



Thunder Bay  
**Ventures**  
Community Futures Development Corporation

# THUNDER BAY AND AREA BUSINESS CONFIDENCE INDEX (BCI)

FALL 2019

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# ACKNOWLEDGEMENTS



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Thunder Bay  
Chamber  
of Commerce



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# BACKGROUND

- ✓ **For just about twenty years, Thunder Bay Ventures (TBV) administered a small business survey in order to examine the attitude of the business community towards specific issues and developments in the local community.**
  - ✓ The small business surveys provided policymakers, business leaders, and other stakeholders with various insights from local businesses regarding operational challenges and future opportunities.
  - ✓ However, various stakeholders agreed that it was time to revise and reboot the survey in order to reflect recent changes in the business environment.
- ✓ **After years of deliberation, Thunder Bay Ventures and its advisors decided to revise the small business survey into a Business Confidence Index (BCI).**
  - ✓ The purpose of the BCI is to gauge the overall business confidence level in the Thunder Bay and Area, and also explore the impact of individual elements of overall confidence levels.
  - ✓ Following a first data collection in Fall 2017, the BCI was administered again in Fall 2019. The current report presents the results of this new data collection as well as the comparison with the first edition of the BCI.



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# EXECUTIVE SUMMARY

# EXECUTIVE SUMMARY



	Experiences over the past year...	Expectations for the next year...
<b>Business Level Indicators</b>	<ul style="list-style-type: none"><li>• 82% of businesses have experienced stable revenues over the past year (this is the same as in 2017).</li><li>• 88% of businesses have experienced improved or stable economic well being over the past year (88% in 2017).</li></ul>	<ul style="list-style-type: none"><li>• 91% of businesses expect to experience stable revenues over the next year (92% in 2017).</li><li>• 92% of businesses expect to experience improved or stable economic well being over the next year (this is the same as in 2017).</li><li>• 87% of businesses expect capital expenditures to remain stable or increase over the next year.</li></ul>
<b>Economy Level Indicators</b>	<ul style="list-style-type: none"><li>• 79% of businesses believe the Thunder Bay and Area economy has been stable over the past year (81% in 2017).</li></ul>	<ul style="list-style-type: none"><li>• 86% of businesses believe that the Thunder Bay and Area's economy will stable or moving in a positive direction over the next year (82% in 2017).</li><li>• Businesses reported an average 6.2 for their confidence in the Thunder Bay and Area's economic future (on a 10-point scale). This was 5.8 in 2017.</li></ul>

# EXECUTIVE SUMMARY



## Top 3 Issues Facing Business...



## Ways to positively change the business climate....



## How can we foster a positive business environment....



# RESEARCH DESIGN & SAMPLE ASSESSMENT



# RESEARCH OBJECTIVES

- ✓ **The purpose of the BCI is to obtain insights from local business owners and executives into current and anticipated economic business conditions, capital purchase and hiring intentions, and other top of mind business issues.**
  
- ✓ **Aside from overall economic conditions, this research also explores local business's opinions regarding:**
  - Actions taken by local businesses to respond to current economic conditions in the Thunder Bay Area;
  - Amount of goods and services that businesses purchase locally;
  - Strategies employed by local businesses to grow organically;
  - The impact of key Federal and Provincial government policies on business activities; and
  - The top issues facing local business.
  
- ✓ **The results of this study are intended to provide local businesses and policy makers with insights into the various opportunities and challenges confronting local business owners in Thunder Bay and the surrounding area. Ideally, these findings will help to inform future policies and business opportunities.**



# SURVEY DESIGN

- ✓ **Data for the construction of the BCI was obtained by surveying local businesses.**
- ✓ **The survey was designed in conjunction with Narrative Research.**
  - Our survey was based on a similar BCI survey that was administered in Atlantic Canada.
- ✓ **A draft survey was presented by Narrative Research and reviewed by the research team and TBV representatives.**
  - The research team made appropriate adjustments in order to reflect the unique characteristics of the Thunder Bay and Area economy.
- ✓ **The draft survey questions and online programming was extensively reviewed by the research team in conjunction with Narrative Research.**
- ✓ **Prior to finalizing, the draft survey was pre-tested and feedback was obtained.**



# SURVEY ADMINISTRATION

- ✓ **An online survey was administered to local businesses.**
  - Local business owners were asked to voluntarily participate by completing the survey.
  - Participants included a number of business executives who were recruited by personal invitation, as well as a large number of businesses who were invited to participate by various community associations.
- ✓ **Only individuals that hold a title such as CEO, COO, President, Owner or Managing Director were asked to respond.**
- ✓ **Participants were offered to complete a ballot to win a free Canada Goose Jacket, valued at \$1,000, from Gear Up For Outdoors.**
- ✓ **The survey was administered from July 8, 2019 to August 8, 2019.**



# SAMPLE SIZE, CONFIDENCE LEVEL AND MARGIN OF ERROR

- ✓ Acceptable sample size parameters were established prior to the survey being administered in order to provide acceptable confidence interval and level ranges.
- ✓ The final sample size of 183 results in an confidence level of 95% and a maximum margin of error of 7%.
- ✓ Note that the sampling risk and margin of error are greater for any between-group / subgroup analyses.



# BUSINESS CONFIDENCE INDEX CONSTRUCTION

- ✓ This BCI is derived from a series of nine questions which were included in the survey.
- ✓ The BCI was set at a benchmark of 100 for the 2017 inaugural computation, and the current BCI calculations is be measured relative to the 2017 benchmark.
- ✓ The BCI is based on positive or neutral responses (i.e., *better or about the same; increase or stay the same; and scores of 6 or higher on the 10-point scales*), **excluding negative responses** (i.e., *worse; decrease; or scores of 5 or lower on the 10-point scales*) **for each evaluation.**
- ✓ The nine questions that underlie the BCI are:
  1. Thunder Bay and Area's economy is stable / moving in a positive direction;
  2. In the next 12 months, my company's revenue will be stable or increase;
  3. In the past year, my company's revenue will be stable or increase;
  4. In the next 12 months, my company's capital expenditures will remain unchanged or increase;
  5. The economic well-being of my company will be stable/better in the next 12 months;
  6. My company's economic well-being is stable / better than it was 12 months ago;
  7. Over the next 12 months, the Thunder Bay and Area economy will be stable / better;
  8. Compared with 12 months ago, the overall state of the Thunder Bay and Area economy is stable or better; and
  9. I am confident in the Thunder Bay and Area's economic future.



# RESPONDENTS' DEMOGRAPHIC PROFILE

## SAMPLE RESPONDENT PROFILE CONSISTENT WITH EXPECTATIONS & POPULATION

- ✓ **98% of the respondents had some operating activities in Thunder Bay, followed by Other Northern Ontario location (18%).**
- ✓ **The vast majority, 86.5%, of respondents are headquartered in Thunder Bay.**
  - ✓ Other Canadian cities includes Saint John, Edmonton, Kitchener, and Oakville.
- ✓ **Retail trade and repair was the most common industry classification (28.6%), followed by restaurants, cafes and bars (10.3%).**
- ✓ **The vast majority of respondents, 90.8%, have between 1 and 49 employees, with 5.9% having 50+ employees.**
  - ✓ These groupings are consistent with the overall averages for employers in the Thunder Bay area, which further supports the generalizability of the survey results.
- ✓ **The majority of the respondents were business owners, or held the title of President / Managing Director.**
- ✓ **See Appendix 1 for further details.**

# BUSINESS CONFIDENCE INDEX (BCI)



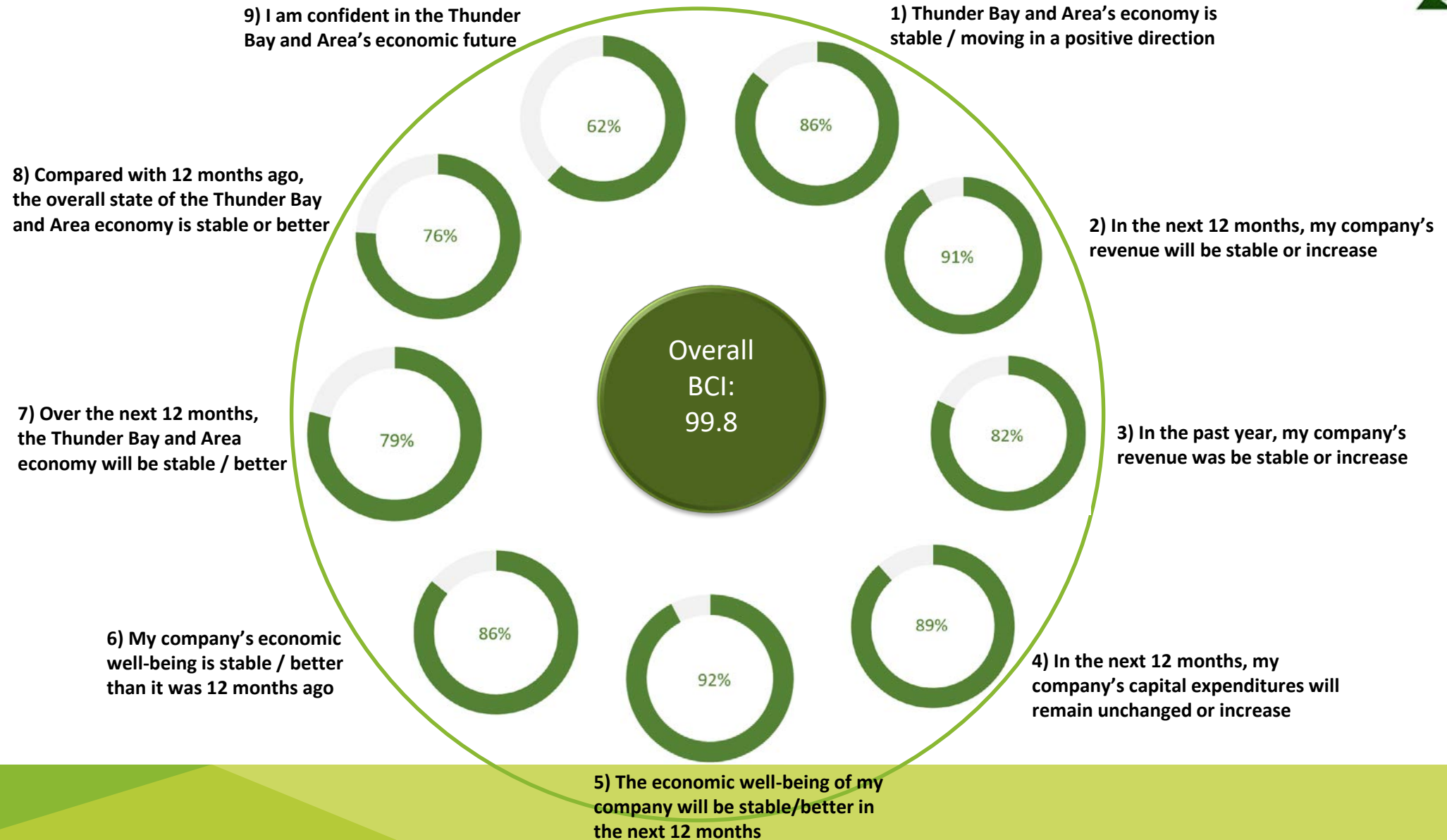
# INAUGURAL BUSINESS CONFIDENCE INDEX MEASUREMENT

## 2017 MEASUREMENT IS BASE CASE

- ✓ **The BCI is set to 100.0 for the inaugural 2017 measurement as that was the first time we measured the BCI in the Thunder Bay Area.**
  - ✓ As a result, the 2017 inaugural measure established the “base-case” by which all future surveys are measured against.
- ✓ **The BCI measures “confidence” based on positive (e.g., “increases”) or neutral (e.g., “no change”) responses to nine questions.**
  - ✓ This is consistent with measures of business confidence in other Canadian jurisdictions (e.g., Atlantic Canada).
  - ✓ The percentages reported for each of the nine BCI questions therefore represent the percentage of businesses that expect increases or no changes.



