Pandemic Fast-Tracked Digital Transformation for Canadian Small Businesses, PayPal Canada Survey Finds

- 47 per cent of online Canadian small businesses only started selling online this year
- 1 in 4 businesses (26%) say they're not confident they can survive the next six months

TORONTO, November 16, 2020 —A new study by PayPal Canada, *Business of Change: PayPal Canada Small Business Study*, shows how dramatically the pandemic has accelerated digital commerce for Canadian small businesses. Two in three small businesses (67%) accept payments online and half (47%) of them only started doing so this year. Of all small businesses selling online, one third (34%) turned to digital payments only after Covid-19 was declared a global pandemic in March.

(Full survey results attached below)

Canadian businesses have lagged behind their U.S. and global counterparts in embracing digital commerce in previous years, but this study revealed a positive shift. The number of Canadian small businesses selling online spiked nearly 400 per cent in the last five years with the global pandemic being a major catalyst for merchants going digital.[1]

The majority of online small business owners (72%) believe e-commerce is now necessary in order to have a successful business. In fact, 69 per cent of online small business owners said selling online has made them more successful.

"The shift in small businesses embracing digital tools, technologies and sales channels has been phenomenal. This year, we've seen more movement on Canada becoming a digital economy than in the last five years," said Nicole Watts, head of Government Relations for PayPal Canada. "Digital commerce is no longer a luxury, it's a necessity to survive given our new norm and changing consumer behaviour. In addition to these survey results, at PayPal, we have witnessed a three-fold increase in businesses across Canada signing up for our products and services."

Impact of Covid-19 on Canadian Small Businesses

Being online was a matter of survival for Canadian entrepreneurs. Without the ability to sell online, 58 per cent of small business owners said they don't think their business could survive the impact of Covid-19.

While being online has certainly made running a business during a pandemic easier, the coronavirus has nonetheless had a deep impact on the bottom line. More than half of small businesses have been negatively impacted by the pandemic (55%) and one in four business owners say they are not confident they can sustain themselves over the next six months (26%).

However, there were also some positive outcomes for entrepreneurs who proved to be resilient and innovative. The vast majority of small businesses (84%) are doing some type of preparation for future waves of Covid-19 and 64 per cent say the pandemic has motivated them to consider new ways to grow their business.

"One of the easiest ways I've been able to grow my business is by implementing PayPal. People around the world know and trust the brand so when they see that logo on my site, they instantly feel more comfortable making a purchase from a small shop in Toronto," said Nadia Lloyd, an artist, fashion designer and social media influencer. "It's one of the ways I can futureproof my business."

Nadia's not alone. According to the survey, when it comes to payment methods, 58 per cent of online small businesses shared they prefer PayPal over other payment options. More than 80 per cent of business owners who use PayPal say it's a partner that will help their business succeed into the future (81%).

Other survey highlights include:

- 59% of small businesses say preventing fraud is a challenge of selling online
- Reaching customers in the U.S. was seen as a top 5 benefit of e-commerce
- 53% say they are hopeful that the holiday season will make up for some of the losses their business has

faced earlier this year

- Compared to all Canadian small businesses, those that are online only tend to be owned by women (53%), millennials (47%) and from the BIPOC community (45%)
- Compared to all Canadian small businesses, offline businesses have a greater proportion of boomers (26%) and a lower representation of BIPOC ownership (31%).

PayPal is a growth partner to Canadian small business and offers a range of services from simple invoicing solutions to sophisticated online and mobile commerce solutions for small businesses that are easy, secure and affordable. To learn more visit: www.paypal.com/ca/business.

Survey methodology

This survey was conducted by Edelman in partnership with Logit Group on behalf of PayPal between September 23 and October 6, 2020 among a sample of 1,001 small business owners with less than 100 employees. The interviews were conducted online in English and French, and respondents were sourced using Logit Group's online panel. The margin of error is +/- 3% at a 95% confidence level.

About PayPal

PayPal has remained at the forefront of the digital payment revolution for more than 20 years. By leveraging technology to make financial services and commerce more convenient, affordable, and secure, the PayPal platform is empowering more than 350 million consumers and merchants in more than 200 markets to join and thrive in the global economy. For more information, visit paypal.com.

---

[1] PayPal's 2015 SMB Landscape Study found only 17 per cent of Canadian small businesses were online.

Additional assets available online: Documents (1)

https://newsroom.ca.paypal-corp.com/SmallBusinessStudy2020?pid=294524387&dclid=CPnbsrnl1u8CFZeo7AodDOsDsw