2011

# Measuring Retail Market Gravitation

BRIGHTER FUTURES FOR BUSINESS AND COMMUNITY

gck Consulting Ltd.

Patricia Area Community Endeavours

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# Contents

## 1.0 Project Background and Overview

The Northwestern Ontario economy has been described as an "economy in transition hit by extraordinary shocks" (Economic Trends and Issues Analysis for Northwestern Ontario, 2009). Statistics for 2009 indicate that unemployment figures are on the rise, real gross domestic product (GDP) growth is down and the crisis in the forest industry continues to cause rippling effects of economic challenges throughout the region. With 80 percent of mill capacity shutdown, the catastrophic economic effects can be felt in almost every sector.

The Patricia Area Community Endeavours (PACE) region is not immune to the current economic trends affecting Northwestern Ontario and, as a result, is prepared to act in support of their struggling business sectors. The PACE region retail market is an area that has experienced significant challenges throughout the downturn of the forest industry. Declining populations, lack of industry and increased unemployment have all resulted in business closures and weakening sales rendering some downtown retail districts to appear like mere ghost towns.

PACE has decided to respond to this challenge by determining if residents are *out-shopping* – making purchases in larger centres, on-line or through catalogue sales. By partnering with and promoting existing businesses in their service area, PACE is hopeful some initiatives can be implemented to re-ignite the Northwestern Ontario retail districts. According to small- and medium-size retail enterprises in the Dryden area, market gravitation is posing a serious threat to their long term economic viability.

PACE initiated the *Measuring Retail Market Gravitation* project to determine who out-shops, what they purchase, what motivates consumers to out-shop, where they out-shop and how are they out-shopping. It is anticipated that, armed with this information, PACE can help identify specific targeted strategies that can help reverse this longstanding trend affecting small- to medium-sized retail businesses. This project also examined reasons for such behaviour and why consumers *in-shop* to capitalize and build on existing positive attributes of the retail sectors in the PACE region.

### 1.1 What is Out-Shopping?

*Out-shopping*, also known as market gravitation or market leakage, is the practice of going outside the local community to buy goods. *Out-shopping* is a phenomenon that particularly affects retailers in small, rural communities. Reasons cited for such behaviour include better prices, more stores and broader product depth.

Small businesses in rural communities face a number of problems: small market areas; aging populations; and, limited supply sources are but a few. One of the most vexing problems is the inclination of residents to go outside the community to buy goods. *Out-shopping* is particularly prevalent now with the explosion of big box stores, easy access to major metropolitan areas and the ease and availability of online shopping.

*Out-shopping* can be defined narrowly or broadly. A narrow definition looks only at those who go outside their local community to make consumer purchases. This would include those who do so regularly through short trips to communities for shopping purposes or those who travel longer distances on an intermittent basis, such as shopping done on business or vacation trips. A broad definition of *out-shopping* would include not only in-person trips to retail establishments but also online, telephone and catalogue shopping.

## 1.2 Community Partner Profiles – Who Is Involved?

Of the communities serviced by PACE, four out of the eight put their name forward as interested in participating as a project partner for the *Measuring Retail Market Gravitation* project. An overview of the four participating communities is included below.

### 1.2.1 Dryden

The City of Dryden is the second-largest city in the Kenora District of Northwestern Ontario, located on Wabigoon Lake. It is the smallest community in the province of Ontario designated as a city with a population of 8,195 stretching over 125.7 square kilometres. It and Kenora are the only two cities in Ontario located in the Central Standard Time (CST) zone. Dryden is where the rugged beauty of Northwestern Ontario meets the bright lights of city life. It is a vibrant urban community surrounded by the unsurpassed beauty of the boreal forest, freshwater lakes and spectacular vistas.

Situated midway between Winnipeg and Thunder Bay, Dryden is secluded yet well connected by highway, air and a sophisticated wireless network to meet the needs of the most demanding businesses. Dryden boasts one of the most dynamic economies in Northern Ontario.

### 1.2.2 Sioux Lookout

Halfway between Thunder Bay and Winnipeg, north of the TransCanada Highway, Sioux Lookout sits nestled on the lakeshores of Pelican, Abram and Lac Seul lakes with the rugged Canadian Shield as the backdrop. The scenic Municipality of Sioux Lookout boasts a culturally diverse population of over 5,300 residents in the true "Hub of the North", providing essential services to 30,000 people in 29 remote First Nations.

Sioux Lookout is a renowned year-round tourist destination. Visitors and residents alike take advantage of a wide variety of outdoor recreational and sporting opportunities, including water sports, hiking, cross-country skiing, snowmobiling and incredible fishing. Sioux Lookout is an important service centre in the heart of the Patricia region.

Sioux Lookout is on a major growth curve with $200 million in capital projects to be undertaken over the next five years, including a new state-of-the-art hospital; train station redevelopment and downtown revitalization; fire attack base; airport expansion; and an increase in serviced residential, commercial and industrial land.

### 1.2.3 Machin

The Municipality of Machin is made up of 3 communities all located on beautiful Eagle Lake. Eagle River, Minnitaki and Vermilion Bay are situated in the heart of Sunset Country on the TransCanada Highway. Vermilion Bay is located at the start of Highway 105, which leads to Ear Falls and Red Lake. Approximately 1,200 people call the Municipality of Machin home, known for its easy living and complemented by its tranquil wilderness setting.

A wide array of services and amenities are provided to the residents, such as shopping, ice arena, recreation centre, senior citizens activities, two public schools, a Provincial Park, a volunteer fire department, public beaches, cross-country ski trails, airport, a number of resorts, hotels and service businesses and much more.

### 1.2.4 Ignace

The Township of Ignace is located in Northwestern Ontario on the TransCanada Highway, 250 kilometres west of Thunder Bay and 450 kilometres east of Winnipeg, Manitoba. Ignace is located in the heart of what is referred to as Ontario's Sunset Country, surrounded by an abundance of lakes, rivers and forest, renowned for their natural beauty and spectacular scenery. The proximity of the Township to this natural environment provides significant outdoor recreational opportunities. Many local businesses support tourism, mainly focused on outdoor activities such as fishing, hunting, canoeing and snowmobiling.

Ignace is recognized as an important business centre in the area, offering a range of general services supporting the local industry, as well as those travelling through the township. A number of small businesses, located along the TransCanada Highway corridor, play an important role in the local economy. Recent announcements from the forest and mining sectors are providing very positive signals that opportunities for growth exist for the Township. Announcements regarding the reopening of the local sawmill, establishing a wood pellet manufacturing plant and the development of an iron ore mine have provided the Township with a renewed sense of optimism.

## 1.3 Study Objectives

The purpose of the study was to determine the extent of *out-shopping* in the PACE Region, the types of goods that were *out-shopped*, the reasons for *out-shopping* and some demographic indicators that are important to predicting *out-shopping* behaviour. Equally important is the examination of the existing retail and service environment and then measuring the regional appeal regarding *in-shopping*. A thorough analysis of both trends and gaps is an effective tool that can be used for new business attraction, existing business retention and future investment in the PACE region.

The study objectives include determining market leakage, collecting baseline data, aggregating existing data, identifying gaps and examining seasonal trends. The research was then compiled into a report outlining consumer shopping practices and patterns to be shared with businesses and the community at large to assist in the diversification of the economy and to strengthen the local retail market.

# 2.0 The Retail Market – Where We Are Now?

The Canadian economy as a whole has been forced to endure many elements given recent global economic events. The financial crisis of 2008-2009 has left many people still uncertain about the future of the economy and now the additional challenge of a steadily increasing inflation rate just further hampers economic confidence. Other factors that have had an impact are a surging Canadian dollar and low commodity prices. Based on this information, it is now more important than ever to pay attention to customer data; carefully collecting, analyzing and responding to consumer behaviour.

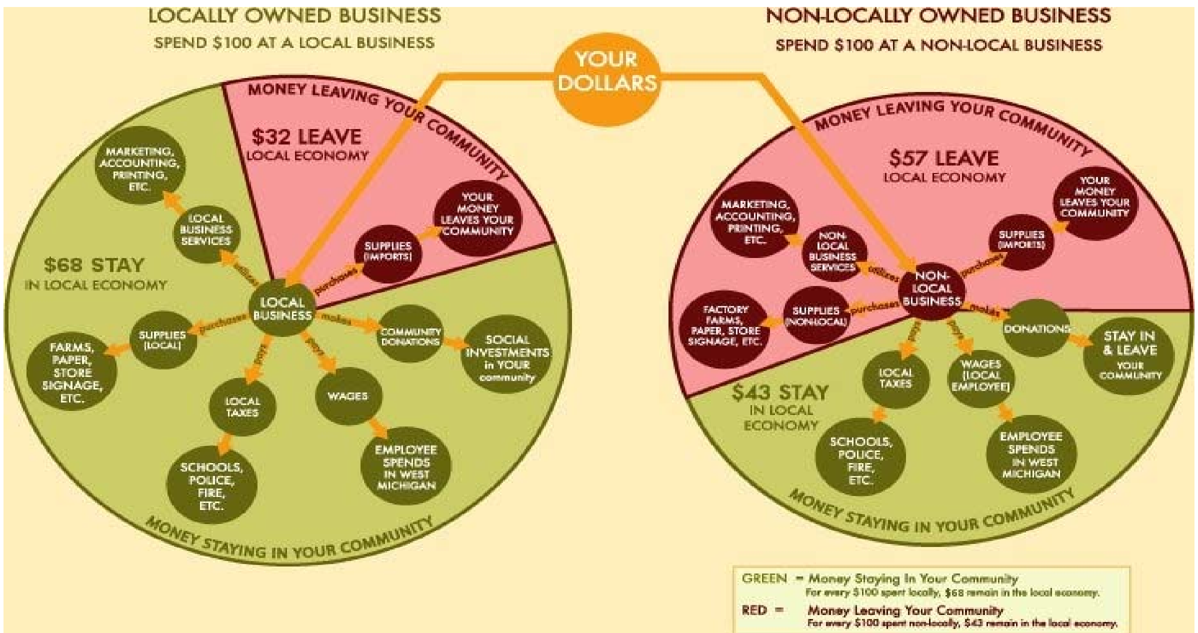
## 2.1 The Effects of Out-Shopping on the Local Economy

The impact of *out-shopping* on local communities has been measured in two ways: based on the number of shopping trips outside the community in a given year; or, based on the proportion of shopping income spent outside the local community in a given year, regardless of the number of trips. While the number of trips was utilized in early research, proportion of expenditures towards goods and services is the more popular and useful data collection method for determining extent of *out-shopping* today.

The reasons to shop local are powerful and plentiful. The results of a new study suggest that the key to reversing the long-term trend of stagnating economies lies in nurturing small, locally-owned businesses and limiting further expansion and market consolidation by large corporations. The research indicates that large firms and corporations consistently and statistically depress economic growth rates while small, locally-owned firms have a significant and relatively large positive effect on income growth and the local economy.

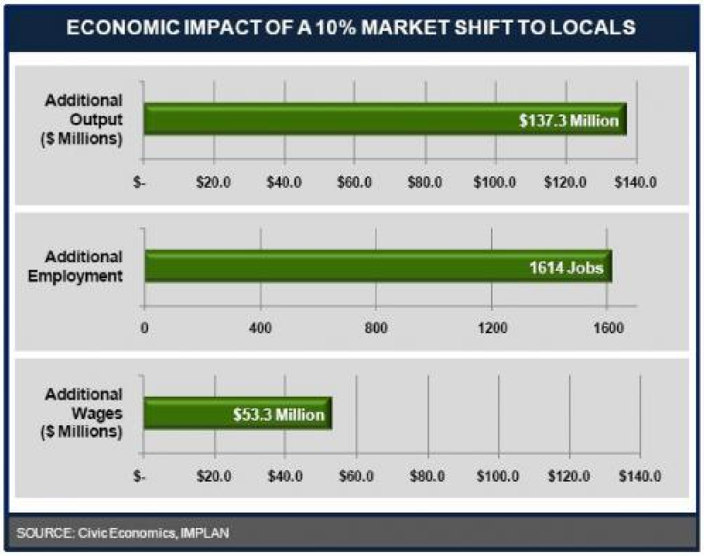
Locally-owned businesses generate as much as two to three times the local economic activity as do chains (Study Finds Local Businesses Key to Income Growth, 2011). Small- and medium-sized retail enterprises are defined as those with fewer than 100 employees and large firms as those with over 500 employees.

The following diagram illustrates how spending your money locally will have a substantial impact in the betterment and sustainability of your community. This indicates that when you spend a $100 at a local business, 58 percent more money on average stays in the community compared to what would have happened if the hundred dollars were spent at a national chain store.




In addition to an injection of cash back to the local economy through direct, indirect and induced spending, the chart below shows what could be possible in terms of employment statistics through a small shift in consumer behaviour to shopping at locally-owned stores.

This chart was taken from a study conducted by Civic Economics for the Local First Business Group of West Michigan. The results of the study are quite significant. The chart indicates that if people in West Michigan shopped just 10 percent more often at local businesses that an additional 1,600 jobs could be created with wages of $53 million being added to local payrolls if such a swing in purchasing behaviour could be achieved. The 1,600 additional jobs created would have been enough to increase employment by one-half of one percent in 2007. Output for the county could be increased by $137 million, as well and this benefit would be spread




among many industries, not only the retail sector. It is encouraging to think of the possibilities if the same endeavour was undertaken in the PACE Region.

The magnitude of these impacts is such that, under ordinary circumstances, economic development organizations and public agencies would rally to the cause of shopping local; actively recruiting and incentivizing any firm promising such an impact. As it happens, consumers can themselves create these impacts with only a modest shift in their habits and behaviour.

## 2.2 Who's Here – Consumers & Businesses

The PACE region boasts a wide variety of businesses encompassing a diverse range of structures from small- and medium-sized enterprises (sole proprietorships and partnerships) to internationally-recognized, large corporations. The existing business sectors that are being serviced include:

| | | |
|---|---|---|
| Accommodation | Restaurants | Professional services |
| Recreation and sports | Printing and publishing | Lodge/outfitter |
| Financial | Manufacturing | Realty |
| Industrial and commercial service | Retail | Education |
| Health care | Transportation | Boats, motors, cars, fuels |
| Arts and culture | | |

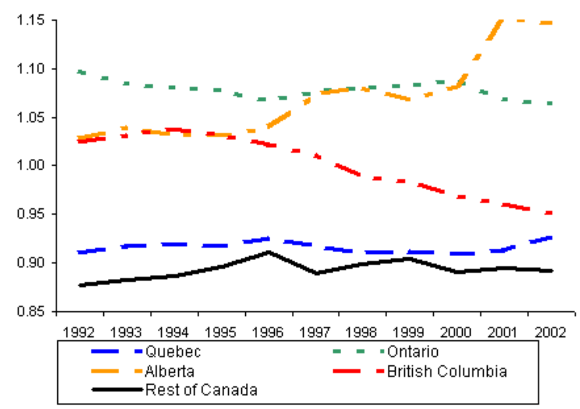
The participating communities in the *Measuring Retail Market Gravitation* project include Ignace, Sioux Lookout, Dryden and Machin. The combined population based on 2006 census information totals 15,940. The total number of residents between the ages of 15 and 74, the demographic with the most discretionary income and ability to shop infusing money into the economy is 11,840. These statistics represent the project partners but not the entire trade area or Patricia region.

Not included in this study are the communities of Eagle Lake First Nation, Lac Seul First Nation, Pickle Lake, Wabigoon Lake Ojibway Nation and all areas located in between. The total population (not including unorganized townships) is 17,914 with a total of 13,036 being in the

15-74 age categories.  This provides a significant catchment area for business owners to market local goods and services.

The average annual median household income for the participating communities is $62,000. Although this figure is slightly lower than the provincial median total income of $69,790, when cost of living is factored in, the two figures are very relative.  Trade area personal income, disposable income and discretionary income are important pieces of information for business owners to familiarize themselves with as they will help define consumer base and target market:

- Personal income is the sum of all incomes received by residents, including returns for labour and investments and transfers from the government and other sectors (including old age security payments and employment insurance); and,
- Personal disposable income is the amount left over after payment of personal direct taxes, including income taxes, contributions to social insurance plans (such as the Canada Pension Plan contributions and Employment Insurance premiums) and other fees.
- Discretionary income is derived from disposable income and is the amount of an individual's income that is left for spending, investing or saving after taxes and personal necessities (such as food, shelter, and clothing) have been paid.




On a current dollar basis, personal disposable income per capita has increased in every province and territory over the past decade.  It is a measure of the funds available for personal expenditure on goods and services and personal savings for investments, as well as personal transfers to other sectors of the economy.  On a per capita basis, personal disposable income has remained relatively constant over the past decade in most provinces and territories relative to the national level as shown in the chart to the right.  Most provincial and territorial residents have similar amounts to spend on goods or services or to invest in savings on a relative basis.

Discretionary income includes money spent on luxury items, vacations and non-essential goods and services.  Higher discretionary income typically leads to higher consumer spending, which in turn can generate economic activity.  Discretionary income is the most difficult of the three to define as it is a highly subjective concept.  What some might consider a necessity is a luxury for others. For example, a car may be a necessity for a mother with young children living in the suburbs but a luxury for a single woman living and working downtown.

Consequently, any definition of discretionary income in precise statistical terms will be arbitrary. For the purposes of this report, based on a Statistics Canada document entitled *"Tracking down Discretionary Income,"* the definition is that a household has discretionary income if its after-tax income is at least 30 percent higher than the average family expenditures on goods and services. For Ontarian households in 2002, personal disposable income equalled $23,692.

## 2.3 Existing Shop Local Incentives

During the primary research stage of this study, a concerted effort was made to determine what initiatives and campaigns are currently occurring to promote residents to *shop locally*. The consulting team met with local and regional Chambers of Commerce to understand what programs were already in place. The resounding result was not very much.

There was one popular holiday campaign that the Dryden, Sioux Lookout and Augasabon Chambers of Commerce did organize in November – Moonlight Madness or Midnight Madness event. The purpose of this event is to kick-off the holiday shopping season with local retailer incentives. Although each one is organized slightly different, the theme, goals and general layout are the same. Local retailers in the region register with their respective Chamber for a fee to be a part of the event. Their commitment with registration is that they are agreeing to stay open late the day of the event and also donate a gift card to their business for a draw. The role of the Chamber is to address the organizational, advertising and promotional needs of the event and ensure customers are encouraged to visit their local retail stores.

*Shop local* events surrounding the Christmas season are the only consistent efforts concentrating on promoting residents to spend their money in their community. Other initiatives that the Chambers will support are free annual advertising in their newsletter or member-to-member discounts. Although there are not many campaigns that include multiple businesses, there are quite a few individual *shop local* business incentives occurring in the PACE region. During interviews with various business owners, it was evident that they take it upon themselves to encourage customers to support their business. These initiatives include:

- Excellent service;
- Random free coffee days;
- Open late for Christmas hours of business;
- No sales tax days;

- Discount days;
- Customer loyalty cards; and,
- Various other small initiatives.

Other Northwestern Ontario *shop local* incentives were also researched to understand what competing communities are doing to help keep their dollars local. At this time, the Thunder Bay Chamber of Commerce does not organize any events to promote in-shopping; however, they also do member-to-member discounts and advertising in the newsletter for businesses. Intercity Shopping Centre invests in various *shop local* incentives throughout the year. The most recent being a "Shop Thunder Bay Pays" campaign promoting how it 'pays' to *shop local*. This promotion encouraged people to be in Intercity Shopping Centre beginning November 24, 2011 holding specific shopping bags for the chance to be chosen by a secret shopper to win either a $200 or $500 gift card.

