LLOYDMINSTER

What We Heard Report

2020 Business Climate Survey Report

January 2021

Communications and Economic Development

Background and Objectives

In September 2020, the City of Lloydminster (hereinafter referred to as the City) contracted Insightrix Research Inc. (Insightrix) to conduct a business climate survey with Lloydminster businesses. The overall goal is to capture feedback from a cross-section of businesses related to economic development. The survey findings will help the City determine where investment and prioritization are needed to grow, diversify, retain, and expand existing businesses.

Specific research objectives of this study:

- Strengthening communication with local business leaders/owners/key decision-makers to help establish or further enhance the working relationship
- Assessing the impact of COVID-19 on Lloydminster businesses
- Achieving a sense of the economic pulse of the Lloydminster marketplace
- Identifying key strengths associated with conducting business in Lloydminster to ensure the City can market and attract more businesses and skilled labour
- Identifying key issues, challenges and/or barriers to conducting business in Lloydminster to ensure the City prioritizes future operational plans, economic initiatives and investments
- Comparing findings to 2019 survey results and identifying any shifts that have occurred within the past year

Methodology

The City and Insightrix worked together to develop a survey instrument to meet the research objectives. The City provided the contracted organization with a list of business contact information and businesses were contacted by telephone to participate in the study. Home-based operations and non-profit organizations were excluded from the study, and quotas were set by business size and industry to ensure no single type of business dominated the respondent mix.

A total of 100 businesses completed the survey between October 13-28, 2020. This study's response rate is 23%, and the margin of error is ±9.6 percentage points at the 95% confidence level.

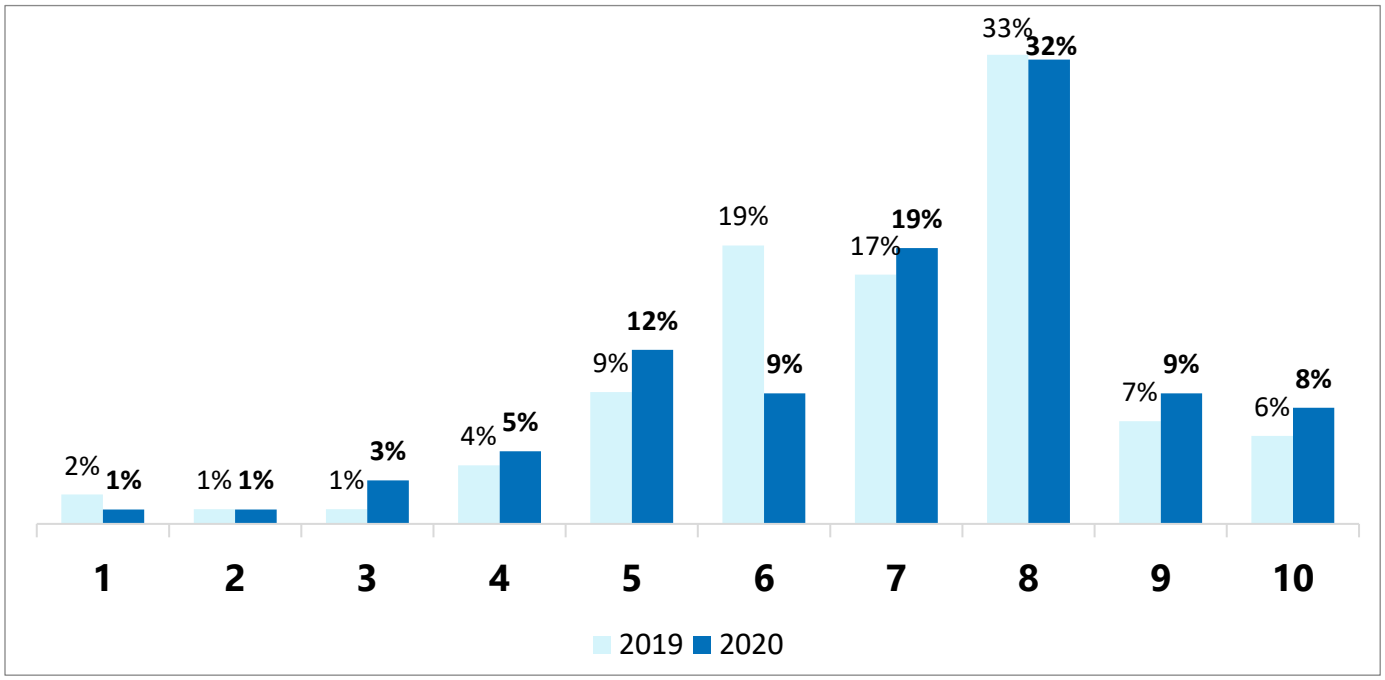
Reporting Notes

- Data have been rounded to zero decimal places, and as such, percentages may not add up to precisely 100% on some graphs.
- Open-ended questions have been themed and coded into categories. The percentages from individual codes could total more than 100%, as each respondent's comments could be relevant to more than one code.
- Questions with multiple response options will result in percentages that could add up to more than 100%

SATISFACTION

Despite the pandemic's challenges, ratings of Lloydminster as a place to do business remains unchanged from 2019. Decision-makers for large businesses provide higher satisfaction ratings in 2020, although the low number of respondents who fall into this category means that this result should be interpreted with caution.

Lloydminster as a Place to Do Business



High ratings
2019: 46% 2020: **49%**

Low ratings
2019: 4% 2020: **5%**

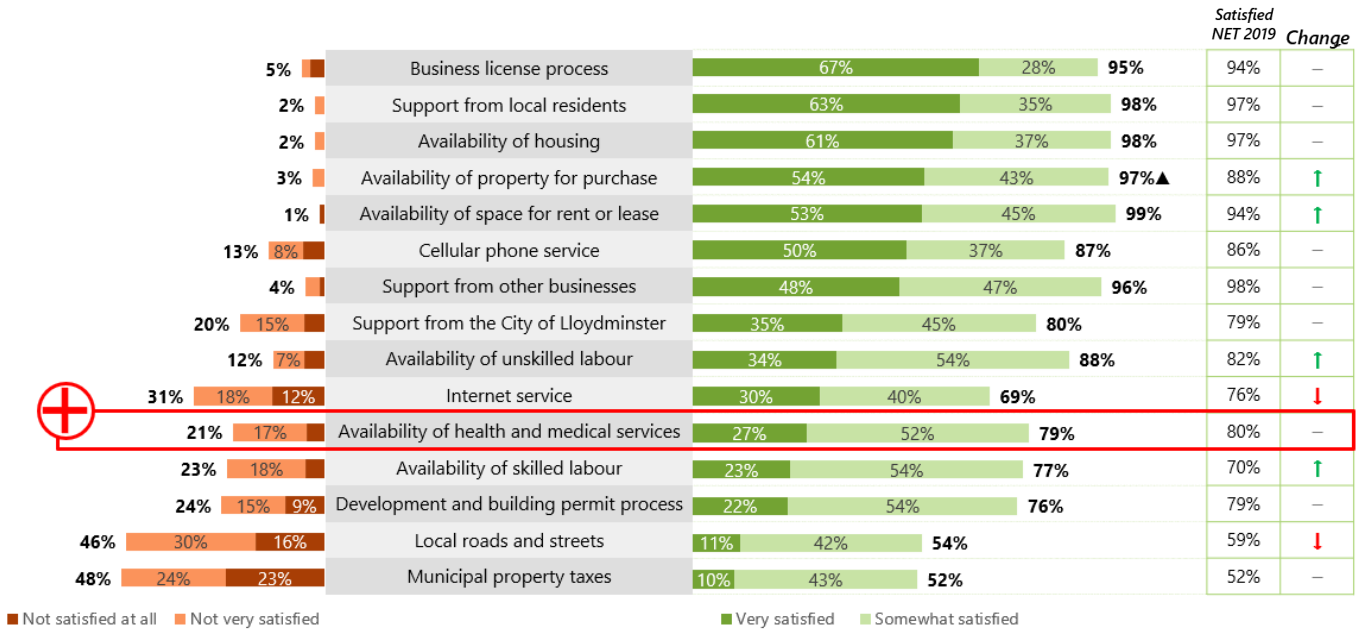
Average rating		
Number of Employees	2019	2020
1-5	7.0	6.7
6-10	6.8	7.1
11-49	7.2	7.1
50+*	5.8	7.8
Overall	6.9	7.0

*Small sample size – interpret with caution (n=5 in 2019 and 2020).

4. How would you rate Lloydminster as a place to do business? Please answer using a ten-point scale where one means "poor" and ten means "excellent." Base: All respondents excluding "Don't Know," 2020: n=99; 2019: n=98.

Similar to 2019, satisfaction with doing business in Lloydminster remains high. The business licensing process, support from local residents, and housing availability continue to be the three areas of strongest satisfaction. The availability of property/space and labour receive increased ratings in 2020. However, satisfaction with internet service and local roads/streets have declined.

Satisfaction with Specific Areas of Doing Business in Lloydminster



↑ Increase by 5% or more

– Change within 5%

↓ Decrease by 5% or more

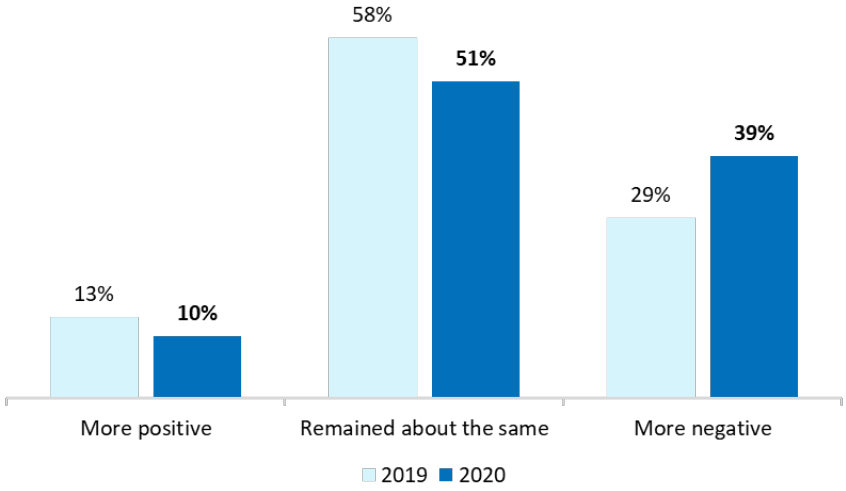
COVID-19 Insight

Satisfaction with the availability of health and medical services remains high and consistent with 2019. This indicates positive opinions of the availability of COVID-19 testing and continued access to regular medical services.

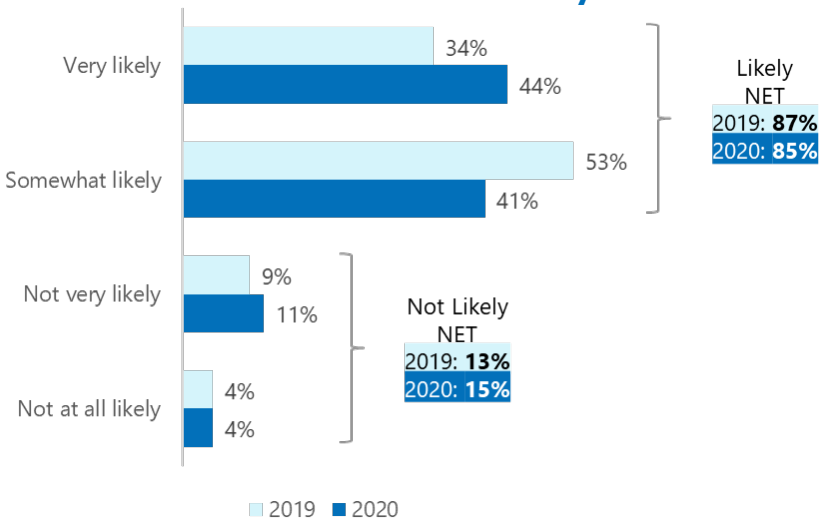
9. How satisfied are you with each of the following when doing business in Lloydminster? Base: All respondents excluding "Not sure" and "Not applicable to my business," 2020: n=54-100; 2019: n=61-100.

Half of all decision-makers state their attitude toward doing business in Lloydminster has remained about the same over the past year, while 4-in-10 feel more negatively. Despite the less positive attitude in 2020 than in 2019, the vast majority are still very or somewhat likely to recommend Lloydminster as a place to do business. This shows respondents are still optimistic about their prospects in the community.

Attitude Toward Doing Business in the City



Likelihood to Recommend Lloydminster



Executive Responses

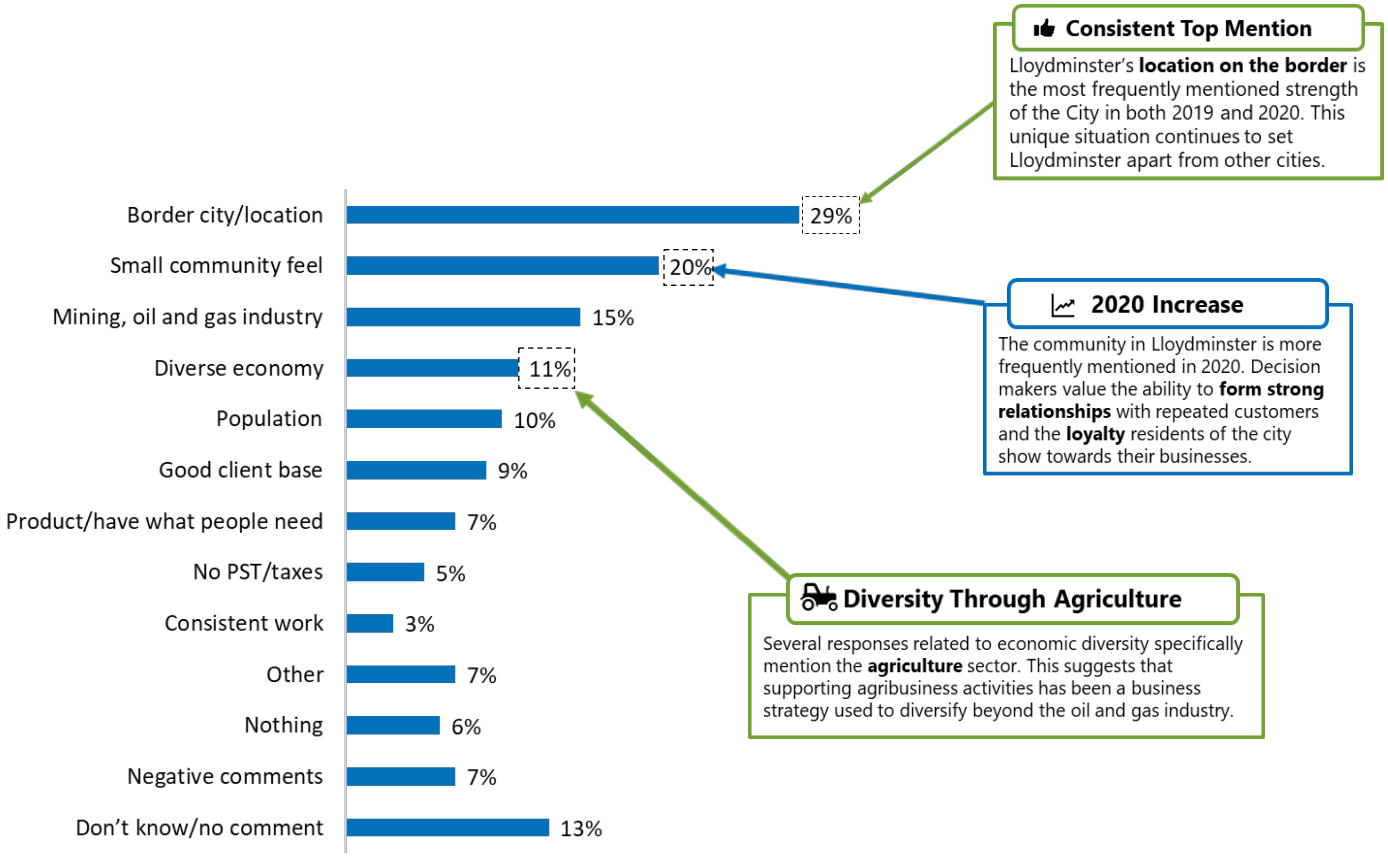
While few executives (six) responded to the survey, these individuals tended to provide less-positive ratings than owners and managers. All executives reported a negative shift in their view of the City, and only one third are likely to recommend Lloydminster as a place to do business.

5. Over the past 12 months would you say your attitude about doing business in the city has become... Base: All respondents, 2020: n=100; 2019: n=100.
10. How likely would you be to recommend Lloydminster as a place to do business? Base: All respondents, 2020: n=100; 2019: n=100.

STRENGTHS AND CHALLENGES

Lloydminster's location on the Alberta-Saskatchewan border continues to be the most frequently mentioned strength of doing business in the city. The mining, oil and gas industry is also frequently mentioned, which is consistent with 2019 results.

Key Strengths



Commonly Associated Categories

Those who mention Lloydminster's **border location** also commonly mention the **mining, oil and gas industry**. This illustrates that many respondents connect the transportation benefits of the city's location specifically to this sector.

Similarly, those who mention of a **small community feel** also frequently mention the **good client base** in the city. This highlights how many businesses rely on forming strong relationships with customers through frequent interactions.

7. What do you see as some of the key strengths of operating a business in Lloydminster? (Open ended.) Base: All respondents, n=10.

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Strengths of Operating a Business in Lloydminster

Verbatim Comments

Central Location. No PST. Heart of heavy oil technology and services. As the city grows, it attracts more business. They don't want to travel too far, but they want to get out. Our retail, accommodation, and restaurants as well as recreation being offered (i.e., swimming pool). We do specialty work, and customers will travel to us. As well, people travel to town for health-related issues.

No one really wants to travel right now. **Not everyone wants to drive two or three hours, so they are shopping more locally.**

In our experience, the City administration has been helpful in us conducting business; and especially in response to COVID-19 - they were very open-minded and helpful for reopening for business.

Our location because **we're able to serve clients in our area where companies in Edmonton and Saskatoon can't**. **We're local** and able to serve people face to face, when others in larger centres can't or won't. It's a **diverse economy** between agriculture and oil and gas.

There are **cheaper business licences than in bigger cities,** and it's **easier to do business with the office staff.**

It's a small enough community to know your neighbours but large enough to offer a range of services and the proximity to larger cities, and local shopping has improved.

Our city is **very centralized** for oil and gas, so we get a lot of heavy truck traffic.

It's a small city, and people know each other. It's easy to get products into Lloydminster.

Because there many small towns around us, we **get a lot of travelers,** and there is **good support from the community**.

Lloydminster has always had a strong oil and gas presence, and because we're on the border we can expand both in Alberta and Saskatchewan.

I really don't know how to answer this question during COVID-19. We're just trying to get by. We got a lot of surrounding areas**. There are a lot of sports and recreational activities here in Lloydminster to draw people in.**

7. What do you see as some of the key strengths of operating a business in Lloydminster? (Open ended.) Base: All respondents, n=100.

Business decision-makers identify a wide range of challenges. The state of the mining, oil and gas industry is most mentioned, followed by the economic downturn.

Challenges of Operating a Business in Lloydminster

Verbatim Comments

Challenge #1: The Mining, Oil and Gas Industry

Mentioned by **35%** of Respondents

Like 2019, slowdowns in the mining, oil and gas industry is the most-mentioned challenge to businesses. Select comments indicate that business had started to notice a pickup in activity in early 2020 before the pandemic once again leads to unfavourable markets.

> **The oil industry being down - the pandemic impacts our industry.** We were pretty busy during the year but with the pandemic, we're down by about half of what we normally are.

> Oil and gas have gone down, **no one wants it anymore** and we're being heavily taxed.

> The downturn in the oil industry has been a challenge because **there have been a lot of layoffs in the oil industry**.

Challenge #2: The Economic Downturn

Mentioned by **25%** of Respondents

Comments related to an economic downturn are less common in 2020 (in 2019, this was the most-mentioned category). This shift is likely due to the pandemic's economic challenges being at the forefront of many respondents' minds.

> There is a lot of completion from bigger cities. **It seems like everyone is looking for work everywhere.**

> **I would say economic downturn affects our area more than other places in Canada.** Infrastructure isn't as updated. As we're inter-provincial there's red tape on both sides that could make it difficult for businesses.

> Oil is a big driver of the economy in Lloydminster and that's taken a downturn. And with **the uncertainty of the economy**, people are reluctant to build in Lloydminster.

Challenge #3: Government Regulations

Mentioned by **17%** of Respondents

Respondents identify the following differences between provinces as challenges:

- Safety protocols
- Taxes
- Minimum wages
- Allowed trucking configurations
- Requirements for two business licences
- Differences in inspections

> It's a border city. **Inspections between the provinces are different.**

> The two-province location is a challenge. For us **requiring licenses for two provinces** is the most challenging right now.

Business decision-makers identify a wide range of challenges. The state of the mining, oil and gas industry is most mentioned, followed by the economic downturn.

Challenges of Operating a Business in Lloydminster

Verbatim Comments

Challenge #4: Border City/Location

Mentioned by **14%** of Respondents

Comments related to location often mention different regulations between provinces or the need to travel to larger cities for specialized repairs or other business.

> Being on the border **we have two licenses** - one for AB and one for SK.

> We're a border city. **With COVID-19, it was a challenge**.

> We are in a remote area. **To get good repair service for our restaurant, we need to go to Edmonton.**

Challenge #5: Taxes

Mentioned by **13%** of Respondents

Several respondents believe tax rates to be too high. Select comments on recent increases are also noted.

> The council and staff need to **focus on taking care of local businesses** in terms of **lowering taxes**.

> I would say **increased taxes** and the cost of doing business.

> **There are increased taxes and costs** - like they've added something for groundwater depending the size of your lot.

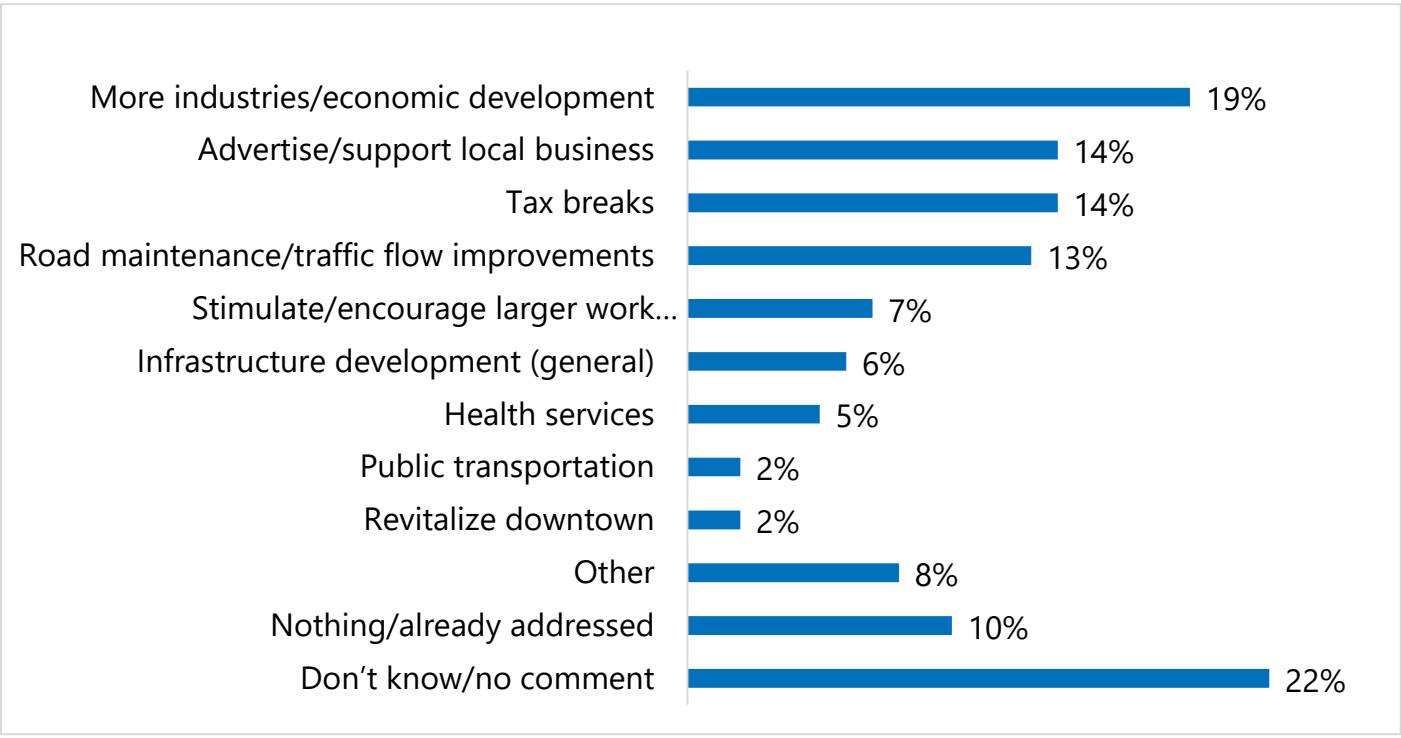
Other Challenges

Challenge	% Mentioned
Lack of economic diversity	13%
People not shopping locally	9%
Cost of doing business	9%
Finding workers	7%
Competition	6%
Declining population	4%
COVID/pandemic	4%
Parking issues	1%

8. And what do you see as some of the key challenges of operating a business in Lloydminster? (Open ended.) Base: All respondents, n=100.

Respondents tend to provide a wide range of suggestions when asked where the city should focus. Attracting/developing business, promoting “buy local” attitudes and providing tax breaks are the most mentioned focus areas.

Key Focus Areas



They could **encourage people to support local businesses** and more local shops and grocery stores.

They can **build more infrastructure** with COVID-19 happening.

The single biggest factor the city must deal with are the taxes. Without oil and gas and the royalties they get from those, there are going to be some massive issues.

They can **reduce property taxes and administrative spending** and be more efficient with spending, time, and property. They can utilize current infrastructure and get better internet.

They could **promote more local shopping** to bring in more people from outside Lloydminster to do more shopping in Lloydminster.

More local buying from the City and more local contractors being used by the City.

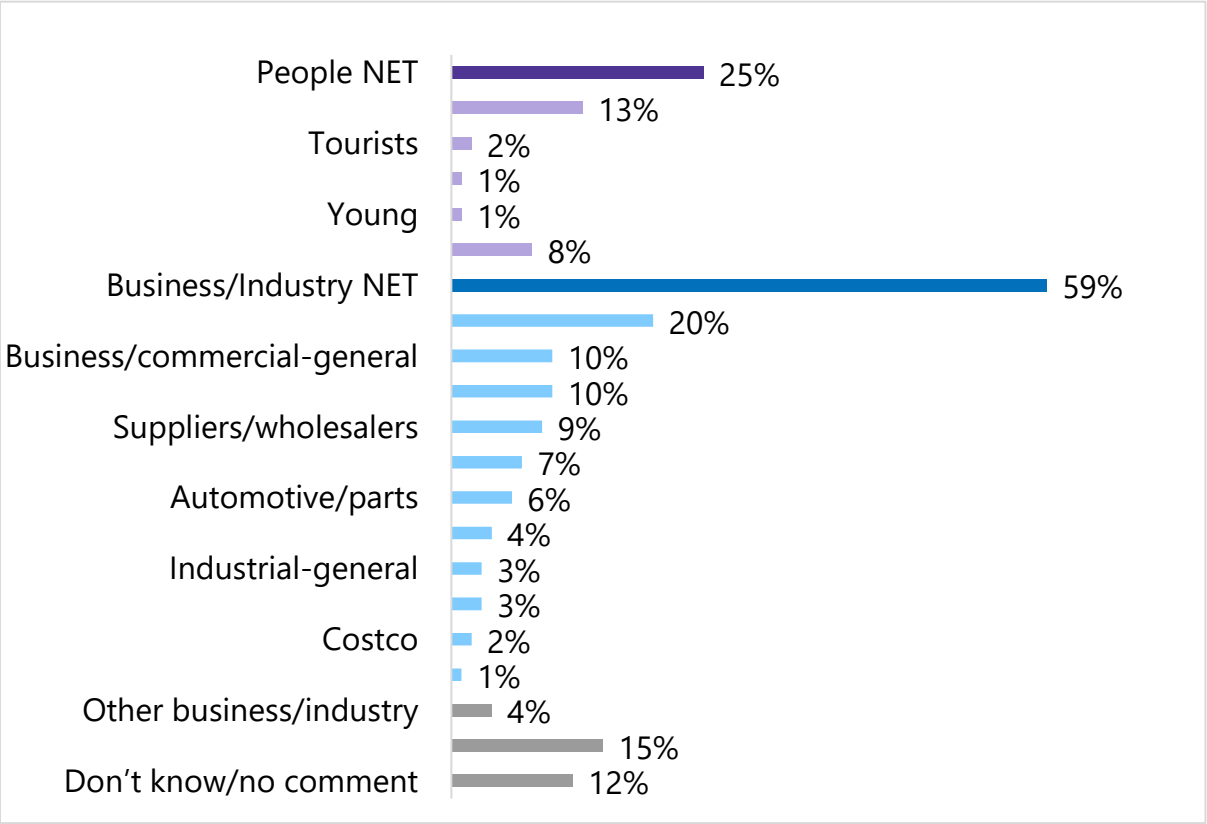
They could develop roads better. My competition has paved roads where I have gravel roads.

I’m **looking forward to the development of the Lloydminster Airport** because of more food services and gas outlets.

11. What issues, needs and or services should the City of Lloydminster focus on to help your business succeed? (Open ended.) Base: All respondents, n=100.

Mining, oil, and gas business is the most-mentioned business type that respondents would like to be attracted to Lloydminster. Construction and wholesalers are also mentioned relatively frequently. Respondents typically express a desire for a general increase in the number of Lloydminster residents instead of identifying specific types of people they wish to see in the city.

Key Suppliers or Customers to Attract



We have a wide range of customers, so **anything and everything** would help support us.

We have a wide range of customers, so **anything and everything** would help support us.

Any age of customer is good for my business. IKEA or Costco would be great here.

There could be more commercial retailers and manufacturing.

We have been looking for **building supply companies**.

They could attract **more oil companies** from out of town, more oil crews, and development and houses.

The **more small and medium sized businesses** that are here would be beneficial to me.

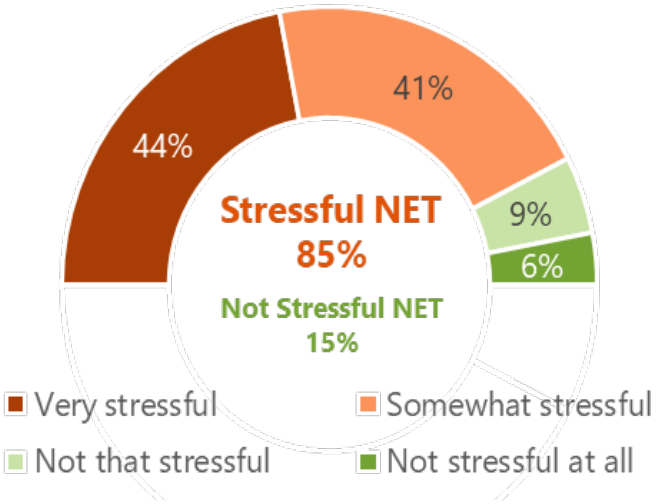
That's a tough one. **Any diverse economy** would be huge as we're so dependent on oil.

12. What kind of suppliers or customers could be attracted to Lloydminster that would benefit your business? (Open ended.) Base: All respondents, n=100.

COVID-19 IMPACT

COVID-19 created considerable stress and challenges for businesses. Almost 9-in-10 report stress related to managing a business due to the pandemic. A roughly even split is seen among those who believe the pandemic is the greatest challenge they have faced and those who believe they have experienced greater challenges. Those who believe the pandemic is challenging are unsurprisingly more stressed than other business decision-makers.

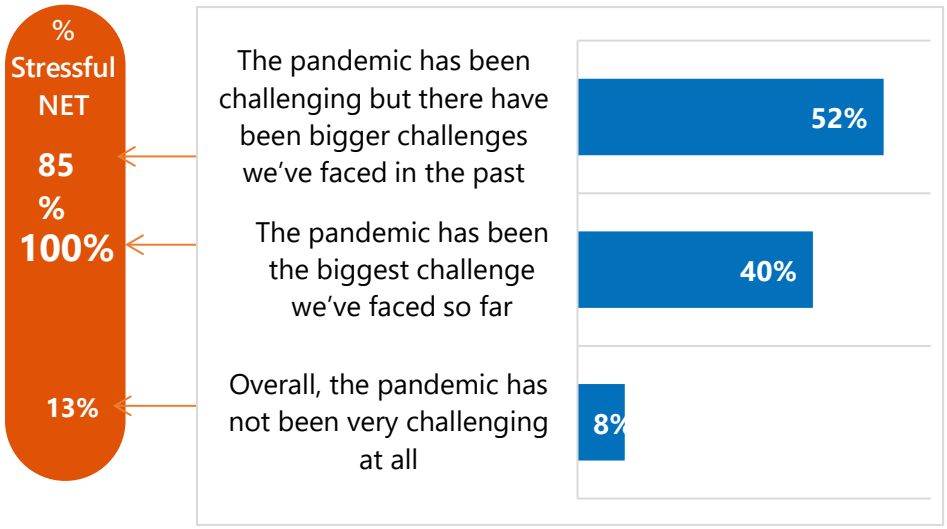
Stress Level in Managing Business



Saskatchewan Stress

A recent Insightrix survey of Saskatchewan business decision-makers shows that the proportion of stressed respondents in Lloydminster is consistent with stress levels across Saskatchewan – 78% of Saskatchewan respondents report stress compared to 85% in Lloydminster. For a complete picture of how Lloydminster compares to Saskatchewan businesses, consider purchasing the full Insightrix COVID-19 Saskatchewan Business Impact Assessment Report.

Covid-19 VS other Organizational Challenges



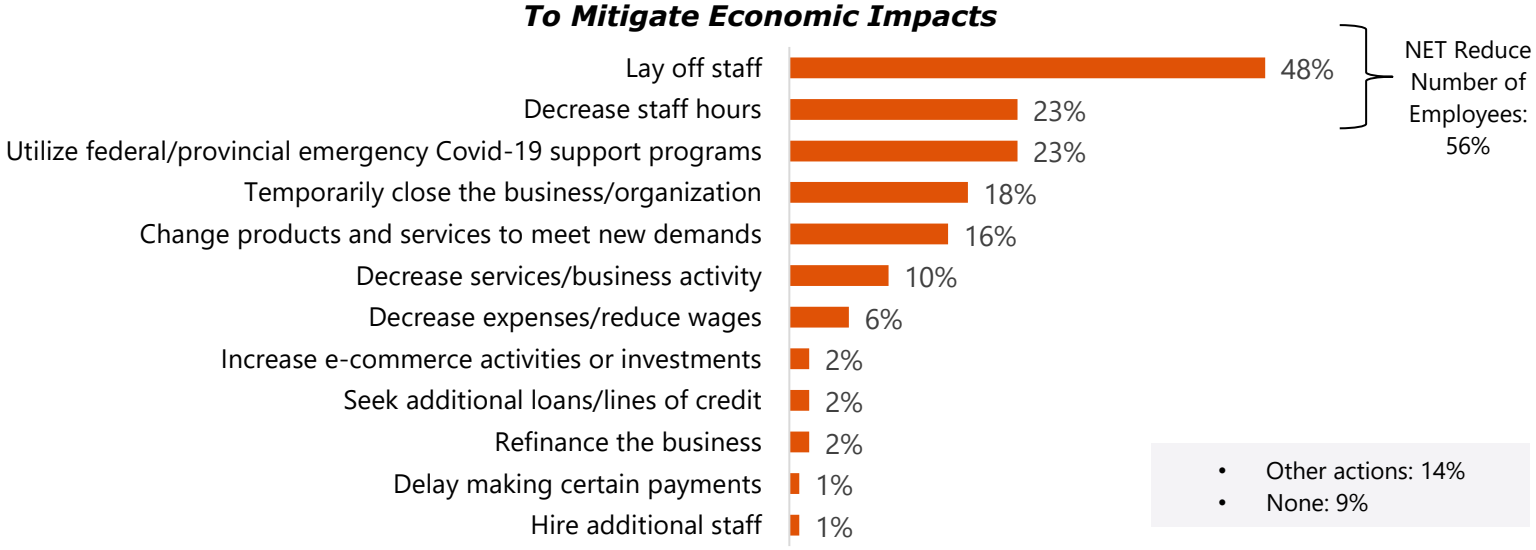
Challenge by Stress Level	Stressful NET	Not Stressful NET
The pandemic has been challenging but there have been bigger challenges we've faced in the past	47%▲	0%▼
The pandemic has been the biggest challenge we've faced so far	52%	53%
Overall, the pandemic has not been very challenging at all	1%▼	47%▲

14a. All things considered, how stressful has the COVID-19 pandemic been for you in managing your business/organization? Base: All respondents, n=100.
14b. Compared to other organizational challenges your business has faced in the past, which of the following best describes your feelings? Base: All respondents, n=100.

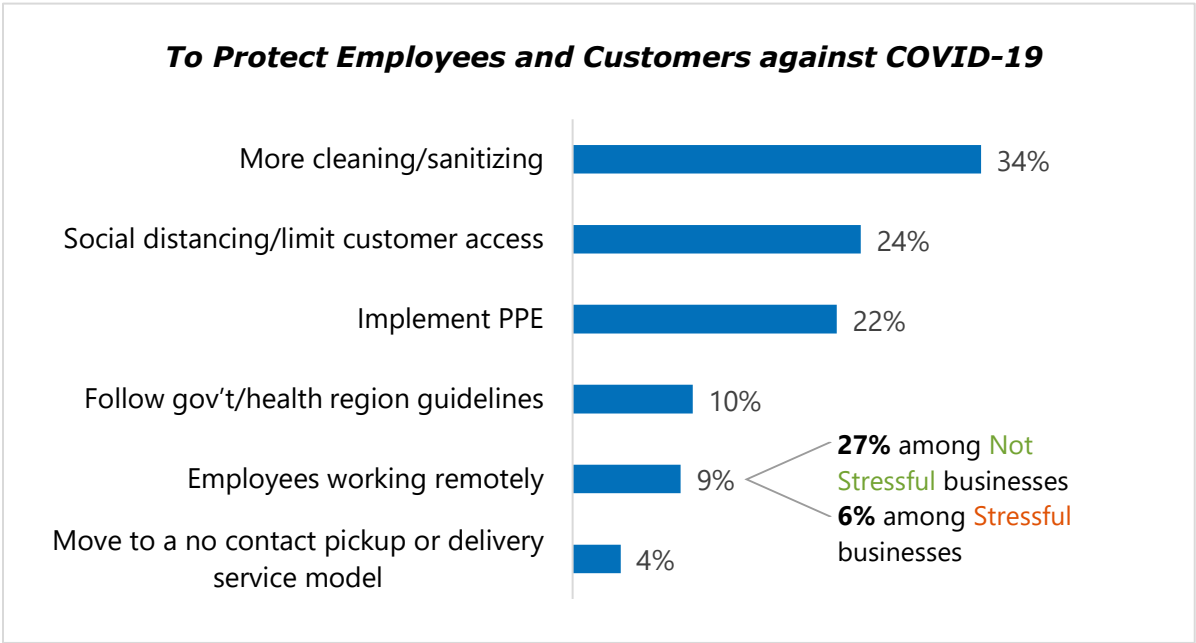
To mitigate the economic impacts of COVID-19, one-half of businesses report laying off staff or reducing staff hours. More cleaning and sanitizing are the most common coronavirus prevention measure and is implemented by one-third of businesses. Businesses that can implement remote working indicate lower stress levels.

Actions to Mitigate the Impacts of COVID-19

To Mitigate Economic Impacts



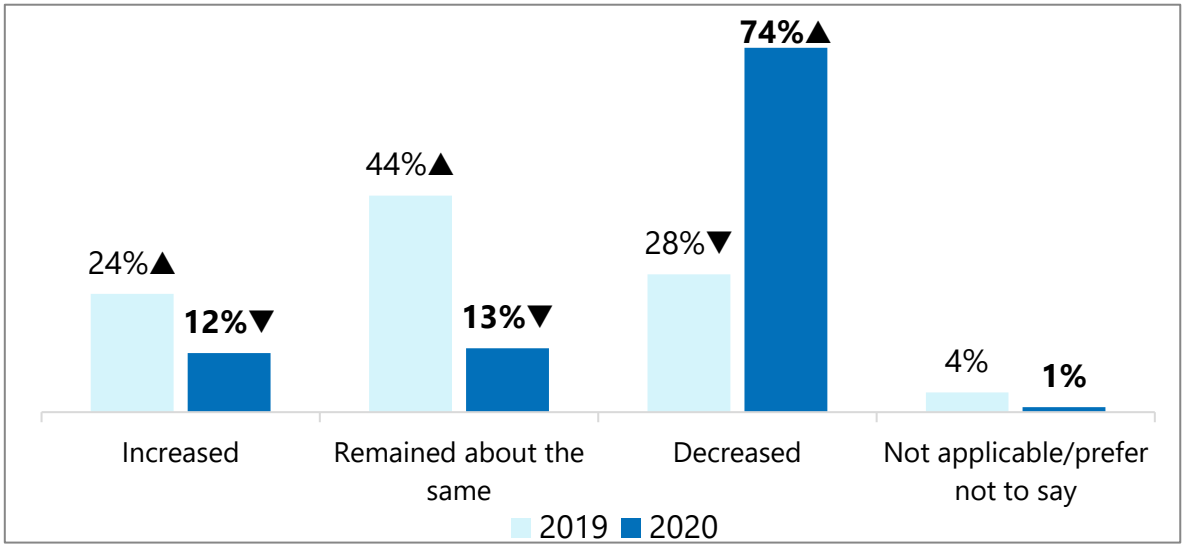
To Protect Employees and Customers against COVID-19



