

# **Wagga Wagga Business Survey**

## **Report on Preliminary Results**

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Commercial and Economic Development  
Directorate

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## Introduction

The Wagga Wagga Business Survey was conducted in October, 2009. The aim of the survey was to identify areas for Council action to promote economic development in Wagga Wagga, and to increase the competitiveness of local businesses.

The survey was distributed by email to 3,371 businesses. The response rate was 12% representing 408 businesses. This is considered a good response, particularly as the survey was a lengthy one as it is designed to provide benchmark data for future comparisons and trend analysis.

This preliminary analysis provides an overview of the survey responses. In-depth analysis is currently being completed by Strategic Economic Solutions Pty Ltd and should be completed by early April, 2010.

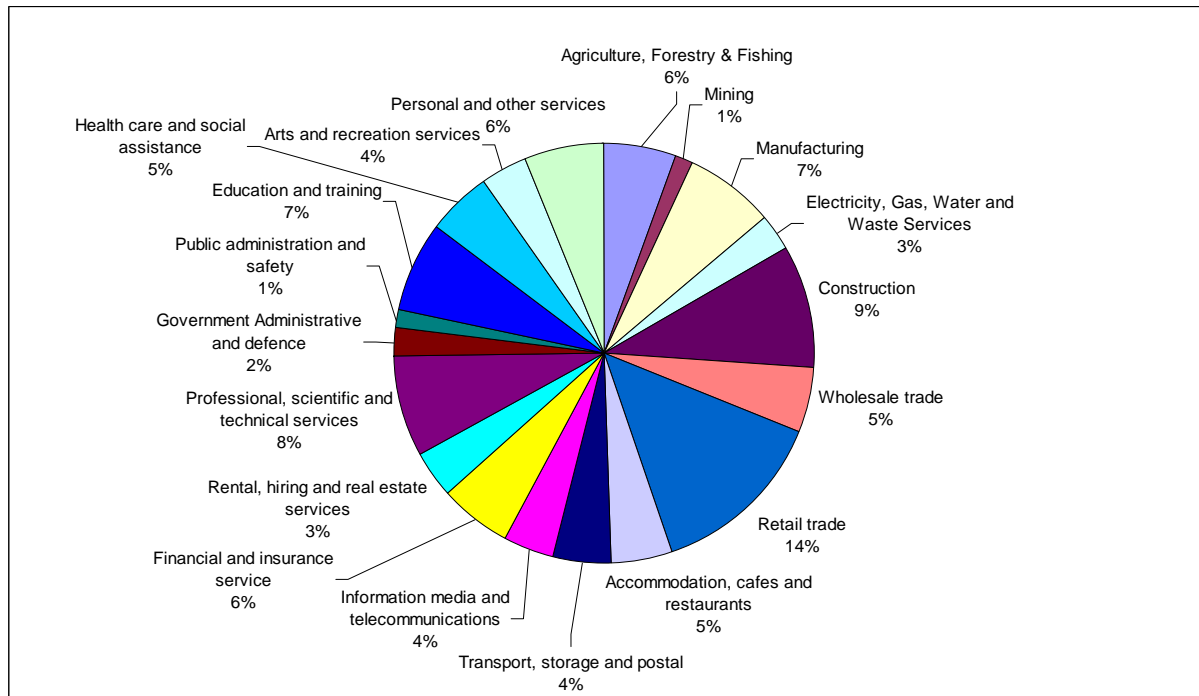
The support of the survey from Wagga Wagga businesses has been very positive and Council sincerely appreciates the time that business people took to record their responses. The survey information on areas such as infrastructure, enterprise development, training in work skills and location decisions is providing substantial insight into Wagga Wagga's economy and the experiences of businesses operating in Wagga Wagga. This will feed directly into the development of the Council's economic development initiatives.



