

FedEx Small Business Trade Index Canada Conducted and Prepared by Morning Consult

June 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 May 24 and May 29, 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 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



Small Business Decision Makers



Small Businesses During Covid-19



Small Business Growth



Economic and Trade Policy



Barriers to Trade

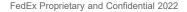




Key Findings

- Small business decision makers in Canada continue to have an optimistic outlook when it comes to current revenue: over one third (39%) 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 (54%).
- Effects of the pandemic are still felt by small businesses but showing signs of improvement.
 4-in-10 small businesses are finding it hard to acquire new domestic customers, but
 89% are confident in keeping existing customers.
- CUSMA continues to be strongly supported among small businesses in Canada. Surprisingly, Canadian SMBs view the United States and Mexico as important trade partners despite lower favorability ratings.
 - Cost in general is starting to emerge as a top challenge and barrier among SMBs. Given current economic conditions external forces like foreign exchange rate fluctuations, variations in fees and tariffs, and import/export fees are increasingly becoming more challenging and should be watched.





Agenda

Small Business Decision Makers



1

Small Businesses During Covid-19



Small Business Growth



Economic and Trade Policy



Barriers to Trade



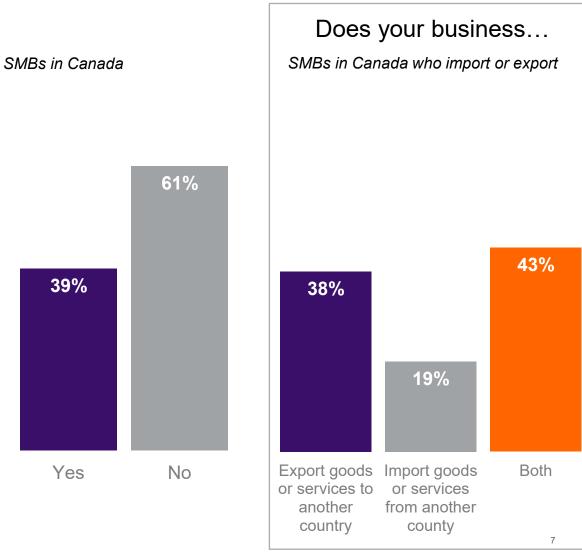


Roughly four-in-ten small businesses import or export goods from another country. Among those who import or export, under half both import and export.

MORNING CONSULT Fee



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



FDX3&FDX4

Among small businesses in Canada who import or export, about one-in-two import finished goods and also goods to create a product domestically.

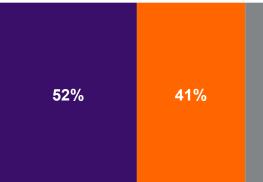


Does your company...

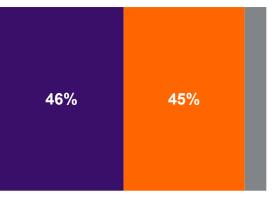
SMBs in Canada who import or export

Yes No ■ Don't know/No opinion

Import goods from other countries to create a product domestically



Import finished goods from other countries to distribute domestically



Other than having too many domestic customers for importing/exporting goods, small businesses cite other priorities/plans for business growth as the biggest reason for not doing this (47%).





FedEx Proprietary and Confidential 2022

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

■ Major reason ■ Minor reason ■ Not a reason				
Most of my customers are domestic	67%	10% 22%	77%	
I have other priorities/plans to grow my business	% 18%	53%	47%	
Fees and taxes to import or export goods are too high	21%	62%	38%	
Too many regulations 17 %	20%	63%	37%	
Regulations are hard to understand 11%	21%	68%	32%	
ack of information about the process 11%	20%	69%	31%	
			9	

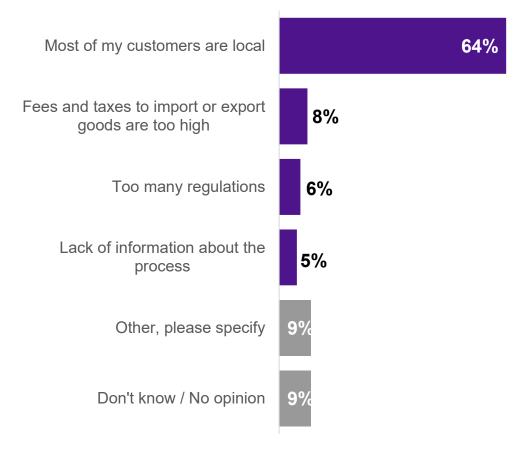
Roughly two-in-three SMBs who do not import or export attribute it towards most of their customers being local.



