



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS**

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The small business vision of 5G connectivity in Canada

in collaboration with 

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2021-05-19

Small businesses envision a future that leverages 5G technology to help their businesses innovate and thrive

CFIB, in collaboration with TELUS, surveyed 4,408 small business owners to uncover their views on mobile connectivity and the introduction of 5G to the Canadian marketplace. 5G networks are the next generation of mobile internet technology that will make the internet 10-100x faster than the current 4G network. 5G will eliminate “spotty service” and network congestion, as well as expand and improve connectivity in rural areas.

Over the last year, CFIB’s research has shown small businesses are accelerating their digital strategies, in large part, due to ongoing pressure related to the COVID-19 pandemic and changing consumer behaviours. New findings in this report reveal the importance mobile connectivity has for small businesses now and in the future, as well as how they would leverage new 5G technology that will soon be rolling out across the country.

Nearly all small businesses (94%) currently use WiFi around their office settings, and 85 per cent use mobile data outside a workplace setting for their business operations. The majority (79%) also say access to mobile internet connectivity through devices like tablets and smartphones is important for their business to succeed. Looking into the future, even more businesses (88%) will be relying on mobile connectivity for their business’s success over the coming three years, particularly those that are planning to hire more employees (93%).

Given the importance of connectivity for businesses now and in the future, small businesses are looking at how they will be able to leverage 5G for their own business success. Two-in-three (63%) small business owners say 5G will benefit their business, particularly those in the finance, real estate insurance and leasing (72%) and construction (71%) sectors, and businesses planning to hire more employees (71%). Nearly three-in-four (72%) believe 5G will springboard the use of technology in Canada’s small businesses.

The benefits and uses small businesses are looking for from 5G will be faster internet to enhance productivity and efficiency (76%), benefitting from rural customers being more connected (62%), and new opportunities to grow and innovate (53%). We detail some of the specific and inspiring plans for 5G use in this report, including the use of cloud services, Artificial Intelligence, increasing efficiency and productivity through faster download speeds, making use of wearable technology, and developing software applications, among others. In fact, offering faster (47%) and more reliable (46%) internet are the third and fourth most identified ways to help small businesses innovate, respectively, falling behind only reducing taxes (70%) and cutting red tape (52%). Rural businesses are more likely to say faster (54%) and more reliable (57%) internet will help them innovate, with improved reliability of internet coming in ahead of cutting red tape.

Small businesses do have concerns about 5G – namely when it will become available, costs and overall security of using 5G networks. The federal government creates policies that impact the rollout of 5G, including through spectrum auctions. CFIB recommends the federal government implement policies that ensure a competitive telecom industry that can provide reliable, cost-effective digital connectivity to small business owners in all parts of Canada within the next 5 years. We also recommend telecom operators rollout 5G as quickly as possible once spectrum is purchased to ensure small business competitiveness and assist in disseminating information regarding the possible applications available through 5G, as well as what they will do to ensure security over 5G networks.

Nearly all businesses need to connect with their clients and conduct business over the internet, both within and outside a traditional office setting, relying on both WiFi and mobile data.

Importance of WiFi



94%

of businesses say a fast and reliable WiFi connection within or near a workplace is important
(71% say extremely important)

