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Canadian
Chamber of
Commerce

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Commerce
du Canada

September 2021

Business Insights

Q3 2021

Insights Powered by the Canadian
Chamber in Collaboration with
Deloitte from Statistics Canada's
Canadian Survey on Business
Conditions

The Canadian Chamber of Commerce, in collaboration with Deloitte Canada, identified insights from the Q3 2021 Canadian Survey on Business Conditions; this document summarizes these findings

Background

The Canadian Chamber of Commerce (CCC), in collaboration with **Deloitte Canada**, identified insights on the last six iterations of the *Canadian Survey on Business Conditions*

The most recent survey was conducted by **Statistics Canada** in **Q3 2021**. The aim was to collect data to measure the impact COVID-19 is having on Canadian businesses as the pandemic continues to disrupt the economy



Overview of Findings

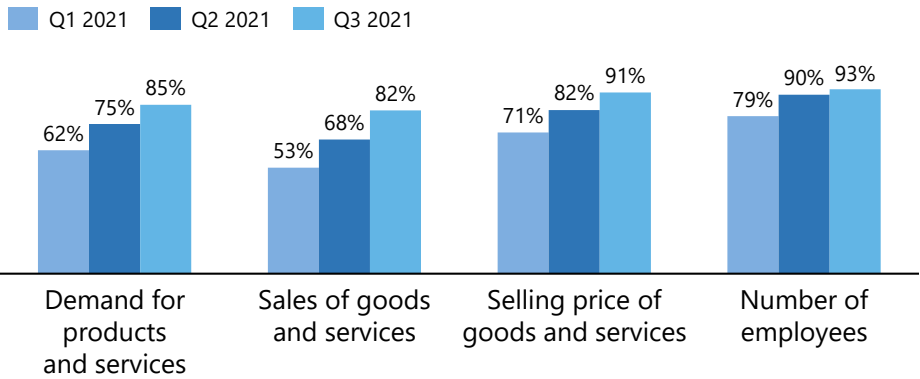
As part of the analysis conducted, Deloitte and the CCC have identified **five key themes** and supporting insights, including:

- 1 | While businesses **generally remain optimistic** about their short and long-term outlooks, an increasing number have become **more uncertain** since Q2 2021
- 2 | The resurgence in demand resulting from reopening the economy has given rise to **supply-related challenges**, but has improved businesses' ability to take on **additional debt**
- 3 | Businesses across industries are **addressing workforce** capacity and capability challenges **via 'gig' workers, freelancers, and contractors**, enabled by third-party platforms
- 4 | Most businesses have, or are planning to implement a range of different **environmental practices**; however, some struggle with **barriers to further adoption**
- 5 | As the Pandemic has progressed, some industries have become **more willing to telework** - as a result, there will be an anticipated **decrease in office space occupancy**

While businesses generally remain optimistic about their short and long-term outlooks, an increasing number have become more uncertain since the beginning of the Summer

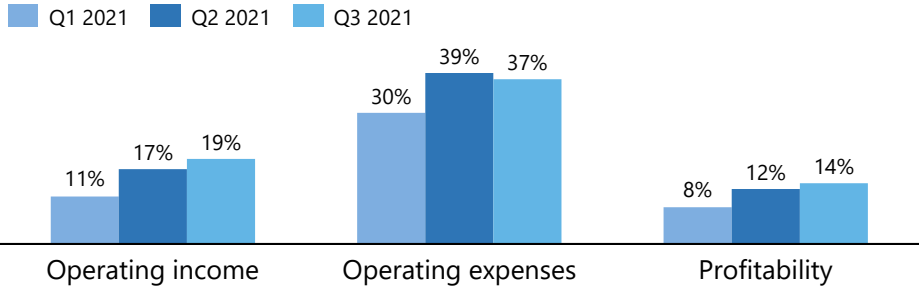
OPTIMISM FOR THE SHORT-TERM CONTINUES TO GROW ACROSS SEVERAL KEY MEASURES...

Over the next three months, how are each of the following expected to change?
% of respondents that answered 'Stay about the same' or 'Increase'



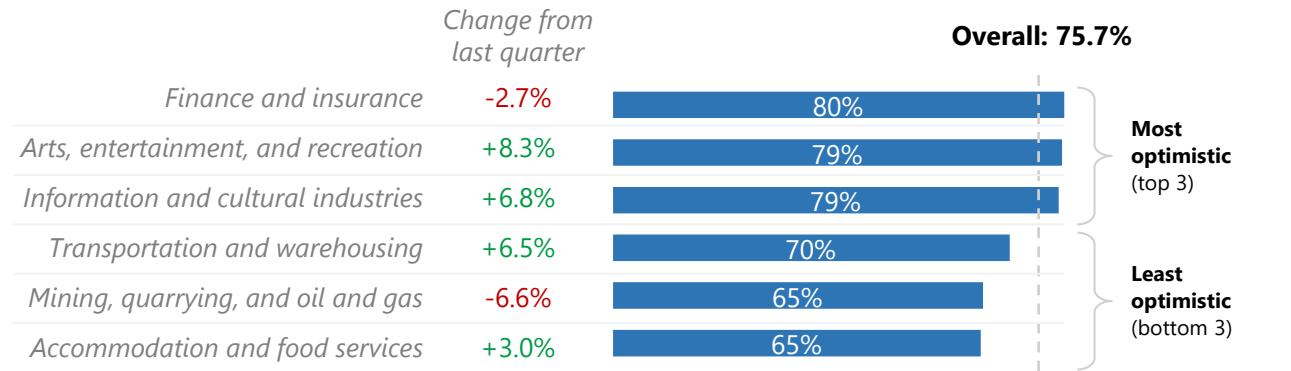
... WITH A GROWING NUMBER EXPECTING IMPROVEMENTS TO BOTH THE TOP AND BOTTOM LINE

Over the next three months, how are each of the following expected to change?
% of respondents that answered 'Increase'



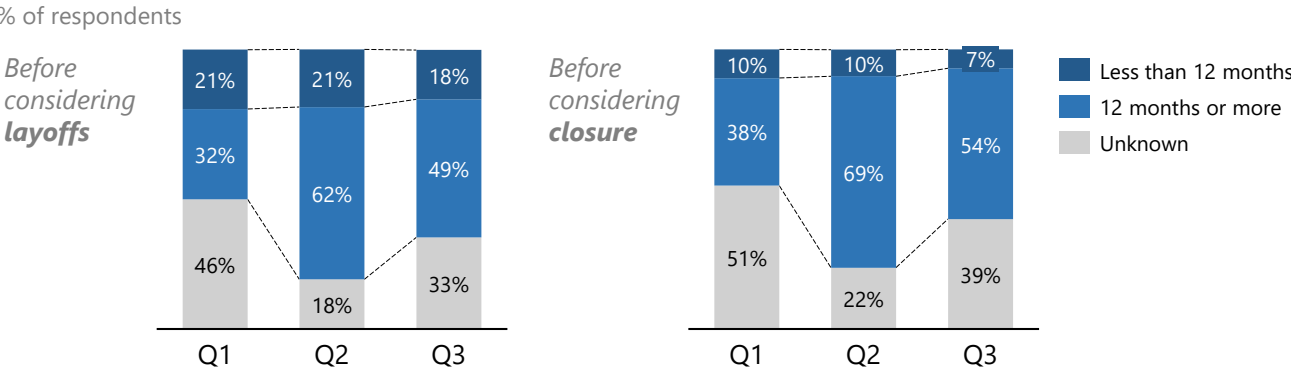
THE MAJORITY OF BUSINESSES ARE FEELING OPTIMISTIC ABOUT THEIR FUTURE OUTLOOK OVER THE NEXT 12 MONTHS

Over the next 12 months, what is the future outlook for this business?
% of respondents that answered 'Somewhat optimistic' or 'Very optimistic'



HOWEVER, UNCERTAINTY HAS RETURNED ACROSS SOME MEASURES, WITH MORE BUSINESSES UNSURE HOW LONG THEY CAN GO BEFORE LAYOFFS OR CLOSURES

How long can this business continue to operate at its current level of revenue and expenditures before having to consider the following options?

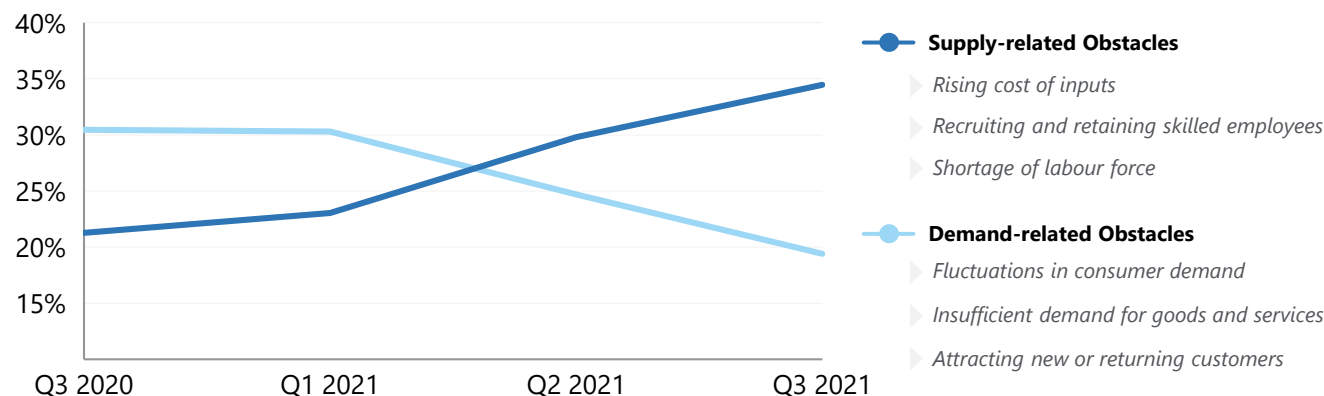


The resurgence in demand resulting from reopening the economy has given rise to supply-related challenges, but has improved businesses' ability to take on additional debt

THERE HAS BEEN A SHIFT THE TYPE OF OBSTACLES BUSINESSES ARE FACING, FROM DEMAND- TO SUPPLY-RELATED OBSTACLES

Over the next three months, which of the following are expected to be obstacles for this business?

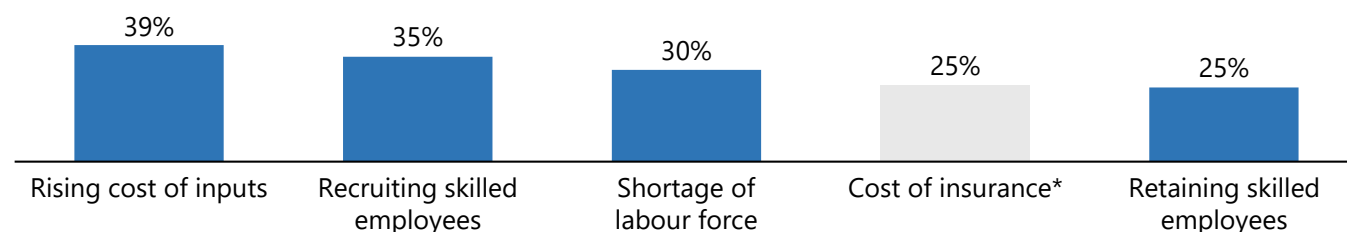
% of respondents, by average of the three obstacles listed in the supply- and demand-driven obstacle groupings listed below



THESE SUPPLY-RELATED OBSTACLES – NAMELY ISSUES WITH INPUT COSTS AND LABOUR – MAKE UP FOUR OF THE TOP FIVE OBSTACLES FACING BUSINESSES IN Q3

Over the next three months, which of the following are expected to be obstacles for this business?

