

COVID-19 Impact Pulse Check #3 - May 22 '20

Introduction

The BC Chamber of Commerce, Greater Vancouver Board of Trade and the Business Council of British Columbia (with assistance by Mustel Group) have collaborated with business associations across the province to collect and provide information to government, from businesses of all sizes, sectors and regions across British Columbia. Information gathered will inform a holistic approach between government and society in acting on the COVID-19 pandemic.

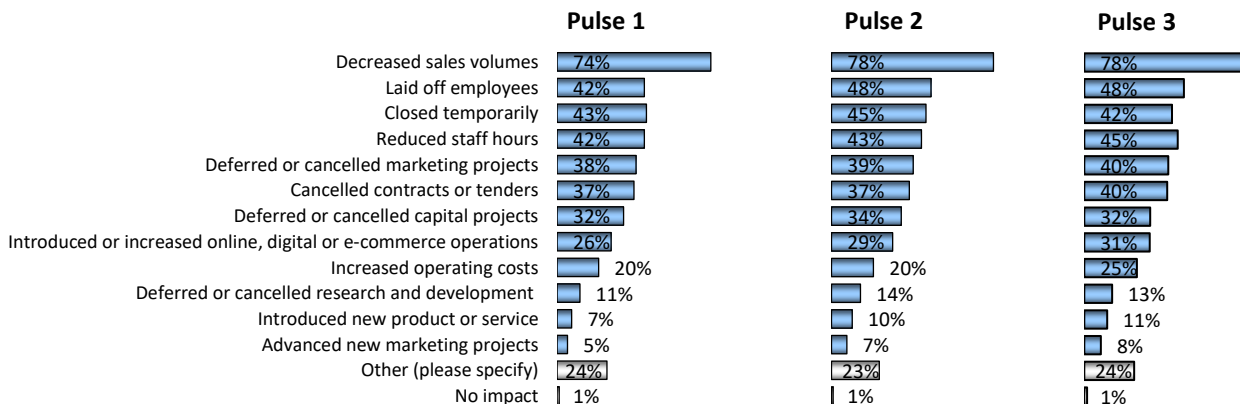
This report provides the key findings from the third survey taken by 1,343 business leaders from May 11th to 15th, 2020. Pulse Check #1 was released April 2, 2020 and Pulse Check #2 on April 20, 2020.

Key Findings

Impacts on Businesses

- **Impacts on businesses from the COVID-19 pandemic are similar to those reported in the Pulse Check #2 survey.** The most common impact continues to be decreased sales volume, reported by 78% of businesses (no change from previous survey). And again, almost half (48%) also report laying off employees, reducing staff hours (45%) and/or closing temporarily (42%).
- Between 32% to 40% have had capital projects, contracts/tenders and/or marketing projects either cancelled or deferred (similar to previous surveys).
- On the positive side, 31% have increased their digital or e-commerce presence, and small groups have introduced new products or services (11%), advanced new marketing projects (8%) or advanced new research and development (5%).

How COVID-19 Has Impacted Business



- In terms of businesses that have *closed temporarily*, the level is slightly higher in urban markets (50%) than in rural (42%), with the incidence highest in the following sectors: healthcare and social assistance - 74%, arts and entertainment - 77%, accommodation and food services - 68%, and retail - 58%.
- Among those laying off staff, **on average businesses have laid off 12 employees which is less than the 25 reported in Pulse Check #2, and 43 employees reported in the first survey.** This likely reflects the uptake of the wage subsidy program and return of some laid off employees.
- In term of revenue, **in the past two weeks over half of all business (56% similar to Pulse Check #2), have experienced revenue decreases of 75% or more.**
- Over the next two weeks, 45% of businesses (down from 67% reported in Pulse Check #2) expect decreased sales volumes, which likely reflects reopening plans.

Government Measures

Emergency Wage Subsidy (CEWS)

- **One-third of businesses, 34%, expect to or have applied for CEWS, another 11% may apply.**
- **Half of those currently using the program are not sure what they will do when the program ends** (note the extension to the program was announced prior to launch of the survey). But 30% expect to lay off employees, 33% expect to reduce employee hours, and 9% expect to apply for the Workshare program. Only one-in-five (18%) expect to return to business as usual.

Commercial Rental Assistance (CECRA)

- Among businesses paying rent, **26% were unable to pay their rent in full in April.** The primary reason is that they were shut down and had no revenue (75%). Others had no access to the CECRA program (30%) or could not come to terms with their landlord (19%).
- **Only 16% of businesses paying rent expect to qualify the CECRA;** another 27% are unsure. And of those who expect to qualify, **only 40% expect their landlord will apply for the program.**

Additional Government Supports

- **43% of businesses expect that they will require significant financial support or incentives** from the provincial and federal government, beyond those already announced, in order to be able to continue operating. Another 19% are unsure. The results are similar across all business sizes.
- **Extending CEWS is the most needed program (47%)** in addition to enhancing the Emergency Business loan (34%), extending the rental assistance program beyond June (26%), and providing supports for growing e-commerce or other products/services (29%).

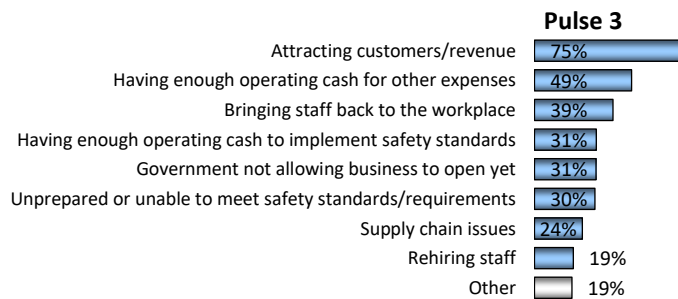
Ease of Application Process

- Among those who have applied for government assistance programs, one-third of those with an opinion found the process difficult.

