Thunder Bay
Ventures
Community Futures Development Corporation

THUNDER BAY AND AREA BUSINESS CONFIDENCE INDEX (BCI)

FALL 2021

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ACKNOWLEDGEMENTS

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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 and now again in 2021. The current report presents the results of this last data collection as well as the comparison with the first two editions of the BCI.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

	Experiences over the past year...	Expectations for the next year...
Business Level Indicators	• 54% of businesses have experienced stable revenues since the start of the pandemic (82% in 2019). • 63% of businesses have experienced improved or stable economic well-being since the start of the pandemic (86% in 2019).	• 90% of businesses expect to experience stable revenues over the next year (91% in 2019). • 95% of businesses expect to experience improved or stable economic well being over the next year (89% in 2019). • 92% of businesses expect capital expenditures to remain stable or increase over the next year (89% in 2019).
Economy Level Indicators	• 45% of businesses believe the Thunder Bay and Area economy has been stable since the start of the pandemic (76% in 2019).	• 89% of businesses believe that the Thunder Bay and Area's economy will be stable or move in a positive direction over the next year (86% in 2019). • Businesses reported an average 7.2 for their confidence in the Thunder Bay and Area's economic future (on a 10-point scale). This was 6.2 in 2019.

EXECUTIVE SUMMARY

Ways to positively change the business climate….

Top 3 Issues Facing Business…

- Escalating costs of doing business
- Lack of qualified employees
- Excessive government red tape

How can we foster a positive business environment….

| Enhance Collaborative Efforts | Support / Shop Local | Promote Innovation |

Government Leadership & Policies

- Reduce Labour Shortages
- Resolve Socio-Economic Issues
- Develop Downtowns / BIAs
- Lower Taxes and Rent
- Reduce Uncertainty

EXECUTIVE SUMMARY – COVID IMPACTS

Top 3 Components of BCI Impacted by the Pandemic …

Decrease or unstable revenues

Decrease or unstable economic well-being

Decrease in the state of Thunder Bay and Area economy
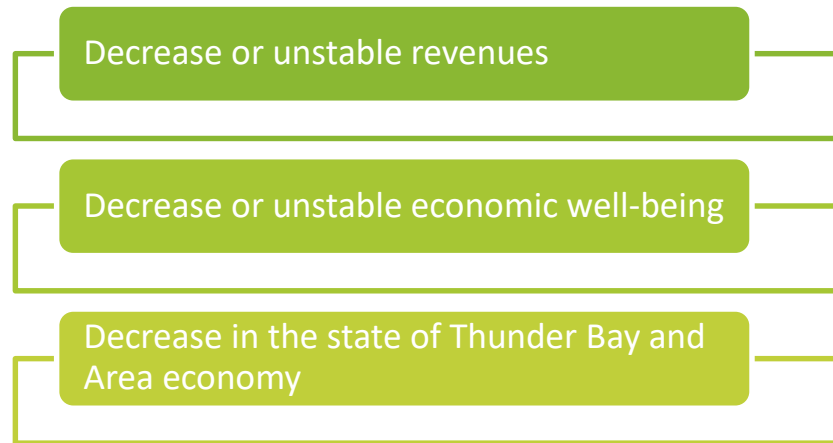
Major impacts of the COVID pandemic on business operations…

- Business revenue declines
- Forced lockdowns
- Staffing / lack of staff
- Supply chain issues
- Increasing input costs
- Cost of public health measures
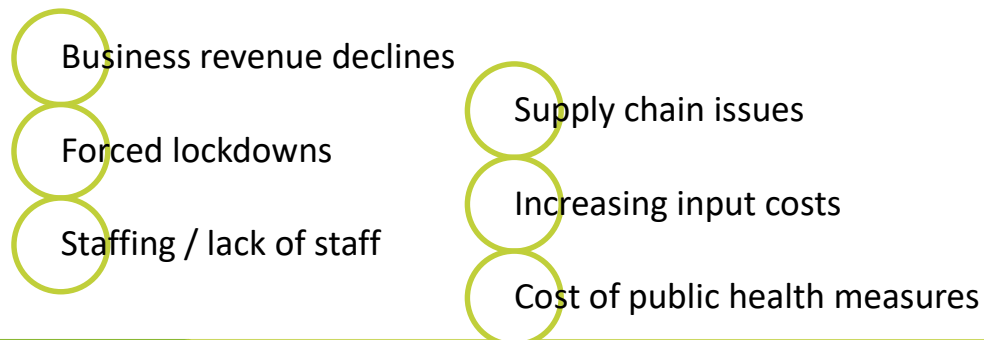
How has the COVID pandemic impacted your business?

Category	Percentage
Mostly positive	22%
Neither positive nor negative	23%
Mostly negative	49%
Uncertain at this time	6%
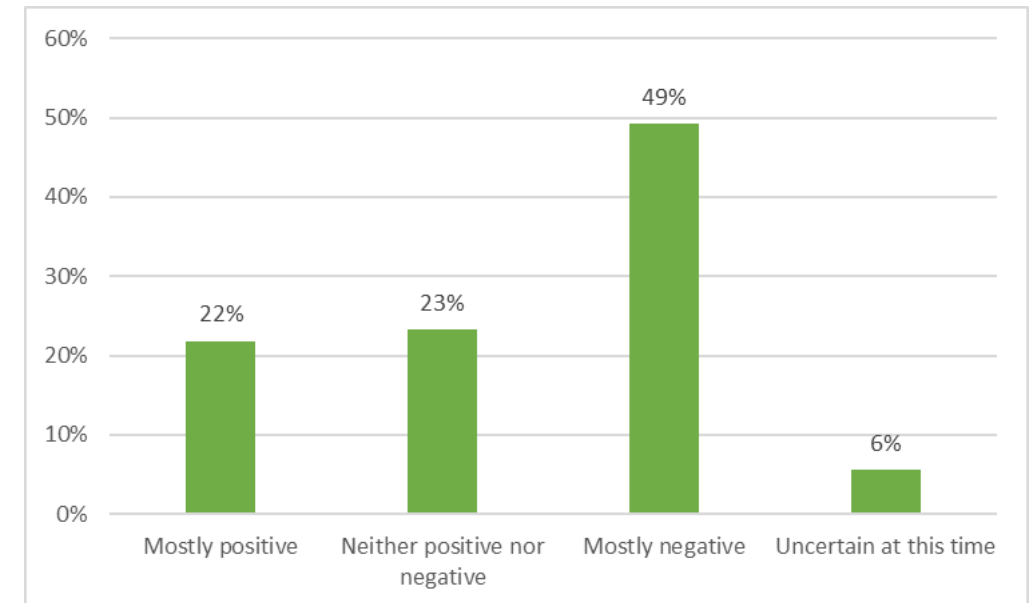
EXECUTIVE SUMMARY – TOP THREE GROWTH STRATEGIES

1) Further Market Penetration

The most common strategy is to increase market penetration for the same products/same markets.

Heavy reliance on this strategy is consistent with prior surveys.

2) Develop Digital Platforms

Many businesses are trying to develop digital platforms and online strategies to serve the market (new market channels).

This strategy is more pronounced now than in prior surveys.

3) New Product / Services

Businesses are focusing on new products/services development.

Businesses are also considering new technologies to serve clients more efficiently.

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 businesses' opinions regarding:**

➢ Actions taken by local businesses to respond to current economic conditions in the Thunder Bay Area;
➢ The impacts of the COVID-19 on local businesses, including the major challenges they faced;
➢ Strategies employed by local businesses to grow organically;
➢ The impact of Federal, Provincial and Municipal 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 June 21st, 2021 to July 20th, 2021.**

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 270 respondents results in a confidence level of 95% and a maximum margin of error lower than 6%.**

- ✓ **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 calculation is 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. Compared with the start of the pandemic, my company's revenue was stable or increased;
   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.

✓ **This year, questions 3, 6 and 8 were asked twice, setting the initial comparison point two years ago, in 2019 (instead of the original 12 months ago), and at the beginning of the pandemic.**

2021 RESPONDENTS' DEMOGRAPHIC PROFILE

SAMPLE PROFILE CONSISTENT WITH THE POPULATION

- ✓ **93% of the respondents had operating activities in Thunder Bay and Thunder Bay District, followed by Other Northern Ontario location (17%), Oliver Paipoonge (17%), Shuniah (17%), and Neebing (16%) (multiple answers were allowed).**

- ✓ **The vast majority, 85.2%, of respondents are headquartered in Thunder Bay and Thunder Bay District.**
    - ✓ Other Canadian cities includes Brandon (MB), Edmonton (AB), Mississauga (ON) and Ottawa (ON).

- ✓ **Retail trade and repair was the most common industry classification (12.6%), followed by education, health and social work (10.7%), other community, social and personal services (8.9 %), construction (8.9%), restaurants, cafes and bars (7.4%), and manufacturing (7.4%).**

- ✓ **The vast majority of respondents, 94.4%, have between 1 and 49 full-time employees, with 5.6% 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 (90.3%) were business owners (55.6%), or held the title of CEO (8.1%), President (16.7%) or Managing Director (10.0%).**

- ✓ **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.

2021 BUSINESS CONFIDENCE INDEX

9) I am confident in the Thunder Bay and Area's economic future (71.9).

72%

1) Thunder Bay and Area's economy is stable / moving in a positive direction (88.9).

89%

8) Compared with the start of the pandemic (2020), the overall state of the Thunder Bay and Area economy is stable or better (45.2).

