Diversify to protect your business

Survey highlights

Research and Market Intelligence at BDC

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Context and methodology

Context

This report is about how business owners use diversification in their business.

Diversification means expanding into new products, services, or market to reduce risk and increase resilience. It offers growth opportunities but can also stretch resources and add complexity.

Survey methodology

Online survey.

Respondent profile

Business owners and business decision-makers members of BDC ViewPoints proprietary online panel.

Survey dates

June 17th to July 2nd, 2025

Margin of error

For a probabilistic sample of 545 respondents, the maximum margin of error is ± 4.2 percentage points, 19 times out of 20. However, as this survey is based on a non-probabilistic sample, this information is provided for reference only.

Data processing and analysis

Were performed by the BDC Research and Market Intelligence team.

Weighting factors

Results were weighted by region and number of employees to be representative of the Canadian SME population.

A growing number of Canadian business owners are **strategically diversifying their operations** to stay competitive and resilient in today's evolving market.

1 in 5 entrepreneurs report high or very high diversification which means that they operate across multiple markets or industries, offering a range of products and services.

High-diversifiers

35%
Businesses with 100 employees or more

35%
Manufacturing firms

29%
Professional service providers

29%
Businesses based in Quebec

Recent activity

51%+ have launched a **new product**, **service**, or **entered a new market** within the past year—demonstrating a strong appetite for innovation and expansion.

Top motivations

57%
To explore new revenue streams

46%
To respond to evolving customer needs

Perceived benefits

70%
Increased revenue or profitability

62%
Access to new customer segments or markets

Diversification success not only depends on external financial support but also on internal capabilities, such as access to resources, and a strong leadership and strategic vision.

55% of businesses already have a diversification strategy in place—formal or informal.

Challenges to watch

50% Overextending financial or human resources

41% Increased operational complexity

40% Uncertain return on investment

Looking ahead

63% **plan to diversify** in the next 2 years

More common among…

- High-growth (20%+) companies
- Mainly male-owned companies
- Those who export, invest in R&D and acquired another business
- Manufacturers
- Quebec-based companies

What it takes to succeed

Internal capabilities

49% Financial flexibility

43% Strong leadership and strategic vision

37% Skilled and adaptable workforce

External support

57% Access to funding or financial incentives

33% Government support

What does it mean for a business?

Business diversification can lead to new growth opportunities, mitigate risks, and enhance long-term resilience. Various external resources are available to support this process, including expert guidance, practical tools, and financial solutions tailored to specific needs. Whether the goal is to enter new markets, introduce new products, or adjust a business model, structured support can help address challenges and capitalize on emerging opportunities. A selection of BDC resources is provided in the next section.

Interested in learning more?

If you are among those interested in taking the first steps to diversify your business, check this BDC guide to get more information on what diversification means for your business, choosing the right strategy and ensuring that your plan becomes a reality.

To learn more on the topic of diversification, check this BDC blog article to get more information on what diversification means for Canadian SMEs.

Thank you.