

WINNING STRATEGIES

IN ECONOMIC DEVELOPMENT MARKETING








2014 / A VIEW FROM CORPORATE AMERICA

A STUDY BY
DEVELOPMENT COUNSELLORS INTERNATIONAL

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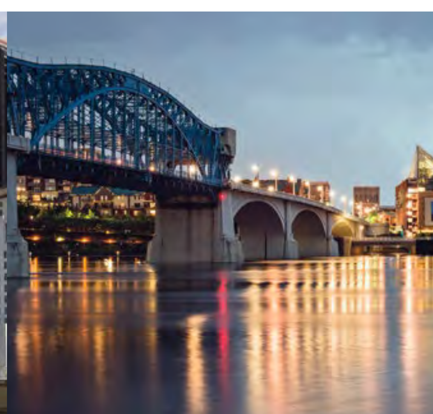
Executive Summary

In 1996, Development Counsellors International set out to provide the economic development community with a unique opportunity: a chance to hear from its target audience. With a comprehensive survey of corporate executives with site selection responsibilities, DCI sought to understand best practices in marketing places by going directly to the "customer" of the economic development world.

Since its inception, *A View from Corporate America: Winning Strategies in Economic Development Marketing* has become a valuable and highly regarded resource among economic development professionals. Now in its seventh iteration, *Winning Strategies* has expanded upon its original form to include questions on international business climates, as well as to provide an updated snapshot of corporate America in 2014.

Key findings, based on the aggregate responses of 356 participants in the 2014 survey, follow.



- The leading sources of information influencing executive perceptions of a community's business climate were *dialogue with industry peers*, *articles in newspapers and magazines* and *business travel*.
- *Internet/website* followed by *planned visits to corporate executives* rate highest among all economic development marketing tools. *Media relations/publicity, hosting special events* and *trade shows* were also identified as effective techniques for communicating with decision makers.
- For the fourth consecutive time, corporate executives and their advisors indicate that they contact economic development groups most frequently following the development of the shortlist of communities to request specific information or to arrange a site visit.
- Sixty-three percent of respondents indicated a strong likelihood that they would use an economic development organization's website in their next site location search.
- Respondents named *incentives information* as the most useful feature of an economic development organization's website, followed by *workforce statistics* and *demographic information*.
- Among respondents who use social media for business, LinkedIn is the most dominant communications channel, with 77% of location advisors and 72% of corporate executives indicating that they use the platform for business.
- *The Wall Street Journal*, both print and online, ranked as the top news sources for the survey audience, followed by *local daily newspaper* and *The New York Times.*
- *Forbes*' rankings/surveys, followed by those in *Site Selection*, received the most attention among respondents who look to rankings as a source of valuable information about a location's business climate.
- When asked to select the most favorable business climates among the 50 states, respondents gave Texas, Florida, Georgia and North Carolina the highest tally in that order, with Georgia and North Carolina tying for third place. South Carolina and Tennessee also ranked in the top five.
- Forty-seven percent of location advisors identified *manufacturing/production plant* as the most common type of relocation project they expect to see from their clients in the year ahead.
- Forty percent of executives anticipate outsourcing a portion of the site selection responsibilities in their next site selection search. Of these respondents, 53% say they would hire a real estate broker to assist in the site selection process.

The Asia/Pacific region was identified as the part of the world with the best opportunities for international growth, followed by Western Europe.

The new set of questions aimed at foreign direct investment revealed the following:

- China, the United Kingdom and Germany were identified as the countries with the most to offer for companies interested in international expansion.
- When asked to indicate the primary drivers for their company's potential international expansion, respondents chose *market access* as the primary driver, followed by *cost savings.*

Introduction And Methodology

It is important to note that this survey, and all preceding Winning Strategies surveys, are studies of perceptions. A perception is an attitude, belief or impression and not necessarily a reflection of reality. Business executives have certain identifiable opinions and beliefs about doing business in the United States and throughout the world. Some of these perceptions may be accurate and some may be genuine misperceptions.

In 2014, Development Counsellors International conducted a survey of corporate executives with site selection responsibilities to determine the "customer's perspective" on the most effective strategies and techniques in economic development marketing. It was the seventh iteration of this survey since 1996 to determine changes in the perceptions of corporate decision makers in the United States.

A total of 356 responses were received from corporate executives and location advisors – the largest number in the survey's history.

The survey audience consisted of executives at a random selection of U.S. companies with direct site selection responsibilities and was heavily weighted toward the following business titles: Chief Executive Officer, President, Chief Financial Officer and Vice President. The sample was augmented with an additional survey audience of more than 300 location advisors/consultants.

Starting in 2008, the survey has been conducted completely online. Respondents were contacted via email and invited to participate in the survey. A hyperlink to access the online questionnaire was provided and the choice of a $10 Starbucks card or a $10 iTunes card was offered for participation. A copy of the questionnaire and email invitation can be found in Appendix A.

In all, 356 responses were received. Respondents were categorized as large company executives, midsize company executives and location advisors. In some instances, respondents are compared in two, rather than three groups: corporate executives and location advisors. For other questions, the data was split between respondents in different age groups. Demographic information about the respondent pool can be found in Appendix D. All surveys were edited for completeness and the responses to open-ended questions were coded.

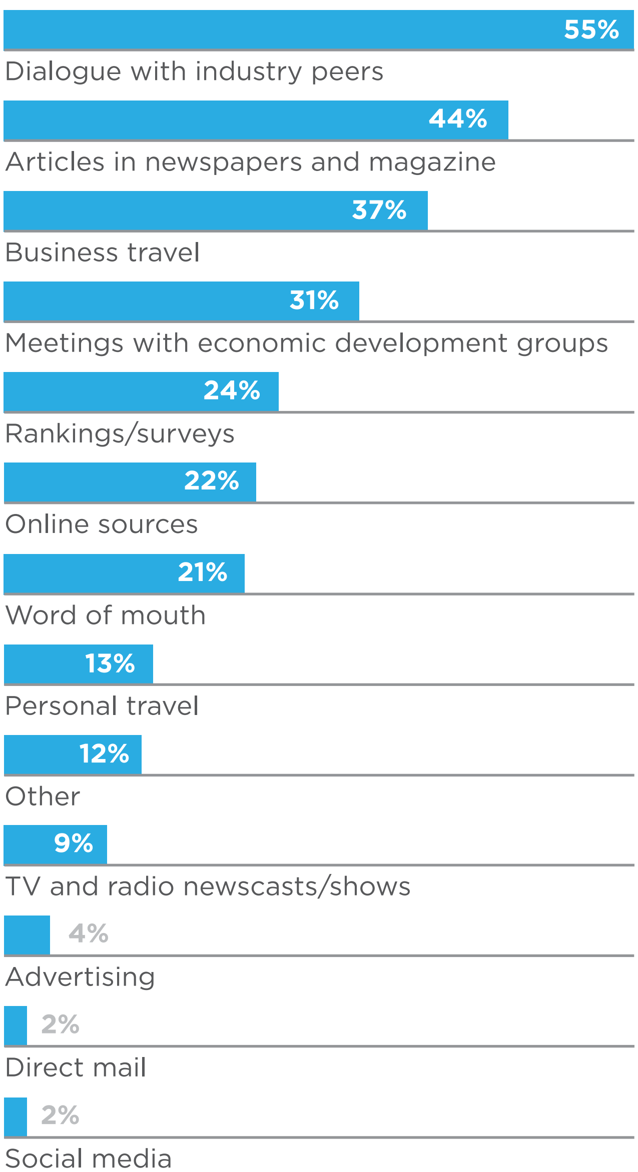
Influencing Executive Perceptions: **Leading Sources Of Information**

How can an economic development organization best promote a favorable reputation among executive decision makers? In order to begin to answer this question, we must ask another: What sources of information do executive decision makers look to in developing perceptions of a location's business climate?

Dialogue with industry peers and articles in newspapers and magazines were the top two influencers.

For the seventh time, the *Winning Strategies* survey asked corporate decision makers with site selection responsibilities a series of questions in order to determine the leading sources of information influencing executive perceptions of an area's business climate. Respondents were asked to choose three from 13 possible responses: *advertising* (a category that, in the past, was split into two categories: *print advertising* and *TV/radio advertising*), *articles in newspapers and magazines*, *business travel*, *dialogue with industry peers*, *direct mail*, *meetings with economic development groups*, *rankings/surveys* (previously called *national surveys*), *online sources* (added in 1999), *personal travel*, *social media*, *TV and radio newscasts/shows*, *word of mouth* and *other*.

Chart A: Leading Sources of Information Influencing Executive Perceptions of an Area's Business Climate



As illustrated in Table A, the top five influencers have remained relatively stable since the survey was first conducted in 1996. The only difference from the 2011 data to this year is that *business travel* and *rankings/surveys* switched places, the former moving from fifth to third and the later moving from third to fifth on the list. Consistent with all previous years, *social media*, *direct mail* and *advertising* were selected by the fewest number of executives as being one of the top three sources of information influencing their perceptions of an area's business climate.

Table A: Leading Sources of Information Influencing Executive Perceptions of Business Climate

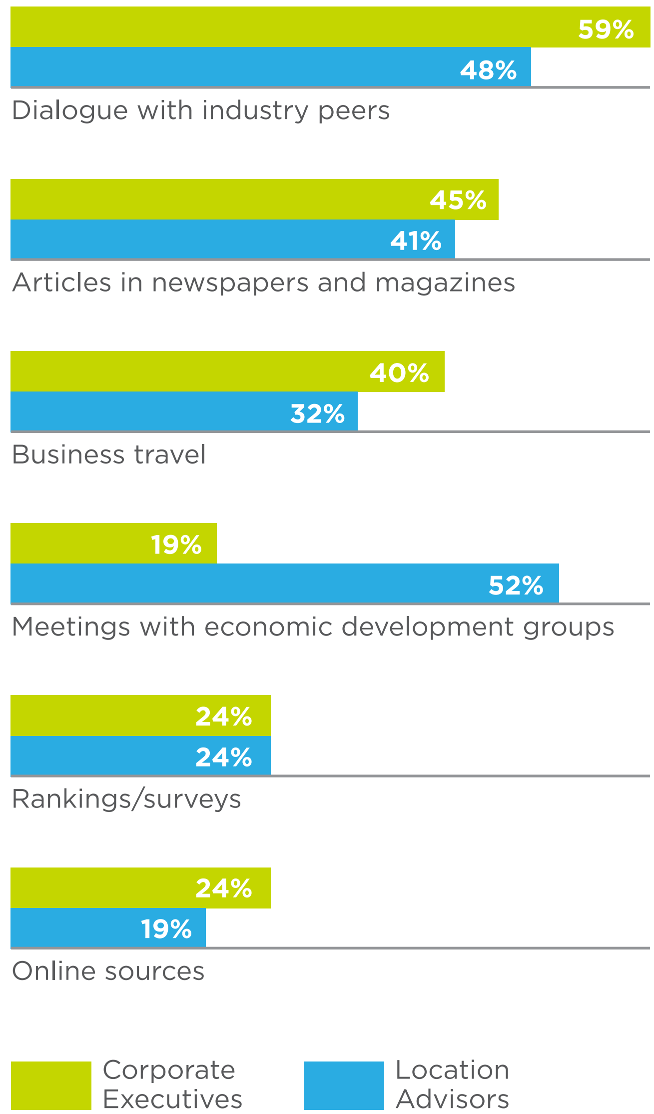
Sources	2014	2011	2008	2005	2002	1999	1996
Dialogue with industry peers	55%	50%	61%	54%	56%	71%	68%
Articles in newspapers and magazines	44%	46%	53%	45%	62%	61%	60%
Business travel	37%	27%	42%	45%	47%	45%	52%
Meetings with economic development orgs.	31%	28%	32%	33%	21%	27%	24%
Rankings/surveys	24%	36%	22%	17%	23%	31%	34%
Online sources	22%	20%	28%	22%	9%	9%	--
Word of mouth	21%	19%	19%	16%	29%	21%	24%
Personal travel	13%	9%	14%	13%	14%	8%	21%
Other	12%	13%	10%	14%	14%	8%	15%
TV/radio newscasts/shows	9%	14%	7%	5%	14%	7%	4%
Advertising	4%	3%	--	--	--	--	--
Direct mail	2%	0%	2%	2%	2%	3%	1%
Social media	2%	0%	--	--	--	--	--

