RESEARCH BRIEF

Following a benchmarking survey completed by Nielsen in 2013, this survey was commissioned to track:

- The benefits and challenges of operating a business in Wellington
- Businesses’ perceptions of, and experiences with, Wellington City Council
- The level of risk for businesses being lost to Wellington (from closure or from relocation) in the foreseeable future
- The profile of businesses looking to expand and in what ways.
GOOD RESPONSE RATE TO THE SURVEY

A total of 516 businesses completed the survey, with a response rate of 28%.

<table>
<thead>
<tr>
<th>ELIGIBLE RESPONDENTS</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPLETED SURVEYS</td>
<td>516</td>
</tr>
<tr>
<td>RESPONSE RATE (COMPLETES/ELIGIBLE RESPONDENTS)</td>
<td>28%</td>
</tr>
</tbody>
</table>

Active engagement with the topic, with 40% agreeing to being re-contacted by the Council.

Please refer to Appendix I for a more detailed response rate calculation.
EXECUTIVE SUMMARY

• Compared to 2013, fewer businesses are planning to close or relocate their business in the next 12 months. In 2014, only 12% of respondents say they plan to close or relocate their business in the next 12 months, compared to 20% of respondents in 2013.

• In 2013, the most prominent challenge businesses faced was the size of the local market. This is still a challenge for businesses, but it has become less of a challenge than having head offices, clients and members outside of the region, which is now the leading challenge.

• Of those businesses who say there is no possibility or very little possibility that they will close or relocate, almost half say they plan to expand in the next 12 months.

• The ‘investment for growth’ approach is well received by the business community, with more than two thirds of respondents supporting it and only 4% saying they do not support it (the remaining respondents are neutral or need more information to make a decision).

• Perceptions of the Council have improved, with more than a third of businesses having an overall positive perception of the Council, compared to just over a quarter in 2013.
## EXPECTATIONS REMAIN STEADY FOR WELLINGTON

Expectations for the Wellington economy over the next 12 months, and for personal business situations, are very similar to results from 12 months ago. Businesses’ expectation is a 50% net improvement in their own personal business situation *, while there is more **caution about the Wellington City economy**.

<table>
<thead>
<tr>
<th>Expectations of own business</th>
<th>Expectations of Wellington City economy</th>
<th>Expectations of national economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% Net improvement in <em>own</em> business</td>
<td>31% Net improvement in <em>Wellington</em> City economy</td>
<td>50% Net improvement in <em>national</em> economy</td>
</tr>
</tbody>
</table>

*Note: Net improvement is calculated by subtracting the Net worse results from the Net better results*
WHAT ARE THE CHALLENGES FOR A BUSINESS IN WELLINGTON?

Having head offices/clients/members outside of the region, and the size of the local market, are the leading challenges for businesses in Wellington. Airport-related issues are challenges for one in ten businesses. Fewer businesses mention concerns with Council as a challenge in 2014 (6% cf. 11% in 2013).

Main challenges or disadvantages about Wellington City (spontaneous comments)

<table>
<thead>
<tr>
<th>Challenge</th>
<th>2014 (%)</th>
<th>2013 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Offices/clients/members out of region (incl to Auckland, Sydney, offshore)</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>Size of local market/small population/small number of SME's/smaller economy</td>
<td>13%</td>
<td>20%</td>
</tr>
<tr>
<td>No disadvantages</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Airport (lack of international capacity, access to airport)</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Costs/lack of parking</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Slow pace/lack of growth (slower economic recovery than Auckland) (incl job growth)</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Traffic/transport problems/nuisances - congestion/bottlenecks</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>Concerns with Council (incl lack of leadership, poor decision making, money not spent wisely)</td>
<td>6%</td>
<td>11%</td>
</tr>
<tr>
<td>Expensive/cost to leases to operate in CBD/lack of affordable land (incl fees, rates)</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>The weather</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Base: All respondents (excluding not answered) (n=473)
Q16: Compared with other places, what are the main challenges or disadvantages about Wellington City that make it more difficult for your business?
Note: Only the top ten mentions are shown
WHAT MAKES WELLINGTON A GOOD PLACE TO BASE A BUSINESS?