FedEx Proprietary and Confidential 2022

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?

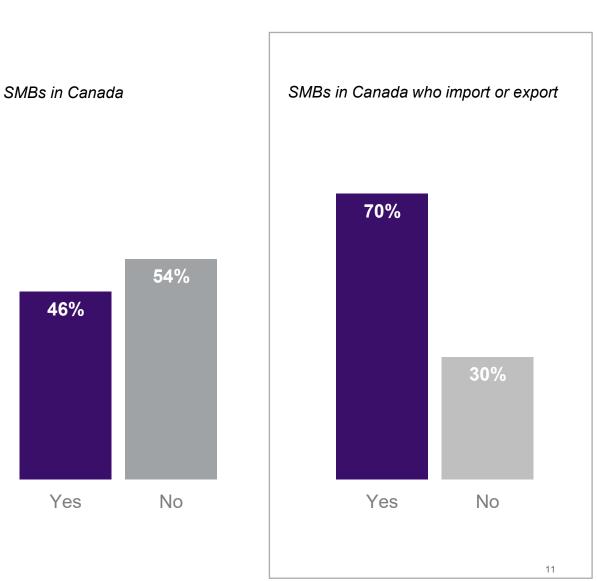
SMBs in Canada who do not import or export



Close to half of SMBs sell goods online (46%). However, among those who import or export, the portion goes up by about a fourth (70%).



Does your business sell goods online?



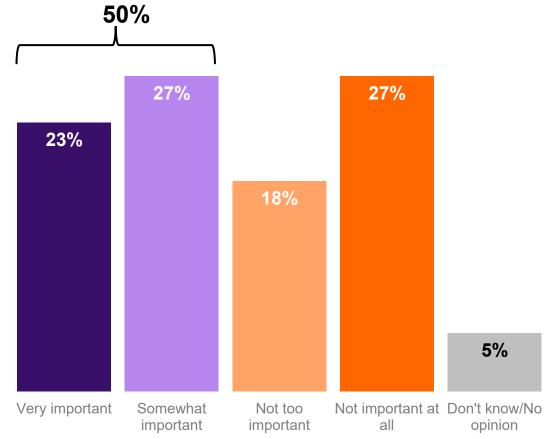
Half of small businesses see selling goods online as important to their businesses, but a quarter find it not important at all.



FedEx Proprietary and Confidential 2022

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

SMBs in Canada



FDX28c

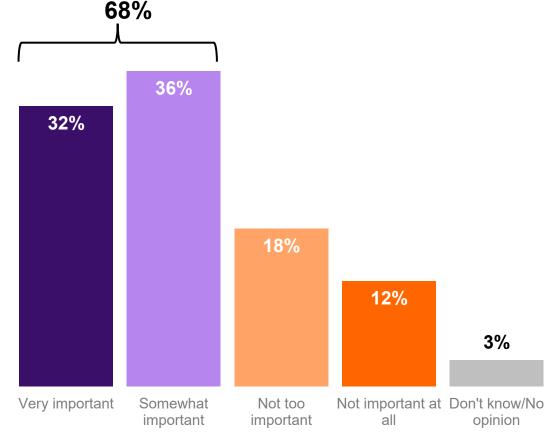
Nearly seven-in-ten SMBs who import or export believe it is important to sell goods online internationally for growing their businesses.



