Isle of Man Government

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Coronavirus Business Survey

July 2020

Economic Affairs

Isle of Man Government

August 2020

1 TABLE OF CONTENTS

Coronavirus Business survey

2 Introduction

The Isle of Man Business Survey was a snap shot survey conducted from 9th to 15th July 2020 into the impact of Coronavirus on businesses on the Isle of Man, investigating how they have responded to the impact of the virus globally, the measures taken on the Isle of Man by the Isle of Man Government, and other businesses that they may interact with.

The survey was conducted by Economic Affairs, who undertook the analysis which is presented in this report.

Business surveys provide essential information for economic monitoring, short-term forecasting and economic research.

The survey was distributed to all companies who were registered with Online Services and it was optional for them to complete.

Whilst each respondent was weighted according to the proportion of employees it represented in relation to the total number of employees in the economy, because the survey was effectively distributed to all businesses, there will be an element of self-selection bias. Therefore whilst there was a significant response rate across nearly all sectors, the results presented in this report cannot necessarily be assumed to be a representation of all Isle of Man individuals.

The outcomes of this survey will be used by the Isle of Man Government to help inform the next stages of any further support that may be required and to assist in enabling the economic recovery of the Island from the consequences of Coronavirus.

3 SUMMARY

3.1 GENERAL INFORMATION

Most respondents that have completed the survey are from Miscellaneous Services (22%), Construction (18%), Other Professional Services (13%), and Retail Distribution (12%). 63% of all the respondent businesses have been in operation for greater than 10 years, with only 3% having been in operation for less than 12 months. 92% of all businesses reported that they are continuing to trade normally, while only 4% reported that they have permanently ceased trading. 93% of all respondent businesses are headquartered on the Isle of Man and 60% have a customer base that is predominantly on the Isle of Man.

3.2 WORKFORCE

79% of all the respondents have 1 to 9 employees and 88% believe that their workforce is currently able to meet the needs of the business. Out of all the measures taken to cope with the impact of Coronavirus, the greatest proportion (35%) of businesses indicated that they asked staff to work from home. Slightly more than one-fifth (21%) of all respondents do not expect to rehire/replace those made redundant during Coronavirus in the next month. 85% of businesses do not expect any redundancies in the next month and 80% do not expect any in the next three months. 79% of all respondent businesses do not have any external vacancies they are actively recruiting for.

3.3 TURNOVER

42% of respondent businesses indicated that their turnover has decreased by an amount that is between 20% and 50% or more than 50% since social distancing has lifted compared to what they would expect for this time of the year. 40% state that the decrease in customer demand that they experienced is the overarching cause of turnover being outside its normal range in the last three months. Insufficient demand is the main factor hindering businesses and their ability to generate turnover. Slightly more than two-fifths (42%) of all businesses say that border closure did not affect their ability to generate turnover and a similar proportion (36%) said that border closure has had either a low negative or a high negative impact on their ability. 23% of businesses expect their turnover to decrease by up to 20% or between 20% and 50% or by over 50%, and a similar proportion (23%) expect it to increase over the next 3 months. More than half (64%) of all businesses expect orders placed with their suppliers to be unchanged in the next 3 months.

3.4 BUSINESS CONFIDENCE

55% of all businesses are 'Fairly confident' or 'Very confident' that their business has the working capital to continue to operate and a similar proportion (55%) indicated that their working capital is enough to return to pre-coronavirus levels of turnover, profits and employment within the next six months. 68% of all respondents expect their businesses to survive after Government support ends. 49% of the businesses think that it will take their businesses within six months to a year or greater than a year to return to pre-coronavirus activity and volumes. More than half (67%) expect that the size of workforce upon recommencement of pre-coronavirus trading activity will be the same and 68% say that they have not experienced any change in their ability to access working capital in the last three months.

3.5 ONLINE ACTIVITIES

5% of businesses said that they had started a delivery or collection service since the outbreak and 27% reported that they had not, with a further 52% indicating that the question is 'not applicable' to their business. Most businesses (45%) indicated that their use of online services to support operations did not change during the outbreak, followed by 29% who responded with an increased or entirely new use of online services or social media to help communicate with customers.

3.6 GOVERNMENT SCHEMES

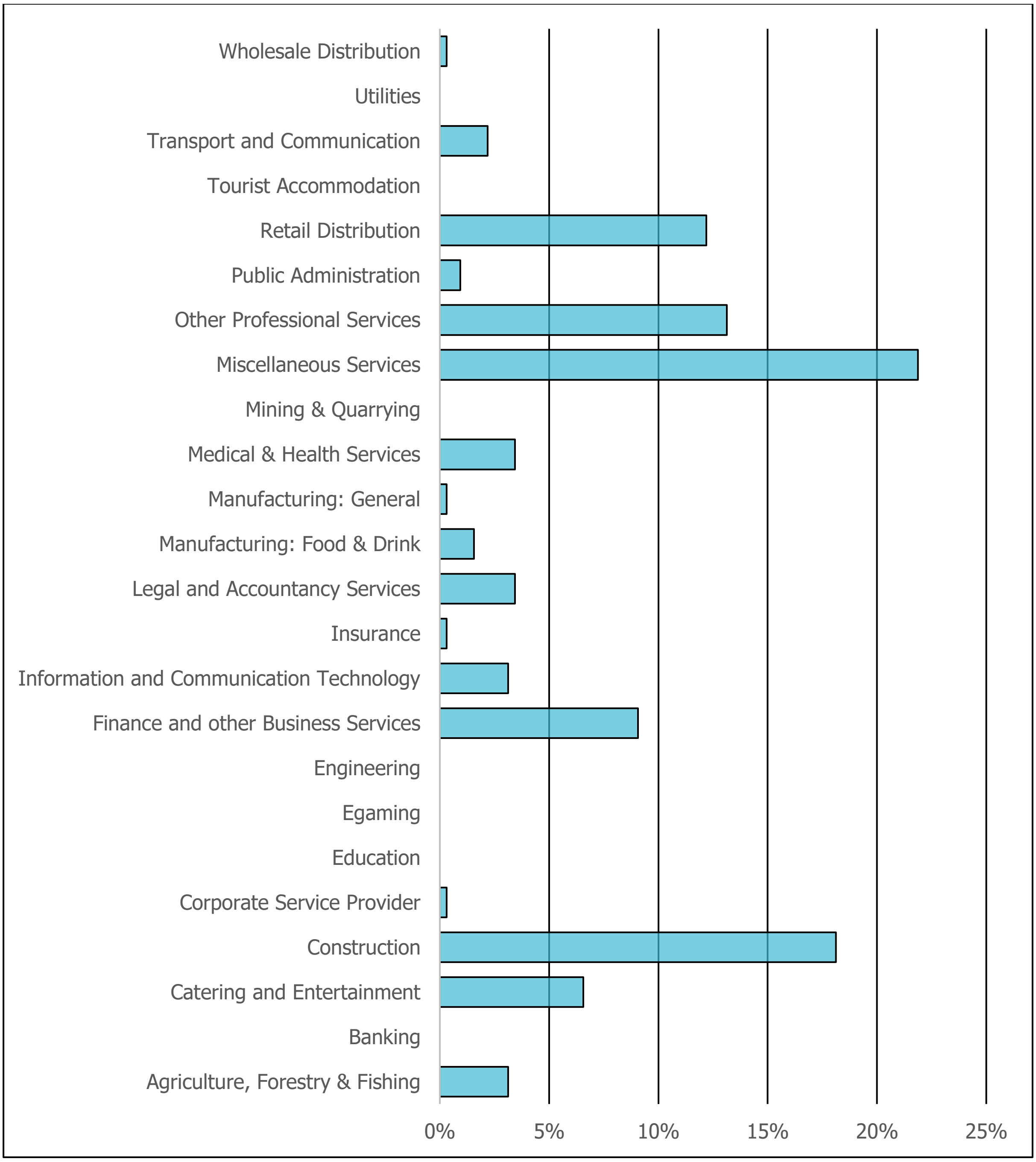
44% of businesses said that they have applied for Government financial support schemes, with 38% reporting that they have applied for or received Salary Support scheme. 35% indicated that they were intending to apply for it.

4 General Information

4.1 Respondents by sector:

The total number of respondents for the survey was 320, of which 22% were in Miscellaneous Services, 18% in Construction, 13% in Other Professional services, and 12% in Retail Distribution.

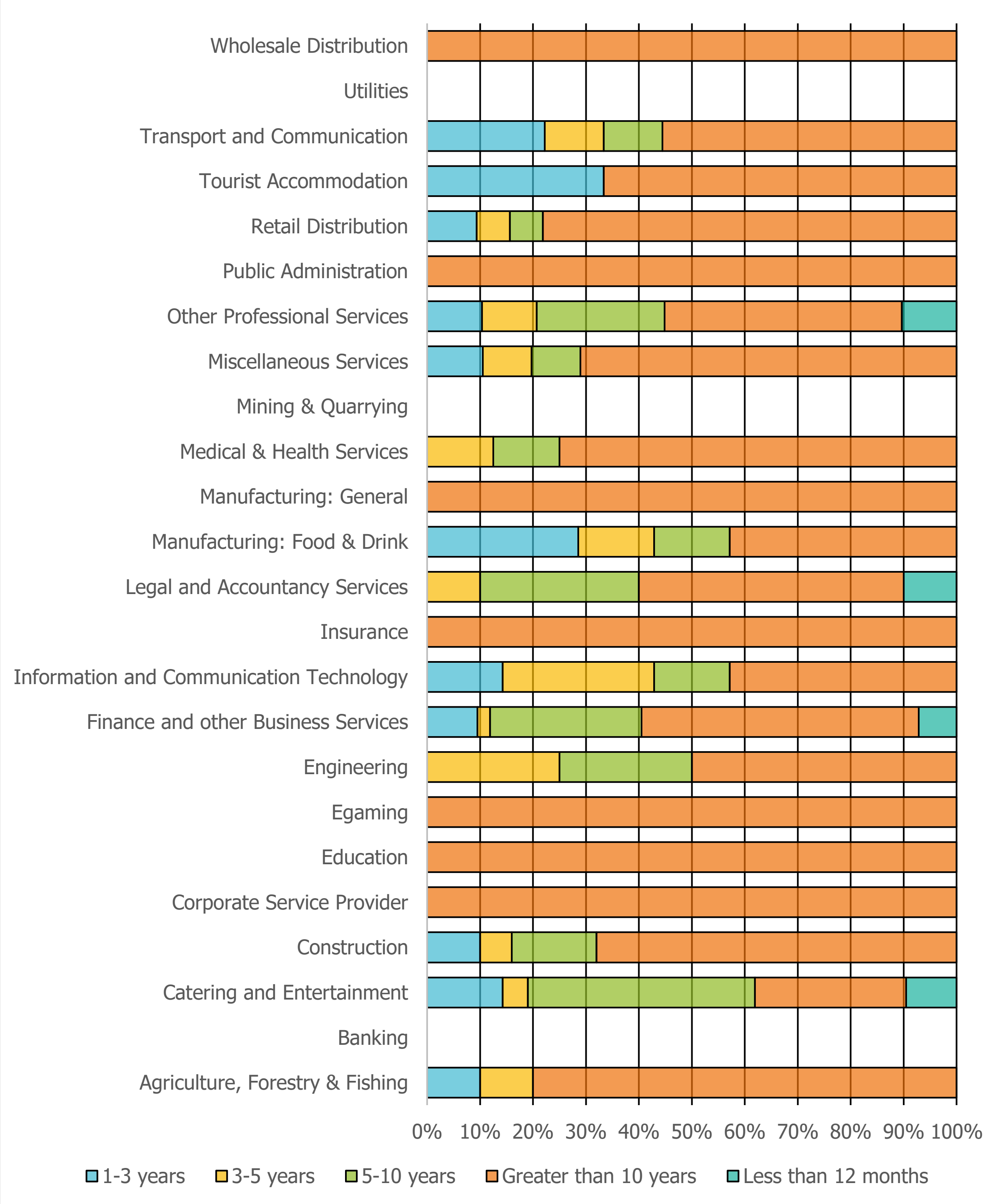
Figure 1: Respondents by sector



4.2 Age of the business:

Most of the respondent businesses (63%) have been in operation for greater than 10 years while only 3% of the total respondents have been operating for less than 12 months. All respondents in Education, Corporate Service Provider, E-gaming, Insurance, Manufacturing: General, and Wholesale Distribution have been in operation for greater than 10 years.