Small and easy to implement *shop local* incentives and promotions can have a big impact on total sales and the local economy. By taking a more proactive approach and reminding your customers about the benefits of keeping their dollars local will go a long way in the community.

## 2.4 Trade Area

Defining trade areas is sometimes more of an art than a science and no one method is always correct. When deciding how to define trade area, there are questions that must first be asked. First of all, who are you defining it for? Different businesses have different trade areas. A neighbourhood store may not have a large trade area while an IKEA location will draw people from all over.

Even in the same category, different companies will draw from a different trade area. A locally-owned food market may serve a district, while people may drive 100 kilometres to shop at a Wal-Mart store. Trade areas often extend beyond city or neighbourhood boundaries and come in a variety of shapes and sizes, depending on the pulling power of a community and local geography. A business district may serve a number of different trade areas depending on a variety of factors such as types of products sold or customer market segments served.

Various factors determine trade area(s) including the population of the community and its proximity to other competing business districts (see Reilly's Law below). These factors include:

- ***Population of the community***: Generally the larger the population of a community, the bigger the trade area is.

- ***Proximity of other competing business districts***: Typically, there is a cut-off point where customers are drawn to the competing centre instead of the local community.
- ***Mix of businesses in your community*****:** A critical mass of businesses pulls customers from a further distance than a more limited mix of businesses.
- ***Destination attractions*****:** A significant destination business such as a large discount department store or a community attraction can expand the local trade area—drawing customers from a long distance; however, do not assign the trade area of a single business to the whole community. Rarely do other businesses match the pull of a prominent destination business.
- ***Traffic patterns*****:** Each region has distinct traffic patterns strongly impacted by its network of streets and highways.

One popular method of defining market trade area dates back to 1931: Reilly's Law of Retail Gravitation, inspired by William J. Reilly. Reilly's Law of Retail Gravitation states that larger cities will have larger spheres of influence than smaller ones, meaning people travel farther to reach a larger city. The limitations of the Law are that it presumes the geography of the area will not alter a consumer's decision of where to travel to buy goods. It also assumes consumers are indifferent between the actual cities.

The theory explains that the larger a city, the larger a trade area it would have and thus it would draw from a larger vicinity around the city. Two cities of equal size have a trade area boundary midway between the two cities. When cities are of unequal size, the boundary lies closer to the smaller city, giving the larger city a larger trade area.

$$\mathbf{BP} = \frac{\text{distance between city a and b}}{1 + \sqrt{\frac{\text{pop. b}}{\text{pop. a}}}}$$

**BP is distance from city a to breaking point**

**distance in the equation is in miles*

Reilly called the boundary between two trade areas the breaking point (BP). On that line, exactly half the population shops at either of the two cities. One can determine the complete trade area of a city by determining the BP between multiple cities or centers.

We can use Reilly's equation to determine the breaking point or trade area for the Municipality of Sioux Lookout to the City of Dryden, two of the project partners. Based on his theory, the trade area for Sioux Lookout is the municipal boundaries plus an additional 27.23 miles or 43.82 kilometre radius outside the boundaries.

Trade areas business districts fall under two major categories: convenience trade areas; and, destination trade areas. Most small communities encompass only one type of trade area (primary trade area); however, communities with over 10,000 residents may find it useful to define both a convenience and a destination trade area.

A **convenience trade area** is based on the purchase of products and services needed on a regular basis, such as gasoline, groceries and hair care. Because these purchases are relatively frequent, people usually find it more convenient to buy these products and services from businesses located close to their home or workplace. The trade area of a grocery store can often be used to represent the convenience trade area of a community.

A **destination trade area** is based on the purchase of 'major' products and services, such as appliances or furniture, or of products and services that are distinctive, such as deeply discounted products and services. People are willing to travel longer distances to do comparison shopping and purchase these kinds of items. The trade area of a large discount department store can often be used to represent the destination trade area of a community.

In addition to differing by types of goods and services, a business district differs in the types of customers who shop there. Three common market segments are:

- **Local residents** within the trade area, as they reside locally year-round, they provide the majority of spending potential for most businesses.
- **Daytime employees** who may live in the trade area or others who commute from other communities have the potential to make purchases within the trade area during the workday.
- **Tourists and second-home owners** can offer a large amount of spending potential. While they are not permanent residents, tourists obviously shop while visiting the area.

To determine the trade area for the project partners, a more recent recommendation is to collect address or postal code information from each customer. Trade areas based on actual customer data have a number of distinct advantages. Combining actual customer addresses or postal codes with a geographic information system (GIS) allows a business or community to uncover relationships and perform calculations unavailable with tabular data. A GIS can visually display where customers are coming from, show how customer concentrations are related over an area and perform advanced distance-based calculations.

Addresses or postal codes data can be collected using a variety of methods and sources; however, regardless of how the data is obtained, this method offers a number of advantages, including:

- Collecting information from customers allows the trade area to be based on real business data, instead of computer models or estimates;
- Comparing the trade area maps of different businesses can identify opportunities to increase market size and penetration. For instance, the trade areas for businesses that primarily sell convenience items can be compared with each other to identify variation. These differences could indicate potential market expansion opportunities for some businesses; and,
- Trade areas for different market segments can be compared. Businesses serving residents can be compared to the origins (or home address) of employees at a major employer. Furthermore, addresses or postal codes are ideal for tracking the origins of tourists.

While using customer addresses or postal codes to analyze a trade area has the ability to capture trade area variability, an appropriate sample of customer lists from participating businesses must be incorporated. For instance, stores that serve both convenience and destination shopping segments must understand the local market.

Businesses that serve tourists must be incorporated into the analysis to examine the tourist market segment. Employee lists from major employers are necessary to explore the daytime population market segment. This process requires a more significant investment of time and energy in data collection and analysis; however, the outcomes will provide valuable trade area and business information for the PACE region.

## 3.0 Market Research Methodology

To obtain a comprehensive and realistic impression of the PACE region retail districts, multiple modes of primary and secondary research were employed. It was very important to the project partners to collect a vast array of input and comments from the residents residing in the project partner communities to ensure relevant and current results. Descriptions of the research methods employed during the project are described below.

### 3.1 Consumer Survey

The principal goal of the *Consumer Survey* was to reveal an accurate representation of the consumer buying habits and trends in the project area. The survey was developed, distributed and analyzed through *SurveyMonkey*, the top online survey provider in North America

(Appendix 1). In addition to online distribution, the survey was also inserted in the AdBag and directly delivered to every house in the project area.

The survey was distributed to ensure a proper sampling of surveys was returned from a variety of distribution outlets. Some of these include:

- Online link to the survey from numerous community-based websites;
- Utilization of social media tools such as Facebook;
- Paper copy included in the AdBag; and,
- Promotional reminders on the radio (CKDR) (Appendix 2).

The survey was 4 pages in length and had 16 questions. The information that was solicited through the *Consumer Survey* included:

- Demographic information;
- Primary shopping habits (e.g. stores in the project area, stores outside the project area, if so where – online, catalogue or other municipality);
- Primary reasons are for their shopping method of choice (price, convenience, merchandise selection, other);
- One thing they would change or add to the local retail environment;
- One thing they enjoy about the local retail environment;
- What the municipality could do to better promote *shop local*;
- When they shop local, list the main items they are shopping for;
- When they *out-shop*, list the main items they are shopping for; and,
- State how often they shop.

The total number of survey submissions through the various outlets was 561. This represents a 3.5 percent response rate, which did not meet expectations of the project partners. Although response rates were lower than anticipated, the results solicited through the consumer survey provided much valuable information and insight into the shopping choices of residents.

## 3.2 Business Operators Survey

The *Business Operators Survey* was developed, distributed and analyzed solely through *SurveyMonkey* (Appendix 3). The survey was designed to gather background information from businesses on their needs and opportunities, business characteristics and market and marketing data. The overall goal of the survey was to learn how to make Ignace, Sioux Lookout, Dryden and Machin a more profitable place to do business.

Questions were grouped in the following categories:

- Background information on each business;
- Satisfaction with their downtown core and future plans;
- Business sales patterns, seasonality and events;
- Importance of various consumer segments;
- Advertising and promotion effectiveness;
- Preferences for new businesses in the PACE region; and,
- Ways to improve downtown as a place to do business.

The survey was distributed through a targeted approach in a direct email to business owners. To achieve better response rates, the Dryden and Sioux Lookout Chambers of Commerce and the Ignace Area Business Association (IABA) were approached to garner additional direction and support. Additional surveys were also completed one-on-one with business owners during the interview method stage.

The survey was 5 pages in length and consisted of 21 questions. The survey was still very easy to complete as the first 7 questions were demographical in nature regarding the business. The survey was emailed directly to approximately 65 different businesses in the study area and 30 surveys were submitted representing a good sample of the businesses that were approached.

## 3.3 Focus Groups

A focus group is an interactive session with a group of approximately 8-10 people where participants are asked about their perceptions, opinions, beliefs and attitudes towards a product, service, concept or idea in an open discussion forum. Focus groups were part of the project methodology to candidly engage in dialogue with the participants and business owners, gather feedback on their perspective of the local retail market, their personal buying habits and their suggestions on what to improve and how to improve it.

Focus groups are most successful with a diverse audience to participate in providing comments and feedback from a variety of demographics. In an attempt to achieve this, seven different organizations and more than 50 businesses were personally contacted and invited to participate in a focussed session regarding out-shopping in their region. Unfortunately, response rate was low.

Of the 50 businesses contacted, only one business responded and of the seven organizations, only 3 were able to accommodate the request; therefore, three focus groups were completed with the Ignace Area Business Association, Dryden Chamber of Commerce and Sioux Lookout

Chamber of Commerce. The focus group was designed to minimize the time commitment from participants and maximize the knowledge and resources gained by asking them to wear two hats: one as a business owner (all participants were small business owners); and, the other as a consumer. To view the questions posed during the focus groups sessions, see Appendix 4.

Although focus group response rates were lower than anticipated, the information collected was very valuable and well-thought.

## 3.4 Interviews

One-on-one interviews were conducted with various local small business owners to collect their perception of conducting business and the business environment in their community. Approximately ten businesses were randomly approached with six being able to accommodate an on the spot interview. The interview was guided in a manner that the following information would be gathered:

- Who their consumers are;
- Trends they have witnessed regarding *out-shopping* and *in-shopping*;
- Promotions and tools they have used to encourage *in-shopping* and success rates of those programs;
- Who they believe their main competitors to be and why;
- Current versus demand hours of operation; and,
- Identification of what can be improved.

One-on-one interviews were a great way to collect information directly from the people who work in the PACE region business environment. For the most part, business owners were very receptive to participate in an interview and provide feedback that was sincere and honest. Business owners and managers that graciously provided their time for the purposes of this report were as follows:

- Harvey and Linda, owners of the Bootlegger retail store in Sioux Lookout;
- Nancy Roy, owner of Roy Lane coffee shop in Sioux Lookout;
- David Durance, owner of Kano Reid coffee shop in Dryden;
- Christine Hoey, owner of Sioux Travel, travel agency in Sioux Lookout;
- Lesley Starrat, manager of Cheers! Gift store in Sioux Lookout; and,
- Linda, clerk at Bragg's retail store in Ignace.

This method of information gathering is the most time consuming but also the most worthwhile. Businesses truly appreciated being approached for input and were provided with an outlet to voice their opinions concerning the local business environment.

## 3.5 Retail Market First Impressions Exercise

This form of market research is classified as an *observation technique*. The *Retail Market First Impressions* exercise mimics the provincially-approved program entitled *First Impressions Community Exchange*. *First Impressions Community Exchange* is a structured process that reveals the first impression a community conveys to outsiders, including tourists, potential investors and retirees. It offers a fresh perspective on the appearance of the community, services and infrastructure and helps communities learn about their strengths and shortcomings.

Although similar, the *Retail Market First Impressions* exercise was modified to suit the needs of the project. Similar to a 'secret shopper' approach, a member of the consulting team who was relatively unfamiliar with the project partner communities travelled through the retail districts documenting first impressions based on previously identified criteria. The goal of the exercise was to get a completely unbiased perspective on what new consumers to the community see when they are in your retail districts.

The experience was ranked in five different categories consisting of:

- Infrastructure and ease of navigation;
- Facilities, services and amenities provided;
- Visual appeal and sense of welcome;
- Community spirit and safety; and,
- SWOT analysis.

The second goal of this exercise was to get a candid view of service levels, price points, hours of operation and merchandise selection provided by the stores. By simply walking into stores as a consumer and observing the surrounding environment, a true picture comes together on what is being done well and what areas need improvement. The results from this exercise can be found in Section 5.3.

# 4.0 Results – What We Heard

Following the extensive information gathering stage, an in-depth analysis of the data was conducted. The analysis process consisted of trend spotting, cross-tabulation and finding and interpreting patterns. Below is the input provided by the residents that participated in the research stage.

## 4.1 The 5Ws of *Out-Shopping* Patterns

### 4.1.1 Who - Out-shopper Profile

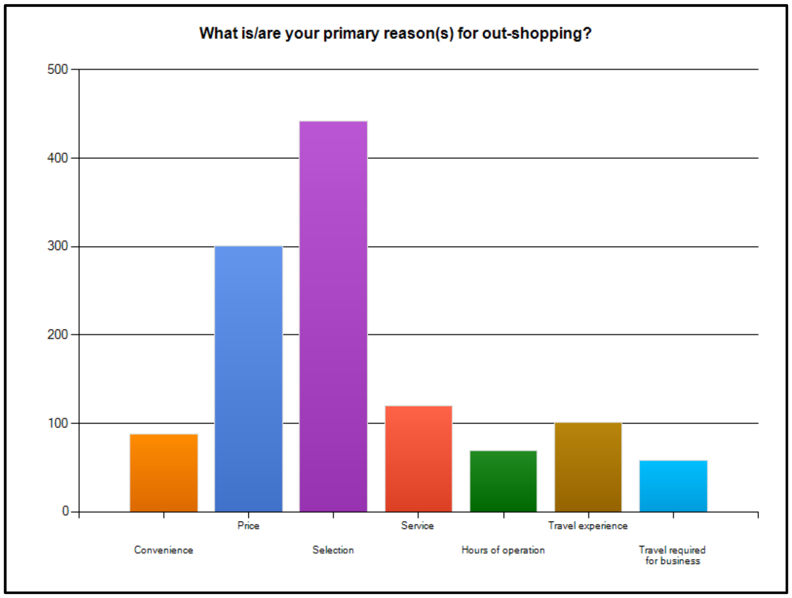
Through data analysis of survey responses, 43 percent indicated they shop outside the PACE region at least once a month. From that data, the following profile of who they are can be derived. The typical *out-shopper* tends to be between the ages of 25 to 44, affluent with an annual household income of greater than $75,000 and mainly reside in the Dryden area (60 percent of total respondents identified themselves as Dryden residents). The last point can also be attributed to the higher population in Dryden compared to the other project partners and the likelihood that more residents from Dryden completed the survey.

Although not directly asked within the survey, a research paper conducted by Frostburg State University in Maryland entitled 'The Effects of Out-shopping on a Small Rural Community: The Importance of Relationships' indicates that in addition, the typical *out-shopper* is likely to be more self-confident and physically fit, have a less positive image of the local area and be an opinion leader in the community. The impact of home ownership, size of household, number of children, education and tenure in the community on a person's propensity for *out-shopping* is mixed, and, consequently, not conclusive. Gender was almost split down the middle; therefore, been found to be insignificant in predicting such behaviour. Research reports that older consumers tend toward higher levels of *in-shopping* due to stronger ties to their local community.

Although this person is most commonly an *out-shopper* in your community, this same profile encompasses the person who is also most often *in-shopping*. Of the people who identified themselves as *out-shopping* at least once a month, that same group of people identified themselves as shopping within the Patricia District almost every day, generally in Dryden. The information provided through the consumer survey suggests that the typical *out-shopper* can be persuaded to spend their money locally with the right marketing mix, as they are already *in-shopping* on a regular basis. The elements of the local shopping experience they enjoy the best are convenience and the opportunity to support local business.

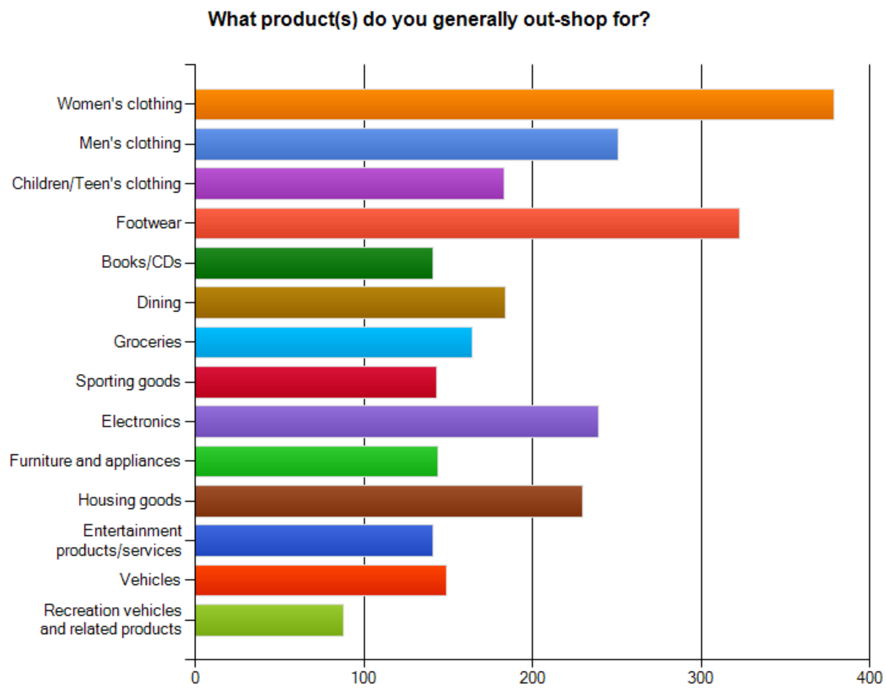
### 4.1.2 Why - Reasons for Out-shopping

The number one reason for *out-shopping* includes lack of shopping options in the community and minimal product depth and breadth of those retail establishments that do exist with 85 percent of respondents agreeing across every category. There is no variance in responses between males and females with only a point- or two-difference in every reason category or in age brackets. The second and third top reasons for *out-shopping* were price and service, respectively. Some specific comments that were made regarding this question are as follows, “my size of clothing is hard to find”, “items not available locally” and “prices are much lower elsewhere”.




### 4.1.3 What - Out-shopping Purchases

*Out-shopping* purchases tend to be for higher visibility, higher status shopping and specialty products. Research indicates that clothing and footwear for both males and females are the most commonly sought after items while *out-shopping* to all destinations; however, housing goods were also ranked very high for people when they are travelling to the United States to shop. Respondents from the Township of Ignace also identified electronics as tied for clothing in the number one item purchased while out-shopping. Other common items that were stated as generally *out-shopped* for include housing goods, building supplies and specialty items.



