2020

Business Survey

CITY OF ADELAIDE

CONTENTS

EXECUTIVE SUMMARY

The City of Adelaide (CoA) regularly surveys residents and city users to ensure that council services are delivered effectively and meet the needs of our community. Businesses play a vital role in the local economy and their needs and expectations may vary from the needs and expectations of residents and other city users.

The Business Insights Survey (the Survey) aims to build on Council's understanding of city businesses. The ten-minute survey gathered information on business characteristics such as industry, location and employment size. It asked about the impacts of COVID-19 on business sales and business confidence, and the types of support that businesses would like from Council to help them get back on their feet. Views on council services were sought as were businesses' propensity to adopt environmentally sustainable practices.

The survey was available online on the Your Say Adelaide engagement platform from 2 October to 2 November 2020. During these four weeks, numerous methods were used to promote the survey and encourage responses. Flyers were distributed to every city business and those who completed the survey had the opportunity to enter a prize draw. The survey was also promoted electronically via existing CoA email databases including the City Business e-newsletters, Rundle Mall Management Authority, Adelaide Central Market Authority and Your Say Adelaide registrants.

A total of 166 complete responses were available for analysis. With a sample size of 166, the margin of error at the 95% confidence level is +/-7.5%.

Business characteristics

Adelaide North East had the highest share of respondents (32.5%), followed by Adelaide North West with 22.3%.

One in five respondents were in Adelaide South West while businesses in the south-east accounted for 15%.

Around one in nine respondents were in North Adelaide.

Two out of five respondents had been operating in the city for over ten years. One in five businesses had been operating in the city for five to ten years.

Just over half (52%) the respondents had fewer than five employees. Only 5% had more than 50 employees.

Around one-third of respondents were from the hospitality industry while one in five were in retail. Businesses from the Professional, Scientific and Technical services, and 'Other' industries (hairdressing, personal trainers, arts) were also represented in the survey.

COVID-19 Impacts

When asked about the impact of COVID-19 on online sales, 53% of businesses surveyed said that their share of online sales had not changed compared to prior to COVID-19. Over a quarter of respondents stated that online sales had increased while one in five indicated that online sales had decreased.

The outlook on business prospects was more positive than anticipated with around one in two respondents feeling either 'fairly confident' or 'extremely confident' about the future. One in four businesses were 'fairly worried' and 13% were 'extremely worried' about the future.

When it came to support from Council to help businesses get back on their feet, attracting more people to the city, reducing business costs, and growing the overall economy was top of mind for respondents.

Views on Council services

Similar to the Draft 2020-21 Business Plan & Budget consultation process, businesses were asked to rank Council service categories on their relative importance and performance.

'Asset Maintenance' emerged as the most important service category with 71% of respondents ranking it in their top five. Other important service categories were 'Economic Growth' (67%), and 'Waste, Natural Resources and Environmental Services' (64%). Service categories considered the least important were 'Corporate Support Services' (33%), 'Commercial Operations' (34%) and 'Property Management' (38%).

'Asset Maintenance' was also ranked best performing with 60% of respondents ranking it in their top five. Other top performing service categories were 'Waste, Natural Resources and Environmental Services' (57%) and 'Policy and Planning Services' (55%). 'Economic Growth' was considered as the worst performing service category (40%), followed by 'Property Management' (45%) and 'Corporate Support Services' (46%).

When asked about whether the city was a good place to do business, over 70% of respondents agreed with this sentiment.

Environmental sustainability

Most respondents were keen to adopt practices to make their business more environmentally sustainable. Practices that were top of mind for respondents were to reduce their energy costs, improve energy efficiency, reduce waste and increase recycling.

Obtaining rebates, facilitation of procurement, and information sharing were the preferred ways of adopting such practices.

General feedback

Respondents had the opportunity to provide any additional feedback related to the local economy. A total of 82 comments were received on various topics.

One of the most popular topics was parking with one quarter of the comments raising this issue. Businesses were concerned that the cost and availability of parking were having a negative impact on business.

Several businesses mentioned the importance of 'supporting local' and increasing efforts to attract more people into the city. High business costs were also a concern with some businesses indicating that they would like to see reduced Council rates and fees.

Other businesses thought that Council should demonstrate stronger environmental leadership. They were also keen to get additional waste services for city businesses.

ABOUT THIS SURVEY

Ensuring that council services are delivered efficiently and effectively is a core responsibility and interest of the City of Adelaide (CoA). Council regularly engages with our residents and city users to better understand their needs through the annual Resident Survey and City User Profile. Surveys, along with other forms of engagement, allows us to directly hear customer perspectives on Council's performance.

Businesses, particularly small to medium businesses, are the backbone of the city economy. Business needs and expectations may vary from the needs and expectations of residents and other city users. It is therefore important for the CoA to obtain feedback from businesses to ensure that the services delivered are consistent with their expectations.

Efforts have been made in the past to collect information from city businesses. Various studies on city businesses have been conducted by the CoA over the years including censuses, telephone interviews and online surveys. This Survey is Council's most recent attempt to better understand city businesses, particularly in the current economic environment.

The Survey builds upon Council's understanding of city businesses by gathering information that is not available elsewhere. The ten-minute survey asks about basic business characteristics such as industry, location, and employment. City businesses are also asked about how COVID-19 has impacted on their business and their outlook on future business prospects. Businesses are also specifically asked about how Council could assist them in the short and longer term, to help them get back on their feet.

To continue the conversation started in Council's Draft 2020-21 Business Plan & Budget consultation process, views on the services that the CoA provides were also sought. These questions help the CoA to understand how city businesses view the relative importance and performance of council services. Finally, information on businesses' willingness to adopt environmentally sustainable practices was collected as were any further comments related to the local economy.

Survey Methodology

The Survey was administered online through the Your Say engagement platform. The ten-minute survey was available for four weeks from 2 October to 2 November 2020.