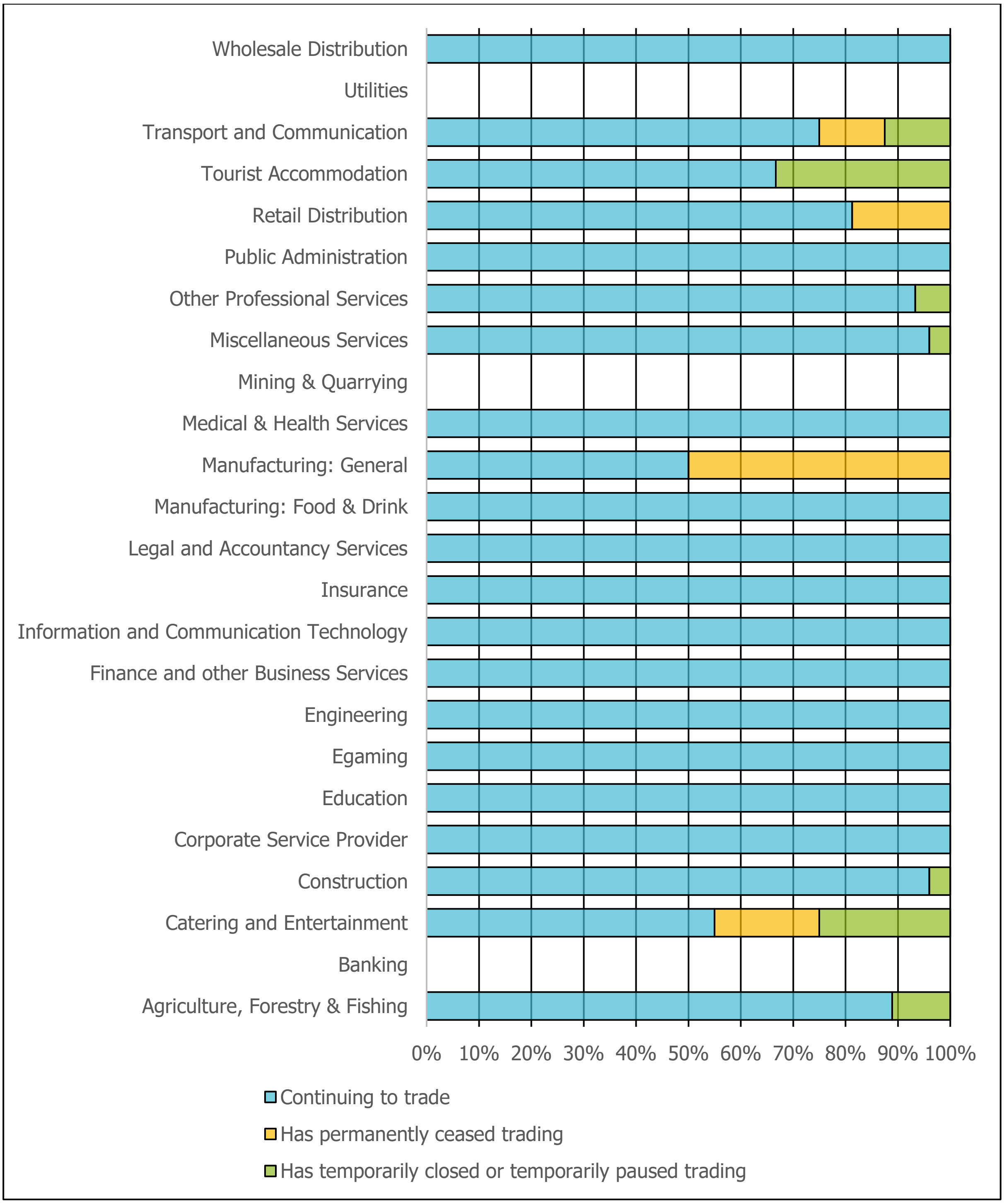
Figure 2: Age of business by sector



4.3 Current trading status by sector:

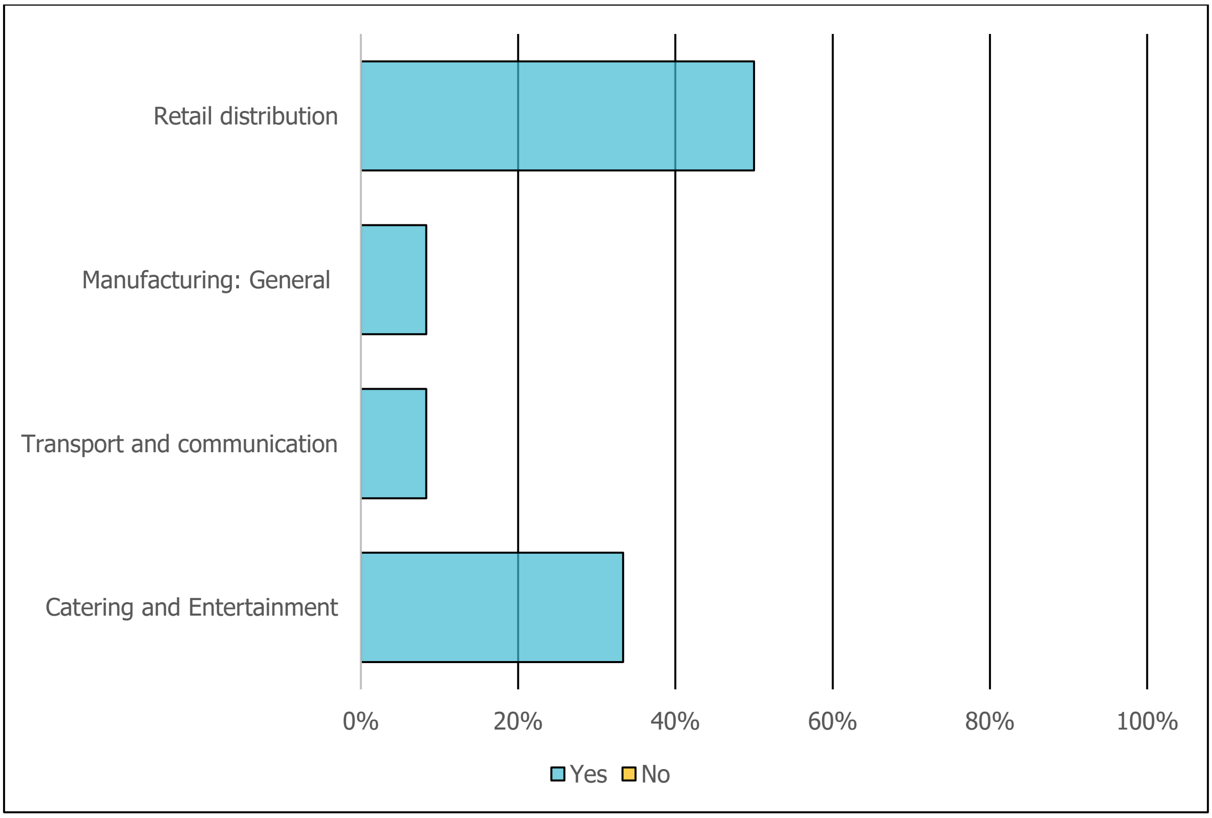
91.7% of all businesses are continuing to trade normally, while 4.6% are temporarily closed and only 3.7% have permanently ceased trading. 33% of all businesses in Tourist Accommodation and 25% in Catering and Entertainment are still temporarily closed or have temporarily ceased trading.

Figure 3: Current trading status by sector



When asked if the reason they have permanently ceased trading due to Coronavirus, twelve businesses (4% of the total number of respondents) reported that it was. The remaining 96% did not answer this question. Of those that said yes, 50% are in Retail Distribution, 33% in Catering and Entertainment, 8% in Manufacturing: General, as well as Transport and Communication.

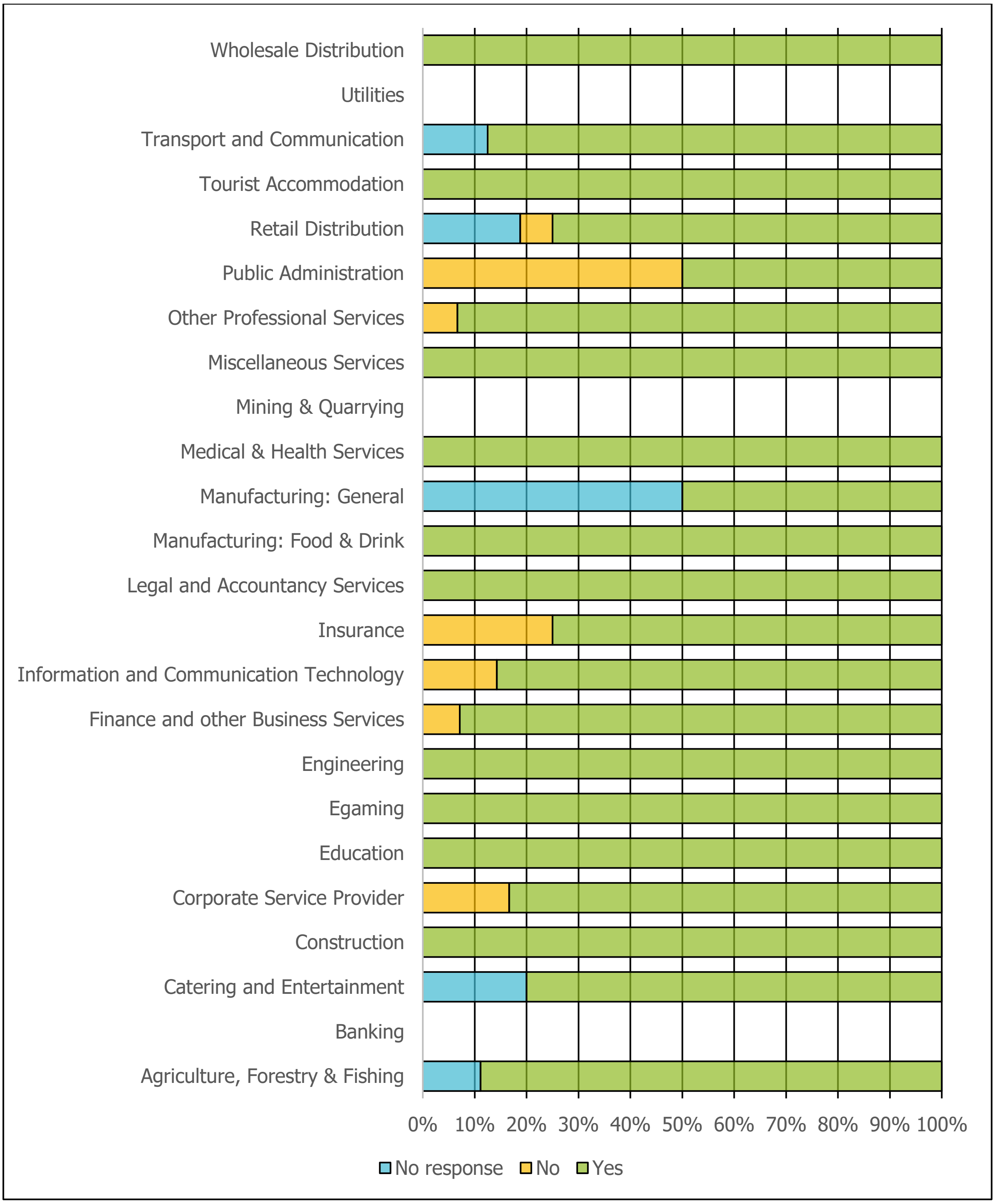
Figure 4: Of those that permanently ceased trading, was Coronavirus the cause?



4.4 HEADQUARTERS:

Of all respondents, 93% had businesses headquartered on the Isle of Man. No respondents in the Mining & Quarrying, Utilities and Banking sectors that responded to this question.

