

# COVID-19 SURVEY

EDC Research Panel

July 2020

Continued insights on the initial impacts of  
COVID-19 on Canadian exporters.

Canada

 EDC



# CONTEXT AND OBJECTIVES

## Context

Necessary measures to save lives and contain the COVID-19 pandemic have stalled the global economy, resulting in the sharpest and most synchronized downturn since the Great Depression. Even though the economy is starting to open back up businesses are continuing to deal with less sales.

As part of the Government of Canada's support package, Export Development Canada (EDC) is working in concert with the Business Development Bank of Canada (BDC) and other financial institutions, to provide additional liquidity to Canadian businesses dealing with economic fallout of the pandemic.

## Objectives

We surveyed EDC's Research Panel in April and again in May to collect timely insights on how the pandemic is affecting Canadian business operations in domestic and international markets. The goal of the survey is to better understand COVID-19's ongoing impacts on sales, supply chains, firms' adjustment strategies, key challenges, re-opening plans and the use of government supports.

# SURVEY CONSIDERATIONS

## Methodology

An online survey of EDC's Research Panel provided a self-selected sample of 112 respondents who are knowledgeable decision-makers about their company's activities. The businesses surveyed mirror the overall Canadian business population by firm size, region and sector. Given our sample size, the survey's margin of error is somewhat larger than usual: +/- 9.2% with a 95% confidence interval. For details see [here](#).

## At the time of EDC's survey

The survey was conducted from May 20 to June 2, 2020. During that time, various COVID-19 containment measures were in place in Canada, and many countries abroad, including: restrictions on non-essential business operations; shelter-in-place advisories; school closures; and travel restrictions. Furthermore, some countries were starting to re-open their markets, allowing some businesses to re-open with restrictions and in a phased approach, and some government program aids were being expanded and extended.

# KEY FINDINGS – WAVE 2

**Businesses are still struggling but it's not as bad as it was previously. Businesses are starting to look outside their current reality for ways in which they can grow and survive the pandemic.**

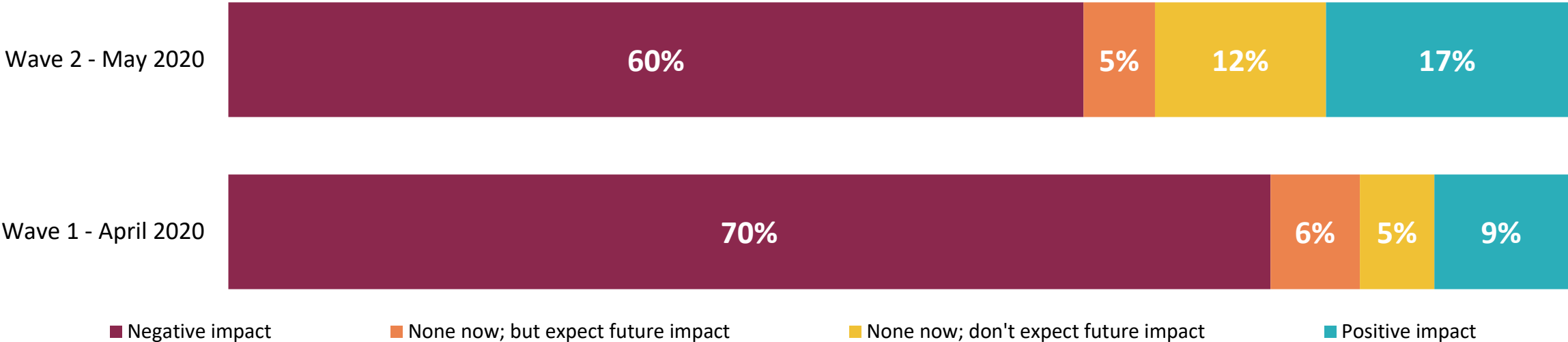
- Some businesses are doing better (less are indicating a negative impact on sales but the majority are still negatively impacted)
- More businesses are pivoting their business to sell products/services needed for supporting pandemic
- One third (34%) of businesses are experiencing some new domestic opportunities and 22% are experiencing new export opportunities because of COVID-19. One-third (34%) are actively looking to new markets outside of Canada to grow their exports
- Most businesses who have closed have at least partially reopened
- 90% can sell at least some of their products/services online; 15% of those had not sold online previous to COVID-19
- The vast majority of businesses have reached out for help to help with the impact of the pandemic
- Less than one third are using at least one government program to help them through this time

# COVID-19 IMPACTS



# THE MAJORITY'S DOMESTIC SALES **NEGATIVELY IMPACTED** BUT THE NUMBER HAS DECREASED SINCE APRIL

Impact COVID-19 is having on domestic sales  
(percentage of respondents)



# OF THOSE **NEGATIVELY IMPACTED**, THE HIGHEST PROPORTION STILL SEEING A DROP OF MORE THAN 50%

## WAVE 2 – May 2020...

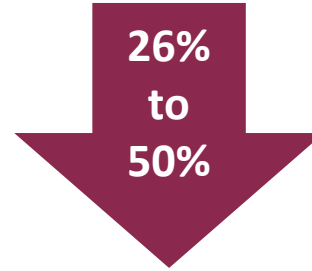
6% experienced domestic sales



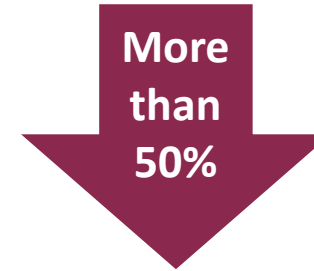
23% experienced domestic sales



23% experienced domestic sales



41% experienced domestic sales



## WAVE 1 – April 2020...

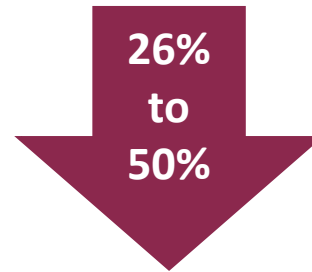
5% experienced domestic sales



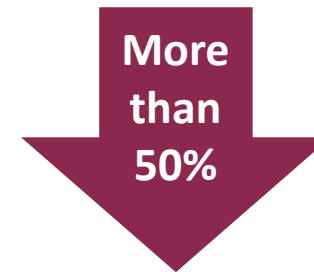
24% experienced domestic sales



16% experienced domestic sales



50% experienced domestic sales



# BESIDES A DECREASE IN SALES, CUSTOMERS SHUTTING DOWN, DELAYED PROJECTS AND SUPPLY CHAIN ISSUES IMPACTING DOMESTIC SALES

“ Uncertainty /staff morale /  
receivables.”

“ Accès au financement et aides pour  
formations et structurer le développement.”

“ Some customers delaying orders , work and  
investment by 3-6 months as they evaluate  
impact of C-19 on their business.”

“ The impact was concentrated in Mar and Apr.  
Easter is a large holiday for floral - did not happen  
this year .”