Re-Opening

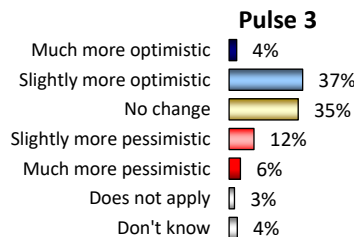
- Businesses not able to operate at or near full capacity (74% of all businesses), **only one-in-four (26%) feel well prepared to restart and be able to operate profitably** with the gradual easing of restrictions as outlined in the BC reopening plan. The sectors most impacted by the pandemic are the least confident but views do not vary by business size.
- The key challenges to restarting are attracting customers or revenue (75%) followed by having enough operating cash for expenses (49%) or to meet safety standards (31%), bringing staff back (39%), government not allowing their business to open yet (31%), and being unprepared or unable to meet safety standards/ requirements (30%).

Key Challenges to Restart



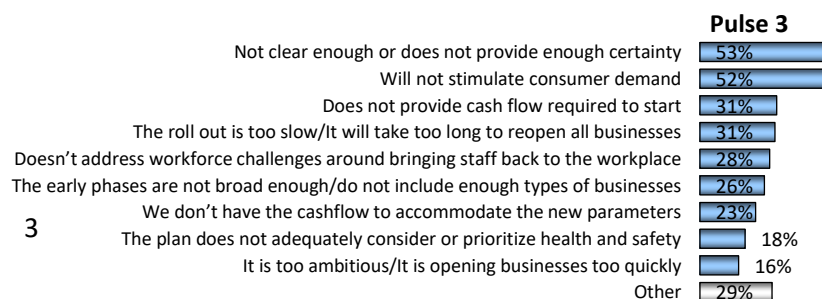
- **In terms of timelines, over half of businesses (55%) expect it will take two or more months to restart their business.**
- With the introduction of the BC Government's reopening plan, four-in-ten are *more* optimistic about the outlook for their business than two weeks ago, but the majority are just as concerned and some more pessimistic, with the results similar by business size.

Re-opening Plan Optimism



- **Overall, 52% believe the reopening plan will be helpful, in contrast to 31% who believe it will be unhelpful and 17% who are unsure.**
- The key reasons the reopening plan is viewed as unhelpful is that is not clear enough or does not provide enough certainty, and/or it will not stimulate consumer demand.

Reasons Reopening Plan Not Helpful



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- GVBOT Sub-Report -

Introduction

This report provides key highlights or differences from the overall results provided in the main report among 120 Greater Vancouver Board of Trade members who completed the survey from May 11th to 15th, 2020.

Key Findings

Impacts on Businesses

- **The most common impact on members continues to be decreased sales volume, reported by 78% of members (no change from previous survey).** A total of 40% have reduced staff hours (down from 55%), 38% have laid off employees (similar to last survey), and 27% have closed temporarily (24% Pulse Check #2). And one-third have had capital projects, contracts/tenders and/or marketing projects either cancelled or deferred, and 30% report increasing operating costs.
- On the positive side, 40% have increased their digital or e-commerce presence, and small groups have introduced new products or services (13%), advanced new marketing projects (16%) or advanced new research and development (10%).
- Among those laying off staff, on average members have laid off 14 employees which is much less than the 72 employees reported in the last survey, reflecting the rollout of the CEWS program.
- In term of revenue, in the past two weeks 40% have had revenues drop by 50% or more. Over the next two weeks, 47% of members expect decreased sales volumes (in contrast to 67% in Pulse Check #2).

Government Measures

Emergency Wage Subsidy (CEWS)

- **45% of members expect to or have applied for CEWS; another 14% may apply.**
- **Four-in-ten of those currently using the program are not sure what they will do when the program ends** (note the extension to the program was announced prior to launch of the survey). But 43% expect to lay off employees, 26% expect to reduce employee hours, and 15% expect to apply for the Workshare program. Only one-in-five (22%) expect to return to business as usual.

Commercial Rental Assistance (CECRA)

- Among businesses paying rent, **10% were unable to pay their rent in full in April**. The primary reason is that they were shut down and had no revenue (73%). Others had no access to the CECRA program (18%) or could not come to terms with their landlord (27%).
- **Only 16% of businesses paying rent expect to qualify for the CECRA**; another 21% are unsure.

Additional Government Supports

- **30% of members expect that they will require significant financial support or incentives** from the provincial and federal government, beyond those already announced, in order to be able to continue operating. Another 29% are unsure.
- **Extending CEWS is the most needed program** (47%) in addition to enhancing the Emergency Business loan (23%), extending the rental assistance program beyond June (26%), and supports for growing e-commerce or other products/services (28%).

Ease of Application Process

- Among those who have applied for government assistance programs, 45% of those with an opinion found the process difficult.

Re-Opening

- Businesses not able to operate at or near full capacity (58% of all businesses), **only 29% feel well prepared to restart and be able to operate profitably** with the gradual easing of restrictions as outlined in the BC reopening plan. The key challenges to restarting are attracting customers or revenue (82%) followed by having enough operating cash for expenses (47%) or for implementing safety standards (18%), bringing staff back (37%) and government not allowing their business to open yet (31%).
- **In terms of timelines, 70% expect it will take two or more months to restart their business.**
- With the introduction of the BC Government's reopening plan, 48% are *more* optimistic about the outlook for their business than two weeks ago.
- **Overall, 57% believe the reopening plan will be helpful, in contrast to 29% who believe it will be unhelpful and 15% who are unsure.**
- The key reasons the reopening plan is viewed as unhelpful is that is not clear enough or does not provide enough certainty, and/or it will not stimulate consumer demand.