

FedEx Small Business Trade Index Canada

Conducted and Prepared by Morning Consult

January 2022

Introduction



About us

Morning Consult is a global data intelligence company delivering insights on what people think in real time. By surveying tens of thousands across the globe every day, Morning Consult is unmatched in scale and speed: It determines the true measure of what people think and how their decisions impact business, politics and the economy.

Industry leaders rely on Morning Consult's proprietary technology and analysis for real-time intelligence to transform information into a competitive advantage.



Methodology

- This poll was conducted between January 4 and January 8, 2022.
- The poll was conducted among small business decision makers, which are defined as those who work for companies with less than 500 employees and hold a position of manager or higher. **500 small business decision makers were interviewed in the Canada.**
- Interviews were conducted **online** using a panel of respondents.
- These data are **not weighted**, though basic stratification parameters for gender and region were in place during the sampling process.
- Results from the full survey have a margin of error of plus or minus 4 percentage points.





Agenda

- 1 Small Business Decision Makers
- 2 Small Businesses During Covid-19
- 3 Small Business Growth
- Economic and Trade Policy
- **5** Barriers to Trade



Key Findings

- Small business decision makers in Canada have an optimistic outlook when it comes to current revenue: just over one third (35%) report current revenues have increased. The future looks even more optimistic, as most small businesses are confident their revenues will increase in a year from now (55%).
- Effects of the pandemic are still felt by small businesses but showing signs of improvement. Almost half (47%) of small businesses are finding it hard to acquire new customers, but 90% are confident in keeping existing customers.
- CUSMA continues to be overwhelmingly supported among small businesses in Canada. 89% of small businesses in Canada support the trade agreement, while 63% agree that CUSMA helps them compete with other countries and further strengthen the economy.
- Foreign exchange rates and variations in fees and tariffs are large challenges for small businesses who import or export goods in Canada. Behind costs and import/export fees, over 90% of small businesses indicate that standardizing languages, terms, and product information is important when conducting business across different countries.





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Small Business Decision Makers

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Small Businesses During Covid-19

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Small Business Growth

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Economic and Trade Policy

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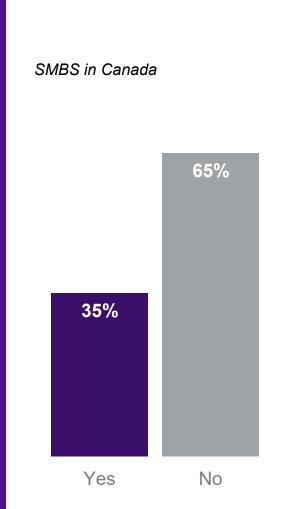
Barriers to Trade

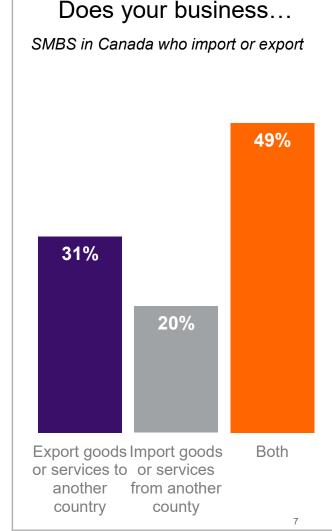




Over one third of small businesses in Canada import or export goods (35%). Of those that do, half do both.

Does your business export goods or services to another country or import goods or services from another country?





