

Canadian Small Businesses that Leverage E-Commerce Grew 22 Per Cent in 2017

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New PayPal Canada data reveals e-commerce boosts international trade opportunities for Canadian SMBs

TORONTO, Oct. 4, 2018 /CNW/ - Canadian small- and medium-sized businesses leveraging e-commerce are growing significantly faster than their offline counterparts, reveals new proprietary data from PayPal, the global digital payments leader. Small businesses that sell online through PayPal grew 22 per cent year-over-year in 2017, in sharp contrast to offline small businesses, which saw less than one per cent growth year-over-year in 2016.¹

PayPal Canada analyzed online transaction data from 4,000 Canadian small businesses that use its platform. The insights reveal that international trade opportunities previously pursued mainly by bigger retailers are now much more accessible to small businesses through e-commerce. Encouragingly, the data show that small businesses in the country are now targeting foreign markets. Nearly 30 per cent of digital small businesses² that export goods and services do so to three countries or more.

"In today's competitive world, small businesses need access to digital tools that open them up to global audiences," says Paul Parisi, President, PayPal Canada. "With a deep dive into our data it's heartening to see that our small business customers are digitizing their businesses to grow and sell internationally. For Canada to be a more vibrant and inclusive economy, we need the vast majority of small businesses to embrace digital commerce capabilities because that's where the world is shifting."

Exporting results in greater growth

The accessibility of e-commerce solutions enables small businesses to access foreign markets and trade opportunities. These export opportunities are global, as e-commerce allows Canadian businesses to diversify trade partners outside of the United States and Mexico.

PayPal's new proprietary data shows:

- More than 63 per cent of digital small businesses export their goods and services. In 2014, about 12 per cent of Canadian SMBs engaged in international trade.³
- Digital small businesses that exported their goods and services experienced three per cent more growth between 2016 and 2017 than non-exporting digital small businesses.
- Nearly 30 per cent of exporting digital small businesses sell to three countries or more.
- The United States and Mexico are two of the top ten trade corridors for Canadians businesses. In addition, businesses that use PayPal are exporting beyond North America and selling into China, Australia, Japan and the UK, among over 80 other international markets.

"In our global economy, it's crucial that Canadian businesses reach new markets, so they are able to continue to grow," says Mary Ng, Minister of Small Business and Export Promotion. "Access to e-commerce means international trade opportunities aren't limited to just large companies. Small businesses have greater potential than ever to play a part in Canada's growth on the world stage."

Closing the growth gap between rural and urban businesses

PayPal's proprietary data also reveals the potential for e-commerce to support small businesses located in areas outside of urban centres. Eighty-one per cent of Canada's population lives in urban regions,⁴ and as a result, urban small businesses have traditionally had more access to customers and higher growth rates. Today, e-commerce is helping to bridge the gap between small business growth in urban and non-urban areas.

- Digital small businesses located in rural parts of Canada grew 18.5 per cent between 2016 and 2017, while urban businesses grew at 21.3 per cent. Suburban businesses saw the highest rates of growth at 46.5 per cent, year-over-year.
- Digital small businesses in Nova Scotia saw 47 per cent growth year-over-year from 2016 to 2017,

while businesses in Manitoba saw 30 per cent year-over-year growth. In Ontario, businesses saw 26.2 per cent year-over-year growth in the same period.

- In Saskatchewan, these trends are even more pronounced. Exporting digital small businesses grew over 10 per cent faster than non-exporters, and almost 40 per cent of exporters reach more than three markets.

It's clear that technology can accelerate growth for small businesses, which make up 98 per cent of all Canadian businesses.⁵ Despite this, only one in five Canadian businesses sell online,⁶ demonstrating that there is still untapped potential for small business growth.

"At PayPal, our goal is to work with partners from across the public, private and social sectors so we can democratize access to affordable tools that will enable Canadian businesses of all sizes to grow and thrive, fostering a vibrant economy and a more diverse and inclusive world," adds Parisi.

These proprietary insights come from an analysis of over 4,000 small businesses in Canada, defined as those who sold between \$30,000 and \$3 million online per year using PayPal from 2016 to 2017, and referred to as digital small businesses. This small business dataset was fully anonymized and includes no personally identifiable information. PayPal has more than 250,000 small business customers in Canada.

For more information, please visit www.paypal.ca/smallbusiness.

About PayPal

Fueled by a fundamental belief that having access to financial services creates opportunity, PayPal (NASDAQ: PYPL) is committed to democratizing financial services and empowering people and businesses to join and thrive in the global economy. Our open digital payments platform gives PayPal's 250 million active account holders the confidence to connect and transact in new and powerful ways, whether they are online, on a mobile device, in an app, or in person. Through a combination of technological innovation and strategic partnerships, PayPal creates better ways to manage and move money, and offers choice and flexibility when sending payments, paying or getting paid. Available in more than 200 markets around the world, the PayPal platform, including Braintree, Venmo and Xoom, enables consumers and merchants to receive money in more than 100 currencies, withdraw funds in 56 currencies and hold balances in their PayPal accounts in 25 currencies. For more information on PayPal Canada visit www.paypal.ca.

¹ According to Government of Canada, Key Small Business Statistics (June 2016), non-financial industries grew 0.8 per cent in 2016, the last year for which data was available.						
² Digital Small Businesses are defined as those who sold between \$30,000 and \$3 million online per year using PayPal between 2016 to 2017.						
³ Government of Canada, Key Small Business Statistics (June 2016).						
⁴ Farrow, Ecommerce to/From Canada (January 30, 2018).						
⁵ Government of Canada, Key Small Business Statistics (June 2016).						
⁶ PayPal Canada SMB Landscape study (May 2017).						

SOURCE PayPal Canada

Countries: Australia, Canada, China, Great Britain, Japan, Mexico, United States

Industries: Computers, Finance & Insurance, Computing & Information Services, Retail

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