

Small Business Pulse



A summary of key findings from a comprehensive survey of Small Business owners and operators across Canada



August, 2023

About This Report

The BizPulse study is designed to gauge the ongoing sentiment, concerns, priorities, strategies, and business activities among Small Businesses in Canada. BizPulse is a quarterly study run by the Maru Group in partnership with Visa.

Data in this report is taken from 780 Canadian Small Business Leaders who were surveyed in June and July, 2023 (“Small Business” is defined as those businesses with fewer than 100 employees and less than \$25 Million in Revenue). Respondents are described as “Business Leaders” – this means they are at least senior decision-makers with the business, including roughly eight-in-ten who are the business’ primary owner. Responses come from across Canada, and represent a mix of revenue bands, business tenure, industry, etc.

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SMB leaders' confidence is high mid-2023; while still concerned about the potential impact of an economic downturn, they are bullish on 2023

Summary

SMB leaders are generally projecting strong revenue growth, midway through 2023. However nearly one-half don't have full funding to do what they want with the business, and many will be seeking new funding sources.

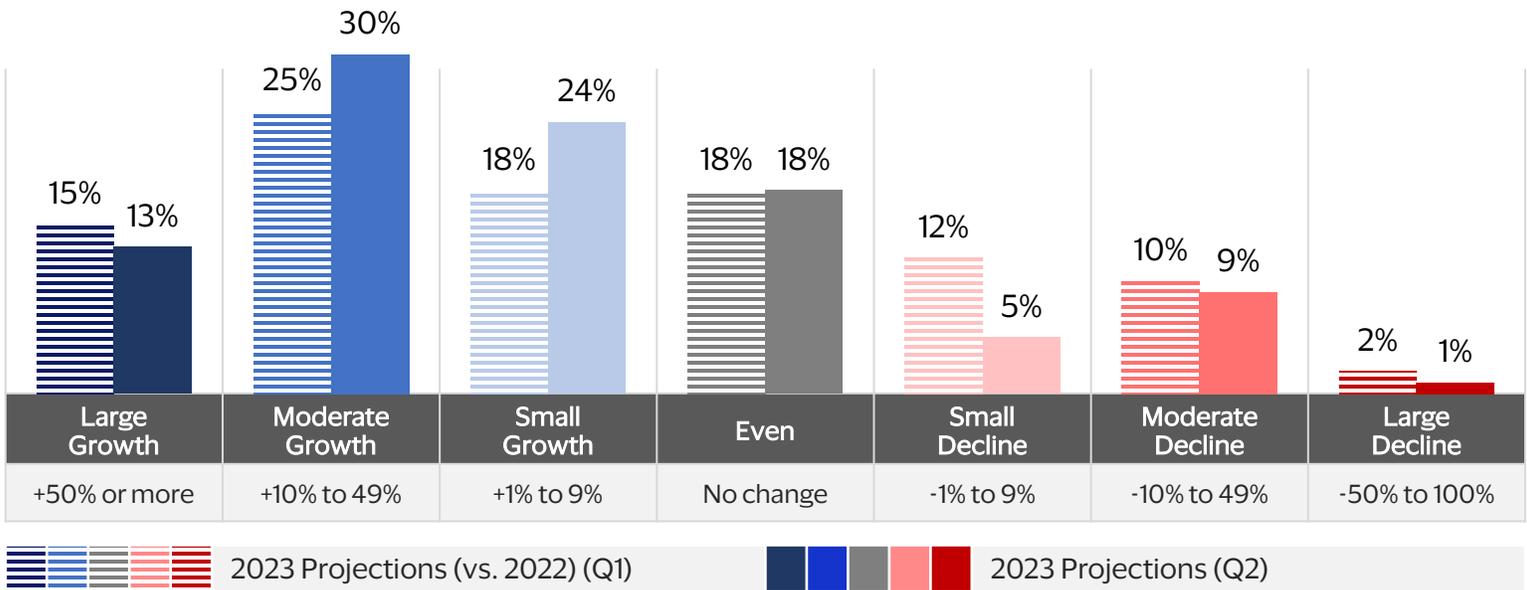
- 67% of SMBs project their 2023 revenue to grow in 2023, up from 58% who were projecting growth when surveyed in January. 18% project no change, while just 15% project decline in revenue for 2023 (vs. 2022).
 - Larger SMBs and those with flexible business models (e.g., sells both products and services, sells B2B and B2C, sells online and in-person) are most likely to be projecting growth.
- One-half of SMBs (47%) say they do not have full funding to do what they want with their business. Because of this, more than one-half anticipate seeking additional sources of funding in 2023.
 - Most common sources of new funding include *applying for a new credit card*, *applying for a government business grant*, and *applying to expand a line of credit*.
- Businesses identify a wide range of actions they have taken due to rising prices, rising interest rates, and other economic challenges. These include:
 - 76% have increased prices
 - 76% are trying to spend less
 - 64% are delaying spending until the outlook is more positive
 - 58% are evaluating or re-evaluating suppliers
 - 53% are delaying key investments
- Women business owners identify key ways they believe it is tougher to run businesses as a Female-leader. Most notably, *juggling running a business with other elements of your life* (41% say this is more difficult for women); *obtaining financing from traditional sources* (28%); and *obtaining financing from non-traditional sources* (24%).

