

# Niagara Region Manufacturing Sector Survey

## Presentation

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**Niagara Region**  
*Building Community. Building Lives.*

# Objectives

- ❖ The objectives of the 2015 research is are to track changes from the baseline survey conducted in 2013 and collect new information about SMEs in the manufacturing sector in the region in a number of areas, including:
  - Business outlook
  - Research and development
  - Potential for expansion and diversification
  - Export readiness
  - Labour gaps and skills shortages, and
  - More.

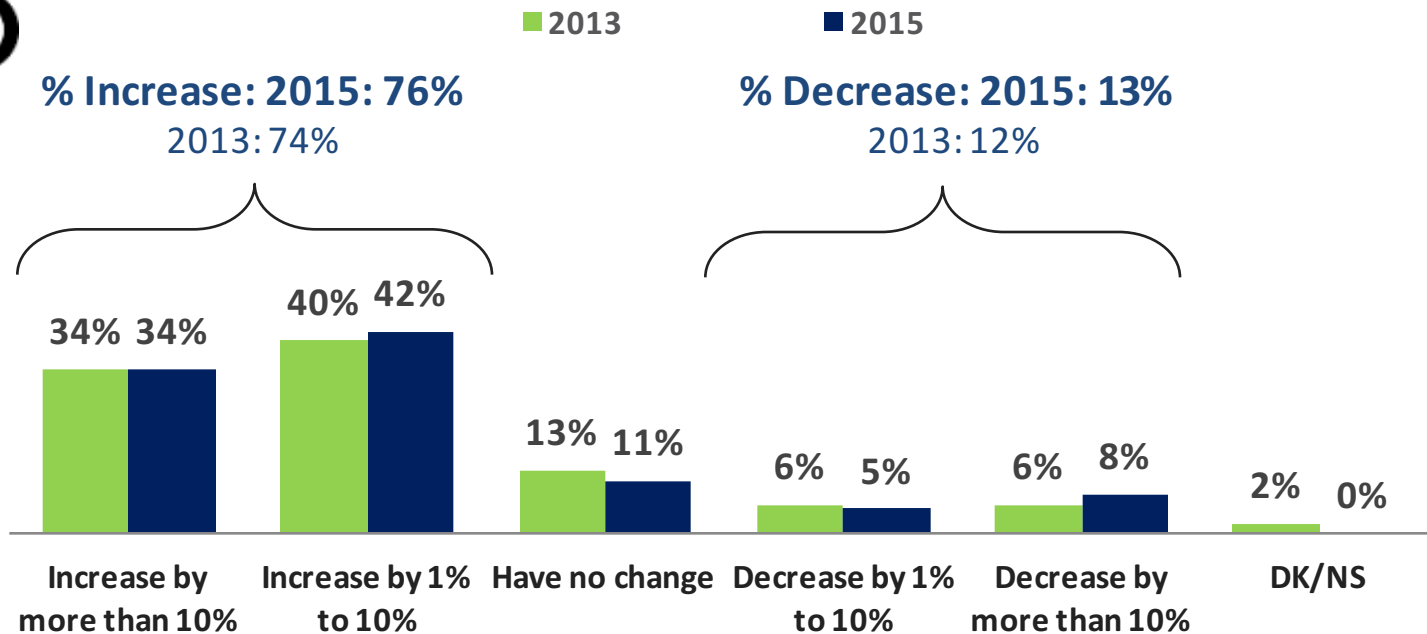
# Methodology

- ❖ In total, n=130 interviews were conducted with individuals from small and medium (SMEs) manufacturing firms in Niagara Region who are knowledgeable about the kind of work done by the firm or is a decision-maker.
- ❖ A sample of 130 interviews has a margin of error of plus or minus, 8.6 percentage points, 19 times out of 20. The margin of error for sub-sectors of the sample is larger, depending on the sample size.
- ❖ The survey was conducted by telephone between July 21 and August 25, 2015.
- ❖ Contact information for all respondents was provided by Niagara Region and purchased according to NAICS code by Ipsos.

# OUTLOOK

# Business Outlook Over the Next Three Years

- Similar to 2013, a large majority of three-quarters (76%) of firms continue to expect their business to grow over the next three years, including one-third (34%) who think it will grow by more than ten percent. This shows a strong momentum for business growth in Niagara Region.



