

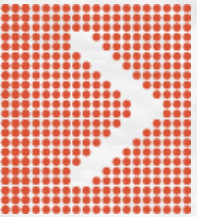
Salt Lake City Business Study



edcUTAH

ECONOMIC
DEVELOPMENT
CORPORATION
OF UTAH





PROGRESSION OF PRESENTATION

- **Research Objectives**
- **Methodology**
- **Quantitative Results**
- **Qualitative Results**
- **Possible Solutions**
- **Summary Statistics (appendix)**

RESEARCH OBJECTIVES

- Identify key characteristics of expanding Salt Lake City (SLC) companies
- Define key barriers to growth for SLC businesses
 - Determine potential supply chain constraints and weaknesses
- Identify potential solutions that stakeholders can help solve
- Understand SLC's value proposition to existing SLC businesses
- Determine which companies are currently exporting, or are primed to begin exporting





METHODOLOGY

EDC Utah sent an online survey using Qualtrics to all businesses in SLC with a valid email address attached to their business license.

- 5,797 SLC businesses were invited to participate in the survey
- 813 businesses completed the online survey, representing a 14% response rate (*industry norm = 10% - 15%*)

Incentives:

- Dinner with the Mayor of Salt Lake City, Jackie Biskupski
- Four tickets to a Utah Jazz game
- Four tickets to the Eccles Theater

****Results are statistically significant at the 95% Confidence Level with a Confidence Interval (Margin of Error) of +/-3.34% (industry norm MoE = +/- 5%)*



METHODOLOGY

Additionally, EDCUtah built a business list of Salt Lake City businesses for In-Depth Interviews (IDIs) based on industries that met the following criteria:

- Location quotient above 1.25
- Employment accounting for a significant portion of the city economy
- Positive historical growth
- Positive expected future growth
- Strong wages

These interviews were designed to provide a touch-point between businesses and local leadership as well as inform qualitative data to supplement the online survey portion of this study.

Individuals from Salt Lake City Corporation, the Salt Lake Chamber of Commerce, and Downtown Alliance conducted 107 interviews with businesses in Salt Lake City.

Quantitative Results





Quantitative Research

This portion of the presentation presents the results of the online quantitative survey. This data was validated using statistical analysis to ensure results were accurate. Due to the high sample size (813) and small margin of error (+/-3.34%), we can infer, based on a 95% Confidence Level, that all businesses in Salt Lake City, on average, feel the same as the results in the following slides, and therefore their answers would match the distribution of answers found here.

KEY FINDINGS

50% to 80% of companies would expand in SLC given the need / opportunity, leaving **20% to 50%** that may not.

- The majority of company respondents were SMEs headquartered in SLC that have been in business less than 10 years
- Salt Lake City's Net Promoter Score (NPS): -24.91

Top reasons businesses choose to not expand in SLC:

- Operational costs
- Customer base
- Tax environment
- Regulatory requirements
- Homelessness, drug, and crime issues

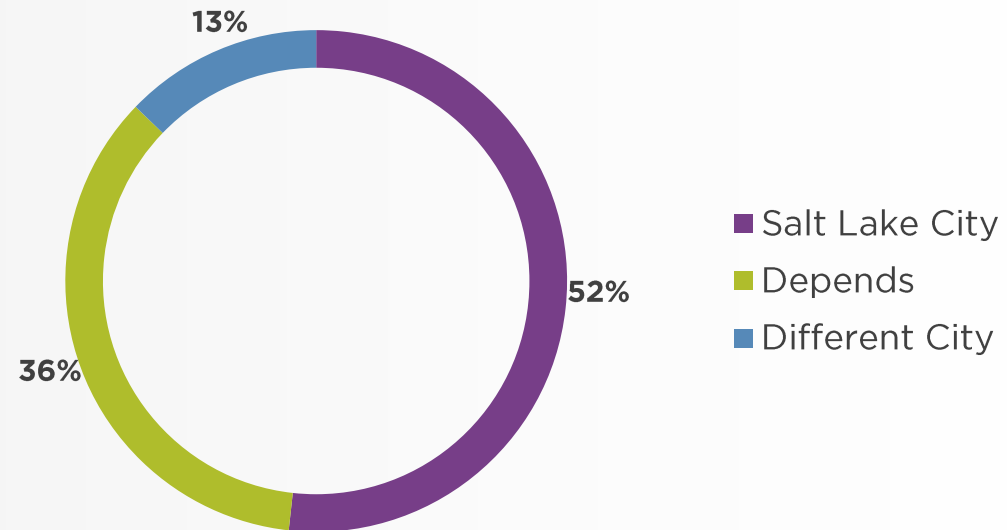
Major contributors that keep companies in SLC:

- Proximity / access to customers
- Pro-business environment
- Quality of life
- Arts and entertainment scene
- Ease of talent recruitment



CHARACTERISTICS OF EXPANDING SLC COMPANIES

If the need to expand were to arise, **13%** of Salt Lake City companies would choose to not expand in SLC, while **36%** are undecided. The undecided group presents an opportunity for SLC.

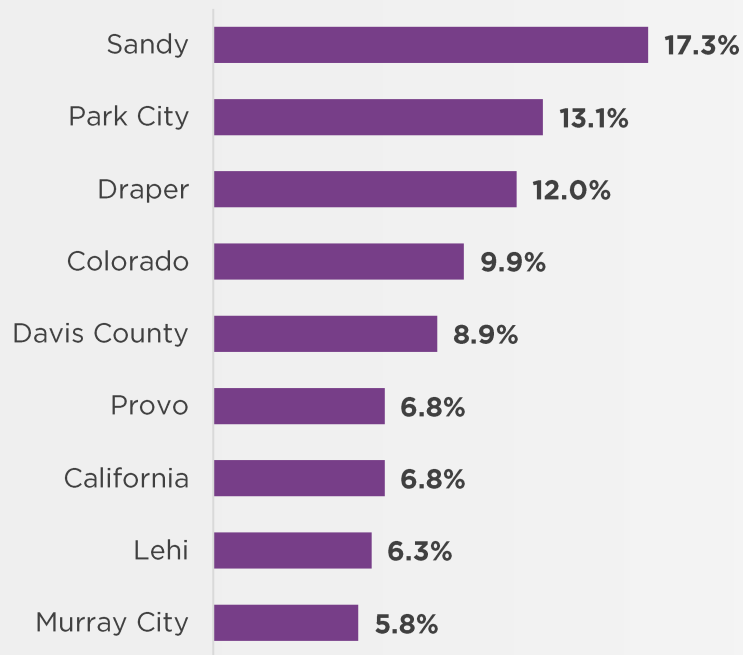




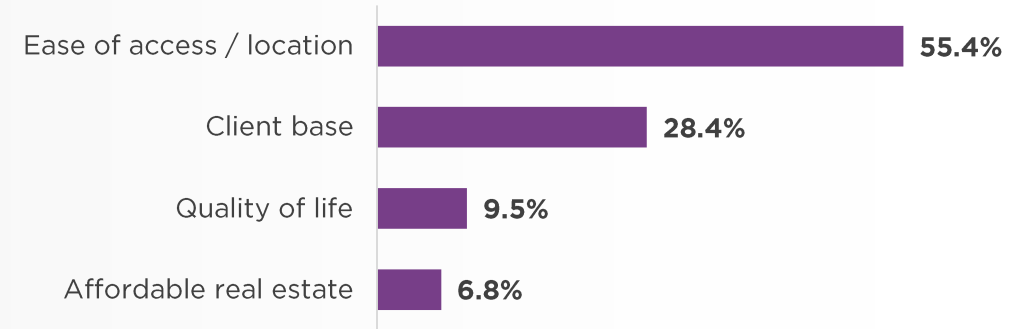
CHARACTERISTICS OF EXPANDING SLC COMPANIES

Companies expanding or relocating outside SLC primarily still want to stay within Utah State.

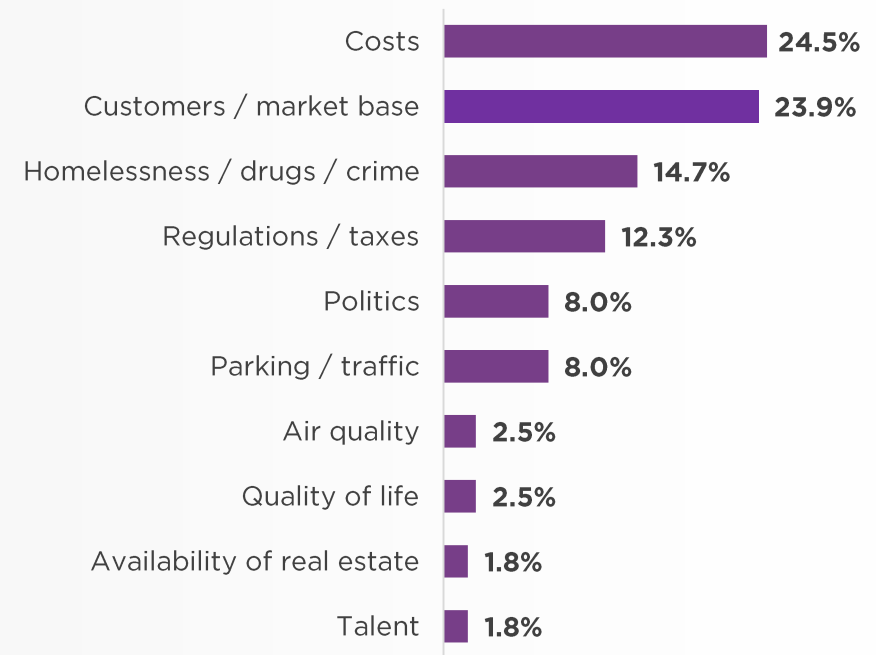
Location expansion choices



Benefits to expanding within SLC



Reasons to not expand within SLC





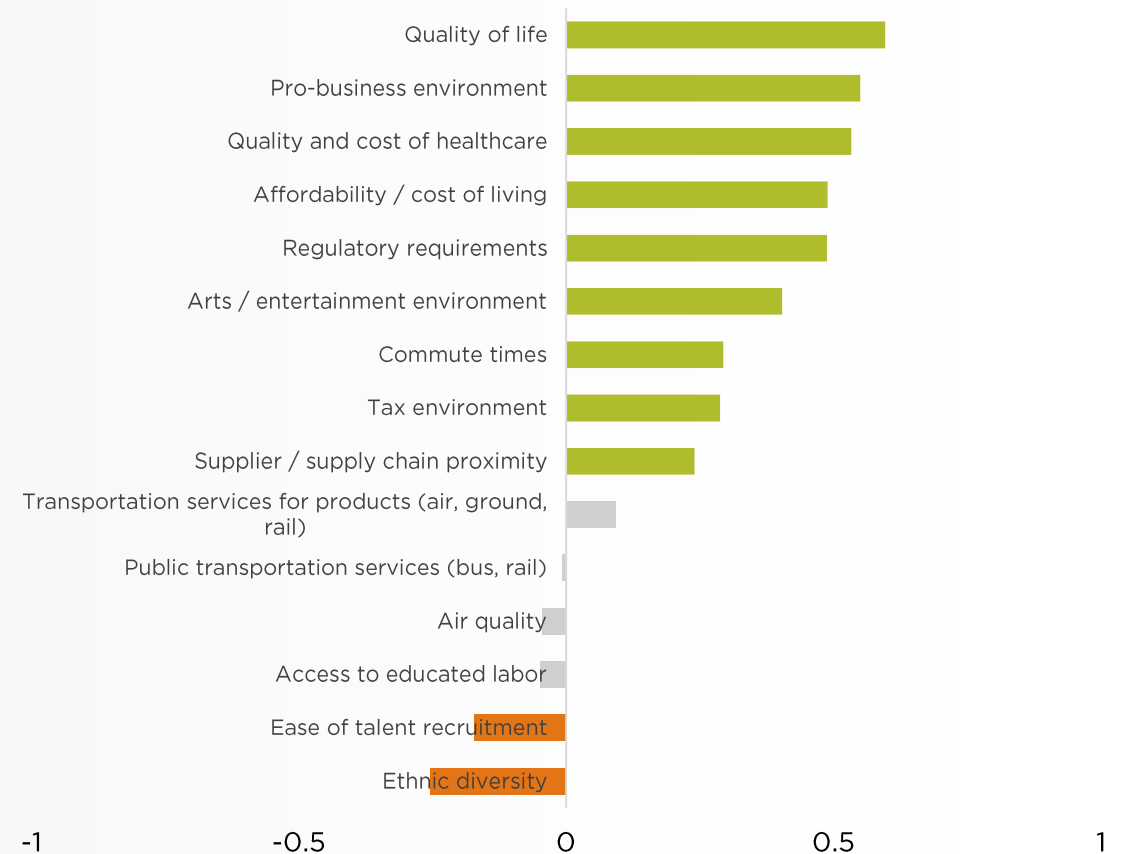
CHARACTERISTICS OF EXPANDING SLC COMPANIES

Ranking of Categories

Companies were asked to rank Salt Lake City across the categories listed to the right (on a 1 to 5 scale). Here we see a comparison of how companies that would stay in Salt Lake City feel about those categories compared to companies that would leave the city.

- **Green bars:** Categories for which companies choosing Salt Lake City feel perform better than companies that would leave the city.
- **Orange bars:** Categories for which companies who may leave the city feel perform better than those who would stay in the city.
- **Gray bars:** Not statistically significantly different than zero (i.e. both groups effectively ranked these categories the same).