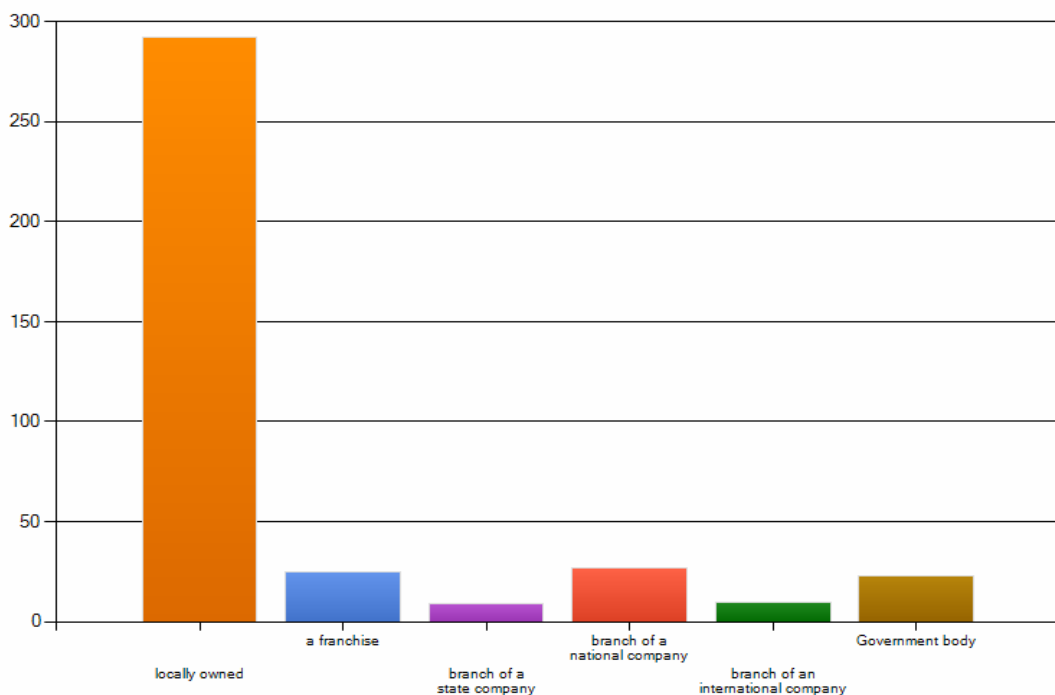
# Business Profile

## Business Classification

The following two charts illustrate the distribution of responding businesses across the ANZSIC classification system<sup>1</sup> and the spread of ownership types.