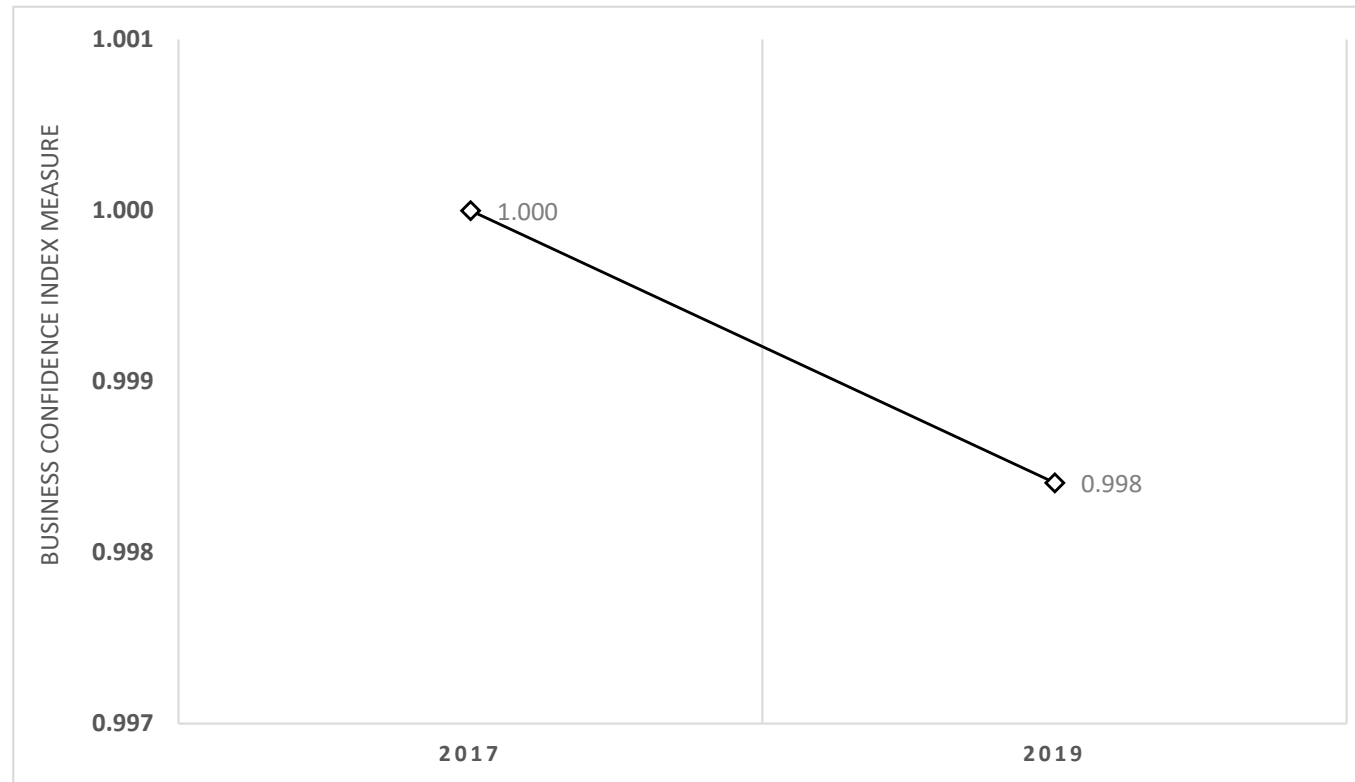
# 2019 BUSINESS CONFIDENCE INDEX





# 2019 BUSINESS CONFIDENCE INDEX HIGHLIGHTS

- ✓ Overall business confidence declined slightly in 2019.



- ✓ The 2019 BCI decline is only 0.16% and therefore is essentially unchanged from 2017

# 2019 BUSINESS CONFIDENCE INDEX HIGHLIGHTS



## BUSINESS-LEVEL INDICATORS

- ✓ Most businesses have experienced increased (51.4 %) or stable (30.6 %) revenues over the past year (BCI item #3)
- ✓ They anticipate a similar trend for the next year (56.3 % increase and 35.0 % stable) (BCI item #2)
- ✓ Most businesses expect capital expenditures to remain stable (44.8 %) or increase (43.7 %) over the next year (BCI item #4)
- ✓ Most businesses have experienced improved (46.5 %) or stable economic (39.3 %) well being over the past year, and this is expected to continue into the next year (BCI item #6)
- ✓ Well-being expectations for next year are even better (60.7 % increase and 39.3 % stable) (BCI item #5)

## ECONOMY-LEVEL INDICATORS

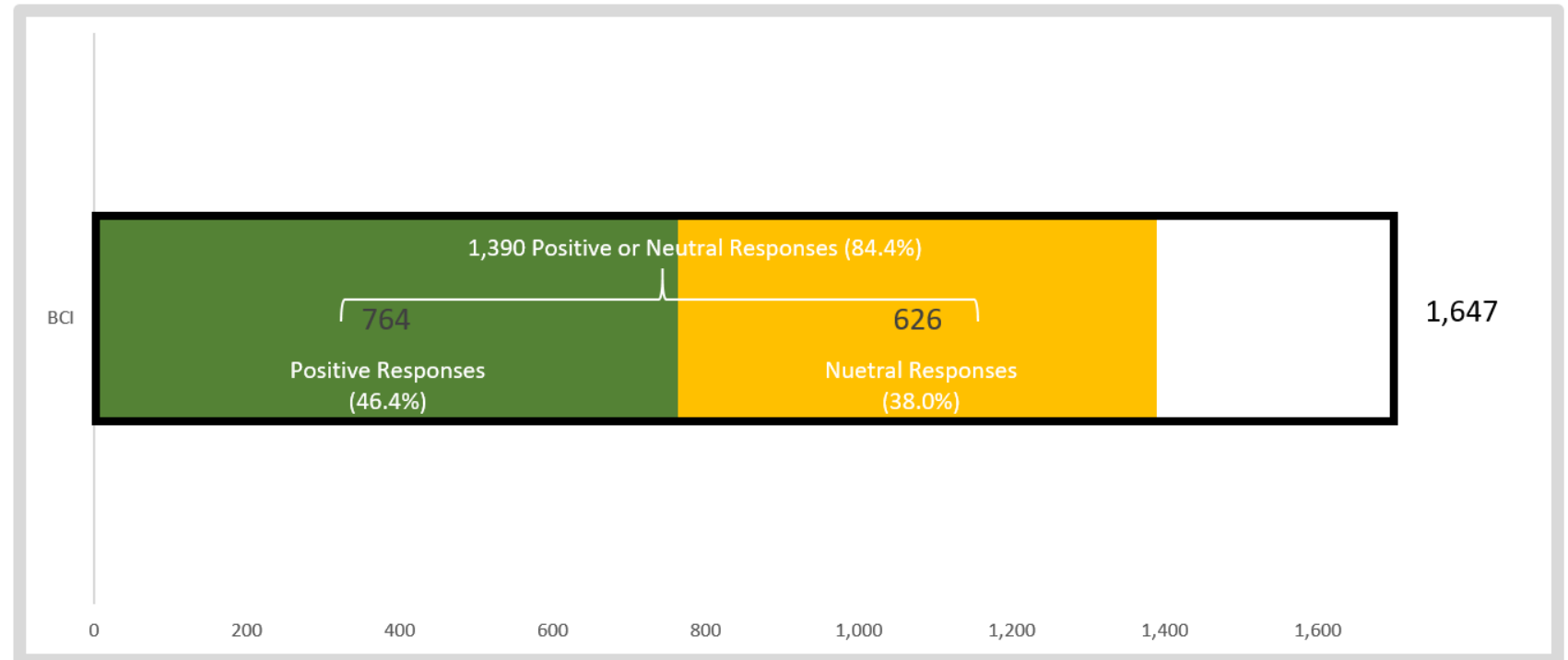
- ✓ Most businesses believe that the Thunder Bay and Area's economy is stable (40.4 %) or moving in a positive direction (45.4 %) (BCI item #1).
- ✓ Most businesses believe the Thunder Bay and Area overall state of the economy has been stable or better over the past year (75.9 %), and will be stable or better over the next year (79.2 %) (BCI items # 7 & 8).
- ✓ When measured with a 10-point Likert-scale, businesses reported an average of 6.2 points for their confidence in the Thunder Bay and Area's economic future (BCI item #9).



