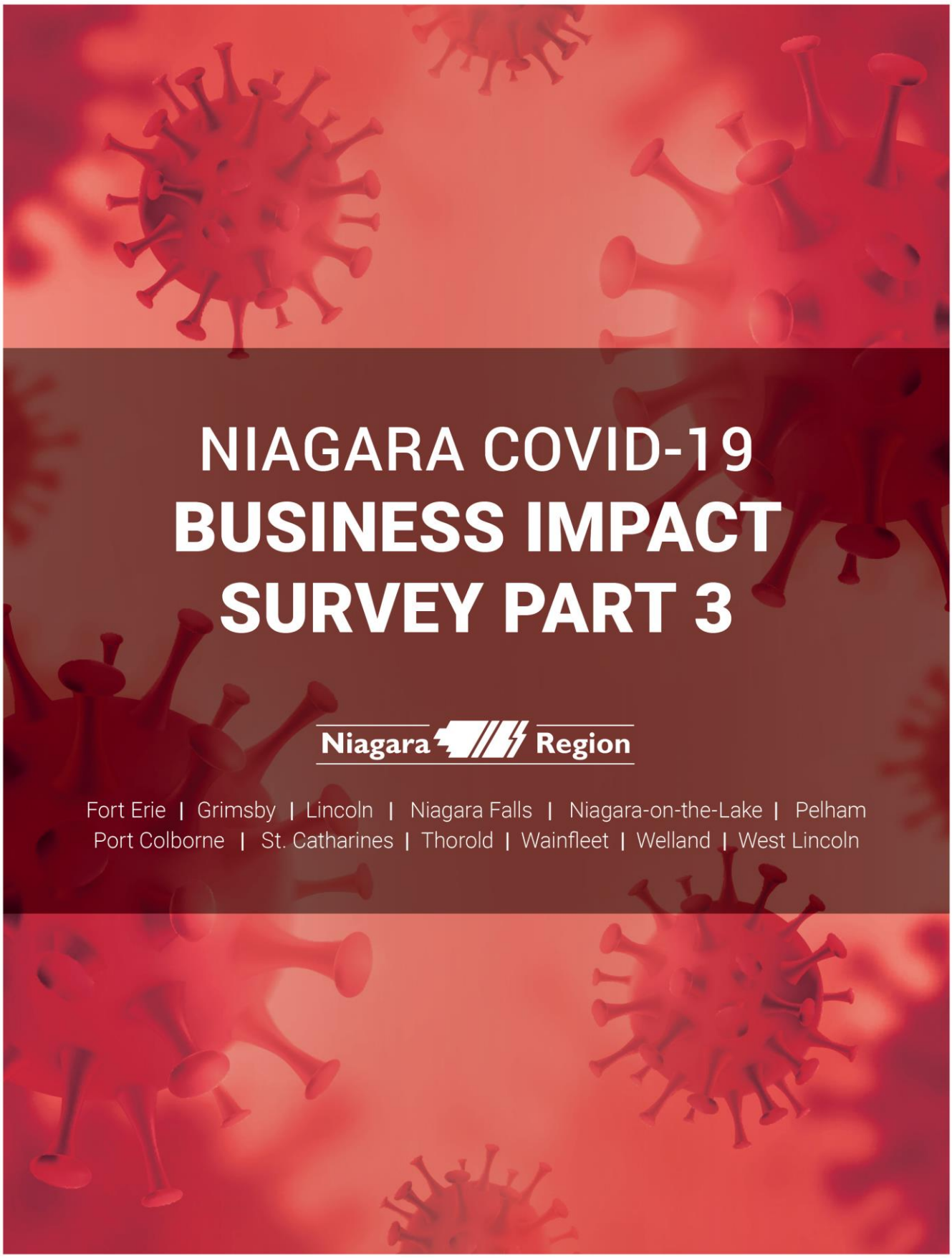


NIAGARA COVID-19 BUSINESS IMPACT SURVEY PART 3

Niagara Region

Fort Erie | Grimsby | Lincoln | Niagara Falls | Niagara-on-the-Lake | Pelham
Port Colborne | St. Catharines | Thorold | Wainfleet | Welland | West Lincoln

Introduction

This report is the third iteration of the Niagara COVID-19 Business Impact Survey and is intended to fill data and information gaps related to impacts of COVID-19 on Niagara businesses, as well as provide insights into required business recovery measures going forward.

At this point in the pandemic, regional economic data is available to help us understand the true macroeconomic impact on Niagara's economy. As reported in the latest Niagara Economic Update, COVID-19 business restrictions resulted in a loss of over 26,000 jobs. Total household income declined by $594 million or 4%, regional GDP shrunk by $1.2 billion or 7.5% (the 26th highest of 29 regional economies in Canada), and regional retail sales dropped by $183.7 million or 3.1% compared to pre-pandemic levels. However, macroeconomic statistics do not provide business-level information required to understand the true experiences of businesses navigating the pandemic in order to develop innovative ways to support businesses through the recovery process.

The Niagara COVID-19 Business Impact Survey – Part 3 is a collaborative effort of the Niagara Economic Rapid Response Team (ERRT) with an integrated and proactive focus on addressing the business impacts of COVID-19. The ERRT was formed by the Niagara Regional Chair along with the mayors of Niagara's 12 local municipalities: Fort Erie, Grimsby, Lincoln, Niagara Falls, Niagara-on-the-Lake, Pelham, Port Colborne, St. Catharines, Thorold, Wainfleet, Welland, and West Lincoln.

This report helps identify areas of concern that need to be addressed throughout the economic recovery process.

Methodology

The survey was directly distributed via email to approximately 10,000 businesses from March 29 to April 16, 2021.

The economic development offices of the Town of Fort Erie, Town of Lincoln, City of Niagara Falls, City of St. Catharines, City of Port Colborne, City of Thorold, Grimsby, and the City of Welland contacted the businesses in those respective municipalities while Niagara Region contacted businesses in the municipalities without economic development officers including Wainfleet, Pelham, West Lincoln, and Niagara-on-the-Lake.

Additional partners and promotional channels were used to promote the survey to Niagara businesses including Niagara-based chambers of commerce, various business and industry associations, as well as social media channels including LinkedIn, Facebook and Twitter.

The survey was intended for Niagara-based businesses only and respondents without a presence in Niagara were not included in the results.

Of the approximately 10,000 businesses contacted directly and the additional promotional efforts, 786 respondents completed the survey. However, some respondents opted not to answer certain questions.

A copy of the survey instrument is included in the Appendix.

The "n" figure in the graphs below indicate the number of respondents to each question.

Analysis

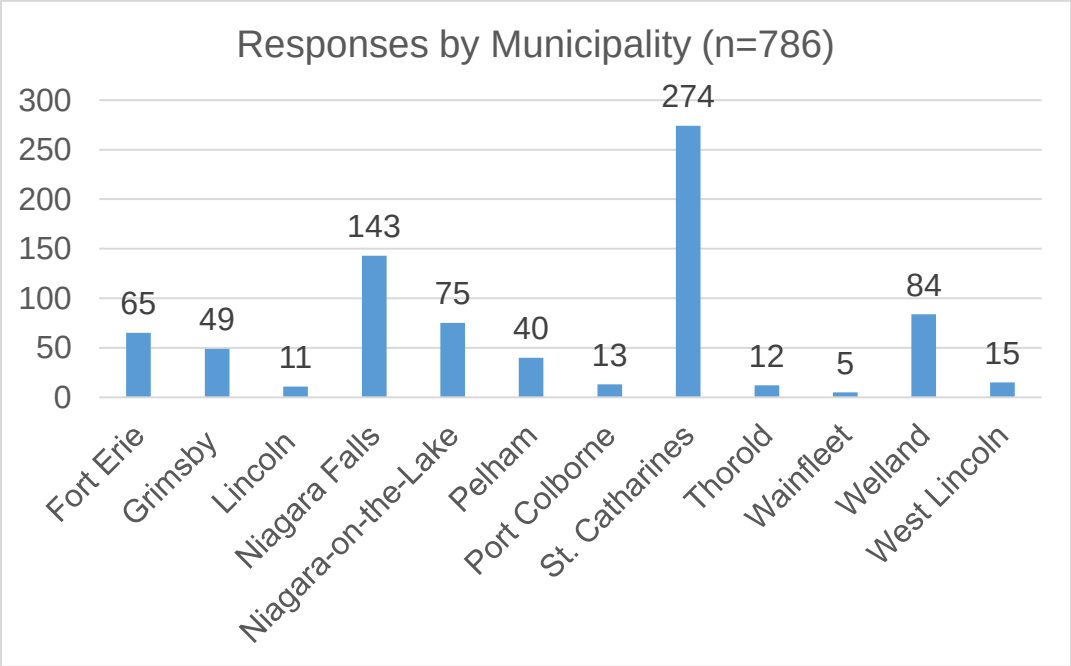
This section of the report will address the insights generated by the survey data. It is comprised of three main subjects:

Respondents: This section provides information on the respondents of the survey including business location, the type of organization, women-owned businesses, tourism-based businesses, and respondents by industry sector.

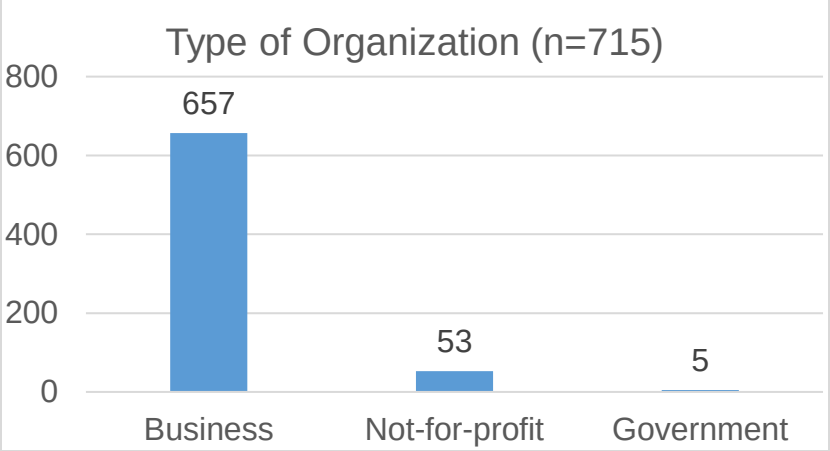
Employment and Revenues: This section provides information on the employment and revenue characteristics of respondents including current employment and forecasted employment needs, revenue loss, and revenue loss by industry sector.

