



Modus
RESEARCH

COVID-19 YEAR-END RESULTS

JANUARY 2021

Modus Business Monitor COVID Series

The Winter Edition of the COVID Series is based on a scientific sample of 742 managers and executives of Canadian enterprises.

- The survey ran from December 13th., 2020 to January 4th, 2021
- As a scientific sample, the survey data has a margin of error of 3.6 percentage points with 95% confidence.
- Results presented in this report include tracking data from the Spring, Summer, and Fall Editions of the Monitor.



Highlights I

- Surprisingly, only a bare majority (54%) rated 2020 as a worse year
- Managers are pessimistic about the Canadian economy, the prospects for SME's and social and economic equality
- By contrast they are very optimistic about the vaccine and their own organization's health
- Only 42% of managers think that the vaccine will be effective in decreasing the spread of COVID and 34% think that the pandemic will worsen before the vaccine is fully rolled out
- Very few managers (18%) believe that the situation will return to normal in 2021 and even less (10%) believe that the economy will come out of recession, with only marginal increases since October
- Most managers (59%) think it will take 6-12 months before the main restrictions are lifted
- Expenditure on IT, Telecoms, and Insurance increased in 2020, with cutbacks in marketing, interest, office space and (dramatically) travel and accommodation
- Expenditure in general is expected to increase in 2021 with continued growth in IT, Telecoms and insurance and renewed growth in marketing and professional fees



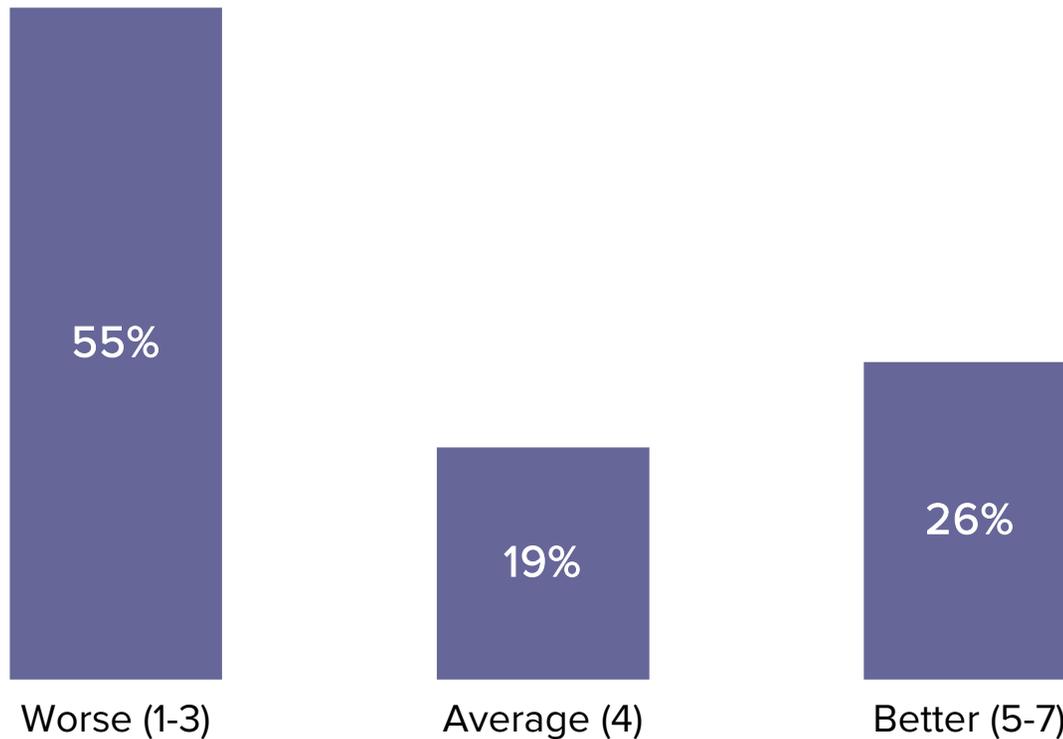
Highlights II

- Over two-thirds of companies required employees to work from home in 2020
- A majority (55%) of managers in organizations that required WFH felt that it decreased their morale/motivation and 43% felt that it reduced their productivity. Very few felt that it affected costs
- Nearly a majority think that the experience has increased the likelihood of WFH in the future
- Over 75% of managers believe that their organizations will recover, already have, or were not affected by the pandemic. This has increased marginally since October
- Of those that expect a full recovery, 43% felt that this would happen within 6 to 12 months and 20% in less than 6 months, both being marked increases since October
- Among all managers, a bare majority think their organizations can survive more than 2 years under current restrictions 14% 1-2 years and 17% 6-12 months. Another 16% think they could last less than 6 months and 3% has already closed



Assessing 2020

All things considered, how does 2020 stack up for your organization compared to each of the previous years of the 2010s decade?