# BUSINESS CONFIDENCE INDEX DETAILS

## FURTHER BREAK-DOWN OF 2019 BCI

- ✓ There were **1,647** responses to the nine questions that comprise the BCI (183 sample size x 9 questions).
- ✓ In 2019, businesses had a neutral or positive responses to 1,390 questions (i.e., 84.4% of the nine BCI questions received with a neutral or positive responses up from 82.6 % in 2017).
- ✓ Businesses had positive responses to 46.4% of the questions in 2019 (44.2 % in 2017).
- ✓ Businesses had negative responses to 15.6 % of the questions in 2019 (17.4% in 2017)





# IMPACT OF BOMBARDIER ANNOUNCEMENT ON RESULTS

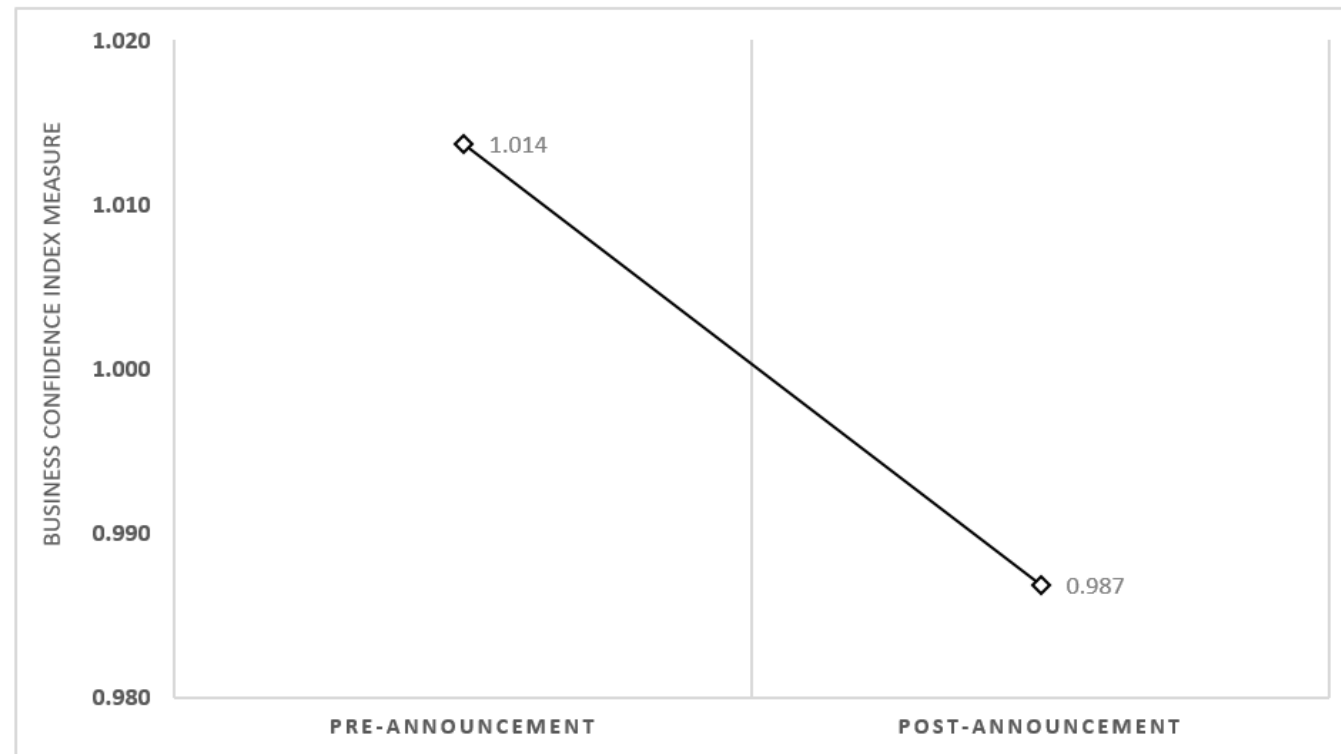
- ✓ On July 10, 2019, Bombardier announced that it would layoff about half of its Thunder Bay workforce. This announcement took place during our data collection period.
- ✓ As a result, we examine any differences between pre- and post-announcement groups. The table below reveals that **difference exist, but they are statistically non-significant.**

BCI Question	All respondents N=183 (100%)	Early respondents (before July 10) N=79 (44.2%)	Late respondent (after July 10) N=104 (56.8%)
1) TBay economy	86 %	90 %	83 %
2) Future revenue	91 %	89 %	93 %
3) Past revenue	82 %	82 %	82 %
4) Future capital expenditures	89 %	82 %	93 %
5) Future economic well-being	92 %	91 %	93 %
6) Past economic well-being	86 %	87 %	85 %
7) Future TBay economy	79 %	86 %	74 %
8) Past TBay economy	76 %	81 %	72 %
9) Confidence in Tbay economic future	62 %	66 %	59 %



# IMPACT OF BOMBARDIER ANNOUNCEMENT ON RESULTS

- ✓ We also estimate the BCI relative to 2017 for both the Pre- and Post-Announcement groups.
- ✓ Overall business confidence declined slightly after the Bombardier announcement, but not in a significant manner.

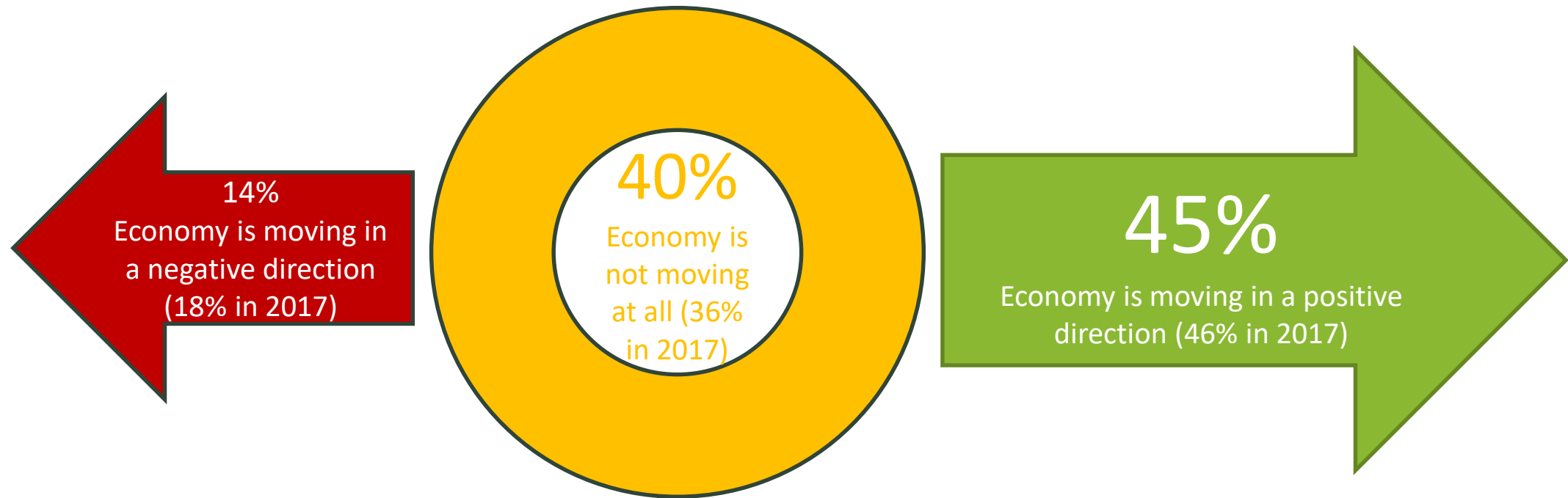


# ANALYSIS OF BCI COMPONENTS



# THUNDER BAY AREA: ECONOMIC LANDSCAPE

Business' beliefs regarding the direction of Thunder Bay area economy...



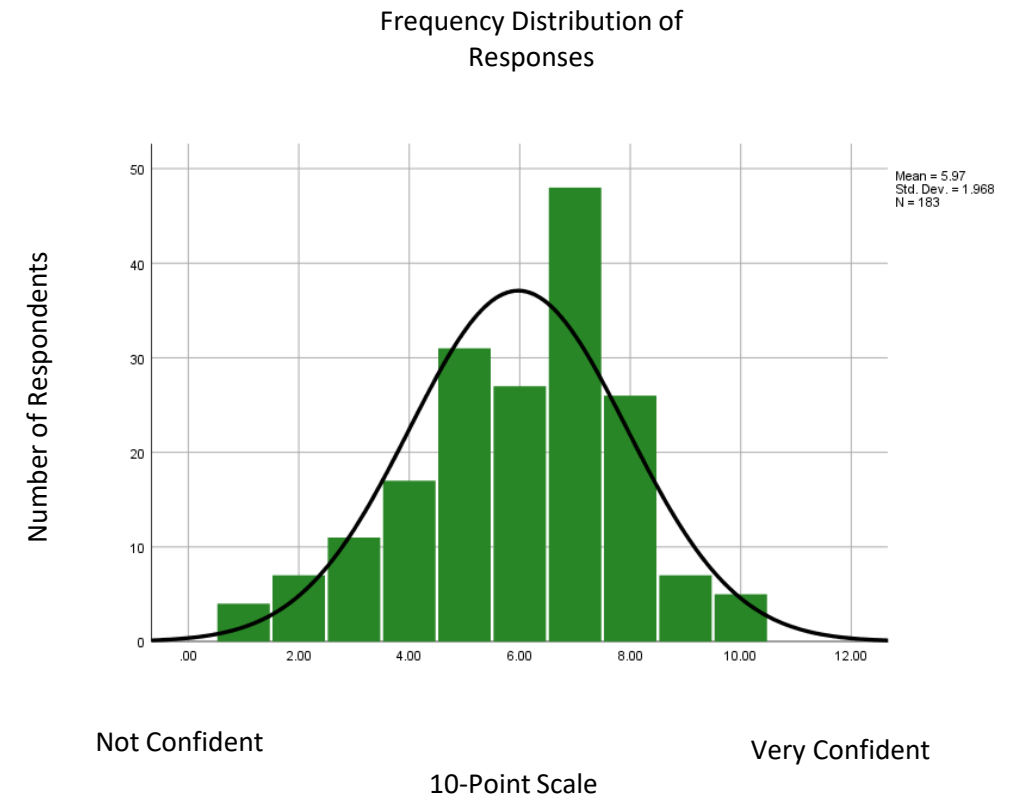


# THUNDER BAY AREA: ECONOMIC LANDSCAPE

## ✓ Confidence in the economic future of the Thunder Bay area: skewness towards a positive view

- ✓ Mean = from 5.8 (2017) to 5.97 (2019)
- ✓ Median = 6.0 (2017 and 2019)
- ✓ Std. Dev = from 1.94 (2017) to 1.97 (2019)

