



# City of Carlsbad Business Survey Report

January 2015



# Table of Contents

Table of Contents.....	1
List of Figures.....	2
List of Tables.....	2
Executive Summary .....	2
Overall Indicators for the Business Community .....	6
Carlsbad as a Place to Do Business .....	6
Perceptions of the Business Climate.....	8
Confidence in City Government to Impact the Business Climate.....	9
Hiring Expectations Over the Next Year.....	15
Familiarity with Life In Action.....	18
Importance of Industry Clusters.....	21
Action Sports Manufacturing.....	24
Life Sciences .....	25
Cleantech .....	26
Entertainment and Hospitality .....	27
Information and Communications Technologies (ICT).....	29
Opportunity & Assessment in Carlsbad's Business Community.....	31
Appendix A: Secondary Data on Universe of Carlsbad Business and Survey Data Not Previously Presented .....	A-1
Universe of Carlsbad Businesses .....	A-1
Additional Survey Data .....	A-4
Appendix B: Survey Methodology.....	B-1
Secondary Research .....	B-1
Primary Research.....	B-5
Appendix C: Survey Toplines (n=476).....	C-1

# List of Figures

Figure 1: Rating for the City of Carlsbad as a Place to Do Business .....	6
Figure 2: Perception of Business Climate in Carlsbad .....	8
Figure 3: Confidence in City Government to Impact Business Climate .....	10
Figure 4: Economic Development Information or Updates Received .....	12
Figure 5: Venture Capital Funding .....	13
Figure 6: Hiring Expectations for the Next 12 Months .....	15
Figure 7: Hiring Expectations for the Next 12 Months by Business Size .....	16
Figure 8: Familiarity with Life In Action .....	18
Figure 9: Visitation to Life In Action Website .....	20
Figure 10: City of Carlsbad Industry Clusters by Employment, Location Quotient (LQ) and Growth .....	23
Figure 11: Main Reasons Company Located in Carlsbad .....	31
Figure 12: Difficulty Finding Qualified Applicants .....	32
Figure 13: Value of a University or Institution Located in the City of Carlsbad .....	33
Figure 14: Programs to Help Businesses Meet Current and Future Talent Needs .....	34
Figure 15: Satisfaction with Attributes of Carlsbad’s Business Climate .....	35
Figure 16: Location of Customers and Suppliers & Vendors .....	36
Figure 17: Customers in Baja California .....	37
Figure 18: Suppliers or Vendors in Baja California .....	37
Figure 19: Secondary Data – City of Carlsbad Size of Businesses .....	A-1
Figure 20: Secondary Data – California Size of Businesses .....	A-2
Figure 21: Secondary Data – Industry Breakdown by Number of Businesses .....	A-3
Figure 22: Number of Locations .....	A-4
Figure 23: Percentage of Total Businesses Located in Carlsbad .....	A-4
Figure 24: Number of Years Located in Carlsbad .....	A-5
Figure 25: Number of Employees at Carlsbad Location(s) .....	A-6
Figure 26: Primary Focus of Business .....	A-7
Figure 27: Change in Employment over the Past Three Years .....	A-8
Figure 28: Expectations for Physical Space in Carlsbad over the Next 12 to 24 Months .....	A-9

# List of Tables

Table 1: Overview of Project Methodology .....	B-1
Table 2: NAICS Codes Used to Define Industry Clusters .....	B-1



# Executive Summary

The City of Carlsbad's Economic Development Division commissioned BW Research Partnership, Inc. (BW Research) to conduct research and complete a survey with local businesses and assess the business climate within the city. As part of the study 476 businesses with at least one location in Carlsbad completed a survey.

BW Research offers the following key findings from the 2014 research of Carlsbad Businesses:

## Most businesses indicated Carlsbad was an excellent or good place to do business.

- Eighty-five percent of Carlsbad businesses surveyed indicated the city was an excellent (45%) or good (40%) place to do business. At the other end of the spectrum, only three percent of responding businesses indicated that Carlsbad was either a poor (2%) or very poor (1%) place to do business. These represent similar results to the 2012 Carlsbad business survey, with a higher percentage of businesses indicating excellent (45% vs. 39%) and a lower portion stating Carlsbad is a good (40% vs. 48%) place to do business.

## Businesses were approximately eight times as likely to be optimistic than pessimistic about the local business climate

- Just over forty percent (42%) of responding businesses indicated the business climate in Carlsbad was getting better and only six percent indicated it was getting worse. This represents a ratio of approximately 8 to 1 businesses that indicate the business climate is getting better versus those businesses that believe it is getting worse.

## Almost three out of four Carlsbad businesses (73%) were confident city government's decisions to improve the business climate.

- Seventy-three percent of Carlsbad business respondents indicated they were either very (25%) or somewhat (48%) confident in city government to make decisions to positively affect the local business climate. These results were similar to the 2012 Carlsbad business survey.

For specific aspects of Carlsbad’s business climate, businesses were highly satisfied with the quality of life and proximity to clients while some are dissatisfied with the regulatory climate and transportation systems.

- The two issues tested with the highest levels of satisfaction included; quality of life (95% satisfaction<sup>1</sup>) and access to clients and customers (77% satisfaction).
- The three issues tested with the highest levels of dissatisfaction included; regulatory climate (20% dissatisfaction), local roads and transportation systems (14% dissatisfaction), and ability to find qualified entry to mid-level employees (11% dissatisfaction). The regulatory climate is typically, the business climate item that businesses are least satisfied with, while the ability to find qualified entry to mid-level employees is a bit more unique as an area of dissatisfaction.

### ***Conclusions and Recommendations***

1. **Carlsbad’s larger firms (50+ employees) have grown, expect to keep growing, and face challenges finding talented workers.** Results of the business survey reveal almost three-quarters (74%) of the City’s larger firms have grown over the last three years, compared to just over a quarter (27%) of the Carlsbad firms that have less than 50 employees. The recent employment experience of Carlsbad businesses over the last three years, helps explain why over half of (58%) of the City’s larger firms expect to increase the total number of employees over the next 12 months, while just over a quarter (27%) of smaller firms in the City expect to do the same.

This is not typical of business surveys in a given region or community, where smaller firms are more likely to indicate they will increase employment over their larger counterparts. Given that relatively high proportion of larger firms in Carlsbad have grown over the last 3 years and expect to grow over the next 12 months, it is not surprising that they are facing considerably more difficulty (62%<sup>2</sup>) finding qualified job applicants than smaller businesses in the City (34%). **These results indicate that strategies to support local talent development and attraction, should at least start with the needs of the City’s larger firms** as they expect to grow and are having difficulty finding qualified job applicants.

2. **Small to medium-sized firms (6 to 49 employees) are less enthusiastic about Carlsbad as a place to do business, when compared to their larger (50+) or smaller (1 to 5) counterparts.** Results of the survey indicate that about one-third of small to medium sized Carlsbad businesses tend to rate the City as an excellent place to do business compared to about half (49%) of larger (50+ employees) or micro (1 to 5 employees) sized firms in the City.

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<sup>1</sup> Displayed percentages for satisfaction and dissatisfaction of specific services are determined with “Don’t know or no answer (DK/NA)” removed from the calculation.

<sup>2</sup> Indicated great or some difficulty finding qualified job applicants.

An analysis of the survey results reveal that in general small to medium-sized firms in Carlsbad showed similar levels of satisfaction for most of the specific components of the business climate<sup>3</sup> in comparison to their smaller or larger peers. They did show lower than average levels of satisfaction for;

- Ability to network or interact with other high-level decision makers in Carlsbad's business community.

These results could indicate the need to identify and/or communicate networking opportunities for small to medium sized businesses in Carlsbad.

3. **Entertainment & Hospitality** remains a large and vital industry cluster in Carlsbad. The industry has experienced robust growth in Carlsbad from 2010 to 2014, both in terms of employment growth and total revenues coming into the City. However, total employment growth or increased revenue has not resulted in higher pay, in fact, the cluster has experienced declining average wages<sup>4</sup> in Carlsbad from 2012 to 2014. This in an industry that pays considerably less than Carlsbad's other four industry clusters or when compared to average wages in the City.

- 2012 average annual earnings for Entertainment & Hospitality was \$25,567
- In 2014 average annual earnings for Entertainment & Hospitality was \$25,469

While the nominal decline in annual earnings is only about \$100 a year, it does not factor in inflation (real wages) and wages were relatively low in 2012. Businesses from this cluster were also twice as likely to indicate dissatisfaction with the organizations in Carlsbad responsible for supporting economic development and entrepreneurship when compared to the typical Carlsbad business survey respondent.

4. **Action Sports Manufacturers remain an important industry cluster in Carlsbad, with an industry employment concentration that is more than 50 times the national average.** While this industry cluster has experienced relatively flat growth the last few years, Carlsbad employers in this industry are more optimistic about growth in the future (50 percent expect to grow in the next 12 months) and are more likely to have sought VC funding in the last 12 months, than any other industry cluster except Life Sciences. Action Sports Manufacturers were also more likely to express dissatisfaction with their ability to recruit high skill talent (14% dissatisfaction) or find qualified entry to mid-level employees (17% dissatisfaction) than the typical Carlsbad business. These results provide another indicator of where local talent attraction and development should be prioritized.

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<sup>3</sup> See question 13 in Appendix C of the business survey to see the specific components of the business climate that were tested in the survey.

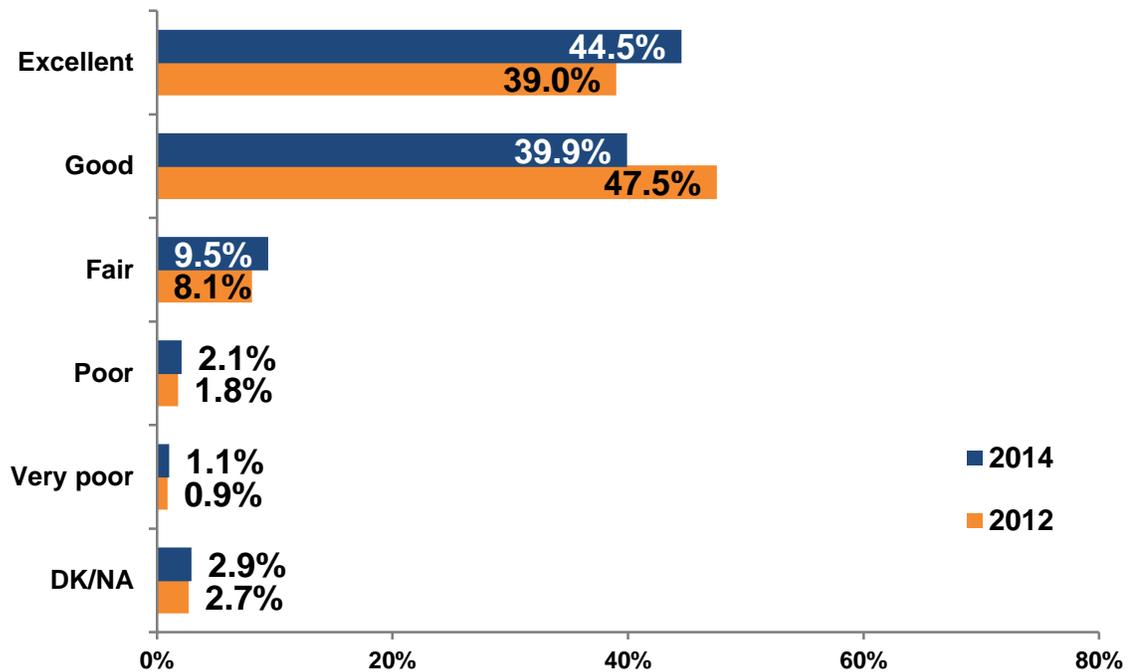
<sup>4</sup> Decline in average annual earnings per worker is a nominal assessment and does not account for inflation or changes in income from gratuities which may impact certain occupations.

# Overall Indicators for the Business Community

## CARLSBAD AS A PLACE TO DO BUSINESS

85 percent of Carlsbad businesses surveyed provided a positive rating (excellent or good) for the City of Carlsbad as a place to do business, with 45 percent rating it as “excellent” and 40 percent “good.” Ten percent of businesses provided a “fair” rating, three percent a poor rating (2% “poor” and 1% “very poor”), and three percent were not sure or declined to state. Although the overall positive rating slightly decreased by two percent from 2012 to 2014, there were higher “excellent” ratings in 2014 than in 2012.

Figure 1: Rating for the City of Carlsbad as a Place to Do Business

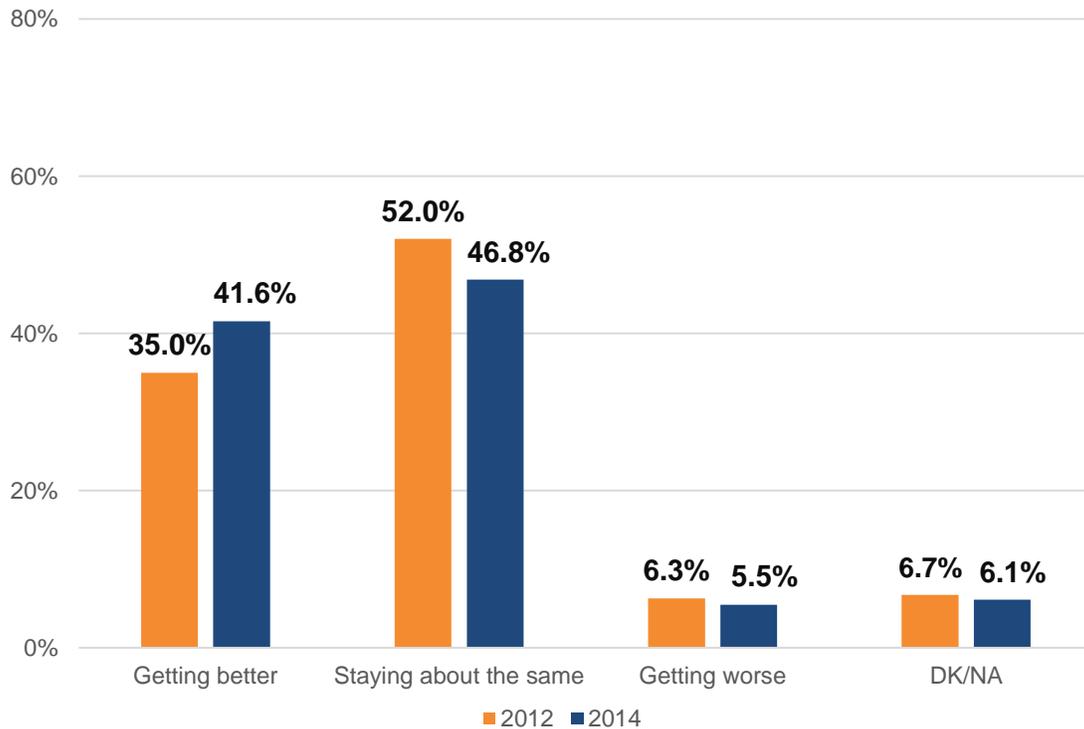


- Firms with 1 to 5 employees and firms with 50 or more employees provided a higher “excellent” rating for Carlsbad as a place to do business (49% of 1 to 5 employee businesses and 50% of 50 or more employee businesses), in comparison to firms with 6 to 10 employees (26%), 11 to 24 employees (43%), and 25 to 49 employees (33%).
- Firms with 2 locations provided a higher “fair” rating for Carlsbad as a place to do business (22%) in comparison to firms with 1 location (8%) and firms with 3 or more locations (10%).
- Firms in the 92009 zip code were more likely to give an “excellent” rating (54%) compared to firms in the 92008 zip code (41%), 92010 zip code (36%) and 92011 zip code (46%).

