

Business Survey Insights

Impact of COVID-19

First Survey
Manawatū-Whanganui

9 – 15 March 2020

Introduction

The survey was sent out as part of CEDA's COVID-19 response to survey the impact of the initial stages of the COVID-19 pandemic on businesses in the region. The survey results ensure CEDA can provide tailored support, guidance and information to our wider business community while capturing the pulse of our region's economy to help inform the recovery planning.

The purpose of this report is to provide an overview of the key findings and insights collected, and to outline the types of support required, and challenges faced, by our business community.

Methodology

The survey was sent out to the business community across the Manawatu-Whanganui Region on the 9th March 2020 and closed on the 15th March 2020. The survey was undertaken before the announcement of the Governments COVID-19 Alert Levels, and was sent out via CEDA's regional partners and through CEDA's newsletters and databases and shared via social media channels.

This survey was the first in a series of surveys that CEDA is undertaking to understand the impacts, challenges and themes across our economy as the COVID-19 pandemic and its subsequent impact evolves.

The survey comprised 9 key questions developed based on anecdotal information that CEDA was receiving from the business community on the challenges that were impacting their businesses and the rapidly evolving level of impact COVID-19 was having on New Zealand's economy.

There were 313 businesses who responded to this survey.

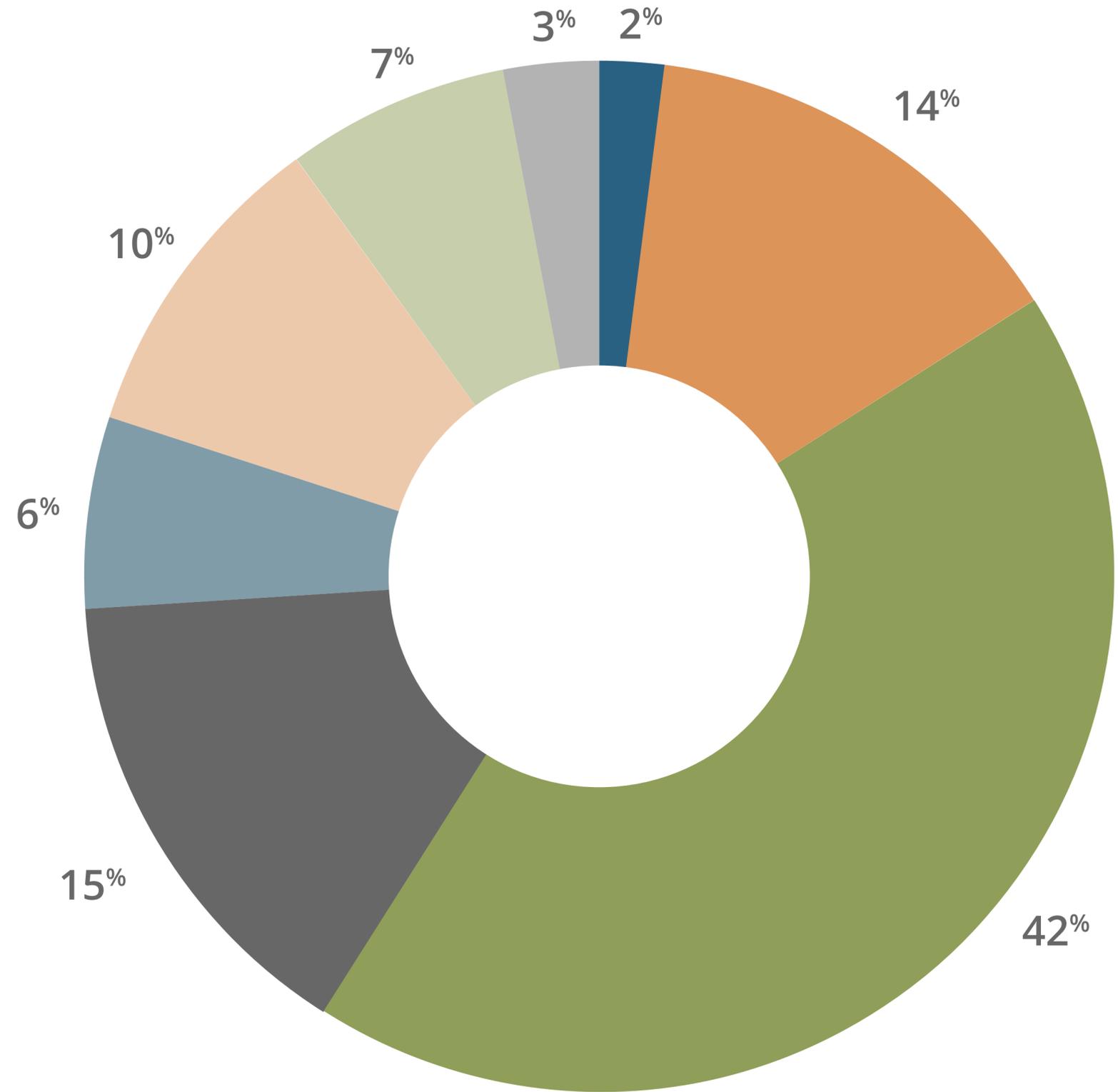
28 FEBRUARY	First case of COVID-19 reported in New Zealand
9 MARCH	● CEDA First Survey commenced
11 MARCH	WHO declares COVID-19 as an official pandemic
15 MARCH	Travel restrictions come into effect; events cancelled
17 MARCH	Governments support package announced, including wage subsidy
18 MARCH	COVID-19 support hub goes live on CEDA.nz
19 MARCH	Border closers announced

Regional Breakdown

Respondents were from across the Manawatū-Whanganui region, with a high concentration of businesses from Palmerston North city, Rangitikei and and Manawatū districts.

- Horowhenua
- Manawatū
- Palmerston North
- Rangitikei
- Ruapehu
- Tararua
- Whanganui
- Other

Figure 1: Regional Breakdown of Survey Respondents



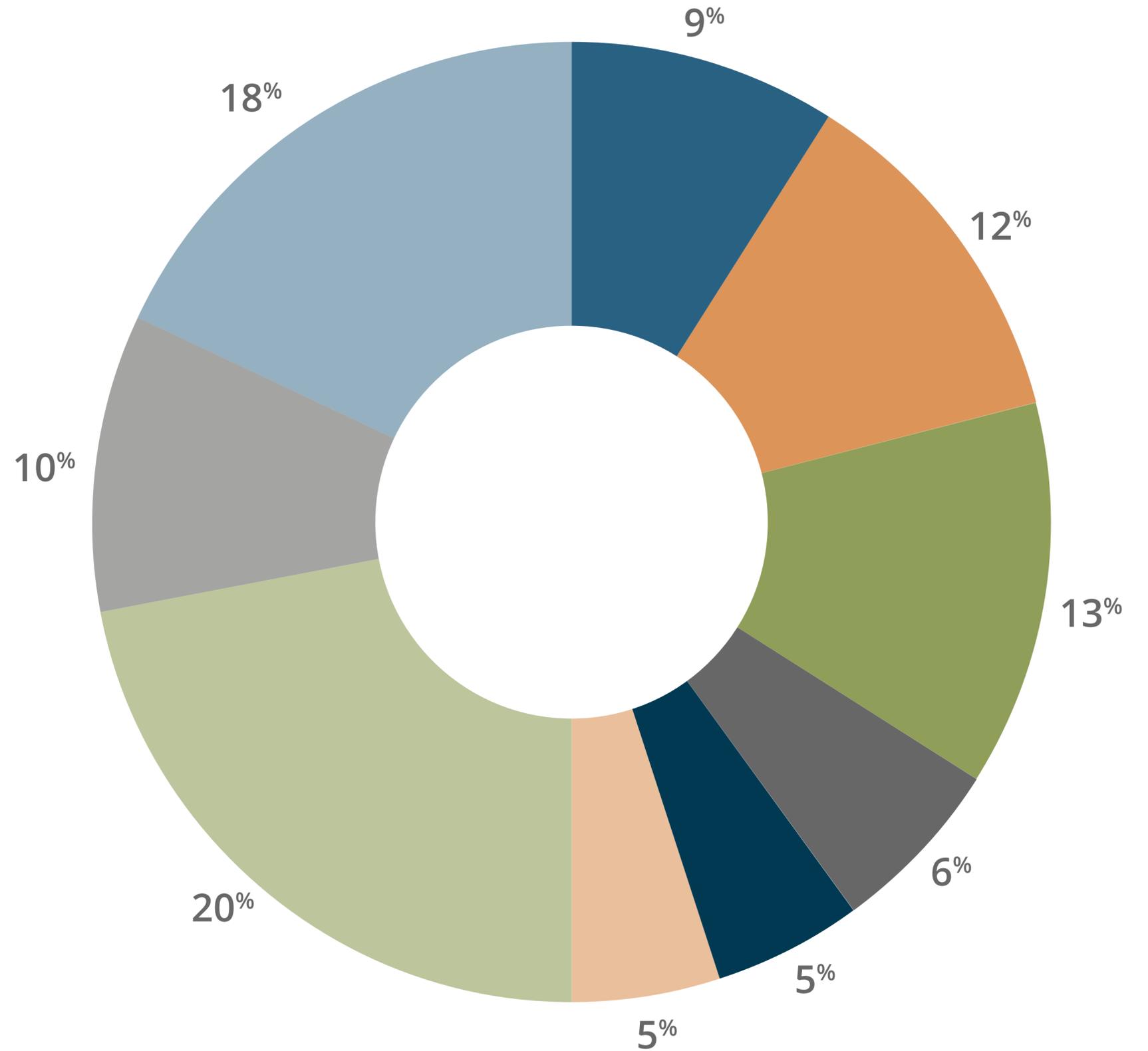
Sectors

The sectors provided in the survey questions are based on the regions key sectors of strength and the sectors in which CEDA's business support work is primarily undertaken. The breakdown by sector represented in the survey is as follows.

- Tourism
- Hospitality
- Manufacturing
- Primary Industries
- Education
- Information Communication Technology
- Professional Services
- Retail
- Other

Note: Professional services includes accounting, legal, engineering and consulting services.

Figure 2: Breakdown by Sector



Impact of COVID-19 on Businesses

29% of respondents were significantly concerned ie “a great deal” or “a lot” about the impact of COVID-19 whilst 41% were moderately concerned.

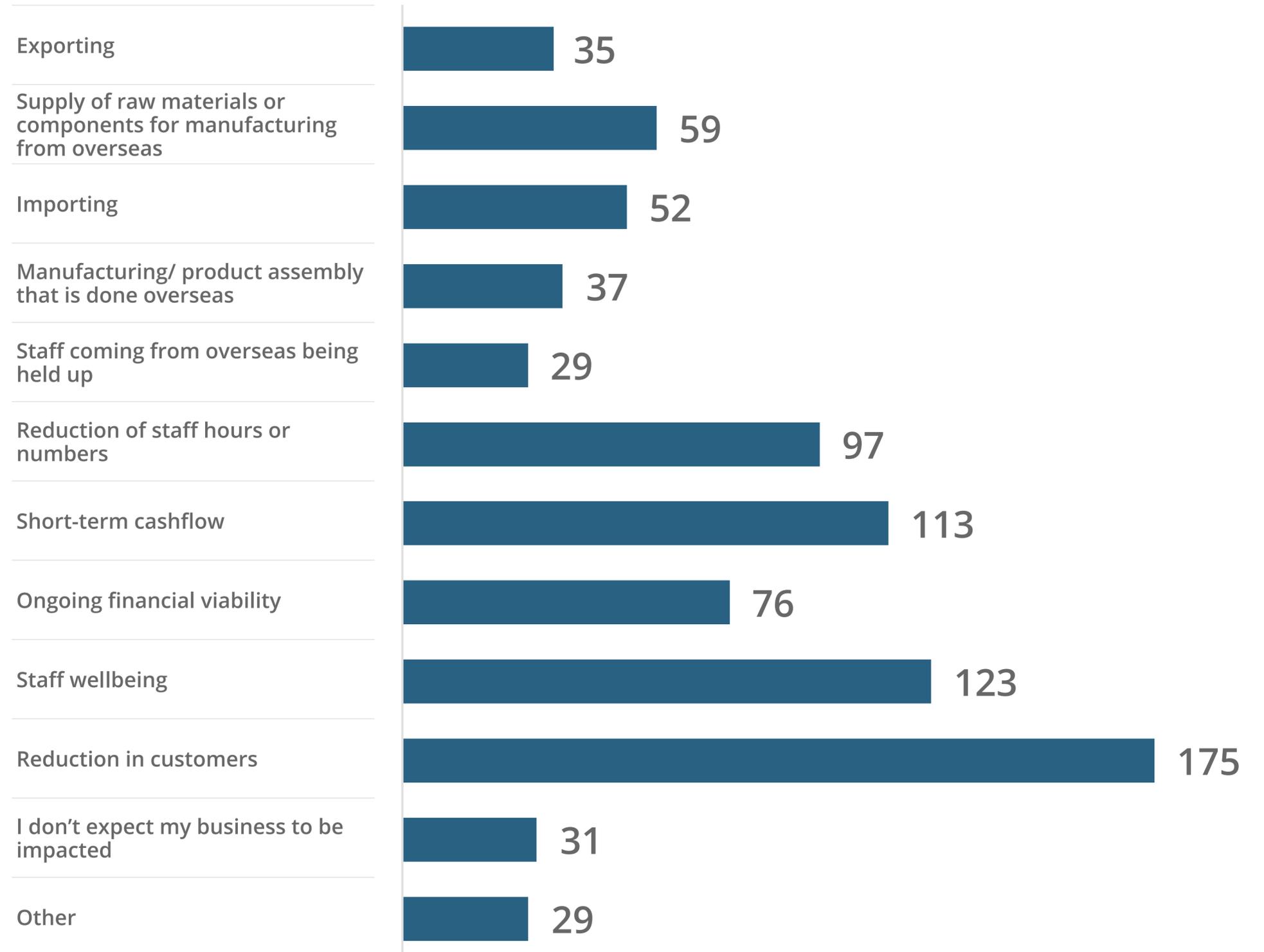
The respondents were asked to select which areas of their business was being impacted, or is likely to be impacted, through a multiple-choice question. The top six areas of impact reported by businesses, in order of importance, were:

- A reduction in customers
- Staff wellbeing
- Short-term cashflow
- Reduction of staff hours or numbers
- Ongoing financial viability
- Supply of raw materials/components for manufacturing from overseas

Additional comments were provided by businesses on the impacts they were experiencing, key themes of which included a loss of earnings, concern over the timing of the minimum wage increase, cancellation of bookings and concern on the ability to pay staff wages.

● Respondents

Figure 3: Impact of COVID-19 on Businesses 9th March – 15th March



Impact of COVID-19

If analysed by sector the key impacts varied slightly, as outlined below, with **reduction in customers** being the common thread:

Tourism

Reduction in customers, short-term cash flow and staff wellbeing.

Hospitality

Reduction in customers, reduction of staff hours or numbers, and staff wellbeing.

Manufacturing

Supply of raw materials/components for manufacturing from overseas, short-term cash flow, reduction in customers, and a reduction of staff hours or numbers. Exporting was a further area of concern raised.

Education

Reduction in customers, staff wellbeing and a reduction of staff hours or numbers.

A number of companies were unsure as to what the impact of COVID-19 will be since New Zealand was only just starting to experience its first few cases at the time this survey was undertaken, whilst some respondents reported specific impacts on their businesses and support needed:

Business viability and cash flow impact

Businesses expressed the need for temporary tax relief to aid with cashflow, support for business planning and strategy, and financial planning and business forecasting advice. A number of businesses raised the need for a postponement of the minimum wage increase. Some businesses identified tax relief as important.

Reduction of customers

Some businesses, especially in the tourism sector, reported customer cancellations.

Staff wellbeing

Concerns were raised that if staff were to become sick, who would pay the employees sick leave, or in the circumstance of requiring to self-isolate.

Supply of raw materials

Manufacturers raised concerns about supply chain impacts. One business raised the question of hazards with respect to handling import cargo. Businesses that export were impacted due to market demand dropping and businesses that import machinery and inputs raised supply chain concerns.



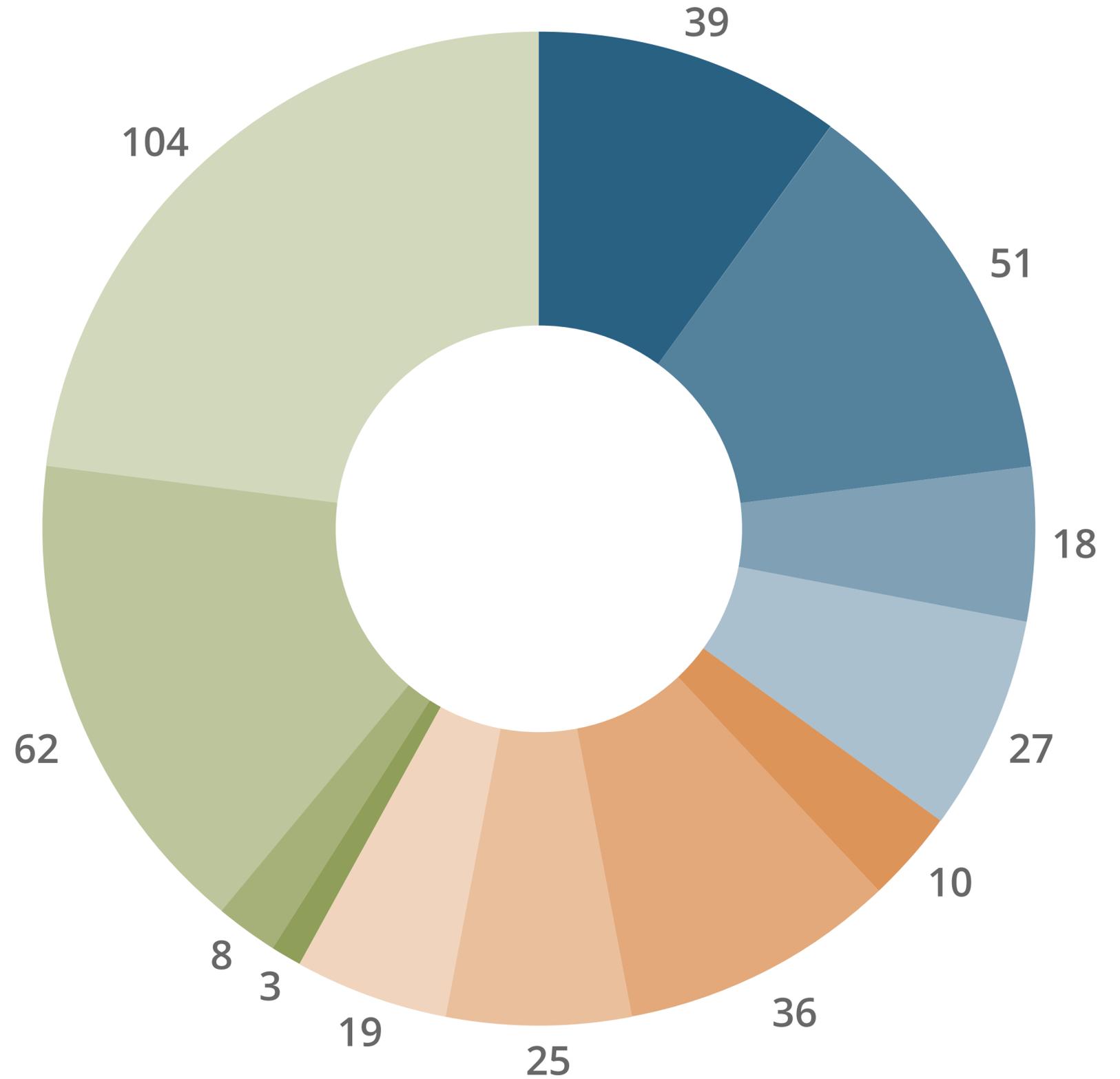
Support Required

Across all sectors, the key area of support that stood out was the requirement for support in communications and messaging regarding COVID-19 for both staff and customers, and as shown in the open text comments, a strong demand for up to date information and messaging from central and local government on COVID-19 and the response plan. The second highest response was around financial support, particularly regarding staff wages and financial aid. Another key theme was for support in business continuity planning.

- Business strategy and planning
- Business continuity planning
- Supply chain management
- Financial advice
- Leadership
- Marketing
- People management
- Legal advice
- Manufacturing
- Recruitment
- Financial support
- Communications, messaging - specific to the impact of COVID-19

