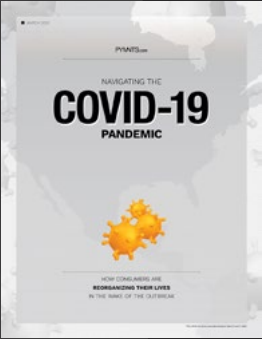
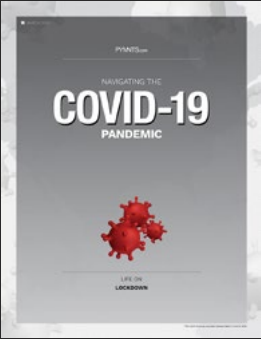


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**NAVIGATING THE COVID-19 PANDEMIC I**  
How Consumers Are Reorganizing Their Lives  
In The Wake Of The Outbreak



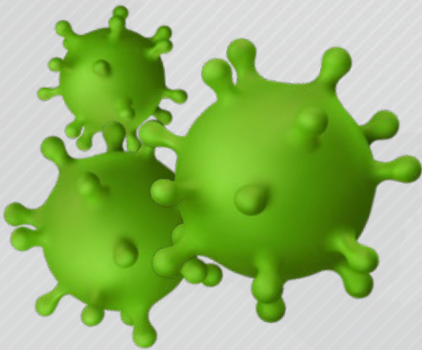
**NAVIGATING THE COVID-19 PANDEMIC II**  
Life On Lockdown

■ APRIL 2020

PYMNTS.com

# MAIN STREET

ON LOCKDOWN



HOW SMBs ARE COPING WITH  
**THE ECONOMIC FALLOUT OF COVID-19**

\*The Main Street On Lockdown survey was taken between March 24 and 26, 2020.



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# INTRODUCTION



Consumers confronting the COVID-19 outbreak are buying less and saving what they can, and retailers' revenues are plummeting as a result. This is leaving many merchants wondering if they will be able to access the cash they need to remain open and – if they can – for how long. Retailers are passing this financial uncertainty onto their vendors, too, forcing many to take drastic measures to stay afloat.

The economic slowdown's effects are widespread and reverberating across America, but what is needed to help small and mid-sized businesses (SMBs) stem the tide of lost sales and, ultimately, to survive the pandemic?

These are a few of the many questions PYMNTS asked to measure the COVID-19 pandemic's economic impact on the nearly 29 million SMBs in the United States. On March 24, PYMNTS queried more than 200 SMB owners across various sectors, sizes and geographies about their experiences before and during the crisis.

THIS IS WHAT WE LEARNED.

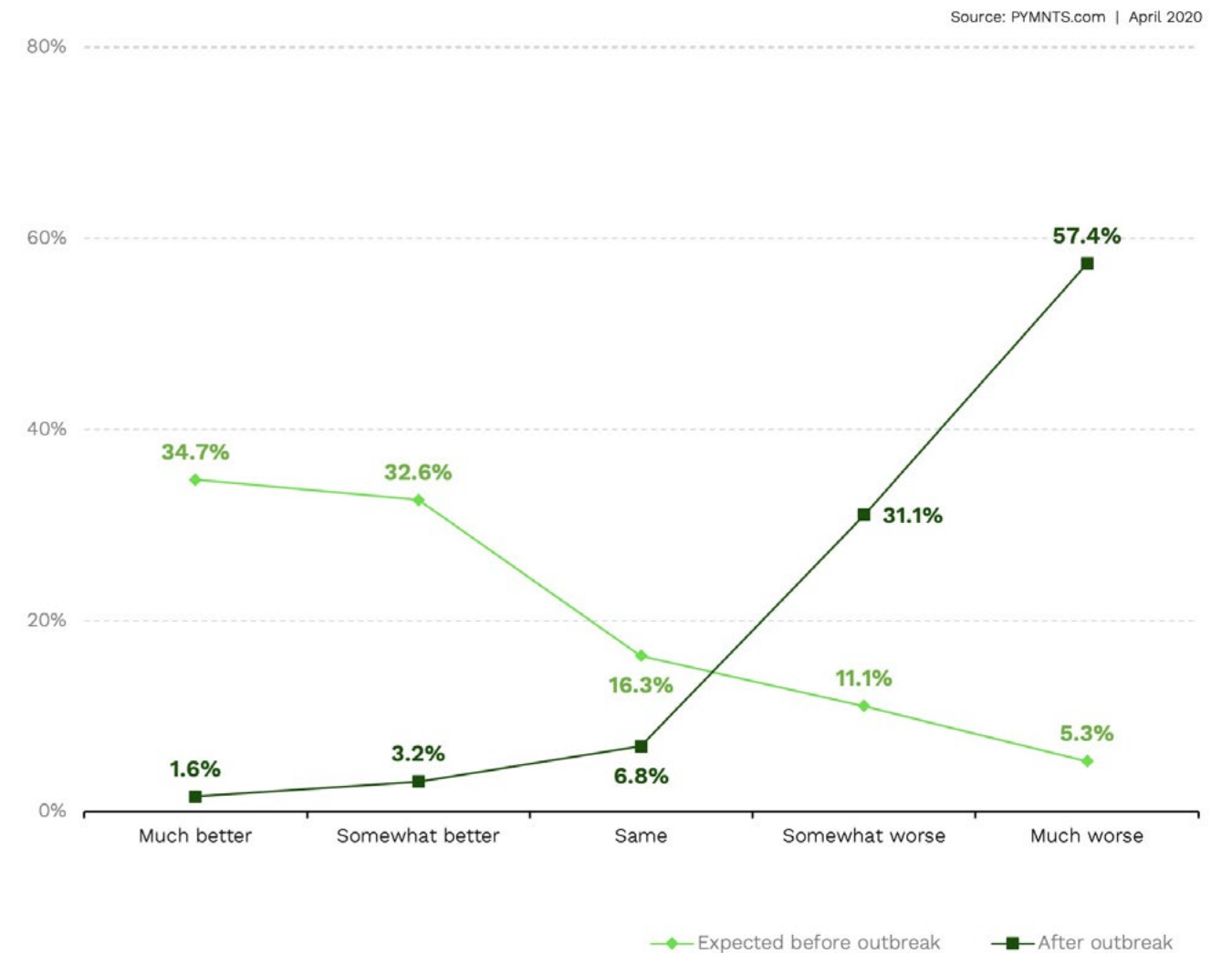
## SMBs AND PANDEMIC

### SMBs ARE MORE THAN FIVE TIMES LIKELIER THAN THEY WERE BEFORE THE OUTBREAK TO SAY THEIR 2020 REVENUES WILL BE LOWER THAN THOSE IN 2019.

Our research shows that 67.3 percent of surveyed SMBs expected their annual revenues to increase and 16.4 percent expected them to decrease between 2019 and 2020 before the COVID-19 pandemic began. The outbreak has turned those expectations on their heads, however: Just 4.8 percent of SMBs now anticipate an increase in their annual revenues for 2020, while 88.5 percent now believe they will generate lower annual revenues in 2020 than they did a year earlier. This means SMBs are more than five times likelier than they were before the pandemic began to say their revenues will decrease.



