



CALIFORNIA STATE UNIVERSITY
LONG BEACH
College of Business

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Long Beach Small Business Monitor

Expectations for Long Beach Small Business in 2021
"Hopeful Return to Normal"

What a difficult year it has been. At this exact time last year, many Long Beach small business people were optimistic about the coming year. The percentage planning for an increase in sales during 2020 was up to 66%, and just 12% said revenues would decline.

But then came Covid-19 and our world suddenly changed. Everyone was asked to stay home and quarantine. Non-essential small businesses closed and essential small businesses reduced their hours and contact with customers. The impact on small business was devastating. In April 2020, we surveyed Long Beach small business owners and managers and found that 3 out of 4 saw sales drop by 50% or more.

As 2020 progressed, stay-at-home orders fluctuated throughout the year. Small businesses had to learn how to do business in a pandemic. We again surveyed our Long Beach small business owners and managers in November 2020, and were told by some that business was improving, but it was still not close to the expectations they had for growth at the start of 2020. Most were still mired in significant revenue losses for the year.

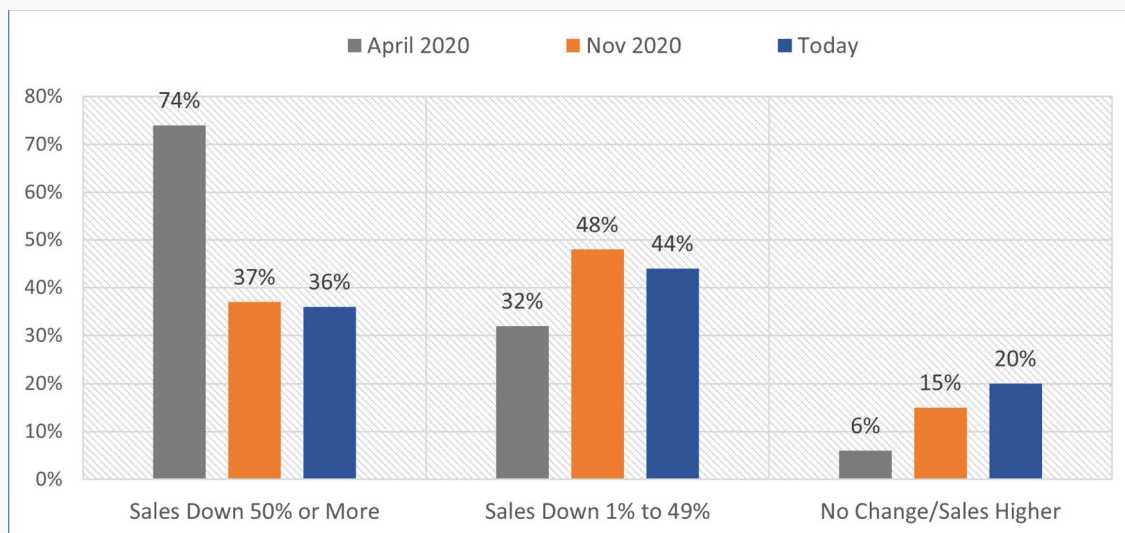
As we start a new year, we returned to Long Beach small business people in January 2021 to assess how things are going and to measure expectations for the coming new year. These results are presented in the charts below.

We found today that fewer Long Beach small businesses are reporting revenue losses (20%), a positive sign of improvement. Still the economic damage of the Covid pandemic remains devastating. The chart below shows 80% of Long Beach small businesses report

a decline in sales, with one-third (36%) saying revenue is down by more than half compared to this time last year.

Impact of Covid Pandemic On Revenues: 2020

Compared to Last Year, Which Applies to Your Small Business?



Expectations for 2021: A Hopeful Return to Normal

The Covid pandemic crisis and its impact on everyone's life and business, has tempered the expectations of Long Beach small business owners and managers. Most are hopeful about returning to normal but few are planning for growth and expansion in 2021.

In looking at the charts below, sales expectations are mixed for the coming year. Fifty-three percent (53%) say they are planning for an increase year over year, but 47% say they expect sales to stay the same or fall in 2021.

An indication of how most Long Beach small businesses are simply expecting a return to normal is that few are planning for new capital investments in expansion and growth in 2021. Just 28% say they are planning to increase spending on new equipment, inventory and supplies, a large drop year over year. Most (52%) are in a "stay-the-course" mode, and 20% are expecting less capital spending during the year.