45%

Overall BCI: 92.8

2) In the next 12 months, my company's revenue will be stable or increase (90.4).

90%

7) Over the next 12 months, the Thunder Bay and Area economy will be stable / better (89.3).

89%

3) Compared with the start of the pandemic, my company's revenue was stable or increased (54.4).

54%

6) Compared to the start of the pandemic my company's current economic well-being is stable / better (63.3).

63%

5) The economic well-being of my company will be stable/better in the next 12 months (94.8).

95%

4) In the next 12 months, my company's capital expenditures will remain unchanged or increase (91.9).

92%

BUSINESS CONFIDENCE INDEX – LONGITUDINAL ANALYSIS

BCI component	2017	2019	2021 (Pre-pandemic)	2021 (Pandemic)
1) Thunder Bay and Area's economy is stable / moving in a positive direction.	82	86	89	89
2) In the next 12 months, my company's revenue will be stable or increase.	92	91	90	90
3) Compared with the start of the pandemic, my company's revenue was stable or increased.	82	82	54	54
4) In the next 12 months, my company's capital expenditures will remain unchanged or increase.	87	89	92	92
5) The economic well-being of my company will be stable/better in the next 12 months.	92	92	95	95
6) Compared to 2 years ago (2019)/the start of the pandemic my company's current economic well-being is stable / better.	88	86	64	63
7) Over the next 12 months, the Thunder Bay and Area economy will be stable / better.	82	79	89	89
8) Compared with 2 years ago (2019)/the start of the pandemic, the overall state of the Thunder Bay and Area economy is stable or better.	81	76	37	45
9) I am confident in the Thunder Bay and Area's economic future.	58	62	72	72
Total value BCI	744	743	682	689
BCI (2017 base = 100)	100	99.8	91.7	92.8

2021 BUSINESS CONFIDENCE INDEX HIGHLIGHTS

✓ Overall business confidence declined slightly in 2019 (-0.16%) but significantly in 2021 (-6.92%).

Year	BCI	Period-over-Period Change
2017	1.000	
2019	0.998	-0.16%
2021	0.929	-6.92%

2021 BUSINESS CONFIDENCE INDEX HIGHLIGHTS

BUSINESS-LEVEL INDICATORS

- ✓ Most businesses have experienced decreased revenues (45.6 %) compared to the start of the pandemic. However, a relatively large group (34.4 %) have experienced increased revenues. (BCI item #3)

- ✓ Most respondents (60.7 %) expect an increase for the next 12 months (29.6 % stay the same and 9.6 % decrease). (BCI item #2)

- ✓ Most businesses expect capital expenditures to remain unchanged (50.8 %) or increase (41.1 %) over the next year. (BCI item #4)

- ✓ Concerning the businesses' economic well-being compared to the start of the pandemic, 37.8 % are better now, while 36.7 % are worse, and 25.6 % are about the same. (BCI item #6)

- ✓ For the next 12 months most businesses (67.8 %) expect their economic well-being to be better, 27.0 % about the same, and only 5.1 % to be worse. (BCI item #5)

ECONOMY-LEVEL INDICATORS

- ✓ Most businesses believe that the Thunder Bay and Area's economy is moving in a positive direction (53.0 %) or stable (35.9 %). (BCI item #1).

- ✓ Compared to the start of the pandemic, more than half the respondents (54.8 %) believe that the overall state of the economy in Thunder Bay is worse, while 25.2 % believe it is about the same, and 20.0 % better. Thinking about the next 12 months, 64.1 % expect it to be better, 25.2 % about the same, and only 10.7 % worse. (BCI items # 7 & 8).

- ✓ When measured with a 10-point Likert-scale, businesses reported an average of 6.28 points, suggesting a slight confidence in the Thunder Bay and Area's economic future. (BCI item #9).

BUSINESS CONFIDENCE INDEX DETAILS

FURTHER BREAK-DOWN OF 2021 BCI

✓ **There were 2,430 responses to the nine questions that comprise the BCI (270 respondents x 9 questions**).

✓ In 2021, businesses had a neutral or positive responses to 1,874 questions (i.e., 77.1% of the nine BCI questions received with a neutral or positive responses down from 84.4% in 2019 and 82.6 % in 2017).

✓ Businesses had positive responses to 47.7% of questions (46.4% in 2019 and 44.2 % in 2017).

✓ Businesses had negative responses to 22.9% of the questions (15.6 % in 2019 and 17.4% in 2017).

1874 positive or neutral responses

1159 positive 47.7%   715 neutral 29.4%
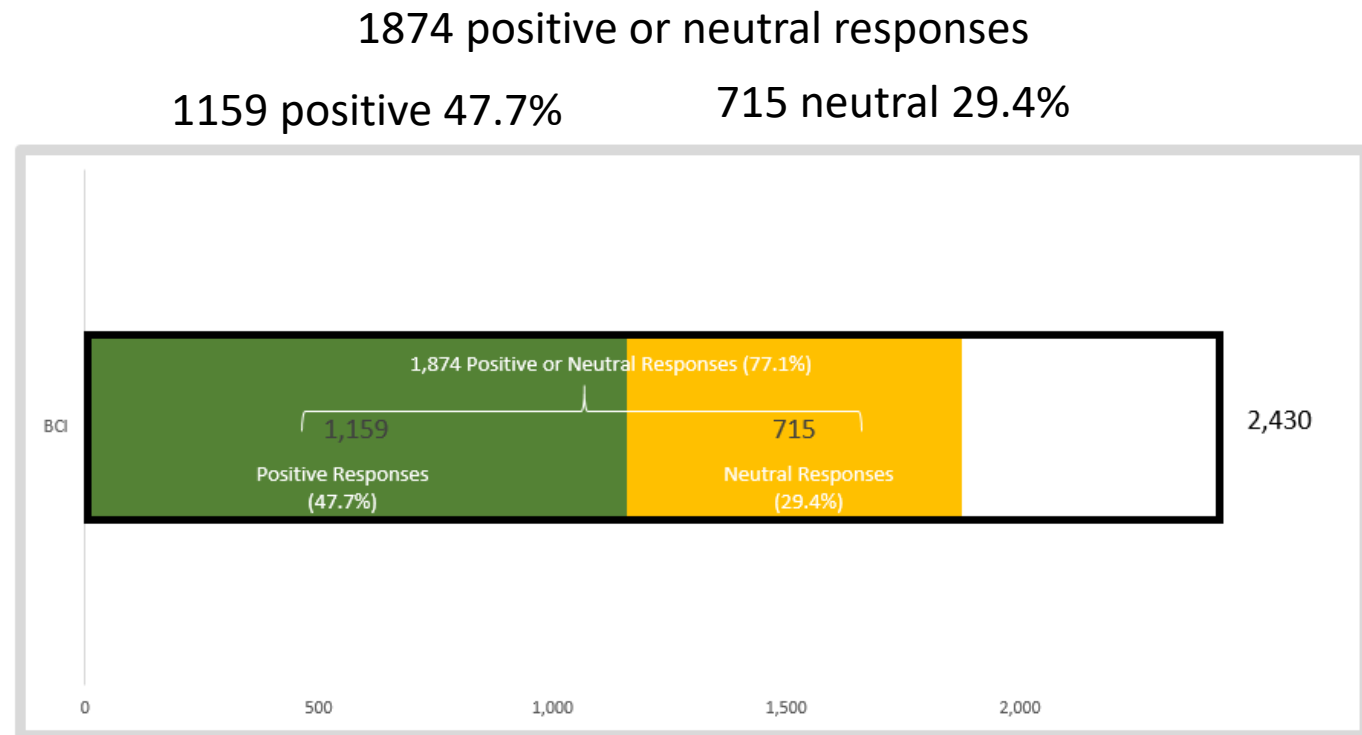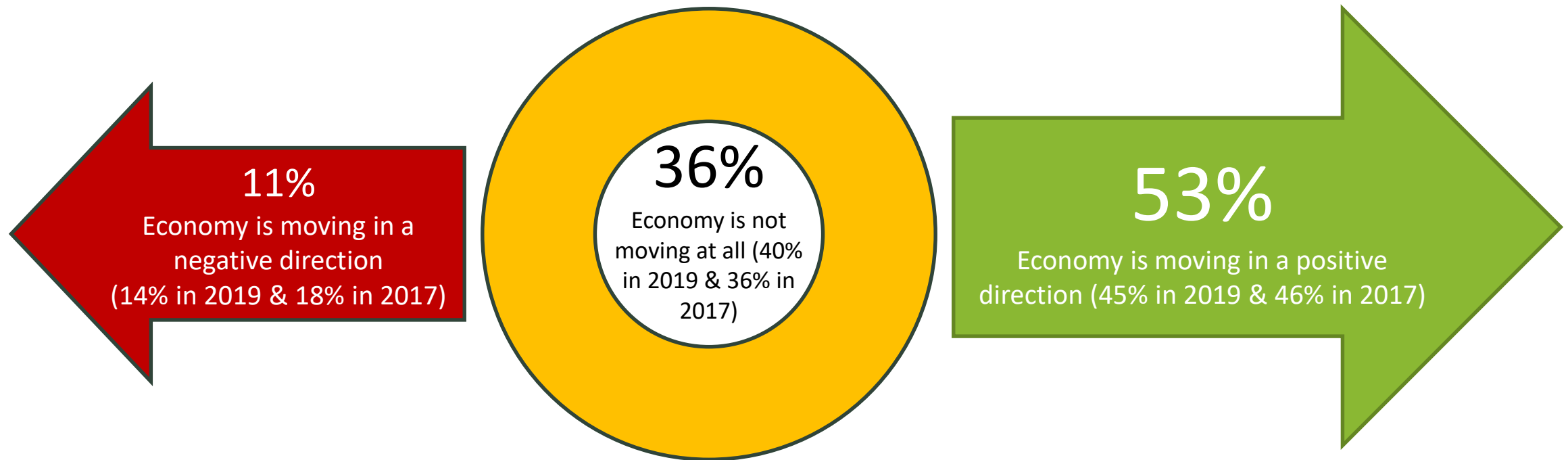
ANALYSIS OF BCI COMPONENTS

