



FACEBOOK

EMPOWERED IN THE DIGITAL AGE: LEVELING THE PLAYING FIELD FOR CANADIAN SMALL BUSINESS

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CANADIAN SMALL BUSINESS SUCCESS

Empowerment through connectivity

Running a business is a 24/7 balancing act, carrying out daily responsibilities while maintaining the constant outreach needed for long-term business success. This is especially true for small- and medium-sized businesses (SMEs) that until recently did not have access to fast, low-cost communications and marketing tools. Now, with digital tools, Canadian SMEs can instantly connect with millions of people around the globe, harnessing the power of communication to strengthen and grow their businesses.

The success of Canada's small- and medium-sized businesses is critical. Why? The sheer size and economic power of SMEs are formidable. In 2017, Canada's small businesses comprised 99 per cent of all Canadian businesses and employed 90 per cent of all private-sector employees. [1] In fact between 2013 and 2017 SMEs were responsible for 85 per cent of net private-sector job creation in Canada. [2]

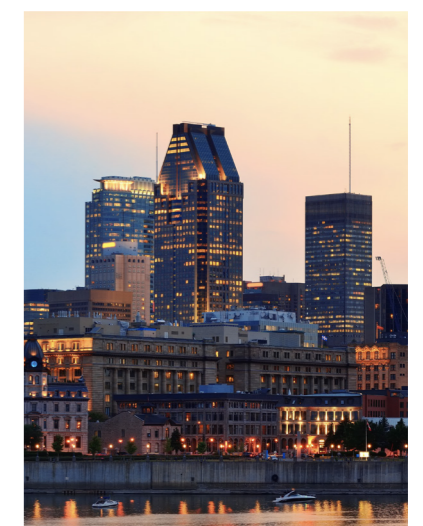
In short: What's good for Canadian SMEs is good for Canada.

Connectivity through technology levels the playing field for Canadian small businesses increasing their reach and competitiveness in a global marketplace. While fewer and fewer Canadians have chosen entrepreneurship over the last 20 years, three dynamic entrepreneurial groups in particular are driving new business creation in Canada: SMEs owned by women, new Canadians and young Canadians. [3] The survey findings in this report provide a snapshot of how Canadian SMEs are using digital tools like Facebook's suite of apps to meet their business needs.

Methodology

The Canadian Small Business Survey was conducted by Ipsos, an independent research firm, among owners and employees of micro-, small- and medium-sized businesses (SMEs) across Canada. The online survey was conducted from September 23 to October 2, 2019 among a random national sample of 1,200 respondents. Qualified respondents own or work for a for-profit company with fewer than 500 employees (SMEs as defined by the Canadian Chamber of Commerce). Survey participants include 213 owners and 987 employees of whom 591 are males and 609 females representing goods and services providers across business sectors.

Among the survey participants are three distinct business groups that are highlighted in this report. [1] 328 Women-owned SMEs (defined as businesses majority-owned by women plus employees who work at women-owned or led businesses [where a woman is the primary decision-maker]); [2] 188 New-Canadian SMEs (defined as businesses majority-owned by men and women new to Canada plus employees who work at New Canadian-owned or led businesses [where a new Canadian is the primary decision-maker]); and [3] 176 Young-Canadian SMEs (defined as businesses majority-owned by men and women under age 35 plus employees who work at Young Canadian-owned or led business [where a young Canadian is the primary decision-maker]).





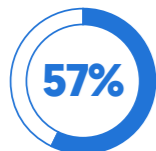
33%
of Facebook product users used these tools to help start their businesses

DIGITAL TOOLS EXPAND REACH

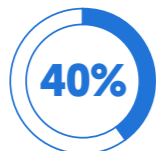
Connecting with people is key to SME success

Communications technology is a robust catalyst for growth, and in the hands of Canada's enterprising small businesses, the connectivity afforded by digital tools helps them cross borders and boundaries to speak directly to people locally, nationally and internationally.

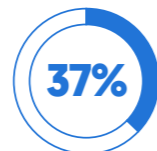
The average number of annual small business creation between 2010 and 2015 was 95,000. [4] According to Canadian SMEs that took part in this survey, online and app technologies helped them realize their visions. A full third of Facebook app users – specifically Messenger, Instagram and Facebook – say these tools helped them start their companies. This is especially true of Young-Canadian SMEs.