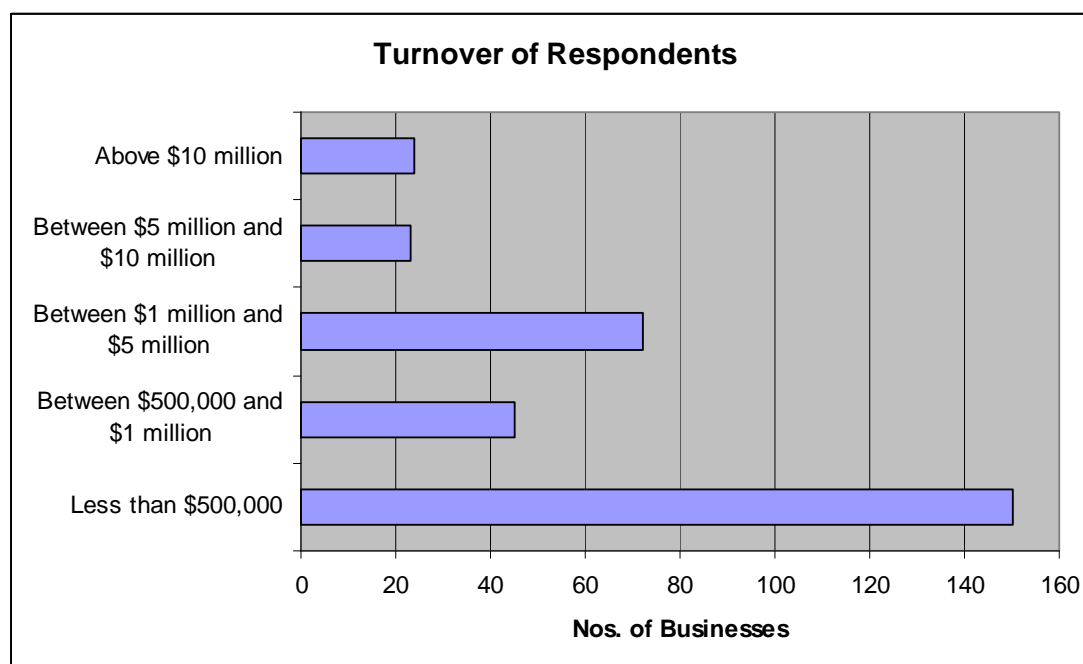


## Business Ownership



## Turnover

The turnover of businesses responding to the survey was as follows:



## Geographic Markets

Almost a third of respondents derived 100% of their turnover from the Riverina region. A significant number of respondents (14%) derived approximately 20% of their turnover from elsewhere in NSW, and 9% derived 10% of their sales in national markets outside NSW.

Export revenue was earned by 17% of respondents, and in most cases this was below 10% of their total turnover. However, 3 businesses earned over 90% of their revenue from exports, and a further 9 businesses earned between 40% and 60% of their turnover in export sales.

Around 20% of respondents are interested in developing export sales.

## Competitive Advantage

Almost 90% of respondents see their competitive advantage as relying on a point of difference. About 20% compete on the basis of being the lowest cost producer in their industry.

For the low cost producers, about half saw their labour productivity as the key to their cost competitiveness. One third saw buying power and a further third technology as the two other most important factors driving their cost advantage.

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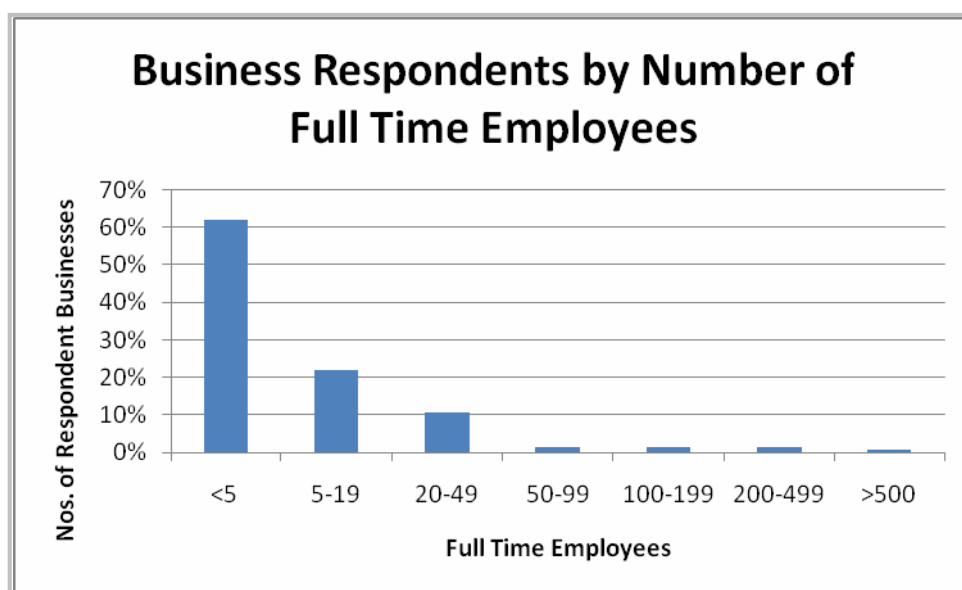
<sup>1</sup> Note that this may not represent the actual spread of businesses in Wagga Wagga. This will be examined in the detailed analysis currently underway.



For those businesses nominating 'point of difference' as their main competitive advantage, 76% claimed their level of service to be the most important factor in achieving this, two thirds believed their strong customer base as the most critical factor, 60% see product differentiation as the most important factor, and half nominate their brand and reputation.