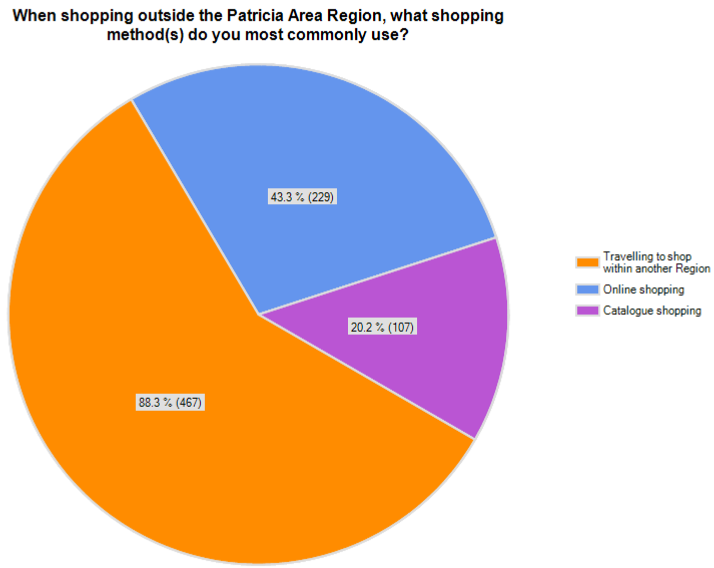

### 4.1.4 Where - Travel, Online, Catalogue

Of the 98 percent of respondents that identified themselves as shopping outside the PACE region at least once per year, the most common method in doing so was travel, followed by online shopping and lastly catalogue shopping. Winnipeg is the city that is visited most often for shopping and purchasing clothing is the most popular reason for wanting to shop there. The *out-shopper* was identified as female 75 percent of the time. These statistics are true for all *out-shoppers* who identify themselves as *out-shopping* anywhere from monthly to yearly.

For the respondents that identified themselves as *out-shopping* weekly, the data changes. Firstly, there is an even split between male and female and this *out-shopper* falls within a younger demographic. The most preferred method of *out-shopping* is online with electronics as the top item purchased. Of the people that did indicate travel as their preferred method of out-*shopping*, the preferred location is Thunder Bay. Selection was the leading factor for all *out-shoppers* but the weekly *out-shoppers* also had price tied in the top spot.

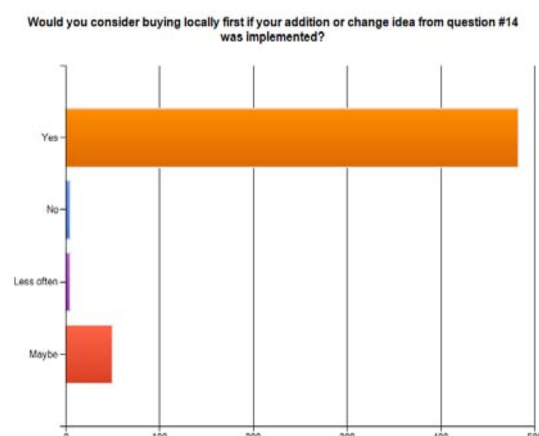
### 4.1.5 When - Most Common Times People Out-Shop

Overall, travelling to shop within another region was selected 88 percent of the time as the most common method of *out-shopping*. The purpose for travel was primarily identified as the travel experience followed by business purposes. This *out-shopper* is most often female, resides in Dryden and is between the ages of 45 and 64. The travel generally occurs several times per year, is not specifically to *out-shop* but when shopping, the most common items to purchase are clothing.  Besides travel for experience or business, the other common times people are shopping outside the region are when they have to travel to visit family and friends, for medical appointments or Christmas shopping.




## 4.2 Positive Attributes of the PACE Region Retail Districts – What Is Going Well

Although the majority of survey respondents identified themselves as *out-shopping* at least yearly, there were many positive results about shopping habits and environment that were solicited from the survey.  People in the PACE region understand how shopping locally benefits the economy and community as a whole.  When asked the questions, “How important is it to you shop local?” and “How would you rate the overall economic benefits of shopping local to your local community?”; the top responses were important and very important, respectively.




In addition to this point, one of the leading reasons indicated by respondents for *in-shopping* is to support the local economy with the other being convenience.  Ninety percent of respondents also indicated that if some improvements concerning merchandise selection, price and service were made; they would be more likely to *shop local* more often.  It is important for business owners and municipal leaders to understand this data as it indicates that increased *shop local* campaigns and events would most likely have a positive impact on consumers.

During the focus group and interview sessions, when participants had an opportunity to specifically identify stores where they routinely receive sub-par customer service, the businesses most often mentioned national and international corporations. Businesses such as Canadian Tire, Wal-Mart, Tim Horton's and A&W were all brought up as not meeting service standards.

The comments regarding service in the local businesses were mostly positive. Service is one component of the shopping experience that local businesses have the opportunity to excel in. Consumers understand that, as a small local business owner, it is sometimes not always possible to carry the largest merchandise selection or be able to charge discount store prices; however, excellent service throughout the shopping experience is enough to persuade the customer to continue to *shop local*.

From the perspective of the business owner, 50 percent of respondents indicated that in the previous 12 months their sales had increased with an additional 20 percent indicating sales had remained the same. Figures like this renew optimism in the economy and may even encourage entrepreneurs to open a new business and for consumers to open their wallets.

Another positive point that surfaced from business owners was their perception of support received from community leaders. During the interviews and focus groups, business owners were asked "How can community leaders better support the long term success of your business?" The majority of business owners responded by saying they feel they received adequate support from their municipal leaders. This fact helps to establish a positive business environment, which is a great selling feature when trying to attract new businesses and investment to the community.

## 4.3 Negative Attributes of the PACE Region Retail Districts – Where There is Room for Improvement?

Although many strengths of the PACE region retail districts were identified in the previous section, there unfortunately are also some weaknesses that need to be directly addressed in order to progress. Although consumers have adequate knowledge and understanding of the benefits of shopping local, there needs to be a better appreciation of it based on their shopping habits.

The majority of respondents indicated that even though they know the benefits of shopping local, when they are going to out-shop; it is not important to them to shop within Northwestern Ontario. Another alarming result from the survey is that when asked "What do you like best about your local retail district?", a total of 20 people indicated that there is "absolutely nothing good about their local shopping area".

As for a positive attribute, it was indicated that people would be willing to *shop local* more often if there were improvements made to selection, price, service and hours of operation. Although the latter part of that statement is a positive, the fact that a third of respondents indicated all those factors as needing improvement is not a positive sign. Also distressing is the fact that merchandise selection, price, service and hours of operation are the most essential factors that go into making the shopping decision. Making the required improvements to all these areas in meeting the satisfaction of the consumer will be a daunting challenge.

Another element identified as an area for improvement that will be easier to address is business support. Some business owners expressed interest in having grants or loan opportunities made more available. It was suggested that further incentives should be provided to business owners regarding expansion or store front improvements and reducing the red tape in the process of starting a new business. For example, some municipalities have business license requirements that may hinder a home-based business from initiating operations.

The final area for improvement identified by both business owners and consumers is to invest more care into the business, customers and community. The lack of spirit and energy felt by residents in the PACE region in regards to the business environment is affecting all areas of the shopping experience and, in turn, prompting people to *out-shop*. Consumers want to be communicated with, listened to and felt valued by their local businesses. Having a business community that is proud and excited to be there could alone improve the consumer complaints regarding service and hours of operation and, in the end, put more money back into the business.

## 4.4 Gaps in the Retail and Service Sector

With selection being the primary reason people choose to *out-shop*; it was necessary to determine more specifically what they are looking for in selection and how that could be achieved. In other words, the gaps in the retail and service sector needed to be identified from the local consumer perspective. While directly meeting with area consumers during the primary research stage of the study, the question was asked "Merchandise selection was identified as the number one reason for out-shopping by consumers. If you could add three new stores to your local retail district, what would they be?" The most popular responses were:

- Plus size women's clothing store;
- Petit size women's clothing store;
- Craft store;
- Fine dining;
- Organic and specialty foods;
- Big chain retail stores and restaurants (e.g. Winners, Home Depot, etc.); and,
- Dollar store.

Another interesting gap that was identified several times was the lack of existing stores having a website or online purchasing capabilities. Along these same lines is lack of online store and product reviews on merchandise available for consumers. With the Internet being the fastest growing shopping outlet in the world, it is imperative that merchants in the PACE region offer this feature to their consumers. The Internet is beginning to pose the greatest competition to traditional stores (addressed in more detail in section 5.2) and opportunities will be missed if it is not built into the businesses within the PACE region.

## 5.0 Gap Analysis

The primary and secondary costs to local communities of residents *out-shopping* are vast. To mitigate some of those costs, a gap analysis has been conducted to begin developing a strategy to combat some of the effects. The information presented within this section can be utilized in the future development of a strategic marketing plan for a *shop local* campaign.

### 5.1 Target Market

A target market can be defined as a segment of consumers that is most likely to purchase the products and services offered by a particular retailer. When defining the target market, retail organizations generally identify demographic, socioeconomic and psychographic characteristics. This data is then utilized to focus and guide marketing, advertising, promotion and merchandising efforts. Each individual business will have a unique and distinct target market based on product or service selection. This section will try to identify who the target market is to run a successful *shop local* campaign in the PACE region.

#### 5.1.1 Demographic

The demographical target market for the retail districts and markets within the communities of Ignace, Sioux Lookout, Dryden and Machin are comprised of the almost 16,000 people that currently reside there. A *shop local* campaign would target people within the region; classifying these individuals as the primary target market. A primary target market is the segment of a marketplace that a business believes will give it the best chance to sell.

The secondary target market includes future primary buyers, which are those buying at a higher rate within a small market segment and are those who influence primary buyers. Their characteristics and buying behaviours usually differ from those of the primary target market. The secondary target market, in the case of a *shop local* program, would be tourists, young people, transient workforce, seasonal residents and high-use local *out-shoppers*.

### 5.1.2 Socio-economic

Through survey analysis, the typical socio-economical description of the PACE *out-shopper* is between the ages of 25 and 44, affluent with an annual household income of greater than $75,000 and mainly resides in the Dryden area. Additionally, research points that the typical *out-shopper* is likely to be more self-confident and physically fit, have a less positive image of the local area and be an opinion leader in the community. The impact of home ownership, size of household, number of children, education and tenure in the community on a person's propensity for *out-shopping* is mixed, and consequently, not conclusive. Gender was almost split down the middle; therefore, is insignificant in predicting such behaviour.

### 5.1.3 Psychographic

Psychographic variables are any attributes relating to personality, values, attitudes, interests or lifestyles. Some of this data can be derived from the primary research analysis, including *shop local* values and attitudes. The majority of people in the PACE region understand the benefits of *shopping local*; however, when deciding where to *out-shop*, remaining in Northwestern Ontario is mostly unimportant. Many of these communities also have relatively large transient and seasonal populations making it difficult to instil local values and pride in them for the short period they are residing within the community. It is these values and attitudes that must be addressed and modified in order to see great success with a *shop local* program.

Effective diagnosis of the target market is the key to success for any business or *shop local* event. People are not going to buy from a business or attend a *shop local* event if they don't know about it. Target market analysis and identification can be completed in several ways. As is the case with this project, a survey can be utilized to collect data. Another method that may be more valuable for determining primary and secondary target markets along with demographic, socioeconomic and psychographic factors is postal code input. Maintaining an online database of the postal code for every person who enters a business provides access to additional data such as household spending and frequency, most common items purchased and more.

The organization most suited to take the lead on a *shop local* initiative is PACE. With a mandate and commitment to promote economic growth within the Patricia region of Northwestern Ontario, PACE has unprecedented access to the markets, regional data and statistics, resources and vision that will lead to a successful *shop local* campaign. Through the formation of an ad hoc committee involving interested members, PACE has an opportunity to be the driving force in implementing a region-wide *shop local* program.

An example of how a similar program has been successfully implemented in another Northwestern Ontario district is with the Rainy River Futures Development Corporation (RRFDC). Rainy River area municipalities recently launched a campaign to stimulate local spending and protect local jobs. With support from Northern Ontario Heritage Fund Corporation, the RRFDC is working with local business partners on a *'Go Local'* campaign to keep economic activity and jobs in the region. The marketing initiative will promote themes such as Eat Local, Shop Local and Play Local, and will include a rewards card program to encourage local spending. Local consultant Tanis Drysdale explained how the program will encourage local spending, "it's really a program that can provide market research information to small- and medium-sized businesses, and can help local and independent retailers compete in the big world of the Internet and *out-shopping* and massive corporate retail giants,"

## 5.2 Competition Analysis

The communities encompassing the PACE region are all considered small rural towns based on population figures and are in proximity to larger centres; therefore, the competition facing local retailers is fierce. In many cases, the ability to attract large box stores or carry a wide collection of merchandise is not feasible as the revenue potential is not there. The top areas of competition for the local retail districts identified during the research stage of the study consists of travelling to shop in a larger city centre, online shopping and catalogue shopping. The competitive factors for these three methods are discussed below.

### 5.2.1 Travelling

The PACE region borders the Thunder Bay District to the east, the Manitoba border to the west and the Minnesota border to the south. Shopping options in all three destinations offer a much greater range of stores and merchandise selection at a variety of price points, which are appealing to a larger market.

Patricia Region Service Area Map


### *5.2.1.1 Winnipeg*

Depending on where consumers reside within the PACE region, Winnipeg, Manitoba is approximately a four hour trip or short airplane ride away. With a population of more than 630,000, options for shopping, entertainment, accommodations and recreation are extensive. From a retail perspective, Winnipeg boasts an array of boutiques, speciality and hobby stores, shopping districts, shopping malls, factory outlets and box stores and farmers markets. One popular shopping destination within Winnipeg is Polo Park Mall.

The Polo Park Mall is the city's largest shopping centre offering over 200 stores and services. Some of the larger retailers located within the mall are The Bay, Sears, Zellers and Pier 1 Imports. Another popular shopping destination in Winnipeg is the Osborne Village shopping district. Winnipeg has 15 different outlet stores with some of the more popular being Addition-Elle, Roots and Le Chateau. The vast assortment of stores and the shopping experiences provided to the consumer in Winnipeg make this shopping destination a top competitor for the PACE region.

### *5.2.1.2 Thunder Bay*

As the geographical centre of North America and the largest metropolitan centre in Northwestern Ontario, Thunder Bay's Census Metropolitan Area (CMA) has a population of over 122,000 residents. Thunder Bay is Ontario's 14$^{th}$ largest city and Canada's 31$^{st}$ largest city. Thunder Bay is approximately 4 hours away by car from the PACE region and is a full-service city with a large retail sector. The largest retail area in the city is the Thunder Centre, which encompasses Intercity Shopping Centre on one side and many large box stores and chain retailers in a shopping complex across the street. Intercity Shopping Centre offers 102 shops and services including Sears, Zellers, American Eagle, Home Sense, West 49 and Sport Check. Across the street, shoppers have access to Home Depot, Michaels Craft Store, Canadian Tire, Home Outfitters and much more.

Thunder Bay also offers many specialty stores such as plus size clothing, maternity clothing, fine dining, recreational vehicles, home décor and speciality foods. An area growing in popularity is the Bay Street District with an eclectic energy and lots of uniquely local shops. Thunder Bay’s proximity to the PACE region and diverse range of retail options make travelling for shopping an attractive option.

### *5.2.1.3 United States of America*

The United States of America (USA) has long been a tourist hot spot and ranks number one for out of country travel for Canadian residents. There are many reasons for this with the most obvious being their ease of location. Some other leading factors include warm weather, rising Canadian dollar, leisure, entertainment and shopping options. Although increasing numbers of large USA retailers are progressively opening more stores in Canada (e.g. Target, Kohls, Marshalls, etc.), for residents of Northwestern Ontario, it is often still cheaper and more convenient to access these stores by car through the USA border.

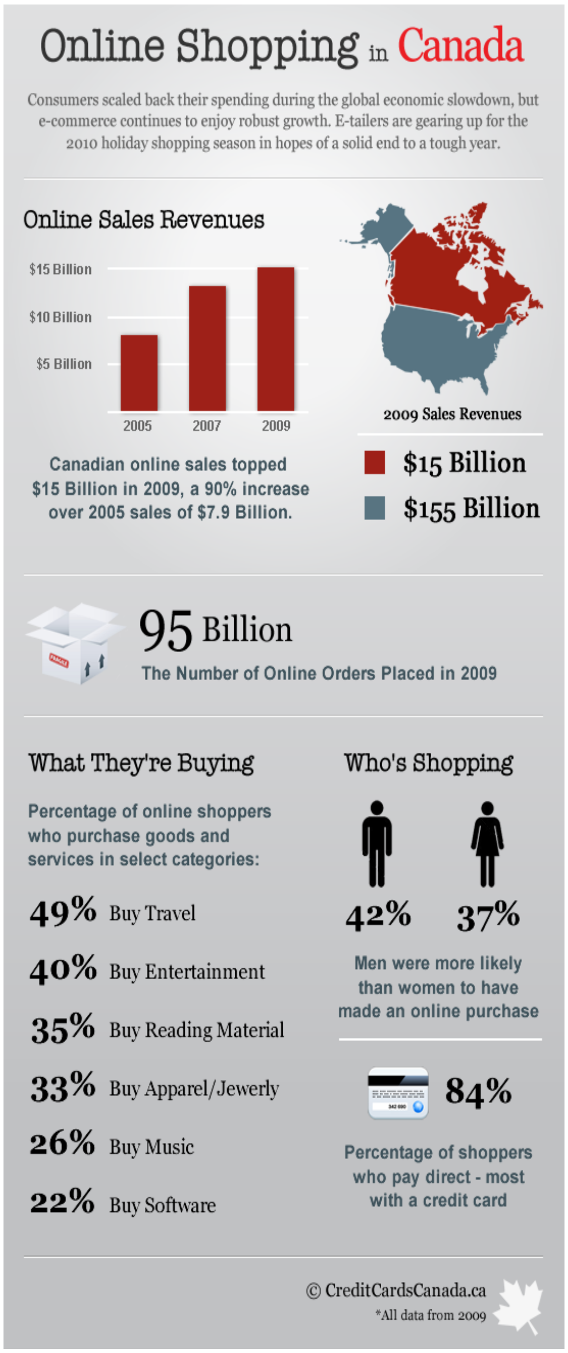
For a resident of the PACE region, the closest USA border crossing is at International Falls and the most popular USA shopping destination is Duluth, Minnesota approximately 6 hours away by car. Similar to the Thunder Bay marketplace, Duluth has a population of just under 90,000. The shopping scene is also similar in size and breadth to Thunder Bay but differs with the additional popular USA retail chains.

The most commonly visited stores while in the USA include Menards, JC Penney, Target, Best Buy and Kohls. Once in Duluth, shoppers have access to the largest mall in the United States just an additional two further south to the city of Minneapolis. Minneapolis is recognized internationally for its shopping with the Mall of America. The Mall of America has more than

2,768,400 million feet of retail space, over 520 stores and 50 restaurants; making this shopping destination very attractive to shoppers from all over Canada and the USA.

### 5.2.2 Online

Online spending for Canadians has been steadily increasing for years and it shows no sign of abating. Before the Internet was launched commercially in 1993, few people outside of the scientific and academic communities knew anything about this new technology. Commerce has since changed in unimaginable ways, as it is now possible to search, purchase and sell just about anything over the Internet (Rowland, 2006). Some of the expected impacts of electronic commerce (e-commerce), such as the potential detrimental effects on traditional retail, have not yet come to fruition (Sciadas, 2006). It appears that the impact of the Internet on retail shopping depends on the specific product category, as well as other factors such as consumer behaviour and concern for online security (Statistics Canada).




By 2007, the Internet was utilized to make almost 70 million orders by about 8.4 million Canadian individuals aged 16 years and older. The value of online orders made by Canadians in 2007 was $12.8 billion. The number of online consumers aged 18 years and older grew by 18 percent over the two years. And in 2007, these online consumers reported an average of 8.4 orders worth $1,554, up from 7.2 and $1,150 in 2005, a 16 percent and 35 percent increase, respectively.

Despite this growth, online sales continue to represent just a fraction of total consumer expenditures on goods and services. To illustrate, total retail sales in Canada were about $412 billion in 2007.

