THUNDER BAY Ventures

Attitudes and Outlook

A Report on Small Business in Thunder Bay

September 1999
Thunder Bay, Ontario

Executive Summary

This report presents the findings of the second annual economic study conducted by Thunder Bay Ventures that examines 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 recent developments in Thunder Bay (e.g., the Regional Hospital, Casino). The small business community is essential to the economic prosperity of the city and therefore studying the attitudes and outlook of small business towards the economic impact of developments such as these are important. Specifically, it is believed that the attitudes and outlook of the small business community can be used as a barometer for the city's business climate.

The survey had 3 primary objectives 1) to gauge the attitudes of the small business community towards the current and future business climate in Thunder Bay, 2) to identify the factors most critical to the maintenance and development of the City's economy into and beyond the year 2000, and 3) to examine the attitudes of the business community towards specific issues and developments in the local community.

Results obtained from the survey indicate that the small business community is, for the most part, quite optimistic about the outlook for the local economy. Specifically, 44% of respondents indicated that they had increased staffing levels over the past 12 months with 93.3% of respondents indicating that they would maintain or increase current staffing levels in the next 12 months. Furthermore, 63.6% of businesses in the survey are forecasting revenue growth for the 1999 fiscal year with the Manufacturing, Hospitality/ Tourism, Real Estate/Insurance, Retail, and Service sectors all anticipating revenue growth.

Again this year, survey respondents indicated that the hospitality/tourism sector represents the most significant economic opportunity for the community into the next millennium. However, 48.6% of businesses felt that the single most significant project for Thunder Bay's economy over the course of the next 5 years would be the Regional Hospital. The next two most commonly cited projects were the Waterfront Development (18.9%) and the Casino (16.2%).

Participants were also asked to comment on the economic impact of a number of community projects and issues. For example, survey respondents were asked to comment on the economic impact that the casino would have upon both the municipal economy and their own business. In addition, participants were asked to discuss the departure of the Thunder Cats and Whiskey Jacks sports franchises, and specifically the impact of these departures upon their business. The survey also asked participants to discuss Big Box merchants, the Northwestern Ontario Technology Centre and the Community Development Plan.

The survey also revealed a number of issues that act as impediments to community progress, and that must be addressed if Thunder Bay is going to attract greater numbers of tourists and residents. Specifically, respondents indicated that awareness of the region and its attractions is the most significant issue affecting community growth followed by the high cost of air travel.

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Section 1. Research Objective

Conducted under the auspices of Thunder Bay Ventures, this annual survey serves as a barometer of the local business climate by gauging the attitudes of its small business community towards a variety of economic and social issues.

The study was conducted between July and August of 1999 and the attitudes uncovered are particularly important on this, the eve of the new millennium. In addition, the study was conducted and released at particularly important juncture in the region's economic development as demonstrated by the number of recent developments in the community. For example, the approval and imminent construction of the Regional Hospital and casino, completion of the Northwestern Ontario Technology Centre (NOTC) and Silver Screen Cinema projects, as well as, the stalled waterfront and Big Thunder developments.

Although the 1999 *Business Attitudes and Outlook Survey* expands upon the 1998 *March to the Millennium Survey,* it had similar objectives: 1) to gauge the attitudes of the small business community towards the current and future business climate in Thunder Bay, 2) to identify the factors most critical to the maintenance and development of the City's economy into and beyond the year 2000, and 3) to examine the attitudes of the business community towards specific issues and developments in the local community.

Consistent with the 1998 *March to the Millennium Survey*, small business owners rather than the general public were the focus of the current study in response to Thunder Bay Ventures' mandate. 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 conduct research on issues relevant to community economic development, in addition to providing financing and support to small business. Furthermore, small businesses have a substantial impact upon our local economy and therefore, the attitudes of these businesses provide considerable insight into the state of our local economy.

Section 2. Sampling Frame & Respondent Profile

A sample of 390 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 2nd 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.

Source Organization/Agency	# Participants
•Thunder Bay Chamber of Commerce	
•1-6 employees	254
•7-14 employees	41
•Thunder Bay Ventures	44
•Thunder Bay Adventure Operators	11
•Thunder Bay Native Business Directory	19
•PARO Women's Loan Fund	21
Total	390

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 binoculars. Unfortunately, the response rate was lower than expected with 20% of participants (n=78) completing and returning the survey instrument. It is believed that this response rate is largely a product of the time of year in which it was distributed.

The survey response rate and sample suggests that some caution should be used when interpreting its findings. First of all, one must be aware of the small sample bias that affects certain types of empirical analyses. For example, the attitudes of any one business-owner, regardless of how extreme or unique, are often not apparent when examining sample-wide averages. However, this same attitude becomes readily apparent when the sample is divided into smaller groups, and particularly in those cases where such a respondent is the sole member of a category. This is not to say that these views are irrelevant or unimportant, but rather that caution must be used when extending these results to all or even any other business in that category.

However, the views and sentiments of the participants in the current study are consistent with the small business owners surveyed last year. In fact, the composition of respondents in this year's study largely mirrors that of the 1998 study. Thus, it is believed that the attitudes and outlook of the Thunder Bay small business community are accurately reflected in this report.

The final sample (those that completed and returned the survey instrument) was comprised of 61.0% males with the average respondent 45.74 years of age. Businesses in this study were found to have been in operation for an average of 14.51 years. Furthermore, respondents represented a diverse group of industries as illustrated by the fact that 9 industry sectors were represented in the final sample.

Industry Sector	Percentage of Respondents
Service-type business	37.2%
Retailing	23.1%
Hospitality/Tourism	14.1%
Other	9.0%
Construction	6.4%
Real Estate/Insurance	3.8%
Manufacturing	2.6%
Wholesale Distribution	2.6%
Primary Industry	1.3%

In the 1998 survey 68.5% of businesses were classified as either *Service-Type* or service-related (e.g., *Other, Hospitality/Tourism, Real Estate/Insurance*) which is very much consistent with the 1999 sample in which 64.1% of respondents were classified in these sectors. Thus, once again the region's small business community appears to be dominated by service-related businesses. The impact of this sector upon the local economy is demonstrated by the fact that employment in the *Hospitality/Tourism* sector is second only to the *Construction* sector with respect to full-time employment. The average employment levels for each of the industry sectors represented in the survey can be found in the following table.

	Full-time	Part-time
Construction	18.25	5.00
Hospitality/Tourism	8.75	8.20
Manufacturing	6.50	4.00
Primary Industry	6.00	0
Real Estate/Insurance	6.33	1.33
Retail	5.00	3.54
Service	6.88	2.35
Other	9.67	1.25

Although numerous definitions of "small business" are employed in practitioner and academic research, the current study focussed on businesses that typically operate with 15 or fewer employees. Consistent with this definition, businesses in the study employed an average of 11.20 employees (7.41 full-time, 3.79 part-time), slightly higher than the 10.75 employees (5.75 full-time, 5.00 part-time) reported in 1998.

Following the release of the 1998 survey, members of the business community and media indicated that they would like to know if businesses in different parts of the city had different opinions on various issues of importance to the local economy. In response to these queries, the current study includes both industry sector and business improvement area (BIA) analyses. To this end, respondents in the current study represented seven separate BIAs with only the Simpson Street and Heart of the Harbour areas not represented.

Business Improvement Area	Percentage of Respondents
Inter-City/Balmoral	27.3%
Other	23.4%
Thunder Bay North	22.1%
Thunder Bay South	18.2%
Victoria Avenue	6.5%
Bay/Algoma	1.3%
Westfort Merchants	1.3%
Heart of the Harbour	0%
Simpson Street	0%

Section 3. Thunder Bay Today: The Current Business Climate

This section examines current and projected business revenues. Participant firms were classified according to their estimated sales/billings for 1999. As demonstrated by the following table, approximately 60% of firms estimate 1999 revenue will exceed $250,000 while almost one third of businesses are forecasting revenue in excess of $1 million.

