



Survey on the impact of COVID-19 on Canadian SMEs

Tracking survey, wave 8

Research and Market Intelligence at BDC
As of July 12, 2020

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01. Methodology



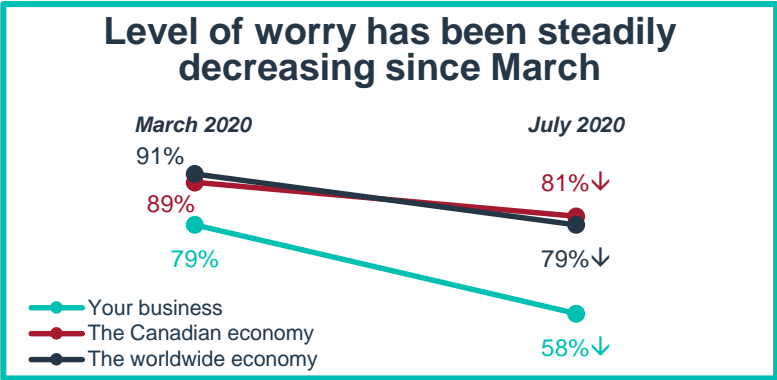
- **Survey methodology:** Online tracking survey.
 - **Respondent profile:** Business owners and business decision-makers from the BDC ViewPoints panel.
 - **Survey dates:**
 - Wave 1: March 11-13, 2020
 - Wave 2: March 14-18, 2020
 - Wave 3: March 30 to April 1, 2020
 - Wave 4: April 14-16, 2020
 - Wave 5: April 27-29, 2020
 - Wave 6: May 11-13, 2020
 - Wave 7: June 2-7, 2020
 - Wave 8: July 7-12, 2020
 - **Margin of error:** For a probability sample of 566 respondents (wave 8), the maximum margin of error is ± 4.1 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 September 2020. From wave to wave, we continue to review the questionnaire and replace or modify some of the questions in order for the information to remain pertinent.



02.

Key highlights

COVID-19 survey highlights, July 7-12, 2020



However...

51% of businesses who suspended activities said it was or will be difficult to resume

The main challenges for businesses in resuming activities are:

66% having enough demand

56% paying expenses

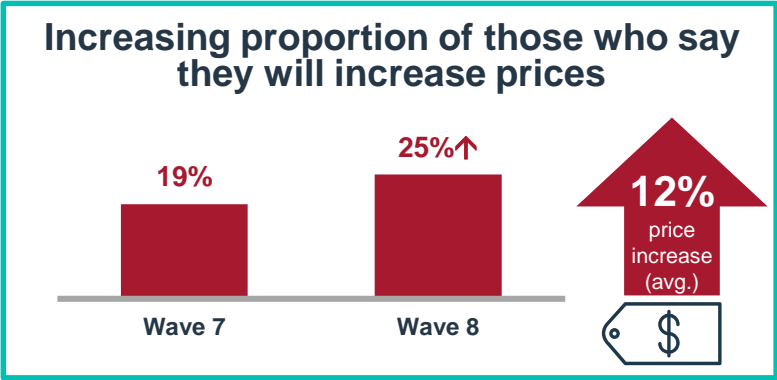
Businesses claim a substantial decrease in:

31%

Demand

34%

In-store traffic



45% have difficulty hiring employees

21% have difficulty retaining employees

Note: Figures in parentheses indicate the fluctuation with the previous wave of the survey (June 2-7), when available.



03.1

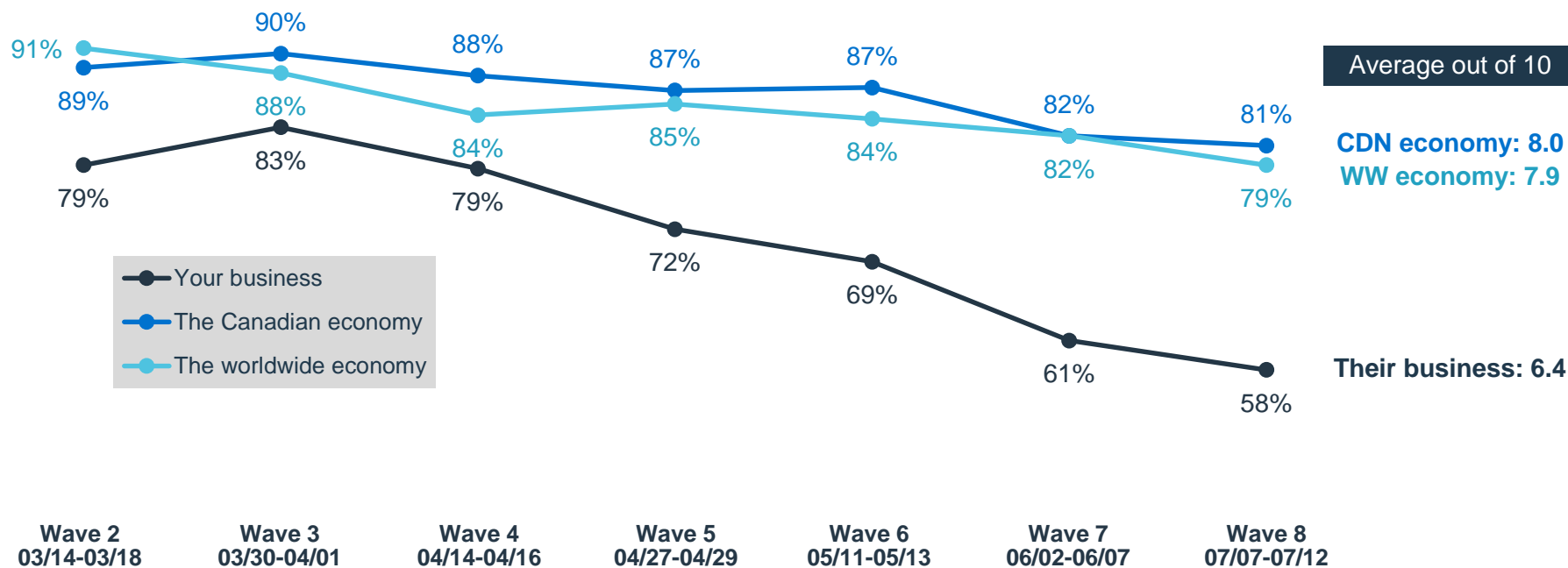
Main results:
Current state and
impact of COVID-19

Level of worry over one's business continues to **steadily decline** as businesses reopen. A slower decrease is noted for the Canadian and worldwide economy.

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:

- Small businesses with low to no growth (62%)
- Those in the accommodation sector (95%)

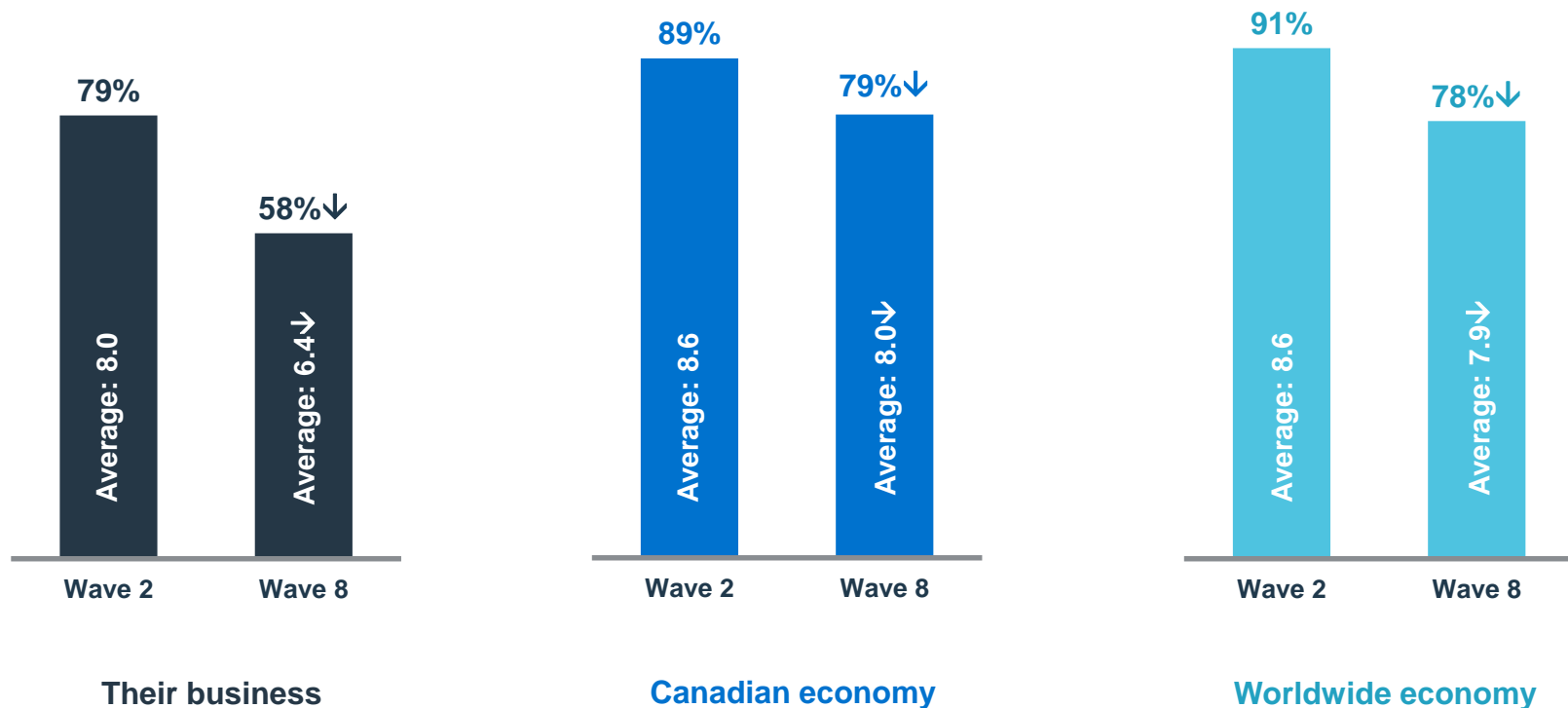


Base: All qualified respondents (n wave 8 = 563-566). Results are presented in terms of those worried with the situation (scores of 7+ out of 10). Due to rounding, totals may not equal to 100%. The average score (wave 8) was calculated by excluding those who didn't know or preferred not to answer, whereas the scale includes these respondents.

A significant decrease is observed when comparing the level of worry at the beginning of the crisis to today.



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".

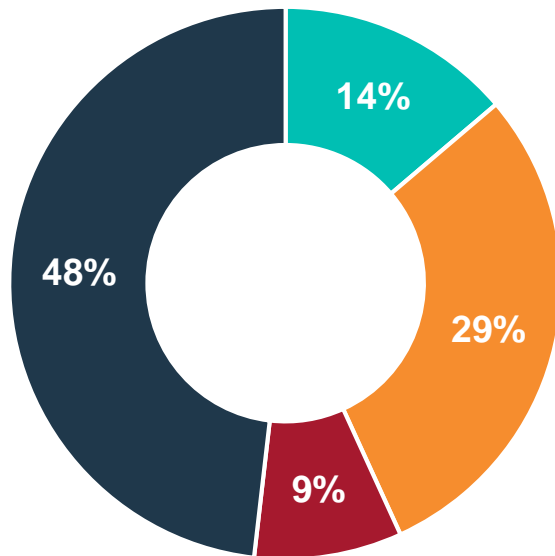


Base: All qualified respondents (n wave 8 = 563-566). Results are presented in terms of those worried with the situation (scores of 7+ out of 10). Due to rounding, totals may not equal to 100%. The average score (wave 8) was calculated by excluding those who didn't know or preferred not to answer, whereas the scale includes these respondents. Arrows accompanying results indicate statistically significant differences between wave 2 and wave 8 results.



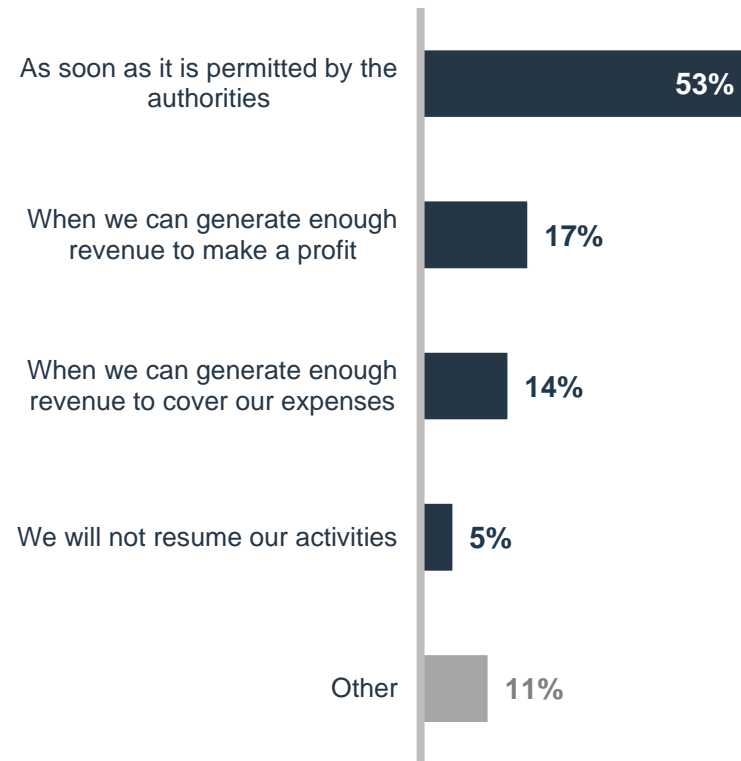
Almost two thirds of businesses **remained open or have completely resumed their activities**. Half of the others will do so as soon as it is permitted.

S2Q1 Did your company have to **suspend its activities** during the COVID-19 crisis?



- Yes, but we have completely resumed our activities
- Yes, but we have partially resumed our activities
- Yes, and we have not resumed our activities yet
- No, it has not been necessary to suspend our activities

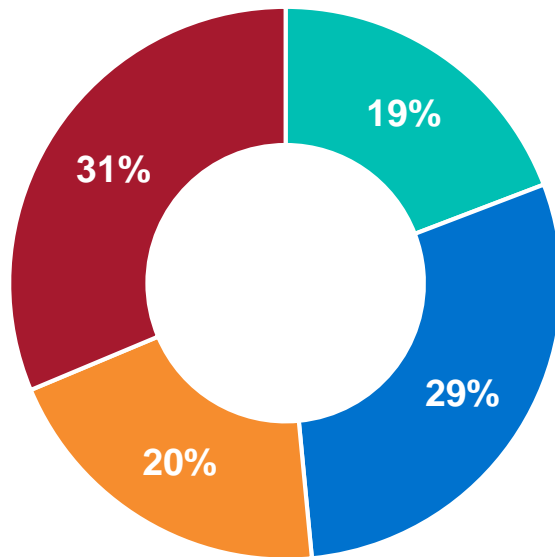
S2Q2 When do you **intend to resume** your activities?
(Those who had not resumed them yet)



About half say it was or will be **difficult to resume** operations. The main challenges will be to have enough **consumer demand** and **paying expenses**.



Q2f How **easy** was it or will it be for you to **resume operations**? (Those who had to suspend their activities)



- Very easy (9-10)
- Somewhat easy (7-8)
- Somewhat difficult (5-6)
- Very difficult (0-4)

Q2g What was or will be a **challenge** when resuming activities? (Those who had to suspend their activities)

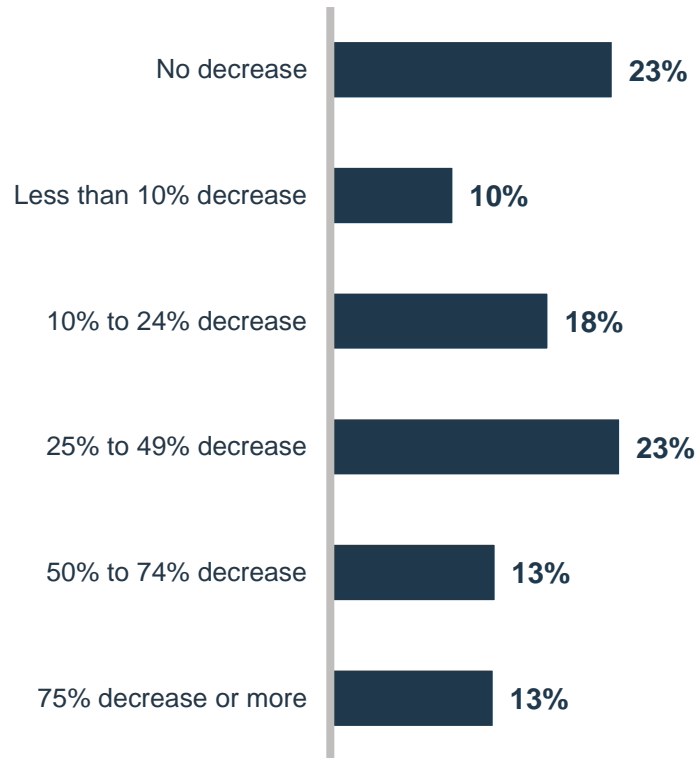


Base: Those who had to suspend their activities (n=276-279). These questions' bases have been changed in July 2020, therefore not allowing for comparison with the previous waves of the survey. Those who didn't know or preferred not to answer were excluded from the calculation base.

On average, businesses saw their **demand decrease** by about one third. Similarly, in-store customer traffic has **decreased by a third.**

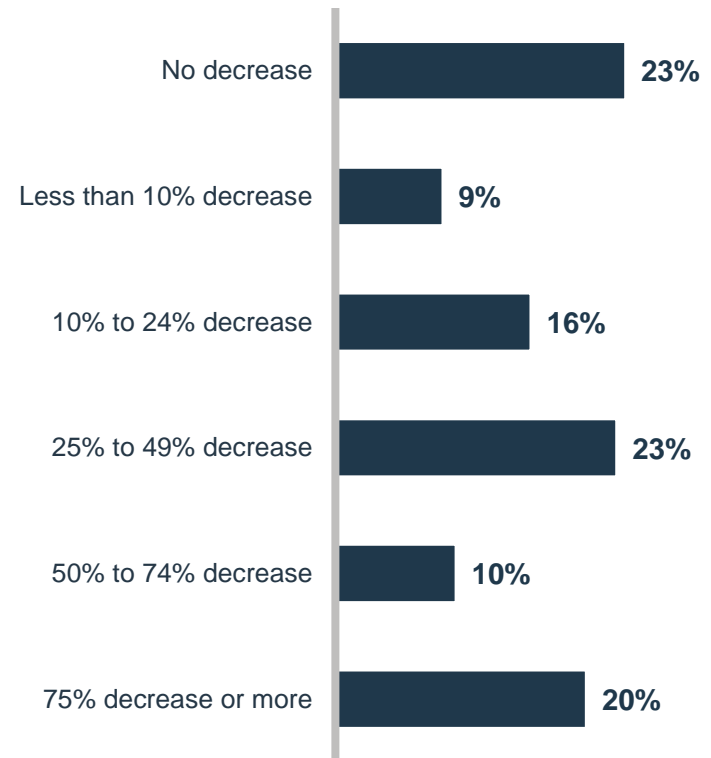


S2Q3 To what extent has the **demand** for your products or services **decreased** compared to its pre-crisis level?



**Average:
31%**

S2Q4 To what extent has the **number of clients** coming to your store(s) **decreased** compared to its pre-crisis level?



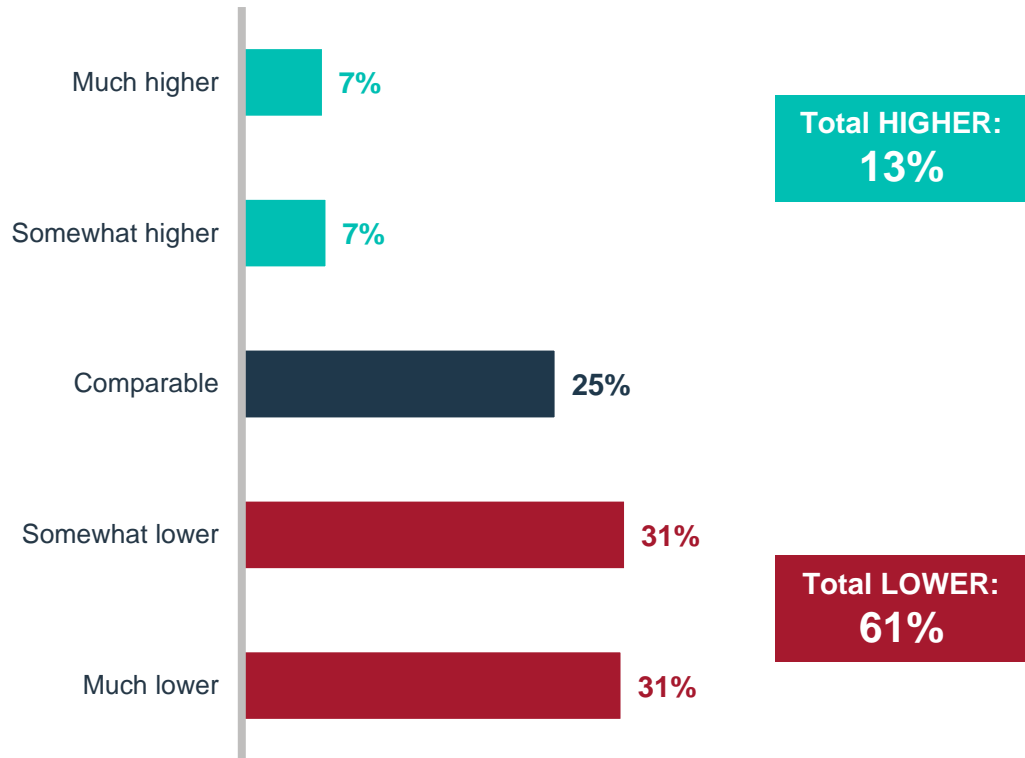
**Average:
34%**

Base: Currently active businesses (n=334-524). Extreme values and outliers were removed from the sample to calculate the average. Those who didn't know, preferred not to answer or said the question did not apply to their situation were also removed from the calculation base. These questions were added in July 2020.

Once backlogs are settled, three out of five businesses said that their **activity level will be lower** than before the crisis.



S2Q5 When your business resumed operations, you may have had to **deal with a backlog of orders** that you were unable to handle when the business was closed. Compared to what it was before the crisis, what will your **activity level** be once you have **finished dealing with this order backlog**?

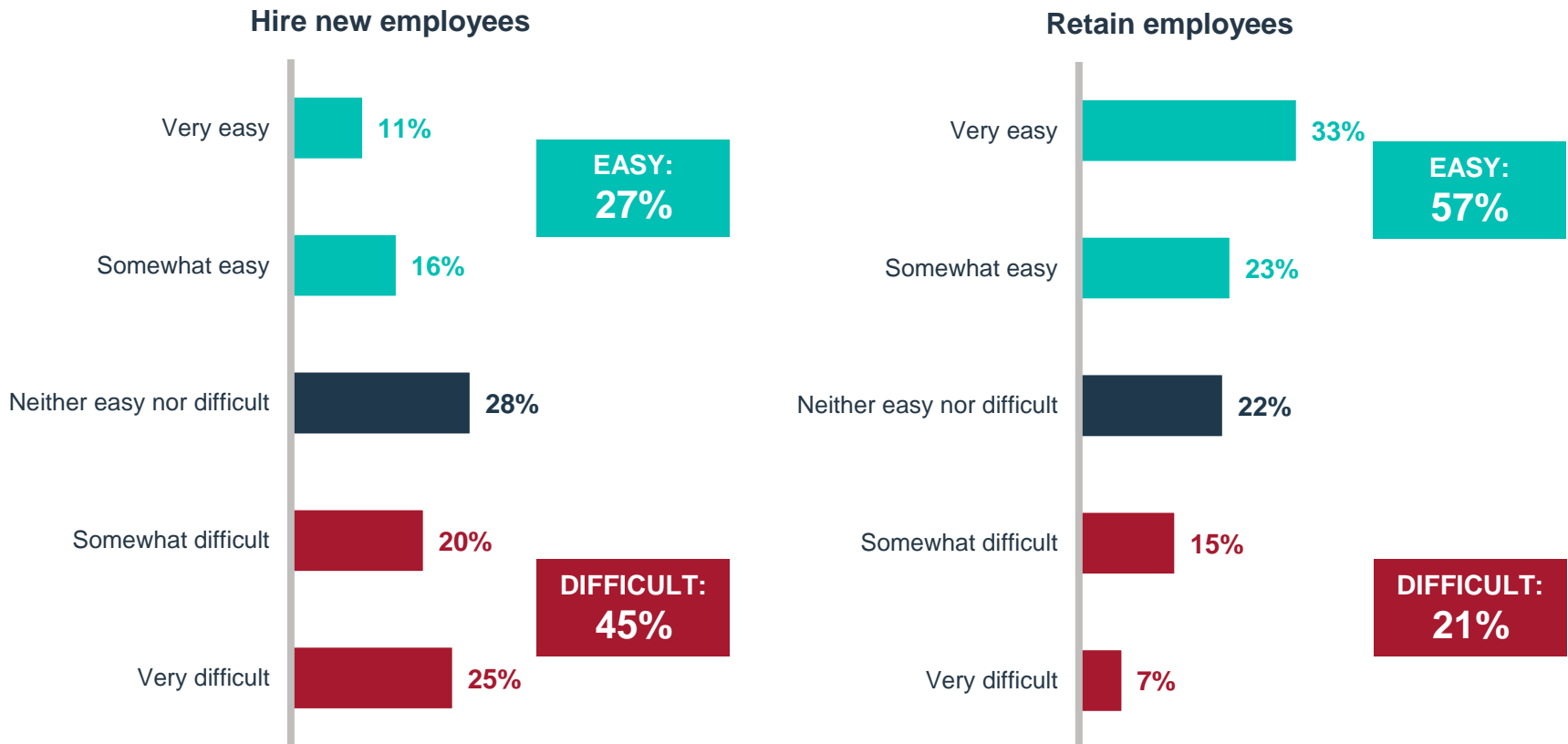


Base: Those who have resumed their activities (n=175). Those who didn't know, preferred not to answer or said the question did not apply to their situation were also removed from the calculation base. This question was added in July 2020.

It seems **easier to retain** employees than to hire new ones right now: almost half say they have difficulty hiring, while 3 out of 5 find it easy to retain their staff.



S2Q6 How **easy** is it for you to **hire** new employees or **retain** your employees at the moment?



Base: All qualified respondents (n=437-537). Those who didn't know or preferred not to answer were removed from the calculation base. This question was added in July 2020.



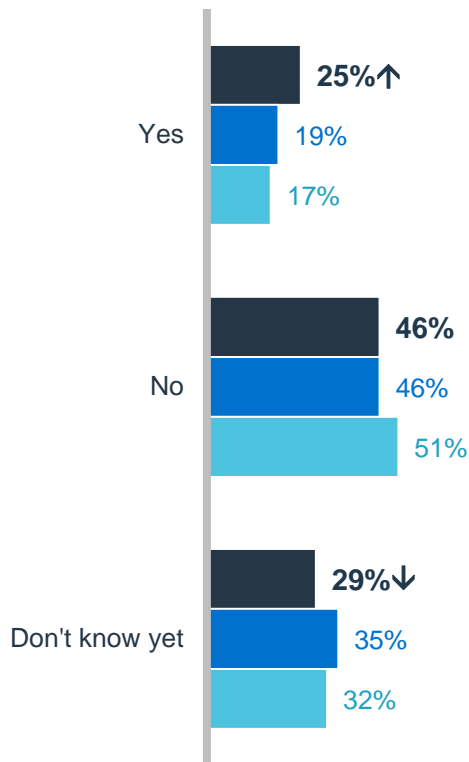
03.2

Main results:
Recovery and future

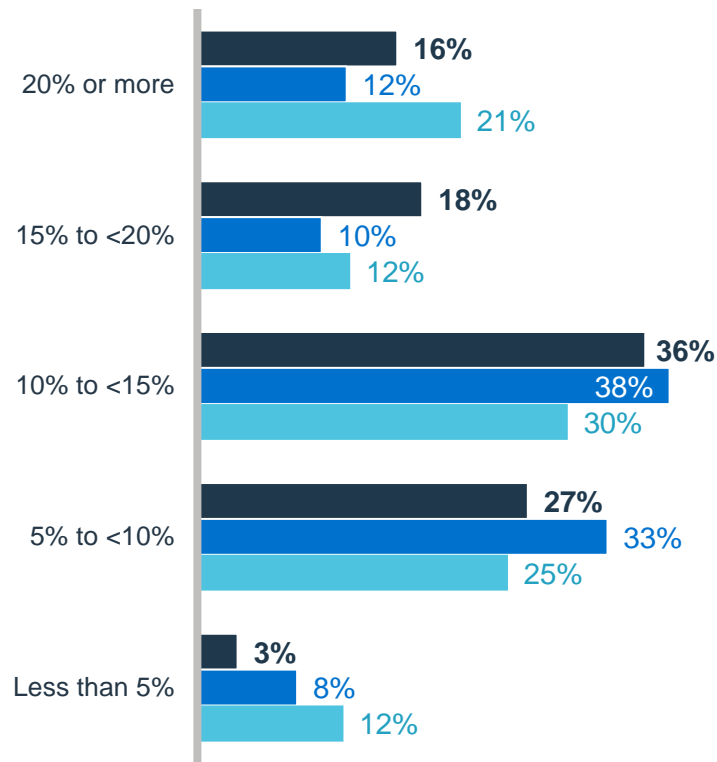
A quarter said they had or will have to **increase** their **prices** because of COVID-19, higher than previous waves. The average increase is quite stable at **12%**.



Q2h Did you or will you have to **increase the price** of your products or services because of COVID-19?



Q2i **By how much** did you or will you have to increase prices, on average? (*Those who intend to increase prices*)



Wave 8 (July 7 to 12)
 Wave 7 (June 2 to 7)
 Wave 6 (May 11 to 13)

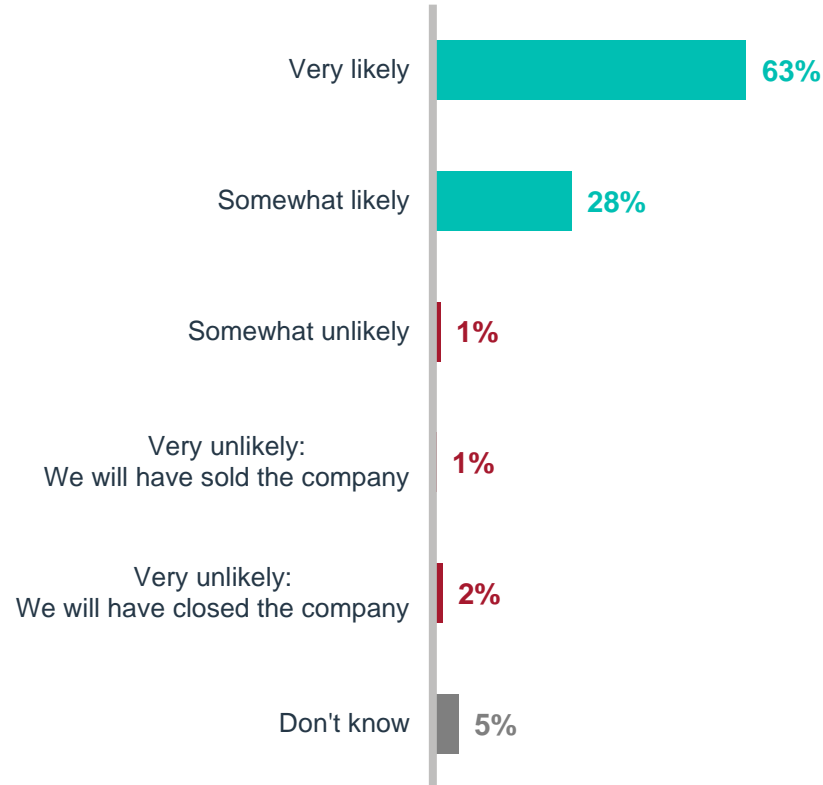
Average:
12% w8
10% w7
12% w6

Base: Q2h = All respondents (n wave 8=566). Q2i = Those who increased or plan to increase prices (n wave 8=115). At Q2i, extreme values and outliers were removed from the sample to calculate the average. Those who didn't know or preferred not to answer were also removed from the calculation base.

The majority of SMEs are **optimistic** about the future of their business: more than 9 out of 10 say it is likely that they will **still be open** in a year's time.



S3Q1 How likely is it that you will **still be in business** 12 months from now?



A greater proportion of small businesses (5%) said it would be unlikely they would be in business 12 months from now.

After the crisis, business owners will most likely focus on **financial management, online sales and technology investments.**



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

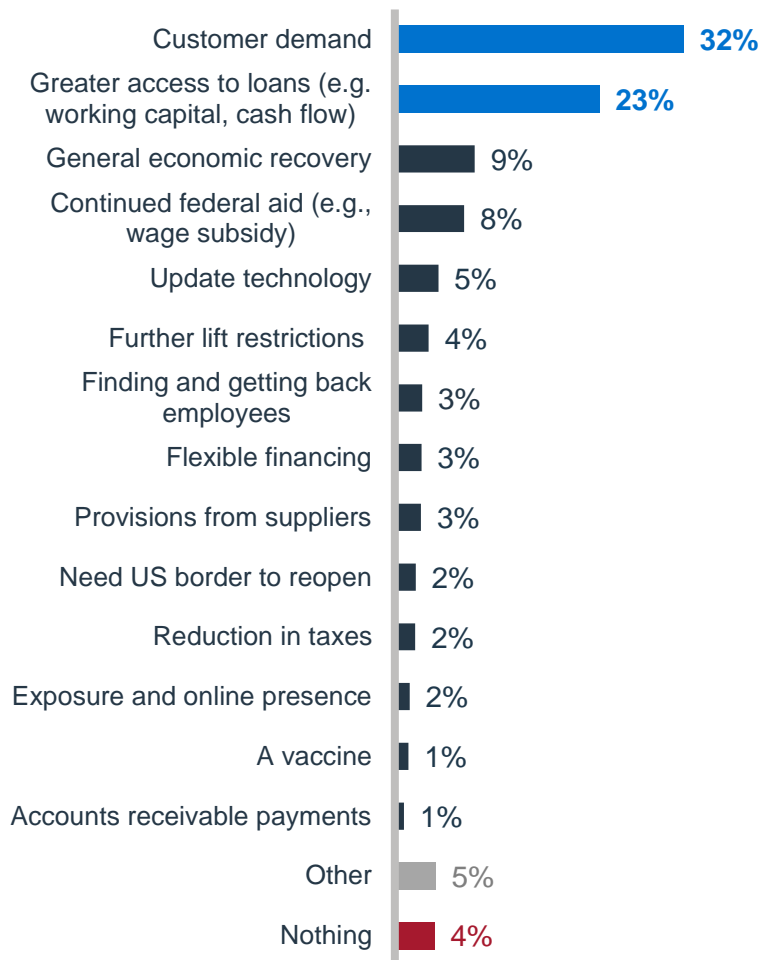


Medium-sized businesses (62%) will be more likely to focus on financial management after the crisis whereas large companies (50%) will put their focus on technology investments. Furthermore, online sales development has risen significantly since the last wave.

The return of **customer demand** and **greater access to loans** are what business owners more often said they need to ensure the success of their business.



S3Q2 What would you **need** – realistically – to ensure the **success of your business** in the current context?



The company's revenue is 40% based on advertising production. The COVID brought a decrease of about 75% of the demand. Although it's slowly starting up again, we don't see any major progress before the start of the new school year (autumn). (Translated from French)

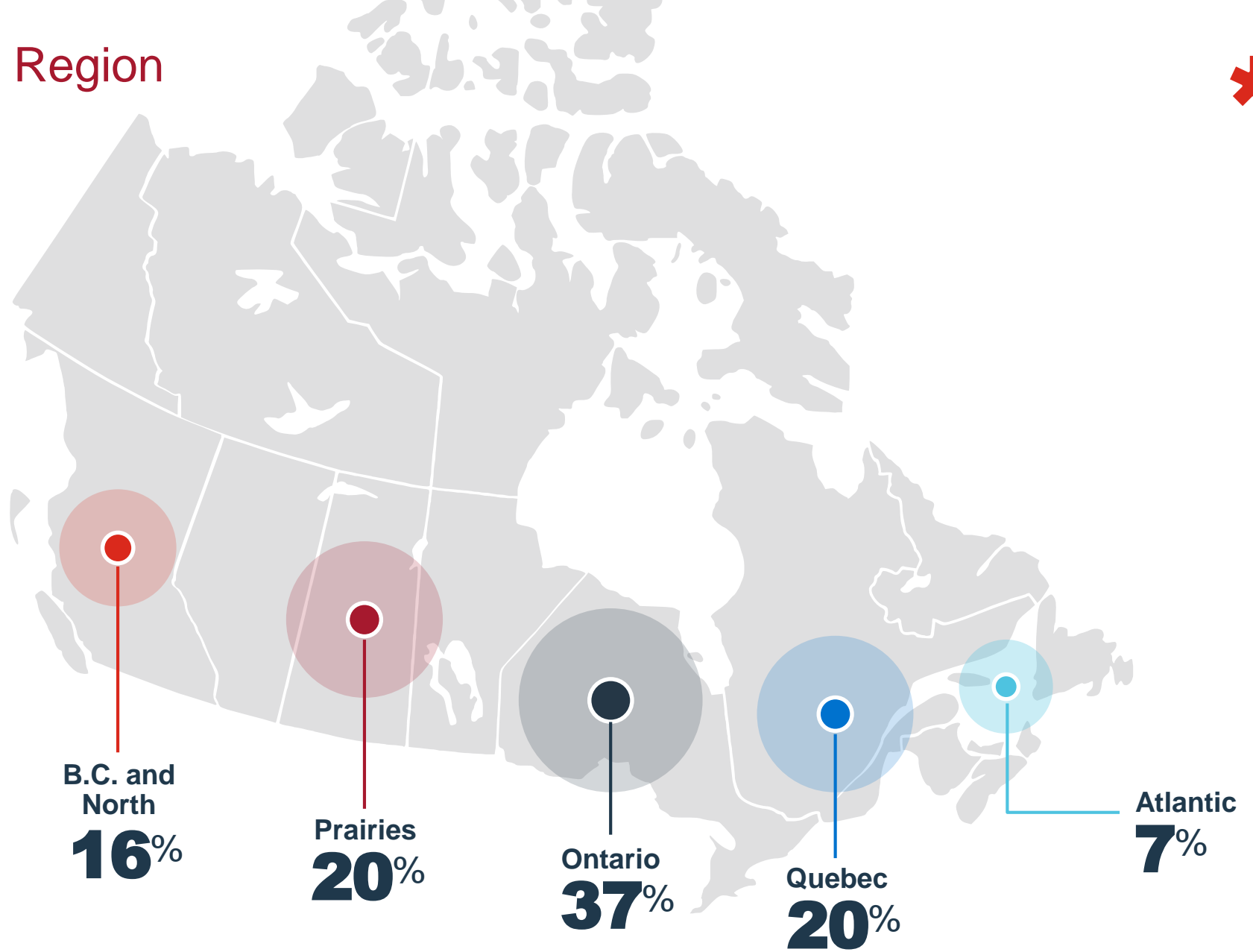
Access to capital. While we fear a significant challenge to the worldwide economy, we also see an opportunity to survive and eventually thrive. [...] We feel if we can expand to 3-4 branches, managed from our centralized hub, that we can maintain revenues until the overall crisis passes.



04. Respondent profile

Survey wave 8

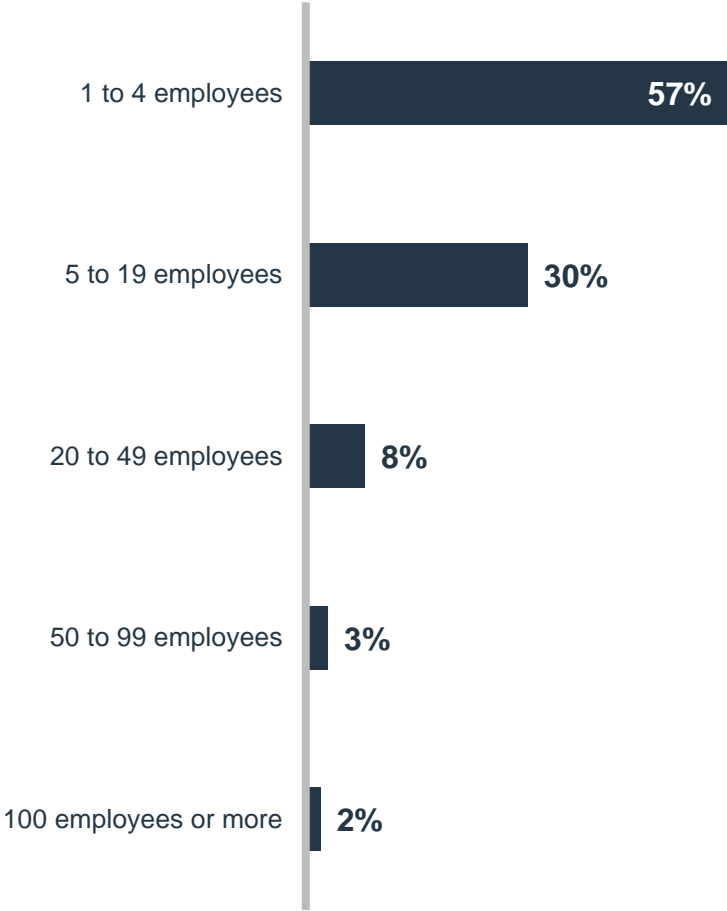
Region



Number of employees



Number of employees

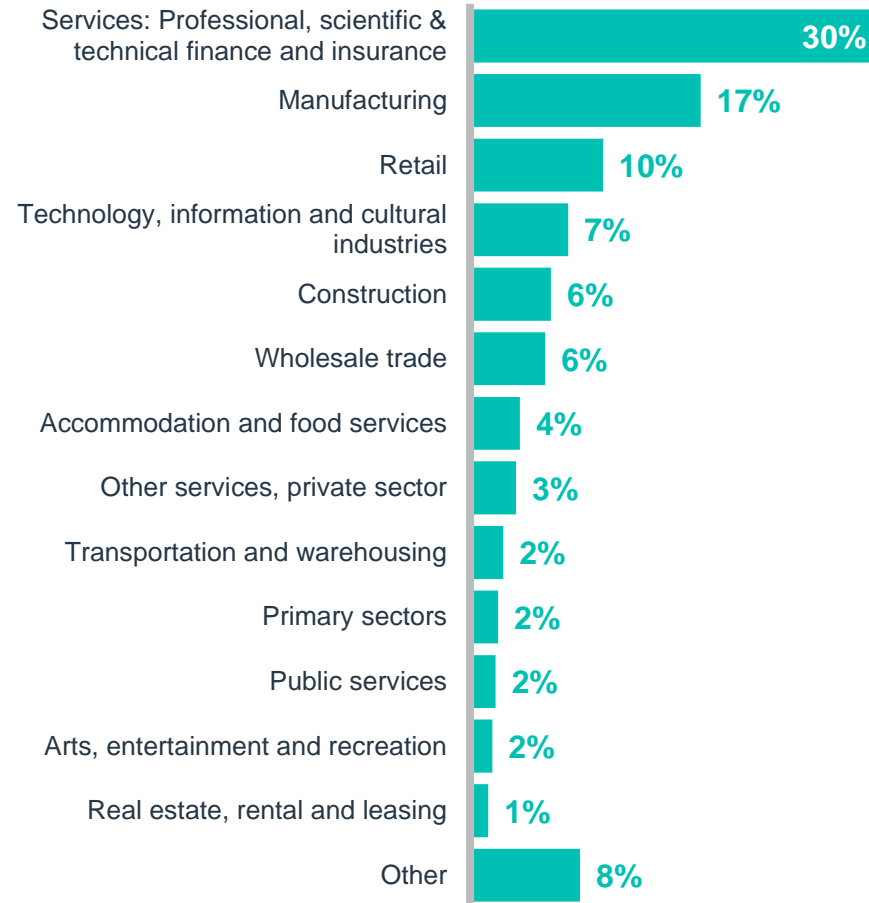


Base: All qualified respondents (n=566). Due to rounding, total may not equal 100%.

Sector of activity



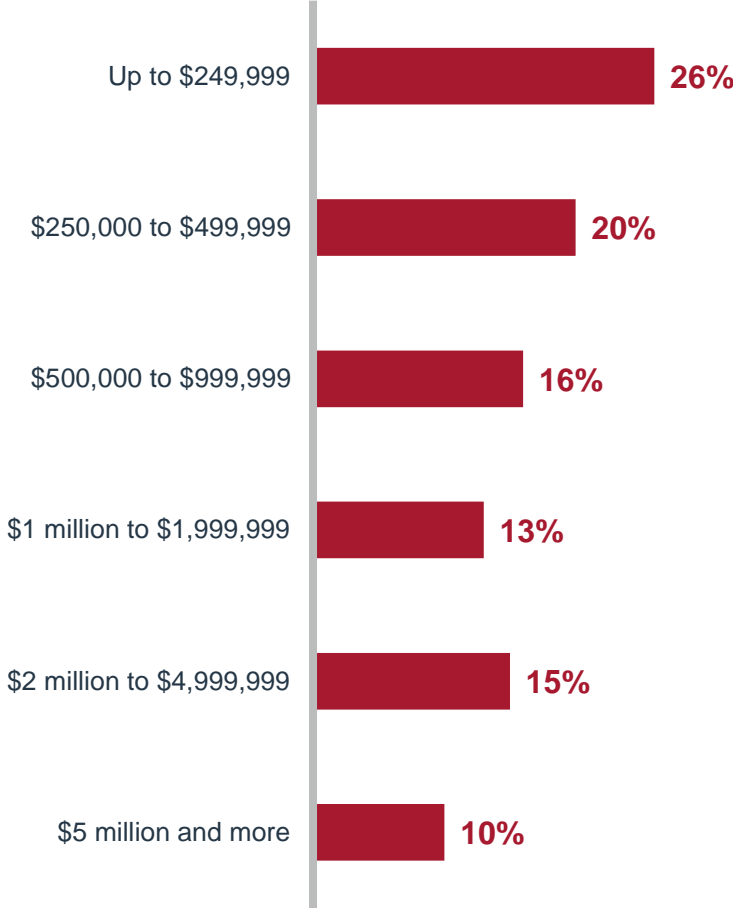
Sector of activity



Business annual sales



Annual sales



Base: All qualified respondents (n=566). Due to rounding, total may not equal 100%.

Business annual sales growth



Annual sales growth





Thank you.

Research and Market Intelligence

For more info, please contact us at

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