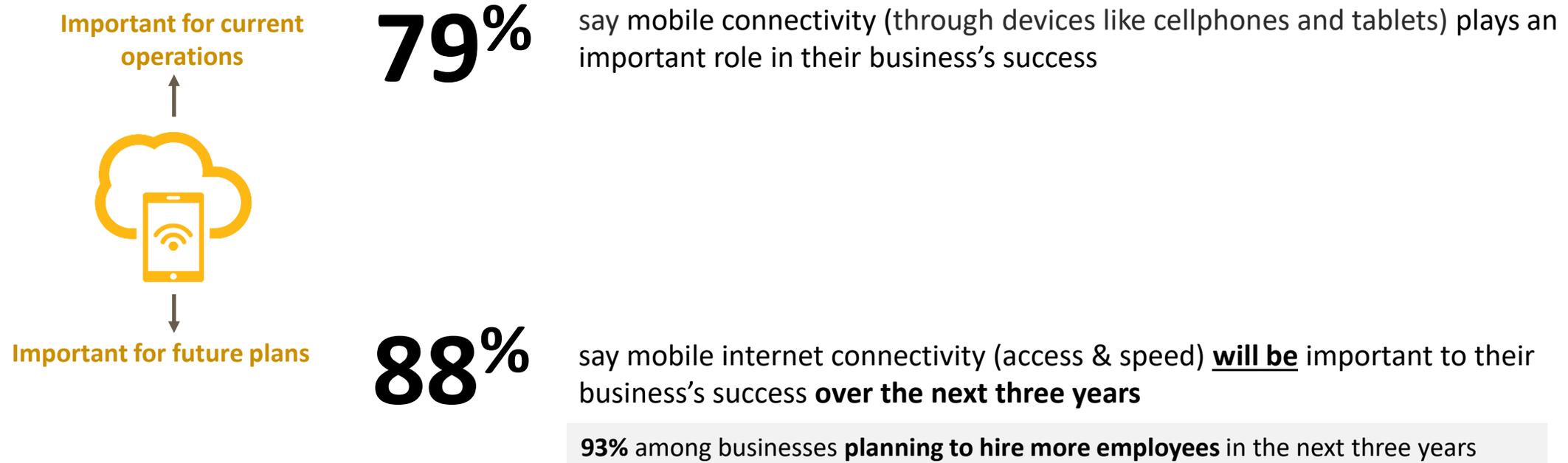
Importance of Mobile Data



85%

of businesses say fast and reliable mobile data outside a workplace setting is important
(49% say extremely important)

In today's increasingly digital world, mobile internet connectivity is a necessary part of doing business. Most small businesses rely on mobile connectivity to succeed today, and even more will rely on it to thrive over the next three years.



Given the importance of mobile internet connectivity, it isn't surprising many small businesses are aware of 5G and the majority report some familiarity with it. Only a few businesses (13%), however, say they have a deeper level of familiarity with 5G technology.

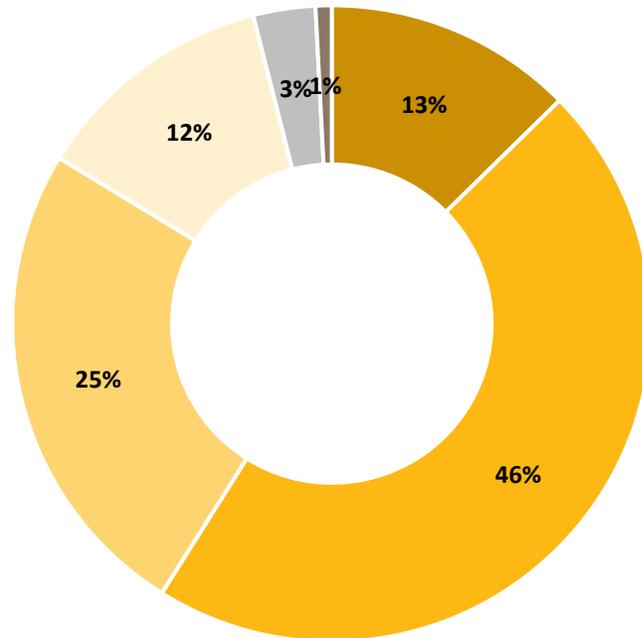
Before this survey, how familiar were you with 5G technology?

96%

Aware

84%

Familiar



What is 5G?

5G networks are the next generation of mobile internet technology that will make the internet 10-100x faster than the current 4G network. 5G will eliminate “spotty service” and network congestion, as well as expand and improve connectivity in rural areas.

■ Very familiar ■ Somewhat familiar ■ Not very familiar ■ Had heard the word, but didn't know anything about it ■ Never heard of it ■ Don't know/Unsure

Most small businesses are looking forward to the rollout of 5G – two in three say 5G will directly benefit their business, and nearly three in four envision 5G advancing the use of technology for the broader Canadian small business community.



63%

say 5G will be **beneficial** to their business
(31% strongly agree)

71% among businesses **planning to hire more employees** in the next three years.



72%

believe 5G will **significantly advance** the use of technology in Canadian small businesses
(35% strongly agree)

Most small businesses say their business would benefit from specific improvements that would be offered by 5G technology, and half say that 5G will help drive growth and innovation for their business.