THUNDER BAY AREA: ECONOMIC LANDSCAPE

Business leaders' beliefs regarding the direction of Thunder Bay area economy...
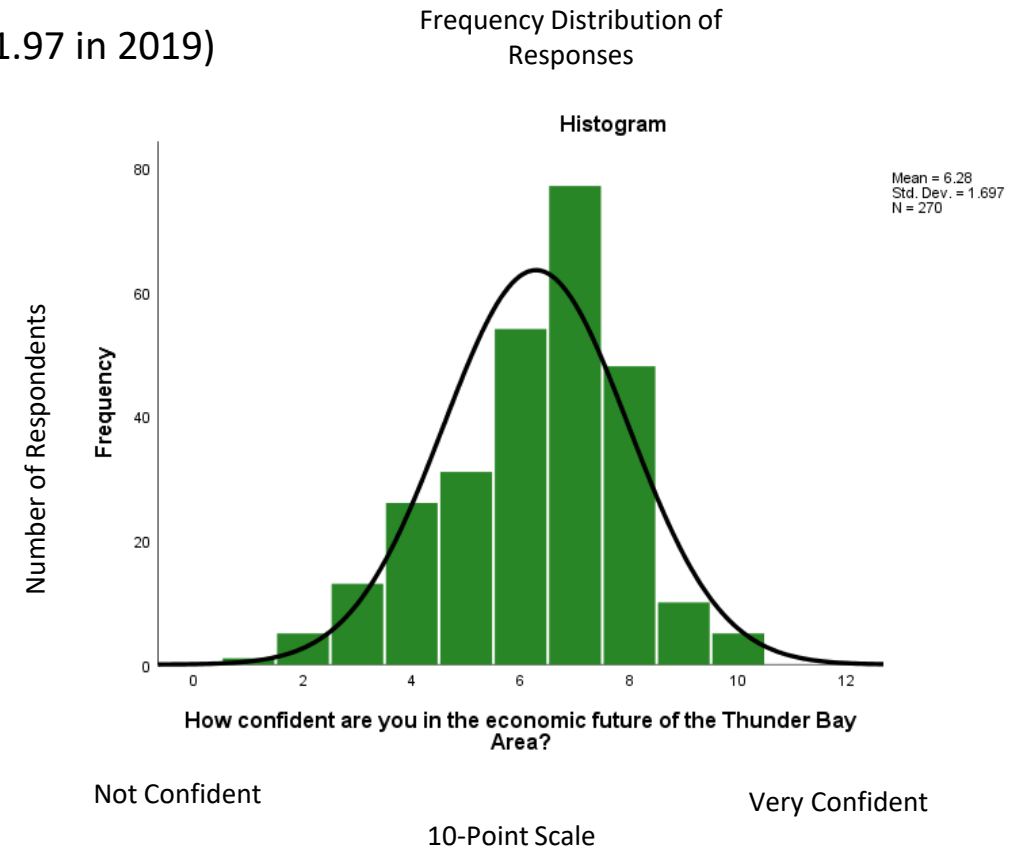
11%
Economy is moving in a negative direction
(14% in 2019 & 18% in 2017)

36%
Economy is not moving at all (40% in 2019 & 36% in 2017)

53%
Economy is moving in a positive direction (45% in 2019 & 46% in 2017)

THUNDER BAY AREA: ECONOMIC LANDSCAPE

✓ **Confidence in the economic future of the Thunder Bay area: skewed towards a positive view**

   ✓Mean = 6.28 (up from 5.8 in 2017 and 5.97 in 2019)

   ✓Median = 7.0 (up from 6.0 in 2017 and 2019)

   ✓Standard Deviation* = 1.697 (down from 1.94 in 2017 and 1.97 in 2019)

How confident are you ... ?	Freq.	Percentage	Confident or not? 2021	Confident or not? 2019	Confident or not? 2017
1	1	0.4 %			
2	5	1.9 %			
3	13	4.8 %	28.2 %	38.2 %	42.2%
4	26	9.6 %			
5	31	11.5 %			
6	54	20.0 %			
7	77	28.5 %			
8	48	17.8 %	71.8 %	61.8 %	57.8%
9	10	3.7 %			
10	5	1.9 %			
Total	270	100 %	100 %	100 %	100%

Frequency Distribution of Responses

Histogram

Mean = 6.28
Std. Dev. = 1.697
N = 270

Number of Respondents

Frequency

How confident are you in the economic future of the Thunder Bay Area?

Not Confident

Very Confident

10-Point Scale

Mean refers to the average.   **Median** refers to the midpoint.
Standard Deviation is a measure of variation around the mean. A lower standard deviation means that the underlying data is closer to the mean (less variation in responses). A higher standard deviation means that the underlying data is more spread out around the mean (more variation in responses).

THUNDER BAY AREA: ECONOMY AND BUSINESS WELL BEING

✓ **Relatively high negative impact of the pandemic on Thunder Bay's economy:**
  - ✓ For more than half the respondents (55%-63%), the present state of the economy is worse than in the recent past
  - ✓ Relatively high optimism regarding the future state of the economy (64% expect it to be better or much better).

✓ **… but more variability concerning their own business:**
  - ✓ For 38%-41%, their company's economic well-being is better now than at the start of the pandemic or two years ago.
  - ✓ For 36%-37%, their company's economic well-being is worse now than at the start of the pandemic or two years ago.
  - ✓ Their results reveal that there are winners and losers during the pandemic.
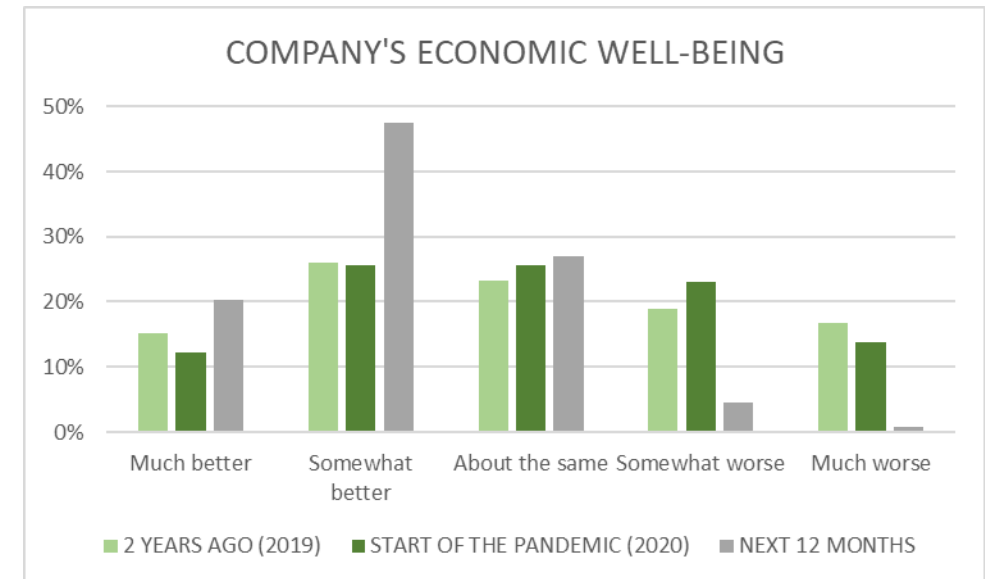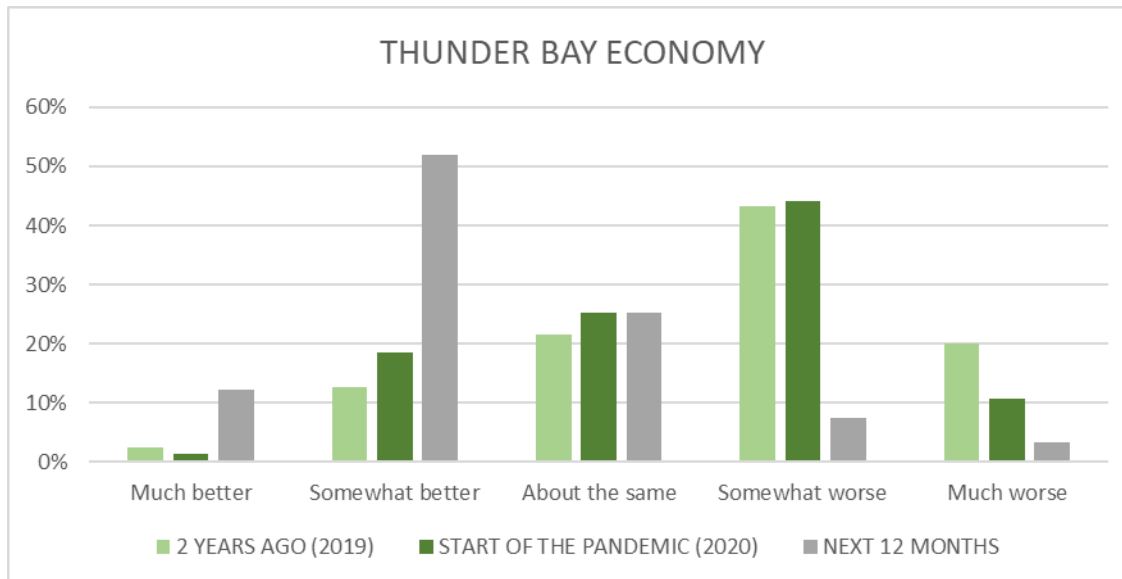
THUNDER BAY AREA: BUSINESS WELL BEING AND IMPACT

✓ **Positive views of the future may results in more investments and jobs**
  - ✓ 16 respondents (14%) anticipate 10% increase or less in capital expenditures.
  - ✓ 38 respondents (34%) anticipate 14%-25%.
  - ✓ 32 (29%) respondents are not sure, and 159 didn't provide an answer.

