key audiences within a corporation are the people who have any facet of interest in the company, also called the stakeholders. These are people who are directly or indirectly affected by a company and its actions, and therefore need to be informed of the situation (Virginia Tech Communication Plan). In a crisis, it is essential that all groups involved in the

company receive information. The key audience will receive different formats of messages sent out by the company. Therefore, it is important to consider the most appropriate method of communication for each of these groups and how to make contact with these groups during a crisis (Pr Plan). In order to avoid the spread of false rumors, it is essential that company has developed an effective way of communicating to each of these groups (Virginia Tech Communication Plan). For Cedar Fair, the key audience consists of employees, the board of directors, the general public including customers, media (national and international), the community where the parks are located, shareholders, competitors, and suppliers.

c. Media Policies and Procedures

Since Cedar Fair operates in the US, this is where Cedar Fair must establish media centers. The main media center will be located in the same area as one of the company's biggest amusement parks, Cedar Point in Sandusky, Ohio. It is important that the media center is not located too far from the main park. Otherwise it would be impossible for the center to see what is going in the park, which would not look good for the company in the eyes of the public. The media center needs to be located close enough to the main park to have the possibility of visibility in case, for example, a fire breaks out (Crisis Communication Plan). However since a crisis can appear anywhere, Cedar Fair will establish media sub-centers in other parts of the US where the company has amusements parks.

As stated before, every key audience will receive different formats of messages. However, when it comes to the media, it is important to treat all media equally. The same information that goes out to one media source must go out to all media sources. The crisis communication team will decide where to locate interviews and press releases.

In order to more easily control the interview processes, we will limit the communication with the media one spokesperson (Crisis Communication Plan). Additionally, the guidelines for media relations must remain consistent, and not change regardless of crisis.

Cedar Fair needs to assign employees to the task of escorting media during a crisis. A contact log could help record all messages received from the key audiences wanting to know more about the crisis. This would serve as a means to help log and check Cedar Fair's messages and return phone calls. The information included in the contact log would be date, name of caller, questions(s) asked, telephone number, person responsible for response and additional follow-up needs.

3) Implementation:

a. Evaluation and Follow Up

In order to create the most effective and efficient crisis plan trial and error is essential.

Learning from past mistakes and successes will be the most beneficial information possible for any future Cedar Fair crisis. The evaluation process will consist of three main elements: First, analyzing media coverage, then debriefing, and finally testing the plan.

The combination of these three processes will ensure that Cedar Fair is continually improving its crisis plan whenever possible.

Analyzing the media coverage about the company's past crises will give great feedback as to the reactions from both the public and the media on how the situation was handled. If the media reports the behavior or actions as negative or inappropriate, Cedar Fair can use this as a tool to reshape the crisis plan to better please the public. The negative media will show flaws and help prevent past mistakes from reoccurring. Through correcting and acknowledging previous blunders, the company can ensure continued success and a consistent reputation.

The second step in the evaluation process is debriefing. After any crisis, the communication team will meet and discuss where things went wrong, and what ran smoothly. This is another area where learning from mistakes is the best way to move forward. The communication team is very knowledgeable about how the crisis was

handled because they were provided with all of the information, and are best equipped to decide how to improve.

The final step is to test the plan. Cedar Fair has an obligation to its customers and employees to do its best to be fully prepared for any crisis. Testing our plan is the best way to see how it will work during an actual crisis. Cedar Fair will test its crisis plan annually, and make changes where the plan proves faulty. Along with providing feedback, this procedure will also reassure customers that the company is constantly preparing for any potential crisis and making improvements for their protection. Implementing random unannounced drills for various possible issues is another effective way to prepare both employees and park attendees for a real crisis. This will be another key component in evaluating and developing our crisis procedures.

b. Sample press release:



Contact: Bryan Edwards

FOR IMMEDIATE RELEASE

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CEDAR POINT ANNOUNCES NEW THRILLS AND CHILLS

Cedar Point, owned and operated by Cedar Fair Entertainment Company, has just announced plans for its newest rollercoaster, Maverick. Standing at 4,450 feet and traveling at speeds of up to 70mph, Maverick is sure to live up to expectations set by Cedar Point's overwhelmingly popular and award winning Millennium Force.

