



March to the Millennium Survey Project

**July 1998
Thunder Bay, Ontario**

Executive Summary

This research project was conducted by Thunder Bay Ventures in an attempt to gauge the attitudes of the small business community in Thunder Bay. It was believed that the timing of this study was especially important in light of the significant developments proposed for Thunder Bay (e.g., the Regional Hospital, the Waterfront Development). It is believed that developments such as these will help to define Thunder Bay as it enters the new millennium and hence the title of the current study - the *March to the Millennium Survey Project*.

This project had three primary objectives, the first of which was to gauge the attitudes of the local small business community about the current business climate. Second, the study attempted to identify the most significant threats and opportunities facing these businesses as they approach the next millennium. Finally, the study sought to identify community factors that would be most critical to the maintenance and development of the City's economy into and beyond the year 2000.

With respect to the first objective, it was found that the small business community holds a predominately optimistic attitude about the economic future for both the City and their own business. This optimism was exhibited by the fact that respondents plan to increase investments in their businesses over the course of the next 12 months, most notably in the areas of marketing/promotion and facility improvement. However, the most significant indicator of a positive business climate was the fact that 93.2% of respondents plan to maintain or increase staffing levels in the next year.

With respect to opportunities, it was found that respondents believe tourism and tourist-related projects represent the most significant economic opportunity for the community into the next millennium. This finding was supported by the growth in revenue and employment forecasted by those businesses in the hospitality/tourism sector.

However, it was also discovered that the community has a number of issues to overcome in order to seize this opportunity and attract greater numbers of tourists or employees to the city. Specifically, it was believed that the city needs to co-ordinate its promotional activities better in order to increase awareness of its existing attractions and to develop new markets. Additionally, the high cost of air travel was seen to be a significant impediment to future growth

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Section A: Survey Purpose and Sampling Frame

The current research project was initiated and conducted during May and June of 1998, under the direction of Thunder Bay Ventures, and was intended to serve as a barometer of the current business climate in Thunder Bay. The collected information would also provide a benchmark against which changes in business climate could be measured. The timing of this study was important given the significant developments recently proposed for Thunder Bay: the Regional Hospital, the Waterfront Development and the Big Thunder development to name a few. Developments such as these will punctuate the city's entrance into the new millennium and hence the current study was entitled the *March to the Millennium Survey Project*.

The *March to the Millennium Survey Project* had three primary objectives. First, the study sought to gauge the attitudes of the local small business community concerning the current business climate in Thunder Bay. Second, participants were asked to identify the most significant threats and opportunities facing their businesses in the years ahead. Third, the study sought to ascertain which community factors were seen as most critical to the maintenance and development of the City's economy into and beyond the year 2000.

The specific sample selected for this study was the Thunder Bay small business community. This sample was primarily a response to two factors: 1) the mandate of Thunder Bay Ventures and 2) the significant impact of small business upon both the local and Canadian economies. Specifically, Thunder Bay Ventures is funded by Industry Canada through FedNor, as part of the federal government's Community Futures Program and has a mandate to generate community economic development research, as well as, provide financing for small business.

Sampling Frame

A sample of 303 participants was obtained using a convenience sample drawn from membership lists maintained by a number of local business organizations. In an attempt to secure a wide cross-section of businesses in the Thunder Bay region, a random sampling of every 3rd business found on these lists was mailed a copy of the research instrument (see Appendix A). The sources from which participants were drawn, as well as, the total number of participants selected to receive a copy of the survey from each source is found below.

<u>Source Organization/Agency</u>	<u># Participants</u>
•Thunder Bay Chamber of Commerce	
•Home Based Businesses	26
•1-6 employees	176
•7-14 employees	33
•Thunder Bay Ventures	16
•The Ecotourism Network	10
•Thunder Bay Native Business Directory	24
•PARO Women's Load Fund	<u>18</u>
<i>Total</i>	<i>303</i>

In addition to the self-administered mail survey, participants received a letter from Thunder Bay Ventures introducing the survey and its purpose. Participants also received an incentive to complete and return the survey – an entry into a drawing for a pair of *Millennium*® hiking boots supplied by *Gear Up For Outdoors*. The survey was very well received by the small business community as demonstrated by the fact that over 24% of participants (n=73) completed and returned the survey instrument. An extensive profile of the business respondents is found in the following section.

Section B: Profile of Survey Respondents.

The final sample (those that completed and returned the survey instrument) was comprised of 63.4% males with the average respondent 43.35 years of age. Although the “primary industry” sector was not represented in the final sample, it was believed that the research emphasis on “small business” (typically less than 15 employees) precluded businesses from this sector. Despite this shortcoming, a diverse group of businesses were represented in the March to the Millennium Survey Project, as illustrated by the fact that 7 industry sectors were represented in the final sample. While a number of businesses were categorized as “other,” closer examination suggests that most, if not all, of these could have been categorized as services (e.g., consultant).

<u>Industry Sector</u>	<u>Percentage of Businesses in Sample</u>
Service-type business	(35.6%)
Retailing	(17.8%)
Other	(15.1%)
Hospitality/Tourism	(11.0%)
Real Estate/Insurance	(6.8%)
Construction	(6.8%)
Manufacturing	(5.5%)
Wholesale Distribution	(1.4%)

Thus, businesses participating in the Millennium Survey Project can be seen to mirror the trend occurring both locally and across Canada - a shift towards a service-based economy. In fact, if the *Service-Type, Other, Hospitality/Tourism and Real Estate/Insurance* sectors were combined, fully 68.5% of the sample could be classified as services. Although the extent to which services dominate the current sample may not accurately represent the local economy (e.g., employment, GDP) their significance to the local economy cannot be disregarded.

The businesses that responded to this survey had been in operation for an average of 15.82 years and would therefore be best described as - established. In addition, these firms had an average of 10.75 employees (5.75 full-time, 5 part-time). The average employment levels for each of the industry sectors included in the survey are presented the following table.