The Survey was widely promoted through multiple channels to elicit responses. Flyers were distributed to all businesses in Adelaide (postcode 5000) and North Adelaide (postcode 5006). Promotion also occurred electronically through numerous CoA email databases such as the City Business e-newsletter, Your Say Adelaide e-newsletter, Rundle Mall Management Authority, and Adelaide Central Market Authority.

In addition, links to the survey were sent directly to over 800 city business owners registered with the Your Say Adelaide database. A further 2000 ratepayers were emailed the survey links to promote participation in the survey. Reminder emails were sent out to these groups one week before the closing of the survey to boost participation rates. Regular posts on Facebook and LinkedIn helped to promote the survey via social media.

A total of 194 responses were received with 28 responses excluded as they were not from city businesses. This leaves a total of 166 complete responses for analysis.

The aim was to obtain 400 completed surveys. This provides a sample with a margin of error of +/-5% with a confidence level of 95%. With a sample size of 166, the margin of error at the 95% confidence level is +/-7.5%. This means we would expect the results of the wider population to be within +/-7.5% of the value recorded in the survey.

DETAILED RESULTS

Business characteristics

LOCATION

Businesses who responded to the survey were from various locations across the city. Figure 1 (following page) shows the distribution of respondents by small areas of the city.

The largest share of respondents was in Adelaide North East (32.5%), followed by Adelaide North West (22.3%) and Adelaide South West (19.3%). Around one in nine respondents were in North Adelaide.

The distribution of respondents across various city locations largely reflects the actual distribution of businesses in the city as seen in Table1 (following page).

The share of respondents in Upper North Adelaide, Adelaide North West and Adelaide North East most closely matched the actual share of city businesses in those locations.

The share of respondents in Upper North Adelaide was the same as the actual share of city businesses in the area. In Adelaide North West and Adelaide North East, the share of respondents was slightly greater (by around 1%) than the actual share of businesses in these locations. In comparison, there was a marginally lower share of respondents in Lower North Adelaide (-2.4%) and Adelaide South East (-2.9%). There was a significantly higher share of respondents from Adelaide South West (7%) (Refer to Table 1).

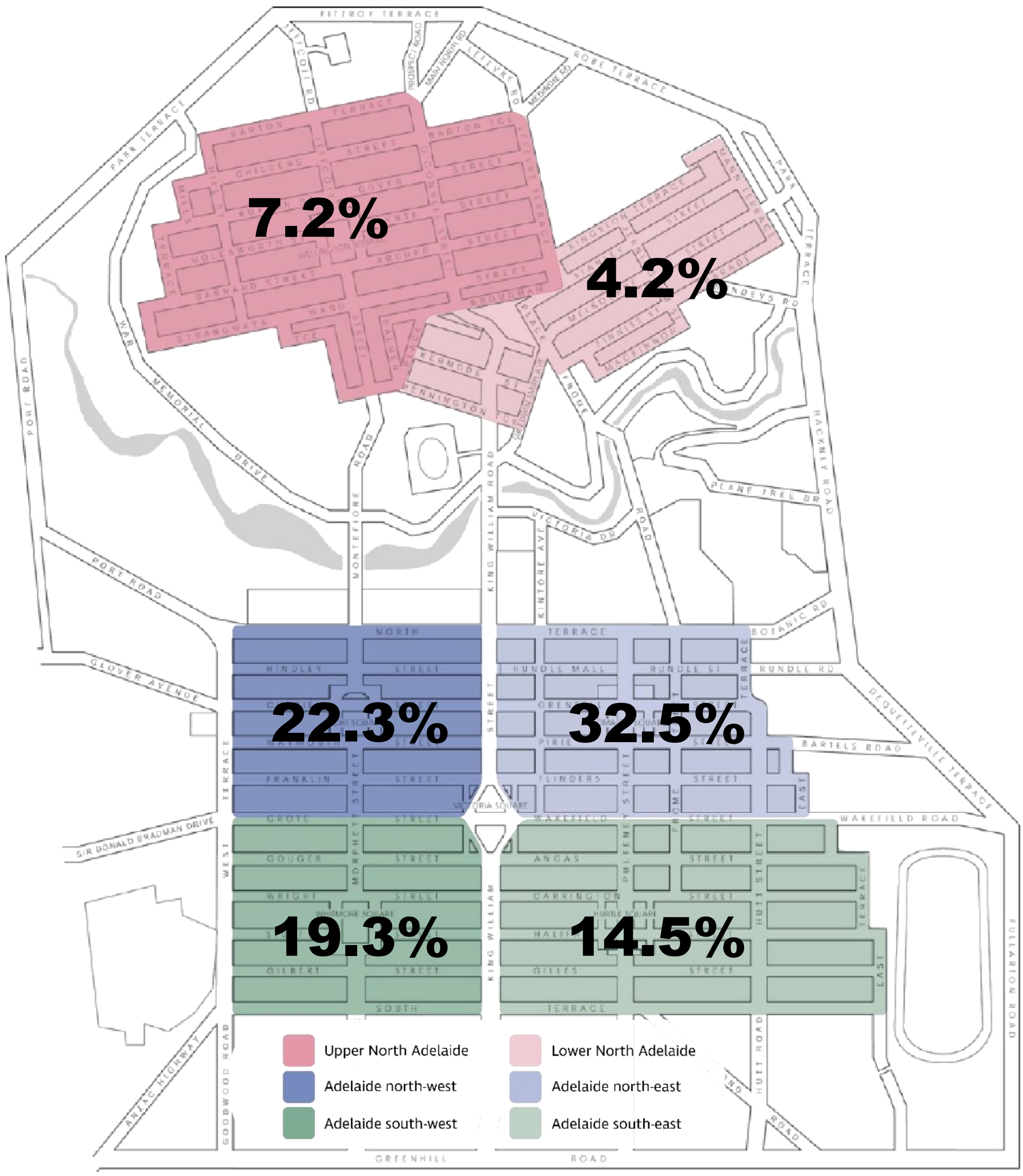
In other words, businesses from Adelaide North West and Adelaide North East were marginally over-represented in the survey. Businesses in Lower North Adelaide and Adelaide South East were slightly under-represented and businesses in Adelaide South West were over-represented.

