



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS**

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Conscious Consumerism: Choosing to Shop Small during the Pandemic

Transformation of Canada's Small Businesses Series – Report #2

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This is a pivotal time to support local

Canadians are making a lot of important choices during the pandemic, including where they shop. Evidence shows consumer spending has shifted toward big businesses, which were better able to weather COVID-19 related restrictions by focusing on their online sales. In fact, big businesses are profiting during the pandemic. Meanwhile, Canadian small businesses are fighting to remain afloat and are doing their best to adjust, but it is difficult to compete with big business' dominance, convenience, ad spending and big shipping fulfillment centres as Canadians order more of their food, clothing and holiday shopping online. Small business owners worry they aren't going to survive and, if they do, that consumers are going to permanently shift their habits to shop at big businesses, as a result of the pandemic.

As we navigate the second wave of COVID-19, small businesses hope Canadians will make a conscious choice to shop small and support their local community. There are a lot of reasons to support Canadian small businesses:

Support Canadian jobs

9 in 10 Canadians are employed by small and medium-sized businesses

Help the economy recover

Small businesses invest in their communities, profits stay local

Keep communities vibrant

Small businesses make our communities fun & enjoyable

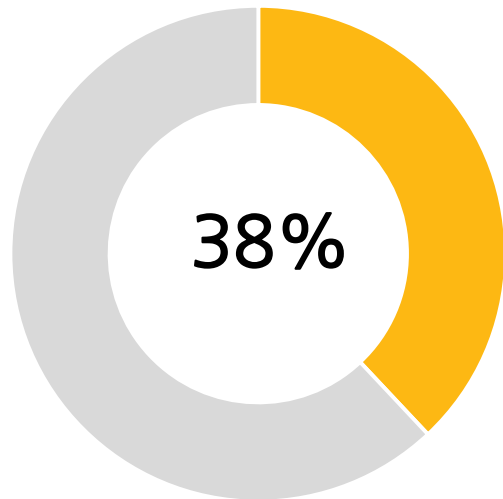
Feel good

Small businesses offer high quality products and a personalized experience

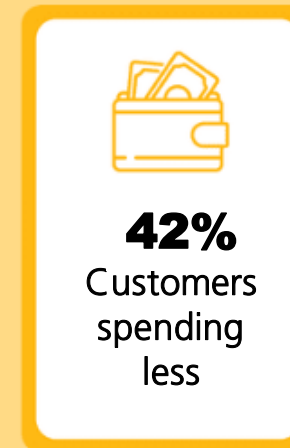
The following slides showcase how small businesses are faring during the pandemic compared to big businesses and how many Canadians are prioritizing shopping local.

Small businesses are struggling with below-normal sales because the pandemic has meant they are seeing fewer customers and the customers who are coming in are spending less

Retail businesses making normal sales:



Top reasons open retail businesses have below-normal sales



Question: How much of your usual revenues for this time of year is your business currently making?
Source: CFIB, COVID-19 Recovery Survey – September 2020, Sept. 24-TBD, 2020, preliminary results, n = 1,578.

Question: Why is your business experiencing less than usual revenues?
Source: Source: CFIB, Your Business and COVID-19 – Survey Number Twenty, August 27-September 23, 2020, n = 407.

Under these conditions, many small retail businesses are not going to survive. In fact, one in seven are at risk of closing



*Question: Please indicate whether or not you agree with the following statement: I am actively considering bankruptcy/winding down my business as a result of COVID-19.
Source: Simon GAUDREAU, CFIB (2020), How many Canadian businesses are at risk of permanently closing due to COVID-19?*

Meanwhile, big businesses are thriving through the pandemic – reporting higher profits in Q2 2020 than in previous years

Average quarterly revenue increase, in %



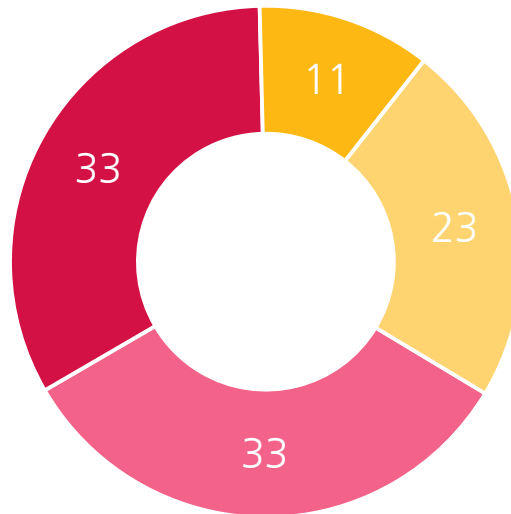
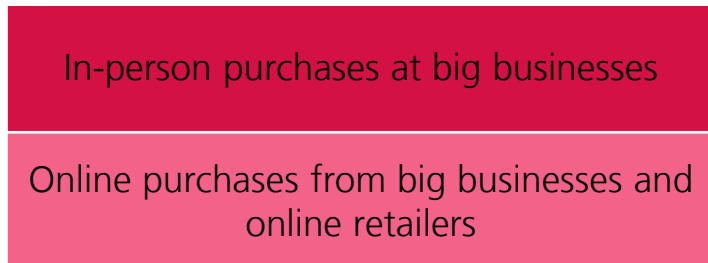
In comparison, **62%** of small retail businesses weren't even making normal revenues this summer*

Calculations for the corporations are based on a three-year (2018, 2019, 2020) average of Q2 quarterly financial results. CFIB small business calculations are based on an average of Q3 results to the following survey question: How much of your usual revenues for this time of year is your business currently making?

