Survey on the impact of COVID-19 on Canadian SMEs

Tracking survey, wave 6

Research and Market Intelligence at BDC

As of May 13, 2020

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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
- **Margin of error:** For a probability sample of 619 respondents (wave 6), the maximum margin of error is ± 3.9 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:** Since our response rates are beginning to decline, we have made the decision to leave the survey in field for a longer period of time and to reduce its frequency. The next data collection will take place in three weeks (starting June 2nd) and will be conducted over a full week rather than three days. Therefore, our next results will be published at the end of the week of June 8th.

02.
Key highlights

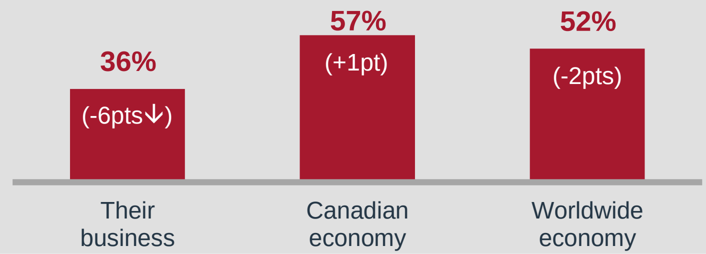
COVID-19 survey highlights, May 11-13, 2020

SMEs still feel strongly the impact of COVID-19

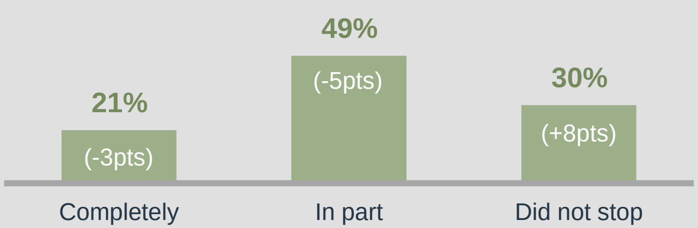
Impact is negative: **87%** (-2pts)

Say that the **negative** impact on their business is somewhat or very important **81%** (+2pts)

Very worried entrepreneurs: % continues to decrease



Most impacted SMEs had to suspend their activities



Resuming activities is not as easy as feeling ready to do so

76% Are ready

50% It will be easy

67% say that **having enough demand** to sell their products/services is or will be challenging when resuming operations.

Top lessons learned

57% It is important to have good cash flow

44% It is important to have an emergency fund

29% Expenses must be controlled

Top plans for the future

36% Reduce our expenses

32% Broaden our offering

30% Sell our products or services online

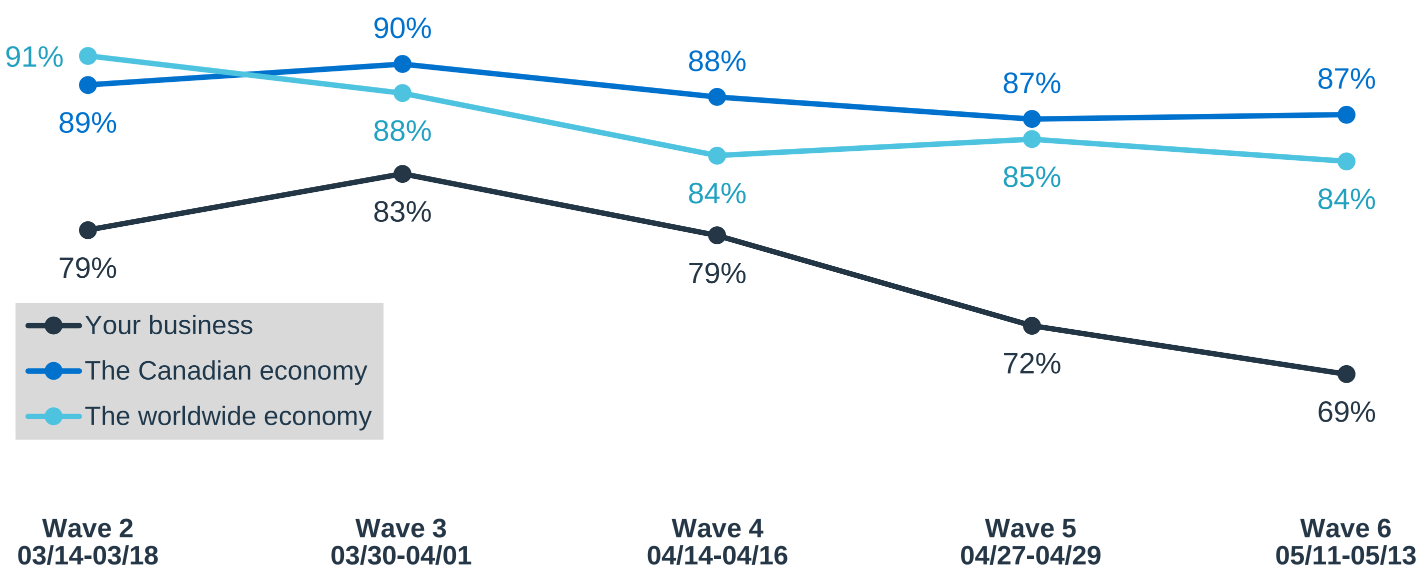
Note: Figures in parentheses indicate the fluctuation with the previous wave of the survey (April 27 to 29), when available.

03.
Main results

A **downward trend** continues among those worried about their **own business**, although not significantly this time. Other results remain **stable**.

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 Atlantic (92%)
- Businesses with no or low growth (77%)
- Retail sector (80%)



Average out of 10

CDN economy: 8.4

WW economy: 8.2

Their business: 7.3

Base: All qualified respondents (n wave 6 = 613-619). 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 6) 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.