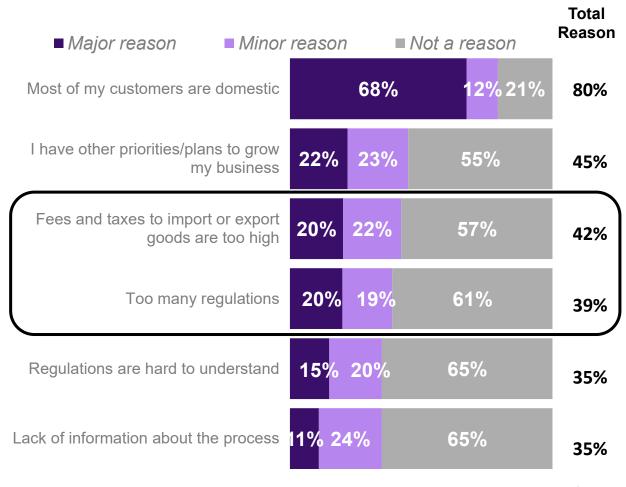




Among small businesses who do not export, two in five say high fees, taxes, and too many regulations are a reason they do not export.

Please indicate if this is a reason or is not a reason why your business does not export goods or services to another country or import goods or services from another country

SMBS in Canada who do not import or export



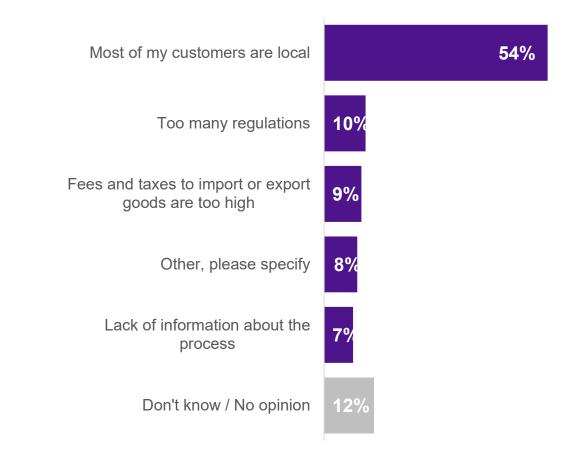




Most small businesses in Canada who do not import or export say it is because most customers are local (54%).

What is the main reason why your business does not export goods or services to another country or import goods or services from another country?

SMBS in Canada who do not import or export



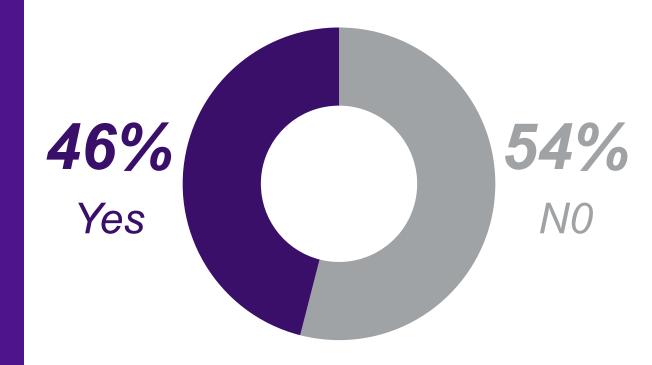




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Nearly half (46%) of small businesses in Canada sell goods online.

Does your business sell goods online?







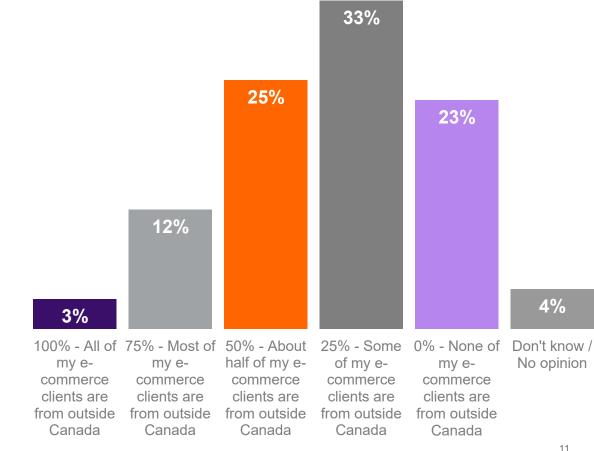
Most SMBs have ecommerce clients outside Canada.





Approximately what percentage of your e-commerce clients are from outside Canada?

