



Outlook of rural businesses amid the COVID-19 pandemic

Presentation to Rural Ontario Institute
July 7, 2021



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Business conditions during the pandemic

- Businesses have felt unprecedented impacts during the pandemic
- There has been significant variation in the difficulties facing businesses, influenced by a wide range of factors, e.g.,
 - Province/territory
 - Rural/urban
 - Industry
 - Size

Canadian Survey on Business Conditions (CSBC) (I)

- Quarterly survey initiated by CSBP in March 2020 to assess COVID-19 impacts on businesses
- CSBC analyses published through The Daily in the “StatCan COVID-19: Data to Insights for a Better Canada” series
- CSBC salient features
 - Each quarter has a different set of questions, with some overlap of themes and questions
 - Geared to address evolving economic situation
 - Sample of ~17,000 employer business establishments (~ 4,000 rural); responding is voluntary
 - Stratified random sample classified by geography, industry sector and size

Canadian Survey on Business Conditions (CSBC) (II)

- Examples of 3Q2021 questions:
 - Activities (e.g., exporting/importing goods/services, investing outside Canada)
 - Expectations over the next 3 months:
 - Changes (e.g., in employees, sales, demand, income)
 - Obstacles (e.g., recruiting skilled employees, rising input costs)
 - Expectations over the next 12 months (e.g., restructuring, selling/closing)
 - Digital ordering, PPE, Covid-19 testing, funding or credit, teleworking, future outlook (e.g., ability to continue operations before having to consider options like layoffs, closure, etc.)

Rural lens on business conditions

- Rural data and analysis have been identified as a priority area at Statistics Canada
- What is rural? In this case, rural is defined as all areas outside CMAs and CAs
 - In fact, there are degrees of rurality determined along a number of dimensions
- Rural areas are different from urban areas in a number of ways
 - Remoteness from and commuting patterns to large(r) centres
 - Population and density
 - Demographic profile
 - Infrastructure and accessibility
 - Business / industry profile
 - Identity / values

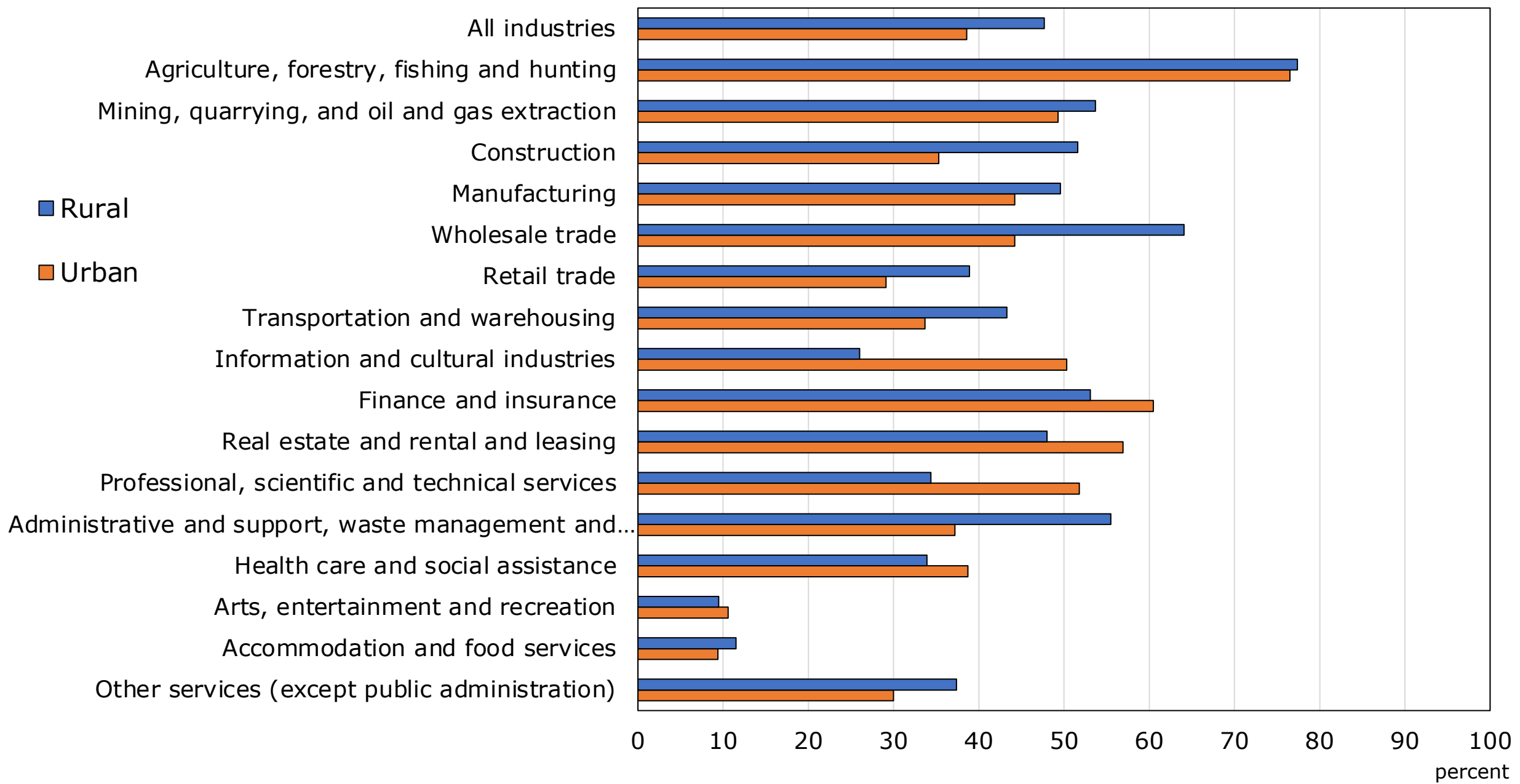
Results, 1st and 2nd quarter 2021 reference periods

- i. Operational status
- ii. Revenue change between 2019 and 2020
- iii. Online sales
- iv. Plans to sell, close, or transfer
- v. Outlook on layoffs
- vi. Common challenges

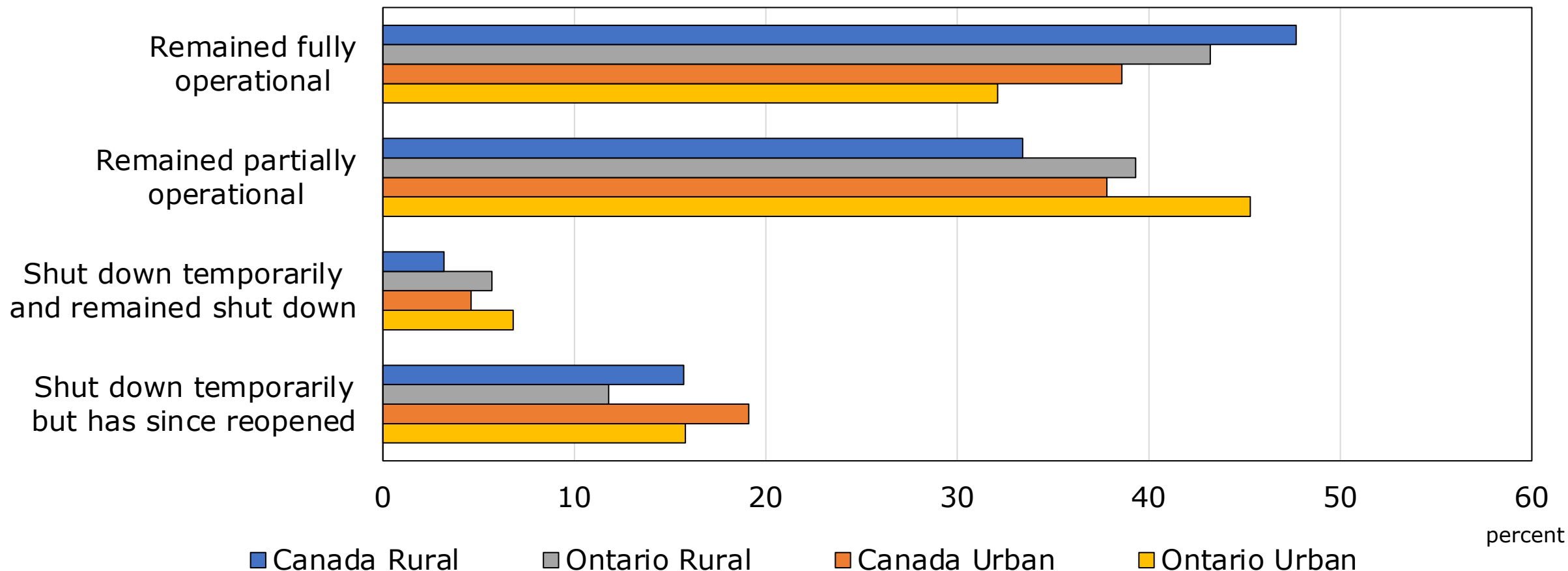
Rural businesses more likely to remain operational than urban businesses, as of 1st quarter 2021

- 43% of rural Ontario businesses were fully operational compared to 32% of urban businesses
 - Nationally: 48% rural vs. 39% urban
- By industry across Canada:
 - Largest positive rural difference in wholesale trade and administrative and support, waste management and remediation services
 - Largest negative rural difference in professional, scientific and technical services and information and cultural industries

Percent of businesses that have remained fully operational during the COVID-19 pandemic, by industry (first quarter 2021)



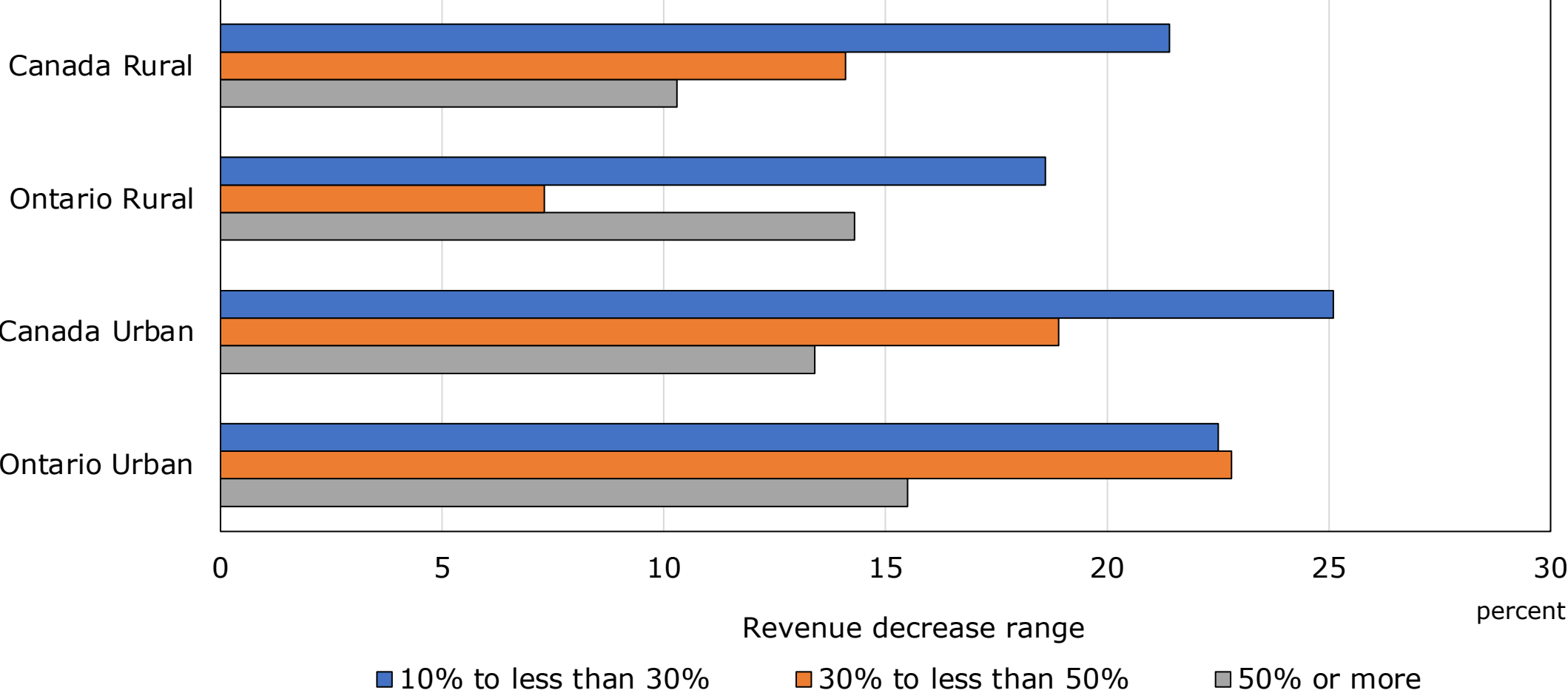
Operating status of businesses throughout the COVID-19 pandemic (first quarter 2021)