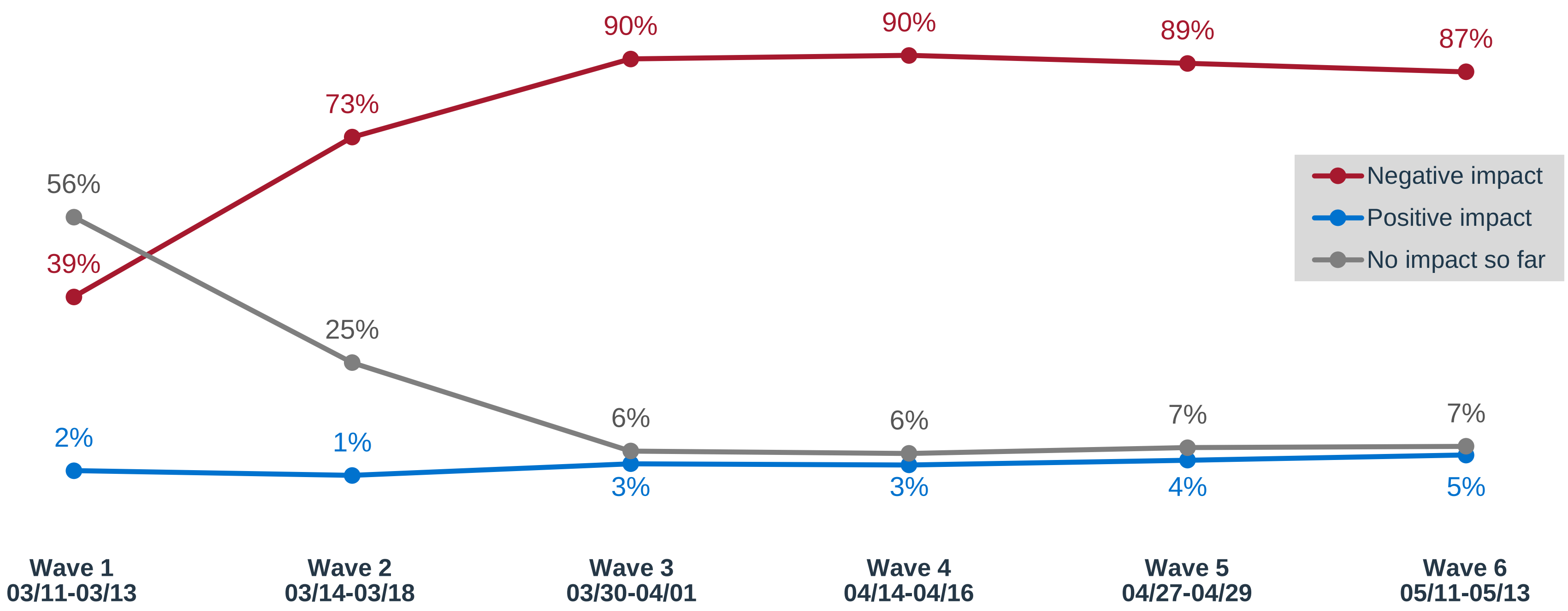
The negative impact on businesses is **slightly declining**. However, a large majority of SMEs remain negatively affected.

Q.1 Have you **felt the impact** of the coronavirus on your business so far?

Negative impact

Significantly ↑ scores among:

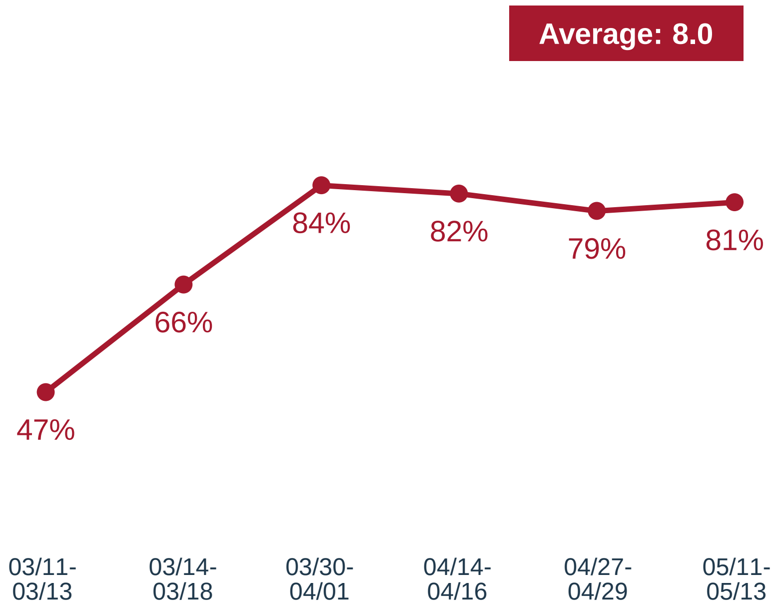
– Businesses with no or low growth (90%)
– Those in large urban centres (90%)



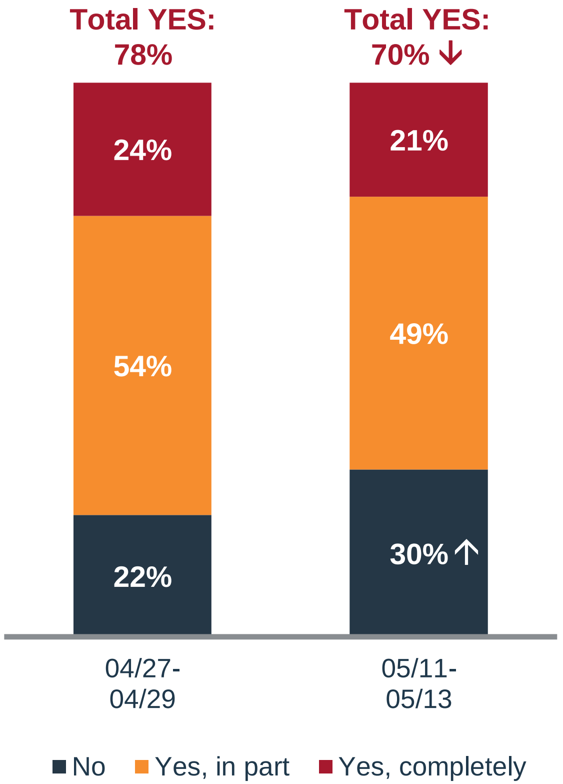
Base: All qualified respondents (n wave 6 = 619). Due to rounding, total may not equal to 100%. Arrows accompanying results indicate statistically significant differences between the current and the last wave. Please note that to simplify the presentation, we have included in the calculations but excluded from the presentation those who did not know.

The magnitude of the impact is **stable**. The proportion of entrepreneurs who tell us they had to suspend their activities was **significantly lower** in this survey wave.

