



Post-COVID technology adoption and use of online services

Survey results – BDC ViewPoints

December 2020



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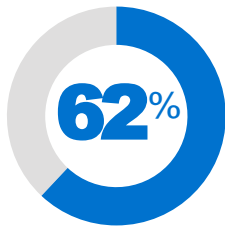


01. **Survey highlights**

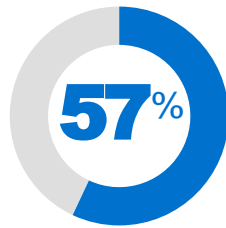
The pandemic has caused significant changes in the use of technology. The **increase in teleworking** is strong and in the coming months, SMEs are mainly planning to increase their **online marketing** activities and their **investments** in technology in general.



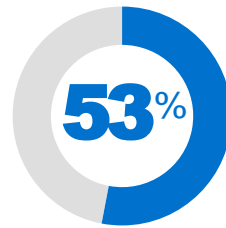
Increased vs. pre-COVID period



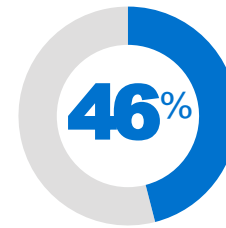
Teleworking



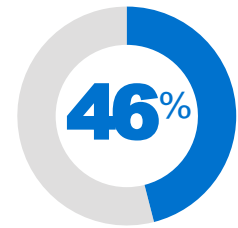
Investment in technology



Online marketing activities

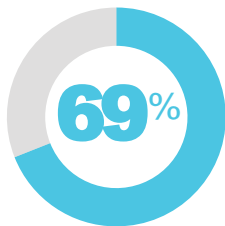


Business's online offering

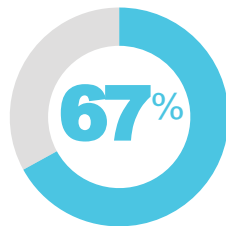


Automation of some activities

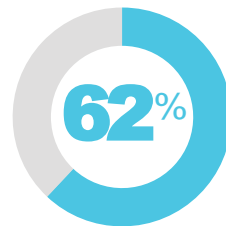
Will increase in the next 12 months



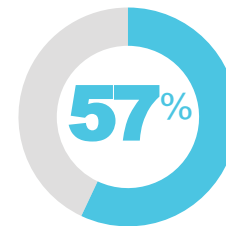
Online marketing activities



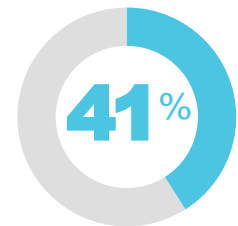
Investment in technology



Business's online offering



Automation of some activities



Teleworking

Most respondents said the pandemic **accelerated** their adoption of technology, which in turn helped them **cope**. Larger businesses noted this even more.



63%

said that the pandemic **accelerated** their adoption of technology

significantly higher among...



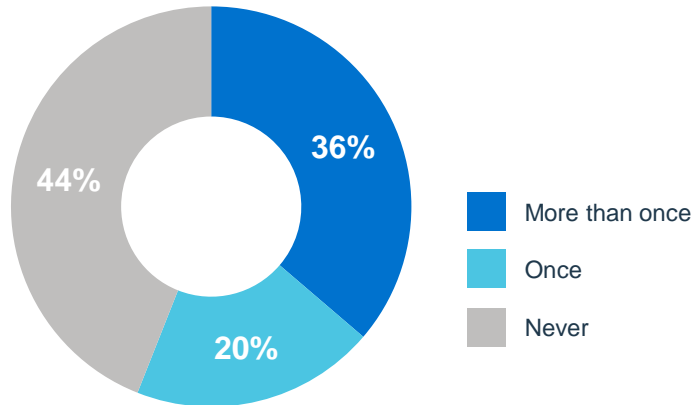
64%

said that technology has made it **easier** to deal with the pandemic

significantly higher among...



Applying for financing **online** is **more common** than ever before, but more work needs to be done to **streamline the process** and **raise awareness** of what is available for Canadian SMEs.



56% of SMEs have made an online request for financing

Small businesses and those in the **private services** and **retail sectors** are more likely to have made such a request.

Why they did not do it

- 38%** Prefer to speak with an advisor
- 17%** Have not consider this option
- 11%** Are concerned that their request may be refused
- 35%** Have not needed financing

Those who did it at least once...

80% Have made a request **since the beginning** of the COVID-19 crisis

Most recently applied via:



Bank
57%



BDC
37%



Credit union
11%

Most SME owners are **not quite familiar** with the concept of **open banking**. That being said, two in five would be open to the idea of having their financial data accessible and shared.



27%

said they are **familiar** with the concept of **open banking**

significantly higher among...

46%

Technology, information and cultural industries sector

30%

English-speakers

42%

said they would be **open** to the idea of having their business's financial data accessible and shared

significantly higher among...

56%

Technology, information and cultural industries sector

50%

Those familiar with the concept of open banking

Familiarity with **marketplace platforms** is quite high but most SME owners do not trust them. **Online sales services platforms** are not as known; however, they are more trusted.



84%

are **familiar** with **marketplace platforms**

would trust them for...



Financing their clients' purchases
40%



Hosting their data securely
32%



Offering financing for their business
24%

64%

are **familiar** with **online sales services platforms**

would trust them for...



Financing their clients' purchases
46%



Hosting their data securely
40%



Offering financing for their business
28%

SMEs in the **technology, information and cultural industries** sector, companies with **less than 5 employees** and **English-speakers** are more likely to be familiar with such platforms.



02.

Methodology





Methodology

Survey methodology

Online survey.

Respondent profile

Business owners and business decision-makers from the BDC ViewPoints panel.

Survey dates

December 1-11, 2020

Margin of error

For a probability sample of 780 respondents, the maximum margin of error is ± 3.5 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: Respondents who preferred not to answer were excluded from the calculation base. Other exclusions are detailed on the slide, when appropriate.



