CEDA
CENTRAL ECONOMIC DEVELOPMENT AGENCY

Business Survey Insights

Impact of COVID-19

Fifth Survey
Manawatū-Whanganui

27 August – 6 September 2020

Introduction

This is the fifth in our series of surveys that have looked at the impact of COVID-19 on businesses in the Manawatū-Whanganui region. These surveys are intended to understand the impacts, challenges, and themes on businesses and sectors under each Alert Level to inform the tailored business support, resources and tools that CEDA delivers across the business community.

Methodology

This fifth survey was sent out to businesses across the Manawatū-Whanganui region on 27 August and the survey closed on 6 September 2020. The survey was undertaken whilst New Zealand was in Alert Level 2 and Auckland was in Alert Level 3. The survey was sent out via CEDA's regional partners and through CEDA's newsletters, databases, and social media channels.

The survey comprised 16 main questions and was completed by 119 respondents. The questions are designed to examine the economic impact of COVID-19 on businesses, as well as the support that these businesses require and the format in which they require it.

28 FEB	First case of COVID-19 reported in New Zealand
9 MAR	● CEDA First Survey commenced
11 MAR	WHO declares COVID-19 a Pandemic
15 MAR	Travel restrictions come into effect and events are cancelled
17 MAR	Government support package announced including a wage subsidy
19 MAR	Border closure announced
21 MAR	Prime Minister announces COVID-19 Alert Level system with New Zealand entering Alert Level 2
23 MAR	Alert Level 3 implemented
24 MAR	State of Emergency declared in New Zealand
25 MAR	Alert Level 4 begins at 11:59pm
27 MAR	● CEDA Second Survey commenced
6 APR	New Zealand reaches 929 cases of COVID-19
15 APR	Government economic response package announced
20 APR	Alert Level 4 extended, with a date given for Alert Level 3
26 APR	New Zealand reports 310 cases of COVID-19
28 APR	New Zealand enters Alert Level 3
1 MAY	● CEDA Third Survey commenced
4 MAY	New Zealand records its first day of no new COVID-19 cases
5 MAY	New Zealand reaches 1,486 cases of COVID-19 with 164 active cases
13 MAY	State of Emergency ends at 12:21pm ahead of Alert Level 2 from 11:59pm
14 MAY	Budget 2020 with additional support announced
21 MAY	Four days without any new COVID-19 cases
29 MAY	Social gathering limit raised from 10 to 100 people
5 JUNE	The 14th day of no new COVID-19 cases is recorded
8 JUNE	For the first time since the pandemic there are no active cases and New Zealand enters Alert Level 1 at 11:59pm
10 JUNE	Applications for the 8-week wage subsidy extension open
6 JULY	● CEDA Fourth Survey commenced and 66 days since the last case of community transmission with one new case and 22 active cases in managed isolation
25 JULY	85 days since the last case of COVID-19 community transmission, no new cases of COVID-19 and 21 active cases in managed isolation
11 AUG	New Zealand has a fresh outbreak of COVID-19 in Auckland with four new cases
12 AUG	The Auckland area goes into Alert Level 3 and the rest of New Zealand moves to Alert Level 2
27 AUG	● The fifth business survey is sent out
30 AUG	Auckland moves to Alert Level 2.5
23 SEP	Auckland moves back to Alert Level 2 and the rest of New Zealand is at Alert Level 1