SMB revenue growth projections strengthened through the first half of 2023



Revenue Growth Projections (2023)

+23%
Average projected revenue growth



67% of SMBs are projecting revenue growth in 2023, with a little more than half the year in the books.

Businesses MOST likely to be *growing* include:

- \$5M+ revenue | 86% project growth
- 50-99 employees | 84%
- 10-49 employees | 83%
- Retail sector | 82%
- Sells online & in-person | 82%
- Sells both B2B & B2C | 81%
- Sells both products & services | 81%
- Manufacturing sector | 81%
- Finance & insurance sector | 81%
- 3-9 years in operation | 80%

Businesses LEAST likely to be *growing* include:

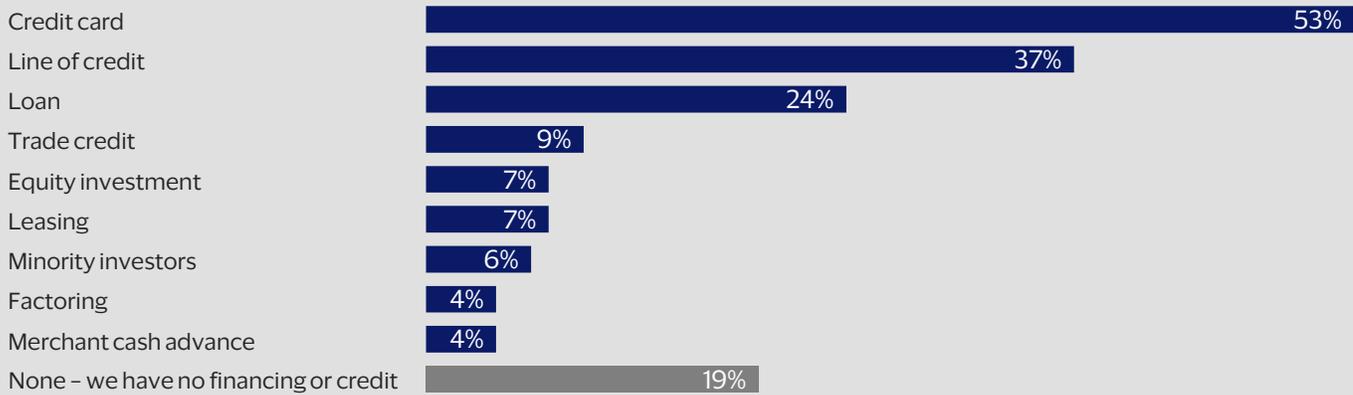
- Personal, miscellaneous services sector | 49%
- Real estate & leasing sector | 50%
- Healthcare/medical sector | 51%
- Under \$100k revenue | 51%
- Owner-only businesses | 51%
- Boomer+ leaders | 53%
- Construction/contracting/electrical sector | 54%
- 10+ years in operation | 55%
- Sells all/mostly in-person | 55%
- Sells all/mostly services | 57%

