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The impact of COVID-19 on the Canadian business landscape has been an important catalyst in changing how small businesses operate. And as the lifeblood of Canada’s businesses and at the heart of our economy – it’s critical to understand what small businesses are facing in the wake of the pandemic.

Having studied the Canadian small business landscape in 2015, and as a longstanding growth partner for Canadian small businesses, PayPal determined a need to understand how the landscape has changed in recent years, challenges and opportunities for Canadian SMBs and the impacts of the pandemic.

While the pandemic fast-tracked digital transformation and e-commerce adoption for Canadian small businesses, there are significant concerns about subsequent virus waves, future-proofing and business survival.

With the right tools and strategies in place, there’s potential for Canadian small businesses to grow, even while facing the challenges ahead.
WHO WE PROFILED
CANADIAN SMALL BUSINESS OWNERS: DEMOGRAPHICS

Gender
- Male: 50%
- Female: 50%

Age
- Millennials: 36%
- Gen X: 45%
- Boomers: 19%

Ethnicity
- White: 60%
- BIPOC: 37%

Urbanity
- Urban: 60%
- Suburban: 28%
- Rural: 12%

Region
- BC: 16%
- AB: 14%
- SK/MB: 6%
- ON: 36%
- QC: 22%
- Atlantic: 6%
CANADIAN SMALL BUSINESS OWNERS: BUSINESS DETAILS

Employment

- Sole Proprietors: 60%
- Have Employees: 40%
  - Under 10 employees: 22%
  - 10-49 employees: 14%
  - 50-99 employees: 4%

Offering and Audience

- My business sells...
  - Products: 61%
  - Services: 59%
  - Both: 20%
- To...
  - B2C: 82%
  - B2B: 38%
  - Non-Profit: 2%

Top Industries

- Professional Services: 12%
- Construction/Manufacturing: 8%
- Retail or Wholesale: 12%
- E-commerce: 7%

Time in Business

- 1 year or less: 39%
- 1-2 years: 11%
- 2-5 years: 22%
- 6 or more years: 28%

Revenue

- 2019: $241,300
- 2020 YTD: $168,365

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CANADIAN SMALL BUSINESS OWNERS: ONLINE AND OFFLINE SALES

**Online**
- 41% sell online only
- 26% sell both online and offline
- 67% sell online

**Offline**
- 33% sell offline only
- 59% sell offline

**Revenue by Channel**

<table>
<thead>
<tr>
<th>Year</th>
<th>Online</th>
<th>Offline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$241,300</td>
<td>75%</td>
</tr>
<tr>
<td>2020 YTD</td>
<td>$168,365</td>
<td>55%</td>
</tr>
</tbody>
</table>

**Online Revenue by Region**

<table>
<thead>
<tr>
<th>Year</th>
<th>Canada</th>
<th>US</th>
<th>Rest of World</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$180,975</td>
<td>70%</td>
<td>14%</td>
</tr>
<tr>
<td>2020 YTD</td>
<td>$92,601</td>
<td>68%</td>
<td>14%</td>
</tr>
</tbody>
</table>
DETAILED FINDINGS
The pandemic has accelerated online sales adoption.

Now, many Canadian small businesses feel that selling online is necessary for success.
2 IN 3 CANADIAN SMALL BUSINESSES ARE SELLING ONLINE, AND HALF OF THOSE SELLING ONLINE ONLY STARTED TO DO SO IN 2020.

67% are selling online

26% are selling both online and offline

41% are selling online only

This is **4 times** higher than in 2015 (17% in 2015)

Of those currently selling online, **almost half** started to do so in 2020 (47%).

1 in 3 started after COVID-19 was declared a pandemic in March of 2020 (34%).

Base: Total (n=1,001), Online small business (n=666)
Q12. In which of the following ways does your business sell products or services? Please select all that apply.
Q13. How many years has your company sold products or services online? If it has been less than a year, please provide your best estimate as a proportion of a year rounding to the closest 3 month period.
SELLING ONLINE IS SEEN AS NECESSARY FOR MANY SMALL BUSINESS OWNERS. IT CAN ALSO DRIVE IN-PERSON TRAFFIC FOR THOSE WHO SELL OFFLINE.

72% of online small businesses say selling online is necessary to have a successful business these days.

70% say their business needs to have an online presence to stand up against competition.

69% of online small businesses also say selling online has made their business more successful.

Small businesses also see selling online as an opportunity to enhance their in-person business.

Half of small businesses who sell offline see their online presence as a way to drive traffic to their physical location (49%).
“COVID-19 has shown me that it’s necessary to have a very positive presence online and it might be advisable to get a professional to help make it happen.”