In the next 12 months, do you expect your **capital expenditures** to…				In the next 12 months, do you expect your number of **Full-time employees** (30 or more hours / week) to…				In the next 12 months, do you expect your number of **Part-time employees** (30 or less hours / week) to…		
	2017	2019	2021		2017	2019	2021		2017	2019	2021
Increase	39.5 %	44.8 %	**41.1 %**		25.9 %	23.0 %	**31.1 %**		24.3 %	23.5 %	**30.0 %**
Remain unchanged	47.6 %	43.7 %	**50.7%**		58.9 %	66.1 %	**57.0 %**		54.6 %	65.6 %	**54.1 %**
Decrease	13.0 %	11.5 %	**8.1%**		10.8 %	6.6 %	**5.9 %**		14.6 %	6.0 %	**5.2 %**
Don't know/Not sure	0.0%	0.0%	**0.0%**		4.3 %	4.4 %	**5.9 %**		6.5 %	4.9 %	**10.7 %**
Total	100 %	100 %	**100 %**		100 %	100 %	**100 %**		100 %	100 %	**100 %**

THUNDER BAY AREA: BUSINESS REVENUES

Change in revenue experienced compared to the start of the pandemic...

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

2021

2021

46%
Declined

(18% in '19 & '17)

20%
No Change

(31% in '19 & 28% in '17)

34%
Increased

(51% in '19 & 54% in '17)

9%
Declines

(9% in '19 & 8% in '17)

30%
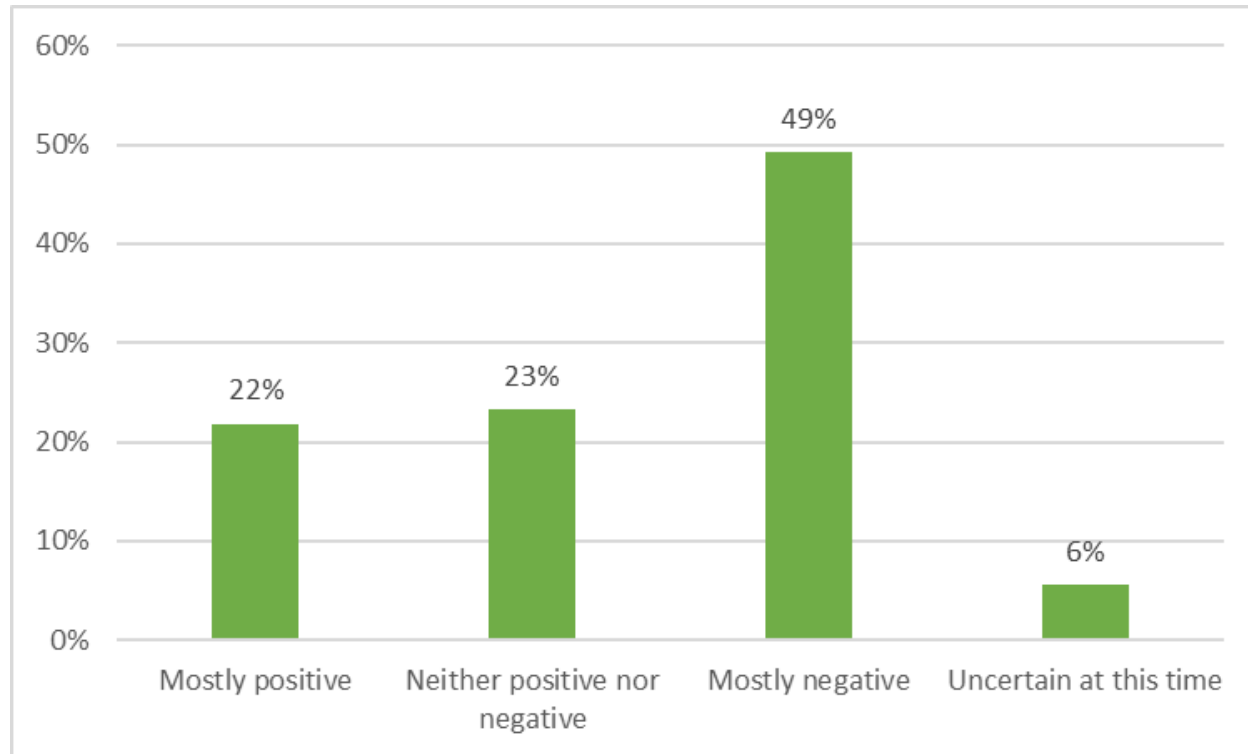No Change

(35% in '19 & 36% in '17)

61%
Increases

(56% in '19 & '17)

IMPACTS OF COVID-19 PANDEMIC

COVID-19 IMPACT ON BUSINESSES

✓ **How has the COVID-19 pandemic impacted your business?**

  ✓ A majority of businesses (49%) have had a negative impact.

  ✓ Some businesses (22%) have had a positive impact.

Specifically, in what ways?	
Business/Revenue is down/has dropped	24 %
Increased business/sales/revenue	14 %
Increased costs of business	5 %
Supply issues/Supply chain has been impacted	5 %
Taken on debt/loans	1 %
Lockdowns/Restrictions have made it difficult/impossible to do business	19 %
Staffing issues/Difficult hiring/maintaining staff	4 %
Able to adapt/branch out in new areas	8 %
Unpredictable/Unstable	3 %
Staff working from home	2 %
Able to maintain business/revenue/Business has continued	3 %
No impact from COVID-19	3 %
Don't know/Not sure	1 %
Other	10 %

COVID-19 IMPACT ON BUSINESSES

✓ **Compared to 2019, how has the COVID-19 pandemic impacted your business?**

✓ Business/Revenue is down/has dropped 17.0% (N=46).

✓ Other 13.3% (N=36).

✓ Supply issues/Supply chain has been impacted 8.9% (N=24).

✓ Staffing issues/Lack of staff 6.7% (N=18).

COVID-19 CHALLENGES FOR BUSINESSES

What was the single biggest challenge faced by your company as a result of the COVID-19 pandemic?

Forced Lockdown

Lack of Opportunities

Burn out

Higher Input Costs

Uncertainty

Labour Issues

Lost Revenue

Financial Constraints

Fixed Costs

More Difficult to run Business

Skilled and or reliable labour. We only see 10% of applicants as compared to last year and prior. There has been a long term skilled labour shortage in Thunder Bay, but now we have an unskilled labour shortage as well.

Getting product from our distributors in a timely fashion.

Not being able to see clients face to face and having to adjust to the virtual world.

Bringing in constant work, when you work B2B and most businesses are struggling, it's hard to sell your services.

Finding new ways to interact. Zoom and other online systems are impersonal.

COVID-19 ASSISTANCE PROGRAMS

✓ **Has your company participated in any Federal or Provincial COVID-19 assistance programs?**
  - ✓ YES = 70.0 % of the respondents (N=189)
  - ✓ NO = 29.3 % of the respondents (N=79)
  - ✓ Don't know = 0.7 % of the respondents (N=2)

✓ **What kind of impact did the federal or provincial COVID-19 assistance have on your company overall?**
  - ✓ More than 88% declared a positive impact of these programs
  - ✓ Only 2% reported a negative impact

IMPACT	Frequency	Percentage
Very positive	63	33.4 %
Somewhat positive	104	55.0 %
No impact	18	9.5 %
Somewhat negative	3	1.6 %
Very negative	1	0.5 %
TOTAL	189	100.0 %

ADDITIONAL INSIGHTS

THUNDER BAY AREA: SALARIES

✓ **Which of the following applies to your company?**

	Frequency	Percentage	Mean of increase/decrease	Min/Max increase or decrease
At least some employees were granted a wage increase in 2020	97	35.9%	8.58%	0 – 100
At least some employees saw a reduction in wages in 2020	25	9.3%	60.59%	0 – 100
None of the above	137	50.7%	-	-
Don't know/Not sure	11	4.1%	-	-
Total	270	100 %	-	-

✓ **Frequencies of wage increase or decrease**

Percentage of increase or decrease →	5% or less	10% or less (more than 5%)	15% or less (more than 10%)	25% or less (more than 15%)	100% or less (more than 25%)	Don't know
Frequency of wages **INCREASES**	56 cases	16 cases	6 cases	5 cases	3 cases	11 cases
Frequency of wages **DECREASES**	1 case	1 case	-	2 cases	13 cases	8 cases

THUNDER BAY AREA: SALARIES

✓ **What do you anticipate the average wage increase will be for 2021?**

  ✓ The average anticipated increase will be 5.84 %, with minimum at 0% (N=43) and maximum at 100% (N=1).