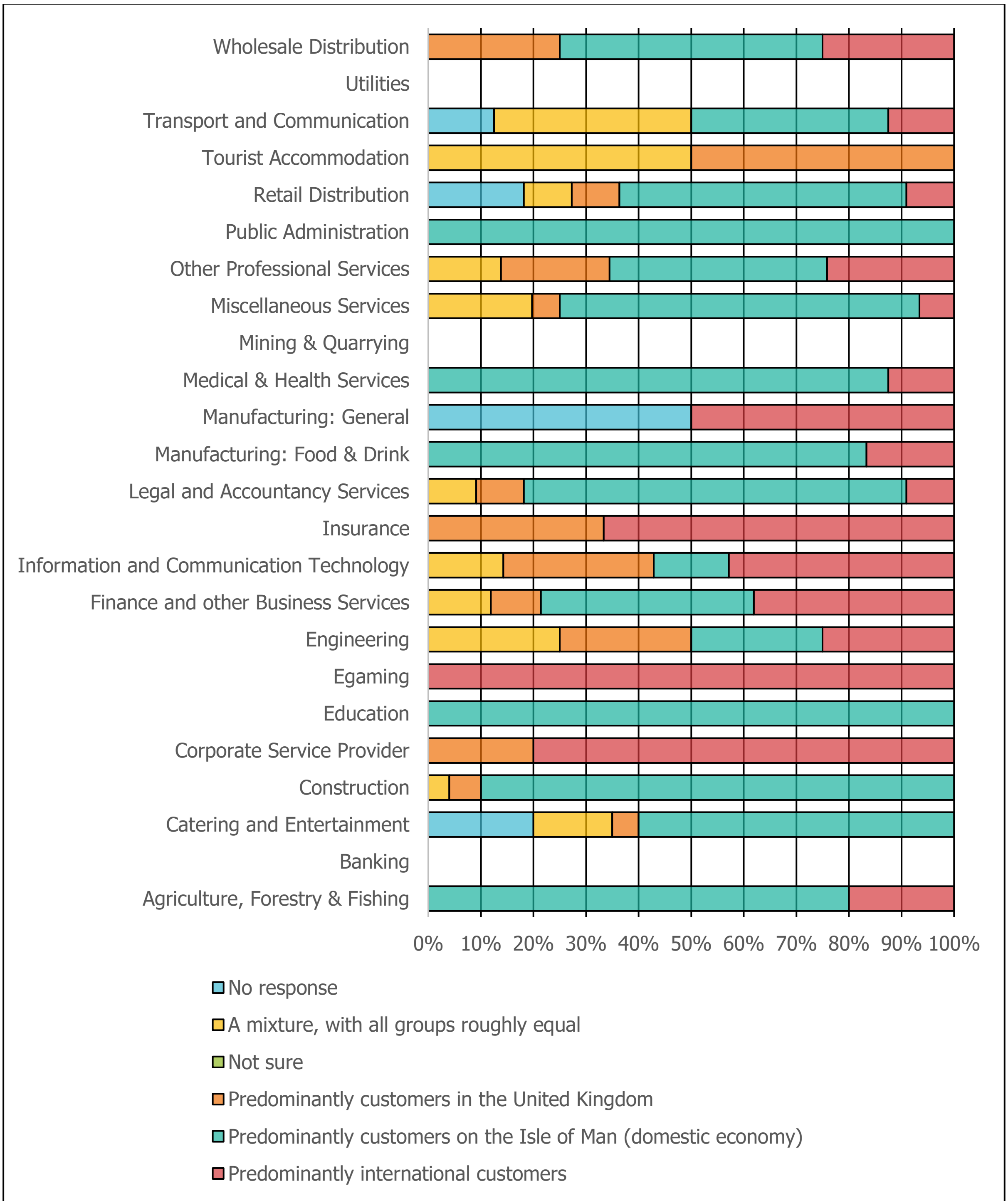
Figure 5: Business headquarters on Isle of Man, by sector



4.5 CUSTOMER BASE:

The customer base of 60% of all businesses is predominantly on the Isle of Man, with 16% having predominantly international customers and 12% a mixture in which all groups are roughly equal. E-gaming has the most number (100%) of international customers, with Tourist Accommodation having the highest proportion (50%) of customers from the United Kingdom.

Figure 6: Customer base, by sector

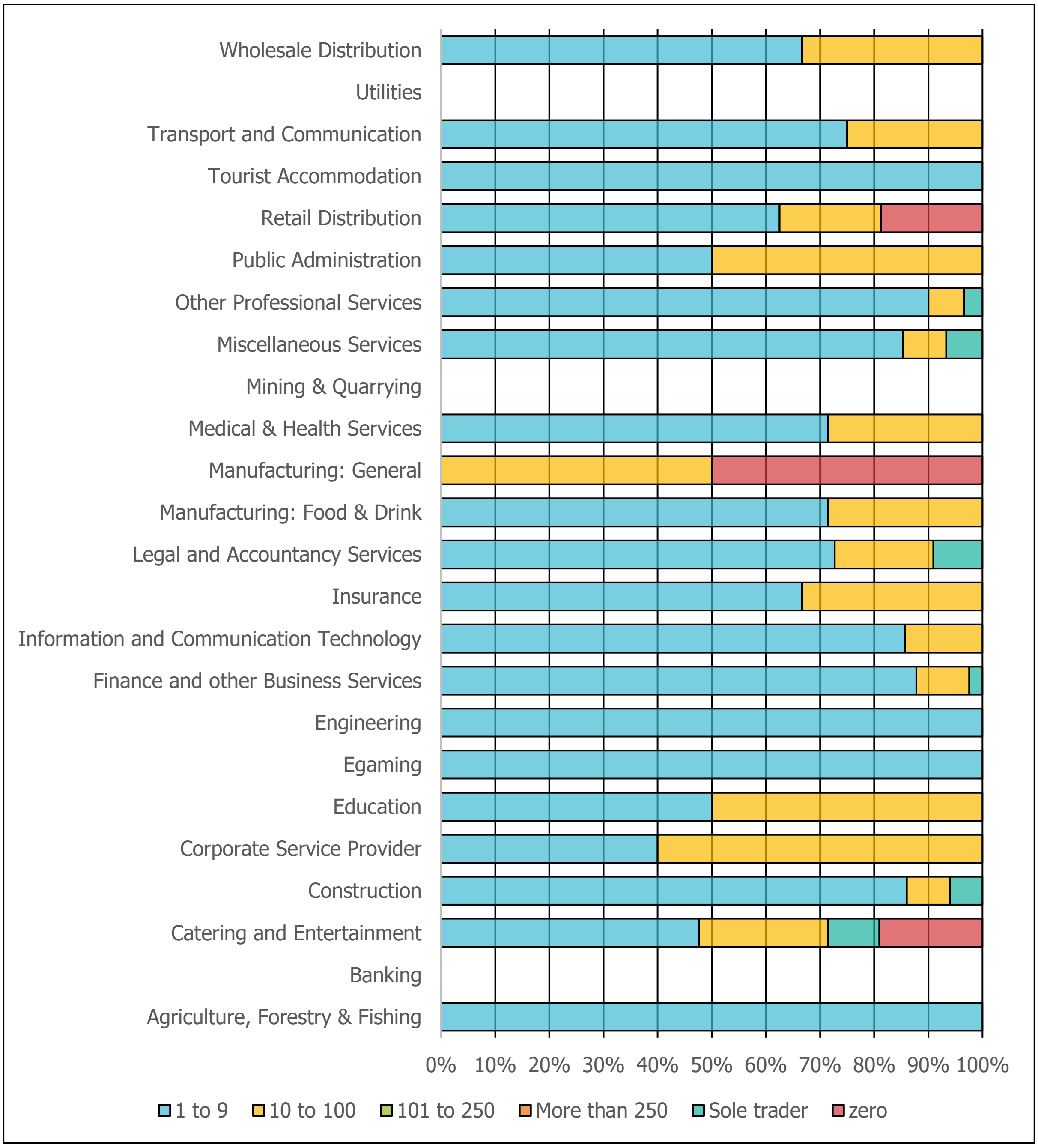


5 Workforce

5.1 Number of employees:

79% of all businesses have 1 to 9 employees and 14% have 10 to 100. All businesses in Agriculture, Forestry & Fishing, E-gaming, Engineering and Tourist Accommodation have 1 to 9 employees, while 60% of businesses in the Corporate Service Provider sector have 10 to 100 employees. None of the respondent businesses have more than 250 employees.

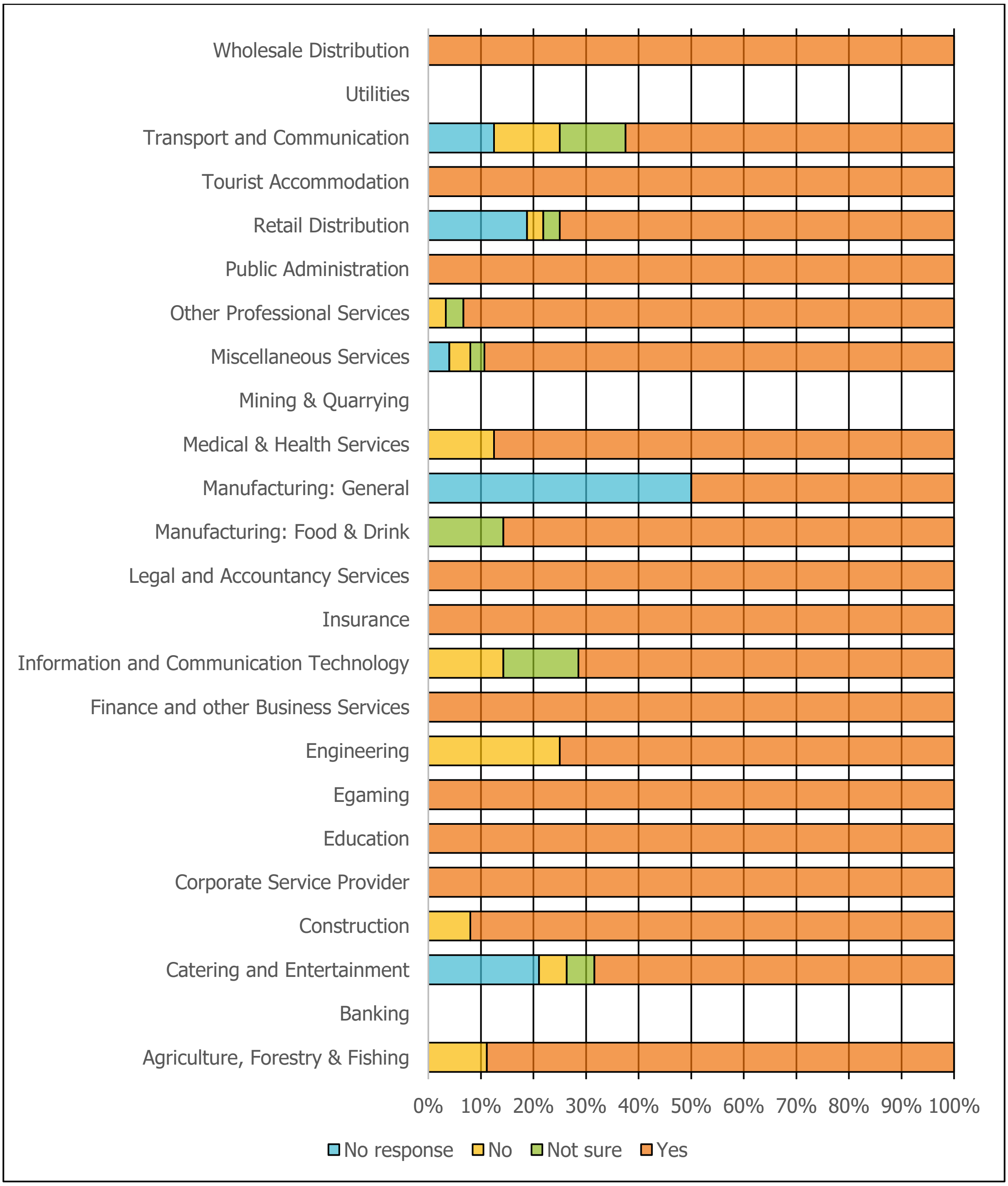
Figure 7: Number of employees, by sector



5.2 Business needs:

When asked if their workforce is currently able to meet the needs of the business, 88% of businesses reported that it was. The sector having the highest proportion of businesses that reported the contrary was Engineering, at 25% of respondents.

