Survey on the impact of COVID-19 on Canadian SMEs

Tracking survey, wave 7

Research and Market Intelligence at BDC

As of June 7, 2020

Table of contents

01.
Methodology

Methodology

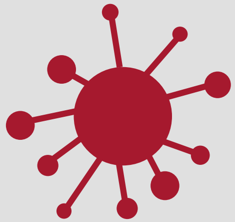
- **Survey methodology:** Online tracking survey.
- **Respondent profile:** Business owners and business decision-makers from the BDC ViewPoints panel.
- **Survey dates:**
  - Wave 1: March 11-13, 2020
  - Wave 2: March 14-18, 2020
  - Wave 3: March 30 to April 1, 2020
  - Wave 4: April 14-16, 2020
  - Wave 5: April 27-29, 2020
  - Wave 6: May 11-13, 2020
  - Wave 7: June 2-7, 2020
- **Margin of error:** For a probability sample of 481 respondents (wave 7), the maximum margin of error is ± 4.5 percentage points, 19 times out of 20. However, as this survey is based on a non-probability sample, this information is provided for reference only.
- **Data processing and analysis** were performed by the BDC Research and Market Intelligence team.
- **Weighting factors:** Results were weighted by region and number of employees to be representative of the Canadian SME population.

- **Note:** The next data collection will take place in four weeks (starting July 7) and will be conducted over a full week. Therefore, our next results will be published around July 17, 2020. In the meantime, we will review the questionnaire and replace some of the questions in order for the information to remain pertinent.

02.
Key highlights

COVID-19 survey highlights, June 2-7, 2020

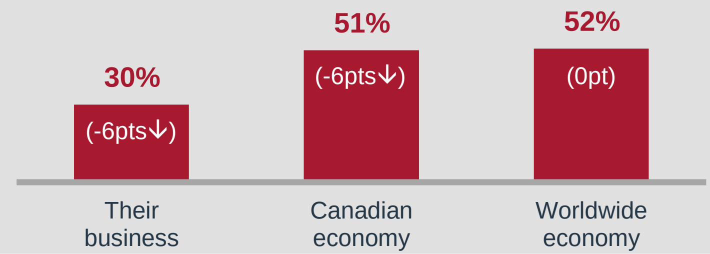
Slight downward trend for COVID-19 impact



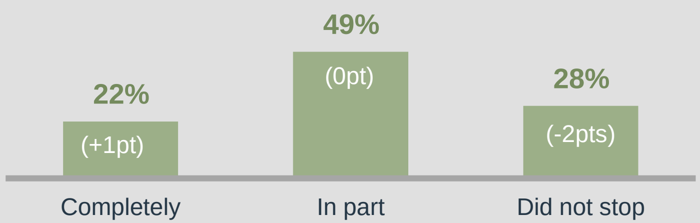
84% (-3pts)

Negative impact

Very worried entrepreneurs: downward trend continues



Results on suspension of activities are stable



Results on business recovery are also quite stable

70%
(-6pts)
Are ready

51%
(+1pt)
It will be easy

63% say that **having enough demand** to sell their products/services is or will be challenging when resuming operations (-4pts)

Top lessons learned

57%
It is important to have good cash flow
(0pt)

39%
It is important to have an emergency fund
(-5pts)

34%
Expenses must be controlled
(+5pts)

Top plans for the future

39%
Reduce our expenses
(+4pts)

31%
Invest more in technology
(+2pts)

28%
Broaden our offering
(+4pts)

Note: Figures in parentheses indicate the fluctuation with the previous wave of the survey (May 11-13), when available.

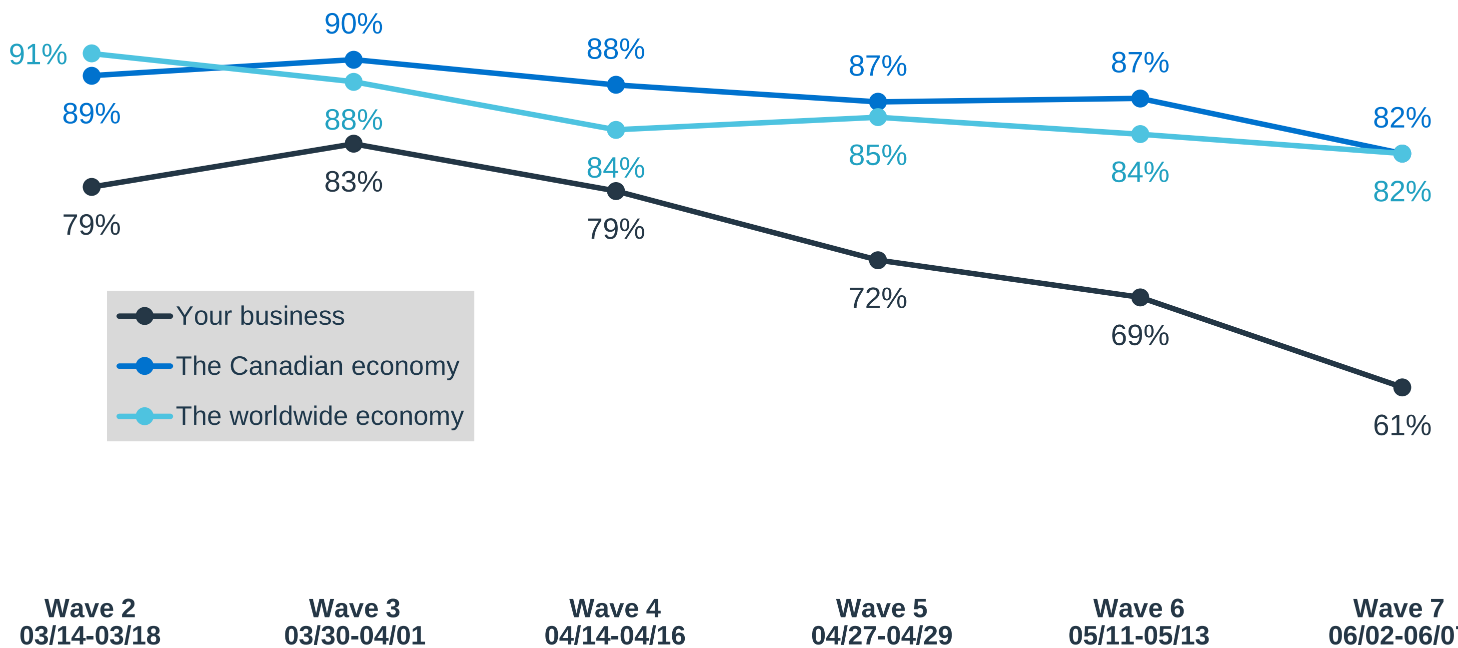
03.
Main results

A **downward trend** continues among those worried about their **own business** and the **Canadian economy**, although not significantly.

