

Back to Business: Are Small Businesses Rebounding from COVID-19?

May 2021



REIMAGINE MAIN STREET



Small businesses and their workers must rebound from the COVID-19 crisis so that communities thrive and the benefits ripple throughout the economy. We are a multi-stakeholder, cross-sector initiative focused on advancing and uplifting innovative solutions to ensure that Main Street is at the center of our recovery.

Reimagine Main Street is a project of Public Private Strategies.

Thank You to Our Partners

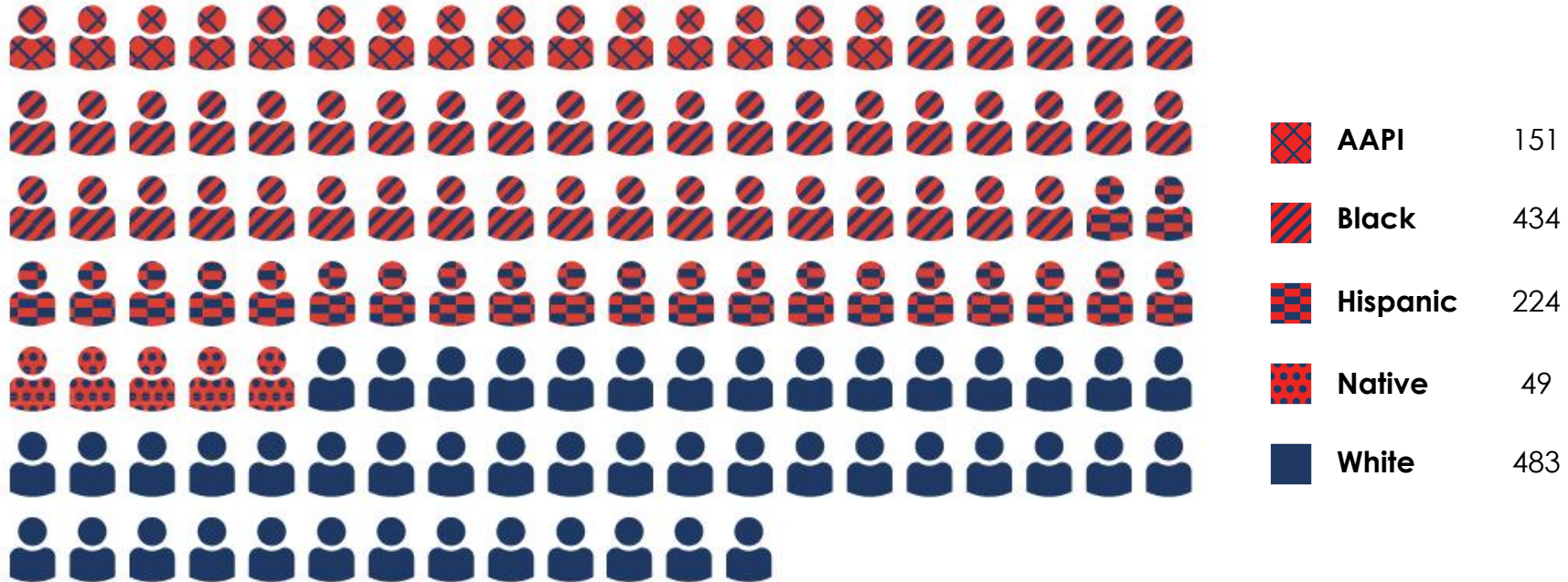



Context for this Survey

- After more than one year of lockdowns, devastating illness, and social unrest, there are signs that across the country customers are returning, and we're getting back to business.
- Yet there are gaps in understanding what small business owners are experiencing and whether this emerging recovery is evenly distributed.
- Reimagine Main Street and its partners fielded a national survey of small business owners from April 28-May 12, 2021 to provide insights into how small businesses are faring and to understand what they expect the near future to bring.

Large and Diverse Sample

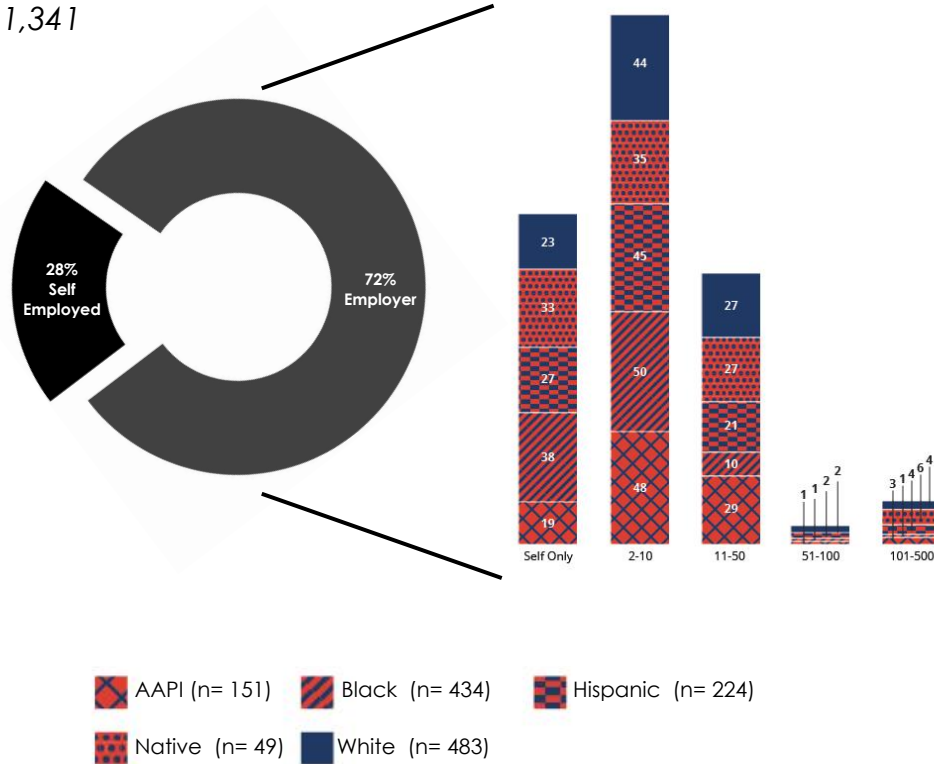
$n = 1,341^*$



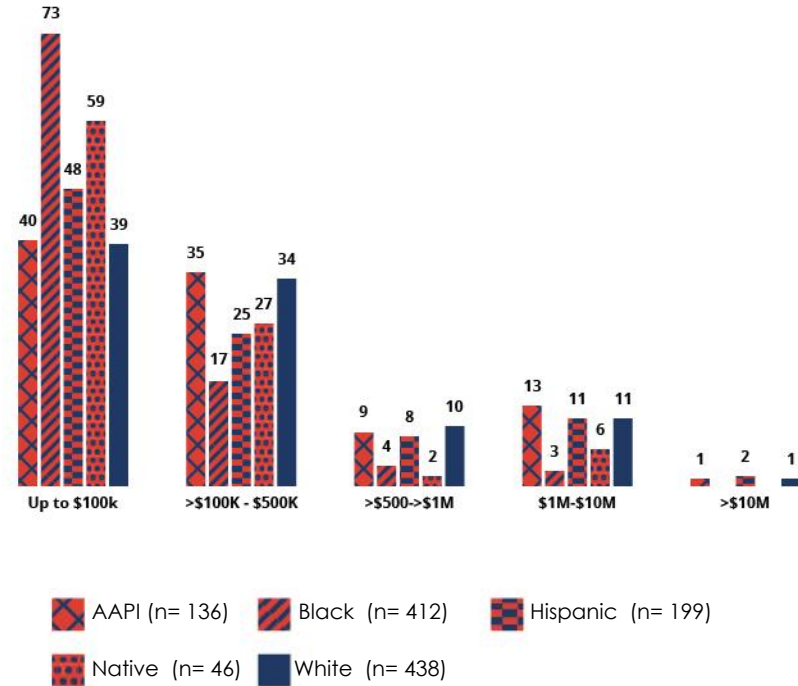
 = 10 Small Business Owners

Mix of Solo, Micro and Small Businesses

Distribution by Number of Employees
% of respondents
n= 1,341

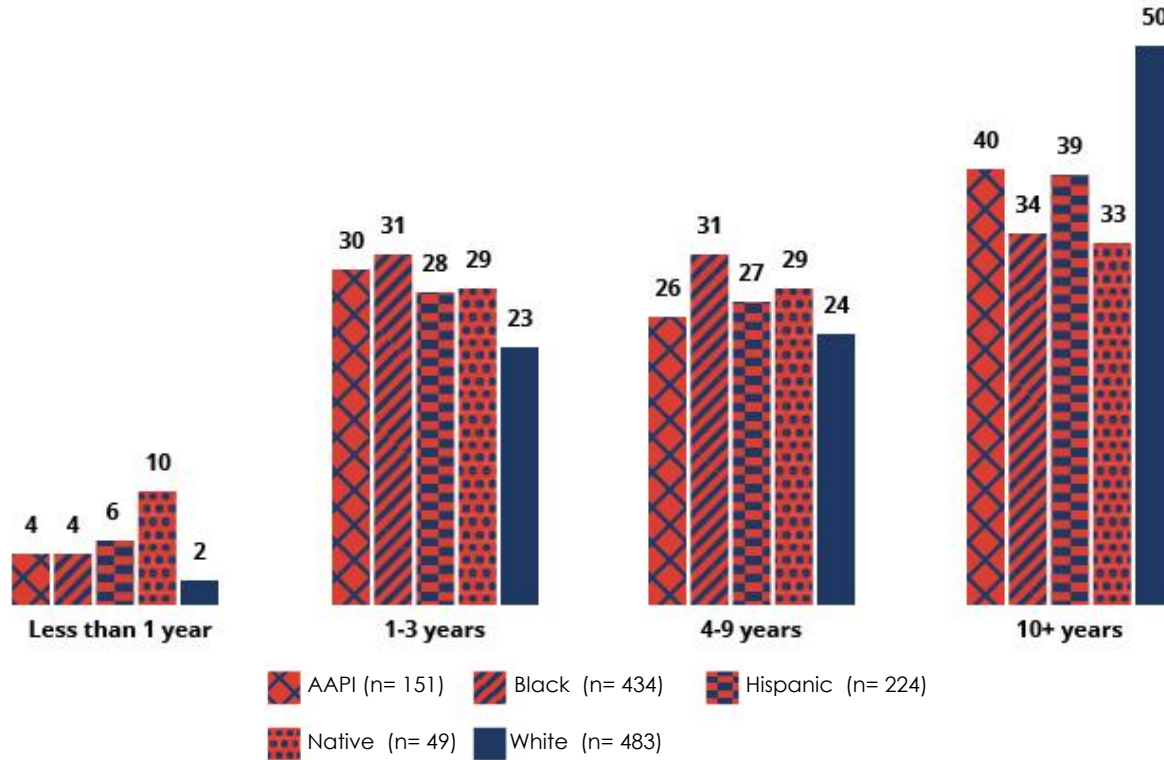


Distribution by 2020 Revenue
% of respondents
n= 1,231*



Mix of Businesses Launched During Pandemic, Young, and Long-Standing Businesses

Time in Business
% of respondents
n= 1,341



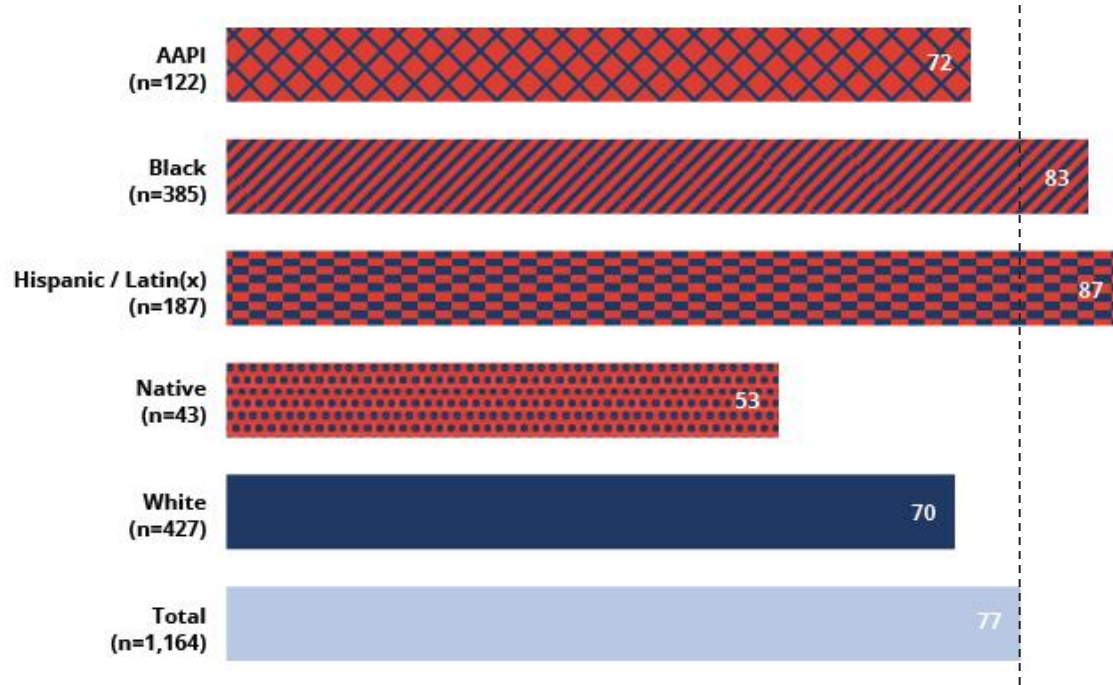
Takeaways

- Small business optimism prevails fueled by availability of vaccines, confidence in the overall trajectory of the economy, and backstopped by relief.
- In spite of this optimism, we are not out of the woods yet and signs of recovery are not experienced equally.
- Looking ahead, addressing demand for relatively small dollar business financing and addressing bias and barriers in access to capital for entrepreneurs of color are imperative.

Optimism Prevails Among Small Business Owners

Respondents who agree that "I am optimistic about the future of my business."