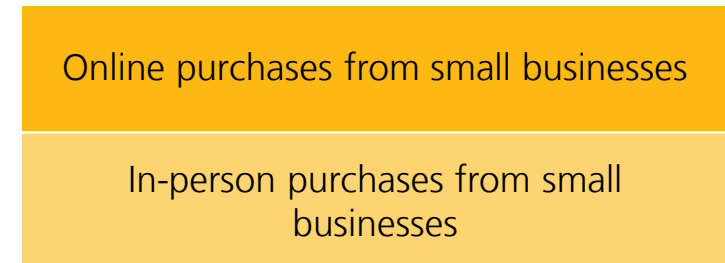
The holiday season is the time of year that makes or breaks many retail businesses. On average, Canadians plan to spend most (66%) of their holiday budget at big businesses this year

Where Canadians plan to spend their holiday budget this year
(% of budget at each type of business, on average)

Big businesses own 66% of Canadian holiday spending



Small businesses will receive 34% of Canadian holiday spending



Question: What percentage of your holiday budget do you plan to spend at each of the following?
Source: CFIB and MARU, Omnibus public opinion poll, September 25-27, 2020, n = 1,511.

The dominance of big businesses selling online threatens Canadian small businesses

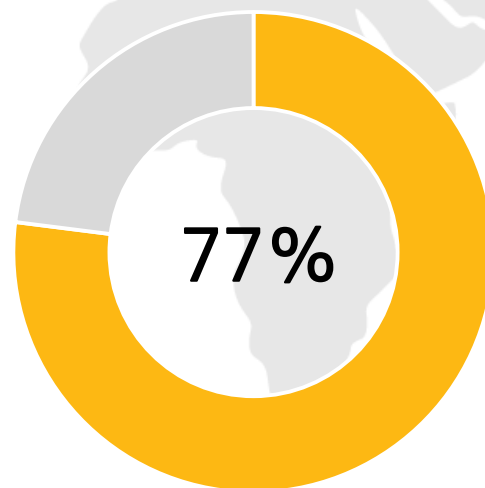
88% of small business owners agree that dominance of big businesses selling online, such as Amazon, threatens Canadian small businesses



Question: Please indicate whether or not you agree with the following statement: The dominance of big businesses selling online (such as Amazon) threatens Canadian small businesses
Source: CFIB, E-commerce and competition with big business survey, September 17-October 7, 2020, n = 3,388.

Large international businesses often have an unfair tax advantage when they sell online, and can leverage better shipping rates

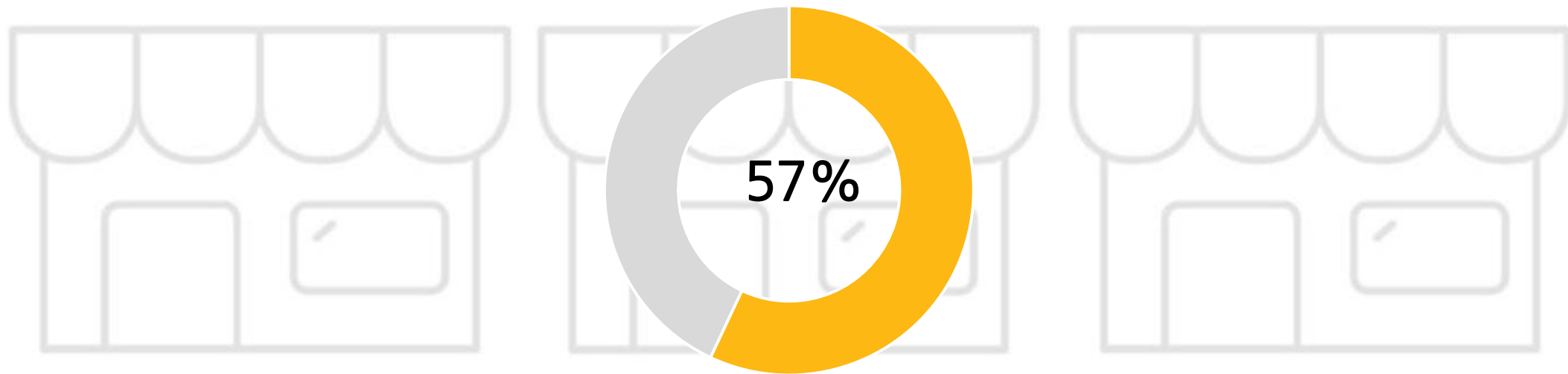
8 in 10 small business owners agree that “Purchases made online from international businesses should always receive the same tax treatment as those made at Canadian businesses.”