Q.0 How **worried** are you about the impact of COVID-19 on ...?
Opinions were expressed using a scale from 0 to 10, where 0 means "Not worried at all" and 10 means "Extremely worried".

Significantly ↑ proportion of respondents worried about their business among:

- Businesses in Ontario (71%)
- Low to no growth businesses (65%)
- Those in the accommodation sector (96%)



Average out of 10

CDN economy: 8.1

WW economy: 8.2

Their business: 6.7

Base: All qualified respondents (n wave 7 = 475-481). Results are presented in terms of those worried with the situation (scores of 7+ out of 10). Due to rounding, totals may not equal to 100%. The average score (wave 7) was calculated by excluding those who didn't know or preferred not to answer, whereas the scale includes these respondents. Arrows accompanying results indicate statistically significant differences between the current and the last wave.

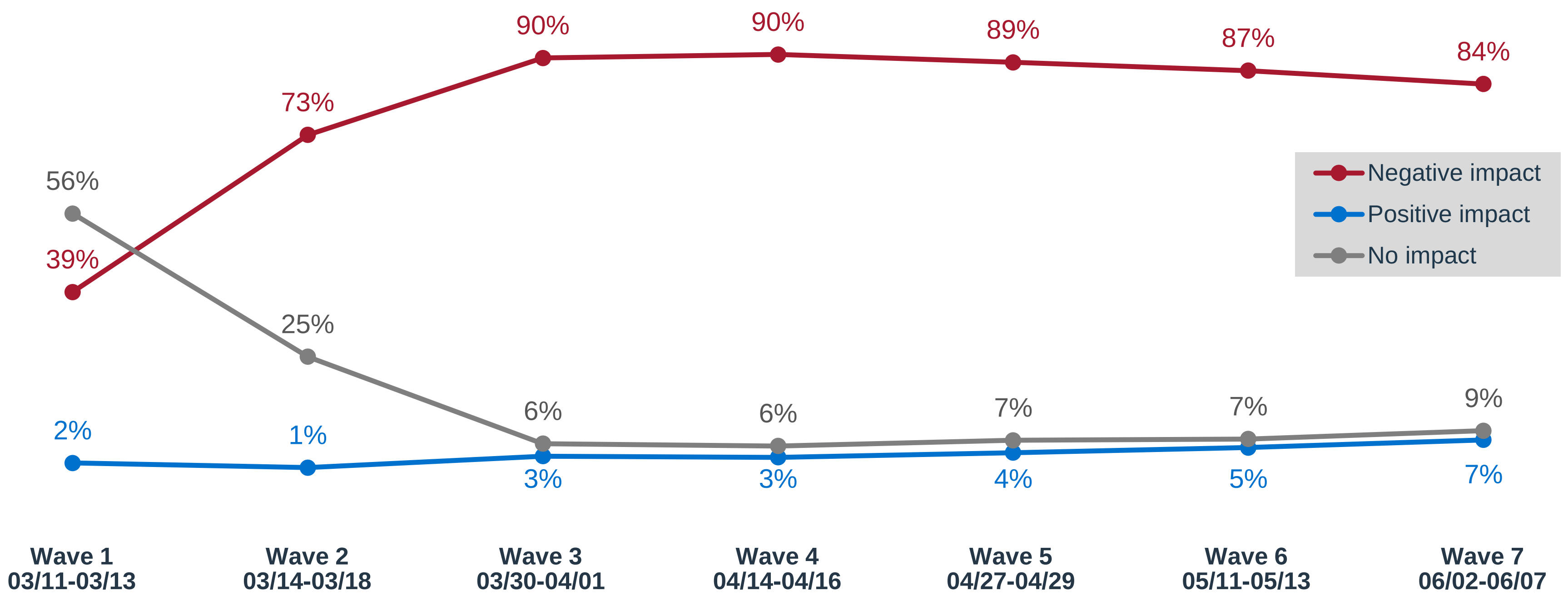
The negative impact on businesses **continues to decrease slowly**. However, a large majority of SMEs remain negatively affected.

Q.1 What has been **the impact** of the coronavirus on your business?

Negative impact

Significantly ↑ scores among:

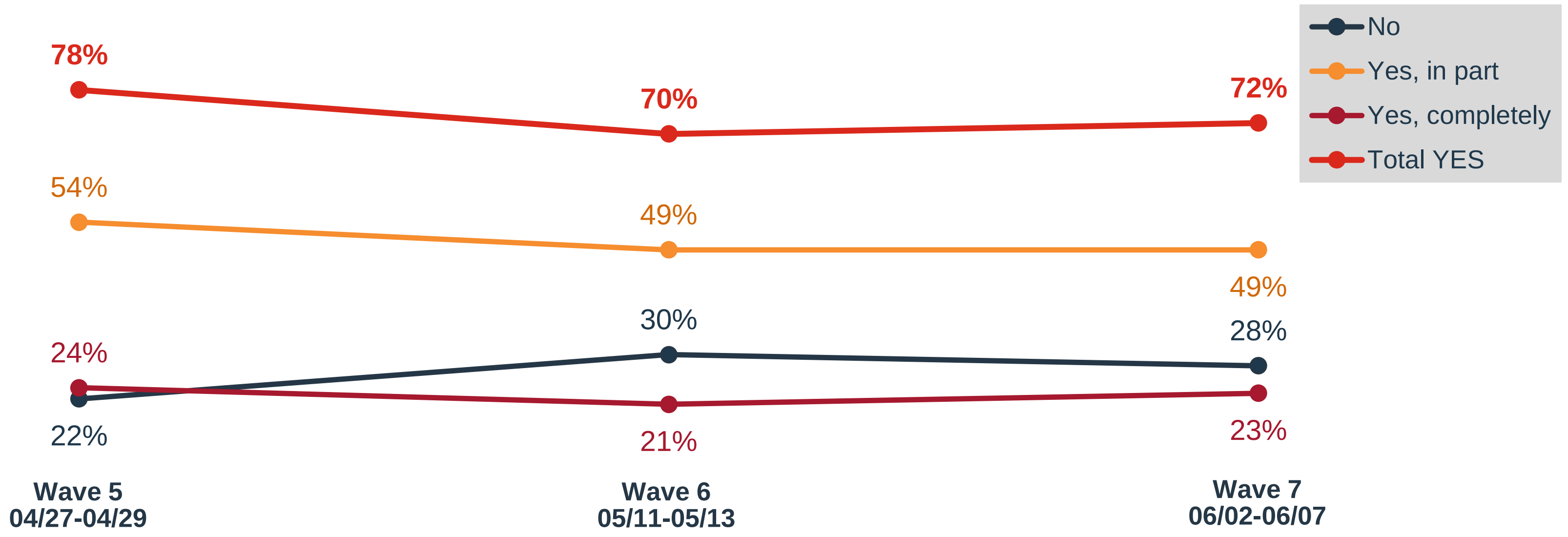
- Businesses in the Atlantic region (97%)



Base: All qualified respondents (n wave 7 = 481). Due to rounding, total may not equal to 100%. Arrows accompanying results indicate statistically significant differences between the current and the last wave. Please note that to simplify the presentation, we have included in the calculations but excluded from the presentation those who did not know. Question was slightly modified in wave 7, therefore wave-over-wave comparison may not be exact.