**FIGURE 1: SMBs' YEAR-OVER-YEAR GROWTH EXPECTATIONS BEFORE AND AFTER THE COVID-19 PANDEMIC**  
Share that expect their revenues to increase or decrease before and after the pandemic began



## SMBs AND PANDEMIC

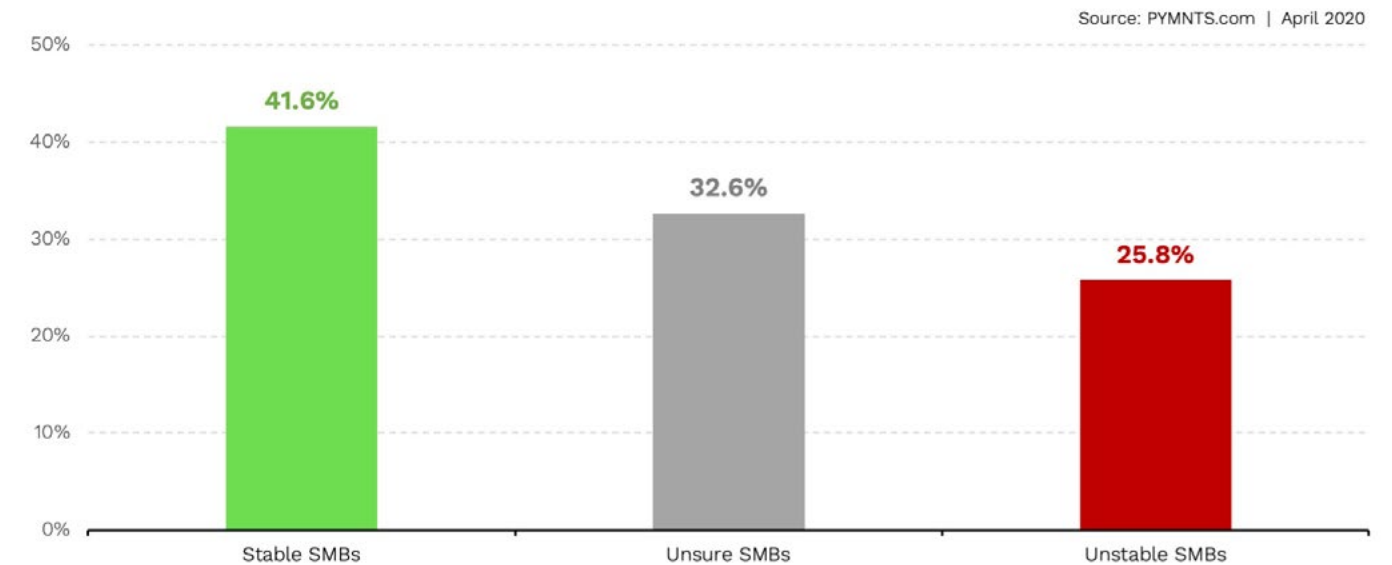
### ONE OUT OF FOUR SMBs DOUBT THEY WILL WEATHER THE PANDEMIC, AND JUST FOUR OUT OF 10 ARE CONFIDENT THEY WILL.

Our analysis finds that 58.4 percent of SMBs believe they are at risk of closing before the COVID-19 pandemic and its economic impacts end, with 25.8 percent saying they are sure they will not survive and 32.6 percent saying they are unsure whether they will. We refer to these two groups as the “unstable” and the “unsure” businesses, respectively. The remaining 41.6 percent of “stable” businesses are confident that they will outlast the pandemic.

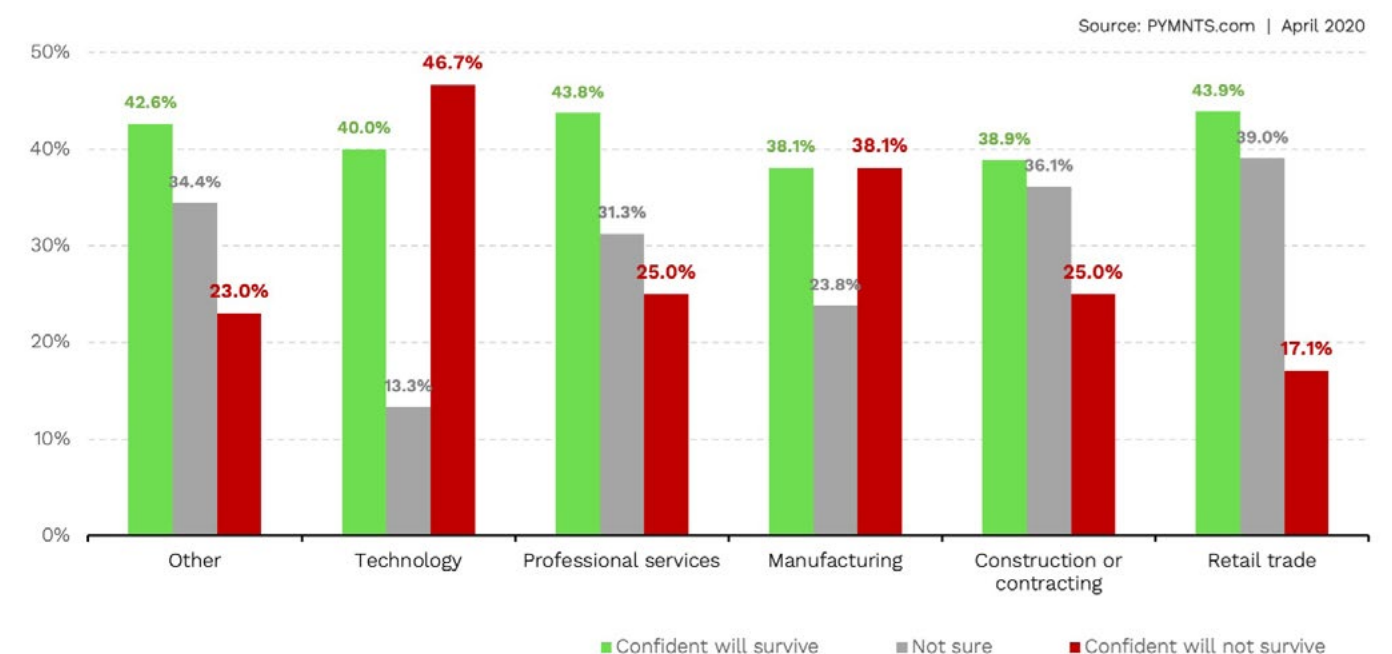
Technology and manufacturing industry SMBs are the most likely to say they will be unable to weather the storm. Our research shows that 39.1 percent of those in the manufacturing industry expect to go under before the pandemic ends, for example, as do 46.7 percent of those in the technology sector.



**FIGURE 2: SMBs' CONFIDENCE LEVELS IN SURVIVING THE COVID-19 PANDEMIC**  
Share that worry they may not stay open through the pandemic, by category



**FIGURE 3: SMBs' CONFIDENCE LEVELS IN SURVIVING THE COVID-19 PANDEMIC**  
Share that worry they may not stay open through the pandemic, by industry





TIME IS MONEY

## SIX OUT OF 10 SMB OWNERS BELIEVE IT WILL TAKE AT LEAST TWO MONTHS FOR THEIR LOCAL ECONOMIES TO SNAP BACK FROM THE COVID-19 SLUMP.

