2015 Thunder Bay Small Business Opinion Survey

Presented By: Thunder Bay Ventures

Thunder Bay
Ventures
Community Futures Development Corporation

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To examine the attitude of the business community towards specific issues and developments in the local community.

Executive Summary

Completion of the "2015 Thunder Bay Business Opinion Survey" marks the eighteenth year since the inception of the survey, which gives a voice to the small business community of the region. The Thunder Bay Business Opinion Survey provides third parties with an in-depth analysis of the thoughts of small businesses. The findings of the survey include both quantitative and qualitative aspects, and also examine the current and future environmental conditions that small businesses operate under. Every effort was made to ensure that the statistics and data represented the population and that all bias was eliminated.

The survey presented findings in several key areas that should be noted:

1. Hiring expectations for the next 12 months have increased in comparison to last year's results, with 56% of firms planning to hire additional employees, up from 48% in 2014. 41% of firms are not planning to hire additional employees and 3%of firms are planning to lay off employees. This is the second year in 4 years that firms are planning to lay off employees. It is important to note that firms currently have an average of 11 full time and 8 part time workers.

2. 44% of respondents feel that the economic growth in Thunder Bay is positive, down from 52% in 2014.In 2009, only 28% of respondents had optimistic thoughts in regards to economic growth and over the nextfour years it has continually increased to its peak of 74% in 2013. 2014 and 2015 mark a subsequent decrease in perceived growth.

3. The belief that the mining industry is having a positive impact on Thunder Bay's economy has remained consistently strong over the past four years. Thunder Bay's small business owners gave mining a score of 3.45 out of 5, ranking it as the most important industry sector.However, when asked how much of their revenue was attributed to the mining industry, 51% responded 0% and 46% responded between 1-25%. Mining is also ranked very high in regards to its importance to the future of the economy, while respondents feel that Forestry is not important to the future of the economy.The OLG Casino score decreased from 2.74 to 2.63; another low score for the eighth year in a row, indicating business owners still have negative thoughts about the impact of the casino.

4. Small business owners showed identical results regardinghow secure they feel about the sustainability of their small business for the next three years. In 2014 and 2015, 85% of small businesses possessed a feeling of security. This should be monitored closely in the future to determine what effect the current conditions are having on small businesses.

5. Respondents' perceptions in regards to the City of Thunder Bay meeting their needs are not positive. Seven of eleven factors have dropped in comparison to last year and all the results are below the mean score of 3.00. This indicates that the City should pay better attention to the needs of Thunder Bay's small businesses.

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Research Objectives

It is time once again to offer the results of this year's Thunder Bay Small Business Opinion Survey. The objective of this study is to examine the attitudes and behaviours of small businesses in the Thunder Bay Census Metropolitan Area (CMA). The three specific areas of concentration are in: (1) gauging both the attitudes and trends of the small business community with regard to the current and future business climate in Thunder Bay; (2) identifying factors most critical to the development of the City's economy beyond the year 2015; and (3) examining the attitudes of the business community toward specific issues and developments in the local community. The survey also provides respondents with the opportunity to openly comment on any issue they choose.

This approach has led to the development of new questions within subsequent surveys and continues to provide valuable and candid feedback of small business owners' thinking. The study is conducted under the auspices of Thunder Bay Ventures; an organization funded by Industry Canada through FedNor, as part of the federal government's Community Futures Development Program. Thunder Bay Ventures has a mandate to conduct research on issues relevant to community economic development, in addition to providing financing and support to small businesses. The 2015 annual survey was conducted in May and June of this year.

Methodology and Response

The specific population in study for this research is comprised primarily of firms with less than 35 full-time employees, regardless of revenues or types of business activity. The population is located in the Thunder Bay CMA and has no affiliation with a particular industry sector. Included with the questionnaire was a letter of introduction explaining the purpose of the survey and a response incentive. During a 3-week data collection period, the surveys were mailed to 700 small business, with 39 surveys returned(5.57%), which is down 1.29% from last year's response rate of 6.86%. There is some concern that the level of statistical significance that is maintained with this survey may be compromised to an anecdotal level with a response rate that continues to drop year over year, however at present the results remain relevant for the population in question.

The survey uses a systematic random sample approach and is delivered through Canada Post. Each survey is addressed to the identified owner of the business. The questionnaire uses a Likert scale (1 to 5) response format as well as categorical response options for assessing frequency and descriptive data (see Appendix A). The survey is 8 pages and has approximately 145 questions. Respondents are also offered the opportunity to openly express opinions regarding Thunder Bay's economy. Many respondents did provide additional feedback on one or more of the open-ended questions in section B as well as section C. A random selection of the comments is provided in the report. These responses are opinionated comments and do not present any significance or trend.

In keeping with statistical practice, an examination of the questionnaire's reliability and numerous validity measures were performed.

Respondent Profile

Provided in the Respondent Profile section is general demographic results for the 2015 survey respondents. The percentage results that are provided are from those individuals who responded to the specific questions, therefore excluding those who did not respond to the question properly or failed to respond at all. Respondent characteristics appear to reflect the small business population and are consistent with characteristics exhibited in previous years.

Table 1 - Gender

Gender	Percentage
Male	64%
Female	36%

Table 2 - Average Age

Average Age of Respondent	50

Table 3 - Average Years in Business

Average Years in Business	23

Table 4 - Type of Business

Type of Business	Number	Percentage
Retail	11	28%
Wholesale	2	5%
Manufacturing	6	15%
Professional Services	13	33%
Personal Services	2	5%
Other	5	13%

Table 5 - Legal Status

Legal Status of Business	Percentage
Sole Proprietorship	23%
Partnership	8%
Corporation	69%

Table 6 - Education Level

Education Level of Owner	Percentage
High School	22%
College	41%
University	38%

Table 7 - Categories for Economic Development

Categories for Economic Development	Percentage
Women	70%
Aboriginal	5%
Francophone	15%
Youth (under 30)	10%

Table 8 – Average Number of Employees

Type of Employee	Average Number	Maximum	Minimum
Full Time	11	137	0
Part Time	8	250	0

Table 9 - Change in Employment

Change in Employment (2014 Fiscal Year)	Percentage
Increased	33%
Remained the Same	59%
Decreased	8%

Table 10 - Actual Sales

Actual Sales or Billings (2014 Fiscal Year)	Percentage
Less than $25,000	11%
$25,000 - $49,999	5%
$50,000 - $99,999	5%
$100,000 - $249,999	11%
$250,000 - $499,999	13%
$500,000 - $999,999	18%
$1,000,000 - $5,000,000	32%
Greater than $5,000,000	5%

Table 11 - Change in Sales Volume

Change in Sales Volume from 2013 to 2014	Percentage
Increase greater than 10%	19%
Increase greater than 0% and less than 10%	43%
Decrease greater than 0% and less than 10%	22%
Decrease greater than 10%	16%

Current Small Business Issues

The "Current Small Business Issues" section is focused on an understanding of the current posture of small business owners given their previous experiences and future expectations. The mean scores are provided in the following tables. Major deviations away from the center (3.00) indicate that this factor is an area to watch as well as a possible emerging trend in either direction. These results are shaded.

The following table depicts the shading legend used throughout the report.

Large Deviation from the Mean	
Significant Change from 2014	

1. Respondent Expectations

Table 12 - Anticipated Sales Increase

Anticipated Sales Increase For 2015 Fiscal Year	Percentage
Yes	66%
No	34%

Small business owners appear to be fairly positive in terms of sales increases, as 66% of respondents feel that their sales will increase in the next fiscal year. This is down 6% from the previous year where 72% of respondents anticipated a sales increase.

Table 13 - Hiring Expectations

Hiring Expectations (next 12 months)	Percentage
Hiring Additional Employees	56%
Not Hiring Any New Employees	41%
Laying Off Employees	3%

Hiring expectations for the next twelve months have changed slightly from the previous 12 monthsas 56% of businesses are expecting to hire additional employees, up 8% from 48% in 2014. It is also important to note that although 48% of firms expected to hire additional employees in 2014, 33% actually did, which identifies a fairly strong correlation between hiring expectations and actual changes in employment levels (Table 9).