The proportion of entrepreneurs who tell us they had to suspend their activities **remains stable** when compared to the previous wave.

Q.2b Did your company have to **suspend its activities** completely or in part in response to the COVID-19 crisis?

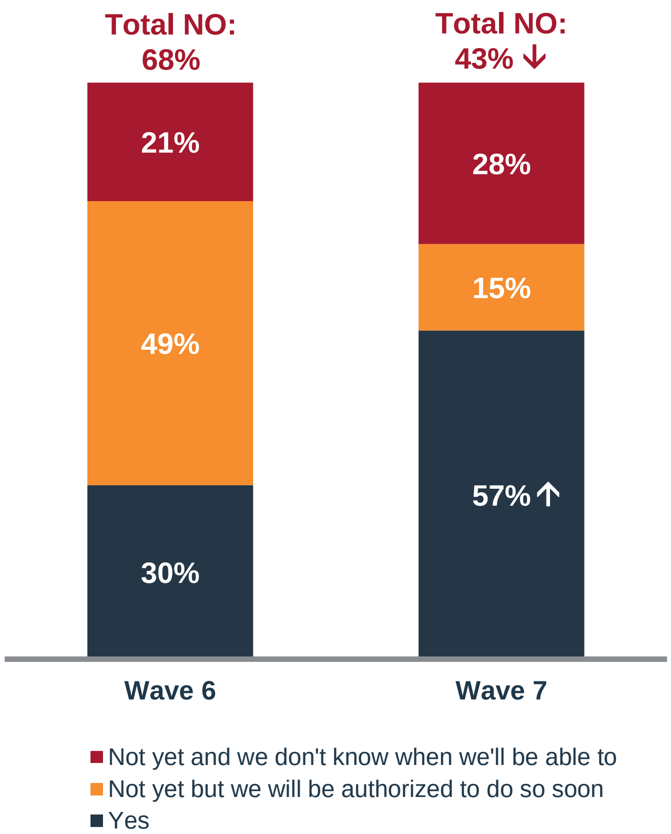


Businesses in Ontario (80%) and small businesses (76%) were more likely to (completely or in part) suspend their activities in response to the crisis.

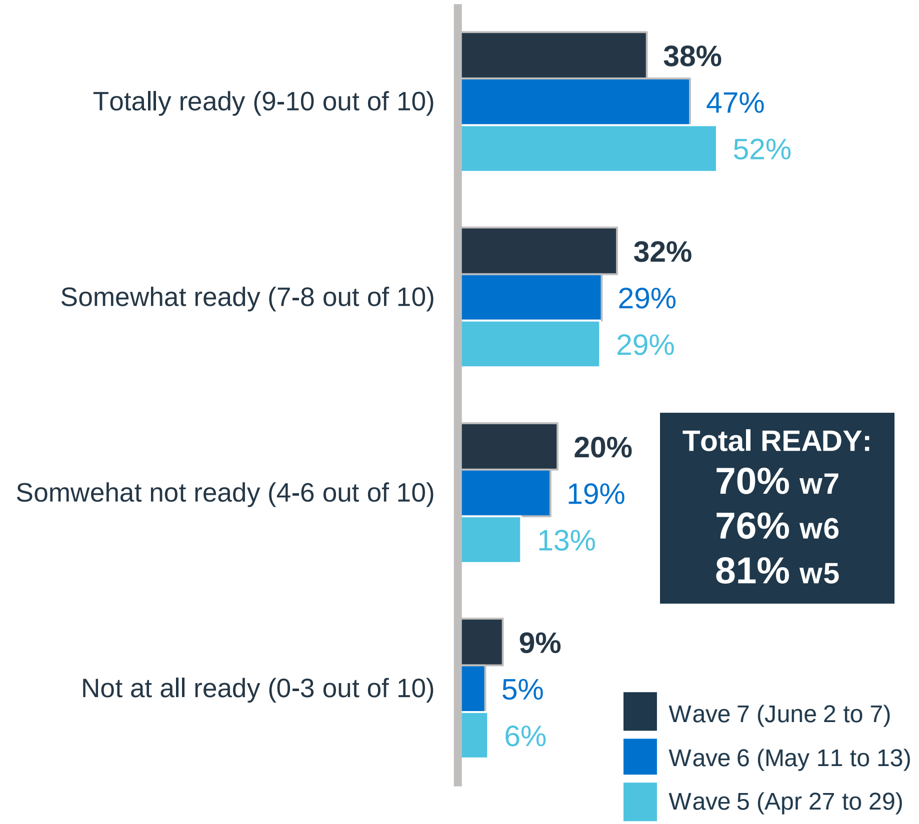
Base: Those who saw a negative impact (n wave 7 = 407). Arrows accompanying results indicate statistically significant differences between the current and the last wave.
Q2b was added to the 5th wave of the survey.

Business recovery is **strong**, but the level of readiness has **decreased slightly**, perhaps due to the rapid pace of resuming operations.

Q.2c Have you been able to **resume your operations** since they were suspended in whole or in part?



Q.2d How **ready** do you feel to **resume operations** once it is possible for you to do so?

