

Central Economic Development Agency: Business Research - Summary Report

January 2017

Business and research objectives

- Business objective:
 - To help provide direction on strategy for increasing economic growth in Palmerston North City and the Manawatu District

- Main research objectives were to identify:
 - Competitive advantages
 - Opportunities for economic growth
 - Main barriers to economic growth
 - Ways to overcome barriers
 - Perceptions of region

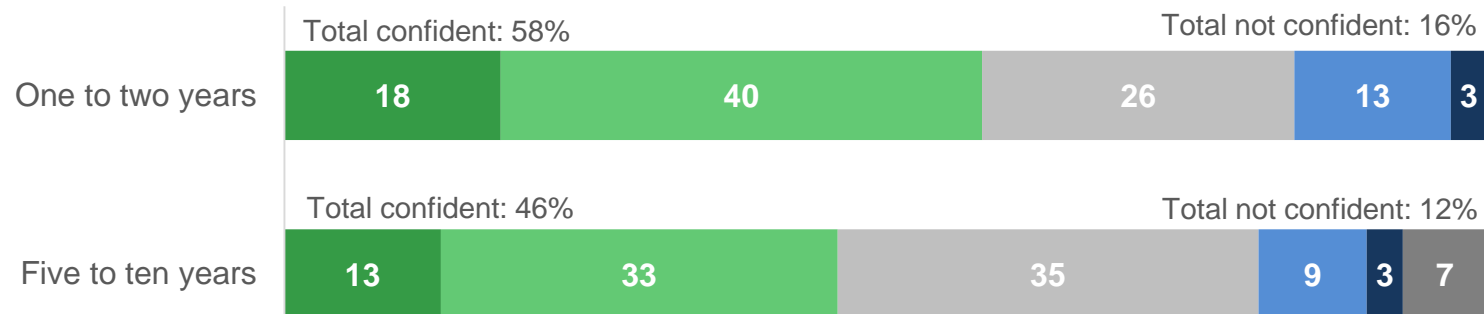
- And, to provide direction for CEDA strategy

Methodology

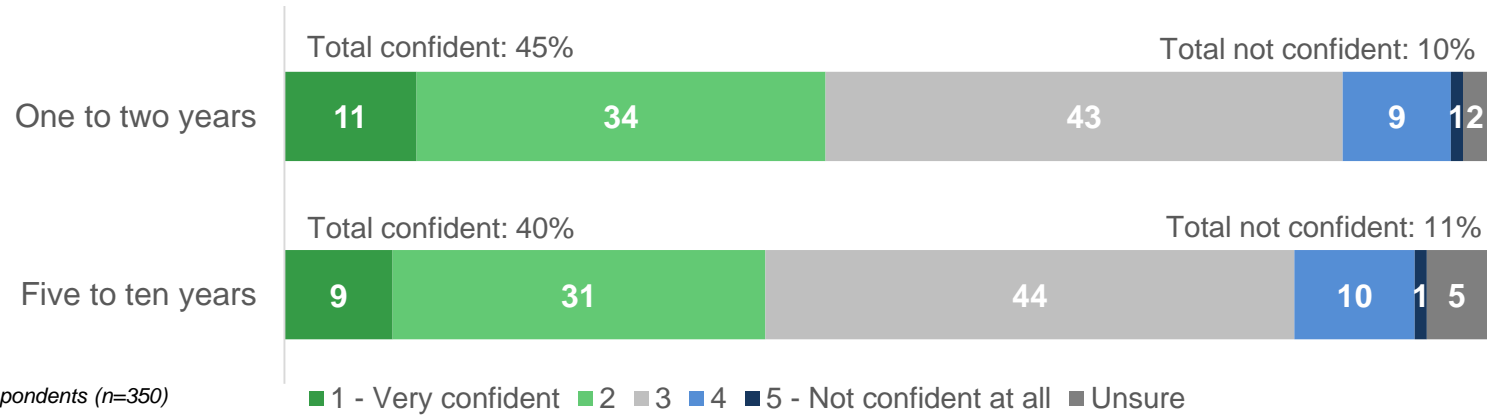
- Just over 430 local businesses were included in this study
- Qualitative research
 - 37 in-depth interviews (mainly with CEO's, business owners and senior managers)
 - 10 focus groups
- Quantitative research
 - Representative telephone survey of n=350 Manawatu businesses
 - For a 50% figure at the 95% confidence level the margin of error for a n=350 sample is $\pm 5.2\%$
 - To ensure accuracy of data it was weighted to match Statistics New Zealand business demographics for the region by sector and territorial authority

Economic mood – confidence

Growth prospects for your business



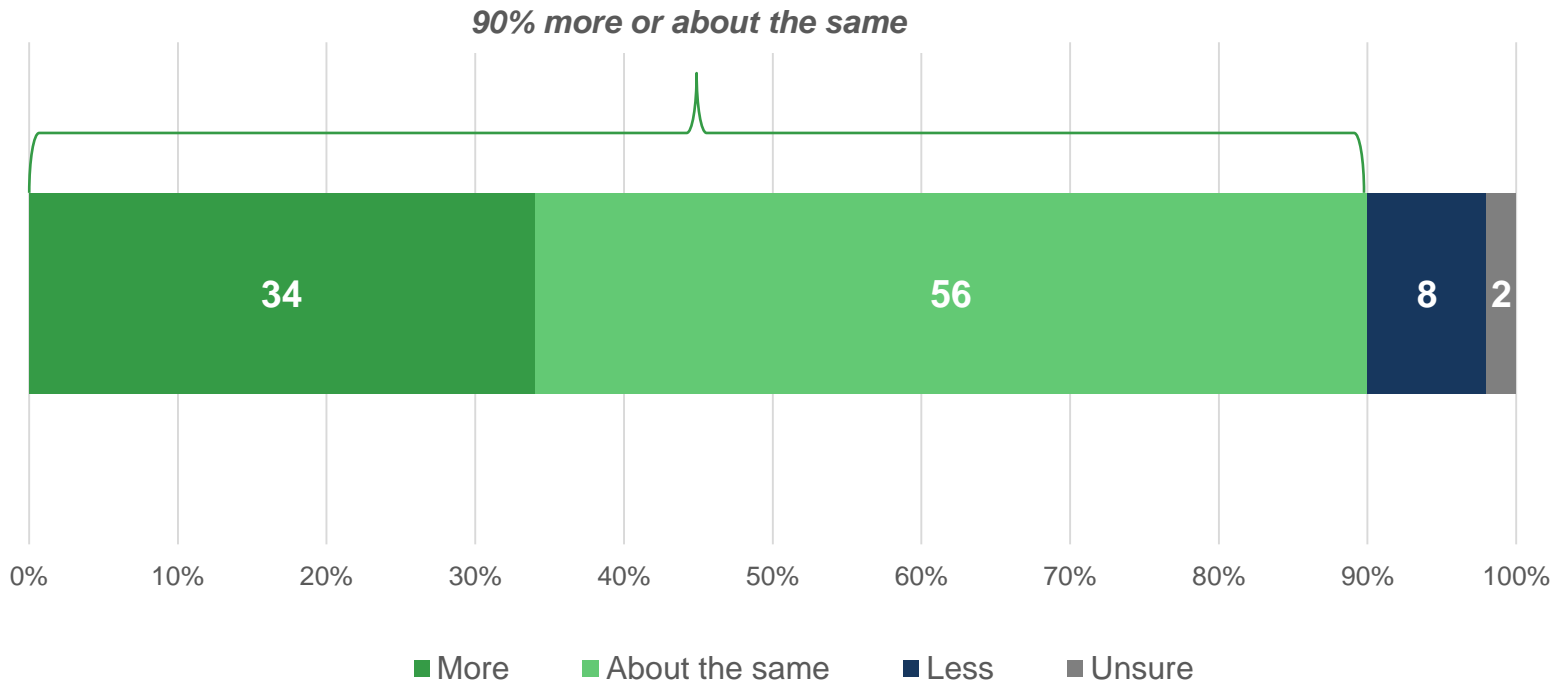
Growth prospects for the Manawatu economy



Base: All respondents (n=350)

Economic mood – investment expectations

Q. Compared to the last twelve months - do you expect to see more, less, or about the same level of investment in your business over the next twelve months?



Base: All respondents (n=350)



Competitive advantages

Main competitive advantages

- Serious research, innovation and education capabilities
 - Has a world class agri-university and a strong technical institute
- High Quality plus wide range of productive land
 - Wide range of land classes (including underutilised first-class land)
- Central location (the crossroads of the North Island)
 - No other region has this nor can they develop it
- Central Government investment and services
 - Regional Growth Strategy (Accelerate25) education and defence

Secondary competitive advantages

■ Great lifestyle

- Good access to services (education, health)
- Great place for raising a family
- Easy to move around and conduct your life
- Affordable housing

■ Stable workforce

- Low staff turnover and less stressed staff
- But key barrier is attracting and retaining skilled staff

■ Solid infrastructure and services (but needs investment to keep it up)



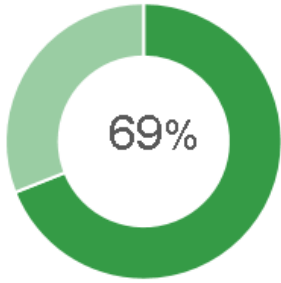
Opportunities for growth

Main opportunities for growth

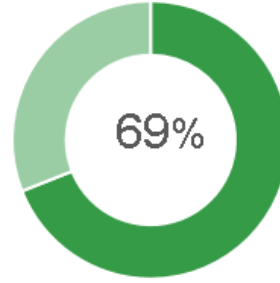
Focus on three to four strong opportunities:

1. Agriculture, technology, science and research hub
2. Distribution and logistics
3. Central Government sector
 - Regional Growth Strategy
 - Education and training
 - Defence
 - Second home of Government

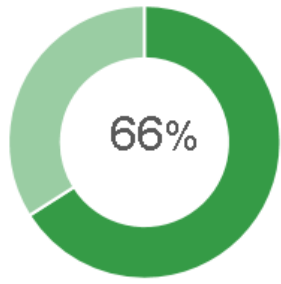
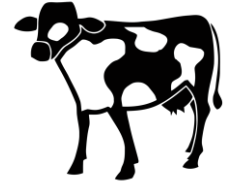
Main platform for growth



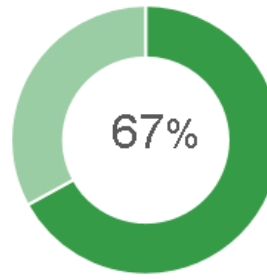
Agriculture and related support services



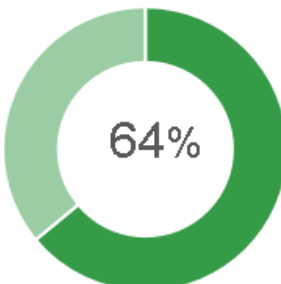
Scientific research and innovation



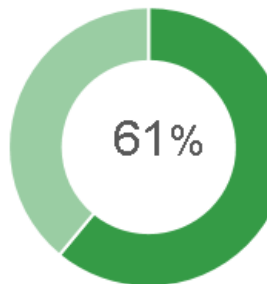
Logistics and transport



Education and training



Technology and IT

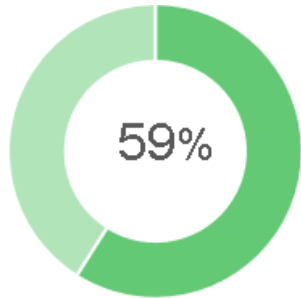


Construction

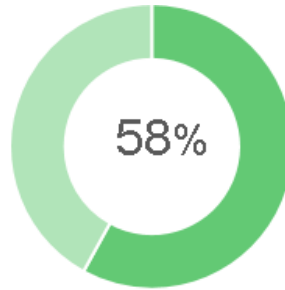


Total potential %, Base: All respondents (n=350)

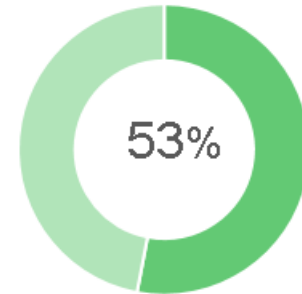
Supporting sectors for growth



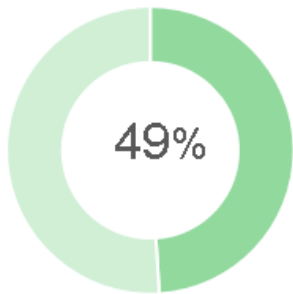
Conferences and events



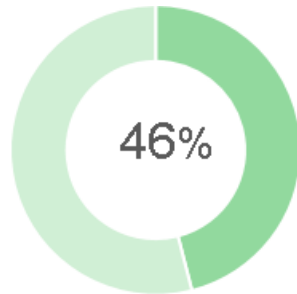
Healthcare



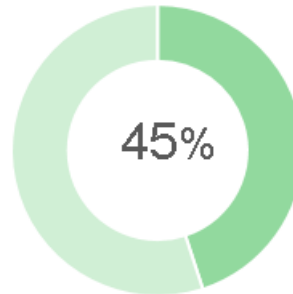
Food



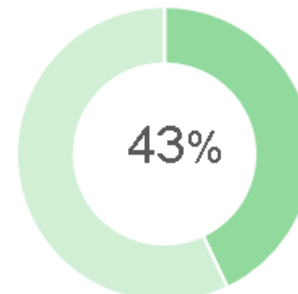
Manufacturing



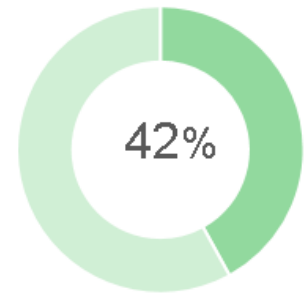
Defence



Tourism



Professional services



Retail

Total potential %, Base: All respondents (n=350)

