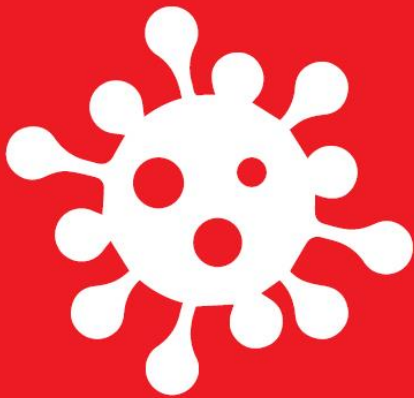


Niagara COVID-19



Business Impact Survey



Niagara  Region



Introduction

While the preservation of public health remains a priority in response to the spread of COVID-19, the economic impacts are being felt around the world and certainly here in Niagara. The shock to the global economy has resulted in extensive challenges to all industry sectors while directly affecting commerce. With necessary measures in place to contain the spread of COVID-19 such as mandatory business closures and physical distancing efforts, businesses across most industry sectors are struggling to stay viable and manage the economic and social ramifications of COVID-19.

As Niagara prepares to address these newfound challenges, accurate data and information is critical. The Niagara COVID-19 Business Impact Survey is an effort to gather critical data to produce accurate information in order to understand the state of business during the emergence of COVID-19, determine the specific impacts COVID-19 has had on business and the economy in Niagara, and identify measures that can assist business and expedite the recovery of the regional economy.

This Niagara COVID-19 Business Impact Survey is a collaborative effort of the Niagara Economic Rapid Response Team, an integrated and proactive Niagara effort to address the business and economic impacts of COVID-19. The mayors of Niagara's 12 municipalities including Grimsby, Wainfleet, West Lincoln, Pelham, Lincoln, St. Catharines, Welland, Fort Erie, Port Colborne, Thorold, St. Catharines, and Niagara-on-the-Lake launched the initiative. The Economic Development departments from Niagara Region, City of St. Catharines, City of Niagara Falls, City of Welland, Town of Lincoln, Town of Fort Erie, and the City of Port Colborne are working together to ensure Niagara will be ready to get back to business when it is safe to do so.

Prior to the emergence of COVID-19, Niagara was experiencing incremental economic development progress with high job creation; record low unemployment; record levels of investment in industrial, commercial and residential building construction; record export values; high tourism visitors and expenditures; high population growth; high retail sales, and many other positive economic indicators. COVID-19 has literally halted the economic progress and is negatively affecting most industry sectors. The Niagara Economic Rapid Response Team will do what is necessary to help businesses through the COVID-19 recovery effort in order to get the economy growing again.

Methodology

The Niagara COVID-19 Business Impact Survey was open to respondents from March 20 until March 30, 2020. Approx. 10,000 Niagara-based businesses were contacted directly through email.

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

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

The survey was intended for businesses with a location in Niagara only. Many companies from outside Niagara including locations such as Hamilton and the GTA responded (likely through social media exposure), but those records were identified and removed from the results.

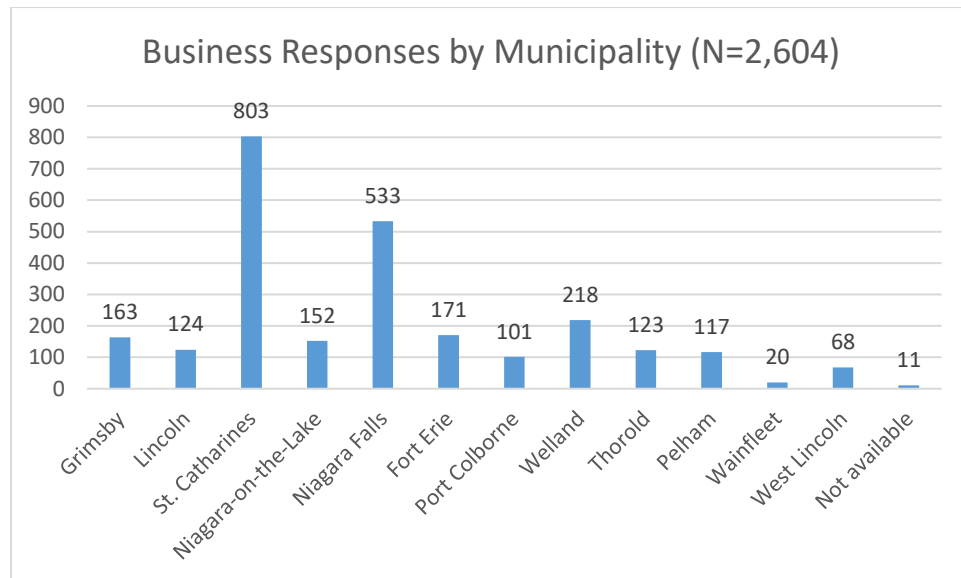
Of the nearly 10,000 businesses that were contacted and/or reached through social media, 4,983 businesses opened the survey and 2,604 completed all or most of questions within the survey. The data used for the analysis comes from the 2,604 responses that contained useful data.

A copy of the survey questionnaire is available in the Appendix section of this report.