Q.2 To **what extent** has your business been impacted **negatively**? *(Scale from 1 to 10)*



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

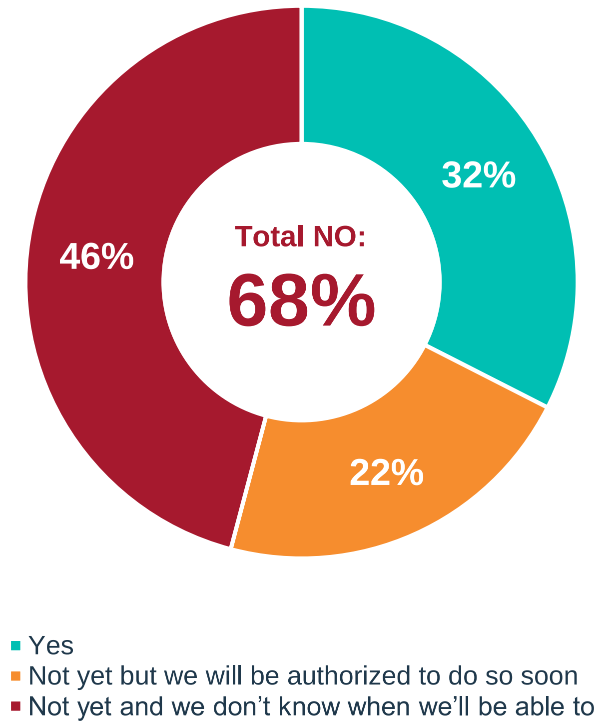


A significantly greater proportion of businesses in Quebec (81%) had to suspend their operations. The same is true for businesses in construction (85%) and active abroad (77%).

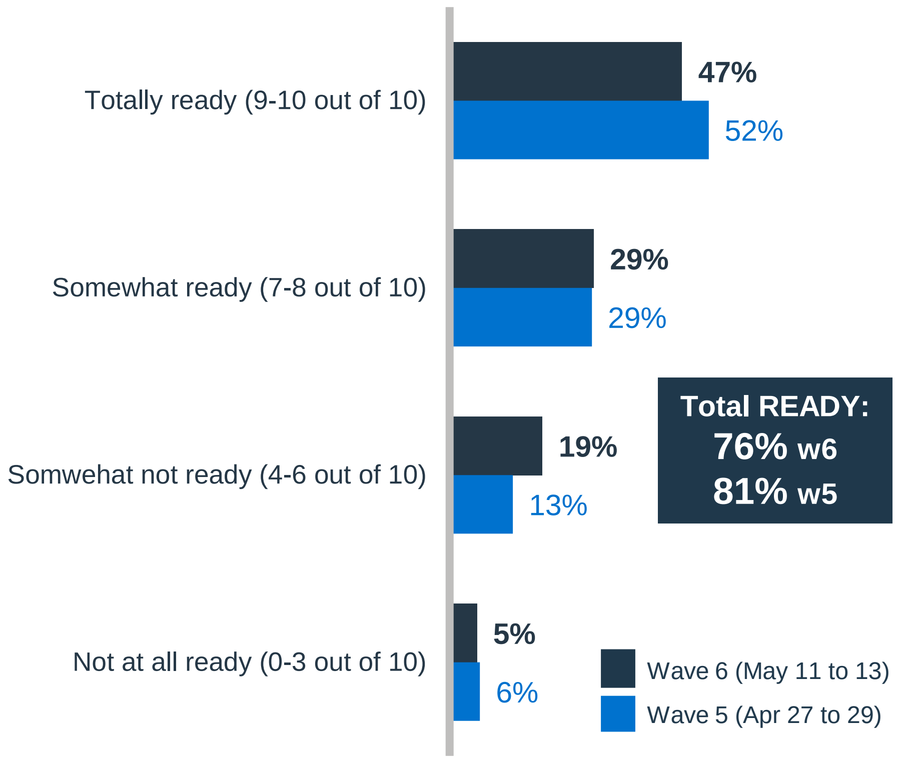
Base: Those who saw a negative impact (n wave 6 = 538) Q.2: Results are presented in terms of those who gave a score of of 7+ out of 10. The average score (wave 6) was calculated by excluding those who didn't know or preferred not to answer, whereas the scale includes these respondents. Arrows accompanying results indicate statistically significant differences between the current and the last wave. Q2b was added to the 5th wave of the survey.

Over two thirds of SMEs have **not** been able to resume their activities, but a majority of these say they are **ready** to do so, down slightly from the previous wave.

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?

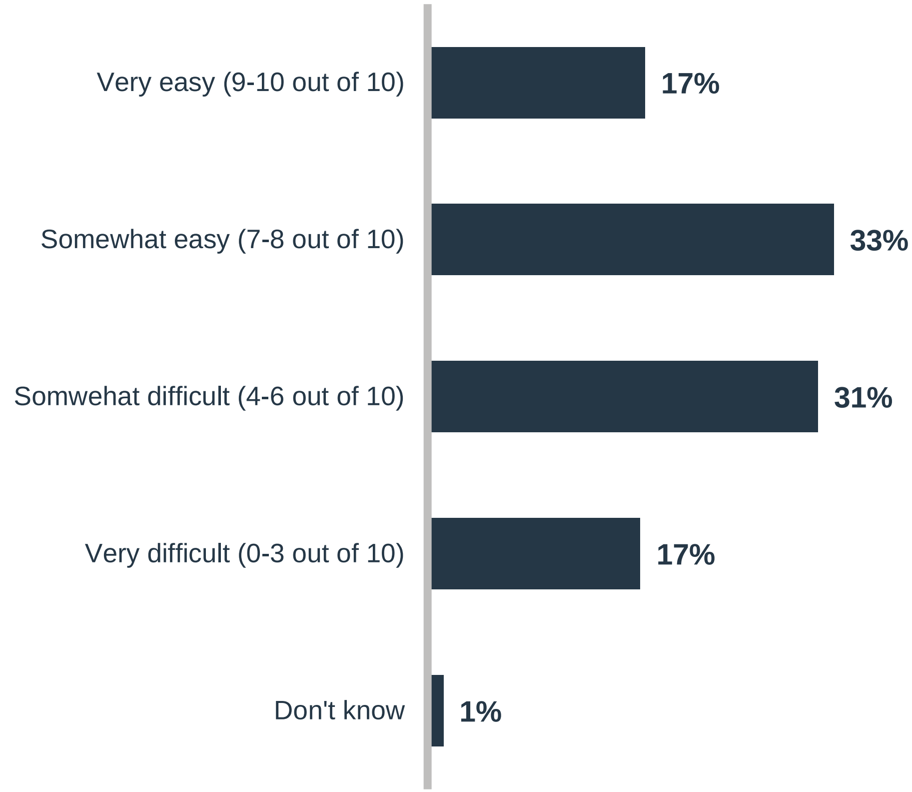


Some profiles are significantly more likely to say they are ready to restart, namely growing businesses (85%) as well as those in the manufacturing sector (91%).