57%
of Young-Canadian SMEs



40%
of Women-owned SMEs



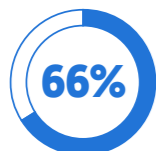
37%
of New-Canadian SMEs

say Facebook's online tools and apps helped start their businesses

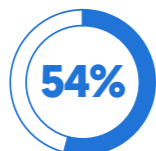
46%
of SMEs overall say their businesses are stronger today because of using Facebook products

Using technology to build strong businesses

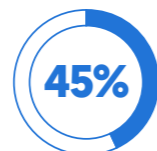
Statistics show only half of Canadian SMEs survive their fifth year of operation, as small business owners must simultaneously juggle multiple roles while building a solid foundation for the long-term. [5] Here too, digital tools are key to helping businesses meet their goals in the long-term. Facebook's products and services are assets to the many survey respondents who said their businesses are stronger today with the help of technology.



66%
of Young-Canadian SMEs



54%
of Women-owned SMEs



45%
of New-Canadian SMEs

who use Facebook's online tools and apps say they helped make their businesses stronger

Important, effective business tools for SMEs overall

According to majorities of survey respondents, Facebook, Messenger and Instagram are important and effective in meeting business needs. This is especially true of Instagram.

Important



Effective



Canadian exporters realizing global potential

SMEs' significant contributions to the national economy are indisputable. But while SMEs comprised 97 per cent of Canadian goods exporters in 2017, they were responsible for less than half – 42 per cent – of total export value.[6]



The hallmark of digital technology is the ability to instantaneously interact with people all over the world, and uninterrupted, round-the-clock communications are especially important to exporters who do business across time zones with vendors, suppliers and customers. Digital tools are crucial to realize the economic potential of SME exporters.

Exporters in this survey credit increased sales – both domestic and internationally – via three platforms. Almost half of exporters say using Facebook has led to increased sales in the last 12 months, and one-third or more attribute sales increases to both Instagram and Messenger.



46%

of exporters who use **Facebook** say it led to higher sales in the last 12 months



36%

of exporters who use **Instagram** say it led to higher sales in the last 12 months



35%

of exporters who use **Messenger** say it led to higher sales in the last 12 months

UNLOCKING THE POTENTIAL OF WOMEN ENTREPRENEURS

Women-owned businesses on the rise

Women-owned Canadian SMEs are at the forefront of exciting entrepreneurial activity. Recognizing the economic potential of Women-owned SMEs, in 2019 the Canadian government launched The Women Entrepreneurship Strategy – a \$2-billion investment that seeks to double the number of Women-owned businesses by 2025 in order to build the Canadian economy as a whole.[8] While only 16 per cent of Canadian small businesses are currently owned or led by women, it is estimated that increasing female participation in the economy would add \$150 billion to the nation's GDP. [9]

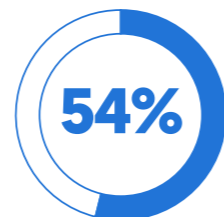
In this survey, four in 10 Women-owned SMEs agree Facebook's suite of online tools and apps helped start their businesses. A majority say their business is stronger today because of these products and services.



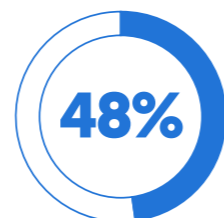
40%

Women-owned Facebook users say these tools helped start their business

Women-owned SMEs who use Facebook's suite of apps say...



these tools **made businesses stronger**



these tools helped them **meet important business challenges**

It's all about the customer

Meeting consumers' high expectations requires connectivity across website, app and social media channels, and respondents from Women-owned SMEs report using Instagram, Messenger and Facebook to meet myriad needs: communicating, providing information about their businesses and marketing outreach to potential customers. Additionally, the suite of apps allows consumers to research and purchase what they want, when they want and how they want.

A majority of Women-owned SMEs in this survey also credit Instagram and Facebook with giving them better access to new consumers keeping this essential pipeline open to continue growing their businesses.



Jen Lee Koss, Co-founder
BRIKA
Founded in 2012
Uses Instagram

A serendipitous coffee date between Jen Lee Koss and her co-founder, Kena Paranjape, was the catalyst for the e-retailer BRIKA. The brand partners with and helps connect artisans and designers with shoppers. As a result, BRIKA's shops and pop-up experiences offer a curated assortment of beautiful and uniquely crafted products from the most talented and authentic artisans and designers.

Since its launch seven years ago, BRIKA has helped nurture hundreds of small businesses, specifically women-owned businesses. As an online retailer, BRIKA relied heavily on digital tools to grow its business. BRIKA was born on Instagram, forms many of its partnerships on the platform, and attributes 60 per cent of its business to BRIKA's Instagram presence.

“BRIKA uses Facebook Events to spread the word of our pop-ups, Messenger to connect daily with customers and Instagram to attract new customers and brands as well as to promote our retail experiences.”

77%
use **Messenger** to communicate with customers



68%
use **Facebook** to communicate with customers



61%
use **Instagram** to communicate with customers



Bolstering revenue and job creation

Successful SMEs have well-stocked toolboxes to drive growth, and with growth comes economic empowerment. Survey respondents from Women-owned SMEs indicate Facebook's suite of apps has helped improve their businesses and generate higher sales in the last 12 months – most notably Facebook.

In terms of business and job creation, nearly half of respondents say using Facebook's suite of apps is both driving business creation in Canada and helping create jobs in their local communities.



Women-owned SMEs who say these Facebook tools have improved sales over the past 12 months



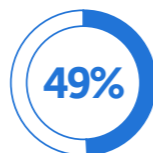
Provide Women-owned SMEs with better access to new customers...



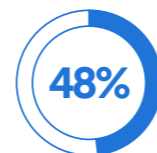
56%



55%



49% of Women-owned SMEs say Facebook products drive business creation in Canada



48% of Women-owned SMEs say Facebook products create jobs in their local communities

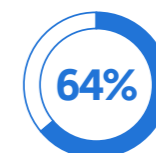
NEW CANADIANS IMPORTANT TO SME GROWTH

Creating opportunities for entrepreneurial newcomers

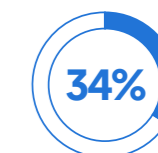
In 2013 the Canadian government launched the Start-up Visa Program designed specifically to attract industrious SMEs from around the world.[10] A primary reason: immigrant entrepreneurs are more likely than Canadian-borns to start an SME – meaning for every two Canadian-born small-business entrepreneurs there are four New-Canadian ones. According to a 2019 study conducted by the Business Development Bank of Canada, for the past 12 years the entrepreneurial activity rate among newcomers has been higher than among Canadian-borns. In addition, New Canadian-owned businesses have created more net jobs per business than Canadian-born ones. [11]

Alongside new Canadians' appetite for starting and building businesses in their adopted country is an appetite for technology tools. In this survey nearly two-thirds report using at least one of Facebook's suite of apps, and one-third use two or more. Why? Majorities of New-Canadian SMEs in this survey say Facebook, Messenger and Instagram are important to their businesses and effective in meeting their needs.

Facebook is the most-used app: more than eight in 10 New-Canadian SMEs say they use Facebook for business marketing and promotion. In terms of value-add, Facebook is used for multiple business functions and needs – most notably, communicating with people and marketing to potential customers. New-Canadian SMEs also use Facebook to provide consumers with basic information about their business offerings.



64% of New-Canadian SMEs use at least one of Facebook's suite of apps



34% of New-Canadian SMEs use two or more



84%

84% of New-Canadian SMEs use Facebook to market themselves



Nana Boateng Osei, CEO & Co-founder

Bôhten
Founded in 2012
Uses Facebook, Instagram and Messenger

In the mountainous region of Kwahu, Nana Boateng Osei and his co-founder of Bôhten, had the idea to create stylish and sustainable luxury eyewear with reclaimed materials from Ghana. Nana was born in Britain and spent most of his childhood living in Ghana before moving to the United States and then Canada. As a mission-driven company, Bôhten aims to reduce the impact of commerce on the environment, while also giving back to Ghana's local economy by shifting its manufacturing to Ghana to create fair-wage jobs.

Nana credits Facebook and Instagram for helping Bôhten come to life. After raising 200 per cent of its goal through a Kickstarter campaign promoted solely on Facebook in 2017, Bôhten was able to launch its first production studio in 2018 located in Accra, Ghana. Meanwhile, Instagram has become their business card and product catalog for attracting new customers and driving sales.

“ Facebook and Instagram drive 20 per cent of our business and Facebook ads drive our website traffic and sales. ”

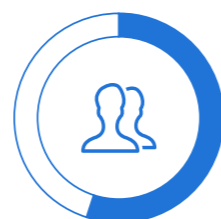
New-Canadian SMEs use Facebook to...



72% communicate with customers



65% provide basic information about their business offerings



55% gain access to new customers

YOUNG CANADIANS MOTIVATED TO START BUSINESSES

Impressive pace of growth

Young Canadians are important drivers in creating small businesses. Between 2014 and 2018, there was an 80 per cent increase in the number of under 35-year-olds starting businesses. [13]

Young Canadian-owned businesses are distinctly different from other key SME segments in this survey. The Young-Canadian SMEs who use Facebook products are more likely than their female and newcomer counterparts to say the online tools and apps have helped them address some of their most important business challenges [63 per cent]. Nearly six in 10 Young-Canadian SMEs say they have used these products and services to help start their own businesses.

Relying on technology tools has ultimately made their businesses stronger according to two-thirds of Young-Canadian SMEs, suggesting they are making the most of the digital tools available to them to succeed in the marketplace.

63% of Young-Canadian SMEs say Facebook tools are driving business creation in Canada

57% of Young-Canadian SMEs use Facebook tools to help start their own businesses

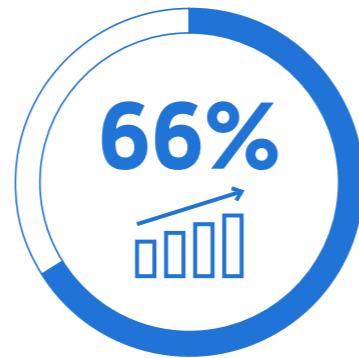




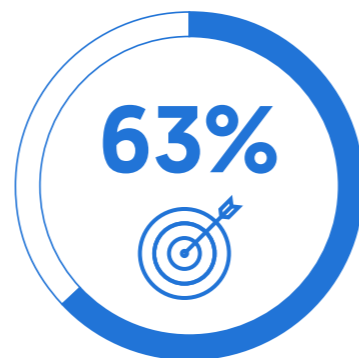
Audrey Woods
 Les Trappeuses
 Founded in 2014
 Uses Facebook and Instagram

Co-founder Audrey Woods, alongside Mariane Gaudreau and Marie Beaupré, launched Les Trappeuses, an online collaborative space for sharing recipes, ideas and products with a low-environmental impact. As their online community grew, they noticed a gap in the market for eco-friendly and accessible products with plastic-free packing. As a result, Les Mauvaises Herbe, their online boutique, was born in 2018. The shop offers cosmetic ingredients, medicinal plants, body products and home items to help their community lead a low-impact lifestyle. Les Trappeuses uses Facebook and Instagram to grow their online community which is leading to long-term business success.

“ Les Trappeuses uses Facebook Events to promote our workshops and conferences, Messenger to connect with our community and Instagram to reach new people, share products and drive sales. ”



66%
 of Young-Canadian SMEs
 say their business is
stronger
 today



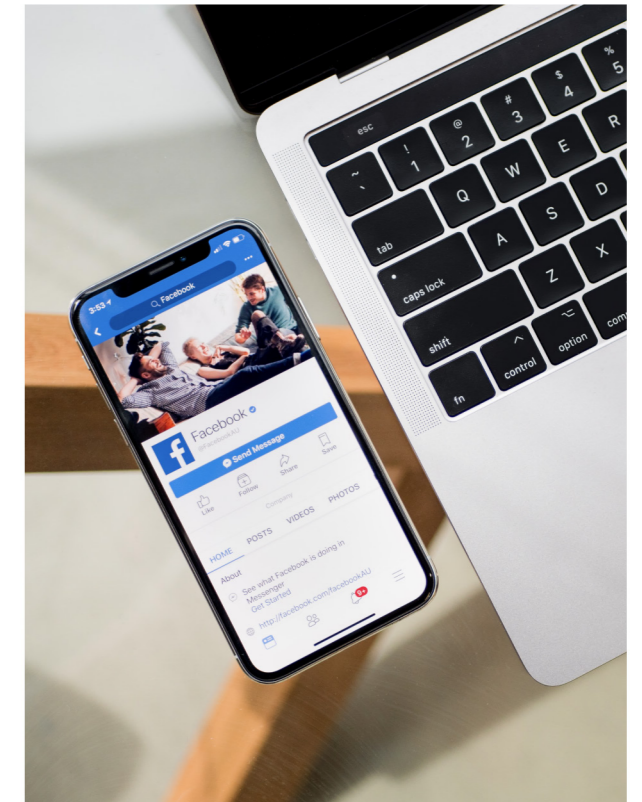
63%
 of Young-Canadian SMEs
 say these tools have
 helped them address
 some of their most
**important
 business
 challenges**

FACEBOOK SUITE OF APPS SERVES CRITICAL BUSINESS FUNCTIONS

Instagram, Messenger and Facebook are valued tools

The number of Canadian SMEs adopting social media tools nearly doubled between 2012 and 2016 according to a study conducted by the Canadian Federation of Independent Business. [14] During that four-year period, the percentage of small businesses using social media rose from 27 per cent to 53 per cent. [15]

The small-business owners and employees who participated in this survey report using Facebook's suite of apps to perform critical tasks like marketing and communicating with people. Here is a snapshot:



Messenger is a high-touch tool that the majority of Canadian SME respondents use to connect with people. Nearly eight in 10 say they use it to communicate with people, and nearly half say it has improved customer satisfaction.

