

# Small business perspective on the future of competition policy in Canada

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## Introduction

We are writing on behalf of the 97,000 small- and medium-sized enterprises (SMEs) who are members of the Canadian Federation of Independent Business (CFIB) **to provide feedback on the federal government's plan to modernize Canada's Competition Act.**

Canada's Competition Act was first enacted in 1986.<sup>1</sup> While changes have been made to the legislation since that time, the foundational laws have not kept pace with our changing economic, societal, and technological realities. For example, the emergence of new technologies has created new opportunities for doing business, but also created new barriers, and Canada's competition policies are less able to adequately address these newer challenges.

After more than three years of uncertainty linked to the pandemic and lockdown measures, many Canadian small businesses find themselves in a fragile and precarious state. Labour shortages, inflation, supply chain disruptions, increasing taxes and costs, and unnecessary red tape have made it more difficult to run and grow a business. On average small businesses are carrying about \$105,000<sup>2</sup> in pandemic-related debt, and fewer than half think they will be able to pay it all back in the next two years.<sup>3</sup> Many are feeling the financial pressure and are doing their best to compete within the Canadian marketplace but sometimes face barriers from other companies that make it very challenging to remain competitive.

Additionally, the pandemic fast-tracked a tech revolution for many big and small businesses. While SMEs adopted various digital technologies to cope with the crisis, the rapid digitalization of our economy has primarily benefited and been profitable for corporate giants (e.g., Amazon, Shopify, etc.). **As the federal government seeks to modernize competition law in Canada, reforms being made to the Competition Act must ensure that small businesses have an equitable opportunity to compete fairly in today's economy.**

This submission will focus on some of the key areas raised in the consultation document. It starts with a look at the state of competition in Canada from a small business perspective. It will then do a deeper dive into mergers and corporate consolidations, deceptive marketing practices, and abuse of dominance of some larger industry players (with a focus on Amazon) and the impact these practices have on small businesses. Finally, we will look at the role the federal government and Competition Bureau can play in preserving competition in Canada.

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<sup>1</sup> Competition Bureau Canada, Examining the Canadian Competition Act in the Digital Era. February 8, 2022. <https://ised-isde.canada.ca/site/competition-bureau-canada/en/how-we-foster-competition/promotion-and-advocacy/regulatory-adviceinterventions-competition-bureau/examining-canadian-competition-act-digital-era>

<sup>2</sup> CFIB, Small Business Recovery Dashboard, Your Voice Survey, February 2023, n=3,023.

<sup>3</sup> CFIB, Your Voice, January 2022 survey, January 18-27, 2022, final result, n= 5,630.

## State of competition for Canadian SMEs

SMEs are an integral part of the Canadian economy representing almost half of Canada's GDP.<sup>4</sup> Small businesses make up 99.8% of employers in Canada and employ 88% of the total labour force (10.7 million individuals).<sup>5</sup> Over the past 30 years, the rate at which Canadians start new businesses has fallen by half.<sup>6</sup> Concerningly, the growth rate of small business startups in Canada is on the decline and each year fewer Canadians are choosing to start their own business. Small businesses play an important role in employing Canadians and are a significant contributor to Canada's economy and to our future growth and prosperity. CFIB's monthly business barometer found that the general state of small business health is still relatively low but slowly starting to recover since its lowest point during the pandemic. As of February 2023, more than half of respondents (61%) reported their current business health as being satisfactory (46%) or bad (15%).<sup>7</sup> There is no doubt that the pandemic has had a significant impact on the operations of small businesses, and many may not survive, while others may take years to recover. Layered on top of this is a changing competitive landscape with more and more larger, multinational and online competitors bringing with them new ways of doing business and changing the competitive landscape

As a result, many small businesses are now struggling to compete in today's economy. To assess how SMEs felt about the current state of competition in Canada, we surveyed our members and found that only a quarter (25%) strongly agree and a little less than half (46%) somewhat agree that they can fairly compete in Canada's marketplace (figure 1). In fact, one in four small businesses either somewhat disagree (17%) or strongly disagree (9%) about their ability to fairly compete in Canada's marketplace. These numbers are even higher for businesses with less than 20 employees (29%), for businesses that are less than 5 years old (35%), as well as for businesses in the retail (31%), social services (31%), wholesale (28%) and hospitality (27%) sectors — all feeling less able to fairly compete in Canada's marketplace.

Furthermore, the majority of SMEs (89%) felt that the federal government should play a role in ensuring that small and medium-sized businesses can continue to compete fairly. About two-thirds (66%) of SMEs noted an increase in large corporate giants within Canada in recent years, which has made it harder for businesses in all sectors to compete. Not surprisingly, businesses in the retail (78%) and hospitality (71%) sectors were more likely to say that the emergence of these larger firms has made it harder to compete. When it comes to the digital markets, just about half of SMEs (48%) have found it harder to compete with the rise of digital competitors (e.g., Amazon, Etsy, e-Bay, etc.). Businesses in

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<sup>4</sup> Innovation, Science and Economic Development Canada (ISED), Key Small Business Statistics — 2021, December 2021. <https://ised-isde.canada.ca/site/sme-research-statistics/en/key-small-business-statistics/key-small-business-statistics-2021#5.1>

<sup>5</sup> Statistics Canada, Table 33-10-0304-01 Canadian Business Counts, with employees, December 2021 Table 17-10-0005-01 — Population estimates on July 1st, by age and sex; and ISED calculations. (November 2022). <https://ised-isde.canada.ca/site/sme-research-statistics/en/key-small-business-statistics/key-small-business-statistics-2022>

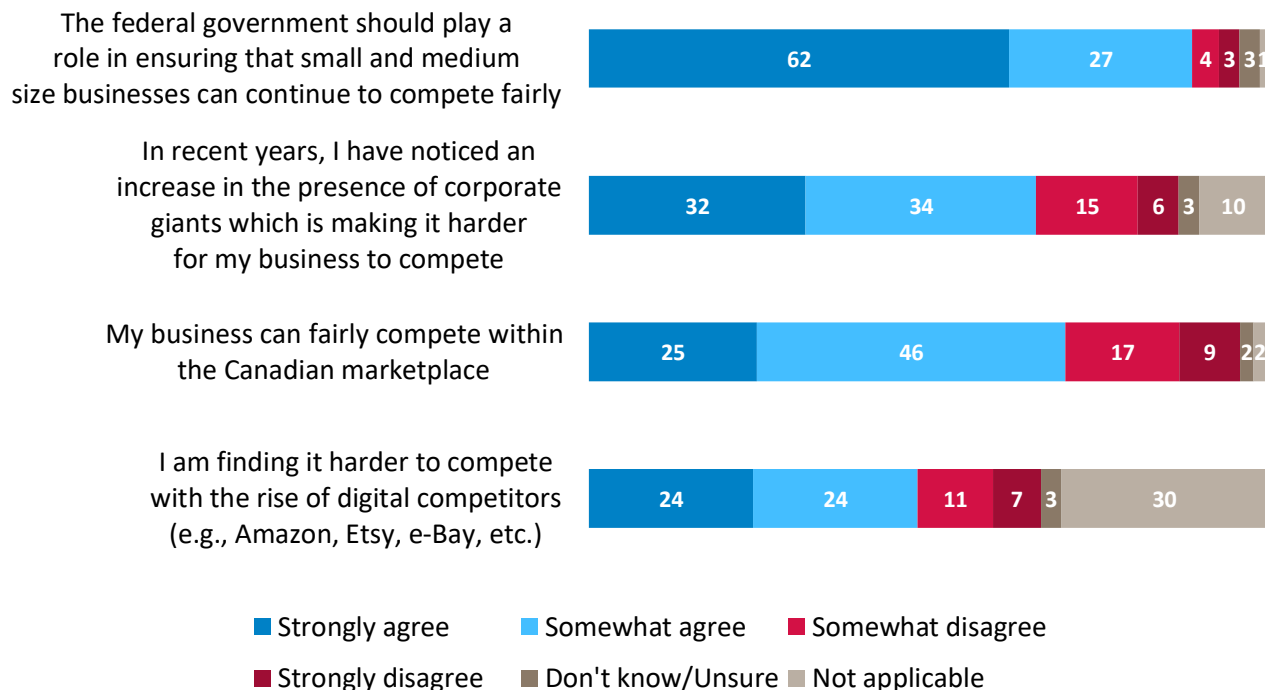
<sup>6</sup> Government of Canada, Canadian New Firms: Birth and Survival Rates over the Period 2002–2014, May 2018, <https://ised-isde.canada.ca/site/sme-research-statistics/en/research-reports/canadian-new-firms-birth-and-survival-rates-over-period-2002-2014-may-2018/canadian-new-firms-birth-and-survival-rates-over-period-2002-2014-may-2018>

<sup>7</sup> CFIB, Monthly Business Barometer, February 2023. <https://www.cfib-fcei.ca/en/research-economic-analysis/business-barometer>

retail (76%) and wholesale (58%) sectors, as well as businesses with less than 20 employees were more likely to find it harder to compete with their digital competitors.

Figure 1

**To what extent do you agree or disagree with the following statements about competition (% response)**



Source: CFIB, Survey on competition policy in Canada, January 2023, n=2,423.

Notes: Totals may not add up to 100% due to rounding.