Ranking differences: “SLC” minus “different city”

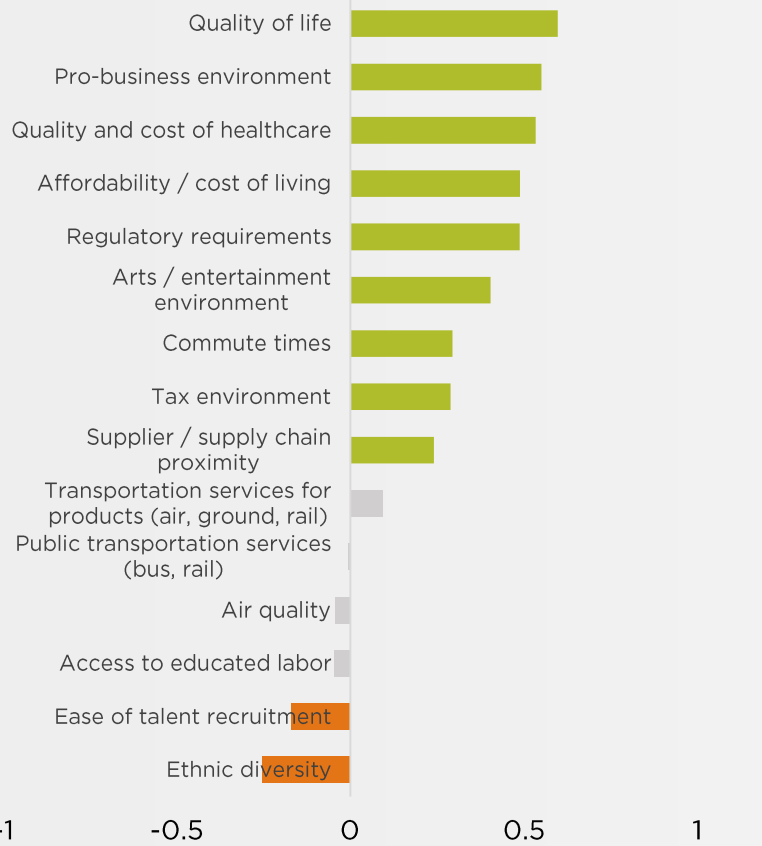




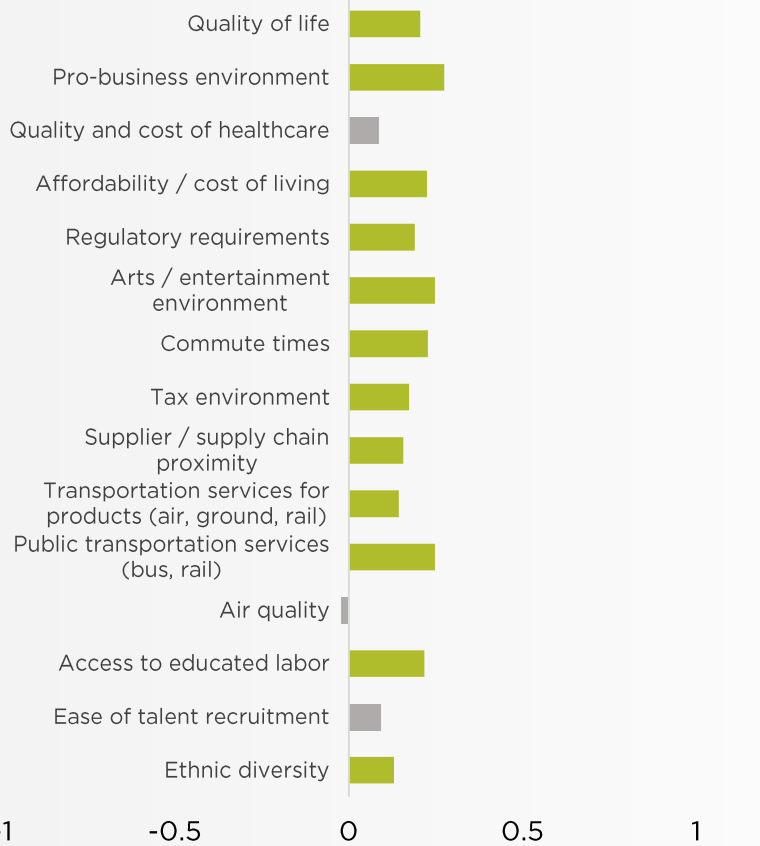
CHARACTERISTICS OF EXPANDING SLC COMPANIES

Ranking of Categories

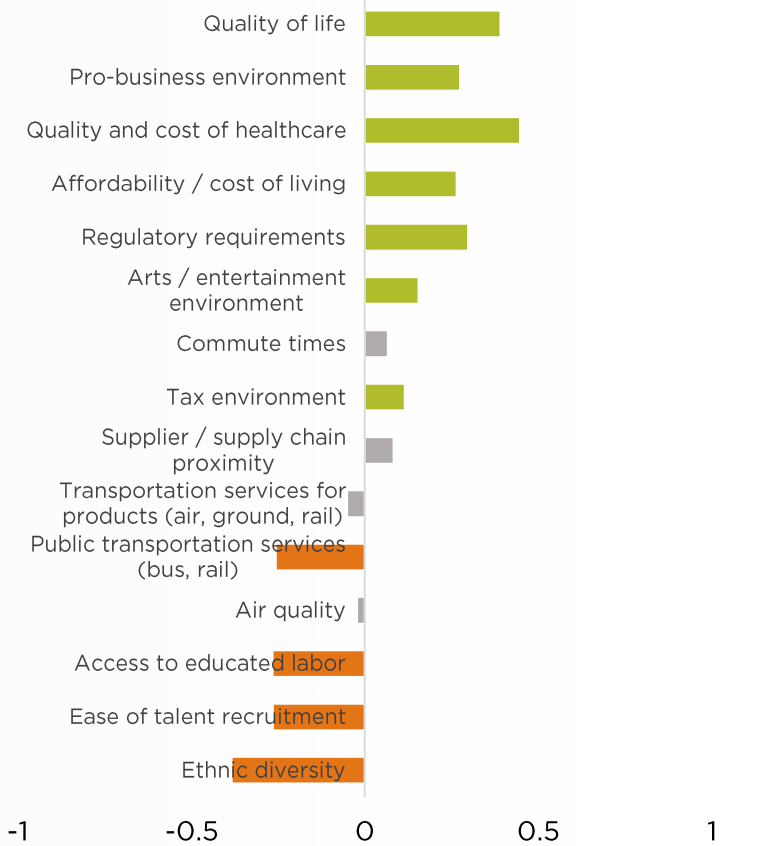
Ranking differences: “SLC” minus “different city”



Ranking differences: “SLC” minus “depends”



Ranking differences: “depends” minus “different”



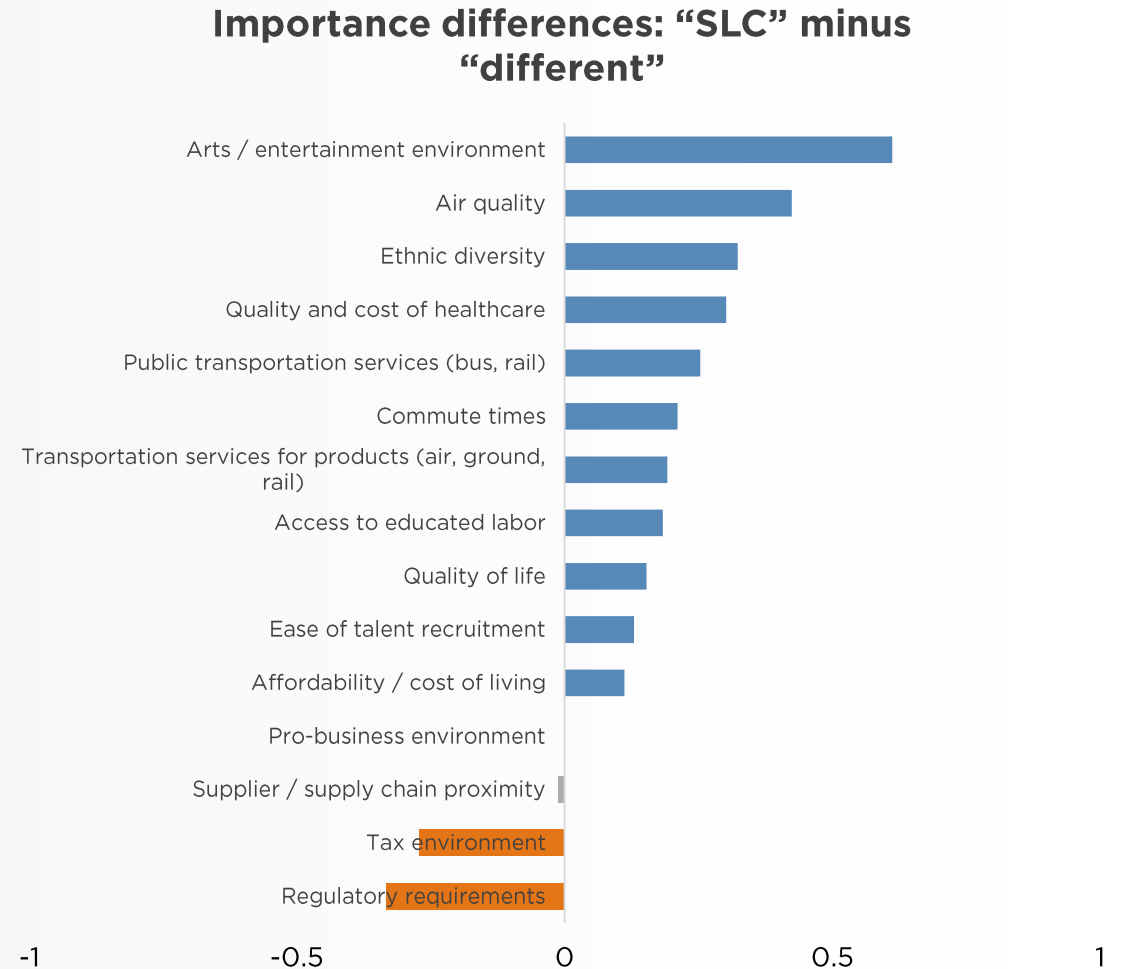


CHARACTERISTICS OF EXPANDING SLC COMPANIES

Importance of Categories

Companies were asked to rank the importance of the categories listed to the right (on a 1 to 5 scale). Here we see a comparison of how companies that would stay in Salt Lake City feel about those categories compared to companies that would leave the city.

- **Blue bars:** Categories which are more important to companies choosing Salt Lake City than companies that would leave the city.
- **Orange bars:** Categories which are more important to companies who may leave the city than those who would stay in the city.
- **Gray bars:** Not statistically significantly different than zero (i.e. both groups effectively ranked these categories the same).

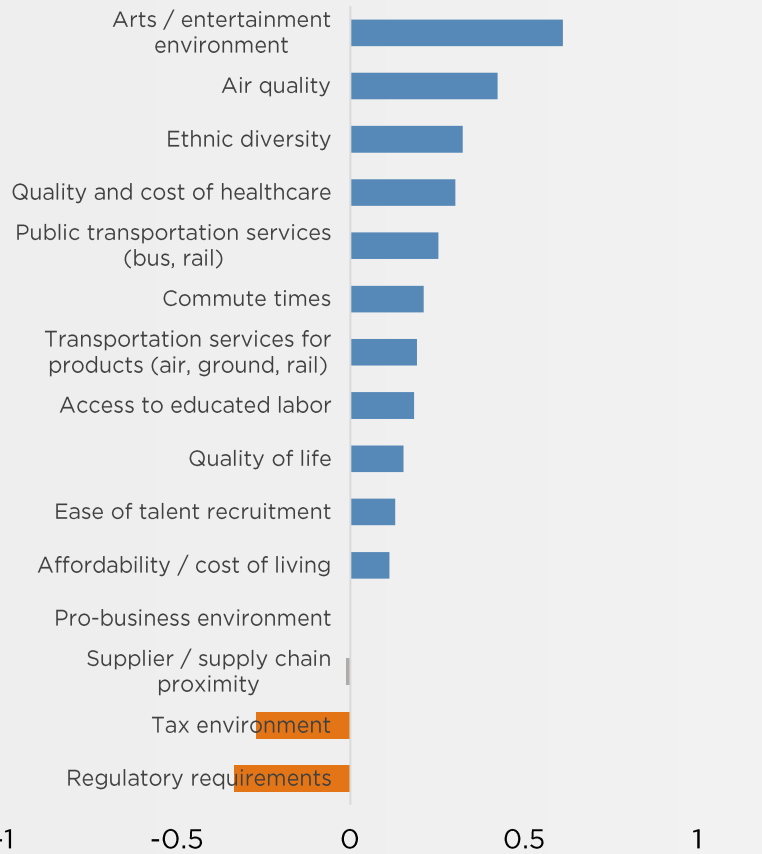




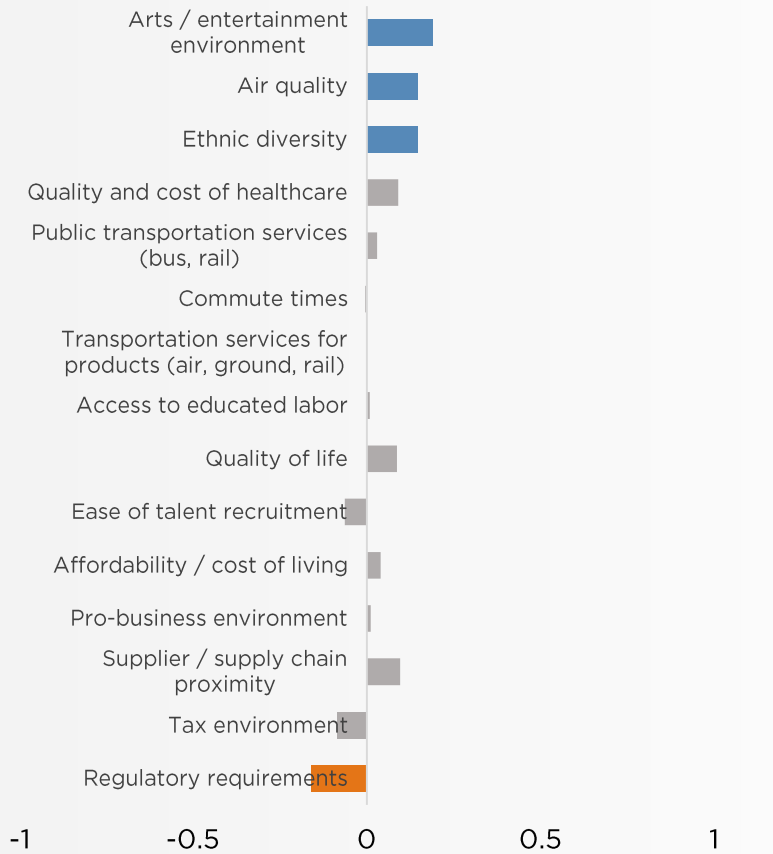
CHARACTERISTICS OF EXPANDING SLC COMPANIES

Importance of Categories

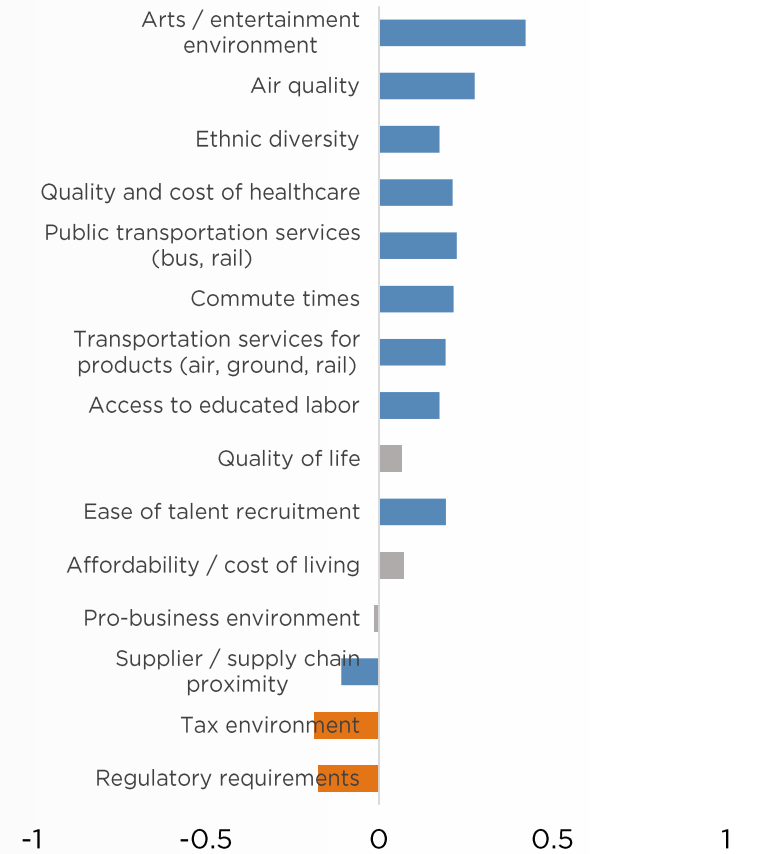
Importance differences: “SLC”
minus “different”



Importance differences: “SLC”
minus “depends”