	<u>Construction</u>	<u>Hospitality/Tourism</u>	<u>Manufacturing</u>	<u>Real Estate/Insurance</u>	<u>Retail</u>	<u>Service</u>	<u>Other</u>
full-time	11.80	2.67	7.75	10.40	1.80	8.36	2.82
part-time	8.25	4.43	2.50	3.60	10.22	9.67	1.25

Section C: An Assessment of Thunder Bay's Current Business Climate

This section of the report addresses the first objective of the Millennium project in that the current business climate in Thunder Bay is examined. Specifically, this section begins with an empirical examination of current and projected business revenues and then proceeds with an inquiry of business attitudes regarding the future. However, it is first necessary to have an appreciation for the diversity of firms that participated in the *Millennium Survey Project*. Consequently, the following table categorizes participant firms according to their estimated sales/billings for the 1998 fiscal year. This table demonstrates that more than 50% of the firms in the study estimate revenues for the current year will exceed \$250,000.

<u>Estimated Sales/Billings in 1998</u>	<u>Percentage of Businesses in Sample</u>
<\$25,000	(17.4%)
\$ 25,000 - \$ 49,999	(4.3%)
\$ 50,000 - \$ 99,999	(11.6%)
\$ 100,000 - \$ 249,999	(15.9%)
\$ 250,000 - \$ 499,999	(26.1%)
\$ 500,000 - \$ 999,999	(10.1%)
\$1,000,000 - \$5,000,000	(14.5%)

Not unexpectedly, differences were found across industry sectors with respect to estimated revenues as illustrated by the following table. For example, the *Construction, Manufacturing and Real Estate/Insurance* sectors are dominated by firms with annual revenues in excess of \$250,000. In contrast, 50% of the firms in the *Hospitality/Tourism* and *Retail* sectors estimate revenues in 1998 will be less than \$100,000. This finding is consistent with an earlier table illustrating staffing levels that are characterized by a disproportionately greater number of part-time employees for the latter sectors.

	<u>Construction</u>	<u>Hospitality/Tourism</u>	<u>Manufacturing</u>	<u>Real Estate/Insurance</u>	<u>Retail</u>	<u>Service</u>	<u>Other</u>
< \$25,000	0%	25.0%	25.0%	0%	25.0%	12.5%	27.3%
\$25,000 - \$49,999	0%	12.5%	0%	0%	0%	8.3%	0%
\$50,000 - \$99,999	25.0%	12.5%	0%	0%	25.0%	8.3%	9.1%
\$100,000 - \$249,999	0%	25.0%	0%	0%	25.0%	16.7%	0%
\$250,000 - \$499,999	50.0%	12.5%	25.0%	20.0%	1	6.7%	29.2%
\$500,000 - \$999,999	0%	12.5%	25.0%	20.0%	0%	8.3%	36.4%
\$1,000,000 - \$5,000,000	25.0%	0%	25.0%	60.0%	8.3%	16.7%	9.1%

In an attempt to determine whether this estimated 1998 sales performance represented a positive or negative change over the previous year, respondents were asked to indicate the extent to which this revenue estimate differed from 1997. It was found that 62.7% of respondent firms anticipated that 1998 would represent an increase in revenues over the previous year.

<u>Change in Revenues over 1997</u>	<u>Percentage of Businesses in Sample</u>
Significant increase	(7.5%)
Slight increase	(55.2%)
No change	(14.9%)
Slight decrease	(17.9%)
Significant decrease	(4.5%)

However, not all sectors were experiencing similar trends in sales performance. For example, over 50% of businesses in the *Construction* and *Manufacturing* sectors anticipated a slight decrease in sales performance over 1997. In contrast, the majority of firms in the *Real Estate/Insurance* sector expect no change in sales performance. It should be noted that these three sectors represent less than 20% of the firms in the current sample. Therefore, in general it can be concluded that the local business community anticipates revenue growth this year.

	<u>Construction</u>	<u>Hospitality/Tourism</u>	<u>Manufacturing</u>	<u>Real Estate/Insurance</u>	<u>Retail</u>	<u>Service</u>	<u>Other</u>
Significant increase	0%	0%	0%	20.0%	0%	13.6%	9.1%
Slight increase	25.0%	75.0%	25.0%	0%	75.0%	72.7%	7.3%
No change	25.0%	25.0%	0%	80.0%	8.3%	4.5%	45.5%
Slight decrease	50.0%	0%	75.0%	0%	8.3%	4.5%	9.1%
Significant decrease	0%	0%	0%	0%	8.3%	4.5%	9.1%

When questioned further about the economic outlook for their particular business, the majority of respondents indicated that the anticipated 1997-1998 sales trend was likely to continue through the 1998-2000 period. Consequently, regardless of whether a firm was experiencing increased or decreased sales it was expected that the current trend would continue for the next two years.

Firms were also asked to identify the importance of various factors upon their 1998 performance. Although the following table presents these factors ranked from most to least important, it should be noted that these factors might have been responsible for either the positive or negative performance of the reporting firm. While only those factors deemed “important” by the respondents are reported here, it was surprising to find that factors such as the weather and city-sponsored events (e.g., Scout Jamboree) were not expected to have a significant impact on sales performance this year.

Factors Expected to be Contribute Most to 1998 Performance

- 1) General economic climate
- 2) Change in promotional efforts
- 3) Change in competitive environment
- 4) Entry of new businesses
- 5) Change to product/service offering

In summary, it appears that most businesses in the Millennium Survey Project are optimistic about the economic performance of their businesses this year and that changes in: the general economic climate, promotional efforts and the competitive environment are expected to have the greatest impact on this year’s economic performance.

Section D: Towards the Millennium – Business Attitudes about the Future

While the previous section examined the current business climate in Thunder Bay, this section examines the attitudes held by the local business community regarding the immediate future. For example, when asked about the kind of economic growth they anticipate for Thunder Bay in the next 12 months, 40.3% of respondents believed that the city would experience increased growth. In contrast, only 22.3% felt the city's economy would experience even a slight decrease.