There is no doubt that the current business environment is challenging for many SMEs. In addition to creating the conditions for a sound competitive landscape supported by policies that can enable SMEs to thrive, the federal government must also look at ways to improve the business environment by addressing some of the biggest barriers small business face (e.g. simplifying regulations and administrative procedures, reforming tax administration, etc.). As described in Canada’s Red Tape Report, regulatory conditions are among the most important factors affecting SMEs and entrepreneurship.<sup>8</sup> Although the reduction of regulation might be considered “out of scope” for the competition act reforms, it is important for the federal government to acknowledge the fact that SMEs usually face bigger challenges (e.g. higher costs and more time) than large firms in complying with regulation, and this can have a significant impact on their ability to compete. **Reducing the regulatory burden on SMEs can allow them to focus more time on their business which can help improve their productivity and competitiveness.**

<sup>8</sup> CFIB. Canada’s Red Tape Report. The Cost of Regulation to Small Business. January 2021. <https://www.cfib-fcei.ca/en/research-economic-analysis/canadas-red-tape-report>

## Mergers and corporate consolidation

Corporate consolidation (e.g., mergers) can be an important strategy, used by both small and large firms, in helping a business quickly grow and expand their products and markets, and/or help solve a problem, and gain efficiencies, thereby increasing productivity. However, they can also lessen competition, potentially result in higher prices and harm consumer choice and innovation.<sup>9</sup> While the federal government is proposing to make amendments that would allow the Competition Bureau to better capture potentially harmful mergers, the majority of the reforms being discussed would likely not directly impact small businesses. However, some mergers could have a significant impact on a small business as a consumer, but could also affect their ability to compete. As depicted in figure 2, almost three-quarters (74%) of small business owners believe that the federal government should play a role in the oversight of business mergers. As certain Canadian industries are becoming increasingly concentrated, a strong majority of SMEs (93%) believe that the federal government should play a role in the oversight of business mergers, especially within industries that already have limited competition.

Over the last 20 years, the Canadian economy has exhibited a number of signs that point to increased consolidation across many industries.<sup>10</sup> Some of these consolidations have led to increased profits and market share for bigger companies and fewer competitive options for consumers and SMEs. Increased levels of concentration seem to have become more pronounced in certain industries like telecommunications/cable, insurance, grocery, and banking. In fact, a recent Ipsos survey asked Canadians whether they believe that certain sectors of the economy need more competition or whether there is enough competition, and a strong majority of Canadians believed that more competition is needed within these sectors.<sup>11</sup>

One example is the high cost of telecom which is a challenge for many SMEs. A 2021 study found that the price tag of mobile wireless and internet is higher in Canada than in most European countries and the U.S. across most service categories.<sup>12</sup> We recently surveyed our members on the potential merger of Rogers and Shaw and the majority of small businesses (63%) were either very (29%) or somewhat (34%) concerned.<sup>13</sup> Commercial insurance costs are also a top concern for small business owners. The third quarter of 2022 saw a six per cent increase in global commercial insurance prices — the 20th consecutive quarter of hikes.<sup>14</sup> Big businesses are usually better positioned to negotiate these types of rising costs, but small businesses are often left with little choice but to accept the price that is presented as these services are essential to their businesses. **From the small business perspective, there is a need**

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<sup>9</sup> Innovation, Science and Economic Development Canada (ISED), The Future of Competition Policy in Canada, November 2022. <https://ised-isde.canada.ca/site/strategic-policy-sector/en/marketplace-framework-policy/competition-policy/future-competition-policy-canada>

<sup>10</sup> Are Industries Becoming More Concentrated? The Canadian Perspective, March 2019. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3357041](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3357041)

<sup>11</sup> Ipsos Survey, February 2022. <https://www.ipsos.com/en-ca/news-polls/most-Canadians-say-we-need-more-competition>

<sup>12</sup> Innovation, Science and Economic Development Canada (ISED), Price Comparisons of Wireline, Wireless and Internet Services in Canada and with Foreign Jurisdictions. February 2022. <https://ised-isde.canada.ca/site/strategic-policy-sector/en/telecommunications-policy/price-comparisons-wireline-wireless-and-internet-services-canada-and-foreign-jurisdictions-2021>

<sup>13</sup> CFIB, Your Voice – February 2023, February 8-14, 2023, final results n=2,062.

<sup>14</sup> CFIB, Monthly Business Barometer, October 2022. <https://20336445.fs1.hubspotusercontent-na1.net/hubfs/20336445/research/mbb/Business-Barometer-Canada-2022-10.pdf>

**to ensure the federal government is assessing the impact and taking action, if necessary, with regards to harmful mergers within industries that already have limited competition.**

Figure 2

**The federal government is proposing to make amendments that would allow the Competition Bureau to better address potentially harmful merger. To what extent do you agree or disagree with the following statements? (% of response)**



Source: CFIB, Survey on competition policy in Canada, January 2023, n=2,423.

Notes: Totals may not add up to 100% due to rounding.

We are starting to see more small businesses being acquired by competitors.<sup>15</sup> This is a growing trend that is currently reshaping our communities and our economy. In fact, many local businesses that consumers think are independent are actually being consolidated through “serial acquisitions” by multi-national companies. As such, we’re seeing increased foreign ownership instead of independent local ownership which can mean that profits are flowing not just out of the community but out of Canada. A recent Globe and Mail article reported that major corporate players are swallowing up businesses like funeral homes, insurance companies, third-party Amazon sellers, manufacturing firms, automotive parts and supply businesses, retirement homes, and veterinary and dental practices.<sup>16</sup> Mergers and acquisitions can be a powerful strategy for SMEs as they consider exiting their business (e.g., succession

<sup>15</sup> Are Industries Becoming More Concentrated? The Canadian Perspective, March 2019.

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3357041](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3357041)

<sup>16</sup> Globe and Mail, Inside the corporate dash to buy up dentists’ offices, veterinary clinics and pharmacies, June 2022. <https://www.theglobeandmail.com/business/article-private-equity-buy-out-pharmacy-dental-office-veterinary-clinic/>

planning), or as they seek to grow their income and market share (e.g., looking to expand a brand), or even as they become unprofitable (e.g., due to technology being outdated and the only way to survive is to be bought out by another firm). However, as multiple smaller mergers accumulate (“serial acquisitions”) there could be greater market concentration, and then deeper issues could arise with the decline in competition, such as higher prices, reduced consumer choice, potential loss of jobs due to restructuring, etc. **As such, reforms to the Competition Act must ensure that there are some mechanisms in place that can capture these potentially harmful “serial acquisitions” without damaging the opportunities and benefit some of these types of takeovers can bring to small businesses or a local community.**

### Deceptive Marketing Practices

One of the current objectives of the Competition Act is to deter deceptive marketing practices. While the emergence of new technologies has created new opportunities for doing business, it has also given rise to the potential for false or misleading marketing practices. Just as consumers get impacted and targeted by deceptive marketing practices, SMEs also get affected by certain false and misleading marketing practices which can lessen or harm their ability to remain competitive. In fact, about four out of 10 small business owners have experienced issues relating to inadequate disclosure of terms and conditions, were offered a product or service at an initial price only to find out later additional costs were being added, and have received malicious/misleading/fake online reviews (figure 3). For specific examples of how deceptive marketing practices have affected or impacted SMEs, please refer to **“Appendix A”**.

Figure 3

**Which of the following deceptive marketing practices has your business experienced? (% of response)**



Source: CFIB, Survey on competition policy in Canada, January 2023, n=2,423.  
Notes: Respondents were asked to select all that apply.



### **SMEs experiencing issues relating to inadequate disclosure of terms and conditions**

Similar to consumers, small businesses are often subject to inadequate disclosure of terms and conditions (e.g., subscription traps, auto-renewal clauses, free trial offers, proprietary data collection, etc.). Many small business owners sometimes feel they are being misled by larger companies (e.g., Yellow Pages, credit card or payment processing companies, telecom and internet providers, among others) with vague sales information, unclear business terms, and often struggle in trying to contact a customer service representative for a timely resolution. Over the years, CFIB has consistently raised these issues with the Competition Bureau. **CFIB recommends that some guidelines or options for recourse be developed to assist small business owners who find themselves in an imbalanced “business to business” contract.**

### **SMEs receiving malicious/misleading/fake online reviews**

When consumers want to learn more about a small business or their product they turn to the internet for reviews. Specifically, they visit websites like Yelp, Google, OpenTable, Yellow Pages, TripAdvisor, and even Facebook. From the consumers’ perspective, the reviews posted on these sites are considered to be trusted resources and can be the deciding factor between one product or service or another. Online reviews also form part of the overall web presence of many small businesses, and as such, it is important that the information floating around the web about their business isn’t incorrect, misleading, or outdated. Positive reviews go a long way in promoting a business and its product/service while negative reviews can hurt the credibility of a small business and keep customers away.

Unfortunately, most websites that allow for consumer reviews have strict policies against removing reviews simply because they are negative, even if they are known to be fake, malicious or misleading — for example, receiving a fake online review from a disgruntled employee. For years, we’ve been hearing from small business owners about issues with trying to get malicious/misleading/fake online reviews removed or deleted. More specifically, many small business owners feel that there are no options available to them once a negative review has been posted by a consumer. While a small business owner can attempt to rectify the issue directly with the consumer, the online review is still visible for other consumers to see and can potentially be detrimental to the business’s reputation and future sales. While complaints can be submitted to the Competition Bureau, there is currently no overarching body in Canada that will help SMEs with resolving these kinds of issues quickly and efficiently.

### **Deciphering the true cost of a product/service**

Trying to figure out the actual pricing or costs of a product/service is a common pain point for many SMEs. Many business owners have expressed concerns over their ability to understand contracts and the total pricing they may be accepting when signing a contract. Unlike large companies, small businesses do not have the resources to decipher large and complicated contracts with industry-specific verbiage. This is particularly true within the credit card industry, where many merchants don’t have a clear understanding of how much it costs for them to accept credit cards making it harder for SMEs to manage their costs effectively, which impacts their profit margins and ability to remain competitive. These issues are not unique to the payment processing industry, as members have also raised concerns regarding the “true cost” or “junk fees” of a service among various other industries such as shipping, insurance, mobile phones and internet providers.

