

Background

This analysis examines small and mid-sized firms serving mostly consumers (B2C) versus firms serving mostly other businesses (B2B). Firms serving a mix of both consumers and businesses were excluded to present a clearer picture, as their indicator readings generally fall between the two extremes.

Statistics Canada conducts similar analyses; however, it classifies firms by inferring B2B based on the industry. For example, wholesale, manufacturing, and professional services often serve businesses (B2B). Retail, and personal services typically serve individuals (B2C).

According to CFIB member survey data:

- 36% of SMEs are B2C
- 31% are B2B
- 33% serve both individuals and businesses.

At least half of firms in manufacturing, wholesale, transportation, professional services, and agriculture are B2B. Construction and finance, insurance, leasing and real estate are rather a mix of B2B and B2C (almost 50% of firms) and, to some extent, professional services firms (38%). B2C firms are concentrated in health and education (83%), hospitality, arts and recreation, and retail (all about 60%).

The composition of the two categories varies by firm size and age. In general, smaller businesses (0-4, 5-19 employees) are more likely to serve individuals (B2C), while larger firms are more likely to deal with other businesses (B2B). Younger firms are more prone to be B2C, and more established firms tend to be B2B.

Source

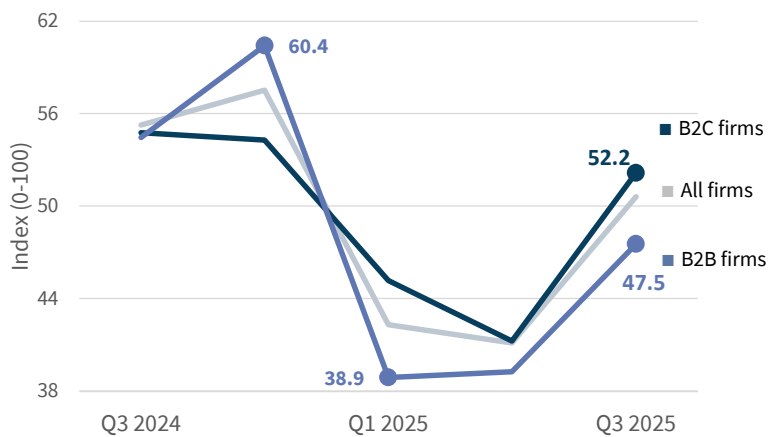
(1) CFIB, Your Business Outlook Survey. July 2024 to September 2025, Quarterly data. Number of responses: 1,329 (Q3 2024), 1,740 (Q4 2024), 2,147 (Q1 2025), 1,208 (Q2 2025), 1,413 (Q3 2025). From June 2024 to September 2025, the survey included a new section about each firm's characteristics such as main customers, offering mostly goods or products, seasonality patterns, location of its main activities, etc. As of October 2025, these extra questions have been made into a stand-alone survey about the Business Profile. Visit [cfib.ca/barometer](https://cfib.ca/barometer) for more details.

Optimism

Initially, B2B firms were more optimistic than B2C firms, with the Business Barometer optimism index peaking at 60.4 in Q4 2024, well above the all-industries average. However, optimism collapsed after tariffs and trade tensions escalated in Q1 2025, dropping B2B confidence to 38.9—lower than both B2C and the overall index. While B2C firms also declined, they rebounded faster and surpassed the all-industries average by Q3 2025 (52.2 versus 50.6), whereas B2B firms lagged at 47.5, signalling a slower recovery (Figure 4).

Figure 4 – Confidence dropped for both B2C and B2B firms in early 2025, but B2C bounced back faster and is now above the overall industry average

CFIB's 12-month small business confidence index<sup>1</sup>



Challenges

While taxes, regulations and insurance are the top cost pressures among all firms, B2C businesses are impacted more by wage, energy, and occupancy costs, and B2B businesses are more concerned by capital equipment and technology costs (Table 3).

Table 3 – Specific cost pressures for B2C versus B2B firms

Q3 2025, % responses	All firms	B2C	B2B
Tax, regulatory costs	65	63	65
Insurance costs	65	64	64
Wage costs	63	67	62
Occupancy costs	49	55	44
Product input costs	43	43	43
Electricity costs	39	42	35
Fuel costs	37	31	33
Capital equipment, technology costs	35	28	40
Borrowing costs	32	31	34
Other energy costs	16	17	12

Limited physical space affects B2C firms more considerably, while insufficient demand, shortage of skilled labour, and distribution constraints affect B2B to a higher degree (Table 4).

Table 4 – Specific limitations on growth affect each type of firm

Q3 2025, % responses	All firms	B2C	B2B
Insufficient demand	53	52	62
Shortage of skilled labour	42	33	44
Shortage of working capital	26	25	22
Limited physical space	23	27	19
Distribution constraints	19	15	19
Shortage of un/semi-skilled labour	18	17	16
Shortage of input products	10	9	9