76%

agree faster internet will **improve** their business's **productivity and efficiency**
(41% strongly agree)



62%

agree their business would **benefit** from increased **access to rural customers** through the internet
(32% strongly agree)

5G will expand and improve connectivity in rural areas.



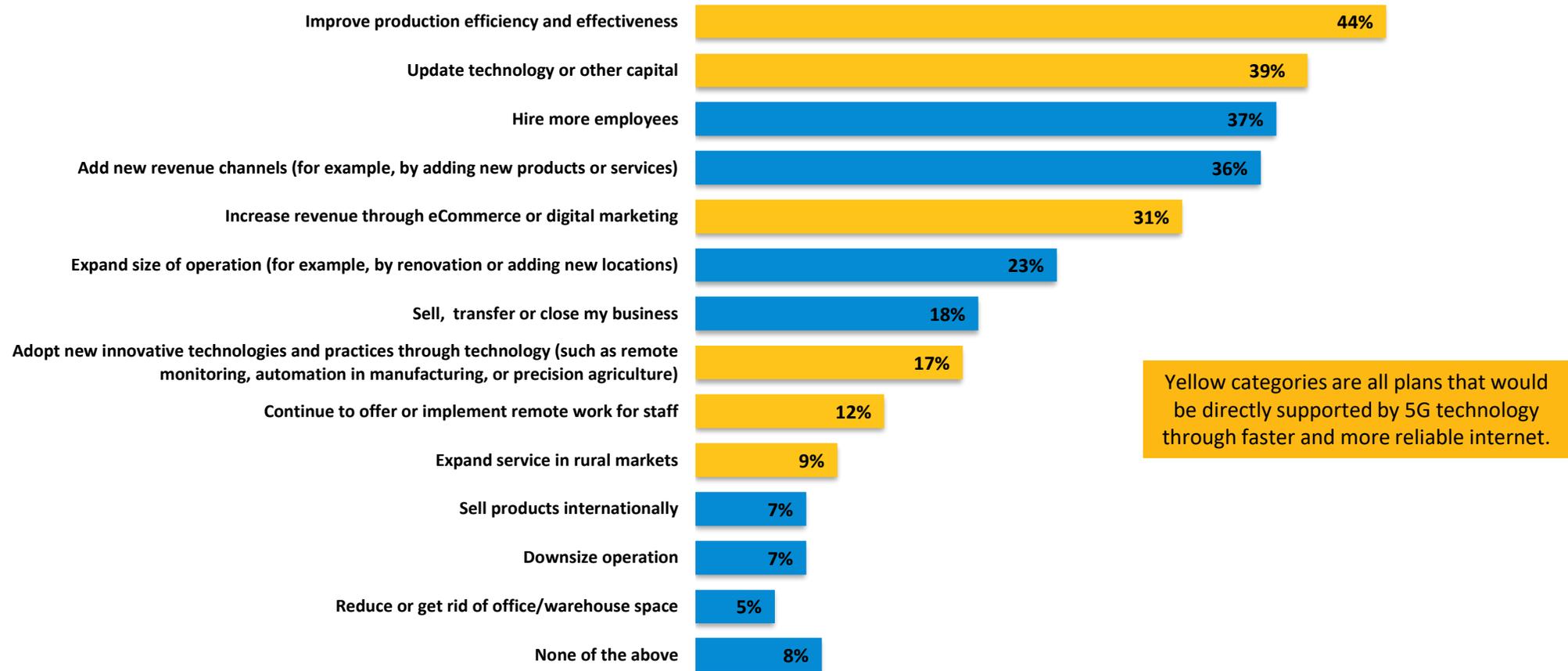
53%

agree 5G will provide their business with new opportunities for **growth and innovation**
(21% strongly agree)

62% among businesses **planning to hire more employees** in the next three years.

The benefits that come from 5G, like the ability to improve efficiency and productivity, updating technology, and connecting with more customers, will support small businesses' three-year plans.

What are your overall plans for your business over the next three-years?



The improved connectivity that becomes possible through 5G would positively impact the ability of Canada's small businesses to innovate. SMEs indicate that improvements to wireless networks (speed and reliability), increasing their own digital presence and communication options, and gaining access to new resources would all help them push their innovation.