FedEx Proprietary and Confidential 2022

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



FDX29c

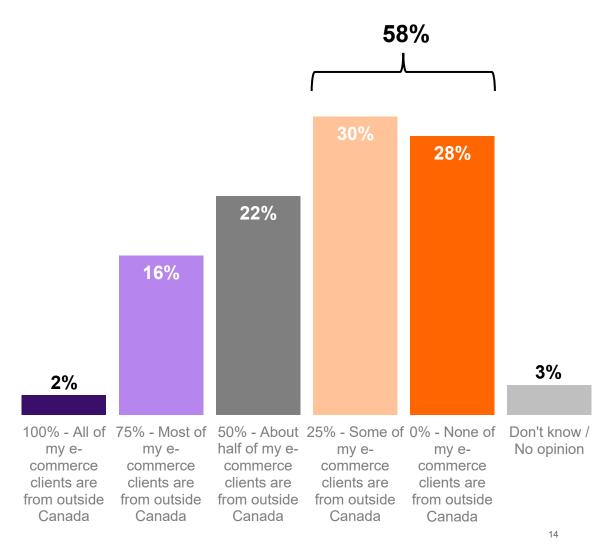
E-commerce clients for small businesses in Canada are mostly domestic, but there is opportunity to grow internationally.



Fec Ex.

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

SMBs in Canada that sell goods online



Roughly four-in-ten SMBs have seen their revenues increase, but there is increased optimism one year from now with revenues.

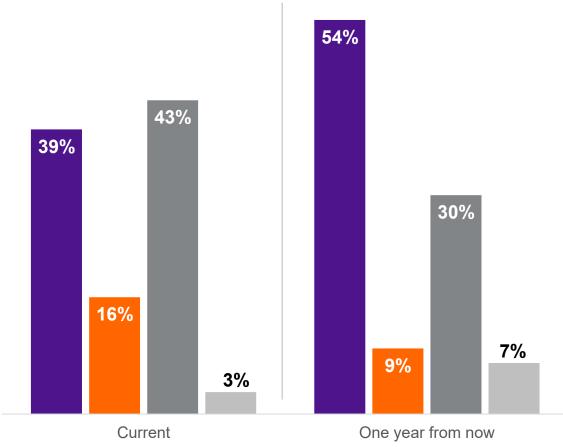


FedEx Proprietary and Confidential 2022

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

SMBs in Canada

■ Increase ■ Decrease ■ Stay about the same ■ Don't know / No opinion



FDX9&10

Agenda

Small Business Decision Makers



1

Small Businesses During Covid-19



Small Business Growth



Economic and Trade Policy



Barriers to Trade





Developing new communication strategies and investing in new technology have most helped SMBs change in the past year.



FedEx Proprietary and Confidential 2022

In what ways has your business had to change in the past year?

SMBs in Canada

■ Yes ■ No

Developed new communication strategies for clients/customers (signs/emails about mask and social distancing requirements)	55%	45%
Invested in new technology	54%	46%
Gave my employees a raise	49%	51%
Invested in advertising to domestic customers	43%	57%
Change to temporary remote work	40%	60%
I have more employees now than at the start of the year	37%	63%
Changed employee benefits	30%	70%
I have less employees than at the start of the year	28%	72%
Expanded my business to reach or service international customers	27%	73%
Sought out resources or information to help me eventually expand my business internationally	27%	73%
Change to permanent remote work	25%	75%
Applied for a new loan or grant	24%	76%
Froze wages	24%	76%
Added an online sales channel	24%	76%
Invested in advertising to international customers	23%	77%
Sought experts in international trade and/or exporting	17%	83%

Acquiring new customers or business continues to be a challenge for SMBs.

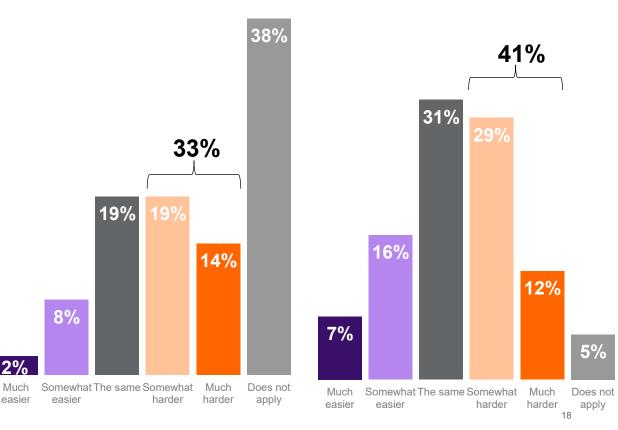


How much easier or harder has it been to acquire new customers/business since the start of the COVID-19 pandemic for each of the following?

SMBs in Canada

International Business

Domestic Business



FDX12

2%

One in three SMBs who say it's been harder to acquire new customers say limited product offerings due to the global supple chain issues.