What is perceived as a challenge for some businesses (the size of the market and clients/head offices outside of the region) is a benefit for others, with many businesses mentioning a local/unique client base as a leading benefit to doing business in Wellington. As was the case in 2013, the compactness of Wellington is most commonly mentioned as a benefit for business.

What makes Wellington a good place to do business (spontaneous comments)

<table>
<thead>
<tr>
<th>Benefit</th>
<th>2014 (%)</th>
<th>2013 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compact/small city/easy to get around/CBD, everything easily accessible/pedestrian/cycle friendly</td>
<td>35%</td>
<td>44%</td>
</tr>
<tr>
<td>Clients are local/client base here/client base not available elsewhere/uniquely Wellington based service</td>
<td>20%</td>
<td>14%</td>
</tr>
<tr>
<td>Close to Central Government/government decision makers/Capital City</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>Clients/ business associates within walking distance</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>Easy commuting/no traffic problems/access to suburbs/in and out of city</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Central location (easy access to rest of NZ)</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Good/efficient transport system/access</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>I/family live here/my home/I enjoy being here/know city well</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Historical/been here along time/well known here/ long term relationships</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Arts and culture (incl events, film industry, museum, entertainment)</td>
<td>7%</td>
<td>8%</td>
</tr>
</tbody>
</table>

It's where we started so we have a history with a lot of people we work with which easily equates to repeat business.
RELOCATING/CLOSING IN THE FORESEEABLE FUTURE

There has been a significant decrease in the proportion of businesses who indicate that there is **at least some possibility** that they will relocate or close their Wellington business in the foreseeable future. In 2014, 63% of all businesses say there is **no possibility** that they will relocate or close their business in the foreseeable future, a significant improvement on the 48% of businesses that felt this way last year.

Likelihood of relocating or closing Wellington City business operations

- **2014** (n=514):
  - No possibility at all: 63%
  - Only a very slight possibility: 25%
  - Some possibility: 12%
  - Strong possibility: 9%
  - Almost definitely or definitely: 2%

- **2013** (n=675):
  - No possibility at all: 48%
  - Only a very slight possibility: 32%
  - Some possibility: 16%
  - Strong possibility: 3%
  - Almost definitely or definitely: 2%

Significantly higher than 2013 results
Significantly lower than 2013 results

Base: All respondents
Q18: Which of the following best describes whether or not it is likely that you will relocate/close your Wellington operations in the next 12 months?
WEIGHING IT UP: THE POSITIVE

For those who express at least some risk of relocating or closing their business, the most common factor influencing staying in Wellington is family ties or enjoyment of living in Wellington. Business-related factors include the business being established in Wellington and an established client base, as well as greater business opportunities in Wellington.

Reasons for staying in Wellington city (spontaneous comments)

- Family ties/I enjoy being here/lifestyle: 26%
- Well established/historical/stable business/good reputation: 15%
- More business opportunities/future growth of business (incl increased work/sales/retain contract): 14%
- Established client base/good business relationships/contacts: 11%
- Affordability (incl rent, housing): 10%
- Staff/experienced/skilled staff/located in Wellington: 8%
- Council policy (incl supportive, forward thinking, spending, cooperation, events strategy): 8%
- Premises/location (incl good/central location, close to port, suppliers, good premises, land availability, just relocated): 7%
- Cost/disruption of relocating: 6%
- Central location (easy access to rest of NZ): 5%

Base: Those with some possibility of relocating or closing in the future
Q21: Please outline the factors that you will be weighing up in your decision - the ones working in favour of you staying and the ones working in favour of you relocating/closing your Wellington business.
Note: Only the top ten mentions are shown
WEIGHING IT UP: THE NEGATIVE

For those at some risk of relocating or closing their business, opportunities and growth in other areas and/or an associated slow down or decline in business is the main factor working in favour of relocating or closing.

