

Insights from the New Jersey Business and Organization COVID-19 Recovery/ Technical Assistance survey

For public release

January 5, 2021

Survey conducted by the Heldrich Center for Workforce Development, Rutgers University

<https://heldrich.rutgers.edu>

Sponsored by the New Jersey Small Business Development Center

Survey Background / Sample Demographics

Fielded online November 4 – December 1, 2020

Distributed through government agencies/industry associations/chambers/social media

Restricted to **business and nonprofit leaders** who are business owners/primary decision makers, and operate a minimum 51% in New Jersey

Conducted in both English and Spanish

The **~2,070 completed and partial (completed at least 20% of the survey) responses** mirror the New Jersey business community in size and industry composition.

Most respondents have **less than 10 employees (57% less than 5)** and vary across sectors.

More than half have at least 75% of their workforce interacting with customers/visitors on a regular basis (54%).

Most have **been in operation for at least 5 years, with a majority for at least 10 years.**

There are **702 woman-owned businesses, 412 minority-owned and 49 veteran- or disabled-veteran owned (not mutually exclusive)** in the sample. **72 nonprofit organizations responded to the survey.**

Responses are distributed across North (44%), Central (33%), and South Jersey (24%).

60% report being closed at some point during the pandemic but open at the time of the survey; 30% remained opened.

Figures above include refusals to capture sample that figures are based on (2,070). Refusals are either excluded from displayed percentages (sample based on all answering respondents) or included (refusals indicate NA/Don't know/Not answering). Additional sample demographics begin on page 24.

Overall Findings – November Survey

- **Respondent businesses/organizations have suffered significant financial losses and made difficult operating decisions during the course of the pandemic.**
 - 92% have lost significant revenue/funding or contracts.
 - 55% report losing at least half of annual revenue/funding due to the pandemic.
 - 42% have temporarily laid off workers.
- **A majority of respondents report receiving financial assistance from the federal and state governments.**
 - 67% report receiving Paycheck Protection Program (PPP) funds.
 - 47% report receiving NJEDA grants or loans.
- **Owners expect losses to continue in the next 3 to 6 months and need credit and a growth in their customer base to get back to business.**
 - 83% think they will lose significant revenue/funding in the next 3 to 6 months.
 - 50% say they need credit and 48% need walk-in customers to return to pre-pandemic revenues.
 - 55% say they will look for additional financial assistance or capital.

Overall Findings – November Survey (Continued)

- **Owners are most concerned about uncertainty, demand and ensuring customers will patronize their businesses.**
 - 7 in 10 customer-facing businesses say bringing customers back to the business is a major challenge (70%).
 - 9 in 10 indicate uncertainty about the course of the pandemic in the future is a major challenge (89%).
- **Owners are trying to keep employees and customers safe. Capacity limits/distancing have the biggest impact on operations.**
 - More than 8 in 10 require masks for employees (82%) and customers/visitors (83%); About 8 in 10 are frequently cleaning (78%) and reducing capacity (75%).
 - Based on those safety measures implemented, respondents say capacity limits (37%) and physical distancing (17%) have the biggest impact on operations.
- **In the next 3 to 6 months, owners plan to make changes to how they operate, and are seeking assistance in digital services, especially social media use and online marketing.**
 - 41% will need to increase the use of digital tools, tech, or digital services in the next 3 to 6 months.
 - 49% say assistance with social media/marketing can help their digital/virtual operations.

In November 2020, more businesses/organizations report significant financial losses and difficult operational decisions than in June 2020.

November 2020 survey

- 92% have lost significant revenue/funding or contracts
- 55% report losing at least half of annual revenue/funding due to the pandemic
- 44% experienced increased operational costs; 40% report supply chain disruptions
- 42% have temporarily laid-off workers
- 18% have permanently laid off workers

June 2020 survey

- 75% lost significant revenue/funding or contracts
- 49% expected to lose at least half of annual revenue/funding due to the pandemic
- 24% experienced increased operational costs; 32% reported supply chain disruptions
- 33% temporarily laid-off workers
- 11% permanently laid off workers

This slide includes Refusals (question items did not apply/answered none) – 1% for November responses.

Two thirds of respondents received financial assistance from the Federal Government's Paycheck Protection Program; Nearly half received loans or grants from the NJ Economic Development Authority.

November 2020

- 67% report receiving PPP
(based on n=1,805)
- 47% report receiving EDA loans or grants
(based on n=1,791)
- 48% report receiving Economic Injury Disaster loans or grants
(based on n=1,756)

June 2020

- 53% reported receiving PPP
(based on n=3,505)
- 11% reported receiving EDA loans or grants
(based on n=3,505)

Excludes refusals

The ability to pay for rent/mortgage/lease expenses is most often cited as a major challenge; the ability to implement/pay for safety requirements is less of a challenge.

	Major Challenge	Minor Challenge	Not a Challenge	Total	Total answering
Ability to pay rent/mortgage/lease expenses/utilities	64%	27%	9%	100%	1,643
Ability to pay employees	59%	31%	10%	100%	1,502
Ability to make debt payments	58%	30%	12%	100%	1,543
Ability to pay taxes	53%	34%	13%	100%	1,615
Accessing financial credit	48%	36%	16%	100%	1,496
Potential Supply chain disruptions	32%	48%	20%	100%	1,369
Ability to implement/pay for safety or social distancing requirements	24%	47%	29%	100%	1,552

Excludes refusals

8 in 10 owners expect significant financial losses in the next 3 to 6 months. 3 in 10 indicate they may permanently close.

