

Outlook of rural businesses, first quarter 2023

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In the first quarter of 2023, the top four short-term obstacles for rural businesses were rising inflation, rising cost of inputs, transportation costs and rising interest rates and debt costs. Over one-quarter of rural businesses indicated plans to adopt new technologies, such as new digital technologies, over the next year.

This information is part of an article released today in the [Rural and Small Town Canada Analysis Bulletin](#), which sheds light on the economic conditions rural businesses in Canada face and the plans and future expectations of these businesses relative to their urban counterparts. The article is based on the most recent iteration of the Canadian Survey on Business Conditions.

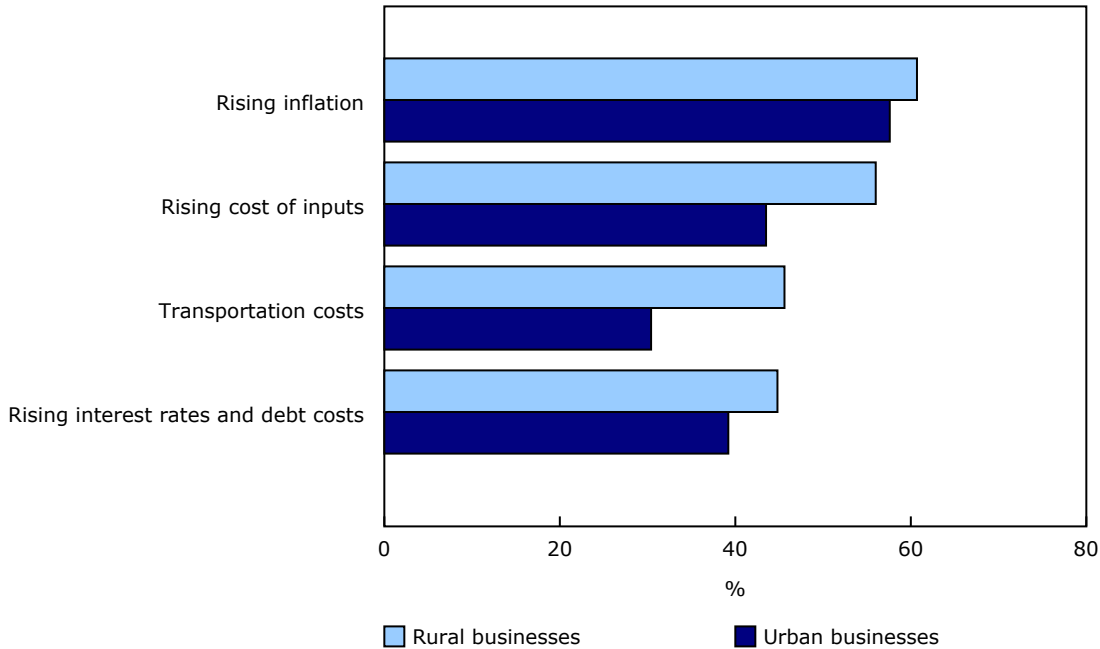
Most rural businesses continue to see inflation as an obstacle

Rising inflation continued to be the most frequently expected short-term obstacle for both rural (60.7%) and urban (57.6%) businesses. The next three top obstacles for rural businesses were the rising cost of inputs (56.0%), transportation costs (45.6%) and rising interest rates and debt costs (44.8%), all of which were reported more frequently by rural businesses than urban ones.

Among rural businesses that expected rising interest rates and debt costs to be a challenge over the next three months, over two-fifths (43.8%) also expected these increases to result in higher selling prices for their goods and services over the same period.

Approximately three-quarters (74.7%) of all rural businesses reported that their revenues in 2022 were the same or higher compared with 2021, and 7.0% said that their revenues had fallen by 25% or more over that one-year period. Nearly half (47.1%) of rural businesses expected to increase the wages paid to staff over the next 12 months.

Chart 1
Top four obstacles for rural businesses over the next three months, by rural and urban businesses



Note(s): Figures for urban businesses are provided for comparison only. They do not have the same top four obstacles as rural businesses. The top four obstacles for urban businesses included rising inflation (57.6%), rising cost of inputs (43.5%), rising interest rates and debt costs (39.2%) and recruiting skilled employees (33.1%).
Source(s): Canadian Survey on Business Conditions (5318), first quarter of 2023.