FedEx Proprietary and Confidential 2022

Please indicate how much of a barrier each of the following have been to acquiring new customers/business since the start of the year when thinking about your domestic business. (Showing % Major Barrier)

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

My customers have less money to spend	44%
Limits to product offerings due to global supply chain issues	35%
Availability of staff/worker shortages	29%
There's less foot traffic around my business	26%
I have less money for advertising	24%
Business restrictions and capacity limits	23%
I spend most of my time on meeting existing customers' needs	19%
My business has been closed/open fewer hours	16%

Customers having less money to spend, and the pandemic restrictions have been barriers for SMBs in Canada struggling to acquire new customers.



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

SMBs in Canada who import or export and say it's been harder to acquire new customers/business

My customers have less money to spend	33%
Business restrictions and shutdowns	31%
My business has been closed/open fewer hours	24%
Availability of staff/worker shortages	23%
I spend most of my time on meeting existing customers' needs	23%
Less people are outside/walking past my business	23%
I have less money for in person/traditional advertising	22%
I have less money for online advertising	22%

Agenda

Small Business Decision Makers



1

Small Businesses During Covid-19



Small Business Growth



Economic and Trade Policy



Barriers to Trade





Small Business Growth

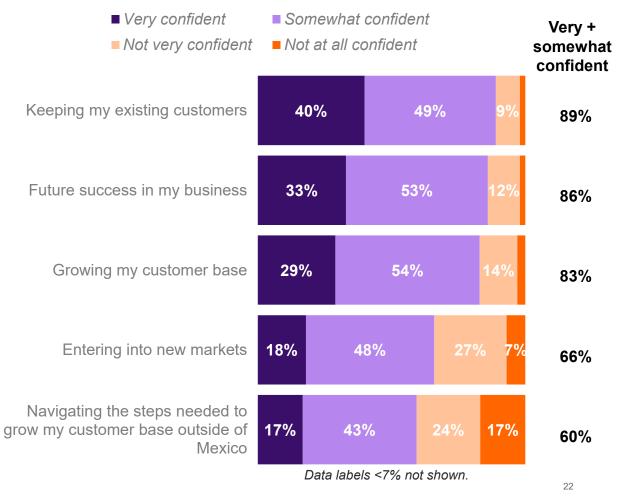
Small businesses in Canada are confident that they will keep their customers and will have future success in their businesses.



FedEx Proprietary and Confidential 2022

How confident are you in the following?

SMBs in Canada



Small Business Growth

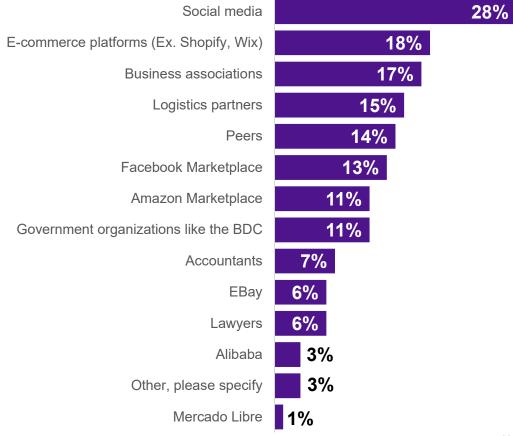
A plurality of SMBs lean towards social media for growing their businesses internationally (28%).



FedEx Proprietary and Confidential 2022

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

SMBs in Canada









1

Small Businesses During Covid-19



Small Business Growth

Economic and Trade Policy



4

Barriers to Trade



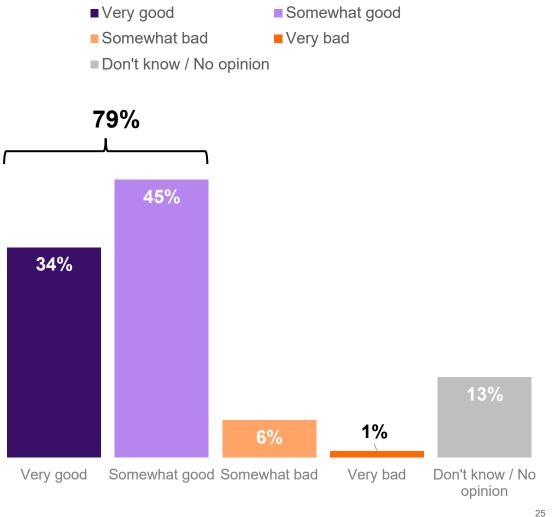


A vast majority of SMBs think that expanding trade and business opportunities between Canada and customers in other countries is a good thing (79%).