The reasons for this inexorable growth can be summed up in one word: convenience. For a whole category of purchases, it is simply easier and faster to buy online and prices are often lower. Comparing prices, finding discounts and promotions, having your loyalty rewarded and not having to travel to get the exact product are saving money in the downturn.  But above all consumers love the convenience.

Canada's online shopping mall has a categorized listing of over 2,100 online shopping sites and options for consumers.  The sites that top online shopping in Canada are:

- Amazon.ca;
- Apple.ca;
- Kijiji.ca;
- BestBuy/Future Shop;
- Wal-Mart;
- Canadian Tire;
- Sears;
- Nextag.com;
- Bell; and,
- Shopzilla.com.

*Source:  Comscore*

### 5.2.3 Catalogue

When you look at the evolution of shopping, many people would agree that online shopping is the 21st century version of catalogue shopping; however, data regarding shopping habits of people living in the PACE region indicate that catalogue shopping is alive and well.

According to the Direct Marketing Association (DMA), the paper catalogue is still the largest revenue generator.  Catalogue sales were responsible for some 50 percent of retail sales in both 2007 and 2008 among all channels used by companies that sell goods to consumers and businesses from a remote location.  The DMA's "State of the Catalogue Industry", 2008 edition found that similar to prior years some 62 percent of respondents said catalogues were their primary sales channel; websites were second (20 percent), followed by retail stores (6 percent).

When it comes to putting great ideas on paper and innovative products in the hands of consumers, few things are as effective as mail order marketing.  Catalogue companies, including large companies such as SkyMall, Spiegel and Sharper Image, represent a $75 billion market.

The best products for catalogue sale are those that are unique, photograph well, have a year-round market and can be easily shipped.  Retailers in North America that recently experienced an increase in catalogue sales include:

- Pottery Barn;
- Cabela's;
- JC Penney; and,
- Victoria's Secret.

Competition for small retailers is inevitable and looms everywhere. So the question surfaces, is there a future for small retailing? The answer is yes. The future for the small retailer is in what the box stores and online merchants do not and cannot do well; offering a full selection of high quality, specialty goods coupled with the state-of-the-art product knowledge and outstanding service that customers need and expect. Customers are willing to pay a premium for these goods and services; however, it is not enough to merely stake out a niche. Successful small retailers in the future will need to continually improve their skills and performance to maintain a leadership position in the market.

Here are some strategies a small business can implement to thrive against the big box stores:

- Provide exceptional customer service;
- Pamper existing customers;
- Consider collaborating with similar and complementary businesses;
- Use 'loss leaders' – A 'loss leader' is defined as a product on which a business loses money but through which it also generate sales of other products in their mix;
- Develop a niche and focus on it;
- Present a very professional image;
- Take care of employees;
- Use technology to an advantage;
- Emphasize the uniqueness of products; and,
- Give storefront character.

Small retailers may not be able to fight big box stores independently, as they do not possess the required resources; however, they can often steal a march on them by being more agile, creative and committed.

## 5.3 Retail Market Area S.W.O.T. Analysis

The key issues and opportunities Ignace, Sioux Lookout, Dryen and Machin retail districts raised through the business and resident surveys, interviews, focus groups and the *Retail Market Area First Impressions* exercise are summarised in the following SWOT analysis:

## Strengths

- Downtown revitalization and renovation strategies are in place and, in some cases, underway to improve external appeal and attract more people. Goal is to provide a functional commonplace for meetings, fairs, music and markets;
- Sioux Lookout Chamber, Sioux Lookout Township and Sioux Hudson Employment office just finalized a partnership to offer a free customer service training course for businesses;
- Downtown safety is not an issue;
- Lots of free parking;
- Overall good sense of welcome and friendly atmosphere;
- Easy to navigate;
- Adequate green space and parks;
- Good character with old fashioned light posts and signage;
- Good range of convenience retailing outlets meeting basic shopping needs;
- Service supermarkets as key magnets, including Safeway, IGA and Johnny's;
- A neighbourhood community focus; and,
- Support from community members and Council to implement improvements.

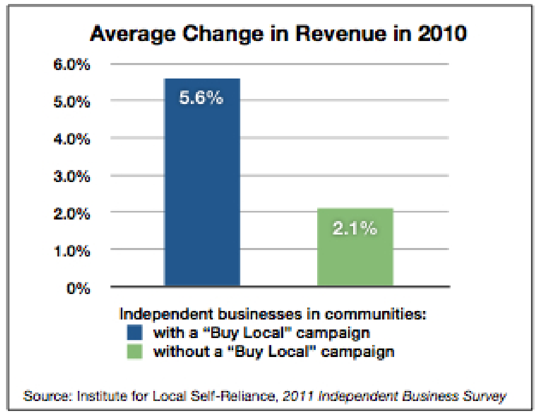
## Weaknesses

- Better town beautification strategy and signage to entice people to stop;
- Inconsistent and short business hours of operation;
- Aging infrastructure;
- More garbage bins are required;
- Lack of ambience;
- Limited landscaping;
- Lack of takeaway food outlets, café/restaurants and other retail;
- Lack of (another) major anchor; and,
- Lack of sheltered spaces for people to congregate.

## Opportunities

- Farmers markets or sidewalk sales;
- Shop local campaigns;
- Business support directory;
- Slow traffic on main highway so people feel safe stopping or turning into businesses (Ignace);
- Ongoing improvements and updates to exterior;

- Expansion through redevelopment;
- Greater range of convenience retailing facilities;
- Development of a Business Improvement Association or *Shop Local* organization;
- Creation of marketing activities; and,
- Development of Downtown Master Plans.




## Threats

- Difficult to find qualified staff for evenings and weekend shifts;
- Large transient population that are not invested in the community;
- Major regional competition prompting *out-shopping;*
- Online revolution; and,
- Reluctance by property owners to invest in improvements

From this SWOT analysis, the key opportunities for the future of the PACE region shopping districts are:

- Achieving higher standards of presentation, merchandising and customer service in existing businesses;
- Implementing a new brand for the region, getting all businesses behind the branding, and making the wider community more aware of it;
- Continuing to organize and implement a strategic marketing program;
- Facilitating improvements in the region with the business owners and Council; and,
- Development of a Business Improvement Association or *Shop Local* Organization.

## 5.4 *Shop Local* Marketing Strategies and Programs

If the businesses and retail districts want to keep local consumers, they have to provide incentives or reasons why consumers should spend their money locally. Then, businesses need to ensure incentives and reasons are being communicated and marketed correctly to reach their target audience. The best way to do this is to develop a comprehensive, regional *shop local* campaign that offers something for everyone and appeals to the entire larger demographic in the primary target market. Understanding that not everyone is the same with different socioeconomic and psychographic backgrounds, a cookie cutter approach will not work.

*Shop local* campaigns experienced success in many other communities and can yield positive results in the PACE region. The 2011 Independent Business Survey has found that, for the fourth year in a row, those communities with an active *shop local* campaign have experienced markedly stronger revenue growth compared to those located in areas without such a campaign. Business owners in cities with active *shop local* campaigns reported a wide range of positive impacts on their business.

Almost half reported that the campaign had brought new customers to their business and 55 percent indicated it had made existing customers more loyal. More than two-thirds stated that local media coverage of independent businesses had increased and 51 percent said that local government officials were now more aware and supportive of the needs of independent businesses.

It is very difficult for retail establishments in small communities to compete with larger stores and discounters located in major metropolitan areas on price. For those shoppers whose main motivation is securing a better deal, small town retailers will be at a disadvantage; however, as the research suggests, price is just one of the many variables consumers consider when purchasing products and it does not sway a majority of shopping decisions.

Small town retailers can capture a large percentage of sales to local shoppers if they stock the goods people want to buy and if the shopping experience is convenient for the buyer. In addition, establishing a personal relationship with shoppers, where the shopping experience is seen as an interaction between friends and not just as a financial transaction; goes a long way towards making local buyers more inclined to *shop local*.

Through primary research methodologies, it has been determined who the *out-shopper* is, what they are *out-shopping* for, primary methods of *out-shopping*, why they are *out-shopping* and most common locations to *out-shop*. This valuable information provides a strong base to begin building a marketing campaign that will appeal to the greater demographic. The following are a few strategies that can be implemented within the PACE region to encourage increased local shopping.

### 5.4.1 Market, Communicate and Talk to your Customers

This strategy sounds relatively simple and straight forward and numerous businesses would probably even state they are already doing this; however, local research indicates not well enough. Personal appeals should be made to customers that a business needs their patronage with each point of contact. Nobody has better access to their customers than the business owner; utilize every opportunity to the maximum. Communicate the benefits of shopping local through all marketing outlets and ensure customers know businesses truly appreciate their patronage. Some ways of doing this are:

1. Record a new on-hold message.  When a customer is on-hold, they hear the business thanking them for their support.
2. Upload a *shop local* video to raise *shop local* awareness and engage existing and potential customers.  Post the video to the business website, in the store and to all social media outlets.
3. Post a durable sign at the store entrance or by the roadside sharing the message.
4. Ask all customers to sign the *Shop Local I Pledge* form committing them to shifting at least $100 of their monthly spending to locally owned stores to make the PACE region economy stronger.  In doing so, their name will also be entered into a draw for monthly local prizes.
5. Spend business and personal dollars with locally owned businesses.

### 5.4.2 My Card

First introduced in Europe, *My Card* is an area-based (City, Town, Neighbourhood and Settlement) loyalty program card to reward residents for rediscovering their local businesses.

Fully embracing technology, *My Card* introduces 'non-payment cards', mobile technology and 'near field communication' solutions to deliver incentives and cash rebates.  The unique proposition *My Card* offers to local municipalities, town partnerships, Downtown Revitalization plans and Chambers of Commerce enables them to deliver a program that will unite communities, re-circulate local wealth and create significant income for local businesses.

Each *My Card* has the user's personal information built into the card and with every purchase at a participating local retailer, the card is swiped and the user is rewarded with loyalty points that can be used to be re-invested back into the community.  The card is also a useful market research tool for business to determine shopper trends and habits.  The key benefits of the card include:

- Residents rewarded for spending with local merchants;
- Local merchants rewarded with greater foot traffic, greater sales and transaction data;
- Local area benefits by becoming the local destination for residents who, as well as spending more money, spend more time enjoying all the other activities the area has to offer;
- Strengthen existing town branding and community spirit; and,
- Retailer resource outlet to share best practices.

### 5.4.3 3/50 Project

The 3/50 project is about choosing three favourite local businesses or service providers that you would miss if they were gone and committing to spend a total of at least $50 each month with them; not $50 each but $50 total. This kind of effort and mindfulness can help keep local businesses in business during these challenging economic times.

Local businesses can further support this initiative by providing a discount or incentive to the patron at their business when they show a receipt that they have purchased a service or product from any business within the PACE region on that same day. The going wisdom is that for every $100 spent in local stores, $63 returns in taxes, payroll and other revenue streams.

### 5.4.4 E-Marketing

Small, local retailers can tap into the e-marketing, e-commerce and social media frenzy by adapting to changing sales and marketing strategies. Fuelled by new technology, the retail industry has an opportunity to expand in directions it would have been difficult to predict even five years ago. With daily deals delivered via Twitter feeds, mobile friendly sales sites and locate local businesses iPhone applications; the options of avenues to communicate with customers are endless. This new age of marketing is no longer an option for local businesses. To be able to compete effectively, the Internet and online marketing tools must be utilized.

## 6.0 Recommendations and Conclusion

To effectively address the regional growing trend of *out-shopping* and implement strategies and programs to deter its expansion, some long term recommendations have been developed. The success of these programs is the responsibility of a variety of stakeholders ranging from local government, small business owners and residents. Everyone in the PACE region needs to take ownership of *shopping local* and investing in the community first to realize change.

### 6.1 Establish a Shop Local Committee

Through a collaborative partnership with PACE, local Chambers of Commerce, Northwest Business Centre and local business owners, a shop local committee needs to be formalized to address the ongoing issue of *out-shopping*. The *shop local* committee will be responsible for promoting and supporting locally-owned, independent businesses year round and fuelling the local economy.

The committee will develop a *shop local* slogan and unified message that can be used on all marketing materials for businesses, further communicating the importance of keeping local shopping dollars in the PACE region. By creating a marketing campaign such as ‘keep the cheer here, ‘spend it at home, ‘get more of it back’ or ‘I pledge to *shop local*’ will keep shopping local on the minds of consumers.

The marketing materials available can range from post cards and window stickers to blog posts and Facebook icons. This type of marketing support to small businesses and the constant reminders to consumers about how their shopping choices affect the community will slowly begin to result in positive outcomes.

## 6.2 Monthly Workshops for Business Owners

Through the committee, monthly workshops for business owners will be available focussing on combating *out-shopping* challenges. Some themes that will be specifically addressed are *shop local* incentives and campaigns, how to sell to the online generation, competing with big box stores and communicating with the target market to name a few. Specialized training seminars that provide retailers with useful, easy to implement strategies and tools will make the entire local business community more aware and prepared to deal with the *out-shopping* phenomenon.

These workshops will also arm businesses with the proper tools and knowledge to create their own *shop local* incentives unique to their business culture. In addition, training centres will be set up for employees, teaching the value of excellent customer service and product knowledge stressing the importance of their role to create a great customer experience with every point of contact.

## 6.3 Monitoring and Evaluation

The degree of achievement of the actions undertaken by the committee must be evaluated at regular intervals throughout each financial year. Key performance indicators to be included in the evaluation are:

- Level of business participation in activities and promotions;
- Business and customer perceptions about the success of individual promotions and advertising campaigns;
- Business perceptions about changes in the overall profile and trading performance; and,
- Financial impacts of activities and promotions to local businesses.

It is recommended that an evaluation report be prepared for each community Council at the end of each fiscal year. The report is to address the degree of achievement with the performance indicators outlined above. The report will guide the activities undertaken by the committee in the following year and may assist in the development of a business plan to guide the long term efforts of the committee.

## APPENDIX I – Consumer Survey

# Measuring Retail Market Gravitation

Patricia Area Community Endeavours Inc. (PACE) is a Community Futures Development Corporation committed to encouraging local community and economic development by assisting community groups and entrepreneurs. For the purposes of this study, PACE services the communities of Dryden, Sioux Lookout, Ignace and Machin. In a continuous effort to fullfill their mission, PACE has secured funding to undertake a study focused on Measuring Retail Market Gravitation and out-shopping. This survey will help to determine consumer shopping practices and patterns for the development of a strategy to strengthen the local retail market. Upon completion, surveys can be dropped off at your local municipal office, Enterprise Dryden, Dryden Development Corporation and the PACE office. If you prefer to mail in the survey, please send to: P.O. Box 668, Dryden, ON P8N 2Z3

For your convenience, this survey is also available online and we encourage submission through this method. Please visit your municipal website and look for the PACE logo to access the link. We very much appreciate you taking the time to complete this survey and supporting your community.

Demographic Information

## 1. Please indicate your gender.

- Male
- Female

## 2. What community do you reside in?

- Dryden
- Eagle Lake First Nation
- Ignace
- Lac Seul First Nation
- Machin
- Sioux Lookout
- Wabigoon First Nation

Other (please specify)

## 3. Please identify the age bracket that corresponds with your age.

- 16 - 24
- 25 - 44
- 45 - 64
- 65 +

### 4. What is your average annual household income?

- ◯ $10,000 - $24,000
- ◯ $25,000 - $44,000
- ◯ $45,000 - $74,000
- ◯ $75,000 - $100,000
- ◯ More than $100,000

Other (please specify)

Shopper Attitudes

### 5. Please answer the following questions based on their importance to you.

| | Not at all important | Somewhat important | Important | Very important |
|---|---|---|---|---|
| How important is it to you to shop local? | ◯ | ◯ | ◯ | ◯ |
| How would you rate the overall economic benefits of shopping local to your community? | ◯ | ◯ | ◯ | ◯ |
| If you are forced to out-shop, how important is it to you to shop within Northwestern Ontario? | ◯ | ◯ | ◯ | ◯ |

Shopping Habits

### 6. How often do you shop within the Patricia Area Region (Ignace, Sioux Lookout, Dryden and Machin)?

- ◯ Almost daily
- ◯ Once a week
- ◯ Every two weeks
- ◯ Once a month
- ◯ I seldom shop in the Patricia Area Region

### 7. When shopping locally, in which community do you shop most often?

- ◯ Dryden
- ◯ Ignace
- ◯ Machin
- ◯ Sioux Lookout

### 8. How often do you shop outside of the Patricia Area Region?

- Weekly
- Once a month
- Twice yearly
- Yearly
- Never

If you answered 'never' to question #8, please skip to question #12.

### 9. When shopping outside the Patricia Area Region, what shopping method(s) do you most commonly use?

- [ ] Travelling to shop within another Region
- [ ] Online shopping
- [ ] Catalogue shopping

Other (please specify)

### 10. If you chose "Travelling to shop in another Region" as one of your answers from question #8, please indicate your most frequent destination.

- Kenora
- Thunder Bay
- Winnipeg
- U.S.A.

Other (please specify)

### 11. What is/are your primary reason(s) for out-shopping?

- [ ] Convenience
- [ ] Price
- [ ] Selection
- [ ] Service
- [ ] Hours of operation
- [ ] Travel experience
- [ ] Travel required for business

Other (please specify)

## 12. What product(s) do you generally out-shop for?

- [ ] Women's clothing
- [ ] Men's clothing
- [ ] Children/Teen's clothing
- [ ] Footwear
- [ ] Books/CDs
- [ ] Dining
- [ ] Groceries
- [ ] Sporting goods
- [ ] Electronics
- [ ] Furniture and appliances
- [ ] Housing goods
- [ ] Entertainment products/services
- [ ] Vehicles
- [ ] Recreation vehicles and related products

Other (please specify)

## 13. What do you like best about your local retail district?

- [ ] Convenience
- [ ] Price
- [ ] Merchandise selection
- [ ] Quality of Service
- [ ] Supporting the local community
- [ ] Social outing
- [ ] Hours of operation

Other (please specify)

## 14. If you could add or change something about your Regional shopping district(s) what would it be (click all that apply)?

- [ ] Better prices
- [ ] Merchandise Selection
- [ ] Quality of Service
- [ ] Hours of operation

Other (please specify)

## 15. Would you consider buying locally first if your addition or change idea from question #14 was implemented?

- ( ) Yes
- ( ) No
- ( ) Less often
- ( ) Maybe

## 16. Additional comments

## APPENDIX II – Radio Advertisement

CKDR
92.7 FM Dryden

Ph. (807) 223-2355
Fax (807) 223-5090
Toll-free (800) 465-7200
Web www.ckdr.net
122 King St. • Dryden, ON • P8N 1C2

***Today's hits, yesterday's favourites!***

**Client:** GCK Consulting **Title:** Out Shopping Survey **Writer:** Chris
**Starts:** 9/21/2011 **Ends:** 9/27/2011 **Cart #:** DE218 **Category:** DRS/EAS/WES
**Background:** /CD Library/evo126/EVO126_38.mp3
**Save to:** /Spots/GCK Consulting/11.8.11 GCK Consulting-Out Shopping Survey (30).mp3
**Additional Instructions:**

You've said it plenty of times.