- The Finance sector is split between those who had a better year (42%) and those who had a worse year (45%)



Business Optimism for 2021

As we approach the New Year, please let us know how optimistic or pessimistic you are about each of the following for 2021

■ Pessimistic (1-2) ■ Neutral (4) ■ Optimistic (5-7)

The effectiveness of COVID vaccines



Your organization's health



The prospects for Canada's small and medium-sized business



Improved social and economic equality in Canada



State of the Canadian economy



- Managers in Alberta are especially pessimistic about the State of the Canadian Economy
- Quebec is optimistic about SME; whereas Alberta is very pessimistic



Outlook for 2021

Looking out to the new year, in your opinion, how likely are each of the following for 2021?

■ Unlikely (1-2) ■ Somewhat Likey (3-5) ■ Likely (6-7)

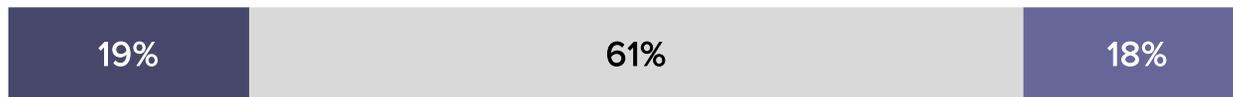
Vaccines are effective in decreasing the spread of COVID in Canada



The pandemic worsens before a vaccine is fully rolled out in Canada



The outbreak is contained and people are safe to return to normal activities



The Canadian economy comes out of recession



- Alberta and the Prairies, are very pessimistic about the Canadian Economy
- Quebec is optimistic about the Canadian Economy and thinks it is unlikely for the pandemic to worsen before a vaccine is rolled out
- Ontario believes it is likely that the pandemic will worsen before a vaccine rolls out

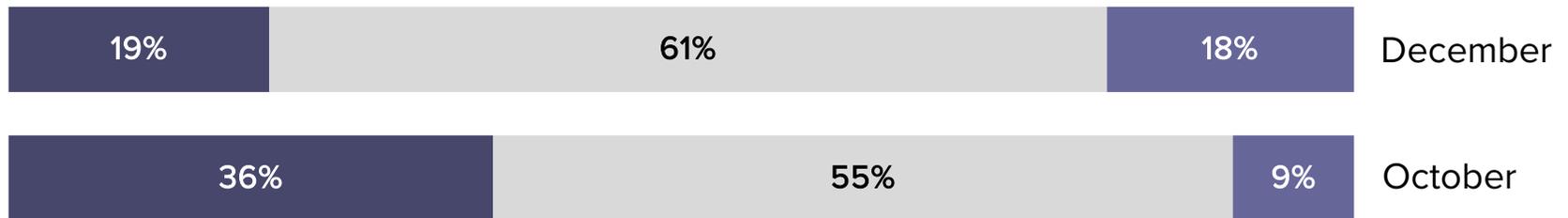


One Year Outlook (December vs. October)

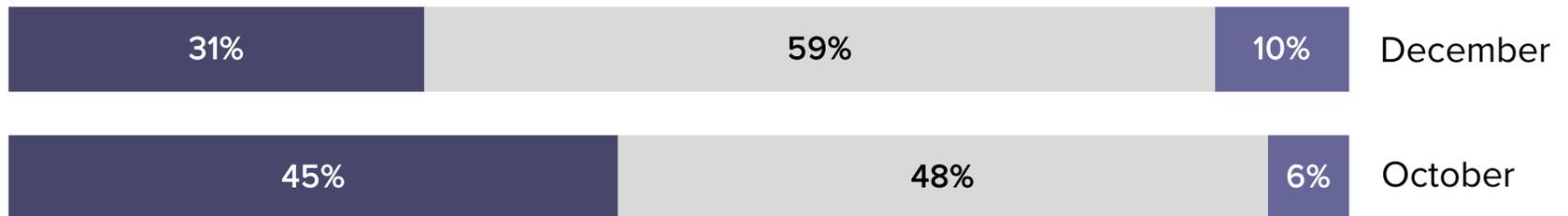
Looking out to the new year, in your opinion, how likely are each of the following for 2021?

■ Unlikely (1-2) ■ Somewhat Likely (3-5) ■ Likely (6-7)

