BLANDIN FOUNDATION GRANT REPORT

Incredible Ely

Business Development/Broadband Survey

<u>SUMMARY OF SURVEY FINDINGS</u>

I. Project Summary:

Research has demonstrated that bringing broadband to rural communities has the potential for significant increases in economic viability and growth. However, it's also been demonstrated that just connecting businesses to broadband, is not enough. Success depends upon how businesses actually utilize the broadband services.

This research project is in response to the Blandin Foundation's findings in its 2014 White Paper: "The Return from Investment in Broadband Infrastructure and Utilization Initiatives". Results from the business surveys provide initial internet usage information to set the groundwork for "implementing a process for measuring broadband adoption and utilization", as well as having engaged Ely businesses as "stakeholders to own the process of economic development through broadband". (Two recommendations from the Blandin White Paper.)

II. Project Description:

The Business Development / Internet Survey Project is an integral part of the broader goal to bring Broadband to Ely, Minnesota.

Development of the business survey was informed by economic development research as well as the expertise of a World Bank retiree with years of survey and research experience. (Please see copy of survey attached.)

Businesses were notified of the upcoming business survey to promote participation. Ads were placed in the Ely Echo Newspaper, and the Incredible Ely Executive Director made presentations / announcements at a number of Ely organizations (e.g. Ely Rotary Club, "Tuesday Group", the Ely Economic Development Authority public meeting).

Sixty (60) face-to-face interviews were conducted with Sheridan and Chapman Street businesses between April and June, 2018, by the Executive Director of Incredible Ely. Attempts were made to survey all businesses on Sheridan Street, walking from the east end of the business district to the west end, however a number of the businesses were closed at the time visited, and only 3 businesses when asked, declined to be interviewed.

The raw survey data was recorded, initially reviewed and explored. It was then provided to a statistician (university professor) for the statistical analysis (including the numerical presentations and graphs / charts). This information is presented in the "Summary of Findings" section of this report.

The "Summary of Findings" will be posted on the Incredible Ely Website, to further Ely economic development and broadband installation, as well as helping other similarly situated rural communities.
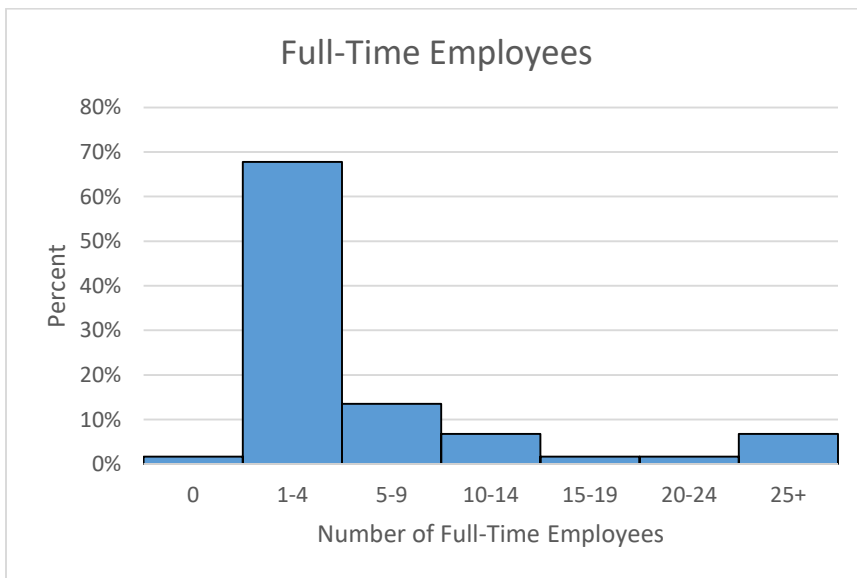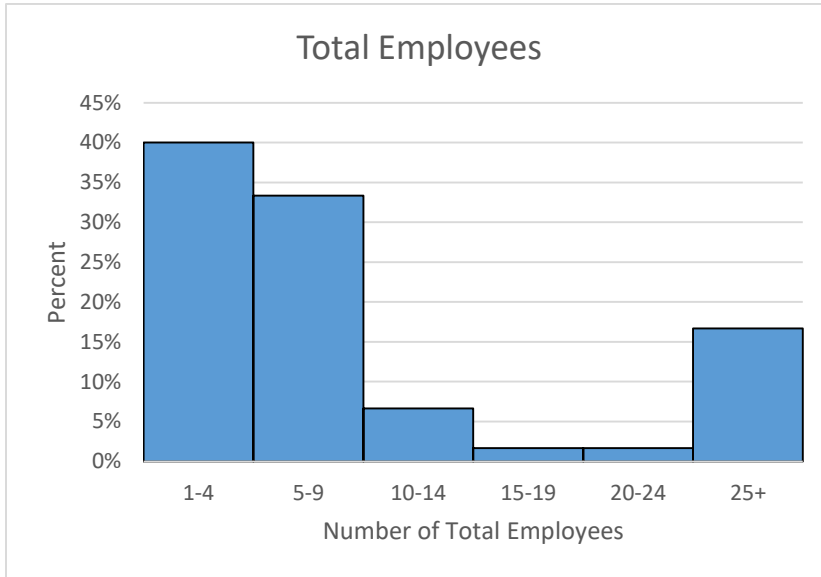
III. <u>Summary of Findings</u>:

    A. Profile of Survey Respondents:

        1. Business Classifications: Businesses surveyed, have been classified utilizing the North American Industry Classification System (NAICS). This is "the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy."
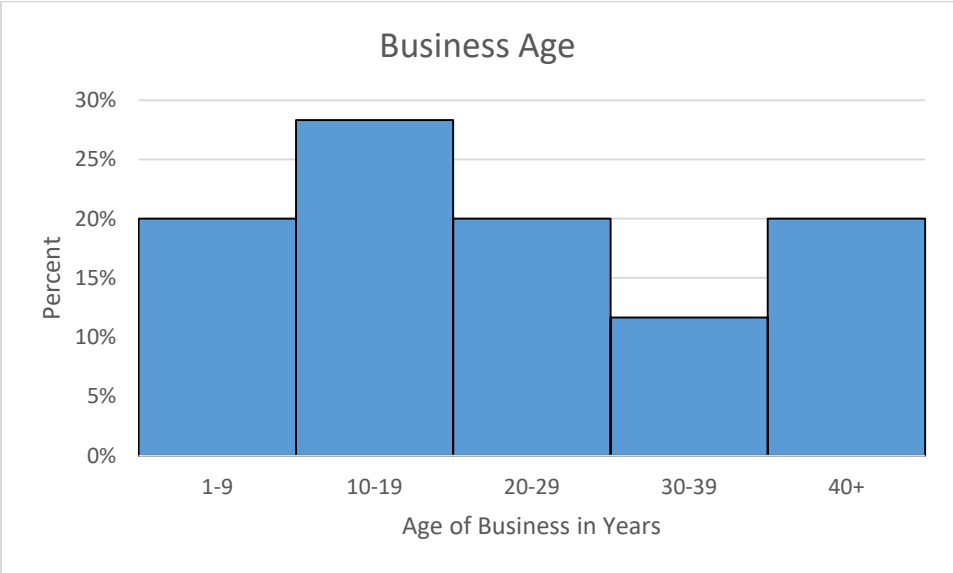
Businesses Surveyed	Count of Bus Type	% of Bus Type
Accommodations	5	8.33%
Finance	2	3.33%
Food Services	9	15.00%
Insurance	3	5.00%
Laundry	1	1.67%
Manufacturer	1	1.67%
Nonprofit	3	5.00%
Professional	1	1.67%
Real Estate	4	6.67%
Recreation	3	5.00%
Retail	27	45.00%
Utility	1	1.67%
Grand Total	**60**	**100.00%**

2. Number of Businesses' Employees: The number of employees was surveyed as an indication of the "size" of the business. The total number of a business' employees was counted, as well as the number of its full and part time employees. Of the 60 businesses surveyed , 40% of businesses reported totals of 1-4 employees at the low end of the spectrum and 17% of businesses reported having 25 or more total employees.

