

Impacts of the COVID-19 Pandemic on Sacramento Businesses

*Key Findings from a Citywide Survey of Businesses
Conducted June 2-10, 2020*



OPINION
RESEARCH
& STRATEGY

Survey Methodology

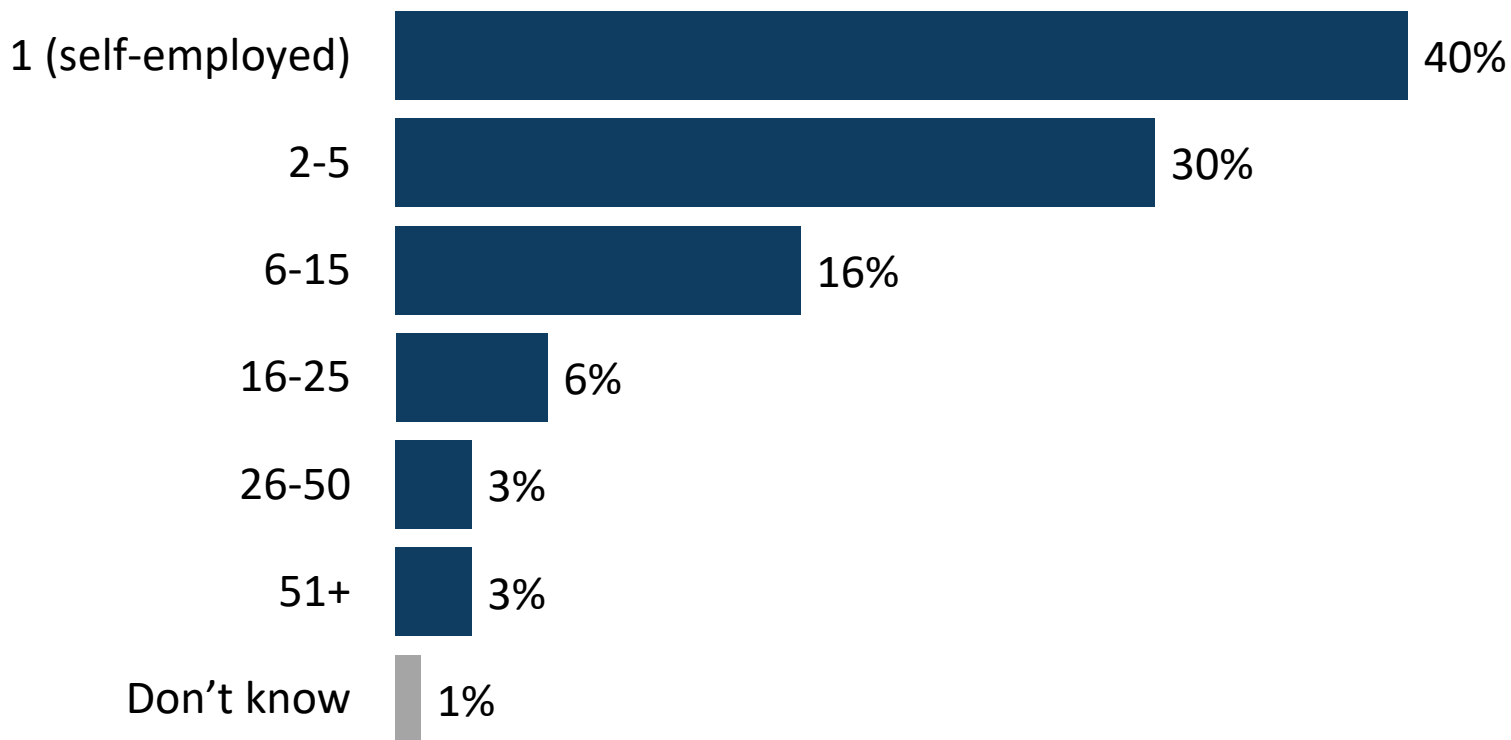
- 399 interviews with Sacramento businesses
- Interviews conducted June 2-10, 2020
- Interviews in English and Spanish
- Interviews conducted via telephone (landline and wireless) and online
- Some percentages may not sum to 100% due to rounding



Profile of Respondents

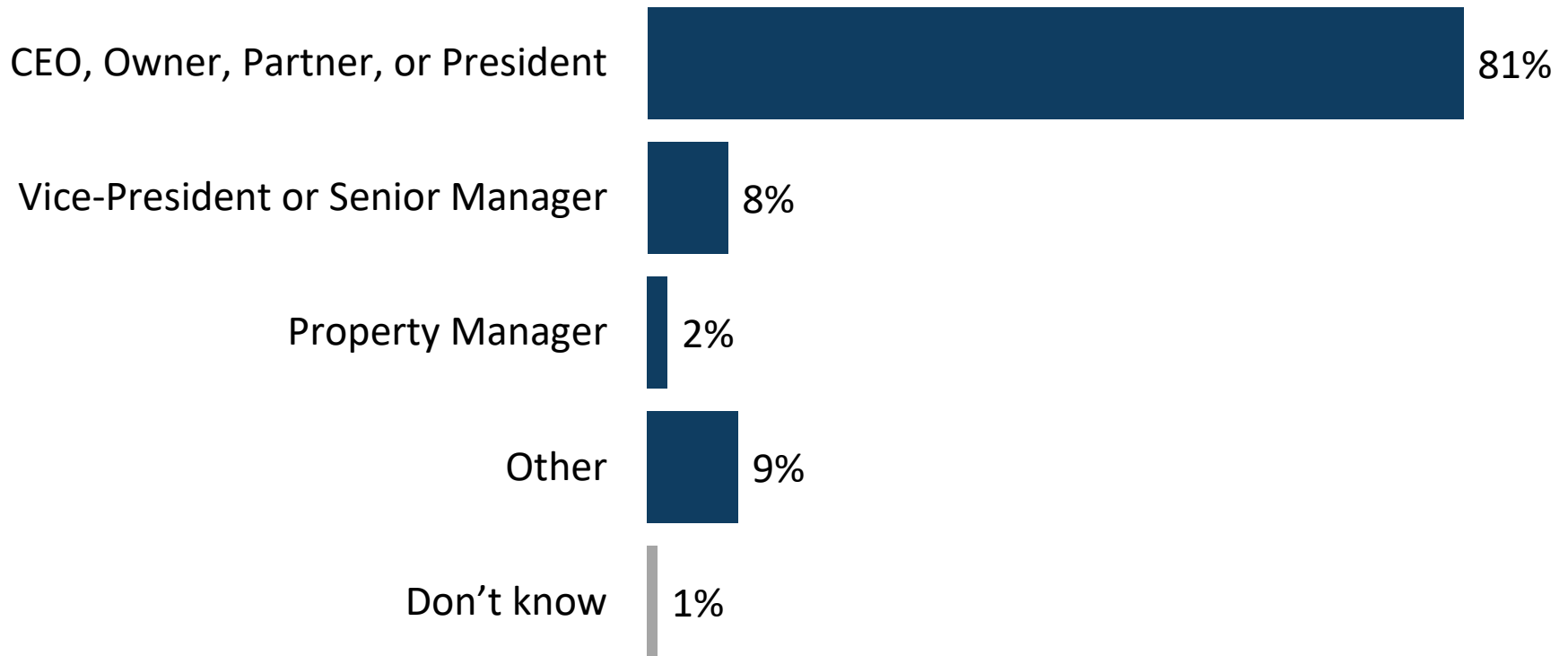
Respondents tended to be small businesses.

Including you, about how many employees worked at your worksite(s) before COVID-19? Please only include employment for worksites in the City of Sacramento.



Nearly all respondents contacted were in leadership positions.

Which of the following best describes your role at your company?



A wide range of sectors were represented in the survey.

Which one of the following industries best describes the nature of your business?



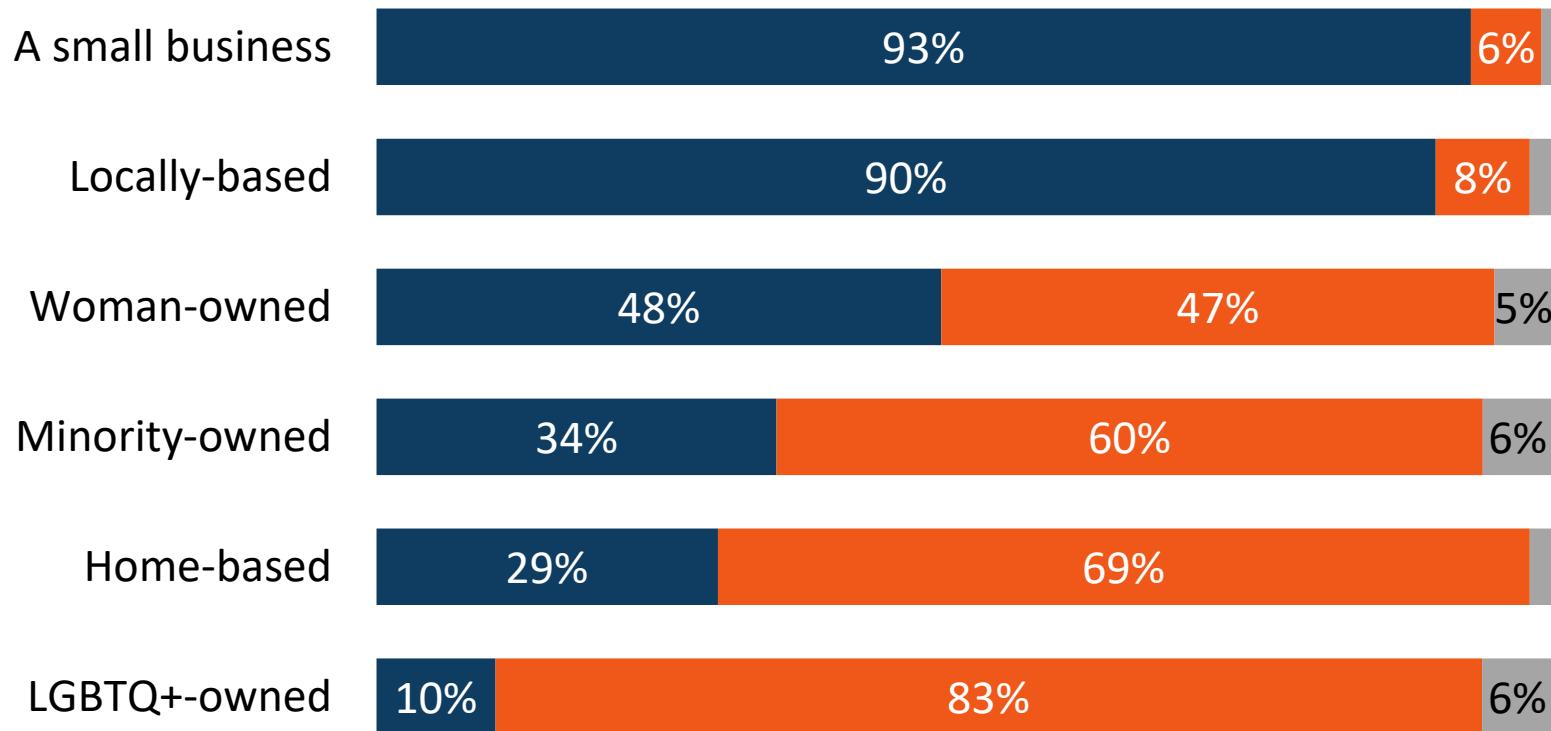
Respondents reflect a variety of geographies and ethnicities.

Subgroup	% of Respondents
Asian	7%
White	60%
African American	10%
Latino	11%
Multiracial	5%
Other	5%
Council District 1	8%
Council District 2	8%
Council District 3	17%
Council District 4	25%
Council District 5	13%
Council District 6	16%
Council District 7	6%
Council District 8	2%

Most businesses were a small business and locally-based; half were woman-owned and one-third were minority-owned.

Is your business_____?

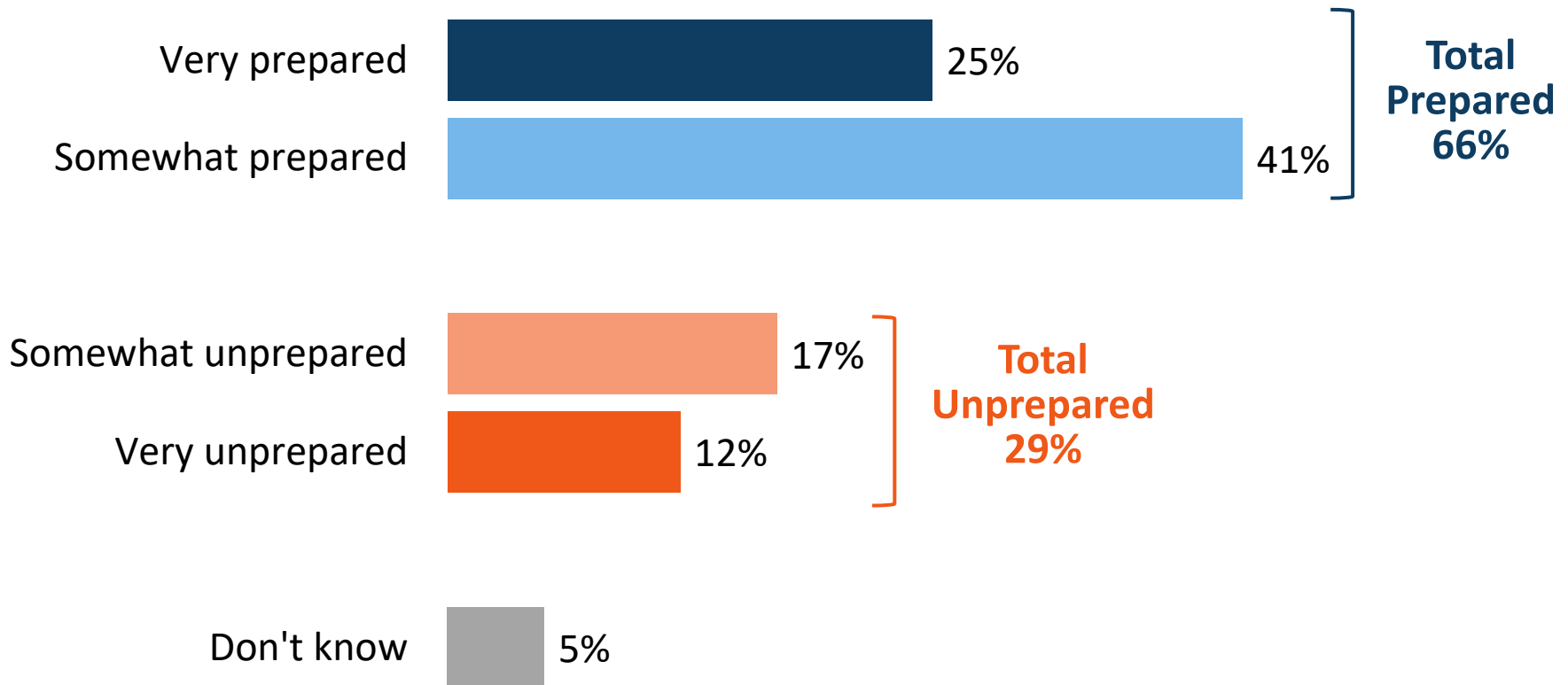
■ Yes ■ No ■ Don't know



Perceptions of the Pandemic

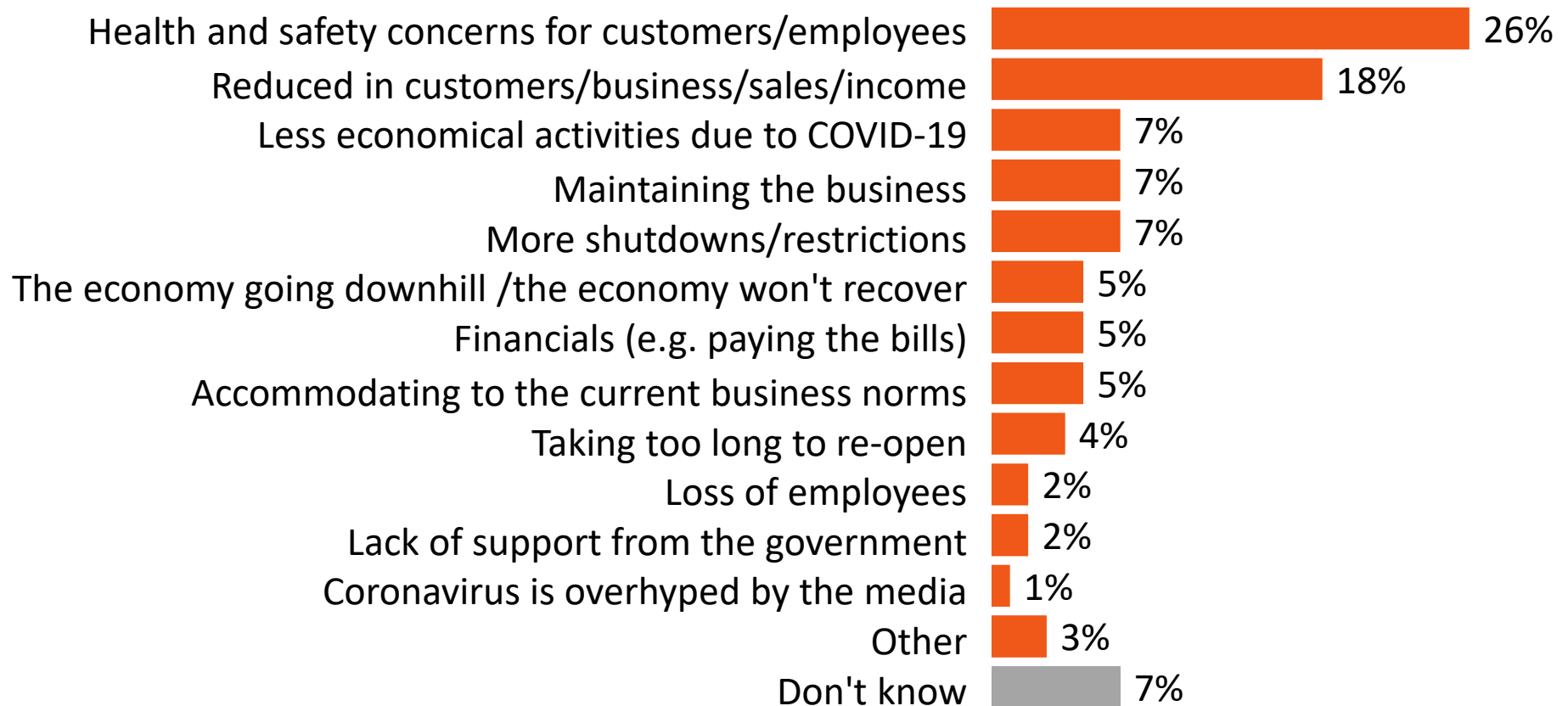
Two-thirds say their business is prepared to deal with the changing economy, but few feel strongly.

How prepared do you think your business is to meet the needs of the changing economy as a result of COVID-19?



Health and safety concerns of employees and a reduction in business were respondents' top concerns.

*What are your biggest concerns regarding COVID-19 for your business and employees?
(Open-ended)*



Verbatim Comments Describing Businesses' Biggest Concerns

My biggest concern right now is a second wave of the pandemic.

Mental health.

Another spike in the fall probably, and increasing caseloads if it does take off again.

Customers won't feel comfortable in offices and I'm concerned about commercial real estate.

Economic impacts for years to come.

Business will become stagnant. Loss of new business will lead to cut hours and eventually loss of workers.

My biggest concern is that it will resurge again. Will essential workers still be deemed essential workers the next time?

Reduced income and overreaching government regulations.

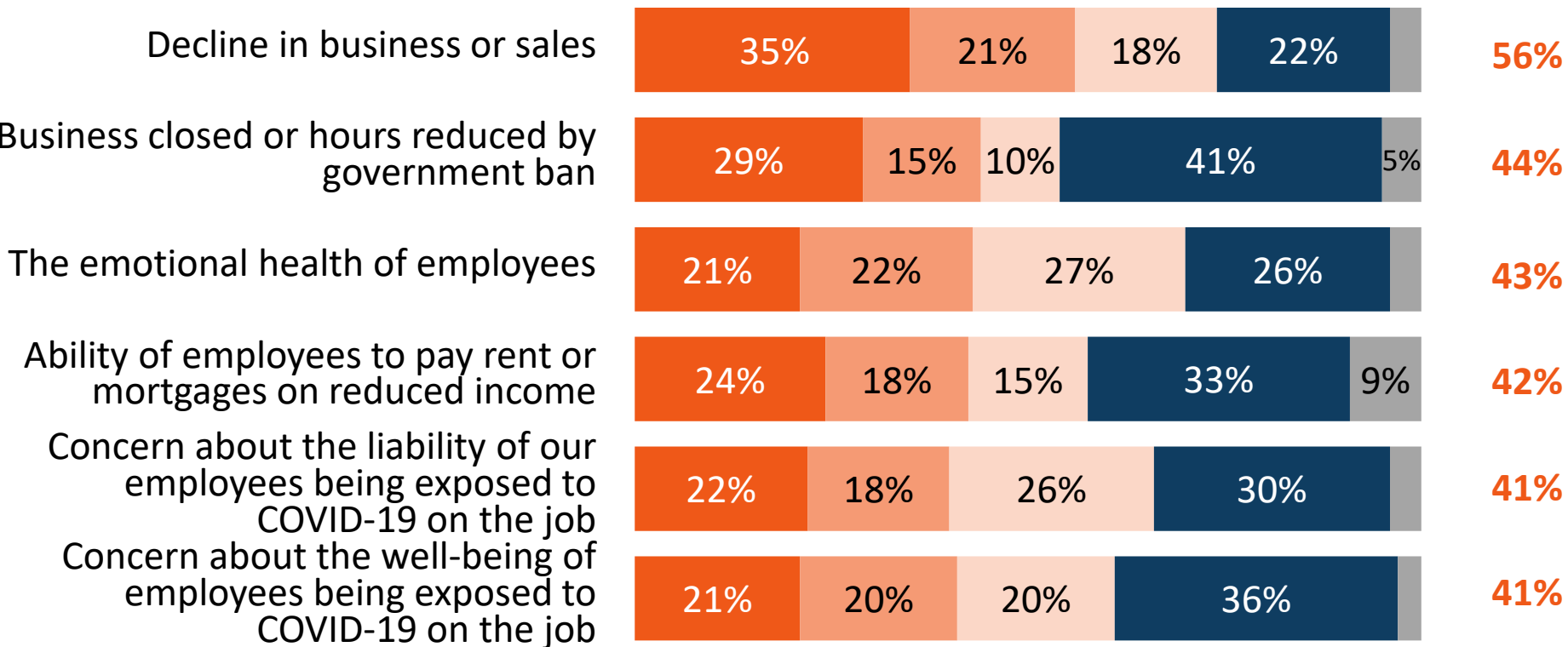
My biggest concern is keeping my clients and prospective clients safe.

We want to keep everyone safe and healthy. It is the first priority, so we are all working from home until we know it is safe to be in the office again.

Local businesses rate declines in business, closures and reduced hours, and the well-being of employees are the most serious problems facing them.

Please rate how much of a problem, if at all, the following are for your business as a result of the COVID-19 pandemic: an extremely serious problem, a very serious problem, somewhat serious problem, or not too serious a problem in your business.

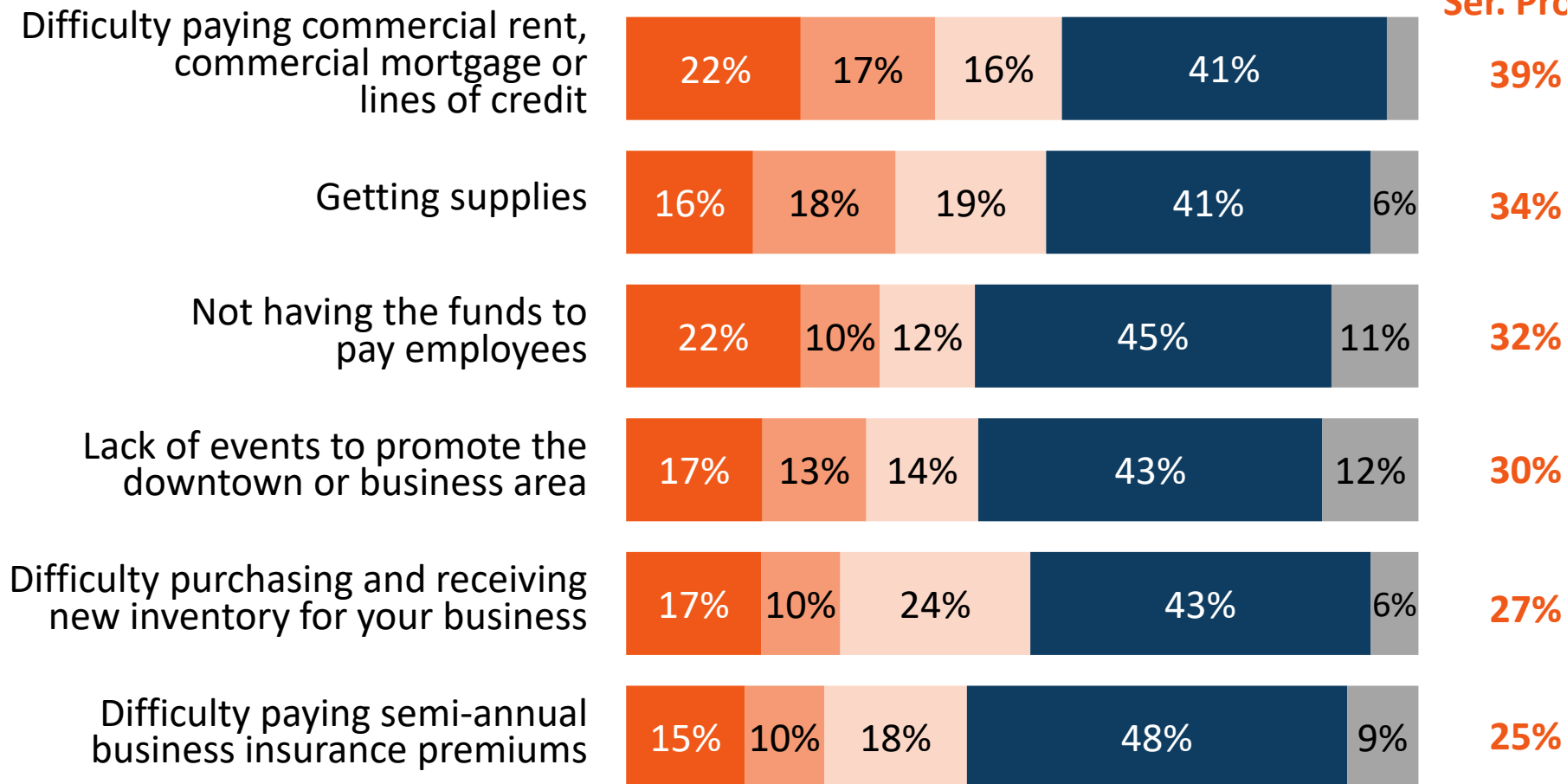
■ Ext. Ser. Prob.
 ■ Very Ser. Prob.
 ■ Smwt. Ser. Prob.
 ■ Not Too Ser. Prob.
 ■ Don't know
 Ext./Very Ser. Prob.



Difficulty paying rent, getting supplies, and paying employees are rated serious problems for one-third of businesses.

Ext. Ser. Prob. Very Ser. Prob. Smwt. Ser. Prob. Not Too Ser. Prob. Don't know

Ext./Very Ser. Prob.



Relatively few businesses expressed concern about lack of technology or hiring temporary employees.

Ext. Ser. Prob. Very Ser. Prob. Smwt. Ser. Prob. Not Too Ser. Prob. Don't know

Ext./Very Ser. Prob.

Not having funds to cover COBRA and/or insurance expenditures for your employees



25%

Daycare or childcare challenges for employees



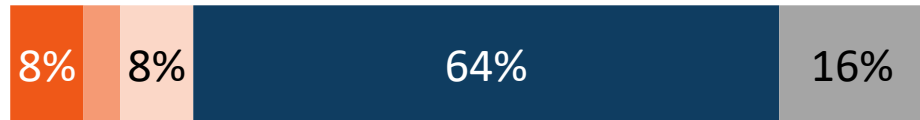
25%

Absenteeism of employees due to illness



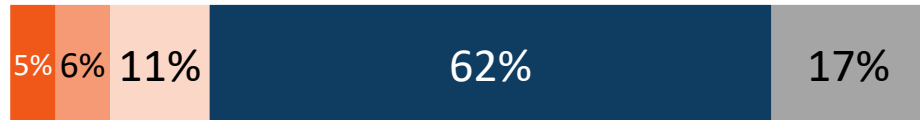
15%

Lack of technology for employees to work from home



12%

Hiring temporary employees to keep up with increased workflow



11%

Lack of technology and web resources to complete online sales

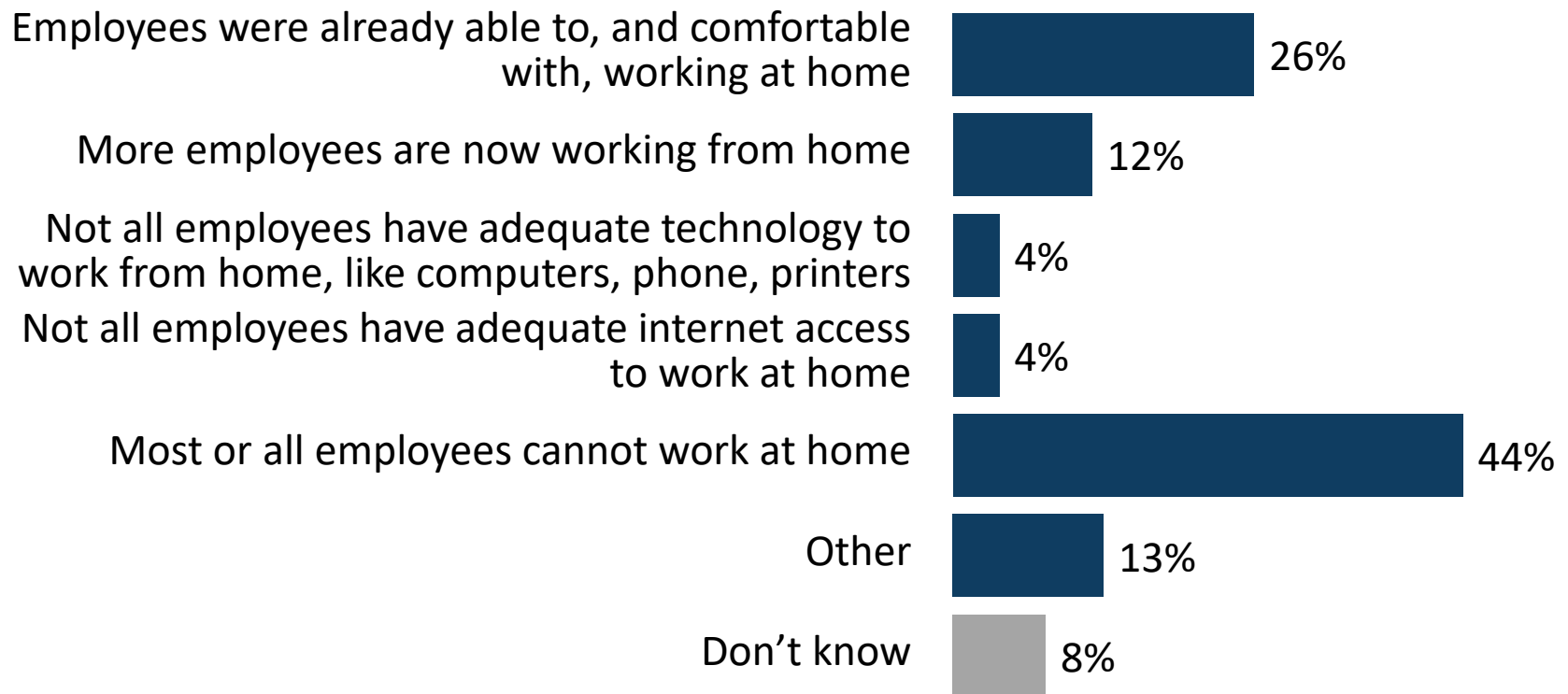


10%

Impacts to Business and Revenue

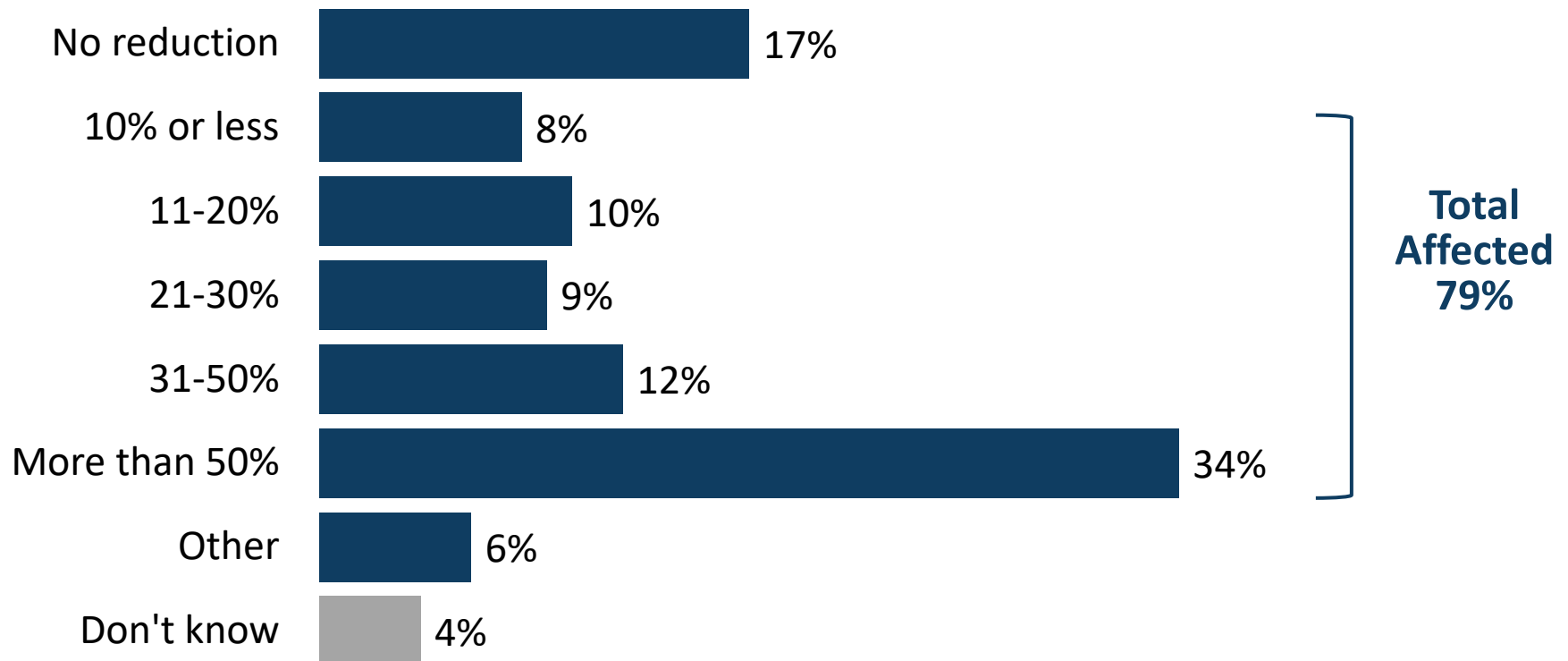
More than half say that not all their employees can work from home.

*Thinking about where your employees currently work, which of the following apply?
(Multiple Responses Accepted)*



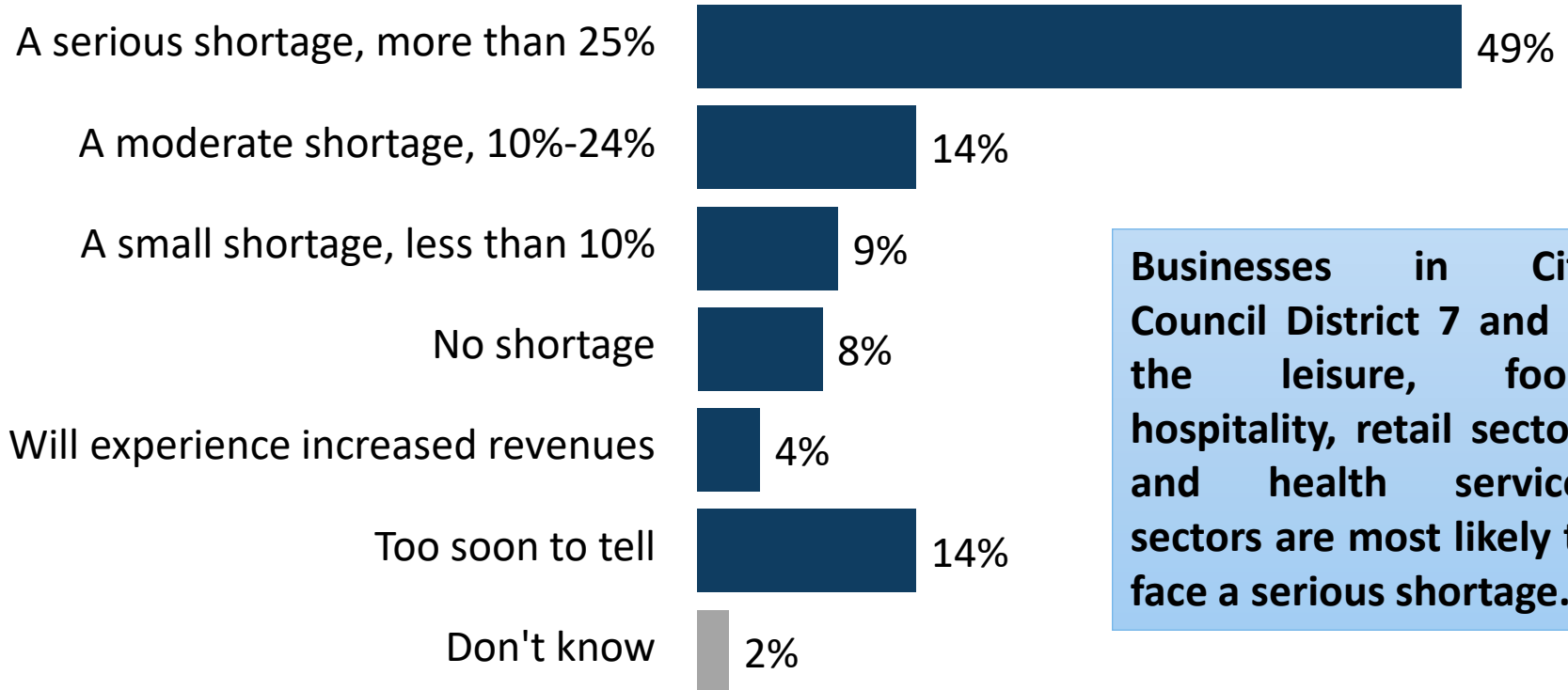
Nearly four in five have seen a reduction in sales due to COVID-19.

Excluding the seasonal changes in sales that you may typically experience, to what extent, if at all, have you experienced reductions in sales due to the emergence of COVID-19?



Half say they are facing a serious revenue shortage.

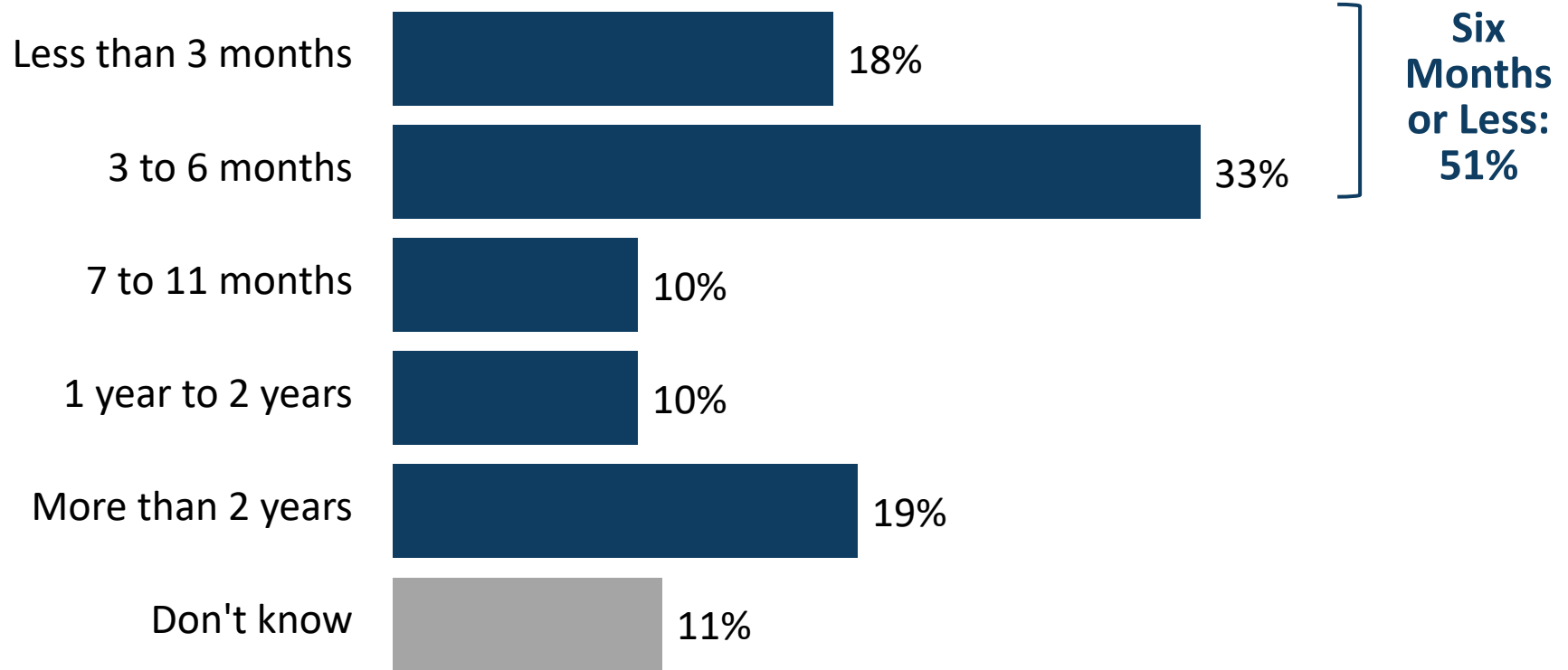
Because of COVID-19, most businesses are expecting lower revenues than they projected at the outset of the year. How do you think your actual 2020 revenue will compare to your original budget projections?



Businesses in City Council District 7 and in the leisure, food, hospitality, retail sectors and health services sectors are most likely to face a serious shortage.

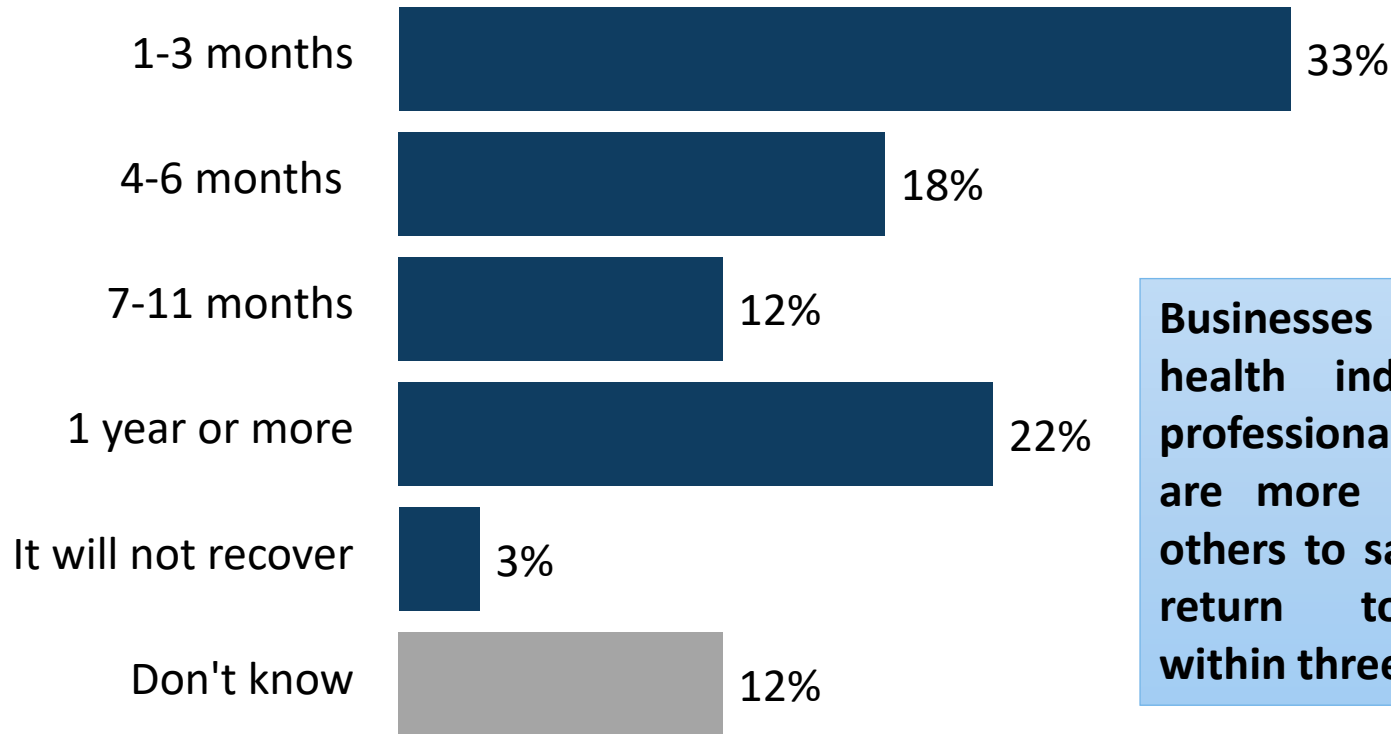
Approximately half say that they could sustain business for less than six months in the partial shutdown.

How long do you estimate you could sustain your business in the partial shutdown?



However, a similar proportion are hopeful they can return to pre-COVID levels within six months of looser requirements.

Following a reduction in COVID-19 cases and loosening of social distancing requirements, how quickly do you think it will take for your business to return to pre-COVID levels?

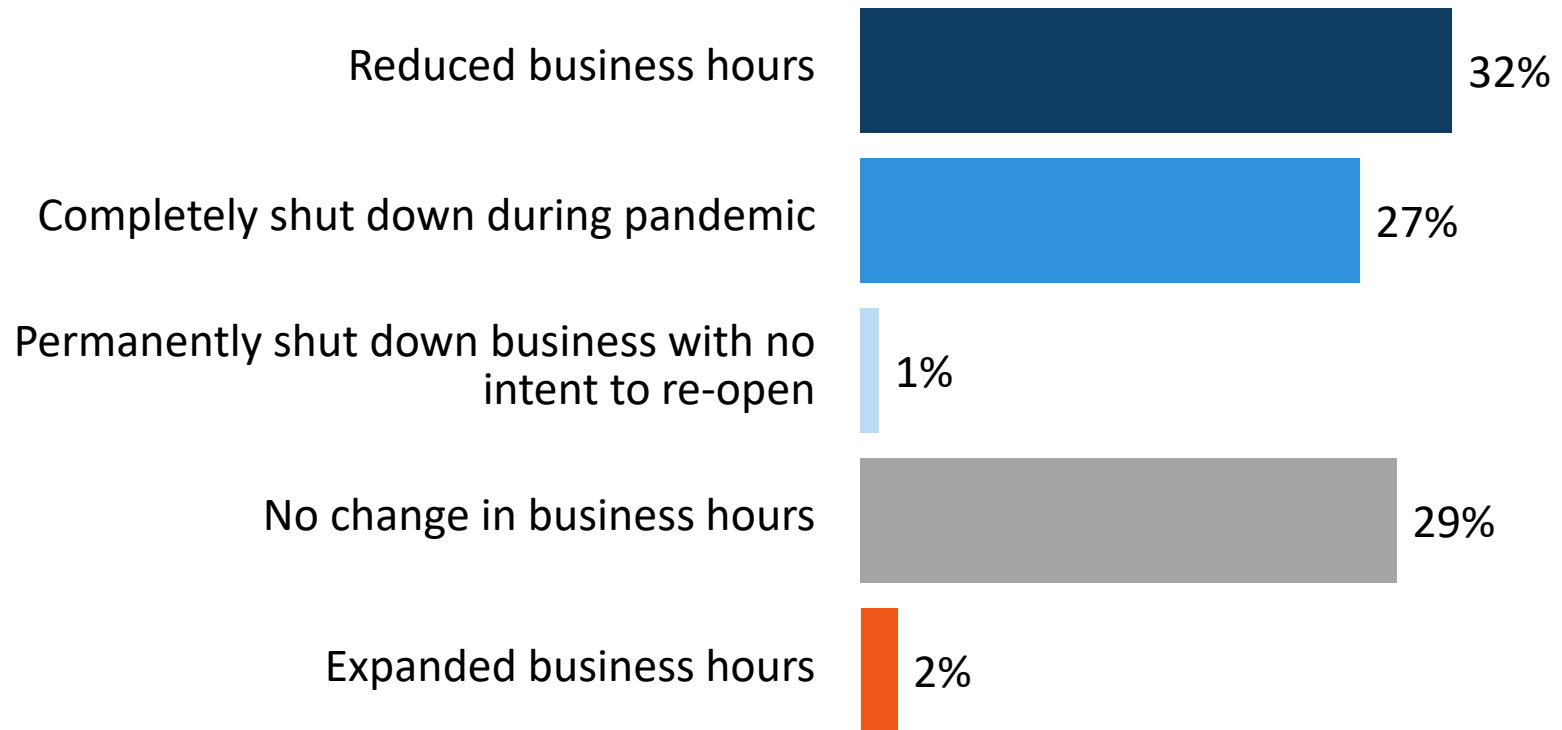


Businesses in the health industry and professional services are more likely than others to say they can return to normal within three months.

Taking Action

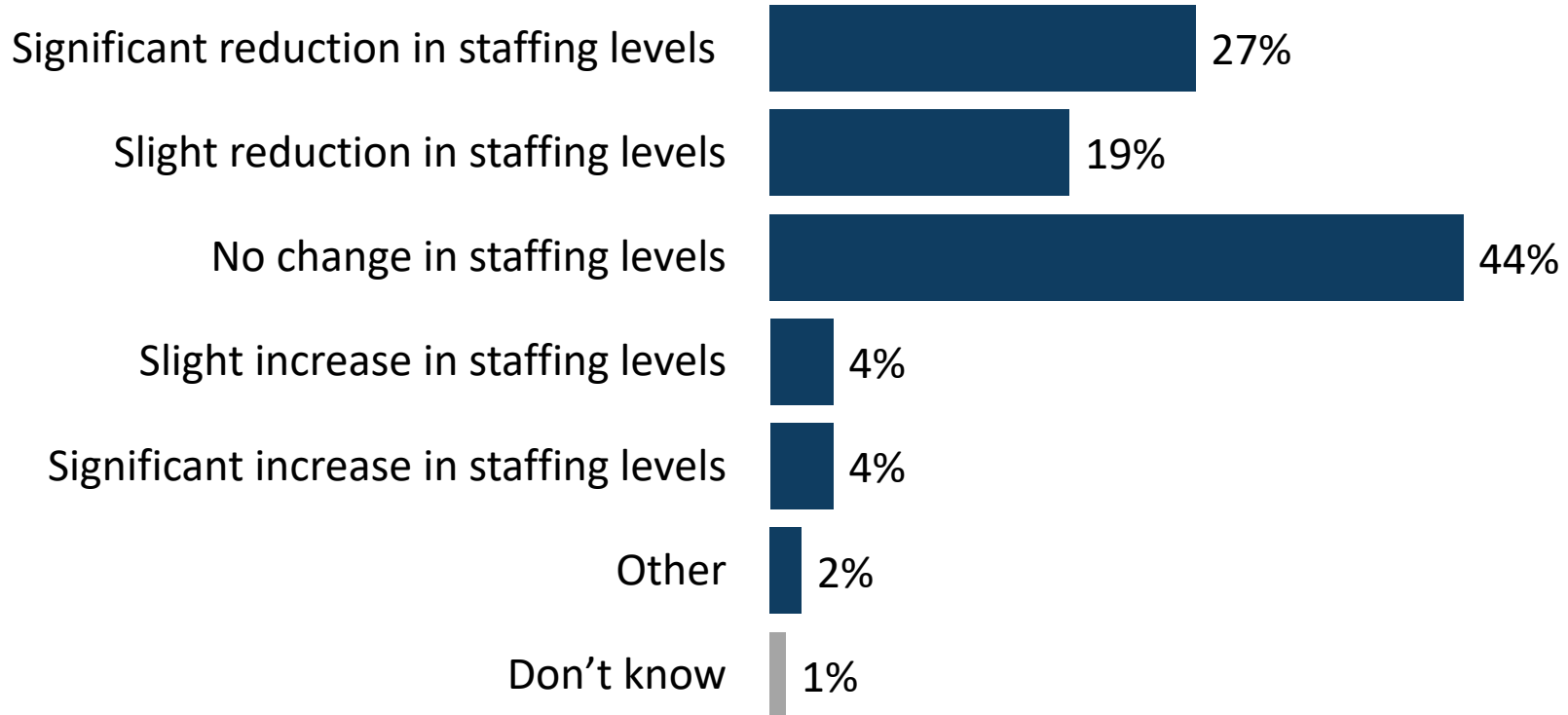
One-third have reduced their business hours, and more than one-quarter have shut down during the pandemic.

How has the COVID-19 public health emergency impacted your regular business operations?



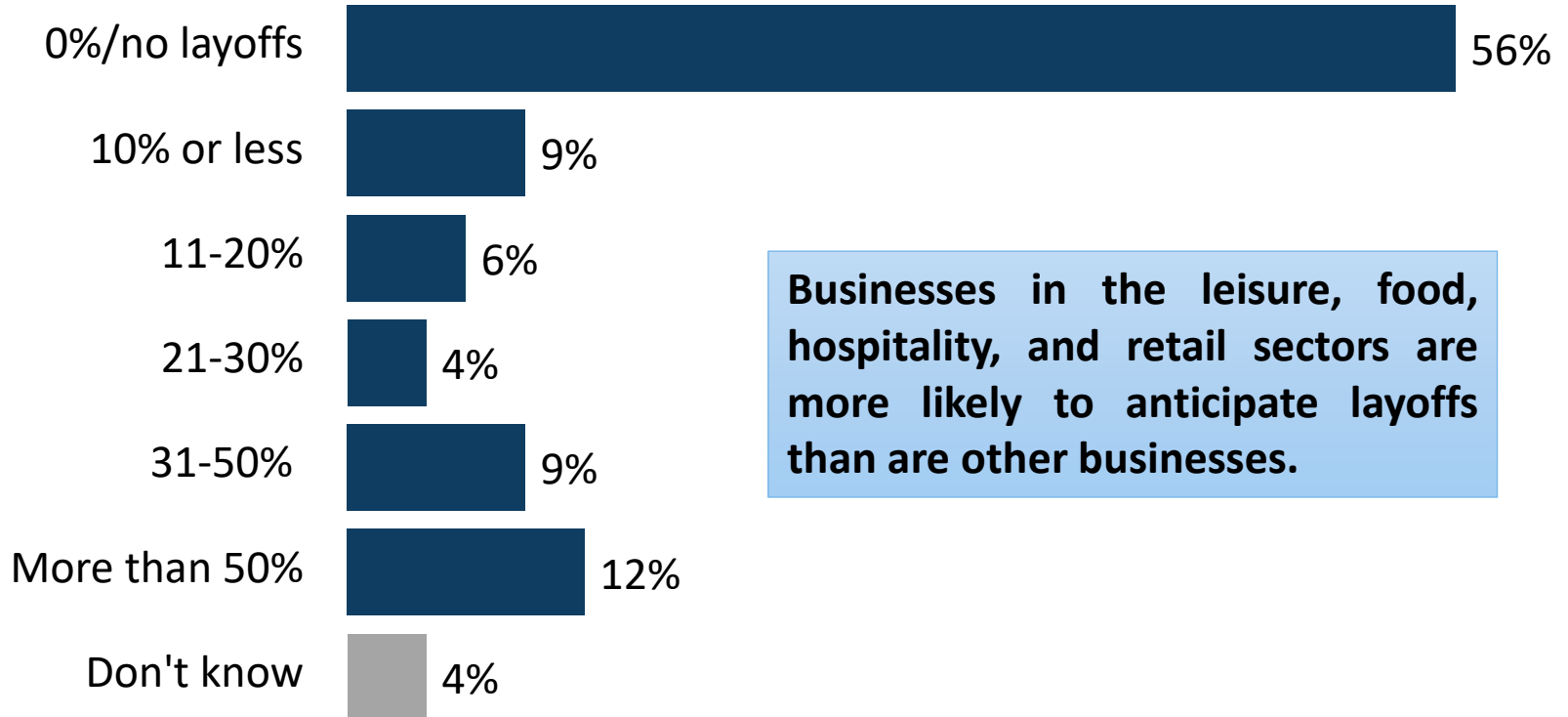
Nearly half are facing a reduction in staffing levels.

How has, or how do you anticipate, COVID-19 will impact your current staffing levels? Will it lead to a reduction in staffing, an increase in staffing or no change in staffing? (Among Businesses with More Than One Employee)



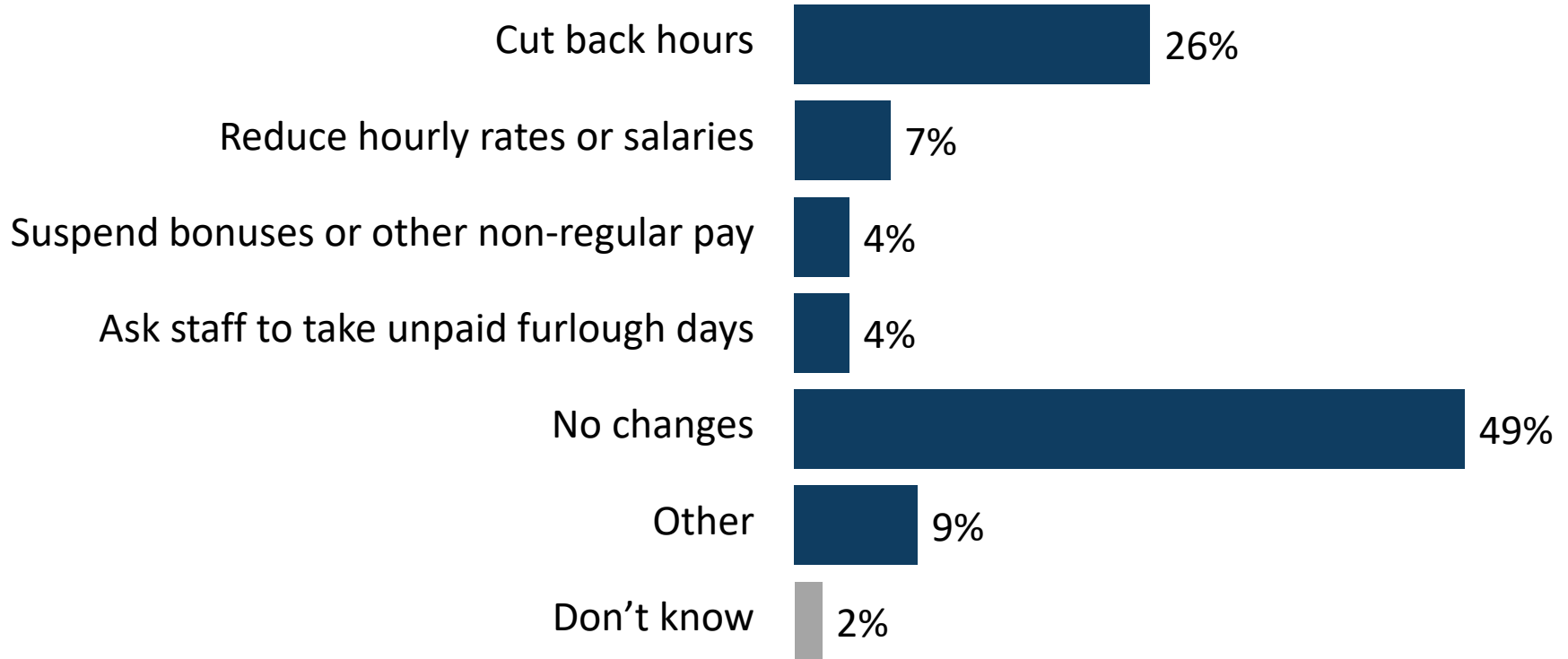
Two in five businesses anticipate laying off at least some part of their workforce in the next six months.

*In response to COVID-19, what percentage of your workforce, if any, do you anticipate you will have laid off by the end of the next 6 months?
(Among Businesses with at Least Two Employees)*



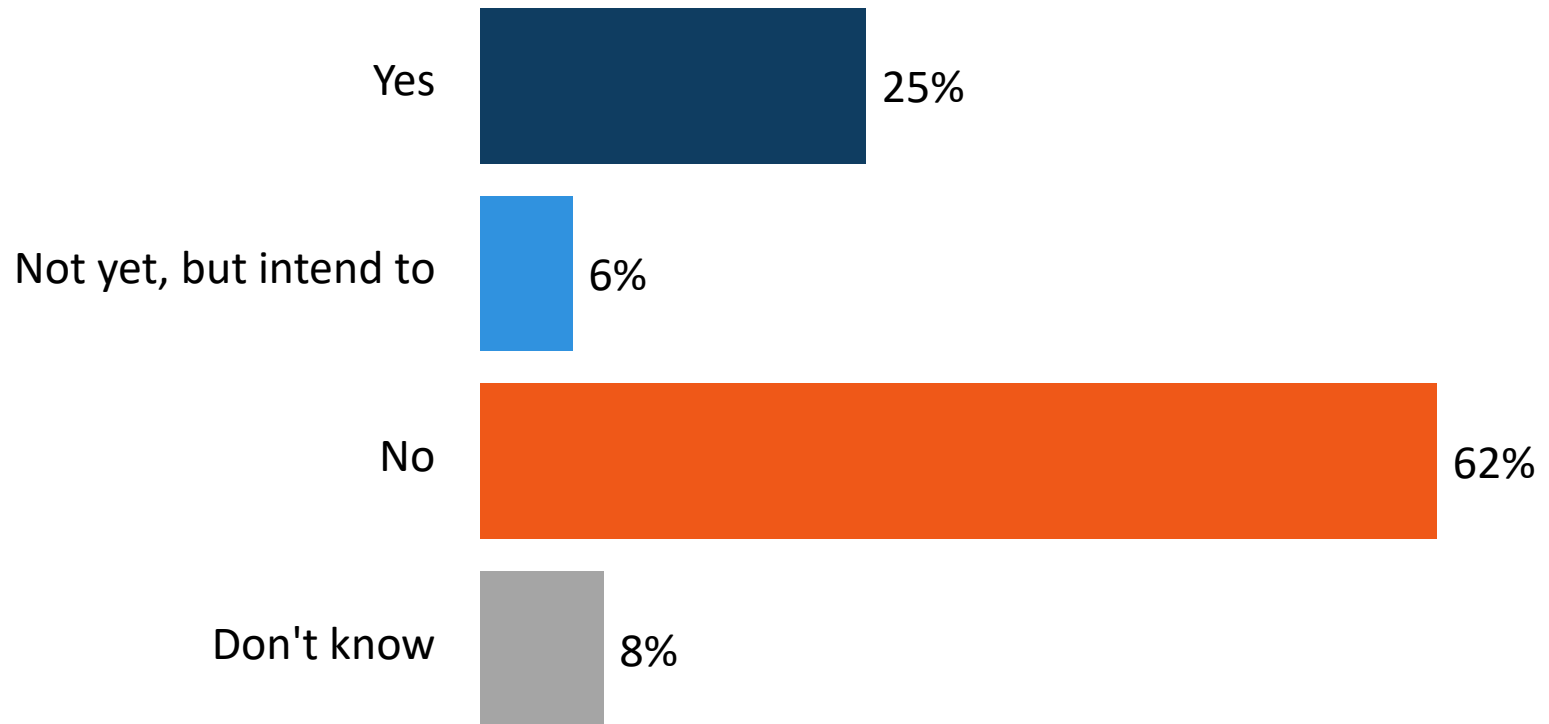
One-quarter have cut back or plan to cut back employees' hours in response to COVID-19.

Beyond layoffs, have you done, or do you anticipate doing, the following as a result of COVID-19?



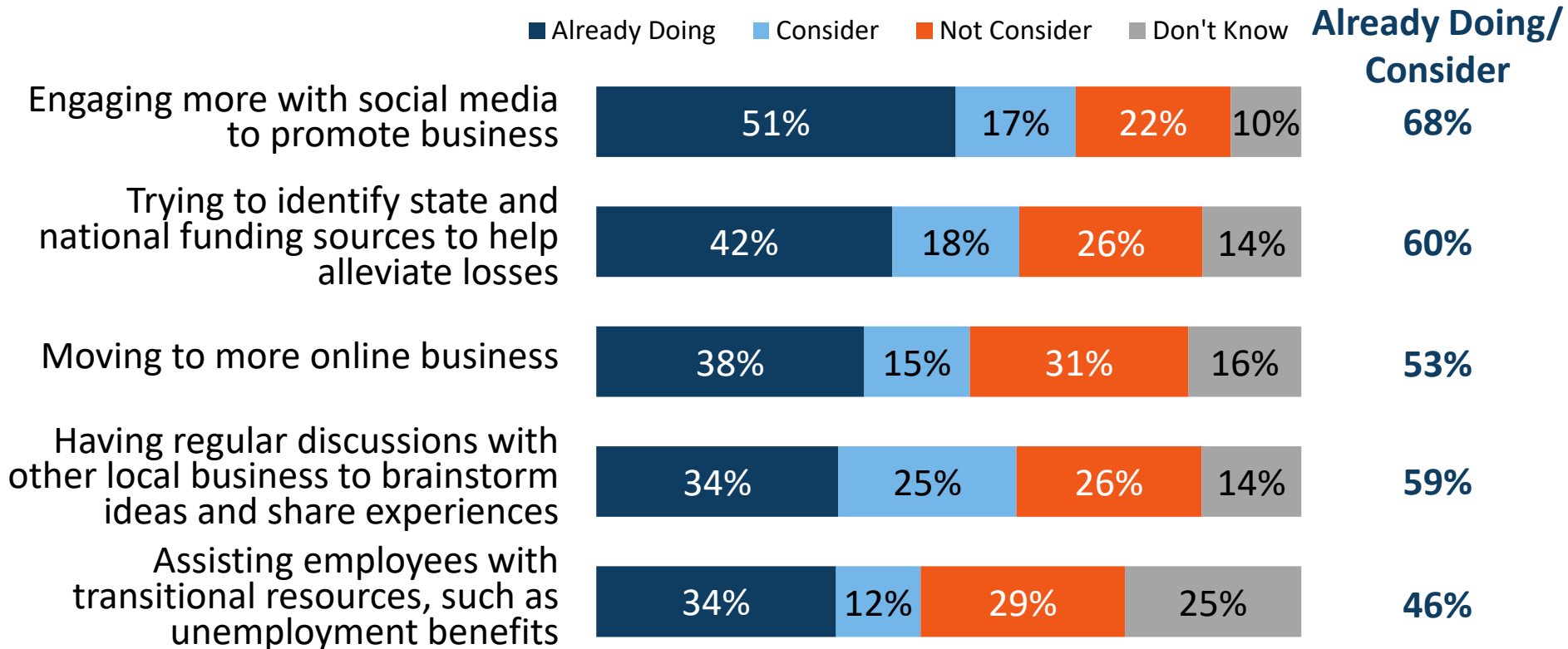
Most do not plan to change their sick or leave policies in response to COVID-19.

Have you changed any sick or leave policies to help employees at risk of COVID-19 self-isolate or quarantine?

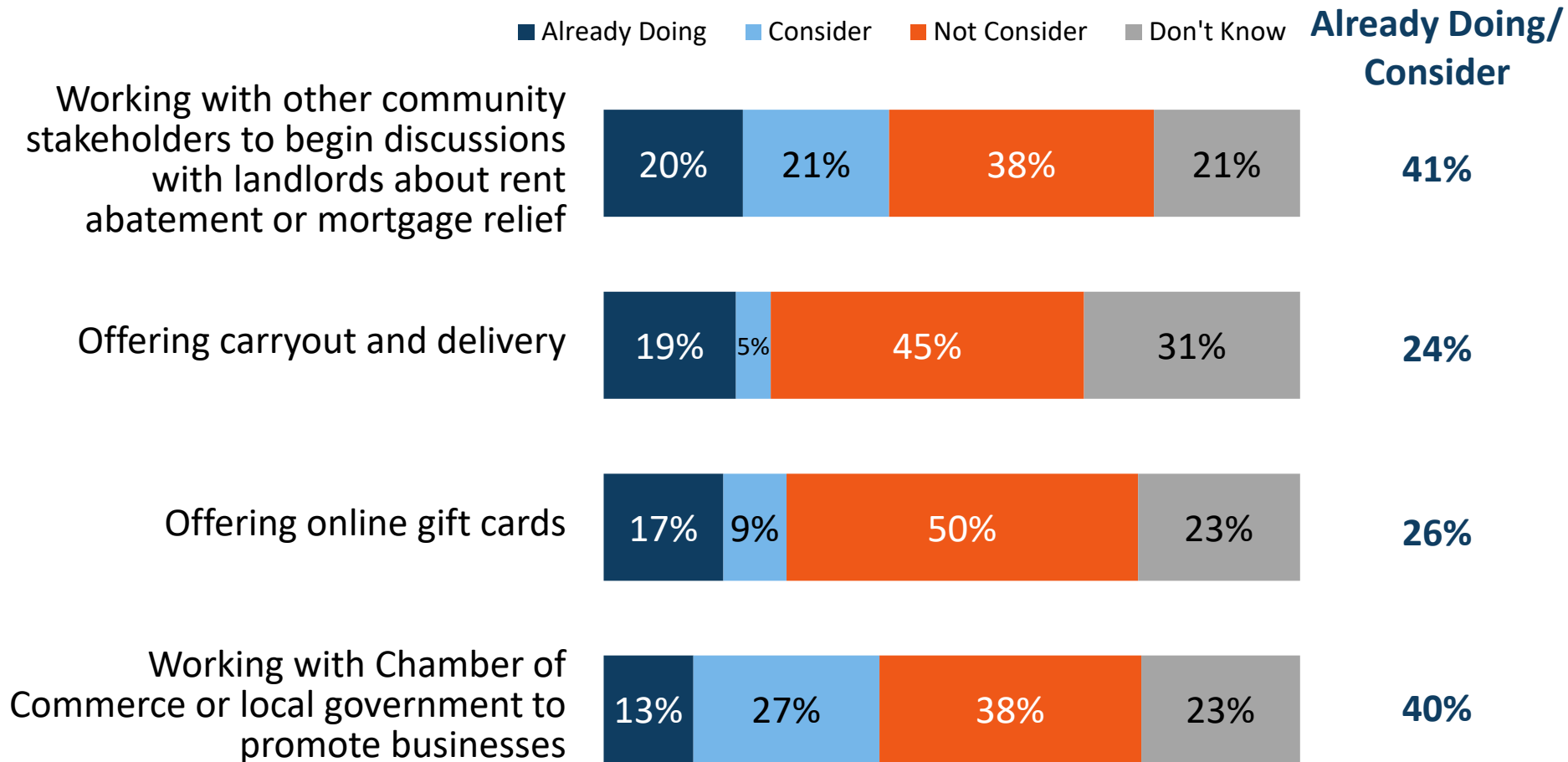


A majority is already or considering using social media to promote business, identifying state and national funding, and moving more business to online.

A number of businesses are trying new methods to minimize the impact of COVID-19 on their income and employees. Please tell me if your business is already doing it, considering doing it, or not considering it?



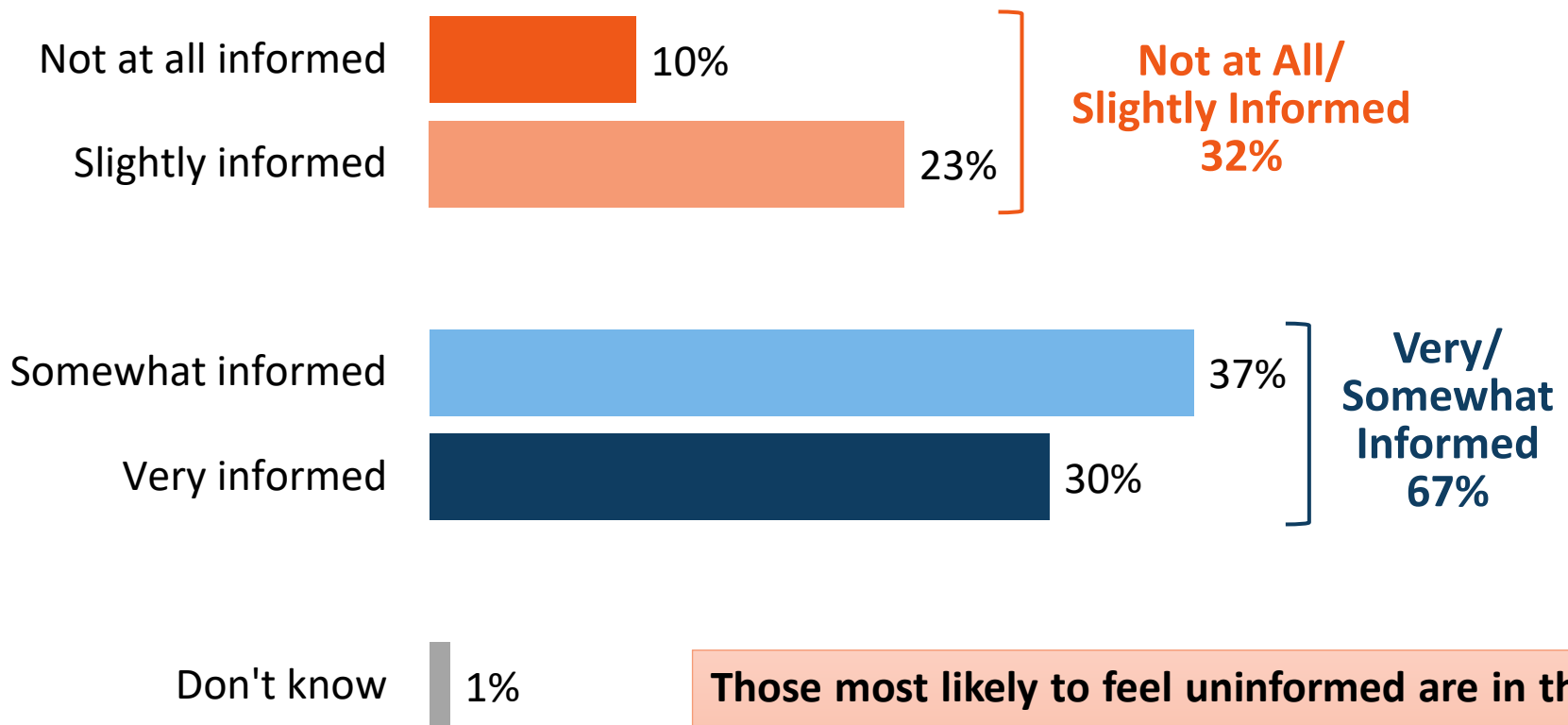
One in five say they are already working with other community stakeholders to obtain rent or mortgage relief.



Supporting Sacramento Businesses

Only three in ten feel “very informed” about resources to help mitigate the impact of COVID-19.

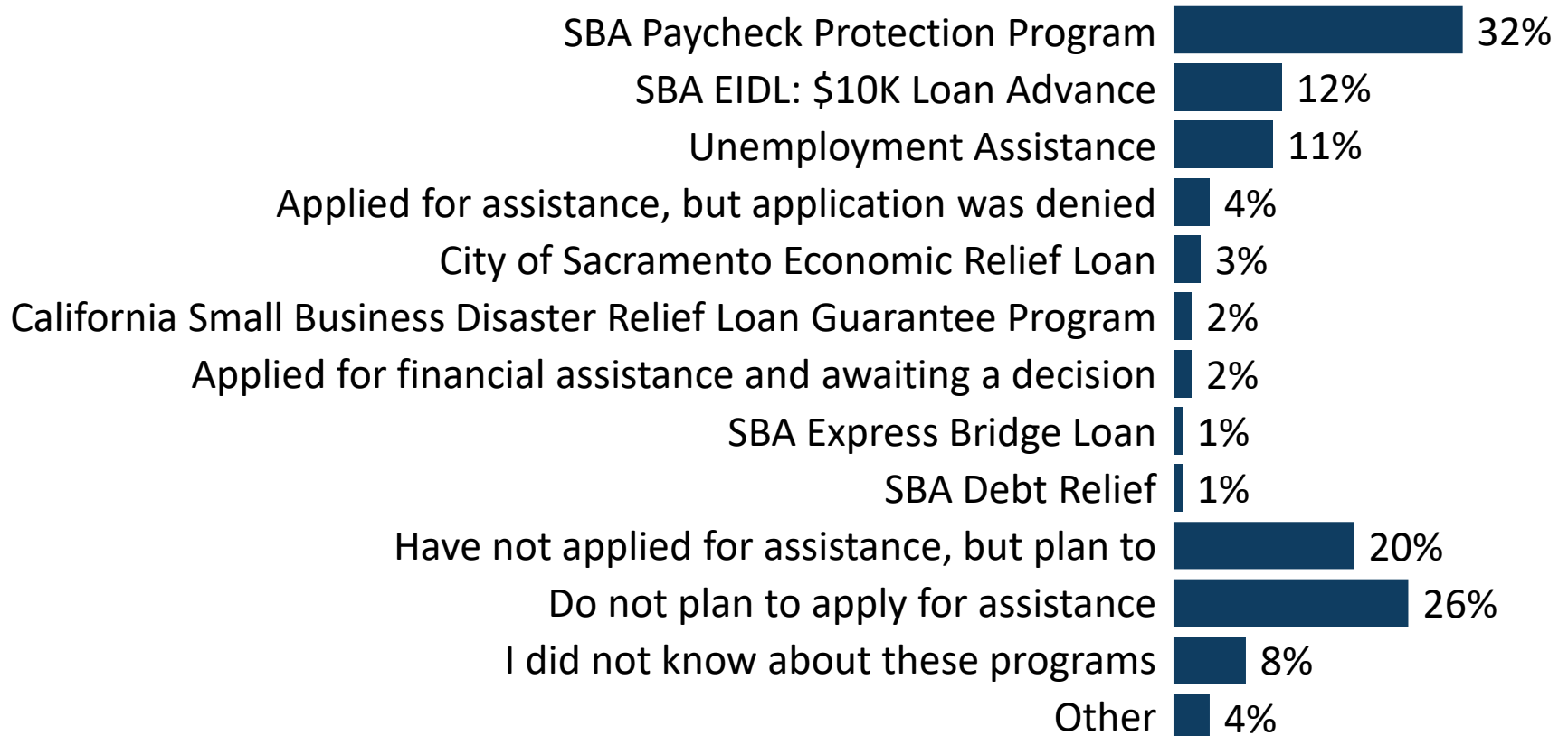
How informed are you about federal, state, and local government resources that could help your business mitigate the impact of COVID-19?



Those most likely to feel uninformed are in the arts, retail and health services industries, are self-employed, and in District 5 and 6.

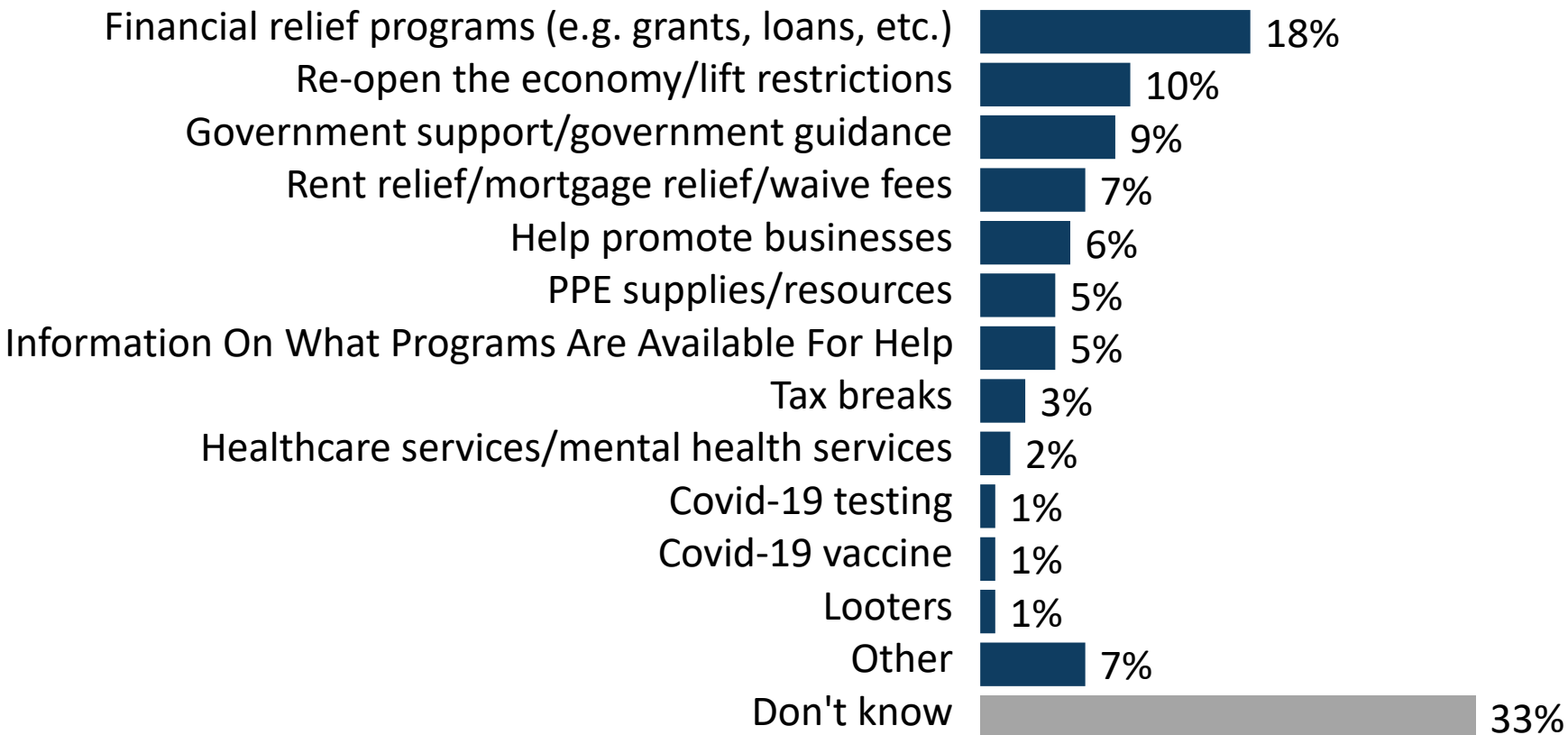
Most respondents have applied for relief, with the SBA Paycheck Protection Program being the most common.

*Have you applied for any COVID-19 relief funding programs? Which of the following have you applied for? Do you plan to apply for any COVID-19 funding relief programs?
(Multiple Responses Accepted)*



Respondents say financial relief programs, re-opening the economy, and government support would be most helpful.

*What resources and support would be most helpful for your organization at this time that could be offered by local government or the Chamber of Commerce?
(Open-ended)*



Verbatim Comments on Desired Support from Local Government and the Chamber

Reopen the economy.

Where to go for financial help and where to help others in need.

Press releases, educational seminars on benefits available to us. I didn't realize Sacramento has an emergency loan program.

Being a voice for us and convincing our landlord to lower the rent.

Tax bill deferment.

Help with how to deal with the mental stress.

Participation in a special committee to assist with this issue.

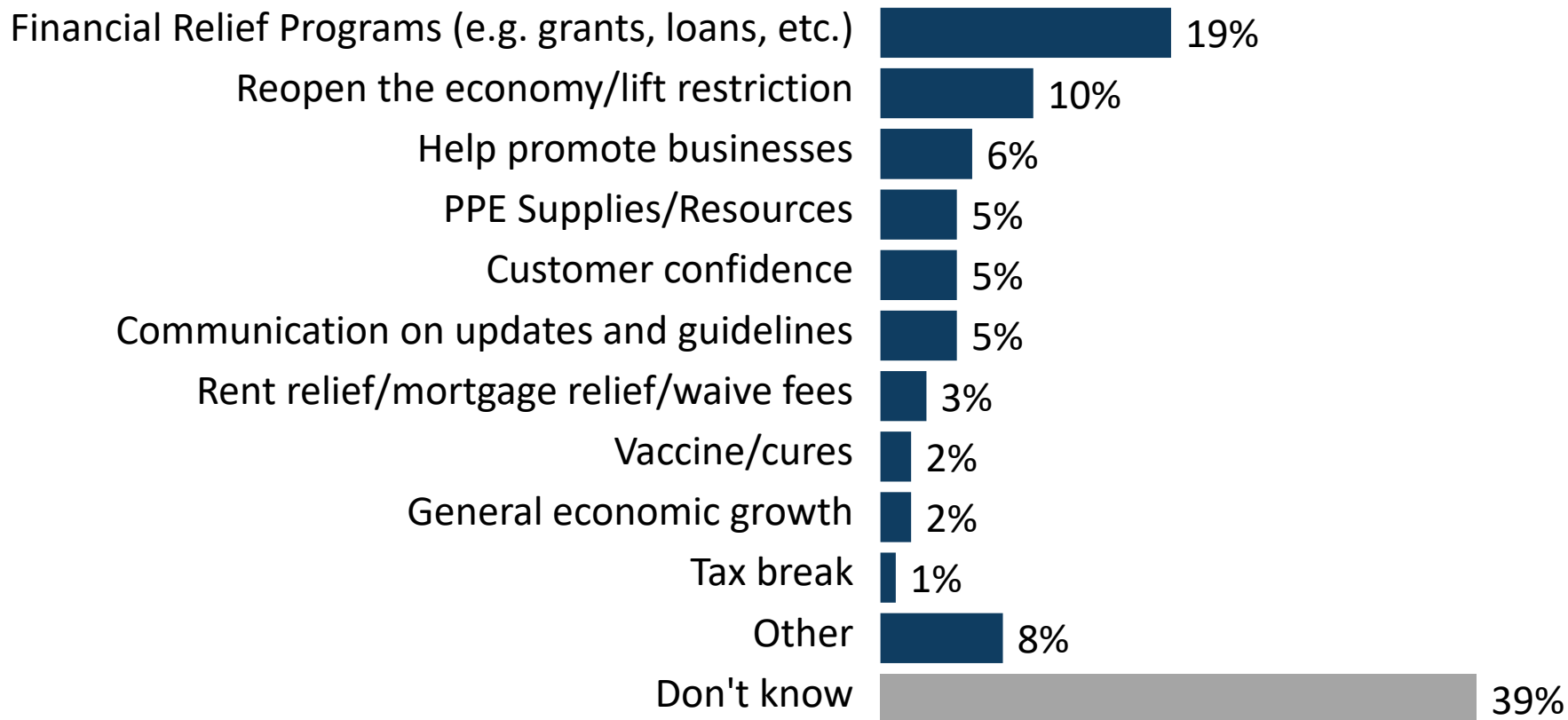
Support developing protocols that allow outdoor events, even in very limited capacity.

PPE to supply to my employees.

More testing for the residents and people.

Similarly, businesses point to financial relief, re-opening the economy and business promotion support as being most helpful for returning to full operating capacity.

*What resources or help will you need to restart your business to full operating capacity after the COVID-19 pandemic?
(Open-ended)*



Verbatim Comments on Support for Full Operating Capacity

Government employees to go back to work and do their job so I'm allowed to do anything other than pay bills with no legal means to make money.

I need restaurants open and for business lunches to resume comfortably without the fear messages coming from our city/state.

Everybody needs financial support to start again.

Financial resources. The SBA loan amounts were too small and meager and barely covered bills.

We just need confidence that we are not going to be shut back down. Right now between riots and COVID-19, it is making running a small business very hard!

Marketing resources.

Just a help with projected losses due to a lack of business flow.

Chamber of Commerce doing advertising and letting people know that businesses are open.

Rent reduction - not have to pay full rent, but to pay partial rent.

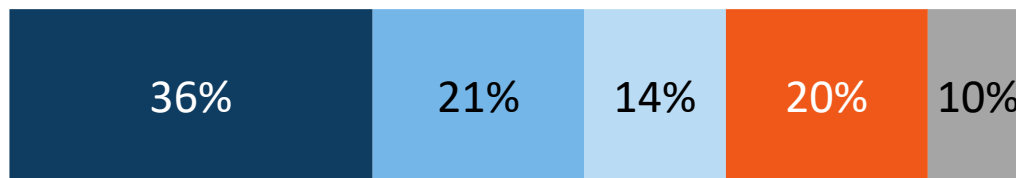
We need other businesses to open back up and get back working.

Support with operational expenses, tenant improvements, and navigating assistance programs are most important to businesses.

Here are some different types of assistance that might help your business cope with the impacts of the COVID-19 public health emergency. Please tell me if it would be extremely important, very important, somewhat important, or not too important to your business.

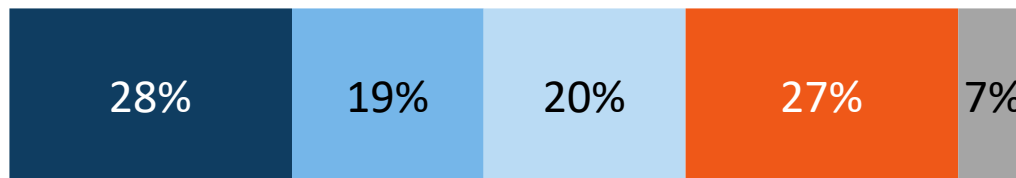
■ Ext. Impt. ■ Very Impt. ■ Smwt. Impt. ■ Not Too Impt. ■ Don't Know **Ext./Very Impt.**

Funding to assist with normal operational expenses, including payroll



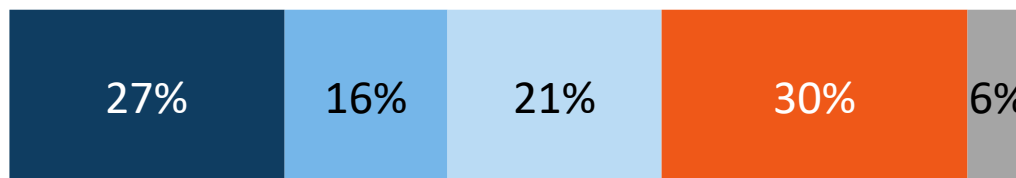
56%

Funding to assist with tenant improvements or purchase of sanitation supplies and personal protective equipment to comply with COVID-19 related requirements



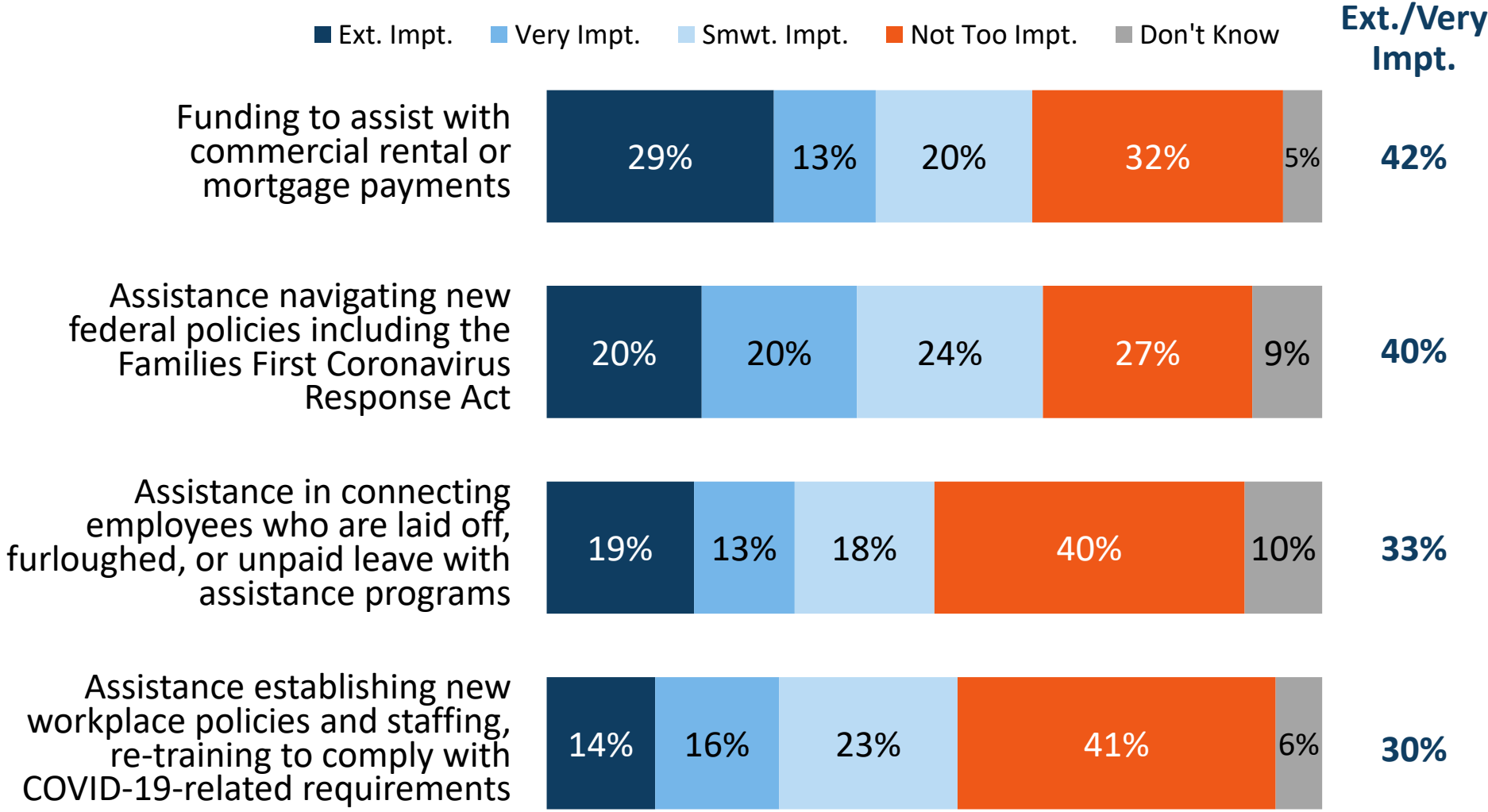
46%

Assistance navigating and applying for various COVID-19-related assistance programs



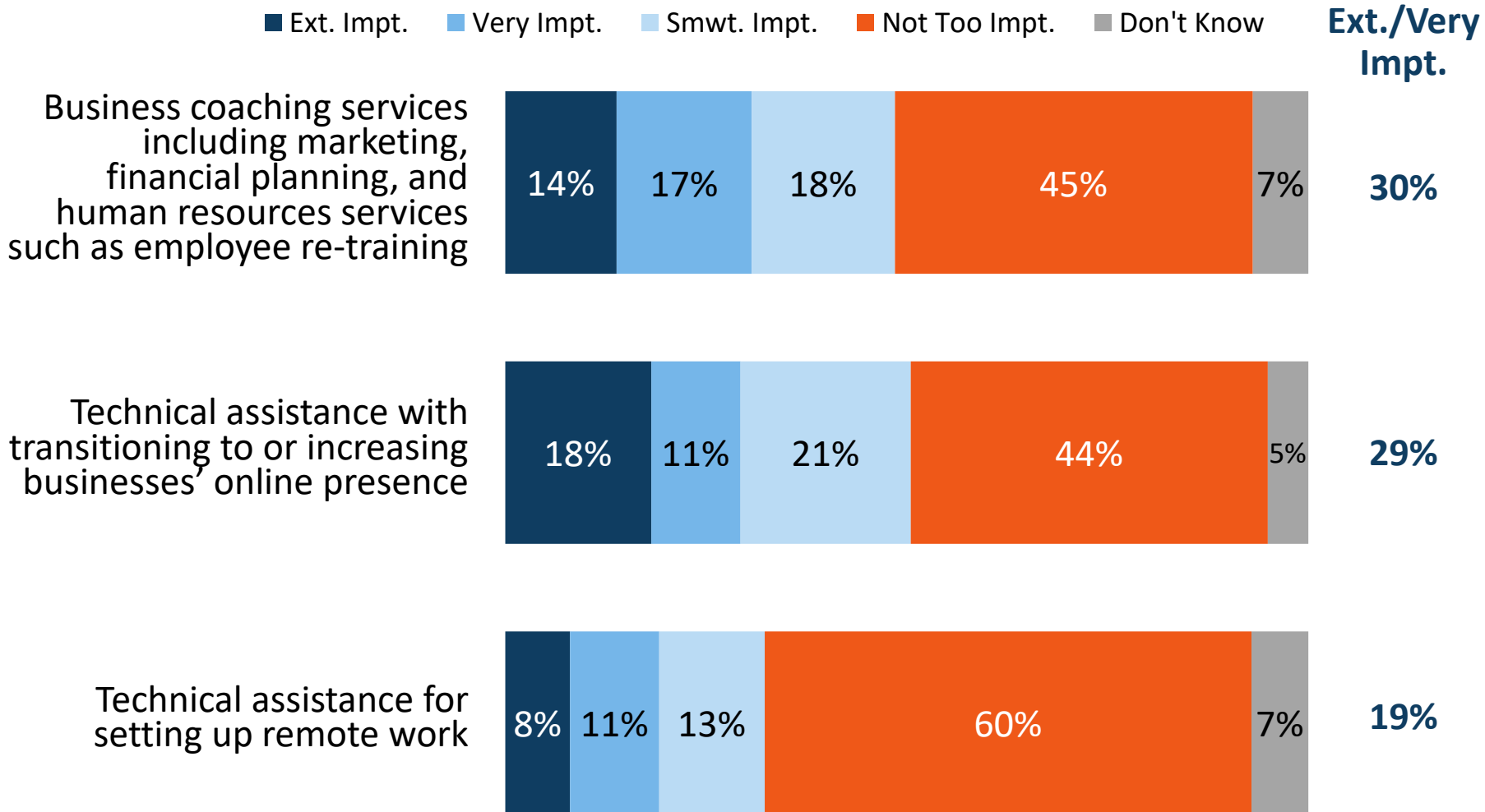
43%

Two in five say help with commercial rent and navigating federal policies is “very important.”



Q19. Here are some different types of assistance that might help your business cope with the impacts of the COVID-19 public health emergency. Please tell me if it would be extremely important, very important, somewhat important, or not too important to your business. Split Sample

Technical assistance for remote work rated as important by a smaller subset.



Conclusions

Conclusions

- ✓ Sacramento businesses have been greatly affected by the COVID-19 pandemic.
 - One quarter have shut down, and an additional one-third have cut hours.
 - Four in five have seen a reduction in sales.
 - Half say they are facing a serious revenue shortage.
 - One-third anticipate laying off a portion of their staff in the next six months.
 - Those in the hospitality, retail, and health services industries are particularly affected by the economic crisis.
- ✓ Most businesses say they cannot withstand current conditions for more than six months.
- ✓ However, most businesses say they could return to normal pre-pandemic levels within a year if restrictions are lifted.
- ✓ Only three in ten consider themselves “very informed” about resources available to help businesses.
- ✓ Support with operational expenses, expenses to adapt workplaces to be safer and cleaner, and help navigating assistance programs are most highly-prioritized.

For more information, contact:



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