## PERCEPTIONS OF THE BUSINESS CLIMATE

Just over forty percent (42%) of businesses surveyed perceive the business climate in Carlsbad to be “getting better”, an increase of seven percent from 2012. 47 percent feel it is “staying about the same”, six percent view the business climate in the city as “getting worse” and six percent of respondents were not sure or declined to provide a response to the question. It is worth noting that the ratio of businesses that said the business climate was getting better to businesses that said it was getting worse was approximately 8 to 1.

Figure 2: Perception of Business Climate in Carlsbad



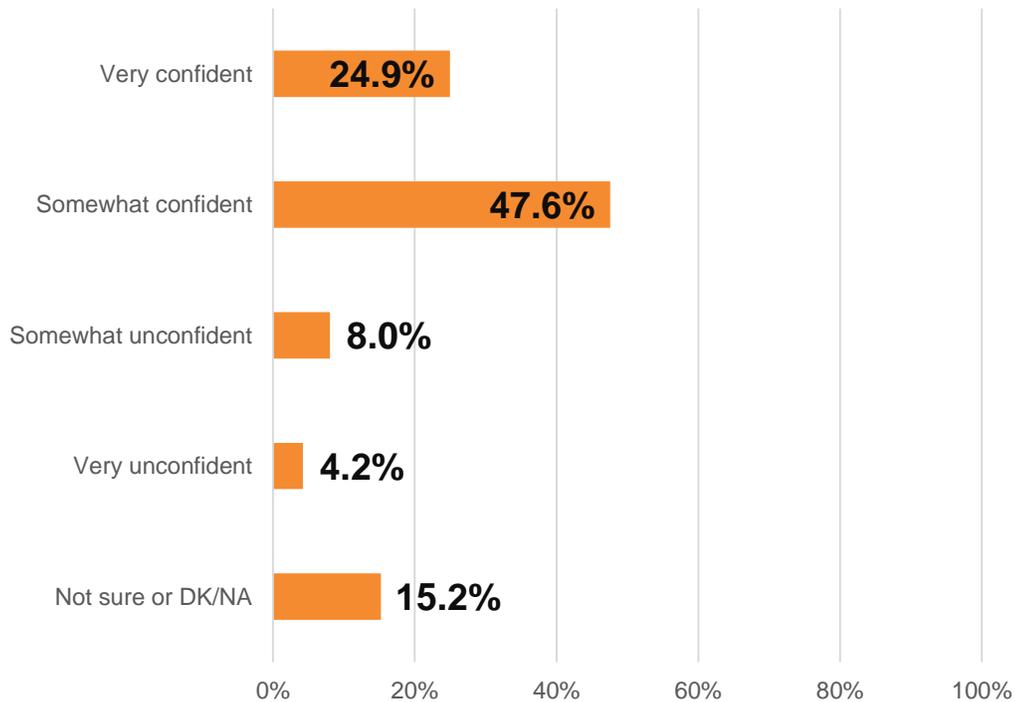
- Firms in the Entertainment & Hospitality cluster were more likely to say the business climate in Carlsbad is getting better (52%) compared to Action Sports Manufacturing firms (39%), Cleantech firms (42%), ICT firms (33%), Life Sciences firms (44%) and Other firms (42%).
- Firms that had been in Carlsbad longer have more businesses that say the business climate in Carlsbad is getting worse than firms that have been in Carlsbad for a shorter period of time. (3% of firms that have had a business location in Carlsbad for 0 to 2 years vs 11% of firms that have been located in Carlsbad for more than 20 years).

**Please note for all individual industry cluster survey response analyses throughout this report:** Although the survey sampling plan included a focus on firms in the five industry clusters, the sample sizes within two of the five clusters were less than 25 respondents – which is the minimum for assuming a normal distribution. As such, caution should be utilized when generalizing the results for Cleantech (n=12), and Life Sciences (n=16).

## CONFIDENCE IN CITY GOVERNMENT TO IMPACT THE BUSINESS CLIMATE

Three out of four businesses surveyed indicated they are confident in Carlsbad city government to make decisions that positively affect the local business climate, with a quarter “very confident” and the plurality “somewhat confident.” Twelve percent of respondents reported they are not confident (8% “somewhat unconfident” and 4% “very unconfident”) in Carlsbad city government to positively impact the business climate and 15 percent were not sure or declined to state.

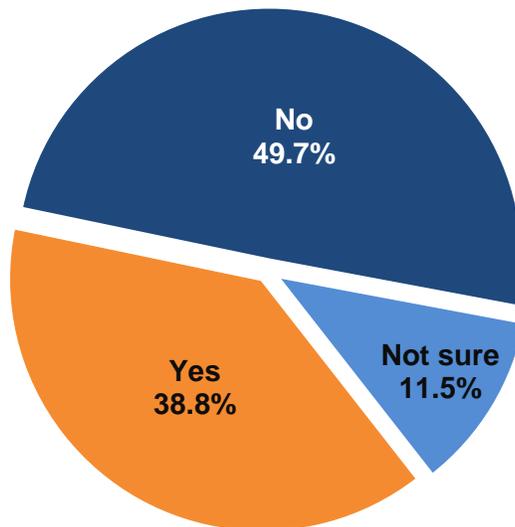
Figure 3: Confidence in City Government to Impact Business Climate



- Firms with two locations were more likely to report more unconfident (“somewhat unconfident” and “very unconfident”) ratings (31%) than firms with 1 location (10%) and firms with 3 or more locations (9%).
- Business respondents who live in Carlsbad were more likely to report confidence (78% confidence) in city government to positively affect the business climate than those business respondents who reside outside of Carlsbad (66% confidence).

Businesses were also asked if they had received economic development information or updates from the City of Carlsbad. Just under forty percent of respondents indicated they had received information or updates, while half had not, and 12 percent were unsure.

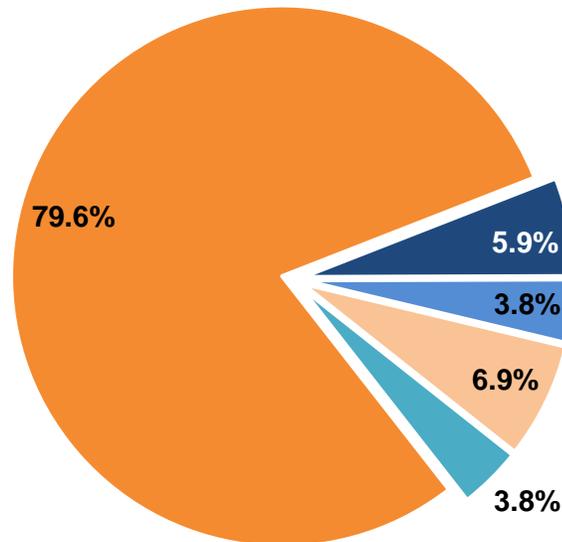
Figure 4: Economic Development Information or Updates Received



- Among the five clusters, Cleantech firms were more likely to indicate that they had not received economic development information or updates from the City of Carlsbad (75%) as compared to Action Sports Manufacturing firms (52%), Entertainment & Hospitality firms (40%), ICT firms (41%), Life Sciences firms (38%) and Other firms (53%).
- Firms that have been located in Carlsbad for more than 20 years were more likely to indicate that they had received economic development information or updates from the City of Carlsbad (45%) when compared to firms that have been located in Carlsbad for 0 to 2 years (27%), more than 2 to up to 5 years (36%), more than 5 up to 10 years (41%), and more than 10 to up to 20 years (43%).
- Larger firms (50+ employees) were less likely (27%) to have reported receiving economic development updates or information from the City of Carlsbad compared to their smaller business counterparts.

Businesses were asked if they had looked for venture capital (VC) funding in the last 12 months and if they hadn't, if they expected to search for VC funding in the next 2 years. A majority of businesses (80%) indicated that they have not and do not expect to seek VC funding the next two years, while six percent estimate they expect to in the next two years, four percent indicated they had sought VC funding in the last 12 months, seven percent are not sure and four percent replied "DK/NA".

Figure 5: Venture Capital Funding



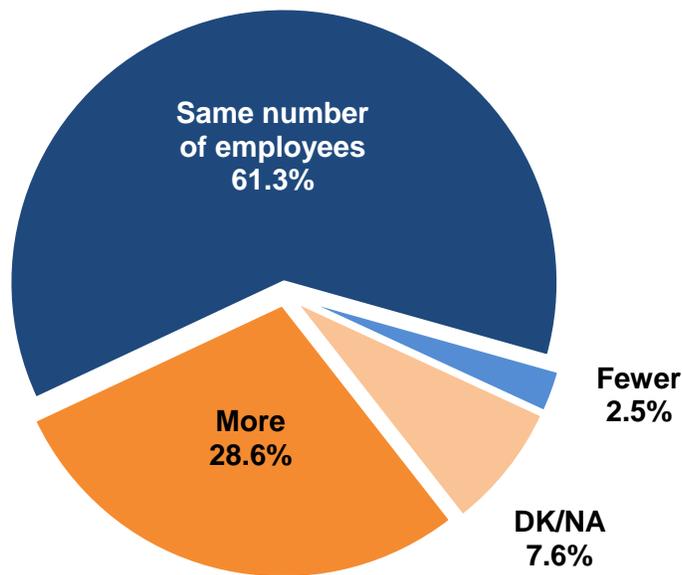
- We have not and do not expect to seek VC funding in the last 12 months or next 2 years
- We have not sought VC funding in the last 12 months, but we expect to in the next 2 years
- Yes, we have sought VC funding in the last 12 months
- Not sure
- DK/NA

- Firms with 1 to 5 employees were more likely to indicate they have not and do not expect to seek VC funding in the last 12 months or the next 2 years (86%) when compared to firms with 6 to 10 employees (70%), 11 to 24 employees (69%), 25 to 49 employees (63%), and 50 or more employees (66%).
- Firms with 1 location were more likely to indicate they have not and do not expect to seek VC funding in the last 12 months or the next 2 years (85%) when compared to firms with 2 locations (76%), and firms with 3 or more locations (58%).
- Action Sports Manufacturing (12%) and Life Sciences (13%) firms were considerably more likely to have sought VC funding in the last 12 months than firms in other clusters or those firms not associated with one of the five industry clusters.

## HIRING EXPECTATIONS OVER THE NEXT YEAR

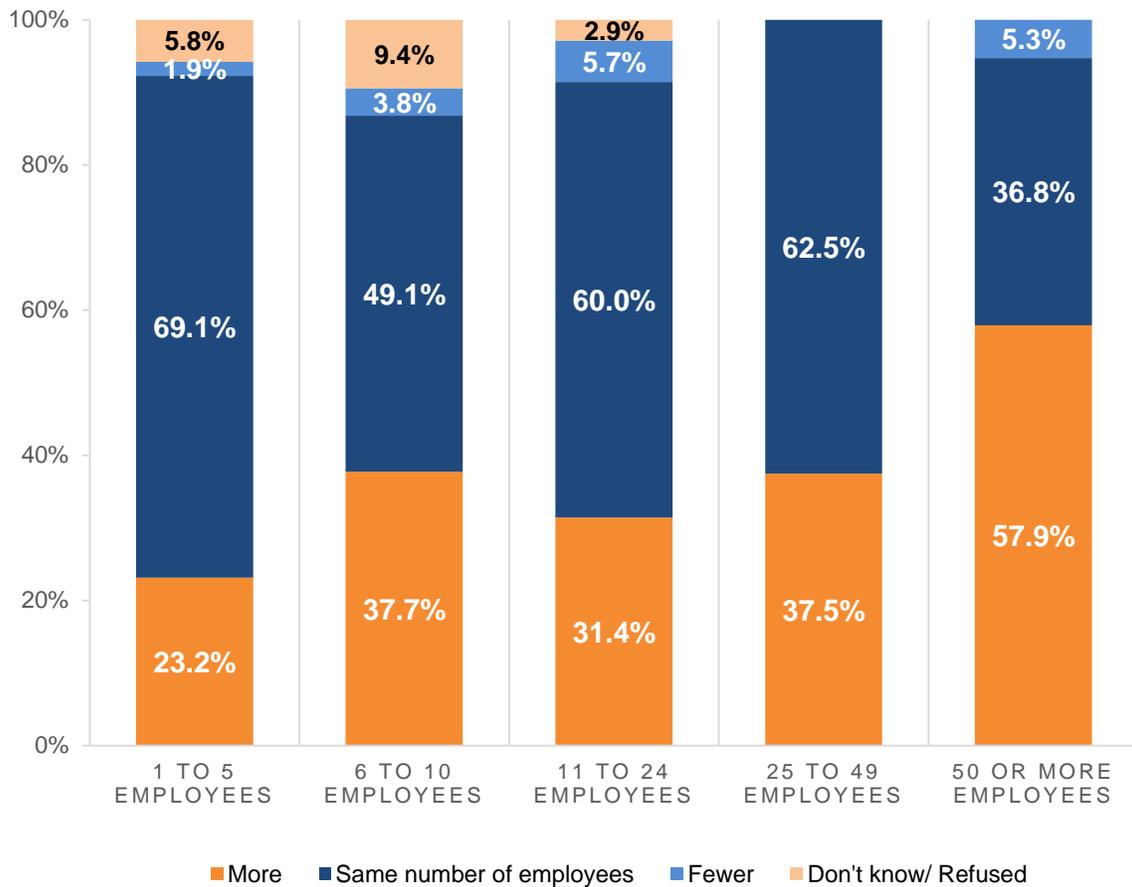
Twenty-nine percent of businesses expect to have more workers at their Carlsbad location(s) 12 months from the time of the survey, resulting in an anticipated growth rate of 6.2 percent. Sixty-one percent of firms expect to maintain current employment levels over the next year, three percent expect to have fewer total employees, and eight percent were not sure or declined to state.

Figure 6: Hiring Expectations for the Next 12 Months



Furthermore, more than half of businesses with 50 or more employees reported expecting to have more employees at their Carlsbad location(s), compared to 23 percent of businesses with 1 to 5 employees.

Figure 7: Hiring Expectations for the Next 12 Months by Business Size

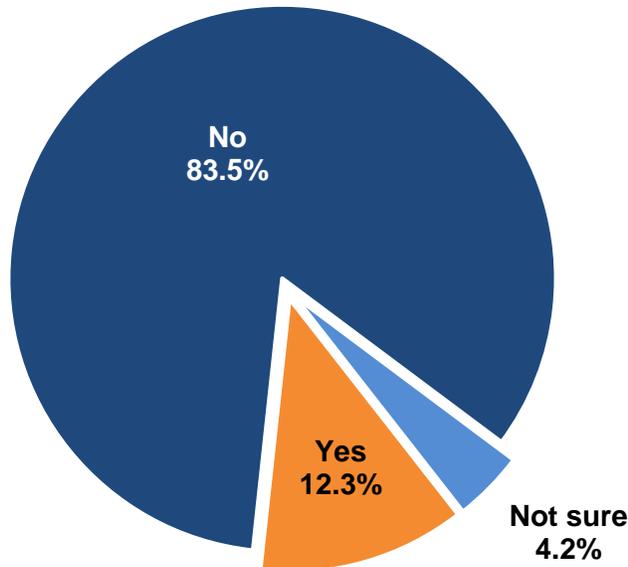


- Firms in the Action Sports Manufacturing cluster were more likely to indicate they expect to have more employees in the next 12 months (50%) than firms in the Cleantech cluster (25%), Entertainment & Hospitality cluster (29%), ICT cluster (17%), Life Sciences cluster (31%) and Other cluster (29%).
- Firms that have been located in Carlsbad from 0 to 2 years were more likely to indicate they expect to have more employees in the next 12 months (38%) than firms that have been located in Carlsbad more than 2 up to 5 years (31%), more than 5 up to 10 years (24%), more than 10 up to 20 years (27%), and more than 20 years (24%).
- Firms in the 92009 zip code were less likely to indicate they expect to have more employees in the next 12 months (21%) compared to firms in the 92008 zip code (32%), 92010 zip code (31%) and 92011 zip code (28%).