SMBS in Canada that sell goods online

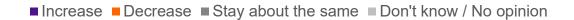


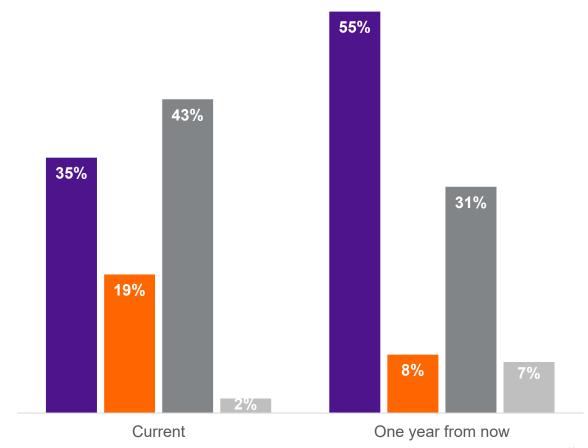
A plurality of SMBs say their revenues are currently staying the same, while more than half say they expect their revenues to increase one year from now.





Thinking about your business or company's financial situation, would you say your revenues are generally... and one year from now...





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Most SMBs say they've developed new communication strategies for customers and invested in new technology.





In what ways has your business had to change?

SMBS in the Canada whose business has changed since the start of the COVID-19 pandemic

■ Yes ■ No

43%	57%	Developed new communication strategies for clients/customers (signs/emails about mask and social distancing requirements)
44%	56%	Invested in new technology
54%	46%	Change to temporary remote work
56%	44%	Gave my employees a raise
58%	42%	Invested in advertising to domestic customers
68%	32%	I have less employees than at the start of the year
69%	31%	Sought out resources or information to help me eventually expand my business internationally
71%	29%	I have more employees now than at the start of the year
71%	29%	Froze wages
72%	28%	Change to permanent remote work
72%	28%	Changed employee benefits
72%	28%	Added an online sales channel
73%	27%	Applied for a new loan or grant
75%	25%	Expanded my business to reach or service international customers
76%	24%	Invested in advertising to international customers
79%	21%	Sought experts in international trade and/or exporting

Almost half of SMBs say it's been harder to acquire new customers or business domestically since the start of the pandemic.

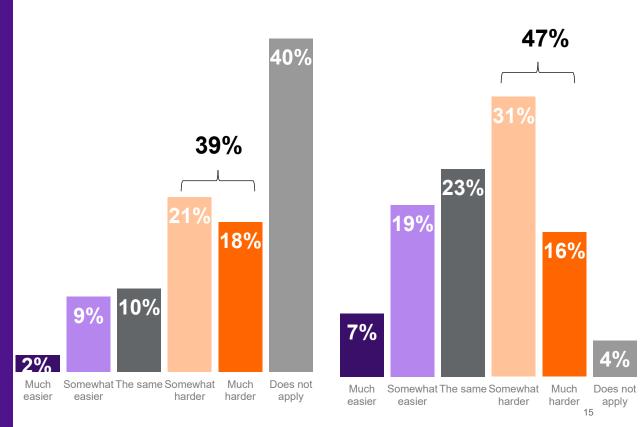
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How much easier or harder has it been to acquire new customers/business since the start of the COVID-19 pandemic?

SMBs in Canada

International Business Domestic Business

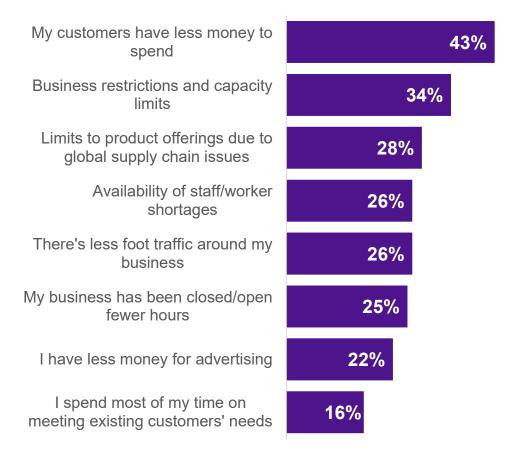


One in three SMBs who say it's been harder to acquire new customers say business restrictions and capacity limits have been a major barrier.

following have been to acquiring new customers/business since the start if the COVID-19 pandemic when thinking about your domestic business. (Showing % Major Barrier)

Please indicate how much of a barrier each of the

SMBS in Canada who say it's been harder to acquire new customers/business







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Customers with less money to spend and business restrictions/shutdowns have both been major barriers to acquiring new business for Canadian SMBs.

