



CALIFORNIA STATE UNIVERSITY
LONG BEACH

College of Business

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Long Beach Small Business Monitor

3Q/2020: The Covid-19 Edition II

"Where Are We and Where Do We Go From Here?"

In the previous issue of the Long Beach Small Business Monitor we presented the results of a survey of Long Beach small business people that quantified the severe impact of the COVID-19 quarantine on the revenue and workforce of local small business across the City. This issue of the LBSBM dives deeper into the impact of the COVID-19 quarantine on different types of Long Beach small businesses.

In this report we show how the stay-at-home orders unevenly affected different categories of small businesses. We look at the impact on micro small businesses of 4 or fewer workers versus small businesses with up to 50 employees. We look at how small businesses in different areas of the City were impacted by the stay-at-home orders. And we show how the revenues and workforce of different types of small businesses were unusually affected by the quarantine.

Overall, the results of our survey show that the stay-at-home orders most impacted smaller businesses with the fewest number of employees and those with less access to financial resources. Small businesses in the retail trades such as restaurants, bars, small shops, clothing stores and other retail shops were also most affected by the Covid-19 quarantine. Retail trades businesses and micro small businesses will be most in need of support to get back up and running as the stay at home orders are eased and businesses open again in Long Beach.

This information is based on a random sample survey of Long Beach small business owners and managers conducted in April 2020. The survey methodology is presented at the end of the report.

Impact By Business Size

Though nearly 2/3 of all small businesses in Long Beach saw a decline in revenue during the lock-down, the impact was uneven depending on the size of the business.

We define business size by the number of employees working at the business. Micro small businesses are defined as those with four or fewer employees. These micro small businesses were more significantly impacted by the lock down than small businesses with more employees.

In terms of lost revenues, owners of micro small businesses reported an average of 70% fewer sales compared to last year. Twenty-six percent (26%) of micro small businesses reported that they were closed. Larger small businesses with five to 50 employees saw their revenues decline 53% and only 8% reported being closed.

The impact of the quarantine orders on the micro-small business workforce can only be described as catastrophic. Seventy-three percent (73%) of micro small businesses in Long Beach said they had to lay off at least one person. Fifty-eight percent (58%) said they scaled back the work hours of their employees. On average, each micro small business laid off 3 employees, which says that most all employees working at a small business with 4 or fewer workers lost their jobs.

Though not as shattering, the impact was felt among those working at small businesses with 5 to 50 employees. More than half (53%) of these businesses reported having to lay off at least one employee. Fifty-four percent (54%) said they had to cut employee hours in response to the quarantine.

We also assessed the impact of the Federal Government response with the Paycheck Protection Plan (PPP). At the time of the survey in April 2020, the PPP was not helping Long Beach small businesses. Just under 5% overall had received PPP funding. Most (66%) had applied but were turned down or were still waiting to hear back. Nearly one-third (29%) had not heard about the PPP at the time of the survey. And, as noted in the charts below, the PPP program as of April 2020 had so far been ineffective regardless of the size of the small business.

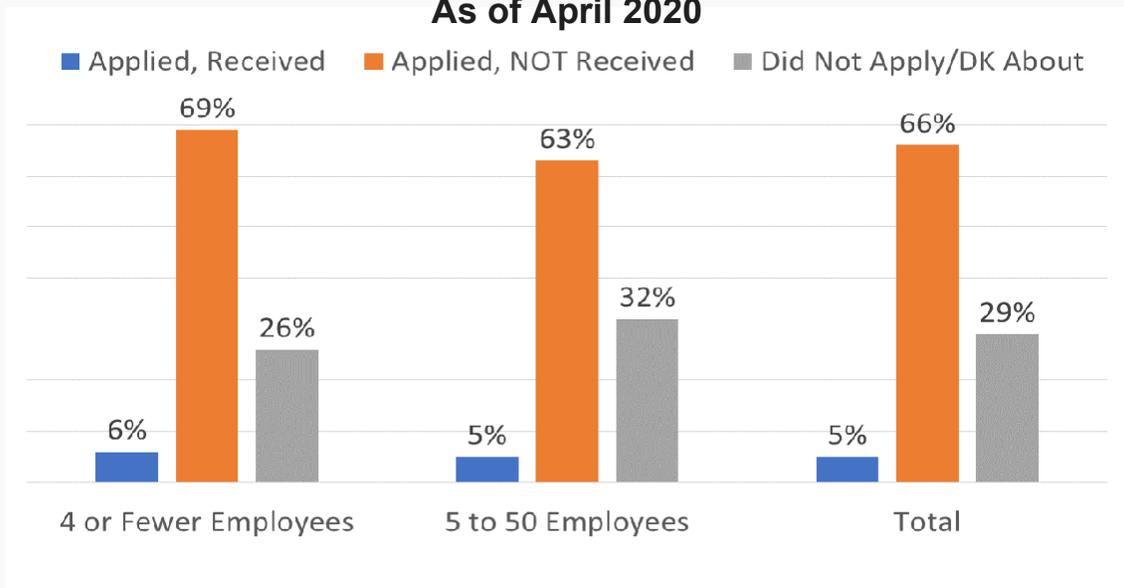
**Average % of Sales Lost vs Same Time Last Year
% Of Business Closed
By Number of Employees (See Chart Below)**