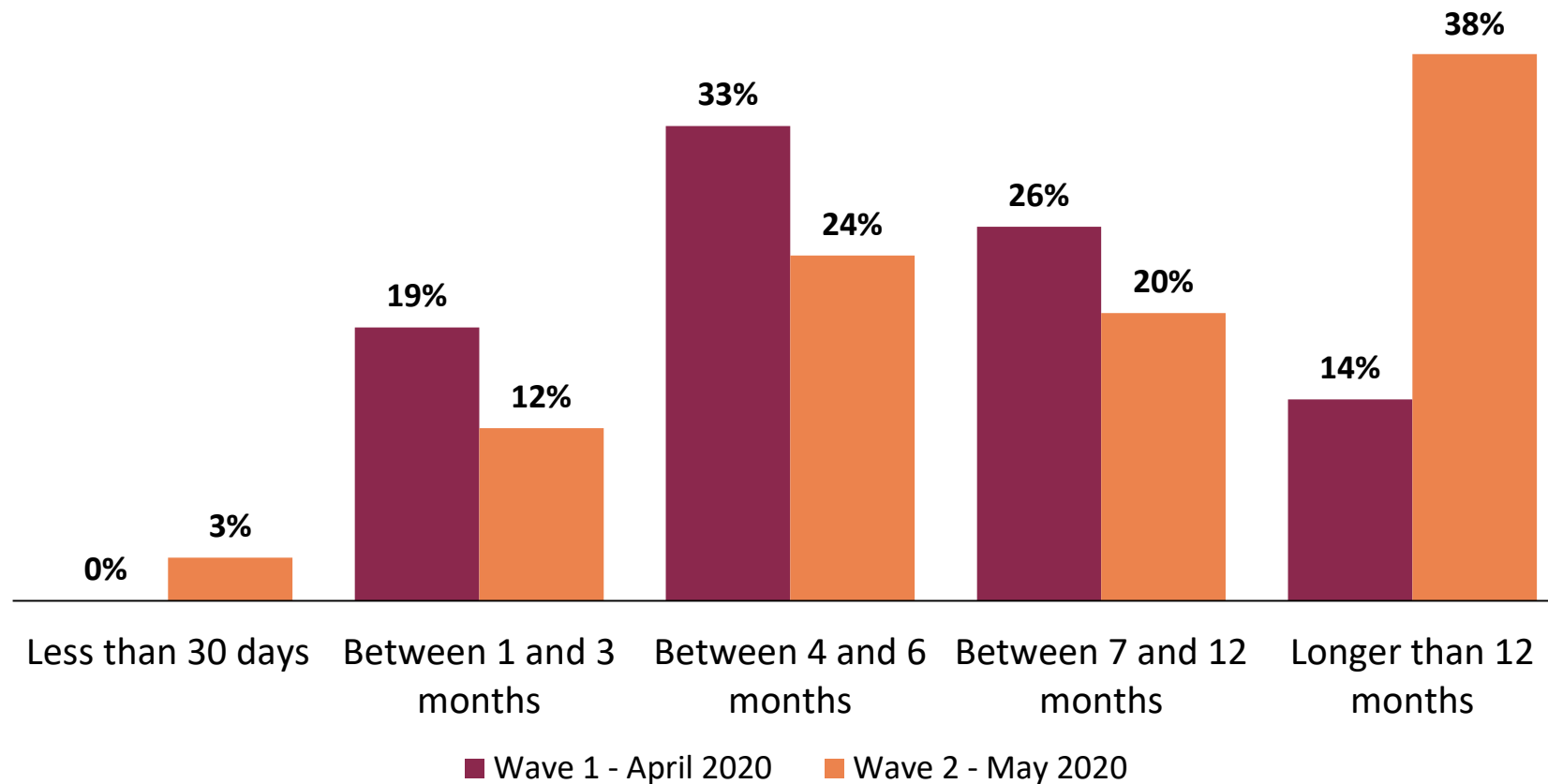
“ Loss of discipline and structure. Retraining  
staff is probable. Loss of connections in the  
supply chain, research and design restart, loss  
of some product components, disruption in  
shipping dates, products in the design cycle  
will have to start again, on and on .”



# SIGNIFICANTLY MORE RESPONDENTS SEE *DOMESTIC SALES* BEING NEGATIVELY IMPACTED **BEYOND 12 MONTHS**

How long do you think COVID-19 will have an impact on your domestic sales?

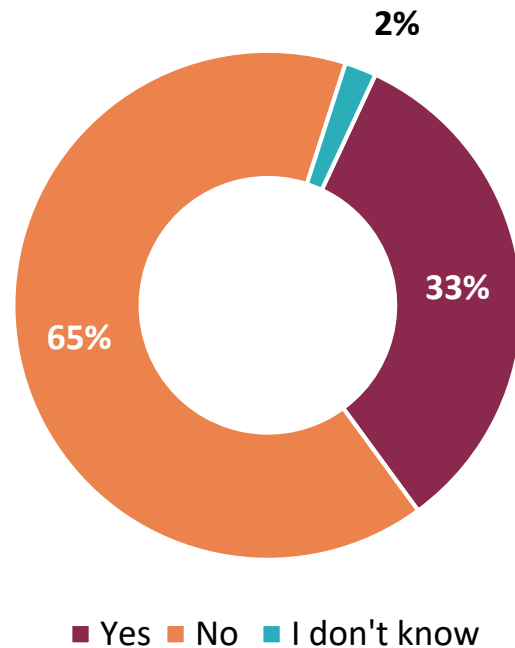
(Percentage of respondents)



How will businesses navigate this new normal?

# THERE IS SOME POSITIVITY IN THE MARKET: ONE THIRD INDICATE THEY HAVE **NEW DOMESTIC OPPORTUNITIES**

Has the economic situation around COVID-19 provided your business with new domestic opportunities?



“

Plan to develop distance training capability.”

“

Because we are federally registered and in a niche business the demand is substantial.”

“

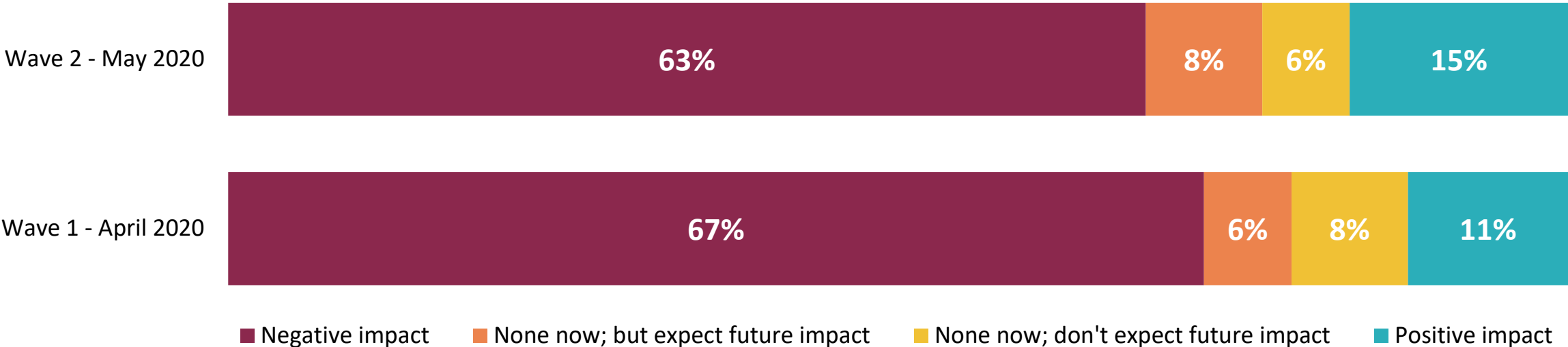
We have focused on pushing online sales, and changing our way of servicing our stores. Since we cannot sample our products, we have increased simple store visits which has helped sales.”

