

PayPal Study Reveals Less Than One in Five Canadian SMBs Accepts Online Payments

Canadian small businesses that accept online payments reported higher average revenue compared to small businesses without digital payment solutions.

TORONTO--Canadian small and medium-sized businesses (SMB) are leaving money on the table, reveals an in-depth study commissioned by PayPal Canada. PayPal's Canadian SMB Landscape Study highlights that less than only one in five (17%) Canadian small businesses are using payment tools such as electronic invoicing, an online marketplace, or an e-commerce enabled website.

Canadian e-commerce spending is forecasted to reach \$42 billion by 2018 and globally this figure is expected to hit \$27 trillion by 2020.¹ PayPal's study indicates that Canadian small businesses are not harnessing the power of e-commerce to sell where their customers are shopping – 80 per cent of Canadians shopped online in 2015² – and it shows up on their bottom line. Businesses that accept online payments as a complement to their offline revenue stream reported an average revenue of \$175,000, which is more than double businesses that operate without online payment capabilities (\$80,000). Businesses that only accept payments online reported an average revenue of \$150,000.

"A thriving e-commerce environment in Canada can lead to greater trade, employment and income opportunities," believes Paul Parisi, President of PayPal Canada. "As a digital payments leader, we at PayPal, are focused on offering solutions that benefit our 250,000 small business customers across the country and we are actively collaborating with ecosystem players to help grow Canada's digital economy."

Low e-commerce usage and appetite among Canadian SMBs

A significant majority of Canadian SMBs are not ready to participate let alone compete in the digital economy. The study shows that 83 per cent of Canadian SMBs do not accept any form of online or mobile payment and 71 per cent of this group said they would never consider selling online.

One of the first steps towards embracing e-commerce is building an online presence, such as a website. Today, only 7 per cent of the Canadian SMBs surveyed have a website capable of processing online payments and 34 per cent of businesses that do not currently accept online payments have no foreseeable plans to build a website at all.

What's holding e-commerce back in Canada?

Canadian SMBs that do not currently sell online report several concerns that keep them from doing so. Chief among them is concern about providing the same level of service (30%), followed by online fraud (21%), limited understanding of technology (19%), and distribution or delivery issues (19%). Nearly three quarters (72%) of offline businesses claimed that they are not particularly sophisticated in terms of technology and e-marketing knowledge.

"Virtually every sector of the economy is rapidly being reshaped by technology," said the Honourable Navdeep Bains, Canada's Minister of Innovation, Science and Economic Development. "In a global and digital economy that allows consumers to purchase goods and services from anywhere in the world, more Canadian businesses should invest in the development and adoption of new technologies. That's how Canadian businesses will remain globally competitive and create well-paying jobs for the middle class."

Canadian SMB owners are primarily men above the age of 55

The geographic distribution of Canadian SMB across Canada is fairly even, according to study findings. The majority (67%) of Canadian small business owners are men and 63 per cent are 55 years of age or older. However, these numbers shift dramatically when looking at e-commerce enabled businesses – 77 per cent of SMB owners that accept payments through online and offline channels and 66 per cent of businesses that only accept online payments are under 55 years of age. Multi-channel businesses are the youngest group, with a median age of 44. There is also a significant under representation of women SMB owners. Only one third (33%) of Canadian small businesses are owned by women, and this is consistent across businesses that sell online and those that do not.

[Complete study findings can be found here.](#)

1 PayPal commissioned study conducted Ipsos, PayPal Cross-border Consumer Research 2016

2 Canada Post, [Growing E-Commerce in Canada: Unlocking the Online Shopper Opportunity](#), 2015

PayPal Canada's Canadian Landscape Study Methodology

Findings are based on a PayPal-commissioned study which was led, designed and managed by Barraza & Associates, with execution and reporting by Northstar Research Partners. This study was conducted between December 10th, 2015, and January 10th 2016, on behalf of PayPal. For this survey, a sample of 1,000 Canadian small business owners were interviewed online. 3% is the margin of error tested at the 95% confidence level.

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 203 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, visit [PayPal.ca](#).

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