



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS**

In business for your business™

Small Businesses' Experience with eCommerce during the Pandemic

Transformation of Canada's Small Businesses Series: Part 3

Highlights deck

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Small business adoption of eCommerce ramps up to adapt to COVID-19

As we are now deep into a second wave, the pandemic continues to challenge small business owners across Canada, pushing many to adapt. In the first two reports of the Transformation of Canada's Small Businesses research series, we looked at how small businesses have gone [digital to communicate with customers](#), then at the role the pandemic is playing increasing [big business dominance](#) and the need for Canadians to support local. Now, in this final piece of the series, we turn to the adoption of eCommerce as a solution for businesses to survive the pandemic and possibly thrive going forward.

COVID-19 lockdowns and ongoing restrictions for health and safety propelled many small businesses to eCommerce. Businesses using eCommerce have increased 65% since the start of the pandemic (20% of small businesses were selling online prior to COVID-19 and 13% have adopted it since March, or are in the process of doing so). Whether eCommerce will be a successful venture for small businesses is still uncertain for most who have adopted it; only one in five say it has brought in significant revenue for their business. Many small businesses are still finding their footing in online sales and could use support from consumers to find them online, eCommerce platforms to help make getting online easier, and governments to help through resource and training initiatives.

Key highlights in this deck, include:

152,000 businesses have adopted eCommerce since the start of the pandemic

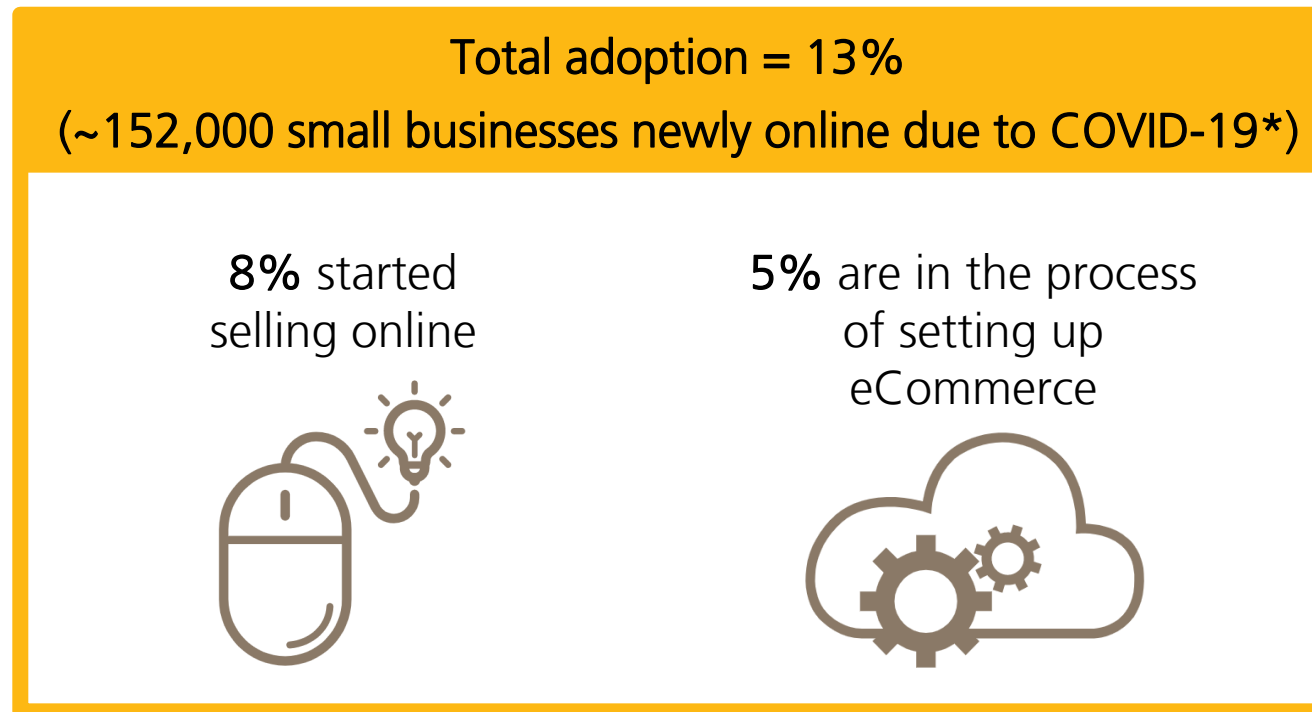
One-in-three businesses are selling online now