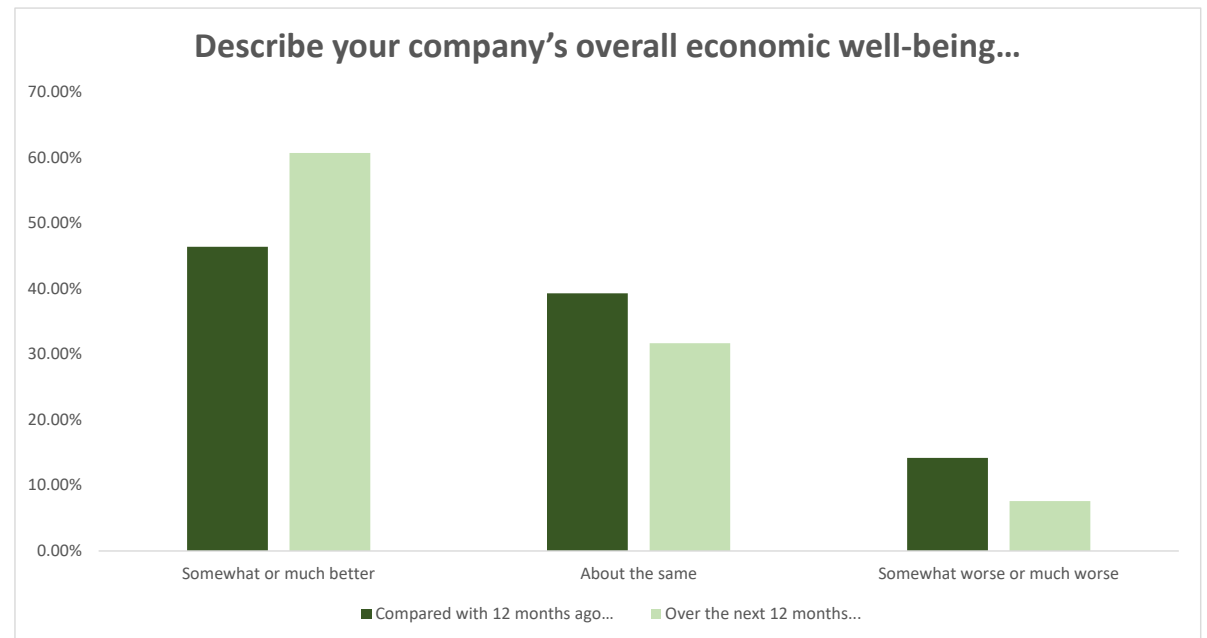
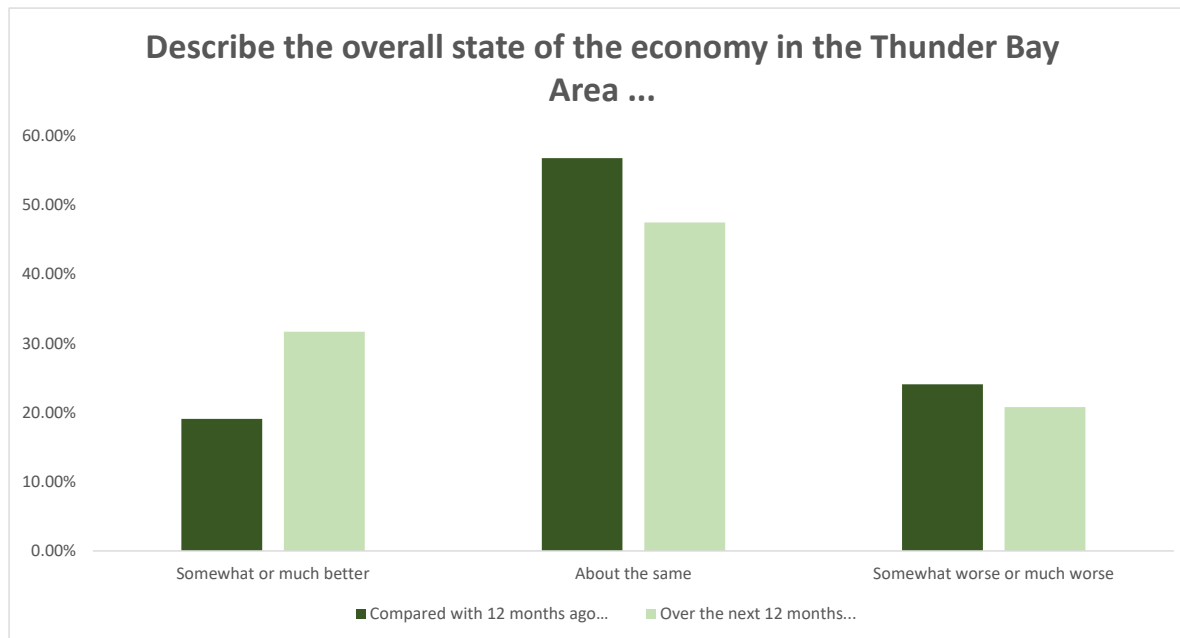
How confident are you ... ?	Freq.	Percentage	Confident or not? 2019	Confident or not? 2017
1	4	2.2 %	38.2 %	42.2 %
2	7	3.8 %		
3	11	6.0 %		
4	17	9.3 %		
5	31	16.9 %		
6	27	14.8 %	61.8 %	57.8 %
7	48	26.2 %		
8	26	14.2 %		
9	7	3.8 %		
10	5	2.7 %		
Total	183	100 %	100 %	100 %





# THUNDER BAY AREA: ECONOMY AND BUSINESS WELL BEING

- ✓ **Moderate optimism about the economy in Thunder Bay area in the past and near future:**
  - ✓ For roughly half the respondents the state of the economy is the same and for a third is somewhat better
  - ✓ High and significant correlation between last 12 economic months and future economy ( $r = 0.685$ ,  $p < .01$ )
- ✓ **... but they are a little bit more optimistic concerning their own business:**
  - ✓ For a third is about the same but for 43.2 % they expect to be better in the next year
  - ✓ Also a high and significant correlation between well-being in the last and next year ( $r = 0.729$ ,  $p < .01$ )





# THUNDER BAY AREA: BUSINESS WELL BEING AND IMPACT

- ✓ **Positive views of the future might somewhat turn into more investments and jobs in the future**
  - ✓ 18 respondents anticipate 5%-10% increase in capital expenditures, 22 anticipate 15%-20 %
  - ✓ 19 anticipate 25%-50%, 22 are not sure
  - ✓ Capital expenditures positively correlated with future well-being of the company ( $r = .406$ ,  $p < .000$ )

In the next 12 months, do you expect your <b>capital expenditures</b> to...	Percentage of respondents	
	2017	2019
Increase	39.5 %	44.8 %
Remain unchanged	47.6 %	43.7%
Decrease	13.0 %	11.5%
Don't know/Not sure	0.0%	0.0%
Total	100 %	100 %

In the next 12 months, do you expect your number of <b>Full-time employees</b> (30 or more hours / week) to...	Percentage of respondents	
	2017	2019
Increase	25.9 %	23.0 %
Remain unchanged	58.9 %	66.1 %
Decrease	10.8 %	6.6 %
Don't know/Not sure	4.3 %	4.4 %
Total	100 %	100 %

In the next 12 months, do you expect your number of <b>Part-time employees</b> (30 or less hours / week) to...	Percentage of respondents	
	2017	2019
Increase	24.3 %	23.5 %
Remain unchanged	54.6 %	65.6 %
Decrease	14.6 %	6.0 %
Don't know/Not sure	6.5 %	4.9 %
Total	100 %	100 %

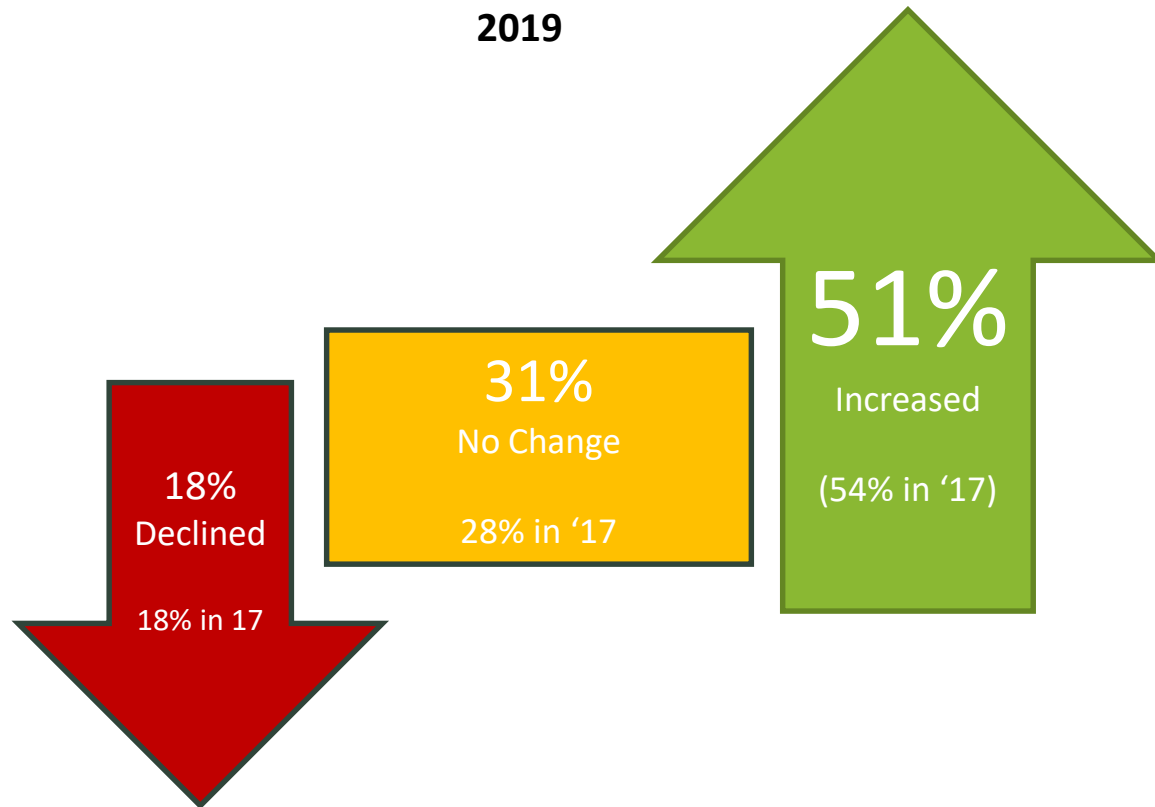
- ✓ The increase of full-time employees is correlated with future well-being of the company ( $r = .307$ ,  $p < .000$ )
- ✓ The increase of part-time employees is also correlated but to a lesser extent ( $r = .318$ ,  $p < .000$ )



# THUNDER BAY AREA: BUSINESS REVENUES

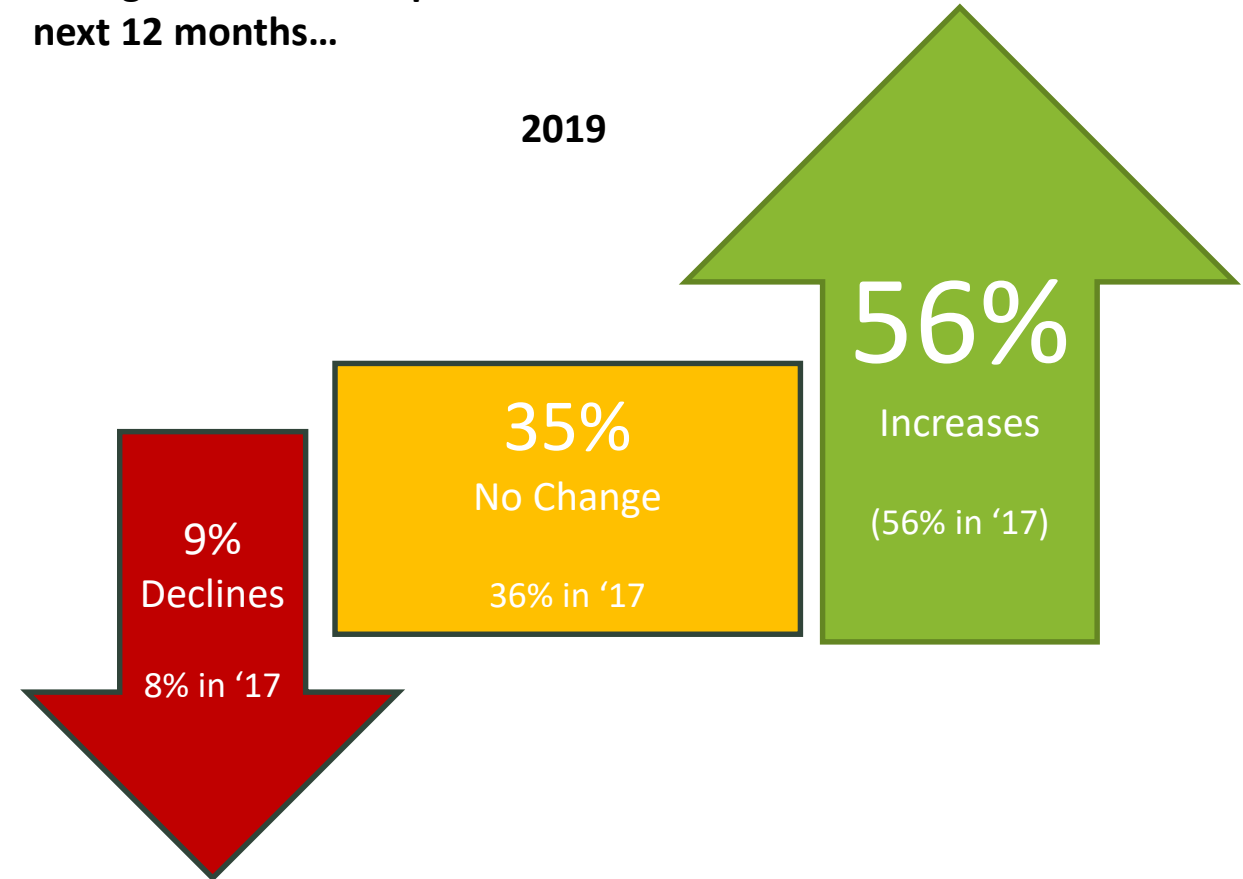
Change in revenue experienced over the past 12 months...

2019



Change in revenue expectations for the next 12 months...

2019



# ADDITIONAL INSIGHTS



# THUNDER BAY AREA: SALARIES

## ✓ What was the average wage increase granted to your employees by your company in 2018?

- ✓ The average increase was 5.1%, with minimum at 0% (N=26) and maximum at 30% (N=1)
- ✓ Most respondents (N = 53) didn't know or were not sure (29 %)
- ✓ The largest category, with 26 respondents (14.2%) didn't grant any increase in 2018, and the second largest 23 (12.6%) gave 2%

## ✓ What do you anticipate the average wage increase will be for 2019?

- ✓ The average anticipated increase will be 2.54 %, with minimum at 0% (N=36) and maximum at 15% (N=4)
- ✓ Most respondents (N = 66) didn't know or were not sure (36.1 %)
- ✓ The largest category, with 36 respondents (19.7 %) don't anticipate any increase in 2019, and the second largest with 27 (14.8 %) anticipate 2%

Average wage increase	Percentage of respondents	
	Granted for 2018	Anticipated for 2019
No increase (0%)	14.2%	19.7 %
1 % - 5 %	37.7 %	39.3 %
6 % - 10 %	9.2 %	2.7 %
More than 10%	9.6 %	2.2 %
Don't know/Not sure	29.0 %	36.1 %
Total	100 %	100 %



# THUNDER BAY AREA: UNSOLICITED JOB APPLICATIONS



59%

Businesses that have not received an increased number of unsolicited job applications over the past year?

*Down from 64% in 2017*



5%

Businesses that don't know if they have received an increased number of unsolicited job applications over the past year?

*Down from 6 % in 2017*

Businesses that have received increased number of unsolicited job applications over the past year?

*Up from 30 % in 2017*

36%





# THUNDER BAY AREA: FEDERAL CARBON TAX

✓ **What impact do you expect on your business as a results of the Federal Government's Carbon Pricing Policy?**

- ✓ Less uncertain respondents in 2019 (30.6 %) than in 2017 (42.7 %)
- ✓ For almost a third (31.7 %) the impact will be negative and for another third (30.6 %) neutral

Impact of carbon policy ...	Responses 2017	Responses 2019
Mostly positive	2.7 %	7.1 %
Neither positive nor negative	27.0 %	30.6 %
Mostly negative	27.6 %	31.7 %
Uncertain at this time	42.7 %	30.6 %
Total	100 %	





# THUNDER BAY AREA: ONTARIO GOVERNMENT POLICIES

✓ **What are the impacts on your business as a result of the Ontario Provincial Government's policies?**

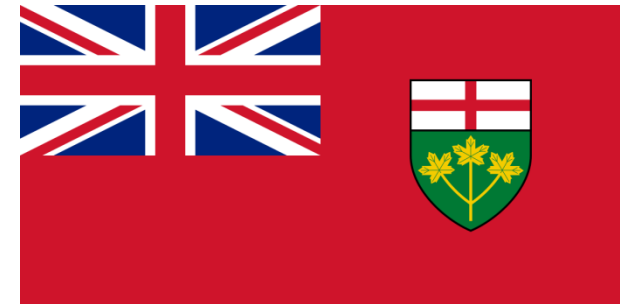
## Current impacts:

- ✓ For most respondents (42.1 %) current impact will be neutral
- ✓ Only for a minority (8.7 %) the policies have positive impact

## Future impacts:

- ✓ Less respondents (29.0 %) expect it to be neutral
- ✓ Majority (33.3 %) is uncertain at this time

Impact of ON government policies ...	Current impact	Future impact
Mostly positive	8.7 %	12.6 %
Neither positive nor negative	42.1 %	29.0 %
Mostly negative	25.7 %	25.1 %
Uncertain at this time	23.5 %	33.3 %
Total		





# THUNDER BAY AREA: ONTARIO GOVERNMENT POLICIES

✓ **Thematic analysis of open-ended question (What are the current impacts on your business as a result of the Ontario Provincial Government's policies?)**

➤ The open-ended feedback revealed both positive and negative aspects of the Government's Policies:

## Favourable Themes

Freezing Mining Wage

Paying Down the Debt

- Many business owners were happy to have any further minimum wage increases frozen.



## Unfavourable Themes

Program / Funding Cuts

Uncertainty / Instability

- The vast majority of the negative comments were around funding cuts (i.e., a business's own funding or a business' customer's funding)



- Most respondents were unable to answer, did not fully understand the Government's policies as it relates to their business, or had no opinion. This is consistent with our objective style question whereby 42.1 % of respondents did not believe the policies were positive or negative.

# THUNDER BAY AREA: IMPACT OF INTERNATIONAL STUDENTS



✓ **What are the current impacts on your business as a result of the influx of international students in Thunder Bay?**

✓ Positive impact on almost a third of the sample (36.1 %)

✓ Neutral impact on two thirds of the sample (59.6 %)

Impact of international students ...	Percentage of Responses
Mostly positive	36.1 %
Neither positive nor negative	59.6 %
Mostly negative	0.0 %
Uncertain at this time	4.4 %
Total	100 %





# THUNDER BAY AREA: IMPACT OF INTERNATIONAL STUDENTS

- ✓ **Thematic analysis of open-ended question (What are the current impacts on your business as a result of the influx of international students in Thunder Bay? )**

## Positive Themes

### Major Themes

Increased supply of labour

Increased demand as customers

### Minor Themes

Generally good for economy

Diversity and population growth

- The vast majority of the comments focused on the increased pool of human resource talent (n = 35) and/or the increase demand for a business' product (n = 33).
- Fewer comments focused on generally positive factors which could not be directly linked to their business, such as overall economic spending and diversity of population (n = 12).



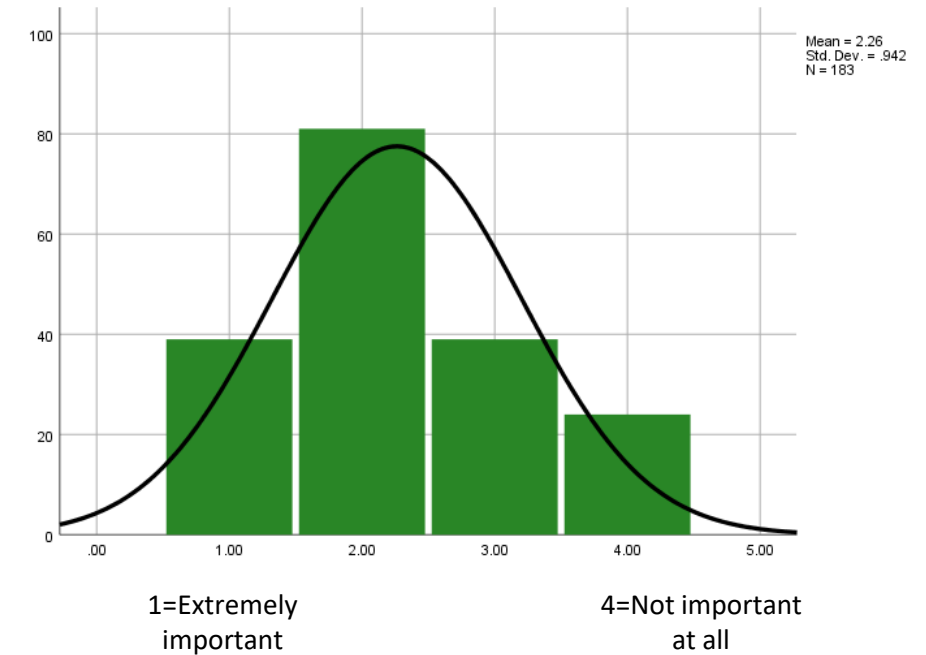
- A few respondents were concerned about individuals being overly qualified or having the wrong qualifications (n = 4) or language barriers for service-related positions (n = 2).



# THUNDER BAY AREA: DIVERSITY OF THE WORKFORCE

- ✓ **To what extent is having a diverse workforce important for your business?**
  - ✓ It seems to be consensus that it is important (65.6 %) rather than not (34.4 %)
  - ✓ However, most respondents mentioned hiring the best person for the job, based on skill and qualifications

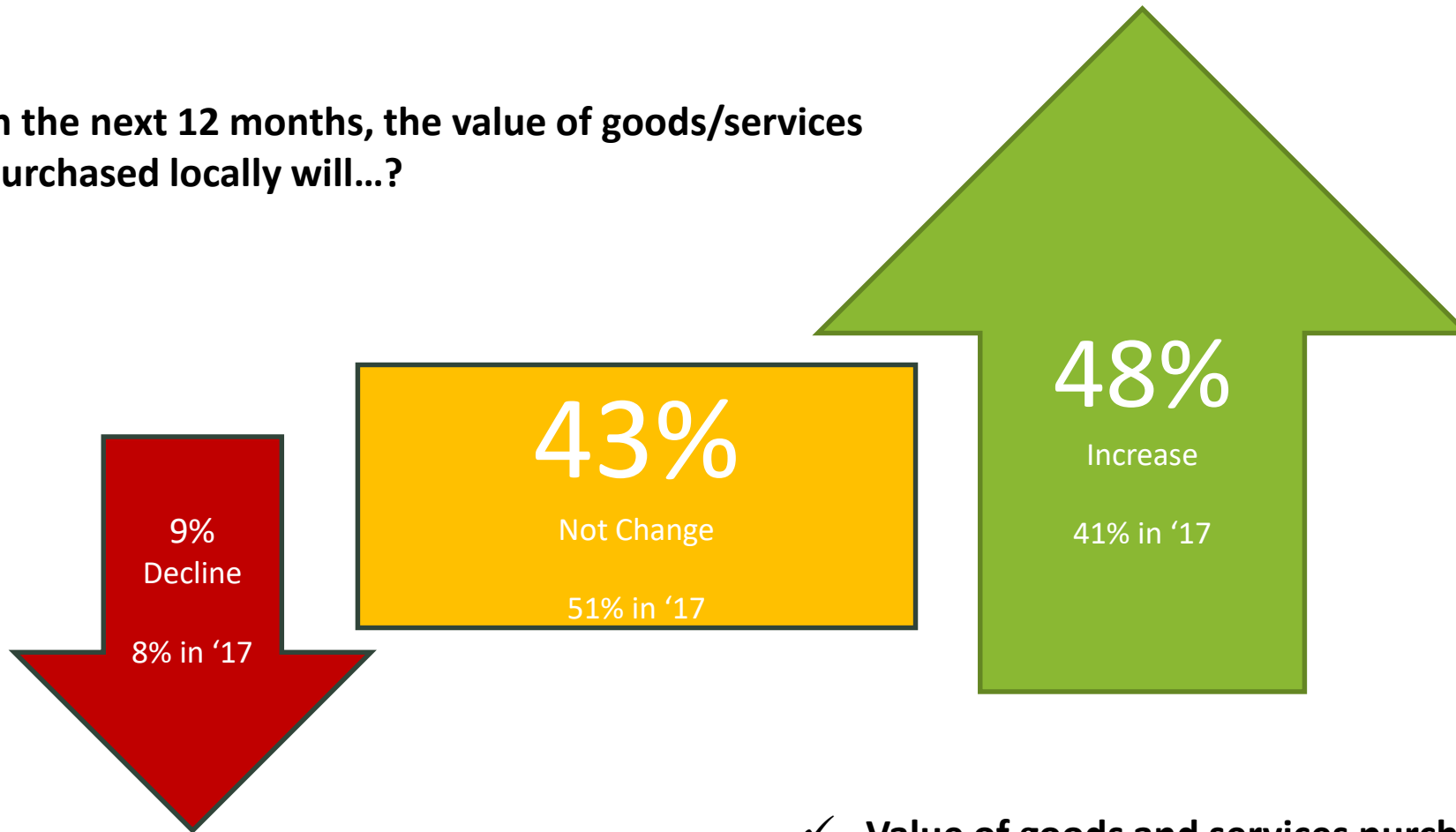
Importance of having a diverse workforce...	2017		2019	
Extremely important	27.6 %	62.2 %	21.3 %	65.6 %
Moderately important	34.6 %		44.3 %	
Not that important	28.1 %	37.8 %	21.3 %	34.4 %
Not important at all	9.7 %		13.1 %	
Total	100 %			





# THUNDER BAY AREA: PURCHASE LOCAL

- ✓ In the next 12 months, the value of goods/services purchased locally will...?



- ✓ Value of goods and services purchased locally will increase (48%, N=88) or remain the same (43%, N=79)

# BUSINESS IMPLICATIONS AND ACTIONS



# THUNDER BAY AREA: REMEDIAL ACTIONS (HUMAN RESOURCES)

- ✓ Which of the following actions, if any, has your company undertaken in the past twelve months to respond to current economic conditions in the Thunder Bay Area?

Measures	All respondents	State of the economy last 12 months ...		
		Better	Same	Worse
Left vacant positions unfilled	16 %	6 %	13 %	25 %
Undertaken internal restructuring/transfers	15 %	20 %	15 %	13 %
Increased salaries/wages	15 %	33 %	23 %	15 %
Frozen salaries/wages	12 %	4 %	12 %	8 %
Reduced standard weekly work hours	9 %	4 %	1 %	10 %
Increased training budgets	9 %	29 %	12 %	5 %
Implement a hiring freeze	8 %	0 %	3 %	3 %
Made positions redundant	7 %	0 %	6 %	8 %
Reduced training budgets	4 %	0 %	4 %	3 %
Cut back or change insurance benefits	3 %	2 %	1 %	7 %
Reduced salaries/wages	2 %	2 %	1 %	3 %

- ✓ Note: The “all respondents” column represents the percentage of respondents that selected a given measure from the entire sample. The “State of Economy Better”, “State of Economy Same”, and “State of Economy Worse” columns represent the percentage of respondents that selected a given measure from each of the respective sub-samples (i.e., the percentage of individuals that selected a given measure and also believe that the state of the economy is better, the same, or worse).



# THUNDER BAY AREA: REMEDIAL ACTIONS (TACTICAL)

- ✓ Which of the following actions, if any, has your company undertaken in the past twelve months to respond to current economic conditions?

Measures	All respondents	State of economy better		State of economy same		State of economy worse	
		N	%	N	%	N	%
Introduced new products/services	26 %	21	50 %	53	31 %	19	19 %
Reduced advertising/marketing budgets	17 %	3	7 %	35	20 %	23	23 %
Decreased financial contributions to charitable causes	14 %	3	7 %	26	15 %	21	21 %
Reduced inventory levels	14 %	3	7 %	27	16 %	19	19 %
Provided more favorable payment terms for customers/clients	9 %	8	19 %	18	11 %	5	5 %
Lowered prices	6 %	2	5 %	9	5 %	10	10 %
Decreased volunteer time available for employees for charitable causes	3 %	2	5 %	3	2 %	3	3 %

- ✓ Introducing new products/services was the preferred strategy, followed by reducing marketing and advertising budgets, decreasing financial contributions to charitable causes and reducing inventories
- ✓ Large difference in the number of respondents that take specific actions for each of the three groups”
  - ✓ Most active group (N=171): State of the economy remains the same
  - ✓ Least active group (N=42): State of the economy is better

# THUNDER BAY AREA: STRATEGIES TO GROW



✓ Which of the following strategies is your company focused on to grow organically in the next twelve months?

Measures	All respondents	Future state of economy better or much better		Future state of the economy same		Future state of economy worse or much worse	
		N	%	N	%	N	%
Continue to focus primarily on core products/services in current markets	27 %	40	24 %	58	29 %	23	32 %
Expand into new markets with existing products/services	20 %	36	21 %	35	18 %	15	21 %
Develop new product/service offerings	18 %	29	17 %	38	19 %	12	16 %
Develop an enhanced digital/online strategy to serve the market	15 %	24	14 %	30	15 %	10	14 %
Introduce new technologies to serve clients more efficiently	13 %	30	18 %	21	11 %	8	11 %
Increase R&D initiatives	5 %	8	5 %	10	5 %	3	4 %
TOTAL	98 % (430)	169	99 %	197	97%	73	98 %

- 1) Most common strategy (27%) is to increase **market penetration** for the same products/same markets  
✓ This strategy is consistent for respondents with different views of the economy
- 2) Next, 20% of businesses are trying to expand into new markets with the same products (**new market development**)
- 3) Third, 18% of business are focusing on **new products/services** development
- 4) Results are very similar to those obtained in 2017. Different levels of reaction depending on future expectations

# THUNDER BAY AREA: MERGERS AND ACQUISITIONS



70 %

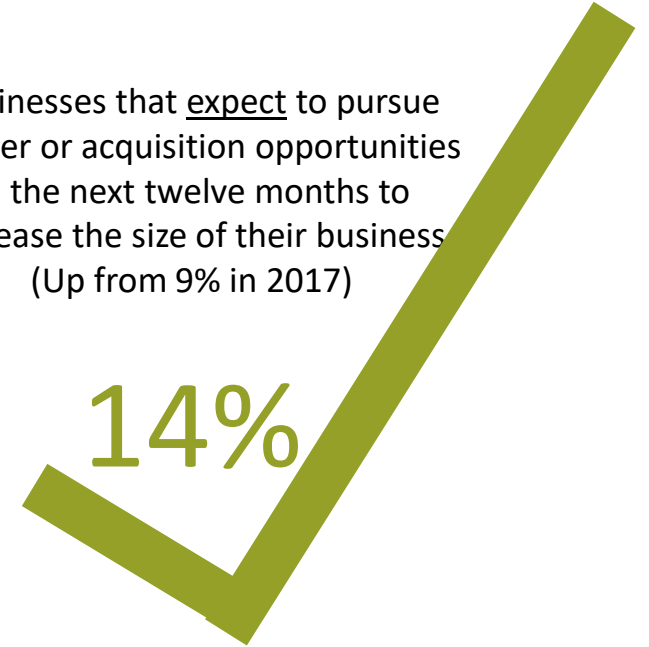
Businesses that do not expect to pursue any merger or acquisition opportunities in the next twelve months to increase the size of their business (roughly same value in 2017: 71%).



16 %

Businesses that unsure if they will pursue merger or acquisition opportunities in the next twelve months to increase the size of their business (down from 20% in 2017)

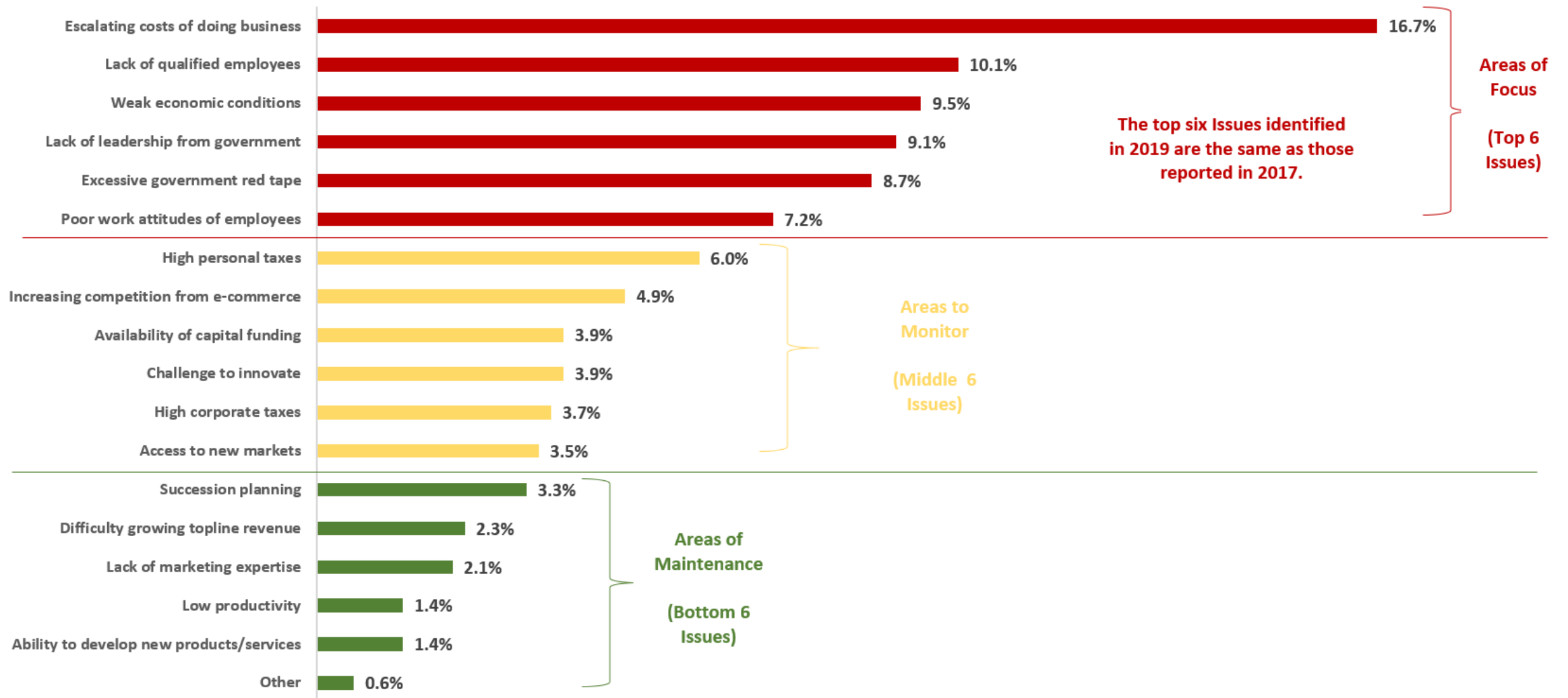
Businesses that expect to pursue merger or acquisition opportunities in the next twelve months to increase the size of their business (Up from 9% in 2017)



14%

# FOSTERING A POSITIVE BUSINESS ENVIRONMENT

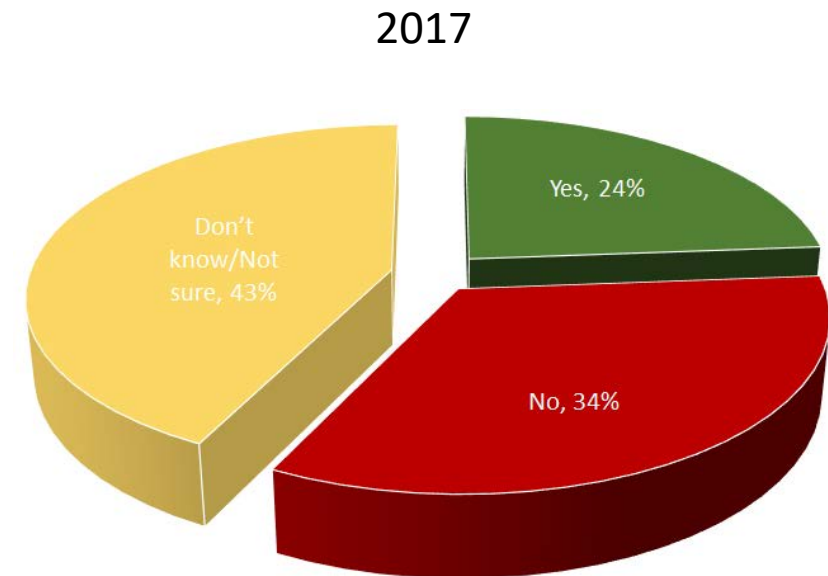
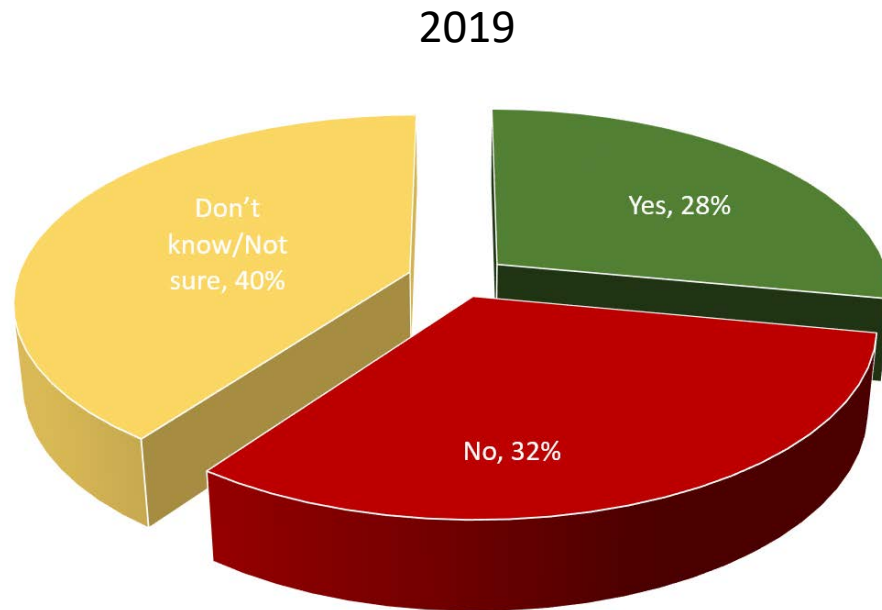
# THUNDER BAY AREA: TOP BUSINESS ISSUES IN THUNDER BAY





# THUNDER BAY AREA: FOSTERING A POSITIVE ENVIRONMENT

- ✓ In your opinion, is the Thunder Bay area business community doing enough to foster a positive business environment?





# FOSTERING A POSITIVE ENVIRONMENT – THEMES

What should the business community do to foster a positive business environment?

✓ The following are the top-six themes that emerged from the open-ended question:



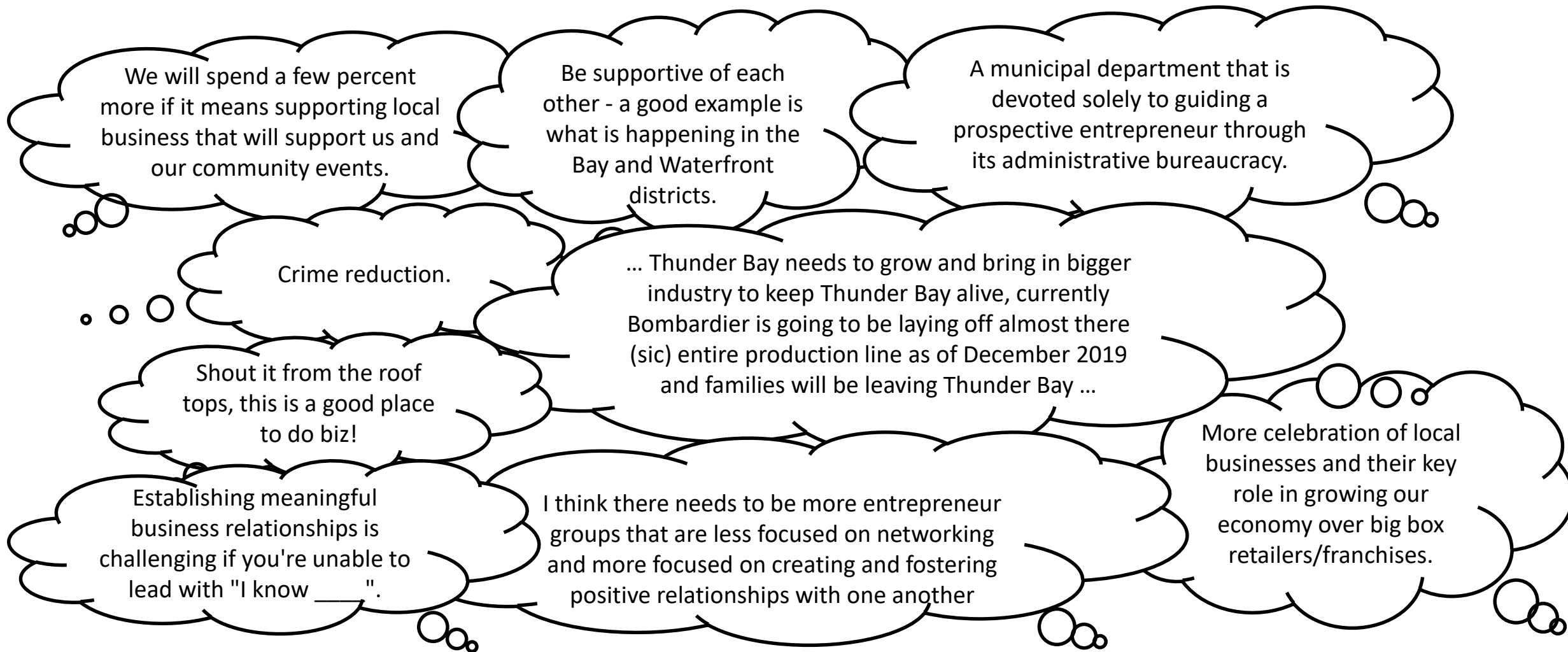


# FOSTERING A POSITIVE ENVIRONMENT – THEMES

What should the business community do to foster a positive business environment?

Additional Insights	Newly Emerging Themes
<ul style="list-style-type: none"><li>✓ With respect to the theme of “Cut Costs &amp; Government”, most of the comments were directed towards:<ul style="list-style-type: none"><li>➤ Government: Municipal government processes and excessive “red tape”.</li><li>➤ Costs: General business costs are constantly increasing with hydro, property taxes, and insurance being mentioned the most often.</li></ul></li></ul>	<ul style="list-style-type: none"><li>✓ Attract big, manufacturing business, while reducing the negative impacts of “Big Box Stores”.</li><li>✓ The “tone” of the safe and clean neighborhoods comments have shifted towards the immediate need for action to reduce crime, solicitation around businesses, and addictions.</li><li>✓ Concerted efforts to be taken by Ventures, Chamber and CEDC to help foster collaborative efforts.</li></ul>

# FOSTERING A POSITIVE ENVIRONMENT – SELECTED QUOTES





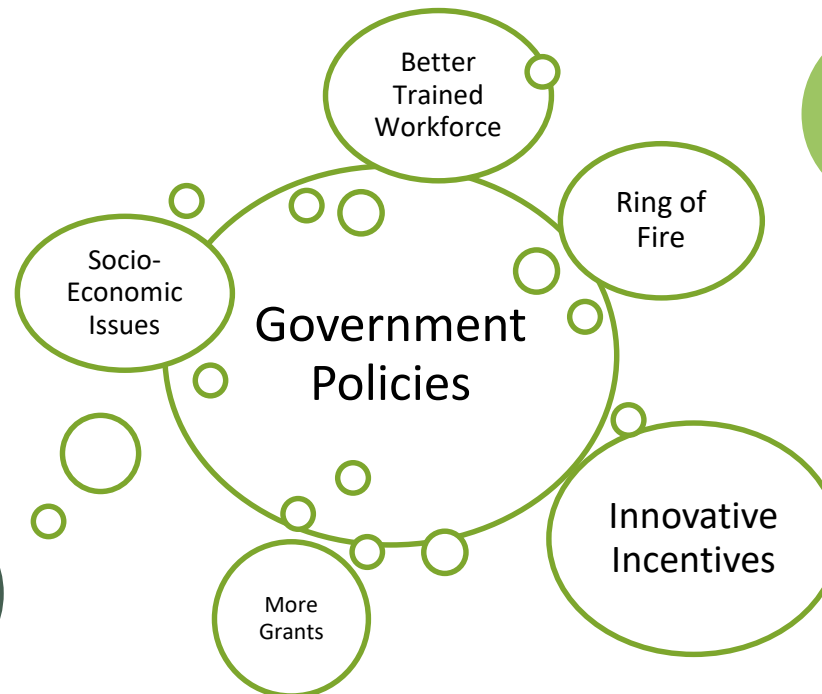
# POSITIVE CHANGES TO BUSINESS CLIMATE - THEMES

- ✓ What would you like to see change in order to positively impact the business climate in the Thunder Bay Area?

## City Initiatives



## Provincial Government Initiatives



## Business Initiatives



# POSITIVE CHANGES TO BUSINESS CLIMATE – SELECTED QUOTES



Address the ongoing negative media that is hanging over the entire city.

Lower business taxes for companies/individuals who develop downtown and/or develop vacant existing buildings

Have places like City of Thunder Bay, School Boards and other government type agencies purchase product from Thunder Bay Business' instead of purchasing outside the city.

More aggressive in attraction of diverse industry beyond resource based solutions.

I would like to see local governments more actively supporting semi-established businesses (2-5 years in business), rather than just startups or larger corporations.

A clear strategy from municipal leadership as to where and how Thunder Bay will focus economic growth!

I like the idea of building more local partnerships to share ideas and tackle larger projects.

Spending time and money to improve that gateway and increase the business sector of downtown PA would be in the best interest of this city.

Thunder Bay businesses to start to recognize the importance and value of their indigenous customers. Better customer service, tailored marketing, hiring of more indigenous professionals within their organizations.

# APPENDIX I DEMOGRAPHIC PROFILE OF RESPONDENTS



# DEMOGRAPHIC PROFILE OF THE RESPONDENTS

## GEOGRAPHIC LOCATION OF RESPONDENTS' OPERATING ACTIVITIES

- ✓ Respondents checked multiple boxes (that is, a single respondent may operate in multiple geographic locations).
- ✓ 96.7% of the respondents had some operating activities in Thunder Bay.
- ✓ Very few respondents have operating activities outside of Canada (6.0% of respondents).

LOCATION	2017	2019
Thunder Bay	97.8%	96.7 %
Other Northern Ontario Location	17.3%	23.0 %
Oliver Paipoonge	15.1%	18.0 %
Neebing	14.1%	9.8 %
Shuniah	14.1%	18.0 %
Conmee	12.4%	15.8 %
Gillies	12.4%	16.9 %
O'Connor	12.4%	13.1 %
Fort William First Nation	11.9%	14.8 %
Gull Bay First Nation	8.1%	1.1 %
Whitesands First Nation/Armstrong	7.0%	9.8 %
Toronto	4.3%	10.4 %
Other Canadian City	3.8%	10.9 %
Winnipeg	2.7%	4.4 %
Montreal	1.6%	3.8 %
Outside of Canada	1.6%	6.0 %



# DEMOGRAPHIC PROFILE OF THE RESPONDENTS

## LOCATION OF RESPONDENTS' HEADQUARTERS/OWNERSHIP GROUP

- ✓ **The vast majority, 85.8%, of respondents are headquartered in Thunder Bay.**
- ✓ **Other Canadian cities includes Edmonton, Fort Frances, Ottawa, Saint John NB, Sault Ste. Marie and Timmins (one each).**
- ✓ **Aside from Thunder Bay, only 7.1 % of respondents are headquartered in another Northwestern Ontario city.**
- ✓ **None of the respondents were headquartered in a First Nation.**

HEADQUARTERS LOCATION	2017	2019
Thunder Bay	86.5%	85.8 %
Other Canadian City	3.2%	2.7 %
Oliver Paipoonge	2.7%	1.1 %
Toronto	2.7%	3.3 %
Gillies	1.6%	0.5 %
Neebing	1.1%	1.1 %
Conmee	0.5%	0 %
Montreal	0.5%	0.5 %
Outside of Canada	0.5%	1.6 %
Other Northern Ontario Location	0.5%	2.2 %



# DEMOGRAPHIC PROFILE OF THE RESPONDENTS

## INDUSTRY CLASSIFICATION OF RESPONDENTS

- ✓ **Retail trade and repair was the most common industry classification (13.7 %), followed by education, health and social work (10.4%) and other (10.4 %).**
- ✓ **The “other” category (19 respondents out of 183) reveals a wide range of industries, with the most coming being:**
  - ✓ Technology (N=4), tourism (N=2) and entertainment (N=2) .

INDUSTRY CLASSIFICATION	2017	2019
Other	28.6%	10.4 %
Retail trade and repair	17.3%	13.7 %
Restaurants, cafes and bars	10.3%	6.0 %
Other community, social and personal services	6.5%	6.6 %
Manufacturing	5.9%	6.6 %
Construction	5.9%	7.1 %
Financial services	5.9%	6.0 %
Transport and communications	4.9%	6.6 %
Education, health and social work	4.9%	10.4 %
Wholesale trade and motor vehicles	3.8%	4.9 %
Real estate and renting services	3.8%	3.8 %
Agricultural, landscaping, fishing, and quarrying	0.5%	3.8 %
Electricity, gas and water	0.5%	1.6 %
Hotels	0.5%	1.1 %
International business activity	0.5%	1.1 %
Public administration	0.0%	0.0 %



# DEMOGRAPHIC PROFILE OF THE RESPONDENTS

## NUMBER OF EMPLOYEES (FULL-TIME & PART-TIME)

- ✓ **The vast majority of respondents, 95 %, have between 1 and 49 employees.**
- ✓ **7 % of the respondents had 50 or more employees.**
- ✓ **These groupings are consistent with the overall averages for employers in the Thunder Bay area, which further supports the generalizability of the survey results.**

# of employees	Full-time		Part-time	
	N	%	N	%
0	23	13 %	63	34 %
1-4	71	39 %	78	43 %
5-9	31	17 %	22	12 %
10-19	25	14 %	5	3 %
20-49	22	12 %	8	4 %
50-99	7	4 %	6	3 %
100-199	2	1 %	0	0 %
200-499	1	1 %	1	1 %
500+	1	1 %	0	0 %



# DEMOGRAPHIC PROFILE OF THE RESPONDENTS

## RESPONDENTS' TITLE

- ✓ The majority of the respondents were the owners of their business.
- ✓ The survey was programmed to terminate if a respondent answered "No" to the following question: *Are you involved in making strategic decisions for your business? That is, do you hold a title such as CEO, COO, President, Owner or Managing Director?*
- ✓ The "Other" category includes titles such as Vice-President, Executive Director, General Manager, and others.

Title	2017	2019
CEO	7.6%	16.4 %
COO	0.5%	2.2 %
Owner	54.1%	48.1 %
President	20.5%	15.8 %
Managing Director	12.4%	7.1 %
Other	4.9%	6.0 %

THANK YOU FOR READING THE  
2019 THUNDER BAY AND AREA BCI



Thunder Bay  
**Ventures**  
Community Futures Development Corporation