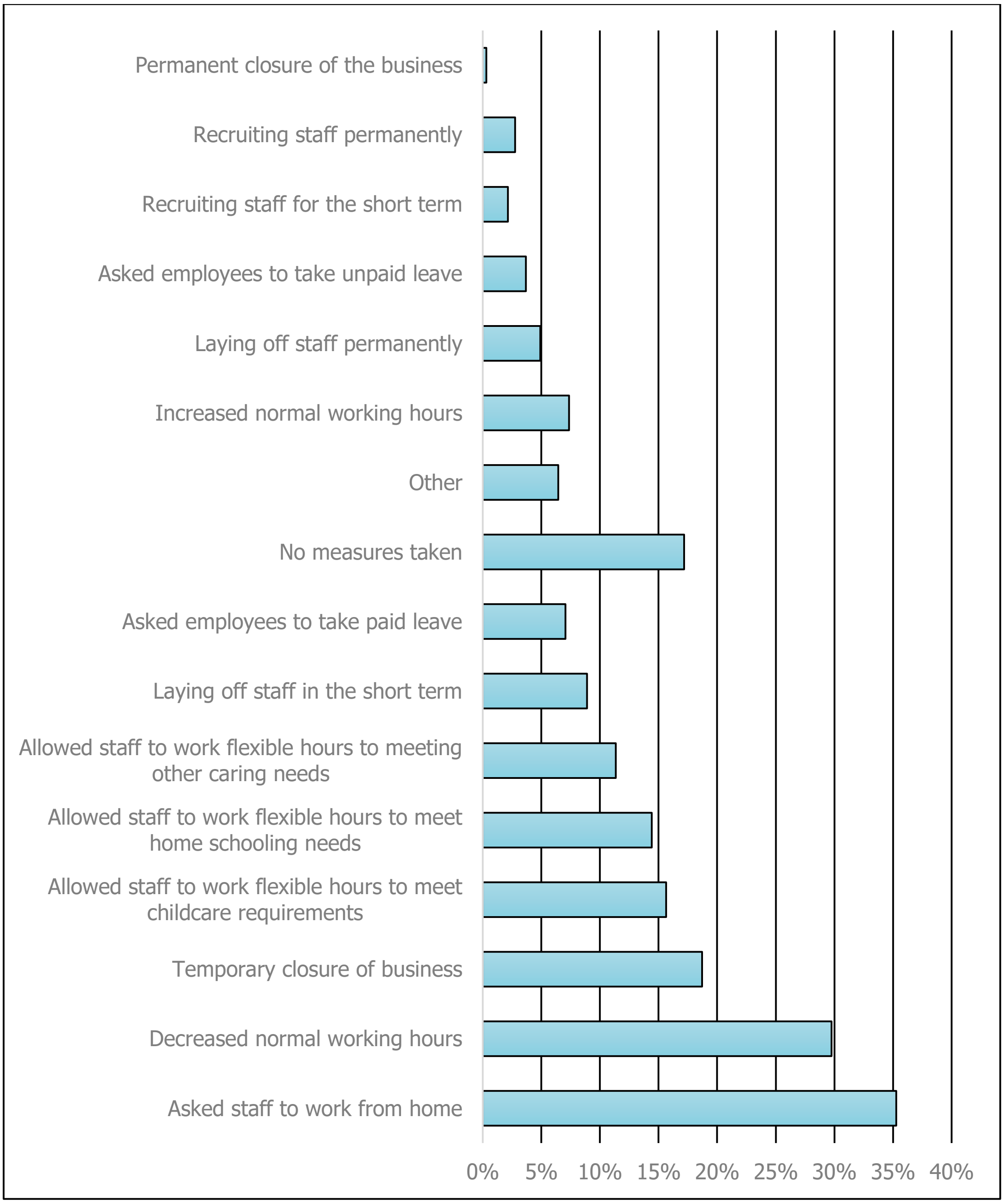
Figure 8: Is the business workforce able to meet its demands, by sector?



5.3 Measures taken to cope:

35% of businesses responded that they had asked the staff to work from home to cope with the impact of Coronavirus with 30% saying that they decreased normal working hours.

Figure 9: Measures taken to cope with the impact of Coronavirus

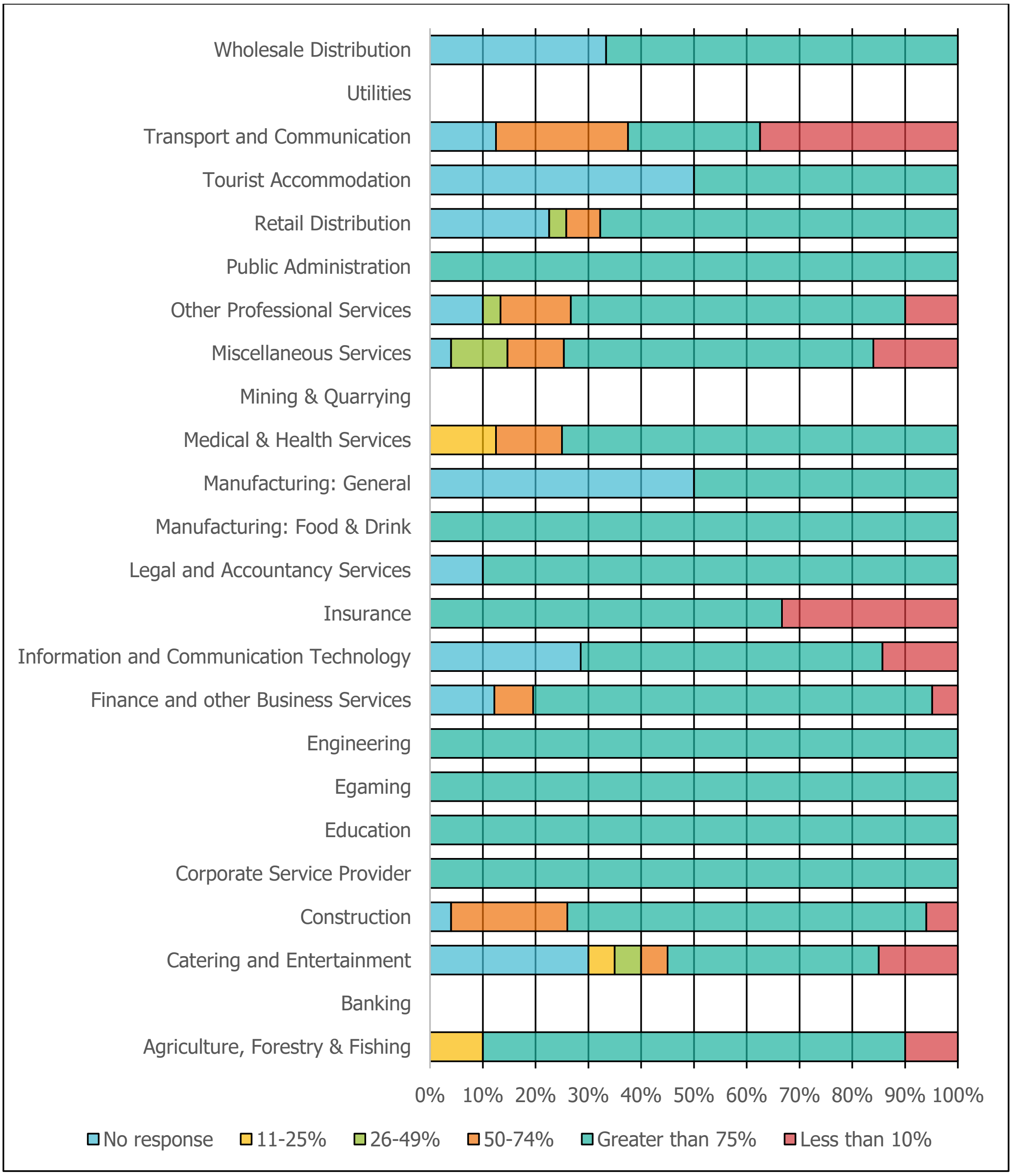


Note- 1: One respondent can select multiple answers so the sum can be greater than 100%

5.4 WORKFORCE WORKING AT NORMAL PLACE OF WORK:

76% of all businesses said that either 50 to 74% or greater than 75% of their workforce is working at their normal place of work, with 9% reporting a figure less than 10%. All respondents in the Corporate Service Provider, Education, E-gaming, Engineering and Manufacturing: Food & Drink sectors stated that greater than 75% of their workforce is working at their normal place of work and 38% of all businesses in Transport & Communication said that less than 10% were doing so.

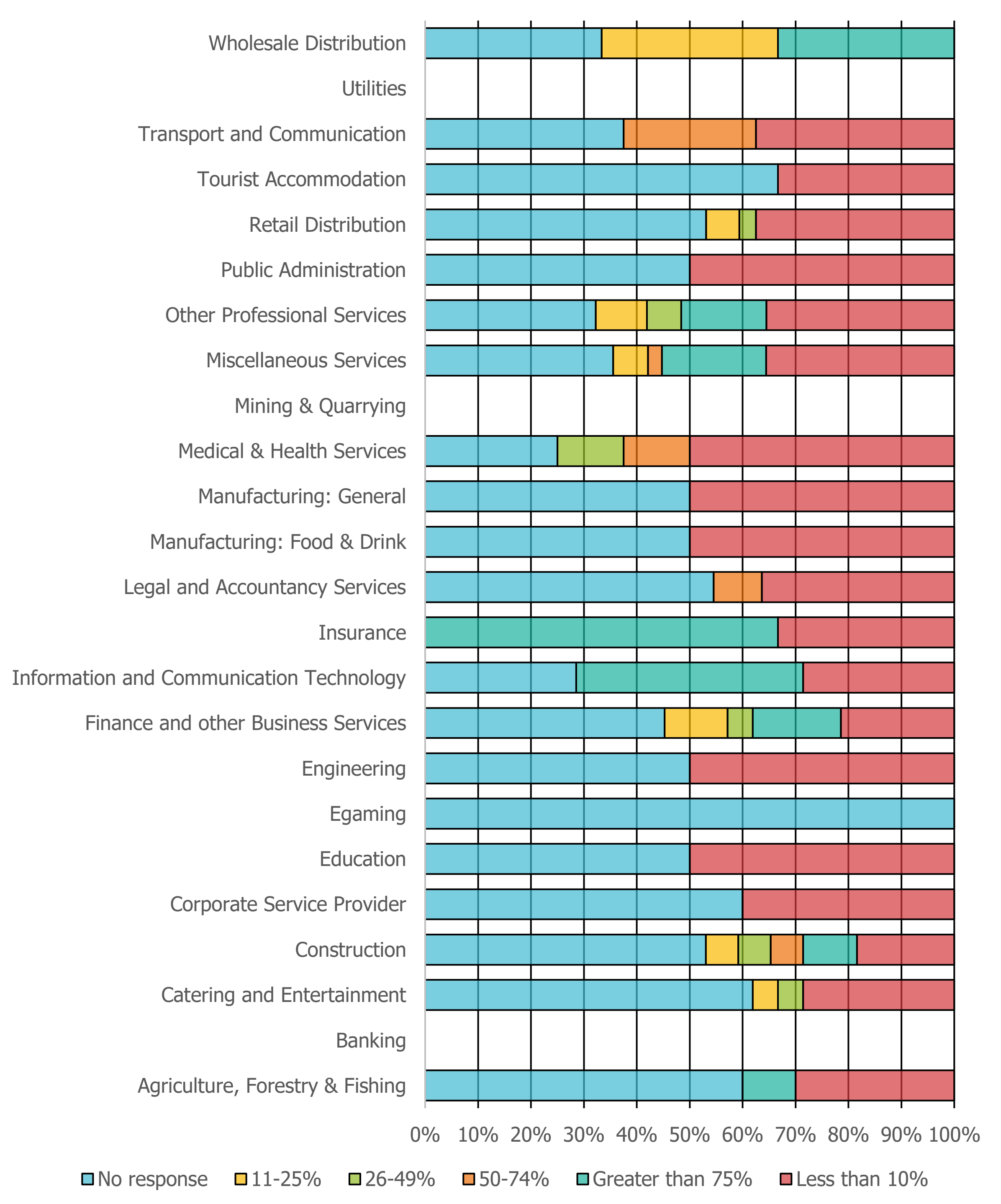
Figure 10: Workforce working at normal place of work, by sector



5.5 WORKFORCE WORKING REMOTELY INSTEAD OF THEIR NORMAL PLACE OF WORK:

31% of businesses said less than 10% of their workforce is working remotely, with 12% indicating greater than 75% of their workforce is doing so.

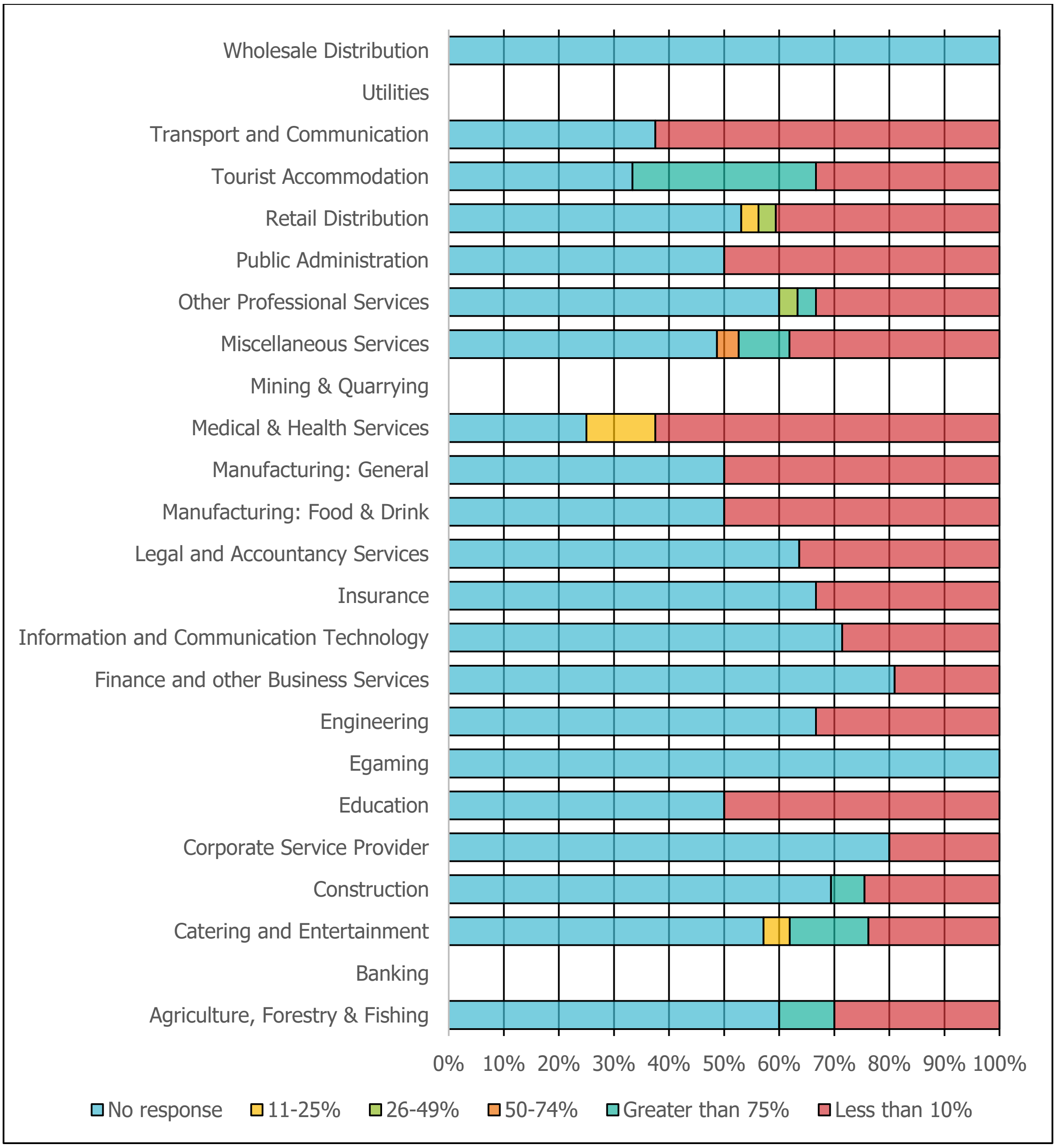
Figure 11: Workforce working remotely instead of their normal place of work, by sector