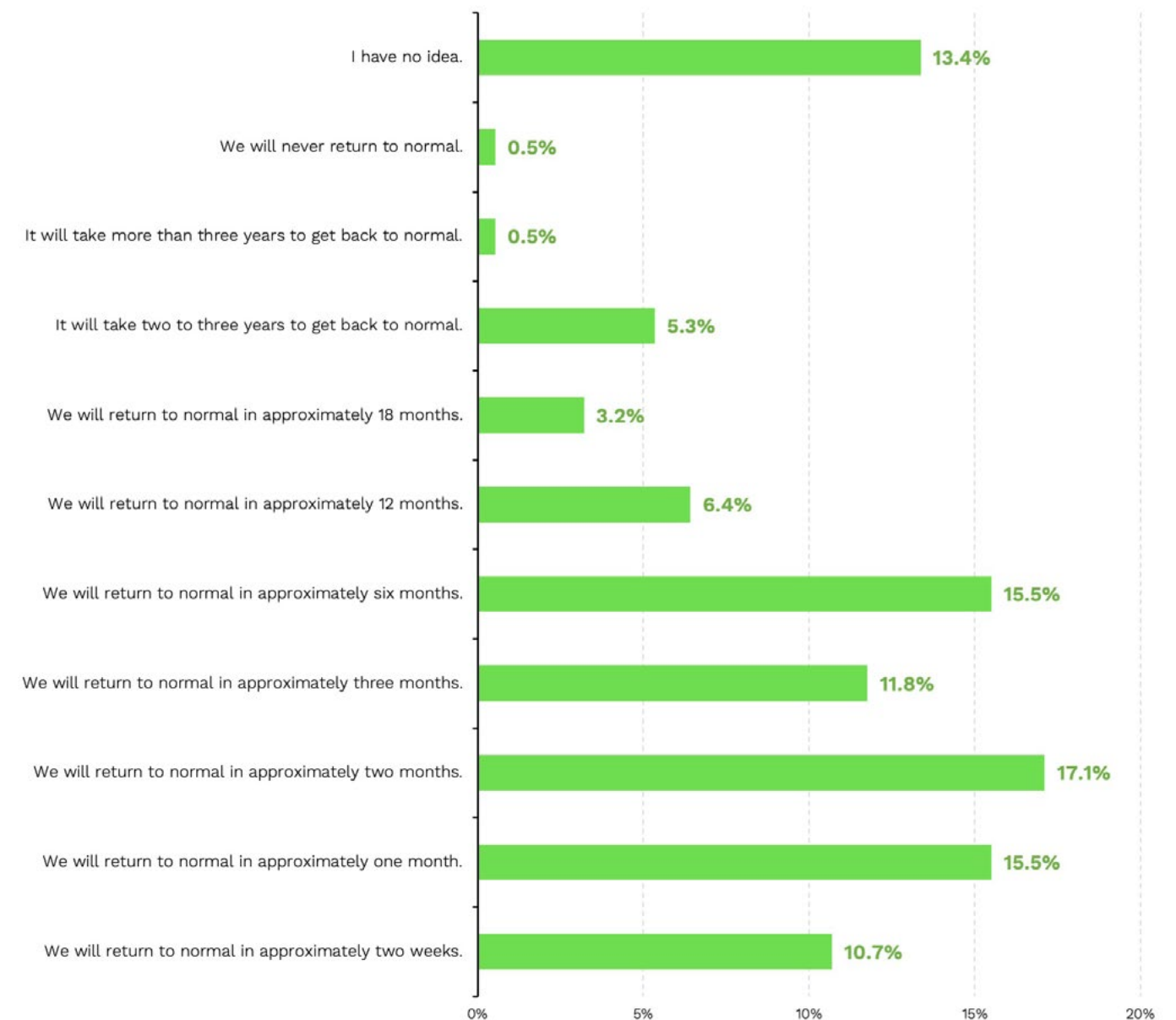
SMB owners do not know how long the pandemic will last, but they are bracing themselves for a long, difficult road ahead. Most say they only have enough resources to stay open for another three weeks, but 60 percent report believing it will take at least two months for their local economies to recover from the pandemic's economic slowdown. Another 13.7 percent say they have no idea how long it will be before they are back to "business as usual." Crunching the numbers reveals that SMBs expect it will take an average of 178 days before their local economies recover. These outlooks reveal why so many SMB owners are worried about the future.



**FIGURE 4: HOW LONG SMB OWNERS EXPECT THE PANDEMIC'S ECONOMIC IMPACTS TO LAST**

Share who believe it will take select lengths of time to recover from the COVID-19 crisis

Source: PYMNTS.com | April 2020



## TIME IS MONEY

### SMBs SEE A NINEFOLD GAP BETWEEN HOW LONG THEIR EMERGENCY CASH RESERVES WILL LAST AND THE LENGTH OF TIME IT WILL TAKE THEIR BUSINESSES TO REBOUND.

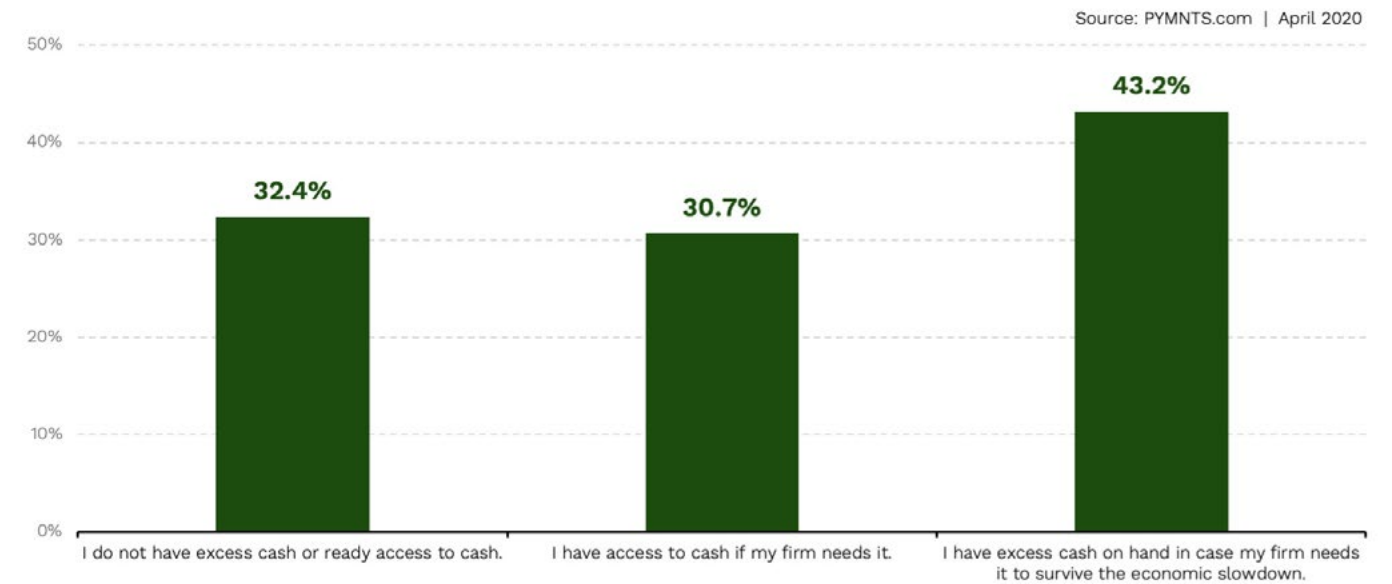
The pandemic began just a few weeks ago, but many SMBs are already on thin ice. Our research shows that 32.4 percent have no ready access to potentially needed cash. A separate 30.7 percent say they have cash readily available if they need it, while 43.2 percent report having cash on hand to survive the slowdown.<sup>1</sup> On average, the SMB owners we surveyed said the reserves to which they currently have access can last them up to another 20 days.

