

Canadian SMB Retailers Report: Making or Breaking 2018/2019

As a technology company who depends on the success of millions of small and medium-sized businesses (SMBs), eBay has a vested interest in understanding how retail SMBs perceive the opportunities and challenges facing them. With a new year on the horizon, eBay Canada surveyed retail SMB owners across the country to reflect on their successes in 2018, consider key retail moments like the holiday season and look at opportunities and challenges into 2019.¹

2018 Highlights

The SMB Business Success Index, which measures the importance of various business factors compared to reported performance against those factors and then ranked on a 100-point scale, suggests Canadian business owners are tracking relatively well against key business drivers.

Business Success Score = 73

Variety is the spice of... success! Diversity of products ranks #1

Some key business success metrics are outperforming others.

Working well:

- Diversity of products
- Revenue
- Domestic sales

Not working well:

- International sales*
- Number of sales channels
- Number of employees

*Those who sell online report 3X greater success with international sales than those not online.

Those more likely to indicate higher Business Success Scores include businesses run by women, those who sell online, those who sell on eBay, companies with more than 10 employees and businesses that export.

BUSINESS SUCCESS SCORES



Double-clicking on online retailers

Online retailers reported higher success rates across all business drivers compared to those not online.

	Percentage of SMBs who report this metric as a top business performer:	
ONLINE RETAIL SMBs	76%	Diversity of products offered
	75%	Revenue
	73%	Domestic sales
	62%	Number of employees
	53%	Number of sales channels
	46%	International sales
		OFFLINE
		63%
		62%
		65%
		43%
		38%
		14%

2018 key retail moments

When it comes to retail moments that yield the highest percentage of yearly sales, retail SMBs state that the holiday season (excluding Black Friday and Cyber Monday) takes the top spot, and accounts for a quarter of yearly sales.

Top 5 retail moments of the year in terms of percentage of sales:

- 1. Holiday season***
(Nov. 2–Dec. 24)
- 2. Canadian Thanksgiving**
- 3. Transitioning into spring**
- 4. Boxing Week**
- 5. Black Friday–Cyber Monday**
Last year, Black Friday was **THE BIGGEST SINGLE-DAY SALES EVENT** for SMBs on eBay.



* Excludes Black Friday through Cyber Monday.

Shaking things up for a competitive edge this holiday season

Nearly two thirds (63%) of SMBs say they intend on introducing something new to their business this holiday season to create a competitive edge. Of those respondents, a quarter are offering special promotions or looking to new sales channels to compete.

One in five are also looking to offer discounted prices, though matching or beating discounts offered by larger retailers was also listed as the #1 challenge for retail SMBs this holiday season.



Of the SMB owners surveyed, women are nearly 45% more likely to change something in their business to be competitive this holiday season than men:

WOMEN ARE...

2X MORE LIKELY to offer special promotions

3X MORE LIKELY to invest in paid advertising

When it comes to shaking things up to create a competitive edge:



...are more likely to change something than...



No place like work for the holidays

Last Christmas and New Years, 28% of SMB owners didn't take any time off, and one in five (18%) reported they were physically at work the entire time (Dec. 24–Jan. 2).



Exporters were more likely to work through the holidays than non-exporters.



Those who sell online were more likely to work through the holidays than those who are offline.



Albertans were the most likely to work through the holidays, while Quebecers were the least likely.

Looking toward the new year

4 in 5 retailers are optimistic about business prospects for 2019

Retailers anticipate the same top four challenges in 2019 as they encountered in 2018:

1. Tough domestic competition
2. Low margins
3. Value of the Canadian dollar for selling products
4. Small customer base in Canada



In 2019, Canadian retail SMBs plan to continue investing in the same areas that performed best in 2018.

Top 2019 Investments:

1. 35% to invest in marketing/advertising
2. 25% to invest in expanding breadth of inventory
3. 24% to invest in new technology

Those from Quebec (41%) are most likely to invest in marketing.



Those from Manitoba and Saskatchewan (33%) are most likely to invest in expanding breadth of inventory, but least likely to invest in new technology (6%).



Those from BC (32%) are most likely to invest in technology.



Emerging trend: Creating in Canada



...are more likely than their counterparts to focus on increasing or introducing Canadian manufacturing to spur sales than those who only sell domestically (7%), don't sell on eBay (10%), or are offline (5%).

Growing roadblock: Border policies

One quarter of respondents plan to invest in expanding to new markets inside or outside of Canada in 2019.

But 60% more retail SMBs this year reported that exporting barriers and border policies are more of a challenge for growth compared to last year.

¹ About the eBay Small Business Optimism Index: Leger conducted a survey of 304 Canadian small retailers with <\$13,000 in 2017 sales and a maximum of 99 employees online between August 10-22, 2018 with a margin of error of +/- 5.6 using Leger's online panel.