



# The State of Canadian Women's Entrepreneurship

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# Executive Summary

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A critical part of Visa Canada's mission is to enable individuals, businesses and economies to thrive. That includes supporting small business owners, who are some of the biggest contributors to economic health. Together, they form a global network connected to each other by virtue of their desire to pursue their passions, own their destiny, and make a difference.

Small businesses (SMBs) are the backbone of the Canadian economy, contributing to over a third of Canada's GDP. Their success and contribution to municipal taxes helps improve local communities. They also provide employment for 9 out of 10 Canadians working in the private sector.<sup>1</sup>

There's no doubt that SMBs are an asset to Canada, and one particular group has incredible potential. Women-led Canadian SMBs are on the cusp of a great breakout. They have navigated the initial stages of growth, and are now ready for the next level of success.

This research is designed to take the national pulse of women small business owners: the goals they pursue; the challenges they face; and what motivates them most.

To us, championing women-owned small businesses means helping them overcome the hurdles they face. This research helped us define those hurdles and the ways in which we can empower women entrepreneurs to achieve greater success, including:

- Uncovering women's business-oriented motivations and biggest challenges by interviewing small business owners nationwide.
- Determining top concerns and educational support needs for those business owners, to inform a series of events and resources that offer solutions and opportunities to learn.
- Finding subject matter experts to share insights and deliver the resources needed.

Overall our research uncovered a significant opportunity for women business owners: embracing the digital economy faster than current rates of adoption in Canada can help give SMBs the extra push they need to reach higher levels of success.

**As a leader in digital payments for more than 60 years, Visa has a tremendous opportunity to enable economic growth and strengthen economies, while also helping to improve lives and create a better world. We are truly inspired to encourage women small business owners as they build, sustain, and advance their small businesses.**

<sup>1</sup>Fabiano, Alita. "5 Ways Small Businesses Are Building a Stronger Canada" Building a Canada that Wins, Canadian Chamber of Commerce, 18 October 2018, <http://www.chamber.ca/media/blog/181018-5-ways-small-businesses-are-building-a-stronger-canada/>.

# Profile of a Woman Small Business Owner<sup>2</sup>

Women-owned businesses are varied, but a common thread is the dedication to their businesses, how much multitasking it takes to make it work, as well as a digital proclivity.

## A Snapshot of Women SMB Owners and Their Businesses

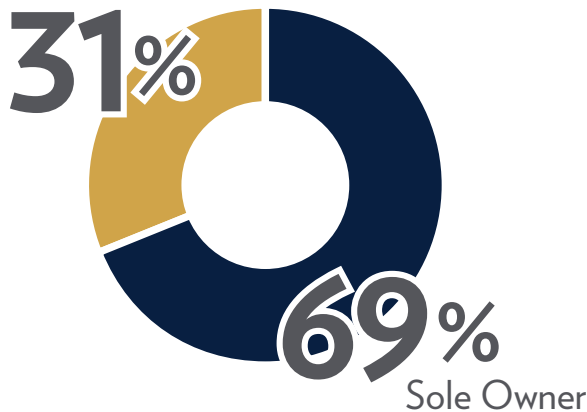
Company's average annual revenue in 2018:

**\$470,000**

**41%** have family members on staff

**24%** have children under 18

Part Owner



**47%** have **1-10 full time or part time** employees



Average years in business **16**

Average age **51**

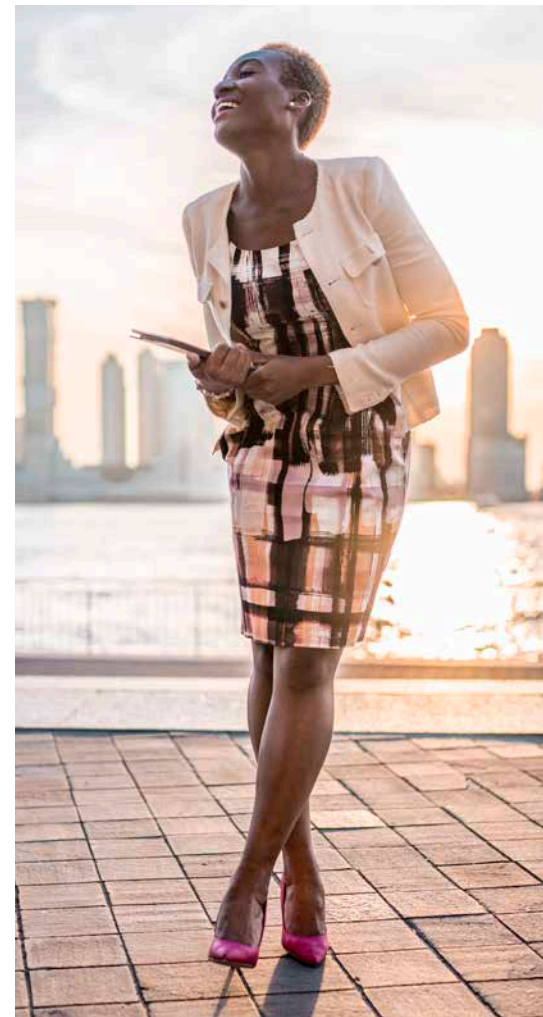
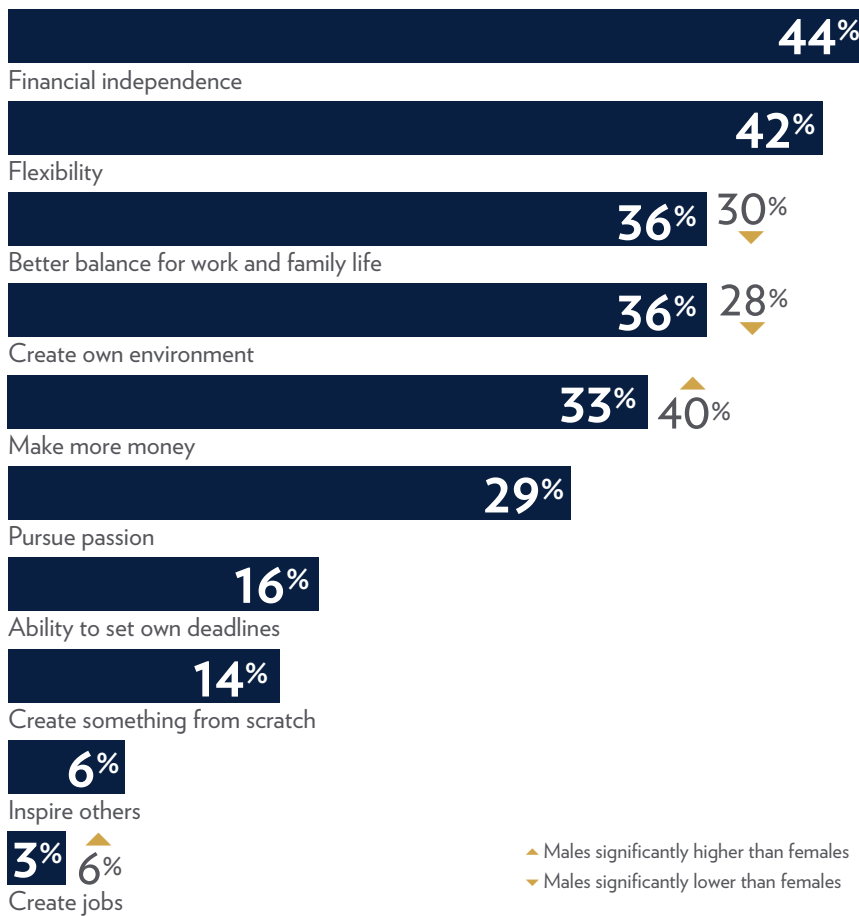
<sup>2</sup>See Methodology 1.

# At the Beginning: Motivations for Starting a Business

The global rate of women's entrepreneurship has been increasing more quickly than that of men, with more than 163 million women around the world starting a business since 2014.<sup>3</sup> There is no simple answer as to what is driving this increase, but when asked about their motivations, women had a lot to say about societal factors, personal motivators and challenges they face.

Freedom to carve their own path, gain financial independence, and flexibility are factors which set women onto the path of entrepreneurship.

## Top Motivators for Starting a Business<sup>4</sup>

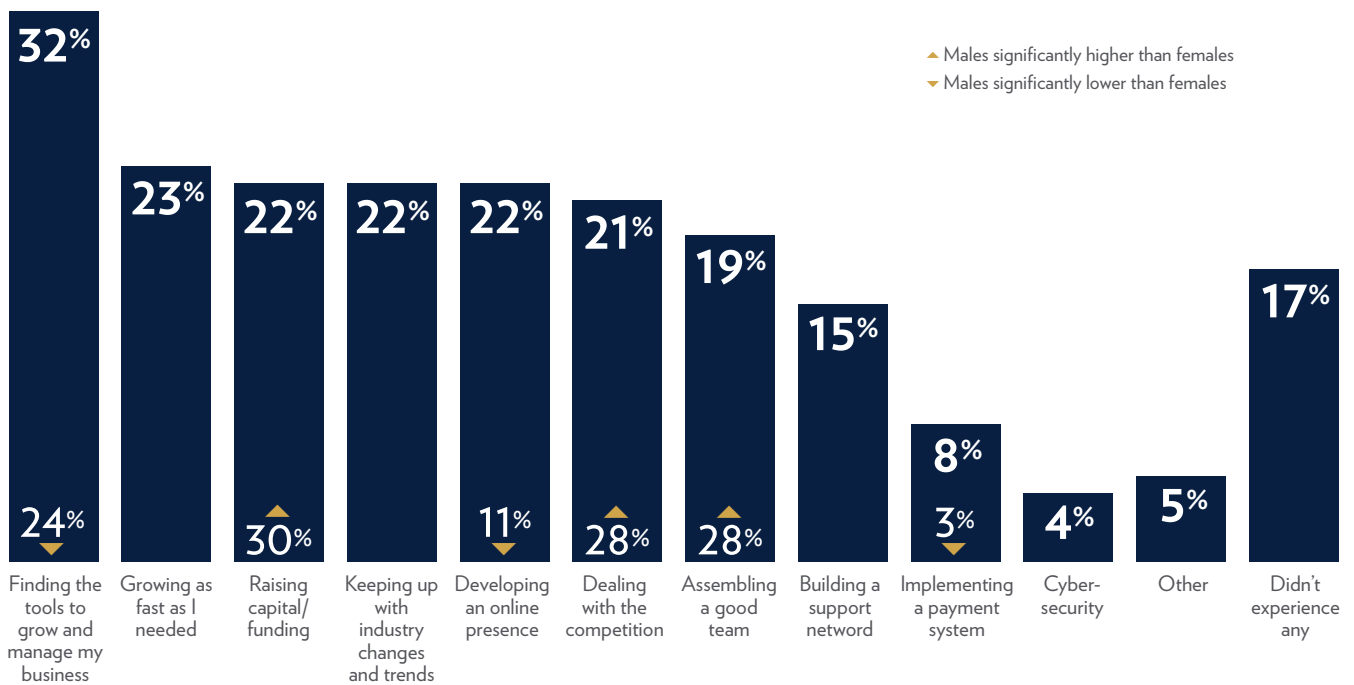


<sup>3</sup> Herrington, Mike and Penny Kew. Global Entrepreneurship Monitor- Global Report 2016-17. Global Entrepreneurship Research Association, 2017.  
<sup>4</sup> See Methodology 1.

# At the Beginning: Challenges Faced by Women Entrepreneurs<sup>5</sup>

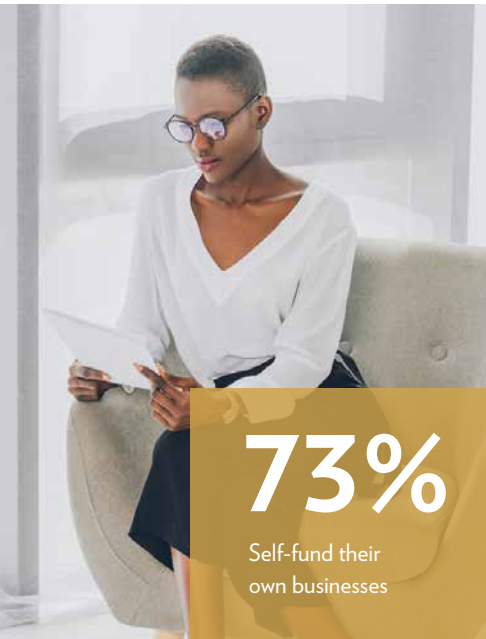
When starting their own businesses, the challenges faced by women centre on finding the tools to grow the business, while expanding at the required pace.

## Top Challenges for Starting a Business



<sup>5</sup> See Methodology 1

Our research uncovered that three-quarters of women self-fund their businesses, which can be attributed to the fact that many women-led businesses begin as hobbies and thus do not require seed capital or outside funding. In contrast, men find it more difficult to raise funding which can be attributed to the fact that their businesses usually require a larger amount of seed capital.



## How SMBs Fund Their Businesses

**14%** of Women utilize a business loan

5% Receive partial funding from investor(s)

5% All the funding requested is from one investor

3% All the funding requested is from multiple investors

5% Unsure



**20%** ▲ of Men utilize a business loan

7% Receive partial funding from investor(s)

7% All the funding requested is from one investor

4% All the funding requested is from multiple investors

4% Unsure

**37%** of females surveyed **found it difficult to obtain funding**, when specifically asked about how they got the business funded at the beginning

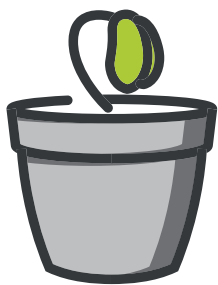
Empowerment, or the process of becoming stronger and more confident, is another important driver for women in business, but it's one that takes time to build throughout the entrepreneurship journey. It starts as the business gets off the ground, but often needs outside support to be fully realized. This support can take the form of funding, expert advice or tools that help the business scale and meet changing consumer demands.

**84%** of women feel empowered as an entrepreneur

### The Journey to Entrepreneurial Empowerment<sup>6</sup>

**67%** of women feel it takes up to 5 years to feel Empowered as and Entrepreneur

Can take up to 5 years to get that feeling of empowerment



#### THE SEED IS PLANTED

A hobby may have turned into a business, with the goal of financial independence (44%), being one's own boss (42%). Self-funding (77%) in most cases, is enough for set-up.



#### IT'S GROWING

So the business is all set up but, one of the big challenges is finding the right guidance and tools to help manage and grow the business (32%).



#### NEEDS MORE NOURISHMENT

Expansion needs investment, and new customers. But to reach them, advertising and marketing support is needed. That's where additional funding could really help (19%).