Table 1. Comparison of actual city business and surveyed business by city location

Area	Actual share of businesses	Share of respondents	Difference
Upper North Adelaide	7.2%	7.2%	0%
Lower North Adelaide	6.6%	4.2%	-2.4%
Adelaide North West	21.1%	22.3%	+1.2%
Adelaide North East	31.1%	32.5%	+1.4%
Adelaide South West	12.3%	19.3%	+7%
Adelaide South East	17.4%	14.5%	-2.9%

*Source: Australian Business Register. Compiled and presented in economy.id by .id the population experts. Areas are based on approximate aggregation of destination zones.

Figure 1. Distribution of respondents across the city

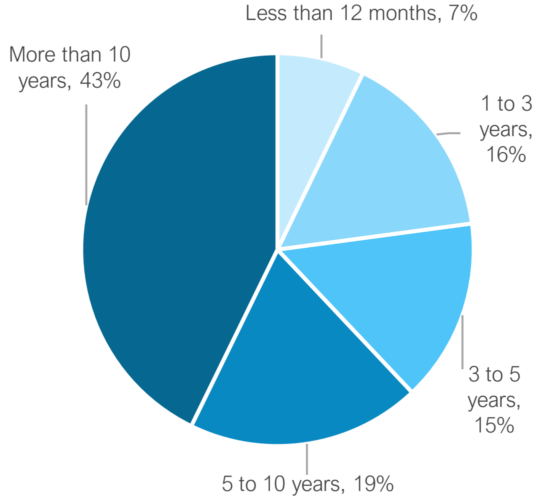


BUSINESS TENURE

Q: How long has your business been operating in the City of Adelaide?

When asked about how long they had been operating in the city, two out of five respondents said that they had been in the city for more than ten years and one in five had been operating for five to ten years. Considering the impacts of COVID-19 on the city's economy, only 7% of respondents had been operating in the city for less than one year.

Figure 2. Respondents by tenure

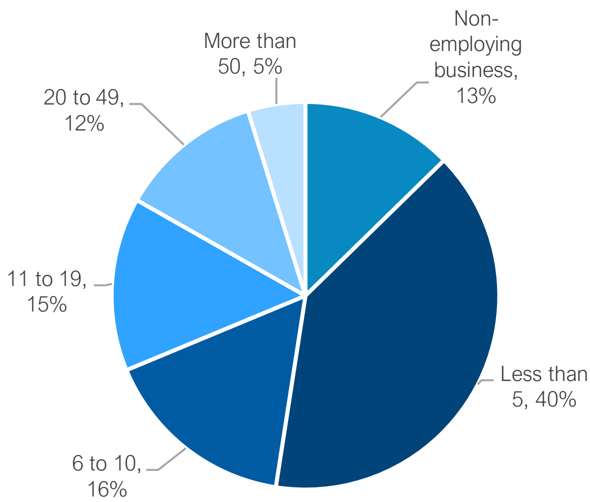


NUMBER OF EMPLOYEES

Q: How many staff does your business employ?

More than half of respondents (52%) had fewer than five employees with 13% employing no staff apart from the business owners. Just under a third (31%) of respondents had six to 19 employees and 12% had 20 to 49 employees. Only 5% of the businesses surveyed had more than 50 employees.