## Employees

The spread of respondents classified in terms of number of full-time employees is illustrated in the graph below:



### Changes in Numbers Employed

In terms of changes in employee numbers, businesses indicated that over the last two years increases had outnumbered decreases by a ratio of 2 to 1. Most changes were relatively minimal of one or two employees, however three indicated substantial reductions in the full time employees of between 10 and 25, while 4 indicated a similar increase in their full time employees over this period.

Looking ahead, over the next two years businesses are far more optimistic about increasing their employee numbers, with relatively few forecasting reductions in their workforce.

Almost one third of respondents indicated that they had difficulties recruiting skilled tradespeople.

90% of respondents reported no difficulties in retaining employees.

One third indicated that they employ trainees and / or apprentices, with a half indicating that they intend to employ trainees and/or apprentices in the future.



## Business Environment and Outlook

### Outlook

Almost half of the respondents expect business conditions in their industry in the longer term to show minor improvement. The longer term trend in markets is seen by 20% as likely to grow strongly, while some 40% expect some growth, and a third expect markets to be steady. Only 5% expect a shrinking market.

### Intensity of Competition

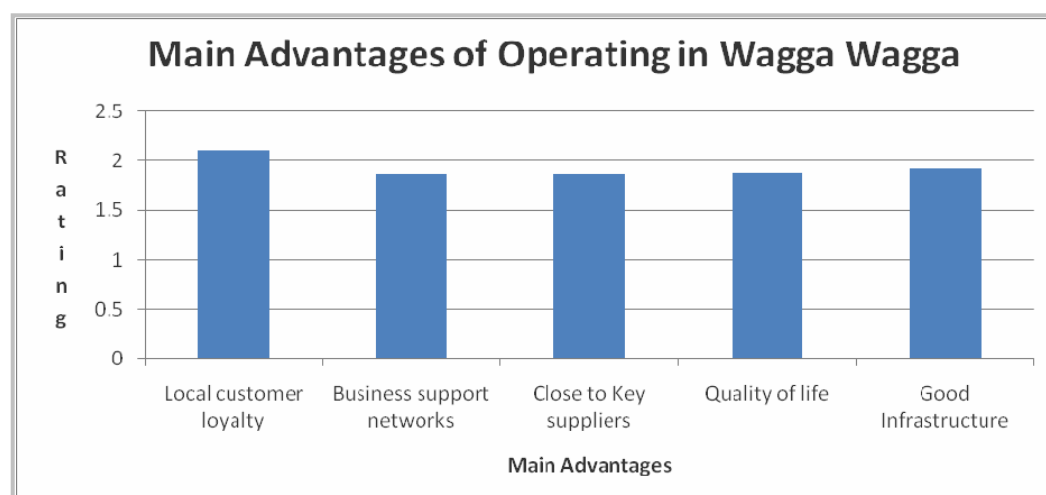
One quarter of businesses rated the intensity in their industry as 3 on a scale of 1 to 5 with 5 being 'high intensity'. A further quarter rated competition at 4, and a further quarter rated it at 5.