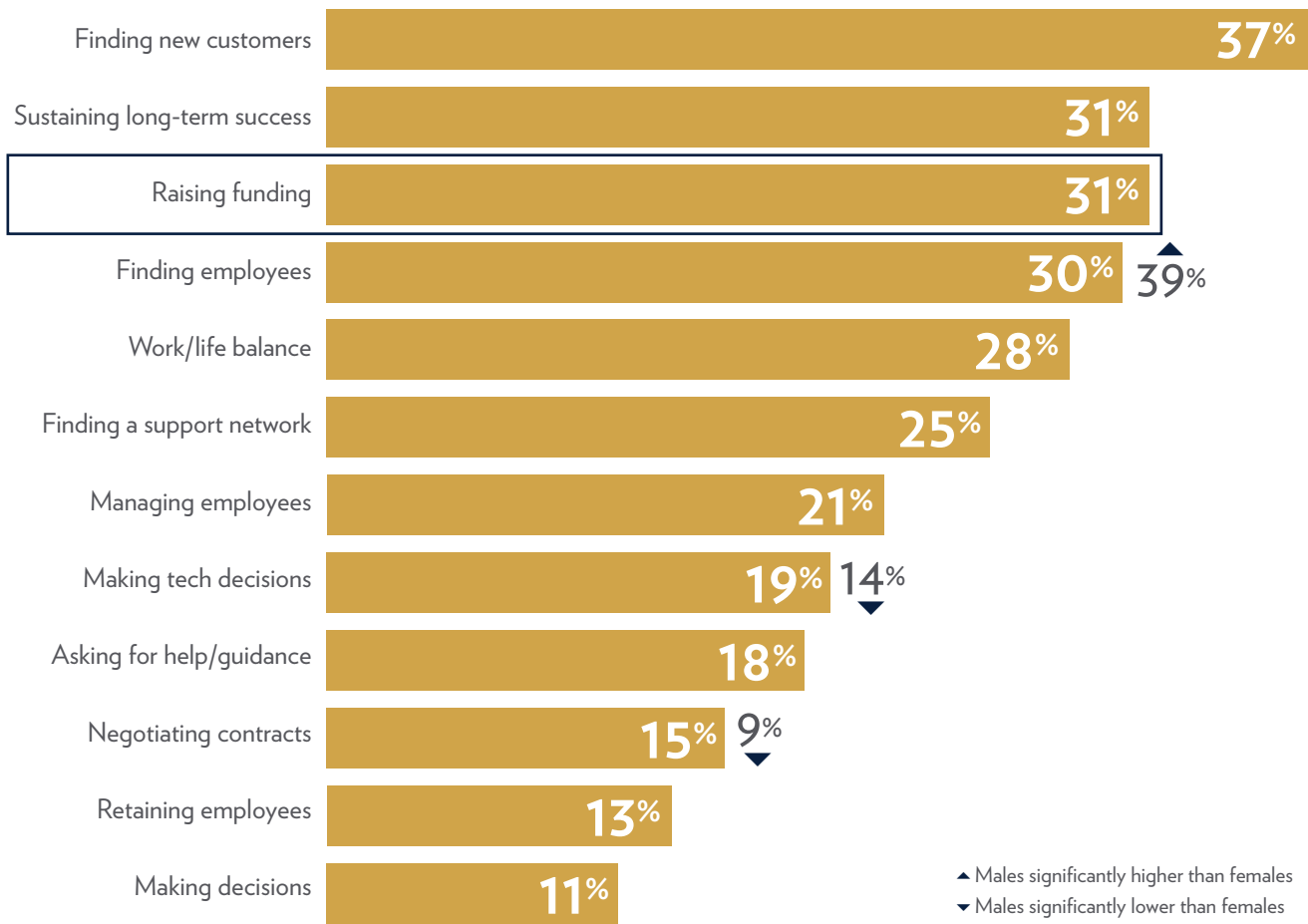
#### IT'S TIME TO BEAR FRUIT

There is an opportunity to provide useful tools and information around social media and payments. They can help women leverage cutting edge payments solutions, and provide knowledge and access to an enhanced business network.

<sup>6</sup>See Methodology 1.



# Running the Business: Challenges Women Owners Face Once Established



**31%** of women *still* find raising funds a challenge to run the business

# Running the Business: The Digital Divide<sup>7</sup>

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**Women entrepreneurs say that finding new customers is their biggest challenge. This is interesting when you consider that much of today's customer acquisition happens online. In order to win prospective and existing customers, it's important to have a digital presence.**

The way consumers browse, shop and pay is increasingly digital. In fact, Canada has one of the highest growth rates of e-commerce and mobile payments in the developed world, growing at nearly eighteen times the rate of face-to-face transactions.<sup>8</sup>

- 90% of consumers say they are motivated to shop at a business if they have an easy to use website.
- Nearly half of consumers search online (46%) and/or check the business website (47%) before visiting a new business.
- 59% of consumers anticipate an increase in their digital channel purchasing habits over the next 5 years.