Stable SMBs are the most likely to have ready access, but even firms with cash on hand worry they may not survive the pandemic. Our research shows that 62.9 percent of unstable and 62.9 percent of unsure SMB owners say they have cash reserves available. That so many SMBs are uncertain about whether they can survive — despite having access to emergency reserves — speaks to how dire the pandemic has been for Main Street businesses.

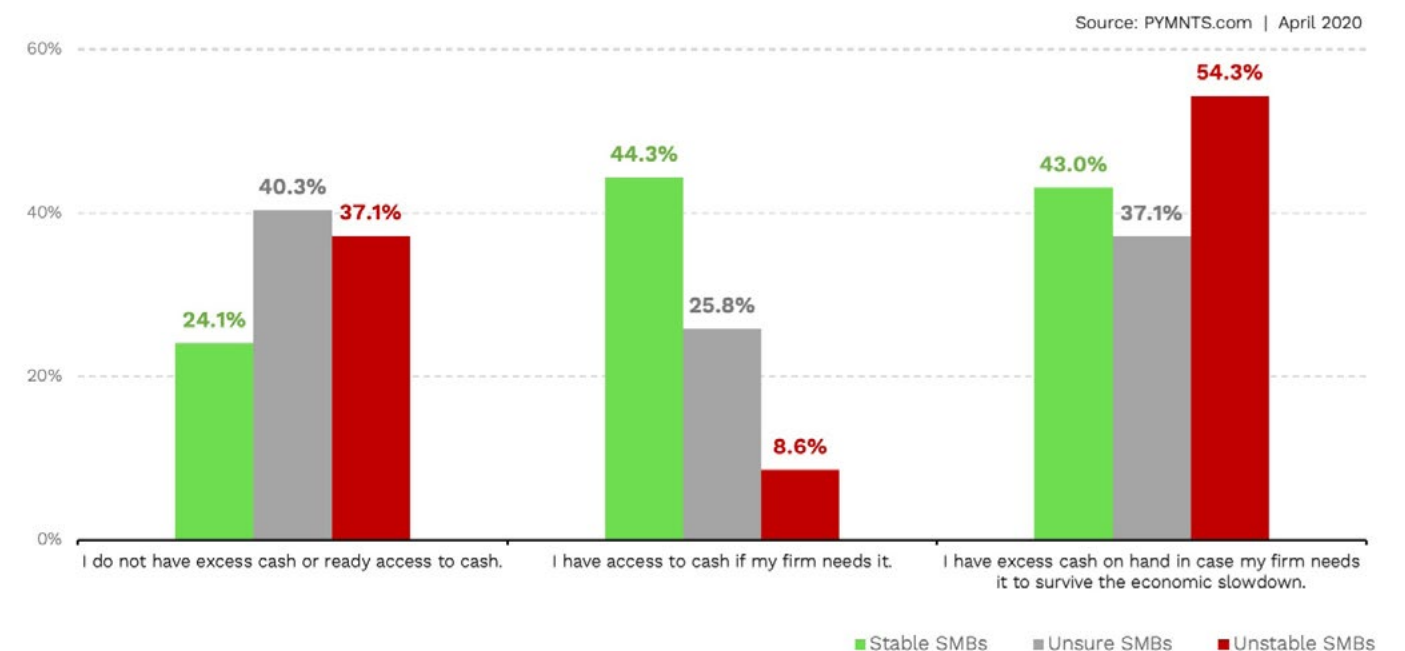
<sup>1</sup> Survey respondents who selected "I do not have excess cash or ready access to cash" were unable to choose additional options. Those who selected "I have access to cash if my firm needs it" or "I have access to cash on hand in case my firm needs it to survive the economic slowdown" were able to choose both options if applicable. This resulted in some overlap between those who said they had cash on hand and those who reported having access to potential funds.



**FIGURE 5: HOW CASH ACCESS AFFECTS SMBs' BELIEFS THAT THEY WILL SURVIVE THE PANDEMIC**  
Share with or without ready access to cash



**FIGURE 6: HOW CASH ACCESS AFFECTS SMBs' BELIEFS THAT THEY WILL SURVIVE THE PANDEMIC**  
Share with or without ready access to cash, by persona



## THROUGH THE HARDSHIPS

### MORE THAN 30 PERCENT OF SMBs HAVE TEMPORARILY CLOSED AND 4.2 PERCENT HAVE PERMANENTLY SHUTTERED SINCE THE PANDEMIC BEGAN.

Our research shows the greatest share of SMBs have ceased operations for now to weather the COVID-19 outbreak's resultant economic downturn, with 30.5 percent indicating they had temporarily closed as of March 24. The second- and third-most cited measures SMBs have taken are to ask their employees to work fewer hours, reported by 27.9 percent, and to request government assistance, reported by 25.3 percent. We also found that 22.6 percent of SMBs laid off employees and 18.9 percent asked their banks for additional funding to stay afloat.

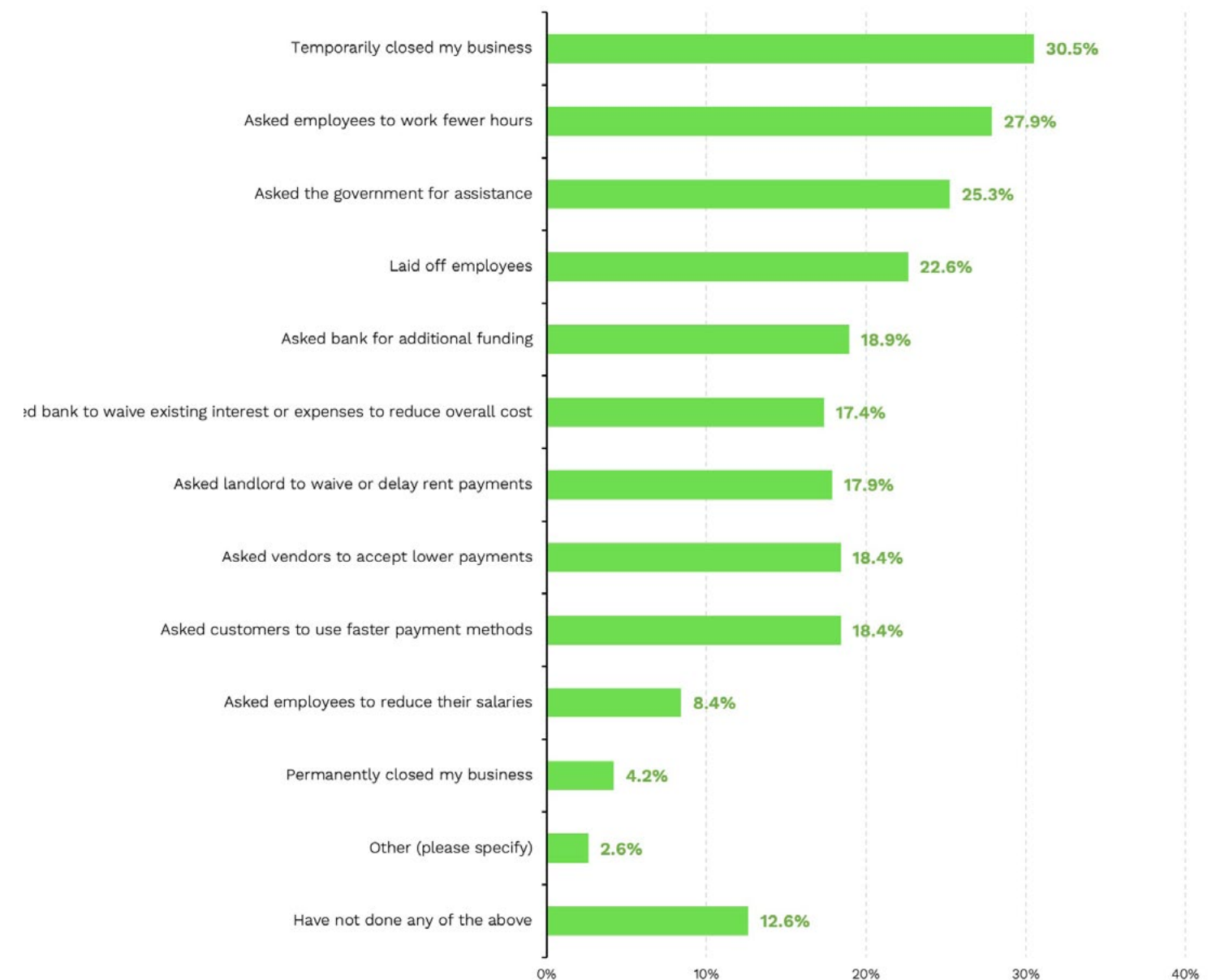
Unstable SMBs are the most likely to have taken extreme measures here, including halting their operations, firing employees, reducing employees' salaries or even permanently shuttering their businesses. Our research shows that 30.6 percent of unstable SMBs have laid off at least some employees to reduce their overhead costs, for example, compared to just 22.6 percent of unsure SMBs and 17.7 percent of stable SMBs that have done the same.