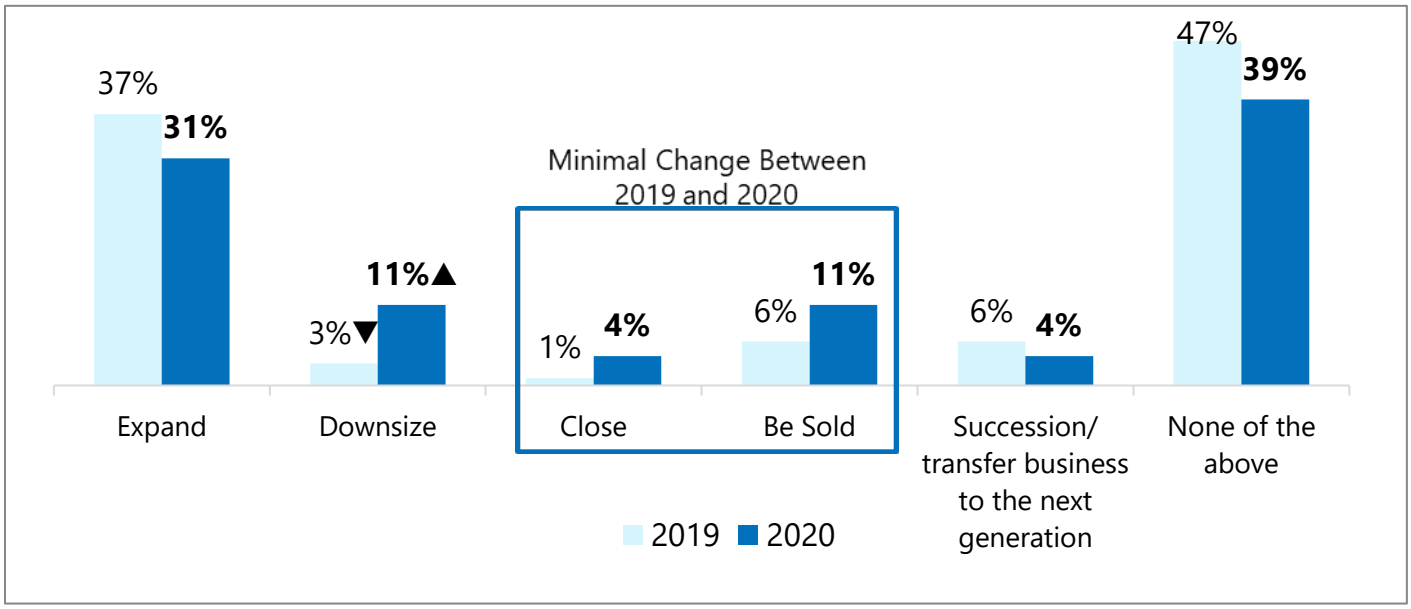
14c. What actions did you take/are taking to mitigate the impacts of Covid-19?
Base: All respondents, n=100.

With the impact of COVID-19, three-quarters of businesses see decreased revenue this year compared to the last year, more than 2.6 times the proportion in 2019. Although more businesses expect to downsize compared to last year, the overall number of these businesses remains relatively small. While the number of businesses that expect to close or be sold is consistent in 2019 and 2020, survey results do not include businesses that have already closed during the past year.

Business Revenue (Change Over the Last Year)



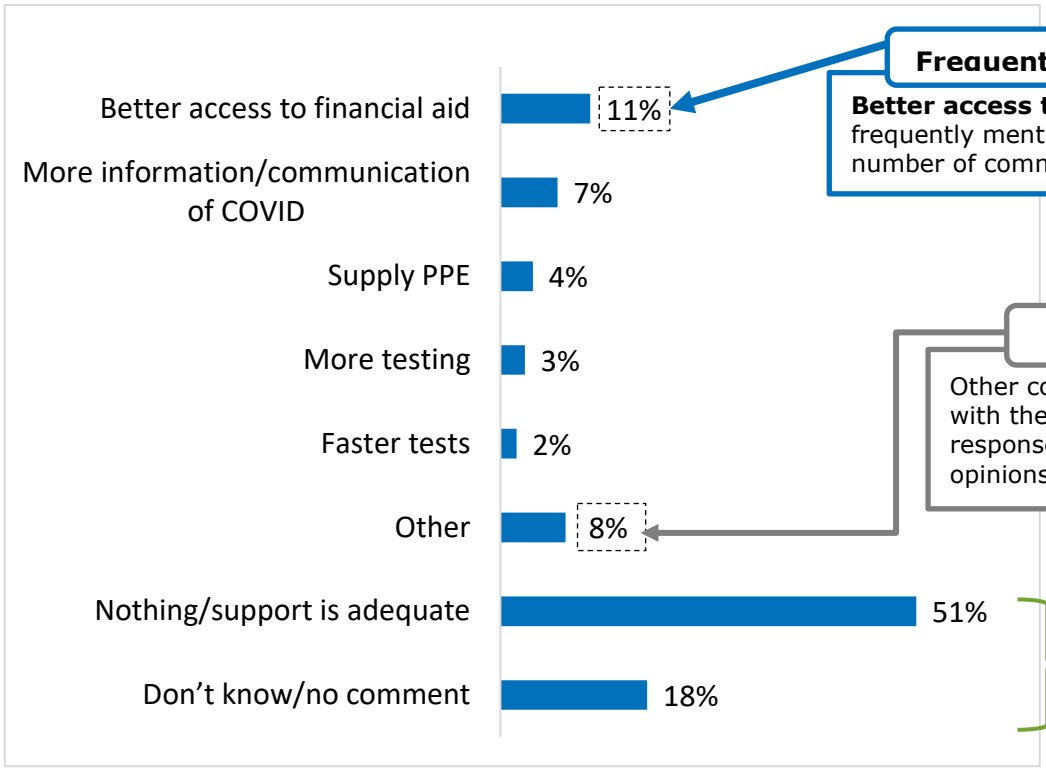
Anticipated Changes Within the Next Two Years



6. Compared to the last fiscal year, have the revenues at your business this fiscal year... Base: All respondents, 2020: n=100; 2019: n=100.
13. Which of the following do you anticipate will apply to your business within the coming two years? Just a reminder that your answers will remain confidential and will not be tied to you or your business name. Do you anticipate that your business will... Base: All respondents, 2020: n=100; 2019: n=100.

