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Small Businesses, and Those in Food, Beverage, and Tourism, Hardest Hit by COVID-19 *Majority of Local Employers In Need of Capital Support*

SAN DIEGO (April 2, 2020) - San Diego County small businesses, and businesses in the food and beverage and tourism industries, are suffering the greatest impact of the COVID-19 crisis, with the highest losses, expected layoffs, and closures.

In 642 responses to a survey of regional businesses launched March 19 by the San Diego Regional Economic Development Corporation, the San Diego Regional Chamber of Commerce, and the San Diego and Imperial Small Business Development Center, it is clear that the forced closure of several non-essential businesses is affecting whole industries and hundreds of thousands of workers.

While the exact impact remains to be seen, we know that social distancing – while essential for public health – is disrupting economic activity across the San Diego region.

Three trends stood out based on what employers reported during the first two weeks of surveying:

- **Impacts are concentrated by industry.** Of the 360 employers planning to reduce staff, 80 percent are in the food and beverage or tourism industries.
- **Impacts are immediate.** Nearly 94 percent of employers anticipating staffing reductions and two-thirds of those expecting revenue declines expect those hits within 30 days.
- **Impacts disproportionately affect small businesses.** Employers with annual revenues below \$1M anticipate average losses in income of nearly 70 percent, compared with an average loss of 51 percent for businesses earning more than \$1M annually.

“While the impacts of COVID-19 are rippling through the entire region, the survey shows that small businesses - which are responsible for a majority of our economic growth - are disproportionately impacted,” said Mark Cafferty, President and CEO of the EDC.

“It’s a long road to recovery, and I want to remind you that EDC's staff is here to help you access loans and grants, and work one-on-one to triage issues as they arise,” Cafferty said.

A majority of employers - 61 percent - are in need of capital support. More than half of those with capital needs are the smallest of employers with fewer than five employees.

“Small businesses are the backbone of our local economy and the majority of the Chamber’s membership. They account for 98 percent of businesses in the region,” said Jerry Sanders, President and CEO of the Chamber.

“Our focus now more than ever is on those small businesses. We are working with local and federal officials to ensure our region’s businesses have what they need to weather this storm. We are focused on resiliency and recovery.”

The survey revealed other vulnerabilities:

- There are 95,000+ workers over the age 65, which are considered to be high-risk to COVID-19. These workers are concentrated in some essential industries, such as government and food service.
- Industries that are facing closures and interruptions represent 378K+ jobs and a \$33B contribution to economy. These are retail trade (excluding groceries and gas stations), wholesale trade, arts & entertainment, accommodation & food services.

“All of us at the San Diego & Imperial SBDC Network know this public health crisis is hitting you, the small business owner, very hard. Know we are here to help. We are still providing all our services, just online. You can still visit www.SDIVSBDC.org and click "request counseling" to get assistance,” said Danny Fitzgerald, the San Diego & Imperial SBDC’s associate regional director.

“We are here to help you apply for capital and work through the ways you now have to pivot to get through this time where we all have to be physically distant from one another.”

The survey was launched on March 19. The Downtown San Diego Partnership and National City Chamber of Commerce also served as survey partners. The survey will remain open for the foreseeable future to allow to track for changes in responses over time.

For up-to-date respondent information on the survey respondents and high level results, please visit: <https://www.sandiegobusiness.org/blog/covid-19-survey-results-small-biz-are-disproportionately-impacted/>

The EDC, Chamber, and SBDC offer a variety of resources to help businesses.

EDC: <https://www.sandiegobusiness.org/coronavirus/>

Chamber: <https://sdchamber.org/coronavirus/>

SBDC: <https://www.sdivsbdc.org>

About the San Diego Regional EDC

San Diego Regional EDC mobilizes business, government and civic leaders around an inclusive economic development strategy in order to connect data to decision making, maximize regional prosperity, enhance global competitiveness and position San Diego effectively for investment and talent. sandiegobusiness.org

About San Diego & Imperial SBDC Network

The San Diego and Imperial Regional SBDC Network is funded in part by the U. S. Small Business Administration. The Network is hosted by the Southwestern Community College District. Network services are provided through our eight locations in Carlsbad (North San Diego), National City (South San Diego), University of San Diego (SBDC The Brink), Kearny Mesa (Asian Business Association SBDC), El Cajon (East County SBDC), City Heights/El Cajon (IRC SBDC), UTC (CONNECT SBDC), and El Centro (Imperial Valley). For more information please visit www.sdivsbdc.org.

About the San Diego Regional Chamber of Commerce

The San Diego Regional Chamber is the hub for connections and collaboration among the regional business community, and uses that clout to advocate for public policies and candidates that support economic growth and the creation of jobs for all businesses. As the largest local Chamber on the West Coast, representing approximately 2,500 businesses and an estimated 300,000 jobs, the San Diego Regional Chamber is working to make the San Diego region the best place to live and work. For more information, please visit SDChamber.org or call 619-544-1300.

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