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MAY CORONAVIRUS BUSINESS IMPACT LEVELS
- Impact level on business owners declined 11% to 74%
- Negative business impact reported as “significant” for 67%

Since mid-March, Alignable has collected over 422,000 business owner responses mapping the weekly spread of the Coronavirus Impact on Small Businesses Owners across the United States and Canada. This month, we’re shifting our focus purely from the impact to now also include the ongoing recovery progress of the small business economy with these polls. Unless otherwise noted, all polls in this report we conducted during the week of May 24, 2020.
Our weekly polls have captured impact on a state-by-state level across North America. When we started in mid-March, roughly 60% of business owners were experiencing impact, and the most-affected small business leaders were in the Northwest and Northeast states and the province of British Columbia.

By early April, overall impact exceeded 80% across North America and 60% of business owners were experiencing significant impact from the crisis. In some states, levels exceeded 90%.

In May, business owners reported an 11% decline in overall impact on their businesses. While encouraging, 67% of business owners reported still experiencing significant business impact.

“We are a small business that relies on events and some online business. We have not seen online traffic and none of our events are able to happen until they completely lift restrictions. We may not see that happen for a while. Hard to watch your business crumble. And I really feel for everyone else in the same situation.”
Lisa – Clothing Store Owner in CA

These charts highlight how Coronavirus impact is still broad reaching, reflecting the 422,000 responses since we started tracking in mid-March and the most recent poll results from 17,400 business owners across North America this past week.

While the impact seems to be stabilizing, business owners are anxious to reopen, but still confused over what realistic steps they can take to create a safe environment for themselves, customers and staff.
“Therefore, we are wearing our masks, social distancing, washing and being cautious about frequenting establishments. Hopefully, some financial help for small businesses will trickle down to us all. Sure it is inconvenient, but reopening the world without having a vaccine or even testing everyone is truly reckless.” Gwen - Advertising Business in CA.

“Without consistent and wide-reaching guidelines for reopening and mitigating the virus, another outbreak and shutdown is imminent and is most concerning.” Linda – Consultant in CA.
REOPENING STATUS & ANTICIPATED PERMANENT CLOSURES

- May reopenings lead to closure decline from 43% to 32%
- Closed: 3% reported permanent closures, while 29% intend to reopen
- Open: 28% reported operating at reduced levels with limited products or services available

Our survey of 14,828 business owners showed progress towards reopening of businesses with the percentage of closed businesses declining 11% in May. This month, we also started to split open businesses into two groups -- fully open (40%) and open with fewer products or services (28%). This way, we can show the progress small business owners are making toward fully opening in future updates.

![Bar chart showing open status categories](chart.png)

The majority of businesses which remain closed hope to reopen (29%) and the percentage of businesses reporting their closed status as permanent remained unchanged from last month at 3%.

As businesses reopen, many are adjusting their product mixes and their business models to provide a safe environment for their customers and staff.

“We are thrilled that we are open again. We've had to reduce our open hours, so that we can do cleaning, but we are ready and excited to have customers come and enjoy our beautiful Gallery.”

Jane – Gallery Owner in CA
GREATEST RECOVERY CONCERNS

- Financial resources running out: 26%
- Customers being afraid to return: 25%
- Threat of re-closure with an increase in Coronavirus cases: 17%

We surveyed 13,760 business owners regarding their biggest reopening concerns. The prolonged and unpredictable nature of the Coronavirus Impact clearly factors into how business owners will recover. Having sufficient financial reserves to get through this crisis is their greatest concern.

Their next two concerns were more out of their control: How, when, and to what extent customers will feel safe returning to their businesses, and whether or not the Coronavirus cases will spike again, causing state and local governments to impose another round of shutdowns.

At the onset of the outbreak in mid-March, our poll of small business owners highlighted the dire cash reserve situation felt by the majority of business owners.
At that time, 37% of small business owners reported having less than a month of cash on hand, while another 31% said they had only one to three months of cash available.

Now almost 3 months into the impact, that puts over 65% of businesses at financial risk.

Here are some of the comments these business owners in a variety of industries, across North America, shared with us about their recovery concerns:

“The biggest challenge will be our customers getting over the fear of going out to eat. There is too much fear in the media about how many have died because of this virus and not enough about how many have recovered.” Phillip, Restaurant Owner in AZ

“My profession, bodywork/massage therapist, has been affected drastically and will continue to be until there is an effective treatment. The availability of the proper PPE supplies, and all the extra steps required to work with clients is daunting. Clients will be wary of making appointments.” Gwenn, Massage Therapist in IN

“I cannot publish my next coupon magazine until small businesses are open again and some time has gone by to rebuild their revenues. I will be polling my customers in the next couple of weeks to get their thoughts on when they will feel comfortable spending money on advertising again. They will be the drivers as to when I get back to work.” Chuck, Publisher in WA

CUSTOMER DEMAND RETURNING?

- 56% report less than 50% of customers have returned
- June outlook is for continued modest improvement

Over 7,000 business owners responded to this month’s poll on the percentage of pre-COVID-19 customers who’ve returned in May. Only 16% experienced a return to pre-COVID levels, while 56% have seen less than half of their customers return.
We asked how many customers they anticipated for June, and if this would differ should they be able to return to fully opened status. Unfortunately, in both scenarios – being partially or fully open -- they saw little cause for optimism.

“The Wedding Industry is almost non-existent. People are too afraid to celebrate.” Maxine, Bridal & Event Coordinator, Houston, TX

“All lodging in my town is supposed to be closed. Maybe 90% are. We are closed and hoping to open in July.” Judie, B&B Owner, Crestone, CO

“Even though my business would significantly benefit from some assistance, due to the increase in operating costs associated with PPE and extended time per patient for additional safety protocols, my business does not qualify at all for any government assistance. I was in the process of a purchase of the business for the past year and the purchase finalized during the pandemic. As a result, since I did not have any employees on my payroll in February, I cannot get payroll assistance. The former owner of the business did qualify and received a loan for payroll protection, but it is non-transferable. As a result, I have personally not taken a paycheck in over 5 weeks in order to ensure my employees are paid.” Julie, Veterinary Hospital in NC

“You might think we’re lucky to stay open during this episode of virus propagation. However, we are bleeding slowly with increased operating costs (20% -- PPE & FOOD) and salaries (20%, hiring more staff), and decreasing income (15%). All this is to say that we will not be able to hold much longer unless we can accept new clients sooner than later. Of course, it can only be done safely.” Albert, Senior Living Center in ON
REVENUES AND ABILITY TO PAY

- Revenues for 36% of businesses are below 25% of Pre-COVID levels
- June payments: Only 52% will be able to pay in full

Over 76% of businesses are currently experiencing revenue levels less than Pre-COVID-19 levels. And 36% of businesses are operating with revenues of 25% or less. As many of the Main Street businesses re-open, they will be limited in their ability to generate revenue due to new capacity and distancing regulations.

Reading into the commentary in this survey of 15,400 small business owners it’s clear how highly connected and
dependent local businesses are with each other. In this case, a business owner who runs a carpet store is sharing how dependent his business is on a race track in a surrounding community being able to recover this summer.

“People remain hesitant to come into our showrooms even though we insure all employees and customers wear masks, keep a reasonable distance where possible, and disinfect our counters, tables, door handles, etc. We’re hoping that this fear will subside soon and people will go back to somewhat normal activities. 

Saratoga racing without spectators this season could have a devastating effect to our area.” Thomas – Carpet Store Owner in NY

Looking forward into how May revenues will impact June payments, our survey of 12,126 business owners found just over 50% will be able to pay their creditors and landlords in full in June. Another 28% will only be able to pay 50% or less of these expenses.

That said, there are some early indications of cautious optimism from business owners who serve businesses in the most hard-hit sectors:

“Business was much better than expected this past week, but this is the first week it has come back. I am not sure this boost will continue as people were anxious to get deliveries for the holiday week. Whether it stays strong remains to be seen.” James, Trucking Service business in NY
OPERATING EXPENSE IMPACT

- New COVID-related expenses were incurred by 27% of small businesses
- Reductions include creditor and employee expenses

As businesses reopen, they’ll face additional expenses to create a safe environment for themselves, employees, and returning customers.

Of the 13,155 business owners surveyed, 27% report additional COVID-related expenses.

Two areas where business owners have seen reductions in expenses are related to creditor payments, as well as employee costs.

Businesses listed a wide variety of impacted expenses in the “Other” category, so we turned their responses into a word cloud to provide some context around the expenses impacted.
“Adequate and proper PPE products are needed -- at reasonable cost, especially cleaning products and face masks.” Bob, a medical professional in FL

“Remodeling is very expensive and buying supplies for each individual child is costly. Taking safety precautions and health is my biggest concern for the future.” Martha, runs a school in LA

“Business is very bad as the taxi industry has taken a serious hit. People are not travelling and as such clients cannot earn and do not have funds to pay their insurance premium. Some even have mortgages on their cabs/medallion and are finding it difficult to survive in the taxi business.” Sew, transportation industry in NY
HIRING & ANTICIPATED EMPLOYEE GROWTH

- 53% of Pre-COVID employees are currently off the payroll
- Businesses anticipate 70% of the workforce will be back on the payroll by January 2021
- June re-employment is estimated to add 7% back to payroll

This hiring survey had responses from 12,500 business owners. As of May, small business owners employed 46% of January employees and were anticipating a 7% increase to 53% by the end of June. They also predicted a 24% increase in hiring by January 2021, bringing the overall anticipated employment level to 70% at that point.

In some cases, employers looking to re-employ found staff reluctant to come off of unemployment support.

“It is very hard to get back employees that are getting that extra 600.00 per week. I have lost 90% if my employees and am having to scramble to find people for serving and cooking in the restaurant. Why look for work when you are getting over 700.00 a week on unemployment?” Bob, Restaurant Owner in OH.

“Just trying to get through this and keep my employees safe and employed. We have not laid anyone off and did NOT reduce their wages. The economy needs to open.” Mel, HVAC company in PA

“Good News... before the Coronavirus, the most in-home appointments we had set were 40 in one week. Last week we set 85 in-home appointments! The effects were very hard for several weeks.
We are meeting the consumers’ safety needs and we are seeing a bounce back in the areas we serve. Now Hiring!” Josh, Home Services in KY

COVID DISASTER RECOVERY TIMELINE

Economic recovery after Natural Disasters has been well-documented by FEMA and other experts across the globe. Borrowing from one of their frameworks and leveraging our learnings from the data we’ve collected and discussions we’ve seen on Alignable, we’ve arrived at several conclusions.

It’s clear to us the economic recovery from the Coronavirus is going to:

- take years to accomplish
- be community-driven
- require a sustained and concerted effort by local government, business owners and consumers alike.

We’ll also need a renewed and sustained movement in support of local businesses for our communities to fully recover.

“Buying local and supporting your business neighbors is very important during this time of uncertainty. So many businesses small and large will never be the same, even if they survive this crisis. If we all (small business owners and workers who still have a job) would just take a quick moment to look our customers in the eye and say, ‘Thank you, your business is greatly appreciated,’ it may keep that customer coming back.

On your worst day, a smile goes a long way. It can change someone else's day. To all, be healthy, and stay safe.” Mary Ellen, Retail Business in CT
Here’s our visualization of how we believe the recovery might look in the months and years to come.

This chart is based on FEMA’s Natural Disaster Recovery Framework and insights gathered from Alignable’s Coronavirus Insights Polls and Forum Discussions.
ABOUT THE ALIGNABLE RESEARCH CENTER
Alignable is the largest online referral network for small businesses with over 5 million members across North America.

We established a research center in early March 2020, to track and report the impact of the Coronavirus on small businesses, and to monitor recovery efforts, informing the media, policy makers, and our members. If you have any questions about this information or any of our other reports, contact Chuck Casto at chuck@alignable.com.

OTHER CORONAVIRUS RELATED ALIGNABLE POLLS & INSIGHTS:

Trend Tracker: Some Minority-Owned Businesses Struggle To Secure PPP Loans
May 26, 2020

May Coronavirus Impact Report
May 6, 2020

66% Of Small Business Owners Still Wait For CARES Act Relief
May 6, 2020

34% Of Small Businesses Can’t Cover May Rent
April 28, 2020

86% Of Business Owners Who Submitted CARES Act PPP Applications Haven’t Received Any Money
April 21, 2020

April 13, 2020

CARES Act Loans Start To Land For Small Business Owners, As Over 50% Decide To Apply For Relief
April 13, 2020

90% Of Small Business Owners Impacted By Coronavirus
April 7, 2020

57% Of Small Businesses Nationwide Say CARES Act Could Be Too Little Too Late
April 3, 2020

37% Of Small Businesses Nationwide Are Struggling To Stay Afloat
March 27, 2020