- **Nov: 83% expect they will lose significant revenue/funding or contracts in the next 3 to 6 months.**
 - June: 68% expected they would suffer significant financial losses in the next 90 days.
- **Nov: 42% will likely experience increased operational costs; 40% will decrease worker hours.**
 - June: 28% thought they would have increased operational costs over the course of 3 months.
- **Nov: 33% indicate they may need to permanently close; 30% will suffer supply chain disruptions.**
 - June: 14% of owners reported that they were closed and would be unlikely to reopen at all.
- **Nov: 25% of business owners think they will need to temporarily furlough workers; 25% may need to temporarily close a location in the next 3 to 6 months.**
 - June: 26% of owners thought they would need to furlough workers temporarily.

This slide includes Refusals (question items did not apply/answered none) – 3% for November responses.

Businesses will cut expenses, use personal savings, increase borrowing, and reduce hours for workers in the next 3 to 6 months.

When asked how they would **adjust for anticipated reductions in business** over the next 3 to 6 months, businesses reported in **November**:

- 7 in 10 will cut expenses (68%).
- 6 in 10 will use their own personal savings (61%).
- About 5 in 10 will likely increase borrowing (46%). Asked in a separate question, half say they “will apply” for financial assistance or additional capital in the next 3 to 6 months (55%).
- More than 4 in 10 will reduce worker hours (44%) and 2 in 10 will implement layoffs or furloughs (28%).

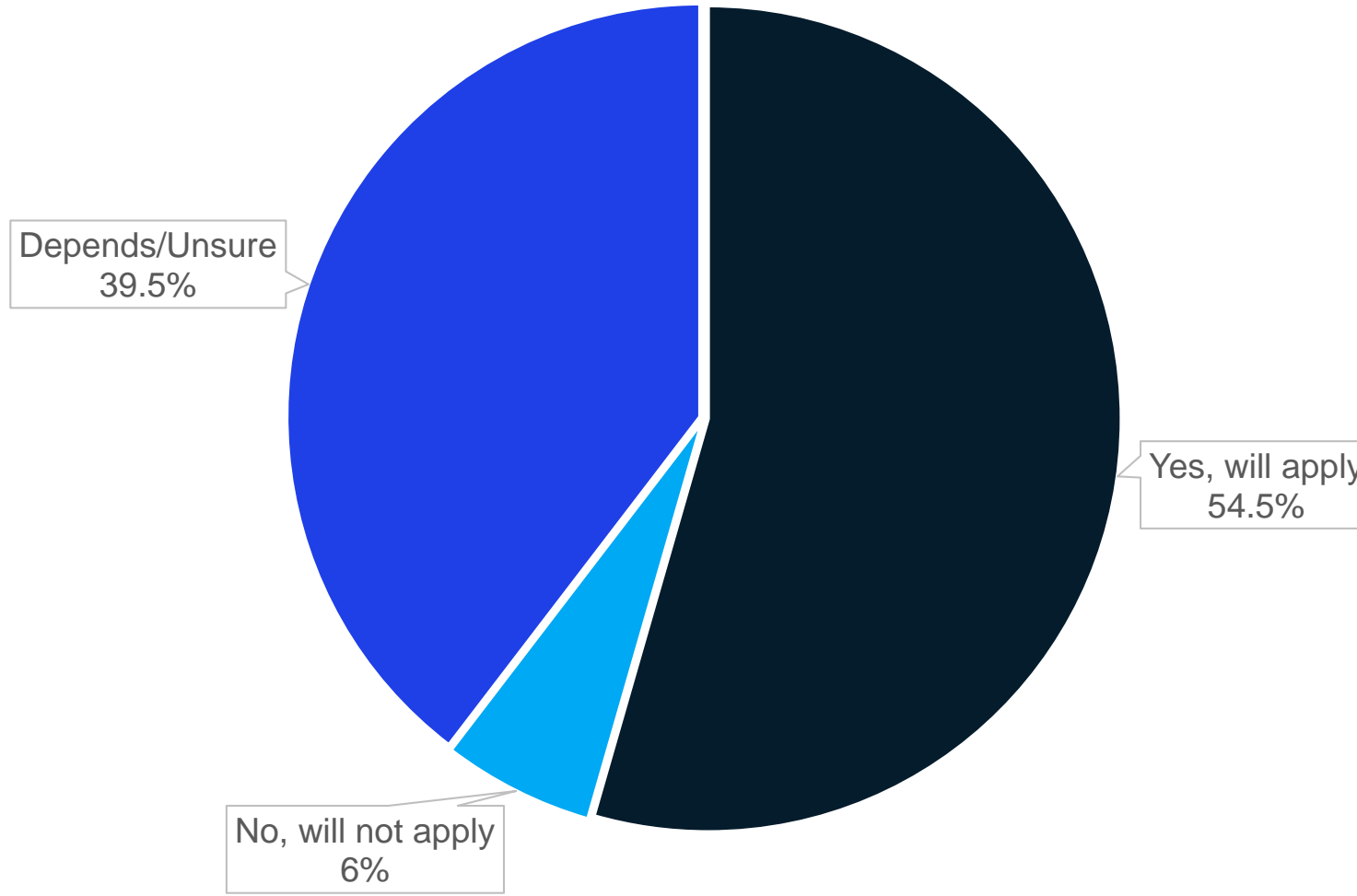
In **June**, business owners planned to do the following:

- 5 in 10 would use their own personal savings (52%).
- About 3 in 10 planned to increase borrowing (31%).
- About 3 in 10 needed to reduce worker hours (35%) and 2 in 10 would implement layoffs or furloughs (28%).

November: asked of all respondent businesses (closed and open); Excludes refusals (1% of responses).

June: asked of businesses open but experiencing financial losses or planning to re-open/in a stage of reopening; Excludes refusals.

November 2020:
Planning to Apply for Financial Assistance/Look for Additional Capital in
the next 3-6 months (n=1,507)



- **5 in 10 businesses will look for financial assistance in the next 3-6 months (55%).**
- **Another 4 in 10 are unsure (40%).**

Excludes refusals (1%)

More than 6 in 10 businesses closed at some point during the pandemic; More than 8 in 10 expect it will take more than six months to return to pre-COVID business conditions; roughly 5 in 10 held that view in June.

- In November, fully 8 in 10 business owners who closed their doors at some point during the pandemic believe it will take at least 6 months to “get back to business as it was” before the pandemic (84%) (n=1,270).
- In June, 47% of business owners at some stage of re-opening held this opinion; 14% indicated the situation “depends” (n=2,182).

November: numbers shown are for businesses closed at some point during the pandemic and either currently open or closed. Excludes refusals.

June: numbers shown are for businesses closed at some point during the pandemic and either recently opened or getting ready to re-open. Excludes refusals.

Business owners need credit and more customers to get back to business.

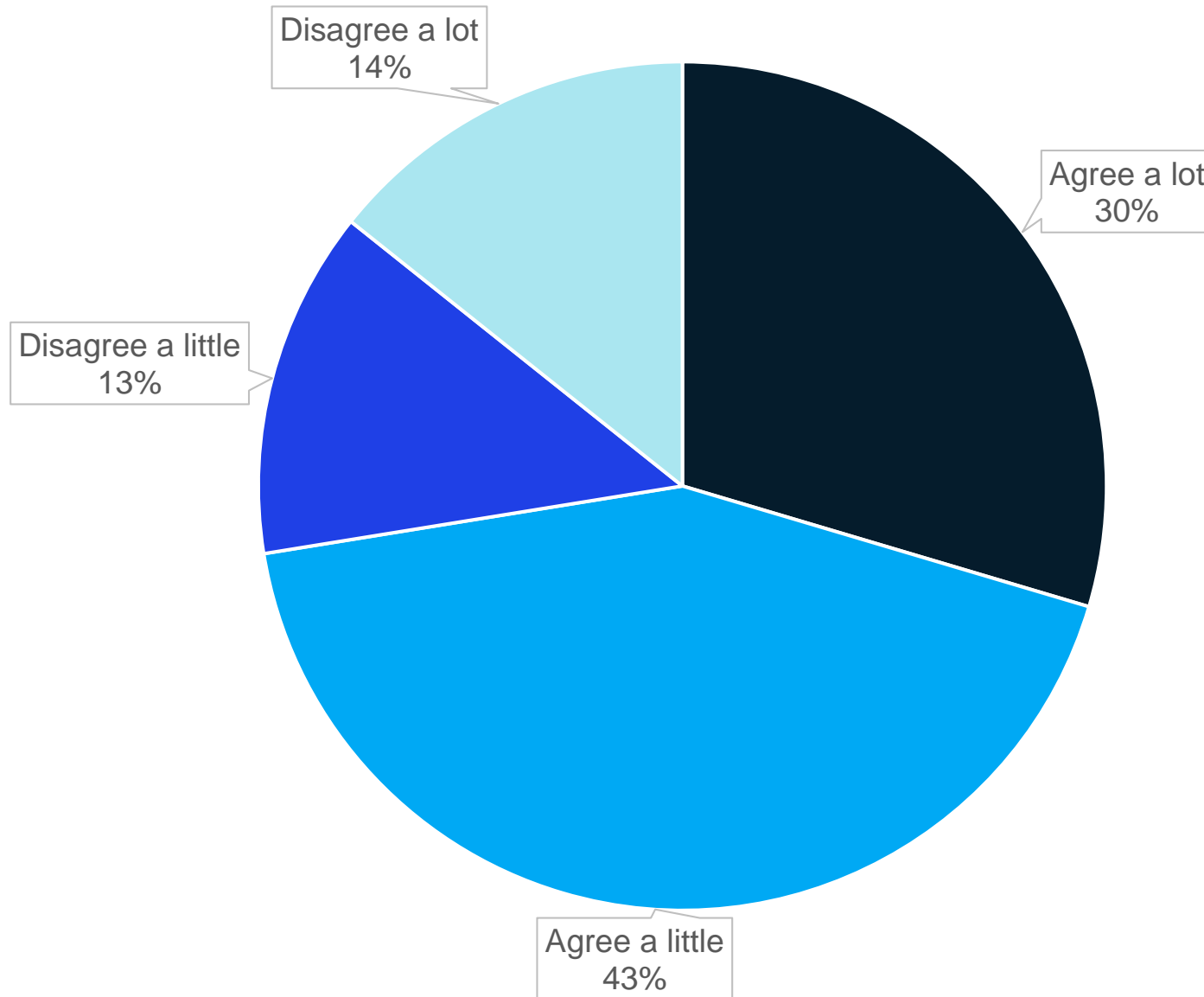
- In November 2020, **half of respondents say they need access to credit/funding (50%) and additional walk-in/in-person customers (48%)** to help them generate pre-COVID-19 revenues. 3 in 10 (28%) need to develop/increase e-commerce or their online customer base.
- **These numbers are comparable to June 2020**, when 48% of owners reported needing additional in-person customers and 23% were looking to increase their online customer base. 32% were looking for access to credit/funding.

November: asked of all respondent businesses (closed and open); Excludes refusals (1% of total sample).

June: asked of businesses open but experiencing financial losses or planning to re-open/in a stage of reopening. Excludes refusals

November 2020:

Once conditions improve, I'm confident that my business/organization will be able to recover from the losses caused by the pandemic (n=1,412).



7 in 10 businesses agree to some extent that they'll recover "once conditions improve" (73%).

Excludes refusals

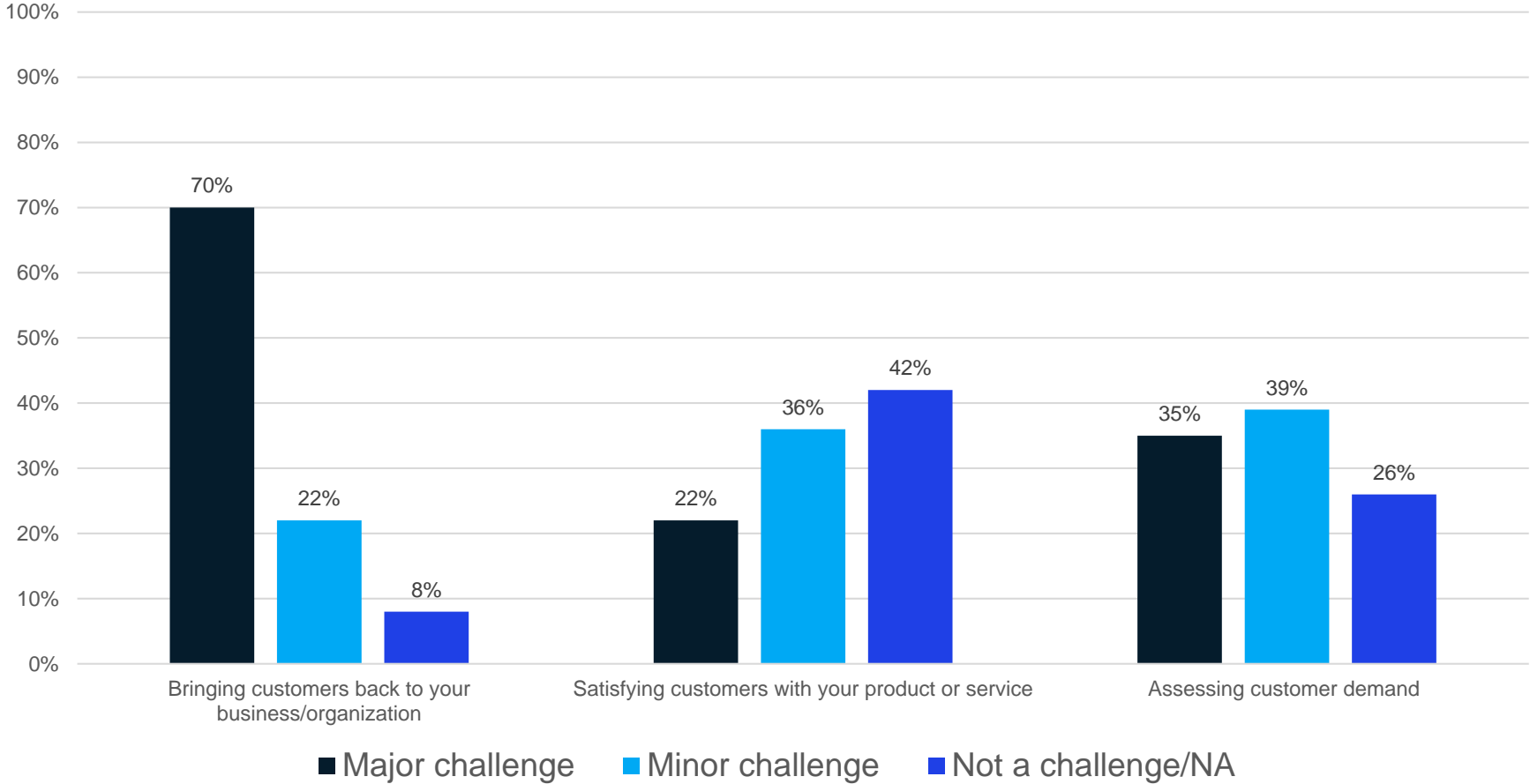
The biggest challenges for business owners are uncertainty about the pandemic and consumer confidence; they are less concerned about liability, safety regulations, and finding workers to fill vacancies.

Operational challenges – all businesses	Major Challenge	Minor Challenge	Not a Challenge	Total	Total answering
Uncertainty about the future/what will happen as the pandemic continues	89%	10%	2%	101%	1,723
Customers feeling confident enough to come to your business/organization	60%	28%	13%	101%	1,575
Potential liability concerns	34%	42%	24%	100%	1,450
Finding workers for job vacancies	34%	33%	33%	100%	1,187
Complying with new safety regulations, such as social distancing requirements	33%	34%	33%	100%	1,636
Employees feeling confident enough to return to work	32%	42%	26%	100%	1,465
Childcare for employees	29%	31%	40%	100%	868
Complying with federal and state labor mandates	23%	29%	48%	100%	1,500
Having sufficient personal protective equipment, cleaning, and screening resources to keep employees and customers/visitors safe	17%	40%	43%	100%	1,543

Excludes refusals (vary per question due to no forced responses). Total percentages may not equal 100% due to rounding.

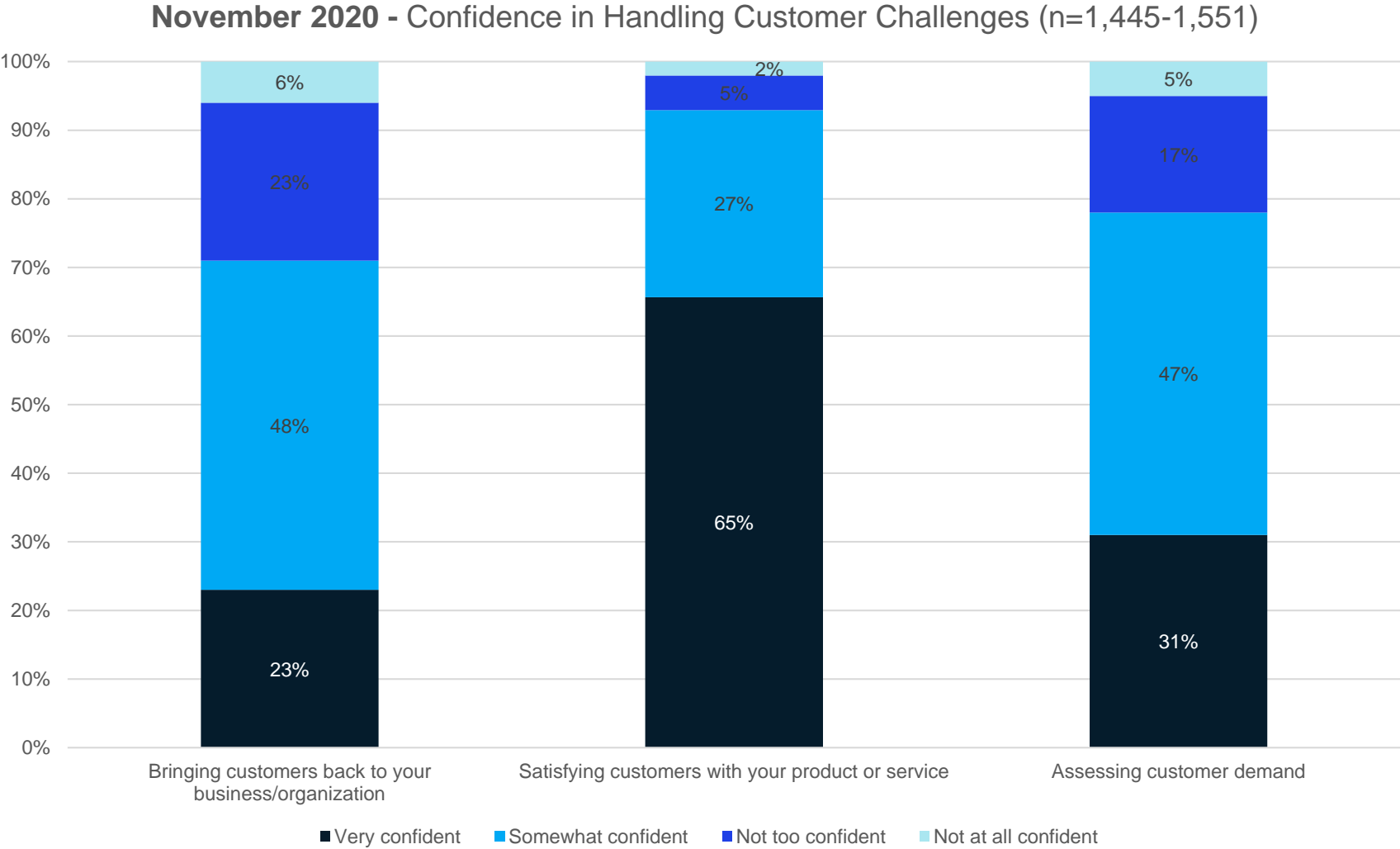
Business owners are most likely to think that bringing customers back is a major challenge.

November 2020 - Challenges to the Business/Organization – Customer-Facing Businesses (n=1,482)



November: asked of customer-facing business owners; forced response, no missing data.

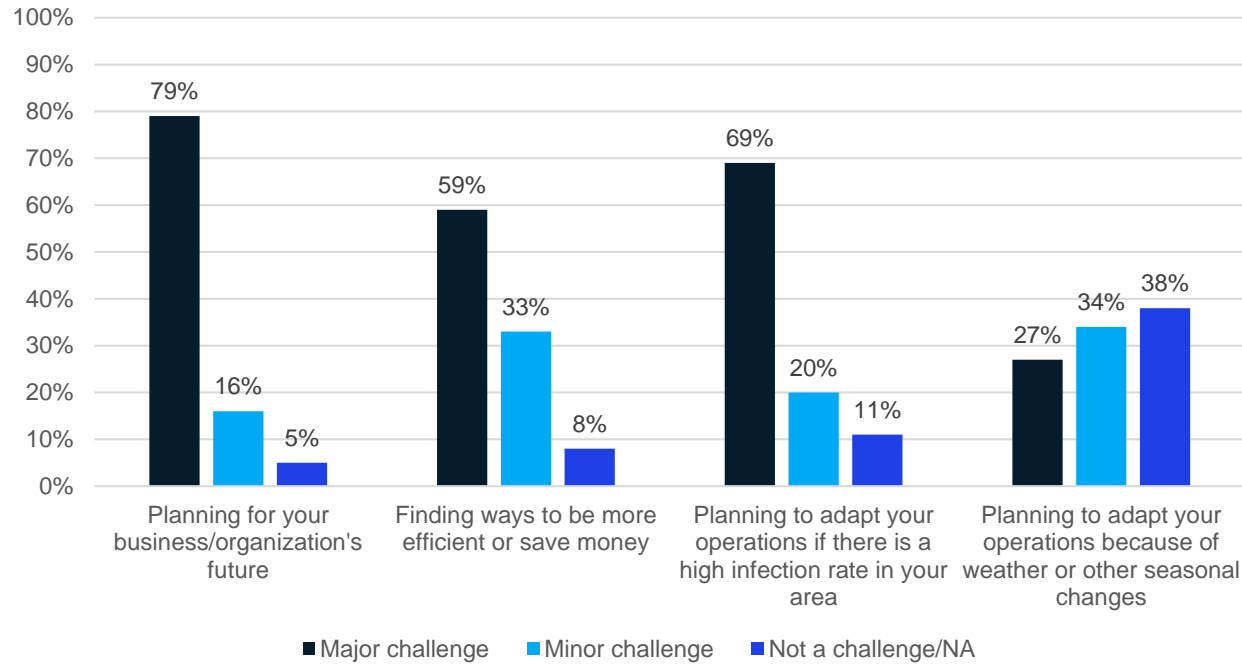
Owners are somewhat confident they can work through the challenges they face with improving and measuring customer demand and satisfying customers.



November: asked of customer-facing business owners (closed and open); Excludes refusals (1%).

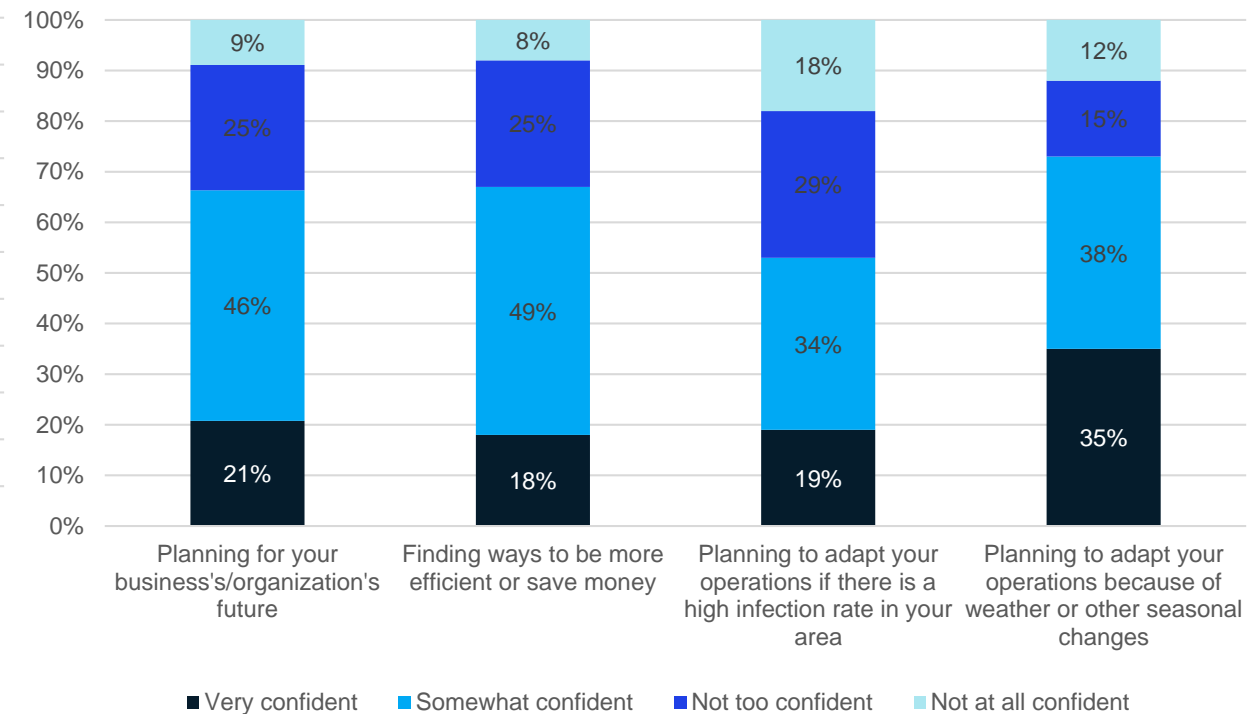
Owners think planning is a challenge but are somewhat confident they can handle those challenges.