Lay off expectations for the next twelve months are expected to be 3%.This is the second time in four years that firms are expecting to lay off employees (Figure 1). Furthermore, 41% of respondents do not expect to hire any new employees. Small businesses currently employ on average 11 full time and 8 part time employees (Table 8). The anticipated hiring expectations for the next 12 months will likely changeemployment levelsof small businesses in the Thunder Bay region.

Figure 1 below shows the hiring expectations of small businesses over the past six years.As displayed in Figure 1, the percentage of firms expecting to hire and not hire new employees has remained stable over the past four years, but there is an overall increase in hiring expectations in the coming year as the gap between hiring and not hiring widens.

Figure 1 - Historical Trend of Hiring Expectations

2. Challenges Often Encountered by Businesses

Below is a list of challenges that are often encountered by businesses. Please indicate the extent to which the following issues have been a problem for your business in the 2014 fiscal year.

Not a Problem (1) – Significant Challenge (5)

Table 14 - Challenges for Businesses

Issue in Question	2015	2014	2013	2012	2011	2010
Availability Of Skilled Employees	3.76	3.07	3.11	3.08	2.79	2.86
Access To Market Research, Business Advice	2.34	1.98	2.31	2.01	1.97	1.86
CDN/US Exchange Rate	2.51	2.19	1.63	2.01	2.04	2.15
Declining Sales	2.49	2.62	2.18	2.45	2.48	2.86
Electricity Rates	3.13	2.88	2.55	2.66	3.11	2.70
Gasoline and Fuel Rates	3.13	3.26	2.99	3.41	3.70	3.33
Government Paperwork Requirements	3.26	3.21	3.00	2.82	2.94	3.00
Increasing Wage Rates	3.24	2.91	2.36	2.64	-	-
Increased Competition	2.92	2.87	2.89	2.52	2.66	2.82

Municipal Zoning/Building Requirements	2.53	1.89	2.08	2.07	2.14	2.07
Online Shopping	2.33	-	-	-	-	-
Raising Capital/Securing Business Loans	2.45	2.09	2.13	2.13	2.10	1.96
Taxes	3.13	3.10	3.03	3.28	3.56	3.64
Union Restrictions	1.39	1.47	1.24	1.33	1.39	1.32
Your Business Location in the City	1.53	1.66	1.89	1.92	-	-

The concerns of small businesses over availability of skilled employees, access to market research/business advice, increasing wage rates, municipal building/zoning requirements, and the CDN/US exchange rate havegone up significantlyin comparison to last year's results (Table 14). There were no substantial decreases inmean scores for concerns of small businesses in comparison to 2014figures (Table 14).

The two major problems of small business owners appear to be availability of skilled employees and government paperwork requirements; however with a rating of 3.26, government paperwork is not a significant issue as it hovers around the mean score of 3.00. It is evident that union restrictions and business location in Thunder Bay are not a concern to small businesses, scoring 1.39 and 1.53 respectively.

Figure 2 depicts the trends of four significant challenges that businesses face.Three of four challenges remained relatively constant from 2014 to 2015, clustered around 3.00, while labour posed a significantly greater challenge.

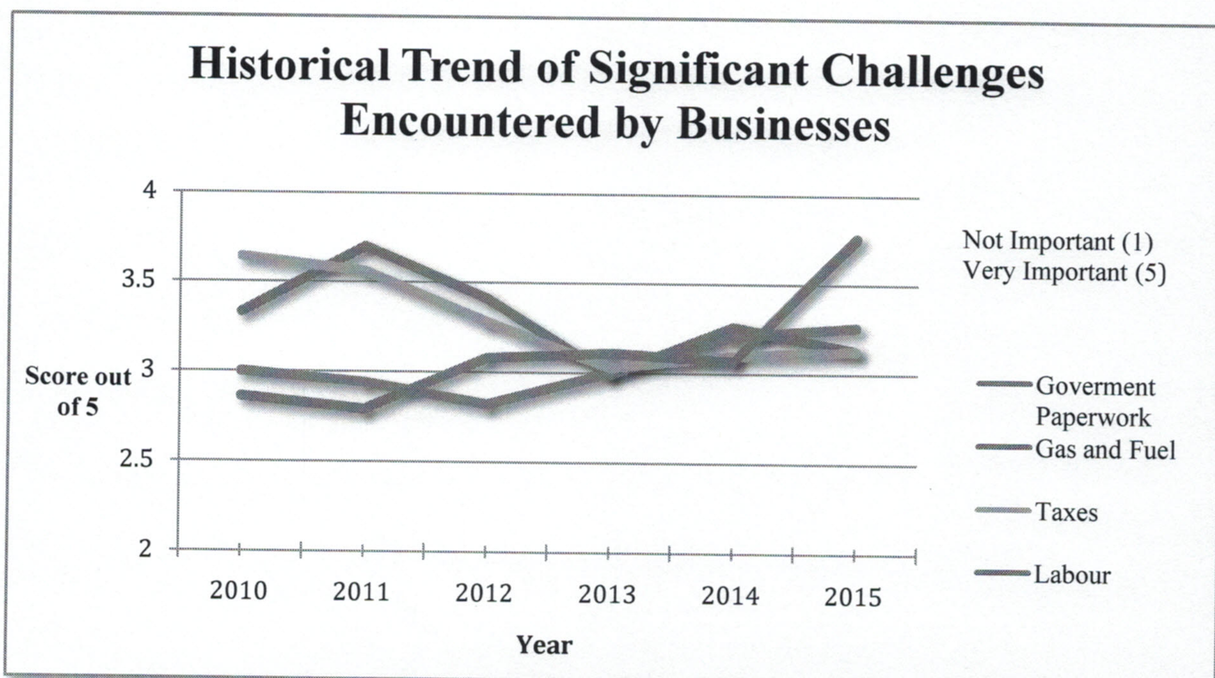

Figure 2 - Historical Trend of Significant Challenges Encountered by Businesses

3. Importance of Factors to Sales and Revenue

How important <u>were</u> the following factors to your sales/revenue performance to the 2014 fiscal year?

Not Important (1) – Very Important (5)

Table 15 - Factors Important to Sales/Revenue

Factor in Question	2015	2014	2013	2012	2011
Inventory Price Increases	2.87	2.74	2.66	2.68	2.89
Advertising/Promotion	3.23	2.77	3.18	3.02	3.04
General Economic Climate	3.44	3.51	3.57	3.37	3.68
Change In Product/Service Offering	2.79	2.02	2.68	2.56	2.65
Staff-Related Issues (e.g., Training)	3.05	2.67	2.70	2.66	2.36
Change In Competitive Environment	2.77	2.70	2.90	2.75	2.79
New Markets (e.g., Exports)	2.87	1.92	2.01	1.81	1.89
CDN/U.S. Exchange Rate	2.38	2.13	1.76	2.26	2.34
Insurance Rates	3.05	2.73	2.72	2.93	2.91
Cross Border Requirements	1.85	1.77	2.17	2.20	2.20
Gasoline and Fuel Rates	3.00	3.29	2.80	3.31	3.64
Electricity Rates	2.82	3.02	2.76	2.82	3.35
Natural Gas Rates	2.13	2.73	2.50	2.19	2.76
Online Shopping	2.44	-	-	-	-
Your Business Location in the City	2.08	1.79	2.42	2.38	-

During the 2014 fiscal year, the general economic climate and advertising/promotion werethe two most important factors to the success of small businesses. The general economic climate has remained important for the last five years,while advertising and promotion has varied slightly in importance.

Gasoline and fuel rates, electricity rates, and natural gas rates in Thunder Bayappearnot to be important to sales and revenuewhen compared to the 2014 fiscal year.When compared to the overall mean, cross border requirements and business location do not seem important to increased sales. New markets experienced a significant increase over 2014 and any previous period, increasing from 1.92in 2014to 2.87 in 2015 (Table 15).This indicates an increasing importance to small businesses' sales/revenue.

Overall, the four significant challenges that business face includeadvertising/promotion, gasoline and fuel rates, labour and staff-related issues, and the general economic climate.

4. Importance of Factors for Future Success

What kind of effect will each of the following factors have on the future of your business?

Very Negative (1) – Very Positive (5)

Table 16 - Factors for Future Success

Factor in Question	2015	2014	2013	2012	2011	2010
Inventory Price Increases	2.51	2.26	2.56	2.27	2.43	2.38
General Economic Climate	3.36	2.87	3.22	2.76	3.13	2.98
Product/Service Diversification	3.28	3.18	3.57	3.24	3.37	3.25
New Markets (Beyond Thunder Bay)	3.23	3.36	3.41	3.41	3.21	3.14
Change in CDN Dollar	2.89	2.59	2.74	2.71	3.72	2.87
Increased Fuel/Energy Costs	2.51	2.04	2.54	2.20	2.49	2.34
Increased Insurance Rates	2.67	2.17	2.49	2.34	2.56	2.46
Cross Border Requirements	2.74	2.54	2.68	2.46	2.41	2.60

Seven out of eight factors related to future success of businesses in Thunder Bay progressed in their score value from 2014 to 2015 (Table 14), indicating that the factors surveyed are becoming more positive to small businesses in Thunder Bay.Increased insurance costs, fuel/energy costs, and general economic climate showed the most substantial increase in theirmean scores. Other factors remained relatively similar to the results in 2014 or experienced a mild increase.The three most important factors forthe future success of a business are depicted in Figure 3.

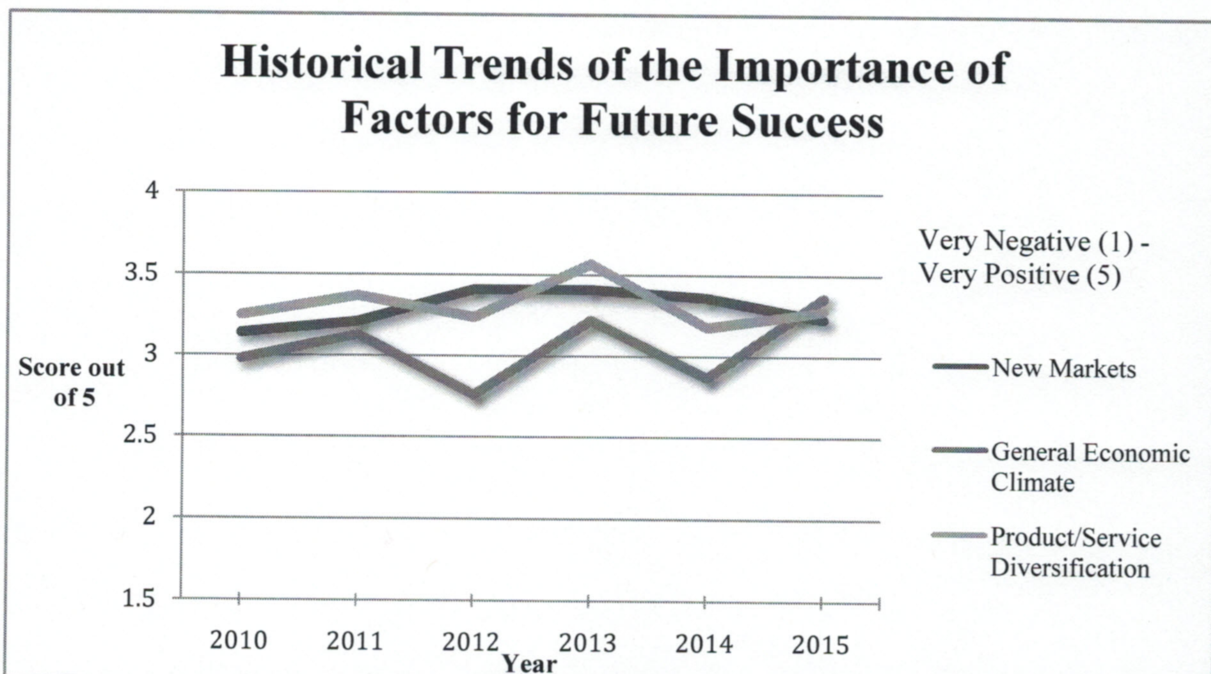

Figure 3 - Historical Trends of Factors Important to Future Success

5. Investing Activities

Is your company planning to invest more or less in the following activities in the 2015 fiscal year than in the previous year?

Significantly Less (1) – Significantly More (5)

Table 17 - Investing Activities

Investment Opportunity	2015	2014	2013	2012	2011	2010	2009	2008
Advertising/Promotion	2.95	2.89	3.19	3.13	2.97	2.83	2.87	3.10
Employee Compensation	2.95	2.98	2.99	2.84	2.80	2.85	2.80	2.85
Employee Recruitment	2.76	2.85	2.89	2.94	2.70	2.63	2.54	2.69
Staff Training Programs	2.97	2.94	3.13	3.07	2.79	2.94	3.01	2.82
Partnering with Other Firms	2.59	2.49	2.88	2.55	2.55	2.52	2.26	2.50
Inventory Supply	2.59	2.63	2.79	2.95	2.49	2.62	2.40	2.39
Capital Projects (e.g. Equipment)	2.92	2.67	3.03	2.95	2.84	2.58	2.60	2.78
Market Research	2.37	2.36	2.64	2.45	2.55	2.35	2.39	2.40
Technology	3.00	2.85	3.11	2.93	2.96	2.73	2.84	2.84
Consulting/Advisory Service(s)	2.38	2.40	2.93	2.41	2.54	2.31	2.35	2.56

The results of the survey show that all 10 categories related to the investing activities of small businessesremained very similar, with 7 of 10 within 0.10 increase or decrease;this could be indicative of stable investing activity in the future.Small businesses are least likely to invest in market research (2.37) and consulting services (2.38).

Small businesses are planning to invest the most in technology (3.00), staff training programs (2.97), and advertising/promotion and employee compensation (both 2.95).The results of the survey also indicated that small businesses are investing less in employee recruitment and inventory supply for the third year in a row.Figure 4 on the next pageshows the historical trend of uppermost investing activities.

Figure 4 - Historical Trend of Investing Activities

6. Impact of Development and Institutions

What kind of impact do you believe the following developments/institutions will have upon your business?

Very Negative (1) – Very Positive (5)

Table 18 - Impact of Development and Institutions

Development/Institution	2015	2014	2013	2012	2011	2010	2009	2008
Box Store Expansion	2.59	2.57	2.78	2.51	2.31	2.57	2.64	2.56
Gasoline/Fuel Prices	2.26	2.21	2.40	2.03	2.19	2.15	2.49	2.32
Waterfront Development	3.16	3.15	3.44	3.55	2.99	3.35	3.23	3.25
OLG Casino	2.63	2.74	2.79	2.45	2.41	2.40	2.31	2.42
Lakehead University	3.21	3.30	3.64	3.76	3.49	3.61	3.50	3.71
Confederation College	3.08	3.36	3.59	3.65	3.34	3.58	3.52	3.60
Municipal Tax Rates	2.39	2.29	2.35	2.21	2.34	2.24	2.44	2.99
Forest Industry	3.05	3.07	3.16	2.81	2.84	2.76	2.31	3.07
Energy Rates (Heating, Electricity)	2.23	2.25	2.30	2.17	2.26	2.18	2.28	2.65
Mining Industry	3.45	3.57	3.74	3.85	3.48	3.68	3.15	3.64

There are mixed results regarding the impact of developments and institutions on small businesses.Lower ratings in education at both Lakehead University and Confederation College are apparent. In 2014 Lakehead University had a rating of 3.30, which has now deceased to 3.21. Confederation College decreased from 3.36 in 2014 to 3.08 this year.

The mining industry's positive impact has slightly decreased in comparison to last year.However, with the highest mean score of 3.45,it is consideredthe institution that will have the most positive impact to small business owners in Thunder Bay.

The OLG Casino is believed to have anegative impact on small businesses with a mean score of 2.63. The score is consistent with the last six years and it appears that small businesses attitudes are still relatively negative toward the Casino.

The mean scores for energy rates, municipal tax rates, and gasoline/fuel prices are the areas in which small businesses hold the most negative views, which is consistent with the lastthree years' results (Table 18). Figure 5 shows the trends of significant developments and institutions.

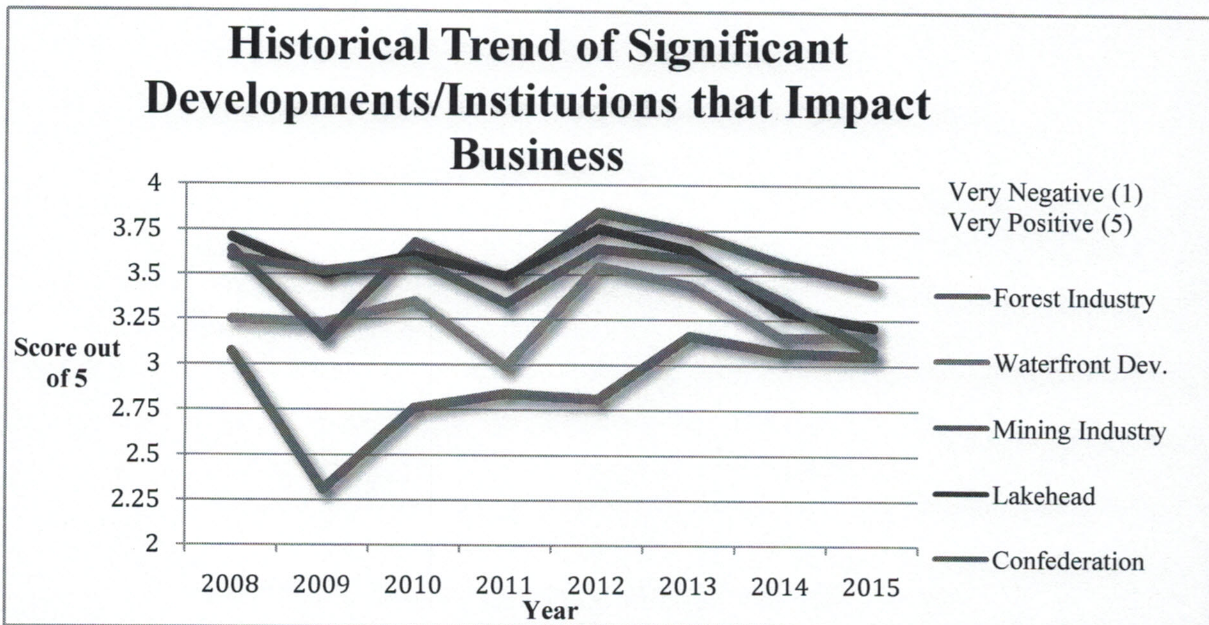

Figure 5 - Historical Trend of Developments/Institutions Impacting Small Businesses

Thunder Bay Business Climate

The "Thunder Bay Business Climate" section of this survey is presented in an effort to gauge the attitudes of small businesses toward the current and future business climate and economic growth potential for the Thunder Bay CMA. Specific questions in regards to developments and institutions, sector growth potential and Thunder Bay's ability to meet the needs of its small businesses are also asked.

1. Anticipated Growth for Thunder Bay

What level of economic growth do you anticipate for Thunder Bay in 2015?

Table 19 - Anticipated Economic Growth

Anticipation of Growth	2015	2014	2013	2012	2011	2010	2009	2008
Decrease	18%	19%	7%	8%	8%	17%	43%	29%
No Change	38%	29%	19%	18%	24%	30%	28%	31%
Increase	44%	52%	74%	74%	68%	53%	28%	40%

44% of the small business respondents believe that the Thunder Bay economy will have positive growth over the next year. A breakdown of the44% shows that 41% of respondents anticipate a moderate increase and 3% anticipate a significant increase in the economy (Figure 6). This view is lower than previous years,as 52% of respondent's anticipated economic growth in 2014(Table 19). This trendsuggests that small business owners are less confident that the growth of the economywill continue in Thunder Bay.

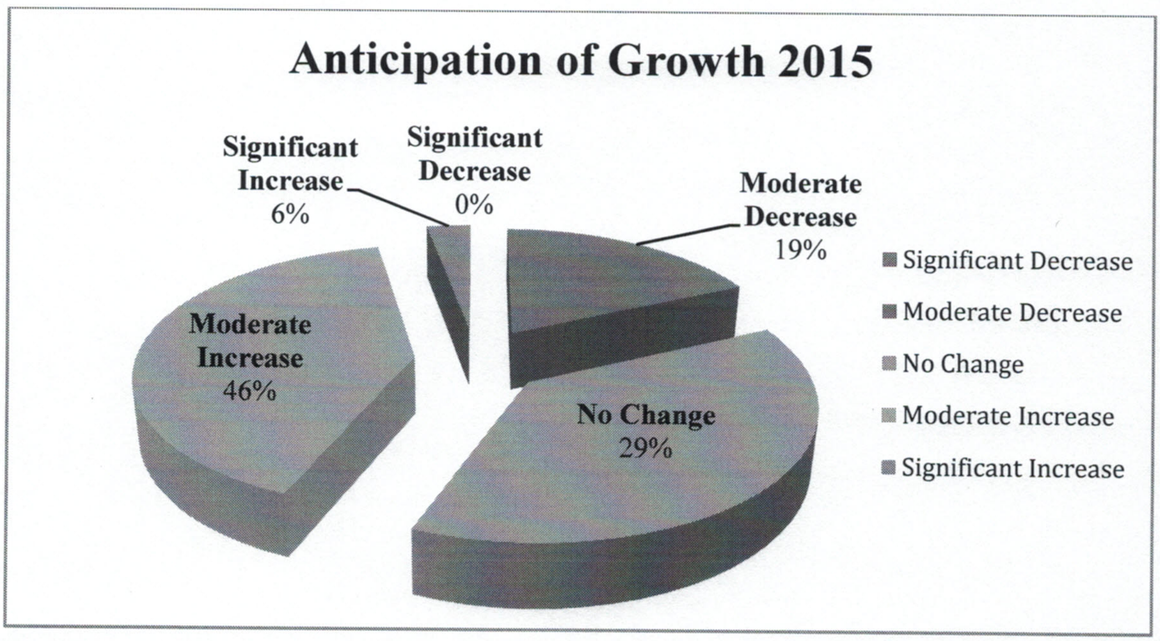

Figure 6 - Anticipation of Economic Growth in Thunder Bay

2. Future Sustainability

Do you feel secure about the sustainability of your small business over the next three years?

Table 20 - Future Sustainability

Response	2015	2014	2013	2012	2011	2010
Yes	85%	85%	86%	85%	83%	77%
No	15%	15%	14%	15%	17%	23%

Small business owners showed relatively stable resultsover the last four years surveyed about the sustainability of their business during the next three years.The current year is perfectly in line with the previous year, where 85% of respondents possess a feeling of sustainability (Table 20). Although the results are very similar, it is important to note that over the past six years business owners have become considerably more confident about the sustainability of their businesses. In 2010, 77% felt secure and now 85% are feeling secure. The trend regarding future security can be seen in Figure 7.

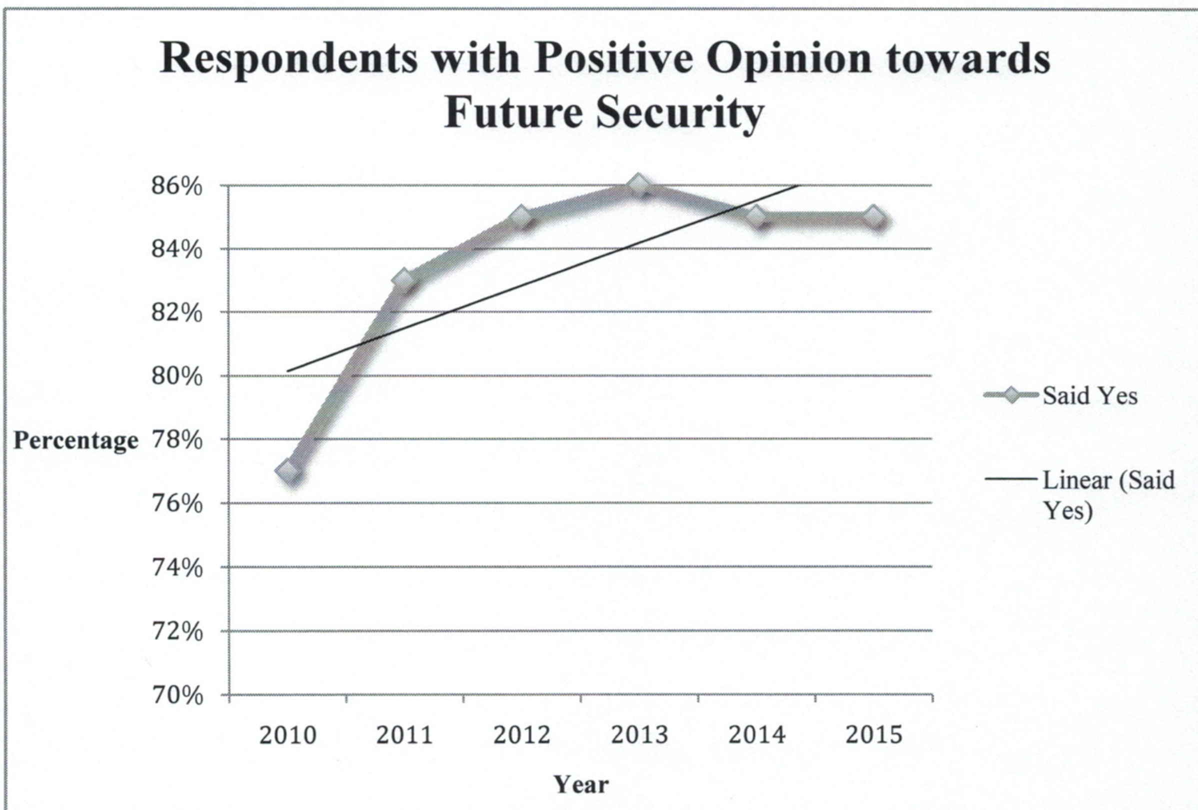

Figure 7 - Historical Trend of Future Security

3. Sector Growth Potential

Evaluate the following sectors in terms of their currentactual impact on Thunder Bay's Business Climate (e.g., new markets, new products/services).

None (1) – Great (5)

Table 21 - Impact of Sectors

Sector	2015	2014	2013	2012	2011	2010	2009	2008
Primary – Forestry	3.05	3.00	2.84	3.04	2.19	2.17	1.75	2.21
Primary – Mining	3.37	3.83	3.80	4.06	4.15	4.00	3.10	4.17
Secondary (e.g., Large Manufacturing)	2.92	3.09	3.16	3.30	2.62	2.73	2.35	2.48
Small Manufacturing	3.26	3.11	3.24	3.32	3.14	3.06	2.83	3.08
Renewable Energy Production	2.66	2.78	2.99	3.14	3.14	3.38	3.08	3.62
Non-Renewable Energy Production	2.53	2.41	2.53	2.30	3.01	2.15	2.09	2.30
Health Care Services	3.89	3.85	3.89	3.92	2.39	3.83	3.83	3.98
Retailing	3.03	3.45	3.49	3.25	3.86	3.01	3.00	2. 73
Senior Services	3.29	3.60	3.67	3.49	2.95	3.68	3.63	3.86
Financial Services	3.21	3.17	3.25	2.84	2.97	2.98	3.01	2.97
Higher Education (LU/Con College/Med School/Law School)	3.92	3.83	3.97	4.06	3.94	3.83	3.61	3.97
Construction Services	3.55	3.76	3.74	3.70	3.50	3.25	3.05	2.94
Government Services	3.13	3.11	3.39	3.14	3.02	3.10	2.99	2.82
Hospitality/Tourism	3.61	3.62	3.65	3.42	3.27	3.26	3.09	3.13
Biotech/Medical Technology	3.58	3.59	3.59	3.75	3.95	3.54	3.51	3.79
Other	3.00	3.20	5.00	3.58	3.11	3.54	3.38	-

Seven of the sectors surveyed showed an increase in mean score this year – up from only three last year. Nine of the sectors showed a decrease in mean score, indicating a decrease in confidence. Businesses have doubts regarding non-renewable energy production, renewable energy production, and the secondary (or large manufacturing) sector; consequently, these three sectors recorded the lowest scores this year.There was a large drop in confidence in the mining sector, decreasing from 3.83 in 2014 to 3.37 this year. The non-renewable energy sector was felt to have the least impact with a rating of 2.53, up from 2.41 in 2014.

Higher education, health care services, hospitality/tourism, and biotech/medical technology were felt to hold a great impact on Thunder Bay's business climate by the respondents of this year's survey. In addition, retailing services experienced a significant change from 2014.

Renewable energy (2.66) received a lower score for the third year in a row, and has been decreasing since 2010.Figure 8 depicts the trends of the major sectors.

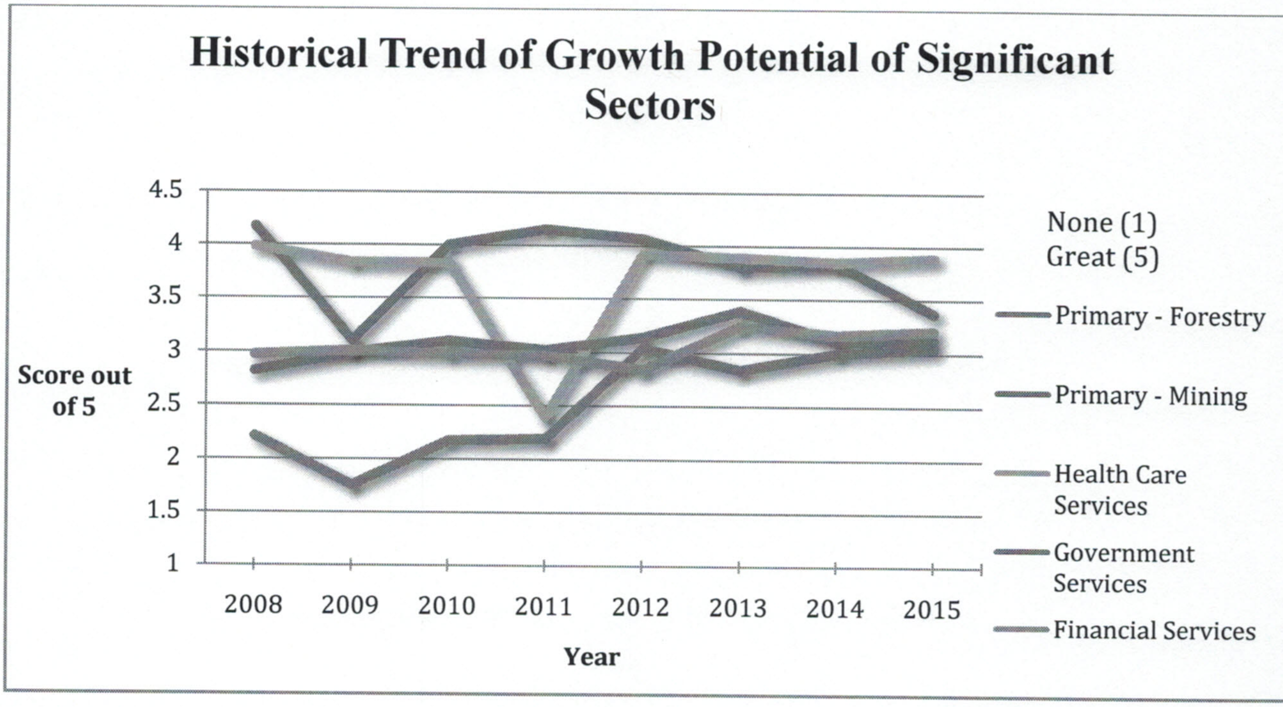

Figure 8 - Historical Trend of Growth Potential of Sectors

4.Meeting Your Needs

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

Not Very Well (1) – Very Well (5)

Table 22 - Meeting Your Business Needs

Factor	2015	2014	2013	2012	2011
Labour Pool	2.24	2.74	2.68	2.86	2.83
Access to Raw Materials/Natural Resources	2.74	2.84	2.87	2.82	2.88
City's Promotional Efforts	2.34	2.57	2.54	2.75	2.45
Transportation Costs (Passenger)	2.54	2.53	2.68	2.65	2.47
Other Transportation Costs (Shipping)	2.41	2.15	2.39	2.38	2.24
City Infrastructure (e.g., Roads, Hydro, Gas)	2.55	2.5	2.55	2.71	2.42
Municipal Tax Rates	2.16	2.21	2.30	2.28	2.15
City Council Representation/Decisions	2.24	2.35	2.55	2.25	2.25
Access to Financing/Capital	2.97	2.74	3.03	2.74	2.76
Provincial Representation	2.43	2.50	2.79	2.53	2.49
Federal Representation	2.27	2.34	2.41	2.40	2.32

With regards to the City of Thunder Bay meeting the needs of small business owners, respondents felt that access to financing/capital and other transportation costs (such as shipping) have improved slightly in comparison to 2014 (Table 22). Other factors that improved over last year include transportation costs (passenger) and city infrastructure (up to 2.55 from 2.5 in 2014).

With all of the scores falling below 2.97, most respondents feel that the City of Thunder Bay is not quite successful in meeting all of their needs as small business owners. The City of Thunder Bay shouldcontinue to make improvements in the areas surveyedin order to continually meet and exceed the needs of small business owners (Table 22).[u1]

5. RevenueAttributed to Mining Exploration Activities

What percentage of your business revenue can be attributed to mining exploration activities?

Table 23 - Revenue Attributed to Mining Exploration Activities

Revenue Attributed to Mining Exploration Activities	2015	2014
0%	51%	52%
1 - 25%	46%	35%
26 – 50%	0%	4%
51 – 75%	0%	6%
76 – 100%	3%	2%

It is evident that a minimal number of small businesses attribute significant revenue to mining exploration activities (Table 23). Furthermore, a large number of businesses remain unaffected by the mining or mining exploration sector with 51% of respondents stating 0% of their revenue is attributed to such activities. An additional 46% of respondents stated that only 1-25% of revenue generated by the businessis attributed to mining or mining exploration activities (Figure 9).

3% of small businesses attribute 26-100% of their revenue to mining exploration activities. It is evident from this number that few businesses in Thunder Bay generate revenue from the mining exploration industry; this figure is down significantly from 12%.

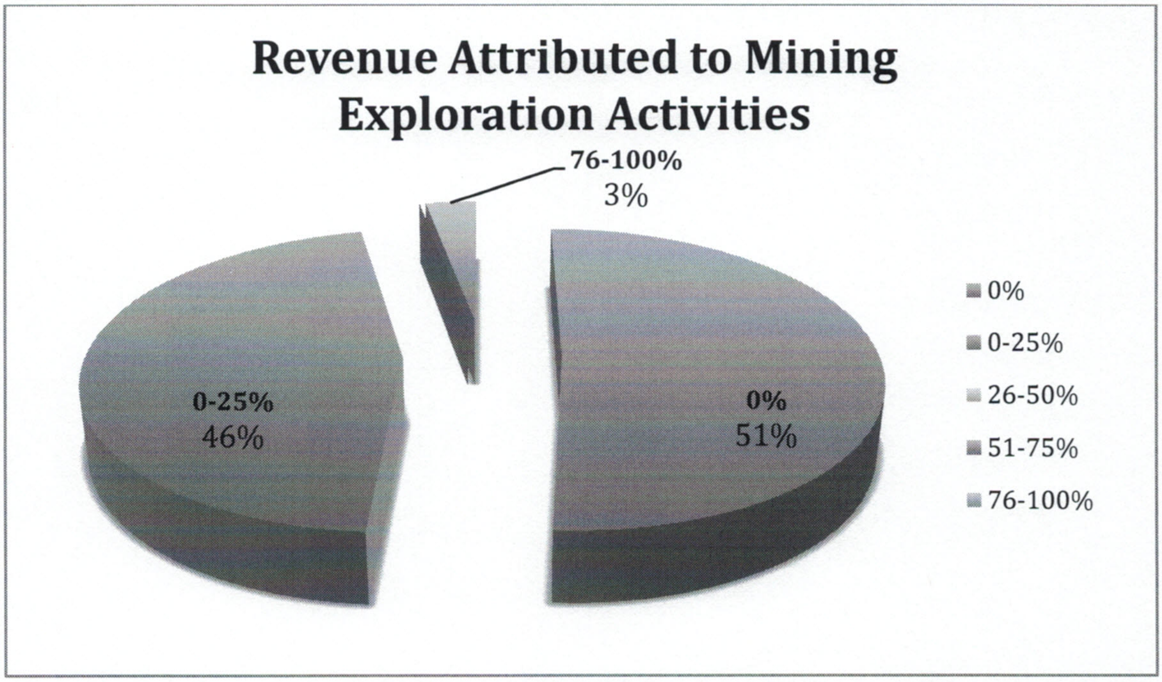

Figure 9 - Revenue Attributed to Mining Exploration Activities

6.Characteristics That Impede or Entice Businesses

In general, to what extent do you believe the following characteristics impede or entice businesses to relocate to Thunder Bay and the surrounding region?

Insignificant Enticement (1) – Significant Enticement (5)

Table 24 - Characteristics that Entice Businesses

Characteristic	2015	2014	2013	2012	2011	2010	2009	2008
Awareness of Region and Resources	3.68	3.53	3.91	3.45	3.14	2.26	3.09	3.20
Geographic Location	3.08	3.11	3.14	2.89	2.76	2.87	2.65	2.63
Weather (Perceived or Actual)	2.85	2.53	2.64	2.73	2.66	2.77	2.38	2.39
Quality of Life	3.79	3.87	3.94	4.01	3.96	3.99	3.90	3.98
Transportation Facilities (e.g., Airport)	3.15	3.45	3.53	3.42	3.48	3.52	3.50	3.21
Health Care Facilities	3.49	3.79	3.84	3.68	2.65	3.84	3.76	3.76
Market Size	2.49	3.11	3.01	-	-	-	-	-
Input Costs (Land, Labour, Capital)	3.00	2.94	3.18	2.82	2.65	2.76	2.69	3.00
Technology Infrastructure (Broadband)	3.21	2.91	3.20	2.87	3.08	3.07	2.90	3.20
City Government/Policies	2.28	2.79	2.76	2.36	2.32	2.24	2.29	2.53
Growing Aboriginal Population	2.38	2.35	2.42	2.54	-	-	-	-

In regards to what may impede a small business to relocate to Thunder Bay, there was a substantial decrease in the 'market size' category (Table 24).At a score of 2.49, respondents feel this is a factor that no longer attracts businesses to Thunder Bay.Significant decreases were also evident for 'city government/policies',health care facilities and transportation facilities (Table 24), although the latter two displayed scores of 3.49 and 3.15 respectively, indicating an overall attractiveness rather than impediment.

Small business owners felt that thequality of life and awareness of the region/resources are prime factors that entice businesses to relocate to the region of Thunder Bay. Both of these factors received scores that were well above the mean score of 3.00. The weather is one of the main factors that impedes small businesses to Thunder Bay, but has experienced a significant increase in score this year with 2.85 over 2.53 in 2014. The growing Aboriginal population continues to hover around 2.4 as a factor that slightly impedes businesses from moving to Thunder Bay.

7. Quality of Life Compared to Other Cities

In your opinion, as compared to other cities you are familiar with in Canada, how would you describe Thunder Bay's "quality of life"?

Table 25 - Quality of Life

Description	2015	2014	2013	2012	2011
Better Than Most	33%	60%	57%	67%	70%
The Same as Most	51%	13%	31%	24%	29%
Not as Good as Most	15%	27%	13%	9%	1%

When comparing Northwestern Ontario with other regions, 33% of respondents feel that the quality of life in Thunder Bay is better than comparable regions.51% of respondents believe that the quality of life is the same as comparable regions, which is a considerable 38% increase from 13% in 2014 (Table 25).

The portion of respondents who believe Thunder Bay has a lower quality of life than comparable regions has decreased to 15%.Responses from this year's survey indicate that small businesses feel as though the quality of life in Thunder Bay is improving; however, without a concrete definition of what defines a good quality of life, this becomes difficult to measure.

8. Changes in Consumer Spending

Do you believe there will be an increase in consumer spending in Thunder Bay during the 2015 fiscal year?

Table 26 - Changes in Consumer Spending

Response	2015	2014	2013	2012	2011
Yes	37%	57%	70%	38%	72%
No	63%	43%	30%	62%	28%

Recent economic conditions are affecting small businesses in Thunder Bay. 37% of the respondents have noticed increases in consumer spending due to the new conditions (Table 26). These results are significantly different than last year where 57% believed there was an increase in consumer spending in Thunder Bay.

The survey results over the past four years indicate a fluctuating trend in the perceived changes of consumer spending (Table 26). Consumer spending appears to increase one year only to regress the next year.

Development Projects, Your Business and the Community

The last section of the report deals with how the small businesses feel in regards to the local business communities in Thunder Bay. Specifically it discusses local business stimulus, current local developments and the performance of the Thunder Bay City Council.

1. Thunder Bay City Council

Do you believe the Thunder Bay City Council is doing a good job representing your business?

Table 27 - Thunder Bay City Council

Response	2015	2014	2013	2012	2011	2010	2009
Yes	21%	39%	42%	30%	26%	25%	24%
No	79%	61%	58%	70%	74%	75%	76%

The views of small businesses toward the Thunder Bay City Council are important. The results of this year's survey are consistent with last year's results, where the majority of small businesses[u2] feel that the City Council does a poor jobrepresenting their business."Yes" responses are down 18% from last year, meaning only 21% of small businesses feel that the City Council does a good job representing their business interests (Table 27). This is the worst rating since 2006, which could represent either an outlier in the economic trend, or a signal of decreasing quality of the relationship between City Council and small business owners in Thunder Bay.

2. Awareness of Economic Development Agencies

Are you aware of the following Economic Development Agencies in Thunder Bay?

Table 28–Awareness of Economic Development Agencies

Agency	2015		2014	
	Yes	No	Yes	No
Thunder Bay Community Economic Development Commission (CEDC)	85%	15%	83%	17%
Thunder Bay Ventures (TBV)	95%	5%	88%	13%
Nishnawbe Aski Development Fund (NADF)	64%	36%	63%	37%
Northern Ontario Heritage Fund (NOHFC)	92%	8%	90%	10%
Thunder Bay Chamber of Commerce	100%	0%	100%	0%

A significant majority of the respondents are aware of Thunder Bay Ventures,the Northern Ontario Heritage Fund,the Thunder Bay Community Economic Development Commission, and the Thunder Bay Chamber of Commerce(Table 30).The results indicate that there is a very high overall awareness of economic development agencies in the Thunder Bay region.The increasing results over last year indicate that each of the development agencies have made greater efforts to promote their activities in Thunder Bay.

When examining the Nishnawbe Aski Development Fund (NADF),64% of respondents are aware of this economic development agency. This is up 1% from last year's results where 63% were aware of the agency, which indicates that small business owners are becomingmorefamiliar with NADF.Even though the majority of respondents are aware, Thunder Bay business owners should be more informed about this agency.

3. Impact of the OLG Casino

What impact do you believe Thunder Bay's OLG Casino is having on the Thunder Bay economy?

Table 29 - Impact of the OLG Casino

Response	2015	2014	2013	2012	2011	2010	2009
Positive	27%	23%	29%	23%	16%	15%	13%
Negative	73%	77%	71%	77%	84%	85%	87%

The activities of the Ontario Lottery and Gaming (OLG) Casino have always been greatly debated among small businesses. This year's results mirror results from previous years with 73% (Table 31) of small business respondents believing that the OLG Casino has a negative impact on the city's economy (Figure 10). Generally, the attitudes of small businesses toward the OLG have not changed and remain, for the most part, negative. A few heated comments were left regarding the impacts of the casino.

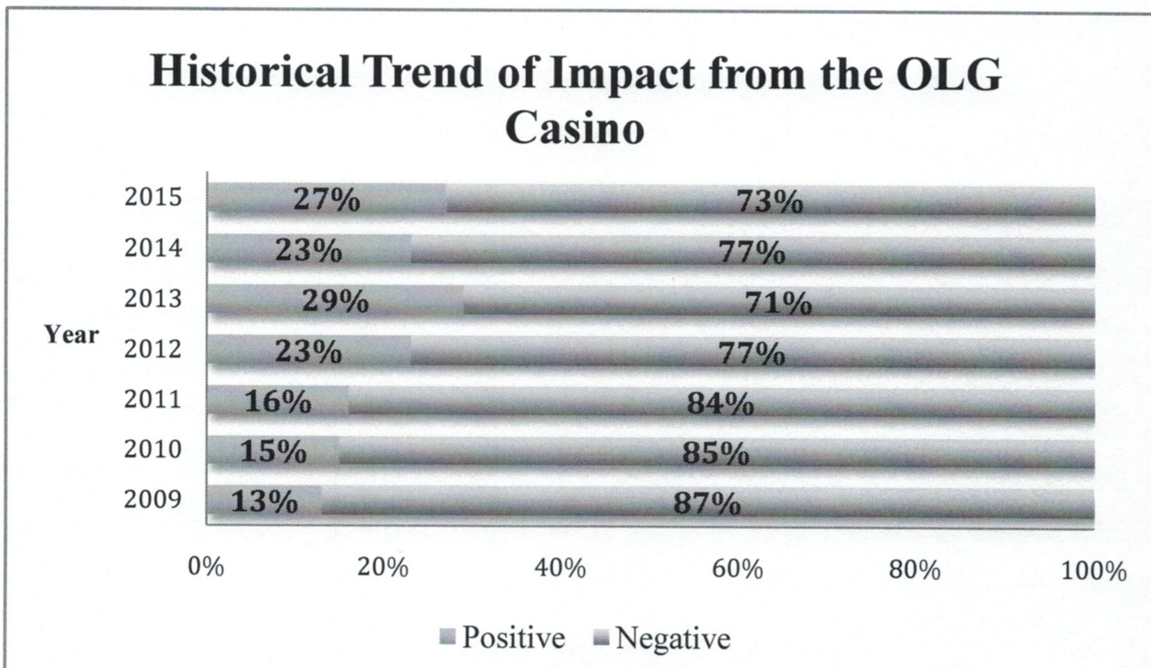

Figure 10 - Historical Trend of OLG Casino

4. Industry Importance to Future of Economy

Please rank the following industry sectors in importance as a sector to the future of the Thunder Bay economy:

Not Important (1) – Very Important (5)

Table 30 - Industry Importance to Future Economy

Industry	2015	2014	2013	2012	2011
Forestry	3.56	3.30	3.61	3.54	3.48
Mining	4.21	4.21	4.46	4.49	4.46
Retail	3.67	3.53	3.83	3.72	3.54
Hospitality (hotels, restaurants, entertainment)	4.00	3.89	4.14	-	-
Tourism	3.79	3.70	4.08	3.99	3.94
Transportation	3.69	3.72	4.01	4.01	3.85
Government	3.44	3.28	3.61	3.61	3.53
Aboriginal Organizations	3.31	3.38	3.69	3.76	-

The highest ranked industries are mining at 4.21 and hospitality at 4.00, indicating their perceived importance to the future of the economy of Thunder Bay. Hospitality was added to the survey in 2013 and has remained as an important industry in all years. Mining obtained a score well above the mean score of 3.00 in the pastfive years surveyed.