Small businesses indicate that the following improvements to connectivity would help them innovate:

Wireless improvements



47% Significant increase in the speed of wireless networks

46% Significant improvement in the reliability of wireless connectivity (less buffering)

Increased digital presence and communication



35% Funding to help small businesses build digital presence/eCommerce

29% Increase use of digital technology for information services and communication (such as communicating more through digital tools like apps, social media, etc.)

Access to new resources



22% Ability to connect more things digitally (such as vehicles, wearable technology, manufacturing equipment, inventory)

15% Access to real-time information and analytics (such as stock sensors for inventory management, process, production, fulfillment, etc.)

In fact, many entrepreneurs have already considered how they would leverage 5G to benefit their business. Most commonly, businesses say they would use 5G to fully realize existing software, gain access to real time data, build software applications, and benefit from a faster and more reliable wireless connection.

“ **More people would book with us and stay longer** if the internet was faster and more reliable. We could accommodate more guests at one time who **depend on the internet for work and entertainment**. As more people work remotely, our business would benefit by providing them the internet connection needed for them to work from our location which is by the sea, near outdoor activities, by the mountains and the forests.

– Pat MacKenzie , The Maven Gypsy B&B & Cottages, NS

“ In the automotive repair business having a connected car with **real time data** being fed to my shop I would be able to **monitor condition and need for any service requirements my customers car requires**. Plus, it would give us fault data in real time that may make diagnosis **easier and more cost effective**.

– Brian Browning , Center Point Automotive, BC

“ It will give us the ability **better demonstrate** our products **using 3D and VR applications** that require a lot of data and speed to function properly.

– Professional Services business owner, QC

“ Our whole business operates on web-based software. We **do not currently have adequate Internet speed to use it efficiently**. We are bypassing an extensive list of features that would **improve our business exponentially** if working through the current Internet provider didn't slow us down so badly.

– Daryl Medd , Rangeland Truck & Crane, AB

“ We have a plumbing business. Our plumbers use their cell phones constantly throughout the day. We'd like to **launch a scheduling software which includes an app** for plumbers on their phone to receive their service calls. **5G would help with this**. The reason why we can't launch it right away is due to lack of adequate internet service at our building[...].

– Lindsey Dietrich, Dietrich Plumbing & Pump, ON

Rural spotlight: Rural areas frequently have less reliable internet. Therefore, it is not surprising rural businesses are more likely than those in urban areas to say they would have a lot to gain through significant improvements to the mobile internet connections available to them.



Businesses in small, **rural** areas are more likely to **agree** that:

- | | | | |
|------------|---|------------|---|
| 66% | Their business would benefit from 5G (vs 63% in urban areas) | 58% | 5G would provide their business with new opportunities to grow (vs 51% in urban areas) |
| 78% | Faster internet will improve their productivity and efficiency (vs 75% in urban areas) | 71% | They would benefit from increased access to rural customers through the internet (vs 51% in urban areas) |

And are more likely to say their **business innovation** could be **helped** through:

- | | | | |
|------------|--|------------|---|
| 57% | An increase in the speed of wireless networks (vs 39% in urban areas) | 54% | Improvements in the reliability of wireless networks (vs 39% in urban areas) |
|------------|--|------------|---|

Sectoral spotlight: Some sectors rely more strongly on mobile data outside the workplace, therefore a higher proportion of businesses in these sectors say 5G will benefit their business and they detail innovative approaches to leveraging 5G in their businesses.

| |  Enterprise & admin. Management (e.g. office admin, cleaning and landscaping, business support services, etc.) |  Construction |  Finance, real estate, insurance & leasing |  Agriculture | All businesses | |
|---|--|---|--|---|-----------------------|---|
| For these sectors: | | | | | | |
| Mobile data outside a workplace setting is important | 97% | 97% | 91% | 89% | 85% | (% extremely / very / somewhat important) |
| Mobile connectivity is integral to their success over the next 3 years | 96% | 95% | 95% | 93% | 88% | (% extremely / very / somewhat important) |
| 5G will be beneficial to their business | 66% | 71% | 72% | 66% | 63% | (% strongly / somewhat agree) |
| Examples of how 5G can be leveraged in these sectors | “ Augmented reality with wearables can increase service quality by reducing communication time between employee and supervisor.” - Commercial cleaning business, QC | “We would be able to do real-time remote monitoring of or install equipment, for quicker response from engineering, and Geotech reporting.” - Piling & anchorage business, AB | “5G would allow our company to use cloud based software for our HR, accounting, and general day to day business.” - Holding business, NS | “5G will make drones for soil sampling and autonomous equipment possible. ” - Farming business, ON | | |

Questions: 1) How important is it for your business to have the following types of internet that is fast and reliable?; 2) Thinking about your future plans, how important is mobile internet connectivity (access and speed) to your business’s success over the next three years? ; 3) Please indicate the extent to which you agree or disagree with the following statements about 5G technology.

Source: CFIB, Wireless connectivity and 5G rollout Survey, March 9-19, 2021, n = 4,408, margin of error = +/- 1.5% 19 times out of 20. The survey had 109 enterprise & administration management businesses, 476 construction business, 132 finance, real estate & leasing businesses and 232 agriculture businesses.

Even though many businesses see a great deal of potential for how they would use 5G to grow and increase productivity, there are still a significant number of small business owners who are unsure of the potential 5G would bring to their business, showcasing a need for more information.

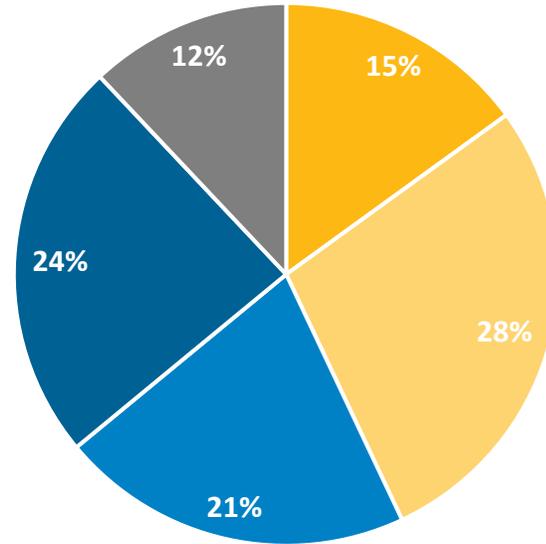
“I don’t know how my business would benefit from 5G”

43%

Agree

45%

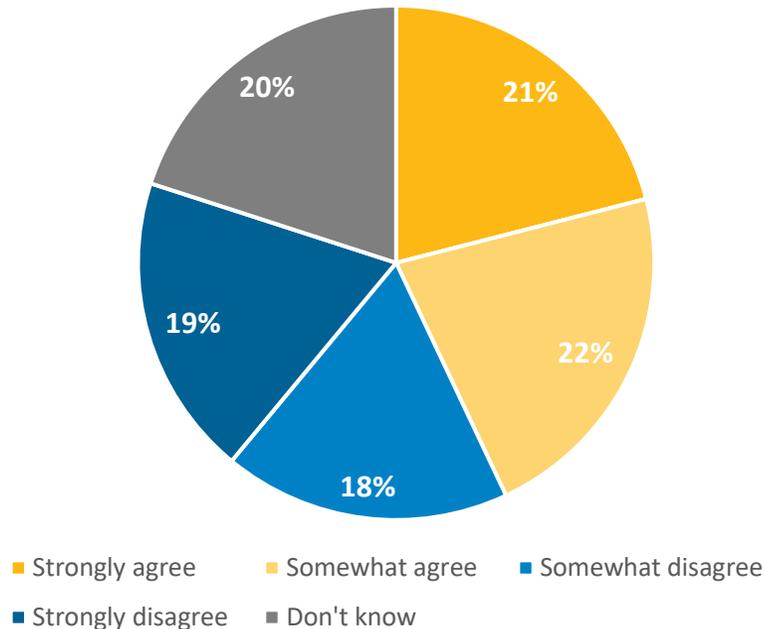
Disagree



■ Strongly agree ■ Somewhat agree ■ Somewhat disagree ■ Strongly disagree ■ Don't know/Unsure

Two in five small business owners also have specific concerns about 5G, particularly when it comes to the rollout, accessibility, its costs and security.

“I have concerns about 5G”



The **key concerns** small business owners raise about 5G are about how much it is going to cost, skepticism in terms of when will it be available for them (particularly for rural businesses), and security concerns over the network providers.