**% Businesses That Laid Workers Off
% Businesses That Cut Workers Hours
By Number of Employees (See Chart Below)**



**Paycheck Protection Program (PPP) by Size of Business
As of April 2020**



Impact In Areas of Long Beach

There were significant differences in how small businesses in each area of Long Beach were impacted by the COVID-19 quarantine. For this analysis, we divided Long Beach into four distinct area clusters based on zip code. We did this to define area differences and to maximize our sample in each four distinct area clusters. Still, sample sizes in these four areas are small so the findings below must be viewed as indicative and qualitative.

The two areas that saw the largest decline in revenues were the Northeast and Downtown areas of Long Beach. Small businesses in the Northeast reported on average a loss of 67% in sales and revenue, while small businesses in the Downtown area reported a loss of 66% in sales. The area which reported the largest percentage of closed businesses was in the Northeast at 36%, followed by the Downtown area at 21%.

Small businesses in the Northwest tended to remain open more so than in other areas of Long Beach. Still these small businesses experienced significant revenue loss with 45% reporting losses of 75% or higher during the COVID-19 quarantine.

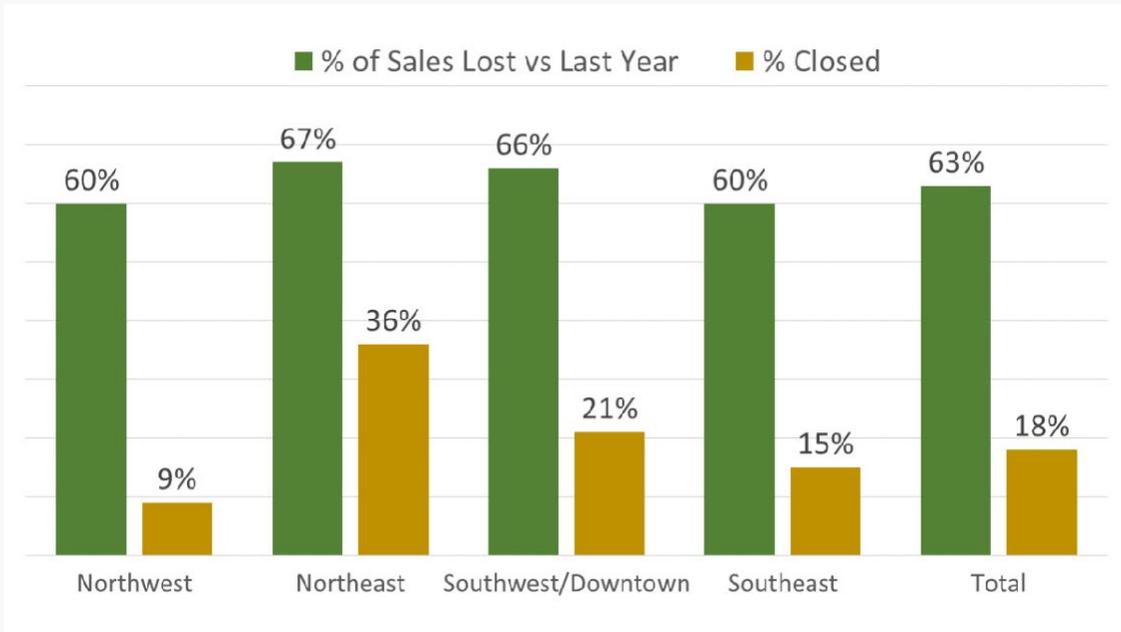
Looking at the impact on employment, the Downtown area of Long Beach experienced the largest decline of the four areas. Seventy-seven percent (77%) of businesses in Downtown reported that they laid off at least one employee and 58% of these businesses reported cutting hours of their employees.