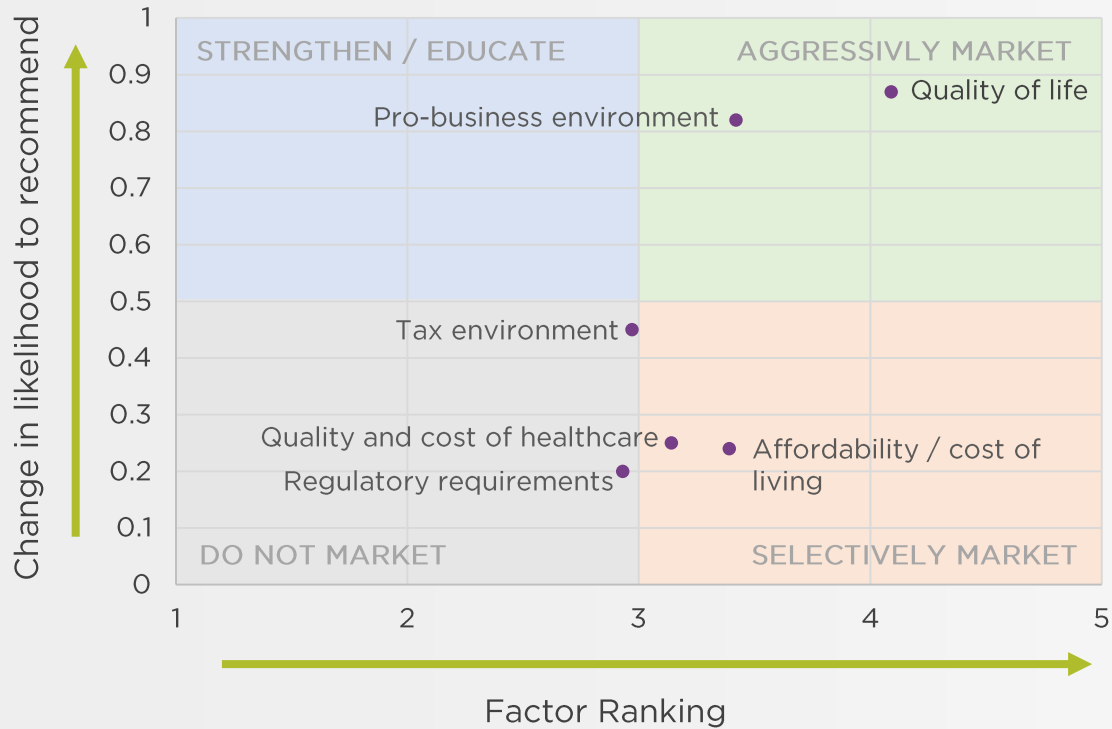
Importance differences:
“depends” minus “diff”



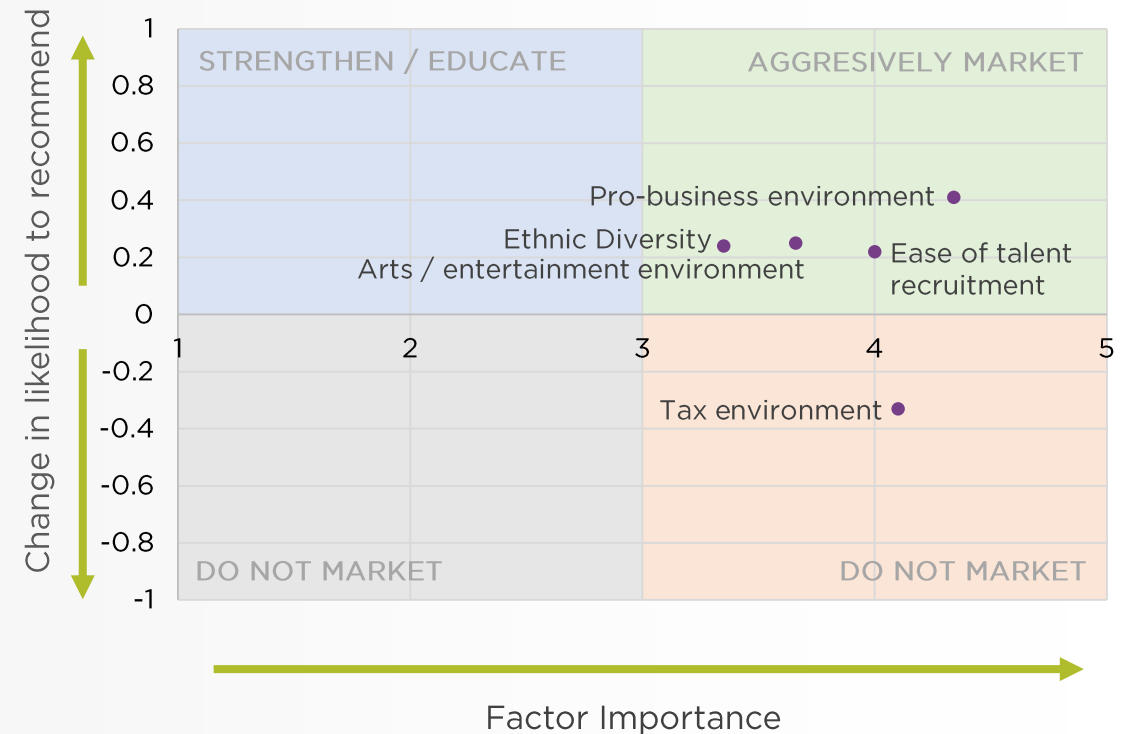


CHARACTERISTICS OF EXPANDING SLC COMPANIES

Change in likelihood to recommend SLC based on factor **ranking**



Change in likelihood to recommend SLC based on factor **importance**





CHARACTERISTICS OF EXPANDING SLC COMPANIES

An odds ratio (OR) is a measure of association between an exposure and an outcome. In this case, we measure the change in odds of expanding within SLC based on factor rankings and factor importance.

Impact of Factor Rankings on odds of expanding within SLC

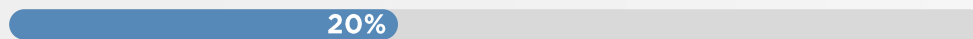
Quality of life



Pro-business environment



Arts / entertainment environment



Impact of Factor Importance on odds of expanding within SLC

Arts / entertainment environment



Quality and cost of healthcare



Tax environment





**“Great environment.
Close to world class outdoor destinations.
Centrally located along the Wasatch Front.”**

“

“My business operates on highly educated young professionals. To recruit them, I need affordable housing downtown and good public transportation.”

“

“Ease of access, transportation and culture of the community”

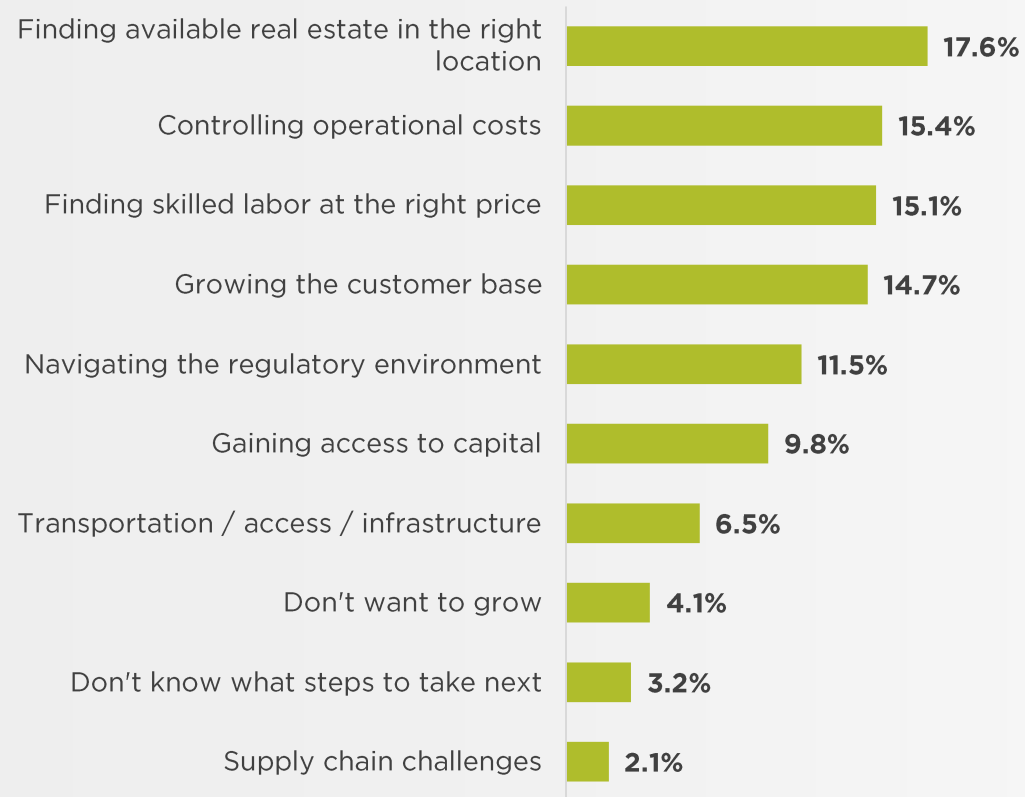
“

“Friendly business environment and we do operate in downtown SLC. No reason or sense to go anywhere else.”

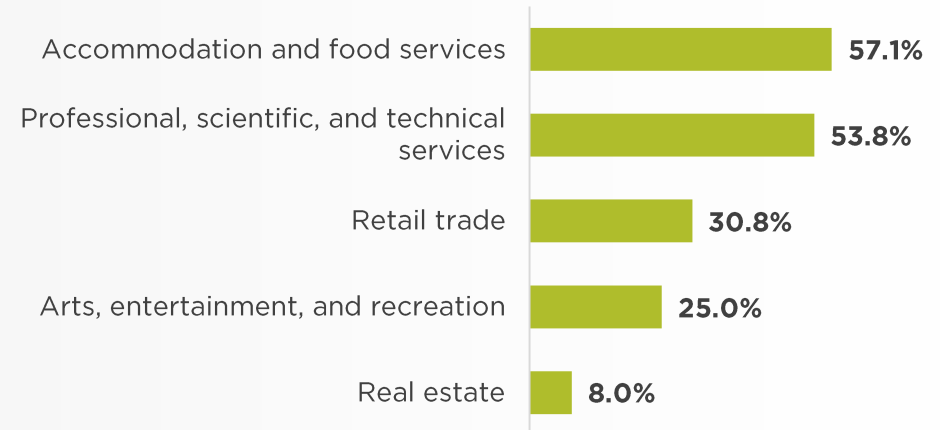


CHARACTERISTICS OF EXPANDING SLC COMPANIES

Key barriers to growth



Talent recruitment = difficult



Regulatory environment = poor





KEY BARRIERS TO GROWTH

Companies who experienced **negative** growth between 2015 and 2016 listed their top three barriers to growth as:

- 1 Growing the customer base
- 2 Finding available real estate in the right location
- 3 Finding skilled labor at the right price

Companies who experienced **positive** growth between 2015 and 2016 listed their top three barriers to growth as:

- 1 Finding available real estate in the right location
- 2 Finding skilled labor at the right price
- 3 Controlling operational costs



KEY BARRIERS TO GROWTH

Growing the customer base

- Healthcare and related fields
- Retail trade
- Arts, entertainment, and recreation
- Energy and natural resources

Finding the right labor at the right price

- Professional, scientific, and technical services

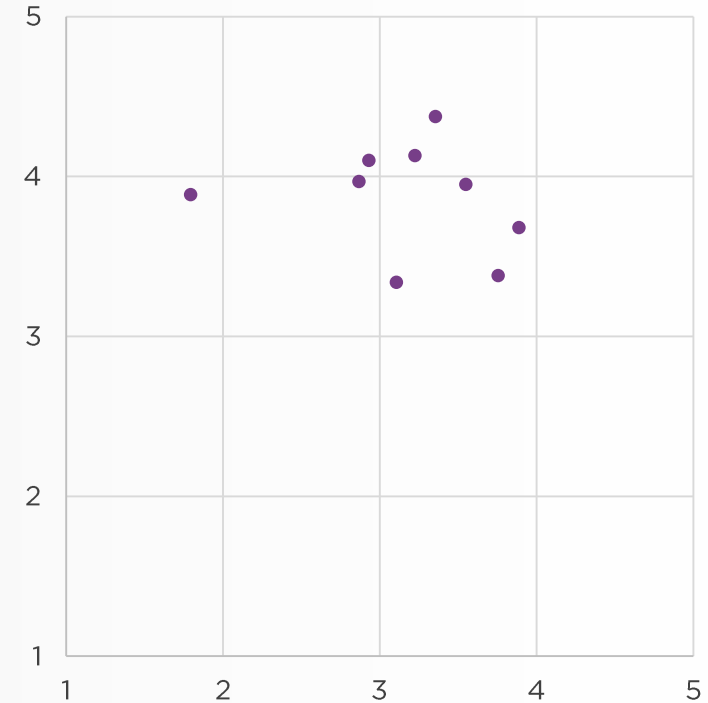
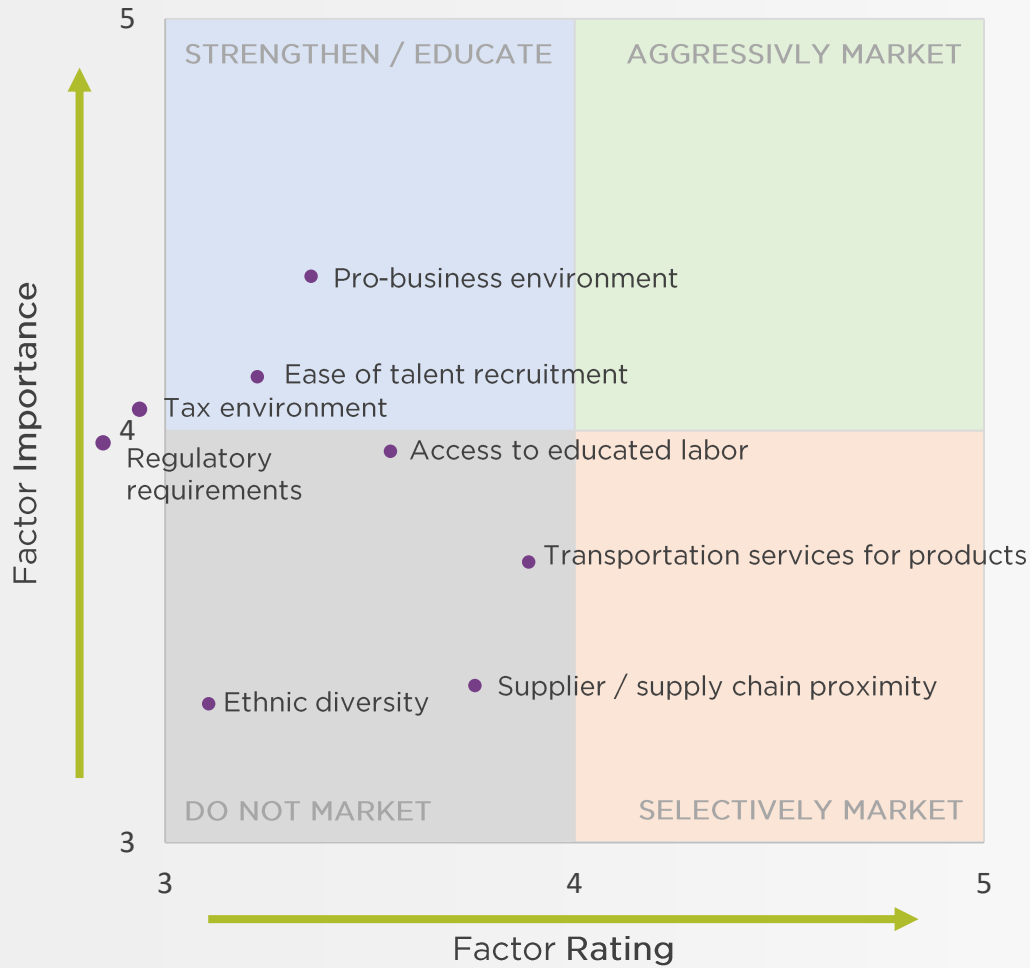
Operational costs