## FAMILIARITY WITH LIFE IN ACTION

Businesses were asked if they had heard, read or seen anything on the City of Carlsbad’s program to attract talent – Life In Action. Eighty-four percent of respondents indicated they had not heard, read or seen anything about Life in Action.

Figure 8: Familiarity with Life In Action

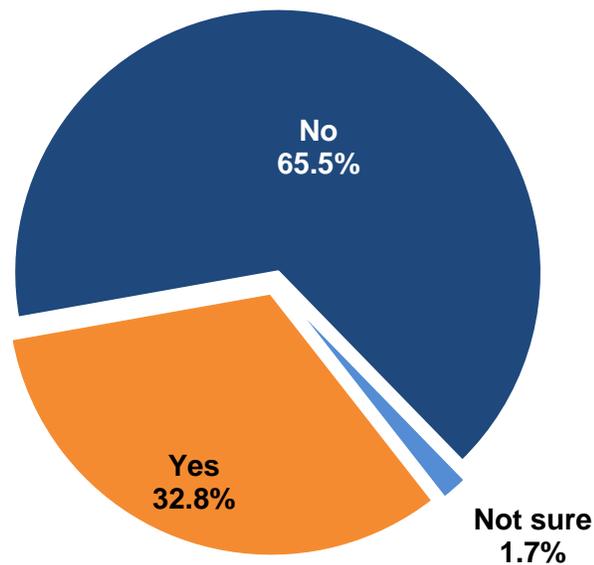


- Business respondents between the ages of 50 and 64 years old were the most likely to indicate familiarity with Life in Action (16%), while business respondents between the ages of 18 and 39 years old were the least likely to indicate awareness of Life in Action (3%).
- Firms that have declined in terms of employment over the last three years were more likely to indicate awareness of Life in Action (26%) in comparison to those firms that had stayed the same (10%) or had grown (13%).

Those who had heard, read or seen anything about the program were asked a follow up question inquiring if they had visited the website. Of those 12 percent that had heard, read or seen anything about the program (58 businesses), a third of respondents indicated that they had visited Carlsbad's Life In Action website, while 66 percent indicated they had not, and two percent were not sure.

Overall, including all Carlsbad businesses that were surveyed, four percent have visited the website, while 96 percent have not.

Figure 9: Visitation to Life In Action Website



# Importance of Industry Clusters

Industry clusters represent a comprehensive way of identifying and evaluating related industries within a given area. The process of identifying and examining clusters is based not only on the goods and services that employers are engaged in, but more important understanding the economic relationships that exist between vendors, suppliers, and customers who are using related products and services. The firms within an industry cluster typically share common needs for talent, human capital, technology, and infrastructure.

Most **industry clusters are export-oriented** driving wealth creation by bringing in customers and revenue from outside the region rather than being limited to those customers that just live within the area. The emphasis on export-oriented clusters not only expands the universe of potential customers but also diversifies the economy and provides greater opportunity for growth and a hedge against regional economic decline when some of the population-serving industries are negatively impacted. Lastly and potentially most important, the growth in industry clusters will typically have a large multiplier effect, increasing employment and business opportunities for all types of businesses within a given community and/or region.

According to the San Diego Association of Governments' (SANDAG) December 2012 report: *Traded Industry Clusters in the San Diego Region*:<sup>5</sup>

Traded industry clusters are groups of interrelated, export-oriented industries that bring new money into the region. Industries within an industry cluster have business transactions with one another, and thus are interdependent. Cluster companies often participate in local industry associations, fostering collaboration and the exchange of knowledge. Companies within a cluster also compete with each other for market share, which drives innovation and productivity.

Companies within clusters tend to be among the region's leaders in research and development funding, patent awards, and other key indicators of innovation. Many of the clusters also pay high wages, although some do not. All clusters are economic drivers for the region because they are export-oriented.

San Diego's regional traded clusters were first identified as a result of the 1998 Regional Economic Prosperity Strategy (REPS), which was developed to address the recession and economic restructuring of the early 1990s. Originally, the clusters were determined by a committee of local industry and economics experts. The current method relies both upon committee input and a methodology based on sound principles and practices that can be replicated for other regions, minimizing the subjectivity of the committee-based approach.

Industry clusters are different from traditional sector employment because the clusters focus on specialized industries as well as buyer and supplier linkages that are unique to a region's economy. Viewing the regional economy through the perspective of clusters is important when describing the fast-paced, international economy of today. Elected officials, planners, and local residents want information about biotechnology and cleantech, for example. It is not possible to obtain this level of detail using traditional industry sector reporting.

Industry cluster analysis is a useful tool to look deeply at the structure of the economy and help determine what direction it will take in the future. As technology and industries change, new cluster groups may come into existence

<sup>5</sup> Excerpted from page 1: *Traded Industry Clusters in the San Diego Region*, SANDAG, December 2012. Please note, SANDAG has not updated the clusters since 2012.

SANDAG focused on 13 industry clusters in its latest report. Among those, six clusters<sup>6</sup> are most relevant to the City of Carlsbad as they either already have a relatively high concentration of employment within Carlsbad or they offer an industry that has the opportunity to see considerable growth within the next three to ten years. These industry clusters relevant to the City of Carlsbad, include;

1. **Action Sports Manufacturing cluster** includes firms that are engaged in the design and production of golf club, surfboard, diving, and other recreational goods as well as the apparel and accessories that is closely tied to these products.
2. **Life Sciences cluster** combines two of SANDAG's industry clusters, *Biomedical Devices and Products* which includes the research, design, and production of medical devices and *Biotechnology and Pharmaceuticals* which includes research and development related to biological technologies as well as the manufacturing of medicinal and diagnostic substances.
3. **Cleantech cluster** includes firms that are engaged in renewable energy, energy efficiency, and energy storage.
4. **Entertainment & Hospitality cluster** includes hotels, transportation services, and restaurants, as well as entertainment attractions such as theme parks (LEGOLAND), golf courses, and country clubs.
5. **Information, Communications, & Technologies (ICT) cluster** includes communications, computer and electronics, and software industries.

It should be noted that each of the industry cluster definitions are generally consistent with SANDAG; a few minor revisions and additions were made after reviewing the database of employers with the City of Carlsbad.

The chart on the following page shows the key clusters and their growth over the last four years (2010 to 2014). The size of the bubbles indicates relative size based on employment to other industry clusters in the chart. The Entertainment & Hospitality cluster is the largest with 14,776 employees in the City of Carlsbad.

The cluster share of local employment compared to its share of national employment is measured on the vertical axis by its location quotient (LQ). A location quotient of 1.0 indicates equal cluster share of employment between a region and the nation. The Action Sports Manufacturing cluster has the largest location quotient of 50.78, which means that it is nearly 50 times more concentrated in the City of Carlsbad when compared to the national average. In fact, each of the five industry clusters has a location quotient greater than 1.0.

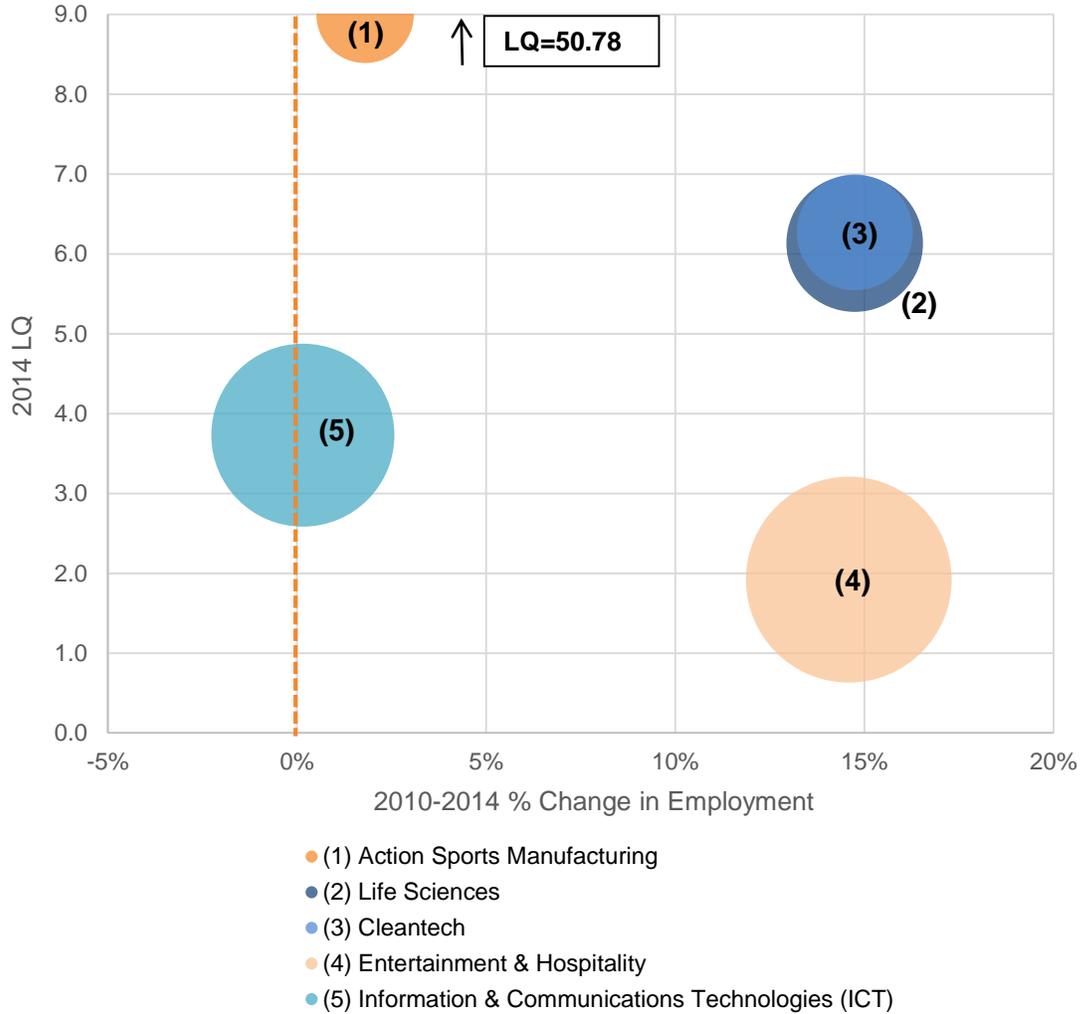
Finally, the horizontal axis displays growth for the four year time frame between 2010 and 2014. Positive growth occurred for four industry clusters (Entertainment & Hospitality: 15%; Cleantech: 15%; Life Sciences: 15%; Action Sports Manufacturing: 2%; and with only ICT experiencing no growth (0%). The overall growth in jobs in Carlsbad from 2010 to 2014 was 10 percent, thus Life Sciences, Cleantech, and Entertainment &

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<sup>6</sup> The pages to follow present information on five clusters. Two of SANDAG's clusters – Biomedical Devices and Products & Biotechnology and Pharmaceuticals – have been combined into Life Sciences.

Hospitality businesses grew higher than average while Action Sports Manufacturing and Information & Communications Technologies grew below the City average.

Figure 10: City of Carlsbad Industry Clusters by Employment, Location Quotient (LQ) and Growth<sup>7</sup>



<sup>7</sup> Source: EMSI QCEW and non-QCEW Employment 2014.3

## ACTION SPORTS MANUFACTURING<sup>8</sup>

Action Sports Manufacturing, more than any other cluster examined, identifies Carlsbad’s unique business strengths when compared to the national economy. This cluster has experienced considerable growth from 2004 to 2010, but has since slowed down from 2010 to 2014.

<b>Action Sports Manufacturing</b> This cluster includes firms that are engaged in the design and production of recreational equipment, from golf clubs to surfboards, as well as the apparel and accessories that are closely tied to these products.		
<b><u>2014 Employment:</u></b> 2,890	<b><u>Current Establishments:</u></b> 39	<b><u>Expectations for Growth:</u></b> Above Average (50% expect to grow in the next 12 months)
<b><u>Average Earnings:</u></b> \$95,931	<b><u>Industry Concentration:</u></b> Employment in Carlsbad is 53.25 times the national average	<b><u>Growth over the Last 2 Years:</u></b> Average (5% employment growth from 2012 through 2014)

With a high concentration of golf club, surfboard, diving, and other recreational goods manufacturing in the region, it is clear that this industry is a highly export-oriented economic driver. This cluster also is strongly associated with sporting and recreational goods wholesalers.

Based on the vast amounts of sunshine, close proximity to the ocean, and the lifestyle of southern California, the Action Sports Manufacturing cluster has been a steady presence in the region.

Excerpted from page 3: *Traded Industry Clusters in the San Diego Region*, SANDAG, December 2012.

<sup>8</sup> For the following industry cluster tables in this section (5 tables), expectations for growth is compared to overall expectations for businesses surveyed (29% expected to add more employees over the next 12 months) and growth over the last two years is in comparison to overall economic growth (5%) in Carlsbad from 2012 to 2014 (Source: EMSI QCEW and non-QCEW employment 2014.3).

## LIFE SCIENCES

For our purposes, two of SANDAG’s clusters – Biomedical Devices and Products & Biotechnology and Pharmaceuticals – have been combined into Life Sciences for examination in the City of Carlsbad. The Life Sciences cluster has approximately 6,546 jobs in Carlsbad. The average annual earnings per worker in this cluster is approximately \$126,566.

<b>Life Sciences</b> This cluster combines two of SANDAG’s industry clusters, <i>Biomedical Devices and Products</i> which includes the research, design, and production of medical devices and <i>Biotechnology and Pharmaceuticals</i> which includes research and development related to biological technologies as well as the manufacturing of medicinal and diagnostic substances.		
<b><u>2014 Employment:</u></b> 6,546	<b><u>Current Establishments:</u></b> 155	<b><u>Expectations for Growth:</u></b> <b>Above Average</b> (31% expect to grow in the next 12 months)
<b><u>Average Earnings:</u></b> \$126,566	<b><u>Industry Concentration:</u></b> <b>Employment in Carlsbad is 7.06 times the national average</b>	<b><u>Growth over the Last 2 Years:</u></b> <b>Above Average</b> (9% employment growth from 2012 through 2014)

### ***Biomedical Devices and Products***

The Biomedical Devices and Products industry cluster consists primarily of firms producing surgical, medical, dental, optical, and ophthalmic devices and products as well as laboratory applications. It also includes firms conducting research and development activities. Most of the companies in this cluster consist of middle to smaller sized companies.

### ***Biotechnology and Pharmaceuticals***

The Biotech and Pharmaceuticals cluster primarily consists of research and development industries in fields related to chemical and biological technologies. This cluster also includes the manufacturing of medicinal and diagnostic substances. It generally consists of middle to smaller sized companies as well as world-renowned research institutes. This Biotech and Pharmaceuticals cluster is currently a major regional economic driver with strong job growth and funding.

