



Survey on the impact of COVID-19 on Canadian SMEs

Tracking survey

Research and Market Intelligence at BDC
As of April 1st, 2020

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01.

Methodology

Methodology



- **Survey methodology:** Online.
- **Respondent profile:** Business owners and business decision-makers from the BDC Viewpoints panel.
- **Survey dates:** Wave 1 = March 11 to 13 / Wave 2 = March 14 to 18 / Wave 3 = March 30 to April 1st, 2020
- **Margin of error:** For a probability sample of 1,139 respondents (wave 3), the maximum margin of error is ± 2.9 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.



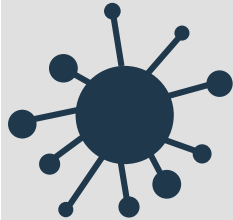
02.

Key highlights

COVID-19 survey highlights, March 30 to April 1, 2020

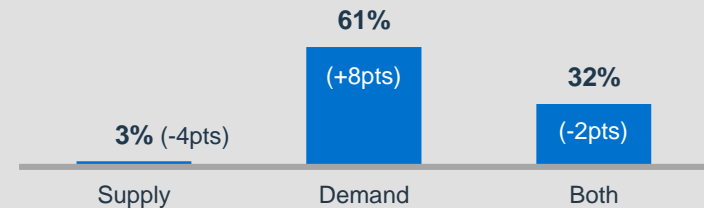


Entrepreneurs feel strongly the impact of COVID-19



Impact is negative: **90%** (+17pts)
 Impact is positive: **3%** (+2.6pts)
 No impact so far: **6%** (-19pts)

Disruption remains caused by a lack of demand mainly



...and the extent of the negative impact is major

Say that the **negative** impact on their business is somewhat or very important **84%** (+17pts)

Predict that the impact on their business will be somewhat or very important **43%** (-17pts)

Entrepreneurs say they are very worried about...



Top-3 areas/actions of the business impacted

Ability to keep employees on payroll: **65%** (new)

61% (new): Ability to keep the business open

Ability to repay their debt: **60%** (+4pts)

How BDC could help (top-3 actions)

39% (-3pts): Create a COVID-19 relief loan

Offer payment postponement: **33%** (-3pts)

31% (+11pts): Offer a line of credit



03.

Main results

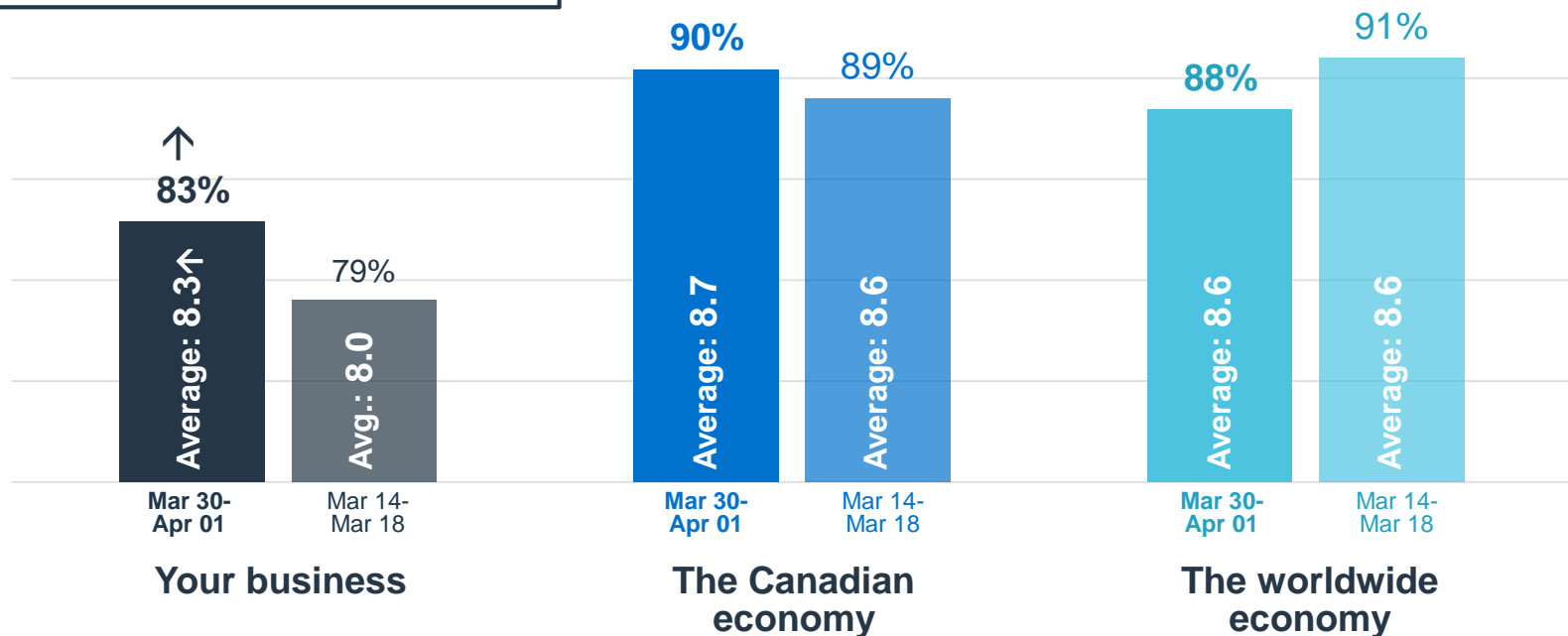
The level of worry **remains high**; it has increased significantly for the impact on one's own business but is stable for both Canadian and worldwide economy.



Q.0 How **worried** are you about the impact of COVID-19 on ...?
 Opinions were expressed using a scale of 0 to 10, where 0 means the impact is minimal, and 10 means it is very important.