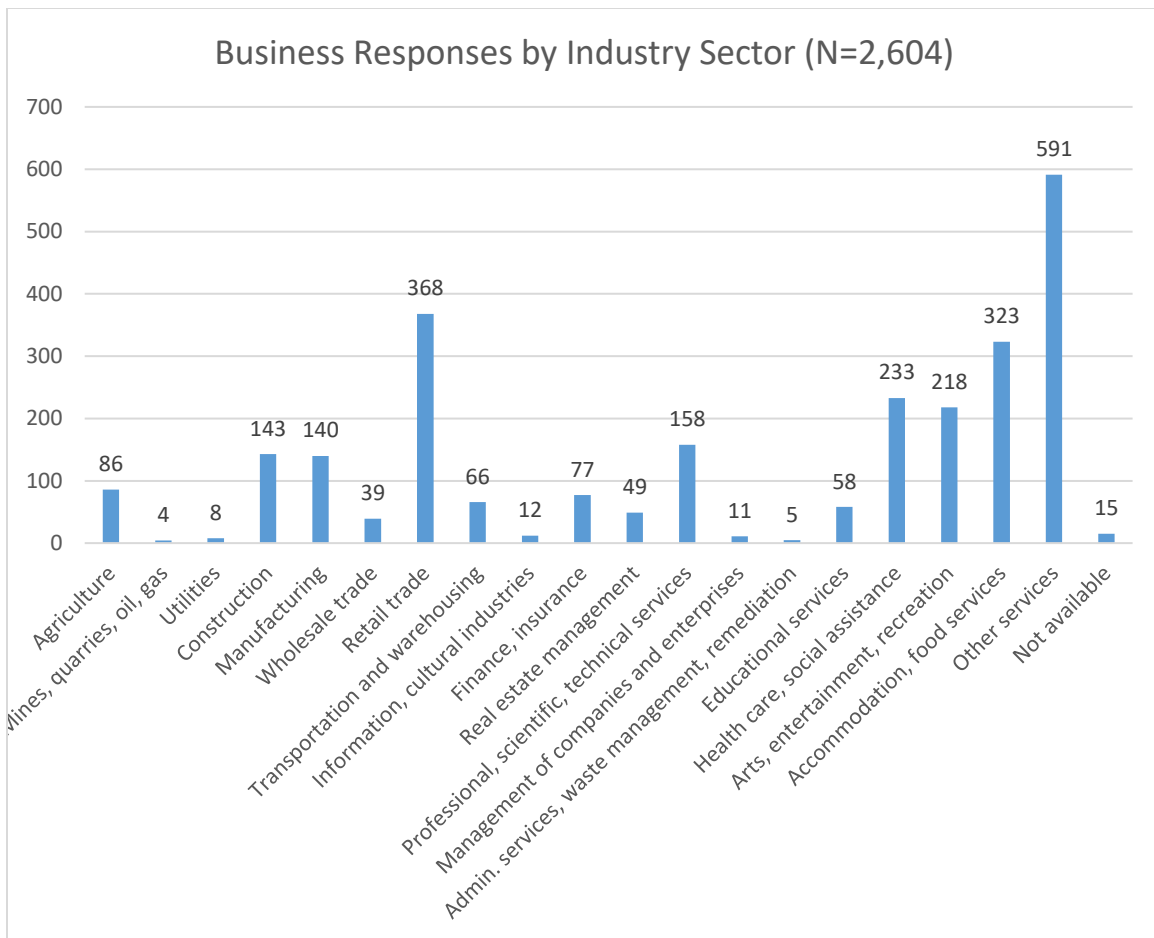
The “N” figure in the charts below refers to the number of responses to that particular section of the survey.

Analysis

Representatives of 2,604 respondent businesses completed the survey to the best of their knowledge. The tables and analysis below is based on those responses.

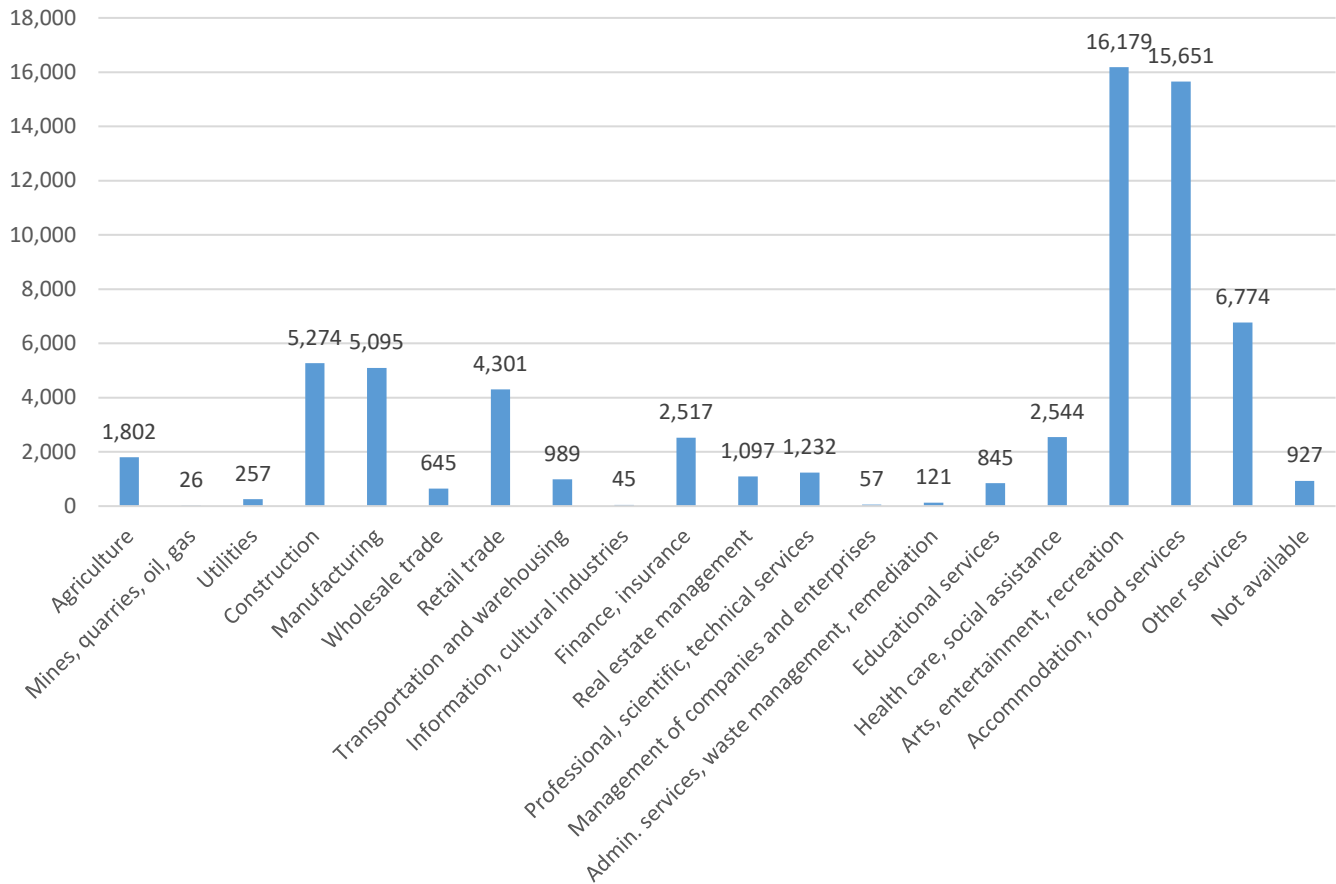


- Businesses selected the municipality in Niagara where they had a physical presence. 2,604 businesses completed the survey. The distribution of responses by municipality is reflective of the actual total number of businesses that exist in each municipality.