“

Converted the factory to making masks and gowns, direct support for northern 1st Nations communities, we provide a full line of products medical grade. We are now making scrubs, smocks, etc. ”

# MAJORITY OF RESPONDENTS STILL SAY *EXPORT SALES BEING NEGATIVELY IMPACTED.*

Impact COVID-19 having on export sales  
(percentage of respondents)



# OF THOSE **NEGATIVELY IMPACTED**, ALMOST HALF EXPERIENCING DECREASE OF MORE THAN 50%.

## Wave 2 – May 2020...

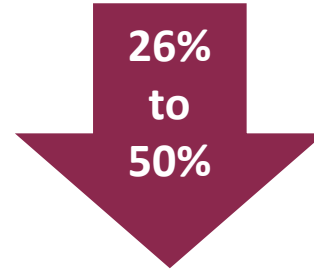
8% experienced export sales



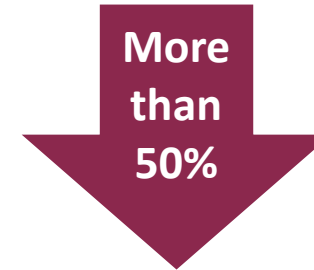
21% experienced export sales



19% experienced export sales



45% experienced export sales

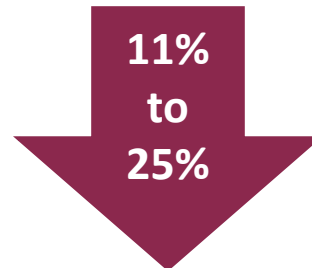


## Wave 1 – April 2020...

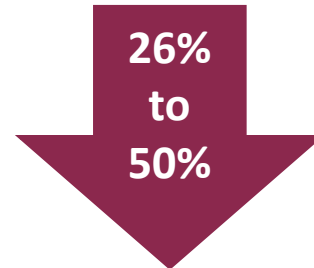
8% experienced export sales



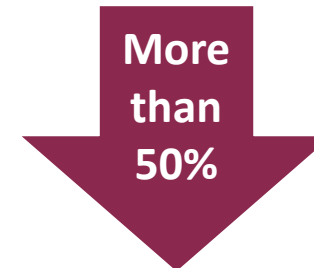
11% experienced export sales



18% experienced export sales



53% experienced export sales



# BESIDES A DECREASE IN SALES, TRAVEL RESTRICTIONS, DELAYED CONTRACTS, SUPPLY CHAIN ISSUES AND UNCERTAINTY IMPACTING EXPORT SALES

“ No travel so cannot have services abroad. Also upon return have to quarantine.”

“ Some International investment & purchases have been delayed by 3-6 months”

“ Number of factors: low domestic manufacturer output, logistic shipping expenses has tripled in costs (airlines) and international retailers are on lock down or at minimum operations”

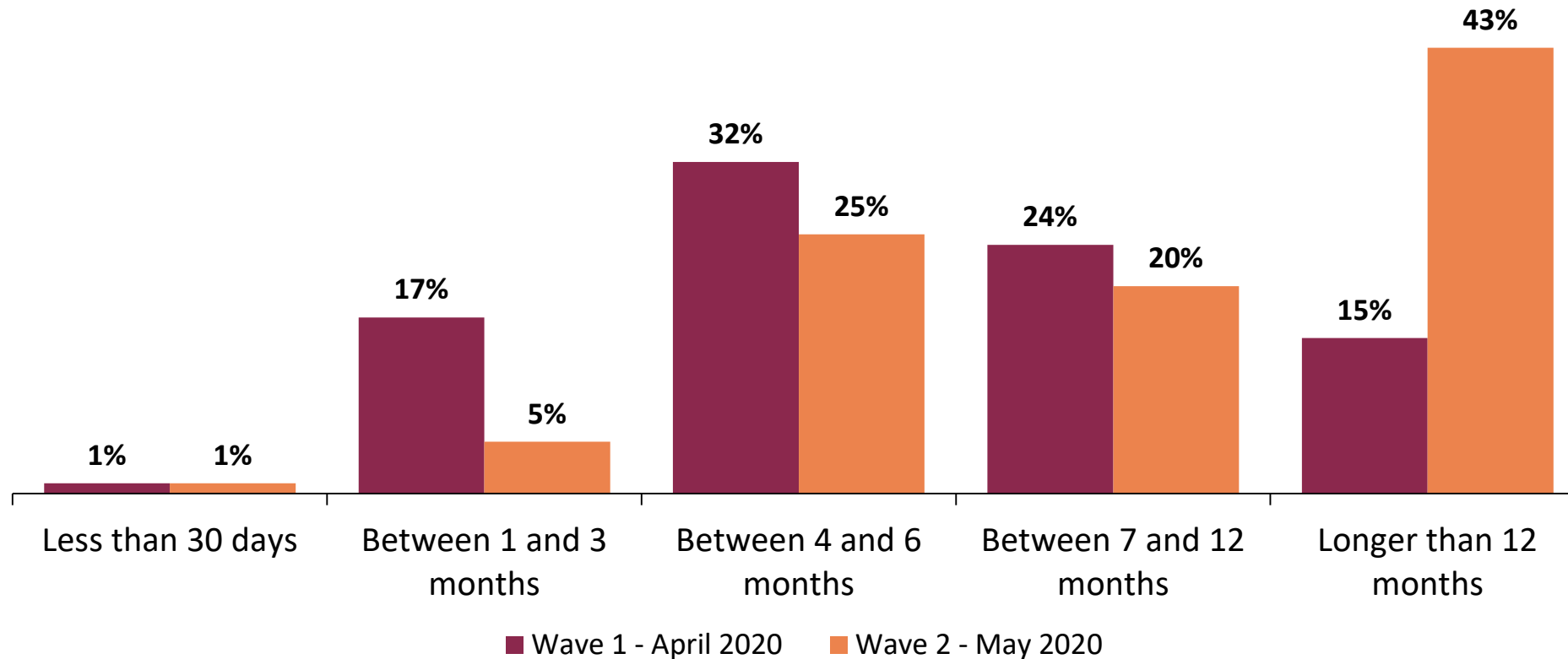
“ Accommodating staff under Covid-19 protocols. Supplies are taking longer to get to us. All capital expenditure has been either cancelled or postponed.”