Estimated Sales/Billings in 1999	Percentage of Respondents
Less than $ 25,000	11.8%
$ 25,000 - $ 49,999	9.2%
$ 50,000 - $ 99,999	3.9%
$ 100,000 - $ 249,999	15.8%
$ 250,000 - $ 499,999	15.8%
$ 500,000 - $ 999,999	11.8%
$1,000,000 - $5,000,000	28.9%
More than $5,000,000	2.6%

The following table indicates the estimated 1999 revenues by industry sector. Here it is found that the majority of firms in the *Construction* and *Real Estate/Insurance* sectors estimate annual revenues in excess of $500,000, while the majority of the firms in the *Hospitality/Tourism* and *Retail* sectors estimate revenues of less than $500,000.

	< $25,000	$25,000-$49,999	$50,000-$99,999	$100,000-$249,999	$250,000-$499,999	$500,000-$999,999	$1,000,000-$5,000,000	>$5,000,000
Construction	20.0%	0%	0%	0%	0%	0%	60.0%	20.0%
Hospitality/Tourism	9.1%	18.2%	0%	27.3%	0%	18.2%	27.3%	0%
Manufacturing	0%	0%	0%	0%	50.0%	50.0%	0%	0%
Primary Industry	0%	0%	0%	0%	0%	0%	100.0%	0%
Real Estate/Insurance	0%	0%	0%	0%	33.3%	33.3%	33.3%	0%
Retailing	0%	18.8%	6.3%	18.8%	25.0%	0%	31.3%	0%
Service-type	17.2%	6.9%	6.9%	20.7%	17.2%	10.3%	17.2%	3.4%
Wholesale	0%	0%	0%	0%	0%	11.5%	100.0%	0%
Other	28.6%	0%	0%	0%	14.3%	28.6%	28.6%	0%

Examining the estimated revenues across the various BIAs one notices that there are a disproportionate number of small businesses (<$100,000) in the *Thunder Bay North* (25%), *Thunder Bay South* (28.5%), and *Other* (38.9%) areas. In contrast, only 14.3% of businesses in the *Inter-City/ Balmoral* area report revenues of less than $100,000. Further examination of this table indicates that there is very little variation in the number of business across BIAs that estimate revenues in the higher revenue levels.

	< $25,000	$25,000-$49,999	$50,000-$99,999	$100,000-$249,999	$250,000-$499,999	$500,000-$999,999	$1,000,000-$5,000,000	>$5,000,000
Thunder Bay North	12.5%	12.5%	0%	12.5%	6.3%	12.5%	43.8%	0%
Thunder Bay South	21.4%	0%	7.1%	21.4%	7.1%	14.3%	21.4%	7.1%
Inter-City/Balmoral	0%	9.5%	4.8%	9.5%	23.8%	4.8%	42.9%	4.8%
Heart of the Harbour	0%	0%	0%	0%	0%	0%	0%	0%
Victoria Avenue	0%	20.0%	0%	40.0%	20.0%	20.0%	0%	0%
Simpson Street	0%	0%	0%	0%	0%	0%	0%	0%
Westfort Merchants	0%	0%	0%	0%	0%	0%	100.0%	0%
Bay/Algoma	0%	0%	0%	0%	0%	0%	0%	0%
Other	22.2%	11.1%	5.6%	16.7%	16.7%	16.7%	11.1%	0%

In an attempt to determine whether this estimated 1999 sales performance represented an increase or decrease over the previous year, respondents were asked to indicate the extent to which this revenue estimate differed from 1998. To this end, 63.6% of respondent firms reported that they anticipate 1999 revenues will surpass those realized 1998.

Change in Revenue over 1998	Percentage of Respondents
Significant increase	12.2%
Slight increase	51.4%
No change	20.3%
Slight decrease	13.5%
Significant decrease	2.7%

The majority of firms in the *Manufacturing, Primary Industry, Hospitality/Tourism, Real Estate, Retail, Service,* and *Wholesale* sectors expect at least a slight increase in sales performance over 1998. However, not all sectors of the local economy anticipate revenue growth in 1999. For example, none of the businesses in the *Construction* sector expect to realize increased sales performance in 1999. Given that this latter sector represents less than 7% of the firms in the current sample it has to be concluded that the local business community is enjoying the benefits of an improved local economy in 1999.

	Significant Increase	**Slight Increase**	**No Change**	**Slight Decrease**	**Significant Decrease**
Construction	0%	0%	80.0%	20.0%	0%
Hospitality/Tourism part-time	27.3%	54.5%	9.1%	0%	9.1%
Manufacturing	50.0%	50.0%	0%	0%	0%
Primary Industry	100.0%	0%	0%	0%	0%
Real Estate/Insurance	0%	66.7%	33.3%	0%	0%
Retail	18.8%	50.0%	18.8%	12.5%	0%
Service	3.6%	64.3%	10.7%	17.9%	3.6%
Wholesale	0%	100.0%	0%	0%	0%
Other	0%	16.7%	50.0%	33.3%	0%

The following table demonstrates a breakdown of revenue projections by BIA. Results suggest that the optimism witnessed above regarding revenue growth is consistent across the various BIAs, with the majority of businesses in each BIA anticipating revenue growth in 1999. Although this result speaks positively about economic growth, this table also indicates that a greater number of businesses in the *Thunder Bay North* and *South* BIAs anticipate decreased revenues in 1999. Although these results do not support the popular assertion that the cores are being adversely affected by development in the Inter-city/Balmoral area, they do suggest that 1999 business performance in the *North* and *South* BIAs will be more variable than in the Inter-City/Balmoral area. However, caution should be used when interpreting this result given that the sample contains only a small number of firms representing the various BIAs.

	Significant Increase	**Slight Increase**	**No Change**	**Slight Decrease**	**Significant Decrease**
Thunder Bay North	12.5%	50.0%	6.3%	18.8%	12.5%
Thunder Bay South	7.1%	57.1%	14.3%	21.4%	0%
Inter-City/Balmoral	9.5%	57.1%	28.6%	4.8%	0%
Heart of the Harbour	0%	0%	0%	0%	0%
Victoria Avenue	0%	60.0%	20.0%	20.0%	0%
Simpson Street	0%	0%	0%	0%	0%
Westfort Merchants	0%	100.0%	0%	0%	0%
Bay/Algoma	0%	0%	0%	0%	0%
Other	18.8%	37.5%	31.3%	12.5%	0%

In the 1998 survey 23.3% of businesses reported plans to either hire or recall employees. When asked about their actual staffing changes over the course of the past 12 months, it was found that businesses in this year's survey exceeded the hiring expectations based on the 1998 survey. Specifically it was found that 44% of businesses either hired new employees or recalled employees that had been on temporary layoff. Twenty-two firms reported hiring an average of 1.82 employees during this period, while another 13 firms were found to have hired an average of 2.62 part-time employees.

Employment Changes over the past 12 months	Percentage of Respondents
No changes	46.7%
Hired new employee(s)	38.7%
Recalled laid-off employee(s)	5.3%
Reduced employee levels	4.0%
Other	4.0%
Shifted some full-time to part-time	1.3%
Shifted some part-time to full-time	0%

Firms were also asked to identify the importance of various factors upon their 1999 performance. The following table presents these factors ranked from most to least important, but it should be noted that these factors might have contributed to either the positive or negative performance of the reporting firm. Furthermore, only those factors deemed "important" by the respondents are reported here, and thus factors such as the weather (e.g., mild winter, cool summer) were not seen as an important influence upon 1999 sales performance.

Factors Expected to Contribute Most to 1999 Performance

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

When questioned further about the economic outlook for their particular business, the majority of respondents (61%) indicated that they expected the 1998-1999 sales trend to continue through 2001. Despite the fact that the majority of respondents are optimistic about the economic performance of their business for the next few years, there are sectors of the local economy that continue to face stagnant or declining performance.