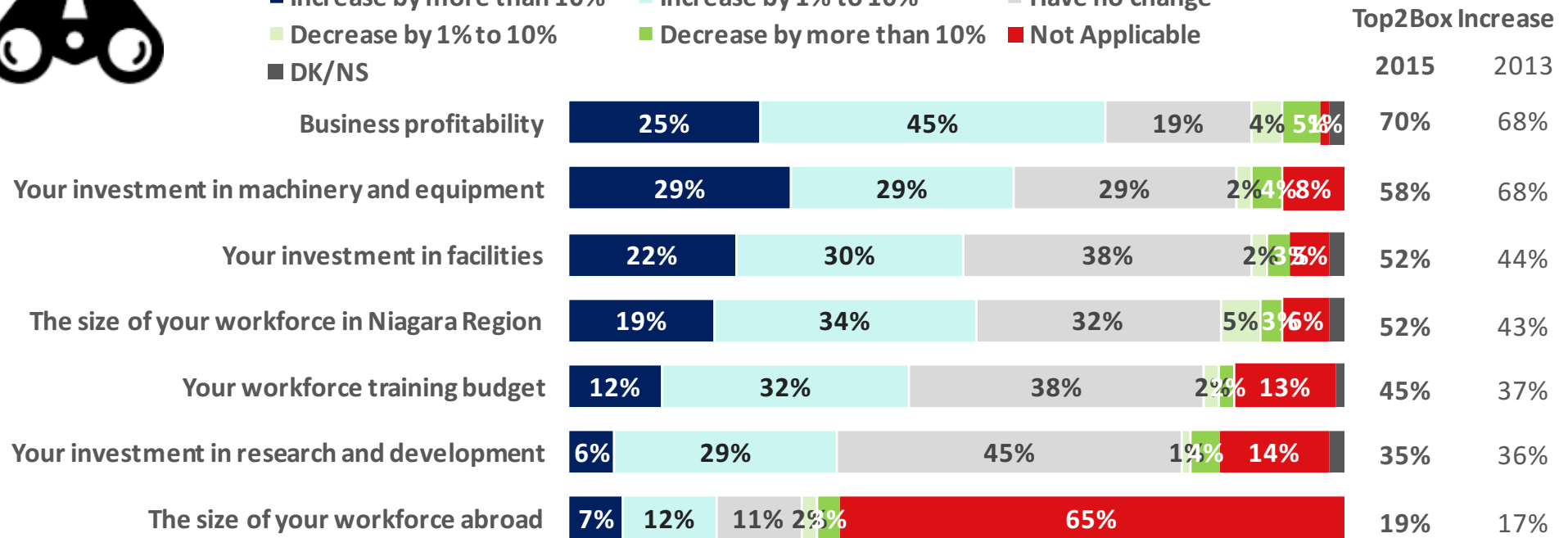
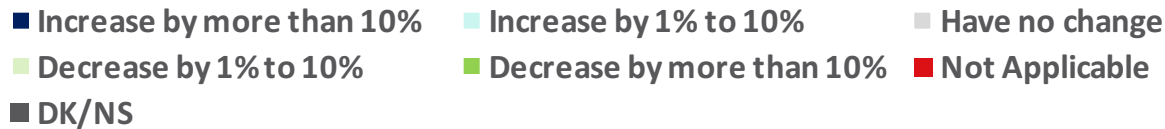
Q12. Thinking about your business outlook over the next three years, do you expect business to...?

Base: All respondents 2015 (n=130); 2013 (n=196)

OVER THE NEXT THREE YEARS

# Outlook for Various Aspects of Their Business

- Similar to 2013, a large majority say business profitability (70%) will increase over the next three years, while a smaller majority say the same about their investment in machinery and equipment.
- Majorities also expect increases in their investment in facilities (52%) and the size of their workforce in Niagara Region (52%, up directionally from 43%). More than four in ten (45%) also expect an increase in their workforce training budget.