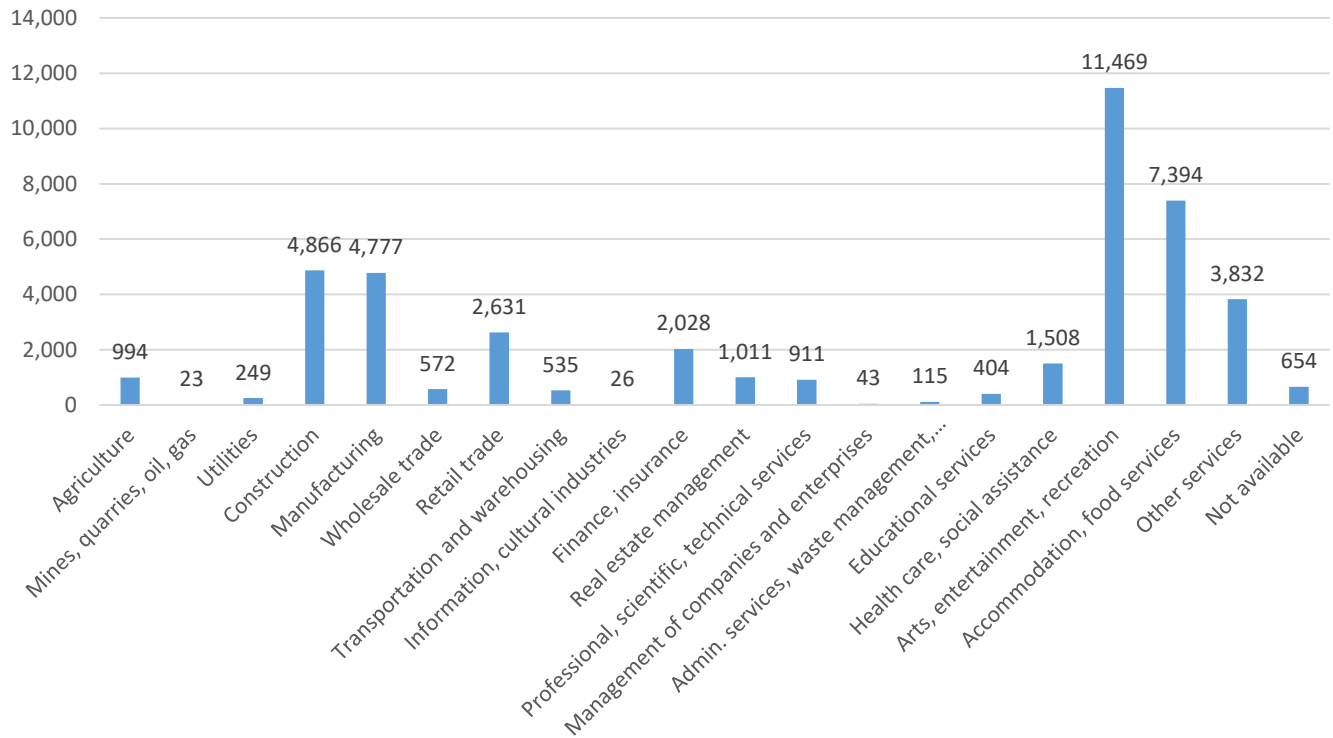
- Businesses identified the industry sector that best reflects their business. The industry sectors selected reflect the North American Industry Classification System (NAICS) except for public administration. It was omitted from this survey since the focus was private business and not government. The survey results include representation from all industry sectors that are prevalent in Niagara and the composition reflects the number of employer businesses that exist in each sector.

Total Employees by Industry Sector (N=2,604)



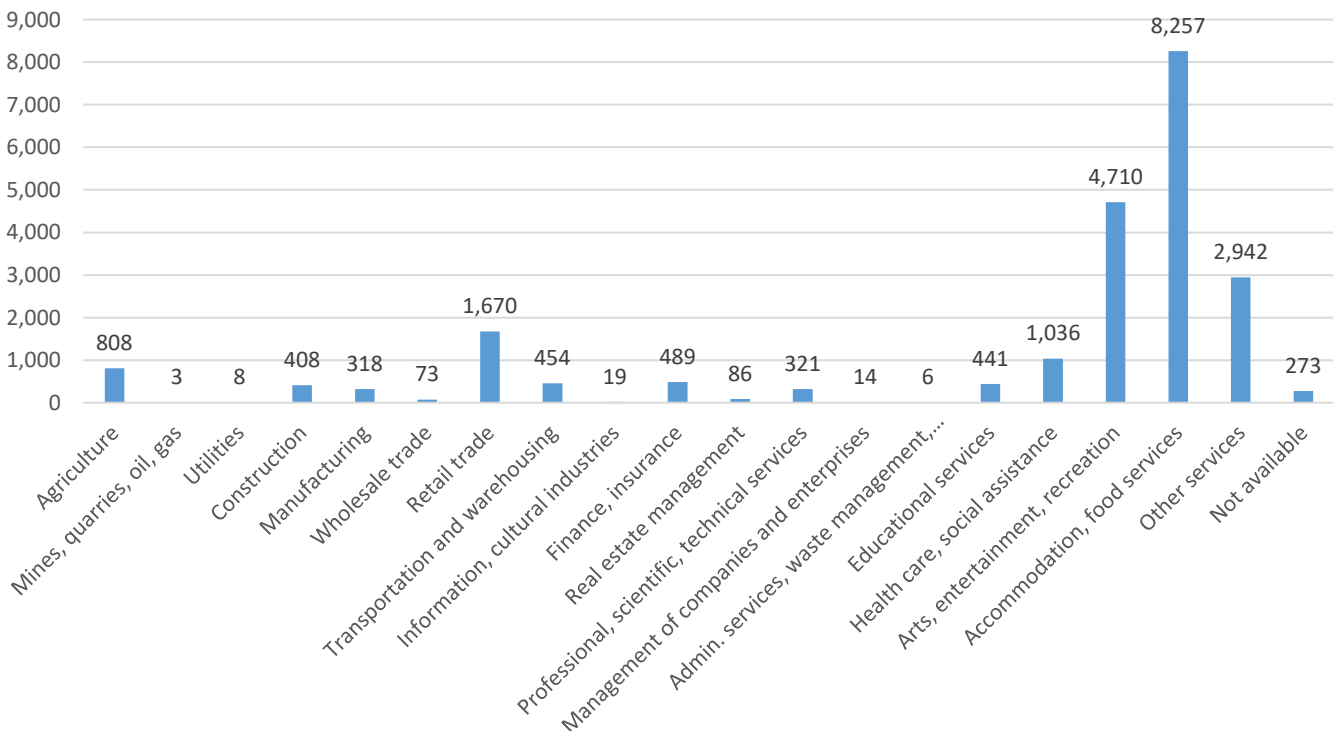
- Businesses were asked to identify their number of employees. The 2,604 respondents to this question employed a total of 66,378 people.
- The top sectors of employment included arts, entertainment and recreation; and, accommodation and food service, which represent a combined 48% of employees working for businesses captured in this survey.
- Other notable sectors in regards to total employment include other services (10.2%); construction (8%); manufacturing (7.7%); and retail trade (6.5%).