While legislation was introduced in summer of 2022 to address matters relating to “drip pricing” tactics, it seems that many small businesses are still being subject to this unfair business practice and are not aware of what recourse they may have. In fact, a majority of small businesses believe that the federal government should play a role in addressing issues related to false or misleading marketing practices (figure 4). This includes fining individuals or corporations for making false or misleading representations (73%), making it easier to submit a formal complaint (71%), allowing some deceptive marketing practices to be brought before the Federal Criminal Courts (55%) and assisting SMEs in resolving issues (51%). In fact, only 2% did not see any role for the federal government in this area. **The Competition Bureau does use many of the remedies already, but SME’s are not aware of them and so more support and education should be provided to SMEs who have been impacted by deceptive marketing practices.**

Figure 4

**To address issues with deceptive marketing practices, what role should the federal government play? (% of response)**



Source: CFIB, Survey on competition policy in Canada, January 2023, n=2,423.  
 Notes: Respondents were asked to select all that apply.

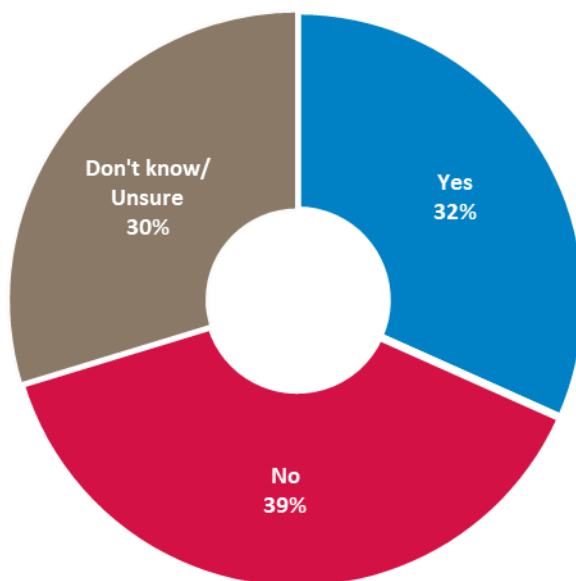
## Anticompetitive effects of big business (e.g., Abuse of dominance)

The presence of multinational corporations, such as Visa, Mastercard, Walmart, Google, Amazon, etc., have become more prominent within Canada. The size, power and profits of these mega companies can come at the detriment of small business. With their limited budgets and resources, small businesses are no match against large corporations that have more room to negotiate with suppliers and can then offer more products at lower prices. In fact, many small businesses usually find themselves at a competitive disadvantage. We have heard from a growing number of small businesses in the last few years that doing business with some of these very large/dominant suppliers/customers can be very challenging as they can face random actions, such as sudden price increases, arbitrary fees, and unfair disciplinary actions, that are usually outside the scope of any agreement or contract. As selling or purchasing from a large/dominant company can sometimes make or break a small business, they simply have no other option but to absorb the costs/actions taken against them in order to keep their business afloat.

In a recent survey, we found that 32% of small businesses have experienced some form of abusive behaviour by dominant businesses (figure 5). This number increases slightly for businesses with less than 50 employees, for newer businesses (e.g., less than 5 years in business), as well as for businesses in the retail and hospitality sectors. Interestingly, a significant number (30%) of businesses were not certain whether they had been subject to any of these unfair business practices. For specific details on how unfair marketplace practices or dominant behaviours have impacted small businesses, please refer to **“Appendix B”**.

Figure 5

**Has your business experienced any abuse of dominance or unfair marketplace practices? (% of response)**



Source: CFIB, Survey on competition policy in Canada, January 2023, n=2,423.

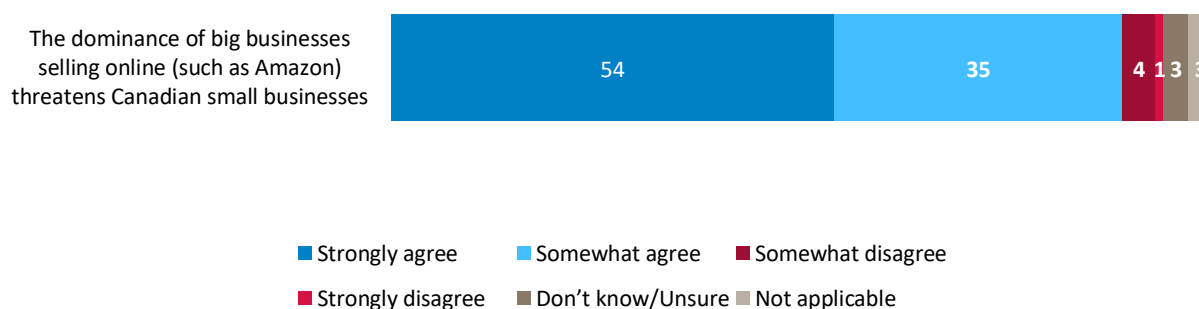
Notes: Totals may not add up to 100% due to rounding.

One of the more recent and fastest growing areas of concern is coming from those small businesses that sell/operate online. As we all know, the way people shop has changed, and the future of shopping is increasingly online. Online shopping by Canadians grew by almost 50% in just two years (from \$57.4 billion in 2018 to \$84.4 billion in 2020).<sup>17</sup> Evidence shows consumer spending has shifted toward big businesses, which were in better position to weather COVID-19 related restrictions by focusing on their online sales. Meanwhile, Canadian small businesses were fighting to remain afloat and did their best to adjust, but it was a difficult time to compete with big businesses’ dominance, particularly within the eCommerce space.

In fact, the majority (89%) of SMEs have indicated that the dominance of big businesses selling online threatens their ability to compete (figure 6). Transitioning to online sales involves much more than just launching a website. It requires a shift in how a business operates, including technology upgrades and changes to its human resources, which necessitate significant time and financial investment.<sup>18</sup> Despite that, many small businesses turned to digital means to keep their doors open throughout the pandemic.

Figure 6

**Dominance of big businesses selling online threatens Canadian small businesses. (% of response)**



Source: E-commerce and competition with big business survey, October 2020, final results n=3,607.  
 Notes: Respondents were asked to select only one response. Totals may not add up to 100% due to rounding.

In November of 2020, CFIB reported that small businesses using eCommerce had increased by 65% since the start of the pandemic. In comparison, only about 20% of small businesses were selling online prior to COVID-19.<sup>19</sup> The top eCommerce adopters are those that were hit hardest by the pandemic, including retailers, arts and recreation, hospitality, and health services. The shift to online sales was a necessity for many SMEs, and in a more recent CFIB survey, we asked small business owners whether they intended to do more or less online sales in 2023, and over half (55%) indicated they would like to do “more of this” (24%) or “about the same” (31%) (figure 7). Not surprisingly, businesses in the arts and

<sup>17</sup> Statistics Canada, Canadian Internet Use Survey, 2020, June 2021. <https://www150.statcan.gc.ca/n1/daily-quotidien/210622/dq210622b-eng.htm>

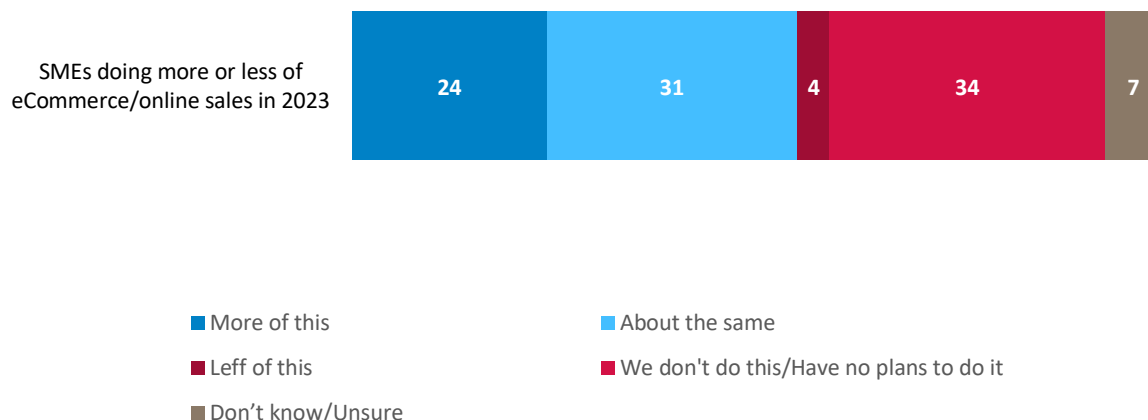
<sup>18</sup> Retail Insider, Saving Main Street: Local Businesses Need Community Support to Stay Afloat, or Canada’s Economy will Suffer. November 2022. <https://retail-insider.com/retail-insider/2022/11/saving-main-street-local-businesses-need-community-support-to-stay-afloat-or-canadas-economy-will-suffer-op-ed/>

<sup>19</sup> CFIB, Small Business’ Experience with eCommerce during the Pandemic. November 2020. <https://www.cfib-fcei.ca/hubfs/legacy/2020-11/Small-business-and-e-commerce-deck.pdf>

recreation (73%), retail (70%), wholesale (68%), and hospitality (67%) sectors topped the list with wanting to do more eCommerce or online sales in 2023.

Figure 7

**Compared to 2022, does your business intend to do more or less of eCommerce/online sales in 2023? (% of response)**



Source: Your Voice -January 2023 survey, January 18-31, 2023, final results, n=3,087.

Notes: Respondents were asked to select only one response. Totals may not add up to 100% due to rounding.