03. **Detailed results**



03.1

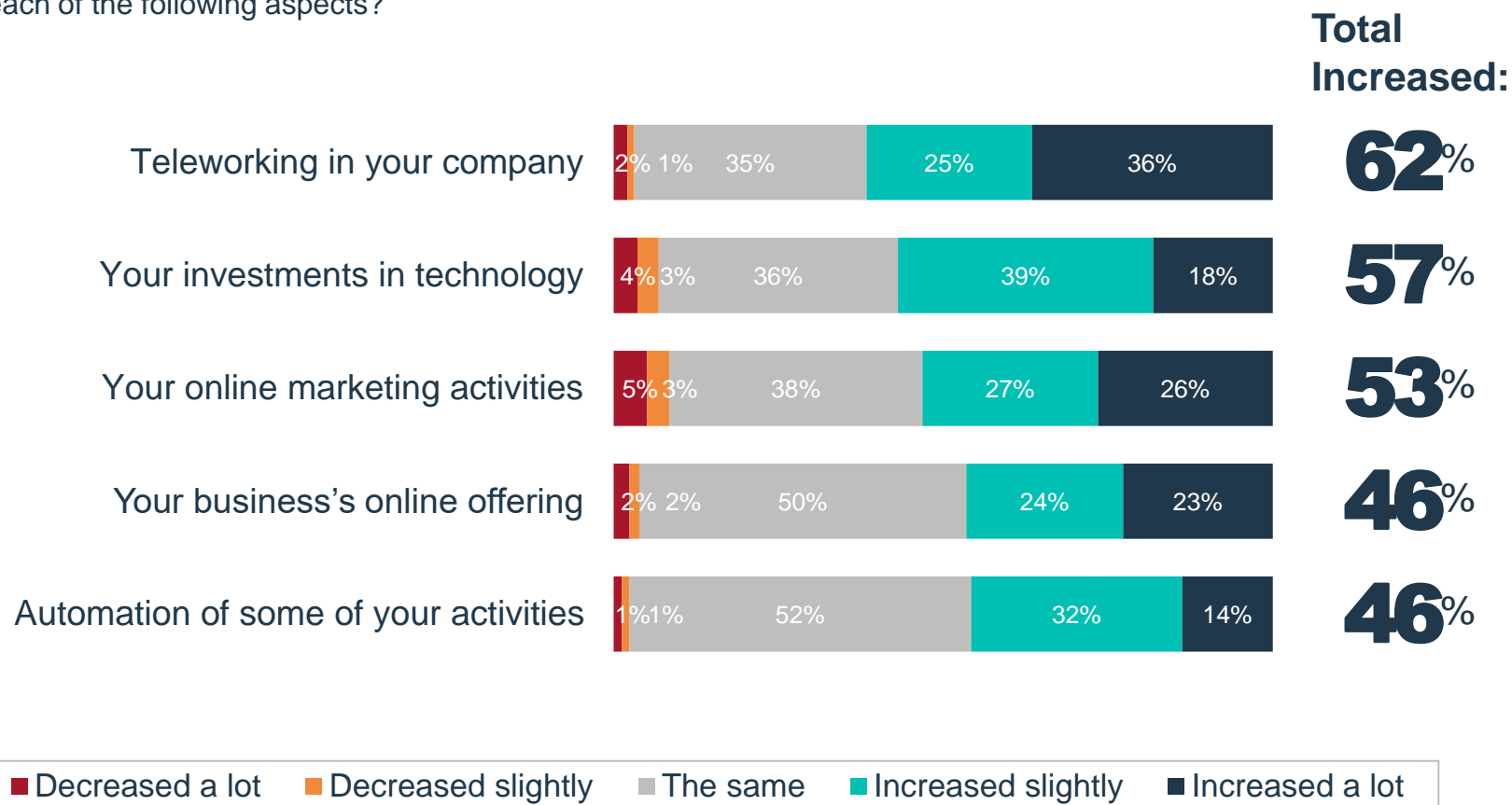
Technology adoption



Regarding technology, the area with the **greatest increase** compared to the pre-COVID period is **teleworking**. The larger the company, the more likely it is to have increased its use of technology.



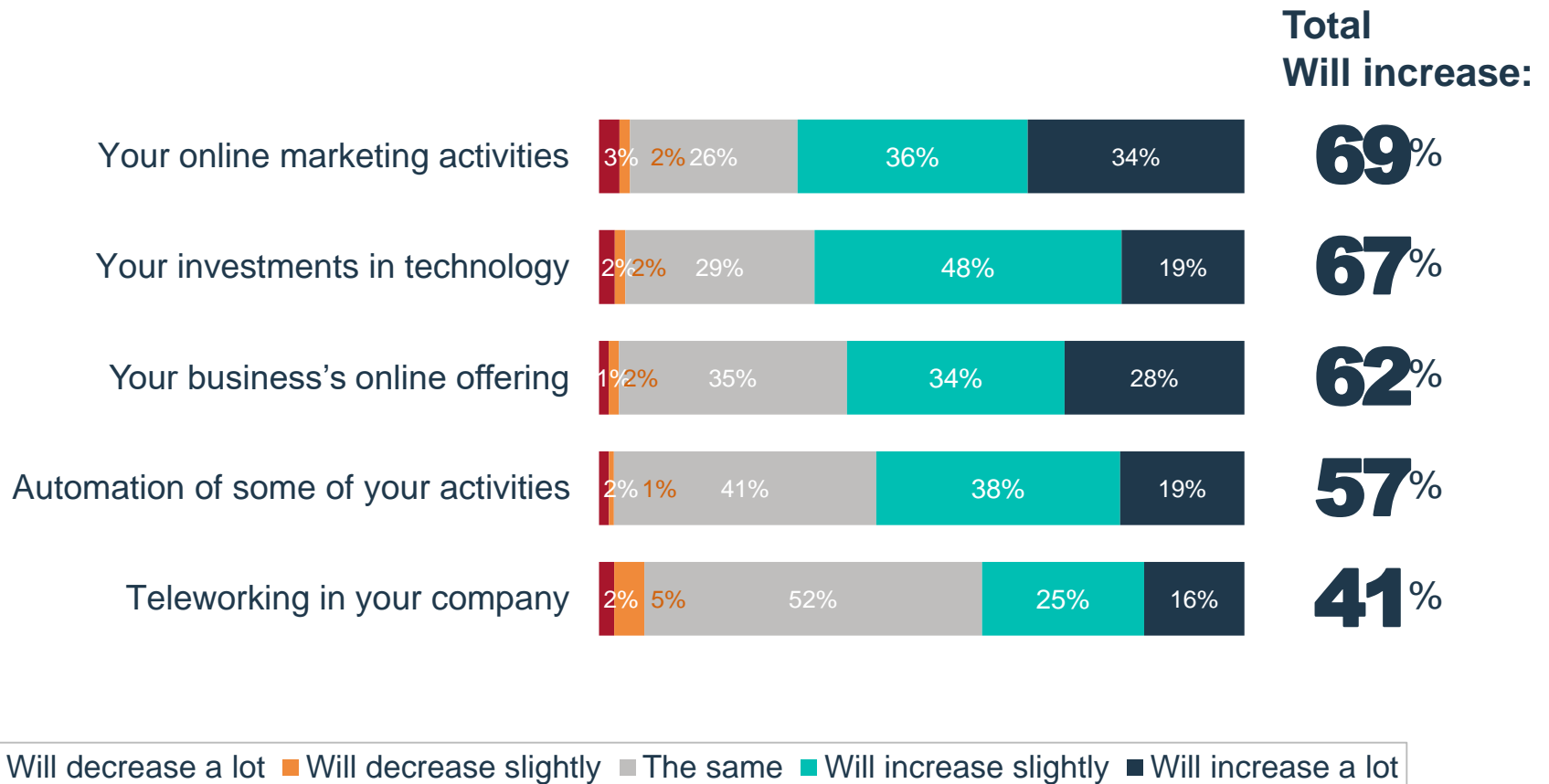
S2Q1 When it comes to **technology**, how does the current situation **compare** to what it was before the COVID-19 crisis on each of the following aspects?



In the next 12 months, entrepreneurs mainly plan to increase their **online marketing activities** and **investments in technology**. More than half plan to keep **teleworking** at the same level.