**FIGURE 7: HOW SMBs HAVE CHANGED THEIR OPERATIONS TO COPE WITH THE SLOWING ECONOMY**

Share that report having enacted select measures during the pandemic

Source: PYMNTS.com | April 2020

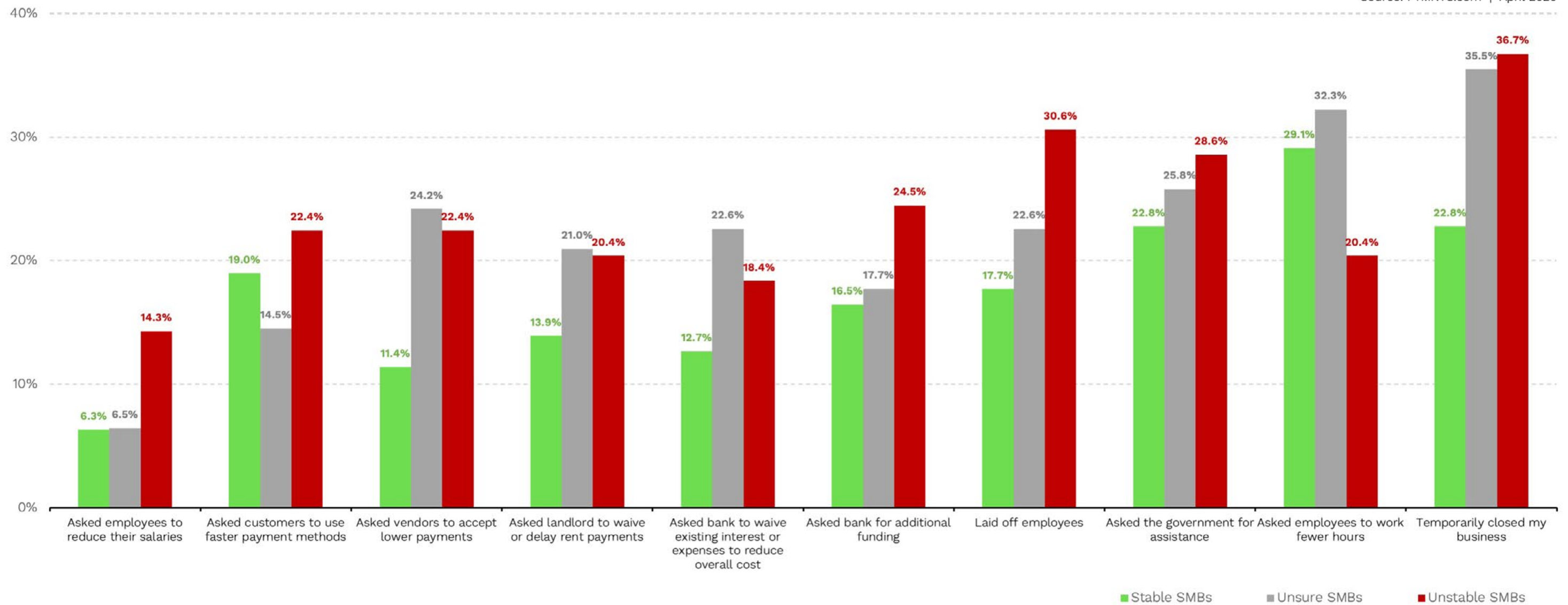




## THROUGH THE HARDSHIPS

**FIGURE 8: HOW SMBs HAVE CHANGED THEIR OPERATIONS TO COPE WITH THE SLOWING ECONOMY**  
Share that report having enacted select measures during the pandemic, by persona

Source: PYMNTS.com | April 2020





## THROUGH THE HARDSHIPS

### ONE-QUARTER OF SMBs HAVE FILED FOR GOVERNMENT ASSISTANCE, BUT ONLY HALF OF THOSE THAT DID HAVE RECEIVED IT.

Most of SMBs' financial assistance requests have yet to be met, regardless of whether they appealed to the government, banks, landlords or vendors. Our survey reveals that 54.2 percent of SMB owners who asked the government and 63.9 percent who asked their banks for financial assistance during the pandemic had received it as of March 24. Only 61.8 percent of those who asked their landlords to delay or waive rent payments said they had agreed to do so. We also found that 51.4 percent of SMB owners who asked their vendors to accept lower payments reported that their vendors agreed to those terms, while 48.5 percent of those who asked their banks to waive existing interests or expenses said the same.