Excerpted from page 5: *Traded Industry Clusters in the San Diego Region*, SANDAG, December 2012.

## CLEANTECH

Carlsbad’s Cleantech businesses have increased in employment and continue to grow in importance within the local and regional economy. The Cleantech cluster in Carlsbad has approximately 4,693 jobs. The average annual earnings per worker in this cluster is approximately \$120,289.

<b>Cleantech</b> This cluster includes firms that are engaged in renewable energy, energy efficiency, and energy storage.		
<b><u>2014 Employment:</u></b> <b>4,693</b>	<b><u>Current Establishments:</u></b> <b>54</b>	<b><u>Expectations for Growth:</u></b> <b>Below Average</b> (25% expect to grow in the next 12 months)
<b><u>Average Earnings:</u></b> <b>\$120,289</b>	<b><u>Industry Concentration:</u></b> <b>Employment in Carlsbad is 6.6 times the national average</b>	<b><u>Growth over the Last 2 Years:</u></b> <b>Above Average</b> (8% employment growth from 2012 through 2014)

Due to the move toward more renewable energy products and services, this industry cluster has evolved from the Environmental Technology to the Cleantech industry cluster. Industries included in this cluster perform processes such as industrial products and semiconductor manufacturing (for solar panels); research and development; testing; and industrial and instrument manufacturing, as well as design, environmental, and technical consulting services. Firms included in this cluster specialize in energy efficiency (e.g., battery technologies, solar panels and related products, fuel efficient automobiles, and testing equipment); clean energy generation (e.g., solar engineering, management and consulting services, and biofuels/biodiesel); and energy storage (e.g., battery technologies, biomass, biofuels, and smart electricity).

Excerpted from page 6: *Traded Industry Clusters in the San Diego Region*, SANDAG, December 2012.

## ENTERTAINMENT AND HOSPITALITY

Carlsbad’s Entertainment and Hospitality cluster provides the largest number of jobs of the five Carlsbad clusters that were examined. The cluster has approximately and 14,776 jobs in Carlsbad. The average annual earnings per worker in this cluster is approximately \$25,469.

<b>Entertainment &amp; Hospitality</b> This cluster includes hotels, transportation services, and restaurants, as well as entertainment attractions such as theme parks (LEGOLAND), golf courses, and country clubs.		
<b><u>2014 Employment:</u></b> 14,776	<b><u>Current Establishments:</u></b> 151	<b><u>Expectations for Growth:</u></b> Above Average (29% expect to grow in the next 12 months)
<b><u>Average Earnings:</u></b> \$25,469	<b><u>Industry Concentration:</u></b> Employment in Carlsbad is <b>3.01</b> times the national average	<b><u>Growth over the Last 2 Years:</u></b> Above Average (13% employment growth from 2012 through 2014)

San Diego has an international reputation as a tourist and convention center destination. Visitors are not only drawn to the region’s great amenities, natural resources, and weather but also popular entertainment and attractions. In previous reports, Travel and Hospitality and Entertainment and Amusement were reported as separate clusters. Because of their strong interrelationship, these clusters have merged into one Entertainment and Hospitality cluster. Local hotel, transportation services, and restaurants, which accommodate the region’s visitors, account for the bulk of the travel and hospitality portion of the cluster, while world famous museums and zoos serve as major entertainment attractions. Other entertainment attractions for the region include recreational activities, such as theme parks, golf courses and country clubs, athletic events, race tracks, theatres, and numerous artists and performers. Overall, the Entertainment and Hospitality cluster brings many visitors and spending from outside the region.

Excerpted from page 6: *Traded Industry Clusters in the San Diego Region*, SANDAG, December 2012.

## INFORMATION AND COMMUNICATIONS TECHNOLOGIES (ICT)

The Information and Communications Technologies (ICT) represent a valuable employer in Carlsbad, being the second largest in the number of jobs of the five clusters. The ICT cluster has approximately 9,999 jobs in Carlsbad. The average annual earnings per worker in this cluster is approximately \$121,320.

<b>Information &amp; Communications Technologies</b> This cluster includes communications, computer and electronics, and software industries.		
<b><u>2014 Employment:</u></b> 9,999	<b><u>Current Establishments:</u></b> 294	<b><u>Expectations for Growth:</u></b> <b>Below Average</b> (17% expect to grow in the next 12 months)
<b><u>Average Earnings:</u></b> \$121,320	<b><u>Industry Concentration:</u></b> Employment in Carlsbad is <b>3.84</b> times the national average	<b><u>Growth over the Last 2 Years:</u></b> <b>Below Average</b> (0.2% employment growth from 2012 through 2014)

The ICT industry cluster includes communications, computer and electronics, and software industries. These industries, reported separately in previous cluster reports, have strong interconnections resulting in the emergence of the new ICT cluster. Firms in this cluster specialize in manufacturing radio and television broadcasting and wireless communication equipment, audio and video equipment, semiconductors and associated products, computer and electronic components, and other communications equipment manufacturing. Likewise, many service-related industries support this cluster including engineering, custom computer programming, and software. Many companies in this cluster work on government and defense contracts as well as private commercial projects. Although this cluster contains many large globally recognized communications companies, it also includes a large number of smaller companies.

Excerpted from page 8: *Traded Industry Clusters in the San Diego Region*, SANDAG, December 2012.

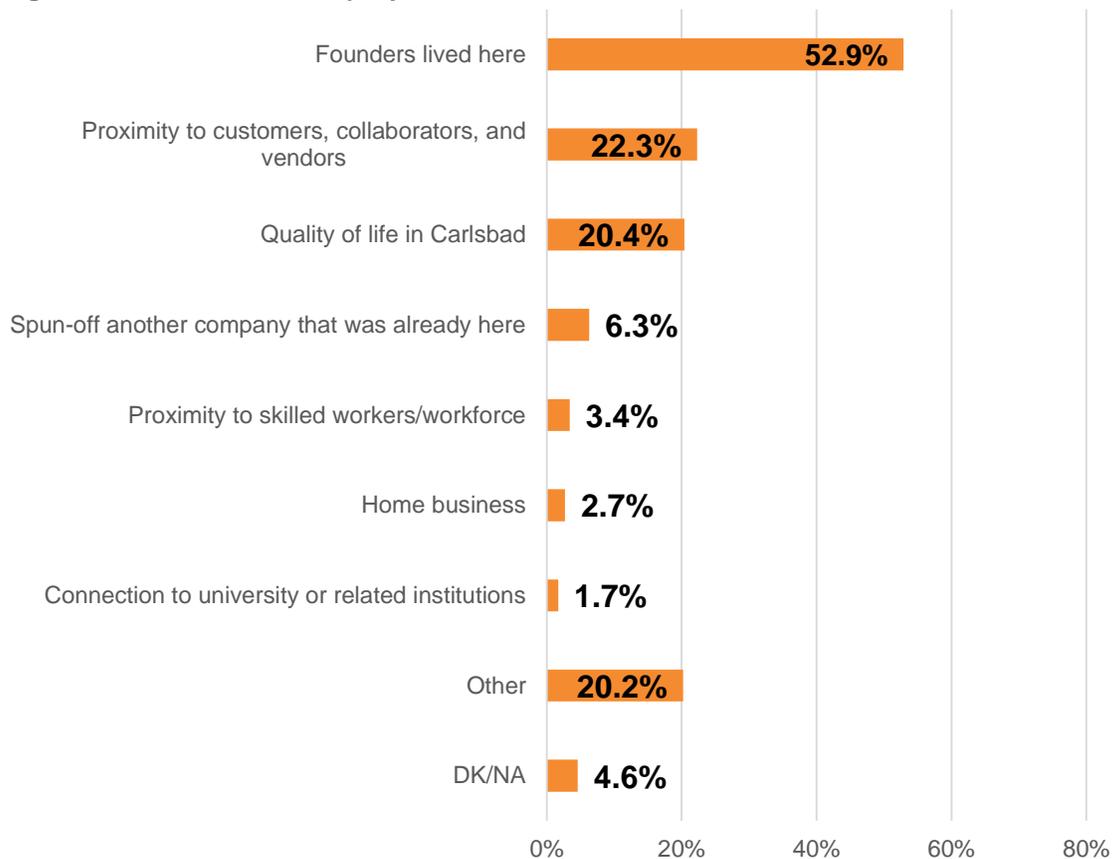
# Opportunity & Assessment in Carlsbad's Business Community

This section of the research encapsulates Carlsbad businesses' responses to questions regarding opportunities and a current assessment of specific components of Carlsbad's business community.

## *Main Reasons Company Located in Carlsbad*

Early in the survey, respondents were asked to provide the main reasons their business located in Carlsbad. As demonstrated below, having founders living in Carlsbad (53%), proximity to customers, collaborators and vendors (22%), and the quality of life in Carlsbad (20%) were the top reasons for locating within the City of Carlsbad.

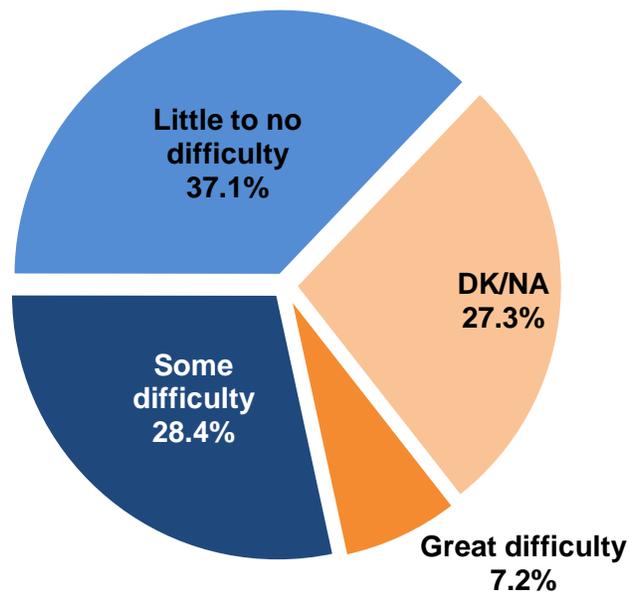
**Figure 11: Main Reasons Company Located in Carlsbad**



### Difficulty Finding Qualified Applicants

Respondents were asked how much difficulty they face in hiring qualified job applicants who meet the organization’s hiring standards. Over a third (36%) of businesses indicated they face “some” (28%) or “great” difficulty (7%), 37 percent indicated they face “little to no difficulty”, and 27 percent answered “DK/NA”. It is worth noting that 90 percent of the “DK/NA” responses are from businesses with 1 location, and over 95 percent of “DK/NA” respondents were from employers with 1 to 5 employees.

Figure 12: Difficulty Finding Qualified Applicants

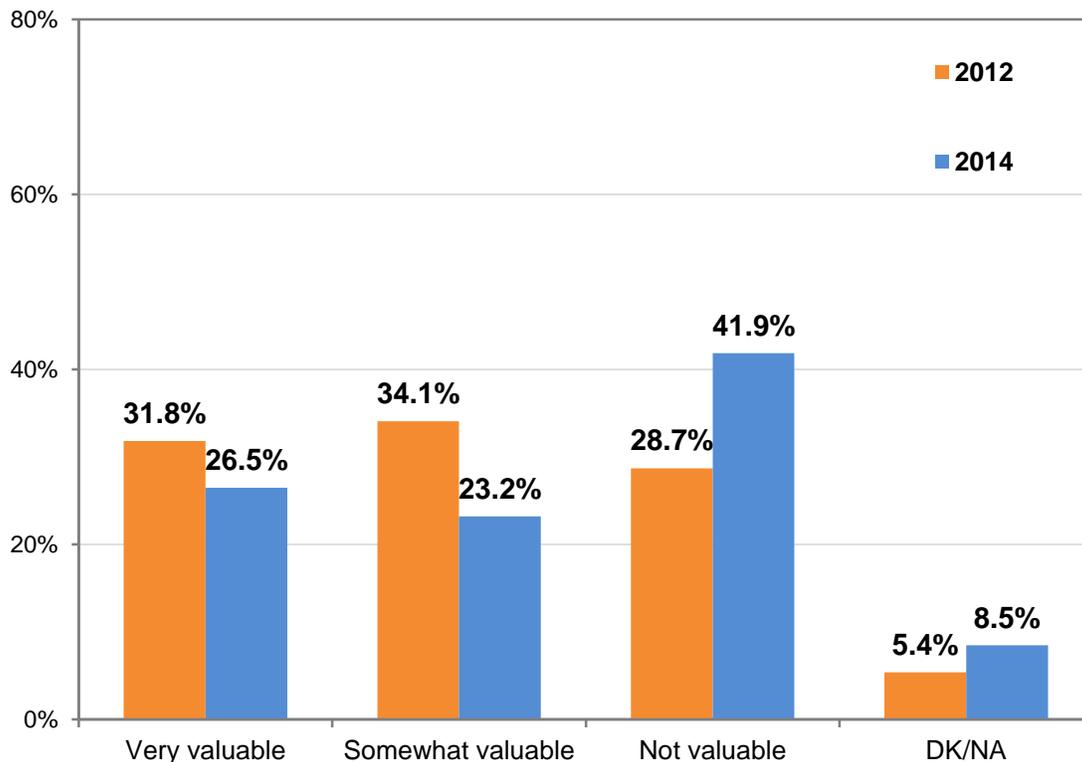


- Firms with 1 to 5 employees were the least likely to say they had some or great difficulty finding qualified job applicants (24%), compared to firms with 6 to 10 employees (61%), 11 to 24 employees (56%), 25 to 49 employees (63%), and 50 or more employees (62%).
- Firms that indicated they expected to have more employees at their Carlsbad location(s) 12 months from now were more likely to experience some or great difficulty hiring (51%) compared to firms that expected to have fewer employees (42%), and the same number of employees (30%).
- Firms in the 92008 zip code were more likely to indicate they had some or great difficulty finding qualified job applicants (42%) compared to firms in the 92009 zip code (24%), 92010 zip code (34%) and 92011 zip code (35%).

### Perceived Value of a University or Institute of Higher Education Located in Carlsbad

Respondents were asked about the value of a university or institute of higher learning being located in the City of Carlsbad. Half of businesses indicated that would be either “very valuable” or at least “somewhat valuable.” It is worth noting that the percentage of businesses that said a university or institute in Carlsbad would be very or somewhat valuable decreased from 66 percent in 2012 to 50 percent in 2014.