% of respondents, by type of obstacle



*Note: Cost of insurance is greyed out as it's not considered as a supply-related obstacle

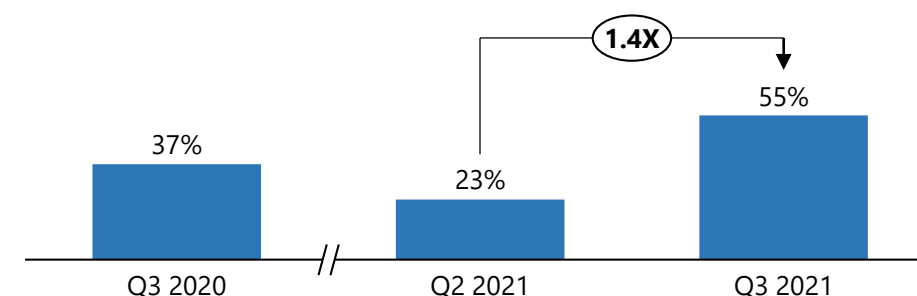
**Note: while a change in survey design made in Q3 2021 may be a contributing factor in the size of the increase from Q2 to Q3, the conclusion remains the same.

Source: Statistics Canada, Canadian Survey on Business Conditions, July – August 2021, n = 16,925; Deloitte & Canadian Chamber analysis

WITH FEWER BUSINESSES EXPERIENCING ISSUES WITH DEMAND, MORE ARE ABLE TO TAKE ON DEBT**...

Does this business or organization have the ability to take on debt?

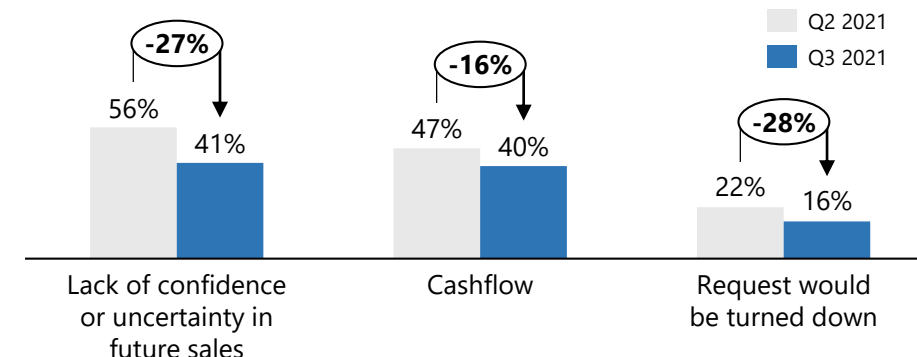
% of respondents that said they could take on more debt



...WHICH IS LIKELY DRIVEN BY FEWER BEING IMPEDED BY LACK OF, OR UNCERTAINTY AROUND CASHFLOW

For which of the following reasons is this business unable to take on debt?

% of respondents, by reason given for being unable to take on debt (top 3 reasons)

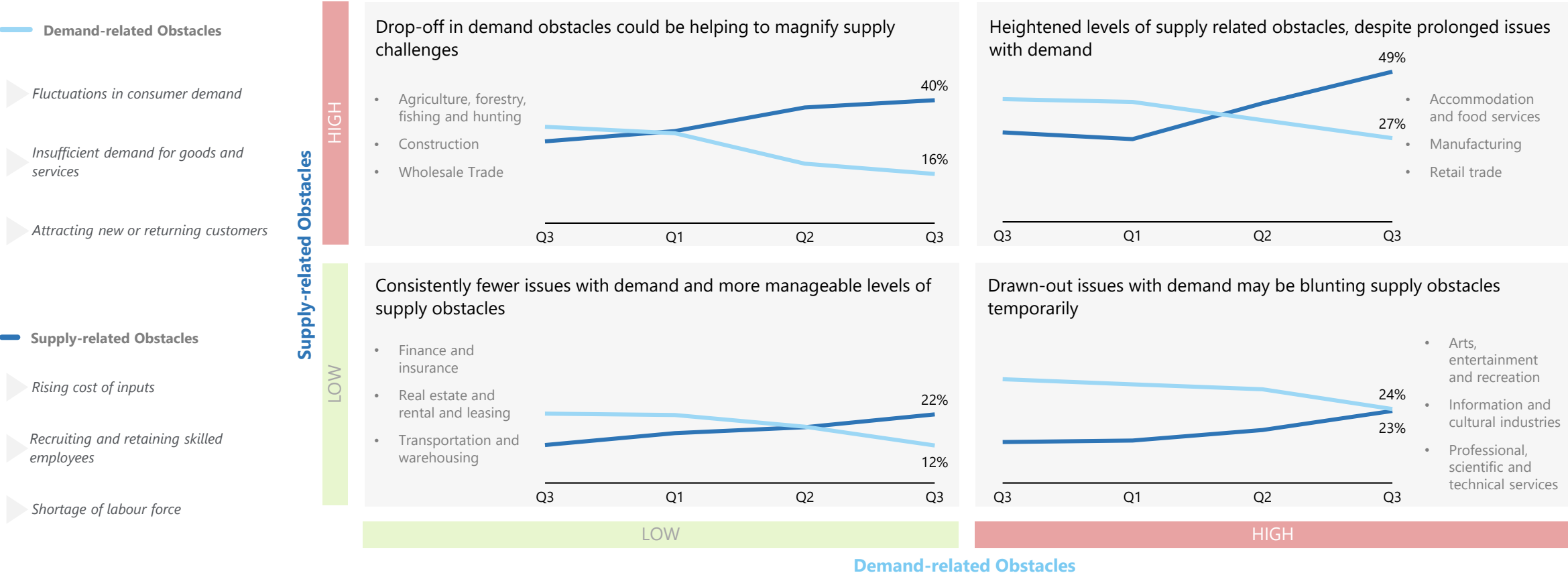


The resurgence in demand resulting from reopening the economy has given rise to supply-related challenges, but has improved businesses' ability to take on additional debt

NOT EVERY INDUSTRY ARE EXPERIENCING THE SAME SHIFT FROM DEMAND- TO SUPPLY-RELATED OBSTACLES; AND BUSINESSES SELLING GOODS SEEM MORE LIKELY TO HAVE HIGHER SUPPLY-RELATED CHALLENGES THAN BUSINESSES SELLING SERVICES

Over the next three months, which of the following are expected to be obstacles for this business?

% of respondents, by average of the three obstacles listed in the supply- and demand-driven obstacle groupings listed below

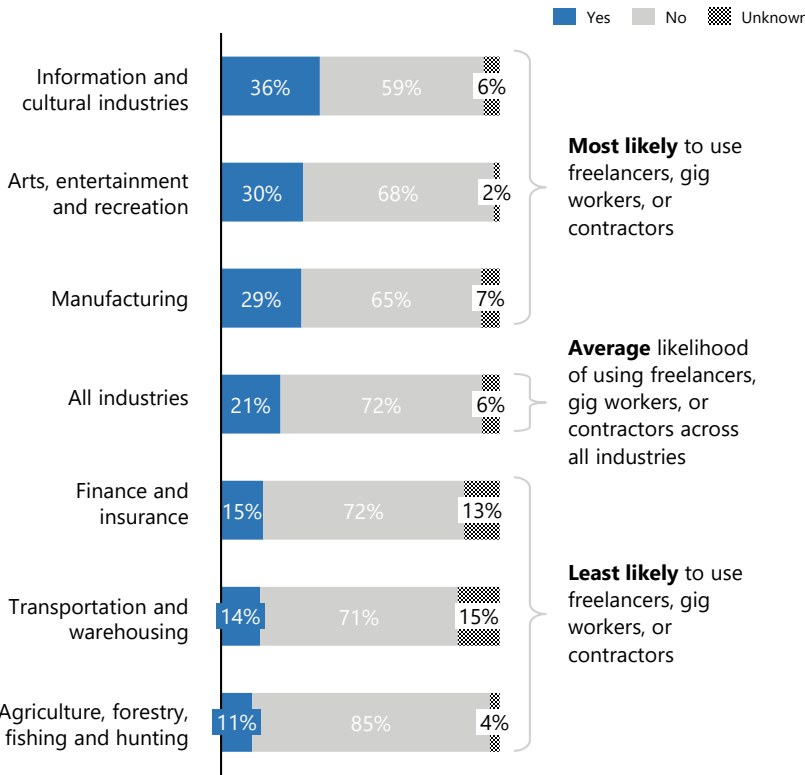


Businesses across industries are addressing workforce capacity and capability challenges via 'gig' workers, freelancers, and contractors, enabled by third-party platforms

WITH THE PANDEMIC ACTING AS A HELPFUL TAILWIND, THE B2B 'GIG' ECONOMY APPEARS TO BE THRIVING IN CANADA ACROSS INDUSTRIES

In the last 12 months, has this business outsourced any tasks, projects or short contracts to freelancers, "gig" workers or other businesses or organizations?

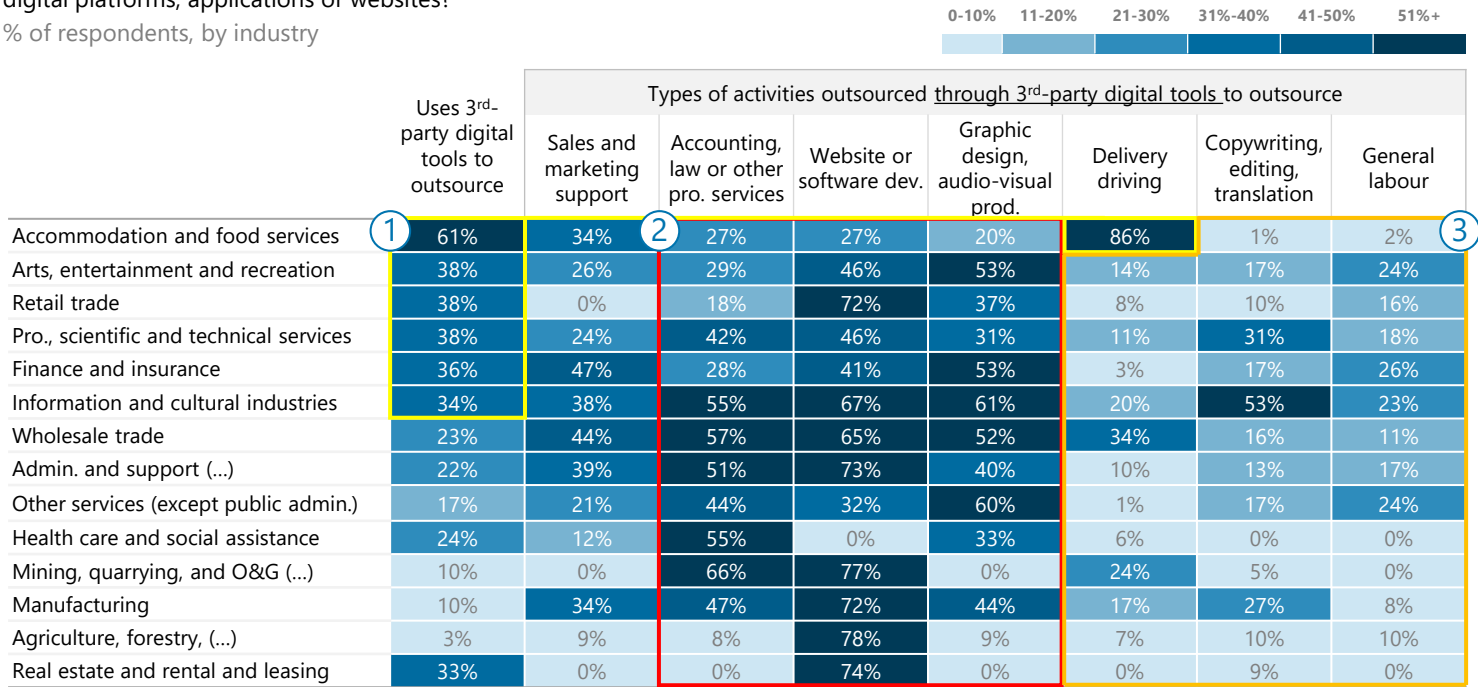
% of respondents, by industry



WHILE THE 'GIG' ECONOMY AS A WHOLE IS THRIVING, THERE IS A CLEAR DIVIDE BETWEEN CERTAIN INDUSTRIES AND ACTIVITIES

In the last 12 months, what kind of business or organizational activities did this business or organization outsource through third-party digital platforms, applications or websites?