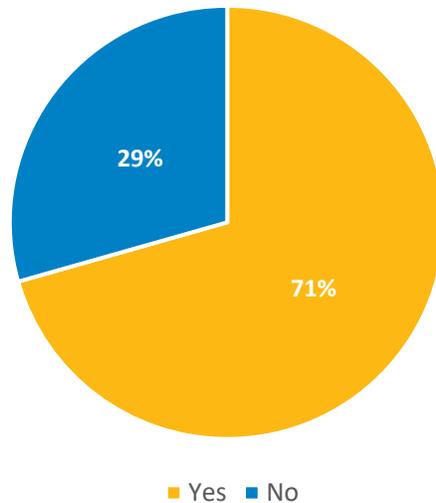
“ Our business is located in a rural area. Currently we do not have access to fibre optics in all our locations. Consequently, it **seems very unlikely that we will have full access to 5G until our local systems are significantly up-graded.**
 –Professional Services business owner, BC

“ I have experienced many things over the years that were going to revolutionize the way we do business! In the end they **didn't match expectations** and dramatically **increased the costs of operating.**
 –Construction business owner, ON

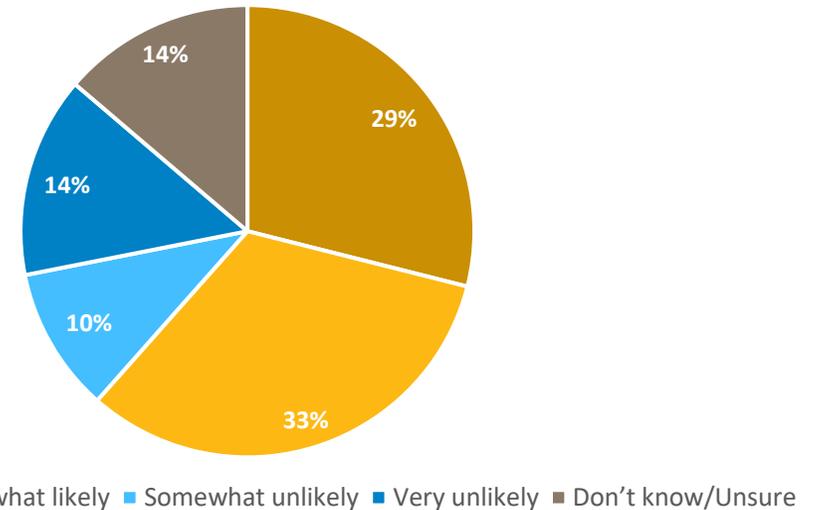
“ 5G is important to us, however **only if it is provided by multiple companies** that have a **strong business ethic, integrity, are socially responsible** and have no ties with... countries where the businesses are controlled and subsidized/sponsored by the Government, even if these businesses do not recognize these ties.
 –Retail business owner, BC

Still, most small businesses are looking for the federal government to adopt specific policies supporting the rollout of 5G, particularly to ensure telecom operators use spectrum purchased at federal auctions within five years, as well as to speed up 5G rollouts in their communities.

Should the federal government require telecom operators to use the spectrum they purchase within a 5-year timeframe?