Total Employees

Full-Time Employees

Part-Time Employees

A histogram titled "Part-Time Employees" showing the Percent on the y-axis (0% to 45%) versus Number of Part-Time Employees on the x-axis (0, 4, 9, 14, 19, 24, 25+). Bars: 0 ≈ 35%, 4 ≈ 39%, 9 ≈ 10%, 14 ≈ 3%, 24 ≈ 7%, 25+ ≈ 5%.

3. Business Age – Businesses were asked when their business was established. Businesses ranged from operating in Ely, from 1 year, to three business operating in Ely for 100 years or more.

Business Age

A histogram titled "Business Age" showing the Percent on the y-axis (0% to 30%) versus Age of Business in Years on the x-axis (1-9, 10-19, 20-29, 30-39, 40+). Bars: 1-9 ≈ 20%, 10-19 ≈ 28%, 20-29 ≈ 20%, 30-39 ≈ 11%, 40+ ≈ 20%.

4. Business size over time – Businesses were asked "Since starting your business have you increased, stayed the same or decreased the number of employees". Of the 58 businesses that responded to this question 17.24% reported that their number of employees had decreased, 46.55% reported that the number of employees had stayed the same, and 36.21% reported that their number of employees had increased.
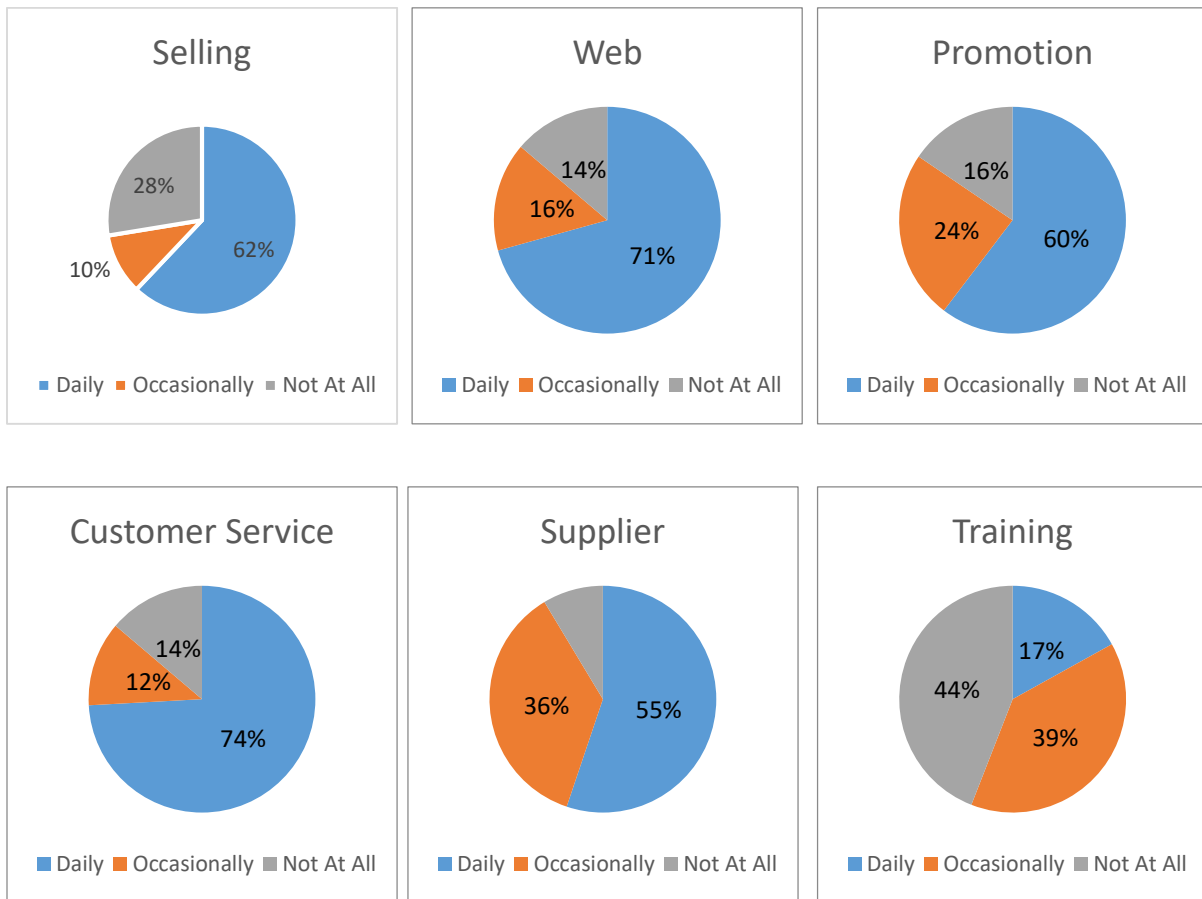