“ Déplacements interdits; problème d'approvisionnement ; salons et expositions annulés ; impossibilité de faire des démonstration ; signataires non disponibles dans les municipalités;”

# SIGNIFICANTLY MORE RESPONDENTS PREDICT *EXPORT SALES* BEING NEGATIVELY IMPACTED **LONGER THAN 12 MONTHS.**

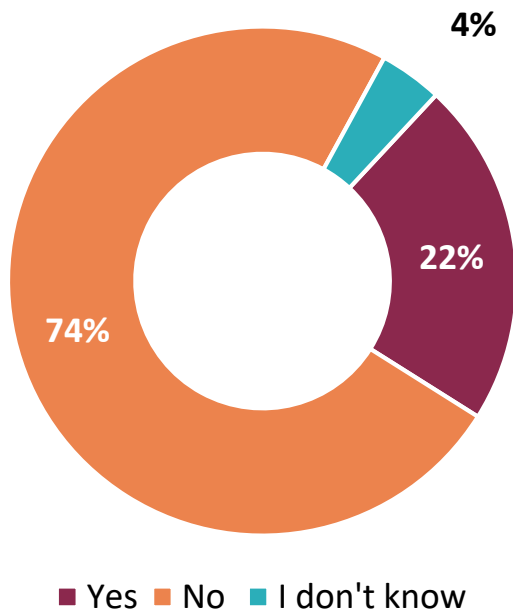
How long do you think COVID-19 will have an impact on your export sales?

(Percentage of respondents)



# THERE IS SOME POSITIVITY IN THE MARKET: OVER ONE FIFTH INDICATE THEY HAVE **NEW EXPORT OPPORTUNITIES**

Has the economic situation around COVID-19 provided your business with new export opportunities?



“

Initiating new products and services.”

“

More international businesses are reaching us to try our solution.”

“

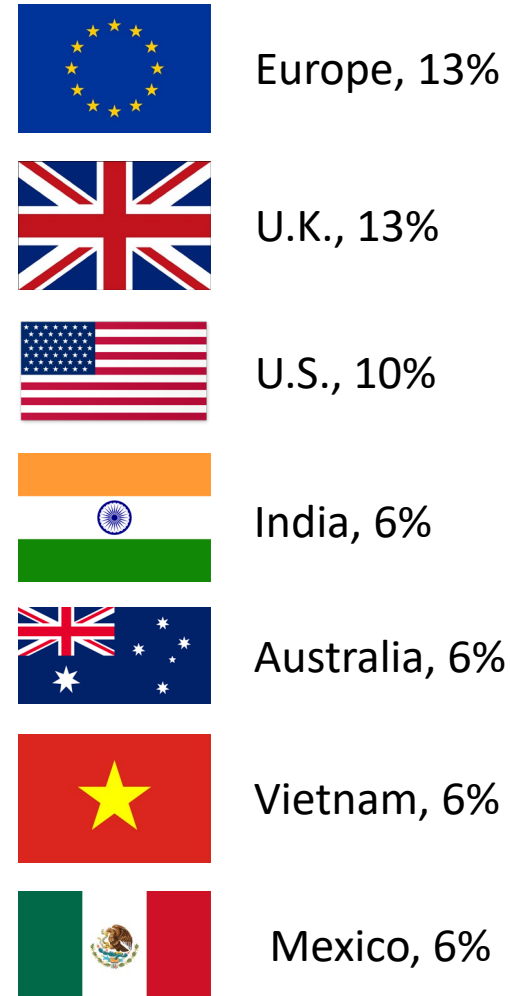
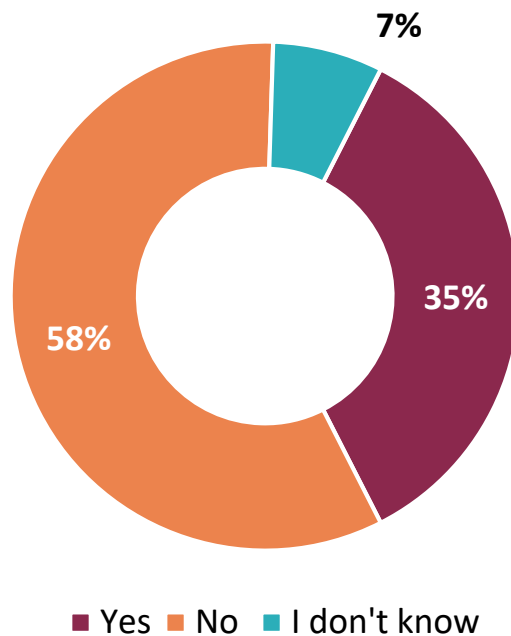
There is a lot of support out there for business to ensure that they stay open and are able to get through this time, as such many businesses are looking to their data to help with mission critical strategic business decisions. Also to provide modelling of actionable areas of their business, areas that are low effort and high potential impact.”

“

Just a renewed focus on opportunities that previously existed.”

# THERE IS SOME POSITIVITY IN THE MARKET: OVER ONE THIRD ARE CONSIDERING SELLING TO NEW MARKETS

Has the economic situation around COVID-19 caused you to consider selling into new markets outside of Canada?





# TOP CONCERNS FOR BUSINESS CHANGED FROM SURVIVAL TO **RECOVERY AND DEMAND**

What is your number one concern for your business as a result of COVID-19?  
(Percentage of respondents)



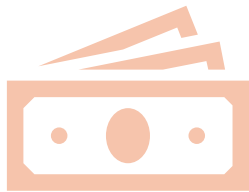
**17%** ▲ 4pts

How will my business / the economy recover?



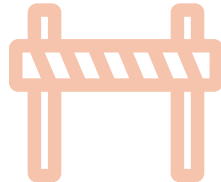
**15%** ▲ 5pts

Reduced demand from customers



**12%** ▼ 2pts

Cash flow / liquidity



**9%** ▼ 13pts

Will I be in business in 6 months?

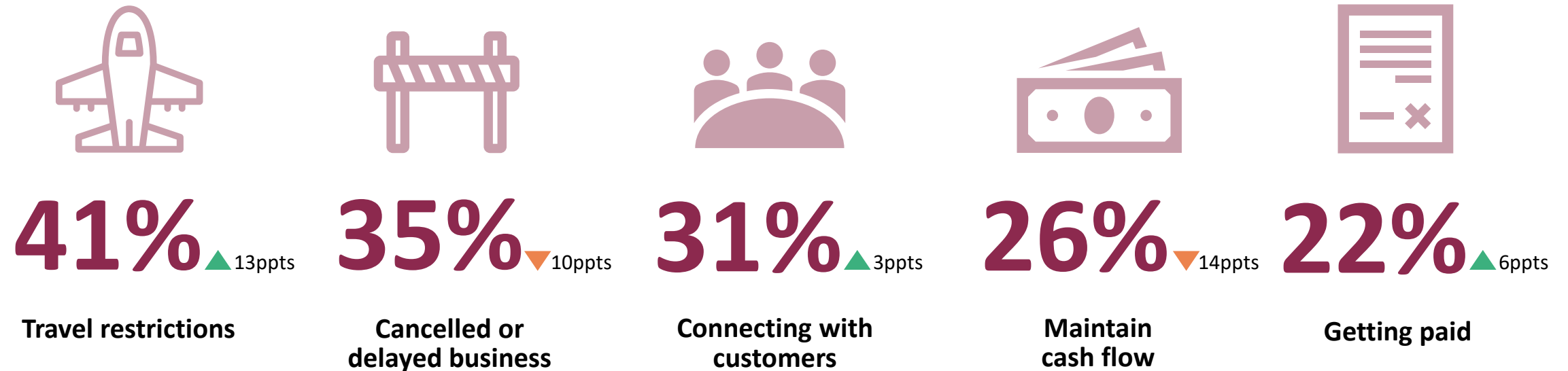


**9%**

Travel restrictions

# THE TOP CHALLENGE CHANGED FROM CANCELLED OR DELAYED BUSINESS TO TRAVEL RESTRICTIONS

In terms of maintaining or growing your business outside of Canada, in the current environment, what are your biggest challenges?  
(Percentage of respondents)