5.6 Workforce not able to work:

33% of businesses said less than 10% of their workforce is not able to work, with only 5% indicating that greater than 75% of their workforce is not able to do so. Of all businesses in Tourist Accommodation, 33% indicated that greater than 75% of their workforce is not able to work and a similar proportion that less than 10% of their workforce is not able to do so.

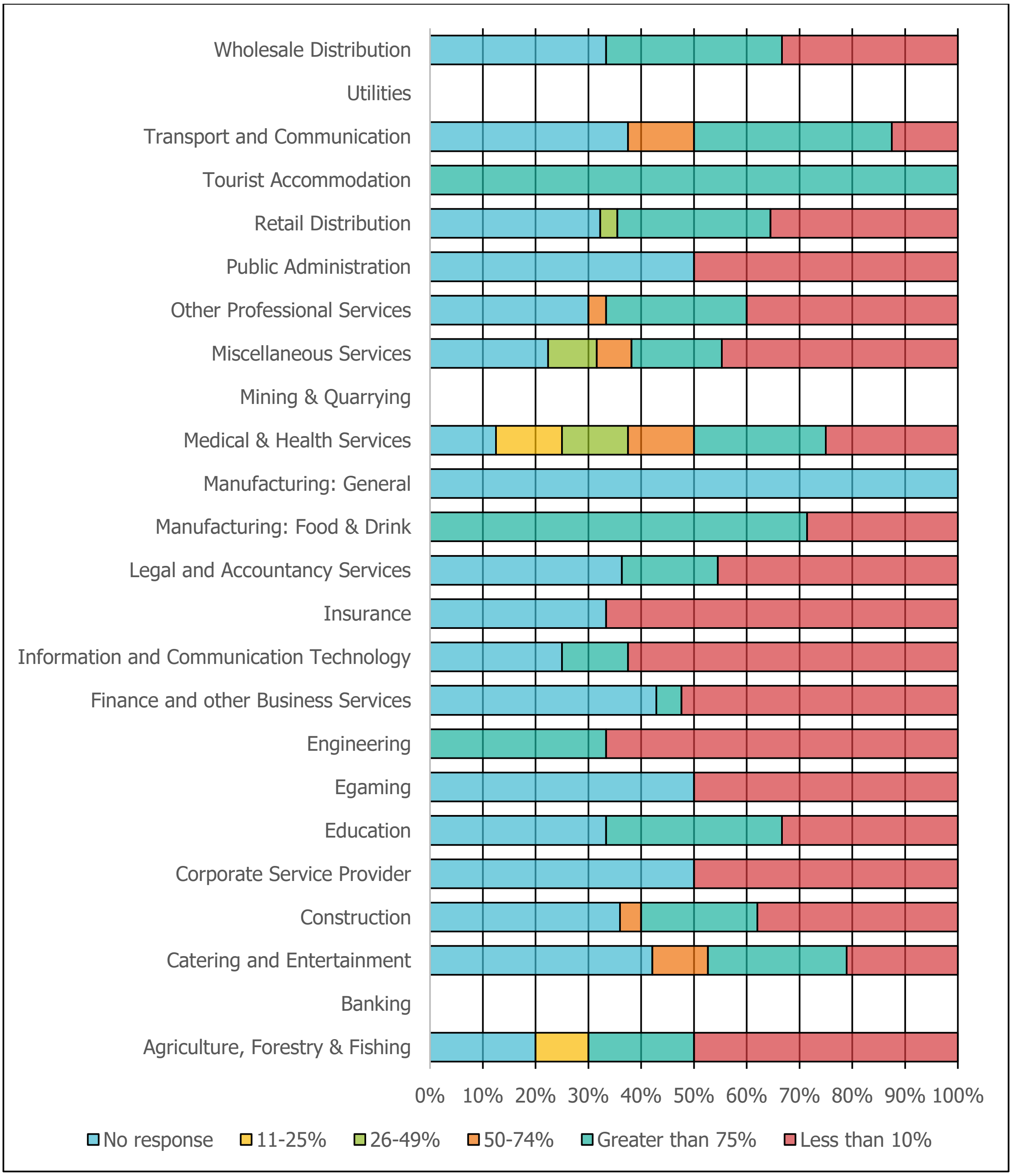
Figure 12: Workforce not able to work, by sector



5.7 WORKFORCE CLAIMING SALARY SUPPORT SCHEME:

41% of businesses said less than 10% of their workforce is claiming on the Salary Support Scheme, with 21% indicating greater than 75% is doing so. All businesses in Tourist Accommodation indicated that greater than 75% of their workforce is claiming on the Salary Support scheme.

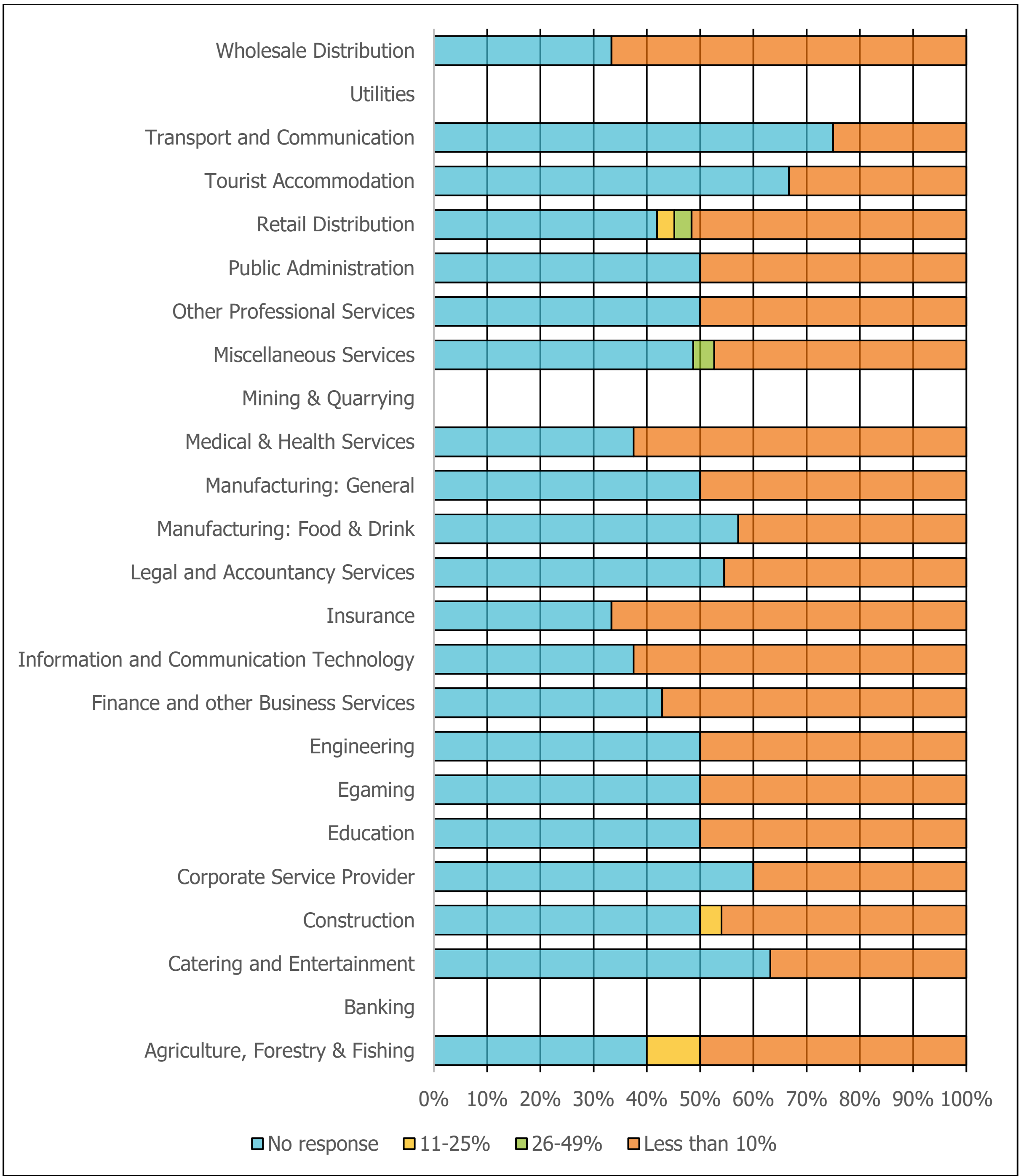
Figure 13: Workforce claiming Salary Support scheme



5.8 Workforce off-sick or self-isolating:

49% of all businesses said less than 10% of their workforce is currently off-sick or self-isolating due to Coronavirus, with 2% indicating that between 11% and 49% of their workforce is affected in this way.

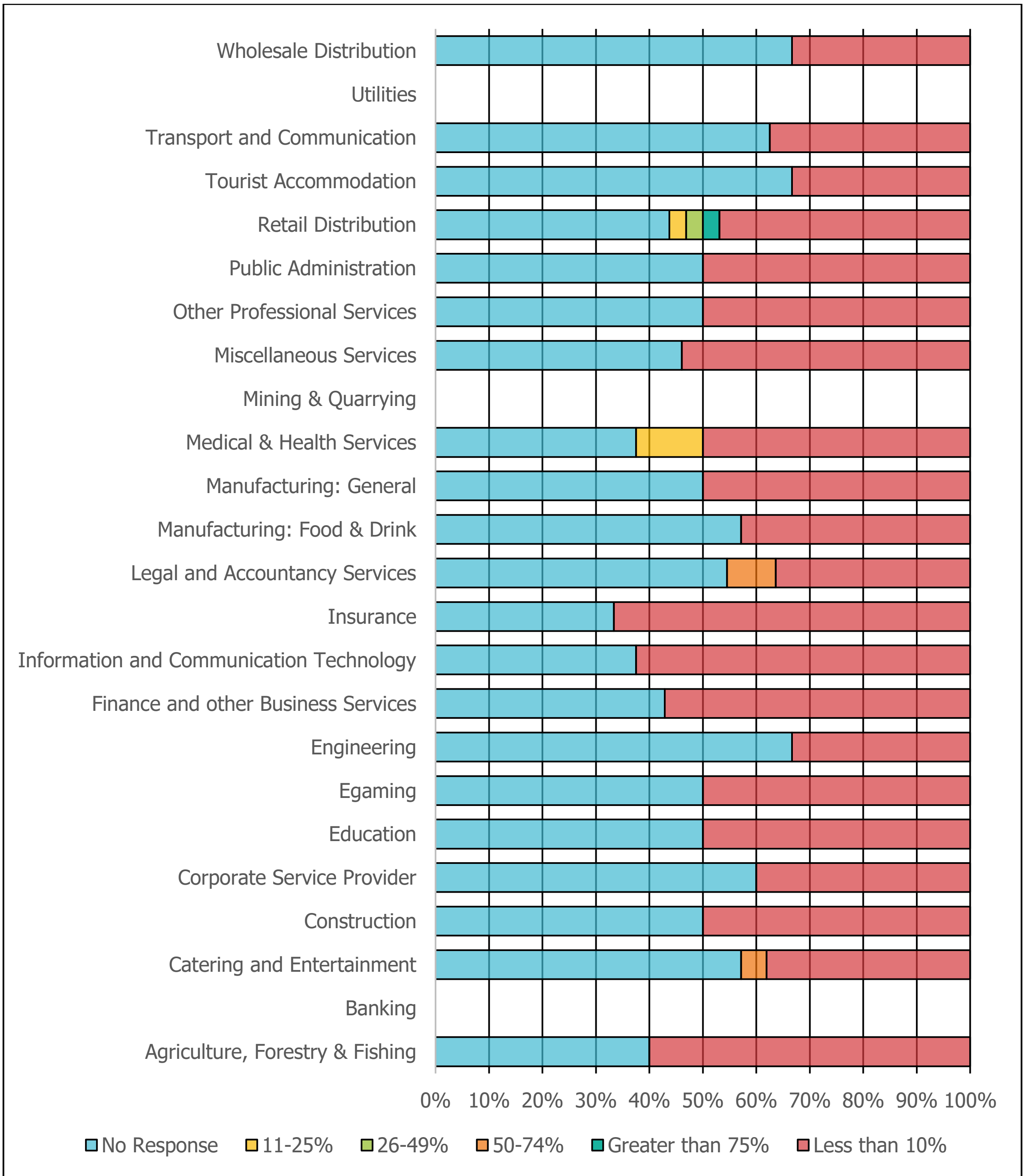
Figure 14: Workforce off-sick or self-isolating due to Coronavirus, by sector



5.9 WORKFORCE MADE REDUNDANT:

50% of businesses said less than 10% of their workforce was made redundant, with 1% indicating 50-74% of their workforce was made redundant. 3% of the respondent businesses in Retail Distribution said that greater than 75% of their workforce was made redundant.

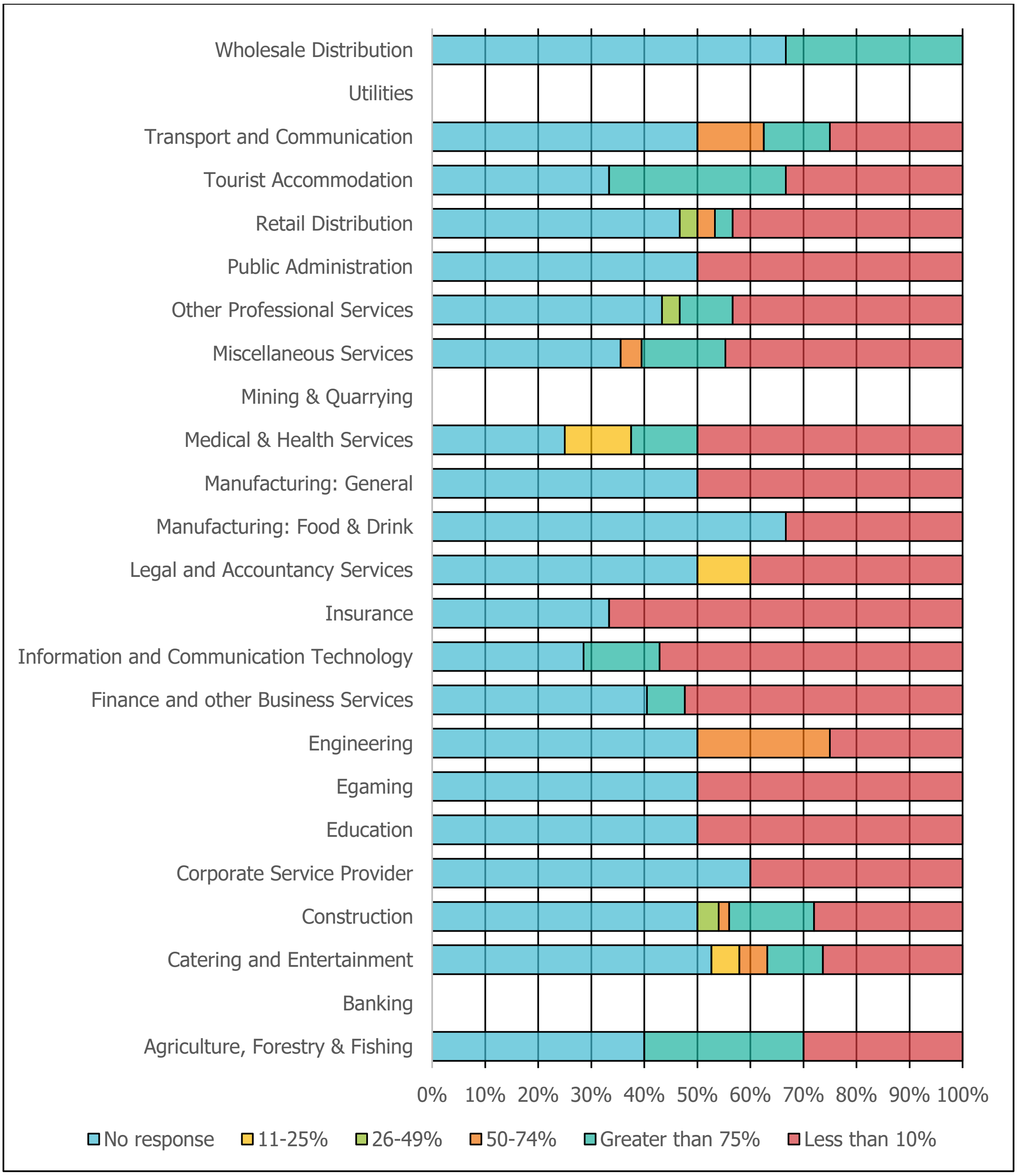
Figure 15: Workforce made redundant, by sector



5.10 Workforce on reduced hours/pay:

40% of businesses said less than 10% of their workforce was on reduced pay/hours, with 11% indicating that greater than 75% was on reduced pay/hours. Of all businesses in Agriculture, Forestry & Fishing, 30% indicated that greater than 75% of their workforce is on reduced pay/hours.

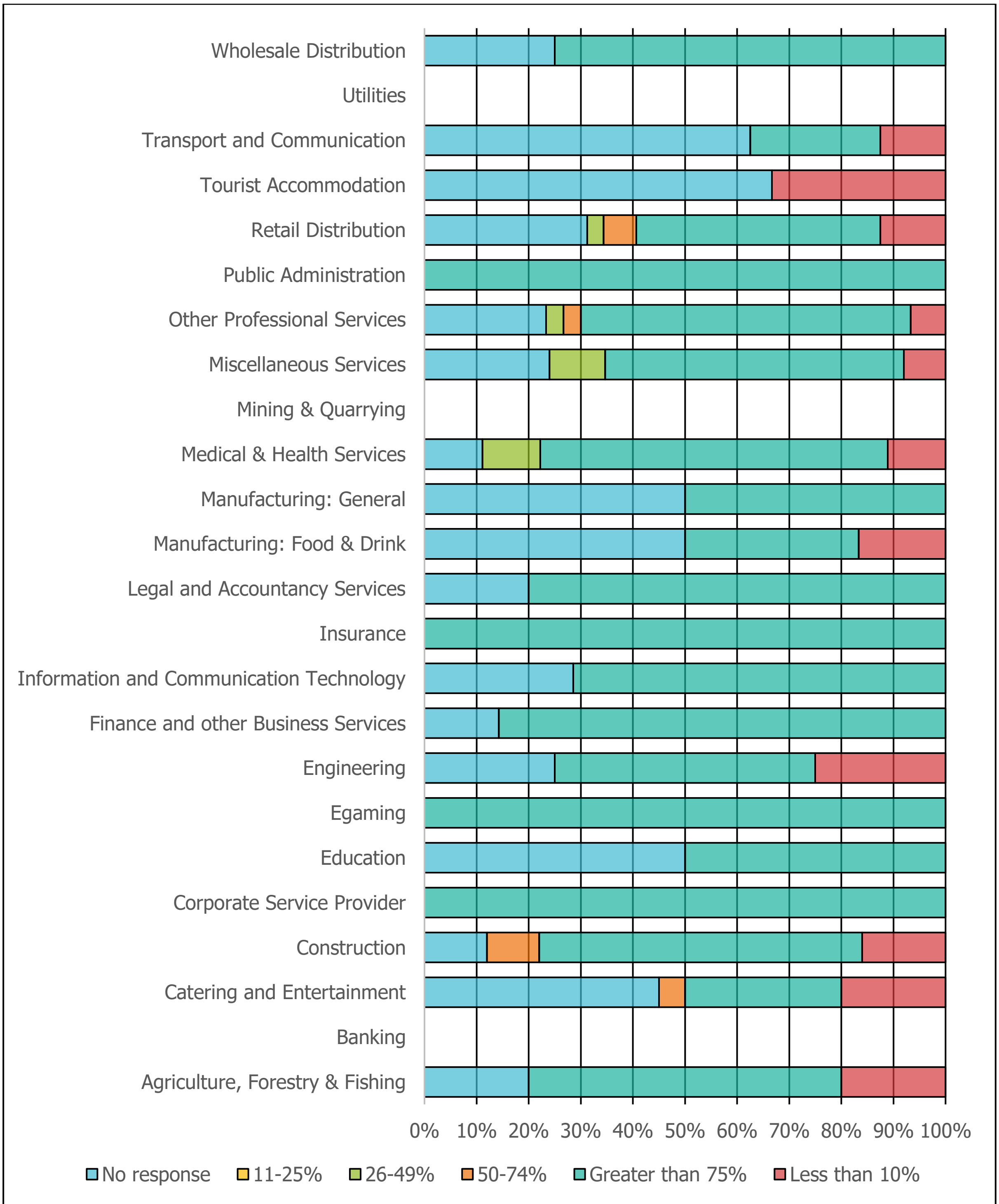
Figure 16: Workforce on reduced hours/pay, by sector



5.11 WORKFORCE WORKING AS NORMAL:

61% of businesses said that greater than 75% of their workforce was working as normal, with 10% indicating less than 10% was. Of all businesses in Tourist Accommodation, 33% indicated that less than 10% of their workforce is working as normal.

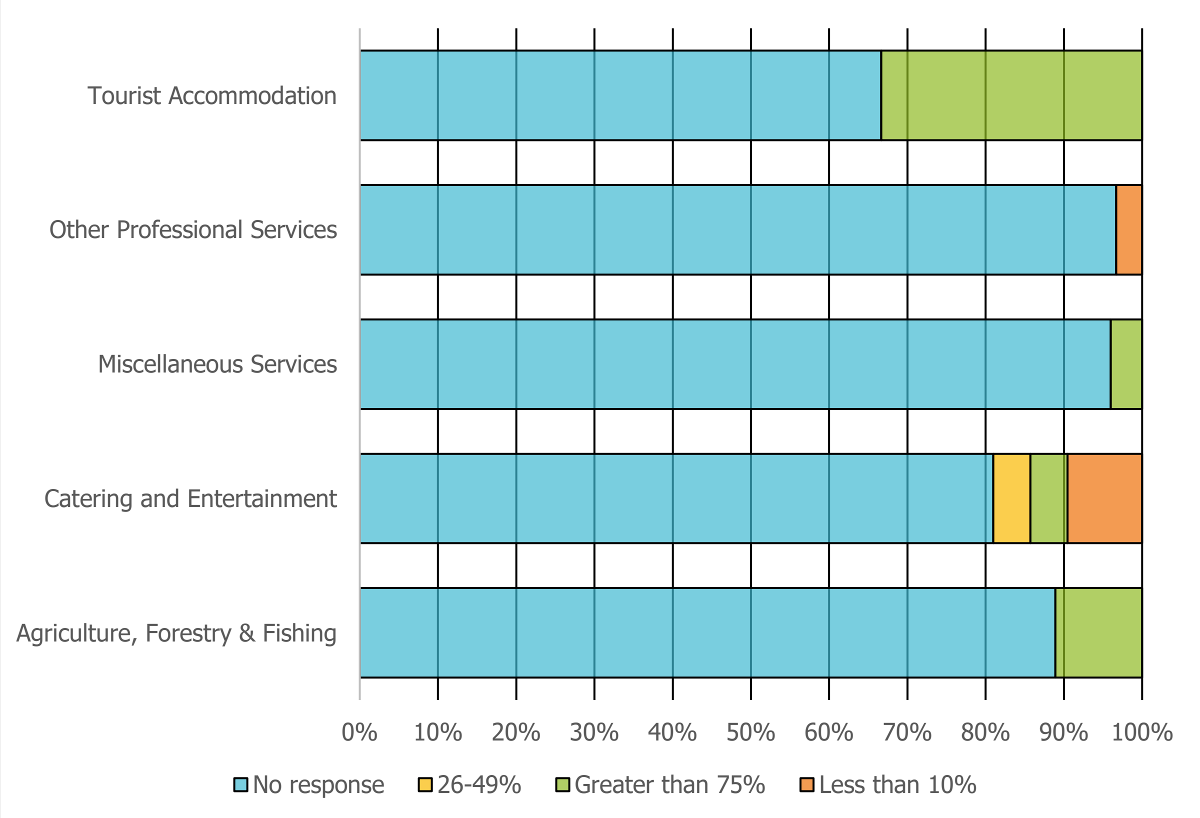
Figure 17: Workforce working as normal, by sector



5.12 WORKFORCE CLAIMING SUPPORT AT THE TIME OF TEMPORARY CLOSURE:

97% of the sample did not respond to this question. Of those that did, only 2% indicated that greater than 75% of their workforce was claiming support at the time of temporary closure while 1% said that less than 10% of their workforce was doing so. Of all businesses in Tourist Accommodation, 33% indicated that greater than 75% of their workforce was claiming support at the time of temporary closure.

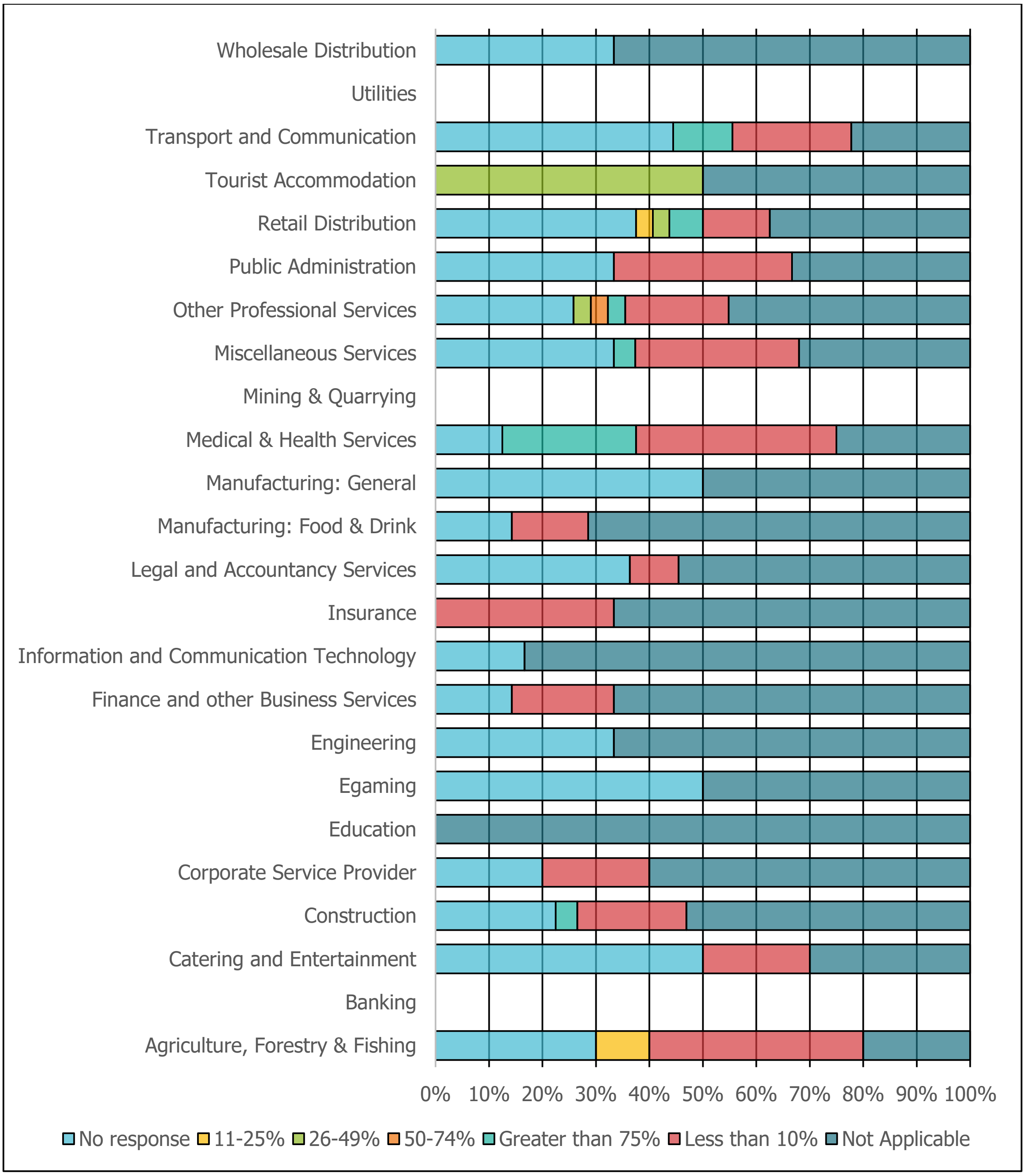
Figure 18: Workforce claiming support at the time of temporary closure, by sector



5.13 Workforce made redundant at the time of temporary closure:

21% of all businesses said that less than 10% of their workforce was made redundant at the time of temporary closure. 40% of businesses in Agriculture, Forestry & Fishing and 38% of businesses in Medical & Health services, 33% in Insurance, said that less than 10% of their workforce was made redundant at the time of temporary closure.

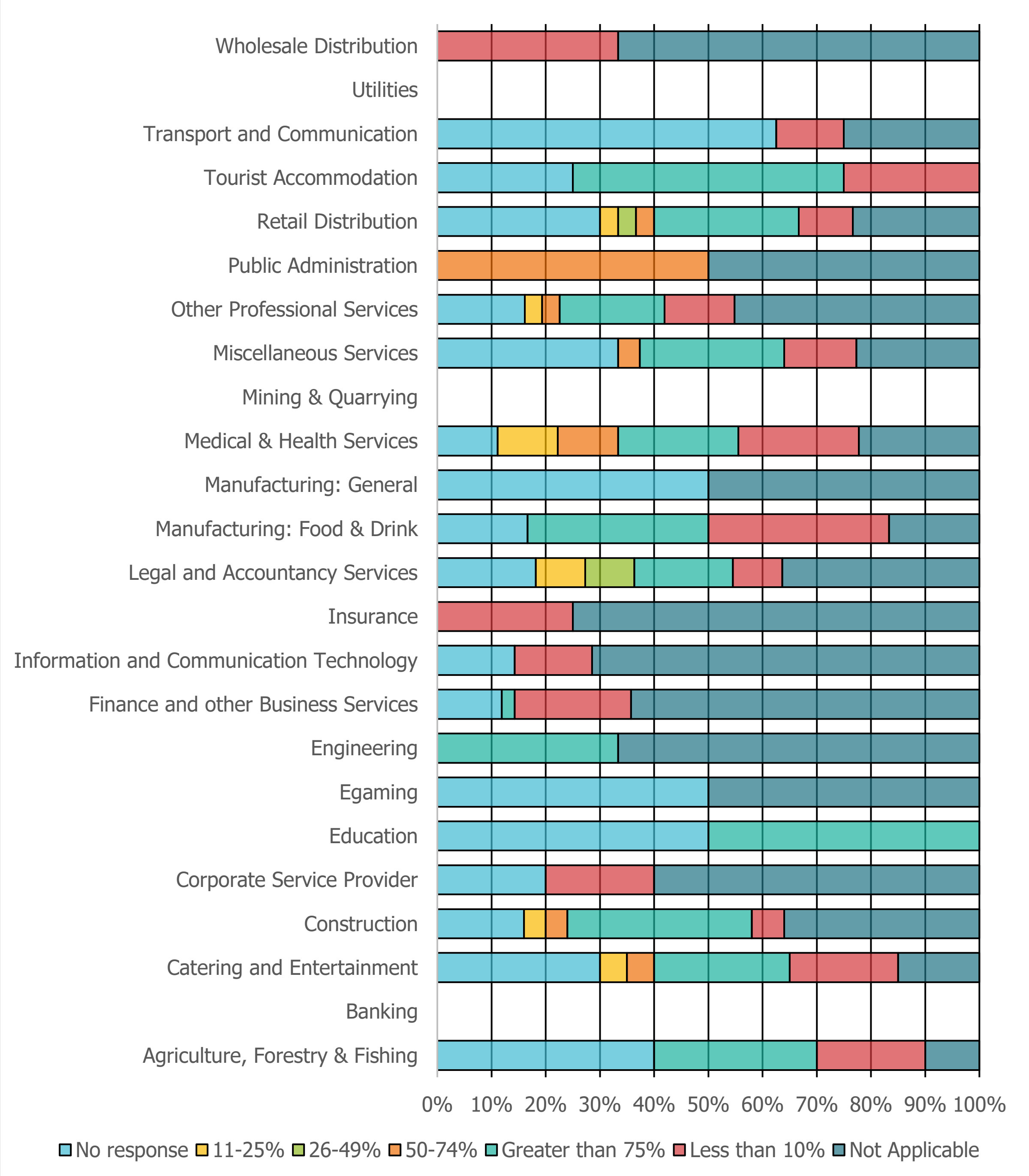
Figure 19: Workforce made redundant at the time of temporary closure, by sector



5.14 Workforce on reduced pay rates/hours at the time of temporary closure:

21% of all businesses said that greater than 75% of their workforce was on reduced pay/hours at the time of temporary closure. 50% of the businesses in Tourist Accommodation, and Education, 34% in Construction, stated that greater than 75% of their workforce was on reduced pay rates or hours at the time of temporary closure.

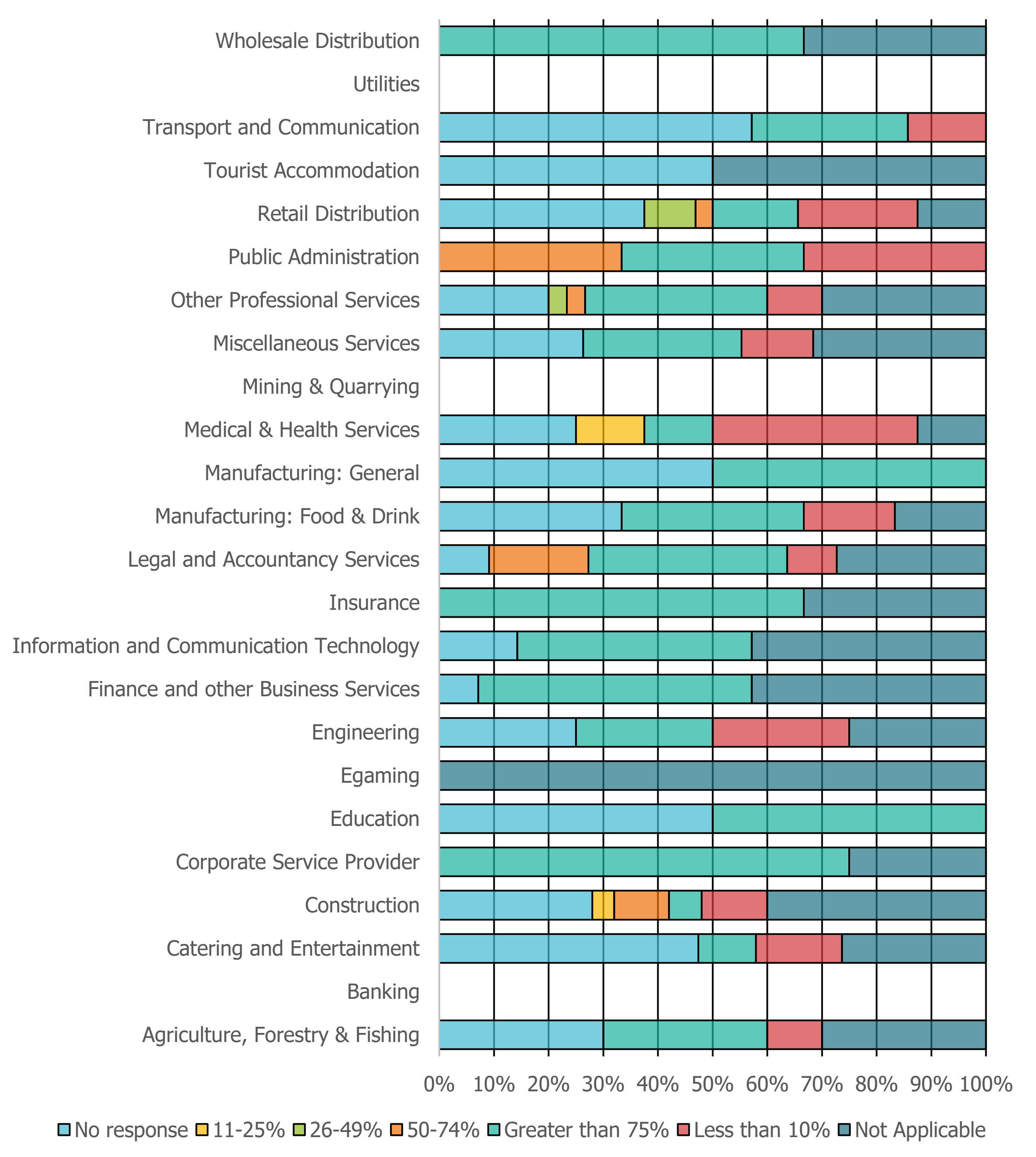
Figure 20: Workforce on reduced pay/hours at the time of temporary closure, by sector



5.15 Workforce working as normal at the time of temporary closure:

28% of all businesses stated that greater than 75% their workforce was working as normal at the time of temporary closure, with 12% stating less than 10% was doing so. The majority of the businesses bar those in Construction, Catering and Entertainment, Medical & Health services and Retail Distribution indicated that more than 75% of their workforce was working as normal at the time of temporary closure.