Significantly ↑ proportion of respondents worried about their business among:

- Steady businesses (86%)
- 5-19 employees (87%)
- Construction (90%)
- Retail (94%)

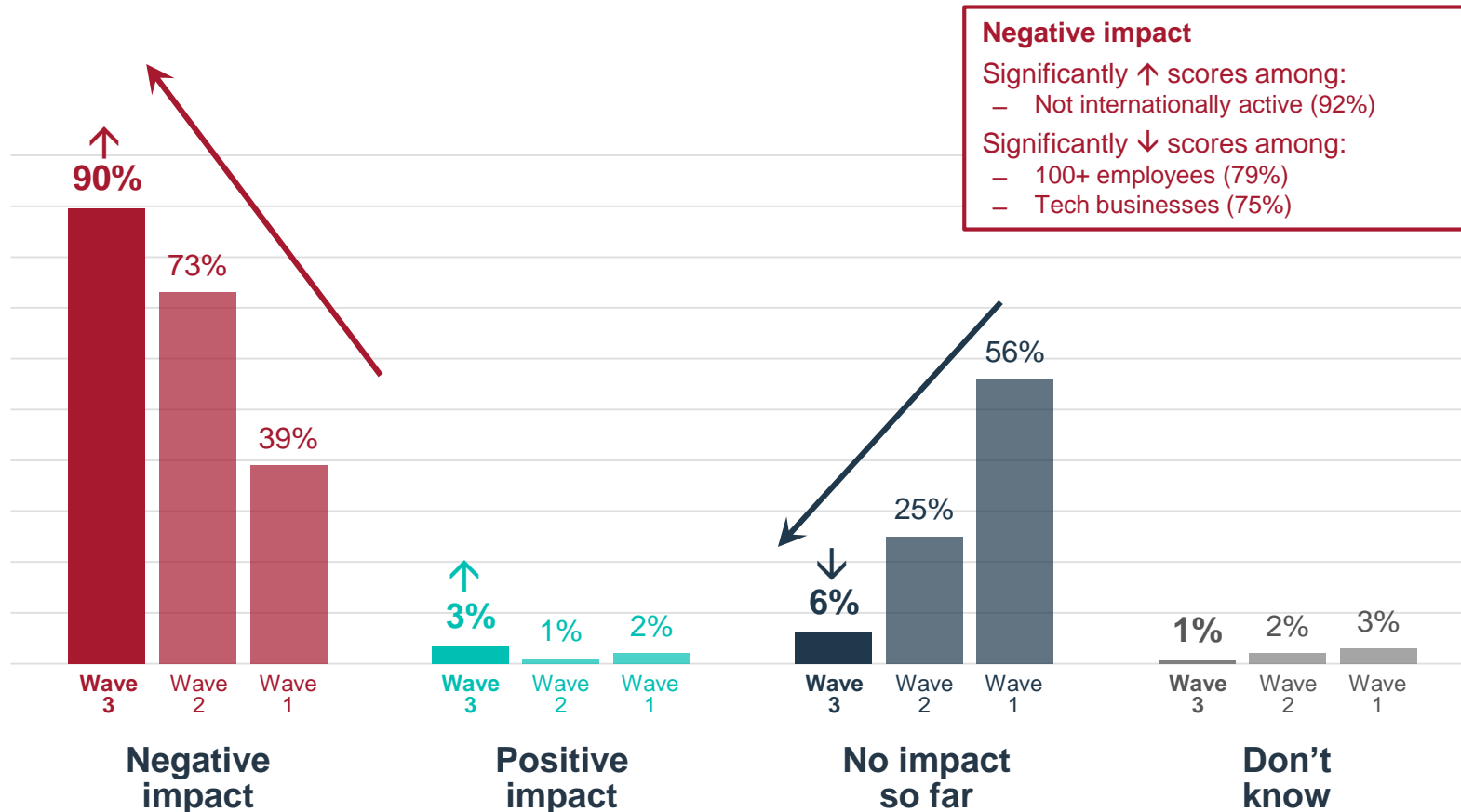


Base: All qualified respondents (n wave 3=1,123-1,139). This question was asked starting March 15. Results are presented in terms of those worried with the situation (scores of 7+ out of 10). Due to rounding, totals may not equal to 100%. The average score is calculated by excluding those who didn't know or preferred not to answer, whereas the scale includes these respondents. Arrows above results indicate statistically significant differences between the latest two waves.

Most businesses now feel the impact of COVID-19. The impact is **negative** for a great majority and impacts almost all business categories similarly.



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



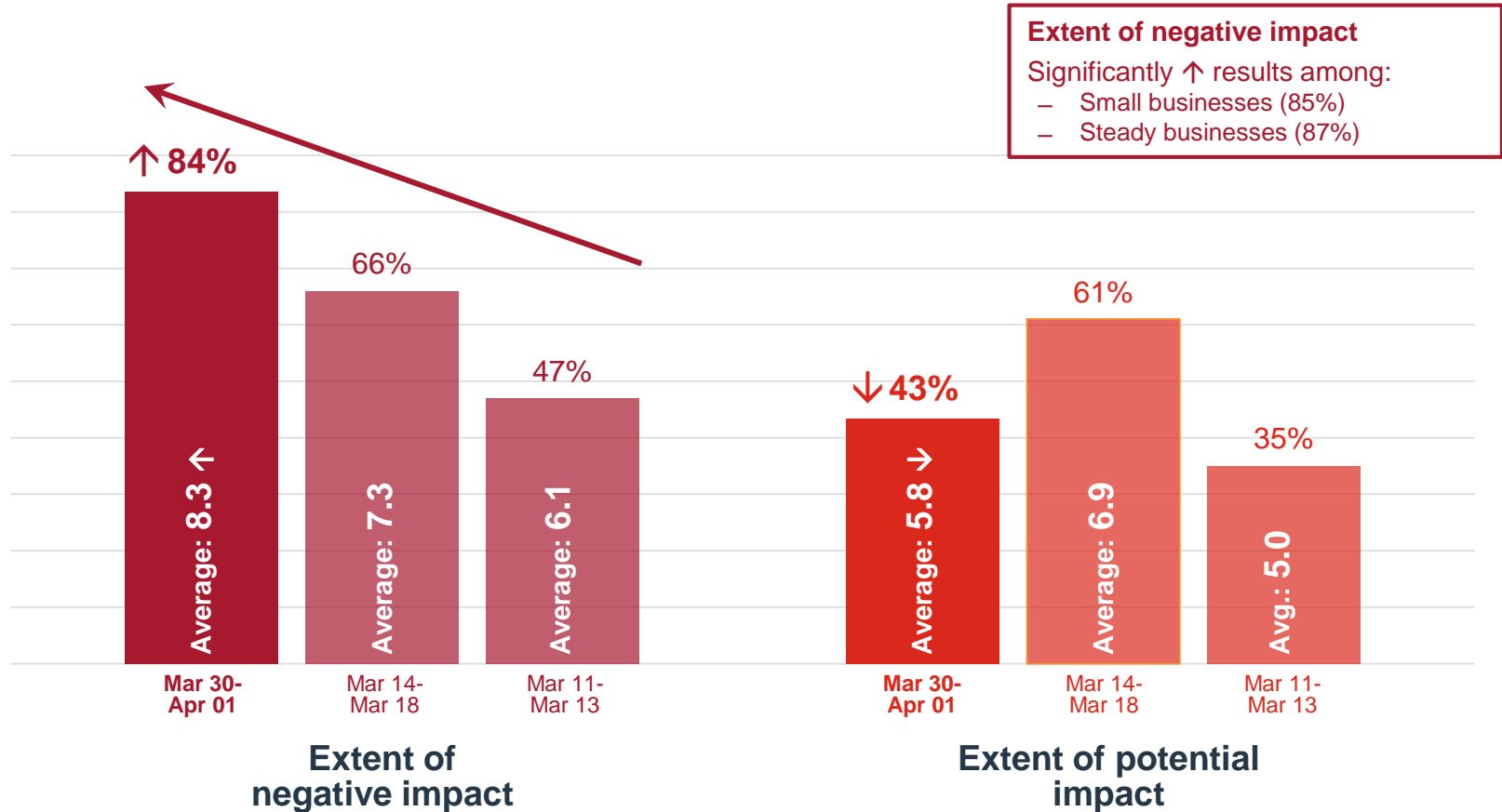
Base: All qualified respondents (n wave 3=1,139). Due to rounding, total may not equal to 100%. Arrows above results indicate statistically significant differences between the latest two waves.