Rural businesses had smaller revenue declines than urban businesses from 2019 to 2020

- Urban businesses more likely to lose 10% of revenue or more, except in arts, entertainment and recreation and finance and insurance
- Wholesale trade revenue losses $\geq 10\%$:
 - 31.3% of rural businesses
 - 58.9% of urban businesses
- Large differences between rural and urban in:
 - retail trade (34.3% rural, 55.7% urban)
 - administrative and support, waste management and remediation services (36.7% rural, 58.5% urban)

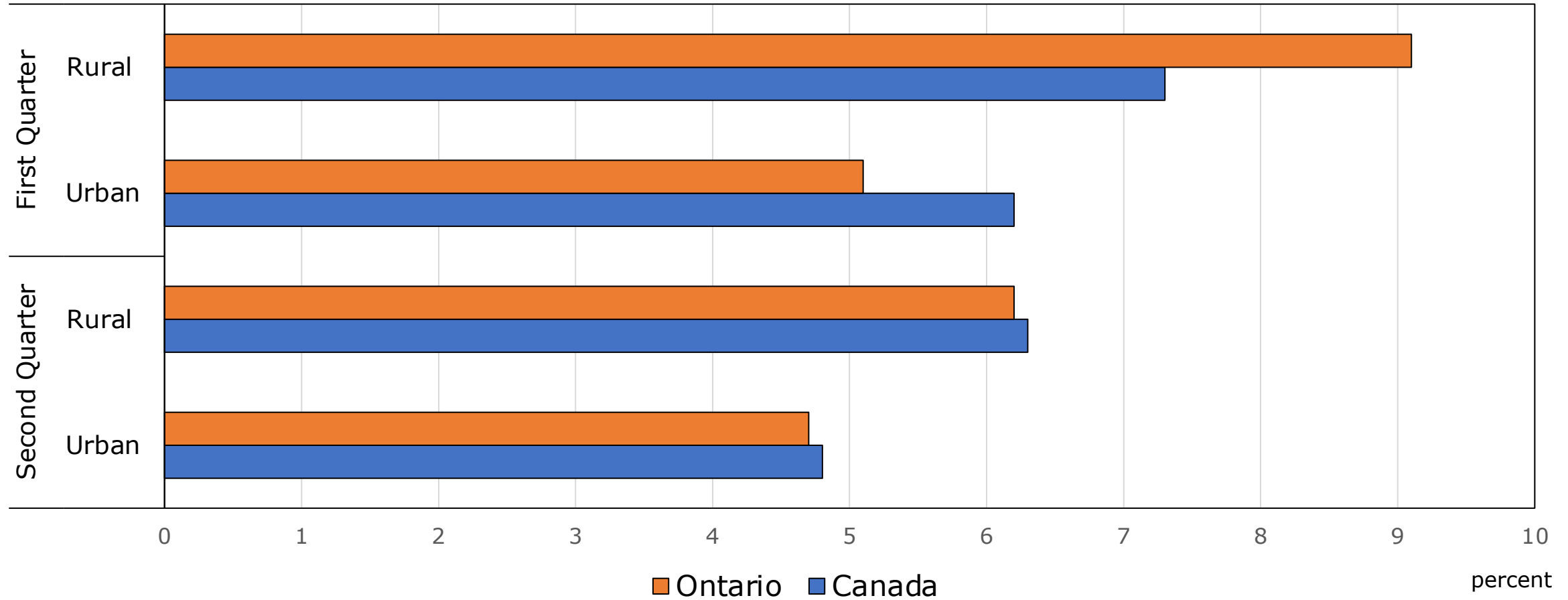
Percent of businesses experiencing annual revenue decreases of 10% or more between 2019 and 2020