*% of Respondents**

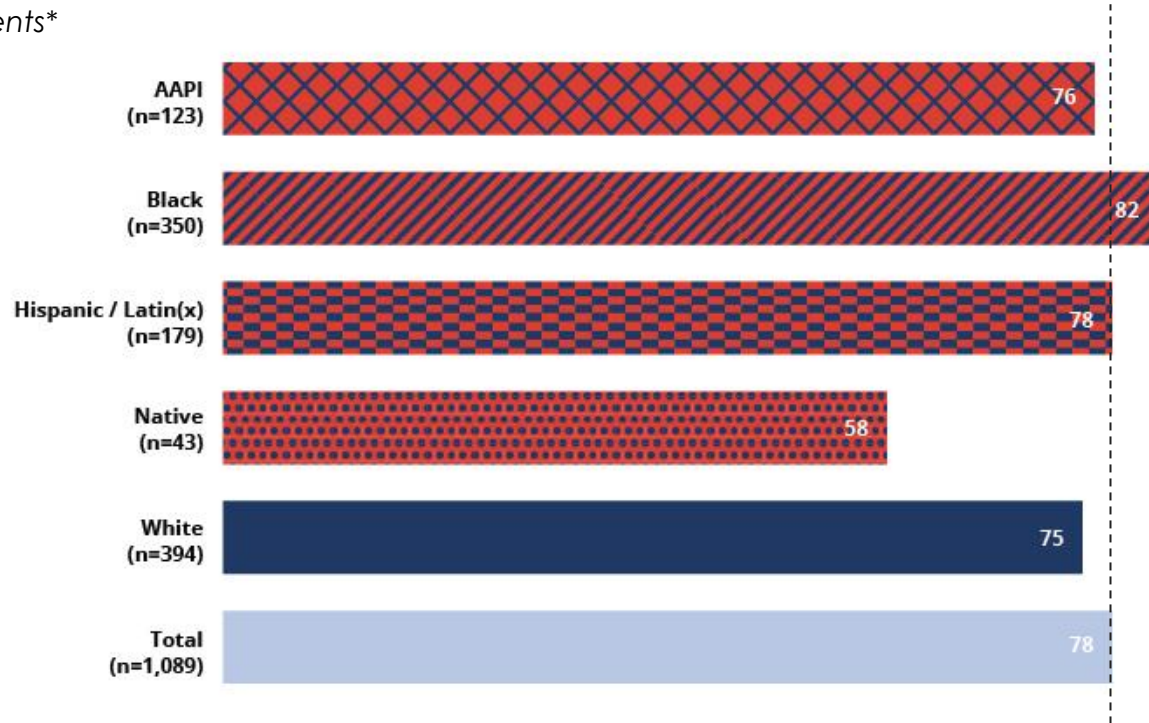


Source: RMS/PPS/USBC/USHCC/National ACE survey, "Looking Ahead: Is Your Business Rebounding from COVID-19?" (April-May 2021)
Q4: As you reflect on where things stand today, how would you characterize your outlook:
"Strongly agree" and "agree" vs "Disagree and Strongly Disagree"; *Of those who expressed an opinion

Availability of Vaccines Drives Small Business Confidence

Respondents who agree that "Seeing the availability of and access to vaccines makes me more confident in the future of my business"

% of Respondents*



Source: RMS/PPS/USBC/USHCC/National ACE survey, "Looking Ahead: Is Your Business Rebounding from COVID-19?" (April-May 2021)
Q3: Tell us the extent to which you agree or disagree with the following statements
"Strongly agree" and "agree" vs "Disagree and Strongly Disagree" ; *Of those who expressed an opinion

Business Owners Generally Confident About Trajectory of Overall Economy; Black Owners Most Confident

Respondents who agree that "I am optimistic about the current trajectory of the economy."
% of Respondents*



Source: RMS/PPS/USBC/USHCC/National ACE survey, "Looking Ahead: Is Your Business Rebounding from COVID-19?" (April-May 2021)

Q4: As you reflect on where things stand today, how would you characterize your outlook:

"Strongly agree" and "agree" vs "Disagree and Strongly Disagree;

*Of those who expressed an opinion"

PPP Serving as a Critical Lifeline (for Recipients)

"How would you characterize the impact on your business of the PPP funding you received?"

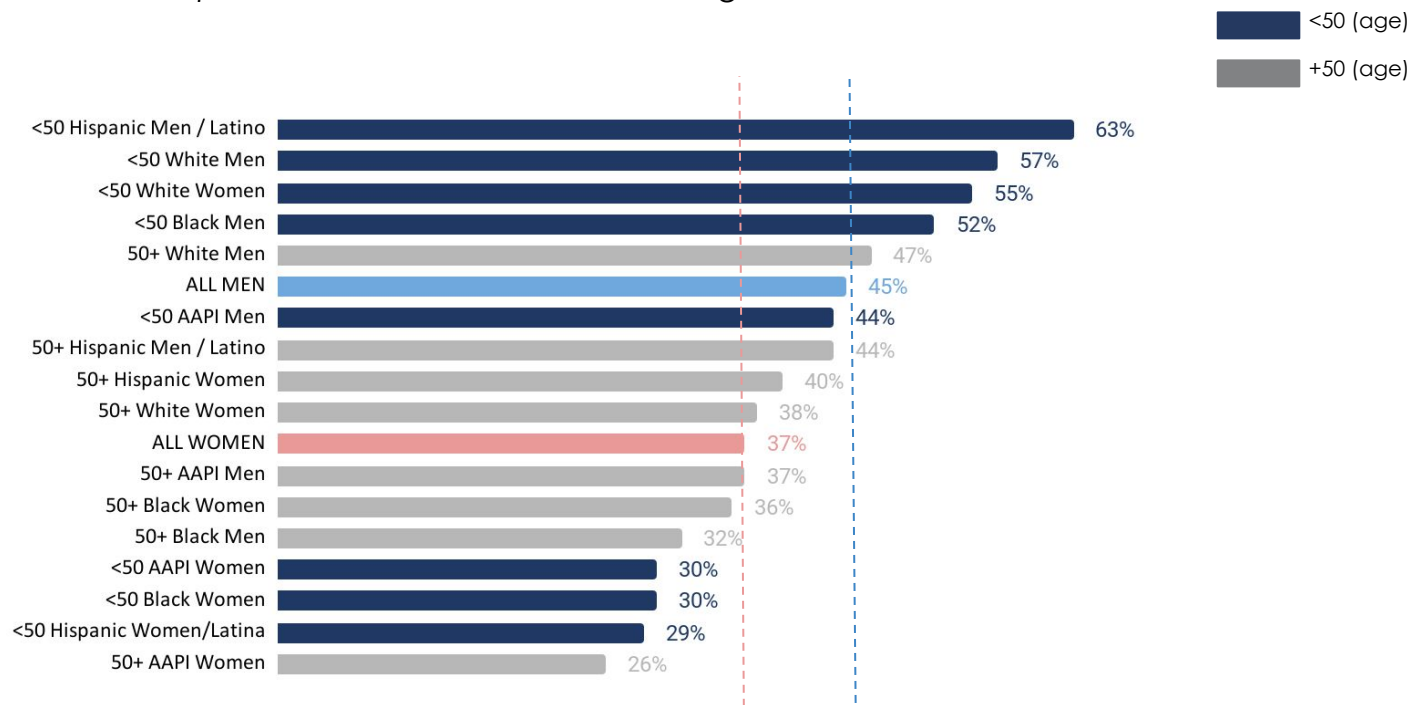
% of respondents who selected "Critical to keep the business afloat"



Signs of Recovery Not Experienced Equally

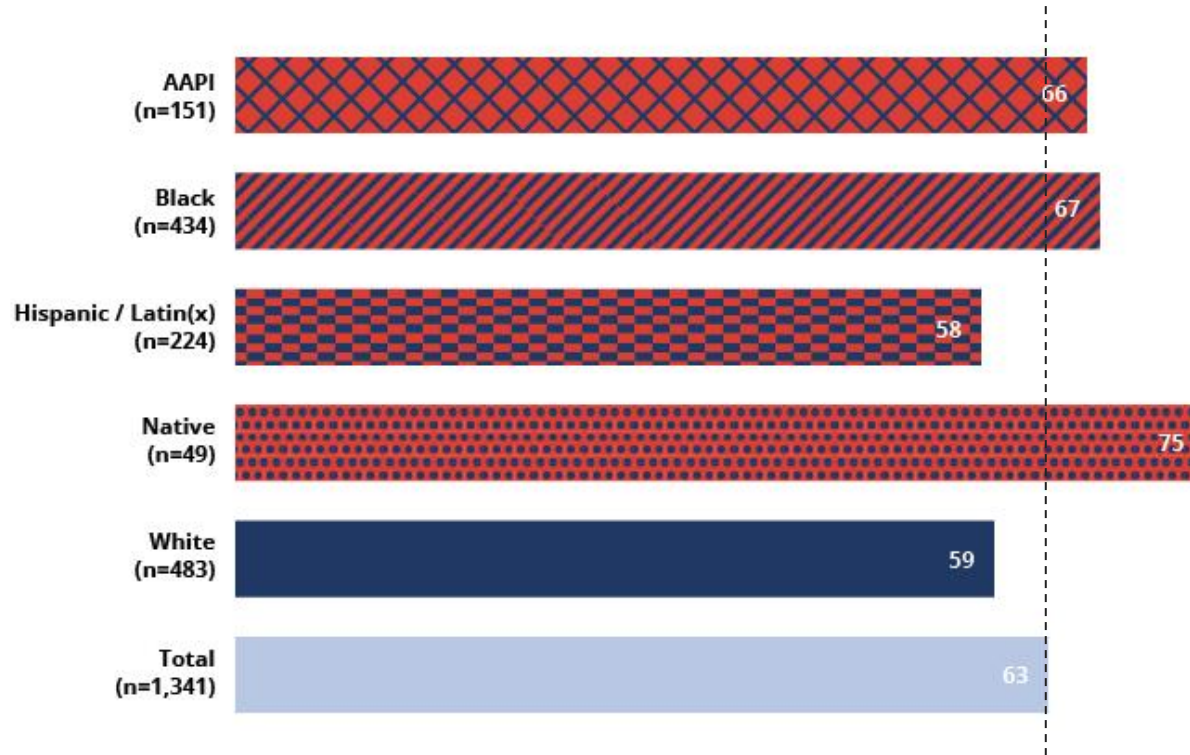
"We have turned the corner on the pandemic and business is returning to normal."

% Agree*



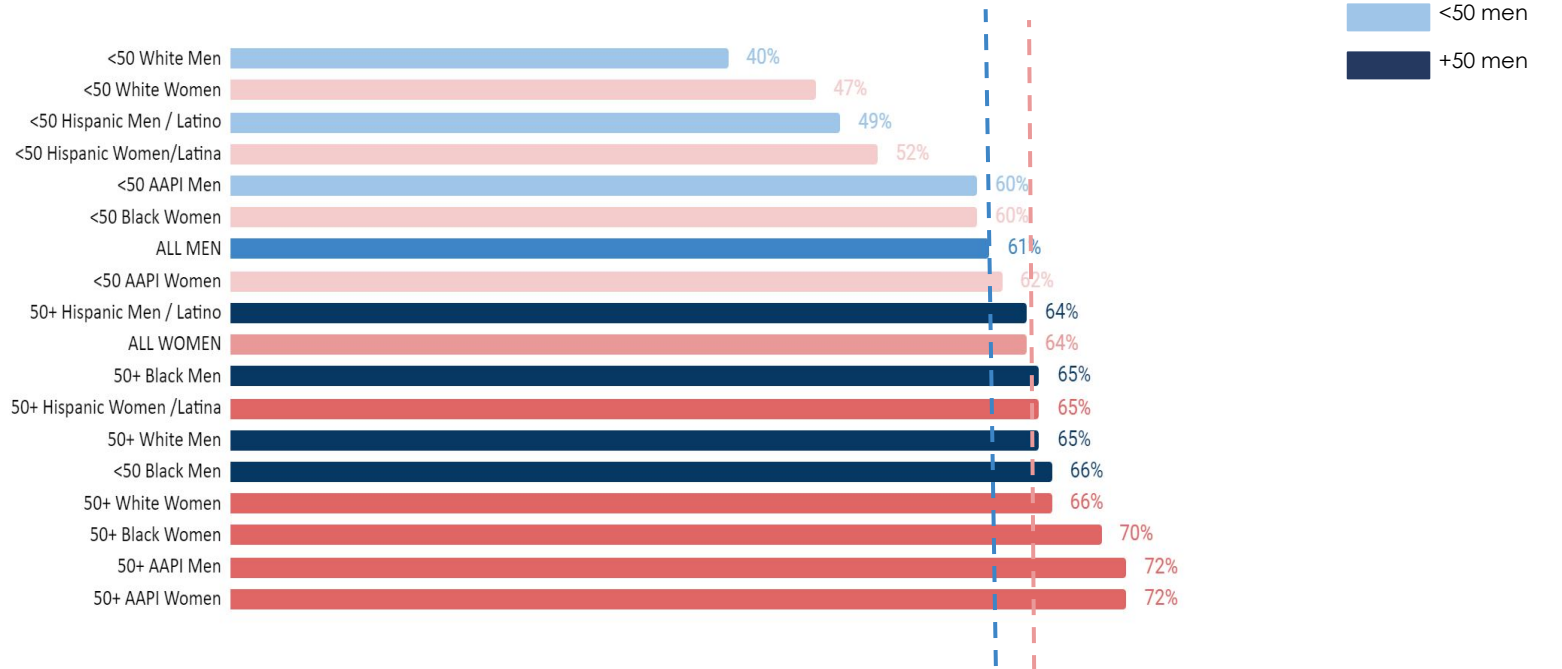
Native, Black and AAPI Business Owners Expect Slower Recovery

Expect at least 6 months before reaching pre-pandemic revenue
% of Respondents



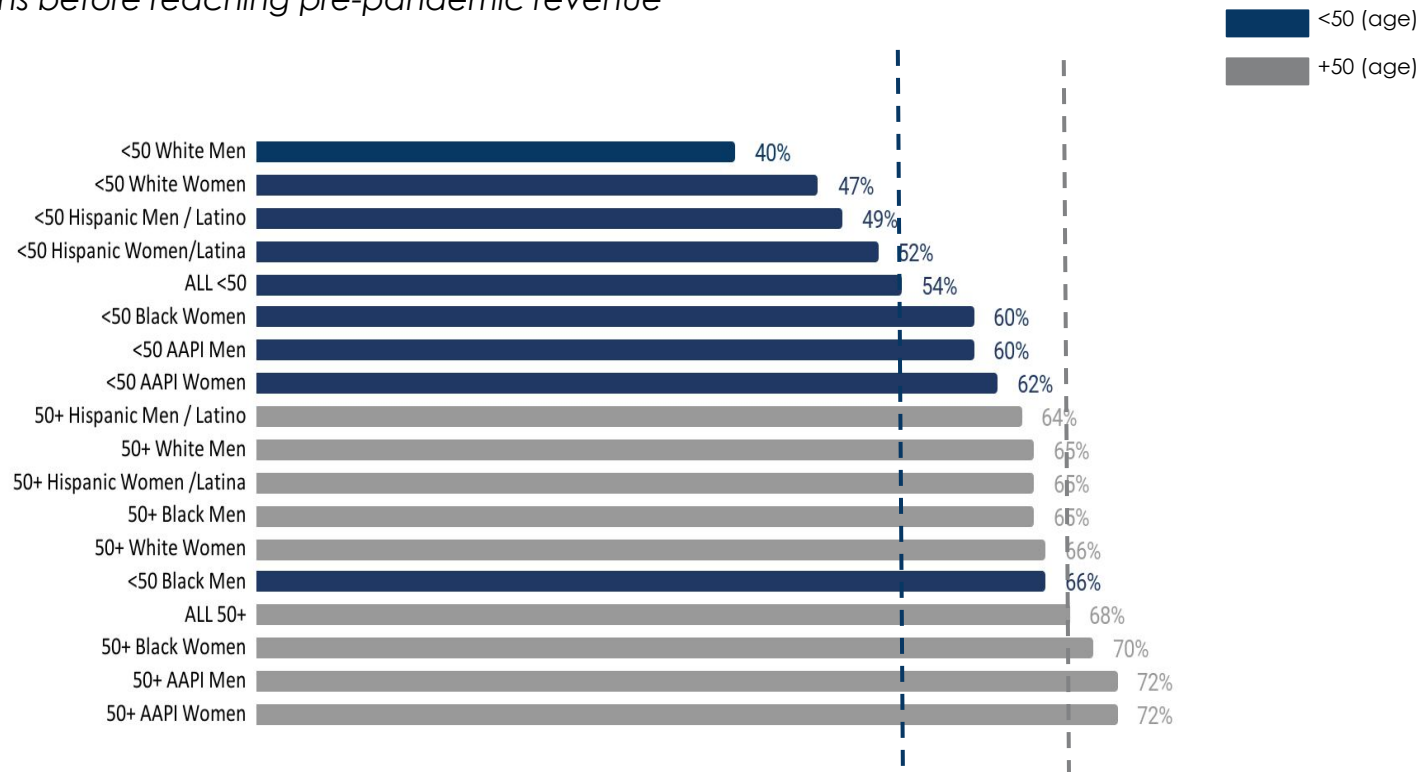
Women Generally Expect a Slower Recovery

Expect at least 6 months before reaching pre-pandemic revenue
% of Respondents



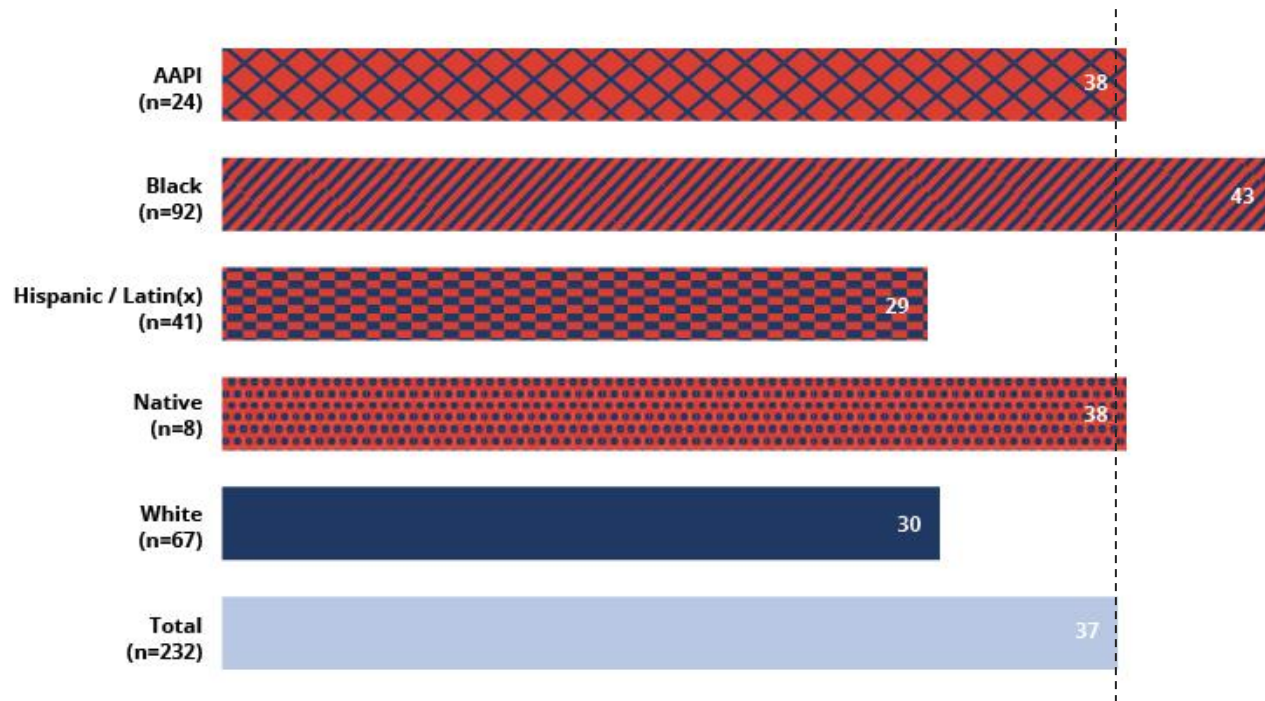
50+ Business Owners Expect Slower Recovery

Expect at least 6 months before reaching pre-pandemic revenue
% of Respondents



Low Confidence in Ability to Access Capital for Most Very Small Businesses, Independent of Race or Ethnicity

Respondents who agree that “I am confident that my business can access financing to meet working capital and growth needs.”
% of respondents with 2020 revenue up to \$250,000*



Source: RMS/PPS/USBC/USHCC/National ACE survey, “Looking Ahead: Is Your Business Rebounding from COVID-19?” (April-May 2021)

Q4: As you reflect on where things stand today, how would you characterize your outlook:

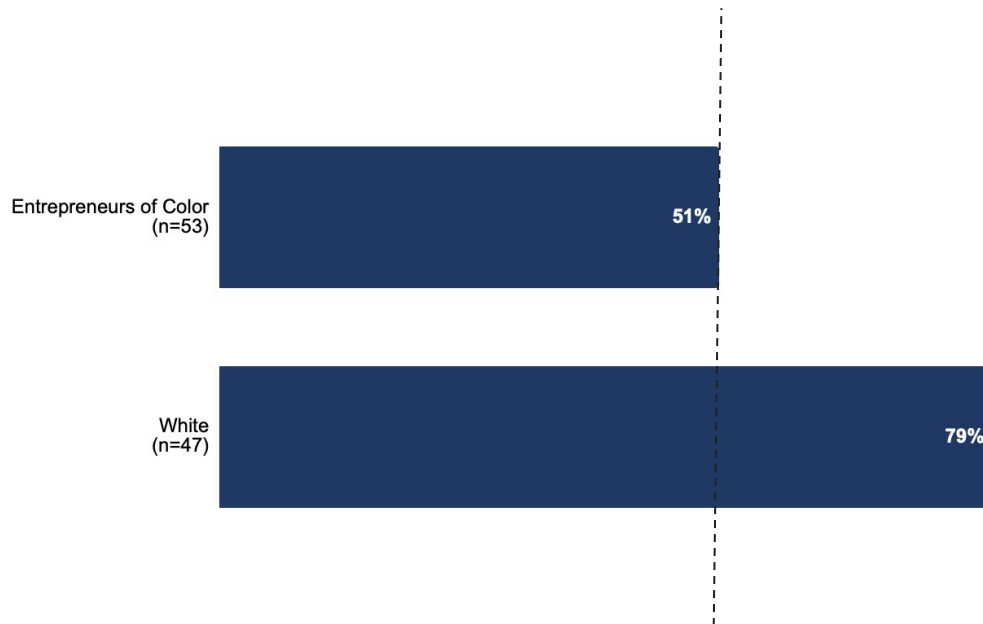
“Strongly agree” and “agree” vs “Disagree and Strongly Disagree”; Does not reflect respondents with “no opinion”

*Where business represents 100% of HH income

For Larger Small Businesses, Race & Ethnicity Inform Confidence in Ability to Access Capital

Respondents who agree that "I am confident that my business can access financing to meet working capital and growth needs."

Respondents with 2020 revenue >\$1M



Source: RMS/PPS/USBC/USHCC/National ACE survey, "Looking Ahead: Is Your Business Rebounding from COVID-19?" (April-May 2021)

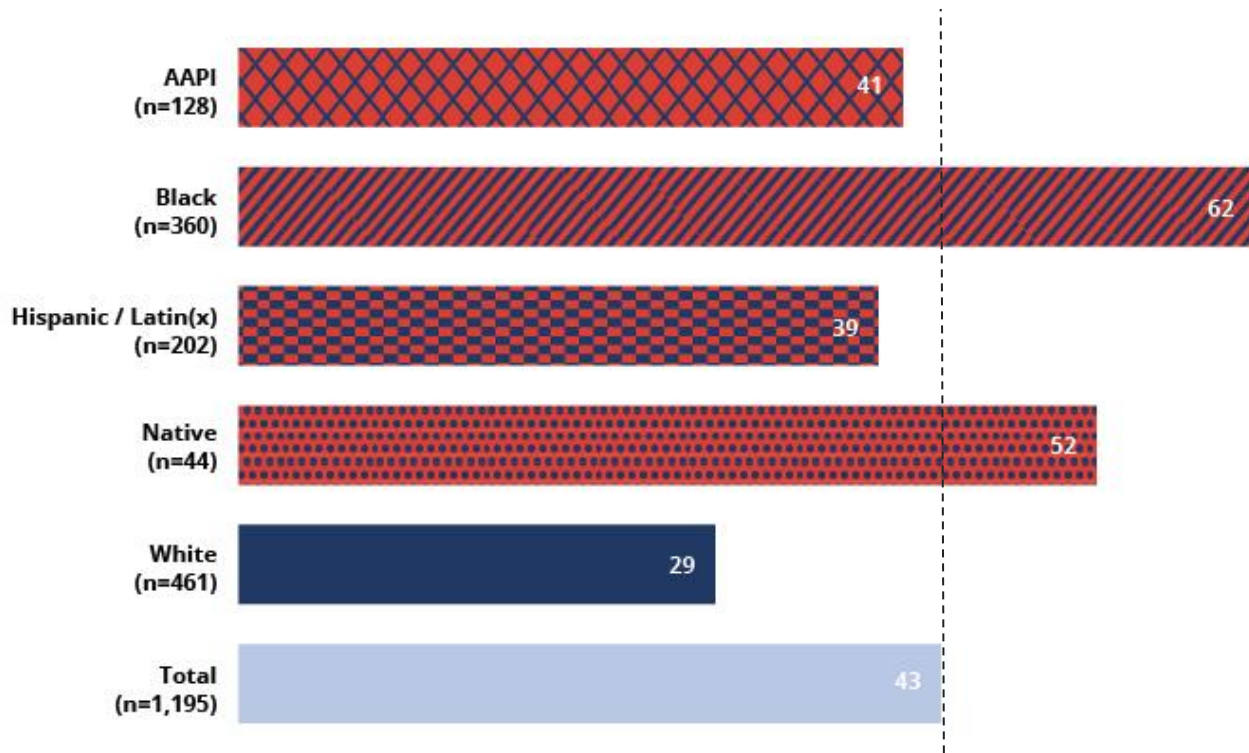
Q4: As you reflect on where things stand today, how would you characterize your outlook:

"Strongly agree" and "agree" vs "Disagree and Strongly Disagree"; Does not reflect respondents with "no opinion"

"Entrepreneurs of color" = AAPI (18), Black/African American (11); Hispanic/Latin(o) (21) and Native (3)

Black & Native Business Owners Likely to Experience Unfair Treatment Due to Race or Ethnicity

Respondents who report their businesses were treated unfairly because of their race or ethnicity
% of respondents*



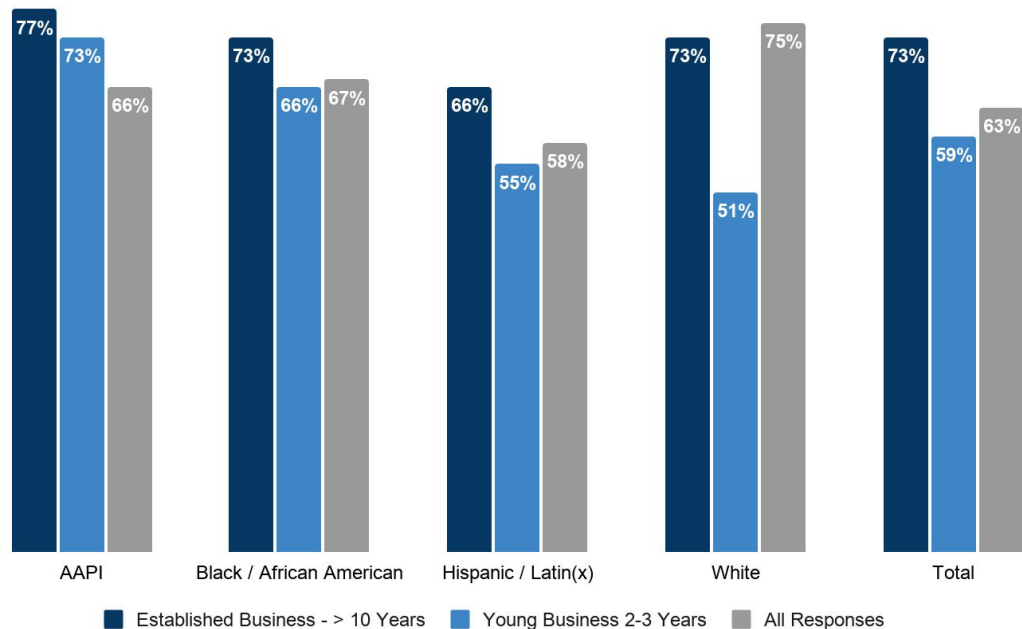
Source: RMS/PPS/USBC/USHCC/National ACE survey, "Looking Ahead: Is Your Business Rebounding from COVID-19?" (April-May 2021)
Q9 Was there a time in the last twelve months when you felt you or your business was treated unfairly because of your racial or ethnic background?
*Does not include 140 "Don't Remember" responses



Appendix - Sentiment / Optimism

Longstanding Businesses Expect Slowest Recovery

Respondents who expect recovery will take at least 6 months, by age of business

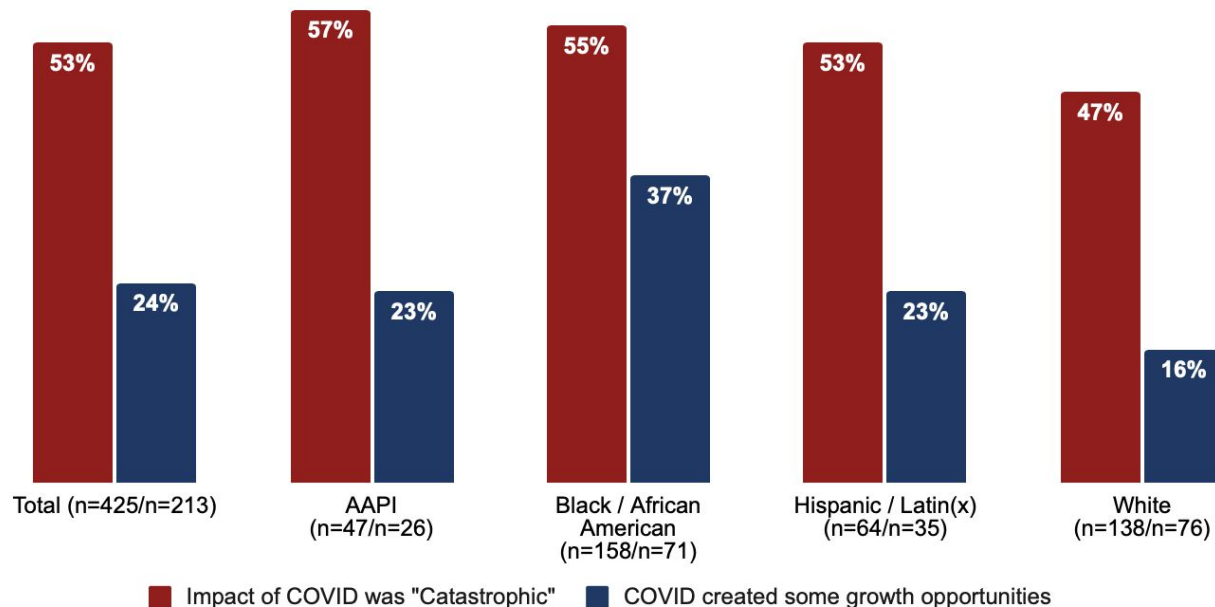


Source: RMS/PPS/USBC/USHCC/National ACE survey, "Looking Ahead: Is Your Business Rebounding from COVID-19?" (April-May 2021)
Q5: When do you expect your business revenue to return to its pre-pandemic level?
Q39: How long has your business been in operation?
Note: Totals include Native respondents but sample too small for meaningful subcut analysis



Hardest Hit Businesses Expect Slower Recovery

Respondents who expect it will take > 6 months to reach pre-pandemic revenue*
% of Respondents



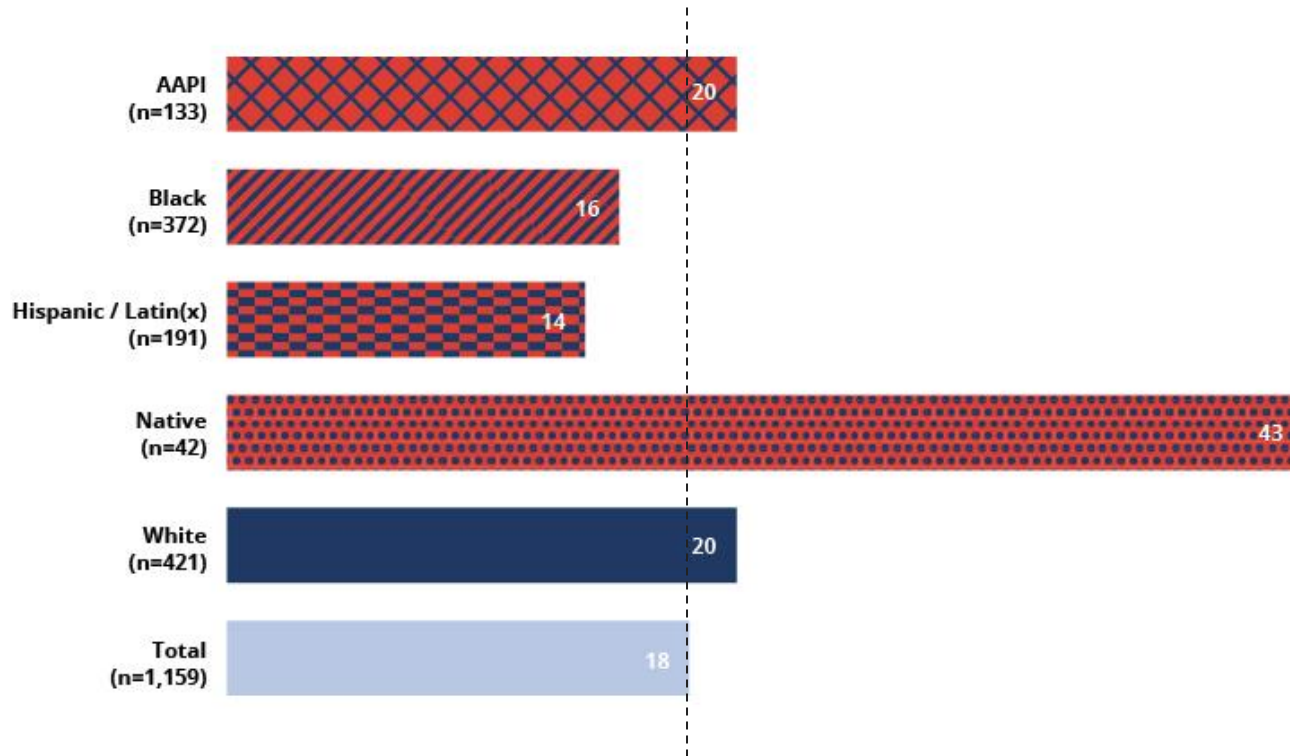
Source: RMS/PPS/USBC/USHCC/National ACE survey, "Looking Ahead: Is Your Business Rebounding from COVID-19?" (April-May 2021)
Q5: When do you expect your business revenue to return to its pre-pandemic level? ; Q8: Looking back, what was the impact of COVID-19 on your business?
Note: Totals include Native respondents but sample too small for meaningful subcut analysis



Not All Businesses Expect to Survive

"I am confident that my business will make it to the end of the year"

% Disagree*



Source: RMS/PPS/USBC/USHCC/National ACE survey, "Looking Ahead: Is Your Business Rebounding from COVID-19?" (April-May 2021)

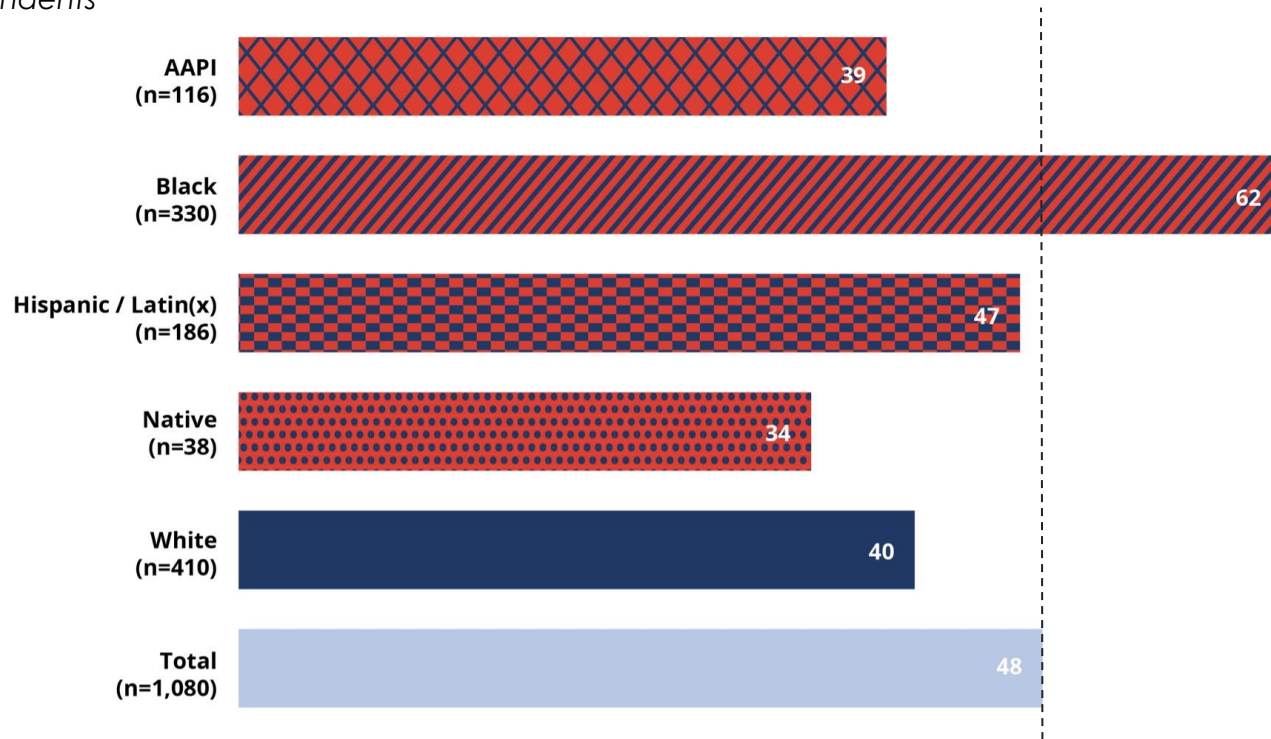
Q4: As you reflect on where things stand today, how would you characterize your outlook:

*Of those who expressed an opinion

Mixed Views on Being a Small Business Owner

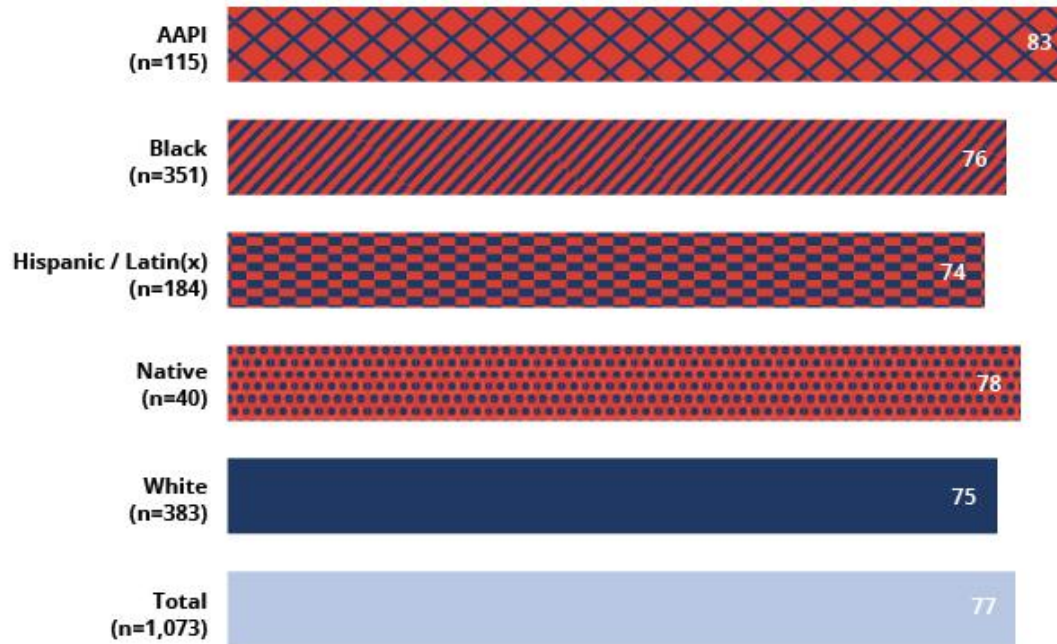
Respondents who agree that "It is a good time to be a small business owner in the US."

% of Respondents



Operational Changes Have Become the “New Normal”

Respondents who Agree that “Changes to business operations in response to the pandemic will become permanent.”
*% of Respondents**



Source: RMS/PPS/USBC/USHCC/National ACE survey, “Looking Ahead: Is Your Business Rebounding from COVID-19?” (April-May 2021)

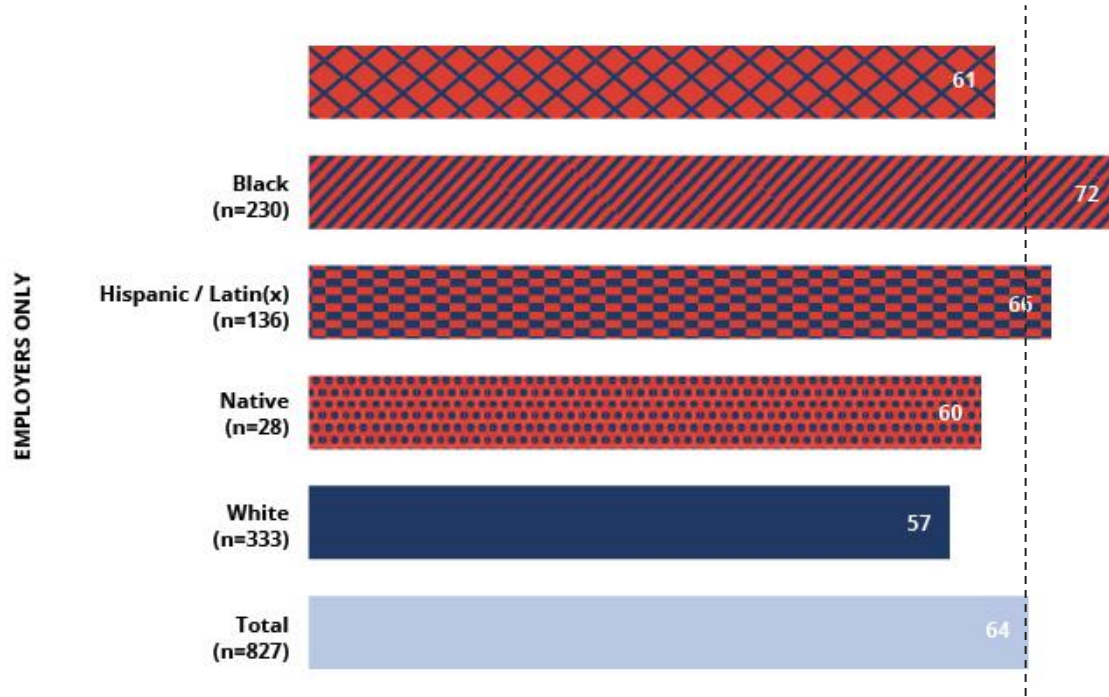
Q3: Tell us the extent to which you agree or disagree with the following statements

“Strongly agree” and “agree” vs “Disagree and Strongly Disagree” ;

**Of those who expressed an opinion

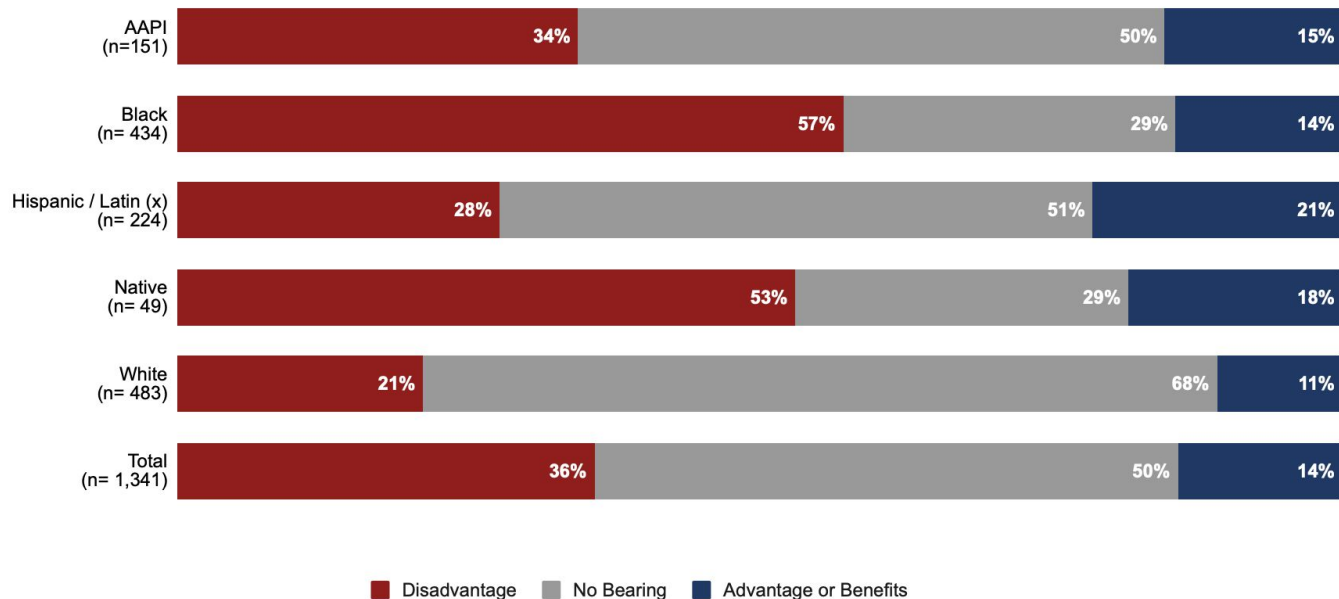
General Confidence in Labor Market; Varies by Race/Ethnicity

Respondents who agree that “I am confident that my business can retain or hire the talent needed to operate and/or grow.”
% of Small Employers



Black & Native Business Owners Most Frequently Report Disadvantage from Race/Ethnicity

"Reflect on the last 12 months and where your business is today. Do you think your race or ethnicity affects opportunities available to your business and/or your business performance?"

