



Thunder Bay
Ventures
Community Futures Development Corporation

**THUNDER BAY AND AREA
BUSINESS CONFIDENCE INDEX (BCI)**
FALL 2019

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ACKNOWLEDGEMENTS

We would like to thank all of the local businesses who participated in this survey.

In addition, we would like to acknowledge all of our community partners who formally supported this project by providing input in the planning processes, promoting the survey to their network and/or providing promotional support. Specifically, we would like to thank the following organizations (logos appear in no particular order):



Thunder Bay
Chamber
of Commerce



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.**



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.**



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BUSINESS CONFIDENCE INDEX

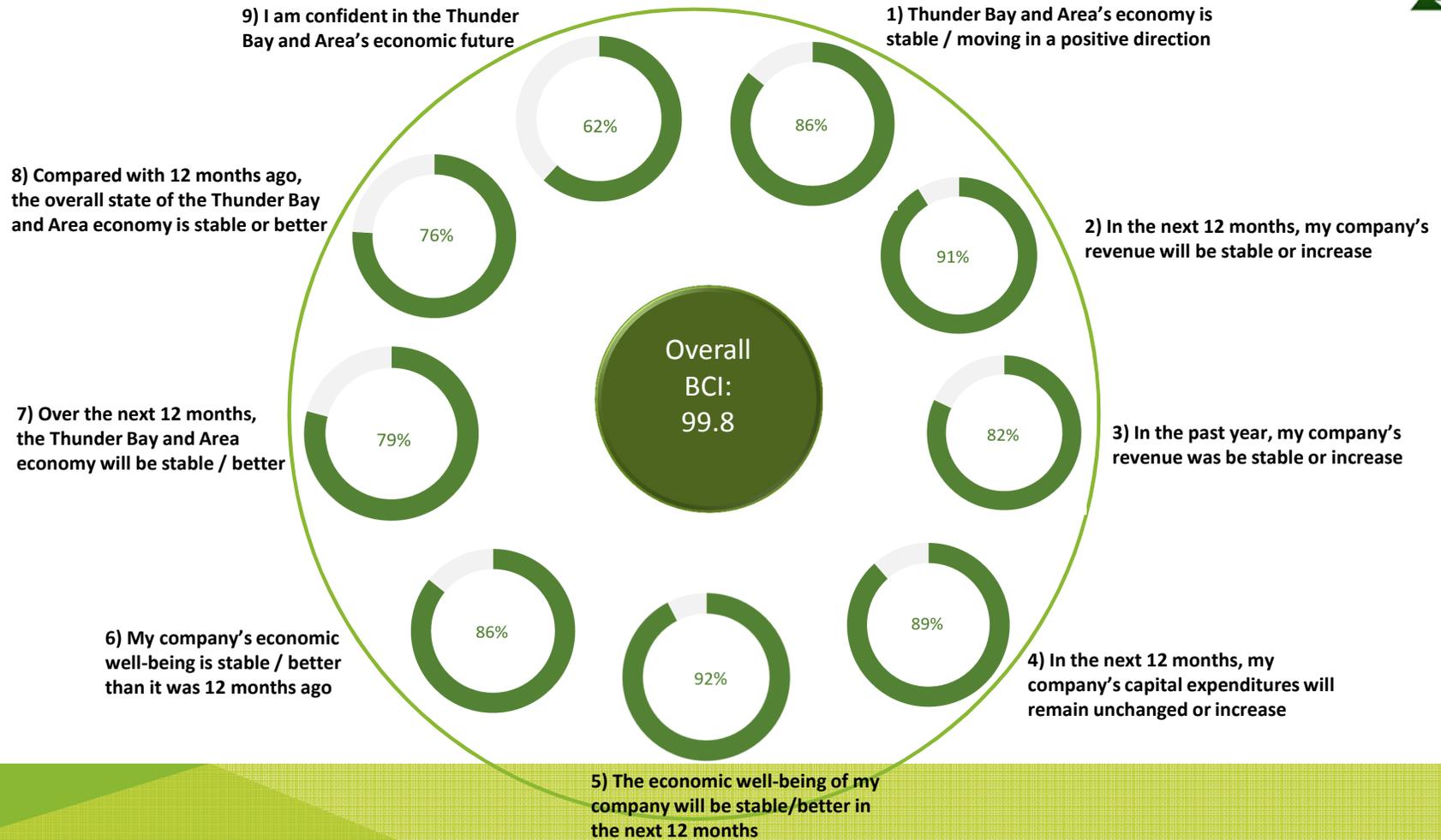
BUSINESS CONFIDENCE INDEX



	Experiences over the past year...	Expectations for the next year...