Section 4. Thunder Bay Tomorrow: Business Outlook

While the previous section examined the current business climate in Thunder Bay, this section examines the attitudes of the local business community towards the immediate future. For example, when asked about the kind of economic growth they anticipate for Thunder Bay in the next 12 months, 48.1% of respondents believed that the city would experience increased growth. In contrast, only 22.1% felt the city's economy would experience decreased economic performance.

Economic Growth Expected in next 12 months	Percentage of Respondents
Significant increase	1.3%
Slight increase	46.8%
No change	29.9%
Slight decrease	18.2%
Significant decrease	3.9%

Again, the economic forecast for Thunder Bay was seen to vary substantially across industry sectors, suggesting that respondents may be projecting the performance of their own business or industry sector onto the city. For example, the following table illustrates the optimism exhibited by the *Retail*, *Hospitality/Tourism*, and *Service* sectors and the pessimism of those in the *Construction* sector.

	Significant Increase	**Slight Increase**	**No Change**	**Slight Decrease**	**Significant Decrease**
Construction	0%	0%	40.0%	20.0%	40.0%
Hospitality/Tourism	0%	54.5%	36.4%	9.1%	0%
Manufacturing	0%	50.0%	0%	50.0%	0%
Primary Industry	0%	0%	100.0%	0%	0%
Real Estate/Insurance	0%	33.3%	33.3%	33.3%	0%
Retail	5.9%	47.1%	29.4%	17.6%	0%
Service	0%	55.2%	20.7%	24.1%	0%
Wholesale	0%	0%	50.0%	0%	50.0%
Other	0%	57.1%	42.9%	0%	0%

In addition, a breakdown of these economic forecasts by BIA is presented in the following table. Results suggest that there is considerable optimism across the BIAs with the majority of businesses in each BIA anticipating economic growth in the next 12 months. Interestingly, a greater proportion of firms in the *Inter-city/Balmoral BIA,* than in any other BIA, predict a decline in economic performance for the city. This finding is somewhat perplexing in light of previous evidence that suggests that businesses in this area are optimistic about their own performance.

	Significant Increase	**Slight Increase**	**No Change**	**Slight Decrease**	**Significant Decrease**
Thunder Bay North	5.9%	41.2%	29.4%	17.6%	5.9%
Thunder Bay South	0%	42.9%	42.9%	14.3%	0%
Inter-City/Balmoral	0%	57.1%	14.3%	28.6%	0%
Heart of the Harbour	0%	0%	0%	0%	0%
Victoria Avenue	0%	40.0%	60.0%	0%	0%
Simpson Street	0%	0%	0%	0%	0%
Westfort Merchants	0%	0%	0%	0%	100.0%
Bay/Algoma	0%	0%	0%	0%	0%
Other	0%	44.4%	33.3%	16.7%	5.6%

Perhaps the most significant indicator of economic confidence displayed by businesses in the survey are the plans they have to increase staff levels. Specifically, 36% of respondent firms plan to hire additional staff in the next 12 months while another 57.3% of businesses anticipate no change in staff levels.

Employment Forecast for the next 12 months	**Percentage of Respondents**
No changes planned to the existing employee levels	57.3%
Plan to hire new employee(s)	36.0%
Plan to shift some part-time to full-time	0%
Plan to recall laid-off employee(s)	1.3%
Plan to reduce the current number of employees	1.3%
Plan to shift some full-time to part-time	1.3%
Other	2.7%

The sector by sector analysis contained in the following table reveals that the majority of this job creation will occur in the *Hospitality/Tourism*, *Manufacturing, Construction*, *Retail* and *Service* sectors. This result reflects the optimism previously reported by these sectors and offers additional support for the trend towards increased growth in the service sector. However, it was surprising to find that 40% of construction firms plan to hire new employees when none of these firms anticipates revenue growth next year.

	No Changes	Hire New Employees	Recall Employees	Reduce Employees	Shift full to part-time	Shift part to full-time	Other
Construction	40.0%	40.0%	20.0%	0%	0%	0%	0%
Hospitality/Tourism	45.5%	45.5%	0%	40.0%	0%	0%	9.1%
Manufacturing	50.0%	50.0%	0%	0%	0%	0%	0%
Primary Industry	100.0%	0%	0%	0%	0%	0%	0%
Real Estate/Insurance	100.0%	0%	0%	0%	0%	0%	0%
Retailing	52.9%	35.3%	0%	5.9%	5.9%	0%	0%
Service	53.6%	42.9%	0%	0%	0%	0%	3.6%
Wholesale	100.0%	0%	0%	0%	0%	0%	0%
Other	83.3%	16.7%	0%	0%	0%	0%	0%

The following table indicates that more businesses in the *Thunder Bay South, Inter-city/Balmoral,* and *Victoria* BIAs plan to hire new employees in the coming year.

	No Changes	Hire New Employees	Recall Employees	Reduce Employees	Shift full to part-time	Shift part to full-time	Other
Thunder Bay North	75.0%	25.0%	0%	0%	0%	0%	0%
Thunder Bay South	46.2%	46.2%	0%	0%	7.7%	0%	0%
Inter-City/Balmoral	50.0%	45.0%	5.0%	0%	0%	0%	0%
Heart of the Harbour	0%	0%	0%	0%	0%	0%	0%
Victoria Avenue	40.0%	40.0%	0%	20.0%	0%	0%	0%
Simpson Street	0%	0%	0%	0%	0%	0%	0%
Westfort Merchants	100.0%	0%	0%	0%	0%	0%	0%
Bay/Algoma	100.0%	0%	0%	0%	0%	0%	0%
Other	55.6%	33.3%	0%	0%	0%	0%	11.1%

The value and type of investments made by firms is another indicator of the local business climate. The following list represents a rank ordering of the most significant investments made by participant firms over the past 12 months. Perhaps most reflective of a positive business climate are those investments with a long-term payback. Therefore, it is encouraging to see that survey respondents cited facility improvements as the most significant investment they had made. Furthermore, such facility improvements are important insofar as they satisfy one of the primary strategic thrusts of the "Community Development Plan" to be discussed in a subsequent section.

Most Significant Investments in the past 12 months

1) facility improvements
2) increased advertising/promotion
3) customer service initiatives
4) staff training programs
5) strategic business plan

Business owners were also asked to comment on their investment plans for the next 12 months. Respondents indicated that customer service initiatives were the most likely investment to be made in the next year, a result which is not surprising when one considers that these initiatives typically require smaller investments.

Most Anticipated Investments in the next 12 months

1) customer service initiatives
2) increased advertising/promotion
3) staff training programs
4) facility improvements
5) strategic business plan

According to the small business community the economic outlook for Thunder Bay appears to be quite positive for the immediate future with the *Hospitality/Tourism*, *Retailing* and *Services* sectors of the local economy the most optimistic. In particular, firms in these sectors predict continued revenue growth, plan to make further investments in their businesses, and perhaps most importantly plan to increase staff levels.

Section 5. Recent Events and Proposed Developments: A Business Perspective

The survey also queried the small business community about a number of issues, projects, and developments in an attempt to gauge the impact of these issues upon specific businesses and the Thunder Bay economy in general. The results of these questions are presented in the following section.

First of all, 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. Tourist-related projects (e.g., New Casino, Waterfront Development, Big Thunder Development) were mentioned by 37.8% of this year's participants, which is in stark contrast to the 61.5% of participants citing such projects last year. One possible explanation for this apparent attitudinal shift is the loss of momentum surrounding the waterfront development that was cited by 30.8% of businesses as the single most important project last year. Although this project is still viewed as very important by survey participants, the project no longer receives media attention, which seems to belay the fact that the project has stalled. This is not to say that the business community is only responding to the media hype surrounding such projects but rather, that a lack of media attention is symptomatic of a project that has run aground.

Project/Factor	Percentage of Respondents
Regional hospital	48.6%
Waterfront development	18.9%
New Casino	16.2%
Other	5.4%
Northwestern Ontario Technology Centre	4.1%
Big Thunder development	2.7%
College/University	1.4%
"Big Box" merchants (e.g.Chapters, Home Depot)	1.4%
Innova business park	1.4%

The most commonly cited project this year is the Regional Hospital with almost 50% of respondents identifying this as the single most important project to Thunder Bay's economy. In last year's survey, less than 25% of respondents believed that the regional hospital would have the most significant impact on the local economy in the next millennium.

