

Rainy River Future Development Corporation Market Assessment Survey

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Executive Summary

The telephone survey of Koochiching County provide several insights into the current behaviours of residents as it relates to cross-border travel and spending. Some of which provide some opportunities for RRFDC to take advantage of and perhaps grow cross-border commerce, others findings, however, reveal some challenges in this regard.

Koochiching County Residents: Relevant Survey Findings

- 50% of residents feel their community is poorly served when it comes to retail stores and service providers. Women are more likely to be of this view.
- 61% of residents hold a valid US Passport (or other legal means to cross into Canada)
- 33% of passport holders cross into Canada at least 2-3 time a month
- Fort Frances is the most mentioned destination when crossing into Canada and *shopping, visiting friends, fishing and going to a restaurant or bar* the most popular activities
- The average cross-border shopper from Koochiching County spend \$49.50 US in Fort Frances per trip
- Wal-Mart and Tim Horton's are the most frequently mentioned retailers Koochiching residents wished they had access to in their community
- 63% of residents own at least one of a the following recreational vehicles (boat, snowmobile or qaud)

Frequent Spenders Profile (shopping/going out at least once week or more – 70% of residents)

These individuals tend to be younger residents under the age of 35. They are often out at least once a week for retail shopping and/or entertainment (restaurant, bar, etc.) purposes. Other characteristics of frequent spenders is that they are currently employed, are likely to have at least some post-secondary education and reside in a household with a total annual income of \$60k US or greater.

Important for RRFDC, two-thirds of frequent spenders have a valid US Passport (or other legal means to cross into Canada). A little over a third of frequent spenders are currently crossing into Canada on a fairly regular basis (a few times a month or more).

Executive Summary

Frequent Border Crossers : 2-3x/month or more (33% of Passport Holders and 20% of the Koochiching County population)

- Between the age of 35 and 54, particularly women in this age group
- have completed post-secondary education
- Have children under 18 in the household
- Are likely to have taken their leisure vehicle across the border

Semi-Frequent Border Crossers: 2-3x/Year (29% of Passport Holders and 18% of the Koochiching County population)

- Between the age of 35 and 54, particularly men in this age group
- have completed at least some post-secondary education
- Currently employed
- Reside in a household with between \$40k to less than \$60k in annual income
- Are somewhat less likely to have taken their leisure vehicle across the border

Opportunities for Increasing Cross-Border Shopping

- Perception Koochiching County not well served in terms of retail options provides some fertile ground for marketing
- Some existing stores in Fort Frances are of top of mind interest--Wal-Mart and Tim Horton's
- There appears to be a desire for greater grocery store options among Koochiching residents as well as more clothing and children orientated retail options.
- Leisure vehicle ownership is high and willingness to take vehicles across the border perhaps presents an opportunity. When residents take their recreational vehicles across the border they are spending money.
- There is no strong perception the border is difficult to cross
- The toll bridge is a factor to be considered when crossing the border. There is reasonable awareness of the multi-trip passes but perhaps this could be expanded, particularly to residents beyond International Falls.

Executive Summary

Challenges to Increasing Cross Border Commerce

A significant portion of Koochiching County residents are 55 and older. This represents a challenge in that this demographic does not self-identify as a frequent spender nor are they likely to hold a valid passport, making them inaccessible to RRFDC in terms of a potential market.

One characteristic of this population that perhaps presents an opportunity for the RRFDC is the fact that older residents are likely to own at least one leisure vehicle, such as a boat, quad or snowmobile. As the research demonstrates, residents are willing to take their leisure vehicles across the border so perhaps enhanced efforts to market recreational vehicle-related activities by the RRFDC may have some success in making inroads with this older demographic.

A secondary challenge is the bridge toll. As noted early, it is a factor with about 1 in 4 residents with a passport saying the toll for crossing the bridge makes it less likely for them to cross the border.

Study Methodology & Sample Characteristics

Methodology

A total of 484 interviews were conducted in the area encompassing Koochiching County, Minnesota. Data was collected via live agent telephone interviewing by NRG Research Group's field centre located in Winnipeg. The field window for this study was from January 27th to February 3rd, 2016. The results of this study are accurate +/- 4.4%, 19 times out of 20.

The survey was developed by NRG Research Group and approved by the client. The interviews averaged 7-8 minutes to complete.

The sample for the contacting potential respondents was purchased from Survey Sampling International (SSI) and consisted of a combination of landline and wireless records. The combination of both sample types ensured a representative sampling of County residents was included in the study. The final data collected has been weighted to ensure it accurately reflects the age and gender population distribution across Koochiching County.

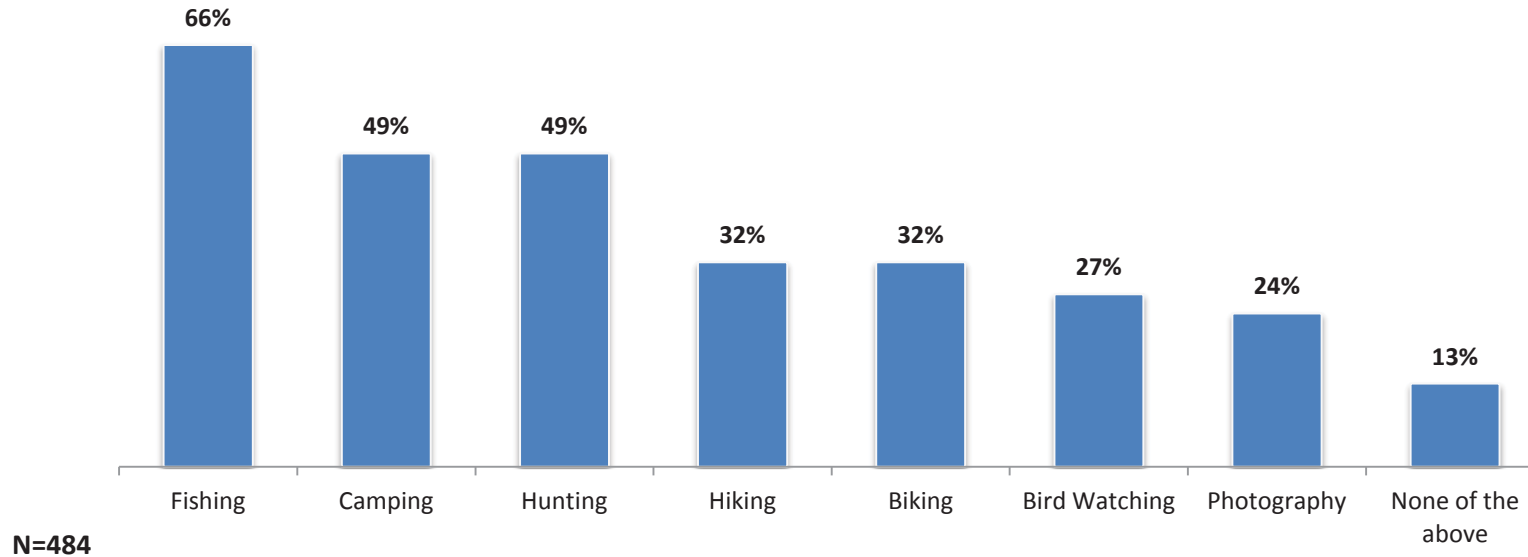
For analytical purposes, the final data was examined in aggregate form as well as segmented into specific sub-groups. These sub-groups are demographic and attitudinal in nature and can assist in understanding the survey findings.

Sample Characteristics (weighted)

Variable	% of N=484	Variable	% of N=484	Variable	% of N=484
Gender		Employment Situation		Children under 18 in HH	
Male	49	Working full time	37	Yes	30
Female	51	Working part time	11	No	68
		Retired	34		
Age		Unemployed	6	Income (USD\$)	
18-34	20	Not working (student, homemaker, etc.)	10	<\$20k	20
35-54	35			\$20k-<\$40k	26
55+	44	Highest Education Level		\$40k to <\$60k	15
		Some high school	5	\$60k to <\$100k	18
		High school	30	\$100k or more	10
		Some college/university	29		
		Completed college/university	25		
		Graduate degree	7		

Sample Characteristics – Leisure Activities

25. Which of the following leisure activities do you typically participate in? [READ SELECT ALL]



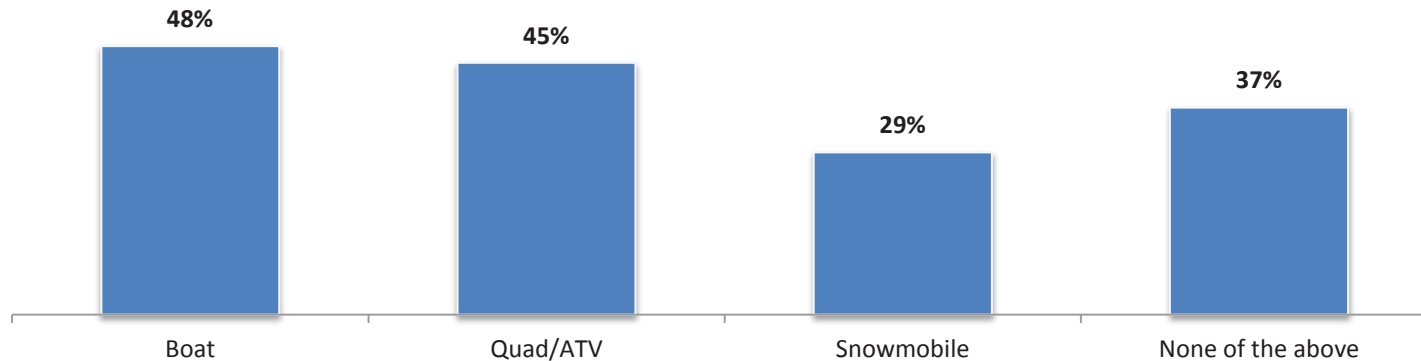
Men are more likely to Fish and Hunt. Women are more likely to participate in Photography.