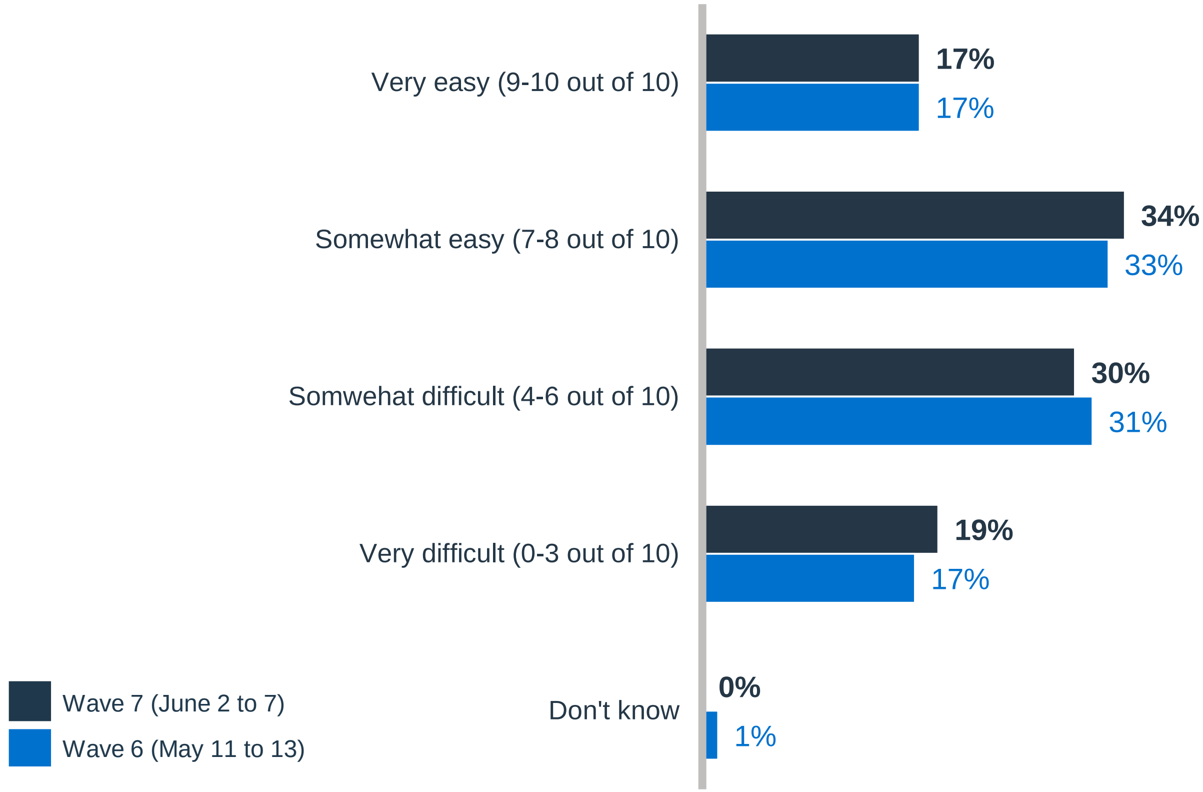


Results are comparable across various business segments and sectors.

Base: Q2c = Those who had to suspend activities in response to the COVID-19 crisis (n wave 7 = 285) Q.2d = Those who have not yet resumed their operations normally (n wave 7 = 118). Q2d was added to the 5th wave of the survey and Q2c was modified in the 6th survey wave. Arrows accompanying results indicate statistically significant differences between the current and the last wave.

Resuming activities is **deemed easy by half** of the respondents. These results are very similar to those of the previous wave.

Q.2f How **easy** was it or will it be for you to **resume operations**?



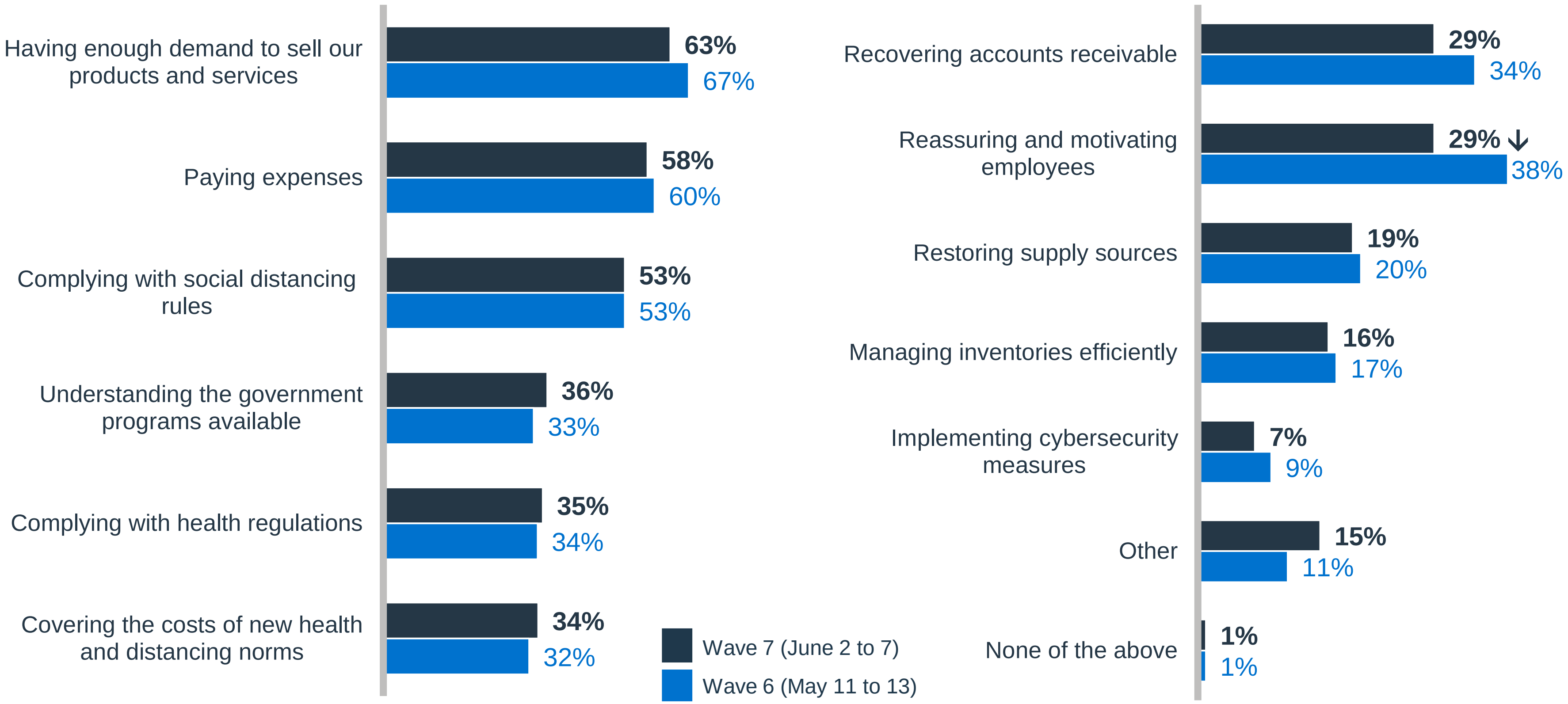
Total EASY:
51% w7
50% w6

A significantly greater proportion of businesses with 20 to 49 employees (75%) say it was or will be "easy" for them to resume operations (scores of 7-10 out of 10).

Base: Those who have resumed operations as well as those who have not yet resumed them (n=285). Q2f was added to the 6th wave of the survey.