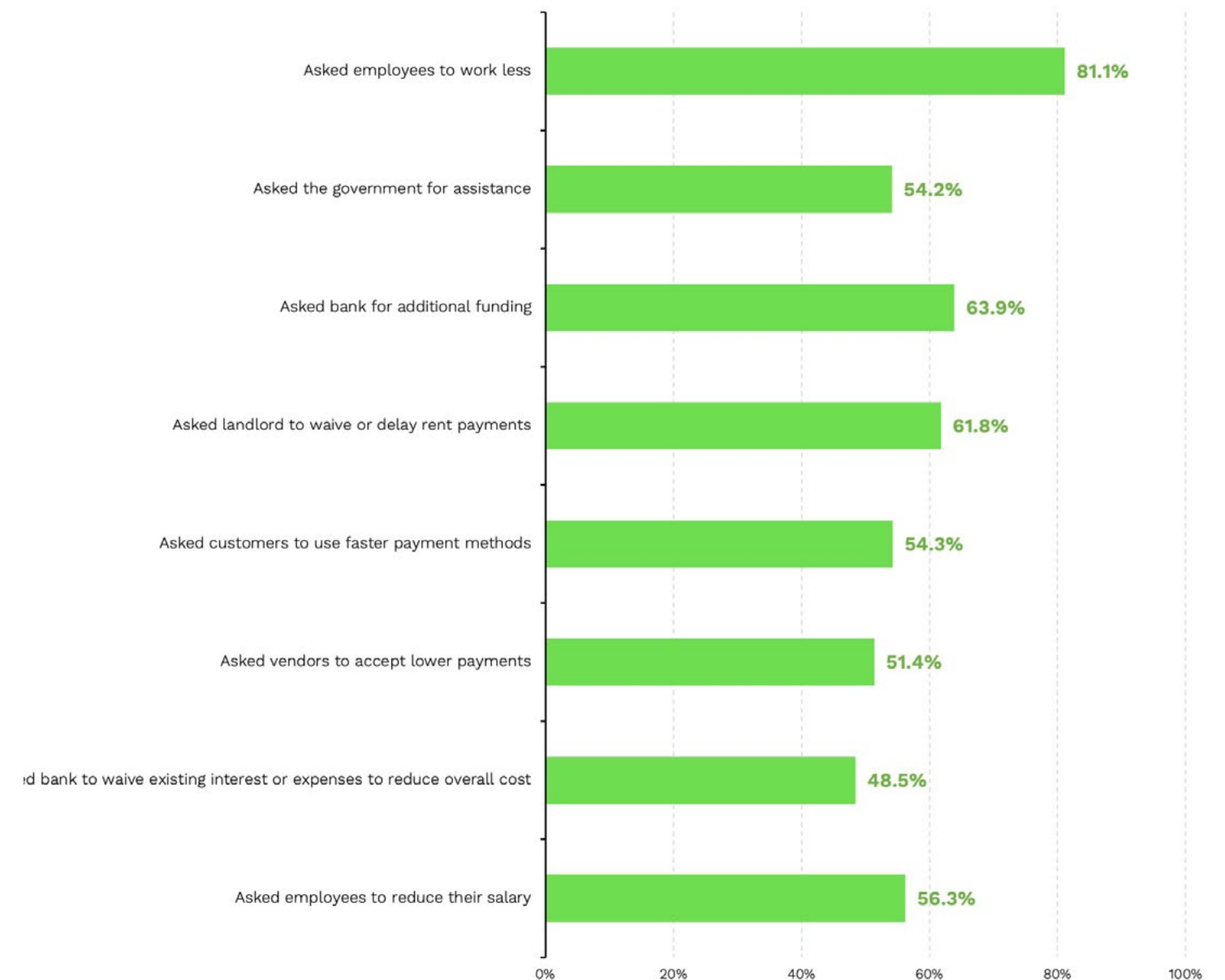
Not all SMB owners who have asked for financial assistance have received it, but those who have tend to be more optimistic about outlasting the pandemic's effects. Our research shows that 72.2 percent of SMB owners who are confident that they will remain open have received government assistance, 76.9 percent received assistance from their banks and 55.6 percent reported striking payment agreements with their vendors. This compares to 57.1 percent of unstable SMB owners who received government assistance and 58.3 percent who received assistance from banks. We also found that 45.5 percent of those who expect their businesses to close during the outbreak say their vendors agreed to accept smaller payments.



**FIGURE 9: HOW SMBs' APPEALS FOR FINANCIAL ASSISTANCE HAVE BEEN RECEIVED**

Share that report select requests for assistance have been approved

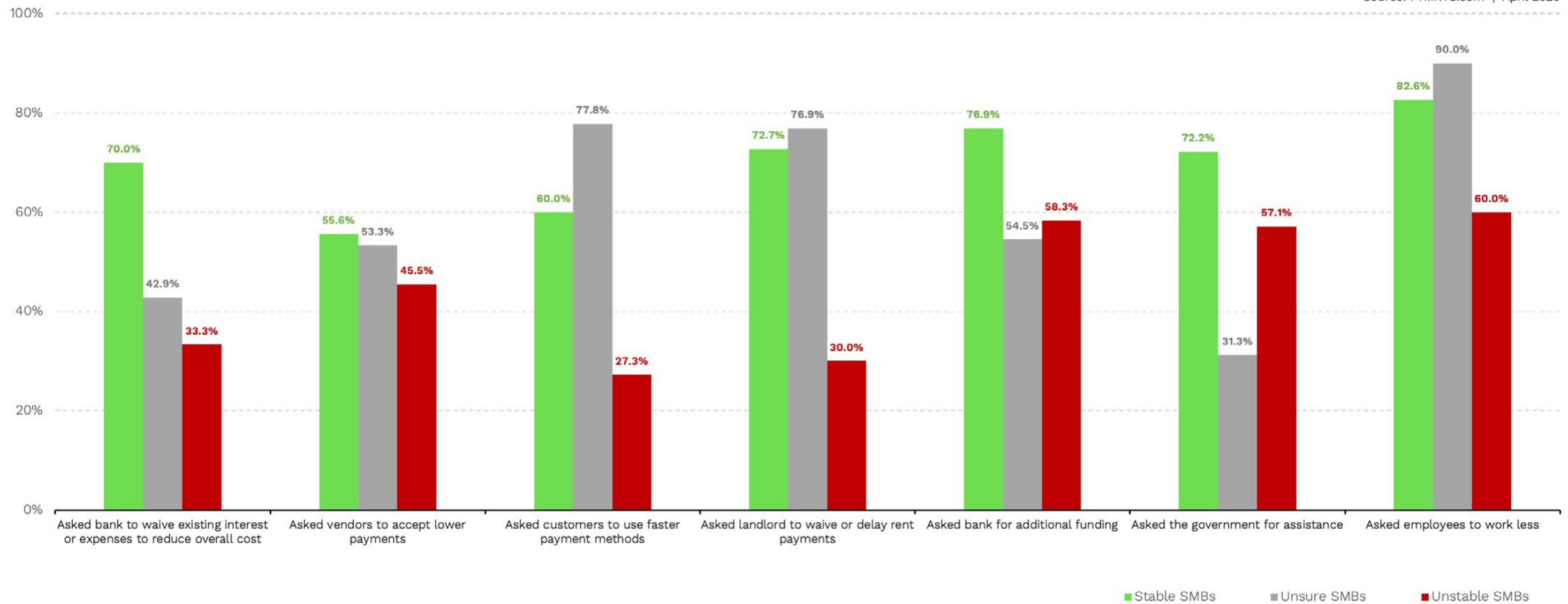
Source: PYMNTS.com | April 2020



## THROUGH THE HARDSHIPS

**FIGURE 10: HOW SMBs' APPEALS FOR FINANCIAL ASSISTANCE HAVE BEEN RECEIVED**  
Share that report select requests for assistance have been approved, by persona

Source: PYMNTS.com | April 2020





## FUNDS AVAILABILITY

### HALF OF ALL SMBs HAVE ACCESS TO JUST ENOUGH CASH TO STAY OPEN FOR ONE MORE WEEK.

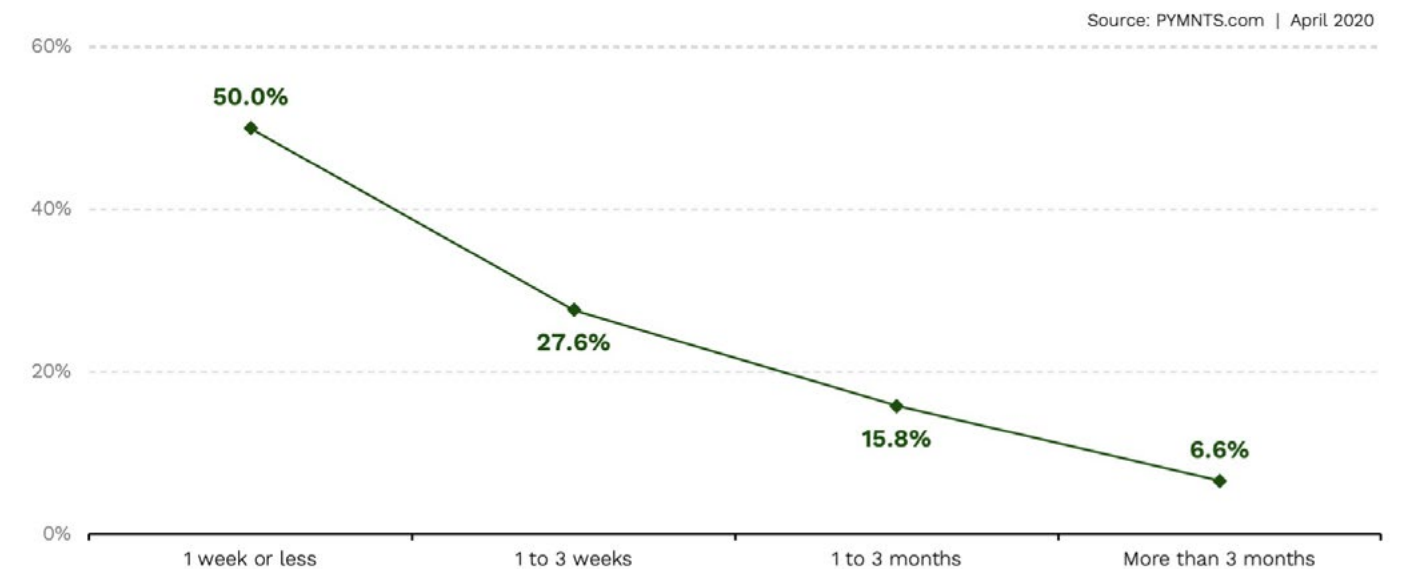
Many SMBs are running on thin margins, with 50 percent saying they have access to just enough cash to operate for another week or less. Another 27.6 percent feel confident that they have enough cash reserves for one to three weeks, while 15.8 percent believe they have enough for one to three months. Just 6.6 percent believe they have access to enough funds to stay open for more than three months.

Stable SMBs are the likeliest to report having enough cash to last more than three months, but are not in much better shape than their unsure and unstable counterparts. Our research shows that only 8.8 percent of SMBs that believe they will survive the pandemic can last more than three months on their current reserves, compared to 4.3 percent of unsure SMBs and 5.3 percent of unstable ones.

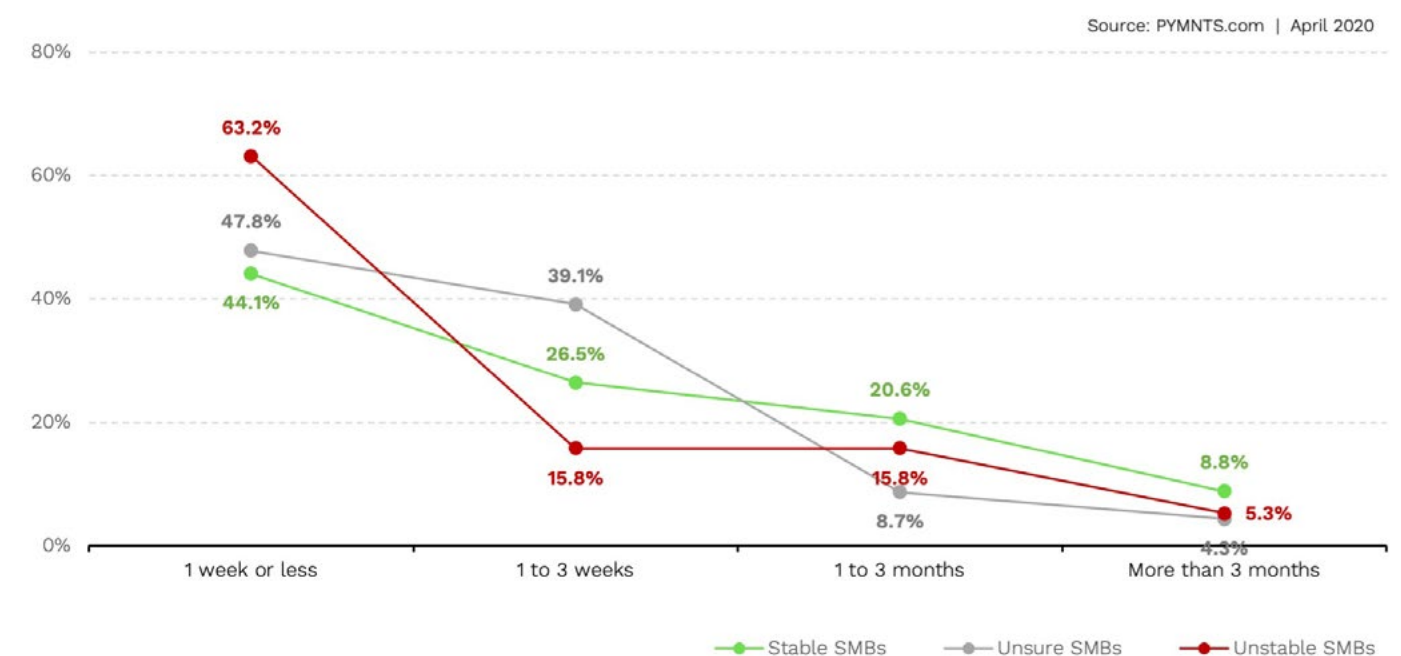
Even those that believe they will outlast the pandemic only have access to enough cash to last them less than a month, however, with 70.6 percent saying their current reserves will support them for three weeks at most. This compares to the 79 percent of unstable businesses and 87.7 percent of unsure businesses that believe their cash reserves will last them as long.



**FIGURE 11: HOW LONG SMB OWNERS CAN STAY IN BUSINESS WITH THE CASH THEY HAVE ON HAND**  
Share with enough cash reserves to keep their businesses open for select amounts of time



**FIGURE 12: HOW LONG SMB OWNERS CAN STAY IN BUSINESS WITH THE CASH THEY HAVE ON HAND**  
Share with enough cash reserves to keep their businesses open for select amounts of time, by persona



## FUNDS AVAILABILITY

### OWNERS' PERSONAL RESERVES ARE THE ONLY FUNDS AVAILABLE FOR MANY SMBs AT RISK OF CLOSING BEFORE THE PANDEMIC ENDS.

SMB owners commonly cite their personal financial reserves as cash sources they could use to help their businesses survive the pandemic. Our research shows that 49.1 percent of SMB owners who have emergency funds access say such sums could come from personal investment assets they could liquidate. We found that 49.1 percent say they could use their personal credit cards, 25.5 percent could tap into personal bank loans and 16.4 percent could take out mortgage loans against their houses to free up the necessary cash.