- Manufacturing
- Educational services



SALT LAKE CITY'S VALUE PROPOSITION

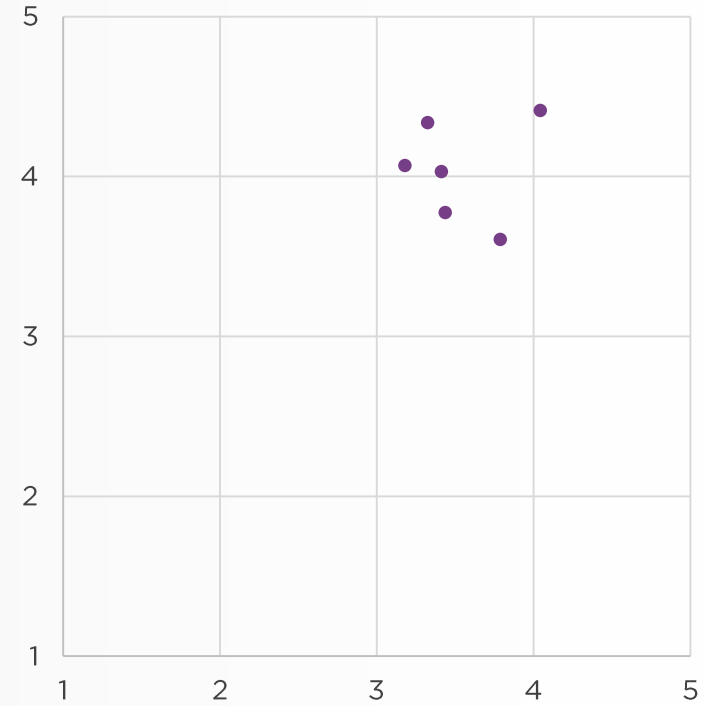
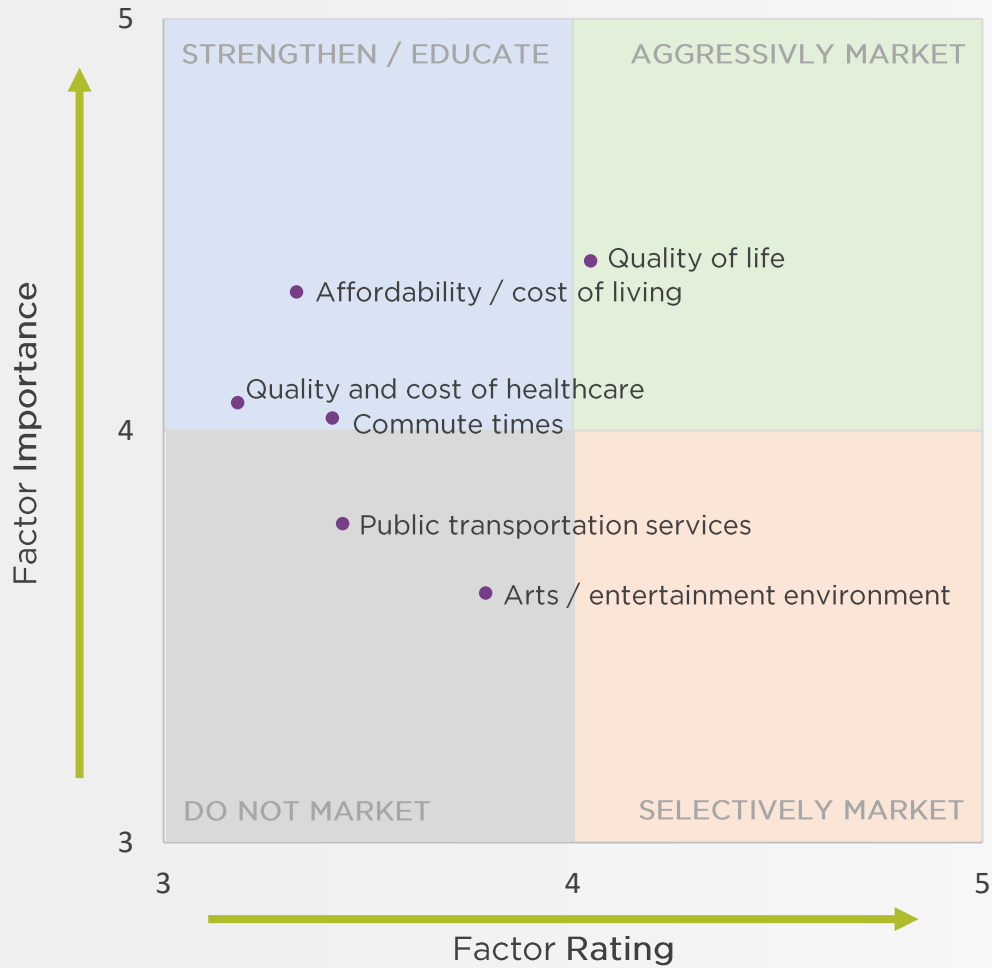
Business Factors





SALT LAKE CITY'S VALUE PROPOSITION

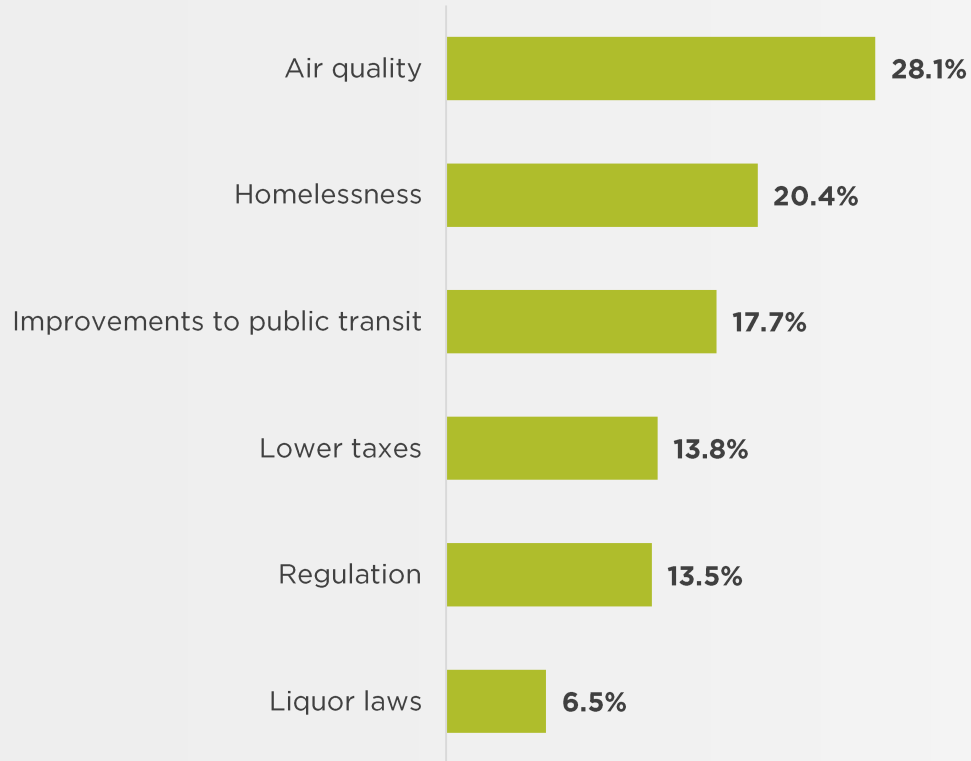
Employee Amenities



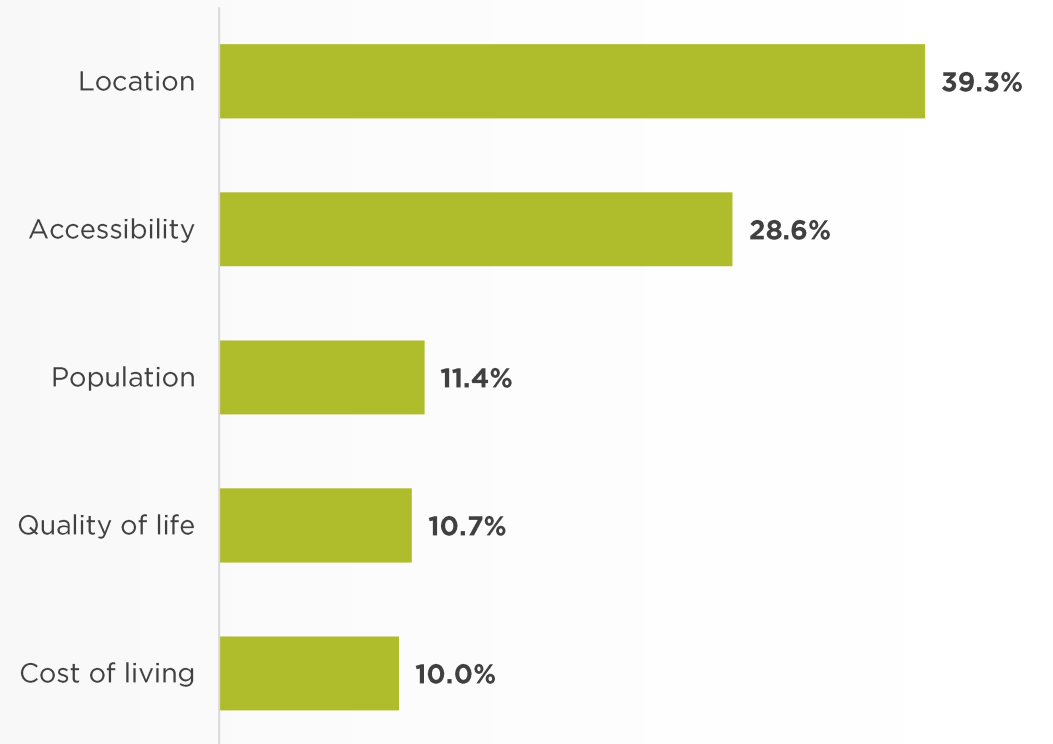


SALT LAKE CITY'S VALUE PROPOSITION

Factors to improve to make SLC more accommodating



Most beneficial aspect of operating a business in SLC

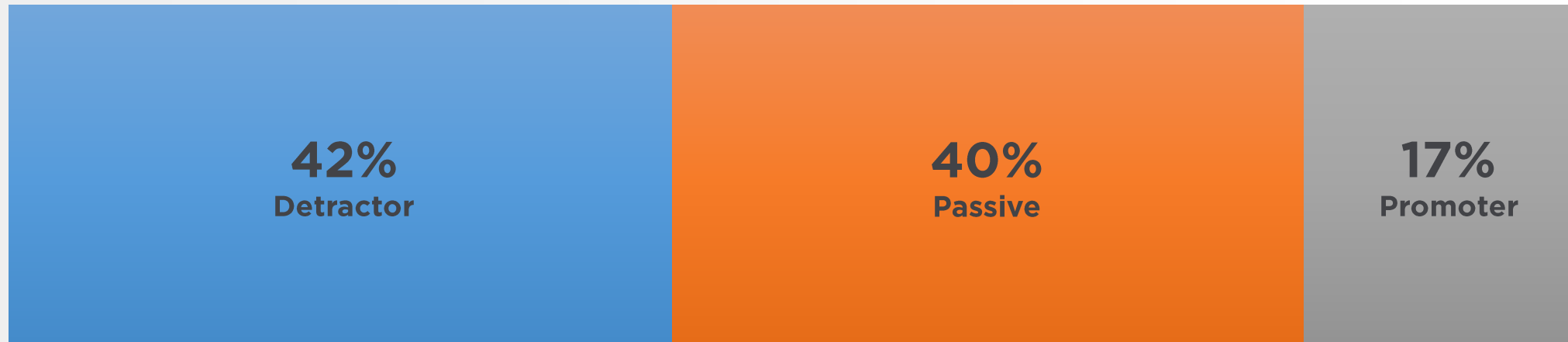


SALT LAKE CITY OVERALL NET PROMOTER SCORE

A Net Promoter Score is an index that measures the willingness of a respondent to recommend a product to others. In this case, the NPS is used as a proxy for gauging SLC's business' overall likelihood to recommend the city to another business as a place of operation.

A NPS is based on a range of -100 (where everyone is a detractor) to 100 (where everyone is a Promoter) and is calculated by subtracting the percent of detractors from the percent of Promoters.