5. Sales from Customers Outside of Ely – Businesses were asked "Approximately what percentage of your business sales come from customers outside of Ely?" Of the Businesses fifty-seven (57) businesses that answered this question: eleven (11) answered that less than 20% of their business sales comes from customers outside of Ely; twelve (12) answered that 20-39% comes from customers outside of Ely, nine (9) answered 40-59%, nine (9) answered 60-79%, and 16 answered that more than 80% of their business sales comes from outside of Ely.
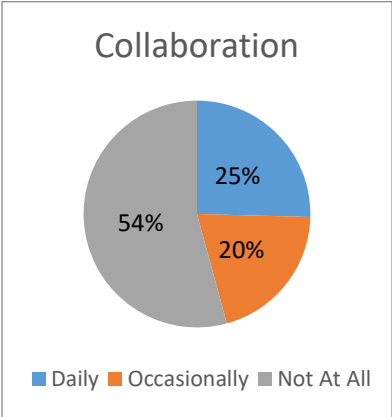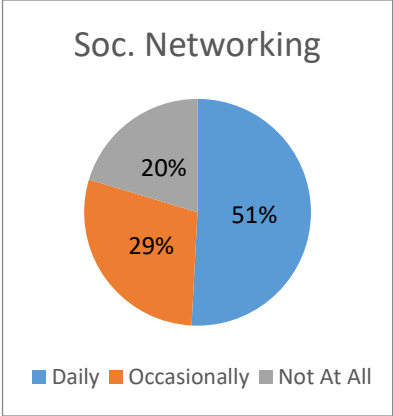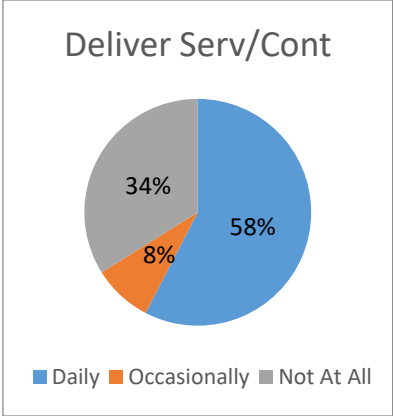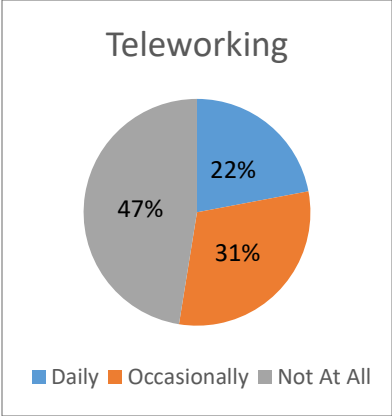
Those businesses that answered that 60-79% of their business sales comes from outside of Ely are within the following business classifications: Food Services, Retail, Manufacturer, and Real Estate. Those businesses that answered that 80% or more of their business sales comes from outside of Ely are within the following business classifications: Retail, Recreation, and Accommodations.
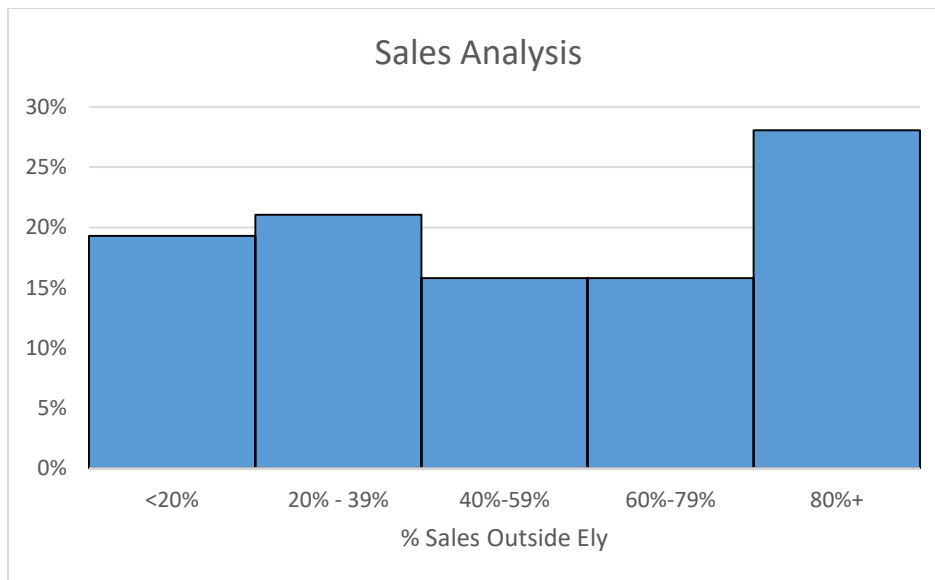
B. Internet Usage:

1. **Business' Usage of Blandin Internet Applications:** Businesses were asked to what extent (daily, occasionally or never) they utilized the following internet applications (that had been found by Blandin research to increase business revenues and customers, if regularly used): selling goods and services, website for your business, advertising and promotion, customer service and support, supplier communication and coordination, staff training and skills development, teleworking, delivery of services and content, social networking and accessing collaborative tools. The following results were found from fifty-eight (58) businesses that answered this question.

Selling	Web	Promotion
Daily 62%, Occasionally 10%, Not At All 28%	Daily 71%, Occasionally 16%, Not At All 14%	Daily 60%, Occasionally 24%, Not At All 16%

Customer Service	Supplier	Training
Daily 74%, Occasionally 12%, Not At All 14%	Daily 55%, Occasionally 36%, Not At All (remaining)	Daily 17%, Occasionally 39%, Not At All 44%

Teleworking

Daily 22%
Occasionally 31%
Not At All 47%

Deliver Serv/Cont

Daily 58%
Occasionally 8%
Not At All 34%

Soc. Networking

Daily 51%
Occasionally 29%
Not At All 20%

Collaboration

Daily 25%
Occasionally 20%
Not At All 54%

2. Most Important Use of the Internet: Businesses were asked "Of the internet applications (that were previously asked about in Section 6. above) that you use, which is/are the most important?" Of the fifty-two (52) businesses that answered this question it was found that "selling goods or services" (which includes the actually selling retail/wholesale of goods/services online as well as using the internet to process "cash register" sales) was identified as the most important internet application.