Challenges to the Business/Organization - Planning
(n=1,718)



November: asked of all, forced response, no missing data.

Confidence in Handling Planning Challenges
(n=1,660-1,668)



November: asked of all respondent businesses (closed and open); Excludes refusals (2%).

Business owners believe they are doing what is necessary to safeguard their employees. Capacity limits/distancing have the biggest impact on operations.

- Most businesses have implemented at least 1 of these safety measures:
 - requiring **masks for employees and customers/visitors** (82%/83%)
 - employing **physical distancing** (82%)
 - frequently **cleaning** (78%)
 - **reducing capacity** (75%)
 - **providing** employees with **masks** (74%)
- More than half indicate they limit in-person meetings or use video-conferencing (57%) and provide customers/visitors with masks (54%).
- Capacity limits are the biggest challenge (37% of open businesses employing at least 2 safety measures) to operations in November 2020, followed by physical distancing (17%).

Includes refusals (question items did not apply/answered none/chose to skip) - 3%/4% for November responses.

Significant changes in digital technology, the use of apps and the internet and remote working were instituted by significant percentages of businesses.

- 4 in 10 (39%) increased their **use of online platforms to offer goods or services.**

Based on n=1,560-1,595:

- 3 in 10 purchased computer equipment (33%)
- 3 in 10 used new technologies for sales processing, payment or billing (33%)
- 3 in 10 **created** online content, services or products (31%)
- 3 in 10 **increased** their online content, services, or products (31%)
- Over 2 in 10 implemented or **increased their online marketing strategies (27%)**
- Over 2 in 10 used **new technologies for online marketing (25%)**

- **4 in 10 report having at least some remote workers (38%)**
- **3 in 10 say they can't or do not use the internet/online platforms in their businesses (31%)**

One-quarter of businesses received assistance to implement safety measures (25%) or use social media for marketing (25%).

Tech Assistance program	Have heard % (n=1,498-1,549)
Yelp for Business	56%
NJ EDA's E-Commerce Technical Assistance Program	42%
Grow with Google or Google for Small Business	34%
Apple at Work	14%
eBay's Small Business Central	13%

Excludes refused responses

Of owners who have heard of Yelp (n=773):

- 280 uses of either no-cost or purchased services, current or completed.

Of owners who have heard of NJEDA TA (n=624):

- 100 uses of either no-cost or purchased services, current or completed.

Of owners who have heard of Google (n=483):

- 212 uses of either no-cost or purchased services, current or completed.

In the next 3-6 months, owners expect to make changes in their operations. They want help to improve digital services, use of social media, and expand online marketing.

About 4 in 10 (41%) of business owners say they will need to change how their business or organization uses digital tools or technology in the next 3 to 6 months (n=1,500).

- 3 in 10 will increase the online content, services, or products they offer (33%) (n=1,477)
- 3 in 10 will implement or increase online marketing (32%) (n=1,477)
- 3 in 10 will adjust hours of operation (30%) or pricing strategies (29%) (n=1,477)
- 1 in 4 plan to create online content, services, or products (25%) (n=1,477)

Over 4 in 10 business owners report that several changes will help a lot or a little as they operate digitally/virtually in the next 3 to 6 months:

- Using new technologies, digital services, or apps for online marketing (51%) (n=1,389)
- Purchasing computers or other equipment (48%) (n=1,410)
- Using new technologies, digital services, or apps for sales processing, payment or billing (45%) (n=1,409)

In what areas will your business or organization need assistance? (n=1,414)

Using social media to promote business/organization	49%
Keeping employees, customers and/or visitors safe	34%
Financial management or credit restructuring	30%
Implementing E-commerce or online sales	20%
Succession planning/strategizing	18%
Marketing or sales training for employees	18%
Adding alternative modes of business operations such as curbside pickup and virtual services	15%
Human resources issues, such as leave, liability or managing employees	13%
Using technology in the business, such as implementing remote working	12%

In November, about 1 in 2 owners (49%) need assistance in using social media to promote their business/organization in the next 3 to 6 months.

Excludes refusals

NJEDA and the NJ Small Business Development Center are the organizations that businesses will most likely use to help them with digital tools, technology and other services.

