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WEST NIPISSING LEAKAGE ANALYSIS AND MARKET FEASIBILITY STUDY

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FOREWORD

The student team was primarily involved in organizing and conducting field surveys within the West Nipissing and Nipissing First Nation communities from October 2014 to March 2015. Students also performed data analyses under supervision and prepared draft reports in November 2014 and March-April, 2015. Significant parts of the report below were written by Jean-Charles Cachon and Luc Lagrandeur.

The analyses, details, observations, recommendations, and conclusions contained in this report are, to some degree, based on opinions and assumptions that are subject to variation depending upon evolving events and depending on the scope and focus of analysis chosen by the client. Therefore, they cannot be interpreted as results that are definitive but only as those that could be attained within the financial and time constraints of this study. Comments and suggestions for improvement are welcome and should be directed to Professors Jean-Charles Cachon and Luc Lagrandeur.

SUMMARY OF THE MAIN FINDINGS

Secondary data used for this report are based on two separate studies previously conducted by J.-Ch. Cachon in the West Nipissing region, and on several studies relevant to the region and to the sectors under study. A list of the documents quoted in this report appears under Appendix 2.

A total of eight separate questionnaires were developed by the Research Team in consultation and cooperation with the Project Manager and members of the West Nipissing Chamber of Commerce Study Steering Committee. A copy of each of these questionnaires is provided under appendices 3 to 11.

The number of surveys completed per sector was as follows; Retail: 19; NFN Retail: 5; Tourism: 9; NFN Tourism: 2; Manufacturing: 1; NFN Manufacturing: 2; Banking: 3; NFN Service Industry: 3; Agricultural: 4; Institutional: 8; Total: 56. Details presented in Part 1 reveal that, given the short period of interview time spent in West Nipissing by the interview team, the number and proportion of interviews conducted is coherent with a previous experience in 1997.

Calculations based on Reilly's Law of commercial gravitation (Appendix 1) revealed that Sturgeon Falls attracted most of its customers from an area within 20.6 km towards the west and 12.8 km towards the east. After these points, residents would be more attracted for their shopping by either Greater Sudbury or North Bay. The relative level of attraction of these two larger cities would in turn be mitigated by the availability of shopping options, price, quality, assortment as well as consumers' perceptions towards the shopping alternatives provided by those centres.

LEAKAGE

From secondary data obtained from various previous sources, there was evidence of leakage in the West Nipissing retail sector of 21% to 23%. Preliminary calculations for the retail sector, however seem to suggest that a 25% leakage from permanent residents may be mitigated by the expenditures of seasonal residents in the region. For example, expected retail sales in West Nipissing represent about $160 million per year in 2014 dollars, and leakage can be estimated at

$39 million by using one former analysis and about $35 million from another previous study. However, actual figures seem to suggest that actual retail sales in West Nipissing could also be over $160 million, suggesting the presence of compensatory spending from other sources, such as spending by seasonal visitors, whose numbers have a tendency to be higher in the second half of the year, i.e. after the reference census date (May 10, 2011 for the last census).

Two leakage studies among Canadian First Nations can serve as reference points for studying leakages within the Nipissing First Nation: one was done in 2010 among the Mi'kmaq of Cape Breton in Nova Scotia, the other in 2014 in the Akwesasne Mohawk Territory (Canadian side). In both cases, estimates were made regarding the local economy, as well as the level of purchases outside the First Nation as well as the proportion of business allocated to First Nation owned businesses. Leakage was estimated at 75%, but mainly within neighbouring communities. It was also noted that expenses eligible for recapture were mainly groceries and restaurant purchases, while purchases of clothes and furniture were more important but not considered as potentially recaptured on First Nation territory. The Nipissing First Nation compares relatively well with its counterparts, as leakage for retail is at the 50% level, while the proportion of leakage for tourism is 60%.

Primary data revealed that West Nipissing, with a total of 230 retail businesses listed in 2014, had only one more than it did in 1997. However, relative to provincial figures by population, West Nipissing had 142 more retail firms than what would be expected for a population of its size. This reflects both a high degree of self-employment as well as a high degree of business activity as compared to the Ontario average.

Interviews with retail managers from nine of the larger firms in West Nipissing revealed that a 25% customer leakage level of sales to other regions might be considered as a realistic figure. The average customer leakage across sectors was estimated by business owners at 31%. Meanwhile, most businesses also purchase outside of the region due to contracts they have with their suppliers, or simply because the products they purchase for resale are not available in the region.

Interviews with customers through a 16-person focus group panel revealed a 42% leakage rate, i.e. 11% higher than the level estimated on average by business owners.

Regarding the Agricultural sector, the main piece of local economic infrastructure is the Nipissing-Sudbury Cooperative which provides supply services as well as storage and distribution services to farmers within and beyond West Nipissing. Conclusions include observations by experts that there seems to be an absence of programs focusing on the particular needs of smaller Northern Ontario producers and the local economy of small communities. Such policies should particularly emphasize and encourage home-based businesses and small scale farms both within municipalities and First Nations' lands. In order to do so, advocates for Northern Ontario farms have proposed and demanded reviews of local land use policies in order to better foster and encourage a return to a denser level of small farms in regions such as West Nipissing.

In terms of the local production and consumption of food products, Cummings and Associates have observed, along with several categories of stakeholders of the Agricultural sector (local governments, research institutions and Agri-related businesses listed on Table 23), the importance of pursuing the development of food systems at the local or community level. Examples were provided for the Thunder Bay region including the Thunder Bay Food Charter and the District of Thunder Bay Regional Food Strategy. Collaborative project developments including First Nations communities were identified among strategies aiming to organize local food production systems linked with the creation of channels of distribution. Associated with proper pricing and promotional strategies such initiatives could have the potential to multiply by using and expanding existing programs already in place such as Eat Local cooperatives.

Data obtained from eight institutions revealed a leakage rate for supply and capital purchases equal to 42.7%. In terms of dollars, the eight institutions were spending a total of $48.1 Million per year in West Nipissing and $35.9 Million outside the region. It was also observed that out of fifteen possible measures that could be taken by institutions to foster local business participation into competitive procurement bidding, several remained to be implemented. These include five possible action areas: 1) calculate leakage levels and establish targets to be reached; 2) Greater engagement is described as involving measures such as reverse trade shows, working with large suppliers, engaging in pre-procurement actions, broader advertising, requiring local business bidding and tailoring Requests for Proposals (RFPs) to local businesses; 3) Process improvements include the establishment of databases, procurement cards, simplifying tender documents and unbundling larger contracts; 4) Tying locality to other value based goals in relation to local firms, social ventures, sustainability, minority (including First Nation's or Indigenous firms) and female-owned businesses; and 5) Move towards «Total Cost» measures, meaning including values in score cards by giving local employment and local economic contribution a weight, measuring local multipliers and including tax income generated in bidding.

Table 1 – Leakage percentages for various sectors in West Nipissing and Nipissing First Nation (NFN)

Sector - Area	Leakage in 2014-2015
Retail	25%
Retail - NFN	50%
Manufacturing & Forestry	43%
Banking	44%
Services	82%
Agriculture	40%
Institutions	43%
Tourism	34%
Tourism - NFN	60%
Consumer spending	42%

In an ideal world… Limits of this study

Better information is always a possibility but it comes at additional costs in terms of dollars and time. In some sectors there were only few firms that contributed to primary data collection via a survey questionnaire. Fortunately, a previous study conducted in 1997 with a much larger budget and mobilizing more extensive resources could be used as a baseline with which even relatively sketchy results could be compared. In some cases such as the Agricultural and the Tourism sectors, as well as for the Nipissing First Nation, results could be benchmarked against those from other studies conducted elsewhere in Ontario or in Canada in similar environments.

Most importantly, the data gathered from different sources were all providing converging results as far as leakage levels are concerned. In addition, it was also found that West Nipissing's enduring success as a tourism destination has been successful at offsetting at least in part the tendency of its permanent residents to shop elsewhere.

Limits of the study include the fact that only a small panel of 16 consumers were interviewed, rendering such results non applicable to the population in general. This being said, the consumer part of the results provides a solid basis for discussions and for action, notably in those areas where consumers were the most adamant about the lack of retail options in the West Nipissing municipality.

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Introduction

Problem Statement

The issue of out-of-region retail purchases is a recurring challenge for rural communities located within a reachable range of larger cities. The latter provide rural business owners, institutional buyers and consumers with more variety of choice as well as wider product price ranges, from luxury to bargain priced items. Smaller centres also tend to lack the variety of specialized services provided by more populated cities. The aim of this study is to discover whether the level of leakage in the municipality of West Nipissing is higher or below what one could expect due to its geographic location. Two formulae (Reilly's law of retail gravitation and Huff's model of trade area attraction) allow calculations based on the distance and population between one smaller community and a larger one to determine their respective attractiveness. However, a general measure can only provide an approximation.

The problem can be more specifically defined in terms of the leakage relative to two categories of purchases, consumer purchases and business purchases outside the area of origin. Consumer purchases include durable goods such as land, houses, vehicles and durable household items such as appliances, as well as staple goods, clothing, gasoline, and other products such as recreational activities, personal services including health care and related products, recreational and entertainment products and services, banking services and miscellaneous products and services.

Business purchases are more specific to each business sector in the West Nipissing region and relate to the supply chain within each category or sub-category of business. For example, among the various categories of farms, supplies vary between establishments producing cereals, hay, or fruit, those raising cattle for meat, and those producing milk. Retailers are part of another type of supply chain, which varies depending on the products they are selling, while establishments in the hospitality, restaurant and tourism sector depend on other specific supply chains. In several of these cases, it is possible to benchmark the proportions of sales represented by certain items (i.e. food in the case of restaurants), thus providing a point of comparison to results which may be obtained through discussions with business people in West Nipissing. Institutions from the public sector are often classified as business or organizational buyers. Since approximately the 1990s, there have been suggestions to engage the public sector and institutions partly funded by governments (i.e. taxpayers' and government services users) into more local purchasing. In a 2013 report from the Columbia Institute, authors Duffy and Pringle from UBC's Sauder Business School reviewed forward-thinking local procurement initiatives in the United States, the United Kingdom, Australia and Canada.

Research Objectives

The purpose of this leakage analysis was to provide measurements and estimates of the proportion of individual and corporate/institutional purchases that were occurring outside of the West Nipissing region during the Fall 2014 and the Winter 2015.

Sources of Official Data for West Nipissing Leakage Calculations

All calculations were based on the Statistics Canada sources listed below, with links to the relevant web pages. Some of the figures apply to 2011 while others are for 2012, however it can be considered that the margin of error is within one percent. As for the reliability of the statistics themselves, the National Household Survey (NHS) data include a non-response rate of 37.5%, i.e. a response rate of 62.5%, which is much higher than what any non-government survey could achieve at a reasonable cost. NHS figures are used by all levels of government as well as Universities and research firms in Canada and elsewhere. Further calculations were also performed based on the surveys conducted in West Nipissing as part of the present study.

Selected trend data for West Nipissing 1996-2006
https://www12.statcan.gc.ca/census-recensement/2006/dp-pd/92-596/P1-2.cfm?Lang=eng&T=CSD&PRCODE=35&GeoCode=48055&GEOLVL=CSD&TID=0

Retail trade in Ontario 2012 by category:
http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/trad38g-eng.htm

Statistics Canada - National Household Survey profile for West Nipissing 2011
http://www12.statcan.gc.ca/nhs-enm/2011/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CSD&Code1=3548055&Data=Count&SearchText=west%20nipissing&SearchType=Begins&SearchPR=01&A1=All&B1=All&Custom=&TABID=1

Statistics Canada - National Household Survey profile for Ontario 2011
http://www12.statcan.gc.ca/nhs-enm/2011/dp-pd/prof/details/page.cfm?Lang=E&Geo1=PR&Code1=35&Data=Count&SearchText=canada&SearchType=Begins&SearchPR=01&A1=Income%20of%20households&B1=All&Custom=&TABID=1

The West Nipissing Municipality

Location and Demographics

The West Nipissing municipality (Figure 1) is located in the district of Nipissing, along the northeastern border of Ontario and northwestern Québec. The City of Greater Sudbury sits to the west and the City of North Bay to the east, respectively 90 km and 32 km from the main Town of Sturgeon Falls. West Nipissing is bordered by three large bodies of water: Lakes Temagami and Obabika to the north and Lake Nipissing to the south. The western boundary of the region is the Sudbury district limit located east of Markstay Warren, while the eastern limit of West Nipissing is the Duchesnay Village in North Bay, which is part of the Nipissing First Nation territory. The northern part of the region, north of Field and River Valley, is mountainous and is adjacent to the Temagami old forest, while the flat lands located between Field and North Monetville have been settled by farmers since the railroad arrived in 1883.

Figure 1 - West Nipissing Municipality Location Map.

Source: Statistics Canada 2011
http://www12.statcan.gc.ca/census-recensement/2011/as-sa/fogs-spg/Facts-csd-eng.cfm?LANG=Eng&GK=CSD&GC=3548055

Rural habitat predominates in the West Nipissing region, with less than 50% of the population living in Sturgeon Falls, the rest being scattered across the area. Besides the Nipissing First Nation's territory, which is described below, the region includes eight villages. From North to South: Marten River, River Valley, Desaulniers, Field, Verner, Cache Bay, Lavigne, and North Monetville. Farming predominates around these villages, while tourism prevails around the lakes and rivers of the region; the majority of the retail, banking and manufacturing activities is concentrated in Sturgeon Falls and Verner. Prior to becoming a single municipality, the region was divided into five local governments, who formed the West Nipissing Municipal Association in 1973, and were amalgamated in 1999 along with 18.5 populated unorganized townships.

The Nipissing First Nation (Figure 2) covers 24 000 hectares located between Sturgeon Falls and North Bay, on Lake Nipissing's North shore. 2221 people are Band members: 892 of them live on-reserve within 375 residential units according to AANDC statistics. The habitat on the NFN is scattered across seven areas: 1) the Two Mile Crossing area and Garden Village, both located near Sturgeon Falls, 2) Jocko Point Road, 3) the Beaucage subdivision (16 km east of Sturgeon Falls), 4) Beaucage Village (20 km east of Sturgeon Falls), 5) the Yellek subdivision (26 km east of Sturgeon Falls), 6) the Couchie Industrial Park, and 7) Duchesnay Village, off highway 17B in

North Bay. There is a driving distance of approximately 40 km between Garden Village, where the administrative buildings of the Band are located, and Duchesnay Village. http://www.aadnc-aandc.gc.ca/eng/1357840942108/1360164439389

Figure 2 - Communities of Nipissing First Nation Map

Table 2 - Evolution of the West Nipissing Population – 1991-2011

Year	Population	Variation
1991	13 073	
1996	13 481	+ 3.12%
2001	13 114	(2.72%)
2006	13 410	+ 2.26%
2011	14 150	+ 5.52%

Source:http://www12.statcan.gc.ca/census-recensement/2011/as-sa/fogs-spg/Facts-csd-eng.cfm?LANG=Eng&GK=CSD&GC=3548055 and Report from the Municipality.

The population of West Nipissing has evolved irregularly since 1991 (Table 2); however the general trend has been an increase of 8.24% over 20 years. This trend is the opposite of the one observed in other rural areas located north of the French River, which all saw a decline within the same period. This increase bears more similarity with the increase in population of the Parry Sound district, located south of the French River.

Economic Base

The West Nipissing economy revolves around services, as nine of the 15 largest employers are in the public sector (mainly Education and Health Care institutions). Other important sectors in the municipality include Retail, Agriculture, Tourism, Construction and Transportation, Manufacturing, Financial Services, and Forestry. Economic activity on an industrial scale has been encouraged via the creation of serviced industrial sites and parks, as well as housing developments near or within some of the towns, in particular Sturgeon Falls and Verner.

A local cooperative, jointly owned by local members of the Agricultural community, while identified as part of the Retail sector, is involved in the Food and Grocery business as well as in the Grain Storage and Wholesale business and in the Oil Products and Farm Supply Wholesale and Retail business. These activities make it a major employer across the districts of Nipissing and Sudbury.

The Manufacturing and Forestry sectors have been impacted by the general decline of these sectors since the early 1990s, however some new firms (one from Australia in the Mining Supply sector) have chosen West Nipissing as their home in Canada, as it is strategically located between the mining region of Sudbury (which represents about half of the mining activity of the Ontario province) and the mining regions of Timmins to Cobalt (Ontario) and Abitibi-Temiscamingue (Quebec).

Income and Education

The average individual income of $34,120 for West Nipissing reflects the fact that a wider majority of adults aged 25 to 64 had no certificate, diploma, or degree (18.2%) or a high school diploma or equivalent (25.3%, compared to 15.6% for Ontario). The percentage of the population classified in the low income category was 18.6%, higher than the Ontario average of

13.9%. According to the October 2014 Labour report for the whole Nipissing District, individual incomes were distributed as follows according to education: workers with no formal education had an average income of $29,382; with a high school diploma, $35,225; with a college or trade certificate or diploma, $52,665; with a university degree, $82,455.

Expected Level of Consumer Expenditures in West Nipissing

Income for households for West Nipissing and Ontario combined with retail expenditures data for Ontario in 2010 (some of these data were made available by Statistics Canada in 2011 and others in 2012 but reflect figures for 2010) provide sufficient information to estimate the expected level of retail expenditures in the West Nipissing municipality. Based on the Statistics Canada sources identified below, it was possible to calculate the following table (next page), representing what retail expenditures should be in West Nipissing after adjusting for the local level of household income.

The average after tax household income was respectively of $55,032 in West Nipissing and $71,523 in Ontario in 2010. The total population reporting an income divided by the number of households resulted in a number of people per household of 2.31 in West Nipissing, and 2.59 in Ontario. As a result, dividing total household incomes by the number of people per household provided an after tax per capita income of $23,826 in West Nipissing, and $27,625 in Ontario. This is indicating that average household incomes in West Nipissing represent 86.25% of the provincial average.

These statistics allowed calculations of expected retail sales in West Nipissing for the main product categories, by calculating expected sales per capita (second column from the right) as well as total expected retail sales per product category and as a total. For example, Food and Beverages stores (including alcohol) would be expected to represent $34.4 million in West

Nipissing. To find out more details, we can use the Statistics Canada data, showing that 67.83% of Food and Beverages expenses were made in Supermarkets and grocery stores, or $23.3 million in West Nipissing; similarly, 18.91% of the total sales in this category are made in Beer, wine and liquor stores, which would account for $6.5 million in West Nipissing. The rest of these expenditures would be made in Convenience stores (6.88%) at a level of $2.37 million and in Specialty Food stores (6.38%) at a level of $2.2 million.

Table 3 - Expected level of retail expenditures in West Nipissing

EXPECTED RETAIL SALES CALCULATIONS - WEST NIPISSING	**Total in**	**Per**	**West Nipissing adjusted sales**	
Retail sales in Ontario in 2012 - selected store categories	**Thousands**	**capita**	**per capita**	**total**
Motor vehicle & parts (new and used)	35,514,508	2,648.36	2,284.14	32,320,647.81
Furniture and home furnishings	5,835,892	435.19	375.34	5,311,063.58
Electronics and appliances	6,328,283	471.91	407.01	5,759,173.30
Building material & garden equipment	9,788,904	729.97	629.58	8,908,576.70
Food and beverage stores	37,819,131	2,820.22	2,432.37	34,418,013.43
health and personal care stores	14,141,167	1,054.52	909.50	12,869,435.73
Gasoline stations	20,659,521	1,540.61	1,328.73	18,801,586.72
Clothing, shoes, jewellery, luggage & leather goods stores	10,938,296	815.68	703.51	9,954,602.57
Sporting goods, hobby, book & music stores	4,012,913	299.25	258.09	3,652,027.16
Department stores & general merchandise stores	22,091,116	1,647.36	1,420.81	20,104,436.75
Miscellaneous stores	4,251,791	317.06	273.46	3,869,422.59
Total retail sales	**171,381,522**	**12,780.13**	**11,022.54**	**155,968,986.34**
Population - Ontario and West Nipissing in 2011	13,410,000		14,150	
Note: population levels for the purpose of household income reporting are lower than the total for both				
Ontario and West Nipissing.				
West Nipissing population 2011	13,870			
Number of households	6,005			
Average number per household	2.309741882	or 2.31 people per household		
After tax average household income	**55,032.00**			
Income per cap. (2.31 people/household)	**23,826.04**			
Ontario population 2011	12,651,795			
No of households	4,886,655			
Average number per household	2.589050178	or 2.59 people per household		
After tax average household income	71,523.00			
Income per cap. (2.59 per household)	**27,625.19**			
Ratio of West Nipissing after tax household income				
per capita as compared to Ontario	**0.862475153**	**86.25%**	**of Ontario average**	

Similar calculations as those made for Table 3 can be computed for other retail subcategories that are reported by Statistics Canada. It is also of note that Retail Trade tables also provide information on Cost of goods sold (i.e. Purchases) for each retail category, as well as Operating expenses.

In an ideal world, we would now turn to statistics of actual sales provided by Statistics Canada or by another source, if any. However, such figures are either not recorded or not available for West Nipissing. For the purposes of this study, a first approach has been to use secondary data from previous reports, as well as primary data from surveys conducted from October 2014 to March 2015 in the West Nipissing Municipality.

Secondary data analyses include a Retail Market Threshold and Gap Analysis, followed by a Retail Leakage Analysis.

Retail Market Threshold and Gap Analysis

This analysis replicates in part a similar one performed by Matthew Fisher and Associates in the South Georgian Bay region in 2010 for the retail sector. That study, established (p. 32) that for each retail store in the province of Ontario, there were 160 people, for a total of 82,179 retail firms in the province. If this figure is applied to the West Nipissing population, the expected number of retailers should equal 88 (i.e. 14,150 divided by 160), whereas the total number of retail companies equals 230 in West Nipissing, or 142 above the provincial average. This result could be mitigated by other factors, for example the average size of these firms could be lower than the provincial average, or the proportion of home-based businesses could be higher and we do not have access to data verifying this. Another possibility could be that such a number is related to the high level of tourism the region enjoys, particularly from July to December of every year (see table 4 showing the higher number of visitors from July to December in the

Nipissing district, in the Tourism section below). In particular, the Nipissing district as a whole receives about twice the number of tourists in proportion of its total population, as compared to the Sudbury district. Moreover, 60% of the visitors coming to the region do so for purposes such as outdoor activities, boating and fishing are prevalent, while the reasons for visiting the Sudbury area are mainly for shopping and business reasons rather than recreation. It is also notable that 10% of the visitors in Nipissing come from the Greater Toronto and York Region areas and 12% from outside Ontario.

A threshold analysis can be refined into more detail to see how different types of businesses and services could exist within the region by calculating the average number of people required to support one business. The following table shows Ontario averages for six categories of retail businesses and services, as well as the expected number of businesses or offices that can be supported by the population.

It is important to understand that Ontario averages are driven by Southern Ontario figures and do not reflect the unique situation of Northern Rural regions such as West Nipissing. Another important relevant factor to be considered is the proximity of West Nipissing to two larger centres, the Cities of North Bay and Greater Sudbury. Two factors are at play here, against the interest of West Nipissing retailers.

One factor is that an undetermined number of West Nipissing residents work in North Bay or in Greater Sudbury, where they commute at least part of the week (some of them may work from home for one or two working days during a given week), which will entice them to shop and obtain various services in the larger centre. A second factor is the inevitable Retail Gravitational Attraction of larger centres, which will be measured in a separate section below.

If we turn to the Threshold Analysis Table below, actual numbers seem to be at variation with the expected numbers for West Nipissing. For example, a large number of unlicensed restaurants and chip stands, as well as catering services, are present in West Nipissing and cannot be counted in this comparison. As opposed to the growth of limited-service eating from 2006 to 2011, the low number of full-service restaurants (losing jobs) has been noted in a recent report commissioned by the Labour Market Group (name for the Nipissing & Parry Sound Workforce Planning Board) on the Tourism industry in the Nipissing District (Zizys, p. 28). Similarly, other categories of retail and services are substantially below their respective provincial averages, with an exception for Beauty Salons and Barber Shops, which are more represented than the provincial average. These issues will certainly need to be addressed in the forthcoming Feasibility Study of potential retail establishments.

Table 4 - Market Threshold and Gap Analysis for selected retail and service categories in West Nipissing

Retail or Service Categories	Total Number of establishments in Ontario 2009	Population Required to support one unit	Expected number of establishments for West Nipissing	Actual number of establishments in West Nipissing	Gaps
Auto Repair	17,017	715	20	10	(10)
Beauty-Barber Shops	13,503	901	16	23	+ 7
Full-Service restaurants	24,294	501	28	12	(16)
Legal services	16,784	725	19	4	(15)
Real estate agents – managers	10,099	1,204	11	5	(6)
Physician Offices	13,084	929	15	5	(10)

Note: Restaurants do not include chip stands, or unlicensed establishments. Calculations for West Nipissing were made using a population of 14,150 and assume that this number may include a certain proportion of seasonal residents. The number of establishments was counted according to the Business Directory provided.

Source of the provincial calculations: MapInfo 2009 Datapoints as reported by Matthew Fisher & Associates & Mellor Murray Consulting. 2014. *South Georgian Bay Community Based Economic Development Strategy*, page 29.

Part 1: Business and Institutional Purchase Leakage

Leakage for the Retail Sector

Definition

Retail leakage occurs when residents spend outside the region of their main residence. By opposition, retail surplus happens when local retailers attract customers from other areas, as can be the case with the presence of seasonal, outside residents. It is also worth noting that outside residents may not be fully accounted for in the census data, as the base date for the 2011 census was May 10, where most seasonal dwellings are unoccupied. This would cause discrepancies between actual sales calculations and expected sales (which will tend to be undervalued by calculations based on population census data).

General Comments

Retail leakage may not necessarily represent an opportunity, notably when strong competitors in neighboring communities dominate a market. Factors that can attract strong retailers into a community are related to primary market size (i.e. the local population), and secondary market size (i.e. the population attracted to local retailers because of their importance and attractiveness).

Leakage Estimates Based on Previously Reported Data for West Nipissing

A longitudinal study realized by Ryerson Polytechnic University researchers in 1996 (Geo Innovations) had suggested that the retail sector was under-represented in Sturgeon Falls. Calculations in the study suggested that $28 million of sales were lost each year by the region through out-of-town shopping. In dollars of 2014, this figure would represent $39.14 million according to the Bank of Canada (http://www.bankofcanada.ca/rates/related/inflation-calculator/). The total expected sales for West Nipissing have been already calculated above as being equal to $155.97 million per year in 2012 dollars. If we apply the Bank of Canada inflation calculator to convert total expected sales for West Nipissing in 2014 dollars, the figure obtained is equal to $160.45 million **of which $39.14 million represent 24.4% of this estimated level of retail expenditures.**

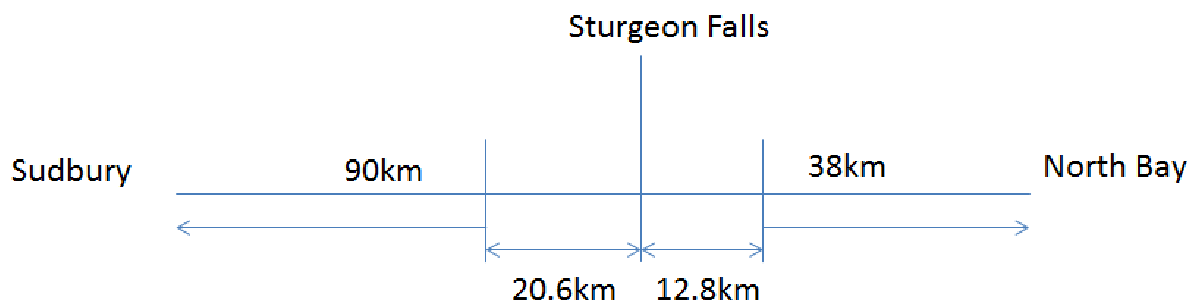
This estimate is consistent with a previous one derived from the answers provided by West Nipissing retailers in the 1997 Cachon & Cotton survey (page 10), indicating that 21.1% of the competitors were located outside the region (mainly in Northern Ontario). Using this percentage as a proxy measure of leakage would indicate a level of about $33.85 million of outside sales leakage.

Commercial Gravitation Calculations (Reilly's Law)

The following are the result of several studies conducted in rural and urban areas of the United States since the 1960s, showing repetitive patterns of gravitational attraction of consumers by larger urban centres to the detriment of less populated communities. Reilly's law illustrates the attraction of a larger retail center on consumers from a smaller one, based on two variables: the distance between the two communities and their population. It is also possible to compare the relative level of attraction of one larger city, as compared to another larger city, on a third smaller community. This is exactly what was done for Sturgeon Falls (as a focal point for West Nipissing), as compared to Greater Sudbury and North Bay. Calculations were also made with the city of Barrie.

The results obtained indicate, on average, from what distance individuals are ready to drive to a given community before they are rather attracted to go shop in the other. The calculation below is for Greater Sudbury and Sturgeon Falls and uses the distance in kilometers (90) and the respective populations in thousands (160 and 14.1). The result of 20.6 km indicates that residents within 20.6 km west of Sturgeon Falls will be likely to shop there, however those living beyond that point will be more likely to go to Sudbury for shopping. Interestingly, this line is located about five or six km west of the town of Verner, or still well within the boundaries of West Nipissing.

The same calculation for North Bay, on the other hand, shows that Sturgeon Falls' attraction zone towards the east stops at 12.8 km, suggesting that anyone living east of that point would normally shop in North Bay.



A calculation of the gravitational commercial attraction of Greater Sudbury over North Bay showed that North Bay's attraction zone westward extended over 47 km, i.e. just beyond the community of Cache Bay in West Nipissing, but still five to six km east of Verner. In other words, as compared to North Bay, the gravitational attraction of Greater Sudbury extends 81 km eastward, reaching within 9 km west of Sturgeon Falls: as a result we can see that there is an overlap of 11.6 km (i.e. 20.6 km minus 9 km) of the respective attraction zones of Sturgeon Falls and Greater Sudbury. To a certain extent, this situation exacerbates the competition faced by retail businesses in West Nipissing, as they also fight the gravitational commercial attraction of North Bay.

West Nipissing Residents' Expected Shopping Attraction towards Greater Sudbury and North Bay (Huff's Model Of Trade Area Attraction)

Huff's model calculates the proportion of customers located in the middle of two communities who will patronize one over the other. It shows the proportion of customers that a given larger city should normally attract from an intermediary city located in between two larger centres. This calculation showed that Greater Sudbury should attract 52.8% of the Sturgeon Falls customers while North Bay should attract 47.2% of them, whenever residents of Sturgeon Falls decide to shop in a larger centre. These results are inevitably mitigated by the availability or the absence of desired shops in both Greater Sudbury and North Bay, as these calculations assume no perceptions of quality differences between the shopping options offered in the two larger cities.

The respective gravitational commercial attraction between Greater Sudbury and Barrie from a Sturgeon Falls perspective was also calculated using the Huff formula. It yielded a 91.7% attraction of Greater Sudbury over Barrie, due to both distances and population. When performing the same computation with the Greater Toronto Area, an attraction of 86.7% of the latter over Greater Sudbury was obtained, due to the large population of the GTA. However, the calculation is only realistic for limited categories of purchases.

Business Purchases Leakage

Retail Sector

Primary data were obtained with a series of questionnaires developed by the Research Team in consultation with the West Nipissing Chamber of Commerce Study Steering Committee. The following section summarizes the results obtained from October 2014 to March 2015.

According to census statistics provided by Statistics Canada, the retail industry employed 725 people in West Nipissing in 2011 on a total of 6,180, or 11.7% of the total workforce, making it the largest sector among private industries. The only sector with more employment was Health care and social assistance (970 employees, 15.7% of the total). There were 230 stores in the retail sector spread out throughout the municipality, while there were 229 retail outlets identified in the last study done in 1997. It is also of note that Wholesale trade employed 220 workers, or another 3.6% of the workforce, bringing the total proportion of people employed in trade at 15.3%.

It was also important to recognize the importance of the public sector in West Nipissing: it includes the Health care sector already mentioned, as well as the Utilities sector (115 workers), the Educational services sector (540 employees), and the Public administration sector (635 people employed). All together, these four sectors employ 36.9% of the working population of West Nipissing and represent all public institutions in the region.

The importance of the public sector made it compelling to examine not only the leakages related to consumer purchases at retail shops, but also the leakages made by institutions and businesses as part of their operating expenses, capital expenses, as well as purchases. While the previous sections have focused on consumer leakage estimates, this section considers leakages related to business expenditures.

Methodology

Questionnaire

The instrument used to measure leakage activity among retailers included 21 questions divided into three sections. One section asked general questions about the business, while the two other sections were about the geographical origin of consumers and the geographical origin of the suppliers of various categories of products and services. The questionnaires were drafted by the research team and amended after consultation with key informants, including the West Nipissing Chamber of Commerce Study Steering Committee.

There were two different questionnaires prepared, as some culturally sensitive questions would not be considered appropriate on the Nipissing First Nation; this is due in part to the necessity of preserving the anonymity of the respondents in a context where there are very few of them.

Sampling

For this project, businesses with 4 or more employees were to be selected, except for those located on the Nipissing First Nation (NFN). However, a lack of cooperation from a number of business owners across the whole area caused a re-evaluation of this rule for the data collection of this project. Of the total number of businesses that are not included in the Nipissing First Nation, 10% of them had less than 4 employees. The West Nipissing Chamber of Commerce and the Economic Development Office of the NFN, provided lists of businesses to be interviewed while the rest were chosen randomly throughout the communities of Sturgeon Falls, Verner, Lavigne, Cache Bay and Field.

Interview procedure

70 retail firms were identified as meeting the threshold of 4 employees in West Nipissing, and 24 of them, or 34%, had completed a questionnaire by the end of February. Students took the initiative to call and book meetings with business owners and CEO's to get these surveys completed. There were several trips made to West Nipissing. During these visits, the team would attend the scheduled meetings and on their spare time, walk in to different stores and try to get more of them filled out. It is important to note that it took between 30 minutes to 45 minutes to fill out an entire questionnaire, and time was needed to travel to the next destination to make the next meeting. Even with a full schedule, the amount of surveys that could be completed was very limited. The last survey performed in West Nipissing in 1997 required 25 working days (five weeks from May 7 to June 13, 1997) to obtain 118 filled questionnaires by 33% of the total targeted respondents, with four people involved full time (total of 100 working days, or 1.18 questionnaire per worked day). During the entire campaign, the team obtained a total of 56 questionnaires over fifteen days (or 3.73 questionnaires per worked day). As noted in the 1997 report, distances within West Nipissing itself were a major obstacle to the survey part of the study.

Many strategies were explored during the process of gathering primary information. The team looked at emailing questionnaires to business owners, upon their request, but soon realized that the response rate was very minimal (2%). Another strategy that was used was filling out the questionnaire by phone calls, which lead to confusion from the respondent, and the results were compromised and couldn't be used. The research team found that the most effective way to get business owners to fill out the questionnaires is when the team would travel to the company's location and meet in person with the questionnaire's respondent. This required contacting the employer to set up meetings, which was difficult to coordinate.

Data analysis

Questionnaires were coded and the quantitative data entered in statistical analysis software. Qualitative data were entered as lists of answers per variable. Data analyses included descriptive statistics.

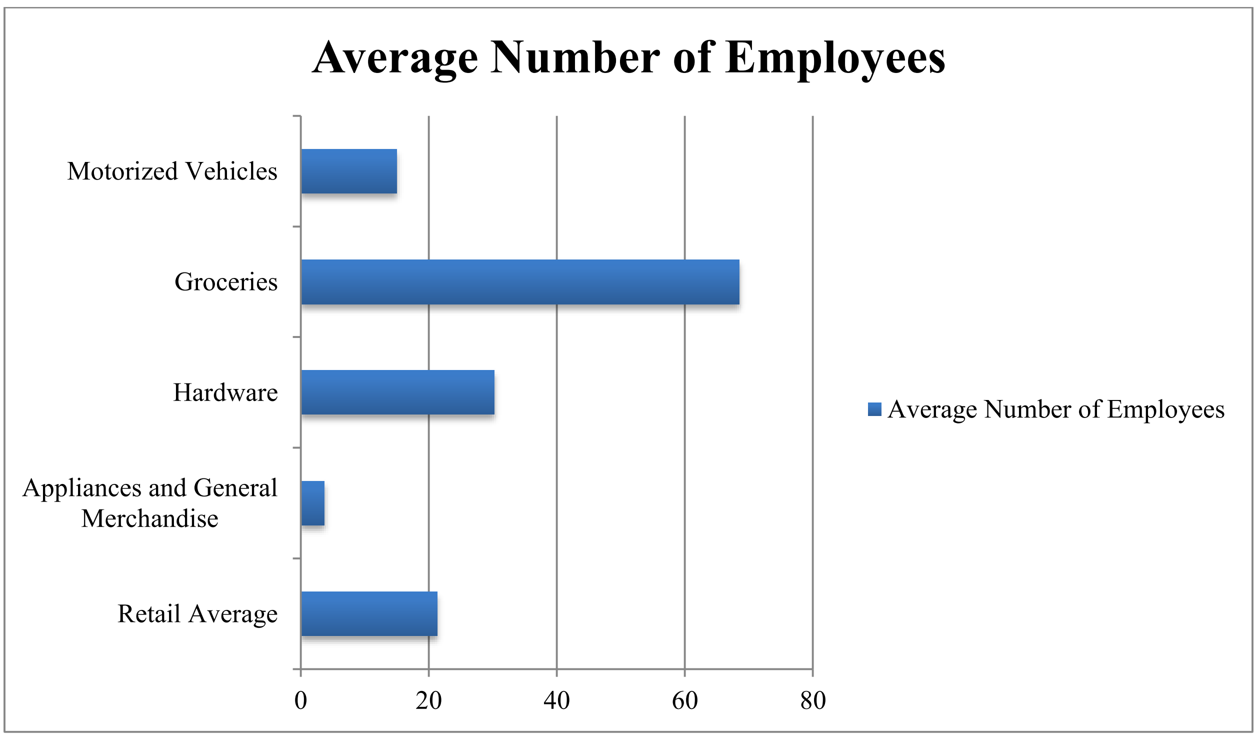
Retail Sector Results

A total of 24 companies in the retail sector have completed the questionnaire. The companies that were interviewed covered the majority of the geographical area of the district of West Nipissing.