Residents under age 55 are more likely to Hunt, Fish and Camp. Individuals 55 and older are more likely to participate in Bird Watching.

Residents with children under 18 in the household are more likely to Fish and Camp.

Sample Characteristics – Recreational Vehicle Ownership

26. Which of the following do you own? [READ SELECT ALL]



N=484

Recreational vehicle ownership is more prevalent among men, particularly men age 35 and older.

If residents under the age of 35 own a leisure vehicle it is most likely a Quad/ATV or Snowmobile. Boats are owned by older individuals.

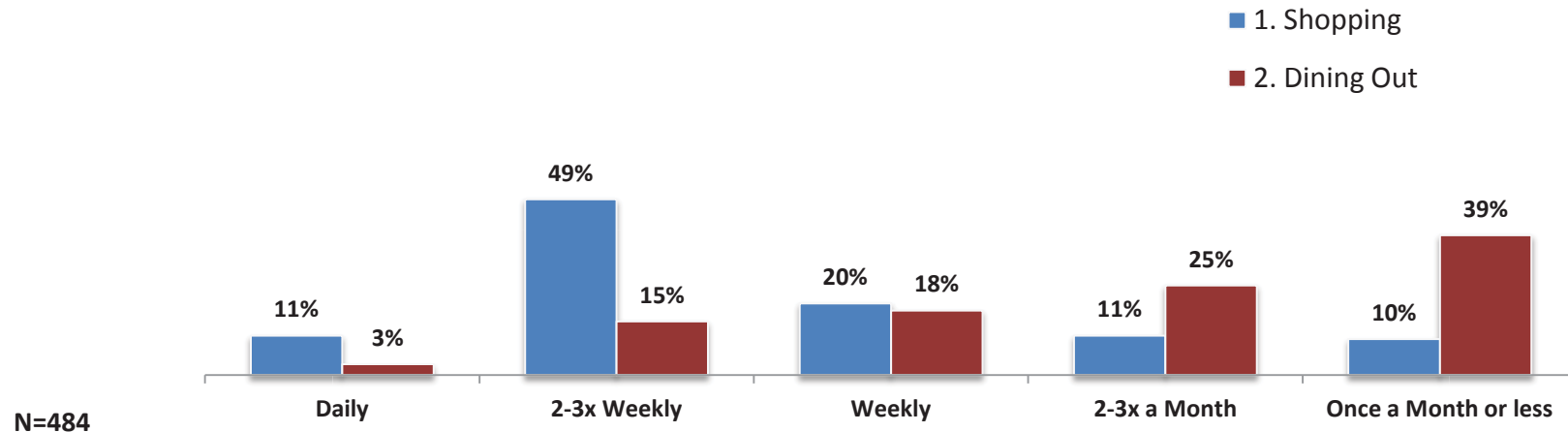
Recreational vehicle ownership is much prevalent among individuals from households with an annual income of \$60k or greater.

Findings – General Shopping & Retailing Behaviours

This section of the survey asked respondents to describe their typical shopping and dining out habits. This section also gathered Koochiching County residents' opinions regarding the level of retail service and options available to them in their community.

Shopping / Dining Out Frequency

1. How often are you shopping locally for household or personal goods, such as groceries, household wares or personal items such as clothing? Would it be... NOTE: DOES NOT INCLUDE ONLINE SHOPPING
2. Typically How often do you get out locally to a restaurant, bar or lounge? Would it be...?



More frequent shoppers (once a week or more) are likely to:

- Be individuals between the age of 18 and 34
- Go out for dinner or drinks regularly (few times a month or more)
- Hold a valid US passport
- Be from a household with a higher total income (\$60k or more)

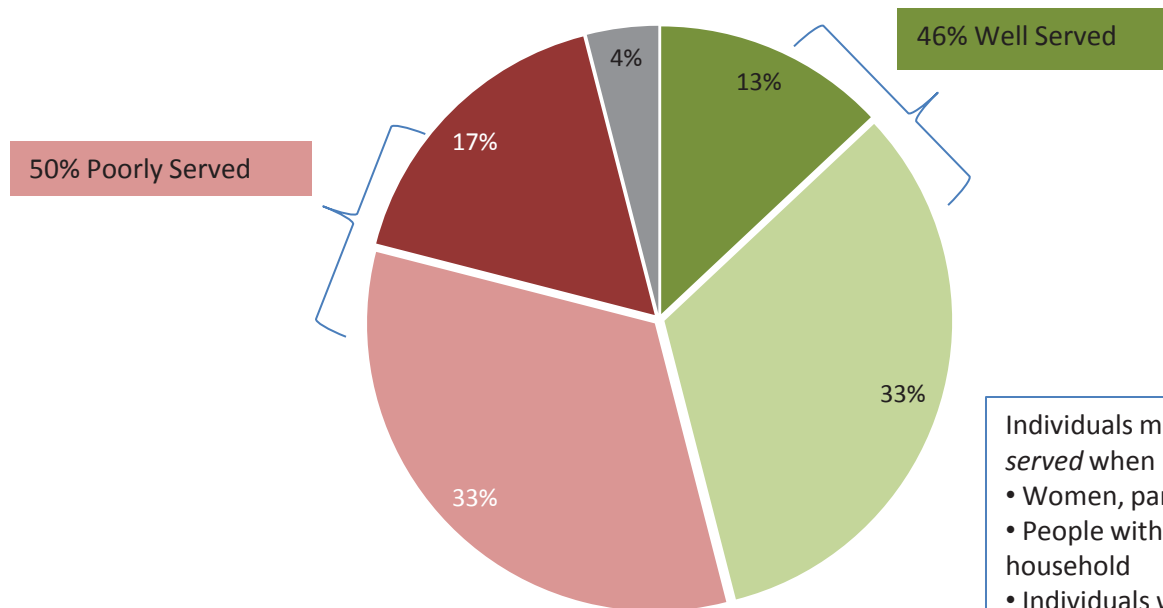
Respondents more likely to go out for entertainment (once a week or more) are likely to:

- Be individuals between the age of 18 and 34
- Hold a US passport and driven across the border to Canada
- Taken a recreational vehicle across the border to Canada
- Be from a household with a higher total income (\$60k or more)
- Reside in International Falls

Perception of Retail Stores in Community

3. Thinking of the different retail stores and service providers, including restaurants and lounges available in International Falls-Koochiching County, would you say the area is well served or poorly served in terms of choices for you as a resident?

- Very well served
- Somewhat well served
- Somewhat poorly served
- Very poorly served
- Don't Know



Individuals more likely to say Koochiching County is *poorly served* when it comes to retail options are:

- Women, particularly those between the age of 35 and 54
- People with children under the age of 18 in the household
- Individuals who are currently employed
- Individuals from households with an annual income of between \$40k and less than \$60k

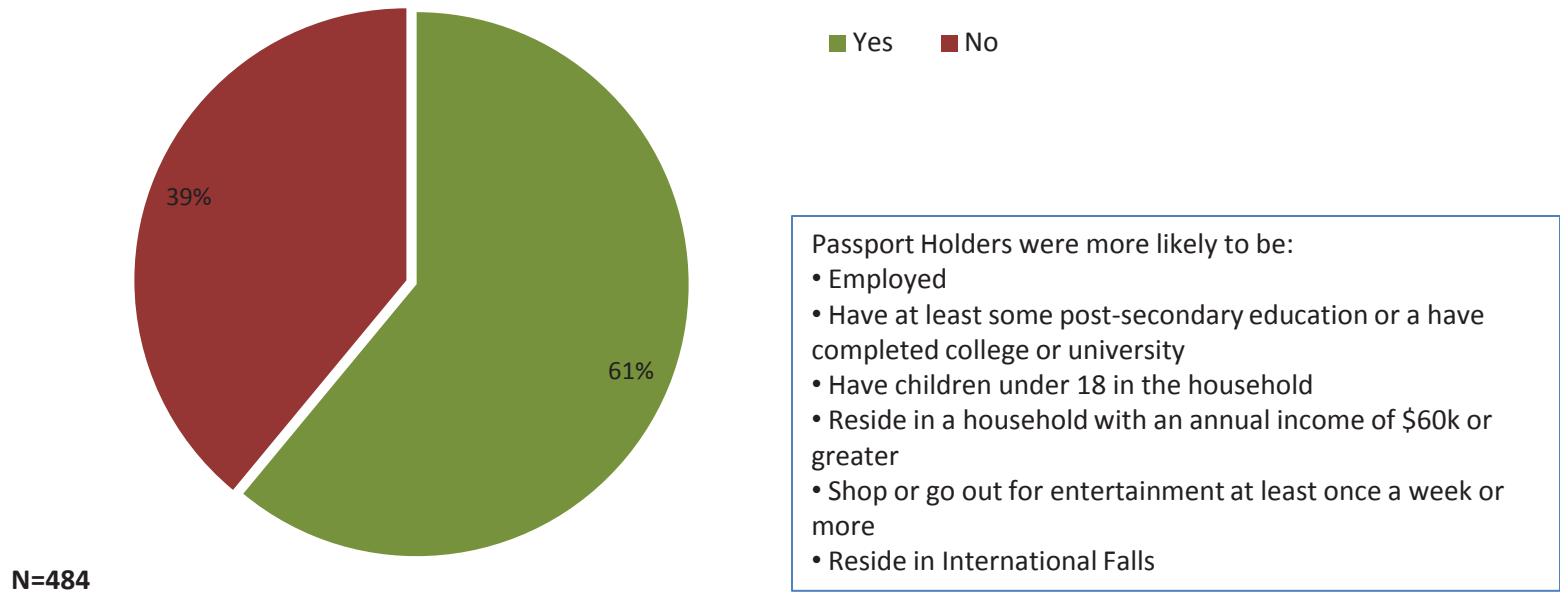
N=484

Findings – Passport Holders & Crossing into Canada

This section of the survey asked respondents if they currently held a valid US Passport and, if so, the frequency they crossed the border into Canada. This section of the report also describes the frequency of crossing into Canada with one's recreational vehicle (i.e. boat, ATV or snowmobile)