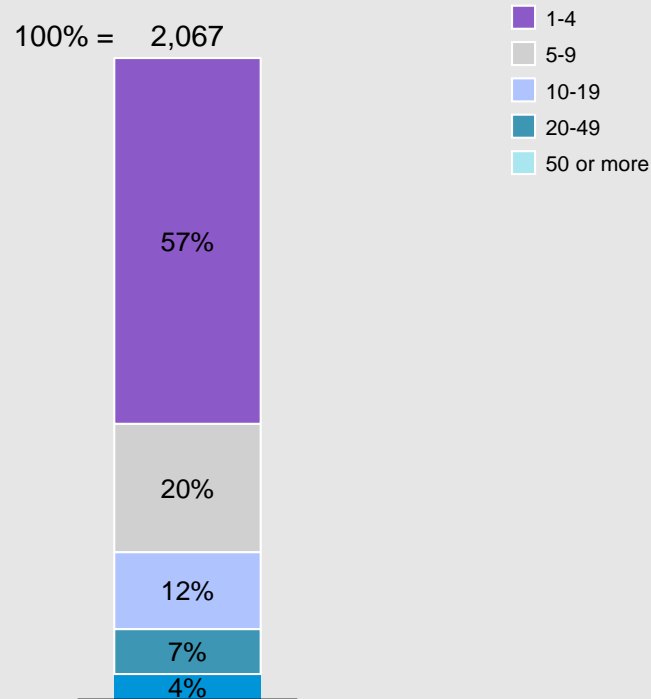
In the next 3 to 6 months...how likely are you to use the following providers or organizations to help you access digital tools, technology and other services for your business/organization?

Public Entity	November % Very/somewhat likely (Based on answering question, n sizes range from 872-1,036)
EDA	67%
NJSBDC	59%
State government	51%
NJ BAC	48%
County government	45%
City/local government	44%
NJ Chamber of Commerce	42%

Survey Background / Sample Demographics

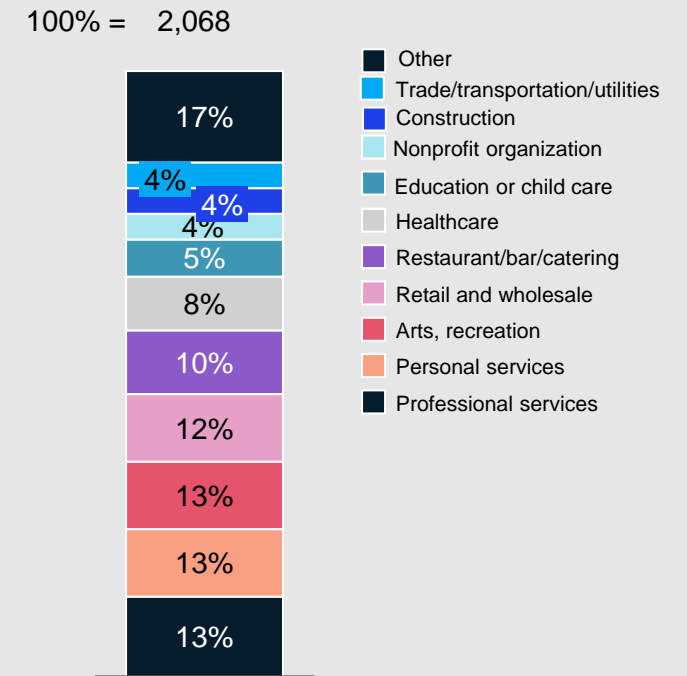
77% of the sample represents owners having less than 10 employees, a total of 1,577 businesses/organizations.

Employers surveyed by number of employees, % of employers



Medium size employers (e.g., 5-9, 10-19, 20-49, 50-99) are over-represented in the survey population compared to NJ overall/Refused=.1%

Employers surveyed by industry % of employers



Personal services and arts and recreation are over-represented in the survey population compared to NJ overall. Other category includes various industries (technology, banking/finance, real estate, manufacturing, grocery)

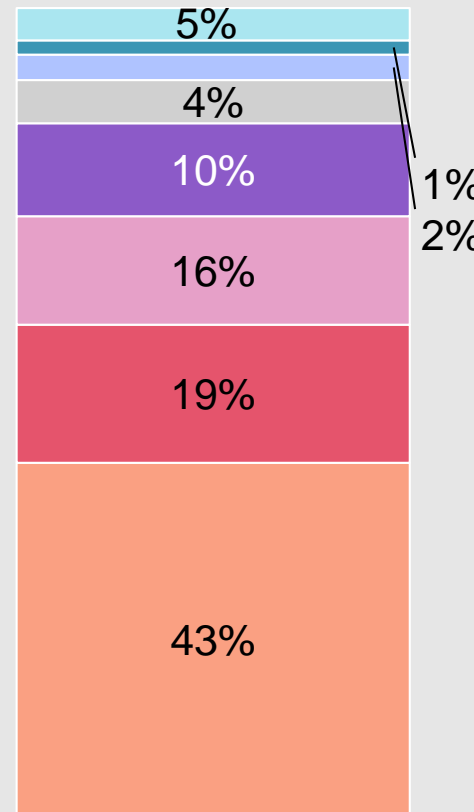
Survey Background / Sample Demographics

~43% of respondents' organizations had less than \$250K in annual revenue in 2019

Organization revenue, 2019
% of responses

100% =

1,449



- Less than \$249,999
- \$250,000 - \$499,999
- \$500,000 - \$999,999
- \$1 Million - \$1.9 Million
- \$2 Million - \$2.9 Million
- \$3 Million - \$3.9 Million
- \$4 Million - \$4.9 Million
- More than \$5 Million

Survey respondents are operating businesses/ organizations across the state

In which region do most of your New Jersey-based organization's operations take place?
Select one response.

Excludes refusals

Primary location of operations % of responses

100% = 2,067

