

**MetLife & U.S. Chamber of Commerce
Small Business Coronavirus Impact Poll
June 3, 2020**

Index Summary

NEW REPORT SHOWS MANY SMALL BUSINESSES HAVE REOPENED

BUT GROWING NUMBER BELIEVE RECOVERY WILL TAKE MORE THAN SIX MONTHS

American small businesses report they have reopened in some capacity and are showing signs of optimism about the future, even while still dealing with many ongoing challenges related to the pandemic, according to the latest MetLife & U.S. Chamber of Commerce Small Business Coronavirus Impact Poll.¹

This month, we find that small businesses' level of concern about the impact of COVID-19 has subsided slightly. Overall, 82% of small businesses are concerned about the impact of the pandemic, similar to the last two months of the survey. However, the number of small businesses reporting they are *very* concerned is now 43%, a 10 percentage-point drop from a month ago, and a 15-point drop from two months ago.

Perceptions of cash flow and revenue have also improved. 56% feel comfortable with their company's cash flow situation, up from last month's low of 48% and similar to late March (59%). Also, 50% expect next year's revenues to increase, while 19% expect them to decrease. Last month, 47% expected an increase in revenue and 25% expected a decrease in revenue.

Most small businesses report being at least partially open. 79% of small businesses are either: fully (41%) or partially (38%) open. One in five are closed, either temporarily (19%) or permanently (1%). However, most believe it will take longer for the small business economic climate to return to normal: 55% of small businesses believe it will take six months to a year before the U.S. business climate returns to normal, up from 50% last month and 46% two months ago.

More than eight in ten small businesses report that they are making, or planning to make, adaptations in response to the coronavirus. Nearly half (48%) have either started, or plan to start, more frequent cleaning/disinfecting of surfaces, while 44% are asking, or plan to ask, employees to self-monitor for symptoms and stay home if they feel sick. Four in ten are also making, or planning to make, adaptations around employees wearing protective gear (40%) or requiring six feet of distance (39%) between employees and customers.

¹ The MetLife/U.S. Chamber of Commerce Small Business Coronavirus Impact Poll was conducted via a monthly online survey, in place of the typical phone-based approach. This methodological shift is in response to anticipated lower response rates in dialing business locations as a result of mandated closures related to the COVID-19 outbreak. During Q2, we fielded three waves, each one month apart, with each survey comprised of 500 respondents. Results of the June survey are summarized in this report. While significant changes in data points can largely be attributed to the recent economic environment, switching from a phone to online approach may have also generated a mode effect.

Overall, sentiment toward the economy remains similar to last month, but negative sentiments toward the U.S. economy are softening. 53% of businesses believe their business is in good health (50% last month). One in four (24%) rate the U.S. economy as “good,” compared to 21% last month. 27% believe their local economy is in good health (last month the finding was 25%). However, the number of small businesses saying the U.S. economy is in “very poor” health has shrunk to 18%, from 29% last month.

Index Highlights

- **Most businesses are partially open.** Seventy-nine percent of small businesses are either fully (41%) or partially (38%) open. One in five are closed, either temporarily (19%) or permanently (1%). 51% of small businesses in the South report they are fully open.
- **Most say it will take longer for the business climate to return to normal.** Fifty-five percent of small businesses believe it will take six months to a year before the U.S. business climate returns to normal (up from 50% last month and 46% two months ago).
- **More than eight in ten small businesses report that they are making or planning to make adaptations in response to the coronavirus.** Of those doing so, nearly half (48%) of small businesses have either started, or plan to start, more frequent cleaning/disinfecting of surfaces, while 44% are asking, or plan to ask, employees to self-monitor for symptoms and stay home if they feel sick. Four in ten are also making, or planning to make, adaptations around employees wearing protective gear (40%) or requiring six feet of distance between employees and customers (39%).
- **Fewer businesses are very concerned about the coronavirus' impact.** The number of small businesses reporting they are *very* concerned about the impact of COVID-19 is now 43%, a 10 percentage-point drop from a month ago and a 15-point drop from two months ago.
- **Most larger small businesses concerned about lawsuits.** Two-thirds (67%) of small businesses with 20-500 employees are concerned about the possibility of lawsuits related to the coronavirus. Those with less than five employees are less concerned at 22%.
- **Negative sentiments toward the economy are softening.** Twenty-four percent of small businesses rate the U.S. economy as “good,” (21% last month). However, the number of small businesses saying the U.S. economy is in “very poor” health has shrunk 11 points to 18% (29% last month).
- **Business health steady overall, increases substantially in Northeast.** 53% of small businesses report good overall health (similar to last month's 50%). Retailers continue to report the lowest percentage of those in good health (46%), while small businesses in the Northeast saw an increase in good health since last month: from 41% to 59% this month.
- **Revenue expectations improve.** Now, 50% expect next year's revenues to increase, while 19% expect them to decrease. Last month 47% expected an increase and 25% expected a decrease.
- **Cash flow improves.** Cash flow has been a perennial concern for small businesses during the pandemic. Currently, 56% feel comfortable with their company's cash flow situation, up from last month's low of 48%, and in line with findings in late March (59%).
- **Fewer see poor local economy.** Slightly more believe their local economy is in good health (28%, similar to last month's 24%). This month, fewer perceive their local economy's health to be poor (38% believe it is in poor health vs. 50% last month), and more say it is average (33% vs. 25% last month).
- **Most firms which shed workers anticipate rehiring them.** Seventy-one percent of small businesses say they have the same number of employees as in February before the pandemic began. Among those that report having fewer employees now, more than half