Base: Q2c = Those who had to suspend activities in response to the COVID-19 crisis (n wave 6 = 374) Q.2d = Those who have not yet resumed their operations normally (n wave 6 = 238). 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, but nearly one in five believe it is or will be **very difficult** for them to re-start.

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



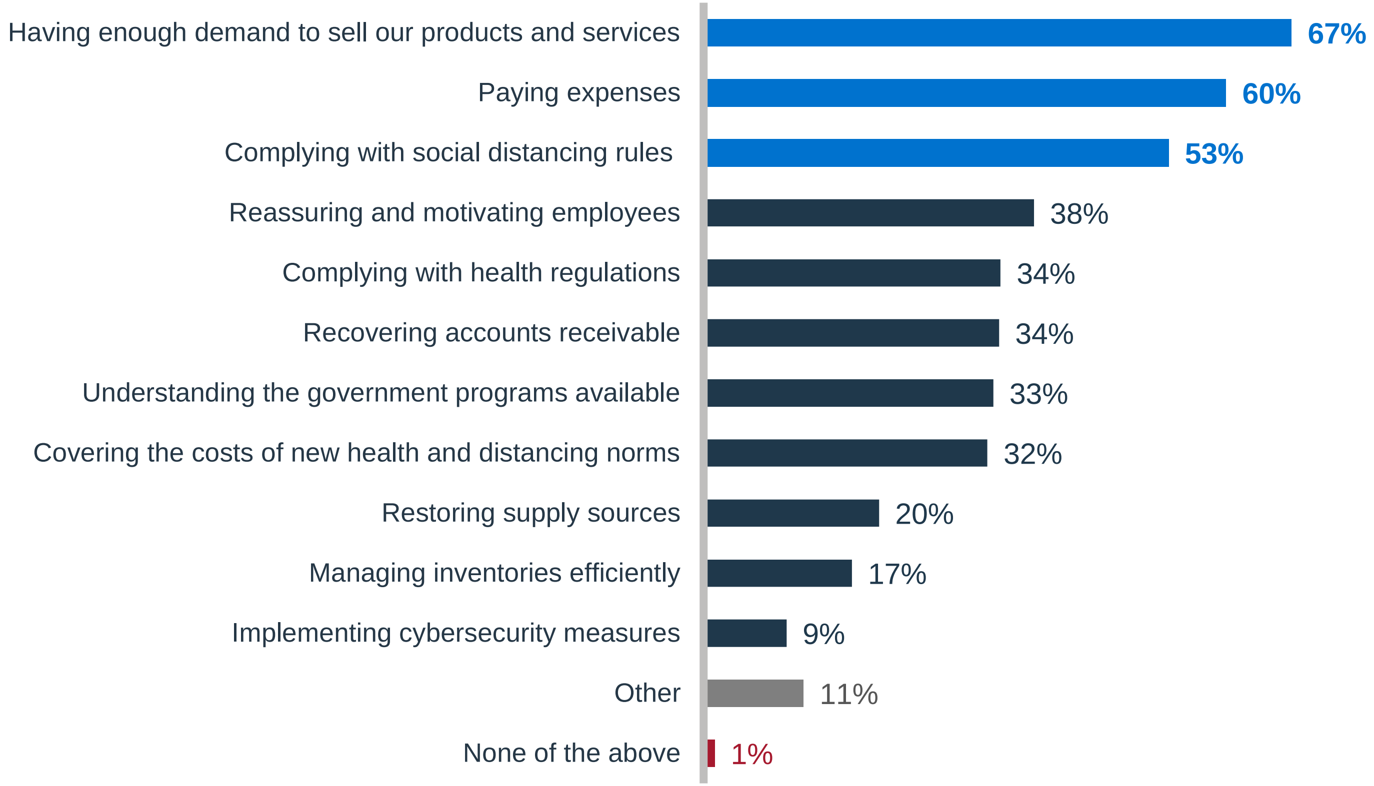
Total EASY: 50%

Ontario respondents are more optimistic than the others. A significantly greater proportion (24%) said it was or will be "very easy" (scores of 9-10 out of 10) for them to resume operations.

Base: Those who have resumed operations as well as those who have not yet resumed them (n=374). Q2f was added to the 6th wave of the survey.

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

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

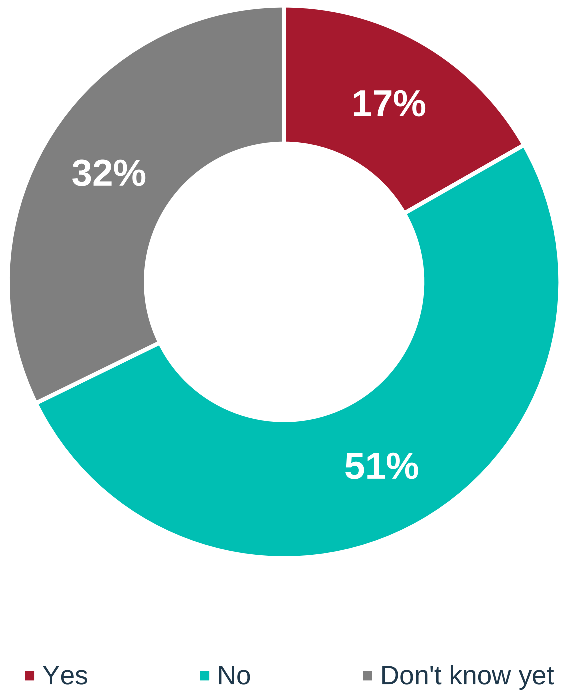


Smaller businesses are more worried than others. A greater proportion of businesses with less than five employees are worried about having enough demand (72%) and a larger proportion of businesses with less than $2M of revenues are worried about paying expenses (65%).