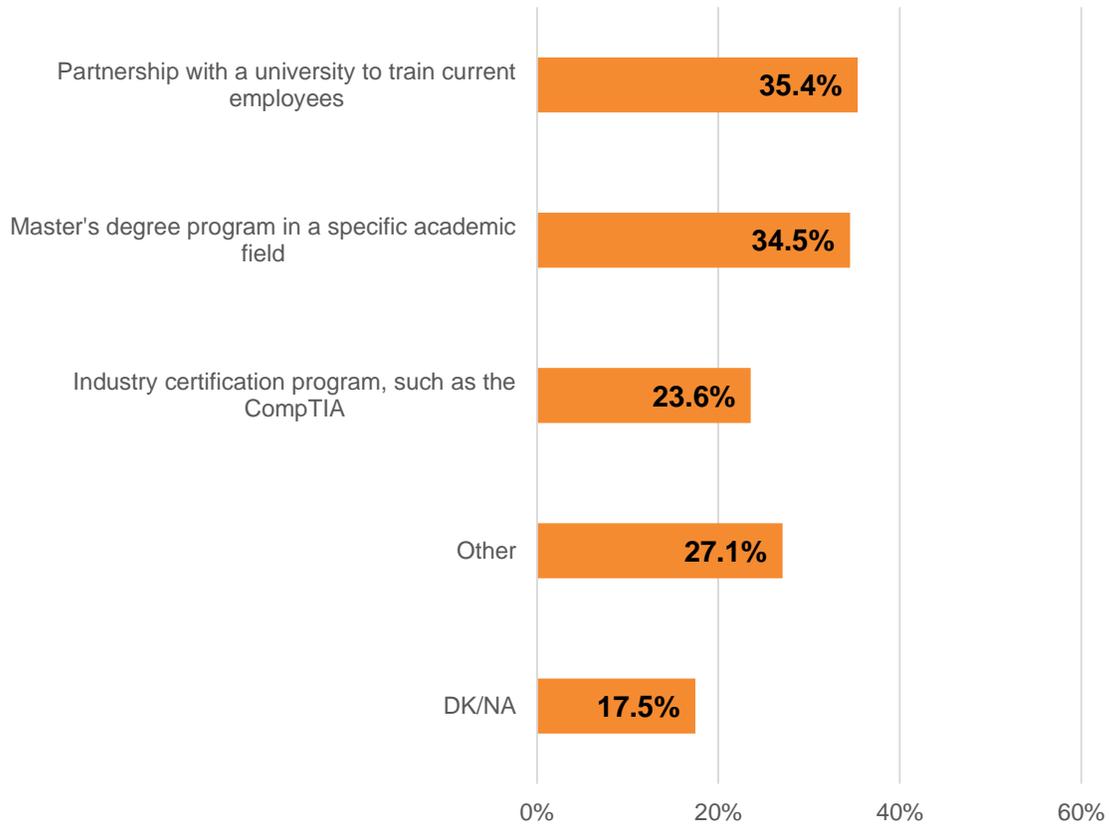
Figure 13: Value of a University or Institution Located in the City of Carlsbad



- Firms in one of the five industry clusters were more likely to indicate that a university or institution of higher education located in Carlsbad would be very valuable to their firm (31%) when compared to firms that are not in one of the five industry clusters (24%).
- Firms that expect to grow in the next 12 months were more likely to indicate that a university or institution of higher education in Carlsbad would be very or somewhat valuable (55%) when compared to firms that expect to stay the same or decline (42%).

As a follow-up question, those respondents that indicated a university or institute located in Carlsbad would be very or somewhat valuable proposition were asked if the programs would help their company meet its current and future talent needs. A similar percentage said a partnership with a university to train current employees would help (35%) and a Master's degree program in a specific academic field (35%) would help. A quarter of businesses indicated that an industry certification program, such as the CompTIA would help.

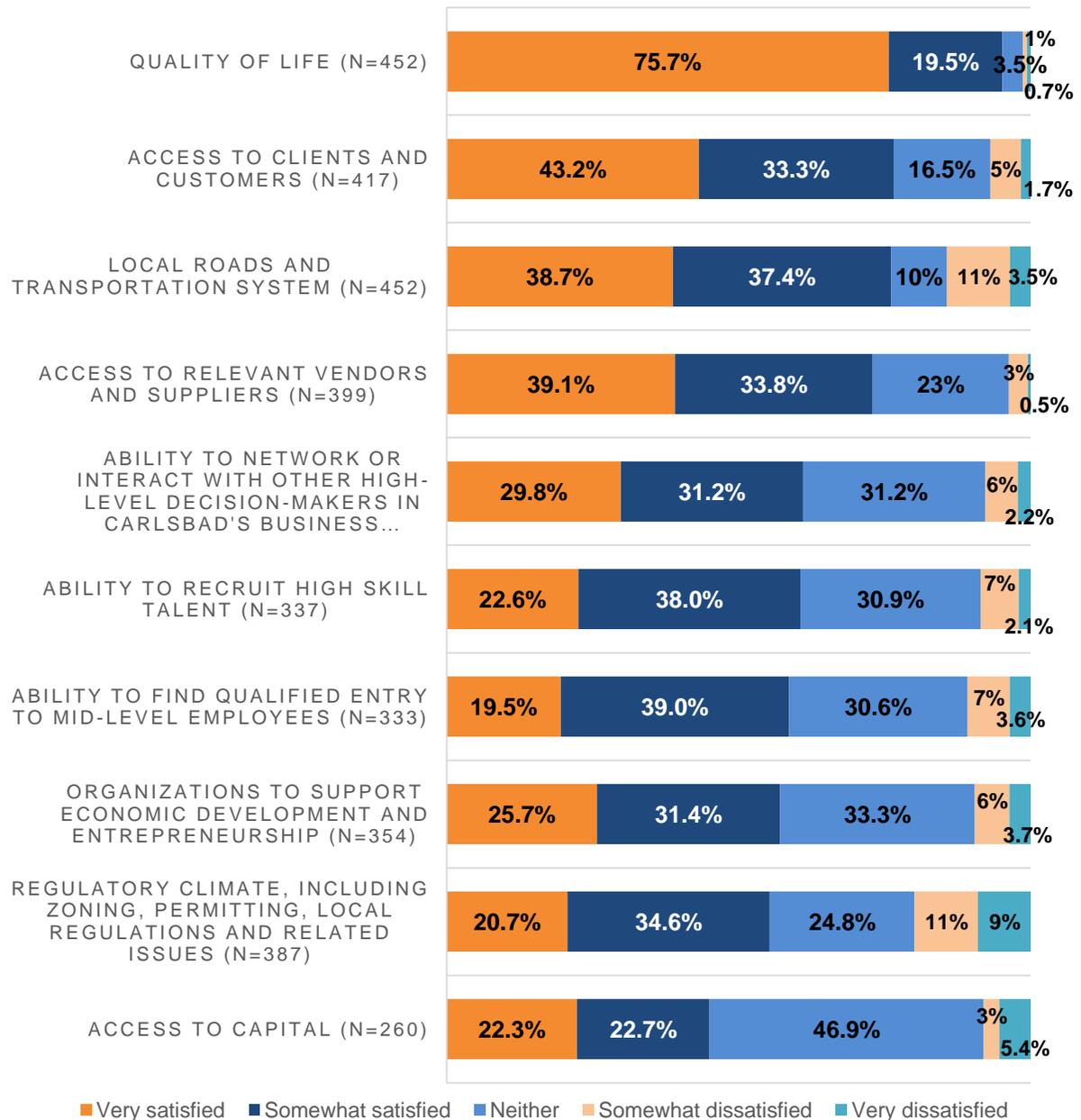
**Figure 14: Programs to Help Businesses Meet Current and Future Talent Needs**



## Satisfaction with Specific Components of the Business Climate

After respondents were asked their confidence in Carlsbad’s city government to make decisions that positively affect the local business climate, they were asked about their satisfaction with specific components of the city’s business climate.

Figure 15: Satisfaction with Attributes of Carlsbad’s Business Climate <sup>9</sup>

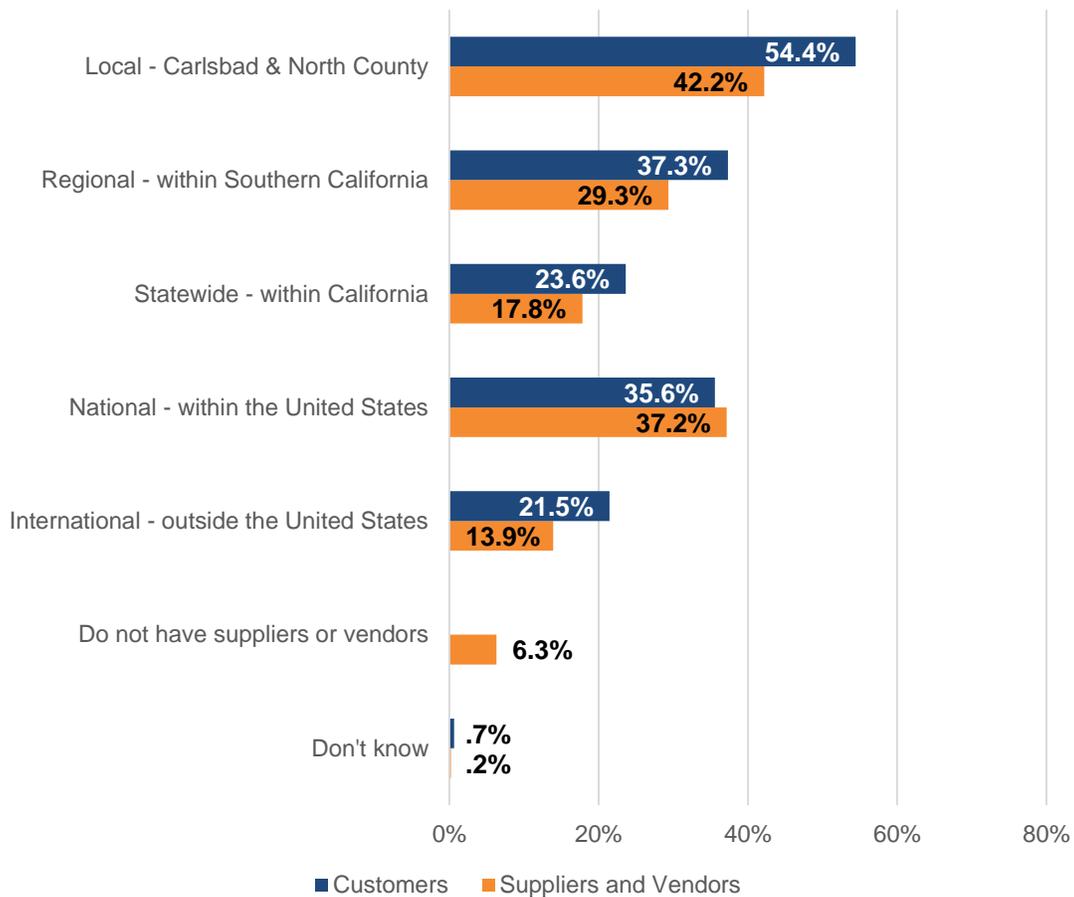


<sup>9</sup> Due to higher than average percentages of “Don’t know/ no answer” responses for many items, those responses were filtered out of the analysis for this series. The high percentages are likely due to lack of direct experience with those services (please refer to Appendix C for full breakdown of responses).

## Distribution of Customers and Suppliers & Vendors

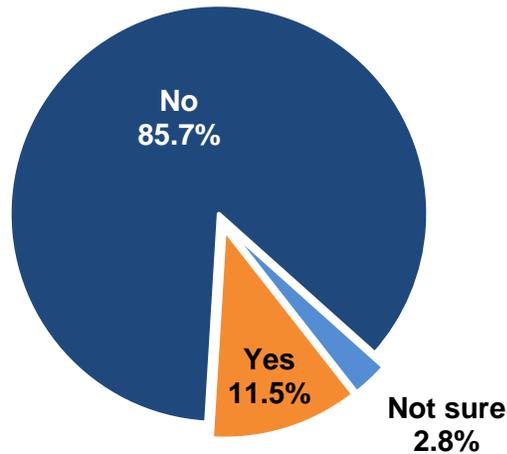
Respondents were asked where their customers were primarily found, as well as their suppliers and vendors. As the figure below shows, just over half of businesses see their primary customers as local, but one fifth of respondents indicated that their primary customers are outside the United States. Please note that respondents were allowed to indicate more than one primary area for customers or suppliers and vendors so totals will equal more than 100 percent.

Figure 16: Location of Customers and Suppliers & Vendors



Respondents were asked if they had customers in Baja California in Baja California. A majority of respondents said they did not have customers (86%), while 12 percent said they had customers in Baja California.

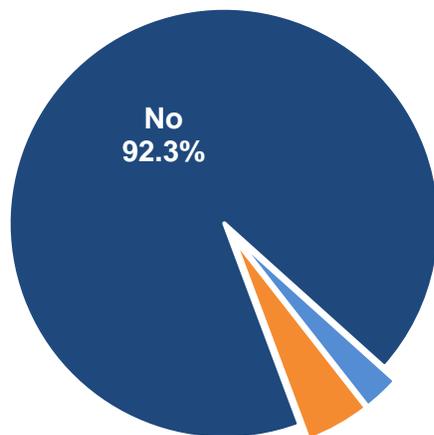
Figure 17: Customers in Baja California



- Action Sports Manufacturing firms and Life Sciences firms were more likely to indicate that they have customers in Baja California (33% of Action Sports Manufacturing firms and 31% of Life Sciences firms), when compared to Cleantech firms (17%), Entertainment & Hospitality firms (11%), ICT firms (8%), and Other firms (9%).

Respondents were also asked if they had suppliers or vendors in Baja California.<sup>10</sup> A majority of respondents said they did not have suppliers or vendors in Baja California (92%) while five percent indicated they did.

Figure 18: Suppliers or Vendors in Baja California



<sup>10</sup> Respondents that indicated they did not have suppliers or vendors were not asked this question.

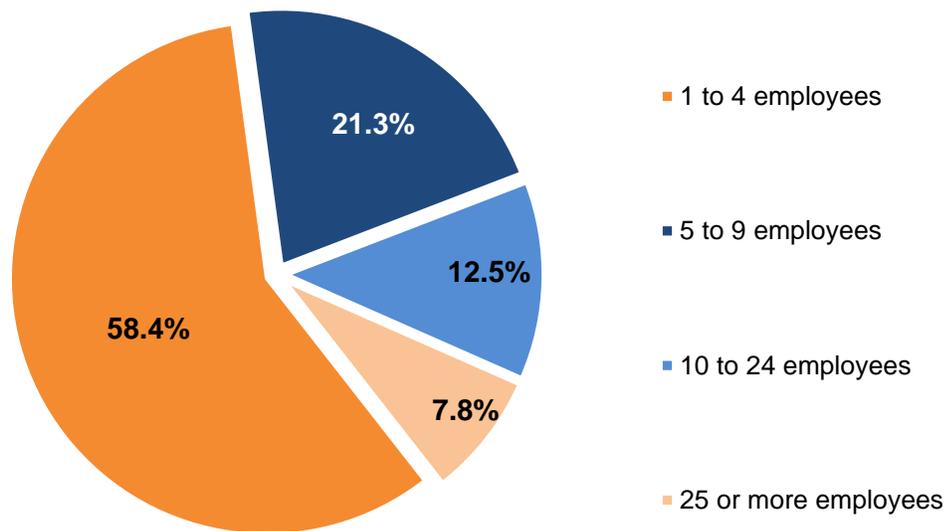
## APPENDIX A: SECONDARY DATA ON UNIVERSE OF CARLSBAD BUSINESS AND SURVEY DATA NOT PREVIOUSLY PRESENTED

### UNIVERSE OF CARLSBAD BUSINESSES

The City of Carlsbad is home to an estimated 6,280<sup>11</sup> businesses that employ approximately 79,445 individuals.<sup>12</sup>

Approximately three-fifths of businesses within Carlsbad are small, with fewer than five employees. However, compared to California as a whole (16%), Carlsbad (20%) has a relatively large portion of businesses that are either medium-sized (10 to 24 employees) or large (25+ employees).

