

RT012

Business Confidence WAVE 2

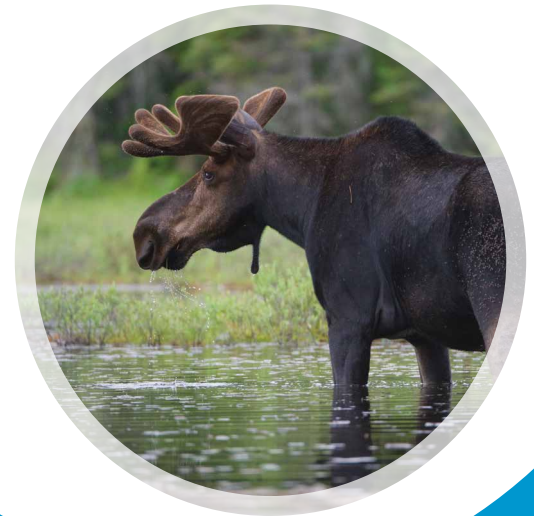
December 2022



**EXPLORERS
EDGE**

Research Objectives

- A key pillar of RTO12's Regenerative Strategy is the development of a Regional Tourism Data Hub, which will collect ongoing and timely intelligence regarding the overall health of the tourism industry. This data is particularly important as the RTO12 launches programs to help the tourism industry and communities recover and rebuild with long-term sustainability front and centre
- An online dashboard has been conceived to track business confidence, labour gaps & shortages, employee sentiment, resident sentiment, visitor sentiment and, eventually, environmental impact. A series of surveys will be launched to gather the benchmark intelligence to create the dashboard, which will be hosted on the RTO12 administrative site
- This report presents the outcome of the second phase of data gathering - a survey of regional tourism business owners. The objectives of this survey are to create a bi-annual business confidence index as well as to quantify full and part-time labour shortages in the region





Highlights - Business Confidence

- Respondents to our survey remain positive about their prospects for the upcoming year, **with 72% falling into our Mid and High Confidence levels**
- A majority of respondents are optimistic that they will be able to meet their business objectives in the coming year
- That said, a lower percentage in this wave expect sales to be higher next year – 32% versus 54%
- Respondents indicated less concern with meeting staffing needs in the coming year. 27% of respondents say they are very pessimistic that they will be able to properly staff next year versus 45% in the first wave
- Inflation preoccupies the Canadian consumer right now, and business operators in RTO 12 are still no different. Three quarter of respondents say rising prices will limit their ability to achieve their business objectives next year
- Not only do a majority point to inflation as a limiting factors, 87% of this majority say they have a very high level of concern about it
- Lack of employees and increasing labour costs (the handmaiden of inflation) are also still seen as limiting factors, though the level of concern has dropped slightly from the first wave



Detailed Findings

Research Methodology and Sample Size

- The second wave of the online survey consisting of 13 business sentiment was deployed in the fall of 2022 with the assistance of Environics. The survey took an average of 11 minutes to complete and was essentially unchanged from the first wave
- The survey was distributed via emails to RTO 12's 800+ email subscribers in October and November, 2022. No open link survey was deployed in this second wave
- 162 respondents completed the second wave of the survey, versus just 96 in the first
- Summary tables of the survey responses were prepared by Environics. This analysis was prepared by Kuration



Respondent Profile (n=162)

Respondents by Type of Business

Type of Business	Total	WAVE 1	WAVE 2
Accommodation	31%	30%	31%
Food and beverage	24%	25%	23%
Experiences/Product	20%	19%	22%
Tour Operators/Event Planners	6%	8%	4%
Transportation	1%	1%	1%
Retail	11%	10%	12%
Golf	1%	2%	1%
Other	5%	4%	5%

Respondents by Percent of Revenue from Tourism

Percent of Revenue from Tourism	Total	WAVE 1	WAVE 2
1% to 24%	7%	6%	8%
25% to 49%	21%	18%	23%
50% to 74%	24%	23%	24%
75% to 99%	22%	23%	21%
100%	24%	27%	22%

Respondents by Location

Region	Total	WAVE 1	WAVE 2
Muskoka	67%	65%	69%
Parry Sound and Area	12%	15%	11%
Almaguin Highlands	10%	11%	10%
Loring-Restoule	4%	2%	6%
South Algonquin	3%	4%	2%
Algonquin Park	3%	4%	2%