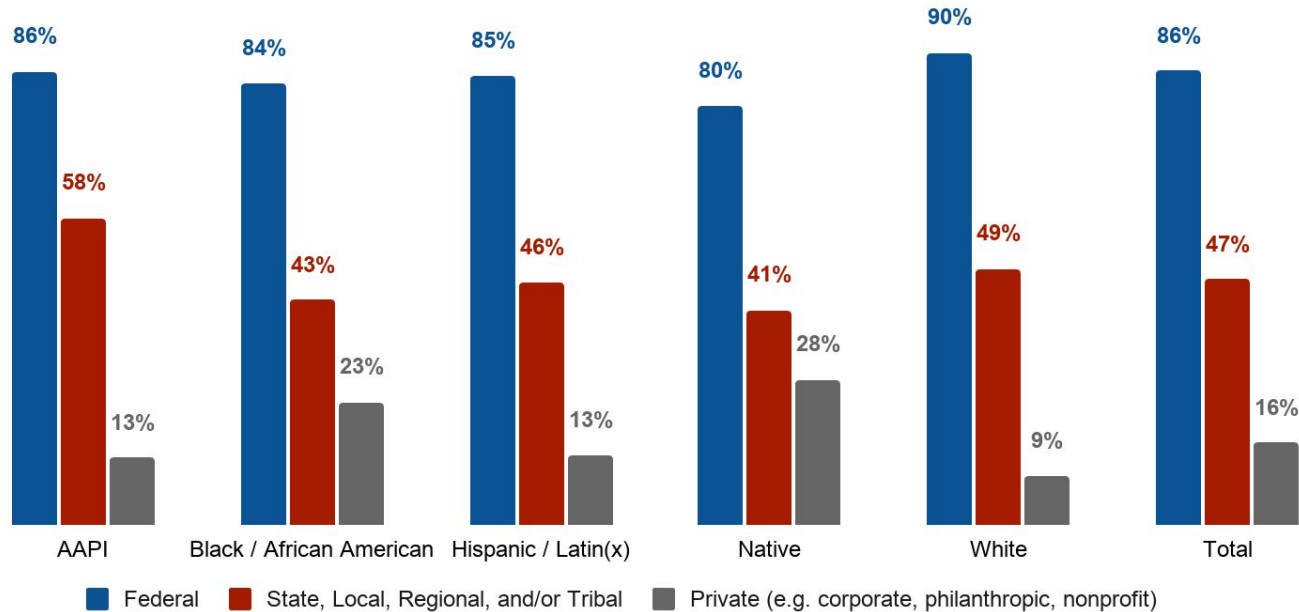




Appendix - Relief

Federal Programs Represent Primary Sources of Relief

Have You Applied for Relief from....
% of Respondents who sought relief

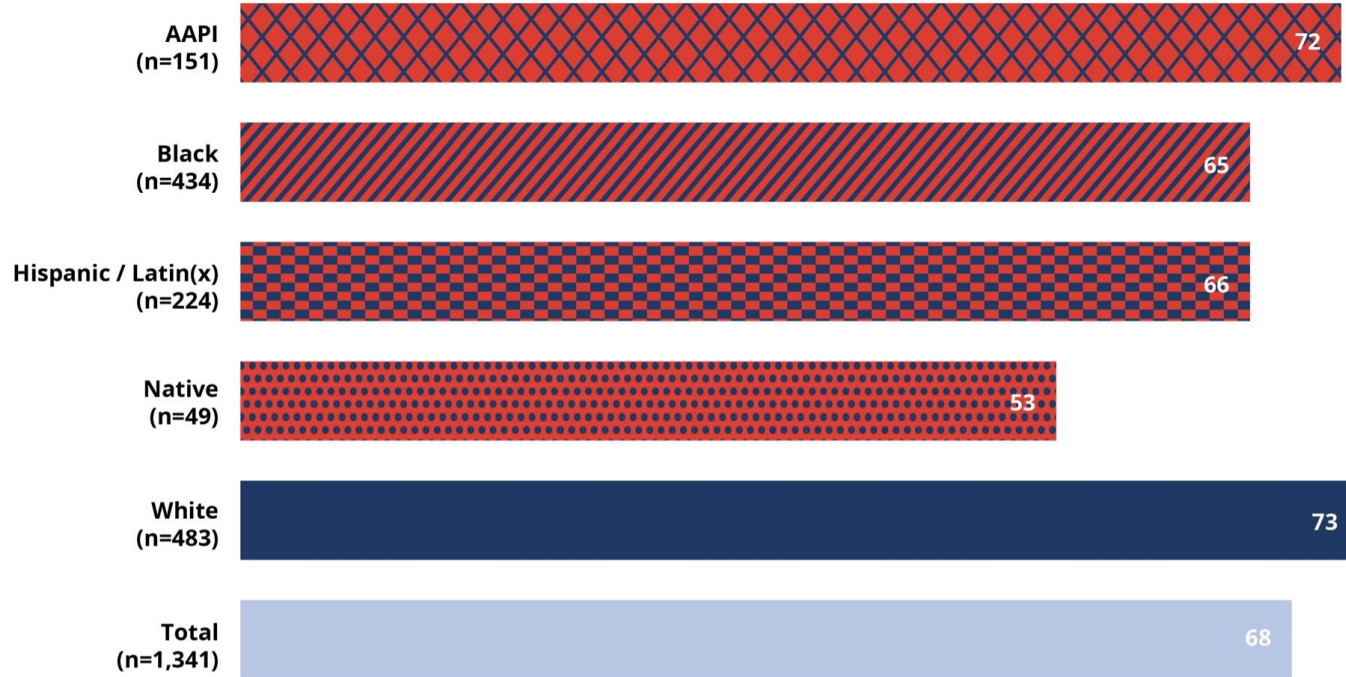


Source: RMS/PPS/USBC/USHCC/National ACE survey, "Looking Ahead: Is Your Business Rebounding from COVID-19?" (April-May 2021)
Q12: Have you applied for any of the following Federal small business relief programs?
Q14: Have you applied for relief from your state, local, regional or tribal authority?
Q16: Have you applied for relief for your small business from any of the following programs?



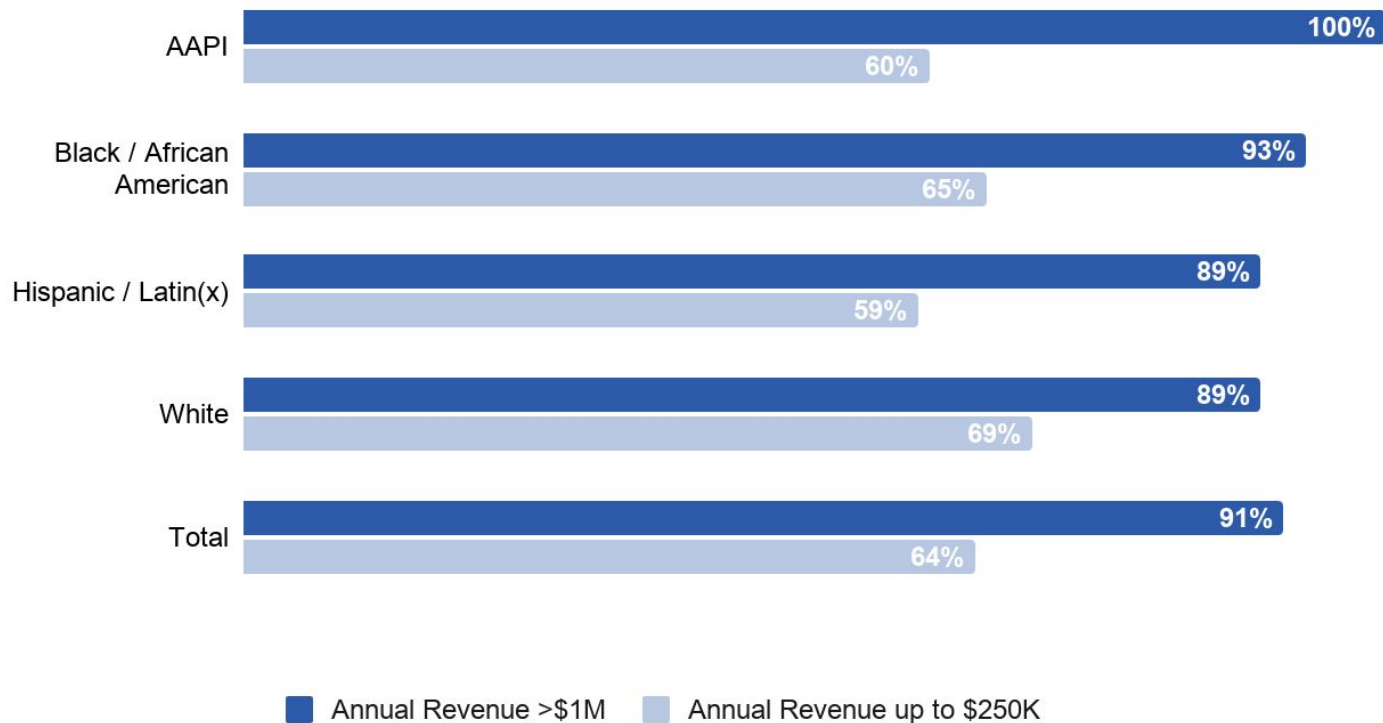
PPP Application Rates at Rough Parity by Race/Ethnicity

PPP Application Rates
% of respondents*



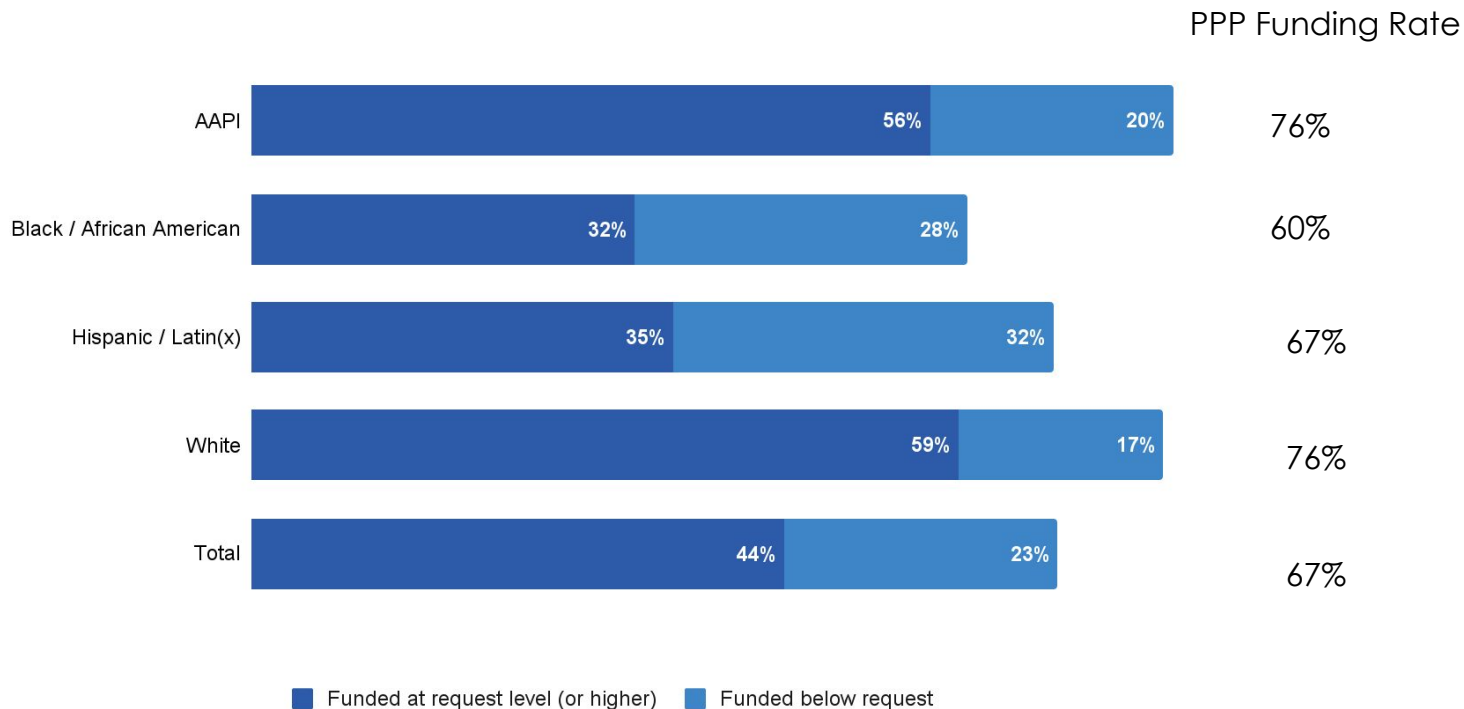
Very Small Businesses Were Less Likely To Apply for PPP

PPP Application Rates



Majority of PPP Applications Funded; Hispanic & Black Businesses More Likely to Receive Less than Ask

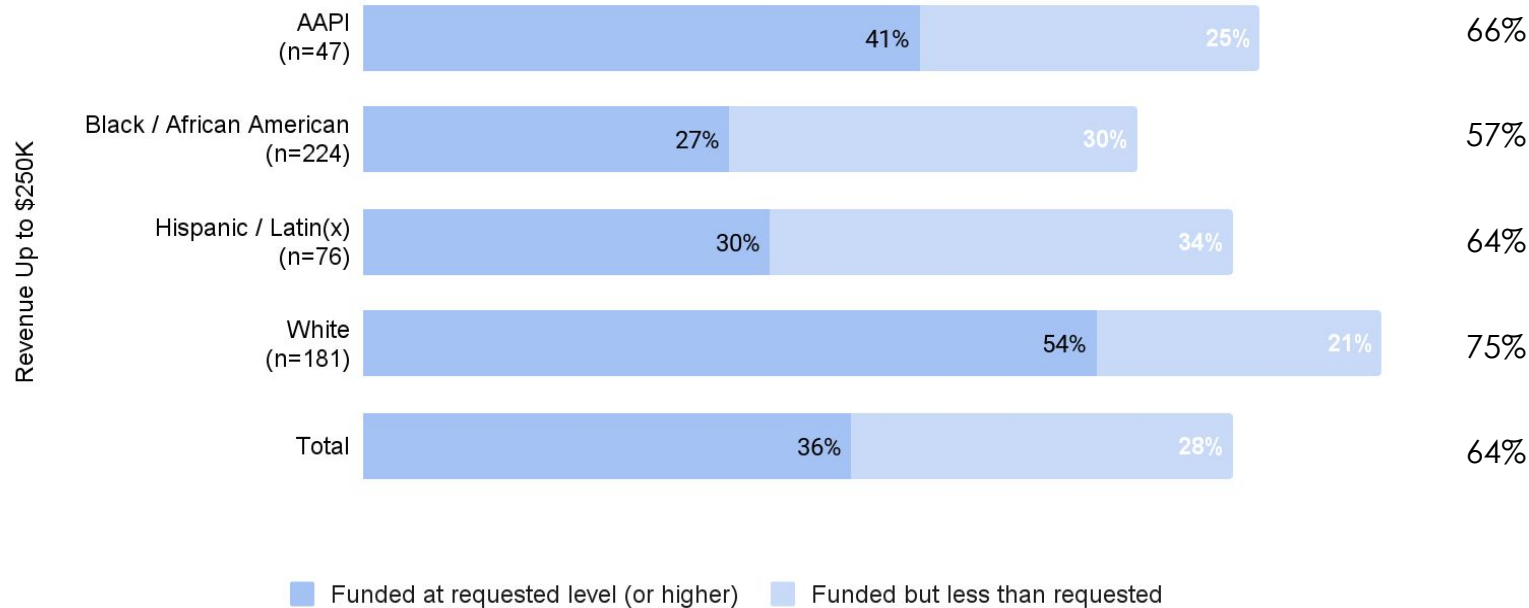
PPP Funding Rates
% of respondents*



Source: RMS/PPS/USBC/USHCC/National ACE survey, "Looking Ahead: Is Your Business Rebounding from COVID-19?" (April-May 2021)
Q17: Did you receive funding from any of the following small business relief programs?
Note: Native sample too small to break out

Majority of Very Small Businesses Received PPP Funding, Rates Vary by Race/Ethnicity

PPP “Funding Rate*” for Businesses with <\$250K annual revenue

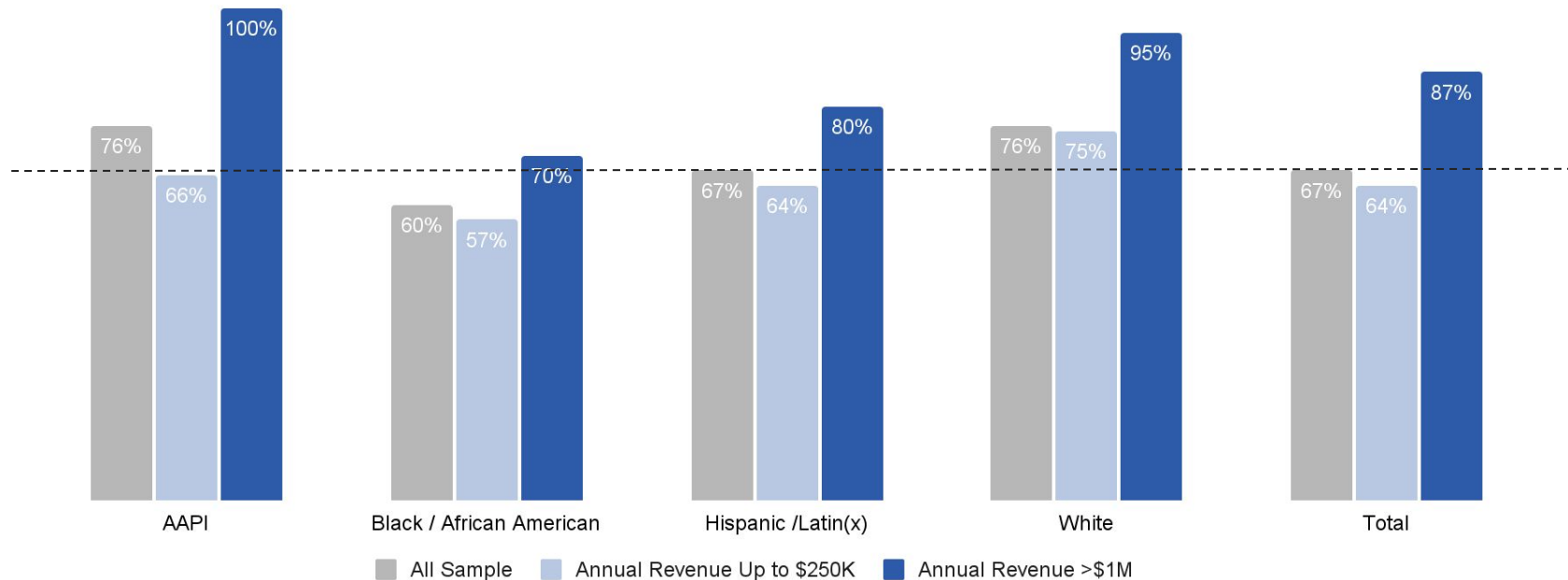


Source: RMS/PPS/USBC/USHCC/National ACE survey, “Looking Ahead: Is Your Business Rebounding from COVID-19?” (April-May 2021)
Q17: Did you receive funding from any of the following small business relief programs?
Qx: What was your 2020 annual revenue?
Native sample too small to break out



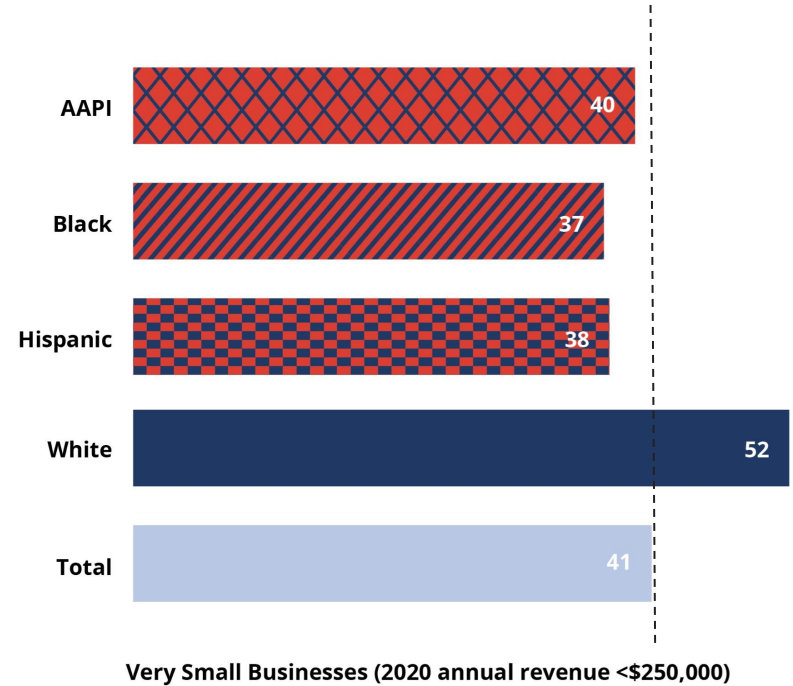
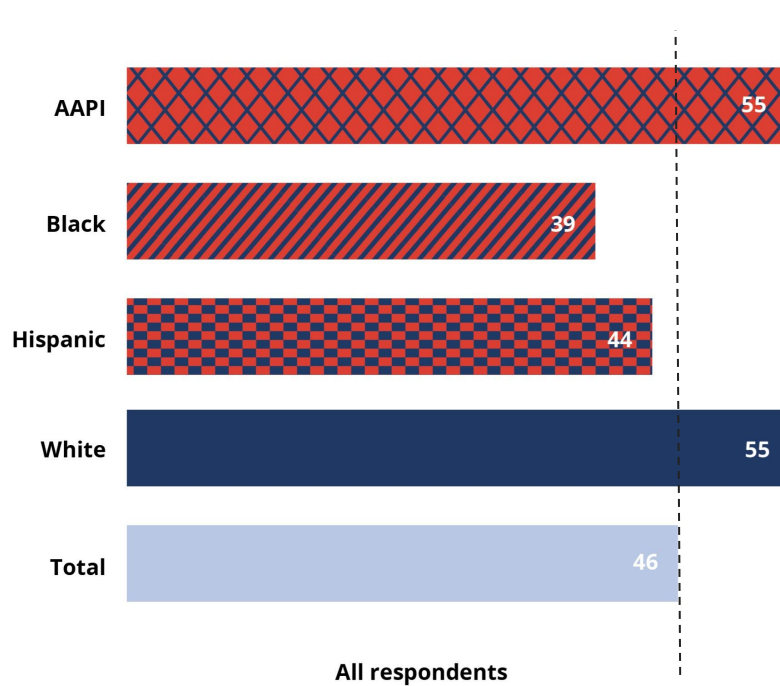
PPP Funding Rates Increase as Revenue Increases

PPP Funding Rates
% of respondents*



PPP Success Rates Vary by Race and Ethnicity

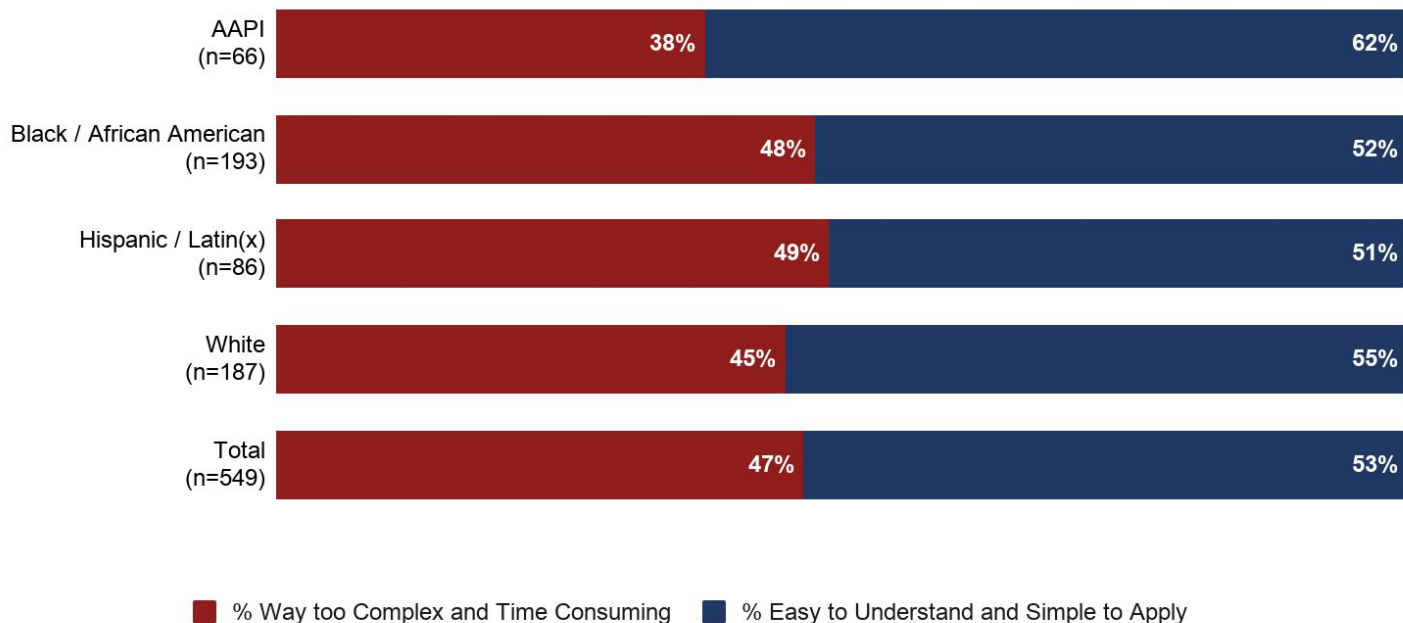
PPP Success Rates (Success rate = Application rate x Funding rate)



Source: RMS/PPS/USBC/USHCC/National ACE survey, "Looking Ahead: Is Your Business Rebounding from COVID-19?" (April-May 2021)
Q12: Have you applied for any of the following Federal small business relief programs?
Q17: Did you receive funding from any of the following small business relief programs?
*Self-reported for 2020

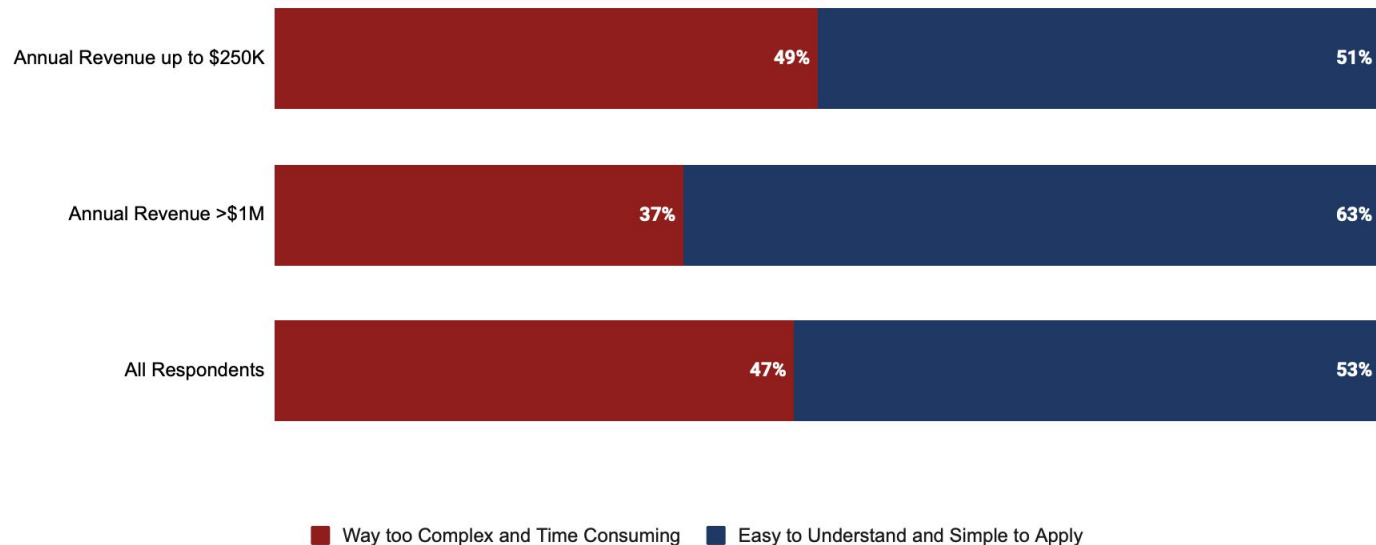
PPP Application Experience Mixed, Slightly Positive

Experience Applying for PPP
% of respondents*



Larger Businesses Reported Better PPP Application Experience

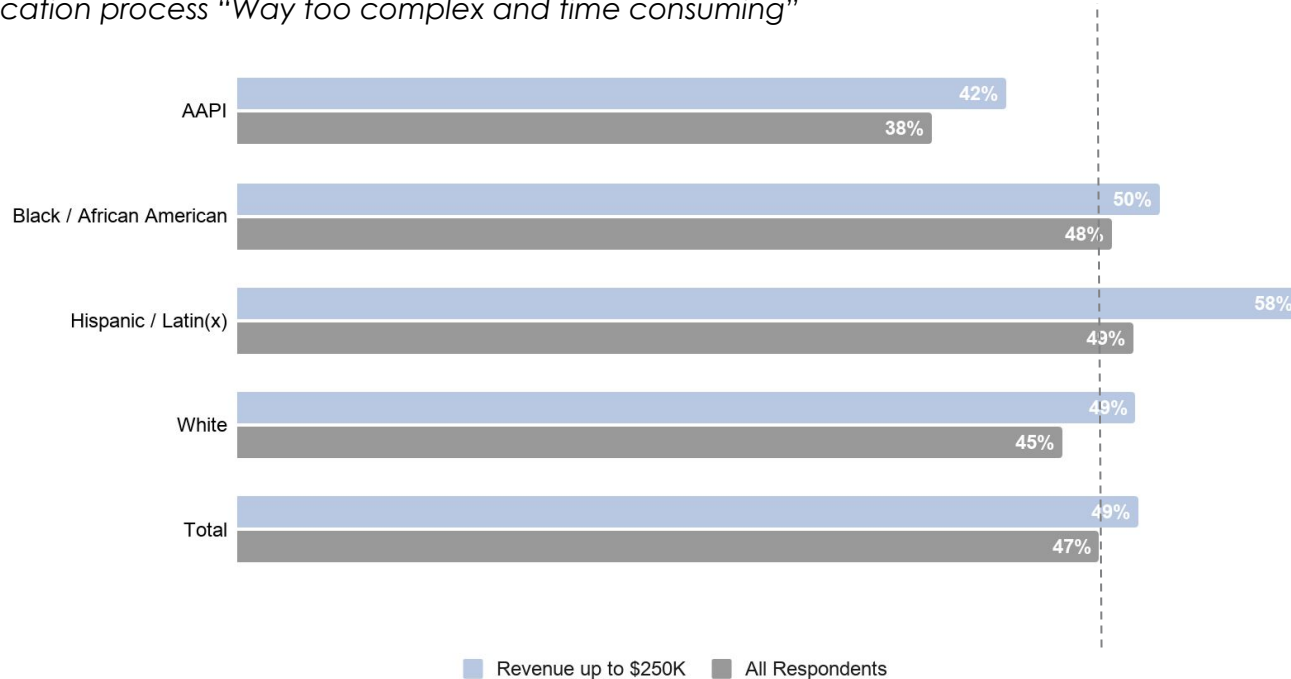
PPP Application Experience
% of Respondents



Source: RMS/PPS/USBC/USHCC/National ACE survey, "Looking Ahead: Is Your Business Rebounding from COVID-19?" (April-May 2021)
Q13: How would you characterize your experience applying for small business relief from the Federal government?

Very Small Businesses Struggled More with the Application Process, Most Pronounced for Hispanic/Latin(x) Business Owners

Found the application process “Way too complex and time consuming”
% of Respondents



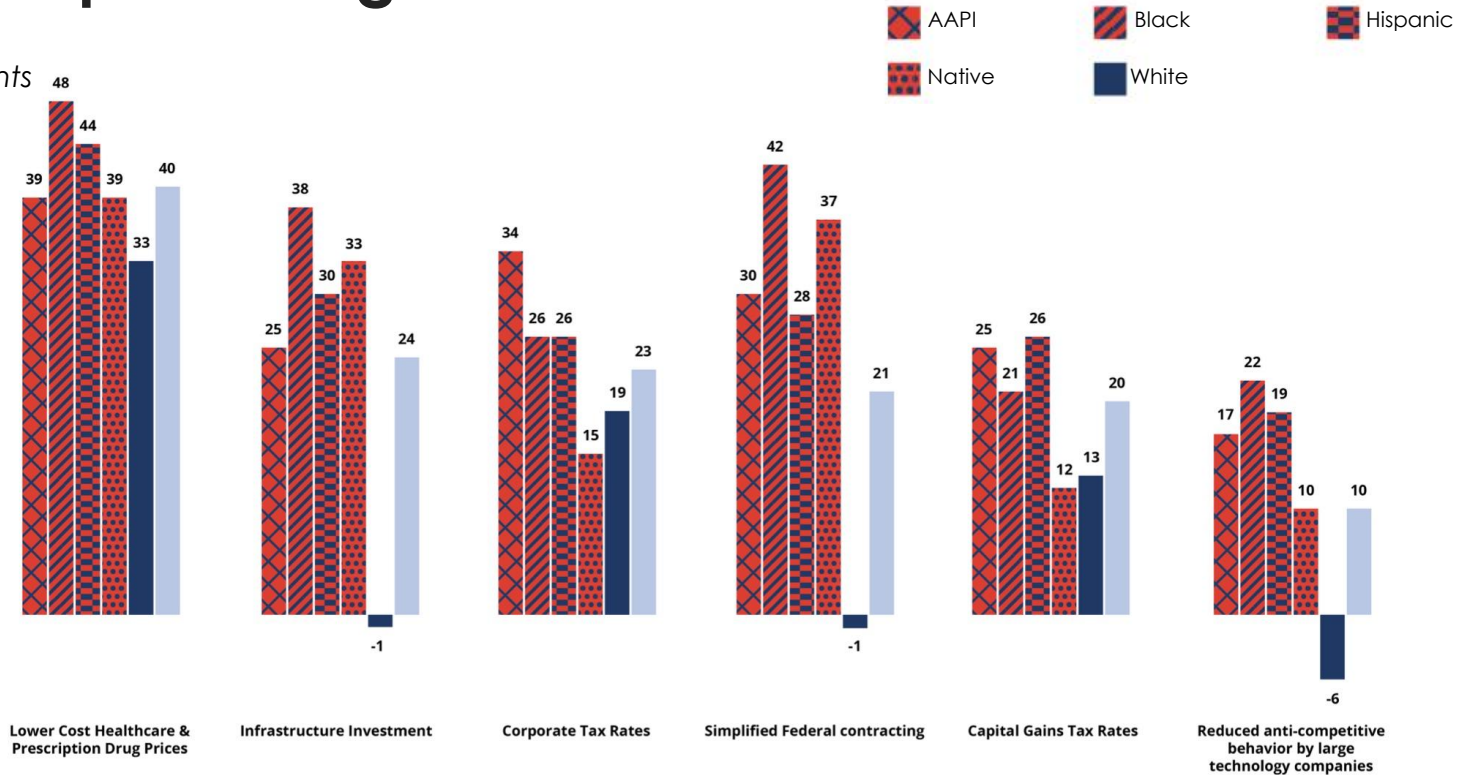


Appendix - Policy Priorities

Most Intense Support for Lower Cost Healthcare & Prescription Drugs

Intensity

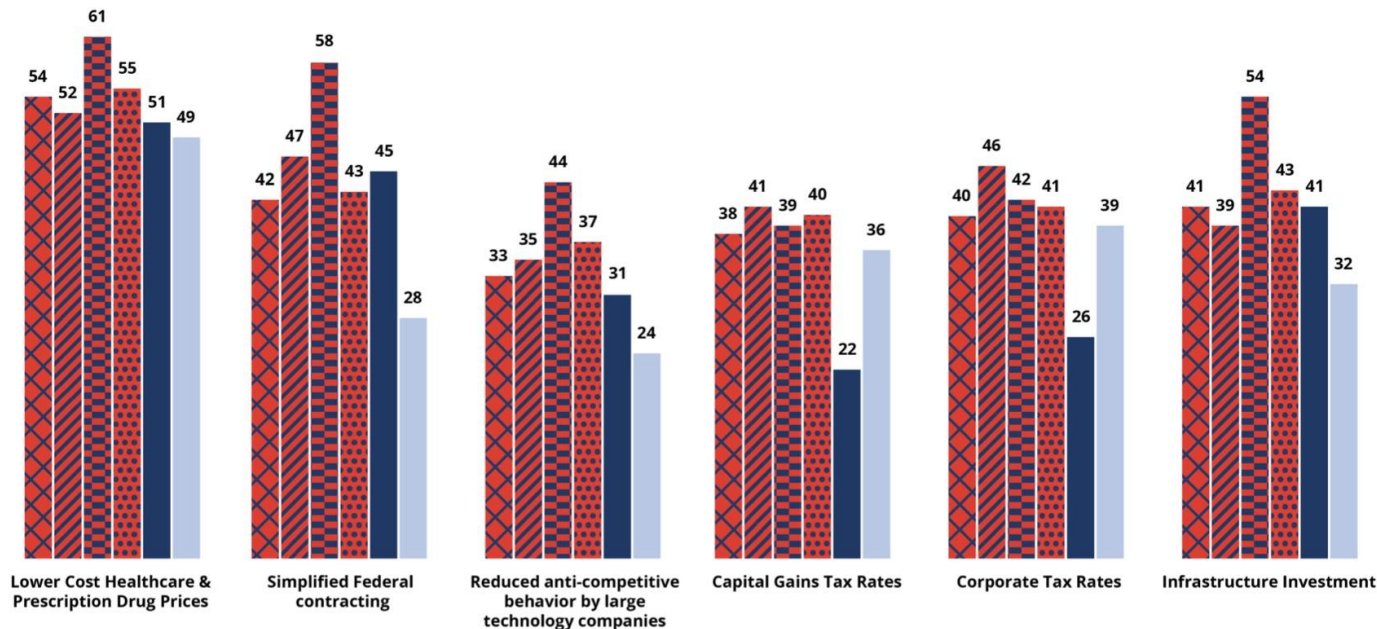
% of Respondents



Highest Support for Lower Cost Healthcare & Prescription Drugs

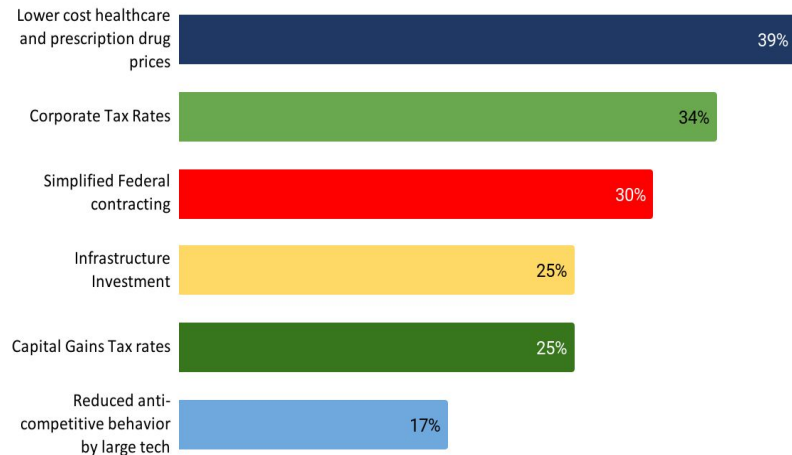
Absolute Support

% of Respondents Indicating "Extremely Important"

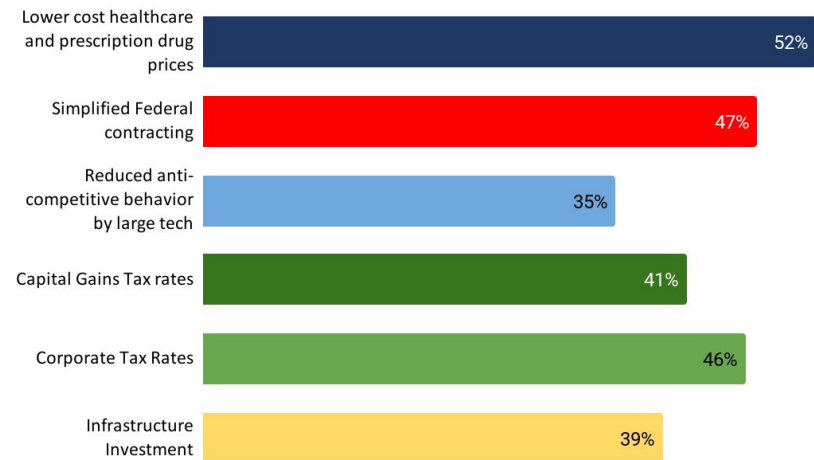


AAPI Business Owners Prioritize Healthcare Costs & Federal Contracting

*Intensity of Support
% of Respondents*

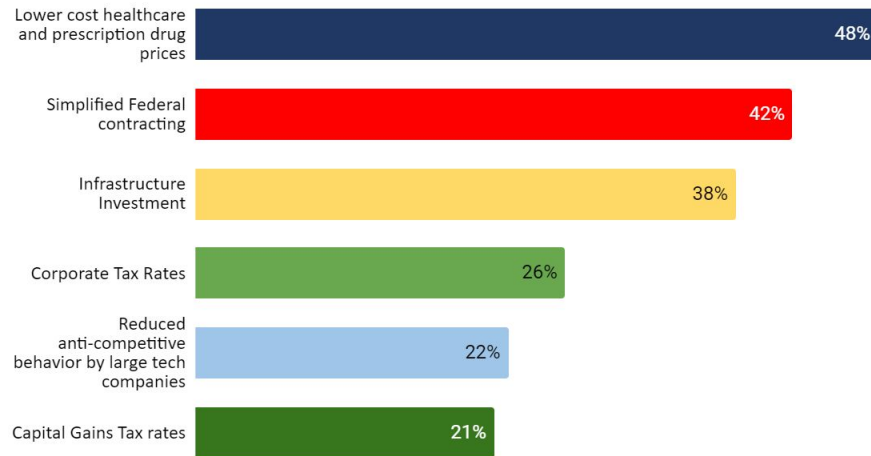


*Absolute Support
% of Respondents*

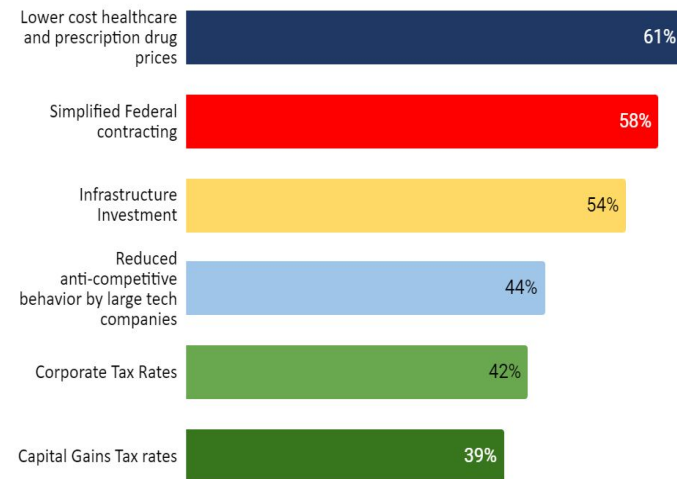


Black Business Owners Prioritize Healthcare, Infrastructure and Simplified Federal Contracting

*Intensity of Support
% of Respondents*

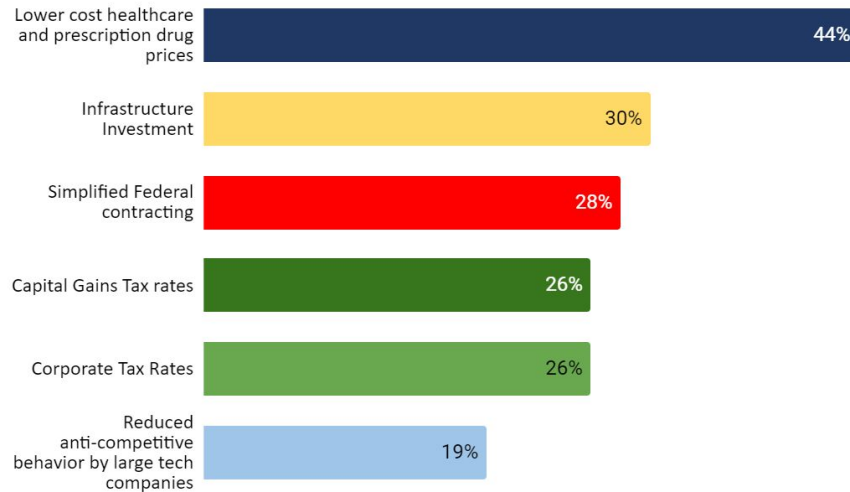


*Absolute Support
% of Respondents*

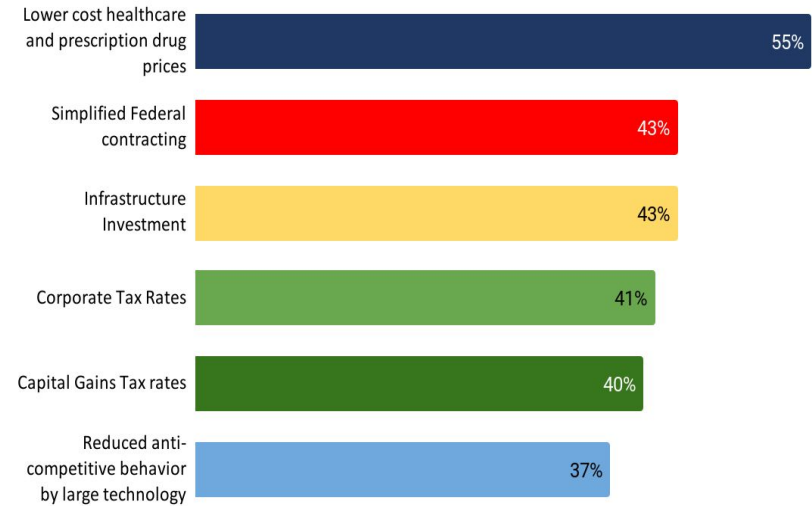


Hispanic Business Owners Prioritize Healthcare, Infrastructure and Simplified Federal Contracting

