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Fairport Village Partnership

2007 Business Owner Survey Results and Final Report

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Simon Graduate School of Business Administration
University of Rochester
Tai-An Chen
Shih-Wen Huang
Vinu Thomas
Yi Zhao

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Fairport Village Partnership
Ed Bradford, Co-chair, Economic Restructuring Committee
Scott Gonyeo, Co-chair, Economic Restructuring Committee
Scott Winner, Director, Fairport Village Partnership

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Last, but not least, we gratefully acknowledge the time, talent and efforts of Prof. JJ Brakus for his guidance in preparing this report.

Executive Summary

Statement of the Problem

A survey of businesses in the Village of Fairport was conducted in 2001 to help the Fairport Village Partnership (FVP) understand the attitudes, perceptions, and desires of business owners. A lot may have changed in the intervening years, and the FVP would like to know how to change in order to better serve local businesses.

Methodology

To understand the *changes* since 2001, it was decided that the essence of the 2001 survey should be maintained, with modifications to facilitate measurement and analysis. A new survey was mailed on February 21 to Village businesses, requesting a return date of March 2. 73 usable responses were received: a 32% response rate.

Key Findings

Business owners value referrals, suggest recruiting a grocery, and find parking to be a problem. Surprisingly, many businesses do not depend on the canal at all, and many businesses did not know about Village Merchant Night (VMN).

Conclusions and Recommendations

FVP should recruit a grocery store and try to find a solution to the parking problem. FVP should explore why the canal does not appear to be important to Village businesses – this will likely require some focus groups and more surveys. FVP should consider helping businesses in tracking their customers. The customers of Fairport businesses come not only from Fairport, but also from the greater Perinton area, Penfield, Pittsford, Webster, etc. If there is enough customer interest in a VMN, the businesses will participate: FVP should take the lead in fixing this coordination issue. But if FVP decides to go ahead with the VMN, it must be advertised heavily.

Introduction

Background

In 2001, the Fairport Village Partnership (FVP) engaged Simon Marketing Research students (SMRS) to perform a survey of businesses in the Village of Fairport. That study sought to help the FVP understand the attitudes, perceptions, and desires of business owners regarding business operations. A lot may have changed in the intervening years, and Fairport Village Partnership may need to change in order to strengthen and improve the central business district.

Definition of the Research Problem

The FVP wants to know how they need to change, in order to better serve local businesses: to develop appropriate business strategies and generate business growth. To that end, the FVP would like to know if the local businesses are the same, or different, from they were six years ago – and if they are facing the same, or different, barriers. Additionally, if patterns of success can be made visible, they can be reported to local businesses, to help them succeed. To address these problems, a new team of SMRS was chartered to conduct a follow-up survey.

Objectives of the Research

The original survey of 2001 was to be modified to address known changes, and to better facilitate measurement and analysis. However, a level of consistency was to be maintained, so as to be able to compare between the current state of events and the results of the original, benchmark survey. Based on the results, the FVP could change the allocation of its resources to better meet businesses' needs. For this year's survey, two specific areas of interest are business owners' attitudes towards canal tourism and the Village Merchant Night.

Methodology

Survey Design

The FVP and SMRS teams discussed the 2001 survey questions (see Appendix A) and results, with an emphasis on areas of improvement. The results (see Appendix B for a summary of material differences between the 2001 and 2007 versions) were used to create an improved survey, which was then tested on SMRS colleagues. Testing feedback was incorporated to create another version of the survey, which was then given to Prof. JJ Brakus of the Simon School. Prof. Brakus' recommendations were implemented to create another version of the survey, which was then given to the FVP for approval. Finally, the FVP and SMRS teams reconciled a final version of the survey, which is 19 questions over three pages (See Appendix C).

Although a survey is usually a descriptive instrument, an attempt was made to also use it as an exploratory instrument for this context. There are many things that are not known about the topics of interest (e.g., the ways in which businesses' hours change over the course of a year), so the results from this survey are to be used to refine future surveys. The FVP team was clear in stating that an important part of *this* report will be the "raw data" answers to the open-ended questions. In addition to open ended questions, the survey includes yes/no questions and questions that were measured on nominal, ordinal, interval and ratio scales.