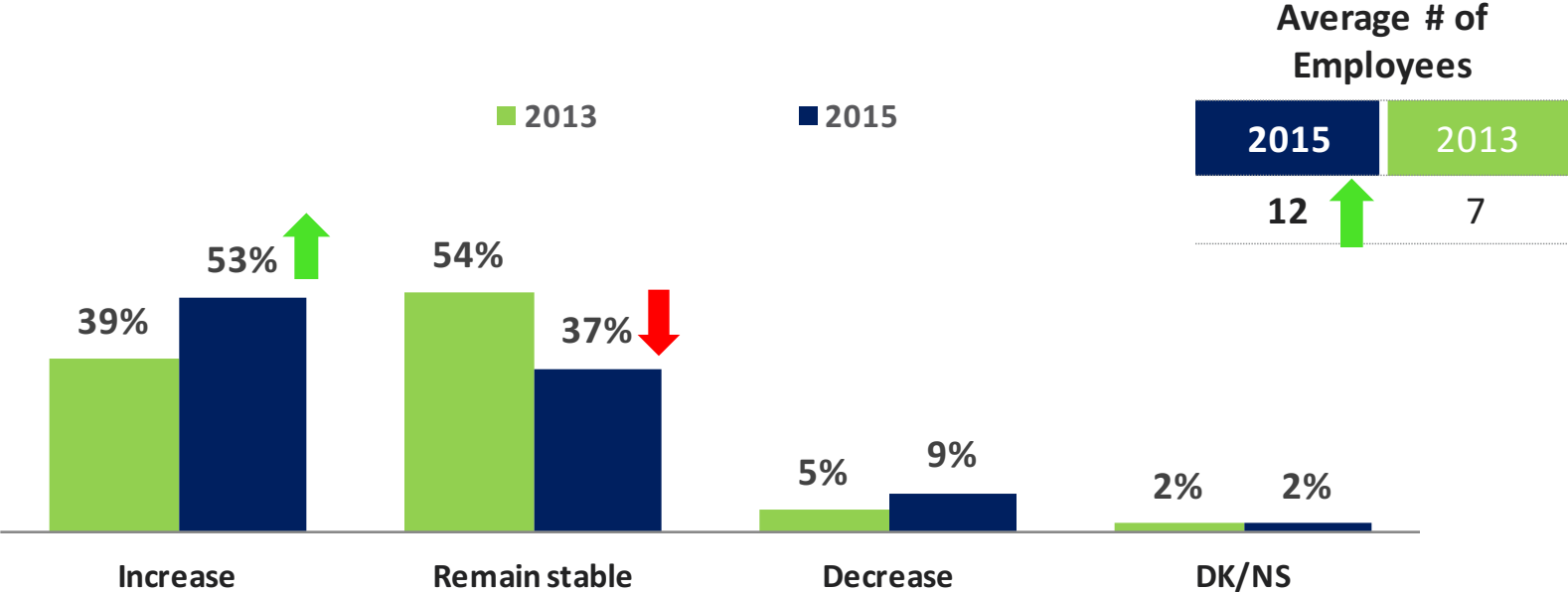


Q13. Using the same scale, what do you say your outlook is for the following over the next three years? How about...?

Base: All respondents 2015 (n=130); 2013 (n=196)

# Projected Employment Needs

- Significantly more firms indicate that the project employment needs for their company are expected to increase, compared to in 2013 (53%, up 14 points).
- There has been a significant decline of 17 points in the proportion, now 37 percent, who say the projected employment needs for their company’s facility are expected to remain stable.

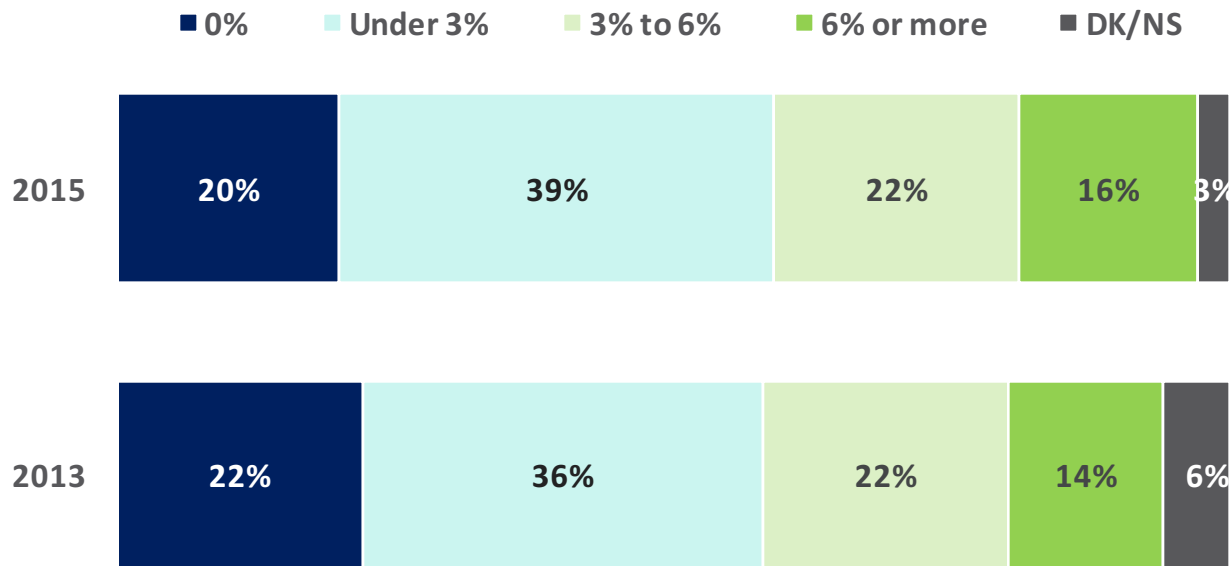


Q18a. Are the projected employment needs for your company’s facility expected to increase, decrease or remain stable over the next 2 years?

Base: All respondents 2015 (n=130); 2013 (n=196)

## PERCENTAGE OF Sales Spent on R & D

- A large majority (77%) of firms spend some percentage of their sales on R&D, including four in ten (38%) who spend more than three percent. This figure has not changed significantly from 2013.

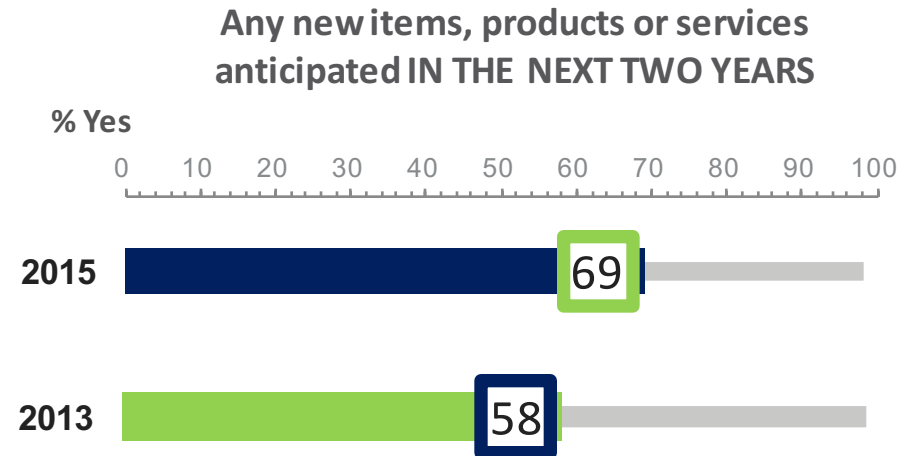
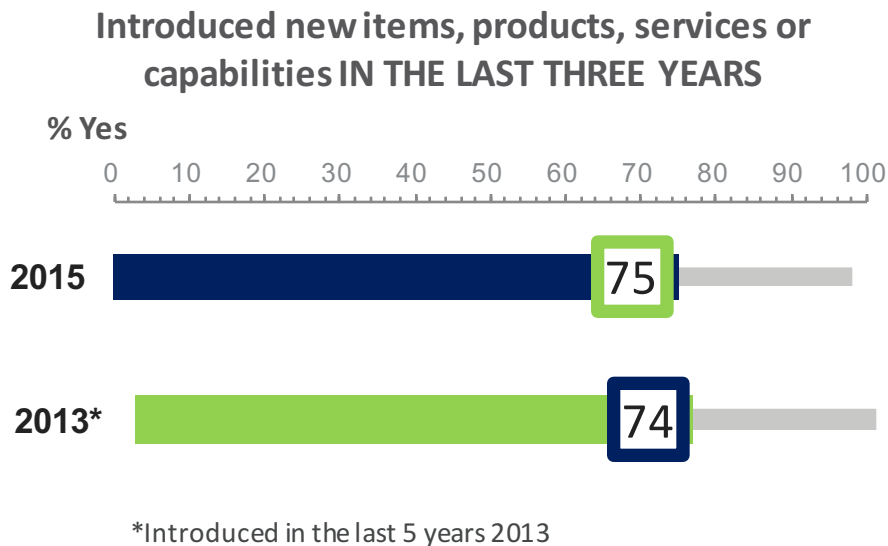


Q6C. As a percentage of sales, how much (if any) does your company approximately spend on research and development?  
Base: All respondents 2015 (n=130); 2013 (n=196)



# INTRODUCTION OF New Products or Services

- Three-quarters of firms have introduced new items, products, services or capabilities in the last three years. This figure is similar to 2013 which was based on a timeframe of five years.
- A large majority (69%) now say they anticipate introducing new items, products or services within the next two years. This figure has not changed significantly from 2013.



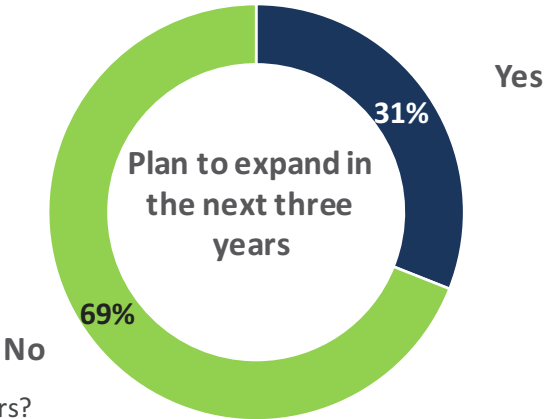
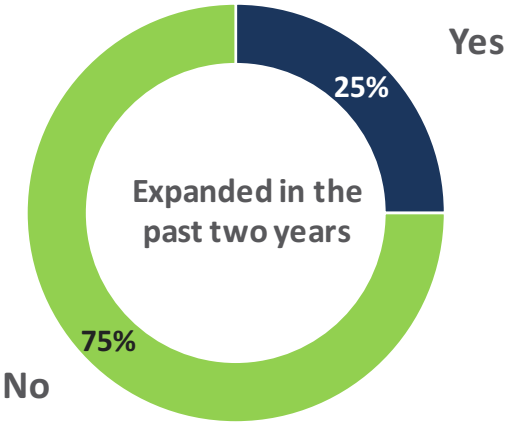
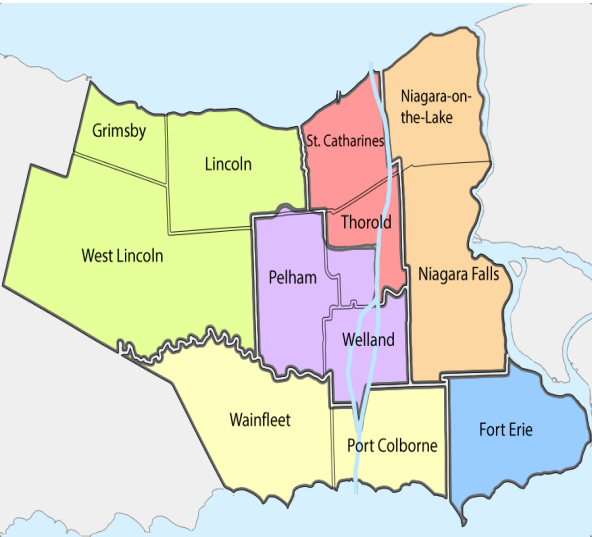
Q6A. Has the company introduced new items, products, services or capabilities in the last three years?

Q6B. Are any new items, products or services anticipated in the next two years?

Base: All respondents 2015 (n=130); 2013 (n=196)

# Expansion in Niagara Region

- One-quarter of firms indicate that their company has expanded in Niagara Region in the past two years.
- Three in ten indicate that their company plans to expand in Niagara Region in the next three years.

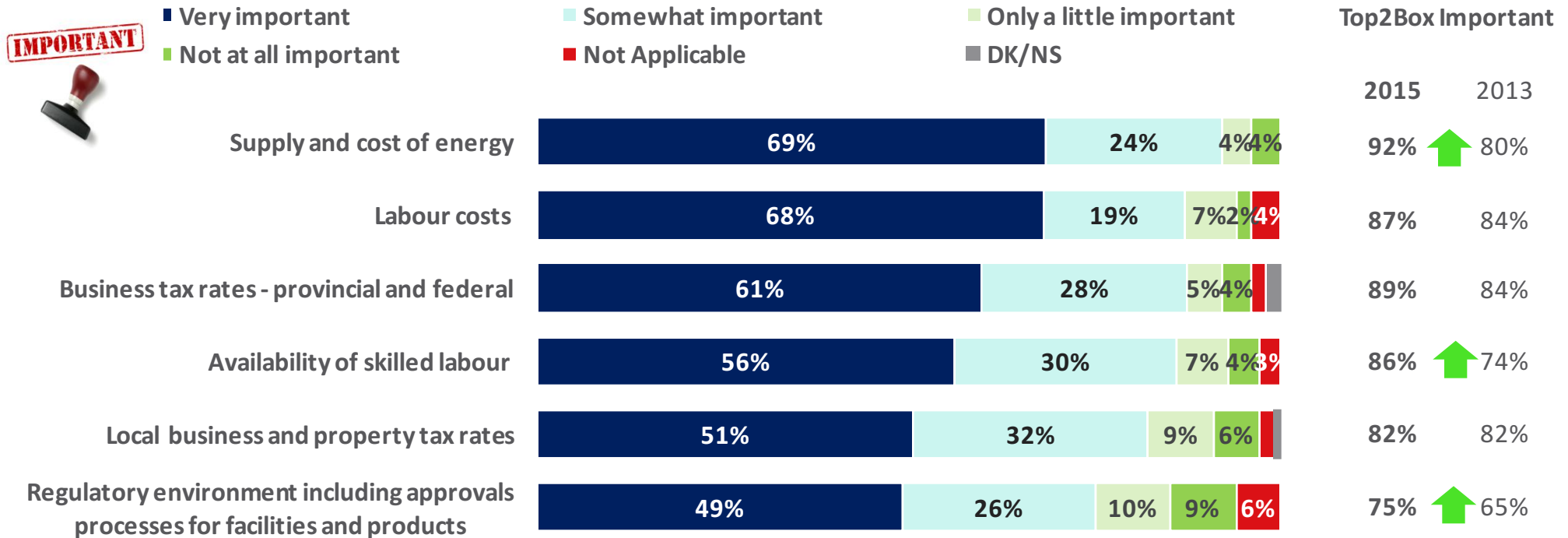


Q6D. Has your company expanded any facilities in Niagara Region in the past two years?  
Q6E. Does your company plan to expand any facilities in Niagara Region in the next 3 years?  
Base: All respondents (n=196)

# BUSINESS EVOLUTION

# IMPORTANCE OF VARIOUS ISSUES WHEN Making Investment Decisions

- Vast majorities of firms say the supply and cost of energy (92%, up significantly by 12 points from 2013), business tax rates (89%), labour costs (87%), availability of skilled labour (86%, up significantly by 12 points) and local business and property tax rates (82%) are important issues that are considered when making investment decisions to expand. In fact, six in ten or more consider most of these issues as “very important.”

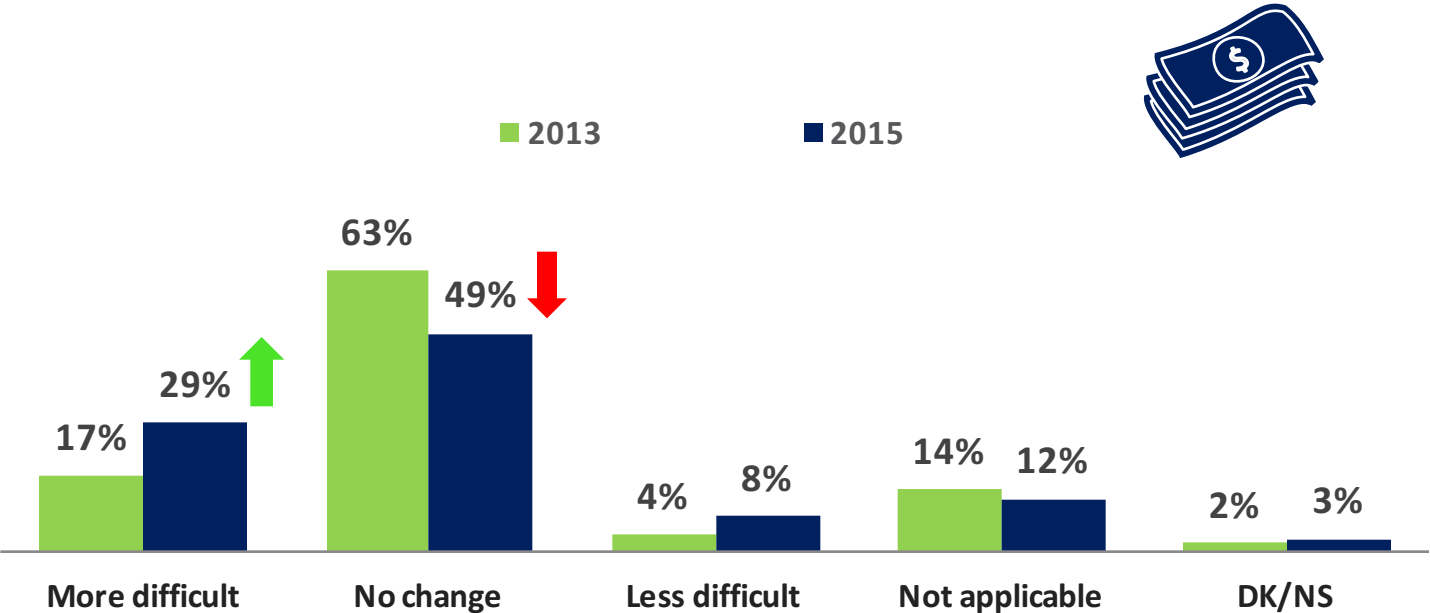


Q15. Indicate how important each of the following are when making investment decisions to expand. How about...?

Base: All respondents 2015 (n=130); 2013 (n=196)

# Difficulty of Looking for Adequate Financing

- There has been a 12 point increase in the number of firms, now three in ten (29%) who indicate that it has become more difficult to source adequate financing for their business.

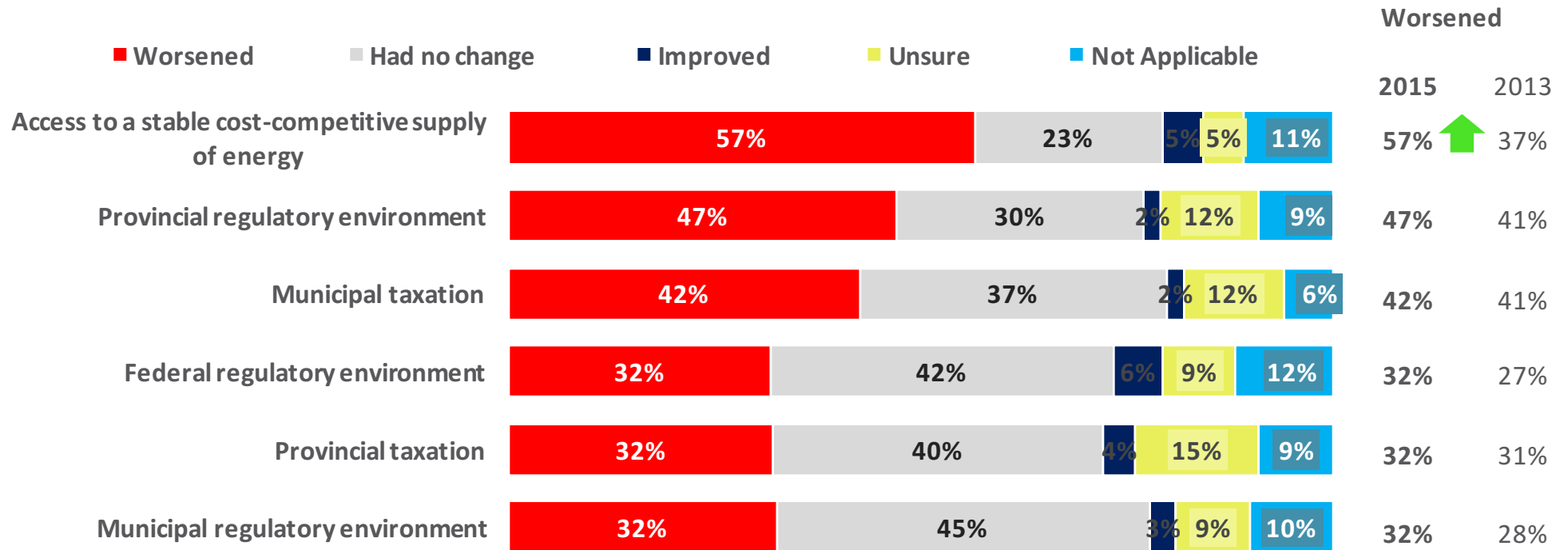


Q16. Over the past 12 months, has your company found it more difficult, less difficult or has found no change when looking for adequate financing?

Base: All respondents 2015 (n=130); 2013 (n=196)

# PERCEIVED CHANGE IN Specific Aspects Over the Past Three Years

- An increasing proportion of firms say access to stable cost-competitive supply of energy (57%, up significantly from 37% in 2013) has worsened over the past three years.
- About half (47%) say the provincial regulatory environment has worsened, while four in ten (42%) say the same about municipal taxation.



Q14. Over the past three years, would you say that each of the following have worsened, had no change, improved, you are unsure or is not applicable. How about...?

Base: All respondents 2015 (n=130); 2013 (n=196)

# CHALLENGES FACING EXPORTERS

## LOCATION OF COMPANY'S

# Primary Markets and Customers Today

- A large, and growing, majority (77%) of firms indicate that their company's primary market and customers today are located within Ontario. This figure is up significantly by 17 points from 2013.
- Smaller majorities say their primary markets/customers are local within Niagara Region (57%), in other parts of Canada (55%, up 14 points) and in the United States (52%). A growing number, now 17 percent (up 8 points) mention China.

	2015	2013
<b>Within Ontario</b>	77% ↑	60%
<b>Local within Niagara Region</b>	57%	55%
<b>Other parts of Canada</b>	55% ↑	41%
<b>United States</b>	52%	44%
<b>European Union</b>	19%	12%
<b>Mexico</b>	17%	11%
<b>China</b>	17% ↑	9%
<b>Eastern Europe/Russia</b>	10%	7%
<b>South America</b>	5%	4%
<b>Japan</b>	5%	2%
<b>India</b>	2%	-
<b>Australia/New Zealand</b>	2%	2%
<b>Other</b>	8%	3%



Q7. Where are your company's primary markets and customers located today?

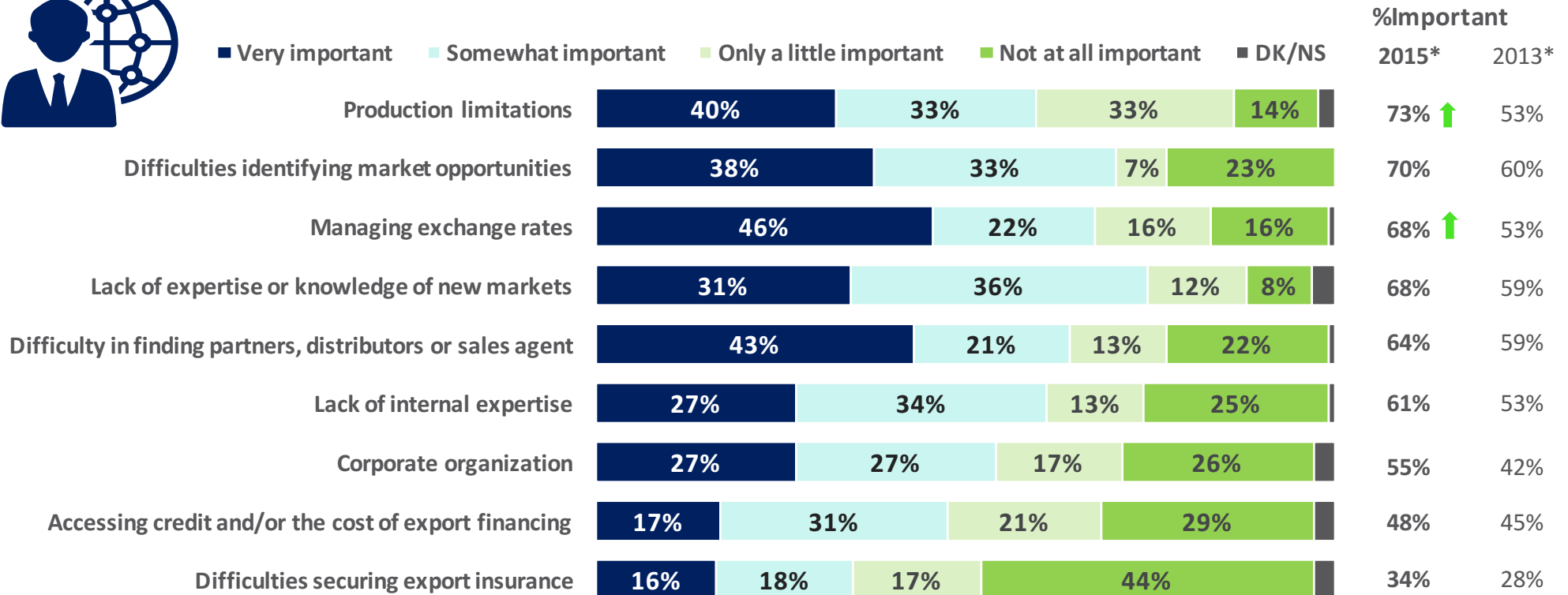
Base: All respondents 2015 (n=130); 2013 (n=196)



## MOST IMPORTANT

# Barriers in Expanding Business in Global Markets

- Significantly more firms mention production limitations (73%, up 20 points) and managing exchange rates (68%, up 15 points) as important barriers preventing their business from expanding to global markets.
- Seven in ten firms mention identifying market opportunities and a lack of experience and knowledge in new markets as other important barriers.



Q24. Would you say that the following are very important, somewhat important, only a little important, or not at all important barriers to expanding your business in global markets? How about...?  
 Base: Those who answered this question 2015 (n=77\*); 2013 (n=53\*)

\*Small sample size

# CONCLUSIONS

# Conclusions

**MANUFACTURING FIRMS CONTINUE TO BE OPTIMISTIC ABOUT THE FUTURE.**

**FIRMS CONTINUE TO BE INNOVATIVE AND INVESTING IN R & D.**

**HOWEVER, THEY FIRMS DO FACE SOME CHALLENGES...**

**WHAT SUPPORTS NEEDED?**

# THANK YOU!