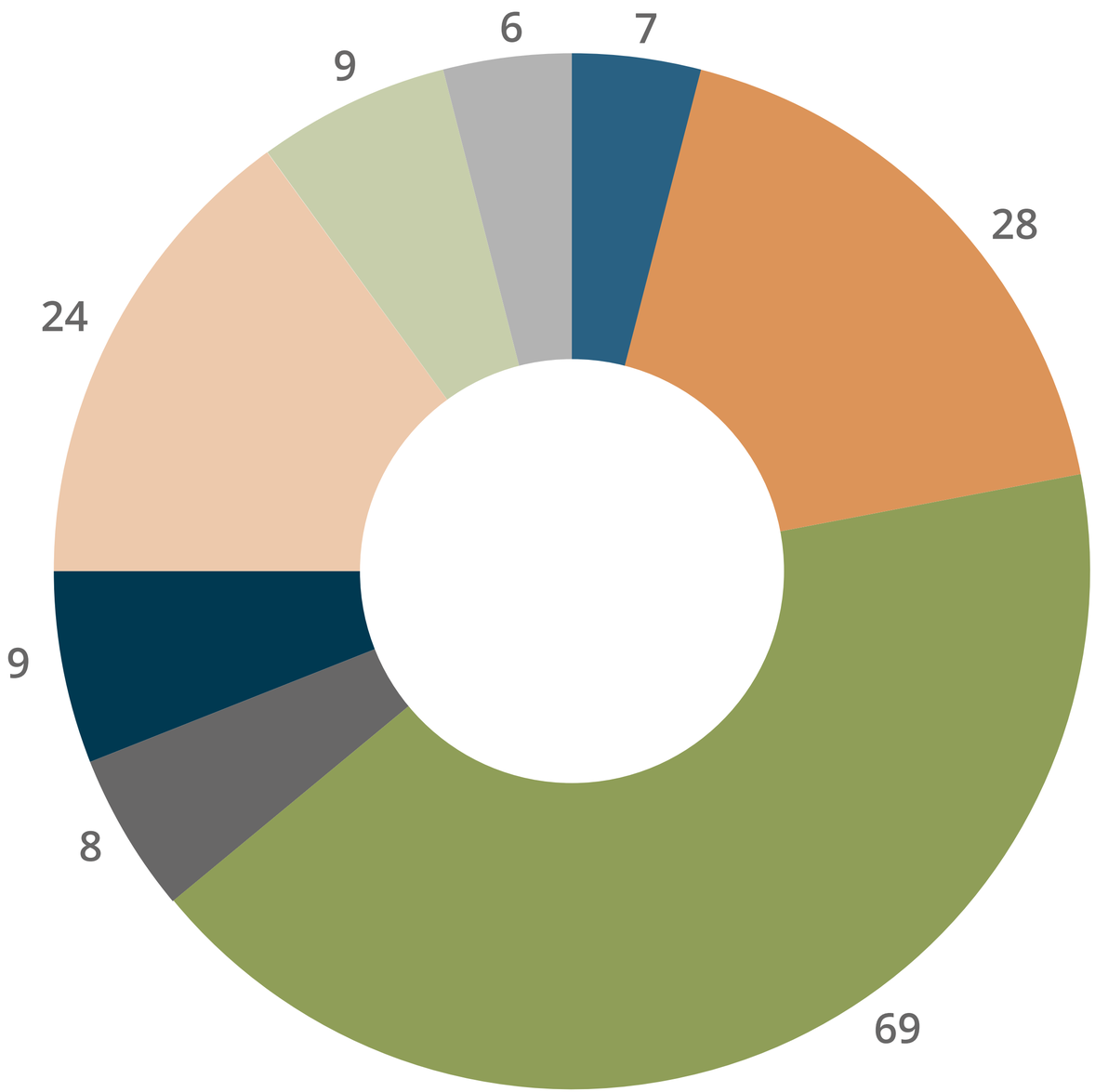
Regions

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

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

Note: Some companies selected more than one location due to the distribution of their businesses.

Figure 1: Regional Breakdown of Survey Respondents



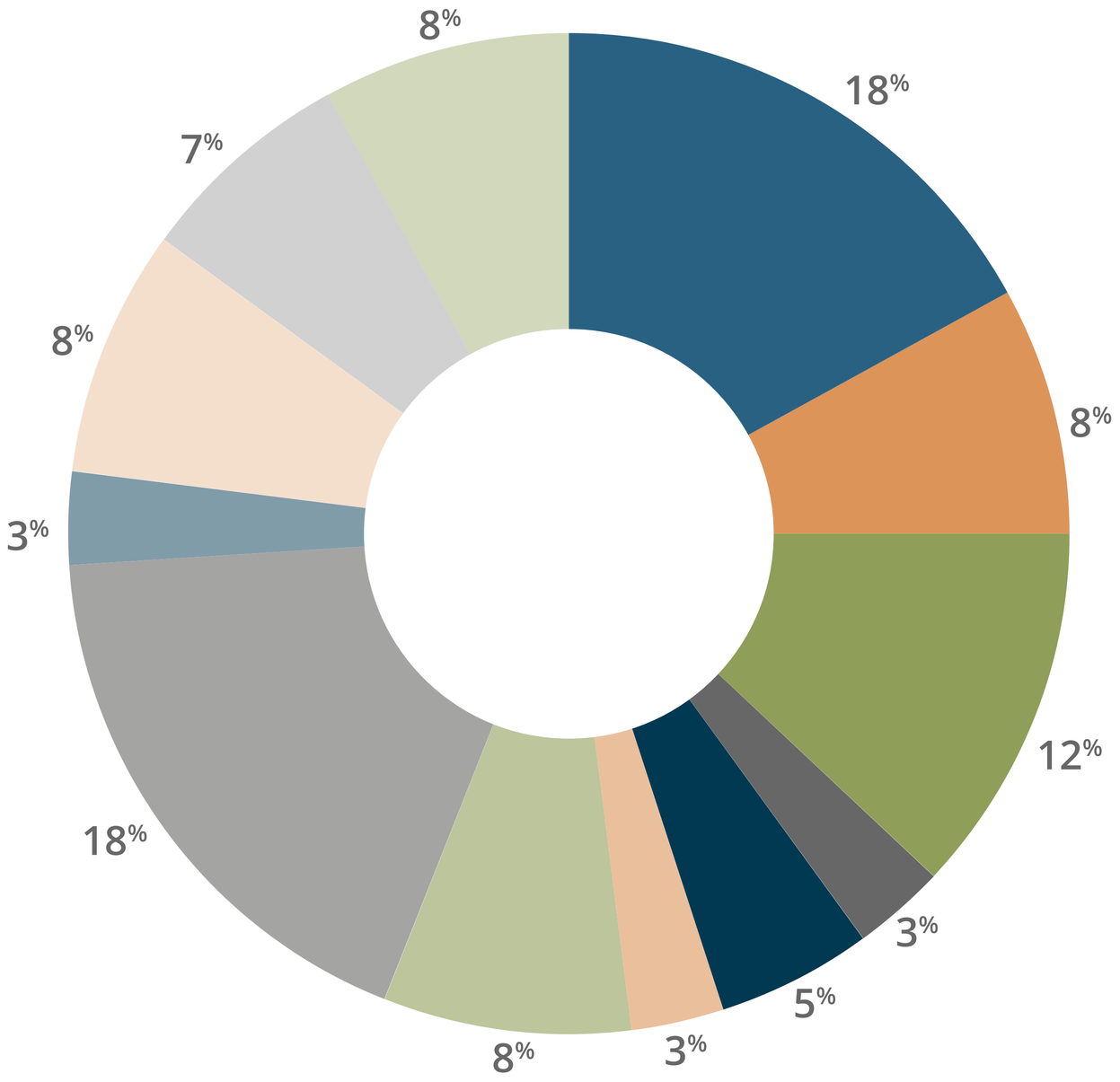
Sectors

The sectors provided in the survey questions are based on the region's key sectors of strength and the sectors in which CEDA's business support work is largely focused.