Note: respondents were able to select multiple answers

Figure 4: Support Required by Businesses



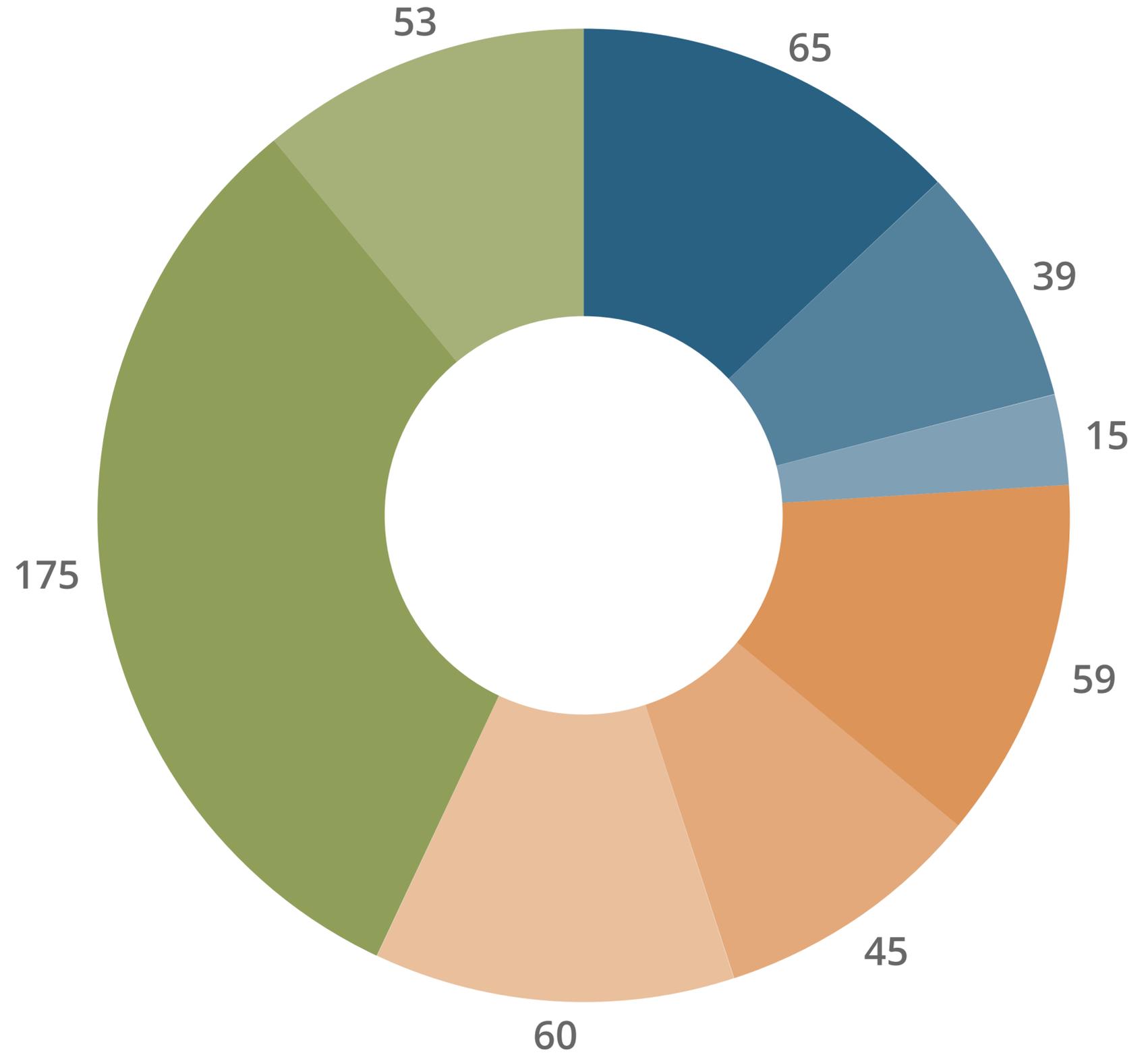
Preferred Delivery Method

In terms of the delivery method for available support, respondents were asked to select their preferred method of receiving support for their business. The most popular methods were online resources, forums and discussion groups, calling an advice line and meetings with professional service advisors as their preferred method of receiving business support.

- Forums and discussion groups
- Workshops
- Training course
- Meetings with professional service advisors
- One-one-one mentoring
- Calling an advice line
- Online resources
- Other

Note: respondents were able to select multiple answers

Figure 5: Preferred Delivery Methods



Summary of Key Survey Insights

- The above results need to be interpreted with some caution. It is worth noting that the drought was having a significant impact on farms and agri-processing companies in some parts of the Manawatu-Whanganui region and this would have compounded the impact of COVID-19. Since the outbreak of COVID-19 in New Zealand had just begun, some businesses were also unsure as to what the impact will be.
- Businesses that did report impacts reported a reduction of customers which resulted in cash flow and financial viability issues. Concerns were also raised about staff wellbeing.
- Businesses strongly expressed the need for support in communications and messaging with customers, stakeholders and staff, and a number of businesses expressed the need for accurate information on COVID-19.
- Quite a few businesses raised the need for a postponement of the minimum wage increase.
- Some businesses identified tax relief as important along with help with wages. This was prior to the announcement of the Governments initial support package of \$8.7 billion, announced on 17th March 2020, which included the wage subsidy support.



Implications for CEDA's COVID-19 Response

In terms of the preferred delivery method for support there was significant demand for on-line resources. Forums or discussion groups, calling an advice line and meetings with professional advisors also featured strongly.

The above results guided CEDA in delivering the following support to businesses:

- The delivery of the [COVID-19 business support hub](#) on CEDA.nz.
- Developing and launching the “[Navigating COVID-19](#)” webinar series, with topics determined from the survey results and through our direct engagements with businesses.
- The selection of specialist service providers for the roll-out of support which involves connecting businesses to business advisors, through the Regional Business Partners programme, which CEDA delivers.

0800 CEDA SUPPORT (233 278)