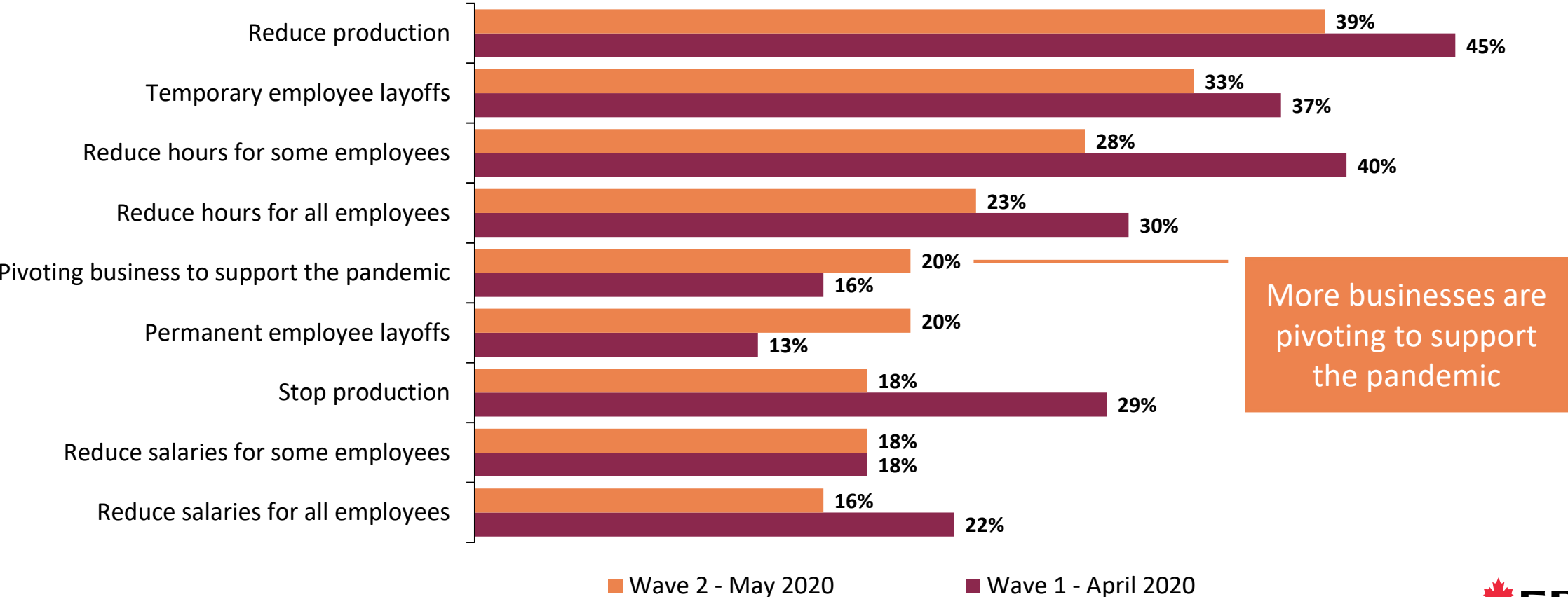
# ACTIONS TAKEN BY BUSINESSES



# TOP ACTIONS TAKEN BY BUSINESSES INCLUDE REDUCING PRODUCTION AND TEMPORARY EMPLOYEE LAYOFFS

Is your business thinking about, or has it taken, any of the following measures due to COVID-19?

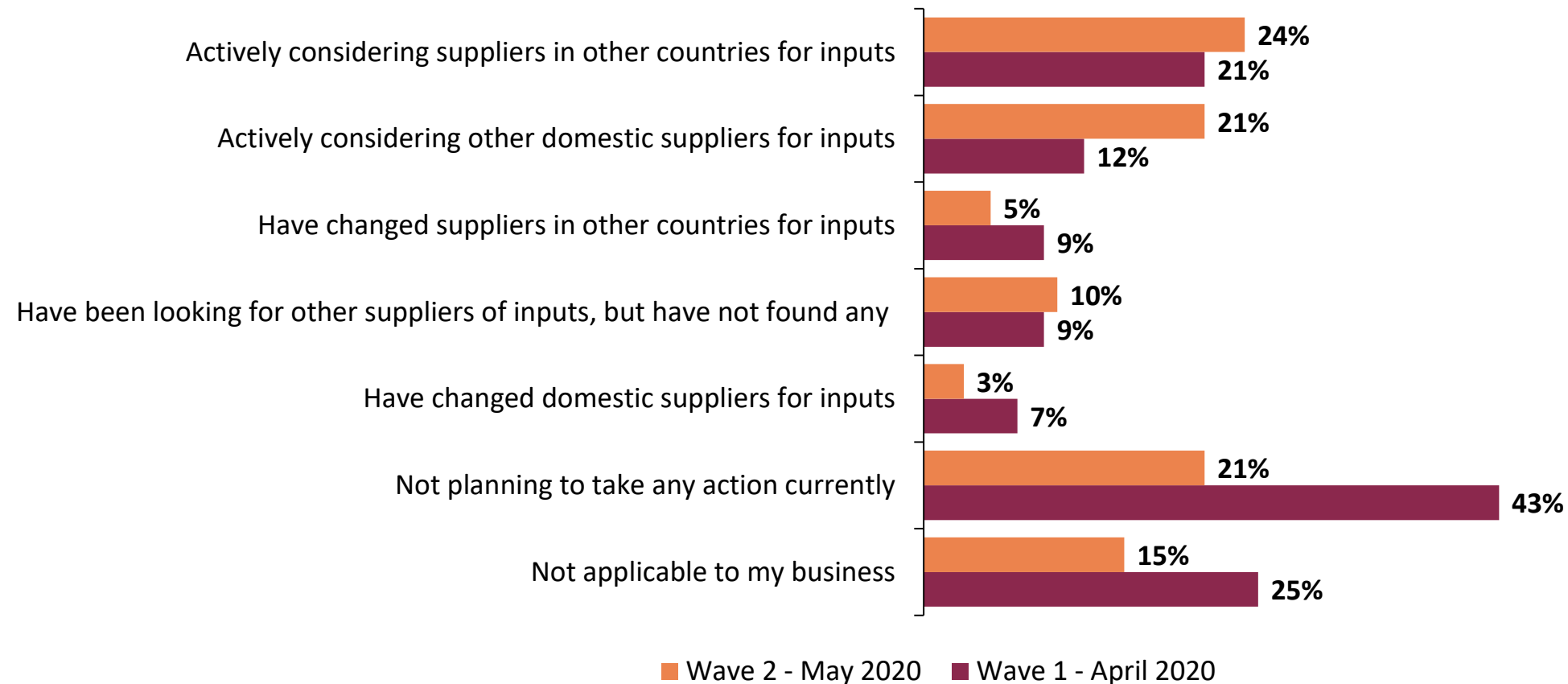
(Percentage of respondents)



# MORE RESPONDENTS ARE CONSIDERING OTHER SUPPLIERS FOR THEIR SUPPLY CHAIN

Are you adjusting the countries or suppliers that you source your inputs from?