% of respondents, by industry



- ① Six industries stood out in their adoption of 3rd party digital tools to outsource key activities. The Accommodation and Food Services industry was **significantly more likely to outsource** compared with other industries, driven by their reliance on contract delivery drivers
- ② Businesses were most likely to turn to freelancers for specialized technical skills like accounting, website or software development, and graphic design, which could **demonstrate a more permanent shift to outsource these tasks**
- ③ Copywriting, editing, translation, General labour, and Delivering driving (excluding Accommodation Food Services), were the **least likely activities to be outsourced** through 3rd party digital tools

Most businesses have, or are planning to implement a range of different environmental practices; however, some struggle with barriers to further adoption

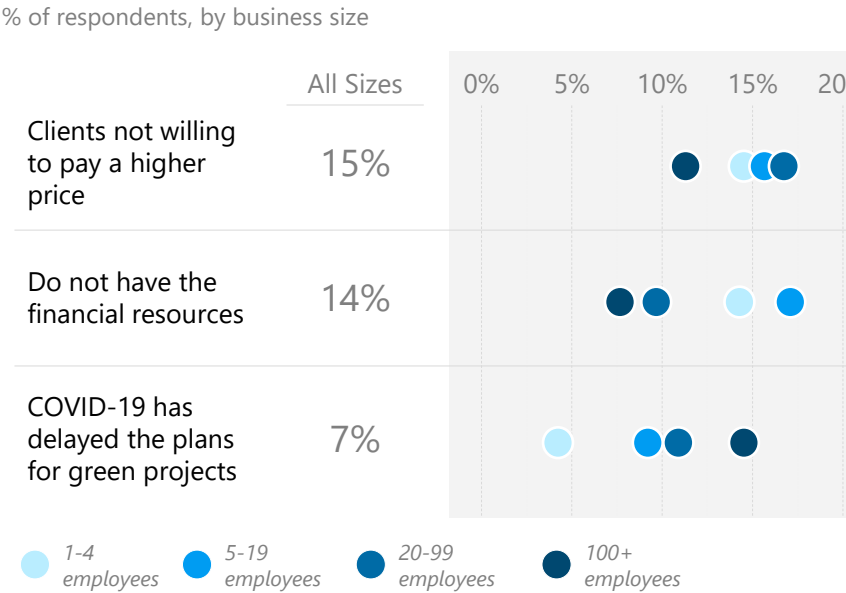
THE MAJORITY OF BUSINESSES HAVE, OR PLAN TO IMPLEMENT SOME ENVIRONMENTAL PRACTICES, WITH A FOCUS ON SUSTAINABLE RESOURCE MANAGEMENT

Which of the following environmental practices does this business have currently in place or plan to implement in the next 12 months?
% of respondents



BUSINESSES OF ALL SIZES FACE BARRIERS WHEN IT COMES TO FURTHER ADOPTING GREEN PRACTICES

In the next 12 months, what is this business main barrier for adopting more green practices?
% of respondents, by business size



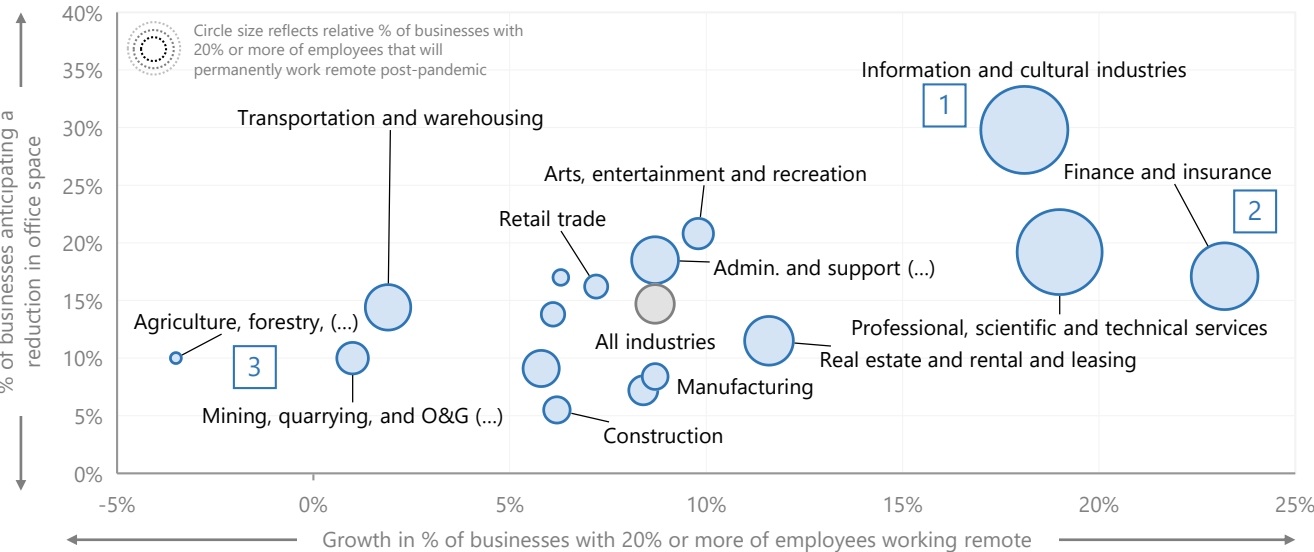
These top barriers are consistent with those outlined in the findings of a recent **BDC survey of SMEs¹**, although BDC's results found these barriers to be more common among the businesses they surveyed: 19%, 24%, and 25% for the barriers listed above, respectively