Half of businesses could potentially conduct sales online or over the phone

Small businesses survive with consumers' support - we encourage them to find local businesses online

Since the start of the pandemic, approximately 152,000 small businesses in Canada have adopted eCommerce or are in the process of doing so

Businesses' online status since the start of the COVID-19 pandemic in March 2020



20% were selling online beforehand



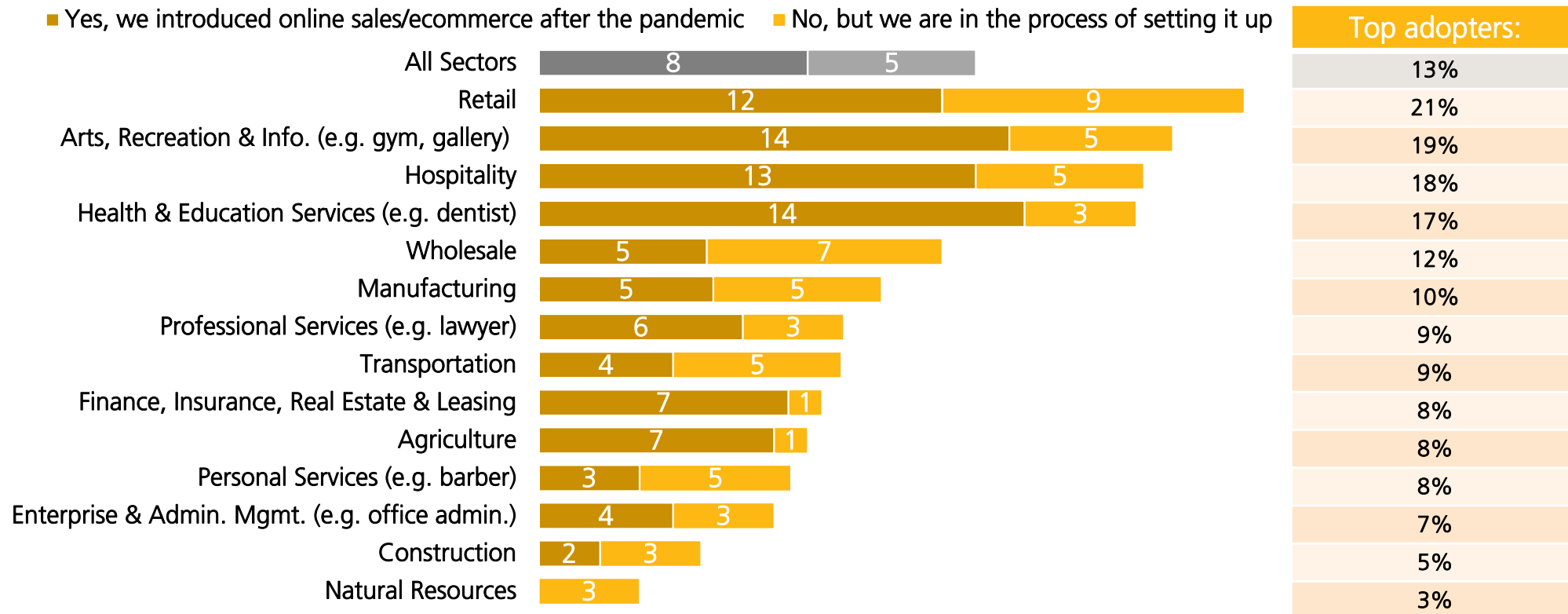
Question: Is your business currently doing online sales/eCommerce?

Source: CFIB, eCommerce and competition with big business survey, September 17-October 7, 2020, n = 3,601.

Note*: To estimate the number of businesses that newly adopted eCommerce, CFIB used the above survey results and projected them to all Canadian SMEs using Statistics Canada's business counts for active employer businesses.

The top eCommerce adopters are those that have been hit hardest by the pandemic, including retailers, arts and recreation, hospitality, and health services

Shift to online sales since COVID-19, by sector (% response)