Most Important Use of Internet
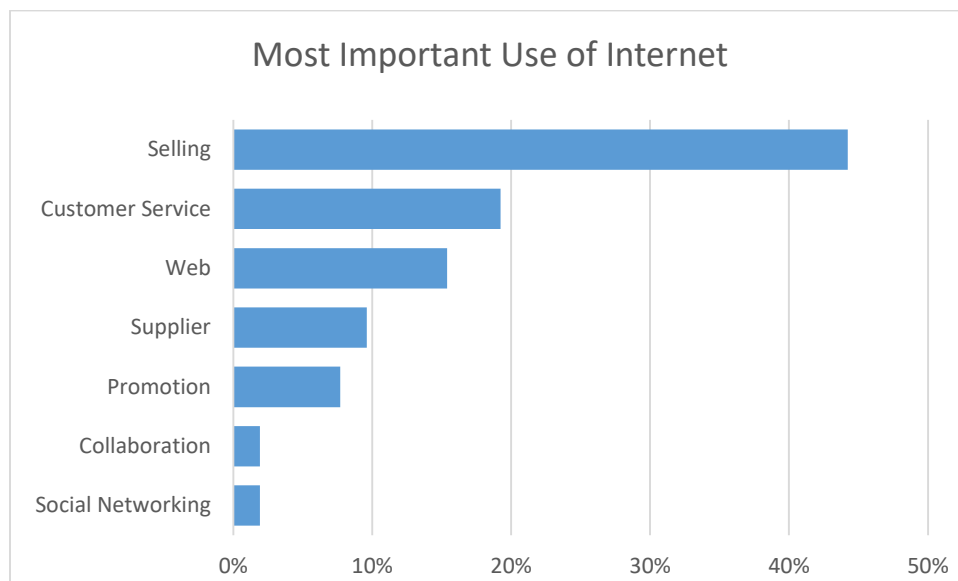
3. What businesses could do differently with quality internet: Businesses were asked "Is there anything else that your business could do differently to increase sales and/or decrease costs, if you had better internet reliability and availability to a broader choice of internet applications/processes?". The following are answers from the businesses that responded in the affirmative (some businesses provided multiple responses):

- Could research things faster
- Develop an online retail presence
- Greater internet efficiency = greater profits
- Internet would be faster at work and at home
- Doing what we already do, but faster
- Develop website – advertise store products
- It would give us the ability to increase online applications and fishing/camping trips
- Would be able to work "faster" at the office and home

- It will benefit our business if our individual clients have broadband. This will increase their ability to contact us because their outages will be decreased and they will have greater bandwidth to enable them to utilize some of our company's services
- Selling online retail (both in and outside the Ely area), now only sell wholesale
- Could increase business by being able to get back to customers on a timely basis – Frontier goes down
- With better reliability and availability to more internet apps – I could get things done faster
- Selling goods and services online
- We'd be able to get things done faster
- Paying for only one internet service would be nice, now we have two services in case one goes down
- We'd be quicker and more efficient
- If internet didn't go down, we could increase business by getting back to people on a more timely basis
- There have been times when our customers don't have internet access, and cannot use the internet to do their business with us
- We would have reliable music through the internet for customers
- Selling products online, set up a Website, advertise our business
- Not known at this point, too new
- It would help with access to ATM
- If we had better internet we would look at our marketing differently, internet speed impacts how we market
- Internet reliability is important. If the internet is down we can't check-in guests

4. Applications not presently used that would be beneficial: Businesses were asked "Of the business applications (asked about in Section 5. above) that your business doesn't use, are there any that would benefit your business?" There were sixteen (16) businesses that responded in the affirmative, to this question. The following are their responses (several responded with multiple applications):

- Advertising (2 businesses)
- Advertising – just no time to do it online
- Being able to work from home with good internet
- Collaborative tools – communication with bookkeeper to be able to work on documents together
- Selling goods and services (4 businesses)
- Selling merchandise online and advertising would increase sales
- More social networking promoting specific art pieces
- Social networking – would increase our visibility with people in Ely

- Staff training and skills development (3 businesses)
- Staff training – how to take orders online
- Website development (2 businesses)

5. Staff Training: Businesses were asked " Which of the internet applications / processes (asked about in Section 5. Above) , would you or your employees benefit from learning more about? " There were eight (8) businesses that responded in the affirmative.