Interestingly, though the Northeast reported a significant loss in revenues and 1 in 3 closed, small business in in this area tended to retain their employees more so than other areas of Long Beach. Businesses in Northeast Long Beach reported the fewest number of employees laid off, with 57% of Northeast area small businesses saying they had to let at least one employee go and just 46% saying they had to cut employee in hours.

The Southeast area of Long Beach had the largest percentages of businesses applying for and receiving the Federal Government's Paycheck Protection Program funding (PPP) as of April 2020. Eight-five percent (85%) of businesses in the Southeast applied for the PPP funding at the time of the survey and 10% had received it. Businesses in the Northwest part of the city had the largest percentage that did not know about the PPP funding option or had not applied as of April 2020.

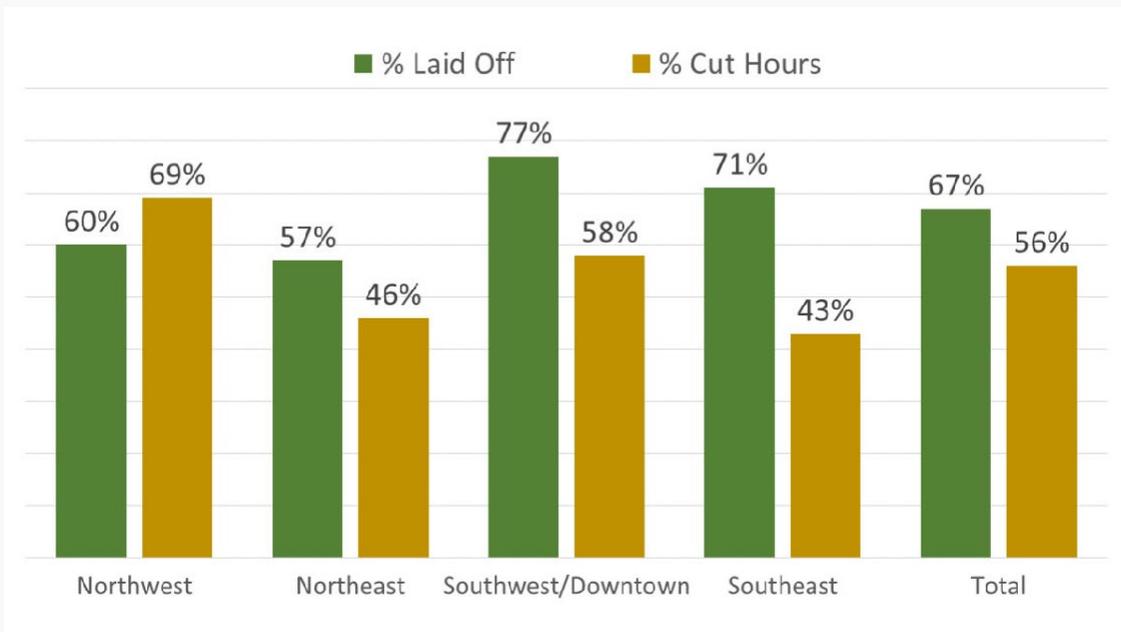
Average % of Sales Lost vs Same Time Last Year % Of Business Closed By Area of Long Beach (See Chart Below)

Northwest: 90805, 90806, 90807, 90810 - Southwest/Downtown: 90802, 90813
 Northeast: 90808, 90815 - Southeast: 90840, 90804, 90814, 90803