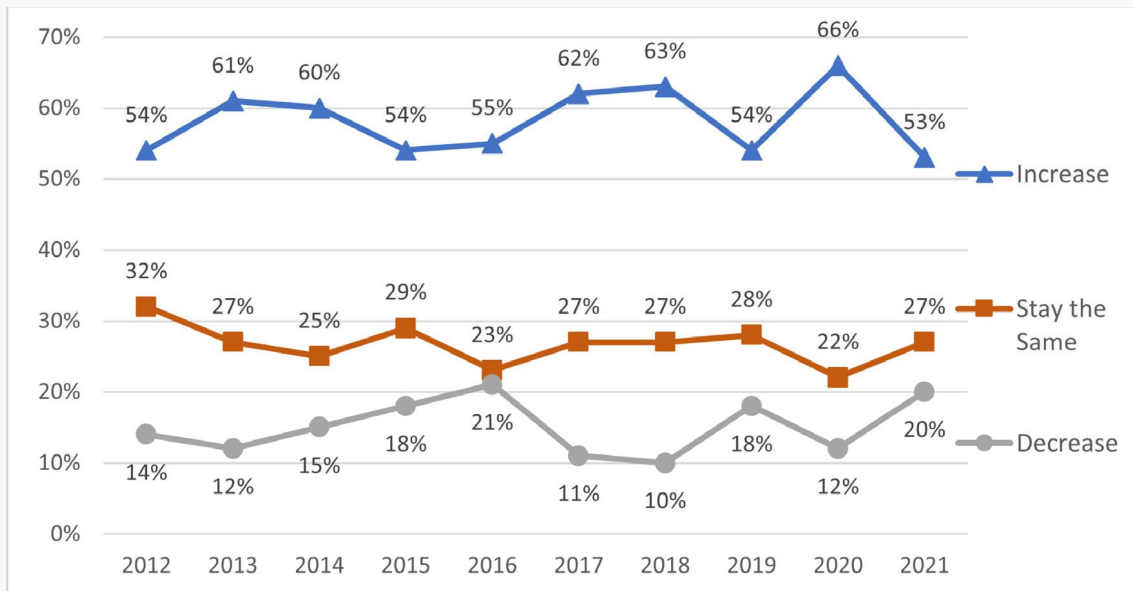
Hiring expectations are down compared to last year. Thirty percent (30%) expect to hire new employees in 2021, and 61% plan on staying the course. Planning for new credit and financing continues to rise slightly to 26% in our latest survey of Long Beach small business owners and managers.

In sum, Long Beach small business owners and managers are still feeling the effects of the Covid pandemic. But, as we enter a new year, many are expecting things will soon return

to normal. There is hope and some optimism that in 2021 they can at least get back to business as usual.

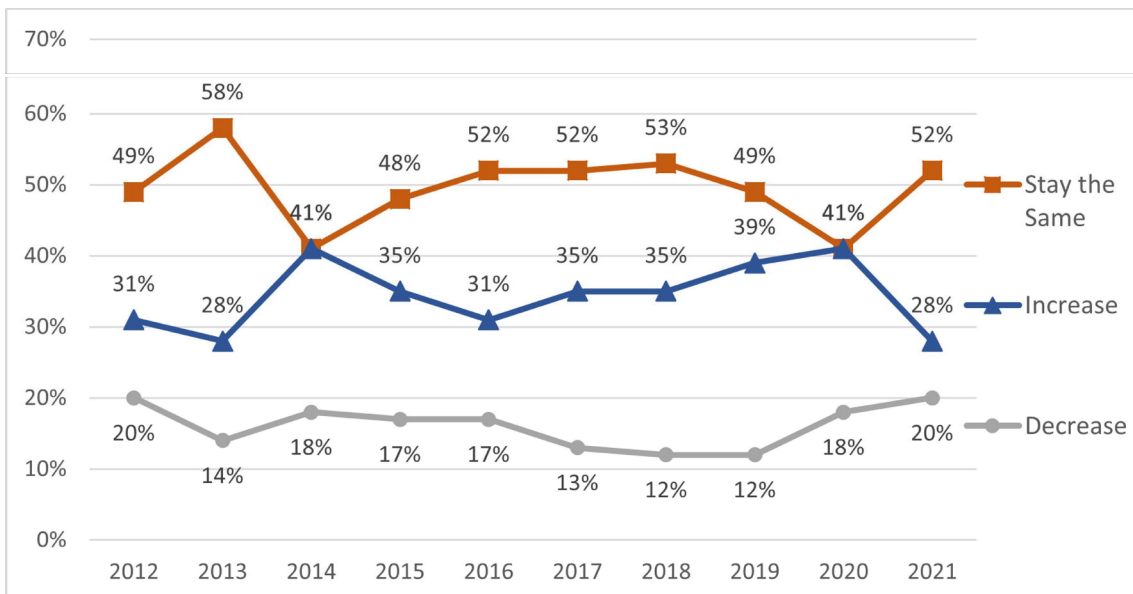
Sales Expectations

Long Beach Small Business Monitor Survey:
Are You Planning on Sales to Increase, Decrease or Stay the Same?