Outbreak is contained and people are safe to resume normal activities



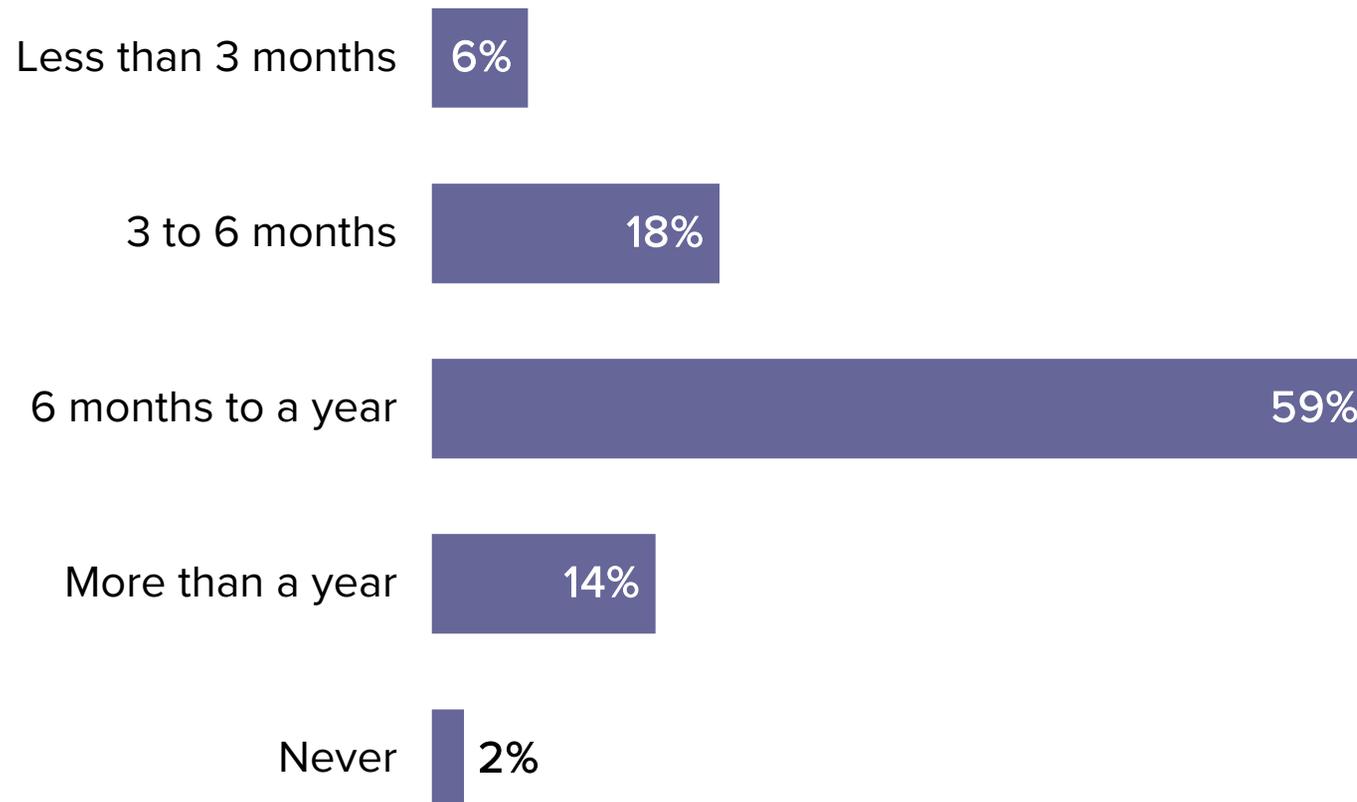
The Canadian economy comes out of recession





Impact of Vaccine: Expected Time for Lifting Restrictions

Now that COVID vaccines have been discovered and Health Canada has approved one such vaccine so far, how long do you think it will be before the main public health restrictions can be lifted?

