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# Business Community Survey April 2020

Rebooting the Economy

## Headline Findings:

### National Overview:

#### Revenue

- Half of firms expect an immediate loss of revenue that is in excess of 60%
- Smaller businesses affected most
- Full year expectations for 2020 suggest a slow rebound for the economy

#### Closures

- Only 15% of businesses have not experienced some form of closure
- Overhead costs for most businesses that are closed exceed €2000/week
- For businesses that need restocking most expect it to cost in excess of €3000
- For 25% of businesses that need to restock costs will exceed €8000
- Half of all businesses will need at least two weeks to reopen, 25% will need more than a month

#### Invoices outstanding

- 68% of businesses are awaiting payments
- The median amount due is €40000

### Regional Overview:

- The west coast is suffering disproportionately, seemingly as a result of the dependence on the tourism industry
- While Local Authorities in all areas will likely see significantly reduced income arising from Commercial Rates in the coming year, the regional effects suggest that there will be a disproportionate impact on the most affected areas

### Sectoral Overview:

- Wide variations across different sectors with Tourism, Entertainment/Culture/Arts, the Hospitality, and Local Services being the worst hit in terms of closures and revenue expectation
- Across sectors, there is a wide range of costs attributed to overhead, restocking and physical distancing
- For those that have closed, there is strong industry effect around the time it will take to reopen businesses in different categories of activity, suggesting that the rebooting process will involve significant supply shocks for businesses

## Table of Contents:

### National Level:

Three-month revenue expectations	4
Three-month revenue expectations, by company size	5
Twelve-month revenue expectations	6
Twelve-month revenue expectations, worst affected businesses	7
Business Closures	8
Weeks needed to reopen business	9
Costs of Closures – Weekly overheads	10
Costs of Closures – Restocking costs	10
Costs of introducing physical distancing infrastructure	11
Invoices Outstanding	12
Invoices Outstanding, relative to 2019	13
Invoices Outstanding (€ value)	14

### Sectoral Level:

Sectoral Overview	15
Tourism twelve-month revenue vs other sectors	16
Hospitality twelve-month revenue vs other sectors	17
Entertainment/Culture/Arts twelve-month revenue vs other sectors	18
Local Services twelve-month revenue vs other sectors	19
Tourism – Risk of Closure	20
Hospitality – Risk of Closure	22
Entertainment/Culture/Arts – Risk of Closure	24
Local Services – Risk of Closure	26

### Sectoral Level Tables:

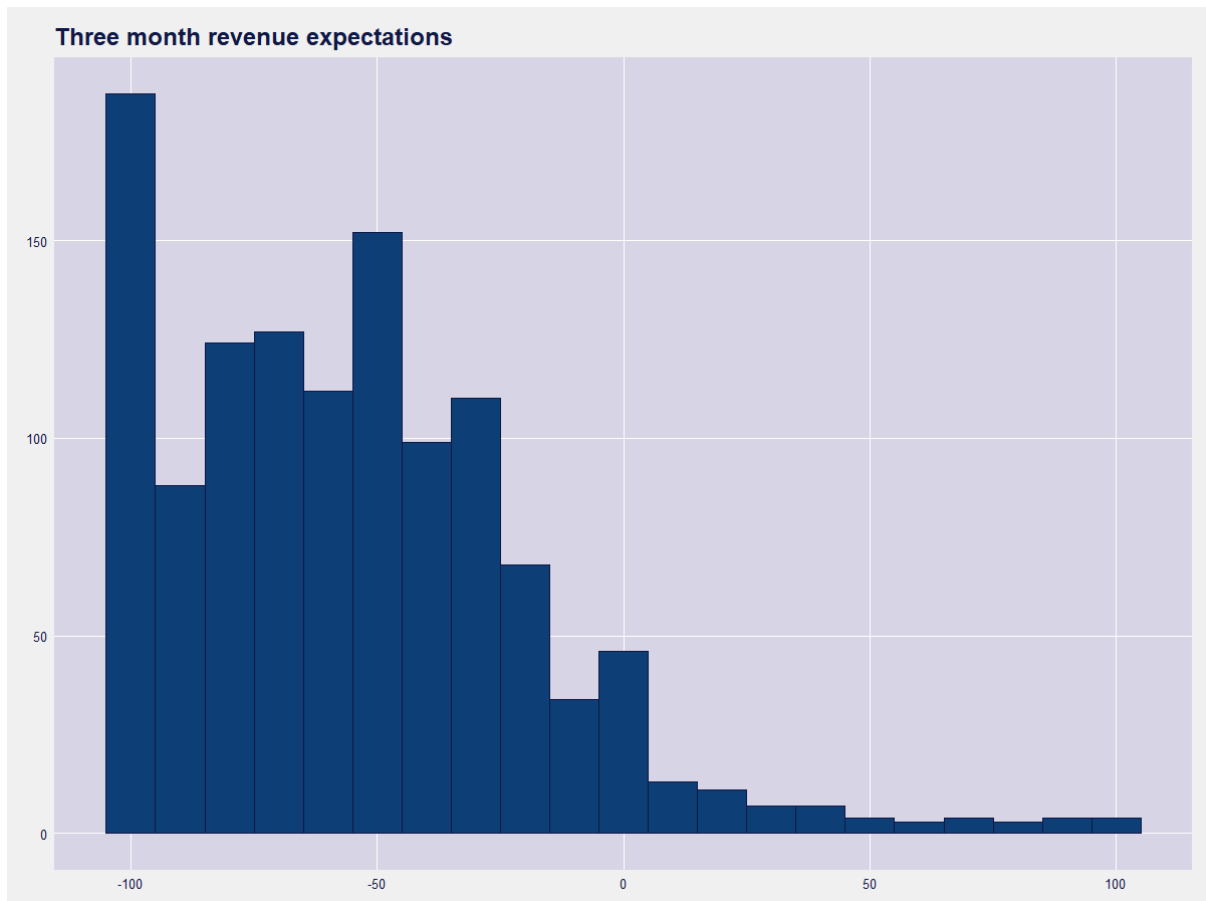
Expected Earnings Responses	28
Temporary Wage Subsidy Scheme/Closure Rates	29
Invoices Outstanding, Weeks needed to reopen	30
Closure Costs	31

### Regional Level:

Expected Earnings Responses by region:	32
Expected Earnings Responses AEC vs Rest of country, Tourism highlighted	33

## National Level:

### Three-month revenue expectations

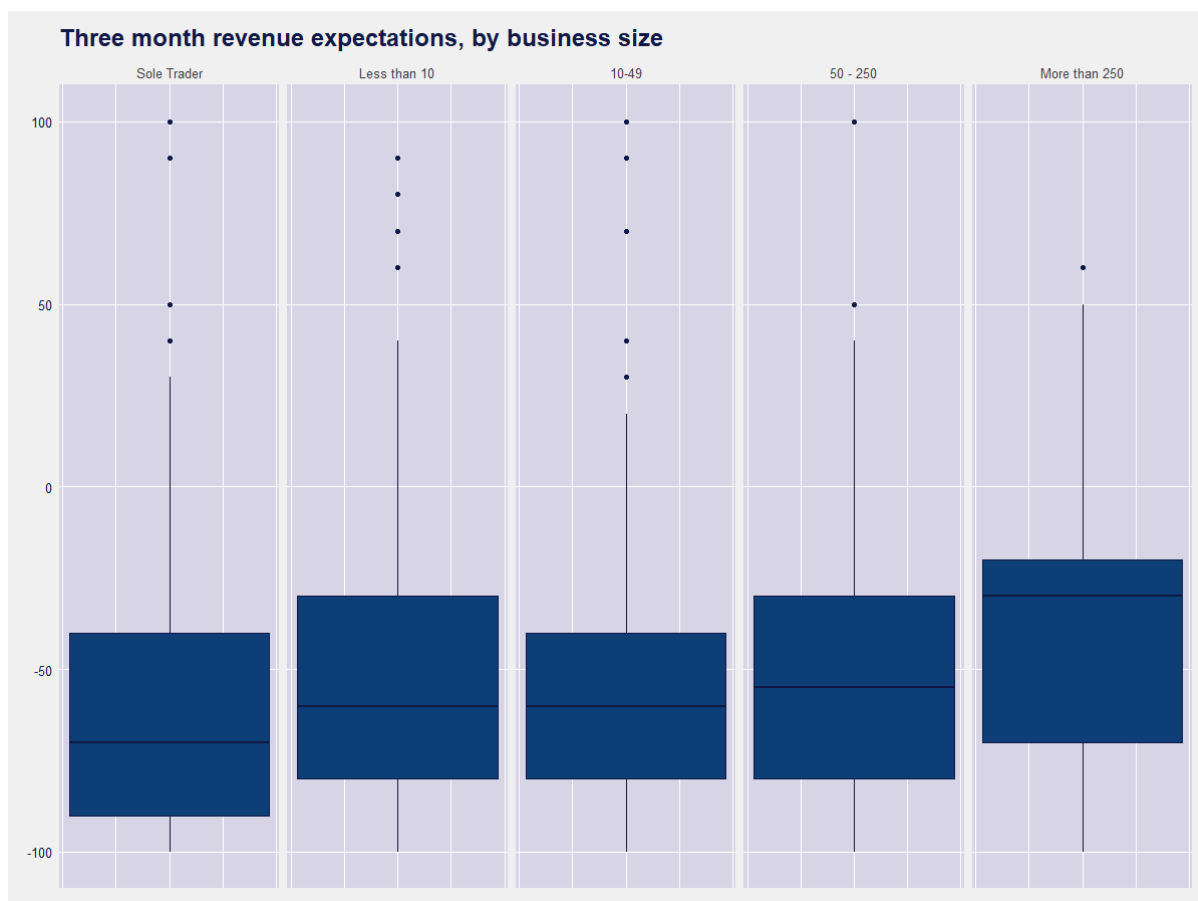


Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
-100	-80	-60	-55	-30	100

The vast majority of businesses foresee an immediate and significant downturn in revenue over the coming three months, relative to our previous survey, there was a slight pick up at the lower end, with more businesses seeing the possibility of some revenue in the coming three months, but the transition is between [-100% - -90%] -> [-90% - -80%]

## National Level:

### Three-month revenue expectations, by company size

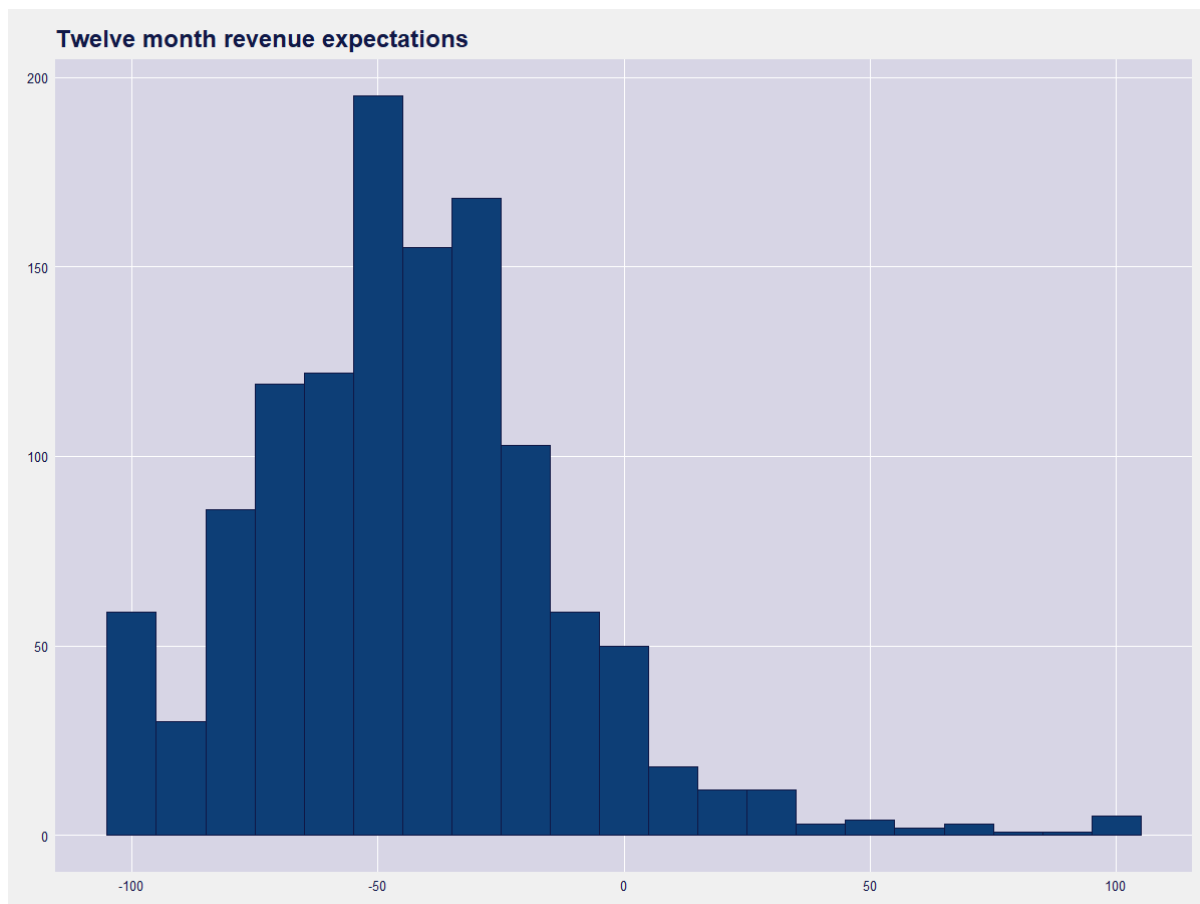


There remains a weak expected income effect in line with business size, with proportionately more larger companies seeming to feel that while the current will be bad, they are not expecting it to be bad for business as the smaller businesses, though this is with the caveat that only 80 large businesses were part of responses.

This effect has however been consistent over the last two surveys and remains significant even when taking into consideration the sectoral activities of these large companies.

## National Level:

### Twelve-month revenue expectations



Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
-100	-60	-50	-44	-30	100

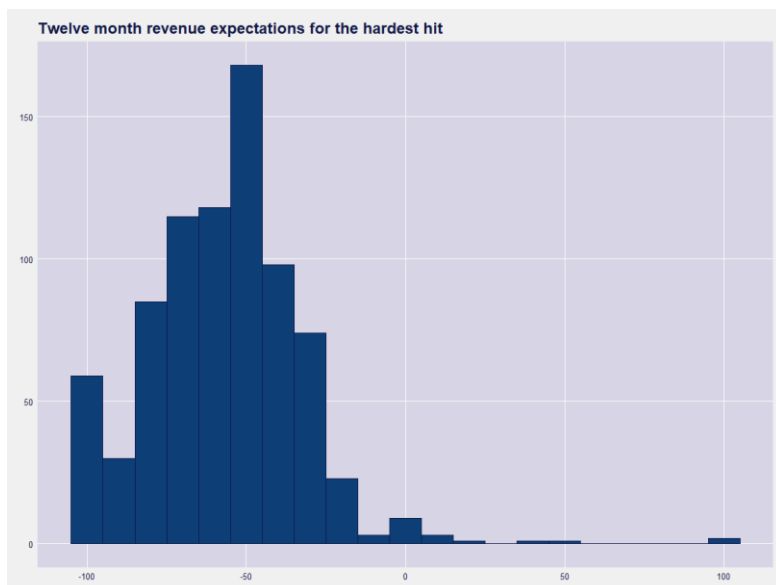
Twelve month revenue expectations remain deeply negative and align perfectly with our previous survey results<sup>1</sup>. This suggests that rather than the quick snap back to normal economic affairs, business owners and operators are expecting a protracted, and exceptionally deep multi-quarter recession.

<sup>1</sup> [April 3-6] Twelve month revenue expectations

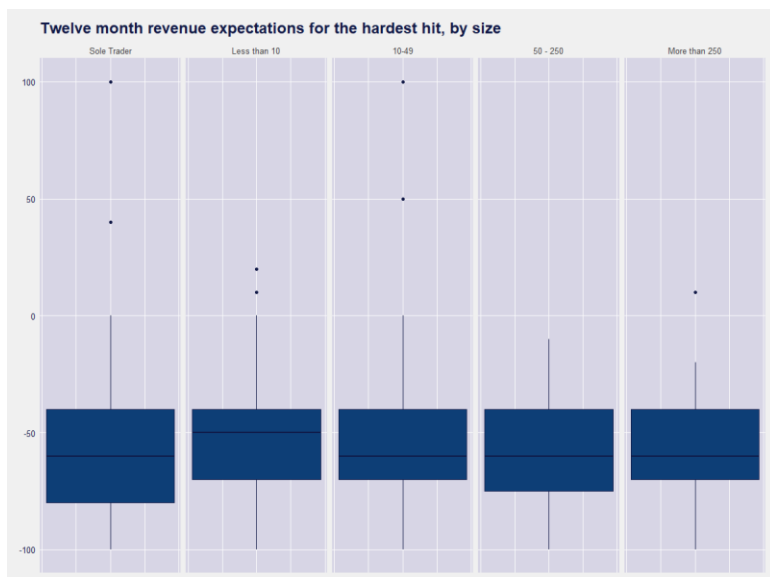
Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
-100.00	-60.00	-50.00	-42.15	-30.00	100.00

## National Level:

### Twelve-month revenue expectations, worst affected businesses:



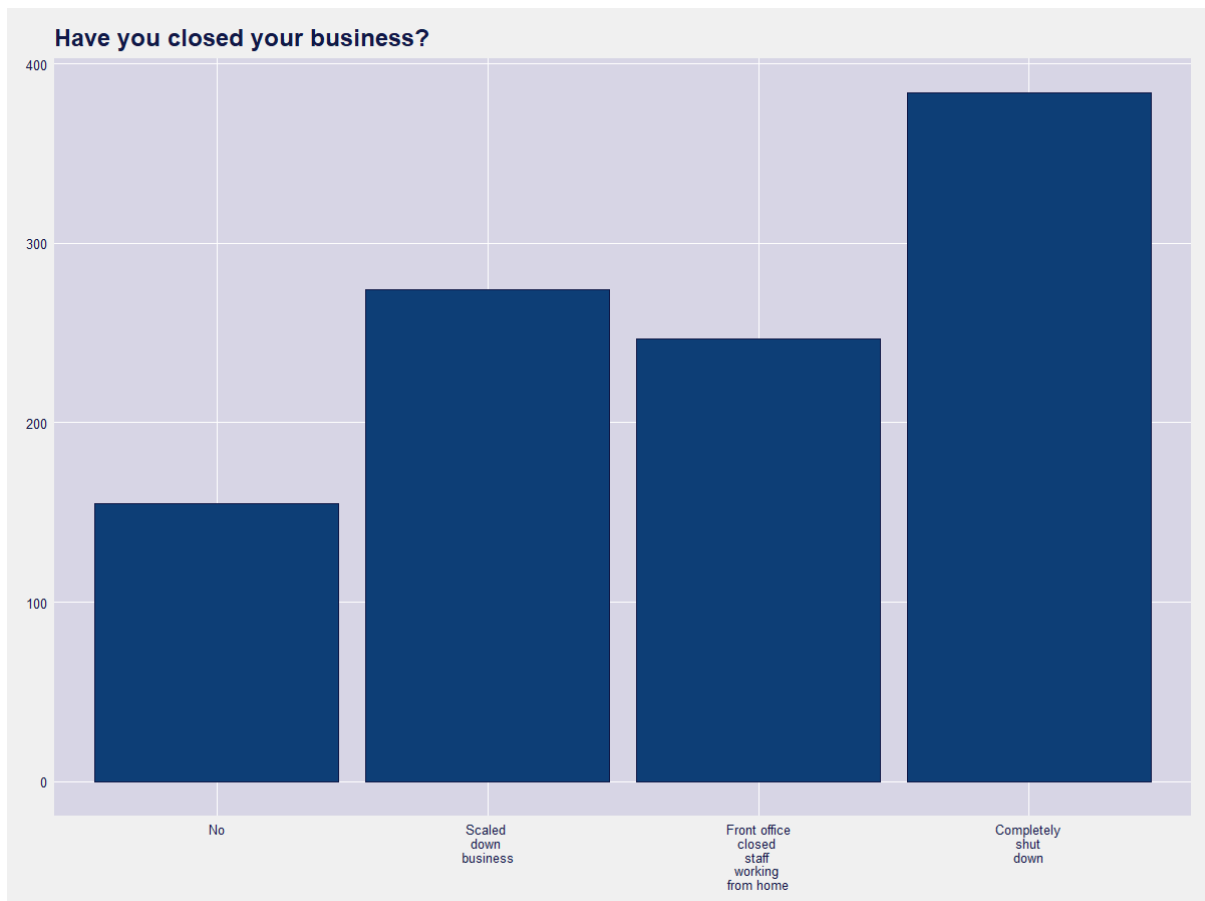
The 60% of businesses which are expecting to see their revenue halve in the short-run (next three months) do not expect to make good on their losses for Q2 2020, and are typically expecting that overall revenue for 2020 to be remain below half what they had expected to generate over the year.



This consideration of their short-run expectations also eliminates the effects that size of business has on expected earnings, suggesting that even within the Large business sector there are economic cleavages which may mean that specific measures may need to be tailored to address the challenges that individual Large businesses are coping with.

## National Level:

### Business Closures:



No	Scaled Down Business	Front Office Closed	Completely Shut Down
155	274	247	384
15%	26%	23%	36%

Only 15% of respondents have not have their business operations directly affected by the restrictions that the response to Covid-19 has required.

36% have closed entirely.



## National Level:

### Weeks needed to reopen business:



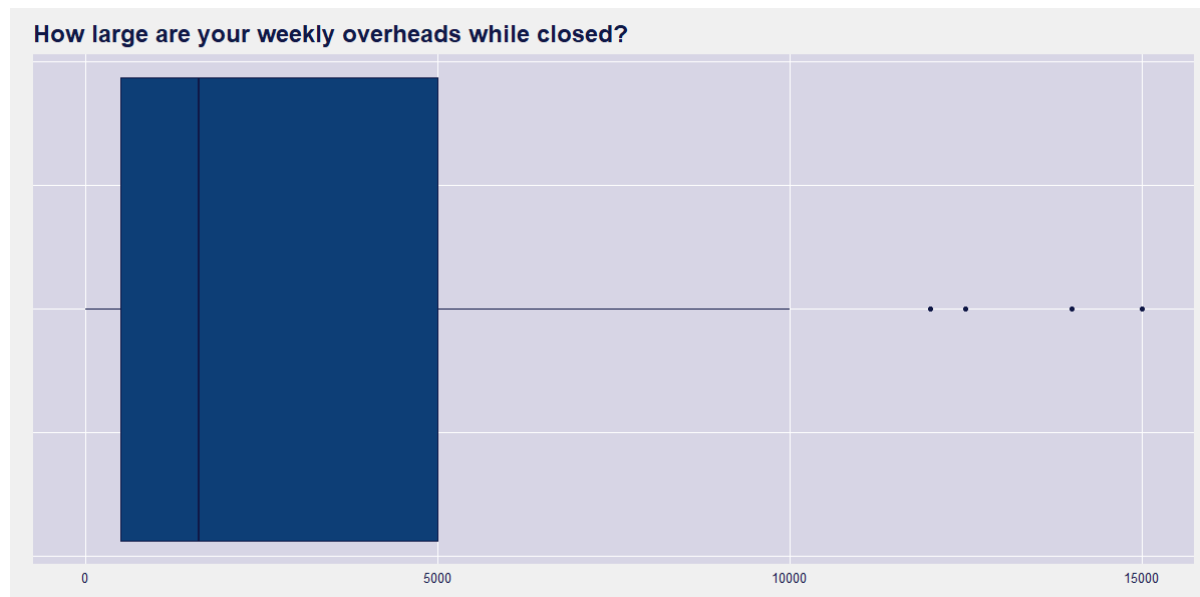
Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
0	1	2	5	4	52

Half of all businesses that have closed as a result of the Covid-19 response will take at least two weeks to return to activity after these measures have been relaxed.

Some seasonal sectors such as Tourism and certain areas of Agriculture/Agrifood are expecting to be closed for 12 months.

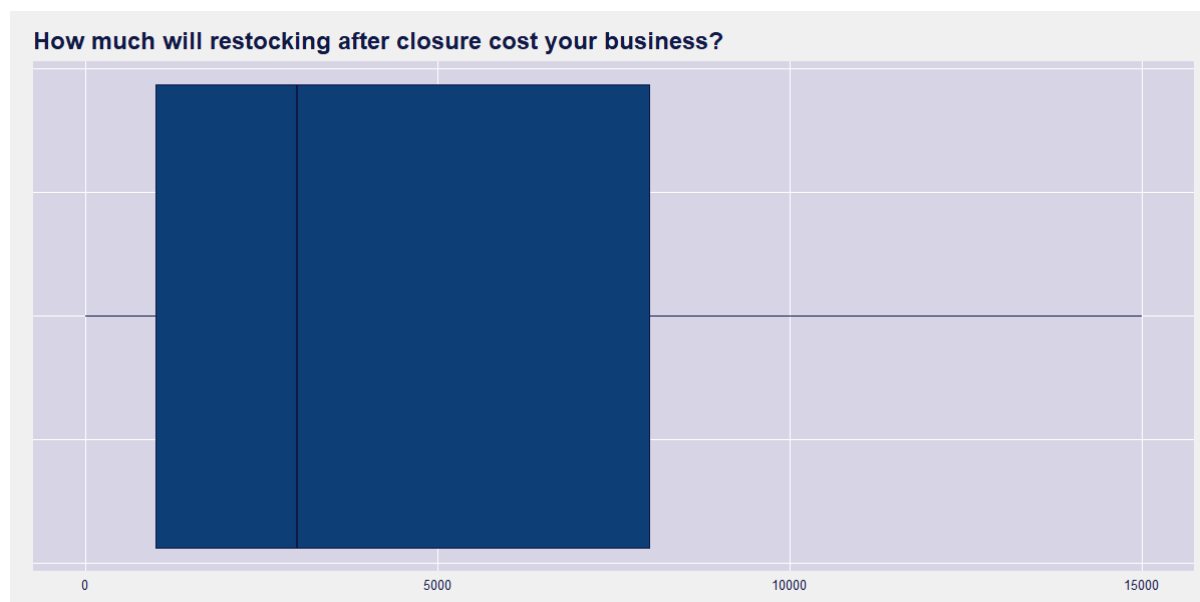
## National Level:

### Costs of Closures – Weekly overheads<sup>2</sup> (€ value)



Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
0	800	2000	3725	5000	15000

### Costs of Closures – Restocking costs<sup>3</sup> (€ value)



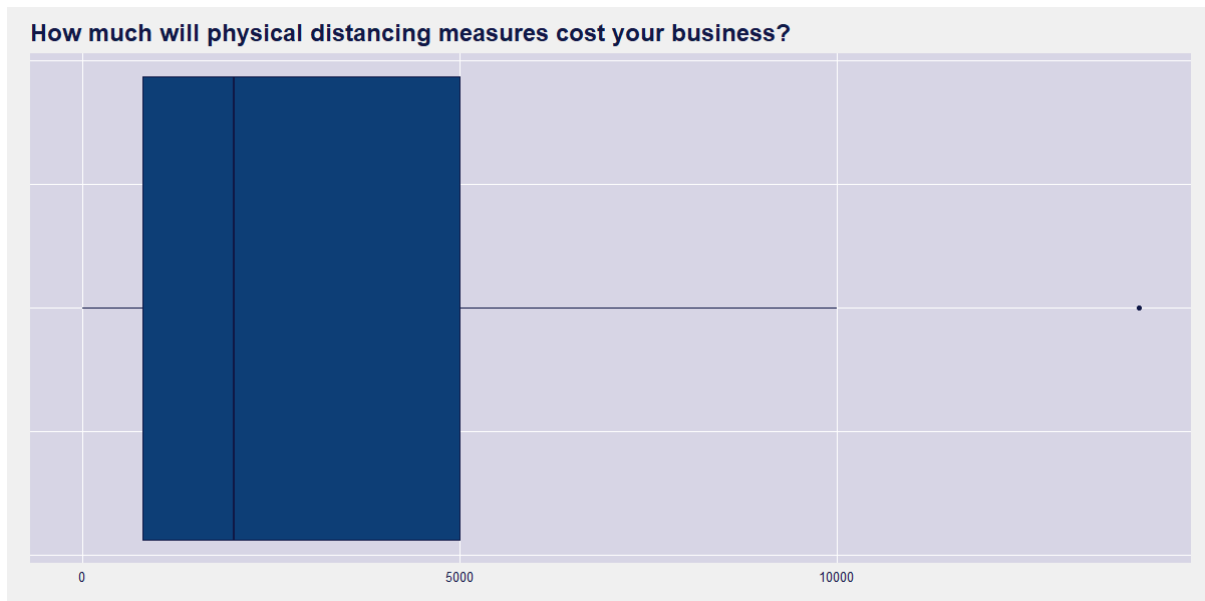
Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
0	1000	3000	4863	8000	15000

<sup>2</sup> All businesses which have suffered a degree of closure

<sup>3</sup> All businesses which have restocking costs

## National Level:

### Costs of introducing physical distancing infrastructure<sup>4</sup> (€ value)

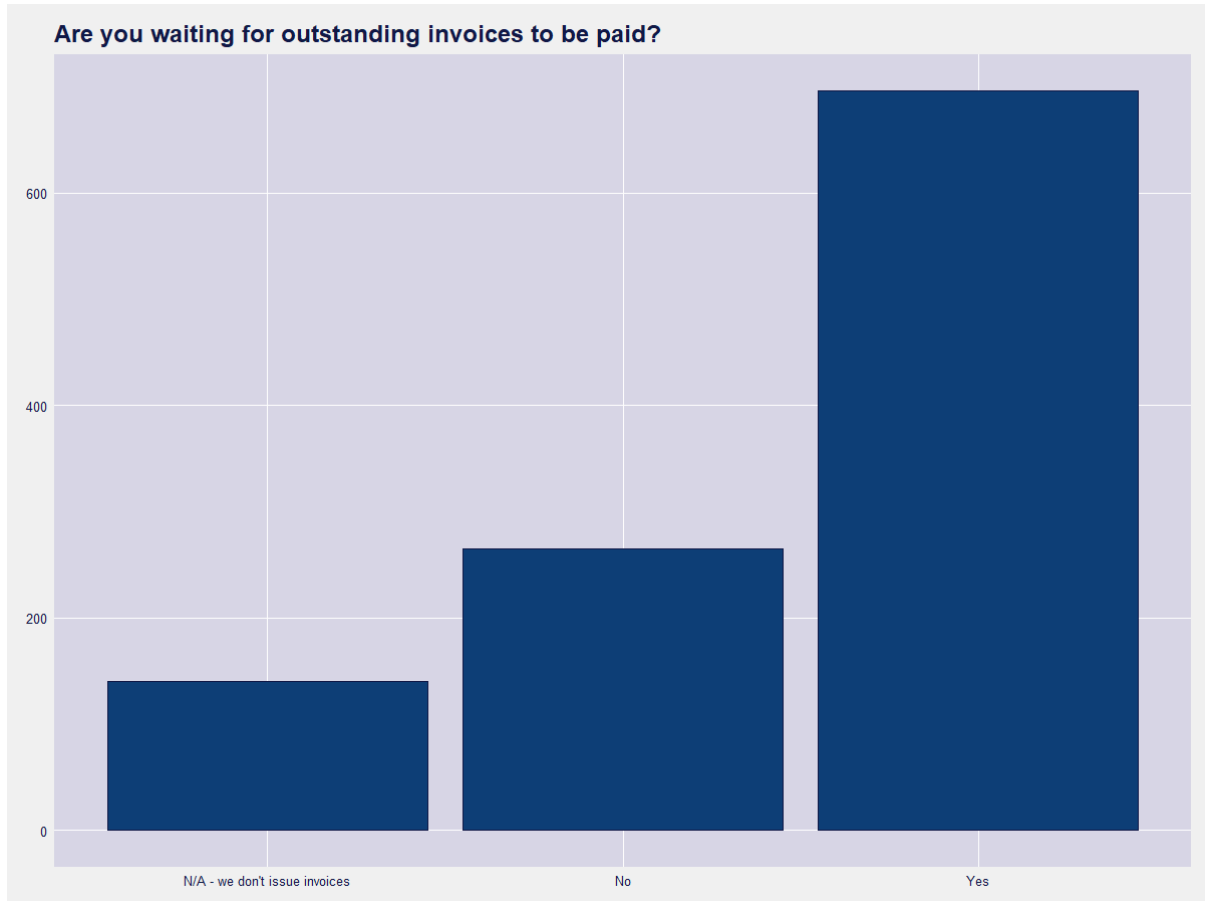


Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
0	1000	2000	3372	5000	15000

<sup>4</sup> All businesses which will need to introduce new measures to support physical distancing for staff and members of the public

## National Level:

### Invoices Outstanding

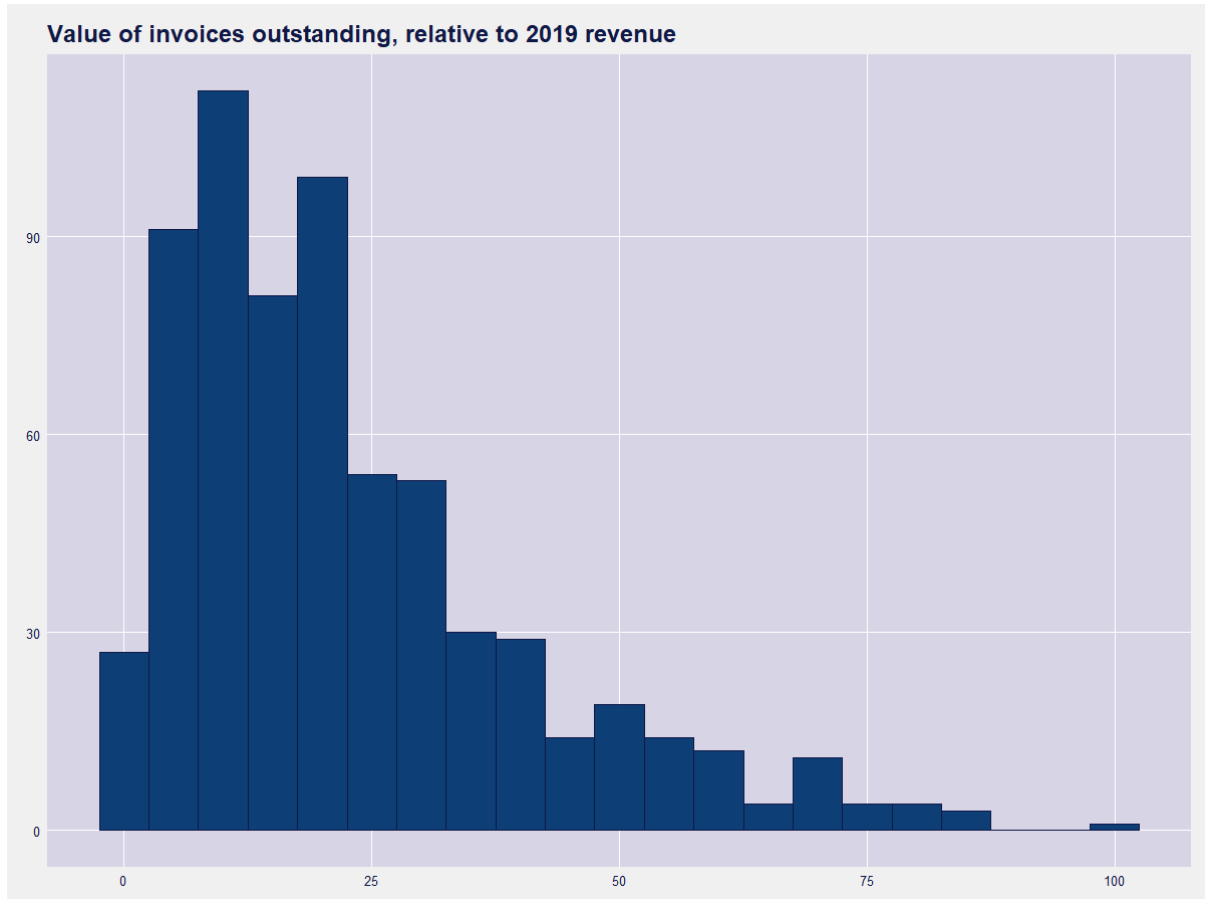


Don't issue invoices	No	Yes
140	265	696
14%	26%	68%

Liquidity is becoming a bigger issue, even for businesses which are still active. Currently, 68% of businesses have invoices which are outstanding.

## National Level:

### Invoices Outstanding, relative to 2019

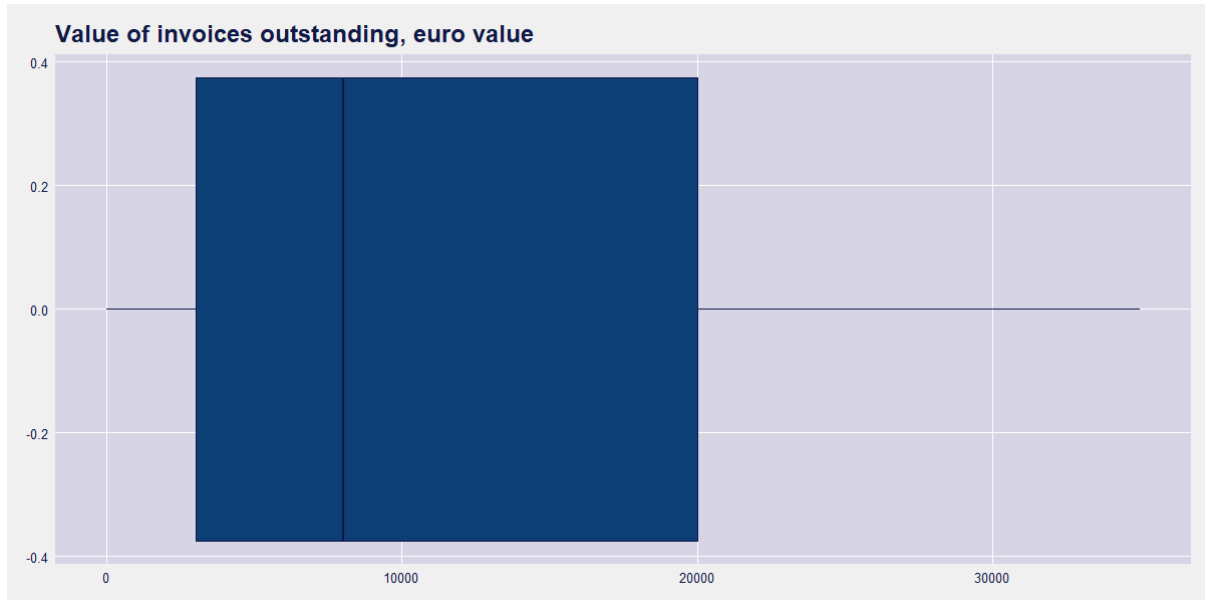


Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
0%	10%	19%	22.66%	30%	99%

For many businesses and their clients, considerable arrears are developing which will create a liquidity overhang as businesses restart, creating concerns about their capacity to extend terms of credit to their clients once they are back in business.

## National Level:

### Invoices Outstanding<sup>5</sup> (€ value)



Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
0	10000	40000	1693085	200000	31248000

Over half of the respondents had sums owed to them which were in excess of €40000  
 Even among those owed less than €40000, 25% of respondents are owed in excess of €20000.

<sup>5</sup> Of the 769 respondents that said they had invoices outstanding, 242 offered a cash value of these so there may be selection biases present.

## Sectoral Level:

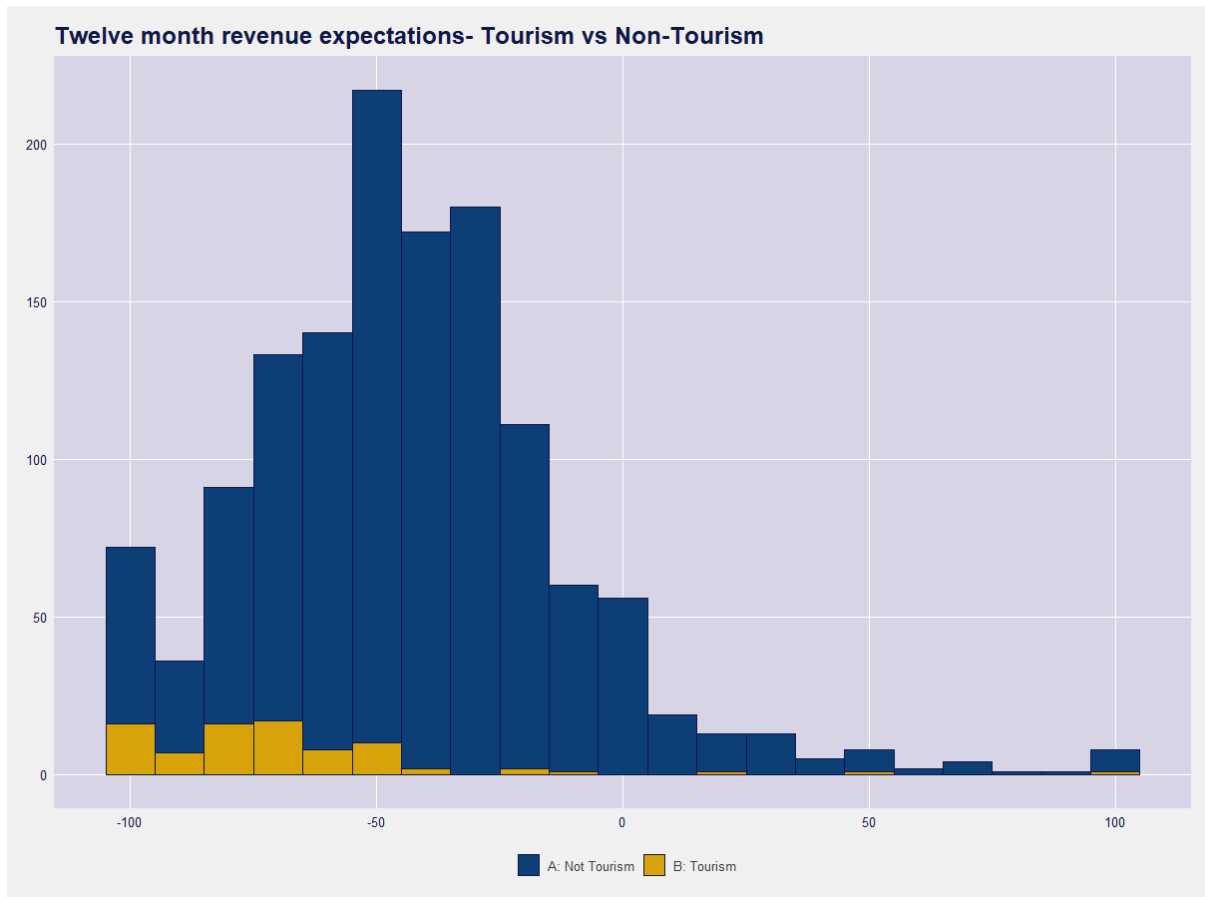
### Overview:

The sectoral level responses highlight distinct problems in different parts of the economy. Tourism has been hit the hardest both in terms of likelihood of closing and in terms of expected reduction in revenue. As it is the sector most directly affected by the travel restrictions that are made necessary by Covid-19, and that they are likely to be in place for an extended duration, and that it is a sector which is disproportionately important to regional areas, serious consideration is needed to creating a pathway towards economic diversification for those areas which are highly dependent on the Tourism sector.

Separately both Hospitality, and the Entertainment/Culture/Arts sector have been seriously damaged by the Covid-19 restrictions, they are also areas which are also very likely to have business model problems for an extended duration as both sectors are dependent upon have a high density of individuals on site if they are to be profitable, though the Entertainment/Culture/Arts sector has been able to make more use of Remote Working than Hospitality.

The Local Services sector is made up of the public facing businesses which are non-trading and tied to their specific area, they have been able to avail of scaling back their activities, while still managing to stay open to a degree, than other areas, but they are typically unable to engage with remote working practices.

### Tourism twelve-month revenue vs other sectors

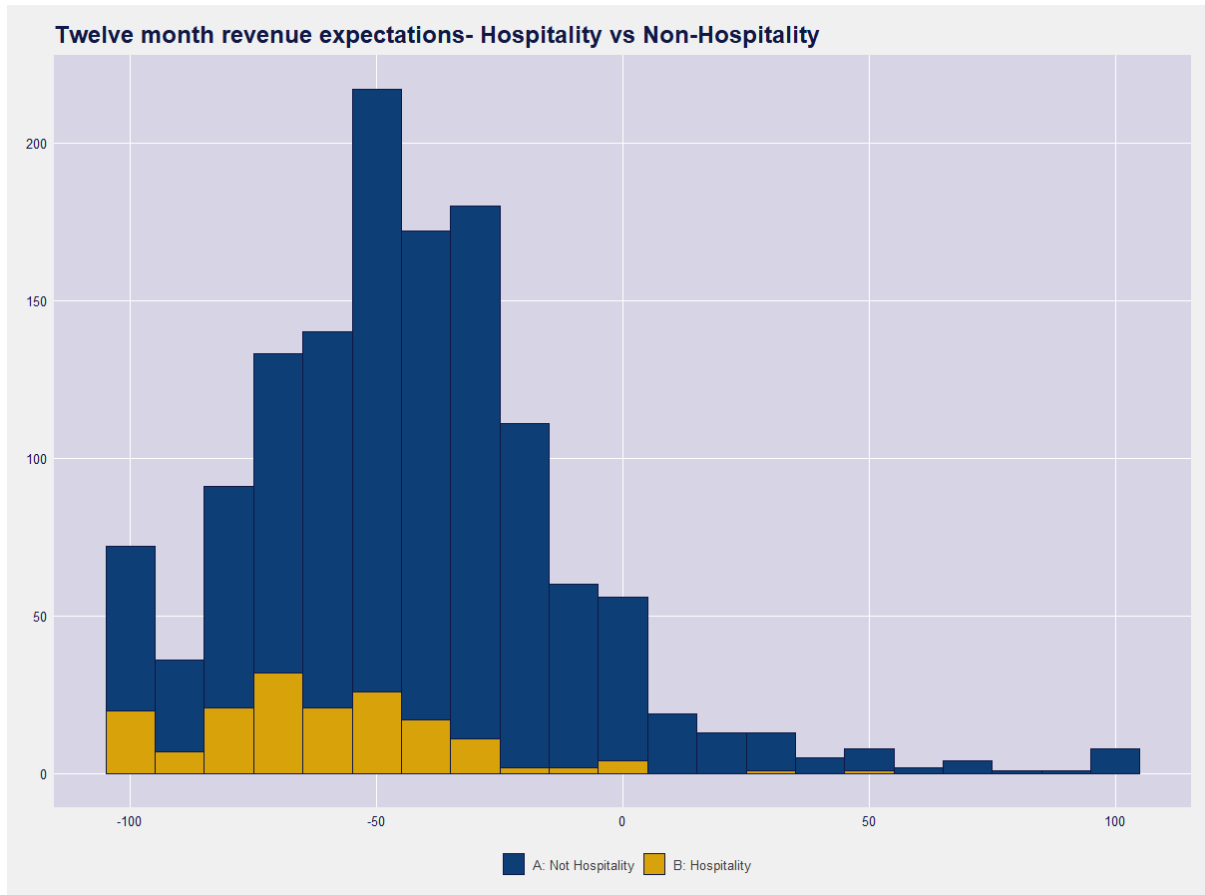


Twelve-month revenue expectations	Mean	Median
Tourism:	-65	-70
Non-Tourism:	-43	-40



## Sectoral Level:

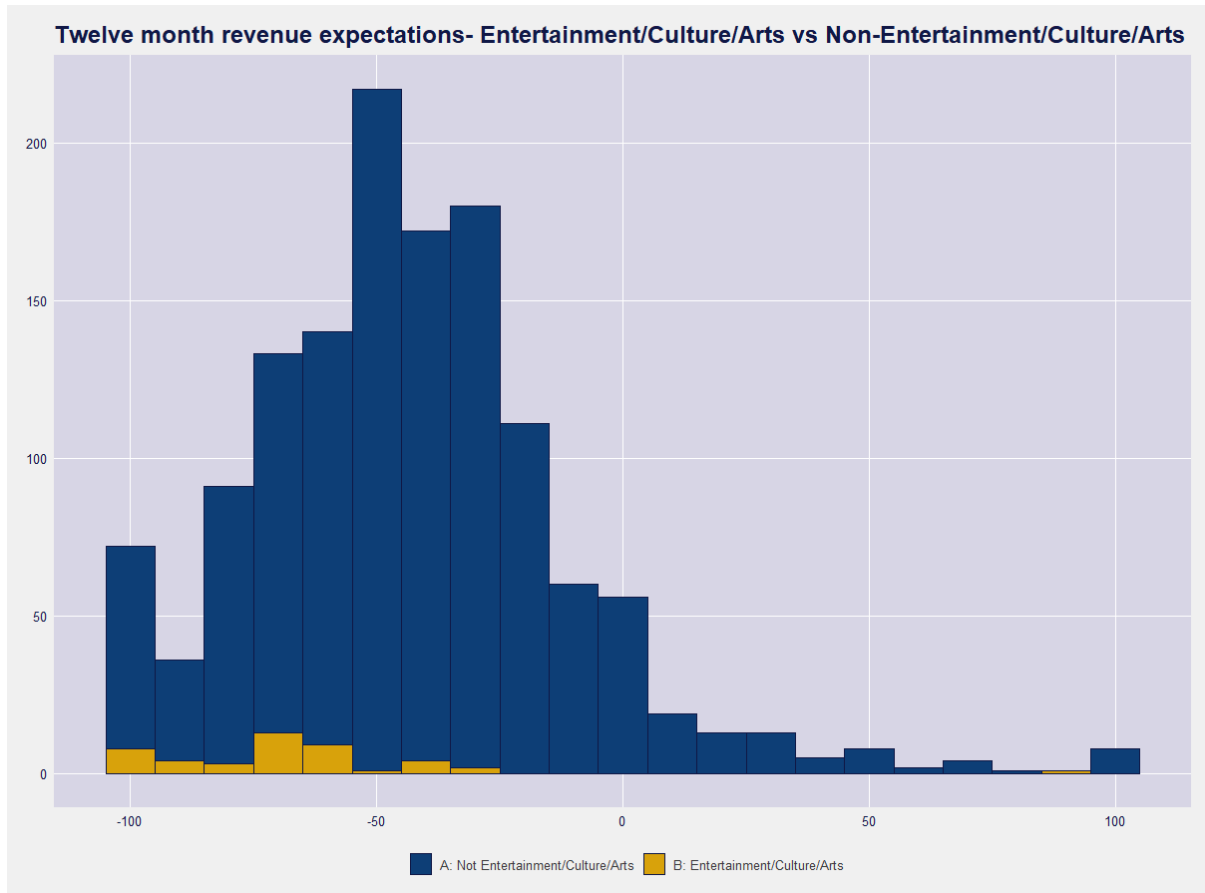
### Hospitality twelve-month revenue vs other sectors



Twelve-month revenue expectations	Mean	Median
Hospitality:	-58	-60
Non-Hospitality:	-42	-40

## Sectoral Level:

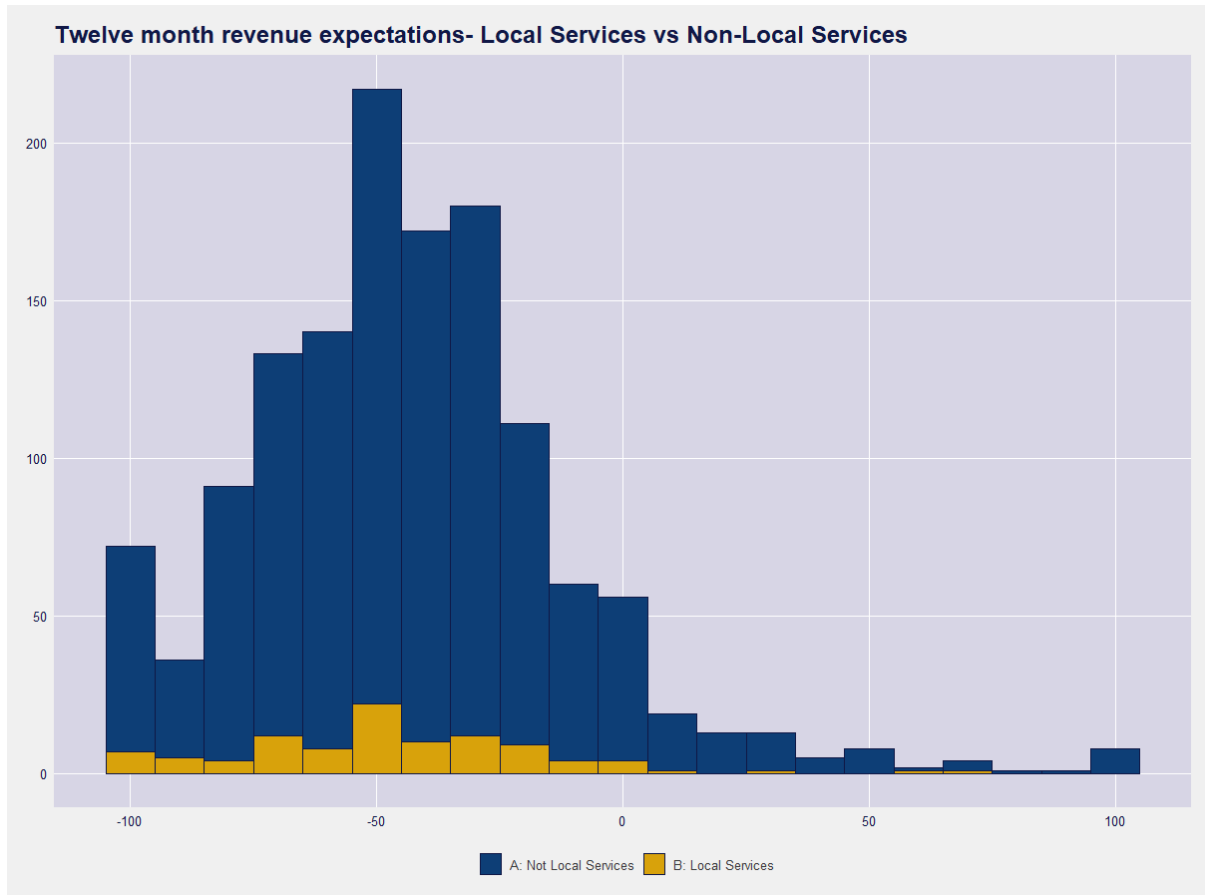
### Entertainment/Culture/Arts twelve-month revenue vs other sectors



Twelve-month revenue expectations	Mean	Median
Entertainment/Culture/Arts:	-58	-65
Not Entertainment/Culture/Arts:	-43	-50

## Sectoral Level:

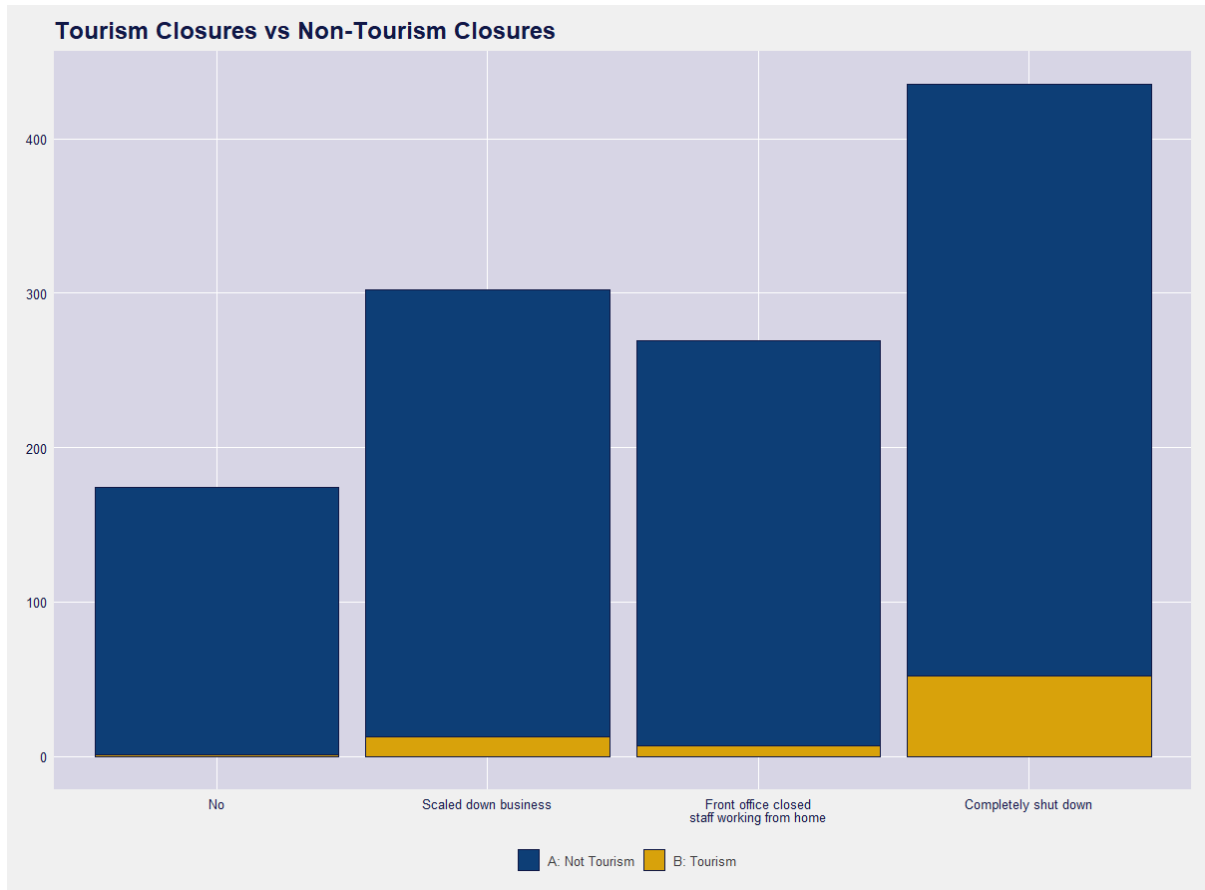
### Local Services twelve-month revenue vs other sectors



Twelve-month revenue expectations	Mean	Median
Local Services:	-47	-50
Non-Local Service:	-43	-50

## Sectoral Level:

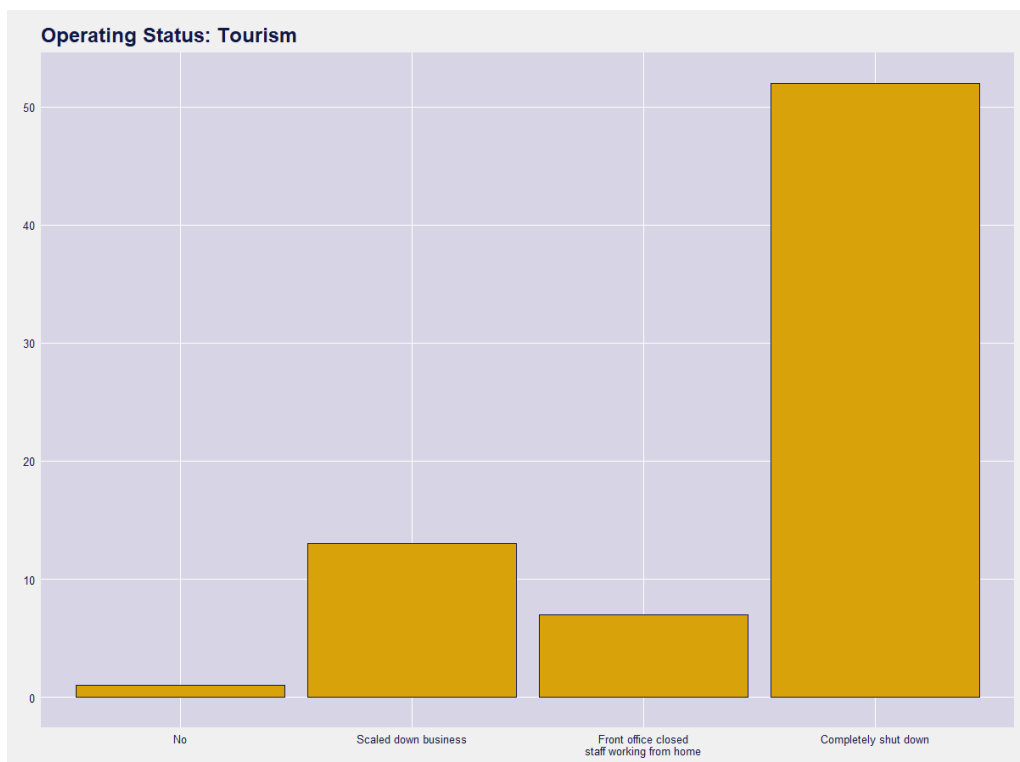
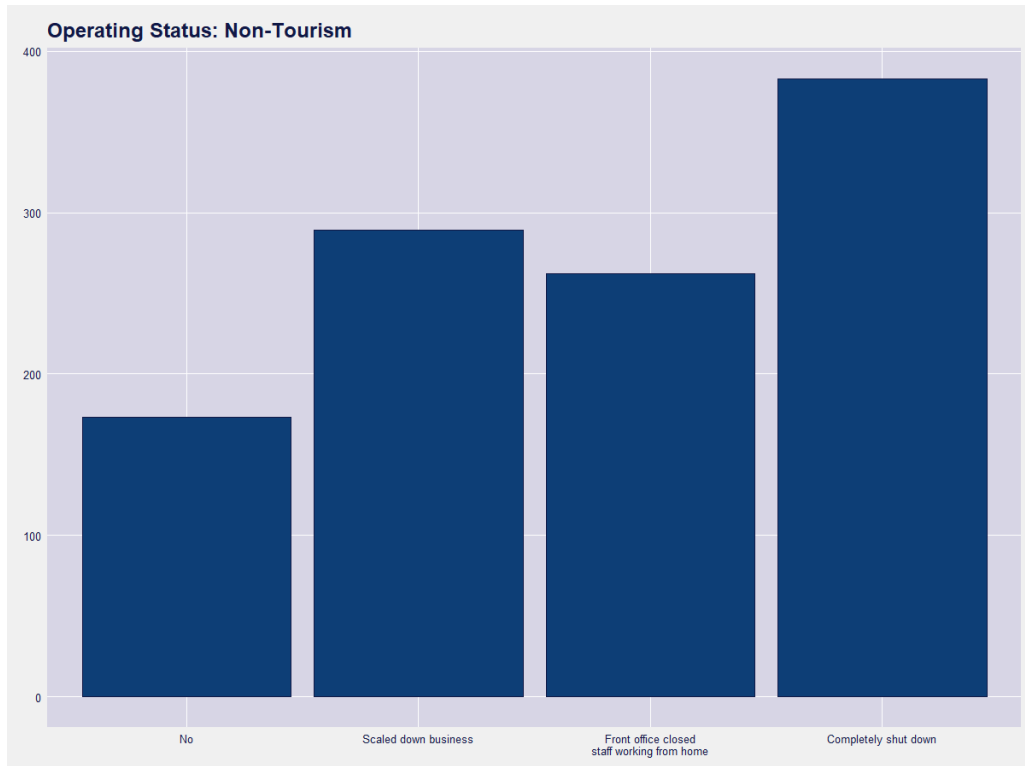
### Tourism – Risk of Closure



Business owners and operators in the Tourism report higher levels of closure, in particular being completely shut down than those businesses which are in other sectors of the economy.

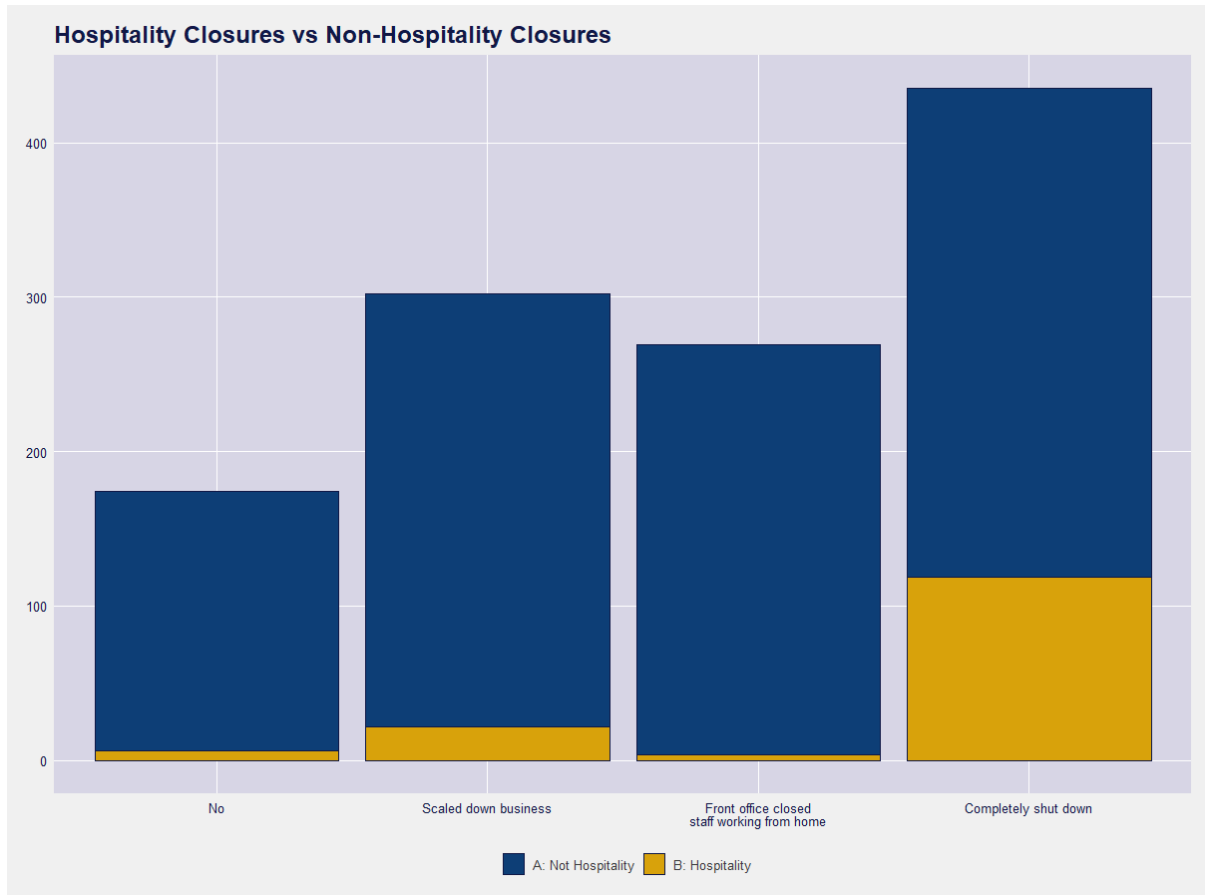
## Sectoral Level:

### Tourism – Risk of Closure



## Sectoral Level:

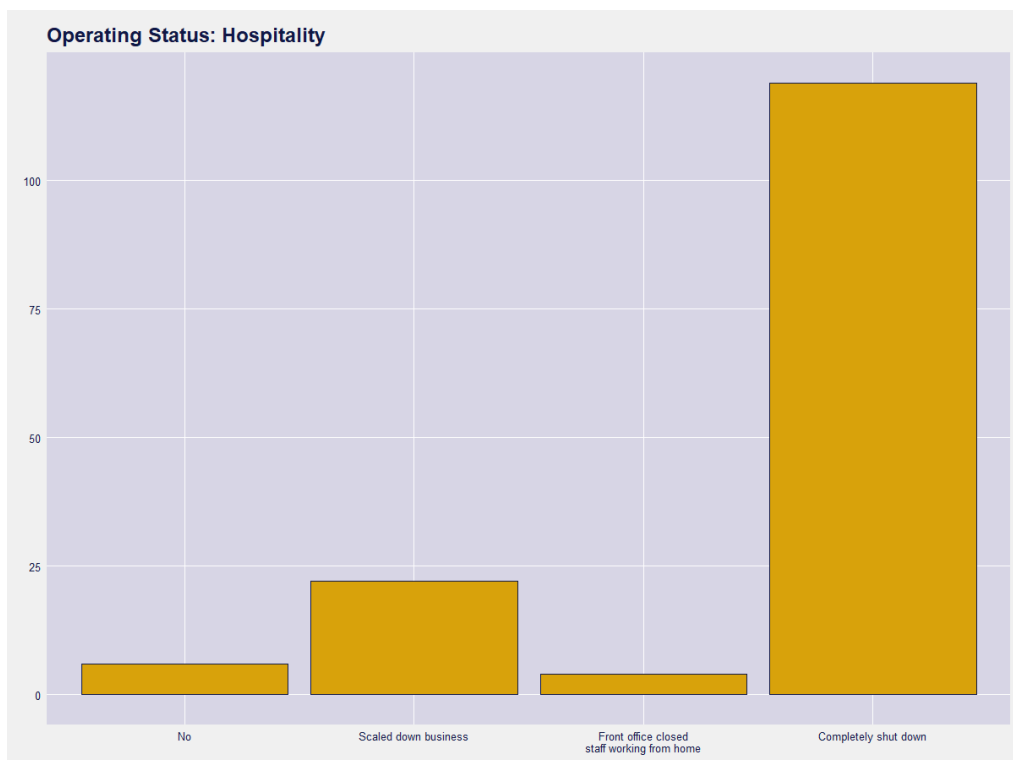
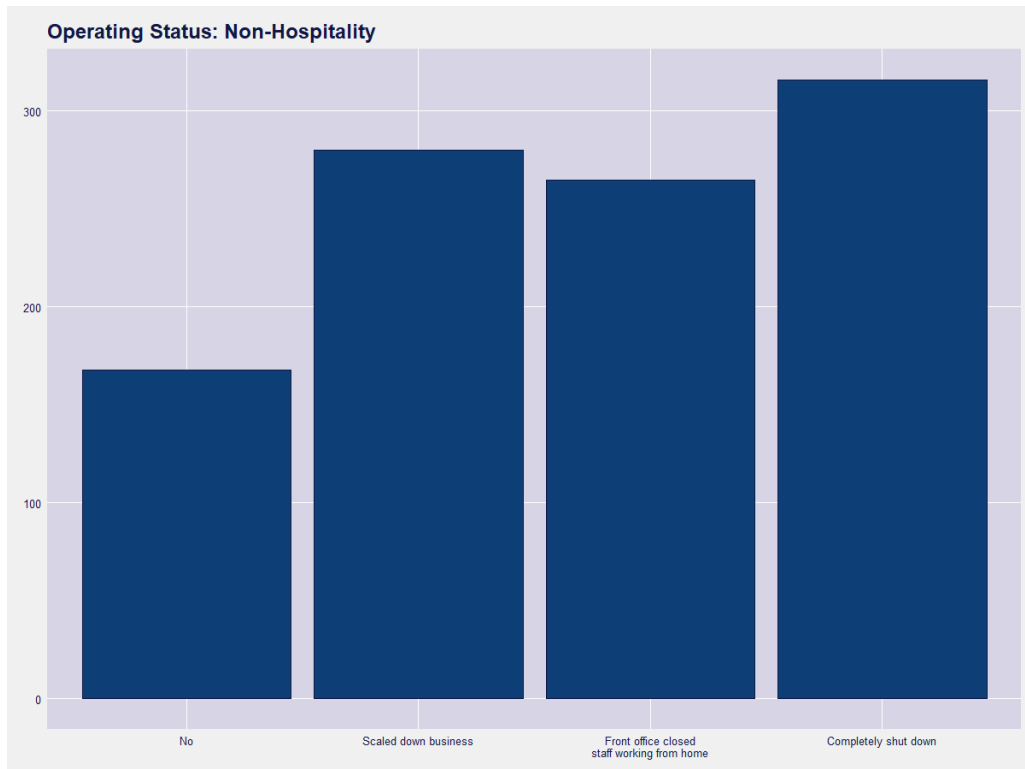
### Hospitality – Risk of Closure



Business owners and operators in Hospitality similarly report higher levels of closure, and again, being completely shut down in particular than those businesses which are in other sectors of the economy.

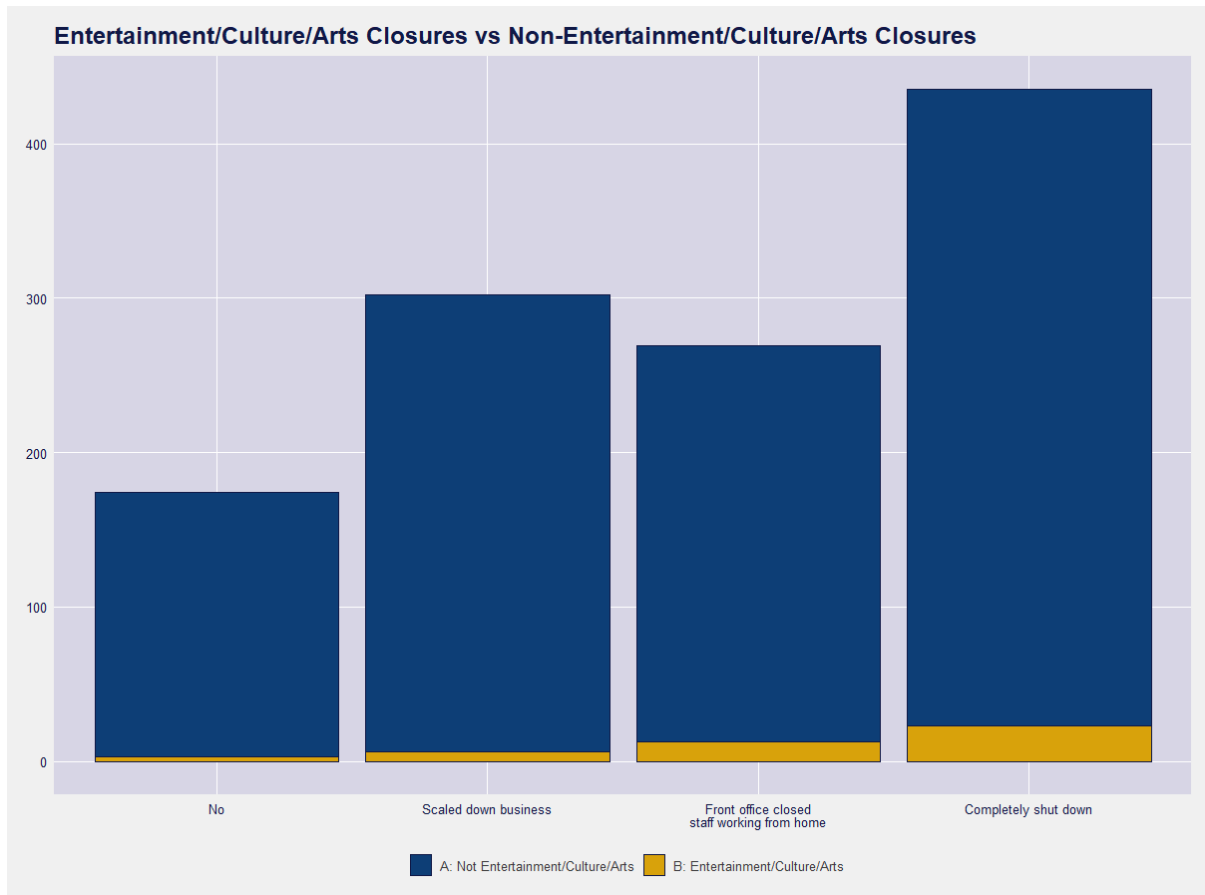
## Sectoral Level:

### Hospitality – Risk of Closure



## Sectoral Level:

### Entertainment/Culture/Arts – Risk of Closure

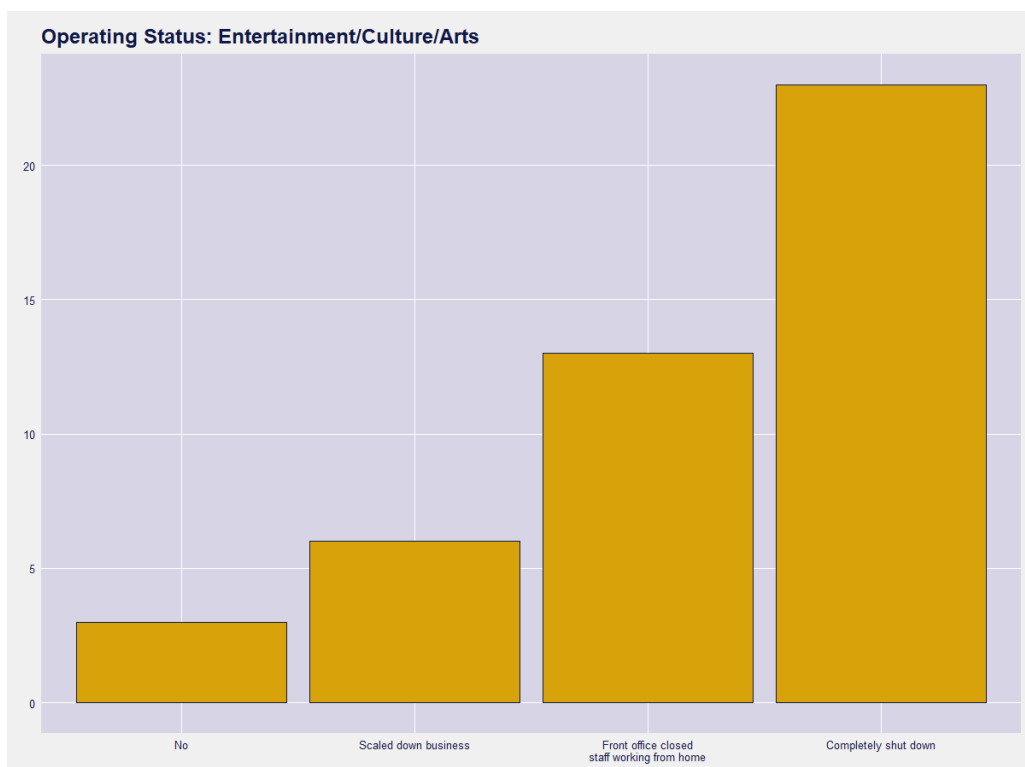
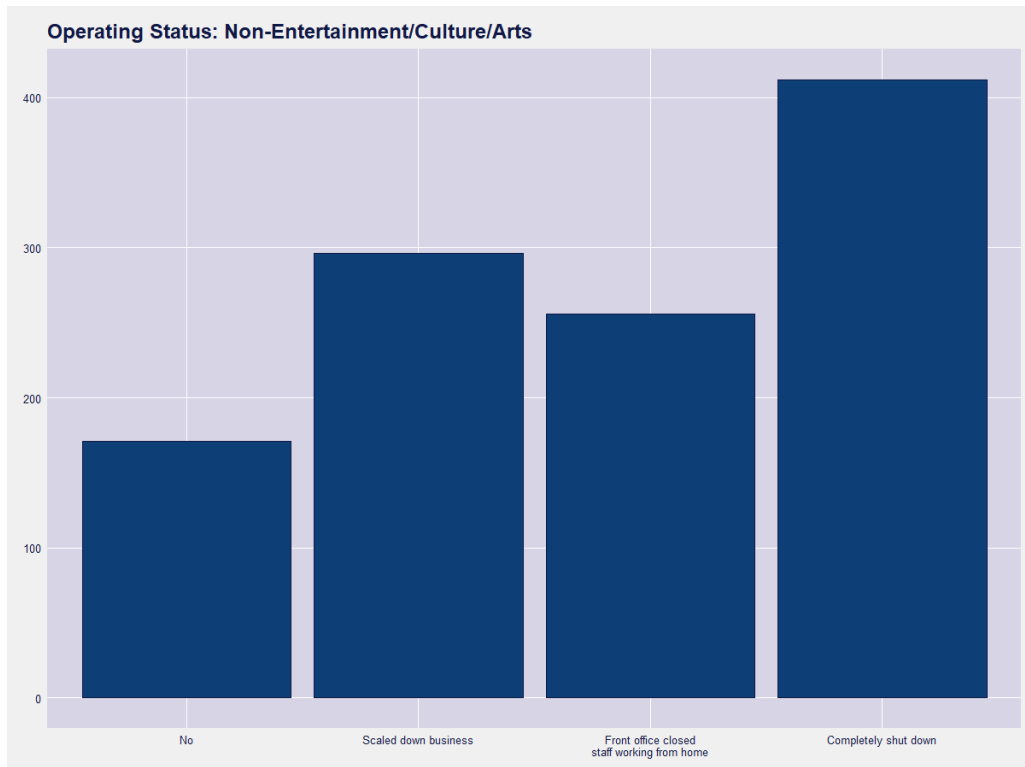


Business owners and operators in the Entertainment, Culture, & Arts also report higher levels of closure. They seem to be able to avail of remote working opportunities than in other troubled sectors but have been less likely to merely scale down business.



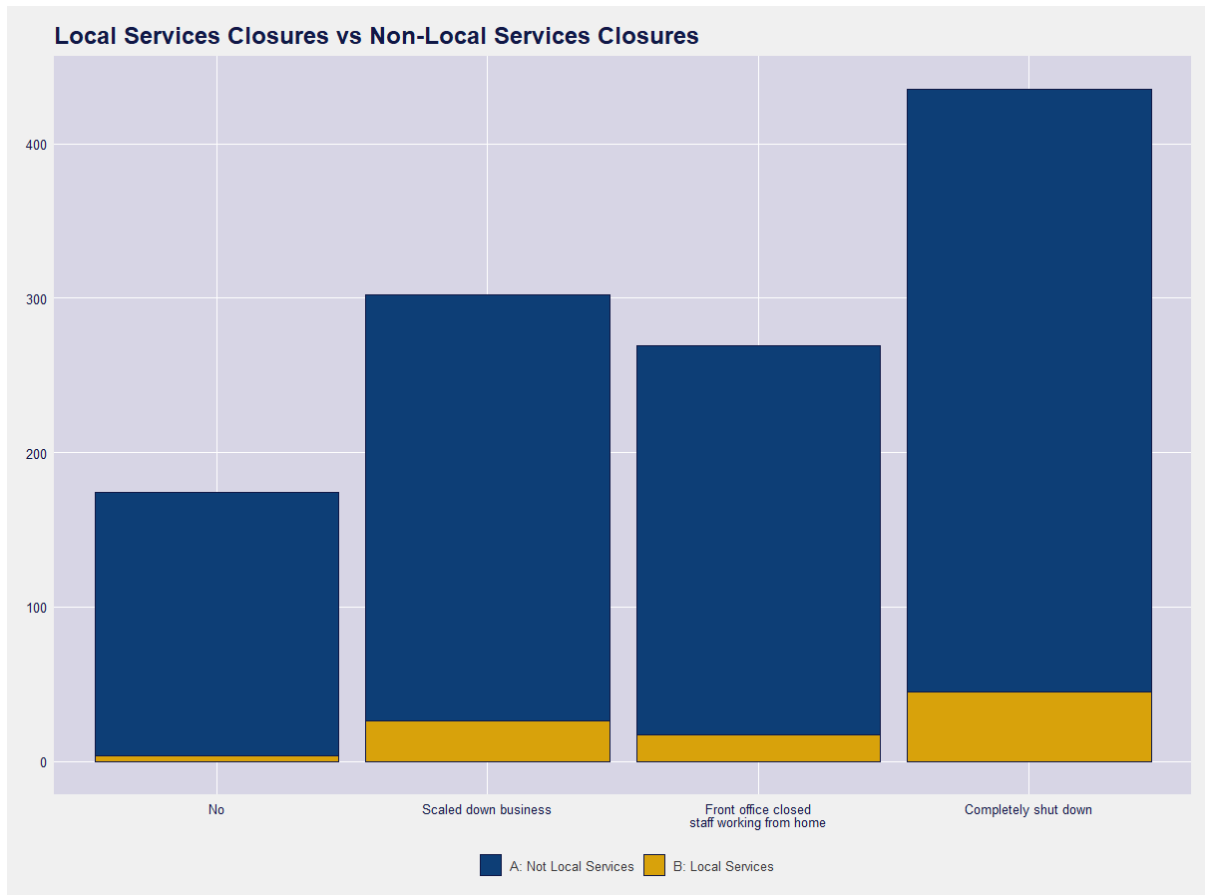
## Sectoral Level:

### Entertainment/Culture/Arts – Risk of Closure



## Sectoral Level:

### Local Services– Risk of Closure

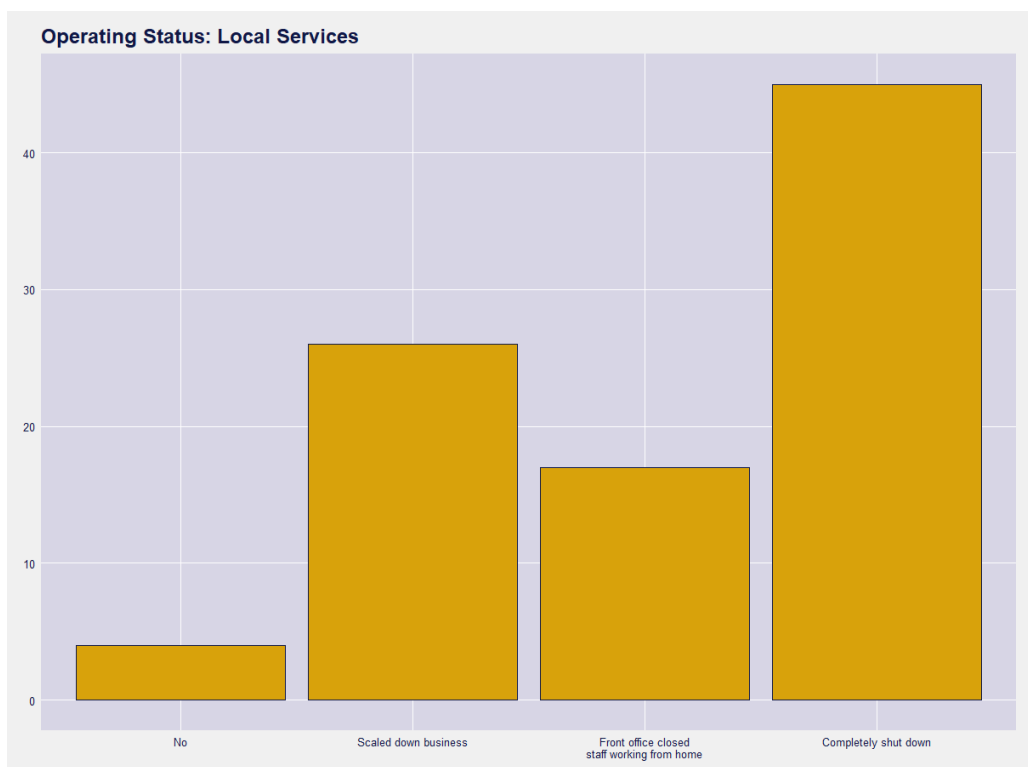
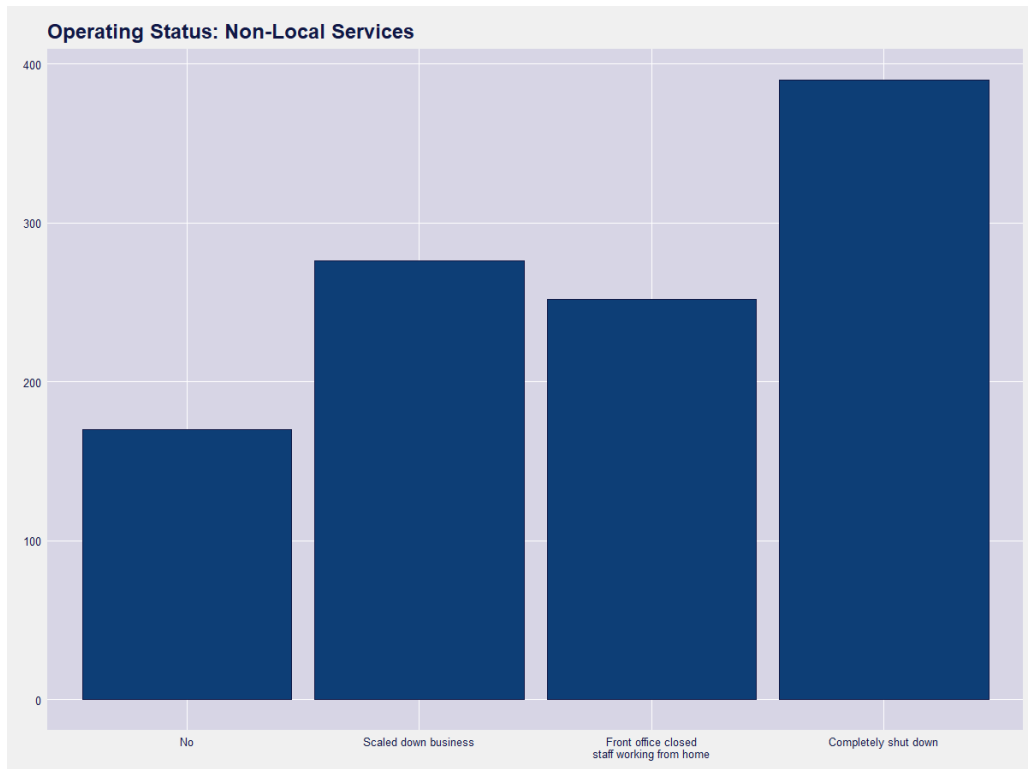


Business owners and operators in Local Services (which involves a large number of distinct but public facing businesses from estate agents to hairdressers) are those which are tied to a locale as result of their business activity.

While they have been able to avail of opportunities to scale back more than other troubles areas, remote working for these businesses is a challenge

## Sectoral Level:

### Local Services– Risk of Closure



## Sectoral Level:

### Expected Earnings Responses<sup>6</sup>

Category	n	Mean 3-Month Earnings	Median 3-Month Earnings	Mean 12-Month earnings	Median 12-month earnings
Agriculture/Agrifood	29	-20%	-20%	-18%	-20%
Business Services	35	-57%	-60%	-37%	-40%
Construction and Engineering	83	-45%	-50%	-32%	-40%
Consulting/Professional services - including marketing & communications	227	-47%	-50%	-38%	-40%
Digital services	53	-32%	-40%	-33%	-40%
Education	27	-63%	-60%	-43%	-40%
Entertainment/Culture/Arts	48	-79%	-90%	-67%	-70%
Financial Services	106	-38%	-30%	-30%	-30%
Health/Healthcare	74	-54%	-50%	-40%	-40%
Hospitality - Food/Drink services	197	-77%	-80%	-61%	-60%
Industry and manufacturing	60	-47%	-50%	-37%	-40%
Local services	111	-55%	-60%	-47%	-50%
Logistics	10	-60%	-65%	-44%	-45%
Multisectoral	27	-60%	-65%	-45%	-50%
Not for Profit	14	-44%	-35%	-38%	-25%
Primary	8	-26%	-30%	-20%	-15%
Retail	210	-54%	-60%	-42%	-50%
Science & Technology	51	-32%	-25%	-25%	-30%
Tourism	93	-83%	-90%	-69%	-70%
Transport	48	48	-61%	-60%	-49%

<sup>6</sup> The first column in this table contains the total number of responses from businesses in that business category which is then used to calculate the resultant percentage responses. Due consideration should be taken with regard to samples that are small.

## Sectoral Level:

### Temporary Wage Subsidy Scheme/Closure Rates<sup>78</sup>

Category	n	TWSS uptake	Completely Closed	Front Office Closed	Scaled Back
Agriculture/Agrifood	29	28%	7%	17%	14%
Business Services	35	63%	11%	26%	37%
Construction and Engineering	83	60%	30%	22%	18%
Consulting/Professional services - including marketing & communications	227	43%	6%	29%	26%
Digital services	53	43%	NA	26%	25%
Education	27	37%	30%	22%	4%
Entertainment/Culture/Arts	48	40%	48%	27%	13%
Financial Services	106	34%	NA	39%	8%
Health/Healthcare	74	22%	19%	11%	15%
Hospitality - Food/Drink services	197	40%	60%	2%	11%
Industry and manufacturing	60	58%	17%	13%	37%
Local services	111	28%	41%	15%	23%
Logistics	10	70%	NA	40%	30%
Multisectoral	27	33%	19%	30%	30%
Not for Profit	14	21%	14%	57%	14%
Primary	8	13%	13%	25%	NA
Retail	210	39%	48%	4%	25%
Science & Technology	51	25%	6%	33%	16%
Tourism	93	40%	56%	8%	14%
Transport	48	0.625	19%	13%	31%

<sup>7</sup> The first column in this table contains the total number of responses from businesses in that business category which is then used to calculate the resultant percentage responses. Due consideration should be taken with regard to samples that are small.

<sup>8</sup> NA's correspond with no business in that Category taking that action.

## Sectoral Level:

### Invoices Outstanding, Weeks needed to reopen<sup>910</sup>

Category	n	Median Invoices Outstanding	Mean Weeks to Reopen	Median Weeks to Reopen
Agriculture/Agrifood	29	€22,500	22	9
Business Services	35	€7,000	9	2
Construction and Engineering	83	€450,000	3	2
Consulting/Professional services - including marketing & communications	227	€40,000	9	3
Digital services	53	€22,500	6	2
Education	27	€8,000	17	7
Entertainment/Culture/Arts	48	€20,000	22	6
Financial Services	106	€120,000	8	2
Health/Healthcare	74	€4,000	10	4
Hospitality - Food/Drink services	197	€41,000	9	2
Industry and manufacturing	60	€370,000	8	2
Local services	111	€10,000	8	2
Logistics	10	€250,000	2	1
Multisectoral	27	€285,000	7	2
Not for Profit	14	NA	15	2
Primary	8	€365,000	1	1
Retail	210	€30,000	7	2
Science & Technology	51	€75,000	9	3
Tourism	93	€34,000	15	4
Transport	48	€25,000	5	3

<sup>9</sup> The first column in this table contains the total number of responses from businesses in that business category which is then used to calculate the resultant percentage responses. Due consideration should be taken with regard to samples that are small.

<sup>10</sup> NA's correspond with no business in that Category taking that action.

## Sectoral Level:

### Closure Costs<sup>1112</sup>

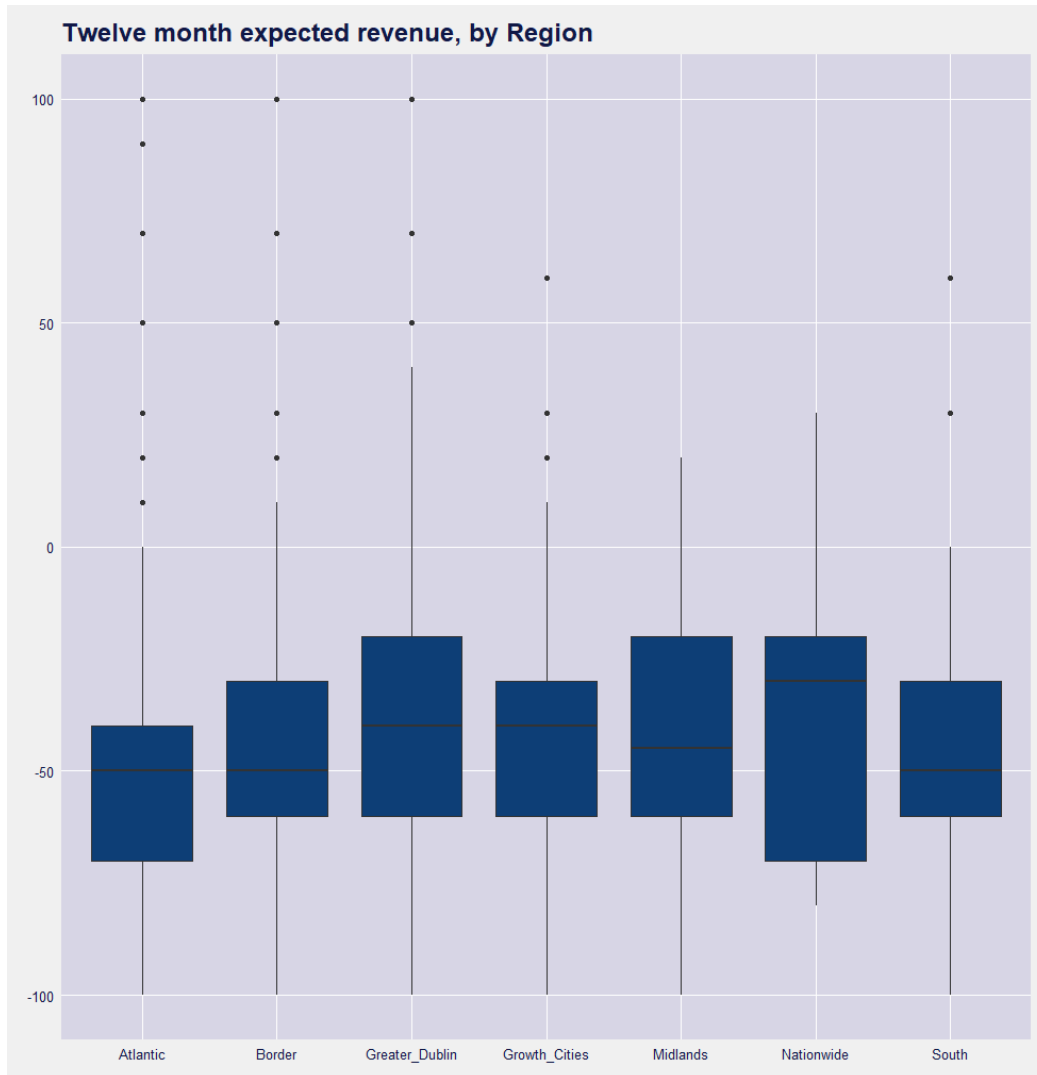
Category	n	Mean Weekly Closure Costs	Median Weekly Closure Costs	Mean Restocking Costs	Median Restocking Costs
Agriculture/Agrifood	29	€763	€750	€9,480	€10,000
Business Services	35	€6,418	€5,000	€11,750	€7,500
Construction and Engineering	83	€26,239	€5,000	€38,571	€20,000
Consulting/Professional services - including marketing & communications	227	€6,681	€2,000	€12,360	€2,000
Digital services	53	€4,009	€1,200	€14,875	€3,750
Education	27	€1,700	€2,000	€10,125	€10,125
Entertainment/Culture/Arts	48	€3,541	€2,500	€5,825	€1,400
Financial Services	106	€8,621	€4,500	€25,013	€15,000
Health/Healthcare	74	€52,317	€1,900	€12,615	€6,000
Hospitality - Food/Drink services	197	€9,976	€5,000	€19,321	€10,000
Industry and manufacturing	60	€19,942	€11,250	€27,376	€8,000
Local services	111	€2,501	€1,200	€299,162	€3,000
Logistics	10	€11,669	€10,000	€60,025	€30,000
Multisectoral	27	€12,433	€7,500	€26,000	€10,000
Not for Profit	14	€1,100	€1,100	NA	NA
Primary	8	€15,000	€15,000	NA	NA
Retail	210	€6,015	€2,000	€18,098	€7,000
Science & Technology	51	€15,039	€2,500	€2,000	€2,000
Tourism	93	€5,926	€3,000	€20,129	€3,000
Transport	48	€80,857	€8,000	€281	€58

<sup>11</sup> The first column in this table contains the total number of responses from businesses in that business category which is then used to calculate the resultant percentage responses. Due consideration should be taken with regard to samples that are small.

<sup>12</sup> NA's correspond with no business in that Category taking that action.

## Regional Level:

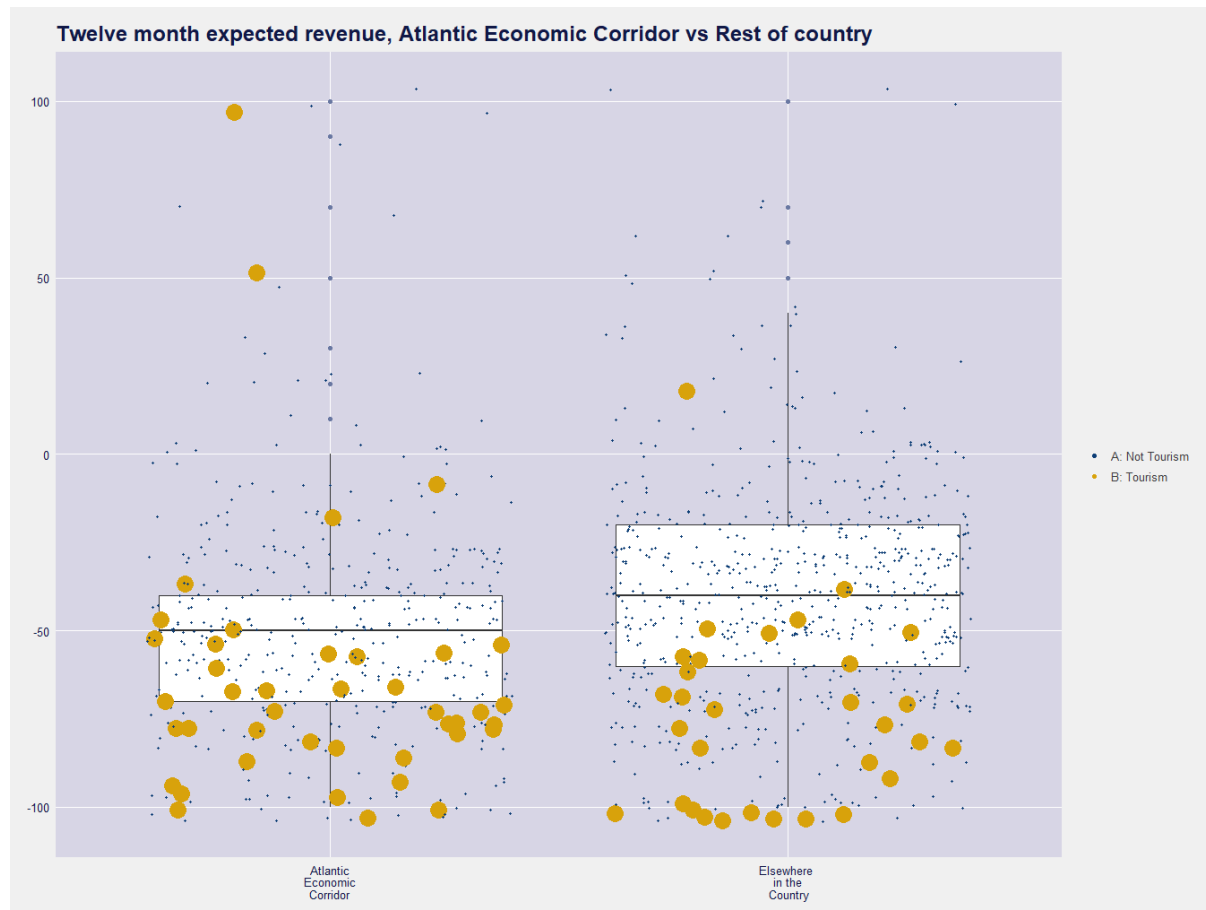
### Expected Earnings Responses by region





## Regional Level:

### Expected Earnings Responses AEC vs Rest of country, Tourism highlighted



In terms of regional effects, it is hard to tease out strong regional effects in terms of expected earning except in the disparity between respondents that are operating in the counties that are part of the Atlantic Economic Corridor, where there is a distinct deviation from the rest of the country, I expect that this is related to the economic dependence on tourism (firms which are part of the Tourism Category are highlighted in yellow above. As a body they look towards a worse forward 12-months than respondents in other business categories, and the proportion of these businesses is greater in the sample which has been drawn from those western counties.

<sup>i</sup> For any follow up enquiries please contact:

[Shane.Conneely@chambers.ie](mailto:Shane.Conneely@chambers.ie)