The FVP and the SMRS also agreed upon the content of the cover letter that was to be included with the survey (see Appendix D). It described the project, established sponsorship, emphasized the importance of the survey, and requested that the survey be returned by March 2. A postage paid return envelope was also included with the survey.

The Sample Frame

The intention was to send a survey to the owner of every business within the Village of Fairport. The FVP provided the list of businesses, and the SMRS performed the mailings. The survey was mailed using FVP stationary on February 21 to each of the 227 businesses that were listed by FVP. 73 usable responses were received: a 32% response rate. This is only slightly lower than the 2001 survey response rate of 35%. Although the responses are a Convenience Sample, it was assumed that they represent a Simple Random Sample – it is understood that this is not an unreasonable assumption[1]. This allows standard statistical methods to be applied to the results, so as to provide an indication of the attitudes, perceptions, and desires that the population, as a whole, is likely to have.

When the results were tabulated, some data were changed to become self-consistent. For example, if a respondent chose "other" for a nominal value but then used the associated open ended question to indicate one of the categories on the nominal scale, attempts were made to correctly recode the response. For the most part, "other" responses were not analyzed (but are reported in the appendices).

Key Findings

Please refer to Appendix E for sample statistics, including sample means, sample proportions, confidence intervals, and comparisons with 2001's sample statistics. Key Findings are treated in detail, below.

Type of Business Entity

56% of the firms are Corporations, almost 4% are LLC, almost 8% are Partnership, none of them are franchise, 26% are Single Proprietorship, 1% are Nonprofit, and 4% are others.

Nature of Product/Service

The retail industry is the most highly represented, at 27%. Restaurant is 12%. Financial Services is 8%. Real Estate, Professional Services, and Hair Salon are each 5%. Gift Shop is 4%. Medical Office is 3%. Religious and Entertainment are 1% each. Others, some of which are integrated shops, are 26%. Antiques is 0%.

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[1] In fact, Prof. Brakus says the sample is quite representative of the population.

Age of Business
Most firms are less than 10 years. 16 firms are between 10 and 20 years.

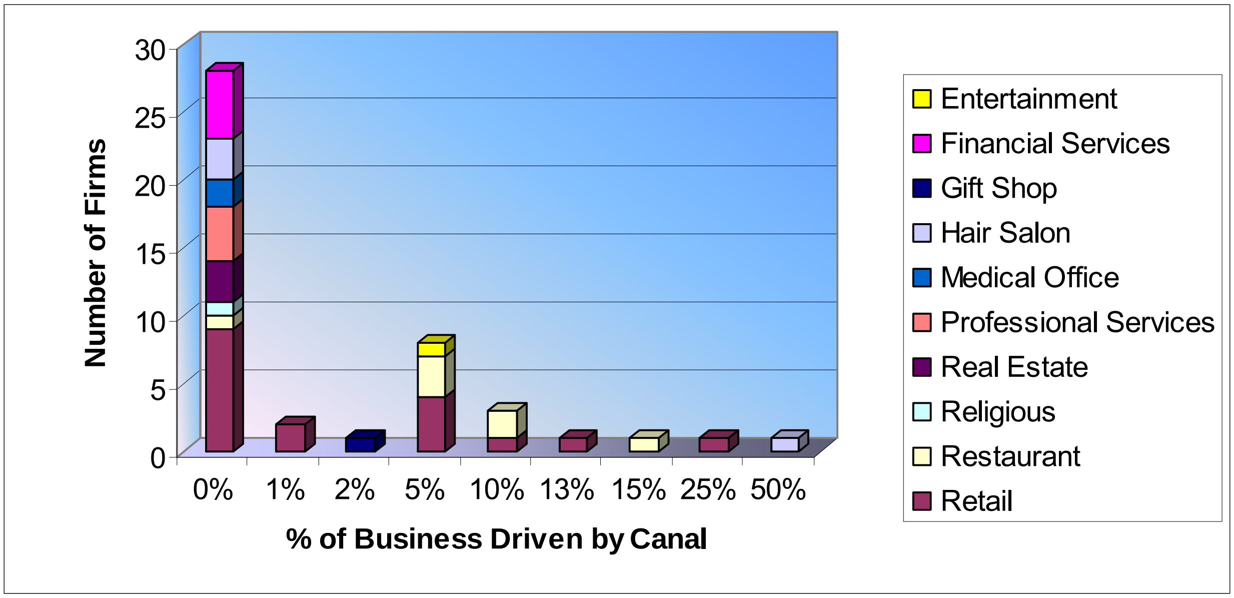
years	0~<10	10~<20	20~<30	30~<40	40~<50	>=50
number	33	16	10	4	3	4