FedEx Proprietary and Confidential 2022

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



Canadian SMBs are very pro trade, with about three-in-four agreeing that increasing trade will create jobs and grow the economy.



FedEx Proprietary and Confidential 2022

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

SMBs in Canada

Total Agree

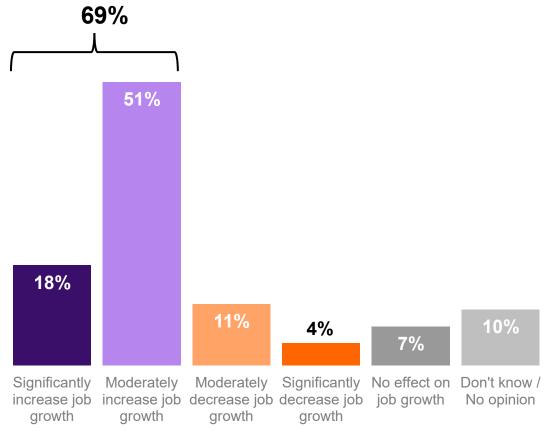
76%	Increasing trade will create opportunities and jobs
76%	Trade is key to growing and expanding Canada's economy
74%	Increasing trade between Canada and other countries will improve the economy overall
66%	Small businesses should prioritize acquiring domestic customers over international customers
56%	Increasing trade between Canada and other countries will improve the business prospects for businesses like mine
54%	Increasing the amount of trade between Canada and other countries will help my business
52%	International customers are difficult to acquire
46%	Businesses need to acquire international customers to succeed
45%	Small businesses would likely perform better if they focused on acquiring international customers
1%	Acquiring international customers is often not worth the investment
7%	Expanding trade has hurt Canadian small businesses
	Expanding trade has hurt the Canadian economy

Almost 7-in-10 small businesses believe that expanding trade and business opportunities with customers in other countries will increase job growth in Canada.



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

SMBs in Canada



FDX19c

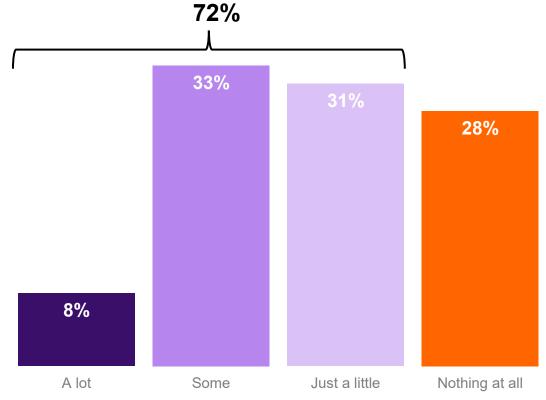
72% of SMBs have seen, read, or heard something about CUMSA, while a quarter have not heard anything at all.



FedEx Proprietary and Confidential 2022

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

SMBs in Canada



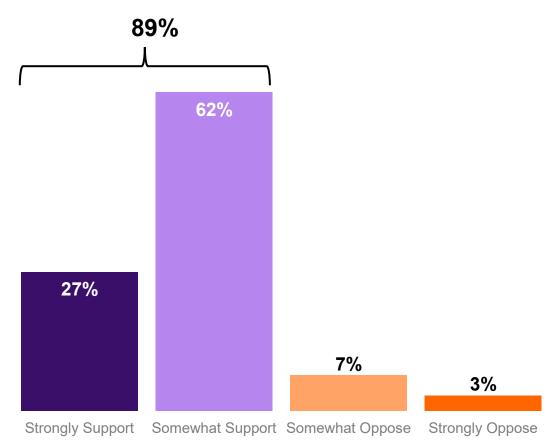
FDX20c

Nine in ten SMBs support CUSMA, consistent with the previous waves.