<u>Economic Growth Expected in next 12 months</u>	<u>Percentage of Businesses in Sample</u>
Significant increase	(1.4%)
Slight increase	(38.9%)
No change	(37.5%)
Slight decrease	(18.1%)
Significant decrease	(4.2%)

Again, the economic forecast for Thunder Bay was seen to vary substantially across industry sectors, suggesting that many responded to this question by projecting the anticipated economic performance of their own particular business or industry upon that of the city. The industry data reported in the following table clearly illustrates the bullish attitude exhibited by the *Retail*, *Hospitality/Tourism* and *Manufacturing* sectors, and the bearish attitude of those in the *Real Estate/Insurance* industry.

	<u>Construction</u>	<u>Hospitality/Tourism</u>	<u>Manufacturing</u>	<u>Real Estate/Insurance</u>	<u>Retail</u>	<u>Service</u>	<u>Other</u>
Significant increase	0%	0%	0%	0%	0%	0%	9.1%
Slight increase	0%	50.0%	50.0%	40.0%	69.2%	36.0%	18.2%
No change	80.0%	50.0%	0%	0%	23.1%	40.0%	54.5%
Slight decrease	0%	0%	50.0%	60.0%	7.7%	20.0%	18.2%
Significant decrease	20.0%	0%	0%	0%	0%	4.0%	0%

This generally positive outlook is further supported by the fact that 64.4% of businesses anticipate no change in staff levels during the next 12 months. In fact, 28.8% of respondents anticipate increased staff levels in the next year, which is perhaps the most significant indicator of the optimism that exists in the business community

<u>Employment Forecast for the next 12 months</u>	<u>Percentage of Businesses in Sample</u>
No changes planned to the existing employee levels	(64.4%)
Plan to hire new employee(s)	(21.9%)
Plan to shift some part-time to full-time	(5.5%)
Plan to recall laid-off employee(s)	(1.4%)
Plan to reduce the current number of employees	(2.7%)
Plan to shift some full-time to part-time	(1.4%)
Other	(2.7%)

The sector by sector analysis contained in the following table reveals that while the majority of industries anticipate no changes to their current staff levels, firms in the *Hospitality/Tourism, Real Estate/ Insurance, Retail* and *Service* sectors are planning to increase staff levels. This result is consistent with the optimism previously reported by these industries and also supports the widely held belief in the trend towards growth in the service sector.

	Construction	Hospitality/Tourism	Manufacturing	Real Estate/Insurance	Retail	Service	Other
no changes	80.0%	62.5%	50.0%	60.0%	76.9%	53.8%	72.7%
hire new employee(s)	0%	25.0%	0%	40.0%	23.1%	26.9%	18.2%
shift full-time to part-time	0%	0%	25.0%	0%	0%	0%	0%
recall employee(s)	0%	0%	0%	0%	0%	0%	9.1%
reduce employees	20.0%	0%	0%	0%	0%	3.8%	0%
shift part-time to full-time	0%	0%	25.0%	0%	0%	11.5%	0%
other	0%	12.5%	0%	0%	0%	3.8%	0%

Another indicator of an optimistic business climate is the degree to which firms plan to invest in their businesses. The following list represents a rank ordering of those items that the participant firms were most likely to invest in over the next year. Perhaps most encouraging are the planned investments in advertising/promotion and in facility improvement. It is generally believed that the marketing budget is the first to be cut in times of economic uncertainty and therefore, increased expenditures would further support the contention that there is a bullish attitude amongst those in the local small business community. In addition, the willingness of business owners to invest in facility improvements signals that there is optimism for the long term, as investments of this type often have a lengthy payback period.

Most Anticipated Investments in the next 12 months

- 1) increased advertising/promotion
- 2) customer service initiatives
- 3) staff training programs
- 4) facility improvements
- 5) internet homepage(s)
- 6) strategic business plan

To summarize, the local business community appears to be particularly optimistic about the next twelve months especially those businesses in the services sector of the economy. For example, participant firms generally predict stable or increasing employment levels and a willingness to invest in several facets of their business over the course of the next year.

Section E: Identifying the Opportunities and Threats on the Road to the Millennium

While the previous sections tried to gauge general attitudes about Thunder Bay's current and forecasted business climate, this section attempts to identify specific opportunities and threats facing the local business community over the next few years.

For example, respondents were asked to select the one project or factor that they felt was likely to have the greatest positive impact on the Thunder Bay economy over the next five years. The following table indicates the proportion of respondents that selected an issue as having the most significant positive impact. It should be noted that tourism or tourist-related projects (e.g., Waterfront Development, Big Thunder Development) were mentioned by 61.5% of participants with the Waterfront Development the most commonly cited. However, approximately 25% of respondents believed that the regional hospital would have the most significant impact on the local economy into the next millennium.

<u>Project/Factor</u>	<u>Percentage of Businesses in Sample</u>
Waterfront development	(30.8%)
Tourism	(29.2%)
Regional hospital	(24.6%)
College/University	(6.2%)
Other	(4.6%)
"Big Box" merchants (e.g.Chapters, Home Depot)	(3.1%)
Big Thunder development	(1.5%)
Innova business park	(0%)

Although not unexpected, the industry sector analysis presented below reveals differences in the ranking of projects. For example, the regional hospital is seen to be the single most important economic project by the *Construction* and *Retail* sectors while the waterfront development or general tourism is cited by the other industries. However, many respondents commented that the projects were equally important and that it was difficult to select the most important factor. This finding is reflected by firms in the *Real Estate/Insurance* sector that were equally divided between tourism and the regional hospital as the most important economic project.