Although not unexpected, the industry sector analysis presented below reveals differences in the ranking of projects. For example, the *Regional Hospital* was seen to be the single most important economic project by the *Construction* sector, while respondents in the *Real Estate/ Insurance* sector found it difficult to select only one project. In fact, firms in this latter sector were divided equally between the *Waterfront Development* and *Regional Hospital* as the most important economic project.

	Regional Hospital	Waterfront Development	Casino	Big Thunder	Big Box Retailers	Innova Bus. Park	NOTC	College/ University	Other
Construction	100.0%	0%	0%	0%	0%	0%	0%	0%	0%
Hospitality/Tourism	27.3%	9.1%	27.3%	18.2%	0%	0%	0%	9.1%	9.1%
Manufacturing	0%	0%	50.0%	0%	0%	0%	0%	0%	50.0%
Primary Industry	0%	0%	100.0%	0%	0%	0%	0%	0%	0%
Real Estate/Insurance	50.0%	50.0%	0%	0%	0%	0%	0%	0%	0%
Retailing	37.5%	31.3%	12.5%	0%	6.3%	0%	6.3%	0%	6.3%
Service	51.7%	20.7%	17.2%	0%	0%	3.4%	3.4%	0%	3.4%
Wholesale	100.0%	0%	0%	0%	0%	0%	0%	0%	0%
Other	71.4%	14.3%	0%	0%	0%	0%	14.3%	0%	0%

The results of the BIA analysis are presented in the following table. Not surprisingly, the *Waterfront Development* was seen as the most important project by more businesses in *Thunder Bay North* than any other BIA. This result indicates that respondent's answers to such questions reveal their own self-interest. For example, businesses in this area may project what would be best for them onto the city at large.

	Regional Hospital	Waterfront Development	Casino	Big Thunder	Big Box Retailers	Innova Bus. Park	NOTC	College/ University	Other
Thunder Bay North	35.3%	41.2%	23.5%	0%	0%	0%	0%	0%	0%
Thunder Bay South	38.5%	23.1%	23.1%	0%	7.7%	0%	7.7%	0%	0%
Inter-City/Balmoral	65.0%	10.0%	5.0%	0%	0%	5.0%	5.0%	53.8%	72.7%
Heart of the Harbour	0%	0%	0%	0%	0%	0%	0%	0%	0%
Victoria Avenue	60.0%	20.0%	0%	20.0%	0%	0%	0%	0%	0%
Simpson Street	0%	0%	0%	0%	0%	0%	0%	0%	0%
Westfort Merchants	100.0%	0%	0%	0%	0%	0%	0%	0%	0%
Bay/Algoma	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other	47.1%	5.9%	17.6%	5.9%	0%	0%	0%	5.9%	17.6%

Business owners were also asked to identify the industry that they believed represents the single greatest opportunity for the local business community into and beyond the year 2000. Consistent with respondents last year, more businesses selected the *hospitality/tourism* industry as the single most significant economic opportunity.

Industry	Percentage of Respondents
Hospitality/tourism	36.0%
Secondary (e.g., manufacturing)	21.3%
Primary (e.g., logging, mining)	14.7%
Health care	14.7%
Service	6.7%
Other	4.0%
Construction	1.3%
Education (e.g., post-secondary education)	1.3%

The business community was also asked to indicate the importance of a number of factors to the success of their particular business into and beyond the year 2000. The ranking of these factors is presented in the following table. New markets were cited as the most important factor to respondents, followed by a cap on taxes, increased promotional efforts, and the entry of new businesses. It is interesting to note that most, if not all, of the top 5 factors are under some if not direct control of the individual business owners. Consequently, no matter how successful the city is in its promotional efforts or in supporting major developments, business owners believe that they will continue to be responsible for the success of their business in the immediate future.

Ranking of Business "Success" Factors

1) New markets
2) Cap on taxes
3) Increased promotional efforts
4) Increased entry of new businesses
5) Attracting qualified staff
6) Facility improvements
7) Increased tourism
8) $CDN-$US exchange rate
9) Completion of Regional Hospital
10) Business "Partnering"
11) Waterfront development
12) Increased College/University enrollment
13) New Casino
14) Special events (e.g., Tour of Lights)

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 82.6% of respondents felt that the greatest source of potential customers, in the short term, would continue to be from the surrounding geographic region.

Market	Percentage of Businesses
Midwest States	(60.9%)
Northwestern Ontario	(21.7%)
Southern U.S	(5.8%)
Eastern U.S.	(4.3%)
Southern Ontario	(2.9%)
Europe	(1.4%)
Quebec	(1.4%)
Other	(1.4%)

However, there was a dramatic difference between the attitudes expressed in the current survey and those in last year's survey with respect to this question. Specifically, last year's respondents cited Northwestern Ontario (36.1%) as the single most important market while the vast majority of respondents in the current survey indicated that the Midwest States hold the greatest market potential. While it is not known why the two groups of respondents differed so dramatically, this result may reflect the fact that the hospitality/tourism sector is becoming an increasingly important part of the local economy. Regardless, it appears that the local business community would be very much in support of efforts designed to promote the city to the Midwest States.

Section 5.1. Big Box Merchants

The economic impact of "Big Box" merchants (e.g., Superstore, Chapters) on municipal economies, and particularly small businesses, has generated a great deal of media attention. Unfortunately, there has been little empirical research on this issue. Furthermore, an attempt to gauge the attitudes of the local business community on this issue in last year's survey, revealed only that businesses held widely disparate views on the potential impact of such merchants upon the local economy. To illustrate, slightly more than half (51.4%) of respondents in this earlier survey felt that the big box merchants would have a positive impact upon the city's economy, while 40.3% of respondents felt that they would have a deleterious effect.

In the 1998 *Millennium Survey Report* it was hypothesized that businesses view the impact of the big box merchants in terms of whether they complement or compete with their own business. For example, to some local retailers these businesses are direct competitors and therefore a significant threat, whereas other retailers benefit from the traffic created by such merchants. In order to examine this issue in greater detail, respondents were asked about the impact of the big box stores upon their business over the course of the past 12 months.

Interestingly, the majority (67.5%) of business owners reported that their business had been unaffected by the big box operations. Furthermore, more respondents (20.8%) reported that they had benefited from the presence of the big box outlets than those that had been adversely affected (11.7%) by these retailers. It would appear that the extreme views, concerning the economic impact of these firms, expressed in last year's survey have been replaced by a more moderate view. However, these particular respondents may have been largely unaffected in the past year and yet remain optimistic/pessimistic about the future impact of these retailers. Alternatively, the participants may not be affected by these firms and yet, still believe that the economy as a whole will either be positively or negatively impacted by firms of this type.

Impact of "Big Box" Merchants	**Percentage of Respondents**
Very positive	5.2%
Slightly positive	15.6%
No impact	67.5%
Slightly negative	6.5%
Very negative	5.2%

Ultimately, it appears that the threat posed by the big box outlets is business-specific, rather than an industry or economy-wide phenomena. For example, the following table reveals that 50% of the firms in the *Manufacturing* and *Wholesale* sectors have been negatively affected by the big box merchants. National retailers typically buy directly from manufacturers through centralized purchasing operations and therefore it is not surprising that small regional manufacturers/wholesalers find it difficult to supply such retailers.

While it might be assumed that small businesses in the retail sector would be the most negatively affected by these competitors, it appears that this was not the case. In fact, the majority of businesses in the *Retail* sector (76.5%) reported that they had been unaffected by the big box retailers in the past 12 months. This result may reflect differences in the breadth and depth of merchandise carried by the big box merchants versus that of small retailers and, in particular, specialty stores. Specifically, big box retailers rely on mass merchandising principles such as large volume purchasing and national advertising to generate the economies of scale necessary to offer low prices. However, these same principles prohibit such firms from catering to small specialty markets and/or regional tastes. As a result, small retailers that offer greater depth of merchandise (e.g., more brands of a particular product category) or breadth of merchandise (e.g., more products that complement a particular product category) are able to satisfy market segments that these large merchants cannot. In addition, small retailers are often able to offer services not provided by these merchants (e.g., expert advice, customization, repair work).