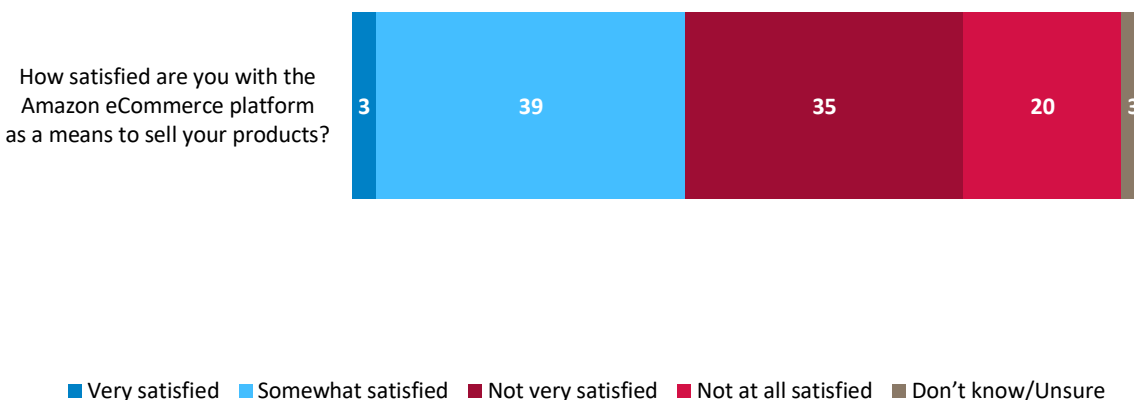
Despite only one in five small business claiming that eCommerce has brought in significant revenue for their business,<sup>20</sup> big businesses were thriving through the pandemic, reporting higher profits in 2020 than in previous years.<sup>21</sup> With Amazon as the most popular eCommerce platform in Canada — earning over US\$9.8 billion (followed by Walmart, Costco and Apple), many small businesses have had no other option but set up a business profile on Amazon Marketplace in order to compete and stay afloat. Given Amazon’s dominant market share and massive customer base, third-party sellers rely on Amazon’s online retail platform to sell their own products. While only 2% of CFIB members have used Amazon Marketplace, the majority (55%) of users were dissatisfied with the eCommerce platform mostly due to some unfair and questionable practices imposed on them by Amazon (figure 8).<sup>22</sup>

<sup>20</sup> CFIB, Small Business’ Experience with eCommerce during the Pandemic. November 2020. <https://www.cfib-fcei.ca/hubfs/legacy/2020-11/Small-business-and-ecommerce-deck.pdf>

<sup>21</sup> CFIB, Conscious Consumerism: Choosing to Shop Small during the Pandemic. October 2020. <https://www.cfib-fcei.ca/hubfs/legacy/2020-10/Conscious-consumerism-choosing-shop-small-during-pandemic.pdf>

<sup>22</sup> CFIB, E-commerce and competition with big business survey, October 2020, final results n=3,607.

Figure 8

**Small business satisfaction with Amazon eCommerce platform (% response)**

Source: E-commerce and competition with big business survey, October 2020, final results n=3,607.

Notes: Respondents were asked to select only one response. Totals may not add up to 100% due to rounding.

This competition review is a pivotal opportunity for the federal government to stand up for Canada's small businesses against behaviour that could be seen as being anticompetitive and even abusive. To help illustrate the impact of some of the actions taken by large/dominant corporations in recent years, we would like to share what we have been hearing from members about the imbalance of power within the eCommerce space, specifically with Amazon's Marketplace. Below is a summary of the key issues that have been repeatedly raised by SMEs.

1. **Amazon encourages consumers to purchase their own products over those offered by small businesses**  
 Small businesses have reported that when a product they sell on Amazon Marketplace becomes popular, Amazon will often start selling that product as well. We've also heard from many members that Amazon deliberately restrains the ability of a small business to offer lower prices within Amazon's marketplace platform limiting the ability for a small business to compete fairly.
2. **Amazon gets suppliers to prohibit small businesses from selling certain products**  
 Once Amazon has started selling a popular product in competition with a small business, many of our members have claimed that it is much harder for them to obtain that product from their supplier and those suppliers are also prohibiting SMEs from selling on Amazon Marketplace. Small business owners who continue to offer that product, have received threatening legal notices from their suppliers indicating that they can no longer sell such brands via Amazon's marketplace.
3. **Amazon places small business listings lower in the search results**  
 If Amazon's pricing "bots" detect that a third-party seller/SME is offering a lower price elsewhere, Amazon suppresses the sales by lowering them in the search results, so that

customers are unlikely to see it. At any time, Amazon can revise and change their search algorithms or selling terms, and some members have reported their listing on the platform being essentially hidden from consumers, which has impacted their ability to continue making sales.

- 4. Amazon restricts the ability of small businesses to communicate with their customers**  
One of the biggest advantages SMEs have over large retailers is the ability to provide more personable customer service. However, Amazon's practice of restricting third-party sellers from communicating with customers directly has had an impact on the ability of many SMEs to be competitive. For example, when an issue arises with a product, there's very little recourse for the small business owner to rectify the situation. Amazon prohibits the seller to contact their customers, nor can the seller provide their direct contact information for customers to reach out to them. Violating these rules can result in Amazon suspending or removing the seller from the platform.

- 5. Amazon imposes various arbitrary fees that sellers must pay to continue accessing the platform**  
While there are some basic fees for accessing the platform, many small business owners have expressed concerns over hidden and arbitrary fees. For example, Amazon's fees and add-on services for third-party sellers/SMEs can be up to 40% of the total product price in the United States<sup>23</sup> and it has been reported that Amazon keeps an average of 30% of each sale a third-party sellers/SMEs makes on its platform.<sup>24</sup> Many of our members have expressed that the situation is likely similar (if not worse) in Canada. Furthermore, SMEs who do not purchase Amazon's add-on services have encountered unexpected costs imposed by Amazon, supposedly due to compliance matters.

Another common issue raised by many SMEs is Amazon's requirement for sellers to beat their own pricing by as much as 10% to be included in a "buy box". This allows customers to add a product quickly and instantly to their cart with a single click of a button (e.g., "add to cart" or "buy now"), and the fulfillment is then completed by the seller who was awarded this feature. Small businesses have indicated that there is very little transparency around how Amazon decides who's granted the "buy box", and too often, this feature is only available on items sold by Amazon.

- 6. Small businesses have little recourse and no customer support from Amazon**  
Many small businesses have reported that Amazon will arbitrarily and abruptly suspend their accounts. These actions can be harmful and costly for SMEs and there are very few recourse options available. Business owners have indicated that it can take weeks or even months for Amazon to respond to complaints.

### **Anticompetitive laws must be stronger and easier to enforce**

Many of these business practices used by Amazon are not unique to Canada. In fact, Europe and the United States have already proposed legislation which would provide clear rules to stop large online

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<sup>23</sup> <https://oag.dc.gov/sites/default/files/2021-05/Amazon-Complaint-.pdf>

<sup>24</sup> [https://ilsr.org/fact-sheet-how-breaking-up-amazon-can-empower-small-business/#\\_ednref22](https://ilsr.org/fact-sheet-how-breaking-up-amazon-can-empower-small-business/#_ednref22)

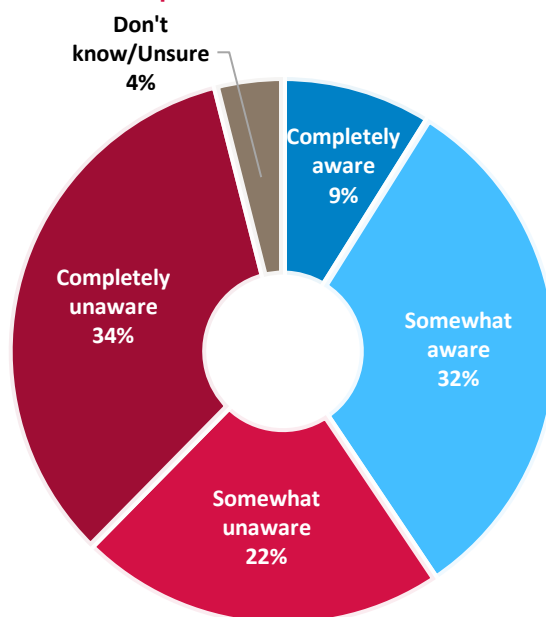
platforms (“gatekeepers”) from using their market dominance to harm smaller competitors. As part of its 2021 Budget, the federal government adopted an initial set of reforms to the Competition Act, including: increasing maximum financial penalties under the Act to three per cent of a corporation’s annual worldwide gross revenues, expanding the definition of anticompetitive conduct, and providing a private right of action to the Competition Tribunal for abuse of dominance, among others.<sup>25</sup> Despite some of these positive changes, it is unlikely that small firms will use the private right of action to take on a large company like Amazon as many of them do not have the resources to counter a large company like Amazon. **Stronger competition rules and enforcement are needed to create a level playing field for small business to compete and succeed in today’s online economy.**

### Role and powers of the federal government in preserving competition in Canada

The Competition Bureau of Canada is responsible for enforcing the rules of the Competition Act, but many small business owners are not aware of their role in monitoring and promoting a fair and competitive marketplace. In fact, more than half (56%) of small businesses are either somewhat (34%) or completely unaware (22%) of the Competition Bureau’s role (figure 9). The lack of awareness increases for micro-size businesses (e.g., those with fewer than 5 employees) and for newer businesses (e.g., those with less than 5 years in business), where approximately 60% reported not being aware of the Competition Bureau’s role. **As such, one of the biggest challenges the Competition Bureau faces is to find ways to ensure that small businesses are more aware of their role and how they can be helped.**

Figure 9

**What was your level of awareness of the Competition Bureau's role in promoting and implementing fair competitive marketplace for small businesses to compete?**



Source: CFIB, Survey on competition policy in Canada, January 2023, n=2,423.

Notes: Respondents were asked to select all that apply.