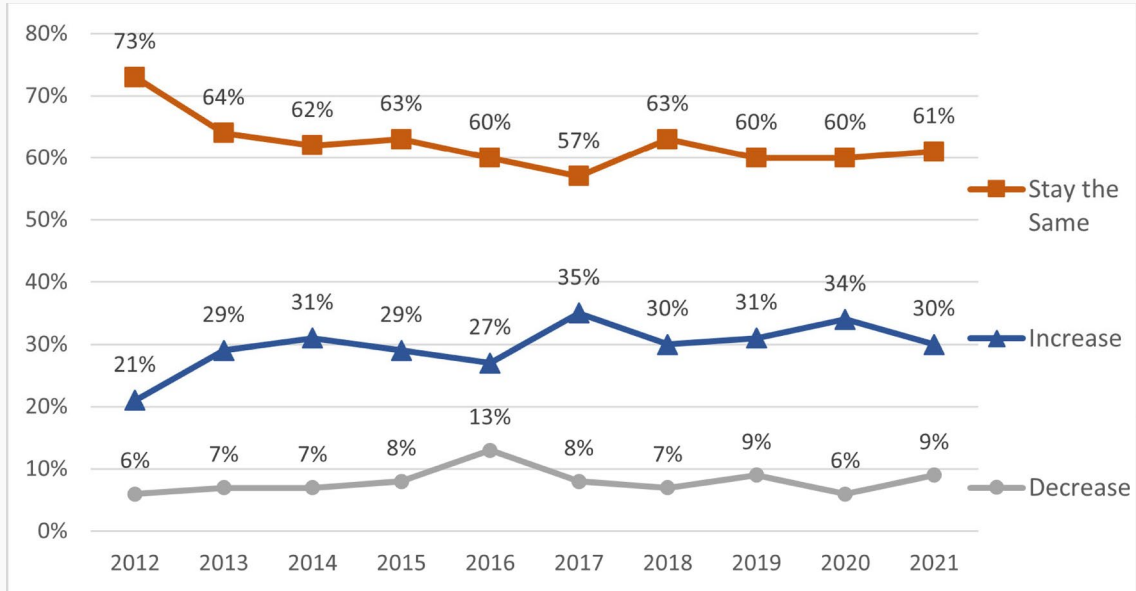
Capital Spending Expectations

Long Beach Small Business Monitor Survey:
Are You Planning on Capital Spending At
Your Business to Increase, Decrease or Stay the Same?



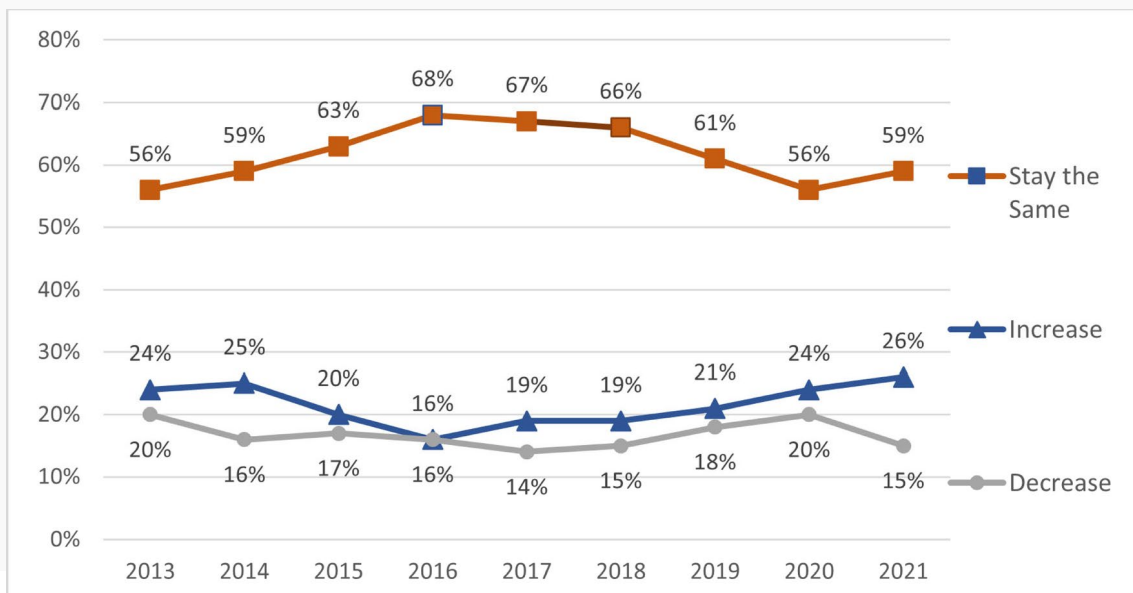
Hiring Expectations

Long Beach Small Business Monitor Survey:
Are You Planning on Hiring at Your Business
to Increase, Decrease or Stay the Same?



New Credit/Financing Expectations

Long Beach Small Business Monitor Survey:
Are You Planning on Applying for New Credit/Financing
to Increase, Decrease or Stay the Same?



Long Beach Small Business Monitor

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Visit the [Long Beach Small Business Monitor Web site](#) to learn more about survey methods, purpose and goals, and to access archives of past small business surveys and reports.

Next Issue in 2Q/2021

Small Business Attitudes Toward Local Gov't Response to Covid Pandemic

Small Business Opinions on What's Needed to Open and Return to Normal



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