Reasons for relocating or closing their business (spontaneous comments)

- More business opportunities elsewhere/lack of business opportunities/returns in Wellington/slow down in business/less work/more projects in north: 35%
- Closer to clients/members/customers/greater membership elsewhere/our biggest market: 18%
- Costs (incl rates/rents, fees, compliance costs): 13%
- Council (incl poor leadership, attitude, Town Planning, changes in systems): 9%
- Earthquake risks (incl cost of strengthening buildings, pressure to relocate): 7%
- Planning to/may retire (incl my age): 6%
- Lack of growth/slower economic recovery: 6%
- Parking/easier/cheaper parking/parking policy: 4%
- Lease expires: 4%
- Amalgamating with another business: 3%

Note: Only the top ten mentions are shown

Base: Those with some possibility of relocating or closing in the future

Q21: Please outline the factors that you will be weighing up in your decision - the ones working in favour of you staying and the ones working in favour of you relocating/closing your Wellington business.
EXPANDING IN THE FORESEEABLE FUTURE

Almost half of the 88% of businesses very likely to remain in Wellington (who say there is no or only a very slight possibility of relocating/closing) indicate that there is **at least some possibility** that they will expand their Wellington business in the foreseeable future.

Base: Respondents who are not likely to relocate/close their Wellington operations in the next 12 months (n=447)

Q19: Which of the following best describes whether or not it is likely that you will expand your business within the next 12 months?
HOW DO THEY PLAN TO EXPAND?

Hiring new staff is the leading form of expansion for those businesses that plan to expand. More than a third plan to introduce a new product or service, while over a quarter plan to purchase capital equipment.

Ways in which a business plans to expand

- Hire new staff: 82%
- Introduce a new product or service: 36%
- Purchase capital equipment: 27%
- Expand nationally: 22%
- Open new location in addition to existing premises: 16%
- Expand existing premises: 13%
- Move to better or bigger premises: 13%
- Expand internationally: 12%
- Increase inventory: 7%
- Other: 4%

Base: Those who plan to expand their business (n=204)
Q20: In which ways do you think you might expand your business?
WHAT COUNCIL PERCEPTIONS EXIST AND ARE THEY
CHANGING?

Encouragingly, perceptions of the Council have improved across the board. While opinions are
still polarised on many attributes tested and, in some cases, are more negative than positive,
there have been significant increases in the proportion of Wellington businesses who rate the
Council positively. Leadership for businesses remains the least positive attribute.

Ratings of Wellington City Council

<table>
<thead>
<tr>
<th>Statement</th>
<th>2014 (n=515)</th>
<th>2013 (n=667)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wellington City Council effectively promotes Wellington as a good place</td>
<td>17%</td>
<td>33%</td>
</tr>
<tr>
<td>for businesses to locate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wellington City Council is business friendly</td>
<td>18%</td>
<td>35%</td>
</tr>
<tr>
<td>Wellington City Council does what it can to enable Wellington-based</td>
<td>22%</td>
<td>28%</td>
</tr>
<tr>
<td>businesses to succeed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wellington City Council provides quality services for businesses</td>
<td>21%</td>
<td>26%</td>
</tr>
<tr>
<td>Wellington City Council makes it as easy and efficient as possible</td>
<td>24%</td>
<td>20%</td>
</tr>
<tr>
<td>for businesses to comply with regulatory requirements pertaining to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wellington City Council provides quality leadership for businesses</td>
<td>32%</td>
<td>14%</td>
</tr>
</tbody>
</table>

More likely to have concerns about the quality of services provided by Council:

- Businesses in the Accommodation & Food industry (33% disagree)
- Small businesses (25% disagree)
- Those who only have a business within Wellington (24%).

