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5 Minutes for Business:

Good social media is good business

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Small businesses in Canada face many challenges on their path to growth and even more so in becoming globally competitive enterprises.

We have heard the statistics before: SMEs account for 99.7% of Canada's businesses, but they contribute only 25% of our goods and services exports and less than a third of our GDP. How does that stack up against our G7 peers? In those countries, SMEs account for 50% of GDP and 56% of employment. Canada's record in scaling up small businesses into larger, globally competitive enterprises has to improve.

Recent research highlights the potential for Canadian SMEs to become much more competitive in the scaling process. One of the tools that helps Canadian companies grow globally is social media. It is easy to use, inexpensive and provides access to new customers in a variety of ways. Mobile connections are only accelerating that access because we can now purchase from anywhere at any time.

A whopping 70% of small Canadian companies use some form of social media and most use several. Instagram's [new study](#) found nearly three in five SMEs agree that social media helps to connect

with customers in their cities. Additionally, over half also believe that it helps them find customers in other cities, provinces and countries. The study mentions that these online networks are used by small businesses to identify, attract and hire employees that are passionate about their products and services.

We know that more women use social media than men, resulting in women-owned businesses being more likely to adopt social media. This is important because we know that entrepreneurship has the highest ratio of gender inequality in the workplace, with only one in five SMEs being majority-owned by women. The adept use of social media by female business owners has the potential to narrow this gap and make a meaningful contribution to Canadian economic growth. Both the study by Instagram and a [second study](#) by SME research firm Clutch demonstrate that social media communities create opportunities for female entrepreneurs, help empower women-run businesses and lower the barriers to entry for women.

Not surprisingly, SME optimism and enthusiasm for social media is also partially driven by a younger demographic.

A majority of millennial SME owners agree that their business is stronger because of social media and that it is more important to their company than a website, which is why this age group plans to maintain or increase their investment in these platforms. Considering that millennials are now the largest cohort of the Canadian workforce, their social media use will increasingly play an important part of Canadian economic growth and competitiveness.

The impact social media has as a means to reach customers and encourage female entrepreneurship and millennial business ownership will continue to grow. We are quickly approaching a point where we will consider it a key driver of Canada's ability

to scale up firms, achieve inclusive growth and compete globally in an increasingly digital economy.

In an ever-changing society, using social media not only ensures our companies and economy remain competitive, but is, ultimately, just good business.

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