Figure 3. Respondents by employment size



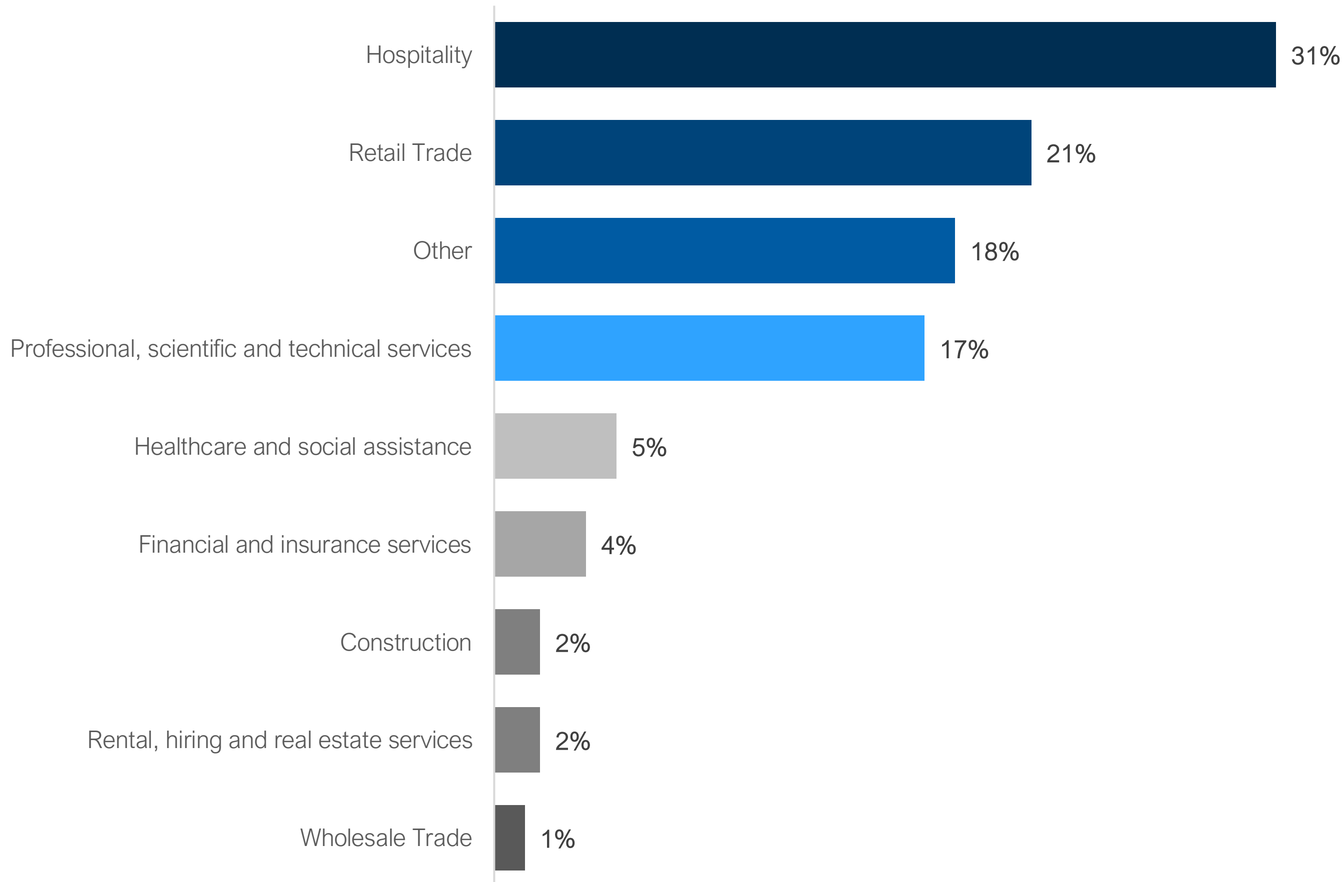
MAIN BUSINESS ACTIVITY

Q: Which industry does your main business activity best fall under?

Businesses were asked to identify the industry that their main business activity fell under. The industry categories were adapted from full list of industries within the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006.

One in two respondents were either in the hospitality or retail industry. Hospitality businesses made up 31% of all respondents while retail businesses accounted for 21%. Businesses in the Professional, Scientific and Technical Services industry contributed to 17% of all businesses surveyed and 'Other' businesses accounted for 18%. Examples of 'Other' businesses included hairdressers, personal trainers and those in the arts and creative services. The remaining 13% consisted of businesses from the Healthcare and Social Assistance (5%); Financial and Insurance Services (4%); Rental, Hiring and Real Estate Services (2%); Construction (2%) and Wholesale Trade (1%) sectors.

Figure 4. Respondents by industry



HOME BASED BUSINESSES

There is generally little data available on the number of home-based businesses in the city. An attempt was made to estimate the number of home-based businesses for the first time through this survey. Although the results cannot be generalised to the wider city business population, it indicates that 11% of respondents considered themselves to be home-based.

Of the 19 respondents who considered themselves to be home-based, the majority of them were in the following industries: Retail Trade; Professional, Scientific and Technical Services; and 'Other'.

COVID-19 Impacts

ONLINE SALES

Q: Approximately what percentage of your total business sales was done online over the past six months?

Businesses in hospitality, retail and 'other' industries were asked about the impact of COVID-19 on online sales. This question was not compulsory and 71 of the166 businesses (43%) surveyed provided a response.

Of those who responded, just under half (49%) indicated that less than 10% of their sales were done online over the past six months. Only 11% said that more than 75% of their sales had been conducted online.

When asked about whether their share of online sales had changed since COVID-19, 53% said that there was no change while 28% saw online sales increase. One in five experienced a decline in online sales.

Figure 5. Percentage online sales – retail, hospitality and 'other' industries

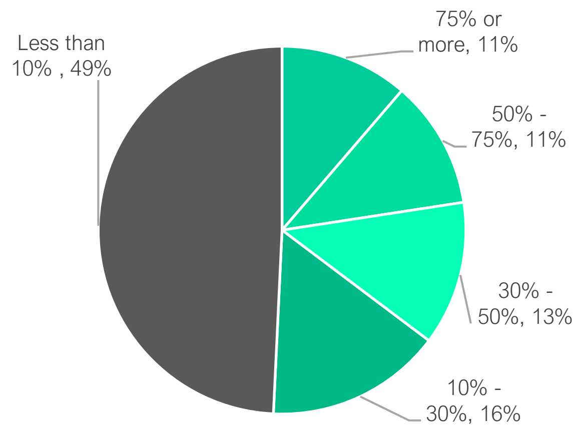
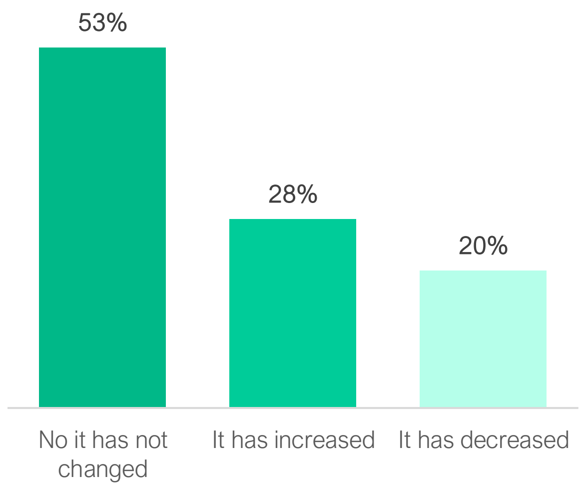