Sectors for growth - summary

- Agri-tech / innovation /science and research hub
 - Already underway: Food HQ (must have strong commercial focus)
 - Ensuring Massey's strategy of linking more with business is well-known, facilitated and maintained through transitions
 - Linking students and academics with entrepreneurs

- Transport, Logistics and distribution
 - Rail likely to be critical – need to support with good infrastructure
 - Important to be across long-term plans of main shipping ports
 - Important to work closely with major distribution players
 - Businesses make decisions based on fundamentals – region must become known as a place that is easy to set up and do business in – this needs some work

Sectors for growth - summary

- Central Government focus
 - Education and training, healthcare and defence
 - Regional growth identified is a focus for Central Government – Accelerate25 growth strategy – need to align and work with this strategy



Barriers to economic growth and reducing them

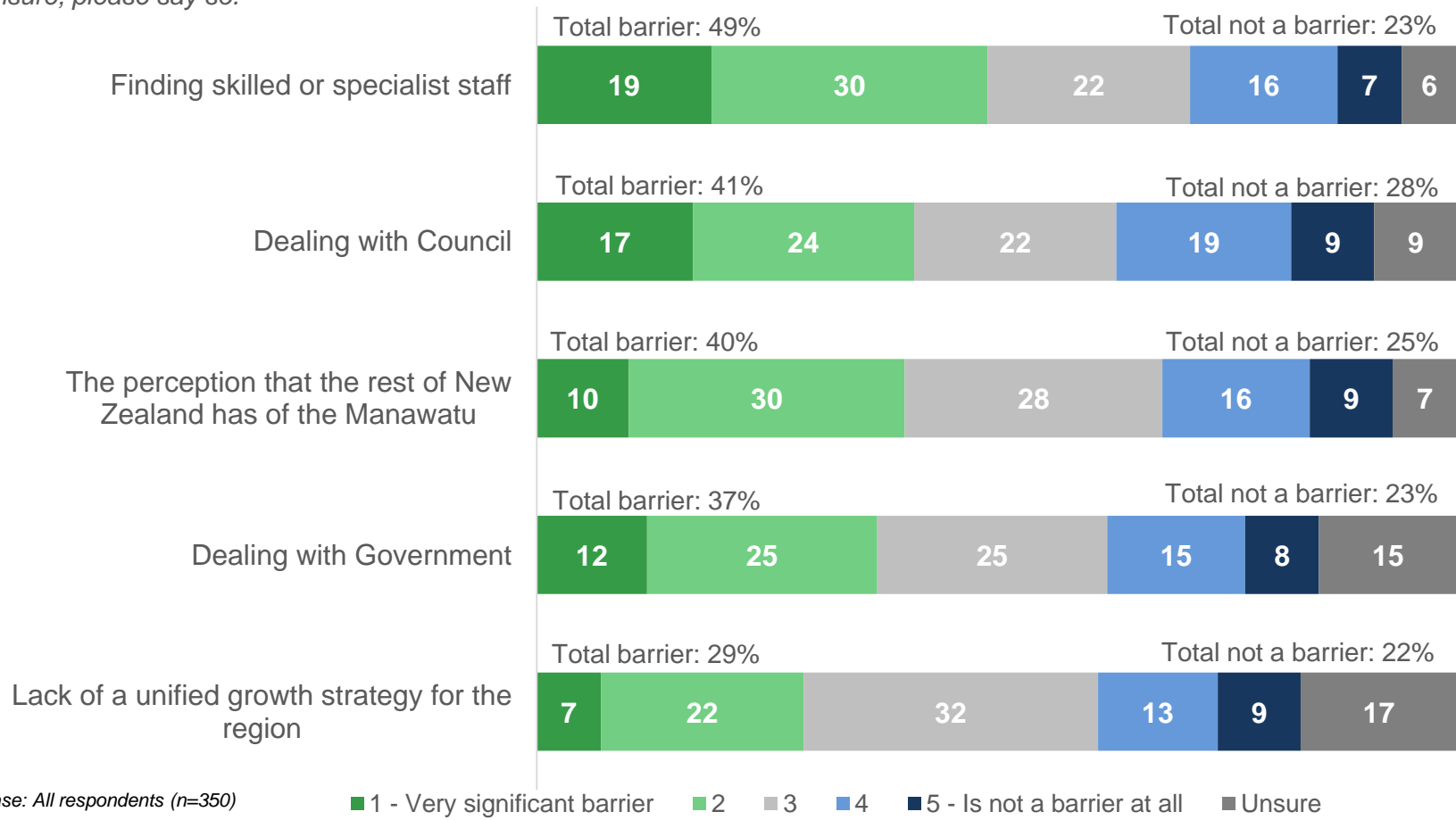
Barriers to economic growth

Develop and support strategies to address main barriers:

1. Attracting and retaining skilled workers
2. Council constraining economic growth
3. Negative perception of the region
4. Lack of unified direction of who we are and where we are going