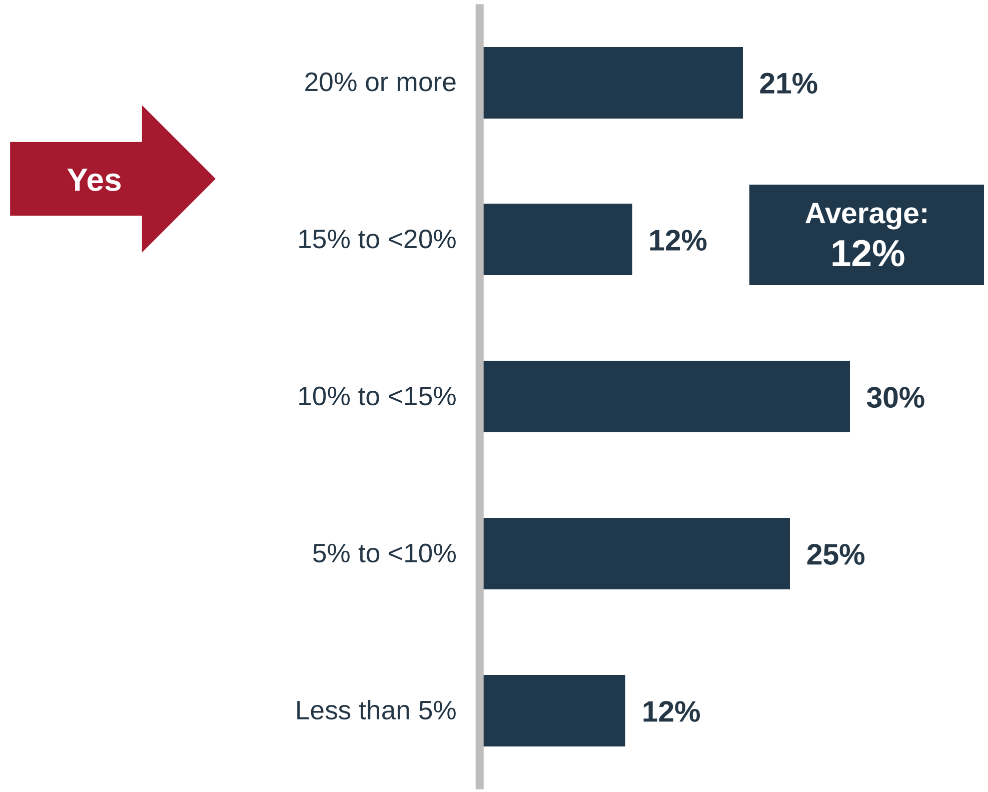
Base: Those who had to suspend activities in response to the COVID-19 crisis (n=377). This question was converted into a multi-choice in the 6th wave of the survey. Multiple mentions were allowed, therefore, total may exceed 100%.

For now, a minority say they had or will have to **increase** their **prices** because of COVID-19. Among these, the average increase is high, at **12%**.

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?

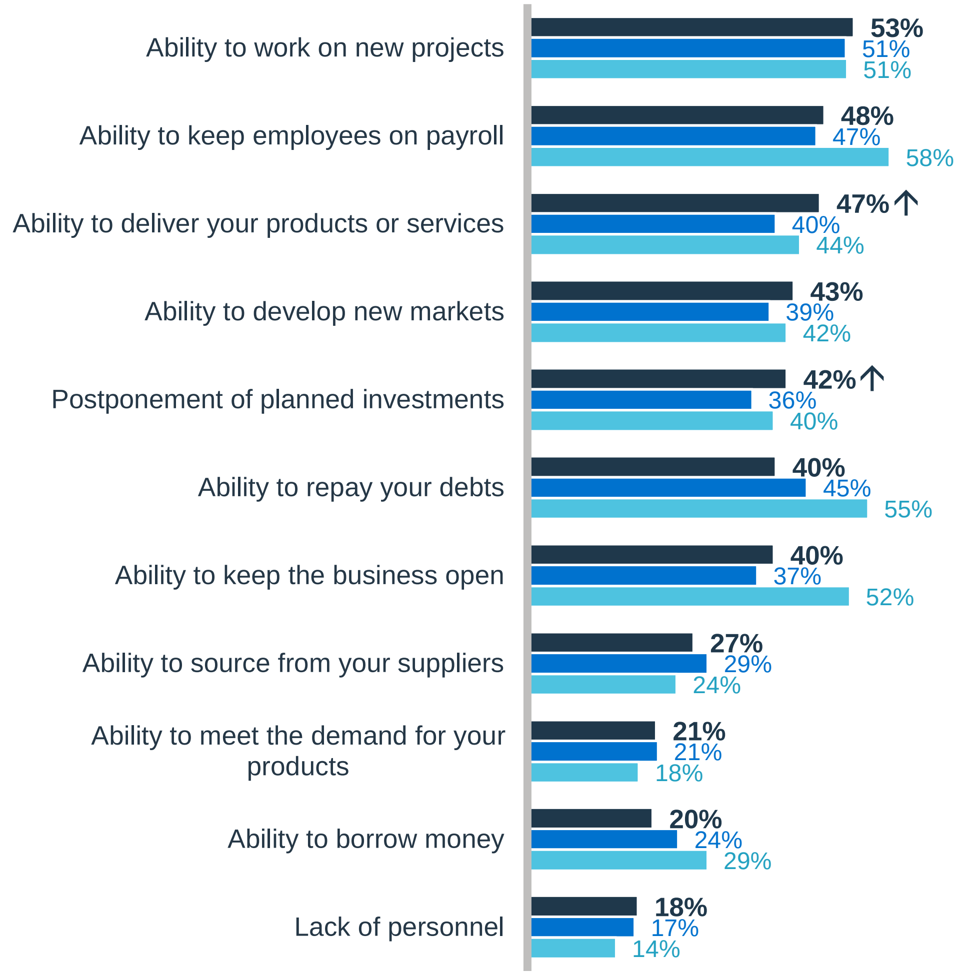


Ontario businesses (22%), those with revenues of $10M+ (26%), with 50-99 employees (35%), or in the construction (31%) and wholesale trade (37%) were more likely to say they had or would increase their prices.

Base: Q2h = All respondents (n=613). Q.2i = Those who increased or plan to increase prices (n=81). Extreme values and outliers were removed from the sample to calculate the average. These two questions were added to the 6th survey wave.

The ability to **work on new projects**, to **keep employees on payroll** and to **deliver products or services** affect SMEs the most at this time.