Number of Employees
Almost 90% of the firms hired less than 10 full time people. 8% of the firms hired 10-50 people. Only two firms hired more than 50 people. Most of the firms are small business. If we add part-time with full-time, 77% of the firms have fewer than 10 people. 20% have between 10 and 50.

Adjusted Hours
30% of the firms seasonally adjust their operating hours. 70% of the firms don't adjust.

Canal Tourism
Sufficient responses were not collected for statistics to indicate the 95% confidence interval for the percent of business that is driven by canal tourism. Even if there were sufficient responses, since the survey does not request information on the *number* of customers, it may be impossible to draw conclusions about aggregate customer behavior. I.e., 1% of one firm's customer volume may be more than 100% of another firm's. However, there *were* sufficient responses to indicate that the 95% confidence interval for the percent of businesses that are driven by no canal tourism at all is [54%, 77%], with a sample mean of 66%.

The following histogram correlates the type of business with the percent of business that is driven by canal tourism.

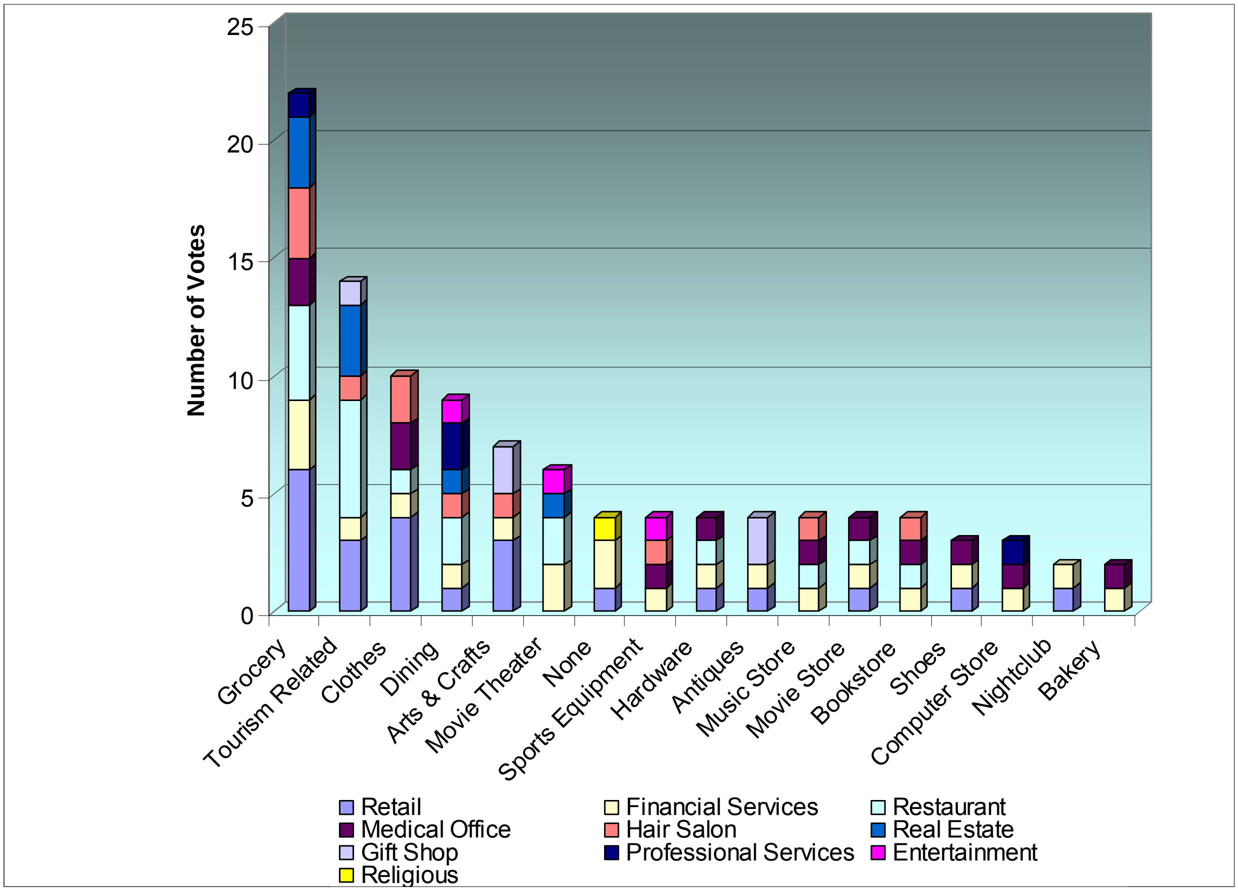


Although the above histogram represents sample data, a χ^2 test shows that these two variables are, in fact, statistically unrelated at the 5% significance level: different types of businesses do not obtain different levels of traffic from canal tourism. However, if we group businesses into those that we *believe* may derive business from the canal (entertainment, gift shop, restaurant and retail businesses) and those that do not (financial services, hair salon, medical office and professional services businesses), then the χ^2 test shows that the different groups *do* obtain different levels of traffic – this is especially true for businesses that derive between 1% and 25% of their customers from the canal. Please see Appendix N for the calculation of the confidence interval and for the χ^2 hypothesis tests.

Complement Businesses

The greatest number of respondents wanted a grocery store, which may stimulate potential customers to come to their own stores. In comparison, the top four responses of 2001 were: bakery, entertainment, hardware and bookstore. Aside from changes in preference, a reason for the difference could be that the categories in the question have changed.

Businesses in the financial services, medical office and professional services categories were most interested in computer stores. This correlation is represented graphically in the following graph ("None" means the respondent specifically mentioned that none is required; respondents who did not answer the question at all are not represented below).