Business Status and Recovery: This section provides information on the current status of respondents; estimated time to recovery; plans to reduce business footprint or relocate business; topics affecting business workforces; programs for diversity, equity and inclusion; budgets for staff training; business priorities for 2021; top business needs within 6 months; obstacles to business recovery; and, type of business assistance required.

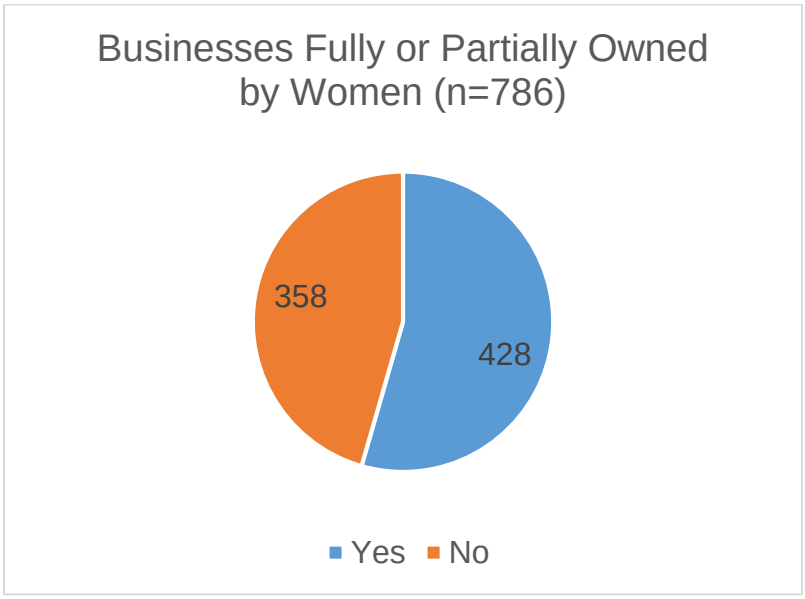
Respondents



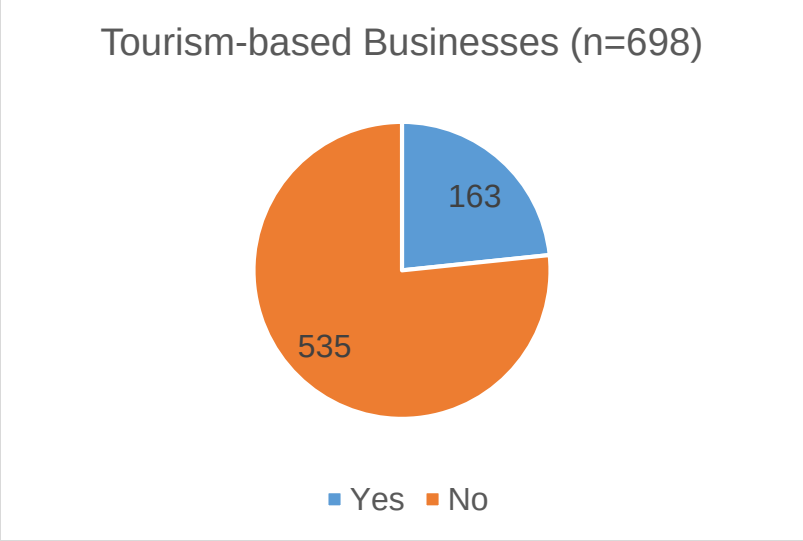
Respondents selected the local municipality in Niagara where their business is physically located. 786 respondents completed the survey. This is down from 1,382 in the previous survey and from 2,604 in the survey before that. Survey fatigue has become a factor causing lower response rates. However, it is still a statistically significant sample.



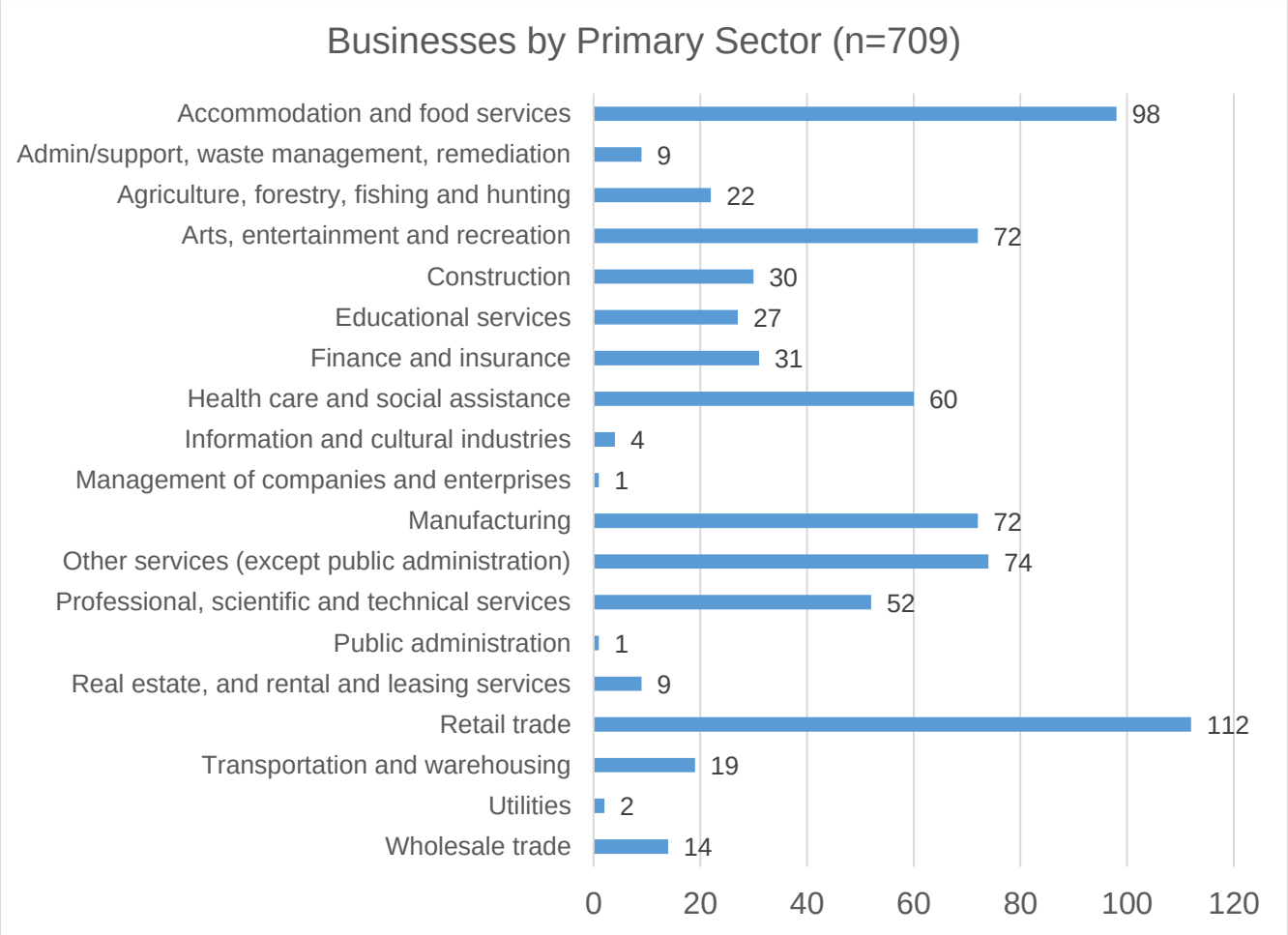
Respondents were asked what type of organization they representing including business, not-for-profit or government. There is little statistical data available on the pandemic impacts on the not-for-profit sector, so we wanted this data in order to be able to assess these impacts. Of all respondents, 92% were businesses, 7% were not-for-profit and less than 1% were government organizations.



It is understood that youth and women have been impacted disproportionately during the pandemic. There is also very little local data on business ownership by gender. This survey provided the opportunity to assess the number of women-owned businesses among respondents. 54% reported that their business is fully or partially women-owned while 46% reported they were not women-owned.