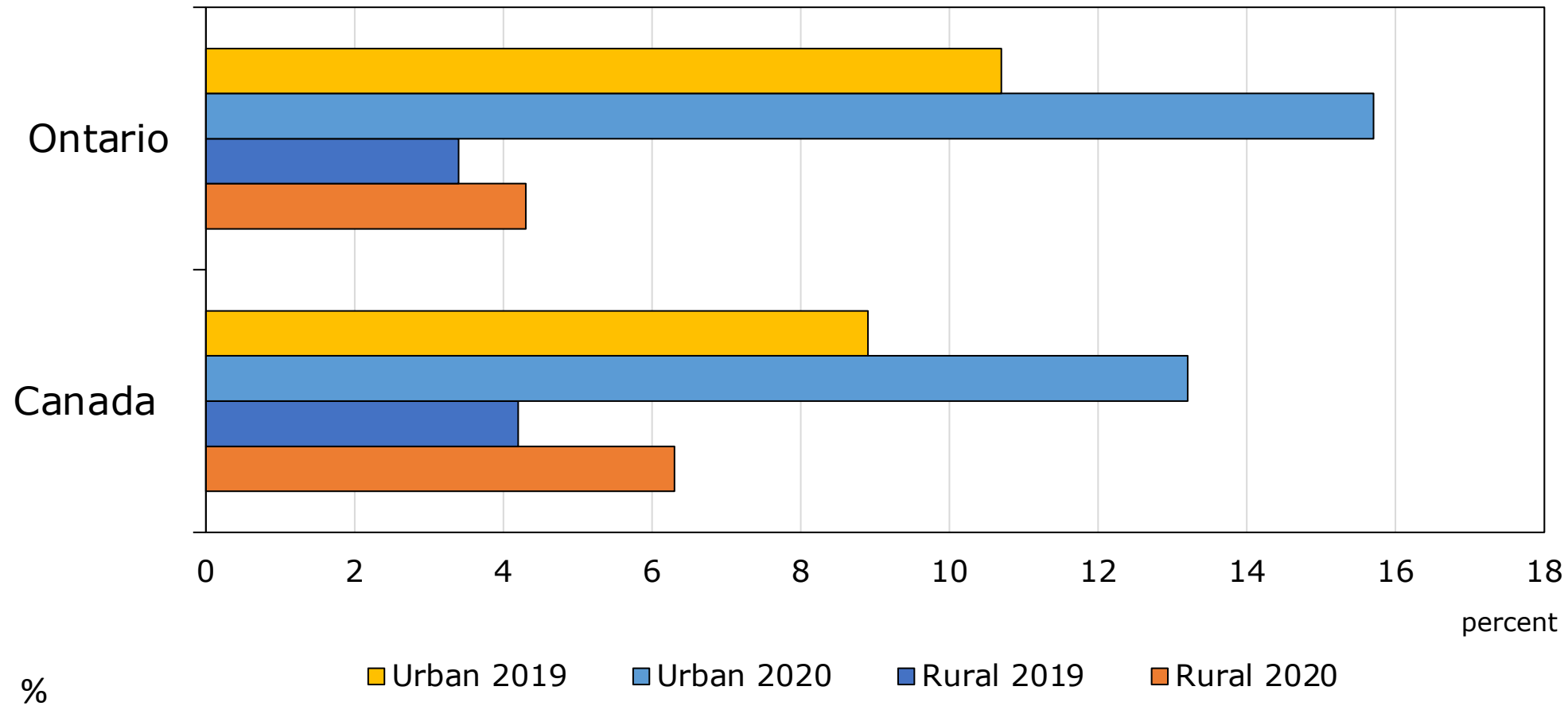
Plans to sell, close or transfer businesses decrease from first to second quarter 2021

- Decrease in plans to sell for rural and urban businesses, both in Ontario and Canadian businesses as a whole
- Largest decrease was in rural Ontario businesses (from 9.1% to 6.2%)
- In general, greater difference across rural/urban than across Ontario/Canada

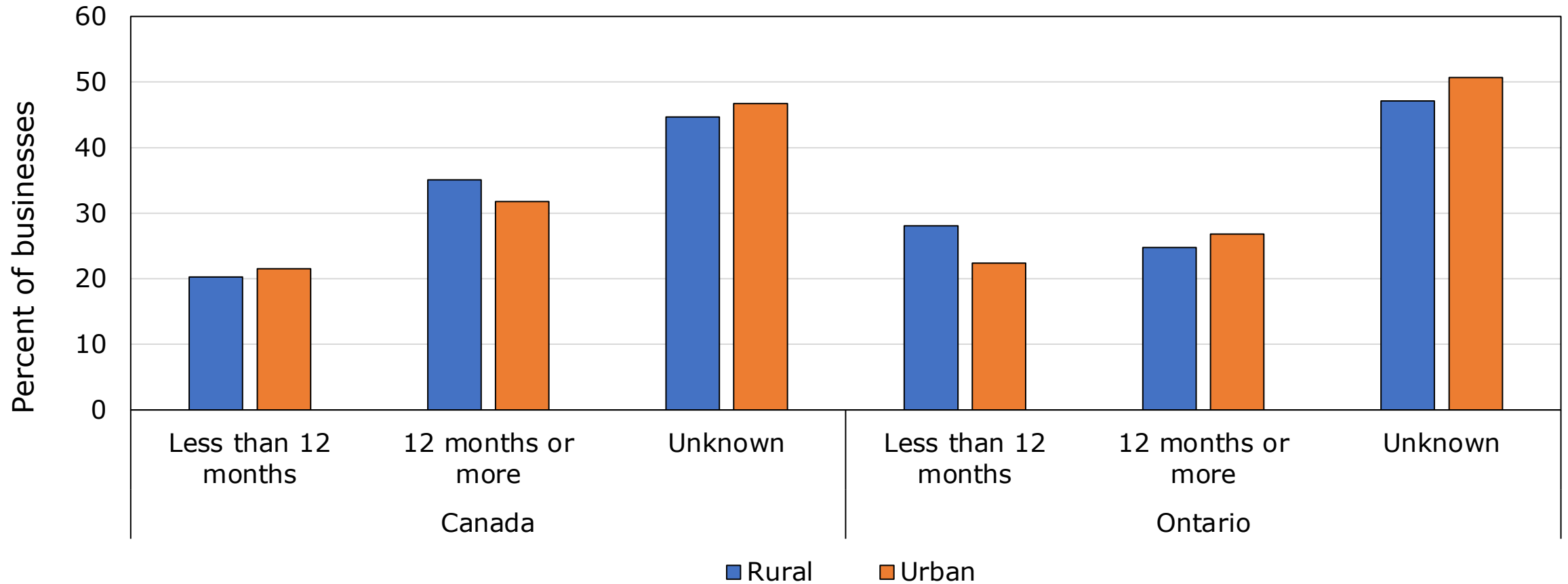
Percentage of businesses with plans to sell, close or transfer (first and second quarter of 2021)



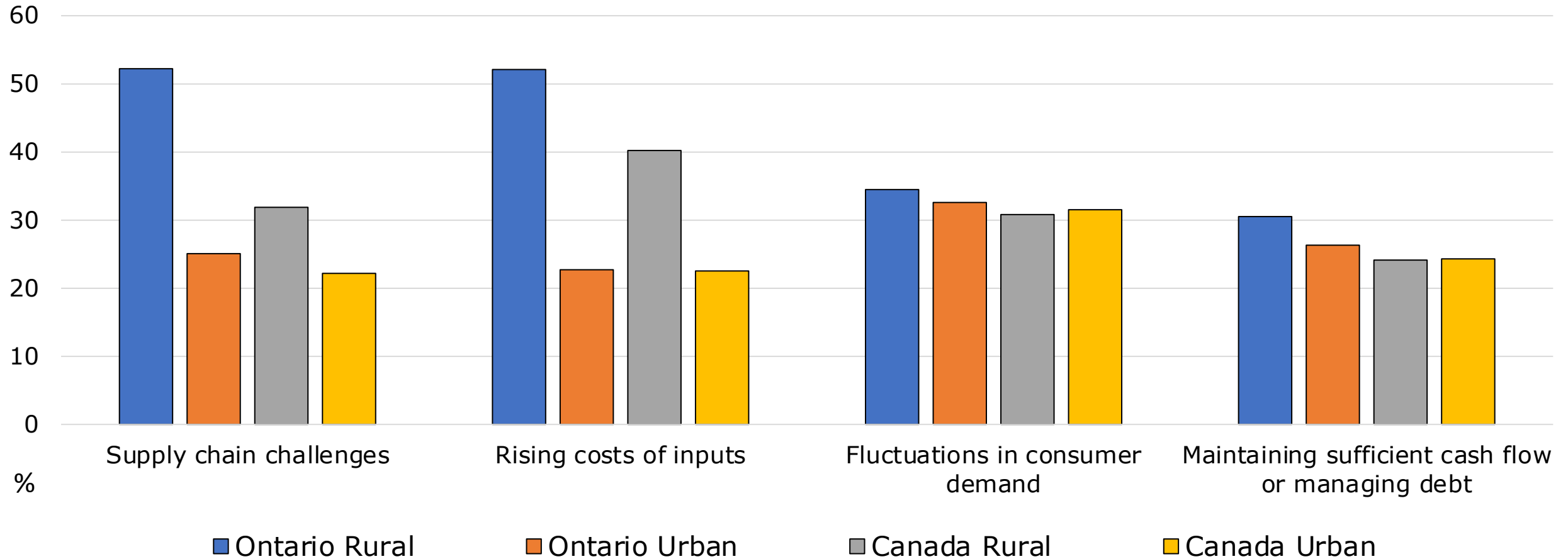
Percentage of businesses that made at least 30% of sales online in 2019 and 2020



Length of time businesses can continue to operate at current levels of revenue and expenditures before considering layoffs (first quarter 2021)

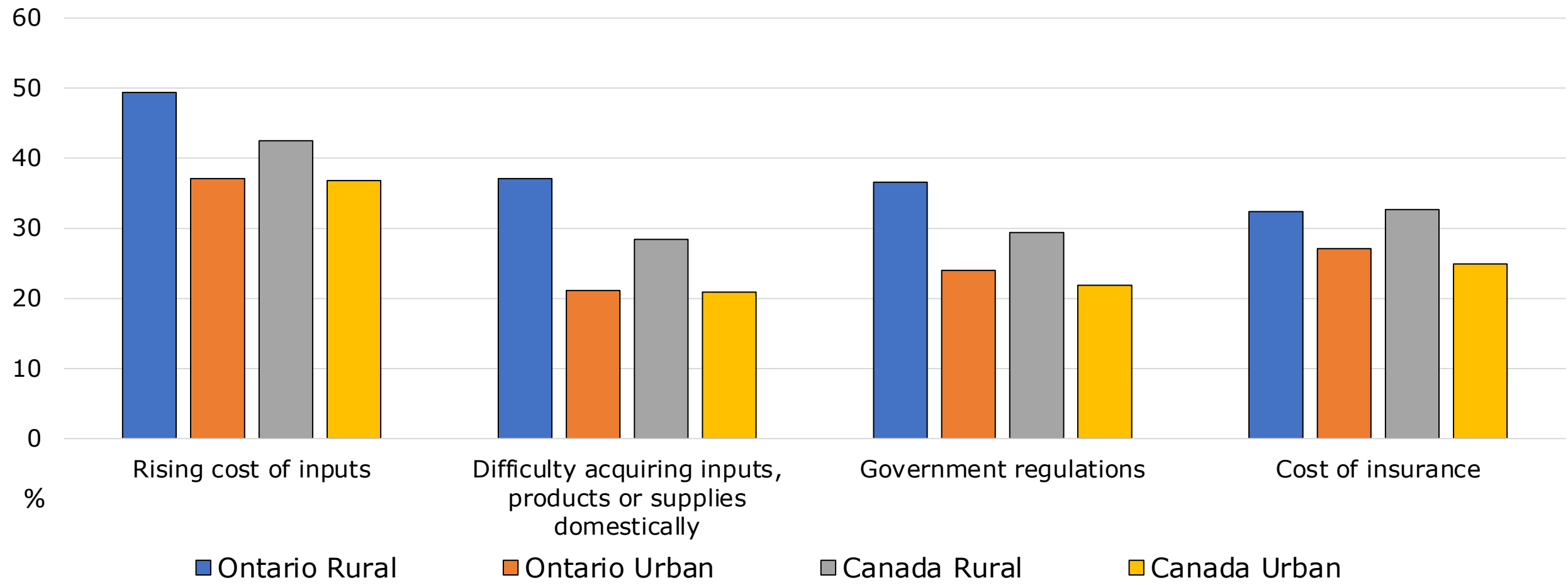


Top four challenges facing rural Ontario businesses (first quarter 2021)