Business Level Indicators	<ul style="list-style-type: none"> 82% of businesses have experienced stable revenues over the past year (this is the same as in 2017). 88% of businesses have experienced improved or stable economic well being over the past year (88% in 2017). 	<ul style="list-style-type: none"> 91% of businesses expect to experience stable revenues over the next year (92% in 2017). 92% of businesses expect to experience improved or stable economic well being over the next year (this is the same as in 2017). 87% of businesses expect capital expenditures to remain stable or increase over the next year.
Economy Level Indicators	<ul style="list-style-type: none"> 79% of businesses believe the Thunder Bay and Area economy has been stable over the past year (81% in 2017). 	<ul style="list-style-type: none"> 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). 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.



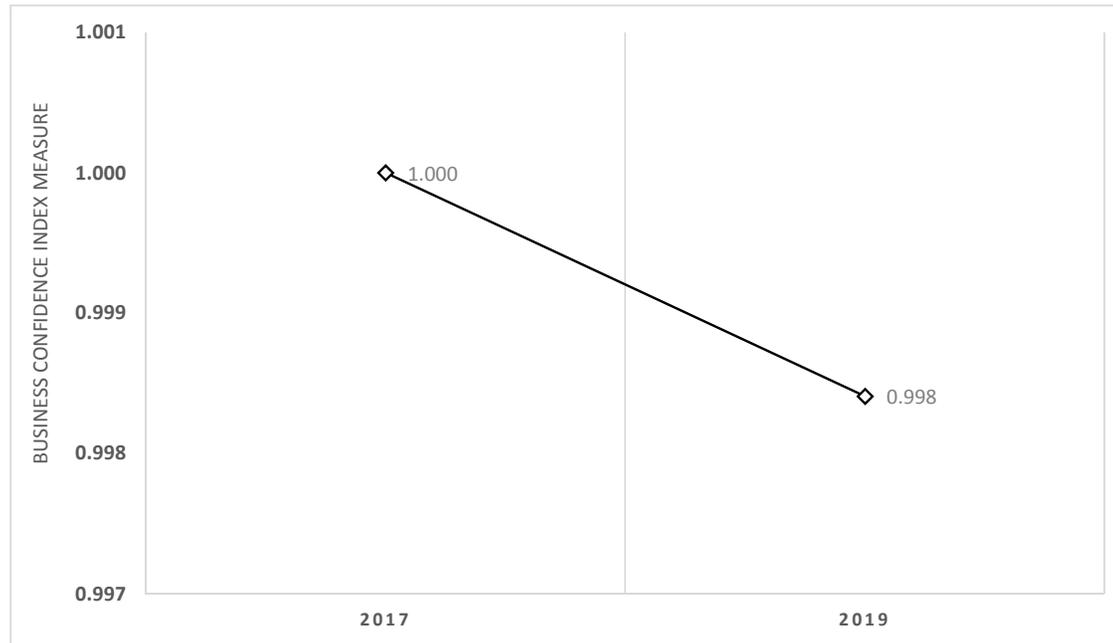
2019 BUSINESS CONFIDENCE INDEX





2019 BUSINESS CONFIDENCE INDEX HIGHLIGHTS

✓ Overall business confidence declined slightly in 2019.



