

2017 TERRACE BUSINESS WALK: SURVEY RESULTS

BACKGROUND

The 2017 Business Walk was the second annual survey led by the City of Terrace. It was conducted in partnership with the Terrace and District Chamber of Commerce, the Regional District of Kitimat-Stikine, Community Futures 16/37, Terrace Business Resource Centre, Northwest Regional Airport, the Terrace Downtown Improvement Area, Kermodai Tourism, and the former Ministry of Jobs, Tourism, and Skills Training (Now Jobs Trade and Technology). The Business Walk is intended to inform the efforts of the City of Terrace and our many local business support organizations.

The survey was conducted on the morning of Wednesday, May 10th over a period of 3.5 hours with additional phone interviews completed the following day. In total, 50 businesses across multiple industries were surveyed in Terrace, Thornhill, and at the Northwest Regional Airport. A sample of businesses within the City was taken at random, with room left for surveyors to visit extra businesses and fill in any under-represented sectors. Volunteers surveying Thornhill and the airport chose from the existing businesses and spread out surveys among different sectors wherever possible.

The results of the Business Walk survey also help business service organizations in our community to understand what support would be most effective for local businesses. Some initiatives that resulted from last year's Business Walk include, but are not limited to:

- Quarterly economic development updates;
- The completion of a downtown parking study; and,
- Increased staff time for City business development activities and the Love Terrace shop local program.

EXECUTIVE SUMMARY

The primary results of the 2017 Business Walk survey are presented below:

- The economic climate and the ability for business to find and retain qualified staff were the two biggest challenges for surveyed businesses in Terrace;
- Compared to last year's survey, fewer businesses reported growth but they maintained positive expectations for future growth; and,
- Business owners prefer operating locally because of location and the loyal clientele.

SURVEY RESULTS

The surveyed businesses were asked a short list of standardized questions by the volunteer interview team to identify the opportunities and challenges they are facing. The survey questions and a summary of responses are provided below.

QUESTION 1: COMPARED TO LAST YEAR, IS YOUR BUSINESS GROWING, STEADY, OR SHRINKING?

In 2017, 40% of businesses reported growth, 40% reported decline, and 20% reported as steady (Figure 1). When compared to 2016, fewer businesses reported steady growth but nearly double reported as growing. Overall, a similar number of surveyed businesses reported as shrinking.

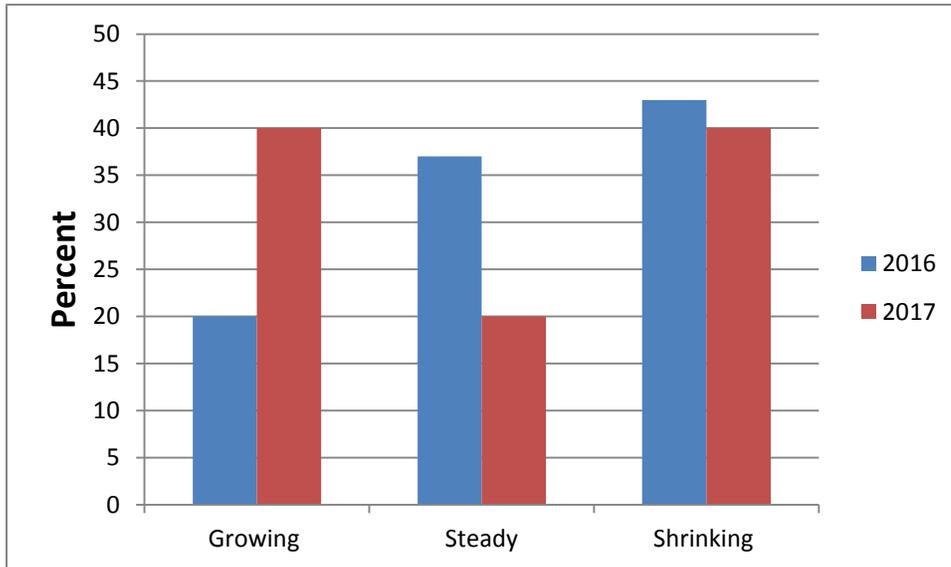


Figure 1. Question 1 Results (2016-2017).

In 2017, more businesses in Downtown West and the Southeast reported growth than businesses in the Southwest/Airport and Downtown East survey areas (Figure 2). In Thornhill, businesses reported relatively similar in terms of growth, steadiness, and decline.