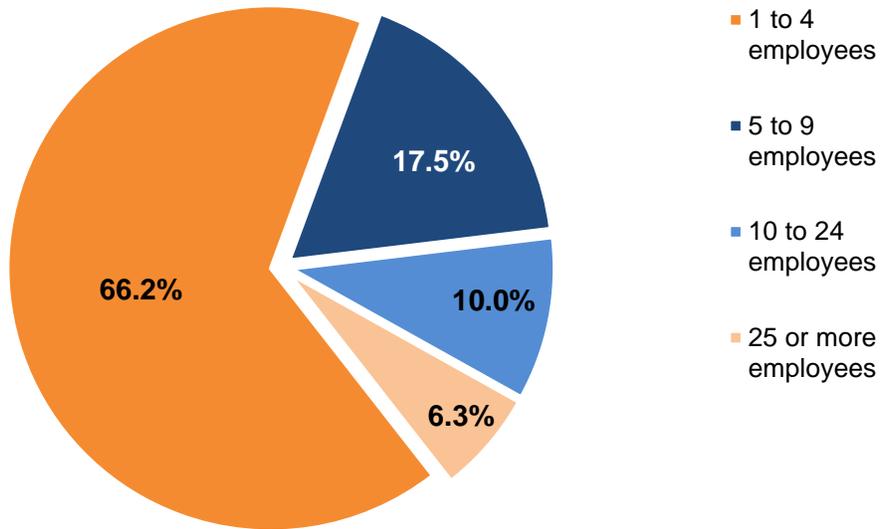
Figure 19: Secondary Data – City of Carlsbad Size of Businesses



<sup>11</sup> Source: Salesgenie.

<sup>12</sup> Source: EMSI QCEW and non-QCEW Employment, 2014.3

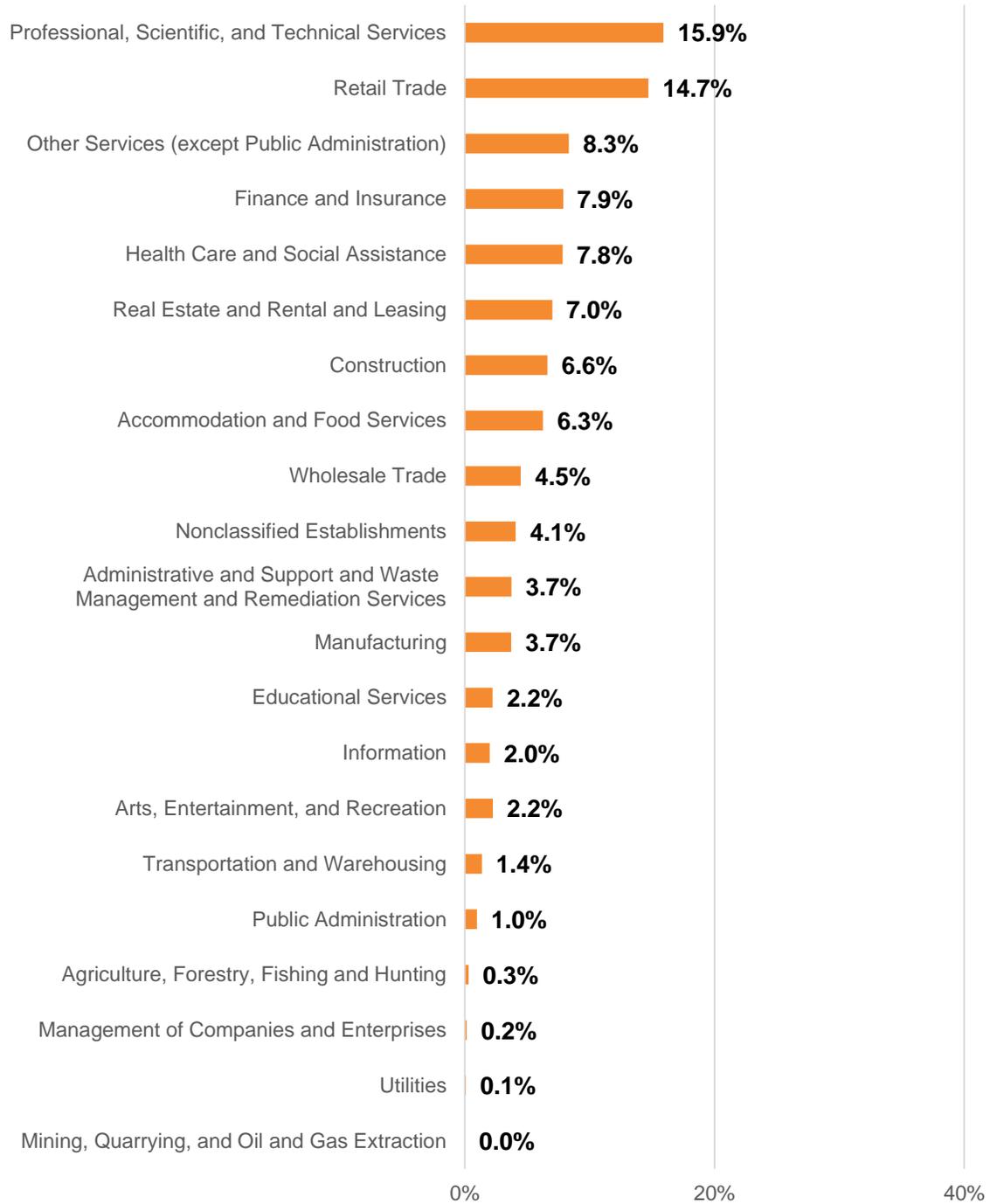
Figure 20: Secondary Data – California Size of Businesses



When factoring in both number of establishments and workers,<sup>13</sup> Professional, Scientific, and Technical Services (NAICS 54: 810 businesses, 9,516 workers) and Retail Trade (NAICS 44-45: 748 businesses, 8,006 workers) are the two industries with the largest presence in Carlsbad. Although Manufacturing has a relatively small number of firms (189), it is the second largest Carlsbad employer with just over 10,000 workers (10,373).

<sup>13</sup> Data sources: InfoUSA for number of businesses and EMSI for number of workers.

**Figure 21: Secondary Data – Industry Breakdown by Number of Businesses<sup>14</sup>**



<sup>14</sup> Industries presented are at the 2-digit NAICS code level.

## ADDITIONAL SURVEY DATA

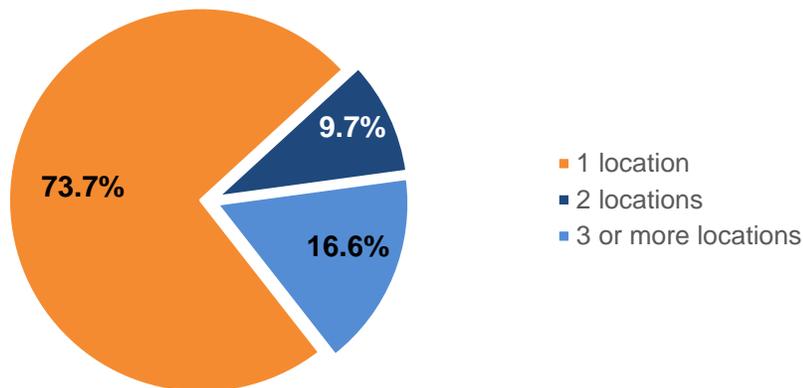
This section presents data collected from survey respondents that were not presented within the body of the report.

Please refer to Appendix C for a complete breakdown of the survey questions, including the demographic profile of respondents (age, gender, city of residence).

### *Number of Locations*

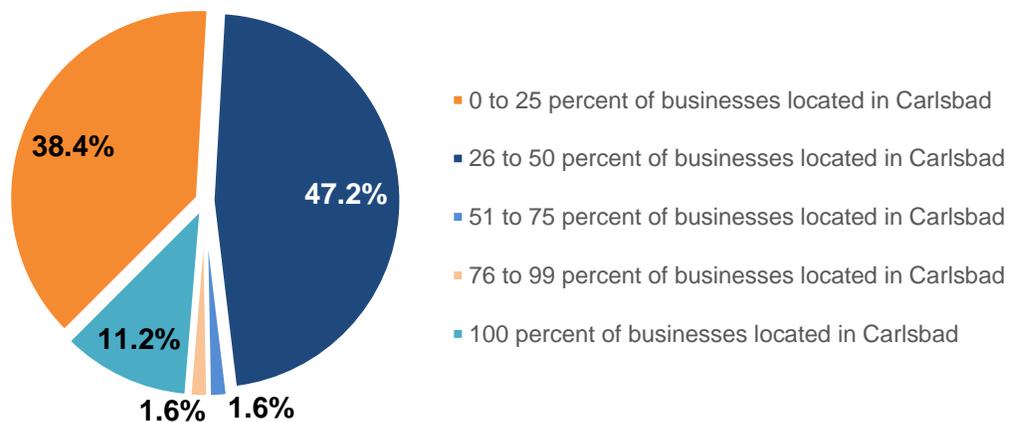
Seventy-four percent of firms surveyed have one location in Carlsbad, for a mean of 19.09 total locations across respondents.

Figure 22: Number of Locations



Of those 125 businesses that indicated they had more than one location, 86 percent indicated that half or less than half of their businesses were located in Carlsbad. The mean number of locations in Carlsbad is 1.35 locations for those 125 businesses that have more than one location.

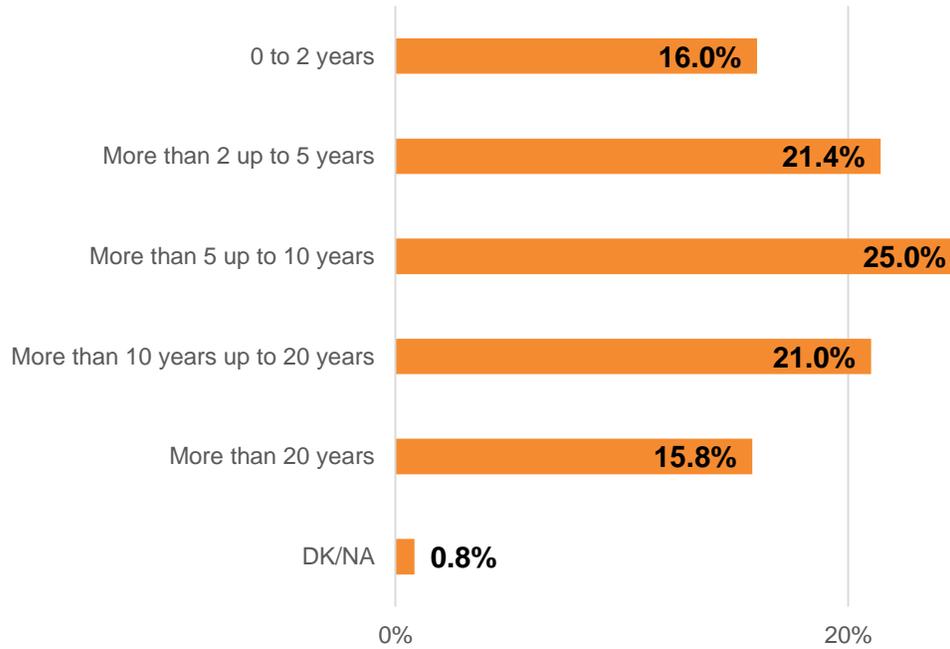
Figure 23: Percentage of Total Businesses Located in Carlsbad



### Number of Years Located in Carlsbad

Surveyed firms have been in Carlsbad for an average of 10.80 years.

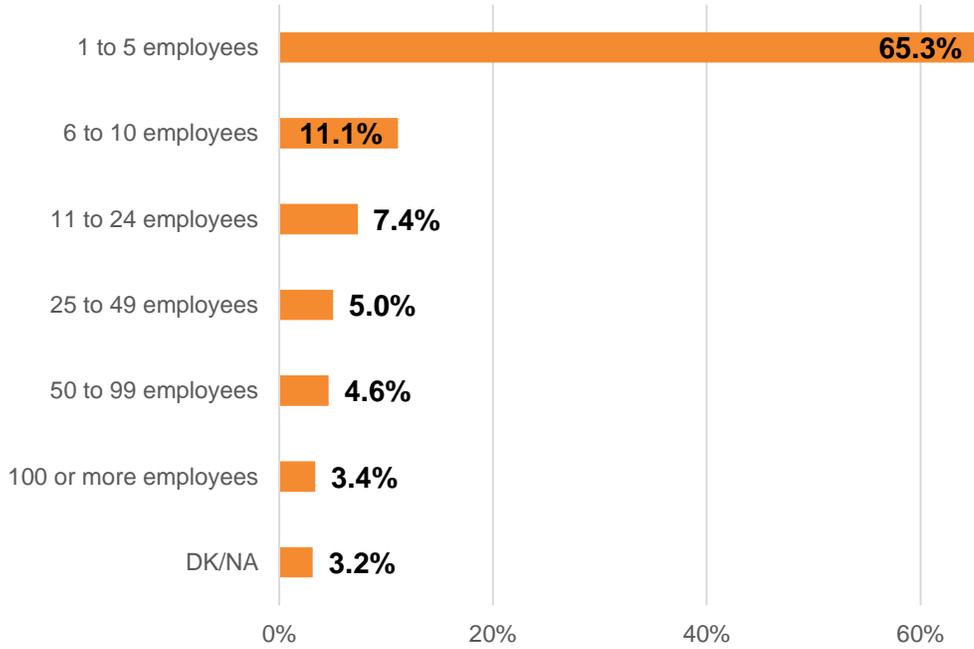
Figure 24: Number of Years Located in Carlsbad



### Number of Employees at Carlsbad Location(s)

The majority of surveyed firms have 5 or fewer employees (65%). The average number of employees at their Carlsbad location(s) is 16.89.

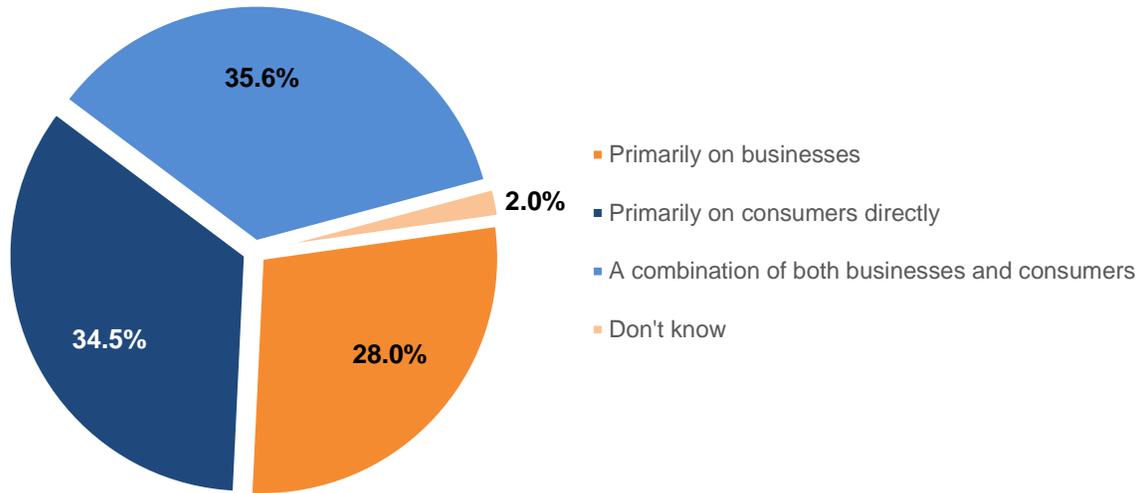
Figure 25: Number of Employees at Carlsbad Location(s)



### Primary Focus of Business

Thirty-five percent of the Carlsbad businesses surveyed are primarily focused on serving consumers directly while 28 percent are primarily focused on serving other businesses and 36 percent serve a combination of both businesses and consumers.

