



ownr

2021 Entrepreneurship Report

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From adjusting to working from home, facing the pressure of being deemed essential, or dealing with loss of employment, Canadians have spent the past year navigating the challenges and new economic realities presented by COVID-19.

At Ownr, an all-in-one platform where entrepreneurs can start, manage, and grow their businesses, we have seen firsthand the impact COVID-19 has had on small-to-medium businesses. The pandemic has hit them especially hard, and we wanted to hear more about their experiences. Through the Ownr 2021 Entrepreneurship Report, we learned these challenges were not without their opportunities—even a global pandemic couldn't extinguish the entrepreneurial spirit.

The results range from surprising optimism in challenging times to trends calling for widespread change. They also highlight the need for additional support and resources to ensure the small business industry—and the economy—not just recovers, but thrives.

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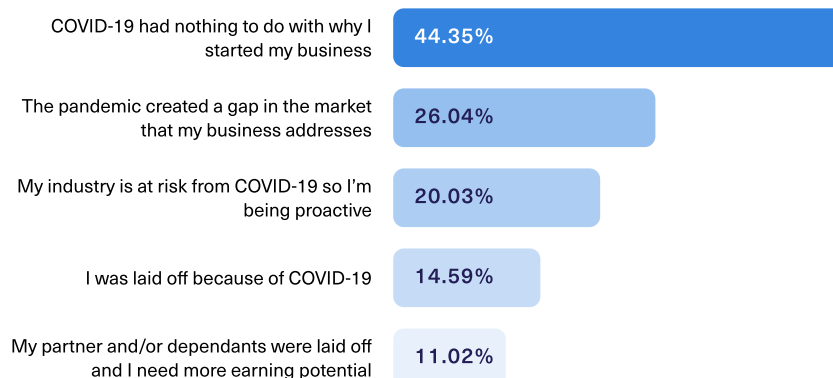
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COVID-19 and Business Ownership

Job uncertainty and business continuity impacted both employees and business owners alike. Some entrepreneurs (20 per cent) were spurred to start their businesses proactively, out of concern that their current industry had been fundamentally changed by the pandemic and would not be returning to normal. Conversely, over a quarter of people surveyed (26 per cent) who started businesses in 2020 did so because the pandemic created a gap in the market, giving them an opportunity that did not previously exist.

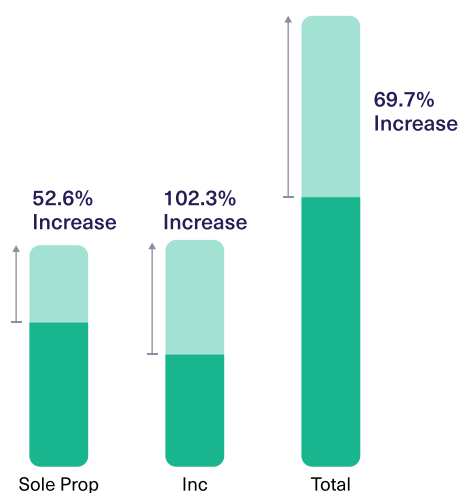
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How did COVID-19 affect your business planning?

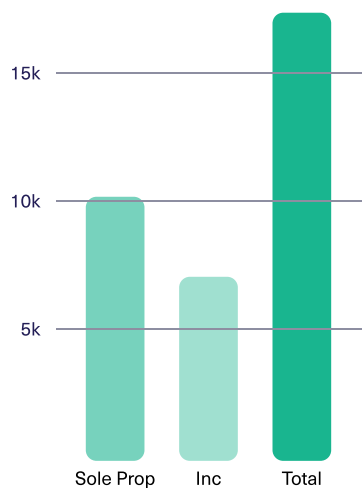


Ownr saw a significant increase in customers starting new businesses during COVID-19. In fact, there was a 70% increase in new business registrations overall compared to 2019, with a whopping 102% increase in incorporations. This reflects both an increase in entrepreneurship across Canada and a movement toward technology-based solutions, as Ownr is an online platform that assists with the business registration process.

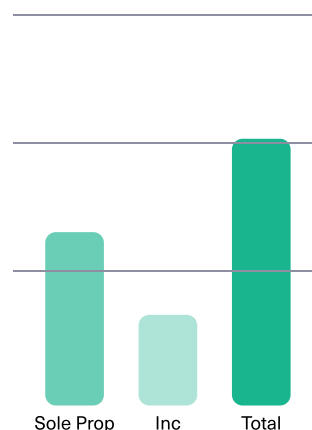
Ownr New Business Registrations



Businesses started in 2020

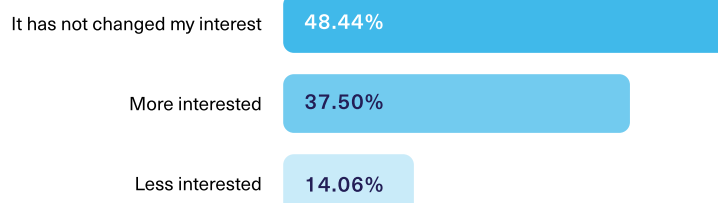


Businesses started in 2019



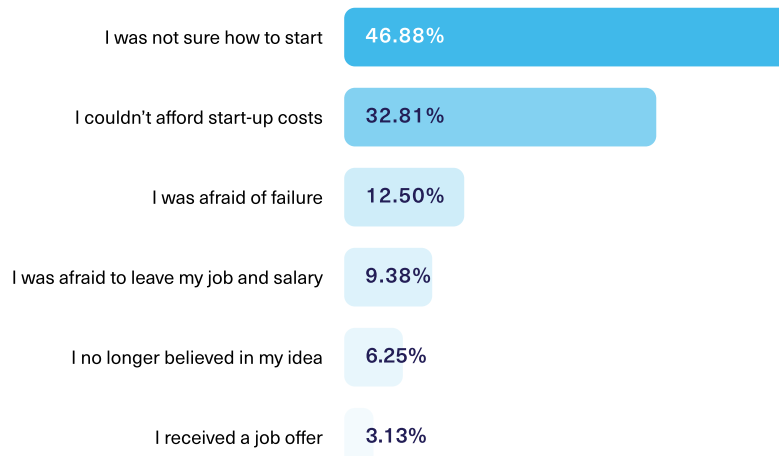
Small businesses are the backbone of the Canadian economy, and the challenges that business owners faced during COVID-19 have not dampened the entrepreneurial spirit of Canadians. Of respondents who have expressed an interest in entrepreneurship but do not currently own a business, **95% still plan to start one in the future**. As well, almost two out of five respondents said they are **more interested** in starting one now. However, we can expect entrepreneurship to look differently moving into 2021.

How has COVID impacted your interest in starting a business:



Aspiring entrepreneurs are struggling to find the education and resources they need to confidently start a business. When it comes to the barriers that held Canadians back from launching their business, nearly half (46 per cent) attributed it to not knowing how to start. This presents an opportunity for economic growth in a post-COVID Canada. Looking at education, availability of resources, and how we set entrepreneurs up for long-term success could make all the difference for the next generation of Canadian business owners.

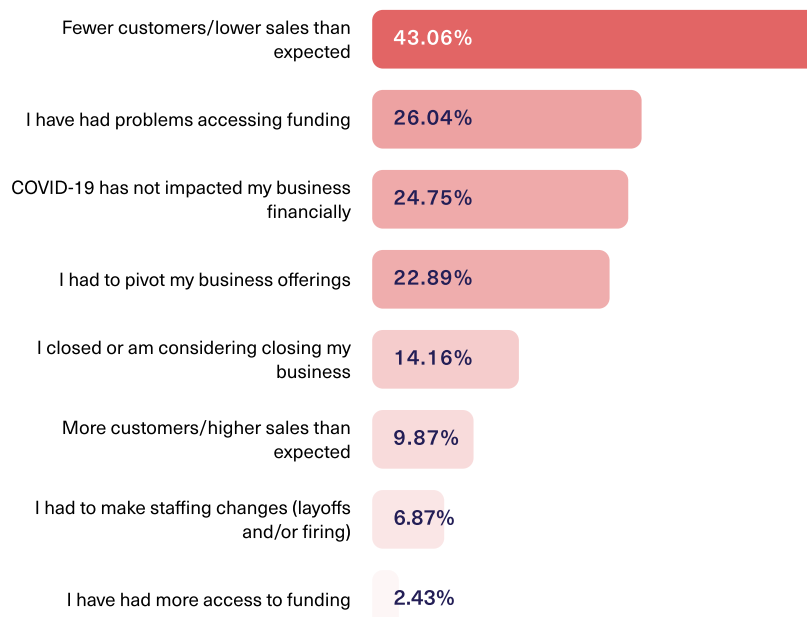
Reasons respondents chose not to start a business:



As for the direct financial impact, many business owners (43 per cent) have felt the sting of fewer customers and lower sales. Nearly 15 per cent either closed or are considering closing their businesses, reinforcing the need for further resources to support business owners.

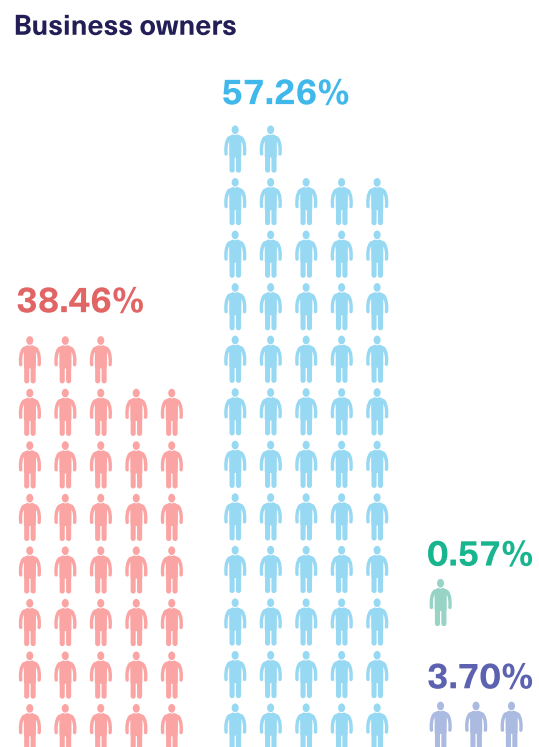
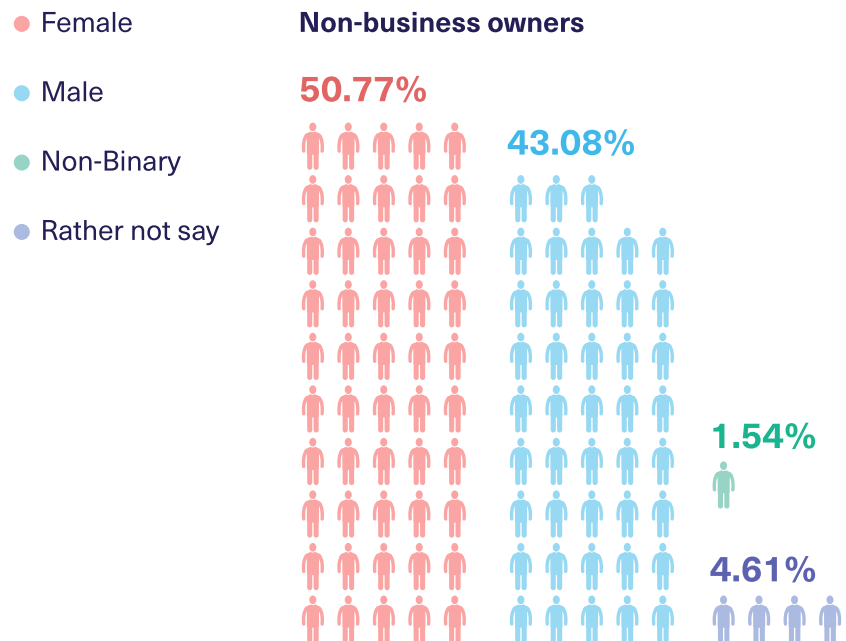
However, resilience runs strong in the small business community—over a fifth of entrepreneurs (22 per cent) pivoted their business, and surprisingly almost 10 per cent experienced higher demand during the pandemic. This surge goes hand in hand with the entrepreneurs who saw a gap in the market and started their business in 2020 to solve that problem.