Finally, one must look at the positive impact that these merchants have had upon the local business community. Specifically, it can be seen that over 40% of the businesses in the *Construction* and *Hospitality/Touris*m sectors reported that big box merchants have had a positive influence on their business in the past 12 months.

	Very Positive	**Slightly Positive**	**No Impact**	**Slightly Negative**	**Very Negative**
Construction	40.0%	0%	40.0%	0%	20.0%
Hospitality/Tourism	0%	45.5%	45.5%	0%	9.0%
Manufacturing	0%	50.0%	0%	50.0%	0%
Primary Industry	0%	0%	100.0%	0%	0%
Real Estate/Insurance	0%	0%	100.0%	0%	0%
Retail	0%	5.9%	76.5%	5.9%	11.8%
Service	3.4%	13.8%	75.9%	6.9%	0%
Wholesale	0%	0%	50.0%	50.0%	0%
Other	14.3%	14.3%	71.4%	0%	0%

In an attempt to determine if the effects of the big box retailers were experienced differentially across the city, a BIA level analysis was performed. The results of this analysis (see the following table) reveal that the BIAs were similarly affected (either positively or negatively) by these firms, a finding which is consistent with the hypothesis that the impact of these firms is business-specific rather than industry or region-wide.

	Very Positive	Slightly Positive	No Impact	Slightly Negative	Very Negative
Thunder Bay North	5.9%	23.5%	64.7%	0%	5.9%
Thunder Bay South	0%	15.4%	69.2%	15.4%	0%
Inter-City/Balmoral	9.5%	9.5%	66.7%	9.5%	4.8%
Heart of the Harbour	0%	0%	0%	0%	0%
Victoria Avenue	0%	0%	100.0%	0%	0%
Simpson Street	0%	0%	0%	0%	0%
Westfort Merchants	0%	0%	0%	100.0%	0%
Bay/Algoma	0%	0%	100.0%	0%	0%
Other	5.6%	16.7%	66.7%	0%	11.1%

However, the greatest insight into this issue was provided by respondents who were asked to comment on the specific influence that these merchants had upon their business. The following are a sample of the opinions[1] expressed by survey respondents.

For example, there were a number of individuals that discussed the positive impact these merchants have had upon their particular business:

> *"Have brought shoppers/tourists from region."*
>
> *"Selection of products is by far better than 5 years ago."*
>
> *"I'm able to buy supplies & building materials at a cheaper rate, thus saving me money."*

In contrast, there were those individuals that discussed the negative influence these merchants have had upon their business. Interestingly, one business owner indicated that it was not price, but the marketing efforts of these firms that represented the most significant threat to his/her business.

> *"Hard to compete when your services are offered as a loss leader to get people in the door."*
>
> *"We are unable to compete, not price wise, but with the cost of comparable advertising."*
>
> *"Wal-Mart, etc. can price items below what we can buy some items at."*

A few respondents discussed strategies for competing with the big box retailers. For the most part, business owners felt that they would have to alter their marketing strategy in order to compete. This view is consistent with the earlier finding that indicated that businesses were in control of their own success. However, one business owner felt that the city should offer some tax concessions to local merchants in order for them to compete with these retailers.

[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.

"Competition makes you keener, smarter, better."

"We try to avoid selling merchandise that the 'Big Boxes' carry."

"Business tax concessions should be available to locally-owned businesses over the 'big box' stores.

"It has proven that it is easier to shop at my store than the Big Box Stores."

Section 5.2. The New Casino

Respondents were also asked to express their views on the new casino and its potential impact on Thunder Bay's economy. The casino issue is a contentious one, and public opinion appears to be polarized on the social and economic impact of this project. However, the current survey focussed on the attitudes of small business towards the economic impact of the casino on both the local economy and their particular business.

Impact of New Casino	Percentage of Respondents
Very positive	16.9%
Slightly positive	44.2%
No impact	11.7%
Slightly negative	16.9%
Very negative	10.4%

Although slightly more than half (61.1%) of respondents felt that the new casino will have a positive impact upon the city's economy (see previous table), the following table demonstrates that both within and across industry sectors there were divergent opinions on this issue. For example, the majority of businesses in the *Manufacturing, Service, Real Estate/Insurance* and *Hospitality/Tourism* believe that the casino is going to have a positive effect upon the local economy. In contrast, businesses in the *Construction* and *Retail* sectors appear to be divided on its impact with almost 40% of businesses in the *Retail* sector believe that the casino will have a negative impact on Thunder Bay's economy.

	Very Positive	Slightly Positive	No Impact	Slightly Negative	Very Negative
Construction	0%	20.0%	60.0%	0%	20.0%
Hospitality/Tourism	27.3%	36.4%	9.1%	18.2%	9.1%
Manufacturing	50.0%	50.0%	0%	0%	0%
Primary Industry	0%	100.0%	0%	0%	0%
Real Estate/Insurance	0%	66.7%	0%	33.3%	0%
Retail	16.7%	33.3%	11.1%	27.8%	11.1%
Service	20.7%	51.7%	6.9%	13.8%	6.9%
Wholesale	0%	50.0%	0%	0%	50.0%
Other	0%	50.0%	16.7%	16.7%	16.7%

An examination of business attitudes across the community's various BIAs revealed no real differences. It would have been interesting to have representation from the Heart of the Harbour BIA to gauge the attitudes of businesses in this area.

	Very Positive	Slightly Positive	No Impact	Slightly Negative	Very Negative
Thunder Bay North	17.6%	52.9%	5.9%	11.8%	11.8%
Thunder Bay South	21.4%	28.6%	14.3%	35.7%	0%
Inter-City/Balmoral	10.0%	40.0%	15.0%	20.0%	15.0%
Heart of the Harbour	0%	0%	0%	0%	0%
Victoria Avenue	0%	60.0%	20.0%	20.0%	0%
Simpson Street	0%	0%	0%	0%	0%
Westfort Merchants	0%	100.0%	0%	0%	0%
Bay/Algoma	0%	100.0%	0%	0%	0%
Other	22.2%	44.4%	11.1%	5.6%	16.7%

Participants were also asked to respond to the following open-ended question about the casino, *In your opinion, how will the city's economy be affected?* The following represent a sample of the views[2] expressed by the small business owners.

First of all, there were those comments from individuals who believed that the casino would have a positive impact upon Thunder Bay's economy:

> *"More regional traffic and dollars spent at local hotels/restaurants/stores."*
>
> *"New jobs and services will be required. Increased volume of local and tourism traffic."*
>
> *"More tourists = More $ = More taxes plus spin off business for area merchants."*
>
> *"Locals who have traveled to other locations will now gamble locally."*

In contrast, a variety of respondents expressed concern about the negative aspects of a casino operation and, in particular, the social costs associated with gambling.

> *"Local $ will be funneled to S. Ont. Increase in gambling among population. Fewer tourist $ to merchants."*
>
> *"There are now casinos in every major city, few tourists will visit our casino leaving only local players to lose their money and become a problem."*
>
> *"People will put off buying what they need, they will plan to buy when they win. Will create a trashy area of the north core."*

[2] 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.

Finally, there were a number of comments received from participants who felt that the casino would likely represent a double-edged sword for the local community, one with both positive and negative sides.

> *"Casino will offer a few low paying jobs and I think that we will see a rise in social problems, such as crime and alcoholism."*
>
> *"It will bring in revenue, but will have negative effects that far out weigh the money generated."*
>
> *"I think its going to create a lot of minimum wage jobs. People attracted to the casino will not do other activities in the city."*

Next, each participant was asked to comment on the expected impact of the casino on his/her own business. Surprisingly, it was found that the majority of respondents (60.3%) believe that the casino will have no impact on their specific business. This result is in stark contrast to the previous question, where the majority of respondents indicated that the casino would have a positive impact upon the local economy.