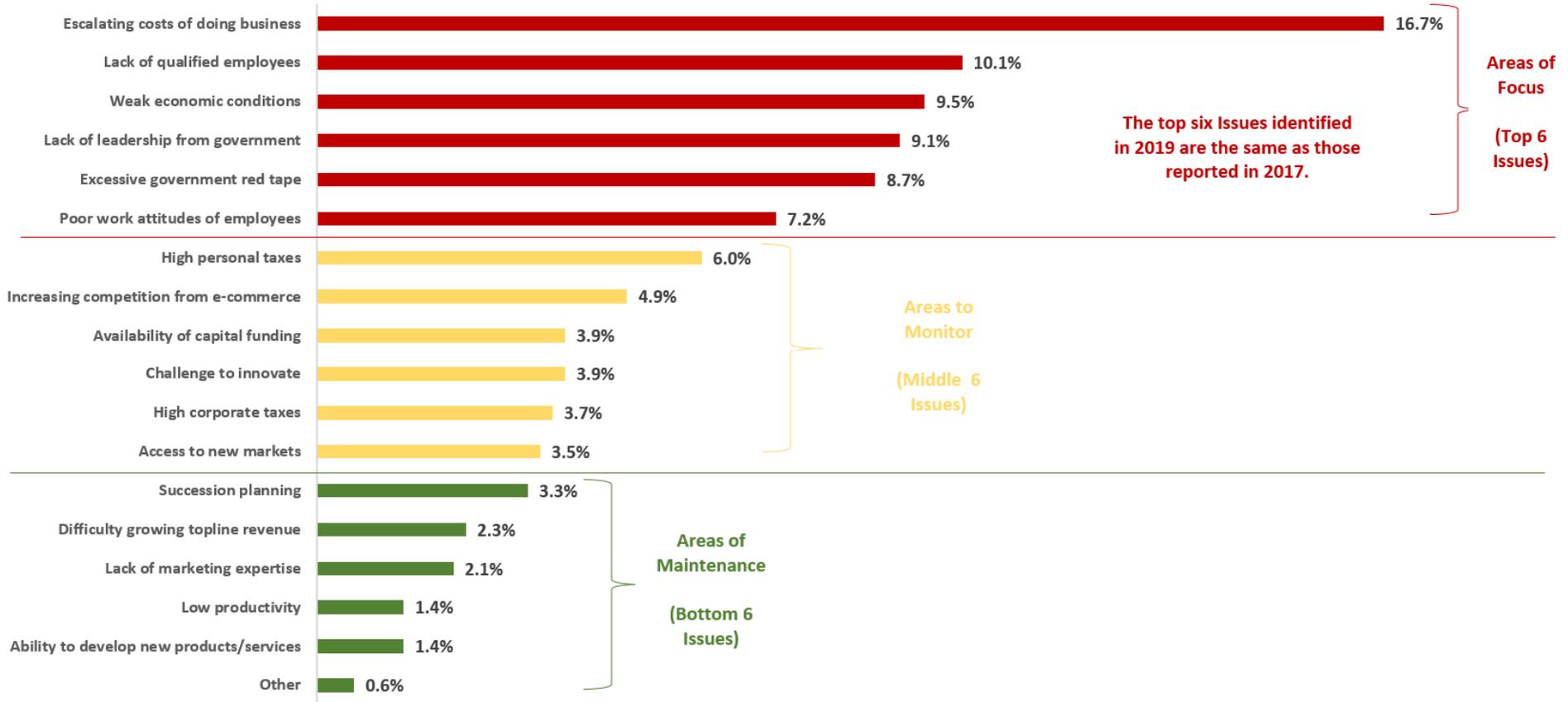
✓ The 2019 BCI decline is only 0.16% and therefore is essentially unchanged from 2017



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ADDITIONAL INSIGHTS

THUNDER BAY AREA: TOP BUSINESS ISSUES IN THUNDER BAY



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?**

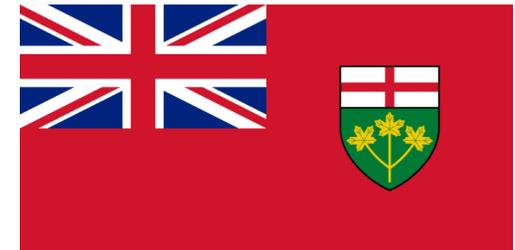
Current impacts:

- ✓ 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.

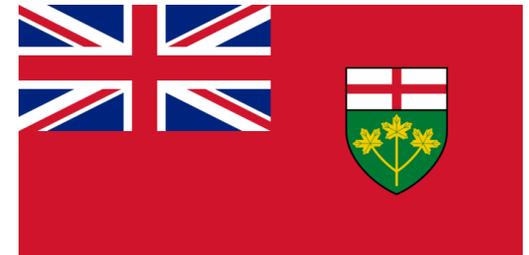


Unfavourable Themes

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).