All but two categories increased in importance from 2014 to 2015. Government and Aboriginal organizations obtained the lowest scores, proving to be perceived as least importantto the future of the Thunder Bay economy (Table 33).

5. Media Advertising Methods

Presently, what kind of media are you using for your advertising and promotion?

Not Important (1) – Very Important (5)

Table 31 - Advertising Methods

Media Advertising	2015	2014	2013	2012
Television	1.52	2.09	1.69	1.67
Radio	2.04	3.03	2.12	2.24
Website	4.06	4.05	4.02	4.23
Twitter	2.07	2.04	2.11	2.01
Facebook	3.17	3.30	2.87	3.02
Newspapers	2.94	2.70	2.53	-
Flyers, brochures, direct mail	2.96	3.30	2.97	-
Other	3.44	3.60	4.47	4.24

A large majority of small businesses are advertising through websites. Websites as an advertising method was the only category to obtain a score over 4.00, illustrating how important it is to small businesses.Many respondents indicated that'other' methods of media advertisingwere important – it was deemed that 'other' meant word of mouth advertising and social events for the most part. Advertising methods such as television, the radio, and Twitter received low scores indicating they are not as relevant to small businesses (Table 31).

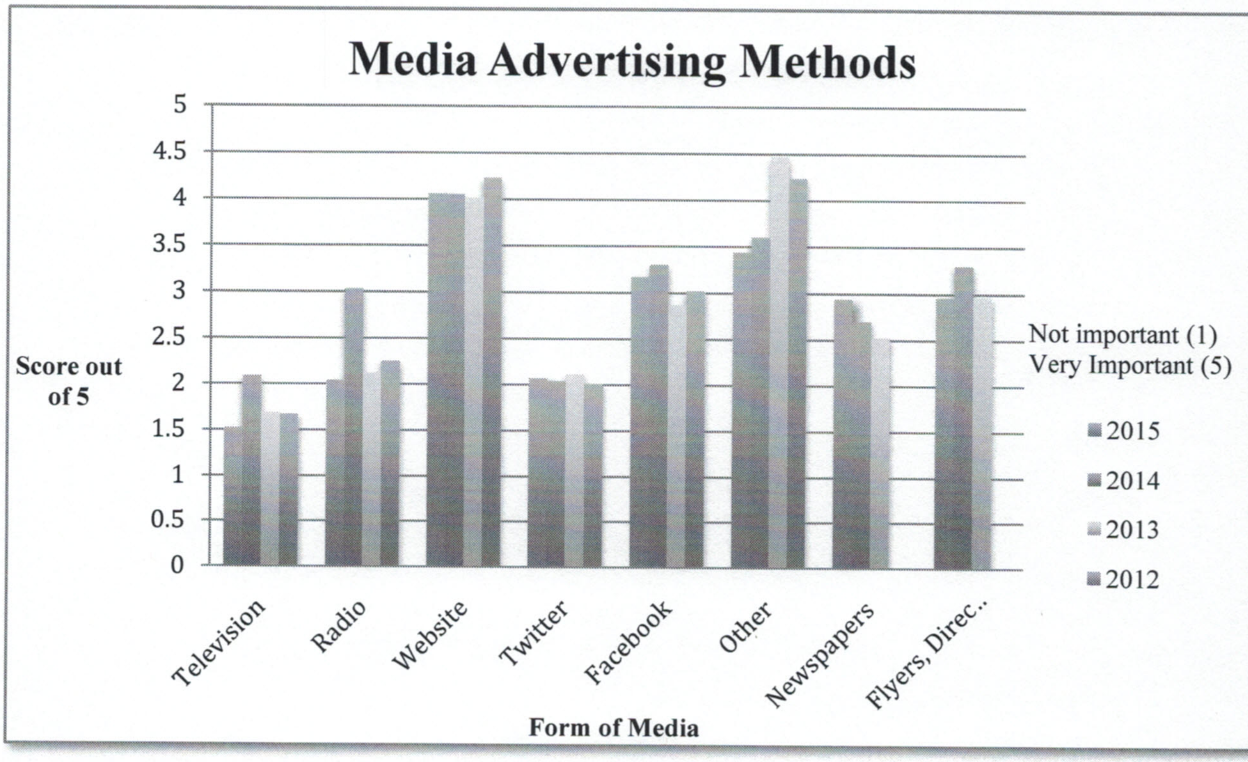

Figure 11 - Media Advertising Methods

6. Budget Allocation from Event Centre

How do you think the City of Thunder Bay should allocate the budget that was intended to be used for the Event Centre?

Table 32– Budget Allocation from Event Centre

Alternative	2015
Roads	3.84
Centennial Botanical Conservatory	2.31
Water/Sewage	3.49
Infrastructure (bridges)	3.46
Fort William Gardens	2.28
Event Centre	3.00
Other	3.71

This is the first year this question has been added to the survey. The ratings show that the respondents do not feel strongly in one direction or another about any of the alternative budget allocations. The least important alternative, as indicated by respondents, was investment in the Fort William Gardens. The most important alternative indicated by respondents was to invest in city roads. 'Other' was the second highest rated, but only 7 respondents utilized that alternative. Therefore, the 'other' category should not be viewed as statistically significant for the purposes of the survey.

7. City of Thunder Bay Budget Expenditures

Do you believe that the City of Thunder Bay is as efficient and effective as it could be with its budget expenditures?

Table 33- City of Thunder Bay Budget Expenditures

Response	2015
Yes	23%
No	77%

It is apparent that small business owners believe that the City of Thunder Bay is not as effective or efficient with its budget expenditures as it could be. This perceived inefficiency is not a stated fact, but rather a public opinion from the view of small business.

8. Succession Plan

Does your business have a succession plan?

Table 34- Succession Plan

Response	2015
Yes	67%
No	33%

This is the first year this question has been added to the survey. Results of the survey indicate that a considerable majority of respondents have some sort of succession plan in place for the future of their businesses and recognize the importance of such a plan.

9. Reported Racism in Thunder Bay

Do you think that the reported racism in Thunder Bay has an impact on economic development?

Table 35- Reported Racism in Thunder Bay

Response	2015
Positive	3%
Negative	97%

This is the first year that this question has been added to the survey. Almost all of the respondents believe that racism has a negative impact on economic development in Thunder Bay.

10. Online Shopping

Do you believe that online shopping by people in Thunder Bay has hurt your sales?

Table 36- Online Shopping

Response	2015
Yes	37%
No	63%

This question was also added this year. Respondents were confident, for the most part, that online shopping has not hurt their sales. Some respondents said this was because their business is not in retail (or specified that it *is* in service) so their offering would not be found online.

Selected Respondent Comments:

"In no particular order: (a) Finding, hiring and retaining technically skilled/proficient workers who are willing to work and to learn. People who can both follow instruction and direction and think on their part. (b) The unbelievable amount of safety requirements to get a job done. (c) Industry, government and third party brokers demand excessive program/training/compliance demands. IT becomes so burdensome that we find it difficult to cover the direct and indirect costs to comply, while customers continue to demand compliance yet not be willing to pay for the associated expense."

"I believe my business will grow and be successful. I find it very disappointing that our city does not see the potential for growth. City council remained the same from the most recent election. Very surprising. I love this city and wish there was more positive and encouraging leadership. An event centre will not put Thunder Bay on the map; a great place to live will."

"My most significant challenge is the gypsy "pop-up stores" that enter the market seasonally for 6 weeks and decimate my sales 50-75% (yes!) - They bring their own staff, contribute no taxes, employment or corporate citizenship. I cannot compete with them. City Council has no interest in my complaints. They seem to be OK with this type of business model. I give up."

"The increase in how much Canadians are allowed to bring back across the border will pay a larger role in lost revenue. The dollar is weak now but when it strengthens it will not be a good day for most retailers."

Appendix A - 2014 Thunder Bay Business Opinion Survey