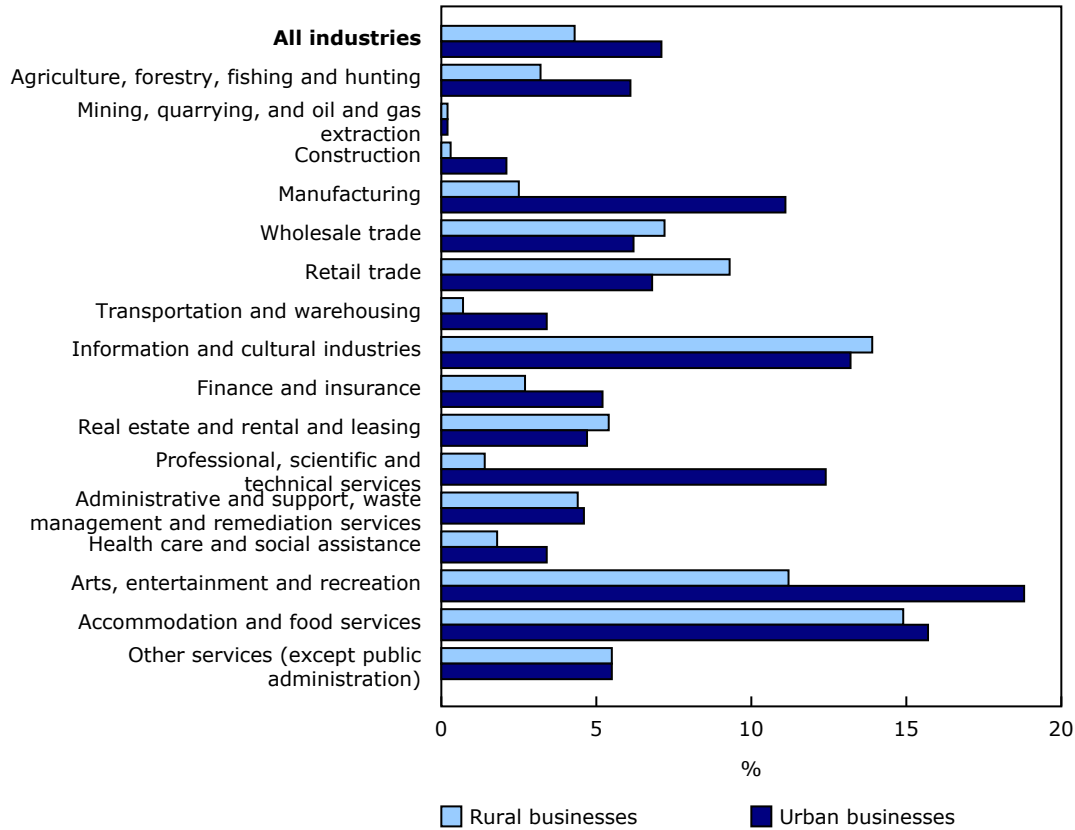
Over one-quarter of rural businesses plan to adopt new technologies

More than one-quarter (25.3%) of rural businesses planned to adopt one or more new technologies, such as security software tools (12.1%), collaboration tools (11.2%) and cloud computing (8.6%), over the next 12 months.

Just under three-quarters (74.7%) of rural businesses had no plans to adopt new technologies over the same period, of which 65.1% reported that digital technologies were not considered relevant to their business, while 12.0% indicated that digital technologies had already been recently adopted.

In 2022, the percentage of sales made online by rural businesses was 4.3%, compared with urban businesses at 7.1%. For rural businesses, the sectors with the highest percentage of sales made online were accommodation and food services (14.9%), information and cultural industries (13.9%), arts, entertainment and recreation (11.2%) and retail trade (9.3%).

Chart 2
Average percentage of total sales made online in 2022, by industry and by rural and urban businesses



Source(s): Canadian Survey on Business Conditions (5318), first quarter of 2023.

Note to readers

This analysis focuses on businesses in rural areas, using first quarter 2023 results from the Canadian Survey on Business Conditions. Businesses located in census subdivisions classified as either census metropolitan areas or census agglomerations were classified as urban. All businesses in other locations were classified as rural.

This survey was conducted by Statistics Canada from January 3 to February 6, 2023, to develop an understanding of the current practices of businesses and of their expectations moving forward. When respondents were asked questions pertaining to their expectations over the next three months, that three-month period could range over the period from January 3 to May 6, 2023, depending on when the business responded. Similar date ranges apply to questions pertaining to expectations over the next 12 months. The total sample size for this iteration of the survey is 30,554 businesses, and results are based on responses from a total of 15,963 businesses.

Definitions, data sources and methods: survey number [5318](#).

The full article "[The outlook of rural businesses, first quarter of 2023](#)," is now available as part of the *Rural and Small Town Canada Analysis Bulletin* ([21-006-X](#)).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).