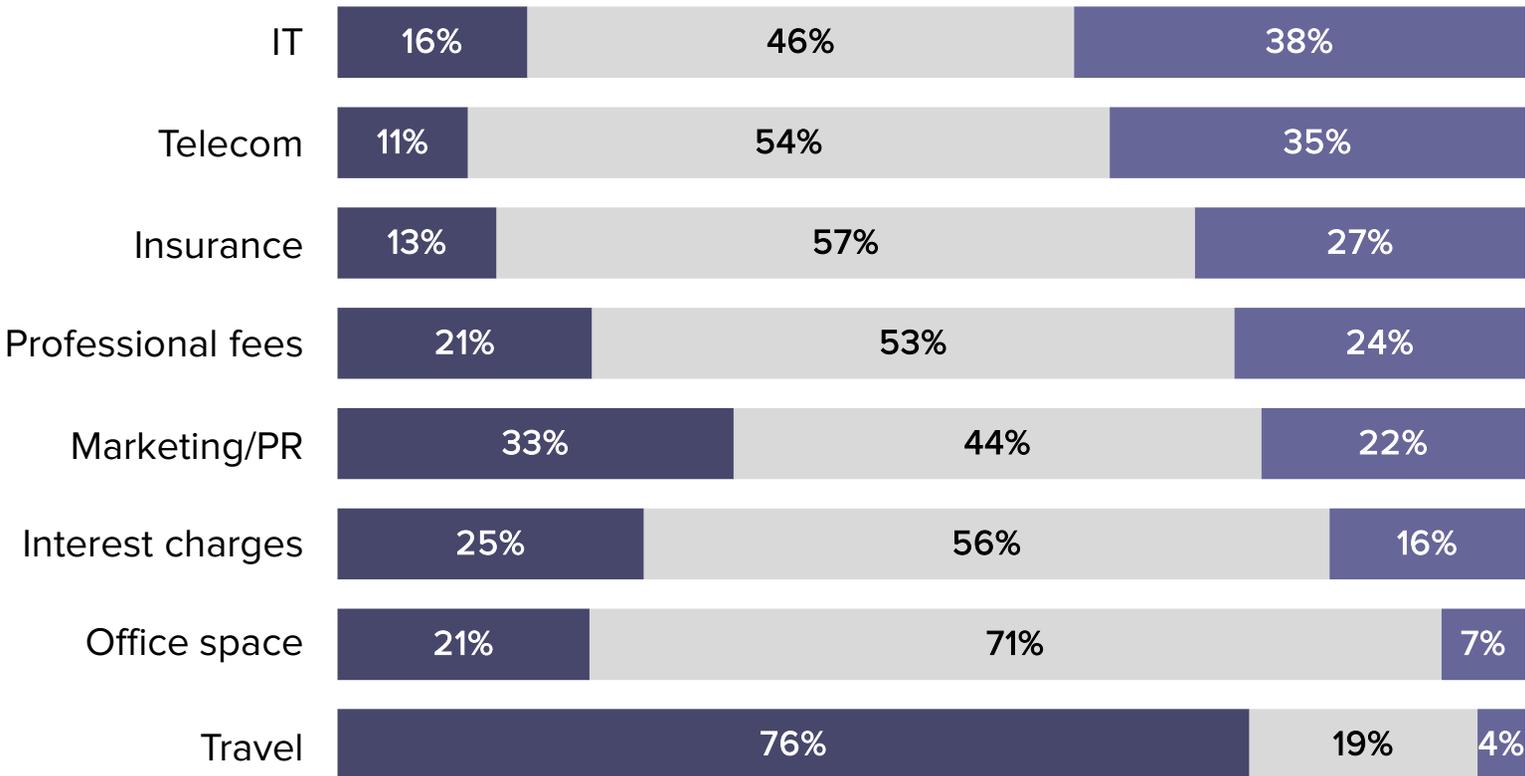




Changes in Expenditures for 2020

Compared with 2019, has your organization increased or decreased its expenditures in 2020 for each of the following areas?

■ Decreased (1-3) ■ Neither (4) ■ Increased (5-7)

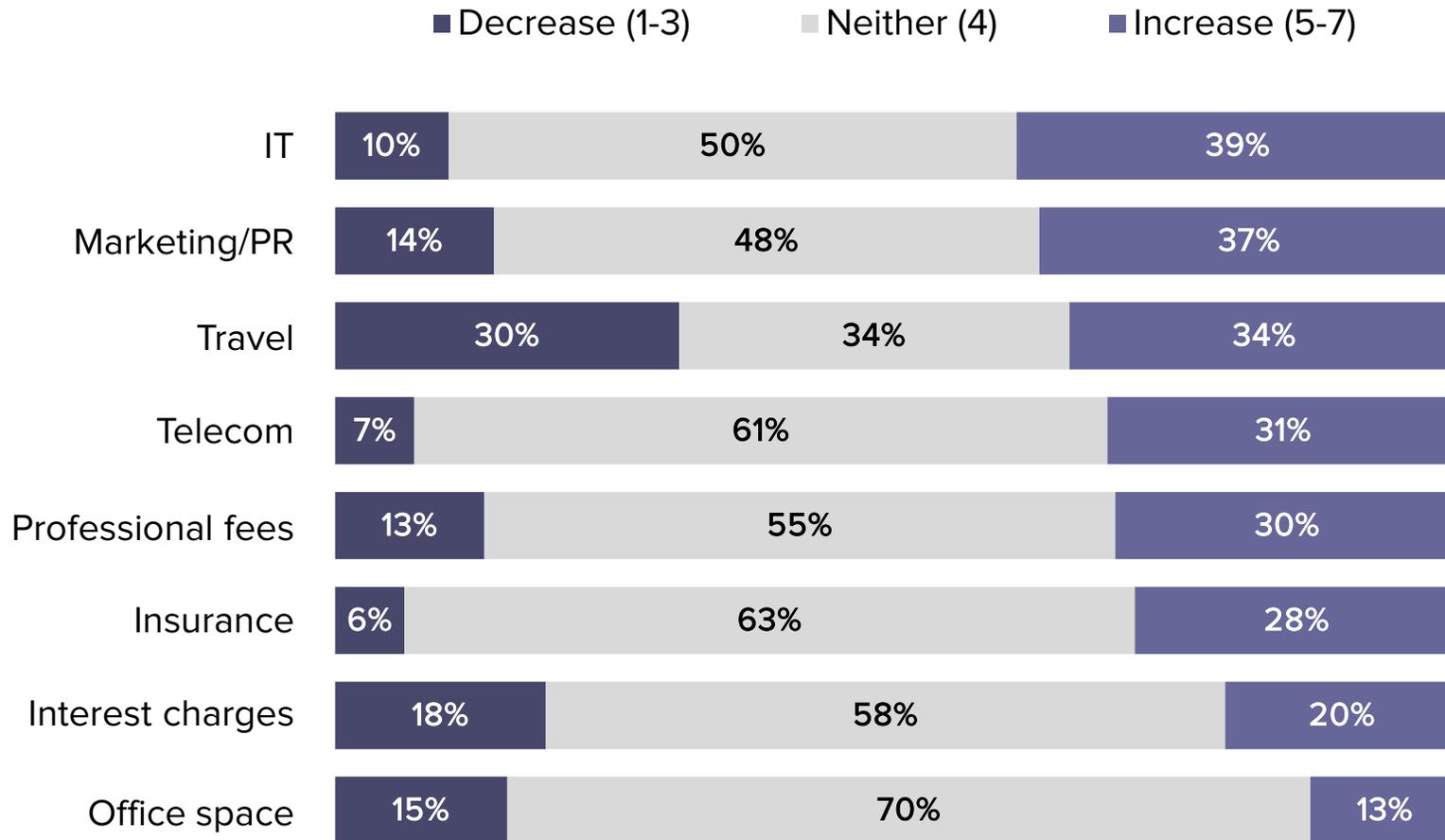


- The larger the company, the more likely they are to have increased their IT expenditures