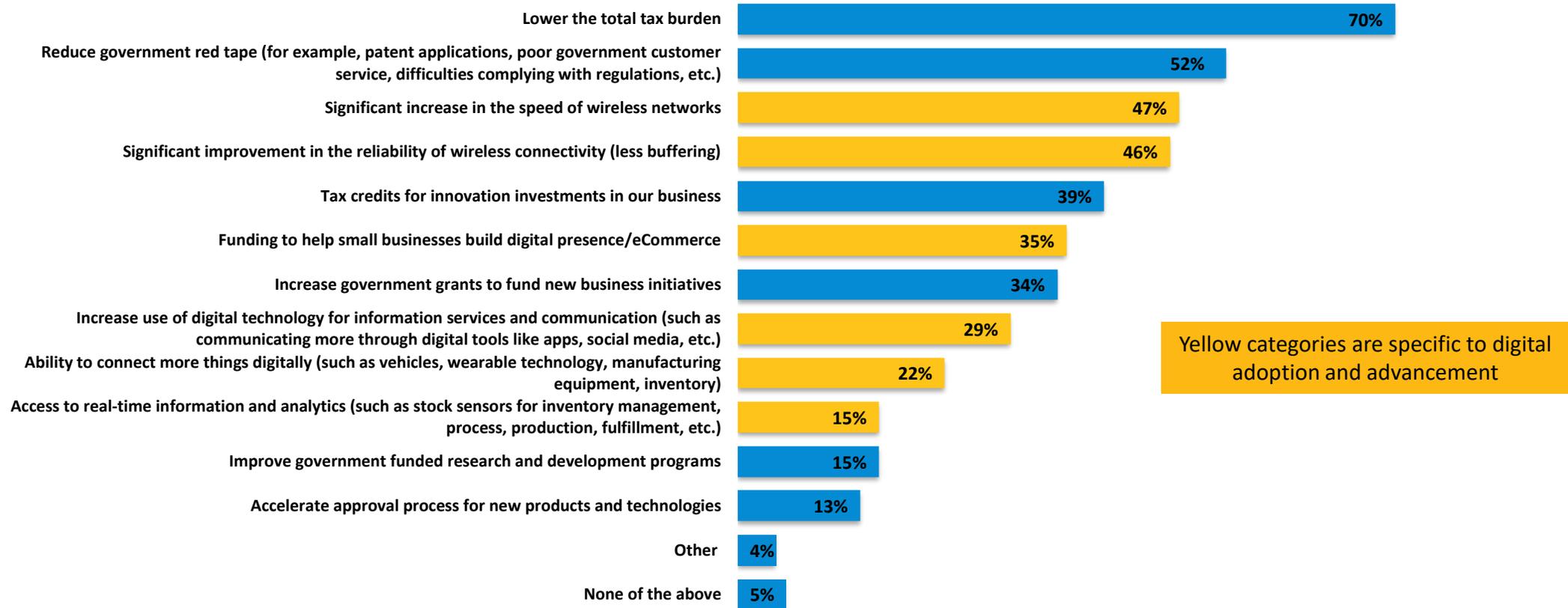
What is the likelihood that your business would support federal government policies to speed up 5G rollouts in your community?



The federal government sets policies on 5G to regulate telecom operators’ access to 5G “spectrum”, which is essentially the highway on which mobile data travels. In June 2021, the federal government will auction the next block of spectrum, opening a new lane on the mobile data highway. Current federal policies do not require telecom operators to use the spectrum for up to 20 years. Seventy per cent of small businesses want the government to reduce the time operators have to start using the spectrum to five years in order to have 5G available sooner and ensure Canadian businesses do not fall further behind international businesses, particularly those in the United States which already have access to 5G. Those who disagree with imposing the five-year timeframe say it is too difficult for smaller regional telecom operators to build 5G infrastructure in that timeframe and that it would make it harder for new telecom operators to enter the market and therefore create less choice of telecom providers for small businesses in the future.

Government policies play an important role in fostering an environment in which small businesses can innovate, particularly by reducing taxes and removing red tape hurdles, but specific policies that support digital adoption and advancement are also important.

Which of the following would help your business innovate (create or improve products, services, or processes)?



Small businesses rely on mobile connectivity and are looking forward to the possibilities to come with the introduction of 5G. This new technology is necessary for most to remain competitive and thrive in a digital future. CFIB presents the following recommendations for the federal government and telecom operators to ensure Canada has affordable, accessible 5G internet across the country.

Government Recommendations

1. CFIB recommends the federal government implement policies that ensure a competitive telecom industry that can provide reliable, cost-effective digital connectivity to small business owners in all parts of Canada, including a commitment from telecom operators to start using spectrum within 5 years.
2. Help inform small businesses on the benefits of 5G, its applications, safety and security, including information on cybersecurity.
3. Ensure transparency in the network provider selection, as well as in the spectrum auctions.
4. Make digital advancement and mobile internet access a priority to support small business innovation, alongside reduced taxation and cutting red tape.
5. Support small business digital adoption and advancement. This can be done through innovation tax credits or programs that help small businesses get online, like Digital Main Street.

Telecom Operator Recommendations

1. Ensure rollout of 5G as quickly as possible once spectrum is purchased, to ensure Canadian small business competitiveness, including in rural areas.
2. Communicate clearly where and when 5G will be rolled out in specific regions, particularly the plan to upgrade infrastructure in rural areas.
3. Help educate small businesses on the applications and benefits of 5G.
4. Communicate to small businesses the security and safety delivered by 5G technology to alleviate concerns.