Many SMBs are in need of additional financing and support to grow the way they'd like

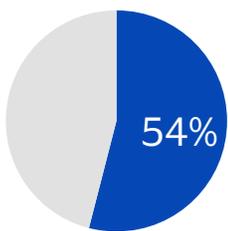
Current Business Funding Status



Current Funding Sources



Seeking New Funding in 2023



More than one-half of Small Businesses have sought or intend to seek new form(s) of financing in 2023.

Top New Financing Steps in 2023



10%
Apply for an additional credit card



10%
Apply for government business grants



9%
Apply to expand our business line of credit

MOST likely to apply for an additional credit card in 2023

- \$5M+ revenue | 32%
- 50-99 employees | 31%
- Sells both B2B & B2C | 30%
- Sells online & in-person | 27%
- Sells products & services | 25%

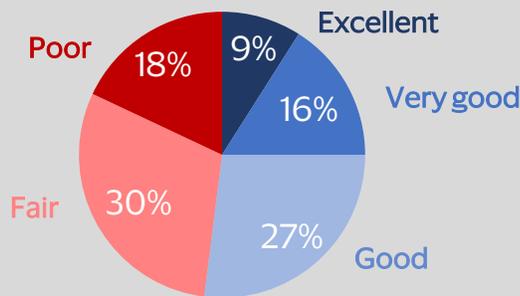
LEAST likely to apply for an additional credit card in 2023

- Personal, misc. services | <1%
- Owner-only businesses | 1%
- Boomer+ leaders | 2%
- 10+ years in operation | 2%
- Sells all/mostly in-person | 3%

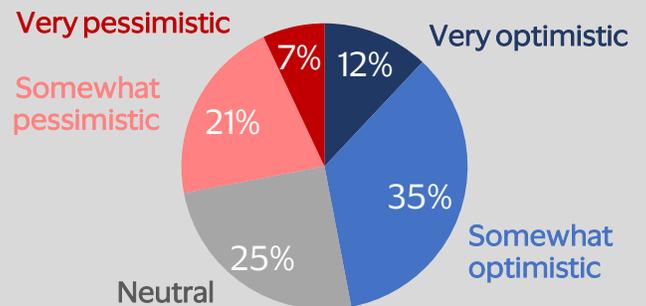
Economic concerns remain forefront, however have eased over the past year

SMB leaders are beginning to feel better about the market and economy, however concerns remain. While just one-half (52%) believe the current economy is at least good, one-half (47%) are optimistic about the economy, while just one-quarter (28%) are pessimistic.

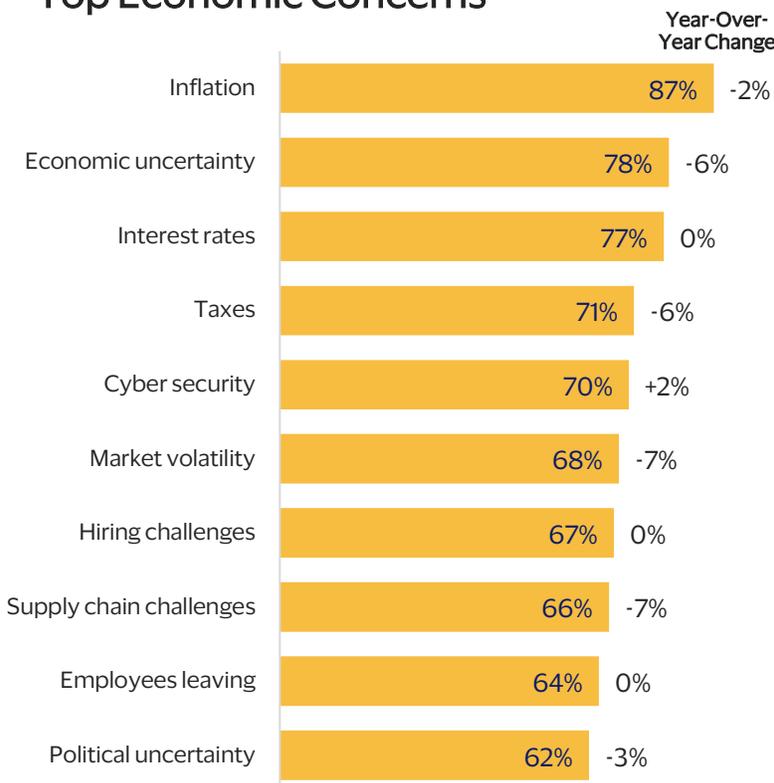
CURRENT Economy is...