(Percentage of respondents)



# JUST OVER HALF OF RESPONDENTS **LIMITING ACCESS TO PHYSICAL LOCATION** IN RESPONSE TO PHYSICAL DISTANCING

What is your business doing in response to the Government of Canada's recommendation for social distancing?  
(Percentage of respondents)



# FOR BUSINESSES WHO HAD TO CLOSE THEIR LOCATIONS THE MAJORITY HAVE BEEN **ABLE TO RE-OPEN** AND HAVE A PLAN

Have you been able to re-open your physical location?

(Percentage of respondents who had to close their location – 54% of respondents)



40%

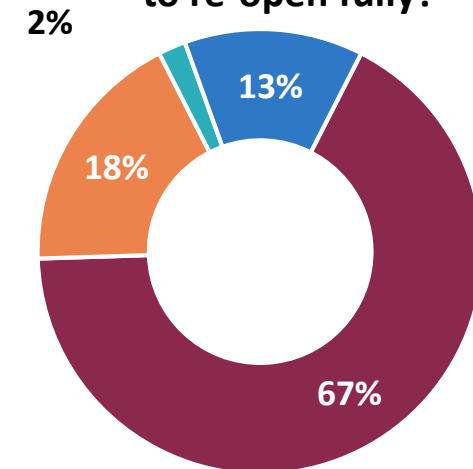
Reopened fully



43%

Reopened partially

Does your business understand the requirements you need to follow in order to operate once you are able to re-open fully?

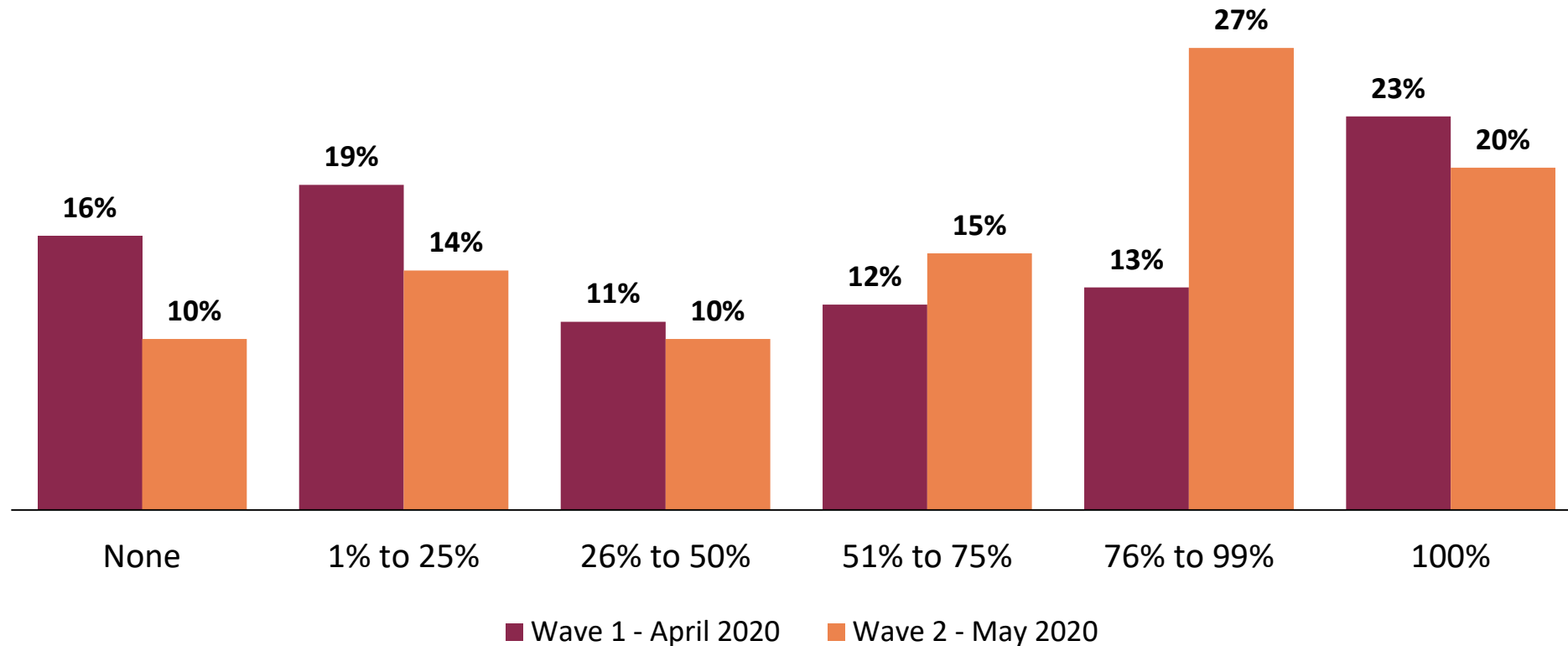


- Yes – and we have a plan in place to meet them
- Yes – but we're not sure how we will meet them yet
- No
- Not applicable to my business

# LARGE MAJORITY OF BUSINESSES CAN ACCOMPLISH THEIR SALES ONLINE (OR OTHER NOT IN-PERSON MEANS)

What percentage of your sales can be accomplished online, over the phone, or by other means that are not in-person during the COVID-19 crisis?

(Percentage of respondents)