	<u>Construction</u>	<u>Hospitality/Tourism</u>	<u>Manufacturing</u>	<u>Real Estate/Insurance</u>	<u>Retail</u>	<u>Service</u>	<u>Other</u>
Waterfront development	20.0%	12.5%	100%	0%	30.0%	28.0%	44.4%
Tourism	20.0%	50.0%	0%	50.0%	20.0%	32.0%	22.2%
Regional hospital	40.0%	12.5%	0%	50.0%	40.0%	20.0%	22.2%
College/University	0%	25.0%	0%	0%	0%	8.0%	0%
Other	20.0%	0%	0%	0%	0%	8.0%	0%
"Big Box" merchants	0%	0%	0%	0%	0%	4.0%	11.1%
Big Thunder development	0%	0%	0%	0%	10.0%	0%	0%
Innova business park	0%	0%	0%	0%	0%	0%	0%

Business owners were also asked to identify the industry that they believe represents the single greatest opportunity for the local business community into the year 2000. Again, the majority of respondents selected the hospitality/tourism industry as the most significant opportunity closely followed by secondary industry. Furthermore, with the exception of the construction sector, there was agreement across sectors that the hospitality/tourism sector represented the greatest single opportunity for the business community into the next millennium.

<u>Industry</u>	<u>Percentage of Businesses in Sample</u>
Hospitality/tourism	(32.8%)
Secondary (e.g., manufacturing)	(25.0%)
Primary (e.g., logging, mining)	(15.6%)
Health care	(10.9%)
Construction	(6.3%)
Service	(6.3%)
Education (e.g., post-secondary education)	(1.6%)
Other	(1.6%)

The business community was also asked to indicate the importance of a number of factors to the success of their particular business in the year 2000 and beyond, the ranking of which is presented in the following list. New markets were cited as the most important factor to the respondents followed by increased promotional efforts, cap on taxes and the entry of new businesses. Regardless of whether respondent firms are seeking export markets, new retail customers or an influx of tourists, it appears that across all sectors businesses have recognized the importance of looking farther afield for business. Furthermore, these firms have acknowledged that increased promotional efforts will be required to attract this business.

Ranking of Business “Success” Factors

- 1) New markets
- 2) Increased promotional efforts
- 3) Cap on taxes
- 4) Increased entry of new businesses
- 5) \$CDN-\$US exchange rate
- 6) Attracting qualified staff
- 7) Facility improvements
- 8) Increased tourism
- 9) Waterfront development
- 10) Business “Partnering”
- 11) Increased College/University enrollment
- 12) Completion of Regional Hospital
- 13) Major events (e.g., Canada Games, Jamboree)
- 14) Sports franchises (e.g., Flyers, Whiskey Jacks)

Caution should be taken when examining the previous list of success factors as many of its items could have either a positive or negative impact on business performance. For example, the increased entry of new businesses could indicate either a threat or an opportunity depending on the extent to which such businesses complement or compete with the existing business. Similarly, while the exchange rate differential is currently a positive factor for inbound tourism and exports it is a significant impediment to outbound tourism. Thus, some interpretation is required to determine the specific impact of each of the previous items, especially where industry level analyses are concerned. To this end, the following table is insightful as it presents the relative ranking of these success factors by industry.

	<u>Construction</u>	<u>Hospitality/Tourism</u>	<u>Manufacturing</u>	<u>Real Estate/Insurance</u>	<u>Retail</u>	<u>Service</u>	<u>Other</u>
New markets	1	2	1	1	1	1	1
Regional Hospital	6	8	6	4	10	12	7
Increased tourism	9	1	4	6	4	9	9
Facility improvements	7	3	5	7	9	5	6
Attracting qualified staff	8	11	2	3	11	3	4
\$Cdn-\$US exchange rate	5	3	3	7	3	10	7
Cap on taxes	3	5	4	2	5	4	3
Major events	9	6	7	9	6	2	10
Entry of new businesses	4	10	4	3	8	8	5
Increased promotions	2	4	4	4	2	2	2
Waterfront development	6	4	2	5	7	11	9
Sports franchises	10	12	7	8	12	13	11
College/University enrolment	10	7	6	3	13	6	8
Business "Partnering"	9	9	8	4	11	7	7

The survey also sought information on future market opportunities. Specifically, respondents were asked to select the one region/area that they felt represented the greatest potential source of customers in the next five years. Despite the stated importance of "new markets" to future success, the following table indicates that 70.5% of respondents felt that the greatest source of potential customers, in the short term, would continue to be from the surrounding geographic region. This finding suggests that local businesses have not fully tapped into the potential of the surrounding regions (i.e., those beyond the municipal boundaries) and/or do not consider distant markets feasible for the short term.

<u>Market</u>	<u>Percentage of Businesses in Sample</u>
North-western Ontario	(36.1%)
Midwest States	(34.4%)
Europe	(8.2%)
Prairie Provinces	(6.6%)
Western U.S.	(4.9%)
Asia	(4.9%)
Southern Ontario	(3.3%)
Southern U.S	(1.6%)

Although not a general economic question, the economic impact of “Big Box” merchants (e.g., Superstore, Chapters) on municipal economies has sparked substantial debate. As a result, it was decided that an attempt should be made to gauge the attitudes of the local business community on this issue. Interesting, although not unexpected, was the degree to which respondents were divided in their opinions concerning the impact such merchants would have on the local economy, as illustrated by the following table.

Impact of “Big Box” Merchants	Percentage of Businesses in Sample
Very positive	(13.9%)
Slightly positive	(37.5%)
No impact	(8.3%)
Slightly negative	(34.7%)
Very negative	(5.6%)

Although slightly more than half (50.4%) of respondents felt that the “Big Box” merchants would have a positive impact upon the city’s economy, the following table demonstrates that both within and across industry sectors there were widely divergent opinions on this issue. For example, while the *Manufacturing* and *Hospitality/Tourism* sectors felt that such merchants would have a positive effect upon the local economy, many businesses in the *Construction* and *Other* sectors believed that such merchants would have a slightly negative impact. The extent to which the business community is divided on this issue is best illustrated by those in the *Retail* and *Real Estate/Insurance* sectors, where respondents were polarized on the impact of such merchants.

	Construction	Hospitality/Tourism	Manufacturing	Real Estate/Insurance	Retail	Service	Other
Very positive	20.0%	12.5%	25.0%	0%	7.7%	19.2%	9.1%
Slightly positive	0%	50.0%	75.0%	50.0%	38.5%	38.5%	27.3%
No impact	40.0%	25.0%	0%	0%	7.7%	0%	9.1%
Slightly negative	40.0%	12.5%	0%	50.0%	38.5%	38.5%	54.5%
Very negative	0%	0%	0%	0%	7.7%	11.5%	0%

Similar to the previous discussion regarding the impact of new businesses upon economic performance, it is believed that many businesses view the impact of the “big box” merchants in terms of whether they will complement or compete with their own business. For example, for some local retailers these businesses are direct competitors and therefore a significant threat, whereas other retailers benefit from the traffic created by such merchants.

However, the greatest insight into the potential impact of such firms was provided by respondent comments to the following question. *In particular, how are these [big box] retailers likely to affect our local economy?* The following are a sample of the views¹ expressed by participants in the Millennium Survey Project.

¹ Thunder Bay Ventures would like to emphasize that the views expressed are those of the individual respondents and in no way reflect those of the organization’s management, board, or membership.

First of all, there were a number of individuals that explained why these merchants would have a primarily positive impact upon Thunder Bay's economy:

"If we can save money on groceries, etc. then we can afford to spend more money in local restaurants, specialty stores, [on] building supplies, advertising etc. It's a good thing."

"...survival of the fittest. The consumer will win in this situation."

"...they attract visitors to the community who will be spending money here – we need to become a hub in North-western Ontario."

"It will help make businesses more competitive and fair to consumers, as well as, create jobs, and help bring industry to the city..."

In contrast, there were those individuals that held strong views that such merchants would have a primarily negative impact upon local business and more generally the quality of life in the local community.

"Selection will be limited. These small merchants support many charities and lifestyles."

"They are creating a large number of lower paid part-time positions... full time jobs are going to be a thing of the past if it continues."

"The Canadian dollar is being spent in American stores instead."

However, another group of respondents felt that the "big box" merchants would likely represent a double-edged sword for the local community - one with both positive and negative sides.

"They bring in more shoppers from outlying regions to Thunder Bay. They may put smaller competitors out of business or force them to become specialty shops."

"...increased competition will likely drive down prices, but force out smaller competitors."

"Although they will likely attract customers from surrounding area, I fear for smaller local businesses."

Finally, a few respondents offered either advice or consolation to those concerned that the entry of the "big box" retailers will have deleterious effects on local businesses.

"...will draw some customers away at first. Loyal ones will return for service."

"the small retailer must find a way to offer better customer service in order to take the market away from "Big Box" [merchants]. Therefore better satisfaction [will lead to]... less hesitation for the customer to spend money locally."

The “big box” merchant issue generated a lot of interest amongst survey participants and elicited a wealth of insightful, albeit polarized comments. However, there does appear to be agreement on one issue - an empirical study that can separate fact from conjecture on this issue appears particularly warranted.

Section F: Thunder Bay as a Place to Live, Visit & Conduct Business

In this last section there was an attempt to ascertain the strengths and weaknesses of Thunder Bay and the extent to which these factors are perceived to either facilitate or impede the operation of a business in Thunder Bay. In addition, there was an attempt to determine the degree to which these same factors are believed to influence efforts to attract both tourists and future residents.

First of all, participants were asked to judge the degree to which Thunder Bay meets the needs of their business relative to other cities. Of the thirteen factors, respondents indicated that Thunder Bay was better than other locations on the five factors listed below, with “proximity to wilderness” seen as the community’s greatest asset. The city was also perceived to be a more attractive place to live with demographics slightly better than those of other cities.

Thunder Bay was ranked “better than” other cities for its...

- 1) Proximity to wilderness areas
- 2) Access to raw materials/natural resources
- 3) Attractiveness as a place to live
- 4) Data transmission lines (e.g., Internet)
- 5) Population demographics (e.g., age, income)

While very much aware of Thunder Bay’s positive attributes, the business community also recognized the city’s limitations as illustrated by the following table. Specifically, this table illustrates the 8 factors on which the city is currently believed to lag behind other communities. They appear in order from somewhat worse to much worse. Consequently, the business community feels that Thunder Bay appears to be most disadvantaged by high transportation costs (both personal travel and freight) at the present time.

Thunder Bay was ranked “worse than” other cities for its...

- 1) Attractiveness as tourist destination
- 2) Weather
- 3) City infrastructure (e.g., roads, hydro, gas)
- 4) City’s promotional efforts
- 5) Market size (e.g., number of customers)
- 6) Municipal tax rates
- 7) Transportation/shipping costs
- 8) Cost of air travel

It was previously noted that tourism is expected to be a significant, if not the dominate, growth industry for Thunder Bay into the next millennium. Thus, respondents were asked to indicate the significance of various factors for Thunder Bay and its ability to attract a greater number of people (employees and tourists) to the region. Although, each of the following factors were viewed to be significant, “awareness of the region and its attractions” was seen to be the most significant issue followed by the high cost of air travel.

Attracting Future Residents and Tourists: Significant Issues

- 1) Awareness of the region and its attractions
- 2) High cost of air travel
- 3) Services, amenities, attractions
- 4) Transportation facilities
- 5) Distance from major metropolitan areas
- 6) Gas prices
- 7) Major events, festivals (e.g., scout jamboree)
- 8) Cost of accommodation
- 9) Co-ordinated promotional effort
- 10) Calibre of shopping facilities
- 11) Arts facilities (e.g., museums, theatres, symphony)
- 12) American’s unwillingness to cross the border
- 13) Conference facilities
- 14) Weather
- 15) Sports franchises (e.g., Flyers, Whiskey Jacks)

While survey respondents indicated the significance of these issues, the actual interpretation of this list was somewhat difficult. However, comments such as the following made it possible to recognize that these items were primarily viewed as a form of “to do” list for the community.

“Require more things to do – such as golf dome, bike & in-line skating paths, waterfront recreational opportunities, quality water/harbour tours...”

“Re: high air travel - Why come here when you can go to Barbados for the same price.”

Although comments such as these illustrate how the previous list identifies impediments to future growth (e.g., high cost of air travel) and thus signals those areas where action is to be taken if growth is to occur. It also appears that the list highlights constraints faced by the community which cannot be addressed (e.g., distance from major metropolitan areas), yet are seen as significant because they are critical to the development of realistic expectations.

The following comment illustrates another important function performed by the previous list. Namely, that there needs to be greater promotion of the city’s current attributes and attractions if it is to be successful in attracting greater numbers of people.

“US border ‘phobia’ is not a factor, they are just not aware of what is here.”

Therefore, while a greater number of attractions and/or improvements to existing facilities is desirable, respondents also believe that equally important is the promotion of the existing amenities and attractions. This interpretation is further supported by the summary comments that are found at the end of this section.

This last comment provides a nice lead in to the community development and strategic planning questions contained in the survey. Specifically, an attempt was made to determine the level of awareness amongst those in the business community about municipal business strategies and primarily the *Thunder Bay Community Development Plan*. It was found that 78.6% of respondents had not heard of the plan, suggesting that either insufficient time has elapsed since this report was released, has been inadequately promoted and/or has received insufficient media coverage.

However, when asked whether there were other cities or communities that could be used as models for Thunder Bay to use as benchmarks in future planning efforts, 50.7% indicated that there were, with the majority of these (56%) citing Duluth as an appropriate model.

Finally, respondents were asked to express any additional comments that they may have regarding this survey and any of its topics. Almost 35% of those that took part in the survey did choose to offer additional comments.² Many comments reflect similar themes and therefore only a representative sample of the types of comments received are presented here.

First of all, a number of individuals picked up on the theme of the last questions and commented on the importance of planning and guidance at the municipal level to the city's future. For example, respondents suggested that:

“To grow, our city has to be ‘one’. We the citizens, politicians, councillors etc., have to build our city – take responsibility, have one vision. We must support and work together & we have to believe that change can be good and is good. There must be one agenda for all! With the support from the public and corporate sectors – we can do it. Build a strong community – one that will represent one vision for the future.

“There must be other ways to plan, design, and develop the City of Thunder Bay. Development must not be handled by those who profit the most. It must be done with an eye on sustainable growth and changing demographics and psychographics.”

“Increase efficiency of decision making. (e.g., stop studying everything so much before taking action. Several mills have gone or didn't establish because of zoning or delays.) Although you have to consider all people of Thunder Bay businesses make the economy grow. Bend over backwards to help them thrive. Don't tie them up in red tape.”

² Thunder Bay Ventures would like to reemphasize that the views expressed are those of the individual respondents and in no way reflect those of the organization's management, board, or membership.

Unity, the notion that the entire city must co-ordinate its efforts to achieve a common goal was echoed by a number of respondents. In fact, one participant went so far as to provide an acronym (PRIDE) that could serve as a strategic initiative in this regard, while others emphasized the importance of everyone acting together in support of tourism.

“Little businesses can only do so much, it’s the city working together as an entity that would bring better results. PRIDE – Proud Residents In Developing their city’s Environment. The city needs more motivation. One example: why make your house or business look like a million bucks when you will get penalized for it – higher taxes. The system is backwards, that’s why everything around us is falling apart.”

“All businesses in Thunder Bay need to realize their importance to attracting tourists & visitors. Everyone and every business must contribute to attracting customers. Not just the obvious hotels and motels. They need to eat, they need to buy gas – we should all contribute!”

“Thunder Bay has the potential to grow to a significant tourist destination if done with a concerted effort. We also have to recognize that in order to attract visitors and keep them coming back, we have to change our own attitudes about Thunder Bay. We must show civic pride in our dealings with visitors as well as our fellow citizens.”

Tourism, and the city’s ability to attract more tourists was perhaps the most popular topic of discussion, with the majority of comments focused on regional shortcomings and/or oversights in the city’s promotional efforts.

“The highways in NW Ontario and the City of Thunder Bay are a disgrace. Why would tourists want to come here?”

“Advertising the North Core on Expressway not present. Why? No signs indicating accommodation, food, or fuel. Why?”

“Generally, customer service (especially retail) is still poor. Our recreational use/development (i.e. tours, international docks) is embarrassing. Air travel is ridiculously expensive. We don’t snag Hwy11/17 through-traffic very well. Facilities for small personal lake craft (20-50 feet) are terrible (i.e. rich Americans and their sailboats etc.)... no reception upon landing, difficult accesses to food, water, fuel, entertainment, showers, etc. The Marina should be overflowing with sailboats and yachts from all over Lake Superior. Nice to see the Chapters and Seattle Coffee.”

“The railway that passes main arteries of this city must be re-assigned (moved) or and overpass must be considered – the best scenic potential/naturally beautiful part of our city is the waterfront – much can be done in that area.”

While, tourism will undoubtedly be important to the city's future there were those that expressed concern that a myopic concentration on tourism might have a deleterious effect on the local economy. For example, one respondent suggested that,

“Tourism jobs are great, but few afford employees the luxury of buying homes and paying city taxes. Few people will move to Thunder Bay for a part-time job in tourism. Focus on good stable jobs”

Finally, there were a number of people that felt the regional hospital represents an opportunity to redefine Thunder Bay and suggested that with the right vision it has the potential to be a significant industry onto itself.

“Our new hospital should include the view that it will be a world class facility - attracting famous medical staff, complete with state-of-the-art equipment, etc. like the Mayo Clinic. With experience and proper marketing, our low dollar could attract Americans and patients from other countries, as well as, from Winnipeg, Toronto, etc. This could be a great new industry for Thunder Bay! Our Millennium project and opportunity is staring us in the face! Success of this ‘Venture’ would solve many of the problems suggested in this survey.”

Appendix 1.

March to the Millennium Survey

We would like to take a few moments of your time to gain some insight into your attitudes as a Thunder Bay business owner on the local business climate. Please read the questions very carefully and make sure that you have answered all questions. Although space is provided for comments, if you would like to speak to someone about this survey please contact Thunder Bay Ventures representative: Lois Nuttall at 344-9208.

Thank you for your participation and prompt reply.

Section A: You and your business.

1. Gender: Male Female

2. Your age: _____

3. Business is: Incorporated Sole Proprietorship Partnership

4. How many years has this firm been in business? _____

5. Please select the category below that best describes your business.

<input type="checkbox"/> Construction	<input type="checkbox"/> Hospitality/Tourism	<input type="checkbox"/> Manufacturing
<input type="checkbox"/> Primary Industry	<input type="checkbox"/> Real Estate/Insurance	<input type="checkbox"/> Retailing
<input type="checkbox"/> Service-type business	<input type="checkbox"/> Wholesale Distribution	<input type="checkbox"/> Other _____

6. Which of the following best describes the origin of your current business?

<input type="checkbox"/> Started business yourself
<input type="checkbox"/> Licensed from another individual or company
<input type="checkbox"/> Acquired franchise
<input type="checkbox"/> Purchased existing business
<input type="checkbox"/> Other (please specify) _____

7. How many individuals are currently employed by your firm? full-time _____ part-time _____

8. What are your expectations for this business in the next 12 months in terms of employee levels?
Please select the most appropriate response(s).

<input type="checkbox"/> No changes planned to the existing employee levels
<input type="checkbox"/> Plan to hire new employee(s)
<input type="checkbox"/> Plan to recall laid-off employee(s)
<input type="checkbox"/> Plan to reduce the current number of employees
<input type="checkbox"/> Plan to shift some full-time to part-time
<input type="checkbox"/> Plan to shift some part-time to full-time
<input type="checkbox"/> Other (please specify) _____

9. Business location: Retail outlet Factory Commercial office
 Home-based Other (specify) _____

10. Below is a list of problems often encountered by businesses, please indicate the extent to which each of the following issues have been a problem for your business in the past 12 months.

	Significant Problem			Not a Problem	
	1	2	3	4	5
a) Wage rates	1	2	3	4	5
b) Inventory control	1	2	3	4	5
c) Availability of skilled labour	1	2	3	4	5
d) Abnormal weather conditions	1	2	3	4	5
e) Raising Capital/Securing business loans	1	2	3	4	5
f) Increased competition	1	2	3	4	5
g) Increase in rent/lease rates	1	2	3	4	5
h) Government paperwork requirements	1	2	3	4	5
i) Local zoning/building requirements	1	2	3	4	5
j) Access to business advice	1	2	3	4	5
k) Access to market research	1	2	3	4	5
l) Other (specify)_____	1	2	3	4	5

- 11a. Indicate all those activities that you have invested (time or \$) in over the last 12 months, and
 b. Indicate how likely you will be to invest in each of the following activities in the next 12 months.

	Very likely			Not at all likely	
	1	2	3	4	5
<input type="checkbox"/> increased advertising/promotion	1	2	3	4	5
<input type="checkbox"/> customer service initiatives	1	2	3	4	5
<input type="checkbox"/> facility improvements	1	2	3	4	5
<input type="checkbox"/> staff training programs	1	2	3	4	5
<input type="checkbox"/> partnering with other firms	1	2	3	4	5
<input type="checkbox"/> database marketing	1	2	3	4	5
<input type="checkbox"/> internet homepage(s)	1	2	3	4	5
<input type="checkbox"/> market research	1	2	3	4	5
<input type="checkbox"/> strategic business plan	1	2	3	4	5
<input type="checkbox"/> consulting/advisory service(s)	1	2	3	4	5

12. Which of the following best represents your estimated sales or billings for the **1998** fiscal year?

- | | | |
|--|--|--|
| <input type="checkbox"/> < \$25,000 | <input type="checkbox"/> \$25,000 - \$49,999 | <input type="checkbox"/> \$50,000 - \$99,999 |
| <input type="checkbox"/> \$100,000 - \$249,999 | <input type="checkbox"/> \$250,000 - \$499,999 | <input type="checkbox"/> \$500,000 - \$999,999 |
| <input type="checkbox"/> \$1,000,000 - \$5,000,000 | <input type="checkbox"/> > \$5,000,000 | |

13. Does this 1998 sales volume represent an increase or decrease over your 1997 sales?

Significant increase	Slight increase	No change	Slight decrease	Significant decrease
1	2	3	4	5

14. How important do you feel each of the following factors will be to this 1998 sales performance?

	Very Important			Not at all Important	
	1	2	3	4	5
a) Price increase	1	2	3	4	5
b) Change in promotional efforts	1	2	3	4	5
c) General economic climate	1	2	3	4	5
d) Change to product/service offering	1	2	3	4	5
e) Staff-related issues	1	2	3	4	5
f) Change in competitive environment	1	2	3	4	5
g) Weather	1	2	3	4	5
h) City-sponsored events (e.g., Jamboree)	1	2	3	4	5
i) Entry of new businesses	1	2	3	4	5
j) Other (specify) _____	1	2	3	4	5

15. How likely is it that the 1997-1998 sales trend will continue between:

	Very likely			Not at all likely	
	1	2	3	4	5
a) 1998-1999	1	2	3	4	5
b) 1999-2000	1	2	3	4	5

16. Please indicate how important you believe each of the following factors will be to the success of your business in the year 2000 and beyond.