Economic OUTLOOK is...



Top Economic Concerns



Steps Taken in 2023 in Response to Economy

92% have taken some business step in response to the economy in 2023.

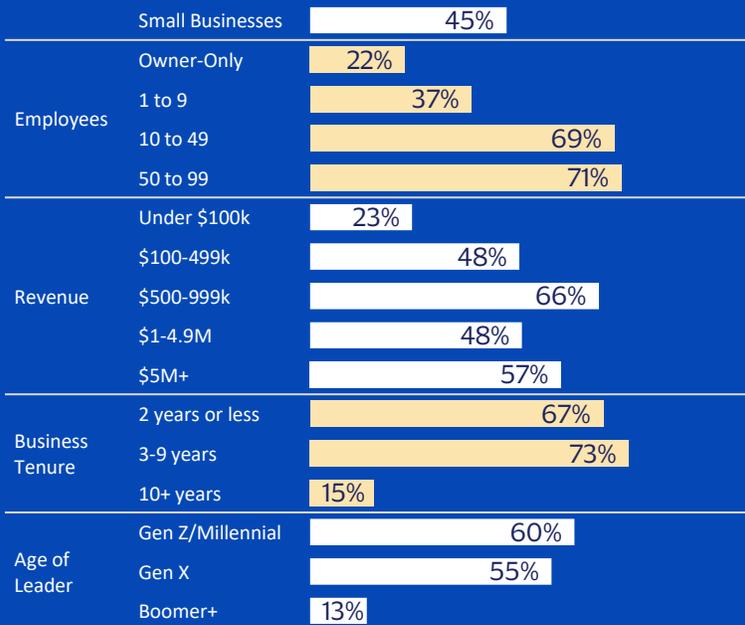
TOP TEN steps taken:



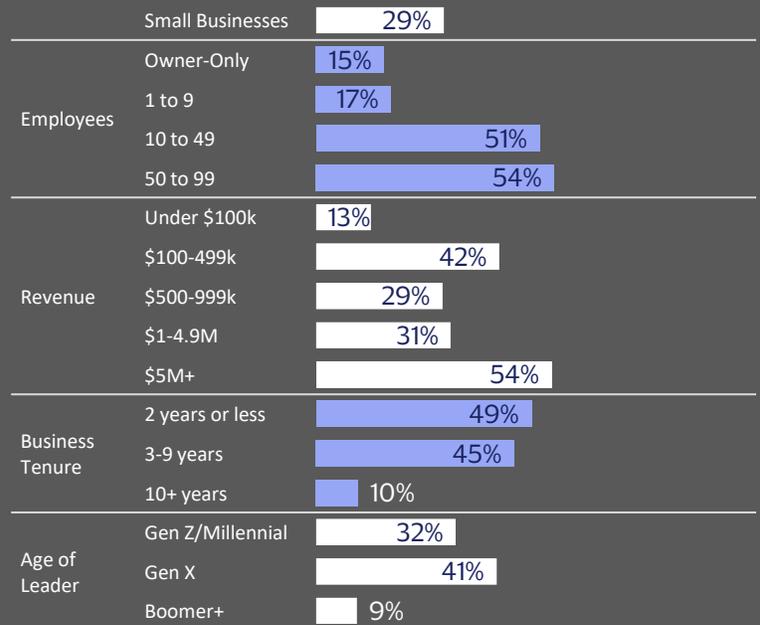
AI is being used in several ways to help SMBs

Nearly one-half of SMBs (45%) are using AI for at least one purpose in their business, with the most common reasons being to *improve sales and marketing decisions* (18% of AI users) and to *help with bookkeeping and accounting* (18%). Nearly three-in-ten have used ChatGPT for business reasons. Larger SMBs, less-tenured businesses, and those with younger business leaders are MUCH more likely to be using AI, and ChatGPT specifically.