The extent of negative impact has **increased significantly** in the past two weeks. Conversely, those who haven't been impacted yet are less apprehensive.



Q.2/Q.4 To **what extent** has your business been impacted **negatively** so far/will be impacted?

Opinions were expressed using a scale from 1 to 10, where 1 means that the impact is minimal and 10 means the impact is important.

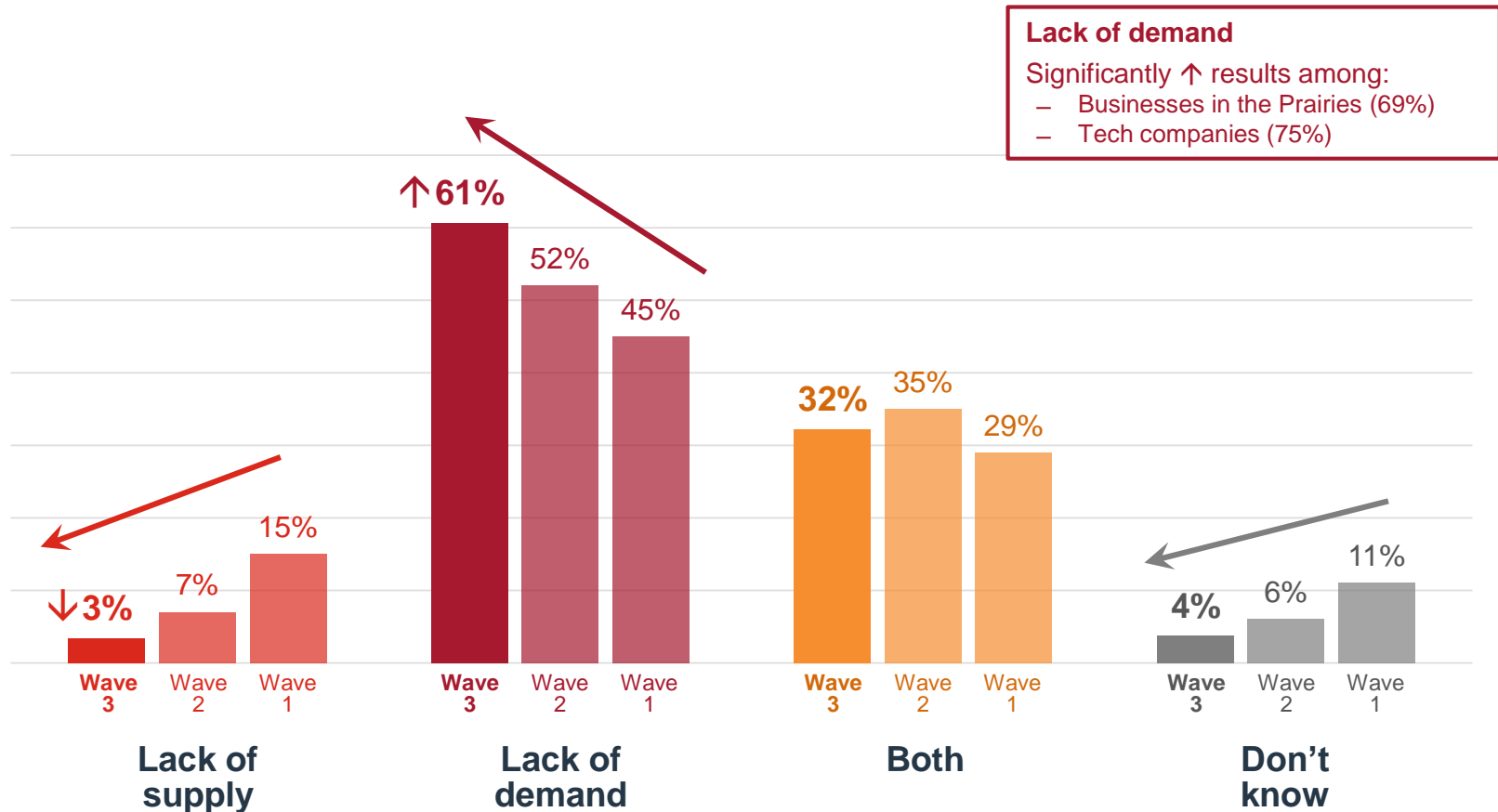


Base: Q.2 = Those who see a negative impact (n wave 3=1,022-1,024) / Q.4 = Those who haven't seen any impact so far (n wave 3=66). Results are presented in terms of those worried with the situation (scores of 7+ out of 10). The average score is calculated by excluding those who didn't know or preferred not to answer, whereas the scale includes these respondents. Arrows next to results indicate statistically significant differences between the latest two waves.

The **lack of demand** is increasingly becoming a problem. It now hits all types of businesses, more so in the Prairies and tech companies.



Q.5 Is or will this disruption mainly be caused by a **lack of supply**, or a **lack of demand**, in your opinion?

