



# Support **SMALL BUSINESS**

## The new normal: Small businesses in the post-COVID economy

OPINION – By Riley Locke

“When things go back to normal...!”

We’ve all heard it. We all want to get back to normal, free from lockdowns, restrictions, and worry.

The good news is we’re getting close. Almost all restrictions are gone, and with the spring weather rolling in, people are venturing out to patios and getting reacquainted with Main Street again.

It’s a truly encouraging sign – something that has been missing for small business owners during the pandemic. But as we enter the recovery phase, it’s becoming apparent that “normal” is taking on a new meaning. This is something many small businesses are going to have to adjust to, if they haven’t already.

As Ontario reopens, many business owners are wondering: Will customers come back and spend money in their local economies? According to CFIB’s most recent data, 61 per cent of business owners cite a lack of customers as a main barrier to getting back to their usual revenues.

While time will help, government has a significant role to play in repairing consumer confidence. Two years – and four lockdowns – with constant “stay-at-home” messaging from government and health officials have left their mark on consumers, employees, and businesses alike.

Consumers have developed new habits and preferences, while abandoning others. Markets have changed. Consumers, employees and businesses all have new expectations. We are already seeing the rise of hybrid work have an impact on downtown businesses that rely on the lunch rush and commuter traffic, while online shopping has many retailers looking to elevate their online presence.

Small businesses are already adapting. Ontario business owners estimate that online sales accounted for 7.6 per cent of their businesses’ total sales in 2019, prior to the pandemic. However, these estimates jumped to 13.4 per cent for 2021, and business owners project this number will increase over the next two years.

According to Statistics Canada, 45 per cent of Canadians purchased physical goods online more frequently than before the pandemic – excluding groceries and meal delivery services. As we come out of the pandemic, it is as important as ever that businesses are able to adapt to the changing consumer landscape.

As small businesses seek to evolve and compete in the digital economy, governments should seek to assist these businesses where possible. In Ontario, the Digital Main Street program has done well to help businesses with both the cost and logistics of setting up online. The government would do well

by continuing to extend and expand this program to ensure as many businesses as possible can benefit.

Then we have the very large elephant in the room: inflation and the rising costs of both living and doing business. With supply chain disruptions, resource and labour shortages, and tax increases, small businesses are seeing their costs go up across the board, while at the same time, seeing consumers change their spending habits.

According to Angus Reid, 62 per cent of Canadians have reported eating out less frequently as they seek to cut expenses in the wake of rising costs. That’s tough news for a restaurant industry looking to recover after their indoor dining rooms were closed, for example, for more than 400 days over the past two years in Toronto.

There are still challenges, but there are also plenty of reasons for optimism as we head into our first “normal” summer in two years. Big events are coming back in full. Local ribfests and concerts will return to parks. Municipalities across the province have expanded patio permits for another year.

Recovery can finally begin.

But the road ahead is a long one. For small business owners, it will be a further test of their resiliency.

– Riley Locke is a Policy Analyst at the Canadian Federation of Independent Business (CFIB).

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