Impact of the COVID-19 Pandemic on B2B Businesses
EXECUTIVE SUMMARY

While the COVID-19 crisis has been consistently in the news for months, its impact on businesses has been less consistent. Certain industries and sectors have faced far different circumstances than others. Even within industries there can be wide discrepancies in the pandemic’s influence. For example, within retail, grocers are finding it difficult to keep shelves stocked while clothing and other specialty retailers may not even be able to operate brick-and-mortar locations because of lockdown orders.

As a result, it can be hard for a business leader to gain perspective and guidance through all the uncertainty and lack of clarity. That’s why MultiView set out to analyze the pandemic business strategies of North American B2B businesses, hoping to gain and share insights into the market sentiment regarding activity during the crisis and into recovery.

None among us can anticipate with certainty how the pandemic will ultimately play out. Supply chains remain fragile, levels of infection are erratic and uneven, and paths to reopening the economy will vary by geography. Despite all the irregularity, it remains clear from the results of this research that most business are being impacted in one way or another. How are they being affected and how are they responding? And how do you, as a decision-maker, fit into these trends? Dig into the results to find out.
KEY FINDINGS

Impact is widespread
It’s no surprise that most businesses are being impacted by the pandemic, and probably not surprising that most are seeing negative effects. A vast majority of respondents (79%) said they’re being impacted negatively – either directly or indirectly – while only 13% claimed they have not been impacted. Smaller businesses (both by number of employees and by annual revenue) tend to show greater direct negative impact than larger companies.

Finances are the current top priority
Prior to COVID-19, marketing was ranked as the No. 1 investment priority for businesses (with 38% ranking it No. 1). Currently, financial investment/cashflow is the top priority (42%) with marketing ranked behind it.

Virtual work isn’t feasible for all
Only one-quarter of businesses (24%) were able to shift to a completely virtual working environment. Almost six in 10 (57%) were able shift at least half of the business to virtual. 17% said they were unable to move at all into a virtual working environment.

Business activity expectations are negative
A majority (62%) anticipate operating at lower levels of activity for the remainder of the year. Only 14% expect to maintain business as usual, while 15% anticipate growth in business activity in 2020.

Marketing has been significantly impacted
More than one-third of businesses (35%) have reduced marketing budgets while only 8% have increased them. Almost half of respondents (45%) said they have changed their marketing messaging in response to the pandemic.
RESULTS

As expected, a vast majority of businesses indicated they were being impacted by the pandemic in one way or another. Only 13% indicated they were not impacted at all.

Most (79%) said they were being impacted negatively, with 41% of those facing a direct negative impact (such as they cannot provide service) as opposed to 38% that face an indirect impact, meaning their clients cannot provide service. Eight percent of respondents indicated the crisis was actually having a positive impact (directly or indirectly) on their businesses.

“The mandated lockdown that was imposed by governments worldwide was so abrupt and so disruptive that it created a highly fluid and volatile environment,” MultiView Chief Strategy Officer Yariv Drori said. “It is therefore fair to assume that the degree and severity of impact on various businesses is highly dependent on the timing of the survey.”

Travel, Hospitality and Event Management businesses showed the most direct negative impact (80%), with retail (69%) and education (63%) following behind. Marketing businesses were among those most indirectly impacted negatively (61%). Just over a quarter of manufacturers (27%) face direct negative impact while another 46% in the manufacturing sector indicated indirect negative impact.

Business size showed a direct correlation to direct negative impact, with 50% of the smallest businesses (1-10 employees) indicating direct negative impact. The number drops to 35% for businesses with 11-50 employees and 32% for those with 51-500 employees.

The smallest businesses by revenue (under $1 million) were also most likely to see direct negative impact, at 54%. The figure dropped to 44% for companies with $1-$10 million in revenue, with just over a quarter (26%) of businesses in the $10-$100 million range claiming direct negative impact.

“It is fair to assume that as the weeks passed by, the direct impact on smaller businesses turned into severe indirect impact on the larger businesses that service them,” Drori added.
How is your business being impacted by COVID-19 pandemic?

- **40%** Direct negative impact (cannot provide service)
- **38%** Indirect negative impact (my clients cannot provide service)
- **13%** Not impacted
- **5%** Direct positive impact
- **3%** Indirect positive impact
RESULTS ANALYSIS – BUSINESS IMPACT

Given the various nature of B2B businesses, it’s understandable they would be impacted in different ways. But on the whole, one of the most glaring impacts across the board is from where business is being conducted. Under normal circumstances, 70% of respondents said they conduct business from a dedicated office while only 16% conduct business from home. Given the lockdowns, those figures have almost flipped, with 62% now working from home and only 24% from a dedicated office. Eight percent said they were forced to put the business on hold.

