

IMPACT OF CORONAVIRUS ON SMALL BUSINESSES

Small business advocates Thryv, Inc. and America's Small Business Development Center (SBDC) are studying COVID-19 impact among small businesses.

This study was launched on November 16, 2020 in an effort to better understand the challenges faced by small business as the Coronavirus pandemic continues. New invitations were sent every Monday, except Christmas and the following week. This study was first conducted from March 20 to July 2, 2020, where 4,244 small businesses participated.

Study Participants

- Owners and senior managers from over 1,499 small businesses
- 49 out of 50 states represented
- Over 100 industries from small manufactures to hair salons
- 35% female and/or minority ownership

Firms tend to be smaller with approximately 62% having five to 10 employees. Eight in ten surveys were completed by an owner or president of the firm; the rest were completed by managers with decision-making authority. Most of the businesses were well established, more than half (51%) have been in business more than 30 years. Six in ten have annual revenue below \$500,000. Female and minority ownership represent 35% of those completing the survey.

Key Insights

Not surprisingly, the most recent data shows that small businesses continue to struggle, with two-thirds saying demand for their goods and services has declined. Almost all small businesses (92%) had to make adjustments to their way of doing business because of Covid-19 and most (59%) say they are likely to maintain those adjustments even when things have returned to normal.

Of the small business respondents, 45% said that continued shutdowns in 2021 would cause them to lay off additional employees, close locations, reduce costs, or close permanently.

Industries most hurt by the pandemic were personal services (78% saw decline in demand), pet care (60% decline), medical services (60% decline), and retail (58% decline). Although all sectors studied saw declines, some businesses within those industries saw increases, including auto (13% saw an increase in demand), home services (13% increase), and home repairs (11% increase).

In the first few weeks of the study in March 2020, fear had driven consumers away from businesses even before government-mandated shutdowns had begun.

Between March 20 and March 24, 89% small businesses were reporting decreases in demand in states where shelter in place orders had been issued, but even in states where there were no shelter in place orders, 84% of small businesses said they had seen decreases in demand.

During this time frame, where shelter in place orders had been issued, 71% had reduced employee hours and another 19% said they would soon. In states that had no shelter in place orders in effect, 55% had reduced employee hours and 27% said they would be cutting back.

Pessimism about complete recovery 12 months from the survey date has been consistent throughout the study, including the most recent round. Between 65% and 80% of businesses said they would not completely recover in one year.



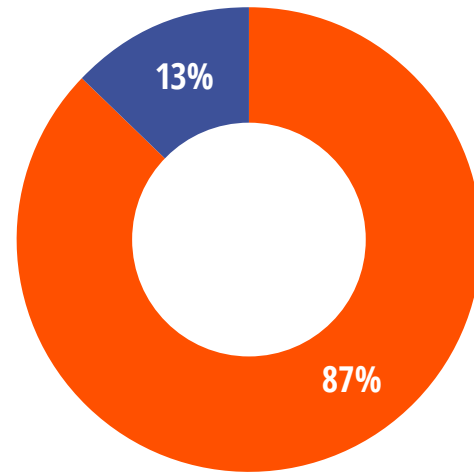
IMPACT OF CORONAVIRUS ON SMALL BUSINESSES (CONT.)

Small business advocates Thryv, Inc. and America's Small Business Development Center (SBDC) conduct study to gauge COVID-19 impact among small businesses.

DOES THE GOVERNMENT NEED TO PROVIDE MORE STIMULUS?

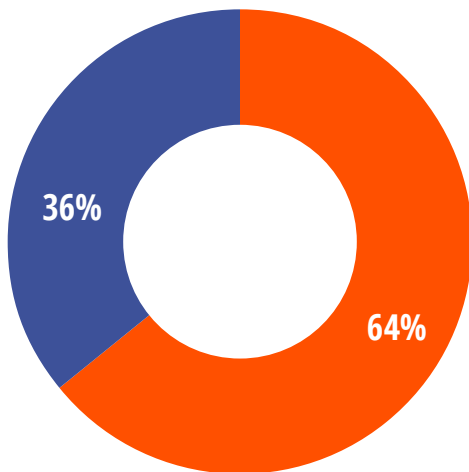
87% of SMBs believe the government needs to provide more stimulus

- MORE STIMULUS IS NEEDED
- NO MORE STIMULUS IS NEEDED



DO YOU THINK YOUR SMB WILL FULLY RECOVER ONE-YEAR FROM NOW?

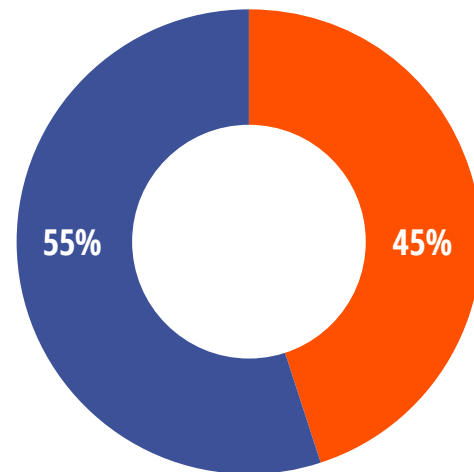
Two-thirds of SMBs believe their business won't completely recover one-year from now.



- WON'T FULLY RECOVER
- FULLY RECOVERED

IMPACT ON SMBs IF COVID RESTRICTIONS CONTINUE?

45% say they will close their business, lay off employees or close locations if restrictions continue into 2021.



- LAYOFF, CLOSE LOCATIONS, CLOSE BUSINESS, CUT COSTS
- NO CHANGES

Statistical differences were tested at 95% on a base of 1,499 Thryv clients. This sample represents statistically reliable data with a margin of error of +/- 2.6%.

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STIMULUS & SHUTDOWN INSIGHTS



Industrial, Medical, Auto, and Home Repair firms are most likely to have **applied for a special loan program** such as PPP.



10% of Auto, B2B, Personal Services, Home Services, and Retail firms said they **did not get any of the funds applied for**.



Two-thirds of Personal Services firms say **a lot more stimulus is needed**.



About half of B2B, Home Service, Medical, Professional Services, and Retail firms say **a lot more stimulus is needed**.



Most industries **agree** that the **shutdown lasted too long**.



Nine out of ten industries responded with 20% and 30% saying the shutdown was about the **right amount of time**.



Two industries, **Auto** and **Home Repair** were **most likely** to say (70% and 69%) the shutdown was **too long**.



Pet care, medical services, retail, professional services, are the **least likely** (48%-52%) to say businesses were **closed too long**.

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