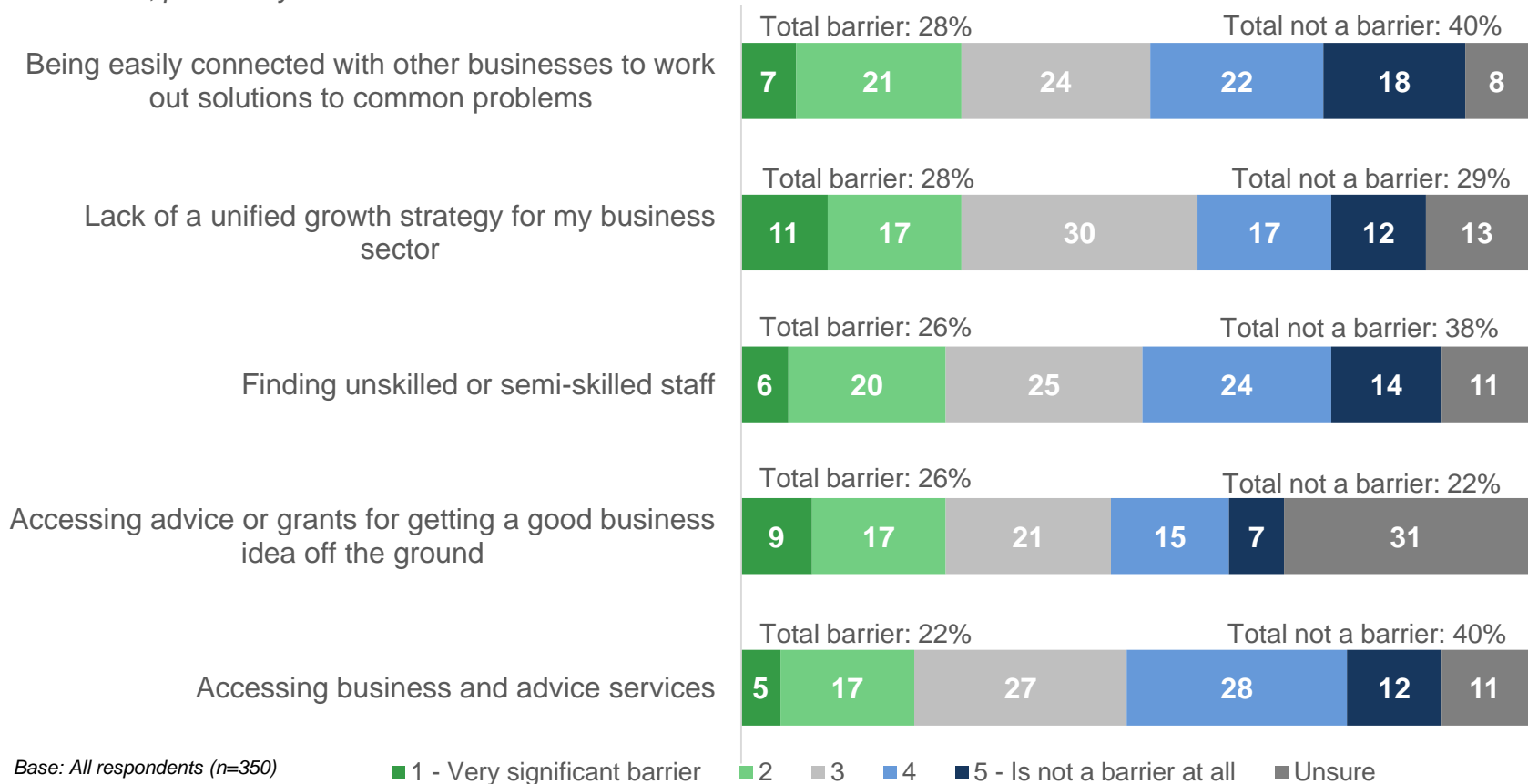
Main barriers

Generally, when doing business in Manawatu on a 1 to 5 scale where 1 means it is a very significant barrier and 5 means it is not a barrier at all, how much of a barrier would you say each of the following are for doing business in this region? If you are unsure, please say so.



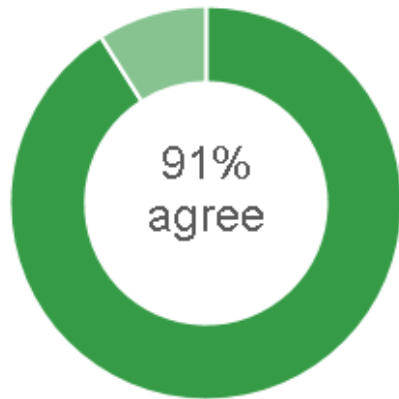
Low-level barriers

Generally, when doing business in Manawatu on a 1 to 5 scale where 1 means it is a very significant barrier and 5 means it is not a barrier at all, how much of a barrier would you say each of the following are for doing business in this region? If you are unsure, please say so.