Respondents by Season Open

Seasons Operating	Total	WAVE 1	WAVE 2
Spring	92%	91%	93%
Summer	99%	99%	99%
Fall	95%	97%	94%
Winter	72%	73%	72%

74% of wave 2 respondents say they are the owners of the business, with the balance being managers (versus 80% in wave 1)

72% of wave 2 respondents say they accessed business access COVID relief funds (including, but not limited to CEWS TRF, CERS, etc.) in the past 2 years versus 70% in wave 1



Confidence Measures



Meeting Business Objectives

Wave Comparison

- A clear majority of respondents are still optimistic that they will be able to meet their business objectives in the next 12 months
- The proportion who are "Extremely Optimistic" has dropped, however, from 20% to 13%

Thinking of the next 12 months, how optimistic or pessimistic do you feel about meeting your business objectives?

	Total	WAVE 1	WAVE 2
TOP 2 BOX	58%	60%	57%
Extremely Optimistic 5	15%	20%	13%
4	43%	40%	44%
3	32%	28%	35%
2	8%	10%	6%
Extremely pessimistic 1	2%	2%	2%
BOTTOM 2 BOX	9%	12%	8%

Wave 2 Detailed

- A majority of respondents are optimistic that they will be able to meet their business objectives over the next 12 months
- This is true across the region
- Of operator types, respondents in the Food & Beverage and retail sectors are least likely to be extremely optimistic, though fewer are extremely pessimistic in this wave

Thinking of the next 12 months, how optimistic or pessimistic do you feel about meeting your business objectives?

Region	TOTAL	Muskoka	Parry Sound and Area	Almaguin Highlands	Loring-Restoule	Algonquin Park	South Algonquin
Extremely Optimistic (Top 2 Box)	57%	56%	61%	44%	67%	100%	75%
Extremely Pessimistic (Bottom 2 Box)	8%	8%	6%	19%	-	-	-

Type of Business	Accommodation	Transportation	Experiences	Food & Beverage	Tour Operator/Event Planner	Golf	Retail	Other
Extremely Optimistic (Top 2 Box)	65%	50%	54%	50%	86%	100%	47%	100%
Extremely Pessimistic (Bottom 2 Box)	10%	-	14%	3%	-	-	5%	-

Meeting Business Objectives

Wave Comparison

- 84% of respondents feel that their ability to achieve their business objectives will improve next year. This is down slightly from 89% in the last wave
- 29% of respondents think their ability to achieve their business objectives will improve next year, compared to 40% this year

Comparing next year to this year, would you say your ability to meet business objectives will

	Total	WAVE 1	WAVE 2
Improve	33%	40%	29%
Stay the same	53%	49%	56%
Worsen	14%	12%	15%

Wave 2 Detailed

- 85% of respondents feel that their ability to achieve their business objectives will either stay the same or improve in the coming year
- Loring-Restoule operators are the most likely to say they will worsen (caution small sample)

Comparing next year to this year, would you say your ability to meet business objectives will improve, worsen, or stay the same?

Region	TOTAL	Muskoka	Parry Sound and Area	Almaguin Highlands	Loring-Restoule	Algonquin Park	South Algonquin
Improve	29%	32%	22%	25%	22%	25%	25%
Stay the same	56%	55%	56%	63%	44%	75%	75%
Worsen	15%	14%	22%	13%	33%	-	-

Type of Business	Accommodation	Transportation	Experiences	Food & Beverage	Tour Operator/Event Planner	Golf	Retail	Other
Improve	24%	-	17%	42%	43%	-	32%	-
Stay the same	55%	50%	69%	53%	43%	100%	47%	100%
Worsen	22%	50%	14%	5%	14%	-	21%	-

Meeting Staffing Needs

Wave 2 Comparison

- The proportion of respondents who are pessimistic about meeting their staffing needs (bottom 2 box) has fallen sharply from 45% to 27%. The proportion who feel very optimistic (top 2 box) remains unchanged at 49%

Thinking of the next 12 months, how optimistic or pessimistic do you feel about meeting staffing needs (having the right number of staff for your business)

	Total	WAVE 1	WAVE 2
TOP 2 BOX	34%	32%	35%
Extremely Optimistic 5	15%	17%	14%
4	18%	15%	20%
3	33%	24%	38%
2	22%	25%	20%
Extremely Pessimistic 1	12%	20%	7%
BOTTOM 2 BOX	34%	45%	27%

Wave 2 Detailed

- The proportion of respondents who are pessimistic that they will be able to properly staff is just 27% in this wave
- Despite their optimism for meeting their business objectives, respondents in Loring-Restoule are particularly pessimistic about the ability to find staff
- Of operator types, respondents in the Food & Beverage sector remain overwhelmingly pessimistic

Thinking of the next 12 months, how optimistic or pessimistic do you feel about meeting staffing needs (having the right number of staff for your business)?