Having enough **demand**, paying **expenses** and respecting norms of **social distancing** remain the most problematic challenges for SMEs.

Q.2g What was or will be a **challenge** when resuming activities?

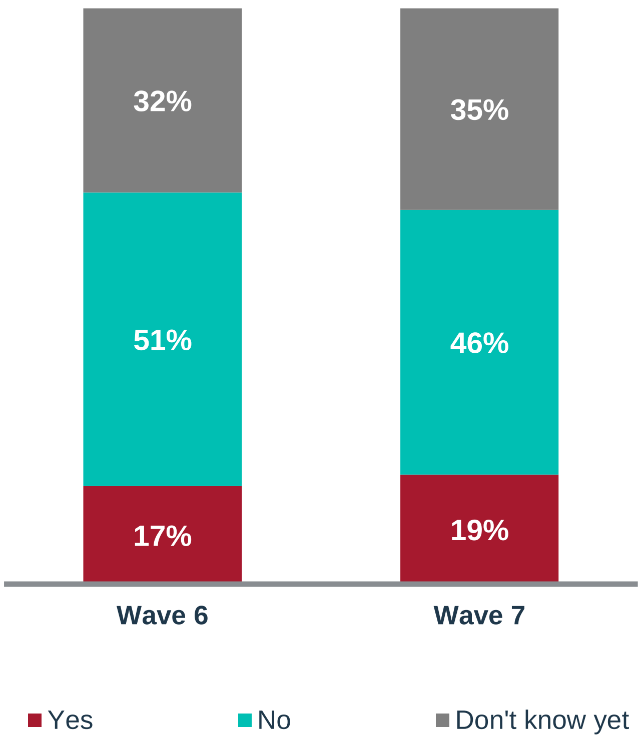


A greater proportion of businesses in retail are worried about having enough demand (83%). Also, a larger proportion of businesses in the Prairies (73%), with less than 5 employees (65%), in retail (81%) and with low or no growth (63%) are worried about paying expenses.

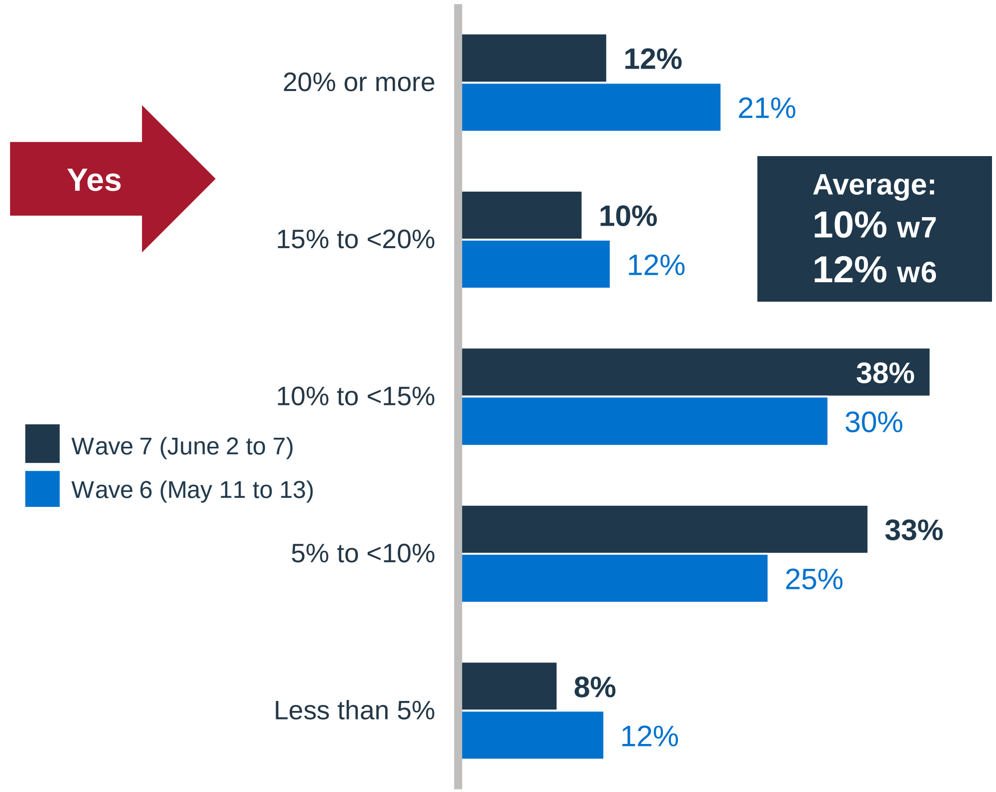
Base: Those who had to suspend activities in response to the COVID-19 crisis (n=285). This question was converted into a multi-choice in the 6th wave of the survey. Multiple mentions were allowed, therefore, total may exceed 100%.

For now, a minority continue to say they had or will have to **increase** their **prices** because of COVID-19. Among these, the average increase is at **10%**.

Q.2h Did you or will you have to **increase the price** of your products or services because of COVID-19?



Q.2I **By how much** did you or will you have to increase prices, on average?



Medium-sized businesses (30%) are more likely to say they had or will have to increase their prices.

Base: Q2h = All respondents (n=480). Q.2i = Those who increased or plan to increase prices (n=75). Extreme values and outliers were removed from the sample to calculate the average. These two questions were added to the 6th survey wave.

The most frequently mentioned lessons continue to be related to SMEs' finances: having good **cash flow**, an **emergency fund** and **controlling expenses**.