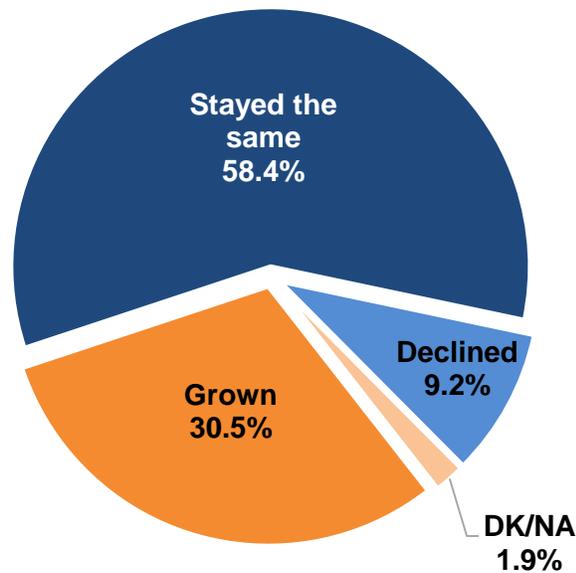
Figure 26: Primary Focus of Business



### Change in Employment over the Past Three Years

Just under a third (31%) of surveyed businesses grew over the past three years, 58 percent maintained employment levels at their Carlsbad location(s), and 9 percent declined.

Figure 27: Change in Employment over the Past Three Years

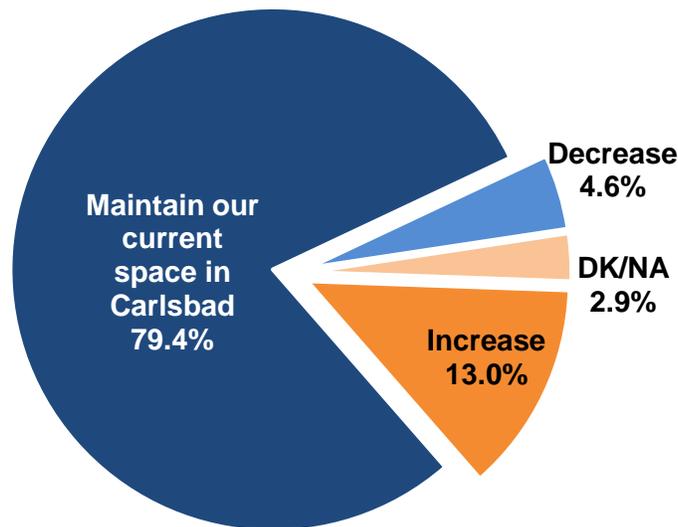


- Biotech firms were more likely to indicate they growth in the last 3 years (56%) when compared to Action Sports Manufacturing firms (39%), Cleantech firms (17%), Entertainment & Hospitality firms (35%), ICT firms (24%), and Other firms (30%).
- Firms in the 92010 zip code were more likely to indicate a decline in employment over the last 3 years (16%) when compared to firms in the 92008 zip code (9%), 92009 zip code (6%) or 92011 zip code (10%).

### Expectations for Physical Space in Carlsbad over the Next 12 to 24 Months

Most firms (79%) expect to maintain the current amount of physical space they have in Carlsbad. Respondents who took the online version of the survey and indicated they forecasted to decrease the amount of physical space they have in Carlsbad (small sample size, n=15 firms), indicated the main reason for decreasing their physical space in Carlsbad was that business has declined or they are closing (53%).

Figure 28: Expectations for Physical Space in Carlsbad over the Next 12 to 24 Months



- Biotech firms were more likely to indicate they would increase their space in Carlsbad (31%) when compared to Action Sports Manufacturing firms (8%), Cleantech firms (8%), Entertainment & Hospitality firms (13%), ICT firms (11%), and Other firms (13%).
- Firms with 2 locations were more likely to indicate they would increase their space in Carlsbad (24%) when compared to firms with 1 location (11%) and firms with 3 or more locations (14%).

## APPENDIX B: SURVEY METHODOLOGY

Data compiled for this report were drawn from both primary and secondary data sources. The table below provides a brief overview of the methodology utilized for the project.

Table 1: Overview of Project Methodology

<b>Method</b>	Secondary Research of Business Data for City of Carlsbad Survey of Carlsbad Businesses
<b>Number of Survey Participants</b>	476 Firms in Carlsbad Completed a Web or Telephone Survey
<b>Survey Field Dates</b>	November 20, 2014 – December 22, 2014
<b>Survey Universe</b>	5,735 Firms in the Business License Listing provided by the City of Carlsbad
<b>Survey Margin of Error</b>	The margin of error for questions answered by all 476 respondents was +/-4.3% at the 95% level of confidence.

## SECONDARY RESEARCH

For this study, industry clusters were defined using the North American Industry Classification System codes. Table 2 displays the complete list of NAICS codes used for this study.

All secondary data used in this study were compiled from either InfoUSA or Economic Modeling Specialists, International (EMSI) 2014.3 Complete Employment dataset for the City of Carlsbad. The EMSI Complete Employment dataset includes state and federal level data sources.

EMSI current year estimates are partial projections based on the Quarterly Census of Employment and Wages (QCEW) and Current Employment Statistics (CES) provided by the Bureau of Labor Statistics (BLS).

Table 2: NAICS Codes Used to Define Industry Clusters

Industry Cluster	NAICS Code	NAICS Description
<b>Action Sports Manufacturing</b>	339920	Sporting and Athletic Goods Mfg.
	423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers
<b>Cleantech</b>	334413	Semiconductor and Related Device Mfg.
	334513	Instruments and Related Products Mfg. for Measuring, Displaying, and Controlling Industrial Process Var.

	541380	Testing Laboratories
	541420	Industrial Design Services
	541620	Environmental Consulting Services
	541690	Other Scientific and Technical Consulting Services
	541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotech)
	334514	Totalizing Fluid Meter and Counting Device Mfg.
	335314	Relay and Industrial Control Mfg.
<b>Entertainment and Hospitality</b>	114111	Finfish Fishing
	487210	Scenic and Sightseeing Transportation, Water
	532292	Recreational Goods Rental
	711110	Theater Companies and Dinner Theaters
	711211	Sports Teams and Clubs
	711212	Racetracks
	711510	Independent Artists, Writers, and Performers
	712130	Zoos and Botanical Gardens
	713110	Amusement and Theme Parks
	721110	Hotels (except Casino Hotels) and Motels
	722515	Snack and Nonalcoholic Beverage Bars
	722330	Mobile Food Services
	481111	Scheduled Passenger Air Transportation
	481211	Nonscheduled Chartered Passenger Air Transportation
	481212	Nonscheduled Chartered Freight Air Transportation
	481219	Other Nonscheduled Air Transportation
	711120	Dance Companies
	711130	Musical Groups and Artists
	711190	Other Performing Arts Companies
	711219	Other Spectator Sports
	711310	Promoters of Performing Arts, Sports, and Similar Events with Facilities
	711320	Promoters of Performing Arts, Sports, and Similar Events without Facilities
	711410	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures
	713120	Amusement Arcades
	713290	Other Gambling Industries

	713910	Golf Courses and Country Clubs
	713930	Marinas
	713990	All Other Amusement and Recreation Industries
	722511	Full-Service Restaurants
	722513	Limited-Service Restaurants
	722212	Cafeterias, Grill Buffets, and Buffets
	722310	Food Service Contractors
	722320	Caterers
	722410	Drinking Places (Alcoholic Beverages)
<b>Information and Communication Technologies (ICT)</b>	334119	Other Computer Peripheral Equipment Mfg.
	334220	Radio and Television Broadcasting and Wireless Communications Equipment Mfg.
	334290	Other Communications Equipment Mfg.
	334310	Audio and Video Equipment Mfg.
	334412	Bare Printed Circuit Board Mfg.
	334413	Semiconductor and Related Device Mfg.
	334417	Electronic Connector Mfg.
	334418	Printed Circuit Assembly (Electronic Assembly) Mfg.
	334515	Instrument Mfg. for Measuring and Testing Electricity and Electrical Signals
	334611	Software Reproducing
	335999	All Other Miscellaneous Electrical Equipment and Component Mfg.
	511210	Software Publishers
	517210	Wireless Telecommunications Carriers (except Satellite)
	517410	Satellite Telecommunications
	517911	Telecommunications Resellers
	541330	Engineering Services
	541380	Testing Laboratories
	541511	Custom Computer Programming Services
	541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotech)
	323121	Tradebinding and Related Work
	323122	Prepress Services
	334111	Electronic Computer Mfg.
	334112	Computer Storage Device Mfg.

	334210	Telephone Apparatus Mfg.
	334510	Electromedical and Electrotherapeutic Apparatus Mfg.
	334516	Analytical Laboratory Instrument Mfg.
	334517	Irradiation Apparatus Mfg.
	334519	Other Measuring and Controlling Device Mfg.
	334612	Prerecorded Compact Disc (except Software), Tape, and Record Reproducing
	335311	Power, Distribution, and Specialty Transformer Mfg.
	512110	Motion Picture and Video Production
	512191	Teleproduction and Other Postproduction Services
	517110	Wired Telecommunications Carriers
	517919	All Other Telecommunications
<b>Life Sciences</b>	325120	Industrial Gas Mfg.
	333314	Optical Instrument and Lens Mfg.
	339112	Surgical and Medical Instrument Mfg.
	339113	Surgical Appliance and Supplies Mfg.
	339114	Dental Equipment and Supplies Mfg.
	339115	Ophthalmic Goods Mfg.
	541380	Testing Laboratories
	541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotech)
	811219	Other Electronic and Precision Equipment Repair and Maintenance
	339116	Dental Laboratories
	112990	All Other Animal Production
	325413	In-Vitro Diagnostic Substance Mfg.
	325414	Biological Product (except Diagnostic) Mfg.
	541380	Testing Laboratories
	541711	Research and Development in Biotechnology
	541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotech)
	325411	Medicinal and Botanical Mfg.
	325412	Pharmaceutical Preparation Mfg.
<b>All Other</b>	All Others by NAICS	

## PRIMARY RESEARCH

A telephone and web survey of 476 Carlsbad employers was conducted as part of this study.

### *Survey Design*

Through an iterative process, BW Research worked closely with the City of Carlsbad's Economic Development Department to develop a survey instrument that met all the research objectives of the study. In developing the survey instrument, BW Research utilized techniques to overcome known biases in survey research and minimize potential sources of measurement error within the survey.

### *Sampling Method*

A database of 5,735 Carlsbad firms Business License Listing was received from the City of Carlsbad.

### *Data Collection*

Prior to beginning data collection, BW Research conducted interviewer training and also pre-tested the survey instrument to ensure that all words and questions were easily understood by the respondents. Telephone interviews were generally conducted from 9:00am to 4:30pm Monday through Friday. The data collection period was November 20, 2014 – December 22, 2014.

A web version of the survey was also developed and businesses with an email address within the city were sent an online invitation. Carlsbad businesses that were called over the telephone and indicated a preference to complete the survey online, were also sent an online invitation to the survey.

### *A Note about Margin of Error and Analysis of Sub-Groups*

The overall margin of error for the survey, at the 95 percent level of confidence, is +/- 4.3 percent for questions answered by all 476 respondents. It is important to note that questions asked of smaller groups of respondents (such as questions that were only asked to firms based off their previous responses) as well as results presented separately for industry clusters will have a margin of error greater than +/- 4.3 percent, with the exact margin of error dependent on the number of respondents in each sub-group.

## APPENDIX C: SURVEY TOPLINES (N=476)

### Introduction:

#### [24 employees or less]

Hello, my name is \_\_\_\_\_. May I please speak to a manager or owner at [firm name]?

#### [25 employees or more]

Hello, my name is \_\_\_\_\_. May I please speak to a manager or a decision maker who is involved in strategic planning or human resources at [firm name]?

I am calling on behalf of BW Research, an independent research organization working on behalf of the City of Carlsbad. **[IF LETTER SENT]** *I'm following up on a letter sent from Christina Vincent, the Economic Development Manager for the City of Carlsbad asking you to participate in a brief survey.*

The survey will take approximately 10 minutes of your time and will help the City of Carlsbad to better serve those businesses located within Carlsbad.

**(If needed):** This survey has been commissioned by the City of Carlsbad, which is committed to supporting the businesses in the City.

**(If needed):** The survey is being conducted by BW Research, an independent research organization, and should take approximately ten minutes of your time.

**(If needed):** Your individual responses will **not** be published; only aggregate information will be used in the reporting of the survey results.

.....

### Screener Questions

A. Are you involved or leading the strategic planning, hiring or location decisions at your firm?

**100.0% Yes**  
**0.00% No**  
**0.00% Not sure**

B. How many business locations does your company or organization have? [IF YES]  
How many locations? (Do not accept 0 as a response)

**73.7% 1 location**  
**9.7% 2 locations**  
**16.6% 3 or more locations**

[IF SB="1 location" THEN ASK C, IF SB>"1 location" ASK D]

C. Is your business located in Carlsbad?

- 100.0% Yes**
- 0.00% No**
- 0.00% Not sure**

D. Of your \_\_\_\_ [# FROM SB] business locations, how many are located in the City of Carlsbad? (n=125)

- 38.4% 25 percent or less of businesses located in Carlsbad**
- 47.2% 26 to 50 percent of businesses located in Carlsbad**
- 1.6% 51 to 75 percent of businesses located in Carlsbad**
- 1.6% 76 to 99 percent of businesses located in Carlsbad**
- 11.2% 100 percent of businesses located in Carlsbad**

[BUILD CHECK SD SHOULD NOT BE GREATER THAN SB – IF IT IS, RE ASK]

E. Do you have any additional business locations in nearby cities of Oceanside, Vista, San Marcos or Escondido?

- 7.8% Yes**
- 92.2% No**
- 0.0% Not sure**

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**[PART 1 – PROFILE & GROWTH EXPECTATIONS]**

1. How many years have you had a business location in Carlsbad?

\_\_\_\_\_ # of years [IF THEY INDICATE WE STARTED IN CARLSBAD, USE ANSWER FROM Q1]

[IF UNABLE TO DETERMINE EXACT NUMBER OF YEARS PICK INTERVAL BELOW ]

- 16.0% 2 years or less**
- 21.4% More than 2 years up to 5 years**
- 25.0% More than 5 years up to 10 years**
- 21.0% More than 10 years up to 20 years**
- 15.8% More than 20 years**
- 0.8% DK/NA**

Next, we want to ask a few quick questions about your Carlsbad business location/locations (use location if Screener B="1 location").

2. What were the main reasons your company located in Carlsbad? [CHECK ALL THAT APPLY - DO NOT READ OPTIONS] (Multiple Responses Permitted - Percentages May Sum to More than 100%)

- 52.9% Founders lived here**
- 22.3% Proximity to customers, collaborators, and vendors**
- 20.4% Quality of life in Carlsbad**
- 6.3% Spun-off another company that was already here**
- 3.4% Proximity to skilled workers/workforce**
- 2.7% Home business**
- 1.7% Connection to university or related institutions**
- 20.2% Other - no single category over 2%**
- 4.6% DK/NA**

We'd like to ask a few general questions about your employees at your Carlsbad location(s). If your firm has locations outside Carlsbad, please do not include their data. (Use location instead of locations where applicable if Screener B =1 location)

3. Including all full-time and part-time employees, how many **permanent and temporary** employees work at your Carlsbad location(s)? (Do not accept 0 as a response)

**65.3% 1 to 5 employees**  
**11.1% 6 to 10 employees**  
**7.4% 11 to 24 employees**  
**5.0% 25 to 49 employees**  
**4.6% 50 to 99 employees**  
**3.4% 100 or more employees**  
**3.2% Don't know/ Refused**

4. If you currently have [TAKE Q3 #] full-time and part-time **permanent and temporary** employees at your location(s), how many more or how may fewer employees do you expect to have at your Carlsbad location(s) 12 months from now?