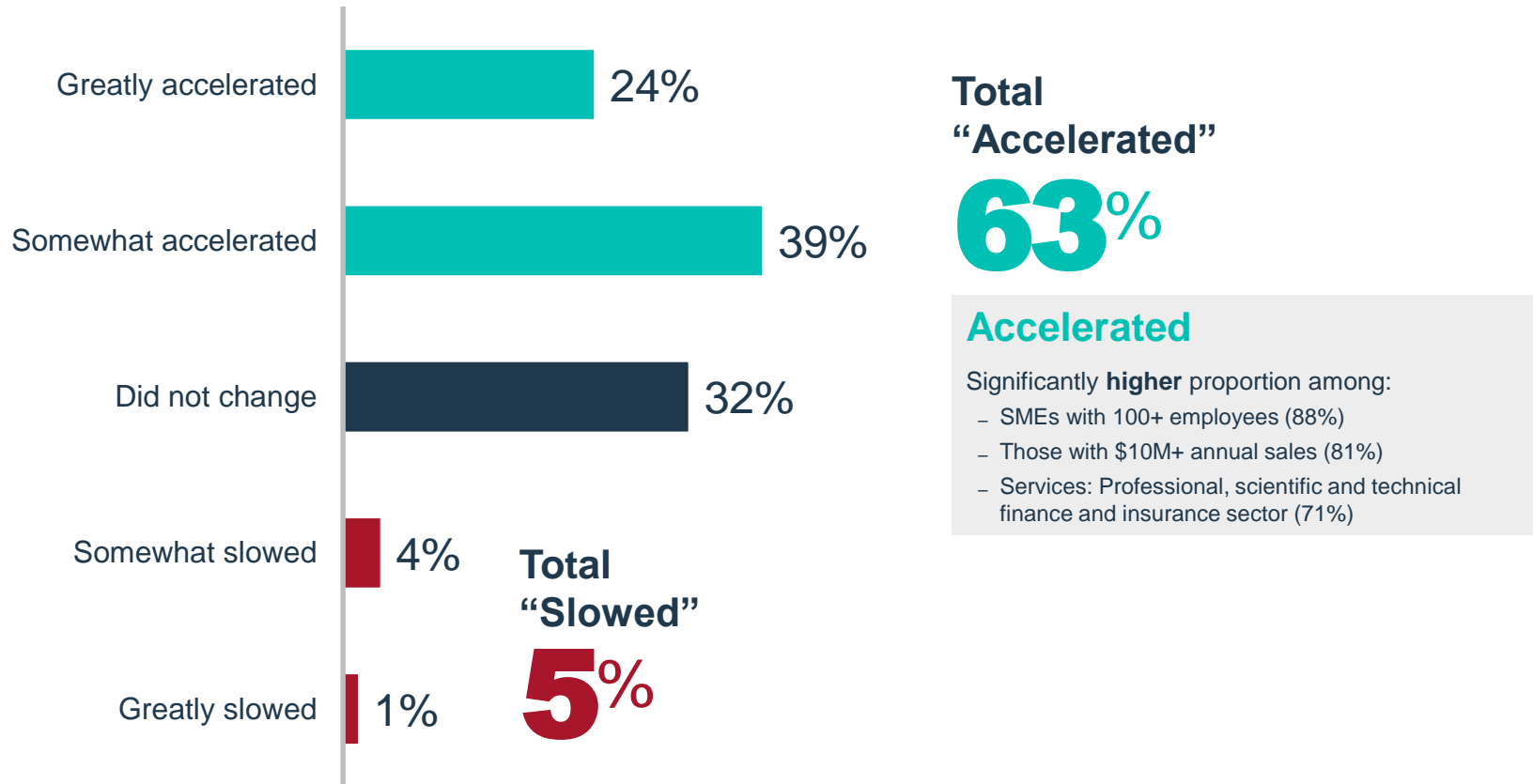
S2Q2 How do you see the situation **evolving in the next 12 months** on these aspects related to **technology**?



Almost two thirds of respondents said the pandemic **accelerated their adoption of technology**. Only 5% said it slowed it down.



S2Q3 To what extent has the pandemic **impacted technology adoption** in your company? In general, would you say that the pandemic...



While most respondents said that technology helped them **deal with the impact of the pandemic**, about one in six said that it has made things more complicated, especially for retail businesses.



S2Q4 And how has technology **helped you deal** with the impact of the pandemic on your business? Overall, would you say that technology has made things...?

Easier

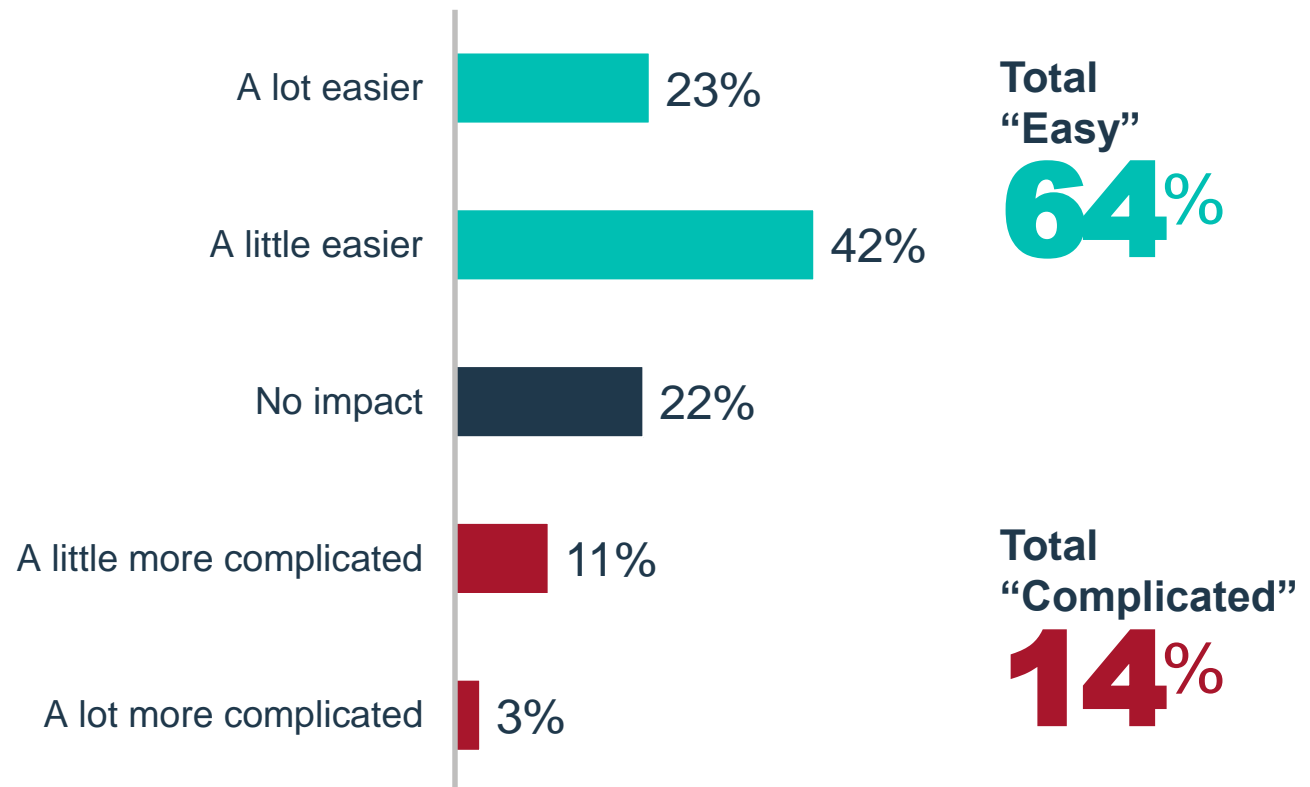
Significantly **higher** proportion among:

- Those with 50+ employees (84%+)
- Those with \$10M+ annual sales (81%)
- Services: Professional sector SMEs (75%)
- Quebec businesses (73%)
- French-speakers (72%)

More complicated

Significantly **higher** proportion among:

- Those in the retail sector (25%)



A large blue abstract shape on the left side of the slide, tapering to a rounded point.

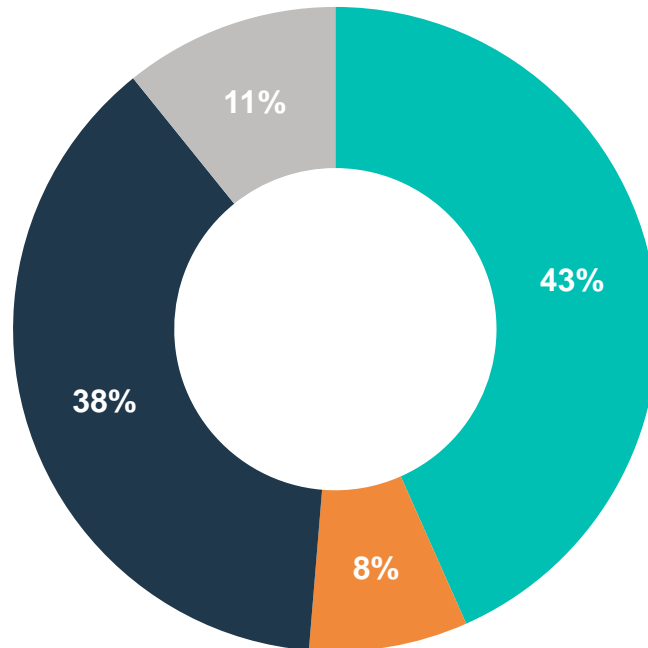
03.2

Online financing services

Most respondents say they **prefer the autonomy of online services**, at least in part, for their financial affairs. Less than one in ten prefer to be systematically accompanied.



S3Q1 In the past few years, an increasingly wide range of services have been made available to businesses that wish to **do business online** for their **financial needs**, among other things. Generally speaking, what is your **personal preference** in this regard?