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

SMBs in Canada



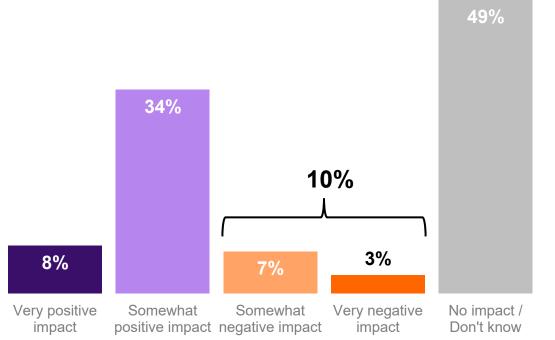
FDX21c

Roughly half of small businesses say that CUMSA has had no impact on their businesses, while just 10% claim it has had a negative impact.



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

SMBs in Canada



FDX22c

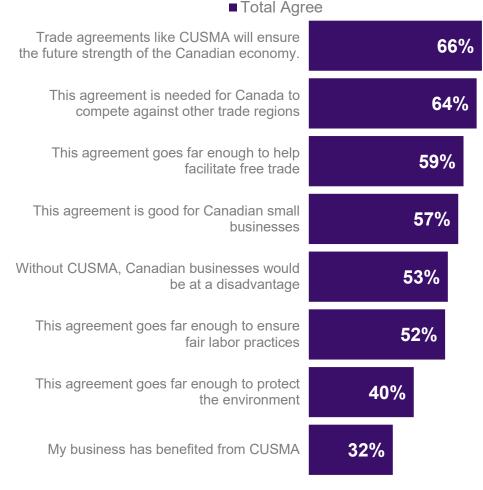
Small businesses most agree that CUMSA is needed for Canada to compete against other regions and for facilitating free trade which can strengthen Canada's economy.



FedEx.

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

SMBs in Canada



FDX23

Approximately three-in-four small businesses agree that companies should be responsible for their impact on the environment as well as setting strict targets to reduce pollution.



Do you agree or disagree with the following statements?

SMBs in Canada

Total Agree

76%		Companies are responsible for managing their impact on the environment
74%		Countries should be required to set strict targets to reduce emissions/pollution
66%	60	I make business decisions with the environment in mind
3 %	63	Having an environmentally sustainable business is one of my top priorities
1%	61%	Protecting the environment should be given priority, even if it causes slower economic growth and some loss of jobs
9%	60%	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
	50%	My country's government adequately focuses on environmental issues in trade
32	50%	I have the resources from the government I need to ensure my business is as environmentally sustainable as possible







1

Small Businesses During Covid-19



Small Business Growth



5

Economic and Trade Policy

Barriers to Trade



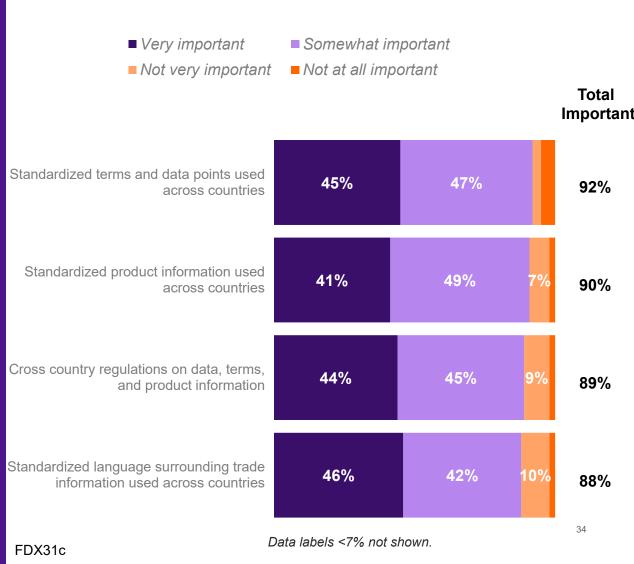


High importance across all responses when ordering products internationally for SMBs such as cross-country regulations and standardizing language.