Outlook for Expenditures in 2021

Looking out over 2021, do you anticipate that your organization will increase or decrease its expenditures for each of these areas compared with 2020?

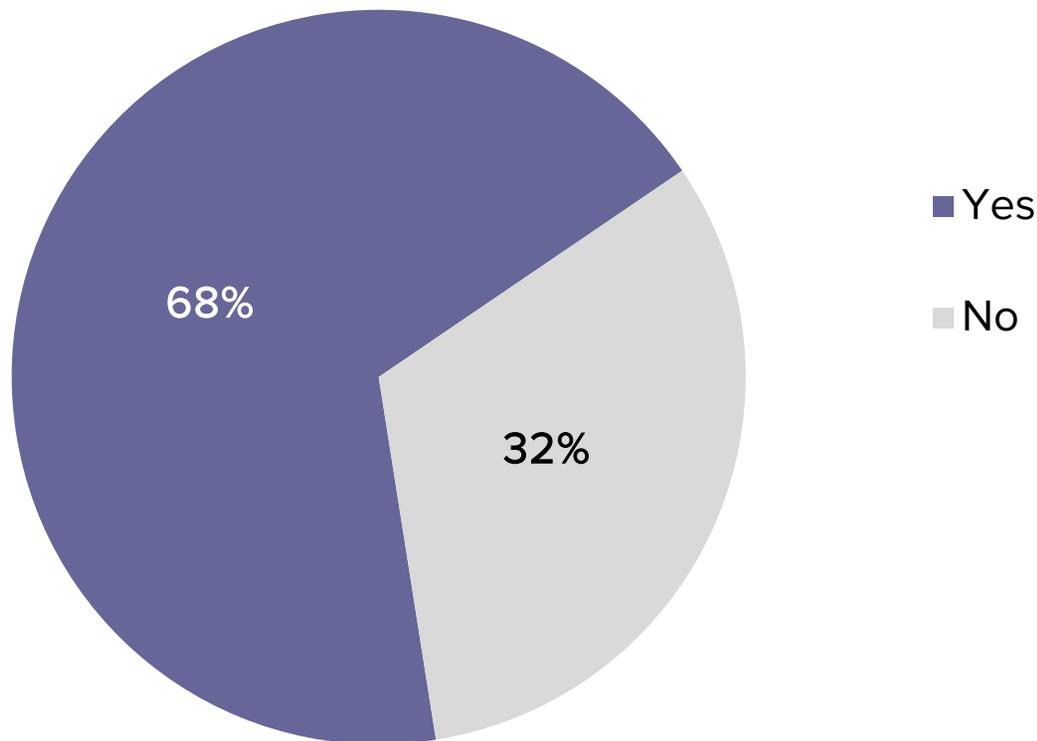


- Alberta believes Telecommunications expenses will decrease
- BC and Quebec believe expenses for Travel, Flights, Car Rentals, and Hotel are likely to increase
- The Finance/ Insurance Sector believes the Interest on Loans/Credit will increase



Requiring Employees to Work from Home

Has your organization required employees to work from home at any point during 2020?



- The larger the organization, the more likely they required employees to work from home, Ranging from 64% in small companies (<10) to 93% in large companies (500+)
- 90% of organizations in the Finance / Insurance Sector required employees to WFH
- 81% in the Public Sector



Impact of Working from Home

What impact has having employees work from home during the pandemic had in each of the following areas for your organization?

■ Negative Impact (1-3) ■ No Impact (4) ■ Positive Impact (5-7)