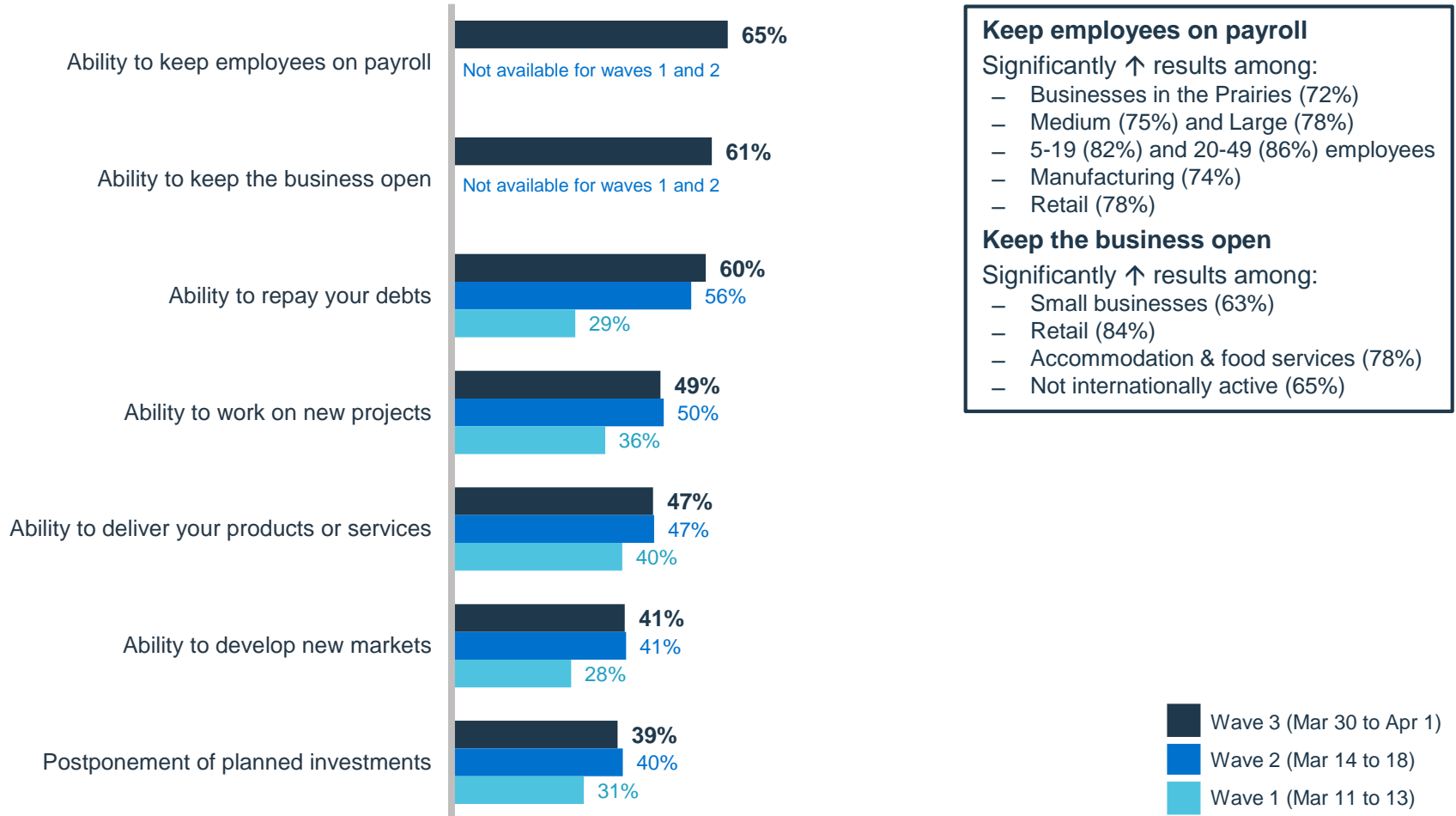


Base: All qualified respondents (n wave 3=1,087). Due to rounding, total may not equal to 100%. Arrows next to results indicate statistically significant differences between the latest two waves.

Most are concerned about their ability to **keep employees on payroll** and **keep the business open**. These concerns weren't on the radar earlier.