Under normal circumstances, where do you physically conduct business from?  
- 70% Dedicated Office
- 10% Customers Location
- 4% Other
- 16% From Home

Today, where do you physically conduct business?  
- 62% From Home
- 24% Dedicated Office
- 3% Customers Location
- 3% Other
- 8% Business on hold
Despite many shifting their home base, business continues for most. More than seven in 10 (73%) said they were actively working on strategic planning. Almost two-thirds (64%) are still marketing their business while half said they’re still meeting with clients. Perhaps notable is that fewer than half (43%) said they were currently making purchase decisions.

What types of business activity are you conducting currently?

- 50% Meetings with clients
- 64% Marketing my business
- 43% Making purchasing decisions
- 73% Actively working on strategic planning
- 38% Research & Development
- 21% Other
- 10% I have paused activity on my business
On aggregate, priorities haven’t changed all that much. The most notable shift was a higher priority placed on financial considerations. Prior to the crisis, marketing was the top investment priority. Marketing is still a top priority for many businesses, if slightly less of a priority now than finances. Staffing has also been impacted. Prior to the crisis, 28% considered expanding staff the top priority. That figure has now dropped to just 22%.

### Business investment priorities before the COVID-19 pandemic & today. (Ranked from 1-10)

<table>
<thead>
<tr>
<th>Category</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expanded Staffing</td>
<td>5.68</td>
<td>5.34</td>
</tr>
<tr>
<td>Office Products</td>
<td>4.11</td>
<td>3.95</td>
</tr>
<tr>
<td>Software</td>
<td>5.39</td>
<td>5.35</td>
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<tr>
<td>Hardware</td>
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<td>4.51</td>
</tr>
<tr>
<td>Marketing</td>
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<td>6.10</td>
</tr>
<tr>
<td>Financial</td>
<td>5.58</td>
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<tr>
<td>Insurance</td>
<td>3.67</td>
<td>4.05</td>
</tr>
<tr>
<td>Other</td>
<td>1.00</td>
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Among all the challenges posed by the pandemic, cashflow topped the list for toughest. More than four in 10 said meeting financial obligations was their top challenge, followed by production (either having no demand or not able to meet demand) and supply chain issues.

Notably, some of the businesses most impacted by cashflow were in healthcare administration (61%) and transportation technology and automotive (64%).

While most distribution and warehousing businesses (43%) indicated cashflow was their toughest challenge, an almost equal number (40%) indicated supply chain as the current primary challenge.

Size of the company appears to play a role in cashflow impact. More than 40% of businesses with under 500 employees indicated cashflow as their toughest challenge, compared to only 33% of mid-size companies (501-1,000 employees) and 23% of the largest companies (over 1,000 employees). In fact, more companies over 1,000 employees indicated that production (39%) and supply chain (27%) were bigger challenges than cashflow.
Related to the previous data about changing work locations, the business environment has moved more digital than ever before. Almost a quarter of businesses (24%) said they were able to shift to a fully virtual working environment. Seven in 10 were able to convert at least 25% of their business to a digital environment.

Association management (56%) and marketing (48%) businesses showed the greatest shift to fully virtual. As you might expect, manufacturing businesses lagged in this regard. Only 6% said they were able to move to a fully digital work environment, 18% said they shifted half their operations virtual, while 22% said not at all.

It is also notable that 38% of retail respondents indicated they could not move into a virtual working environment, perhaps indicating a challenge to e-commerce integration.

Again, a pattern emerged related to size of the company – showing a direct relationship between the size of a business (both employees and revenue) and its ability to transition to a virtual work environment. A quarter of the smallest businesses (1-10 employees) said they could not work virtually. That number decreases as business size increases: 16% of companies with 11-50 employees; 10% of those with 51-500 employees; 7% with 501-1000 employees; and just 2% with over 1,000 employees.

A similar pattern emerged based on revenue, with 29% of companies under $1 million unable to work virtually, ranging down just 5% in firms with annual revenue of $100-$500 million.

**Have you been able to shift your business to a virtual working environment?**

- **12%** Didn’t need to
- **24%** Yes – 100% of my business
- **19%** Yes – 75% of my business
- **14%** Yes – 50% of my business
- **14%** Yes – 25% of my business
- **17%** No
About a third of responding businesses (35%) did not anticipate needing outside financial support, but that leaves many that do. The majority are looking to government assistance, with more than three-quarters counting on help from the federal government (42%) or the Small Business Administration (42%).

Do you anticipate that you will need to rely on outside financial support?

- **10%** Private Loans
- **20%** Bank-Issued Loans
- **14%** Local government assistance
- **36%** Federal Government assistance
- **42%** Small Business Administration (SBA) Loans
- **35%** I do not anticipate needing outside financial support

8% Private Loans
Considering the number of businesses citing negative impact due to the pandemic, it’s no surprise that 62% of respondents said they anticipate lower level of business activity in the coming year. Only 14% indicated they expected business as usual.

Accordingly, seven in 10 businesses said they expect a decline in revenue over the coming year, with almost half anticipating a drop in revenue of at least 25%. Many of the industries you might expect were the most likely to indicate anticipated drops in activity, including business management services (65%), construction and building materials (68%), distribution and warehousing (74%), marketing (68%), travel, hospitality and event management (67%) and manufacturing (62%).

One of the only industry segments to indicate some level of expected growth was medical and allied healthcare, with 34%. This segment was also the only to have a noticeable contingent expecting growth of 50% or more, with 11% of respondents showing such confidence.

On the flip side, a few segments are bracing for declines in revenue by 50% or more, with about a quarter of communications and marketing companies indicating this expected outcome. However, none compete with tourism, hospitality and event management, where 59% anticipate declining revenue by half or more.

Once again, we can also find a correlation to expected revenue declines and size of company. More than one-fourth of the smallest companies (26%) anticipate a decline by half. That drops with businesses 11-50 employees (18%); businesses 101-500 employees (11%); and businesses 501-1,000 employees (7%). Similar patterns apply when adjusted for revenue: <$1M (27%); $1M-$10M (21%); $10M-$100M (10%); $100M-$500M (5%).
What is your outlook on your business activity for the coming year?

14% I anticipate I’ll be able to continue operating, business as usual

62% I anticipate I’ll be operating at lower levels of activity

15% I anticipate that I’ll be operating with expected growth

7% I anticipate that I’ll be pausing business operations temporarily

2% I anticipate that I’ll be pausing business operations indefinitely

What is your outlook on your business performance and revenue for the coming year?

12% I anticipate I’ll perform on par with last year

11% I anticipate that I’ll be growing by 10% or more

5% I anticipate that I’ll be growing by 25% or more

2% I anticipate that I’ll be growing by 50% or more

21% I anticipate that I’ll see a decline in revenue by 10% or more

29% I anticipate that I’ll see a decline in revenue by 25% or more

19% I anticipate that I’ll see a decline in revenue by 50% or more
Business owners and leadership are relying on a lot of different sources to help guide decision making, though none more frequently than their personal networks and colleagues (82%). Given all the complexities of government programs and guidance, it’s probably not surprising that industry and trade associations – with their advocacy and shared niche interests – are next in line at 73%. Many are also turning to their clients while business experts and the business media are also playing a role.

When making decisions for my business, I continue to consult the following resources: (select all that apply)

- **53%** Business Specific Websites (Forbes, Business Insider, Bloomberg, etc.)
- **42%** Search Engines (Google, Bing)
- **22%** My friends and family
- **33%** Social Media Websites (Facebook, LinkedIn, Instagram, etc.)
- **50%** Business Experts & Personalities
- **71%** My clients
- **17%** Video Resources (YouTube, etc.)
- **73%** Industry Associations
- **4%** Other (Legal Advisors, Financial Advisors, Government, Myself, Industry Publications, Share holders, Board of Directors & More)
- **81%** My network and colleagues

Given the aforementioned priority on finances, it follows that price is currently the overriding factor in business purchase decisions. Quality and availability remain important factors.

What are the most important factors in business purchase decisions currently? (select all that apply)

- **55%** Quality
- **67%** Price
- **16%** Reviews & Endorsements
- **47%** Availability
- **21%** Ease of Use
- **35%** Speed of Delivery
- **35%** Customer Service
- **47%** ROI
Results Analysis – Sales & Marketing

Sales and marketing are two key aspects of B2B business and are heavily impacted when other variables of the business start changing. This section specifically looks at some of those impacts.

The largest contingent of respondents have typical sales cycles ranging from two to six months, but 77% of businesses believe those sales cycles will be prolonged by COVID-19, with more than half expecting the slow down to last between one and six months.

How long is the typical sales cycle for a new purchase / contract? (select one)

- 10% Within 1 Week
- 21% Within 1 Month
- 36% Within 2-6 Months
- 19% Within 6-12 Months
- 8% Within 12-18 Months
- 3% Within 18-24 Months
- 3% Beyond 24+ Months

Do you believe that your sales cycle will be impacted based on COVID-19? (select one)

- 9% Yes, it will be accelerated
- 14% No, it will stay the same
- 6% No, it will be slowed by 1 week
- 26% No, it will be slowed down by 1-2 months
- 28% No, it will be slowed down by 3-6 months
- 17% No, it will be slowed down by 6 months or more
In clear response to lock downs and social distancing, trade shows have seen significant decline as a marketing channel. Two-thirds of respondents said they normally engage in trade shows, but that dropped to just 14% currently. Print saw the next-largest decrease with a drop from 42% normally using it to just 25% currently.

Overall, every marketing channel or activity has seen some degree of decrease, except for webinars, which remained steady. Given that businesses still ranked marketing highly as a business priority, the data would indicate that hasn’t prevented them from cutting back at least some. In fact, 35% said they had reduced marketing budget, compared to just 8% that increased it. About a third (34%) said they’ve completely paused investment in marketing. The most significant adjustment in marketing activity has been to change messaging, with almost half (45%) of respondents doing so.

What type of marketing activities and channels do you normally engage in VS currently engaging in?

<table>
<thead>
<tr>
<th>UNDER NORMAL CIRCUMSTANCES</th>
<th>CURRENT ENGAGED IN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Shows</td>
<td><strong>66%</strong></td>
</tr>
<tr>
<td>Print</td>
<td><strong>42%</strong></td>
</tr>
<tr>
<td>Webinars</td>
<td><strong>38%</strong></td>
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<tr>
<td>Paid Search Advertising</td>
<td><strong>36%</strong></td>
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<tr>
<td>Display &amp; Video Advertising</td>
<td><strong>23%</strong></td>
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<tr>
<td>Social Advertising</td>
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<tr>
<td>Gated Content &amp; Syndication</td>
<td><strong>10%</strong></td>
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<tr>
<td>Lead Purchase</td>
<td><strong>12%</strong></td>
</tr>
<tr>
<td>Television</td>
<td><strong>3%</strong></td>
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<tr>
<td>Radio</td>
<td><strong>6%</strong></td>
</tr>
<tr>
<td>OOH Advertising</td>
<td><strong>2%</strong></td>
</tr>
<tr>
<td>Direct Mail</td>
<td><strong>28%</strong></td>
</tr>
<tr>
<td>Other</td>
<td><strong>28%</strong></td>
</tr>
</tbody>
</table>
What types of changes have you made to your marketing activities? (select all that apply)

- Increased Budget: 8%
- Reduced Budget: 35%
- Shifted Investments within Media Channels: 19%
- Changed messaging strategy: 45%
- Changed targeting strategy: 28%
- Other: 11%
- Paused Investment: 34%
METHODOLOGY – RESPONDENT ANALYSIS

This survey of just under 1,000 North American B2B businesses was conducted through a digital poll during the period of April 15-22, 2020.

A wide sample of industries and business were represented in the data, with the largest contingent representing manufacturing. Tourism, one of the industries commonly recognized as being the hardest hit by the pandemic, was also well represented.

What industry most closely aligns with your business.

- **6%** Medical & Allied Healthcare
- **8%** Business Management, Services, & Risk Management
- **2%** Law Enforcement, Defense & Security
- **4%** Education
- **2%** Facilities & Grounds
- **5%** Science & Technology
- **17%** Manufacturing
- **3%** Retail
- **10%** Travel, Hospitality & Event Management
- **8%** Construction & Building Materials
- **2%** Healthcare Administration
- **2%** Food & Beverage
- **1%** Civil & Government
- **2%** Transportation Technology & Automotive
- **4%** Engineering
- **2%** Natural Resources
- **3%** Association Management
- **1%** Oral & Dental Healthcare
- **1%** Mental Healthcare
- **2%** Recreation & Leisure
- **2%** Interior Design, Furnishings & Fixtures
- **1%** Waste Management & Environmental
- **3%** Communications
- **5%** Marketing
- **1%** Pharmaceutical
- **1%** Sports & Fitness
- **1%** Pet Care
- **4%** Distribution & Warehousing
- **1%** Religious Community
- **1%** Funeral Products & Services
Almost three-quarters of businesses in the survey maintain staff of 50 people or fewer. More than half of those have 10 employees or fewer.

**Number of company employees?**

- **41%** 1 - 10 employees
- **31%** 11 - 50 employees
- **20%** 51 - 500 employees
- **3%** 501 - 1,000 employees
- **5%** 1,000+ employees

The majority of responding businesses conduct annual business revenues of more than $1 million but less than $10 million. A small portion of the overall total replied came from organizations drawing greater than $100 million annually.

**Company’s annual revenue?**

- **27%** < $1M
- **43%** $1M - $10M
- **22%** $10M - $100M
- **4%** $100M - $500M
- **4%** > $500M
ABOUT MULTIVIEW

MultiView Inc., the leader in digital publishing solutions for associations and digital marketing solutions for B2B marketers, connects the B2B world. We build digital publications that bring thousands of trade associations together with millions of their members, spanning nearly every industry. We also deliver digital marketing solutions that connect tens of thousands of B2B companies with millions of their customers at every stage of the buying journey. For nearly two decades, we’ve developed unmatched data and insights about B2B buyers and the deep expertise needed to reach them online. Leveraging this powerful combination of knowledge and experience is how we create the connections that deliver real results for our partners and customers every day. MultiView is a portfolio company of the Stagwell Group. We are headquartered in Irving, Texas, with offices in Washington, D.C., Toronto, and Utah. www.multiview.com