Full-time Employees by Industry Sector (N=2,604)



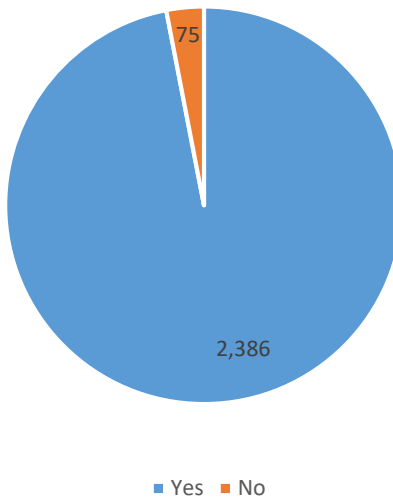
- Of total employees represented in the survey results, 44,042 or 66% were full-time.

Part-time Employees by Industry Sector (N=2,604)



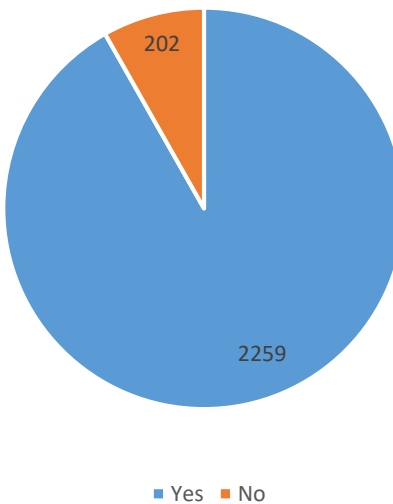
- Of total employees represented in the survey results, 22,336 or 34% were part-time.

Businesses Impacted by COVID-19 (N=2,461)

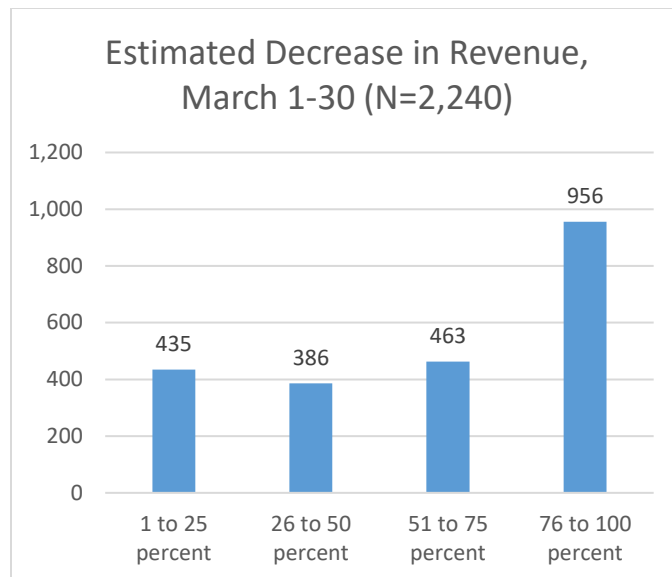


- Of the 2,461 respondents to this question, 97% of businesses reported they were affected and 3% reported they were unaffected by COVID-19.

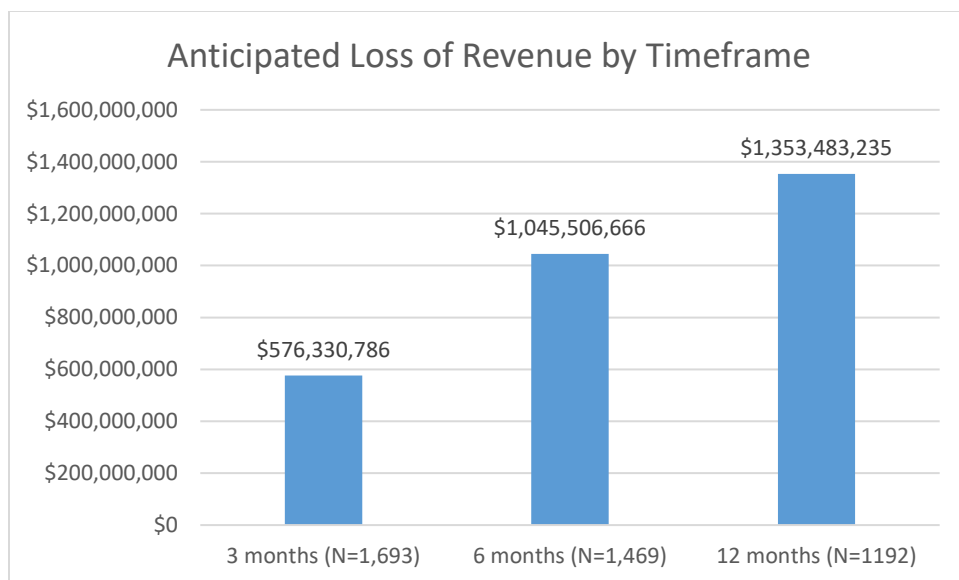
Business That Have Lost Revenue Due to COVID-19 (N=2,461)



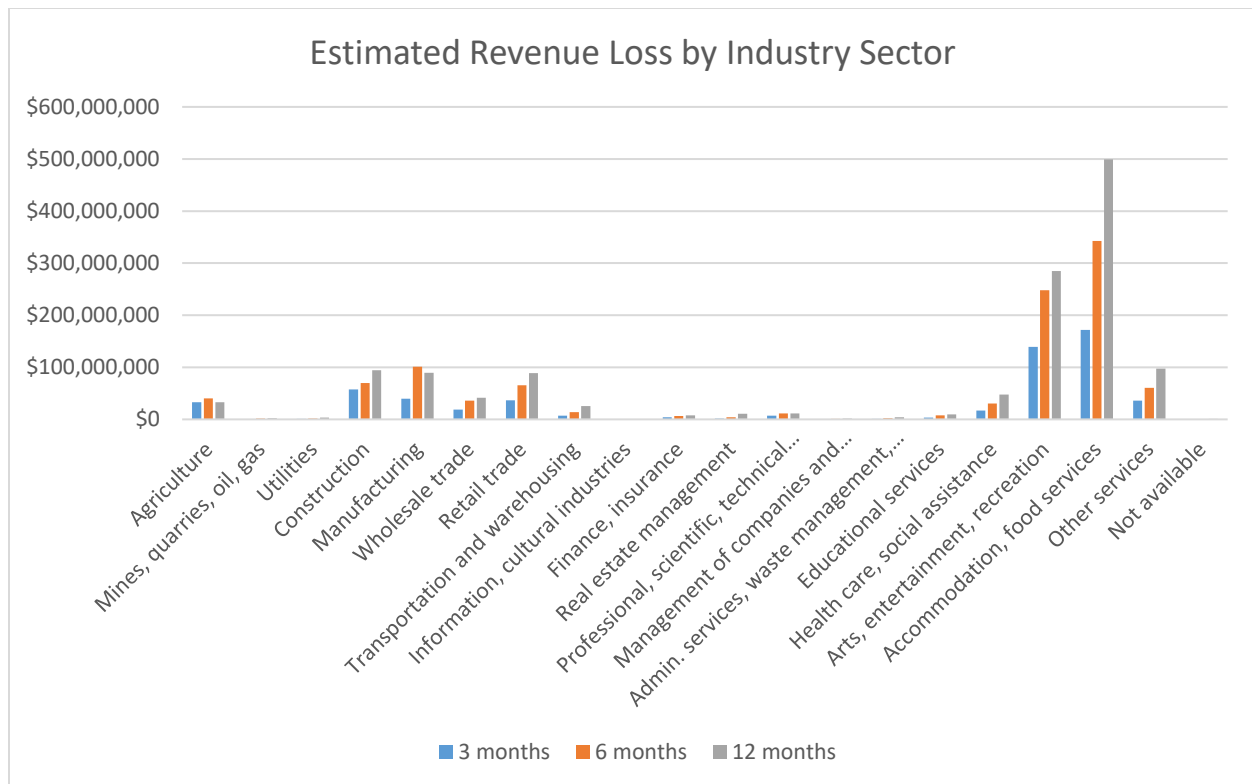
- Of the 2,461 respondents to this question, 92% reported a loss of business revenue and 8% reported no loss of business revenue because of COVID-19.