– FEMALE, 66 YEARS OLD, ALBERTA
SMALL BUSINESSES SAY THE BENEFITS OF SELLING ONLINE OUTWEIGH THE CHALLENGES, HOWEVER THEY NEED HELP TO GET SET UP FOR ONLINE SALES.

58% of small businesses say the benefits of selling online far outweigh the challenges

% who say each of the following are helpful when setting up a business to sell online:

- 79% details about various types of online payment solutions
- 78% tax requirements for online businesses
- 78% information on how to market and advertise a business online
- 76% government guidelines for online businesses
- 42% of Canadian small businesses feel it takes too long to set up a new payment method for online sales
- 76% details about various types of domestic shipping methods
- 69% details about various types of international shipping methods
- 63% cross-border shipping guidelines

Base: Total (n=1,001) / Q25. When it comes to setting up a business to sell products or services online, how helpful do you believe each of the following is? / Q26. Please indicate how much you agree or disagree with each of the following statements.
PAYPAL IS THE MOST COMMONLY USED AND THE MOST PREFERRED ONLINE PAYMENT METHOD, FOLLOWED BY ETRANSFER AND CREDIT/DEBIT CARD PAYMENTS.

% of online small businesses who use the method:

<table>
<thead>
<tr>
<th>Method</th>
<th>% of businesses</th>
<th>% who prefer the method</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET: PayPal</td>
<td>62%</td>
<td>58%</td>
</tr>
<tr>
<td>PayPal payments on a website</td>
<td>44%</td>
<td>39%</td>
</tr>
<tr>
<td>Credit/debit card payments on a website using PayPal to process cards</td>
<td>39%</td>
<td>33%</td>
</tr>
<tr>
<td>eTransfer from the buyer’s bank account</td>
<td>44%</td>
<td>36%</td>
</tr>
<tr>
<td>Credit/debit card payments on a website using a payment processor</td>
<td>34%</td>
<td>16%</td>
</tr>
<tr>
<td>Electronic invoicing</td>
<td>22%</td>
<td>14%</td>
</tr>
<tr>
<td>Electronic payments for sales made through an online marketplace</td>
<td>21%</td>
<td>16%</td>
</tr>
<tr>
<td>Gift card payments processed online</td>
<td>17%</td>
<td>8%</td>
</tr>
<tr>
<td>Virtual terminal process</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Preference for eTransfer is higher among businesses who sell services online (42%)
BEYOND THE FUNCTIONAL BENEFITS, PAYPAL IS A PARTNER THAT HELPS MOTIVATE SMALL BUSINESSES TO ASPIRE FOR MORE.

Of those who use PayPal to process payments on their website:

81% say PayPal is a partner that will help their business succeed into the future

and

78% say PayPal has helped them to evolve their business

“Through PayPal, I’ve maintained good relations with customers [during COVID-19].”

– FEMALE, 35 YEARS OLD, ONTARIO
WHAT ABOUT OFFLINE SELLERS?
WHILE 3 IN 5 CANADIAN SMALL BUSINESSES SELL OFFLINE, ONLY 1 IN 3 ARE EXCLUSIVELY OFFLINE.

59% are selling online

26% are selling both online and offline

33% are selling offline only

This has decreased 29% since 2015 (17% in 2015)

40% of small businesses that only sell services (and don’t sell products) are offline only.

Service providers are more likely to conduct business exclusively offline.

Base: Total (n=1,001), Offline small business (n=393), Service only small businesses (n=393)
Q12: In which of the following ways does your business sell products or services? Please select all that apply.
Most who currently leverage online tactics to elevate their business have begun doing so during the COVID-19 period.

However, there is a lack of confidence and many face challenges despite their efforts.
CANADIAN SMALL BUSINESSES SEE THE VALUE IN DIGITIZATION, WITH MANY SUPPORTING THEIR BUSINESS THROUGH ONLINE TACTICS.

81% of small businesses currently engage in some type of online activity outside of online sales. Online activities include:

- Have a social media page for your business: 39%
- Advertise on social media: 36%
- Send promotional emails to an email subscription list: 28%
- Have a website for your business that is mobile optimized: 28%
- Advertise on websites: 25%
- Share offers or discounts on social media: 23%
- Share offers or discounts to an email subscription list: 22%
- Search engine marketing: 21%
- Use an online customer relationship management tool: 20%
- Partner with social media influencers: 16%
- Hold virtual events: 16%

However, almost 3 in 5 say their business is not particularly sophisticated when it comes to online marketing (57%).

Q20. Thinking about things that businesses do online beyond selling products or services, which of the following does your business currently do and which of the following are you planning to do in the future? If you’re currently doing one of these things and plan to continue, please select both columns. Q26. Please indicate how much you agree or disagree with each of the following statements.
THE COVID-19 PANDEMIC HAS BEEN A KEY PERIOD OF DIGITIZATION BEYOND SIMPLY SELLING ONLINE.

