Allegheny Conference on Community Development

Greater Pittsburgh Chamber of Commerce | Pennsylvania Economy League of Greater Pittsburgh | Pittsburgh Regional Alliance

May 8, 2020

Research Report on Reopening

The attached report summarizes findings of two recent surveys conducted by the Allegheny Conference:

1) ***Business Preparedness for Reopening and Perspectives on Recovery***. This survey polled over 300 businesses in SWPA on issues related to recovery timing and preparedness for reopening, and identified the area when businesses lack the most confidence and/or require the most help to be ready for safe reopening. The key findings include:

- The region's businesses are confident that they will be able to make a relatively fast recovery, with 60% of businesses expecting to be fully open by the end of June and 43% of businesses anticipating their output returning to pre-pandemic levels within 6 months.

- When considering what will influence the decisions to reopen their business, the top triggers include the lifting of the stay-at-home order, preparedness of employees to behave safely in workplace and having clear guidance from policy makers on workplace safety requirements.

- Businesses are actively preparing for reopening. The most common efforts they are undertaking are developing policies and procedures to prevent the virus spreading in the workplace and procuring PPE/masks and other supplies/services needed to ensure effective workplace sanitation.

- Businesses, particularly smaller and regional firms, do not feel well-equipped to handle all the practicalities of stipulated conditions for reopening. Only about half of firms feel relatively confident in their ability to recall laid off employees, ensure proper sanitation and perform employee health screening.

- What businesses would find most beneficial to prepare for reopening would be to have a better understanding of Pennsylvania's reopening strategy and protocols. The smaller and regional businesses also need particular help in accessing PPE and sanitation supplies, developing protocols for employee health screening, and motivating employees to return to the workplace.

- While nearly all businesses have taken some measures to adjust to the disruption of COVID-19, smaller and regional businesses were more likely to apply for new forms of financing. These smaller and regional businesses were also more likely to be unsuccessful in actually securing the additional financing.

2) ***Consumer Sentiments on Economic Conditions and Preparedness for Reopening***. This survey (conducted in collaboration with Schmidt Market Research, Inc.) has been occurring in bi-weekly waves since the end of March, and has polled over 2,500 SWPA residents. The key findings of the third wave include:

- Respondent's sentiment towards the national and regional economy has declined throughout COVID-19.

- Respondent's sentiment towards employment, personal finances, and spending has held relatively steady throughout COVID-19.

- A majority (60%) of respondents believe that reopening in early May is too soon, with very little thinking it is not soon enough. Most believe that the region's economy won't fully reopen until summer.

- While most respondents would like to see a long-term downward trend in cases and/or a vaccine in order to make them most comfortable to return to work, their "must haves" include access to sanitizer, frequent deep cleaning, masks, social distancing, and flexible sick leave policies.

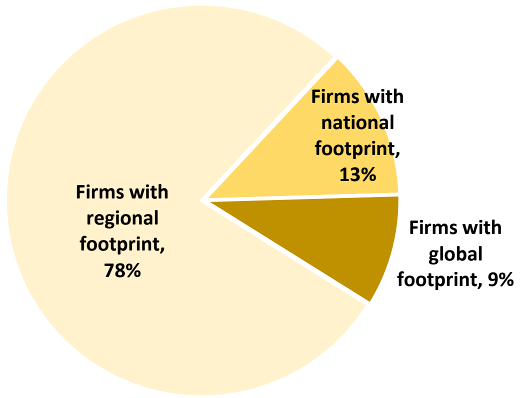
- Respondents have similar desires to help them feel safe when it comes to going to grocery stores, general retail stores, restaurants, and events. The one main exception is that most respondents don't expect customers to wear masks at restaurants.

Business Preparedness for Reopening & Expectation for Recovery

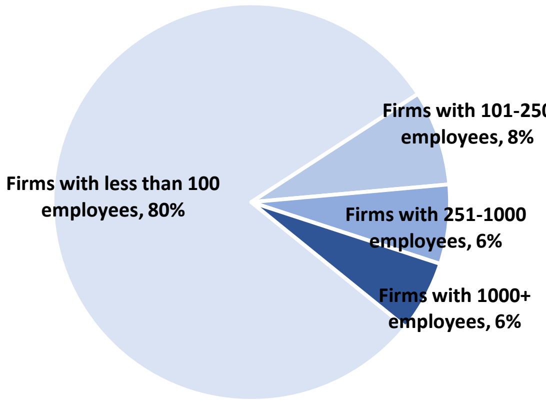
Allegheny Conference on Community Development

- Survey; disseminated on April 24 to a broad distribution list of businesses and organizations with a presence in SWPA; responses collected between April 25 and May 4, 2020
- **312 businesses responded** to date

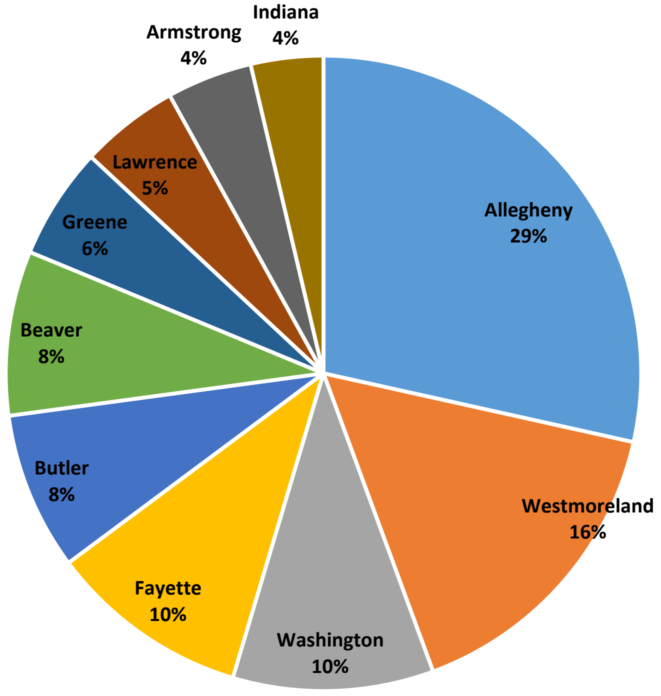
Respondents by Presence



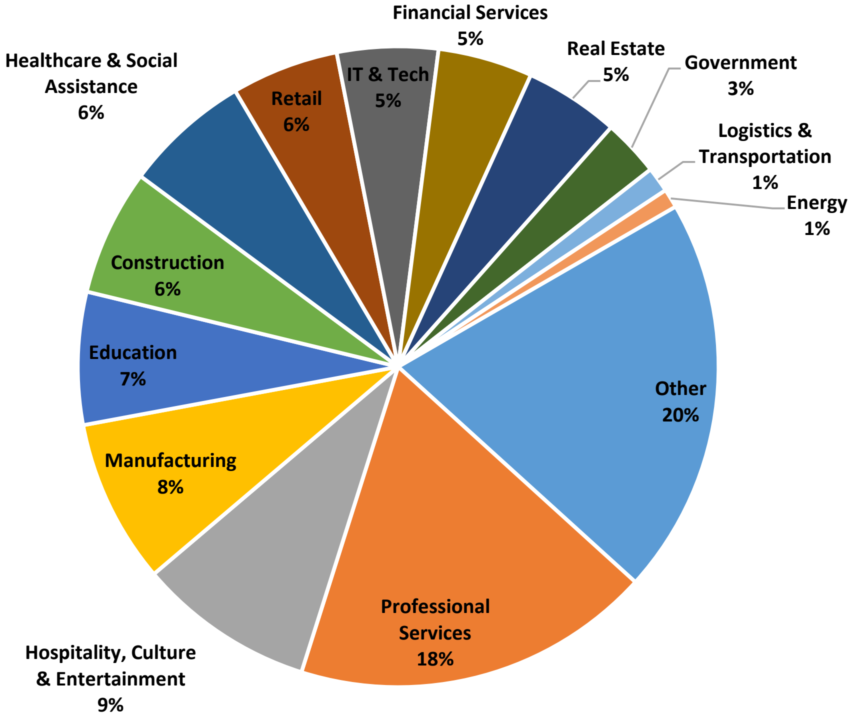
Respondents by Size



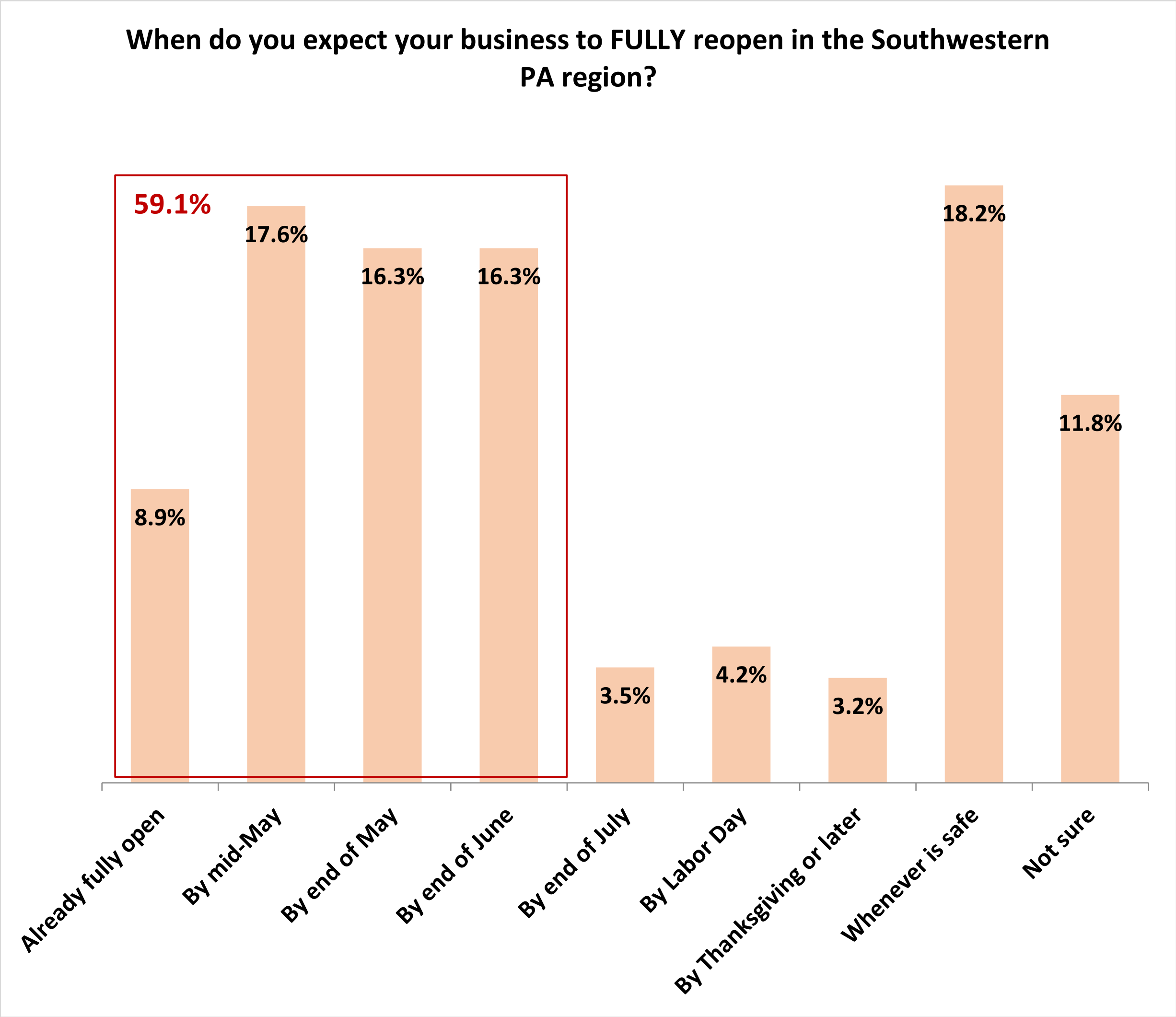
Respondents by Location

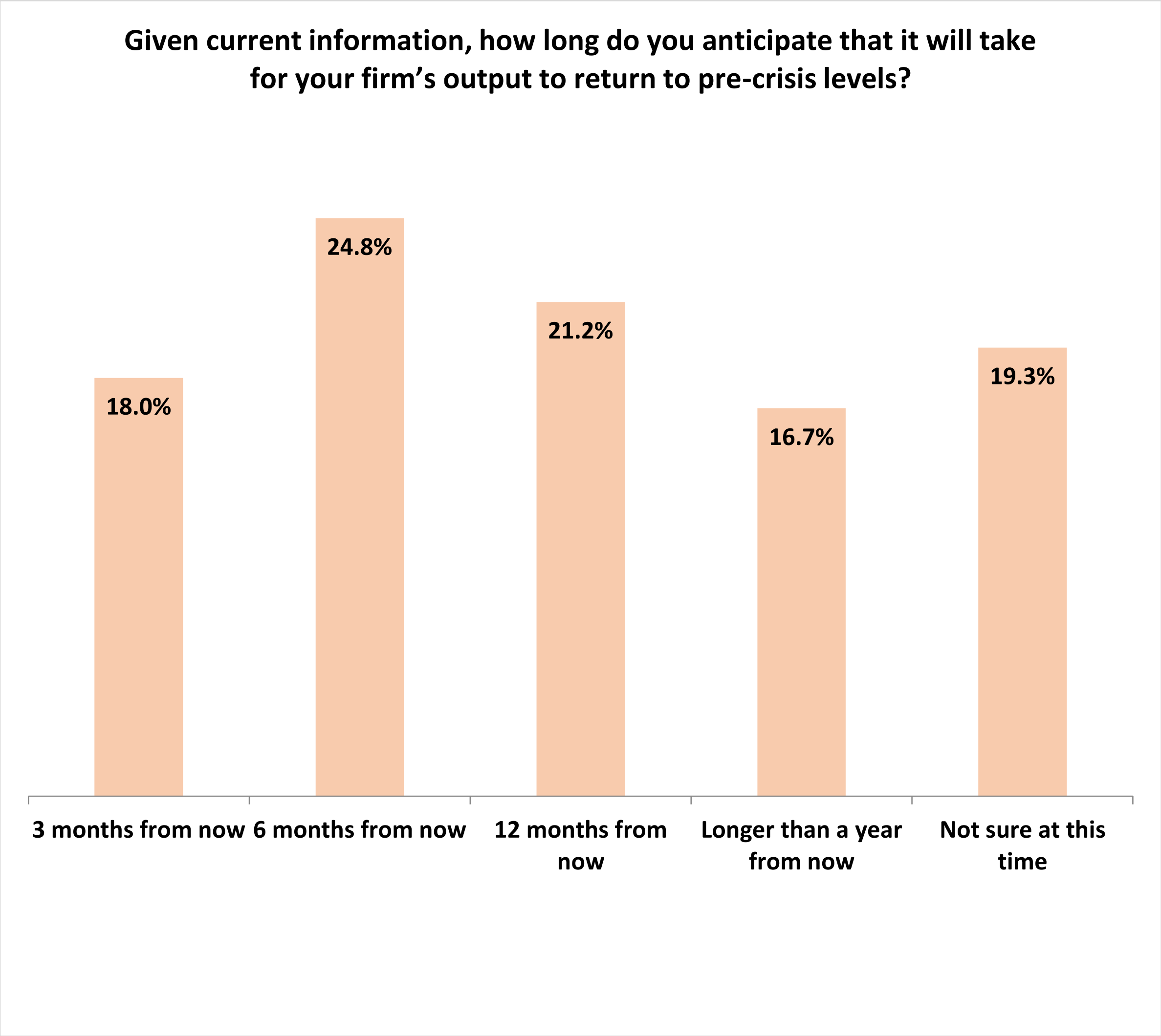


Respondents by Industry

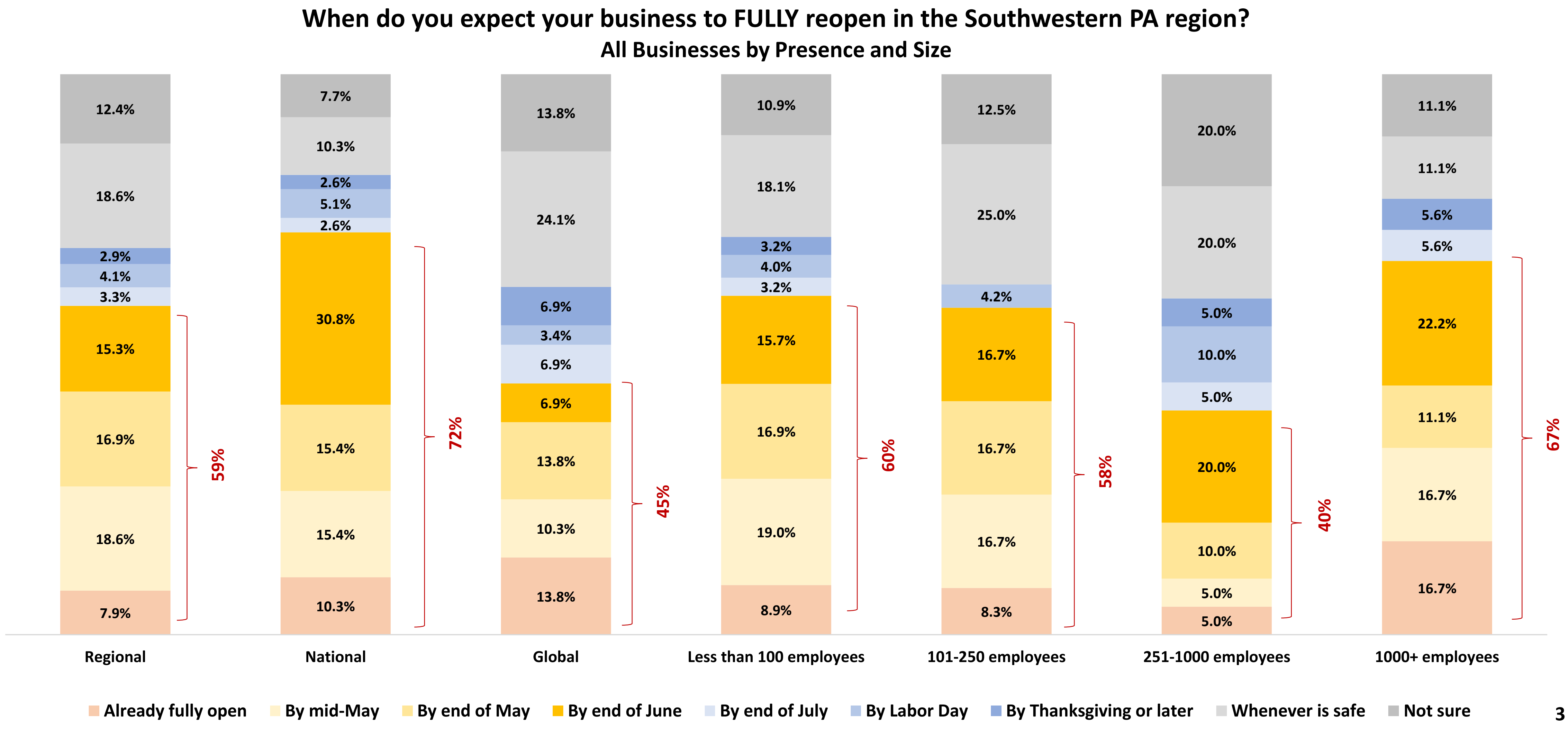


There is a strong **confidence in fast recovery** among the region's businesses. Close to 60% of businesses expect to be fully open by the end of June. About 43% anticipate their output returning to pre-pandemic levels within 6 months. Nonetheless, uncertainty and inability to adequately predict both the reopening and recovery is relatively high.