24 questionnaires out of a total of 230 retail companies located in West Nipissing is a relatively small sample size (10.87%). If we go back to the prerequisites for this survey, 70 companies were identified having over 4 employees, 71% of the 24 questionnaires (which include the NFN) followed this rule. The new sample size becomes 24% (17 businesses on 70), which is a level of representation consistent with similar studies. 16 of the companies that completed the survey were independent businesses, 6 were franchises, 1 was a subsidiary of a Canadian group, and 1 was self-classified as «other». Also, 10 of the responding companies had sales of over $1 million, 3 were in the $500,001 to $1 million category, 1 in the $250,001 to $500,000 category, 1 in the

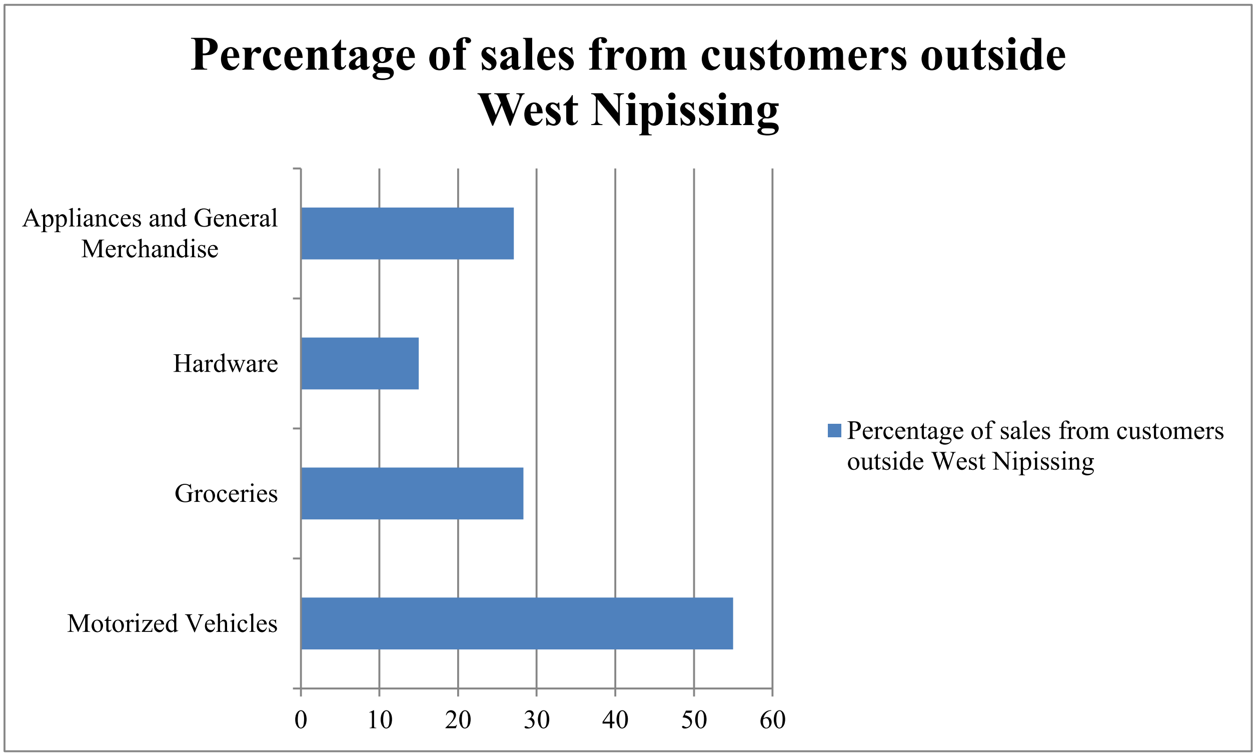
$50,001 to $100,000 category, and 1 in the $0 to $50,000 category. The rest of the businesses had answered the NFN questionnaire, which omitted this question. The respondent firms had an average of 21.31 employees and none of them were a seasonal business. One of these companies was home based. The average number of employees per retail firm in West Nipissing is much lower, according to Statistics Canada, the average was 3.15 full time employees in 2011 (725 people divided by 230 establishments). In 1997, the average number of employees in the West Nipissing retail sector was 3.0, showing a slow but positive progress. Table 5 summarizes retail firm sizes by category; average numbers of employees are as follows: 15 for motorized vehicles retailers, 68.5 for groceries, 30.25 for hardware, and 3.7 for general merchandise establishments (Nipissing First Nation included).

Table 5 – Retail Firm Size by Number of Employees by Product Category



Respondents also identified that 72.17% of their sales came from local consumers and 27.83% from other regions. Customers that came from outside West Nipissing were identified as coming from Greater Sudbury, North Bay, New Liskeard, Temiskaming, Sudbury East, Ottawa and Southern Ontario.

Table 6 – Outside Retail Customers' Proportions by Retail Category

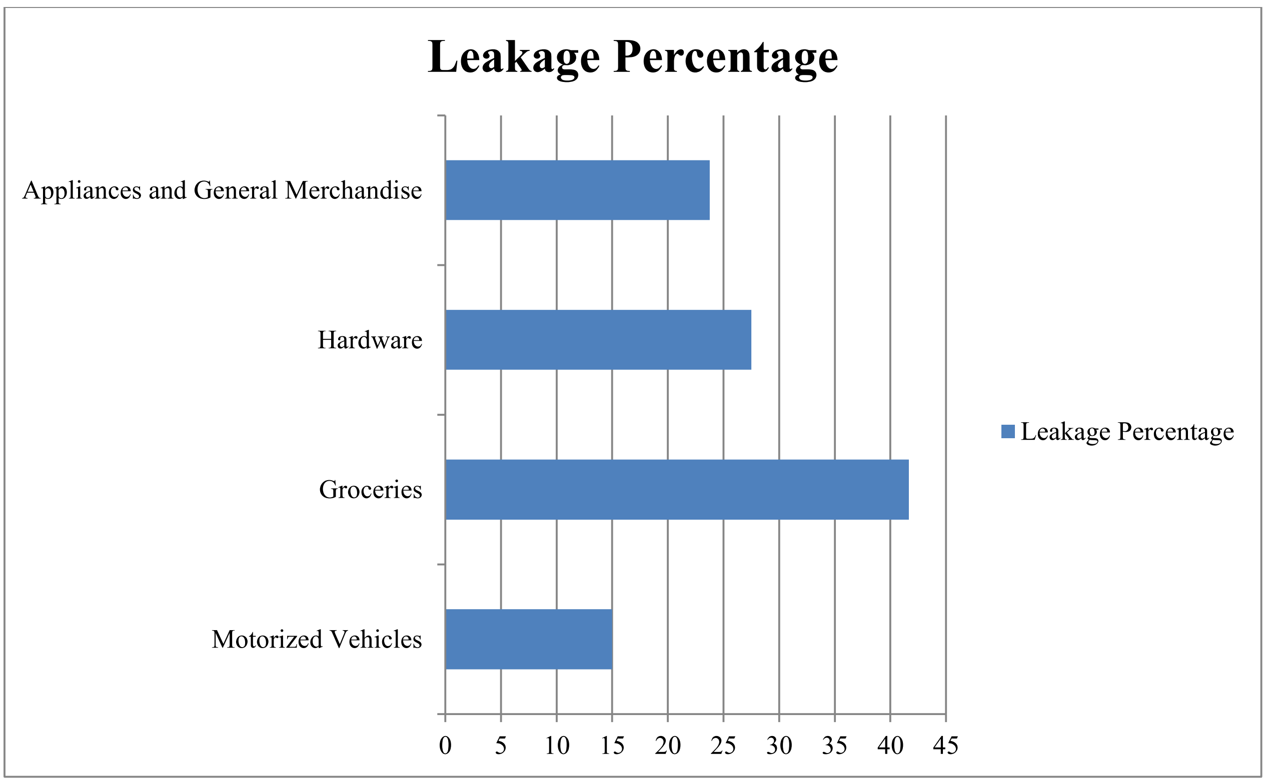


The relatively high amount of clients coming from outside the area (Table 6) can be explained by the location of the municipality as well as because West Nipissing is a cottage region. Located on both highways 17 and 64, there is a relatively high level of daily commuter traffic between Greater Sudbury and North Bay, providing both the retail and the tourism sectors the benefits from transient traffic. It is also a fact that many of the more remote regions of Northern Ontario are smaller than West Nipissing. New Liskeard and Temiskaming are two regions located a few hours' drive north, with limited retail surface as compared to West Nipissing. Consumers from these areas travel south in order to find a variety of choices in stores and products, while business and farm owners purchase and store goods using the services of the regional cooperative.

West Nipissing also is an area of choice for tourism, as demonstrated in the tourism section of the report below. This is important for the retail sector, as many seasonal residents come to their cottages in the summer and some during the fall and winter, thus becoming local customers for their second home. Many will buy their products in the West Nipissing region, and are identified as outsiders by business owners.

Table 7 reveals that retail business owners identified a leakage proportion of clients buying outside West Nipissing was 25%. This percentage is not surprisingly close to the 21% to 24.4% expected range of estimates reported above under «Leakage estimates based on previous data for West Nipissing». According to retail managers, the main alternative regions West Nipissing consumers go to are: North Bay, Greater Sudbury, the Internet and Southern Ontario.

Table 7 – Proportions of Retail Purchases Made by West Nipissing Customers outside the Region (According to West Nipissing Retailers)



These statistics can be mainly explained by the attraction of different cities compared to West Nipissing. They may be offset in part by the presence of cottagers from other regions. Other studies in similar areas such as the Collingwood region show that seasonal dwellers have a tendency to purchase a good proportion of staple items such as groceries and beverages locally rather than in their region of origin. This trend militates in favour of the hypothesis whereby the level of consumption using census population estimates might be under the real levels of sales and would explain the larger than expected number of retail outlets in West Nipissing.

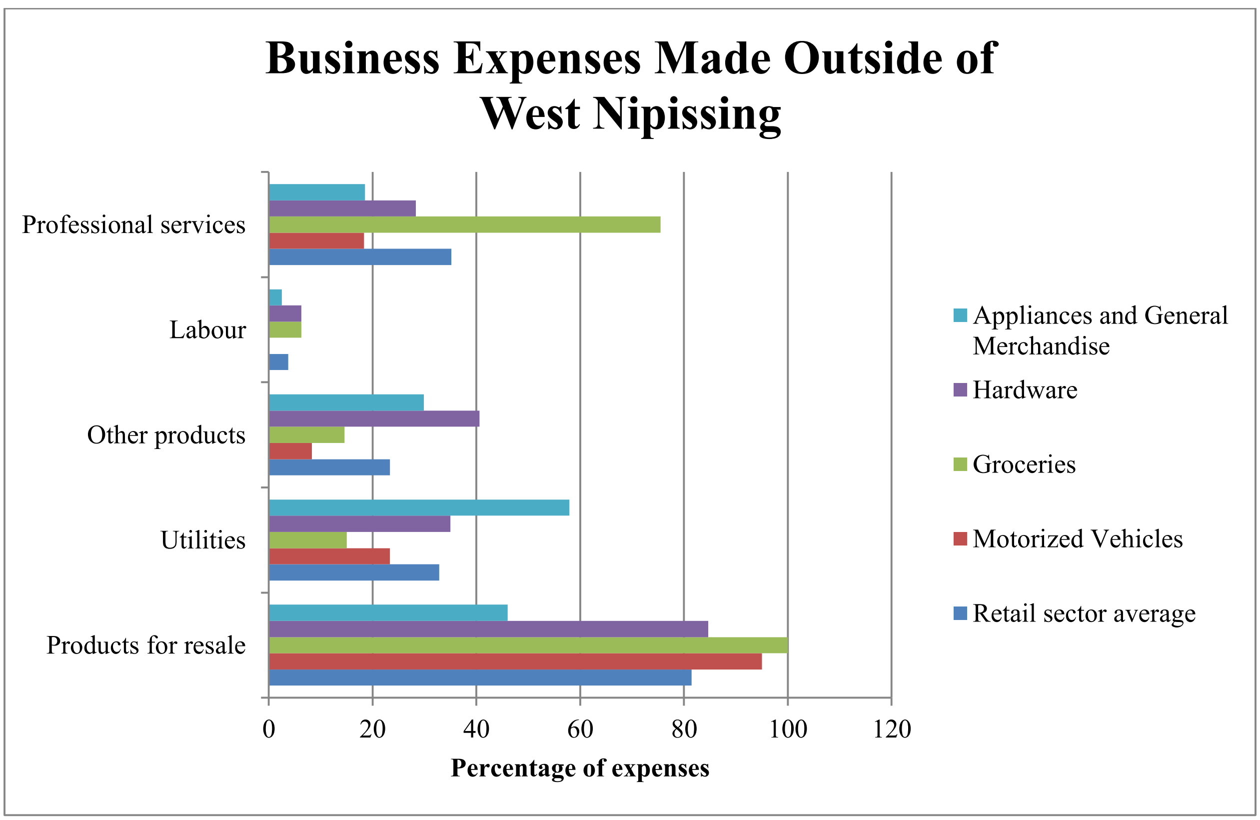
Purchases Made by Retailers

Data on purchases made by retailers outside the West Nipissing region appear on Table 8. On average, retail businesses had annual expenses of $6,924,317, with total expenses for this sector of $90,016,123 among 13 out of the 24 retail companies who answered this question. Expenses were divided in different categories (details are provided with the retail questionnaire in Appendix 3). Expenses made outside West Nipissing by retail businesses were as follows: about 78.75% for products destined to resale, 33.45% for utilities and 21.24% for other products; 4.18% for labour, and 34.40% for professional services. It is important to note that there was a lot of confusion when it came to the categories of products for resale and utilities. Statistics for products destined to resale may likely be under evaluated, since there are very few manufacturers located in West Nipissing. As for utilities, most respondents could not tell their provenance. Sudbury Hydro, Bell, Natural Gas and many other utilities were judged differently. Another issue was rental services for utilities and buildings, where there was a high level of uncertainty as to the location of the provider or landlord. This observation applies for every sector in West Nipissing.

Table 8 results show that a majority of products for resale come from outside the region. On the other hand, the majority of utilities, other products, labour and professional services are bought locally, which is a positive point. The leakage percentage identified in the retail sector by the questionnaires is 51.77%. To be more specific, the leakage percentage per category of purchases is: 74.62% for the products for resale, 43.75% for utilities, 25.89% for other products, 3.63% for labour, and 34.22% for professional services. Details of the products in each category are indicated in the questionnaires in the Appendix 3. This leakage percentage is considered as very low, and this could be related to the number of respondents to the questionnaire and the different industries of theses companies. After speaking to the owners and respondents of the businesses, virtually all of the products for resale are bought outside of the district, due to franchise rules or lack of manufacturers and suppliers in West Nipissing.

In 1997, as reported by the Cachon and Cotton study, the proportion of West Nipissing businesses buying out-of-region was 64.5% in the primary sector, 67.9% in the tourism sector, and 88.1% in the service sector. The products purchased outside the region at the time included high quality seeds, genetically-treated seeds, fertilizers, animals, furniture, general merchandise, motors, industrial, personal and agricultural motor vehicle parts, food, pharmaceuticals and cosmetics, electronic equipment, and used and new vehicles. Services such as consulting, legal, fiscal and technical professional services were also substantially purchased outside of West Nipissing, in some cases due to their local absence or scarcity.

Table 8 – Proportions of Business Purchases Made by West Nipissing Retailers outside the Region (According to West Nipissing Retailers)



Leakage can result from contracts obliging firms to buy outside the West Nipissing district for various reasons such as the absence of manufacturers in the region, the obligation to purchase from a head office, etc. The data gathered from retail businesses is that 9 out of 24 organizations, or 37.5%, indicated that they had a contract obliging them to purchase elsewhere.

Also, 14 companies noted that they sell local products, and 16 companies stipulated that they would promote to consumers that they were buying products locally if they were retailing them. Promoting to customers that the company supports local products can be an advantage for these companies and can attract the attention of potential clients. Some of the conditions for retailing these local products that were indicated by these firms are: profit sharing, consignment, cooperation, buy at cost and sell for profit, and an evaluation of the history of the company of product, quantity analysis, and risk to the partnership would have to be taken into consideration before retailing the product. The condition that was the most popular for these business owners was through consignment.

It is also worth noting that total expenses reported by the firms that answered this question were equal to $90 million. Using provincial averages, we can estimate their total combined sales at about $95 million, a realistic figure given the size of the respondents.

Many conclusions can be drawn from this information. A leakage percentage of expenses from retail businesses was identified, and conclusions made on estimated consumer leakage in West Nipissing for the retail sector. The expected results provided in the first part of this retail leakage analysis are largely confirmed, in particular the 25% leakage figure. These conclusions can have various contributing factors, such as customers' attraction to other cities, the lack of variety of local retail, the amount of cottagers that come to the area, the seasonality of these cottagers, the level of traffic on highway 17, and contracts that oblige businesses to purchase outside of West Nipissing.

Nipissing First Nation - Retail

As indicated above, the Nipissing First Nation has a total of seven communities located off Highway 17, between Sturgeon Falls and North Bay. The study was limited to identifying the amount of economic leakage from Garden Village, Duchesnay Village, Beaucage Village, VLA, Yellek Trail, Jocko Point and Couchie Memorial (Couchie Industrial Park).

Businesses interviewed were not limited to those with four or more employees given the size of the communities. The majority of NFN retail business owners were contacted and five of them completed in person interviews with the Aboriginal students on the team.

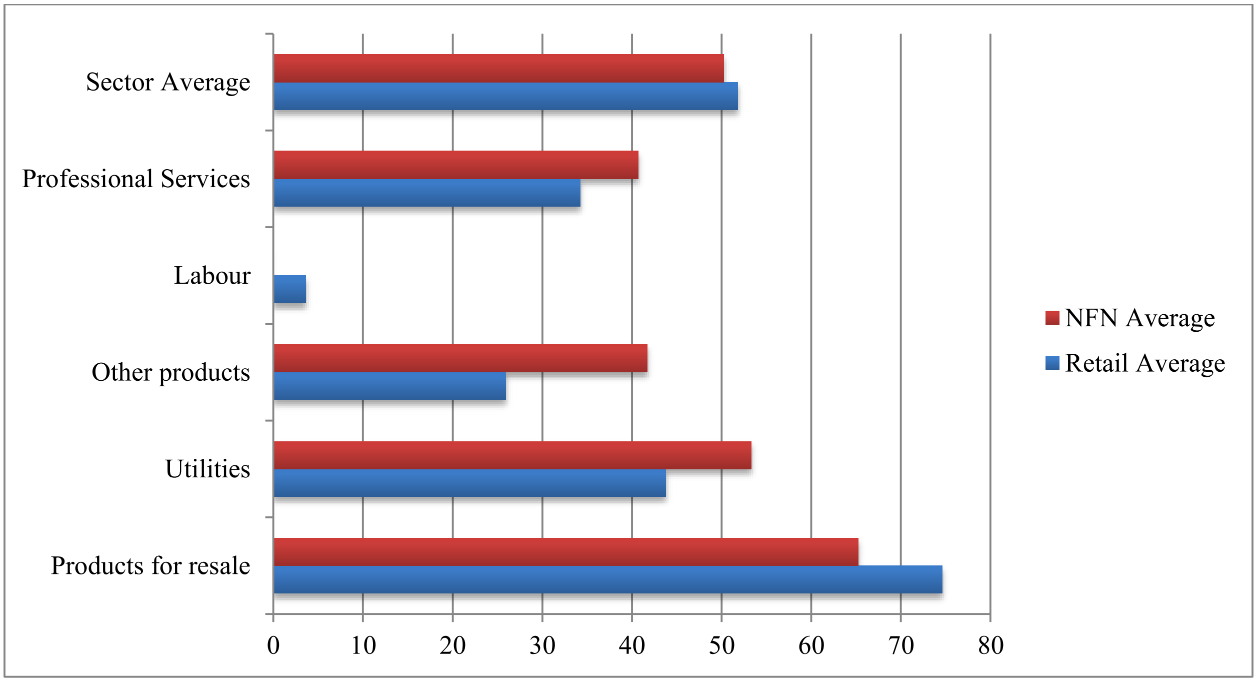
Results – Nipissing First Nation Retail

All of the interviewed businesses were independent and locally owned. There were no franchises. The range for the number of employees is from two to seven, with an average of 4.6 employees per company, and none of the firms were seasonal. However, there was one company that was home based. Some of the top competitors for the retail businesses located in the Nipissing First Nation's communities were mainly local, and included Northern Convenience, Fifth and Fraser, Duchesnay Store, 17 Hours Convenience, Metal Variety, I-Bead, Eagles Nest as well as other convenience stores.

Customers were 76% local, while customers coming from other regions represented the other 24%. Most of the customers came from West Nipissing and the Nipissing First Nation's communities, while those from other regions were from Greater Sudbury, North Bay, Sault St-Marie and Maniwaki. These business owners identified competition coming from the far regions of: Barrie, several cities in Southern Ontario and the United States.

Table 9 provides leaking proportions of the purchases for retail firms located in NFN: products for resale are bought at 65.26% outside of the region, 53.33% of the utilities, 41.67% for other products, 0% for labour, and 40.73% for the professional services. This gives a total average of 50.23% for a leakage percentage for the Nipissing First Nation based on the results from the questionnaire.

Table 9 - Proportions of Business Purchases Made by Nipissing First Nation Retailers outside the Region (According to Nipissing First Nation Retailers)



On another note, 40% of the interviewed business owners had contracts that obliged them to make purchases outside of the region, and these contracts were primarily when it came to products like tobacco and gasoline. When asked if they would retail locally made products, all businesses agreed that they would, with the majority stating that it is currently a strategy in place and that they are strong believers in retailing local products.

Differences Between West Nipissing And Nipissing First Nations Retail

From the statistics on the leakage percentage for West Nipissing retail and NFN retail, we can draw many conclusions. The leakage percentage is higher by about 1% in West Nipissing in comparison to NFN. Products for resale and labour are the two categories of products where the totality of West Nipissing has a higher leakage percentage, and NFN retailers have more leakage when it comes to utilities, other products, and professional services.

Leakage Levels among Other First Nations

Secondary data from two other First Nations show leakage levels of 75% for the Akwesasne Mohawk Territory in Ontario, and 76% for the Mi'kmaq First Nation Unama'ki of Cape Breton (Nova Scotia). The two studies were conducted in 2014 for Akwesasne and 2010 for Unama'ki.
In both cases, the recapture of leaked expenditures is recommended: the Akwesasne report considered that groceries and convenience purchases of $11.3 million could be targeted, as well as restaurant purchases of $1.1 million and possibly tobacco and alcohol purchases of $0.3 million.

The Unama'ki report of 2010 observed that: «Partnerships are an excellent way to reduce costs and improve relationships with suppliers by developing mutually beneficial relationships with existing external organizations that extend beyond the typical individual customer/supplier relationship. Due to the spending power of the Unama'ki communities, it is recommended that the communities pursue partnerships with certain suppliers or even explore the option of new business ventures.» It was further noted that a joint venture with an insurance firm was in the process of being established, and that a pharmacy had been installed within the community health care centre of the First Nation. There was also an independent pharmacy about to be opened.

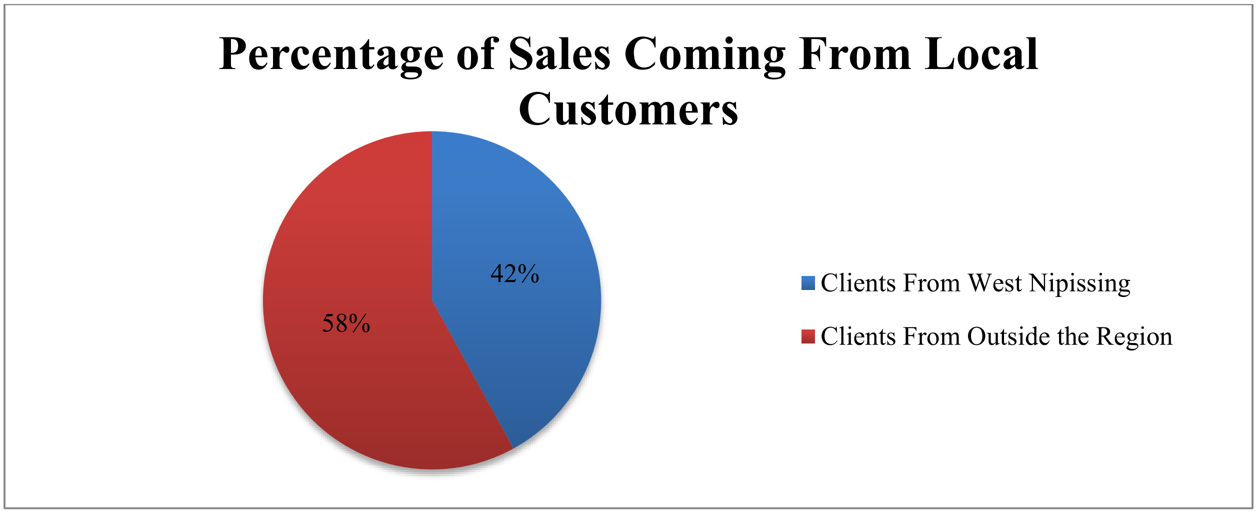
Leakage for Manufacturing And Forestry

The manufacturing industry in West Nipissing has a very limited number of businesses. This sector includes any direct manufacturing company of raw materials into products as well as any forestry activity. The West Nipissing Chamber of Commerce provided a list of selected organizations to include in the data collection. Three companies represent this sector. The team had a hard time getting in contact with representatives from manufacturing companies due to their busy schedule and some owners refused to participate. The data reported below include both West Nipissing and Nipissing First Nation companies.

Results from the Manufacturing Sector

The three companies employ between 79 and 179 employees depending on the season. One of these companies is seasonal and another is home-based. The major competitors identified by the respondents for this sector, which includes manufacturing of goods as well as forestry activities, in no particular order of importance, are; Young Forestry, Pete's Carpentry, Dave's Renovations, Botano, and Waldriff Trucking. Only one of these firms has a contract requiring purchases outside of West Nipissing. Respondents also indicated (Table 10) that a majority of their sales come from customers located outside West Nipissing. On average, West Nipissing customers represented 42% of the total, while 58% came from other regions, mainly from North Bay as well as other Ontario areas. Above all, two of these manufacturers identified that their sales came from up to 75% to 95% outside of the area.

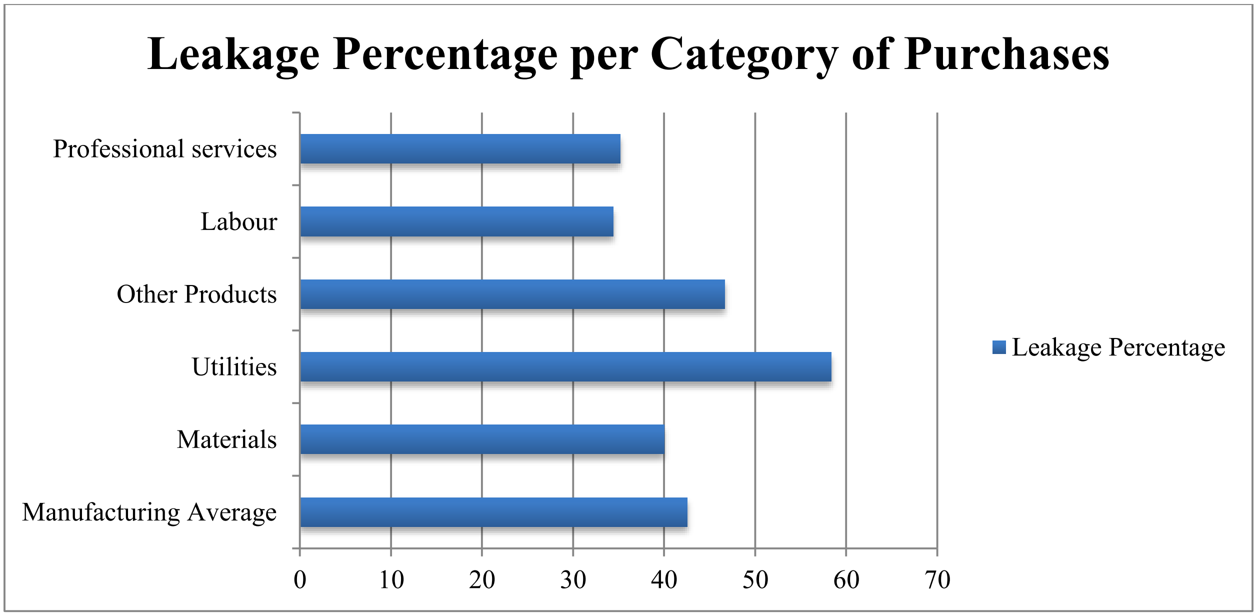
Table 10 – Proportion of Exports outside West Nipissing by the Manufacturing and Forestry Sectors



Results also indicated a leakage percentage for local clients of 35%. This means that people from West Nipissing tend to buy outside the district at 35%, buying from companies in Sudbury or North Bay.

Manufacturing and Forestry firms reported combined purchases of $1,950,000. They also indicated a leakage percentage for their purchases of 42.54%. If we take the total of their purchases, this means that $1,120,470 of their purchases is made inside of West Nipissing. Purchases were separated in different category, with leakage levels as follows (Table 11): 40% for materials, 58.33% for utilities, 46.67% for other products, 34.44% for labour, and 35.19% for professional services. Details of the products included in these categories appear in the manufacturing questionnaire in Appendix 10.

Table 11 - Proportions of Business Purchases Made by West Nipissing Manufacturers outside the Region (According to West Nipissing Manufacturers)



We can deduct that this sector has a similar leakage percentage in every expense category. Some of the respondents noted that much of the leakage comes from job sites that are not on West Nipissing grounds. When they are on job sites, they buy many of their products in the region that they are working, which can involve fuel, accommodations, food, supplies, etc.

Leakage for the Banking Sector

A previous survey from the early 1990s described the healthy competition among financial institutions in the West Nipissing region (Cachon, 1992). At the time, clients mentioned quality of local service as an important aspect of their choice of institution.

Three financial institutions were surveyed representing a 50% sample size according to the Municipality of West Nipissing Business Directory Report from 2014. This sample size does not include Nipissing First Nations due to the absence of the sector in the area. The questionnaire aimed to determine what characteristics of business and consumer expenses were specific to the banking sector and to learn about procurement policies present in the West Nipissing region.

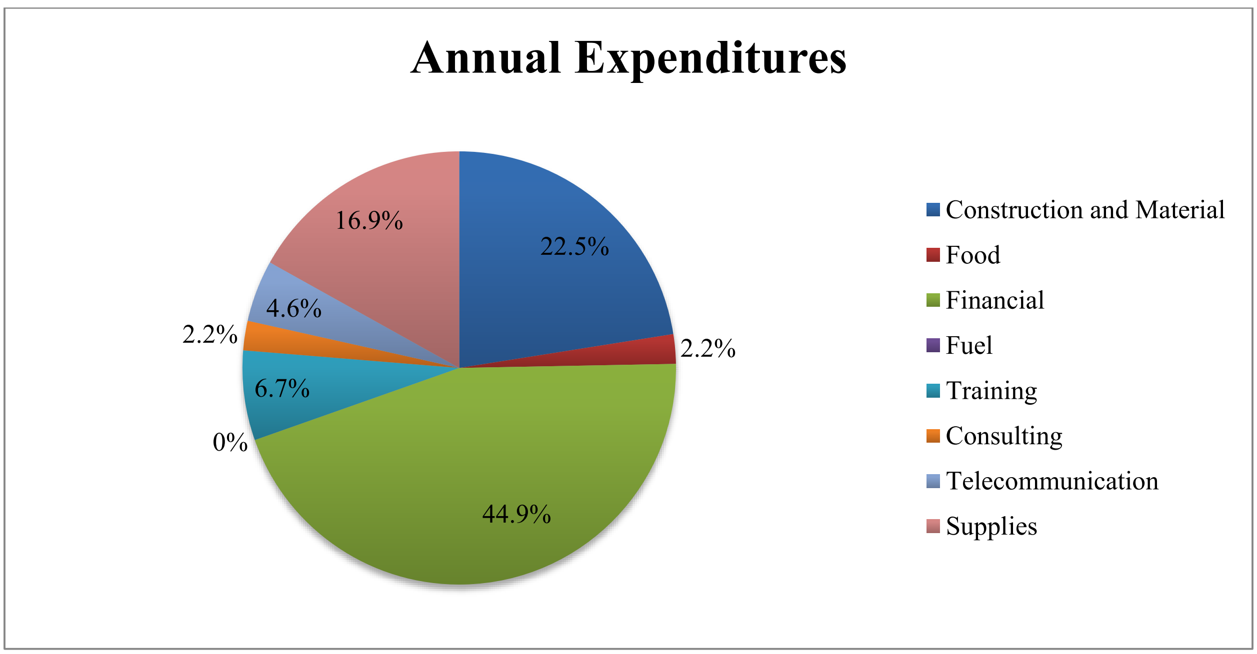
Banking Sector Results

The large representativity of respondents from this sector allowed to draw many conclusions and observe several tendencies from the data obtained. Revenues for financial institutions were over one million. The average amount of employees per financial institution is 19, with several residing outside West Nipissing, including 37.5% of the managers. There were 120 people working in the Finance and Insurance sector in West Nipissing in 2011, according to Statistics Canada. According to local banks, 42% of their potential clients were lost to competitors located in larger centres such as North Bay and Sudbury, these institutions being affiliates of large banks catering primarily to West Nipissing clients.

Virtual banks, such as Tangerine, President's Choice, and Manulife were reported to be one of the main competitors of West Nipissing establishments. Otherwise, the main competitor was the City of North Bay, which reflects the already noted gravitational attraction of 47.2% of that city over West Nipissing. Options in North Bay include banks such as CIBC, Scotia, BMO as well as several other institutions. The last competitor noted was the City of Greater Sudbury. Sudbury offers all of the above options as well as Northern Credit Union, Caisse Populaire Desjardins, TD Canada Trust as well as several other financial institutions.

Data on financial institutions' annual expenditures provided a basis determine which were the main categories of expenses in that sector. Financial services such as banking, interest and financing are the most costly expense for the financial institutions of the West Nipissing region averaging $20,000. Secondly, expenses for construction, construction material, repairs, renovations and services are on average of $10,000. Office supplies were reported to be a high expense averaging $7,500 and training and education at a cost of $3,000. Average costs per financial institution in the West Nipissing region for telecommunications are $2,000. These establishments also spend an average of $1,000 per year on food, grocery or cafeterias (direct or contracted) as well as on consulting and professional services.

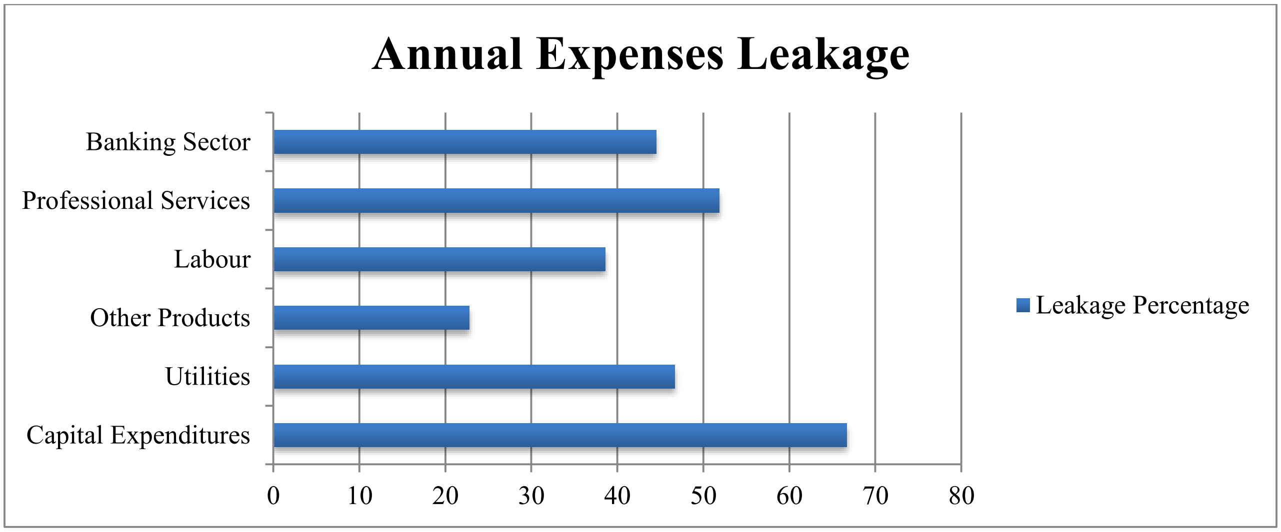
Table 12 – Annual Expenditures by Category for the West Nipissing Banking Sector



All organizations had formal procurement policies. A section of the questionnaire asked to what extent organizations within the banking sector in West Nipissing engage the local business community into addressing procurement needs. The banking industry is heavily regulated and has an obligation to identify those profits and cost centres that can ensure its long-term viability. Each branch has performance standards set by its regional and/or head office. Nevertheless, managers emphasized the fact that local businesses were always considered a priority when it came to choosing contractors or general suppliers and purchase local products or services. Bankers indicated how they take pride in promoting to their customers that they are acting in this manner. Exceptions to this are when local services are not present or not corresponding to established criteria. From the financial institutions interviewed trends were identified regarding their procurement decisions such as: the current relationship with the supplier as well as their location, customer service received from the supplier, price, and general quality of the products or services.

Table 13 shows a 44.49% average annual leakage percentage of business expenses in the banking sector. Subcontracting outside of the region plays a big role within the financial institutions, representing 66.67% of expenditures. The leakage determined for the utilities category – including but not limited to water, heating and telecom services – averaged 46.67%. The majority of "other products" – including but not limited to office equipment and tools – purchased outside the region was substantially low, the leakage being 22.77% considering the majority of office equipment was noted as being primarily bought outside of the region of West Nipissing. 38.57% of the management, labour and professional people hired to work for the financial institutions came from outside the West Nipissing municipality. Finally, the category of purchases with the highest leakage percentage was found to be the professional services used by these establishments. The leakage average for these services is 51.83% with insurance, technical and engineering services being completely purchased outside of the region (in North Bay) and only 16.77% of the training services purchased within the West Nipissing region.

Table 13 - Proportions of Business Purchases Made by the West Nipissing Banking Sector outside the Region (According to the West Nipissing Banking Sector)



The following is a table summarizing the activities undertaken by financial institutions in order to encourage and promote local businesses and increase local business activity and the regional economic development. Financial institutions have engaged in these actions either alone or in partnership with other organizations:

Table 14 – Actions taken by the West Nipissing Banking Sector to Promote Local Business

Activity	Percentage
1. Broader advertising involving local newspapers, trade shows and local databases in current use by business people (to make local businesses aware of your product needs)	100%
2. Seeking out local businesses before tendering	33%
3. Requiring local businesses to be part of the bidding process	67%
4. Working with large suppliers to have them include local business in work being tendered	0%

5. Organize reverse trade shows (institutions get together to showcase their purchasing needs, allowing local bidders to interact face-to-face with the institutions and help them put together good proposals; it also gives suppliers advance notice about upcoming opportunities and the chance to cooperate with other suppliers)	67%
6. Establish pre-procurement procedures giving local business a chance to compete via an open supplier gateway where local businesses can post information about their goods, as well as supplier consultation where institutional buyers can discuss requirements and specifications	50%
7. Establish databases indicating which products are required in the future so that business people can be aware of the needs of local institutions	50%
8. Simplify tender documentation to make it more accessible	67%
9. Speeding up payments under certain value thresholds	67%
10. Unbundling larger contracts into smaller ones when feasible	67%
11. Emphasizing female and minority-owned businesses (such as Aboriginal set-aside programs by the Federal government, for procurements destined to Aboriginal populations)	0%
12. Emphasizing small and medium-sized businesses	100%
13. Emphasizing sustainability goals (for example globally sourced food has been shown as generating 5 to 17 times the emissions of local food)	67%
14. Emphasizing benefits of local procurement to the local economy	100%
15. Collaborating with other institutions on some of the above initiatives	100%

It is important to note that the financial institutions in the West Nipissing region have contracts that oblige them to purchase outside of the region, which includes but is not limited to franchising contracts or purchasing agreements with their suppliers.

Leakage for the Service Sector

It is to be noted that the businesses interviewed for the service sector are establishments of the services industry and are not considered as professional services. Three service industry businesses were surveyed in the West Nipissing municipality and the Nipissing First Nation. The questionnaire used for this sector is identical to the one designed for the banking sector but the data was analyzed separately.

Service Sector Results

All respondents from service industry organizations were independent businesses. These organizations varied in size, with one business in each of the following categories by sales level: $0 - $50,000, $50,001 - $100,000 and $100,001 - $250,000.

The average amount of employees was 9 per business, mainly sales and office workers. According to respondents, only 20% of their yearly sales came from consumers located within the West Nipissing region as that they mainly catered to clients located in North Bay, Southern Ontario, Sudbury and Sault-Ste-Marie. A consumer leakage of 28.33% was identified for the service industry, as their clients predominantly came from West Nipissing and North Bay.

The main annual expenditures for the West Nipissing Service industry businesses were construction and financial services at $35,000 and $32,675 respectively (Table 15 presents the distribution of expenses by category). Following those expenses were food expenses, groceries or cafeterias (direct or contracted) averaging a total of $15,000. Expenses related to training and education were equal to $7,750 while consulting and professional services equaled $3,667. Smaller expenditures for these organizations were $2,967 for telecommunications, $1,700 for fuel, and $1,400 for office supplies.

Businesses representing that sector said they had no policies for procurement. As shown on Table 16, West Nipissing businesses in the Service sector spent overall 81.98% of their purchases outside the region, which is slightly lower than the average identified in the Cachon and Cotton (1997) study for West Nipissing, which was 89%. This is the highest level of leakage percentage identified for any sector.

Table 15 – Annual Expenditures by Category for the West Nipissing Service Sector

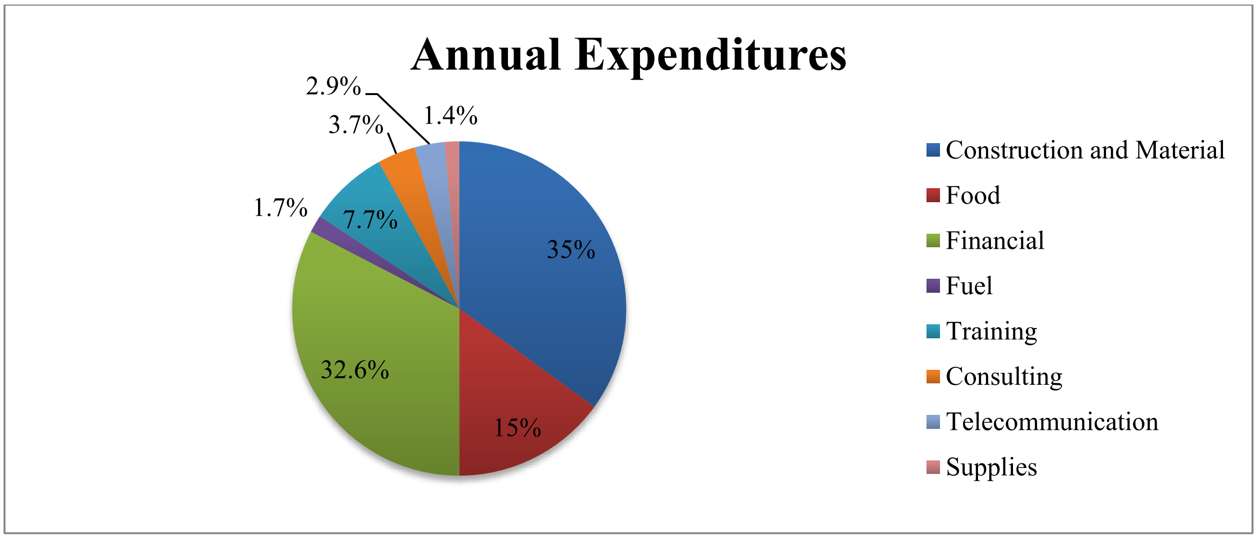
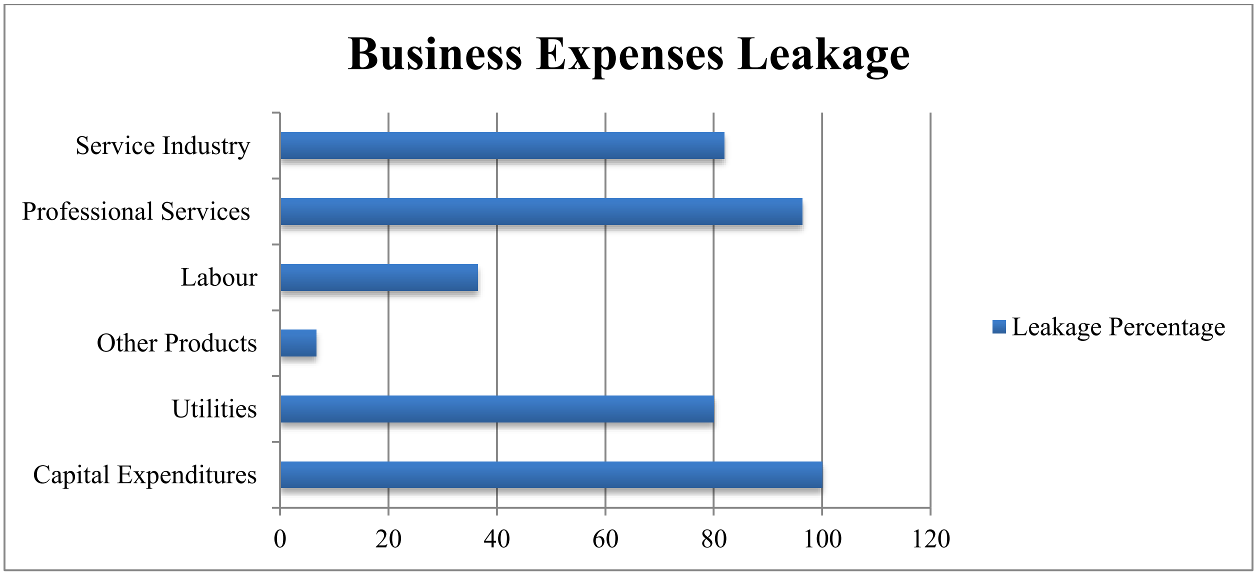


Table 16 also illustrates details per category of purchases. For capital expenditures, subcontracting was the only category, with a leakage percentage equal to 100%. The leakage determined for the other categories was as follows: 80% for utilities, 66.67% for other products, 36.5% for labour, and 96.29% for professional services.

Table 16 - Proportions of Business Purchases Made by the West Nipissing Service Sector outside the Region (According to the West Nipissing Service Sector)



Activities related to fostering interactions with local businesses that the respondent of the Service sector have engaged in alone or in conjunction with other organizations are:

Table 17 – Actions taken by the West Nipissing Service Sector to Promote Local Business

Activity	Percentage
1. Broader advertising involving local newspapers, trades shows and local databases in current use by business people (to make local businesses aware of your product needs)	67%
2. Seeking out local businesses before tendering	33%
3. Requiring local businesses to be part of the bidding process	33%
4. Working with large suppliers to have them include local business in work being tendered	0%
5. Organize reverse trade shows (institutions get together to showcase their purchasing needs, allowing local bidders to interact face-to-face with the institutions and help them put together good proposals; it also gives suppliers advance notice about upcoming opportunities and the chance to cooperate with other suppliers)	0%
6. Establish pre-procurement procedures giving local business a chance to compete via an open supplier gateway where local businesses can post information about their goods, as well as supplier consultation where institutional buyers can discuss requirements and specifications	33%
7. Establish databases indicating which products are required in the future so that business people can be aware of the needs of local institutions	0%

8. Simplify tender documentation to make it more accessible	33%
9. Speeding up payments under certain value thresholds	0%
10. Unbundling larger contracts into smaller ones when feasible	0%
11. Emphasizing female and minority-owned businesses (such as Aboriginal set-aside programs by the Federal government, for procurements destined to Aboriginal populations)	33%
12. Emphasizing small and medium-sized businesses	100%
13. Emphasizing sustainability goals (for example globally sourced food has been shown as generating 5 to 17 times the emissions of local food)	33%
14. Emphasizing benefits of local procurement to the local economy	33%
15. Collaborating with other institutions on some of the above initiatives	33%

Of the interviewed service industry businesses, 67% had an obligation to purchase outside of the region – including but not limited to franchise contracts or through purchasing agreements with suppliers. Only one of the businesses promoted the purchase of local products within their establishment.

Leakage for the Agricultural Sector

Recent reports on the agricultural sector have shown that farming is experiencing change in Canada, but such transformations are quite diverse depending on the categories of farms considered. While there has been an expansion of fruit and vegetable production in some regions, such as the Essex-Kent regions in Ontario (development of greenhouse production and exports to New York and to Florida) and the Okanagan Valley in British Columbia, cattle production for meat has been retreating all across Canada as well as the United States. Large firms such as Cargill have closed some large farms, notably in Texas, as lower meat consumption levels among the general population trigger a general trend of lower prices. Cattle farmers in Ontario started abandoning livestock production for similar reasons and switched to cereals production.

Meanwhile, Canadian dairy farms, unlike their U.S. counterparts, do not receive direct subsidies from governments but operate under a supply management system whereby, in Ontario, the Dairy Farmers of Ontario (DFO) sell all the raw milk produced in the province and pay the farmers. Imported dairy products are subject to tariffs in the 200-300% range. Conversely, U.S. dairy farmers face a deregulated market but receive direct subsidies from government. Two new trends could affect some of the largest dairy farmers: one is the robotic milking system technology, which is expensive for most of the 98% family-owned dairy farms, but promising in terms of cost reduction and increased volumes; the other recent trend is organic milk production, which already accounted for 1.2% of the total Canadian production in 2014.

Average purchases for farms in Canada represented 60.9% of sales, and 51.6% in the dairy farm category. Total dairy sales in Canada were $6.1 billion in 2014 and estimated at $8 million for West Nipissing. Ontario had a market share of 31.9% of the Canadian total in 2014, or a total of $1.946 billion.

Agriculture in West Nipissing

According to previous studies by Harry Cummings and Associates (Blue Sky Region Agricultural Economic Sector profiles, 2001 and 2009 and 2013 presentation), agriculture in the Nipissing district is concentrated within a fifteen kilometer radius around the towns of Powassan (in East Nipissing), and Verner in West Nipissing, for a total number of 272 farms (33,000 acres, plus 6,000 improved acres) in 2006, of which 36 reported an organic production. Land is considered acidic and needs underground drainage to be productive. In a 2009 report, the main types of farms for the whole Blue Sky region were hay and fodder crops (38%), beef cattle (22%), dairy (5%), while 19% were in other animal production (horses, bison, deer, elk, lama), and 5% in greenhouse, nursery, berries and vegetables production. In Nipissing, the production of hay came ahead of other main crops such as oats, barley and wheat, followed by corn, soybeans, canola, and potatoes. Despite the smaller number of dairy farms, these provided the highest proportion of income for the agricultural sector of West Nipissing, or $8 million in 2013 (West Nipissing profile 2014).

Farm Expenditures

Wages paid by farmers include wages and salaries paid to family members. Crop expenses include fertilizer and lime, seed and plant purchases, herbicides, pesticides, etc. Livestock expenses include feed purchases (including feed purchases from other farmers), livestock and poultry purchases, veterinary services, etc. Other expenses include rental and leasing of farm machinery, equipment and vehicles; rental and leasing of land and buildings; custom work and contract work; and other expenses.

Five farms have completed a survey, producing fruit, vegetables, and cereals. West Nipissing is also home to a number of dairy farms. The cost of land was mentioned as one of the difficulties encountered by West Nipissing farmers, as prices increased 15.9% in 2013, after a 30.1% increase in 2012 and 14.3% in 2011 (https://www.fcc-fac.ca/fcc/about-fcc/corporate-profile/reports/farmland-values/rapport-valeur-des-terres-agricoles-2013.pdf (Dec. 7, 2014). Land values have kept increasing over the 1989-2014 period, which makes growth very difficult for smaller farmers who would like to purchase more land.

Respondents mentioned that family farms were disappearing, as there is a lack of younger people interested in this sector. Farms increase in size as they are sold to other farmers: « Farming communities are changing—farms are getting bigger while the number of farms and farm operators is decreasing and farmers are getting older. http://www.statcan.gc.ca/pub/16-201-x/16-201-x2014000-eng.pdf »

Agricultural Sector Results

A total of 4 respondents represented the West Nipissing agricultural sector. All respondents described their farming activity as seasonal, with summer crops representing the major source of farming income for them, as well as most of their expenditures. Workers had to be hired, in particular for fruit and vegetables harvest, including foreign workers.

For local farmers producing fruit and vegetables, most of the competition is located outside the region; clients are from Southern Ontario or from elsewhere outside West Nipissing, some fruit and vegetables being sold in Greater Sudbury and North Bay's seasonal farmers' markets and traditional or local growers' cooperative retail outlets. In 1997, 46% of the agricultural production was exported out of the West Nipissing municipality (Cachon & Cotton, p. 7).

Biological farms could not source many supplies in the region, where demand for these products is very limited; as a result, they have to buy in Southern Ontario. Traditional farms using chemical fertilizers and other similar products buy locally through their regional cooperative.

Farms that were interviewed during the study had an average of 9.5 employees. Numbers vary across seasons; summer months are when most of the handy work gets done as opposed to the winter season. A fruit and vegetables farm may employ up to 25 workers and as little as 3 during the winter.

Respondents had yearly gross sales from $50,000 to over $1 million. Only one of the farms interviewed indicated to be strictly seasonal. Table 18 shows that across the West Nipissing Agricultural sector about 63% of the sales were to industrial or individual customers located outside the region. This includes sales made directly at the farm (fruit and vegetables for example) and through distributors such as the Sudbury-Nipissing Regional Cooperative (who owns silos and groups crops from West Nipissing as well as other adjacent areas in the districts of Sudbury and Temiscaming), and retailers from Greater Sudbury and North Bay. Final clients for crops and dairy farms may be located elsewhere in Ontario, Canada or the United States.

Table 18 – Proportion of Exports outside West Nipissing by the Agricultural Sector

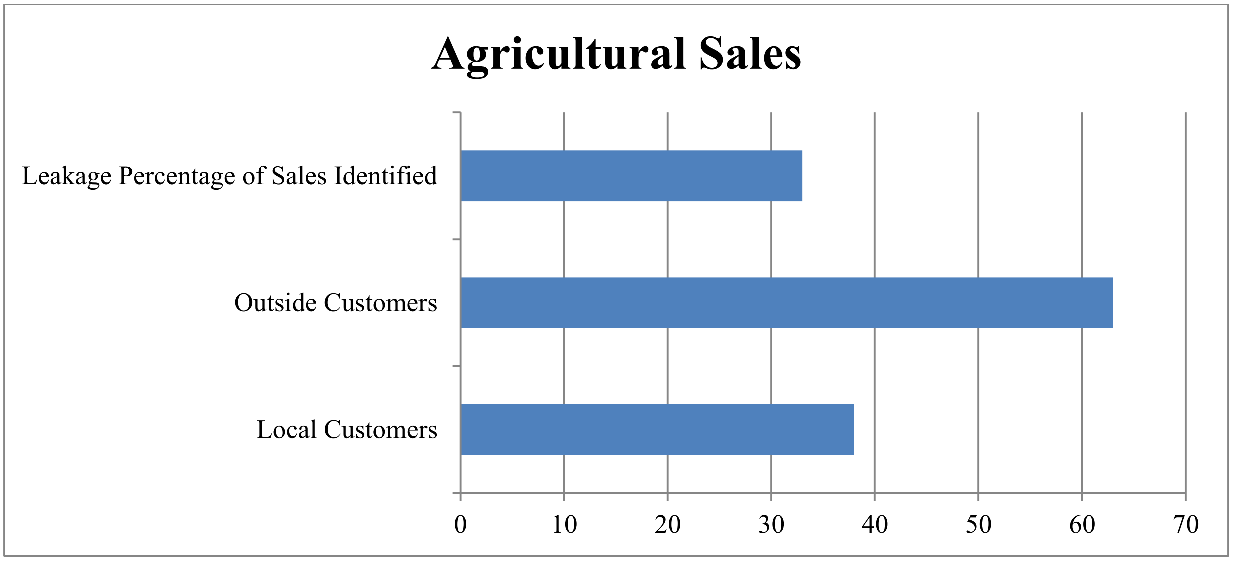


Table 19 – Proportions of Purchases Made by the West Nipissing Agricultural Sector outside the Region (According to the West Nipissing Agricultural Sector) by General Categories

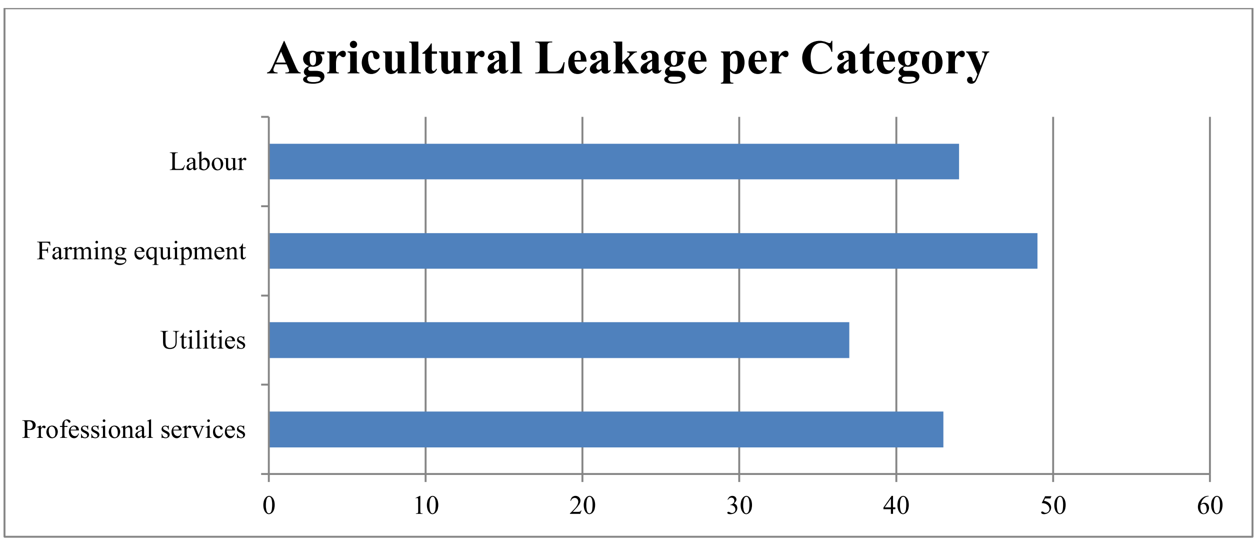
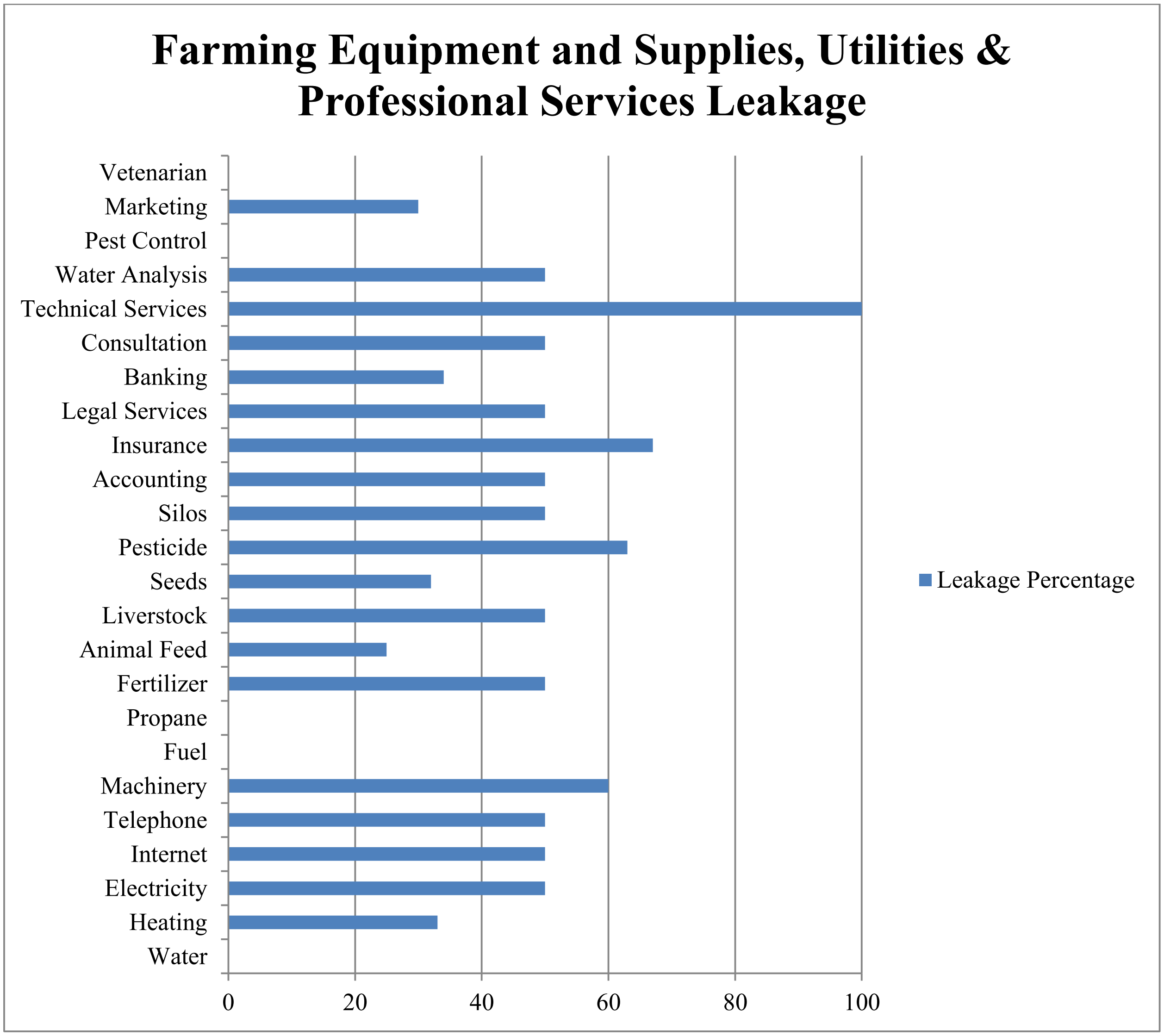


Table 19 presents the proportion of purchases made by the Agricultural sector outside the region by general category. While the general average was that 40.1% of purchases were made outside the area, leakage levels per category were relatively consistent between 36% and 49%, as follows: 36.67% for utilities, 49.44% for machinery and supplies, 43.75% for labour, and 43% for professional services. A figure of 12.5% for groceries is consistent with other sectors and local consumer spending.

Farmers have a tendency to purchase locally when possible for reasons of convenience and rapidity of service, in particular for technical aspects involving livestock, drainage and crop management. Prices and availability of resources were another relevant factor influencing sourcing decisions by farmers. Biological farms have sometimes an obligation to obtain products elsewhere. Professional services such as specialized consulting also tend to be less available in the West Nipissing area. Table 20 shows quite clearly that a number of farm products are sourced mainly locally (about 65% to 75%), and these include most industrial products sold by the Sudbury-Nipissing Regional Cooperative: seeds, animal feed, fertilizers, diesel fuel and propane (100% locally). Some owners were of the opinion that the West Nipissing market was not sufficiently important to support various farm supply distributors.

Table 20 – Proportions of Specialized Purchases Made by the West Nipissing Agricultural Sector outside the Region (According to the West Nipissing Agricultural Sector)



According to Table 21, outside purchases are made, in declining order, in North Bay, Sudbury, Southern Ontario, New Liskeard and Timmins. The prevalence of North Bay is a confirmation of the calculations derived from the Reilly and Huff formulae regarding cities respective attractivity.

Table 22 reflects the fact that Fruit and Vegetable farms sell local produce for which consumers are willing to pay extra for the freshness and better perceived quality. Farms that are selling to consumers on site also tend to offer other locally produced items or foodstuffs. Some local stores also advertise local products sold as distributors and on consignment.

Table 21 – Regions of Choice for Purchases outside West Nipissing by the Agricultural Sector

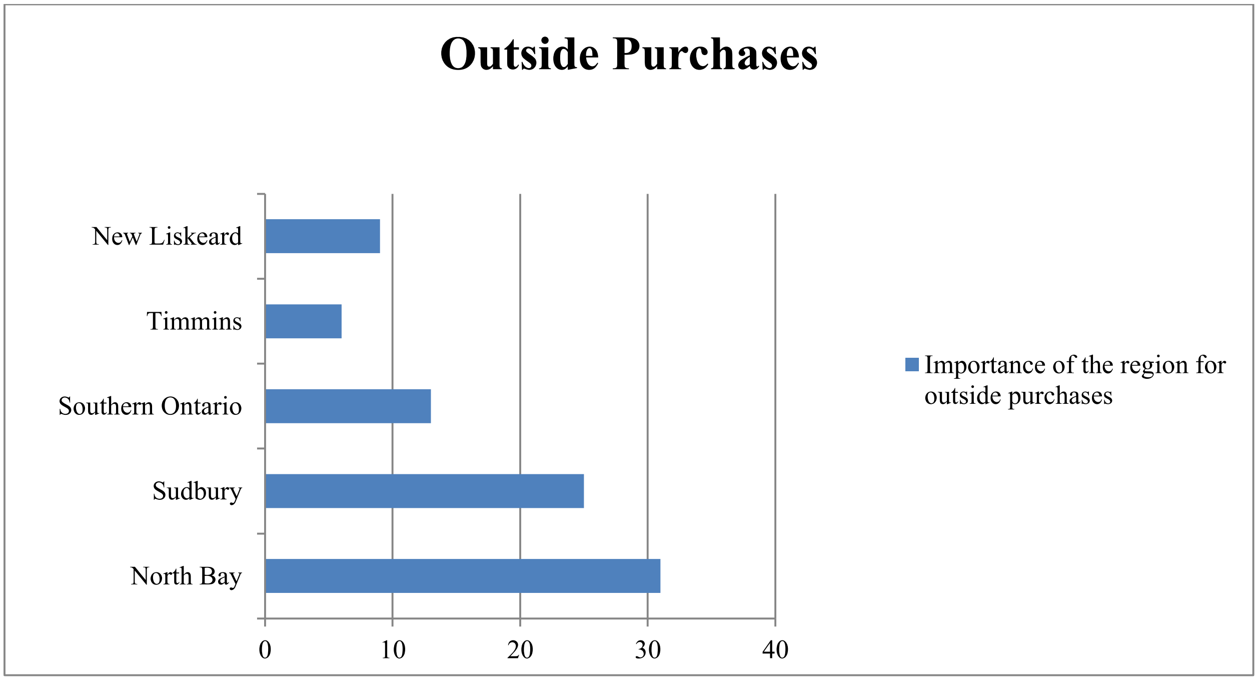
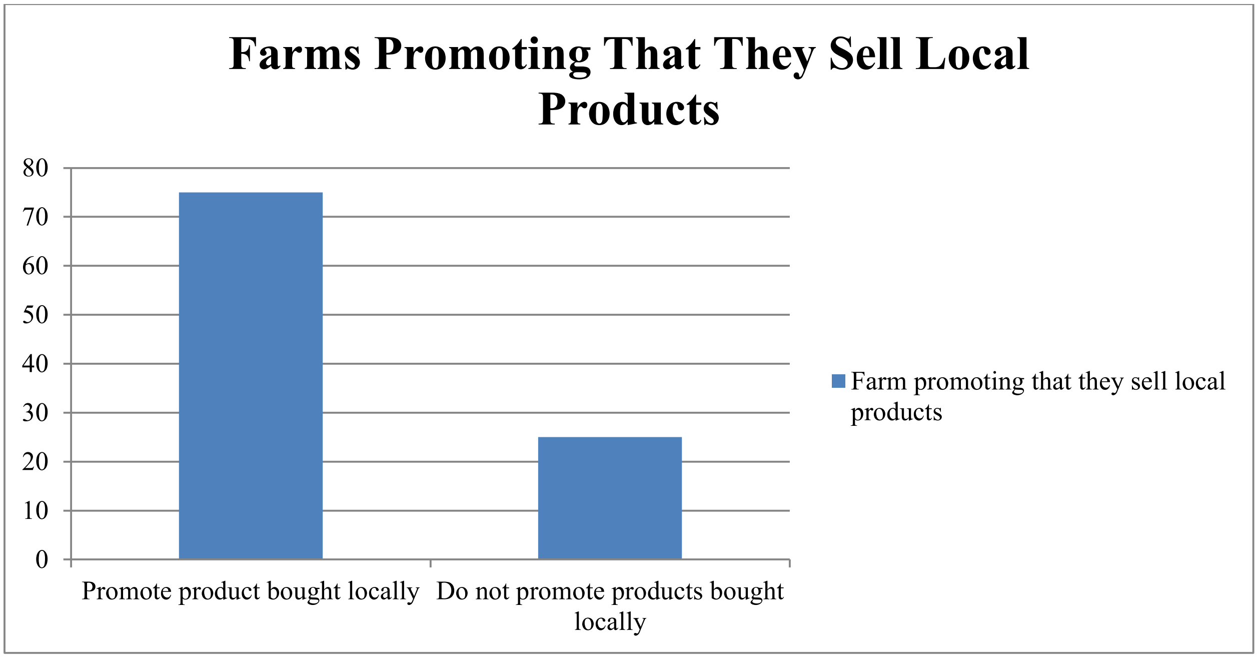


Table 22 – Local Products Promotion by West Nipissing's Agricultural Sector



Conclusions and Policy Implications – Agricultural Sector

In conclusion, with over $24 Million in total sales in 2014 (14.32% of the Northern Ontario Agricultural sales - Table 24) the agricultural sector is very important to the West Nipissing municipality. In addition, it is estimated that every dollar in farm revenue generates an additional $1.30 in sales for businesses that deal with farmers, this results in West Nipissing into $31.2 Million of induced sales for Agricultural supply firms (see Table 23), for a total impact of this sector of $55.7 Million on the economy. Every farm job in Northern Ontario was also considered supporting from 1.3 to 1.5 additional jobs outside agriculture.

The rural landscape of the region also continues to witness the disappearance of farms (the Northern Ontario average was a reduction of 14% in the number of farms between 2001 and 2011) as well as an increase in the size of those remaining in activity. The strongest ally and support infrastructure to this sector in the region is undoubtably the presence of the Nipissing-Sudbury Cooperative with its storage facilities for crops and its capacity to buy several categories of farm supplies on larger scales and at industrial, competitive prices.

With a view towards the future, the Agricultural sector is still perceived as representing many opportunities and potential business activity in certain areas. Cummings and Associates (2013) noted that organic products and non-timber forest products such as essential oils, plant fibres, forest foods, floral and branch products sub-sectors were growing in Northern Ontario and could represent new opportunities for the economic viability of farm lands. In West Nipissing, farm lands have been abandoned for decades in some areas (ex. Badgerow township on highway 64). It was also noted that informations about these products, levels of production, sales and profitability were not readily available as they were not product categories measured by Statistics Canada.

Specialists have also deplored the fact that government policies and programs destined to help the agri-food sectors mostly favour larger farmers based in southern regions of the province; there seems to be an absence of programs focusing on the particular needs of smaller Northern Ontario producers and the local economy of small communities. Such policies should particularly emphasize and encourage home-based businesses and small scale farms both within municipalities and First Nations' lands. In order to do so, advocates for Northern Ontario farms have proposed and demanded reviews of local land use policies in order to better foster and encourage a return to a denser level of small farms in regions such as West Nipissing.

In terms of the local production and consumption of food products, Cummings and Associates have observed, along with several categories of stakeholders of the Agricultural sector (local governments, research institutions and Agri-related businesses listed on Table 23), the importance of pursuing the development of food systems at the local or community level. Examples were provided for the Thunder Bay region including the Thunder Bay Food Charter and the District of Thunder Bay Regional Food Strategy. Collaborative project developments including First Nations communities were identified among strategies aiming to organize local food production systems linked with the creation of channels of distribution. Associated with proper pricing and promotional strategies such initiatives could have the potential to multiply by using and expanding existing programs already in place such as Eat Local cooperatives.

Table 23 – Categories of Businesses Supplying the Agricultural Sector

- Agricultural service sector –i.e. vets, breeding services, fencing, custom farming services, welding services, etc.
- Manufacturing –i.e. food processing, grain elevators, farm equipment manufacturing and fabricating etc.
- Construction –i.e. building construction, electrical contractors, excavating, well drilling, etc.
- Transportation –livestock, grain, milk, etc.
- Wholesale –building material suppliers, farm supplies including feed and seed, livestock sales yards, equipment,
- Retail –hardware, auto sales and service, tire sales and service, computers, office equipment and supplies, etc.
- Finance –Banks, Farm Credit Corp., Credit Unions, etc.
- Real Estate and Insurance businesses
- Business services –lawyers, accountants, etc.

Source: Cummings and Associates, 2013.

Table 24 – Agricultural Sales in Northern Ontario (2012) and West Nipissing (est. 2014) by Product Category

Product Categories	**Northern Ontario Sales in $Millions**	**West Nipissing Sales in $Millions**
Dairy	55.8	8
Cattle and calves	26.7	3.82
Floriculture, nursery, sod	18.2	2.6
Canola	11.9	1.7
Hay and clover	6.1	0.875
Wheat	5.4	0.774
Potatoes	4.2	0.602
Total ($Millions)	128.3	18.371
Other products (other cereals, livestock, fruit, vegetables etc.)	41.7	5.98
Total	$170 M	$24.351 M

Source: Cummings and Associates, 2013. Estimate for West Nipissing based on actual figure for Dairy sales provided by West Nipissing Municipality, other categories using same proportions as Northern Ontario average.

Leakage for the Institutional Sector

The six top employers in West Nipissing are institutions. Statistics Canada, the Municipality, the General Hospital, the Au Château Nursing Home, the Conseil Scolaire Catholique, and Community Living West Nipissing accounted for a total of 1,290 employees in 2014. Three other school boards are also part of the list of the 15 largest employers.