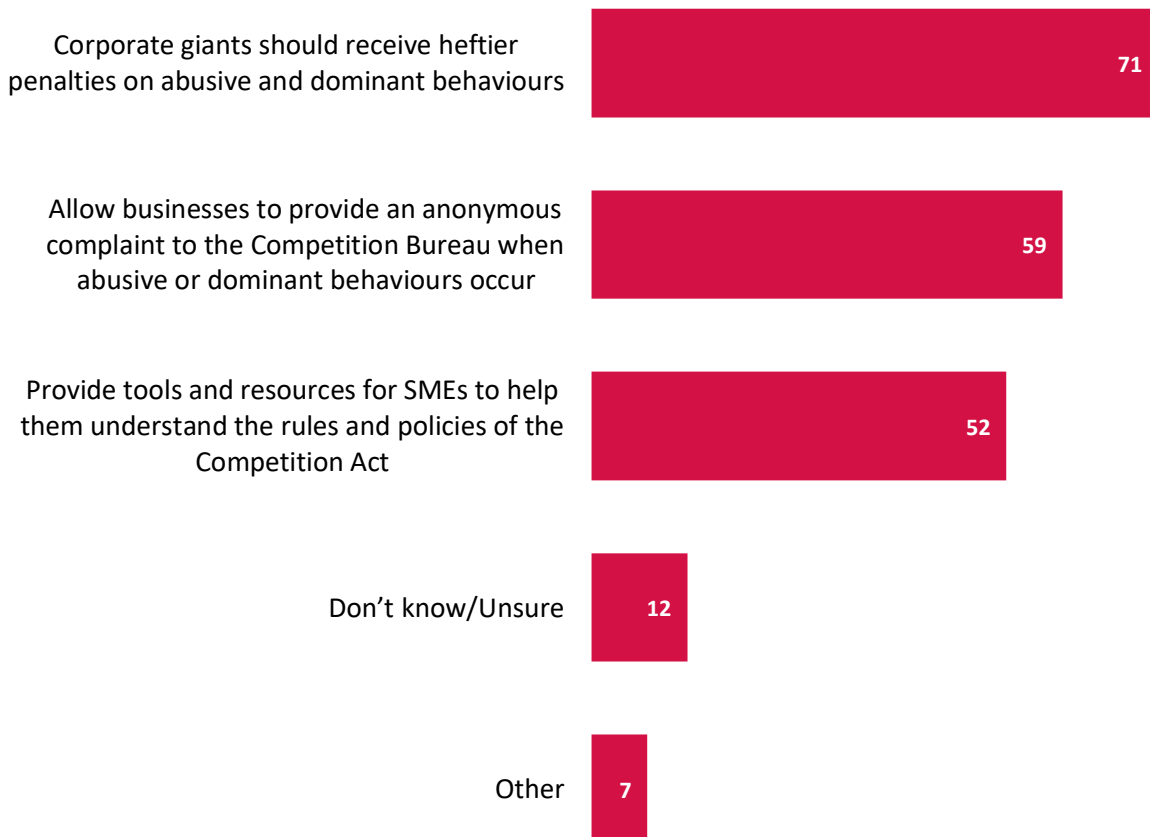
<sup>25</sup> Government of Canada, A Recovery Plan for Jobs, Growth, and Resilience, Budget 2021. <file:///C:/Users/micaug/Downloads/budget-2021-en.pdf>



Canada’s Competition Act includes ensuring “*that small and medium-sized enterprises have an equitable opportunity to participate in the Canadian economy*”. To help do that, a majority of SMEs (71%) believe that corporate giants should receive heftier penalties for abusing their dominant position in the market. More than half of small business owners (59%) would like to be able to submit anonymous complaints to the Competition Bureau. They would also like the Competition Bureau to make more of an effort to focus on the challenges faced by small firms and look at providing them with tools/resources to help them deal with anti-competitive practices (e.g., dedicated small business web page) (52%) (figure 10). The Competition Act is a complex piece of legislation, and many small businesses struggle to understand their obligations, and information online is often difficult to understand. **The Competition Bureau should enhance the services offered to SMEs by ensuring information and resources aimed at SMEs are communicated in plain language and includes clear examples of what constitutes compliance where possible.**

Figure 10

**What can the federal government do to help ensure SMEs can continue to be competitive? (% of response)**



Source: CFIB, Survey on competition policy in Canada, January 2023, n=2,423.  
 Notes: Respondents were asked to select all that apply.

## Conclusion

The future of vibrant communities must include strong competition rules that will firmly plant Canadian SMEs at the forefront of the economy. With the increased costs of doing business coupled with the current challenging economic and social outlook, SMEs require competition policies that will:

- improve the competitive environment within which entrepreneurs operate;
- protect them from abuse of dominance from corporate giants;
- shield them from unfair business practices; and
- help level out the playing field.

More specifically, CFIB makes the following recommendations as indicated throughout the submission:

1. As the federal government seeks to modernize competition law in Canada, reforms being made to the Competition Act must ensure that small businesses have an equitable opportunity to compete fairly in today's economy.
2. Reduce the regulatory burden on SMEs to allow them to focus more time on their business which will help improve their productivity and competitiveness.
3. From the small business perspective, there is a need to ensure the federal government is assessing the impact and taking action, if necessary, with regards to harmful mergers within industries that already have limited competition.
4. Reforms to the Competition Act must ensure that there are some mechanisms in place that can capture potentially harmful "serial acquisitions" without damaging the opportunities and benefit some of these types of takeovers can bring to small businesses or a local community.
5. Guidelines or options for recourse should be developed by the federal government to address matters related to deceptive marketing practices or of unfair "business to business" practices.
6. While some options for remedy already exist, many businesses are not aware of them. As such, more support and education should be provided to SMEs who have been impacted by deceptive marketing practices.
7. Stronger competition rules and enforcement are needed to create a level playing field for small business to compete and succeed in today's online economy.
8. The Competition Bureau must find ways to ensure that small businesses are more aware of their role.
9. The Competition Bureau should enhance the services offered to SMEs by ensuring information and resources aimed at SMEs are communicated in plain language and includes clear examples of what constitutes compliance where possible.

Since the Competition Bureau is responsible for enforcing the rules of the Competition Act, they must help SMEs reach their full potential. They must also be committed to providing further support and education to SMEs about their rights and obligations. Supporting the growth of SMEs is critical for the country's competitiveness and economic prosperity. As such, the review of Canada's competition Act is an opportunity for the Federal Government to help create a sound economic landscape that will allow SMEs and entrepreneurs to thrive.

## Appendix A: Feedback about deceptive marketing practices from small business owners

Inadequate disclosure of terms and conditions (e.g., subscription traps, auto-renewal clauses, free trial offers, proprietary data collection, etc.).		
Please provide any details on how deceptive marketing practices have affected your business:	Province	Sectors
Ring Central had been my office phone provider for years. When I switched my phones over to Telus I was told it would be a simple switchover since Ring Central was powered through Telus. When I called to cancel Ring Central they told me it would cost about \$2000 to get out of my contract. I didn't know I was still on a contract after all these years but it seems they automatically renew it every year unless I call on the anniversary date to cancel. It's cheaper to continue paying the monthly fee on my credit card for another 10 months than pay out the contract so I will just have to let them rip me off for the rest of the year.	Alta	Arts, Recreation & Information
Roll over contracts that are impossible to get out of. Minimum order amounts that increase without notice and no alternative despite contracts.	Alta	Hospitality
When I needed to contact Linksys for tech support re: a new wireless router, I googled Linksys and chose what appeared to be the Linksys website but it was not. I phoned the number, and got a tech who requested access to my computer, and told me my IP address was being used by malicious agents without my knowledge, and before they would help me get the new router set up I had to subscribe to their service which would monitor my IP address and prevent unauthorized traffic (which consumes internet bandwidth). This service cost me \$199 USD for one year. Later, I needed to call Linksys about an issue with the router and got the REAL Linksys tech support - they said they log every call to their tech support, and had never heard from me before. They were aware of this company that have been masquerading as a third party "authorized" Linksys support provider but having difficulty shutting them down.	Sask	Professional Services
Personally, being tricked/forced into a subscription-based model is very frustrating. I prefer to pay in full for a product and have the service provided for a period of time just like any other warranted type of product.	Ont	Retail
We have signed a contract for a service. In the contract it states there may be annual adjustments in pricing to deal with rising market costs. Over a 2 year period the company raised our pricing by over 100% from the original contract price. We have told the company we are terminating the contract and now they are threatening us with legal action.	B.C.	Social Services
I signed up for Shred-It services about two years ago to deal with a backlog of paper when we converted to digital storage. I made it clear this was going to be a temporary need as we would eventually catch up to the large volume of old documents. When I went to cancel the service,	Alta	Retail

I was told we had a 5 year contract and could not cancel. Not once was it pointed out in my interactions with Shred-It.		
Printer manufacturing companies are sending updates to their products to essentially block the use of any third party cartridges in their machines. The explanation of this is buried in the user agreement which most consumers are unaware of. HP has currently been requiring people to sign up for their instant ink program or the cartridges that come with their newly purchased printer will not work. HP's instant ink program does not allow for their cartridges to be refilled, impacting refilling and recycling programs.	Alta	Retail
This is a particular problem with cell phone/internet services. Small businesses are getting hammered with higher 'business pricing' and terrible/unreliable connectivity. Insurance is also an incredibly big problem. A 95-page folder full of exceptions to the insurance being paid for is deceptive to the point it should be illegal. And yes I am STILL bitter about how insurance companies handled business interruption due to COVID.	Ont	Social Services
With a number of applications/subscriptions, we have been lured in by "cheap" introductory offers, only to discover that many of the aspects of the product needed, require an "upgrade" to a more expensive option. Many of our subscriptions have ended up being hundreds of dollars more in added charges because of this.	B.C.	Unclassified & IVMs
Resulted in needing to pay a large sum due to terms of cancellation of auto renewal hidden in fine print several pages in plus it was a year before renewal was to happen as the deadline. I feel auto renewals should be illegal OR that you can opt in to auto renewal if you wish - not have it as the default setting. Companies should need to request if you wish to renew - this will allow people to assess if the situation has changed where they no longer want the service/subscription.	B.C.	Retail
Several large corporate entities have advertised 'free trials,' or reduced rate subscriptions then refused to honour the terms. They already have payment info, and they then exploited that by continuing to charge until order to "cease & desist" by a lawyer.	B.C.	Social Services
Purchased a long-term contract for maintaining a web-site, automatically notifying customers of appointments and for managing and updating practice management software which came with a few free months of service during which time service was not provided. Following this, prices have increased steadily and often without notice, however, for the first time, I did receive a notification of increases set for April 2023 (so perhaps they have been getting a lot of complaints?).	Alta	Professional Services

