

# SMALL AND MIDSIZE BUSINESS OUTLOOK AND TECHNOLOGY ADOPTION STUDY

KEY MARKETS

Polling Presentation

APRIL 2022

## Background



### METHODOLOGY

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This poll was conducted by Morning Consult on behalf of Verizon Business between March 11 – March 21, 2022 among a sample of 1,033 small to midsize business owners and decision makers in 10 key markets across the US. The interviews were conducted online. Results from the full survey have a margin of error of +/- 3 percentage points.



### TARGET AUDIENCE

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- Works at a business with 1 (sole proprietor) to 500 employees
- Has decision-making power
- Business has not permanently or temporarily closed
- Lives in one of the following metropolitan areas:
  - Chicago, IL
  - Cleveland, OH
  - Dallas, TX
  - Denver, CO
  - Houston, TX
  - Los Angeles, CA
  - Miami, FL
  - New York, NY
  - Philadelphia, PA
  - San Francisco, CA

## Key Points

### **Pandemic recovery is in full swing and financial security is on the rise, but business decision makers are still seeking assistance.**

- 71% of respondents believe their business is better off now than it was one year ago.
- 45% have applied for a federal grant or loan in the past year; the same amount have applied for a private grant or loan.

### **Although optimism is high, business challenges remain for small and midsize businesses.**

- 55% of respondents have hired new employees in the past year and 51% have created new positions, yet 60% have had a challenge filling open positions.
- In the last year, 61% of respondents have had issues sourcing materials due to supply chain issues.

### **To combat these challenges, small and midsize businesses are turning to technology.**

- 63% of respondents have added or transitioned to digital/online operations in the past year.
- 59% have provided devices or technology to help employ or retain talent in the past year.
- 65% say the revenue their business generates through digital operations is higher now than before the pandemic.

### **And technology is making hybrid work and collaboration easier for small and midsize businesses.**

- 62% say the level of collaboration among their employees is higher now than before the pandemic.
- 50% have hired employees who do not live locally for remote work in the past year.

### **Small and midsize businesses are responding to the Great Resignation with enhanced benefits to attract and retain talent.**

- Nearly 40% of respondents have added net-new long term remote work or flex work hours during the pandemic.
- 79% are either offering or planning to offer incentives and new benefits to attract or retain employees.
- 73% have said offering a stipend for home internet service is an important benefit for attracting or retaining employees.

### **In response to ongoing challenges, small and midsize businesses are considering expanding into new markets.**

- 64% of respondents have either relocated or have considered relocating to a new market in the past year.
- 77% have either expanded or are considering expanding their business into a new market.

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BUSINESS OUTLOOK

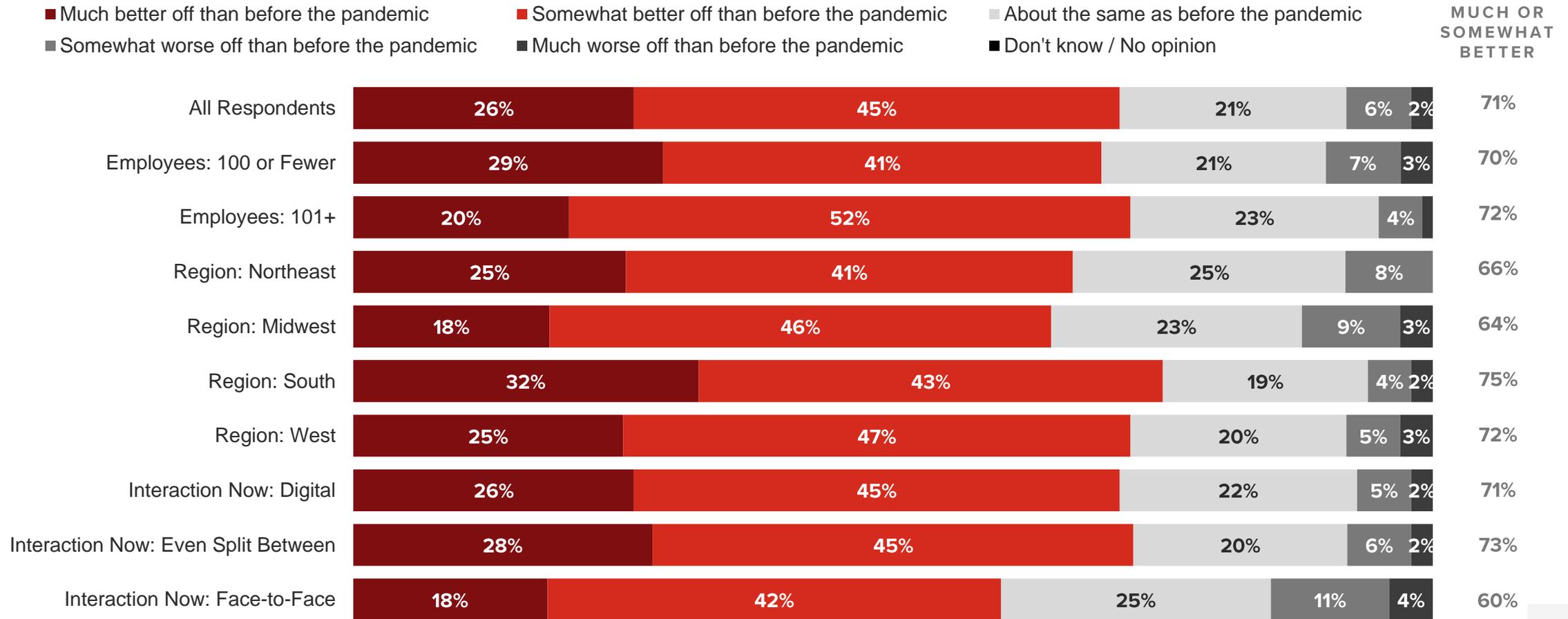
TECHNOLOGY

FUTURE OF WORK

BUSINESS OUTLOOK

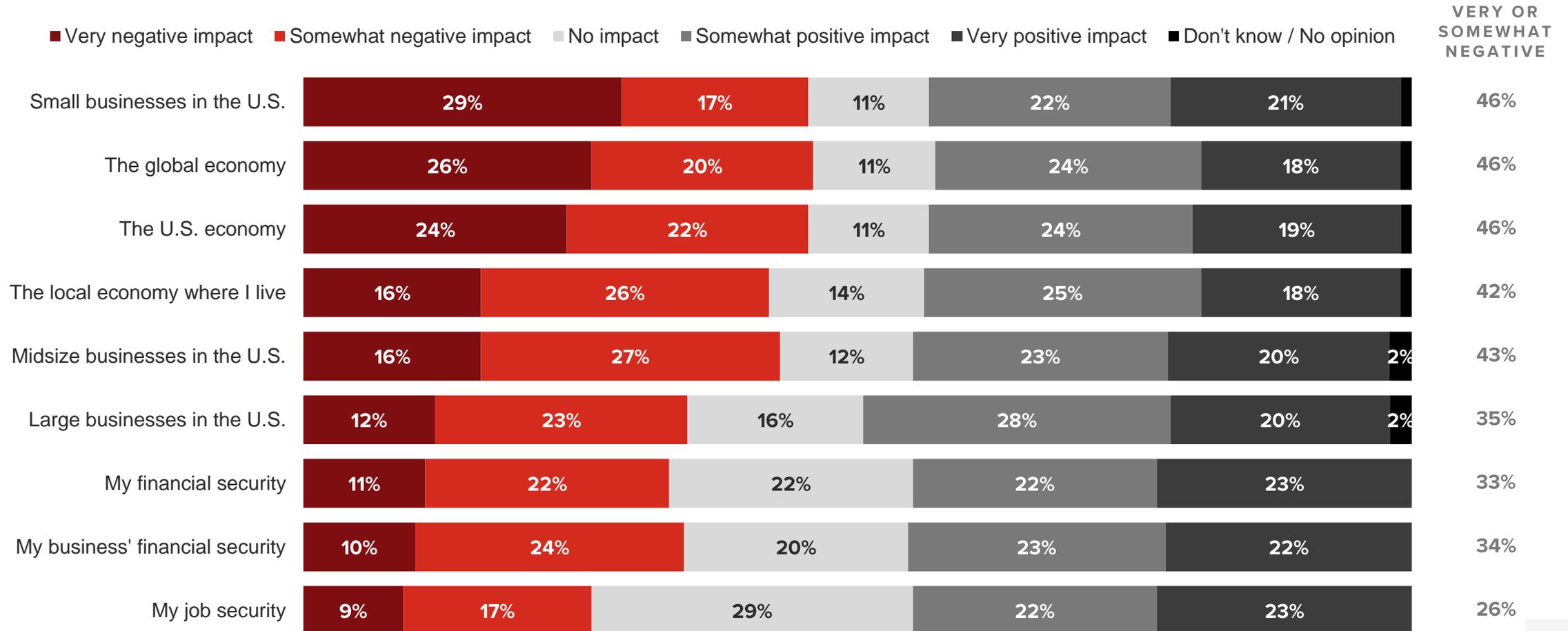
A broad majority of business decision makers feel their business is better off now compared to a year ago. Those at businesses that primarily interact with customers face-to-face are slightly less likely to say so compared to those at businesses that primarily interact with customers digitally.

Thinking about the **overall state** of your business **now** compared to **a year ago (i.e., March 2021)**, would you say your business **now** is...



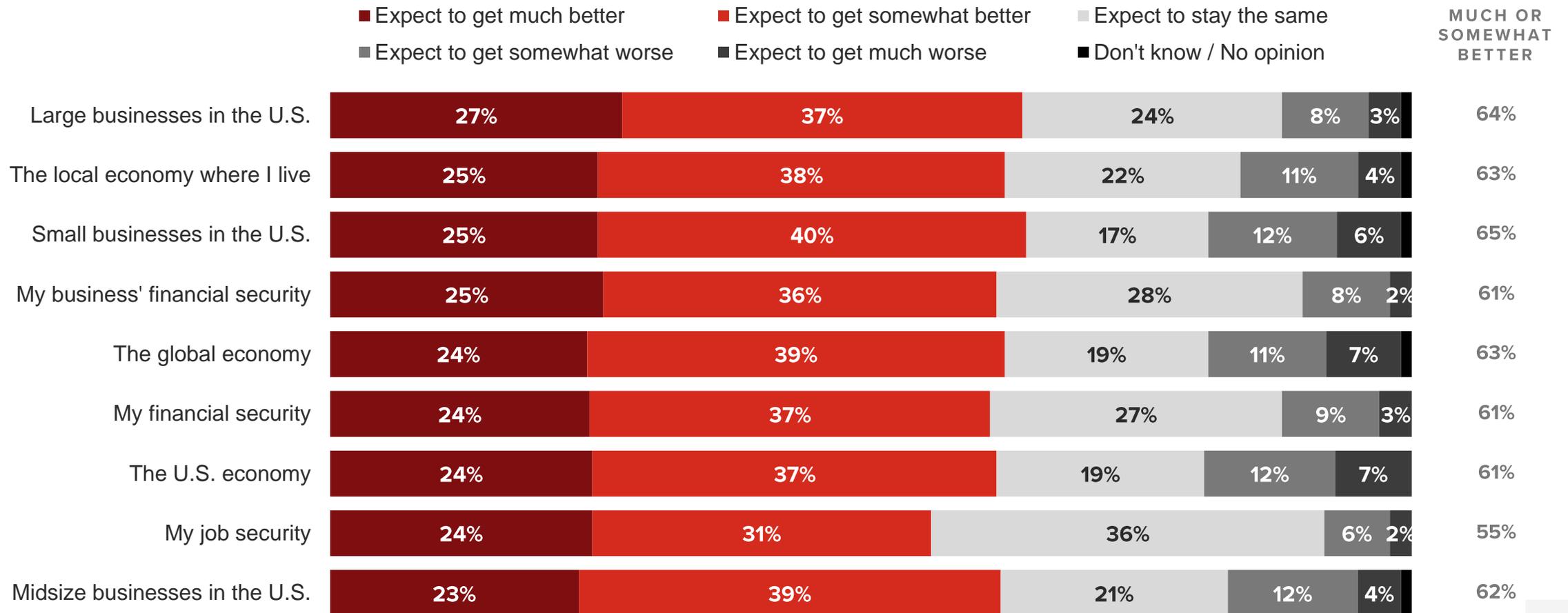
Less than half of decision makers feel that the pandemic has negatively impacted small and midsize businesses in the past few months, suggesting recovery is well under way.

Over the past few months, how do you believe the coronavirus (COVID-19) pandemic has impacted the following, if at all?



Reinforcing decision makers' optimism, majorities expect economic and business conditions to get better over the next few months.

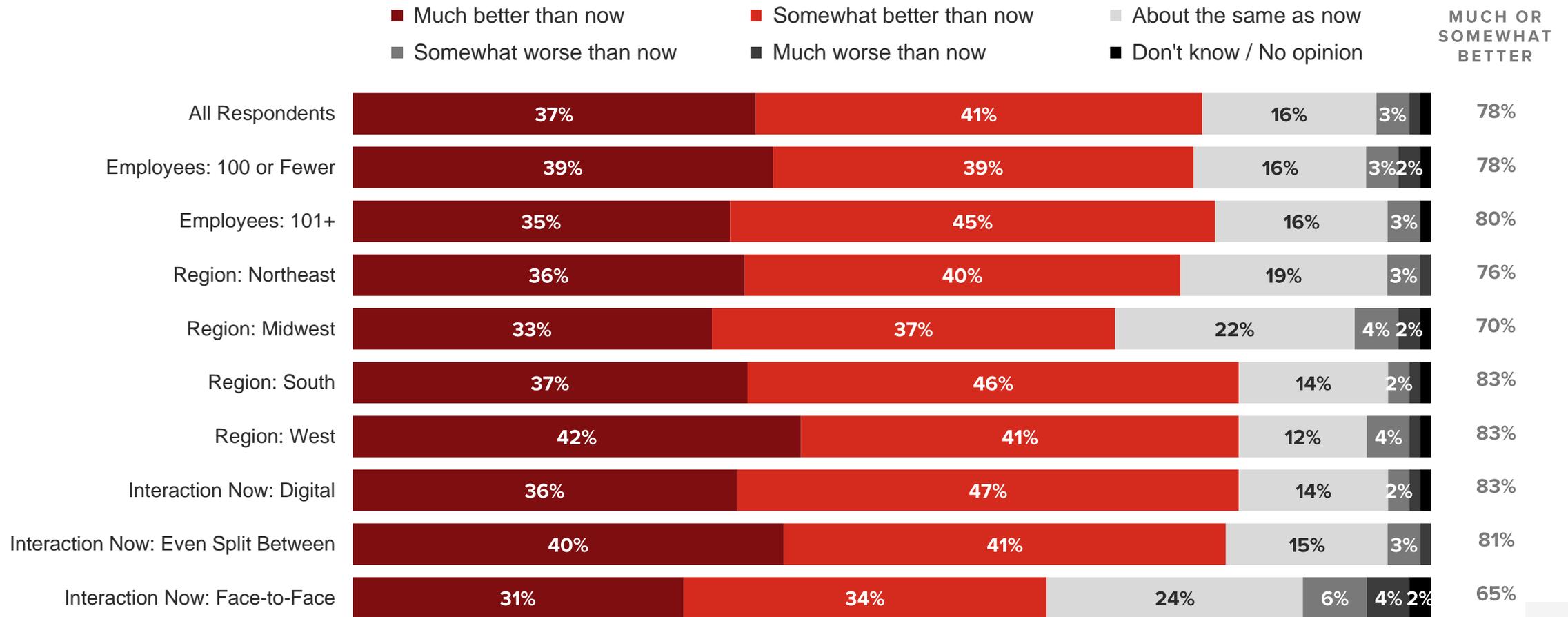
And over the next few months, do you expect each of the following to **get better**, **get worse**, or to **stay about the same** compared to today?



BUSINESS OUTLOOK

Further, a majority of decision makers expect the overall state of their business to improve over the next year. Decision makers at companies primarily interacting with customers digitally express more optimism than those primarily interacting with customers face-to-face.

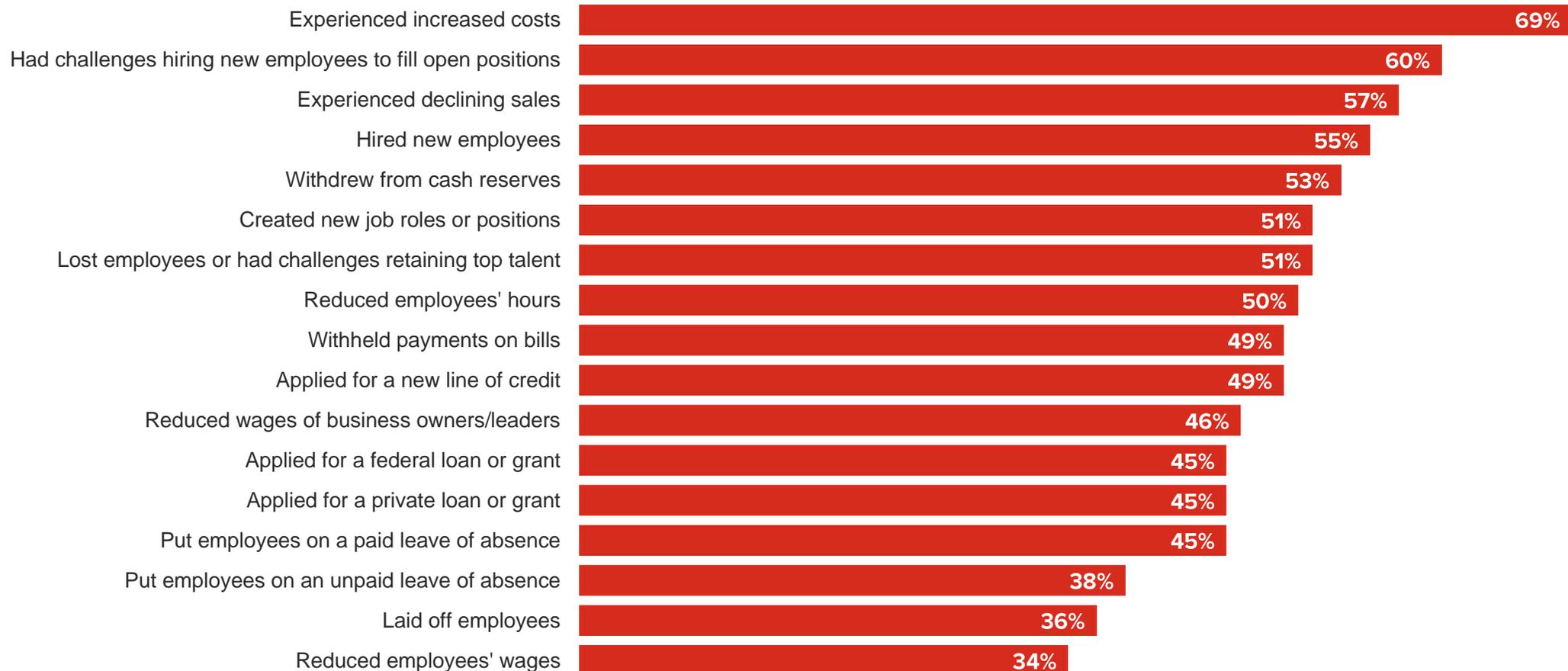
Finally, **one year from now (i.e., March 2023)**, do you anticipate that the overall state of your business will be...



BUSINESS OUTLOOK

Decision makers most commonly report increased costs (69%), declining sales (57%), and withdrawing from cash reserves (53%) as financial impacts their business has experienced from the pandemic over the last year. Three in five say they've had challenges hiring new employees to fill open positions (60%).

Thinking about the financial and personnel impacts of the coronavirus (COVID-19) pandemic, **over the last year** (e.g., since March 2021), has your business...



BUSINESS OUTLOOK

When it comes to operational impacts, nearly 2 in 3 decision makers say their business has implemented new systems for remote collaboration (65%) or security (64%) or started offering new products and services to adapt to changing customer needs (65%).

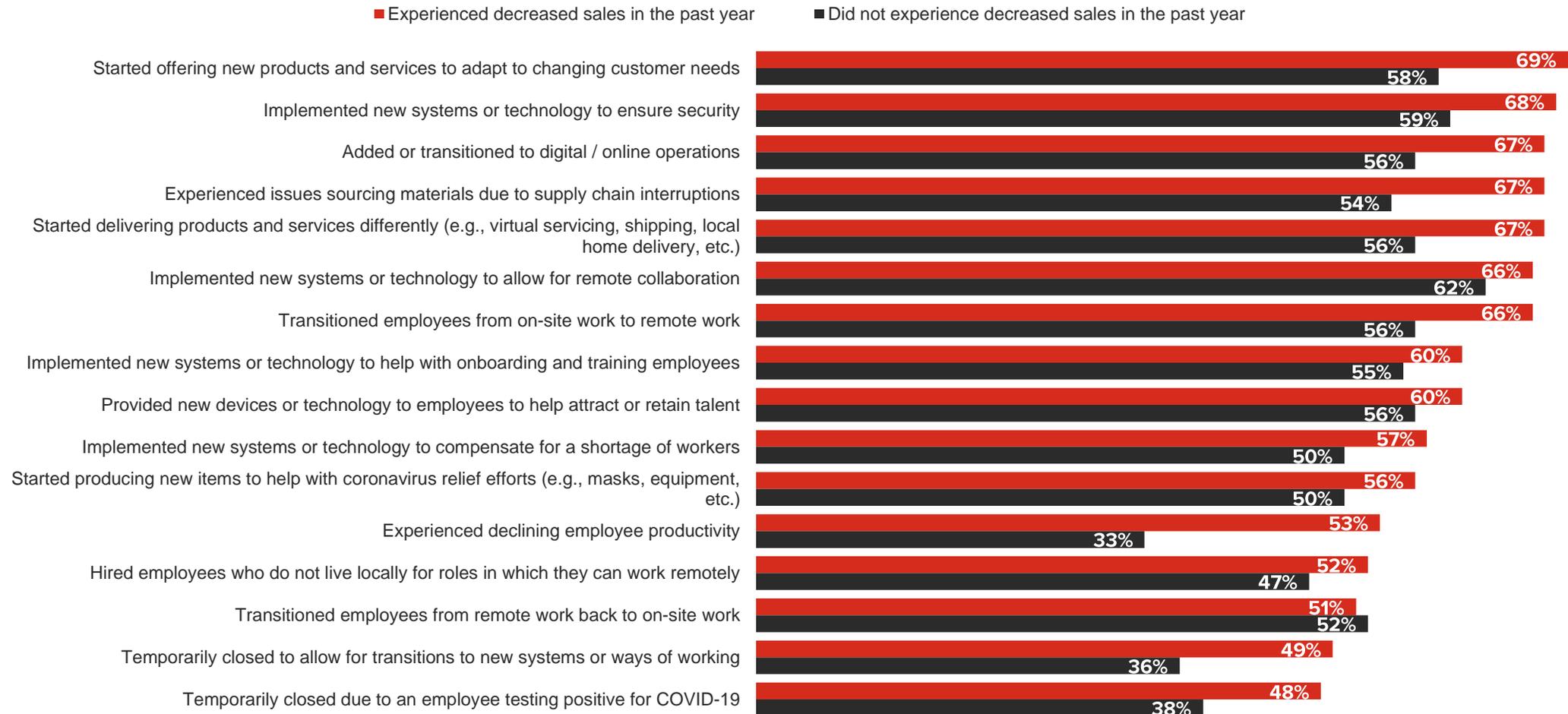
Thinking about the operational impacts of the coronavirus (COVID-19) pandemic, **over the last year** (e.g., since March 2021), has your business...



BUSINESS OUTLOOK

Respondents who experienced decreased sales in the past year are more likely than those who didn't to say their business started offering new products/services, added or transitioned to digital operations or started delivering products/services differently.

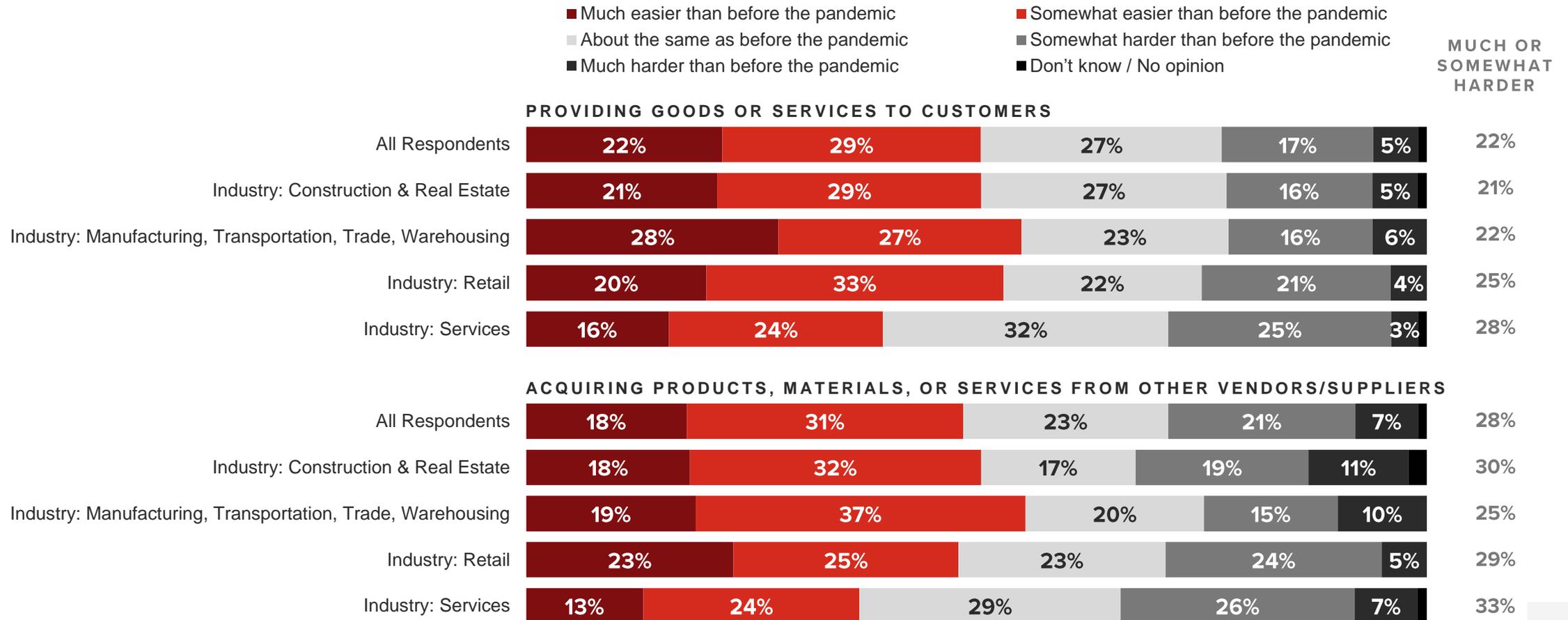
Thinking about the operational impacts of the coronavirus (COVID-19) pandemic, **over the last year** (e.g., since March 2021), has your business...



BUSINESS OUTLOOK

Most decision makers do not report increased difficulty providing goods or services or acquiring materials compared to before the pandemic. Decision makers in the services industry are more likely to report challenges in serving customers compared to those in other industries, while those in services or construction and real estate are more likely to report challenges in acquiring materials.

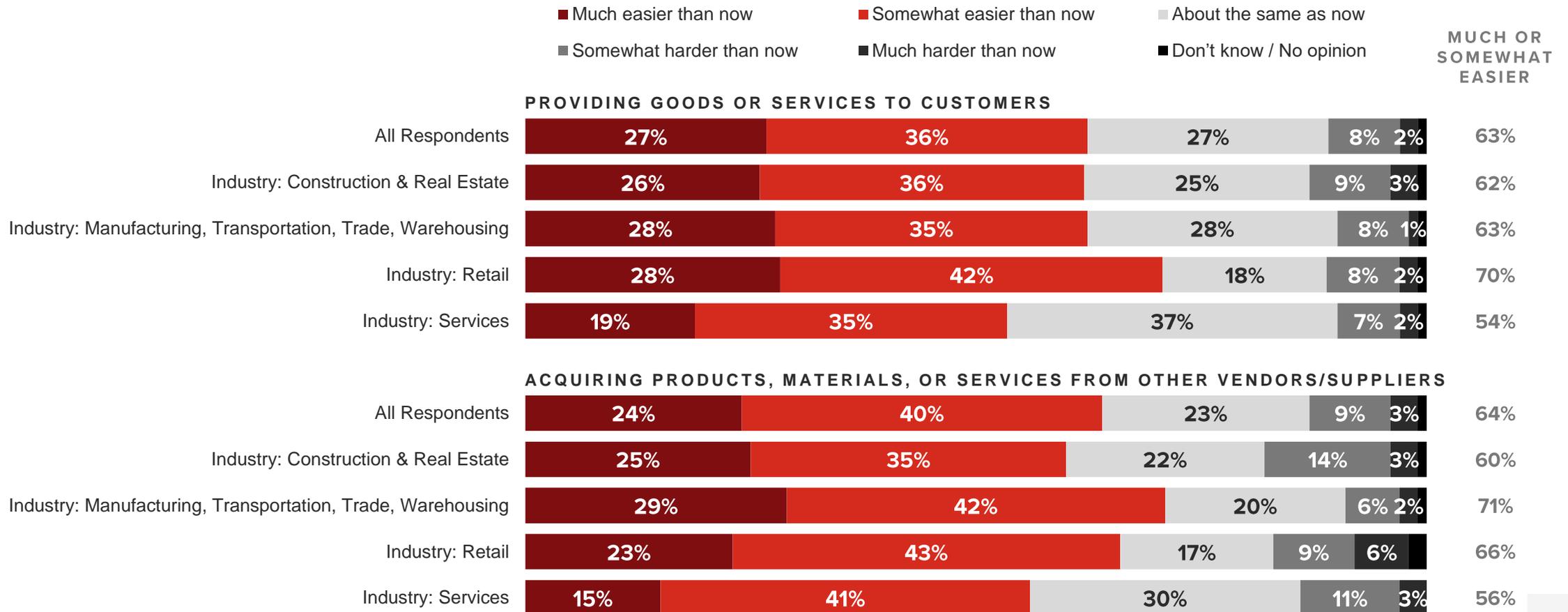
Thinking about your business **now** compared to **before the pandemic began**, would you say your business is having an easier or harder time with each of the following?



Showing industries with 100N or more respondents

Across industries, decision makers expect that providing goods or services and acquiring products will be easier a year from now than it is today.

And **one year from now (e.g., March 2023)**, do you anticipate that your business will be having an easier or harder time with each of the following compared to today?

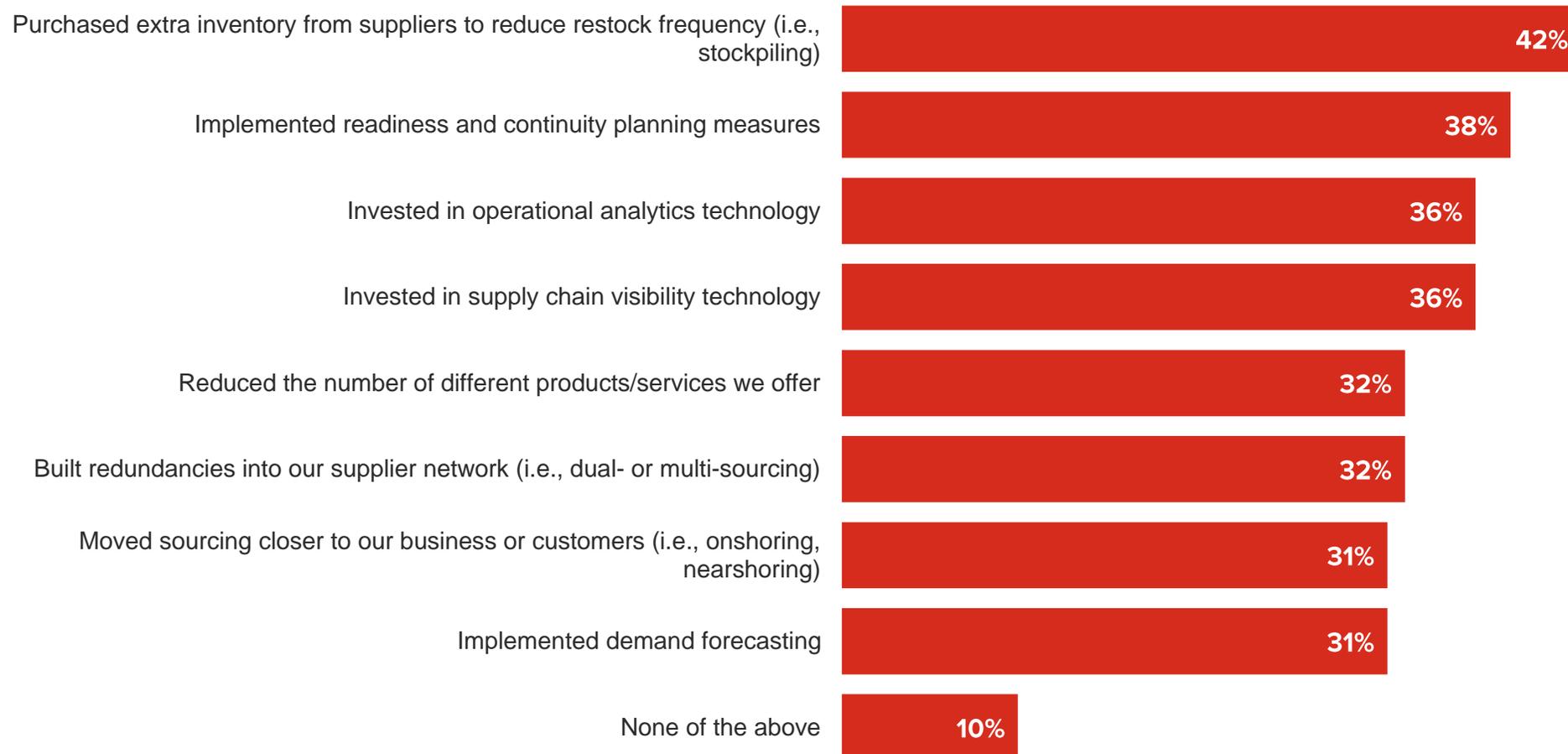


Showing industries with 100N or more respondents

**BUSINESS OUTLOOK**

Decision makers most commonly say they have dealt with supply chain disruptions by stockpiling (42%), implementing continuity planning (38%), and investing in operational analytics or supply chain visibility technology (36% each). Just 1 in 10 say they have not taken any action due to supply chain disruptions.

Has your business done any of the following in the past year due to supply chain disruptions? Select all that apply.

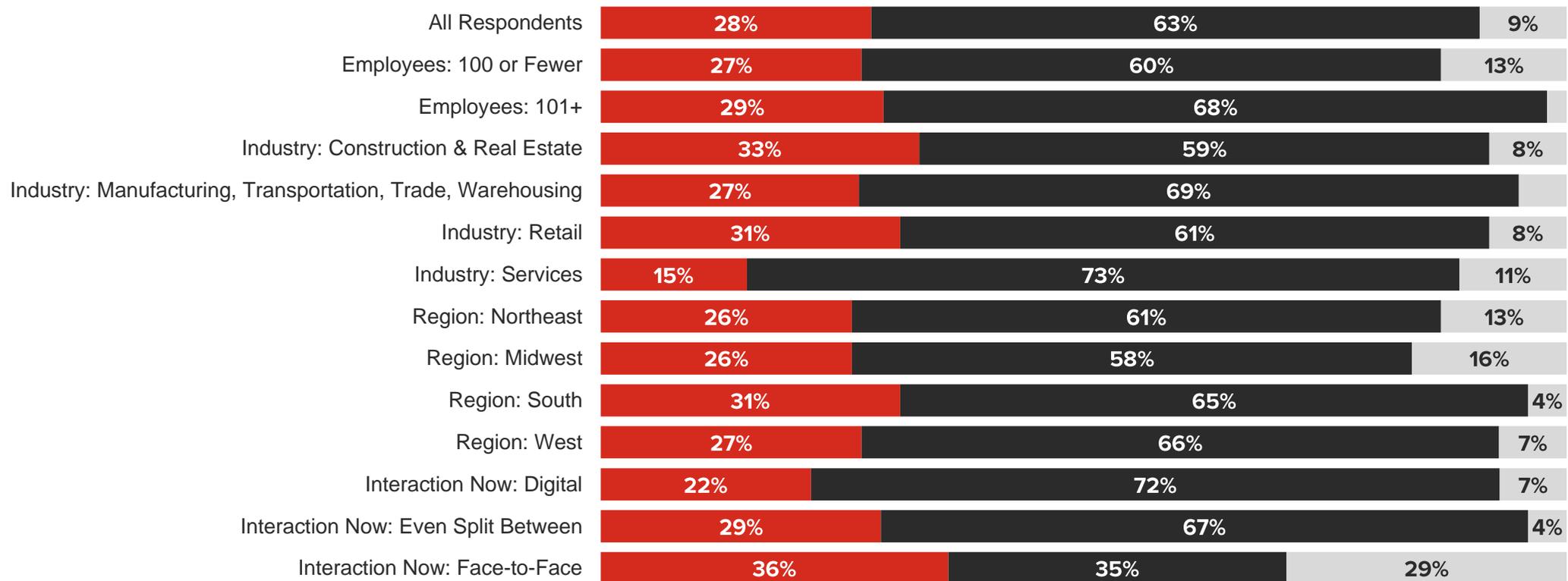


BUSINESS OUTLOOK

Most decision makers say their business is prioritizing going digital over opening new in-person locations. Those whose businesses primarily deal with customers face-to-face are about evenly split between going digital and expanding their physical footprint.

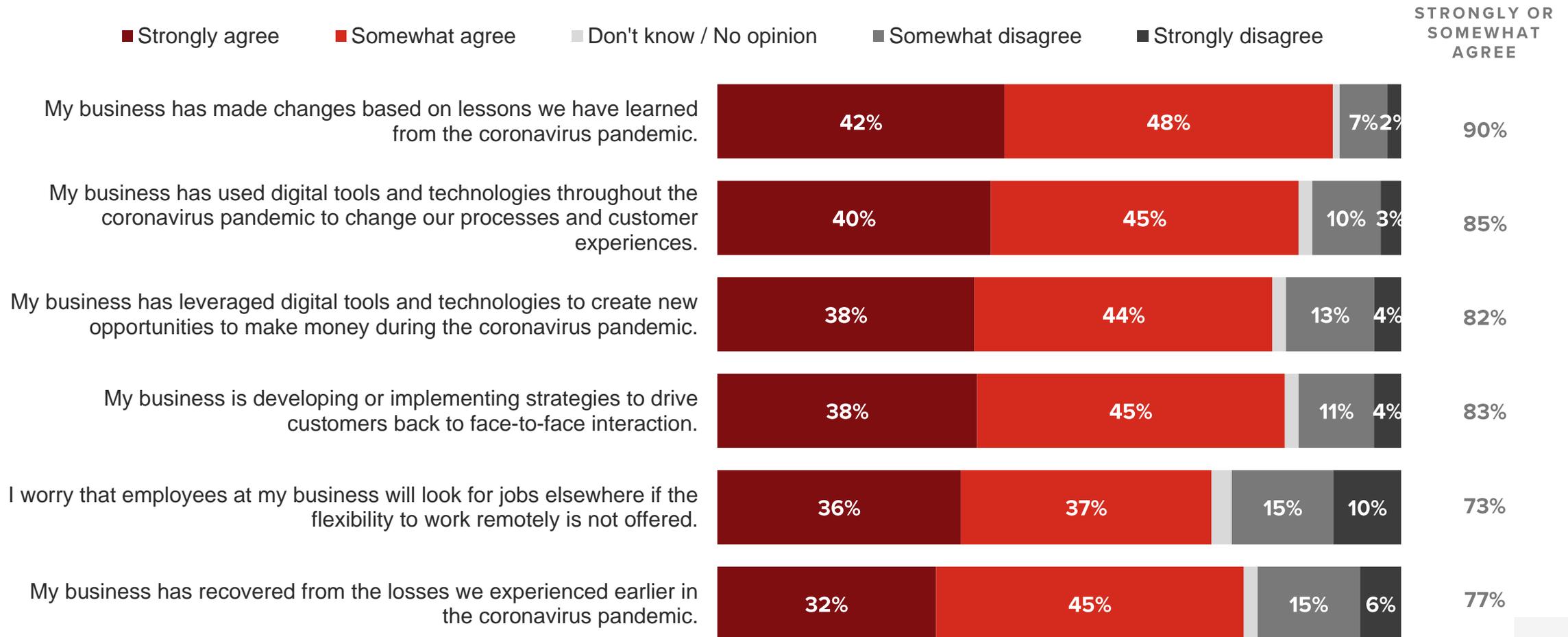
Which of the following statements comes closest to your business's growth plan, even if neither is *exactly* right?

- We are prioritizing expanding our physical footprint (opening new storefronts or in-person work locations)
- We are prioritizing going digital (focusing on e-commerce and digital interactions or services)
- Don't know / No opinion



Large majorities of decision makers say their business has used digital tools to change their processes and customer experiences and to create new opportunities to make money during the pandemic.

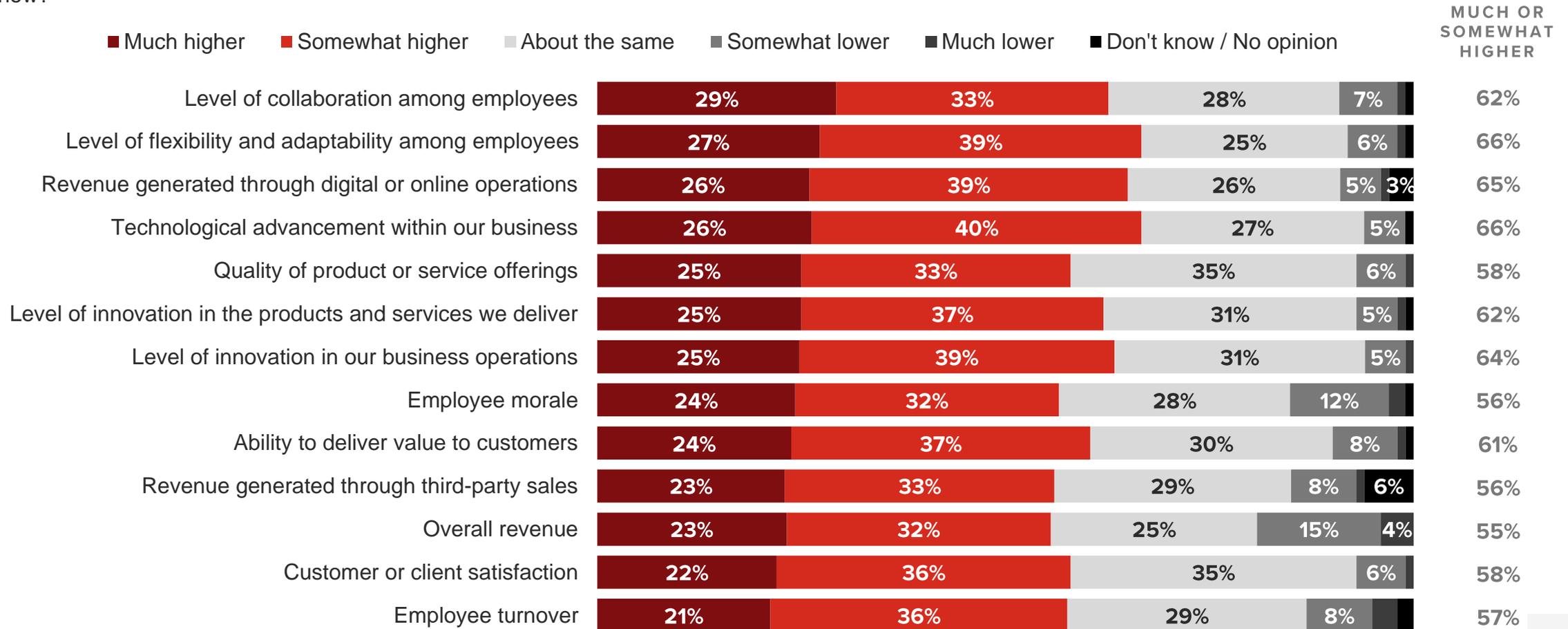
To what extent do you agree or disagree with the following statements?



BUSINESS OUTLOOK

About 2 in 3 decision makers say employee flexibility (66%), technological advancement (66%), and revenue generated through digital or online operations (65%) are higher for their business now than before the pandemic.

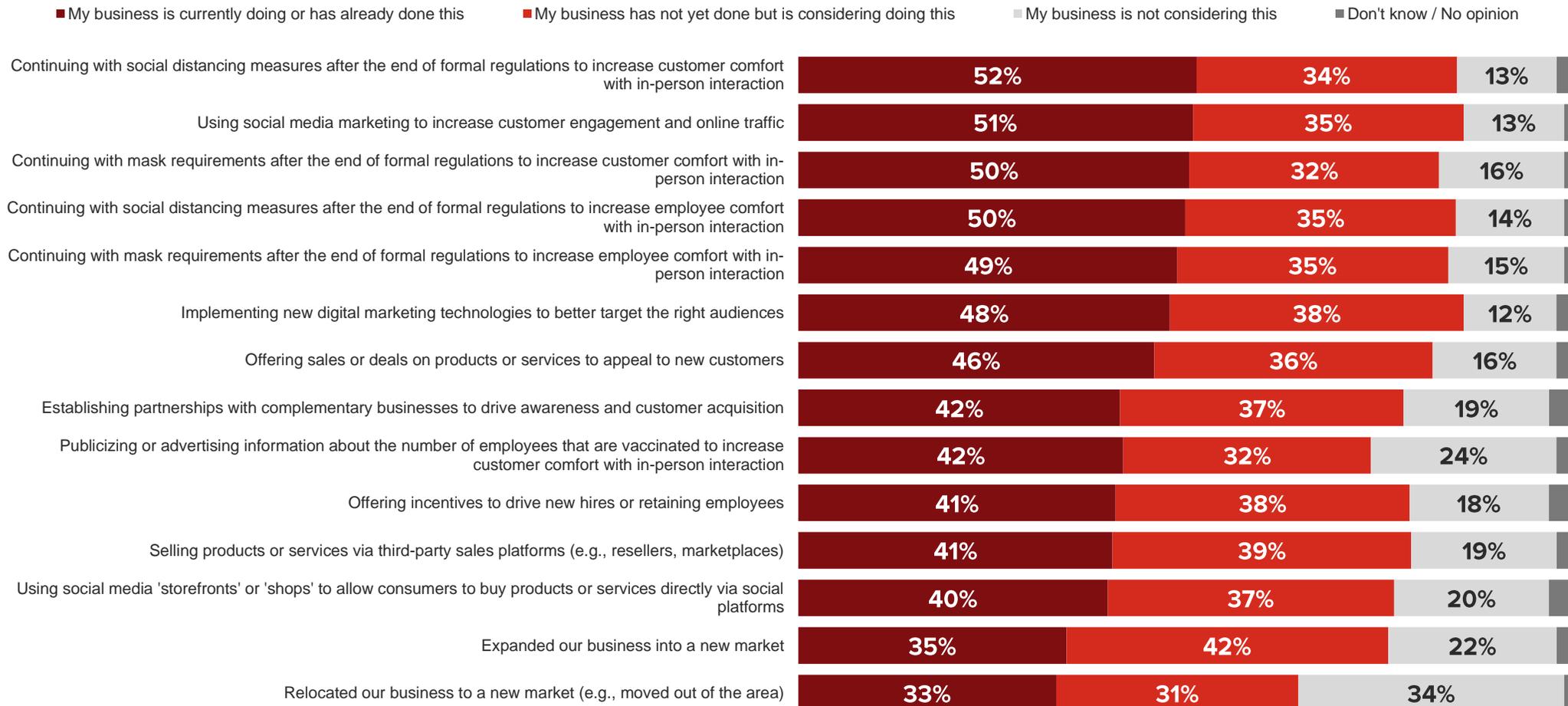
Compared to before the coronavirus (COVID-19) pandemic began, would you say the following are higher, lower, or about the same for your business now?



**BUSINESS OUTLOOK**

Most decision makers say their company has continued with social distancing measures over the last year to increase customer comfort with in-person interaction and that their company has used social media marketing to increase engagement and online traffic.

In the **last year**, has your business done or considered doing the following?





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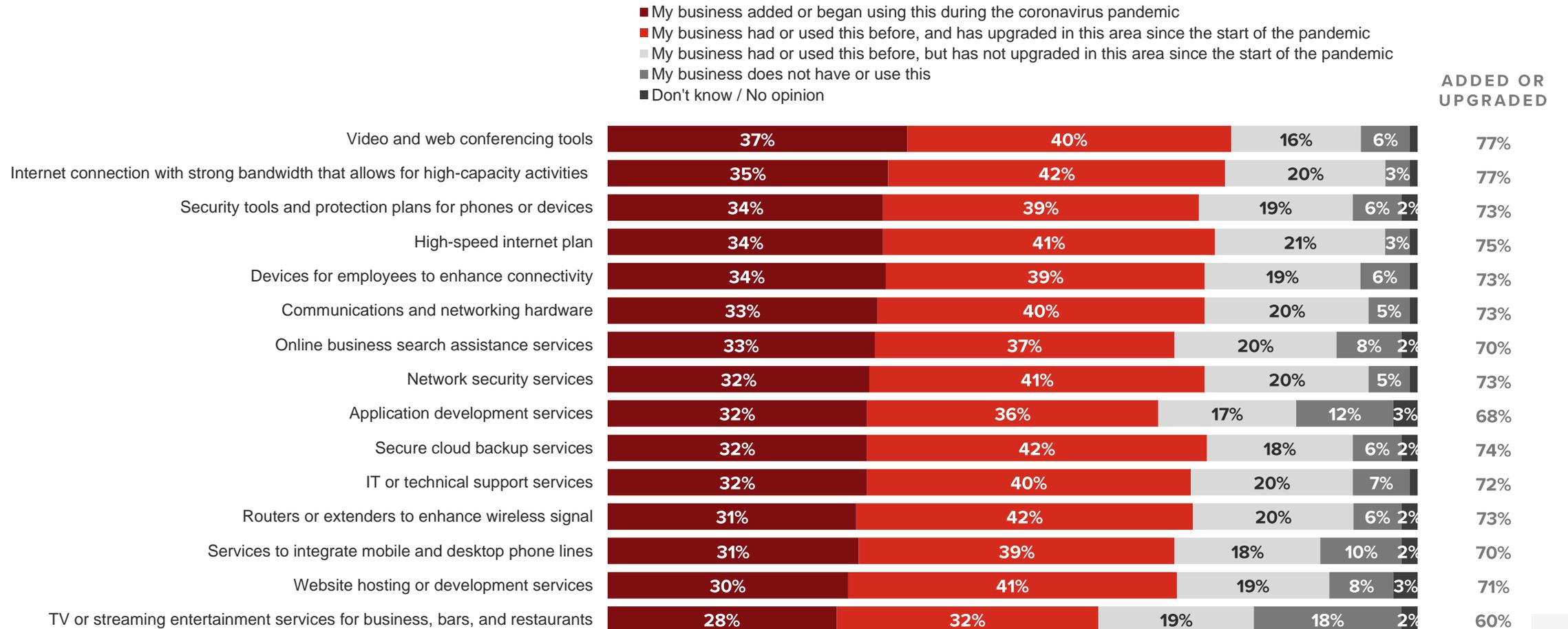
BUSINESS OUTLOOK

TECHNOLOGY

FUTURE OF WORK

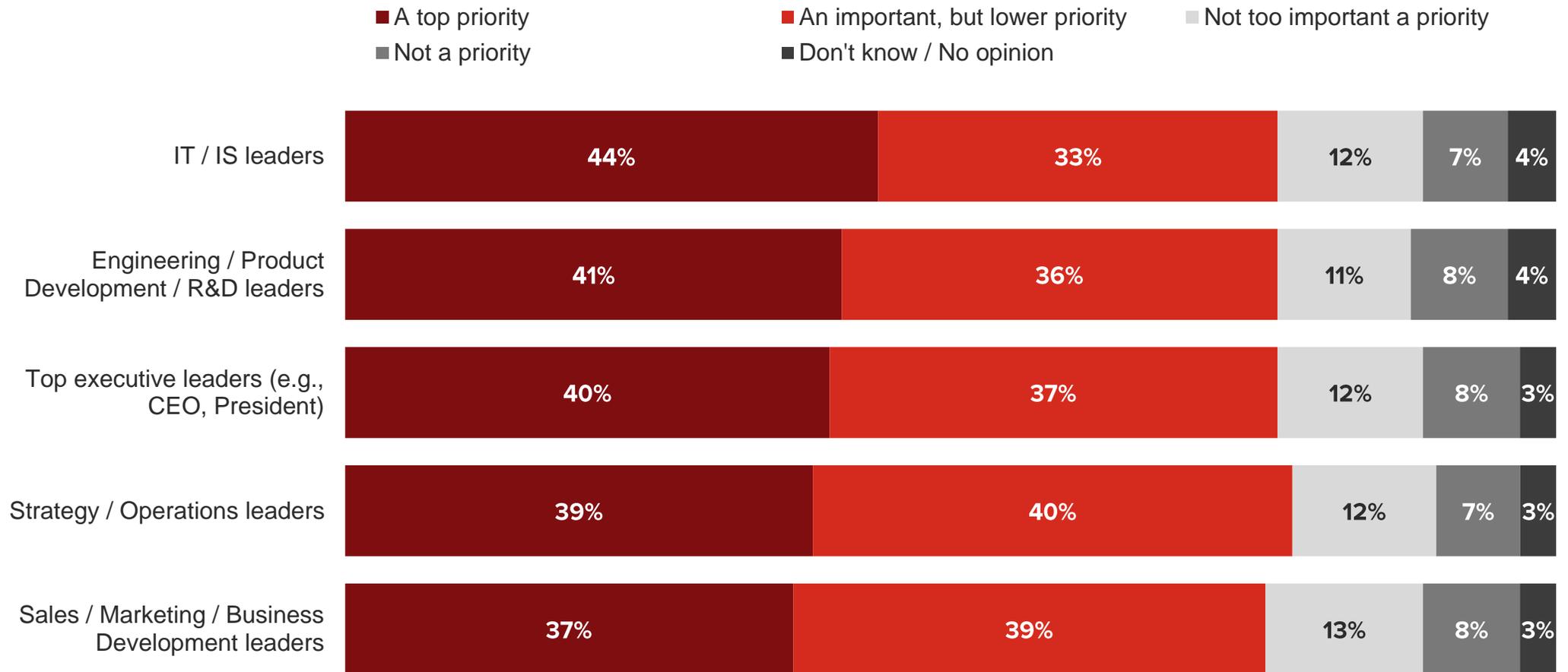
Decision makers largely say their business has either added or upgraded technologies that support connectivity since the start of the pandemic, including web conferencing tools, bandwidth, and high-speed internet.

Since the start of the coronavirus (COVID-19) pandemic, has your business added or upgraded the following services or technologies?



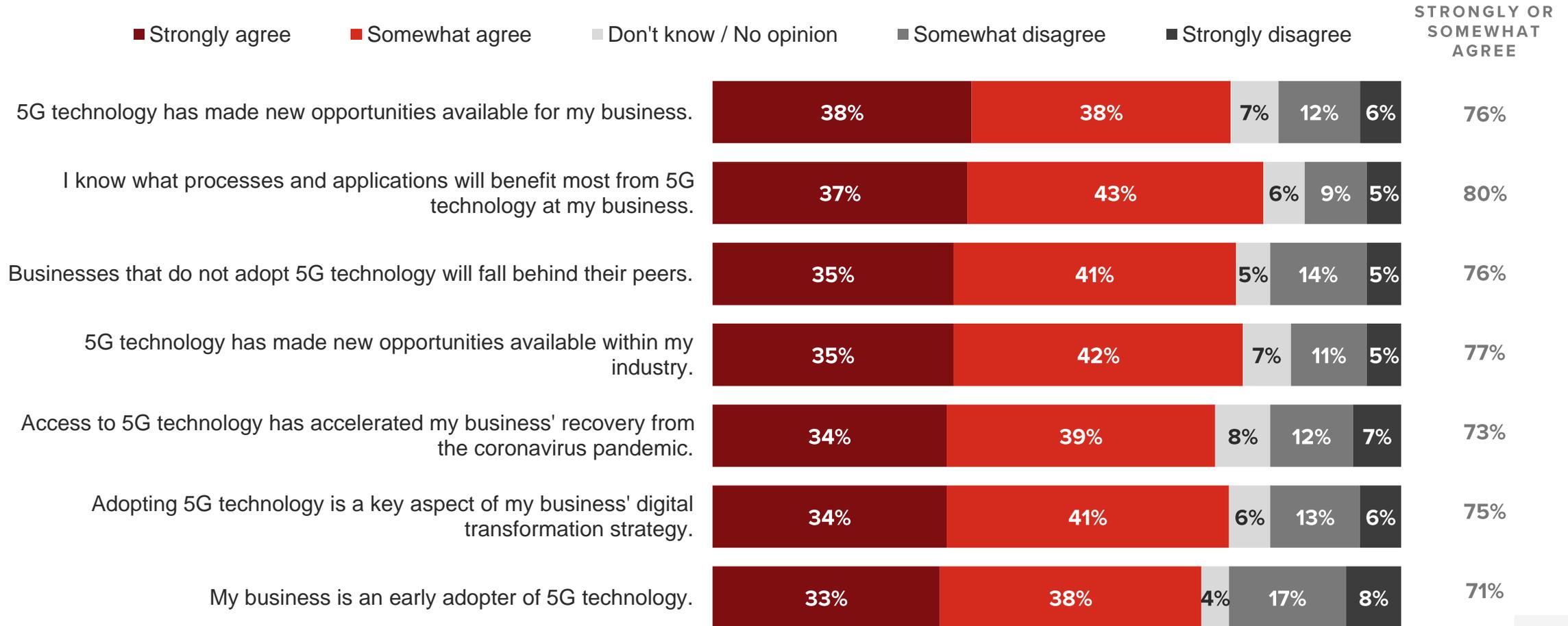
Pluralities of decision makers say that 5G planning and adoption is a top priority for their company's IT (44%), engineering (41%), and executive (40%) leadership.

In general, how much of a priority is 5G planning and adoption for the following stakeholders at your company?



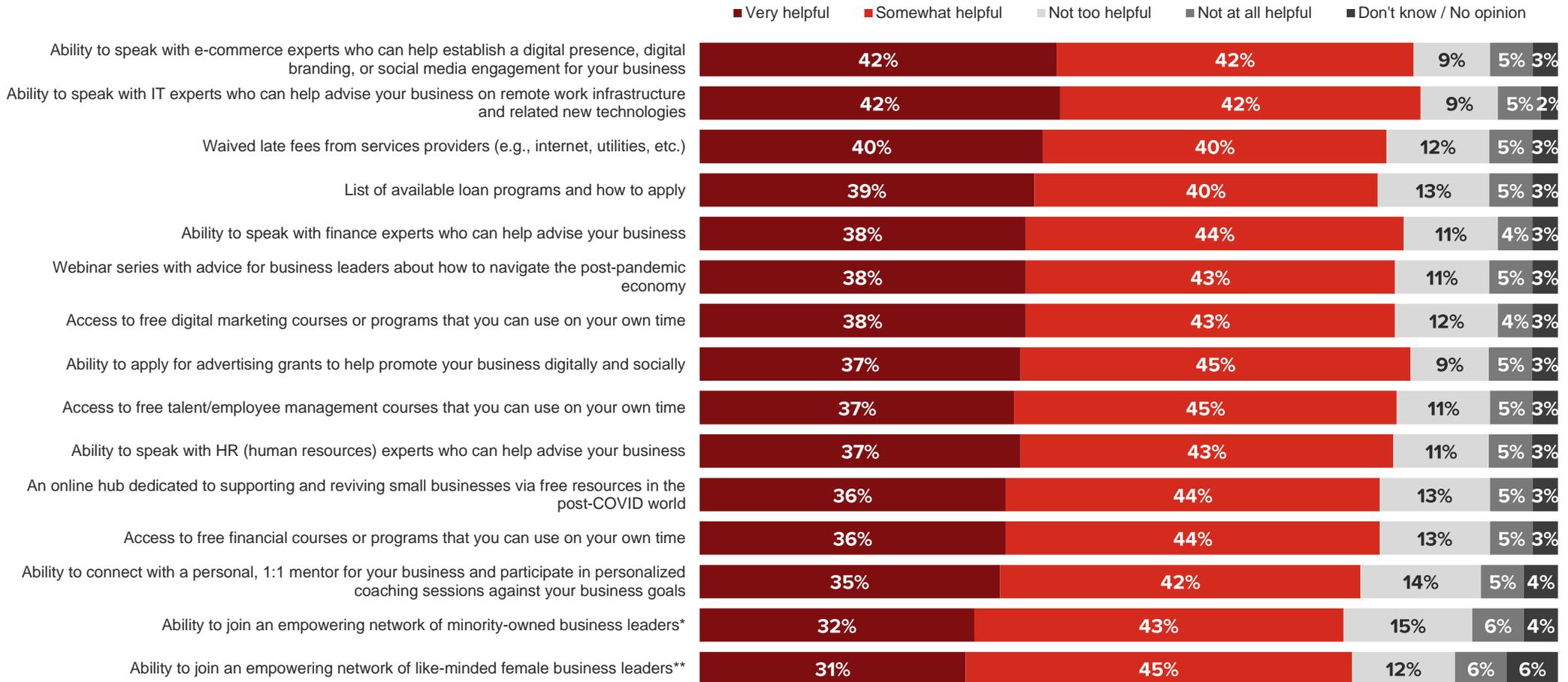
Decision makers largely agree that 5G has created new opportunities for their industry (77%) and business (76%) and believe that businesses that do not adopt 5G technology will fall behind (76%).

Based on what you know, to what extent do you agree or disagree with the following statements?



## Decision makers view the ability to speak with and receive help from e-commerce and IT experts as the most helpful programs tested as they continue to navigate the post-COVID economy.

How helpful or beneficial would access to the following resources or programs be for your business as you continue to navigate the post-COVID economy?



\*Base: Non-white respondents

\*\*Base: Women



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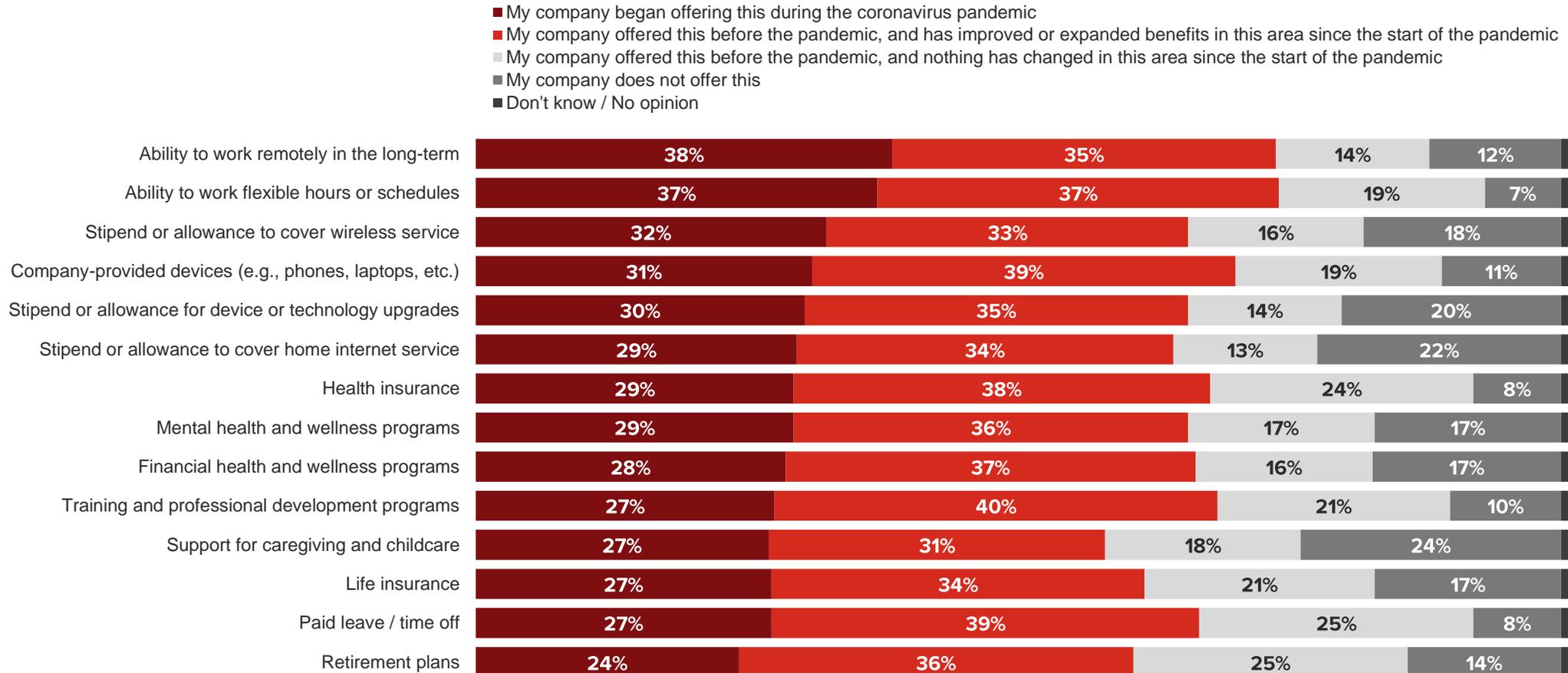
OUTLOOK & BUSINESS IMPACTS

TECHNOLOGY & CYBERSECURITY

FUTURE OF WORK

Benefits that support flexibility and tech for remote work such as devices and technology stipends are among the most common benefits decision makers say their company added during the pandemic.

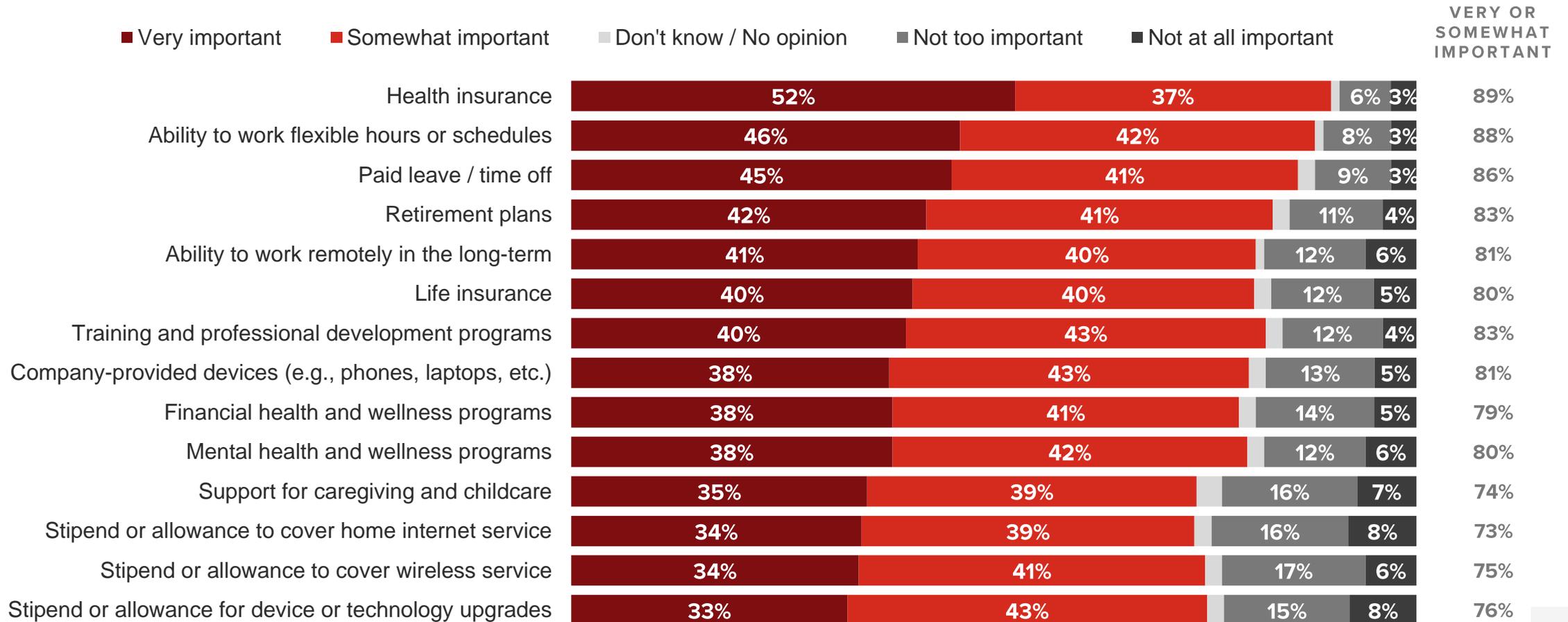
Thinking about the benefits that your company provides to its employees, which of the following statements best describes your company's benefit offerings when it comes to...



FUTURE OF WORK

Flexible working hours and support for long-term remote work are among the top benefits that decision makers consider important for attracting and retaining talent. Majorities view benefits essential to supporting flexible working, such as company-provided devices and tech stipends, as important.

And, thinking about the benefits that job seekers will be looking for in the future, how important do you consider the following for attracting and retaining talent at your company?



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