How has COVID-19 impacted your business financially?



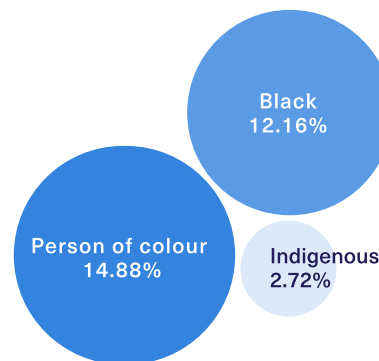
Who Owns Businesses: Demographics

COVID-19 disproportionately affected women in the workforce, and this impact was not limited to traditional employment. Of those surveyed, men were more likely to currently own a business (57 per cent) and less likely (43 per cent) to be held back from taking the leap into entrepreneurship.



The widespread protests against social injustices that took place in the summer of 2020 brought important attention and support towards local and Black-owned businesses in Canada. Among business owners who responded, over 12 per cent identified as Black, a demographic represented by only 3.5 per cent of Canada's population as per the 2016 census.*

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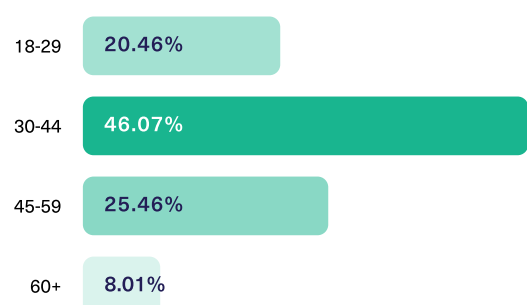


*None of the above and prefer not to say: 70.24%

Entrepreneurship is far from being just a young person's game: only 20 per cent of respondents started their businesses before they were 30. And a third of entrepreneurs didn't get started until after 45, proving it's never too late to go after your dream.

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How old were you when you started your business?