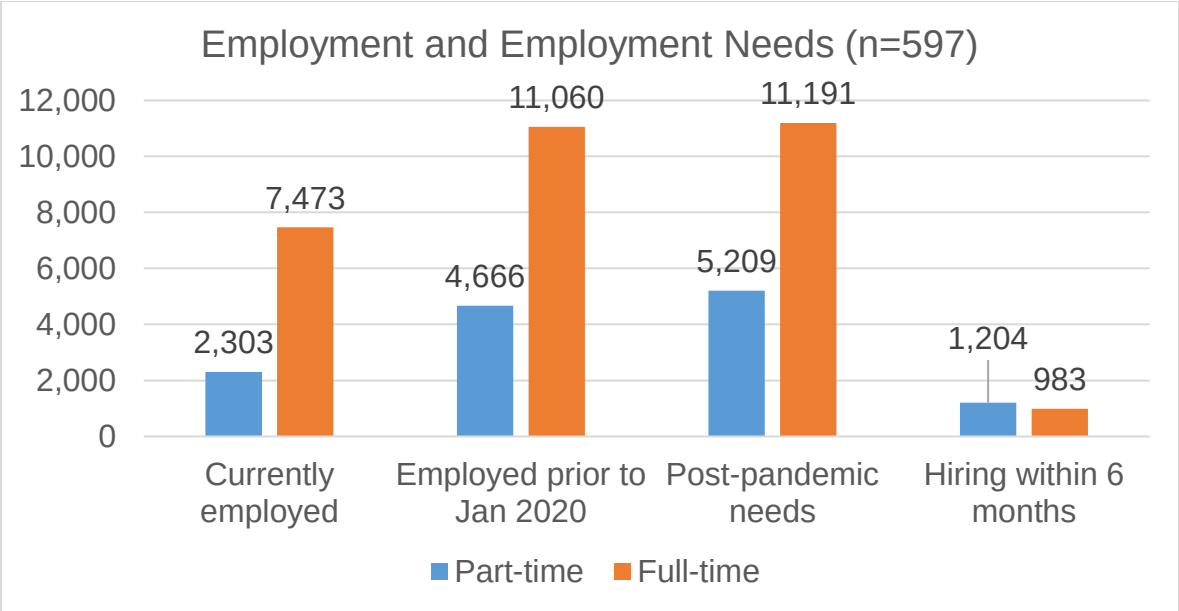


Tourism-oriented sectors were also impacted disproportionately in the pandemic. Tourism involves many sectors of the economy, but many businesses in those sectors may or may not serve a tourism market. Therefore, it was important to understand how many respondents were actually involved in tourism. 77% of responds reported that they are not involved in tourism while 23% reported that they are tourism-oriented businesses.

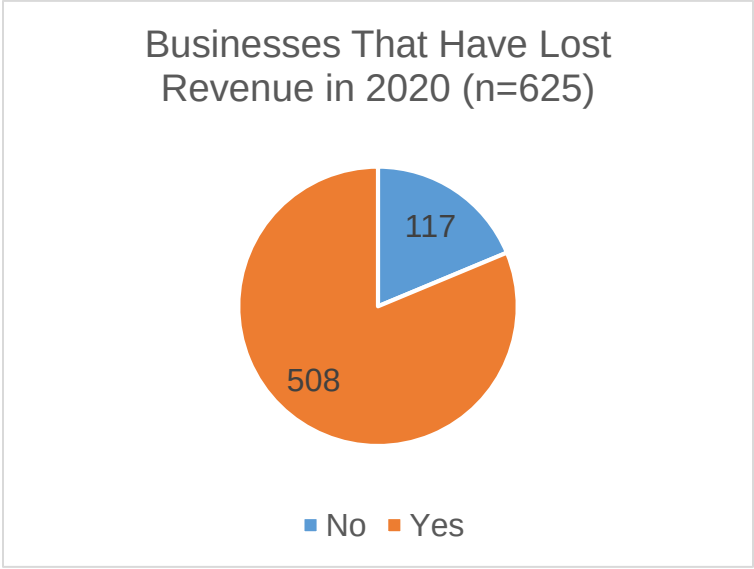


Respondents self-identified the industry sector that best captures their business activities. Responses were strong across most industry sectors and are a general reflection of the industry sectors that are prevalent in Niagara.

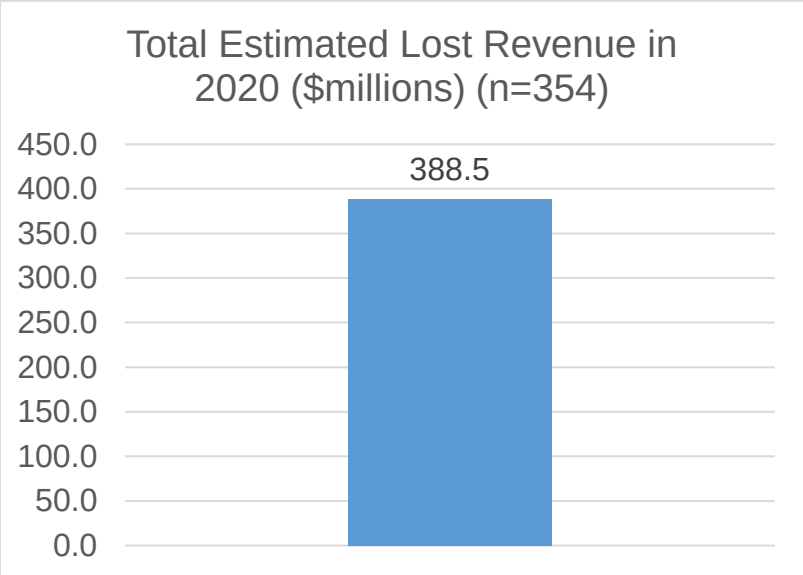
Employment and Revenues



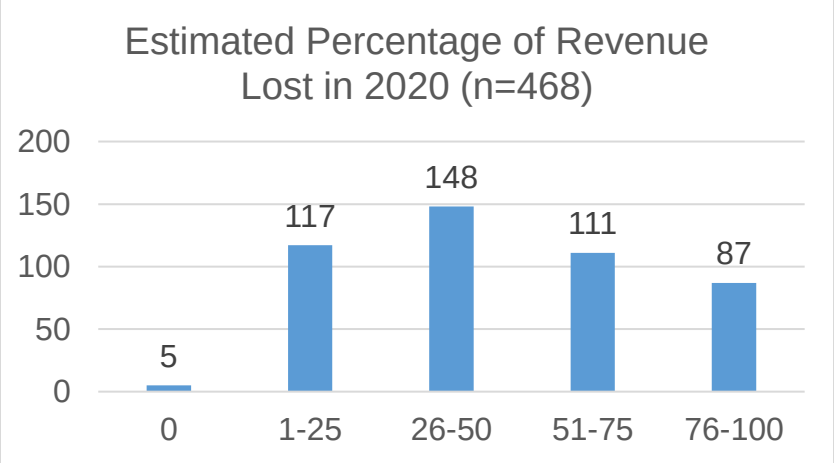
From January 2020 to March 2021 Niagara lost over 26,700 jobs. We know from the Niagara Economic Update that the hardest hit sectors include accommodation and food services; wholesale and retail trade; arts, culture, and recreation; and, other services. The graph above indicates that respondents are currently down 3,587 full-time staff and 2,363 part-time staff. However, respondents have reported that they will need 131 additional full-time staff and 543 additional part-time staff post-pandemic and 983 full-time staff and 1,204 part-time staff within 6 months.



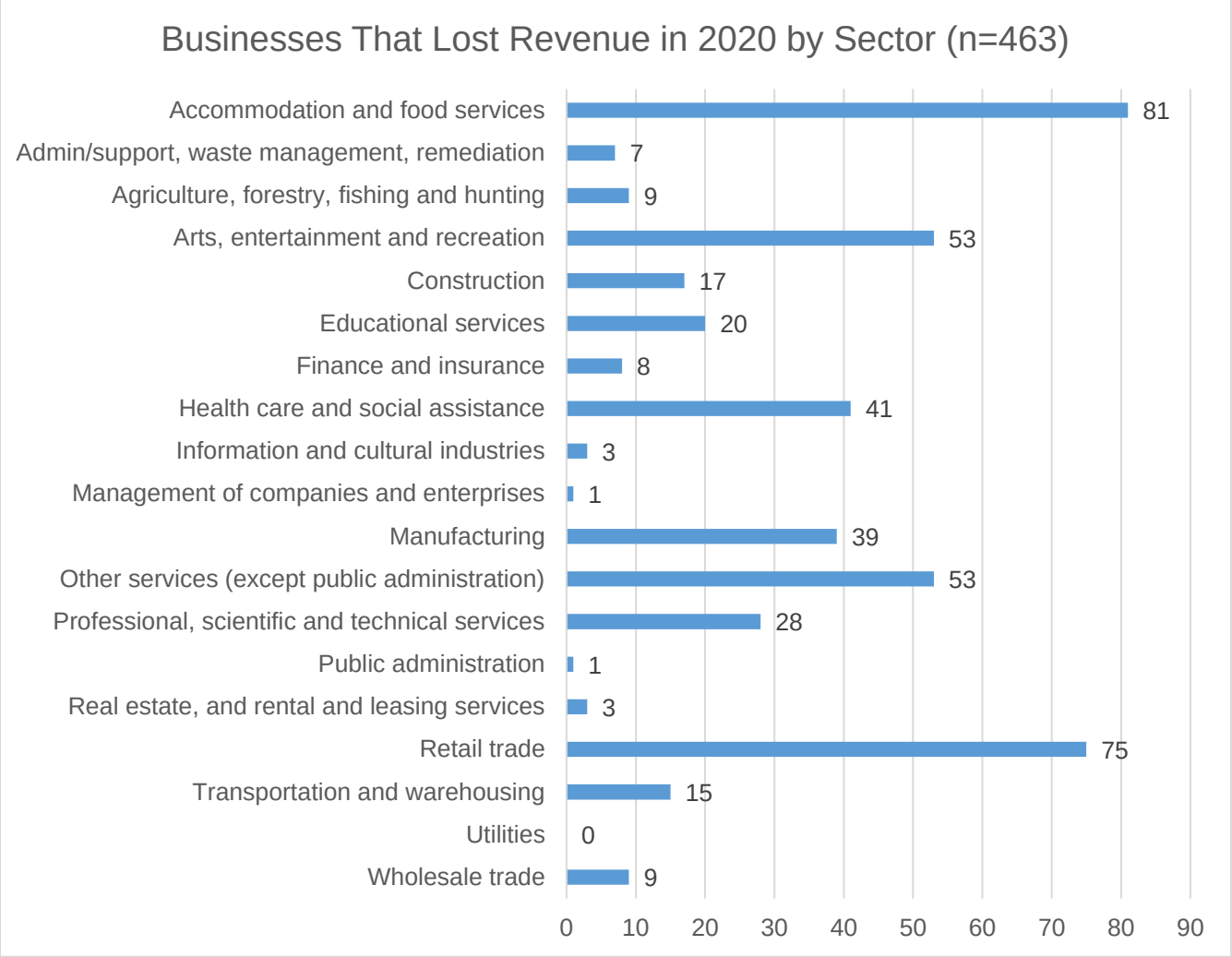
Businesses continue to report a staggering loss of revenue during the COVID-19 pandemic. Of 625 respondents, 19% have reported not losing any revenue while 81% have reported losing revenue.