Uses AI in Business



Used ChatGPT for Business Purposes



Top Five Uses of AI in Business

(% among those who are using AI)



18%

Improving sales and marketing decisions



18%

Helping with bookkeeping and accounting



16%

Making our backend organization more efficient



16%

Acquiring competitive intelligence



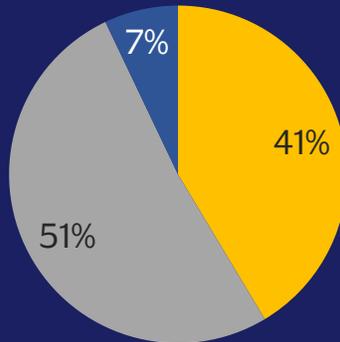
15%

Analyzing environmental variables likely to impact future sales

Women business owners identify a variety of elements they believe are more difficult

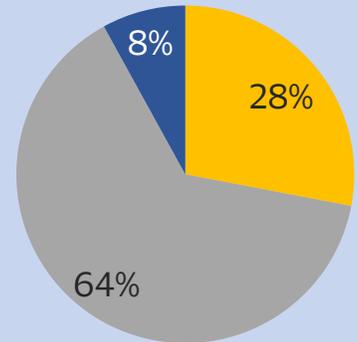
Women SMB owners identify a variety of elements they believe are more difficult for women business owners, vs. men. In particular, they say work-life balance and obtaining financing are more difficult for women business owners, vs. men, while attracting talent and customers are both relatively equally difficult for women.

"Juggling running a business with other elements of your life"



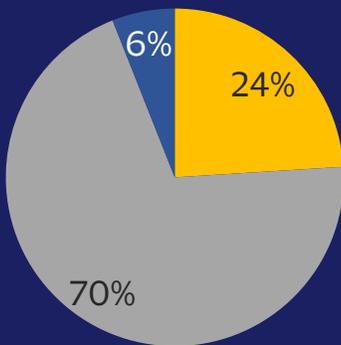
+34% (NET: MORE difficult for women business owners)

"Obtaining financing from traditional sources (e.g., banks, investors, etc.)"



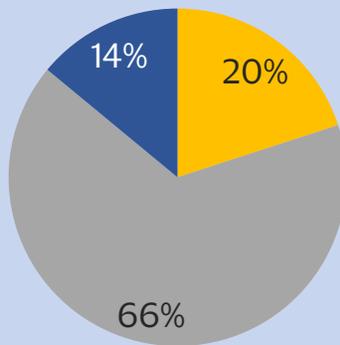
+20% (NET: MORE difficult for women business owners)

"Obtaining financing from non-traditional sources (e.g., crowdfunding)"



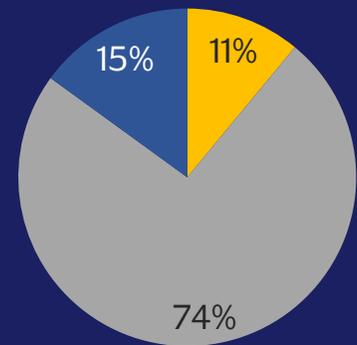
+18% (NET: MORE difficult for women business owners)

"Convincing great people to come work with me"



+6% (NET: MORE difficult for women business owners)

"Attracting new customers"



-4% (NET: LESS difficult for women business owners)

More difficult for women business owners

Same difficulty

Less difficult for women business owners

* NET is the proportion who say it is MORE difficult, minus the proportion who say it is LESS difficult.



Thank you

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