"I'd shop locally ***if only …***"

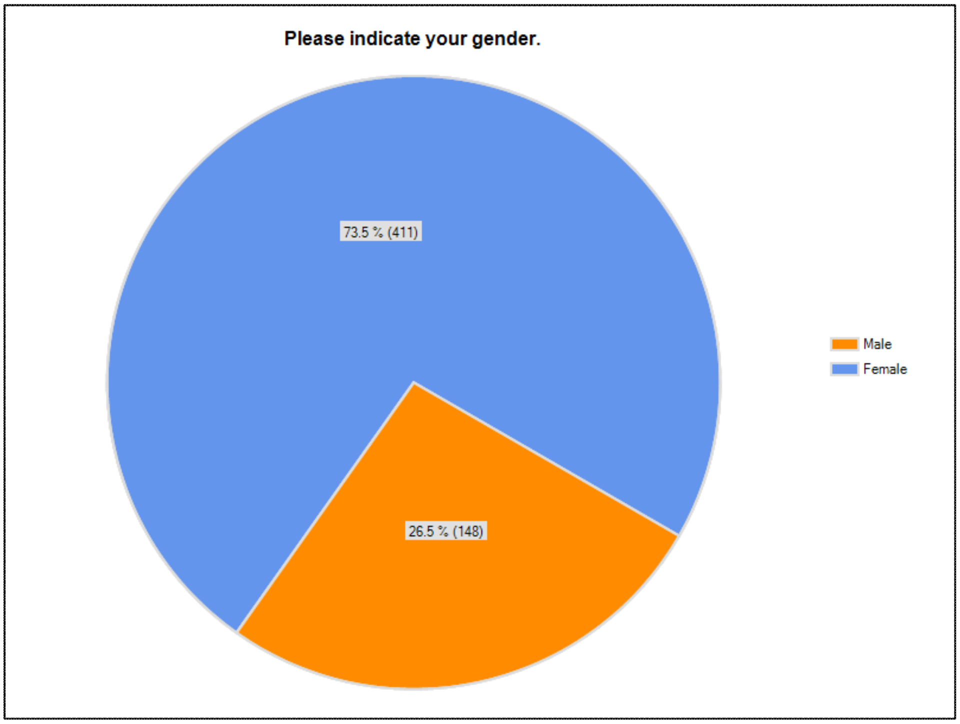
Well, businesses in Dryden, Sioux Lookout, Ignace, and Machin are listening – so make your opinions heard! PACE invites you to take a quick out-shopping survey. Tell them why you go out of the area to shop – and what could be done to keep you shopping locally.

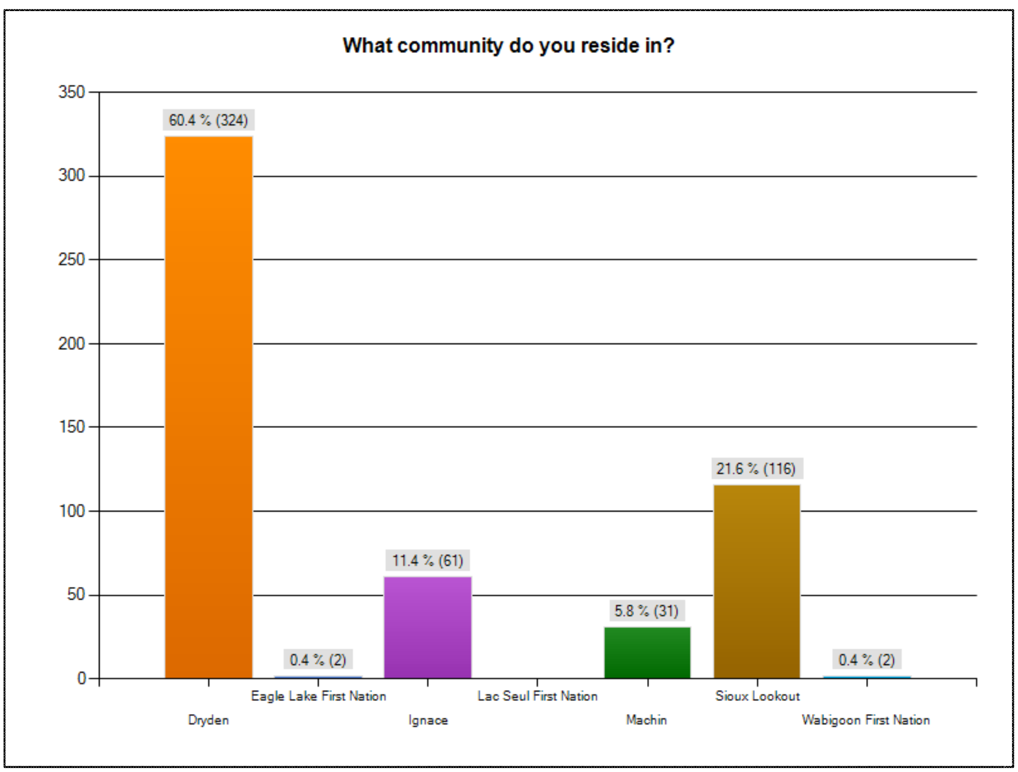
Visit Dryden.ca and click the link in the lower right corner to take the survey online. No computer? Get a printed copy from the Ad Bag, or your municipal office.

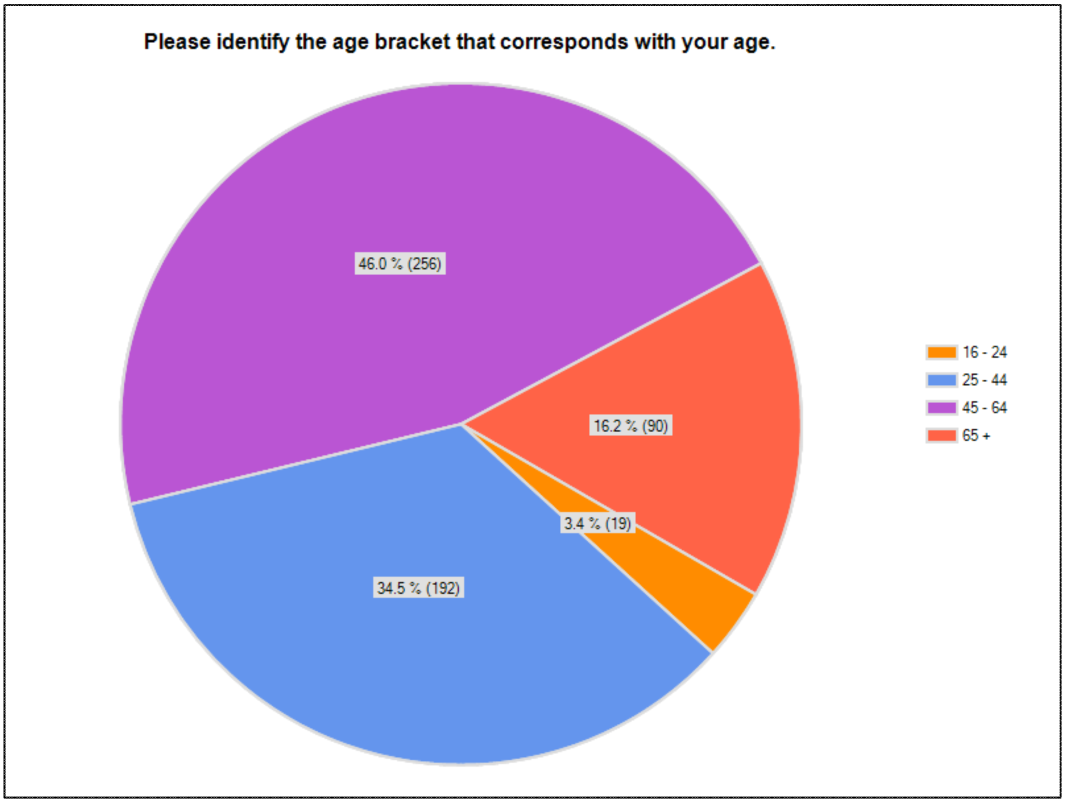
Take the survey.
*Make your opinions heard!*

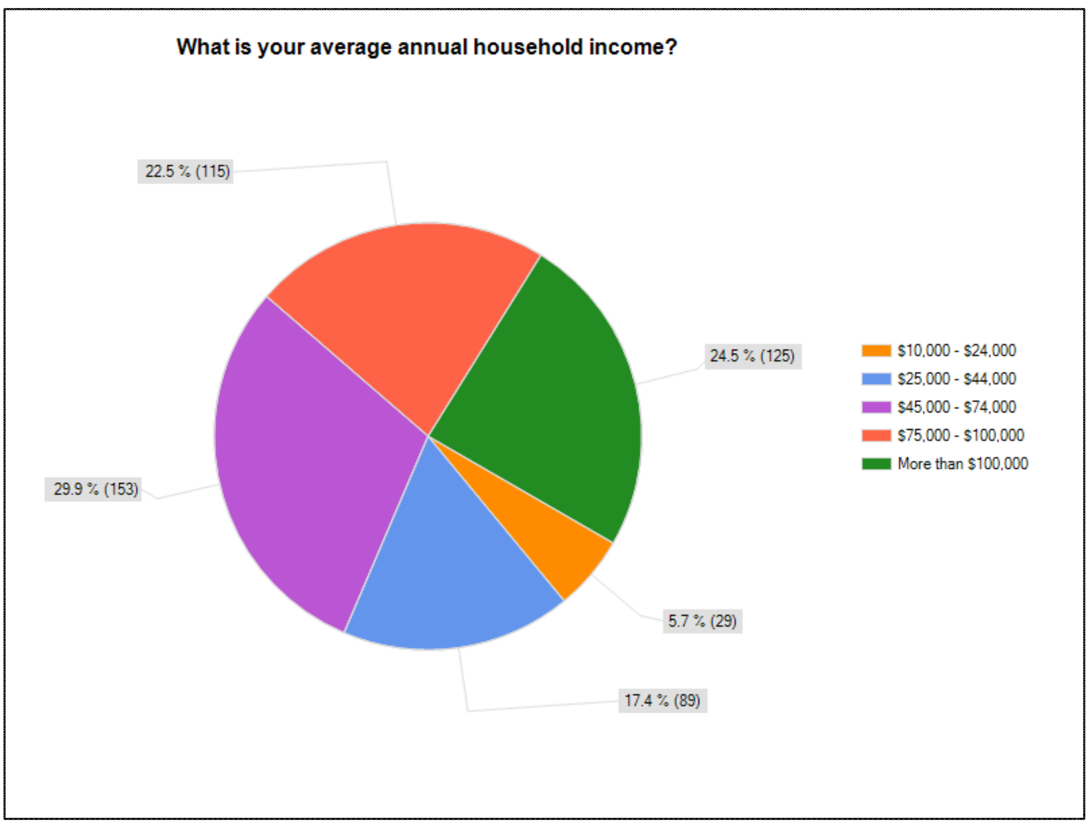
## APPENDIX III – Complete Results of *Consumer Survey*

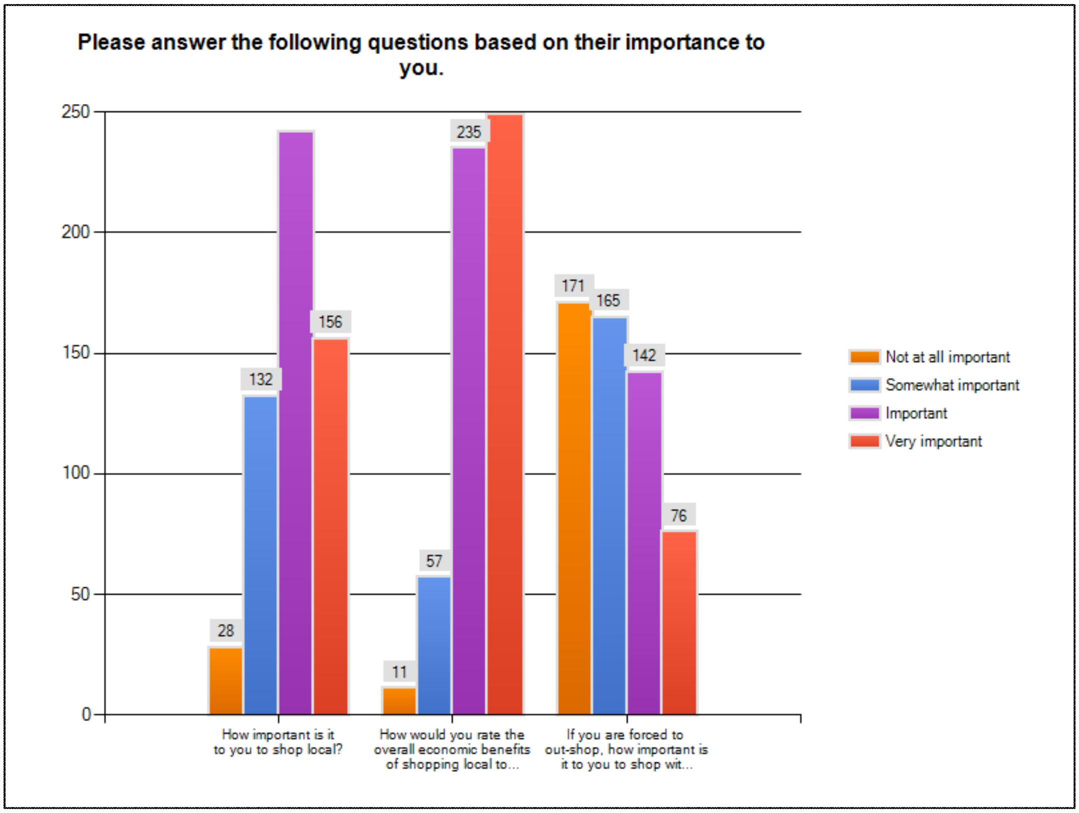
# Consumer Survey Results



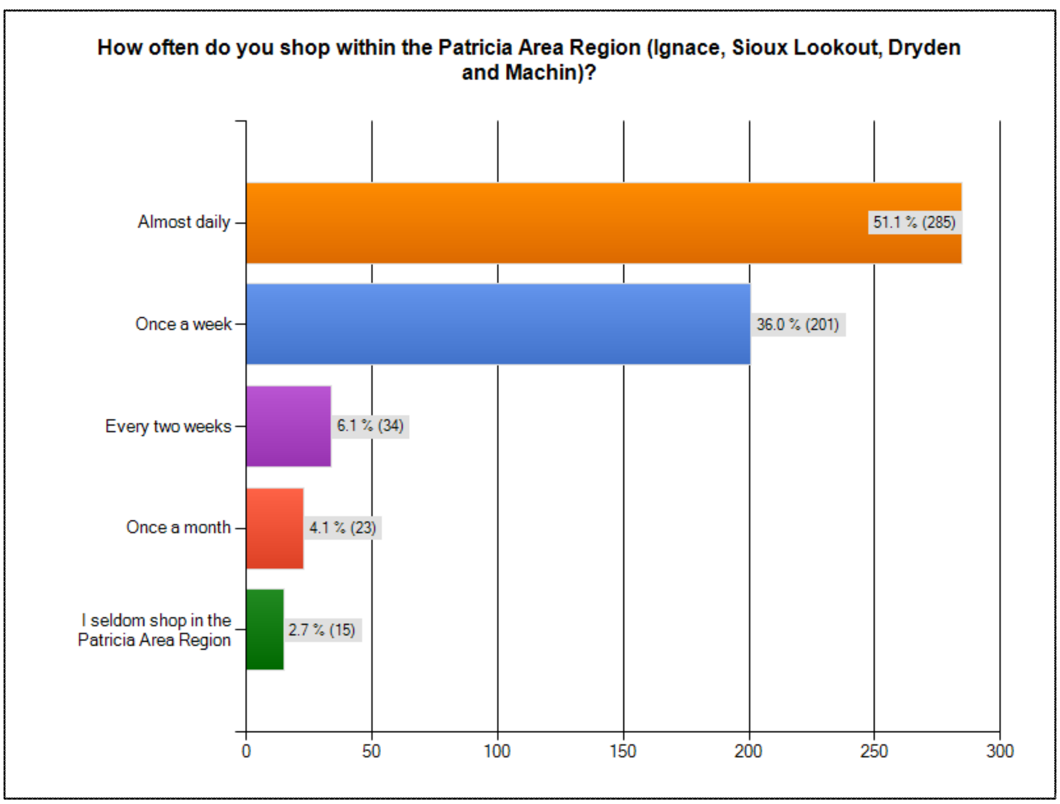




Please identify the age bracket that corresponds with your age.
46.0 % (256)
16.2 % (90)
3.4 % (19)
34.5 % (192)
16 - 24
25 - 44
45 - 64
65 +

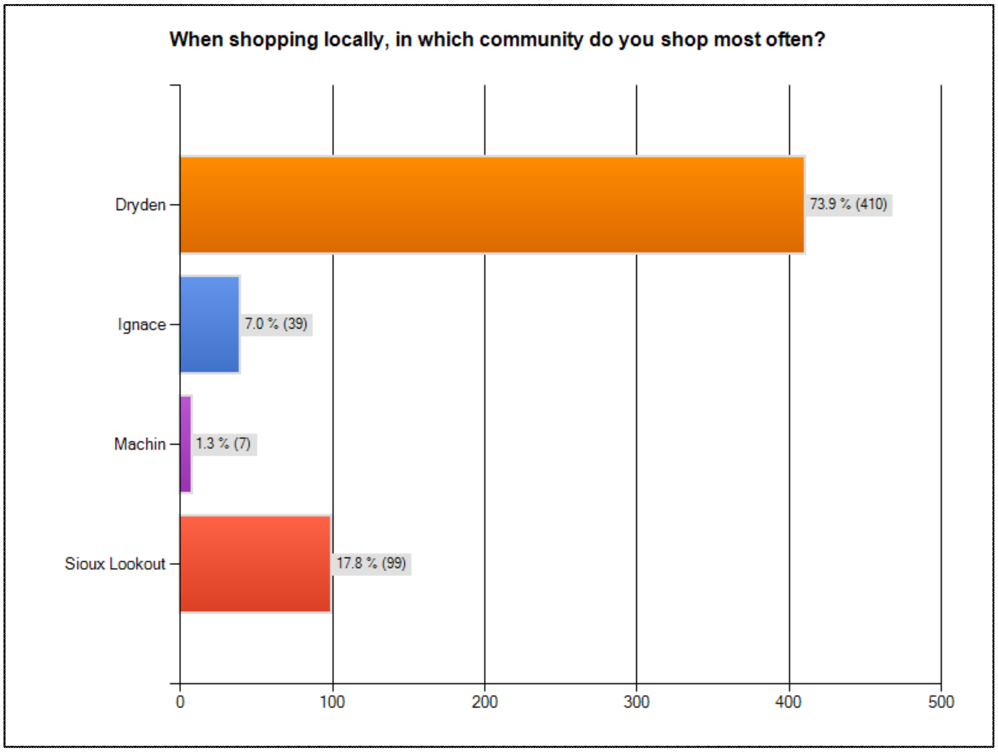

What is your average annual household income?
22.5 % (115)
24.5 % (125)
29.9 % (153)
5.7 % (29)
17.4 % (89)
$10,000 - $24,000
$25,000 - $44,000
$45,000 - $74,000
$75,000 - $100,000
More than $100,000