(55%) anticipate rehiring or bringing back most workers at some point in the next six months.

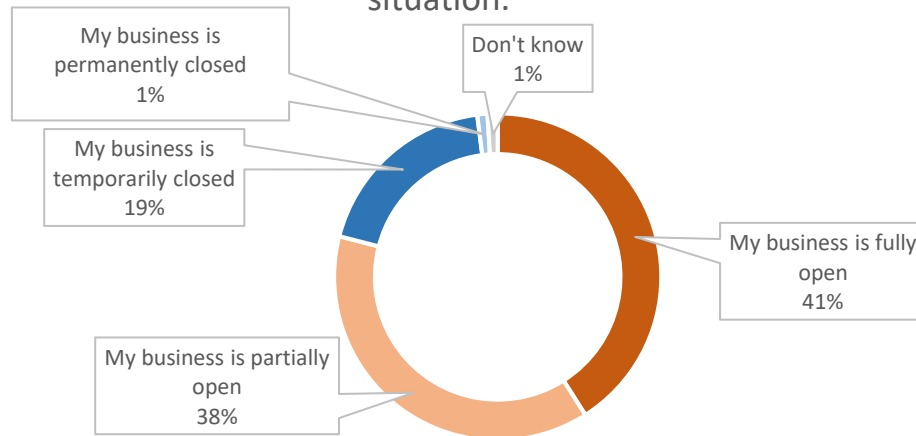
Spotlight: The Impact of the Coronavirus on Small Business

MOST SMALL BUSINESSES REPORT AT LEAST PARTIAL REOPENING

Nearly eight in ten small businesses are at least partially open, and most are making—or plan to make—adaptations regarding business operations.

Nearly a quarter (23%) of small businesses report temporarily closing their business entirely since the start of the COVID-19 pandemic. As of right now, however, eight in ten report they are either fully (41%) or partially (38%) open.

Please select the option that best describes your current situation.



Retail small businesses are reporting more temporary business closures, and they are the least likely to be fully operational. Currently, 29% of retail businesses report having temporarily closed their business at any point since the COVID-19 pandemic began, and 43% say they are partially open, versus 32% who are fully open.

Current operating status not only varies by sector, but by region and business size. Small businesses in the West region are more likely to be only partially open, while more in the Northeast remain temporarily closed when compared to other regions. Nearly half of the smallest businesses remain fully open and are least likely to say they are temporarily closed.