### Business Expansions

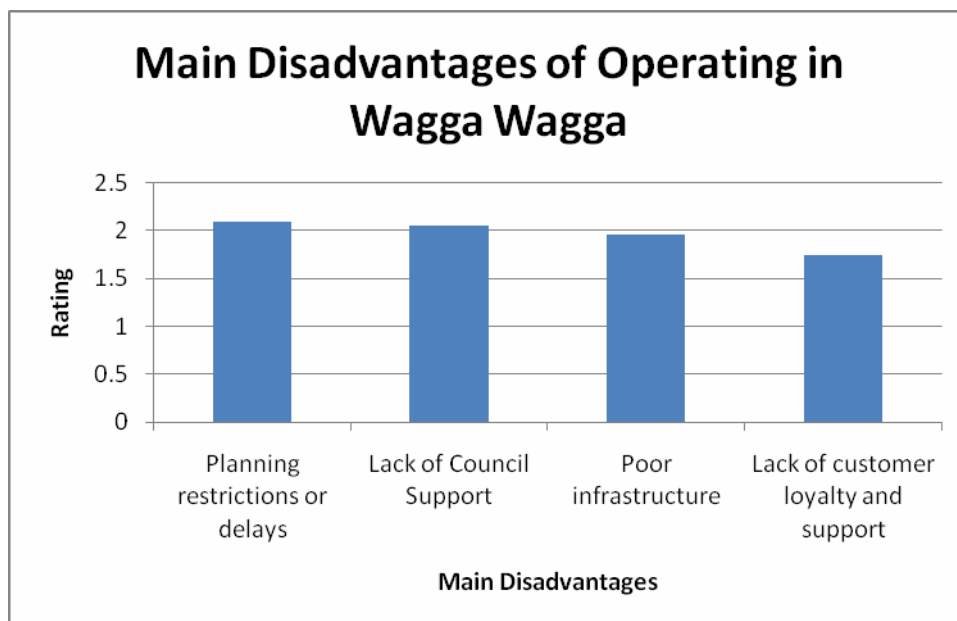
Over half of the respondents either had definite plans, or had 'potential' for expansion or modernisation, within the next two years. Finance was seen as the major constraint on realising expansion plans, with lack of suitable premises and lack of skilled staff being the next most common constraints.

### Advantages and Disadvantages of Operating in Wagga Wagga

The graph below depicts the top five advantages of operating in Wagga Wagga, as rated by the respondents.



The graph below depicts the top four disadvantages of operating in Wagga Wagga, as rated by the respondents.



## Relocations

Over 90% of businesses that responded were started in Wagga Wagga; that is they did not relocate from elsewhere. Of the 8% that have relocated, approximately 40% came from outside NSW.

Of the relocating businesses that were branches of larger businesses, or franchises, the two main reasons for selecting their location in Wagga Wagga were a large market and quality of life.

## Business Development and Opportunities for Wagga Wagga

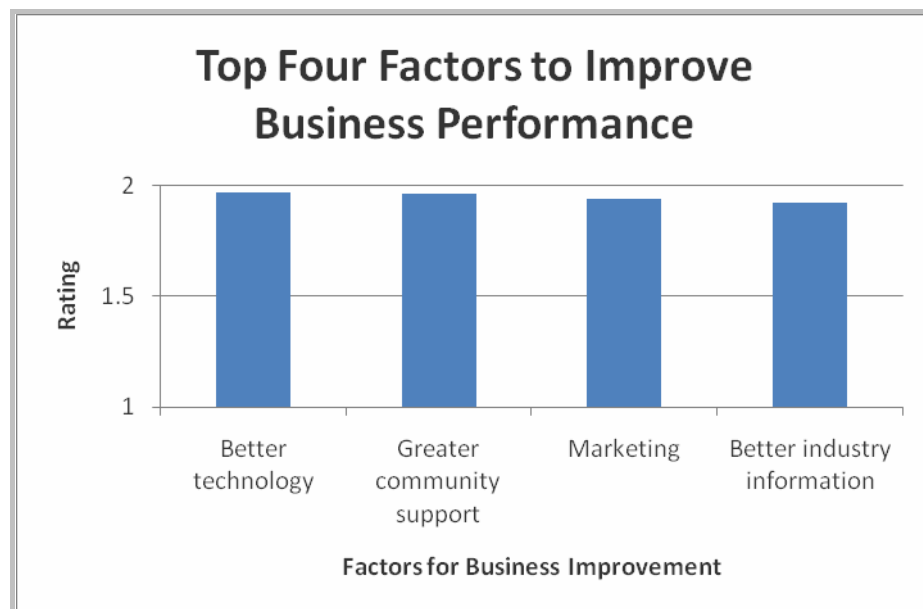
### Purchases from Outside Wagga Wagga

Over two thirds of businesses purchased goods and services from sources outside Wagga Wagga. On average, these businesses procured half their inputs from outside the city.