Among those who conduct each activity, % who started to do so during the COVID-19 pandemic:

- Partner with social media influencers: 71%
- Hold virtual events (interactive virtual streams, Q&A sessions, etc.): 69%
- Use an online customer relationship management tool: 69%
- Share offers or discounts to an email subscription list: 66%
- Send promotional emails to an email subscription list: 63%
- Advertise on websites: 58%
- Search engine marketing: 56%
- Share offers or discounts on social media: 56%
- Advertise on social media: 54%
- Have a website for your business that is mobile optimized: 51%
- Have a social media page for your business: 47%

Many small businesses who engage in online activities beyond sales have only started leveraging online tactics since the pandemic began in March of 2020.

Base: The base for each activity is those who conduct the activity, base size varies (range n=159 to n=386)

Q21. You said your business currently does the following types of online activities. When did your business start doing each of these online activities?
CANADIAN SMALL BUSINESSES RECOGNIZE THAT DIGITIZATION HAS BENEFITS, PRIMARILY INCREASING THE SIZE OF THE CUSTOMER BASE, INCREASING REVENUE AND DEEPENING CUSTOMER RELATIONSHIPS.

Seen or expected benefits of online activities outside of sales:

- **62%** a larger customer base within Canada
- **53%** an overall increase in revenue
- **51%** closer relationships with customers
- **45%** expanding to offer a wider range of products/services
- **39%** a larger customer base within the US

- **36%** Increased redemption of offers or discounts
- **36%** simplified bookkeeping
- **36%** easier time completing taxes
- **34%** larger customer base in other parts of the world
- **32%** more engaged staff

Base: Does online activities or plans to do online activities (n=807)

Q22. Thinking about the various types of online activities your business does or plans to do, what benefits have you already experienced or do you anticipate experiencing as a result of these online activities?
Complete list of challenges of online sales and other online activities:

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting up a new online payment method</td>
<td>54%</td>
</tr>
<tr>
<td>Ensuring customers' financial information is kept secure</td>
<td>54%</td>
</tr>
<tr>
<td>Purchasing online advertising (ex: on websites, social media, search engines, etc.)</td>
<td>53%</td>
</tr>
<tr>
<td>Updating stock information on the business’s website or online sales platform</td>
<td>51%</td>
</tr>
<tr>
<td>Managing both an online and offline business at the same time</td>
<td>49%</td>
</tr>
<tr>
<td>Determining the most appropriate online payment methods</td>
<td>48%</td>
</tr>
<tr>
<td>Keeping track of current stock based on online orders</td>
<td>48%</td>
</tr>
<tr>
<td>Managing domestic shipping</td>
<td>47%</td>
</tr>
<tr>
<td>Managing cash flow</td>
<td>47%</td>
</tr>
<tr>
<td>Managing invoicing for online orders</td>
<td>46%</td>
</tr>
<tr>
<td>Communicating with customers online</td>
<td>39%</td>
</tr>
</tbody>
</table>

Q24. Now thinking more broadly about the various things that businesses can do online, this time including selling products or services, how challenging or easy do you believe each of the elements below is?

Base: Total (n=1,001)
WHILE DIGITIZATION IS A KEY ENABLER TO GOING INTERNATIONAL, SMALL BUSINESSES COULD USE SOME HELP TO CONFIDENTLY MAKE THE LEAP.

Small businesses say that a growing customer base in the U.S. is one of the top five benefits of online activities, and 70% of small business who have sales in the U.S. say that selling internationally has made their business more successful.

However, 62% of small businesses describe managing international shipping as challenging, and 55% say that selling products or services outside of Canada is too complicated.

Base: Total (n=1,001), Does online activities or plans to do online activities (n=807), Small businesses with US sales (n=328)

Q22. Thinking about the various types of online activities your business does or plans to do, what benefits have you already experienced or do you anticipate experiencing as a result of these online activities? / Q24. Now thinking more broadly about the various things that businesses can do online, this time including selling products or services, how challenging or easy do you believe each of the elements below is? / Q26. Please indicate how much you agree or disagree with each of the following statements.
COVID-19 has pushed small businesses online, but there continue to be significant concerns about new waves and future proofing is top of mind. Despite this, the pandemic has also brought some silver linings to small businesses.
MANY NEWER SMALL BUSINESSES (THOSE WHO STARTED SELLING ONLINE WITHIN THE PAST YEAR) QUICKLY REALIZED THEY NEEDED TO TAKE ACTION TO IMPROVE THEIR ONLINE OFFERING AT THE START OF THE COVID-19 PANDEMIC.