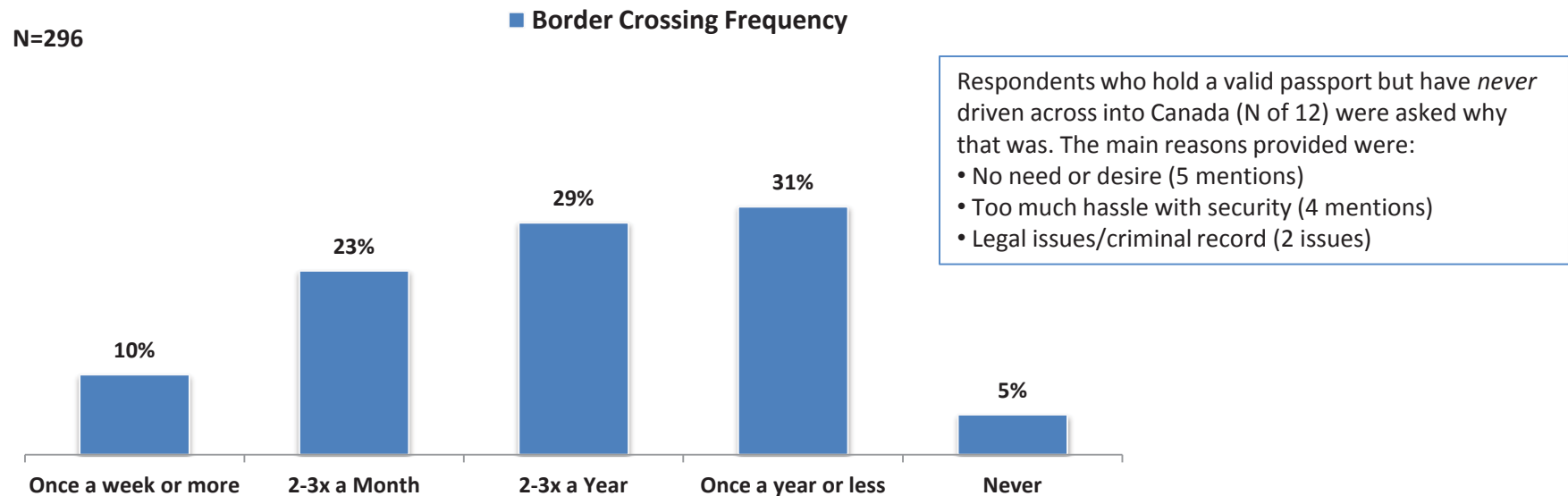
US Passport Incidence

4. Do you hold a valid US Passport or other official document that allows you to cross the border into Canada? [NOTE: OTHER DOCUMENT COULD BE CERTIFICATE OF INDIAN STATUS]



Frequency of Crossing into Canada (Passport Holders Only)

5. How often do you drive across the border to go into Canada?



More frequent border crossers (couple times a month or more – 33% of passport holders) are more likely to be:

- Between the age of 35 and 54 (particularly women in the age group)
- Have completed a college or university degree
- Have children in the household

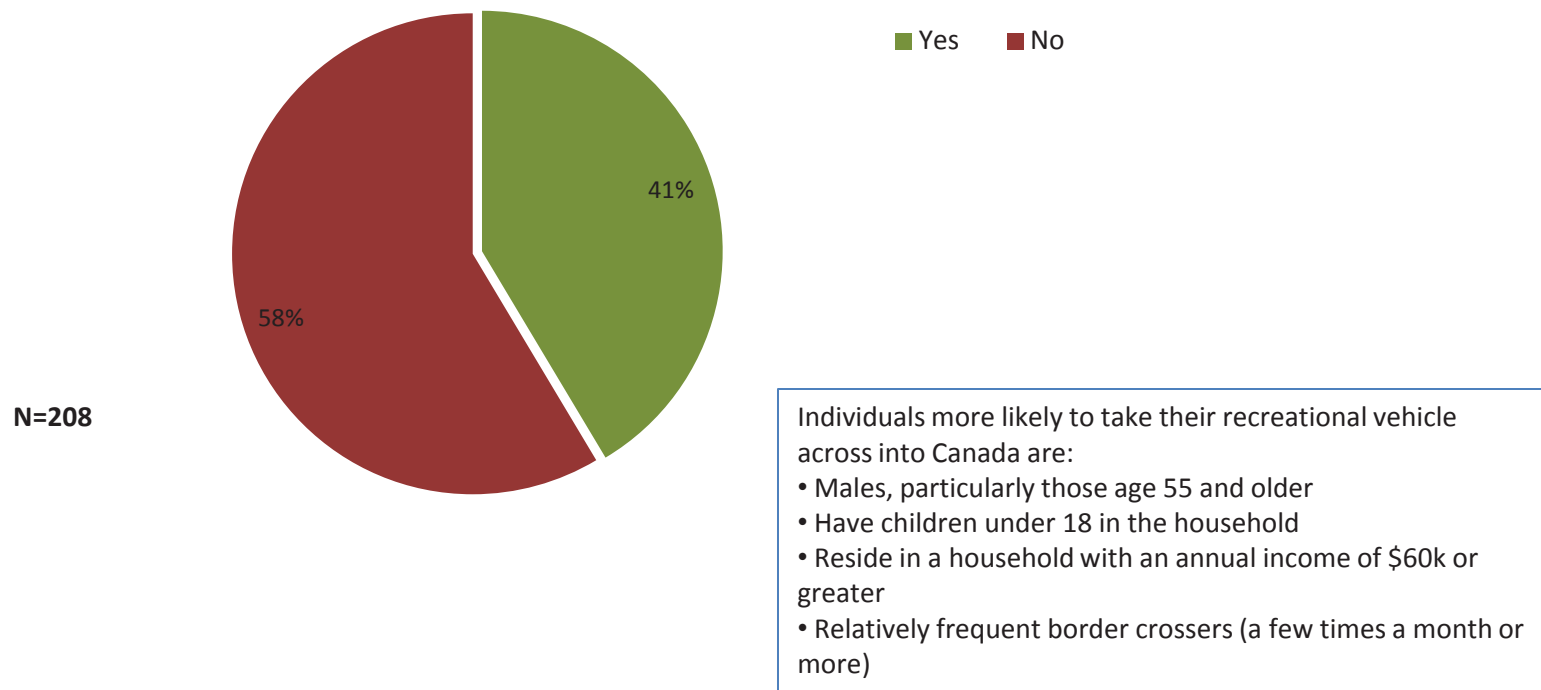
Somewhat less frequent border crossers (couple times a year – 29% of passport holders) are more likely to be:

- Men, particularly men between the age of 35 and 54
- Working
- Have at least some post-secondary education
- Reside in a household with a total annual income of between \$40k and \$60k

Cross Border Trips by Recreational Vehicle Owners

43% of the Total Sample own a Recreation Vehicle and hold a valid US Passport

D6. Have you ever driven your leisure vehicle across the border into Canada?