Q.6 What **specifically** is or will be affected in your company as a result of the coronavirus?



Ability to work on new projects

Significantly ↑ results among:

- Professional services (63%), IT (76%) and construction (75%) sectors

Keep employees on payroll

Significantly ↑ results among:

- Retail (64%) and accommodation & food services (80%) sectors
- Businesses active abroad (57%)

Deliver products/services

Significantly ↑ results among:

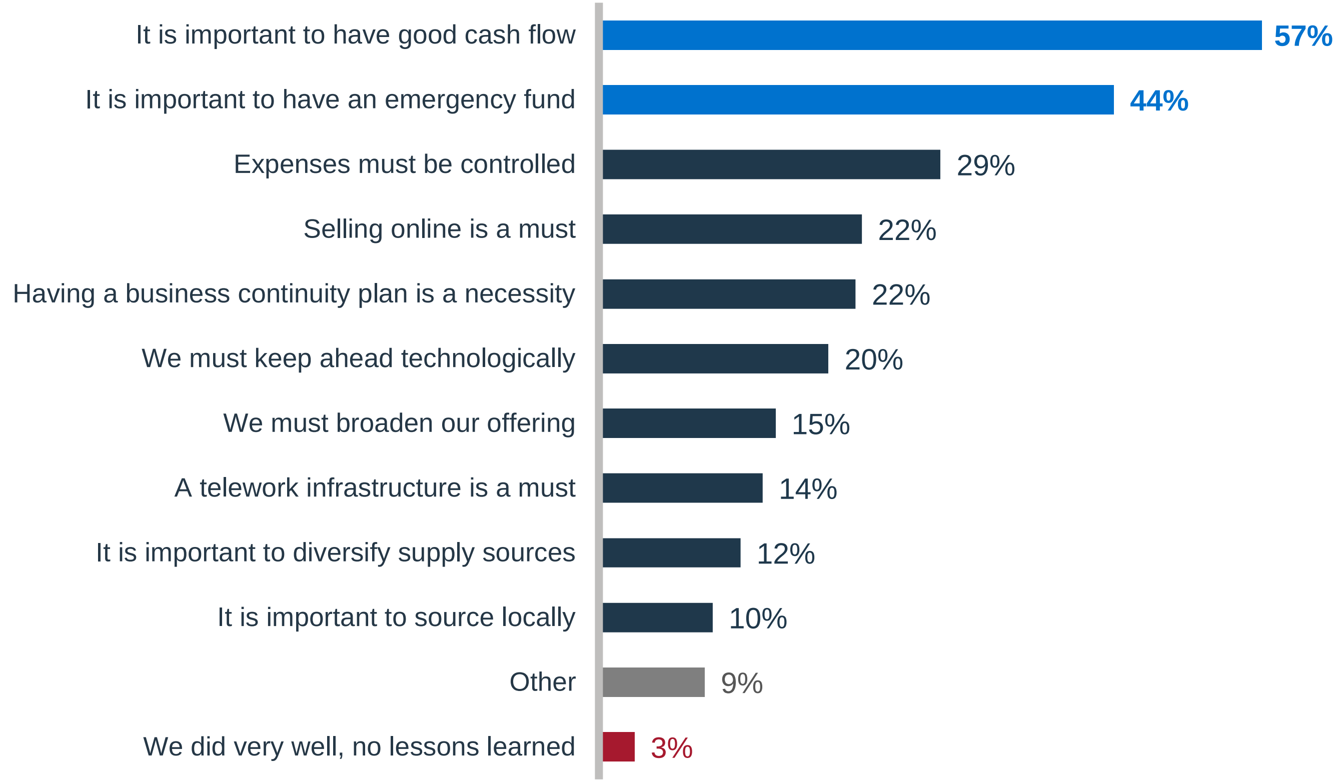
- Businesses in Atlantic (68%)

Wave 6 (May 11 to 13)
Wave 5 (Apr 27 to 29)
Wave 4 (Apr 14 to 16)

Base: Those who are impacted negatively or feel they will be impacted in the next 2 months (n wave 6 = 538). Multiple mentions allowed. Arrows accompanying results indicate statistically significant differences between the current and the last wave. Please note that to simplify the presentation, we only presented the last three waves of results for this question and answers mentioned by 5%+ respondents.

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

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



Businesses in the construction sector (71%) are more likely to mention the importance of good cash flow. Small (48%) and rural (61%) businesses are more likely to mention the importance of the emergency fund.

Base: All respondents (n=619). 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** and **broadening offering** stand out slightly. Only 1 in 10 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 Atlantic (58%), with no or low growth (40%), in the retail (51%), construction (60%) or accommodation & food services (68%) sectors and those active abroad (42%) are planning to reduce their expenses when things return to normal.