The sectors that had the largest representation in terms of responses were hospitality (18%), retail trade (18%), and manufacturing (12%):

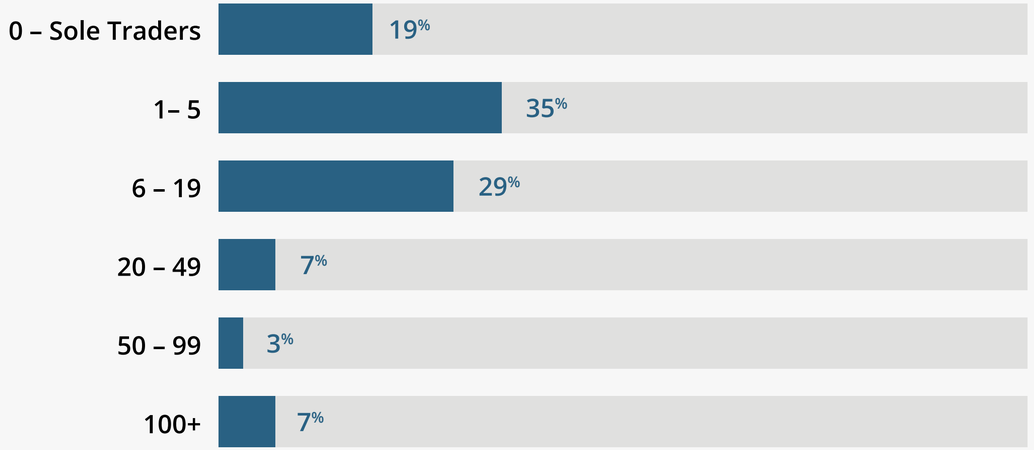
- Hospitality - Accommodation and Food
- Tourism, Conference and Events
- Manufacturing
- Primary Industries
- Education and Training
- Information Communication Technology
- Professional, Scientific and Technical Services
- Retail Trade including services to public
- Transport and Logistics
- Construction and Trades
- Health and Fitness including gyms
- Other

Figure 2: Breakdown by Sector



Business Demographics

Respondents by size of business, or number of Full Time Equivalent (FTE), staff were:



(approximately 0.7% of companies in the Manawatū-Whanganui region[1])

(approximately 1.3% of companies in the region)

(approximately 1.8% of companies in the region)

(approximately 3.9% of companies in the region)

(approximately 9.9% of companies in the region)

The majority of businesses were Limited Liability Companies (76%), with the remainder being Sole Traders (10%), Partnerships (7%), Incorporated Societies (4%), and Charitable Trusts (3%). 5% of respondents identified themselves as a Māori business.

1. Stats NZ (2018)

On-line Visibility of Businesses

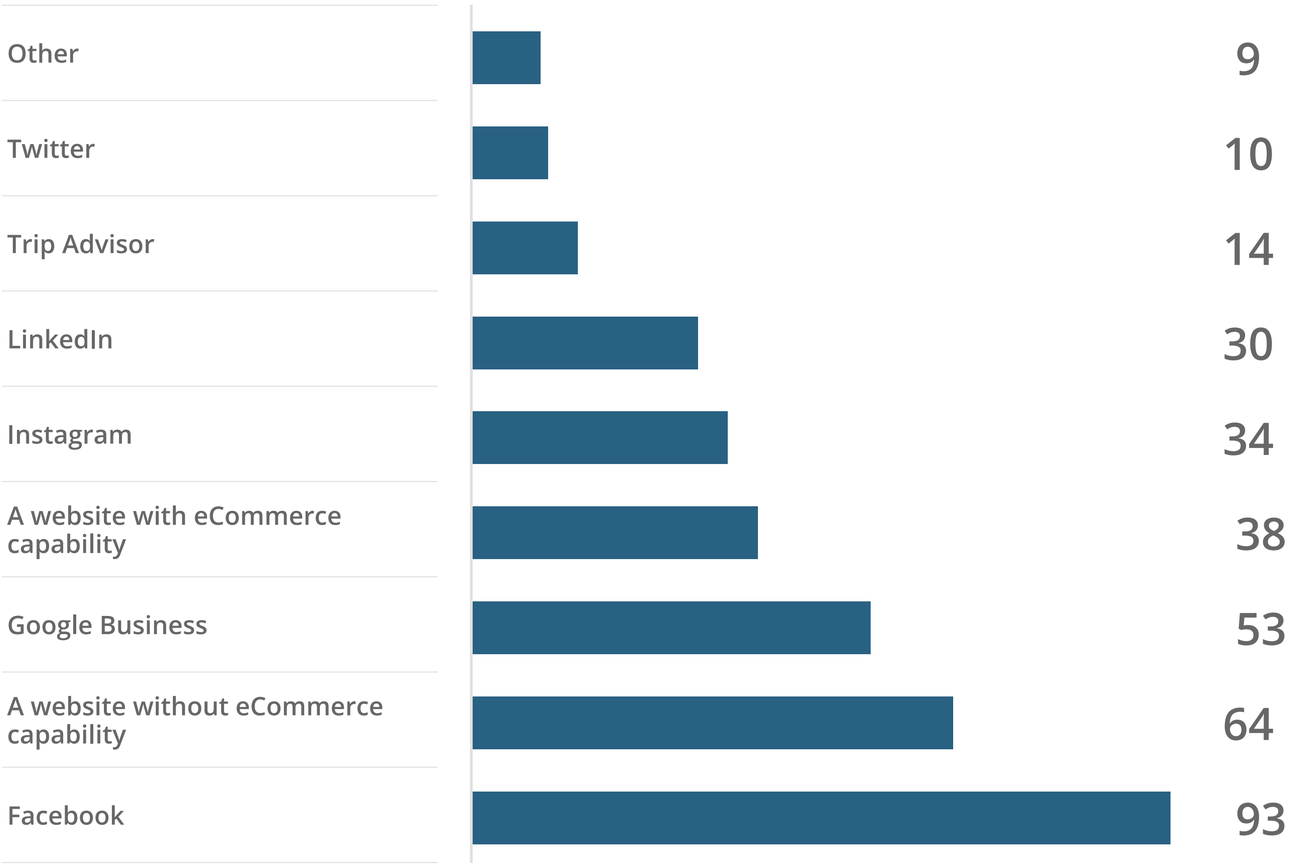
The survey examined on-line business visibility, and which channels or mediums were most used by businesses. In line with the fourth survey, Facebook and websites without e-commerce capability are the most common platforms.