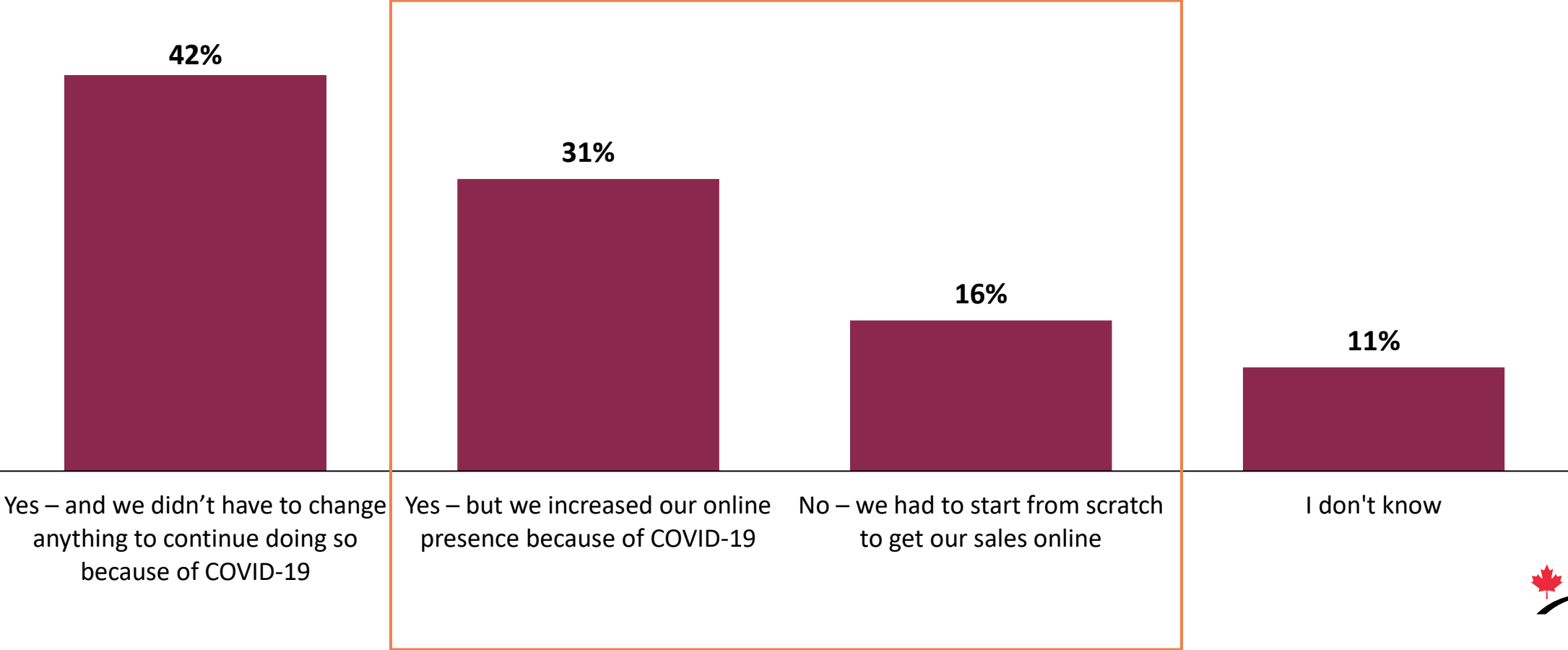




# OF THE 90% WHO ARE **ABLE TO SELL ONLINE**, ALMOST HALF HAD TO INCREASE THEIR ONLINE PRESENCE OR START FROM SCRATCH

Did your business always sell online, over the phone, or by other means that are not in-person?

(Percentage of respondents)