77%
 use **Messenger**
 to communicate
 with customers

48%
 say **Messenger**
 has helped
 customer
 satisfaction



Instagram is most used for marketing and promotion to potential consumers. More than seven in 10 say this, and nearly half of respondents say using it gives them a competitive edge.

71%
 use **Instagram**
 for marketing
 and promotion

47%
 say **Instagram**
 helps them
 compete with
 other businesses



Facebook is relied on as an all-in-one communications tool with nearly seven in 10 respondents reporting they use it most for marketing and promotion and to communicate directly with customers.

69%
 use **Facebook** for
 marketing and
 promotion to
 potential customers

69%
 use **Facebook** to
 communicate
 with customers

LEVELING THE PLAYING FIELD WITH DIGITAL TOOLS

Canadian small businesses use high-impact tools to compete

Starting and owning a small business is stressful. But economic uncertainty and long hours are bested by the independence and passion motivating the majority of Canadian small- to medium- sized business owners. [16] While amassing the necessary skills and labour to build a company takes time, profiting from digital technology does not.

The feedback from Canadian small business owners and employees in this survey underscores how important digital tools are – providing them with simple, efficient and effective tools to run their companies. Facebook's suite of apps provides SMEs with these business essentials:



Online presence with **Facebook**



High-touch communications with **Messenger**



Marketing and promotion with **Instagram**

Businesses of all sizes across all sectors are reaping the benefits of digitization and rapidly evolving communications technology. This is especially true for small- and medium-sized businesses. The drive and grit of individual Canadians are at the heart of Canada's SMEs and, with the power of digital tools, these innovative entrepreneurs are competing on a more level playing field giving them a greater chance of long-term success in the global marketplace.

Facebook is proud to play a part in the communications revolution fostering the entrepreneurial spirit of Canadian small businesses and helping them realize their economic potential.

[1] January 2019, "Key Small Business Statistics," Small Business Branch of Innovation, Science and Economic Development, Government of Canada. [https://www.ic.gc.ca/eic/site/061.nsf/vwapj/KSBS-PSRPE-Jan_2019_eng.pdf/\\$file/KSBS-PSRPE-Jan_2019_eng.pdf](https://www.ic.gc.ca/eic/site/061.nsf/vwapj/KSBS-PSRPE-Jan_2019_eng.pdf/$file/KSBS-PSRPE-Jan_2019_eng.pdf)

[2] Ibid.

[3] 22 October 2019, "A Nation of Entrepreneurs – The Changing face of Canadian Entrepreneurship," Business Development Bank of Canada study. <https://markets.businessinsider.com/news/stocks/b-dc-small-business-week-2019-presents-the-new-face-of-canadian-entrepreneurship-1028617943>

[4] Key Small Business Statistics, op. cit.

[5] "10 Things You (Probably) Didn't Know About Canadian SMEs," Business Development Bank of Canada. <https://www.bdc.ca/en/articles-tools/business-strategy-planning/manage-business/pages/10-things-didnt-know-canadian-sme.aspx>

[6] A Nation of Entrepreneurs, op. cit.

[7] Key Small Business Statistics, op. cit.

[8] November 2017, biennial 2015/2016 "Global Entrepreneurship Monitor (GEM) Canada Report on Women's Entrepreneurship," University of Alberta School of Business. <http://thecis.ca/wp-content/uploads/2016/04/-GEM-2015-16-Womens-Report-FINAL-Nov-14-2017.pdf>

[9] 06 September 2019, "Women Entrepreneurship Strategy," Small Business and Export Promotion Innovation, Science and Economic Development, Government of Canada. <https://www.ic.gc.ca/eic/site/107.nsf/eng/home>

[10] Ibid.

[11] A Nation of Entrepreneurs, op. cit.

[12] Ibid.

[13] 24 January 2013 Start-up Visa Program, Immigration, Refugees and Citizenship Canada, Government of Canada.

[14] February 2017, "Crossing the Digital Divide," Canadian Federation of Independent Business. <https://www.cfib-fcei.ca/sites/default/files/article/documents/5641.pdf>

[15] Ibid.

[16] A Nation of Entrepreneurs, op. cit.



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THANK
YOU!