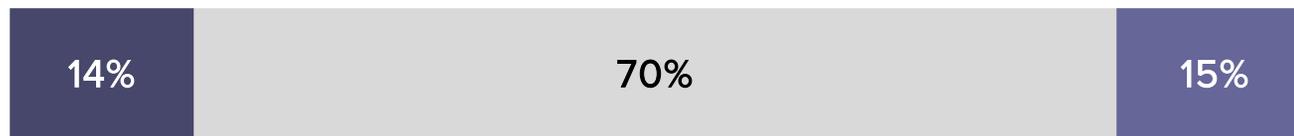
Morale and motivation



Productivity



Labour costs

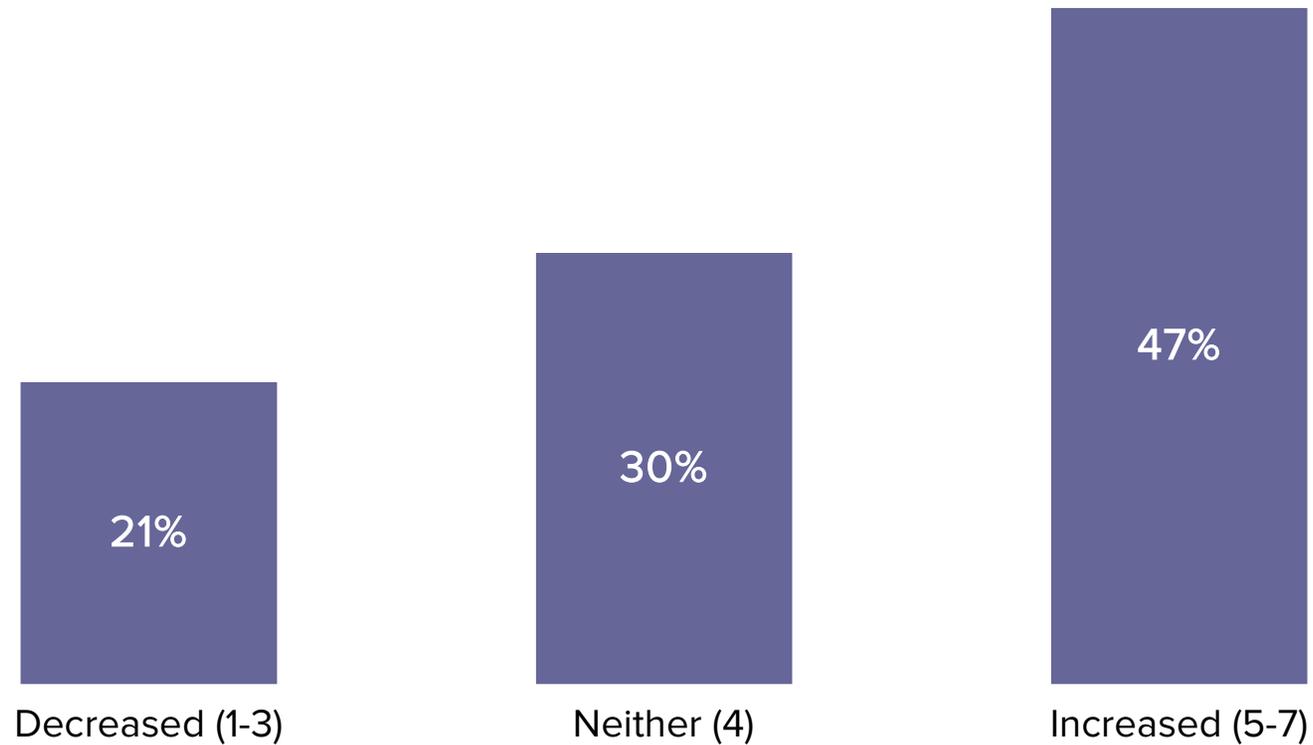


- SMEs did not see a significant negative impact on Morale and Motivation as much as larger companies did
- The Service Sector saw a very negative impact in Productivity