Intensity of Support
% of Respondents

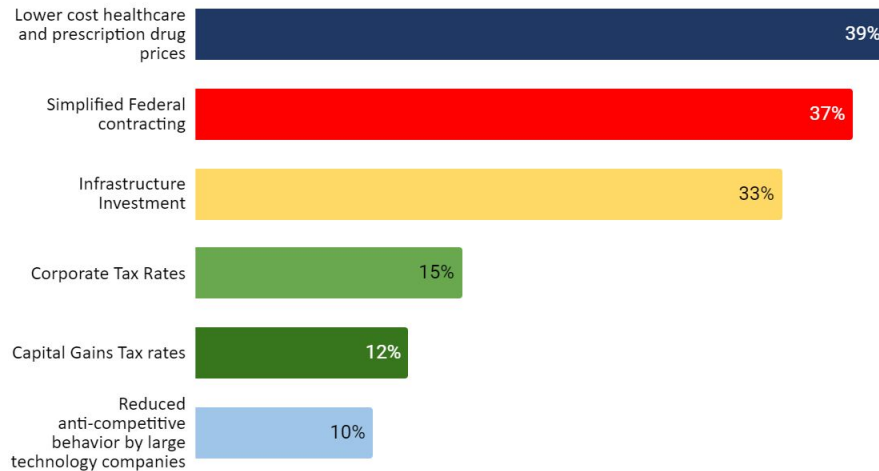


Absolute Support
% of Respondents

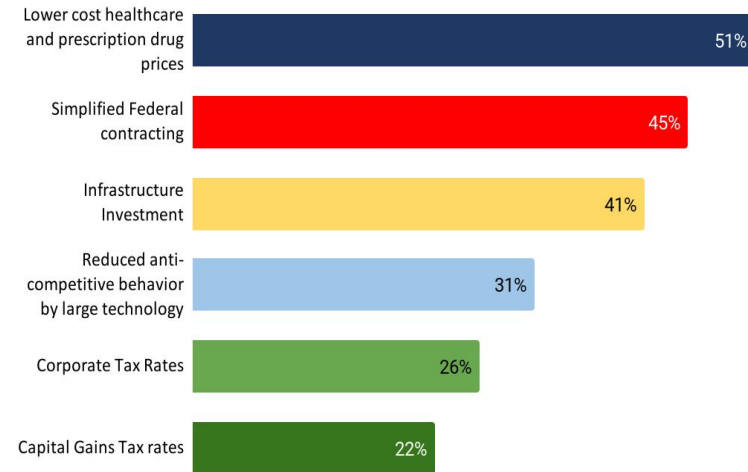


Native Business Owners Prioritize Lower Healthcare Costs & Federal Contracting

*Intensity of Support
% of Respondents*

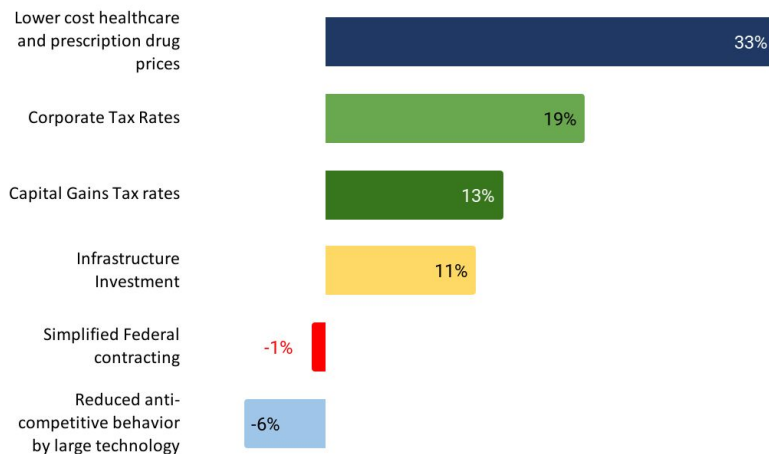


*Absolute Support
% of Respondents*

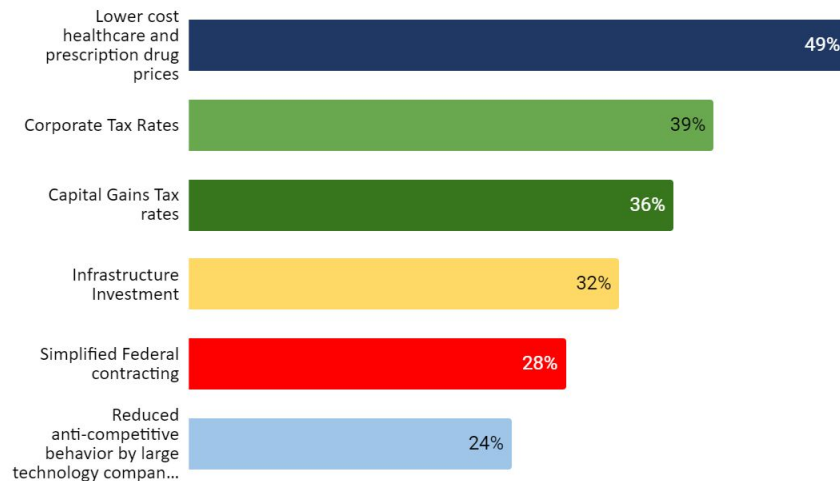


White Business Owners Prioritize Healthcare Costs & Tax Rates

*Intensity of Support
% of Respondents*



*Absolute Support
% of Respondents*

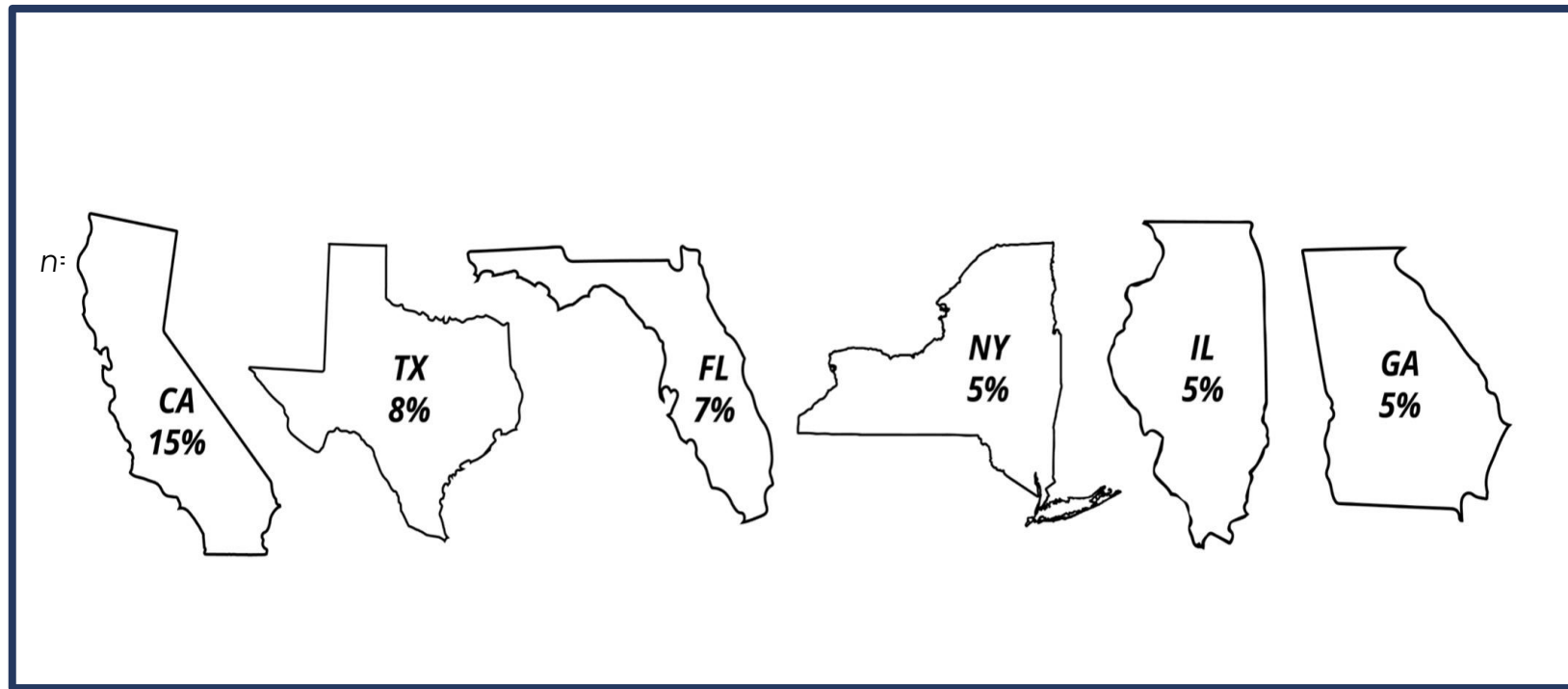


Source: RMS/PPS/USBC/USHCC/National ACE survey, "Looking Ahead: Is Your Business Rebounding from COVID-19?" (April-May 2021)
Q19: Please describe the importance to you or your business, if any, of the following list of Federal policy issues
Intensity = % Extremely Important - % No Relevance
Absolute = % Extremely important



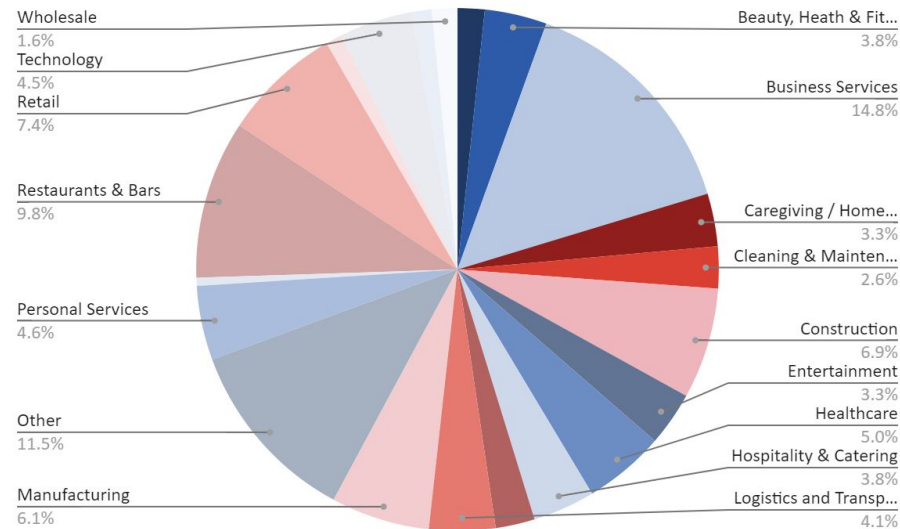
Appendix - About the Sample

Survey Respondents in all 50 States + DC



Broad Distribution of Industry Sectors

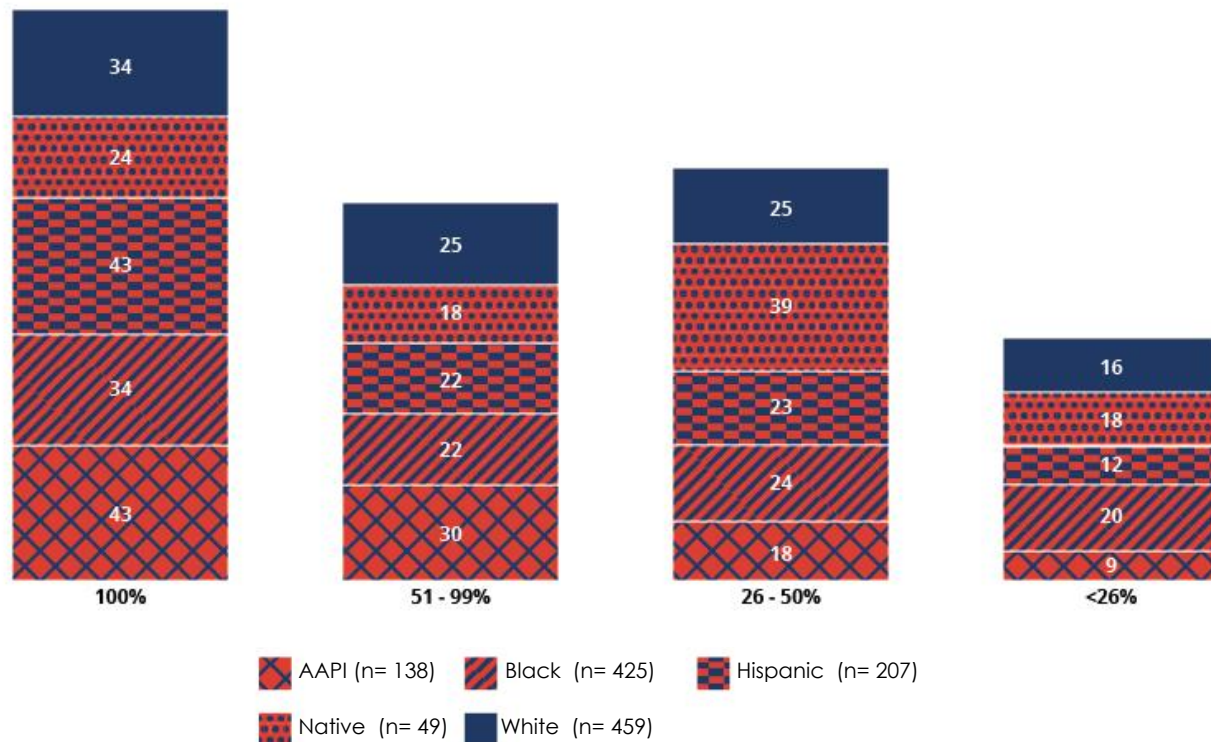
% of Respondents
n=1,341



Source: PPS Small Business Survey in partnership with National ACE, US Black Chambers, and US Hispanic Chamber of Commerce (October -November 2020)
Q35: In what industry does your business compete?

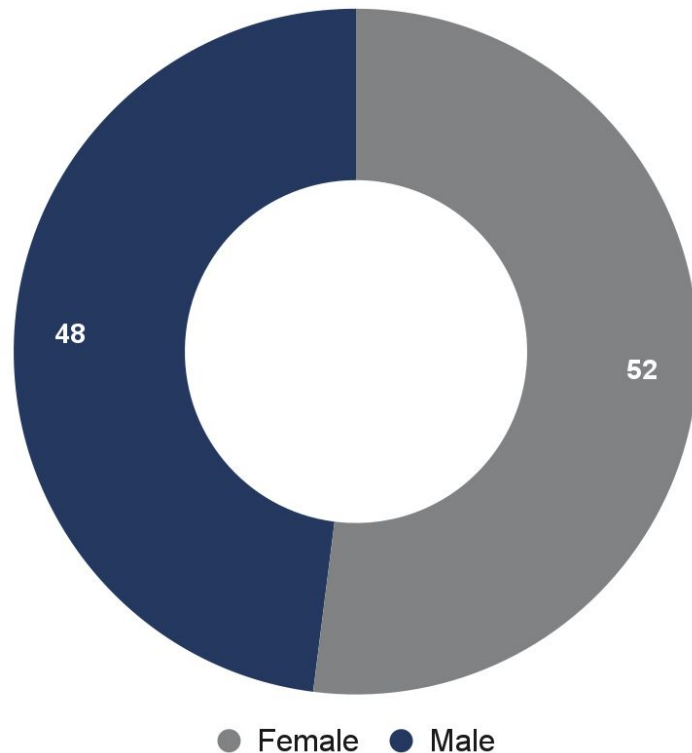
These Businesses Sustain Households

Share of Household Income from the Business
% of respondents
n=1,278



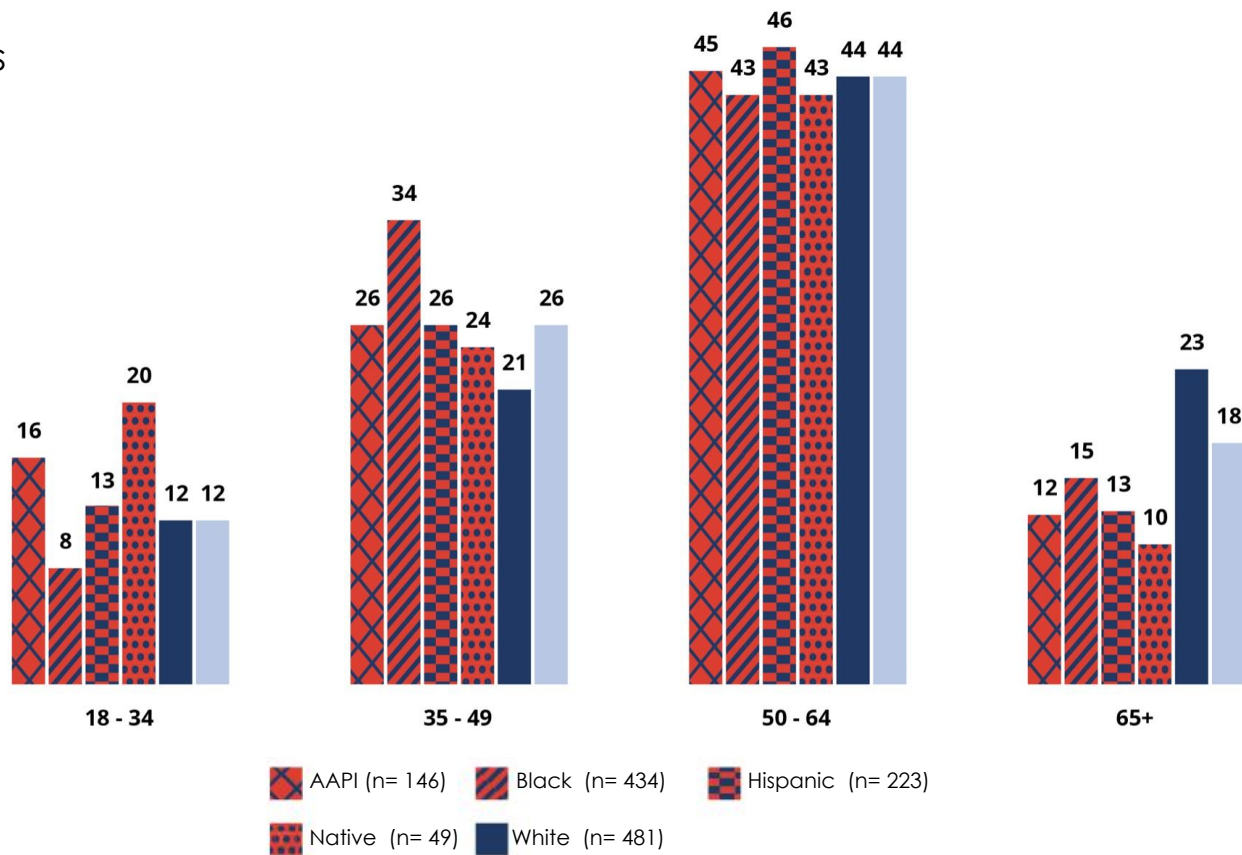
Sample Skews Slightly Female

% of respondents
n=1,325



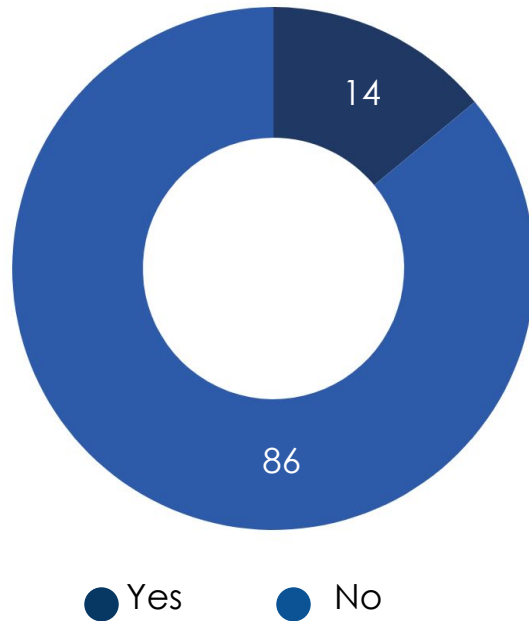
Respondents Skew Older

% of Respondents
n=1,333



14% of Respondents Identify as LGBTQ

"Do you identify as LGBTQ?"
% of Respondents





Questions?

Please email Tammy Halevy at
tammy@reimaginemainstreet.com