  ✓ A large number of respondents (N = 128) didn't know or were not sure (47.4 %).

  ✓ The largest category, with 43 respondents (15.9 %) don't anticipate any increase in 2021, and the second largest with 29 respondents (10.7 %) anticipate a 2% increase.

Anticipated increase	Number of respondents	Percentage of respondents
0%	43	15.9%
1%	6	2.2%
2%	29	10.7%
3%	15	5.6%
4%	6	2.2%
5%	22	8.1%
7%	1	0.4%
10%	10	3.7%
20%	1	0.4%
25%	4	1.5%
50%	2	0.7%
80%	2	0.7%
100%	1	0.4%
Don't know	128	47.4%
Total	270	100.0%

THUNDER BAY AREA: UNSOLICITED JOB APPLICATIONS

78%

Businesses that have <u>not</u> received an increased number of unsolicited job applications over the past year?
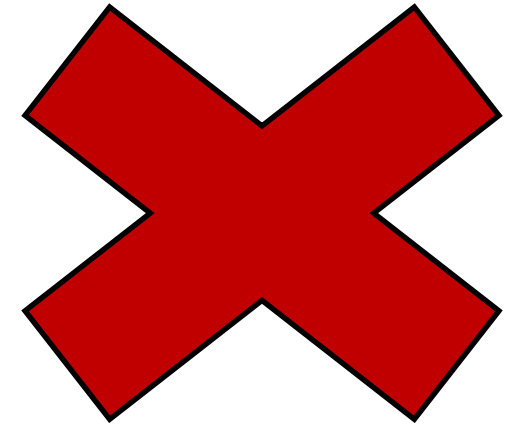
64% in 2017
59% in 2019

4%

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

Down from 5% in 2019 and 6 % in 2017

18%

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

30 % in 2017
36 % in 2019

THUNDER BAY AREA: GOVERNMENT POLICIES

✓ **What are the impacts on your business as a result of the 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.

Impact of government policies …	Federal	Provincial	Municipal
Mostly positive	15.9 %	10.0 %	4.1 %
Neither positive nor negative	34.8 %	33.3 %	56.3 %
Mostly negative	24.8 %	37.0 %	14.8 %
Uncertain at this time	24.5 %	19.7 %	24.8 %
Total	100.0 %	100.0 %	100.0 %

GOVERNMENT POLICIES

Impact of government policies …	Federal	Provincial	Municipal
No impact/will not impact business	11 %	8 %	21 %
Less funding/Support available for business/programs	-	4 %	0 %
Increased costs of doing business	1 %	1 %	-
Increased taxes	-	0 %	1 %
Funding/Grants available have helped businesses	14 %	7 %	0 %
Loss of business/customers	1 %	5 %	1 %
COVID-19 restrictions/Lockdown negatively impacted business	13 %	20 %	2 %
Difficult hiring/retaining staff	4 %	-	-
Too much bureaucracy/red tape	1 %	0 %	1 %
Policies are more supportive of businesses/business development	1 %	1 %	2 %
Little/Lack of support for small businesses	5 %	3 %	10 %
Helped to increase/maintain business/revenue	3 %	3 %	1 %
Government has had a slow/poor response to the pandemic/made poor decisions	3 %	1 %	3 %
Current government policies have created instability/uncertainty	-	7 %	1 %
Municipality followed provincial/federal policies	-	-	5 %
None/No comments	14 %	13 %	19 %
Don't know/Not sure of impact	15 %	14 %	20 %
Other	12 %	13 %	13 %
TOTAL	100 %	100 %	100 %

GOVERNMENT POLICIES

✓ **What are the impacts on your business as a result of the different levels of Government policy?**
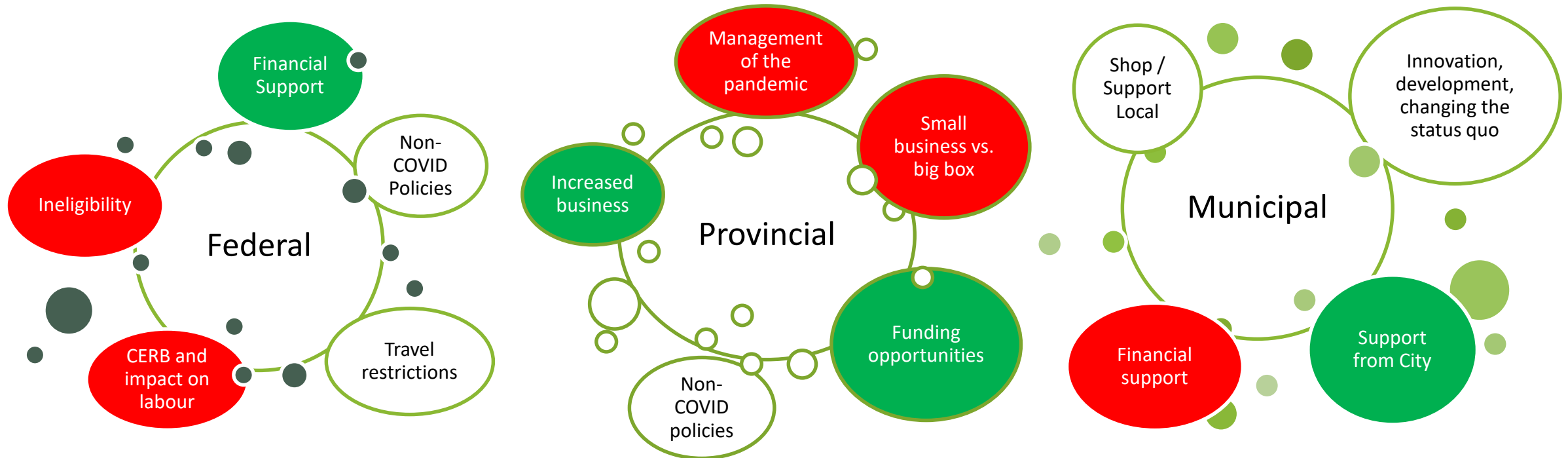
Legend
Red – Negative impacts
Green – Positive impacts
White – Neutral impacts / Recommendations

GOVERNMENT POLICIES

What are the impacts on your business as a result of the different levels of Government policy?

✓ COVID-19 and the government's response dominated the comments. Some were positive, some were negative.

✓ There were references to a few other policies (e.g., carbon tax, e-waste recycling, tariffs, truth and reconciliation).

✓ Some responses indicated confusion about what level of government was responsible for a particular initiative.

✓ The Province's policies were reported to have the greatest impact, followed by federal, and then municipal.

✓ There were a high number of responses that included, "none, no impact, don't know", particularly at the municipal level.

GOVERNMENT POLICIES

Federal government allowed thousands into the country at the beginning [while] the citizens were told to stay home and sanitize and isolate while government officials continued to travel. My customers were led to believe they may die if they left their house.

I'm sorry, but if you can walk into Wal-Mart with 300 other people to buy plants and flowers, then you should be able to walk into a small local business with literally 1 other person to make the same type of purchase.

I was granted loans. I didn't need more debt. Now I need to grow my business fast enough to service my new debts. We were ineligible for most subsidies as we were not mandated to shut down, but the vast majority of our clients… were mandated to shut down.

Lockdowns have not been fully thought through. They should be regional and not provincial. Our local businesses are suffering for no reason.

Extended lockdowns forced me to reinvent my business model, which I expect will prove to be a net positive.

There's been too much emphasis on extraneous, low-priority things like indoor sports complexes, and nowhere near enough emphasis on social issues, such as policing, dealing with social problems with homelessness and vagrancy, and reducing crime.

The short notice of policy changes and tendency to make decisions without considering their impact, then change those decisions, both imposed unnecessary challenges and worsened the pandemic.

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 (65.9 % - 65.6 % in 2019) rather than not (34.1 %)

Importance of having a diverse workforce…	2017		2019		2021	
Extremely important	27.6 %		21.3 %		25.9 %	
Moderately important	34.6 %	62.2 %	44.3 %	65.6 %	40.0 %	65.9 %
Not that important	28.1 %		21.3 %		23.7 %	
Not important at all	9.7 %	37.8 %	13.1 %	34.4 %	10.4 %	34.1 %
Total	100 %	100 %	100 %	100 %	100 %	100 %

Histogram

Mean = 2.19
Std. Dev. = .938
N = 270

To what extent is having a diverse workforce important for your business?