Autonomous

Significantly **higher** proportion among:

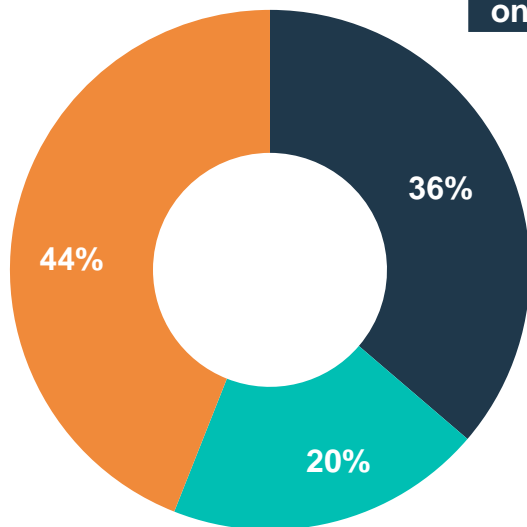
- Services: Professional sector SMEs (52%)
- Those with <5 employees (47%)
- Business with <\$2M sales (45%)

- I prefer to be autonomous and do everything online on my own
- I prefer to have someone to accompany me in my transactions
- Sometimes I prefer to do things myself, sometimes I prefer to be accompanied
- No preference

More than half of respondents have **requested financing online** at least once for their business. From those, 80% did it since the beginning of the crisis, mostly through a bank or BDC.



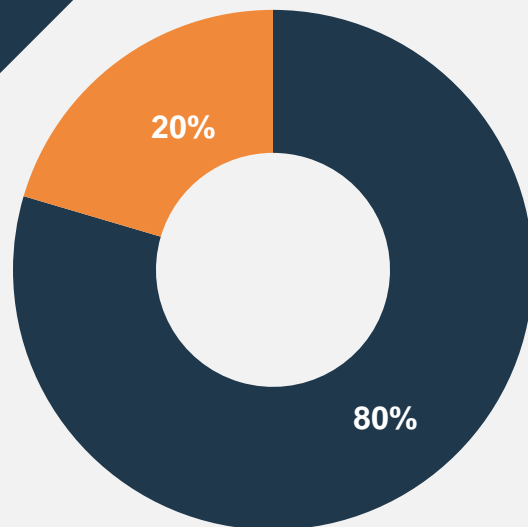
S3Q2 Have you ever made an **online request for financing** for your business?



■ More than one ■ Once ■ Never

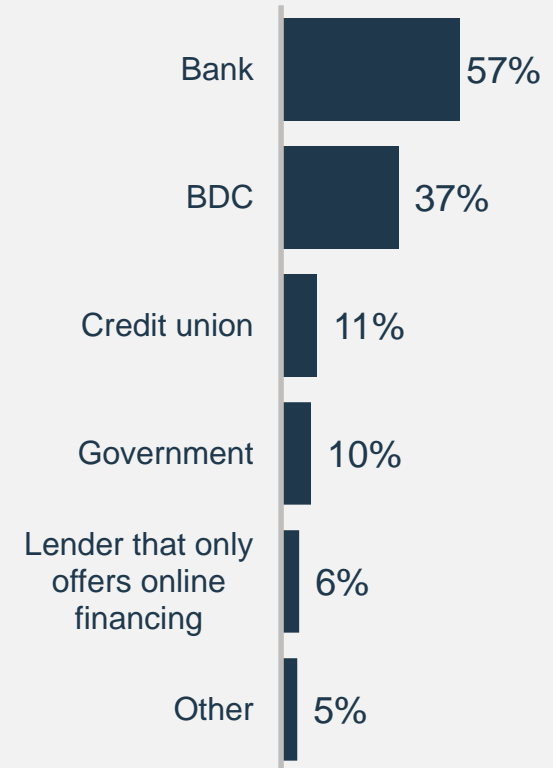


S3Q3 And have you made an online request for financing for your business since the beginning of the **COVID-19** crisis?



■ Yes ■ No

S3Q4 Thinking about your **most recent** online request for financing for your business, where did you apply for this loan?

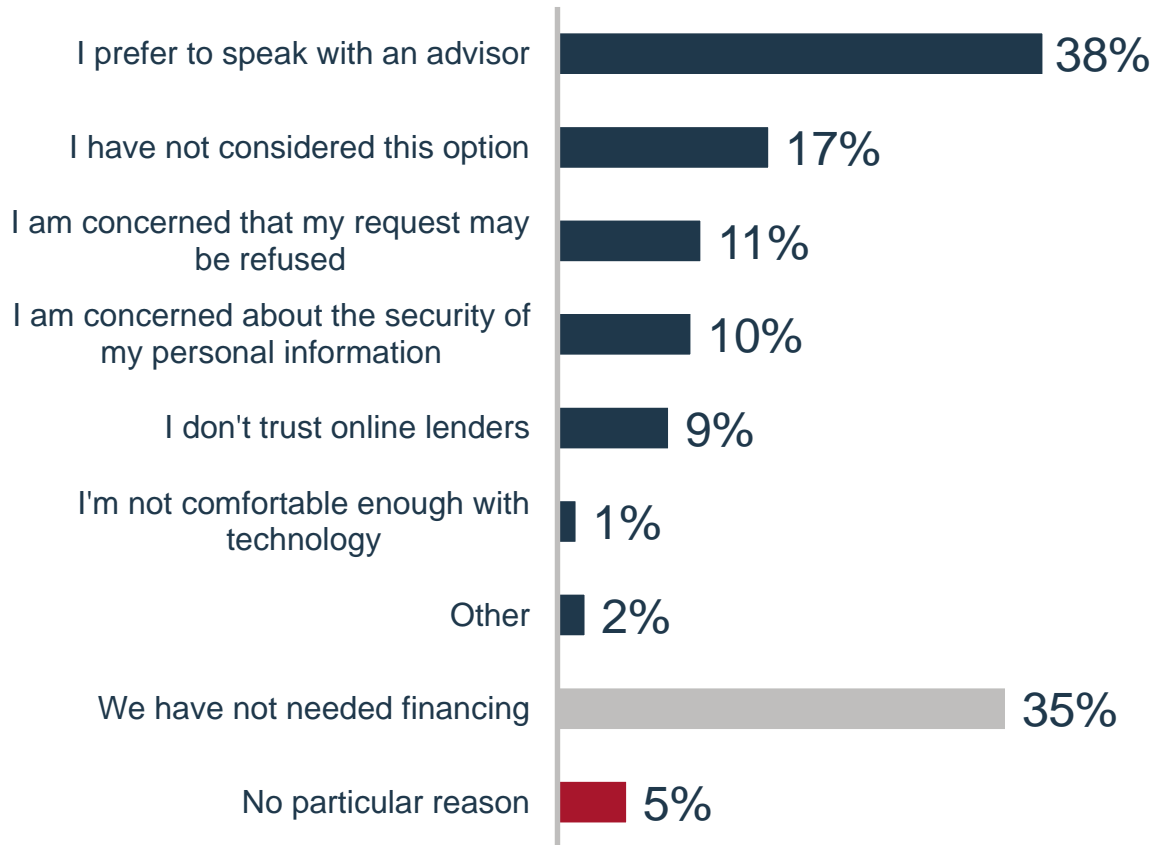


Base: S3Q2: All qualified respondents (n=761). S3Q3-S3Q4: Those who made a request for financing online (n=412-397). Those who did not know were excluded from the calculation base. Multiple mentions were allowed for S3Q4, therefore total exceeds 100%.

The main reason why some entrepreneurs have **never** made an online financing request yet is because they **prefer to speak with an advisor**.



S3Q5 Why have you **never made** an online financing request for your business?