Region	TOTAL	Muskoka	Parry Sound and Area	Almaguin Highlands	Loring-Restoule	Algonquin Park	South Algonquin
Extremely Optimistic (Top 2 Box)	35%	32%	50%	38%	33%	25%	25%
Extremely Pessimistic (Bottom 2 Box)	27%	32%	11%	19%	44%	-	-

Type of Business	Accommodation	Transportation	Experiences	Food & Beverage	Tour Operator/Event Planner	Golf	Retail	Other
Extremely Optimistic (Top 2 Box)	25%	-	40%	29%	29%	100%	53%	100%
Extremely Pessimistic (Bottom 2 Box)	31%	50%	20%	42%	-	-	16%	-

Meeting Staffing Needs

Wave Comparison

- Only 19% of respondents say their ability to properly staff will worsen over the next 12 months, compared to 42% in wave 1
- While fewer respondents say their prospects for meeting staffing needs will improve (9% versus 14% in wave 1), a much larger proportion expect them to stay the same (72% versus 44% in wave 1)

Comparing next year to this year, would you say your ability to meet staffing needs...

	Total	WAVE 1	WAVE 2
Improved	11%	14%	9%
Stayed the same	62%	44%	72%
Worsened	27%	42%	19%

Wave 2 Detailed

- 81% of respondents say their ability to properly staff next year will either stay the same or improve, indicating that there is an expectation the labour environment will stabilize
- Respondents in Loring-Restoule are most likely to say their ability will worsen

Thinking of the next 12 months, do you feel your ability to meeting staffing needs (having the right number of staff for your business) will...

Region	TOTAL	Muskoka	Parry Sound and Area	Almaguin Highlands	Loring-Restoule	Algonquin Park	South Algonquin
Improve	9%	11%	11%	6%	-	-	-
Stay the same	72%	72%	83%	75%	44%	75%	75%
Worsen	19%	17%	6%	19%	56%	25%	25%

Type of Business	Accommodation	Transportation	Experiences	Food & Beverage	Tour Operator/Event Planner	Golf	Retail	Other
Improve	4%	-	14%	18%	-	-	5%	-
Stay the same	69%	-	74%	61%	100%	100%	84%	100%
Worsen	27%	100%	11%	21%	-	-	11%	-

Year Over Year Sales Growth

Wave Comparison

- Businesses are less bullish about sales next year, with 32% of respondents expecting them to be higher - compared to 54% who said 2022 would be higher than 2021
- That said, this result is not surprising as 2022 was effectively the first post-Covid tourism season in 2 years

And how do you expect your revenue/sales in 2023 will be, compared to 2022? It will be...

	Total	WAVE 1	WAVE 2
Higher	40%	54%	32%
Similar	48%	36%	56%
Lower	12%	10%	12%

Wave 2 Detailed

- 32% of respondents say that 2023 will be better than 2022
- This wave showed more optimism on the part of F&B businesses with almost half predicting a better year ahead

And how do you expect your revenue/sales in 2023 will be, compared to 2022? It will be...

Region	TOTAL	Muskoka	Parry Sound and Area	Almaguin Highlands	Loring-Restoule	Algonquin Park	South Algonquin
Higher	32%	29%	28%	50%	44%	50%	25%
Similar	56%	59%	56%	44%	44%	50%	25%
Lower	12%	12%	17%	6%	11%	-	50%

Type of Business	Accommodation	Transportation	Experiences	Food & Beverage	Tour Operator/Event Planner	Golf	Retail	Other
Higher	29%	-	23%	45%	29%	-	37%	-
Similar	61%	100%	57%	45%	43%	100%	53%	100%
Lower	10%	-	20%	11%	29%	-	11%	-

Debt Load

Wave Comparison

- The most significant difference in this last wave was the proportion of operators who say their **current level of debt** has decreased - it has gone from 10% to 19%
- There is no significant change in the anticipated level of debt for next year - 16% say it will increase, versus 12% last wave

How has your level of debt changed compared to 12 months ago, if at all? My current debt has...