Figure 6. Change in online sales – retail, hospitality and 'other' industries

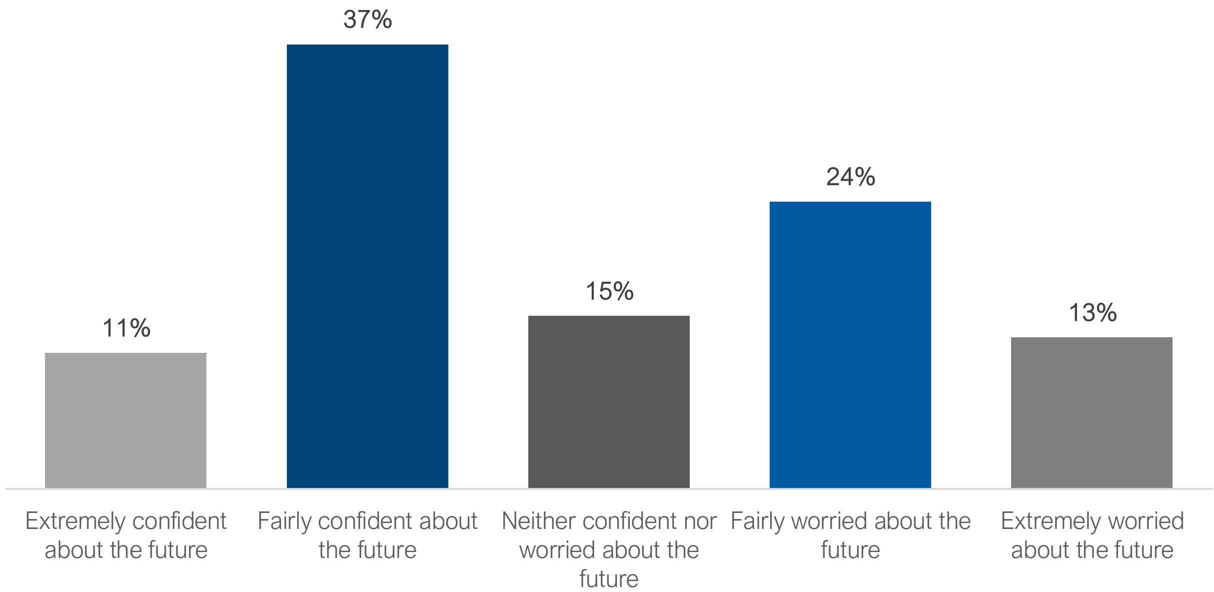


Q: Thinking about the next 12 months, how confident do you feel about your business prospects?

To better understand business sentiment across the city, businesses were asked how confident they felt about future business prospects. Close to half (48%) of respondents were either ‘extremely confident’ or ‘fairly confident’ about their business prospects. Within this group, 37% felt ‘fairly confident’ while 11% felt ‘extremely confident’.

There were fewer businesses (37%) who indicated that they were worried about the future. Around one in four businesses were ‘fairly worried’ and 13% were ‘extremely worried’. Around 15% of respondents felt ambivalent about the future, that is, they were neither worried, nor confident, about future business prospects.

Figure 7. Confidence amongst respondents



COUNCIL SUPPORT

Q: Thinking about the impacts that COVID-19 has had on your business, what can Council do in the short-term (3 months) to help you get back on your feet?

Q: Thinking about the impacts that COVID-19 has had on your business, what can Council do in the long-term (12 months) to help you get back on your feet?

The survey asked about the types of support businesses would like from Council post-COVID-19 to help them in the short-term (3 months) and in the longer-term (12 months). As respondents could choose more than one response the totals in Figures 8 and 9 add up to more than 100%.

The types of support that respondents required from Council over the short and longer term were similar.

In the short-term, the type of support that was top of mind for respondents was for Council to attract more people into the city with over two-thirds selecting this option (67%). A large share of respondents was keen for Council to help them reduce their business costs (62%) and to grow the overall economy (55%).

The types of short-term support less popular with respondents was helping them to develop new skills (9%), helping them to source advice (10%) and 'other' (10%). Examples of other short-term support mentioned by businesses were reducing Council costs including rates, providing incentives for workers to come back and work in the city, and supporting non-car transport.

Over the long-term, growing the overall economy and attracting more people into the city were equally top of mind for over two-thirds of respondents. Respondents also wanted Council to continue to help them to reduce their business costs (58%).

Similar to short-term support, respondents thought that helping them to develop new skills (8%) and source advice (10%) was less of a priority over the longer term. A small number of respondents (8%) suggested other forms of support. These included progressing the site at 88 O'Connell Street, providing additional Council grants, and opening childcare / kindergartens to attract working mothers into the city.

Directing Council spending to city businesses was more of a priority in the short-term whilst advocating to the State and Federal Governments for more funding was a higher priority in the longer-term.