Please indicate how much of a barrier each of the following have been to acquiring new customers/business since the start if the COVID-19 pandemic when thinking about your international business. (Showing % Major Barrier)

SMBS in Canada who say it's been harder to acquire new customers/business







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Small Business Growth

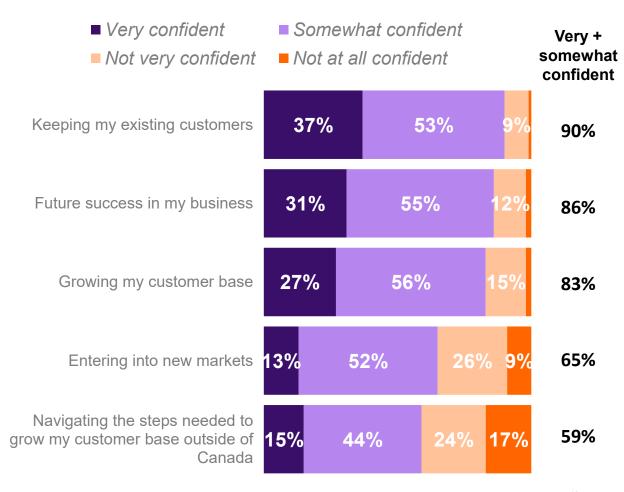
90% of small businesses in Canada say they are 'very' or 'somewhat' confident in keeping their customers. 86% say the same about the future success of their business.





How confident are you in the following?

SMBS in the Canada



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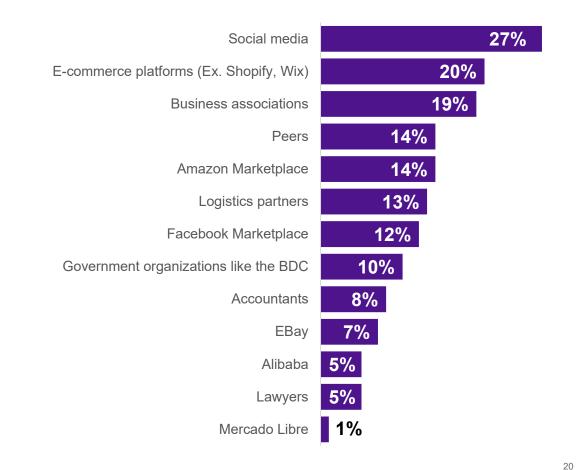
Small Business Growth

Social media, e-commerce platforms, and business associations are the most leaned on when growing small businesses internationally.

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Which of the following do you lean on to grow your business internationally? Please select all that apply.



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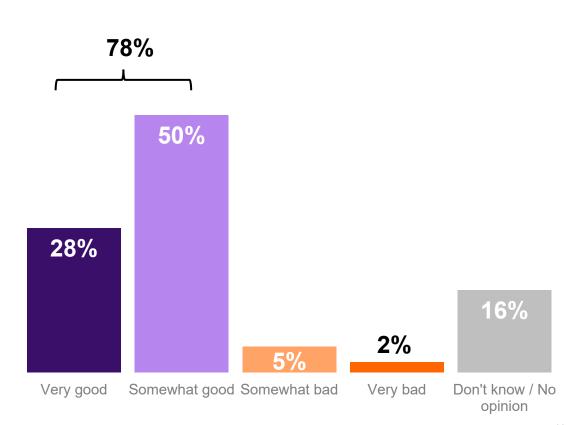
More than three in four small businesses in Canada (78%) think expanding trade and business opportunities to customers in other countries is a good thing.