SLC NPS = -24.91

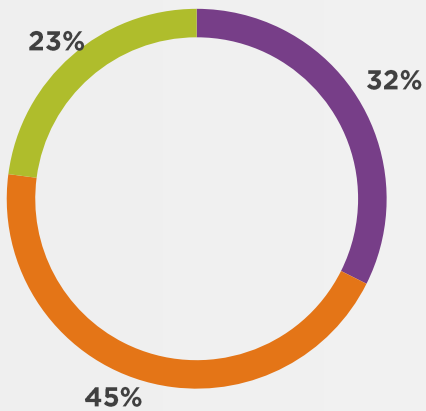




NET PROMOTER SCORE BY EXPANSION LOCATION

Salt Lake City

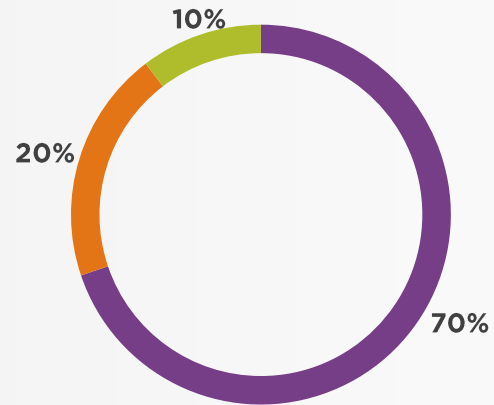
■ Detractor ■ Passive ■ Promoter



NPS: -9.5

Different city

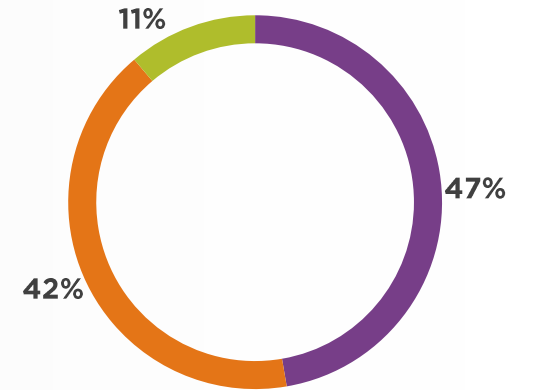
■ Detractor ■ Passive ■ Promoter



NPS: -59.4

Depends

■ Detractor ■ Passive ■ Promoter

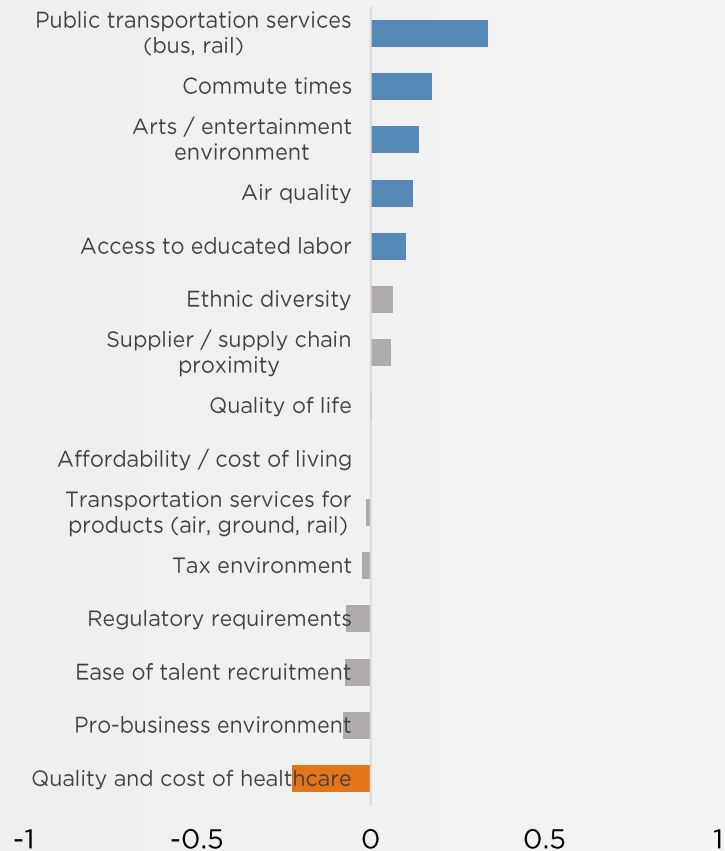


NPS: -36.1

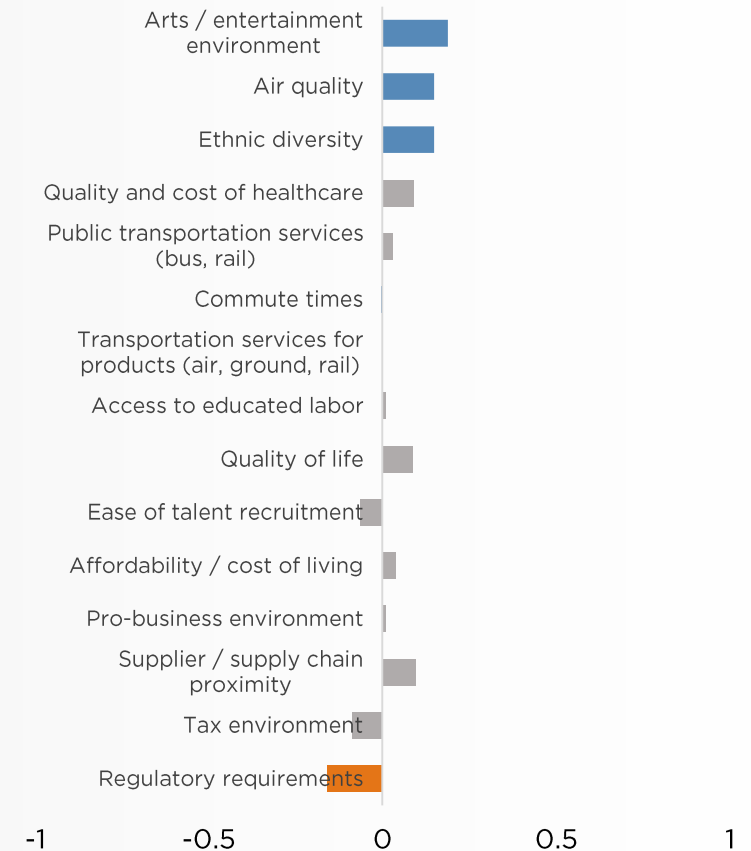


RANKING DIFFERENCE OF PASSIVE GROUP

Ranking differences: "SLC" minus "depends"



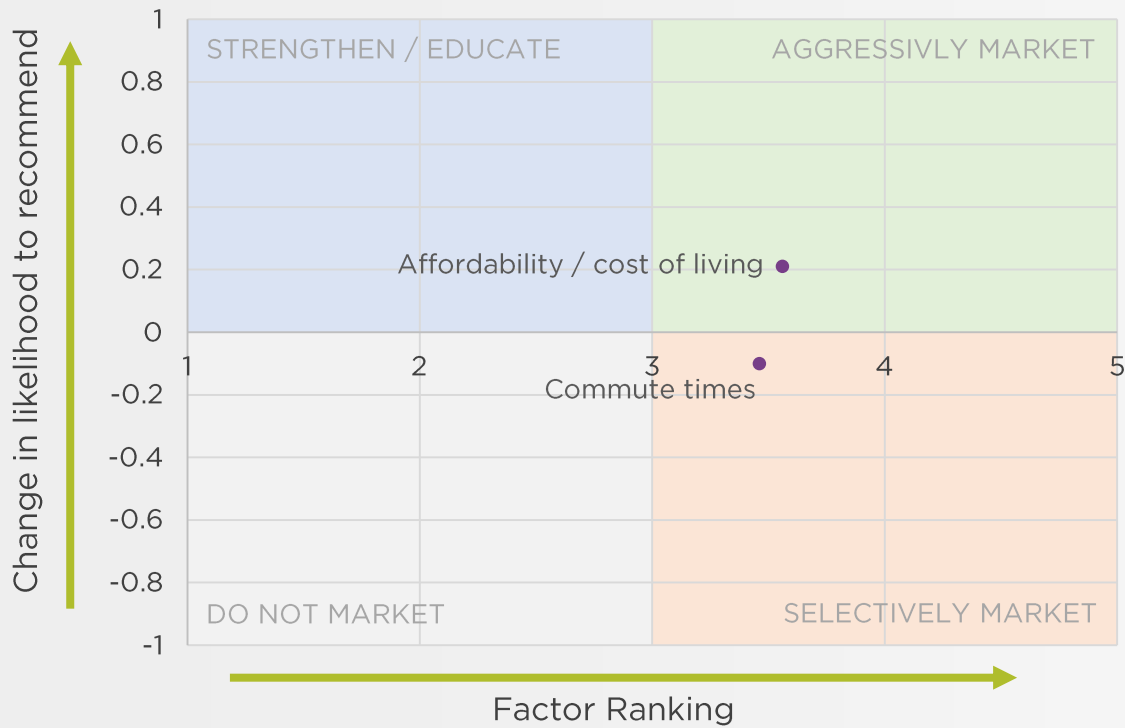
Importance differences: "SLC" minus "depends"



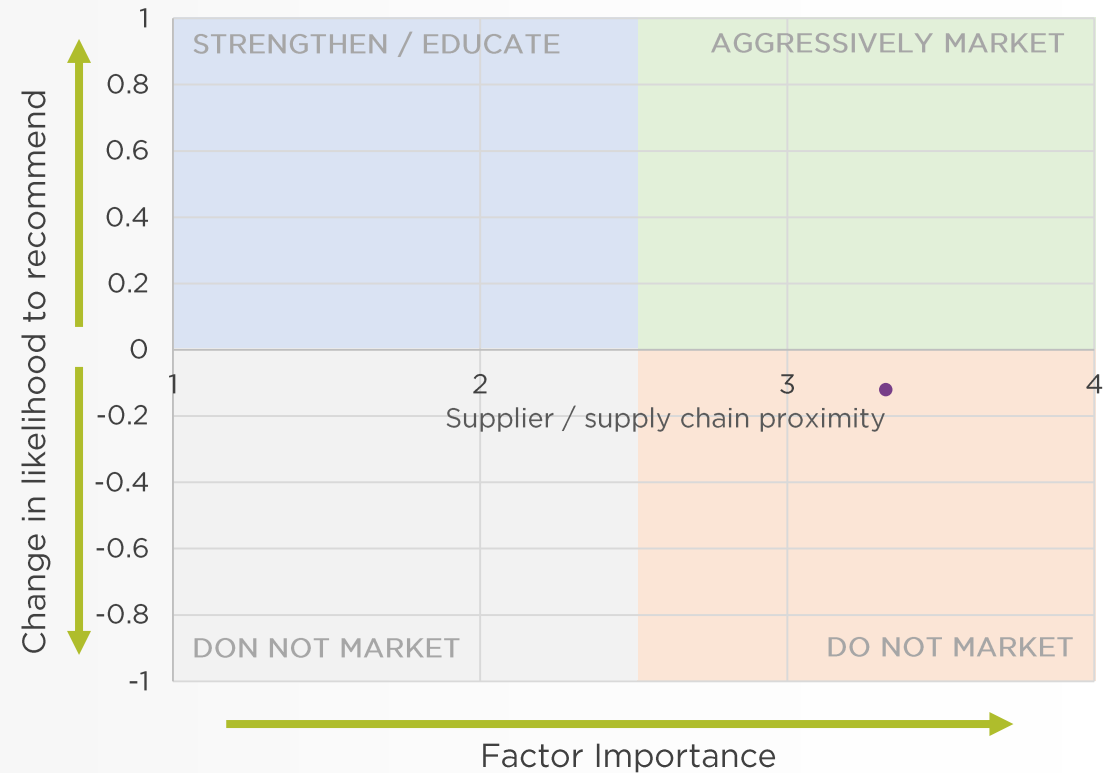


CHARACTERISTICS OF DEPENDS / PASSIVE GROUP

Change in likelihood to recommend SLC based on factor ranking



Change in likelihood to recommend SLC based on factor importance





SALT LAKE COMPANIES AND EXPORTS

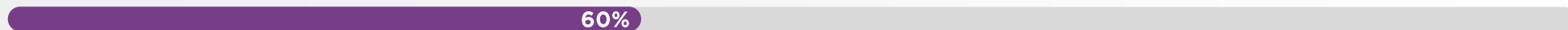
Companies who would like to export are the same companies that experienced significant growth during 2016.

Companies who would not like to export are the same companies that experienced significant negative growth.

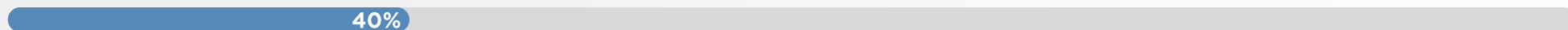
Expecting future growth leads to a desire to export



Revenue leads to exporting



Expecting future growth leads to actual exporting



Qualitative Results





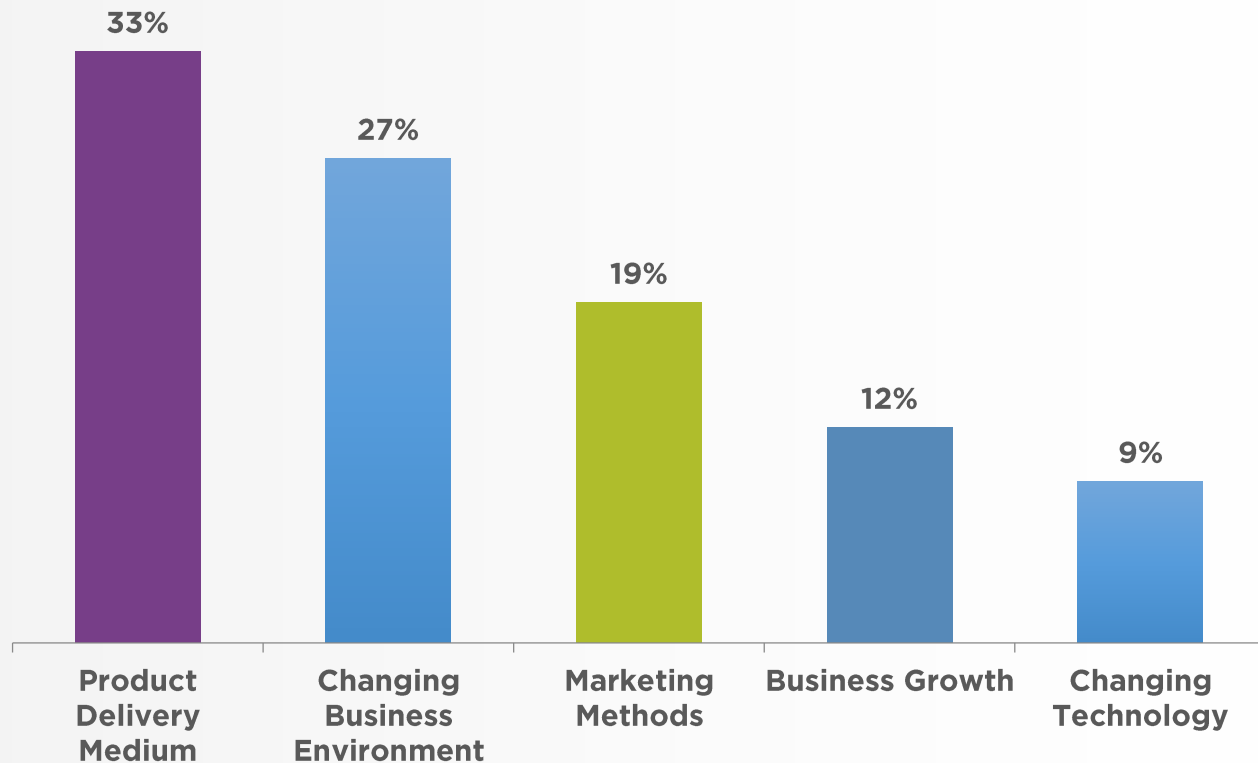
Qualitative Research

This portion of the presentation highlights the results of the In-Depth Interviews (IDIs). Because qualitative research (as opposed to the quantitative research seen already), can not be validated statistically, we understand this data to represent the feelings only of those 107 businesses interviewed and not necessarily the population of all Salt Lake City businesses. The data does, however, provide additional insight into how businesses in Salt Lake City feel and we can speculate that many other businesses within Salt Lake City feel similarly.



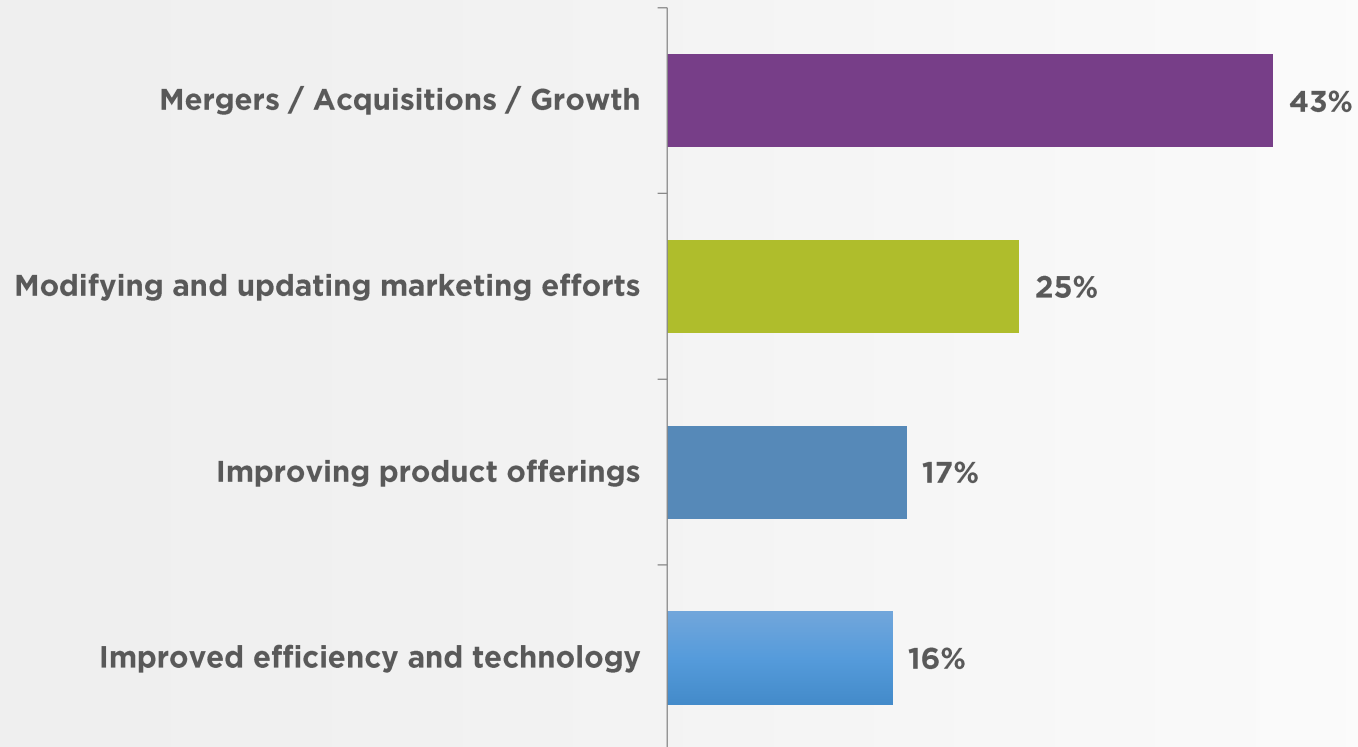
INDUSTRY CHANGES

The categories in the graph below represent the ways in which interviewed Salt Lake City companies' industries have changed over the past ten years.