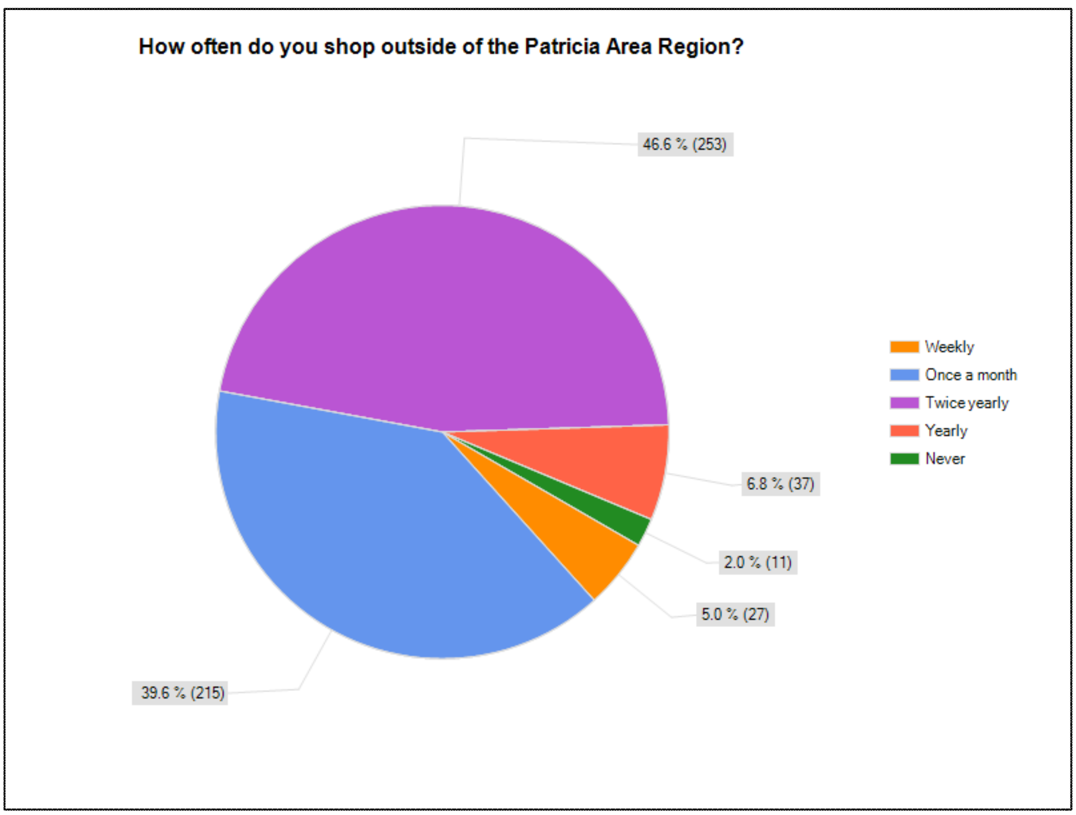


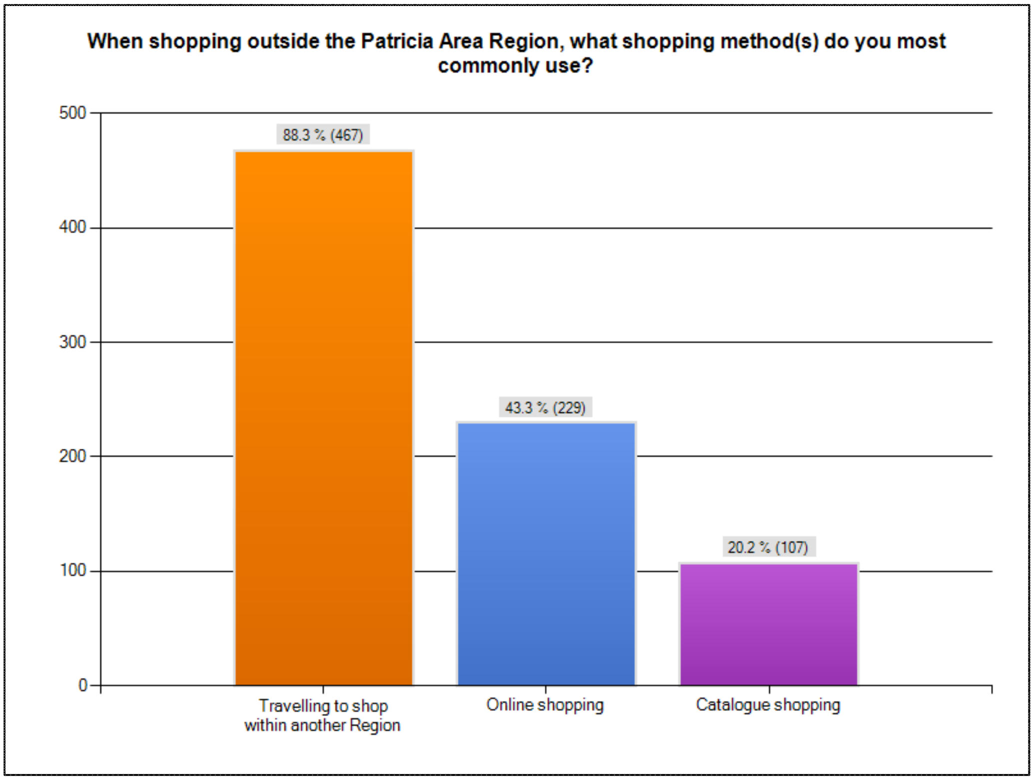
Please answer the following questions based on their importance to you.
250
200
150
100
50
0
28
132
156
11
57
235
171
165
142
76
How important is it to you to shop local?
How would you rate the overall economic benefits of shopping local to...
If you are forced to out-shop, how important is it to you to shop wit...
Not at all important
Somewhat important
Important
Very important

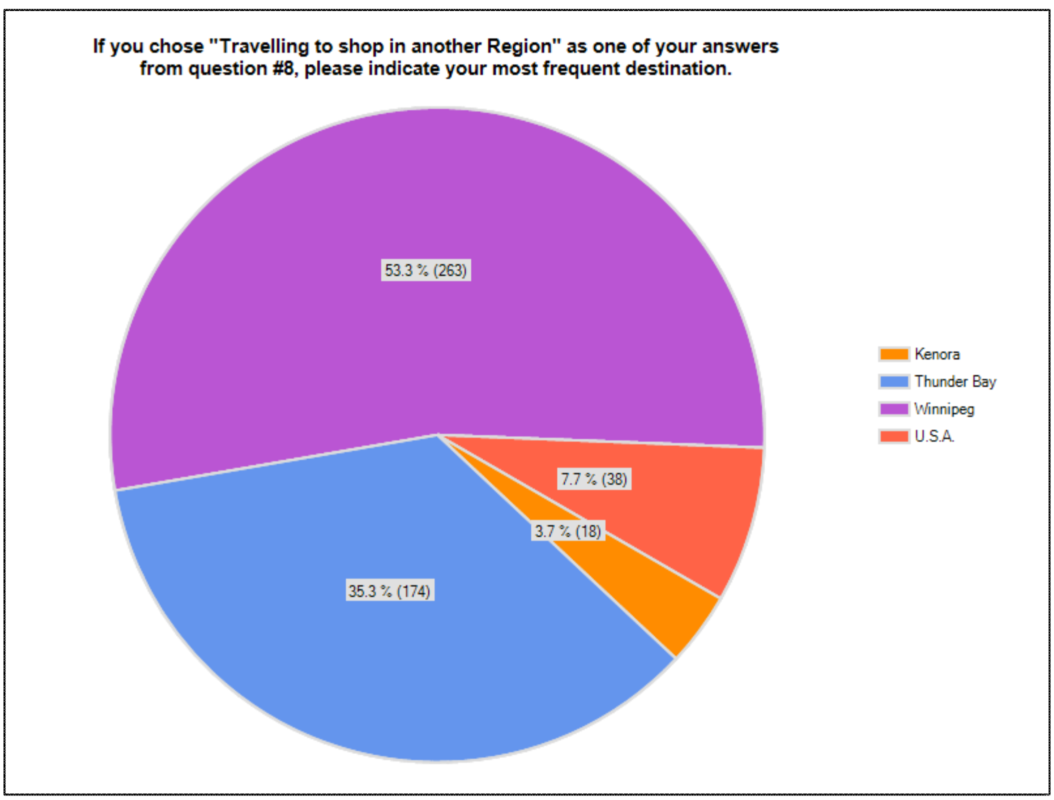



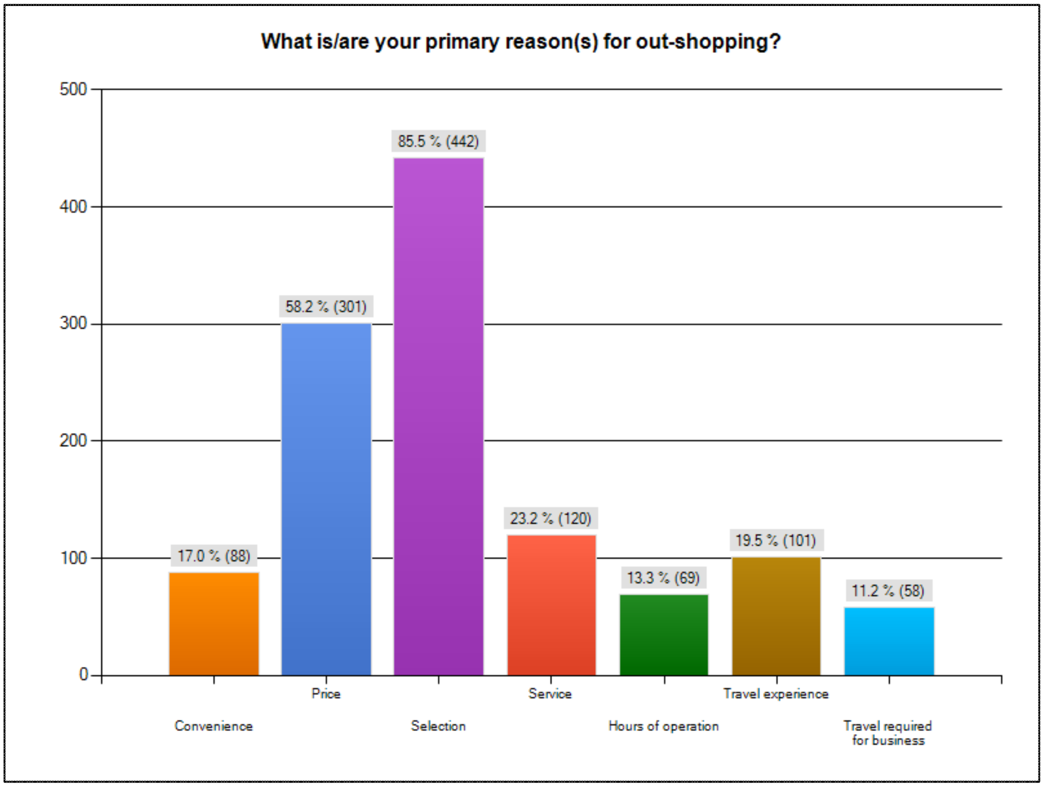
How often do you shop within the Patricia Area Region (Ignace, Sioux Lookout, Dryden and Machin)?
Almost daily
51.1 % (285)
Once a week
36.0 % (201)
Every two weeks
6.1 % (34)
Once a month
4.1 % (23)
I seldom shop in the Patricia Area Region
2.7 % (15)
0
50
100
150
200
250
300

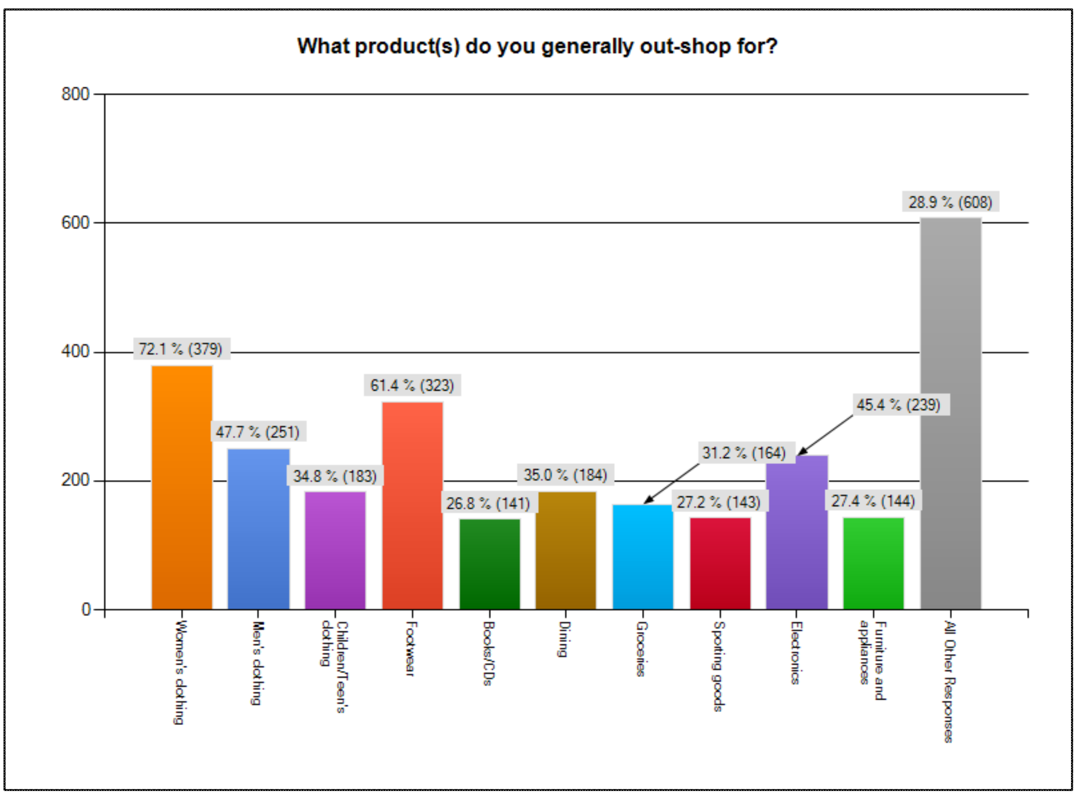

When shopping locally, in which community do you shop most often?
Dryden
73.9 % (410)
Ignace
7.0 % (39)
Machin
1.3 % (7)
Sioux Lookout
17.8 % (99)
0
100
200
300
400
500

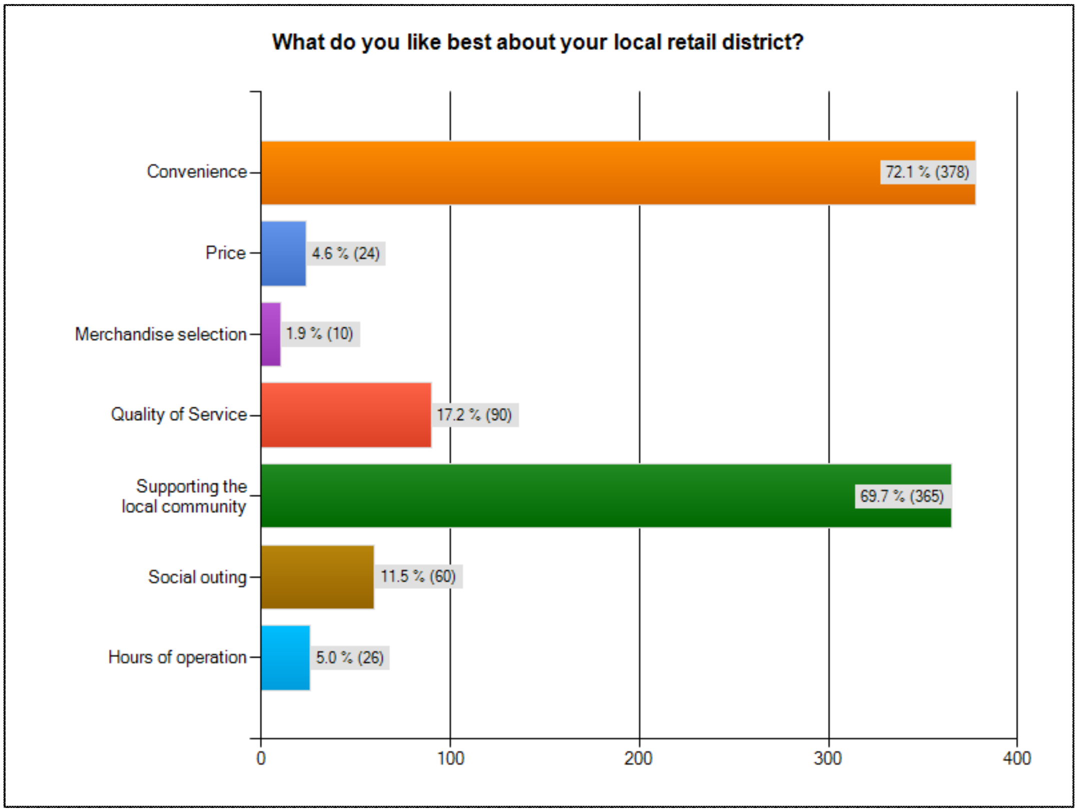

How often do you shop outside of the Patricia Area Region?
46.6 % (253)
6.8 % (37)
2.0 % (11)
5.0 % (27)
39.6 % (215)
Weekly
Once a month
Twice yearly
Yearly
Never

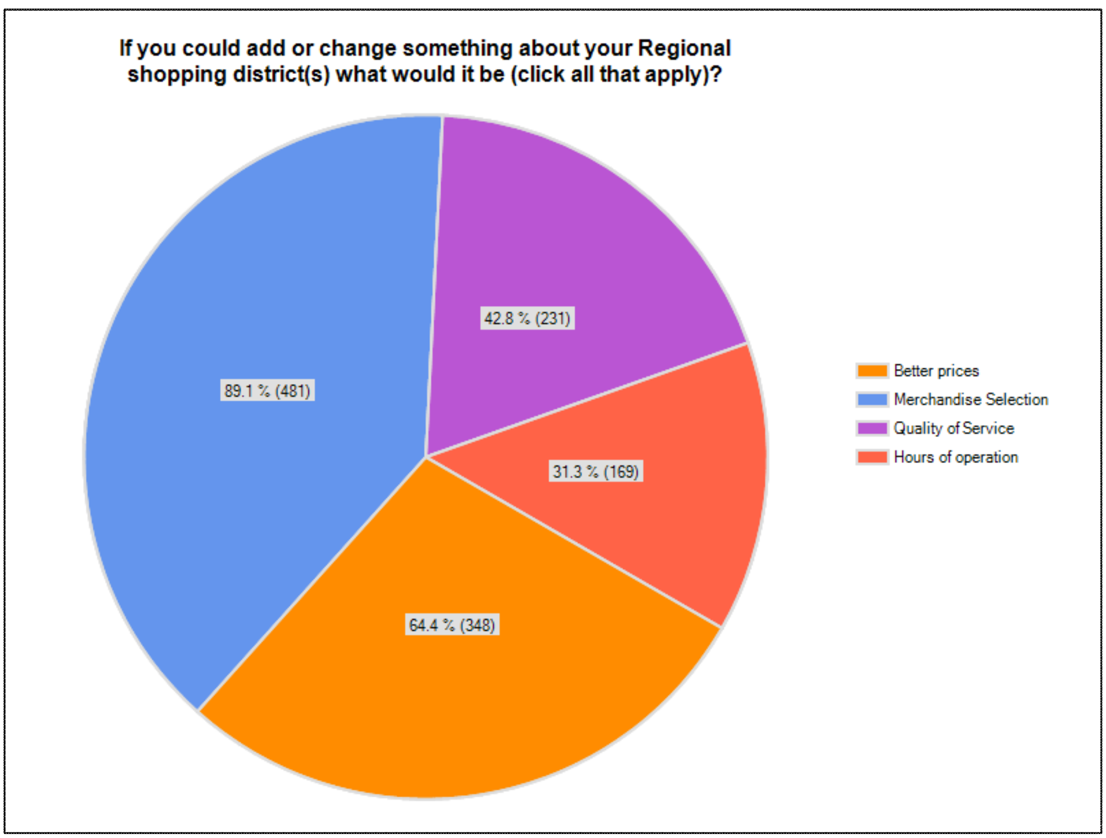

When shopping outside the Patricia Area Region, what shopping method(s) do you most commonly use?
500
400
300
200
100
0
88.3 % (467)
43.3 % (229)
20.2 % (107)
Travelling to shop within another Region
Online shopping
Catalogue shopping

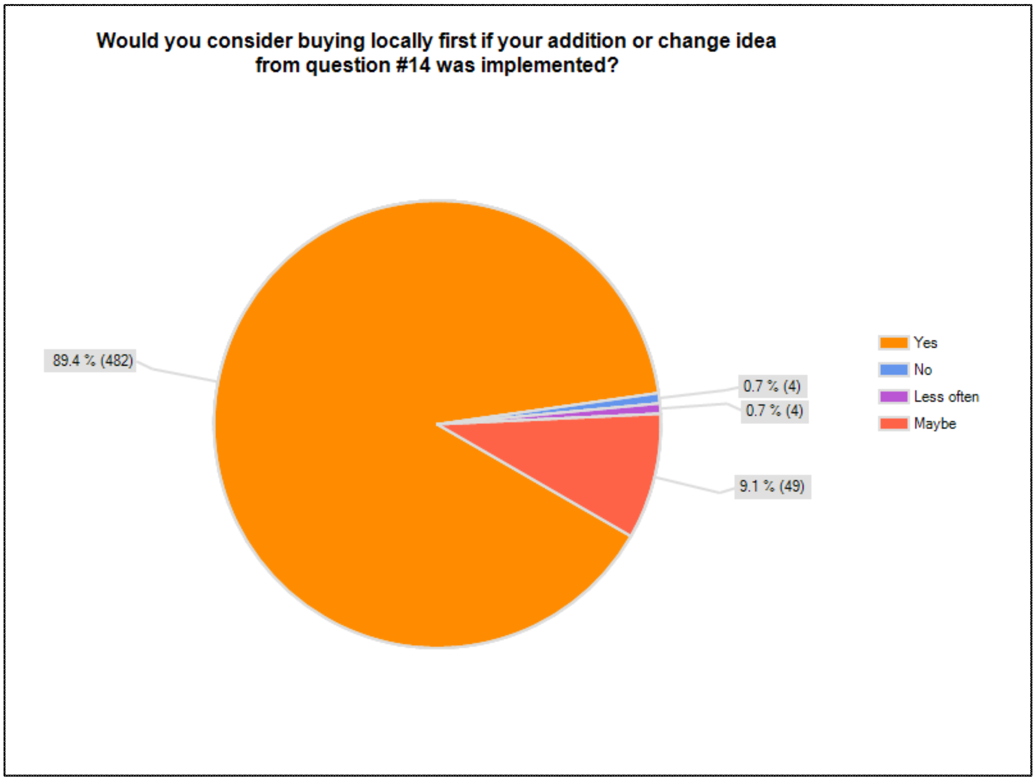

If you chose "Travelling to shop in another Region" as one of your answers from question #8, please indicate your most frequent destination.
53.3 % (263)
7.7 % (38)
3.7 % (18)
35.3 % (174)
Kenora
Thunder Bay
Winnipeg
U.S.A.