I was not considering starting to sell online before COVID-19, but I decided to do it when the pandemic began

10%

I was considering starting to sell online before COVID-19, and I decided to do it when the pandemic began

17%

1 in 4 decided to start selling online when the pandemic began (27%)

I was already selling online before COVID-19, but I took extra steps to improve my online business when the pandemic began

38%

Without online sales, 58% of small businesses don’t think their business could survive through COVID-19

I was already selling online before COVID-19 and I did not take any extra steps in this area when the pandemic began

34%
2 in 3 small businesses say it has been a challenge to be a small business owner during COVID-19. Over half of small businesses have been negatively impacted by the pandemic.

68% of small businesses say it has been challenging to be a small business owner during COVID-19.

58% say it is difficult to stay on top of changing government regulations around COVID-19.

As a result of COVID-19,

55% of small businesses have experienced a downturn or have had to temporarily stop work.

26% are not confident in their business sustaining itself over the next 6 months.

This is higher among offline only small businesses (30%).
84% of small businesses were already doing some type of preparation for future waves of COVID-19.

Preparations include:

- Cutting costs: 36%
- Increasing savings: 34%
- Increasing effort put towards customer engagement: 27%
- Seeking government support for small businesses: 27%
- Releasing promotions: 21%
- Ordering or manufacturing less stock: 19%
- Moving more of my business online: 17%
- Hiring temporary workers to avoid layoffs: 13%

3 in 5 small businesses are concerned about remaining sustainable through new waves of COVID-19 (60%).

Base: Total (n=1,001)

Q32. There is uncertainty about whether there may be future "waves" of COVID-19 as the winter and flu season approach. This is the idea that COVID-19 cases may grow significantly, which may cause social distancing restrictions to become stricter and may require non-essential businesses to shut down for a period of time. How, if at all, is your business preparing for potential future waves of COVID-19? Please select all that apply.

Q33. Please indicate how much you agree or disagree with each of the following statements.
FOR OFFLINE SMALL BUSINESSES, THERE’S A MIX OF EMOTIONS WHEN IT COMES TO THE IDEA OF REOPENING.

52% have positive feelings about reopening:
- Worthwhile 25%
- Straightforward 21%
- Rewarding 19%
- Relieving 16%
- Exciting 16%
- Profitable 14%

46% have negative feelings around reopening:
- Stressful 29%
- Risky 20%
- Worried 19%
- Complicated 16%
- Overwhelming 13%
- Expensive 10%

Despite a mix of positive and negative emotions, 38% of offline small businesses see reopening as necessary.

Q30. Please think about the idea of reopening your offline business during or after COVID-19. Whether your offline business is currently open or not, which, if any, of the words below describe your thoughts and feelings about the idea of reopening? Please select all that apply. The idea of reopening my offline business is...

Base: Offline small businesses (n=593)
Among those who saw a positive impact from COVID-19, the silver linings include:

- Increased sales: 29%
- Increased online activity: 22%
- Limited exposure to people has made my business safer: 12%
- Increased customer engagement: 11%
- COVID-19 has not negatively impacted my business: 10%
- Helped me spend more time on my business: 10%
- Working from home: 7%
- My business sells products that have helped people fill their free time (i.e. arts, crafts, etc.): 4%
- My business was started because of COVID-19: 3%
- Other: 7%

64% say COVID-19 has motivated them to consider new ways to grow their business.
CANADIAN SMALL BUSINESSES ARE RESILIENT, AND MANY HAVE FOUND THERE HAVE BEEN POSITIVE IMPACTS ON THEIR BUSINESS AS A RESULT OF THE PANDEMIC.

Unaided positive impacts of COVID-19:

“I learned a lot more about how to properly manage my business financials”  
– Male, 24, Ontario

“I have learned to trust myself and my clients. I refined my work to be able to sell myself more easily”  
[FR: J’ai appris à me faire confiance et à faire confiance à mes clients. J’ai affiné mon travail pour pouvoir me vendre plus facilement.]  
– Female, 76 years old, Quebec

“My business was born out of the pandemic. If it wasn’t for COVID I would still just be an employee at another business”  
– Male, 31, New Brunswick

“We are now working from home and I have seen an increase in productivity and stability”  
– Female, 64, Ontario

“My business has embraced online operations more quickly and is selling more and building a larger customer base more quickly than expected”  
– Male, 78, British Columbia

“People are having an increased desire to shop local and support us.”  
– Female, 37, Ontario

“Having reduced customers at physical locations has increased our online presence through social media, and constantly reaching out to different businesses that offer different ways of online selling.”  
– Male, 20, Alberta

“It has enhanced the relationship with my clients since the solutions my firm offers is more important during the pandemic.”  
– Male, 70, Ontario

“I learned that the innovation is necessary to keep the attention of new and existing customers.”  
– Female, 42 years old, Alberta

“I have had time to reevaluate the business plan, initiate online payments, and work with employees to generate ideas to help the business be more successful”  
– Female, 40, Nova Scotia
There is a tension between feelings of hope about recouping losses from earlier in the year, and concern that business may be slower than normal during the holidays.