Speak to an advisor

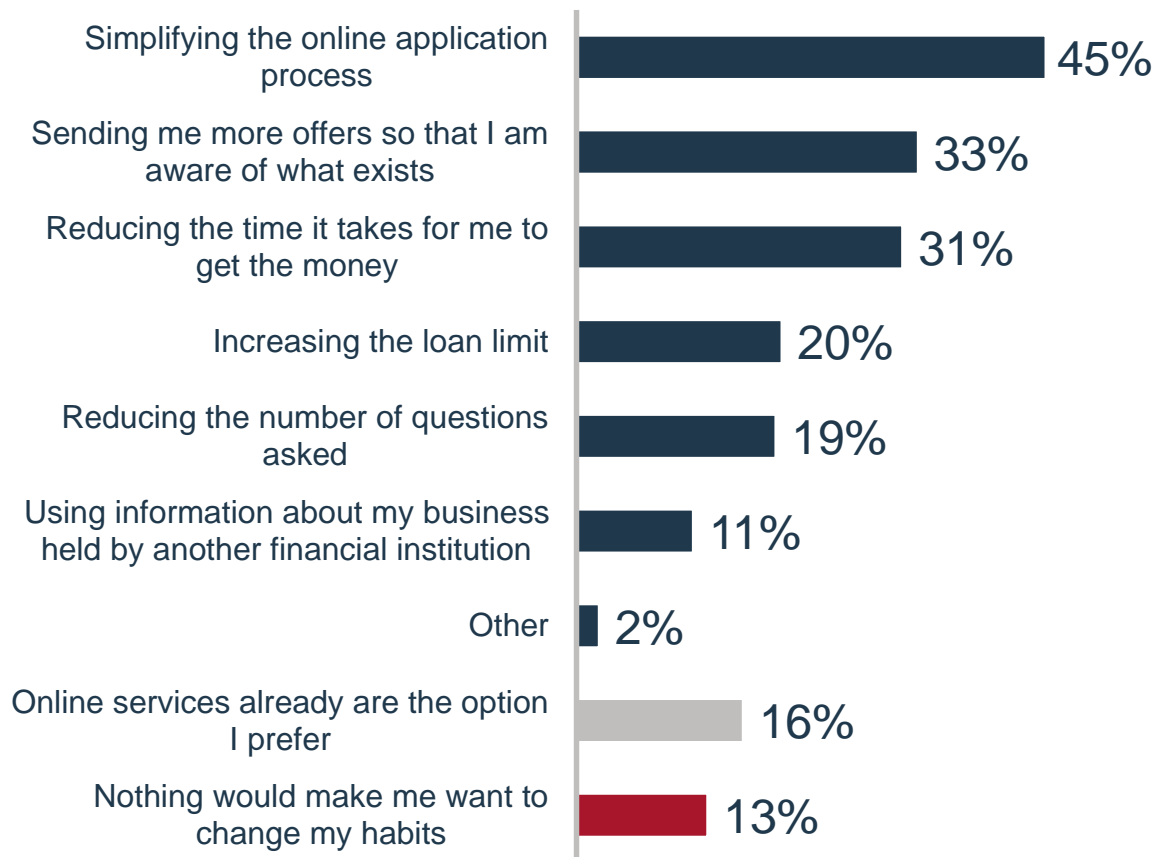
Significantly **higher** proportion among:

- SMEs in the accommodation and food services sector businesses (82%)
- Those in the construction sector (60%)
- Businesses in the Prairies (50%)
- Those with >\$2M annual sales (49%+)

Entrepreneurs said that **simplifying** the online application process, **sending them more offers** and **reducing the time** it takes to get the money would entice them to use online application services.



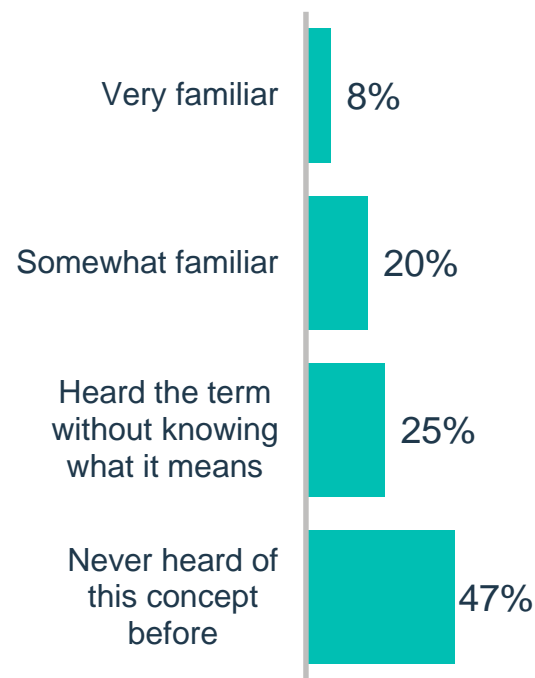
S3Q6 What could entice you to **use online application services** the next time you need money for your business?



Only a quarter of the respondents are **familiar** with the concept of open banking. Even so, nearly two in five would be **open** to the idea of accessing and sharing their financial data.



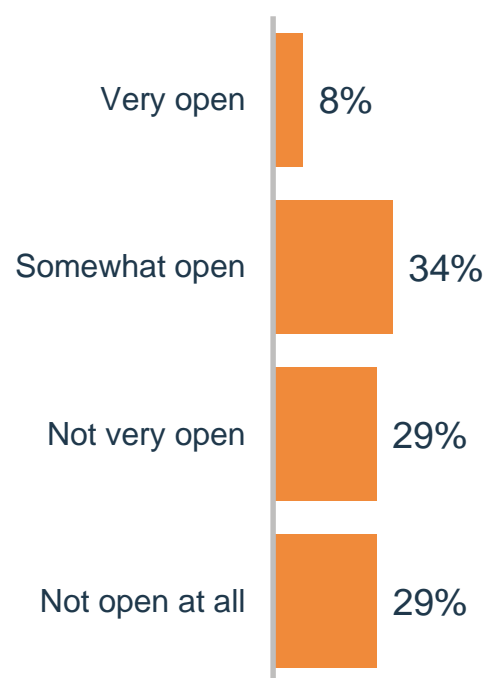
S3Q7 How **familiar** are you with the concept of **open banking**? Would you say that you are...?



Total "Familiar"

27%

S3Q8 How **open** would you be to the idea of having your business's financial data accessible and shared?



Total "Open"

42%

Familiar

Significantly **higher** proportion among:

- SMEs in technology, information and cultural industries sector (46%)
- English-speakers (30%)

Open

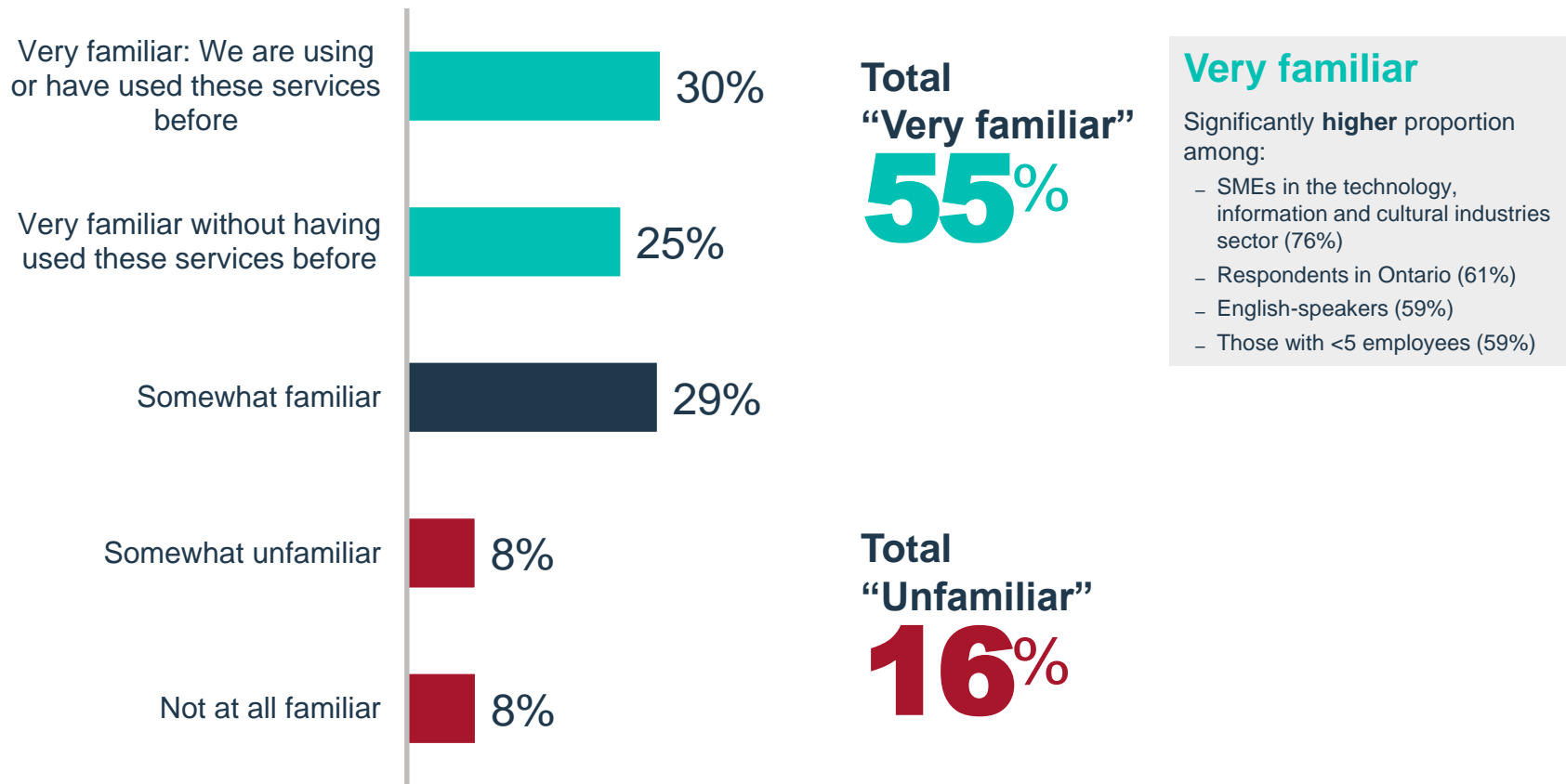
Significantly **higher** proportion among:

- SMEs in technology, information and cultural industries sector (56%)
- Those familiar with the concept of open banking (50%)

Most entrepreneurs are **familiar with marketplace platforms** such as Amazon or Walmart and almost a third are **using or have used** these services before.



S3Q9 How familiar are you with **marketplace platforms** such as Amazon or Walmart, for example, which allow companies to **sell their products**?



Despite high awareness levels, SMEs' **trust** with marketplace platforms is **quite low**, especially when it comes to offering them financing for their business.

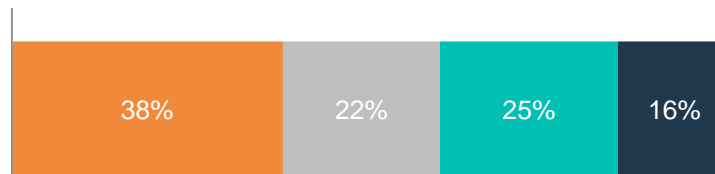


S3Q10 To what extent would you **trust a marketplace platform** such as Amazon or Walmart for...?

Total "Trust"
(score of 7-10)

40%

Financing your clients' purchases



32%

Hosting your data securely



24%

Offering you financing for your business

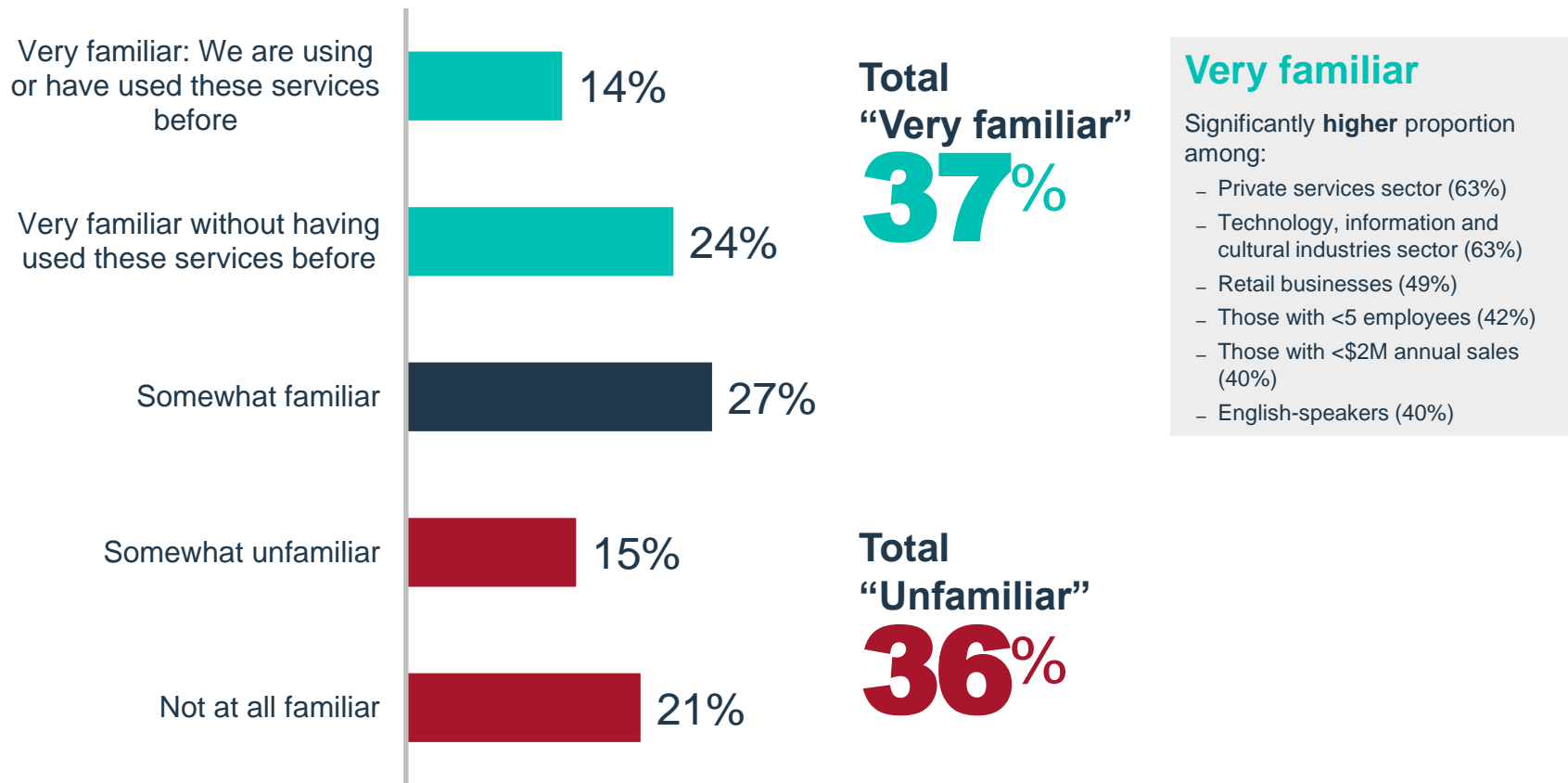


■ No or little trust (0-4) ■ Neutral (5-6) ■ Somewhat (7-8) ■ Complete trust (9-10)

Entrepreneurs are not quite familiar with **online sales service platforms**. Moreover, only 14% are **using or have used** these services before.



S3Q11 How familiar are you with **online sales service platforms** such as those offered by Shopify that allow businesses to **centralize all their online sales activities** on a single platform?



Overall, **trust** with online sales service platforms is **quite low**, particularly for offering business financing. Trust levels are however higher than with marketplace platforms.

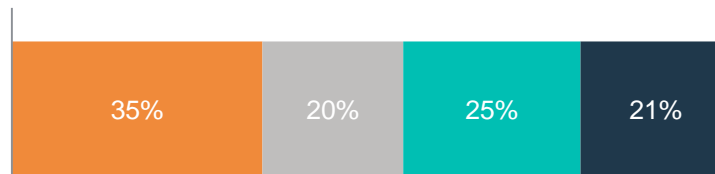


S3Q12 To what extent would you **trust on online sales service platforms** such as Shopify for...?