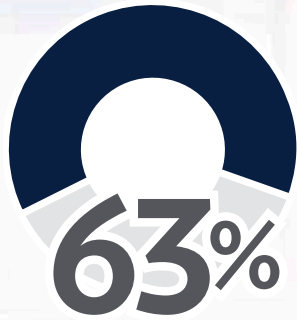
While we have some great success stories here in Canada, these behaviours and preferences highlight an opportunity, as currently less than half of SMBs conduct their business online.

- Only 32% of small businesses sell their products and services online, with a mere 12% of their sales coming from e-commerce.
- While 80% of consumers' monthly discretionary spend is through digital payments, only 52% of SMBs prefer digital payments—even though they agree customers spend more when using digital payments.
- Those businesses leveraging e-commerce are growing significantly faster than their offline counterparts.

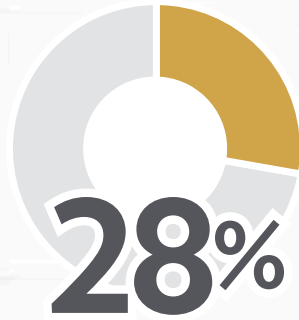


<sup>7</sup>See Methodology 2; <sup>8</sup>VisaNet, 2019. June, 2019.

## Digital Numbers<sup>9</sup>



use social media  
to market their  
businesses



accept payments  
via their websites



**The low percentage of Canadian women business owners accepting online payments presents a major opportunity for those who embrace such tools to accelerate their growth and rise above the competition.**


These statistics explain why large businesses grow three and a half times faster than SMBs.<sup>10</sup> It's important to note that in addition to consumers expressing preference for digital commerce, 87% also think it's important to shop local – providing SMBs with a huge opportunity to increase revenue and increase engagement with consumers. By embracing digital tools, such as marketing on social media, e-commerce and online payment systems, women-led SMBs can stand out among their offline competition and grow significantly faster.

<sup>9</sup>See Methodology 1; <sup>10</sup>VisaNet, 2019. June, 2019.

## Advice from Other Women Entrepreneurs<sup>11</sup>

# 41% of women entrepreneurs say they find it easy to ask for advice or help

What advice would they give their peers?



"Have a strong support network and make your presence known."

"Be prepared for long hours and no time off, especially in the early years."

"Hire the help you need, do not try to do it all yourself. A strong owner knows her strengths, but also her weaknesses."

"Get a good nest egg to cover your living expenses. If someone has already done what you're doing - good! Use their research and findings to build on."

"Start in that area of work as an employee, learn from the bottom up. You will see what it's like at all levels that way and won't take your employees for granted."