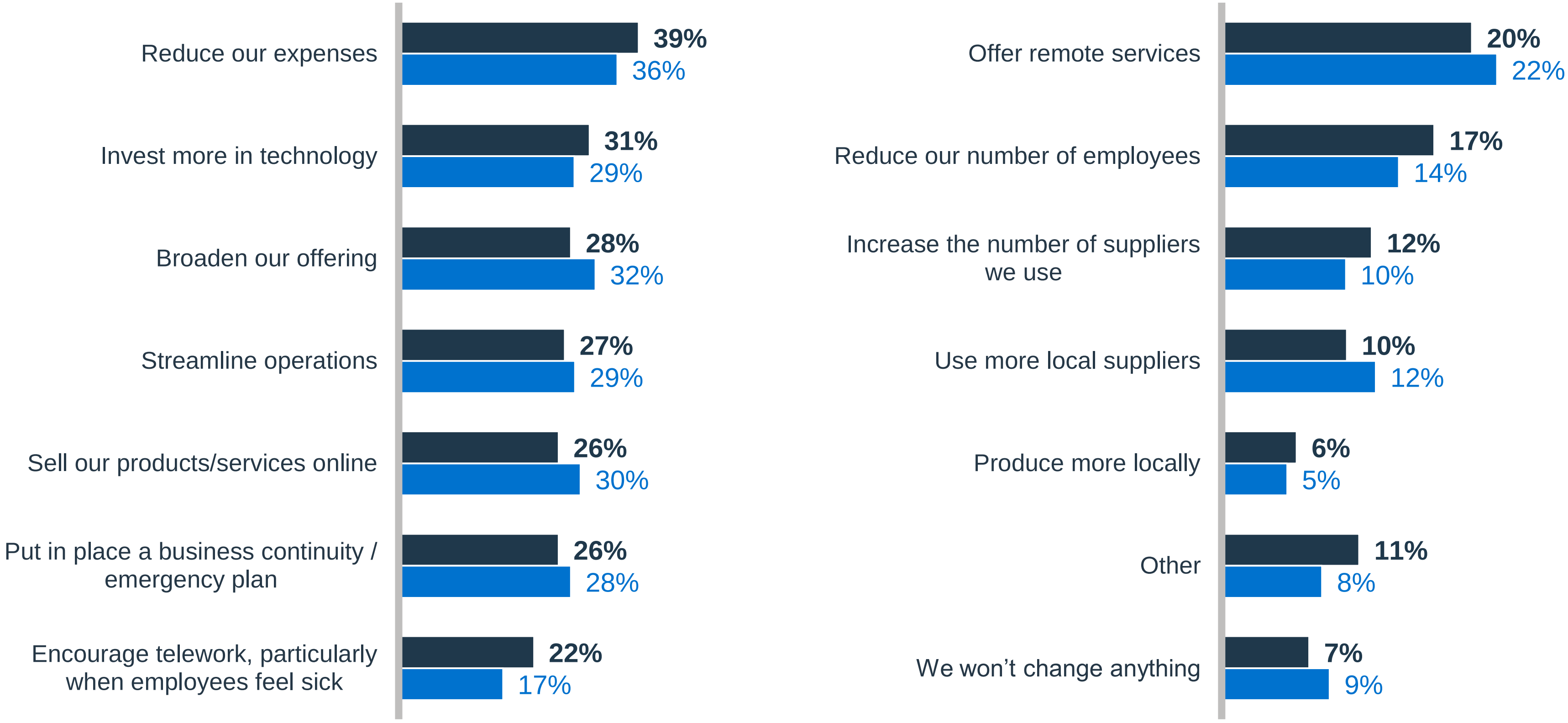
Q.7b What are the **most important lessons** you have learned from this crisis?

Medium- (67%) and large-sized businesses (73%) are more likely to mention the importance of good cash flow.

Base: All respondents (n=481). This question was converted into a multi-choice in the 6th wave of the survey. Multiple mentions were allowed, therefore, total may exceed 100%.

Entrepreneurs plan to change a variety of things in the future; **reducing expenses** continues to stand out. Less than one in ten won't change anything.

Q.7c What do you **plan to change** in your business when things return to normal?

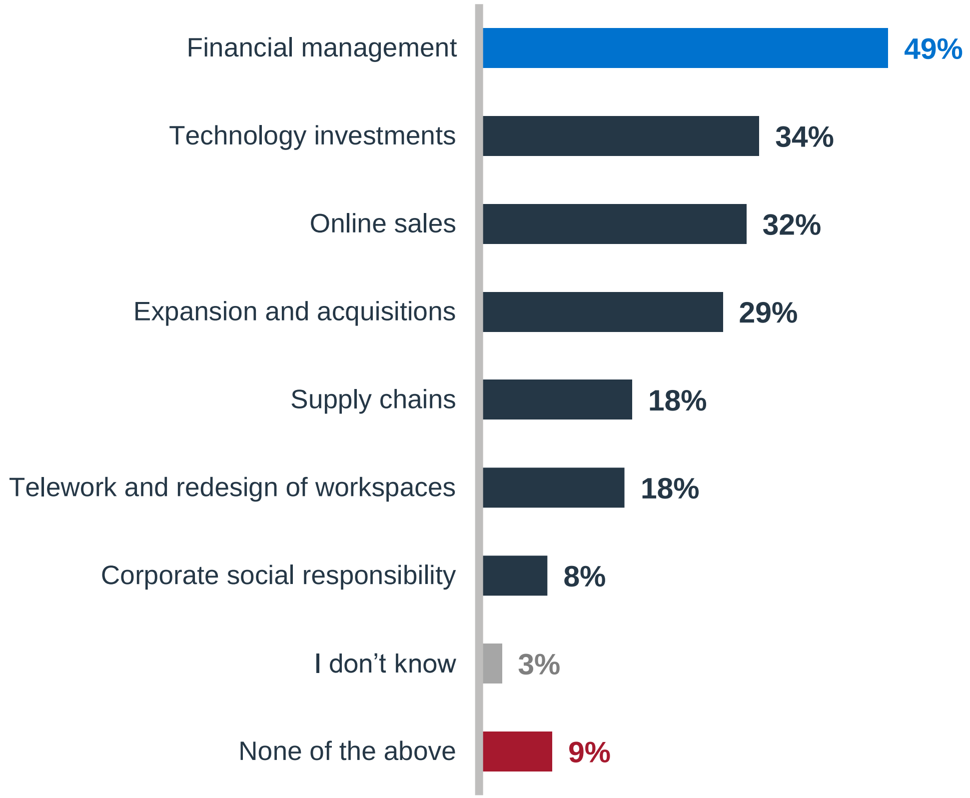


A greater proportion of businesses in retail (57%), construction (60%) or accommodation & food services (77%) sectors are planning to reduce their expenses when things return to normal.

Base: All respondents (n=481). This question was converted into a multi-choice in the 6th wave of the survey. Multiple mentions were allowed, therefore, total may exceed 100%.

Half of SMEs say they intend to focus on **financial management** after the crisis.

Q.9a Which of the following aspects do you intend to **focus on after the crisis**?



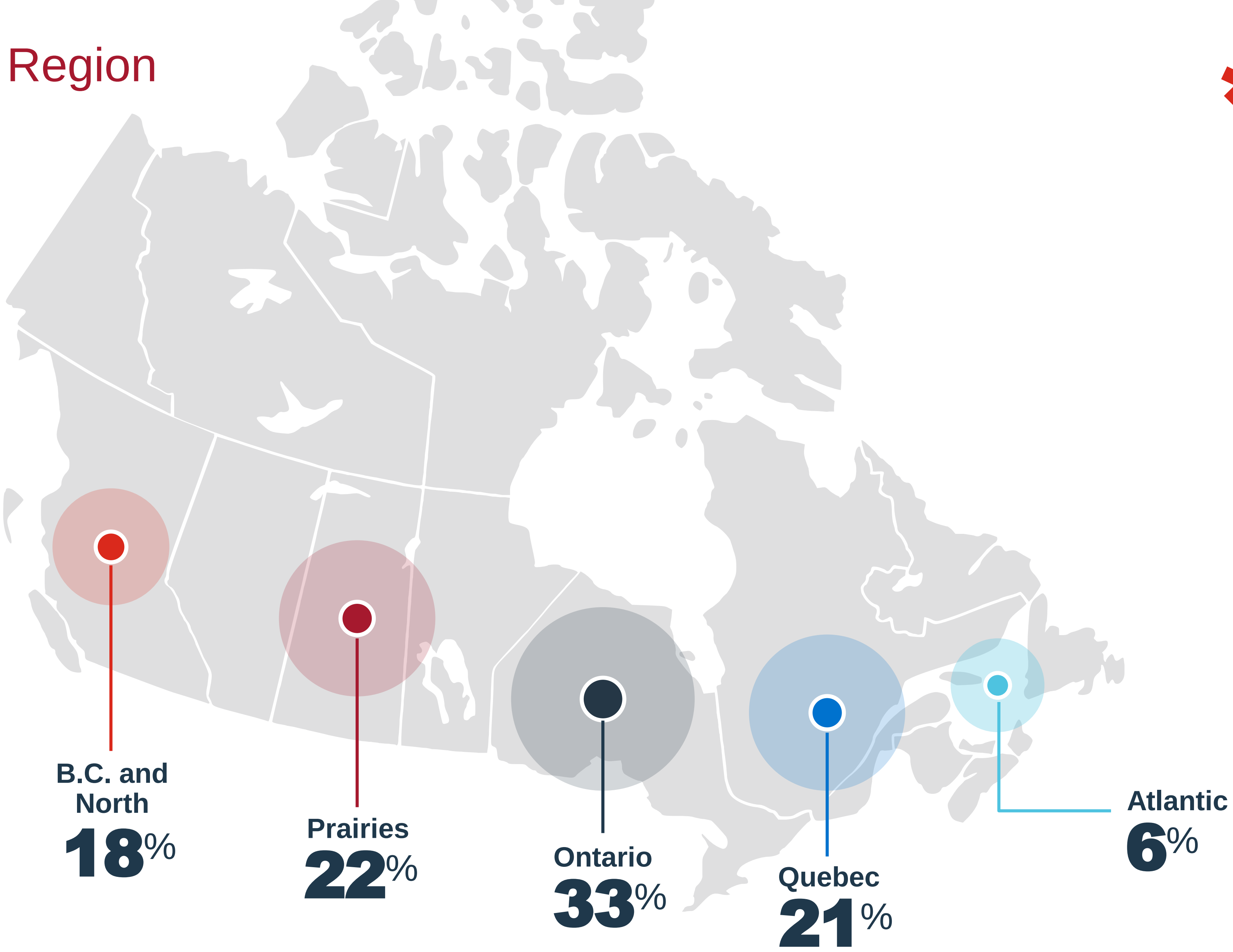
Businesses in the accommodation & food services sector (82%) are more likely to say they intend to focus on financial management after the crisis.

Base: All respondents (n=481). Q.9a was added to the 7th wave of the survey.

04.
Respondent profile

Survey wave 7

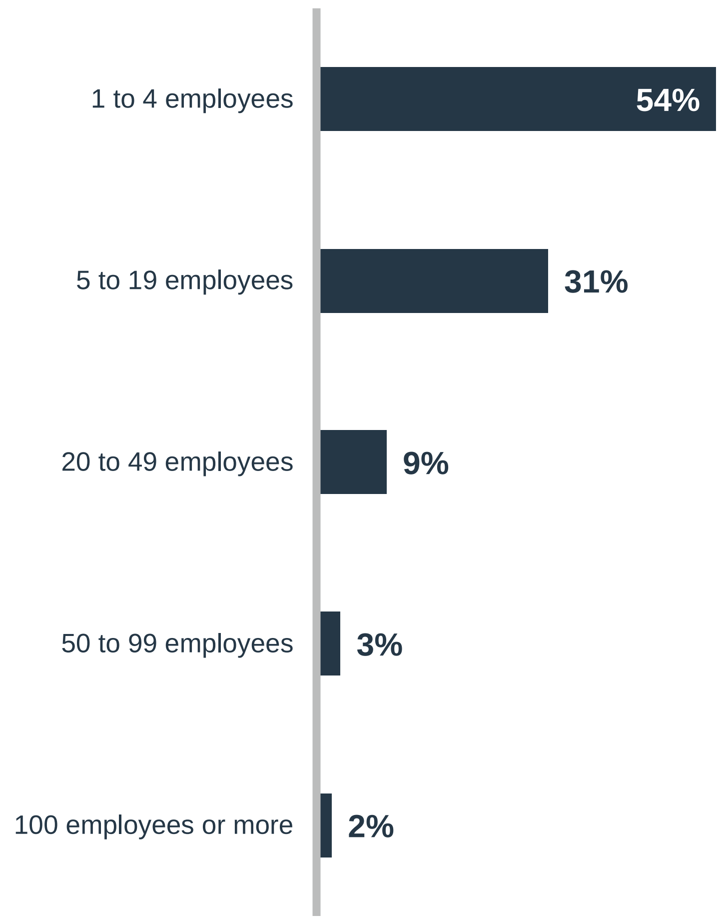
Region



Base: All qualified respondents (n=481). Due to rounding, total may not equal 100%.

Number of employees

Number of employees



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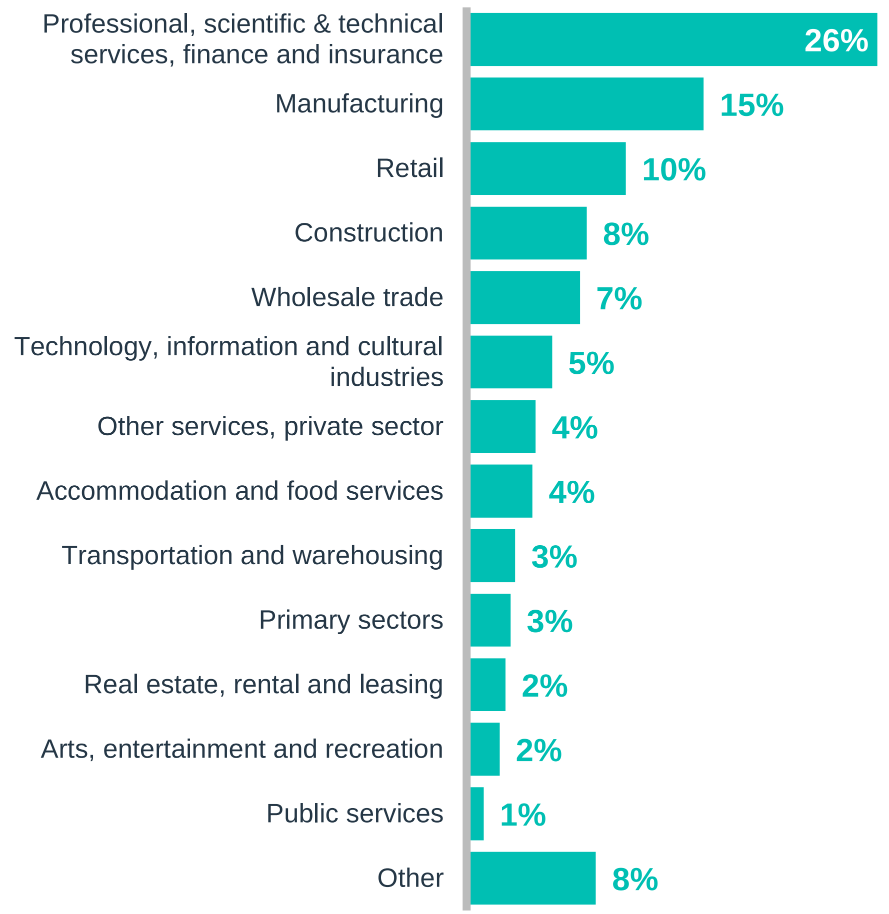
Sector of activity

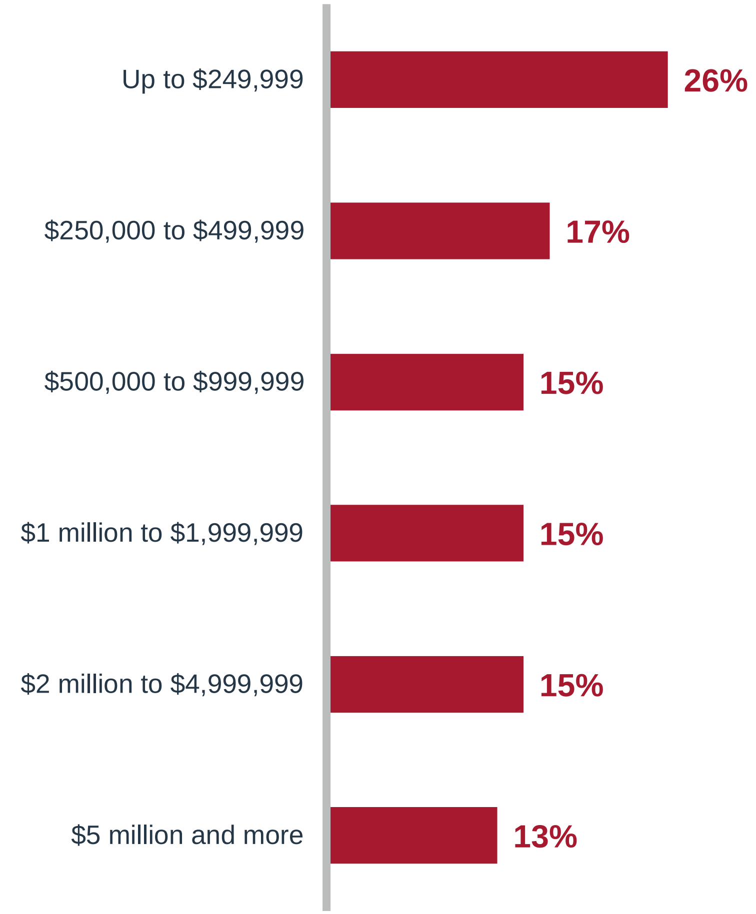
Sector of activity



Base: All qualified respondents (n=481). Due to rounding, total may not equal 100%.

Business annual sales

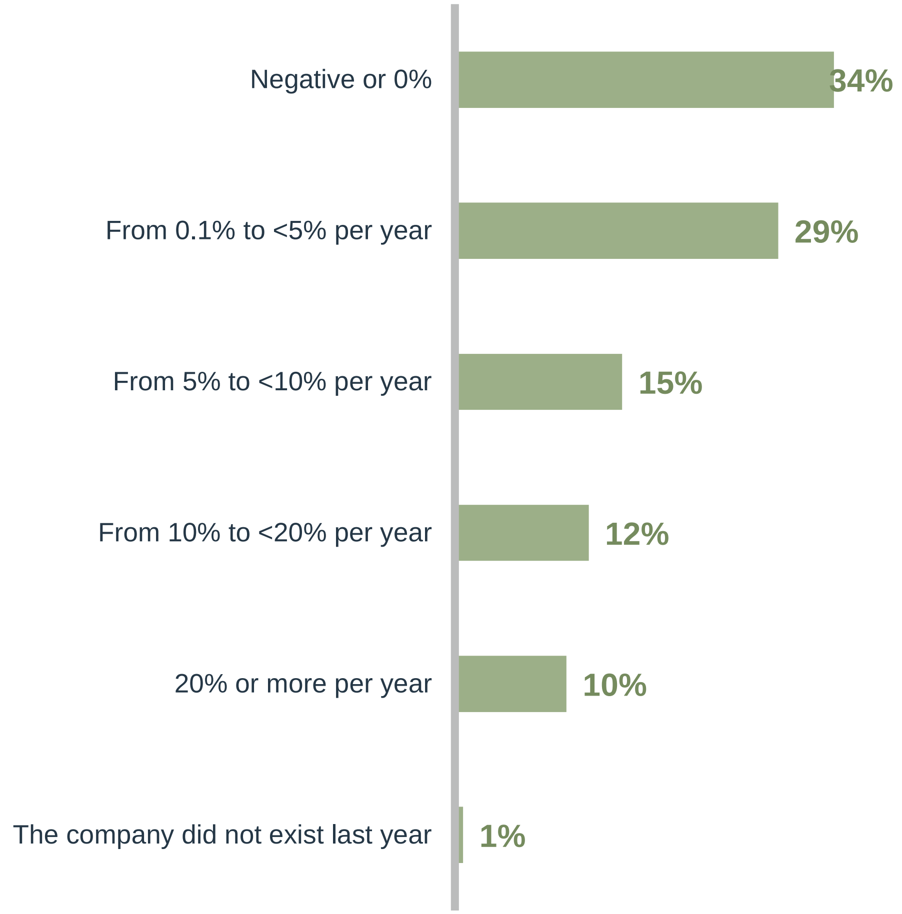
Annual sales



Base: All qualified respondents (n=481). Due to rounding, total may not equal 100%.

Business annual sales growth

Annual sales growth



Base: All qualified respondents (n=481). Due to rounding, total may not equal 100%.

Thank you.

Research and Market Intelligence

For more info, please contact us at

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