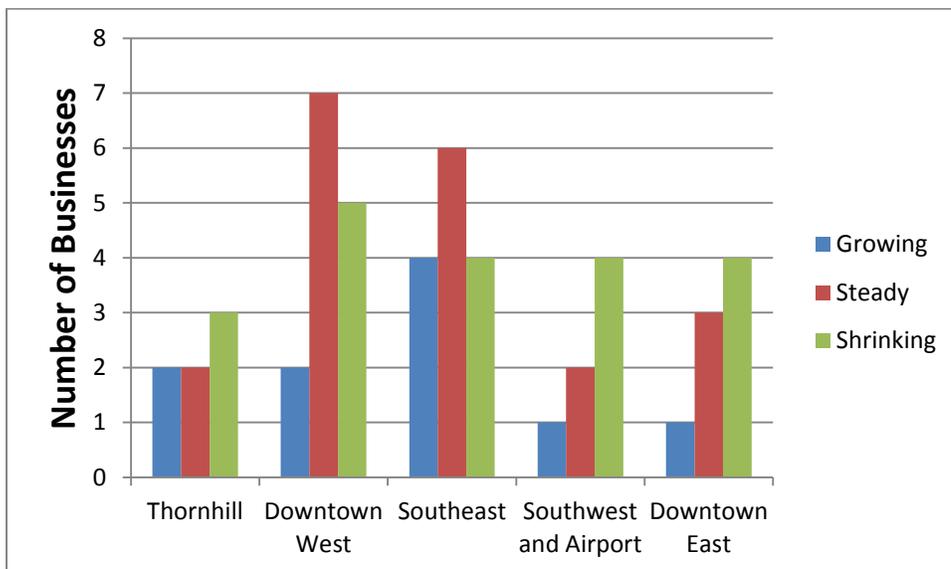


Figure 2. Question 1 Results Compared by Region

QUESTION 2: OVER THE NEXT 1-2 YEARS, DO YOU EXPECT YOUR BUSINESS TO GROW, STAY STEADY, OR SHRINK?

The 2016 and 2017 Business Walk results both show that the majority of businesses surveyed expect to grow or stay steady over the next year (Figure 3). Between the two studies, there are a similar number of businesses that reported that they expect to shrink.

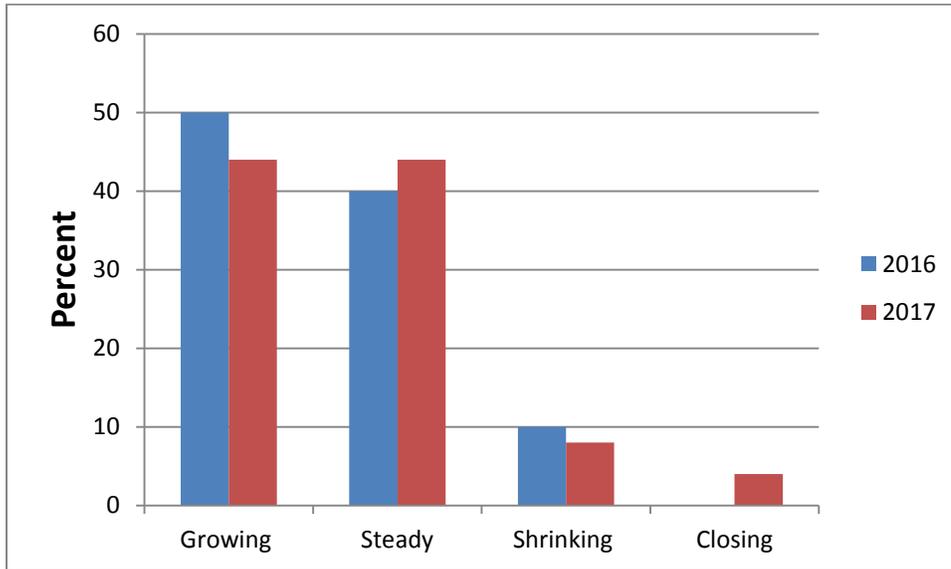


Figure 3. Question 2 Results (2016-2017).

The Downtown West and Southeast survey areas were the most expectant of growth (Figure 4). All but the Downtown West survey area exhibited proportionately few responses of shrinking.

