



Released: June 15, 2020

## **Analysis of Rhinebeck Responds Small Business Survey**

**By Leonard Nevarez<sup>1</sup>**

This report analyzes the responses of 65 businesses to a survey created by Rhinebeck Responds' Small Business Committee to report the economic impact they experienced from the coronavirus pandemic, economic collapse, and the "New York State on PAUSE" executive order (which went into effect on March 22).

The Rhinebeck Responds business survey was distributed over the last two weeks of May 2020 in the form of a Survey Monkey questionnaire. With the help of the Rhinebeck Chamber of Commerce, Rhinebeck Responds emailed invitations to participate in the survey to 247 businesses compiled by the Rhinebeck Chamber, together with a few additional invitations provided by the Small Business Committee.<sup>2</sup> Not counting a few surveys that were returned from businesses located outside of Rhinebeck, the analysis here draws on 65 completed surveys (for a survey response rate of 26 percent). Comprising establishments predominantly located in the Village of Rhinebeck, with over half representing sales/retail and restaurants, the findings provide a very suggestive portrait of the business community's experience of the pandemic.

### **BUSINESS IMPACT OF THE PANDEMIC**

*29 percent of respondents indicated they were not currently open for business.* The rest were evenly split (approximately 35 percent each) between being open full-time and part-time.

If they were open, respondents were asked what form that took. Altogether, about 58 percent reported online activities (either exclusively or as one component). Another 32 percent indicated take-out and/or curbside activities. 17 percent said they were open in person, while the rest reported a variety of patterns including working from home or taking on select clients.

For context on the impact on employment, note that the median number of *full-time* employees among respondents is two.<sup>3</sup> One half (51 percent) of respondents hire 0-2 full-time employees, while 18 percent hire 10 or more. Furthermore, the median number of *part-time* employees is three. Almost one half (46 percent) respondents hire 0-2 part-time employees, while 19 percent hire 10 or more.

*The median number of staff laid off among respondents was two, a figure that contains diverse patterns. 41 percent reported laying off no staff, another 14 percent reported laying off 1-2 staff, while 17 percent reported laying off 10 or more.*

Almost all of respondents who laid off staff further reported *when* lay-offs occurred: all said layoffs happened in March, except for two that said April. (These reported layoffs don't preclude the possibility that staff might be later re-hired following PPP loans.)

For context on the human impact of these economic impacts, it's worth noting that three-fourths (75 percent) of businesses surveyed don't provide medical insurance to their staff. Of those that do, all but two indicated they provide insurance to no more than four employees.

### **DROP IN INCOME, RISE IN DEBT**

Respondents were asked what percent of income did their business generate during the three different months of the pandemic compared with the same period in 2019. Their responses show a pattern of growing severity that may have slightly tempered in the past month:

- In March 2020, the median value of business income compared to 12 months previously was 50%. 22 percent of respondents indicated their business made 0-10% of what they made in March 2019, while 16 percent reported making 85% or more for the same comparison.
- By April, the median value of business income compared to 12 months previously had dropped to 30%. 37 percent of respondents indicated their business made 0-10% of what they made in April 2019, while 17 percent reported 85% or more.
- By May, the median value of business income compared to 12 months previously had increased slightly to 35%. 38 percent of respondents indicated their business made 0-10% of what they made in May 2019, while 13 percent reported 85% or more.

*59 percent of respondents reported having incurred under \$10,000 in unpaid bills and/or debts (including rent) during the pandemic period. 34 percent cited amounts between \$10,000-50,000, while the remaining 7 percent reported even higher amounts.*

### **RENT/MORTGAGE DURING THE PANDEMIC PERIOD**

*72 percent of respondents who rent their business premises reported their landlord has given them no concessions in their rent. For those responses whose landlord did give concessions, 31 percent indicated their rent was deferred for some number of months, while another 31 percent indicated their rent was reduced in some manner.*

For context, 69 percent of Rhinebeck business respondents rent their premises; the rest own their own premises. As of March 1, i.e., before the impact of the coronavirus pandemic became significant, 94 percent of respondents indicated their business was current in rent/mortgage payments.

Once the coronavirus pandemic and the "New York State on PAUSE" executive order (effective March 22) began:

- 100 percent of respondents paid their rent/mortgage in March.
- 84 percent paid their rent/mortgage in April.
- 79 percent paid their rent/mortgage in May.

*More than half (58 percent) of respondents who rent their business premises indicated they're concerned that their lease might be affected if they don't make their rent payments.*

20 percent of respondents who rent their business premises indicated they are deferring or delaying their rent payments because of Governor Cuomo's directive halting any evictions through August 20, 2020. Nonetheless, *51 percent of respondents who rent their business premises indicated they need additional rent reduction or waiver.* Of this group, 43 percent cited they would need a reduction of at least 50% (others gave absolute dollar amounts that could also count in this category).

## PANDEMIC ASSISTANCE

The need for financial assistance remains high. *92 percent of respondents indicated they would be interested in a small grant (up to \$5,000) offered through Rhinebeck Responds and the Community Foundations of the Hudson Valley.* 46 percent indicated they would be interested in a longer-term, interest-free loan (up to \$25,000) being offered by the Hebrew Free Loan Society in New York City.

*Two-thirds (67 percent) of respondents, a sizable number, reported they have received a PPP (Payroll Protection Payment) loan.* Another 16 percent haven't, 6 percent haven't heard back yet, and the rest said they didn't apply for a PPP loan.

Those who received a PPP loan were asked how many staff they had rehired after. Their median response was that *two staff had been rehired following a PPP loan.* Notably, 31 percent indicated they hadn't rehired anyone yet.

*26 percent of respondents indicated their business had received an SBA Economic Injury Disaster Loan.* Of respondents who reported they had not received an SBA Economic Injury Disaster Loan, 16 percent had not heard back yet, and another 9 percent said their application had been rejected.

13 percent of respondents have received some other government funding, bank loans, private loans, or other financial assistance to offset business expenses during the pandemic.

### **REOPENING PLANS**

*More than three-fourths (78 percent of respondents) said they will reopen their business when the government permits. The rest indicated they were unsure (no respondents said “no”).*

*However, in another question 15 percent of respondents said their business is considering closing permanently.*

73 percent of respondents said that when they reopen, they plan to rehire *all* their staff. Another 11 percent indicated they planned to hire at least 50 percent of their staff.

Respondents were asked how long they think it will take for their business to recover. The most popular response (42 percent) was one year. Another 40 percent said they think it will take at least two years for their business to recover, while 17 percent said it would take six months.

### **BUSINESS CHARACTERISTICS OF SURVEY RESPONDENTS**

With a response rate of roughly 25% and no data about the underlying Rhinebeck business population (i.e., the total number of businesses licensed to operate in Rhinebeck village and town) the Rhinebeck Responds survey doesn't provide a basis for estimating general characteristics of the entire Rhinebeck business community. But a quick glance at the characteristics of survey respondents provides further context for the patterns described above, by allowing readers to understand what kinds of businesses participated in the survey. Some of these general characteristics (such as employees hired and rent/lease patterns) have already been addressed in the preceding discussion.

Approximately 6 of every 7 respondents (86 percent) reported they were located in the Village of Rhinebeck. All the rest are located in the Town of Rhinebeck, with one in Rhinecliff proper.

The median number of years that respondents have had a business in Rhinebeck is eleven years. 22 percent of respondents have been in business 5 years or less. 27 percent have been in business longer than 20 years.

The largest two business categories reported by survey respondents were Sales/Retail and Restaurants, which comprise 29 and 23 percent of respondents, respectively. Personal Services make up 15 percent of respondents, with three other categories (Other Services, Consultant, and miscellany Other) comprising the rest.

Respondents were asked to indicate all the periods of the year that are “typically best for your business.” 74 and 68 percent of respondents cited July-September and October-December, respectively. Importantly, more than half (57 percent) don’t count April-June — a period overlapping the “New York State on PAUSE” executive order — as best for their business. Furthermore, 80 percent of respondents indicated that January-March are typically slowest for their business. 10-16 percent of respondents said the other quarters are typically slowest.

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## NOTES

<sup>1</sup> Leonard Nevarez is a Professor of Sociology at Vassar College. Martha Honey, Lila Pague, Vanessa Bertozzi and Mark Fuerst from Rhinebeck Responds, as well as Rhinebeck attorney Linda Kagan contributed the survey’s creation and analysis. Carolyn Bernitt from the Rhinebeck Chamber of Commerce assisted with its dissemination.

<sup>2</sup> The list of businesses included some erroneous entries that were eliminated: business contacts who may have retired, some government officials, or persons not the primary business owners. Additionally, six completed surveys were eliminated from the analysis because their business was located outside of the Village or the Town, or Rhinecliff.

<sup>3</sup> A median value corresponds to a “50th percentile” midpoint in a distribution of ordered data; half of all values are below the median, and half are above the median. When analyzing numerical data, statisticians often prefer medians as measures of central tendency to means (a.k.a. averages) because the latter can be skewed by extreme values.