As the Pandemic has progressed, some industries have become more willing to telework - as a result, there will be an anticipated decrease in office space occupancy

BUSINESSES WITHIN INDUSTRIES THAT EXPERIENCED LARGE INCREASES IN REMOTE WORK ARE LIKELY TO REDUCE THE SIZE OF THEIR OFFICE SPACE

Three questions: **(1)** Prior to February 1st, 2020, what percentage of this business's workforce was teleworking or working remotely?; **(2)** Once the COVID-19 pandemic is over, what percentage of the workforce is anticipated to continue to primarily telework?; and **(3)** Does this business foresee shrinking office locations because more of the workforce is teleworking?

X-axis: absolute % increase in pre- vs. post-pandemic number of businesses with 20% or more of their workforce remote
Y-axis: % of respondents that said they expect to reduce office real estate footprint

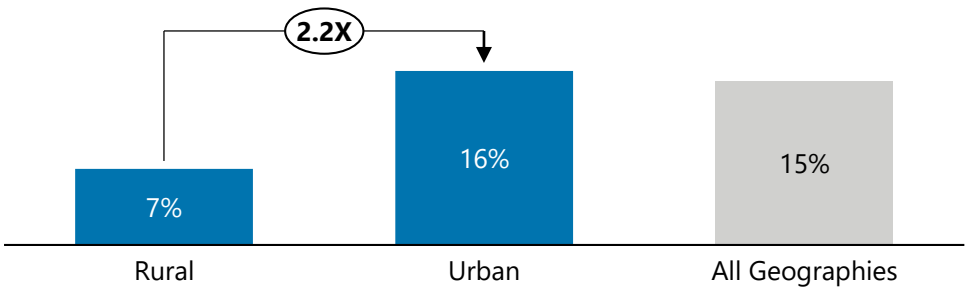


- 1 Businesses within **Information and Cultural Industries** are the most likely to have 20% or more of their workforce remote post-pandemic and the most likely to reduce the size of their office location(s)
- 2 Given they started from a lower baseline compared to other white-collar industries, **Finance and Insurance** businesses saw the largest shift from office work to working remote, increasing from 13% to 36%
- 3 Predictably, businesses within **Agriculture, Mining and O&G**, and **Transportation and Warehousing** saw the lightest shift to remote work pre- to post-pandemic (anticipated); however, 10-15% still plan to reduce their office size

BUSINESSES LOCATED IN URBAN AREAS ARE 2X MORE LIKELY TO REDUCE OFFICE SPACE COMPARED TO RURAL

Does this business foresee shrinking office locations because more of the workforce is teleworking?

% of respondents that answered 'yes', by geography type



THERE IS SIGNIFICANT DISPARITY IN ANTICIPATED OFFICE SPACE SHRINKAGE ACROSS METROPOLITAN AREAS

Does this business foresee shrinking office locations because more of the workforce is teleworking?

% of respondents that answered 'yes', by metropolitan area