What is/are your primary reason(s) for out-shopping?
500
400
300
200
100
0
17.0 % (88)
58.2 % (301)
85.5 % (442)
23.2 % (120)
13.3 % (69)
19.5 % (101)
11.2 % (58)
Convenience
Price
Selection
Service
Hours of operation
Travel experience
Travel required for business


What product(s) do you generally out-shop for?
800
600
400
200
0
72.1 % (379)
47.7 % (251)
34.8 % (183)
61.4 % (323)
26.8 % (141)
35.0 % (184)
31.2 % (164)
27.2 % (143)
45.4 % (239)
27.4 % (144)
28.9 % (608)
Women's clothing
Men's clothing
Children/Teen's clothing
Footwear
Books/CDs
Dining
Groceries
Sporting goods
Electronics
Furniture and appliances
All Other Responses


What do you like best about your local retail district?
Convenience
Price
Merchandise selection
Quality of Service
Supporting the local community
Social outing
Hours of operation
72.1 % (378)
4.6 % (24)
1.9 % (10)
17.2 % (90)
69.7 % (365)
11.5 % (60)
5.0 % (26)
0
100
200
300
400


If you could add or change something about your Regional shopping district(s) what would it be (click all that apply)?
42.8 % (231)
89.1 % (481)
31.3 % (169)
64.4 % (348)
Better prices
Merchandise Selection
Quality of Service
Hours of operation



Would you consider buying locally first if your addition or change idea from question #14 was implemented?
89.4 % (482)
0.7 % (4)
0.7 % (4)
9.1 % (49)
Yes
No
Less often
Maybe

# APPENDIX IV – *Business Operator Survey*

# Business Operators Survey

**1. Business name:**

**2. Business owner:**

**3. Contact person (if different):**

**4. Business address:**

**5. Business phone number:**

**6. Business email address:**

**7. Business website:**

**8. Regarding your business:**

| | Under 1 year | 1 - 5 years | 6 - 10 years | 11 - 20 years | Over 20 years |
|---|---|---|---|---|---|
| How long have you been in operation (at this or previous location)? | ◯ | ◯ | ◯ | ◯ | ◯ |
| How long has your business been at present location? | ◯ | ◯ | ◯ | ◯ | ◯ |
| How long have you been the operator of your business? | ◯ | ◯ | ◯ | ◯ | ◯ |

### 9. Does your business own or lease the space in which it is located?

- ◯ Own
- ◯ Lease
- ◯ Lease, want to purchase

### 10. To the best of your knowledge, what are the three busiest and three slowest months of the year for your business?

| | Busiest | Slowest |
|---|---|---|
| January | ◯ | ◯ |
| February | ◯ | ◯ |
| March | ◯ | ◯ |
| April | ◯ | ◯ |
| May | ◯ | ◯ |
| June | ◯ | ◯ |
| July | ◯ | ◯ |
| August | ◯ | ◯ |
| September | ◯ | ◯ |
| October | ◯ | ◯ |
| November | ◯ | ◯ |
| December | ◯ | ◯ |

### 11. What are your hours of operation?

Monday ____________________

Tuesday ____________________

Wednesday ____________________

Thursday ____________________

Friday ____________________

Saturday ____________________

Sunday ____________________

### 12. How many people, including owners, does your business employ in each of the following categories?

Full time year round (32+hours/week) ____________________

Part time year round ____________________

Seasonal ____________________

### 13. What are your thoughts on your store hours (check all that apply)?

- ☐ I am open all the hours I need to be
- ☐ I can't be open more hours for personal reasons
- ☐ I would like to be open more hours, but can't afford the staff
- ☐ I would like to be open more hours, but can't find good staff
- ☐ I would be open more hours if I were sure of sales
- ☐ I would be open more hours if everyone else was

### 14. How important are the following consumer segments to your business? (mark one on each row)

| | Very Important | Important | Not Important | Not Sure |
|---|---|---|---|---|
| Males | ○ | ○ | ○ | ○ |
| Females | ○ | ○ | ○ | ○ |
| Age under 18 | ○ | ○ | ○ | ○ |
| Ages 18 - 24 | ○ | ○ | ○ | ○ |
| Ages 25 - 44 | ○ | ○ | ○ | ○ |
| Ages 45 - 54 | ○ | ○ | ○ | ○ |
| Ages 55 - 64 | ○ | ○ | ○ | ○ |
| Ages 65 + | ○ | ○ | ○ | ○ |
| Downtown residents & staff | ○ | ○ | ○ | ○ |
| Tourists & Visitors | ○ | ○ | ○ | ○ |

### 15. In the previous 12 months, would you say your sales have:

- ○ Increased
- ○ Decreased
- ○ Stayed the same
- ○ Not sure

### 16. If you identified your sales as decreasing, what do you attribute the primary reason(s) to be?

- ○ Increased local competition
- ○ Increased regional competition
- ○ Not enough marketing and/or promotional materials
- ○ Economic decline
- ○ Staffing issues
- ○ Customer service
- ○ Increased online shopping

Other (please specify)

**17. Thinking regionally, what communities do you compete with the most for retail sales?**

- [ ] Dryden
- [ ] Kenora
- [ ] Thunder Bay
- [ ] Sioux Lookout
- [ ] Ignace
- [ ] Winnipeg
- [ ] Online

Other (please specify)

**18. In your opinion, are residents in your local area out-shopping?**

- ( ) Yes
- ( ) No
- ( ) I don't know

**19. If you answered "Yes" to question #18, where do you believe residents are shopping?**

- [ ] Thunder Bay
- [ ] Winnipeg
- [ ] U.S.A.
- [ ] Online

Other (please specify)

**20. In your opinion, what makes your community an attractive place to shop?**

- [ ] Location
- [ ] Parking
- [ ] Hours
- [ ] Service
- [ ] Merchandise selection
- [ ] Price
- [ ] Benefits to local economy
- [ ] Downtown shopping experience

Other (please specify)

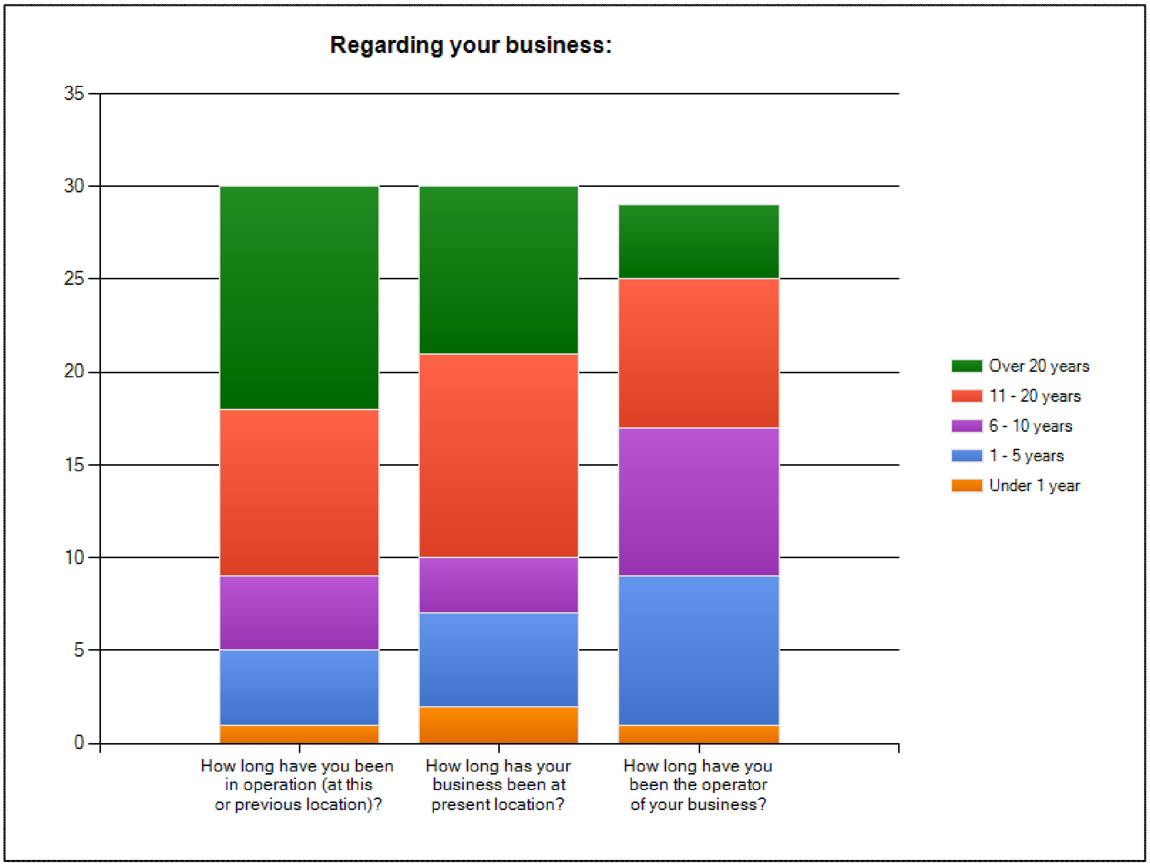
**21. Where do you currently focus your marketing efforts?**

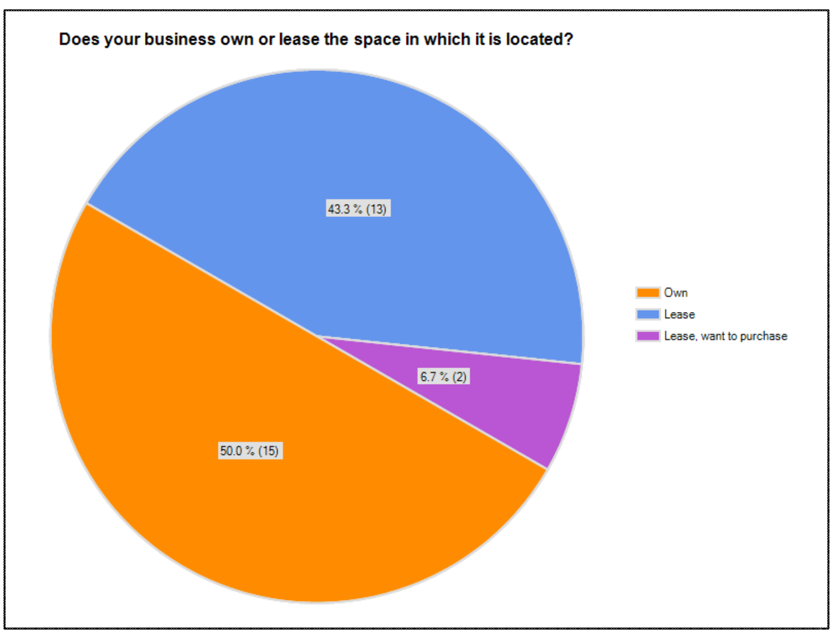
- [ ] Newspapers
- [ ] Radio
- [ ] Television
- [ ] Direct mail
- [ ] Window displays
- [ ] Billboards
- [ ] Internet
- [ ] Give-aways
- [ ] Yellow pages
- [ ] Social media
- [ ] I don't advertise

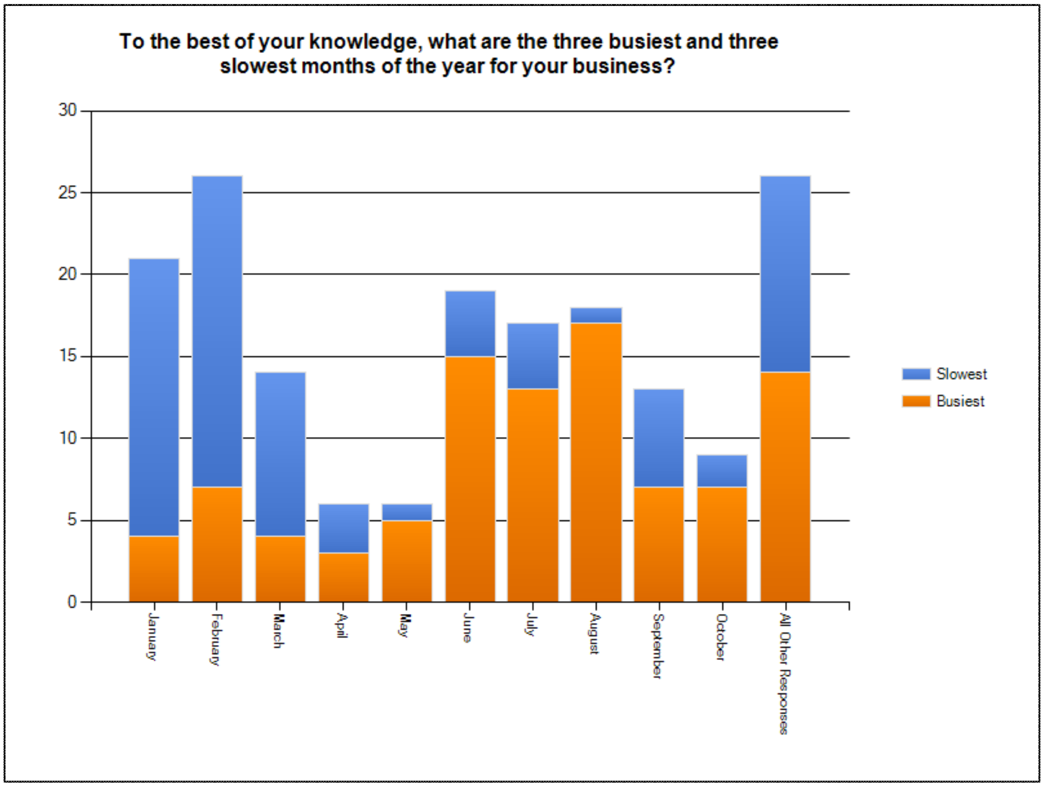
Other (please specify)

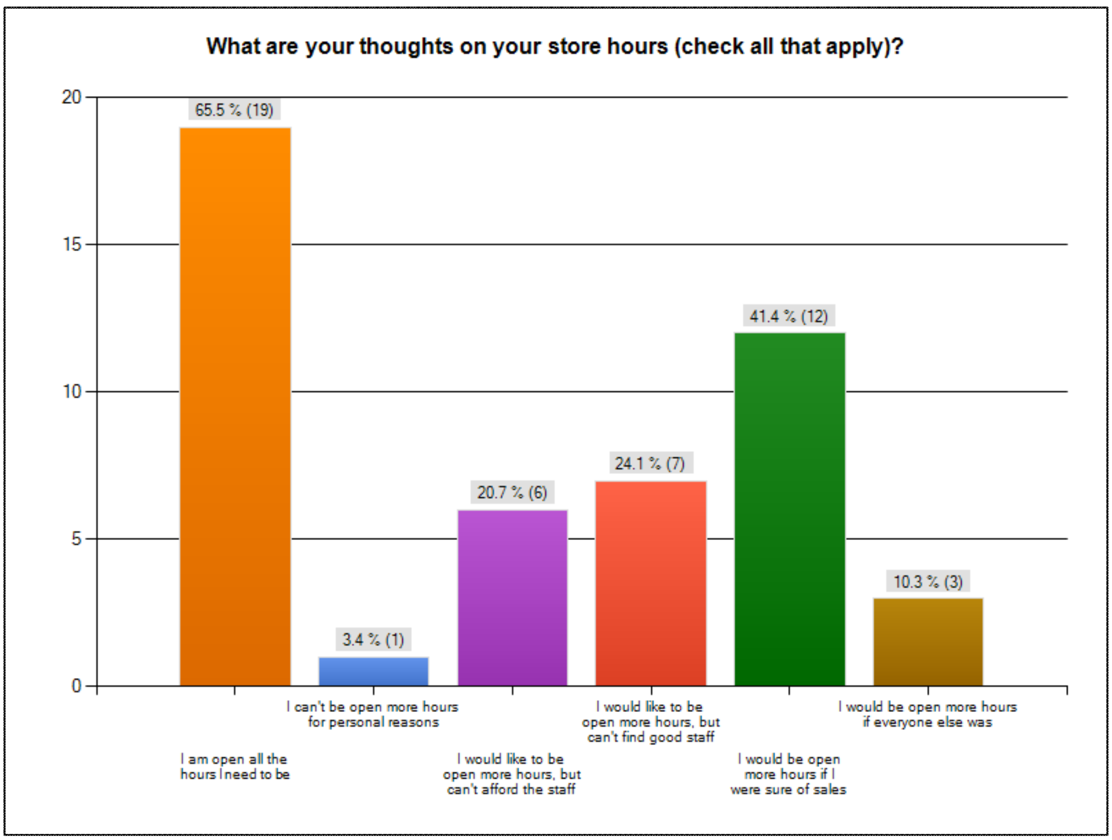
## APPENDIX V – Complete Results of *Business Operator Survey*

