CEDA
CENTRAL ECONOMIC DEVELOPMENT AGENCY

Business Survey Insights

Impact of COVID-19

Second Survey
Manawatū-Whanganui

27 March – 9 April 2020

Introduction

CEDA set out to understand the challenges our business community are facing as a result of the evolving COVID-19 pandemic. 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 Manawatū-Whanganui Region on the 27th March and closed off on the 9th April. The survey was undertaken while New Zealand was in Alert Level 4 and was sent out via CEDA's regional partners and through CEDA's newsletters, databases and shared via social media channels.

This was the second in a series of surveys that CEDA has undertaken to understand the impacts, challenges and themes across our economy as the COVID-19 pandemic and its economic impact evolves.

The survey covering 15 key questions was completed by 382 respondents. The survey built on the original set of questions included in the initial survey based on the evolving challenges we were seeing in the business community and the rapidly evolving level of impact COVID-19 was having on New Zealand's economy.

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 are cancelled
17 MARCH	**Governments support package announced, including wage subsidy**
19 MARCH	Border closers announced
23 MARCH	Alert Level 3 implemented
24 MARCH	State of Emergency declared in New Zealand
25 MARCH	Alert Level Four begins at 11:59pm
27 MARCH	● CEDA Second Survey commenced
6 APRIL	New Zealand reaches 929 cases of COVID-19
9 APRIL	CEDA Second Survey ends
20 APRIL	Alert Level Four extended, with a date given for Alter Level 3
26 APRIL	New Zealand reports 310 cases of COVID-19
28 APRIL	New Zealand entered into Alert Level 3

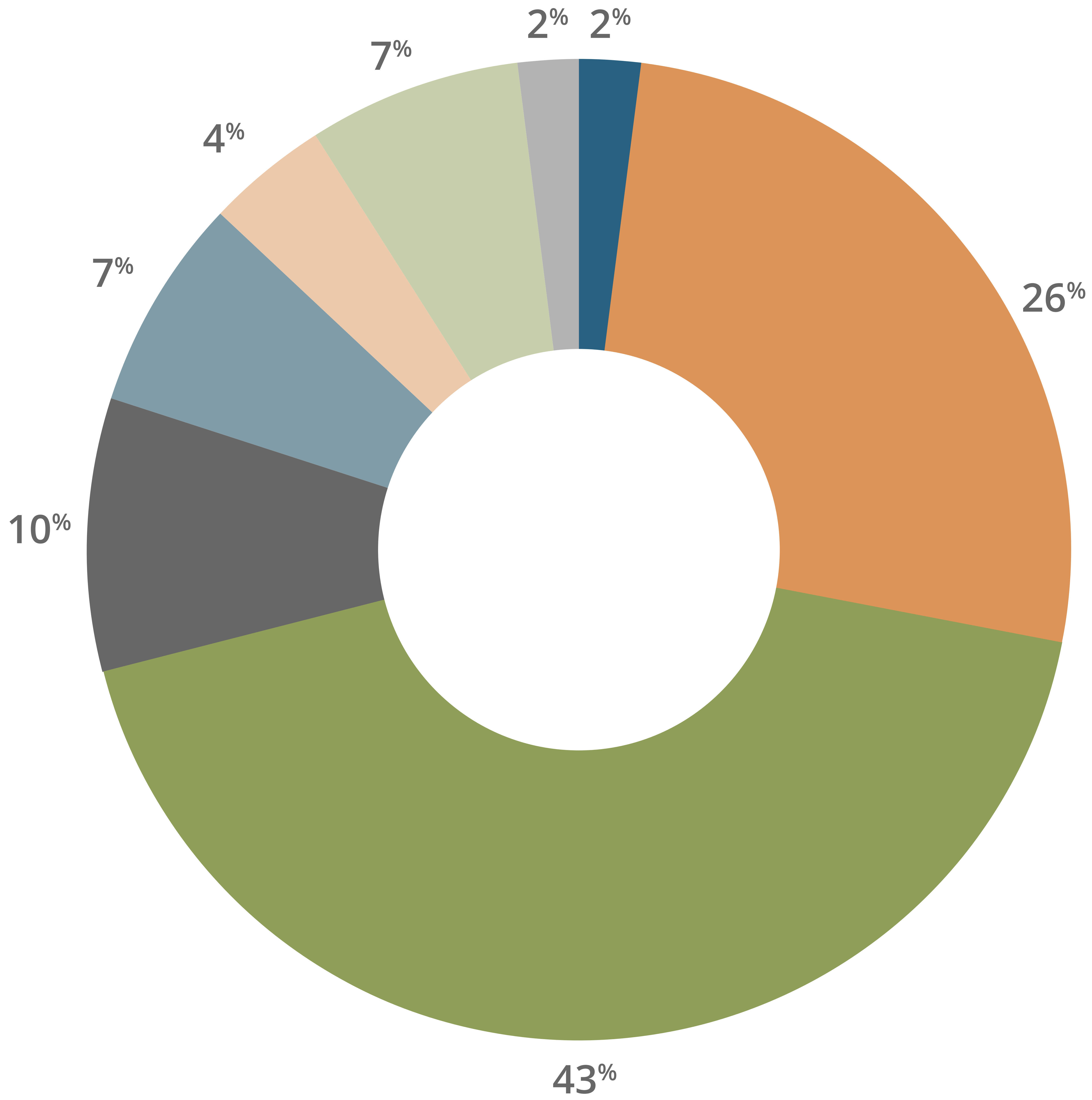
The first survey Business Impact Survey conducted by CEDA was undertaken from 9th – 15th March.

Regions

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

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

Figure 1: Regional Breakdown of Survey Respondents



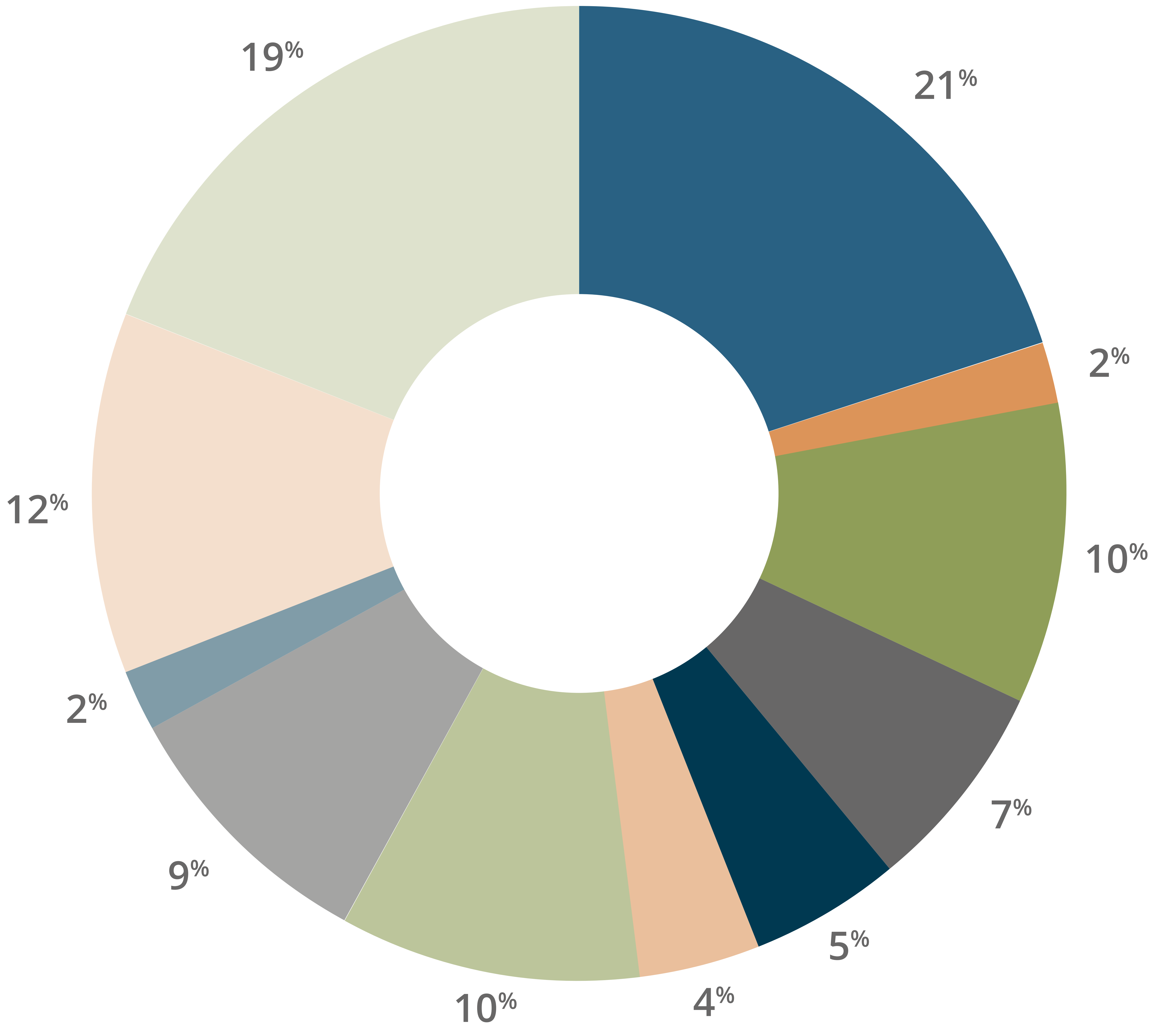
Sectors

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 shown.

Responses were mainly from the tourism and hospitality (21%), construction and trades (12%), manufacturing (10%) and professional, scientific and technical services (10%) sectors. Nineteen percent of respondents selected 'Other' for their sector, and individual responses within this category showed a significant amount of businesses from the health and wellbeing businesses, industry including fitness, beauty, sports and personal coaching.

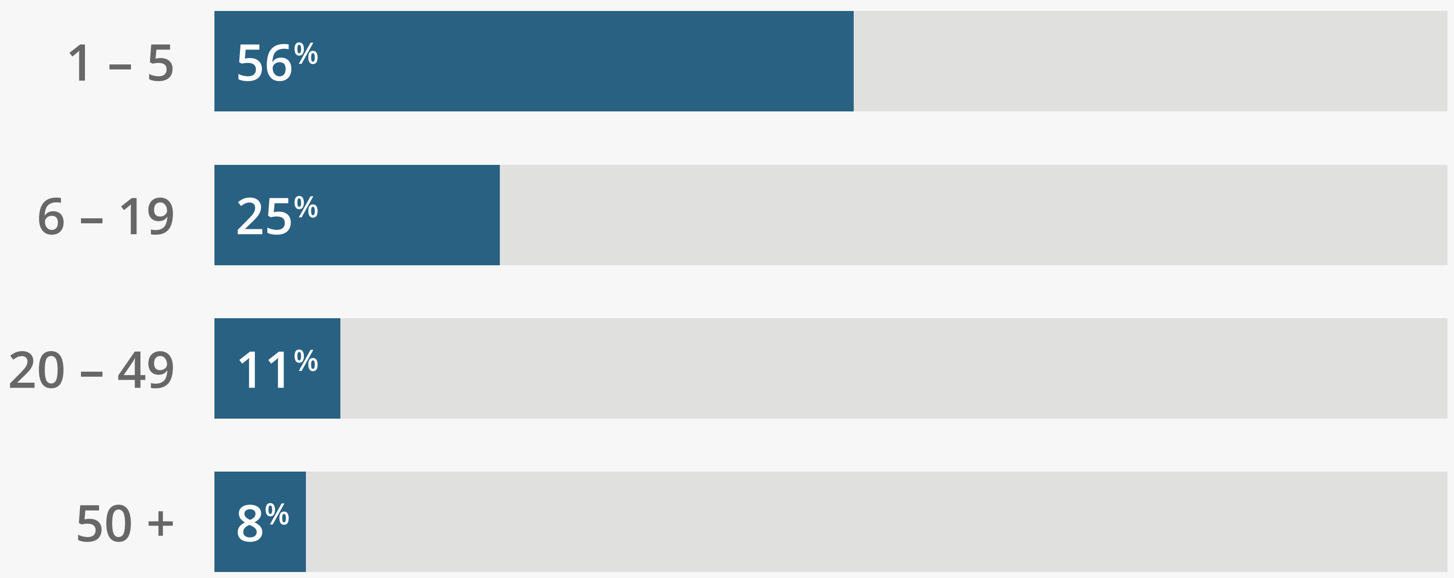
- Tourism and Hospitality
- Conferences and Events
- Manufacturing
- Primary Industries
- Education and Training
- Information Communication Technology
- Professional, Scientific and Technical Services
- Retail Trade
- Transport and Logistics
- Construction and Trades
- Other

Figure 2: Breakdown by Sector



Business Demographics

Respondents by size of business, or number of full time Equivalent staff were:



The majority of businesses were Limited Liability Companies (76%). The remainder were Sole Trader businesses (11%), partnerships (7%) and a small mix of Trusts and Incorporated Societies. Five percent of respondents identified as a Maori business.

Only 42 respondents answered this question.

Impact of COVID-19 on Businesses

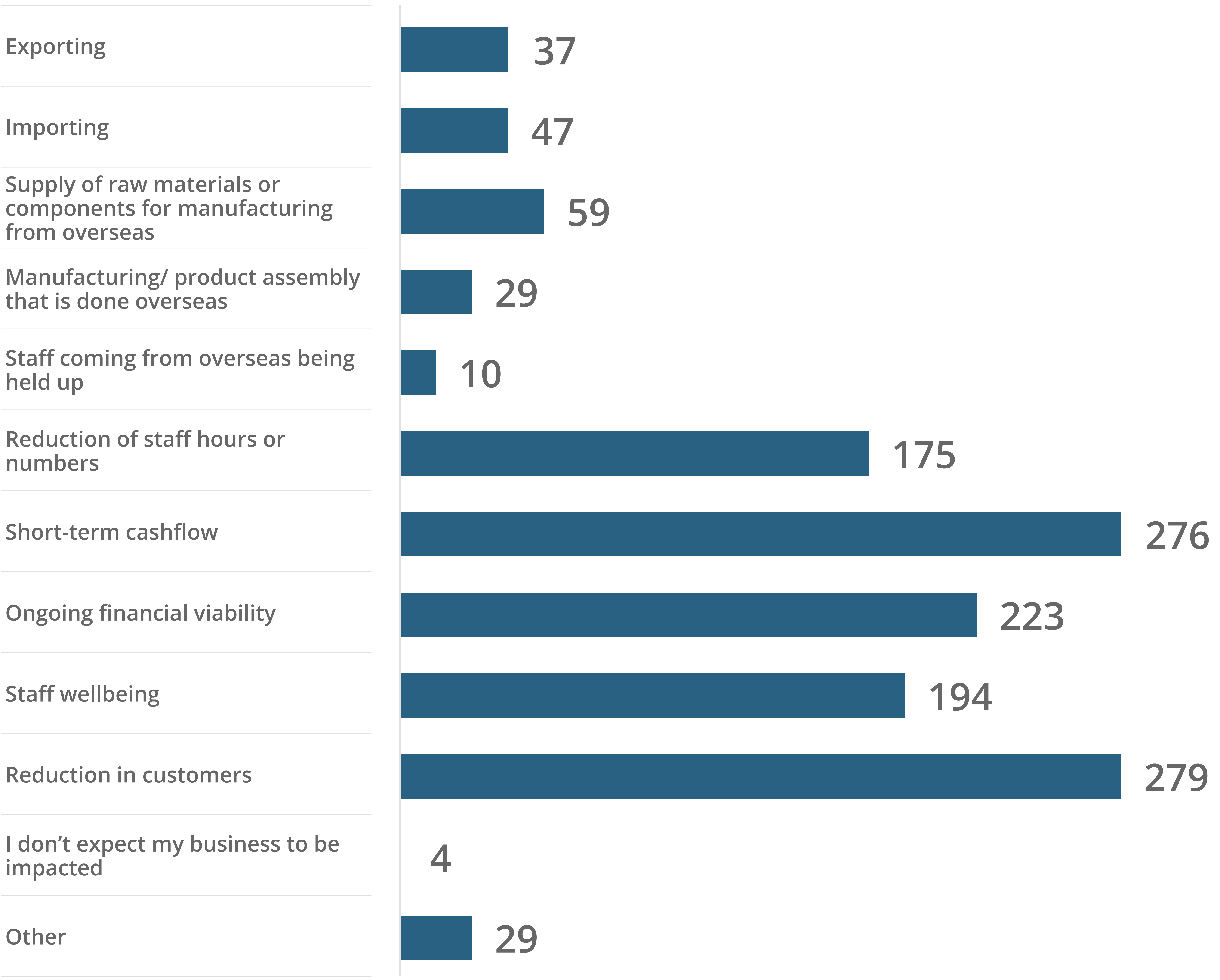
Seventy percent of respondents indicated that they are significantly concerned about the impact of COVID-19 on their businesses, being concerned "a great deal' or "a lot". This is compared to twenty eight percent of businesses that were significantly concerned in the previous survey, dated 9th – 15th March 2020.

Respondents indicated the areas of their business being impacted, or 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
- Short-term cash flows
- Ongoing financial viability
- Staff wellbeing
- A reduction in staff hours or numbers
- Offshore supply of materials

Additional comments were received, in response to the 'Other' response option, with the key themes showing a significant drop in income and concerns on retaining customers post lockdown. This is something that CEDA will seek to understand further in the next survey, which will go live on the 1st May.

Figure 3: Impact of COVID-19 on Businesses 27th March – 9th April



Note: respondents were able to select multiple answers.

The key areas of impact on businesses were consistent to the first survey. If analysed by sector the key impacts varied slightly, however **a reduction in customers and short-term cash flow** remained a priority for most sectors impacted:

Tourism and hospitality

Reduction in customers, short term cash flow, on-going financial viability.

Construction and trade

Short term cash flow, reduction in customers, and reduction of staff hours or numbers.

Manufacturing

Staff wellbeing, short term cash flow, and supply of raw materials/components from overseas.

Professional, scientific and technical services

Short term cash flow, reduction in customers and reduction of staff hours or numbers.

Retail

A reduction in customers, short term cash flow and on-going financial viability.

Primary Industries

Short-term cash flow, staff wellbeing and reduction in customers.

Some respondents also reported specific impacts on their businesses.

Business viability and cash flow impact

Anecdotally, respondents showed concern or frustration around the definition of essential businesses under Alert Level 4. Further to this, several businesses have experienced customers cancelling contracts, or customer business failure.

Business uncertainty

Businesses expressed concern as to whether they will be able to remain viable if the lockdown should continue beyond the four-week period, as well as how they will operate under Alert Levels 3 and 2.

Human resource issues and staff wellbeing

Some respondents reported difficulty in communicating with some staff and the need for advice on staff wellbeing and training.

Export markets

Challenges faced by businesses who traditionally rely on the supply of international product and raw materials were reported by some businesses, something which has completely stopped at the time of the survey for many markets.

Supply chain

Concerns were raised by some businesses regarding supply chain issues, including local produced materials and the import of machinery, equipment and inputs.

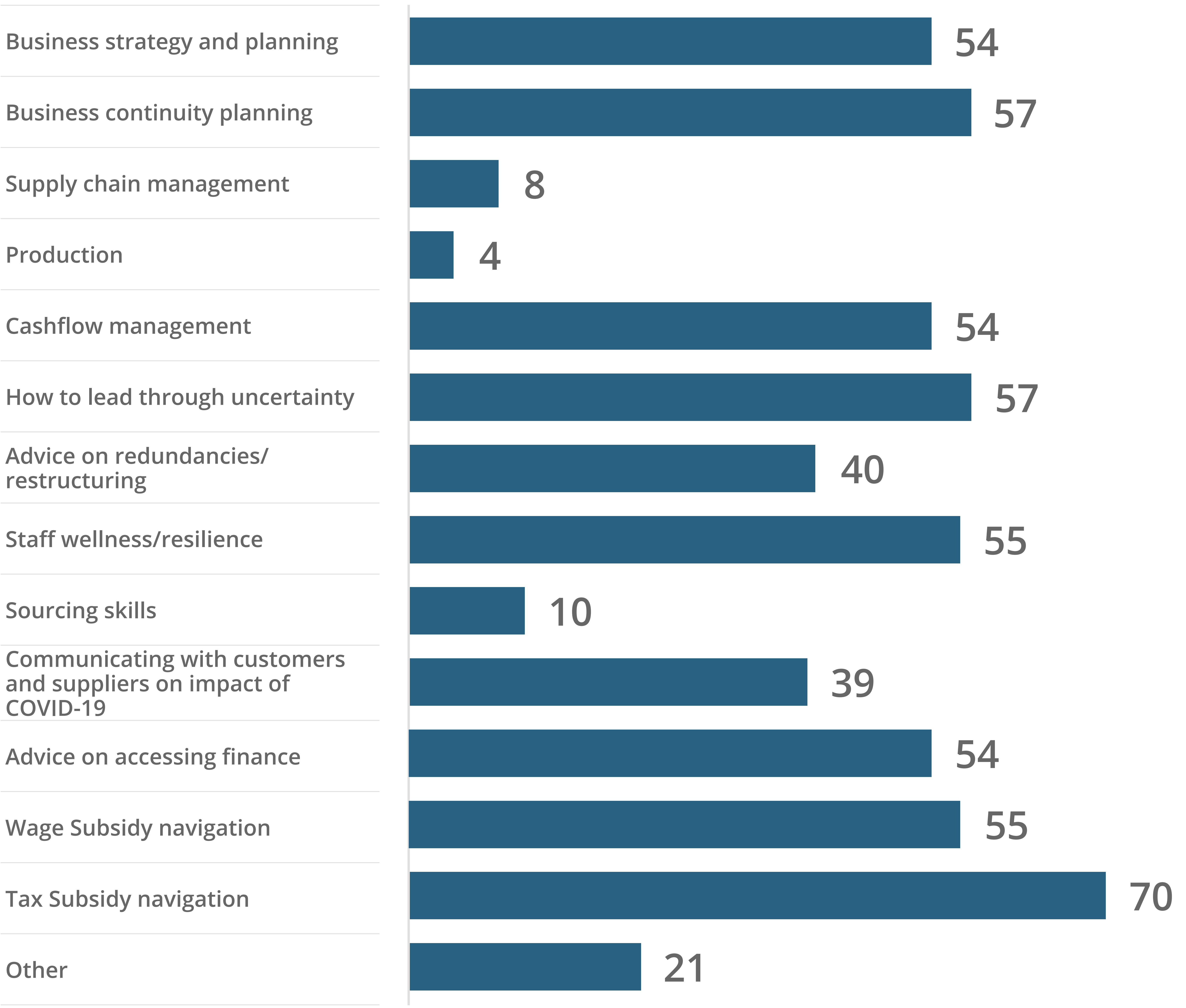
Support Required

Across all sectors, a common requirement that stood out is the need for support with navigating the government tax subsidy. Other important areas of support included business continuity planning; how to lead through uncertainty; wage subsidy navigation; advice on accessing finance; staff wellness and resilience; and cash flow management.

● Respondents

Note: respondents were able to select multiple answers.

Figure 4: Support Required by Businesses



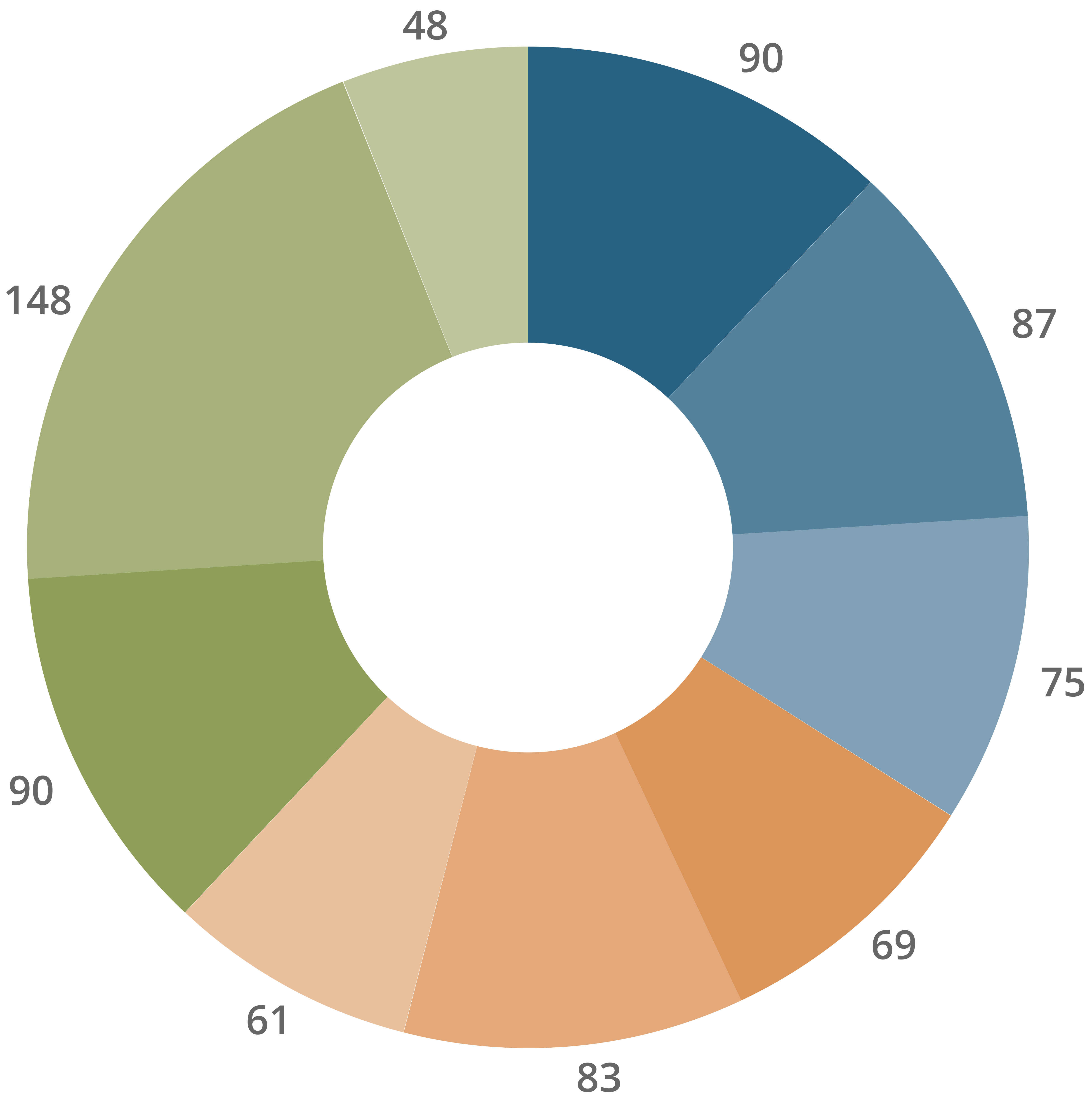
Preferred Delivery of Support

To ensure that the support and tools developed and provided by CEDA are fit for purpose, and to ensure we are meeting the needs of our business community, respondents were asked what their preferred method of support delivery would be. Online support was the biggest choice of delivery, through online resources, workshops, webinars, online forums or discussion groups, online workshops, and business mentoring. This response may have been significantly impacted due to being at Alert Level 4 at the time of survey.

- Online forums or discussion groups
- Online workshops
- Online training course
- Online meetings with professional service advisors
- By phone or online one-one-one mentoring
- Calling an advice line
- Webinars
- Online resources
- Other

Note: respondents were able to select multiple answers

Figure 5: Preferred Support Delivery Methods



Summary of Key Survey Insights

- Businesses have a much greater level of concern during the COVID-19 Alert Level 4 lockdown period than was demonstrated in the first survey, before there was an Alert Level system in place.
- Customer reductions, cash flow and viability issues are major impacts, especially represented in the high proportion of tourism and hospitality companies amongst respondents.
- Supply chain issues featured within the manufacturing sector, especially the imports of machinery and equipment and inputs.
- Concerns about a reduction in customers and short term cash flow were raised across the main sectors impacted.
- There was an identified need for the government to be clear in its messaging in matters such as definitions of businesses that can operate, with respondents indicating the information was hard to navigate.
- Tax subsidy navigation stood out strongly as an area of support needed, and one that needed clearer information and messaging.
- Advice on accessing finance was another strong theme from some respondents.

Implications for CEDA's COVID-19 Response

- Online resources have featured prominently in terms of the support required from businesses. The COVID-19 business support hub on CEDA.nz has been and continues to be a crucial aspect of the response, and is continually updated and added to, to ensure it is relevant, clear and that it adds value to our business community.
- The demand for webinars featured strongly, and in response to this CEDA launched a series of webinars called Navigating COVID-19 for Businesses on 2nd April, which set out to provide immediate support and information to the key impact areas felt by our businesses based on the survey data as well as real time feedback we are collating as we work directly with our business community to provide additional support and advice, through the Regional Business Partner programme for the Manawatū-Whanganui region. The uptake of the webinars has been positive and continues to grow. The topics include tax subsidy navigation, communications, employment law, advice on accessing finance, and cash flow management.
- There is strong demand from our business community for mentoring, also evidenced by the increase in mentee registrations under the Business Mentors New Zealand, programme, which CEDA delivers.
- Whilst online meetings with professional service providers do not feature as strongly, there has been major demand on the ground for this type of support. This could be as a result of Governments announcement on additional funding via NZTE for the Regional Business Partners programme which has provided funding for businesses to access service providers.
- •Anecdotally, CEDA is aware that the conference and events sector has been significantly impacted, but the sample size is too small to draw definitive conclusions from the data.

If you'd like to be involved in future surveys, or hear about the work underway to support businesses during the COVID-19 situation, please contact **communications@ceda.nz**

For further information, business support and the latest news on our economy visit **CEDA.nz** or call **0800 CEDA SUPPORT** (233 278).

For specific COVID-19 impacted business support please go to **ceda.nz/covid-19-business-support** for information available or if you would like us to contact you for support complete the following support request form **ceda.nz/covid-19-business-support/how-ceda-can-help**

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