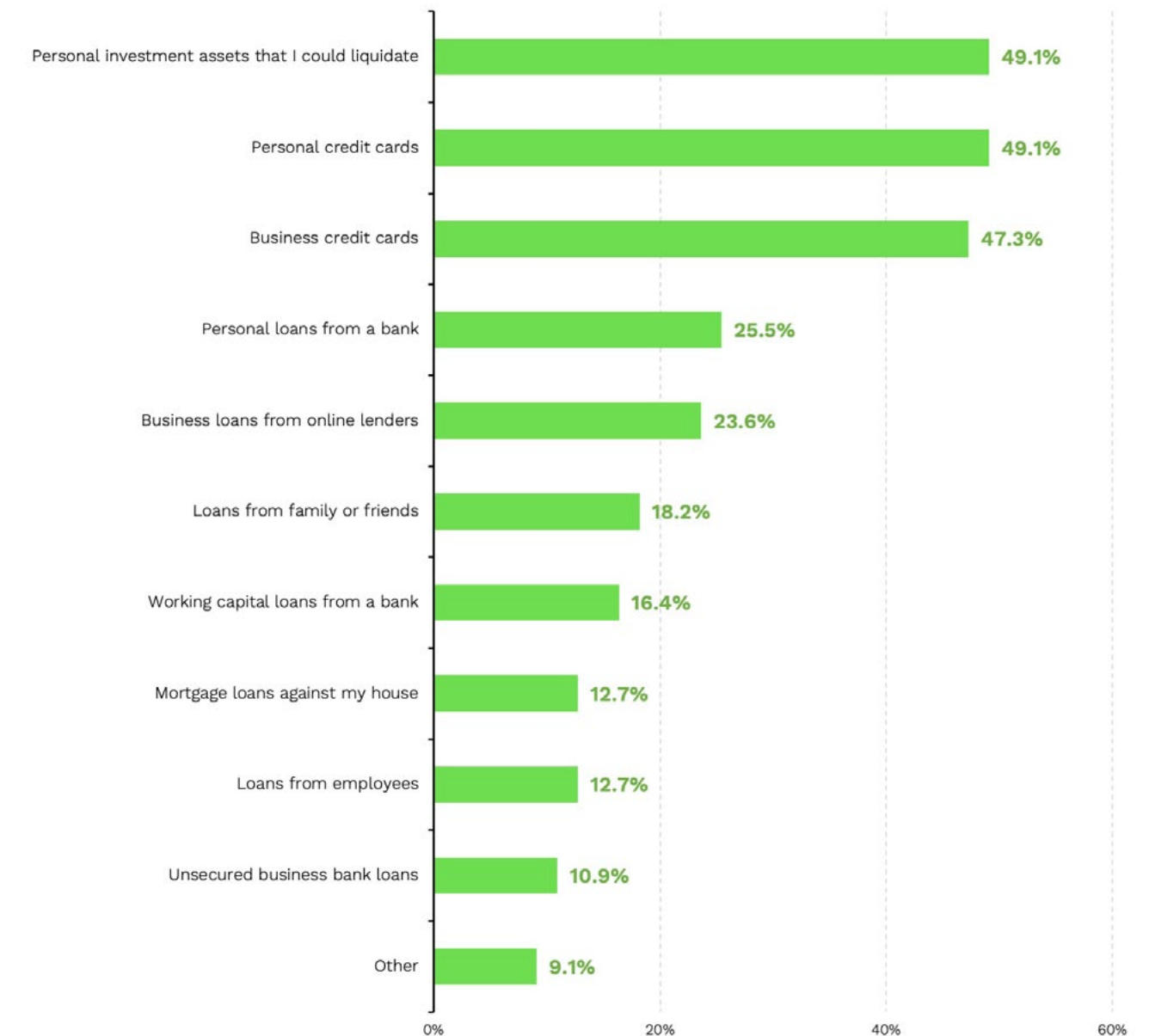
Unstable SMB owners are the most likely to have to dip into their personal savings to keep their businesses afloat. According to our research, 66.7 percent of them report they could use their personal credit cards to support their businesses during the pandemic, and 66.7 percent say they could liquidate investments to do so. This compares to 43.8 percent of unsure SMB owners who could tap into their personal credit cards and 43.8 percent who could liquidate investments.



**FIGURE 13: SMB OWNERS' POTENTIAL CASH SOURCES FOR SURVIVING THE PANDEMIC**

Share who say they can retrieve funds from select sources if needed

Source: PYMNTS.com | April 2020

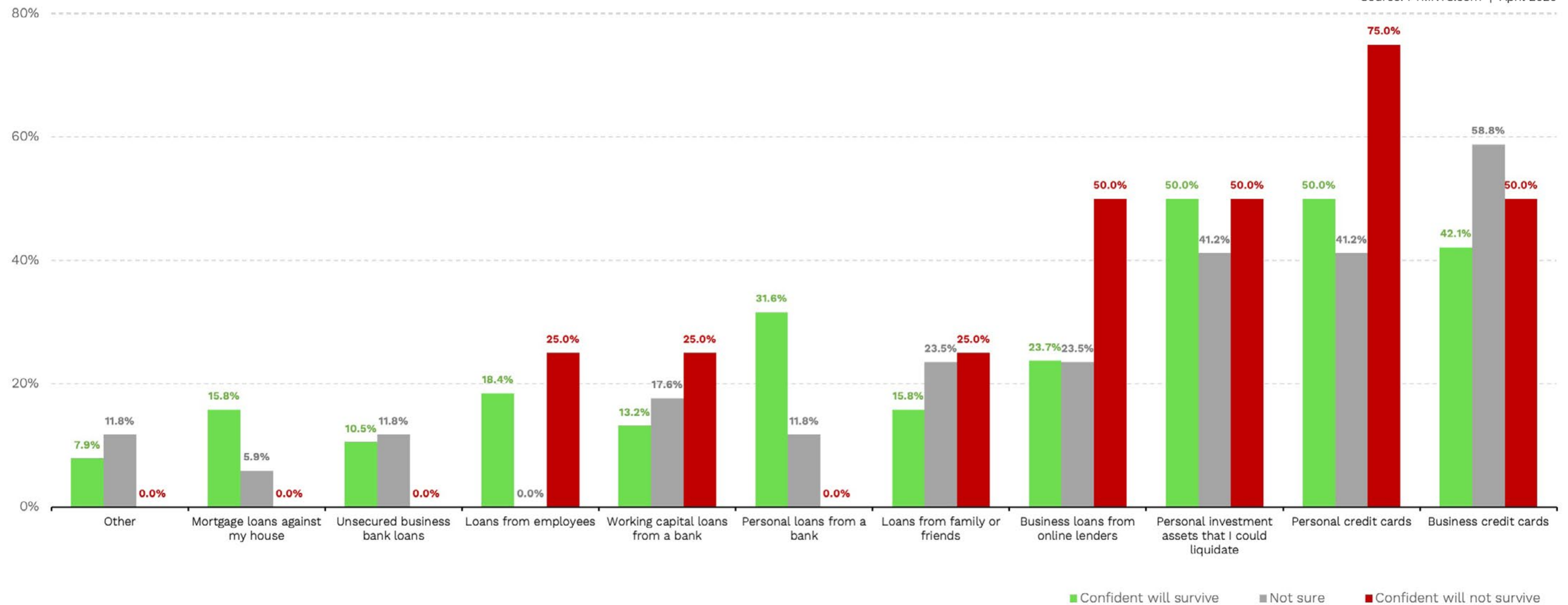




## FUNDS AVAILABILITY

**FIGURE 14: SMB OWNERS' POTENTIAL CASH SOURCES FOR SURVIVING THE PANDEMIC**  
Share who say they can retrieve funds from select sources if needed, by persona

Source: PYMNTS.com | April 2020







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