Please select the option that best fits your current situation.	Total	Region				Employee Size			Industry			
		North-east	Mid-west	South	West	Less than 5	5-19	20+	Manu-facturing	Services	Retail	Prof. Services
My business is fully open	41	37	39	51	31	45	35	33	48	38	32	51
My business is partially open	38	37	38	31	49	38	38	41	33	36	43	37
My business is temporarily closed	19	25	19	16	19	15	25	26	19	22	24	11
My business is permanently closed	1	1	1	1	1	0	2	0	0	1	1	0
Don't know	1	0	2	1	0	1	0	0	0	2	0	1
<i>Open</i>	<i>79</i>	<i>74</i>	<i>77</i>	<i>82</i>	<i>80</i>	<i>83</i>	<i>73</i>	<i>74</i>	<i>81</i>	<i>75</i>	<i>75</i>	<i>88</i>
<i>Closed</i>	<i>20</i>	<i>26</i>	<i>20</i>	<i>17</i>	<i>20</i>	<i>16</i>	<i>27</i>	<i>26</i>	<i>19</i>	<i>23</i>	<i>25</i>	<i>11</i>

For small businesses who reported a temporary closure at some point since the start of the COVID-19 pandemic (23%), 43% have reopened. At present, 19% of all small businesses remain temporarily closed, while just 1% have closed permanently. Those who are still temporarily closed are split on if they will open in the next two weeks (49% say it is likely, 47% say unlikely).

Most small businesses² are concerned about the financial hardships due to prolonged business closure (71%), and more than half worry about having to permanently close their business (57%). Looking ahead, 66% are concerned about having to stay closed, or closing again, if there is a second wave of COVID-19. More are anxious about this in the West (77%) and Northeast (74%) than in the Midwest (62%) and South (55%).

² Note: the 1% of businesses that report being permanently closed were not asked this question.

MOST SAY IT WILL TAKE LONGER FOR BUSINESS CLIMATE TO RETURN TO NORMAL

Currently, 55% of small businesses believe it will take six months to a year before the U.S. business climate returns to normal (with another 6% saying it never will), up from 50% last month and 46% two months ago. Retailers are most optimistic, with 43% predicting normal operations in under six months, followed by manufacturing (37%). 27% and 26% among professional service and services small businesses, respectively, predict normal operations in under six months.

Though small businesses now think it will take longer for the business climate to get back on track, they are more optimistic about their own projections. For small businesses who have not shut down entirely, most believe they can continue to operate without permanent closure for six months or more (52%), up from 44% last month. Interestingly, smaller-sized businesses with less than five employees are most likely to believe they can continue to operate indefinitely (37%), while mid-sized and larger-sized small businesses are less optimistic (27% with 5-19 employees and 14% with 20-500 employees).

How long do you believe your business can continue to operate without shutting down permanently?	Total	Less than 5 employees	5-19 employees	20+ employees
Less than a month	3	4	1	1
1-2 months	12	9	18	18
3-under 6 months	21	16	24	39
6 months-1 year	21	19	24	25
Indefinitely	31	37	27	14
Don't know	11	15	7	3
<i>Under 6 months</i>	<i>36</i>	<i>29</i>	<i>43</i>	<i>58</i>
<i>6 months or more</i>	<i>52</i>	<i>56</i>	<i>51</i>	<i>39</i>

FIRMS WHICH SHED WORKERS ANTICIPATE REHIRING THEM

71% of small businesses say they have the same number of employees as in February before the pandemic began. Among those that report having fewer employees now, more than half (55%) anticipate rehiring or bringing back most workers at some point in the next six months.

Manufacturers are most likely across sectors to report a change in number of employees compared to before the pandemic, with 14% saying they have more (2-4% across other small business sectors) and 30% saying they have fewer employees (17-26% across other sectors).

MOST ARE ADAPTING TO COPE WITH THE PANDEMIC

More than eight in ten small businesses report that they are making, or planning to make, adaptations in response to the coronavirus. Of those, nearly half (48%) of small businesses have either started, or plan to start, more frequent cleaning/disinfecting of surfaces, while 44% are asking, or plan to ask, employees to self-monitor for symptoms and stay home if they feel sick. Four in ten are also making, or planning to make, adaptations around employees wearing protective gear (40%) or requiring six feet of distance between employees and customers (39%).

The most common response to the outbreak has been shortening hours of operations (30% have done so since the start of the pandemic). One in five (22%) report transitioning some or all of their employees to teleworking, and another 20% have sought capital from other sources—a 15-percentage point increase from last month.

The smallest-sized businesses (fewer than five employees) are least likely to report adjusting employee salaries or hours (17%, versus 39% of businesses with 5-19 employees, and 44% of businesses with 20 or more employees), furloughing employees (7%, versus 14% of mid-sized, and 24% of larger-sized businesses) or laying off employees (10%, versus 26% of mid-sized, and 23% of larger-sized businesses).

Though small businesses are pressing onward, concerns abound. Two-thirds (67%) are anxious about the low business demand due to continued social distancing measures. Sixty-two percent are concerned about the risks COVID-19 poses to their customers and employees. Half (48%) are worried about the lack of guidance on proper reopening procedures.

As small businesses adapt to the new environment, three in ten anticipate needing more guidelines on how to keep customers and employees safe and well. This month, less see a need for more loans and financial assistance (26%, down from 35% last month) over the next few months. Around one in five expect needing more guidance from political leaders on how to respond (21%), more resources for understanding the outbreak (20%), and guidance on healthcare, insurance, or accounting issues (19%).

While few report a need for more legal advice (15%) and liability insurance (13%) over the next few months, a newer concern for some small businesses is the possibility of lawsuits related to the coronavirus. Overall, more than one in three (36%) are concerned, including a majority (51%) of mid-size small businesses and two-thirds (67%) of larger small businesses who are worried by this possibility. The smallest employers (fewer than five employees) are the least concerned with just over one in five (22%) expressing concern about these lawsuits. Manufacturers (43%) and retailers (40%) are most likely to express worry about lawsuits, with less in professional services (33%) and services (30%) sharing the sentiment.

AMONG PPP USERS PAYING EMPLOYEES REMAINS TOP PRIORITY

This month, three in ten (29%) of the small business population has applied, or tried to apply, for a Paycheck Protection Program (PPP) loan. This includes those who have applied for a loan but did not receive it (7%), those who tried to apply but were unsuccessful (7%), and those who applied for and received a loan (15%, up from 9% last month).

Eight percent of small businesses report that they are planning on applying for a PPP loan, down five percentage points from last month (13%). As noted in this report above, fewer report a need for loans and financial assistance this month compared to last month.

Paying current employee salaries and benefits remains the top intended use among those who have gone through the PPP application process, or plan to (36%, nearly unchanged from last month), while paying for rent or utilities has fallen six points to 15% from 21% last month.

KEY FINDINGS

SMALL BUSINESS OPERATIONS

BUSINESS HEALTH STABILIZES, WHILE CASH FLOW IMPROVES

This month, small businesses report improving cash flow and stabilizing views of their own business health.

Overall health among small businesses remains statistically unchanged from last month. This month, 53% report good health (compared to 50% last month). This represents a decrease of four percentage points from two months ago and 12 points from Q1 2020.

As seen throughout the second quarter, manufacturing (60%) and professional services (57%) are the most likely to report good health, while those in retail (46%) remain the least likely to do so. By sector, small businesses in the services industry saw the largest increase in optimism regarding business health since last month, a six-point increase to 51%.

Reported small business health has increased significantly in the Northeast to 59%, from 41% last month. The Northeast and South (57%) are now the most likely to report good health, with the Midwest and West trailing behind (both 47%). The smallest businesses remain the least optimistic, by size: only 45% report good health compared to 64% and 71% of mid- (5-19 employees) and large-sized (20+) small businesses, respectively.

This month, pessimism surrounding cash flow has lessened, with 56% of small businesses reporting comfort with their cash flow—closer to what was seen two months ago (59%) from last month's low (48%). This measure still remains dramatically low, after falling from 80% or higher before the start of the pandemic.

While small businesses across all regions feel more optimistic about their cash flow, those in the Northeast report the largest increase (54% now, up 16 percentage points from last month). Additionally, retail (58%) and services (50%) small businesses also experienced spikes in optimism, increasing 17 and 11 points, respectively, but still falling behind the continued optimism felt by professional services (62%). The smallest businesses are still least likely to report comfort with their cash flow (50%, compared to 66% of mid-sized and 64% of large-sized small businesses).

KEY FINDINGS

SMALL BUSINESS ENVIRONMENT

FEWER SEE 'VERY POOR' NATIONAL ECONOMY

Sentiments toward the national economy are softening slightly from last month, but a majority still perceive it as “poor” (57% vs. 63% last month). While nearly three in ten small businesses (29%) rated the U.S. economy “very poor” last month, just 18% feel the same this month. Across regions, those in the Midwest (22%) and West (27%) are now more likely to perceive the U.S. economy as good when compared to last month (up six and seven points, respectively), and those in the Northeast and South are unchanged.

Slightly more small businesses perceive their local economy as in good health (28%) when compared to the national economy (24%). This month, fewer perceive their local economy’s health to be poor (38% believe it is in poor health vs. 50% last month), and more say it is average (33% vs. 25% last month). Optimism is greatest among large-sized small businesses (20+ employees): 42% believe their local economy is in good health.

KEY FINDINGS

SMALL BUSINESS EXPECTATIONS

60% OF SMALL BUSINESSES EXPECT TO RETAIN SAME AMOUNT OF STAFF

Small businesses are slightly more optimistic about future revenues than last month. Half (50%) expect to see an increase (was 47% last month), compared to 19% that expect next year's revenues to decrease (was 25% last month).

Small businesses continue to feel uncertain about their future investments. Currently, 27% report expectations to increase investment, statistically unchanged from last month's 25%. As seen previously, a fair amount (16%) are unsure whether they will increase or decrease investment in the next year.

Despite ongoing closures, retailers are still hopeful about the future. Thirty-four percent anticipate increasing investments in the upcoming year (compared to 27% among manufacturing, 26% among professional services, and 20% among services). With reopening economies, small businesses in the services industry are more likely this month to foresee an increase in investments in the next year (20% vs. 13% last month). Even so, they remain the least optimistic, as we saw last month, with fewer predicting increases in revenue, staffing, or investment than other sectors.

Expectations to hire also remain mostly unchanged from last month. A quarter (23%) anticipate increasing staff (24% last month), while most (60%) plan to retain the same staffing size (55% last month). Like last month, one in 10 plan to reduce staff (13% last month).

NOTE: The latest Small Business Coronavirus Impact Poll was in the field May 21 – 27, 2020, prior to the civil unrest now gripping cities across our country.

U.S. Chamber Resources for Small Businesses

For small business resources on the coronavirus, visit [uschamber.com/co](https://www.uschamber.com/co).

Step-by-step guidelines on applying for a loan through the Paycheck Protection Program are available at [uschamber.com/sbloans](https://www.uschamber.com/sbloans).

A guide to the Small Business Administration's expanded Economic Injury Disaster Loan Program (EIDL) program to assist small businesses is available at [uschamber.com/report/guide-sbas-economic-injury-disaster-loans](https://www.uschamber.com/report/guide-sbas-economic-injury-disaster-loans).

A guide to CARES Act Relief for independent contractors or those who are self-employed and don't have any employees is available at <https://www.uschamber.com/report/independent-contractors-guide-cares-act-relief>.

Methodology

SURVEY METHODOLOGY

These are the findings of an Ipsos poll conducted between May 21-27, 2020. For this survey, a sample of roughly 500 small business owners and operators age 18+ from the continental U.S. Alaska and Hawaii was interviewed online in English.

The sample for this study was randomly drawn from Ipsos' online panel, partner online panel sources, and "river" sampling and does not rely on a population frame in the traditional sense. Ipsos uses fixed sample targets, unique to the study, in drawing sample. Small businesses are defined in this study as companies with fewer than 500 employees that are not sole proprietorships. Ipsos used fixed sample targets, unique to this study, in drawing sample. This sample calibrates respondent characteristics to be representative of the U.S. small business population using standard procedures such as raking-ratio adjustments. The source of these population targets is U.S. Census 2016 Statistics of U.S. Businesses dataset. The sample drawn for this study reflects fixed sample targets on firmographics. Post-hoc weights were made to the population characteristics on region, industry sector and size of business.

Statistical margins of error are not applicable to online non-probability polls. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error and measurement error. Where figures do not sum to 100, this is due to the effects of rounding. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll has a credibility interval of plus or minus 5.0 percentage points for all respondents. Ipsos calculates a design effect (DEFF) for each study based on the variation of the weights, following the formula of Kish (1965). This study had a credibility interval adjusted for design effect of the following (n=500, DEFF=1.5, adjusted Confidence Interval=+/-6.5 percentage points).

Percentage breakdowns for region, employee size, and sector:

Manufacturing and Resources	18%		Employee Size: 1-4	61%		Northeast	20%
Services	25%		Employee Size: 5-19	27%		Midwest	21%
Retail	24%		Employee Size: 20-99	9%		South	34%
Professional services	28%		Employee Size: 100+	2%		West	25%
Other	5%						