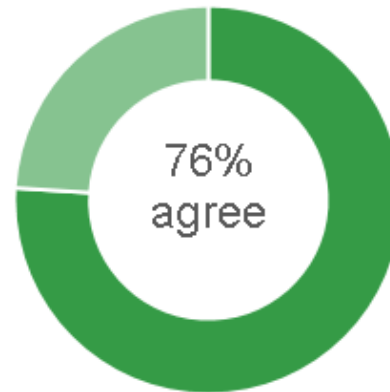


Reducing barriers – perception of region

- Poor perceptions of the region is a national - not a local issue



Manawatu is a great place to bring up a family

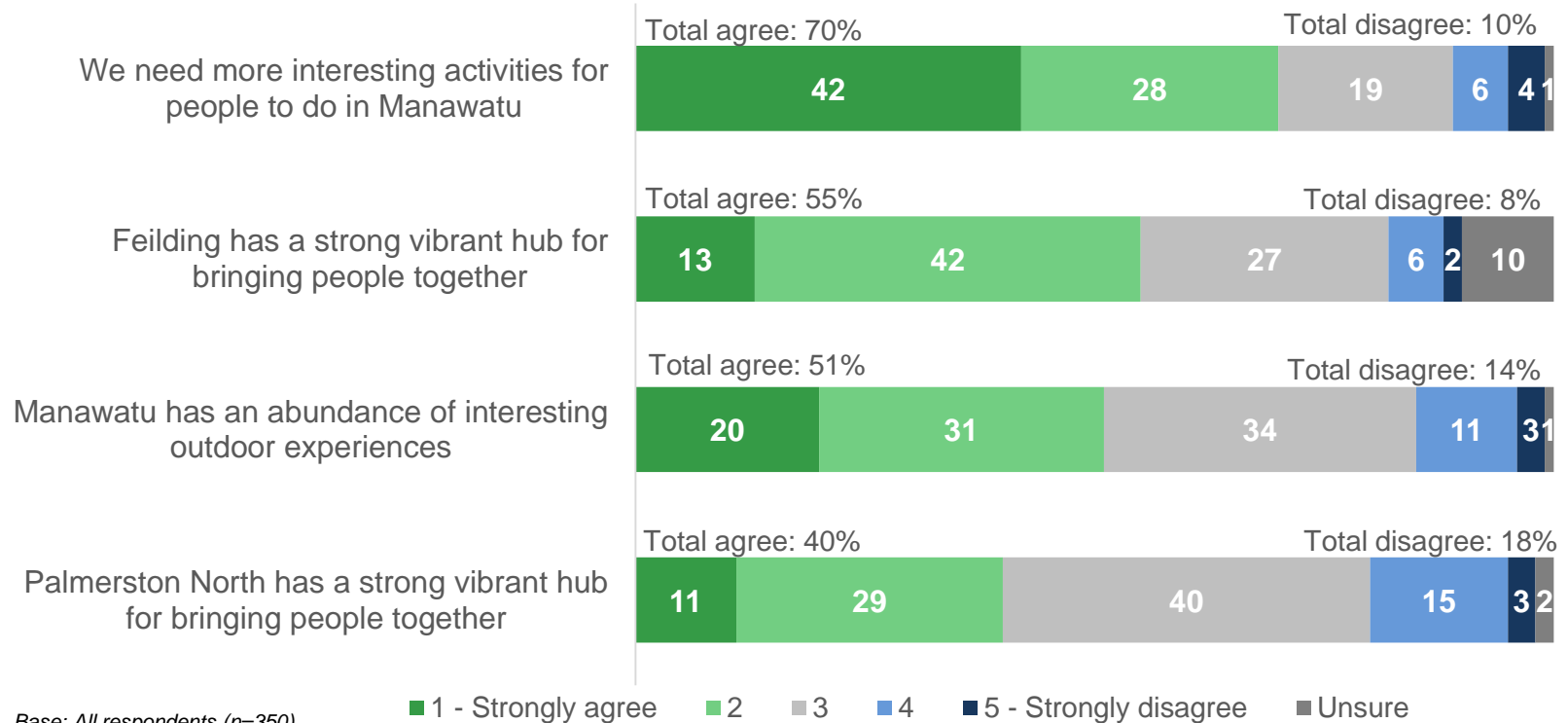


I am proud to tell people that I live in Manawatu

“Palmerston North is a place where people who live here love living here but they have been brow beaten into thinking it is a crap place to be”.

