

WITH FLORIDA SMALL BUSINESSES PERMANENTLY CHANGED BY THE PANDEMIC, OWNERS LOOKING TO VACCINE-DRIVEN RECOVERY

ANALYSIS BY
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Our spring 2021 survey shows that small and medium-sized business owners in Florida face challenges with layoffs and low hiring expectations, but looking forward the majority expect the growing availability of vaccinations to have a positive impact on their sales. Also, most small and medium-sized businesses surveyed expect to keep the various health and safety enhancements they made amid the pandemic.

Furthermore, our results also show that most small and medium-sized business owners feel more optimistic about their own company and their local economic recovery than about the national economic recovery. However, that optimism is significantly lower than in previous years. Almost one-half of the leaders surveyed received Paycheck Protection Program (PPP) funding in 2020 and a majority have adopted new business technologies since the pandemic started.

Falling coronavirus cases, an increase in the pace of vaccinations, and anticipated fiscal stimulus--Congress is set to pass an almost \$2 trillion stimulus bill--will allow for more economic activity in 2021 in the Sunshine State. The secular shift in housing preferences from urban apartments and condos to suburban homes and a weaker dollar will boost domestic and international housing demand in Florida. Small and medium-sized businesses in Florida remain optimistic about a quick economic recovery in 2021. PNC expects strong economic growth in Florida in 2021, in line with the national economy.

COVID-19 VACCINATIONS PROVIDE HOPE

Small and medium-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 Florida survey of small business owners.

Eight in 10 Florida businesses with employees plan to encourage or require their workforce to vaccinate. Six in 10 plan to require employees to get vaccinated, more than a quarter will provide assistance or education about vaccination. Less than one in 10 plan to provide incentives to vaccinate.

VACCINATION PLANS

Any Action (NET)	79%
Require	60%
Assist/Educate	28%
Incentivize	7%

Six in 10 (59%) expect the growing availability of vaccinations to have a positive impact on their sales.

FEELING SQUEEZED

A majority are facing challenges to stay in business and a third (32%) say they can only continue to operate in the current economic conditions for up to a year.



At the same time, nearly four in 10 report lower profits in 2020 compared to 2019. Looking forward, just over a third expect a profit increase in the next six months, down from more than half a year ago.

The anticipation of lower sales combined with profit pressure suggests Florida small businesses will start feeling a "squeeze" in their operations.

Florida vs. United States:

Nationally, more than a third (38%) expect an increase in sales over the next six months. Three out of 10 (29%) anticipate rising profits.

Expectation for Next Six Months	Sales		Profits	
	2020	2021	2020	2021
Increase	52%	42%	55%	35%
No Change	41%	50%	38%	57%
Decrease	2%	6%	4%	8%
"Don't know" not shown				

Spring:

LAYOFFS LINGER AMID LOW HIRING EXPECTATIONS

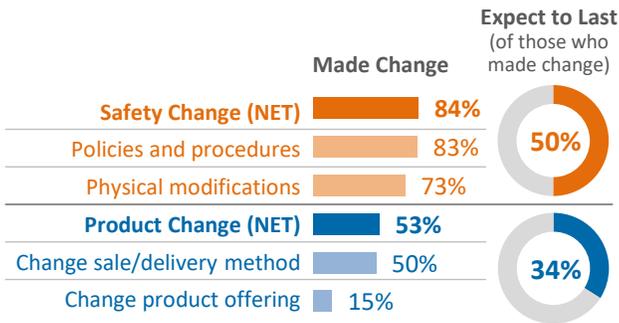
More than one in 10 businesses (12%) reduced their workforce last year. In addition, the Florida survey measured a record-low proportion of businesses expecting to increase the number of full-time employees (7%) in the next six months, down from one in 10 in spring 2020, just prior to the start of the pandemic in the U.S.

SURVEY-LOW HIRING EXPECTATIONS



MANY ADAPTATIONS EXPECTED TO LAST

Nearly nine in 10 (87%) Florida business leaders report making adaptations to their business in response to COVID-19, including a vast majority implementing health and safety changes in the form of new policies and procedures or physical modifications. More than half (53%) of business leaders made product-related changes, either in the way they sell or deliver products or services or what they offer. Half of those making safety changes and a third of those making product adaptations expect they will be permanent.

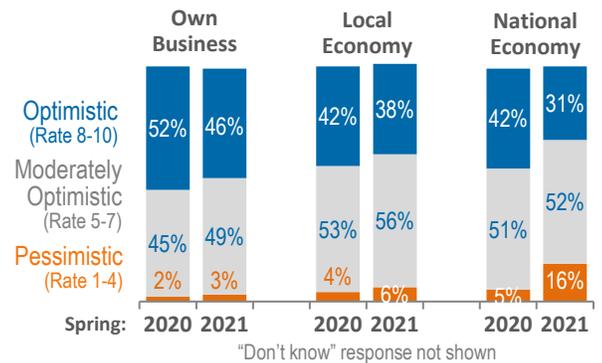


The least likely adaptation Florida business leaders expect to become permanent is the shift to working from home, in response to the pandemic. Of the third of businesses who adopted work-from-home practices last year, only a fraction (11%) anticipate the change to be long-lasting. Nearly six in 10 (57%) expect it to be temporary and a third (32%) are uncertain how long it will last.

AHEAD OF THE CURVE

Florida vs. United States: Nationally, three out of 10 are optimistic about both the national and local economies, and nearly four in 10 (38%) are optimistic about their own company's prospects.

Florida small business owners' optimism about their own company and the local economy are recovering more quickly than their feelings about the national economic recovery. Optimism about the U.S. economy remains significantly lower than the levels recorded a year ago, just prior to the start of the pandemic. The portions optimistic about their own business and local economy are already approaching pre-COVID-19 measures.



PPP REMAINS CRITICAL FOR SURVIVAL

Nearly half (47%) of Florida business leaders say they received Paycheck Protection Program (PPP) funding in 2020; another 8% applied but did not receive the funding, while the remainder of businesses did not apply. More than eight in 10 of those who received a PPP loan considered it extremely important.

Three quarters (74%) of recipients have already applied for loan forgiveness; few (3%) don't expect to apply for forgiveness.

More than four in 10 business leaders consider obtaining a new 2021 PPP loan extremely important for their business.



TECHNOLOGY LIFELINE

Two-thirds of Florida business leaders (66%) report increased use of one or more business technologies since the COVID-19 crisis began. Over half applied new technologies to improve the sales process in the form of electronic or touchless payment systems or electronic/website-enabled sales. Almost two in 10 have increased technology to improve workforce productivity.