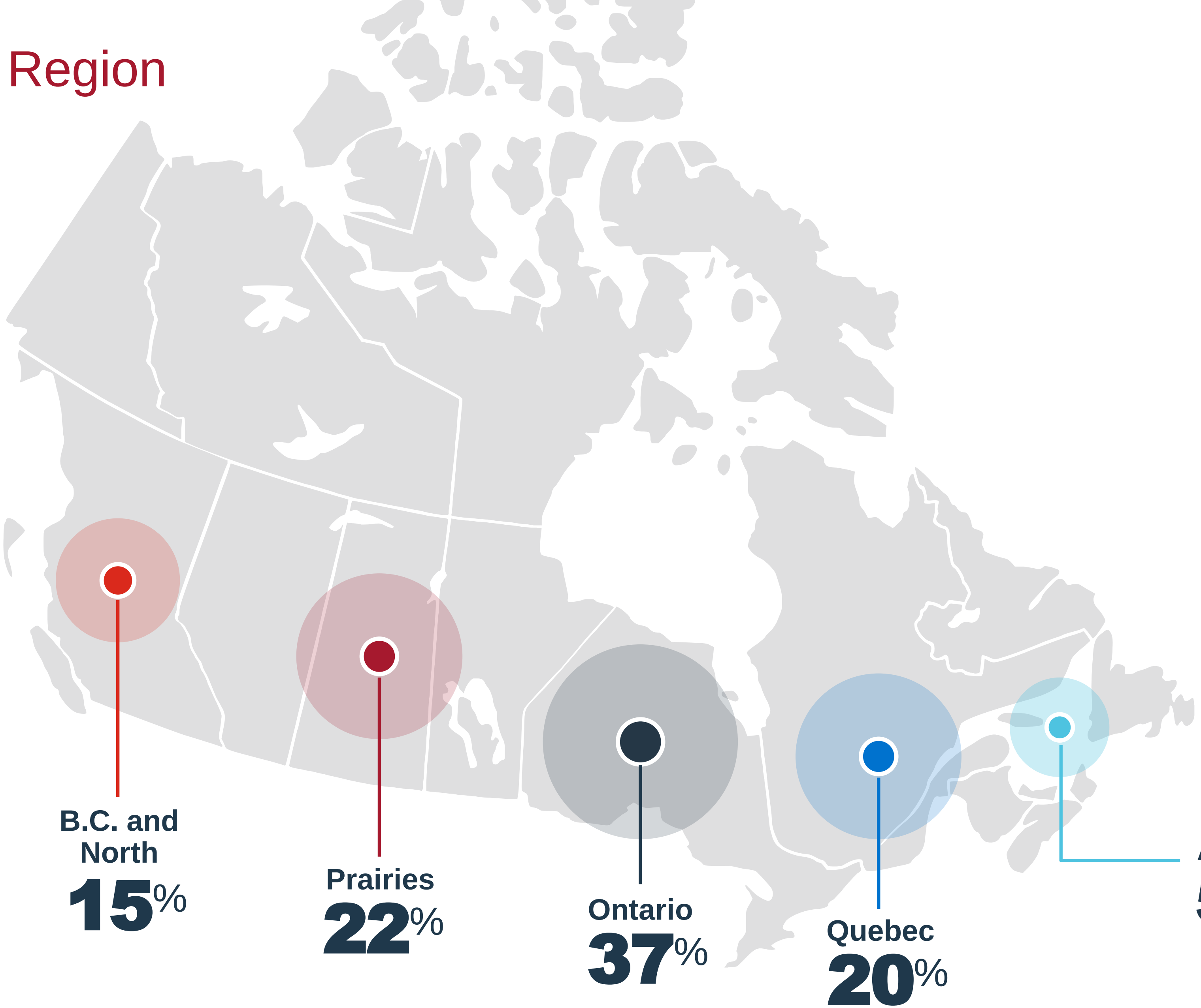
Base: All respondents (n=619). This question was converted into a multi-choice in the 6th wave of the survey. Multiple mentions were allowed, therefore, total may exceed 100%.

04.

Respondent profile

Survey wave 6

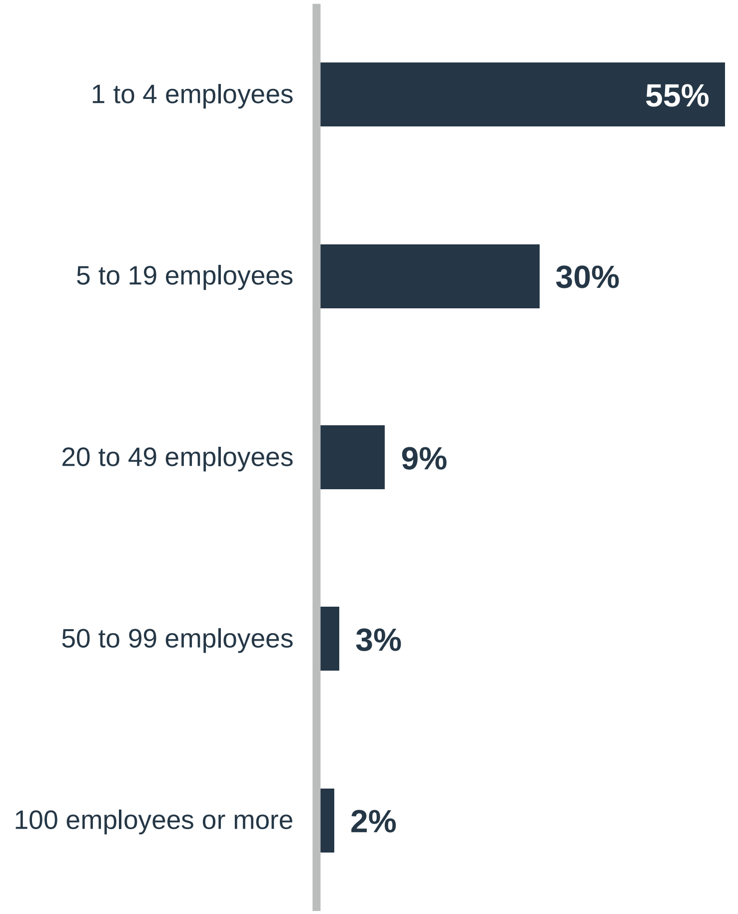
Region



Base: All qualified respondents (n=619). Due to rounding, total may not equal 100%.