In general, do you think expanding trade and business opportunities between Canada and customers in other countries is a good or bad thing?





Most SMBs in Canada agree that trade is key to growing and expanding Canada's economy and that increasing trade will create opportunities and jobs.





Please indicate if you agree or disagree with the following statements...

SMBs in Canada

■ Total Agree

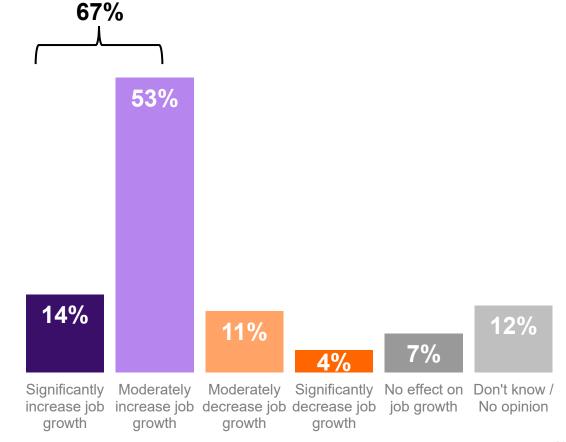
Trade is key to growing and expanding Canada's economy	76%
Increasing trade will create opportunities and jobs	73%
Increasing trade between Canada and other countries will improve the economy overall	73%
Small businesses should prioritize acquiring domestic customers over international	63%
Increasing trade between Canada and other countries will improve the business	54%
Increasing the amount of trade between Canada and other countries will help my	54%
International customers are difficult to acquire	52%
Businesses need to acquire international customers to succeed	44%
Small businesses would likely perform better if they focused on acquiring international	43%
Expanding trade has hurt Canadian small businesses	42%
Acquiring international customers is often not worth the investment	42%
Expanding trade has hurt the Canadian economy	30%

Two in three Canadian SMBs say that expanding trade and business opportunities between Canada and customers in other countries will increase job growth.

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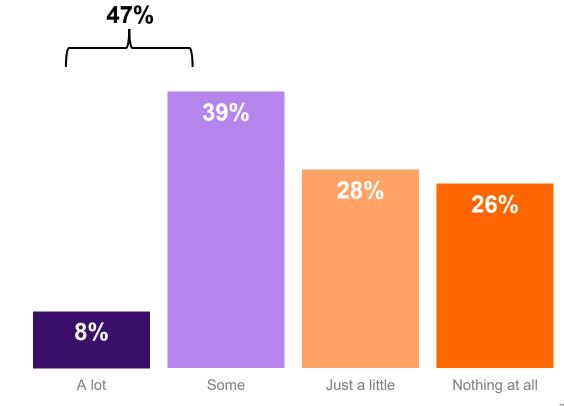


In general, how do you think expanding trade and business opportunities between Canada and customers in other countries will impact Canada's job growth?



Less than half (47%) of SMBs say they've seen, read, or heard about CUSMA, 7% less than Fall 2020.

How much have you seen, read or heard about the Canada–United States–Mexico Agreement, also known as CUSMA?

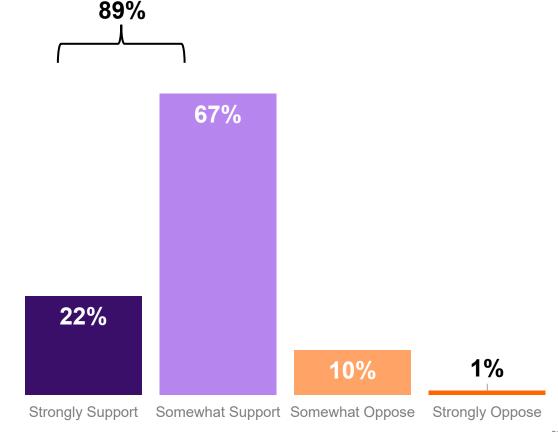






Nine in ten SMBs support CUSMA, in line with support in the fall of 2020 (86%).