SMEs receiving malicious/misleading/fake online reviews		
Please provide any details on how deceptive marketing practices have affected your business:	Province	Sectors
Online reviews - Somebody frequently posts a bad review of our tours on Google. The name given has never travelled with us and we have looked back 20 years in passenger data. Google will not remove a fake review, even with this evidence.	B.C.	Enterprises & Admin. Mgmt.
Bad reviews from people had never been clients of our clinic	B.C.	Personal, Misc. Services
A few months ago a telemarketer from e-gumball called to advertise on google ads. I told him no, whenever someone did a search for my business it said my business was permanently closed. He called a supervisor who made a deal 3 months of advertising onetime payment up front would fix that. After that people were still getting the same result while they demanded I pay another month.	Alta	Arts, Recreation & Information
While I don't believe it was necessarily a deceptive marketing practice, I did receive a couple of 1 star Google reviews from people who were not even clients and to the best of my knowledge, had never contacted us or set foot in our business. One of them was just a star review with no comments. It happened at an early point in our online presence when we had less than 10 total reviews, so it was massively damaging to our reputation in a place that hits very hard. I reported it to Google and got no response. It's hugely frustrating to see these reviews carry so much weight in the modern marketplace and have it be so easy to devastate a business' reputation with impunity, and with no oversight from the platform or recourse for the business to challenge the claim. It feels like being charged frivolously with a crime and not having a day in court.	Ont	Arts, Recreation & Information
I have had many maliciously false online reviews of my business. I don't have time to chase after that stuff. I need to run my business.	Ont	Professional Services
J'ai change de fournisseur de systeme alarmer et je ne peut cancellé l'autre car contrat ces renouveler automatiquement. Meme chose pour Bell, ils ont renouveler le contrat téléphone et internet sans me demandé si je voulais continuer.	Qué	Personal, Misc. Services
Online reviews are terrible for small business. Competitors use paid bots to post negative comments. Then its basically impossible to get them removed. The entire reviews systems should not be allowed. Make it illegal.	B.C.	Hospitality
Fake review - received on Amazon and Yelp - we brought it to the attention of both companies, to no avail, they strung us along and ultimately told us they are the arbitrators and there was nothing we can do, we will have to accept it - even though the fake reviews violated their own policies.	Alta	Wholesale
Large US corporations (Google, Microsoft, Amazon, etc) do not have adequate policies & protections to remove malicious/misleading/fake reviews, despite being provided with clear evidence of same.	Alta	Personal, Misc. Services

Deceptive web advertising on Google with no verification of address or legitimacy of the business, just a 1-800 number with a fake address. Company will advertise using a name similar to an established, legitimate company and mislead the consumer into thinking they are the legitimate company. Once customer realizes work was not done properly or that they were grossly overcharged, the customer ultimately calls the legitimate company seeking recompense.	Alta	Personal, Misc. Services
We (like many other small businesses) have received a few negative reviews that we know are fake, or perhaps even from a competitor. We know this as the experience or product they describe doesn't add up.	Man	Retail
We have also experienced negative on-line reviews from India, when we only do business in Canada and even though we disputed the review and asked for a review of it by the webhost, it has been allowed to remain.	B.C.	Enterprises & Admin. Mgmt.
Several malicious Google reviews that took forever for Google to remove even though we proved incontrovertibly that the individual was not even in Canada and couldn't have accessed our services in any way.	B.C.	Social Services

**Deciphering the true cost of a product/service (e.g., cost of a product or service is being hidden within the fine print disclosure, "drip pricing", etc.)**

<b>Please provide any details on how deceptive marketing practices have affected your business:</b>	<b>Province</b>	<b>Sectors</b>
Final cost of machinery was higher than the original quote, as taxes, service charges and other items were not included!	B.C.	Agriculture
With Shipping, we get quotes grossly under quoted. And then added prot fees, congestion fees, high congestion season charges. How is this not regulated better? They will hold your goods hostage until you pay.	B.C.	Manufacturing
Norwegian Cruise Lines prominently offers a free beverage package, but a gratuity of about \$20 per person per day is charged, plus on some routes there is state tax on the value of the free drink. This is not free. Same with "free shore excursions" which is blatantly untrue (there is a \$50 credit given on each excursion, but all tours are priced much higher).	B.C.	Enterprises & Admin. Mgmt.
Credit card fees are a prime example of deceptive marketing. We get quoted a set of fees only to find out that those fees cover the smallest percentage of credit cards in circulation. For example, 1.4% on MC and 1.45% on VISA ends up being over 2%-2.3% because of the countless variations of VISA and MC that are at different fees!	B.C.	Unclassified
product said to be in stock, was charged for and then was told three times over a matter of two months that it was still backordered. Requested refund but asked to keep product on order. Got the refund and was charged the NEW price when the product arrived, not the quoted price.	Alta	Retail

Our freight prices cannot be fairly negotiated or calculated because variable "Fuel surcharges" are applied at will by the freight companies. Surcharges should be used as temporary adjustment to unprecedented and instantaneous changes to fuel prices, not when the fuel prices hover around standard ranges.	Ont	Retail
Software companies have drip pricing for services that are vital to my business. I have recently been subject to inadequate disclosure with my present phone system, which I now must change over completely.	Ont	Professional Services
Le cas le plus dramatique que nous ayons eu à gérer concerne les fournisseurs de services de téléphonie cellulaires, lesquels font des "forfaits" impossible à comprendre et qu'il est pratiquement impossible de modifier, et qui n'offre aucun service à la clientèle lors de problèmes de facturation ou de contrats. Ces fournisseurs sont de mauvaise foi.	Qué	Professional Services
it has become standard practice at the wholesale level to add costs than the manufacturere does not include as a price increase - i'll give you an example - sealed unit providers charge a fuel surcharge its called - went from 8% to 30% - effectively a 25% increase in costs with about a weeks notice and no offer to hold prices on orders that had already been paid for months ago - making it difficult if not impossible to achieve profits in this market - still running 23% now so not gone down a lot. This has happened with several things sometimes its a currency charge added on even though i buy it in canada at Canadian dollar prices - tough to be successful.	B.C.	Manufacturing
We have been offered payroll services and eCommerce services with these models. They often wait until you have used the system and rely on it before increasing their prices. We have had to switch payroll providers and seek new eCommerce solutions - sometimes very quickly in order to survive.	B.C.	Wholesale
When we are quoted one price for a complete product and the final bill then states "energy surcharge" added on at the end, we've already ordered the product(s) which are custom made so can't go back on the order, I believe this is entirely deceptive and any kind of "energy surcharge" fees added on at the end are deceptive and a money grab. When I inquired about this "fee" I was told, "Well, everybody adds that on now" which in itself is insulting. We all use energy during peak hours and I don't pass that along to my customers if they purchase from me during the regular hours, so why do companies have the right to grab an extra 10% or more from us because they operate during peak hours, which is essentially daytime hours anyway.	B.C.	Retail
- Low prices in comparison with other providers but then adding the additional fees (environmental, handeling, administration,	B.C.	Professional Services

etc) later. These can be one time or monthly fees. Companies should provide a clear estimate what charge when to pay and if the charge is a repeated (monthly, yearly) charge. Later in the process they can specify what the charges are for.  - Attract a customer with low prices but then have an outrageous delivery fee.		
"Fuel surcharges" added separately from quoted prices throughout the industry (for example, courier services) is also deceptive.	Alta	Social Services
Various supplier try to apply 'drip pricing' strategies - we discontinue doing business with these entities as this occurs.	Alta	Personal, Misc. Services
Our competition advertises at lower price online and then add on hidden fees which make it more difficult.	Ont	Manufacturing
inflated prices due to unrelated handling charges and fee - such as surcharges not defined and extra fees, fuel surcharges added at a later date all these charges rob small businesses of the needed margins to operate competitively against bigger operators in Canada.	Ont	Unclassified
Quote on marketing materials that just ballooned as the printer added "one time fee" for this, then that, then something else. The final total was almost 40% higher than the original 'quote.'	B.C.	Social Services
Recent QuickBooks subscription that started at \$22 a month has ended up being a \$50 a month with additional services added.	Alta	Retail
I planned to make several large equipment purchases in January 2023 only to find that the advertised rebates did not apply to the particular items I was interested in.	Alta	Professional Services

Other deceptive marketing practices		
Please provide any details on how deceptive marketing practices have affected your business:	Province	Sectors
Not following MAP pricing policies that are in place for various brands. Advertising that a product is "40%" or "60%" off of an exorbitantly high price as a marketing ploy. Misleading the customer to think that the big retailer's price will be much better than our small business	B.C.	Retail
Competitors using deceptive come on offers to woo our customers. Customers don't read fine print that says the price can go up at the competitor's discretion.  We are significantly losing customers to the big corporation. Provincial BC government has aided in making many small businesses lose customers by giving lucrative grants to the big corporation (Telus) to expand with government money into the rural market that has been long served by small businesses.	B.C.	Retail



<p>I was purchasing a lateral filing cabinet from uline, the cost was approximately \$635.00 before taxes. After taxes it would have been \$711.20 + shipping total amount on check out is \$801.00. When I read the details before the final check out. It says there would be an additional charge for the driver to use the tailgate to get the product off the truck. I quit right there.</p> <p>Check around and roughly every dealer has these in about the same price range, shipped in a box and you must assemble it; with poor instructions to follow.</p> <p>The problem with most office furniture the dealers are selling the product at prime dollar value but you have to put it together. What happened to the days when these items were already assembled?</p>	B.C.	Professional Services
<p>In our business you need to be fully trained, if no designation you need a supervisor. You need to know the area, have a background check as you are entering homes on behalf of the bank.</p> <p>There are full business who hire people off the street, have them go into houses and misrepresent themselves. They write information about the property and send it to Toronto/Vancouver ( no regional competency)for it to be signed by a designated person. They charge half then real Appraisers do to get all the business. Banks have been aware.</p>	Ont	Professional Services
<p>AIRLINES - APPR is not sufficient, consumers and small biz owners who need to book flights need EU-level protections. Flights are routinely delayed and/or cancelled and we're faced with flying the day before (additional hotel/food) or managing the costs of missed events, often at the last minute. Enforcement is also not happening unless they are being taken to small claims court. Small business owners don't have time for that.</p>	Ont	Social Services
<p>Le pire de tout pour nous c'est les industriels qui indiquent les mentions "Artisan"/"Artisanal" sur leurs produits. CELA DEVRAIT ÊTRE INTERDIT. Et c'est facile à mettre en place pour les gouvernements et peu coûteux. Pouvez-vous faire quelque chose pour nous aider avec ça svp?</p>	Qué	Manufacturing
<p>Accommodation business - OTA's (like Expedia) claiming to be our reservation desk and responsible for handling all our bookings (on the phone). Very hard for potential guests to find the real us on search engine results as well as understand whose site they are on when making on-line bookings. Very deceptive.</p>	N.S.	Hospitality
<p>Mainly get calls from payment processing companies claiming to be able to offer better rates and asking for our statements. (we're with Chase Paymenttech thanks to CFIB and are confident that CFIB gets us fair rates and looks after our interests).</p>	N.S.	Hospitality
<p>For us, one of the biggest issues affecting our business has been the rise in "Par-Baked" products that restaurants, "bakeries", grocery stores present as freshly made. These products contain up to 15 chemicals, that our government has said do not need to be declared on the labeling. These chemicals are linked to the rise in non-Celiac gluten</p>	B.C.	Retail

sensitivity. Many developed nations have made it illegal for company to create the illusion that they are making these products fresh in house.		
We were working with a ticketing company that was sending the option to "opt out" of emails to the clientele using very general notification about wanting to receive more advertisements from "this vendor" to which most of our clients chose to opt out. They then held onto those email addresses and were using them for their purposes and would not release the email addresses to us saying that the people had already "opted out" so we couldn't contact them. Once we did get the addresses and did contact them with a more personal letter, most were interested in opting in. We have not idea how many clients we "lost" to our email list this way as we had used this company for more than 5 years.	B.C.	Unclassified & IVMs
International retail flowers order gatherers can claim they are a family business in any location they choose. They can gather orders in the U.S. from customers located in Canada... send them to florists in Canada without collecting HST.. 15% discount.	PEI	Retail
Country of origin. Where the product was manufactured was not Canada but led to believe it was a Canadian made product but turn out to be made in China.	B.C.	Manufacturing
There are a lot of products coming from imports that are not required the same quality standards like the local producers standard. That causes huge price differences and deceiving the consumer.	B.C.	Retail
Companies like Amazon are rapidly killing the small businesses in our country, as they have a LARGE advantage in their retail marketing. They contribute next to nothing back to the communities which they sell lots of products into and the general population does not totally understand the impact it has. Property values will change, unemployment will increase, taxes will rise, costs of services will rise, etc.- there needs to be a massive advertising / education campaign launched to get this information out.	Alta	Retail
I believe any company ie Amazon that does not have a physical store front in a city should be assessed and 15% fee on all packages delivered in that city unless it has a warehouse in that city or community then only a 5% surcharge going to city as a tax to offset small business taxes. If they have no warehouse in Alberta then the fee should be 25% with 15 going to city and 10% province both to reduce fees and taxes for small business.	Alta	Retail
sort out the Amazon marketplace suppliers who are able to sell without HST within Canada from stock in the Canadian Amazon warehouses..... We would go to jail if we did it!	Ont	Retail
Experience and bonding/contract deposits make it impossible for smaller companies to compete with larger corporations who have large cash on hand. Almost impossible for a new company to bid government contracts (i.e. small town transit contracts in Ontario)	Ont	Transportation

## Appendix B: Feedback from SMEs who have experienced abuse of dominance or unfair marketplace practices

Anticompetitive effects of big business		
Please provide any details on how unfair marketplace practices or dominant behaviours have impacted your business's ability to compete fairly.	Province	Sectors
We are significantly losing customers to the big corporation. Provincial BC government has aided in making many small businesses lose customers by giving lucrative grants to the big corporation (Telus) to expand with government money into the rural market that has been long served by small businesses.	B.C.	Retail
The bigger Chain stores get kick back. And small business like mine suffer because we don't get the same offer.	Alta	Retail
Michaels arts & crafts advertises 50% off custom framing in all its correspondence with consumers. Their 50% off is our regular everyday price! Michaels A&C ( US based big box store) has been getting away with this practice , since arriving in Calgary in the mid 90's. It now has 22 stores in Alberta! Trusted sources say Michael's takes in 5 million per year in custom framing in Calgary alone. 5 million! They have been sued for false advertising in the past, in major markets in both Canada and the USA! This company pays the fine and keeps on advertising. Where is the backstop from our Government?	Alta	Retail
Contact lens and eyewear market in Canada. The online-only competitors offer "bait pricing" - different pricing when you search on Google to what they offer on their regular website. Many also advertise deceptively low pricing and then add "handling" fees at the checkout stage which is clearly against Canadian competition rules.	Alta	Social Services
Insurance companies use fear tactics to steer autobody repair work to facilities that will work for less money.	Alta	Personal, Misc. Services
We are independent retailers operating in the Paint & Decorating industry. Our largest competitors are Sherwin Williams, Dulux and Home Depot. Sherwin Williams and Dulux for years have been running "sales" or what they call sales. Unfortunately, very little of what these two companies run are actually sales as they constantly sell off regular price. This leaves us trying to explain to customers who expect us to give them 40% or 50% off to match those company's sales that those "supposed sale" prices everyday and that they aren't very special. The truth is that Dulux and SW sell to contractors and homeowners. Contractors always get discounted pricing by both of them. They both also have "clubs" which gets homeowners discounts as well. SW's club is completely free to join and you get a discount. When the club discounts aren't good enough they just give homeowners "contractor" pricing. Something needs to	Ont	Retail

be done as I seriously doubt Dulux and SW sell over 50% of their product at their supposed regular price.		
On Line Travel Agencies such as Expedia are unfairly strong-arming the hotel industry with many unfair practices. This is a huge issue that is driving up the cost of accommodations across many hotel and accommodation platforms.	N.B.	Hospitality
Home Depot creates lost leader products that they sell below cost to encourage contractor loyalty. They sell it below cost, and make us look like we are excessively marking up our products. This is not a federal or provincial matter, but it's an issue we are having with larger corporations taking over the marketplace with bully tactics.	B.C.	Retail
Business insurance is the latest example. The insurance companies seem to be working together to deny or increase the insurance substantially using false or misleading economic data. There is no economic justification for increases in 50-100%.	B.C.	Unclassified
We do not have access to some products. The mega corporation has signed an exclusive deal with venues and government-funded venues that completely block our ability to do business. Kick back are being offered to venues to secure deals. Collusion.	Alta	Professional Services
Minimum orders for food services and liquor/beer purchases for a restaurant or drinking establishment shouldn't exist. It eliminates a small business from competing with establishments that have many locations to spread costs out	Alta	Hospitality
Prior to September of 2022, we worked with a local supplier to purchase a brand of product. XPEL, a large multinational, purchased the supplier, and discontinued distribution of the product that we used. XPEL also retails their product directly to the consumer, and their monopoly gives them an unfair advantage in the market. This hurts consumers, small businesses, and reduced choice in the market, while funneling profit out of our region where it is not spent on local services. This practice only serves the shareholders, virtually none of whom are contributing to the local economy. This practice syphons wealth from local markets and removes it from circulation.	Alta	Personal, Misc. Services
In 2022 Etsy unilaterally decided to market my product across theirs and other digital platforms because I was above a 10K threshold in sales the previous year. When customers bought my product on Etsy through the marketing practices Etsy forced on me, Etsy's tacked on 5% on top the transaction fee, totaling 12% total fee of revenue, extremely high transaction fees. There is no opt out for this service. Yes, I can choose to stop selling on Etsy, which I did in 2022, but it massively impacted my business.	Ont	Manufacturing
Amazon on a daily basis requiring FBM to provide free product if carrier delivers late. Seller ships in time and seller pays for Amazon commitment on delivery. Amazon does not offer the "free" product to the customer when they ship it from their warehouse. Unfair requirement placed on FBM. They also manipulate pricing in	Ont	Retail

marketplace, dictating what you can and cannot sell a product for. Their "fair market pricing" is price fixing.		
Restricting supply of products by forcing manufactures to make them the exclusive distributors and then not being able to offer the product anymore.	Ont	Retail
Price fixing and strong-arming users to commit to contracts. Example 1, phone, internet, cable prices. With only 2 large players buying out all smaller competitors, the cost of communications is being kept high, while the quality of service continues to slide. Fido, owned by Rogers for example, has suspended on-line service to their pay-as-you go users, in an attempt to frustrate users enough to sign a contract. Example 2, unlike in the US market, in an attempt to push users to subscribe to online monthly user contracts, Quick Books obliges you to buy the entire accounting program annually in order to use their payroll package, about \$800-\$1500. And it's working. This, btw, still ends up costing about the same, except, now, you don't get the updated accounting program.	Ont	Hospitality
Bell & Videotron have divided our industrial area for internet service. Bell supplies their Fibe 940Mbps service across the street from our factory but will only offer their 5Mbps service on our side of the street. This leaves us having to accept Videotron 400Mbps service for the same price as Fibe 940Mbps. Bell has refused to run the cable across the street.	Qué	Manufacturing
L'achats de produits chez les fournisseurs est souvent plus élevé. Exemple pour un dépanneur indépendant, sans bannière, le cout des produits pour la revente est astronomique à comparé au géant dans le domaine. Exemple d'une boisson gazeuse est 1.50 pour une bannière et 2.49 pour le même produit pour un indépendant. Meme chose entre dépanneur et épicerie par exemple. Donc il est difficile d'avoir du volume ou de s'imposé comme petit commerçant car nous sommes nivelé par le bas par les gros distributeurs dans le domaine.	Qué	Retail
Grocery giants. They have more control over farmer suppliers than God. They keep prices artificially low which also affects producers who don't sell to them. It depresses the entire market.	N.S.	Agriculture
We experience this often with suppliers of certain products. One supplier announces an increase, then the other three do so as well. There are limited options so you are forced to purchase from these entities and have no recourse or alternatives.	B.C.	Retail
Have had major suppliers dictate what products we would have to carry as well as dictate the amount of each product. Forcing us to take on product that does not sell in our area.	B.C.	Retail
Indigo Books has an extensive list of arbitrary penalties for delivery date, time, errors in documentation, embellishing stock count shortages upon receiving and wavering from agreed payment terms to double or triple late payment delays to no penalty of their own. Walmart does the same, Costco as well. Amazon back charges as well and many large companies will request large purchase orders and	B.C.	Retail

