

SURVEY RESULTS



SMALL BUSINESS AND MAIN STREET PROGRAM INSIGHTS

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In the wake of the Thanksgiving holiday and the Black Friday, Small Business Saturday, Cyber Monday, and Giving Tuesday rush, we launched two new surveys in early December to understand how small businesses and Main Street programs were faring with the COVID-19 crisis at a peak moment in the holiday shopping season. Though many of our questions pertained to the need for federal financial relief for small businesses and Main Street programs—a need that was subsequently met, at least in part, with the COVID relief deal passed in late December—other interesting insights emerged.

You can explore the data from your state via an interactive map [here](#) and compare results throughout the U.S., and if you are a small business owner or know small business owners, you can learn about how to sign up for future text message-based surveys at the end of this document.



RESULTS FROM THE DECEMBER SMALL BUSINESS SURVEY

To help us better understand how small business owners were coping, we conducted our first-ever SMS-based survey. With the hope that many small business owners could respond via text messages from their phones, we sent out a six-question survey to individuals who first sent an initial opt-in message.

Between December 2nd and December 14th, we heard from 1,139 business owners in 42 states plus Washington, D.C. Close to one-third of the small business owner respondents work in ZIP codes that are outside or at the periphery of metropolitan areas. Just over two-thirds had majority women or minority-group ownership. At the outset of the pandemic, 66 percent of the respondents had five or fewer employees, and 92 percent had no more than 20 employees. As the data below indicates, many of these businesses have since shrunk.

Some of our questions were positioned relative to the prospect of federal financial relief. For instance, we asked small business owners how long they expected their businesses could survive without new federal financial relief. The results were dire. 88 percent of

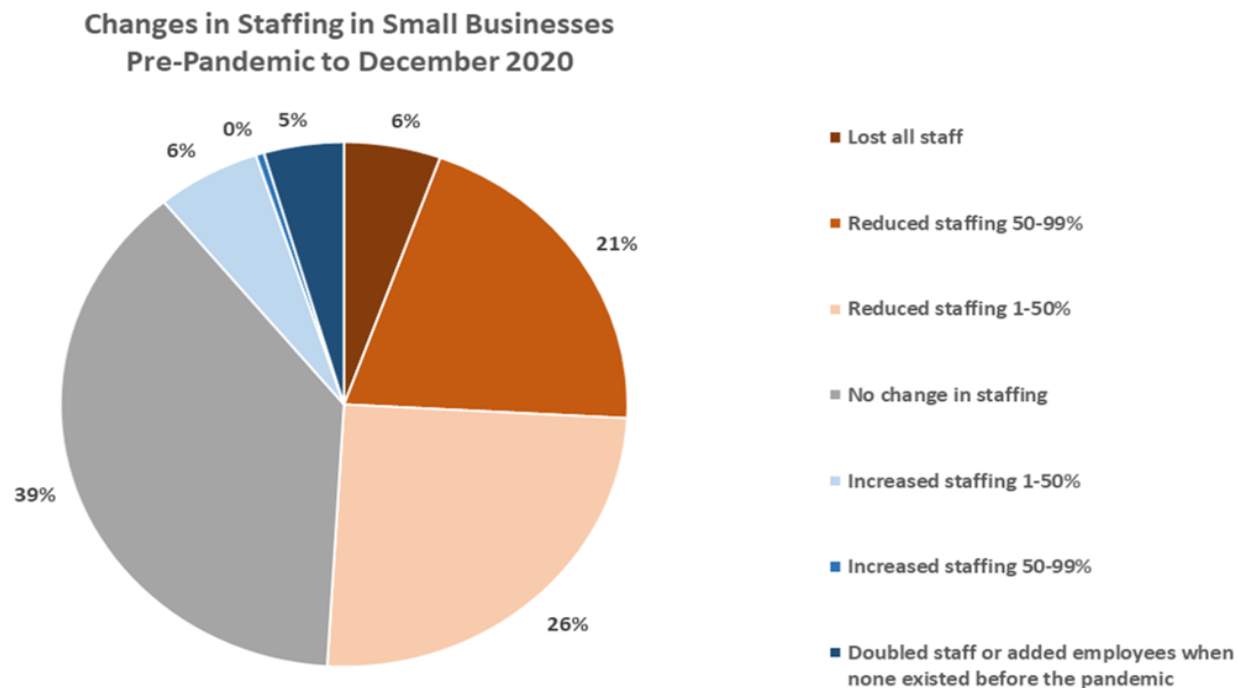
small business owner respondents were concerned about the risk of permanent closure if no federal financial relief was passed, with 29 percent reporting they wouldn't last beyond the next three months and 45 percent reporting they won't last beyond the next six months without government relief. 98 percent of small business owner respondents agreed that Congress needed to take immediate action to provide additional relief to small businesses. Though we are pleased that Congress and the previous Administration acted, renewing and expanding the [Payroll Protection Program](#), we are eager to see more evidence as time goes on that the situation is improving for small businesses in Main Street communities and throughout the country.

We also wanted to better understand how employment was changing for small businesses thus far in the pandemic, so we asked how many people the business owner employed on February 1, 2020, and at present. More than half of businesses (51%) had laid off or lost employees, with a total net loss of 2,380 jobs across the 1,061 small business owners responding to both employment questions. Of the 372 business respondents with only one or two employees in February 2020, 106 (28%) had lost one or both of

not all businesses had layoffs: 11 percent of businesses had added employees, with a total increase of 338 new jobs created across the 1,061 businesses, and 38 percent had the same number of paid staff in February as they did in December.

The survey data suggests staffing reductions were more severe in communities in metropolitan areas, where there was an average net loss of 2.7 jobs per

community, than in more rural micropolitan areas or areas outside metropolitan or micropolitan areas, where there were average reductions of 1.5 jobs per micropolitan community and 0.4 jobs per non-CBSA community. 22 percent of respondent business owners in metropolitan areas reported cutting their paid staff by half or more, compared to 15 percent of business owners in micropolitan areas and 6 percent of business owners outside metros and micros.



Of our respondent sample of 1,061 businesses for whom we had pre-pandemic and December 2020 counts of employees, 52 percent of respondent business owners reported they had a reduced staff in December than they did prior to the start of the pandemic.

RESULTS FROM THE DECEMBER MAIN STREET PROGRAM SURVEY

Alongside the Small Business Survey conducted over SMS messaging, we used SurveyMonkey to ask Main Street program managers about their experiences and expectations for the near future. Between December 2nd and December 10th, we heard from 365 programs in 42 states plus D.C. 46 percent of the Main Street program responses came from outside metropolitan areas, with 21 percent coming from rural places outside both metropolitan and micropolitan areas. (For reference, 44 percent of all 2020 accredited and affiliate Main Street programs were located outside metropolitan areas, and 18 percent were located in rural places outside both metropolitan and

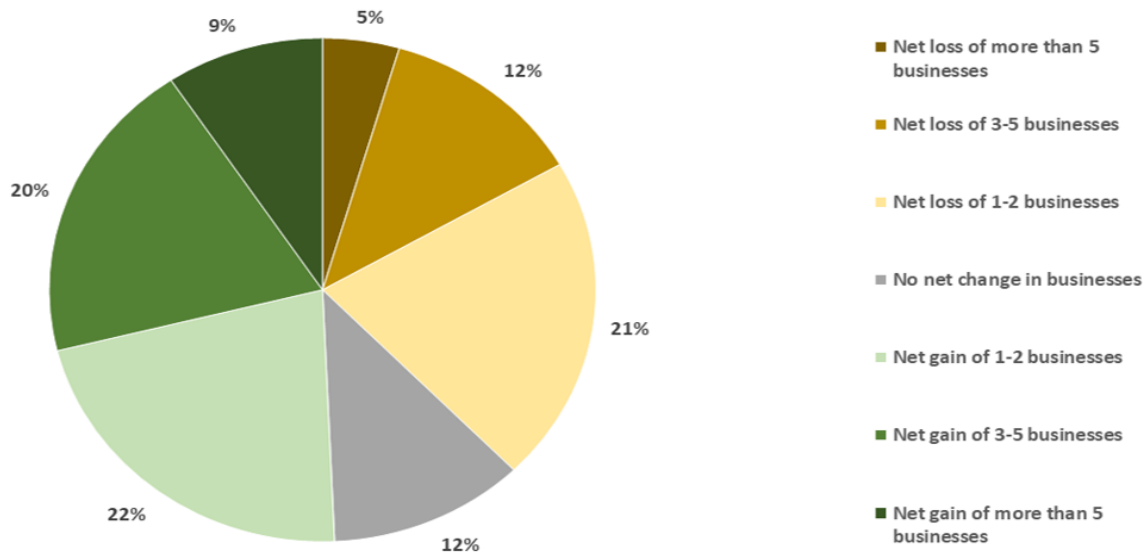
micropolitan areas, so our sample in this survey is quite representative of the Main Street network geographically.)

It's clear that Main Street program directors and managers are feeling the crisis in their own work. 63 percent of programs expect to have reduced budgets in 2021, but 58 percent say they will maintain or increase their business support offerings in the future. This comes in the wake of a period during the pandemic when 91 percent of programs say small businesses' needs for support services from their program had increased, including 65 percent who said those needs had increased substantially. So, to recap: programs worry their budgets will decrease even as the demand for business support activities has

increased, and in response, programs expect they will try to do more with less. In light of that crunch, it's not surprising that 44 percent of programs say they're either somewhat pessimistic or very pessimistic about sustaining their organization and its programming and activities in 2021.

Based on the survey data, it seems the reality for small businesses in Main Street communities is a difficult one, but the narrative isn't simple. Most Main Street programs who participated in the survey said they'd seen a net increase in the number of businesses in their program area between February and December. Across the 353 communities where respondents provided the number of business closures and business starts, there was a net increase of 160 businesses.

**Net Change in Number of Businesses in a Main Street District
Pre-Pandemic to December 2020**



Of our respondent sample of 353 Main Street programs for whom we had counts of business starts and business closures between February and December 2020, 51 percent of Main Street programs reported they had more new business starts than closures between the start of the pandemic and December 2020.

These changes in the numbers of operating businesses varied geographically, with more metropolitan areas experiencing a net loss of operating businesses and the most rural areas experiencing a net increase in the number of operating businesses. 40 percent of respondents from metropolitan areas saw more business closures than business starts, compared to 33 percent of respondents in micropolitan areas and 29 percent of respondents in rural areas outside metropolitan and micropolitan areas. In those rural areas outside metropolitan and micropolitan areas, 59 percent of respondents said there was a net increase in the number of operating businesses, compared to 50 percent of metro-area respondents and 52 percent of micro-area respondents.

At the same time, most Main Street managers have heard from small business owners in their districts that they are facing a variety of major challenges, including managers hearing business owners' reports of frustrations with changing regulations on business operations (83%); of taking on new expenses to adapt operations to the pandemic (76%); of coping with reduced demand from businesses' clients and customers (75%); of frustrations with requiring customers to abide by mask and social distancing regulations (68%); of additional credit card debt, bank loans, or new lines of credit (64%); and of leaning on savings, retirement accounts, and other assets to keep their businesses afloat (63%).

Again, worrying about the possibility of congressional inaction on small business relief, we asked about what Main Street managers' expectations were for the near future if there was no new federal financial relief for small businesses. 80 percent of Main Street programs expected to see the net loss of businesses if new relief wasn't offered, including 29 percent who expected the net loss of several businesses.

What's Ahead for Main Streets and Small Businesses?

With the new Payroll Protection Program (PPP) launched as of January 11th, 2021, more government support is on the way, but we will be watching closely to understand whether the program is widely used and helpful. We will also continue to push for more government support for local Main Street programs and all those who serve as first responders for small businesses during a crisis like this one.

On that note, for the foreseeable future, we will be rolling out a new short survey for small business owners every month. We were pleased to learn that more than 500 small business owners across the country agreed to receive additional text message-based surveys from the National Main Street Center. Today, we will launch our next set of questions—seeking insights on business owners' plans to leverage the new PPP program, the role e-commerce played in their holiday business, and the changes in holiday revenues between 2019 and 2020. You can look for those results on our [website](#) in February.

If you are a small business owner or know of small business owners in your community who might be interested in taking our quick SMS surveys to track impacts of COVID-19 and other business changes, please text the word SURVEY to 833-945-1313 or fill out [this form](#).

If you have questions you would like to pose to small business owners across the country or thoughts on the survey results presented here, please join me for a conversation on [The Point](#).

For resources and updates, please visit mainstreet.org/mainstreetforward.



To stay afloat, restaurants across the country are experimenting with creative solutions to ensure safe and comfortable outdoor dining experiences. Credit: Cindy Shebley