**Total “Trust”
(score of 7-10)**

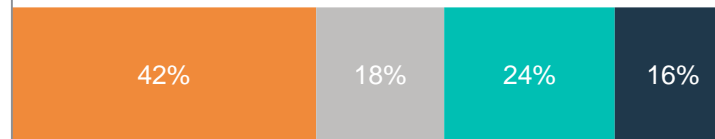
46%

Financing your clients' purchases



40%

Hosting your data securely



28%

Offering you financing for your business

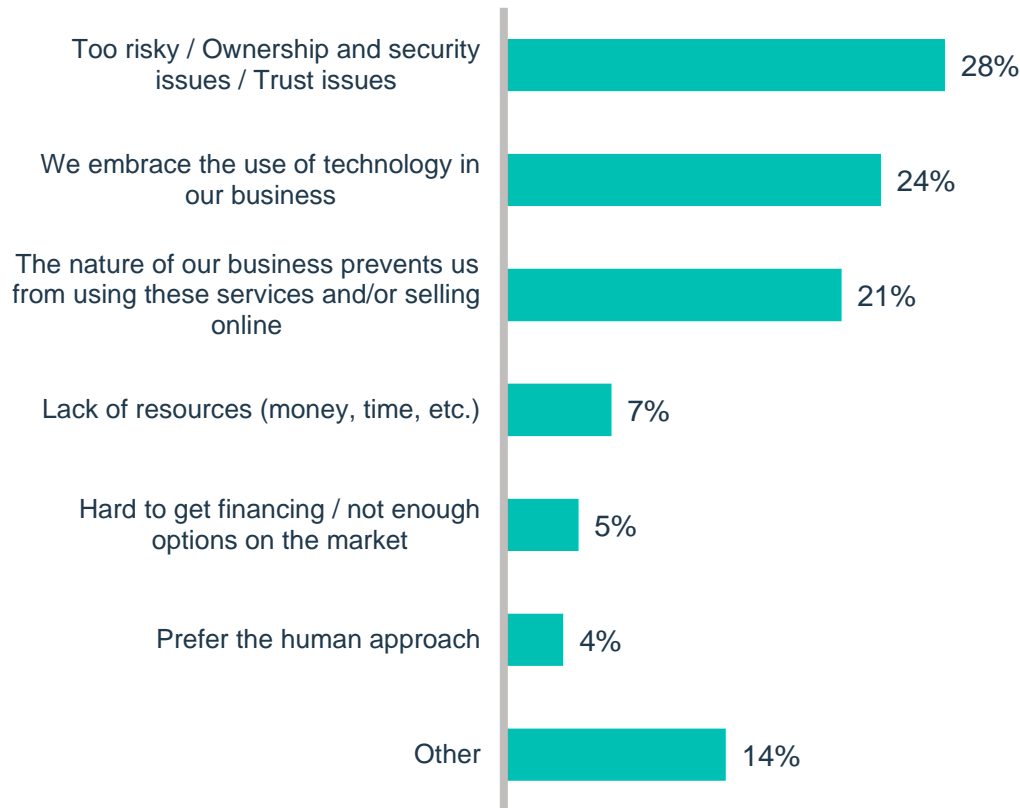


■ No or little trust (0-4) ■ Neutral (5-6) ■ Somewhat (7-8) ■ Complete trust (9-10)

While technology can definitely help business owners managing their company, respondents are concerned with the **risks** related to this: data breaches, ownership and security issues, etc.



S3Q13 Would you like to **share comments** with us regarding the use of technology and/or online services offered to businesses like yours?



In respondents' words...

“Accountability is lacking, financial service providers are not responsible for errors and keep pushing back on customers. Until this changes, [we] will avoid using these services.”

“Open platforms and market/vertical focus is too easily blurred. Shopify, Walmart, etc., are brands that are only tangentially related to lending. I don't believe Walmart as a corporation has any meaningful business being a lender. Shopify is only slightly behind. To me, 'open' in open finance is only truly real if it's 100% owned by me alone, probably in a blockchain-type of technology where I have total control over current and historical data and activities.”

Base: All qualified respondents (n=130). Those who preferred not to answer were excluded from the calculation base. These open-ended answers were grouped into categories, which are presented in this graph. Only comments mentioned by a minimum of 3% of respondents are presented.

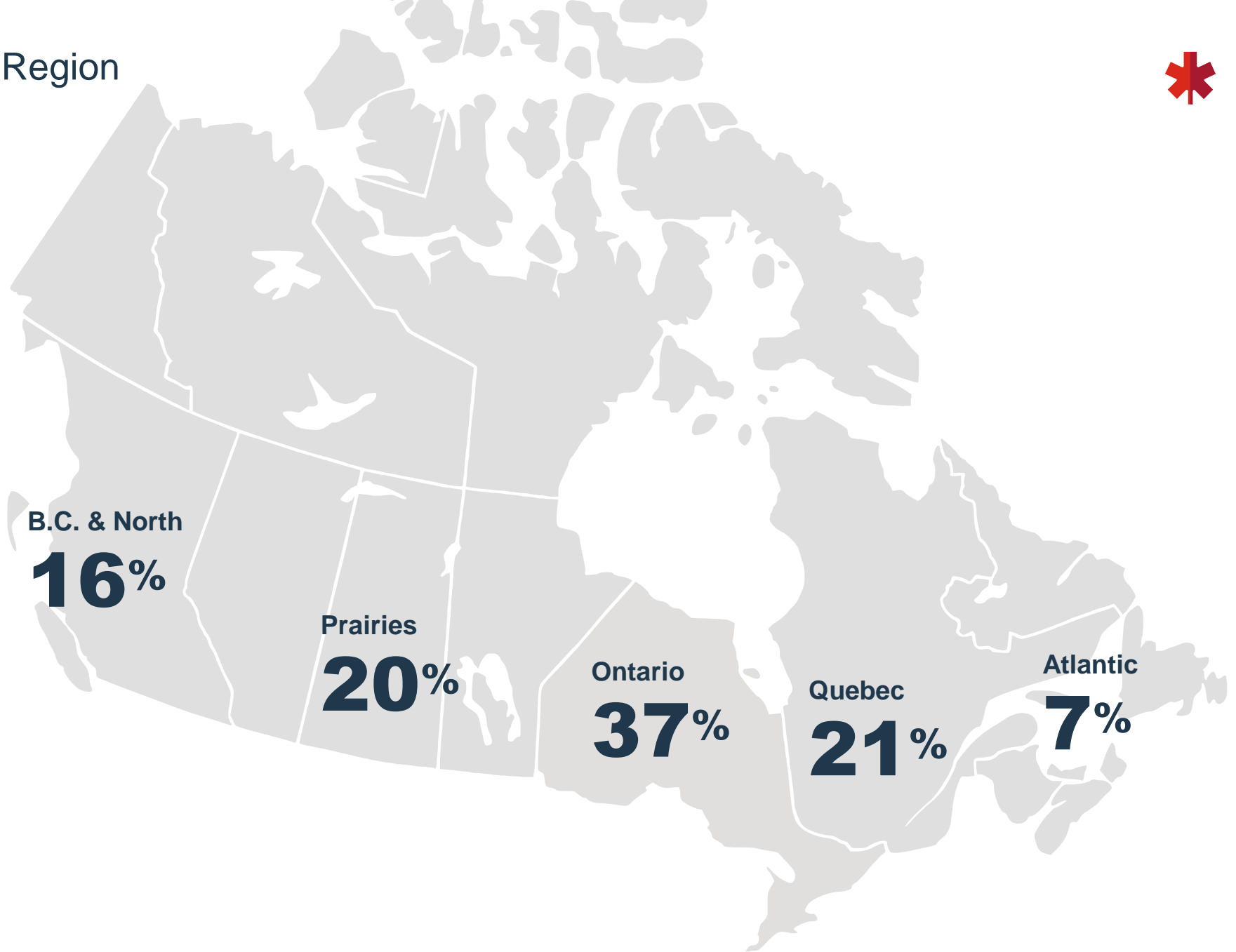


04.

Respondent profile



Region



Number of employees, annual sales and revenue growth



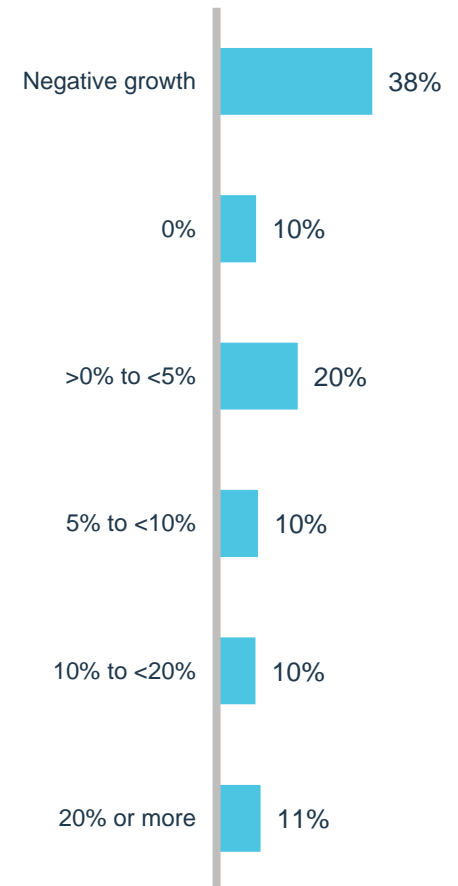
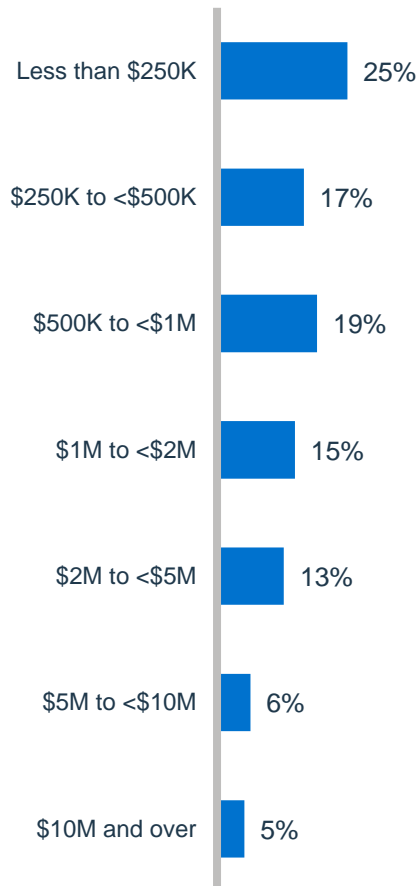
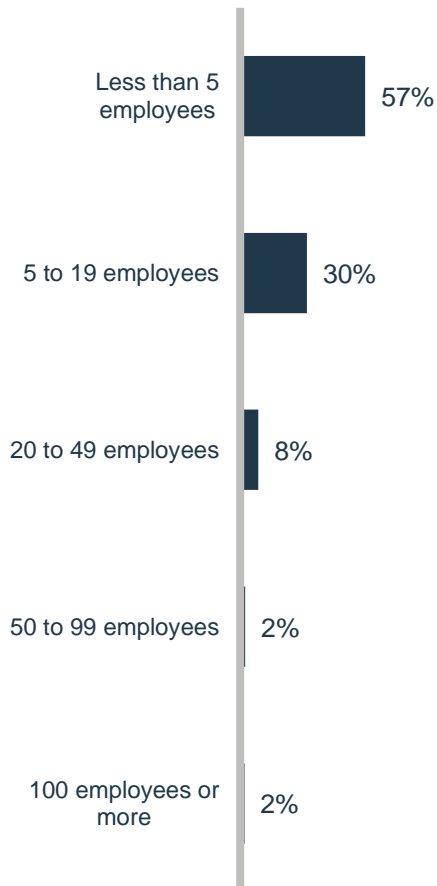
Number of employees



Annual sales



Revenue growth



Sector of activity, gender ownership and diversity groups



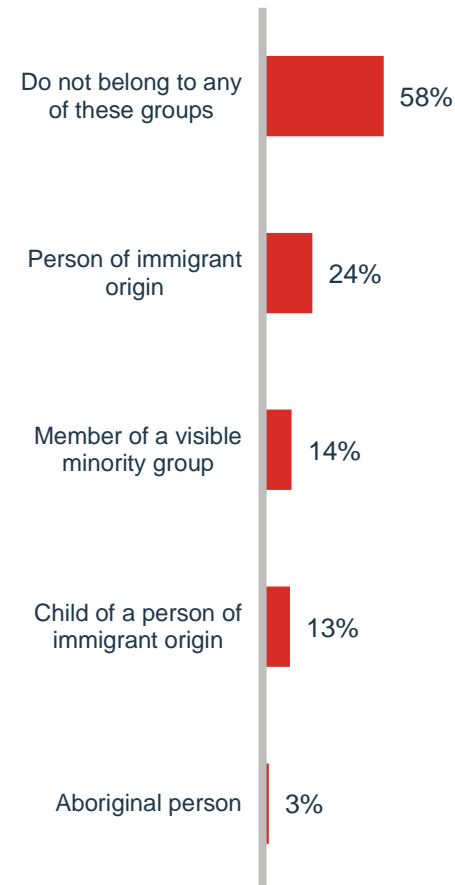
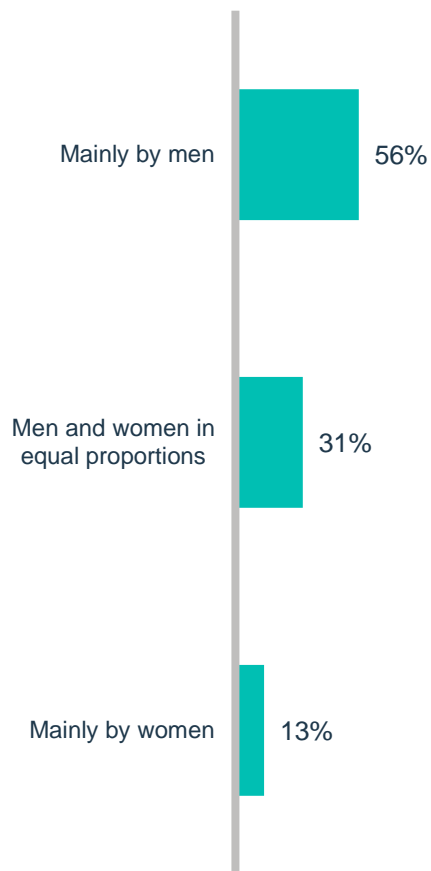
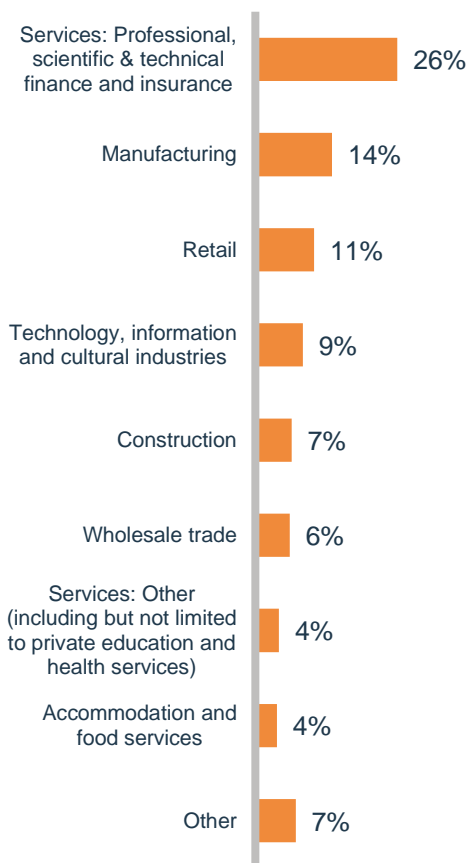
Sector of activity



Gender ownership



Diversity groups





Thank you.

Research and Market Intelligence
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