<p>then return the products unsold at the business suppliers expense and then debit monies payable for what they bought vs what they returned.</p> <p>Walmart.ca recently contacted us to provide products for their online commerce site. They asked us to provide our online sales figures. We did and they rejected us for the small amount. We knew immediately that they are seeking to take existing online revenues from small and medium businesses and port those sales to their site under guise of "increased sales" through them but really are just stealing sales and increasing costs to SMB from the associated fees structure they require.</p>		
<p>An American company has market control is most large venues (hotels, convention centers) in Canada. They have it written into venue contracts that anything rigged (speaker on a stand and up) must be provided through them. This is putting all independent companies at a risk of losing huge amounts of business. When clients "buy out" the AV contract for a venue so that they can use an independent company like mine, the in house company increases the rates for power and or internet to rates such that the full AV budget goes to that forcing the clients to use the in house company even when they do not choose to.</p>	B.C.	Arts, Recreation & Information
<p>I'm the owner of an independent movie theatre in downtown Kingston. There is a Cineplex multiplex in the suburbs. Cineplex owns 75% of the theatrical exhibition business in Canada. We are not able to play the movies our customers want to see in a timely fashion. Cineplex gets first dibs on which movies they play, and demands exclusive runs from the film distributors. We have to wait until Cineplex is done playing a film until we can start showing the film. Of course distributors would like their movies to be playing in as many cinemas as possible when the film is first released, but Cineplex has the power to influence them not to.</p> <p>When I look at American movie theatres that are comparable, they are playing the new movies we have to wait 2/3/4/5/6/7/8 weeks to play. In the US, there is no single player as dominant as Cineplex, so the film distributors can freely do business with independent cinemas, especially now that digital movie distribution gives greater flexibility of what plays where.</p>	B.C.	Arts, Recreation & Information
<p>We are a small craft distillery so the economy of scale with large commercial distilleries is stacked against us. The Federal Government gives no excise (or other) tax relief for small distilleries based on volume - we pay the same as the big guys.</p> <p>Our Provincial Government (BC) shuts us out of the largest retailer in the Province because they are the regulator, wholesaler and largest retailer - which should not be allowed. Their double dipping pricing structure means that we would be paid less than what it costs for us</p>	B.C.	Hospitality

<p>to produce our products if we were to sell to the Liquor Distribution Branch in BC.</p>		
<p>Amazon - they place ads with our copyrighted names, they aggregate searches on the internet by making it seem they stock a product, while they actually do not. They do not behave as good corporate citizens and adhere to ethical and fair business practices. Others such as telcos and transport companies with their service fees, fuel surcharges, etc.</p>	Alta	Wholesale
<p>Amazon - in multiple ways:  i) high cost of doing business  ii) free shipping products set to be free - this is impossible to compete with.  iii) policies which drive to the pricing bottom, where quality is not considered in how the products are displayed.</p> <p>Google - also in multiple ways. Their third-party cookie policy (which keeps getting delayed) will allow them to control this area as well. Google Merchant services is heavily biased to the US. Canadian companies cannot provide shipping costs directly from their couriers, for example. This causes problems with shipping - as they rate the vendor on being close to their "bell curve" of shipping ... \$9.00</p>	Ont	Wholesale
<p>We are asked to compete with Amazon who is one of the richest companies on the planet and who our government subsidizes with our tax money to wipe us out.</p> <ul style="list-style-type: none"> <li>- They receive unfair advantages with development of facilities</li> <li>- they are allowed to operate with unfair HR practices</li> <li>- They are allowed to circumvent distribution agreements, language laws, packaging laws, unequal treatment of vendors, shift purchasing from place to place to scrape off profit and crush competitors, become dominant in multiple industries culminating into an industry crushing and lobbying powerhouse.</li> </ul>	Ont	Retail
<p>Internet service is terribly unreliable, we only have Rogers and Bell in our area. Our cell bill is incredibly high, but it is a well-know fact Canada ranks worse than any other G20 country. We cannot fly to trade shows because the only option is Air Canada with high prices and poor service. We may high bank fees and even higher credit card expenses. Only five banks in this country, what can you expect.</p>	Ont	Retail
<p>Being part of the security industry the larger companies sit on the main board and fight against making it a licensed industry in our province which would make it possible to get the red seal stamp, making it possible for installers to work across Canada, and make it almost impossible for companies to use unlicensed installers or sales people.</p>	Ont	Retail

Loblaws has placed a minimum insurance of over 10,000,000,000 making it realistic for a small business such as myself who sold to only one loblaws store. They are forcing the managers of stores to buy from their own bakeries or suppliers. It is forcing small bakeries out of the chain stores.	Ont	Retail
imposing specification that apply strictly to their products or services. Their ability to lobby the market to believe their products are unrivaled.	Qué	Manufacturing
se faire fermé des comptes avec des fournisseurs americains	Qué	Wholesale
Fusion de compagnie entraine des augmentations sans précédent et les fusions de grossiste entraine la perte de certain marché exclusif	Qué	Finance, Insurance, Real Estate & Leasing
It's extremely difficult to compete with the return policies provided by Costco or Amazon. Those companies don't actually take the products back. It's usually there distributors that take back the returns and compensate companies such as Costco and Amazon. Small companies such as ours have to eat the losses on the returns. As well, we also have to service the products. Those retailers do not.	B.C.	Retail
Amazon getting special deals to ship via Canada Post so they can offer free shipping, Amazon allowing counterfeit items to be easily sold, Amazon's pricing algorithms and special deals with manufacturers that can put their sales price at only a minor amount over what distributors can sell to us for. Bank fees for small businesses that are way higher than personal transaction costs even though there may be the same amount of account activity. (example would be free US account costs for a personal account compared to a corporate account that must pay). Obscenely high interest rate charges on credit cards.	Alta	Retail
Suppliers dictate the terms of purchase. Often Large retailers like Walmart and Amazon can sell at prices as low as my cost even on my refurbished prices and include free shipping.	Ont	Retail
As a retail business, "3rd Party" sellers are becoming more prevalent within large organizations like Amazon, Best Buy, Staples, Walmart etc. This type of selling is not monitored or regulated and allows the sale of products by unauthorized persons at pricing not in line with market prices. Customers are not always aware that they are seeing prices from unauthorized sellers.  With the increase of online business, we're seeing competition grow through these avenues as well as Facebook Marketplace and Kijiji. We've seen firsthand how products can be stolen from stores or purchased online fraudulently and resold as a 3rd party seller without any consequence. There needs to be more regulations in place to prevent this behaviour.	Ont	Retail



<p>Amazon:</p> <ul style="list-style-type: none"> <li>- They started selling the same products as us (same brand) and gave themselves priority to sales.</li> <li>- With the software fees, amazon fees and shipping fees making a decent profit is almost impossible</li> <li>- Amazon required my business to beat their own pricing by as much as 10% to be included in a “buy box”</li> <li>- It is very hard to get ahold of anyone at Amazon unless you know certain tricks to get through on the phone, and then when you do get ahold of someone it's rarely anyone that can actually help you. Also you cannot actually talk to anyone in the accounting department and you have to rely on a customer service rep to relay and messages to different departments. This is why it took so long for us to get our money back. After months of talking to customer service reps, I finally talked to a supervisor who helped.</li> </ul>	<p>Ont</p>	<p>Retail</p>
<p>When something sells very well, Amazon will go directly to the suppliers so that can offer that product in competition with our business.</p> <p>Amazon restricted my ability to communicate with my customers on the platform, and I could not get a replacement part shipped to my client to fix the issue.</p> <p>We were selling an engine oil and paying Amazon to stock it at their warehouse. When the product was delivered to the end user it was reported as damaged / dented and amazon gave the customer a refund at my expense.... But it was them who delivered it and damaged it. Totally unreasonable and basically impossible for recourse</p>	<p>Ont</p>	<p>Wholesale</p>
<p>Amazon has strategically discounted to the point of losing money on orders. The have destroyed my industry (book industry).</p>	<p>Ont</p>	<p>Retail</p>
<p>Amazon constantly removed our listed products, stating they had pricing errors. Our listing are often not searchable, or end up lower down the list.</p> <p>They took money out of our account because a customer said that they didn't receive an item (5 months after we shipped it), even though said customer took a picture of the item and sent it to us through the amazon website. We also had conversations with the customer where they disclosed that they had the product and had used it. All conversations were done through the Amazon website, so Amazon had full access to these conversations but still took the money out of our account. (We also had a tracking number for the item showing they received it).</p> <p>We recently stopped selling on Amazon because amazon was pretty much taking all our sales (we'd be lucky if we got one per month). We can no longer sell certain brand name shoes, as our suppliers are not allowing us to ship to the U.S., even though the exact same shoes can be found on Amazon.com.</p>	<p>Alta</p>	<p>Retail</p>