More than half of all respondents believe that the City has provided adequate pandemic-related support or cannot think of any possible improvements. Better access to financial aid is the most frequently mentioned suggestion, although only a relatively small proportion of respondents leave such a comment (about 1-in-10 respondents).

Desired Covid-19 Support Services



Frequent Financial Aid Mentions

Better access to financial aid is more frequently mentioned than the combined number of comments related to PPE or testing.

Other Mentions

Other comments include dissatisfaction with the Federal Government's response to COVID-19 and differing opinions on mask policies.

General Satisfaction

A strong majority of business believe the City has provided sufficient COVID-19-related support or have no suggestions for further improvements in this area.

There is a minimum in the loss of revenue before you can get support. **There should be support for people in the middle.**

None, they're **doing a good job**.

When the economy shuts down and you **have no income**, if there's something the city could **help us out** in that area, it'll be great.

I feel like **rent relief missed the mark**. The way they structured it didn't work out for many in Lloydminster. Lloydminster should have adopted a mask bylaw.

There could be **more information** on business protocols.

What was provided already is substantial enough.

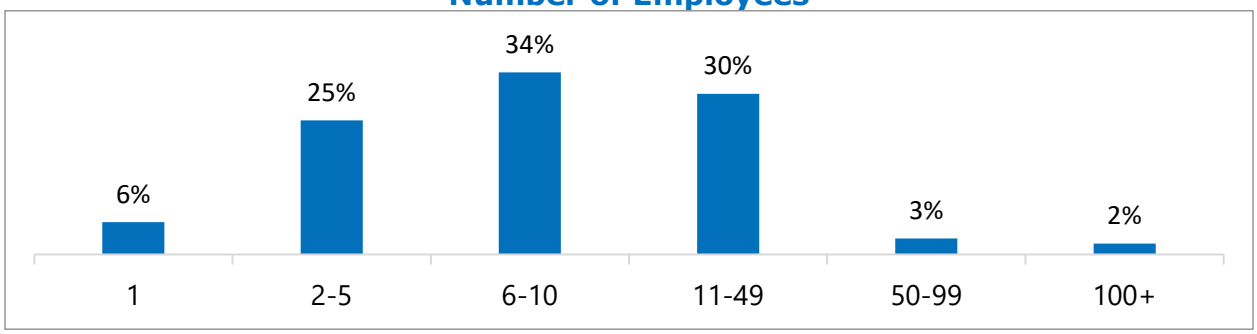
More and easier **testing** could be needed, and **supplies** were difficult to get a hold of at the beginning.

14. Specific to COVID-19, are there any support services you feel are missing or would be of value to your business? (Open ended.) Base: All respondents, n=100.

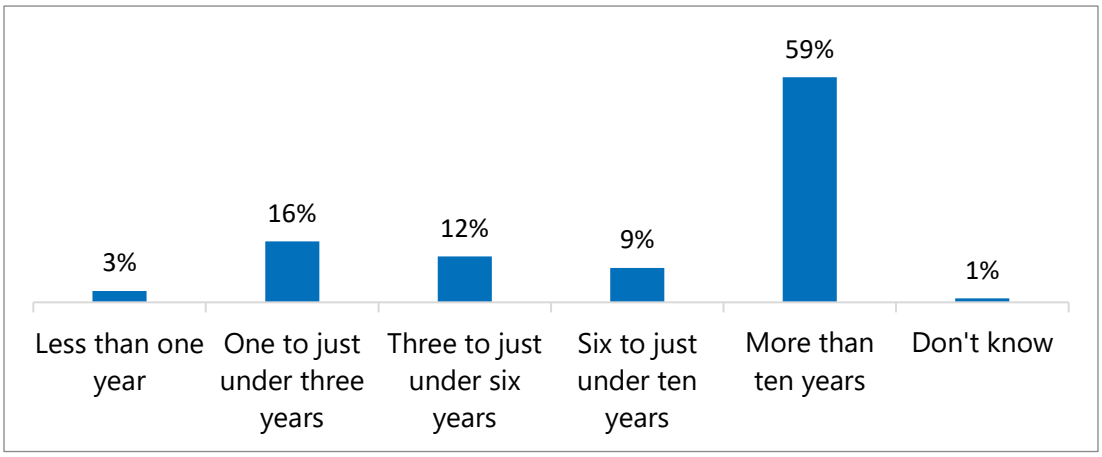
APPENDIX – DEMOGRAPHICS

Respondent Profile

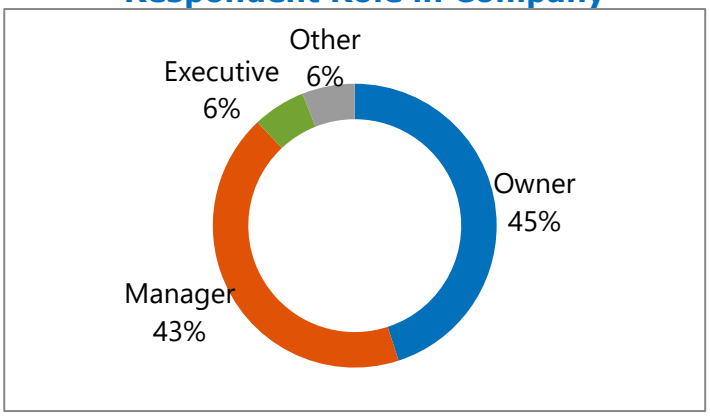
Number of Employees



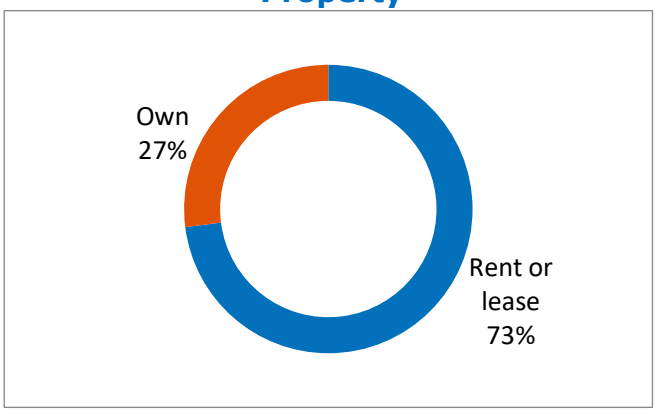
Years in Business



Respondent Role in Company



Property



2. Including yourself, how many people work for your company? Base: All respondents, n=100.
16. How long has your company been in business? Base: All respondents, n=100.
15. What is your role at your company? Base: All respondents, n=100.
17. Do you currently rent or own your business property? Base: All respondents, n=100.

Industry

Accommodations	7
Arts/marketing	2
Construction	7
Entertainment	1
Health care	5
Manufacturing	2
Mining, oil and gas	19
Professional services	10
Real estate	3
Retail	19
Service provider	4
Transportation	6
Wholesale	1
Other	14

3. In what sector or industry does your business operate? Base: All respondents, n=100.