Impact of New Casino	Percentage of Respondents
Very positive	5.1%
Slightly positive	25.6%
No impact	60.3%
Slightly negative	5.1%
Very negative	3.8%

In an attempt to determine whether there were any differences between industry sectors and BIAs, two additional analyses were performed. The results of the industry sector analysis presented below reveal that the enthusiasm for the casino, and its impact upon the local economy, witnessed earlier across most industry sectors is now found only in the *Hospitality/Tourism* sector. Taken in concert, these results suggest that the business community believe that the economic impact of the casino will be largely realized by businesses in the *Hospitality/Tourism* sector. Alternatively, the business community may feel that the economic benefits of the casino will be in the form of taxes that will not have any direct impact on most businesses.

	Very Positive	Slightly Positive	No Impact	Slightly Negative	Very Negative
Construction	20.0%	0%	80.0%	0%	0%
Hospitality/Tourism	18.2%	45.5%	27.3%	0%	9.1%
Manufacturing	0%	0%	100.0%	0%	0%
Primary Industry	0%	0%	100.0%	0%	0%
Real Estate/Insurance	0%	33.3%	33.3%	33.3%	0%
Retail	5.6%	16.7%	66.7%	11.1%	0%
Service	0%	31.0%	62.1%	0%	6.9%
Wholesale	0%	50.0%	0%	50.0%	0%
Other	0%	14.3%	85.7%	0%	0%

An examination of BIAs revealed that businesses in *Thunder Bay North* are most optimistic about the casino and its impact upon their specific business. Again, it is unfortunate that the attitudes of businesses in the *Heart of the Harbour* BIA could not be examined in this survey.

	Very Positive	Slightly Positive	No Impact	Slightly Negative	Very Negative
Thunder Bay North	23.5%	23.5%	47.1%	0%	5.9%
Thunder Bay South	0%	35.7%	57.1%	7.1%	0%
Inter-City/Balmoral	0%	28.6%	57.1%	14.3%	0%
Heart of the Harbour	0%	0%	0%	0%	0%
Victoria Avenue	0%	0%	100.0%	0%	0%
Simpson Street	0%	0%	0%	0%	0%
Westfort Merchants	0%	100.0%	0%	0%	0%
Bay/Algoma	0%	0%	100.0%	0%	0%
Other	0%	16.7%	72.2%	0%	11.1%

Again, business owners were asked to express their thoughts on the casino and specifically, its likely impact on their business. The following represents a sample of the responses[3] to this question. For example, there were a number of individuals that believed that the casino would have a positive impact upon their particular business:

"We will obtain work from its construction."

"We are in hospitality, people need places to stay and eat."

"Draw additional people to North Ward…"

However, a number of respondents displayed a more guarded optimism when discussing the benefits associated with the new casino.

"May have some out of town tourists stopping by, if they have any money left."

"Hopefully positively. I will advertise special prices for casino goers."

"Hope to get some advertising dollars."

"A bit, jobs not in high salary bracket to be very beneficial."

In contrast, some business owners expressed concerns for the negative impact of the casino upon their business.

"Disposable income will not be spent on retail outlets, but in the casino."

"We are a [competitor], so our revenues will decrease."

[3] 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.

Section 5.3. Sports Franchises

Survey participants were also asked to discuss the recent departure of the Thunder Cats and Whiskey Jacks professional sports franchises. Specifically, respondents were asked to comment on the anticipated impact of these departures upon their specific business. The results presented in the following table illustrate that less than one quarter (22.1%) of respondents feel that the recent loss of the Thunder Cats and the Whiskey Jacks will adversely affect their business, with the vast majority reporting that these departures will have no impact upon their operations.

Impact of Losing Sports Franchises	Percentage of Respondents
Very positive	0%
Slightly positive	2.6%
No impact	75.3%
Slightly negative	19.5%
Very negative	2.6%

Although the majority of businesses indicated that they will not be adversely affected by the loss of these franchises, this was not true for all industry sectors. In fact, fully one half of the businesses in the *Hospitality/Tourism* sector felt that the departure of these teams would negatively impact their operations.

	Very Positive	Slightly Positive	No Impact	Slightly Negative	Very Negative
Construction	0%	20.0%	80.0%	0%	0%
Hospitality/Tourism	0%	0%	50.0%	40.0%	10.0%
Manufacturing	0%	50.0%	50.0%	0%	0%
Primary Industry	0%	0%	100.0%	0%	0%
Real Estate/Insurance	0%	0%	66.7%	33.3%	0%
Retail	0%	0%	66.7%	33.3%	0%
Service	0%	0%	86.2%	10.3%	3.4%
Wholesale	0%	0%	100.0%	0%	0%
Other	0%	0%	85.7%	14.3%	0%

The BIA level analysis below reveals that more respondent businesses in the *Victoria Avenue* area will be adversely affected by the departure of these teams than any other BIA.

	Very Positive	Slightly Positive	No Impact	Slightly Negative	Very Negative
Thunder Bay North	0%	0%	70.6%	23.5%	5.9%
Thunder Bay South	0%	0%	71.4%	28.6%	0%
Inter-City/Balmoral	0%	4.8%	76.2%	19.0%	0%
Heart of the Harbour	0%	0%	0%	0%	0%
Victoria Avenue	0%	0%	60.0%	40.0%	0%
Simpson Street	0%	0%	0%	0%	0%
Westfort Merchants	0%	0%	100.0%	0%	0%
Bay/Algoma	0%	0%	100.0%	0%	0%
Other	0%	5.9%	82.4%	5.9%	5.9%

Business owners were also asked to respond to an open-ended question on the specific impact that the loss of these teams would have upon their business. The following are a sample of the views[4] expressed by the respondents on this issue.

First of all, there were a few business owners that offered insight into the negative impact that the departure of these sports franchises would have upon their business.

> *"I sell sports motif gifts."*
>
> *"We were [providing services] to the players, and a fair amount of promotions with the teams.*
>
> *"We used to advertise with Whiskey Jacks."*

Although only a small portion of respondents felt that their particular businesses would be adversely affected by the departure of these teams, there were a number of individuals that expressed concern over the loss. In fact, many respondents felt compelled to discuss the departure in terms of the impact upon the quality of life in the community.

> *"One (two) less reasons for visitors to visit T. Bay."*
>
> *"I miss taking my kids to the ballpark."*
>
> *"Need to keep population base happy to live here with things to do!"*
>
> *"Taking clients out for social meetings."*
>
> *"Makes the city a less attractive place to visit/live. Support for these items plus other areas/cultural facilities is important."*
>
> *"We have a loss in the number of events to attend. Thus, there is less to do in this town, leading to a decrease in economic activity."*
>
> *"Despite not affecting my business, I regard the loss of these franchises as significant to Thunder Bay."*

[4] 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.

Section 5.4. Community Development Plan

In last year's survey it was discovered that 78.6% of respondents were not aware of the *Thunder Bay Community Development Plan*. In order to determine if any progress had been made in this regard over the past year, respondents were once again asked to indicate whether they were aware of the plan. Again, the majority of respondents (63%) reported that they were not aware of the plan. This unaided recall measure may be more reflective of knowledge than simple awareness and thus this percentage may be somewhat misleading. For example, it is possible that the plan is known by other names (e.g., Strategic Plan), or perhaps people may have heard of it and yet are unaware of its contents. Regardless, it appears that the plan has been inadequately promoted to the small business community.

Despite its low profile in the small business community, those business owners that are aware of the plan appear to be very optimistic about its potential impact upon their business. In fact, it was found that 60% of the "aware" group of respondents believed the plan would have a positive impact upon their business.