Figure 8. Council support in the short-term

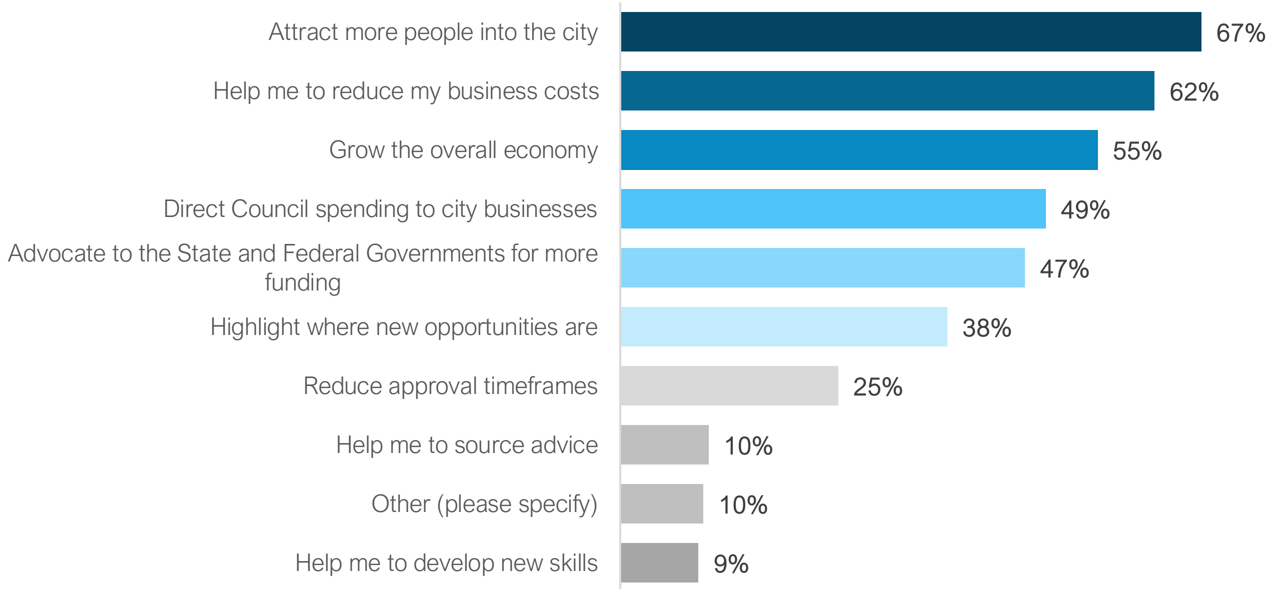
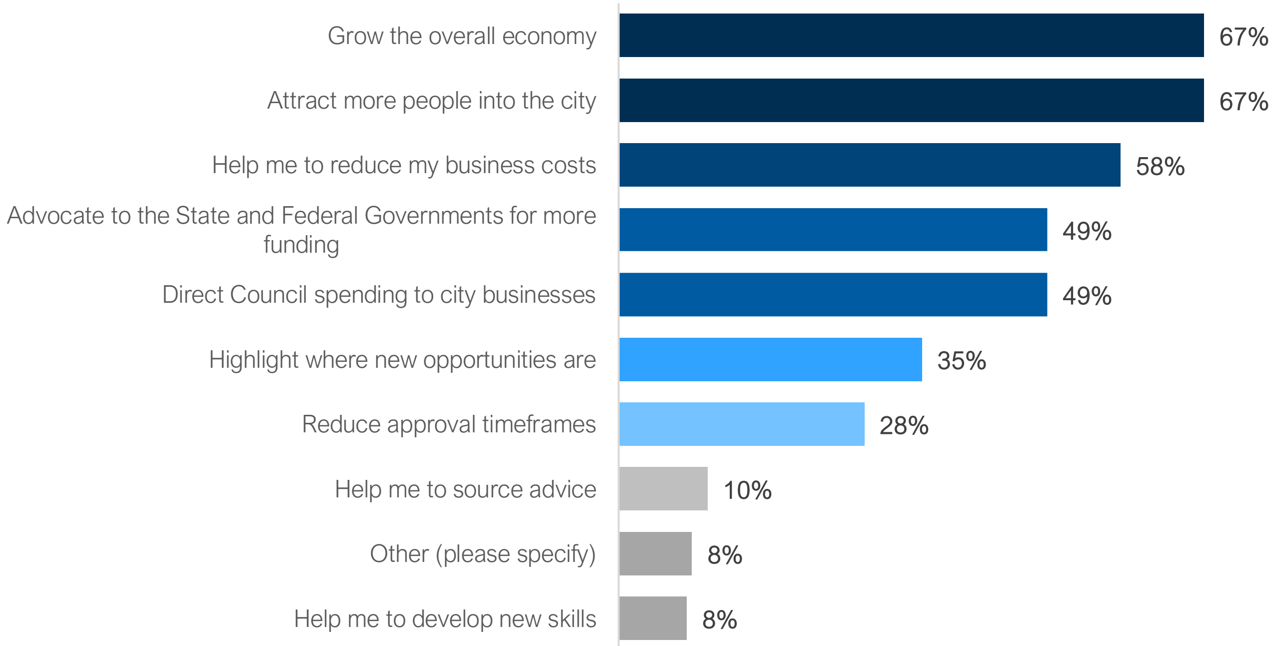


Figure 9. Council support in the long-term



Views on Council services

Continuing with the conversation that commenced earlier in the year through the Draft 2020-21 Business Plan & Budget Process, the Business Insights Survey asked city businesses about the relative importance and performance of council services across the following ten categories.

- Arts, community development and civic services
- Economic growth
- Waste, natural resources and environmental services
- Infrastructure and asset management
- Asset maintenance
- Policy and planning services
- Corporate support services
- Commercial operations
- Property management

SERVICE IMPORTANCE

Q: Which City of Adelaide service categories are most important to you?

City businesses were asked to rank the service categories from one to ten where one was the most important and ten the least important. For easier interpretation, the top five rankings were totalled and presented as a percentage of all respondents.

‘Asset Maintenance’ emerged as the most important service category with 71% of respondents ranking it in their top five. ‘Economic Growth’ was also ranked highly in importance with 67% of respondents ranking it as their top five. ‘Waste, Natural Resources and Environmental Services’ was considered similarly important with 64% of ranking it in their top five.

The service categories that had the fewest businesses rank it in their top five were ‘Corporate Support Services’ (33%), ‘Commercial Operations’ (34%) and ‘Property Management’ (38%).