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

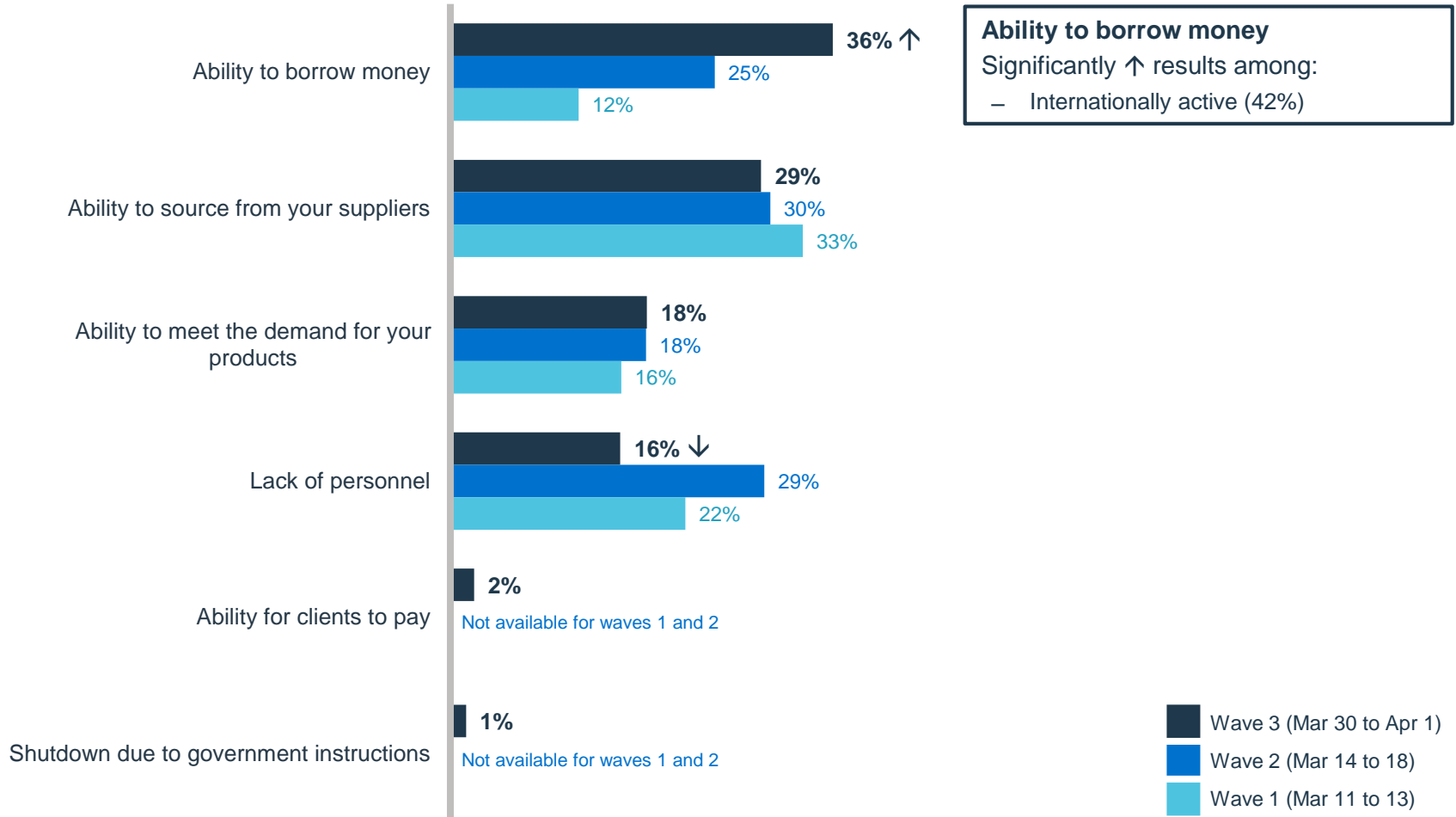


Base: Those who are impacted negatively or feel they will be impacted in the next 2 months (n wave 3=897). Multiple mentions allowed. Arrows indicate statistically significant differences between the latest two waves.

The **ability to meet demand** is of limited concern, probably because demand itself has decreased. Lacking personnel is **less of a concern** than before.



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



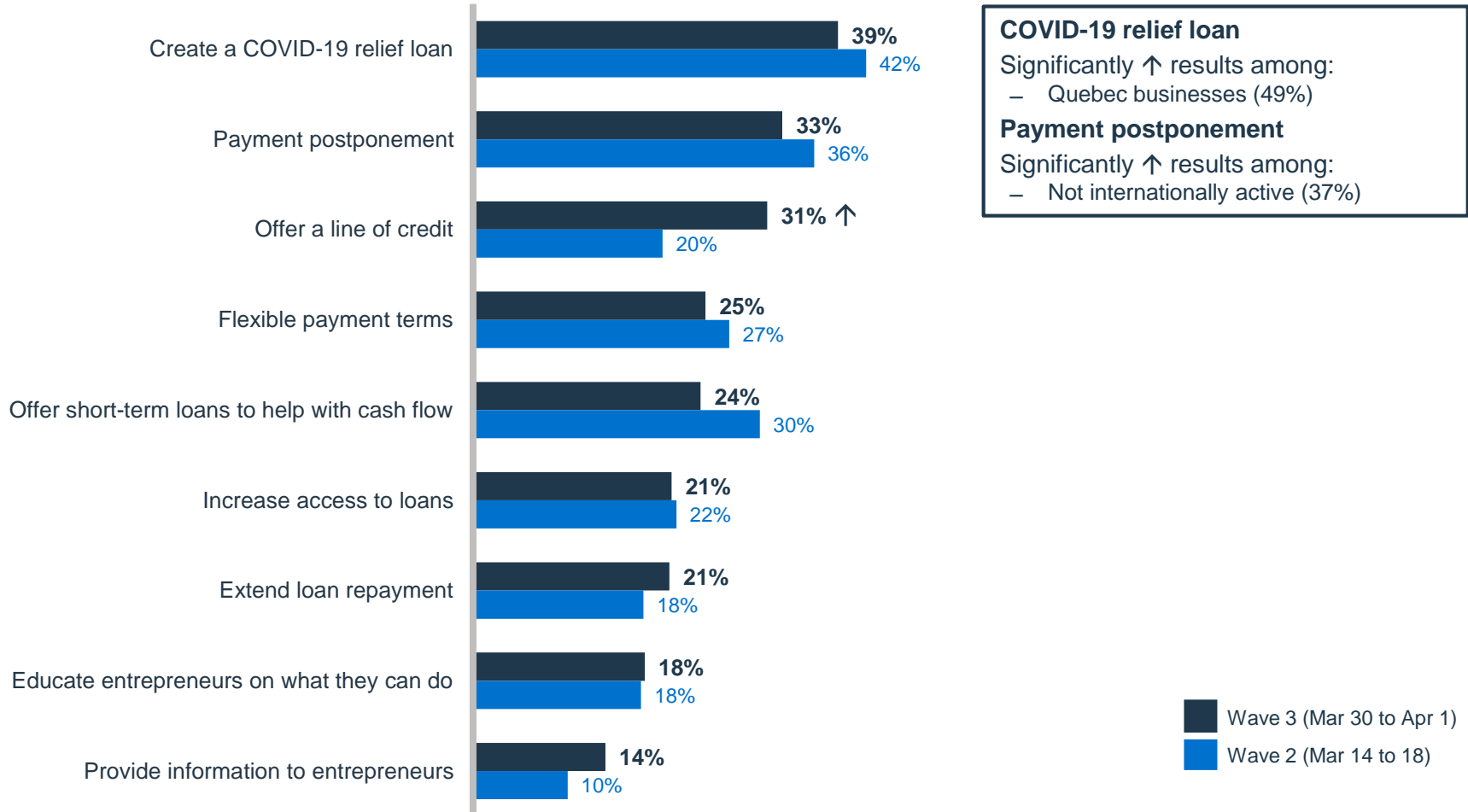
Base: Those who are impacted negatively or feel they will be impacted in the next 2 months (n wave 3=897). Multiple mentions allowed. Arrows indicate statistically significant differences between the latest two waves.

Creating a **COVID-19 relief loan** and **payment postponement** remain actions deemed most helpful. Significant increase for offering a line of credit.



Q.8 Which of the following actions from BDC would you feel would be **most helpful** for your business during these times?