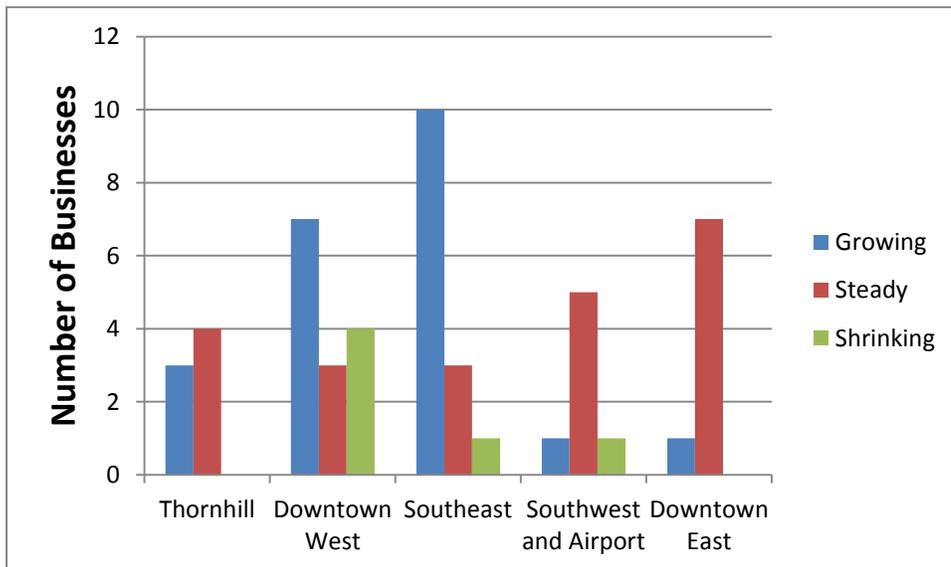


Figure 4. Question 2 Results Compared by Region.

QUESTION 3: WHAT DO YOU LIKE MOST ABOUT DOING BUSINESS IN TERRACE?

According to the surveyed businesses, location and clientele are the most liked facets of doing business in Terrace (Figure 5). Those surveyed highlighted the loyalty of returning customers, the access to neighboring markets in Prince Rupert and Kitimat, as well as the numerous outdoor lifestyle opportunities afforded by Terrace's regional position. Less common themes included Terrace's business-friendly climate and affordability. These results do not vary significantly from last year's results.

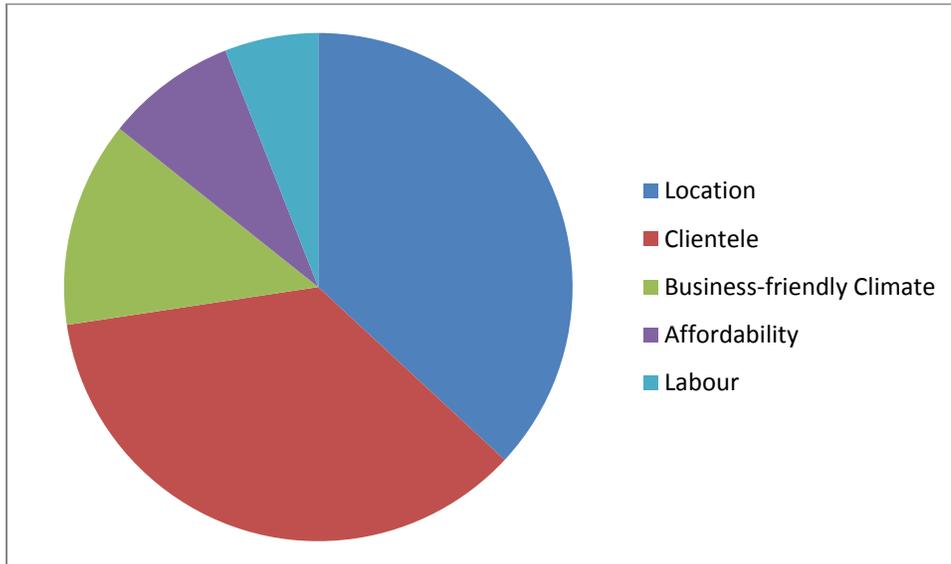


Figure 5. Question 3 Results

QUESTION 4: WHAT IS THE BIGGEST CHALLENGE YOUR BUSINESS FACES TODAY?

By a large margin, the two biggest challenges facing the surveyed businesses are the current economic climate and staffing issues (Figure 6).