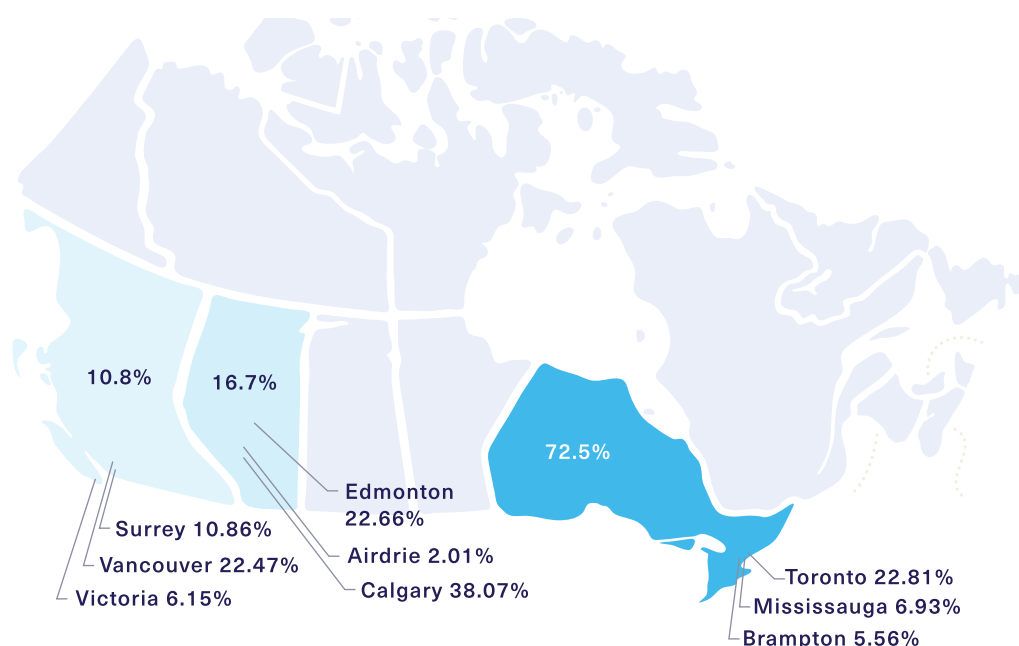


Regional Trends

Regional trends show that while the pandemic has changed the face of retail as we know it, the future is bright. Retail, including both brick and mortar and e-commerce, remains the top industry across all three provinces. Interestingly, retail is the most popular industry for sole proprietors but not incorporations, which suggests retail is playing a central role in economic activity but its growth prospects may be in question.

This could be attributed to the rise in ease and adoption of setting up an e-commerce business, one of the biggest trends to come out of COVID-19. In fact, **62 per cent of business owners anticipate that e-commerce will play a somewhat larger to much larger role in their business in 2021.**

E-commerce also became a necessity of doing business in the new retail landscape. With widespread lockdowns, brick and mortar stores who might otherwise not operate online relied on the internet to keep a steady flow of orders and maintain some revenue.



Top industries by province

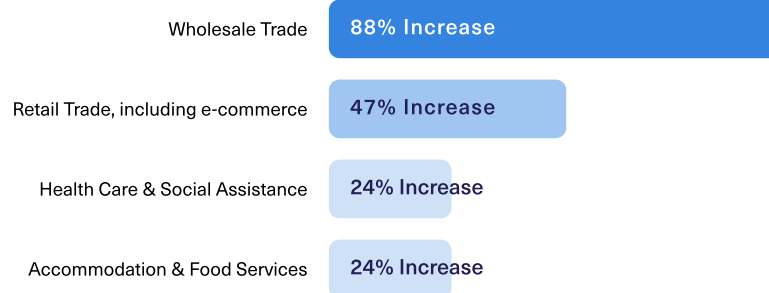
AB & ON

1. Retail Trade
2. Professional, Scientific & Technical Services
3. Construction

BC

1. Retail Trade
2. Construction
3. Professional, Scientific & Technical Services

Industries with the highest growth in 2020 over 2019



Conclusion

While there is no doubt that the impacts of COVID-19 will be felt for years to come, especially by small business owners and their customers, there is a lot to be said for how resilient entrepreneurs are. Many opened businesses in response to a gap in the market created by the pandemic while others pivoted their existing offerings to stay relevant in the new economic landscape. Even those who were unable to start their businesses are still overwhelmingly optimistic about launching in the future.

When it comes to opportunities in the industry and where we go from here, it's clear that both existing and aspiring entrepreneurs will need more access to support and resources in the future if we want small businesses in Canada to thrive.

About Ownr

Ownr makes it simpler and more affordable for businesses to start and succeed. We know that starting and running a business takes a huge amount of effort. By simplifying and automating business formation and everyday legal work, we help small businesses thrive. Ownr has helped over 30,000 Canadians launch their dreams since 2017. Ownr is operated by RBC Ventures Inc., a subsidiary of Royal Bank of Canada. For more information, visit www.ownr.co

Methodology: Ownr surveyed 890 of its users with a sample size of 29,694, who may or may not have started a business, in an online questionnaire between Jan. 21 and 25. The survey has a margin of error of 3.24% at a 95% confidence level.