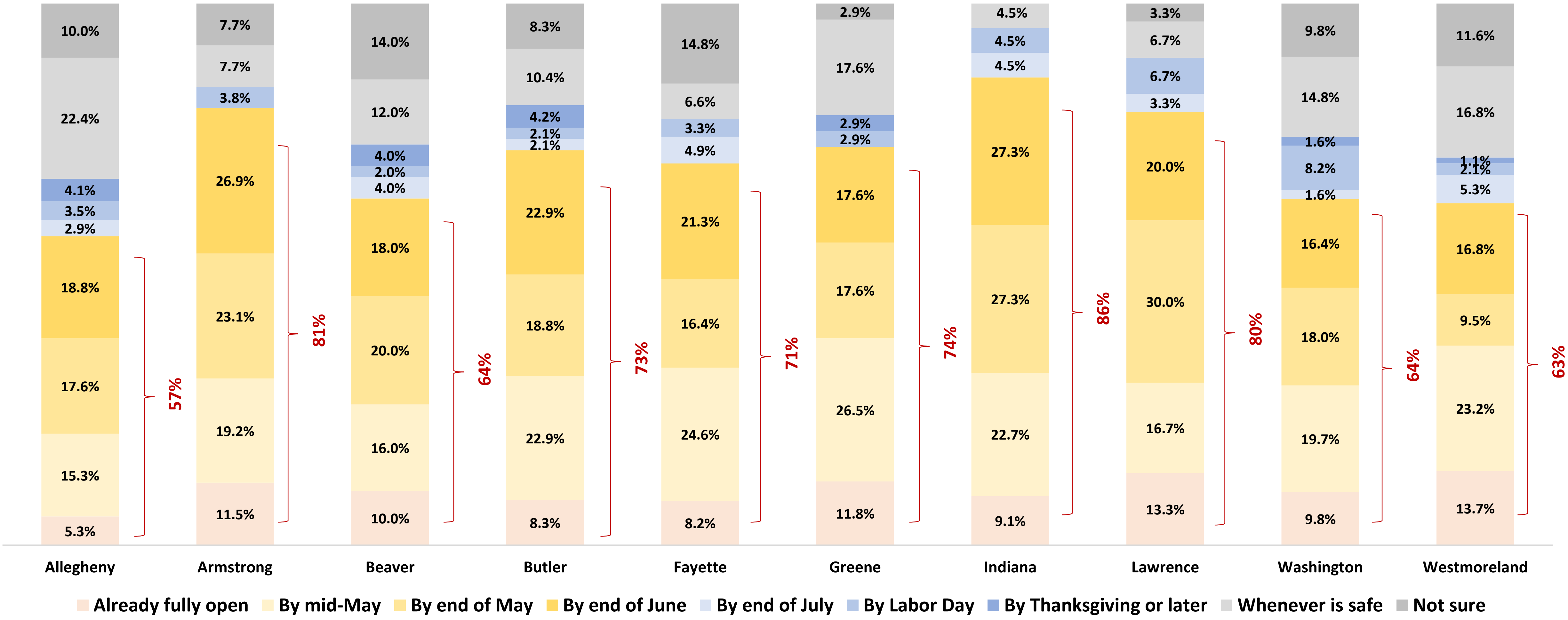


Employers with a **national** presence predict the **fastest reopening** of their businesses. Over 72% expect to be fully open by the end of June. On the other hand, only 45% of the firms with a global presence expect the same. Firms with 251-1,000 have the lowest expectation (40%) to be open by the end of June; they are also the most unsure about their reopening timeframe.



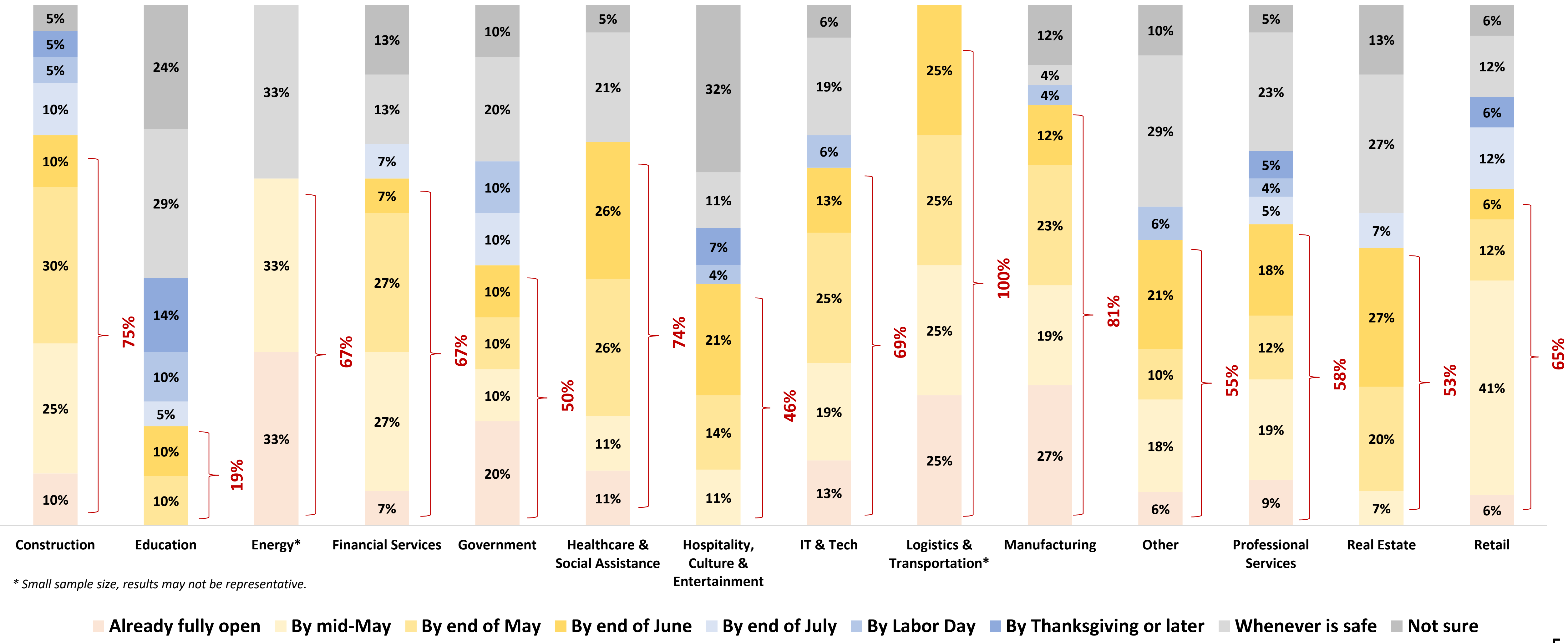
With **80%-86%** of businesses expected to be fully open by the end of June, **Indiana, Lawrence and Armstrong** Counties are among the most confident in a fast recovery. On the other hand, only about **64%** of businesses operating in **Beaver**, **Washington** and **Westmoreland** Counties are expecting to be open within the same timeframe. Businesses in **Allegheny** County are the **least optimistic** in their ability to quickly reopen.

When do you expect your business to FULLY reopen in the Southwestern PA region?



Construction, **Healthcare, Logistics & Transportation**, and **Manufacturing** businesses expect a significantly quicker reopening. Businesses in **Education** and **Hospitality, Culture & Entertainment** and **Real Estate**, as well as **Government** offices, are much less certain about their reopening horizon.

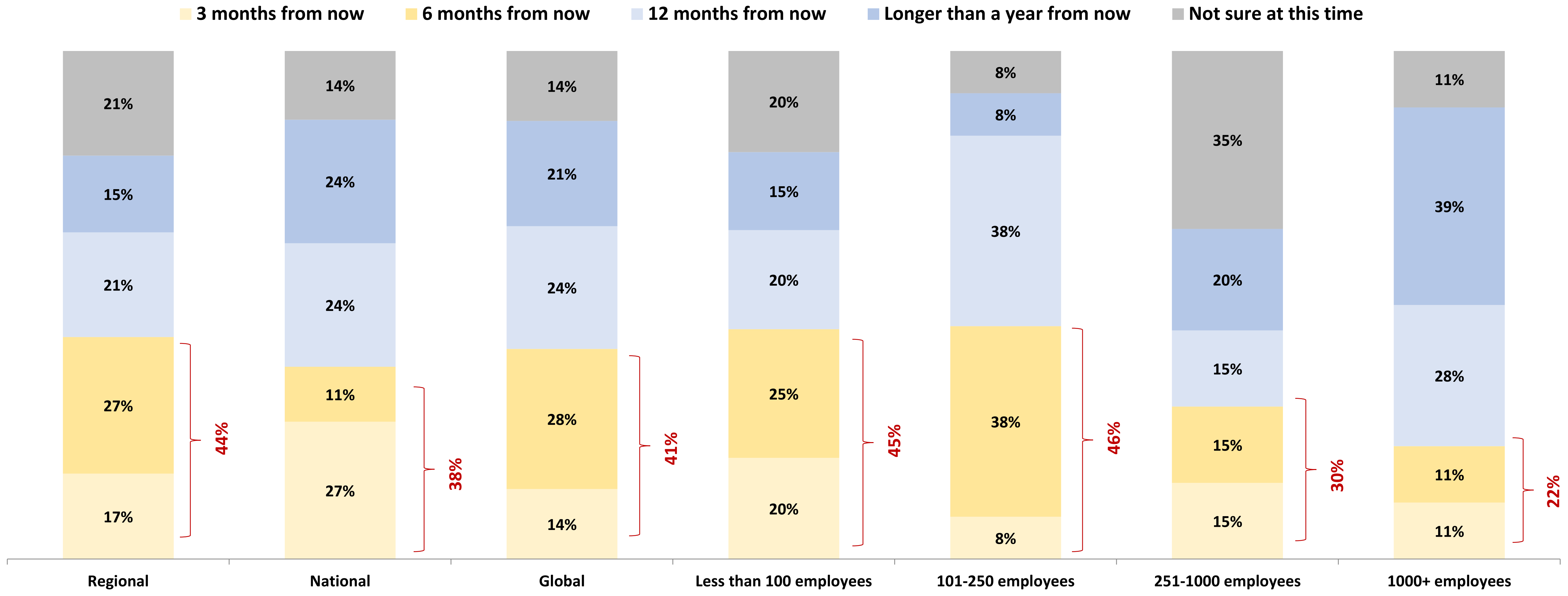
When do you expect your business to FULLY reopen in Southwestern PA region?



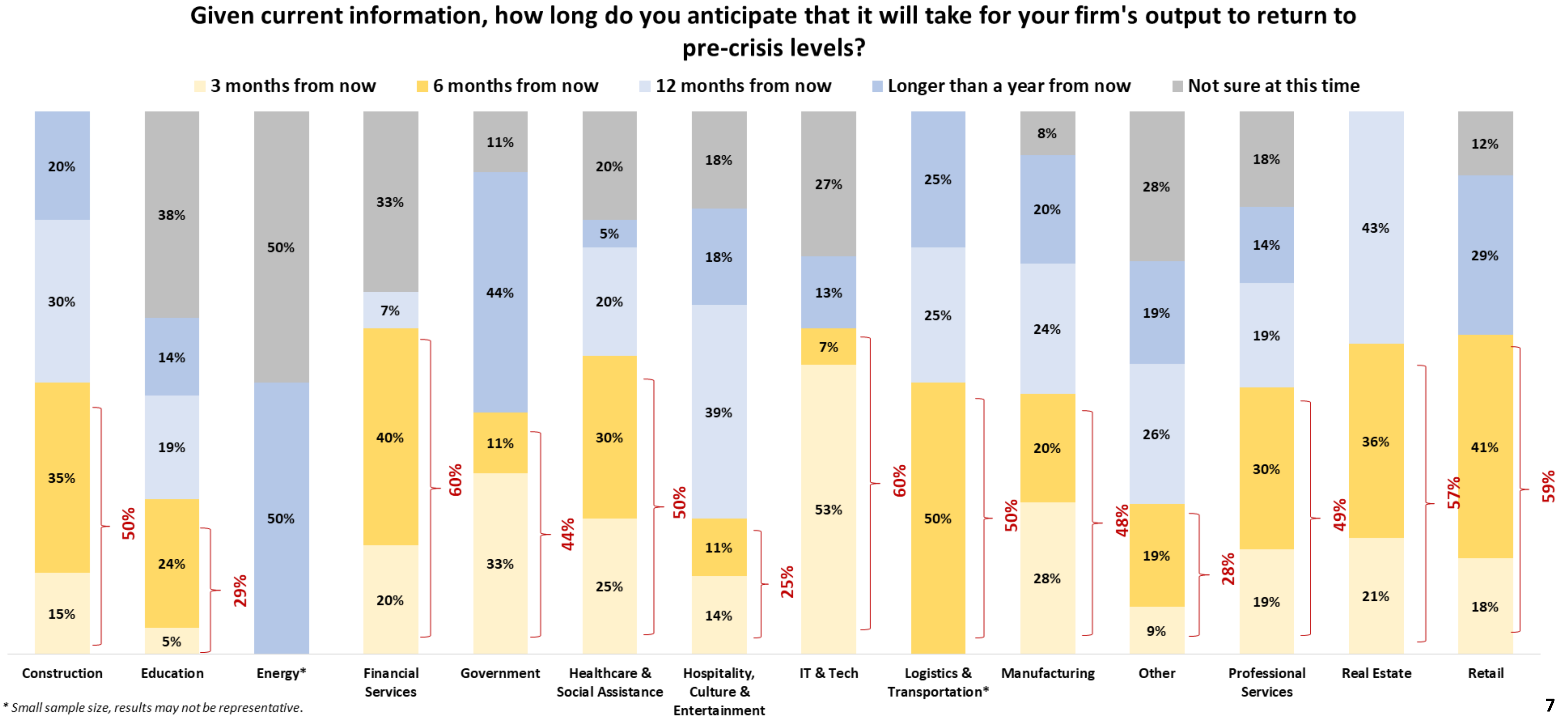
** Small sample size, results may not be representative.*

Smaller and **regional** firms are more confident in a **fast recovery**; 44% of the regional and 45-46% of those with less than 250 employees believe they will see **pre-crisis output** within the **next 6 months**. Firms with more than 1,000 employees are more likely to predict longer recovery (12+ months) and midsized firms are the most uncertain about the timeframe of their recovery.

Given current information, how long do you anticipate that it will take for your firm's output to return to pre-crisis levels?

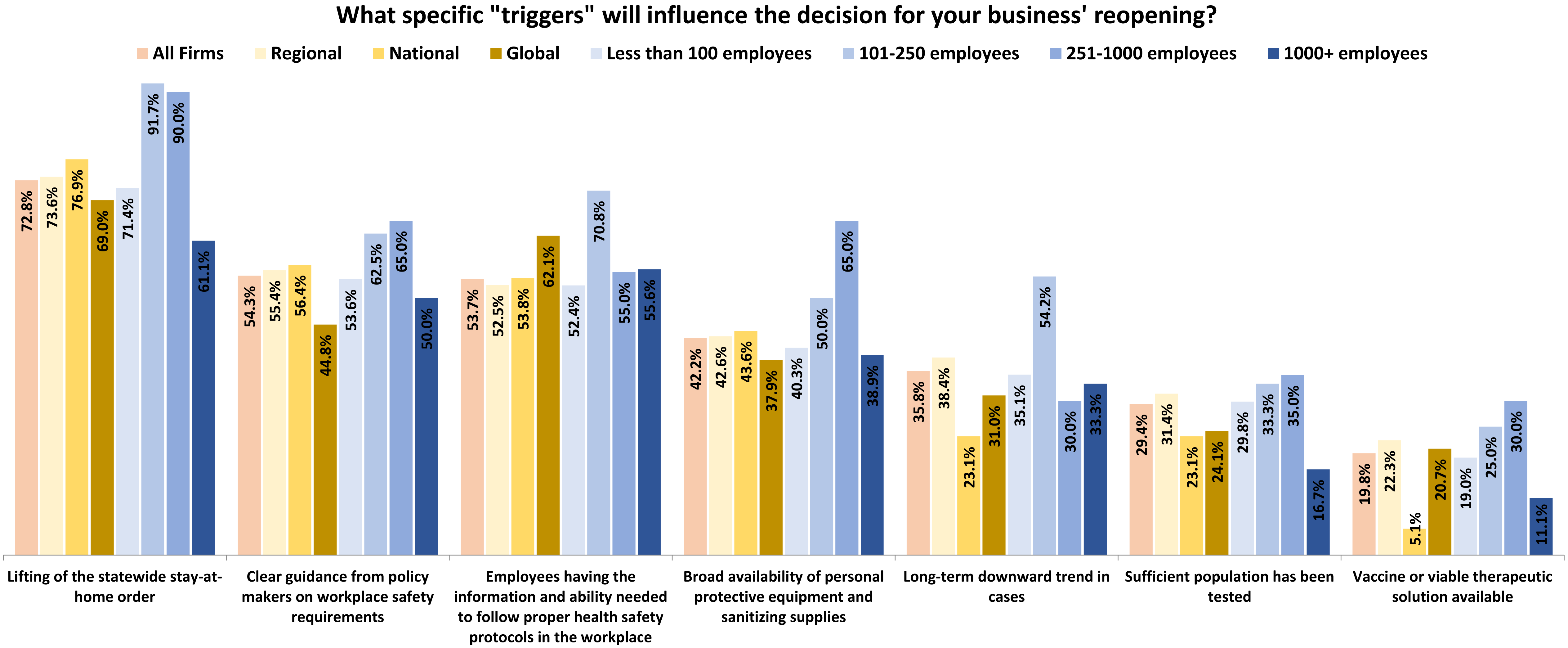


Businesses in **Financial Services**, **IT &Tech**, **Retail,** and **Real Estate** are the most optimistic about returning to pre-crisis output within 6 months. Firms in **Hospitality, Culture & Entertainment**, **Education,** and **Energy** are among the least certain about the timing of their recovery.

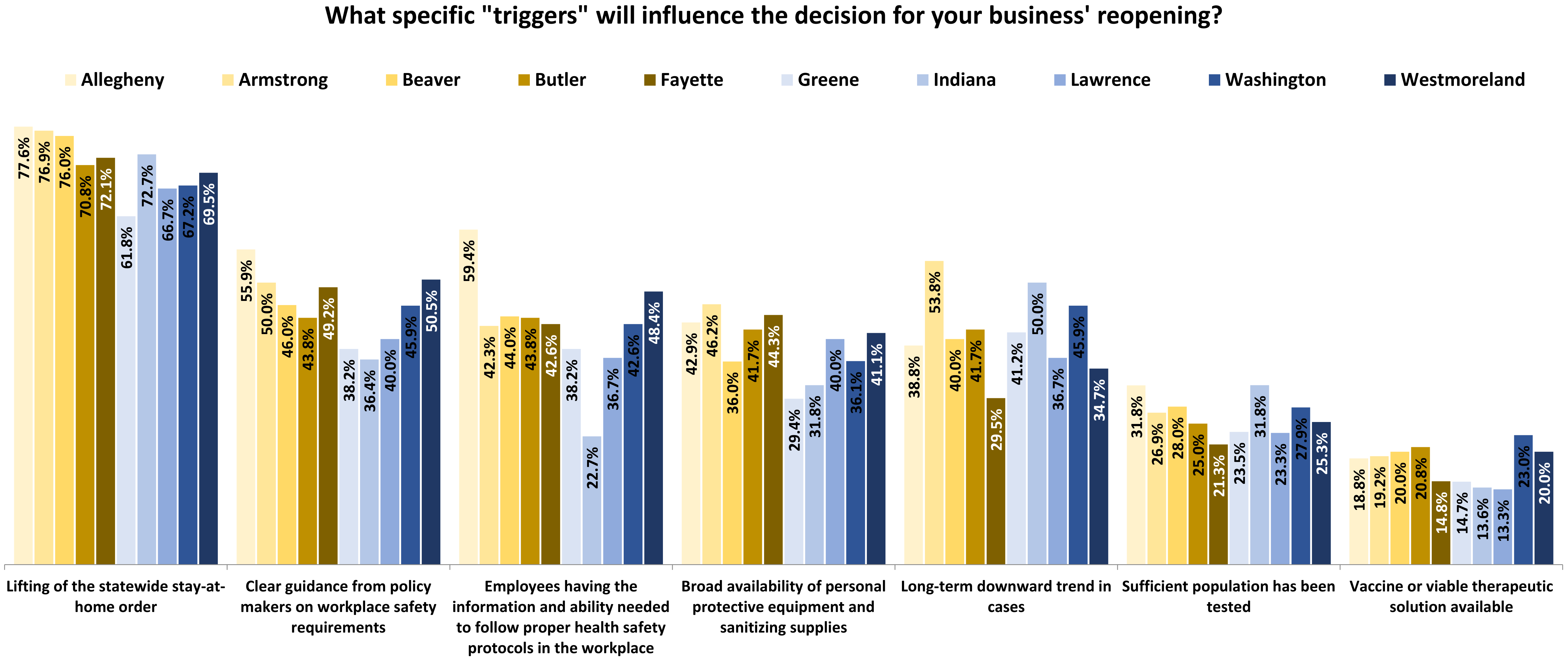


** Small sample size, results may not be representative.*

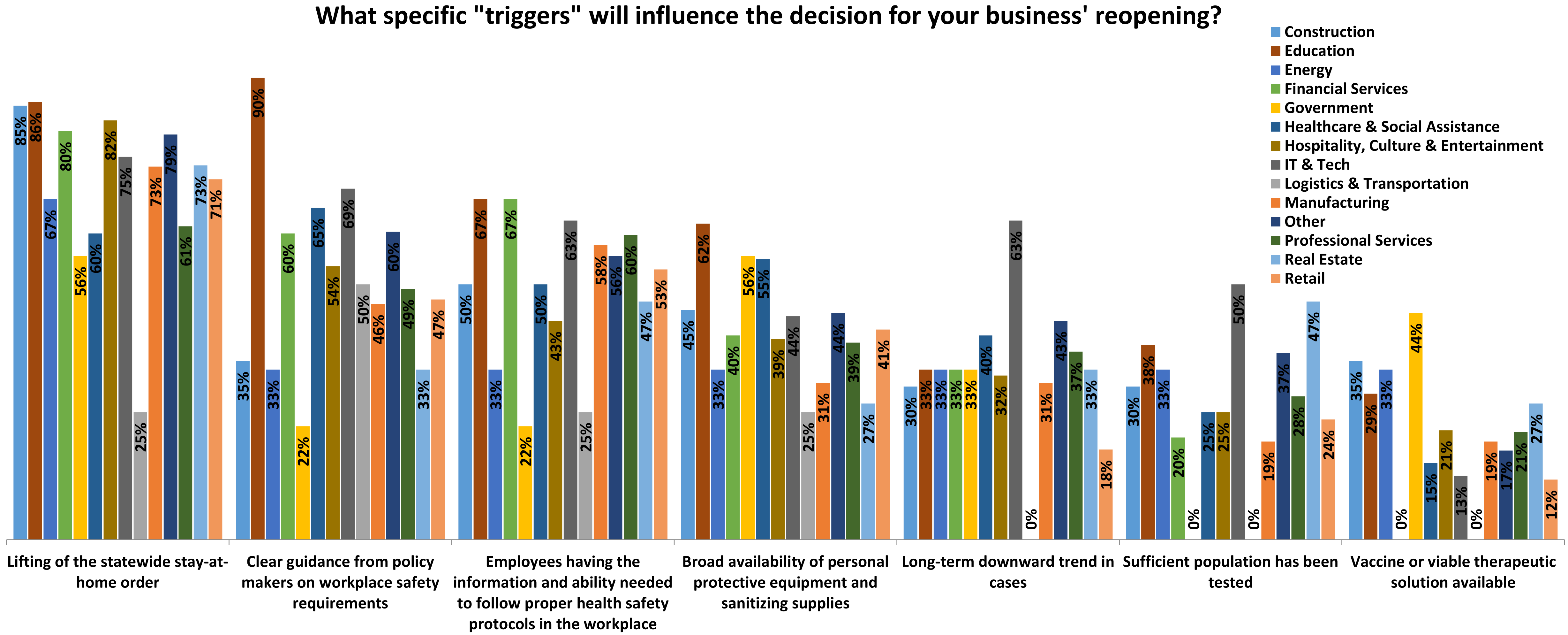
Businesses are considering **multiple factors** in their decision-making about reopening. **Top 3 triggers** include the **lifting of stay-at-home orders**, **preparedness of employees to behave safely** in the workplace, and **clear guidance from policy makers**. National and regional firms and companies with larger workforces are factoring in **availability of PPEs and sanitation supplies**.



The **top triggers** playing a role in decision-making about reopening somewhat differ among counties. Long-term **downward trend in COVID-19 cases** are a stronger factor for businesses in **Armstrong**, **Indiana**, **Washington,** and **Greene**. Businesses in **Lawrence** and **Fayette** are factoring in more strongly **availability of PPEs and sanitation supplies**.



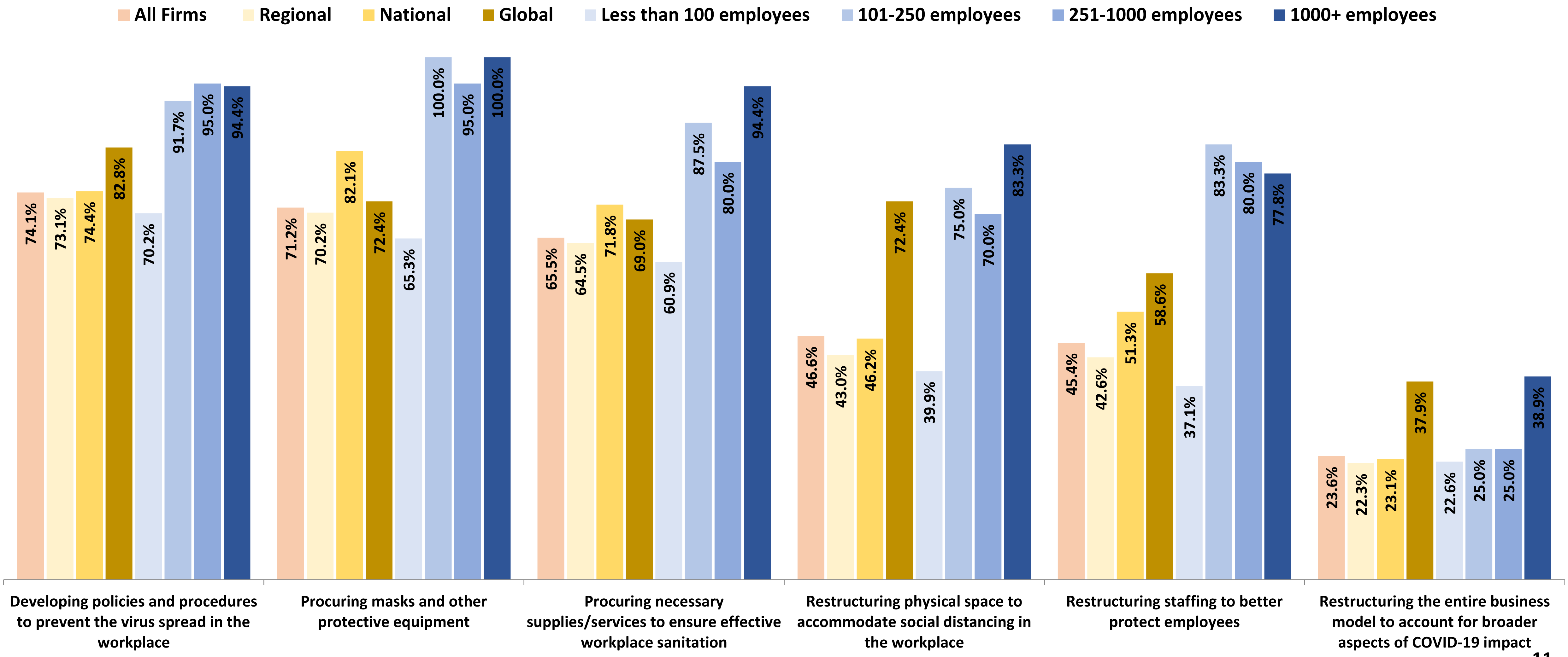
The **top triggers** playing a role in decision-making about reopening differ by industries. Availability of **PPE and sanitizing** supplies is a stronger factor for **Education**, **Government,** & **Healthcare**. Long-term **downward trend in COVID-19 cases** and **sufficient testing** are a stronger factor for businesses in **IT & Tech**.



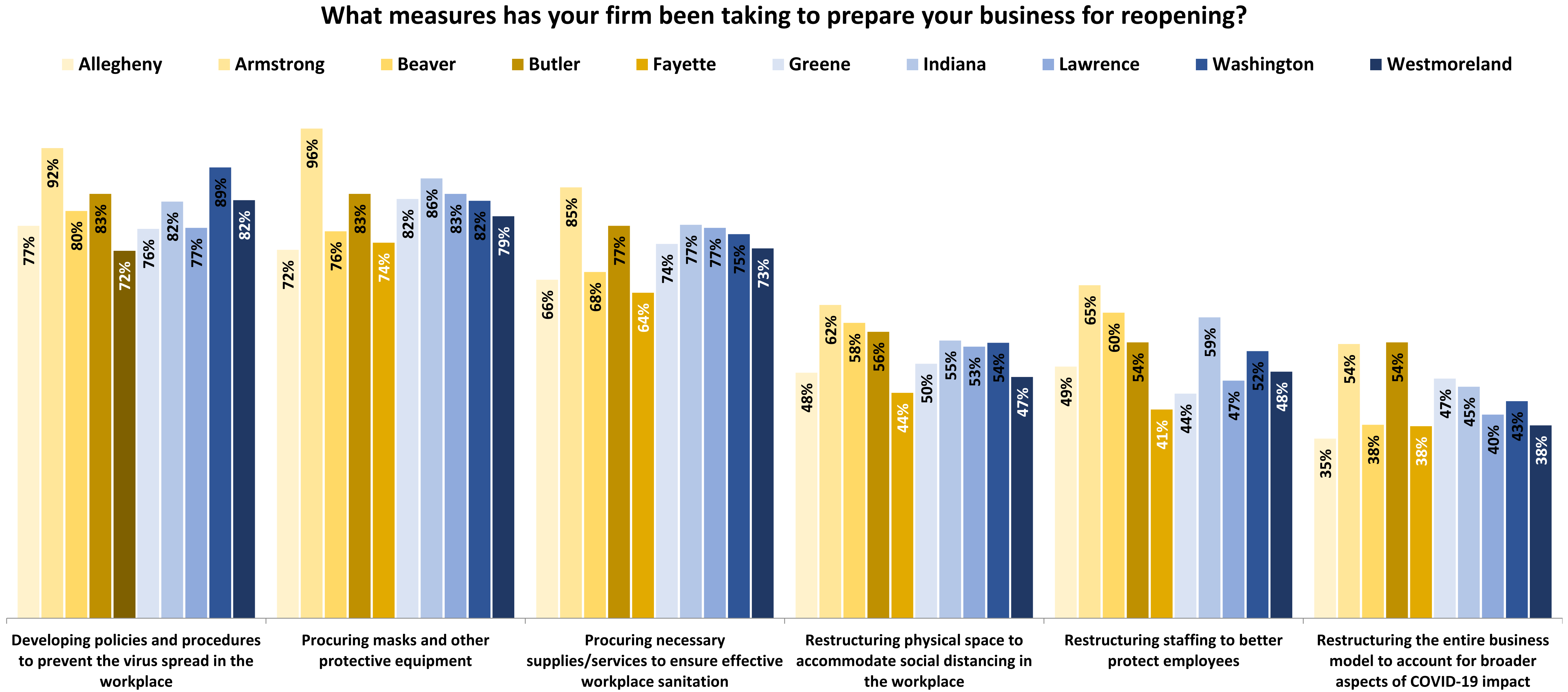
** Small sample size in Energy & Transportation and Logistics is small; , results may not be representative.*

Businesses are actively preparing for reopening. **Top 3 efforts** include **developing policies and procedures**, **procuring PPEs,** and **securing proper sanitation services.** Firms with a larger footprint and workforce are more likely to pursue additional strategies including restructuring physical spaces and staffing to accommodate social distancing requirements.

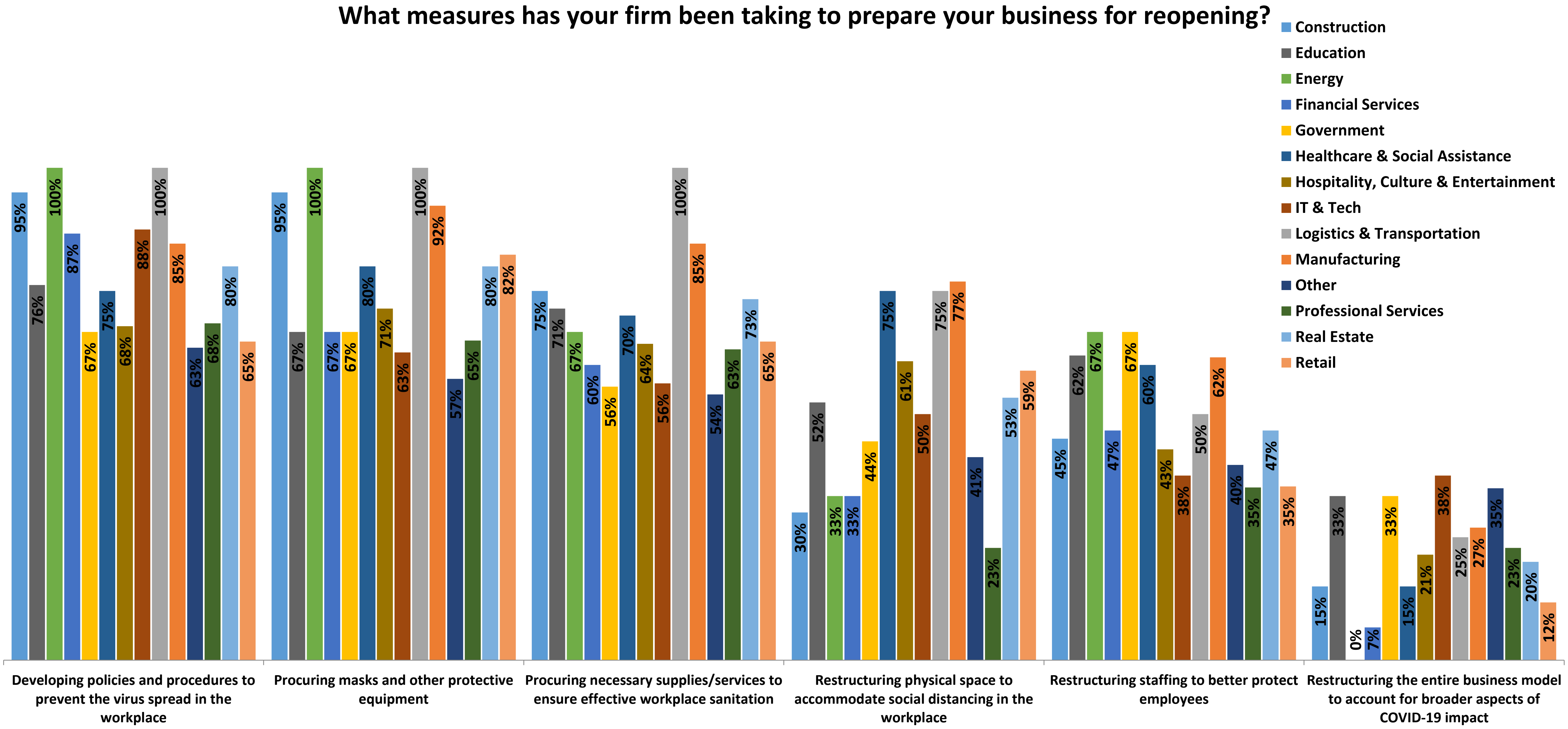
What measures has your firm been taking to prepare your business for reopening?



The efforts to prepare for reopening differ by counties. Firms in **Armstrong** are **most active** in all the efforts. Firms in **Butler** and **Indiana** are more actively procuring **PPEs** and **sanitizing supplies**. Firms in **Indiana** and **Washington** are also more likely to including **restructuring** of workplaces, staffing and business models to prevent the spreading of the virus in their facilities.



Businesses in Hospitality, Retail, and Government are the least likely to focus on developing **policies and procedures** for reopening. Firms in **Construction**, **Energy**, **Logistics** & **Transportation,** and **Manufacturing** are the most active in **procuring PPE** and **securing proper sanitation services.** Firms in **IT & Tech** are the most likely to restructure the entire business model.

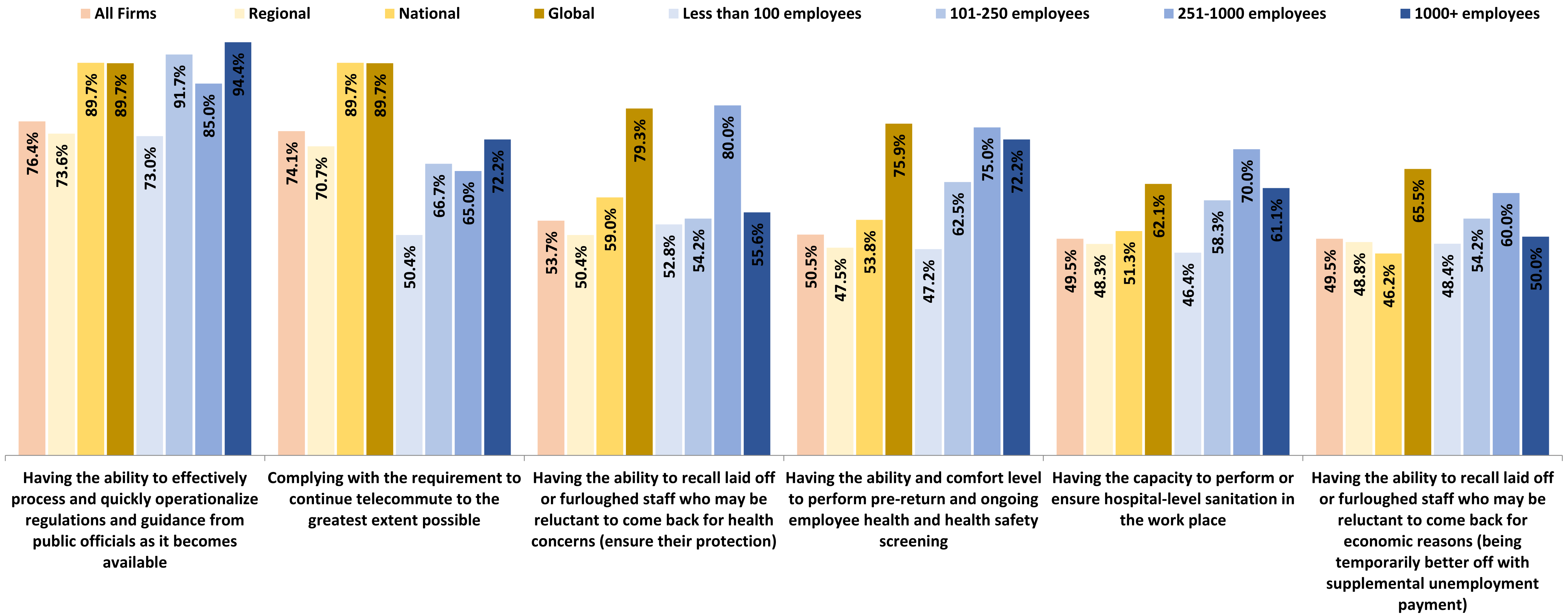


** Small sample size in Energy & Transportation and Logistics is small; , results may not be representative.*

Businesses, particularly **smaller and regional firms**, do not feel well-equipped to handle all the practicalities of stipulated conditions for reopening. While most businesses are relatively highly confident in their ability to **turn new regulations into effective internal policies and procedures** and to continue to **comply with telecommuting** requirements where possible, only about half of firms **feel confident** in their ability to **recall laid off employees**, ensure **hospital-level sanitation** and perform **employee health screening**.

What is your firm's confidence level with the listed aspects of business preparedness for reopening?

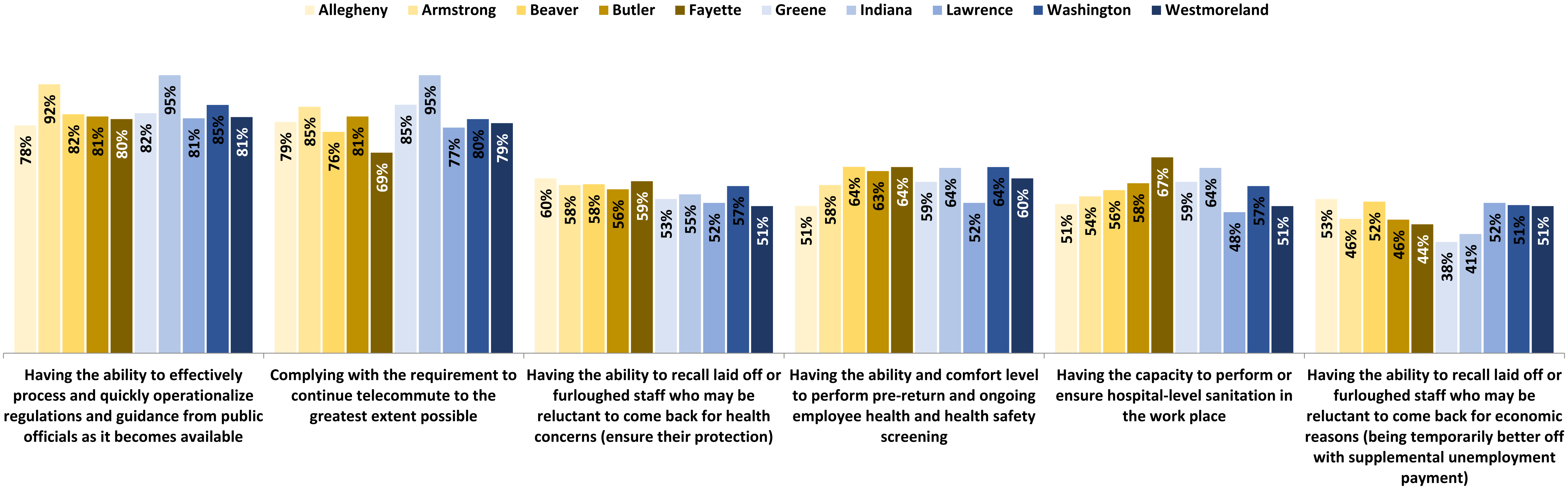
Values denote the cumulative share of businesses that are "very confident" or "somewhat confident" in their ability to handle each task.



Across the 10-county region, businesses in **Greene** and **Indiana** are the **least confident** they will be able to recall laid off employees who may be temporarily better off with supplemental unemployment payments. Firms in **Lawrence**, **Allegheny,** and **Westmoreland** are the least confident in their ability to perform **hospital-level sanitation** in the workplace. Businesses in **Fayette** are the least confident in their ability to **continue telecommuting** practices.

What is your firm's confidence level with the listed aspects of business preparedness for reopening?

Values denote the cumulative share of businesses that are "very confident" or "somewhat confident" in their ability to handle each task.



Firms in **Hospitality**, **Retail** and **Construction** have the lowest level of confidence **recalling furlough staff**. Firms in **Education**, **Manufacturing** and **Construction** have the least confidence in their capacity to perform hospital-level sanitation in the workplace.

What is your firm's confidence level with the listed aspects of business preparedness for reopening?

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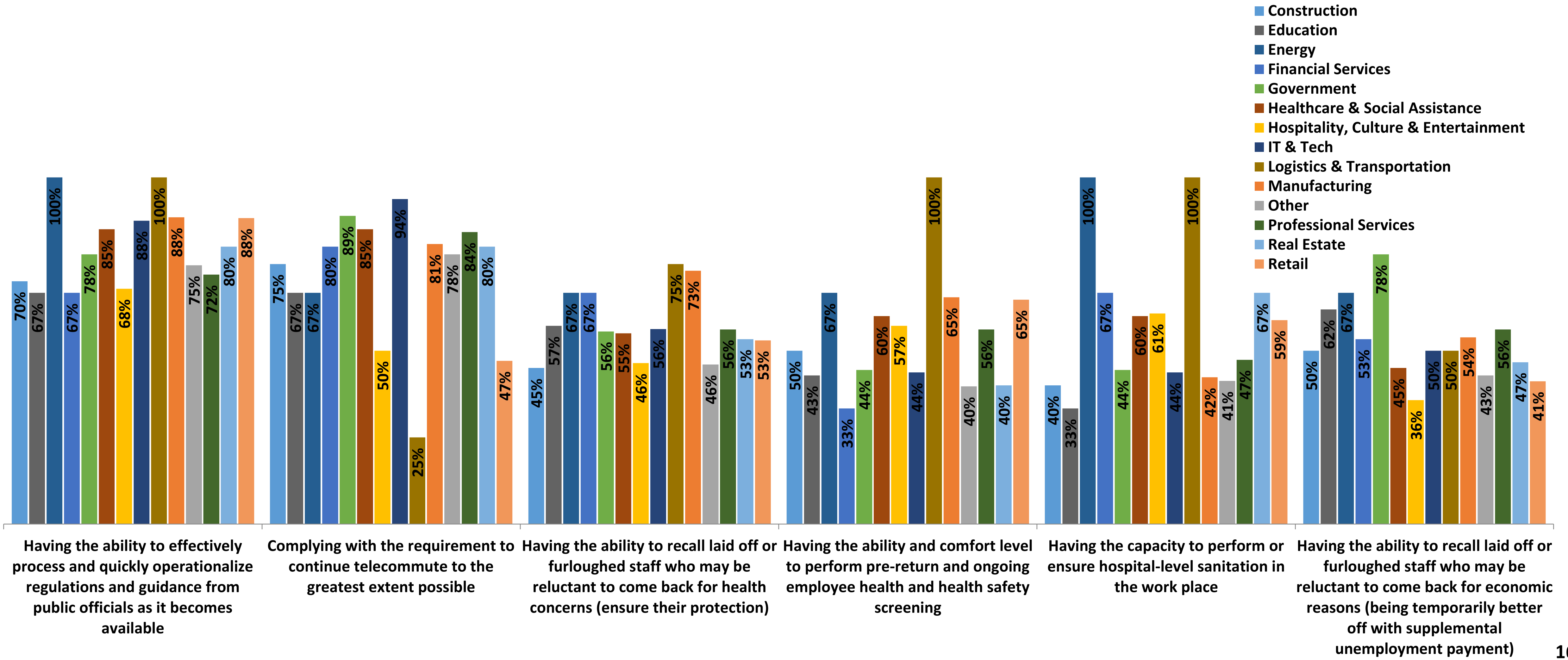

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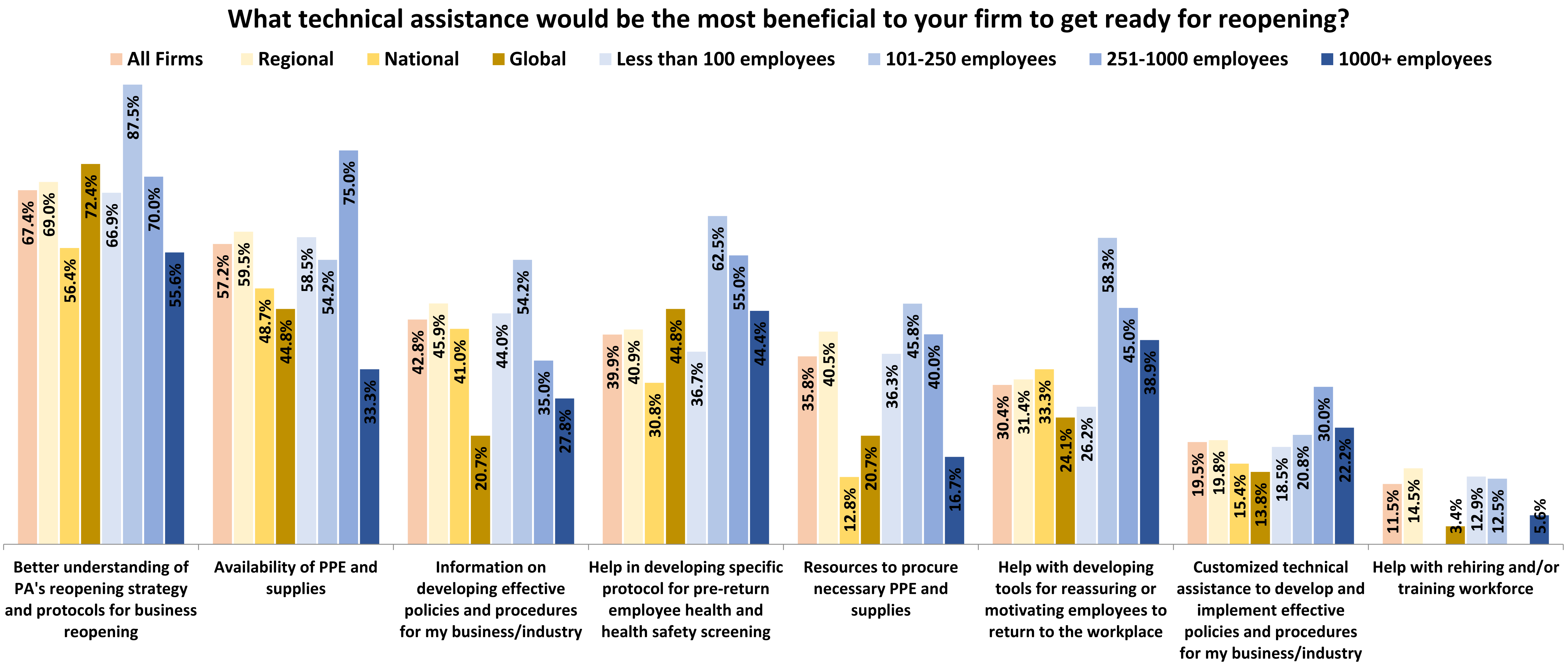
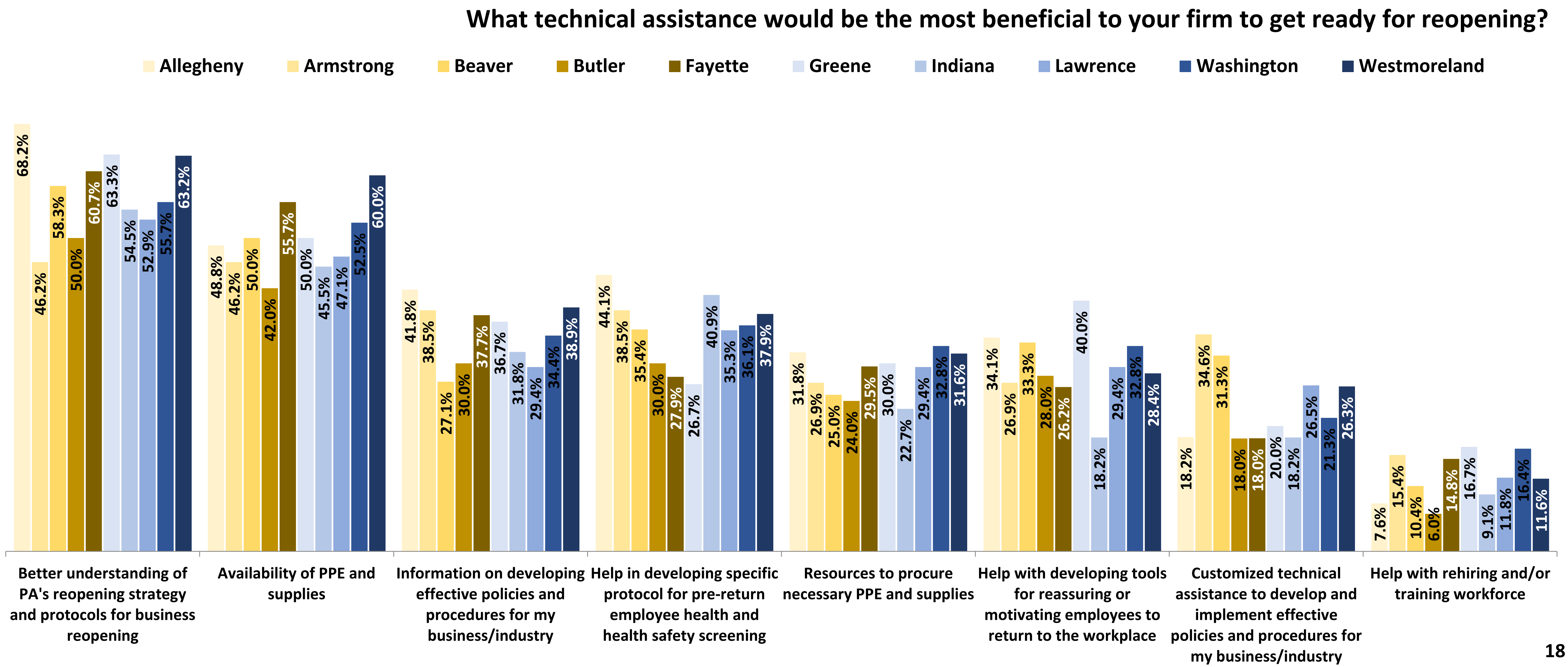
The employers' needs for technical assistance toward their ability to reopen cover a number of categories and differ greatly by their size and footprint. The highest shared need is in a **better understanding of PA's reopening strategy and protocols**. Smaller and regional employers also need help in **accessing PPEs and sanitation supplies**, developing **protocols for employee health screening**, and **motivating employees to return** to workplaces. Other assistance needed is in **developing** and **implementing industry-specific approaches** to ensure a safe reopening.

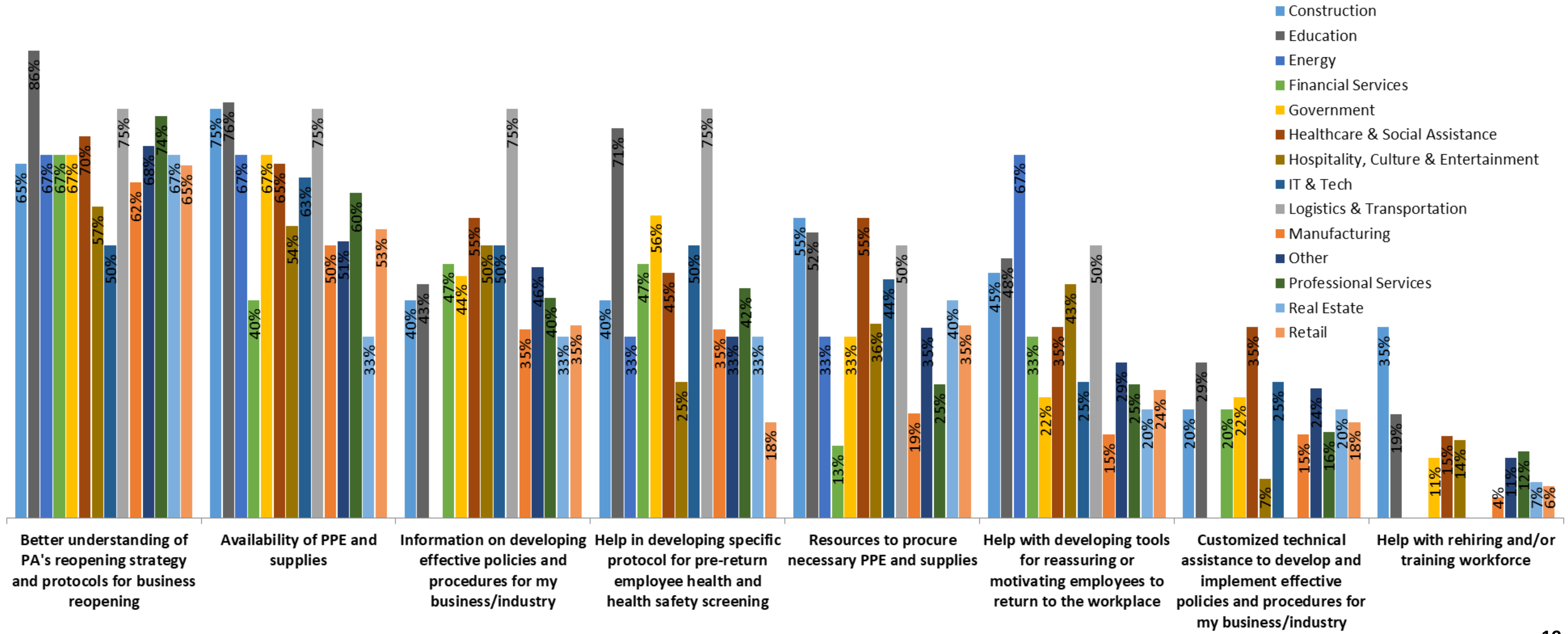


Businesses located in **Allegheny**, **Greene,** and **Westmoreland** are interested the most in various forms of technical assistance. In addition to the top 3 shared priorities, firms in **Allegheny**, **Armstrong,** and **Indiana** are more interested in protocols for **employee screening**, and in **Indiana** are in more need of having tools **for recalling employees** back to work. Help with rehiring employees is more needed in **Armstrong**, **Greene,** and **Washington**.



Businesses in **Construction**, **Education**, **Healthcare** & **Social Assistance**, and **Transportation & Logistics** are in most need of various aspects of technical assistance while firms in **Manufacturing**, **Retail,** and **Real Estate** are less likely to need technical assistance in preparation for reopening. Firms in **Construction**, **Education**, **Energy** ,and **Hospitality** are more likely to need the most help in **recalling**, **rehiring** and **retraining workforce**.

What technical assistance would be the most beneficial to your firm to get ready for reopening?



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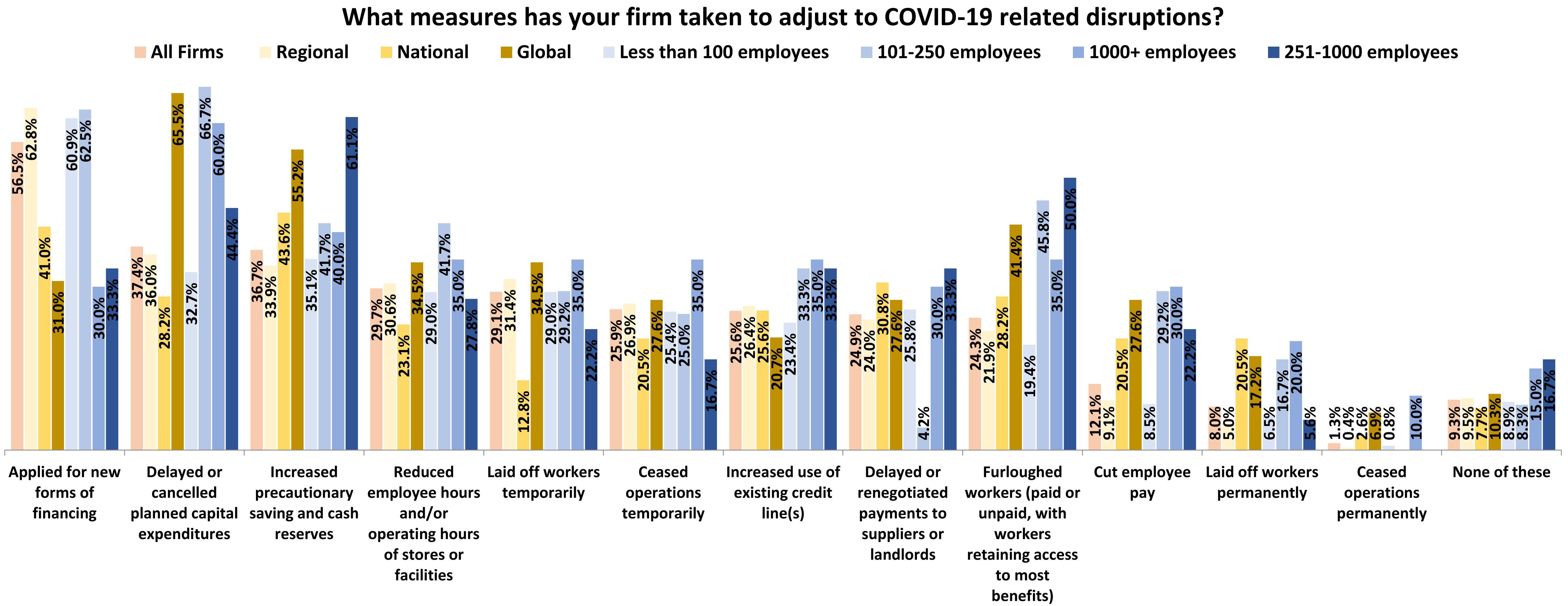
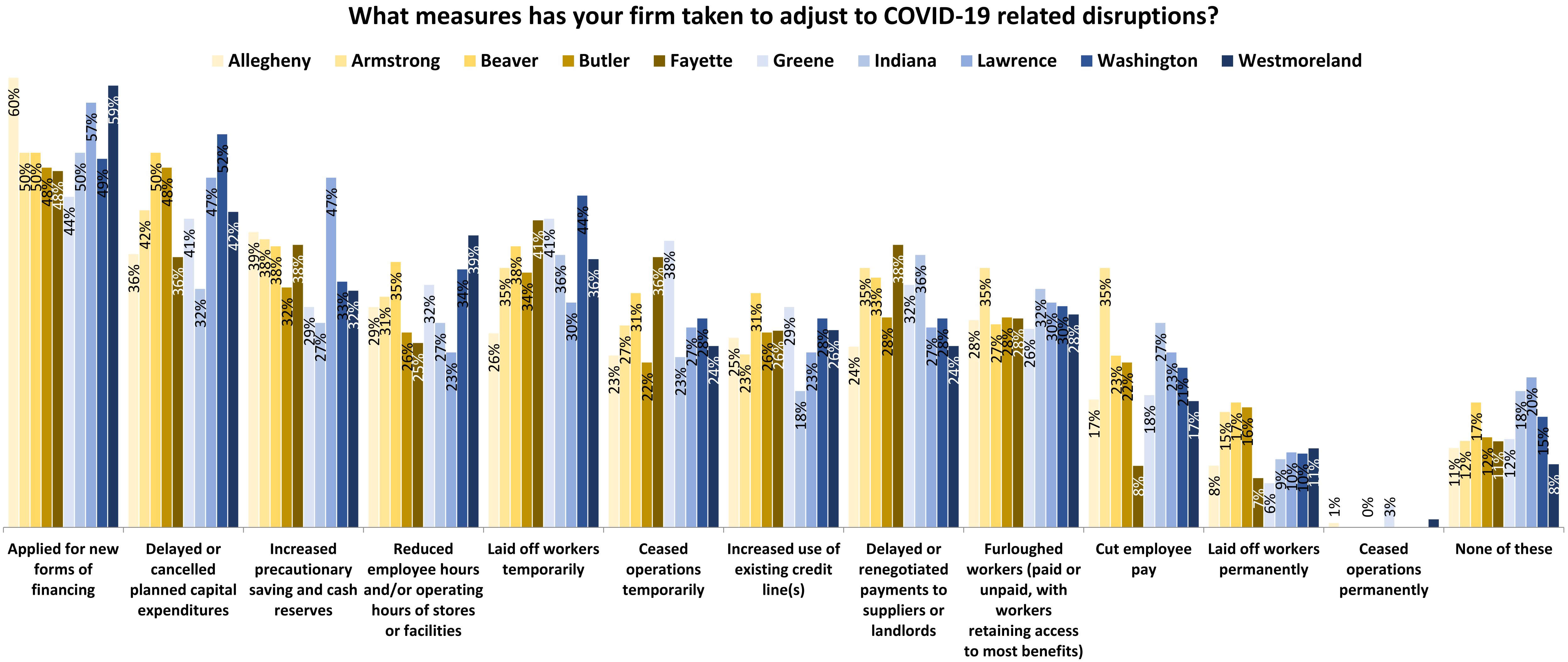
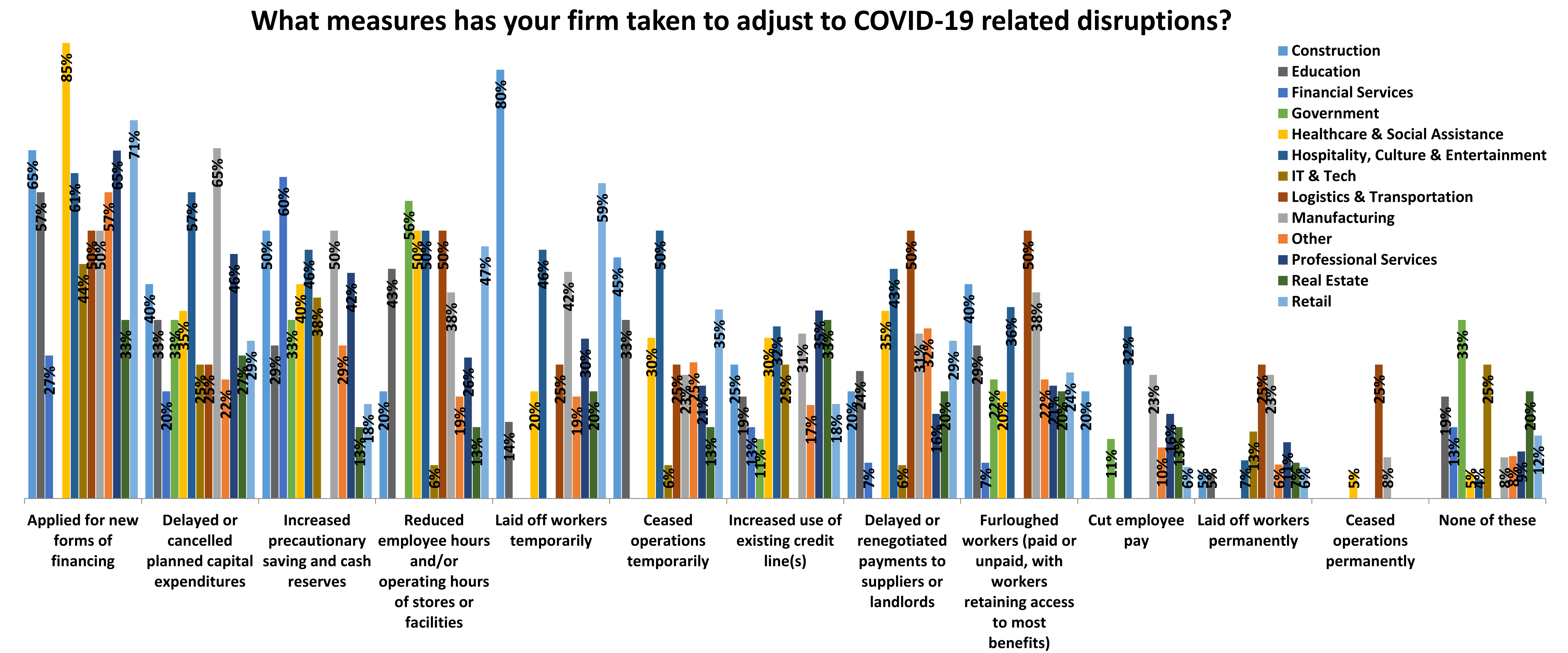
Close to **90% of businesses** have **taken some measures** to adjust to the disruptions caused by the pandemic. On average, 57% of firms **applied for new forms of financing**, 37% **delayed or canceled capital expenditures** and **increased cash reserves,** and 26% have **temporarily ceased operation**. Close to 30% have **decreased staffing** in some ways. **Regional and smaller businesses** were **more likely to apply for new forms of financing** while **global and larger businesses** were **more likely to increase savings and cut planned capex**. The **largest companies** were much more likely to **lay off workers**.



Businesses in **Westmoreland**, **Allegheny,** and **Fayette** were the **most likely** and firms in **Lawrence** and **Indiana** were the **least likely** to take any of the listed measures. Firms in **Armstrong**, **Beaver**, **Washington,** and **Indiana** were the most likely to use different measures to **reduce staffing**. Firms in **Washington**, **Beaver,** and **Butler** were the **most likely** to **delay or cancel planned capital expenditures**. Firms in **Greene** and **Fayette** were most likely to temporarily **cease operations**.



COVID-19 related interventions **varied significantly** among the **industry sectors**. Businesses in **Retail**, **Healthcare**, **Professional Services,** and **Construction** were more likely to apply for new forms of financing. Firms in **Construction**, **Hospitality**, **Retail,** and **Manufacturing** were the most likely to use different measures to **reduce staffing**. Businesses in **IT & Tech**, **Government,** and **Real Estate** were the least likely to take any of the listed measures.



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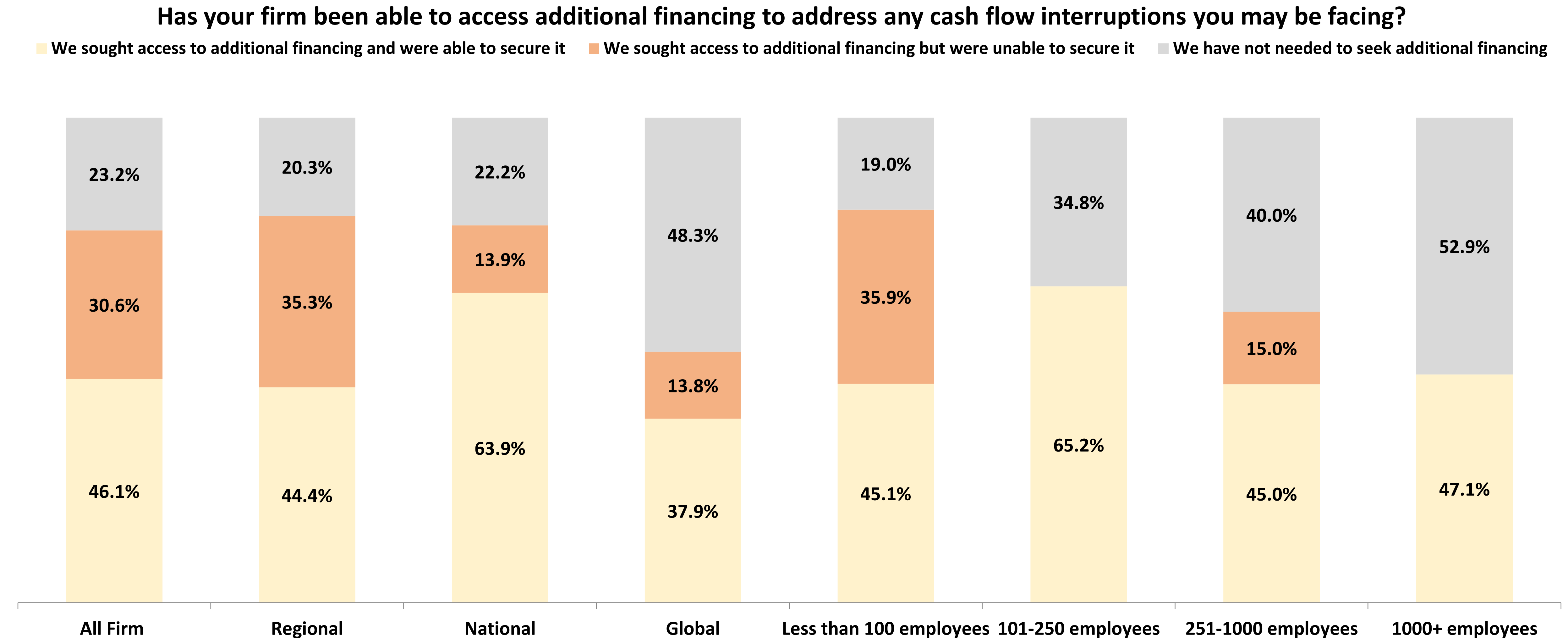
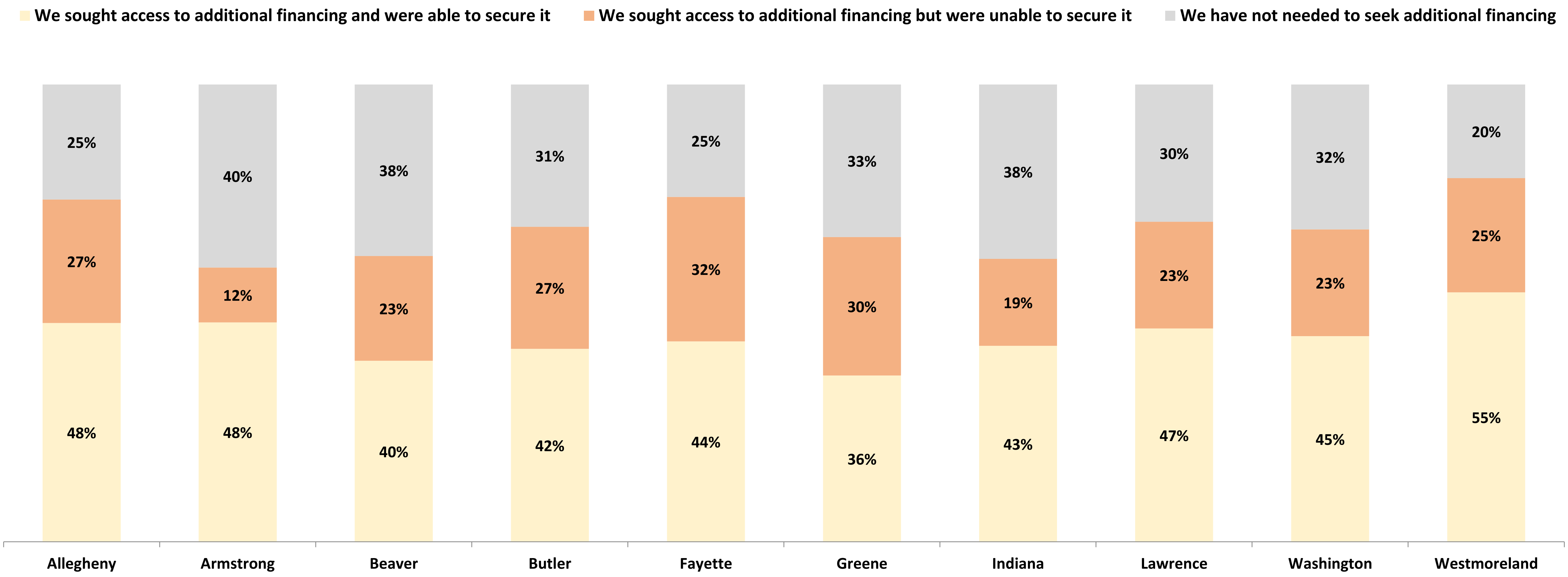
Close to **77% of all firms have sought additional financing** but only **46% were able to secure** it (so far). The **greatest share** of **unsuccessful** seekers of additional financing was among **regional firms** (36%) and **businesses with less than 100 employees** (40%). Businesses with **101-250 employees** were the **most successful** in securing additional financing (over 65%).



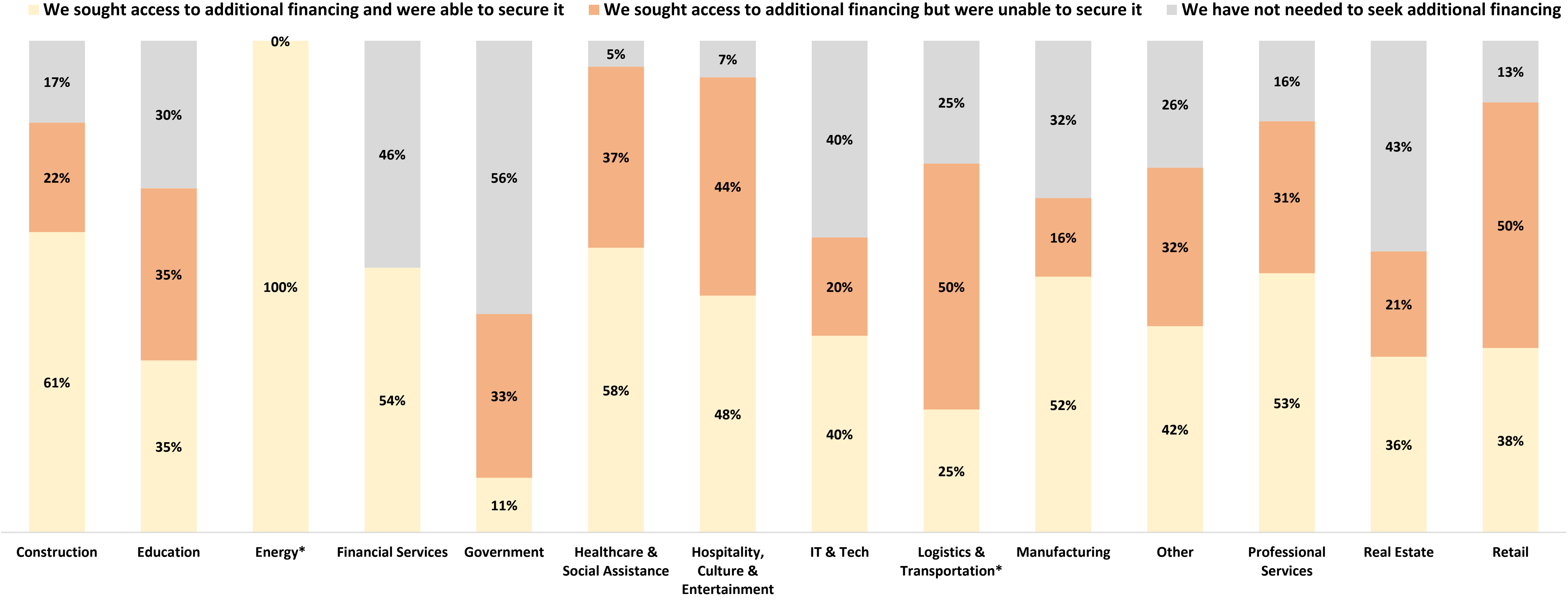
Firms in **Armstrong**, **Beaver,** and **Indiana** were **less likely** to seek out additional **financing** while firms in **Westmoreland**, **Fayette,** and **Allegheny** were most active in seeking additional financing. However, businesses in **Fayette** along with businesses in **Greene** were the **least successful** in securing it. Firms in **Westmoreland** were the most successful in securing additional financing.

Has your firm been able to access additional financing to address any cash flow interruptions you may be facing?



Construction, **Financial Services**, **Government**, **IT & Tech,** and **Real Estate** companies were **least likely** to seek out **additional financing**. **Healthcare**, **Hospitality**, **Logistics** & **Transportation,** and **Retail** companies are the most likely to **have problems** securing additional financing.

Has your firm been able to access additional financing to address any cash flow interruptions you may be facing?



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Consumer Confidence

Allegheny Conference on Community Development

- Online survey; disseminated in 3 waves (bi-weekly) between March 24 and April 23 in collaboration with Schmidt Market Research

- ~2,500 respondents (residents of SWPA)

Gender

60% 40%

Household Income

56%
Has a household income of $50K+

25%	$20K-49K
19%	$50K-$74K
14%	$75K-$99K
10%	$100K-$124K
5%	$125K-$149K
8%	$150K+

Home Ownership

54%
Owns residence

Level of Education

55%
Hold Bachelor's degree and above

Employment Status

53%
Work Full Time

Political Affiliation

43% Democrat
19% Republican
12% Independent

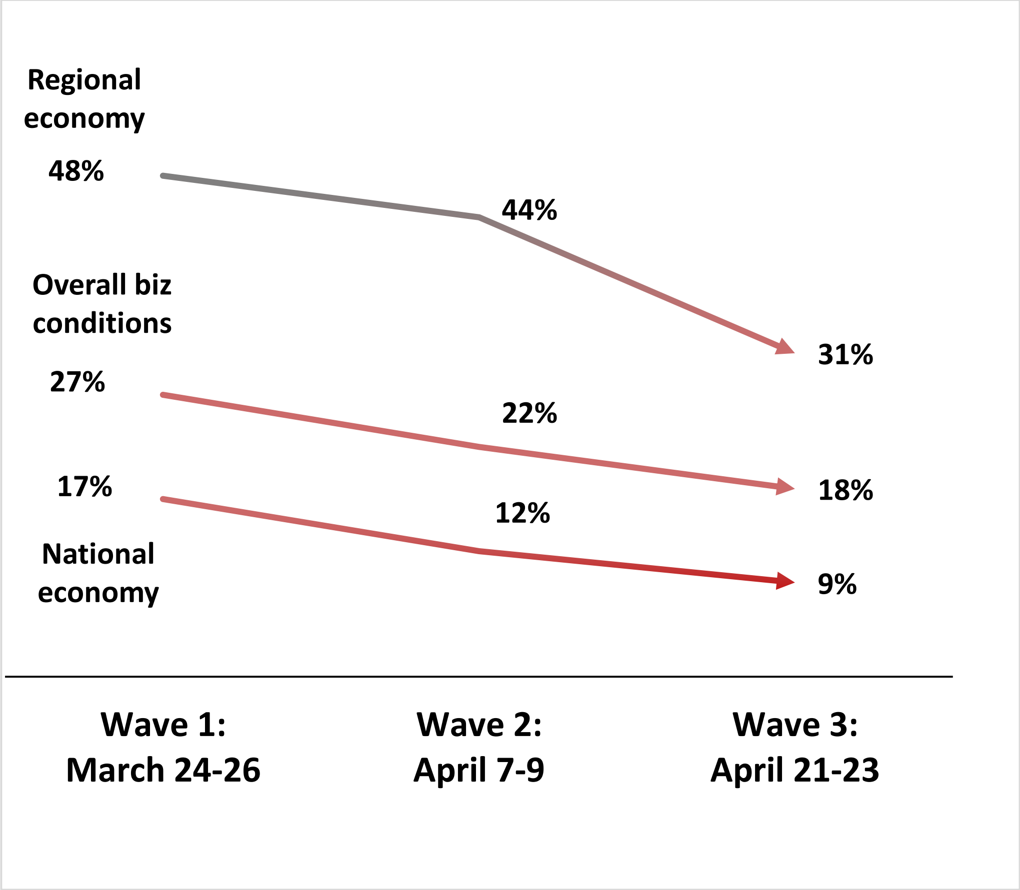
Children in the House

48 %
Have children under the age of 17 living in the home

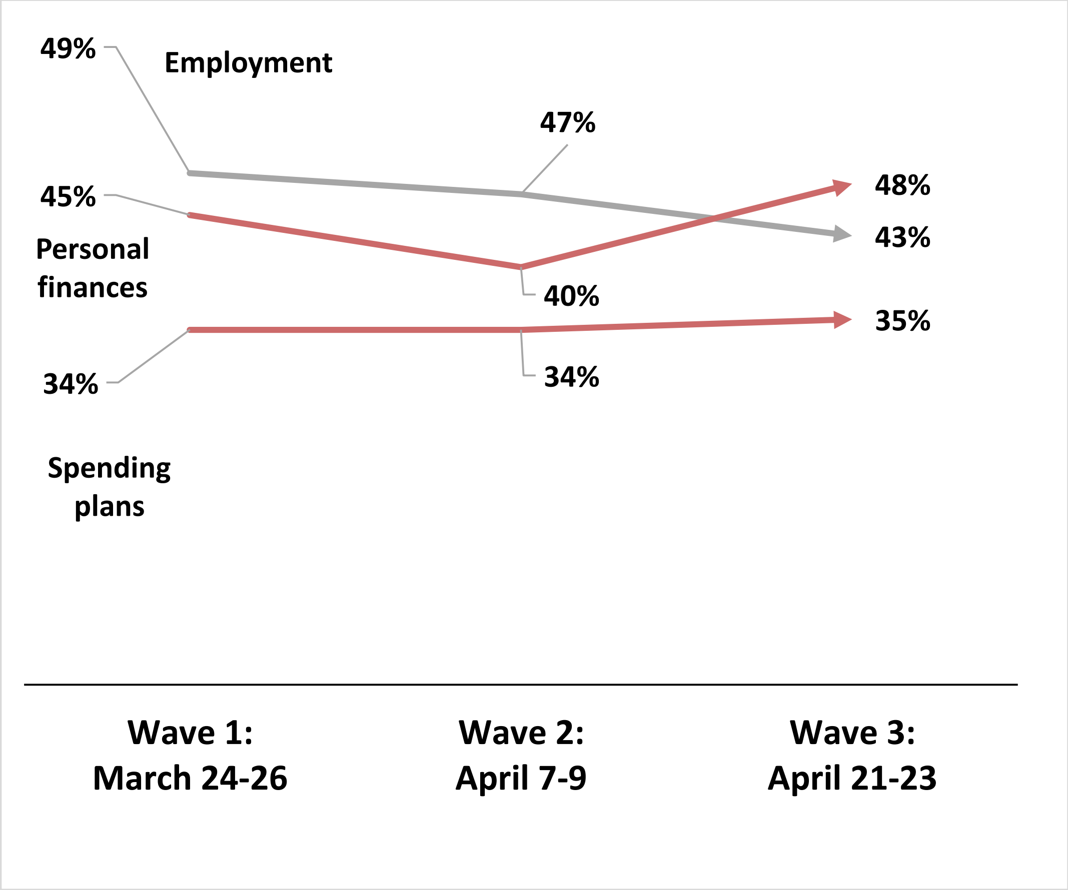
Millennials (18-39)	Gen X (40-54)	Boomers (55-64)	Retirees (65+)
40%	43%	15%	3%

Overall sentiment among the region's residents toward the **national and regional economy** continues to **decline**. However, sentiment on **employment prospects**, **personal finances** and **spending ability** has held relatively **steady**.

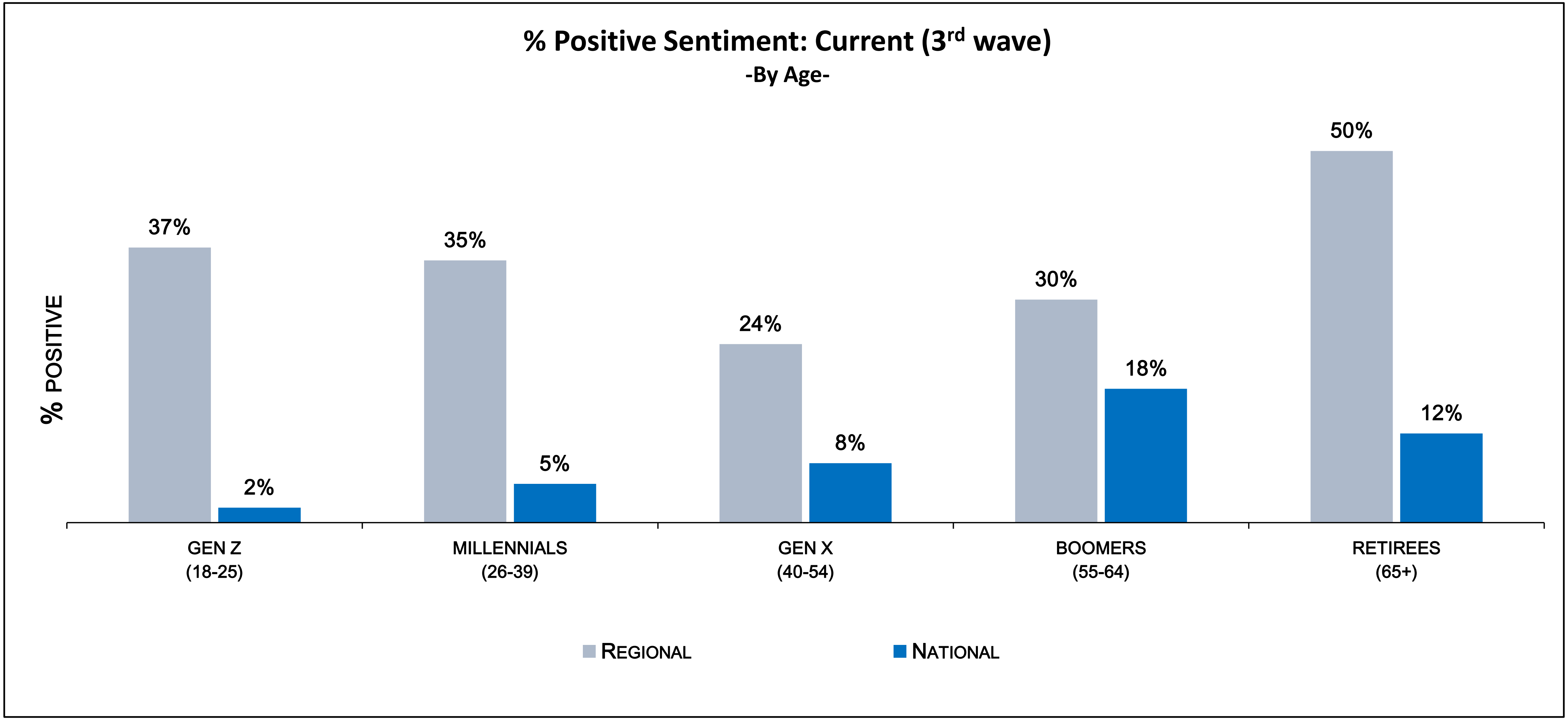
National and Regional Economy
% Positive Sentiment



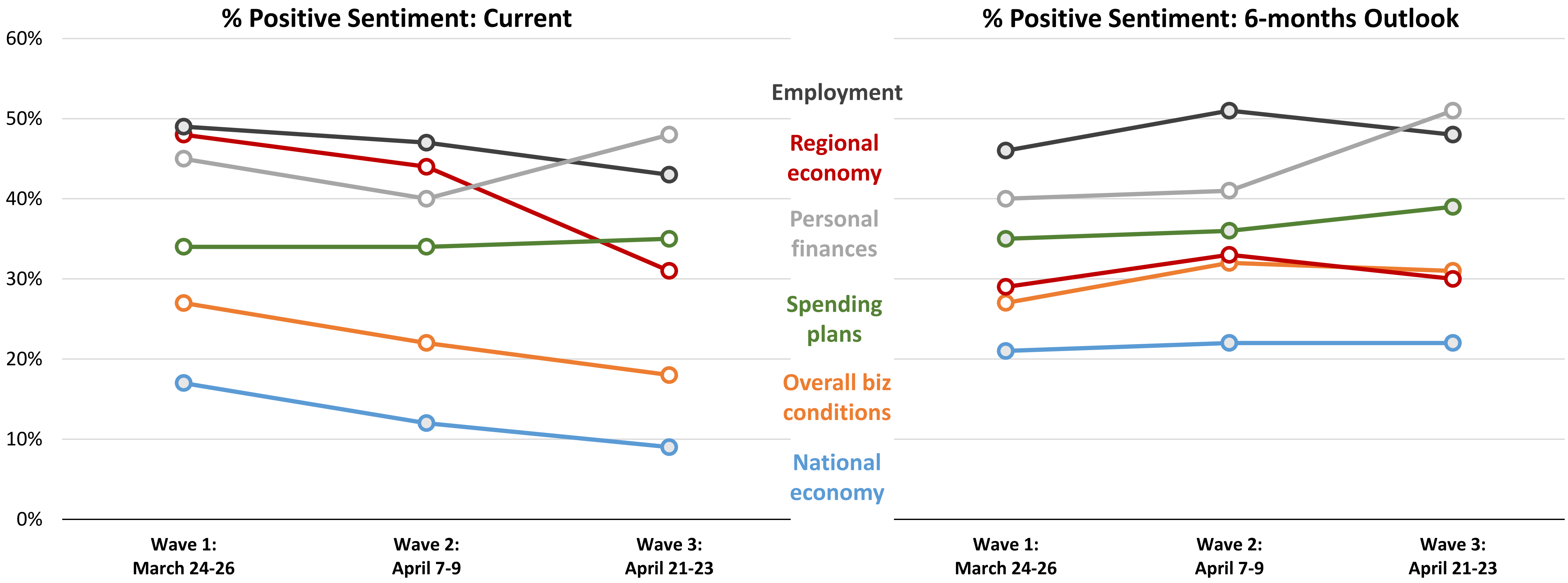
Individual Financial Situation
% Positive Sentiment



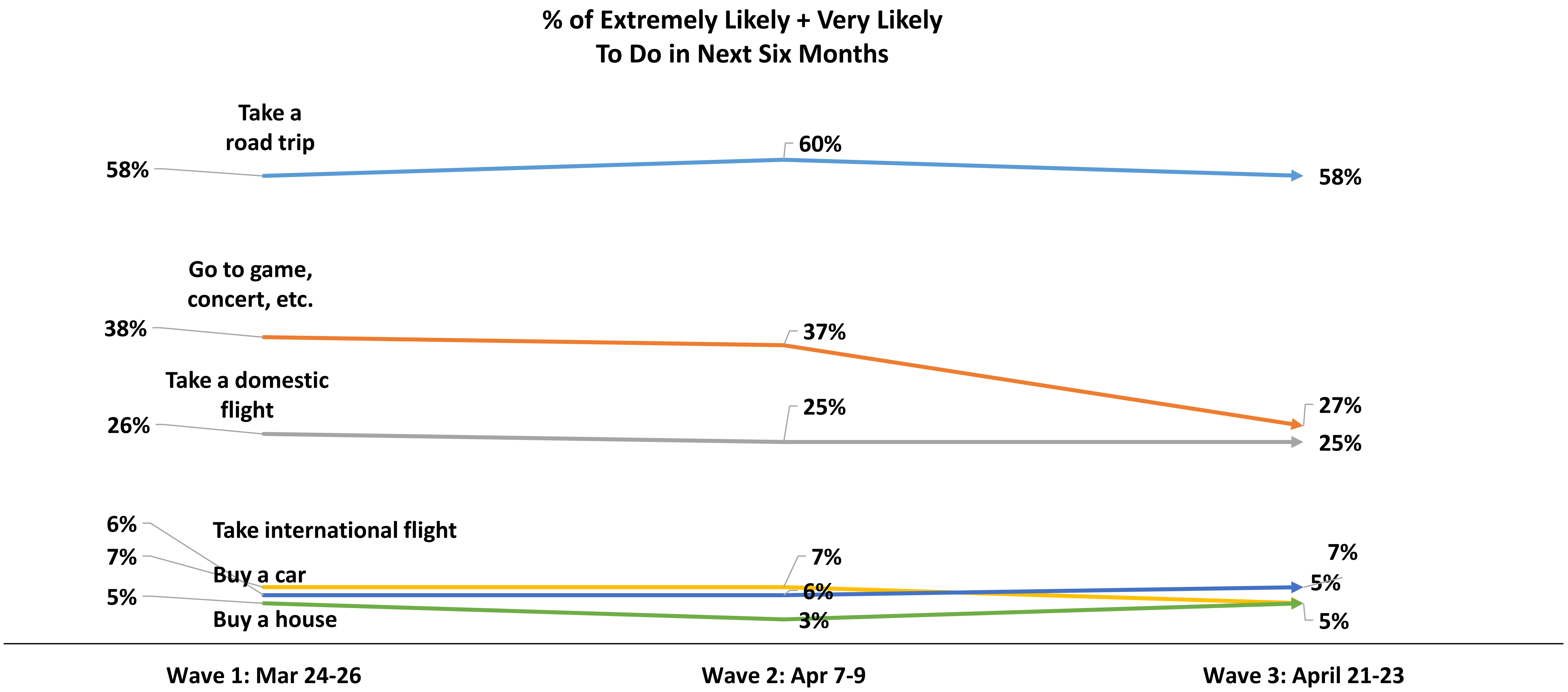
Younger generations of respondents are feeling **more significantly negative** about the **national economy** compared to older generations. However, across all age groups, respondents are generally **more positive** about the **regional economy** than the national economy.



Despite **current declines** in consumer sentiment in most of the measured metrics, the **outlook is more optimistic** in case of **personal finances** and **spending plans** even **improving**.

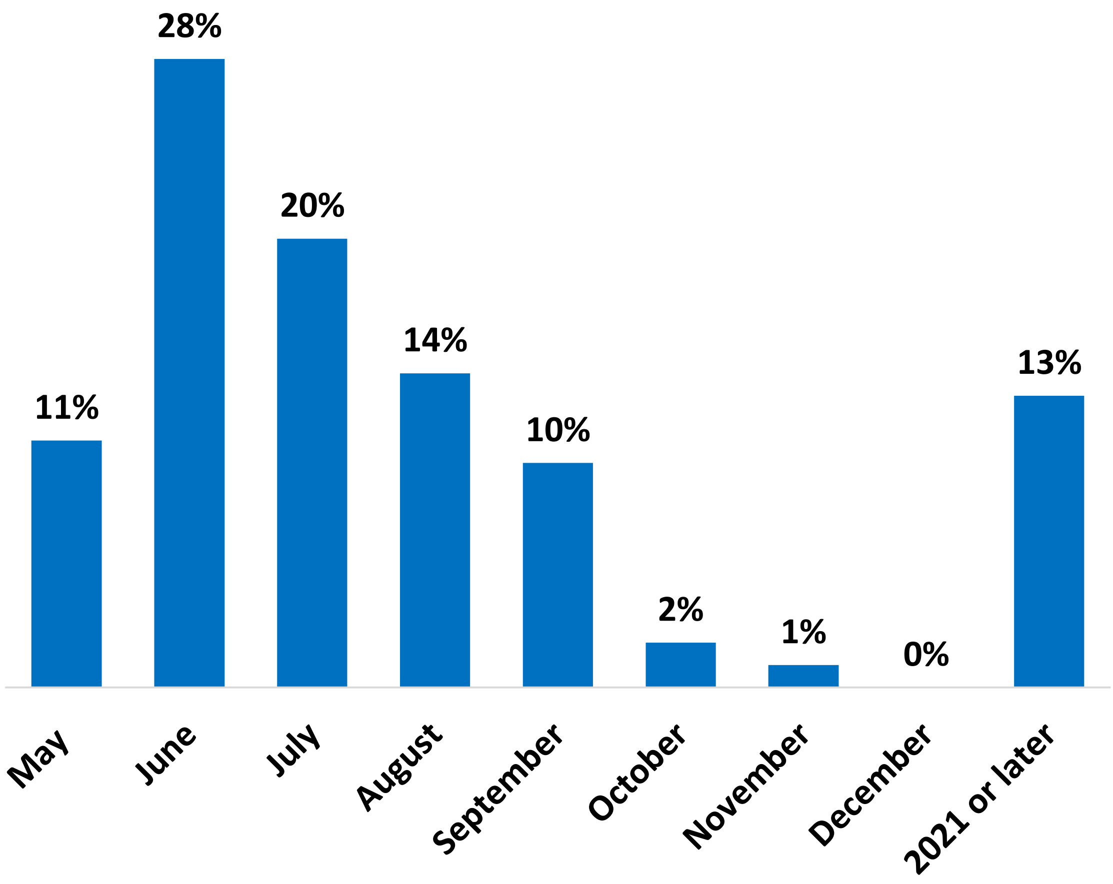


With the progression of the pandemic, regional consumers are less likely to see themselves at a sports game or concert in the next few months. Other spending plans have remained relatively stable since the pandemic began.

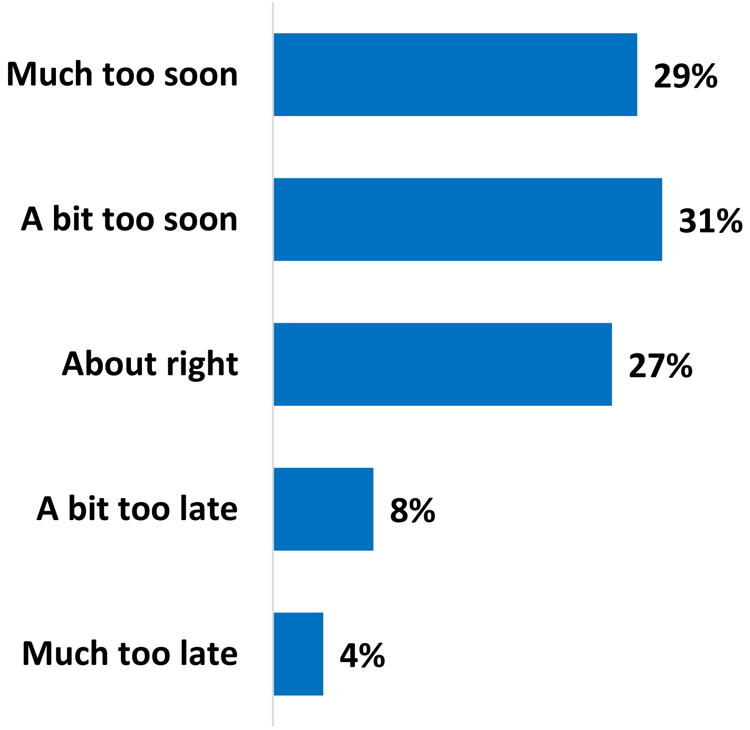


Most respondents **believe** the Pittsburgh economy **will not fully reopen** until sometime in the **summer**, most think between June and August. A **majority** (60%) also **believe** beginning to **reopen starting May 8th is too soon**. Only 12% think it is not soon enough.

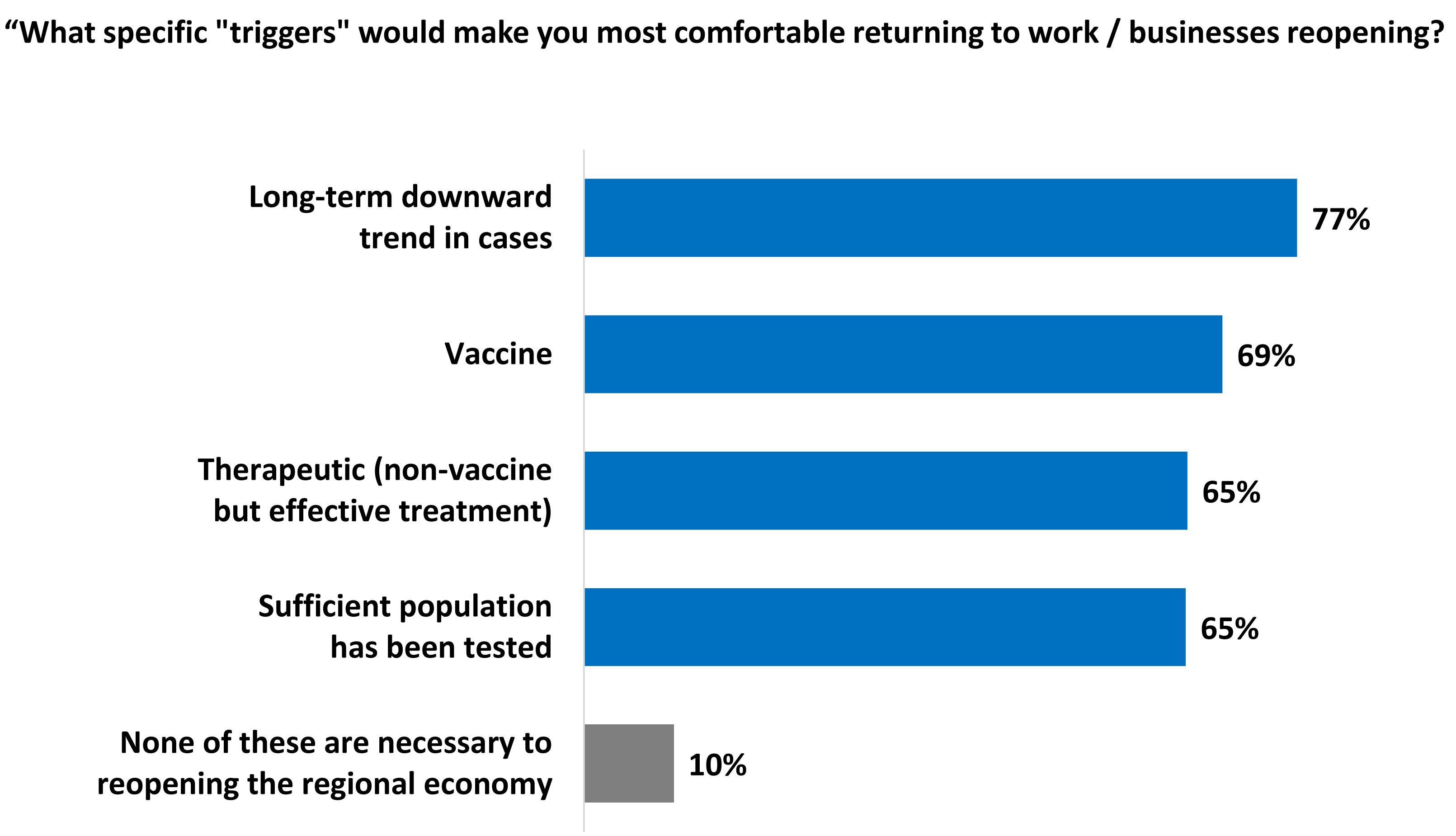
When Will the Pittsburgh Economy Fully Reopen?



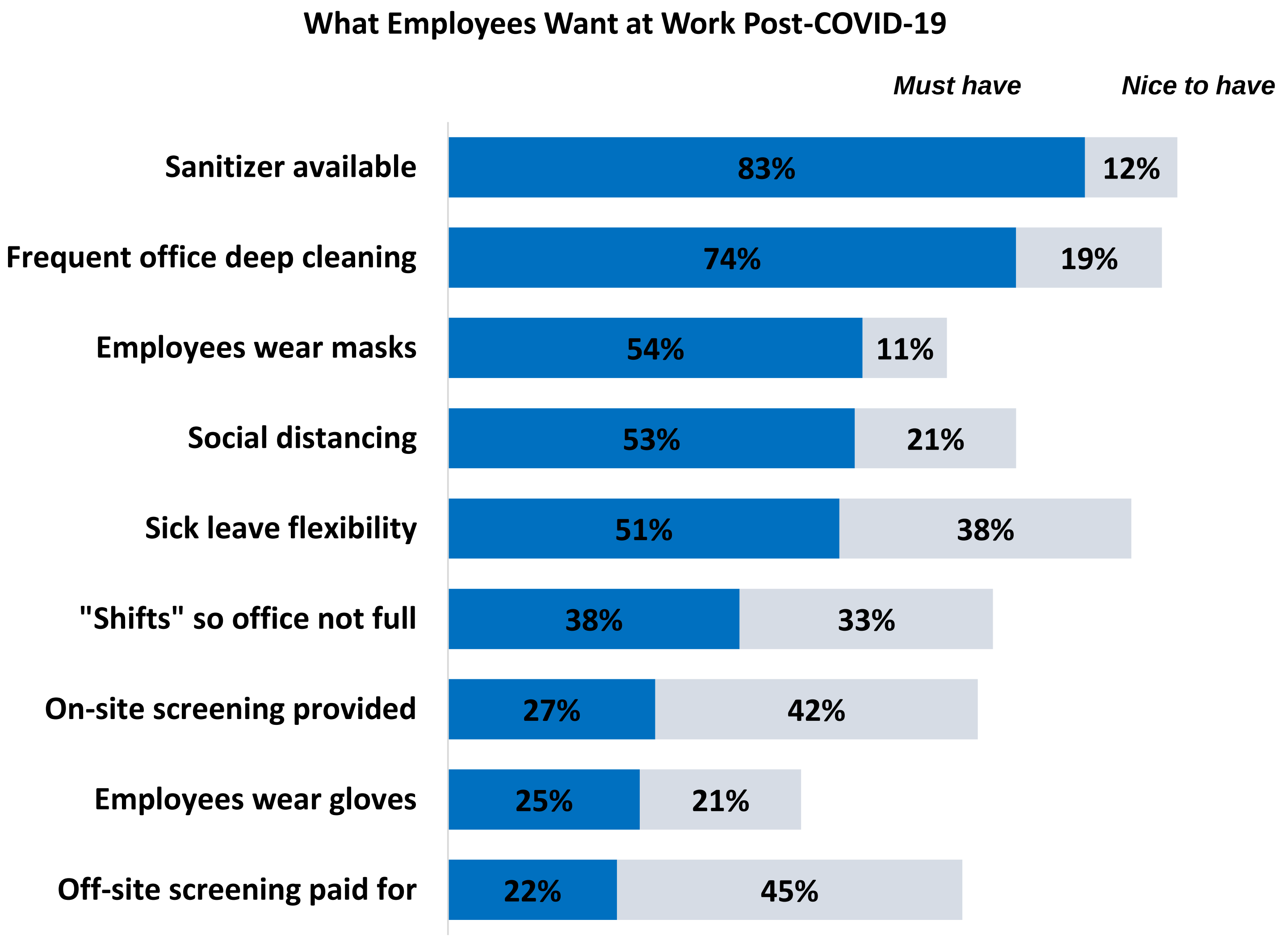
Beginning to Reopen May 8th is…



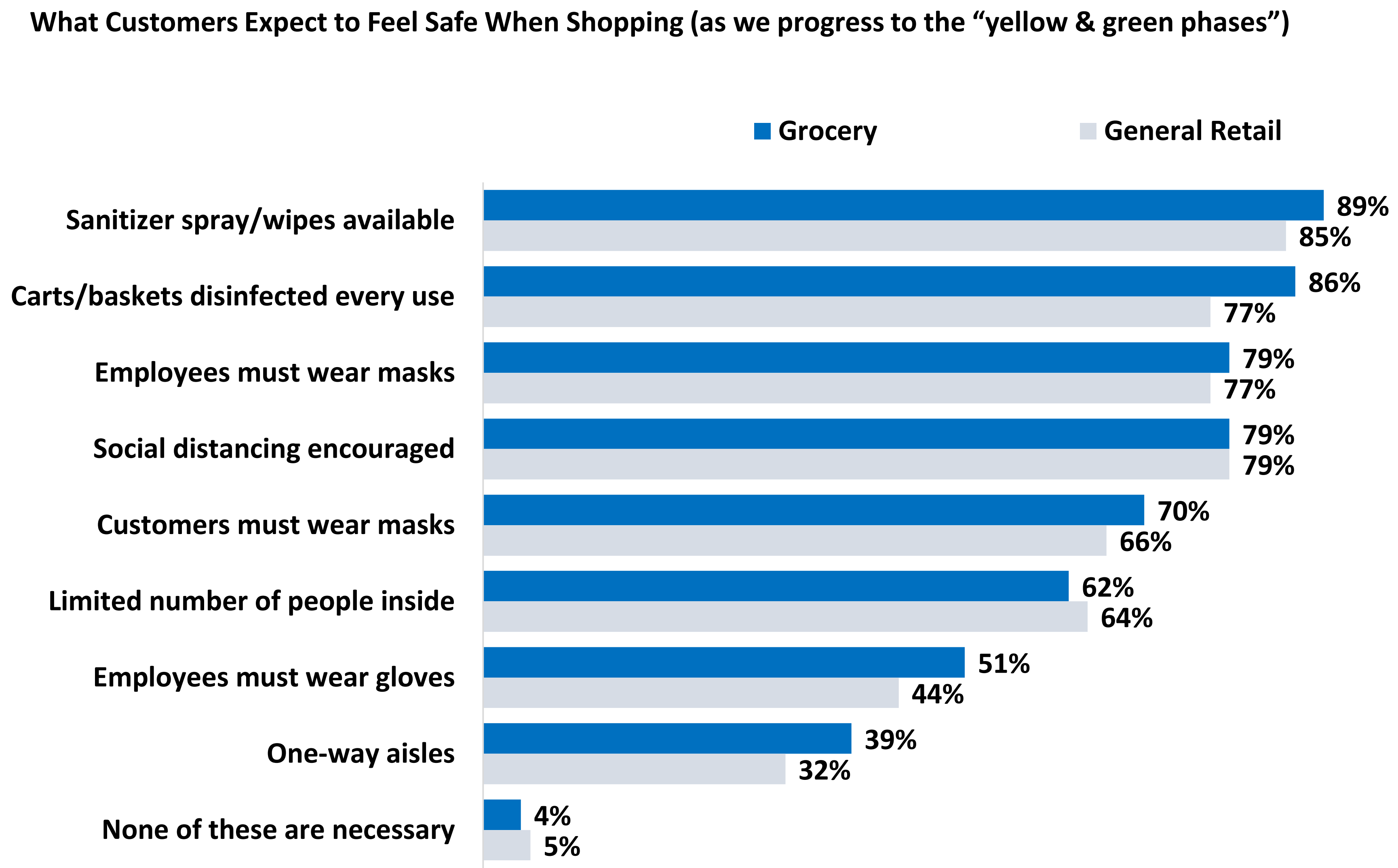
A majority of respondents want to see as many safety measures as possible implemented before returning to work and reopening of the economy. Long-term **downward trend** in new cases and a **vaccine** are among the most frequently mentioned **triggers of personal comfort**.



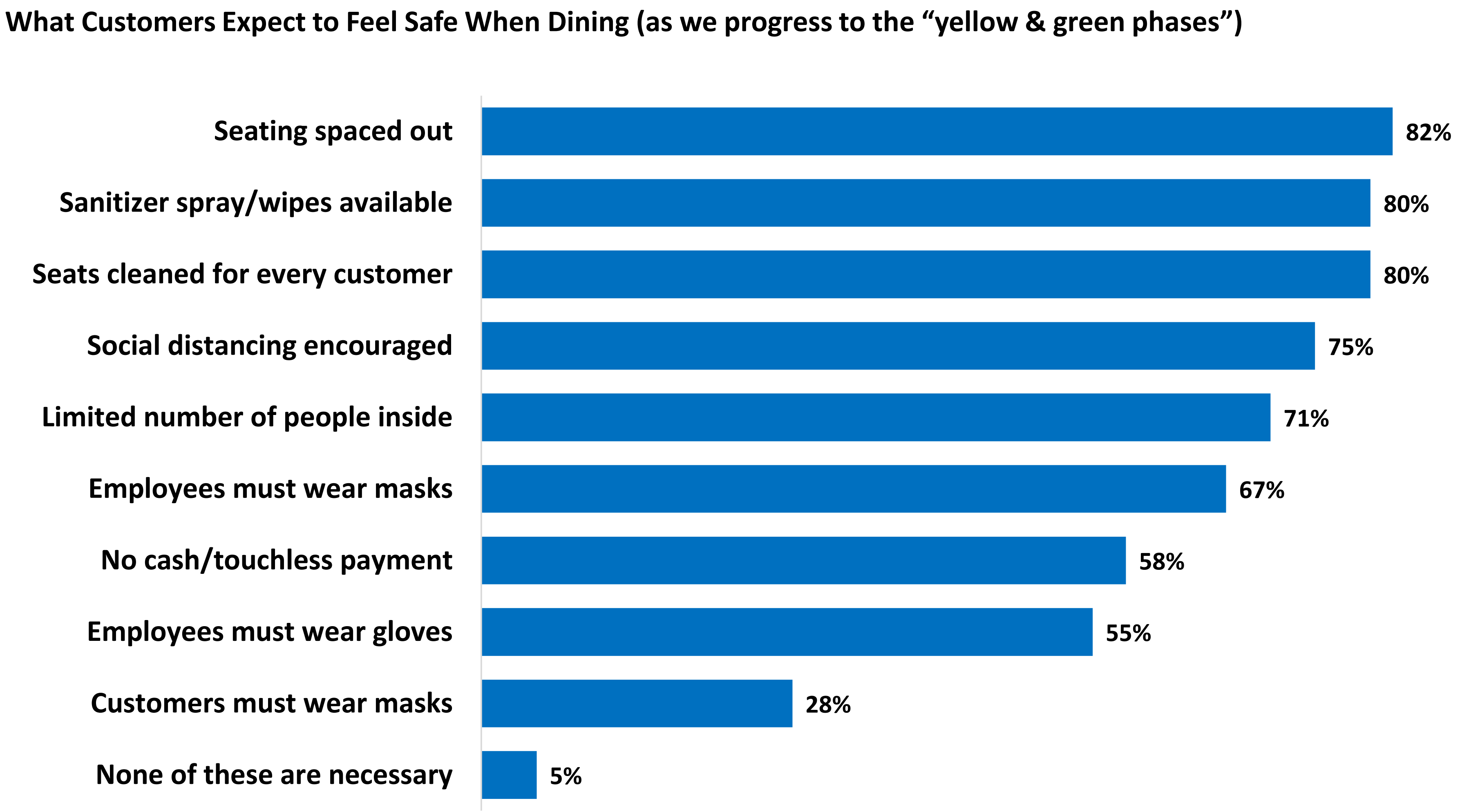
Sanitizer, frequent deep cleaning, wearing masks, social distancing, and sick leave flexibility are among the top "**must haves**". On-site or off-site screenings are "nice to have" by about half of respondents.



In general, grocery shoppers and general retail shoppers expect similar safety measures, with some slightly stronger precautions expected from grocery stores.



Consumers feel generally the **same** about safety measure for **dining out** as they do for **general shopping**. However, they are **less likely to expect others wearing masks** when dining out.



Consumers feel generally the same about safety measure for events as they do for dining but are much more likely to expect that others wear masks. There is **minimal difference** between safety measures expected at **outdoor events** versus **indoor events**.

What Customers Expect to Feel Safe when Attending Events (as we progress to the "yellow & green phases")