	Total	WAVE 1	WAVE 2
Increased	28%	30%	28%
Stayed the same	56%	60%	54%
Decreased	15%	10%	19%

Thinking about the next 12 months, how do you expect your level of debt will change? My level debt will...

	Total	WAVE 1	WAVE 2
Increase	14%	12%	16%
Stay the same	58%	63%	56%
Decrease	27%	25%	28%



Good Time to Invest in Business?

Wave Comparison

- While almost half say this is a good time to invest in their business, the proportion of respondents who say the opposite has almost tripled to 19%

Would you say now is good or bad time to invest in your business?

	Total	WAVE 1	WAVE 2
Good time	50%	58%	46%
Bad time	14%	7%	19%
Not sure	35%	36%	35%

Wave 2 Detailed

- Respondents in Parry Sound are once again particularly bullish, with 61% saying it's a good time to invest

Would you say now is good or bad time to invest in your business?

Region	TOTAL	Muskoka	Parry Sound and Area	Almaguin Highlands	Loring-Restoule	Algonquin Park	South Algonquin
Good time	46%	48%	61%	25%	22%	50%	50%
Bad time	19%	18%	11%	38%	33%	-	-
Not sure	35%	34%	28%	38%	44%	50%	50%

Type of Business	Accommodation	Transportation	Experiences	Food & Beverage	Tour Operator/Event Planner	Golf	Retail	Other
Good time	45%	-	49%	37%	57%	100%	47%	100%
Bad time	16%	100%	11%	29%	14%	-	21%	-
Not sure	39%	-	40%	34%	29%	-	32%	-