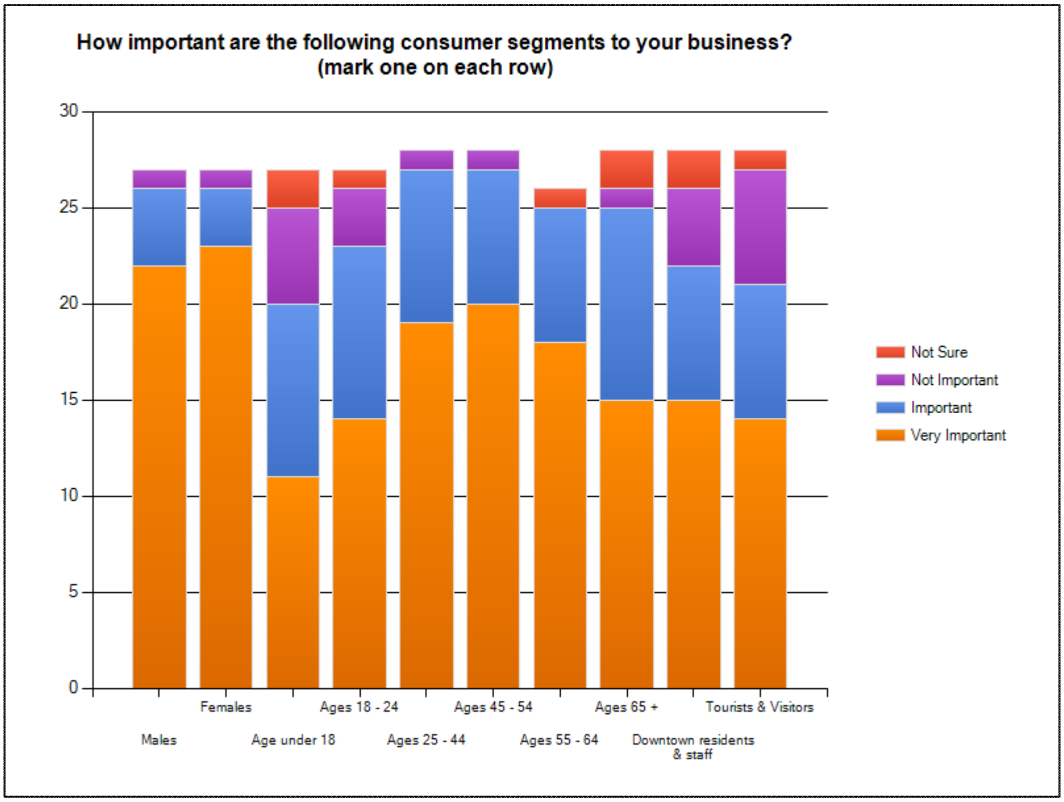
# Business Operator Survey Results

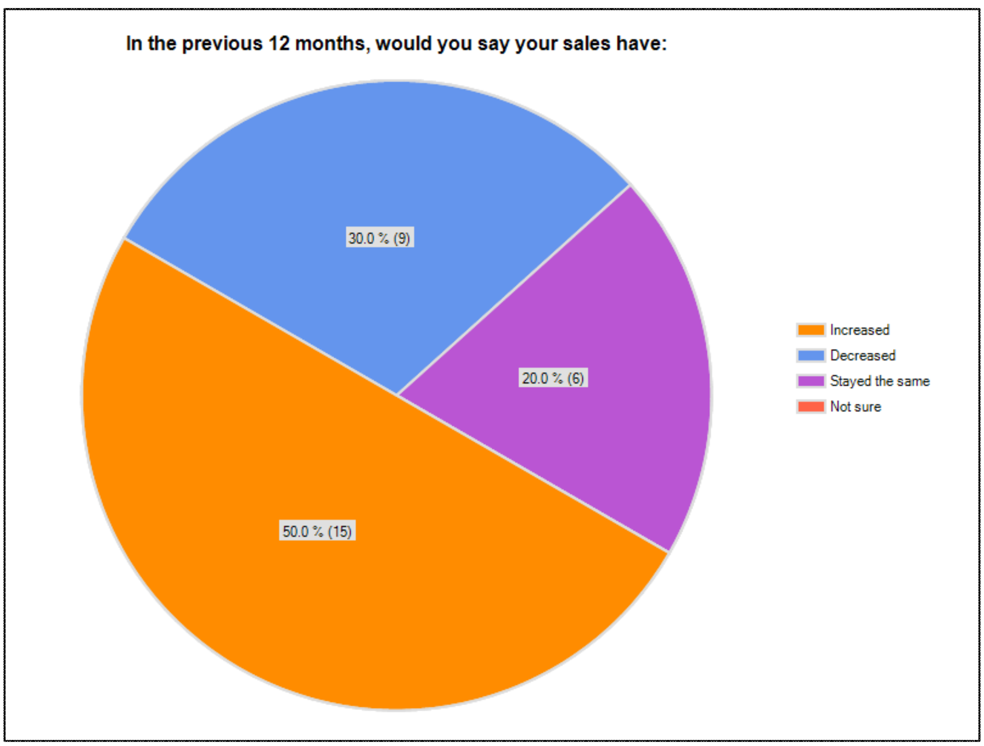


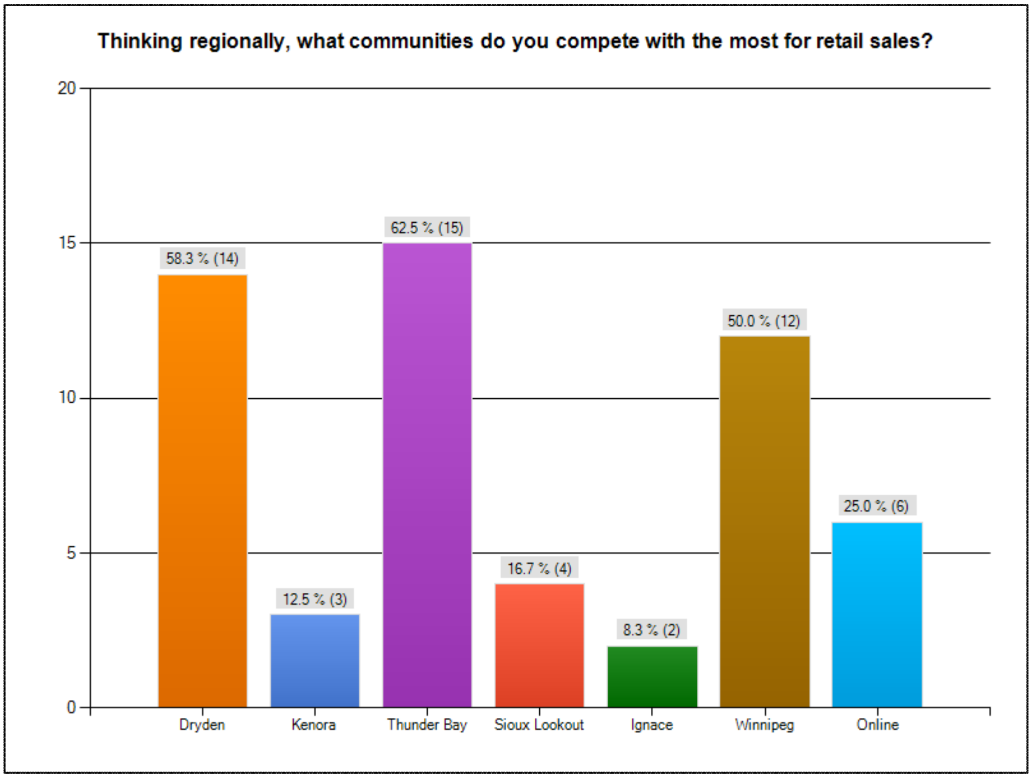



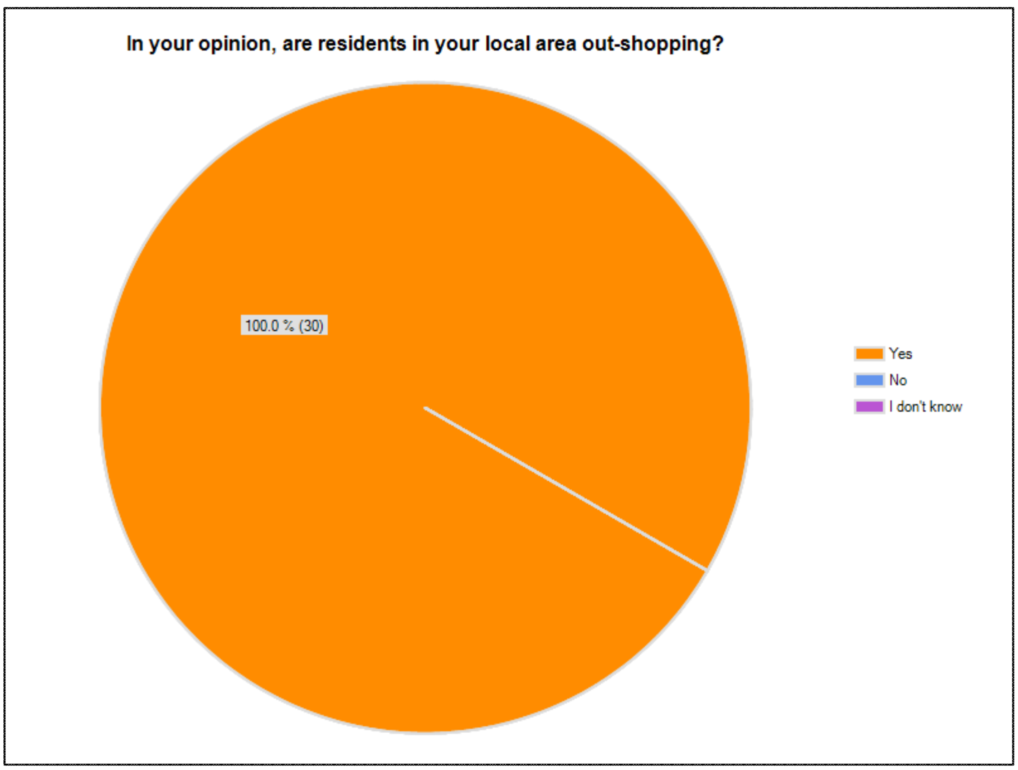

To the best of your knowledge, what are the three busiest and three slowest months of the year for your business?
30
25
20
15
10
5
0
January
February
March
April
May
June
July
August
September
October
All Other Responses
Slowest
Busiest

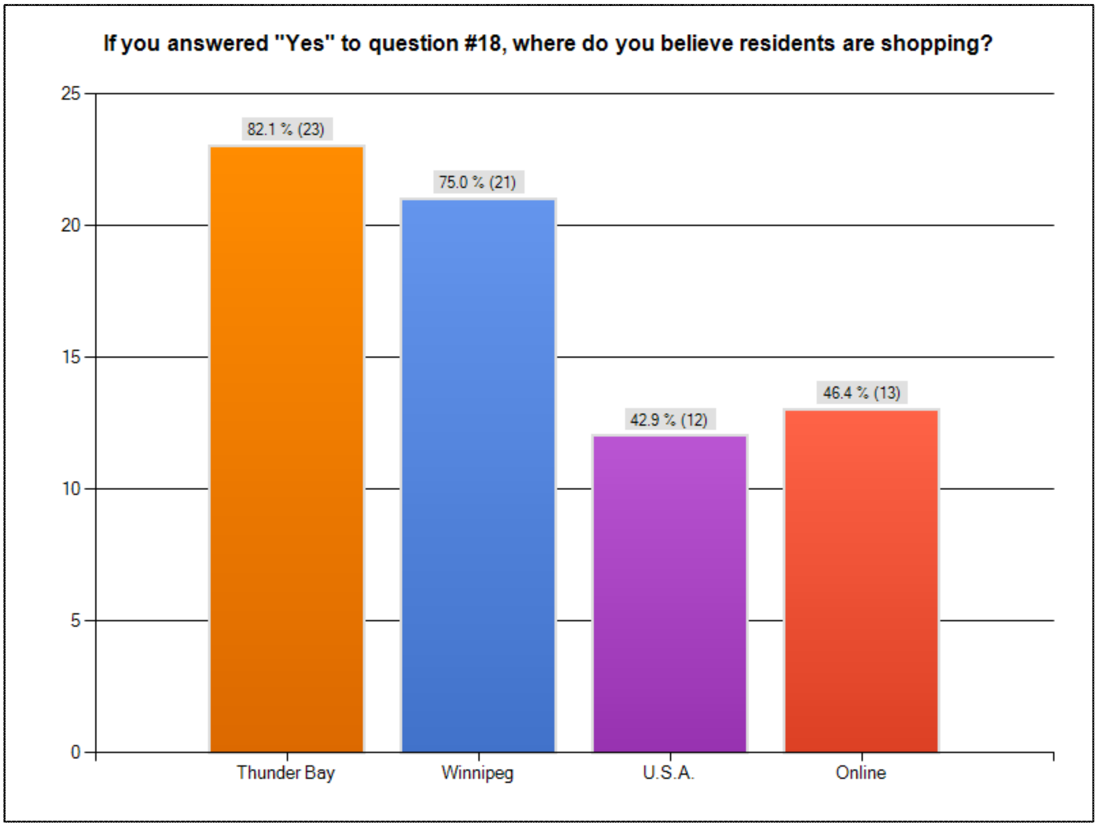

What are your thoughts on your store hours (check all that apply)?
20
15
10
5
0
65.5 % (19)
3.4 % (1)
20.7 % (6)
24.1 % (7)
41.4 % (12)
10.3 % (3)
I am open all the hours I need to be
I can't be open more hours for personal reasons
I would like to be open more hours, but can't afford the staff
I would like to be open more hours, but can't find good staff
I would be open more hours if I were sure of sales
I would be open more hours if everyone else was


How important are the following consumer segments to your business?
(mark one on each row)
30
25
20
15
10
5
0
Males
Females
Age under 18
Ages 18 - 24
Ages 25 - 44
Ages 45 - 54
Ages 55 - 64
Ages 65 +
Downtown residents & staff
Tourists & Visitors
Not Sure
Not Important
Important
Very Important

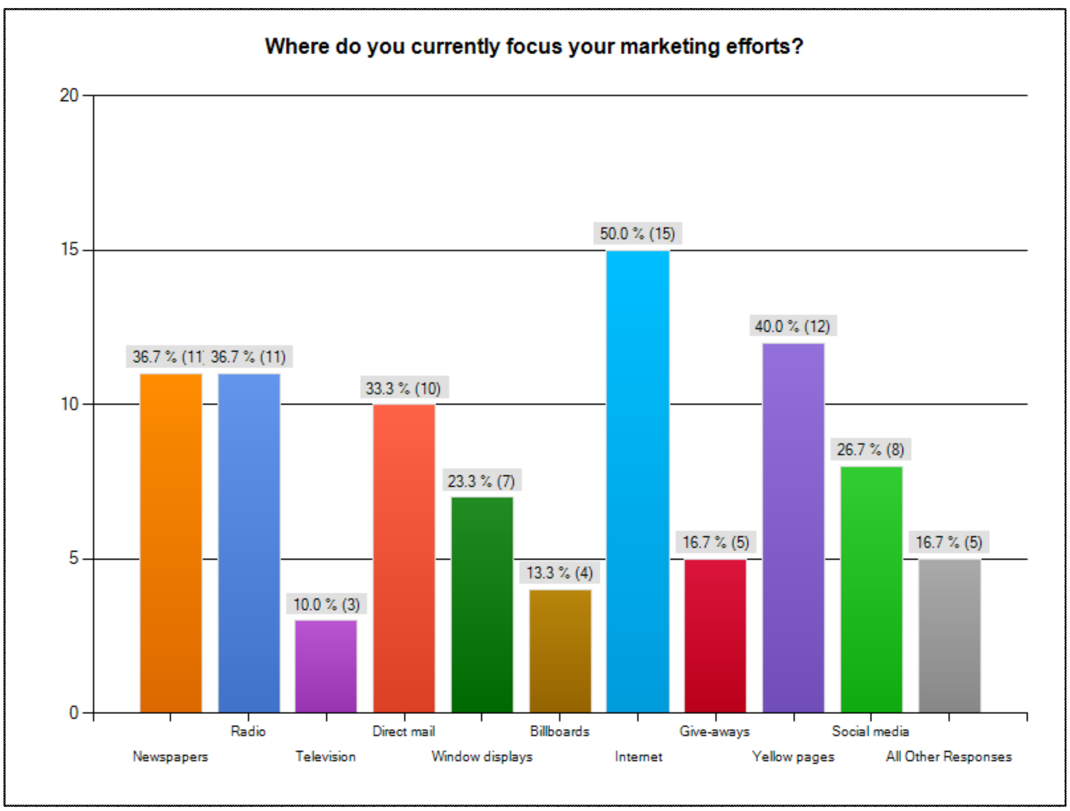

In the previous 12 months, would you say your sales have:
30.0 % (9)
20.0 % (6)
50.0 % (15)
Increased
Decreased
Stayed the same
Not sure


Thinking regionally, what communities do you compete with the most for retail sales?
20
15
10
5
0
58.3 % (14)
12.5 % (3)
62.5 % (15)
16.7 % (4)
8.3 % (2)
50.0 % (12)
25.0 % (6)
Dryden
Kenora
Thunder Bay
Sioux Lookout
Ignace
Winnipeg
Online


In your opinion, are residents in your local area out-shopping?
100.0 % (30)
Yes
No
I don't know



If you answered "Yes" to question #18, where do you believe residents are shopping?
25
20
15
10
5
0
82.1 % (23)
75.0 % (21)
42.9 % (12)
46.4 % (13)
Thunder Bay
Winnipeg
U.S.A.
Online

Where do you currently focus your marketing efforts?
20
15
10
5
0
36.7 % (11
36.7 % (11)
10.0 % (3)
33.3 % (10)
23.3 % (7)
13.3 % (4)
50.0 % (15)
16.7 % (5)
40.0 % (12)
26.7 % (8)
16.7 % (5)
Newspapers
Radio
Television
Direct mail
Window displays
Billboards
Internet
Give-aways
Yellow pages
Social media
All Other Responses

## APPENDIX VI – Focus Group Sessions Questions

# Measuring Retail Market Gravitation Focus Group Questions

1. Merchandise selection was identified as the number one reason for out shopping by consumers. If you could add three new stores to your local retail district, what would they be? Please be specific.

2. What do you see as the biggest gap or the largest area for potential expansion within the Northwestern Ontario retail market?

3. If you could give one piece of advice to a business operator who has lost your sale to out shopping what would it be?

4. There is no denying that with the Internet consumers are granted access to a worldwide shopping mall where prices and selection cannot be beat. The one thing online shopping does not offer is the shopping experience. Would you consider shopping locally more often if retailers created a better overall 'shopping experience' for you? If yes, what kind of ideas would that include?

# Business Operators
# Focus Group Questions

1. How can your community leaders better support the long term success of your business?

2. Do you have plans of expansion in the near future?  If no, what is hindering your business growth?  If yes, what supports or resources would be helpful to get the process started or completed more quickly?

3. One resounding comment that came out of the consumer survey was that service levels, specifically in retail shops and restaurants are lacking.  What are your thoughts regarding this?  Is this a surprise to you?  Why do you think this is and would you consider implementing a program to improve consumer perception and level of service?

4. One result from the Business Operators Survey that was inconsistent with the results from the Consumer Retail Survey is regarding hours of operation.  Consumer feedback indicated that shops were not open during convenient hours specifically for working families.  Their suggestion was for more shops to be open evenings until 8:00pm and Saturday and Sunday afternoons.  The feedback received from business operators regarding hours of operation indicated that they believe they are open all the hours they need to be.  What do you believe the reason is for this discrepancy?  Now that you know this information would you consider expanding your hours of operation?

5. In your opinion, how can your community leaders and investors improve the downtown shopping experience for consumers?”