Although preparations are already underway, small businesses see challenges ahead.
OVERALL, SMALL BUSINESSES ARE HOPEFUL. HALF ARE EXCITED TO SEE HOW THEIR BUSINESS CAN GROW THIS HOLIDAY SEASON AND ARE HOPING THEY CAN MAKE UP FOR SOME OF THE LOSSES THEY EXPERIENCED EARLIER IN 2020.

48% are excited about how their business may grow this holiday season

49% expect their business’ sales to increase as the holidays approach

53% say they are hopeful that the holiday season will make up for some of the losses their business has faced earlier this year
Only 37% are expecting the 2020 holiday season to be busier than previous holiday seasons.

53% of those who were in business for at least a year are worried business will be slower than usual this holiday season.

Expectations of a busier season are higher among online small businesses (45%), businesses who use PayPal (50%), and Millennial small business owners (50%).

However, those who have been through previous holiday seasons are generally concerned about the 2020 holidays being slower than usual.
SMALL BUSINESS OWNERS ARE EXPECTING SOME CHANGES IN CONSUMER BEHAVIOUR THIS HOLIDAY SEASON.

Expected changes in Canadians’ shopping habits:

- 54% people will be shopping online more than before
- 50% people will be spending less money on holiday shopping than they had in the past
- 43% people will be shopping online earlier in the season to ensure products will be delivered in time
- 37% people will start their holiday shopping earlier than usual
- 36% more people will be doing all of their shopping online
- 35% people will be purchasing more practical and less indulgent gifts than in the past

77% say they expect shopping habits to be different this holiday season.
WHILE MANY CANADIAN SMALL BUSINESSES FEEL PREPARED FOR THE 2020 HOLIDAY SEASON, BUSINESSES THAT HAVE BEEN THROUGH PREVIOUS HOLIDAY SEASONS ARE PREPARING DIFFERENTLY THIS YEAR.

More experienced businesses, those who were in business during the last holiday season, are making some adjustments:

Half say they are preparing differently for this holiday season than previous years (50%)
### 2 in 3 Small Businesses Had Already Begun Preparations for This Holiday Season in September.

67% of small businesses had already started preparing for the holiday season in September.

<table>
<thead>
<tr>
<th>Preparations</th>
<th>Already Started in September</th>
<th>Plan to Do Before the Holidays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of holiday-related marketing content</td>
<td>30%</td>
<td>17%</td>
</tr>
<tr>
<td>Preparations of additional stock</td>
<td>29%</td>
<td>21%</td>
</tr>
<tr>
<td>Planning holiday discounts and special offers</td>
<td>27%</td>
<td>22%</td>
</tr>
<tr>
<td>Looking into new shipping, delivery, or pick-up options</td>
<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td>Purchasing additional shipping materials</td>
<td>18%</td>
<td>21%</td>
</tr>
<tr>
<td>Hiring additional staff</td>
<td>13%</td>
<td>21%</td>
</tr>
<tr>
<td>Planning holiday decor for your business's physical location</td>
<td>9%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Q37. Which, if any, of the following preparations has your business already started making, or does your business plan to make, for the 2020 holiday season?

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THERE ARE MANY CHALLENGES THAT SMALL BUSINESSES ARE ANTICIPATING THIS HOLIDAY SEASON, AND SOME ARE WORRIED ABOUT MEETING BUSINESS DEMAND.

Challenges anticipated for the 2020 holiday season:

- Shipping internationally in time for the holidays: 72%
- Marketing my business’s products or services: 66%
- Selling my products or services: 63%
- Shipping domestically in time for the holidays: 60%
- Handling requests for returns leading up to the holidays or after the holidays: 54%
- Maintaining enough stock: 50%
- Having enough staff to function effectively: 49%
- Handling customer questions or communications: 45%
- Processing payments and invoicing: 45%

39% are worried about being able to meet business demand this holiday season.

Q35. How challenging or easy do you expect the following aspects of the 2020 holiday season to be for your business?

Q38. Please indicate how much you agree or disagree with each of the following statements.
SURVEY METHODOLOGY
METHODOLOGY

Method
20-minute online survey administered through The Logit Group

Audience
n=1,001 Canadian small business owners with less than 100 employees

Fieldwork Dates
September 23 – October 6, 2020

Margin of Error
+/- 3% at a 95% confidence level

Languages
English and French

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MEDIA 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.

