COVID-19 Business Impact Report

Charting a new course in a turbulent world
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Thriving Amidst Chaos

Two wars are being waged on COVID-19 – controlling the spread of the virus and minimizing the economic impact of the pandemic. This two-front battle is critical for many small business owners forced to balance safety and health with keeping businesses open and running.

So how do some businesses thrive amidst chaos and uncertainty? One key answer is trust. With increasing customer demand, unpredictability across the market, and intensified competition – many firms scramble to survive. The stories of resilient, honest, and innovative business owners across North America continue to inspire and create hope for a brighter future in a post-COVID world.

To help capture these success stories and shine the light on new challenges, the Better Business Bureau conducted a recent pulse survey with nearly 1,000 BBB Accredited Businesses. Of those surveyed, 62% of companies said they never had to close their doors since the outbreak of the pandemic.

And while the economic outlook appears rosier now than it did a few months earlier, the road to recovery will be challenging and demanding. It could take five years for a business to get back to 2019 levels, according to a model conducted by McKinsey Global Institute and Oxford Economics.

For business owners and leaders who value trust, ethics, and integrity to run business and build a brighter future, the BBB COVID-19 Impact Report is for you.
In March, 87% of businesses surveyed by BBB anticipated the pandemic would harm their company. Two months later, 71% of companies expect the epidemic to impact them negatively when asked the same questions.

Similarly – businesses surveyed projected less of an impact over the next two months versus what they initially reported in March.

Cutting costs and taking advantage of financial federal assistance programs certainly helped businesses weather the storm. Nearly three-quarters of the firms who applied for assistance said they received funds.

### COVID-19 PERCEIVED IMPACT

<table>
<thead>
<tr>
<th>Current State</th>
<th>Next 60 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>%</strong></td>
<td><strong>%</strong></td>
</tr>
<tr>
<td>Negative</td>
<td>92%</td>
</tr>
<tr>
<td>Positive</td>
<td>62%</td>
</tr>
<tr>
<td>Other</td>
<td>31%</td>
</tr>
</tbody>
</table>

### ATTEMPTED TO APPLY FOR A FEDERAL LOAN

- **59%** Applied/Tried to Apply
- **9%** Other
- **32%** Not Applied
Challenges Facing Businesses

Cash flow, health and safety, and meeting customer expectations are the top challenges facing BBB Accredited Businesses. And while the perceived impact over the next 60 days is lower than when we asked the same question in March, companies are identifying new opportunities to keep their doors open.

**Skylar Travel** in Alaska had to shut down all operations in March because of the pandemic, but the owner Jin Chen used it to help her community. She created an online supply sharing group, where she used her tour guides to deliver essential supplies to the community members. Check out the full story on BBB’s YouTube page.

According to a **HubSpot report**, businesses with an established digital presence have a clear advantage on how to best respond to ongoing challenges. Global site traffic is 20% higher than pre-COVID levels as more people purchase online.

Yet manufacturing, business and financial services, and automotive are industries that BBB found most likely to remain open. Construction, remodeling, and building trades expect to grow.
Building Trust

Nearly a quarter of the businesses surveyed say instilling customer trust is going to be a challenge moving forward – but also an opportunity. By creating stronger relationships with customers and providing support to the community, businesses are in the driver seat to deliver an even better user experience.

BBB Accredited Businesses that commit to meeting the BBB Standards for Trust saw considerably more online engagement on BBB.org than non-accredited companies, including website visits, email clicks, and customer reviews.

Of those surveyed, 42% of businesses say the most significant way they’re building trust is by increasing communication with customers, followed by health and safety protocols, and offering financial discounts. Operating a business with integrity is even more critical now to business owners than it was pre-COVID-19.

We are in constant communication with them, advising that we have retained our staff who are ready to serve and fulfill their needs.

-BBB Accredited Business Owner
Customer Impact

Between March and May 2020, BBB received more than 53,000 complaints and reviews related to the pandemic. Allegations of price gouging of essential items soared, while travel agencies, airlines, and vacation rental businesses received the highest number of complaints and negative customer reviews.

According to a McKinsey & Company report, customer behavior changed as more consumers shopped online, bulked up on home goods, switched products, and spent more hours in front of the TV or on social media.

As more and more businesses vie for online customers, the BBB Standards for Trust can be a guiding light, especially around advertising honestly. BBB recommends that companies do not fuel consumer fears but instead act as a calming and reassuring partner to customers. The BBB Code of Advertising explains what businesses need to know about advertising claims.
Meeting Demand with Standards for Trust

In June, more than 14.7 million users visited BBB.org to search for trustworthy businesses, access resources, and read about pressing consumer issues. Top searches in June include roofing contractors, general contractors, and plumbers.

Site traffic to BBB.org surged more than 40% in June - a testament to how high trust ranks among consumers. BBB Accredited Businesses saw a clear advantage among the 25 million business profile views last month. On average an accredited business receives 163 inquiries per year versus 24 inquiries for a non accredited business.

Why does this matter? Data suggests that a new customer is emerging – one who is more aware and intentional about how they spend their money and who gets their business. For BBB Accredited Businesses, this presents an excellent opportunity for elevating their brands and standing out from competitors by aligning their business with the BBB Standards for Trust.

Be Transparent

Build Trust

Tell the Truth

Advertise Honestly

Safeguard Privacy

Embody Integrity

Honor Promises

Be Responsive

Today's consumer appreciates honesty. Making a claim and not delivering on it will not work. This will become all the more important in the new normal. Nielsen, April 2020
Five Ways to Strengthen Your Business

Although the pandemic is far from over, many businesses are focused on how to make the second half of 2020 a success. Attracting customers, building relationships, and supporting the community are the top takeaways for small business owners surveyed by BBB.

No one knows what the future holds, but if the last few months are any indicator, businesses can get on the right track and be better prepared to meet new customer demands and establish trust.

1. **Create/ update business profile** – With over 108 million customer inquiries at BBB.org so far this year, businesses can get in front of more customers by being listed in the BBB Directory. As a BBB Accredited Business, you can optimize your business profile page and have access to the BBB Accreditation Seal, making it easier for customers to find and trust you.

2. **Communicate with your customers** – By being transparent and responsive, businesses can gain a greater understanding of their customer and their needs. BBB Accredited Businesses make a commitment to do both - establishing trust and value in the marketplace.

3. **Embrace the BBB Standards for Trust** – Trust is a cornerstone of any successful business and at the core of BBB. Differentiate your business from others by embracing BBB’s eight standards and give your customers an added level of trust and confidence before and after purchase.

4. **Support the Community** – Businesses that reinvest and give back to their communities commit to their customers and their families. Giving can open many doors and is often a critical step in building trust.

5. **Market your Accreditation** – The need for trust has never been greater. Get in front of customers by marketing your accreditation and ensuring your business’s commitment to building trust. With more than 400,000 BBB Accredited Business across North America, now is a prime time to consider BBB Accreditation for your business.
Takeaways

The impact of the COVID-19 pandemic on small business is astounding. In trying times, companies often come out ahead by refocusing their priorities and making trust a long-term play in building a better business.

From transforming your brick-and-mortar store to an online experience or changing your business model to address your customers' needs, many companies must reinvent themselves to survive. And while the economic outlook may not be as gloomy as initially thought – the road to recovery could take a while.

Customer needs are changing, and businesses must meet the demand. With more people going online to shop and research businesses – the trust factor has never been more critical. Investing in your business and reevaluating your values can be a significant first step in coming out of the pandemic ahead.

Don’t take our word for it! Hear from BBB Accredited Businesses who happily share their success stories in hopes of creating a better world. BBB is committed to providing guidance to all businesses impacted by the pandemic and transitioning to new business models and a changing environment.

Become BBB Accredited
Data collected for this report include 938 different responses from BBB Accredited Businesses across North America. The margin of error is +/-3% at a 95% confidence level for consolidated findings. 99% of respondents are owners, co-owners, presidents, or CEOs of companies. Special thanks to the following BBB’s in helping collect information for this report: Atlanta, Calgary, Colorado Springs, Dallas, Halifax, Huntsville, Indianapolis, Knoxville, Milwaukee, Oakland, St. Louis, Tucson, Victoria, and West Palm Beach.

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