Do you support or oppose the Canada–United States–Mexico Agreement, also known as CUSMA?

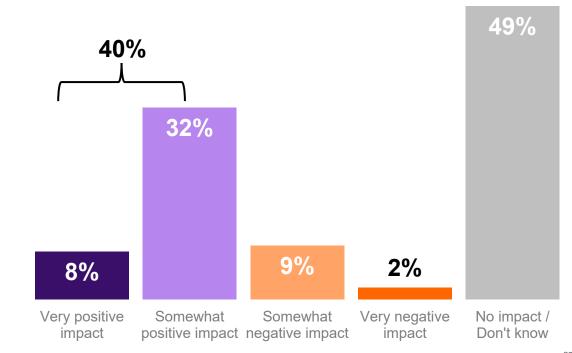






While a plurality (40%) of SMBs say CUSMA has had a positive impact on their business, a majority say CUSMA has had no impact or don't know.

And, how much have an impact has the Canada– United States–Mexico Agreement, also known as CUSMA, had on your business?







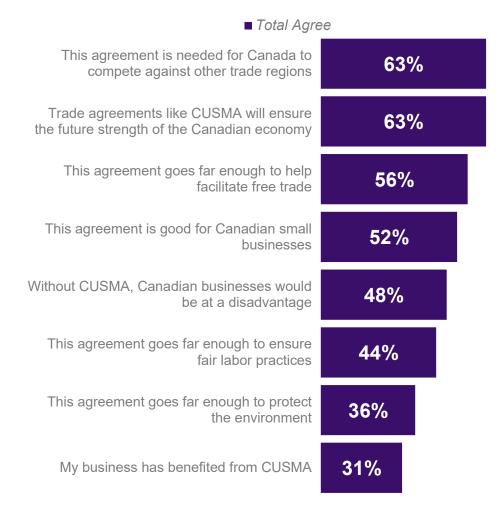
Most SMBs agree that CUSMA is needed for Canada to compete against other trade regions and that agreements like CUSMA will ensure the future strength of the Canadian economy.

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Based on what you know about the United States-Canada-Mexico Agreement (also known as USMCA, CUSMA, or T-MEC), do you agree or disagree with the following statements?

SMBS in the Canada



Four in five SMBs (79%) agree that companies are responsible for managing their impact on the environment. Over half (54%) of SMBs in Canada agree that their county's government adequately focuses on environmental issues in trade.





Do you agree or disagree with the following statements?

SMBS in the Canada

■ Total Agree

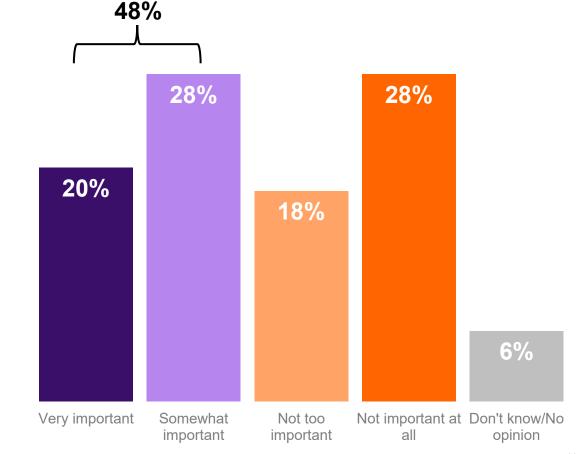
79%	Companies are responsible for managing their impact on the environment
75%	Countries should be required to set strict targets to reduce emissions/pollution
66%	Having an environmentally sustainable business is one of my top priorities
65%	I make business decisions with the environment in mind
63%	Protecting the environment should be given priority, even if it causes slower economic growth and some loss of jobs
61%	The gender makeup of a company's management should be representative of the communities they serve
59%	The racial makeup of a company's management should be representative of the communities they serve
54%	My country's government adequately focuses on environmental issues in trade
9%	I have the resources from the government I need to ensure my business is as environmentally sustainable as possible

Half of SMBs say selling goods online is important to their business.





How important, if at all, would you say selling goods online is to your business?

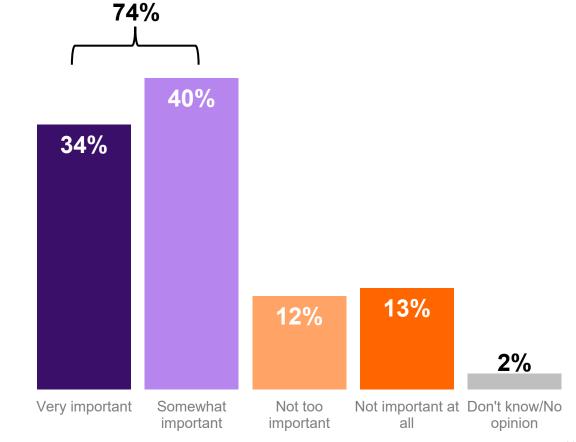


Three in four (74%) SMBs in Canada who import or export say selling goods online internationally is important for growth.

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How important, if at all, would you say selling goods online internationally is to the growth of your business?

SMBS in Canada who import or export goods





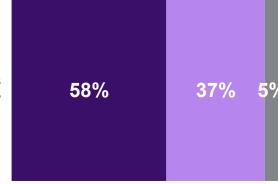
More than half of SMBs who import or export goods import from other countries to create a product domestically.

Does your company...

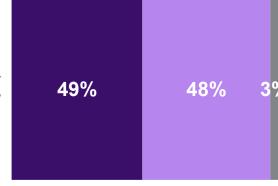
SMBS in Canada who import or export goods



Import goods from other countries to create a product domestically



Import finished goods from other countries to distribute domestically



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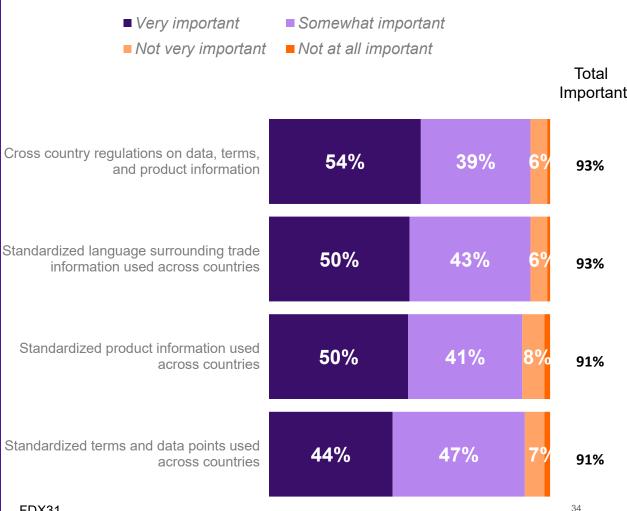
Almost all SMBs in Canada who import or export goods say that cross country regulations on data, terms, and product information is important, while more than half say it's "very important."





How important is each of the following when ordering products from other countries?

SMBS in Canada who import or export goods

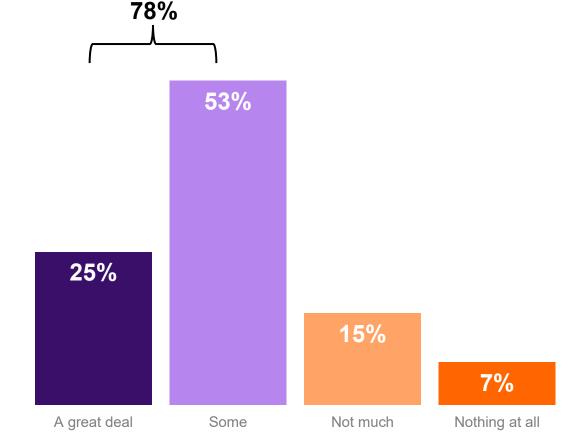


FDX31

Four in five SMBs (78%) who import or export goods say fees and tariffs have had a great deal or some impact on their business.

How much of an impact have fees and tariffs had on the growth of your business?

SMBS in Canada who import or export goods







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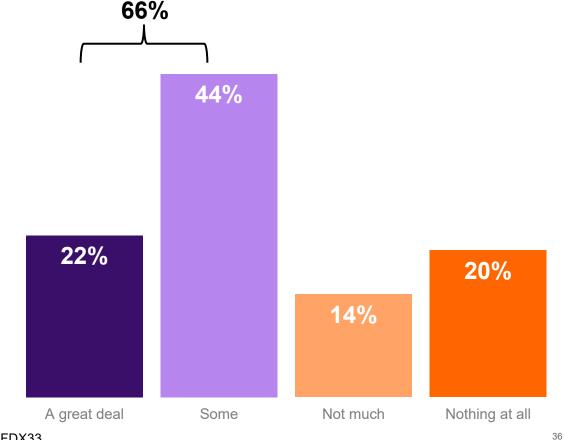
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Two in three SMBs in Canada say fees and tariffs have had a great deal or some impact on their company when buying products or parts internationally.

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How much of an impact have fees and tariffs had on your company when buying products or parts internationally?

SMBS in Canada



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FDX33

Almost half (47%) of SMBs in Canada who import or export say the cost of shipping is a major challenge to their business.





Thinking about importing or exporting goods to and from different countries, **how much of a challenge**, if at all, have each of the following been to your business?

SMBS in Canada who import or export

■ Major challenge ■ Minor (challeng	e Not a	a challenge	Total Challenge
Foreign exchange rate fluctuations	37%	45	% 18%	82%
Cost of shipping	479	% 3	19%	81%
Communication, such as non-standardized terms, localizations and language barriers	34%	47%	19%	81%
Changes in export rules	34%	47%	20 %	81%
Import/Export fees	35%	45%	20%	80%
Customs regulations	35%	45%	20%	80%
Inconsistency in regulations	34%	45%	21%	79%
Getting started	31%	48%	21%	79%
Variations in fees and tariffs	38%	399	23%	77%
Availability of information about key terms and information regarding trade	29%	47%	24%	76%
The cost of a broker or international e- commerce consultant	31%	43%	27%	74%
Data or term localization for important trade terminology	21%	53%	27%	74%
European Union Value Added Tax	27%	43%	30%	70%
Brexit	14%	36%	49%	50%

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Similarly, two in three SMBs who import or export say the cost of shipping is a barrier to their e-commerce business internationally.





Please indicate how much each of the following has been a barrier to your e-commerce business internationally.

SMBS in Canada who import or export

■ A large barrier ■ Not too much of a barrie		Somewhat Not a barrie			Tota Barri
				_	
Cost of shipping	32%	35%	4 17%	16%	679
Foreign exchange rate fluctuations	21%	41%	25%	13%	62 9
Variations in fees and tariffs	19%	43%	21%	16%	629
Inconsistency in regulations	23%	38%	23%	17%	619
Data or term localization for important trade terminology	16%	45%	16%	23%	619
Tariffs	21%	38%	20%	20%	599
Customs regulations	14%	45%	24%	17%	599
Changes in export rules	17%	41%	22%	20%	589
Import/Export fees	19%	39%	25%	17%	589
Communication, such as non-standardized terms, localizations and language barriers	18%	38%	28%	16%	569
The cost of a broker or international e-commerce consultant	16%	38%	25%	21%	549
Getting started	16%	38%	25%	21%	549
Currency conversion	18%	35%	31%	17%	539
Availability of information about key terms and information regarding trade	13%	40%	29%	18%	539
European Union Value Added Tax	14%	33%	27%	25%	479
Brexit	7% 23°	30%	40	%	309

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