Question: Please indicate whether or not you agree with the following statement: Purchases made online from international businesses should always receive the same tax treatment as those made at Canadian businesses
Source: CFIB, E-commerce and competition with big business survey, September 17-October 7, 2020, n = 3,387.

Governments can do more to encourage shopping at independently owned Canadian businesses

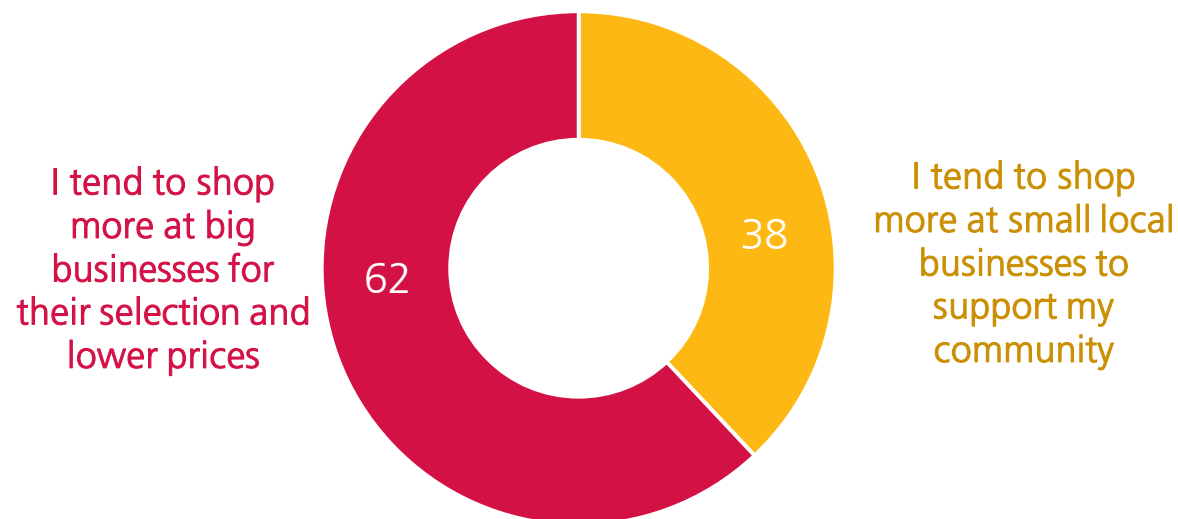
6 in 10 small business owners want political leaders to focus on encouraging local shopping to advance economic recovery



Question: What specifically should Minister Freeland focus on to support your business and economic recovery?
Source: CFIB, Your Business and COVID-19 – Survey Number Twenty, Aug. 27-Sept. 23, 2020, n = 6,030.

Over a third of Canadians are choosing to shop local first. With increased awareness and some encouragement, hopefully, more will follow their lead and support Canada's small businesses through the pandemic

Where Canadians say they tend to shop
(% response)



Question: Which of the following statements best describes you as a consumer?
Source: CFIB and MARU, Omnibus public opinion poll, September 25-27, 2020, n = 1,511.

We encourage all Canadians to think about where they are spending their money and consciously choose to shop at Canadian small businesses this holiday season and going forward

Small businesses survive with your support and are grateful for it.

To find out more how you can support small businesses or get resources to help your business, visit SmallBusinessEveryDay.ca



Launch of new Big Thank You contest for #SmallBusinessEveryDay

What is the contest?

We are encouraging customers to thank a local business by going to www.smallbusinesseveryday.ca. When they thank a business, they and that business are entered to win a BIG THANK YOU BOX, including cash prizes and goodies from small businesses across Canada.

How to enter?

Consumers go to www.smallbusinesseveryday.ca and write a thank you message to a local business, entering both themselves and the business for a chance to win. One consumer and one business will win each week until November 29.

What's the prize?

Businesses can win \$2500 cash and goodies from small businesses across Canada. Customers can win \$500 to spend at local businesses and goodies from small businesses across Canada.

Methodology



CFIB data: This paper presents findings from CFIB’s weekly “Your business and Covid-19” surveys, which have been completed online by small businesses across Canada since the beginning of the COVID-19 emergency on a regular basis.



Maru/Matchbox data: The survey was conducted by Maru/Matchbox on September 25 to September 27, 2020 as part of an ongoing research series examining Canadians’ attitudes and perceptions towards small business. The results of this study are based on a sample of n=1,511 Canadians who are members of the Maru Voice Canada online panel and results have been weighted to reflect the adult population according to the most recent Census data. For comparison purposes, a probability sample of this size yields a margin of error of +/- 2.5%, nineteen times out of twenty.