	Very Important			Not at all Important	
	1	2	3	4	5
a) New markets	1	2	3	4	5
b) Completion of Regional Hospital	1	2	3	4	5
c) Increased tourism	1	2	3	4	5
d) Facility improvements	1	2	3	4	5
e) Attracting qualified staff	1	2	3	4	5
f) \$Cdn-\$US exchange rate	1	2	3	4	5
g) Cap on taxes	1	2	3	4	5
h) Major events (e.g., Canada Games, Jamboree)	1	2	3	4	5
i) Increased entry of new businesses	1	2	3	4	5
j) Increased promotional efforts	1	2	3	4	5
k) Waterfront development	1	2	3	4	5
l) Sports franchises (e.g., Flyers, Whiskey Jacks)	1	2	3	4	5
m) Increased College/University enrolment	1	2	3	4	5
n) Business "Partnering"	1	2	3	4	5
o) Other (specify) _____	1	2	3	4	5

Section B: Thunder Bay Business Climate

1a. What sort of economic growth do you anticipate for Thunder Bay over the next 12 months?

Significant increase	Slight increase	No change	Slight decrease	Significant decrease
1	2	3	4	5

b. Please identify those factors that feel will most significantly impact our economy during this period.

2a. What kind of economic impact do you believe the “Big Box” merchants (e.g., Superstore, Chapters) will have on Thunder Bay’s economy?

Very positive	Slightly positive	No impact	Slightly negative	Very negative
1	2	3	4	5

b. In particular, how are these retailers likely to affect our local economy?

3. Currently, how well do you feel Thunder Bay meets the needs of your business with respect to the following factors?

	Much better than other locations			Much worse than other locations	
	1	2	3	4	5
a) Access to skilled labour	1	2	3	4	5
b) Data transmission lines (e.g., internet)	1	2	3	4	5
c) Weather	1	2	3	4	5
d) Attractiveness as tourist destination	1	2	3	4	5
e) Cost of air travel	1	2	3	4	5
f) Transportation/shipping costs	1	2	3	4	5
g) Market size (e.g., number of customers)	1	2	3	4	5
h) City’s promotional efforts	1	2	3	4	5
i) City infrastructure (e.g., roads, hydro, gas)	1	2	3	4	5
j) Municipal tax rates	1	2	3	4	5
k) Attractiveness as a place to live	1	2	3	4	5
l) Proximity to wilderness areas	1	2	3	4	5
m) Access to raw materials/natural resources	1	2	3	4	5
n) Population demographics (e.g., age, income)	1	2	3	4	5
o) Other (specify) _____	1	2	3	4	5

4. Please identify the one (1) project/factor that you believe is likely to have the greatest positive impact on the Thunder Bay economy over the next five years:

- Regional hospital
- Waterfront development
- Big Thunder development
- "Big Box" merchants (e.g., Chapters, Home Depot)
- Innova business park
- College/University
- Tourism
- Other (please specify) _____

5. Which of the following industries do you feel offers the greatest opportunities for our business community for the year 2000 and beyond? Please select only one (1) industry.

- Primary (e.g., logging, mining)
- Secondary (e.g., manufacturing)
- Health care
- Construction
- Service
- Hospitality/tourism
- Education (e.g., post-secondary education)
- Other (please specify) _____

6. How significant do you perceive each of the following issues to be in Thunder Bay's ability to attract a greater number of people (employees and tourists) to the region in the future?

	Very significant			Not at all significant	
a) Awareness of the region and its attractions	1	2	3	4	5
b) Distance from major metropolitan areas	1	2	3	4	5
c) Weather	1	2	3	4	5
d) Services, amenities, attractions	1	2	3	4	5
e) Transportation facilities	1	2	3	4	5
f) Cost of accommodation	1	2	3	4	5
g) Calibre of shopping facilities	1	2	3	4	5
h) Arts facilities (e.g., museums, theatres, symphony)	1	2	3	4	5
i) Gas prices	1	2	3	4	5
j) American's unwillingness to cross the border	1	2	3	4	5
k) Co-ordinated promotional effort	1	2	3	4	5
l) High cost of air travel	1	2	3	4	5
m) Major events, festivals (e.g., scout jamboree)	1	2	3	4	5
n) Conference facilities	1	2	3	4	5
o) Sports franchises (e.g., Flyers, Whiskey Jacks)	1	2	3	4	5
p) Other (specify) _____	1	2	3	4	5

Comments: _____

7. Please select the one (1) region/area that you feel represents the greatest potential source of customers for Thunder Bay businesses over the next five years.

- | | | |
|--|--|---|
| <input type="checkbox"/> Europe | <input type="checkbox"/> Asia | <input type="checkbox"/> Eastern U.S. |
| <input type="checkbox"/> Southern U.S. | <input type="checkbox"/> Midwest States | <input type="checkbox"/> Western U.S. |
| <input type="checkbox"/> Maritime Provinces | <input type="checkbox"/> Quebec | <input type="checkbox"/> Southern Ontario |
| <input type="checkbox"/> North-western Ontario | <input type="checkbox"/> Prairie Provinces | <input type="checkbox"/> Other (specify)_____ |

8. Are you aware of Thunder Bay's Community Development Plan?

Yes (proceed to question #9a) No (proceed to question #10)

9a. What kind of impact do you anticipate that the development plan will have upon your business?

Very positive	Slightly positive	No impact	Slightly negative	Very negative
1	2	3	4	5

b. In particular, how will the Community Development Plan impact your firm?

10. Is there a city or community that you feel represents a model that Thunder Bay might use as a benchmark for future development? Yes (please specify) _____ No

11. In the space provided below, please feel free to express any comments that you may have regarding this survey and the topics represented.

Thank you for your participation.
We wish you and your business much success on your *march to the millennium.*