1=Extremely important   4=Not important at all

44
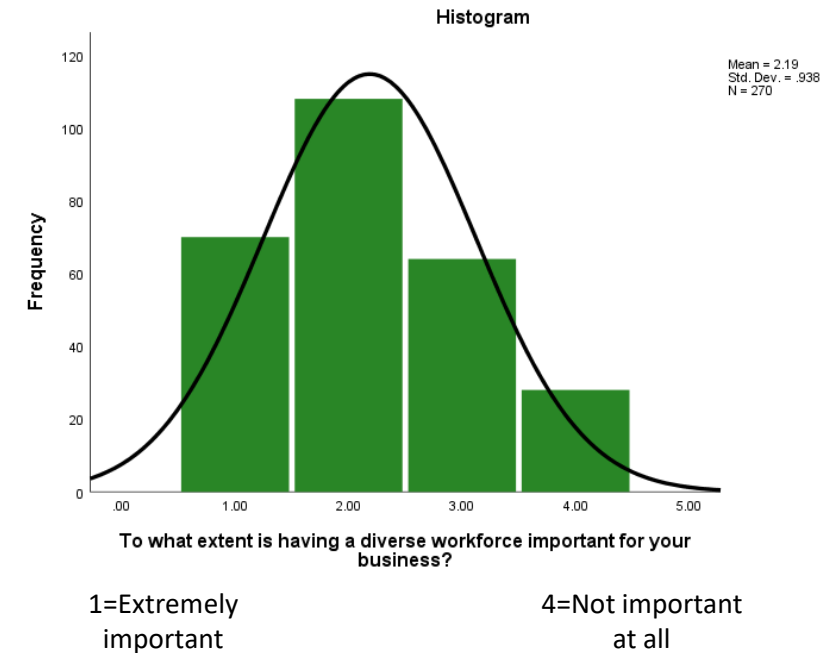
THUNDER BAY AREA: DIVERSITY OF THE WORKFORCE

✓ **Which of the following considerations are built into your hiring practices to ensure diversity?**

Hiring practices …	2021	
Gender	20	6 %
Sexual orientation	8	2 %
People with disabilities	3	1 %
Race	12	4 %
Indigenous workers	21	6 %
Nationality	7	2 %
Age	26	8 %
All of the above	101	31 %
Other	25	8 %
None of the above	104	32 %
TOTAL	324	100 %

✓ **What measures do you have in place to build and support diversity in your business?**

Measures in place …	2021	
Hire based on qualifications/experience	62	21 %
Offer training	17	6 %
Fair/equal treatment of everyone	19	6 %
Policies/Standard practices	23	8 %
Non-discriminatory hiring practices/Open to all applicants	61	21 %
Work with/Support organizations that promote diversity/inclusion	13	4 %
None	51	17 %
Don't know	17	6 %
Other	34	11 %
TOTAL	297	100 %

DIVERSITY OF THE WORKFORCE

What measures do you have in place to build and support diversity in your business (open-ended)?

- ✓ The greatest number of comments related to businesses using a merit based selection process.

- ✓ Others stated that they have adopted inclusive practices, but did not specify.

- ✓ Some stated they had none.

- ✓ Some mentioned they had adopted a framework, policies, or training to address equity diversity and inclusion.

- ✓ Several people are sole-proprietors and did not have any employees.

- ✓ Others commented on the use of advertising, social media, community engagement, and targeting certain groups as strategies for encouraging diversity.

- ✓ Others referenced the challenges they have in recruiting <u>any</u> employees, so diversity is not a priority.

Policies   None   Hiring process   Merit   EDI Framework   advertising   Inclusive   training

DIVERSITY OF THE WORKFORCE

We leave it up to the person themselves to let us know their background as asking some questions would be illegal. We let persons know we are looking for a diverse work force and we have done training on inclusion.

I'm a sole proprietor - and I don't plan on hiring anyone in the next few years. When that time comes, I will absolutely look at every candidate.

We hire solely on the basis of qualifications for the job in question. There are no other considerations.

We accept all applicants and take their skill set, education and soft skills into consideration on all hires.

My business was started to enable indigenous employees to be more fully represented... and to work while being respected and treated fairly. I also want to ensure that older employees are represented in the industry...

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	2021 all respondents	State of the economy last 12 months …		
		Better	Same	Worse
Left vacant positions unfilled	11 %	13 %	8 %	12 %
Undertaken internal restructuring/transfers	7 %	6 %	7 %	8 %
Increased salaries/wages	11 %	9 %	13 %	11 %
Frozen salaries/wages	9 %	6 %	7 %	10 %
Reduced standard weekly work hours	15 %	20 %	11 %	13 %
Increased training budgets	6 %	8 %	7 %	4 %
Implement a hiring freeze	2 %	4 %	2 %	3 %
Made positions redundant	5 %	6 %	5 %	4 %
Reduced training budgets	6 %	4 %	4 %	8 %
Cut back or change insurance benefits	1 %	2 %	1 %	1 %
Reduced salaries/wages	4 %	6 %	4 %	3 %
None of the above	23 %	16 %	30 %	24 %

✓ 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 since the start of the pandemic 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	22 %	28	20 %	30	26 %	60	21 %
Reduced advertising/marketing budgets	22 %	28	20 %	24	21 %	69	24 %
Decreased financial contributions to charitable causes	13 %	21	15 %	11	10 %	39	14 %
Reduced inventory levels	14 %	23	16 %	15	13 %	38	13 %
Provided more favorable payment terms for customers/clients	8 %	9	6 %	4	3 %	29	10 %
Lowered prices	7 %	14	10 %	9	8 %	13	5 %
Decreased volunteer time available for employees for charitable causes	3 %	6	4 %	1	1 %	10	3 %
None of the above	12 %	11	8 %	22	19 %	30	10 %

✓ **Introducing new products/services and reducing marketing and advertising budgets were the preferred strategies. Decreasing financial contributions to charitable causes and reducing inventories. No big changes compared to 2019.**

✓ **Large difference in the number of respondents that take specific actions for each of the three groups.**
   ✓Most active group (N=288): State of the economy is somewhat worse or much worse.
   ✓Least active group (N=116): State of the economy is around the same.

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		Future state of the economy same		Future state of economy worse	
	N	%	N	%	N	%	N	%
Continue to focus primarily on core products/services in current markets	199	33 %	135	34 %	46	31 %	18	32 %
Expand into new markets with existing products/services	87	14 %	51	13 %	23	15 %	13	23 %
Develop new product/service offerings	97	16 %	65	16 %	25	17 %	7	13 %
Develop an enhanced digital/online strategy to serve the market	113	19 %	77	19 %	28	19 %	8	14 %
Introduce new technologies to serve clients more efficiently	78	13 %	51	13 %	20	13 %	7	13 %
Increase R&D initiatives	20	3 %	15	4 %	4	3 %	1	2 %
None of the above	13	2 %	7	2 %	4	3 %	2	4 %
TOTAL	607	100 %	401	100 %	150	100 %	56	100 %

1) **Most common strategy (33 %) is to increase market penetration for the same products/same markets.**
   ✓ This strategy is consistent for respondents with different views of the economy and the same as in 2019.

2) **Next, 19 % of businesses are trying to develop digital platforms and online strategies to serve the market (new market channels). This is a different from to 2019 results.**

3) **Third, 16% of business are focusing on new products/services development and 14 % in expanding to new markets with the same products.**

THUNDER BAY AREA: MERGERS AND ACQUISITIONS
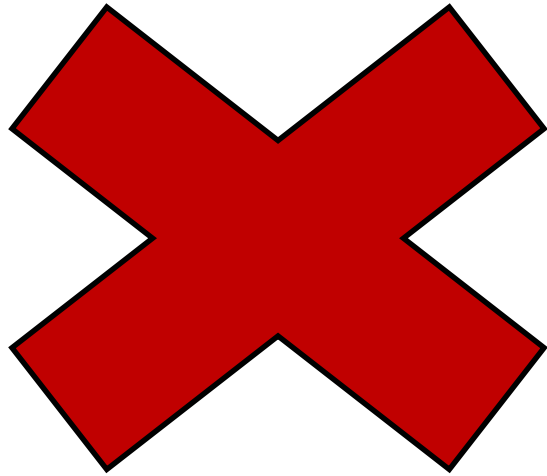
73 %

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% and in 2019 – 70 %).

16 %

Businesses that are unsure if they will pursue merger or acquisition opportunities in the next twelve months to increase the size of their business (same as in 2019 – 16 % - down from 20% in 2017).
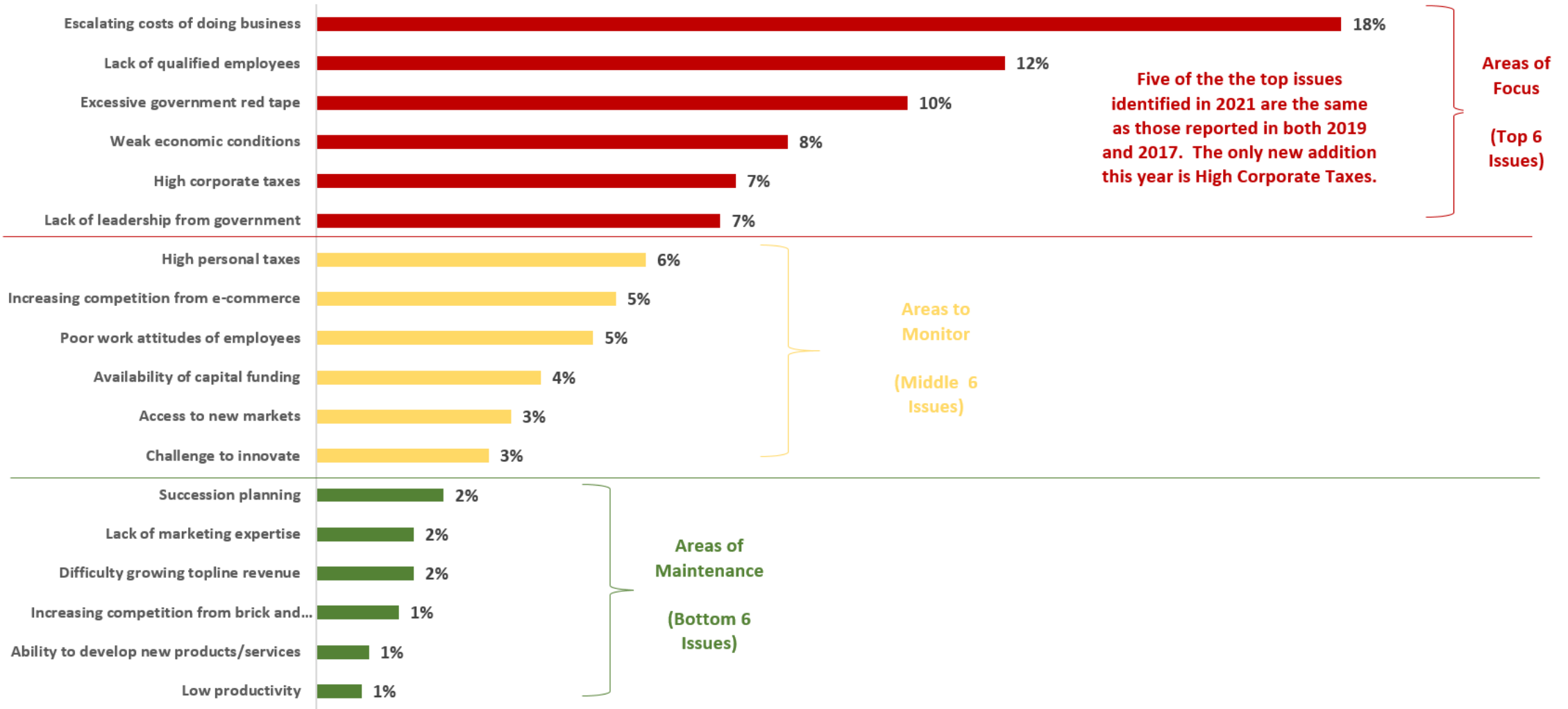
11%