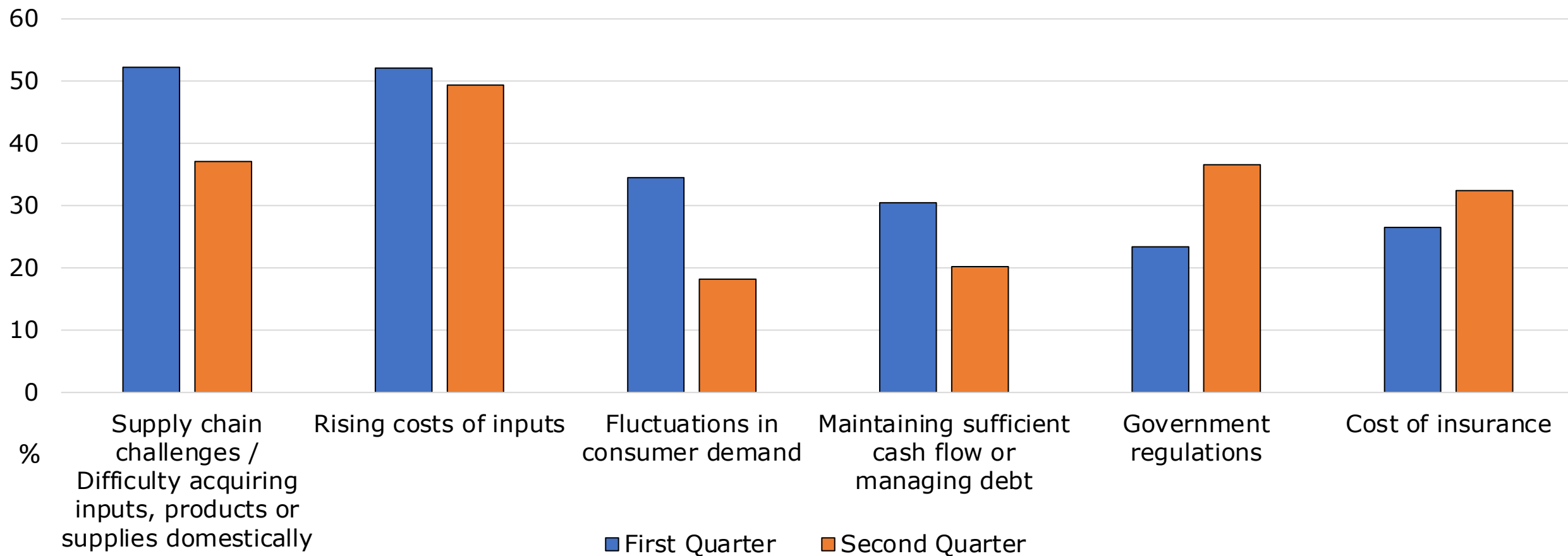
Note: these are the top four most common challenges facing rural Ontario businesses, and the comparison groups may have different common challenges.

Top four challenges facing rural Ontario businesses (second quarter 2021)



Note: these are the top four most common challenges facing rural ontario businesses, and the comparion groups may have different common challenges.

Challenges facing rural Ontario businesses : comparing the challenges from the first and second quarter of 2021



Note: 'Supply chain challenges' was a possible response in the first quarter iteration of the survey, and 'Difficulty acquiring inputs, products or supplies domestically' was a possible response in the second quarter iteration. They are compared here due to the similarities of the answer, but it is important to note that they are not the same response, and so differences in response rates could be due to the differences between the answers.

Thank you!

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CSBC data tables:

CSBC metadata:

Percentage of businesses where teleworking is a possibility (first quarter 2021)

