



SMEs current state, needs and challenges

Survey report

Research and Market intelligence at BDC
September 2021



Table of contents

01 Methodology

02 Detailed results

- Current state
- Business needs and challenges
- Price increases



01. Methodology




Methodology

Survey methodology

Online survey.

Respondent profile

This survey wave was conducted among business owners and strategic decision-makers from BDC's proprietary panel (ViewPoints). First survey wave was conducted among Angus Reid Group panellists who had a similar profile.

 Since the two surveys were conducted among different panels, any comparison is indicative and should be interpreted with caution.

Survey dates

Wave 2: August 24 to September 3, 2021

Wave 1: April 21 to May 6, 2021

Margin of error

For a probability sample of 752 respondents, the maximum margin of error is ± 3.6 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: Unless otherwise mentioned, calculation bases exclude respondents who preferred not to answer the question. Other appropriate exclusions are detailed on the different slides.



02.1

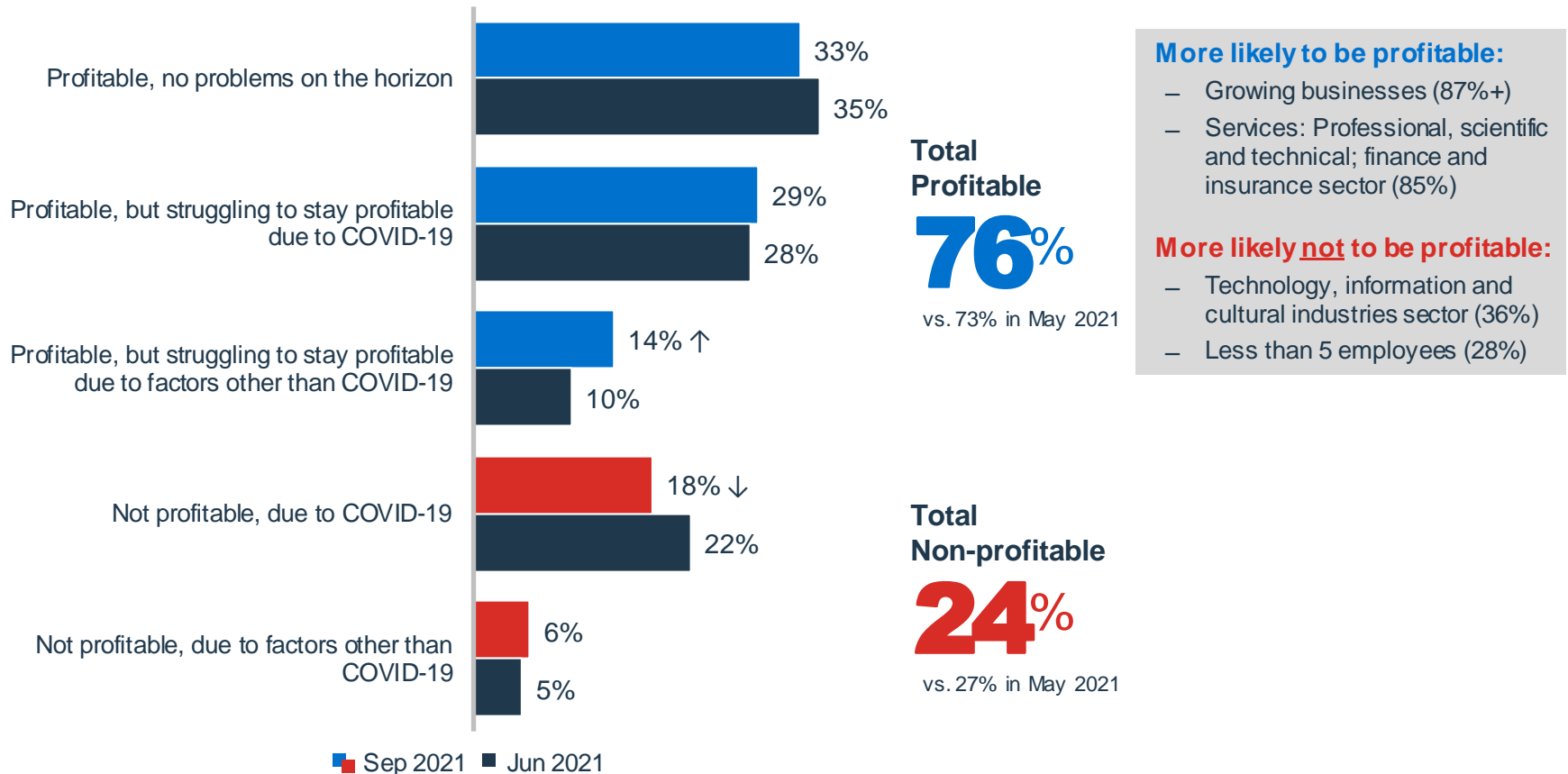
Current state



Company's current situation in terms of profitability



S1Q2. Which of the following situations **best describes** your company's **current situation**? Is your company...

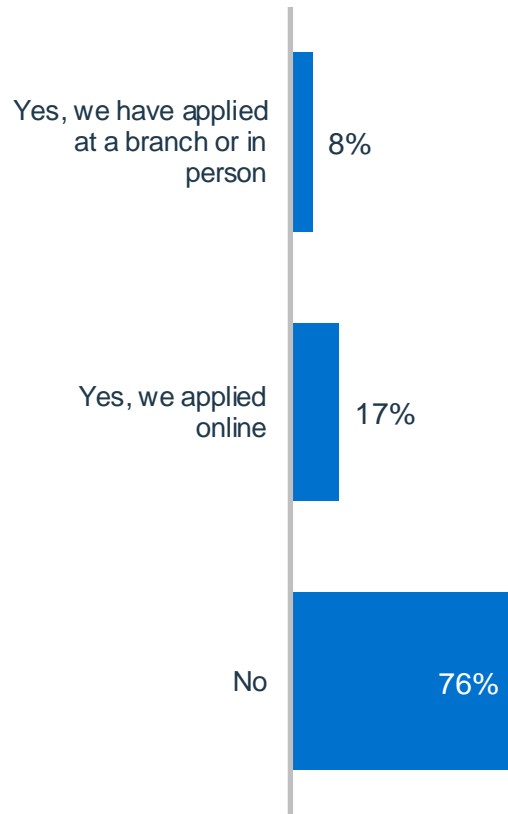


Base: All respondents (n wave 2 = 728). Those who did not know or preferred not to answer were excluded from the calculation base. **Note:** Since the two survey waves were conducted among different panels, any comparison is indicative and should be interpreted with caution. Arrows indicate statistically significant differences between the two survey waves.