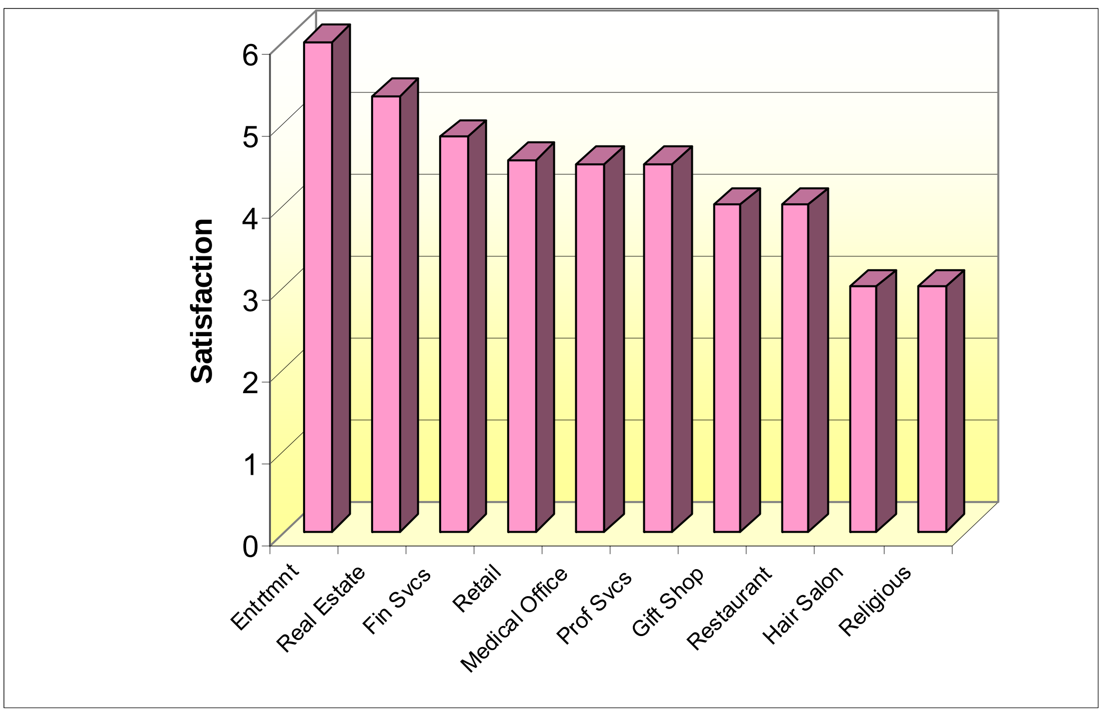


Please see Appendix O for a list of "other" responses.

Satisfaction

The seven point Likert scale was an effort to measure the merchants' current level of satisfaction with doing business in Fairport. In the survey, the Likert scale ranges from extremely satisfied at 1 to extremely unsatisfied at 7. In the following graph, to make larger numbers represent greater satisfaction, the responses have been transformed by subtracting them from 7. We calculated an arithmetic mean or average of satisfaction: 4.3219, which is close to somewhat satisfied. In 2001's sample, the satisfaction level was 7-2.342=4.658. Although satisfaction is lower in 2007's sample, more information (specifically, the standard error of the 2001 value) is needed to tell if the difference is significant. Regardless, such a small difference (.336) on a 7-point Likert scale is likely not significant.