ADAPTING TO BUSINESS ENVIRONMENT

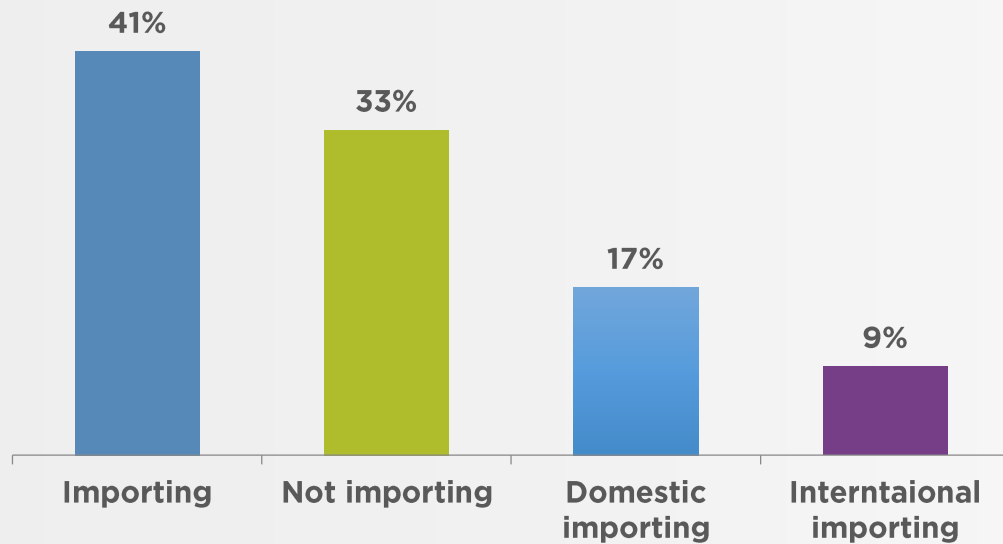
Interviewed Salt Lake City businesses have adapted to the changing business environment in the following ways:



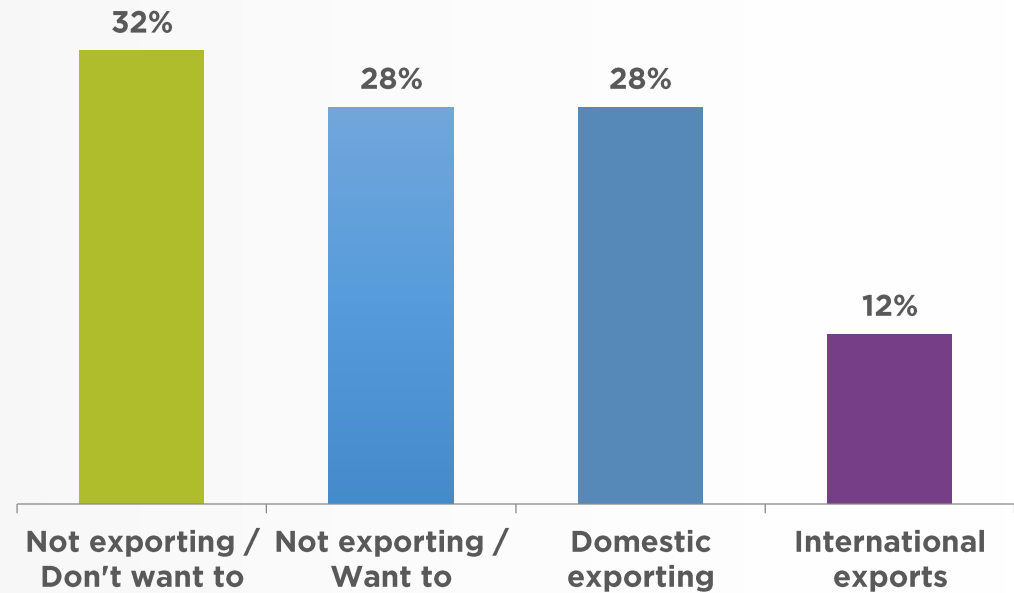
IMPORT / EXPORT

Two-third of interviewed Salt Lake City companies are importing from out-of-state and one-third are exporting their own products.

Imports



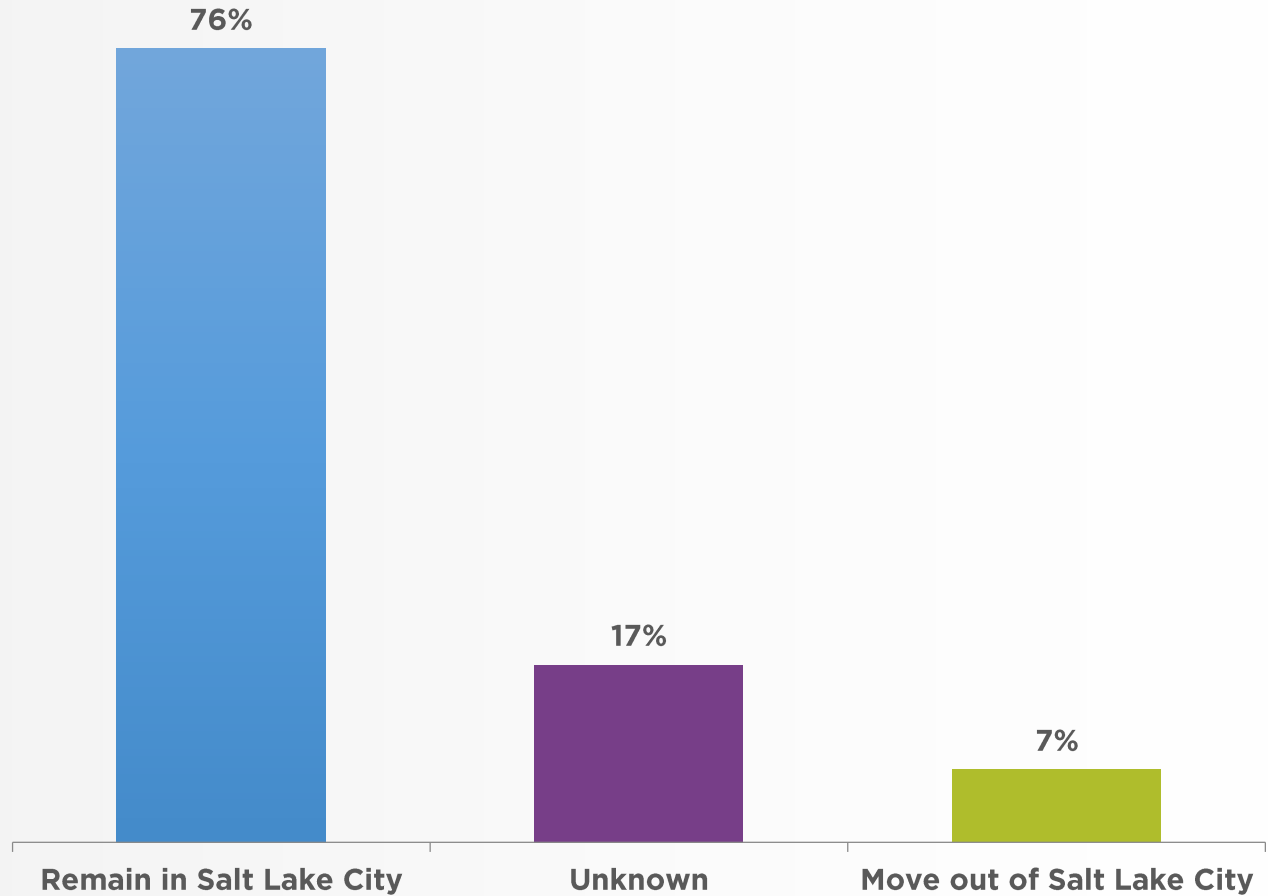
Exports





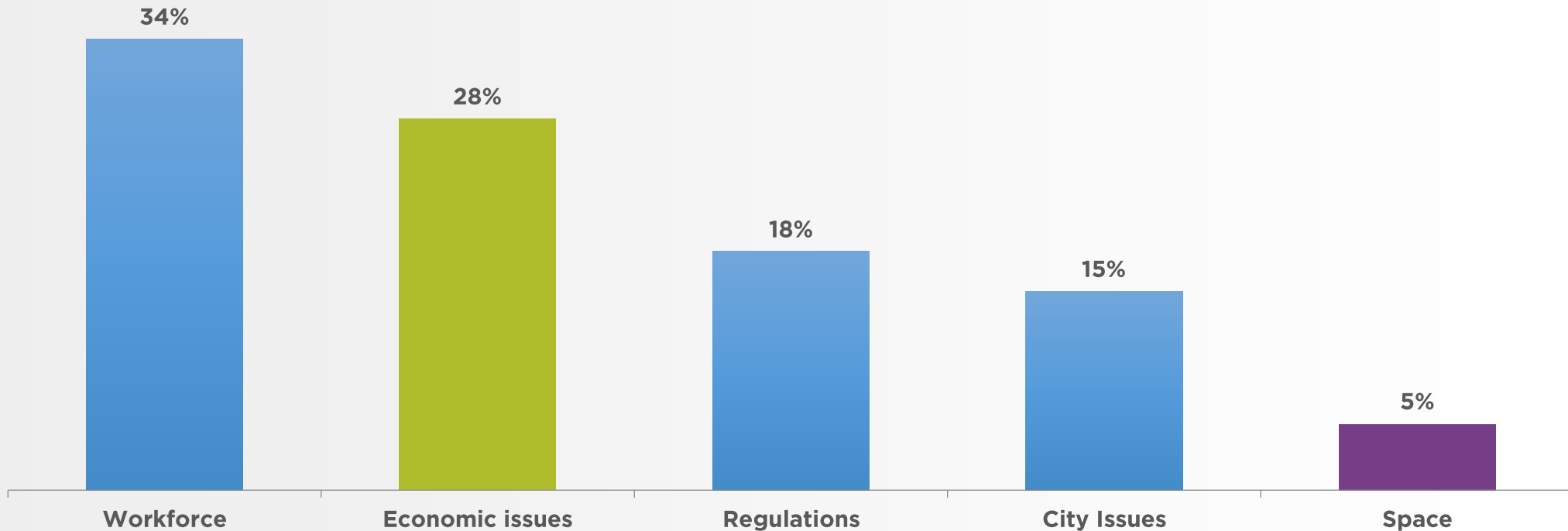
POSSIBLE RELOCATIONS

When faced with an expansion opportunity, the majority of interviewed companies would stay in Salt Lake City.

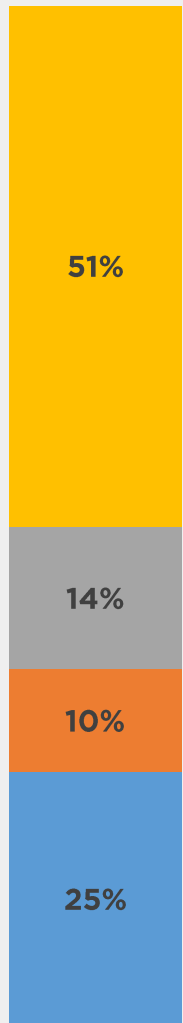


TOP BARRIERS TO GROWTH

On-third of interviewed companies cited “workforce” as their greatest barrier to growth (workforce is also in the top three barriers for the population of all Salt Lake City businesses).



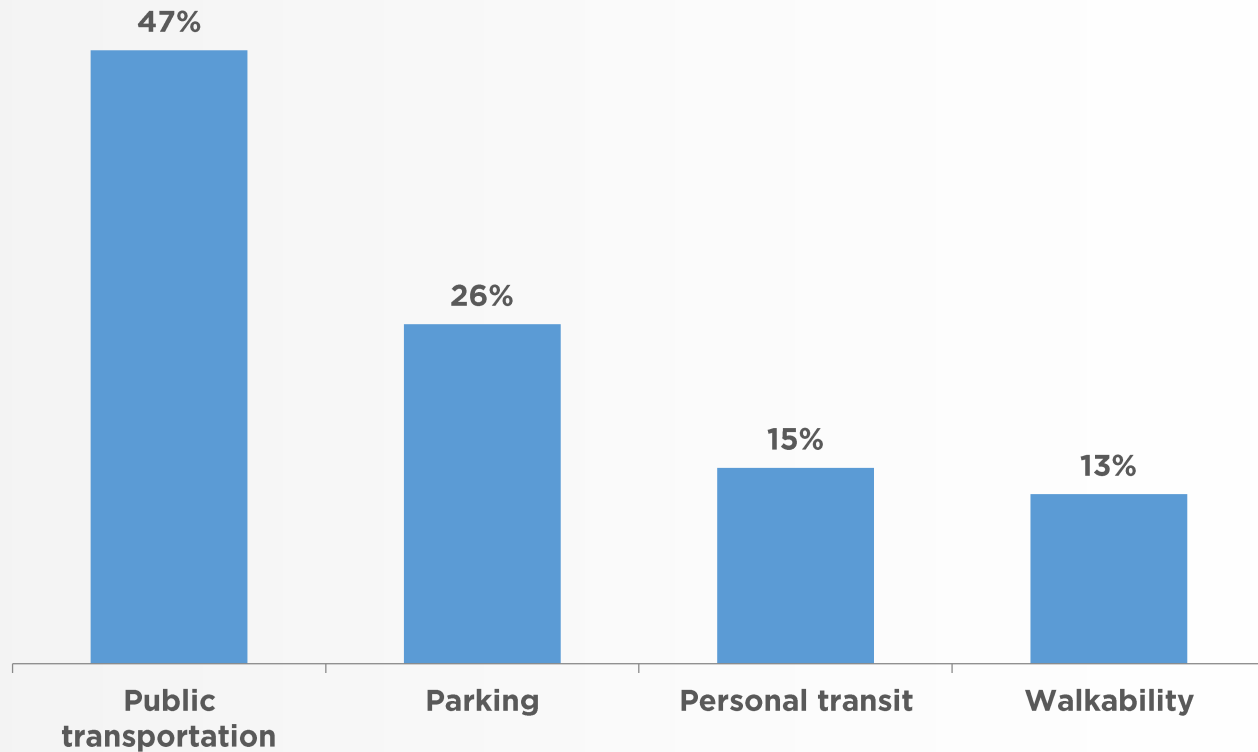
Sentiment



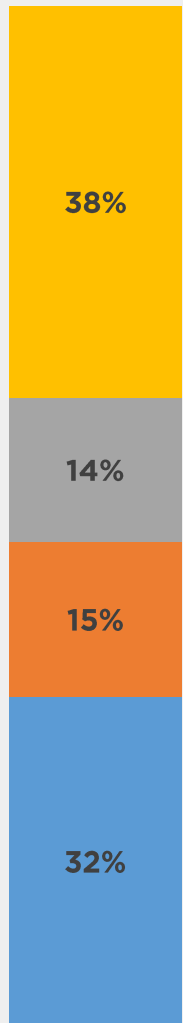
■ Negative ■ Mixed
■ Neutral ■ Positive

THOUGHTS ABOUT SALT LAKE CITY: TRANSPORTATION

When asked about “transportation,” the following topics were mentioned by businesses. The “sentiment” analysis on the left identifies how businesses feel about transportation in Salt Lake City.