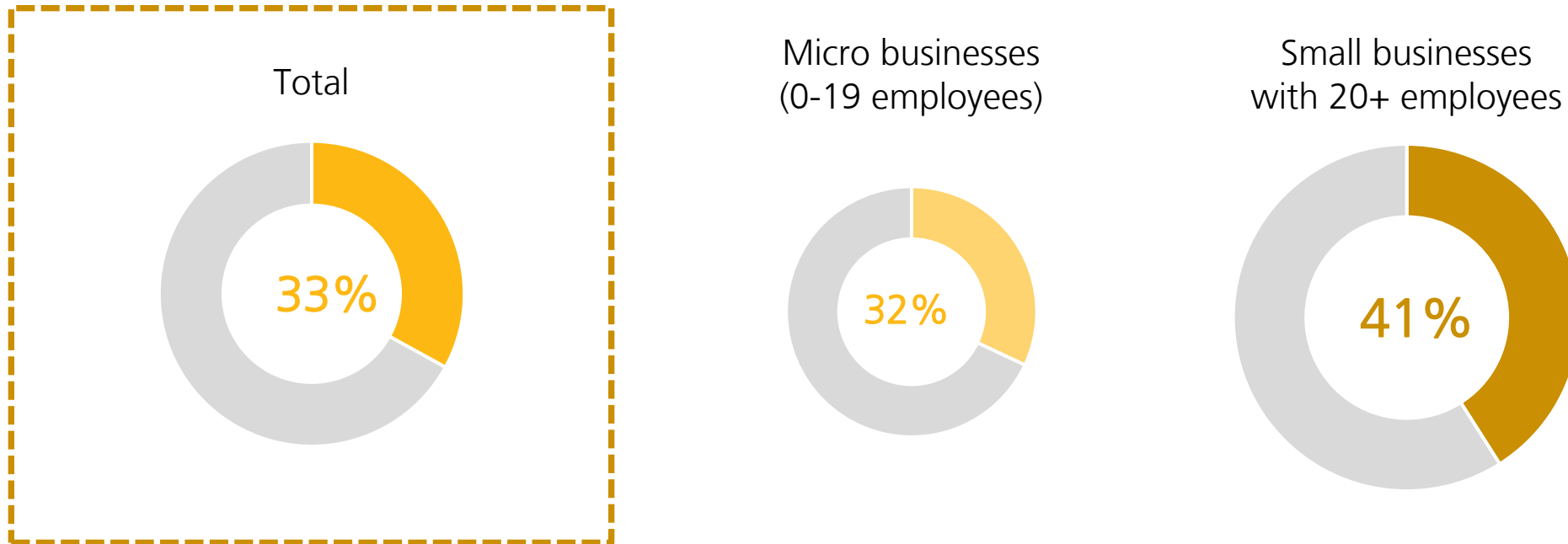


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A third of small businesses are now selling online, or will be soon. Those with 20 or more employees are more likely to be selling online than micro businesses

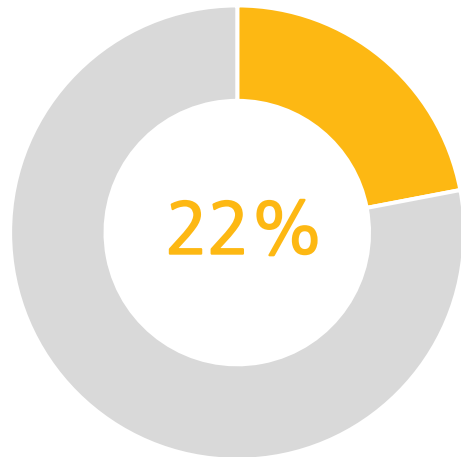
**Currently doing online sales or in the process of adopting,
by size of business**



Question: Is your business currently doing online sales/eCommerce?
Source: CFIB, eCommerce and competition with big business survey, September 17-October 7, 2020, n = 3,601.

Across all businesses, one in five say they will increasingly rely on eCommerce to survive COVID-19

“My business will increasingly rely on online sales to survive COVID-19” (Agree)



Sectors that will rely most on online sales in the coming year:

- Retail (34%)
- Wholesale (31%)
- Arts, Rec. & Info. (25%)
- Hospitality (25%)

Question: Please indicate whether you agree or disagree with the following statement: “My business will increasingly rely on online sales to survive COVID-19”.
Source: CFIB, eCommerce and competition with big business survey, September 17-October 7, 2020, n = 3,359.

