

Survey shows impact of Covid and AL3 on local businesses

13 May 2020

Over 63 per cent of respondents to a recent survey of Canterbury businesses are reporting significant financial impacts from COVID-19. Over 21 per cent are citing moderate impact, with over 7 per cent citing minor impact.

The data was gathered as part of a survey distributed to local businesses in early May, during Alert Level 3, by The Canterbury Employers' Chamber of Commerce and ChristchurchNZ. The survey was sent to more than 4000 businesses and received more than 470 responses.

The biggest challenges operating under Level 3 were cited as cashflow, lack of customers, and social distancing rules.

Looking forward three months, 60 per cent of businesses still felt that the cashflow impact will be profound. Staff numbers too will be affected, with around 30 per cent of businesses believing their staffing numbers would have a significant negative impact of over 25 per cent. Exporters remain more optimistic, with 46 per cent responding that there will be no effect on their sales, while 30 per cent think the negative effect will be over 25 per cent.

The survey shows that smaller businesses have been more impacted by loss of customers, and increased costs, while larger ones have been impacted by supply chain.

The survey was commissioned to better understand the regional impact of the pandemic and changes during this time across different industries, and ensure support was focused appropriately.

An earlier survey sent out during Alert Level 4 showed over 81 per cent of respondents reported significant financial impacts from Covid-19.

While it is not possible to match respondents between the surveys due to anonymity, Canterbury Employers' Chamber of Commerce Chief Executive Leeann Watson says the results of this survey demonstrate the changing impact during the Covid-19 pandemic.

"All business segments have been affected by cashflow issues. Manufacturers in particular have had challenges around social distancing under Level 3, although they expect this to reduce under Level 2. Accommodation and Hospitality also expect to face challenges under Level 2 around increased costs of operating, social distancing and lack of customers, expecting to take many months to be back anywhere near full trading capacity.

"We have engaged with over two thousand businesses over the last two months through our Covid-19 helpline and over email and 6,000 businesses in on our webinars, and the survey results reinforce what we are seeing – namely the very real need for continued targeted financial support and the need for HR as we continue to see increased needs around support with restructuring, redundancy and resizing for businesses."

Joanna Norris, ChristchurchNZ Chief Executive, said the results of the survey illustrated the need for ongoing action to support business survival, save jobs and keep as much of the economy functioning as possible.

ChristchurchNZ's current primary focus is on responding to the immediate shock of Covid-19.

"We are, and will continue to, encourage Christchurch residents to spend locally. It is vital we retain and grow local spending to ensure sufficient cashflow, and ultimately support local jobs.

“Tomorrow we will launch a campaign aimed at encouraging local people to support local businesses and act like a tourist in their own city and region.”

The survey also highlighted how businesses have responded to the current operating environment. Around 20 per cent of the respondent businesses had all staff working at Level 3 onsite, while a further 15 per cent had staff working full hours, but remotely. Around 40 per cent had staff working at lower hours either onsite or remotely.

Looking forward to Level 2, businesses see the same problems as under Level 3 – cashflow, lack of customers, social distancing requirements and increased costs of operating while being at less than full capacity.

Businesses were asked where they could see need for support. Again, cashflow was cited as a huge need, with some calls for increased Buy New Zealand Made marketing support. There were also calls around Government procurement to support this, instead of a focus on least cost.

The survey comments showed that continued support around restructuring remains important, and some businesses also identified mental health as an issue. A need for professional support remains high, as well as support through online tools.

Ongoing advocacy and heightened communication between businesses and Government remains high on the agenda, particularly around the trans-Tasman bubble concept.

Some respondents acknowledged the positive outcomes of the wage subsidy and others the opportunity of this situation. These included:

“Employee subsidy is keeping us afloat and has prevented us shedding staff – this must continue for many weeks and we should come out OK and fully staffed.”

“This is the biggest opportunity the country has had in the last century to get out ahead of the big markets that are slow to change. Any means that shifts people to action: how can I employ one more person in my business; who needs my products and services in this new economic time; how much more could I sell my stuff for. This is not getting back to business – it’s reinvention time.”

Respondents were also vocal about what was needed during this time, with a focus on advocacy and communication.

“Government advocacy. It feels like any challenge of the Government policies is being treated as treasonous. These are seriously important discussions for New Zealand's economic and health futures. We need serious adult conversations on these challenging topics.”

“Communication around the impact within Canterbury from Covid, including job losses, economic impact on GDP broken down into sectors.”

The Canterbury Employers’ Chamber of Commerce and ChristchurchNZ are working jointly with partners to deliver urgent support for businesses affected by Covid-19. Those measures include the 0800 50 50 96 Business Support Helpline, additional business advisors, capability and advisory workshops (delivered remotely), and business mentors.

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