- Of the 2,240 respondents that reported a loss of business revenue, 19% of respondents reported a loss of revenue of 1 to 25 percent, 17% of respondents reported a loss of revenue of 26 to 50 percent, 21% reported a loss of revenue of 51 to 75 percent, and 43% of respondents reported a loss of revenue of 76 to 100 percent.

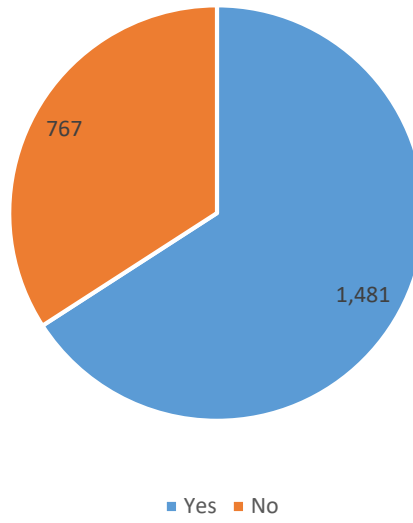


- Most survey respondents anticipated an escalating total loss of business revenue if COVID-19 is not resolved.
- If COVID-19 is not resolved within 3 months, 1,693 businesses reported an anticipated loss of revenue of \$576.3 million.
- If COVID-19 is not resolved within 6 months, 1,469 businesses report an anticipated loss of revenue of \$1.05 billion.
- If COVID-19 is not resolved within 12 months, 1,192 businesses anticipated a loss of revenue of \$1.4 billion.
- These responses refer to total losses as time goes on, i.e. 3 months is included in the 6 month figure, and 3 and 6 month periods are included in the 12 month figure. As time goes on, losses mount.



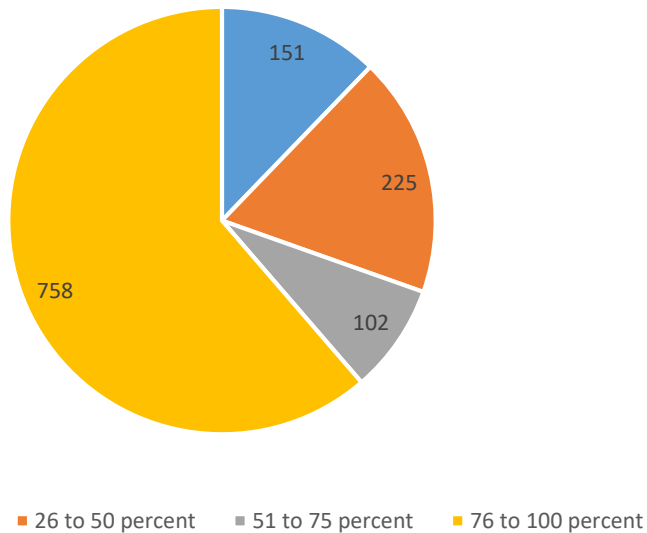
- The loss of revenue due to COVID-19 measures affects industry sectors in Niagara disproportionately based on the nature and characteristics of the businesses prevalent in each sector. Accommodation and food service; and, arts, entertainment, and recreation have anticipated the greatest estimated loss of revenue.
- Accommodation and food services respondents anticipate the greatest revenue losses by industry sector. Businesses in this sector reported anticipated losses of \$171.6 million over 3 months, \$342.7 million over 6 months, and almost \$500 million over 12 months.
- Arts, entertainment and recreation anticipate the second greatest revenue loss by industry sector by \$139.3 million over 3 months, \$248.2 million over 6 months, and \$284.8 million over 12 months.

Businesses That Have Reduced Staff Due to COVID-19
(N=2,248)

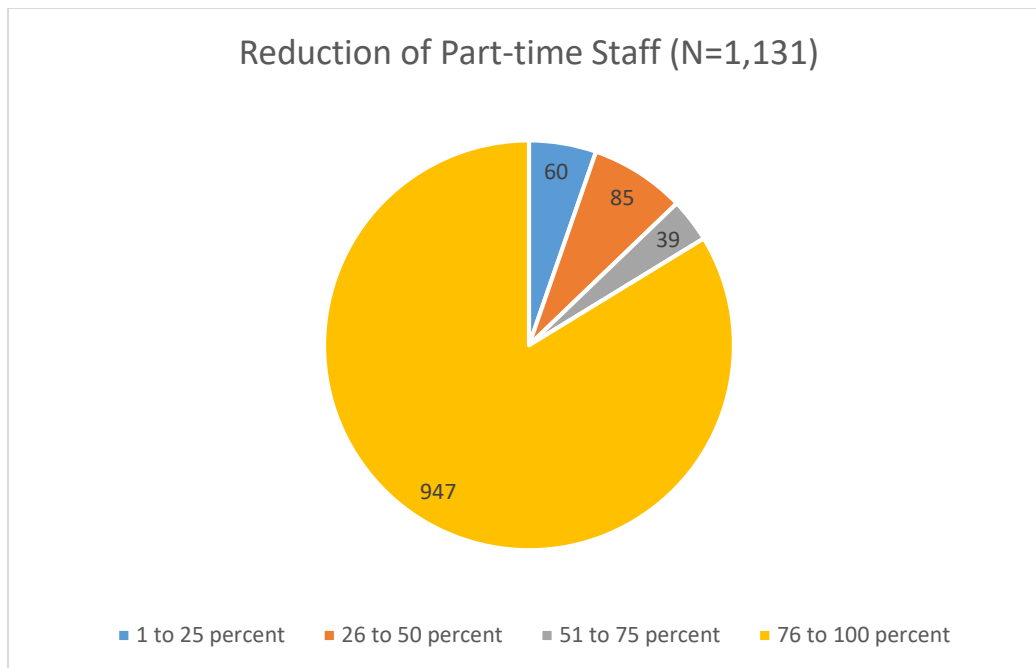


- Of the 2,248 respondents, 66% have reported reducing staff due to COVID-19 and 34% have reported not reducing staff at the time of completing the survey.