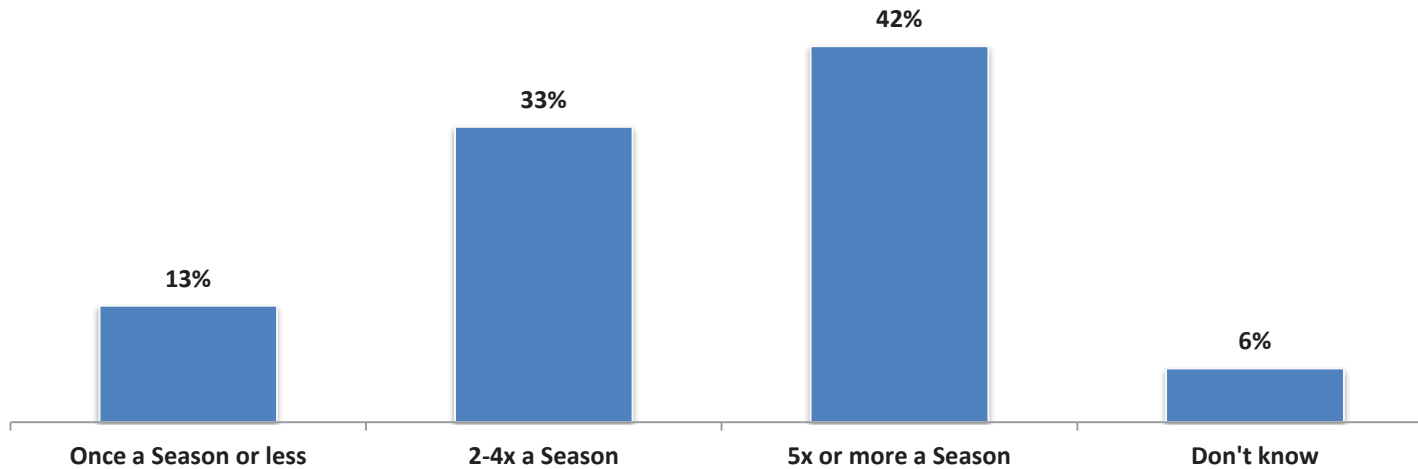


Frequency of Crossing into Canada with Recreational Vehicle

D7. In a typical season, how often will you take your leisure vehicle across the border into Canada?

N=102

■ Recreational Vehicle Border Crossing Frequency



More frequent recreational vehicle border crossers (5 times a season or more) are more likely to be:

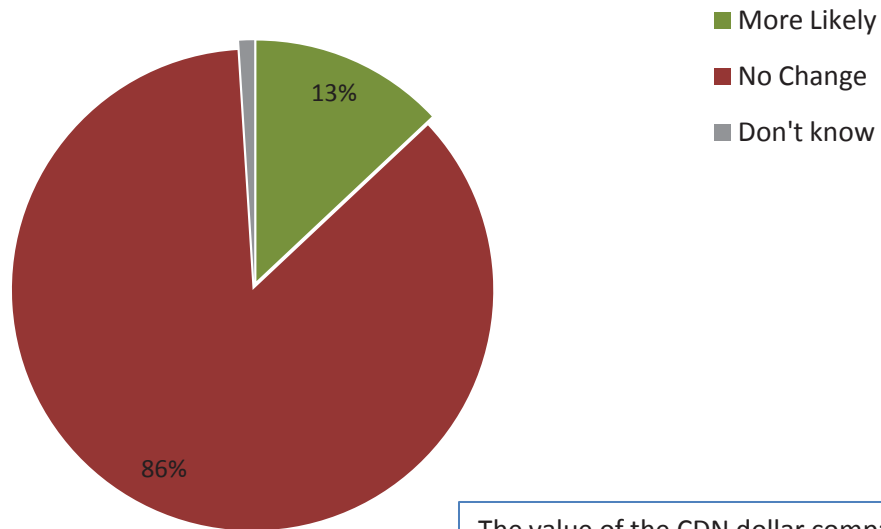
- Men
- Have completed a college or university degree
- Reside in International Falls

Somewhat less frequent border crossers (2-4 times a season) are more likely to be:

- Women
- Have children under the age of 18 in the household
- Reside in a household with a total annual income \$60k or greater

Impact of the Low Canadian Dollar on Crossing into Canada

13. You may have heard that the value of the American dollar has increased significantly compared to the Canadian dollar, making it more affordable for Americans to shop in Canada. Has the increase in the value of the US dollar made you more likely to visit Fort Frances or not change your cross-border travel habits?



N=277

The value of the CDN dollar compared to the US dollar is more likely to increase visits across the border among these individuals:

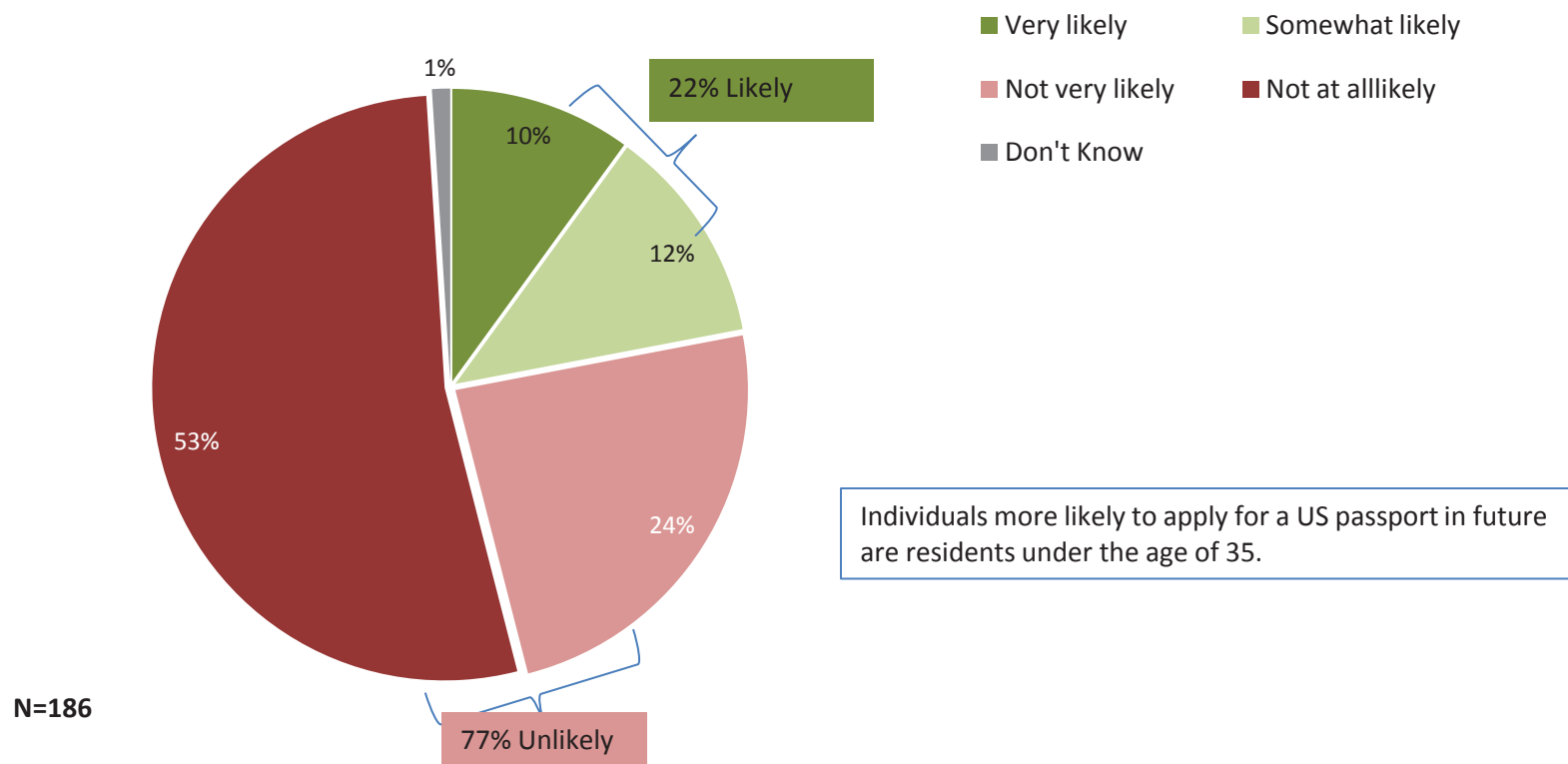
- Women, particularly women under the age of 35
- Individuals with children under 18 at home
- Respondents already coming across the border a few times a month or more

Findings – Non-Passport Holders

Individuals who said they do not hold a valid US Passport (or other documentation to legally cross into Canada) were asked a few questions regarding reasons for this and the likelihood of applying for a passport in future.

Likelihood of Applying for a US Passport in Future

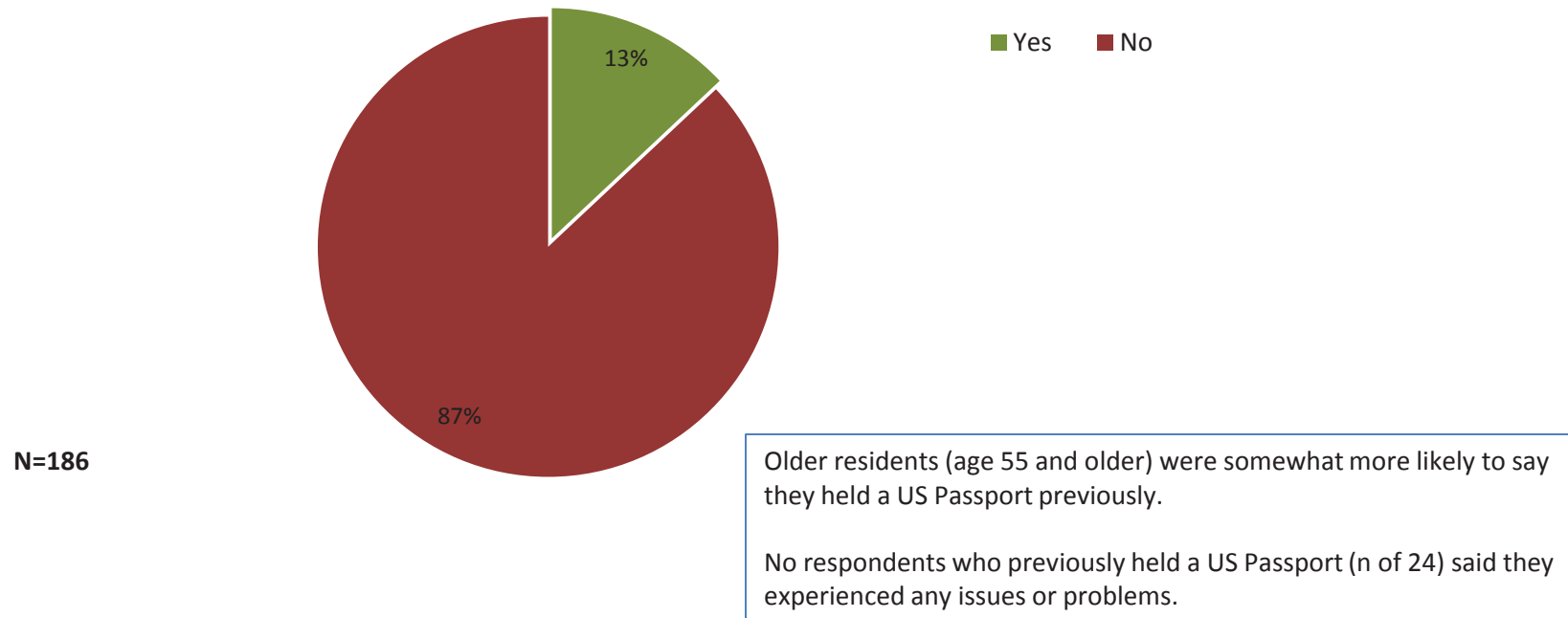
19. How likely are you to apply for a US passport in the next year? Are you...?



Previous US Passport Usage

20. Have you previously held a US passport?

20. [IF YES] When you had a US passport previously, did you ever experience any issue or concerns when crossing the border into Canada? Any issues at all?



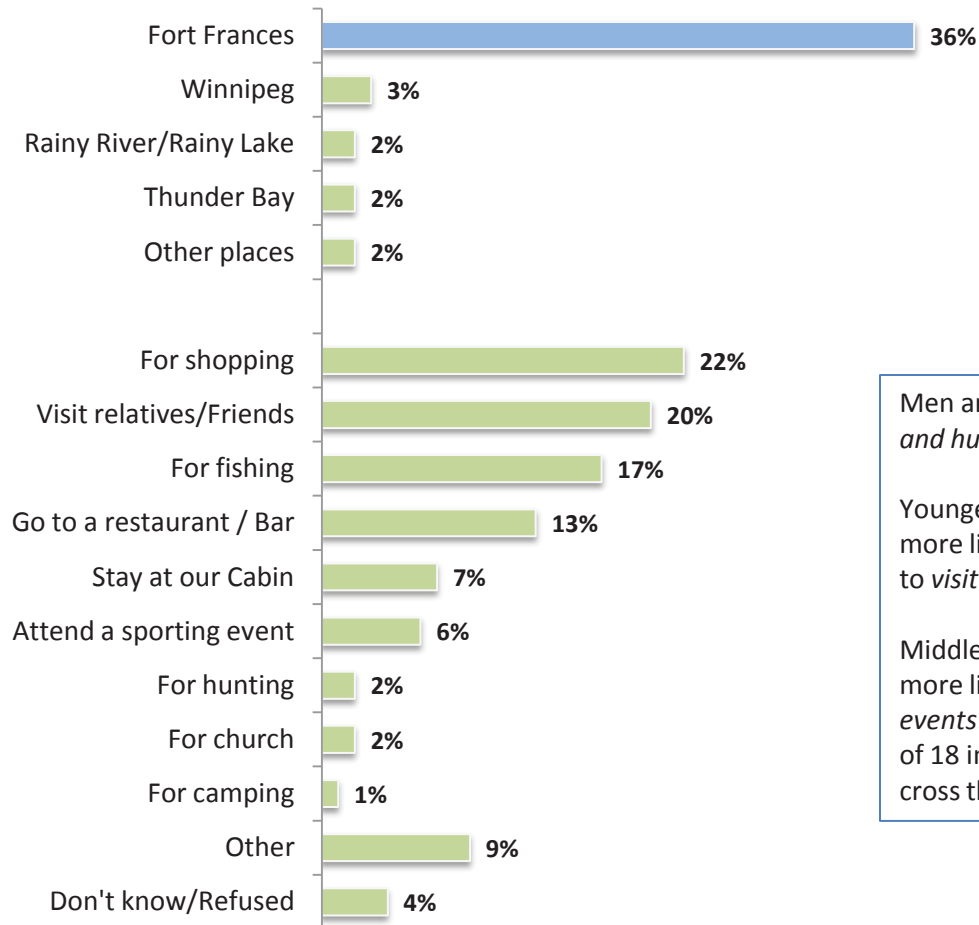
Findings – Purpose of Cross Border Visit

This section of the survey asked respondents who said they crossed into Canada the purpose of the visit—whether they stopped in Fort Frances and if so, the level of shopping they did. Respondents were also asked what items, services or stores are available in Fort Frances that they wished were available to them in Koochiching County.

Cross Border Destination or Purpose

6. When driving across the border, where are you usually going? [DON'T READ SELECT ALL THAT APPLY]

INTERVIEWER: RESPONSE MAY NOT BE A LOCATION BUT A PURPOSE.



Men are more likely to be crossing the border to *fish and hunt*.

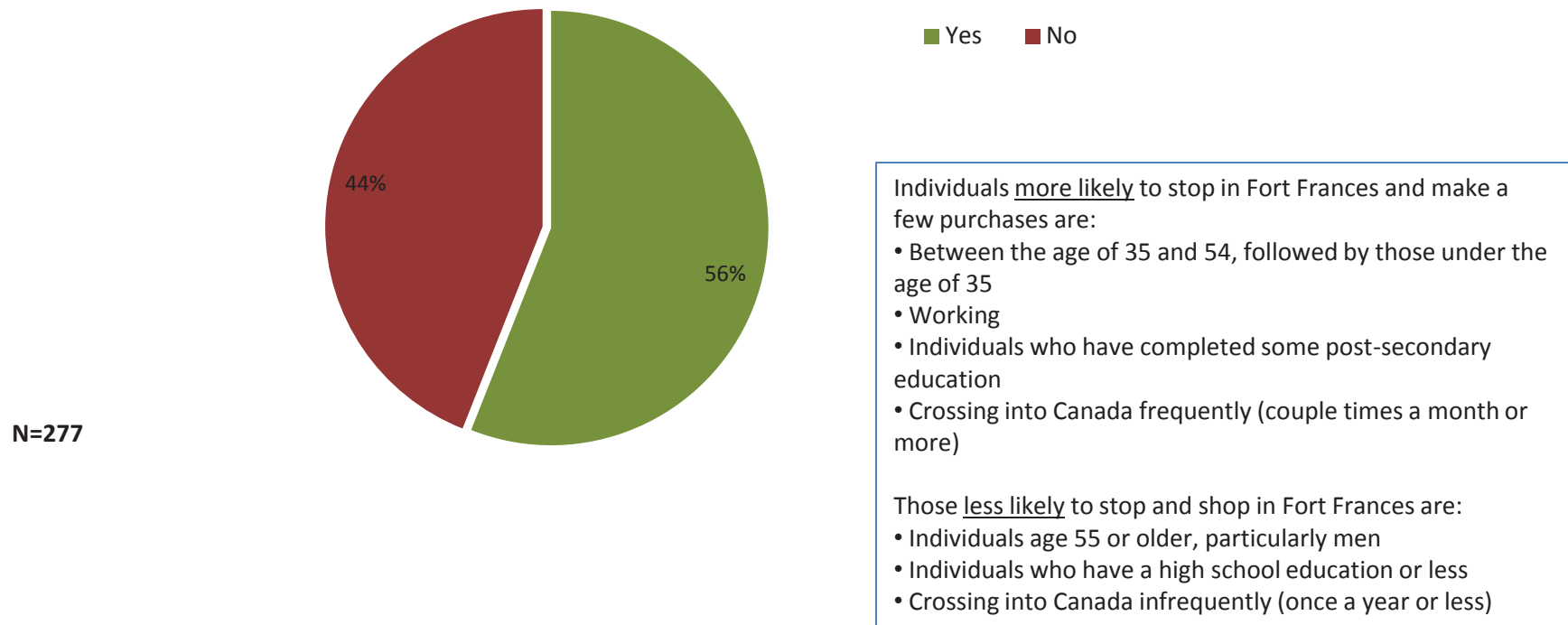
Younger residents (between the age of 18 and 34) are more likely to be crossing the border for *shopping* and to *visit a restaurant and/or bar*.

Middle aged residents (age 35 to 54) are somewhat more likely to be crossing the border for *sporting events*. In addition, people with children under the age of 18 in the household are somewhat more likely to cross the border to *attend a sporting event*.

N=277

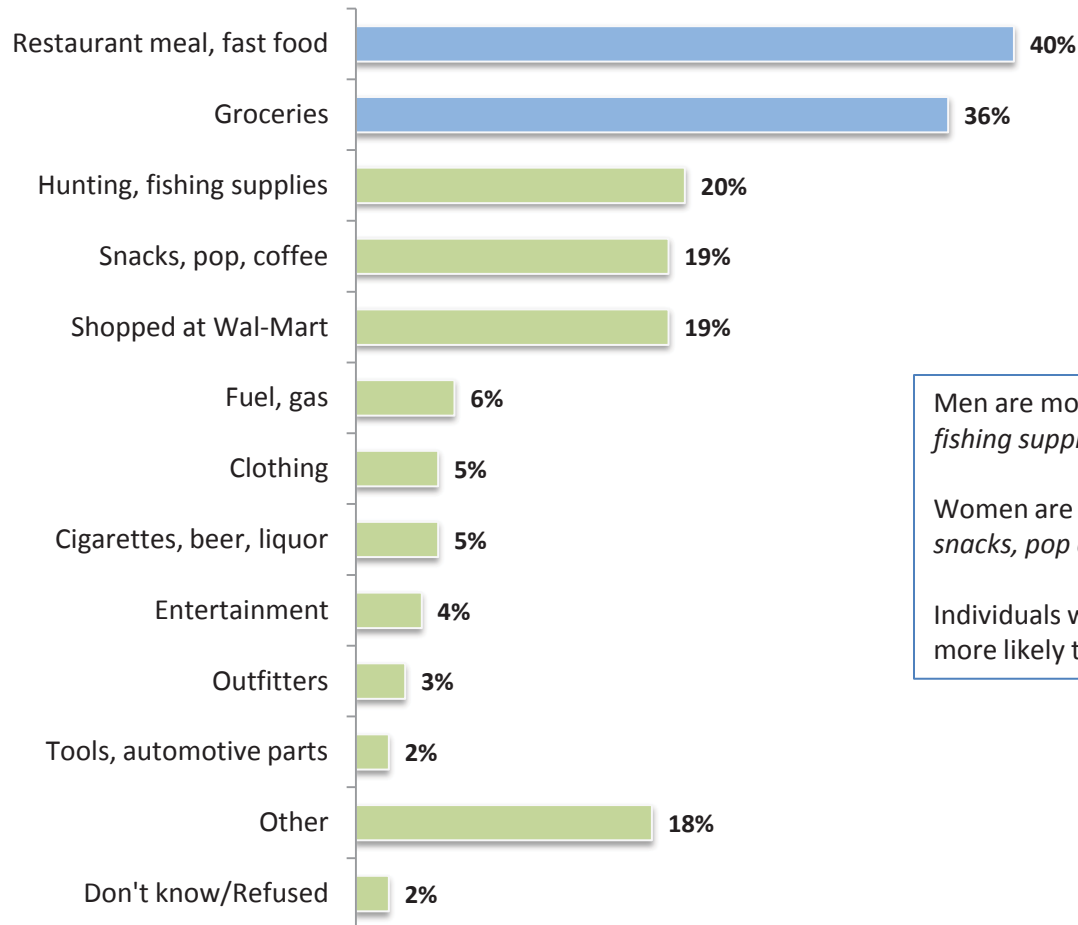
Incidence of Shopping in Fort Frances

7. When going to or passing through Fort Frances do you stop and make any purchases or use any services – anything at all?



Type of Shopping in Fort Frances

8. What do you purchase or use in Fort Frances? [ONLY ASKED OF THOSE SHOPPING AT Q7]



Men are more likely to be purchasing *hunting and fishing supplies*.

Women are more likely to be purchasing *groceries, snacks, pop and coffee* and *shopping at Wal-Mart*.

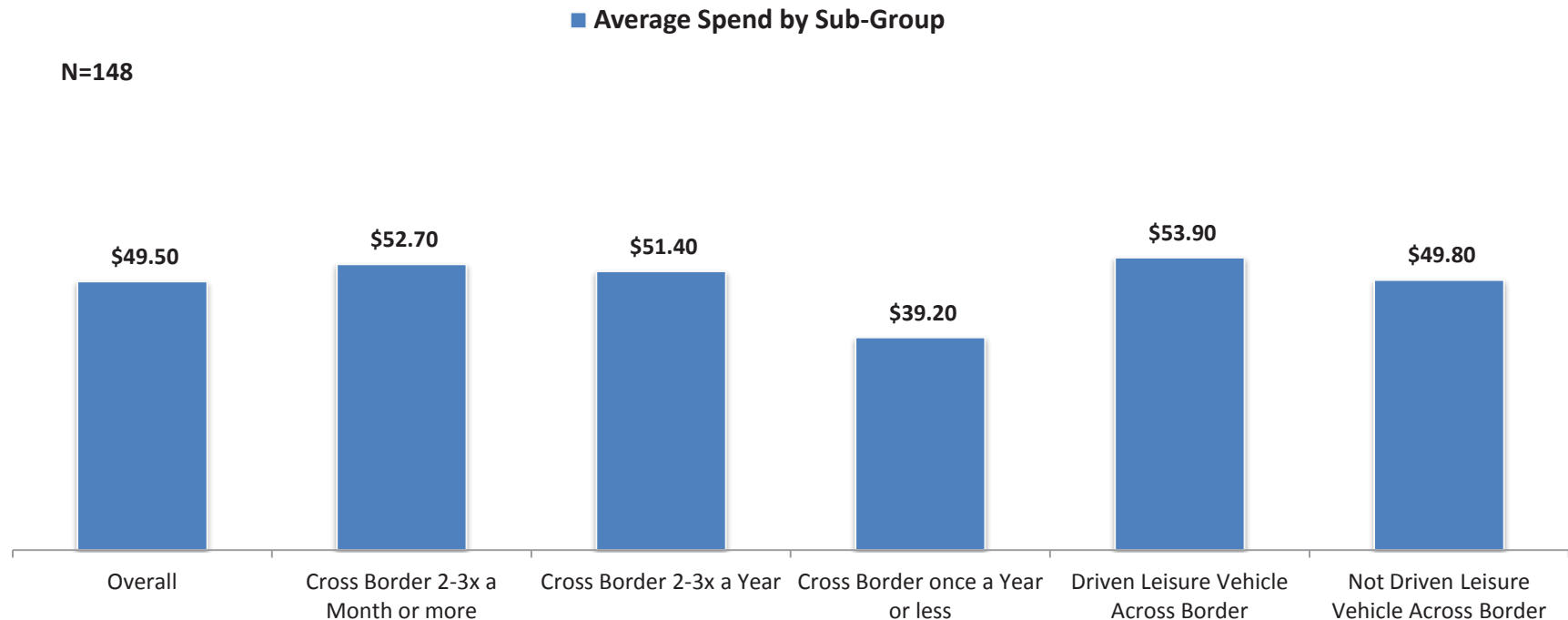
Individuals with children under 18 in the household are more likely to visiting a *restaurant* in Fort Frances.

N=148

Typical Spend while Shopping in Fort Frances (Cross-Border Shoppers)

9. For a typical stop in Fort Frances, how much do you usually spend - in US Dollars?

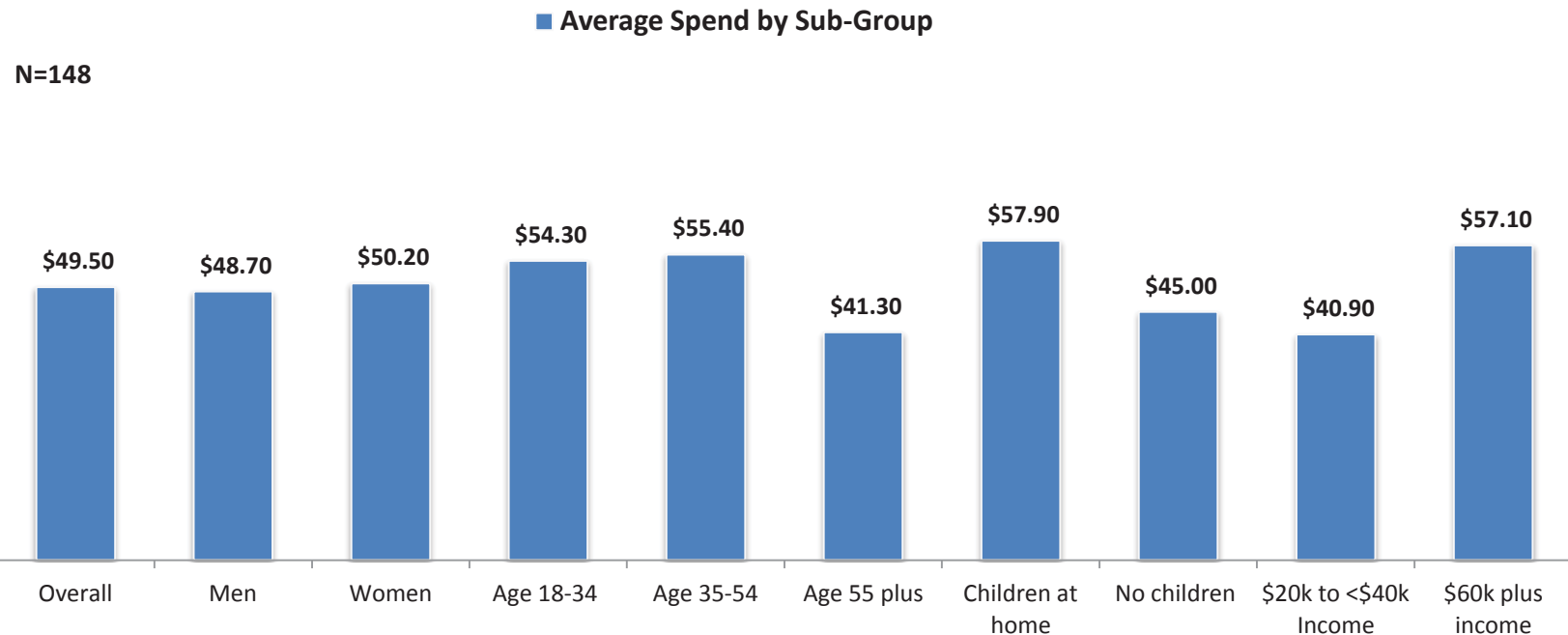
The average cross-border spend in Fort Frances is \$49.50 US per trip



Typical Spend while Shopping in Fort Frances (Demographics)

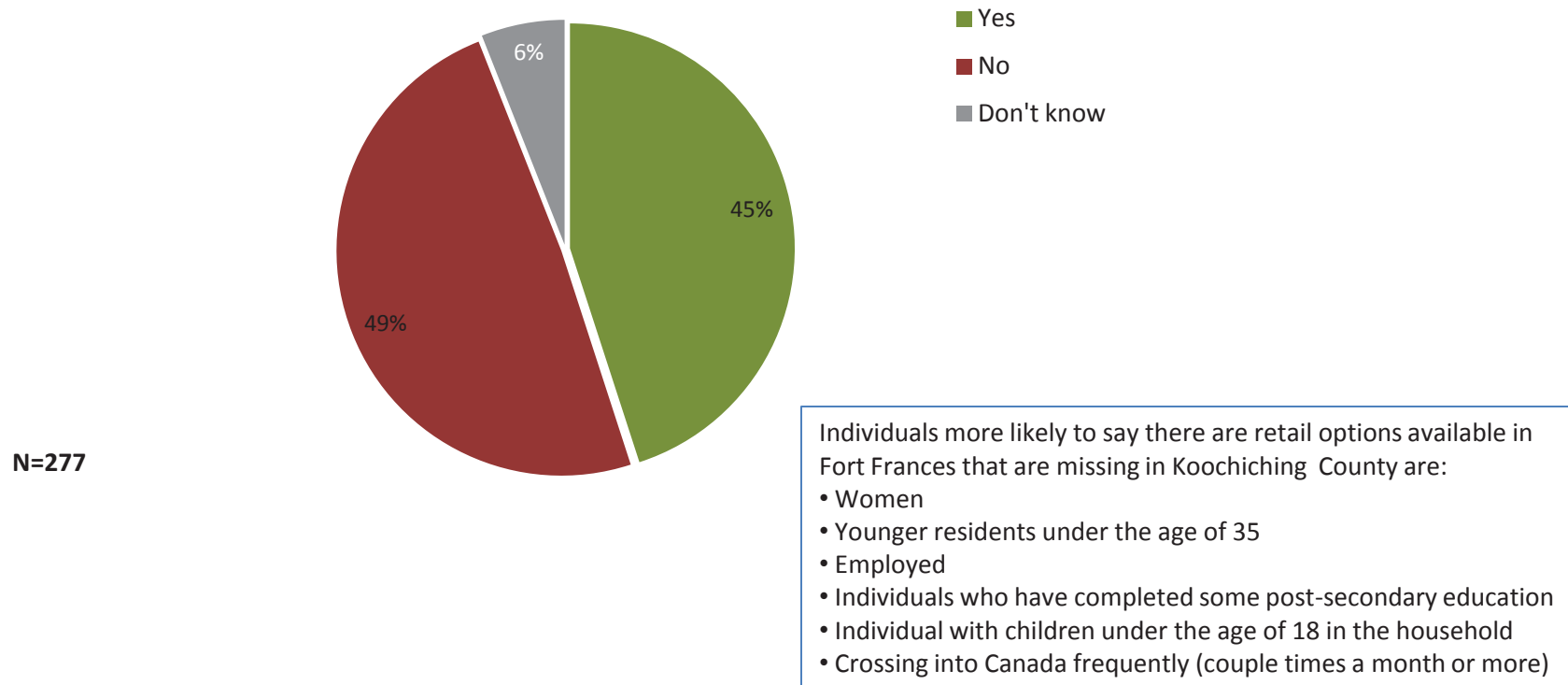
9. For a typical stop in Fort Frances, how much do you usually spend - in US Dollars?

The average cross-border spend in Fort Frances is \$49.50 US per trip



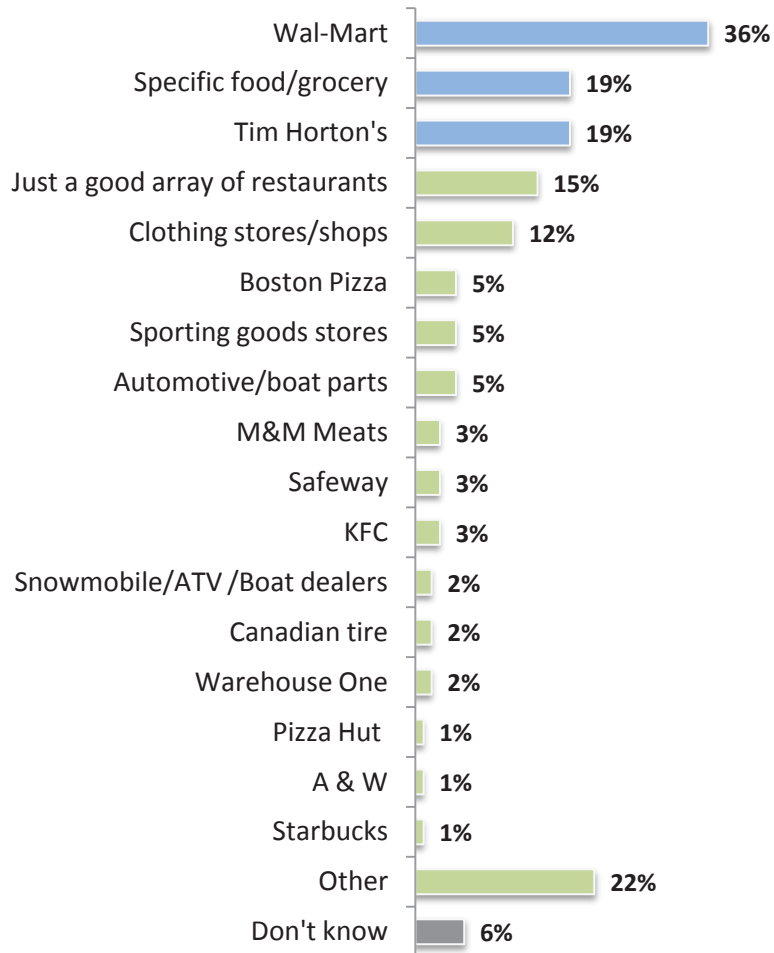
Things in Fort Frances that are Missing in Koochiching County

10. Are there products or services available in Fort Frances that are NOT available to you in Koochiching County - International Falls?



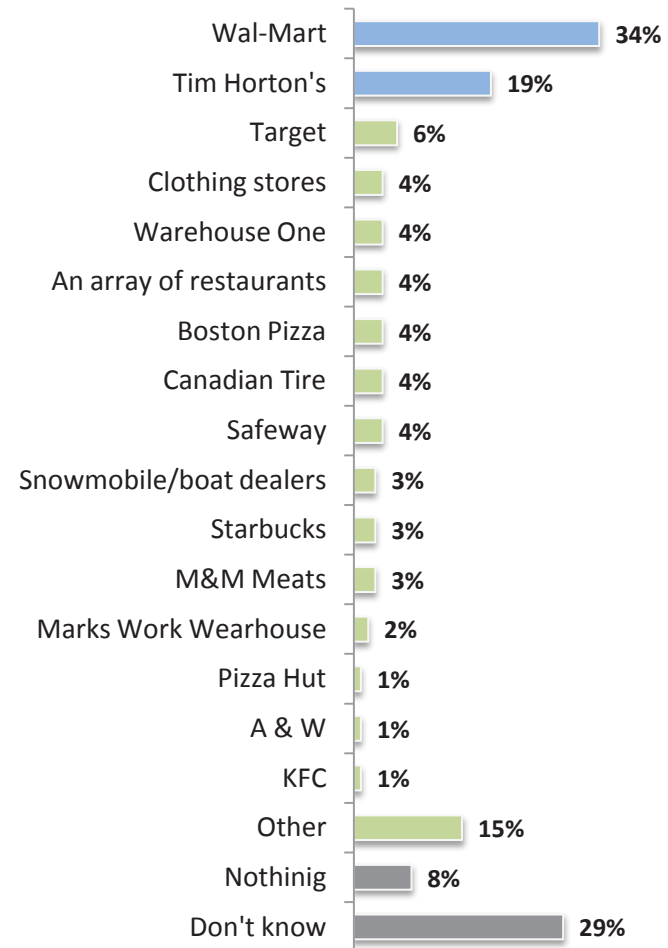
Items, Services and Stores not Available in Koochiching County

11. What items or services are you able to get in Fort Frances that are NOT available in Koochiching County – International Falls area?



N=116

12. Are there certain stores or companies operating in Fort Frances that you wish were available to you in the Koochiching County - International Falls area?



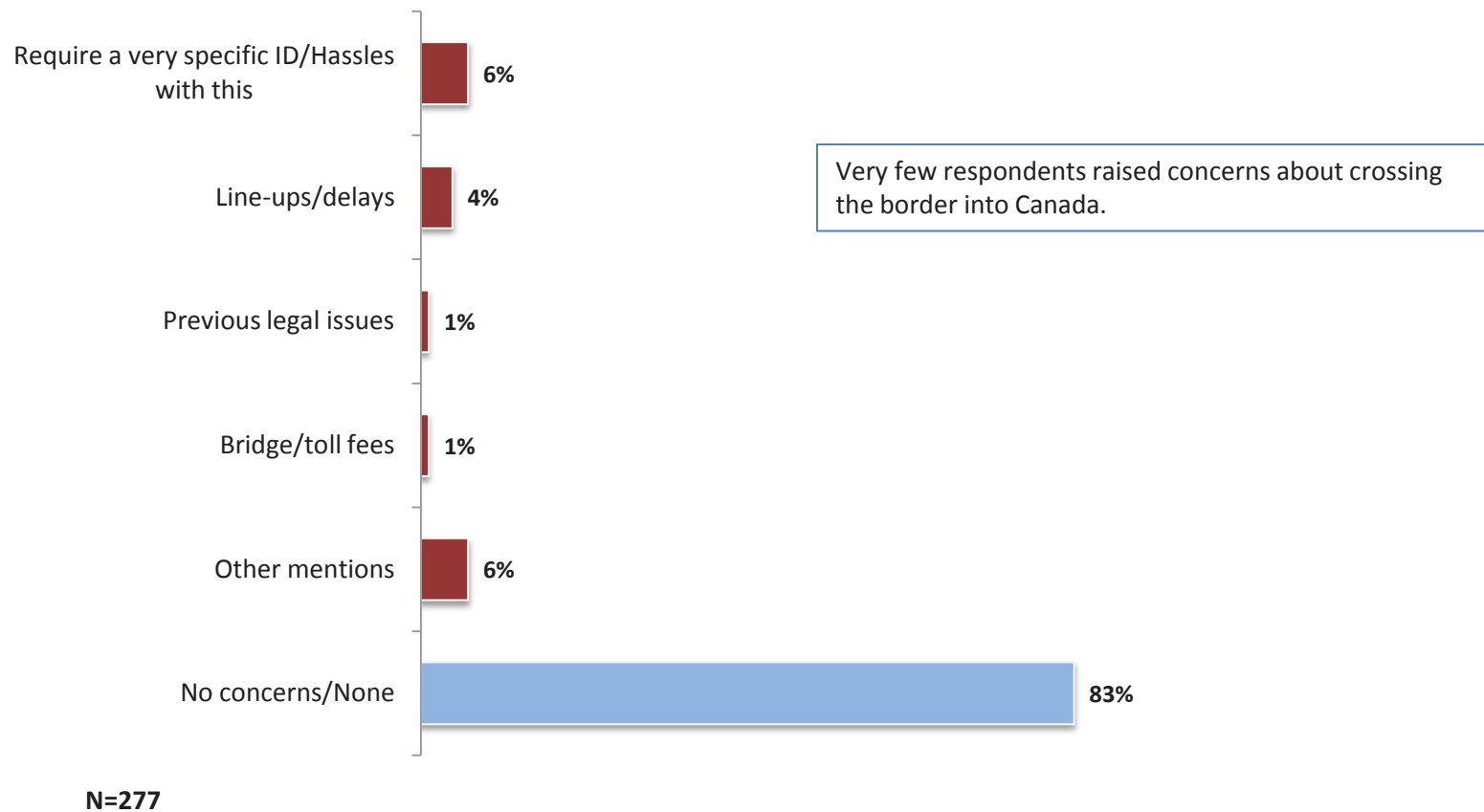
N=116

Findings – Issues Crossing the Border

This section of the survey asked respondents whether they experienced any difficulties crossing into Canada. It also provides results to a few questions regarding the toll bridge between the two countries.

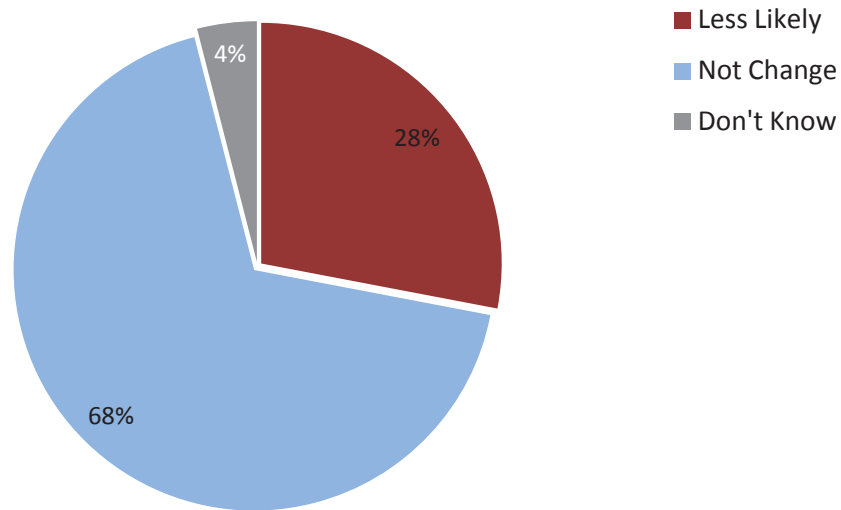
Concerns or Difficulties Crossing the Border

14. Do you have any concerns or have you experienced any difficulties when crossing the border between the US and Canada? Any issues at all?



Impact of Toll Bridge

15. As you know there is a toll to cross the bridge between International Falls and Fort Frances. Does this toll charge of \$6 each time you make a trip make you less likely to cross the border into Canada or does it not change the likelihood of you crossing the border?



N=277

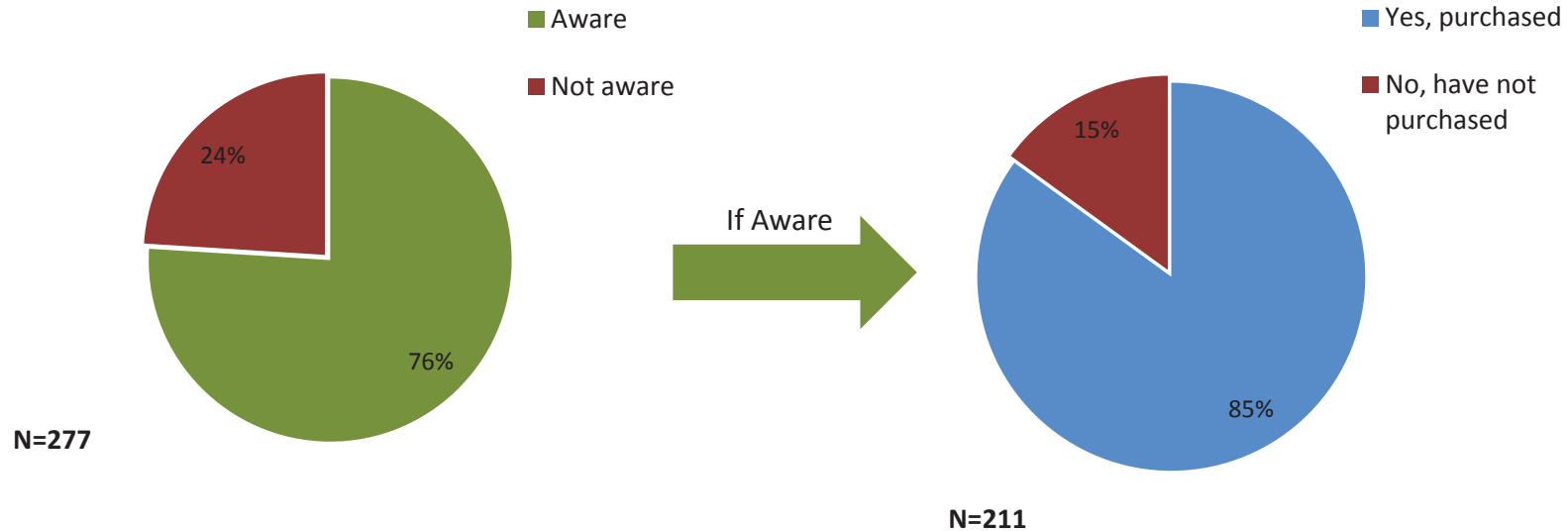
Individuals who are *less likely to cross into Canada* because of the bridge toll are:

- Individuals age 55 and older
- Individuals crossing into Canada relatively infrequently (few times a year or less)
- Individuals who reside outside of International Falls

Awareness & Usage of Bridge Toll Multi-Trip Passbook

16. Are you aware that some local establishments, such as Stewart's Super One, sell a discounted multi-trip bridge toll pass that allows for cheaper travel across the bridge?

17. [IF AWARE AT Q16] Have you purchased and used a Bridge Toll multi pass?



Infrequent travelers into Canada (Once a year or less) were most likely to not be aware of the multi-trip bridge toll pass.

More likely purchasers of the multi-trip toll pass are:

- Individuals age 35 to 54
- Frequent travelers to Canada (a few times a month or more)
- Individuals who have taken their leisure vehicle across the border
- Residents of International Falls

The End

The End