The following graph shows how average satisfaction is distributed among the various types of business in this sample:



Unfortunately, the number of responses in each category is too small to determine if the mean differences is statistically significant. However, although it may not be statistically significant, it may be useful to note that there appears to be three clusters of businesses, in terms of their satisfaction:

- Entertainment, and Real Estate

- Financial Services, Retail, Medical Office, Professional Services, Gift Shop, and Restaurant

- Hair Salon, and Religious

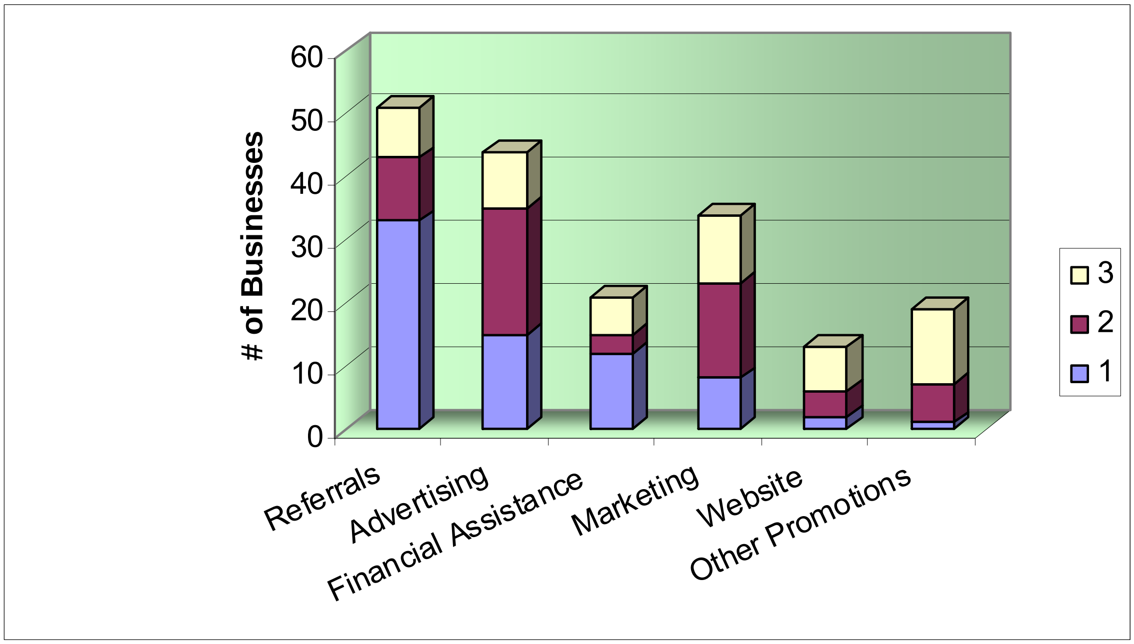
See Appendix P for the check of difference, sample statistics about the satisfaction, and the list of reasons given for the satisfaction.

Helpful Services

Business owners in the sample feel Advertising and Referrals will help their businesses the most. It might be because word-of-mouth works in the Village of Fairport: it is an easy and cheap way to reach consumers. In comparison, they did not request much help with their Website. However, since many customers come from outside the Village, building websites is a good way to provide information to customers from outside the Perinton area.

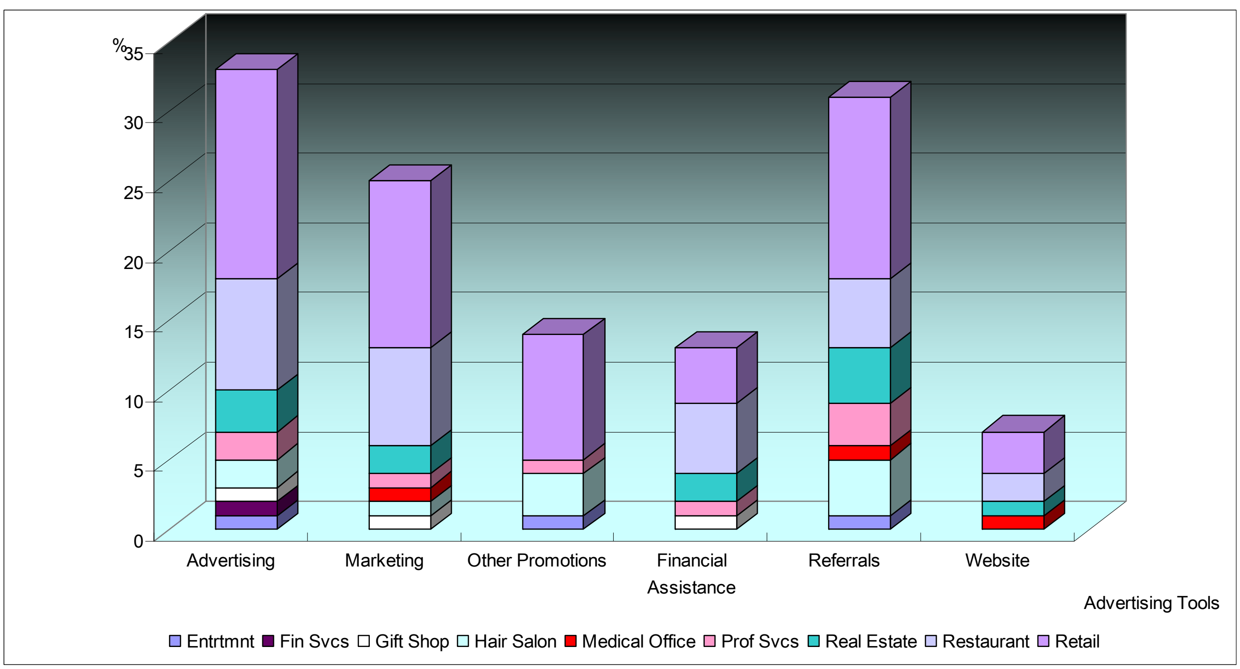
As it works towards strengthening and improving the central business district, FVP needs to understand which of its services would be the most helpful to merchants in developing their businesses. The results of this question will help FVP tailor its services to the specific needs and requirements of its constituents. This also allows FVP to operate in a more cost effective manner by eliminating services that are not needed.

The following graph shows the number of business that gave a 1, 2 or 3 rating to each of the "helpful items."



The above graph is sorted by "#1" responses. The 2001 survey's top three responses were referrals, advertising and marketing. See Appendix Q for a list of "other" helpful items.

The following graph correlates the nature of business with possible helpful advertising tools:



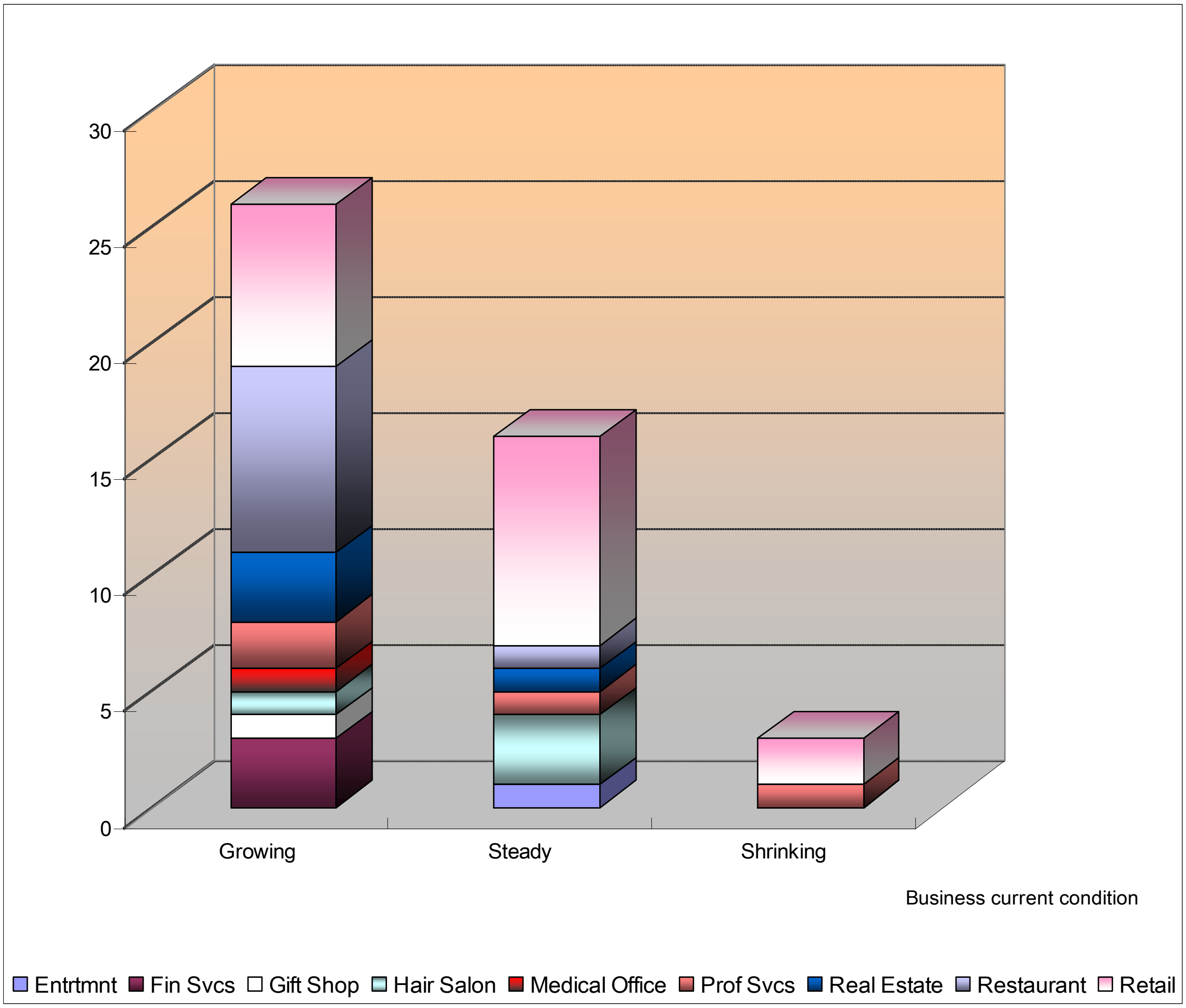
Village Merchant Night

Most business owners want to join the Merchant Night to promote their business. Thursday is the most preferred day and August is the most preferred month. See Appendix U for details.

Professional, Financial, Medical and Real Estate firms don't really want to participate in this event. Due to the nature of those businesses, they may instead want some specific event that can be targeted to the right customers. Hair Salons, Gift Shops, Entertainment and Retail businesses have the highest willingness to join the Merchant Night: they probably think this event will bring in a lot of customers. Hair salons and gift shops have relatively higher willingness to participate in the Merchant Night than other types of businesses.

Business Condition

Comparing the nature of the business with the business condition, more than half of the businesses are growing. Restaurants, especially, are in a relatively good condition. Although retail is growing, we should pay attention to the portion of retail that is holding steady. A more specific survey should be commissioned to understand the reasons they are only holding steady, and to prevent them from shrinking. A point worthy of mention is that Medical Office has a high satisfaction with doing business in the Village of Fairport, but is shrinking: this is another area in which a more specific survey can be commissioned.



The results suggest that Fairport still has a very promising business outlook. There is a lot of potential opportunity within it.

<u>Other comments by respondents.</u>

Many survey respondents took the time to write down additional comments – those comments have been captured in Appendix W.

Conclusions and Recommendations

Business owners in Fairport feel that the most important things FVP can provide for them are referrals. Also, FVP should consider recruiting a grocery store, to complement existing businesses.