Reducing barriers – perception of region

- One solution is to create a better place to live and visit



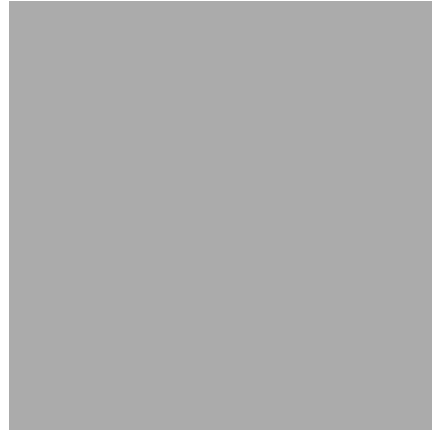
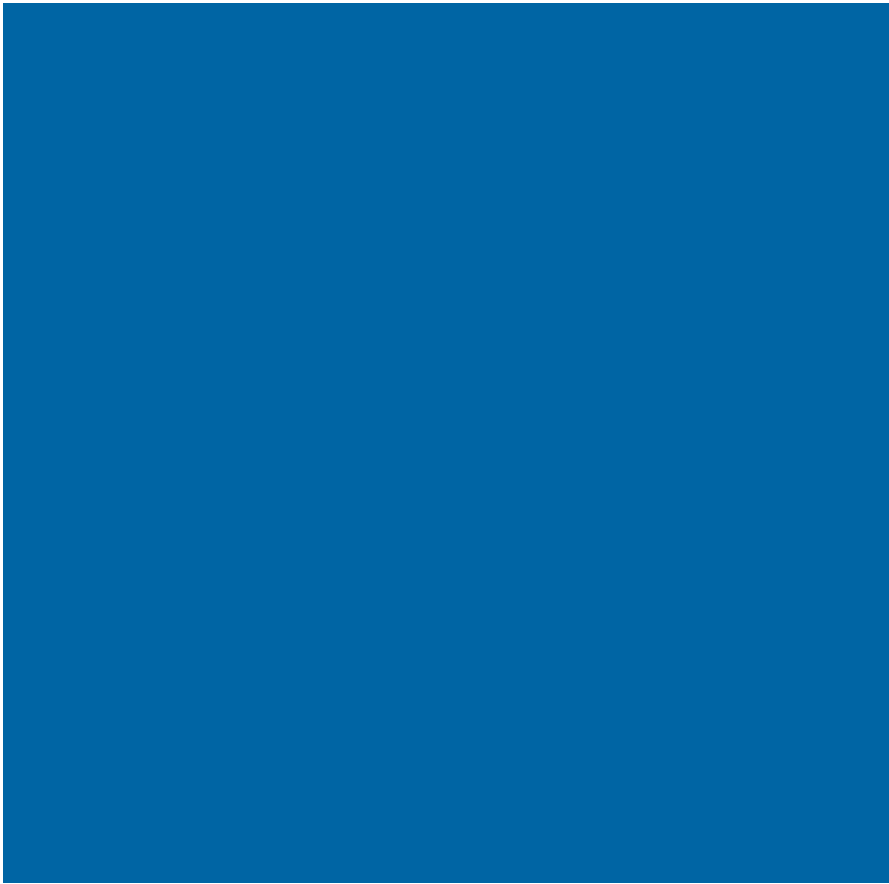
Reducing barriers - summary

- Attracting skilled staff
 - Linking business community more strongly with tertiary institutes internship programs and Talent Central
 - Ensuring strong internship programs are operating as widely as possible
 - Local business input into range of local courses and qualifications
 - Making the region a more attractive place to work and play
 - Need vibrant urban hub to compliment outdoor offering

- Working with council to work with business
 - Bring business perspective to council table
 - Demonstrate value to council (opportunity cost of decisions)
 - Case manager takes new business through set-up process
 - Work towards more flexibility to accommodate businesses that bring jobs and growth