Figure 10. Importance of Council services *(previous page)*

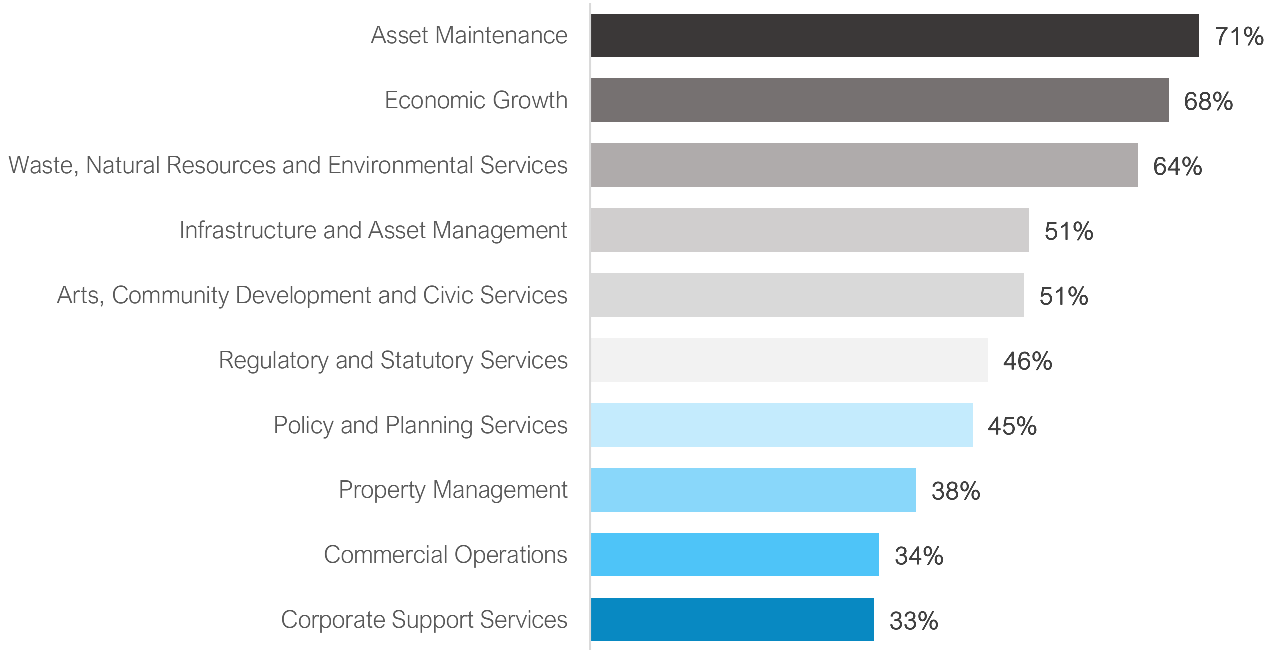


Figure 11. Performance of Council services *(next page)*

Q: Which service categories is Council performing best in?

The results were similar when businesses were asked about the performance of council service categories. 'Asset Maintenance' was the top performing service category with 60% of respondents ranking it in their top five. This was followed by 'Waste, Natural Resources and Environmental Services' and 'Policy and Planning Services' with 57% and 55% respectively.

Given the current environment, it was no surprise that 'Economic Growth' had the fewest top five rankings (40%). Respondents also considered the 'Property Management' (45%) and 'Corporate Support Services' (46%) service categories to be relatively low performing.

Q: To what extent do you agree that the City of Adelaide is a good place to do business?

One of the measures of the success in the City of Adelaide's 2020-24 Strategic Plan under the 'Strong Economies' community outcome is the perception of the city as a place to do business.

When asked about whether they think the City of Adelaide is a good place to do business, close to three-quarters of respondents agreed with the statement (72%). Around 15% neither agreed nor disagreed that the city was a good place to do business and 8% somewhat disagreed. Only 5% of respondents strongly disagreed that the city was a good place to do business.

This measure will be tracked over time as Council works toward making the city a better place to do business.

Figure 12. The city is a good place to do business

Environmental Sustainability

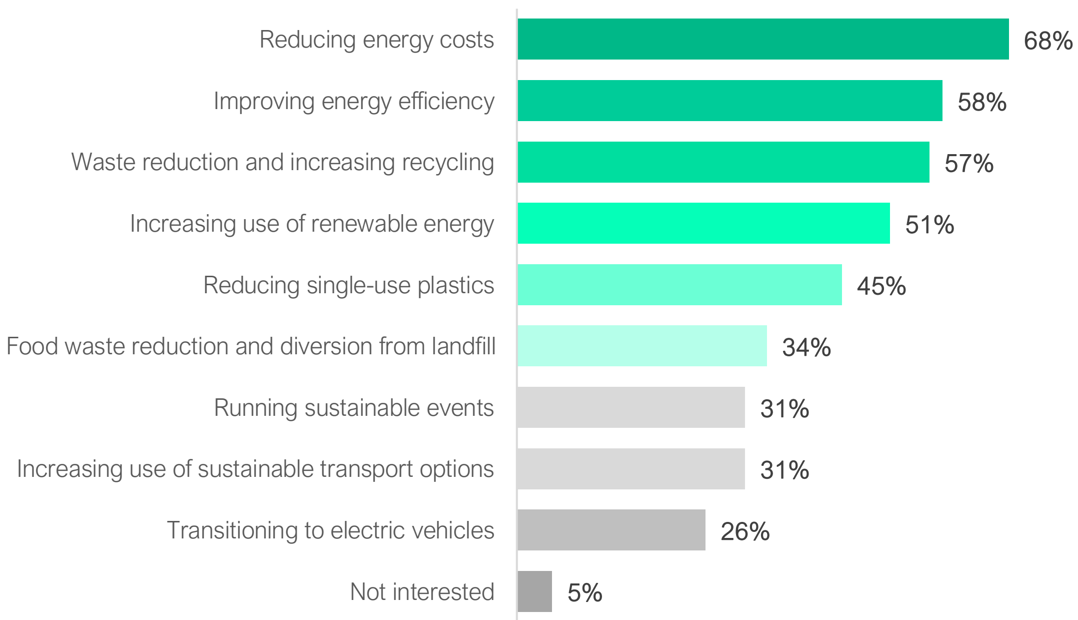
Q: In what ways would you like to be able to make your business more environmentally sustainable?

Q: What type of support would you prefer to help your business be more sustainable?