Impact of Community Development Plan	Percentage of Respondents
Very positive	12.0%
Slightly positive	48.0%
No impact	40.0%
Slightly negative	0%
Very negative	0%

There were too few respondents aware of the *Community Development Plan* to conduct industry sector and BIA level analysis. However, respondents were asked to discuss any changes that either they or their business organization intend to make to address the objectives outlined in the plan. There were very few responses to this question, and those that did respond offered no details on how they intend to satisfy the strategic thrusts of the plan. Although one respondent provided an example of a failure to comply with the plan, most respondents offered only general comments[5] on the planning process.

"My landlady has no intentions of improving the look of our building."

"Every ounce of planning is useful."

"I believe the plan still requires development prior to implementation."

"To date, the development plan for the city has been a `closed shop' The timing of meetings has been detrimental to full participation. The money spent on this exercise would have been better utilized had a different approach been taken."

[5] 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.

Section 5.1. Northwestern Ontario Technology Centre

Finally, respondents were asked to express their opinion on the Northwestern Ontario Technology Centre (NOTC) and specifically, its potential to impact the municipal economy. Although respondents were not specifically asked about their awareness of the NOTC only 39.1% of respondents answered the attitudinal question related to the NOTC. This low response rate, in concert with the following comments suggests that there is, at present, a lack of awareness of the NOTC and its purpose.

> *"Not familiar with its function in the community."*

> *"Not sure what it's all about."*

However, those that had some knowledge of the centre were very optimistic about its potential impact upon Thunder Bay's economy. Specifically, the following table indicates that 70.5% of respondents to this question believed that the centre would have a positive impact upon our local economy.

Impact of NOTC	Percentage of Respondents
Very positive	11.5%
Slightly positive	59.0%
No impact	27.9%
Slightly negative	1.6%
Very negative	0%

Again, there were too few responses to this question to conduct industry sector or BIA level analyses. However, respondents were encouraged to express their opinions concerning the NOTC and its impact on the local economy. The following are a sample of the opinions[6] expressed by the small business community.

As demonstrated above, the majority of respondents indicated that the NOTC would have a positive affect upon Thunder Bay's economy:

> *"The NOTC has tremendous potential, however requires lots of capitalization to work."*

> *"Hopefully, help cultivate some new businesses in tech. field."*

> *"It will help compensate for the declining manufacturing and primary industries that T. Bay's economy has been based on."*

> *"Higher quality skilled jobs, more diversification within the community therefore a stronger based community. Less brain drain."*

[6] 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.

Although most businesses were optimistic about the NOTC, one respondent expressed some concern that the centre had unwittingly erected barriers that would make it difficult to attract the new venture tenants it was supposed to serve.

> *"I think because of rent cost, and the hoops a business needs to jump through, and length of stay allowed, there will be an empty building."*

The underlying theme that appears to have emerged from this section is a profile of the type of projects, businesses, and community investment that is desired by the local business community. In fact, there appears to be general, if not unanimous support for a particular type of project; a result that is perhaps astonishing in light of the polarization of opinions that surrounds most projects. Specifically, the local business community appears to be very supportive of any project or business that increases tourist spending in the region, either through an increased number of visitors or that extends the number of days visitors spend in the city (i.e., extended stays, more frequent visits). Projects of this nature are perhaps best labelled ***universal opportunities***, because they support existing industry sectors (e.g., hospitality/tourism, retailing, services) directly through increased clientele and/or indirectly by creating employment that creates additional wealth to be spent in the community.

The business community appears to have disparate opinions on those projects that are seen to complement some businesses while serving as substitutes to others. For example, the new casino is likely to have a positive impact upon that portion of the hospitality industry (e.g., hotels and restaurants) that will benefit from the increase in visitors to the city. In contrast, the portion of the hospitality industry that caters to the resident population (e.g., movie theatres, night clubs) might be adversely affected by the casino as they now face more competition for the consumer's entertainment dollars. Projects and businesses of this type may in fact represent ***zero-sum opportunities***.

Thus, it appears that projects that generate tourism or bring new industry to the city will be well received by the small business community. To this end, projects such as the NOTC and the regional hospital and the proposed, but now dormant, waterfront project are seen to have considerable support amongst those in the local business community.

Section 6. The Community: As a Place to Live, Visit & Conduct Business

Finally, this last provides insight into the small business community's perspective on the city's strengths and weaknesses. This section also examines the degree to which certain factors either support or impede the operation of a business in Thunder Bay.

First of all, participants were asked to comment on how well Thunder Bay meets their needs as a business owner relative to their perception of other cities. Respondents ranked Thunder Bay higher than other locations on four factors, with "proximity to wilderness areas " 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 that 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) Population demographics (e.g., age, income)

While very much aware of Thunder Bay's positive attributes, the business community was also critical of the city indicating that it currently lags other communities on the eight items listed below. These factors appear in order from much worse to somewhat worse. Therefore, 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. A new item in this year's survey was "access to medical personnel," and its ranking suggests that it is an area of considerable concern.

Thunder Bay was ranked "worse than" other cities for its...

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

In addition, an attempt was made to determine those factors that are most likely to influence efforts to attract both tourists and future residents. Specifically, respondents were asked to indicate the extent to which various factors affect Thunder Bay's ability to attract 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
4) Calibre of shopping facilities
5) Distance from major metropolitan areas
6) Transportation facilities
7) Conference facilities
8) Major attractions (e.g., Casino, Old Fort William)
9) American's unwillingness to cross the border
10) Cost of accommodation
11) Gas prices
12) Co-ordinated promotional effort
13) Special events, festivals (e.g., Tour of Lights)
14) Arts facilities (e.g., museums, theatres, symphony)
15) Weather

The preceding list is consistent with the one obtained in last year's survey, and once again it provides an overview of impediments to community growth (e.g., high cost of air travel) and an action list of areas where action should be taken if growth is to occur. The list also points out certain factors that cannot be addressed (e.g., distance from major metropolitan areas) but are important constraints that must be considered when setting objectives.

Finally, respondents were asked to express any additional comments that they may have had regarding the survey and/or its topics. Many respondents availed themselves of this opportunity and only a sample of these comments[7] are presented here.

First of all, there were a number of people that commented on the survey itself:

> *Good survey. Hopefully the results will be positive and utilized."*
>
> *"Excellent opportunity to express our thoughts."*
>
> *"Surveys help to take inventory, but they will not be effective without action."*

This last comment is indicative of a theme that was also present in last year's survey and which emphasizes the need for action. For example, numerous respondents expressed frustration over the lack of progress that has been made on certain projects and developments. In addition, some comments belay a sense of urgency in the community and a concern that some opportunities may be lost if not acted upon quickly.

> *"Frustrated over lack of marina development. Let's make T. Bay a better place for the current residents to live, then tourism will follow."*
>
> *"Hospital, casino, waterfront and Big Thunder should all be given the green light. No hassles! Big Thunder should be sold to a U.S. investor who knows how to promote it."*
>
> *"Thunder Bay is going backward - we need investors."*

A number of individuals commented on the importance of planning and guidance at the municipal council level. Specifically, the following comments suggest that the small business community is looking for city council to take the initiative in steering Thunder Bay's future development.

> *"Thunder Bay continues to require a vision and directive focus in its economic development."*
>
> *"Focus on a few industries that suit the region & push them for the long term. City hall attitude requires a "big" attitude change in dealings w/business."*

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

> *"Thunder Bay needs new industry/tourism. We are stagnant, with an aging population. We need some new thinking on council. North & south need to unite."*

> *"City council needs to be refreshed w/new people/better long-term planning and the guts to go ahead with things in T. Bay."*

Tourism, and the city's ability to attract more tourists was perhaps the most popular topic of discussion last year with the majority of comments focused on regional shortcomings and/or oversights in the city's promotional efforts. A unified approach to tourism was again a popular topic of discussion.

> *"City, NOSTA, & tourism Ontario must work together to promote our area."*

Although 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,

> *"The city should allow or try to get other big businesses (e.g., Manufacturing) because the grain elevators & pulp and paper industries are collapsing."*

Appendix 1.