Top answers

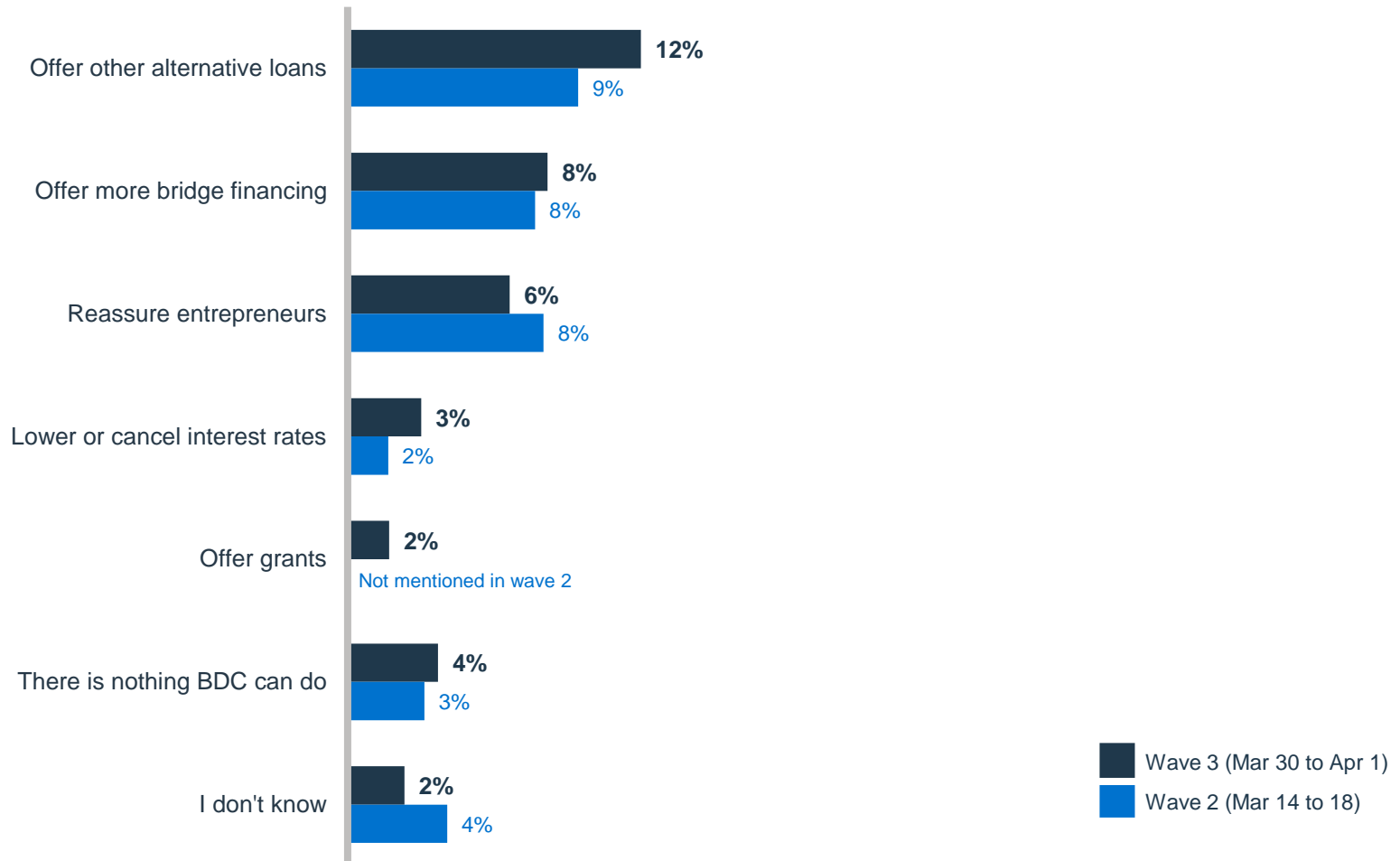


Base: All qualified respondents (n wave 3=940). Multiple answers (maximum 3) were allowed. Arrows indicate statistically significant differences between the latest two waves. This question was converted into a multiple-choice question on March 15.

BDC clearly has a role to play. Only 4% believe there is **nothing BDC can do** to help entrepreneurs; this score has remained stable between the two waves.



Q.8 Which of the following actions from BDC would you feel would be **most helpful** for your business during these times?
Less often mentioned answers



Base: All qualified respondents (n wave 3=940). Multiple answers (maximum 3) were allowed. Arrows indicate statistically significant differences between the latest two waves. This question was converted into a multiple-choice question on March 15.

The fear of **lack of support**, the **decrease in demand or sales** and the fear of **closing the business** remain of particular concern.



Q.7 Are there **comments or observations** you would like to share regarding the impact of the coronavirus on your business or on Canadian businesses in general?

These were the most commonly mentioned comments and observations on the situation:

- Fear of no support for SMEs / Government actions: 30% (-7pts)
- Decrease in demand or clientele / Drop in sales: 24% (+4pts)
- Fear of closing business: 11% (-1pt)
- Travel restrictions / Events cancelled or delayed: 10% (+8pts)

*Currently, all my suppliers are closed until April 15 [...] and the customers are practically all in quarantine or operating at 50%, so I am forced to lay off. The federal government's program is slow to emerge and is very difficult to dissect.
(Translated from French)*

Government plan to support businesses by providing repayable debt, [which] will just delay the inevitable for some businesses. They will either fail now from lack of working capital, or fail later trying to service an increased debt load in a mediocre economy.

Our revenues have dropped by 60% and we have to respond to that. Our working capital is also drying up and we will be negatively impacted when projects start up again.

I know the government has put a lot of money out there for small business but from what I am seeing, I will not meet the conditions to access any of these funds.