**% Businesses That Laid Workers Off
 % Businesses That Cut Workers Hours
 By Area of Long Beach (See Chart Below)**

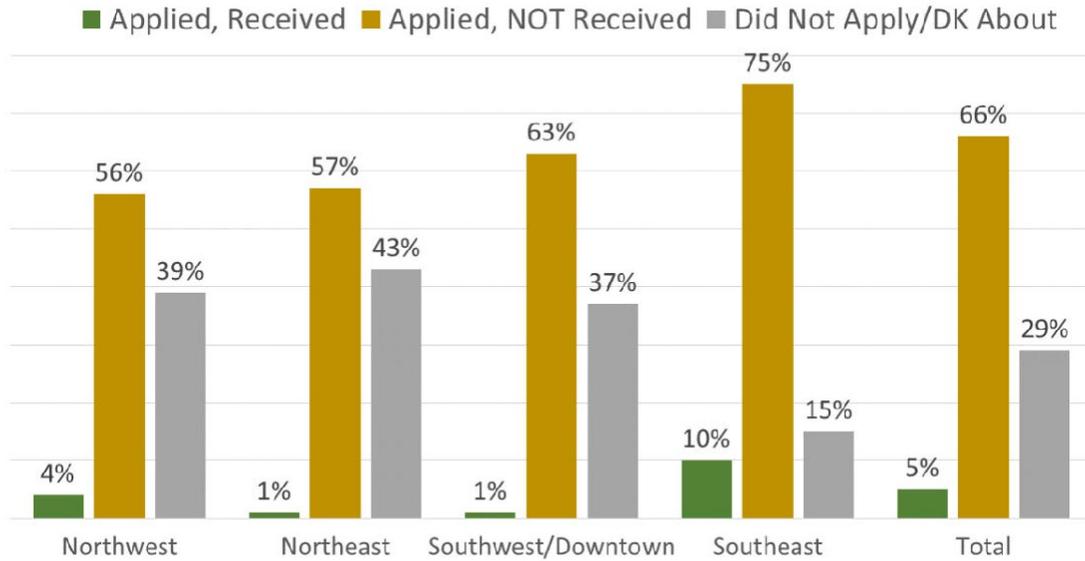
Northwest: 90805, 90806, 90807, 90810 - Southwest/Downtown: 90802, 90813
 Northeast: 90808, 90815 - Southeast: 90840, 90804, 90814, 90803



Paycheck Protection Program (PPP) by Area of Long Beach As of April 2020

Northwest: 90805, 90806, 90807, 90810 - Southwest/Downtown: 90802, 90813

Northeast: 90808, 90815 - Southeast: 90840, 90804, 90814, 90803



Impact By Types of Business

COVID-19 quarantine orders also had varying impacts on different types of businesses. This analysis combines SIC codes to create four major classifications of business types which are shown in the charts below.

Compared to other businesses, retail trades including restaurants, bars and retail shops showed the greatest loss of revenues and the largest percentage of store closings. Overall, one in four retail small businesses closed (26%) during the period of the stay-at-home orders. On average, retail small business reported a loss of 71% in sales year over year.

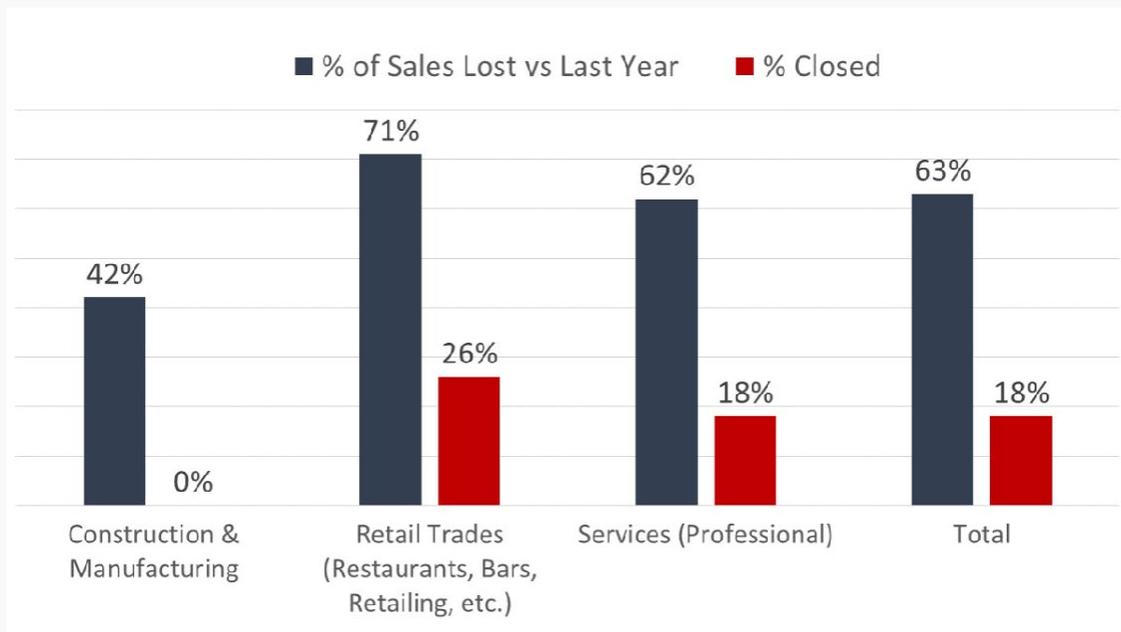
The construction and manufacturing trades reported the smallest percentages of lost revenues and none reported closing during the quarantine. Most likely this is because construction companies, plumbers, electricians and other manufacturing and construction trades were classified as essential during the stay-at-home order and remained open for business.

The COVID-19 quarantine had the greatest negative impact on employment in restaurants and bars, and small shops and stores and other similar business in the retail trades. Eighty-one percent (81%) of these small businesses in Long Beach reported laying off at least one person and 61% reported cutting hours of their workers.

The construction and manufacturing trades recorded the smallest percentages of employees laid off at 38%. Still, manufacturing and construction trades did not go without impact in that 61% of these businesses said they were forced to cut back on the work hours of their employees during the Covid-19 quarantine.

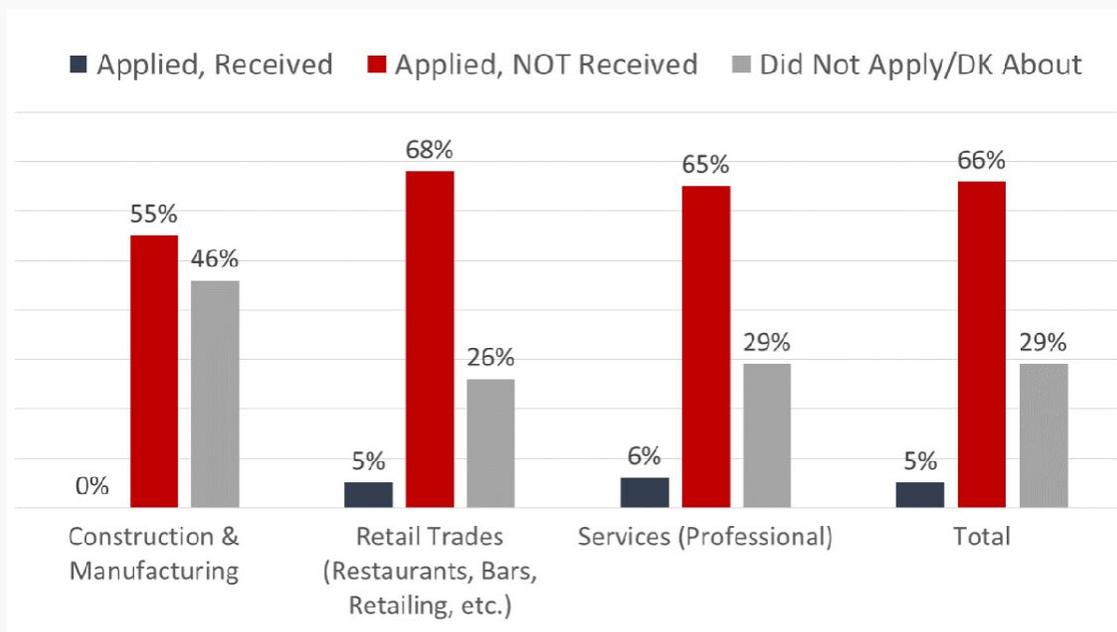
Retail trade and services businesses applied for the Federal government's Paycheck Protection Program funds (PPP) in nearly equal numbers. Alternatively, construction and manufacturing small businesses recorded the smallest percentages applying for and receiving PPP funding.

**Average % of Sales Lost vs Same Time Last Year
% Of Business Closed
By Type of Business (See Chart Below)**



**% Businesses That Laid Workers Off
% Businesses That Cut Workers Hours
By Type of Business (See Chart Below)**

Paycheck Protection Plan (PPP) by Type of Business



Survey Method

The results in this report are from a random probability sample of 100 Long Beach small businesses that have responded to the LB Small Business Monitor surveys. The data in this

report was collect through an online survey. The random probability sample used in this report was drawn from a sampling frame of Long Beach small businesses built through the Long Beach Small Business Monitor program. The list of all small businesses in Long Beach (with fewer than 50 employees) is the population. Marketing Systems Group (MSG) a professional sampling company manages the list and draws a random sample from this population.

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.



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