1. **Economic Climate:** 30% noted this to be an issue compared to 18% last year. In the retail sector, it was evident from survey responses that customers are being more frugal due to a lack of disposable income. For businesses that are more likely to see direct revenue from major projects, their challenges with economic climate usually referred to a lack of opportunity.
2. **Staffing:** 38% of those surveyed regarded this as an issue, up from 22% last year. Responses included challenges finding staff willing to work part-time or shift work, lack of entry-level employees with customer service skills or work ethic, and difficulty retaining low-level staff. One business reported that it plans on closing due to a lack of flexible part-time employees, and many others identified this as a major problem. This typically was not an issue for trades companies or professional services.
3. **Others:** By percentage, local competition presented more of a challenge than online competition. Many local businesses have had challenges with marketing as well. Other challenges to doing business in terrace are the high freight costs and long shipping times associated with distance from suppliers.

Parking, permitting, and bylaw issues appeared in last year's Business Walk but were not prominent this year.

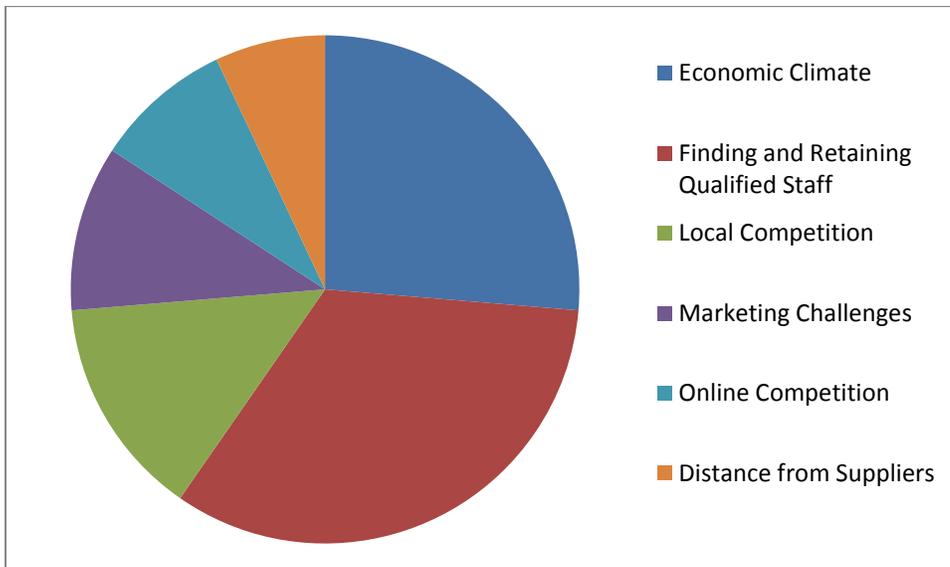


Figure 6. Question 4 Results

QUESTION 5: WHAT BUSINESS SERVICE ORGANIZATIONS HAVE YOU USED IN THE PAST?

Question 5 results are as follows:

- 54% were members of the Terrace and District Chamber of Commerce;
- 29% of businesses claimed not to be a member of or use any services of Terrace business support organizations;
- 14% have made use of the services at Community Futures; and,
- 10% have made use of the services at TBRC.

Many of the surveyed businesses that have not made use of the business support services in Terrace expressed pride in their ability to run their business independently, without outside help. There was an underlying belief among these businesses that business support services are only used by struggling businesses.

QUESTION 6: WHAT CAN BE DONE BY BUSINESS SUPPORT ORGANIZATIONS TO HELP YOUR BUSINESS THRIVE?

Most interviewees had no comments or suggestions for ways that Terrace business support organizations can help them. A few businesses asked to be appraised of industry updates and others asked about joining the Love Terrace program. These businesses were referred to the resources they needed and connected to the programs they requested.

NEXT STEPS

In an effort to respond to the findings in this report, the following actions are proposed:

Education: In order to challenge the belief that using business support is a sign of dependence or reserved for struggling businesses, City staff will work with these organizations to promote their services to all businesses through social media and periodic business retention and expansion activities.

Employees: The results of the survey show a growing divide between the expectations of employers and employees. City Staff have been in conversation with numerous groups in an attempt to develop an activity to assist local businesses with this issue. After consulting with partner organizations, City staff are proposing a seminar/workshop series for businesses, intended to provide strategies for dealing with staffing and HR issues, while providing business to business engagement for further exchange of ideas.