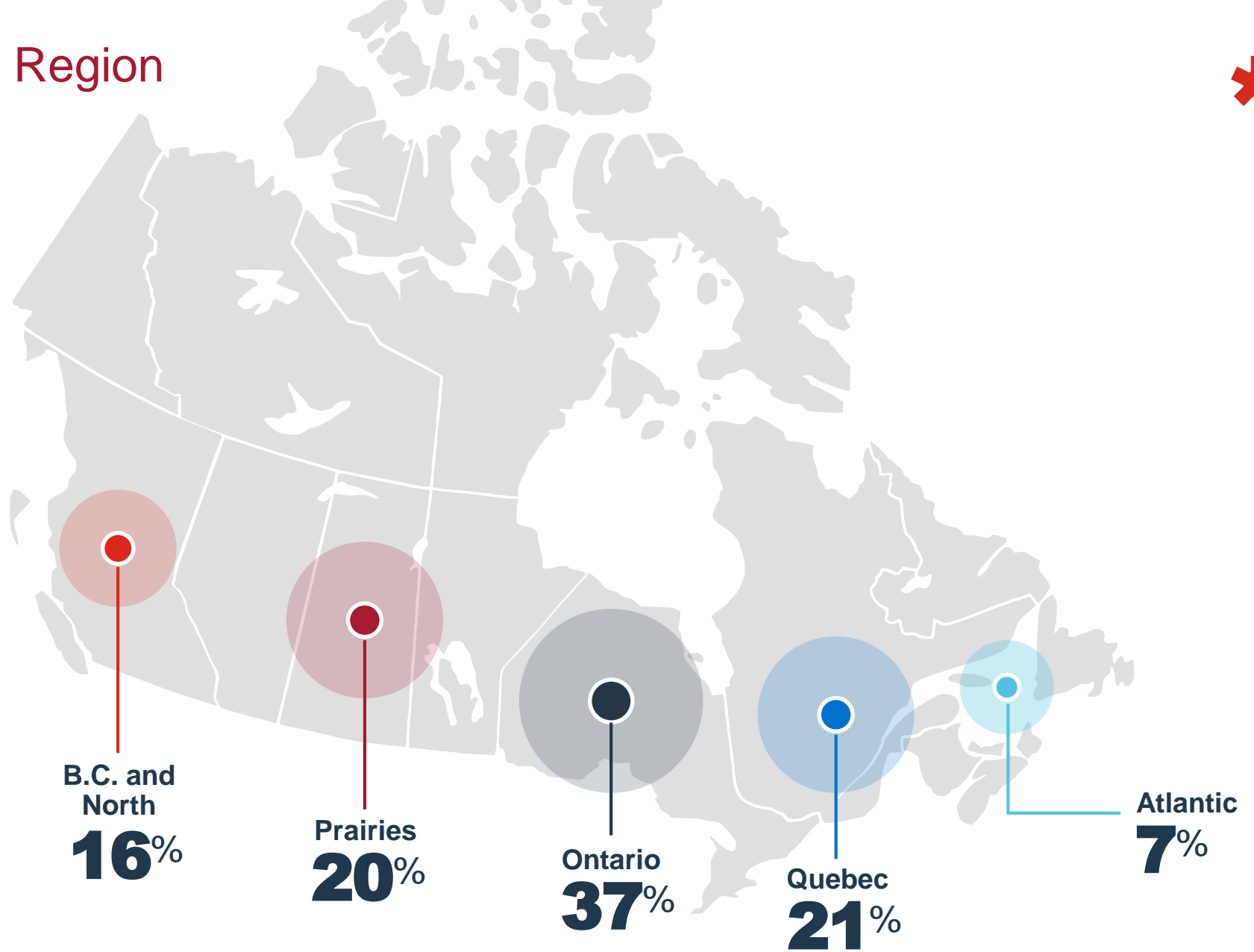


04.