In terms of concerns, the most common is parking. If the Village offered parking that is closer to the stores, it will make it easier for people to shop, which should increase the number of customers. This could be a *big* concern, in terms of attracting people from other towns who drive by Fairport (e.g., on their way home from work).

It seems likely that at least a fifth of the businesses in Fairport do not track their customers. FVP should explore the reason for this, and provide assistance as necessary.

If FVP decides to go forward with the Village Merchant Night, it should advertise it more heavily than in the past, as many businesses reported not knowing about it. In order to get the most benefit from Village Merchant Night, it may be necessary to coordinate the resident and business owner surveys. The findings of *this* study suggest customers come from areas other than the Village, so attempts should be made to also understand the attitudes of the residents of the greater Perinton area, as well as Penfield, Pittsford, Webster, etc.

Village businesses do not appear to rely on the canal for customers. FVP should explore the reason for this. Perhaps businesses are not leveraging the canal to its full advantage, and need help in understanding how best to use the canal in marketing campaigns? Also, since this survey was conducted during the winter, there may have been a bias for underreporting businesses for which the canal is important. The FVP should run another survey during the summer to reduce the possibility of such bias. The new survey should approach the canal with multiple questions, from multiple perspectives – promoting the canal may be important even to business owners who do not see much traffic from it.

If the new study determines that businesses are already fully utilizing the canal, FVP should consider reducing canal-oriented promotions.

Before the next survey is sent out, FVP should create a plan of action related to each question on the survey – that plan should then be used to validate the correctness of each question. Similarly, there are too many categories in some of the questions – as a result, the number of responses per category is low, and it becomes difficult to find statistical significance in the results without grouping the categories.

Overall, we would suggest using focus groups to determine business plans to support firms in the village. After coming up with several business plans, FVP should conduct surveys to find the needs of businesses and support them to make the Village better and better.