Attitudes and Outlook of Thunder Bay Business

We would like to take a few moments of your time to gain some insight into your attitudes, as a Thunder Bay business owner, about the local business climate. Please read the questions carefully and be sure to answer all questions. Space is provided at the end of the survey for any additional comments you may have. To learn more 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. Business Format: ☐ Retail outlet ☐ Factory ☐ Commercial office
   ☐ Home-based ☐ Other (specify) ___________________

6. Business location: ☐ Thunder Bay North ☐ Thunder Bay South ☐ Inter-City/Balmoral
   ☐ Heart of the Harbour BIA ☐ Victoria Avenue BIA ☐ Simpson Street BIA
   ☐ Westfort Merchants Assoc. ☐ Bay/Algoma Merchants Assoc.
   ☐ Other (specify)_____________________

7. Please select ☑ the category below that best describes your business.
   ☐ Construction ☐ Hospitality/Tourism ☐ Manufacturing
   ☐ Primary Industry ☐ Real Estate/Insurance ☐ Retailing
   ☐ Service-type business ☐ Wholesale Distribution ☐ Other ______________

8. Which of the following best describes the origin of your current business?
   ☐ Started business yourself
   ☐ Licensed from another individual or company
   ☐ Acquired franchise
   ☐ Purchased existing business
   ☐ Other (please specify) ____________________________

9. How many individuals are currently employed by your firm? full-time ______ part-time ______

10. What staffing changes have been experienced by your business over the past 12 months? Please select ☑ the response that most accurately reflects the type of change experienced, and where appropriate indicate the number of employees affected.

- ☐ No changes
- ☐ Hired ____ full-time and/or ____ part-time employee(s)
- ☐ Recalled ____ laid-off employee(s)
- ☐ Eliminated ____ full-time and/or ____ part-time employee(s)
- ☐ Shifted ____ employees from full-time to part-time
- ☐ Shifted ____ employees from part-time to full-time
- ☐ Other (please specify) ___________________________

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

- ☐ No changes planned to the existing employee levels
- ☐ Plan to hire new employee(s)
- ☐ Plan to recall laid-off employee(s)
- ☐ Plan to reduce the current number of employees
- ☐ Plan to shift some full-time to part-time
- ☐ Plan to shift some part-time to full-time
- ☐ Other (please specify) ___________________________

12. 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**
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

13. Indicate the extent to which you have invested time and/or money in each of the following activities <u>over the past 12 months</u>.

	No Investment				Substantial Investment
a) increased advertising/promotion	1	2	3	4	5
b) customer service initiatives	1	2	3	4	5
c) facility improvements	1	2	3	4	5
d) staff training programs	1	2	3	4	5
e) partnering with other firms	1	2	3	4	5
f) database marketing	1	2	3	4	5
g) internet homepage(s)	1	2	3	4	5
h) market research	1	2	3	4	5
i) strategic business plan	1	2	3	4	5
j) consulting/advisory service(s)	1	2	3	4	5

14. Indicate how likely you will be to invest in each of the following activities <u>in the next 12 months</u>.

	Very likely				Not at all likely
a) increased advertising/promotion	1	2	3	4	5
b) customer service initiatives	1	2	3	4	5
c) facility improvements	1	2	3	4	5
d) staff training programs	1	2	3	4	5
e) partnering with other firms	1	2	3	4	5
f) database marketing	1	2	3	4	5
g) internet homepage(s)	1	2	3	4	5
h) market research	1	2	3	4	5
i) strategic business plan	1	2	3	4	5
j) consulting/advisory service(s)	1	2	3	4	5

15. Which of the following best represents your estimated sales or billings for the **1999** fiscal year?

☐ < $25,000 ☐ $25,000 - $49,999 ☐ $50,000 - $99,999
☐ $100,000 - $249,999 ☐ $250,000 - $499,999 ☐ $500,000 - $999,999
☐ $1,000,000 - $5,000,000 ☐ > $5,000,000

16. Does this 1999 sales volume represent an increase or decrease over your 1998 sales?

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

17. How likely is it that the 1998-1999 sales trend will continue between:

	Very likely				Not at all likely
a) 1999-2000	1	2	3	4	5
b) 2000-2001	1	2	3	4	5

18. How important are each of the following factors to your 1999 sales performance?

	Very Important				Not at all Important
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., Air Show)	1	2	3	4	5
i) Entry of new businesses	1	2	3	4	5
j) Other (specify)____________________	1	2	3	4	5

19. 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
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) Special events (e.g., Tour of Lights)	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)	1	2	3	4	5
m) Increased College/University enrolment	1	2	3	4	5
n) Business "Partnering"	1	2	3	4	5
o) New Casino	1	2	3	4	5
p) 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. Identify those factors that feel will most significantly impact our economy during this period.

____

____

2. Please identify ☑ the one (1) development/institution that you believe is likely to have the greatest <u>positive</u> impact on the Thunder Bay economy over the next five years.
   - ☐ Regional hospital
   - ☐ Waterfront development
   - ☐ New Casino
   - ☐ Big Thunder development
   - ☐ "Big Box" merchants (e.g., Chapters, Costco)
   - ☐ Innova business park
   - ☐ Northwestern Ontario Technological Centre (NOTC)
   - ☐ College/University
   - ☐ Other (please specify) ___________________________

3. Please select ☑ the one (1) industry that you feel represents the greatest opportunity for our business community for the year 2000 and beyond.
   - ☐ Primary (e.g., logging, mining)
   - ☐ Secondary (e.g., manufacturing)
   - ☐ Health care
   - ☐ Construction
   - ☐ Service
   - ☐ Hospitality/tourism
   - ☐ Education (e.g., post-secondary education)
   - ☐ Other (please specify) ___________________________

4. 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.

☐ Europe	☐ Asia	☐ Eastern U.S.
☐ Southern U.S.	☐ Midwest States	☐ Western U.S.
☐ Maritime Provinces	☐ Quebec	☐ Southern Ontario
☐ Northwestern Ontario	☐ Prairie Provinces	☐ Other (specify)__________________

5. How well does Thunder Bay meet the needs of your business with respect to the following factors?

	Much better than other locations			Much worse than other locations	
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) Access to medical personnel (e.g., physicians)	1	2	3	4	5
p) Other (specify) ______________________	1	2	3	4	5

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	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) Americans' 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) Special events, festivals (e.g., Tour of Lights)	1	2	3	4	5
n) Conference facilities	1	2	3	4	5
o) Sports franchises (e.g., Flyers)	1	2	3	4	5
p) Major attractions (e.g., Casino, Old Fort William)	1	2	3	4	5
q) Other (specify) ________________________	1	2	3	4	5

7a. What kind of impact have "Big Box" merchants (e.g., Chapters) had upon <u>your</u> business in the past 12 months?

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

b. Please discuss how these merchants have affected your business.

____

____

8a. What kind of economic impact do you believe the new Casino will have on Thunder Bay's economy?

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

b. In your opinion, how will the city's economy be affected?

____

____

9a. What kind of impact do you believe the Casino will have upon <u>your</u> business?

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

b. How will the casino affect your particular business?

____

____

10a. What kind of impact will the loss of professional sports franchises (e.g., Whiskey Jacks, Thunder Cats) have upon <u>your</u> business?

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

b. Please discuss how the loss of these sports teams will affect your business?

____

____

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

Yes ☐ (proceed to question #12a) No ☐ (proceed to question #13)

12a. What kind of impact do you anticipate the development plan will have upon your business?

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

b. Please discuss any changes that you and/or your business club/organization intend to make to your business and/or business practices to address the objectives of the Community Development Plan.

____

____

13a. What kind of economic impact do you believe the Northwestern Ontario Technology Centre (NOTC) will have on Thunder Bay's economy?

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

b. Specifically, how will the NOTC affect our local economy?

____

____

14. In the space provided below, please feel free to express any additional comments that you may have regarding this survey and the issues presented within it.

____

____

____

____

____

____

Thank you for your participation.
We wish you and your business much success in 1999 and in the new millennium.