REPORTING NOTES:
• Not all percentages sum to 100% due to rounding.
• Please note that research is not necessarily predictive of future outcomes and captures opinions for a point in time. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error and measurement error. Statistical margins of error are not applicable to online nonprobability sampling polls.
• Statistical significance testing is conducted only on mutually exclusive data.
SMALL BUSINESS PROFILE SUMMARY

Total sample of small business owners

Gender, age and region were controlled in the sample to ensure national representation of the Canadian small business audience. Other profiling metrics fell out naturally.

Of note:

• The majority of small business owners are white (60%)
• Small business owners skew urban (60%)
• The majority are sole proprietors (60%)
• There is an even split of small businesses providing products and services (61% vs. 59%).
• The majority are B2C businesses (82%)
• The top industries include professional services (12%), retail or wholesale (12%), construction or manufacturing (8%), and e-commerce (7%)
• 2 in 5 small businesses have started within the past year (39%)
• The average 2019 revenue for Canadian small businesses was $241,300
Differences by type of business

**Online**
Compared to all Canadian small businesses, online businesses:
- Skew Millennial (45%)
- Have a higher proportion of BIPOC small business owners (41%)

**Offline**
Compared to all Canadian small businesses, offline businesses:
- Have a greater proportion of Boomers (26%)
- Have a lower representation of BIPOC ownership (31%)
- Over index on having employees (46%)
- Over index on businesses who provide services (67%)

**Online & Offline**
Compared to all Canadian small businesses, businesses who sell both online and offline:
- Skew male (55%) and urban (70%)
- Have higher representation in Quebec (27%)
- Have a greater proportion of businesses with 50-99 employees (10%)

**Online Only**
Compared to all Canadian small businesses, online only businesses:
- Skew female (53%) and Millennial (47%)
- Have a higher proportion in Ontario (41%)
- Have the highest representation of BIPOC ownership (45%)
- Skew towards sole proprietors (70%)
- Over index on being in business for 1 year or less (56%)

**Offline Only**
Compared to all Canadian small businesses, offline only businesses:
- Have the highest proportion of Boomers (36%)
- Over index on businesses that are 6 years or older (46%)
- Have the greatest likelihood of selling services (70%)
PROFILING: ONLINE SMALL BUSINESSES
### Online Canadian Small Business Owner Snapshot: Demographics

#### Gender
- Male: 50%
- Female: 50%

#### Age
- Millennials: 45%
- Gen X: 44%
- Boomers: 11%

#### Ethnicity
- White: 55%
- BIPOC: 41%

#### Urbanity
- Urban: 62%
- Suburban: 28%
- Rural: 10%

#### Region
- BC: 15%
- AB: 14%
- SK/MB: 6%
- ON: 36%
- QC: 22%
- Atlantic: 6%

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## Online Canadian Small Business Owner Snapshot: Business Details

### Employment

- **Sole Proprietors:** 64%
- **Have Employees:** 36%
  - Under 10 employees: 18%
  - 10-49 employees: 14%
  - 50-99 employees: 6%

### Offering and Audience

- **Products**
  - 72%
- **Services**
  - 54%
- **Both**
  - 25%

- **To...**
  - B2C: 84%
  - B2B: 41%
  - Non-Profit: 4%

### Top Industries

- **Retail or Wholesale:** 12%
- **Professional Services:** 9%
- **Education:** 6%
- **E-commerce:** 10%

### Time in Business

- **1 year or less:** 47%
- **1-2 years:** 11%
- **2-5 years:** 23%
- **6 or more years:** 19%

- **Started in COVID-19:** 22%
- **Started in 2020:** 39%

### Total Revenue & Online Revenue by Region*

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Revenue</th>
<th>Online Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$244,572</td>
<td>$183,429</td>
</tr>
<tr>
<td>2020 YTD</td>
<td>$179,518</td>
<td>$147,205</td>
</tr>
<tr>
<td>Canada</td>
<td>70%</td>
<td>68%</td>
</tr>
<tr>
<td>US</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>16%</td>
<td>19%</td>
</tr>
</tbody>
</table>

*Please note revenue by region was asked for online sales only

Base: Online small businesses (n=666)
Q4, Q5, Q8, Q9, Q10, Q11, Q15, Q16
PROFILING: SMALL BUSINESSES THAT SELL ONLINE ONLY
## Online Only Canadian Small Business Owner Snapshot: Demographics

**Gender**
- Male: 47%
- Female: 53%

**Age**
- Millennials: 47%
- Gen X: 44%
- Boomers: 9%

**Ethnicity**
- White: 50%
- BIPOC: 45%

**Urbanity**
- Urban: 58%
- Suburban: 31%
- Rural: 11%

**Region**
- BC: 15%
- AB: 12%
- SK/MB: 5%
- ON: 41%
- QC: 21%
- Atlantic: 5%

Base: Online only small businesses (n=408)
ONLINE ONLY CANADIAN SMALL BUSINESS OWNER SNAPSHOT: BUSINESS DETAILS

Employment

- Sole Proprietors: 70%
- Have Employees: 30%
  - Under 10 employees: 13%
  - 10-49 employees: 13%
  - 50-99 employees: 4%

Offering and Audience

- My business sells: 73%
- Products: 47%
- Services: 20%
  - Both: 10%
  - To: B2C (82%)
  - B2B (37%)
  - Non-Profit (1%)

Top Industries

- Retail or wholesale: 13%
- Professional Services: 7%
- E-commerce: 12%
- Education: 7%

Time in Business

- 1 year or less: 56%
- 1-2 years: 10%
- 2-5 years: 19%
- 6 or more years: 15%
- Started in COVID-19: 28%
- Started in 2020: 47%

Total Revenue & Online Revenue by Region

<table>
<thead>
<tr>
<th>Year</th>
<th>Canada</th>
<th>US</th>
<th>Rest of World</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$216,319</td>
<td>65%</td>
<td>16%</td>
</tr>
<tr>
<td>2020 YTD</td>
<td>$169,365</td>
<td>64%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Base: Online only small businesses (n=408) Q4, Q5, Q8, Q9, Q10, Q11, Q15, Q16

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PROFILING: OFFLINE SMALL BUSINESSES
## OFFLINE CANADIAN SMALL BUSINESS OWNER SNAPSHOT: DEMOGRAPHICS

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td>Male: 52% Female: 48%</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td>Millennials: 29% Gen X: 45% Boomers: 26%</td>
</tr>
<tr>
<td><strong>Ethnicity</strong></td>
<td>White: 66% BIPOC: 31%</td>
</tr>
<tr>
<td><strong>Urbanity</strong></td>
<td>Urban: 62% Suburban: 25% Rural: 13%</td>
</tr>
<tr>
<td><strong>Region</strong></td>
<td>BC: 16% AB: 15% SK/MB: 7% ON: 32% QC: 23% Atlantic: 7%</td>
</tr>
</tbody>
</table>

Base: Offline small businesses (n=593)
Q1, Q2, Q3, Q6, Q7 © 2020 PayPal Inc. Confidential and proprietary.
OFFLINE CANADIAN SMALL BUSINESS OWNER SNAPSHOT: BUSINESS DETAILS

### Employment

<table>
<thead>
<tr>
<th>Sole Proprietors</th>
<th>Have Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>54%</td>
<td>46%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Under 10 employees</th>
<th>10-49 employees</th>
<th>50-99 employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>27%</td>
<td>14%</td>
<td>5%</td>
</tr>
</tbody>
</table>

### Offering and Audience

<table>
<thead>
<tr>
<th>My business sells...</th>
<th>Products</th>
<th>Services</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>52%</td>
<td>67%</td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>To...</th>
<th>B2C</th>
<th>B2B</th>
<th>Non-Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>81%</td>
<td>39%</td>
<td>3%</td>
</tr>
</tbody>
</table>

### Top Industries

<table>
<thead>
<tr>
<th>Professional Services</th>
<th>15%</th>
<th>Retail or Wholesale</th>
<th>12%</th>
<th>Construction/Manufacturing</th>
<th>10%</th>
<th>Healthcare/Pharmaceutical</th>
<th>6%</th>
</tr>
</thead>
</table>

### Time in Business

<table>
<thead>
<tr>
<th>1 year or less</th>
<th>1-2 years</th>
<th>2-5 years</th>
<th>6 or more years</th>
</tr>
</thead>
<tbody>
<tr>
<td>28%</td>
<td>11%</td>
<td>24%</td>
<td>37%</td>
</tr>
</tbody>
</table>

- Started in COVID-19: 11%
- Started in 2020: 21%

### Total Revenue & Online Revenue by Region*

<table>
<thead>
<tr>
<th>Year</th>
<th>Canada Online</th>
<th>US Online</th>
<th>Rest of World Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$254,982</td>
<td>$107,092</td>
<td>13%</td>
</tr>
<tr>
<td>2020</td>
<td>$167,257</td>
<td>$40,142</td>
<td>15%</td>
</tr>
</tbody>
</table>

*Please note revenue by region was asked for online sales only

Base: Online small businesses (n=593)
Q4, Q5, Q8, Q9, Q10, Q11, Q15, Q16

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PROFILING: SMALL BUSINESSES THAT SELL OFFLINE ONLY
OFFLINE ONLY CANADIAN SMALL BUSINESS OWNER SNAPSHOT: DEMOGRAPHICS

Gender

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>49%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Age

<table>
<thead>
<tr>
<th></th>
<th>Millennials</th>
<th>Gen X</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>18%</td>
<td>46%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Ethnicity

