



MORNING CONSULT
INTELLIGENT DATA, INTELLIGENT DECISIONS



verizon^v

SMB Responses to COVID-19

APRIL 2020

Background



METHODOLOGY

This poll was conducted by Morning Consult on behalf of Verizon between April 24–April 26, 2020 among a national sample of **500 small to mid-size business owners and decision makers**. The interviews were conducted online. Results from the full survey have a margin of error of +/- 4 percentage points.



TARGET AUDIENCE

- Works at a business with 1–500 employees
- Has the final say or has influence on decision-making at their business
- Business has *not* permanently closed without plans to re-open
- Works in one of the following industries:
 - Construction & Contracting
 - Entertainment & Recreation
 - Food & Beverage (Non-Restaurant)
 - Hospitality & Accommodation
 - Property & Real Estate
 - Retail
 - Restaurant & Bar

Respondent Profile

Job Status: Work for an employer full time	55%
Job Status: Work for an employer part time	10%
Job Status: Work for more than one employer part time	1%
Job Status: Self-employed at my own business	34%
Employee Count: 1 (I am the sole proprietor)	6%
Employee Count: 2 to 10	38%
Employee Count: 11 to 50	27%
Employee Count: 51 to 100	12%
Employee Count: 101 to 250	11%
Employee Count: 251 to 500	6%
Role: Owner / C-Level	43%
Role: Vice President	4%
Role: Director	11%
Role: Manager	30%
Role: Assistant or Associate	10%
Role: Other	2%
Industry: Construction & Contracting	15%
Industry: Entertainment & Recreation	15%
Industry: Food & Beverage (non-restaurant)	15%
Industry: Hospitality & Accommodation	10%
Industry: Property & Real Estate	15%
Industry: Retail	15%
Industry: Restaurant & Bar	15%

Business: Remains open and operational	63%
Business: Temporarily closed but plans to re-open	37%
Business: Considered an essential business	44%
Business: Considered a non-essential business	51%
Business: Unsure	5%
Work Location: Working in person	43%
Work Location: Working in person and remotely	22%
Work Location: Working remotely	35%
Revenue: Less than \$100,000	16%
Revenue: \$100,000 – less than \$500,000	18%
Revenue: \$500,0000 – less than \$1M	15%
Revenue: \$1M – less than \$10M	27%
Revenue: More than \$10M	16%
Revenue: Unsure	9%
Customer: Primarily serve individual consumers	59%
Customer: Serve individual consumers and businesses	29%
Customer: Primarily serve businesses	11%
Decision Making Status: Final say on decisions	44%
Decision Making Status: Influence on decision-making	56%

Key Points

- 1** Owners and decision makers at small and mid-size businesses (SMBs) overwhelmingly say the coronavirus outbreak has had a **negative impact on their business' financial security (82%), and a lesser majority say it has had a negative impact on their own job security (60%).**
- 2** Among owners and decision makers at businesses that have been able to remain open and operational in some capacity, **nearly half (46%) say their business will be able to stay open for more than 6 months if conditions remain how they are now.**
- 3** **68% of owners and decision makers say they expect that they will recoup losses related to COVID-19 once conditions improve.** Similarly, 81% agree they are confident in their business' plan to continue operations during the outbreak.
- 4** **Less than half of owners and decision makers say the resources currently available to help business leaders navigate the outbreak have been useful to them (46%).** Of those tested, waived late fees from service providers, a list of available loan programs and how to apply, and a resource hub dedicated to reviving small businesses emerge as the programs that decision makers say would be most helpful to their business.
- 5** A large majority of owners and decision makers say their business has experienced **declining sales as a result of the outbreak (78%),** mirrored in open-ended themes. Many also say they have reduced employees' hours (60%), reduced wages of business leaders (45%) and laid off staff (44%).

Contents



General Outlook



Business Impacts & Challenges



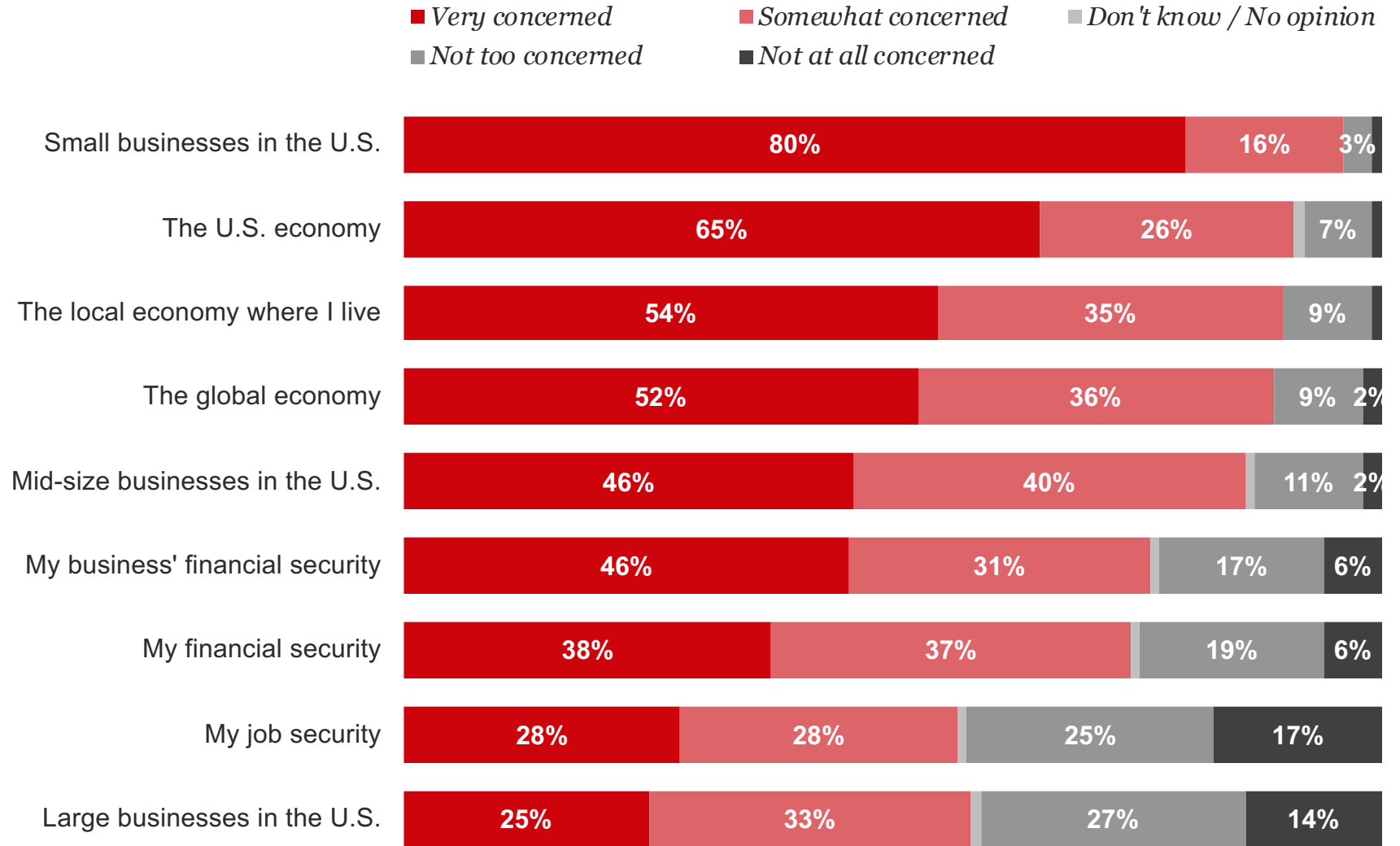
Resources

General Outlook

Level of Concern

Decision makers express the strongest level of concern over the impact of the coronavirus outbreak on small businesses in the U.S., followed by the U.S. economy at large. Lesser majorities are concerned about the outbreak's impact on large businesses and their own job security.

In general, how concerned are you about the impact of the coronavirus (COVID-19) outbreak on the following?