The Institutional sector is represented in this survey by 8 institutions that cover a variety of different activities. The questionnaire that was used for this sector is very different than the one used for other sectors. The goal of this instrument was to determine the details of the procurement policies these institutions have, as well as an annual budget and expenses identified by categories.

Institutional Sector Results

The eight institutions that took part of this survey represent a large portion of West Nipissing's jobs with a total of 1,036 full time employees and 532 part time positions, for an overall total of 1,568 employees. These institutions had a combined annual budget of $83,997,000, or an average of $10,499,625 per institution.

Institutional annual expenditures were divided into eight categories (Table 25), with averages as follows: $3,132,400 for construction and construction material, $219,845 for food, $325,283 for financial services, $56,567 for fuel, $148,600 for training and education, $751,040 for consulting and professional services, $59,375 for telecommunications, and $31,680 for office supplies.

Table 25 – Annual Expenditures by Category – West Nipissing Institutional Sector

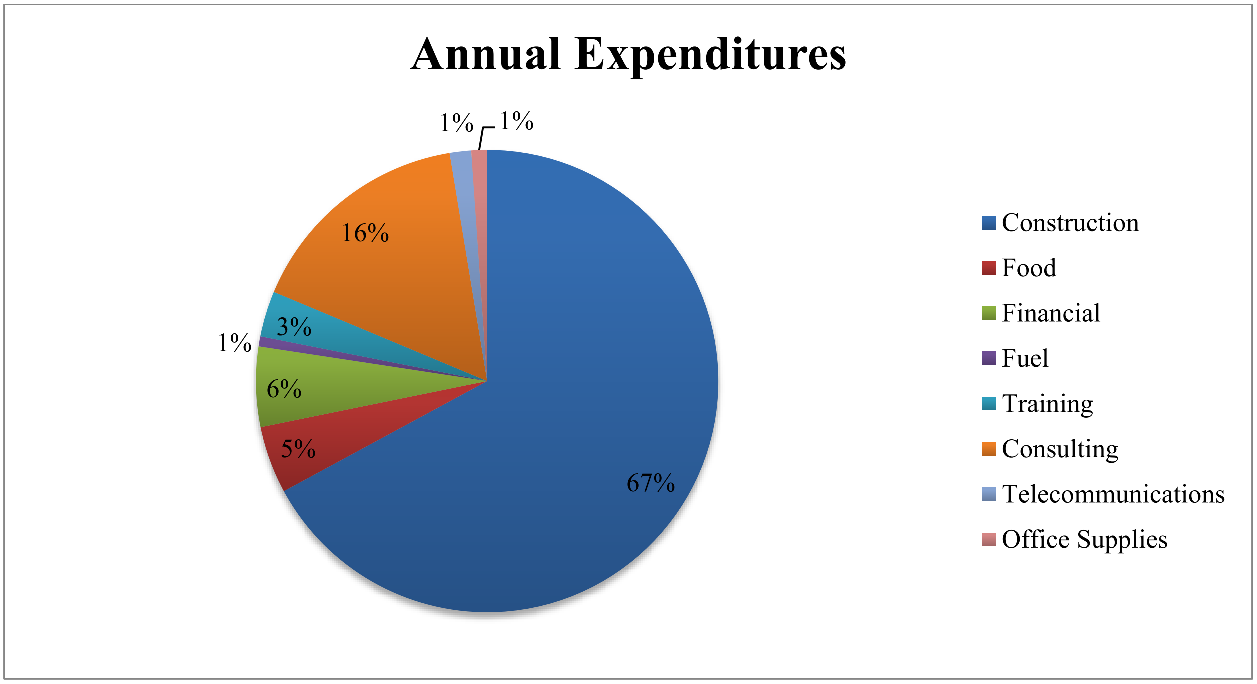
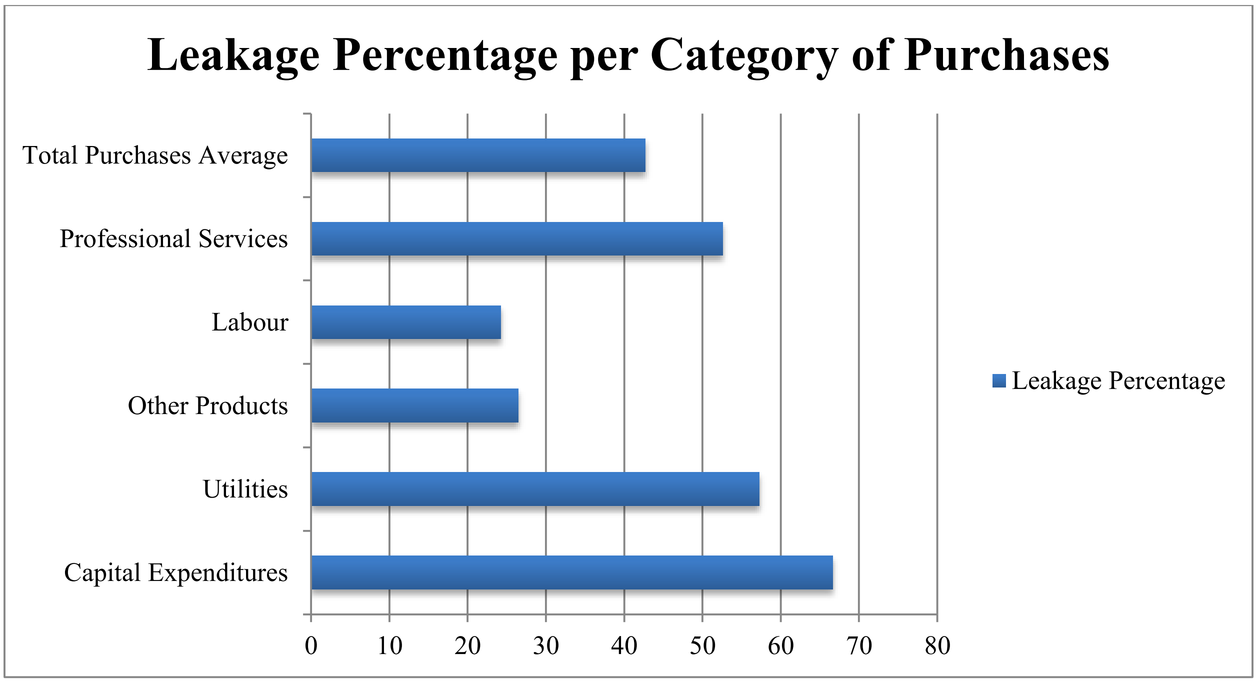


Table 25 indicates that the majority of expenditures were made towards construction, consulting, financial services, and food, representing total expenditures of $23,327,943. 87.5% of the institutions, or 7 out of 8, indicated having a procurement policy. Policies were all different from one another, but specified specific criteria for choosing suppliers. Major criteria included, in order of importance: price, quality, location (local business), availability, quality of customer service, proven dependability, proven capacity of timely delivery, relationship, and terms of payment.

Regarding where purchases were made, there were variances between different expense categories for spending outside the West Nipissing municipality. Leakage percentage averages for the institutional sector per category was as follows (Table 26): 66.67% for capital expenditures, 57.28% for utilities, 26.46% for other products, 24.23% for labour and personnel sourcing and 52.62% for professional services. It is important to note that in the category of other products, 87.5% of the medical equipment can only be purchased outside of the region as well as

43.57% of the office equipment. Survey results showed an average of purchases made outside West Nipissing of 42.73% for institutions. Out of total expenditures of $83,997,000, the amount spent locally in West Nipissing was $48,105,082.

Table 26 - Proportions of Business Purchases Made by 8 West Nipissing Institutions outside the Region (According to 8 West Nipissing Institutions)



The eight institutions surveyed were engaged in a number of actions aiming to help local suppliers compete against outsiders. Table 27 summarizes results for fifteen possible actions that can be taken by institutions in order to foster local purchasing (Duffy and Pringle, 2013). As one can see, there are several potential actions that remain as possible ways to improve the proportion of local procurement by large institutions present in West Nipissing. On the 15 actions list below, only four (numbers 1, 2, 3 and 9) have been engaged into by half or more of the institutions: 1) Advertising in local newspapers and web sites; 2) Seeking out local businesses before tendering; 3) Requiring local businesses to be part of the process; and 4) Speeding up payments under some value thresholds.

Of the eleven remaining possible actions that have been reported in use elsewhere, three were acted upon by one institution out of eight: 1) Establish and make available databases indicating which products are required in the future so that business people can be aware of the needs of local institutions; 2) Unbundling larger contracts into smaller ones when feasible; and 3) Emphasizing female and minority-owned businesses (such as Aboriginal set-aside programs by the Federal government, for procurements destined to Aboriginal populations).

Three possible actions were not in use at all among the eight West Nipissing institutions surveyed: 1) Organize reverse trade shows (institutions get together to showcase their purchasing needs, allowing local bidders to interact face-to-face with the institutions and help them put together good proposals; it also gives suppliers advance notice about upcoming opportunities and the chance to cooperate with other suppliers); 2) Establish pre-procurement procedures giving local business a chance to compete via an open supplier gateway where local businesses can post information about their goods, as well as supplier consultation where institutional buyers can discuss requirements and specifications; and 3) Emphasizing sustainability goals (for example globally sourced food has been shown as generating 5 to 17 times the emissions of local food).

The remaining five possible courses of action had been taken by two or three institutions and include: 1) Simplifying tender documentation to make it more accessible to smaller firms who may not have resources to engage into sometimes complex tendering processes; 2) Emphasizing benefits of local procurement to the local economy; 3) Collaborating with other institutions in the region on some of the above initiatives; 4) Working with large suppliers to have them include local firms as part of the work plans being tendered; 5) Emphasizing the importance and contribution of local small and medium-sized businesses.

Conclusion and Potential Continuous Procurement Improvement

This last section of the institutional survey should not be interpreted as a criticism of what West Nipissing establishments are currently doing. The list of 15 possible actions favouring local procurement was identified by the Duffy and Pringle study published in December 2013 at the University of British Columbia's Sauders School of Business. The document, accessible with the link provided in the Reference section of this report, discusses at length various challenges facing local procurement (including Trade Agreements with other provinces and other countries, small and medium-sized business challenges, the lack of capacity of smaller firms, the challenges faced by procurement departments and leadership and cooperation issues) before

Table 27 – Actions taken by 8 West Nipissing Institutions to Promote Local Business

Actions	**Percentage**
1. Broader advertising involving local newspapers, trades shows and local databases in current use by business people (to make local businesses aware of your product needs)	63%
2. Seeking out local businesses before tendering	50%
3. Requiring local businesses to be part of the bidding process	75%
4. Working with large suppliers to have them include local business in work being tendered	25%
5. Organize reverse trade shows (institutions get together to showcase their purchasing needs, allowing local bidders to interact face-to-face with the institutions and help them put together good proposals; it also gives suppliers advance notice about upcoming opportunities and the chance to cooperate with other suppliers)	0%
6. Establish pre-procurement procedures giving local business a chance to compete via an open supplier gateway where local businesses can post information about their goods, as well as supplier consultation where institutional buyers can discuss requirements and specifications	0%
7. Establish databases indicating which products are required in the future so that business people can be aware of the needs of local institutions	13%
8. Simplify tender documentation to make it more accessible	38%
9. Speeding up payments under certain value thresholds	50%
10. Unbundling larger contracts into smaller ones when feasible	13%
11. Emphasizing female and minority-owned businesses (such as Aboriginal set-aside programs by the Federal government, for procurements destined to Aboriginal populations)	13%
12. Emphasizing small and medium-sized businesses	25%

13. Emphasizing sustainability goals (for example globally sourced food has been shown as generating 5 to 17 times the emissions of local food)	0%
14. Emphasizing benefits of local procurement to the local economy	38%
15. Collaborating with other institutions on some of the above initiatives	38%

suggesting detailed courses of action and solutions that were already in use in Canada, the United States, the European Union, the United Kingdom and Australia. Solutions proposed fell into five categories plus specific recommendations for policy-makers at the municipal, provincial and federal levels. Examples were cited that could help decision-makers in government benchmark against existing examples and use them as model: The City of Toronto's local food framework and its social procurement framework are cited as examples, as well as other cities such as Saanich, New York and Los Angeles. Provinces such as Nova Scotia have local procurement policies for contracts under $10,000, which is below the threshold where contracts must be open for bidding to other provinces. International Free Trade agreements tend to have higher thresholds, which leaves room to local procurement as well. In the European Union, the United States and in Canada, small and medium-sized businesses have benefited from the guidance and leadership of federal levels of government by the unbundling of contracts. In Canada, the 2011 National Shipbuilding Procurement Strategy was expected to generate $33 Billion of contracts to firms located in B.C. and Nova Scotia.

The five categories of solutions and tools proposed in the Duffy and Pringle study include: 1) As first steps, the commitment of upper management, defining what local business means for the institution, calculate leakage levels and establish targets to be reached; 2) Greater engagement is described as involving measures such as reverse trade shows, working with large suppliers, engaging in pre-procurement actions, broader advertising, requiring local business bidding and tailoring Requests for Proposals (RFPs) to local businesses; 3) Process improvements include the establishment of databases, procurement cards, simplifying tender documents and unbundling larger contracts; 4) Tying locality to other value based goals in relation to local firms, social ventures, sustainability, minority (including First Nation's or Indigenous firms) and female-owned businesses; and 5) Move towards «Total Cost» measures, meaning including values in score cards by giving local employment and local economic contribution a weight, measuring local multipliers and including tax income generated in bidding.

> *«In Canada, although a number of initiatives across the country address local procurement, there is still a great deal of opportunity for institutions to be inspired by global and domestic examples, both for small steps and for large initiatives. Municipalities, health authorities, universities and other anchor institutions in Canadian cities could easily collaborate to host reverse trade shows. Municipalities could implement social procurement frameworks such as the one that Toronto has taken on. Cities and provinces could include local policy statements, like the one that Nova Scotia has incorporated, for thresholds below trade agreement restrictions. These measures do not necessarily mean that all bids must go to local companies, but they do provide procurement professionals with the ability to incorporate local value where it makes sense to do so.»* Duffy and Pringle, Buying Local: Tools for Forward-Thinking Institutions (2013, p. 45).

Leakage for the Tourism Sector

A total of 11 firms covering both West Nipissing municipality and the Nipissing First Nation represented the tourism sector. This sector includes Accommodations and Food Services (drinking places and restaurants) and participating firms could be of any size by number of employees. The questionnaire used as a survey instrument was very similar to the retail one with minor changes in the expense part. A copy of the instrument is provided in Appendix 6.

According to the Municipality of West Nipissing Business Directory list for 2014, there were 40 food services and 40 accommodation firms forming this sector (accommodations include seasonal ones such as camps, housekeeping cottages and cabins, tourist lodges, and were closed when most of the interviewing took place from November 2014 to March 2015). The survey sample included 9 respondents in the Food Services industry and 2 in the Accommodation industry. The proportion of open businesses surveyed was close to 25% for the Tourism sector.

Tourism Sector Results

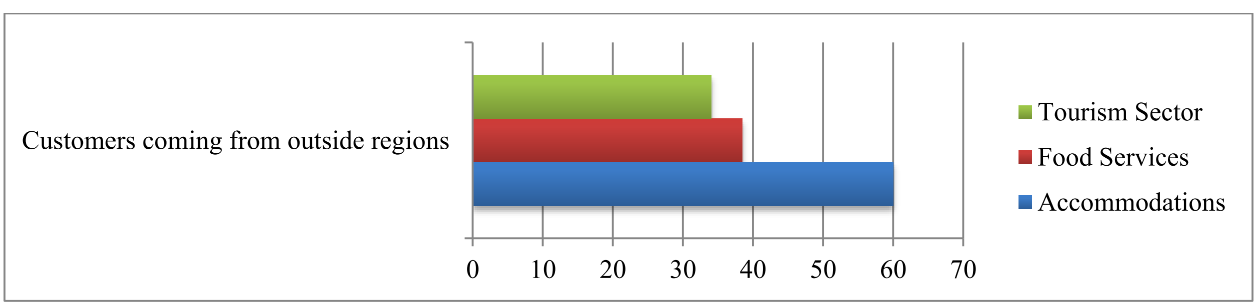
Results showed that 63.6% of the companies were independent businesses and the rest, 36.4%, were franchises. One firm was identified as seasonal and 5 out of 11 were home based. The average number of employees in this sector was 8.5 per organization in the tourism sector. Table 28 presents the annual sales distribution for nine respondents who answered the question. The two respondents from the Nipissing First Nation were not asked this question.

Table 28 – Tourism Firm Size by Sales Level

Sales	Number of firms
$0 - $50,000	0
$50,001 - $100,000	3
$100,001 - $250,000	3
$250,001 - $500,000	1
$500,001 - $1,000,000	1
$1,000,001+	1

Respondents identified that 65.9% of their sales came from local customers, and 34.1% from consumers residing outside of West Nipissing. The high number of customers coming from outside the region confirms several sources of secondary data, such as the high number of visits to the area as well as the high number of cottagers during the summer months (explained below). Outside customers comprise a variety of people, like cottagers, visitors and occasional passers-by. Some of the major regions outside customers came from are Sudbury, North Bay, Ottawa, Timmins, Toronto and Southern Ontario.

Table 29 – Proportions of Tourism Customers from outside West Nipissing

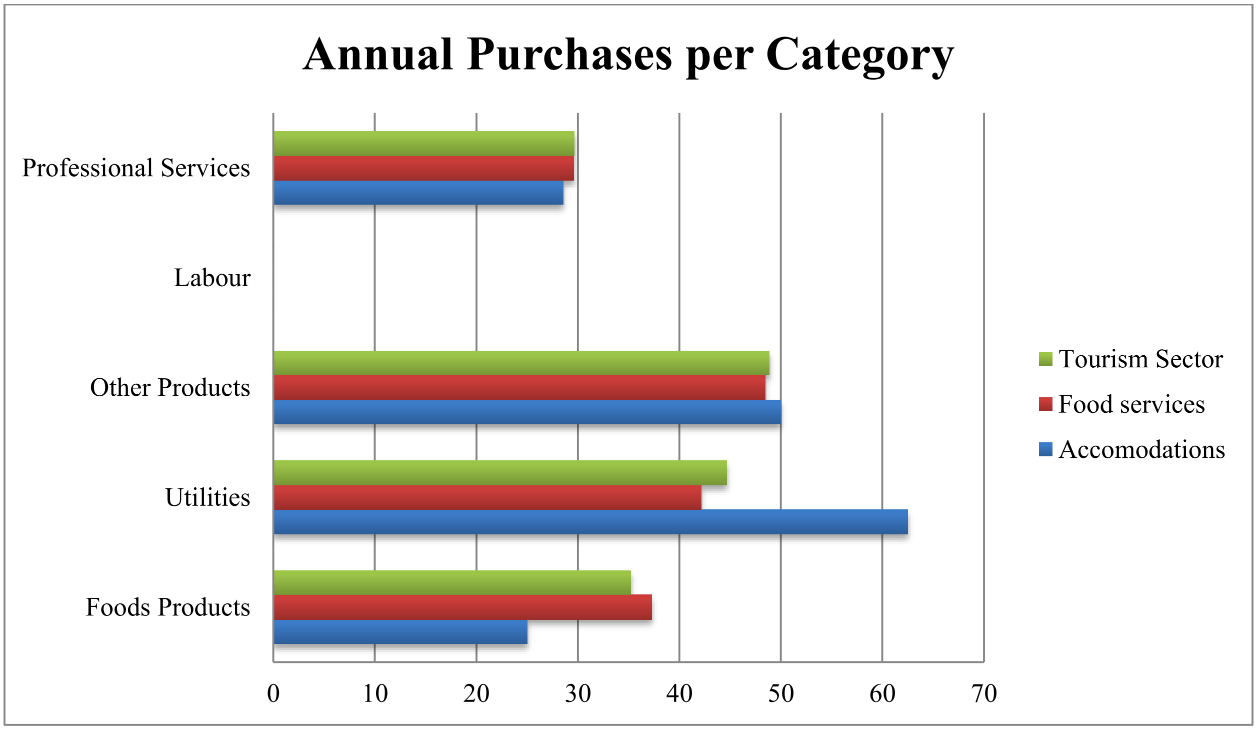


The leakage percentage for the tourism sector that was calculated by these companies regarding consumer purchases is 23.33%, and these people are going to North Bay, Sudbury or Ottawa instead of making their purchases in West Nipissing. This leakage percentage falls directly in the «Leakage estimates based on previous data for West Nipissing» range, which is 21% to 24.4%.

Out of 7 businesses reporting annual expenses, average total purchases were $154,428, for a total amount of $1,081,000 for these seven firms. The average total of yearly expenditures in the Tourism sector for the 7 firms located outside the Nipissing First Nation was $120,111. The average leakage percentage for purchases made by the Tourism sector was 34.4%, distributed as follows across five purchase categories (Table 30): 35.22% for food products, 44.66% for utilities, 48.85% for other products, 0% for labour, and 29.63% for professional services. Details of products in each category are presented in the questionnaire (Appendix 6). As noted before, it is important to note that there was a high level of confusion when it came to utilities, most business owners ignoring where services came from.

On the issue of retailing local products, 63.6% of the Tourism establishments indicated their willingness to consider doing so, and 9 out of 11 companies said they would promote to customers their use of local products. One franchise said products would have to go to the franchise board, which would have the final decision on whether or not the product could be displayed in a West Nipissing store. Others said they would retail products that are part of the farmer’s market festival, craft beers or dinner specials, and they would do this under a share of profits or on a consignment arrangement. In addition, 4 out of 11 organizations (36.36%) had contracts obliging them to purchase supplies outside West Nipissing.

Table 30 - Proportions of Purchases Made by the West Nipissing Tourism Sector outside the Region (According to the West Nipissing Tourism Sector) by General Categories



Influences on the Tourism Sector

The tourism industry is very important in the West Nipissing region. Sturgeon Falls' chip stands are legendary and part of Canada's national lore (Brown, Globe and Mail, 2010), as well as recommended by bloggers as the best in Ontario. Some customers are known to time their trips in order to pass through Sturgeon Falls at meal times. Such attractions generate further spending in other sectors such as retail. Summer boating is also thriving: boaters visit lodges located on the bodies of water as well as the newly built Minnehaha Bay Municipal Marina and Boat Launches, located on the Sturgeon River at the end of Lake Nipissing. Numerous boaters are from outside of the region and purchase gasoline, food, and supplies from the marina and restaurants located in proximity of the water. Some boaters walk up from the marina to the chip stands and stores bordering highway 17. It is important to note that not all lodges and resorts located on this lake are part of the municipality, as Lake Nipissing borders also other municipalities including the City of North Bay, and the Municipality of French River. There are no statistics available on the influence of boating traffic on West Nipissing's economy, but it can be assumed to be positive.

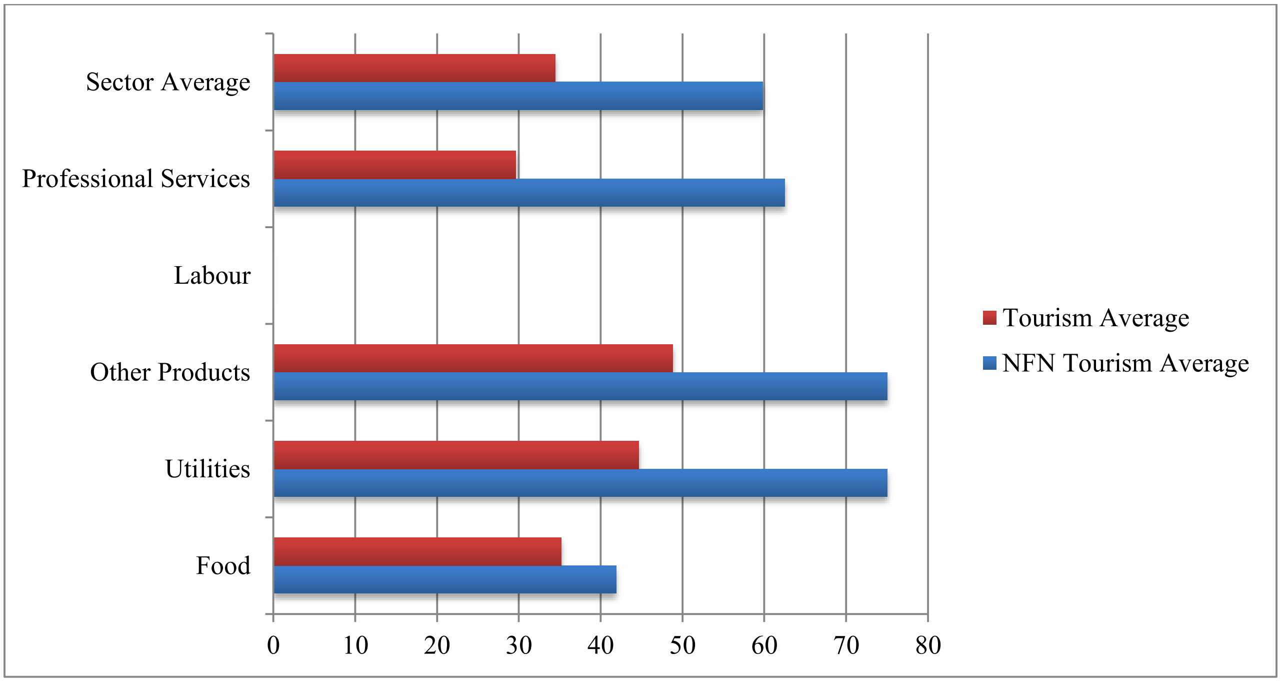
Another contributing factor to the high amount of sales coming from people outside the region is the high amount of cottagers visiting the municipality. The variety of campgrounds, lodges, and individual cottages located in West Nipissing attract many people, mainly in the third quarter of the year (Labour Force Report, Table 34 below in secondary data). The main regions visitors come from are the districts of Nipissing and Sudbury, the Greater Toronto Area and the Cochrane district (Labour Force Report, Table 35 below in secondary data). As for boaters, the actual impact of cottagers on the Tourism and Retail sectors is not measured by Statistics Canada for West Nipissing.

Tourism in the Nipissing First Nation

The interview procedure for the Nipissing First Nation Tourism sector was the same as for the NFN retail sector. The survey questionnaires had a similar structure, with minor adjustments. The NFN Tourism questionnaire is presented in Appendix 7. A total of two independent businesses represent this sector. Both were operating year round and were home-based, with an average of 2.5 employees per firm and 75% of their sales coming from West Nipissing customers, while the other 25% came from North Bay, Sudbury and Timmins. 100% of the respondents indicated that they would consider retailing local products, and they all promoted to their customers that they bought local products. There were no estimates provided of possible leakages.

The Nipissing First Nation Tourism sector has a 59.85% leakage percentage for business purchases. Leakage percentages per category were as follows: 42% of food purchases were made outside the region, 75% for utilities, 75% for other products, 0% for labour, and 62.5% for professional services.

Table 31 - Proportions of Purchases Made by the Nipissing First Nation Tourism Sector outside the Region (According to the NFN Tourism Sector)



Differences between West Nipissing and NFN Tourism

NFN Tourism Businesses had a higher leakage percentage by 25.4% as compared to the West Nipissing average of 34.4%. Leakage percentages were higher in every product category, with the exception of the labour, with a 0% leakage rate in both NFN and West Nipissing, meaning that all employees in the sector were local.

Comparing NFN Retail and NFN Tourism

When comparing the leakage percentages from the Nipissing First Nations retail sector and tourism sector, different patterns can be identified. First of all, both sectors have a 0% labour leakage, which means that they employ only local people. Secondly, the product categories of utilities, other products, and professional services are significantly higher for NFN than the West Nipissing average, which is explained by the geographical location, as the NFN is adjacent to the City of North Bay to the east. For firms located in the eastern part of the NFN it is much closer to purchase in North Bay than in Sturgeon Falls. This is notwithstanding variables such as prices, product variety and other advantages that North Bay would have over Sturgeon Falls. Finally, the leakage percentage is much higher in the tourism sector (59.85%) than in the retail sector (50.23%), for a general average of 55% across both sectors.

A 55% leakage percentage is still relatively low compared to previous studies about other First Nations in Akwesasne and Unama'ki, described above in the section "Leakage Levels Among Other First Nations". These two bands had leakage percentages of 75% and 76% respectively, which is much higher than Nipissing First Nation, which has an average of 55%.

Secondary Data for Tourism

Below are a few secondary data showing the healthy situation of the Tourism sector in the Nipissing district as a whole (i.e. East and West Nipissing), thus suggesting the presence of substantial potential and continuing opportunities for existing and new business. On a larger scale, there has been a substantial shift in the Ontario tourism industry since 1999, where the number of yearly U.S. visitors peaked at 30 million, to reach a low of 11 million in 2012. This trend might become slightly reversed since then, as the relative value of the Canadian dollar to the U.S. dollar has already declined by over 26.7% from July 2011 to March 2015. Recent border data were confirming this trend for Canadian destinations located close to borders. Table 32 shows that, on average, about 1.2 million visits are made into the district of Nipissing every year.

Table 32 – Annual Visits to North-Eastern Ontario Districts

TABLE 1 Annual number of person-visits, Nipissing, Manitoulin, Greater Sudbury, Sudbury, Timiskaming and Cochrane, 2006-2011

	2006	2007	2008	2009	2010	2011
Nipissing	1,323,530	1,145,260	1,112,431	1,270,006	1,226,557	1,299,983
Manitoulin	383,139	335,426	313,427	310,062	313,798	410,170
Greater Sudbury	1,150,631	1,140,592	875,385	975,797	1,067,507	1,281,666
Sudbury	364,906	364,217	343,371	392,693	412,192	358,641
Timiskaming	240,361	216,653	170,072	176,156	210,766	328,158
Cochrane	548,489	588,476	709,463	695,294	762,081	1,037,646

Source: Tourism Labour Market Initiative – North-Eastern Ontario 2014, p. 7. Based on data from the Ontario Ministry of Tourism and Culture and from Statistics Canada.

Economic Impact of Tourism

Each $ million in tourism spending was reported as generating approximately $553,000 in wages in 2012 and 14 new jobs in 2010. Below are tables extracted from the recent Labour Market Group report on tourism in the District of Nipissing. Some of these tables have been used in the above sections to comment on data. Of note also is that visitors staying overnight in Ontario spent $500 per person per stay in 2012. Table 33 below shows the impact of tourism on other sectors, including retail firms that are not always considered as related to the tourism industry. Similar effects are likely to apply in some proportions to West Nipissing but have not yet been identified precisely or taken into account.

Table 33 - Impact of tourism on other sectors in the Greater Toronto Area 2013

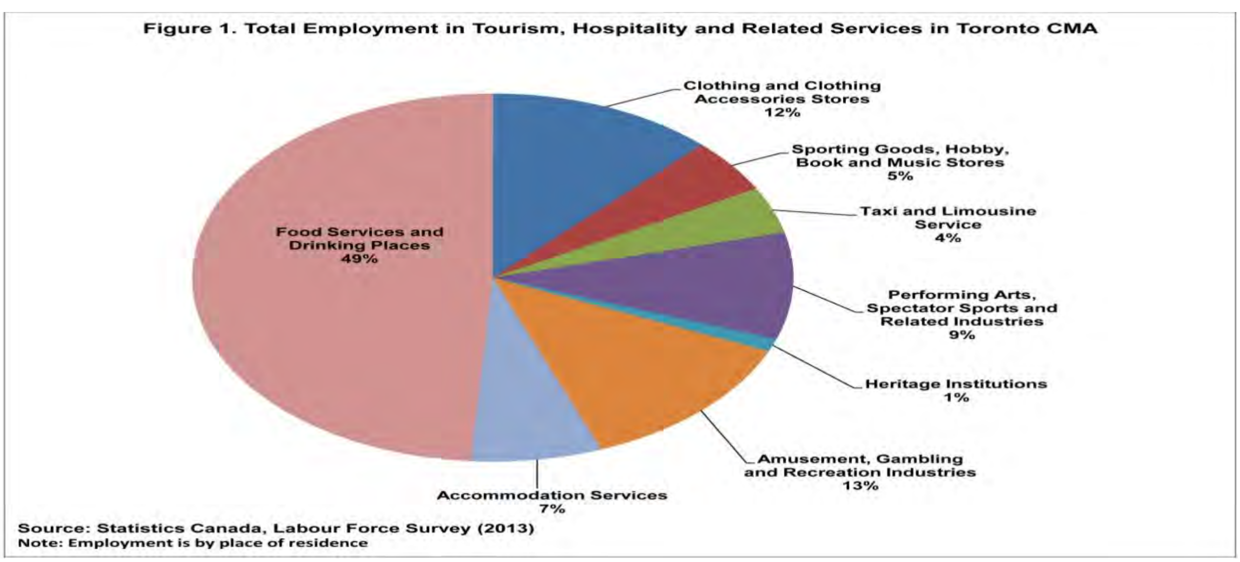
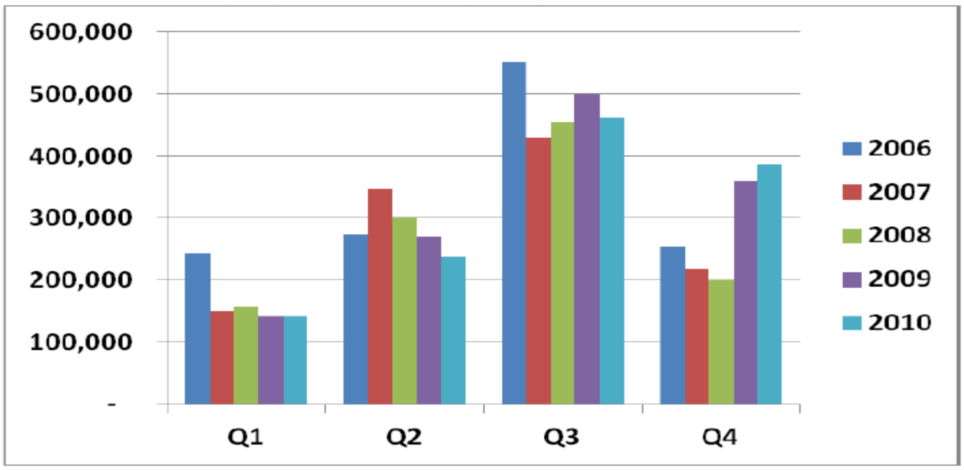


Table 34 – Annual Visits to Nipissing by Quarter

Table 4: Seasonality of person-visits, Nipissing, 2006-2010					
	Q1	Q2	Q3	Q4	Average per year
2006	244,500	273,423	551,249	254,358	1,323,530
2007	150,257	347,444	430,669	216,889	1,145,260
2008	157,046	299,445	454,969	200,971	1,112,431
2009	141,432	269,820	499,546	359,207	1,270,006
2010	141,907	236,655	460,762	387,234	1,226,557
Average per quarter	167,028	285,358	479,439	283,732	1,215,557

Chart 4: Seasonality of person-visits, Nipissing, 2006-2010



Source: Labour Force Report – The Tourism Industry and Workforce in Nipissing 2014. North Bay: September 2014. Based on data from the Ontario Ministry of Tourism and Culture and from Statistics Canada.

Table 34 reveals the possibility of an interesting trend starting in 2009, which is what appears to be like an extension of the third-quarter season into the fourth quarter, as the number of visits stay relatively high during the fourth quarter as compared to previous years 2006 to 2008. Table 35 shows a predominance of visitors from the districts of Nipissing and Sudbury into Nipissing, as compared for example to visitors to the Parry Sound district, where Toronto is the main source of visitors, however only one percentage point above the neighbouring Simcoe area. The GTA still generates over 122,000 visits per year into the district of Nipissing.

Table 36 indicates that almost two-thirds of the visits into Nipissing are related to outdoor activities of some kind, including parks, sports, historic sites and traditional outdoor activities (boating, fishing, golfing, skiing and hunting). This is the second-highest proportion for predominantly outdoor motives after Parry Sound. Visits to Ontario in general are outdoor motivated only at the 35% level.

Table 35 – Origin of Visitors to North-Eastern Ontario Districts

Table 5: Origins of visits, number and percentage of total, Nipissing, Parry Sound, Greater Sudbury and Cochrane, average for 2006-2010

NIPISSING			TOP FIVE ORIGINS OF VISITS FOR NIPISSING				
	Canada	Ontario	Nipissing	Greater Sudbury	Toronto	York	Cochrane
Number	1,138,121	1,072,413	210,798	128,905	62,315	60,332	53,743
Percent	94%	88%	17%	11%	5%	5%	4%
PARRY SOUND			**TOP FIVE ORIGINS OF VISITS FOR PARRY SOUND**				
	Canada	Ontario	Toronto	Simcoe	Peel	York	Niagara
Number	1,089,548	1,074,265	179,456	163,922	136,072	107,632	49,274
Percent	94%	93%	16%	15%	12%	9%	4%
GREATER SUDBURY			**TOP FIVE ORIGINS OF VISITS FOR GREATER SUDBURY**				
	Canada	Ontario	Nipissing	Sudbury District	Greater Sudbury	Cochrane	Manitoulin
Number	989,733	957,726	125,408	121,151	110,934	88,780	87,042
Percent	95%	92%	12%	12%	11%	9%	8%

Source: Labour Force Report – The Tourism Industry and Workforce in Nipissing 2014. North Bay: September 2014. Based on data from the Ontario Ministry of Tourism and Culture and from Statistics Canada.