<table>
<thead>
<tr>
<th></th>
<th>White</th>
<th>BIPOC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>69%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Urbanity

<table>
<thead>
<tr>
<th></th>
<th>Urban</th>
<th>Suburban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>56%</td>
<td>27%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Region

<table>
<thead>
<tr>
<th></th>
<th>BC</th>
<th>AB</th>
<th>SK/MB</th>
<th>ON</th>
<th>QC</th>
<th>Atlantic</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17%</td>
<td>15%</td>
<td>5%</td>
<td>37%</td>
<td>19%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Base: Offline only small businesses (n=335)
Q1, Q2, Q3, Q6, Q7
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OFFLINE ONLY CANADIAN SMALL BUSINESS OWNERS: BUSINESS DETAILS

Employment

- Sole Proprietors: 54%
- Have Employees: 46%
  - Under 10 employees: 32%
  - 10-49 employees: 13%
  - 50-99 employees: 1%

Offering and Audience

- My business sells...
  - Products: 39%
  - Services: 70%
  - Both: 10%
- To...
  - B2C: 77%
  - B2B: 49%
  - Non-Profit: –

Top Industries

- Professional Services: 18%
- Construction/Manufacturing: 12%
- Retail or wholesale: 12%
- Healthcare/Pharmaceutical: 8%

Time in Business

- 1 year or less: 23%
- 1-2 years: 11%
- 2-5 years: 20%
- 6 or more years: 46%
- Started in COVID-19: 9%
- Started in 2020: 17%

Revenue

- 2019: $235,754
- 2020 YTD: $146,147
PROFILING: SMALL BUSINESSES THAT SELL BOTH ON & OFFLINE
# ONLINE & OFFLINE CANADIAN SMALL BUSINESS OWNER SNAPSHOT: DEMOGRAPHICS

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55%</td>
<td>45%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Millennials</th>
<th>Gen X</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>43%</td>
<td>45%</td>
<td>13%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>White</th>
<th>BIPOC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>63%</td>
<td>34%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Urbanity</th>
<th>Urban</th>
<th>Suburban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>70%</td>
<td>23%</td>
<td>8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>BC</th>
<th>AB</th>
<th>SK/MB</th>
<th>ON</th>
<th>QC</th>
<th>Atlantic</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15%</td>
<td>15%</td>
<td>8%</td>
<td>27%</td>
<td>27%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Base: Offline small businesses (n=258)
ONLINE & OFFLINE CANADIAN SMALL BUSINESS OWNER SNAPSHOT: BUSINESS DETAILS

Employment

<table>
<thead>
<tr>
<th>Sole Proprietors</th>
<th>Have Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>Under 10 employees</td>
<td>20%</td>
</tr>
<tr>
<td>10-49 employees</td>
<td>17%</td>
</tr>
<tr>
<td>50-99 employees</td>
<td>10%</td>
</tr>
</tbody>
</table>

Offering and Audience

<table>
<thead>
<tr>
<th>My business sells...</th>
<th>Products</th>
<th>Services</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>69%</td>
<td>64%</td>
<td>33%</td>
</tr>
<tr>
<td>To...</td>
<td>B2C</td>
<td>B2B</td>
<td>Non-Profit</td>
</tr>
<tr>
<td></td>
<td>88%</td>
<td>46%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Top Industries

<table>
<thead>
<tr>
<th>Retail or Wholesale</th>
<th>Professional Services</th>
<th>Construction/Manufacturing</th>
<th>E-commerce</th>
</tr>
</thead>
<tbody>
<tr>
<td>12%</td>
<td>11%</td>
<td>7%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Time in Business

<table>
<thead>
<tr>
<th>1 year or less</th>
<th>1-2 years</th>
<th>2-5 years</th>
<th>6 or more years</th>
</tr>
</thead>
<tbody>
<tr>
<td>34%</td>
<td>12%</td>
<td>29%</td>
<td>25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Started in COVID-19</th>
<th>Started in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>13%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Total Revenue & Online Revenue by Region*

<table>
<thead>
<tr>
<th>2019</th>
<th>2019 Online</th>
<th>Canada</th>
<th>US</th>
<th>Rest of World</th>
</tr>
</thead>
<tbody>
<tr>
<td>$280,934</td>
<td>$117,992</td>
<td>76%</td>
<td>11%</td>
<td>13%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2020 YTD</th>
<th>2020 YTD Online</th>
<th>Canada</th>
<th>US</th>
<th>Rest of World</th>
</tr>
</thead>
<tbody>
<tr>
<td>$194,604</td>
<td>$105,086</td>
<td>74%</td>
<td>11%</td>
<td>15%</td>
</tr>
</tbody>
</table>

*Please note revenue by region was asked for online sales only.