Richard L. Kinzel Chairman of the Board, President & CEO of Cedar Fair describes Maverick as, "a little bit unconventional, a little bit erratic, a little bit of a rebel". Maverick's first drop sits at a 95 degree angle, and continues with 10 banked turns at 62 to 92 degree angles, and boasts two 360 degree corkscrew rolls. This ride is certainly not for the faint at heart.

Cedar Fair has been dedicated to the family entertainment and thrill-ride industry since 1870. Constantly innovating and creating some of the most powerful and advanced rides in the world. Cedar Point, Cedar Fairs flag ship park has been named *Amusement Today* magazine's Best Amusement Park in the World for ten consecutive years, making a world record.

In addition to the thrill ride Maverick, Cedar Point is also expanding it's family friendly sections of the park. Planet Snoopy will be open this season with several attractions for their younger park visitors including a Snoopy show on ice. Planet Snoopy is also equipped with a Family Care Center which allows families to take a break from the action.

To learn more about Cedar Point's exciting new attractions visit their website at <http://www.cedarpoint.com/>. Or to get more information about Maverick check out, <http://maverick.cedarpoint.com/>

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4. E.COLI O157:H7 VIRUS OUTBREAK

1) Cedar Fair E.coli outbreak communication plan

a. Initial Phase:

- Cedar Fair will release a statement to express its support to the families of the children who contracted the E.coli virus and inform the stakeholders of the measures that have been taken:
 - Pools have been shut down immediately
 - A team of experts is currently running an investigation to determine the causes of the contamination.

- The company will inform customers of the measures that they should take if they suspect being infected by the virus:

“All customers present at Tadpole Town section of the park since the opening day of the Cedar Point Soak City must contact the Park authorities who will give them further information about the situation.”

- Cedar Fair will then explain what are the symptoms and the risks of the E.coli O157:H7 virus:
 - Severe vomiting and diarrhea
 - Can cause kidney failure
 - May cause the death of the patient in severe cases
 - Affects mostly young children

- The company is doing everything it can to keep everyone informed of the situation and a microbiologist will be at the disposition of the medias and the customers to provide all the information required about this virus.

b. Maintenance Phase

- Cedar Fair will set up a hot line to inform more in details about the virus and the risks associated with it. Our expert will again inform people about E.coli symptoms and risks:
 - Symptoms start about 7 days after you are infected with the germ.
 - The first sign is severe abdominal cramps that start suddenly.
 - After a few hours, watery diarrhea starts. The diarrhea causes your body to lose fluids and electrolytes (dehydration). This makes you feel sick and tired. The watery diarrhea lasts for about a day.
 - Then the diarrhea changes to bright red bloody stools. The infection makes sores in your intestines, so the stools become bloody. Bloody diarrhea lasts for 2 to 5 days. You might have 10 or more bowel movements a day. Some people say their stools are "all blood and no stool."
 - You may have a mild fever or no fever.
 - You may also have nausea or vomiting.
 - If you have any of these symptoms -- watery, bloody diarrhea, cramps, fever, nausea or vomiting -- try to get to your doctor right away.
 - Don't take medicine to stop diarrhea unless your doctor tells you to. This medicine would keep your intestines from getting rid of the E. coli germ.

- The company will explain the origin of the virus outbreak:
 - A child had an “accident” in one of the pools of Cedar Point Water Park. Feces contaminated the water and that’s how the virus spread out.

- The company will release the results of the investigation made by an independent company:
 - The chlorine level in the pools was 1mg/liter which is above the government required level.
 - The Cedar point team reacted correctly to the situation, implementing the “recreational water illness outbreak plan” immediately (Cf. Recreational Water Illness Outbreak Plan.)

- Regardless of the source of the outbreak and in accordance with the company’s code of ethic, Cedar Fair will give its customers a financial compensation for medical care.

- Cedar fair will also give people basic advices to prevent E.coli contamination while attending public pools and water parks in the future. The company will also remind stakeholders that some signs are displayed since January 1st, 2009 in several locations in the water parks (bathrooms, pool beaches, hot tubs, dressing rooms, reception, showers...).