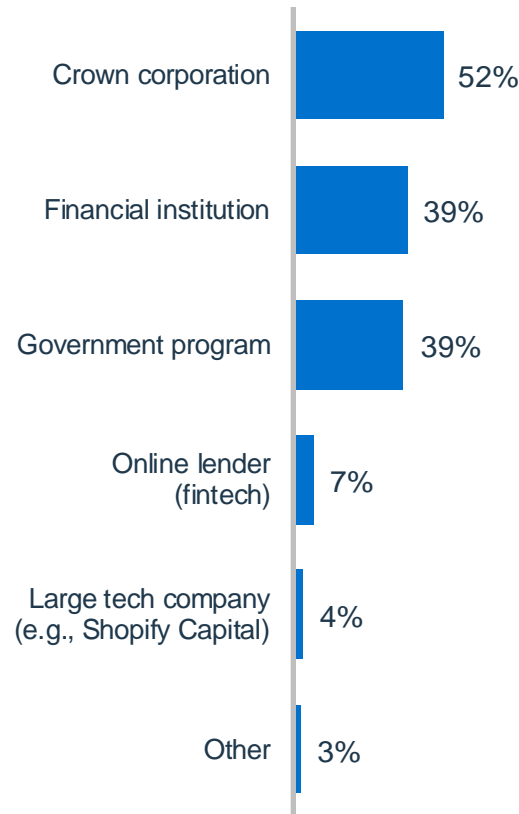
Requesting financing: Last 3 months



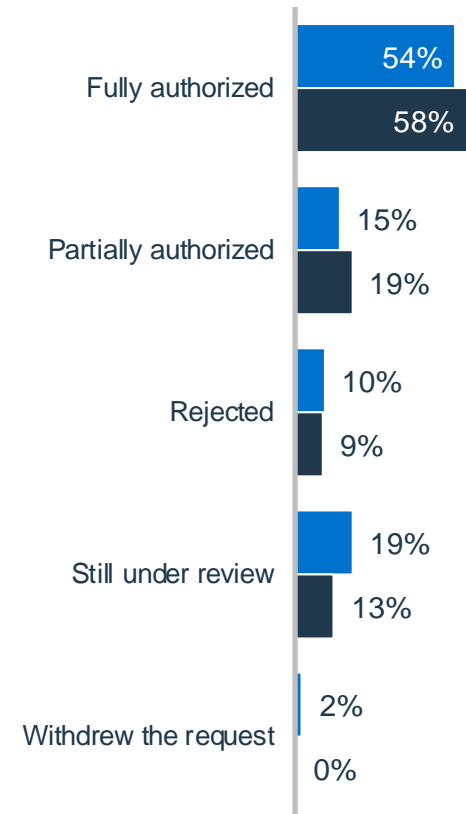
Q30. Over the **last 3 months**, has your company **requested financing**?



Q30b. **Who did you apply to for financing**?



Q31. What was the **outcome** of your most recent financing request?



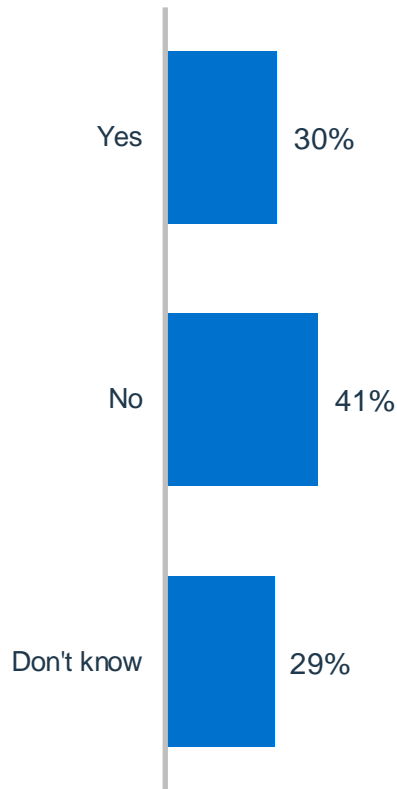
■ Sep 2021 ■ Jun 2021

Base: Q30 = All respondents (n=752). Q30b and Q31 = Those who requested financing (n=179-181). Respondents who did not know were excluded from the calculation base. Q30 has been modified and "Yes" choices have become non-mutually exclusive, therefore total exceeds 100% and only this wave's results are presented. Q30b was asked for the first time in this survey's wave. **Note:** Since the two survey waves were conducted among different panels, any comparison is indicative and should be interpreted with caution. Arrows indicate statistically significant differences between the two survey waves.

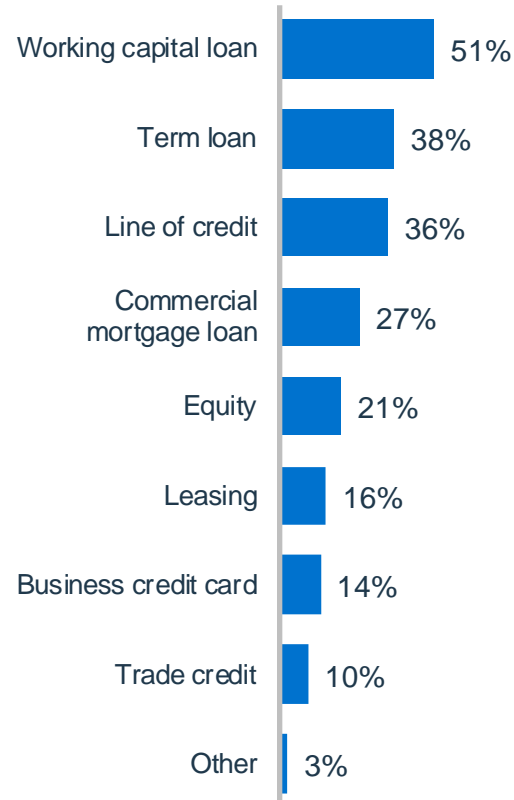
Requesting financing: Next 12 months' intentions



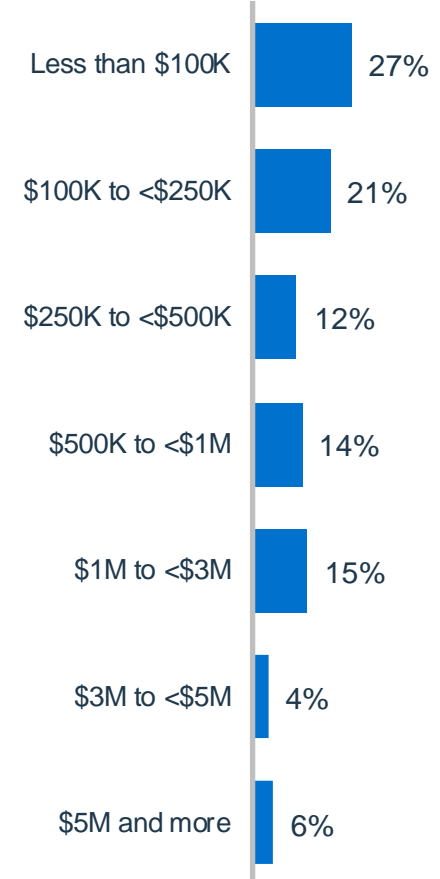
Q32. Over the **next 12 months**, is your company planning to **request financing**?



Q33. What **type/s of financing** will you request?



Q34. Approximately, what is the **amount of financing** you are seeking?

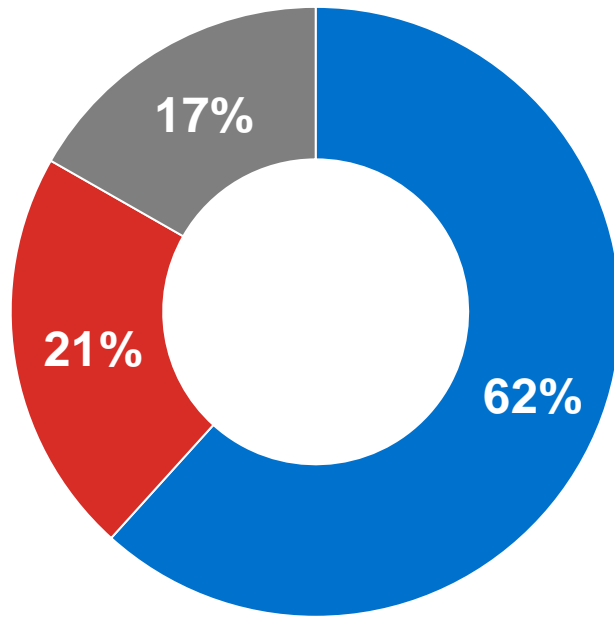


Base: Q32 = All respondents (n=745). Q33 and Q34 = Those who intend to request financing (n=242). Respondents who did not know were excluded from the calculation base. These questions were asked for the first time in this survey's wave.

Capacity to taking on more debt



S1Q99. Can your business currently **take on more debt**?



■ Yes ■ No ■ Not sure

More likely to have the capacity to take on more debt:

- Businesses with 100 employees or more (85%)
- Businesses with 20 to 49 employees (75%)
- Revenues of \$2M and over (73%+)
- Growing businesses (73%+)
- Non-members of a diversity group (65%)



02.2

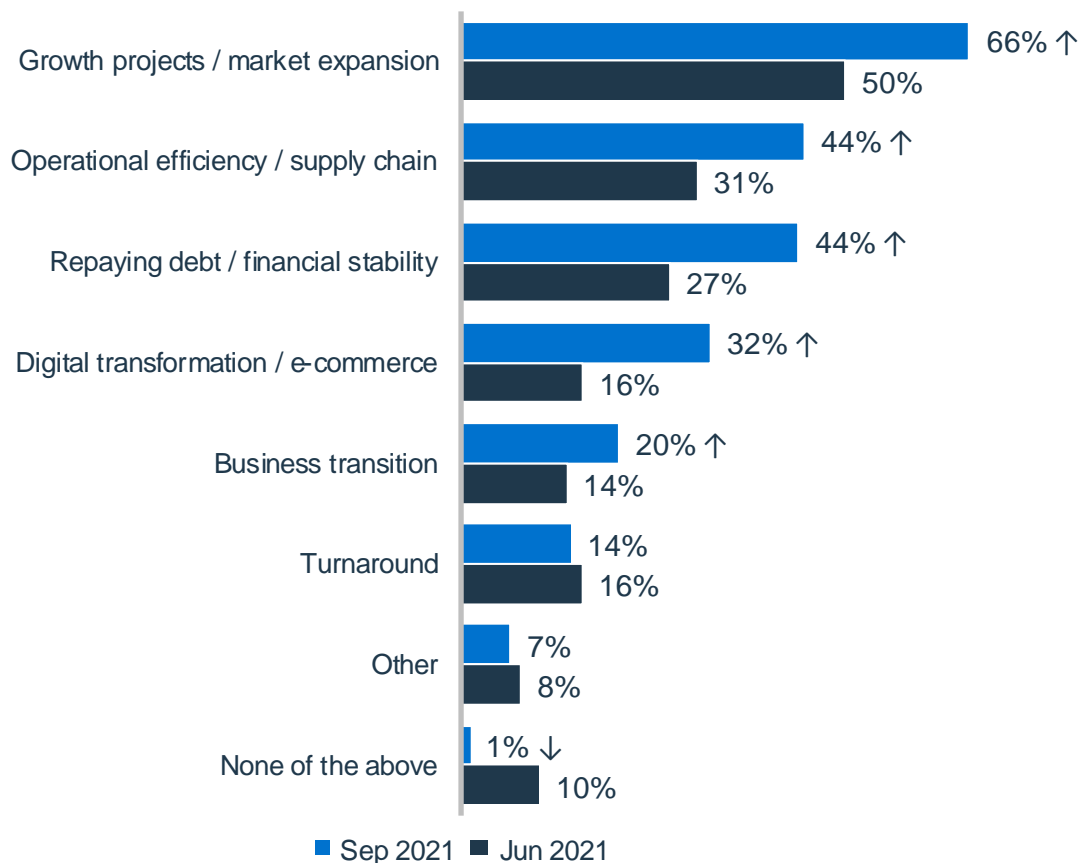
Business needs and challenges



Aspects SMEs intend to focus on in the next 12 months



S2Q1. Which of the following aspects do you intend to **focus on in the next 12 months**?



More likely to focus on:

Growth projects

- Technology, information and cultural industries (81%)

Operational efficiency

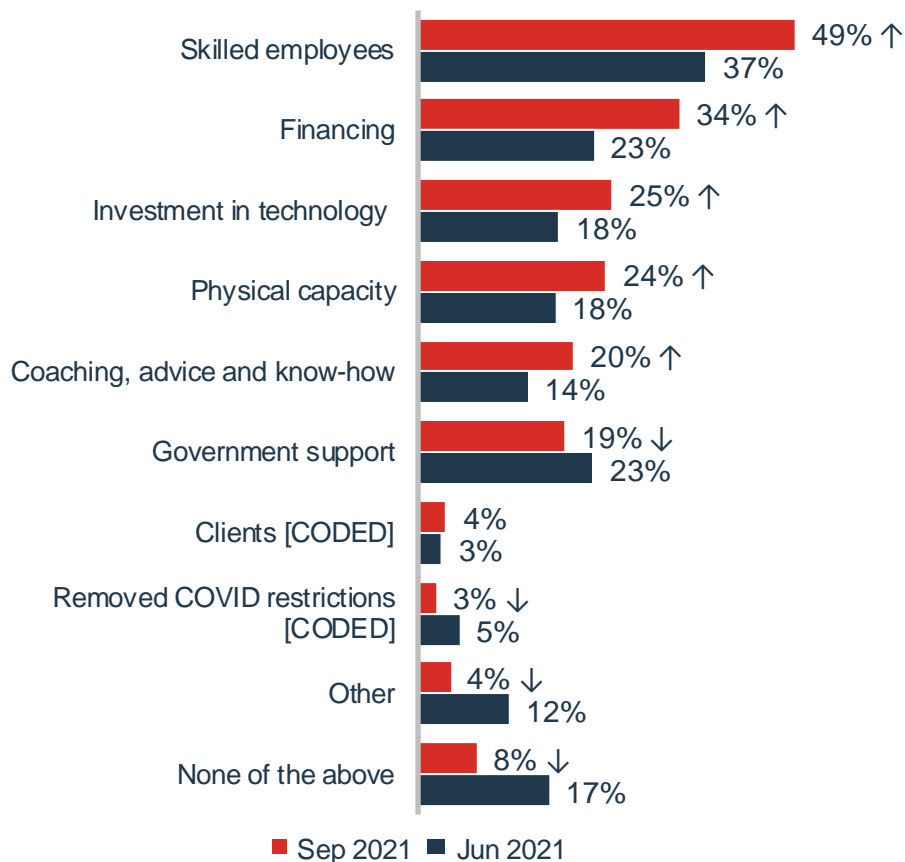
- Wholesale sector (68%)
- Revenues of \$2M and over (63%+)
- Businesses with 5 employees or more (51%+)
- Manufacturing sector (57%)

Base: All respondents (n wave 2 = 745). Those who did not know were excluded from the calculation base. A maximum of three mentions was allowed, therefore total may not equal to 100%. **Note:** Since the two survey waves were conducted among different panels, any comparison is indicative and should be interpreted with caution. Arrows indicate statistically significant differences between the two survey waves.

Elements that SMEs are lacking to most to meet their goals



S2Q2. Of the following elements, what are you **lacking the most** to meet your goals?



More likely to be lacking:

Skilled employees

- Revenues of \$2M and over (69%+)
- Businesses with 5 employees or more (64%+)
- Manufacturing sector (63%)

Financing

- Members of a visible minority group (55%)

Investment in technology

- No particular sub-group

Base: Those who identified areas of focus for the next 12 months (n wave 2 = 731). Those who did not know were excluded from the calculation base. Only answers with 3%+ respondents are presented. A maximum of three mentions was allowed, therefore total may not equal to 100%. **Note:** Since the two survey waves were conducted among different panels, any comparison is indicative and should be interpreted with caution. Arrows indicate statistically significant differences between the two survey waves.

Forecasted challenges over the next 6 months



S3Q2. Over the **next six months**, which of the following **external obstacles** do you think your company will face?

External obstacles



More likely to experience:

Rising costs of doing business

- English-speaking respondents (56%)

Economic uncertainty

- Companies in the Prairies (62%)
- Businesses with less than 5 employees (46%)
- English-speaking respondents (45%)

Labour shortage

- Accommodation and food services (57%), construction (56%) and manufacturing (47%) sectors
- French-speaking respondents (55%)
- Businesses with 5 employees or more (46%+)
- Revenues of \$2M or more (55%+)

Base: All respondents (n wave 2 = 745). Those who were not sure or preferred not to answer were excluded from the calculation base. A maximum of three mentions was allowed, therefore total may not equal to 100%. **Note:** Since the two survey waves were conducted among different panels, any comparison is indicative and should be interpreted with caution. Arrows indicate statistically significant differences between the two survey waves.

02.3

Price increases

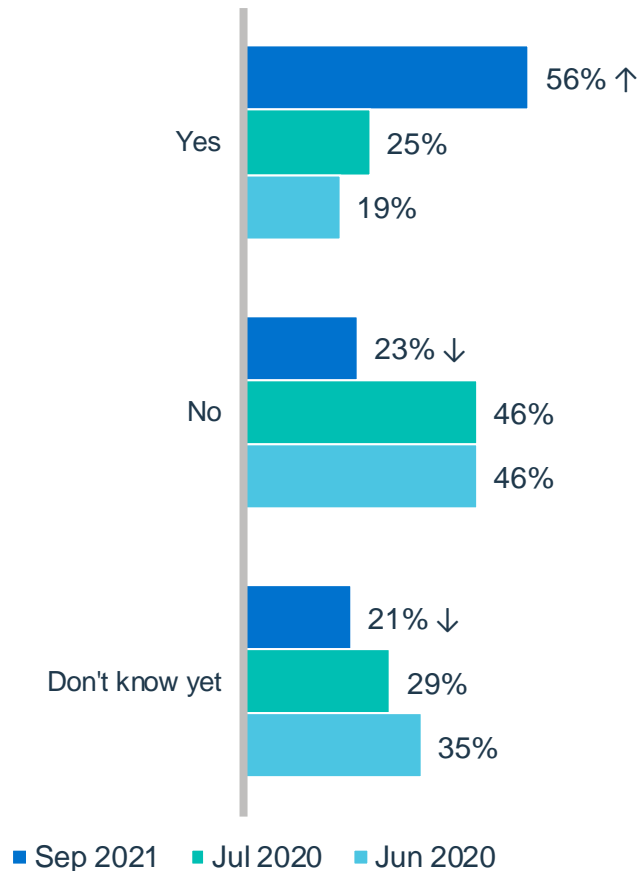


This section's results are compared to those of two other BDC ViewPoints survey, conducted in June and July 2020.

Increasing prices of products and services



Q2h. Did you or will you have to **increase the price** of your products or services because of the current context?



More likely to increase their prices:

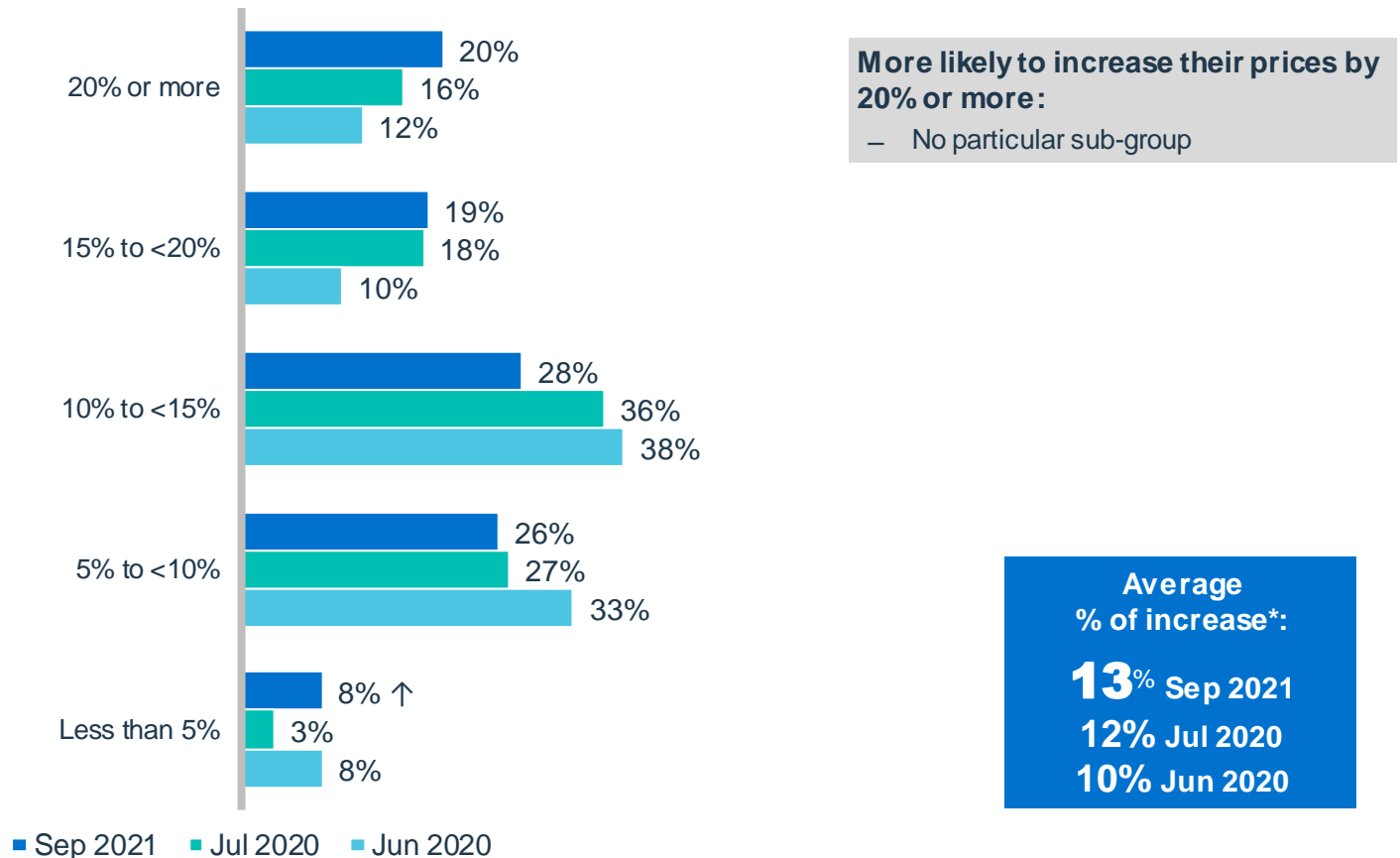
- Accommodations and food services (85%), retail (73%) and manufacturing (71%) sectors
- Revenues of \$2M or over (64%+)
- Businesses with 5 employees or more (64%+)

Base: All respondents (n Sep 2021 = 750). Those who preferred not to answer were excluded from the calculation base. Arrows indicate statistically significant differences between Sep 2021 and Jul 2020.

Percentage of increase



Q2: By how much did you or will you have to increase prices, on average?

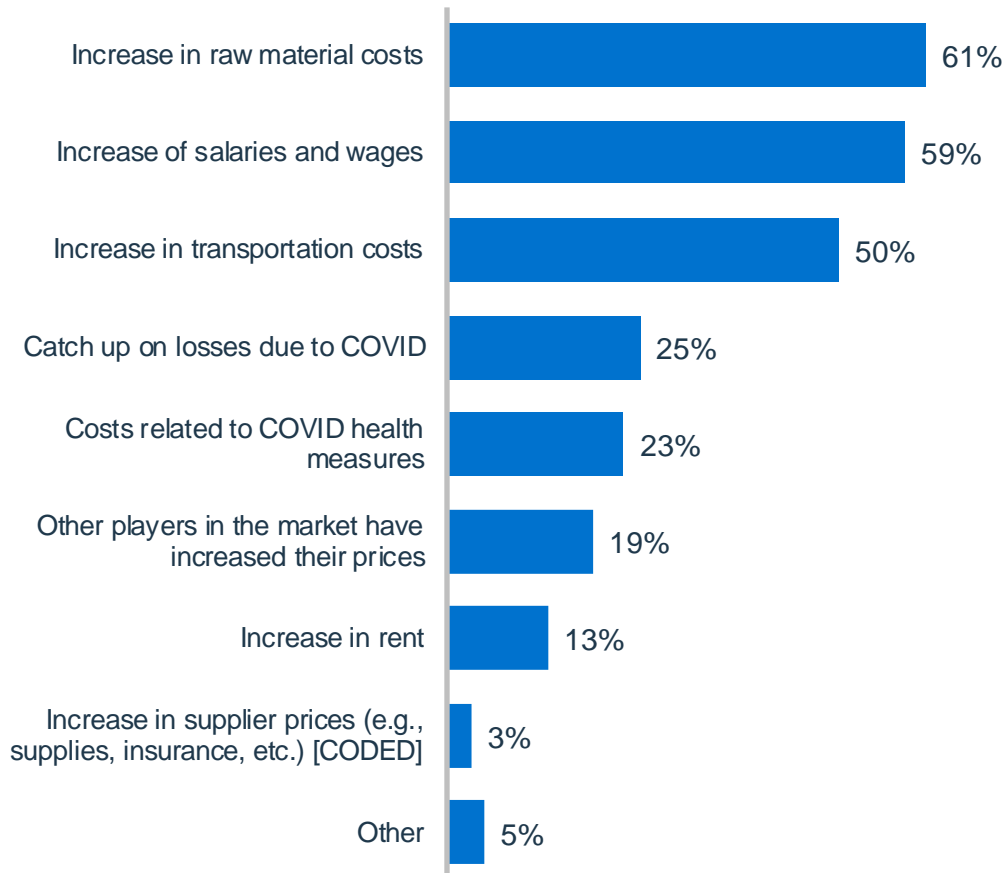


Base: Those who increased or plan to increase prices (n Sep 2021 = 406). *Extreme values and outliers were removed from the sample to calculate the trimmed average. Respondents who didn't know or preferred not to answer were also removed from the calculation base. Arrows indicate statistically significant differences between Sep 2021 and Jul 2020.

Reasons to explain price increases



Q2j. What are the **reasons** behind this increase?



More likely to mention:

Increase in raw material costs

- Manufacturing (95%), construction (88%) and wholesale trade (87%) sectors
- Revenues of \$2M and over (71%+)

Increase of salaries and wages

- Revenues of \$10M and over (79%)
- Businesses with 5 employees or more (67%+)

Base: Those who increased or plan to increase prices (n=466). Respondents who didn't know were removed from the calculation base. Only answers with 3%+ respondents are presented. This question was asked for the first time in Sep 2021.



Thank you.

Research and Market Intelligence
marketingresearch@bdc.ca