

COVID-19's Impact on Small Business in Kentucky

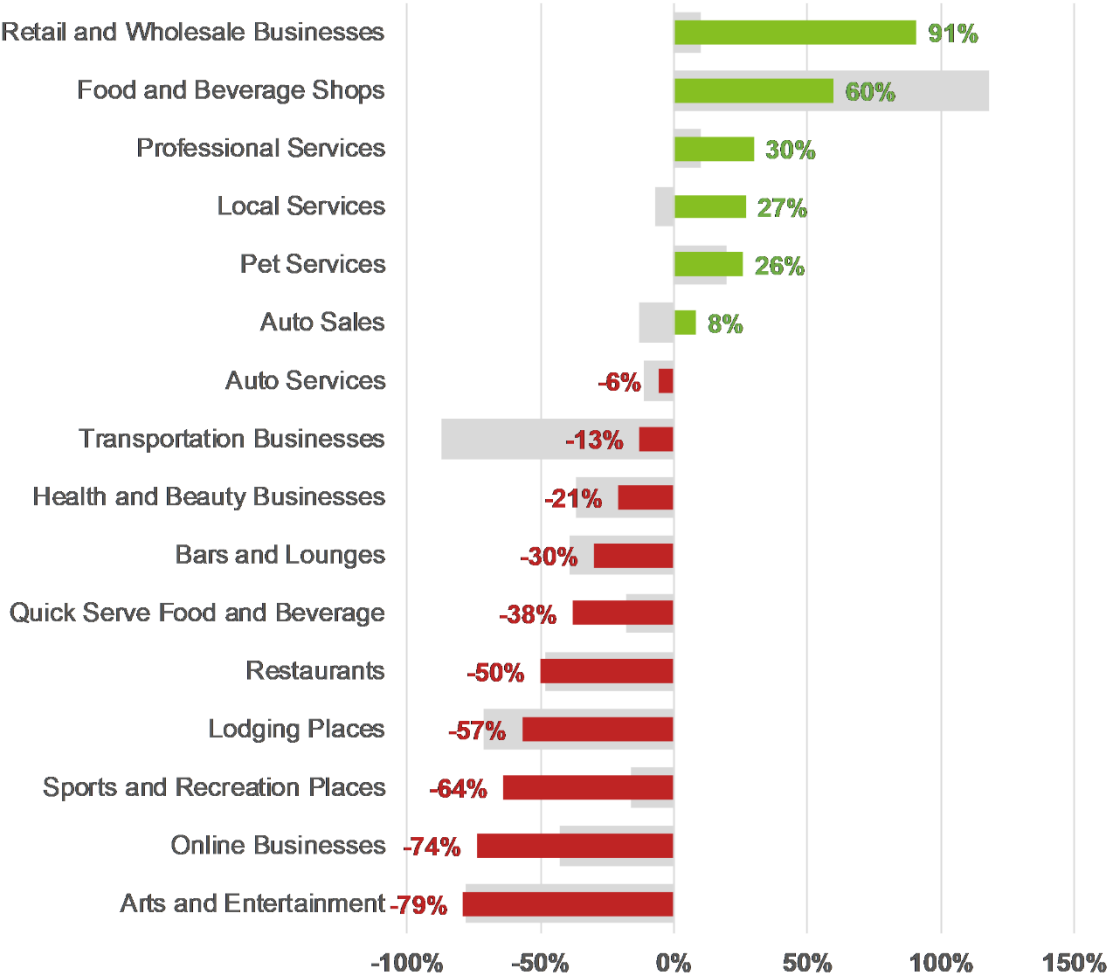
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COVID-19 has created both a health and economic crisis in the United States and around the world. Every news story has highlighted the hardships to small businesses as cities and states have moved to social distancing or full stay-at-home measures. In Kentucky, restaurants and retail have had to close their doors and can only provide curbside or delivery services. Governor Beshear has asked that as of 8pm March 26th, 2020, all non-essential businesses close. This closure will prevent many businesses from generating revenues. In contrast, essential businesses including grocers, big box, home repair, and gun stores have experienced heavy foot traffic.

What does this mean for our local businesses? The two figures below illustrate the change in credit card receipts, year over year, for the week of March 15th 2020. The colored bars represent Kentucky numbers and national numbers are provided in gray.

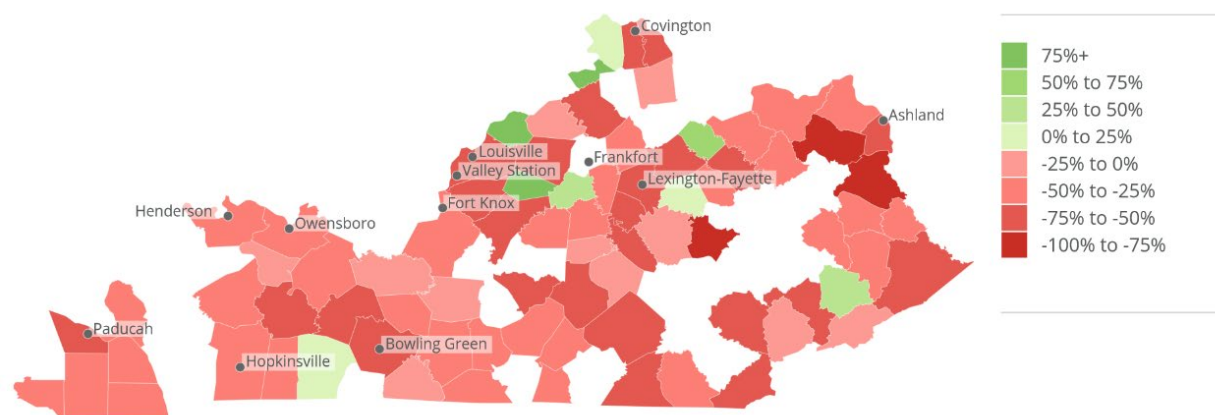
Year over Year Credit Card Sales, Week of March 15th, 2020
US percentages in gray, KY percentages in color



Data source: <https://www.womply.com/blog/data-dashboard-how-coronavirus-covid-19-is-impacting-local-business-revenue-across-the-u-s/>

County-level data are relatively sparse but the map below highlights the change in restaurant credit card sales, year over year, for the week of March 15th by county. In most counties there was a significant reduction (The Governor's order to close all restaurants and bars to in-person traffic started at 5pm, March 16th, 2020).

Average Restaurant Credit Card Receipts, Week of March 15th vs Same Week in 2019.



Map source: <https://www.womply.com/blog/data-dashboard-how-coronavirus-covid-19-is-impacting-local-business-revenue-across-the-u-s/>

What does this mean?

- Small businesses, particularly those that sell goods to consumers (except essential retail), are facing difficult financial times.
- Consumers, as an economic recession emerges, will be more income constrained, and their demand for non-essential retail goods will fall.

How are small businesses going to survive?

- The recent COVID-19 relief package has significant resources dedicated to small businesses (loans and grants through SBA, not all businesses will be eligible).
- Many businesses are laying off their employees in the short-run to allow them to immediately access unemployment benefits.
- Many banks and foundations are pulling together resources to offer a combination of zero interest and forgivable loans and grants.