Those signs are here to remind people basic hygiene rules that have to be followed in our water parks:

- Please, don't swim when you have diarrhea...this is especially important for kids in diapers.
- Please, don't swallow the pool water.
- Please, practice good hygiene.
- Please, take your kids on bathroom breaks often.
- Please, change diapers in a bathroom and not at poolside.
- Please, wash your child thoroughly (especially the rear end) with soap and water before swimming.

2) Recreational Water Illness Outbreak Plan

Cedar Fairs goal is that by May 2009 all pools at Cedar Fair Water parks should have separated filtration systems. This is done so that if a Cedar Fair pool has a fecal accident we do not have to close down more than one pool. This is especially important for kids' pools. Pools shall be emptied and cleaned for E. coli O157:H7 virus, the disinfection process only takes 5 minutes, in which parents can take their children on a bathroom break, reducing the risk of contamination further. In order to maximize the usage of these bathroom breaks, toilets, nursery stations etc. have to be cleaned once every hour.

Furthermore, Cedar Fairs first concern is the safety and health of our customers; therefore we adapt the strictest regulations for an infected pool. All threats are considered the worst (as a diarrheal fecal incident) in order to minimize the risk of further contamination.

The Cedar Fair Recreational Water Illness Outbreak Plan is as follows:

Cedar Fair follows the recommendations of the Central for Disease Control and Prevention (CDC).

In the possibility of a contamination or an actual infection, take these actions:

1. Empty pool. If two or more pools are connected, empty all pools and do not allow anybody in the pools until decontamination procedures are completed. Urge everyone to go to the bathroom, shower thoroughly, change diapers and clean their kids properly. Close all entryways to the pool area so no one steps in to the pool during the disinfection.
2. Remove as much of the fecal material as possible using a net or scoop and dispose of it in a sanitary manner. Clean and disinfect the net or scoop (e.g., after cleaning, leave the net or scoop immersed in the pool during disinfection).
3. Raise the free chlorine concentration to 20 ppm (mg/L) and maintain the water's pH between 7.2/7.5 and temperature at about 77F (25). The chlorine and pH should remain at these levels for at least 12.75 hours in order to achieve the CT inactivation value of 15300. Crypto CT values are based on the inactivation of 99.9% of oocysts.
4. Ensure that the filtration system is operating while the pool reaches and maintains the proper chlorine level during disinfection. If necessary, before attempting the

hyper chlorination of any pool, consult an aquatics professional to determine the feasibility, the most optimal and practical methods, and needed safety considerations.

5. Backwash the filter thoroughly after reaching the CT value. Be sure the effluent is discharged directly to waste and in accordance with state or local regulations. Do not return the backwash through the filter. Where appropriate, replace the filter media.

6. Allow swimmers back into the pool after the required CT value has been achieved and the chlorine level has been returned to the normal operating range allowed by the state or local regulatory authority.

3) E.Coli outbreak Press release



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CEDAR FAIR RESPONDS TO E-COLI OUTBREAK

Soak City, owned and operated by Cedar Fair Entertainment Company, was informed yesterday of the current E-coli outbreak in the Cleveland area. The outbreak was traced to the opening of Soak City, when a young boy, who was infected with E-coli, had an accident in Tadpole town, contaminating the water.

Soak City was immediately shut down by the CDC and OSHA. Cedar Fair ensures that chlorine levels at the time were above requirements issued by the government, and that the company has always taken extreme measures to insure the safety of its customers. In a statement made to the press they express sympathy to the families affected and offer support for medical bills.

It is unknown when Soak City will reopen, but Cedar Fair officials are confident that the CDC and OSHA will find that they took appropriate action. Cedar Fair also advised anyone who attended the opening of Soak City to visit their local health authorities, and get tested for E-coli disease.

Bryan Edwards, public relations for Cedar Fair states, "This is an extremely unfortunate situation, Cedar Fair has always been dedicated to the health and safety of its customers. If customers can work with us and take every possible precaution before entering our facilities, we can help ensure the wellbeing of everyone. We will do everything in our power to prevent this in the future, but it must be a dual effort between Cedar Fair and its customers. Again we express our sincerest condolences to those affected".

For information on how to protect both yourself and others before hitting the water park this season please visit, <http://soakcity.cedarpoint.com/> or <http://www.cedarfair.com/>.

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