COVID-19 IMPACT ON SOUTH GEORGIA BUSINESS

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A Social Distancing Business Impact Survey conducted by the Business Innovation Group at Georgia Southern University
EXECUTIVE SUMMARY

The Center for Business Analytics and Economic Research (CBAER) at Georgia Southern University conducted a survey of more than 500 respondents to determine the immediate impact of the COVID-19 crisis on business in South and Coastal Georgia. The survey asked businesses about the recent changes in their company’s operations and procedures after social distancing guidelines were implemented by the governor’s office in March. Additionally, the survey asked respondents to compare the current business environment to three months ago as well as anticipate what their business will look like three months from now.

Respondents from 18 counties throughout South and Coastal Georgia participated in the survey. Small business – those with 20 or fewer employees – accounted for 68.1% of the respondents to the survey. While there were responses from the manufacturing, public administration, and nonprofit sectors, approximately 70% of the respondents represented service-related business – from restaurants and retail to accounting and legal service, as well as personal and pet-related services. The survey was available from April 8–April 20.

Considering that hospitality and tourism are a substantial portion of the economic engine in Chatham County, the City of Savannah, and the entire Coastal Georgia area, travel restrictions and restaurant closings are affecting the entire region. Nearly 85% of all businesses in the region have seen a moderate or substantial drop in the activities surrounding their business and only about half of those are optimistic that the environment will be better in another three months.

All the findings presented in this report should be viewed as a broad representation of how the community views current COVID-19 related business conditions within South and Coastal Georgia. Due to the convenience sampling technique used, the results are not necessarily representative of the views of the entire population. A link to the survey was sent to the local chambers of commerce, economic development agencies, and other community leaders throughout the region. These leaders then shared a link to the survey with their membership.

“We have shut down all services and operations until the restrictions are lifted.”
– Long County business owner
Since the outbreak of the COVID-19 virus and the subsequent closing of non-essential businesses in the state of Georgia, business owners and managers have been making some drastic adjustments to the way they conduct business. On the positive side, of the businesses that have remained open, nearly 40% of them have encouraged employees to work from home while nearly two-thirds are implementing social distancing guidelines in the workplace. On the downside, nearly 54% of businesses have reduced the ordering and purchasing of supplies, 23% of businesses have furloughed employees, while an additional 28% have reduced staffing levels. In the industries that are important to the Coastal Georgia economy, 46.9% of responses to laying off employees and 47.9% of responses about furloughing employees came from restaurants, hospitality, and tourism.

“Searching for new markets to replace lost sales.”
- Candler County business owner
At the beginning of 2020, business outlook in the state of Georgia was extremely positive. Since the early weeks of the year, the environment has changed dramatically, according to business owners and managers. From an operations standpoint, 84% of businesses said their business volume & activity is moderately or substantially worse than three months ago, and 82.5% have reported a drop in sales. This correlates with 73.2% of respondents saying their business’s financial health is worse off than three months ago, while 78.1% said profitability is down as well. In addition, approximately 8.4% of businesses said they are unlikely or very unlikely to be operating in another three months. It is interesting to note that only 3.3% of respondents said their profitability was slightly better than three months ago while only 2.2% said the financial health of their company had improved. Not a single respondent said profitability nor financial health was substantially better.
LOOKING FORWARD

“Most likely will end up permanently closing our doors forever, if this goes on much longer.” – Chatham County business owner

CBAER was able to find some positives in the survey, particularly when we asked respondents to give us an estimate of how their business will appear three months down the road. Looking ahead, more than 46% of respondents thought that business volume would pick up in another three months, and 45% believe sales will increase by that point. Nearly a third of respondents said their business financial health and profitability will improve in three months, while almost a quarter of businesses said their hiring and employment outlook will improve.
The Business Innovation Group (BIG) is the business outreach arm for Georgia Southern University committed to developing a vibrant entrepreneurship and innovation ecosystem for the southeast region. Located in Downtown Statesboro, BIG provides resources for students and entrepreneurs to gain skills and training necessary to understand business principles, experience how businesses operate, and successfully launch new enterprises. The centers at BIG are part of the Parker College of Business and include the following programs: Center for Business Analytics and Economic Research, UGA Small Business Development Center at Georgia Southern University, Economic Development Administration (EDA) University Center, Center for Entrepreneurial Learning and Leadership, SCORE, Innovation Incubator, and FabLab.

The Center for Business Analytics and Economic Research is the research division of BIG that conducts applied research for communities and businesses throughout Georgia. CBAER creates custom solutions that aid business and community leaders’ efforts to mitigate risks, recognize opportunities, and develop strategic plans that are relevant to their decision-making process. Some of CBAER’s deliverables include Economic Impact Analyses, Demographic Analysis, Business Trend Research, Workforce Development, Feasibility Studies, Consumer Feedback Surveys, and Secondary Data Analysis. We help communities and business leaders mitigate risks, recognize opportunities, and develop strategic plans that help them discover the trends, statistics, and facts that matter to their community and businesses.