- How to use the internet to effectively market my business
- Advertising, Social Networking and Customer Service
- Credit card transactions
- How to use internet basic skills
- Selling products online, setting up a Website, advertising
- Selling merchandise online and advertising
- Ordering online, payments online
- DNR training online

6. Recommendations for boosting Ely economic development: This final question was meant to provide businesses with an opportunity to express their creative ideas and concerns about the present state of economic development in Ely. Businesses were asked: " Bringing reliable and robust internet services to Ely is one key way to boost economic development for businesses. Do you have any other ideas, suggestions?"

- We need more people living in town
- Reliable internet service should be available for everyone in the Ely area
- Increasingly home buyers are looking for homes with high speed internet (both seasonal and FT) so that they can telecommute
- Broadband will bring new people to Ely who want to be able to work remotely
- Bring industry into town e.g. a canoe manufacturer
- Create Events during the "shoulder seasons", promote micro-brews
- Businesses in Ely and families that want connectivity with Broadband should be able to get it
- A "real" Chamber
- Inform tourists that there's free Wifi in Ely
- Not enough resources for new entrepreneurs
- Ely's quality of life needs to be forefront in our marketing to attract people and businesses
- The ability to work "remotely" will attract more to people to move to Ely
- The city needs to find more financial resources for the town

- Ely is getting "quieter" every year, there are 30,000 fewer resort beds. Not as many people are taking long family vacations, we need to attract more people
- Bring Broadband to Ely
- Business "collaboration" is needed
- Not enough employees to fill jobs in Ely
- A new Ely business association
- Broadband will bring people who can work remotely, to live in Ely
- A more welcoming business atmosphere
- Develop new housing, and reinvest in Ely's present housing stock
- Chamber of Commerce needs to help businesses
- City needs a plan for economic development
- Build a Community / Rec Center
- Hold after-hour events for businesses
- Majority of people who are looking for homes in the Ely area, ask about broadband and internet speed is "huge"
- Hold a Chapman Street festival
- Develop Ely as tourism spot – a slice of "Americana"
- Have a banner at the beginning of town e.g. "Welcome to Ely – "Fishing Opener" or "Welcome to Ely – MEA Week"
- Need jobs
- The "pie" in Ely is only so big… We're going to have to "increase the pie"
- Need a Chamber Administration that's open-minded to businesses
- Need business/industry that pays a living wage especially for young people
- Bring in an "anchor" business (50+ people)
- Outfitters outside of Ely, are at a disadvantage for permitting, because they don't have reliable and fast internet
- Improve cell service in radius of Ely and townships
- Need more than tourism, the tourism season is becoming shorter than it was in the past
- Broadband will bring people and their businesses. Being able to work remotely people will be able to work anywhere in the U.S. and they'll select Ely
- We're not replacing young people who love the outdoors e.g. Scouts, so fewer people are vacationing in and around Ely
- "Buy Here", "Shop Local" Campaigns
- Increase advertising
- Housing is needed for older adults who want to sell their lake homes and move into town
- Build "business to business" relationships, create community
- Seasonal/ Local loans
- For new businesses: welcome packet including information about loans, signage regulations, building permits