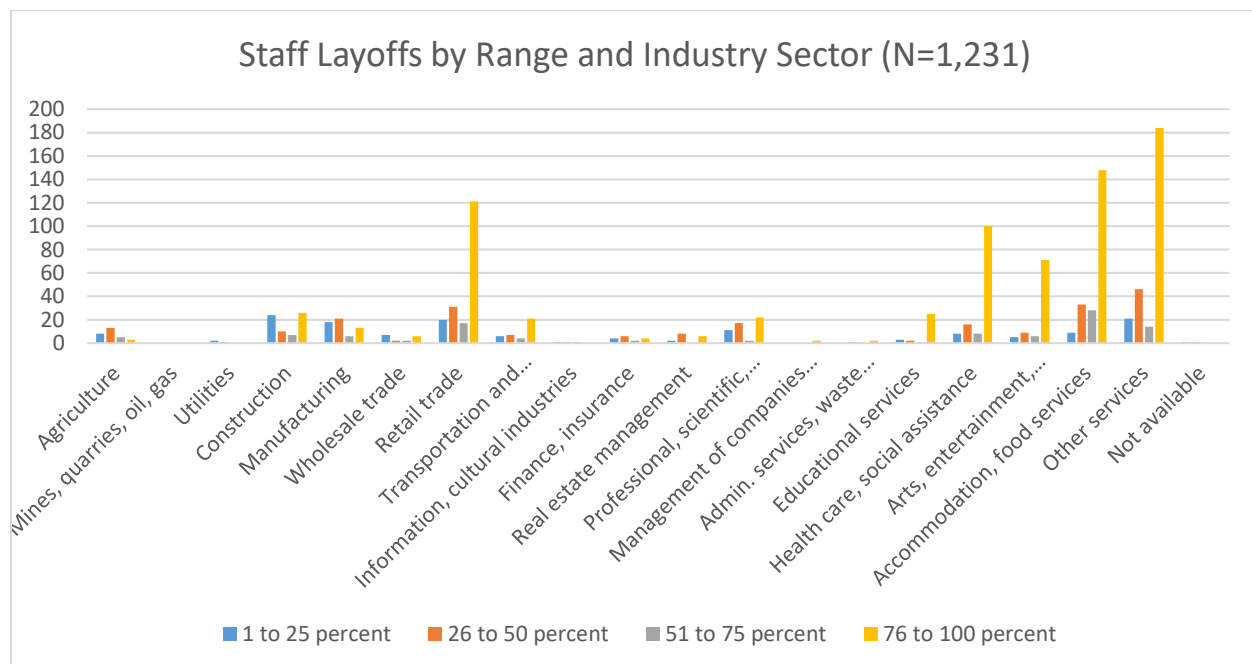
Reduction of Full-time Staff (N=1,236)



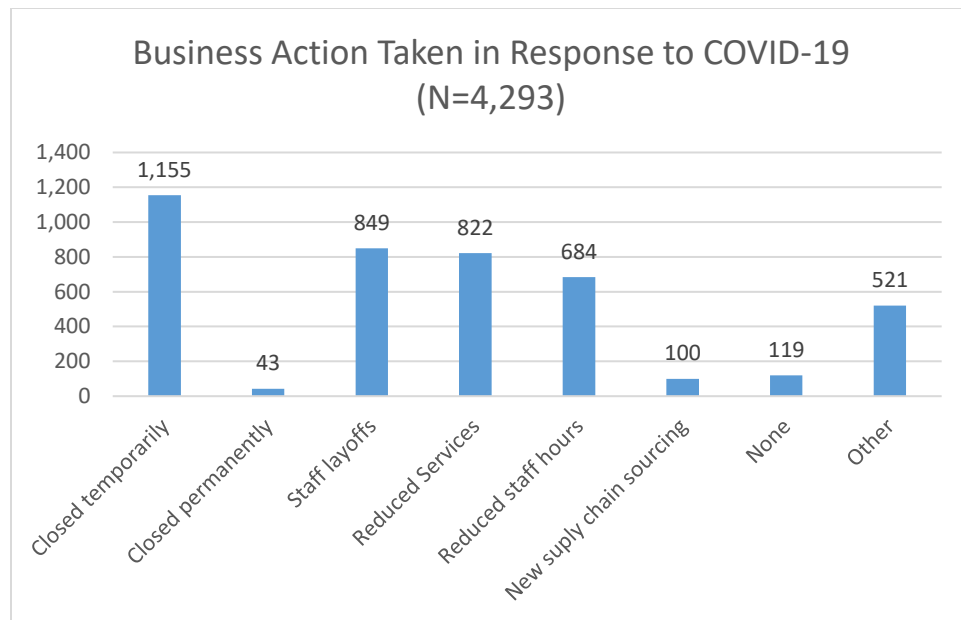
- Of the 1,236 respondents, 12% reported a 1 to 25 percent reduction of full-time staff, 18% reported a 26 to 50 percent reduction in full-time staff, 8% reported an 51 to 75 percent reduction in full-time staff, and 61% reported a 76 to 100 percent reduction in full-time staff.



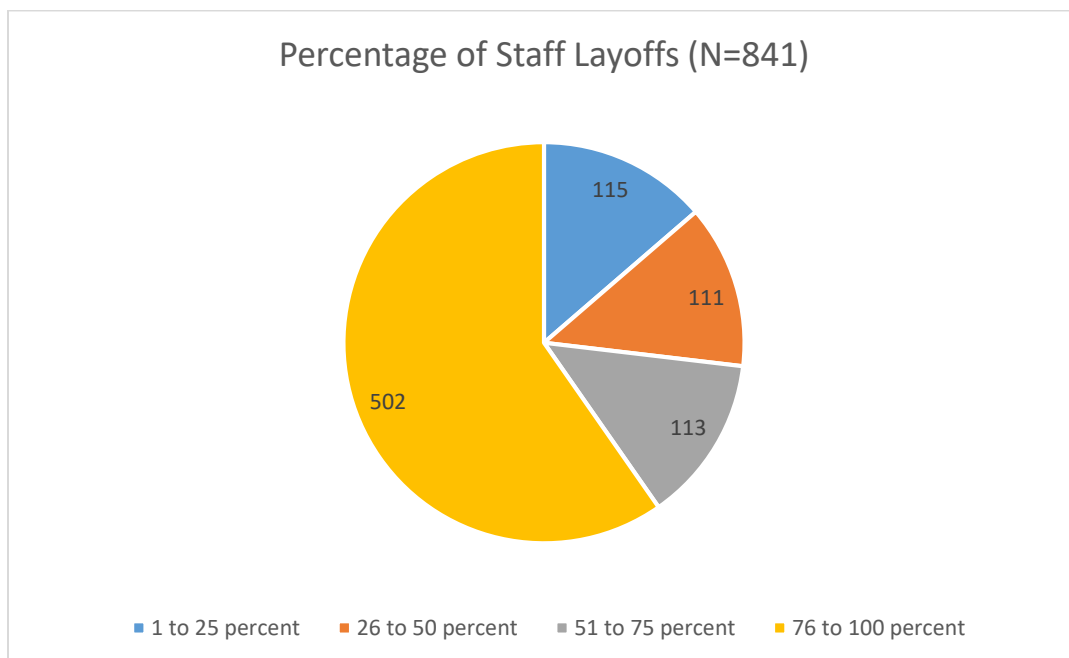
- Of 1,131 respondents, 5% reported a 1 to 25 reduction in part-time staff, 8% reported a 26 to 50 percent reduction in part-time staff, 3% reported a 51 to 75 percent reduction in part-time staff, and 84% reported a 76 to 100 percent reduction in part-time staff.