There is still potential for more businesses to make the move to sell online – half of all small businesses say they would be able to sell online or over the phone quickly if they needed to

Percentage of businesses that could transfer some of their sales online or over the phone



52% of businesses could conduct some sales online

Best-suited sectors

- Professional Services (e.g. lawyers)
- Wholesale
- Finance, Insurance, Real Estate and Leasing

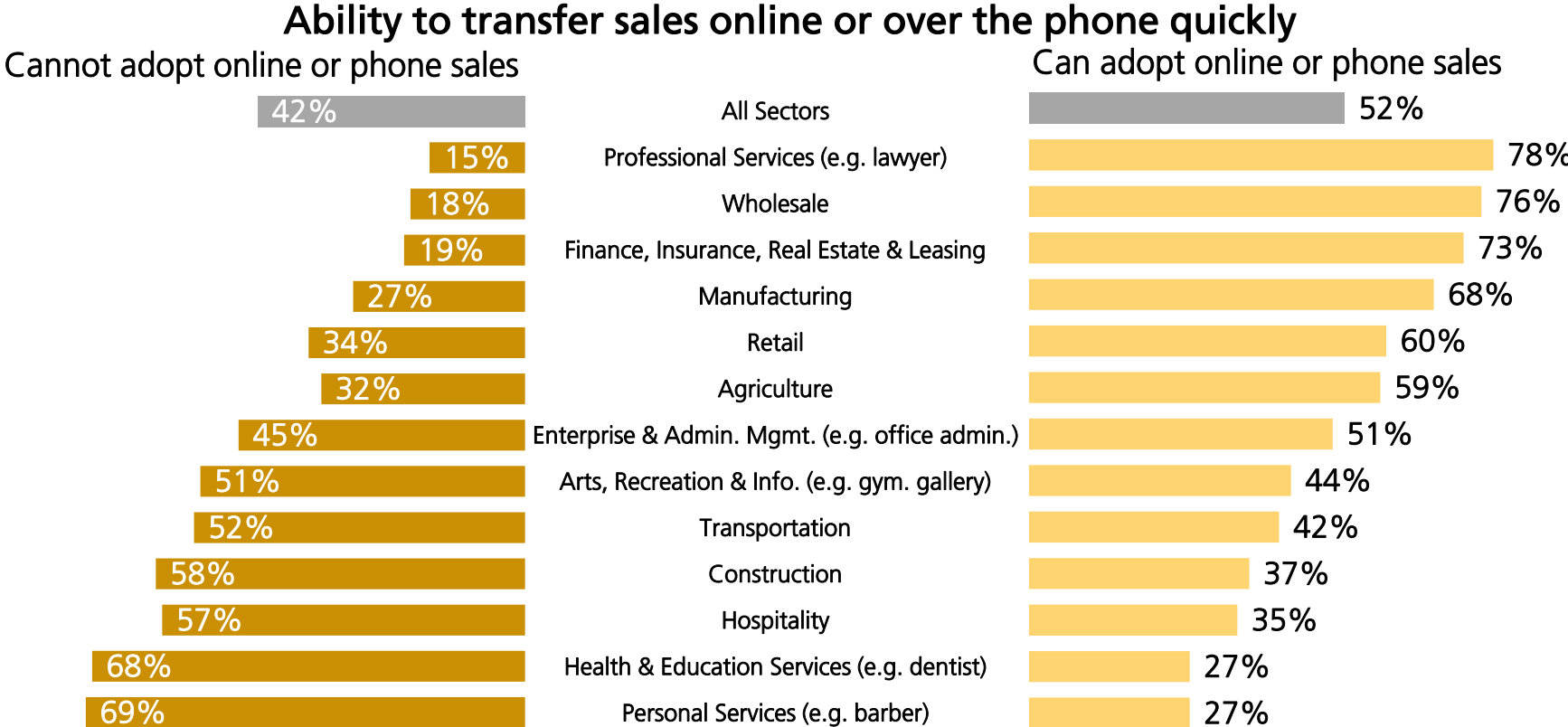
Least-suited sectors

- Health & Education Services (e.g. dentist, private school)
- Personal Services (e.g. barber, repairs)

Question: What is the maximum percentage of your business' total dollar sales that could be quickly done online, over the phone or through any other sales channels that do not involve in-person sales? Respondents were asked to choose from a range of categories with options ranging from 0% to 100%. The 52% mentioned-above includes all responses, except those who responded '0%' or 'Don't know/Unsure'.

Source: CFIB, COVID-19 and Your Business Survey, March 13-21, 2020, n = 8,458.

Sectors that could adapt the most during the pandemic by selling online or over the phone include professional services like lawyers and accountants, wholesalers, finance & insurance, and manufacturing; the least adaptable are health and personal services



Question: What is the maximum percentage of your business' total dollar sales that could be quickly done online, over the phone or through any other sales channels that do not involve in-person sales? Respondents were asked to choose from a range of categories with options ranging from 0% to 100%. The 52% mentioned-above includes all responses, except those who responded '0%' or 'Don't know/Unsure'.
 Source: CFIB, COVID-19 and Your Business Survey, March 13-21, 2020, n = 8,458.