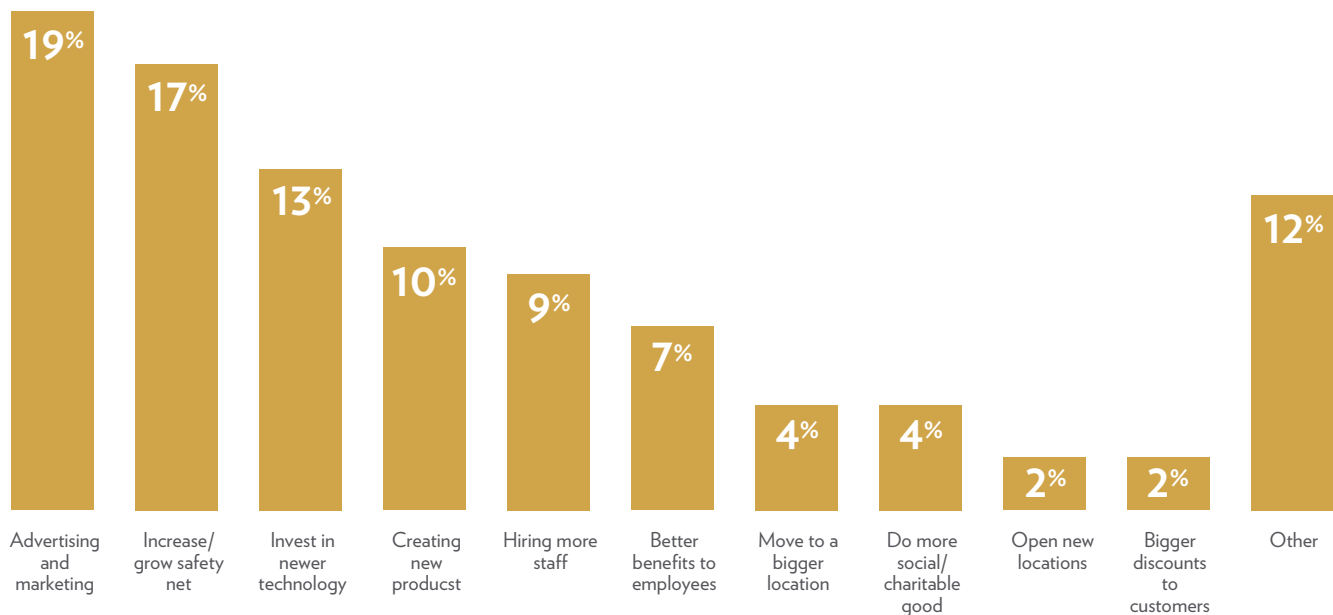
"There is always room for you, no matter what business you decide to start. You need to clearly decide what you want, create a business plan and start with at least 30% of the funding to get you up and running. Then you'll need to get investors on board or find a way to make the other 70% of the funds you need. You can do it!"

<sup>11</sup> See Methodology 1.

# Looking Ahead: Women Growing Their Businesses<sup>12</sup>

What is required for women entrepreneurs to take their businesses to the next level? Women entrepreneurs realize the importance of improving revenue and profits and they are cognizant of the pillars which need to be strengthened to improve those business priorities. Growth levers are key priorities; 1-in-5 women entrepreneurs said they would put additional funding towards marketing and advertising as their **top priority**, another 13% would invest in new technology.

## Where Would You Direct More Funding?



**17%** of women would increase or grow their safety net

<sup>12</sup> See Methodology 1.

## Supporting Women-Led SMBs

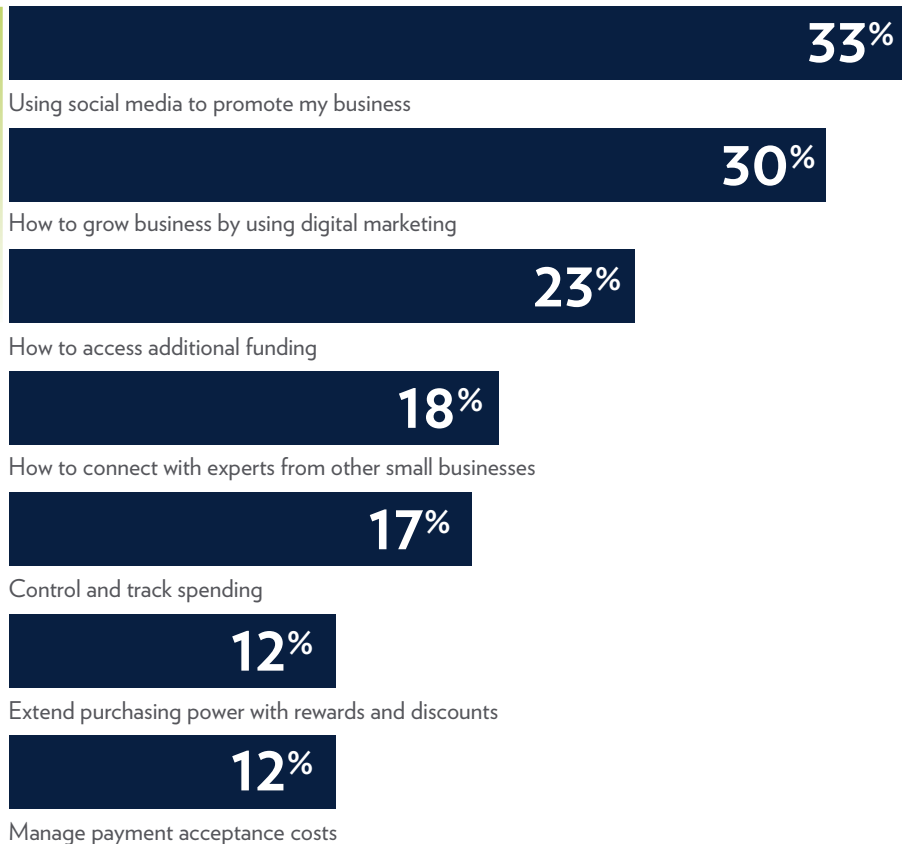
Women are focused on taking their businesses to the next level, but achieving optimal empowerment may require support from outside sources. Our research showed that women seek business partners who provide relevant information, particularly around digital marketing and social media, which we have identified as a major opportunity area for growth.