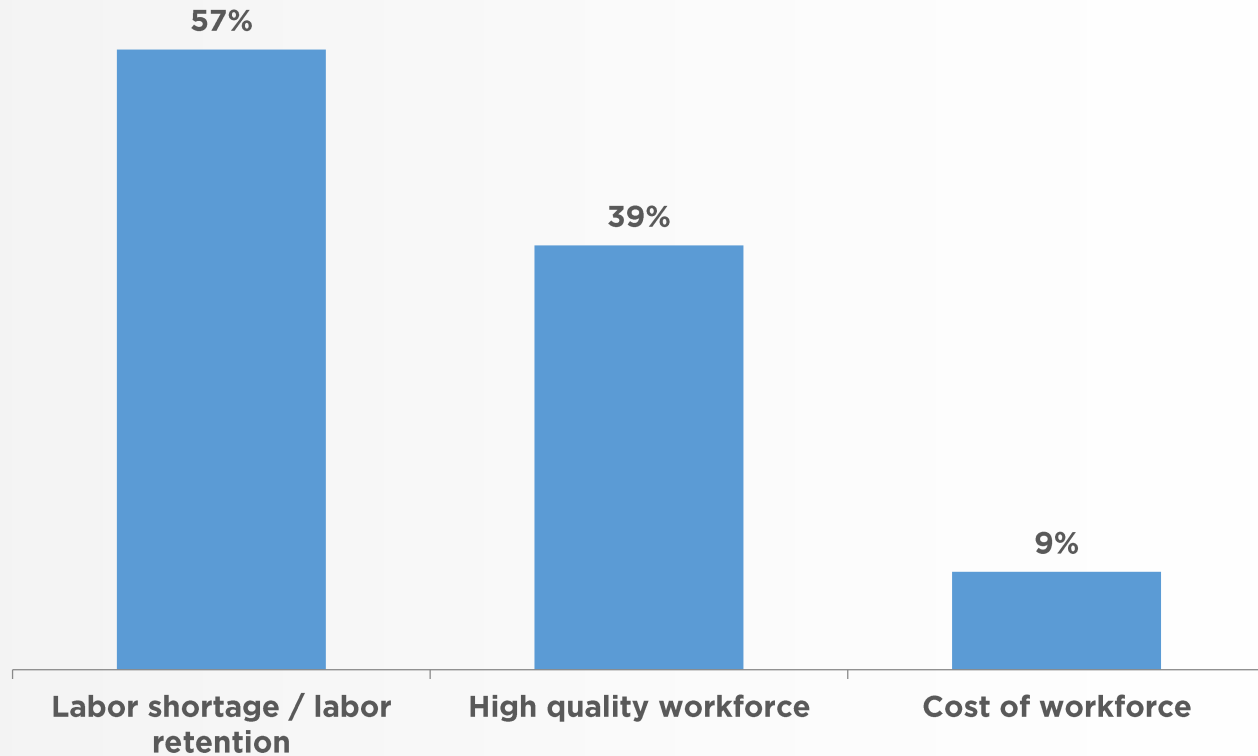
Sentiment



■ Negative ■ Mixed
■ Neutral ■ Positive

THOUGHTS ABOUT SALT LAKE CITY: WORKFORCE

When asked about “workforce,” the following topics were mentioned by businesses. The “sentiment” analysis on the left identifies how businesses feel about workforce in Salt Lake City.



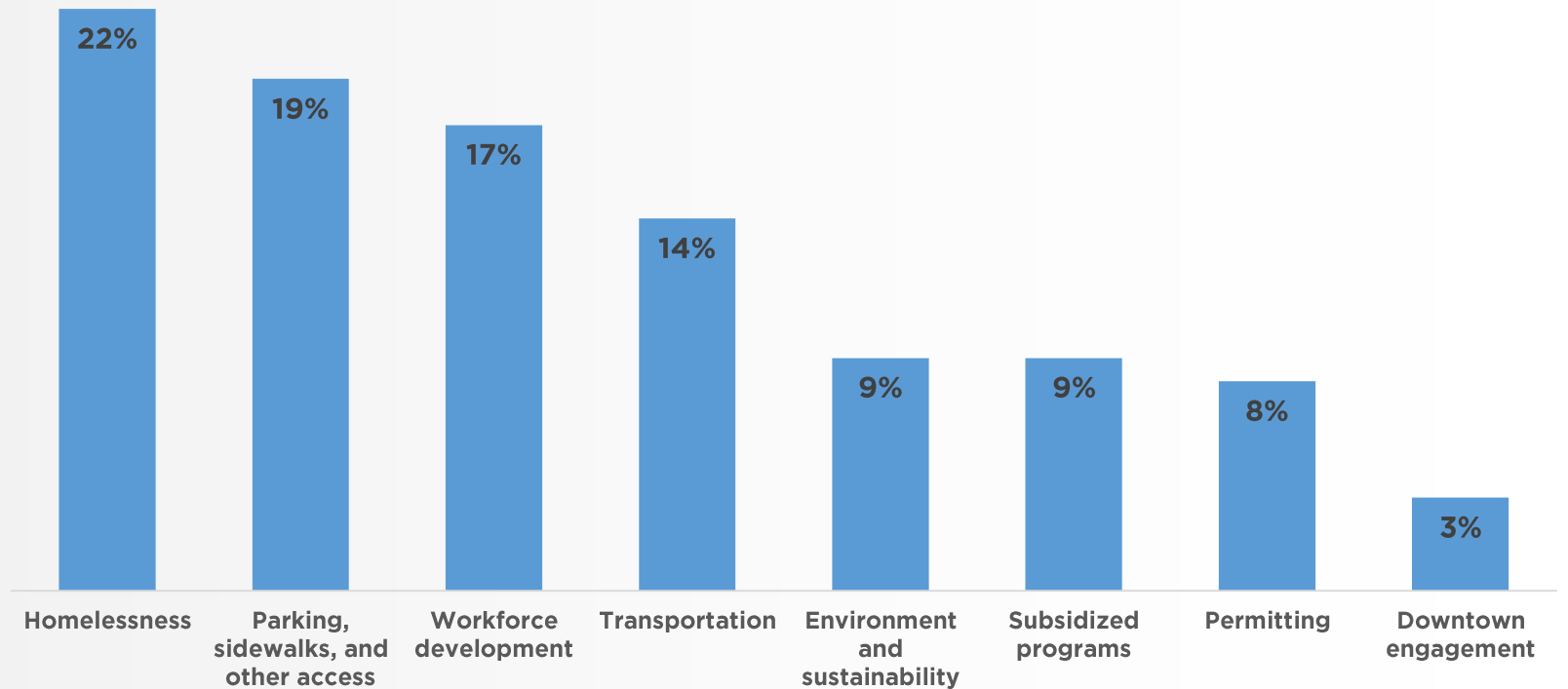
Sentiment



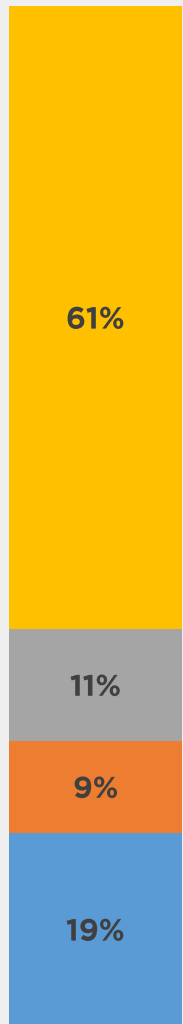
■ Negative ■ Mixed
■ Neutral ■ Positive

WHAT IS SALT LAKE CITY DOING WELL? HOW CAN THEY IMPROVE?

When asked how Salt Lake City can improve, the following topics were mentioned by businesses. The “sentiment” analysis on the left identifies how businesses feel about how Salt Lake City is doing and how they can improve.



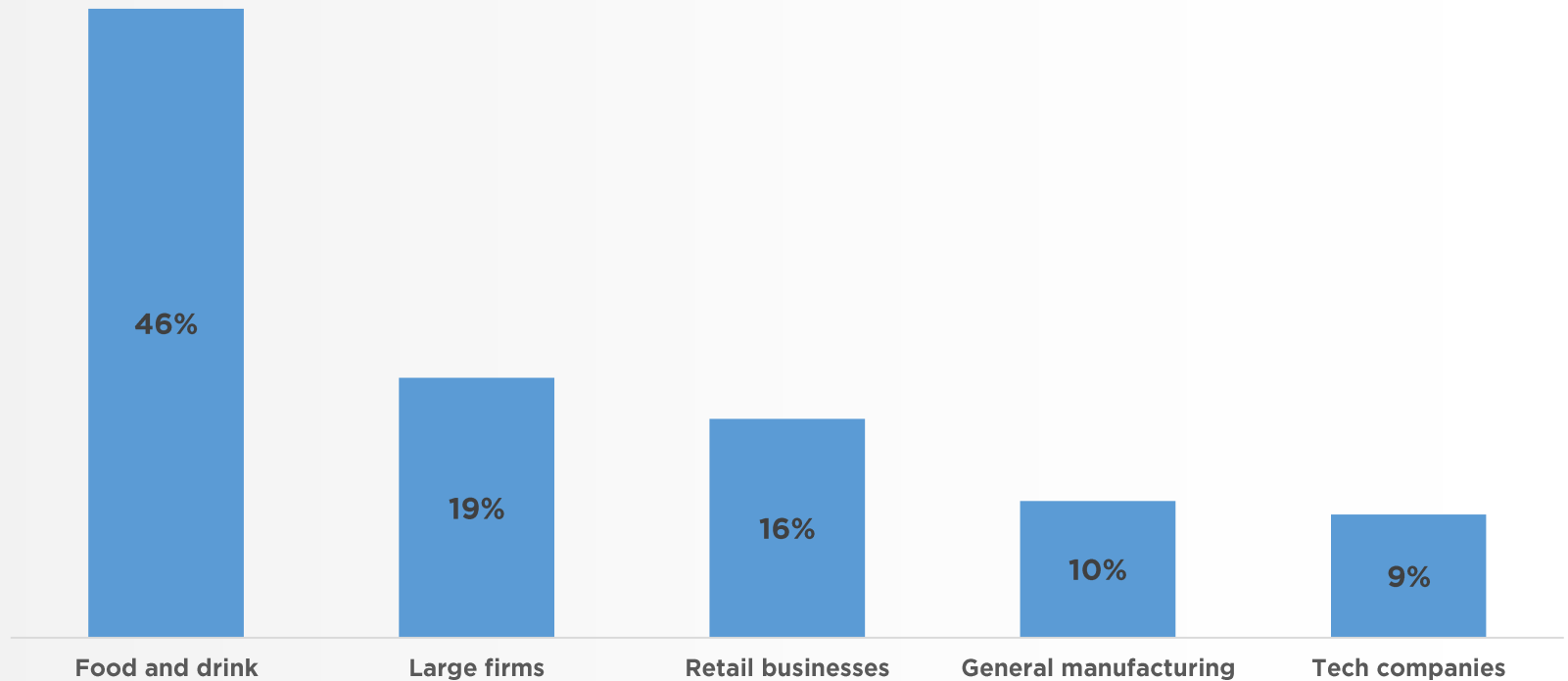
Sentiment



■ Negative ■ Mixed
■ Neutral ■ Positive

COMPANIES THAT SLC SHOULD RECRUIT

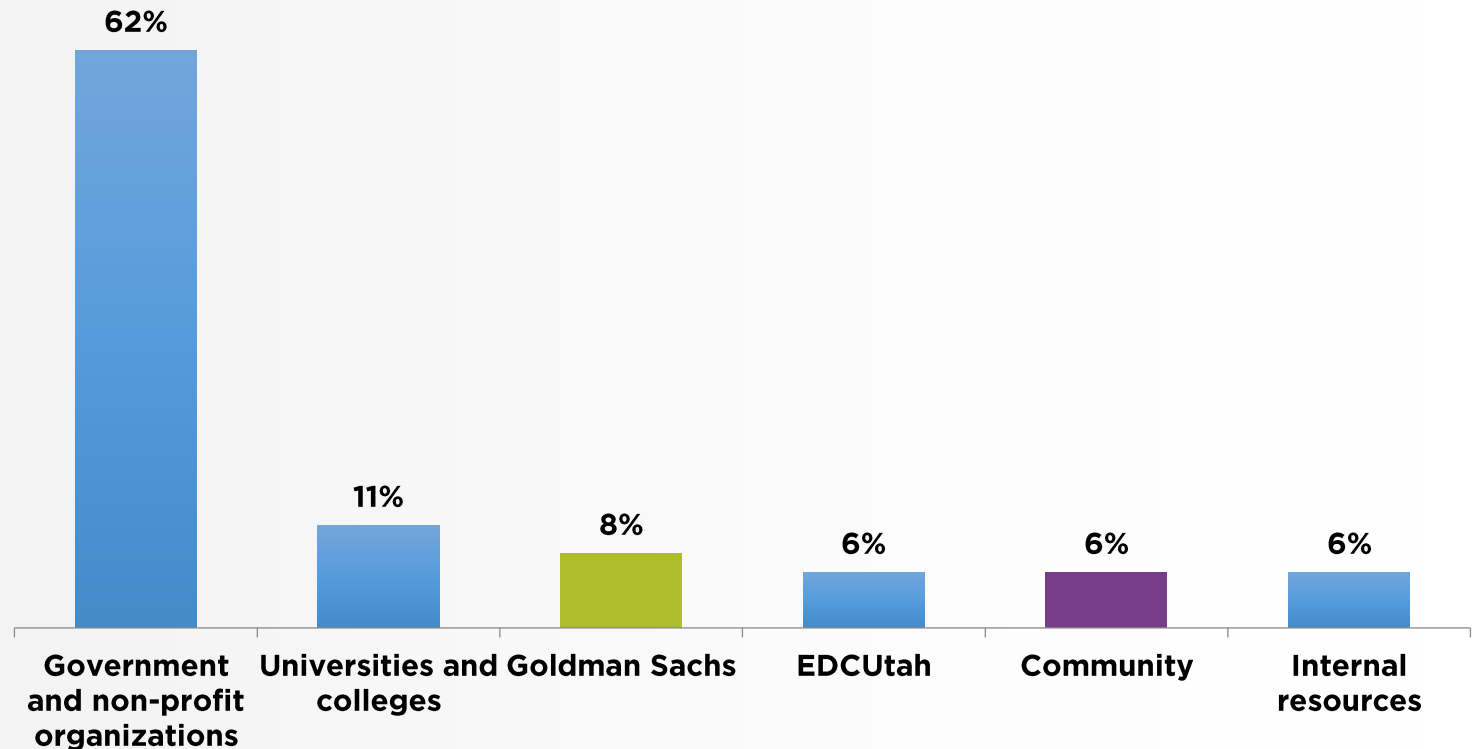
When asked what companies Salt Lake City should recruit, the following topics were mentioned by businesses. The “sentiment” analysis on the left identifies how businesses feel about Salt Lake City business recruitment.





WHERE SLC COMPANIES FIND HELP GROWING

The following resources came to mind when interviewed companies were asked where they would go to find help growing their business.