As ‘Environmental Leadership’ is one of the community outcomes in the City of Adelaide 2020-24 Strategic Plan, businesses were asked how they would like to make their businesses more environmentally sustainable. As businesses could choose more than one response, the totals add up to more than 100%.

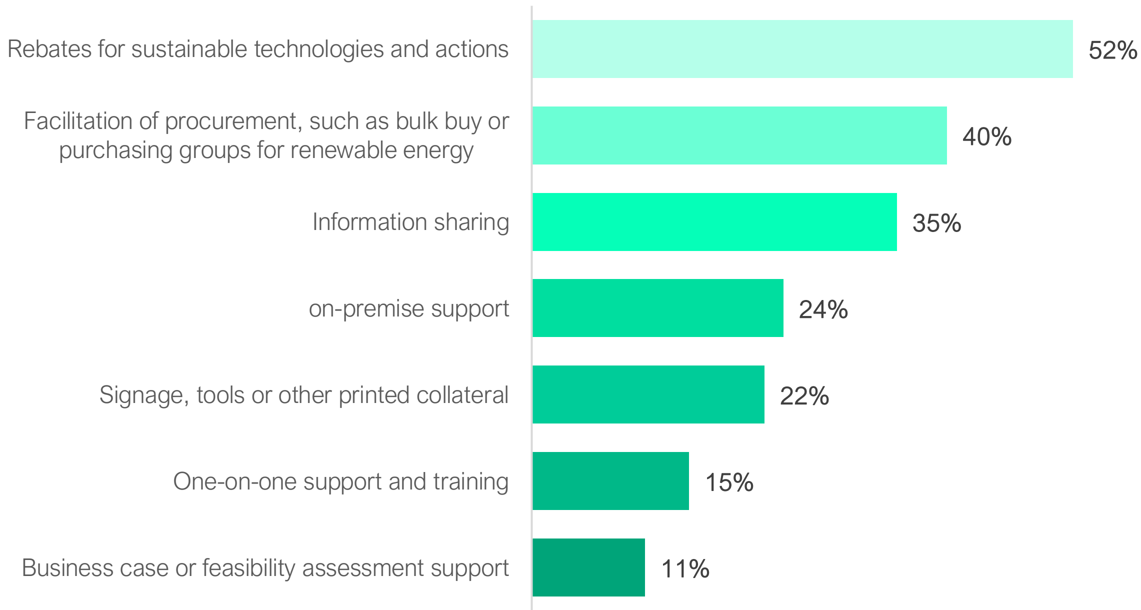
Top options for respondents were improving energy costs, improving energy efficiency, waste reduction and increasing recycling. Transitioning to electric vehicles, running sustainable events and increasing the use of sustainable transport options were top of mind for fewer city businesses. A small number of city businesses (5%) said that they were not interested in making their business more environmentally sustainable.

Figure 13. Making business more environmentally sustainable



Respondents were also asked to rank their top three preferred types of support to help their business be more environmentally sustainable. Rebates for sustainable technologies and actions had the highest proportion of respondents rank it in their top three (52%) followed by facilitation of procurement such as bulk buy or purchasing groups for renewable energy (40%). Information sharing (35%) and on-premise support (24%) were also popular. In contrast, one-on-one support and training, and business case/feasibility assessment were the least preferred types of support.

Figure 14. Preferred support for sustainable business practices

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General Feedback

City businesses were invited to provide any additional feedback related to businesses or the economy. Not all comments raised were related to businesses and the economy. Approximately half of respondents provided comments (82 out of 166).

One of the most prevalent topics raised was parking, accounting for a quarter of all comments. Businesses consistently commented on the high costs and limited availability of parking as barriers to getting more customers. These businesses strongly believed that if parking was cheaper and more readily available, more people would visit the city. One business even suggested allowing businesses to validate parking tickets so that people who shopped locally could get free parking.

The following are examples of comments received related to parking.

"Biggest feedback I get from my customers is how difficult it is to find a park in the city"

"It's only a small thing but as a manager running a business on Rundle Street, I'd highly recommend reducing the cost of parking. I really think that it would make a huge difference, especially on the weekends"

"Main complaint I receive from customers is the lack of parking and extreme price. That is the main reason they do not come into the city."

There were comments about councillors, council decision-making processes, and review of specific policies and various other topics. Some comments were positive, others less so.

"The Council has been very quick to assist with local clean-ups, which is great, and they are generally responsive to most queries. The lack of cycling infrastructure or progress in this area, however, is frustrating and strange aspect of what is normally a relatively progressive council."

"[CoA] has been very supportive. I am a new business only two weeks in."

"The level of support from city council on a wide range of matters for us is practically non-existent. Whether it is illegal parking and permits, or the grants approval process, there is nothing but annoyance, disappointment and stress."

Some comments mentioned waste and environmental sustainability. Respondents stated that they:

“Would like to see more championing of sustainability actions by the City of Adelaide and its businesses.”

“Need better infrastructure for minimising food waste to landfill.”

“Want Adelaide city council to be leaders in environmental policy and action.”

Business costs and supporting local businesses also emerged as themes.

“Cut rates, reduce parking costs, cut the bureaucracy to pay for it.”

“Still high commercial rent fee in the city. We have to save money during this unusual time”.

“Please help to boost the economy by running more events and encourage local to support small businesses within the city”.

“Support small businesses with the costs in the short term and bring more visitors to the city the short and long term.”

Several comments mentioned 88 O’Connell Street and the perceived lack of activity on the site. Other comments touched upon the responsibilities of the State Government such as improved public transport and having greater and more effective police presence on the streets.

“The microeconomy in North Adelaide is dying a slow death. [Council] has not made a significant investment in the area for decades…88OC has been a huge disappointment so far…”

“Public transport is not at a level yet which the general public are confident in using.”

“Seriously look at the tram extension into O’Connell Street.”

“Put more police to check on streets in order to provide a safer shopping or dining experience to people.”

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