

**RT012**

# **Business Confidence WAVE 3**

**April 2024**



# Research Objectives

- A key pillar of RTO 12'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 RTO 12 launches programs to help the tourism industry and communities recover and rebuild with long-term sustainability front and centre
- This report presents the outcome of the **third phase of data gathering** - a survey of regional tourism business owners. The objective of this survey is to create an annual business confidence index



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# 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**
- That said, 39% said they are optimistic about meeting their business objectives in the coming year, the lowest level of the three waves
- A higher proportion said in this wave that they expect sales to be higher next year – 43% versus 32%
- The level of concern about meeting their staffing needs is the same as the last wave, with 36% saying they are optimistic they will be adequately staffed. 19% said hiring conditions have improved, up from 9% in the last wave
- Inflation still preoccupies the Canadian consumer, and business operators in RTO 12 are still no different. Almost three-quarters of respondents say rising prices will limit their ability to achieve their business objectives next year
- Lack of employees was only flagged as a concern by 35% of respondents, the lowest level of the three waves
- For the first time, the volume of visitors is a top 3 concern



# Detailed Findings

# Research Methodology and Sample Size

- The third wave of the online survey was deployed in the winter of 2024 by Kuration. The survey was exclusively administered online and was condensed from previous iterations, with 7 business sentiment measures instead of 13
- The survey was distributed via emails to RTO 12's 800+ email subscribers in February and April. An open link survey was deployed in this third wave via RTO 12's Facebook Page.
- 74 respondents completed the survey, versus just 96 in the first and 162 in the second wave . For that reason, this wave should be viewed with caution. Breakouts by region and business type are not possible given the sample size
- Summary tables and analysis of the survey responses were prepared by Kuration
- As there were 6 fewer confidence measures in the survey, we had to reinvent and recast the index for all three waves, to ensure a fair wave-over-wave comparison. While our new methodology shows higher optimism overall, it maintains the relative scores from one survey to the next (i.e., wave 1 had the highest overall level of confidence)



# Respondent Profile (n=74)

80% of wave 3 respondents say they are the owners of the business, versus 80% in wave 1 and 74% in wave 2.

## Respondents by Type of Business

Type of Business	WAVE 1	WAVE 2	WAVE 3
Accommodation	30%	31%	36%
Food and Beverage	25%	23%	23%
Experiences / Product	19%	22%	14%
Tour Operators / Event Planners	8%	4%	5%
Transportation	1%	1%	0%
Golf	2%	1%	0%
Other	14%	17%	32%

## Respondents by Location

Region	WAVE 1	WAVE 2	WAVE 3
Muskoka	65%	69%	61%
Parry Sound and Area	15%	11%	10%
Almaguin Highlands	11%	10%	12%
Loring-Restoule	2%	6%	8%
South Algonquin	4%	2%	7%
Algonquin Park	4%	2%	3%

## Respondents by Percent of Revenue from Tourism

Percent of Revenue from Tourism	WAVE 1	WAVE 2	WAVE 3
1% to 24%	6%	8%	7%
25% to 49%	18%	23%	11%
50% to 74%	23%	24%	22%
75% to 99%	23%	21%	27%
100%	27%	22%	29%

## Respondents by Season Open

Seasons Operating	WAVE 1	WAVE 2	WAVE 3
Spring	91%	93%	88%
Summer	99%	99%	97%
Fall	97%	94%	93%
Winter	73%	72%	60%

# Confidence Measures





# Meeting Business Objectives - Wave Comparison

- The proportion of respondents who are “Extremely” or “Very” optimistic has dropped to a minority at 39%. A much higher proportion are ambivalent.

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

	WAVE 1	WAVE 2	WAVE 3
<b>TOP 2 BOX</b>	<b>60%</b>	<b>57%</b>	<b>39%</b>
Extremely Optimistic 5	20%	13%	4%
4	40%	44%	35%
3	28%	35%	46%
2	10%	6%	7%
Extremely Pessimistic 1	2%	2%	7%
<b>BOTTOM 2 BOX</b>	<b>12%</b>	<b>8%</b>	<b>15%</b>

- 72% of respondents feel that their ability to achieve their business objectives will improve or stay the same next year. This is down slightly from 84% in the last wave
- 29% of respondents think their ability to achieve their business objectives will improve next year, compared to 29% in the last wave

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

	WAVE 1	WAVE 2	WAVE 3
Improve	40%	29%	29%
Stay the same	49%	56%	43%
Worsen	12%	15%	28%





## Meeting Staffing Needs - Wave 2 Comparison

- The proportion of respondents who are pessimistic about meeting their staffing needs (bottom 2 box) has fallen from the first wave, but is slightly higher than the second wave. The proportion who feel very optimistic (top 2 box) remains unchanged at 36%

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)

	WAVE 1	WAVE 2	WAVE 3
<b>TOP 2 BOX</b>	<b>32%</b>	<b>35%</b>	<b>36%</b>
Extremely Optimistic 5	17%	14%	13%
4	15%	20%	23%
3	24%	38%	32%
2	25%	20%	23%
Extremely Pessimistic 1	20%	7%	9%
<b>BOTTOM 2 BOX</b>	<b>45%</b>	<b>27%</b>	<b>32%</b>

- 19% of respondents say their ability to properly staff will improve over the next 12 months, the highest level of all three waves
- Only 19% say their prospects for meeting staffing needs will worsen (19% versus 19% in wave 2)

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

	WAVE 1	WAVE 2	WAVE 3
Improved	14%	9%	19%
Stayed the same	44%	72%	62%
Worsened	42%	19%	19%

# Year Over Year Sales Growth - Wave Comparison

- Businesses are more bullish about sales next year, with 43% of respondents expecting them to be higher in 2024 compared to 32% who said 2023 would be higher than 2022.

And how do you expect your revenue/sales in 2024 will be, compared to 2023? It will be...

	WAVE 1	WAVE 2	WAVE 3
Higher	54%	32%	43%
Similar	36%	56%	29%
Lower	10%	12%	28%



# Good Time to Invest in Business? - Wave Comparison

- In wave 3, only 39% of respondents said they think it's a good time to invest in their business, the lowest proportion so far.

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

	WAVE 1	WAVE 2	WAVE 3
Good time	58%	46%	39%
Bad time	7%	19%	23%
Not sure	36%	35%	38%

# Limiting Factors - Wave Comparison

- The factors of concern to operators have not changed much since the last wave, with inflation continuing to dominate
- For the first time, volume of visitors is a top 3 concern

## Which of the following factors will limit your ability to meet your business objectives in the next 12 months...

	WAVE 1	WAVE 2	WAVE 3
Rising consumer inflation - prices in general	60%	74%	70%
Rising consumer inflation - specifically gas prices	59%	62%	52%
Low volume of visitors to the region	35%	38%	46%
The weather	22%	36%	45%
Increase in the cost of labour	53%	48%	42%
Lack of employees	55%	51%	35%
Lack of patronage from locals	25%	23%	29%
Lack of affordable housing in the region	41%	40%	28%
Increase in the cost of credit	9%	28%	25%
The situation with respect to the pandemic	37%	31%	25%
Other	3%	1%	21%
Natural disasters such as floods and forest/wildfires	2%	9%	17%
Government restrictions / irrelevant programs / red tape	21%	31%	17%
Supply chain issues	43%	40%	12%
Lack of access to credit	4%	7%	6%
Nothing is limiting my ability to grow	2%	4%	1%

# Business Confidence Index - Wave Comparison

- As there were 6 fewer confidence measures in the survey, we had to reinvent and recast the index for all three waves, to ensure a fair wave-over-wave comparison. Our new methodology shows higher optimism overall, but maintains the relative scores from one survey to the next
- Optimism for the future remains relatively high in the region, but it's at its lowest level of the three surveys
- 72% are feeling either mostly optimistic or very optimistic about the future compared to 83% in the last wave
- However, the proportion of operators who feel pessimistic has increased noticeably, going from 17% to 24%

	WAVE 1	WAVE 2	WAVE 3
HIGH	51%	42%	39%
MID	31%	41%	36%
LOW	18%	17%	24%