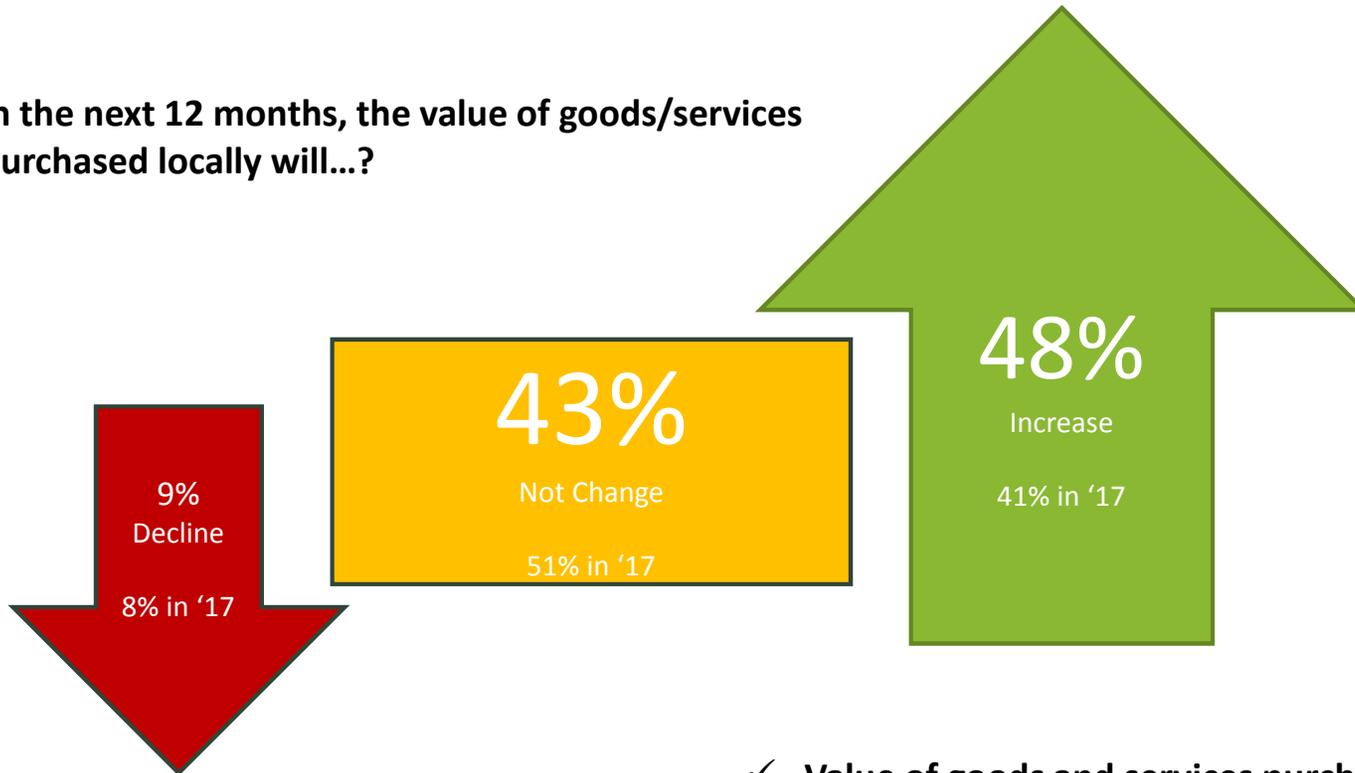


- A few respondents were concerned about individuals being overly qualified or having the wrong qualifications (n = 4) or language barriers for service-related positions (n = 2).



THUNDER BAY AREA: 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)

FOSTERING 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:



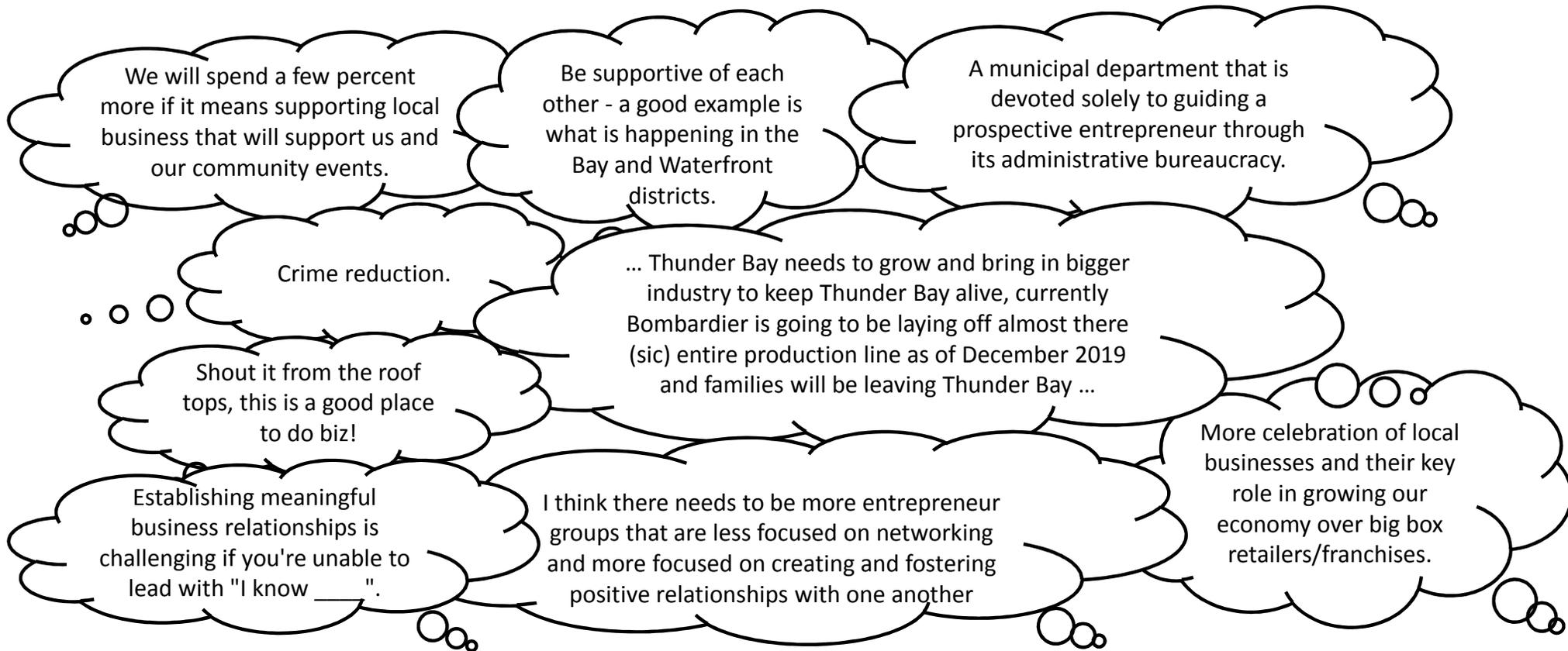


FOSTERING A POSITIVE ENVIRONMENT – THEMES

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

Additional Insights	Newly Emerging Themes
<ul style="list-style-type: none">✓ With respect to the theme of “Cut Costs & Government”, most of the comments were directed towards:<ul style="list-style-type: none">➤ Government: Municipal government processes and excessive “red tape”.➤ Costs: General business costs are constantly increasing with hydro, property taxes, and insurance being mentioned the most often.	<ul style="list-style-type: none">✓ Attract big, manufacturing business, while reducing the negative impacts of “Big Box Stores”.✓ 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.✓ Concerted efforts to be taken by Ventures, Chamber and CEDC to help foster collaborative efforts.

FOSTERING A POSITIVE ENVIRONMENT – SELECTED QUOTES





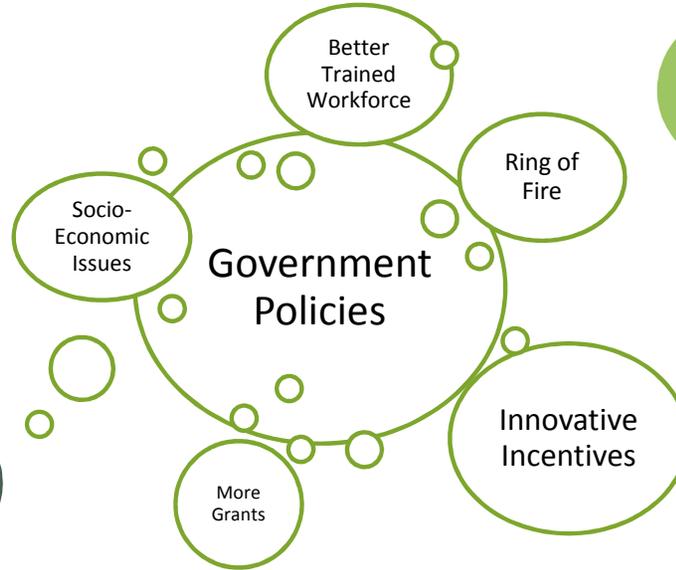
POSITIVE CHANGES TO BUSINESS CLIMATE - THEMES

✓ 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.

THANK YOU FOR READING THE
2019 THUNDER BAY AND AREA BCI



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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 %



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APPENDIX II
IMPACT OF BOMBARDIER



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 (on or before July 9) N=79 (44.2%)	Late respondent (on or 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.