## Workshop Topics: Most Interested



GROWTH FOCUSED



## Conclusion

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Across the board, small business owners face significant challenges as they get their businesses off the ground, navigate changing consumer demands and behaviours, and strive for success. Canada's women entrepreneurs are no different, but they often experience unique challenges compared to men. Understanding these challenges can reveal areas where women can be supported and empowered to achieve their full potential.

Specifically, our research has identified that embracing the digital economy is one of the smartest ways for a small business to grow in today's consumer landscape. This is also the area where women SMB owners are asking for help. Conditions are ripe for experts to partner with women entrepreneurs to help them take advantage of the digital economy and achieve their full potential. From social media marketing to e-commerce, embracing digital is critical to the success of any business, and that's where Visa can help.

Visa is committed to supporting Canada's women entrepreneurs through the She's Next program. Alongside partners such as the Female Founder Collective (FFC), in providing education, training and practical advice, Visa aims to empower women entrepreneurs to scale.

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## Methodology

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1. This study was completed as part of the Visa tracker conducted by an independent research firm, Maru/Matchbox. A total of 895 business owners/decision makers across both genders were invited to take part in an online survey for this tracker. Of these 895, respondents 243 were women business owners. Part of this tracker was focused on understanding women entrepreneurs in depth. The findings in this report are based on analysis of data for women entrepreneurs who have businesses with annual revenue greater than \$30,000.

2. This study was also conducted by Maru/Matchbox to understand the digital transformation of Small Businesses in Canada. A total of 225 business owners/decision makers were surveyed. Quotas were set on business size and industry affiliation to include retail, service and food/dining/grocery. Annual sales were set at \$500,000 to \$10,000,000.





## About She's Next: Empowered by Visa

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She's Next: Empowered by Visa builds off the success of Visa-supported programs focusing on small businesses as well as women business owners. Recent examples include Visa's sponsorship of the Great British High Street program in the United Kingdom and Visa's Money is Changing marketing campaign in the United States. In addition to Visa's efforts, the Visa Foundation made its first financial commitment of up to \$20 million to Women's World Banking.

She's Next is supported by the FFC, a network of businesses led by women, supporting women founded by Rebecca Minkoff in 2018, which quickly grew to over 3,000 members. From streamlining payment methods to linking women small business owners with like-minded peers and experts, Visa and the FFC will together offer resources and opportunities for women entrepreneurs.

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## About Visa

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As a market leader in the small business segment in Canada, Visa provides a full suite of payment services designed for virtually every need. Help your business thrive by accepting payments from cardholders worldwide, and by using a Visa Business card that makes purchasing convenient and simplifies your accounting.

For more information on Visa's small business solutions, please visit [visa.ca/smallbusiness](https://visa.ca/smallbusiness).

“As women, we have the power to shape and transform our communities —through our purchasing power and also through the leadership and employment opportunities we offer as business owners.

By joining forces with Visa, we will help build awareness of women-owned businesses, provide them with more opportunities and invest in women across the socioeconomic spectrum around the globe.”

**Rebecca Minkoff**

Founder of Rebecca Minkoff and  
the Female Founder Collective

#ShesNextbyVisa