Number of employees

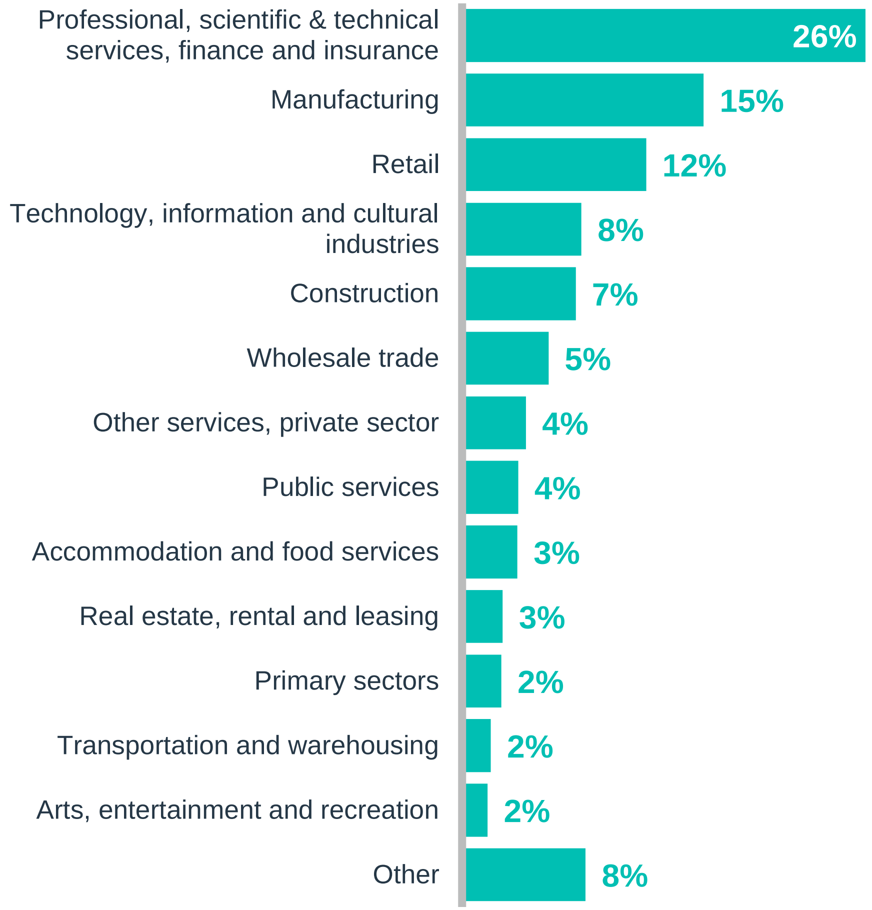
Number of employees



Base: All qualified respondents (n=1,061). Due to rounding, total may not equal 100%.

Sector of activity

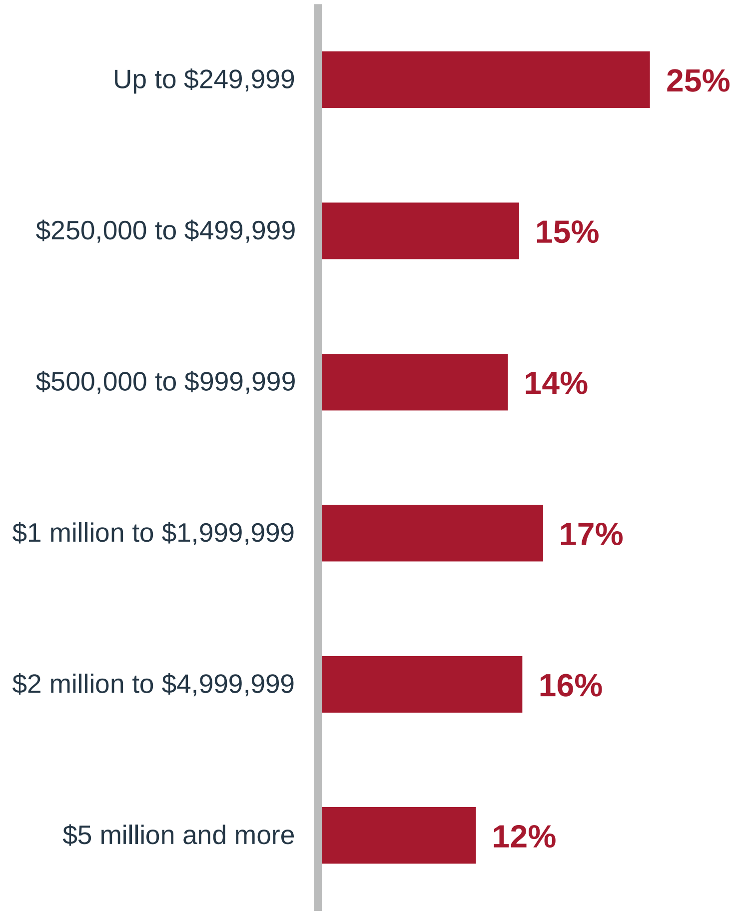
Sector of activity



Base: All qualified respondents (n=619). Due to rounding, total may not equal 100%.

Business annual sales

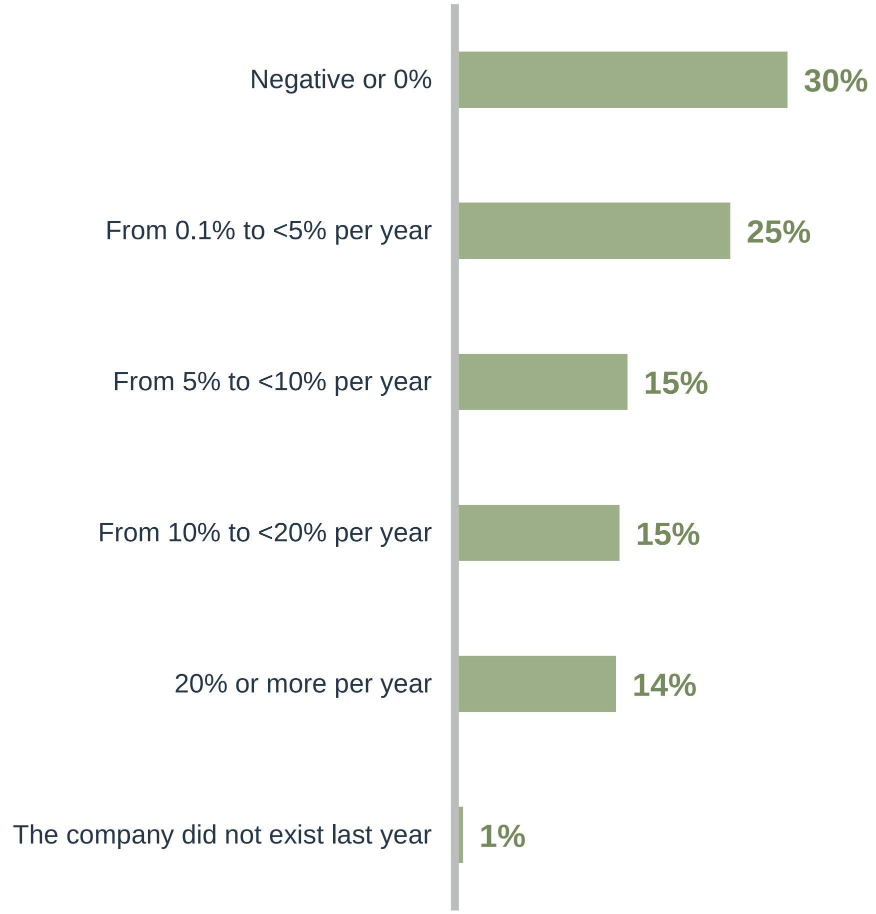
Annual sales



Base: All qualified respondents (n=619). Due to rounding, total may not equal 100%.

Business annual sales growth

Annual sales growth



Base: All qualified respondents (n=1,061). 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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