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SMALL BUSINESS RECOVERY SURVEY

Wave Two Results

SEPTEMBER 2020



WELCOME
WE ARE
OPEN

Background

Wave Two

METHODOLOGY

This poll was conducted by Morning Consult on behalf of Verizon between August 26 – September 4, 2020 among a national sample of 600 small to midsize business owners and decision makers. The interviews were conducted online. Results from the full survey have a margin of error of +/- 4 percentage points.

TARGET AUDIENCE

- Works at a business with 1 (sole proprietor) – 500 employees
- Has decision-making power
- Business has not permanently closed without plans to re-open
- Works in one of the following industries:
 - Construction & Contracting
 - Entertainment & Recreation
 - Food & Beverage (Non-Restaurant)
 - Health Care & Medical Care *
 - Hospitality & Accommodation
 - Professional, Scientific & Technical Services *
 - Property & Real Estate
 - Retail
 - Restaurant & Bar

Wave One

METHODOLOGY

This poll was conducted by Morning Consult on behalf of Verizon between April 24 – April 26, 2020 among a national sample of 500 small to midsize business owners and decision makers. The interviews were conducted online. Results from the full survey have a margin of error of +/- 4 percentage points.

TARGET AUDIENCE

- Works at a business with 1 (sole proprietor) – 500 employees
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- Business has not permanently closed without plans to re-open
- Works in one of the following industries:
 - Construction & Contracting
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 - Food & Beverage (Non-Restaurant)
 - Hospitality & Accommodation
 - Property & Real Estate
 - Retail
 - Restaurant & Bar

* Wave two data throughout the report that is trended against wave one data has been filtered to exclude the two industries that were added in wave two.

Key Points

1**Small businesses are concerned about their ability to survive and operate due to capacity restrictions.**

- 55% of small businesses surveyed have concerns about staying afloat financially with social distancing regulations that limit business capacity.
- 55% of small businesses have concerns about delivering services efficiently amid social distancing regulations.

2**Small businesses are feeling more confident in their business' financial wellbeing, but are concerned about the overall state of the economy.**

- 72% of small businesses believe that if conditions stay the same, they will be able to stay open at least 6 months or more.
- 67% of small businesses reported declining sales, representing moderate improvement, versus 78% in April.
- 86% are concerned about the pandemic's effect on the overall U.S. economy.
- 52% of small business decision makers report concern over their own job security, versus 56% in April.

3**Remote work has brought both additional opportunities and challenges for small business owners and employees.**

- 62% of small businesses with remote staff say it has allowed employees to balance work and personal responsibilities more effectively.
- 56% of small businesses with remote staff say remote work has blurred lines between work and personal life.
- Among respondents whose businesses have implemented new remote collaboration systems, 67% say they have faced challenges doing so.

AGENDA

OUTLOOK & BUSINESS IMPACTS

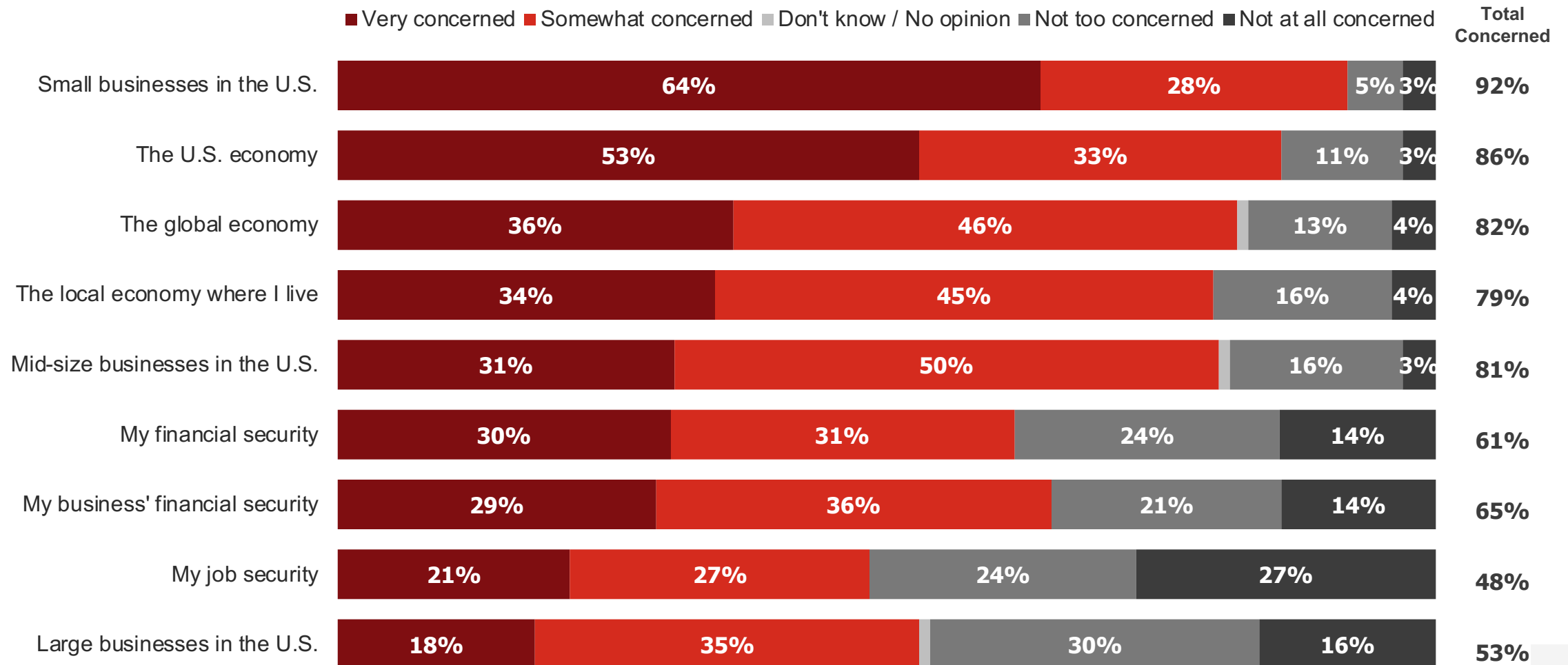
RESPONSES & MOVING FORWARD

FUTURE OF WORK

OUTLOOK & BUSINESS IMPACTS

Business owners and decision makers express strong concern about the impact of the coronavirus pandemic on small businesses and the U.S. economy, though are nearly split when it comes to concern about their own job security.

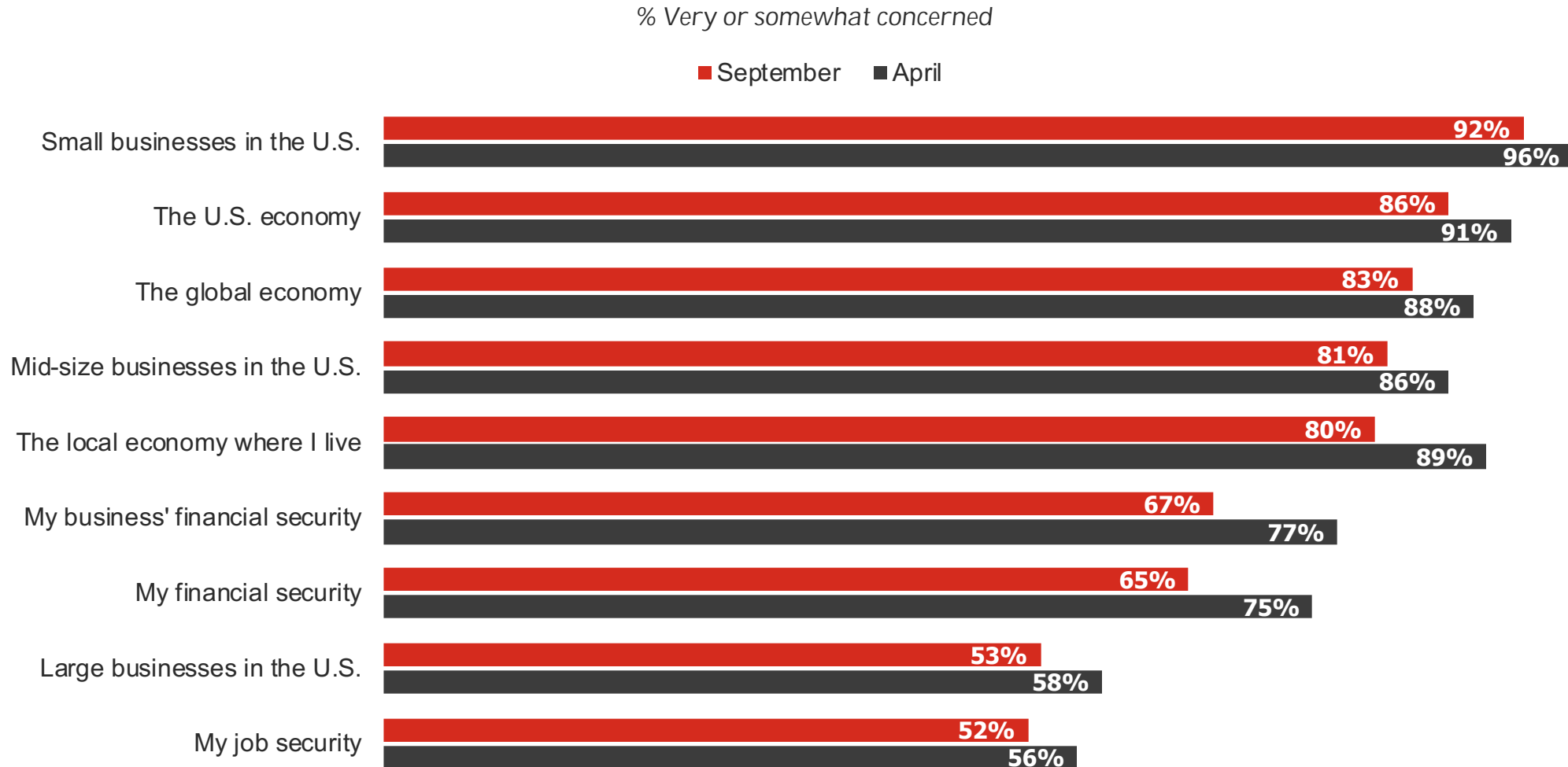
In general, how concerned are you about the impact of the coronavirus (COVID-19) outbreak on the following?



Base: September wave; All small and medium business decision makers

Across areas tested, decision makers report slightly less concern now compared to earlier in the pandemic.

In general, how concerned are you about the impact of the coronavirus (COVID-19) outbreak on the following?

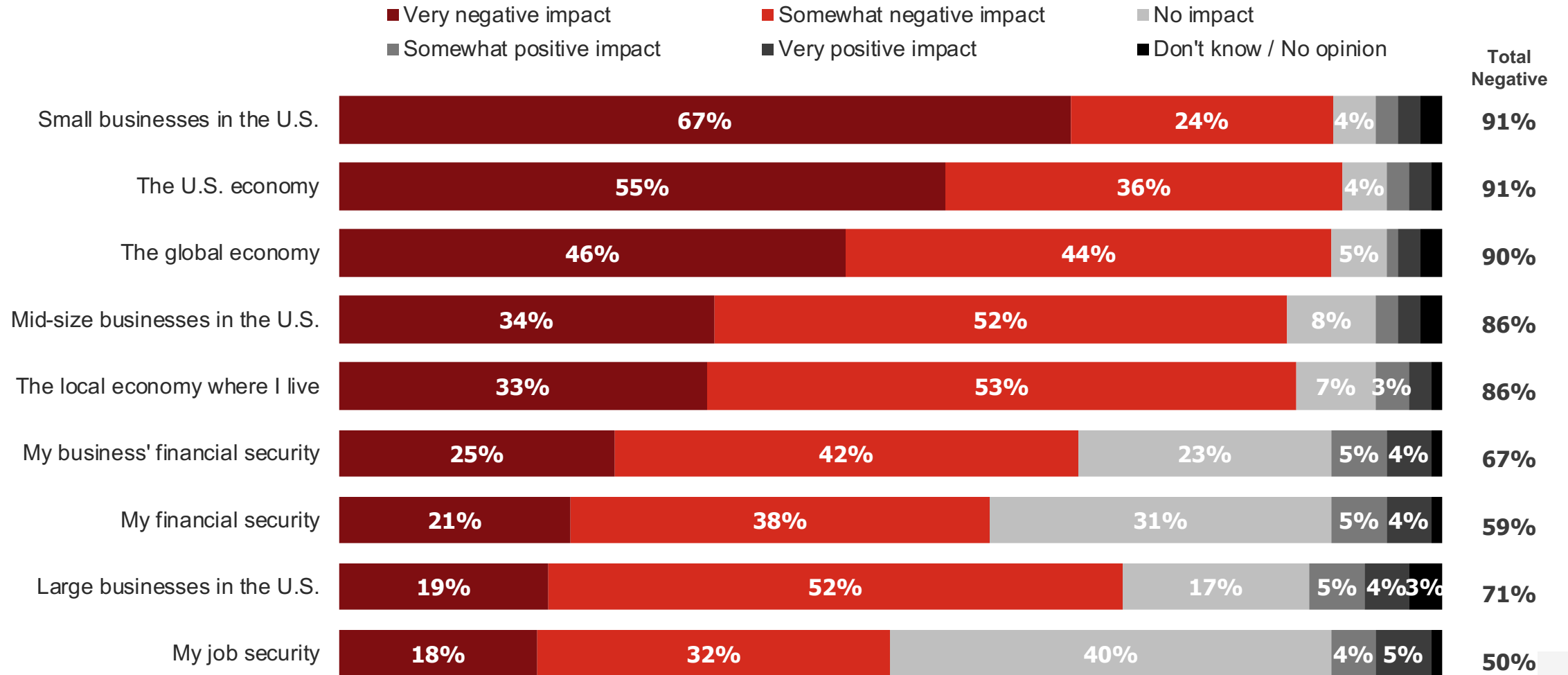


Base: Small and medium business decision makers in industries included in both waves

OUTLOOK & BUSINESS IMPACTS

Consistent with April findings, small and medium business decision makers say the coronavirus pandemic has had the most negative impact on small businesses and the U.S. and global economies at large.

And, over the past few months, how do you believe the coronavirus (COVID-19) outbreak has impacted the following, if at all?

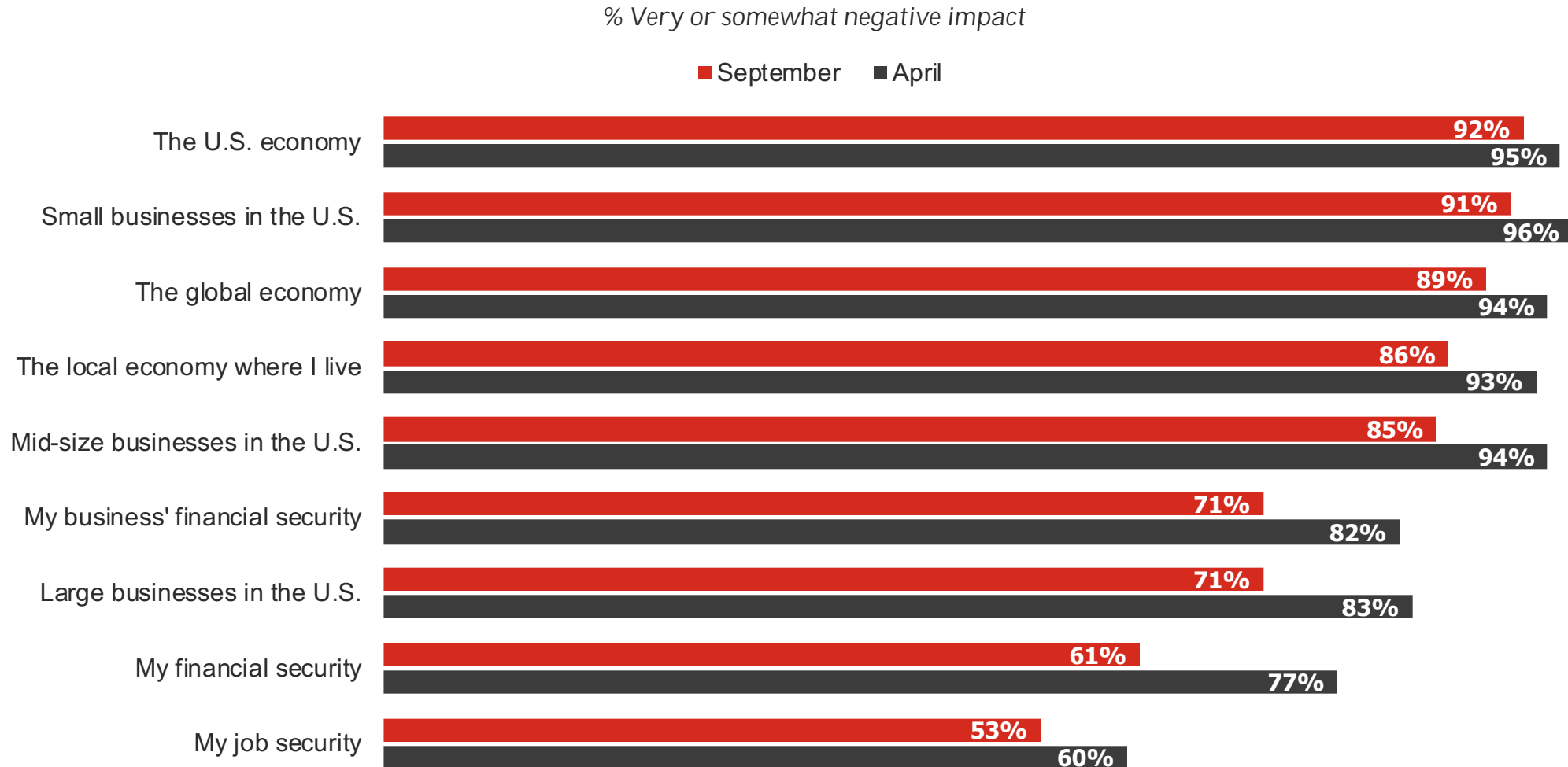


Base: September wave; All small and medium business decision makers

OUTLOOK & BUSINESS IMPACTS

Decision makers are less likely now compared to April to say the pandemic has had a negative impact on their business' financial security, their personal financial security, and their job security.

And, over the past few months, how do you believe the coronavirus (COVID-19) outbreak has impacted the following, if at all?



Base: Small and medium business decision makers in industries included in both waves

OUTLOOK & BUSINESS IMPACTS

In an open-ended environment, decision makers say they're facing challenges related to slower business, capacity restrictions, keeping staff and customers safe, adhering to social distancing guidelines, and remote work.

In a sentence or two, please describe how the challenges your business is currently facing due to the coronavirus (COVID-19) pandemic have changed or evolved compared to the challenges your business faced when the pandemic first began.

Slower Business & Less Revenue

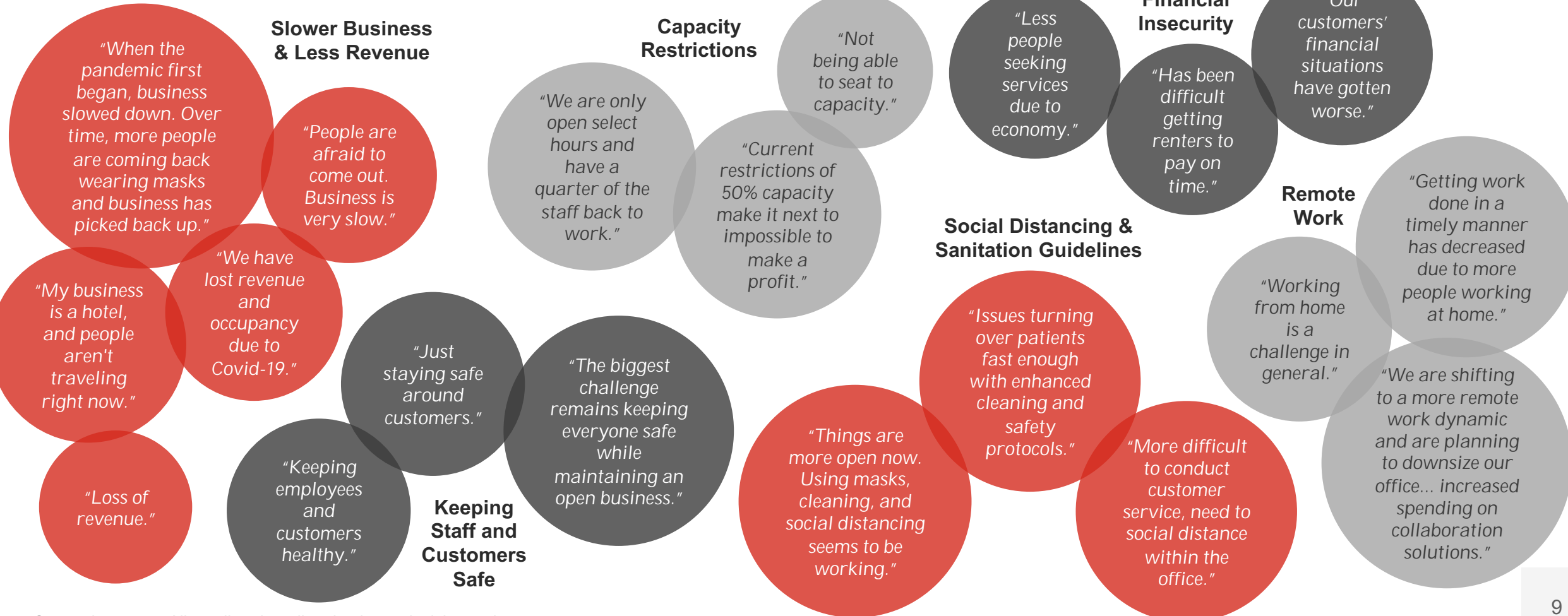
Capacity Restrictions

Consumer Financial Insecurity

Social Distancing & Sanitation Guidelines

Remote Work

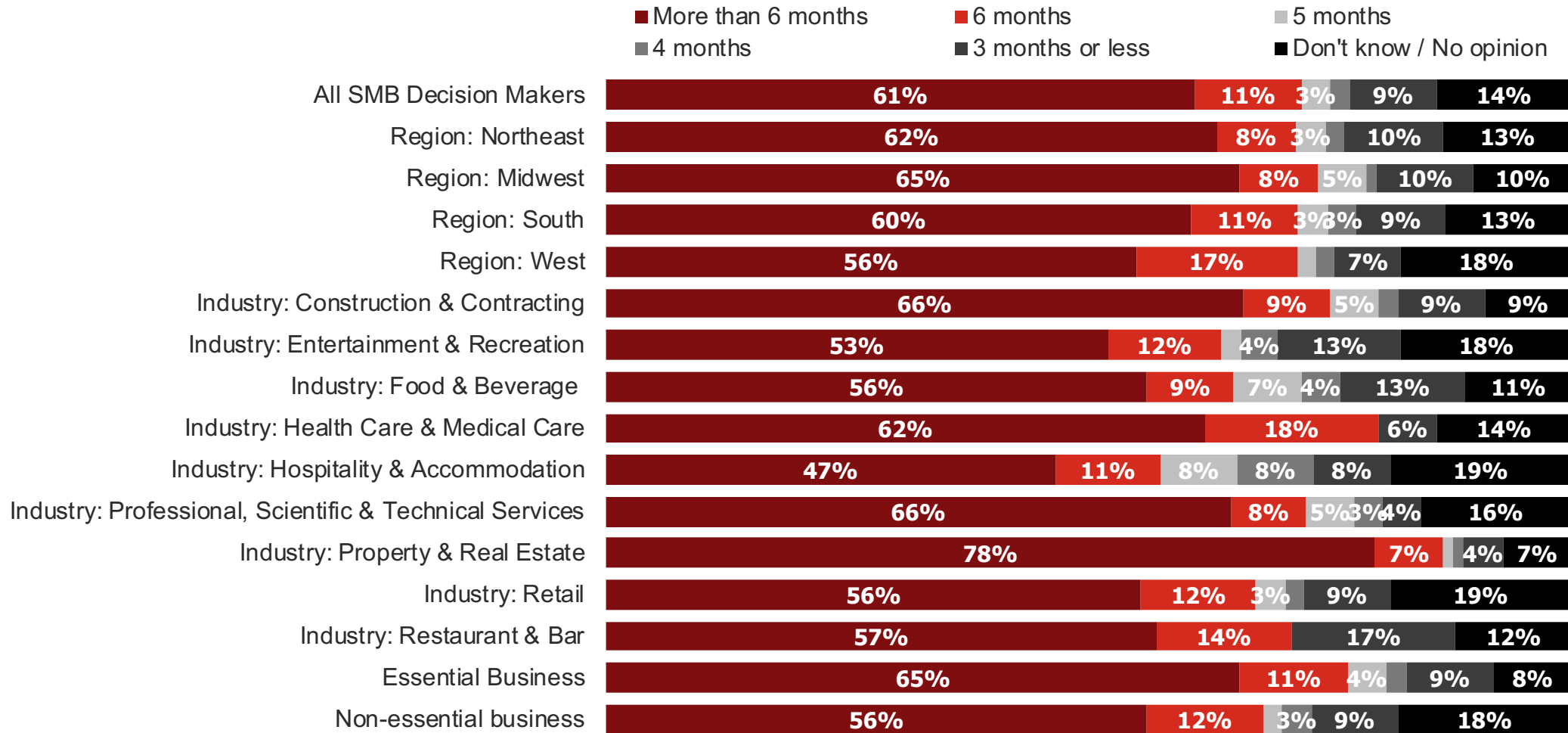
Keeping Staff and Customers Safe



OUTLOOK & BUSINESS IMPACTS

Most decision makers say their business will be able to stay open and operational for more than 6 months if conditions remain how they are now, though respondents in the hospitality industry are less optimistic.

Generally speaking, if conditions caused by the coronavirus (COVID-19) outbreak stay how they are now, for how long do you think your business will be able to stay open and operational?

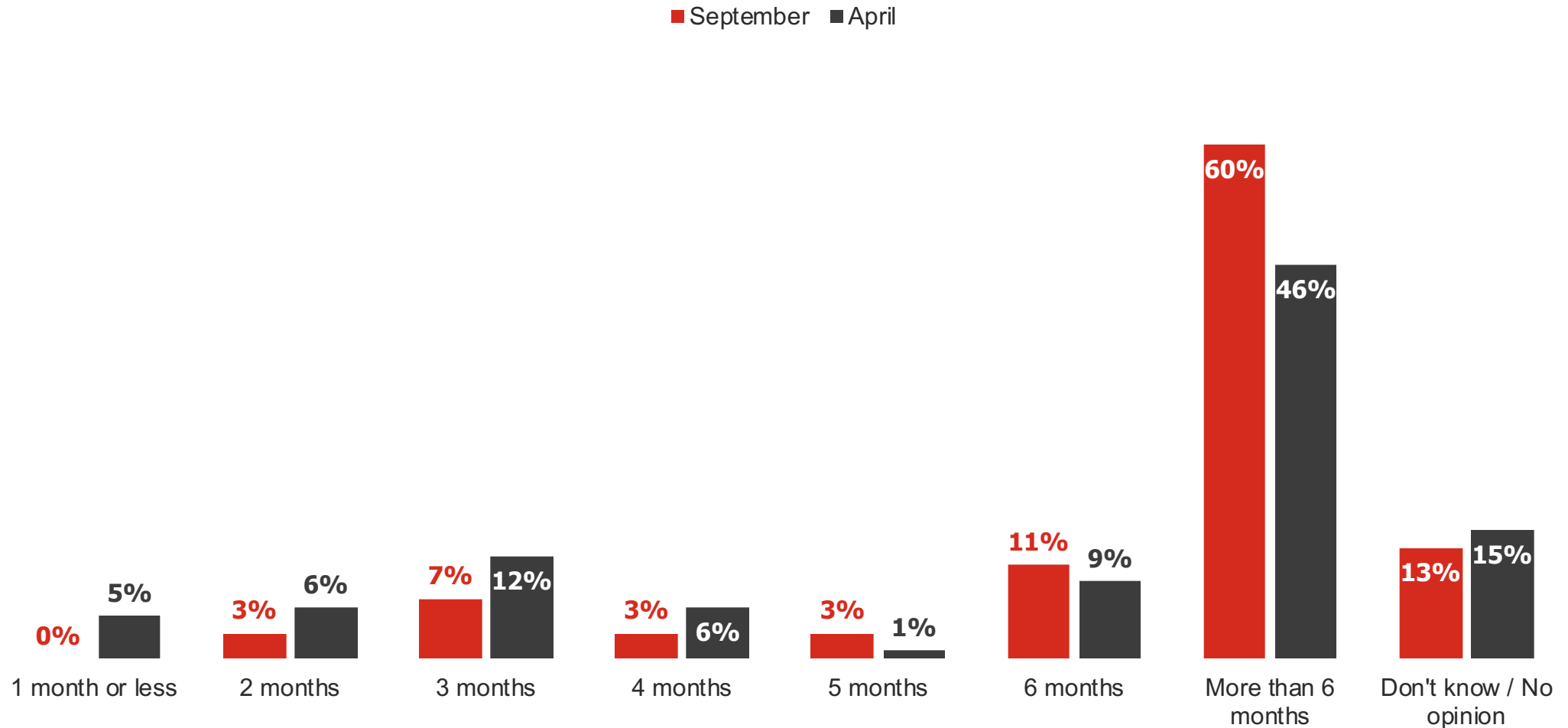


Base: September wave; Decision makers at businesses that are *not* temporarily closed

OUTLOOK & BUSINESS IMPACTS

Decision makers at businesses that remain open and operational are more optimistic about their business staying open in the long-term now compared to April.

Generally speaking, if conditions caused by the coronavirus (COVID-19) outbreak stay how they are now, for how long do you think your business will be able to stay open and operational?



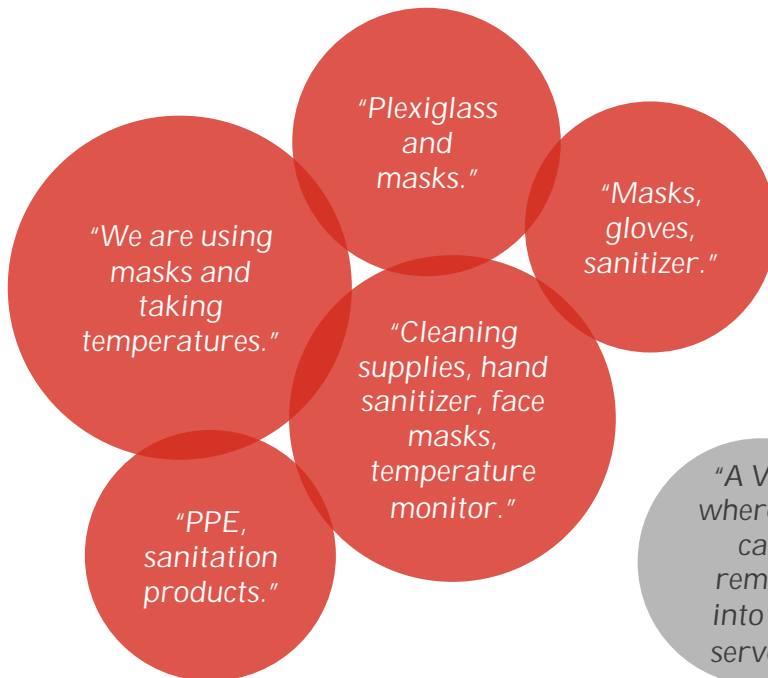
Base: Decision makers in industries included in both waves whose businesses are *not* temporarily closed

OUTLOOK & BUSINESS IMPACTS

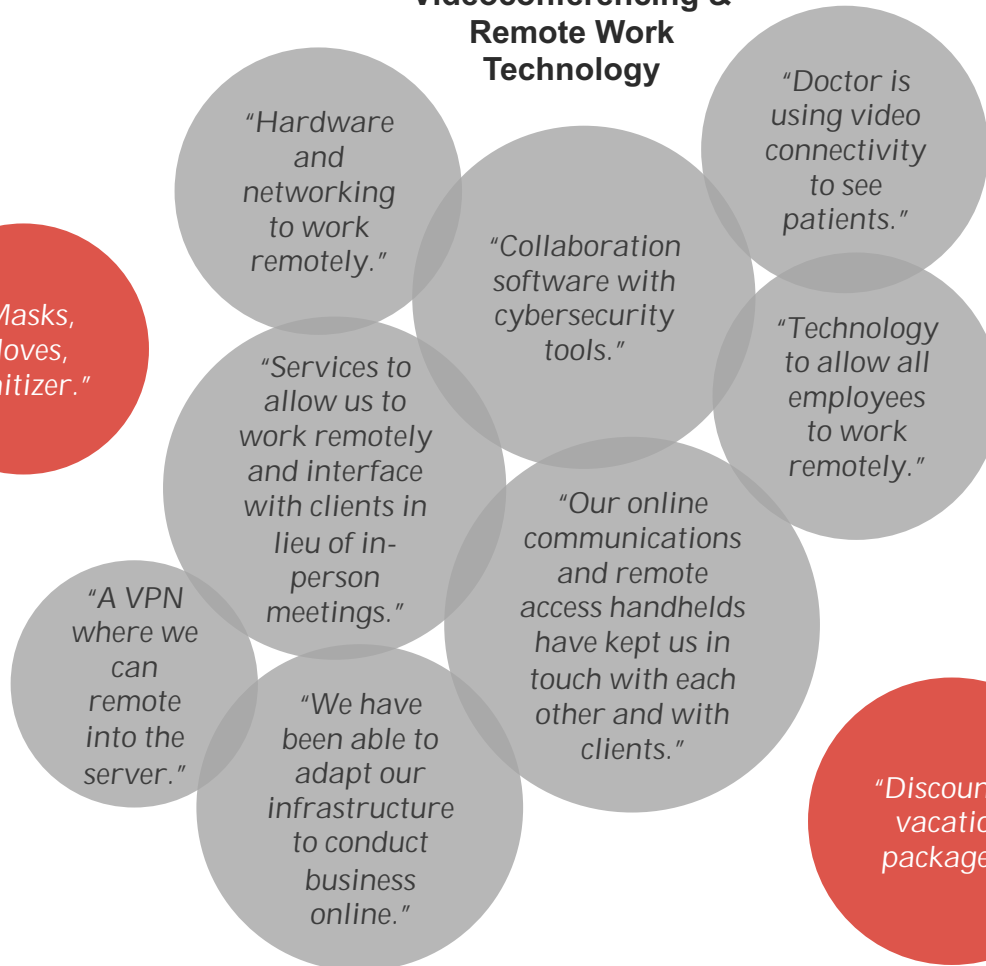
When asked what products and services have been most helpful in keeping their business open and operational, decision makers most commonly cite PPE and sanitation products, remote work technologies and internet services.

What products or services does your business use that have been most helpful for staying open and operational during the coronavirus (COVID-19) pandemic? Please explain.

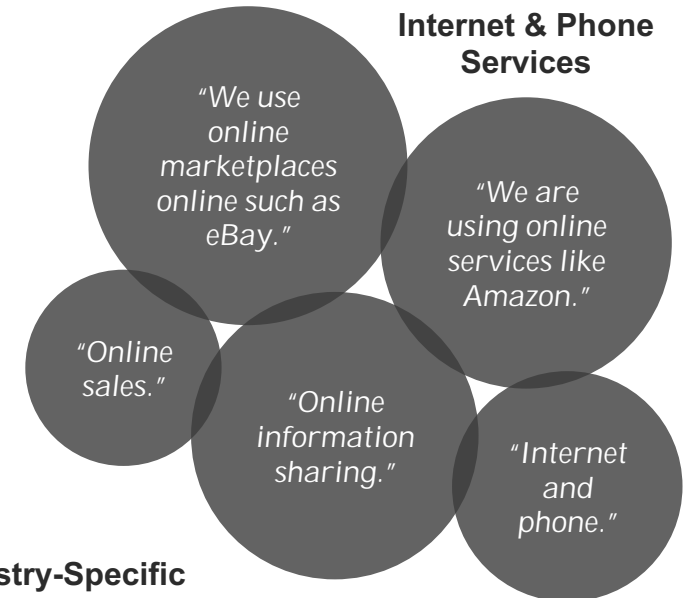
PPE & Sanitation Products



Videoconferencing & Remote Work Technology



Internet & Phone Services



Industry-Specific Products & Services



OUTLOOK & BUSINESS IMPACTS

Most decision makers say their business has experienced declining sales and reduced employees' hours due to the pandemic. Nearly 2 in 5 say they've experienced supply chain issues and transitioned employees to remote work.

Thinking about the impacts of the coronavirus (COVID-19) outbreak, has your business...



OUTLOOK & BUSINESS IMPACTS

Decision makers in the professional, scientific and technical services industry are more likely than others to say their business has added or transitioned to digital operations and implemented new systems for remote collaboration.

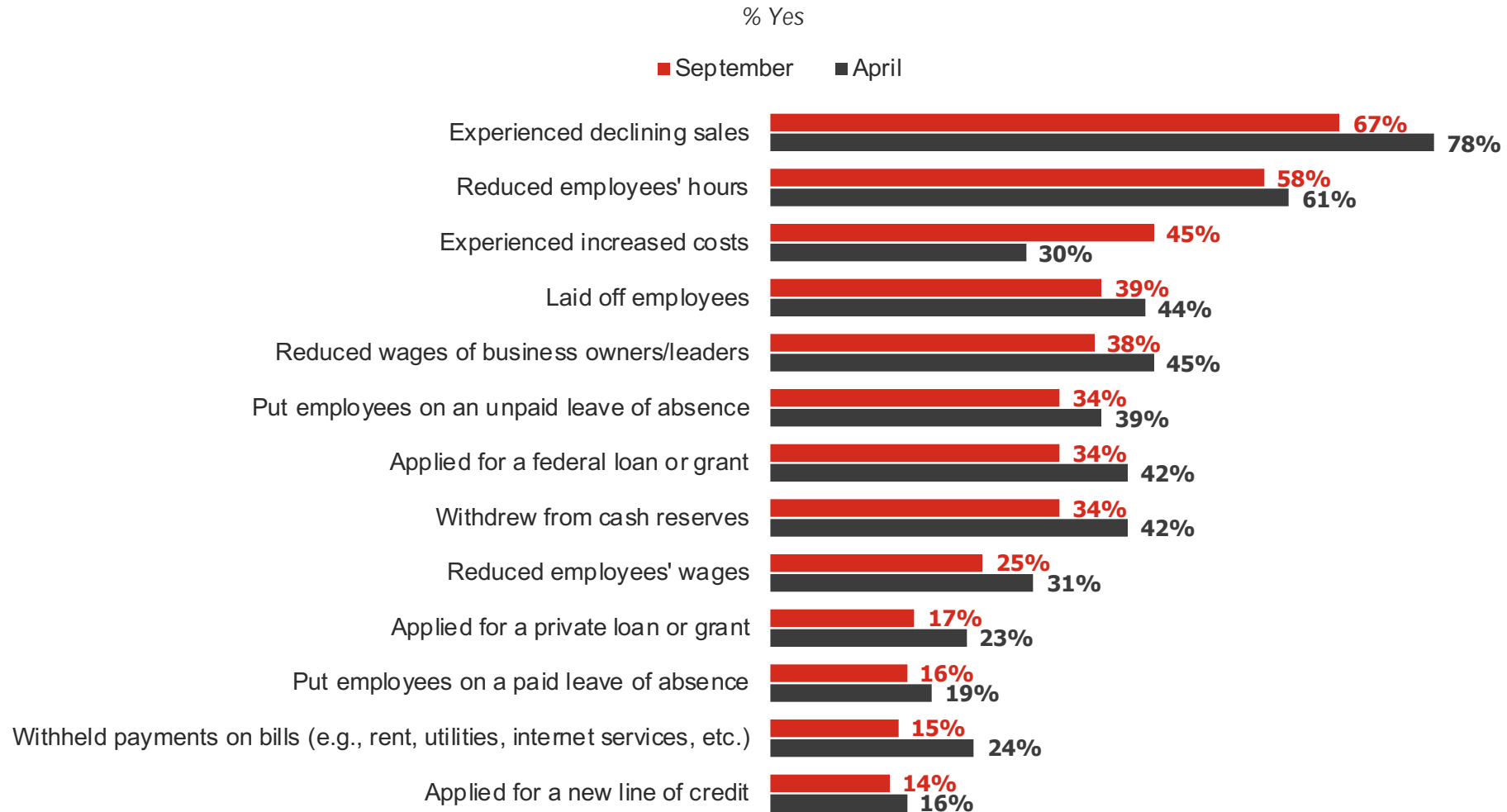
Thinking about the impacts of the coronavirus (COVID-19) outbreak, has your business...

| % Yes | Added or transitioned to digital/online operations | Implemented new systems or technology to allow for remote collaboration | Started delivering products and services differently (e.g., virtual servicing, local home delivery, etc.) | Started offering new products and services to adapt to changing customer needs |
|---|--|---|---|--|
| Industry: Construction & Contracting | 18% | 26% | 26% | 24% |
| Industry: Entertainment & Recreation | 40% | 44% | 32% | 34% |
| Industry: Food & Beverage | 34% | 36% | 48% | 38% |
| Industry: Health Care & Medical Care | 31% | 35% | 28% | 25% |
| Industry: Hospitality & Accommodation | 40% | 28% | 26% | 40% |
| Industry: Professional, Scientific & Technical Services | 53% | 60% | 32% | 44% |
| Industry: Property & Real Estate | 32% | 43% | 26% | 19% |
| Industry: Retail | 32% | 34% | 47% | 31% |
| Industry: Restaurant & Bar | 26% | 22% | 49% | 50% |

OUTLOOK & BUSINESS IMPACTS

Decision makers are less likely now compared to earlier in the pandemic to say they've experienced declining sales, but more likely to say their costs have increased.

Thinking about the impacts of the coronavirus (COVID-19) outbreak, has your business...

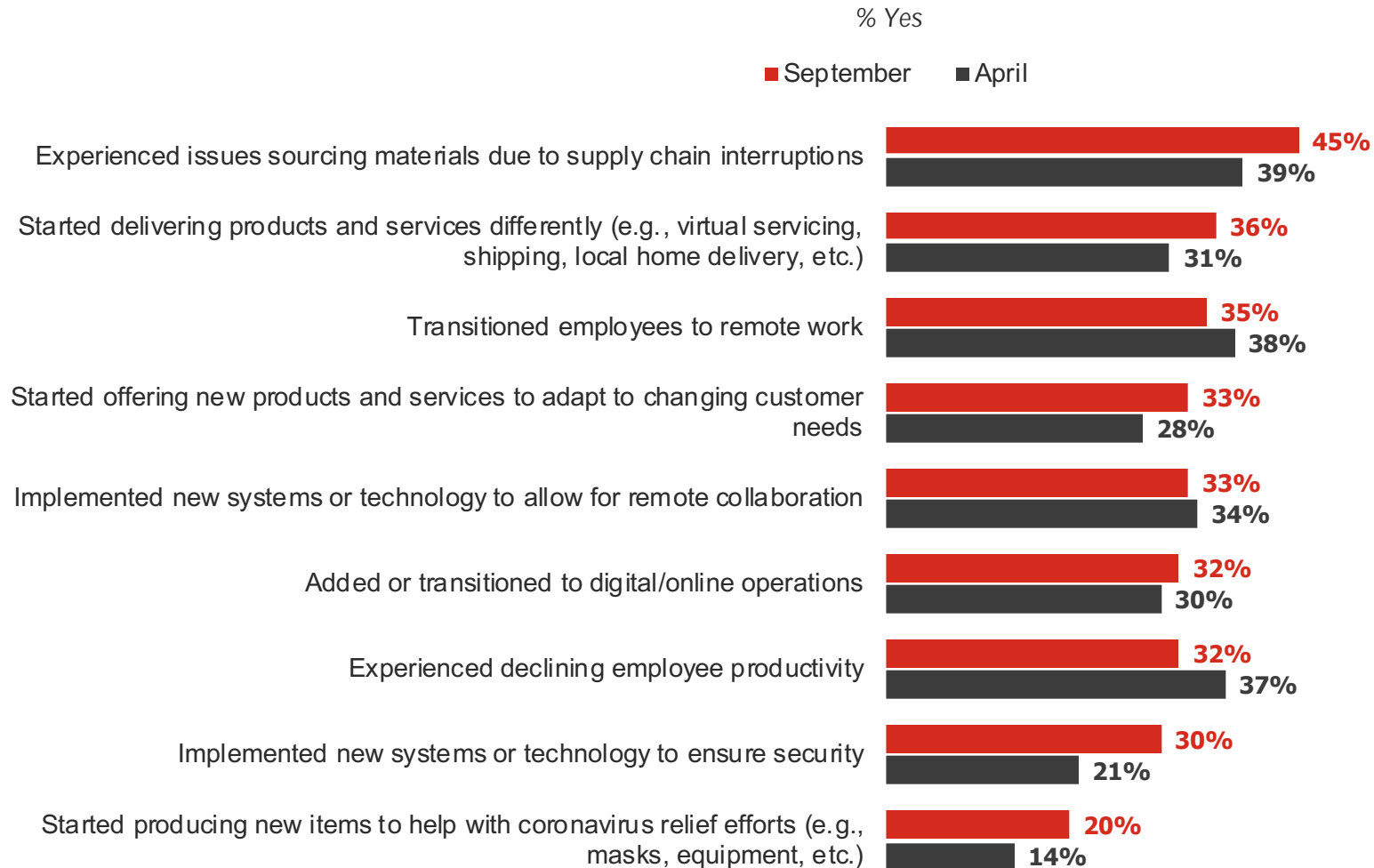


Base: Small and medium business decision makers in industries included in both waves

OUTLOOK & BUSINESS IMPACTS

When it comes to operational impacts, decision makers are slightly more likely now compared to April to say they have started delivering products and services differently and offering new products to meet changing needs.

Thinking about the impacts of the coronavirus (COVID-19) outbreak, has your business...

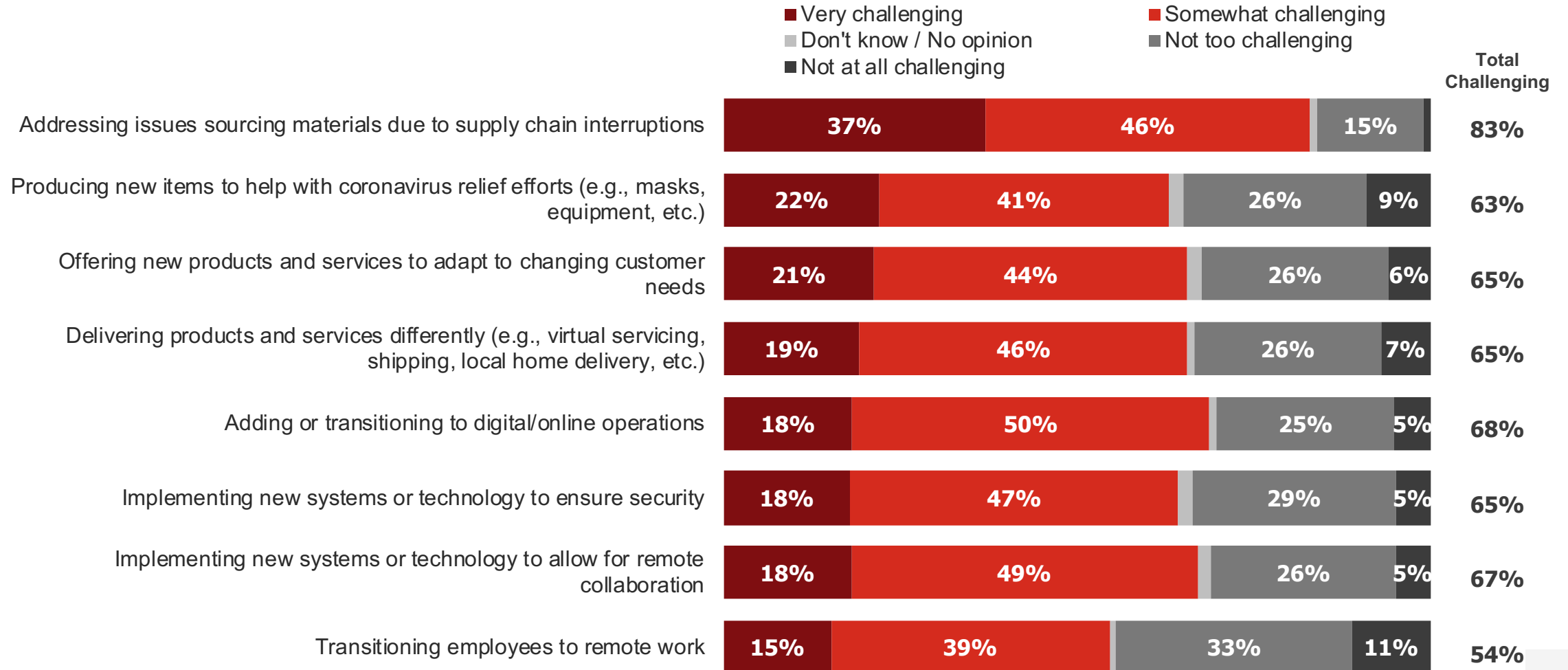


Base: Small and medium business decision makers in industries included in both waves

OUTLOOK & BUSINESS IMPACTS

Among decision makers whose businesses have responded or been impacted in each way, respectively, addressing supply chain interruptions and adding digital operations have presented the greatest challenges.

How challenging has it been for your business to address or implement each of the following?



Base: September wave; Decision makers who have experienced or implemented respective area

OUTLOOK & BUSINESS IMPACTS

These trends are largely consistent with the challenges that small and medium business decision makers reported in April.

How challenging has it been for your business to address or implement each of the following?

% Very or somewhat challenging

■ September ■ April

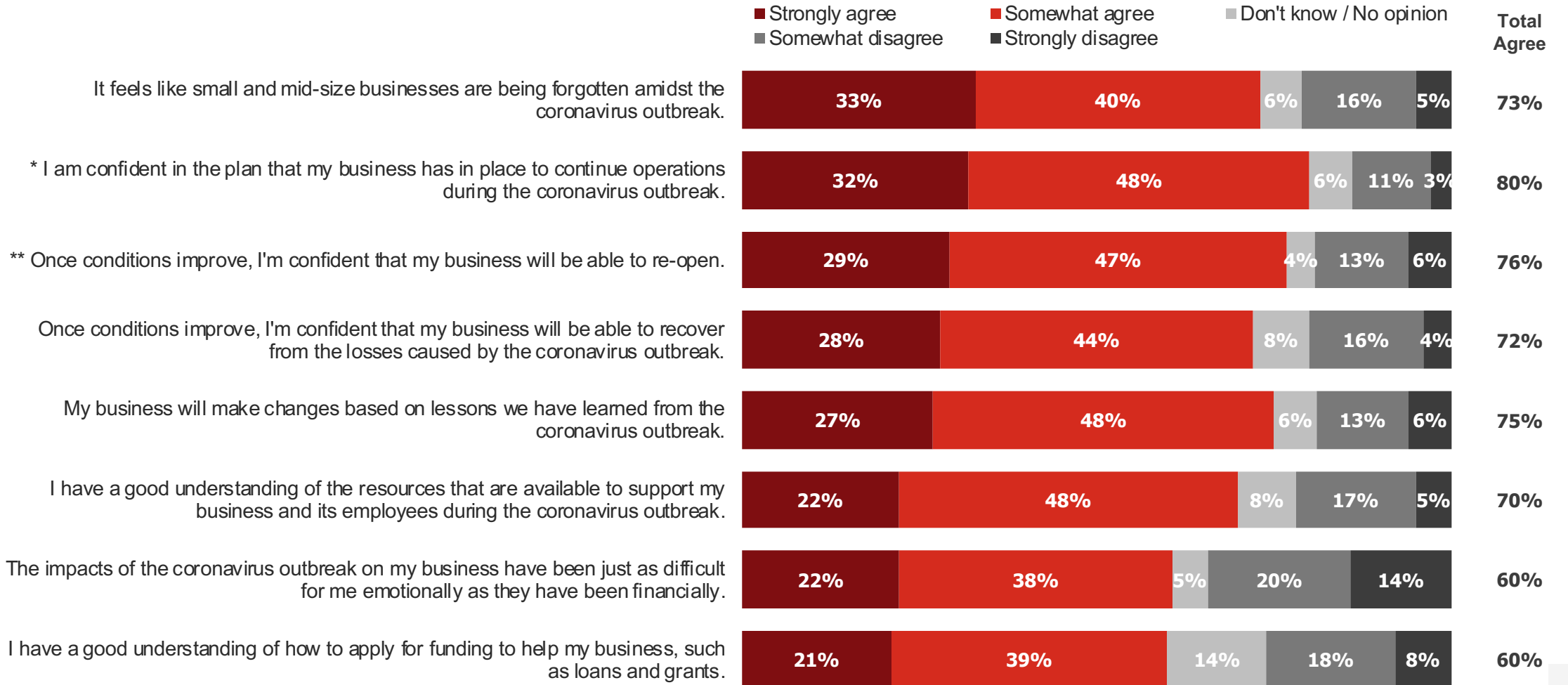


Base: Decision makers in industries included in both waves who have experienced or implemented respective area

OUTLOOK & BUSINESS IMPACTS

Decision makers remain confident in their business' plans to either continue operations or re-open, though most express that the pandemic has been just as difficult emotionally for them as it has financially.

To what extent do you agree or disagree with the following statements?

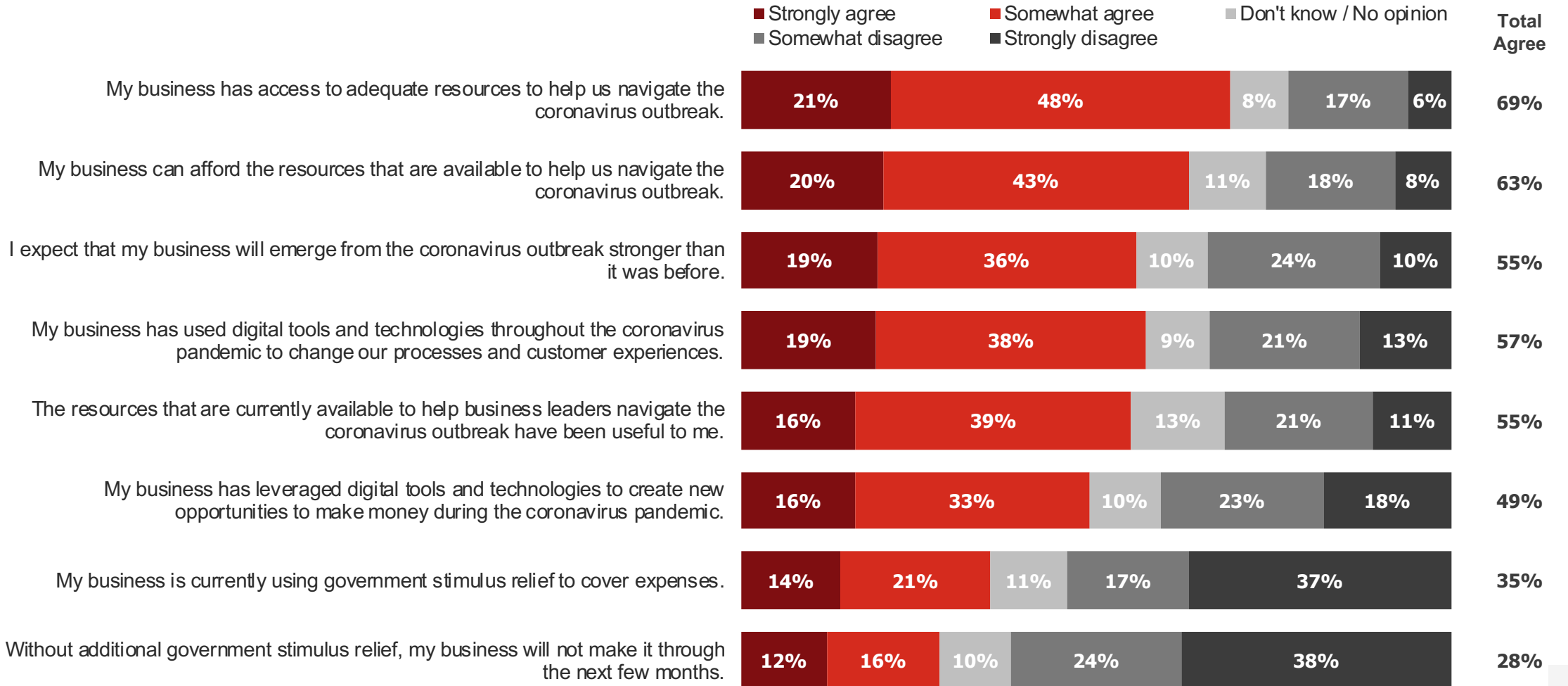


* Shown to respondents whose businesses remain open
 ** Shown to respondents whose businesses are temporarily closed

OUTLOOK & BUSINESS IMPACTS

Most decision makers say their business has access to adequate resources and *disagree* that they will not make it through the next few months without additional government stimulus relief.

To what extent do you agree or disagree with the following statements?



OUTLOOK & BUSINESS IMPACTS

Sentiment around recovery is largely consistent with sentiment in April.

To what extent do you agree or disagree with the following statements?

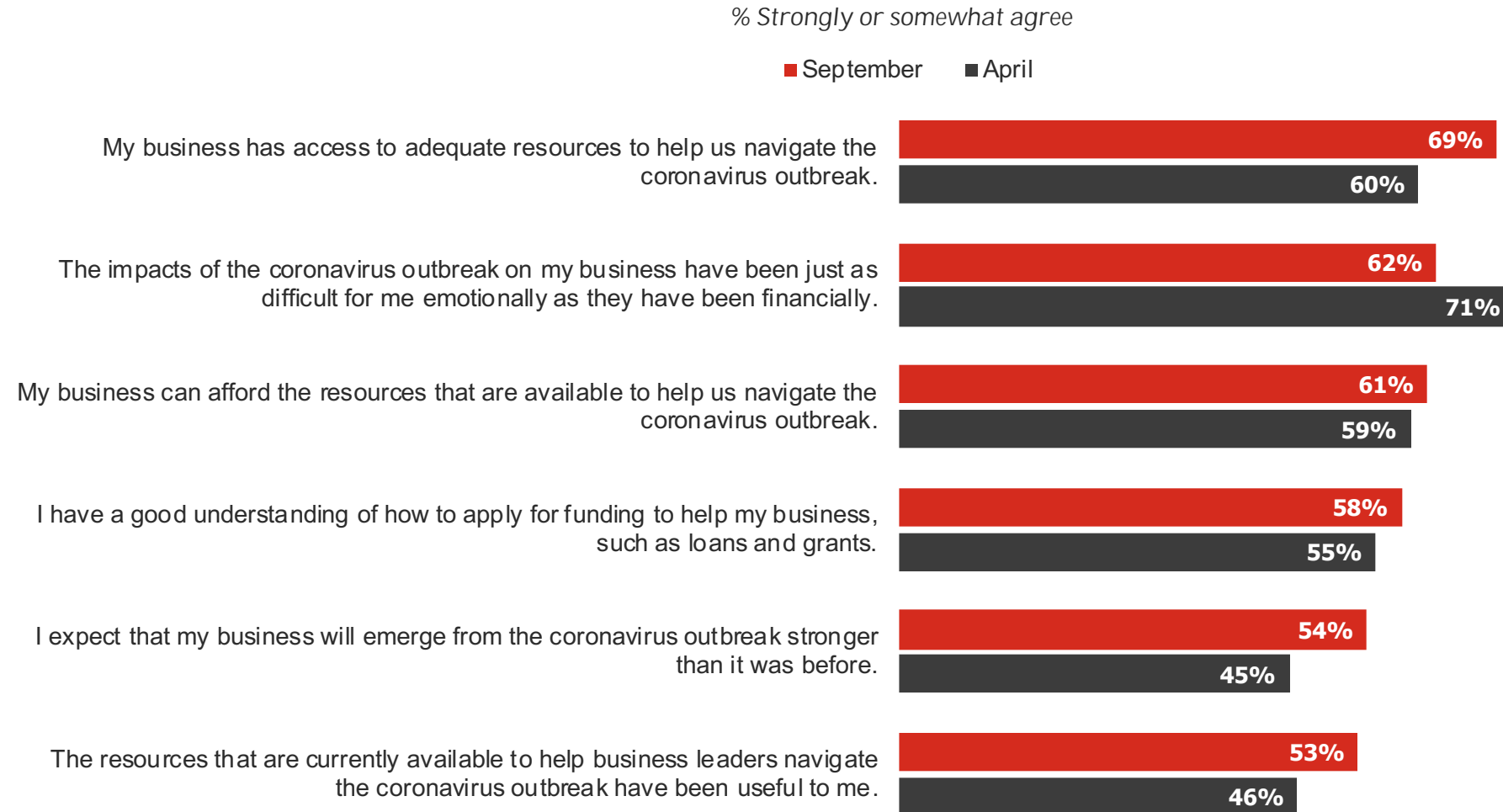


* Shown to respondents whose businesses remain open
 ** Shown to respondents whose businesses are temporarily closed

OUTLOOK & BUSINESS IMPACTS

Compared to April, decision makers now are slightly more likely to say they have access to adequate resources and that the resources available to help them navigate the pandemic have been useful.

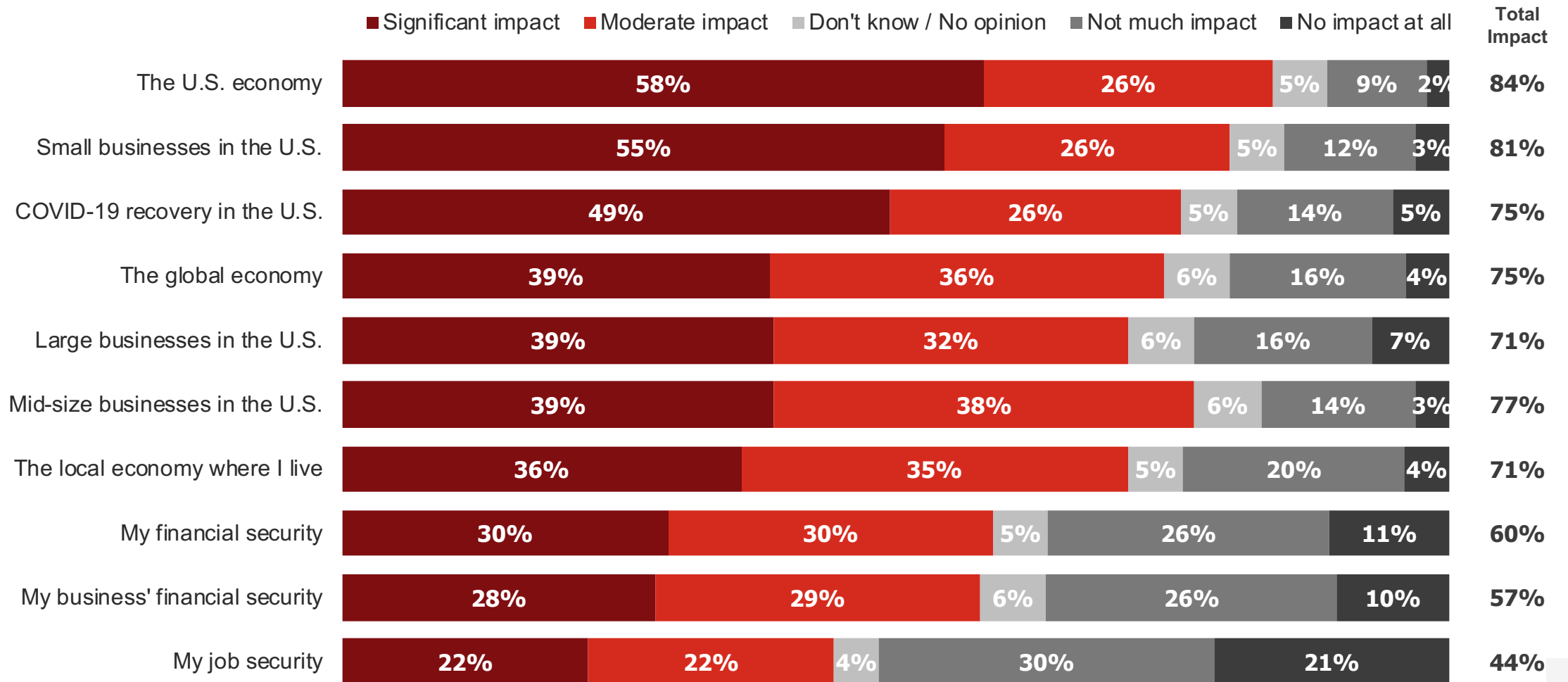
To what extent do you agree or disagree with the following statements?



OUTLOOK & BUSINESS IMPACTS

Decision makers view the 2020 presidential election as very consequential for the U.S. economy, small businesses generally, and COVID-19 recovery in the U.S., though a lesser majority say it will impact their own business (57%).

How much impact do you believe the outcome of the 2020 presidential election will have on the following?



Base: September wave; All small and medium business decision makers



AGENDA

OUTLOOK & BUSINESS IMPACTS

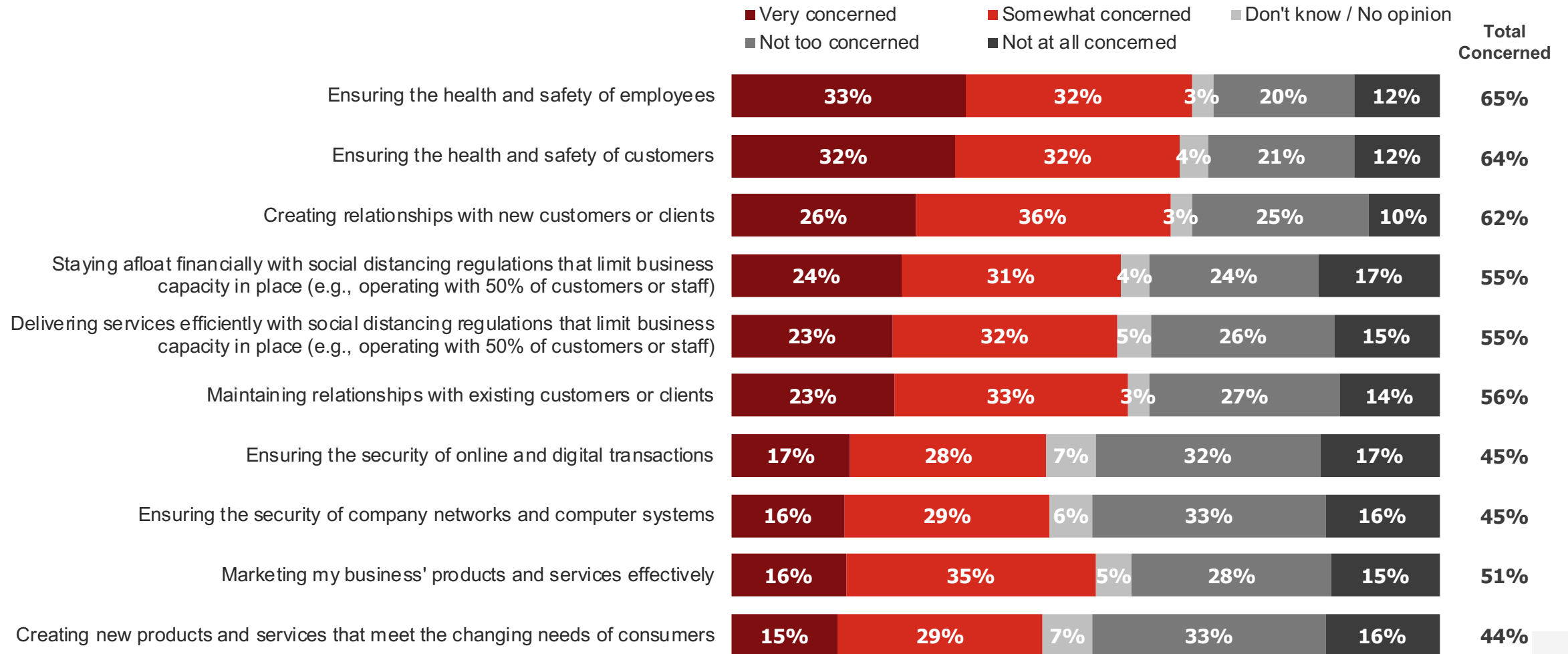
RESPONSES & MOVING FORWARD

FUTURE OF WORK

RESPONSES & MOVING FORWARD

When it comes to moving forward over the next few months, decision makers are most concerned about ensuring the health and safety of employees and customers, followed by creating relationships with new customers or clients.

Thinking about how your business plans to move forward over the next few months, how concerned are you about the following?



Base: September wave; All small and medium business decision makers

RESPONSES & MOVING FORWARD

Ensuring the health and safety of employees and customers emerge as top concerns across most industries, though creating new client relationships and marketing effectively are top-of-mind in the professional services industry.

Thinking about how your business plans to move forward over the next few months, how concerned are you about the following?

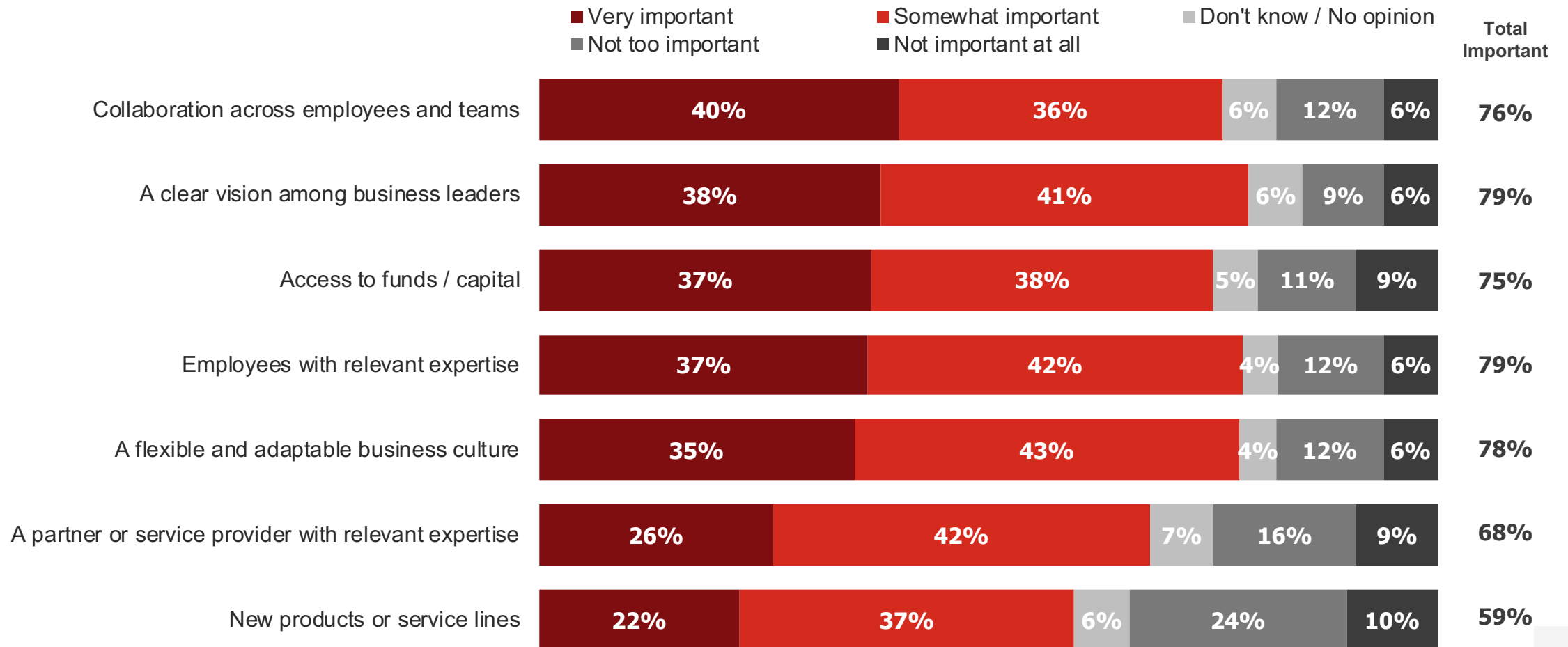
TOP CONCERNS BY INDUSTRY

| | |
|---|--|
| INDUSTRY: CONSTRUCTION & CONTRACTING | <ul style="list-style-type: none"> Ensuring the health and safety of employees (56%) Creating relationships with new customers or clients (56%) |
| INDUSTRY: ENTERTAINMENT & RECREATION | <ul style="list-style-type: none"> Creating relationships with new customers or clients (69%) Ensuring the health and safety of employees (66%) |
| INDUSTRY: FOOD & BEVERAGE | <ul style="list-style-type: none"> Creating relationships with new customers or clients (66%) Ensuring the health and safety of employees (59%) |
| INDUSTRY: HEALTH CARE & MEDICAL CARE | <ul style="list-style-type: none"> Ensuring the health and safety of employees (61%) Ensuring the health and safety of customers (60%) |
| INDUSTRY: HOSPITALITY & ACCOMMODATION | <ul style="list-style-type: none"> Ensuring the health and safety of customers (85%) Ensuring the health and safety of employees (75%) |
| INDUSTRY: PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES | <ul style="list-style-type: none"> Creating relationships with new customers or clients (72%) Marketing my business' products and services effectively (66%) |
| INDUSTRY: PROPERTY & REAL ESTATE | <ul style="list-style-type: none"> Ensuring the health and safety of employees (55%) Ensuring the health and safety of customers (53%) |
| INDUSTRY: RESTAURANT & BAR | <ul style="list-style-type: none"> Ensuring the health and safety of employees (77%) Ensuring the health and safety of customers (75%) |
| INDUSTRY: RETAIL | <ul style="list-style-type: none"> Ensuring the health and safety of employees (69%) Ensuring the health and safety of customers (67%) |

RESPONSES & MOVING FORWARD

Decision makers consider factors related to talent and culture most important to their business' digital transformation efforts – collaboration, a clear vision among leaders, employees with expertise, and flexibility.

How important do you consider the following for helping your business with digital transformation, or the use of digital tools and technologies to create new processes and opportunities?

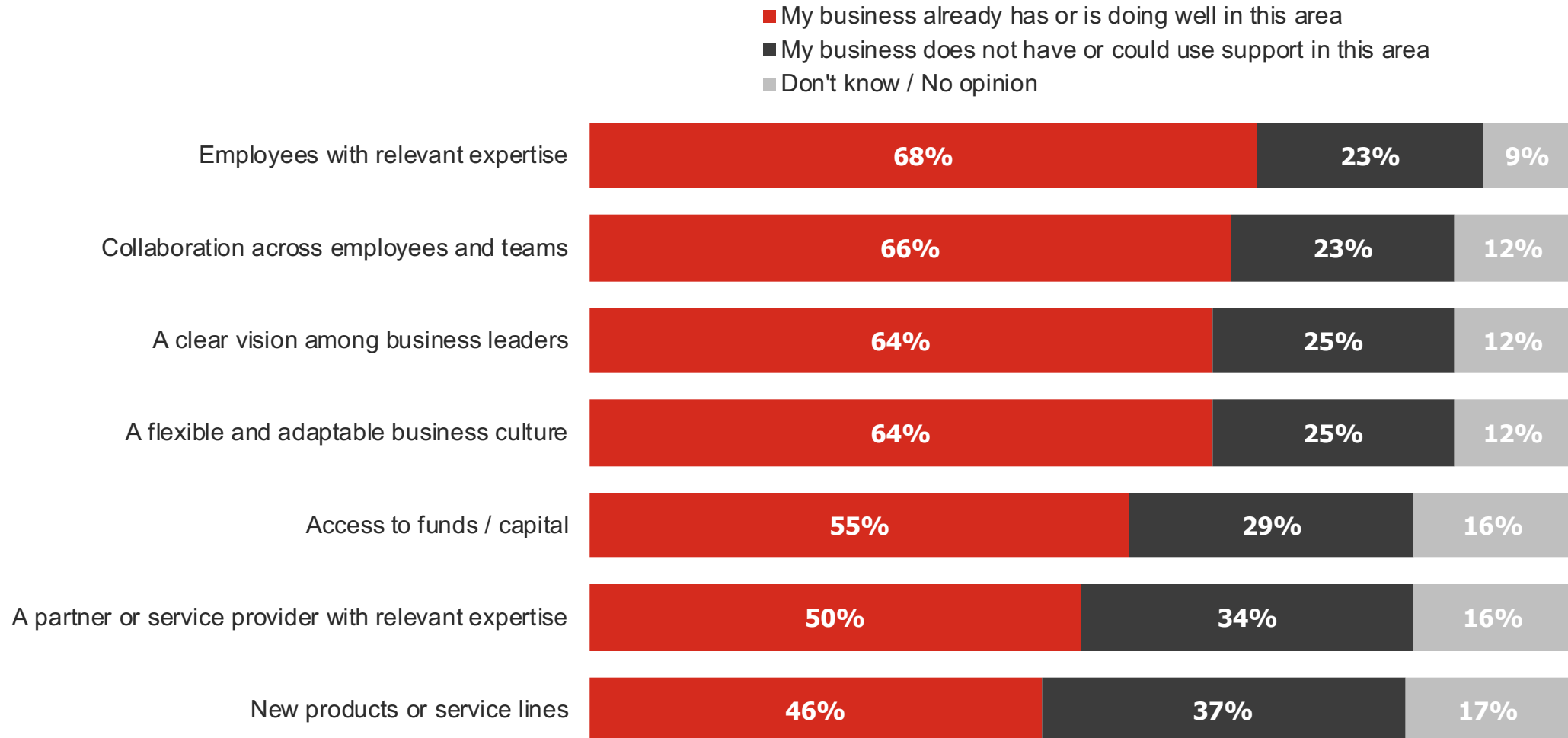


Base: September wave; All small and medium business decision makers

RESPONSES & MOVING FORWARD

More than 1 in 3 say they could use support when it comes to a partner and new products or service lines, although most decision makers say their business is doing well when it comes to expertise, collaboration, vision, and culture.

And, when it comes to digital transformation, would you say your business already has or is doing well in each of these areas, or that it could use support?

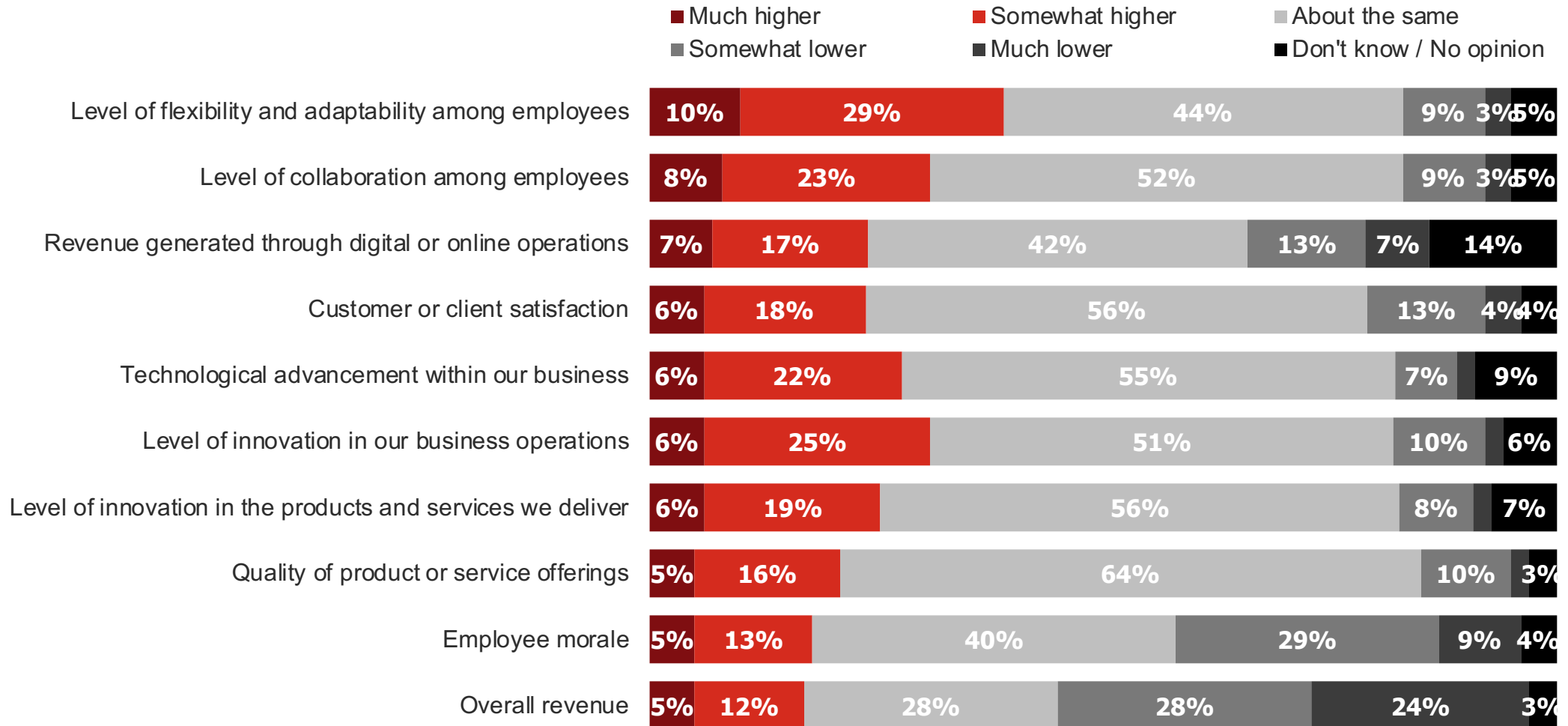


Base: September wave; All small and medium business decision makers

RESPONSES & MOVING FORWARD

About 2 in 5 decision makers say the level of adaptability exhibited by their employees is higher now compared to before the pandemic, and nearly 1 in 3 say the level of innovation in their business operations has increased.

Compared to before the coronavirus (COVID-19) pandemic began, would you say the following are higher, lower, or about the same for your business now?



Base: September wave; All small and medium business decision makers



AGENDA

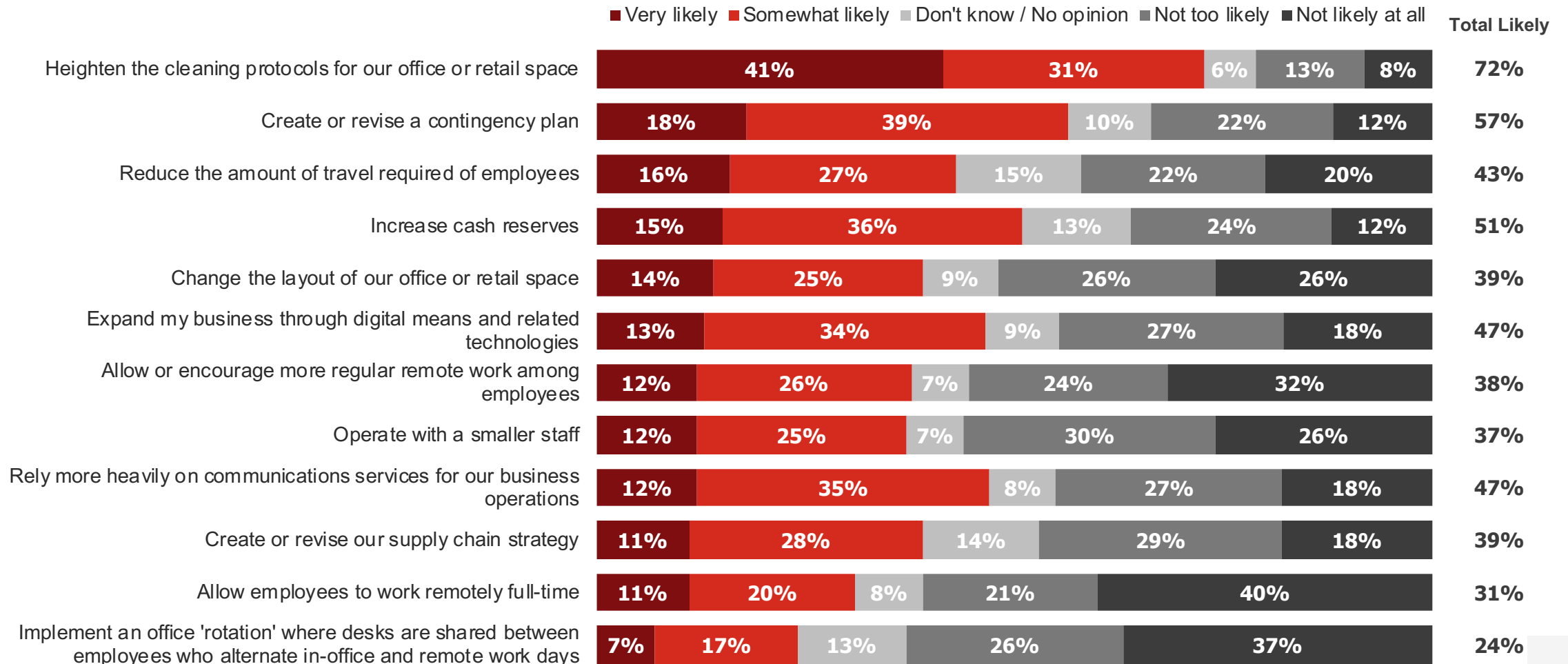
OUTLOOK & BUSINESS IMPACTS
RESPONSES & MOVING FORWARD

FUTURE OF WORK

FUTURE OF WORK

Looking ahead, most decision makers say it is likely that their business will heighten cleaning protocols. Nearly half say they will create or revise their contingency plan and increase their cash reserves.

Thinking about the future of your business, after the coronavirus (COVID-19) outbreak has subsided, how likely do you think it is that your business will...



Base: September wave; All small and medium business decision makers

FUTURE OF WORK

Consistent with April results, more than 2 in 5 decision makers say it is likely that their business will expand through digital technologies and rely more heavily on communications services for business operations.

Thinking about the future of your business, after the coronavirus (COVID-19) outbreak has subsided, how likely do you think it is that your business will...

% Very or somewhat likely

■ September ■ April



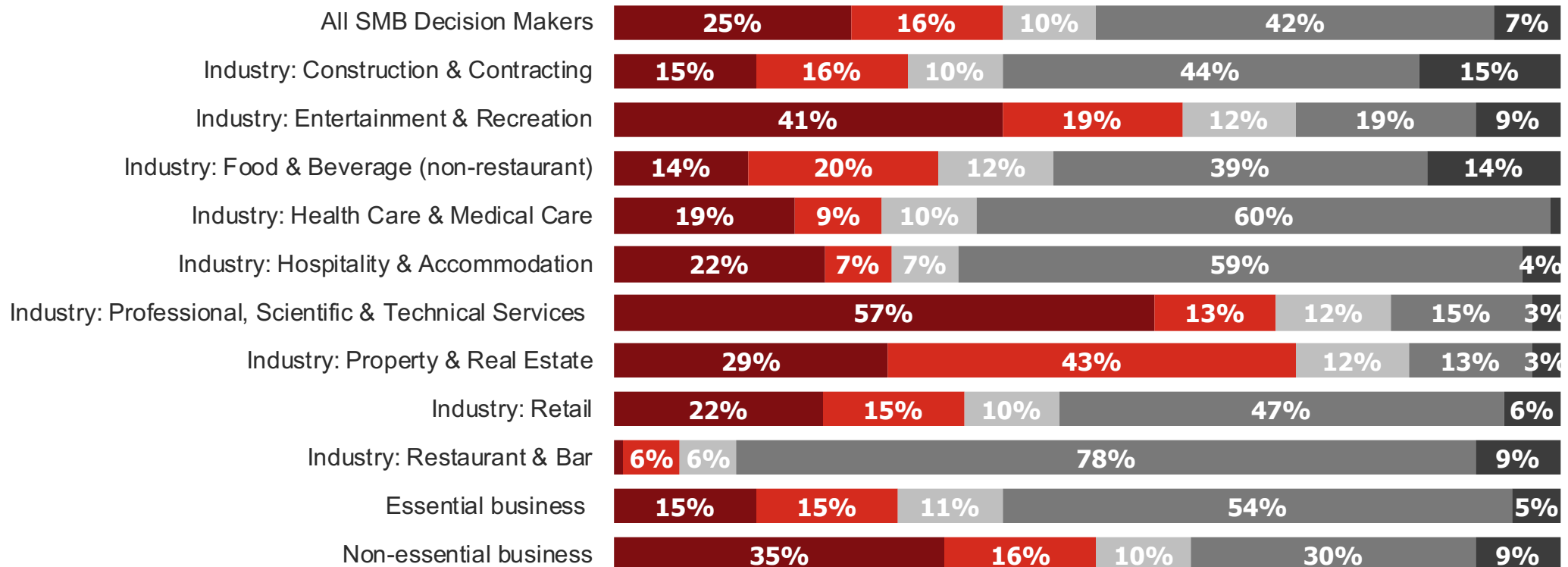
Base: Small and medium business decision makers in industries included in both waves

FUTURE OF WORK

More than a third of decision makers at non-essential businesses say their employees are currently working remotely, while most decision makers at essential businesses say employees are required to work from a workplace.

Which of the following best describes the remote work policy at your business?

- Most or all employees are required to work remotely
- Most or all employees are free to choose whether to work remotely or from an office/workplace
- Most or all employees are required to work from an office/workplace a designated number of days per week and work remotely on other days
- Most or all employees are required to work from an office/workplace
- Other

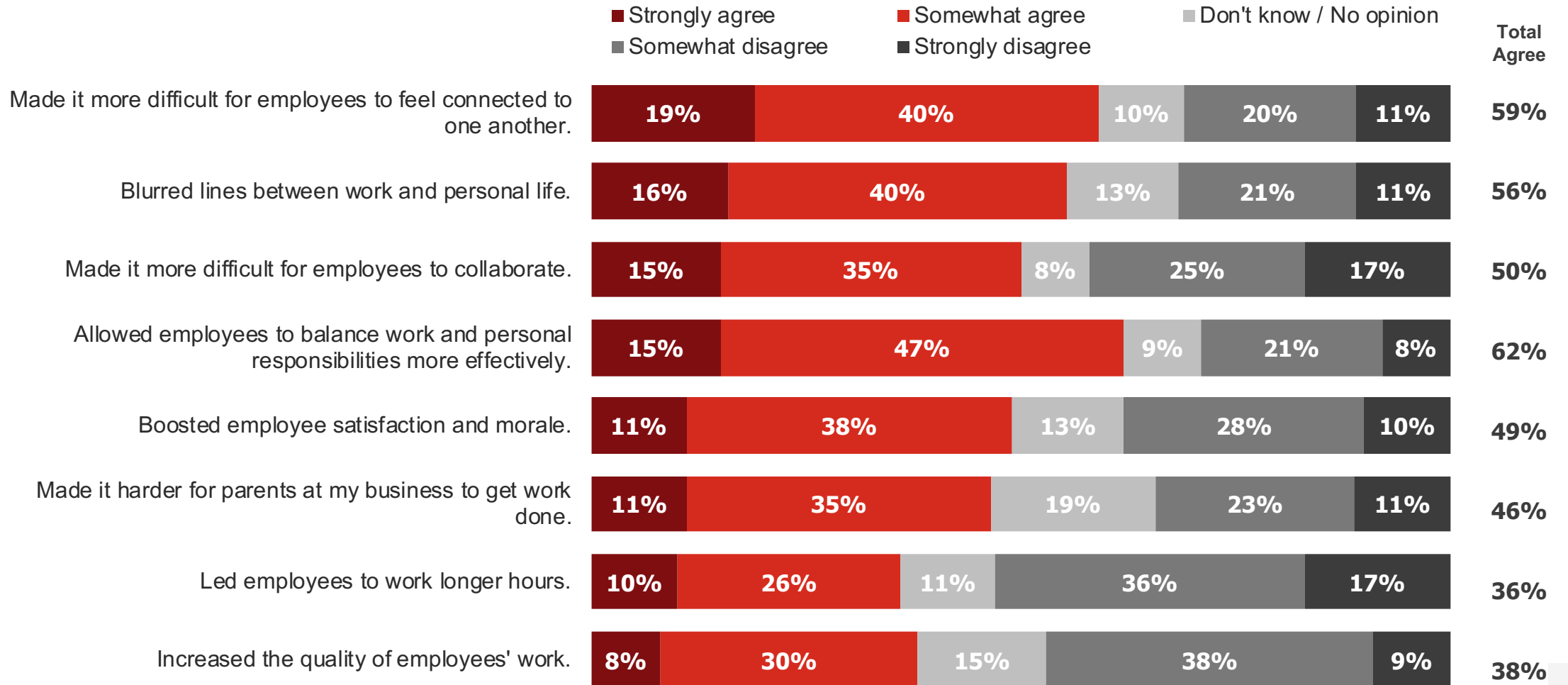


Base: September wave; All small and medium business decision makers

FUTURE OF WORK

Most decision makers at businesses with remote employees agree that remote work has allowed employees to balance work and personal life more effectively, but cite negative impacts on employee connection and collaboration.

Thinking about how remote work has been for your business, to what extent do you agree or disagree with the following statements? Remote work has...

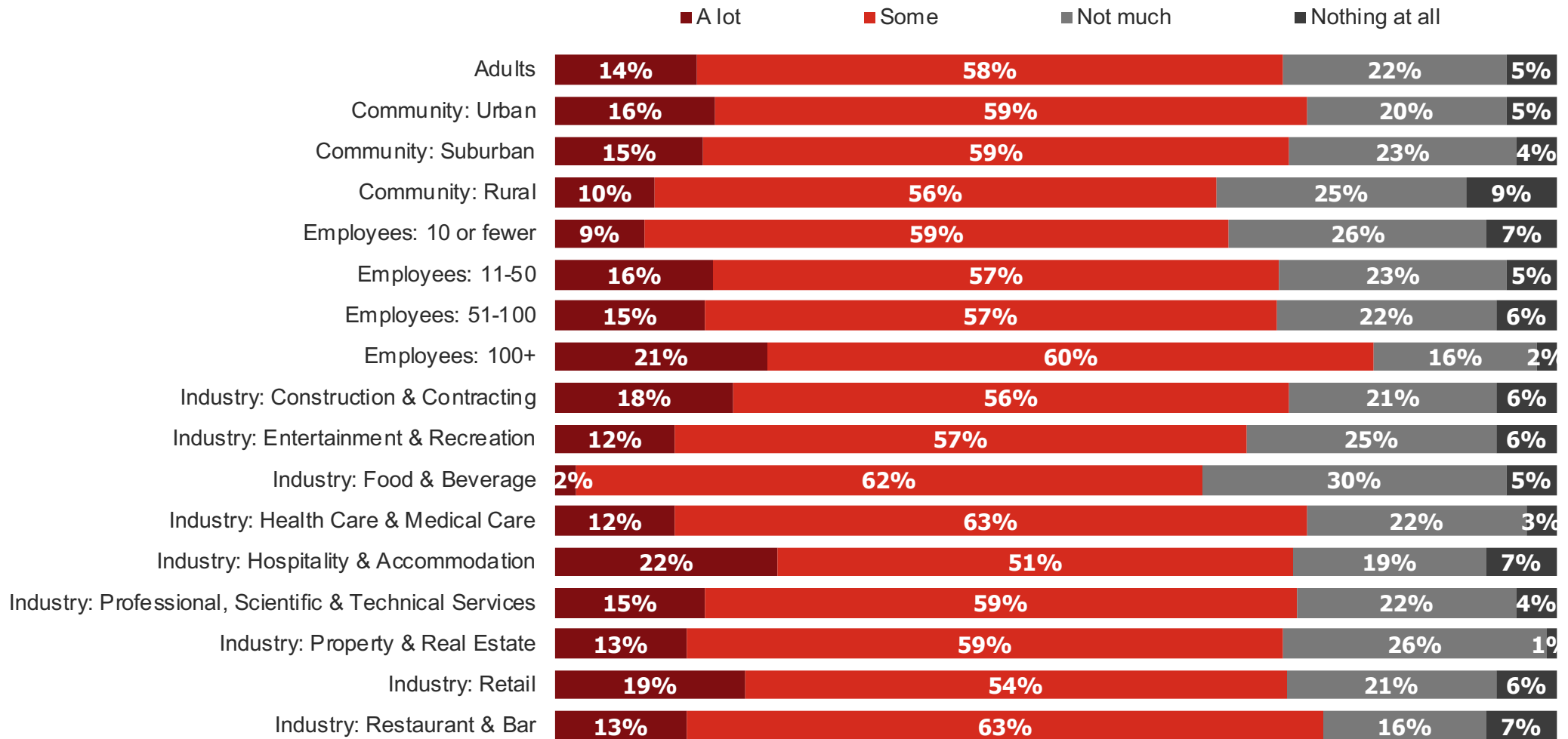


Base: September wave; Decision makers at businesses with remote staff

FUTURE OF WORK

Most decision makers have seen, read, or heard “a lot” or “some” about 5G (72%). Recall of 5G news tends to increase with employee count and is stronger among decision makers in urban communities than rural communities.

How much have you seen, read, or heard about 5G?



Base: September wave; All small and medium business decision makers



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