



# Overview of Canadian Manufacturing<sup>†</sup>

## > INDUSTRY PROFILE

The manufacturing industry accounts for 17% of Canada's GDP, totaling about \$200 billion in 2006. The industry employs over 1.9 million Canadians, with an average of 36 employees per company.

In 2006, manufacturing revenue and production grew by only 0.8% as manufacturers faced a "triple threat" of the rising Canadian dollar, cheap imports from China and skilled labour shortages.

## > HOW DO MANUFACTURERS PAY FOR BUSINESS EXPENSES?

Cheques are generally the most widely used and preferred payment method, followed by credit cards (see *How Manufacturers Pay and Prefer to Pay for Expenses* graph, left).

More than 60% of manufacturers surveyed use credit cards, but just over half of them use a business credit card for their organization's expenses (see *How Manufacturers Use Credit Cards to Pay for Expenses* graph, left). On average, manufacturers who use credit cards pay for 26% of their business expenses with them.

Switching to business cards can help manufacturers lower their transaction costs, while providing benefits of a rewards program such as travel rewards.

## > WHAT DO MANUFACTURERS BUY?

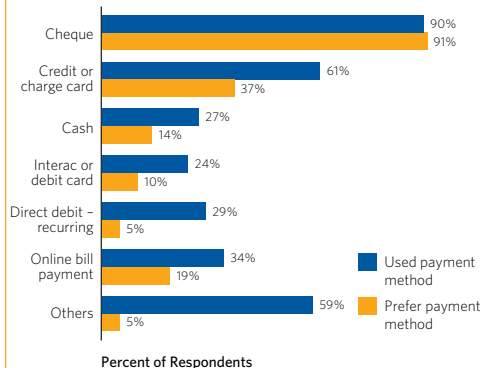
Major expenses for Canadian manufacturers include raw materials, utilities, rent, travel and insurance.

## > HOW DO CUSTOMERS PAY MANUFACTURERS?

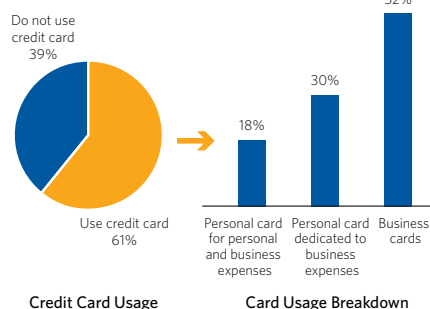
Cheques and cash remain the most widely accepted forms of payment. However, the majority of manufacturers surveyed do not cite cash as a preference, indicating the difficulties associated with processing cash payments.

About half of manufacturers accept credit cards, which can help boost sales by providing another option for their customers—especially those overseas.

**How Manufacturers Pay and Prefer to Pay for Expenses**



**How Manufacturers Use Credit Cards to Pay for Expenses**



<sup>†</sup> In 2007, Deloitte and Ipsos Reid conducted a survey for Visa Canada to determine spending patterns in Canadian business. The survey, "How Business Buys and Sells", reached several conclusions about the Canadian manufacturing industry, which are presented throughout this document together with the statistics and charts shown.



## VISA® BUSINESS CARDS:

# The Right Choice for Canadian Manufacturing

### > WHAT ARE THE BENEFITS OF USING A VISA BUSINESS CARD FOR YOUR EXPENSES?

#### Over other payment methods

- Visa Business cards are convenient, easy to use and facilitate online purchasing.
- They enable quick settlement of funds between you and your vendors, eliminating delays associated with cheque processing times.
- Using Visa Business cards can help save money, as cheque payments often require more time and labour to approve, process and track.
- They are more secure, and eliminate some of the risks associated with using cash or cheques.
- Visa Business cards can help you manage your cash flow by providing a grace period to make payments.

#### Over personal cards

- Visa Business cards can provide more detailed expense breakdowns, enabling you to analyze your purchasing patterns and potentially renegotiate key supplier contracts.
- They can offer reward programs, such as travel points or cash back, similar to personal cards.
- Visa Business cards can have higher credit limits than personal cards, enabling large-scale purchases and business expansion.

### > WHY ACCEPT VISA CARDS AS A FORM OF PAYMENT?†

- Improved cash flow: receive immediate payment from your customers instead of extending credit.
- 37% of manufacturers incurred fewer collections and bad debt costs after accepting credit cards.
- As well, a significant percentage of manufacturers found accepting cards to be less expensive than issuing invoices to customers, as less paperwork and administration is required.
- 44% of manufacturers that accept credit cards report that card acceptance has increased sales. In addition, accepting credit cards facilitates cross-border and overseas sales, helping business grow.



#### DID YOU KNOW?

*Companies can have their company name displayed on a business credit card, providing exclusivity and promoting branding efforts.*



#### DID YOU KNOW?

- *Manufacturers save an average of \$6,700 a year in collection costs by accepting credit cards.<sup>†</sup>*

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VISA BUSINESS CARDS:  
**Empowering**  
**Canadian Manufacturing**

**VISA SAVINGS FOR BUSINESS® PROGRAM**



The Visa Savings for Business program is an easy way for your business to get exclusive discounts and special offers from selected merchants when you pay using your Visa Business card. Recent offers include:

- 10% off office supplies from Grand and Toy\*
- Up to 25% off computers from Lenovo\*
- Up to 20% off at Hertz\*
- Up to 15% off at selected restaurants across Canada\*

\*For full terms and conditions, visit [visasavingsforbusiness.ca](http://visasavingsforbusiness.ca)

“With a personal credit card, there is a lot of extra detail and work involved in segregating personal expenses and business expenses... I recently started using a business credit card and in business cards, it is all done for you.”

**Ted Blenkhorne**  
 Owner, QR Imaging, Ontario  
 Visa Business cardholder †

**Case Study † 1**

**Equipment manufacturer in Quebec improves operations using business cards**

A Quebec-based manufacturer of protection equipment for plant components, which has been in operation for 11 years with average annual sales of \$2.5 million, recently started using business credit cards to pay for its expenses. The manufacturer stated that they are very satisfied, as the cards offer:

- A travel rewards program
- Competitive interest rates
- Detailed breakdown of expenses by spend category
- The ability to control spending limits
- A lower-cost alternative to writing cheques
- Improved cash flow due to the grace period provided by credit cards

Business cards also offer access to higher levels of credit, enabling the manufacturer to meet financing requirements as they arise.

**Case Study † 2**

**Sales score improves by 15% as BC manufacturer accepts credit cards from customers**

A sports equipment manufacturer in British Columbia with annual sales between \$1 million and \$5 million began accepting credit cards from its customers in 1997. The manufacturer has since experienced a 15% increase in sales. According to a company representative, accepting cards has allowed it to improve its cash flow while reducing bad debt costs, as there is virtually no delay in receiving payments. Accepting cards has also been less expensive to administer and process than issuing invoices.

**Visit [visa.ca/smallbusiness](http://visa.ca/smallbusiness) to learn more**

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