Work from Home after COVID

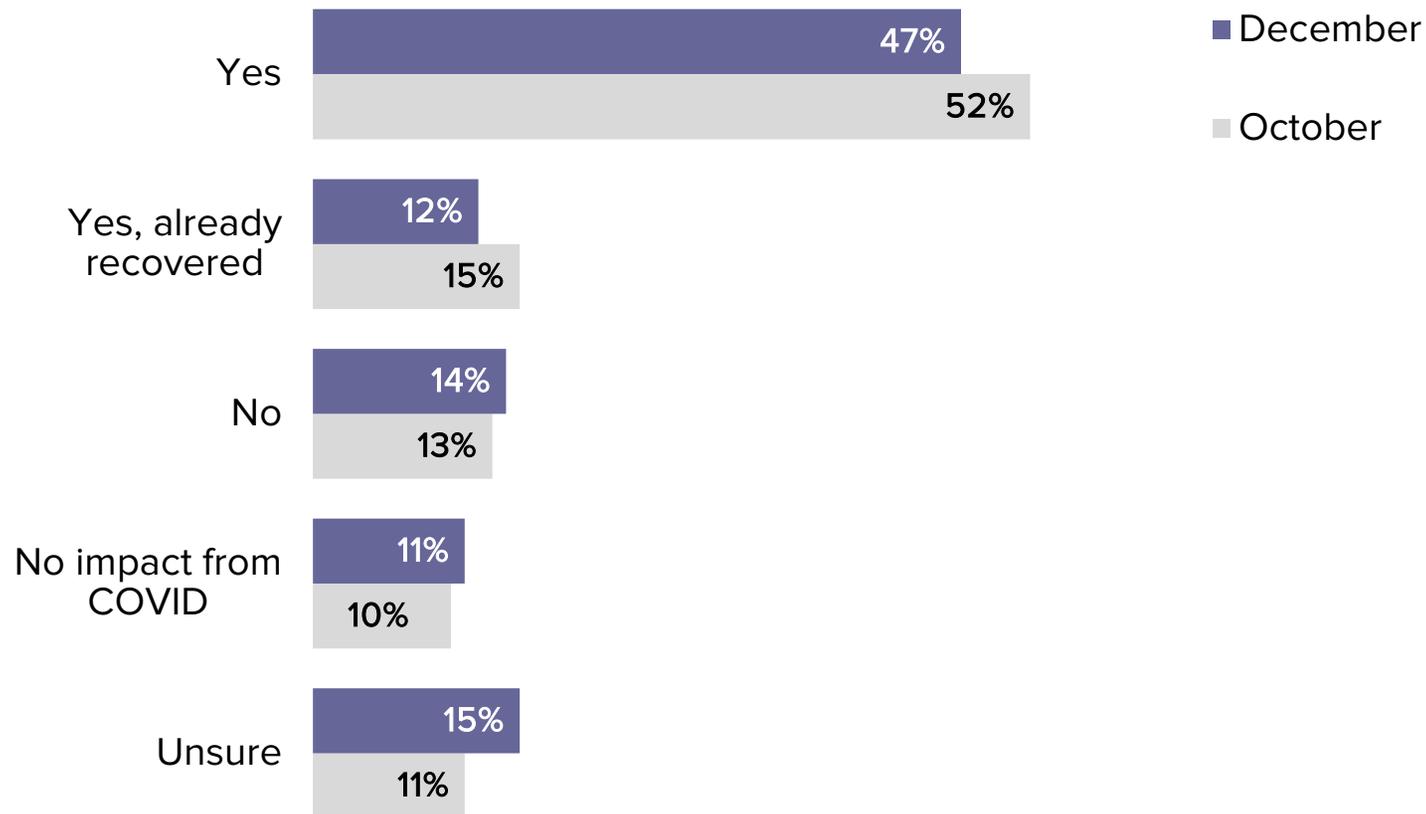
Has your experience with having employees work from home increased or decreased your likelihood of doing so once things return to normal?





Expectations for Full Recovery

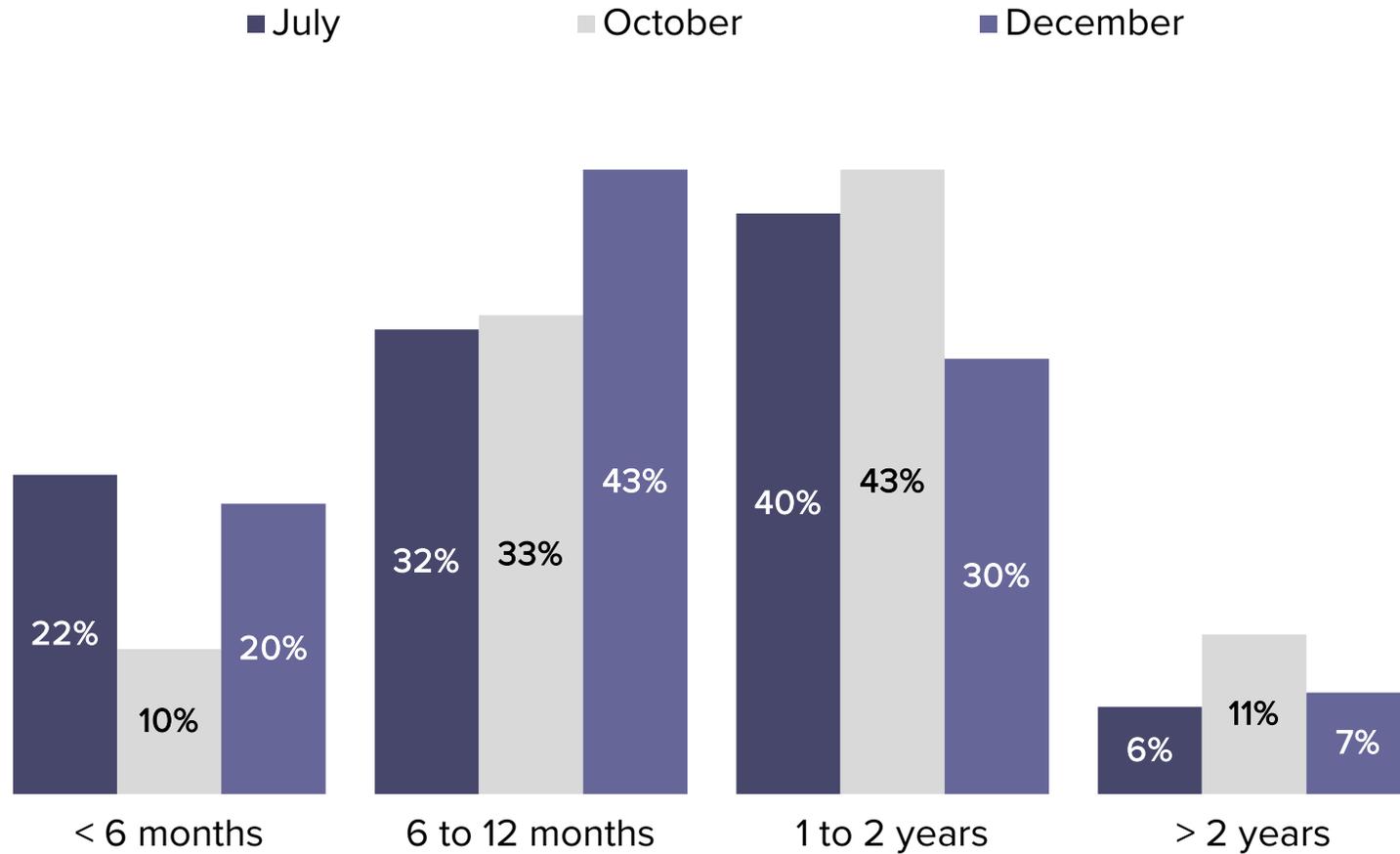
Do you expect your organization to fully recover to pre-COVID-19 conditions at some point in the future?