- Businesses coming in to Ely to fill vacant buildings are competing against one another
- Expand year-round businesses
- Planning and zoning could have been "nicer"
- Street vendors in the park: hot dogs, balloons, popcorn, caricature artist, keeps tourists in Ely longer
- This town is dying, there are no good paying jobs here
- Faster internet
- Two hour limit on street parking and ticketing of tourists, hurts businesses
- No sale of liquor on Sundays – is a loss of taxes to Ely
- Tax breaks for new businesses
- Bring in industry with more jobs
- Open back up mining and lumbering
- Chamber is trying hard but not winning
- We need to bring in livable wage jobs, for example, some kind of industry
- Off street parking is needed
- Mining would bring business to Ely
- Develop apprenticeships and internships with businesses
- More events during the "off peak" season: e.g. canoe show, fishing expo, RV show, sport show
- Get canoe builder to come to Ely
- With good internet you can market world-wide – e.g. we have guests from all over the world
- Education is key
- Open back up, mining and lumbering, stock the lakes
- Set up uniform business "open" hours so that tourists will know (as opposed to each business having different hours)
- Bring in industry / more jobs
- Have jobs for the new generation
- There are many organizations that are working to bring jobs to Ely – Why don't you all work together?
- Provide supportive programs / training for businesses
- Getting the word out about when Ely gets broadband, will attract more people
- Tax breaks for new businesses
- Why isn't midco cable enough to attract businesses, why do we need fiber to bring businesses to Ely?
- Need a community center to bring Events to town
- Increasing marketing of Ely, bringing more people to Ely, general exposure
- Bring in businesses to fill store fronts that have been renovated
- City grants to businesses for building upgrades
- City - Invest in Chapman Street

- Provide supportive programs / training for businesses
- If Ely had broadband, getting the word out, would attract more people
- Find a way to "curb" the cost of freight for businesses – delivering products to Ely, truck deliveries to Ely have decreased over the years

IV. Survey

Ely Business Development / Broadband Survey

2018

Survey Questions:

Questions About Your Business –   **Date:**

1. Business Name:

2. Address:

3. Telephone #:   Email:

4. Survey Respondent's/Name:

5. NAICS # Business Classifications:

Accommodation & Food Services   Professional, Scientific and Technical

Arts, Entertainment and Recreation   Real Estate and Rental / Leasing

Construction
Finance and Insurance Services   Retail – clothing, gift shops
Health Care and Social Services   Other Services – ie laundry,
repairs
Manufacturing   Business:

_____

6. How long have you been in business?

7. How many paid employees: _____ FT   _____PT (less than 40 hrs week)

8. Since starting your business - have you increased, stayed the same or decreased the number of employees?

9. From 2016 – 2017 have your annual sales changed positively or negatively?

10. Approximately what percentage of your business sales come from customers outside of Ely?

Questions About Your Business' Internet Service

1. What kind of internet service does your business presently use? None, Dial-up, DSL, Satellite, Fiber Optic Don't know

2. How would you rate the current quality of your service?   Excellent Good   Fair   Poor

3. Are you satisfied with your present internet service's: Reliability? Yes No, Speed? Yes   No,   Cost? Yes No

Questions About Your Business' Usage of Internet Applications and Processes

1. Does your business use internet for any of the following functions? (Daily, Occasionally, Not at all)

Selling goods or services?	Deliver Services and Content?
Web site for organization?	Social Networking?
Advertising and promotion?	Accessing Collaborative Tools?
Customer Service & Support?	
Supplier Communication and Coordination?	
Staff training and skills development?	
Teleworking?	

 2. Of the internet applications and processes that you use, which is the most important and why?

3. (I'll re-read the list) Of the internet applications and processes that your business doesn't use, are there any that would benefit your business ? yes or no   And how ?

4. Is there anything else that your business could to do differently to increase sales and/or decrease costs, if you had better internet reliability, and availability to a broader choice of internet applications / processes?

5. Which, if any of the following internet applications / processes, would you or your employees benefit from learning more about? (re-read list, yes or no)

6. In closing…… Bringing reliable and robust internet services to Ely is one key way to boost economic development for businesses. Do you have any other ideas, suggestions?

Thank you.