Base: All Respondents
Q26: How strongly do you agree or disagree with each of the following statements
PERCEPTIONS OF THE COUNCIL HAVE IMPROVED

There has been a marked improvement in perceptions of the Council amongst businesses. In 2013, one in nine businesses spontaneously mentioned concerns with the Council as a challenge for doing business (11%), but in 2014, just over one in twenty mentioned this (6%). Similarly only a quarter of businesses have overall negative perceptions of their relationship with the Council, compared with just under a third in 2013 (30%).

“Council more proactive over the last year."

“I have seen a move towards helping small businesses in the last 12 months and think there are some good ideas being put in place for the future. Also the growth of Visa Wellington on a plate has helped Wellington’s hospitality."
WHY HAVE SOME OPINIONS OF THE COUNCIL IMPROVED?

Overall, the main theme emerging from those who state that their opinion has improved is one of better engagement and communication. Council staff also receive favourable comments, as does the new CEO/leadership.

Reasons for improvement in the opinion of the Council’s support for business

- Working with industry/businesses: 24%
- Better engagement with community: 20%
- Council staff: 18%
- New CEO/leadership: 14%
- Better/more communication/more open council: 14%
- Council/new team more united/less squabbling: 6%
- Improvement to infrastructure: 5%
- New initiatives/support for events: 5%
- Better/more planning/forward thinking: 4%
- Positive feedback from business community: 3%
- General improvements to city: 3%
- Promotion of Wellington nationally & internationally: 1%
- Other: 8%
- Don’t Know: 5%
- Nothing: 7%

Base: Those whose opinion has improved (n=67)
Q28: Why has your opinion improved?
WHY HAVE SOME OPINIONS OF THE COUNCIL DETERIORATED?

Nearly one in five of those whose opinion of Council’s support for business has deteriorated attribute this to perceived poor leadership and/or a lack of confidence in the Mayor/Councillors. Others cite a perceived lack of support for businesses or events, poor service or customer care and/or indecisiveness or poor decision-making.

Reasons for a deterioration in the opinion of the Council’s support for businesses

- Poor leadership/lack of confidence in Mayor and councillors: 19%
- Not supporting/assisting/retaining existing businesses/events: 15%
- Poor service/customer care/bureaucratic: 15%
- Indecisive/lack of action/lack of positive thinking: 13%
- Staff: 12%
- Poor decisions: 9%
- Not attracting encouraging business: 8%
- Lack of vision/planning/no new initiatives: 8%
- Council ineffectual/lacking expertise: 6%
- Do not have priorities right: 6%
- Too money driven: 6%
- Businesses leaving Wellington for other centres: 5%
- Lack of growth compared with Auckland and Christchurch: 4%
- Earthquake issues/building strengthening: 3%
- Current business/economic climate: 3%
- No Christmas atmosphere: 3%
- Money not spent wisely: 1%
- Other: 12%
- Don’t Know: 3%
- Nothing: 10%

Base: Those who opinion has deteriorated (n=97)

Q29: Why has your opinion deteriorated?
SUPPORT FOR THE ‘INVESTMENT FOR GROWTH’ APPROACH

More than two thirds of businesses said they would support an ‘investment for growth’ approach. Just 4% said they would not support this approach, while just over a quarter didn’t know or needed more details to state an opinion.

Support for the ‘investment for growth’ approach

For the 4% who did not support the ‘investment for growth’ approach, the following alternatives were suggested in descending order:
- Be more supportive of existing businesses
- Reduce/keep costs down
- Change Council’s role/attitude.

Medium sized businesses are more likely to support an ‘investment for growth’ approach, (77%), while small businesses are more likely to need more details/not be sure about the ‘investment for growth’ approach (37%).

Base: All respondents (n=497)
Q30: The Council is considering a strategy of ‘investment for growth’. Under this strategy, the Council would invest in venue construction and infrastructure improvements to create a better business environment within Wellington. Do you, in principle, support this ‘investment for growth’ approach?