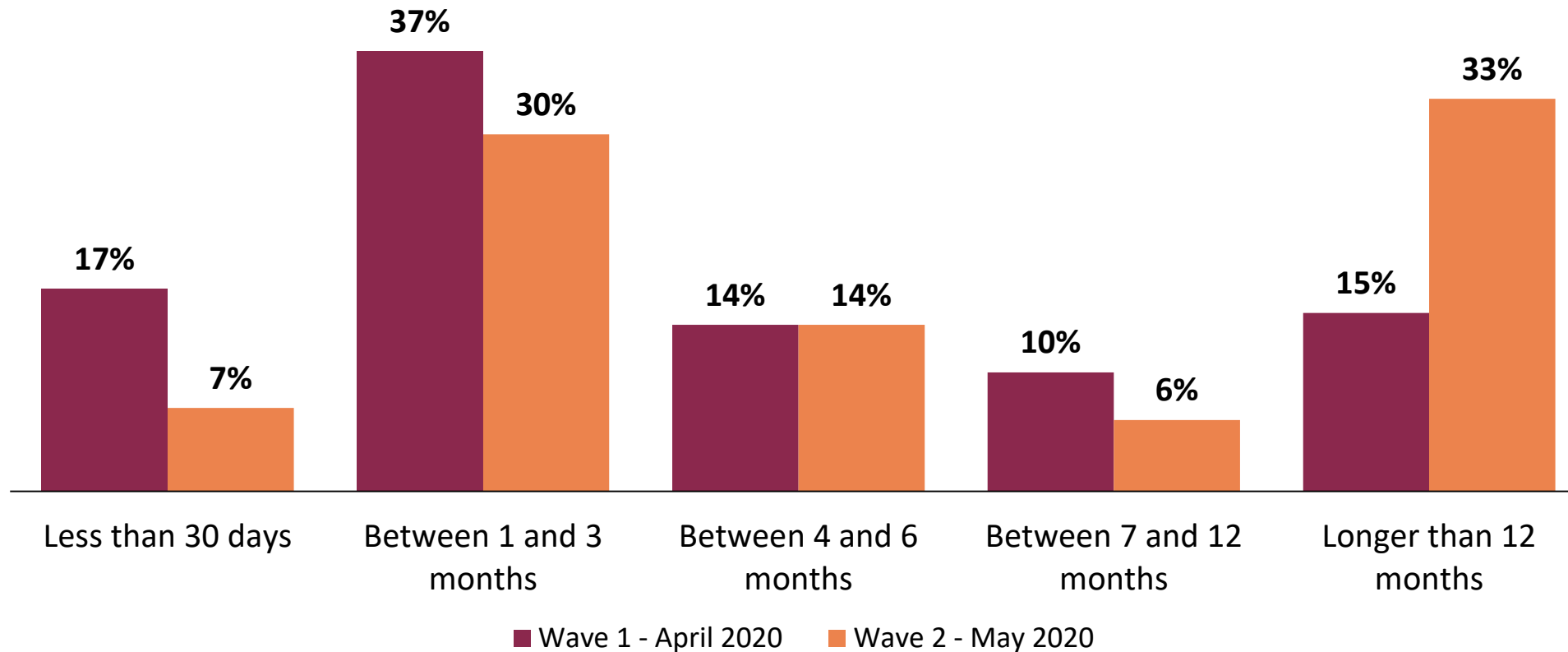
# THE OUTLOOK



# FEWER BUSINESSES SAY THEY CAN LAST **LESS THAN ONE-QUARTER** BEFORE NEEDING AN INFUSION OF CASH

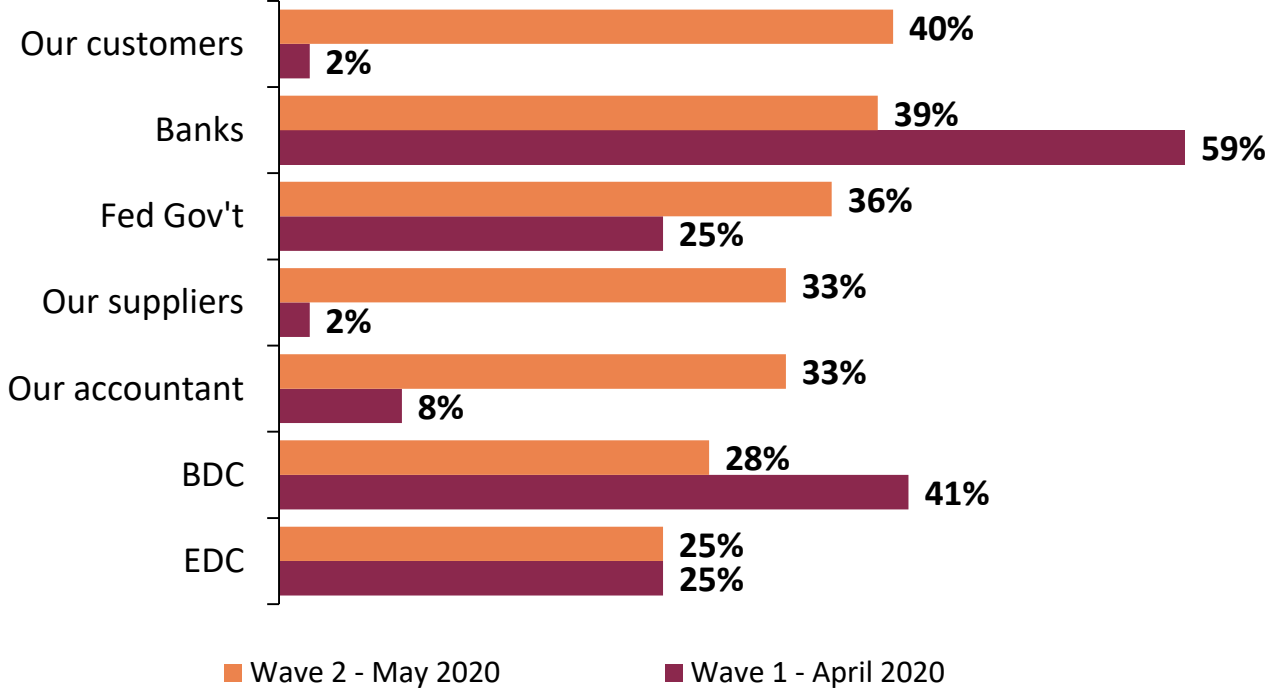
How long can your company continue to operate in the current environment before you will need to access to additional financing?

(Percentage of respondents)



# ALMOST ALL BUSINESSES REACHED OUT FOR HELP

**96%** ▲ 49ppts of businesses reached out for help trying to minimize the effect of COVID-19 on their business

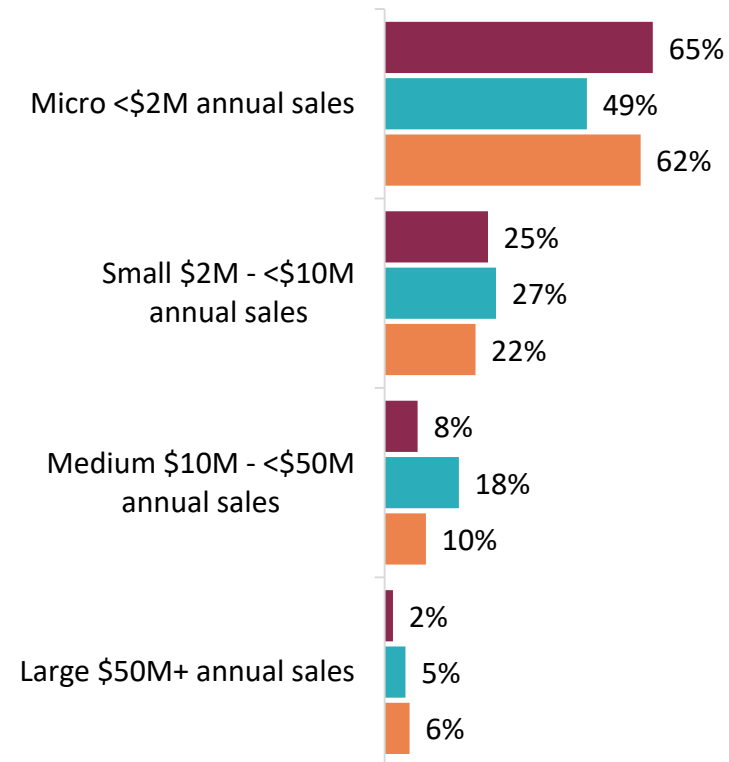


# RESULTS BY FIRM SIZE, INDUSTRY AND REGION

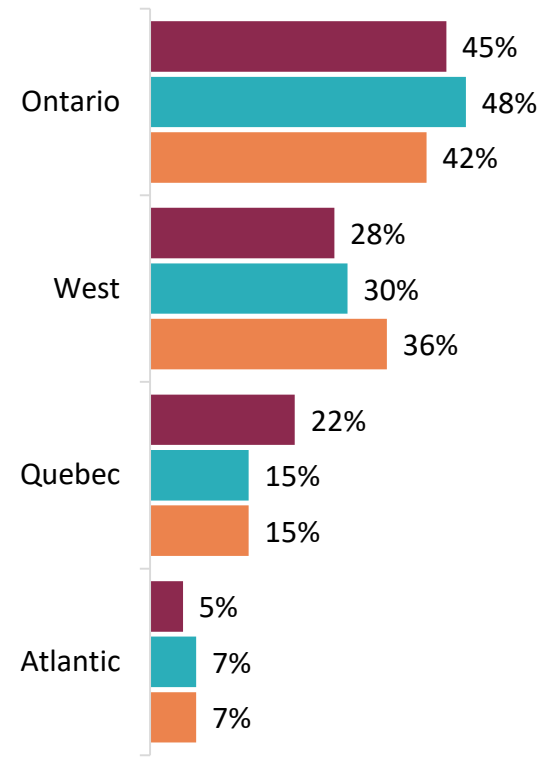


# PROPORTION OF RESPONDENTS MIRROR THAT OF THE POPULATION

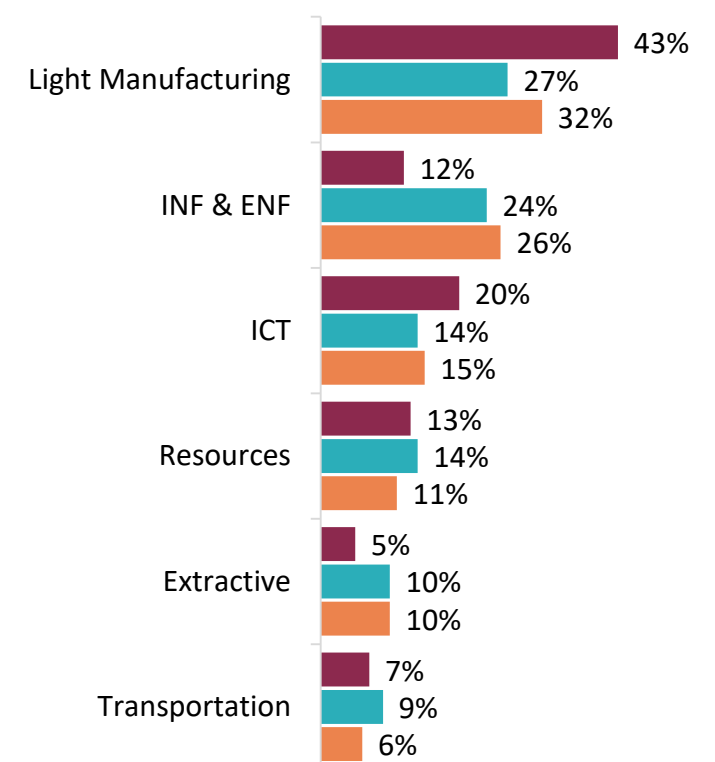
## Business Size



## Region



## Sector



■ Population ■ Wave 2 - May 2020 ■ Wave 1 - April 2020



 **EDDC** | **75**  
ANS  
YEARS

# DISCLOSURE

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