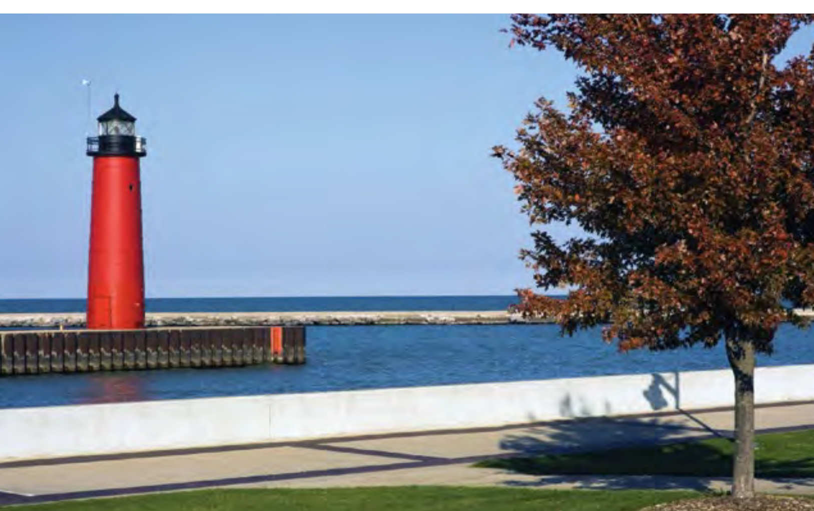
Leading Sources of Information:
Corporate Executives vs. Location Advisors

Do the subgroups of our survey audience get their information from different sources? The following chart illustrates how corporate executives versus location advisors rate the top six information sources.

As Chart B shows, separating responses according to the subgroups of the survey reveals that corporate executives value *dialogue with industry peers* as their leading source of information on an area's business climate, whereas location advisors value *meetings with economic development groups* the most in this regard. Additionally, while corporate executives and location advisors both value *dialogue with industry peers* (59% and 48%, respectively), corporate executives value *meetings with economic development groups* significantly less than do location advisors (19% versus 52%).

Chart B: Leading Sources of Information Influencing Executive Perceptions of an Area's Business Climate (Response based on Respondent Type)





Where Are Executives Getting Their News?

Learning the specific sources of news consumed by business leaders can help economic development groups to create more effective marketing programs. For this reason, we asked respondents who chose *articles in newspapers and magazines*, *online sources, rankings/surveys* and/or *TV and radio newscasts/shows* to indicate specifically the media in these categories they most frequently pay attention to. While the results for *TV and radio newscasts/shows* were not statistically significant, the most frequently cited sources were CNN and Fox News.

***The Wall Street Journal*, both print and online, tops the list of most influential news outlets.**

The Wall Street Journal, once again, ranked at the top of the *newspapers and magazines* list, though the percentage of respondents who chose the outlet fell from 82% in 2011 to 65% in 2014. The complete list follows:

65%	Wall Street Journal
30%	Local Daily Newspaper
24%	New York Times
20%	The Economist
15%	Forbes
7%	USA Today
6%	Bloomberg Businessweek
6%	Financial Times
3%	Fast Company
3%	Site Selection
3%	Fortune
3%	Time

Respondents who chose *online sources* indicated that WSJ.com is a go-to online source for information on a location's business climate.

26%	WSJ.com
17%	Google.com
15%	Economic Development Agency Websites
13%	Bloomberg.com
11%	Bureau of Labor Statistics
11%	CNN
11%	NYTimes.com
11%	Yahoo! Finance

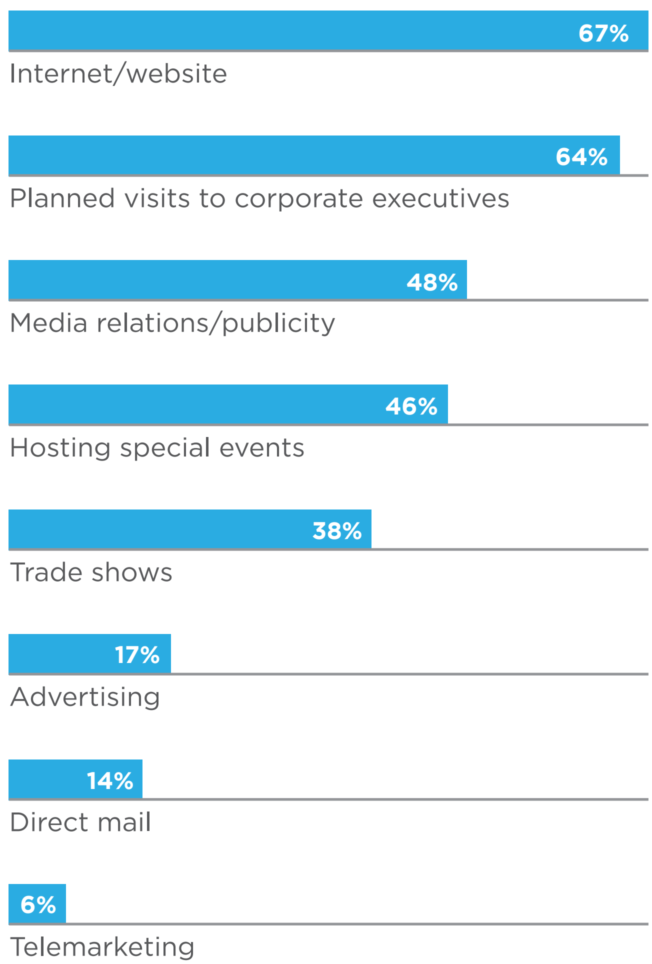
Respondents who chose *rankings/surveys* were asked to list the three sources for surveys and rankings that they pay the most attention to. The results are as follows:

26%	Forbes
21%	Site Selection Magazine
16%	Area Development
14%	Tax Foundation Business Tax Climate Index
14%	Wall Street Journal
5%	Bloomberg

Best Marketing Techniques From The Customer's Perspective

Since 1996, the *Winning Strategies* survey has asked respondents to rate the effectiveness of seven conventional marketing techniques used by economic development groups. Respondents rated each technique (*advertising, direct mail, Internet/website, media relations/publicity, hosting special events, planned visits to corporate executives, telemarketing* and *trade shows*) on a 1 to 5 scale, where 1 equals "poor" and 5 equals "excellent." The order in the chart below is based on the percentage of responses that were either a 4 or a 5.

Chart C: Most Effective Marketing Techniques (% Rating 4 or 5 on a 5-Point Scale)



Looking at responses over time in Table B, we see the steady increase in perceptions of *Internet/website* as an effective marketing technique. In 2014, it took the number one spot over *planned visits to corporate executives*, which topped the list in 1996, 1999, 2002, 2005 and 2011.

The "customer" agrees: the Internet has become an increasingly effective marketing tool for economic development organizations.

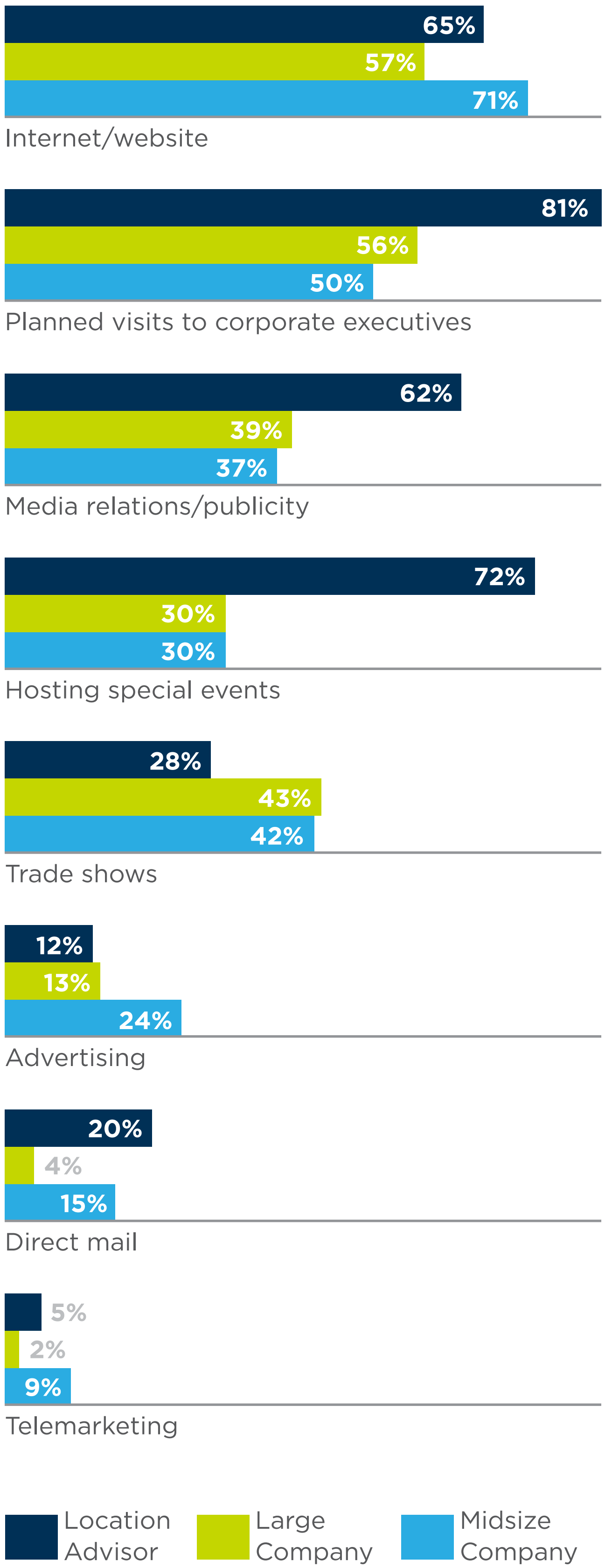
Table B: Most Effective Marketing Techniques (% Rating 4 or 5 on a 5-Point Scale)

Technique	2014	2011	2008	2005	2002	1999	1996
Internet/website	67%	55%	56%	53%	34%	37%	18%
Planned visits to corporate executives	64%	57%	54%	55%	53%	46%	53%
Media relations/publicity	48%	33%	52%	50%	40%	38%	39%
Hosting special events	46%	35%	45%	49%	37%	42%	39%
Trade shows*	38%	35%	--	33%	32%	45%	39%
Advertising	17%	16%	15%	20%	21%	19%	19%
Direct mail	14%	15%	19%	23%	33%	25%	25%
Telemarketing	6%	4%	4%	6%	4%	6%	7%

*Trade shows was inadvertently excluded in the 2008 survey.

Separating responses according to the three subgroups of the survey pool (large company, midsize company and location advisors) reveals that executives from midsize companies (71%) find *Internet/website* to be the most effective marketing technique for economic development groups, whereas location advisors select *planned visits to corporate executives* (81%). Large company executives are relatively split between these two, with a slight preference for *Internet/website* (57% vs. 56%). *Media relations/publicity* and *hosting special events* were also frequently given a 4 or a 5 by location advisors.

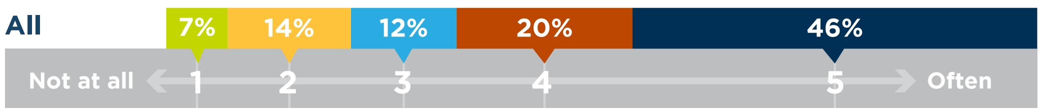
Chart D: Most Effective Marketing Techniques (% Rating 4 or 5 on a 5-Point Scale) (Response based on Respondent Type)



The Web And Site Selection

As indicated by the 2011 data and further reinforced by this year's findings, the Internet has become an instrumental part of the site selection process. When asked to indicate, on a scale of 1 to 5, where 1 is *Not at all* and 5 is *Often*, how often they used the Internet in their last site search, 66% of the executives responded with a 4 or 5—an increase of 18% since 2011. The following chart shows the distribution of responses.

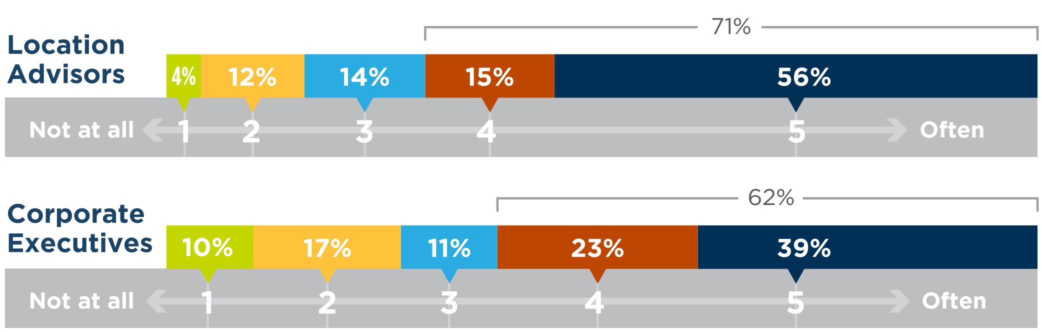
Chart E: Frequency of Internet Use in Most Recent Site Location Search



Corporate executive use of the Internet for site searches jumped by 18% since 2011.

Just as was indicated by 2011 data, location advisors use the Internet in their site selection search slightly more than do corporate executives. Approximately 56% of location advisors selected the highest ranking of 5 when responding to this question versus 39% of corporate executives. Overall, both groups use the Internet in the site selection process relatively frequently, with 71% of location advisors and 62% of corporate executives selecting either a 4 or a 5 in response to this question.

Chart F: Frequency of Internet Use in Most Recent Site Location Search



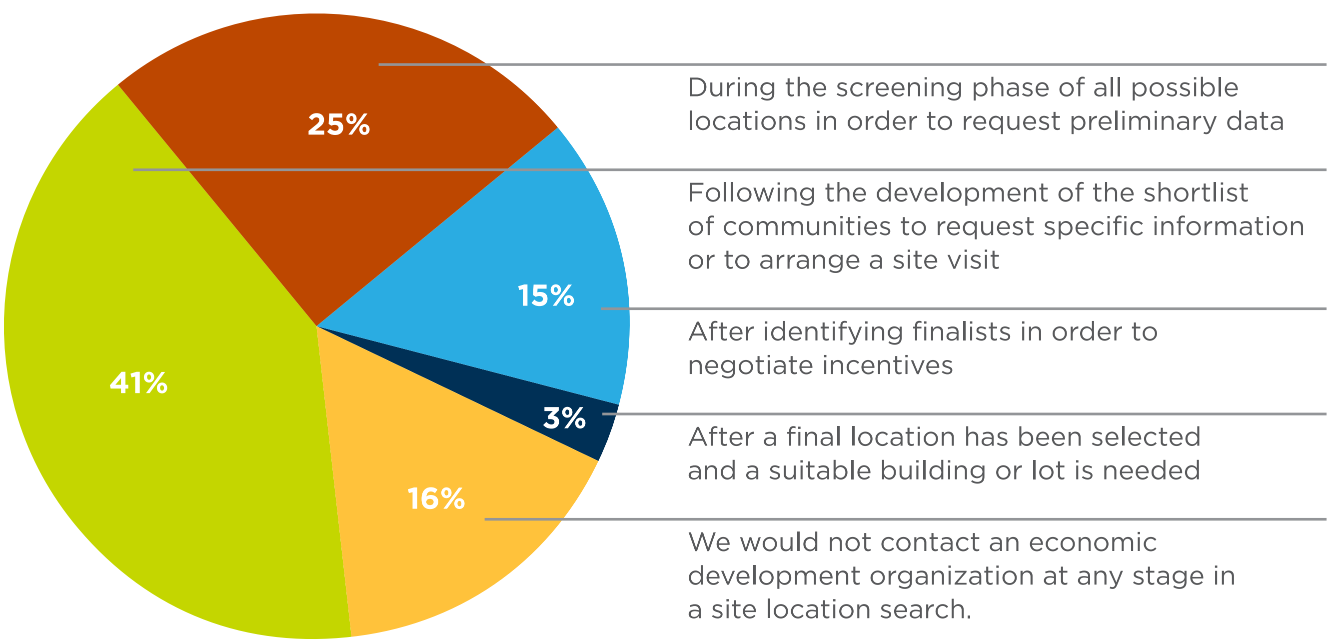
First Contact: **When Site Selectors Turn To Economic Development Groups**

When should economic development organizations expect to hear from a location advisor or a corporate executive during a site search? To explore when the initial contact with an economic development group occurs during the site selection process, the survey asked respondents to choose from five options:

- During the screening phase of all possible locations in order to request preliminary data
- Following the development of a shortlist of communities to request specific information or to arrange a site visit
- After identifying finalists in order to negotiate incentives
- After a final location has been selected and a suitable building or lot is needed
- We would not contact an economic development organization at any stage in a site location search.

The most frequent response was *following the development of a shortlist of communities to request specific information or to arrange a site visit,* with 41% of those surveyed selecting this option. Chart G shows all responses to this question.

Chart G: First Contact with Economic Development Groups



For the fourth consecutive time, responses indicate that location advisors and corporate executives are most likely to contact economic development organizations for the first time following the development of a shortlist in order to request specific information or to arrange a visit. Based on the data in Table C, corporate executives and their advisors continue to contact economic development organizations later in the site selection process or in some cases not at all. The percentage of respondents who would not contact an economic development organization doubled from 2008 to 2011, and remained stable in 2014.

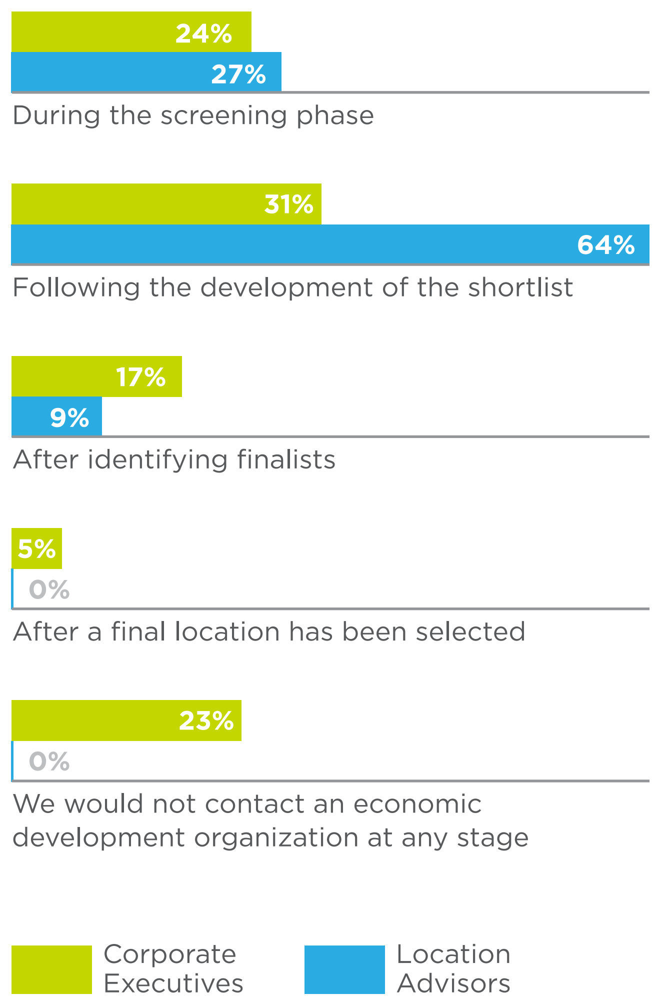
Table C: First Contact with Economic Development Groups (Response over Time)

Timing of First Contact	2014	2011	2008	2005
During the screening phase of all possible locations in order to request preliminary data	25%	24%	29%	27%
Following the development of the shortlist of communities to request specific information or to arrange a site visit	41%	40%	40%	48%
After identifying finalists in order to negotiate incentives	15%	13%	18%	15%
After a final location has been selected and a suitable building or lot is needed	3%	6%	5%	2%
We would not contact an economic development organization at any stage in a site location search.	16%	17%	8%	8%

Economic development groups continue to play an important role after a shortlist has been developed.

Consistent with findings of previous years, location advisors are more likely to utilize the services of an economic development organization (none indicated they would not contact an economic development organization at any stage), and are more likely to contact an organization earlier in the site selection process.

Chart H: First Contact with Economic Development Groups (Response based on Respondent Type)



Often, an executive's first contact with an economic development organization is through the organization's website. Regarding the likelihood of visiting an economic development organization's website during their next site location search, 63% of respondents indicated a 4 or 5 on a scale of 1 to 5, where 1 is *Low* and 5 is *High*. Chart I shows the distribution of all responses.

Chart J shows the change over time since the question was first asked in 2002. The percentage of executives planning to visit an economic development organization's website in their next location search dipped from 64% in 2008 to 47% in 2011 and rose again to 63% in 2014.

The use of economic development websites by corporate executives in a site search jumped back up to 63% in the 2014 survey.

Chart I: Likelihood of Visiting Economic Development Organizations' Websites During Next Site Search

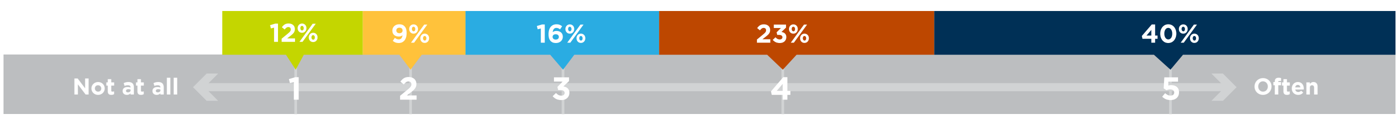
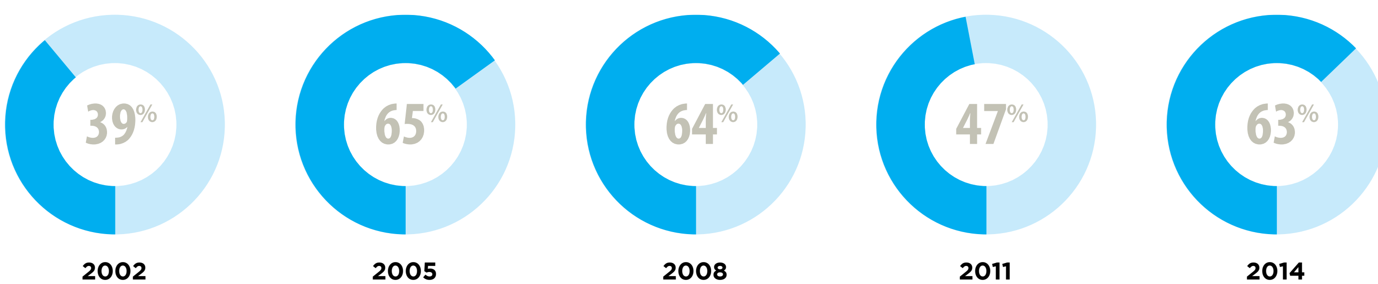


Chart J: Likelihood of Visiting Economic Development Organizations' Websites During Next Site Search (% Rating 4 or 5 on a 5-Point Scale) (Response over Time)



As Chart K shows, location advisors are more likely to visit an economic development organization's website than the corporate respondents.

Age does not appear to be a significant factor in the likelihood of visiting an economic development organization's website during a site location search.

In a counter-intuitive finding, the ends of the age spectrum — executives 39 and younger and executives 60 and older — are more likely to visit an economic development website than executives in the 40-49 and 50-59 age range.

Chart K: Likelihood of Visiting Economic Development Organizations' Websites During Next Site Search (Distribution of Responses on a 1-5 Scale) (Response based on Respondent Type)

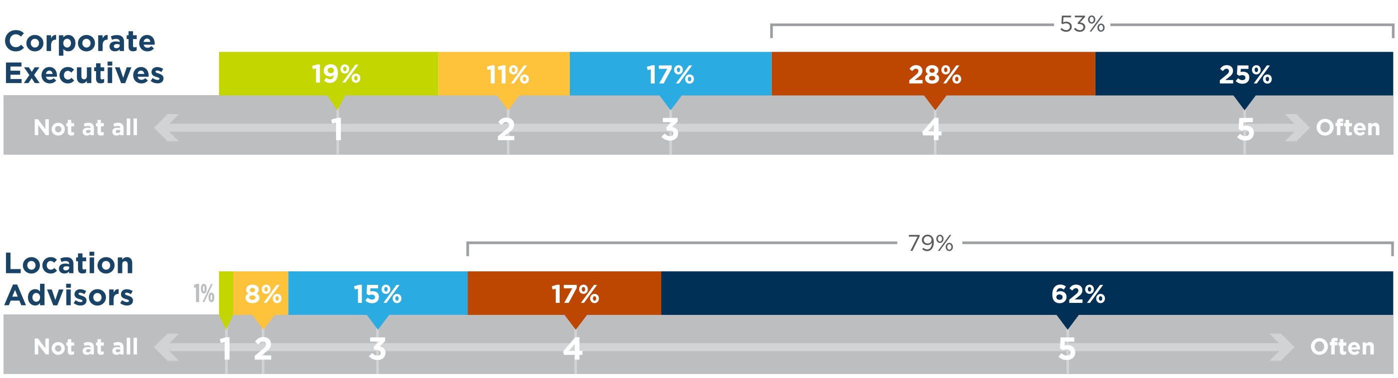
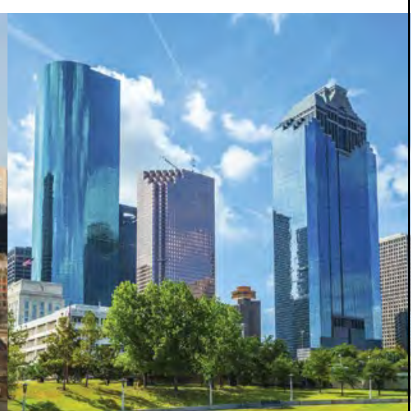


Table F: Likelihood of Visiting Economic Development Organizations' Websites During Next Site Search (Distribution of Responses on a 1-5 Scale) (Response based on Respondent Age)

	Under 39 years	40 - 49	50 - 59	Over 60 years
1	4%	16%	11%	14%
2	4%	8%	11%	7%
3	27%	18%	19%	9%
4	27%	28%	21%	26%
5	38%	30%	38%	44%
"4" or "5"	65%	58%	59%	70%

Website Design: Important Information For Site Selectors



How can economic development organization websites be more effective in supplying relevant information to location advisors and corporate executives? In order to get the answer to this question, we asked respondents to indicate which features are most important to the usefulness of an economic development organization's website. The survey presented 14 features that are commonly included in the design of an economic development organization's website:

- *Comparisons to competitor locations (e.g. cost comparisons)*
- *Searchable database of available buildings and sites*
- *Demographic information (e.g. population, income, age distribution, educational attainment)*
- *Incentives information*
- *Major employer list*
- *Educational institution information (K-12 and post-secondary)*
- *Maps of the community*
- *Current press releases/announcements*
- *Quality of life information (e.g. cost of living, cultural/recreational opportunities)*
- *Target industries and related information*
- *Testimonials from local companies*
- *Video content*
- *Workforce statistics (e.g. labor force, employment by industry/occupation)*
- *Staff contact information*

Incentives information was selected by 67% of respondents, *workforce statistics* by 48% and *demographic information* by 46%. The responses remained remarkably consistent with results from past years. Chart L on page 20 shows all responses.

Comparing the survey's subgroups shows that both location advisors (73%) and corporate executives (63%) find *incentive information* to be the most useful feature of an economic development organization's website. Corporate executives find *demographic information* to be the second most useful feature (59%), whereas location advisors ranked *staff contact information* as a close second to incentive information. Chart M shows responses by respondent type.

Chart L: Most Useful Features of an Economic Development Organization's Website

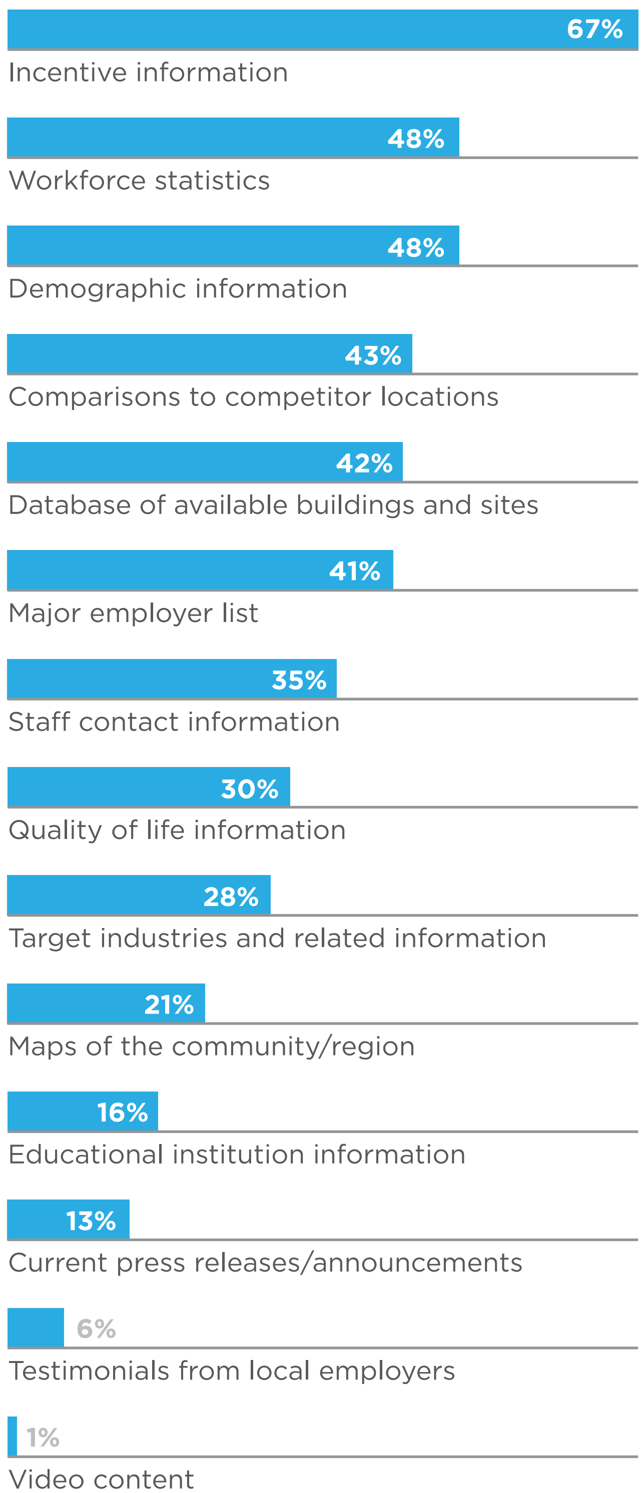
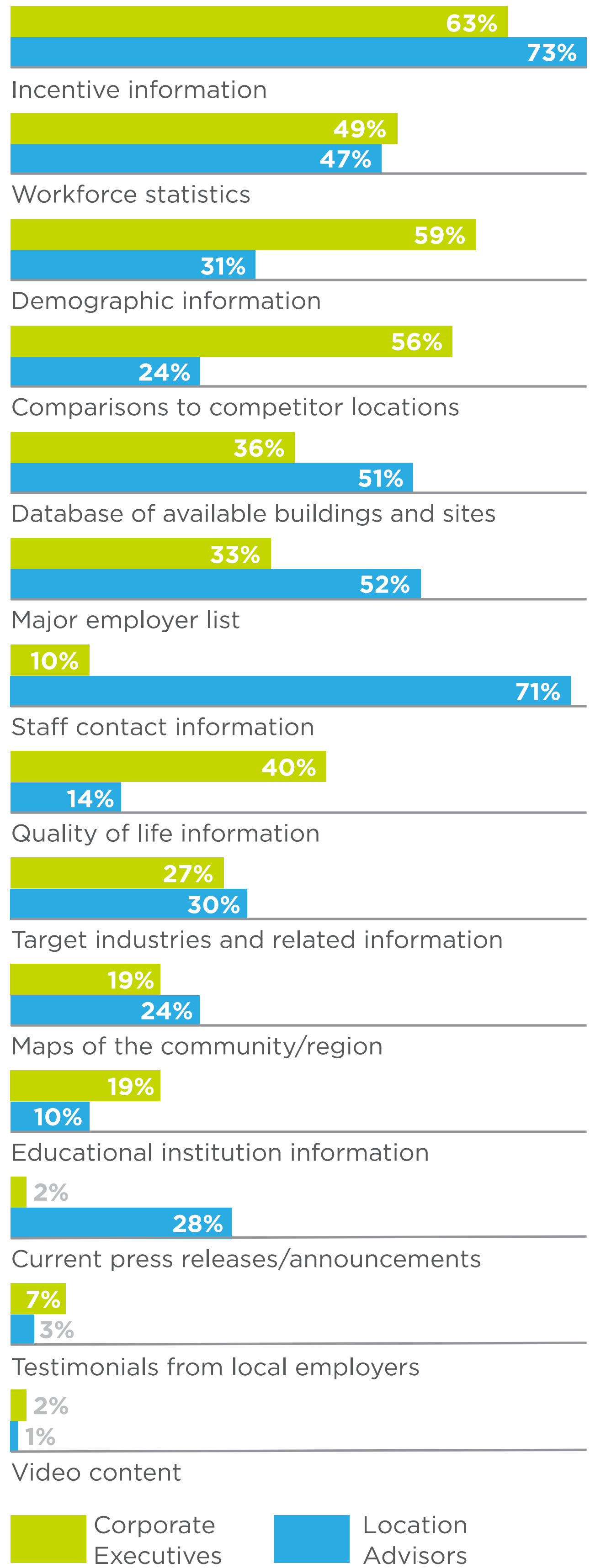
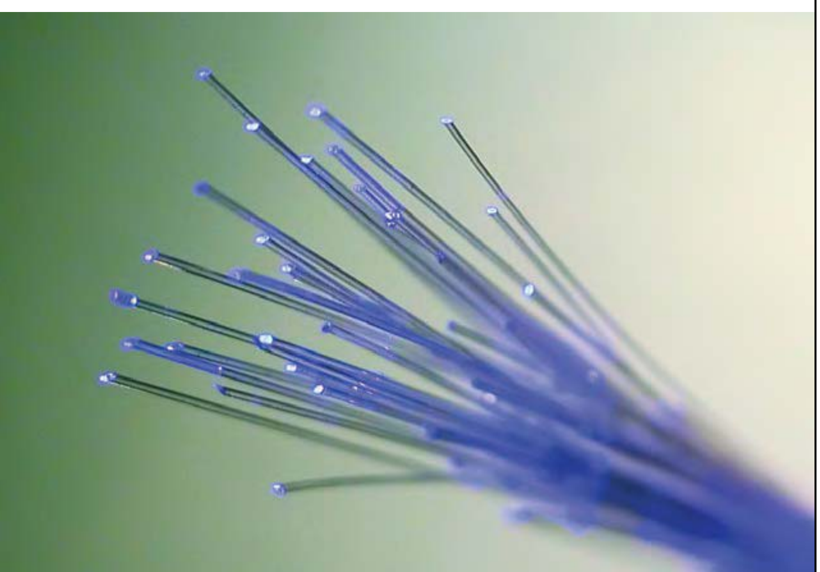


Chart M: Most Useful Features of an Economic Development Organization's Website (Response by Respondent Type)

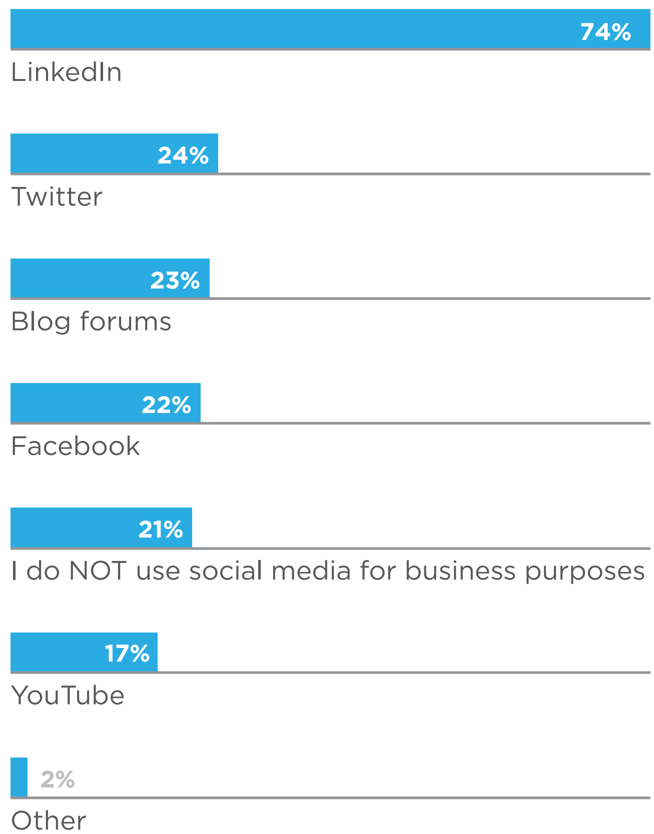


Social Media And Executive Decision Makers



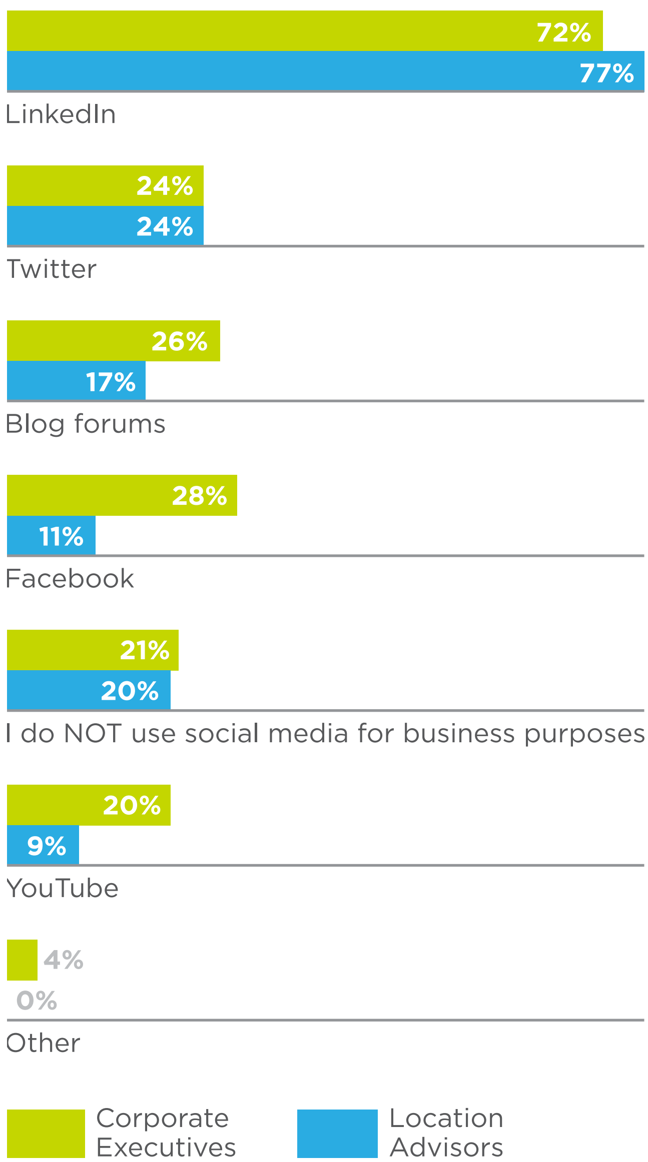
For the second time, *Winning Strategies* asked location advisors and corporate executives which social media channels they currently use for business purposes. The survey presented seven options: *blog forums, Facebook, LinkedIn, Twitter, YouTube, other social media channels* and *I do NOT use social media for business*. Respondents were asked to check all that apply. Just as 2011 data revealed, LinkedIn is the most widely used social media outlet for business, with 74% of all respondents selecting this option. Chart N shows the full distribution of responses.

Chart N: Social Media Channels Used for Business



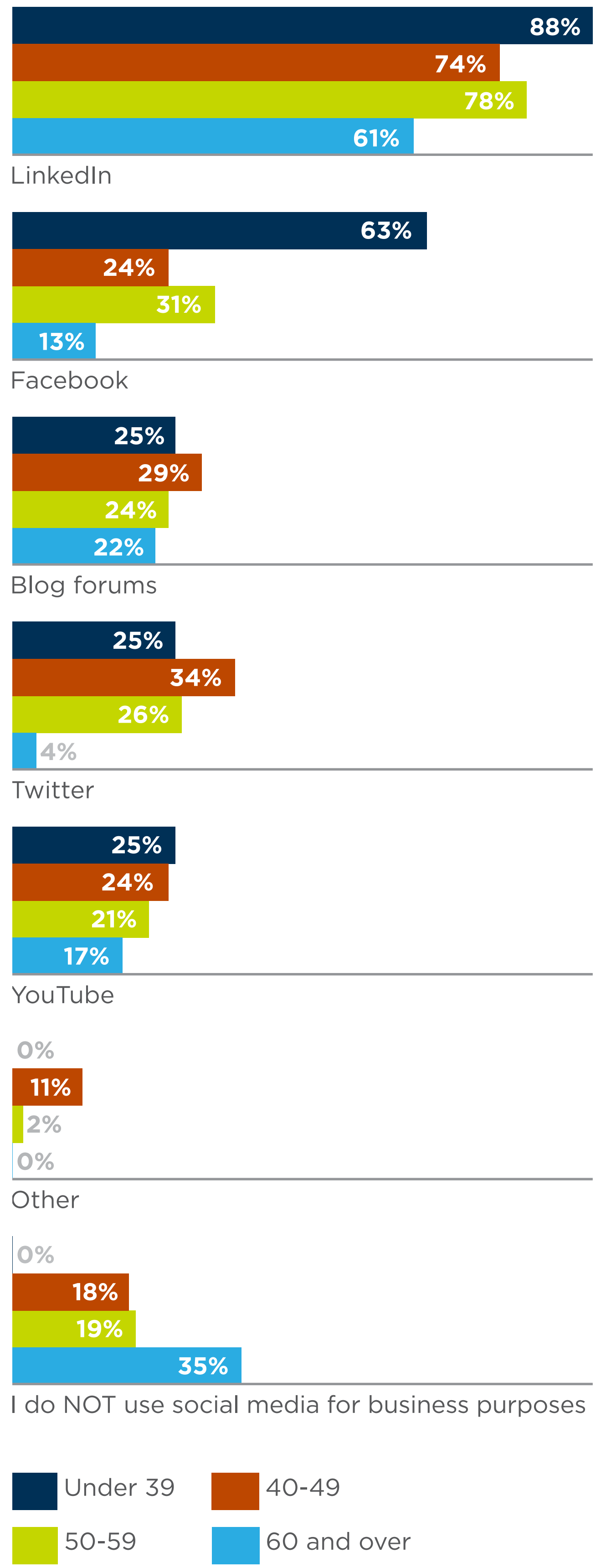
The percentage of executives who do not use social media for business (21%) has decreased since 2011, when 38% indicated that this option was true. Additionally, corporate executives indicated using all social media platforms for business—except LinkedIn—more than or equal to location advisors. Twitter and Facebook traded places in 2014 versus 2011. Chart O shows all responses by subgroup.

Chart O: Social Media Channels Used for Business (Response based on Respondent Type)



When comparing the use of social media for business purposes among different age groups, several patterns emerge. Since 2011, 30-somethings have increased their use of Facebook for business purposes, while 40-somethings have increased their use of Twitter. Among all age groups, the percentage of people who do not use social media for business purposes has decreased, whereas the use of LinkedIn has increased.

Chart P: Social Media Channels Used for Business (Response based on Respondent Age)



Best And Worst Places For Business




DCI's research on which states are winning the "perception" contest has consistently received intense attention from both the news media and the economic development community.

This year, in order to broaden the scope of our study, we also gauged executives' perceptions of non-U.S. locations as candidates for their company's potential international expansion.

To determine U.S. state rankings, we asked survey respondents to name three states perceived as having the most favorable business climates in the United States. We also asked the same audience to select the three states they perceive as having the least favorable business climates among the 50 states.

Tax climate, pro-business environment and incentives are among those factors associated with winning states.

Overall, in the state rankings, respondents selected Texas (49.7%) as having the most favorable business climate, followed by Florida (18.1%), Georgia and North Carolina (17.6%), which tied for third place, South Carolina (12.6%) and Tennessee (11.6%).

The top five responses are:

1.	Texas		49.7%
2.	Florida		18.1%
3.	Georgia North Carolina	TIE	17.6%
4.	South Carolina		12.6%
5 .	Tennessee		11.6%

Why did the respondents select these states? What qualities are associated with a winning business climate? We asked respondents to tell us in an open-ended question.

Among those who named Texas as having a favorable business climate, the factors mentioned most frequently were *tax climate* (54%), *pro-business environment* (47%) and *incentives/financial assistance* (18%).

Those who named Florida as having a favorable business climate also frequently mentioned *tax climate* (47%) and *pro-business environment* (33%) as factors in their positive perception of the state.

Since DCI began conducting this survey in 1996, the states in the top five have been relatively stable.

Those who named Georgia pointed to its *pro-business environment* (34%), *incentives* (31%) and *workforce quality and availability* (31%) as indicators of its favorable business climate. North Carolina was noted for its *pro-business environment* (31%), *workforce quality and availability* (31%) and its *low overall operating costs* (25%).

Since DCI began conducting this survey in 1996, the states in the top five have been relatively stable. Texas has held the #1 spot since 1999, while North Carolina, which held the #2 spot from 2002 to 2011, dropped to third place. In a tie with Geogia, North Carolina received 17% of the votes compared to 27% in 2011 and 30% in 2008. Although only 1% separated the second and third slots, Florida jumped from #5 in 2011 to #2 in 2014 with 18% of respondents indicating it as the best state for business in the current survey. South Carolina, which was fourth this year, was sixth in 2008 and third in 2002, 2005, and 2011. Tennessee, which fell to fourth place in 2008 and 2011, dropped to fifth place. Table D presents how states have ranked in the top five since 1996.

Table D: Most Favorable Business Climate (Response over Time)

2014	2011	2008	2005	2002	1999	1996
Texas 50%	Texas 49%	Texas 41%	Texas 33%	Texas 25%	Texas 30%	North Carolina 33%
Florida 18%	North Carolina 27%	North Carolina 30%	North Carolina 26%	North Carolina 20%	California 22%	Texas 28%
Georgia; North Carolina 17% (tie)	South Carolina 14%	Georgia 20%	South Carolina 20%	South Carolina 18%	North Carolina 20%	Georgia 27%
South Carolina 12%	Tennessee 14%	Florida; Tennessee 15% (tie)	Georgia 18%	Florida 18%	Georgia 17%	South Carolina 21%
Tennessee 11%	Florida 14%	Nevada 14%	Nevada 16%	Georgia 15%	Florida 14%	Tennessee 20%

States with the Worst Business Climates

The survey results also revealed the states deemed to have the least favorable business climates. The top five least favorable states are identical to those from 2011, except that Massachusetts traded places with Michigan, putting the former at number five and the latter at number six in 2014.

The top 5 responses were:

1.	California	74%
2.	New York	42%
3.	Illinois	34%
4.	New Jersey	16%
5.	Massachusetts	11%

In an open-ended question, respondents were asked to explain why they perceive certain states as having unfavorable business climates. Overall, *taxes* was the reason listed most frequently.

California was cited for having *high taxes* by 46% of respondents, while 43% said it was *too highly regulated*. *Cost/expense* (29%) and *anti-business climate* (15%) were also mentioned in reference to the state.

Among those who named New York as having an unfavorable business climate, 59% listed *taxes* and 40% listed *cost of living and business* as reasons for their negative perceptions, while 24% of respondents said the state is *too highly regulated*.

High taxes were the factor most frequently associated with states perceived as having unfavorable business climates.

Illinois' *taxes* (44%), *dysfunctional/corrupt government* (37%), *cost/expense* (17%) and *regulations/permitting* (12%) earned the state its position on the list of least favorable business climates.

The list of states with the least favorable business climates has remained remarkably consistent over the years. California and New York have swapped the first and second place spots on this list since DCI first conducted the survey in 1996, with California in first place and New York in second place since 2002. Massachusetts dropped out of the top 5 in 2011 for the first time since 1996, but re-joined the list in 2014. Table E shows the changes over time.

Table E: Least Favorable Business Climate (Response over Time)

2014	2011	2008	2005	2002	1999	1996
California 74%	California 71%	California 72%	California 66%	California 57%	New York 29%	New York 55%
New York 42%	New York 47%	New York 42%	New York 34%	New York 36%	California 25%	California 47%
Illinois 34%	Illinois 24%	Michigan 17%	Mass. 22%	Mass. 18%	Mass. 19%	New Jersey 20%
New Jersey 16%	New Jersey 24%	New Jersey 14%	New Jersey 21%	New Jersey 15%	NewJersey 14%	Mass. 19%
Mass. 11%	Michigan 16%	Mass. 12%	Illinois 13%	Florida 10%	Connecticut 10%	Connecticut 9%

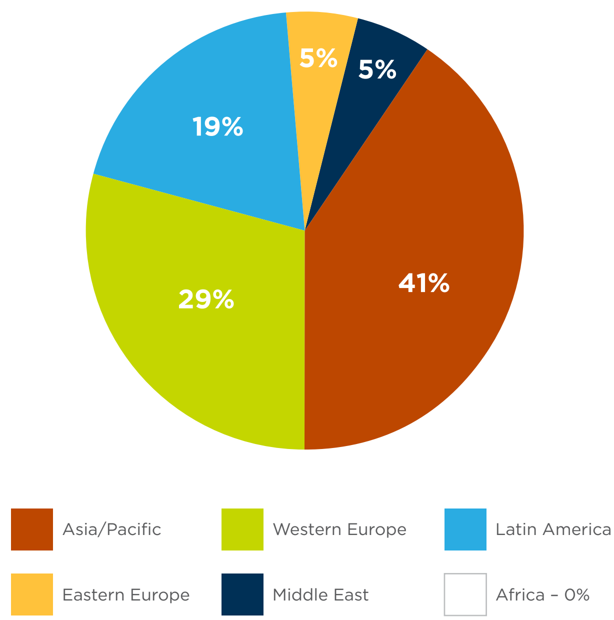
The International Perspective

In 2014, for the first time, DCI expanded on the previous questions to include international business climates. We began by asking respondents to indicate which part of the world represents the best international growth opportunity for their companies (*Africa, Asia/Pacific, Western Europe, Latin America, Eastern Europe, Middle East*) and followed up by asking respondents to list the three specific countries that they believe would offer the strongest opportunities for international investment in the next three years.

Asia/Pacific represents the best international growth opportunity for nearly 41% of corporate executives.

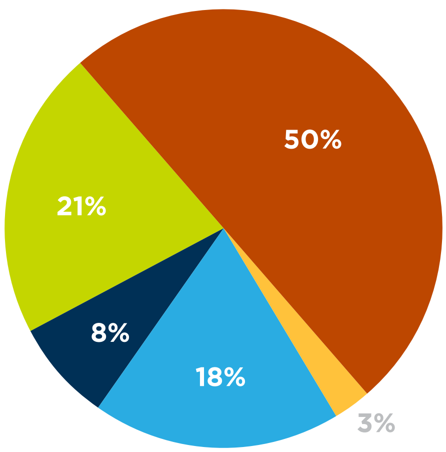
Overall, *Asia/Pacific* was selected most frequently, followed by *Western Europe*. *Africa* was not viewed as an opportunity among any respondents. Chart Q shows the distribution of responses.

Chart Q: Part of the World with the Best International Growth Opportunity

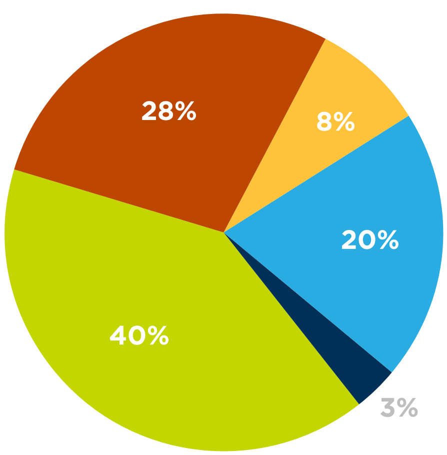


Executives involved in manufacturing and those involved in services think differently when it comes to where they see the most opportunity for international growth; manufacturing executives see the *Asia/Pacific* region as representing the best international growth opportunities for their companies, whereas executives in the services industry see *Western Europe* as a most promising region in this regard.

Chart R: Part of the World with the Best International Growth Opportunity (Responses based on Industry)



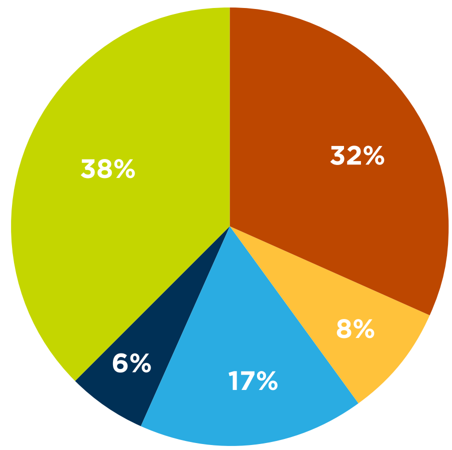
Manufacturing Executives Responses



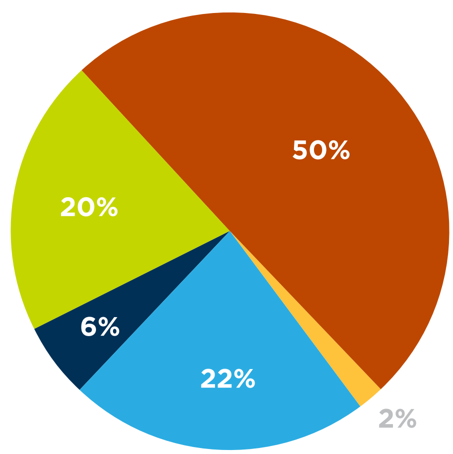
Services Executives Responses

Breaking responses down by company size reveals that large companies are drawn to the *Asia/Pacific* region (50%) when it comes to international growth opportunities, whereas midsize companies are drawn to *Western Europe* (38%).

Chart S: Part of the World with Best International Growth Opportunity (Responses based on Company Size)



Midsize Company Responses



Large Company Responses

Countries with the Strongest International Investment Opportunities

We asked executives to indicate which countries they believe offer the strongest international investment opportunities for their company if they plan to explore this option in the next three years. The 257 respondents to this question listed 57 countries; China (30%), the United Kingdom (22%) and Germany (20%) were listed most frequently.

China tops the list of countries with the strongest international investment opportunities for executives.

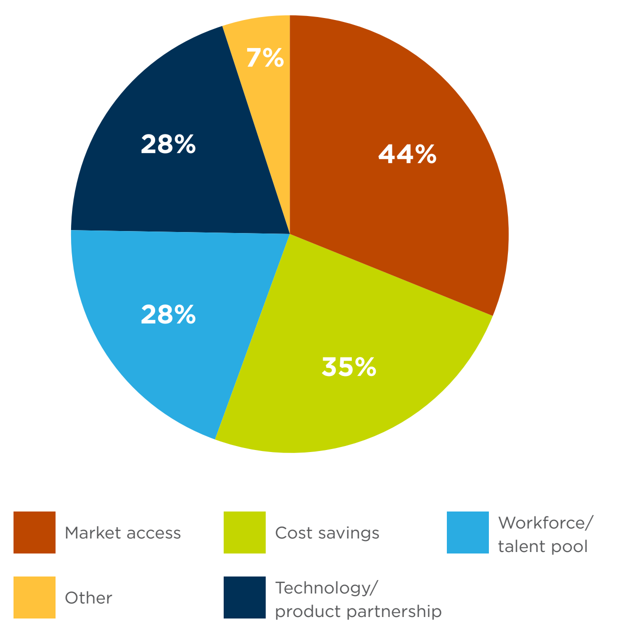
1.	China	30%
2.	United Kingdom	22%
3.	Germany	20%
4.	India	17%
5.	Brazil	14%
6.	Singapore	12%
7.	France	11%
8.	Mexico	10%
9.	Canada	7%
10.	Australia	6%

Why Executives Explore International Expansion

Next, we asked executives to indicate the primary drivers for their company's international expansion by checking all that apply from a list of six items: *market access, cost savings, workforce/talent pool, technology/product partnership, other* and *we don't have any plans for international expansion*. *Market access* followed by *cost savings* was the most frequently checked item by respondents with potential plans for international expansion.

Executives identified market access as the primary driver for international expansion.

Chart T: Drivers for International Expansion



The Consultants Speak: **Best Economic Development Groups**

Because location advisors have regular contact with economic development groups and would be able to provide an evaluation based on experience, we asked them to indicate up to three "Best in Class" regional or community economic development organizations and up to three "Best in Class" state economic development organizations.

Among the location advisors, 63 respondents named a total of 70 regional or community economic development organizations and no region earned more than 25% of all mentions. Regional/community economic development organizations with 10% or more recognition are:

1.	Kansas City Area Development Council		22%
2.	Charlotte Regional Partnership Columbus 2020	TIE	16%
3.	Greater Phoenix Economic Council		14%
4.	Greater Houston Partnership Nashville Chamber of Commerce	TIE	11%

Sixty-two consultants named 32 state-level economic development agencies that they consider "Best in Class." The top responses are:

1.	Georgia Department of Economic Development		29%
2.	Louisiana Economic Development Texas Governor's Office of Economic Development	TIE	23%
3.	South Carolina Department of Commerce		19%
4.	Michigan Economic Development		18%
5.	Kansas Department of Commerce Missouri Partnership Oklahoma Department of Commerce	TIE	16%
6.	Enterprise Florida Economic Development Corporation of Utah Virginia Economic Development Partnership	TIE	15%
7.	Indiana Economic Development Corporation		11%

Looking Forward: **Projected Location Decisions In 2014 And 2015**

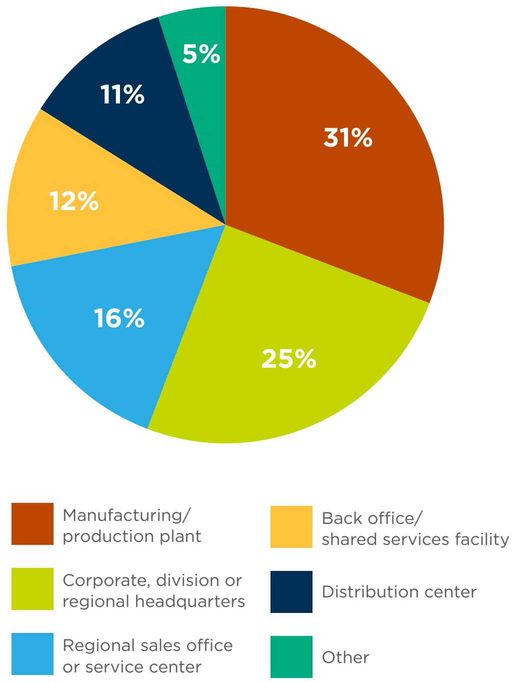
DCI also asked corporate executives about projected location decisions in 2014 and 2015.

Dipping slightly from 46% in 2011, 44% of respondents indicated that their company will make a location decision (move, expansion, consolidation, etc.) in the next 24 months. An additional 30% indicated they were *not sure*, while 26% said their company would not make a location decision in the next two years.

Down a notch, 44% of executives expect to make a location decision in the next 24 months.

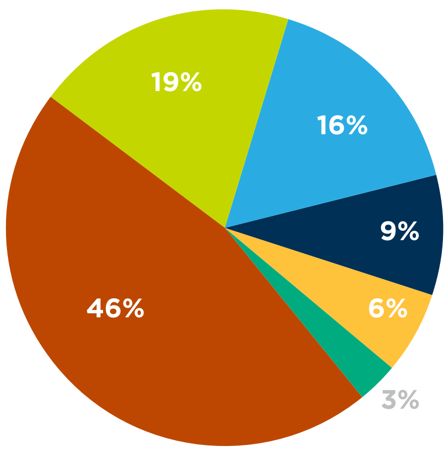
What types of projects are being planned? When asked to indicate from five different facility types, which is the most likely candidate for a facility change, respondents most frequently indicated a *manufacturing/ production plant* (31%) followed by *corporate, division or regional headquarters* (25%). Chart U shows the distribution of responses.

Chart U: Most Likely Facility Type for Next Facility Change

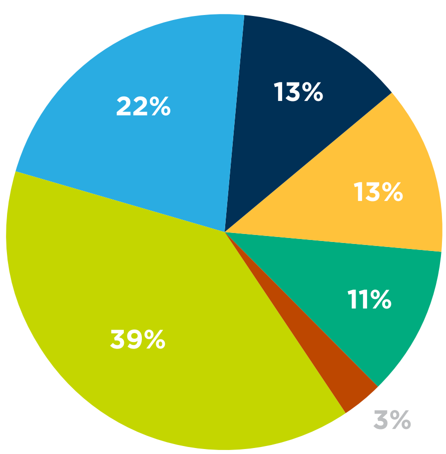


Separating responses by industry reveals that executives from manufacturing companies selected *manufacturing/production plants* most frequently, while executives from service companies chose *headquarter facilities* followed by *sales offices.*

Chart V: Most Likely Facility Type for Next Facility Change (Manufacturing Companies vs. Service Companies)



Manufacturing Executives Responses

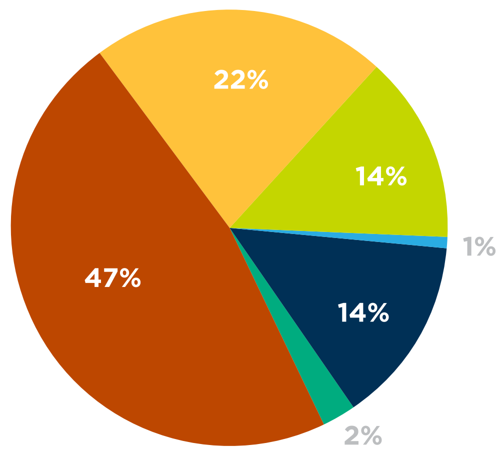


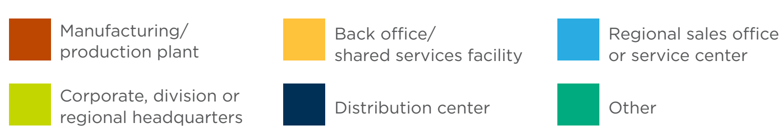
Services Executives Responses

Location advisors identified *manufacuring/production plant* as the most common type of relocation project they expect to see from their clients this year.

Similarly, location advisors were asked to select the most common type of relocation or expansion project they expect their clients to need in the year ahead. Of this group, 47% selected *manufacturing/production plant*, while 21% chose *back office/shared services facility*. Chart W shows the distribution of responses.

Chart W: Location Advisors: Most Common Type of Relocation Project





Outsourcing a Portion of the Site Selection Process

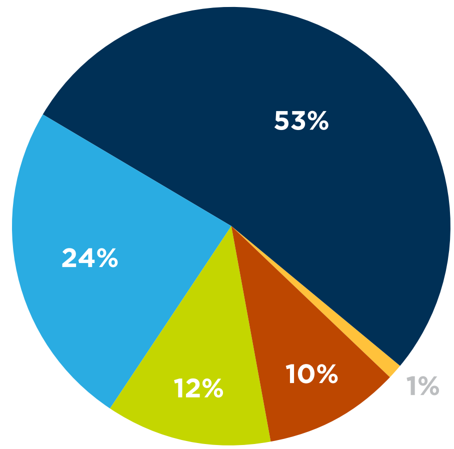
To further understand the corporate site selection process, we asked corporate respondents whether they anticipate outsourcing a portion of the site selection responsibilities in their next site selection search. Dropping from 47% in 2011, 40% answered "yes."

Forty percent of executives anticipate outsourcing a portion of the site selection responsibilities in their next site selection search.

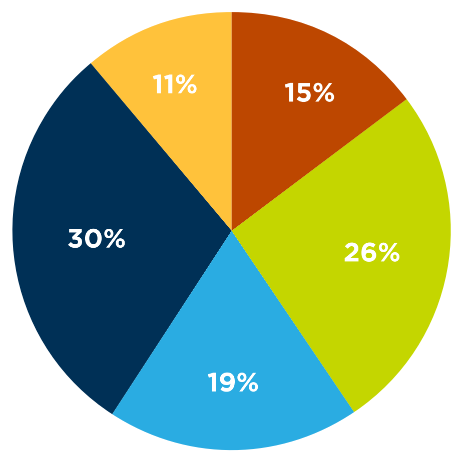
A higher percentage of large companies (59%) will outsource a portion of the site selection responsibilities versus midsized companies (37%).

Chart X shows what type of individual/ organization would be hired by executives to assist with both U.S. and international site searches. In U.S. searches, executives are most likely to use real estate brokers followed by site selection consultants. When conducting international searches, executives rely most commonly on real estate brokers followed by lawyers.

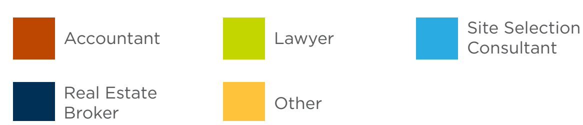
Chart X: Professional Likely to Assist Corporate Respondents with Site Search (U.S. vs. International Site Search)



United States



International



A Word About DCI

Development Counsellors International (DCI) is the leader in marketing places. Since 1960, we have worked with more than 450 cities, regions, provinces, states and countries, helping them attract both investors and visitors. We specialize exclusively in all phases of economic development and tourism marketing.

Our areas of expertise include:

- Editorial Placement/Media Relations
- Lead Generation
- Location Advisor Relationship Building
- Perception Studies (Corporate Executives/ Site Selection Consultants)
- Social/Digital Media
- Media Training
- Talent Attraction Programs
- Special Events
- Marketing Blueprints and Strategies
- Website Development
- Tourism Development
- Crisis Communications

DCI has worked with more economic development groups than all other marketing agencies combined. The firm also frequently forms alliances with local advertising, public relations and marketing agencies to provide specialized economic development input.

Interested in learning more? We'd love to explore how we might assist your community:

Andrew T. Levine
President/Chief Creative Officer

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New York, NY 10003
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Fax: 212-725-2254
andy.levine@aboutdci.com

www.aboutdci.com

dci
The leader in marketing places

Appendix A

Questionnaire and Invitation to Participate

Dear <Salutation>:

It will take you less than five minutes to complete the attached survey. But your comments will be of enormous help to the nation's economic development professionals in better understanding the site selection needs of companies like yours.

Would you be kind enough to give us your opinions by clicking on the below link and answering the survey's 15 questions?

The survey's findings will be presented on Monday, October 20 at the International Economic Development Council's 2014 Annual Conference in Dallas-Fort Worth. Your responses will be kept anonymous and confidential.

Thank you for your consideration of this request.

P.S. **We will gladly send your choice of a $10 Starbucks or $10 iTunes gift card for your participation.** We'll also be pleased to share an executive summary of the findings when reported in October.

Sincerely,

ANDY LEVINE
President/Chief Creative Officer

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E andy.levine@aboutdci.com
www.aboutdci.com

Winning Strategies 2014 - Business Location Survey Corporate Executive Version

1. Are you involved in the decision to relocate, expand, consolidate or build new facilities for your company?
   - ❍ Yes (Continue)
   - ❍ No (Please forward to the appropriate person in your organization)

2. The next time that your company will move, expand, consolidate or add a facility, which of the following functions would be the most likely candidate for such a change? (Please choose one of the following)
   - ❍ Corporate, division or regional headquarters
   - ❍ Manufacturing/production plant
   - ❍ Regional sales office or service center
   - ❍ Distribution center
   - ❍ Back office/shared services facility (financial services, data processing or contact center)
   - ❍ Other ______________________

3. In your next location search, do you anticipate outsourcing a portion of the site selection responsibilities?
   - ❍ Yes
   - ❍ No

   If yes is selected as answer to number 3, please answer the following question.

3a. What type of individual/organization is likely to assist you with the search?

	Location of Search	
	United States	International Location
Accountant	❍	❍
Lawyer	❍	❍
Site Selection Consultant	❍	❍
Real Estate Broker	❍	❍
Other (please specify)	❍	❍

4. In general, at what stage in a site selection search do you FIRST contact economic development organizations?
   - ❍ During the screening phase of all possible locations in order to request preliminary data
   - ❍ Following the development of the shortlist of communities to request specific information or to arrange a site visit
   - ❍ After identifying finalists in order to negotiate incentives
   - ❍ After a final location has been selected and a suitable building or lot is needed
   - ❍ We would not contact an economic development organization at any stage in a site location search

5. Please indicate the three U.S. states with business climates you perceive as MOST FAVORABLE, and then briefly indicate why.

   State #1 ______________________

   Reason for State #1 ______________

   State #2 ______________________

   Reason for State #2 ______________

   State #3 ______________________

   Reason for State #3 ______________

6. Please indicate the three U.S. states with business climates you perceive as LEAST FAVORABLE, and then briefly indicate why.

   State #1 ______________________

   Reason for State #1 ______________

   State #2 ______________________

   Reason for State #2 ______________

   State #3 ______________________

   Reason for State #3 ______________

7. What part of the world represents the best INTERNATIONAL GROWTH opportunity for your company? (please select one)
   - ❍ Africa
   - ❍ Asia/Pacific
   - ❍ Eastern Europe
   - ❍ Latin America
   - ❍ Middle East
   - ❍ Western Europe

8. If you are exploring international investment in the next three years, what COUNTRIES do you believe offer the strongest investment opportunities for your company?

   1 ______________________________

   2______________________________

   3______________________________

9. What are the primary drivers for your company's INTERNATIONAL expansion? (check all that apply)
   - ❍ Market access
   - ❍ Cost savings
   - ❍ Workforce/talent pool
   - ❍ Technology/product partnership
   - ❍ Other ____________________
   - ❍ We don't have any plans for international expansion

10. In light of your responses to the previous questions, what are the three leading sources of information influencing your perceptions of an area's business climate?
    - ❍ Advertising
    - ❍ Articles in newspapers and magazines
    - ❍ Business travel
    - ❍ Dialogue with industry peers
    - ❍ Direct mail
    - ❍ Meetings with economic development groups
    - ❍ Rankings/surveys
    - ❍ Online sources
    - ❍ Personal travel
    - ❍ Social media
    - ❍ TV and radio newscasts/shows
    - ❍ Word of mouth
    - ❍ Other __________________

    In light of your responses to the previous questions, please answer one or more of the following questions.

10a. What type of advertising do you view as the most effective?
   - ❍ Online
   - ❍ Print
   - ❍ Radio
   - ❍ Television

10b. What newspapers and magazines do you read most frequently?

1 ____________________

2 ____________________

3 ____________________

10c. What specific rankings/surveys do you pay the most attention to?

1 ____________________

2 ____________________

3 ____________________

10d. What online sources do you view most frequently?

1 ____________________

2 ____________________

3 ____________________

10e. What television and radio newscasts do you listen to or view most frequently?

1 ____________________

2 ____________________

3 ____________________

11. Please check all social media channels that you currently use for business purposes.
    - ❍ Blog forums
    - ❍ Facebook
    - ❍ LinkedIn
    - ❍ Twitter
    - ❍ YouTube
    - ❍ Other ____________
    - ❍ I do NOT use social media for business purposes

12. In your most recent site location search, how often did you use the Internet as a source of community information?
    - ❍ 1 (Not at all)
    - ❍ 2
    - ❍ 3
    - ❍ 4
    - ❍ 5 (Often)

13. What is the likelihood that you will visit an economic development organization's website during your next site location search?
    - ❍ 1 (Not likely)
    - ❍ 2
    - ❍ 3
    - ❍ 4
    - ❍ 5 (Extremely likely)

14. Which of the following features do you consider most important to the utility of an economic development organization's website? (Please select up to five responses)
    - ❍ Comparisons to competitor locations (e.g. cost comparisons)
    - ❍ Searchable database of available buildings and sites
    - ❍ Demographic information (e.g. population, income, age distribution, educational attainment)
    - ❍ Incentive information
    - ❍ Major employer list
    - ❍ Educational institution information (K-12 and post-secondary)
    - ❍ Maps of the community/region
    - ❍ Current press releases/announcements
    - ❍ Quality of life information (e.g. cost of living, cultural/recreational opportunities)
    - ❍ Staff contact information
    - ❍ Target industries and related information
    - ❍ Testimonials from local employers
    - ❍ Video content
    - ❍ Workforce statistics (e.g. labor force, employment by industry/occupation)

15. Please rate the effectiveness of the following marketing techniques as a means of influencing your opinion when considering a new location.

	1	2	3	4	5	Don't Know
	POOR ⟷ EXCELLENT					
Advertising	❍	❍	❍	❍	❍	❍
Direct Mail	❍	❍	❍	❍	❍	❍
Internet/ Website	❍	❍	❍	❍	❍	❍
Media Relations/ Publicity	❍	❍	❍	❍	❍	❍

	1	2	3	4	5	Don't Know
Hosting Special Events	❍	❍	❍	❍	❍	❍
Planned Visits to Corporate Executives	❍	❍	❍	❍	❍	❍
Telemarketing	❍	❍	❍	❍	❍	❍
Trade Shows	❍	❍	❍	❍	❍	❍

Business Classification: The last few questions will help classify your business. All data will be confidential.

C1. Which of the following best describes your primary business?

❍ Manufacturing
❍ Services

C2. What was the gross revenue last year for your company, including all plants, divisions, branches and subsidiaries?

❍ Less than $25 million
❍ $25 - $49 million
❍ $50 - $99 million
❍ $100 - $249 million
❍ $250 million - $499 million
❍ $500 million and higher

C3. Will your company make a location decision (move, expansion, consolidation, etc.) in the next 24 months?

❍ Yes
❍ No
❍ Not sure

C4. Please provide your age.

❍ Under 30 years
❍ 30 - 39
❍ 40 - 49
❍ 50 - 59
❍ Over 60 years

C5. Gender

❍ Male
❍ Female

Thank you for completing this survey. All responses will be kept confidential and you are not required to provide your name. But should you wish to receive a $10 Starbucks or a $10 iTunes card, please provide your contact information and your choice of gift card below. If you do not wish to provide your contact information, simply submit your survey.

In addition to your gift card, we would also be happy to send you an executive summary of the results after the research has been released in October 2014. Simply check the box below if you would like to receive the results.

Name ____________________

Title ____________________

Organization ____________________

Street Address ____________________

City ____________________

State ____________________

Zip Code ____________________

Email Address ____________________

Please send me:

❍ $10 Starbucks Card
❍ $10 iTunes Card

Please send me:

❍ An executive summary of the report

Appendix B

Most Favorable Business Climate Rankings for All States

	%
Texas	49.7%
Florida	18.1%
Georgia	17.6%
North Carolina	17.6%
South Carolina	12.6%
Tennessee	11.6%
California	11.1%
Indiana	10.6%
New York	10.6%
Louisiana	9.0%
Virginia	9.0%
Utah	8.5%
Nevada	8.0%
Ohio	6.0%
Arizona	5.5%
New Jersey	5.0%
South Dakota	5.0%
Colorado	4.5%
Michigan	4.5%
Oklahoma	4.5%
Pennsylvania	4.5%
Delaware	4.0%
Alabama	3.0%
Kansas	3.0%

	%
Massachusetts	3.0%
Missouri	3.0%
Washington	3.0%
Illinois	2.5%
Mississippi	2.5%
Oregon	2.0%
Connecticut	1.5%
North Dakota	1.5%
Wisconsin	1.5%
Wyoming	1.5%
Arkansas	1.0%
Idaho	1.0%
Iowa	1.0%
Kentucky	1.0%
Maryland	1.0%
Nebraska	1.0%
District of Columbia	0.5%
Hawaii	0.5%
Maine	0.5%
Minnesota	0.5%
Montana	0.5%
New Hampshire	0.5%
New Mexico	0.5%
Vermont	0.5%

Note: Three states were not named by any respondents as having the most favorable business climate.

Appendix C

Least Favorable Business Climate Rankings for All States

	%
California	74.1%
New York	41.8%
Illinois	34.4%
New Jersey	15.9%
Massachusetts	10.6%
Michigan	6.9%
Connecticut	5.8%
Texas	5.8%
Florida	5.3%
Alaska	4.8%
Hawaii	4.8%
Arizona	4.2%
Rhode Island	4.2%
Mississippi	3.7%
North Dakota	3.7%
Maryland	3.2%
Oregon	3.2%
Washington	3.2%
Ohio	2.6%
Arkansas	2.1%
Minnesota	2.1%
Montana	2.1%
Pennsylvania	2.1%
Idaho	1.6%
Louisiana	1.6%
Nevada	1.6%
North Carolina	1.6%
Vermont	1.6%
West Virginia	1.6%
Wisconsin	1.6%
Alabama	1.1%
Colorado	1.1%
Iowa	1.1%
New Mexico	1.1%
Wyoming	1.1%
Georgia	0.5%
Kansas	0.5%
Kentucky	0.5%
Maine	0.5%
Nebraska	0.5%
New Hampshire	0.5%
South Carolina	0.5%
South Dakota	0.5%
District of Columbia	0.5%

Note: Seven states were not named by any respondents as having the least favorable business climate.

Appendix D

Demographic Profile of Respondents:

C-level Corporate Executives 75%
Location Advisors/Consultants 25%

Age:

Under 39 . . . . 13%
40 – 49 . . . . 25%
50 – 59. . . . . .40%
60 and Over 22%

Gender:

Male 91%
Female 9%

Only corporate executives were asked the following questions:

Gross Revenue:

Less than $25 million	32%
$25 - $49 million	15%
$50 - $99 million	11%
$100 - $249 million	11%
$250 million - $499 million	8%
$500 million and higher	23%

Industry:

Manufacturing	51%
Services	49%

Only location advisors were asked the following question:

Size of Company:

I am a single practitioner 8%
1-25 employees 45%
25+ employees. 47%

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