Possible Solutions





POSSIBLE SOLUTIONS

Strategy: Target companies that are unsure whether they would expand in Utah, while keeping promoters happy.

Things to consider / market:

- Pro-business environment
- Quality of life (this may impact talent recruitment)
- Arts and entertainment scene (this may impact talent recruitment)
- Central location
- Proximity / access to customers
- Ease of talent recruitment

Challenges to overcome

- Real estate options
- Homelessness, drug, and crime issues
- Operational costs
- Tax environment
- Regulatory requirements

Summary Statistics

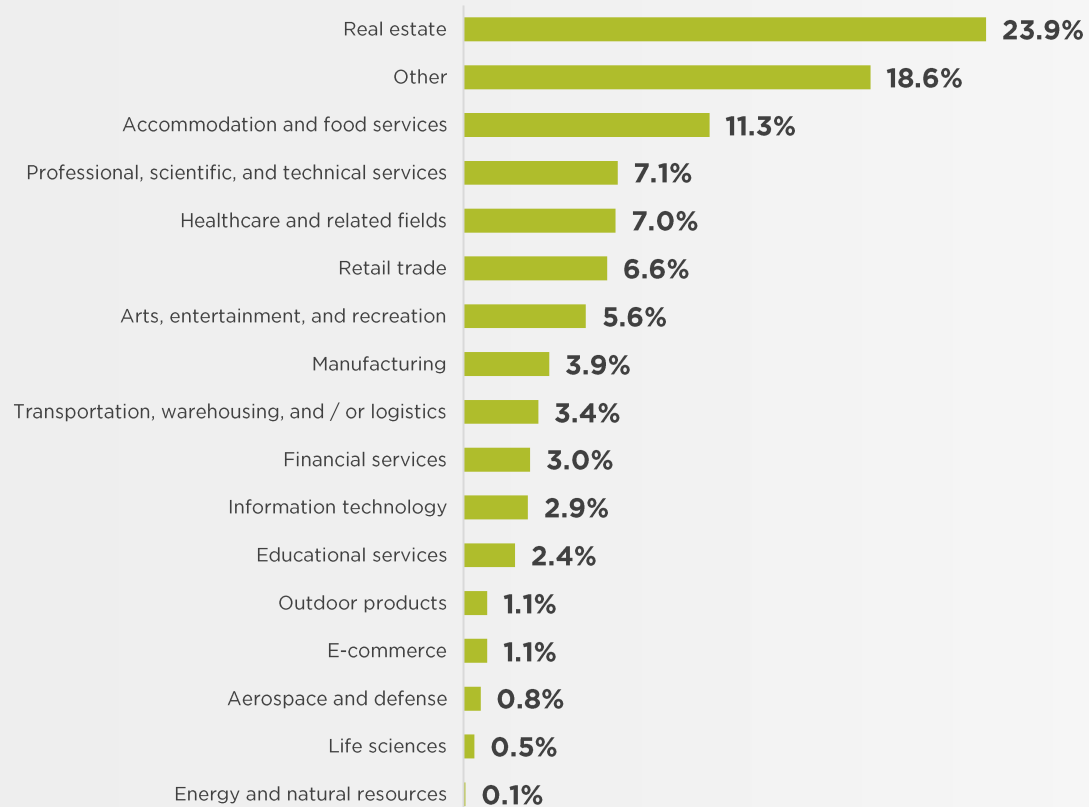
Appendix



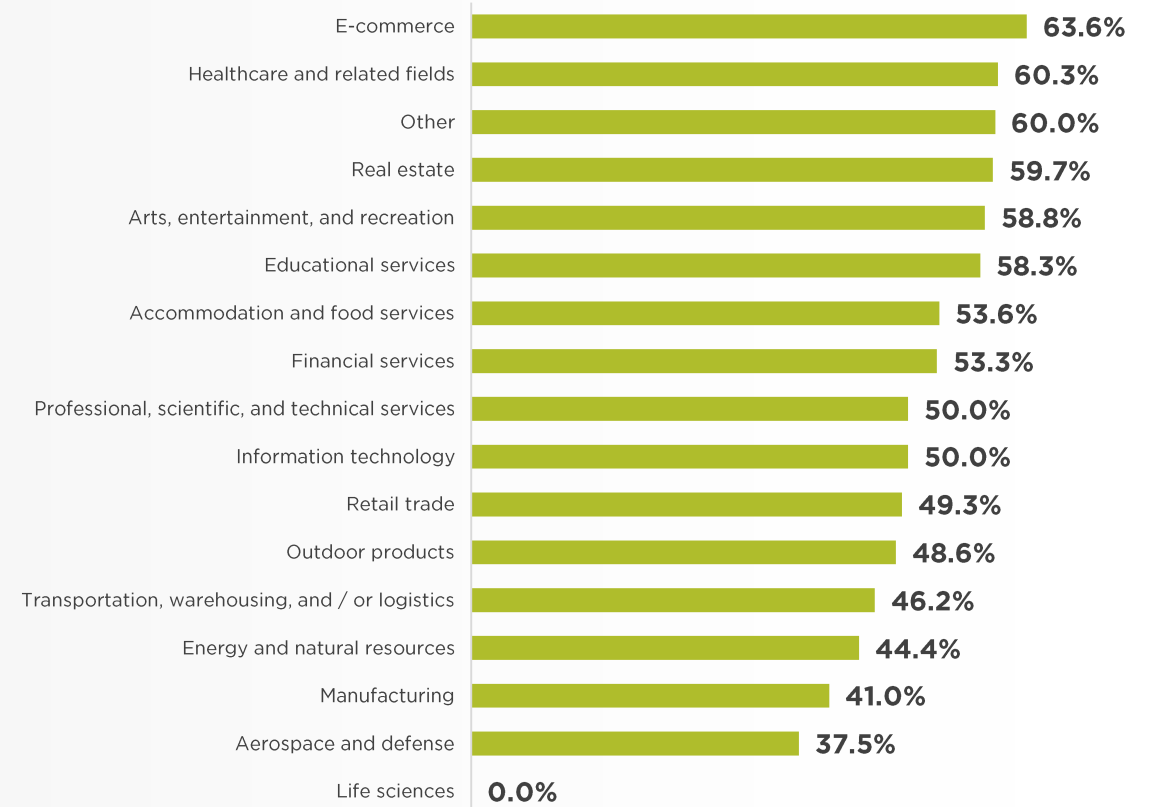


SUMMARY STATISTICS (APPENDIX)

Primary industry



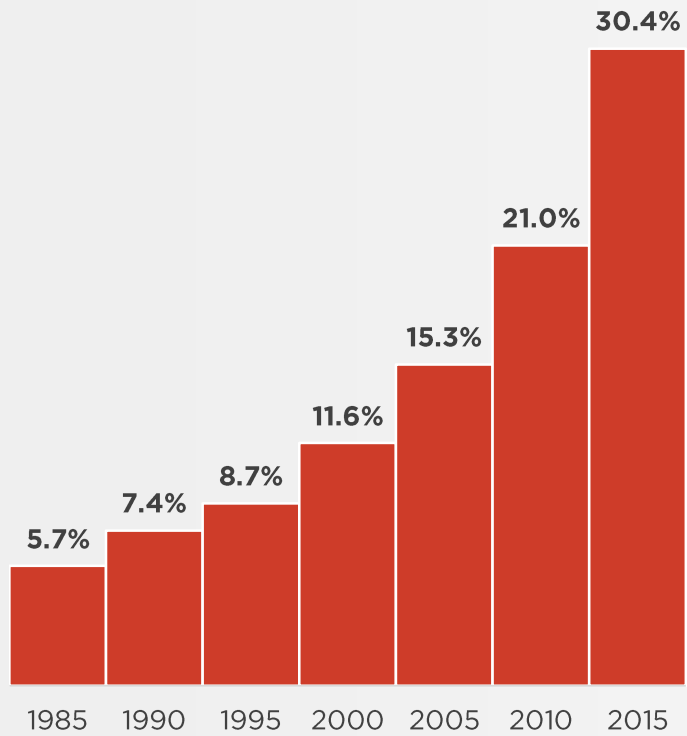
Choose to Expand in SLC by industry



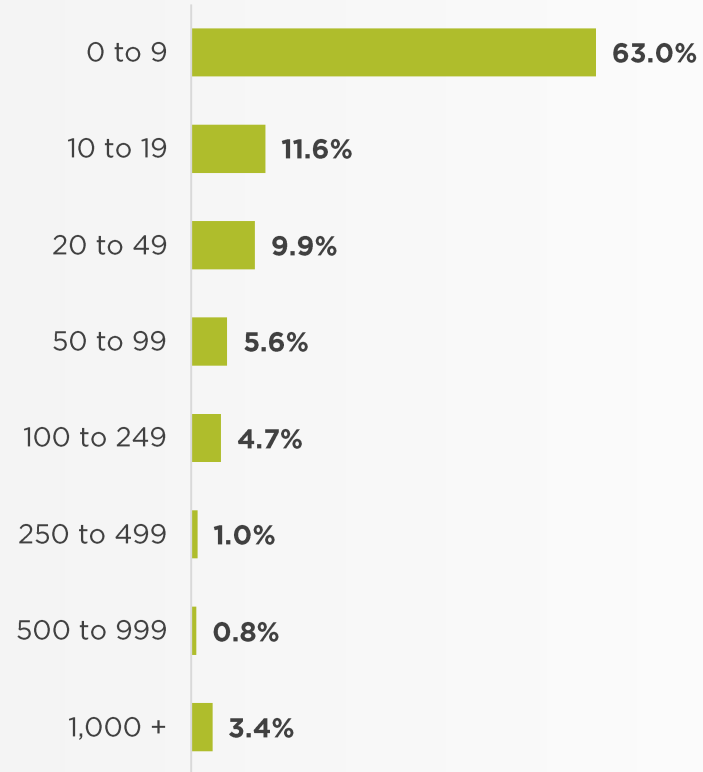


SUMMARY STATISTICS (APPENDIX)

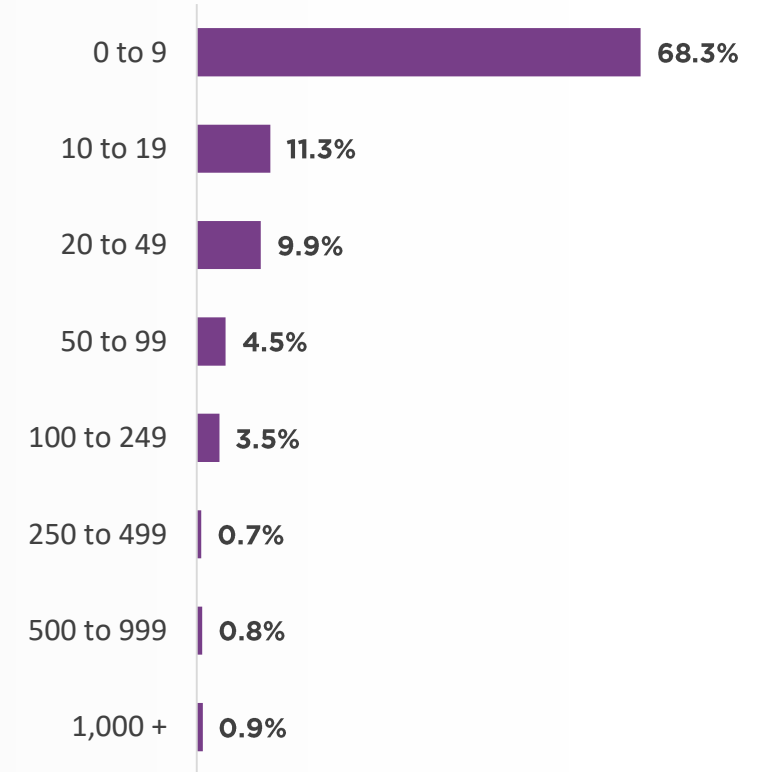
Company age



Total employees



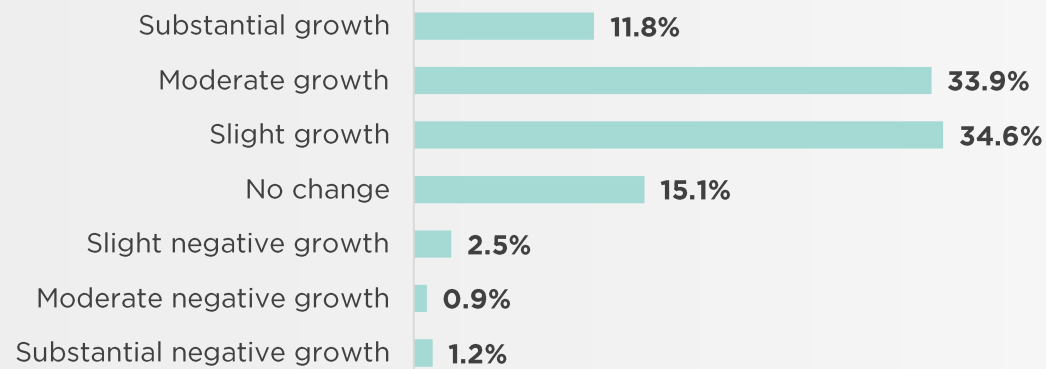
Total SLC employees



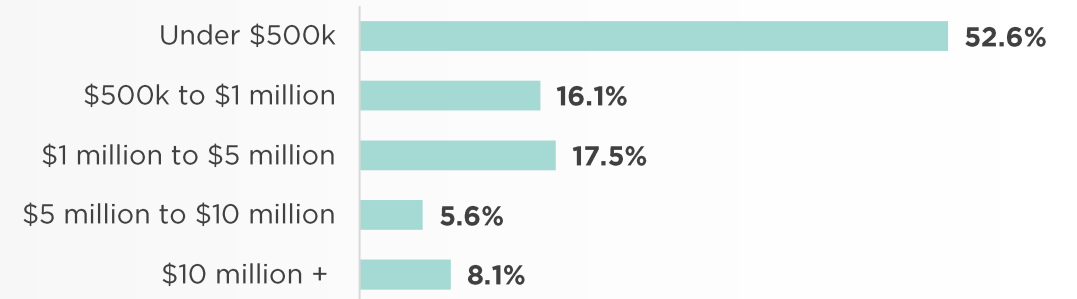


SUMMARY STATISTICS (APPENDIX)

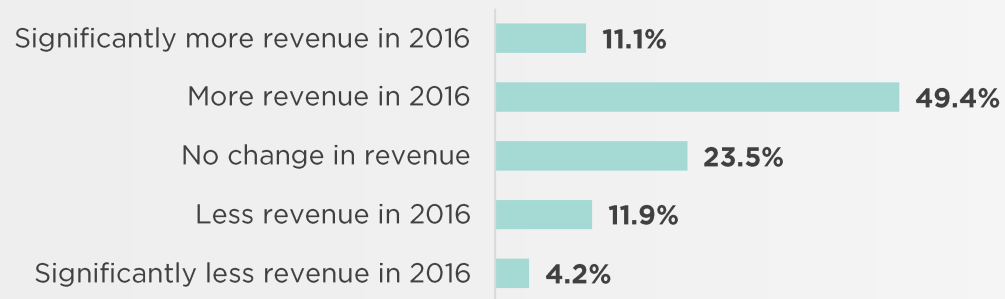
12-month growth expectations



2016 estimated revenue



Change in revenue between 2015 and 2016



Headquartered
in SLC

78.7%

Currently
exporting

34.7%

Want to
export

16.7%



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ECONOMIC
DEVELOPMENT
CORPORATION
OF UTAH

THANK YOU