Table 36 – Visitor's Motives for Travelling to North-Eastern Ontario Districts

Table 7: Visitor activities, average distribution for 2007-2011, Nipissing, Parry Sound, Greater Sudbury and Cochrane	NIPISSING	PARRY SOUND	GREATER SUDBURY	COCHRANE	ONTARIO
RESPONSE RATE	**85%**	**90%**	**47%**	**40%**	**47%**
Festivals/Fairs	2%	3%	2%	1%	2%
Cultural Performances	3%	2%	4%	1%	4%
Museums/Art Galleries	8%	3%	5%	2%	3%
Zoos/Aquariums/Botanical Gardens	1%	1%	1%	1%	1%
Sports Events	2%	2%	4%	3%	3%
Casinos	1%	1%	3%	0%	3%
Theme Parks	2%	1%	1%	1%	2%
National/Provincial Nature Parks	17%	11%	4%	3%	5%
Historic Sites	7%	4%	4%	2%	4%
Any Outdoor/Sports Activity	43%	64%	19%	26%	20%
Boating	22%	39%	6%	6%	6%
Golfing	2%	4%	1%	2%	2%
Fishing	17%	28%	7%	7%	4%
Hunting	1%	2%	1%	4%	0%
Downhill Skiing/Snowboarding	2%	3%	1%	1%	1%

Source: Labour Force Report – The Tourism Industry and Workforce in Nipissing 2014. North bay: September 2014. Based on data from the Ontario Ministry of Tourism and Culture and from Statistics Canada

Part 2: Consumer Expenses Leakage

Methodology

A focus group study was organized in order to measure West Nipissing consumer purchase leakage. With the help of the West Nipissing Chamber of Commerce, 16 individuals (6 males and 10 females) were invited to participate in the in-depth interview session. Selected consumers varied from recent graduates to retirees.

Data from a focus group are by nature subjective and can sometimes become difficult to interpret; in this case, *iclicker* software was used during the session. The software compiled responses when consumers answered questions regarding a product or service. Each question was projected onto a PowerPoint presentation, and respondents answered using the *iclickers*. For every product or product category, the same answer options were to be: A – purchases made within the West Nipissing area, B – purchases made outside of West Nipissing region, C – not applicable to the consumer or D – purchases made within and outside the West Nipissing area (50/50). Questions were asked about the following product categories: personal care, food/groceries, appliances and general merchandise, motor vehicles, electronics, apparel/footwear, utilities, activities, travel and professional services. Once all consumers had responded to the question, the team members took note of the percentages indicated on the screen and moved on to the next product. A copy of the questions sheet from the focus group is provided in Appendix 12.

Consumer Expenses Results

During the focus group data collection, a total leakage percentage of 42.24% was identified for all consumer purchases. Individual products were categorized, for instance the average consumer spending on personal care outside the West Nipissing region was 12.2%. The personal care section included cosmetics, drugs/medicine, prescription and eye care. The main reason why consumers made their purchases within the area was for convenience, as it was easier to make this type of purchase locally rather than spending time and money to travel outside the region for the service or product.

The food and grocery category has no leakage, meaning that 100% of the purchases were made within the West Nipissing region. Once again, consumers mentioned it was convenient to make these types of purchases locally rather than travel outside the region.

Consumer leakage on appliances and general merchandise was 49.8%. This section included office/home supplies, home improvements, furniture, linen, appliances and housewares. Many consumers said businesses outside of the West Nipissing area had a lot more to offer including: more selection, better financing options, good delivery options, more convenient hours of operation, great customer service, more promotions, price matching, and better return policies and warranties.

Regarding the motor vehicle category, which included vehicle maintenance, automobiles, boats and recreational vehicles, the average spending outside of the region was 54.5%. Many consumers expressed that they preferred to make this type of purchase outside of the West Nipissing region because they could negotiate better prices, more convenient financing options, and more attractive interest rates.

Overall, the apparel and footwear shopping was done outside the West Nipissing region with a leakage percentage of 97%. Many of the buyers shared that cities outside of the region, like North Bay and Sudbury, had better pricing, more brand and size variety, plus more generous return and exchange policies.

In addition, respondents purchased 63% of their electronics outside of the region. They agreed that businesses outside the region had a lot more to offer in terms of pricing, price matching, selection, and return and exchange policies.

Utility consumption included gasoline, heating oil, diesel fuel, electricity, heating, water, sewage, trash collection, telephone, cable, satellite and Internet services. Leakage for this category was reported at 54.8%, as few local companies provide these products or services. There also was confusion about the source of products among utilities, as it was the case for business owners.

Consumers declared spending 31.50% of their leisure budget outside the West Nipissing region. Leisure activities included out-of-home meals, bars and clubs. Many respondents commented about the limited selection of restaurants in the area, with untimely hours of operation.

94% of respondent consumers purchased travel services outside the West Nipissing region. The travel category of expenses included hospitality, travel and vacations. Many of the buyers stated that they obtained better travel fares and hotel prices online or with travel agencies located outside West Nipissing.

Only 18.75% of consumer spending on professional services occurred outside the region. This category of services included: accounting and auditing services, banking, and insurance. Most respondents preferred purchasing these services locally for reasons of convenience, despite a limited selection. It was however clear that customers were looking for potentially better alternatives from outside providers as well, including web-based sources.

A series of questions were asked at the end of the discussion to help determine different leakage areas. Consumers were questioned on "where do they do their holiday shopping?" and the majority answered that they preferred buying locally, however if the products were not available, they would go elsewhere to make the purchase. Furthermore, the strengths of shopping within the West Nipissing district were their appreciation of the personalized customer service, a bilingual service always available, and the convenience of most stores offering speedy service to hurried customers. As for weaknesses, respondents tend to shop outside the region because of favourable prices, extended hours of operations, Internet availability, sales, greater return and exchange policies, wider brand selection, stock availability and better or more efficient delivery options.

Table 37 – Consumer Purchases outside West Nipissing by Product Category

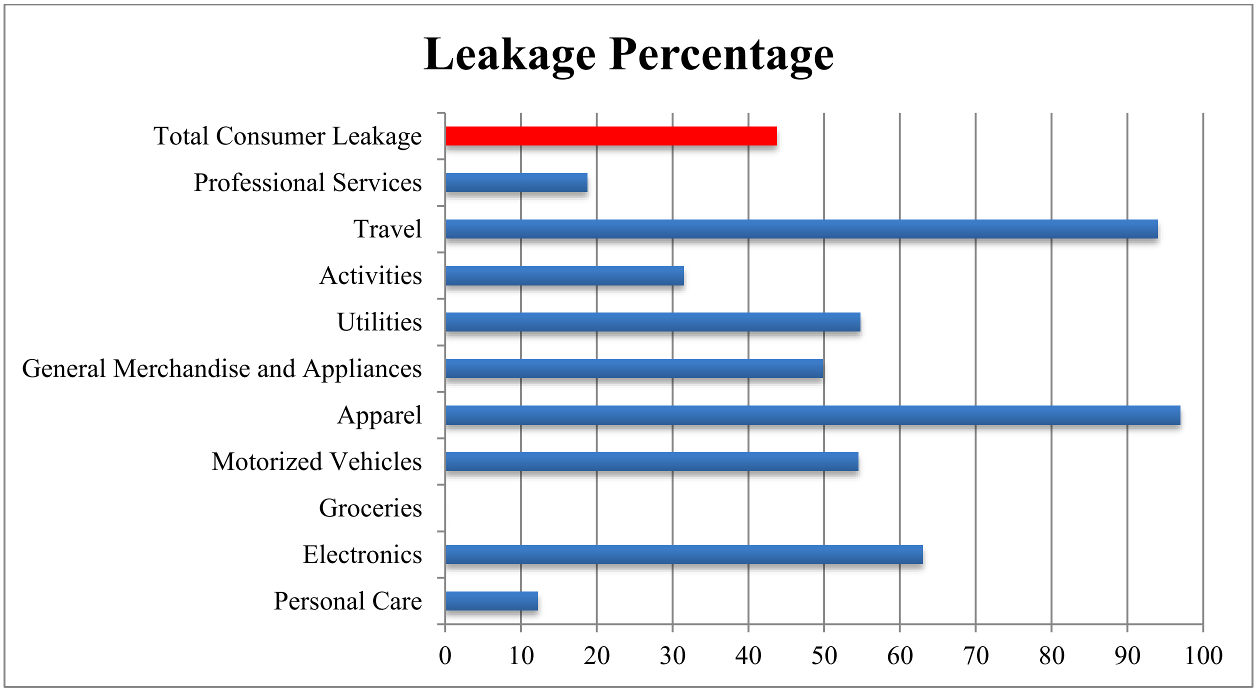
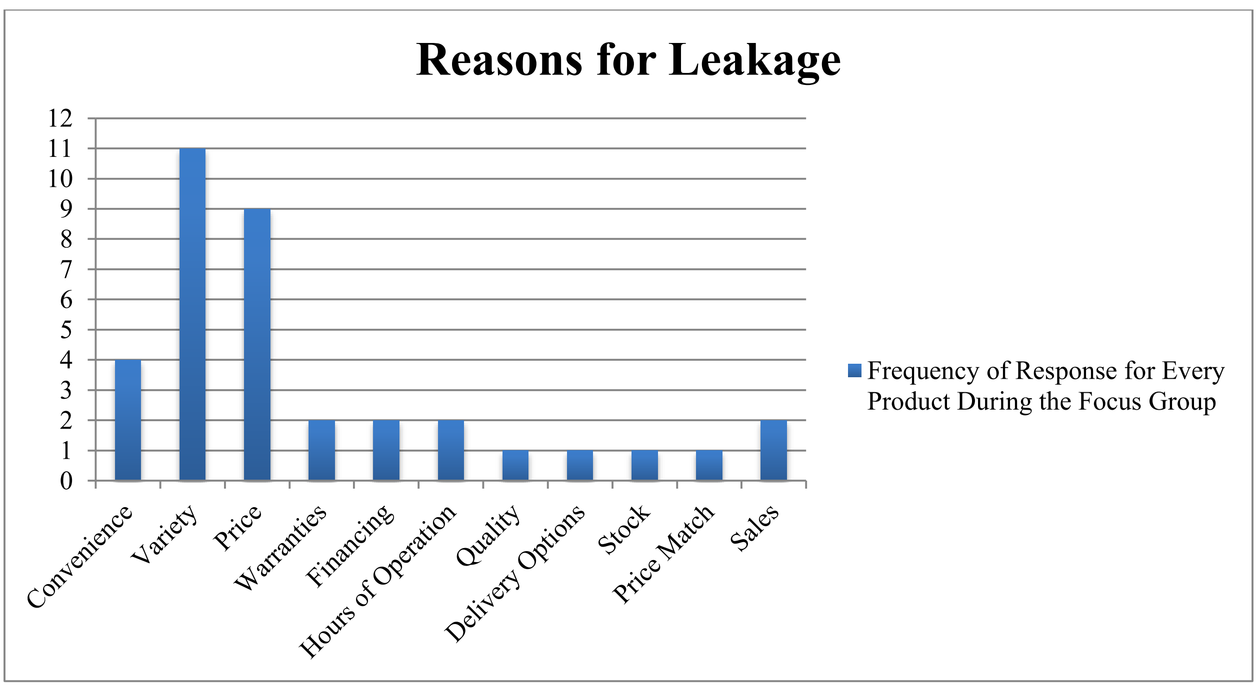


Table 38 – Reasons Given by West Nipissing Consumers to Justify their Purchases outside West Nipissing by Product Category



According to Table 39, the primary locations where West Nipissing residents would shop outside the area were North Bay, online retailers and the United States. The secondary leakage locations were Sudbury and online shopping.

Table 39 – West Nipissing Consumers' Preferred Out-of-Region Retail Purchase Locations

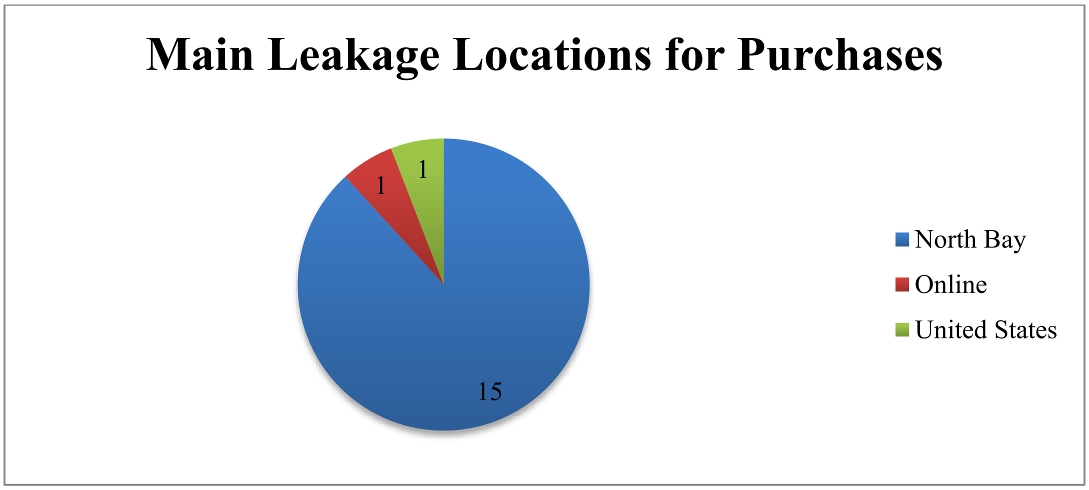
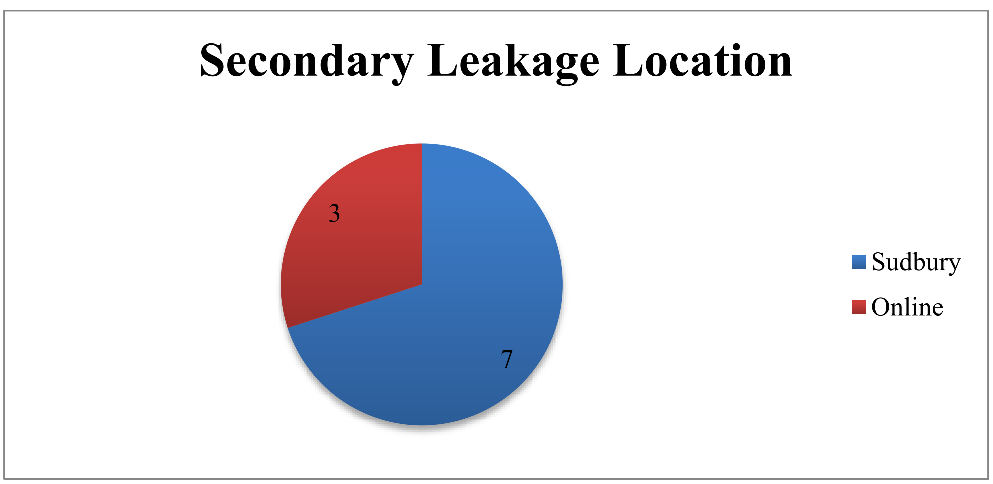


Table 40 – West Nipissing Consumers' Secondary Out-of-Region Retail Purchase Locations



Conclusions

Conclusions can be derived from analyses of leakage percentages from the consumer focus group as compared to the consumer leakage estimates expressed from business owners' perspective. Business owners had estimated a 31% leakage percentage for consumer purchases when taking the average of the retail, tourism, banking, services, agricultural, and manufacturing sectors. In comparison, the consumer focus group identified a 42% leakage rate. In other words, West Nipissing consumers buy 11% more outside of the region than what business owners believe. This discrepancy can most likely be explained by the fact that consumers surveyed were all residents of West Nipissing without including visitors to the region, it would therefore be normal to expect a higher leakage rate from them, whereas the estimates given by business people include all customers including seasonal visitors.

One of the important results of this study has been the offsetting impact of external visitors' purchases on the retail sector in particular, as well as their contribution to the sustainability of the tourism sector. As already mentioned in some of the above sections, there are business opportunities that could help reduce business purchase as well as consumer leakage in West Nipissing, and these business opportunities are discussed in the second part of the project, the Market Feasibility Study.

Appendices

A1 – Gravitational Commercial Attraction Calculations Reilly's Law Calculations

Sturgeon Falls – Greater Sudbury:

$$d = \frac{90}{1 + \sqrt{\frac{160}{14.1}}} = 20.6\ km$$

Sturgeon Falls – North Bay:

$$d = \frac{38}{1 + \sqrt{\frac{54}{14.1}}} = 12.8\ km$$

Greater Sudbury – North Bay:

$$d = \frac{128}{1 + \sqrt{\frac{160}{54}}} = 47km$$

Huff's Law Calculations for Sturgeon Falls residents (Greater Sudbury vs North Bay)

$$\frac{VA}{VB} = \frac{PA}{PB}\left(\frac{DBx}{DAx}\right)^2 = \frac{160}{54}\left(\frac{38}{90}\right)^2 = 52.8\%$$

A2 - References and Documents Consulted

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A3 – Questionnaire For The Retail Sector

1. **Status of your business (please check one answer)**
   1. Independent business □
   2. Subsidiary of a Canadian group □
   3. Franchise □
   4. Institution (hospital, government, school board, nursing home, college, bank, and cooperative) □
2. **What is your position within the organization?**

   ____
3. **Size of your organization**
   Please indicate which of the categories below represents the sales bracket relevant to your firm for the last fiscal year? (Select only one)
   1. $0 - $50,000.00 □
   2. $50,000.01 - $100,000.00 □
   3. $100,000.01 - $250,000.00 □
   4. $250,000.01 - $500,000.00 □
   5. $500,000.01 - $1,000,000.00 □
   6. $1,000,000.01 or more □
4. **Number of employees: ______________**
5. **What is your sector of activity (please select one answer)**
   1. Agriculture, forestry, fishing and hunting □
   2. Mining, quarrying, and oil and gas extraction □
   3. Utilities □
   4. Construction □
   5. Manufacturing □
   6. Retail and Wholesale trade □
   7. Transportation and warehousing □
   8. Information and cultural industries □
   9. Finance and insurance □
   10. Real estate and rental and leasing □
   11. Professional, scientific and technical services □
   12. Management of companies and enterprises □
   13. Administrative and support, waste management and remediation services □
   14. Educational services □
   15. Health care and social assistance □
   16. Arts, entertainments and recreation □
   17. Accommodation and food services □
   18. Other services (except public administration) □
   19. Public administration □
6. **Is this a seasonal business? Yes No**
7. **Is this a home-based business? Yes No**
8. **Can you please list three of your major competitors, in order of importance?**

Name	**Location**
1. ______________________	______________________
2. ______________________	______________________
3. ______________________	______________________
9. **What percentages of your yearly sales come from local customers located in West Nipissing?**

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□

7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

10. What percentages of your yearly sales come from customers who reside outside West Nipissing?

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

11. Please list the main regions your customers come from (ex. North Bay, Sudbury, U.S. etc.) by order of importance (1 being the most important, 5 being the least important)

1. ___________________________________
2. ___________________________________
3. ___________________________________
4. ___________________________________
5. ___________________________________

12. What percentage of sales do you think are lost to other regions outside West Nipissing?

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

13. Please list the 3 main regions your customers go to instead of buying locally (ex. North Bay, Sudbury, Ottawa, Toronto), by order of importance (1 being the most important, 3 being the least important):

1. ___________________________________
2. ___________________________________
3. ___________________________________

14. Would you consider retailing local products such as dry foods, preserves, honey, or crafts in your establishment? Yes No

15. Under which conditions would you consider retailing local products (commission, consignment, profit sharing or some form of cooperation, for example a farmer might accept to put your sign on his field for a low price in exchange of selling maple syrup from the farm)?

Please explain:

____

____

The following questions are about your <u>purchases for the business you operate,</u> by categories of products:

16. Please specify the annual amount of purchases incurred for this business/organization:

$__________________

17. Please indicate, for each product category, the percentage bought locally and the percentage bought outside West Nipissing, as well as the name of the city or region where you buy most (total of 100%). *North Bay is counted outside W.Nipissing, except for Couchie Industrial Park.*

	Locally	Outside of West Nipissing	Main Region
Product categories for sale			
Personal care (soap, shampoo)			
Cosmetics, fragrances			
Drugs and health products			
Jewellery, watches			
Photo equipment			
Music, videos, books, cards			
Toys and video games			
Sports goods and clothes			
Apparel (women, men, children)			
Furniture, linen, home decor			
Appliances & housewares			
Electronics (DVD, TV, phones, computers)			
Office, home & school supplies			
Hardware, paint & home improvement			
Lawn & garden products			
Products for sale – indicate below the main product categories sold (total of 50% or more of total sales)			
Utilities			
Water			
Heating (natural gas, fuel)			
Electricity (hydro)			
Internet			
Telephone services			
Other Products			
Utensils			
Furniture			
Supplies			
Gasoline, diesel			
Labour & Employees			
Operators			
Sales Associates			
Professional Services			
Accounting and auditing			
Insurance			
Legal services			
Banking			
Consulting			
Technical Services			
Water Analysis			
Pest Control			
Marketing and advertising			
Other please specify			

18. Do you have a contract that obliges you to purchase outside of this region? (For example within a franchise contract or through a purchasing agreement with suppliers)

Yes No

19. If you purchase local products, are you promoting to customers that you buy locally?

Yes No

20. **Is there a specific area of your business that you aren't fully maximizing, if so which area and what is preventing you from doing so?**
    ____
    ____
    ____
21. **What do you propose would alleviate this problem and allow you to capitalize on the opportunity?**
    ____
    ____

A4 - Questionnaire For Business Owners In The Retail Sector For The Nipissing First Nation

1. **Status of your business (please check one answer)**
   1. Independent business □
   2. Subsidiary of a Canadian group □
   3. Franchise □
   4. Institution (hospital, government, school board, nursing home, college, bank, and cooperative) □
2. **What is your position within the organization?**
   ____
3. **Number of employees: ________________**
4. **What is your sector of activity (please select one answer)**
   1. Agriculture, forestry, fishing and hunting □
   2. Mining, quarrying, and oil and gas extraction □
   3. Utilities □
   4. Construction □
   5. Manufacturing □
   6. Retail and Wholesale trade □
   7. Transportation and warehousing □
   8. Information and cultural industries □
   9. Finance and insurance □
   10. Real estate and rental and leasing □
   11. Professional, scientific and technical services □
   12. Management of companies and enterprises □
   13. Administrative and support, waste management and remediation services □
   14. Educational services □
   15. Health care and social assistance □
   16. **Arts, entertainments and recreation** □
   17. **Accommodation and food services** □
   18. Other services (except public administration) □
   19. Public administration □
5. **Is this a seasonal business? Yes No**
6. **Is this a home-based business? Yes No**
7. **Can you please list three of your major competitors, in order of importance?**

Name	**Location**
1. _________________________	_________________________
2. _________________________	_________________________
3. _________________________	_________________________
8. **What percentages of your yearly sales come from local customers located in NFN and West Nipissing?**

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

9. What percentages of your yearly sales come from customers who reside outside NFN and West Nipissing?

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

10. Please list the main regions your customers come from (ex. North Bay, Sudbury, U.S. etc.) by order of importance (1 being the most important, 5 being the least important)

1. ___________________________________
2. ___________________________________
3. ___________________________________
4. ___________________________________
5. ___________________________________

11. What percentage of sales do you think are lost to other regions outside West Nipissing?

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

12. Please list the 3 main regions your customers go to instead of buying locally (ex. North Bay, Sudbury, Ottawa, Toronto), by order of importance (1 being the most important, 3 being the least important):

1. ___________________________________
2. ___________________________________
3. ___________________________________

13. Would you consider retailing local products such as dry foods, preserves, honey, or crafts in your establishment? Yes No
Under which conditions would you consider retailing local products (commission, consignment, profit sharing or some form of cooperation, for example a farmer might accept to put your sign on his field for a low price in exchange of selling maple syrup from the farm)?

Please explain: ____

The following questions are about your <u>purchases for the business you operate</u>, by categories of products:

14. Please indicate, for each product category, the percentage bought locally and the percentage bought outside West Nipissing, as well as the name of the city or region where you buy most (total of 100%). *North Bay is counted outside W.Nipissing, except for Couchie Industrial Park.*

	Locally	**Outside of West Nipissing**	**Main Region**
Product categories for sale			
Personal care (soap, shampoo)			
Cosmetics, fragrances			
Drugs and health products			
Jewellery, watches			
Photo equipment			
Music, videos, books, cards			
Toys and video games			
Sports goods and clothes			
Apparel (women, men, children)			
Furniture, linen, home decor			
Appliances & housewares			
Electronics (DVD, TV, phones, computers)			
Office, home & school supplies			
Hardware, paint & home improvement			
Lawn & garden products			
Products for sale – indicate below the main product categories sold (total of 50% or more of total sales)			
Utilities			
Water			
Heating (natural gas, fuel)			
Electricity (hydro)			
Internet			
Telephone services			
Other Products			
Utensils			
Furniture			
Supplies			
Gasoline, diesel			
Labour & Employees			
Operators			
Sales Associates			
Professional Services			
Accounting and auditing			
Insurance			
Legal services			
Banking			
Consulting			
Technical Services			
Water Analysis			
Pest Control			
Marketing and advertising			
Other please specify			

15. **Do you have a contract that obliges you to purchase outside of this region? (For example within a franchise contract or through a purchasing agreement with suppliers)**
    Yes No
16. **If you purchase local products, are you promoting to customers that you buy locally?**
    Yes No
17. **Is there a specific area of your business that you aren't fully maximizing, if so which area and what is preventing you from doing so?**
    ____
    ____
    ____
18. **What do you propose would alleviate this problem and allow you to capitalize on the opportunity?**
    ____
    ____
    ____

A5 – Questionnaire For Owners In The Agricultural Sector

1. **Type of farm or agricultural operation (please check one answer)**
   1. Crop production (hay, cereals, canola, soybeans, hemp etc.) □
   2. Beef and other animal meat production □
   3. Dairy products □
   4. Greenhouse, nursery, floriculture (including berries, fruits, vegetables, nursery, sod, forest products) □
   5. Other: please specify: ______________________
2. **What is your position within the operation?**
   ____
3. **Size of your operation**
   Please indicate which of the categories below represents the sales bracket relevant to your firm for the last fiscal year? (Select only one)
   1. $0 - $50,000.00 □
   2. $50,000.01 - $100,000.00 □
   3. $100,000.01 - $250,000.00 □
   4. $250,000.01 - $500,000.00 □
   5. $500,000.01 - $1,000,000.00 □
   6. $1,000,000.01 or more □

   Number of employees, if any: ______________
4. **What is your sector of activity (please select one answer)**
   1. **Agriculture, forestry, fishing and hunting** x
   2. Mining, quarrying, and oil and gas extraction □
   3. Utilities □
   4. Construction □
   5. Manufacturing □
   6. Retail and Wholesale trade □
   7. Transportation and warehousing □
   8. Information and cultural industries □
   9. Finance and insurance □
   10. Real estate and rental and leasing □
   11. Professional, scientific and technical services □
   12. Management of companies and enterprises □
   13. Administrative and support, waste management and remediation services □
   14. Educational services □

15. Health care and social assistance □
16. Arts, entertainments and recreation □
17. Accommodation and food services □
18. Other services (except public administration) □
19.Public administration □

5. Is this a seasonal business? **Yes** **No**

6. Is this a home-based business? **Yes** **No (Do you reside at the farm location?)**

7. Can you please list three of your major competitors, in order of importance?

Name	**Location**
1. ____________________________	____________________________
2. ____________________________	____________________________
3. ____________________________	____________________________

8. What percentage of your yearly sales come from local customers located in West Nipissing, including the Nipissing-Sudbury Cooperative?

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

9. What percentage of your yearly sales come from customers who reside outside West Nipissing?

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

10. Please list the main regions your customers come from (ex. North Bay, Sudbury, U.S. etc.) by order of importance (1 being the most important, 5 being the least important)

1. ________________________________
2. ________________________________
3. ________________________________
4. ________________________________
5. ________________________________

11. What percentage of sales do you think are lost to other regions outside West Nipissing?

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□

10. 91% - 100%	◻
11. Unknown	◻

12. Please list the 3 main regions your customers go to instead of buying locally (ex. North Bay, Sudbury, Ottawa, Toronto), by order of importance (1 being the most important, 3 being the least important):

1. ____________________________________
2. ____________________________________
3. ____________________________________

13. Would you consider retailing local products such as dry foods, preserves, honey, or crafts in your establishment? Yes No
Under which conditions would you consider retailing local products (commission, consignment, profit sharing or some form of cooperation, for example a farmer might accept to put your sign on his field for a low price in exchange of selling maple syrup from the farm)?
Please explain:

14. Do you sell products through any of the following: please specify which products

1. Retail at your location ◻
2. Retail at farmer's market (location:____________________) ◻
3. To another retailer (ex. Grow Local in Sudbury) ◻
4. At Agricultural Fairs (locations: ______________________) ◻
5. Other: please specify: ________________________________

The following questions are about your <u>purchases for the farm you operate</u>, by categories of products:

15. Please specify the annual amount of purchases incurred for this farm/operation:
$___________________

16. Please indicate, for each product category, the percentage bought locally and the percentage bought outside West Nipissing, as well as the name of the city or region where you buy most (total of 100%). ***North Bay is counted outside W.Nipissing***, *except for Couchie Industrial Park.*

	Locally (local dealer, store, cooperative)	**Outside of West Nipissing**	**Main Region**
Groceries			
Meat			
Fruit & Vegetables			
Dairy			
Other food			
Utilities			
Water			
Heating (natural gas, fuel, oil)			
Electricity (hydro)			
Internet			
Telephone services			
Farming equipment and supplies purchases			
Machinery and vehicles			
Diesel fuel, gasoline			
Propane			
Fertilizers			
Animal feed			
Livestock purchases			
Seed and plants purchases			
Pesticides, pest control, chemicals			
Silos, storage facilities			
Leasing – other (specify)			
Labour & contractors			
Operators			

Contract work (ex. harvesting)			
Custom work (ex. tiles, field drainage, well drilling)			
Professional Services			
Sales and wholesale services (crop distribution)			
Accounting and auditing			
Insurance			
Legal services			
Banking			
Consulting			
Technical Services			
Water Analysis			
Pest Control			
Marketing and advertising			
Veterinarian			
Other please specify			
Machinery leasing and rental			

17. Do you have a contract that obliges you to purchase outside of this region? (For example within a franchise contract or through a purchasing agreement with suppliers)

Yes No

18. If you purchase local products, are you promoting to customers that you buy locally?

Yes No

Is there a specific area of your business that you aren't fully maximizing, if so which area and what is preventing you from doing so?

____
____
____

19. What do you propose would alleviate this problem and allow you to capitalize on the opportunity?

____
____

A6 - Questionnaire For Business Owners In The Tourism Sector: Bars, Restaurants, And Hospitality Establishments, Hotels, Resorts, And Camps

1. **Status of your business (please check one answer)**
   1. Independent business □
   2. Subsidiary of a Canadian group □
   3. Franchise □
   4. Institution (hospital, government, school board, nursing home, college, bank, and cooperative) □
2. **What is your position within the organization?**

   ____

3. **Size of your organization**

   Please indicate which of the categories below represents the sales bracket relevant to your firm for the last fiscal year? (Select only one)
   1. $0 - $50,000.00 □
   2. $50,000.01 - $100,000.00 □
   3. $100,000.01 - $250,000.00 □
   4. $250,000.01 - $500,000.00 □

5. $500,000.01 - $1,000,000.00 □
6. $1,000,000.01 or more □

4. **Number of employees: ________________**
5. **What is your sector of activity (please select one answer)**

1. Agriculture, forestry, fishing and hunting	□
2. Mining, quarrying, and oil and gas extraction	□
3. Utilities	□
4. Construction	□
5. Manufacturing	□
6. Retail and Wholesale trade	□
7. Transportation and warehousing	□
8. Information and cultural industries	□
9. Finance and insurance	□
10. Real estate and rental and leasing	□
11. Professional, scientific and technical services	□
12. Management of companies and enterprises	□
13. Administrative and support, waste management and remediation services	□
14. Educational services	□
15. Health care and social assistance	□
16. **Arts, entertainments and recreation**	□
17. **Accommodation and food services**	□
18. Other services (except public administration)	□
19. Public administration	□

6. **Is this a seasonal business? Yes No**
7. **Is this a home-based business? Yes No**
8. **Can you please list three of your major competitors, in order of importance?**

Name	**Location**
1. ____________________________	____________________________
2. ____________________________	____________________________
3. ____________________________	____________________________

9. **What percentages of your yearly sales come from local customers located in West Nipissing?**

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

10. **What percentages of your yearly sales come from customers who reside outside West Nipissing?**

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

11. Please list the main regions your customers come from (ex. North Bay, Sudbury, U.S. etc.) by order of importance (1 being the most important, 5 being the least important)

1. ________________________________
2. ________________________________
3. ________________________________
4. ________________________________
5. ________________________________

12. What percentage of sales do you think are lost to other regions outside West Nipissing?

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

13. Please list the 3 main regions your customers go to instead of buying locally (ex. North Bay, Sudbury, Ottawa, Toronto), by order of importance (1 being the most important, 3 being the least important):

1. ________________________________
2. ________________________________
3. ________________________________

14. Would you consider retailing local products such as dry foods, preserves, honey, or crafts in your establishment? Yes No

Under which conditions would you consider retailing local products (commission, consignment, profit sharing or some form of cooperation, for example a farmer might accept to put your sign on his field for a low price in exchange of selling maple syrup from the farm)?

Please explain: ____

____

The following questions are about your purchases for the business you operate, by categories of products:

15. Please specify the annual amount of purchases incurred for this business/organization:

$________________

16. Please indicate, for each product category, the percentage bought locally and the percentage bought outside West Nipissing, as well as the name of the city or region where you buy most (total of 100%). *North Bay is counted outside W.Nipissing, except for Couchie Industrial Park.*

	Locally	**Outside of West Nipissing**	**Main Region**
Food			
Meat			
Fruit & Vegetables			
Dairy			
Other food			
Utilities			
Water			
Heating (natural gas, fuel)			
Electricity (hydro)			
Internet			
Telephone services			
Other Products			
Utensils			
Furniture			

Supplies			
Gasoline, diesel			
Labour & Employees			
Operators			
Sales Associates			
Professional Services			
Accounting and auditing			
Insurance			
Legal services			
Banking			
Consulting			
Technical Services			
Water Analysis			
Pest Control			
Marketing and advertising			
Other please specify			

17. Do you have a contract that obliges you to purchase outside of this region? (For example within a franchise contract or through a purchasing agreement with suppliers)
Yes No

18. If you purchase local products, are you promoting to customers that you buy locally?
Yes No

19. Is there a specific area of your business that you aren't fully maximizing, if so which area and what is preventing you from doing so?

____
____
____

20. What do you propose would alleviate this problem and allow you to capitalize on the opportunity?
____
____

A7 - Questionnaire For Business Owners In The Tourism Sector (Nipissing First Nation): Bars, Restaurants, And Hospitality Establishments, Hotels, Resorts, And Camps

1. Status of your business (please check one answer)
1. Independent business □
2. Subsidiary of a Canadian group □
3. Franchise □
4. Institution (hospital, government, school board, nursing home, college, bank, and cooperative) □

2. What is your position within the organization?
____

3. Number of employees: ________________

4. What is your sector of activity (please select one answer)
1. Agriculture, forestry, fishing and hunting □
2. Mining, quarrying, and oil and gas extraction □
3. Utilities □
4. Construction □

5. Manufacturing □
6. Retail and Wholesale trade □
7. Transportation and warehousing □
8. Information and cultural industries □
9. Finance and insurance □
10. Real estate and rental and leasing □
11. Professional, scientific and technical services □
12. Management of companies and enterprises □
13. Administrative and support, waste management and remediation services □
14. Educational services □
15. Health care and social assistance □
16. **Arts, entertainments and recreation** □
17. **Accommodation and food services** □
18. Other services (except public administration) □
19. Public administration □

5. Is this a seasonal business? Yes No

6. Is this a home-based business? Yes No

7. Can you please list three of your major competitors, in order of importance?

Name	**Location**
1. ______________________	______________________
2. ______________________	______________________
3. ______________________	______________________

8. What percentages of your yearly sales come from local customers located in NFN and West Nipissing?

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

9. What percentages of your yearly sales come from customers who reside outside NFN and West Nipissing?

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

10. Please list the main regions your customers come from (ex. North Bay, Sudbury, U.S. etc.) by order of importance (1 being the most important, 5 being the least important)

1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________
5. ______________________________

11. What percentage of sales do you think are lost to other regions outside West Nipissing?

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

12. Please list the 3 main regions your customers go to instead of buying locally (ex. North Bay, Sudbury, Ottawa, Toronto), by order of importance (1 being the most important, 3 being the least important):

1. ___________________________________
2. ___________________________________
3. ___________________________________

13. Would you consider retailing local products such as dry foods, preserves, honey, or crafts in your establishment? Yes No

14. Under which conditions would you consider retailing local products (commission, consignment, profit sharing or some form of cooperation, for example a farmer might accept to put your sign on his field for a low price in exchange of selling maple syrup from the farm)?