Reducing barriers - summary

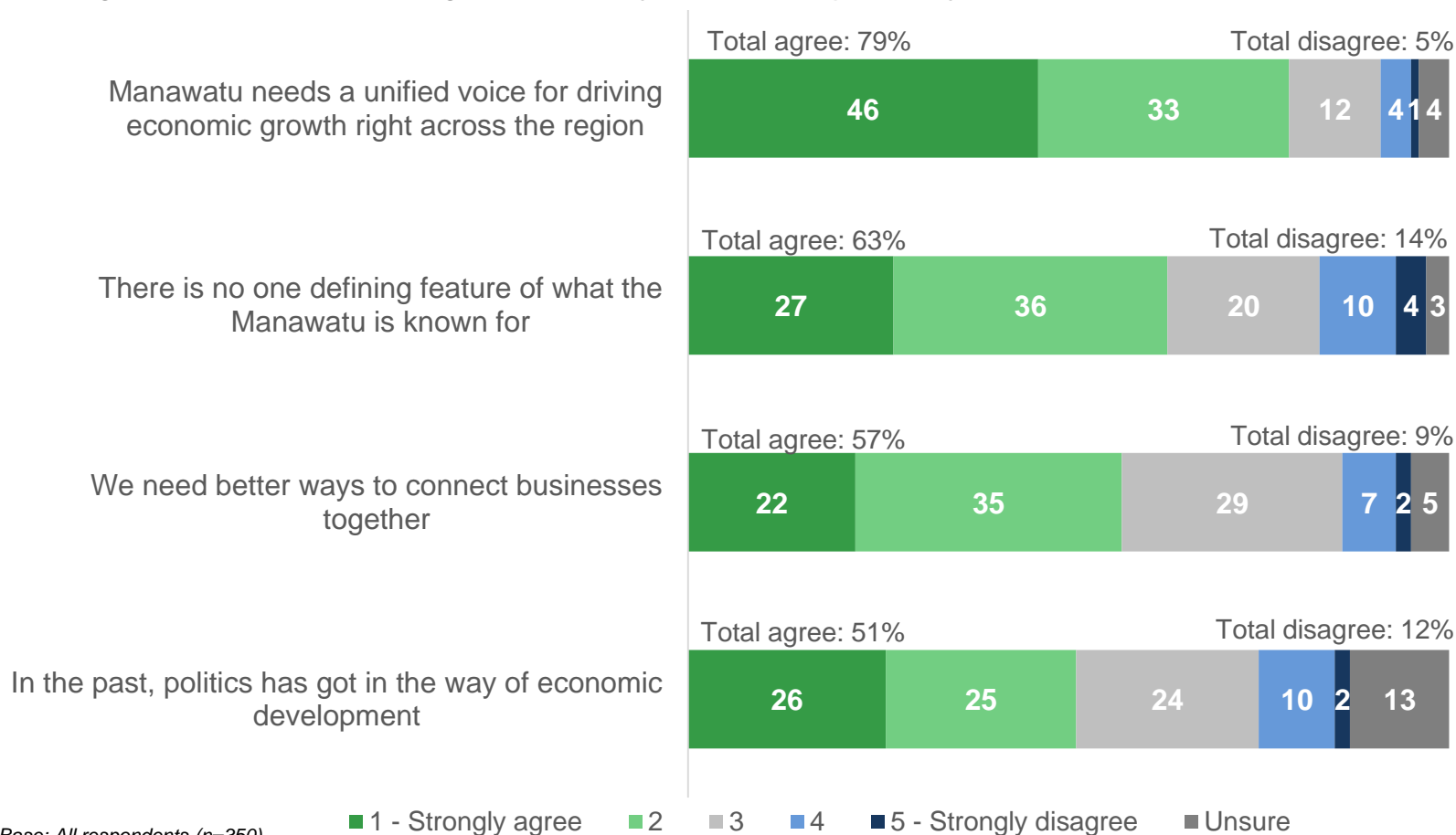
- Improving perceptions of the region
 - Develop a unified positive theme for the region (Science and research is turned into money, jobs and opportunities, academia meets entrepreneurial)
 - Continue to work towards an interesting and vibrant urban hub



Strategy and recommendations

CEDA strategy

Using a 1 to 5 scale where 1 means you strongly agree and 5 means you strongly disagree, how strongly do you agree or disagree with each of the following statements? If you are unsure, please say so.

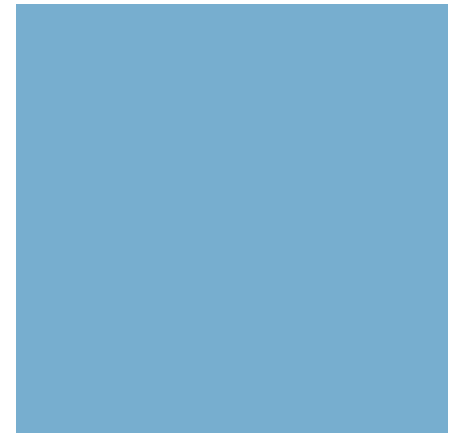


Recommendations – strategy

1. Focus on three to four strong sectors for growth
 - Agriculture, technology, science and research hub
 - Distribution and logistics
 - Central Government sector includes: education + training, defence and 2nd home of Government

2. Focus on three to four barriers to manage
 - Attracting highly skilled staff into region
 - Helping councils to be business enablers
 - Creating a unified economic growth strategy for the Manawatu
 - Helping to foster a strong sense of a positive Manawatu identity

3. Strengthen existing initiatives on connecting/collaboration
 - Food HQ
 - Talent Central
 - Building Clever Companies



Business Research undertaken by UMR Research, commissioned by Central Economic Development Agency Ltd.
Research undertaken October to November 2016.