● Respondents

Note: respondents were able to select multiple answers.

The results are consistent with previous surveys.

Figure 3: On-line Visibility



Impact of COVID-19 on Businesses

Under the fifth survey, 47% of respondents indicated that they are significantly concerned about the impact of COVID-19 on their businesses, with the level of concern being 'a great deal' or 'a lot'.

Figure four shows the levels of significant concern under each business survey that CEDA has sent out.

Unsurprisingly, businesses tend to express a high level of concern as the country moves to higher Alert Levels. The increase in concern was comparatively high under the most recent level compared to previous Alert Levels, with the region going into Alert Level 2, and Auckland moving to Alert Level 3.

The impact on revenue is shown in figure five. Businesses have mostly been impacted with a revenue impact of 10% or less, between 11% and 25%, and between 36% and 55%. Seventeen companies out of 119 respondents had a revenue impact of greater than 76%.

Figure 4: Business Concern (percentage of businesses that expressed significant concern about the impact of COVID-19)

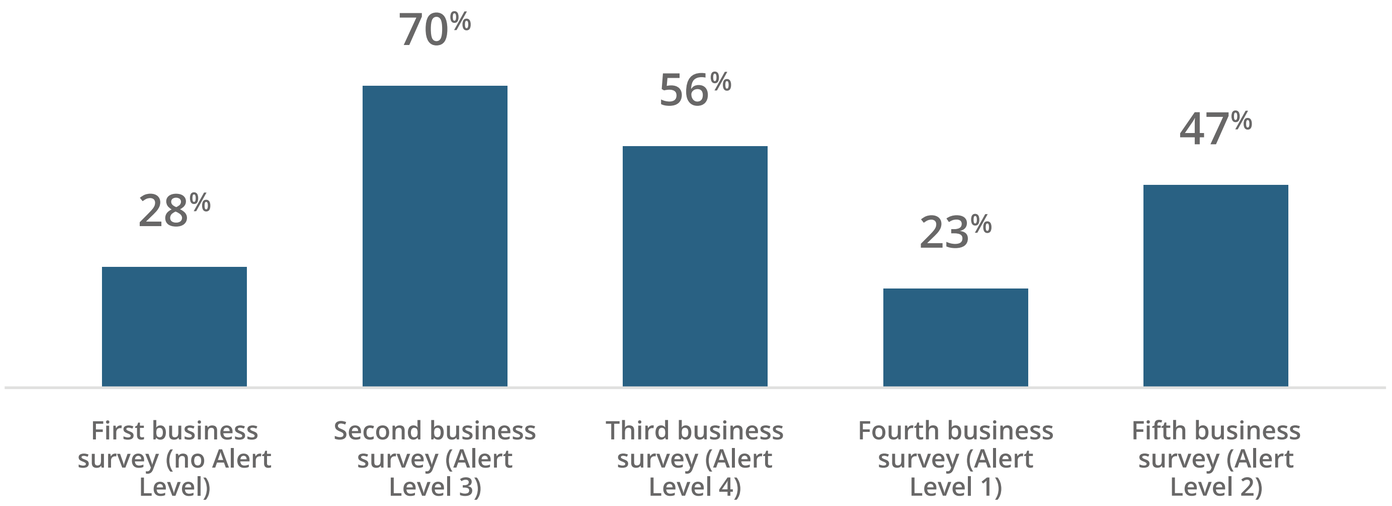
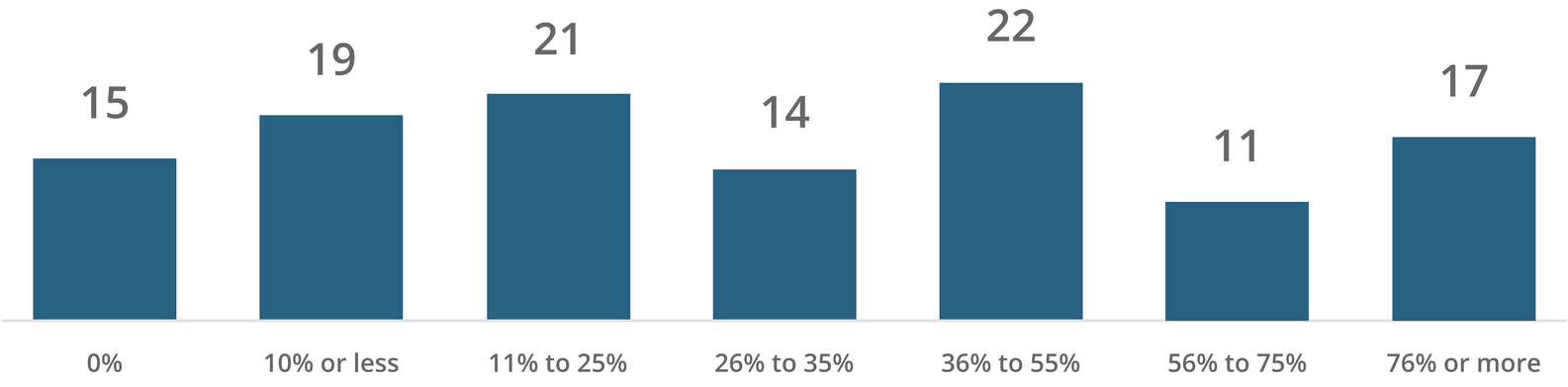


Figure 5: Revenue Impact on Businesses (percentage impact) – Fifth Survey



The number of companies that have experienced a revenue impact of more than 36% has increased compared to the fourth survey, but decreased compared to the third survey.

Note: The impact on revenue and jobs were tracked from the third and fourth surveys onwards.

Very few companies intend to reduce staff levels (9%), whilst 50% intend to maintain staff levels and 16% intend to add more staff. However, 11% of companies want to reduce staff hours. The third survey found that only 4% of companies wanted to add more staff, whilst the fourth survey found that 20% of companies wanted to increase staff. This has subsequently reduced to 16%.

Figure 6: Revenue Impact on Businesses (impact on revenue of more than 36%)

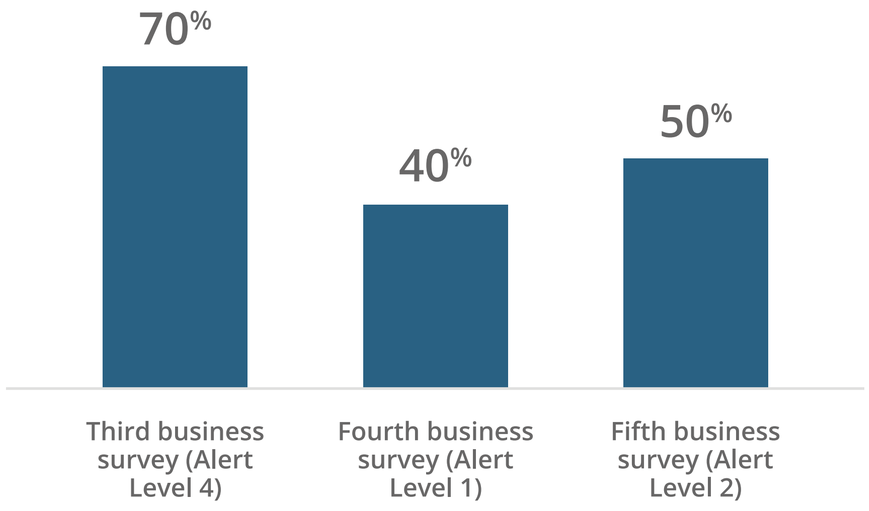


Table 1: Intentions to Change Staffing Levels (Percent of Companies)

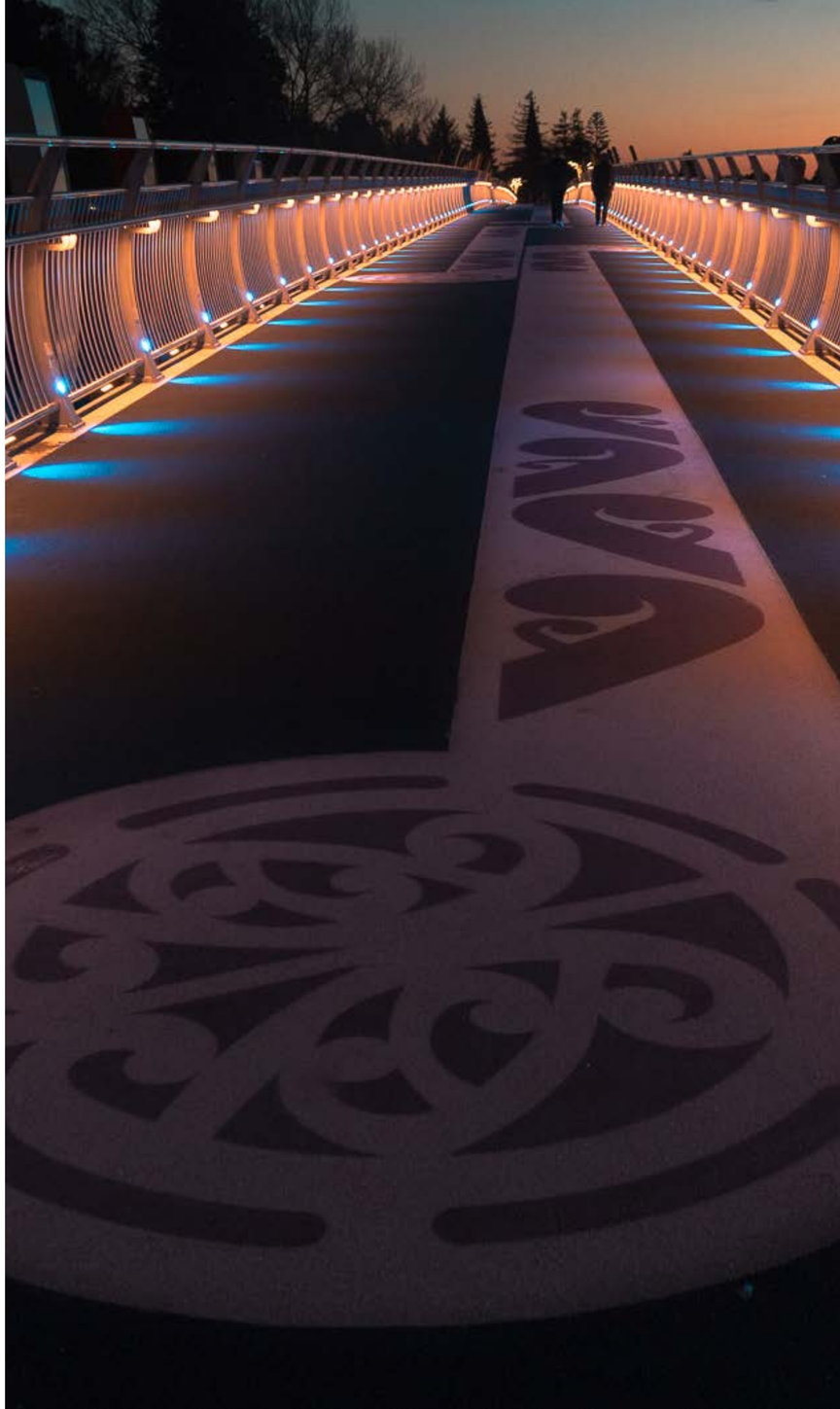
	Fifth Survey	Fourth Survey	Third Survey
Intentions to add or reduce staff	**% of Total**	**% of Total**	**% of Total**
Add more staff	16%	20%	4%
Maintain staffing levels	50%	48%	59%
Reduce staff	9%	10%	13%
Reduce hours for existing staff	11%	7%	7%
Increase hours for existing staff	5%	2%	0%
Don't know yet	8%	6%	10%
Not applicable	2%	8%	7%
TOTAL	**100%**	**100%**	**100%**

Respondents indicated that their businesses were mostly impacted in the following areas:

Table 2: Top Six Business Areas Impacted

Rank	Fifth Business Survey	Fourth Business Survey
1	Reduction in customers	Reduction in customers
2	Short-term cash flow	Short-term cash flow
3	Staff wellbeing	Ongoing financial viability
4	Ongoing financial viability	Staff wellbeing
5	Reduction of staff hours or numbers	Supply of raw materials / components for manufacturing from overseas
6	Supply of raw materials / components for manufacturing from overseas	Importing

The fifth and fourth surveys showed similar business areas impacted except for a reduction in staff hours, which ranked number five in the fifth survey. The first, second and third survey results were also very similar to the fourth survey results.

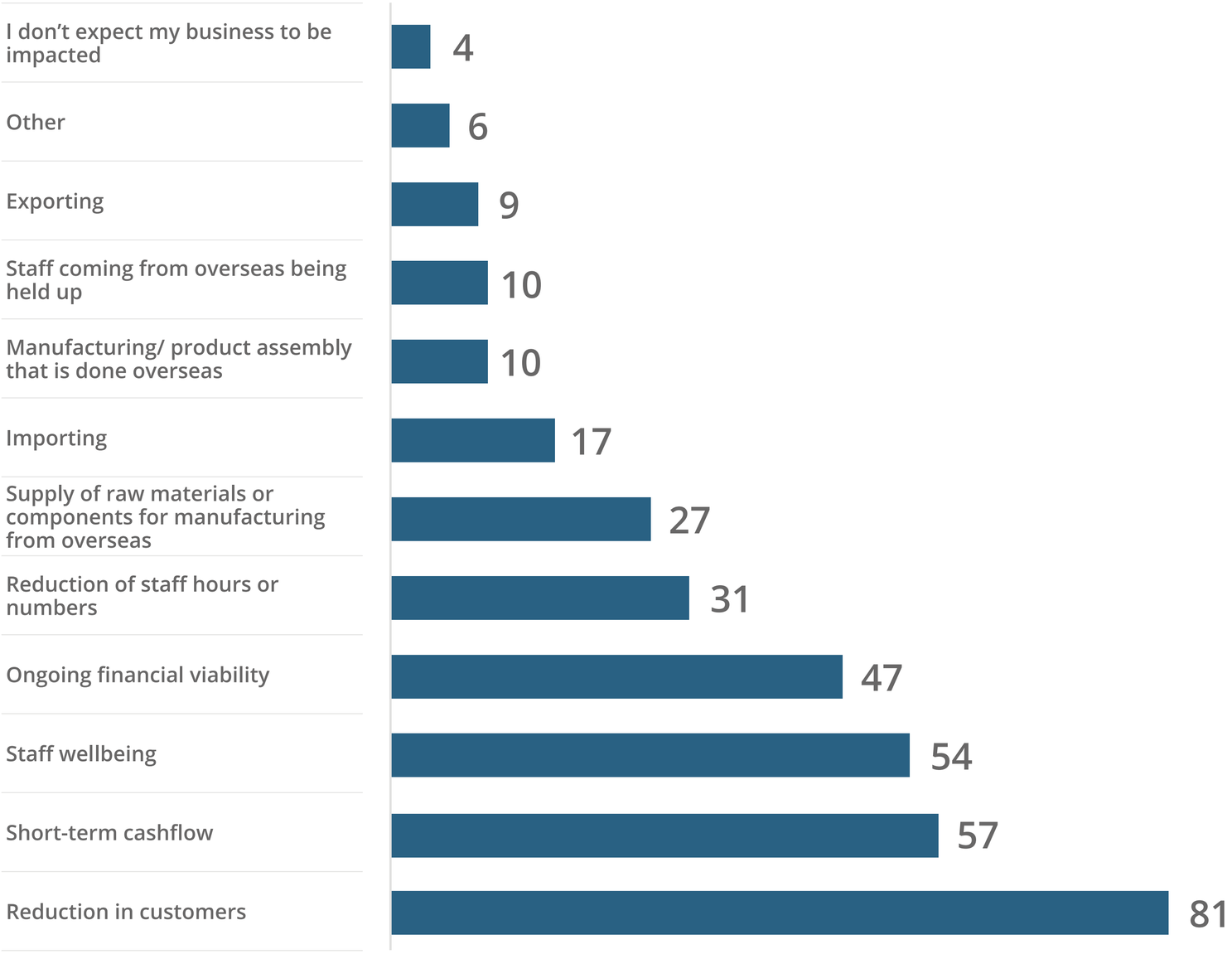


More detail on the business areas impacted that were reported in the fifth business survey are shown in figure seven.

- Respondents

Note: respondents were able to select multiple answers.

Figure 7: Impact of COVID-19 on Businesses – Fifth Survey



Impacts across the largest sectors represented in the survey are as follows:

Hospitality (accommodation and food)

Key areas impacted are a reduction in customers, short-term cashflow, staff wellbeing and a reduction in staff hours. Over 50% of businesses intend to maintain staff levels and 17% intend to reduce staff. 67% of businesses have had a revenue impact of more than 36%.

Tourism, Conference and Events

Areas of business most impacted for this sector include a reduction in customers, short-term cash flow and financial viability. 27% of businesses intend to maintain staff and 27% intend to reduce staff. Significantly, 70% of businesses reported a reduction in revenue of more than 76% and 20% reported a reduction in revenue of more than 56%.

Retail trade

Businesses in the retail sector have been impacted by a reduction in customers, staff wellbeing, short-term cash flow and financial viability. 50% of businesses intend to maintain staff whilst 23% intend to increase staff. Revenue impacts have been evenly spread across percentage categories.

Manufacturing

The biggest impact for companies in this sector are in the supply of raw materials and components from overseas, exporting and a reduction in customers. 53% of businesses intend to maintain staff and 17.6% intend to increase staff. 14% of businesses had a revenue impact of more than 56% and 21% of businesses had a revenue impact of more than 36%.

Construction and trades

These businesses have been impacted by a reduction of customers, short-term cash-flow and staff wellbeing. 27% of businesses intend to increase staff, whilst 36% intend to maintain staff. Only 11% of businesses have had a revenue impact of more than 36%. Revenue impacts were mostly reported in the lower percentage categories (less than 25% impact).

A common theme amongst respondents from the largest sectors represented in the survey is a reduction in customers and short-term cash-flow impacts.

Support Required

Businesses require support across a number of areas. Marketing as well as business strategy and planning featured highly. Other areas of support needed include staff wellness and resilience, leading through uncertainty and business continuity planning.

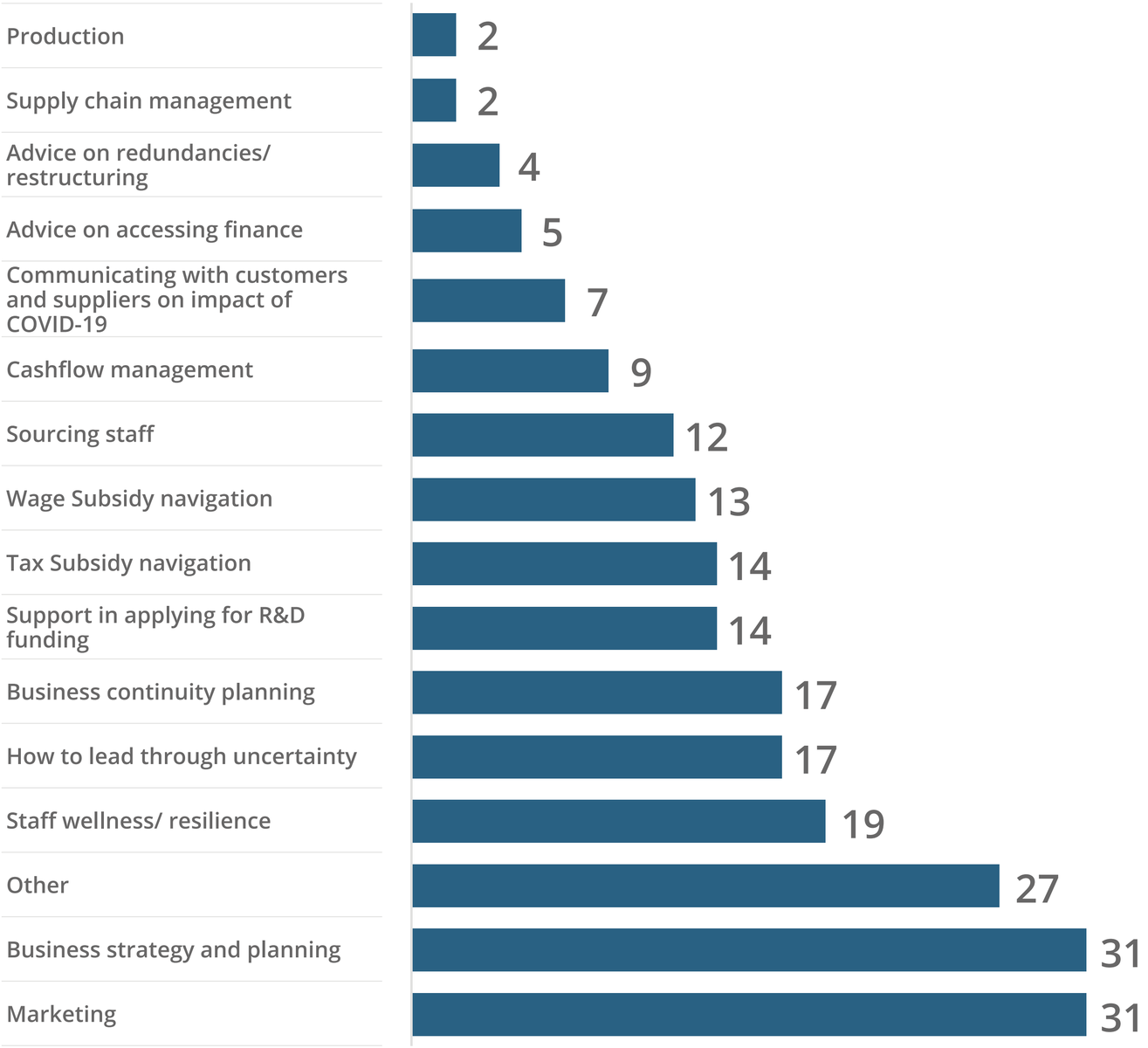
● Respondents

Note: respondents were able to select multiple answers.

A large number of respondents selected “other” under support required. Most companies that ticked the “other” category indicated that no support is required.

The above results are fairly consistent with the results of the fourth business survey.

Support Required by Businesses – Fifth Survey



Delivering Support to our Business Community

Respondents were asked what their preferred method of delivery is. The preferred methods are, in order of priority:

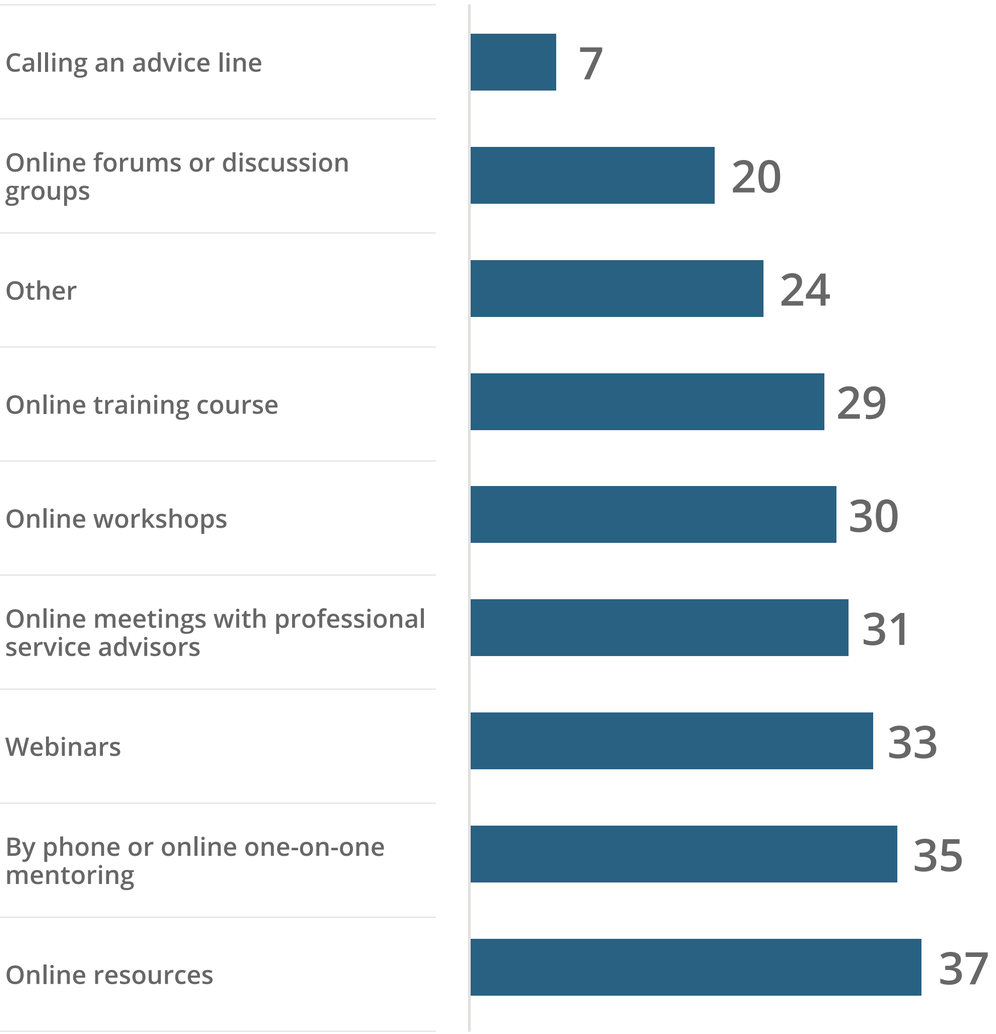
- Online resources
- Mentoring (by phone or on-line)
- Webinars
- On-line meetings with professional advisors
- On-line workshops
- On-line training courses

In terms of the "other" category, comments included no need for any support as well as strong issues raised by companies with regards to the economic impact of the latest lockdown.

The importance of meetings with professional advisors has increased compared to the fourth survey where this ranked fifth as a support mechanism.

Note: respondents were able to select multiple answers

Preferred Support Delivery Methods – Fifth Survey



Summary of Key Survey Insights

- The level of concern has increased with the recent Alert Level 2 announcement. The increase in concern was comparatively high under the last Alert Level compared to previous Alert Levels.
- Whilst the region's economy is resilient, there are still significant impacts of COVID-19 on our business community. Around 50% of companies have experienced a revenue impact of more than 36%. Sectors most impacted include Hospitality - Accommodation and Food, and Tourism, Conferences and Events. The revenue impact has increased from 40% of companies in the fourth survey that had a revenue impact of more than 36% under Alert Level 1.
- Despite the revenue impact, staff reductions have not been severe. Very few companies intend to reduce staff levels (9%), whilst 50% intend to maintain staff levels and 16% intend to add more staff. However, 11% of companies want to reduce staff hours.
- Intentions to reduce staff are mostly in the hospitality and tourism as well as the conferences and events sectors.
- The third survey found that only 4% of companies wanted to add more staff, whilst the fourth survey found that 20% of companies wanted to increase staff. However, this has dropped to 16% in the fifth survey.
- Interestingly, 27% of construction and trades and 18% of manufacturing companies intend to increase staff.
- Businesses have been impacted in areas such as a reduction in customers, short-term cash flow, staff wellbeing, ongoing financial viability, a reduction of staff hours or numbers, and the supply of raw materials / components for manufacturing from overseas.
- A common theme amongst respondents from the largest sectors represented in the survey is a reduction in customers and short-term cash-flow impacts.
- Marketing as well as business strategy and planning feature highly in terms of support required. Businesses also need support in areas such as staff wellness and resilience, leading through uncertainty and business continuity planning.
- Whilst businesses use on-line platforms such as Facebook for marketing, there is a need for greater digital enablement.
- The top four preferred delivery methods are online resources, mentoring (by phone or on-line), on-line meetings with professional advisors and webinars.
- The importance of meetings with professional advisors has increased compared to the fourth survey where this now ranks fourth compared to a fifth ranking in the fourth survey.

CEDA's support to the business community continues. This includes:

- Online information and resources through the CEDA COVID-19 Business Support Hub at CEDA.nz.
- Delivery of the RBP programme which includes funding for businesses to engage with professional advisors in areas such as business strategy, marketing including digital enablement, business continuity planning and cash flow management.
- The mentoring programme which CEDA delivers on behalf of Business Mentors New Zealand (BMNZ).
- Webinars and workshops including the Navigating COVID-19 webinar series and the Te Aho Tāmaka webinar series.

Businesses requiring support or looking for further information should contact the CEDA team via **CEDA.nz** or 0800 CEDA Support (233 278).

If businesses wish to be involved in future surveys, or would like to know more hear about the work underway to support businesses during COVID-19, please contact **communications@ceda.nz**

For further information, business support and the latest news on our economy visit **CEDA.nz**.

For specific COVID-19 impacted business support please go to **ceda.nz/covid-19-business-support** for information available.

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