Please explain: ____

____

The following questions are about your <u>purchases for the business you operate</u>, by categories of products:

15. Please indicate, for each product category, the percentage bought locally and the percentage bought outside West Nipissing, as well as the name of the city or region where you buy most (total of 100%). *North Bay is counted outside W.Nipissing, except for Couchie Industrial Park.*

	Locally	**Outside of West Nipissing**	**Main Region**
Food			
Meat			
Fruit & Vegetables			
Dairy			
Other food			
Utilities			
Water			
Heating (natural gas, fuel)			
Electricity (hydro)			
Internet			
Telephone services			
Other Products			
Utensils			
Furniture			
Supplies			
Gasoline, diesel			
Labour & Employees			
Operators			
Sales Associates			
Professional Services			
Accounting and auditing			
Insurance			
Legal services			
Banking			

Consulting			
Technical Services			
Water Analysis			
Pest Control			
Marketing and advertising			
Other please specify			

16. **Do you have a contract that obliges you to purchase outside of this region? (For example within a franchise contract or through a purchasing agreement with suppliers)**
    Yes No
17. **If you purchase local products, are you promoting to customers that you buy locally?**
    Yes No
18. **Is there a specific area of your business that you aren't fully maximizing, if so which area and what is preventing you from doing so?**

____
____
____

19. **What do you propose would alleviate this problem and allow you to capitalize on the opportunity?**
    ____

A8 - Questionnaire For The Banking Sector

1. **Status of your business (please check one answer)**
   1. Independent business ◻
   2. Subsidiary of a Canadian group ◻
   3. Franchise ◻
   4. Institution (hospital, government, school board, nursing home, college, bank, and cooperative) ◻
2. **What is your position within the organization?**
   ____
3. **Size of your organization**
   Please indicate which of the categories below represents the sales bracket relevant to your firm for the last fiscal year? (Select only one)
   1. $0 - $50,000.00 ◻
   2. $50,000.01 - $100,000.00 ◻
   3. $100,000.01 - $250,000.00 ◻
   4. $250,000.01 - $500,000.00 ◻
   5. $500,000.01 - $1,000,000.00 ◻
   6. $1,000,000.01 or more ◻
4. **Number of employees: ________________**
5. **Can you please list three of your major competitors, in order of importance?**

Name	**Location**
1. __________________________	__________________________
2. __________________________	__________________________
3. __________________________	__________________________

6. **What percentages of your customers are located in West Nipissing?**

1. 0 - 10%	◻
2. 11% - 20%	◻
3. 21% - 30%	◻
4. 31% - 40%	◻

5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

7. **Please list the main regions your customers come from (ex. North Bay, Sudbury, U.S. etc.) by order of importance (1 being the most important, 5 being the least important)**
   1. ________________________________
   2. ________________________________
   3. ________________________________
   4. ________________________________
   5. ________________________________
8. **What percentage of customers do you think are lost to other regions outside West Nipissing?**

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

9. **Please list the 3 main regions your customers go to instead of banking locally (ex. North Bay, Sudbury, Ottawa, Toronto), by order of importance (1 being the most important, 3 being the least important):**
   1. ________________________________
   2. ________________________________
   3. ________________________________
10. **Annual expenditures**

Category	**Annual expenditures in dollars**
Construction, repairs, renovations services	
Construction materials	
Food, grocery, cafeterias (direct or contracted)	
Financial services (banking, interest, financing)	
Fuel	
Training and education	
Consulting and professional services	
Telecommunications	
Office supplies	

Consulting and professional include external services for architecture, auditing, advertising, marketing, public relations, engineering, consulting, technical services and laboratories, security, insurance, legal services, pest control and any other professional services.

11. **Procurement policies**

Does your institution have one or more procurement policies? Please provide a detailed answer:

12. **Which of the following criteria is your institution using to make procurement decisions – please provide details:**

- Price
- Quality
- Customer service
- Availability
- Relationship
- Local business

- Delivery mode or options
- Dependability
- Payment terms
- First Nation owned
- Minority owned

Local procurement and purchasing as compared to external sourcing:

This questionnaire tries to establish to what extent local institutions in West Nipissing engage the local (i.e. West Nipissing including the Nipissing First Nation) business community into addressing procurement needs. A first step is to identify where there are opportunities by identifying for which products there is leakage, i.e. needs for products that are currently not met locally.

The first question below identifies several categories of products your institution may purchase on a regular basis or on an ad hoc basis when needed. For example, vehicles may be replaced on a rotating basis, while some other equipment may be replaced via bulk purchases every so many years. What is important to this study is to understand to what extent your institution purchases within the municipality of West Nipissing as compared to other jurisdictions such as North Bay, Sudbury, and any other area within or outside Ontario.

The following questions are about purchases for your institution, by categories of products, for either the most recent fiscal year and/or for the last important contract you tendered:

Please indicate, for each product category, the percentage bought locally and the percentage bought outside West Nipissing, as well as the name of the city or region where you buy most (total of 100%). Please respond on a separate sheet if necessary. For the question *Largest capital expenditures and long term contracts,* please include any situation where you had an important contract within the last five years (example: renewal of snow removal equipment, or major renovations or retrofit to a building).

Categories of purchases	**Locally (West Nipissing)**	**Outside of West Nipissing**	**Main Region sourced outside West Nipissing**
Largest capital expenditures and long term contracts (please specify)			
Utilities			
Water			
Heating (natural gas, fuel)			
Electricity (hydro)			
Internet			
Telephone services			
Other Products			
Office equipment			
Tools			
Vehicles			
Gasoline, diesel			
Medical equipment			
Management, Labour, Professionals and Trades workers			
Management - executives			
Management - middle			
Management – first line supervisors			
Professionals			
Trade and skilled workers			
Office workers			
Shop and blue collar workers			
Other (Please specify): ______________________			

Professional Services (external)			
Training services			
Accounting and auditing			
Insurance			
Legal services			
Banking			
Consulting			
Technical Services			
Water Analysis and treatment			
Pest Control and sanitary services			
Marketing and advertising			
Engineering services			
Other purchases please specify			

Professionals includes all health care and other professionals (surgeons, MDs, RNs, P. Eng., CPAs, Ph.D.s, radiologists, etc.)

Has your institution, alone or in conjunction with other organizations, ever engaged in activities related to fostering interactions with local businesses such as:

1. Broader advertising involving local newspapers, trades shows and local databases in current use by business people (to make local businesses aware of your product needs) ◻
2. Seeking out local businesses before tendering
3. Requiring local businesses to be part of the bidding process ◻
4. Working with large suppliers to have them include local business in work being tendered ◻
5. Organize reverse trade shows (institutions get together to showcase their purchasing needs, allowing local bidders to interact face-to-face with the institutions and help them put together good proposals; it also gives suppliers advance notice about upcoming opportunities and the chance to cooperate with other suppliers) ◻
6. Establish pre-procurement procedures giving local business a chance to compete via an open supplier gateway where local businesses can post information about their goods, as well as supplier consultation where institutional buyers can discuss requirements and specifications ◻
7. Establish databases indicating which products are required in the future so that business people can be aware of the needs of local institutions ◻
8. Simplify tender documentation to make it more accessible ◻
9. Speeding up payments under certain value thresholds ◻
10. Unbundling larger contracts into smaller ones when feasible ◻
11. Emphasizing female and minority-owned businesses (such as Aboriginal set-aside programs by the Federal government, for procurements destined to Aboriginal populations) ◻
12. Emphasizing small and medium-sized businesses ◻
13. Emphasizing sustainability goals (for example globally sourced food has been shown as generating 5 to 17 times the emissions of local food) ◻
14. Emphasizing benefits of local procurement to the local economy ◻
15. Collaborating with other institutions on some of the above initiatives ◻

Note: other institutions include municipalities, health care institutions; educational institutions i.e. school boards, colleges and universities, and government agencies and departments.

13. **Do you have an obligation to purchase outside of this region? (For example within a franchise contract or through a purchasing agreement with suppliers)**

    Yes No

14. **If you purchase local products or services, are you promoting to customers that you buy locally?**
    Yes No

A9 - Questionnaire For The Institutional Sector – Hospital, Nursing Homes, School Boards, Municipal Governments, NFN Government, Federal Agencies

1. **Size of your organization**
   Please indicate the dollar amount of your budget for the last fiscal year:
   Year ended (month and year, ex. end of March, 2014) ______________________________________
   Dollar amount of yearly budget: ____
2. **Number of employees: full-time _____________________ part-time ____________________**
3. **Annual expenditures**

Category	Annual expenditures in dollars
Construction, repairs, renovations services	
Construction materials	
Food, grocery, cafeterias (direct or contracted)	
Financial services (banking, interest, financing)	
Fuel	
Training and education	
Consulting and professional services	
Telecommunications	
Office supplies	

Consulting and professional include external services for architecture, auditing, advertising, marketing, public relations, engineering, consulting, technical services and laboratories, security, insurance, legal services, pest control and any other professional services.

4. **Procurement policies**

Does your institution have one or more procurement policies? Please provide a detailed answer:

5. **Which of the following criteria is your institution using to make procurement decisions – please provide details:**

- Price
- Quality
- Customer service
- Availability
- Relationship
- Local business
- Delivery mode or options
- Dependability
- Payment terms
- First Nation owned
- Minority owned

Local procurement and purchasing as compared to external sourcing:

This questionnaire tries to establish to what extent local institutions in West Nipissing engage the local (i.e. West Nipissing including the Nipissing First Nation) business community into addressing procurement needs. A first step is to identify where there are opportunities by identifying for which products there is leakage, i.e. needs for products that are currently not met locally.

The first question below identifies several categories of products your institution may purchase on a regular basis or on an ad hoc basis when needed. For example, vehicles may be replaced on a rotating basis, while some other equipment may be replaced via bulk purchases every so many years. What is important to this study is to understand to what extent your institution purchases within the municipality of West Nipissing as compared to other jurisdictions such as North Bay, Sudbury, and any other area within or outside Ontario.

The following questions are about <u>purchases for your institution</u>, by categories of products, for either the most recent fiscal year and/or for the last important contract you tendered:

Please indicate, for each product category, the percentage bought locally and the percentage bought outside West Nipissing, as well as the name of the city or region where you buy most (total of 100%). Please respond on a separate sheet if necessary. For the question *Largest capital expenditures and long term contracts,* please include any situation where you had an important contract within the last five years (example: renewal of snow removal equipment, or major renovations or retrofit to a building).

Categories of purchases	**Locally (West Nipissing)**	**Outside of West Nipissing**	**Main Region sourced outside West Nipissing**
Largest capital expenditures and long term contracts (please specify)			
Utilities			
Water			
Heating (natural gas, fuel)			
Electricity (hydro)			
Internet			
Telephone services			
Other Products			
Office equipment			
Tools			
Vehicles			
Gasoline, diesel			
Medical equipment			
Management, Labour, Professionals and Trades workers			
Management - executives			
Management - middle			
Management – first line supervisors			
Professionals			
Trade and skilled workers			
Office workers			
Shop and blue collar workers			
Other (Please specify): ______________________			
Other (Please specify): ______________________			
Professional Services (external)			
Training services			
Accounting and auditing			
Insurance			
Legal services			
Banking			
Consulting			
Technical Services			
Water Analysis and treatment			
Pest Control and sanitary services			
Marketing and advertising			
Engineering services			

Other purchases please specify			

Professionals includes all health care and other professionals (surgeons, MDs, RNs, P. Eng., CPAs, Ph.D.s, radiologists, etc.)

Has your institution, alone or in conjunction with other organizations, ever engaged in activities related to fostering interactions with local businesses such as:

1. Broader advertising involving local newspapers, trades shows and local databases in current use by business people (to make local businesses aware of your product needs) □
2. Seeking out local businesses before tendering □
3. Requiring local businesses to be part of the bidding process □
4. Working with large suppliers to have them include local business in work being tendered □
5. Organize reverse trade shows (institutions get together to showcase their purchasing needs, allowing local bidders to interact face-to-face with the institutions and help them put together good proposals; it also gives suppliers advance notice about upcoming opportunities and the chance to cooperate with other suppliers) □
6. Establish pre-procurement procedures giving local business a chance to compete via an open supplier gateway where local businesses can post information about their goods, as well as supplier consultation where institutional buyers can discuss requirements and specifications □
7. Establish databases indicating which products are required in the future so that business people can be aware of the needs of local institutions □
8. Simplify tender documentation to make it more accessible □
9. Speeding up payments under certain value thresholds □
10. Unbundling larger contracts into smaller ones when feasible □
11. Emphasizing female and minority-owned businesses (such as Aboriginal set-aside programs by the Federal government, for procurements destined to Aboriginal populations) □
12. Emphasizing small and medium-sized businesses □
13. Emphasizing sustainability goals (for example globally sourced food has been shown as generating 5 to 17 times the emissions of local food) □
14. Emphasizing benefits of local procurement to the local economy □
15. Collaborating with other institutions on some of the above initiatives □

Note: other institutions include municipalities, health care institutions; educational institutions i.e. school boards, colleges and universities, and government agencies and departments.

A10 - Questionnaire For Business Owners In The Manufacturing And Forestry Sectors

1. **Status of your business (please check one answer)**
   1. Independent business □
   2. Subsidiary of a Canadian group □
   3. Franchise □
   4. Other (Please specify) ______________________________ □
2. **What is your position within the organization?**

____

3. **Size of your organization**

Please indicate which of the categories below represents the sales bracket relevant to your firm for the last fiscal year? (Select only one)

1. $0 - $50,000.00 □
2. $50,000.01 - $100,000.00 □
3. $100,000.01 - $250,000.00 □
4. $250,000.01 - $500,000.00 □
5. $500,000.01 - $1,000,000.00 □
6. $1,000,000.01 or more □

4. **Number of employees: ________________**

5. **What is your sector of activity (please select one answer)**

1. Agriculture, **forestry,** fishing and hunting □
2. Mining, quarrying, and oil and gas extraction □
3. Utilities □
4. Construction □
5. **Manufacturing** □
6. Retail and Wholesale trade □
7. Transportation and warehousing □
8. Information and cultural industries □
9. Finance and insurance □
10. Real estate and rental and leasing □
11. Professional, scientific and technical services □
12. Management of companies and enterprises □
13. Administrative and support, waste management and remediation services □
14. Educational services □
15. Health care and social assistance □
16. Arts, entertainments and recreation □
17. Accommodation and food services □
18. Other services (except public administration) □
19. Public administration □

6. **Is this a seasonal business? Yes No**

7. **Is this a home-based business? Yes No**

8. **Can you please list three of your major competitors, in order of importance?**

Name	**Location**
1. ____________________	____________________
2. ____________________	____________________
3. ____________________	____________________

9. **What percentage of your yearly sales comes from customers located in West Nipissing?**

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

10. **What percentage of your sales comes from customers located outside West Nipissing?**

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□

4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

11. **Please list the main regions your customers come from (ex. North Bay, Sudbury, U.S. etc.) by order of importance (1 being the most important, 5 being the least important)**
    1. ___________________________________
    2. ___________________________________
    3. ___________________________________
    4. ___________________________________
    5. ___________________________________
12. **What percentage of sales do you think are lost to other regions outside West Nipissing?**

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

13. **Please list the 3 main regions your customers go to instead of buying locally (ex. North Bay, Sudbury, Ottawa, Toronto), by order of importance (1 being the most important, 3 being the least important):**
    1. ___________________________________
    2. ___________________________________
    3. ___________________________________

The following questions are about your <u>purchases for the business you operate</u>, by categories of products:

14. **Please specify the annual amount of purchases incurred for this business/organization:**
    $__________________
15. Please indicate, for each product category, the percentage bought locally and the percentage bought outside West Nipissing, as well as the name of the city or region where you buy most (total of 100%). *North Bay is counted outside W.Nipissing, except for Couchie Industrial Park.*

	Locally	**Outside of West Nipissing**	**Main Region sourced outside West Nipissing**
Purchase of materials (please specify)			
Raw materials (ex. lumber, metal)			
Manufacturing supplies			
Utilities			
Water			
Heating (natural gas, fuel)			
Electricity (hydro)			
Internet			
Telephone services			
Other Products			

Manufacturing equipment			
Tools			
Vehicles			
Gasoline, diesel			
Labour & Employees			
Factory labour			
Supervisors			
Other (Please specify): ____________________			
Other (Please specify): ____________________			
Other (Please specify): ____________________			
Professional Services			
Training services			
Accounting and auditing			
Insurance			
Legal services			
Banking			
Consulting			
Technical Services			
Water Analysis			
Pest Control			
Marketing and advertising			
Other purchases please specify			

16. **Do you have a contract that obliges you to purchase outside of this region? (For example within a franchise contract or through a purchasing agreement with suppliers)**
    Yes No

A11 - Questionnaire For The Service Sector

1. **Status of your business (please check one answer)**
   1. Independent business □
   2. Subsidiary of a Canadian group □
   3. Franchise □
   4. Institution (hospital, government, school board, nursing home, college, bank, and cooperative) □
2. **What is your position within the organization?**
   ____
3. **Size of your organization**
   Please indicate which of the categories below represents the sales bracket relevant to your firm for the last fiscal year? (Select only one)
   1. $0 - $50,000.00 □
   2. $50,000.01 - $100,000.00 □
   3. $100,000.01 - $250,000.00 □

4. $250,000.01 - $500,000.00 □
5. $500,000.01 - $1,000,000.00 □
6. $1,000,000.01 or more □

4. Number of employees: ________________

5. Can you please list three of your major competitors, in order of importance?

Name **Location**
1. ____________________________ ____________________________
2. ____________________________ ____________________________
3. ____________________________ ____________________________

6. What percentages of your customers are located in West Nipissing?

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

7. Please list the main regions your customers come from (ex. North Bay, Sudbury, U.S. etc.) by order of importance (1 being the most important, 5 being the least important)

1. ___________________________________
2. ___________________________________
3. ___________________________________
4. ___________________________________
5. ___________________________________

8. What percentage of customers do you think are lost to other regions outside West Nipissing?

1. 0 - 10%	□
2. 11% - 20%	□
3. 21% - 30%	□
4. 31% - 40%	□
5. 41% - 50%	□
6. 51% - 60%	□
7. 61% -70%	□
8. 71% - 80%	□
9. 81% - 90%	□
10. 91% - 100%	□
11. Unknown	□

9. Please list the 3 main regions your customers go to instead of buying locally (ex. North Bay, Sudbury, Ottawa, Toronto), by order of importance (1 being the most important, 3 being the least important):

1. ___________________________________
2. ___________________________________
3. ___________________________________

10. Annual expenditures

Category	Annual expenditures in dollars
Construction, repairs, renovations services	
Construction materials	
Food, grocery, cafeterias (direct or contracted)	
Financial services (banking, interest, financing)	
Fuel	
Training and education	
Consulting and professional services	

Telecommunications	
Office supplies	

Consulting and professional include external services for architecture, auditing, advertising, marketing, public relations, engineering, consulting, technical services and laboratories, security, insurance, legal services, pest control and any other professional services.

11. Procurement policies

Does your institution have one or more procurement policies? Please provide a detailed answer:

12. Which of the following criteria is your institution using to make procurement decisions – please provide details:

- Price
- Quality
- Customer service
- Availability
- Relationship
- Local business
- Delivery mode or options
- Dependability
- Payment terms
- First Nation owned
- Minority owned

Local procurement and purchasing as compared to external sourcing:

This questionnaire tries to establish to what extent local institutions in West Nipissing engage the local (i.e. West Nipissing including the Nipissing First Nation) business community into addressing procurement needs. A first step is to identify where there are opportunities by identifying for which products there is leakage, i.e. needs for products that are currently not met locally.

The first question below identifies several categories of products your institution may purchase on a regular basis or on an ad hoc basis when needed. For example, vehicles may be replaced on a rotating basis, while some other equipment may be replaced via bulk purchases every so many years. What is important to this study is to understand to what extent your institution purchases within the municipality of West Nipissing as compared to other jurisdictions such as North Bay, Sudbury, and any other area within or outside Ontario.

The following questions are about purchases for your institution, by categories of products, for either the most recent fiscal year and/or for the last important contract you tendered:

Please indicate, for each product category, the percentage bought locally and the percentage bought outside West Nipissing, as well as the name of the city or region where you buy most (total of 100%). Please respond on a separate sheet if necessary. For the question *Largest capital expenditures and long term contracts,* please include any situation where you had an important contract within the last five years (example: renewal of snow removal equipment, or major renovations or retrofit to a building).

Categories of purchases	Locally (West Nipissing)	Outside of West Nipissing	Main Region sourced outside West Nipissing
Largest capital expenditures and long term contracts (please specify)			
Utilities			
Water			
Heating (natural gas, fuel)			
Electricity (hydro)			
Internet			
Telephone services			
Other Products			
Office equipment			
Tools			

Vehicles			
Gasoline, diesel			
Medical equipment			
Management, Labour, Professionals and Trades workers			
Management - executives			
Management - middle			
Management – first line supervisors			
Professionals			
Trade and skilled workers			
Office workers			
Shop and blue collar workers			
Other (Please specify): ______________________			
Other (Please specify): ______________________			
Professional Services (external)			
Training services			
Accounting and auditing			
Insurance			
Legal services			
Banking			
Consulting			
Technical Services			
Water Analysis and treatment			
Pest Control and sanitary services			
Marketing and advertising			
Engineering services			
Other purchases please specify			

Professionals includes all health care and other professionals (surgeons, MDs, RNs, P. Eng., CPAs, Ph.D.s, radiologists, etc.)

Has your institution, alone or in conjunction with other organizations, ever engaged in activities related to fostering interactions with local businesses such as:

1. Broader advertising involving local newspapers, trades shows and local databases in current use by business people (to make local businesses aware of your product needs) ◻
2. Seeking out local businesses before tendering ◻
3. Requiring local businesses to be part of the bidding process ◻
4. Working with large suppliers to have them include local business in work being tendered ◻
5. Organize reverse trade shows (institutions get together to showcase their purchasing needs, allowing local bidders to interact face-to-face with the institutions and help them put together good proposals; it also gives suppliers advance notice about upcoming opportunities and the chance to cooperate with other suppliers) ◻
6. Establish pre-procurement procedures giving local business a chance to compete via an open supplier gateway where local businesses can post information about their goods, as well as supplier consultation where institutional buyers can discuss requirements and specifications ◻
7. Establish databases indicating which products are required in the future so that business people can be aware of the needs of local institutions ◻
8. Simplify tender documentation to make it more accessible ◻

9. Speeding up payments under certain value thresholds ◻

10. Unbundling larger contracts into smaller ones when feasible ◻

11. Emphasizing female and minority-owned businesses (such as Aboriginal set-aside programs by the Federal government, for procurements destined to Aboriginal populations) ◻

12. Emphasizing small and medium-sized businesses ◻

13. Emphasizing sustainability goals (for example globally sourced food has been shown as generating 5 to 17 times the emissions of local food) ◻

14. Emphasizing benefits of local procurement to the local economy ◻

15. Collaborating with other institutions on some of the above initiatives ◻

Note: other institutions include municipalities, health care institutions; educational institutions i.e. school boards, colleges and universities, and government agencies and departments.

13. Do you have an obligation to purchase outside of this region? (For example within a franchise contract or through a purchasing agreement with suppliers)

Yes No

14. If you purchase local products or services, are you promoting to customers that you buy locally?

Yes No

A12 - Consumer Purchases Leakage Questionnaire

Products and Data Sheet

Focus Group Data Sheet						
ITEMS	**Within West Nip Region**	**Outside of West Nip**	**Loca-tion 1**	**Loca-tion 2**	**Loca-tion 3**	**Reasons**
PRODUCT CATEGORIES						
Personal care						
Apparel						
Cosmetics						
Drugs/Medicine						
Prescription						
Eye Care						
Entertainment						
Electronics						
Office/Home supplies						
Home Improvements						
Furniture/Linen						
Food/Groceries						
Footwear						
Appliances/Housewares						
Vehicle Maintenance						
Automobiles						
Boats						
Lawn/garden						
Recreation vehicles						
UTILITIES						
Gas/Oil/Diesel						
Hydro						
Heating						
Water/Sewer/Trash						
Telephone/Cable/Satellite/Internet						
ACTIVITIES						
Dining/Restaurants						
Bars/Clubs						
TRAVEL						
Hospitality/Travel/Vacations						
PROFESSIONAL SERVICES						

Accounting/Auditing						
Insurance						
Legal						
Banking						
Where do you do the majority of your holiday shopping?						
What are the strengths of West Nipissing?						
What are the weaknesses of West Nipissing?						
Recommendations?						

WEST NIPISSING MARKET FEASIBILITY STUDY

CHAMBRE DE COMMERCE
WEST NIPISSING OUEST
CHAMBER OF COMMERCE
The voice of business • La voix du milieu des affaires

Disclaimer

Responsibility of the authors

Laurentian University students in an undergraduate business class have developed and prepared this Feasibility Study from two main data sources: 1) survey data obtained from a Leakage Analysis among a selection of the major economic sectors in the West Nipissing region; 2) secondary data derived from public sources such as Statistics Canada and publicly available documents. This document has been developed for academic purposes with the help of the West Nipissing Chamber of Commerce. Any actions taken based on the material in this document is the sole responsibility of the persons and organizations involved.

Forward Looking Statement

This Feasibility Study may contain forward-looking statements that involve a number of risks and uncertainties, including statements and recommendations to tap into identified opportunities. The forward-looking information is based on various factors and was derived using numerous assumptions. By nature, these risks and uncertainties could cause actual results to differ materially from those indicated. The students and professors disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Executive Summary

The goal of this study was to identify profitable retail sector activities and reveal current barriers that existing businesses had been facing when looking at possibilities of diversification and expansion. Areas where local authorities can be helpful for the improvement of West Nipissing's business landscape are identified.

The main reason for West Nipissing individual residents to shop elsewhere («consumer leakage») is explained by the disadvantages of product and service pricing and variety, and this applies to all kinds of expenses from retail products to professional services. The same problem occurs for business expenses or procurement, as price, quality of service, and restrictions from headquarters are the main causes for leakage. Business owners also indicated that there were problems of visibility if their location was not on Highway 17. Moreover, statistics show that local incomes are below the provincial average as well as the level of education. Furthermore, institutions indicated that the majority of their capital expenses were made outside of the area because local companies could not fulfill entire tender requirements.

The main recommendations relative to retail proposed to the Municipality and the West Nipissing Chamber of Commerce are as follows:

- Encourage the opening of a higher-end restaurant in or near the town of Sturgeon Falls (with proper signage for access from Highway 17).
- Continue the expansion of commercial space/buildings on either end of Sturgeon Falls on Highway 17 to allow more retail businesses to establish themselves where visibility is greater.
- Create a partnership with a postsecondary institution to offer actual and potential business owners different courses, programs and workshops to improve the day-to-day operations of their businesses as well as their knowledge.
- Organize an annual forum where grocery retailers and restaurants can meet with local farmers and growers to facilitate the selling process and increase local sales.

- In order to improve local business owners' knowledge of the current state of the local economy, publish, in the local paper and online, reports regarding the community of West Nipissing.
- To minimize consumer-spending leakage, encourage local businesses to reduce retail prices as much as feasible.
- Render information more accessible regarding possible funding for established and potential business owners.
- Encourage local institutions to unbundle their tender offerings and encourage local businesses to bid on these smaller contracts.
- Publicize the advantages of starting a business in the community of West Nipissing.
- Develop a marketing communication campaign to encourage the younger population to come back to the community after having completed their postsecondary education in those employment categories that are on demand locally.
- Organize community job fairs in high schools and at other institutions where feasible.
- Encourage local retail firms to sell gift cards in various denominations for purchases at businesses operating within the community such as specialty retailers, gift shops and restaurants.
- Help business owners evaluate and improve their marketing strategies: enhancing product/service offering, pricing tactics, communication methods and supply chain management.
- Improve hours of retail operations to accommodate the population's requirements.
- Encourage entrepreneurs to open new retail brands within the community in order to provide more product variety and improve competitiveness.
- Develop a strategy to encourage businesses and institutions to buy locally.

Results from the Leakage Analysis combined with an understanding of the economy of Northern Ontario also suggest recommendations beyond the retail sector, particularly the mining supply sector, the agricultural sector and the institutional sector.

It is recommended that West Nipissing business people engage into dialogue with firms in the mining supply industry, for example SAMSSA members. Any firm having mining or exploration firms as clients can also join SAMSSA as an associate member or as a full member. Some mining supply firms have also signed an agreement with First Nations (Republic of Mining, 2014).

Currently there is one firm belonging directly to the mining supply sector located in the West Nipissing area. Other firms supplying the mining sector include hay producers from the agricultural sector who sell hay to large mining corporations located in the Sudbury Mining Basin. It is likely also that some local retailers or wholesalers may be supplying exploration firms conducting surveys within the West Nipissing boundaries. While there are about 500 mining supply firms in Northern Ontario, 72% of the jobs they create are located in Sudbury and North Bay. West Nipissing has the benefit of having land available at relatively low cost compared to these cities. As some mining supply firms expand to respond to world demand, they will be looking for cost effective locations, even if their main challenge at the moment is finding qualified personnel.

Conclusions about the Agricultural sector show that it is an important contributor to the local economy. This sector is well organized in terms of its supply chain thanks to the presence of the Nipissing Sudbury Cooperative. On the sales side, there might be yet unexploited opportunities in areas such as distributing products locally and regionally. New lines of products are still in their early stages of introduction or absent from the West Nipissing region, including organic products and non-timber forest products such as essential oils, plant fibres, forest foods, and floral products. All these represent potential opportunities among others already in place with room for expansion. It has been noted that most programs proposed by the federal and provincial governments are favouring large farms rather than helping the smaller type of operations that exist in Northern Ontario. Politicians at all levels need to discuss these issues with actors and leaders in the Agricultural sector in order to facilitate the transfer of farms from one generation to the next.

In the case of tourism, the following is excerpted from the recent report *Tourism Labour Market Initiative – North-Eastern Ontario 2014* and focuses on training and personnel issues. Like other sectors having difficulty recruiting personnel due to lower wages, the tourism sector is encouraged to examine alternative labour sources which could include categories of workers such as *«mature age workers, Aboriginal workers, long-term unemployed, persons with a disability and foreign workers… »* Developing a regional Tourism Labour Market implementation plan for the Nipissing District as a whole was advocated.

As a final observation, the secondary data collected from various sources allow the calculation of a general estimate of the contribution of some sectors to the economy of West Nipissing, as presented in the table below.

Sales and Employment in Selected Sectors – West Nipissing

Sectors	2014 Sales/Budget Estimates Millions of $	Workforce employed in 2011
Agricultural	24.3	n/a
Retail	160.4	725
Institutional/Public	84.0	2,260
Total West Nipissing	n/a	5,725

Sources: Municipality of West Nipissing; Statistics Canada; Leakage Survey 2014-2015.

The work accomplished as part of the two investigations, first the Leakage Analysis and then the Market Feasibility Study, has revealed that West Nipissing and the Nipissing First Nation are not alone in seeking ways and means to further develop the economy of their region. Several recent studies have been discovered to be relevant to some of the problems as they deal with similar issues elsewhere. Moreover, there were other studies under way in the wider region of Northern Ontario dealing with labour and workforce issues, such as the survey on the Tourism industry. **It would be very important that, in the future, either the Chamber of Commerce or local Economic Development**

authorities endeavour to monitor the publication of reports and information relevant to the local economic sectors and their preoccupations. It would also be important to organize regular consultations between agencies and groups interested in economic development in West Nipissing and the adjacent regions.

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INTRODUCTION

Problem Statement

Is West Nipissing missing business opportunities that could satisfy the wants and needs of its residents and local businesses? This report attempts to answer this question. As an example, the Nipissing Sudbury Cooperative established a number of business services for local farmers, including the procurement of farm diesel fuel and the collection and warehousing of cereals for the purpose of selling them outside the region either in Southern Ontario or adjacent States in the U.S.A. The aim of this feasibility study was «to determine specific industries and niche markets with retail potential» which could be added to the local economy.

A study published in 1997 (Cachon and Cotton – *The INOVE Project – Developing Entrepreneurship Among the West Nipissing Communities*) described in its first part, the state of small business in West Nipissing. The main components of the private sector of the local economy were at that time retail, tourism, and farming. The local manufacturing sector was composed of lumber products and a small cardboard plant, which employed about 140 employees. The foreign-owned plant eventually closed. Major employers in the region are now public sector institutions from health care facilities and school boards to federal agencies (Statistics Canada). However, some sectors present in North Bay and Greater Sudbury are absent from West Nipissing at the moment. This report tries explaining why, and proposes elements of solutions aiming at improving this situation.

Objectives and Outcomes

The main objective of this study was to identify potential opportunities in the region, in order to attract investments, as it has been the case over the past ten years in the hospitality industry (creation of new hotels in Sturgeon Falls). If we consider similar regions in Ontario and elsewhere in Canada, several of them have been successful in developing various types of businesses. Two examples are provided in the following paragraph.

In the Espanola-Manitoulin and Elliot Lake area there has been (since 2005) an increase in the number of newcomers (immigrants) and in-migrants from adjacent regions (i.e. Greater Sudbury) coming to purchase or establish and run a business (gas station, convenience store, motel, farm). A similar phenomenon has been observed in rural areas of Southern Ontario (Parry Sound, Essex County), as well as in other provinces (for example the southern region of the Okanagan and Similkameen valleys of British Columbia (http://www.soics.ca/programs/welcoming-communities/). There are also a number of Canadian and U.S. Aboriginal jurisdictions that have engaged successfully in various forms of leakage control (Unama'ki First nation, 2010; Askwesasne First Nation, 2014); others have worked on long-term economic development strategies, such as the Choctaws of Mississippi (Martin, 2009), the Navajo Nation or Dinetah (http://www.navajo-nsn.gov/), and the Osoyoos First Nation in B.C. (Baptiste, 2007).

Closer to West Nipissing, Greater Sudbury is often cited as an example of economic diversification, as there are now over 350 firms in the city providing equipment and services to the mining industry, from robotics, to industrial vehicles and machinery, ventilation systems, pollution control, software, engineering services, explosives and most heavy industrial maintenance related activities. Besides the local Chamber of Commerce, the mining suppliers' association (www.samssa.ca) has made very long strides into establishing a reputation for its members across Canada and internationally. It is in regular contact with foreign Chambers of Commerce and foreign international economic development agencies from countries like Peru, India, Germany, France and others. This shows that imitable models are not necessarily too far from where we are.

The main outcomes of this study are as follows:

- A brief SWOT analysis of West Nipissing as compared to its competitor cities.
- An analysis based on the Porter Model, with an emphasis on case studies of success stories in similar environments elsewhere in Canada or in the U.S.A.
- Interview results on retail potential for the West Nipissing region.
- Recommendations based on observations in model regions as well as comments from local key informants.

- Recommendations focusing on the following areas: What can West Nipissing leaders do to increase the economic base of the region? What are the barriers? Can these barriers be lowered or overcome? Barriers can often be related to infrastructures beyond local control (roads, airports, railways), human resources (availability of the necessary skill sets), and locally controlled potential infrastructures (presence of a serviced industrial park and any other potential amenities).
- A list of recommendations regarding business sectors absent from West Nipissing although present in adjacent jurisdictions.

Importance and Benefits

While the decision to start a new business is up to entrepreneurs, the role of this study will be to identify potential profitable retail sector activities. It might also reveal some of the current barriers that existing businesses have been facing when looking at possibilities of diversification and expansion. Local authorities might find out new areas where they could be helpful for the improvement of West Nipissing's business landscape.

As has been the case before, new business creation does not have to happen only in entirely new areas, it can simply take the existing pool of retail firms further ahead in terms of variety of products for local residents as well as tourists and travellers who are driving through West Nipissing. The expansion that has already occurred in the hospitality and restoration sector is a testimony to this.

Methodology

The basis of the study rests on Porter's Five Forces model as well as his analysis on the economic performance of regions (Porter, 2003 and 2008), which provide a framework to analyze the level of competitiveness of a region as well as business strategy development concepts. The study comprises four components:

a) Based on the leakage analysis, it will identify regions in Ontario or elsewhere that could be described as «best in their class» in terms of developing retail potential. It is also intended to capitalize on past successes already achieved in West Nipissing in terms of economic development.

b) The methodology included gathering secondary data from other areas, as well as primary data based on interviews with local and external informants. The latter include economic development officers and stakeholders, members of the business community including Chamber of Commerce members and representatives, as well as industrial and professional associations.
c) Business sectors present in the adjacent areas of Greater Sudbury, and the Districts of Sudbury and Nipissing were identified with public data from government agencies' reports on the Local Labour Markets such as the Sudbury and Manitoulin Workforce Partnerships Board and its counterpart for the Nipissing and Parry Sound Districts, the Labour Market Group.
d) A focus group approach was used to find out what consumers in West Nipissing would like to see available within their community.

Data Analysis

Survey data pertaining to the leakage analysis were analyzed with descriptive statistics on quantitative questions, including frequencies, means, and percentages; visual displays are used to present results. Answers to Focus Group open-ended qualitative questions are presented as summarized following analysis.

WEST NIPISSING ANALYSIS

Location and Demographics

West Nipissing is located between larger cities, North Bay and Sudbury, which presence has a significant impact on the community's spending patterns. The West Nipissing leakage analysis presents details about the location and demographics of the region.

Commercial Gravitation Calculations (Reilly's Law)

As consumers, West Nipissing residents are subject to attractive forces from larger centres offering a better selection of stores, products and services. Details of the commercial gravitation calculations and analyses were reported in the West Nipissing Leakage Analysis.

