



TARGOZ MARKET RESEARCH

COVID-19

DESPITE PPP, SMALL BUSINESS
OWNERS WORRY THEY WON'T
SURVIVE

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SURVEY OF SELF-EMPLOYED BUSINESS OWNERS

Earlier this week, Targoz Market Research revealed some eye-opening, at-a-glance results from our COVID-19 Business Survey, which was fielded this month. Among them were that one in five self-employed business owners have applied for the Paycheck Protection Program (PPP), although a disproportionate of larger enterprises (20 or more employees) have been approved and received the funds compared to very small enterprises (fewer than 20 employees) by a more than 3-to-1 ratio. You can see those results and discover many more revealing insights about the efficacy of the Economy Injury Disaster Loan Program, small-business owners' presidential pick, and much more [here](#).

After delving deeper into the data, we were able to get a fuller look into the current state of the small-business community and learned, among other things, that things are quite grim, and there's little light at the end of the tunnel.

As expected, most businesses (84%) say COVID-19 has impacted them, but it's the degree to which they've been affected that proves most alarming. More than a quarter of small businesses (26%) have completely shut down amid the pandemic, while slightly more (28%) have reported a significant impact, as most of their employees must work on-site and cannot due to social-distancing restrictions. The restaurant industry, for one, has been decimated by COVID-19, with chains and Mom and Pop establishments forced to lay off or furlough staff or, particularly when they're not outfitted for delivery or pickup services, shutter completely (It was reported by the NPD Group that restaurant transactions fell by 43% during the second week of April.).

	TOTAL
HOW HAS COVID-19 IMPACTED YOUR CURRENT OPERATIONS?	
MINIMAL IMPACT, MOST EMPLOYEES CAN WORK FROM HOME	19%
MODERATE IMPACT, SOME EMPLOYEES NEED TO WORK ON-SITE	26%
SIGNIFICANT IMPACT, MOST EMPLOYEES NEED TO WORK ON-SITE	28%
TOTAL IMPACT, COMPLETE SHUTDOWN	26%

Overall, a third of small-business owners (32%) have been forced to lay off or furlough workers, while another third of employees (32%) have had their work hours reduced. Following the week of April 18, another 4.4 million Americans filed for unemployment, bringing the total of jobless claims to 26.5 million since March 14.

Due to self-quarantining measures—both mandatory and recommended—monthly revenue decreases are nearly universal across all small businesses. In fact, just one in 10 small businesses (regardless of size) have seen no reduction in revenue since March 1, while an astounding one in 5 have lost between 91-100% of income since then. Very small enterprises (fewer than 20 employees) have been hit hardest, with a third reporting monthly losses of at least 61% since March 1.

	TOTAL
SINCE MARCH 1ST, HAS YOUR BUSINESS HAD MORE TROUBLE GETTING LARGER ENTERPRISES, SUPPLIERS, ETC. TO PAY YOU ON TIME?	
YES	32%
NO	59%
NOT SURE	9%

Not surprisingly, this massive reduction in income has forced many businesses to either close temporarily (43%) or reduce their hours (34%). An astounding 1 in 20 have closed permanently. That percentage is nearly triple (13%) in the Northeast, where the four states with the most COVID-19 cases (New York, New Jersey, Massachusetts, and Pennsylvania) are located.



	TOTAL
HAVE YOU DECIDED TO REDUCE YOUR HOURS OR CLOSE YOUR BUSINESS TEMPORARILY?	
REDUCE HOURS	34%
CLOSE TEMPORARILY	43%
CLOSE PERMANENTLY	5%
NOT CLOSING OR REDUCING HOURS	11%
OTHER	0%
NONE OF THE ABOVE	5%

It hasn't help that, since March 1, a third of small businesses (32%) have had more trouble getting larger enterprises, suppliers, and so forth, to pay them on time. Similarly, the government has been slow to pay out small businesses who've applied for the Payment Protection Program (PPP) or Economic Disaster Loan (EIDL) Program: Of those who've applied for PPP, just 26% have received funds, while fewer who've applied for the EIDL program have been paid out (23%).

Because of fewer (or no) customers, delinquent suppliers, and uncertain protection from the government, fewer than half of small businesses (49%) believe it's very likely/likely that they'll survive to the end of the year, with 15% saying it's unlikely/extremely unlikely they'll make it past December 31.

	TOTAL
WHAT IS THE LIKELIHOOD THAT YOUR BUSINESS WILL SURVIVE TO THE END OF 2020?	
UNLIKELY	15%
NOT SURE OR NEUTRAL	35%
LIKELY	49%



There are between 9 and 11 million small businesses in the U.S. (depending on where things stand economically); should 15% cease operation this year, that number would be reduced to between 7.7 million and 9.4 million, leaving millions more Americans without a paycheck and thousands more empty storefronts scattered throughout the U.S.

In February 2020, the economy added 275,000 jobs to the labor market, marking the 112th consecutive months of job gains, dating back to the first term of the Obama presidency. In March 2020, the streak ended with a thud, as 701,000 jobs were lost; even more losses are expected next month as the brunt of the pandemic wasn't fully felt until midway through March. Not surprisingly, just 8% of small businesses are hiring due to an increase in business, led almost entirely by larger enterprises (20%), more of which possess bankroll, infrastructure, and motility to adapt to this new normal.

METHODOLOGY

This online poll was conducted by Targoz Market Research, an independent research company.

Interviews were collected on April 19, 2020, among a sample of 662 respondents who identified themselves as self-employed or business owners.

The estimated margin of sampling error is +/-3.81 at the 95% confidence level. Results were weighted by geography, size of the business, and type of business using data from D&B and the U.S. Census Statistics of U.S. Businesses Employment and Payroll.

More information about the poll, including access to the crosstabs, can be obtained by visiting www.targoz.com.