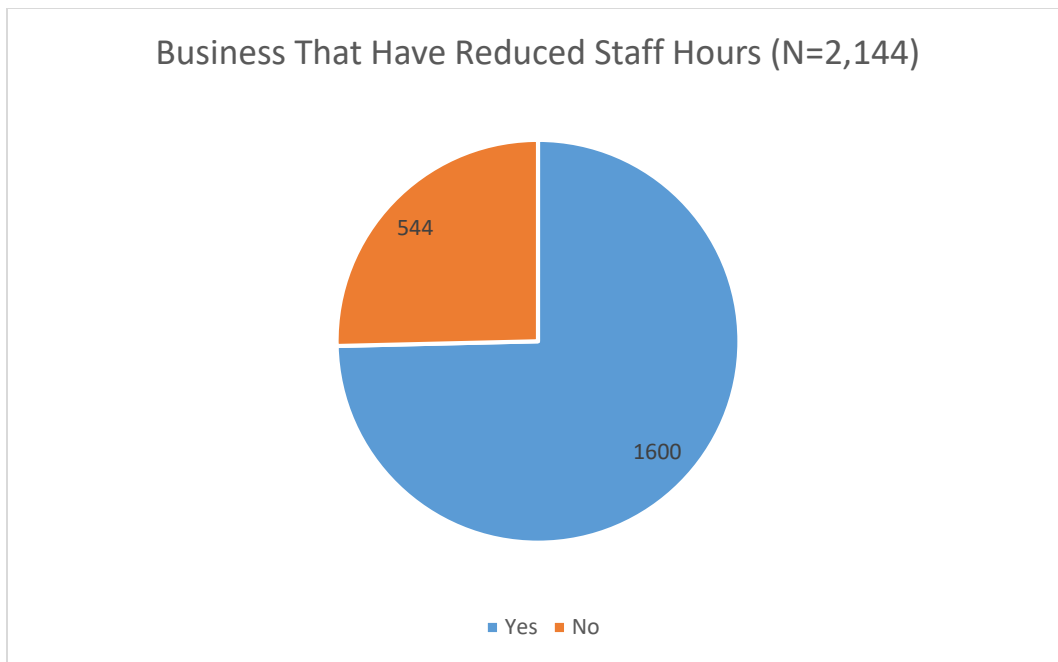
- Respondents from all industry sectors with the exception of mining, quarrying, oil and gas reported staff layoffs.
- The industry sectors that have the highest degree of staff layoffs in the 76 to 100 percent range include other services (N=184); accommodation and food services (N=148); retail trade (N=123); health care and social assistance (N=100); and, arts, entertainment and recreation (N=71).
- Construction had the highest level of staff layoffs in the 1 to 25 percent range.



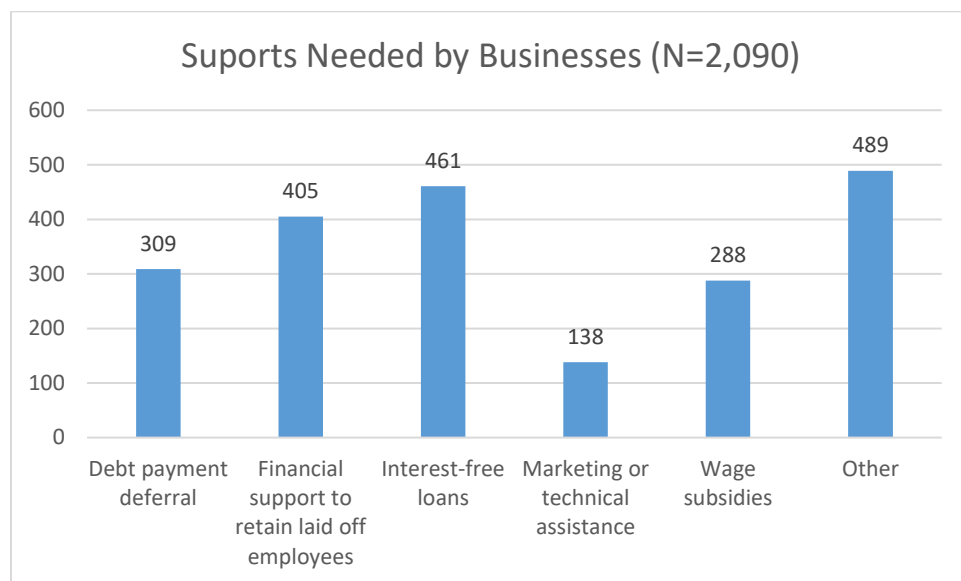
- Respondents were given a list of actions that they took to manage the impacts of COVID-19 on their businesses.
- Of 4,293 selected measures (respondents were able to select more than one measure), 27% reported that the business is closed temporarily, 1% reported that the business is closed permanently, 20% reported staff layoffs, 19% reported that they reduced services, 16% reported that they reduced staff hours, 2% reported that they sourced new suppliers, 3% reported no actions were taken, and 12% reported other, which is addressed further below.



- Of the 841 respondents that reported staff layoffs, 14% reported that they reduced 1 to 25% of their total staff, 13% reported that they reduced 26 to 50 percent of their total staff, 13% reported that they reduced 51 to 75 percent of their total staff, and 60% reported that they reduced 76 to 100 percent of their total staff.