SWOT

The purpose of a SWOT analysis is to identify the strengths, weaknesses, opportunities and threats of a business or a community. In the case of a community, this analysis showcases the advantages and disadvantages of doing business in the region. The facts included into this analysis are derived from both primary and secondary data. Primary data include consumer focus group results and leakage analysis surveys performed across most West Nipissing's economic sectors in 2014-2015. Secondary data were available from previous reports about West Nipissing, as well other leakage analyses and market feasibility studies performed in other communities such as Temagami, South Georgian Bay, and Collingwood, as well as Statistics Canada sources. The SWOT analysis is presented in **figure 1.**

Figure 1 – SWOT Analysis

Strengths	***Weaknesses***
- The region is a four-season destination (High number of tourist - cottagers). - Rail serviced community. - Intersected by Trans-Canada highway 17, high volume of transient traffic. - Bilingual community (French and English). - Local property taxes are lower than in Greater Sudbury and North Bay. - Low cost of commercial & industrial building permits. - Low cost housing. - Low labour costs. - Well organized agricultural sector with the Nipissing Sudbury Cooperative acting as a catalyst	- Difficulty attracting and retaining trained work force due to better opportunities in neighbouring cities (specialized workers, skilled workers, culturally diverse & younger workers). - Tourism activities and their contribution to the regional economy are underestimated by local business. - Lack of regional public transportation. - Little high-speed connectivity in rural areas (internet, phone service, etc.). - Limited industrial parks in the region (only 1). - Lack of branded casual dining restaurants. - Untimely hours of operations of most businesses. - Limited size of the total labour force. - Youth outmigration, many young people leave the community (better jobs elsewhere). - Saturated population (grew 1000 people in 20 years). - Average household incomes represent 86.25% of the provincial average ($55,032 vs. $71,523). - Demographics: 40% of population 55+
Opportunities	***Threats***

- Build on a strong tourism sector
  - Creating entrepreneurial opportunities.
  - Creating summer job opportunities for postsecondary students.
- Build on cultural assets and events in the area that are related to the tourism/visitor sector.
- Mining Supply Sector
  - West Nipissing is strategically positioned near the heart of Ontario's Mining Supply Cluster with 50 firms in North Bay and 350 in Sudbury.
	- Increasing industrial growth pressures can diminish the local quality of life and regional environment amenities.
	- Cost of housing becoming more important.
	- Demographic gap between low income and higher income population (residents and cottagers).
	- Very limited industrial leasing space.
	- Surrounding cities having ample industrial space developed and serviced.
	- Low visibility of businesses that are not located on Highway 17.

- Opportunities with potential developments in organic farming and non-timber forest products - Current types of farming can be enhanced with amendments to current provincial legislation detrimental to smaller farms at this time. - Opportunity to introduce regional transportation system. - Building economic activity and enhancing entrepreneurship in the region. - Introduce a marketing workshop for entrepreneurs of the community. - Introduce amenities to encourage visitors and tourists to stay.	- Many entry barriers (small population, low income, age demographic, seasonal population variation, etc.). - Attraction from larger centres on businesses and consumers expenses. - The Greater Sudbury Municipality abolished its restrictive shopping hours regulation, which could decrease traffic through West Nipissing on Holiday Shopping seasons. - Government policies restrict smaller farm activities with regulations favouring industrial operations in Southern Ontario (poultry), while hampering the implementation of <locally produce-locally purchase> policies at the local/municipal level. - Politicians may not be fully aware and fully briefed on these issues, including mayors and councillors.

Adaptation of Porter's Five Forces

The Porter's Five Forces model was designed to describe the external competitive forces influencing the strategy of a firm, including: 1) The bargaining power of buyers, 2) The bargaining power of suppliers, 3) Rivalry among existing competitors, 4) The threat of new entrants, and 5) The threat of substitute products or services (Porter 2008, p. 80). The model contributes to the evaluation of competition within an industry. Porter also published a variant of the model to describe industrial clusters in large regions of the United States and elsewhere, such as Silicon Valley (Porter, 2003). **Figure 2** shows the Porter model and the level of importance of each of the forces on the West Nipissing region.

Buyer Power

In order to fully represent the current state of West Nipissing, buyer power represents the leakage levels by consumers, i.e. the proportion of out-of-region spending. The West Nipissing Leakage Analysis identified a leakage percentage for consumer expenses of 42%. This indicates that a large proportion of West Nipissing purchases by individual consumers are made outside of the region. This can be interpreted as meaning that they have a significant buyer power due to the fact that they don't mind making 42% of their purchases elsewhere. Results of the consumer focus group showed that these individuals leave the community to do their purchases because other cities, like North Bay and Sudbury, offer better prices, product and brand variety, better hours of operation, etc. Therefore, the buyer power force has a significant impact on the community of West Nipissing.

Bargaining Power of Suppliers

For the purpose of this study, the bargaining power of suppliers is represented by the leakage levels of business purchases or expenses, i.e. the proportion of goods and services acquired outside the region by West Nipissing based companies and institutions. The West Nipissing Leakage Analysis has revealed important leakage percentages for every sector: the retail sector has a leakage percentage of 52%, manufacturing has a leakage of 43%, the banking sector 44%, the service sector 82%, the agricultural sector 40%, institutions 43%, and the tourism sector has a leakage level of 34%. The average leakage percentage for business expenses in all sectors for West Nipissing is 42%, meaning that businesses and institutions make a big proportion of their purchases outside of West Nipissing, which has a serious impact on the community.

Intensity of Competitive Rivalry

For this study, this force analyzes the importance of competitive cities and their influence on West Nipissing. North Bay and Sudbury are the two big cities that have an attractive force on consumers and businesses from West Nipissing. Riley's Law, which determines the attractiveness of different cities towards another, shows that residents living further than 20.6 km west of Sturgeon Falls are more likely to shop in Sudbury and residents located over 12.8 km east of Sturgeon Falls are more likely to shop in North Bay. People within these limits will more likely shop in Sturgeon Falls or in North Bay, which is the closest city. Huff's model of trade area attraction shows that Sudbury should attract

52.8% of West Nipissing residents while North Bay should attract 47.8%. These theories suggest to what degree larger centres attract consumers from smaller regions. The total population and the number of retailing centers act as a significant gravitational force that attract outside shoppers. In other words, cities like North Bay and Sudbury can be considered as the primary competitive rivals to West Nipissing in terms of retailing and some services.

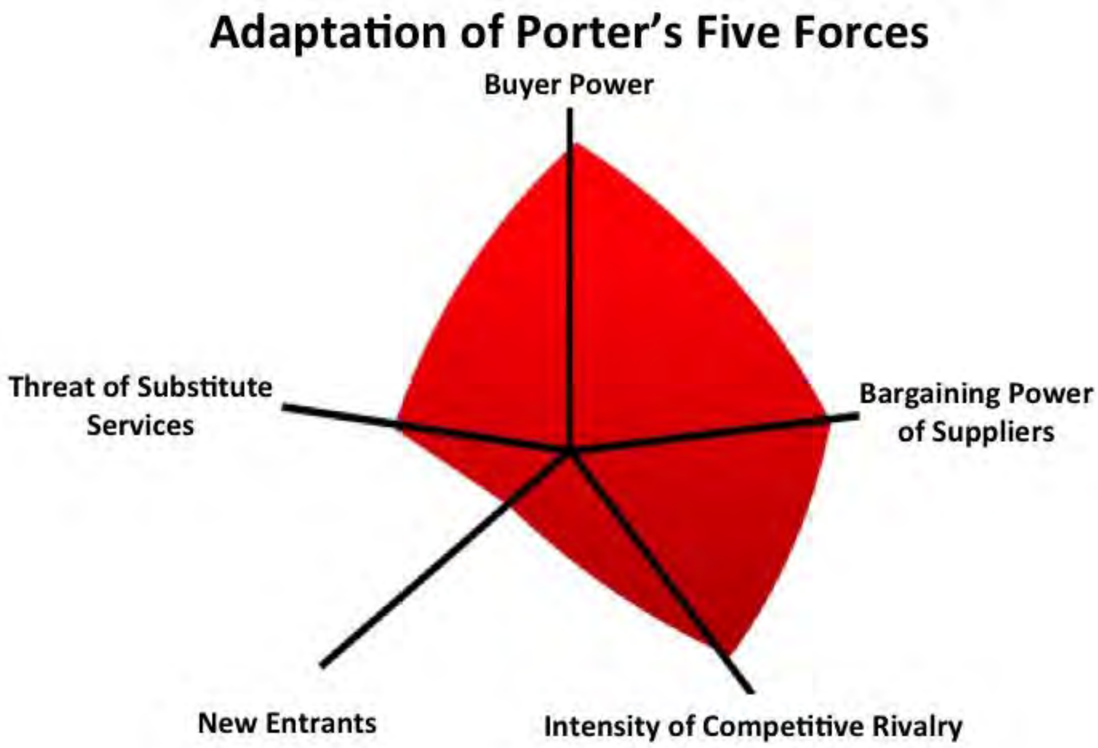
New Entrants

The adaptation we propose for the new entrants force is the level of opportunity of doing business in the community of West Nipissing. In this case, any advantage new businesses entering the region would have would represent a positive factor (everything else being equal) for the underserved areas of the local economy. Information gathered for the analysis of this factor comes from both primary and secondary data, including the Competitive Analysis for the Municipality of Temagami of 2012, the South Georgian Bay Regional Economic Development Strategic Plan of 2011, and other similar city reports. The advantages of West Nipissing include: the high level of highway 17 transient traffic, the high number of cottages on numerous lakes, freight rail service opportunities (as long as no intermodal terminal is needed in order to transfer containers between road and rail), a bilingual population, low housing costs, lower costs for utilities such as water/sewer as compared to North Bay, and lower property costs and taxes. This force does not have much weight however unless larger communities offer an overall lower level of benefits to entrepreneurs. For example, the cost of doing business in North Bay as compared to West Nipissing would likely be almost identical if drawing conclusions from the Temagami Competitive Analysis report: Temagami's characteristics for the variables cited above being very similar to West Nipissing's **(exhibit 1 – Temagami)**.

Threat of Substitute Product or Services

This force is adapted to being services that other competitor cities, such as North Bay and Sudbury, can offer to attract businesses. Primary and secondary data suggest that larger centres offer more services such as: more industrial park choices, faster internet and telephone connectivity, regional public transportation, qualified labour force (colleges and universities), larger markets (population and business to business), better hours of operation, faster and more timely processes for industrial permits, higher average dwelling values, higher productivity due to better skill levels of the workforce, higher income per capita, more shopping destinations and restaurants to attract clients from surrounding communities, as well as a larger proportion of visitors for business purposes (The Tourism Labour Market Initiative 2014 reveals that while the provincial average was 11% for that category of visitors in 2011, the proportions were 4% for the District of Nipissing and 13% for Greater Sudbury; the proportion of business visitors remained stagnant at 4% in Nipissing since 2006, while it almost doubled from 7% to 13% during the same period for Greater Sudbury). Services can all have a positive impact on the decisions of a new entrepreneur. This force has a medium weight because of the effects that the surrounding cities have over West Nipissing when it comes to attracting businesses and clients.

Figure 2 – Porter's Five Forces Model



Conclusions

Taking into account the results of the leakage analysis, the focus group and the adapted version of Porter's Five Forces above, some conclusions can be deducted.

The main conclusion from the Porter analysis is that there are many areas where there is leakage when it comes to business and consumer purchases. Average leakage rates for business and consumer expenses are equal at 42%, obviously resulting from a set of factors encouraging consumers and businesses to purchase elsewhere. For businesses, there are some product categories that are not available in the region, and the same is to some extent true for individual consumers. On the other hand, some locally present categories of products and services also show an important leakage level, suggesting that businesses in West Nipissing see better advantages from making their purchases in surrounding areas. The same trend is also present for consumers considering that they make a big proportion of their purchases in North Bay, Greater Sudbury, and online.

Both the SWOT and Porter analyses show that surrounding communities like North Bay and Greater Sudbury offer many more advantages to consumers and businesses. In the case of businesses, the advantages include: cost advantages, stronger customer - supplier relationships, labour availability advantages and better distribution channels. Advantages for consumers include more shopping destinations, a diversity of brands, more product variety, better pricing, more restaurant alternatives, and many more consumer benefits.

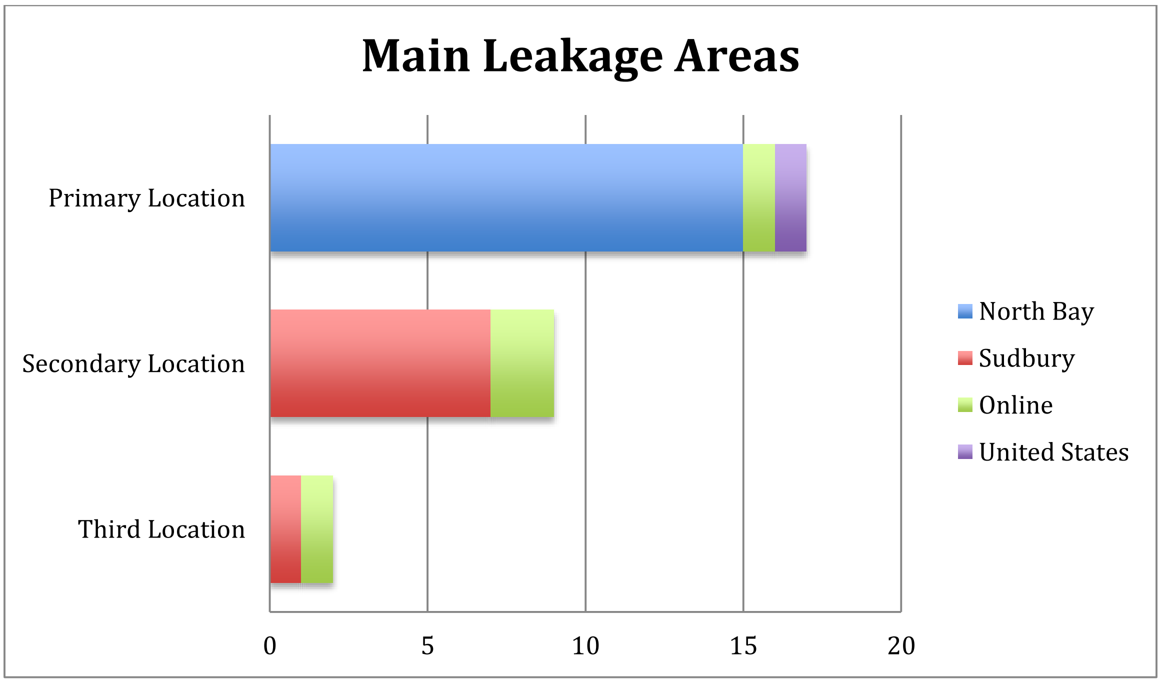
Other conclusions from both analyses are benefits of doing business in West Nipissing. Certain statistics reveal that doing business in this region has its benefits, especially when considering the large number of tourists in the summer. The bilingual community has many loyal clients who support each other and business owners can benefit from this by implementing effective strategies. West Nipissing also has a lot of potential given the high number of expenses made outside of the region from both businesses and consumers.

From the focus groups primary data, the city with the biggest attractive force on West Nipissing consumers is North Bay. North Bay was the city of choice for the majority of the residents because of the shorter distance from Sturgeon Falls. The respondents of the focus group indicated that a trip to North Bay is far less expensive than going to Sudbury, and that is the primary reason for the popularity of this community. **Figure 3** shows the results from the primary locations for the leakage that was identified in the consumer focus group.

Could West Nipissing Piggyback on Greater Sudbury's Success?

Results from the recently published Tourism Labour Market Initiative 2014 indicate that Greater Sudbury has seen a dramatic upward trend in business purpose visits from 2006 to 2011. This is undoubtedly due to the continued expansion of the larger as well as smaller mining firms (total of six firms as of 2015, i.e. besides Vale and Glencore, Ursa Minor, Wallbridge Mining, KGHM and First Nickel), the expansion of the Mining Supply sector, as well as the expansion of research facilities at Boréal and Cambrian Colleges as well as Laurentian University.

Figure 3 – Main Leakage Areas



In his publications regarding the economic performance of regions (2003) and the competitiveness of nations (1990) Porter has given much attention to what he calls EAs, or «Economic Areas», in relation to the notion of «industrial clusters» as groupings of companies from various adjacent sectors over a wide-ranging area encompassing sometimes over 200 km and more. As can be observed in the North Bay – Greater Sudbury corridor, approximately 72% of the Northern Ontario mining supply workforce is employed there, producing $4.7 billion or 83% of the total sales of this sector: West Nipissing is right in this corridor with only one firm belonging to the Mining Supply sector, while Greater Sudbury has about 350 firms and North Bay about 80 firms in this sector.

OPPORTUNITIES BASED ON BUSINESS EXPENSES LEAKAGE DATA

The West Nipissing Leakage Analysis of 2015 describes all of the areas where leakage occurs regarding business expenses. Several opportunities can be derived from the conclusions of that report. This section of the Feasibility study highlights the main opportunities stemming from the primary data gathered during the leakage analysis. Opportunities are categorized by sector with some recommendations.

Retail Sector

The retail sector was divided into the following categories for the Leakage Analysis: motor vehicles, groceries, hardware, appliances and general merchandise. Leakage levels for these industries are presented in **figure 4**.

The motor vehicle industry has a 100% leakage percentage when it comes to products for resale. This is not surprising as there is no vehicle manufacturer in the region. The product category of utilities is second highest as far as leakage is concerned, which is another area that isn't controllable due to the lack of utility suppliers in West Nipissing. Another opportunity can be drawn from the fact that leakage was 18% for professional services.

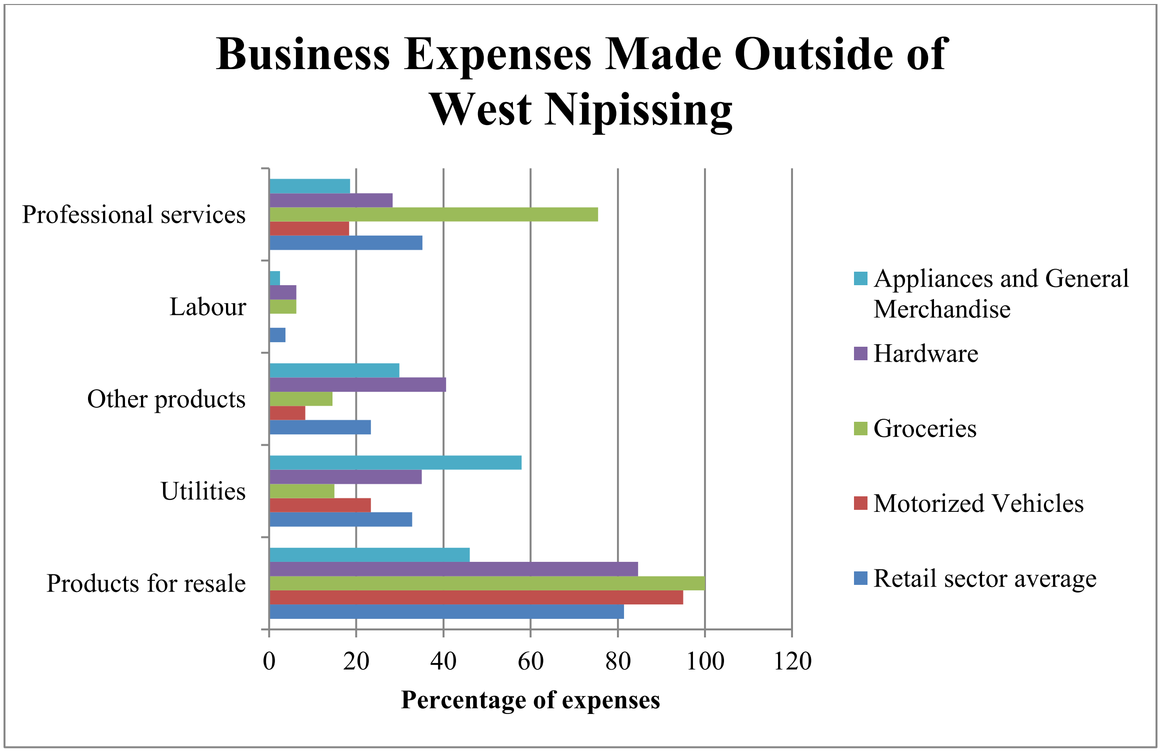
Businesses in the grocery retail industry have a 100% leakage rate regarding the purchase of products for resale. There are some opportunities in the products for resale category because of the presence of fruit and vegetables farms in the West Nipissing region. Every company that took part in the survey indicated having a contract (with a head office or franchisor) obliging them to purchase all products for resale outside the region. On the other hand, retailers indicated that they would retail some produce from local farms. As a recommendation, local producers and grocery retailers could meet on a regular basis to develop business relationships and discuss terms.

Another area where this industry has a significant level of leakage is in professional services expenses: 75%. Respondents indicated that their head office and franchisors take care of the majority of these services. This industry has the highest leakage percentage for the professional services category.

Businesses in the hardware industry indicated an 85% leakage rate for products for resale. The only opportunities in this section seem to exist with lumber because of the presence of a local manufacturer in North Monetville. Other opportunities come from the other products category of expenses, which has a leakage level of 41%. This includes all furniture, supplies, diesel and utensils, which are all products sold locally. There is an opportunity for local retailers of these products to introduce strategies to help reduce the leakage from the companies in the hardware retail industry. The product category of professional services is also high at 28% leakage, which presents another opportunity for local companies offering these services.

Firms in the appliances and general merchandise industry have the lowest product for resale leakage rate at 46%. Opportunities come from the high leakage in the other products category of expenses, representing a 30% leakage level. Businesses retailing this kind of products can target the businesses in this industry because they prove to have an important leakage rate. Utilities also have a high leakage rate, but there aren’t any opportunities for this section of expenses.

Figure 4 – Leakage Levels for Different Industries in the Retail Sector

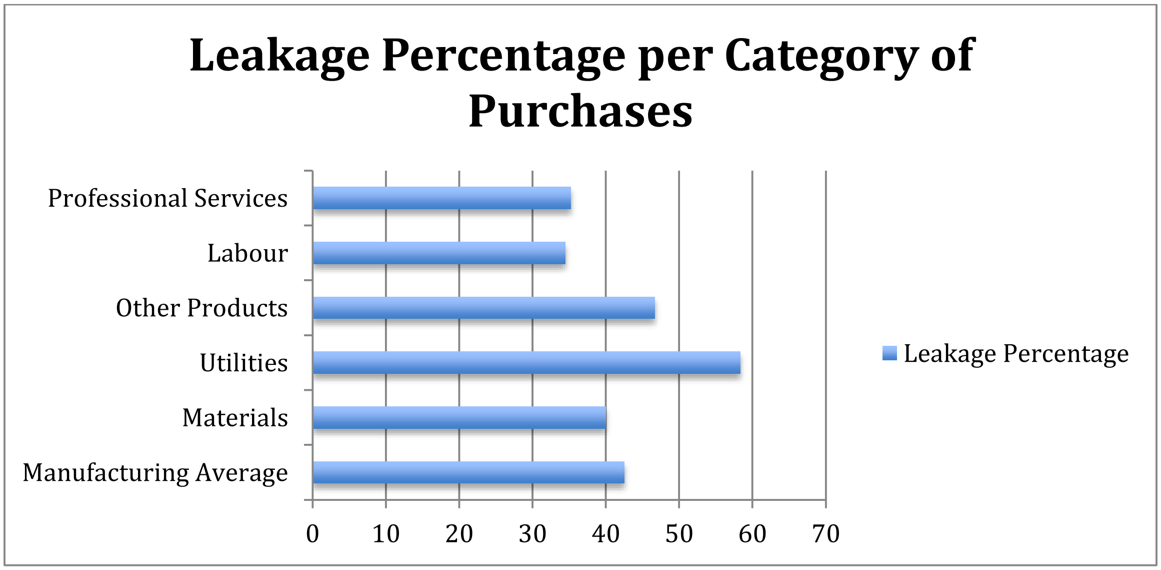


Source: West Nipissing Leakage Analysis 2015

Manufacturing Sector

Opportunities to reduce leakage by manufacturers exist in every product category. Leakage percentages for this sector are identified in **figure 5**. The utility category has the highest leakage rate but is the only category that does not present an opportunity. The other products category of purchases has a 47% leakage level, which is explained by the fact that some of these businesses have job sites located in other geographical regions and make purchases in those respective regions as well as to the lack competitive offerings from local suppliers. 40% of their materials are bought outside of the area, which also presents an opportunity for local retailers of these products. Furthermore, 34% of labour comes from outside of West Nipissing; opportunities for job creation are present in this industry. Partnerships with school boards and colleges through co-op, internship and other workforce development programs in conjunction with the Nipissing and Parry Sound Workforce Planning Board (the Labour Market Group) may be created to give local residents the opportunity to train to become employable by local companies.

Figure 5 – Leakage Levels for the Manufacturing Sector



Source: West Nipissing Leakage Analysis 2015

Banking Sector – Service Sector – Institutional Sector

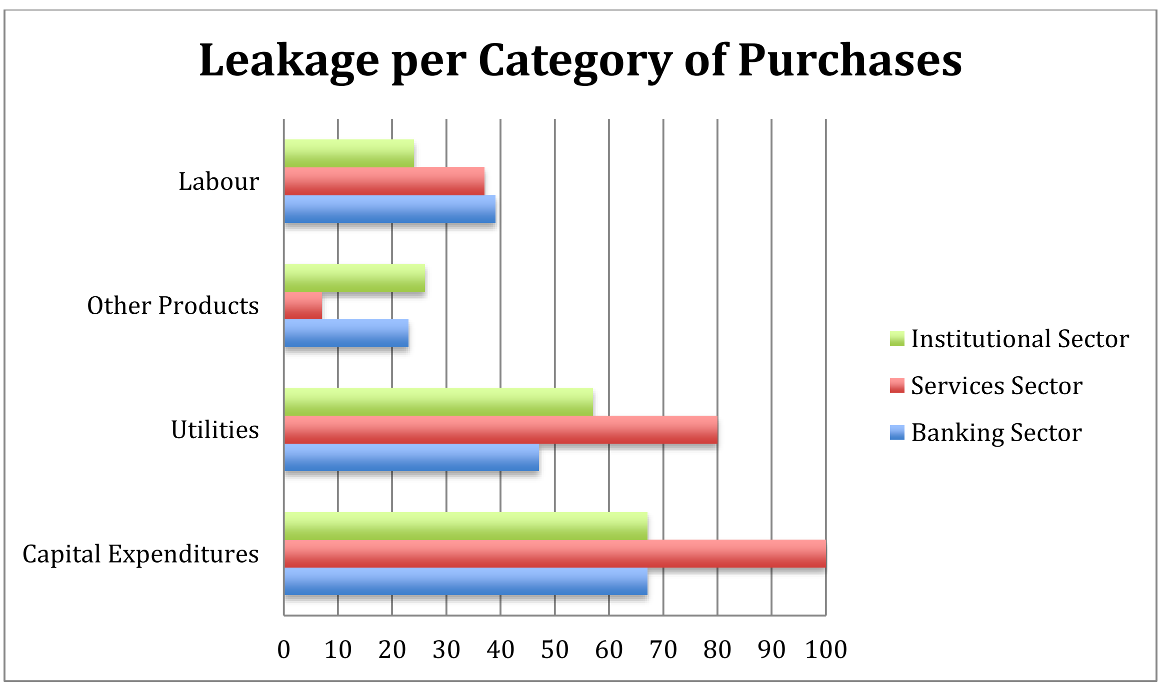
Opportunities for these sectors come from the high levels of leakage in the capital expenditures, professional services, and labour categories. Leakage percentages for these three sectors are identified in **figure 6**. The banking sector and the institutional sector both have leakage percentages of 67% for capital expenditures and the service sector has a 100% leakage for this category. In order to enhance local capital spending business owners and managers must familiarize themselves with the different procurement policies in place for each of the larger firms and institutions located in West Nipissing and beyond in the North Bay-Greater Sudbury corridor. Local companies could significantly benefit from large sales potential should they adapt their strategies to accommodate the procurement policies of large local organizations.

Conversely, it is likely that large institutions need to be canvassed by representatives of the smaller firms (such as Chamber of Commerce leaders and/or sector representatives when they exist) in order to convince them to adopt measures that put smaller businesses on a more even field as compared to their competitors from larger centres. This will require planning, mobilizing people, as well as time and effort, but might represent important gains for the region given the substantial level of capital spending by institutions in the region.

Other opportunities stem from the high levels of leakage in the professional services. Some of these organizations are controlled by a head office, which takes care of the majority of services. Other organizations leave it to the community for these expenses because of the higher quality of services offered in neighbouring cities.

There are labour opportunities for these three sectors as well. Recommendations for this leakage level are to create a better marketing strategy to encourage local teenagers to come back to their home community after pursuing postsecondary studies. Highlighting job opportunities and benefits to younger high school and postsecondary students could alleviate the workforce leakage level and bring the younger population back to the community.

Figure 6 – Leakage Levels for Banking, Services, and Institutional Sectors



Source: West Nipissing Leakage Analysis 2015

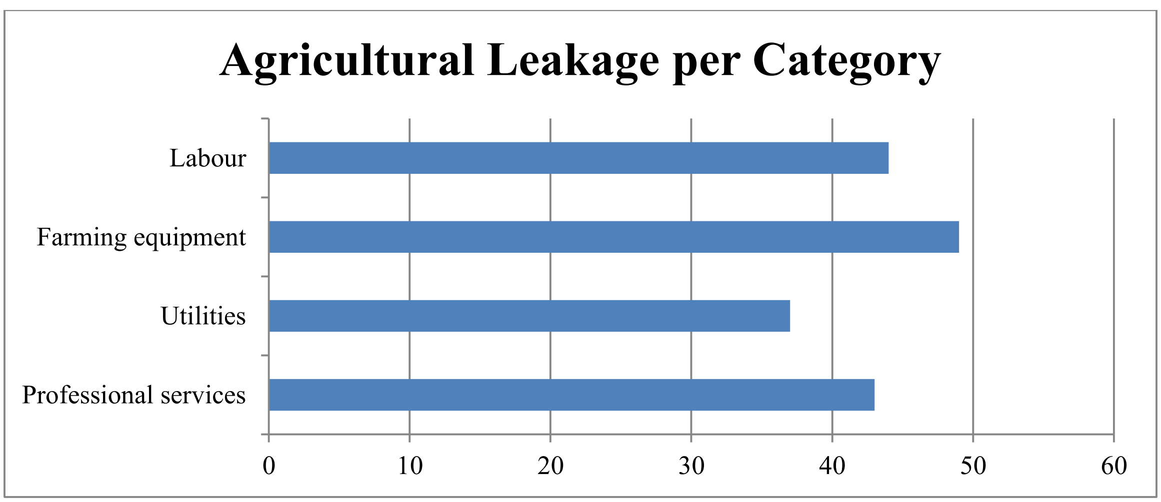
Agricultural Sector

Business opportunities for the agricultural sector come from the following procurement categories: machinery and supplies, labour, and professional services. Leakage percentages are identified in **figure 7**. 49% of the machinery and supplies purchases are made outside of West Nipissing. Some local retailers could benefit from added business by encouraging local farmers to purchase more often locally. This could entail adjusting retail marketing strategies, including competitiveness in pricing and customer value proposition (product offering) improvements.

44% of the farm workforce comes from other countries, mainly because foreign workers are recruited at lower wages levels and are more willing to work all summer under any weather condition and have proven to be more reliable. There still might be opportunities for farmers to either encourage local people, including high school students, to work for them or find workers elsewhere in the country.

The other product category that offers opportunities is professional services, with a 43% leakage rate. Local services providers should target farmers to encourage them to purchase for this category of services within the West Nipissing community.

Figure 7 – Leakage Levels for the Agricultural Sector



Source: West Nipissing Leakage Analysis 2015

Conclusion and General Recommendations Regarding the Agricultural Sector

This section reproduces the conclusions figuring in the Leakage Analysis, as these conclusions fit both reports. The importance of the Agricultural sector for the economy of West Nipissing has often been ignored in the past. A number of recent documents contain sufficient data to establish reasonable estimates of the total economic contribution of the Agricultural sector in West Nipissing.

With a view towards the future, the Agricultural sector is still perceived as representing many opportunities and potential business activity in certain areas. Cummings and Associates (2013) noted that organic products and non-timber forest products such as essential oils, plant fibres, forest foods, floral and branch products sub-sectors were growing in Northern Ontario and could represent new opportunities for the economic viability of farm lands. In West Nipissing, farmlands have been abandoned for decades in some areas (ex. Badgerow Township on highway 64). It was also noted that statistics about these products, levels of production, sales and profitability were not readily available as they were not product categories measured by Statistics Canada.

Specialists have also deplored the fact that government policies and programs destined to help the agri-food sectors mostly favour larger farmers based in southern regions of the province; there seems to be an absence of programs focusing on the particular needs of smaller Northern Ontario producers and the local economy of small communities. Such policies should particularly emphasize and encourage home-based businesses and small-scale farms both within municipalities and First Nations' lands. In order to do so, advocates for Northern Ontario farms have proposed and demanded reviews of local land use policies in order to better foster and encourage a return to a denser level of small farms in regions such as West Nipissing.

In terms of the local production and consumption of food products, Cummings and Associates have observed, along with several categories of stakeholders of the Agricultural sector (local governments, research institutions and Agri-related businesses listed on the table below), the importance of pursuing the development of food systems at the local or community level. Examples were provided for the Thunder Bay region including the Thunder Bay Food Charter and the District of Thunder Bay Regional Food Strategy. Collaborative project developments including First Nations communities were identified among strategies aiming to organize local food production systems linked with the creation of channels of distribution. Associated with proper pricing and promotional strategies such initiatives could have the potential to multiply by using and expanding existing programs already in place such as Eat Local cooperatives.

Categories of Businesses Supplying the Agricultural Sector

- Agricultural service sector –i.e. vets, breeding services, fencing, custom farming services, welding services, etc.
- Manufacturing –i.e. food processing, grain elevators, farm equipment manufacturing and fabricating etc.
- Construction –i.e. building construction, electrical contractors, excavating, well drilling, etc.
- Transportation –livestock, grain, milk, etc.
- Wholesale –building material suppliers, farm supplies including feed and seed, livestock sales yards, equipment,
- Retail –hardware, auto sales and service, tire sales and service, computers, office equipment and supplies, etc.
- Finance –Banks, Farm Credit Corp., Credit Unions, etc.
- Real Estate and Insurance businesses
- Business services –lawyers, accountants, etc.

Source: Cummings and Associates, 2013.

Agricultural Sales in Northern Ontario (2012) and West Nipissing (est. 2014) by Product Category

Product Categories	Northern Ontario Sales (in $Millions)	West Nipissing Sales (in $Millions)
Dairy	55.8	8.00
Cattle and calves	26.7	3.82
Floriculture, nursery, sod	18.2	2.60
Canola	11.9	1.70
Hay and clover	6.1	0.87
Wheat	5.4	0.77
Potatoes	4.2	0.60
Total ($Millions)	128.3	18.37
Other products (other cereals, livestock, fruit, vegetables etc.)	41.7	5.98
Total	$170 M	$24.35 M

Source: Cummings and Associates, 2013. Estimate for West Nipissing based on actual figure for Dairy sales provided by West Nipissing Municipality, other categories using same proportions as Northern Ontario average.

In conclusion, with over $24 Million in total sales in 2014 (14.32% of the Northern Ontario Agricultural sales) the agricultural sector is very important to the West Nipissing municipality. In addition, it is estimated that every dollar in farm revenue generates an additional $1.30 in sales for businesses that deal with farmers, this results in West Nipissing into $31.7 Million of induced sales for Agricultural supply firms (see Table 23), for a total impact of this sector of $55.7 Million on the economy. Every farm job in Northern Ontario was also considered supporting from 1.3 to 1.5 additional jobs outside agriculture.

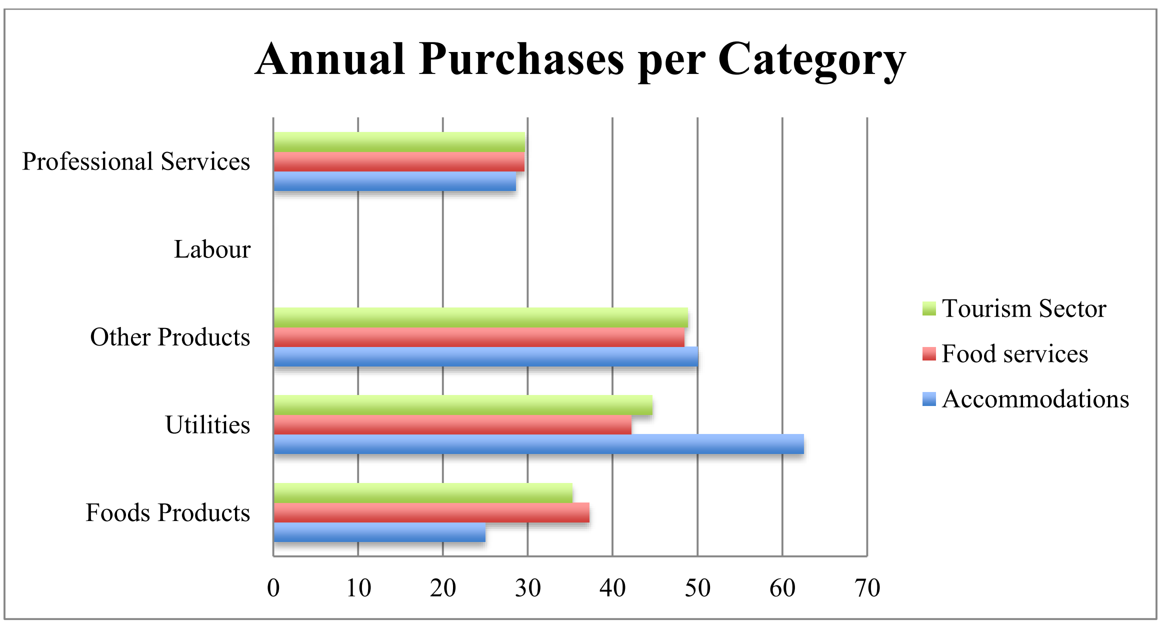
Tourism Sector

The tourism sector presents opportunities in the product categories of other products, professional services, and food products. The leakage levels for this sector are identified in **figure 8**. The category of other products has a 49% leakage level, which is considered as high because there are local retailers for these products. These retailers should adjust their strategies to better target this sector.

Moreover, 30% of the professional services expenses are made outside of the region, which also represents an opportunity for local businesses that offer these services. Some of the companies in the tourism industry are franchises or divisions of big corporations, which means that some of these services are dealt with at the upper levels elsewhere. That is an element that is not controllable by local professional services providers, regardless of the effectiveness of their promotional efforts.

The food products category has leakage of 35%. The large proportion of franchises can explain the leakage rate, and, on the other hand, the presence of a local food distributor that serves some of the local restaurants. There are opportunities for this sector but they are very minimal. Restaurants and accommodations businesses could also benefit from the presence of all the local farms. This presents another opportunity for the agricultural sector as well as the tourism sector to save on shipping costs and the use of local produce.

Figure 8 – Leakage Levels for the Tourism Sector



Source: West Nipissing Leakage Analysis 2015

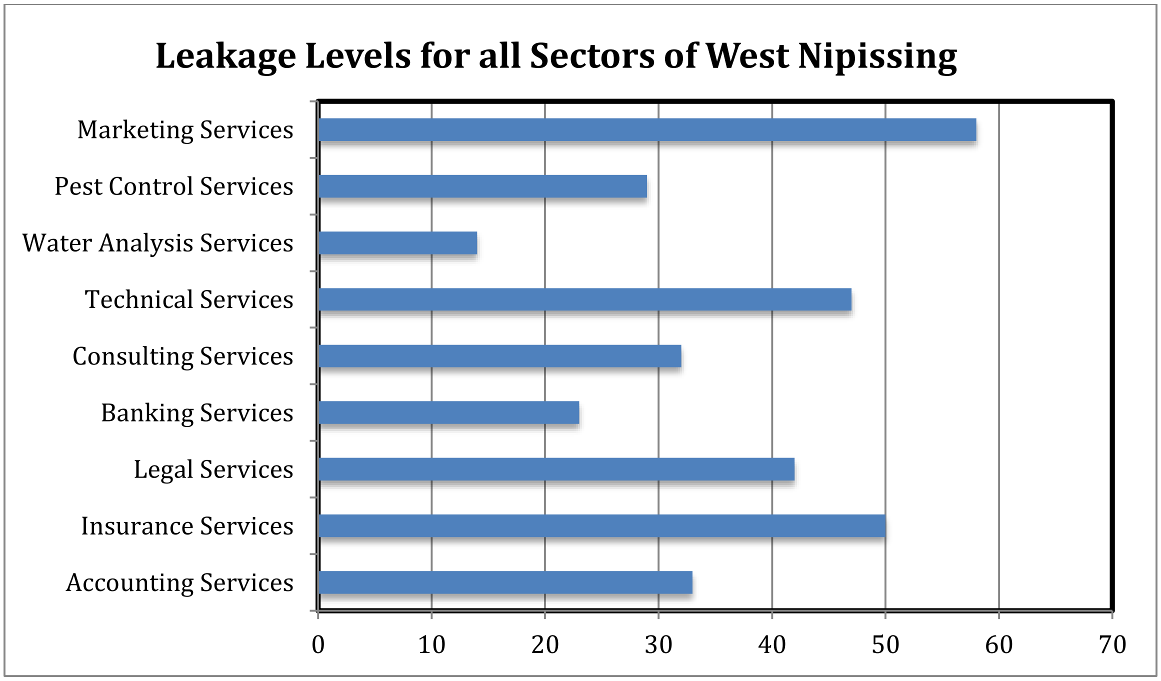
Recommendations

Many conclusions can be made when comparing the different leakage levels for specific purchases categories. The main leakage areas are products for resale, professional services and capital expenditures.

As for the products for resale, there aren't many local manufacturers that businesses can purchase from. There are a lot of companies who are either franchises or independent businesses that have very specific regulations to follow because of influences from upper management or head office. These companies have no choice but to purchase from specific companies and manufacturers because of contracts and price advantages. This indicates that virtually 100% of the products for resale are purchased outside of the region and there aren't many opportunities coming from this due to the small number of businesses in the community of West Nipissing.

The next category of purchases with a constant high leakage level is professional services. This category of expenses includes many different services that the majority of companies use to facilitate their operations. The leakage levels for these purchases are indicated in **figure 9**. The services with the highest level of leakage in the community of West Nipissing are accounting services, insurance services, legal services, consulting services, technical services, and marketing services. For this category of purchases, clients expect good quality at low prices. Some of the local services providers do not have a fully developed service that can meet all of their clients' needs. Some of the respondents to the leakage analysis survey indicated that law firms in West Nipissing do not offer court services, which means that they have to get their services in either Sudbury or North Bay. Other companies indicated that because of affiliation issues and contracts, they are obliged to make their banking, technical services, consulting services, insurance services and marketing services through head office, which explains the high leakage for these specific expenses. The opportunities for local service providers in the region include offering a greater variety of services to meet all of their clients' needs and to adjust their pricing strategies to encourage companies to make their purchases for these services within the community.

Figure 9 – Professional Services Leakage Levels



Source: West Nipissing Leakage Analysis 2015

The last category of purchases that has a high leakage level are capital expenditures. Institutions and organizations have very specific procurement policies that local contracting companies could take advantage of if they adjusted their strategies accordingly. Institutions represent a large capital expenditures and infrastructure market for the community of West Nipissing: reducing leakage levels would be extremely beneficial for local businesses, local employment and the local economy as a whole.

Other Opportunities Drawn From the Business Expense Survey

The last two questions in the survey distributed to business owners in the Retail, Tourism and Agricultural sectors referred to identifying the areas of the business that the owner was not maximizing, stating what is preventing them from doing so, and what solutions could alleviate those problems. From the completed questionnaires, recommendations can be made regarding the responses provided by the respondents.

Reasons given behind being unable to fully maximize their business range from a high competition within the community, restrictions on quotas for specific product categories, and a lack of skilled human resources within the community. Three other comments were made by a variety of local employers: the difficulty to procure goods to be resold, the lack of funding programs or grants suited to the local type of business or agricultural activity, and the lack of marketing skills or promotional funding.

The following are recommendations based on solutions proposed by survey respondents in order to address the main issues listed above.

The community should establish a newsletter, workshops, or direct links from the website in order to educate business owners on funding opportunities available to them. The goal is to display the available financial programs and detail where and how to apply for funding purposes. This newsletter would also increase visibility and communication for every event that business owners can attend.

Many business owners feel as if there is no visibility for their business if they are not located on Highway 17 (Front Street). Extra marketing efforts are necessary for firms located outside Highway 17.

Furthermore, the community (Chamber of Commerce?) could develop a business plan in collaboration with the West Nipissing Municipality focusing on the implementation of a local purchase. This plan would promote the positive effects of purchasing locally for businesses as well as promote to consumers that their “buying local” helps the West Nipissing community in a positive matter.

OPPORTUNITIES BASED ON CONSUMER LEAKAGE DATA

There are many opportunities that can be drawn from the results obtained from the consumer focus group. The discussion with local consumers involved the *iclicker* software, which provided (in this case) instant feedback to help measure accurate percentages about where product categories were bought.

A consumer leakage of about 25% is considered as average for a community the size of West Nipissing. Consumer expenses that are made in proportions over 30% outside of the region can be considered as opportunities for businesses to improve their marketing efforts, adapt new strategies, expand product variety, adjust their price, and generally try to better respond to local demand. This also creates an opportunity for new businesses to be created to alleviate the leakage problem from West Nipissing for individual consumers.

As previously discussed, a majority of products purchased outside of West Nipissing are primarily procured from North Bay, and secondly from Greater Sudbury. Main reasons for leakage are price advantage, brand selection, store selection, and other benefits provided by these larger centres. Details of the opportunities based on consumer leakage that were drawn from the focus group are shown in **figure 10**.

Opportunities Arising from the Focus Group Analysis

The area with the most leakage is the product category of apparel and footwear, with respectively, 100% and 94% leakage levels. The focus group had many age groups represented, such as postsecondary graduates to young family people to older and retired couples. This indicates that the majority of people tend to buy all of their apparel in North Bay, Greater Sudbury and Online. There are limits to these statistics, which are illustrated in the West Nipissing Leakage Analysis. The reasons for the high leakage rate are the number of benefits these cities or the Internet offer over West Nipissing businesses: store selection, price, and brand selection. There is a business opportunity in the apparel industry. Currently, the only apparel stores in West Nipissing are Giant Tiger, grocery stores, and a small number of little boutiques. There are no specific brand stores in the region, which is a promising opportunity. On the other hand, there isn't enough population, and/or the population is older, which makes it difficult to support many brand stores. Also, these consumers are more likely to shop for apparel and footwear in North Bay or Greater Sudbury due to the large variety of options and shopping centers. In one trip to either of these cities, they can buy all of the apparel they need. When individuals go shopping, they normally visit more than one retail store in their outing. Having one brand store in Sturgeon Falls, the biggest town in West Nipissing wouldn't solve the problem of store selection and brand selection. A better strategy would be to have a few brand named stores (3 to 5 stores) in Sturgeon Falls to provide consumers more selection, which they genuinely do not have when it comes to apparel and footwear. This would encourage clients to do some of their shopping locally instead of spending 100% of this category outside of the region.

Another product category that has 100% leakage rate is entertainment, which includes books, music, and videos. These products are bought in North Bay or online, given the small number of competitors offering these products in West Nipissing. There is a boutique that sells French books, dollar stores and grocery stores that retail some books, videos, and music, but the selection is very limited. This gives an opportunity for one of these organizations to expand this section of their company and improve their stock selection for this product category. A small investment in inventory to diversify the product offering would be the best way to minimize the leakage in this industry at a minor investment cost.

A third product category that demonstrates a high leakage rate is furniture and linen products with a 94% leakage level. There are a limited number of stores in West Nipissing retailing some of these products, like Mac's Office Supplies, Sears, Canadian Tire, Giant Tiger, and some Hardware stores. The main reasons for the leakage in this sector of activity that were identified in the consumer focus group are the lack of selection of products, higher price levels, low quantities in stock (availability), the lack of promotions, and the lack of price matching. The leakage areas for these products are North Bay followed by Greater Sudbury. This represents an opportunity for another store to establish itself in the area to sell these products. This company would need to establish itself as an organization that serves both consumers and business clients because of the large number of businesses in the region and the high consumer leakage that is at 94%. A new store in West Nipissing would create more competition and drive prices down, offer a better product and brand selection, etc. The new company would have to establish good pricing strategies to meet customers' expectations in price matching, financing options, and promotions. Appliances could also be integrated into this company's activities due to the 63% leakage level of this product category. This could encourage consumers to buy locally if the local stores can offer the same benefits as other stores in North Bay and Greater Sudbury, and it could offer a higher level of convenience to the individuals and businesses by being able to buy locally and by having better hours of operation.

There is also a 56% leakage rate for products in the office and home supplies category. There are local clients that offer these products, but consumers tend to buy these products online or elsewhere because of the price advantages, better selection, and convenience. This gives an opportunity for local businesses in this sector to adjust their strategy to solve some of these problems. This is where business owners need to evaluate if cutting margins might improve sales levels and transform lower margins into higher total profits due to larger sales volumes. Other opportunities to keep local clients could be to extend hours of operation and improve customer service.

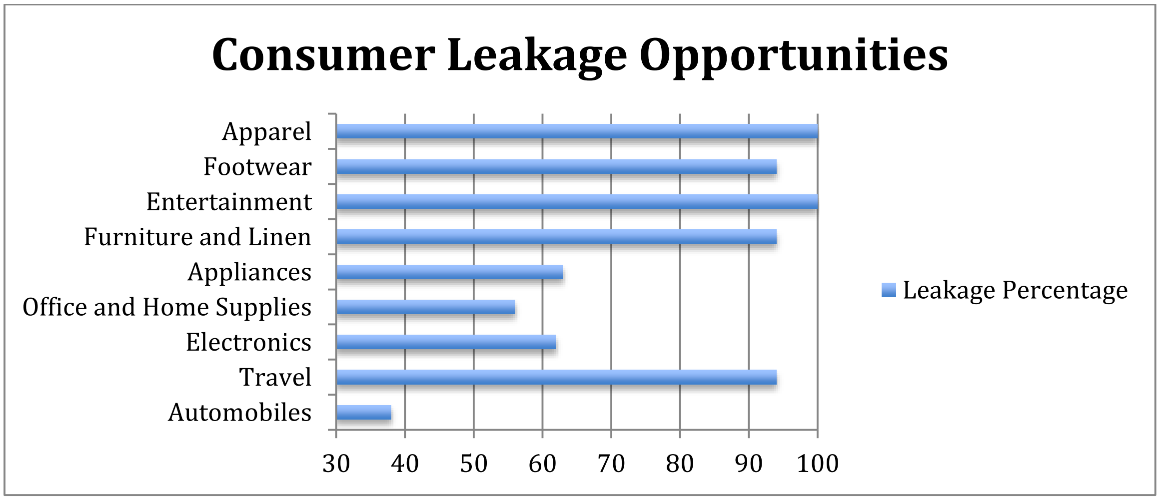
At 62%, electronics is another product category that has significant leakage. Focus group participants reported buying these products in North Bay and Greater Sudbury, the reason being product and brand variety, financing options, price advantages and better warranties. There are some local companies in this industry, and people who buy their products locally indicated that it was because of the good customer service and trust. The main reason for leakage is lower prices offered by larger stores in either North Bay and/or Greater Sudbury. This presents an opportunity for local companies to adjust their pricing strategy, but it is important to take population levels into consideration in the West Nipissing area.

With a 94% leakage rate, residents from the region indicated that they purchase their travel and vacations outside of West Nipissing. They purchase their trips in North Bay or online because of price advantages, the higher security of using travel agents, and because they are not aware of local travel agents. This gives an opportunity for local travel agents to advertise their services and gain the trust of consumers. This could help keep the portion of travel purchases that are made in North Bay within the community of West Nipissing.

Automobile purchases are another category of products that have a significant leakage percentage: 38%. Respondents of the focus group indicated that price, selection of brands, financing options, promotions, and interest rates are all better in larger cities. The main areas of the leakage are North Bay, Greater Sudbury, as well as auctions in Southern Ontario. This presents an opportunity for local car dealerships to offer better promotions and competitive prices to entice consumers to purchase locally. This strategy could involve cutting margins in an already small market, but the added sales potentially created by such a strategy could compensate for the lower margins.

High leakage percentages were also identified in the utilities category, specifically for hydro, heating, telephone, Internet, and television services. There was a lot of confusion for this category of products as to what is considered local and what is not. The majority of these expenses are made outside of the area, and there are not many opportunities in this sector because of the big barriers to each market and also because of the small population of West Nipissing.

Figure 10 – Consumer Leakage Opportunities



Source: West Nipissing Leakage Analysis 2015

Recommendations

There were many other business opportunities that were mentioned by respondents during the focus group. The main issue consumers have in West Nipissing is the lack of medium to high-quality restaurants. Sturgeon Falls has a lot of fast-food restaurants, lower quality home-cooked meals restaurants, a few pubs, and a small number of coffee shops. There are only a very limited number of good quality restaurants in the region, which are always busy or seen as too «high class» for families. Sturgeon Falls should have at least one restaurant that is considered middle-range, like Casey's, East Side Mario's, or Boston Pizza, which would encourage local residents to eat out more often. A restaurant like this would also benefit West Nipissing with its high propensity to attract tourists due to the strength of the brand name. Sturgeon Falls has a new hotel that drives higher end clients to stay overnight in town, but there isn't any corresponding medium to high-quality restaurant. This would help grow the tourism sector from a visitor stand point as well as improve the quality of life for people from Sturgeon Falls and surroundings who feel like they don't have any «quality» restaurants of this type. Barriers for this type of restaurant would be to find a location on Front Street in or near Sturgeon Falls to establish the highest visibility possible. Any other location wouldn't be visible to the high number of traffic on highway 17. There aren't any open locations on this street and/or the rent is very high for the prime visibility that Front Street has to offer. The only opportunity would be to build a new building at either end of the town to create more leasing space for companies.

Some of the residents also indicated that the hours of operation of the majority of the local restaurants were not convenient. This suggests that opportunities exist for businesses to solve this problem, but it represents a higher cost. The low population level poses a threat to some of these restaurants because costs can possibly not be worth the extra revenue from extended hours of operation. Companies who decide to take advantage of this opportunity should create a unique service and experience to drive customers into their establishment, even at a late hour.

Another business opportunity that respondents identified in the consumer focus group was the lack of local gift cards for sale featuring purchases with other local businesses. There are some companies that sell a variety of gift cards for different stores and restaurants, but not many for local stores; current gift cards sold in West Nipissing are for stores located in North Bay or in Greater Sudbury. Residents would like to be able to buy gift cards that support local businesses and activities such as swimming, skate sharpening, etc. Local companies and organizations should invest in gift cards and retailing them in their own stores or even in retailers such as pharmacies and corner stores or gas stations. This concept would encourage parents to buy their kids gift cards for holidays or special events that they can use within the community, which would reduce the leakage coming from gift cards sold in West Nipissing that are for stores and restaurants located outside of the region.

Businesses have to look at their pricing strategies because products or services prices are the primary cause of consumer leakage. Most companies in West Nipissing are considered as smaller ones compared to competing cities and they do not benefit from the discounts on quantity offered by manufacturers or wholesalers for products for resale. Some businesses, within the same industry that retail the same kind of products and brands, could make joint ventures and partnerships in order to purchase their products together in order to benefit from volume discounts. In return, companies could offer competitive prices.

RECOMMENDATIONS BASED ON SECONDARY INFORMATION

This section of the report will compare the community of West Nipissing to other regions as well as analyze different market feasibility studies and recommendations made to these other communities that can apply to West Nipissing. The main communities compared to West Nipissing are South Georgian Bay, the Township of Georgian Bay, and Temagami. Other secondary information come from a study done at the University of British Columbia's Sauder Business School: *Buying Local: Tools for Forward-Thinking Institutions*, (Duffy and Pringle, 2013) and by a study done by Site Magazine and IBM Global (2013): *World's Most Competitive Cities: A Global Investor's Perspective on True City Competitiveness*.

South Georgian Bay Regional Economic Development Strategic Plan of 2011

In June 2011, the South Georgian Bay area completed the "South Georgian Bay Regional Economic Development Strategic Plan". This document served to provide economic development recommendations for the four communities that make up the South Georgian Bay region: Collingwood, The Blue Mountains, Clearview and Wasaga Beach. The purpose of this document was to analyze the changes in their local economy and to assist in establishing a course of action for the future economic development programming within their communities.

The "South Georgian Bay Regional Economic Development Strategic Plan" listed various recommendations for the region based on entrepreneurship, education and workforce development, tourism, business retention and expansion, investment readiness, and regional business communications. Many of the recommendations made in the South Georgian Bay report were relevant to not only the communities within their area but as well to those located in the West Nipissing region given the similar size of both communities. The average population of the communities located within the South Georgian Bay region, as established in the 2011 Statistics Canada census, is 14,241 that is comparable to the population of West Nipissing of 14,149. Various recommendations included creating mentorship programs to increase the education level of present and future entrepreneurs. That recommendation does apply to the community of West Nipissing.

To begin, it is highly important to ensure that all entrepreneurship resources and training opportunities are available and accessible to all surrounding communities within the West Nipissing region. This will help current and future business owners expand their entrepreneurship capabilities as well as give them access to specific resources and funding they need for future expansion or upkeeps for their business.

In order to help current and future entrepreneurs expand their knowledge, skills, and capabilities in growing their businesses and having better management abilities, a partnership between Collège Boréal and the West Nipissing Chamber of Commerce is being recommended. Collège Boréal is a renowned post-secondary institution throughout Ontario and it is also the only post-secondary institution within the West Nipissing boundaries. By creating a partnership with this recognized establishment, workshops and seminars for current and new business owners can be offered. The partnership will strengthen the entrepreneurship support services offered by the Chamber of Commerce and assist them in expanding their relationship with members of the community. With the college, and in conjunction with the Labour Group Workforce Planning Board, the Chamber of Commerce can develop a Regional Workforce Development Strategy in order to identify the education and skills that entrepreneurs need. The workshops that should be offered can range from a variety of subjects, such as marketing and promotion (including advertising), human resources management issues, business strategy topics, business-to-business marketing, and any other workshops recommended by Chamber members in the future.

On a second note, having a mentor has also proven to reduce failure rates and increase growth rates for entrepreneurs. Calling on the help of successful retirees or successful business owners in the region in order to mentor local entrepreneurs and share their expertise would assist in the growth of local businesses as well as the local economy. The

Business Development Bank is a federal agency known for helping organize mentorship programs tailored to the needs of individual entrepreneurs at reasonable cost.

An effective way of stimulating the economy within a community is the collaboration of stakeholders in economic development. Different assets and issues are specific to each community and with the cooperation of the stakeholders, the different assets can be increased and the distinctive issues can be resolved. Monthly or bi-monthly meetings should be organized in order for investors to familiarize themselves with each other and share their personal experiences and concerns regarding economic development within the West Nipissing region. The collaboration of shareholders creates a stronger union when major investment opportunities arise in the area.

Another recommendation is creating a branding and awareness program to represent local businesses and entrepreneurs within the area, and must be available to everyone in the community. There are many businesses that are not fully maximizing their potential due to the fact that the population of West Nipissing does not know of their existence. Those assisting in the creation, implementation, and maintenance of the program can be consumers (members of the community), business owners, or professionals.

Finally, although the West Nipissing Municipality has already established a presence on the Internet and social media, there is a need for the West Nipissing Chamber of Commerce to develop a larger presence on these platforms. All websites and social media content relating to West Nipissing should be current and interactive and offer relevant entrepreneurship information such as funding, training, and education opportunities.

Township of Georgian Bay: Community Based Economic Development Strategy 2014-2017, Published in 2014

The Township of Georgian Bay: Community Based Economic Development Strategy Plan introduces recommendations that can apply to the community of West Nipissing. These recommendations are the following: support existing businesses in the community, stimulate entrepreneurship and formation of new small businesses, and create an environment that supports training and education.

The first recommendation involves making things easier for existing companies. Offering seminars at a bi-annually schedule, showcasing funding opportunities, and creating yearly job fairs could all benefit the business owners of West Nipissing.

Secondly, a small business development program can be created and implemented to provide meeting space for businesses and clients from surrounding areas, creating seminars, offer the details of different studies made for the community of West Nipissing to the public and actual and potential business owners to give them better access to the market (post them on the Chamber website). A list of funding opportunities should also be uploaded on the Chamber of Commerce as well as the Municipality's websites.

The last recommendation from this report is similar to one from the South Georgian Bay community, which is to implement training and education programs to have better educated business owners to improve the quality of life of the local labour force, other businesses and the entire community. The only drawback related to this recommendation is that most business people prefer in-house training directly suiting their needs, rather than having to go out somewhere to get «one-size-fits-all» types of seminars.

Competitive Analysis for the Municipality of Temagami 2012

The Temagami competitive analysis report showcases the advantages and disadvantages of the community compared to other comparable municipalities (**exhibit 1**). This study identifies areas in which the municipality can improve to give the community of West Nipissing a better advantage in creating new businesses as compared to the major rival cities and regions, like North Bay, Greater Sudbury and the District of Sudbury.

Buying Local: Tools for Forward-Thinking Institutions 2013

This analysis identifies different areas where institutions and large organizations have challenges when it comes to buying locally and offers solutions to these problems. The limits of this report are that buying locally could come into conflict with commercial agreements with other provinces or other countries, but some of the solutions proposed can be implemented in different communities as they stay within the boundaries of those agreements.

Some of the challenges from buying locally are: cost of tendering offers, putting together customer value propositions, the contracts are too large, lack of advertisement of smaller contracts, contracts are bundled together, and other impediments. These challenges provoke a lack of local competition, which is the cause of leakage when it comes to capital expenditures from institutions. In the case of West Nipissing, capital expenditures have a high leakage percentage, which means that institutions from the region need to adjust their tender offerings to meet local companies' standards and these local companies have to adjust their proposals to meet these institutions' standards.

Solutions include identifying what is local as well as identifying the leakage rates. This first step has been completed in the West Nipissing Leakage Analysis of 2015. In order to generate greater engagement, institutions should concentrate on several types of actions including the following: reverse tradeshows, pre-procurement process, broader advertisement and require bids from local companies. Process improvements include speedy payment, simplifying tender documents and unbundling contracts. The locality to other value-based goals aims to include small businesses, social ventures, sustainability, and minority and female owned businesses. The move towards "total cost" includes creating scorecards with a weight on local companies, measuring the local suppliers, and including the taxes in the bidding process. The final solution is for the policy makers, notably the local institutions, which is to adjust their offering to give local companies the advantage over other companies from outside areas.

The World's Most Competitive Cities 2013

Site Selection magazine in cooperation with IBM Global Business Services in 2013 put together a report on "The World's Most Competitive Cities: A Global Investor's Perspective on True City Competitiveness". The goal of this report was to identify the main competitive cities in the world from international investors' viewpoint. Cities rankings mentioned in the report were determined by sectors and specific rubrics chosen by global corporate decision makers. The rubrics used to compare different aspects of investments of cities consisted of General Business Development, Regulations, Talent, Sector Specialization, Infrastructure and Connectivity, and Living Environment. Each rubric was rated with a specific weight variable per sector incorporating various factors (**exhibit 2**).

The report analyzed cities under the 7 rubrics and corresponding factors to determine the attractiveness of each city for the establishment of a division of a corporation as well as for the headquarters itself. This study identified quality-price ratios, location perception by consumers, the quality of the workforce available, the location respective to key suppliers, the infrastructures available, the environment and quality of life for the population, as well as the advantages of all the laws and regulations affecting business activities.

The conclusions from this report are that the community of West Nipissing has to offer price advantages when it comes to creating new businesses, have a qualified workforce, have good infrastructure to allow easy operations such as buildings and highways, and has to offer better advantages for businesses than Greater Sudbury and North Bay. The community of West Nipissing should publish a report identifying all of the strong points of doing business in the area.

KEY RECOMMENDATIONS

This report illustrated many business opportunities as well as recommendations that the municipality of West Nipissing could undertake to improve the business environment and the livelihood (quality of life) of the population. There are some suggestions that are pulled directly from the leakage levels of both consumer expenses and business expenses, from key business representatives from the region, as well as suggestions from secondary information coming from previous studies of different communities.

The main reason for consumer leakage is explained by the disadvantages of product and service pricing and variety, and this applies to all kinds of expenses from retail products to professional services. The same problem occurs for business expenses, as price, quality of service, and restrictions from headquarters are the main causes for leakage. Business owners also indicated that there were problems of visibility if their location was not on Highway 17 and statistics show that the local population has lower than average revenues and level of education. Furthermore, institutions indicated that the majority of their capital expenses are made outside of the area because local companies can't fulfill the entire tender offer. All of these problems and weaknesses bring out the key recommendations that could be adopted by the Municipality and the West Nipissing Chamber of Commerce, in partnership with the Nipissing First Nation where relevant, as well as with relevant sectorial organizations and institutions:

- Open a higher-end restaurant in Sturgeon Falls.
- Continue the expansion of commercial space/buildings on either end of Sturgeon Falls on Highway 17 to allow more businesses to establish themselves where visibility is greater.
- Create a partnership with a postsecondary institution to offer actual and potential business owner's different courses, programs and workshops to improve the day-to-day operations of their businesses as well as their knowledge.
- Organize an annual forum where grocery retailers and restaurants can meet with local farmers to facilitate the selling process and increase local sales.

- Publish, in local papers and online, most reports made to the community of West Nipissing to improve the business owner's knowledge of the current state of the local economy.
- Entice local businesses to reduce retail prices to minimize the leakage of consumer spending.
- Publish a list of possible funding for established and potential business owners.
- Persuade local institutions to unbundle their tender offerings and entice local businesses to bid on these smaller contracts.
- Publish the advantages of starting a business in the community of West Nipissing.
- Create a marketing communication campaign to entice the younger population to come back to the community after having completed their postsecondary education.
- Create job fairs for the community.
- Encourage local companies to sell gift cards for businesses operating within the community.
- Help business owners to evaluate and improve their marketing strategies: enhancing product/service offering, pricing tactics, communication methods, supply chain management.
- Improve hours of operation to accommodate the demand of the population.
- Encourage new brand companies to establish themselves within the community to offer more product variety and create competition to lower prices.
- Establish a strategy to encourage companies to buy locally.

All of these recommendations should make the community a better place to live in as well as create a healthy business environment. They would also help reduce the leakage rates, as well the number of reasons that local customers will have to leave the community for their purchases should decrease. West Nipissing has a lot of potential if they can reduce the leakage rates from consumer expenses as well as from business expenses.

Exhibits

Exhibit 1 – Temagami Community Competitive Analysis Matrix

3.1 Community Competitive Analysis Matrix

Competitive Advantages (+) and Competitive Disadvantages (-)

FACTORS	Temagami Compared to:					
	North Bay	Temiskaming Shores	West Nipissing	Mattawa	Powassan	Black River-Matheson
2012 Demographics & Labour Force						
Population (size ol local market)	- - -	- -	- -	- -	-	-
Age Profile	- -	-	-	-	-	-
2011 Income (Average Income, Household Income)	+ +	+ +	+ +		+	+
Major Labour Force Indicators						
Size of total labor force	- - -	- -	- -	-	-	-
Participation rate	+	+		-	+	
Employment Rate	+	+		- -	-	
Unemployment Rate		+		- - -	-	- -
Educational attainment	- -	-		+ +	-	
Language Skills: bilingual	-	- -	- - -	- - -		- -
Local Industry/Local Economy						
Largest Employers (employment diversity)	- - -	- -	- -	-	-	-
Presence of supplier businesses	- - -	- -	- -			-
Transportation / Access to Markets						
Proximity: Major Market Centre (Toronto, North Bay, Sudbury)	-	+	-	-	- -	+ + +
Proximity to Highways (Highway 400, 11 and 17)	- -	+	- -	-	- - -	+ + +
Proximity to Airports (Toronto, North Bay Sudbury)	-	+	-	-	- -	+ + +
Proximity to Railways / Intermodal Facilities	-	+			+ +	+ +
Cost of Doing Business						
Local Property Rates (Total tax rate) 2012	+ +	+ + +	+ +	+ + +	+ +	+ +
Electricity (Availability, Rate)						
Natural Gas (Availability, Rate)						
Water (Availability, Rate)	- - -	- - -	- -	-		
Sewer (Availability, Rate)	- - -	- - -	- -	-		
Fire Hydrant Availability in Industrial Park	- - -	- - -	- - -			
Telecommunication (Hi-Speed, Cell) Availability	- - -	- -	- -		-	
Costs for Permitting, Commercial & Industrial Building Permits	+ +		-	-		+
Time Required to Process Zoning, Site Plan, Building Permits	+ +	+				
Development Charges						
Local Incentive Programs (tax exemptions, grants, etc)						
Property Availability and Cost						
Serviced Industrial Land Availability (shovel ready sites)	- - -	- -	- -			
Cost of Land ($/acres) for Industrial Land	+ +	+ +	+ +	+	+	
Education & Training						
Secondary School (high schools: English & French, distance)	- - -	- -	- -	-	-	
Universities and Colleges (distance)	- - -	+	-	-	-	
Quality of Life						
Health Care Facilities (Largest Hospital/Health Centre: km)	- - -	- -	- -	- -	-	-
Emergency Services (Firefighter: % FT vs. % PT)	- - -	- -	- -	- -	-	-
Average Dwelling Value $	+ +	+	+	-	+	- -
Other Factors						
Employment income per capita	+ +	+ +	+	+	+	+ +
Productivity				- -	- -	- - -
Productivity growth (%)	+	- -	-		-	- - -
Total Number of Businesses	- - -	- -	-			
Traffic Counts 2009	- - -	+	-	-	-	+ +

	- - -	substantial disadvantage	+ + +	substantially greater advantage
Legend	- -	greater disadvantage	+ +	greater advantage
	-	slightly disadvantageous	+	slightly advantageous

Exhibit 2 – The World's Most Competitive Cities Criteria

Category	Factor
General Business Environment	Economic and financial stability
	Political stability
	Transparency of legal system
Regulations	Work time regulation
	Hiring & firing regulations
	Business permitting
	IP protection
	Data Security
	Ease of entry for expatriates and foreign business visitors
Market	Market proximity and access to customers
	Market opportunity
Talent	Presence of scientific/R&D staff
	Presence of experienced sector specific staff
	Presence of non-experienced staff
	Competition for staff
	Social climate and labor-employer relations
	Mastery of English (as corporate) language
	Language skills (regional)
Sector Specialization	Presence of potential partners
	Presence of local support base
	Presence of specialized R&D base
	Presence of academic research
Infrastructure and Connectivity	International accessibility
	Regional accessibility
	Local mobility
	Reliability of power supply
	Quality and reliability of telecommunications
Living Environment	Cultural attraction and clean environment
	Quality of public services
	Public safety

Exhibit 3 - A note about clusters (adapted from Cachon & Blanco, 2007)

Cluster research is rooted in the economic questions of firm localization and regional development, particularly for those regions that are not developed and are trying to create the conditions likely to foster their economic development by attracting new firms. Economists have studied concentrations of firms at least since Alfred Marshall (1890). More recently, a large body of research has looked into cluster formation (Bresnahan, Gambardella, and Saxenian, 2001) and proximity (Boschma, 2005, 2005a; Oerlemans and Meeus, 2005; Torre and Rallet, 2005). Models have been developed to attempt to explain regional differences (Porter, 2003; Maggioni, 2000; Glaeser et al., 1992). Porter (2003) made a distinction between three categories of industries: 1) Local industries provide goods and services to the local market and have a level of employment proportional to the local population; 2) Resource dependent industries such as mining, logging, and transportation form the second category and compete with other national and international locations; 3) A third group of industries are not dependent upon resources and choose a specific location on various competitive considerations. These latter trade industries sell to other regions as well as other countries (automotive and aircraft parts, software, pollution control industries etc.). Maskell (2001) also noted that it is a fit between a group of firms and their regional environment that causes a cluster to succeed, as well as proximity of mature low-tech industry with new and innovative ones (Bottazzi, 2001), and industrial diversity (Puga, 2002, Sabel, 2002).

The Mining Industry is subject to Long Cycles

In the pioneering text that cost him his life, Kondratieff (1935) demonstrated the statistical presence of long-term cycles for base products such as coal and iron. Van Duijn (1983) summarized the vast body of research that followed, and it is not surprising to see that demand for metals, which rose between about 1934 to about 1971 remained stagnant or receded until the beginning of the 21st century. The recent explosion of the demand for metals is not only the result of the expansion of Asian economies (despite the long term Japanese recession), it is also the manifestation of long cycles which have been observed since the beginning of the industrial revolution.

As a result of the current upward trend, the structure of the mining industry is changing: junior exploration firms arise as well as new smaller mining firms in Canada and elsewhere, mergers among large oligopolies occur as these firms are restructuring their financial structure and their assets. The current upward trend is likely to continue, with short-term interim upward and downward trends, well into the third decade of this century. It involves not only the widespread passage of Asia to the industrial and post industrial era, but also a massive replacement of infrastructure among Western hemisphere countries as well as the emergence of formerly Third-World countries.

Canada Needs Recognizing the Importance of Northern Ontario

The Antofagasta region has for a long time had a larger economic role within Chile (Moran, 1974) than Northern Ontario within Canada and appears to be treated according to its importance by Chilean policy decision makers. G&K (2006) report that, with 8,918 metals ore mining employees in 2005, Ontario represented 42.4% of the total employment in that industry in Canada (p. 20). This importance (all these jobs being located in Northern Ontario) is neglected for two reasons: the first one is because, overall, mining represented a total output of $ 7.2 billion in 2005, or 1.3% of the total GDP for Ontario alone. The second reason is that mining supply industry employment is not adequately measured by Statistics Canada, and ends up underestimated. For example, firms in this Canadian sample listed within service categories under the North American Industry Classification are not counted as being part of the mining suppliers. This gap in official Canadian statistics needs to be corrected.

Recognizing the Importance of Incremental Innovation

Incremental innovation is shown as an important aspect of the research and development performed by firms in the mining supply sector. This type of innovation is widely recognized by scholars and business people alike and deserves to be recognized for its value as a vehicle for establishing and maintaining competitive edges in industrial markets. In a recent article, Bhaskaran (2006) noted that incremental innovations "are generally cheaper and can be operationalized much more rapidly and could lead to the growth of more competitive firms."

Encouraging and Nurturing Strategic Alliances

This study shows the importance of strategic alliances for innovative companies in the mining supply sector. This finding confirms that strategic alliances are a necessity for success in all sectors where technology plays an important role in terms of competitive success. As a consequence, encouraging and nurturing strategic alliances between firms, suppliers, competitors, universities, research centres, and public institutions has become one of the key roles for public decision makers to be playing. Collaborative action between firms and various types of institutions is successfully nurtured by support to research, investment in research infrastructure, in scientific exchanges between firms and public institutions, both national and foreign.

The Transportation Problem

Despite the need for ever better transport infrastructures in order to improve the relative accessibility of Northern regions, Puga (2002) noted, citing Europe as an example, that it were the main transport nodes which were favoured and benefited the most. In that light, decision makers at the political level need to make choices, notably in terms of which cities are going to be hubs in more remote areas and which ones will be spokes. In such cluster models, it is usually more economical to have interconnections through the hub, rather than creating high-cost secondary routes (Puga and Venables, 1997). This is particularly the case over long distances and needs to be mitigated by local, specific circumstances.

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