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

SMBs in Canada who import or export

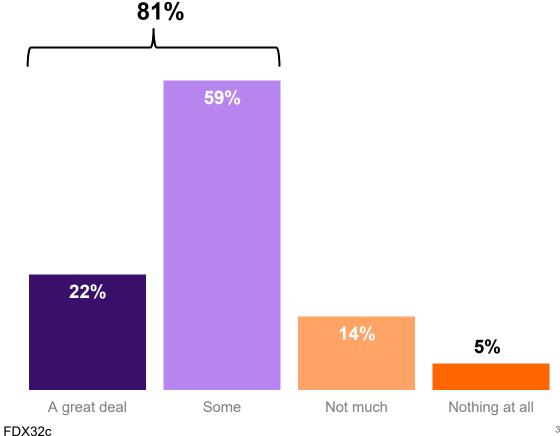


Approximately eight-in-ten SMBs who import or export believe that fees and tariffs have had at least some impact on the growth of their businesses.



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

SMBs in Canada who import or export

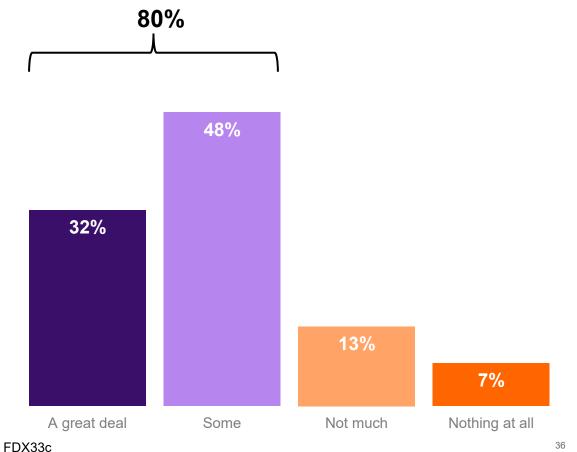


Eight-in-ten SMBs who import or export think that fees and tariffs have impacted their businesses, a significant increase from earlier this year (66%).



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

SMBs in Canada who import or export



In addition to fees and tariffs having more of an impact on SMBs, they are also creating more of a challenge along with foreign exchange rate fluctuations and import/export fees.





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

Challenge	■ Not a challenge		challenge	Major challenge Minor
87%	6 <mark>14%</mark>	33%	54%	Cost of shipping
84%	16%	48%	36%	Variations in fees and tariffs
84%	16%	48%	36%	Foreign exchange rate fluctuations
83%	17%	43%	40%	Import/Export fees
82%	18%	46%	36%	Customs regulations
81%	19%	53%	28%	ilability of information about key terms and information regarding trade
81%	19%	49%	32%	Inconsistency in regulations
79%	21%	51%	28%	Getting started
76%	24%	55%	21%	inication, such as non-standardized terms, localizations and language barriers
76%	23%	57%	19%	bata or term localization for important trade terminology
76%	24%	48%	28%	Changes in export rules
74%	27%	46%	28%	st of a broker or international e-commerce consultant
66%	34%	47%	19%	European Union Value Added Tax
56%	43%	9%	17% 39	Brexit

FDX34c

Total

The cost and fees are the biggest barriers towards e-commerce business internationally for small businesses.



FedEx Proprietary and Confidential 2022

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 barrierNot too much of a barrier	Somewhat of a barrierNot a barrier at all				Total Barrier	
Cost of shipping	27	%	40%	16	% 17%	67%
Tariffs	18%	41	%	22%	6 19%	59%
Inconsistency in regulations	16%	42	%	25%	6 17%	58%
Import/Export fees	21%	5 30	6%	23%	19%	57%
Customs regulations	15%	429	%	23%	19%	57%
Variations in fees and tariffs	18%	38	%	28%	6 16%	56%
Foreign exchange rate fluctuations	18%	38	%	28%	6 16%	56%
Availability of information about key terms and information regarding trade	15%	40%	' 0	26%	19%	55%
Changes in export rules	16%	37%	, D	29%	18%	53%
Currency conversion	18%	18% 34%		31%	17%	52%
Communication, such as non-standardized terms, localizations and language barriers		44%		33%	17%	50%
The cost of a broker or international e-commerce consultant	13%	37%		26%	24%	50%
	8%	41%		34%	17%	49%
Getting started	12%	37%		33%	18%	49%
European Union Value Added Tax	9%	36%	2	27%	28%	45%
Brexit	8%	25%	30%		37%	33%
						20

FDX35c

Data labels <7% not shown.

38