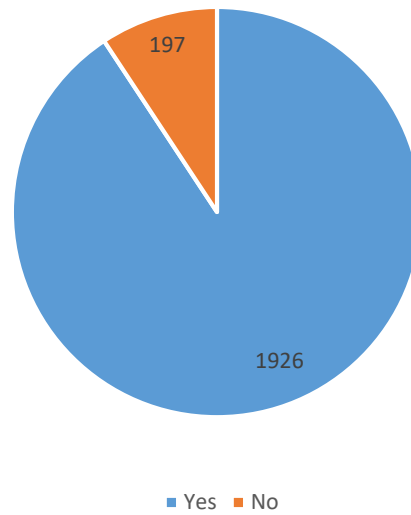


- Of the 2,144 respondents, 75% reported that they reduced staff hours and 25% reported that they did not reduce staff hours.



- Respondents were provided a list of supports that would help them through the COVID-19 recovery process.
- Of the 2,090 selections from respondents, 15% selected debt payment deferral, 19% selected financial support to retain laid off employees, 22% selected interest-free loans, 7% selected marketing or technical assistance, 14% selected wage subsidies, and 23% selected other and were asked to provide information, which is presented further below.

Businesses Requesting Further Updates and Information (N=2,123)



- Of the 2,604 total respondents to the survey, 91% of respondents requested further follow up information on COVID-19 information updates.

Other Actions Businesses Are Taking (N=514)



- The word cloud above captures keywords provided by 514 respondents regarding the actions they are taking within their businesses to manage the affects of COVID-19.
- Common themes included working from home, reducing public access to their businesses, implementing new safety measures to protect customers and staff, and focusing on other business activities such as improving their online presence.

[illegible]

- ## Conclusion

As expected, the negative economic impact increases drastically as COVID-19 remains unresolved. Respondents to this survey are expecting a staggering loss of revenue: \$576.3 million in 3 months, \$1.05 billion in 6 months, and \$1.4 billion in 12 months. This is also only a reflection of this sample (2,604 businesses). Niagara has over 13,600 employer businesses, so the true loss of revenue will exceed many billions of dollars. Regional gross domestic product is approx. \$17 billion, so this will affect a significant portion of total GDP.

Although businesses have reported a high degree of staff layoffs, it appears that part-time staff have experienced the highest level of layoffs at this point. This is concerning because many part-time staff typically work in precarious jobs and are lower earners than full-time staff. This could put a lot of additional pressure on people who were struggling economically before the initial impact of COVID-19.

Another concerning finding is the number of businesses that have reported closing permanently due to COVID-19. 43 businesses reported closing permanently at the time of the survey. Not only have these people lost their investment in their businesses, many have reported no source of income at this time.

Many businesses are doing what they can to mitigate risk to their customers and staff by implementing new safety measures, enhanced cleaning and sanitizing, implementing social distancing rules and working remotely, but continue to lose revenue as the COVID-19 pandemic goes on.

Given some businesses are not able to currently service customers, some businesses are using the downtime to explore opportunities such as online business development, other new ways of serving customers, and business process improvements. This may result in a boost in productivity and efficiency for those businesses when COVID-19 gets resolved. They have used the time productively to work on their business when they may not have had time when operating their business at full capacity.

In regards to a recovery plan, most businesses are looking for financial supports as a stability and recovery measure, but many have also specified advisory supports such as marketing and technical assistance. As mentioned, many companies are investigating new ways of doing business and exploring new business models, but they may require expert advisory service to be effective at making these pivots and improvements. Business will also require technical assistance such as accounting and legal support to manage the myriad of financial, legal and human resources issues that they will face.

Most businesses are requesting further updates and information related to COVID-19 supports and recovery. It will be very important to maintain communication with the business and industry sectors to monitor their health and ensure that recovery efforts are working.

Lastly, it is important to recognize that these survey findings are only a snapshot in time. Every day brings new challenges and new considerations. This survey captures information on some of the immediate impacts experienced, but these will evolve going forward and it will be critical to produce further information in order to best respond to the needs of business and the economy as a whole.

For more information economic development contacts are:

Niagara Region: Valerie Kuhns, Acting Director, Economic Development valerie.kuhns@niagararegion.ca

Fort Erie: Caralee Grummett, Manager, Economic Development & Tourism Services cgrummett@forterie.ca

Lincoln: Paul Dilanni, Economic Development Officer PDilanni@lincoln.ca

Niagara Falls: Serge Felicetti, Director of Business Development sfelicetti@niagarafalls.ca

Port Colborne: Julian Douglas-Kameka, Economic Development Officer JulianDouglas-Kameka@portcolborne.ca

St. Catharines: Brian York, Director, Economic Development and Government Relations byork@stcatharines.ca

Welland: Dan Degazio, General Manager, Economic Development, Recreation and Culture dan.degazio@welland.ca

Appendix

Survey Questionnaire

1. First Name
Last Name
Business Name
City/Town
Work Phone Number
Email Address
2. What industry sector is your business in?

Agriculture
Mining, quarrying, oil and gas extraction
Utilities
Construction
Manufacturing
Wholesale trade
Retail trade
Transportation and warehousing
Information and cultural industries
Finance and insurance
Real estate management
Professional, scientific and technical services
Management of companies and enterprises
Administration services, waste management and remediation
Educational services
Health care and social assistance
Arts, entertainment and recreation
Accommodation and food services
Other services
3. How many full-time employees do you have?
4. How many part-time employees do you have?
5. Has COVID-19 impacted your business

Yes/No
6. Has COVID-19 resulted in a decrease in revenues?
Yes/No
7. Please provide an estimate of decreased revenue experienced by your business since March 1, 2020

1 to 25 percent
26 to 50 percent
51 to 75 percent
76 to 100 percent
8. What is your estimated loss of revenue (in dollars) over the next three months?

9. What is your estimated loss of revenue (in dollars) over the next six months?

10. What is your estimated loss of revenue (in dollars) over the next year?

11. Have you reduced your employee complement due to COVID-19?

Yes/No

12. Answer this question only if you have chosen Yes for Have you reduced your staff complement due to COVID-19?

13. By what PERCENTAGE have you reduced your full-time staff complement as a result of COVID-19?

14. By what percentage have you reduce your part-time staff due to COVID-19?

15. What action(s) has your business taken in response to COVID-19? Please select all that apply.

Closed temporarily

Closed permanently

Staff layoffs

Reduced services

Reduced staff hours

New supply chain sourcing

None

Other (please specify)

16. Answer this question only if you have chosen Staff layoffs. What percentage of your employees have been laid off in response to COVID-19?

1 to 25 per cent

26 to 50 per cent

51 to 75 per cent

76 to 100 per cent

17. Have you reduced staff hours in response to COVID-19?

Yes/No

18. What support would be most helpful for your business in recovering from the impacts of COVID-19?

Marketing or technical assistance

Interest-free loans

Wage subsidies for employees with reduced hours

Financial support to retain employees

Debt payment deferral

Other (please specify)

19. Would you like to receive further information and updates on supports and assistance for businesses impacted by COVID-19?

Yes/No

20. Email address for follow up: