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**Subject:** Niagara COVID-19 Business Impact Survey Part 3 Summary

**Report to:** Planning and Economic Development Committee

**Report date:** Wednesday, June 16, 2021

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## **Recommendations**

1. That Report ED13-2021 **BE RECEIVED**.

## **Key Facts**

- The Niagara COVID-19 Business Impact Survey Part 3 was administered from March 29 to April 16, 2021. It was distributed directly to approximately 10,000 businesses, as well as through Niagara chambers of commerce, business associations, and social media. 786 Niagara-based businesses completed the survey.
- 81% of respondents reported a loss of revenue in 2020 with a total loss of revenue of \$388.5 million and an average loss of revenue per business of \$1.1 million.
- 27% of businesses reported being vulnerable to closure, which was not an improvement from the previous two surveys.
- Business recovery is expected to be a prolonged process with 30% reporting an estimate recovery within 1 year, 22% within 2 years, 24% within 3 years, and 18% in over 3 years.

## **Financial Considerations**

The cost of administering and analyzing the Niagara COVID-19 Business Impact Survey was included in the Economic Development 2021 operating budget.

## **Analysis**

This report is a summary of the third iteration of the Niagara COVID-19 Business Impact Survey, which is intended to fill information gaps related to impacts of COVID-19 on Niagara businesses, as well as provide insights into recovery obstacles and required business recovery measures going forward.

At this point in the pandemic, regional economic data is available to help us understand the true macroeconomic impact on Niagara's economy. As reported in the latest Niagara Economic Update, COVID-19 business restrictions resulted in a loss of over

26,000 jobs. Total household income declined by \$594 million or 4%, regional GDP shrunk by \$1.2 billion or 7.5% (the 26th highest of 29 regional economies in Canada), and regional retail sales dropped by \$183.7 million or 3.1% compared to pre-pandemic levels. However, macroeconomic statistics do not provide business-level information required to understand the true experiences of businesses navigating the pandemic in order to develop innovative ways to support businesses through the recovery process.

This report provides the Economic Rapid Response Team (ERRT) with insights into the direct impacts on businesses and helps identify areas of concern for businesses that need to be addressed throughout the economic recovery process.

### **Summary of Key Findings**

Below is a summary of key findings from the survey research. Please refer to Appendix 1 for the full version of the report.

### **Respondents**

This section provides information on the survey respondents.

- 54% of respondents were women-owned businesses and 46% were not women-owned.
- 23% of respondents were tourism-based businesses while 77% were not tourism-based.
- Percentage share of type of organization included business (92%), not-for-profit (7%), and government (1%).
- The top 5 sectors by total number of responses included retail trade (16%); accommodation and food services (14%); other services (10%); manufacturing (10%); and arts, entertainment, and recreation (10%).
- Percentage share of total survey responses by municipality included Fort Erie (8%), Grimsby (6%), Lincoln (1%), Niagara Falls (18%), Niagara-on-the-Lake (10%), Pelham (5%), Port Colborne (2%), St. Catharines (35%), Thorold (2%), Wainfleet (1%), Welland (11%), and West Lincoln (2%).

### **Employment**

This section provides information on the current and anticipated employment conditions of survey respondents.

- Businesses reported current employment levels of 2,303 part-time and 7,473 full-time staff down from 4,666 part-time and 11,060 full-time staff prior to January 2020. This is a reduction of 51% part-time staff and 32% full-time staff.
- Businesses intend to hire 1,204 part-time staff and 983 full-time staff within 6 months.
- Businesses reported post-pandemic needs of 5,209 part-time staff and 11,191 full-time staff, which is notably more than pre-pandemic levels.

## **Revenues**

This section provides information on revenue losses of survey respondents.

- 81% of respondents reported losing revenue in 2020 with total estimated revenue loss of \$388.5 million.
- 43% of respondents reported losing more than half of their annual revenue, 19% of which reported losing 76 to 100% of their total revenue.
- The top 5 sectors by total reported lost revenue included: arts, entertainment and recreation (\$138.0 million); accommodation and food services (\$114.4 million); manufacturing (\$53.5 million); wholesale trade (\$17.9 million); and transportation and warehousing (\$17.4 million).
- The top 5 sectors by average revenue lost per respondent included: arts, entertainment and recreation (\$3.8 million); wholesale trade (\$2.0 million); accommodation and food services (\$1.9 million); manufacturing (\$1.7 million); and, transportation and warehousing (\$1.4 million).

## **Business Recovery**

This section provides information on the status of survey respondents and the anticipated recovery process.

- The current status of businesses reported by percentage share included: at risk of imminent permanent closure (7%); vulnerable to closure (20%); sustaining (36%); stable (25%), and doing well (12%).
- Business recovery is expected to be a prolonged process with 30% reporting an estimate recovery within 1 year, 22% within 2 years, 24% within 3 years, and 18% in over 3 years.
- 12% of businesses reported planning to reduce their business footprint within 2 years, and 16% reported that they plan to relocate their businesses within 2 years. The top 5 factors reported that are negatively affecting workforces during

the pandemic included: employee mental health; ownership mental health; overall business stability; uncertainty regarding employment stability; and, demand for products and services.

- The top 5 business priorities for 2021 by level of importance included: developing business plans for the short and long term; improving marketing and promotional activities to increase customer awareness; improving online presence/activity of the business; finding and applying to provincial and federal government funding programs; and, implementing new technologies or programs to improve processes.
- The top 5 business needs within the next 6 months included: marketing and promotion; financial assistance; employee training; sourcing critical supplies; and, hiring staff.
- The top 5 obstacles to recovery included: a slow return of customers; cash flow/increased debt loads; understanding COVID-19 guidelines; training staff; and, hiring staff.
- The top 5 types of assistance that would be most beneficial to business recovery included: financial incentives for business growth; advocacy to provincial and federal governments; marketing; market intelligence; and, financial incentives for new investment.

### **Alternatives Reviewed**

None applicable.

### **Relationship to Council Strategic Priorities**

This research report, which is an action within the ERRT Economic Recovery Plan, supports Council Strategic Priority “Supporting Businesses and Economic Growth”.

### **Other Pertinent Reports**

ED 9-2021 Niagara Economic Update  
ED 12-2021 Economic Recovery Plan Update 4

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## **Appendices**

Appendix 1 Niagara COVID-19 Business Impact Report Part 3