Limiting Factors

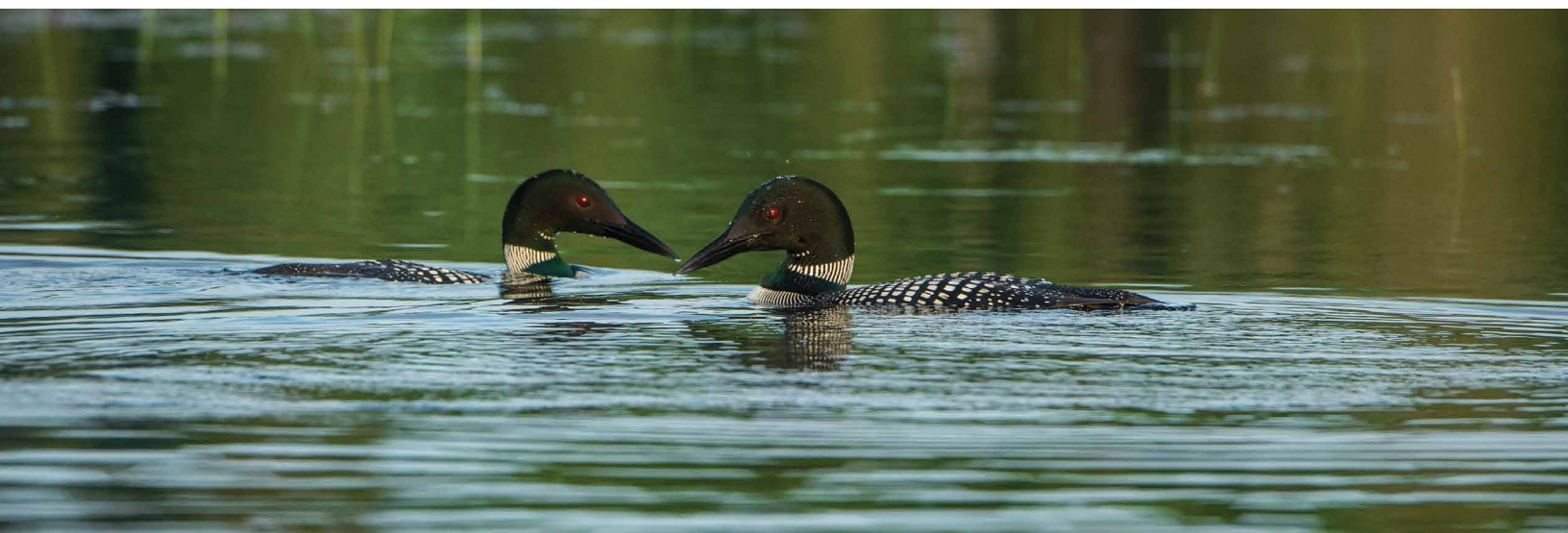
Wave Comparison

- The factors of concern to operators have not changed much since the last wave, though inflation is seen by more operators than ever as a limiting factor
- The rising cost of credit, while in the bottom half of factors, has substantially grown as a factor of concern
- Affordable housing continues to be a big concern with 40% citing it



Which of the following factors will limit your ability to meet your business objectives in the next 12 months, if any?

	Total	WAVE 1	WAVE 2
Rising consumer inflation - prices in general	69%	60%	74%
Rising consumer inflation - specifically gas prices	61%	59%	62%
Lack of employees	52%	55%	51%
Increase in the cost of labour	50%	53%	48%
Supply chain issues	41%	43%	40%
Lack of affordable housing in the region	40%	41%	40%
Low volume of visitors to the region	37%	35%	38%
The situation with respect to the pandemic	33%	37%	31%
The weather	31%	22%	36%
Government restrictions/ irrelevant programs / red tape	27%	21%	31%
Lack of patronage from locals	24%	25%	23%
Increase in the cost of credit	21%	9%	28%
Natural disasters such as floods and forest/wildfires	6%	2%	9%
Lack of access to credit	6%	4%	7%
Nothing is limiting my ability to grow	3%	2%	4%
Other	2%	3%	1%



Confidence in Tourism Industry

- Tourism is the number one industry in RTO 12, and confidence in its ability to contribute to the local economy remains high
- A majority of businesses continue to believe the industry has the support of the local community
- There has been a significant decrease in the proportion of respondents who feel the industry can grow visitation and spend, dropping from 58% to 38%
- When it comes to attracting staff, however, faith in the tourism industry remains low, with 22% saying they are confident in the industry's ability to do that

Thinking of the next 12 months, how confident are you in the ability of the tourism industry in the region to ...

	Total	WAVE 1	WAVE 2
Contribute to the local economy	69%	74%	66%
Have the support of the local community	56%	55%	57%
Contribute to a healthy natural environment	53%	57%	50%
Meet the demand of tourists to the region	47%	45%	48%
Grow visitation and spend	46%	58%	38%
Attract and retain quality seasonal/temporary staff	20%	15%	22%

- Respondents are mostly ambivalent about the tourism industry's ability to improve performance over the next year
- That said, 12% of respondents did say they think the industry will improve its ability to attract and retain staff, up from a very low 6% (still not a great score though)

Comparing next year to this year, would you say the ability of the tourism industry in the region to do each of the following will improve?

	Total	WAVE 1	WAVE 2
Grow visitation and spend	31%	34%	28%
Have the support of the local community	22%	21%	23%
Contribute to the local economy	30%	29%	30%
Contribute to a healthy natural environment	21%	14%	25%
Attract and retain quality seasonal/temporary staff	10%	6%	12%
Meet the demand of tourists to the region	20%	12%	25%

Business Confidence Index Methodology

- The RTO 12 Business Confidence Index is based on the inputs from 11 survey questions
- Each respondent was placed into a 5-point scale then added together. Then we transformed the scale into one that runs from 0-100 with 100 being complete confidence, zero having none. No respondents scored zero nor one hundred
- We then arbitrarily assigned breaks to establish three groups: Low, Mid, High confidence, with low 0-49 scores, Mid 50-69 scores and high over 70

Business Confidence Index

Wave Comparison

- Optimism for the future remains relatively high in the region, despite the drumbeat about a looming recession
- 72% are feeling either mostly optimistic or very optimistic about the future compared to 79% in the last wave
- However, the proportion of operators who feel pessimistic has increased somewhat, going from 21% to 28%

		Total	WAVE 1	WAVE 2
High	Optimistic about the economy and their business	24%	28%	22%
Mid	Mostly optimistic about the economy and their business	51%	51%	51%
Low	Pessimistic about the economy and their business	25%	21%	28%