## Factors to Improve Business Performance

The respondents nominated the following four factors as the most important in improving the performance of their businesses:



## Services and Infrastructure

The four services or infrastructure which respondents were most satisfied with were:

1. Access to electricity
2. Access to airport facilities
3. Access to roads and highways
4. Access to gas supply.

## Rating of Wagga Wagga as a Place to Establish a Business

On a scale of 1 to 10, respondents rated Wagga Wagga at 6.9 as a place to establish and operate a business.



## **Current and Local Issues**

### **Home –based Businesses**

28% of the respondents were home-based businesses, of which 46% either are planning, or believe there is the potential for them, to relocate to separate commercial or industrial premises in the future.

### **The Importance of the Environment**

On a scale of 1 to 5, where 1 is not important and 5 is very important, respondents rated the importance of the impact of their business on the environment at an average of 3.4. Some 70% of businesses have addressed the recycling of waste generated by their business, almost 60% of respondent businesses have addressed energy usage in their business, and 42% have addressed water use and recycling.

### **Impact of the Proposed Carbon Pollution Reduction Scheme (CPRS)**

Half of the respondents were not sure of the impact of the proposed CPRS, while some 30% believed it would increase their business expenses significantly. 17% felt it would have no impact on their business.

### **Global Financial Crisis (GFC)**

Almost 30% of businesses reported a fall in sales as a result of the GFC. Just over 40% of responding businesses believed that their business would experience similar business conditions in the coming year compared to the previous year, while some 30% expected business conditions to improve.

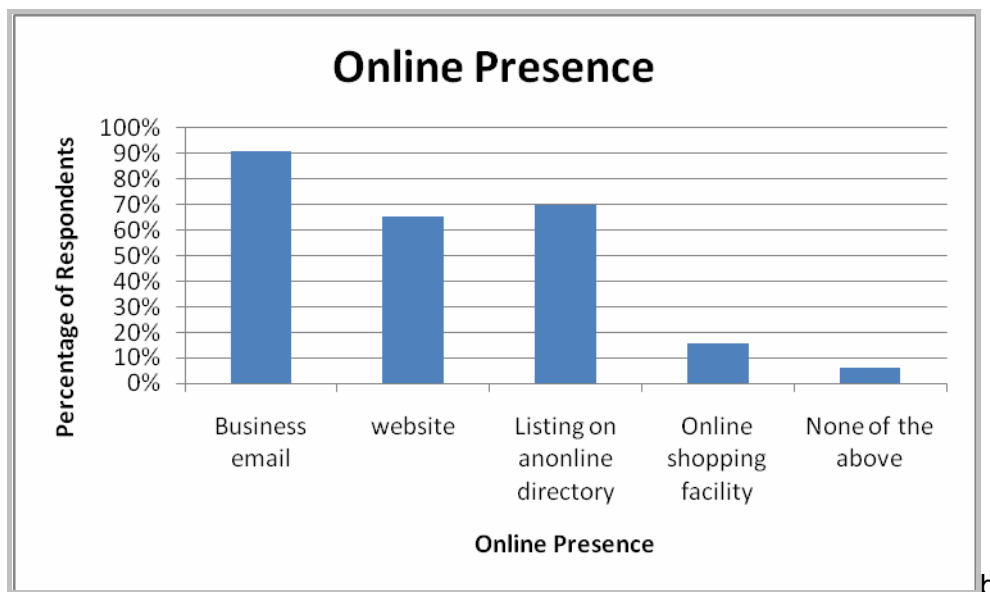
### **Research and Development**

Almost 30% of respondents invested in research and development in their businesses, with most investing between 1% and 5% of turnover in this area.

### **Online Presence**

The chart below shows the extent of respondents' online presence:





A significant proportion of respondents' sales come from online sources, with the average being 18% of sales.

Overall, respondents rated the performance of their internet connection at 3.1 out of a scale up to 5 (5 being excellent).

The internet connections of respondents are:

Internet Connection	Percentage of Respondents
Standard Broadband	44%
Fast Broadband (eg. Telstra ADSL 2+)	23%
Business Broadband (eg. Telstra Business Broadband)	26%
Satellite	1%
Wireless (eg. Telstra Next G)	22%
Dial UP	4%