Businesses that expect to pursue merger or acquisition opportunities in the next twelve months to increase the size of their business (14 % in 2019 and 9% in 2017).

FOSTERING A POSITIVE BUSINESS ENVIRONMENT

Areas of Focus

(Top 6 Issues)

Five of the the top issues identified in 2021 are the same as those reported in both 2019 and 2017. The only new addition this year is High Corporate Taxes.

Issue	Percentage
Escalating costs of doing business	18%
Lack of qualified employees	12%
Excessive government red tape	10%
Weak economic conditions	8%
High corporate taxes	7%
Lack of leadership from government	7%
High personal taxes	6%
Increasing competition from e-commerce	5%
Poor work attitudes of employees	5%
Availability of capital funding	4%
Access to new markets	3%
Challenge to innovate	3%
Succession planning	2%
Lack of marketing expertise	2%
Difficulty growing topline revenue	2%
Increasing competition from brick and...	1%
Ability to develop new products/services	1%
Low productivity	1%

Areas to Monitor

(Middle 6 Issues)

Areas of Maintenance
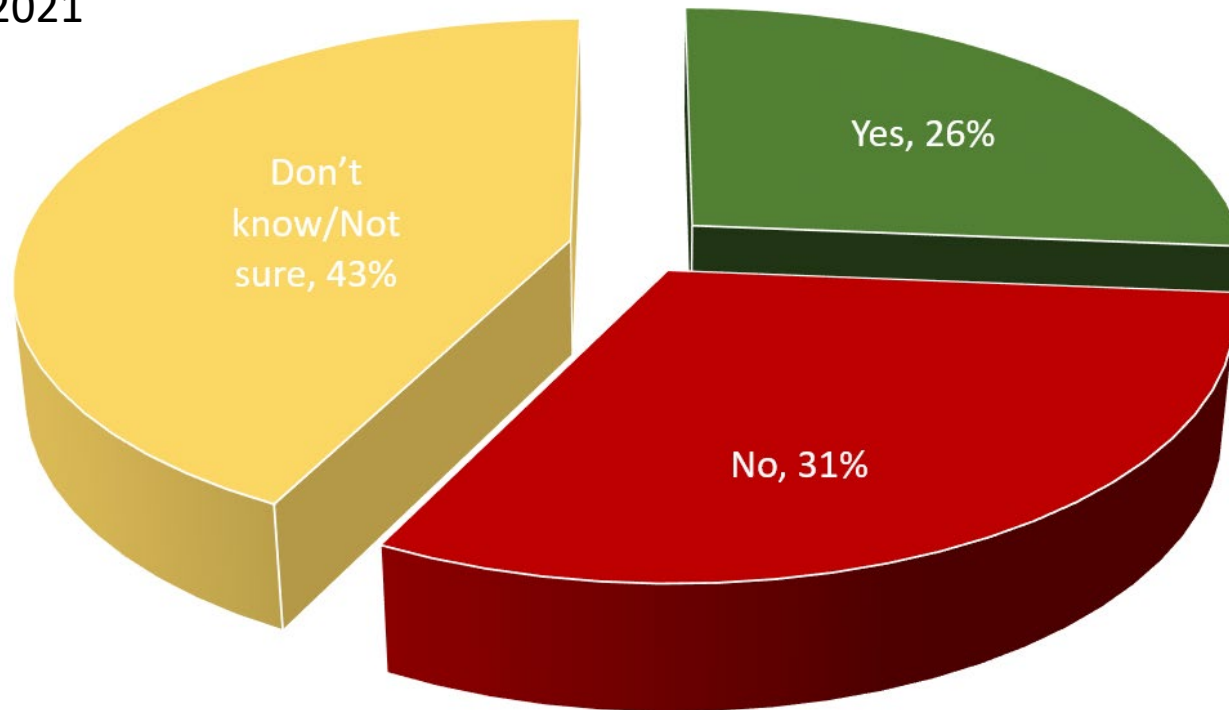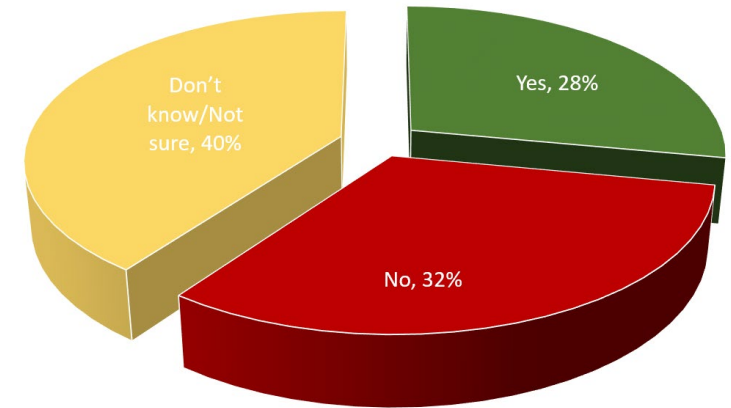
(Bottom 6 Issues)

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?**
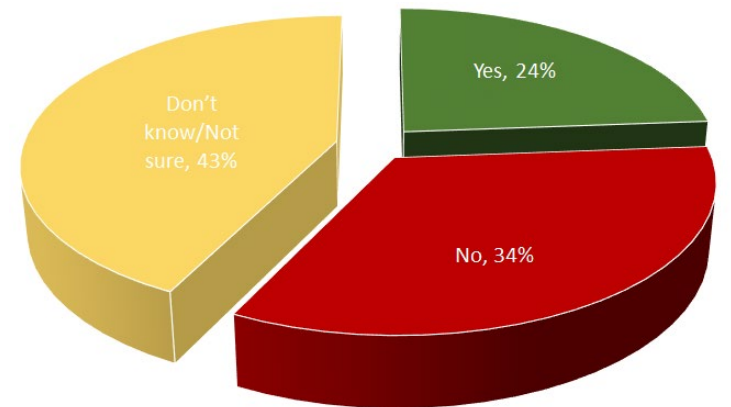

2021

Don't know/Not sure, 43%
Yes, 26%
No, 31%

2019

Don't know/Not sure, 40%
Yes, 28%
No, 32%

2017

Don't know/Not sure, 43%
Yes, 24%
No, 34%

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:**

Support / Shop Local

Promote Innovation

Further Enhance Collaborative Efforts

Reduce Expenses

Attract New Business

Ease of Doing Business

FOSTERING A POSITIVE ENVIRONMENT – THEMES

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

Additional Insights	Newly Emerging Themes

✓ With respect to the theme of "Promote Innovation", most of the comments were directed towards:
 	
  ➢ The Thunder Bay CEDC and Chamber of Commerce can play a big role in promoting new ideas and collaborative efforts.
 	
  ➢ City Council should consider "fresh, new ideas".
	✓ There is an emerging theme around perceived inequalities between the City's focus on the North and South cores.
	
	✓ The theme of "safe and clean neighborhoods" continued to focus around the need to reduce crime, homelessness, and addictions.
	
	✓ Incorporate more of the "business' voice" when developing policies and programs.

When COVID is done there should be a major push to get local folks to shop local again or their habits of ordering online from Amazon/etc. will be the final straw for many local businesses.

Encourage small business through tax breaks and incentives.

In order to attract business, you have to attract people to the city to live. We need to deal with the crime. We need to work in partnership with Indigenous communities.

Connect businesses through a common online site to share each others needs and offerings.

I would like to see government get out of the way of business investment by reducing the amount of rules and regulations required to build and invest in our community, speed up the approval process for what oversight is necessary and offer incentives to attract new development.

Our Municipal leaders must make our area attractive through incentives to new manufacturing/ processing businesses to locate here, so we can get back on a business/ population growth cycle.

The local business community should also support local supply chains with their needs and purchases.

Lower rent for commercial space, cleaning up empty storefronts to attract businesses.