**28.6% More**  
**2.5% Fewer**  
**61.3% Same number**  
**7.6% Don't know/ Refused**

**Expected Employment in 12 months**  
**(Calculated by only examining businesses with both current and projected data)**

|                 | <u>Current</u> | <u>12 months</u> |
|-----------------|----------------|------------------|
| n               | 437            | 437              |
| Mean            | 14.18          | 15.06            |
| Median          | 2.00           | 3.00             |
| Total Employees | 6,195          | 6,582            |
| Change          |                | 387              |
| % Growth        |                | 6.2%             |

[If amount differs by 10% or more in either direction, ask: ]  
 Just to confirm, you currently have \_\_\_\_ employees and you expect to have \_\_\_\_ (more/less) employees, for a total of \_\_\_\_ employees 12 months from now.

5. Over the last three years, has your company grown, declined or stayed about the same, in terms of employment at your Carlsbad location(s).

**30.5% Grown**

- 58.4% Stayed the Same**
- 9.2% Declined**
- 1.9% DK/NA**

Next, we would like to ask about business space and/or business locations.

6. In the next 12 to 24 months, do you expect to increase, maintain or decrease your physical space in Carlsbad?

- 13.0% Increase our space in Carlsbad**
- 79.4% Maintain our current space in Carlsbad**
- 4.6% Decrease our space in Carlsbad**
- 2.9% DK/NA**

[IF Q6="Decrease our space in Carlsbad" ASK Q6A OTHERWISE SKIP- ONLINE ONLY)

- 6A. What are the primary reasons you expect to decrease your space in Carlsbad? [CHECK ALL THAT APPLY - DO NOT READ OPTIONS] (Multiple Responses Permitted - Percentages May Sum to More than 100%) (n=15)

- 53.3% Business has declined**
- 40.0% Too expensive**
- 20.0% Relocation (within California)**
- 13.3% Relocation (out of state)**
- 40.0% Other**

7. In the last 12 months, has your firm looked for venture capital or VC funding, and if not do you expect to search for VC funding in the next 2 years or 24 months?

- 79.6% We have not and do not expect to seek VC funding in the last 12 months or next 2 years**
- 5.9% We have not sought VC funding in the last 12 months, but we expect to in the next 2 years**
- 3.8% Yes, we have sought VC funding in the last 12 months**
- 6.9% Not sure**
- 3.8% DK/NA**

[PART 2 – Business Climate Assessment]

Now, we would like to ask you about the general business climate in the City of Carlsbad.

8. Overall how would you rate the City of Carlsbad as a place to do business?

- 44.5% Excellent**
- 39.9% Good**
- 9.5% Fair**
- 2.1% Poor**
- 1.1% Very poor**
- 2.9% DK/NA**

9. Overall, do you feel the business climate in Carlsbad is getting better, getting worse or staying about the same? (n=474)

- 41.6% Getting better**
- 5.5% Getting worse**
- 46.8% Staying about the same**
- 6.1% DK/NA**

10. Have you heard, read or seen anything on the City of Carlsbad’s program to attract talent – Life In Action? (n=473)

- 12.3% Yes**
- 83.5% No**
- 4.2% Not sure**

[ASK Q11 IF Q10=“Yes” OTHERWISE SKIP]

11. Have you visited Carlsbad’s Life In Action website, carlsbadlifeinaction.com? (n=58)

- 32.8% Yes**
- 65.5% No**
- 1.7% Not sure**

Next we would like to ask specifically about local government and the City of Carlsbad.

12. Overall, how confident are you in the Carlsbad city government to make decisions that positively affect the local business climate? (n=473)

- 24.9% Very confident**
- 47.6% Somewhat confident**
- 8.0% Somewhat unconfident**
- 4.2% Very unconfident**
- 15.2% Not sure or DK/NA**

13. Please tell me how satisfied your company is with the following issues and attributes regarding Carlsbad’s business climate.

Is your company satisfied, dissatisfied, or neither satisfied nor dissatisfied with Carlsbad's: \_\_\_\_\_? (GET ANSWER AND THEN ASK:) Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)? (n=461)

**RANDOMIZE**

|                                                                                                                 | <u>Very satisfied</u> | <u>Somewhat satisfied</u> | <u>Neither sat nor dissat</u> | <u>Somewhat dissat</u> | <u>Very dissat</u> | <u>(DON'T READ) DK/NA</u> |
|-----------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------|-------------------------------|------------------------|--------------------|---------------------------|
| <b>A.</b> Access to capital                                                                                     | <b>12.6%</b>          | <b>12.8%</b>              | <b>26.5%</b>                  | <b>1.5%</b>            | <b>3.0%</b>        | <b>43.6%</b>              |
| <b>B.</b> Local roads and transportation system                                                                 | <b>38.0%</b>          | <b>36.7%</b>              | <b>9.3%</b>                   | <b>10.6%</b>           | <b>3.5%</b>        | <b>2.0%</b>               |
| <b>C.</b> Quality of life                                                                                       | <b>74.2%</b>          | <b>19.1%</b>              | <b>3.5%</b>                   | <b>0.7%</b>            | <b>0.7%</b>        | <b>2.0%</b>               |
| <b>D.</b> Organizations to support economic development and entrepreneurship                                    | <b>19.7%</b>          | <b>24.1%</b>              | <b>25.6%</b>                  | <b>4.6%</b>            | <b>2.8%</b>        | <b>23.2%</b>              |
| <b>E.</b> Access to clients and customers                                                                       | <b>39.0%</b>          | <b>30.2%</b>              | <b>15.0%</b>                  | <b>4.8%</b>            | <b>1.5%</b>        | <b>9.5%</b>               |
| <b>F.</b> Ability to recruit high skill talent                                                                  | <b>16.5%</b>          | <b>27.8%</b>              | <b>22.6%</b>                  | <b>4.8%</b>            | <b>1.5%</b>        | <b>26.9%</b>              |
| <b>G.</b> Ability to find qualified entry to mid-level employees                                                | <b>14.1%</b>          | <b>28.2%</b>              | <b>22.1%</b>                  | <b>5.2%</b>            | <b>2.6%</b>        | <b>27.8%</b>              |
| <b>H.</b> Access to relevant vendors and suppliers                                                              | <b>33.8%</b>          | <b>29.3%</b>              | <b>20.2%</b>                  | <b>2.8%</b>            | <b>0.4%</b>        | <b>13.4%</b>              |
| <b>I.</b> Ability to network or interact with other high-level decision-makers in Carlsbad's business community | <b>23.2%</b>          | <b>24.3%</b>              | <b>24.3%</b>                  | <b>4.3%</b>            | <b>1.7%</b>        | <b>22.1%</b>              |
| <b>J.</b> Regulatory climate, including zoning, permitting, local regulations and related issues                | <b>17.4%</b>          | <b>29.1%</b>              | <b>20.8%</b>                  | <b>9.1%</b>            | <b>7.6%</b>        | <b>16.1%</b>              |

**Q13 without DK/NA**

|                                                                                                                         | <u>Very satisfied</u> | <u>Somewhat satisfied</u> | <u>Neither sat nor dissat</u> | <u>Somewhat dissat</u> | <u>Very dissat</u> |
|-------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------|-------------------------------|------------------------|--------------------|
| <b>A.</b> Access to capital (n=260)                                                                                     | <b>22.3%</b>          | <b>22.7%</b>              | <b>46.9%</b>                  | <b>2.7%</b>            | <b>5.4%</b>        |
| <b>B.</b> Local roads and transportation system (n=452)                                                                 | <b>38.7%</b>          | <b>37.4%</b>              | <b>9.5%</b>                   | <b>10.8%</b>           | <b>3.5%</b>        |
| <b>C.</b> Quality of life (n=452)                                                                                       | <b>75.7%</b>          | <b>19.5%</b>              | <b>3.5%</b>                   | <b>0.7%</b>            | <b>0.7%</b>        |
| <b>D.</b> Organizations to support economic development and entrepreneurship (n=354)                                    | <b>25.7%</b>          | <b>31.4%</b>              | <b>33.3%</b>                  | <b>5.9%</b>            | <b>3.7%</b>        |
| <b>E.</b> Access to clients and customers (n=417)                                                                       | <b>43.2%</b>          | <b>33.3%</b>              | <b>16.5%</b>                  | <b>5.3%</b>            | <b>1.7%</b>        |
| <b>F.</b> Ability to recruit high skill Talent (n=337)                                                                  | <b>22.6%</b>          | <b>38.0%</b>              | <b>30.9%</b>                  | <b>6.5%</b>            | <b>2.1%</b>        |
| <b>G.</b> Ability to find qualified entry to mid-level employees (n=333)                                                | <b>19.5%</b>          | <b>39.0%</b>              | <b>30.6%</b>                  | <b>7.2%</b>            | <b>3.6%</b>        |
| <b>H.</b> Access to relevant vendors and suppliers (n=399)                                                              | <b>39.1%</b>          | <b>33.8%</b>              | <b>23.3%</b>                  | <b>3.3%</b>            | <b>0.5%</b>        |
| <b>I.</b> Ability to network or interact with other high-level decision-makers in Carlsbad's business community (n=359) | <b>29.8%</b>          | <b>31.2%</b>              | <b>31.2%</b>                  | <b>5.6%</b>            | <b>2.2%</b>        |
| <b>J.</b> Regulatory climate, including zoning, permitting, local regulations and related issues (n=387)                | <b>20.7%</b>          | <b>34.6%</b>              | <b>24.8%</b>                  | <b>10.9%</b>           | <b>9.0%</b>        |

**ONLINE ONLY**

[For each "Somewhat Dissatisfied" or "Very Dissatisfied" response in Q13, ask:] What is your specific issue of concern in this area(s), and how would you suggest that it be addressed?

***Verbatim responses to be provided.***

14. Thinking about the people for your Carlsbad location(s), how much difficulty does your company have finding qualified job applicants who meet the organization's hiring standards? (n=461)

- 37.1% Little to no difficulty**
- 28.4% Some difficulty**
- 7.2% Great difficulty**
- 27.3% DK/NA**

15. Would a university or institution of higher education located in the City of Carlsbad be valuable to your firm? (n=461)

- 26.5% Yes, very valuable**
- 23.2% Yes, somewhat valuable**
- 41.9% No, not valuable**
- 8.5% DK/NA**

[ASK Q16 IF Q15="Yes, very valuable" OR "Yes, somewhat valuable" OTHERWISE SKIP]

16. Would any of the following programs help your company meet its current and future talent needs? (ALLOW MORE THAN ONE RESPONSE) (Multiple Responses Permitted - Percentages May Sum to More than 100%) (n=229)

- 35.4% Partnership with a university to train current employees**
- 34.5% Master's degree program in a specific academic field**
- 23.6% Industry certification program, such as the CompTIA**
- 27.1% Other**
- 17.5% DK/NA**

### [PART 3 – INTERACTION WITH THE CITY]

17. Have you or someone at your firm received economic development information or updates from the City of Carlsbad? (n=461)

- 38.8% Yes**
- 49.7% No**
- 11.5% Not sure**

#### [PART 4 – CUSTOMER AND SUPPLIER PROFILE]

Before we finish we would like to ask the key industries, technologies and customers that drive your business.

18. Next, we would like to ask if your firm is primarily focused on serving other businesses, primarily focused on serving consumers directly or a combination of both businesses and consumers? (n=461)

- 35.6% A combination of both businesses and consumers**
- 34.5% Primarily on consumers directly**
- 28.0% Primarily on businesses**
- 2.0% Don't know**

19. Are your customers primarily local - within Carlsbad & North County, regional - within Southern California, Statewide – within California, national – within the Country, or international - outside the Country? [ALLOW MULTIPLE RESPONSES] (Multiple Responses Permitted - Percentages May Sum to More than 100%) (n=461)

- 54.4% Local - within Carlsbad & North County**
- 37.3% Regional - within Southern California**
- 23.6% Statewide - within California**
- 35.6% National - within the United States**
- 21.5% International - outside the United States**
- 0.7% Don't know**

20. Do you have customers in Baja California? (n=460)

- 11.5% Yes**
- 85.7% No**
- 2.8% Not sure**

21. Are your suppliers and vendors primarily local - within Carlsbad & North County, regional - within Southern California, Statewide – within California, national – within the Country, or international - outside the Country? [ALLOW MULTIPLE RESPONSES] (Multiple Responses Permitted - Percentages May Sum to More than 100%) (n=460)

- 42.2% Local - within Carlsbad & North County**
- 29.3% Regional - within Southern California**
- 17.8% Statewide - within California**
- 37.2% National - within the United States**
- 13.9% International - outside the United States**
- 6.3% Do not have suppliers or vendors**
- 0.2% Don't know**

22. Do you have suppliers or vendors in Baja California? (n=431)

- 4.9% Yes**
- 92.3% No**
- 2.8% Not sure**

23. Lastly, is there anything you would like to see the City of Carlsbad offer or consider to support the businesses that we have not discussed today? (n=327)

- 61.5% No**
- 3.7% Increase networking and communication**
- 2.8% Cost of doing business**
- 2.4% Education related support**
- 2.1% Lowered taxes**
- 2.1% Increase parking**
- 2.1% Permitting issues**
- 1.8% Improved infrastructure and roadways**
- 1.5% Expand airline services at the airport**
- 1.5% Changing restrictions on business signs**
- 0.9% Offering incentives to employers**
- 17.4% Other - no single category over 1%**

**To wrap things up, please answer the following questions.**

A. In what year were you born? 19\_\_ (Recalculated into age groups) (n=459)

- 3.9% 18 to 29 years old**
- 12.6% 30 to 39 years old**
- 22.9% 40 to 49 years old**
- 40.7% 50 to 64 years old**
- 11.8% 65 years or older**
- 8.1% Refused**

B. What City do you reside in? (n=459)

**62.7% Carlsbad**  
**8.5% Oceanside**  
**5.7% Encinitas**  
**5.0% Vista**  
**4.4% San Marcos**  
**3.5% San Diego**  
**0.2% Solana Beach**  
**8.9% Other**  
**1.1% DK/NA**

C. Lastly, do we have your permission to provide your contact information to the City of Carlsbad, so that they may follow up on any issues or requests brought up during this survey? (n=459)

**62.1% Yes**  
**36.6% No**  
**1.3% DK/NA**

Industry Cluster (Information from business sample, not asked)

**13.4% ICT**  
**10.1% Entertainment & Hospitality**  
**5.5% Action Sports Manufacturing**  
**3.4% Biotech**  
**2.5% Cleantech**  
**65.1% Other**

**I would like to verify your contact information.**

- D. Name of Respondent \_\_\_\_\_
- E. Relevant Contact Information  
Phone \_\_\_\_\_  
Email \_\_\_\_\_
- F. Position \_\_\_\_\_
- G. Company Name \_\_\_\_\_
- H. Company location \_\_\_\_\_
- I. Date and time of Interview \_\_\_\_\_
- J. Name of Interviewer \_\_\_\_\_
- K. Industry cluster \_\_\_\_\_
- L. Gender (voice over phone or selected online ) (n=459)  
**61.9% Male**  
**35.5% Female**  
**2.6% Don't know/ Refused**

***Those are all of the questions I have for you.  
Thank you very much for participating!***