Estimated Time for Recovery

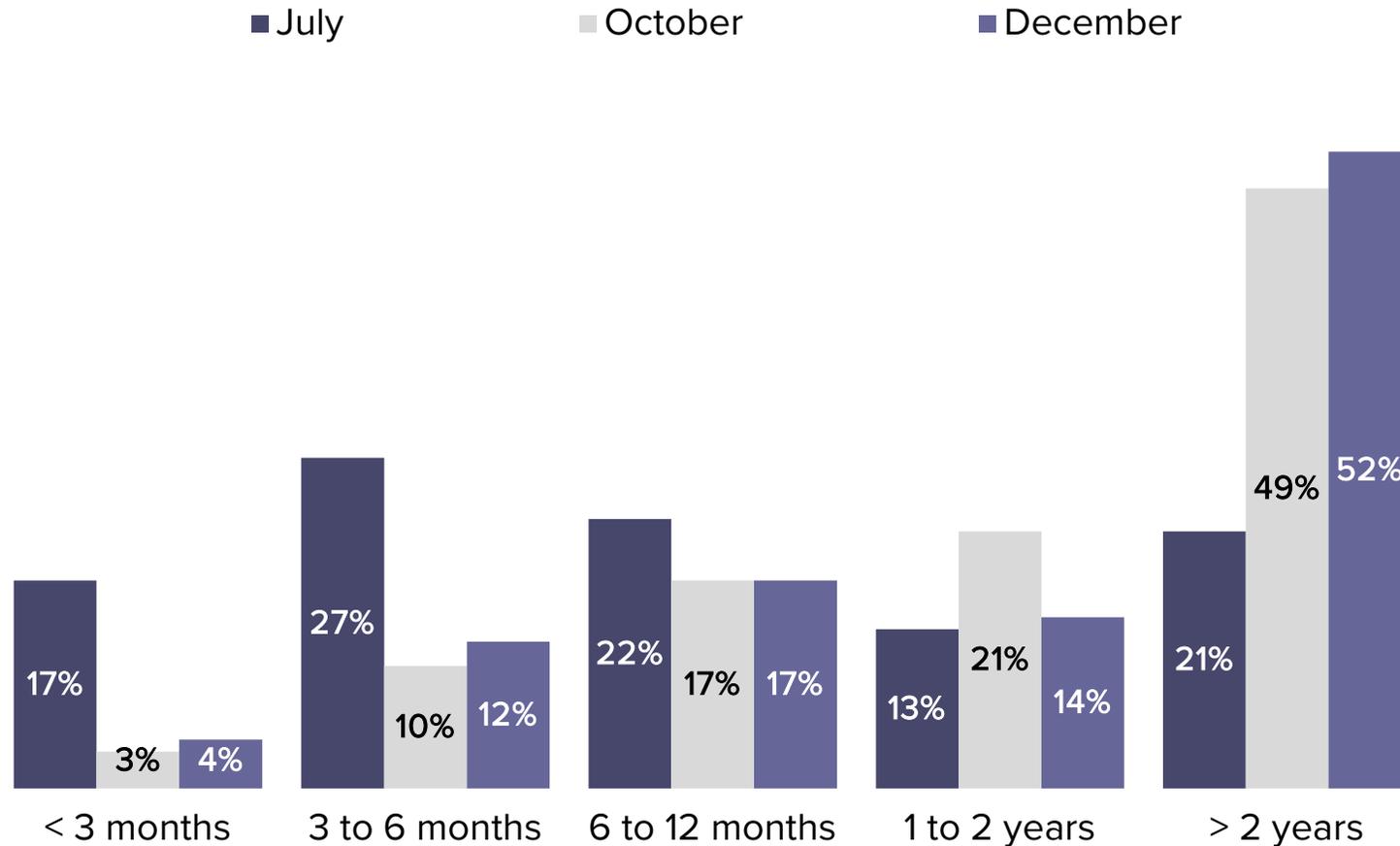
How long do you expect the recovery to pre-COVID conditions to take for your organization?





Business Viability

Considering current revenues, cash reserves and available credit, about how long do you estimate that your organization can remain viable, assuming current public health restrictions remain in place?





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