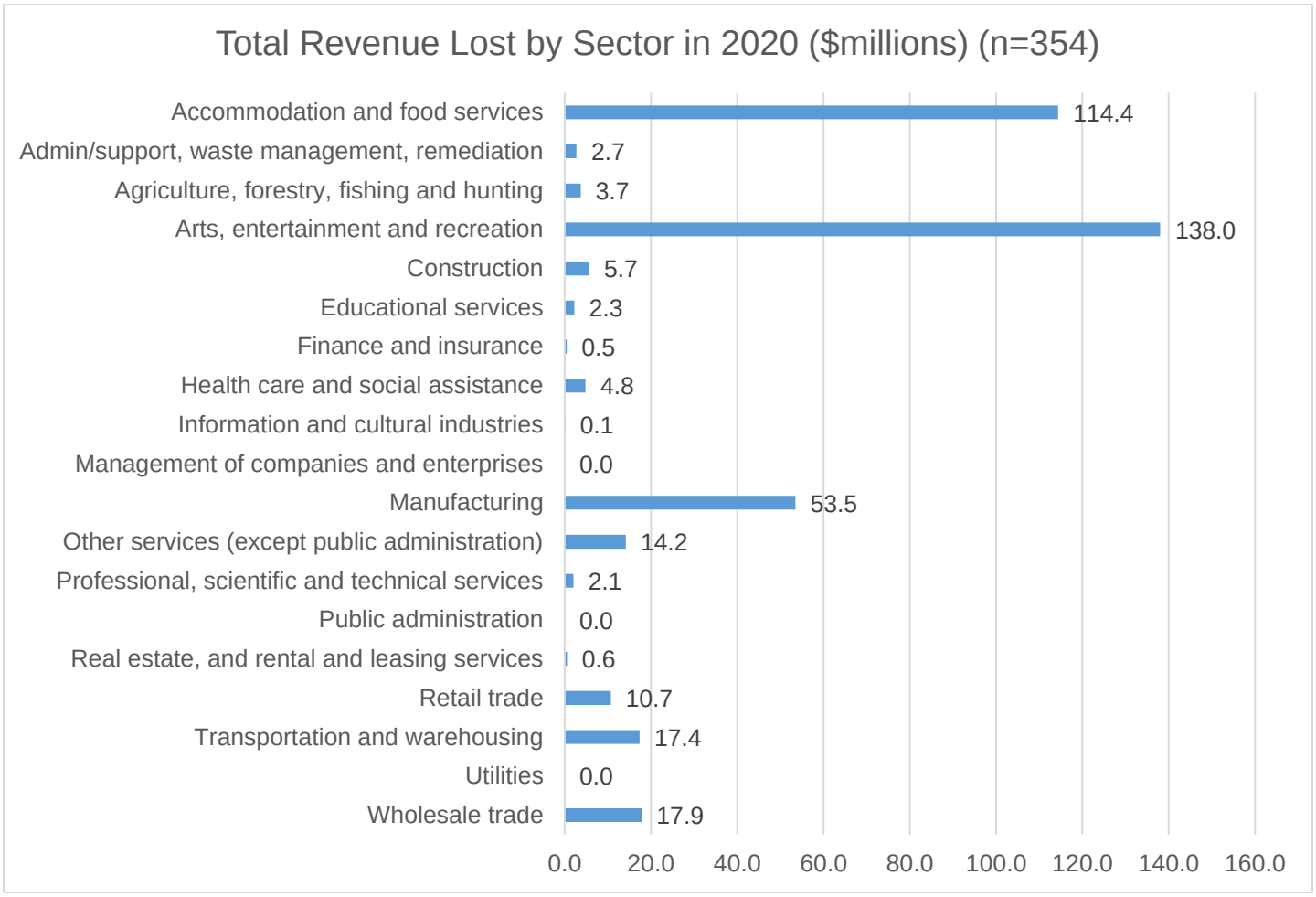
Respondents reported a total loss of revenue of $388.5 million across 354 businesses.



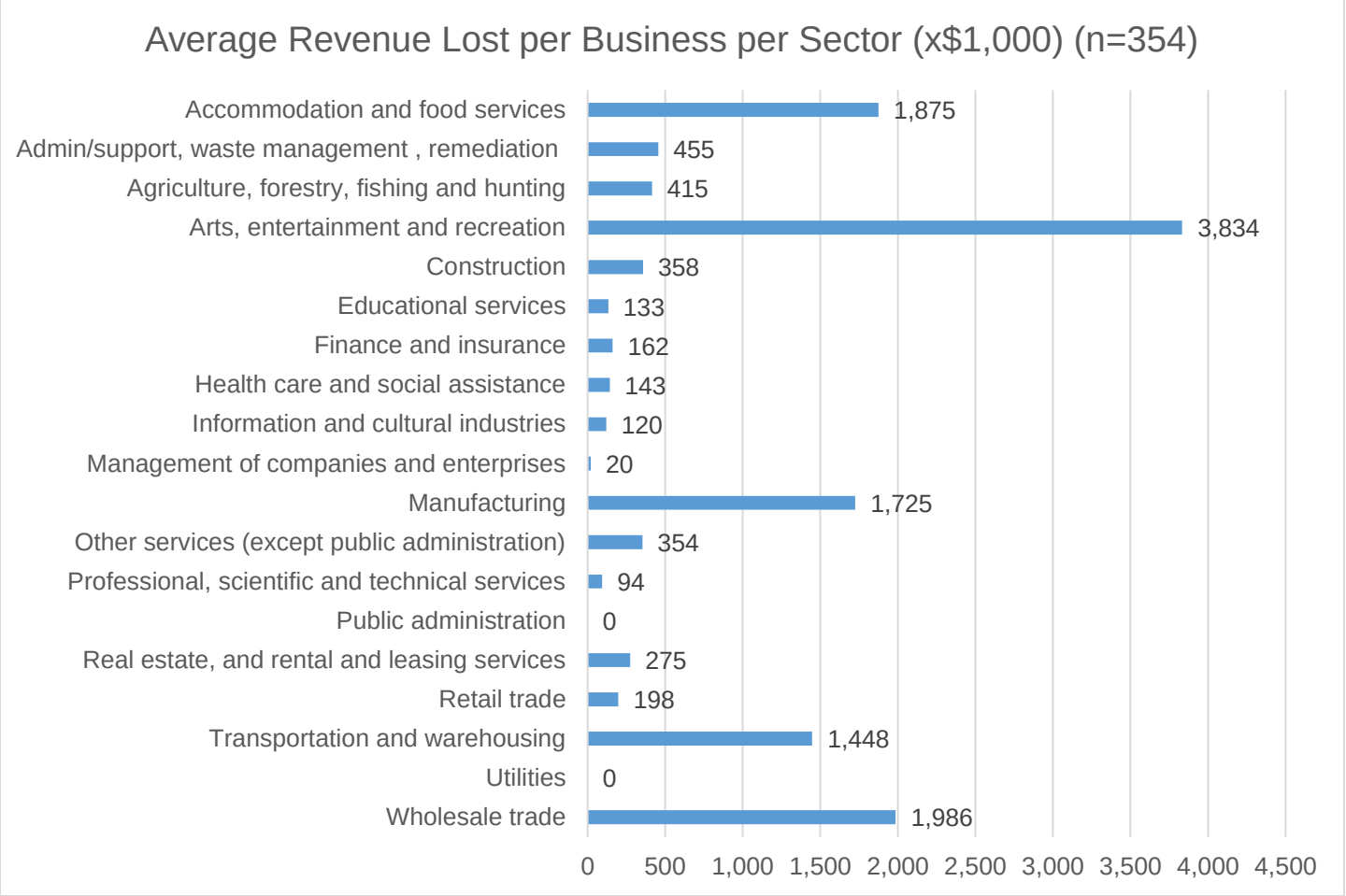
Of 468 businesses that responded to estimated lost revenue, 1% reported no lost revenue, while 57% reported losing less than half of their total revenue and 43% have reported losing more than half of their total revenue. 19% or 87 businesses reported losing 76 to 100% of their business revenue.



The sectors with the most businesses reporting lost revenue include accommodation and food services; retail trade; arts, entertainment, and recreation; and other services (which includes personal services). This is expected given that these sectors have experienced the longest shutdown periods and business restrictions. Other notable sectors includes health care and social assistance; manufacturing; professional, scientific and technical services; and, educational services. Many of these sectors were impacted by supply chain and market disruptions, and gathering limitations which affected sales and productivity.

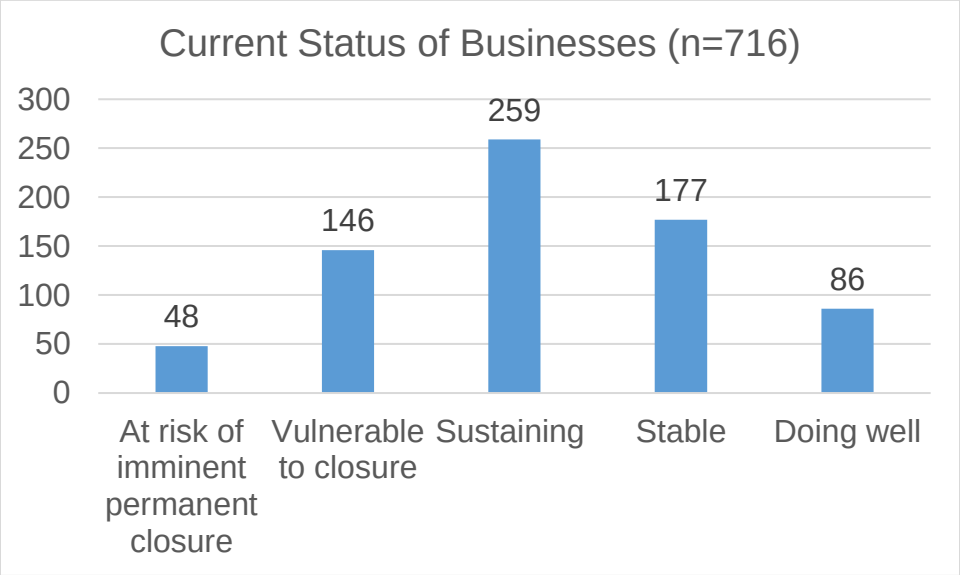


Although businesses across many sectors reported losing revenue, certain sectors reported losing far more revenue than others. For instance, accommodation and food services respondents represent 17% of businesses that lost revenue, but 29% of total reported lost revenue. Also, arts, culture, and recreation respondents represent 11% of businesses reporting lost revenue, but 36% of total reported lost revenue. Lastly, manufacturing respondents represent 8% of respondents that lost revenue, but 14% of total reported lost revenue.

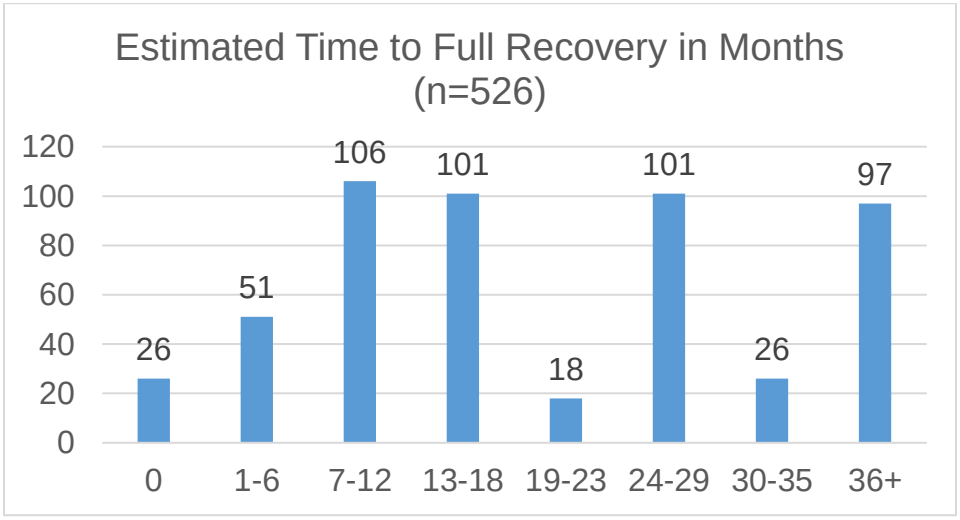


The business impacts by sector look more severe when considering the average revenue lost per business per sector. Notable sectors include arts, entertainment and recreation where businesses reported a staging average loss of $3.8 million, followed by wholesale trade at $2.0 million, accommodation and food services at $1.9 million, manufacturing at $1.7 million, and transportation and warehousing at $1.4 million.

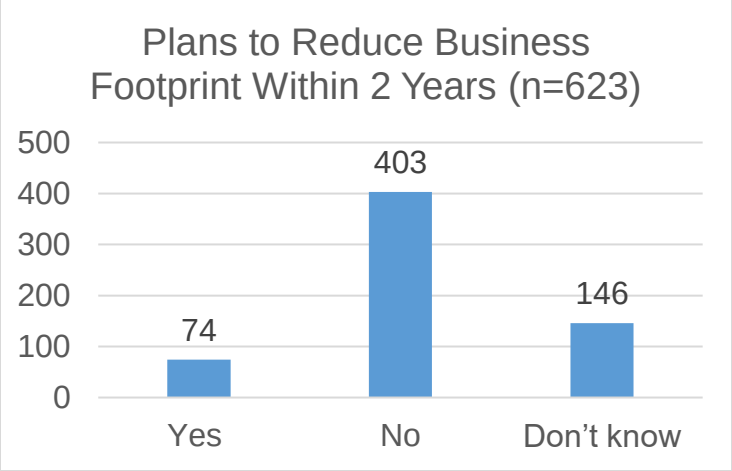
Business Status and Recovery



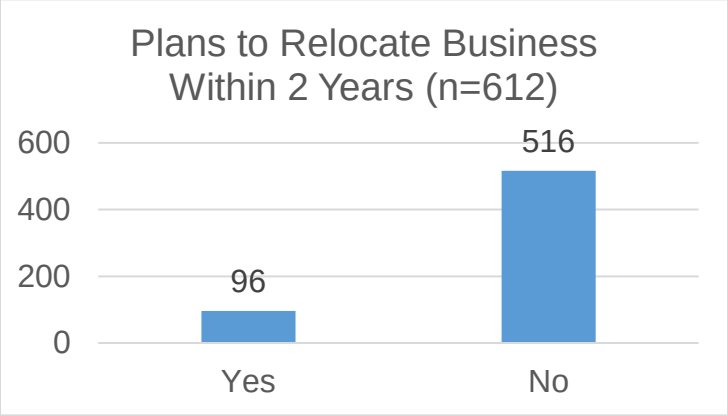
Businesses were asked to select a status that best reflects their current situation. Of 716 respondents, 27% of respondents identified as currently vulnerable to closure, while 36% identified as sustaining, and 37% identified as either stable of doing well. This is marked improvement over the previous two surveys, so it appears that business outlook is improving.



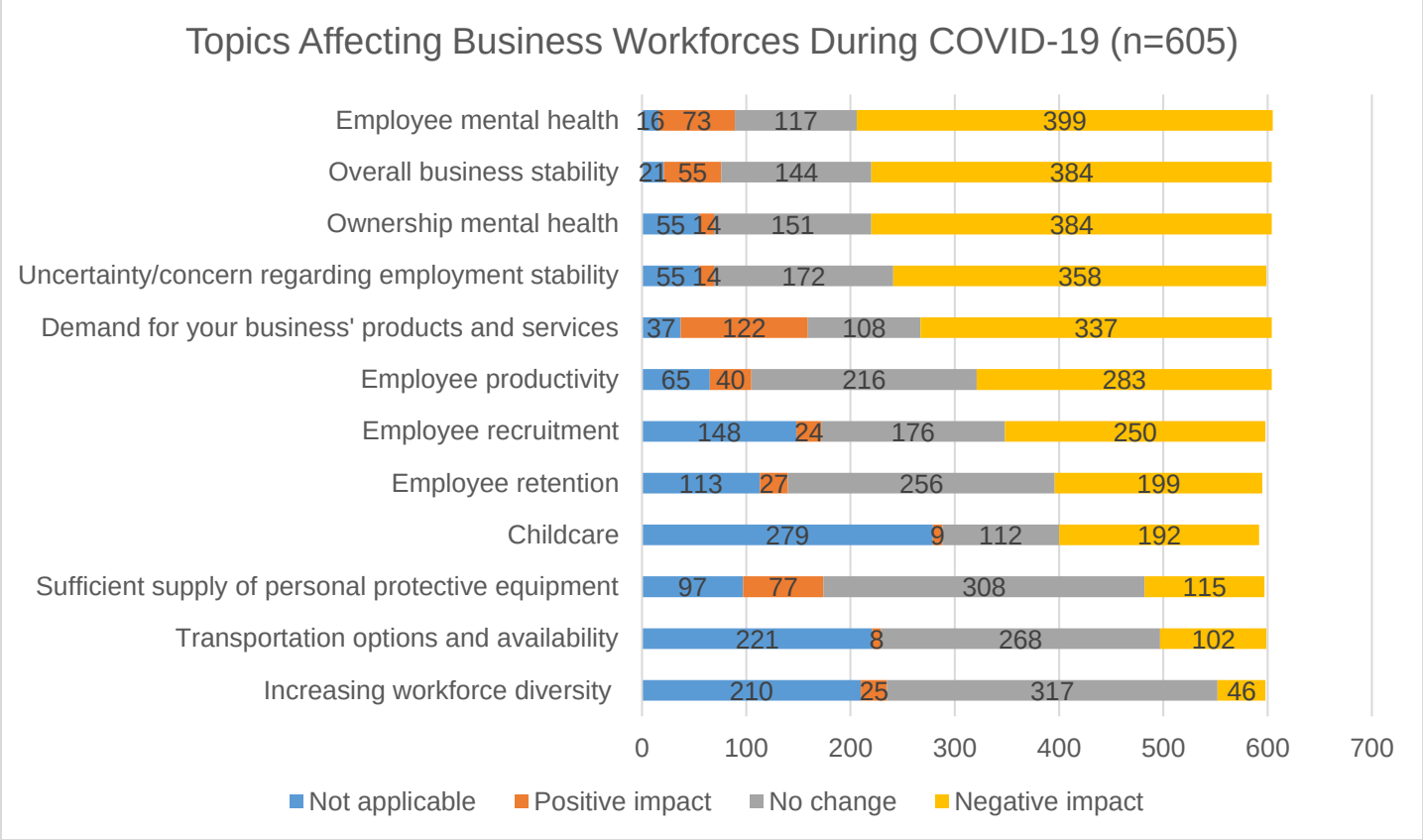
Estimated time to recovery varied greatly among respondents. Of 526 respondents, 5% indicated no amount of time until full recovery, meaning they are not fully impacted. 10% of respondents estimated a full recovery with in 1-6 months, while 20% estimated 7-12 months, 19% estimated 13-18 months, 3% estimated 19-23 months, 19% estimated 24 to 29 months, 5% estimated 30-35 months, and 18% estimated 36+ months.



Given the impacts of the pandemic on how businesses use physical space, respondents indicated whether they planned to reduce their physical footprint within the next 2 years. Of 623 respondents, 12% indicated that they are planning to reduce their physical footprint, while 65% indicated they were not planning to, and 23% indicated that they do not know.



Businesses were asked whether they plan to relocate their business within 2 years. Of 612 respondents, 16% reported that they plan to relocate within 2 years and 84% reported that they did not plan to relocate.

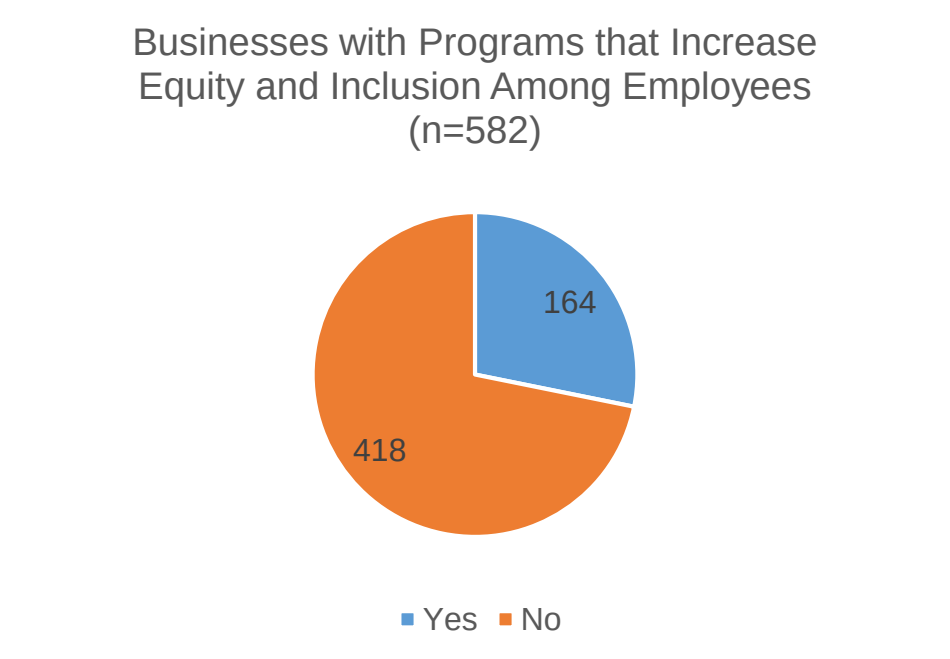


The pandemic has exacerbated many workforce-related issues given the many restrictions and protocols imposed on businesses. In order to better understand how much these issues are impacting local businesses, respondents were ask to rank workforce topics based on their impact. Employee mental health was identified has having the most negative impact. Other topics with a notable negative impact included overall business stability tied with ownership mental health, uncertainty/concern regarding employment stability, demand for you're the business' products and services, employee productivity, employee recruitment, and employee retention.

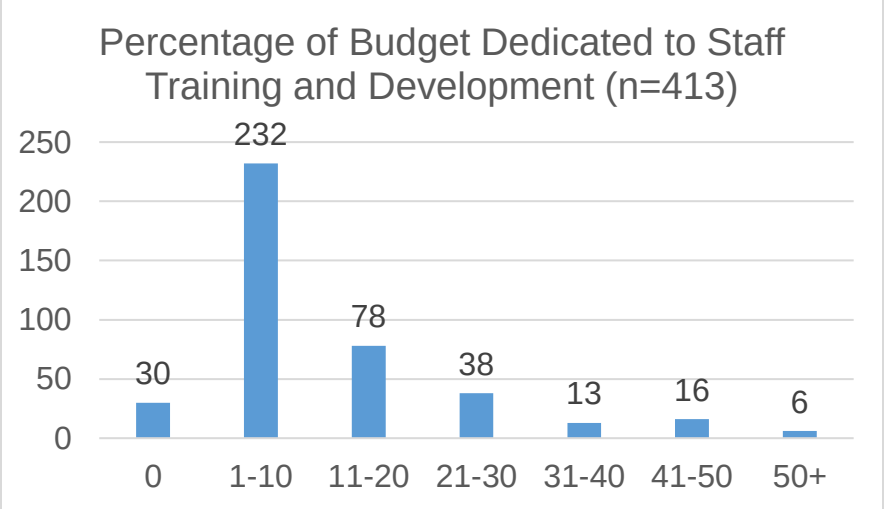
Very few topics were noted as having a negative impact on businesses. Notable topics identified include demand for business' products and services and sufficient supply of personal protective equipment. These are likely from businesses in industry sectors that benefitted from pandemic conditions.

The main topics where businesses reported no change were increasing workforce diversity, sufficient supply of personal protective equipment, employee retention, and employee productivity.

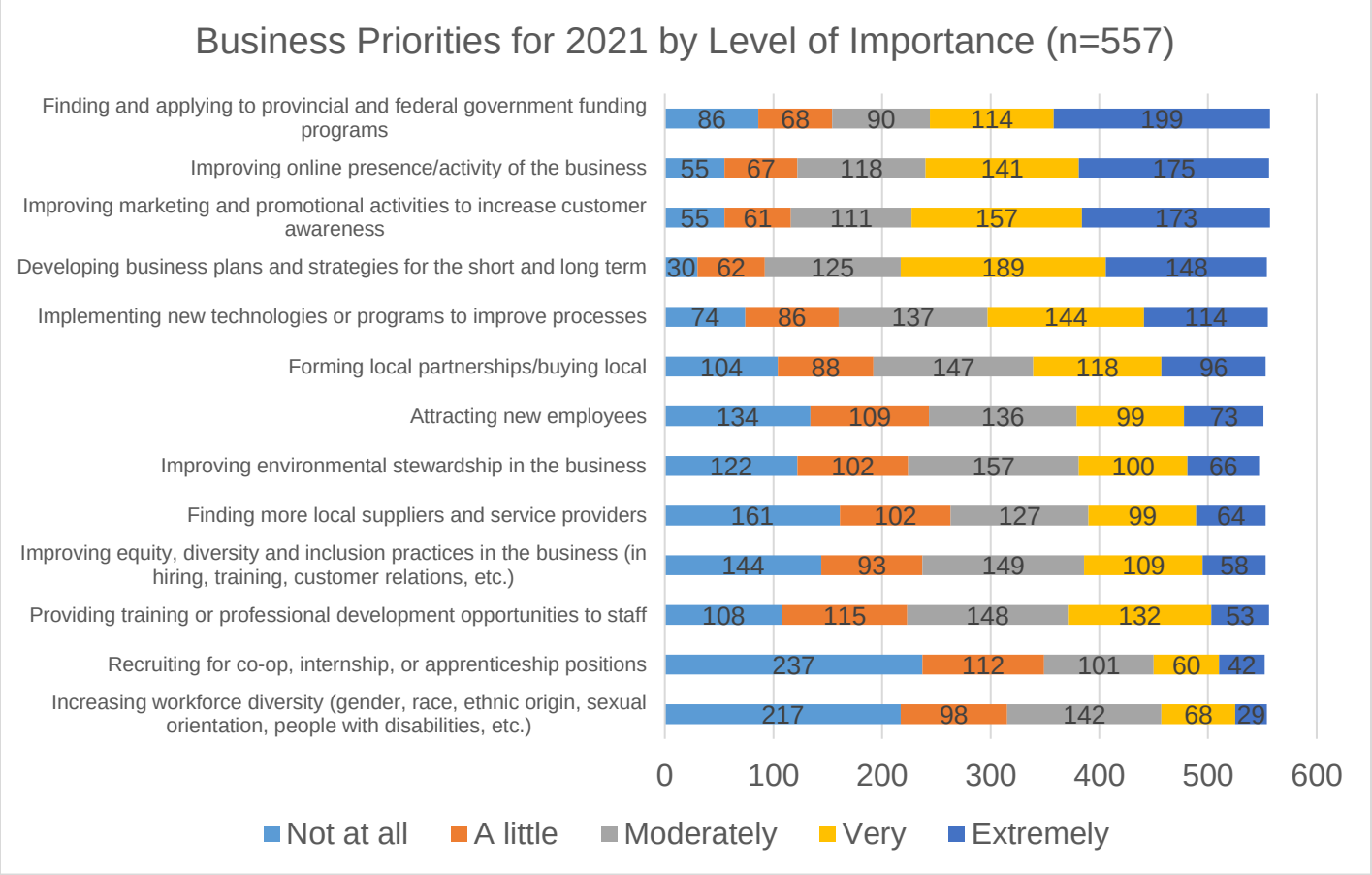
The main topics where businesses reported not applicable included childcare, transportation options and availability, and increasing workforce diversity.



Businesses were also asked whether they had programs aimed at increasing equity and inclusion among employees in their workforce. Of 582 respondents, 28% indicated that they do have these programs while 72% indicated they do not.

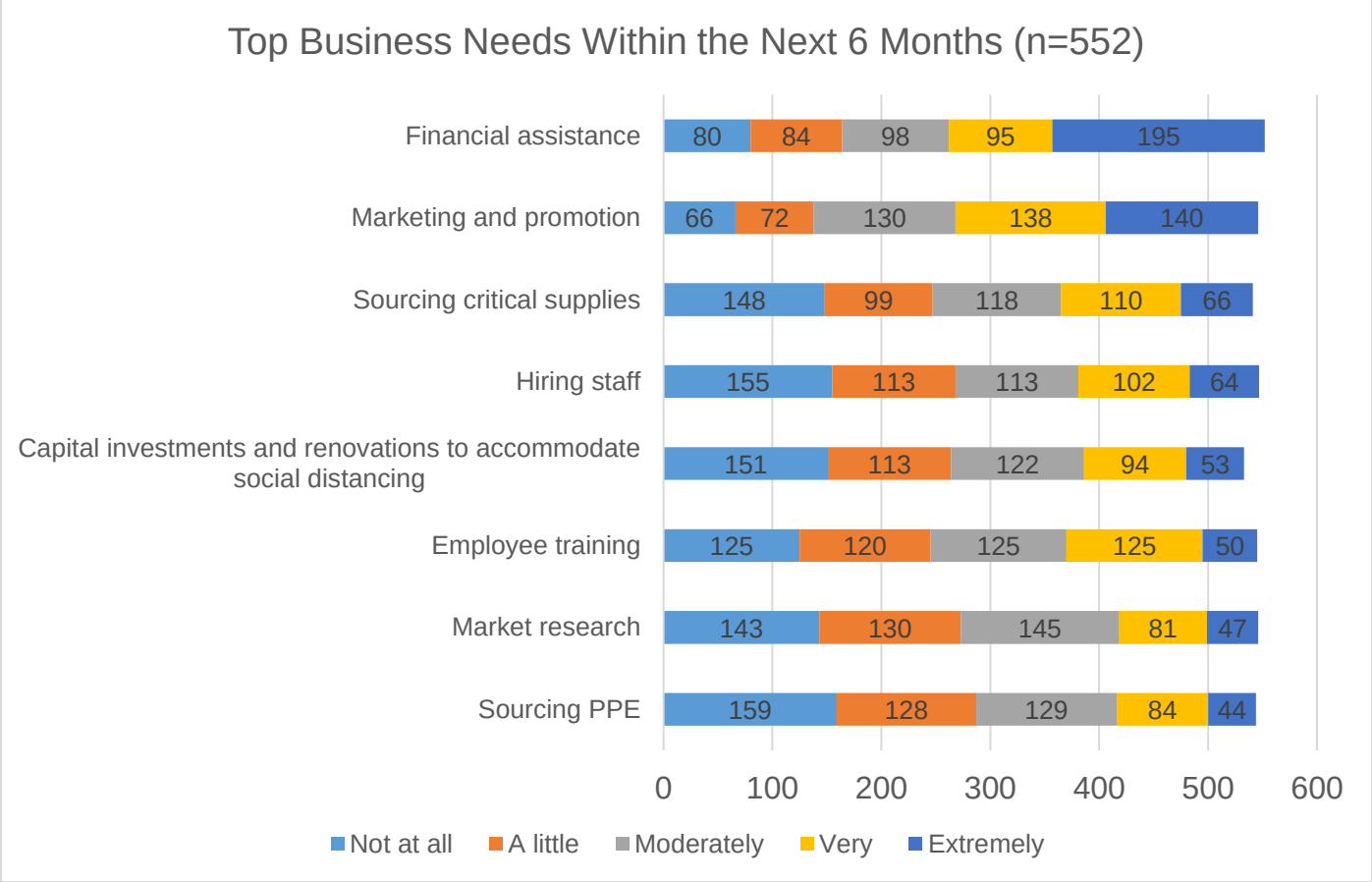


Another area of interest included the level that businesses are investing in staff training and development. Of 413 respondents, 7% reported 0% of their budget, while 56% reported 1-10%, 19% reported 11-20%, 9% reported 21-30%, 3% reported 31-40%, 4% reported 41-50%, and 1% reported 50%+.

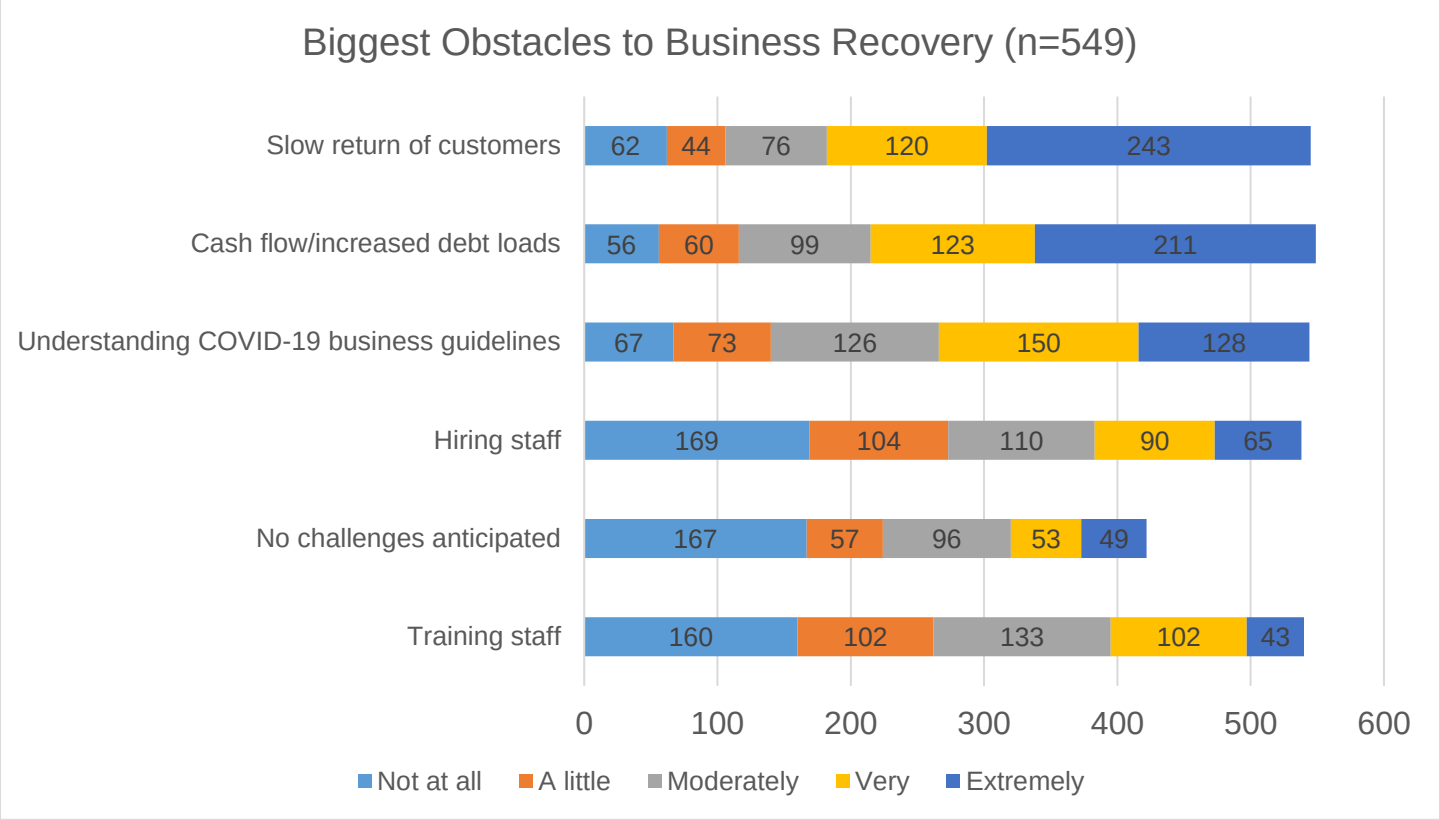


To better understand the priorities of businesses in 2021, respondents were asked to rank their business priorities by level of importance.

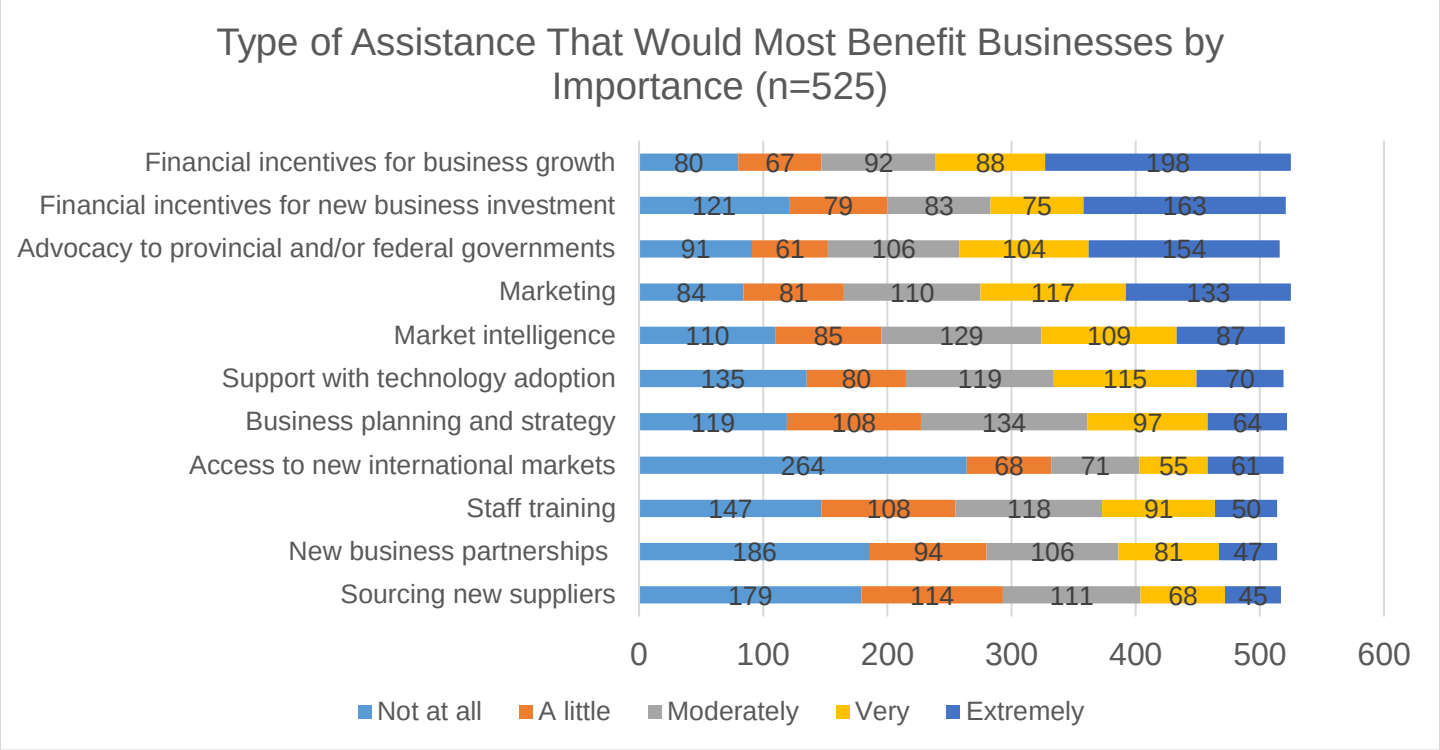
When looking at top priorities from including moderately important, very important and extremely important combined, developing business plans and strategies for the short and long term was the top priority at 83%; followed by improving marketing and promotional activities to increase customer awareness at 79%; improving online presence/activity of the business at 78%; finding an applying to provincial and federal government funding programs at 72%; implementing new technologies or programs to improve processes at 71%; forming local partnerships/buying local at 65%; providing training or professional development opportunities to staff at 60%; improving environmental stewardship in the business at 59%; improving equity, diversity and inclusion practices in the business at 57%; attracting new employees at 56%; finding more local suppliers and service providers at 52%; increasing workforce diversity at 43%; and, recruiting for co-op, internships, or apprenticeship programs at 37%.



Businesses ranked their top business needs within the next 6 months from not at all important to extremely important. When looking at top needs from moderately important, very important and extremely important combined, 75% of businesses reported marketing and promotion as top need, followed by financial assistance at 70%, employee training at 55%, sourcing critical supplies at 54%, hiring staff at 51%, capital investments and renovation to accommodate social distancing at 50%, market research at 50%, and sourcing PPE at 47%.



To understand what the main obstacles to business recovery, businesses were asked to rank the biggest obstacles to business recovery. When looking at the biggest obstacles from moderately important, very important and extremely important, 81% indicated a slow return of customers, 79% indicated cash flow/increased debt loads, 74% indicated understanding COVID-19 business guidelines, 51% indicated training staff, 49% indicated hiring staff, and 47% indicated no challenges anticipated.



Respondents were asked to identify the type of assistance that would most benefit their business through the recovery process. When looking at measure that are moderately important, very important and extremely important combined, 72% indicated financial incentives for business growth, 71% indicated advocacy to provincial and/or federal governments, 69% indicated marketing, 63% indicated market intelligence, 62% indicated financial incentives for new business investment, 59% indicated support with technology adoption, 57% indicated business planning and strategy, 50% indicated staff training, 46% indicated new business partnerships, 43% indicated sourcing new suppliers, and 36% indicated access to new international markets.

Conclusions

The Niagara COVID-19 Business Impact Survey provides some expected results, but some new and interesting results as well. Below is a summary of key findings in the research.

Businesses are still operating with fewer employees, but it appears that they are planning to bring back their employees with intentions to hire more after the pandemic. This will be buoyed by anticipated economic growth after the pandemic.

81% have reported lost revenue with 19% reporting no lost revenue, which was surprising. Of the businesses that reported lost revenue, 57% reported losting less than have of their revenue while 43% reported losing more than half of their revenue.

The industry sector with the highest reported average lost revenue include arts, entertainment, and recreation; accommodation and food services; wholesale trade; manufacturing; and, transportation and warehousing.

Business status and outlook have improved from the previous two surveys. 27% of businesses reported at being at risk or vulnerable to closure, while 73% reported they are sustaining, stable, or doing well.

The estimated time to recovery varies greatly. 43% of respondents indicated that it will take 2 years or more to recover, while 57% indicated it will take less than 2 years for full recovery.

12% of respondents indicated that they plan to reduce the physical footprint of their business and 16% reported that they plan to relocate their businesses within 2 years.

Employee mental health, business stability, ownership mental health, employment stability, and demand for the business' products and services were the top 5 topics having a negative impact on respondents.

Only 28% of respondents indicated they have programs in place that aim to increase employee equity and inclusion.

56% of respondents reported dedicating 1-10% of the operational budget on staff training and development.

The top 5 business priorities for 2021 included developing business plans and strategies for the short and long term was the top priority; improving marketing and promotional activities to increase customer awareness; improving online presence/activity of the business; finding an applying to provincial and federal government funding programs; and, implementing new technologies or programs to improve processes.

The top 5 business needs within the next 6 months included marketing and promotion, financial assistance, employee training, sourcing critical supplies, and hiring staff.

The top obstacles to business recovery included a slow return of customers, cash flow/increased debt loads, understanding COVID-19 business guidelines, and hiring staff.

The top 5 types of assistance required by businesses included financial incentives for business growth, advocacy to provincial and/or federal governments, marketing, market intelligence, and financial incentives for new business investment.

Appendix
Survey Instrument

1. Do you consent to participating in this Business Impact Survey?

    - Yes
    - No

2. Which Niagara municipality is your business located in?

    - Fort Erie
    - Grimsby
    - Lincoln
    - Niagara Falls
    - Niagara-on-the-Lake
    - Pelham
    - Port Colborne
    - St. Catharines
    - Thorold
    - Wainfleet
    - Welland
    - West Lincoln

3. Is your business fully or partially owned by a woman or women?

    - Yes
    - No

4. What is the name of the business or organization?

5. What is the current status of your business?

    - At risk of imminent permanent closure
    - Vulnerable to closure
    - Sustaining
    - Stable
    - Doing well

6. Please indicate the type of organization that you represent:

    - Business
    - Not-for-profit
    - Government

7. Please indicate the primary sector that your business or organization operates in:

- Agriculture, forestry, fishing and hunting
- Mining, quarrying, and oil and gas extraction
- Utilities
- Construction
- Manufacturing
- Retail trade
- Wholesale trade
- Transportation and warehousing
- Information and cultural industries
- Finance and insurance
- Real estate, and rental and leasing services
- Professional, scientific and technical services
- Management of companies and enterprises
- Administrative and support, waste management and remediation services
- Educational services
- Health care and social assistance
- Arts, entertainment and recreation
- Accommodation and food services
- Other services (except public administration)
- Public administration

8. Please identify the specific industry that your business or organization operates in:

9. Is your business tourism-oriented?

    - Yes
    - No

10. How many staff are currently employed with your business (including owners if applicable)?

    - Part-time:
    - Full-time:

11. How many staff were employed with your business in January 2020 (including owners if applicable)?

    - Part-time:
    - Full-time:

12. How many employees do you forecast your business will need once all COVID-19 restrictions are lifted (including owners if applicable)?

    - Part-time:
    - Full-time:

13. Do you anticipate hiring any new employees over the next 6 months? If so, please indicate how many:

    - Part-time:
    - Full-time:

14. Has your business lost revenue due to COVID-19 in 2020?

    - Yes
    - No
    - If yes, what is the estimated percentage loss in revenue for the business in 2020?
    - If yes, what is the estimated loss of revenue in ($) for the business in 2020? (text box)

15. How long do you estimate it will take your business to fully recover from the COVID-19 pandemic?

16. Do you plan on reducing the physical size of the business footprint within the next year or two?
    - Yes
    - No

17. Do you plan on relocating the business within the next couple of years?

    - Yes
    - No

18. From your perspective, are each of the following topics affecting your workforce during the COVID-19 pandemic? Please indicate if each topic is not applicable, positive impact, no change, or negative impact.

    - Childcare
    - Demand for your business' products and services
    - Employee mental health
    - Ownership mental health
    - Employee productivity
    - Employee recruitment
    - Employee retention
    - Transportation options and availability
    - Sufficient supply of PPE
    - Uncertainty/concern regarding employment stability
    - Increasing workforce diversity (gender, race, ethnic origin, sexual orientation, people with disabilities, etc.)
    - Overall business stability

19. Does your organization have any programs or initiatives that aim to increase equity or inclusion among your employees?

- Yes
- No

20. What percentage of your operating budget in 2020 was dedicated to staff training and development?

21. What are your business priorities for 2021? Please rank the following from not at all important to extremely important:

    - Finding an applying to provincial and federal government funding programs
    - Providing training or professional development opportunities to staff
    - Increasing workforce diversity (gender, race, ethnic origin, sexual orientation, people with disabilities, etc.)
    - Finding more local suppliers and service providers
    - Developing business plans and strategies for the short and long term
    - Improving marketing and promotional activities to increase customer awareness
    - Attracting new employees
    - Recruiting for co-op, internship, or apprenticeship positions
    - Improving online presence/activity of the business
    - Forming local partnerships/buying local
    - Implementing new technologies or programs to improve processes Improving environmental stewardship in the business
    - Improving equity, diversity and inclusion practices in the business (in hiring, training, customer relations, etc.)

22. What are your top business needs within the next 6 months? Please rank from more important to least important:

    - Financial assistance
    - Hiring staff
    - Employee training
    - Sourcing PPE
    - Sourcing critical supplies
    - Market research
    - Marketing and promotion
    - Capital investments and renovations to accommodate social distancing

23. What are the biggest obstacles to business recovery from COVID-19? Please rank from most important to least important:

    - Hiring staff
    - Training staff
    - Cash flow/increased debt loads
    - Understanding COVID-19 business guidelines
    - Slow return of customers

- No challenges anticipated

24. What type of assistance would most benefit your business? Please rank from most important to least important:

    - Business planning and strategy
    - Market intelligence
    - Marketing
    - Sourcing new suppliers
    - Financial incentives for new business investment
    - Financial incentives for business growth
    - Access to new international markets
    - Advocacy to provincial and/or federal governments
    - Support with technology adoption
    - Staff training
    - New business partnerships

25. If your business requires other assistance to recover from the impacts of COVID-19, please describe the type of assistance required:

26. Would you like to be contacted by your local Economic Development office? If so, please provide an email for follow up: