With Small Businesses Permanently Changed By The Pandemic, Owners Looking To Vaccine-Driven Recovery, PNC Survey Shows

- Three-quarters of business owners plan to encourage or require employees to vaccinate

- One-in-four small businesses don't believe they can stay afloat for another year under current economic conditions

- Nearly all businesses made adaptations during the pandemic; most expect them to become permanent

- While most layoffs not permanent, hiring expectations at lowest level in survey's history

PITTSBURGH, March 1, 2021 /PRNewswire/ -- Small and mid-sized business owners strongly support vaccinations for COVID-19 and plan to encourage their employees to get the shots, which are central to a return to normalcy, according to the latest PNC semi-annual national small business survey, which concluded Feb. 2.

Nearly half of those surveyed (48%) plan to require employees to get vaccinated, a third indicated they will provide education about vaccination and almost one quarter (22%) plan to provide incentives to their employees who vaccinate. Almost half (45%) expect the growing availability of vaccinations to have a positive impact on their sales.

The combination of higher operating costs and the anticipation of stable sales suggests small businesses will start feeling even more of a "squeeze" in their operations than they already are experiencing. Almost half (48%) say that they are facing challenges to stay in business and nearly one in four (24%) say they can only continue to operate in the current economic conditions for up to a year. As a result, business owners reported that price hikes may be in store. Among survey respondents, 40% indicated that they plan to increase prices in the next six months, up from fewer than a third in the fall survey.

"Clearly, small and mid-sized business owners have high hopes that successful adoption of vaccinations by the public will translate into an improved business environment, but many challenges remain in front of them," said PNC Chief Economist Gus Faucher. "As we saw in our survey last fall, business owners remain resilient as they adapt to the massive economic changes the pandemic has caused, and they expect most of these changes to be genuinely transformative."

Nine in 10 (90%) of business owners report making adaptations to their operations in response to COVID-19, including health and safety changes in the form of new policies and procedures (86%) or physical modifications (78%). Of those, more than two-thirds of businesses said they expect safety changes forced by the pandemic to be permanent.

More than half of business leaders (53%) made product-related changes, either in the way they sell or deliver their products or services (51%) or in their product offerings (23%). Over half (54%) of those making product-related changes also expect them to be permanent.

Further, nearly one in four businesses reported that they reduced their workforce last year and while most are not anticipated to be permanent layoffs, rehiring will be a slow process. Of those businesses that took action to cut workers in the past year, eight in 10 (82%) consider the decrease to be temporary or a furlough. More than two-thirds (69%) said the action impacted 25% or less of their workforce. However, the survey measured a record-low proportion of businesses expecting to increase the number of full-time employees (7%) in the next six months.

"Business owners indicated that they will have to cope with these challenges in two ways that are potentially harmful for the broader economic recovery, slowing the rate of hiring and increasing prices for their customers," Faucher said.

Other key survey findings include:

- **Left Behind:** Small business owners are not yet feeling part of the broader economic recovery. Their optimism is growing about the U.S. economy and their local economies, but slower growing when it comes to their own business.
- **Back to Work:** While the pandemic necessitated a major shift to work-from-home policies, these are unlikely to remain permanent. Nearly half of business reported shifting to work-from-home, but only a fraction (15%) anticipate the change to be long-lasting, while 59% expect it to be temporary with the remainder unsure.
- **PPP Remains Critical for Survival:** More than four in 10 businesses (43%) received PPP funding in 2020; another 6% applied for but did not receive the funding, while the remainder of businesses did not apply. Three-quarters (76%) of those who received a PPP loan considered it extremely important. More than four in 10 business leaders (43%) considering obtaining a new 2021 PPP loan view it as extremely important for their business.
- **New Tech Provides Lifeline:** More than half of business leaders (56%) report increased use of one or more technologies since the outbreak began. Three in 10 (30%) have increased use of technology to improve workforce productivity. More than a third (38%) applied new technologies to improve the sales process in the form of electronic or touchless payment systems (29%) or electronic/website-enabled sales (23%).

National and regional survey results are available at pnc.mediaroom.com.

The PNC Financial Services Group, Inc. (NYSE: PNC) is one of the largest diversified financial services institutions in the United States, organized around its customers and communities for strong relationships and local delivery of retail and business banking including a full range of lending products; specialized services for corporations and government entities, including corporate banking, real estate finance and asset-based lending; wealth management and asset management. For information about PNC, visit www.pnc.com.

Methodology

The PNC Economic Outlook survey was conducted by telephone from 1/2/2021 to 2/2/2021, among small and mid-sized businesses with self-reported revenue of $100,000 to $250 million. 500 interviews were

conducted nationally. Sampling error for the nationwide results is +/- 4.4% at the 95% confidence level. The survey was conducted by Artemis Strategy Group (www.ArtemisSG.com), a communications strategy research firm specializing in brand positioning and policy issues. The firm, headquartered in Washington D.C., provides communications research and consulting to a range of public and private sector clients.

DISCLAIMER: This report was prepared for general information purposes only and is not intended as specific advice or recommendations. Any reliance upon this information is solely and exclusively at your own risk. NOTE: The sum of percentages may not add to the total due to rounding.

CONTACT:

Alan Aldinger
(412) 370-3887
alan.aldinger@pnc.com

SOURCE The PNC Financial Services Group, Inc.

---

https://pnc.mediaroom.com/2021-03-01-With-Small-Businesses-Permanently-Changed-By-The-Pandemic-Owners-Looking-To-Vaccine-Driven-Recovery-PNC-Survey-Shows