Respondent profile

Survey wave 3

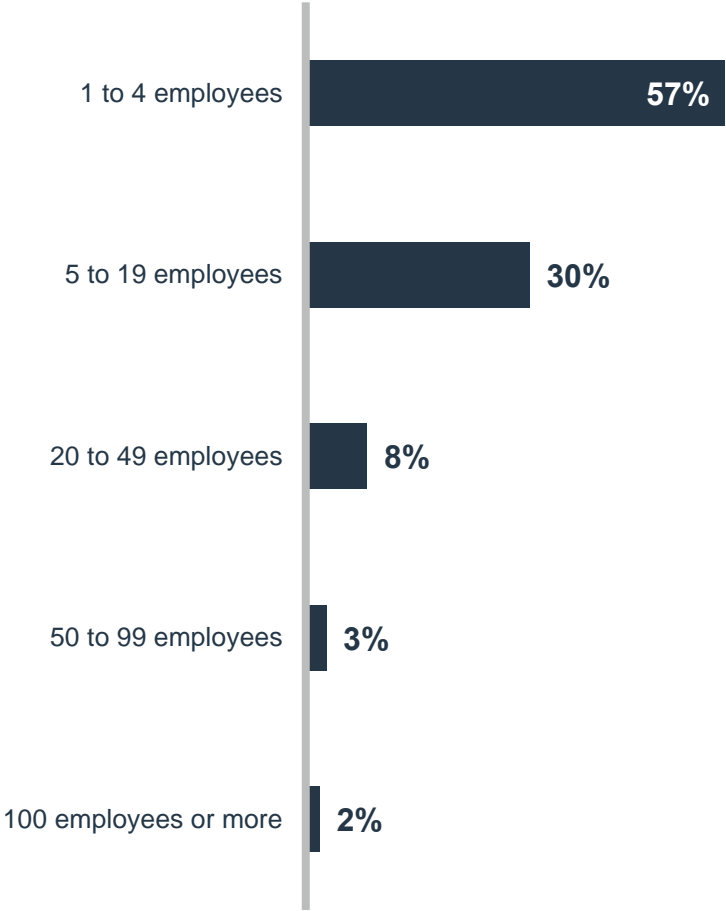
Region



Number of employees



Number of employees

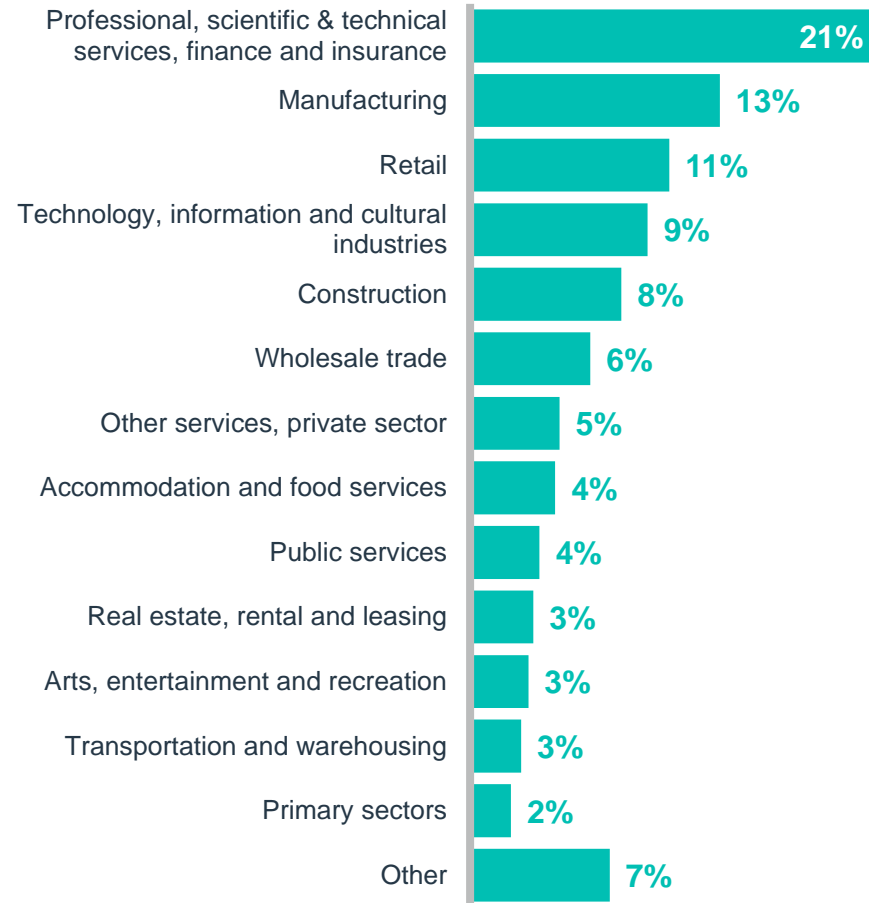


Base: All qualified respondents (n=1,139). Due to rounding, total may not equal 100%.

Sector of activity



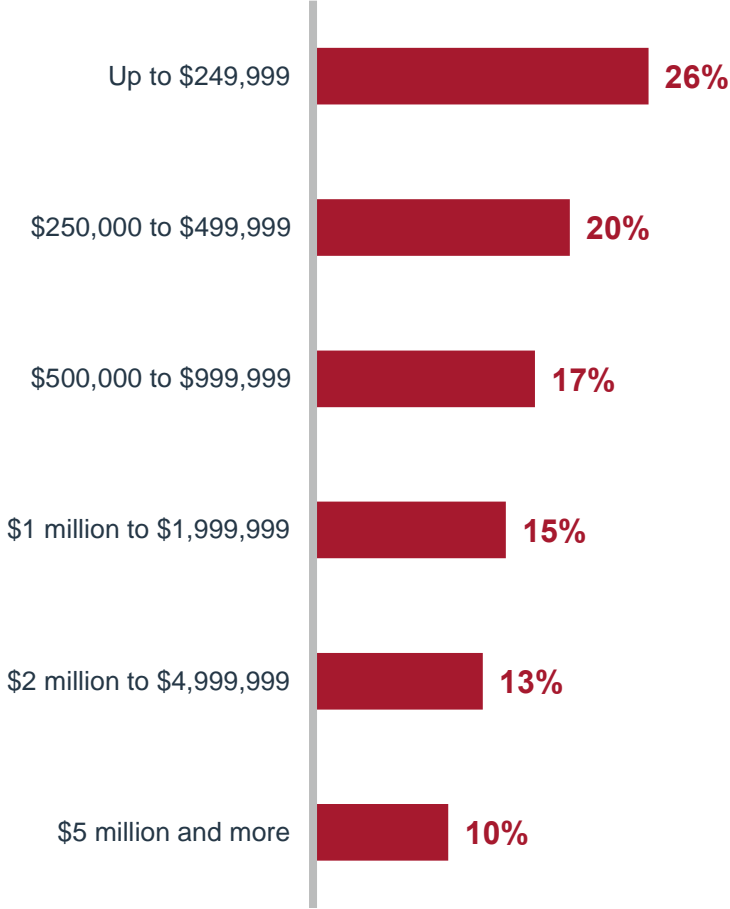
Sector of activity



Business annual sales



Annual sales

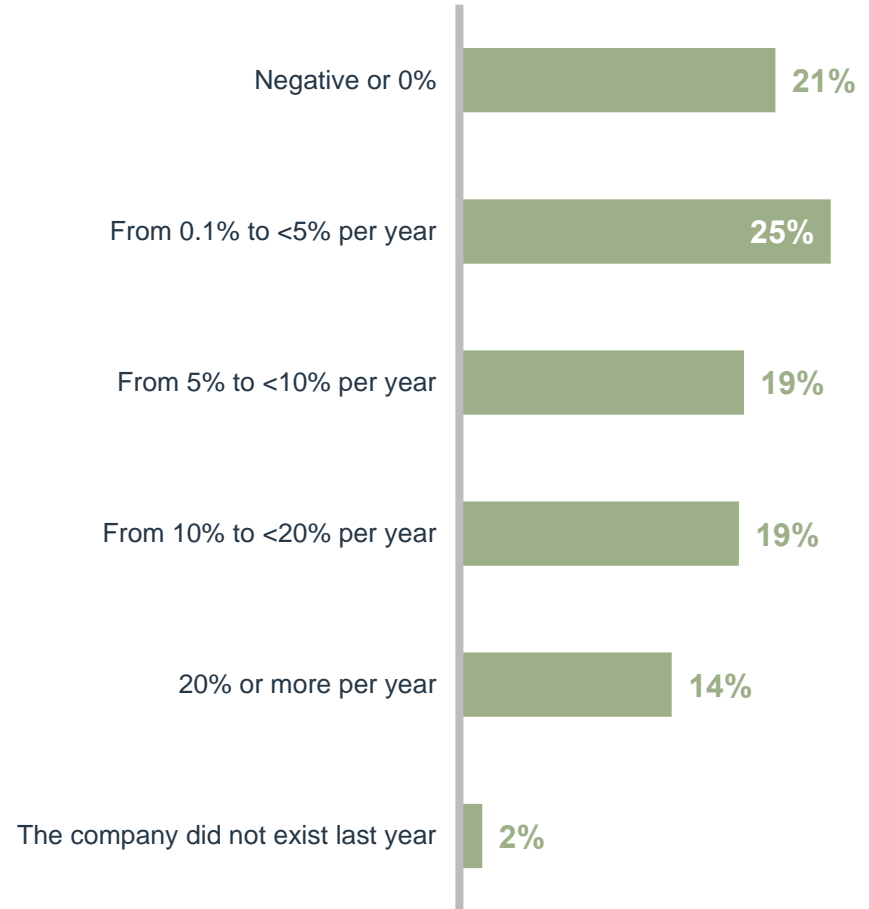


Base: All qualified respondents (n=1,139). Due to rounding, total may not equal 100%.

Business annual sales growth



Annual sales growth





Thank you.

Research and Market Intelligence

For more info, please contact us at

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