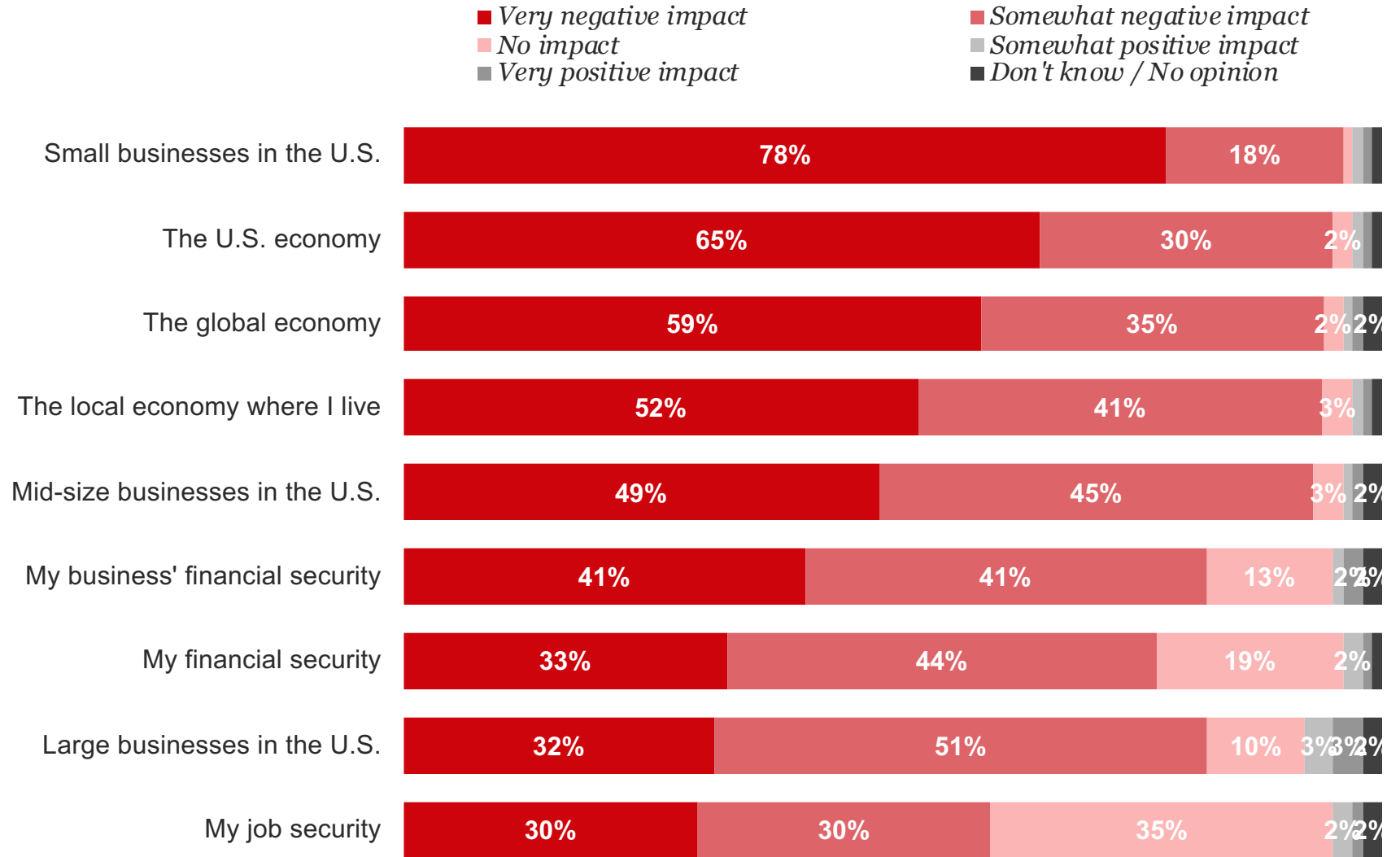
Base: All SMB decision makers

General Outlook

Impacts

Similarly, respondents overwhelmingly say they coronavirus outbreak has had a negative impact on small and mid-size businesses in the U.S., as well as their own business' financial security (82%).

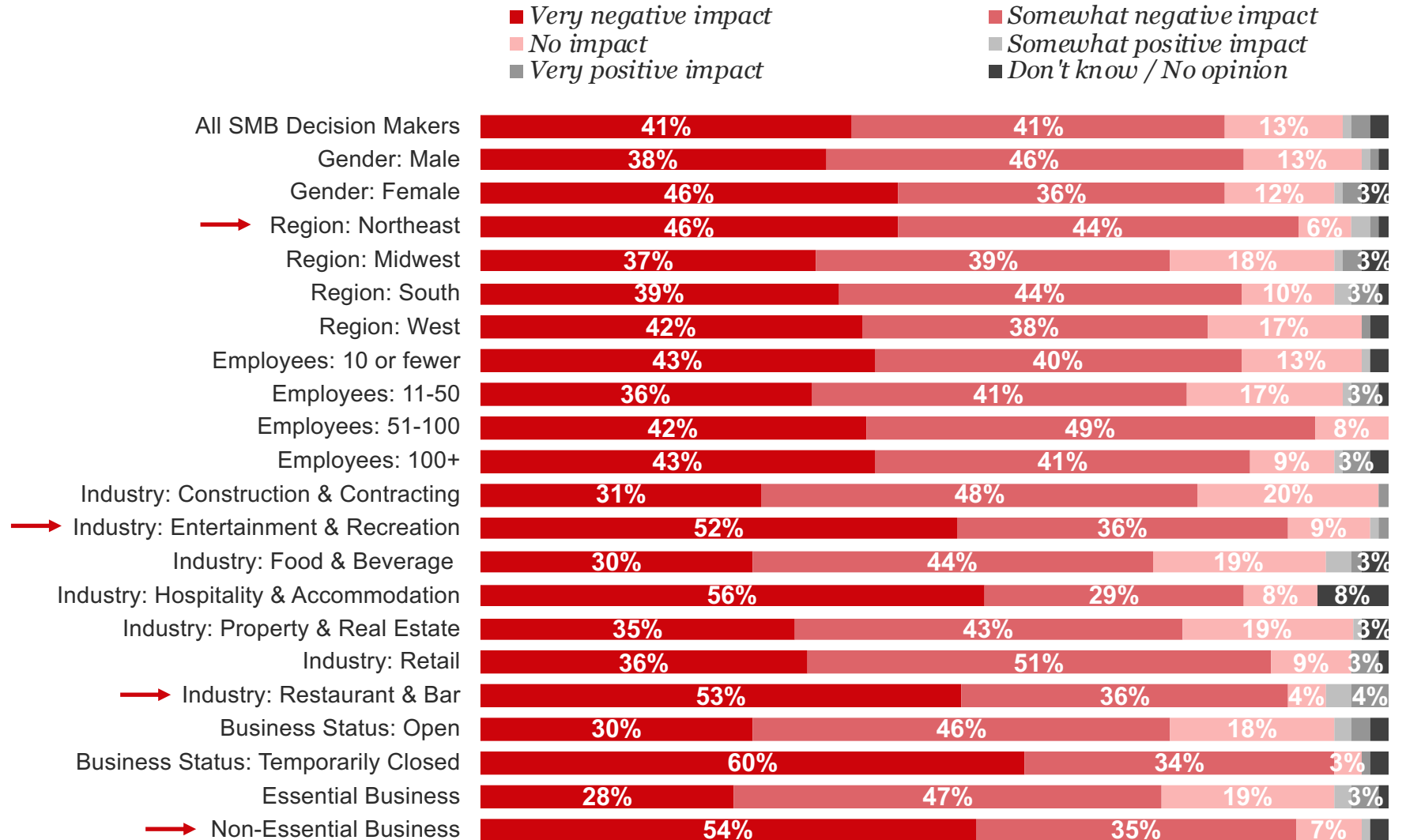
And, over the past few months, how do you believe the coronavirus (COVID-19) outbreak has impacted the following, if at all?



Base: All SMB decision makers

Decision makers in the Northeast are slightly more likely than those in other regions to say the outbreak has had a negative impact on their business' financial security. Similarly, those in the entertainment and restaurant industries have felt stronger negative impacts than others.

And, over the past few months, how do you believe the coronavirus (COVID-19) outbreak has impacted the following, if at all? – **My business' financial security**



General Outlook

Impacts

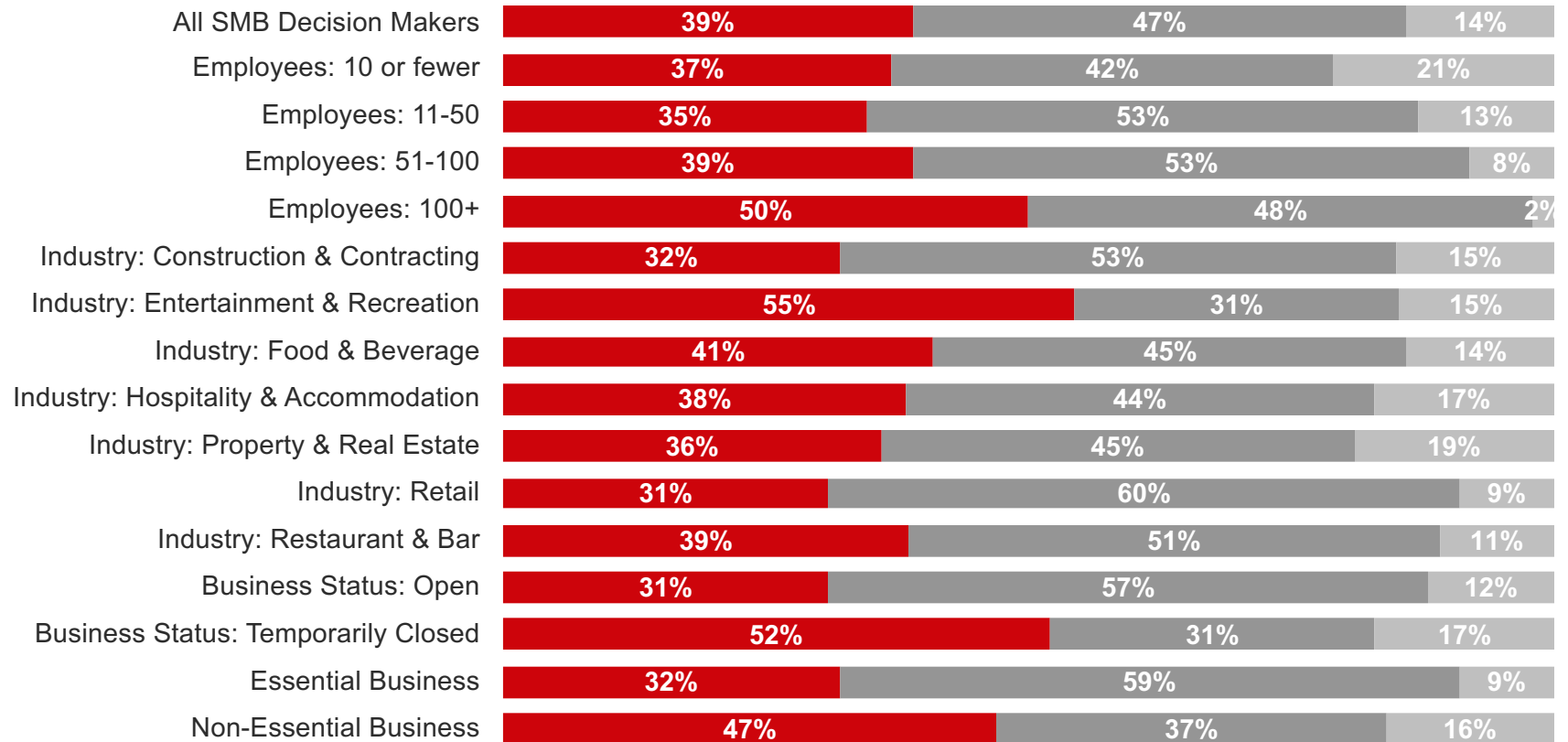
General Outlook

Business Adjustments

Nearly half of respondents say they have identified the impacts of the coronavirus outbreak on their operations and implemented plans to allow them to continue to operate in this “new normal.” Respondents at businesses that have temporarily closed are most likely to say they are still collecting information.

Thinking about the current state of your business as it relates to the coronavirus (COVID-19) outbreak, which of the following best describes your view, even if neither is exactly right?

- *My business is collecting information about the coronavirus and its impacts and is in the process of determining how we need to change our operations to adapt and respond.*
- *My business has identified the impacts of the coronavirus on our operations and has implemented the necessary plans and changes to allow us to continue in this 'new normal.'*
- *Don't know / No opinion*



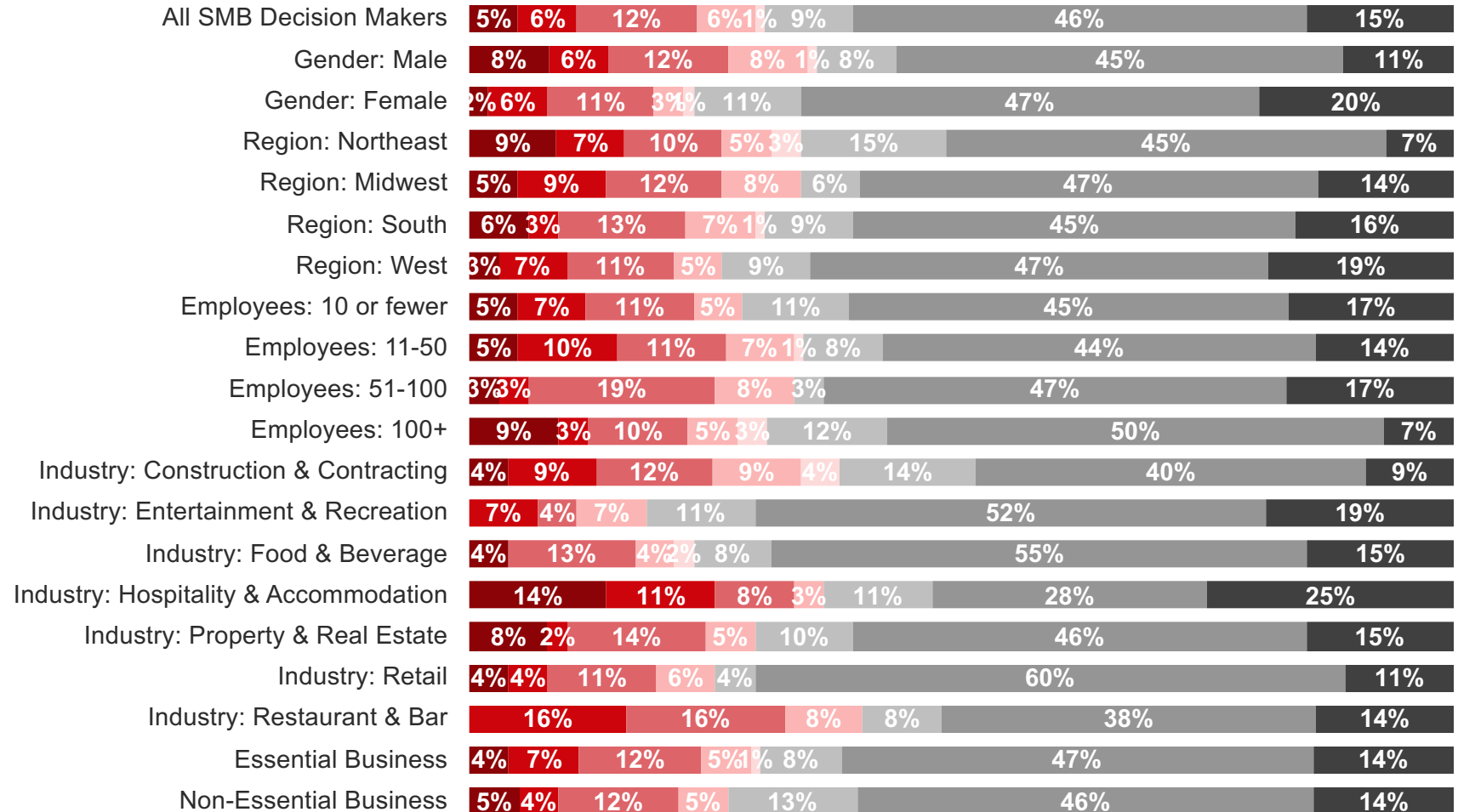
General Outlook

Staying Open

Among businesses that remain open, a plurality of decision makers (46%) say their business will be able to stay open for more than 6 months if conditions stay how they are now. Respondents in the restaurant and hospitality industries are less optimistic.

Generally speaking, if conditions caused by the coronavirus (COVID-19) outbreak stay how they are now, for how long do you think your business will be able to stay open and operational?

■ 1 month or less ■ 2 months ■ 3 months ■ 4 months ■ 5 months ■ 6 months ■ More than 6 months ■ Don't know / No opinion



Base: SMB decision makers whose businesses remain open and operational in some capacity

Contents

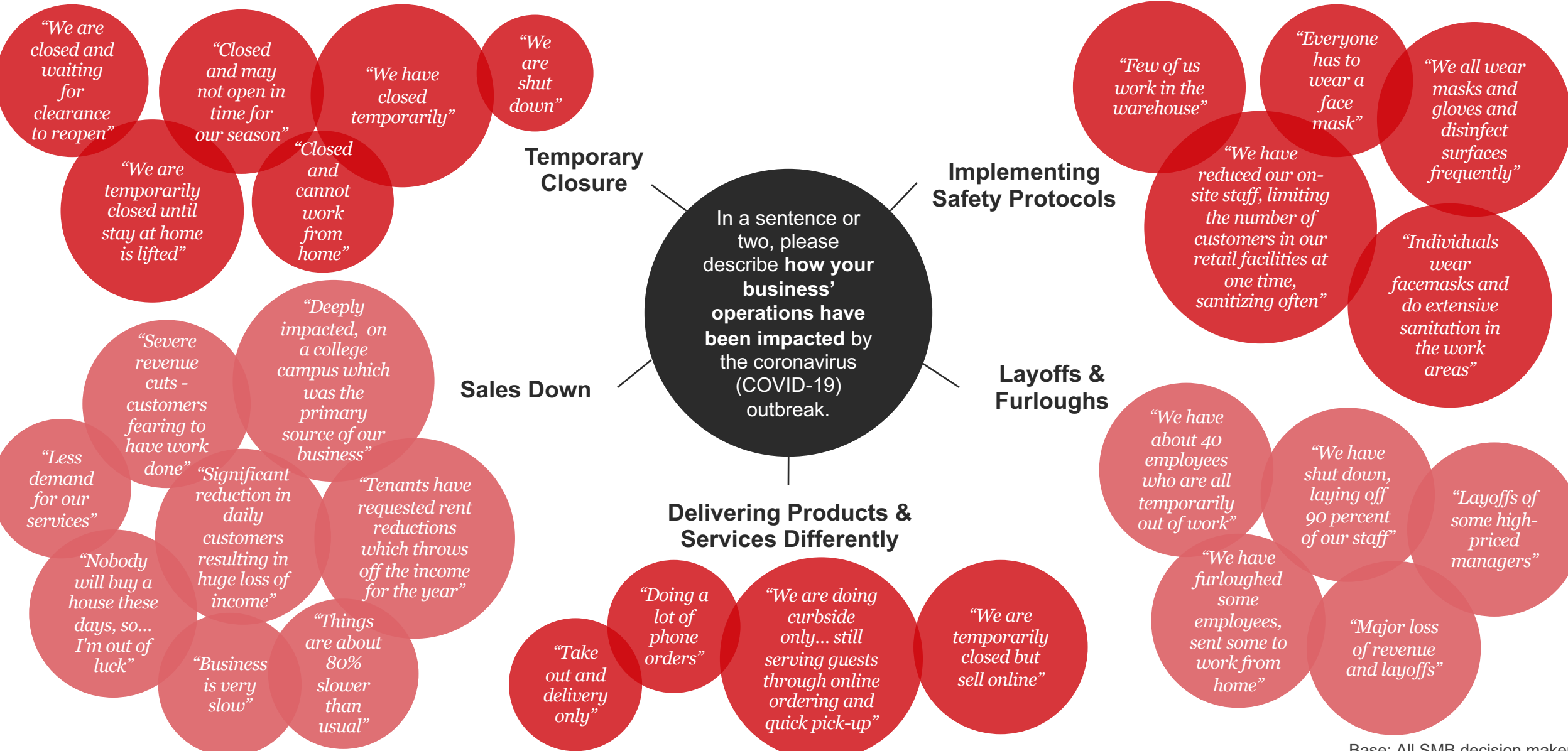
1 General Outlook

2 Business Impacts & Challenges

3 Resources

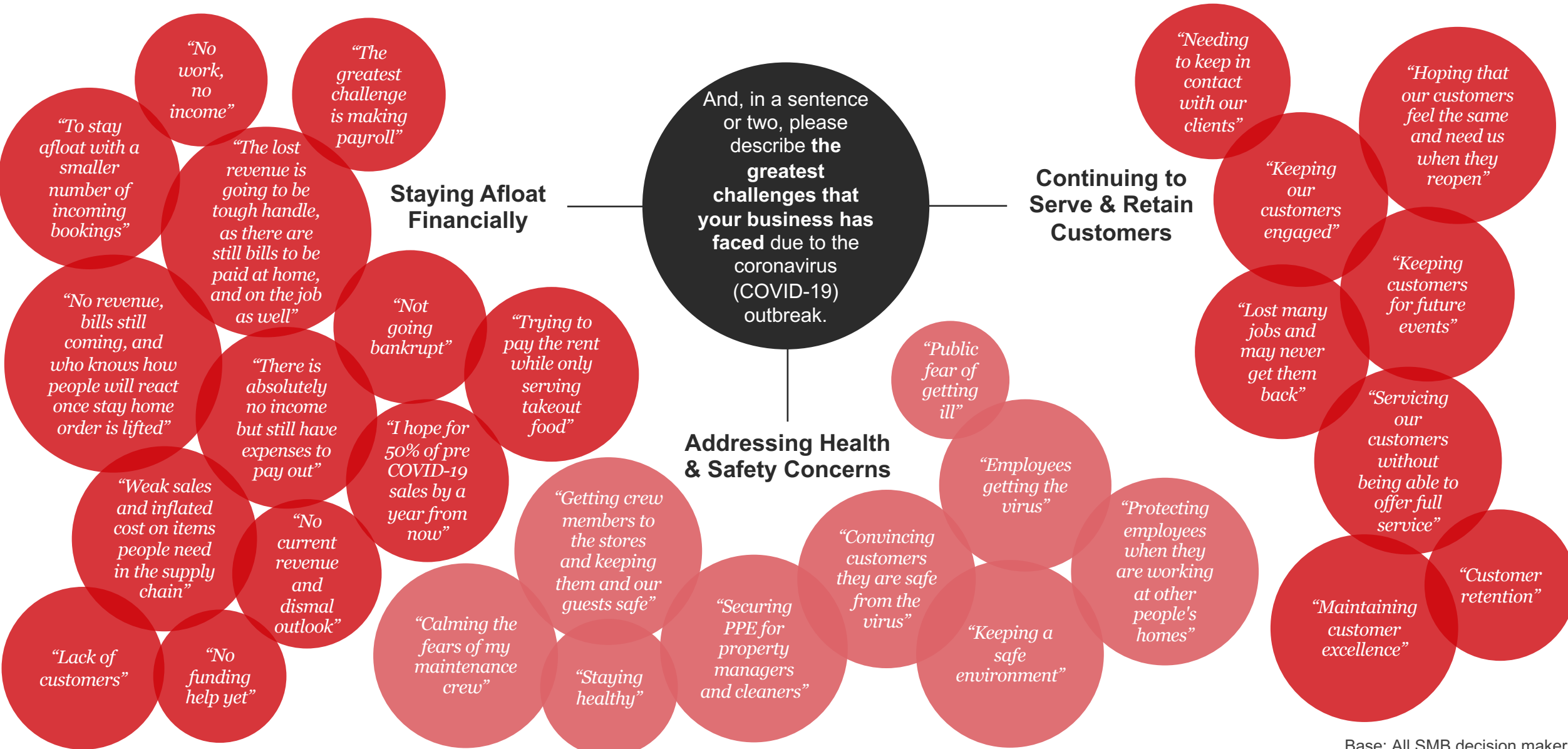
Business Impacts & Challenges

Qualitative Insights



Business Impacts & Challenges

Qualitative Insights

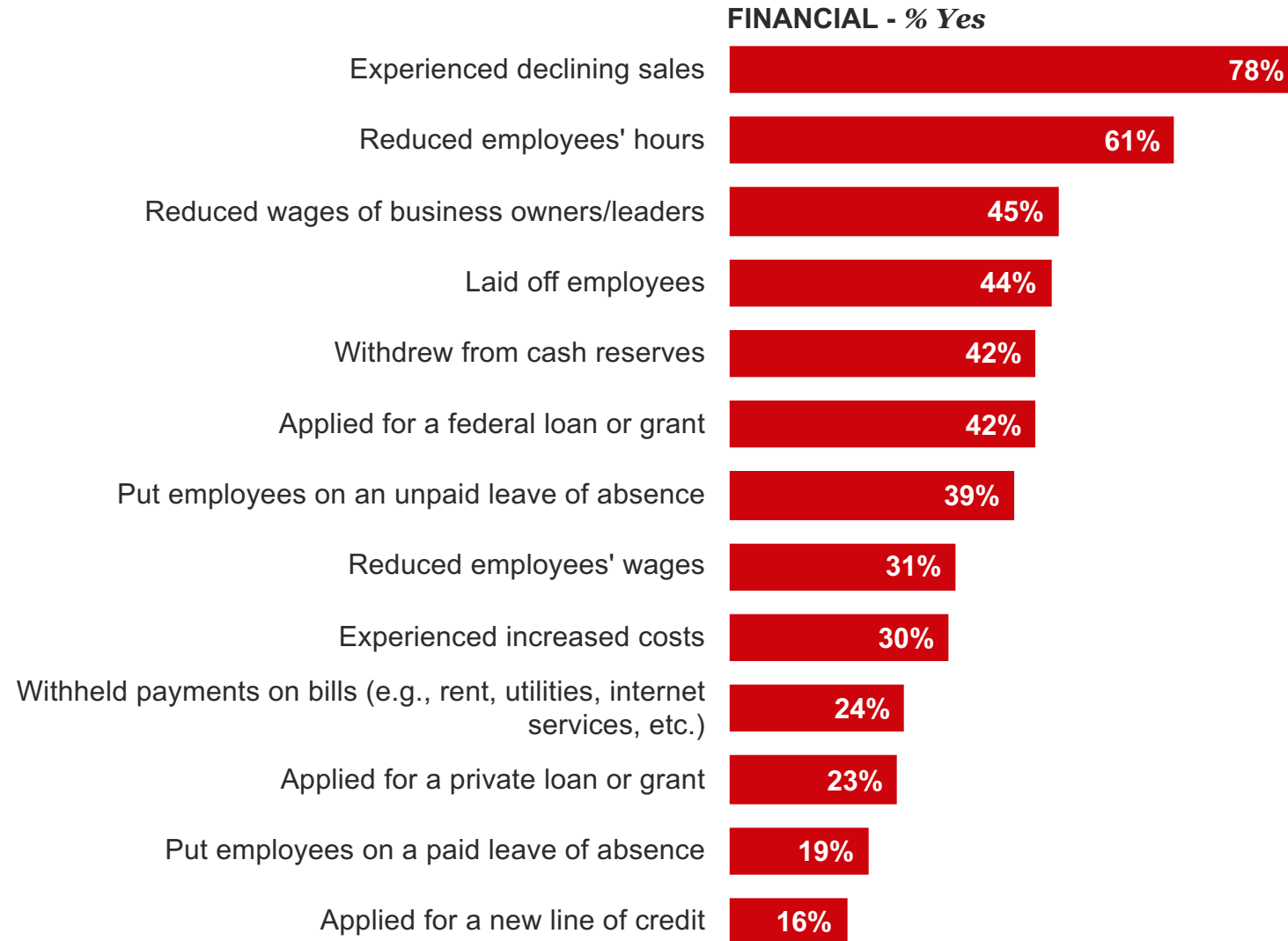


Business Impacts & Challenges

Financial Impacts & Responses

In an aided environment, the majority of small-to-mid-size businesses say their business has experienced declining sales and has had to reduce employees' hours due to the coronavirus outbreak. Nearly half have reduced wages of business leaders and laid off employees.

Thinking about the impacts of the coronavirus (COVID-19) outbreak, has your business...



Base: All SMB decision makers

Business Impacts & Challenges

Operational Impacts & Responses

In terms of operational responses, decision makers most commonly report that their business has attempted to source PPE for employees, experienced supply chain interruptions, and transitioned employees to remote work.

Thinking about the impacts of the coronavirus (COVID-19) outbreak, has your business...



Base: All SMB decision makers

Business Impacts & Challenges

*Operational Impacts &
Responses: Digitizing*

Decision makers in the property and real estate industry are more likely than others to say their business has implemented new systems to allow for remote collaboration and added or transitioned to digital operations.

Thinking about the impacts of the coronavirus (COVID-19) outbreak, has your business...

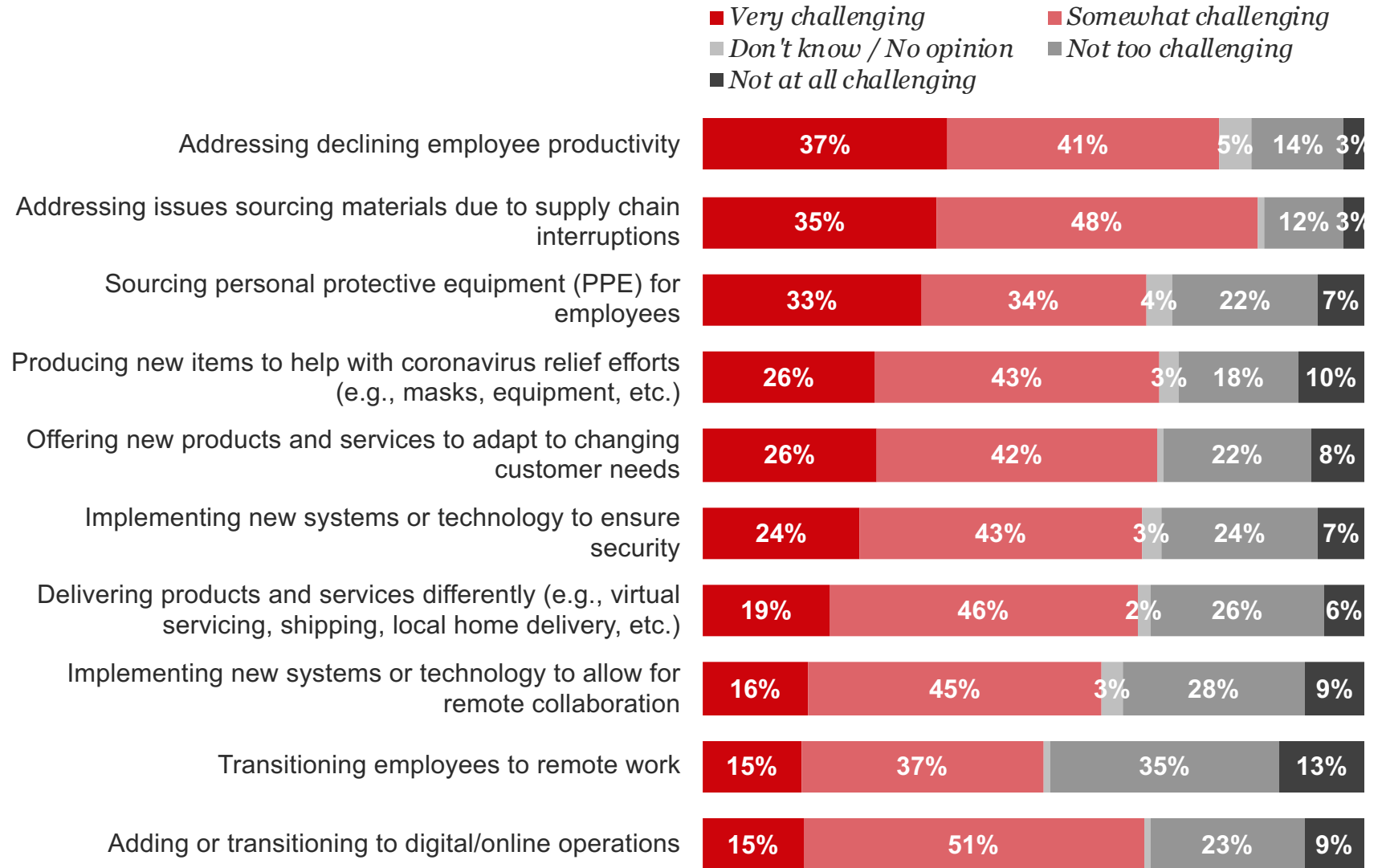
% Yes	Implemented new systems or technology to allow for remote collaboration	Added or transitioned to digital/online operations	Implemented new systems or technology to ensure security
All SMB Decision Makers	34%	30%	21%
Industry: Construction & Contracting	27%	15%	12%
Industry: Entertainment & Recreation	43%	32%	15%
Industry: Food & Beverage	36%	29%	29%
Industry: Hospitality & Accommodation	31%	35%	25%
Industry: Property & Real Estate	44%	39%	20%
Industry: Retail	36%	35%	27%
Industry: Restaurant & Bar	21%	29%	23%
Essential Business	32%	26%	23%
Non-Essential Business	37%	35%	20%

Business Impacts & Challenges

Challenges

Among those whose businesses have responded or been impacted in each way, respectively, most say they have had challenges – especially when it comes to addressing declining employee productivity and supply chain interruptions.

And, how challenging has it been for your business to address or implement each of the following?



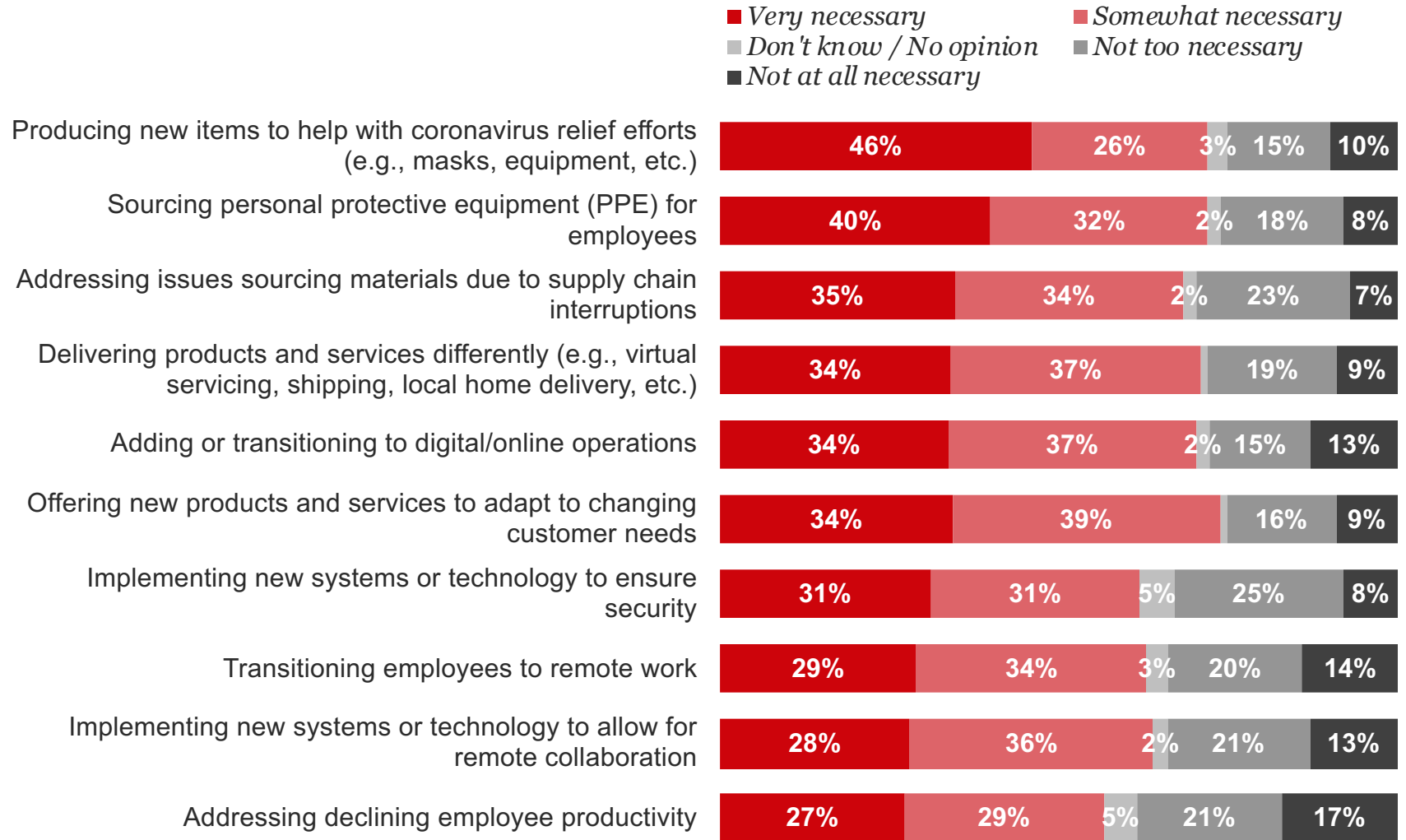
Base: SMB decision makers who said "yes" to each item

Business Impacts & Challenges

External Expertise

Among those whose business have responded or been impacted in each way, respectively, demand for external support is strongest when it comes to offering new products to adapt to changing customer needs, producing/sourcing PPE, and delivering products and services differently.

Next, please think about the areas where your business has vs. does not have in-house expertise and infrastructure. With those in mind, how necessary do you consider external support and services to be in helping your business address or implement the following?



Base: SMB decision makers who said "yes" to each item

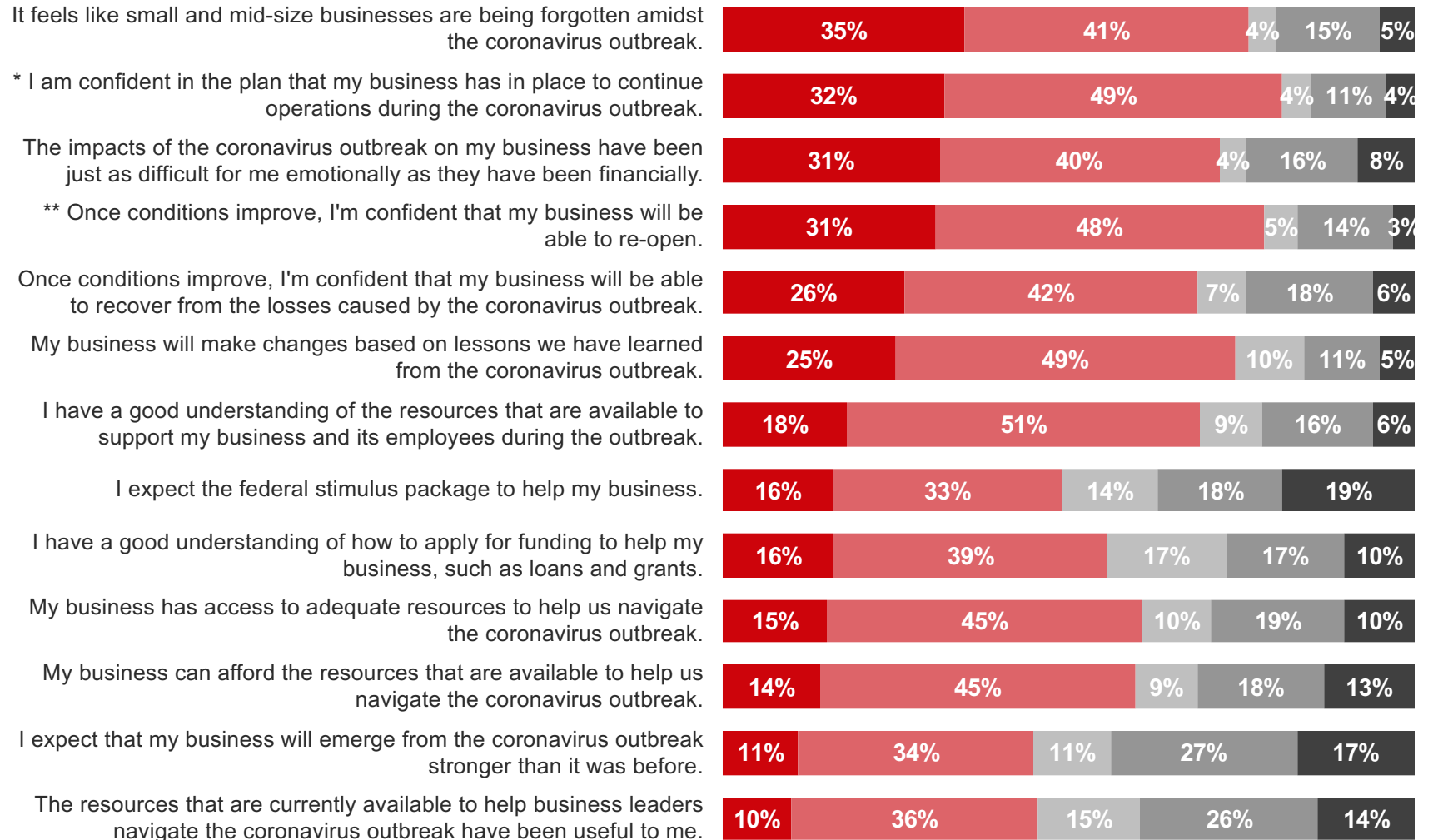
Business Impacts & Challenges

Agreement

Despite confidence in plans to either remain open or re-open once the outbreak has subsided, 3 in 4 decision makers say it feels like small and mid-size businesses are being forgotten about amid the outbreak. Less than half say existing resources have been useful to them.

To what extent do you agree or disagree with the following statements?

■ *Strongly agree*
 ■ *Somewhat agree*
 ■ *Don't know / No opinion*
 ■ *Somewhat disagree*
 ■ *Strongly disagree*



* Shown to respondents whose businesses remain open

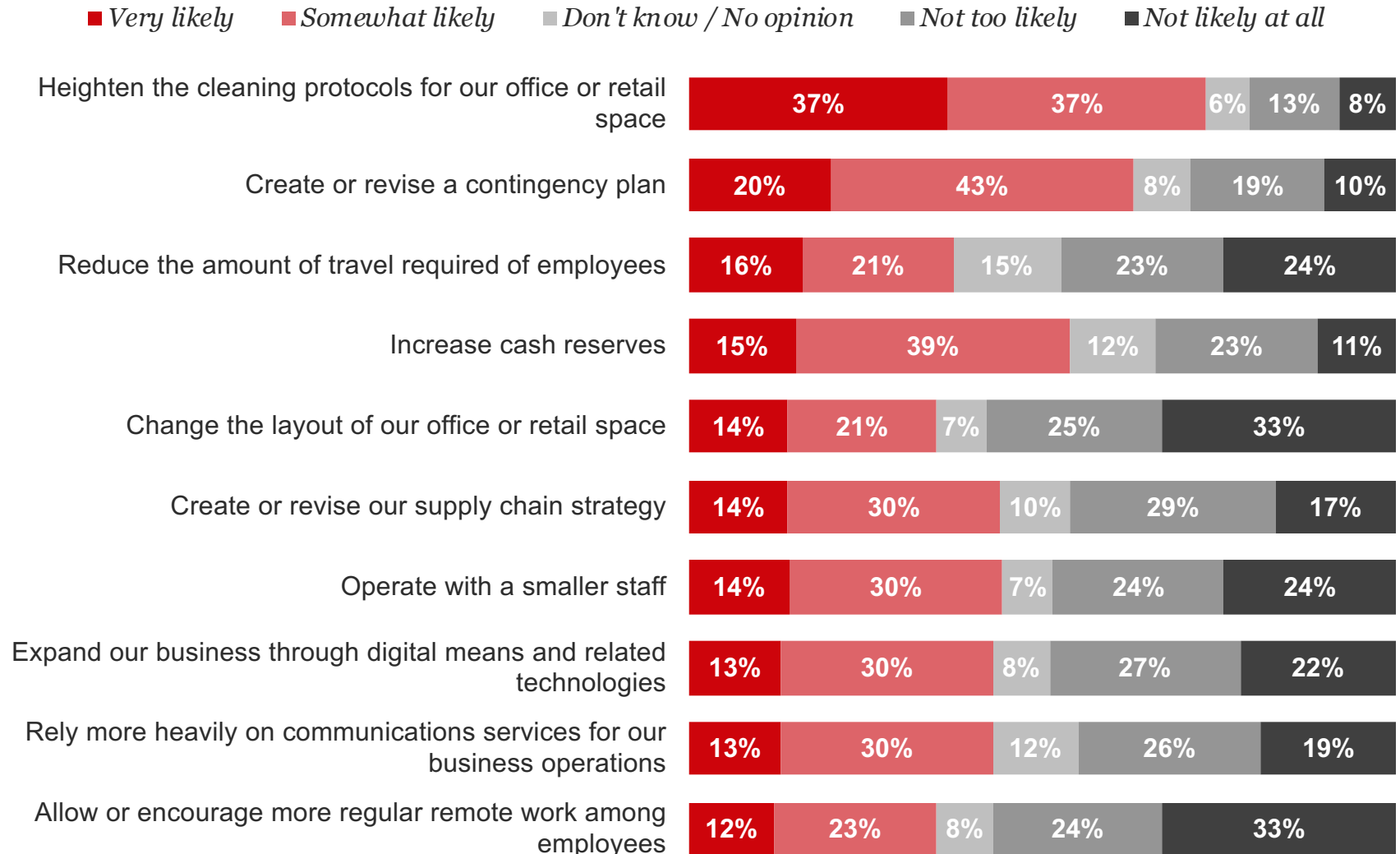
** Shown to respondents whose businesses have temporarily closed

Business Impacts & Challenges

Future Outlook

Looking to the future after the outbreak has subsided, most decision makers say their business is likely to heighten its cleaning protocols, create or revise a contingency plan, and increase its cash reserves.

Thinking about the future of your business, after the coronavirus (COVID-19) outbreak has subsided, how likely do you think it is that your business will...



Base: All SMB decision makers

Decision makers in the retail industry are more likely than others to say their business is likely to expand through digital technologies in the future.

Thinking about the future of your business, after the coronavirus (COVID-19) outbreak has subsided, how likely do you think it is that your business will...

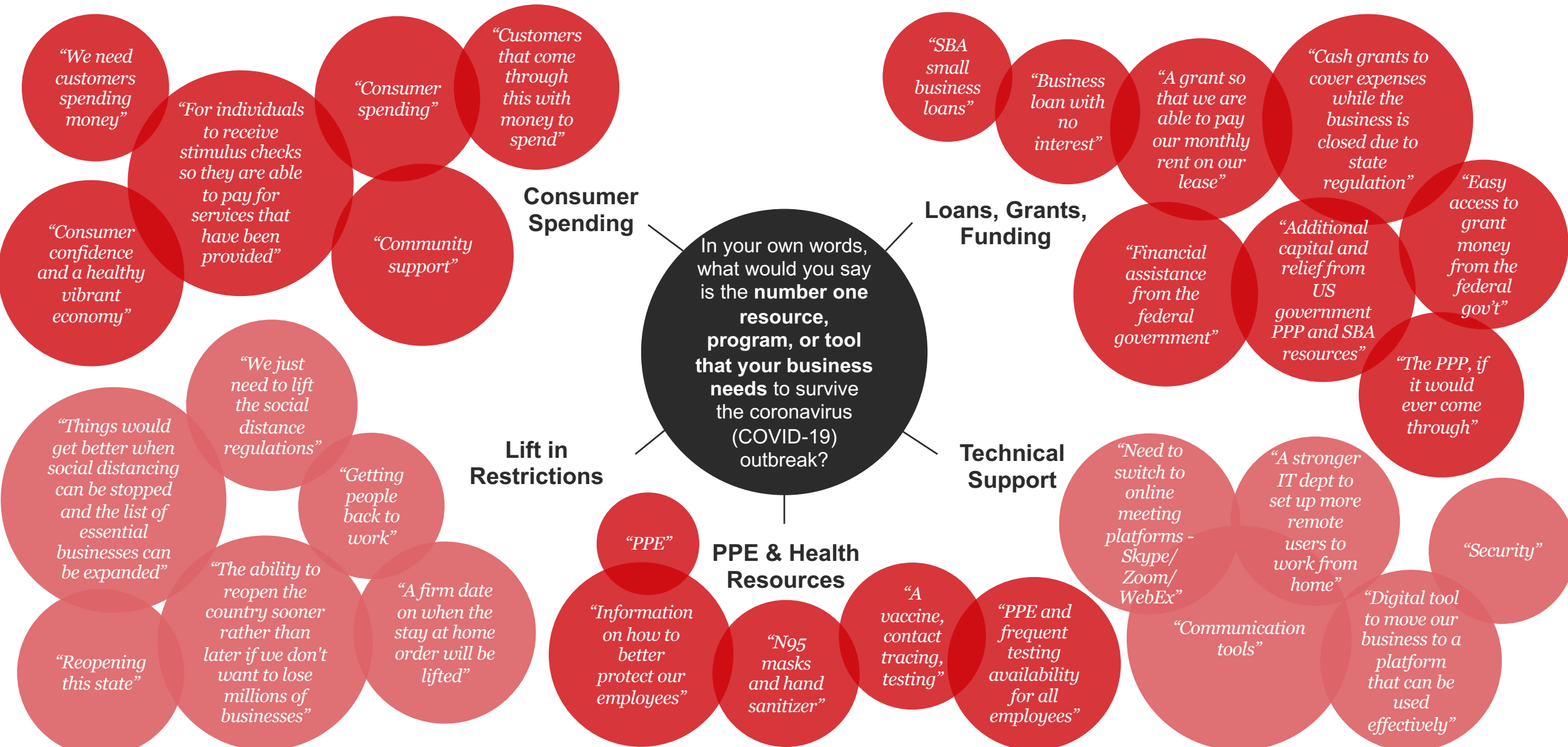
% Very or somewhat likely	All SMB Decision Makers	Construction & Contracting	Entert. & Recreation	Food & Beverage	Hospitality & Accomm.	Property & Real Estate	Restaurant & Bar	Retail	Essential Business	Non-Essential Business
Heighten the cleaning protocols for our office or retail space	74%	63%	75%	79%	77%	64%	88%	70%	74%	74%
Create or revise a contingency plan	63%	56%	64%	59%	69%	60%	70%	64%	65%	63%
Increase cash reserves	54%	56%	50%	51%	42%	55%	64%	52%	53%	54%
Operate with a smaller staff	44%	36%	44%	38%	58%	30%	70%	40%	39%	50%
Create or revise our supply chain strategy	44%	43%	32%	52%	40%	33%	55%	53%	46%	43%
Rely more heavily on communications services for our business operations	43%	36%	44%	44%	43%	44%	46%	42%	40%	46%
Expand our business through digital means and related technologies	43%	34%	49%	41%	37%	44%	36%	56%	42%	45%
Reduce the amount of travel required of employees	37%	35%	39%	42%	44%	34%	38%	33%	38%	40%
Allow or encourage more regular remote work among employees	35%	33%	33%	32%	45%	46%	26%	36%	37%	35%
Change the layout of our office or retail space	35%	27%	36%	37%	37%	25%	47%	32%	34%	37%

Business Impacts & Challenges

Future Outlook

Contents

- 1** General Outlook
- 2** Business Impacts & Challenges
- 3** Resources

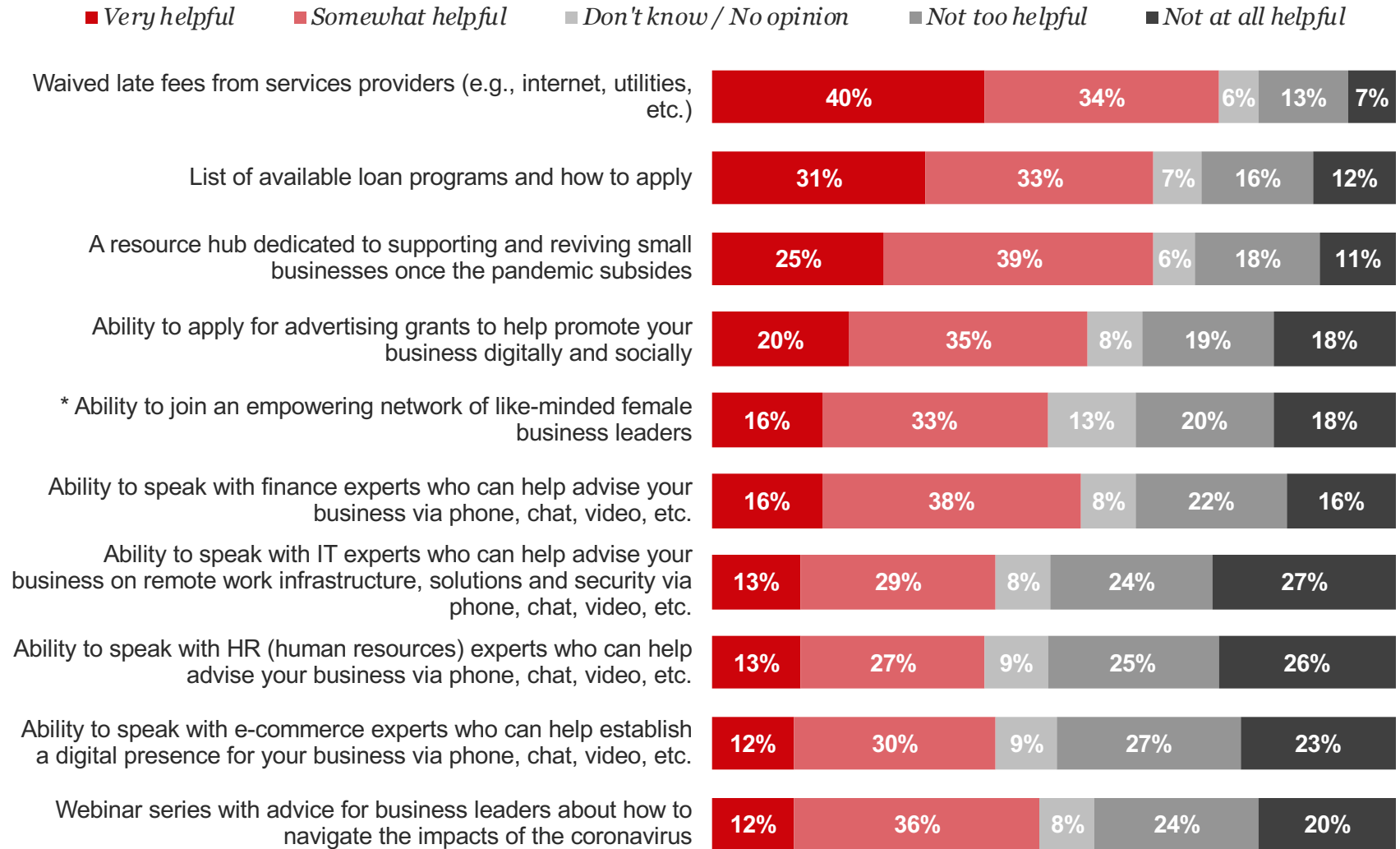


Resources

Navigating COVID-19

Of those tested, waived late fees from service providers emerges as the program decision makers say would be most helpful as they navigate the outbreak, followed by a list of available loan programs and a resource hub dedicated to supporting and reviving small businesses.

How helpful would the following resources or programs be to your business as it navigates the impacts of the coronavirus (COVID-19) outbreak?



Base: All SMB decision makers

* Shown to female respondents

 MORNING CONSULT

verizon