

The Covid Effect

Pandemic Impacts on the Gravenhurst Business Community



Covid-19 has and continues to create challenges, however the Gravenhurst business community is strong and resilient. Over the last year they have proven their ability to adapt and innovate in response to a global pandemic. This perseverance has ultimately sustained and reinforced the fabric of our community, and pushed a path forward of continued growth and prosperity.

As we continue to navigate the challenges and unpredictable nature of Covid-19, the Town of Gravenhurst remains committed to monitoring and supporting our local businesses.



Summary

The conclusions in this Report are data driven, and attempt to quantify the impact of Covid-19 on our business community. Two separate engagement initiatives, in March and December, were undertaken to gather insights directly from business owners. Some of the data collected has been grouped by sector in order to better understand the different impacts that occurred within these industries.

This Report supports and echoes findings outlined by the Ontario Chamber of Commerce Confidence survey. The survey found businesses in Muskoka-Kawarthas; 36% stayed the same or grew, 52% had no impact or hired/hiring staff with a forecasted employment growth around 4% in 2021, and 50-60% had the ability to thrive. Population increased 1.1% in 2020 with a projected .9% increase in 2021.

The Municipality has endeavoured to be a main point of contact and continues to be an ongoing resource for businesses as they navigate this pandemic. In addition to prompt and accurate communications related to regulatory changes and supports, one on one support for businesses has been the most impactful service provided. Whether through grant audits or as part of the 25 business e-blasts connecting with and providing information to the business community has been a top priority.

This report has provided enough information to ensure that the municipality is in a good position to look forward and seek additional opportunities which focus on recovery and sustainability. This information will be combined with similar data collected by other municipalities across Muskoka in order to understand the greater regional picture, and to assist in recovery efforts.

Insights In a Year of Unknowns

- Businesses are generally positive about the future, but continue to struggle with uncertainty and confusion related to federal and provincial policies and supports.
- Major lockdown events in Ontario primarily corresponded to historic seasonal slowdowns in Muskoka. However, indicators show that there was increased visitor traffic during non-lockdown periods.
- Gravenhurst businesses specifically noted that they felt supported by the community. The municipality and various partners put significant time into shop local campaigns and assisting in local business marketing.
- Many of the businesses we spoke to during the Annual Business Review noted they were adverse to incurring debt amidst the pandemic. Many experiencing loss, but in stable condition, have opted not to access financial supports, noting they would “leave funding for those who really needed it.”
- Existing businesses saw an increase in seasonal population and record real estate numbers pushing more people to move to Gravenhurst. These changes will likely have lasting effects into future years and will be monitored as part of new and ongoing initiatives.
- The pandemic delayed a number of new business openings scheduled for 2020 and pushed others to retire or move operations ahead of schedule.

At the Start of a Global Pandemic

In order to understand the immediate impacts of the pandemic, the Economic Development Team developed the Covid-19 Business Support Concierge Service which resulted in consultations with over 100 local businesses.

March 2020



Spoke to 18% of Businesses

The Economic Development Team, in partnership with the Gravenhurst Chamber of Commerce, reached out to business owners to assess the current status of operations.



42% Were Closed

The provincial shutdown required businesses to close their doors almost immediately, while public health and safety policies were created quickly for all sectors.



85% Business Not As Usual

Businesses struggled with understanding and implementing rapid changes required to shift operations and ultimately re-open in various capacities.



50% Adjusted Staffing

Where possible, employers implemented work from home policies, distanced workspaces or made scheduling changes to reduce staff contact.



38% Adjusted Business Model

Our businesses are resilient. Those who could remain open or had to "pivot" to do so, adjusted store hours, adopted digital/online processes, contactless services and curbside pick-up.



37% Laid Staff Off

Businesses considered non-essential or were unable to adjust business models in short order were forced to lay off staff. Some employers laid off staff, for staff and customers safety.



23% Reduced Staff Hours

Staff reductions were seen across all local sectors as businesses tried to balance customer demands, reduced revenues and staff and customer safety.



72% Decrease In Revenues

The amount in which revenues decreased (over the same time last year) varied between 10-100%. The average decrease of those businesses who provide insights was 56%.



24% No Change Same as 2019

Businesses such as those in the construction, personal, professional or medical services, etc., saw little impact to their bottom line as a result of Covid-19 at this time.



8% Increase In Revenues

Other businesses saw positive growth as a result of the pandemic, including some construction, professional services and retail companies.

By The End of an Uncertain Year

As part of the 2020 Annual Business Survey between Dec 2020 and Jan 2021, the Ec'Dev Team used this opportunity to follow up with businesses to reassess impacts a year of unknowns and perpetual "pivoting" has had on the local business community.



**Spoke to 45%
of Businesses**



**98% Were
Still Open**

Between June and December 2020, Muskoka businesses continued to operate with varying restrictions prior to the Dec 26 stay at home order.

Business Challenges



**14% Employee
Retention**

Retention challenges disproportionately impacted frontline positions. Businesses noted that some employees request lay offs related to health and safety.



**15% Employee
Recruitment**

Some businesses experienced challenges in recruiting to fill new or existing positions, however the percentage overall was down compared to 2019, likely a result of covid.



**26% Staff
Layoffs**

Many of our businesses were forced to layoff staff over the course of the year, most only for a short period of time and have rehired to fill gaps. The hardest hit was our retail sector.



**29% Increased
Expenses**

Some businesses had increased costs do to adjusting operations and expenses related to mitigating health risks. Many were able to offset costs through government supports.



**45% Mandatory
Shutdown**

Mandatory shutdowns were imposed differently across different sectors. Many businesses moved quickly to meet requirement to re-open and stay open in some capacity.



**5% Business In
Jeopardy**

These businesses have difficulty with adapting/pivoting their business model, sighting concerns if lockdown restrictions continue for an extended period of time in the new year.



**40% Accessed
Gov't Supports**

The majority of businesses sought grants over loans, such as Emergency Wage Subsidy, Emergency Response Benefit, Digital Improvement funding, Emergency Rent Subsidy, etc.

27% of businesses noted they had no business challenges or did not opt into any government assistance programs. This is consistent with businesses whose sectors were not financially impacted by the pandemic (revenues stayed the same over last year).

The pandemic has pushed innovation and new ways of doing business for a number of operators who had to adapt to remain viable and open.

Staffing and Employment



86% Do Not Have Layoffs

Businesses were able to rehire to reestablish operations as a result of loosening restrictions. Businesses noting still having staff layoffs decrease by 23% from the initial survey.



38% Will Be Hiring

38% of business surveyed will be hiring in the next 12 months, totaling 142 new positions (63 FT, 79 PT). 67% related to businesses growth, 26% to refill positions lost, 7% noted both.

72% of businesses said they were not committed to hiring in 2021. Many because they were back to running at full capacity. However, some businesses who have staff laid off, will not be hiring in the next 12 months, resulting in a net loss of 55 local positions.

Anecdotal conclusions from conversations with businesses could indicate an emerging trend in which Covid has forced businesses to find efficiencies and run a leaner operation reducing the need for backfilling or hiring new staff.

The pandemic will shift employment and workforce development needs, local resources will be key to filling employment gaps.

Profit and Loss



42% Decreased In Revenues

99% of Accom/Attractions businesses seeing profit loss, 56% of Food Services, 46% of Retail business and 45% of Construction noted a decreased revenues in overall revenues over 2019.



26% No Change Same as 2019

77% of Institutional, 25% of Professional Services, 22% of Retail, 16% Food Services and 7% of Construction businesses had no change in revenues at the end of 2020 compared to 2019.



32% Increased In Revenues

48% of Construction, 43% of Professional Services, 32% of Retail, 28% of Food Services and 3% of Institutional businesses increased in revenues in 2020, despite the pandemic.

The majority of businesses who completed the survey were in the Retail sector (37%). These include apparel, housewares, among others. Food Services (10%) were separated from the Retail sector as they had unique challenges with different imposed restrictions.

94% of businesses who decreased in profit noted this was a direct result of Covid-19. However, this is a 30% reduction from our initial assessment during the first provincial lockdown. Overall more businesses (58%) saw revenues increase/stay the same at the end of 2020. This up trend is a positive indicator of resiliency and recovery within our business community.

Businesses are embracing digital technology leading to increased presence, sales and customer base as a result.

Cost of Continuing to Do Business



58% Spent
\$0-999

Generally businesses with two or less employees saw lower costs to maintain health and safety standards. Expenses predominately related to face coverings and hand sanitizer.



24% Spent
\$1,000-9,999

Mid-sized businesses generally had to spend more to maintain operations and/or in person services. Food Service franchise and construction businesses were among these.



3% Spent
Over \$10,000

Grocery stores, pharmacies and other “essential” operators required significant in-store modifications and PPE supplies to ensure public and staff safety to remain open.

Business respondents spent a total of \$479,657.00 to mitigate health risks related to Covid-19. That is an average of \$2,210.40 per business. These numbers are approximate. 15% of businesses were unsure or did not provide an amount.

Many businesses were looking for marketing funding and support, other than digital grants, to connect with new and existing customers.

Business Insights



15 Businesses
Opened

Despite Covid, new businesses opened. Most of these businesses opened prior to the initial public health measures were implemented.



20 Business
Closures

Closures are an expected part of economic cycle as many operators choose not to undertake succession. 2019 saw more business closures than 2020.

The pandemic may have exacerbated underlying issues businesses faced prior to closing in 2020. Most of these business were already considering retirement or business closure related to personal factors prior to the pandemic. Covid likely played a part in accelerating decisions of business owners considering how they maintain operations during the pandemic.

Recovery from a public health crisis will have varied levels of impact on businesses. This report quantifies the impacts in 2020, however businesses will deal with the after effects for years to come. Industry experts predict a three to five year recovery period, with some businesses being unable to ever fully recover.

More (8) had intended to open in 2020 but the pandemic delayed their progress. Inquires are at a five year low but are starting to increase.

Businesses seeking local supports for growth or recovery can contact the Economic Development Team through the Business Concierge Program and/or find information and resources at www.gravenhurst.ca/BusinessResources