A story of survival: The shift towards eCommerce by the Health & Education Services sector is particularly interesting

At the start of the pandemic, **a majority (68%) of businesses** in this sector reported they would not be able to sell online or over the phone quickly.

By September, however, they became the **5th** most likely sector to newly adopt eCommerce (17%), demonstrating the drive these businesses have to survive.



What types of businesses are in this sector? Private schools, daycares, optometrists, dentists, physiotherapists.

Question: What is the maximum percentage of your business' total dollar sales that could be quickly done online, over the phone or through any other sales channels that do not involve in-person sales? Respondents were asked to choose from a range of categories with options ranging from 0% to 100%.

Sources: 1) CFIB, COVID-19 and Your Business Survey, March 13-21, 2020, n = 488.

2) CFIB, eCommerce and competition with big business survey, September 17-October 7, 2020, n = 204.

With the right support, more businesses could sell online. The main reasons cited for not adopting eCommerce are the type of products or services offered, a lack of technical expertise, logistical requirements and the financial costs of selling online

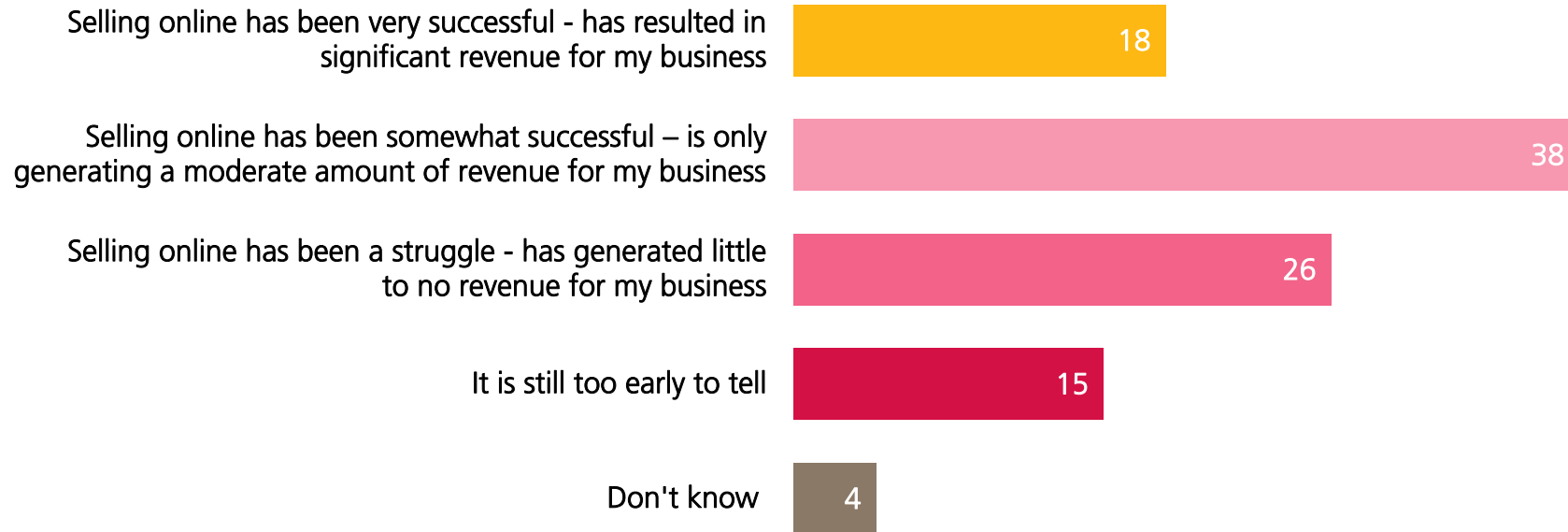
Here are some of the top reasons we are hearing small businesses are not adopting eCommerce:

- **Lack of knowledge on applying eCommerce to service sectors:** CFIB is hearing from many small businesses in service sectors that they don't know how to apply eCommerce to their business model. *This is one area where CFIB sees a lot of potential for eCommerce adoption if business owners were armed with the right information, support and technology.*
- **Lack of technical skills and resources:** Setting up eCommerce can be complicated and intimidating; many business owners say they need to hire new team members to help them learn how to set up an online shop and manage this sales channel.
- **Additional cost:** The costs required to set up an eCommerce platform and processing payments acts as a deterrent for some businesses.
- **Incompatible business model:** Many businesses say they don't have the stock that would be necessary for an online inventory to make it worthwhile, or their products cannot be sold online.