We also need to start sticking up for the region that we live in and make the rest of the province understand we are in a unique market and do a better job of dealing with issues locally.
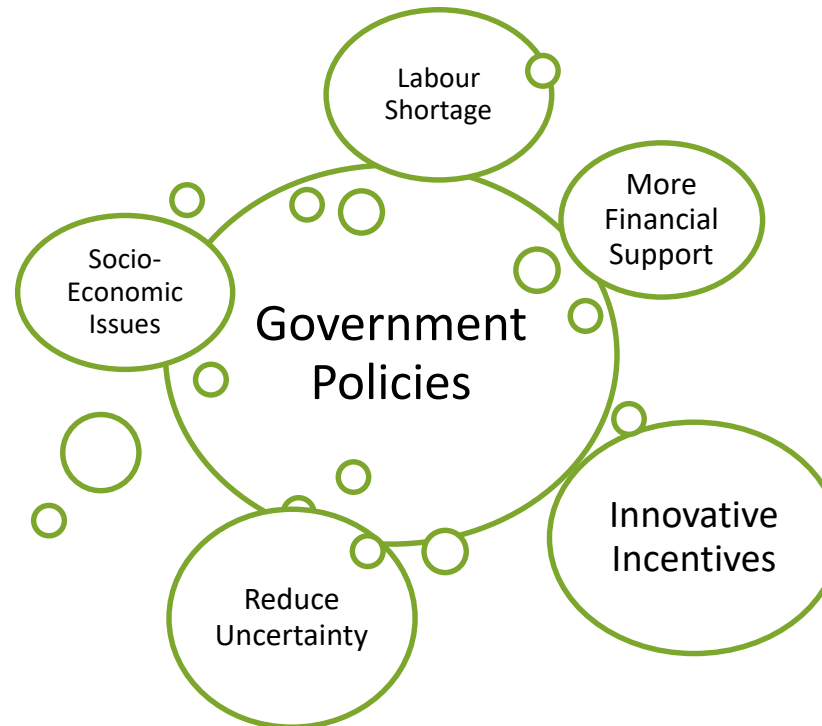
POSITIVE CHANGES TO BUSINESS CLIMATE - THEMES

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

City Initiatives

Federal / Provincial Government Initiatives

New / Emerging Issues

Develop Downtowns

Develop BIAs

Ease of Doing Business

City Council Leadership

Fresh New Ideas

Lower Taxes

Labour Shortage

More Financial Support

Socio-Economic Issues

Government Policies

Reduce Uncertainty

Innovative Incentives

Need for lower Rent Costs

Focus equally on North and South Cores

More support for marketing initiatives

Policy / incentives to differentiate between small and large business

Need to address social / crime issues

Tension between the "old guard" and new approaches

More open streets events, outdoor fairs, festivals with local businesses.

The Thunder Bay Business community isn't being heard.

More cost-effective options for local marketing.

There always seems to be a bad vibe between north core and south core. If you are not opening a business down at the waterfront or on Red River your business does not matter. It would be nice to have a feeling of inclusivity regardless of where your business is located.

It seems as though commercial rental rates are too high for start-ups.

Neighborhood business coalitions are great- there needs to be more of them.

I think we all need to work together and shop local.

I sometimes think Port Arthur gets more emphasis than the rest of the City.

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).**

- ✓ **93.3% of the respondents had some operating activities in Thunder Bay.**

- ✓ **Very few respondents have operating activities outside of Canada (less than 4% of respondents).**

LOCATION	2017	2019	2021
Thunder Bay	97.8%	96.7 %	93.3 %
Other Northern Ontario Location	17.3%	23.0 %	17.0 %
Oliver Paipoonge	15.1%	18.0 %	16.7 %
Neebing	14.1%	9.8 %	15.9 %
Shuniah	14.1%	18.0 %	17.0 %
Conmee	12.4%	15.8 %	14.1 %
Gillies	12.4%	16.9 %	12.2 %
O'Connor	12.4%	13.1 %	13.3 %
Fort William First Nation	11.9%	14.8 %	12.2 %
Gull Bay First Nation	8.1%	1.1 %	4.4 %
Whitesands First Nation/Armstrong	7.0%	9.8 %	3.7 %
Toronto	4.3%	10.4 %	4.1 %
Other Canadian City	3.8%	10.9 %	3.7 %
Winnipeg	2.7%	4.4 %	3.7 %
Montreal	1.6%	3.8 %	2.6 %
Outside of Canada	1.6%	6.0 %	3.7 %

DEMOGRAPHIC PROFILE OF THE RESPONDENTS

LOCATION OF RESPONDENTS' HEADQUARTERS/OWNERSHIP GROUP

- ✓ **The vast majority (85.2%) of respondents are headquartered in Thunder Bay.**

- ✓ **Other Canadian cities includes Brandon, Edmonton, Mississauga and Ottawa (one each).**

- ✓ **Aside from Thunder Bay, only 9.7 % of respondents are headquartered in another Northwestern Ontario city.**

- ✓ **Three respondents (1.1 %) were headquartered in Fort William First Nation.**

HEADQUARTERS LOCATION	2017	2019	2021
Thunder Bay & TBay district	86.5%	85.8 %	85.2 %
Other Canadian City	3.2%	2.7 %	1.5 %
Oliver Paipoonge	2.7%	1.1 %	5.2 %
Fort William First Nation	-	-	1.1 %
Shuniah	-	-	1.1 %
Toronto	2.7%	3.3 %	1.9 %
Gillies	1.6%	0.5 %	0.4 %
Neebing	1.1%	1.1 %	1.5 %
Conmee	0.5%	0 %	0 %
Montreal	0.5%	0.5 %	0 %
Outside of Canada	0.5%	1.6 %	0.7 %
Other Northern Ontario Location	0.5%	2.2 %	0.4 %

DEMOGRAPHIC PROFILE OF THE RESPONDENTS

INDUSTRY CLASSIFICATION OF RESPONDENTS

INDUSTRY CLASSIFICATION	2017	2019	2021
Other	28.6%	10.4 %	13.0 %
Retail trade and repair	17.3%	13.7 %	12.6 %
Restaurants, cafes and bars	10.3%	6.0 %	7.4 %
Other community, social and personal services	6.5%	6.6 %	8.9 %
Manufacturing	5.9%	6.6 %	7.4 %
Construction	5.9%	7.1 %	8.9 %
Financial services	5.9%	6.0 %	3.7 %
Transport and communications	4.9%	6.6 %	3.7 %
Education, health and social work	4.9%	10.4 %	10.7 %
Wholesale trade and motor vehicles	3.8%	4.9 %	1.5 %
Real estate and renting services	3.8%	3.8 %	3.3 %
Agricultural, landscaping, fishing, and quarrying	0.5%	3.8 %	6.3 %
Electricity, gas and water	0.5%	1.6 %	0.7 %
Hotels	0.5%	1.1 %	2.2 %
International business activity	0.5%	1.1 %	0.4 %
Public administration	0.0%	0.0 %	0.7 %

- ✓ **Main business activity reported as:**
- ✓ 11.5 % technical services (electrical, plumbing, construction, etc.)
- ✓ 11.1 % retail
- ✓ 11.1 % other
- ✓ 9.6 % manufacturing
- ✓ 9.3 % consumer services
- ✓ 7.0 % restaurant/food service
- ✓ 6.7 % professional services (accounting, architecture, advertising, etc.)
- ✓ 6.3 % health services

DEMOGRAPHIC PROFILE OF THE RESPONDENTS

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

✓ **The vast majority of respondents, 94.6 %, have between 1 and 49 full-time employees.**

✓ **5.5 % 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	24	8.9 %	96	35.6 %
1-4	140	51.9 %	130	48.1 %
5-9	40	14.8 %	23	8.5 %
10-19	28	10.4 %	8	2.9 %
20-49	23	8.6 %	10	3.7 %
50-99	9	3.3 %	1	0.4 %
100-199	2	0.7 %	2	0.7 %
200-499	4	1.5 %	0	0 %
500+	0	0 %	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	2021
CEO	7.6%	16.4 %	8.1 %
COO	0.5%	2.2 %	2.6 %
Owner	54.1%	48.1 %	55.6 %
President	20.5%	15.8 %	16.7 %
Managing Director	12.4%	7.1 %	10.0 %
Other	4.9%	6.0 %	4.4 %

Which of the following best matches your title?

- CEO
- COO
- President
- Owner
- Managing Director
- Other
- Manager
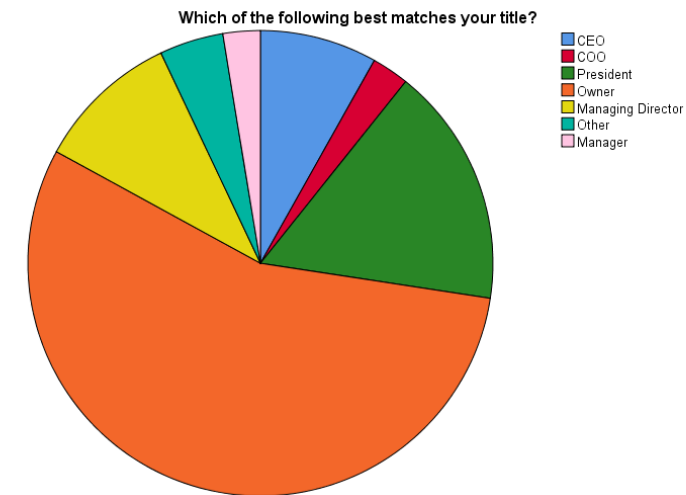
THANK YOU FOR READING THE
2021 THUNDER BAY AND AREA BCI

Thunder Bay
Ventures
Community Futures Development Corporation