Source: CFIB, National Retail Sector Survey, November 7 to November 25, 2019, n = 1,663.

Small businesses are still working to make eCommerce a successful revenue stream. One in five say selling online has been lucrative, while the rest are struggling to make significant revenue through their online shops

Which of the following statements best reflects your experience with eCommerce during the pandemic? (% response)



Selling online has been more successful for those with more experience with eCommerce (businesses selling online prior to the pandemic)

Source: CFIB, eCommerce and competition with big business survey, September 17-October 7, 2020, n = 976.

There are many ways you can support small businesses during the pandemic

Consumers: Make it a priority to support local	Governments: Provide small businesses specialized pandemic support
<ul style="list-style-type: none">✓ Find small businesses online to order curbside pickup or purchase from in person.✓ Buy from small businesses online through their website.✓ Recommend small businesses on your social media accounts.✓ Make it a small business holiday season and buy all your gifts locally.✓ Tell your friends and family that you make the effort to shop at small businesses because it is important to you to support your community.	<ul style="list-style-type: none">✓ Support businesses interested in selling online for the first time (such as through grants to move sales online and enhance digital marketing).✓ Partner with organizations to support small business digital adoption as was done in Ontario with 'Digital Main Street', the 'Le Panier Bleu' initiative in Quebec, and BC Marketplace.✓ Work with eCommerce platforms to reduce the cost of operating eCommerce stores, which will make selling online more affordable and accessible for small businesses.

We encourage everyone to find and support Canadian small businesses for the holidays and to make a special effort to do so on Small Business Saturday™, November 28th

<p>Celebrate</p> <h1>Small Business</h1> <h2>S A T U R D A Y</h2> <p>with CFIB and American Express</p> <p>2020 has been a hard year on everyone – including Canada’s small businesses. That’s why CFIB and American Express encourage you to support your local favourites by shopping small on Small Business Saturday, November 28.</p> <p>FIND A LOCAL BUSINESS</p>	<h3>How you can find small businesses</h3> <table border="1"><tr><td data-bbox="835 605 1243 962"><p>Locate businesses using American Express Maps.</p><p>Find small businesses near you that welcome American Express using American Express Maps.</p></td><td data-bbox="1251 605 1656 962"><p>Check out eBay's gift guide.</p><p>Check out eBay's Gift Guide for recommendations on great gifts and where to buy them.</p></td></tr></table>	 <p>Locate businesses using American Express Maps.</p> <p>Find small businesses near you that welcome American Express using American Express Maps.</p>	 <p>Check out eBay's gift guide.</p> <p>Check out eBay's Gift Guide for recommendations on great gifts and where to buy them.</p>	<p>Go to the market(place).</p> <p>You're already on Facebook – why not shop there, too? Lots of small businesses sell through their page or Facebook Marketplace.</p>	<p>Do it for the 'gram.</p> <p>Go to your favourite store's Instagram account. You can buy directly through the app for many of them!</p>	<p>Shop safely with Kijiji.</p> <p>Find out who's offering delivery and curbside pick-up using Kijiji Village.</p>
 <p>Locate businesses using American Express Maps.</p> <p>Find small businesses near you that welcome American Express using American Express Maps.</p>	 <p>Check out eBay's gift guide.</p> <p>Check out eBay's Gift Guide for recommendations on great gifts and where to buy them.</p>					
<p>To find ways you can shop from small businesses go to SmallBizSaturday.ca</p>		<p>Take a walk.</p> <p>Put on some mittens and stroll around your neighbourhood to find some great local gifts!</p>	<p>Don't take a walk.</p> <p>If the weather outside is frightful, go online! More and more businesses have set up online shopping this year, so browse from your couch.</p>	<p>Find a BIA.</p> <p>Business Improvement Areas are great hotspots for local shopping. There are hundreds of BIAs across the country, so find one close to you!</p>		

Methodology



This study presents findings from CFIB's *eCommerce and competition with big business survey*, completed online between September 17 and October 7, 2020 by 3,607 CFIB members. For comparison purposes, a probability sample with the same number of respondents would have a margin of error of +/-1.6%, 19 times out of 20

In addition, findings from the "Your business and COVID-19" surveys have been included, which have been completed online by small businesses across Canada since the beginning of the COVID-19 emergency on a regular basis. See details here: <https://www.cfib-fcei.ca/en/covid-19-surveys>