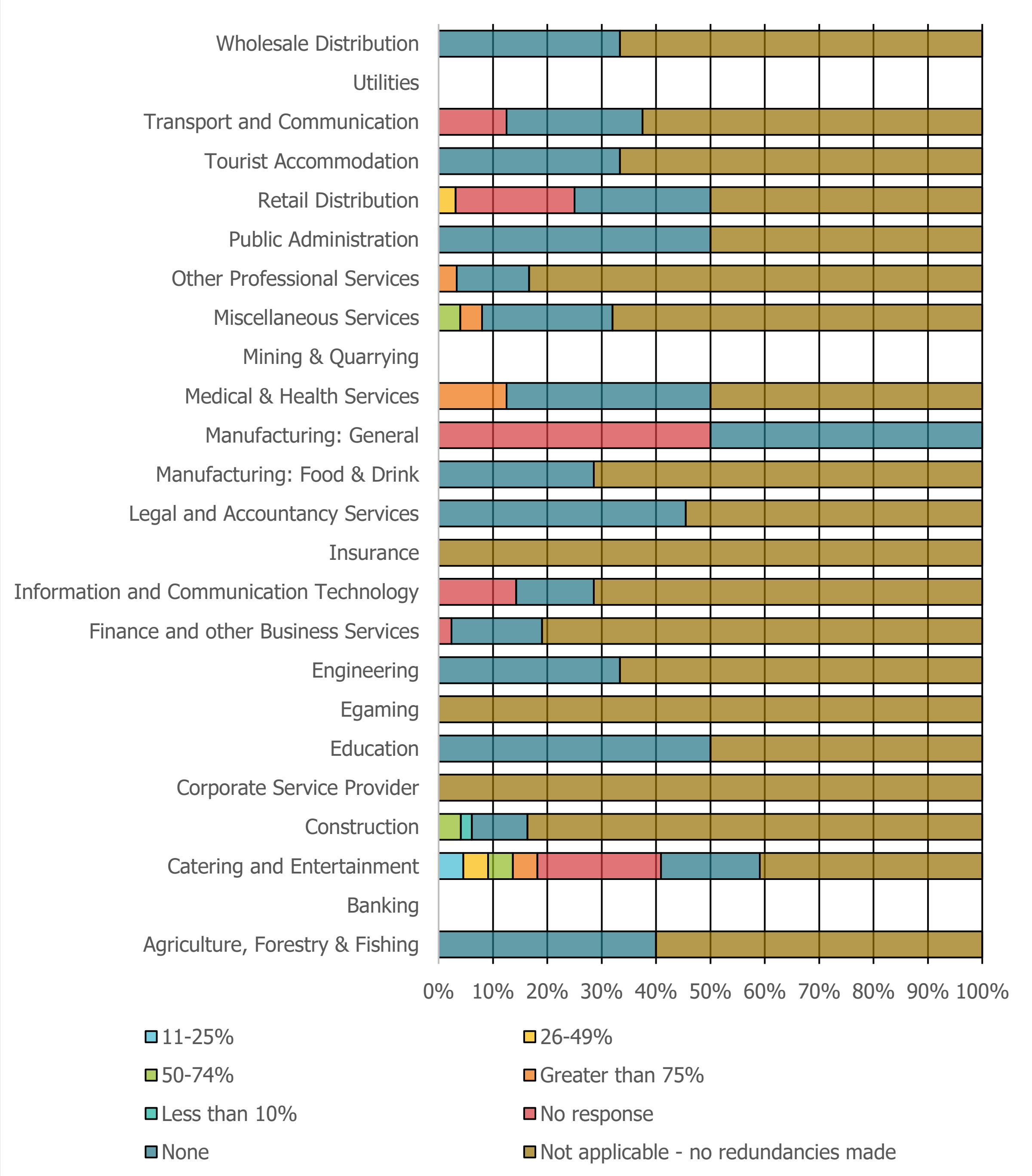
Figure 21: Workforce working as normal at the time of temporary closure, by sector



5.16 Redundancies expected to be rehired/replaced:

When asked what proportion of redundancies businesses expect to rehire/replace in next month, most businesses (21%) responded with 'none'. Of all businesses in Manufacturing: General and Education, 50% said they expect no redundancies to be rehired/replaced in the next month.

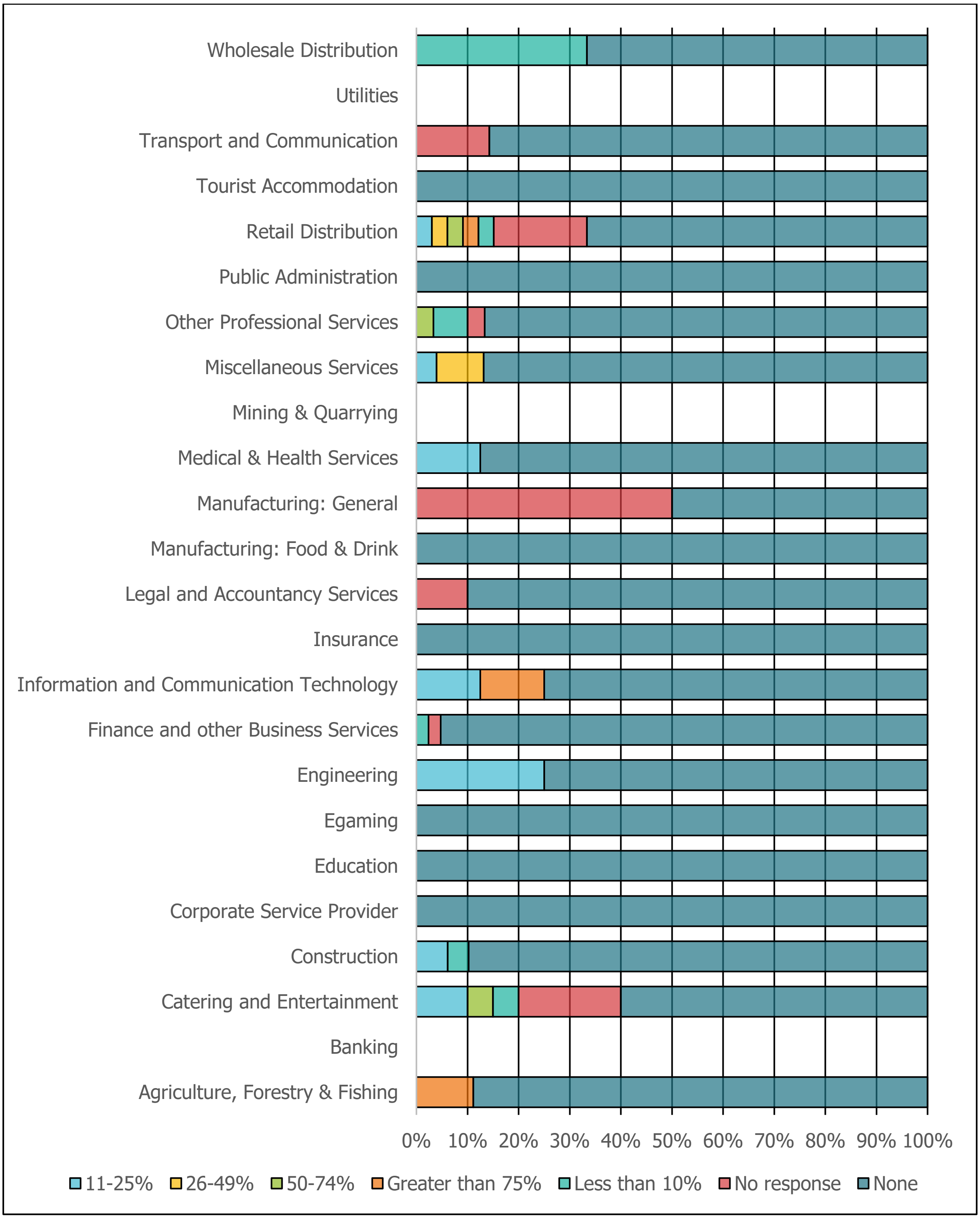
Figure 22: Redundancies expected to be rehired/replaced



5.17 **Redundancies expected in the next month:**

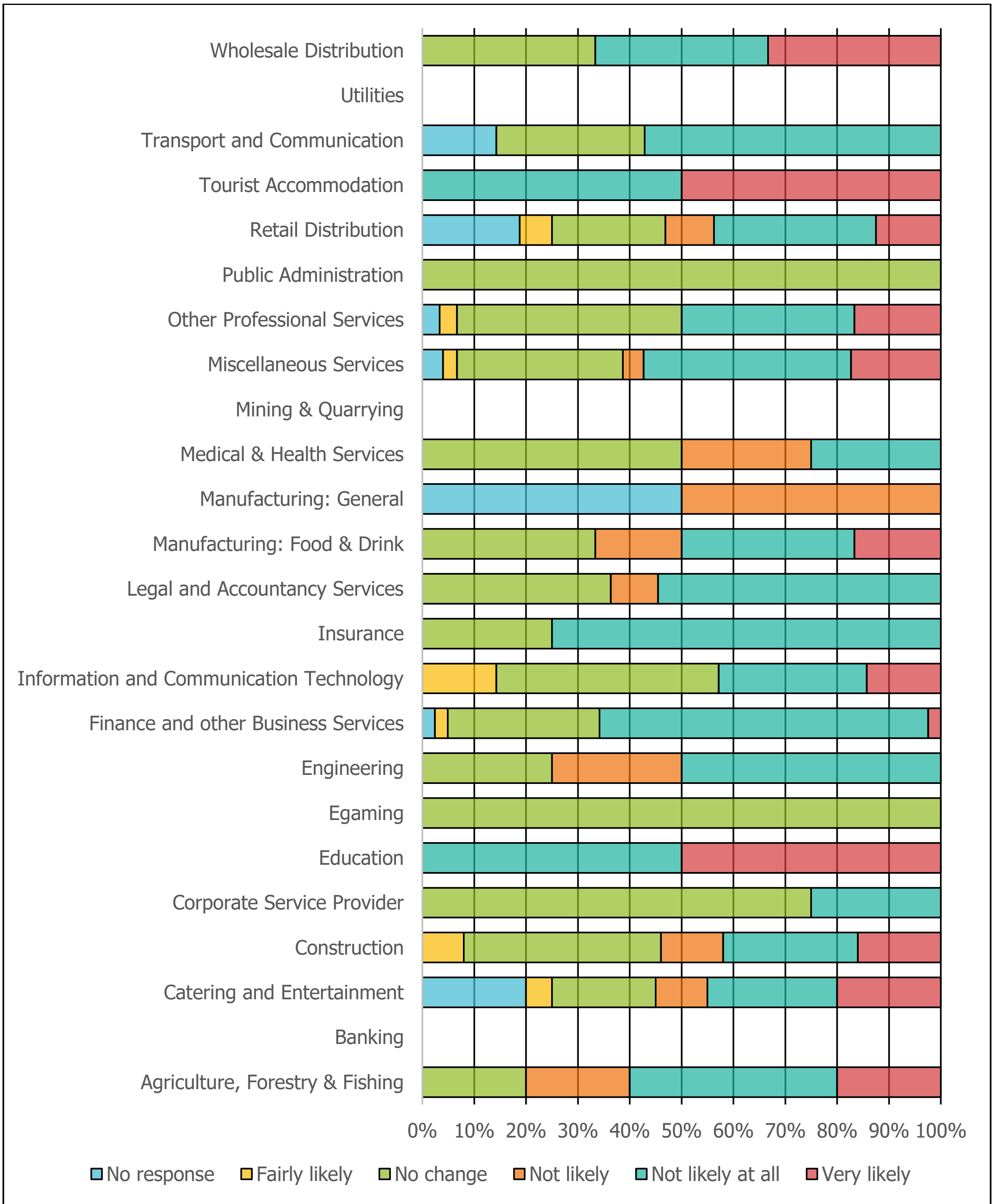
Most businesses (85%) said that they do not expect any of their current workforce to be made redundant in the next month, assuming pre-coronavirus trading activity resumes and existing Government financial support end on disclosed dates.

Figure 23: Redundancies expected in the next month, by sector



When asked whether their answer would be likely to change if Government support schemes were available, most (71%) businesses responded with 'no change' and 'not likely at all'.

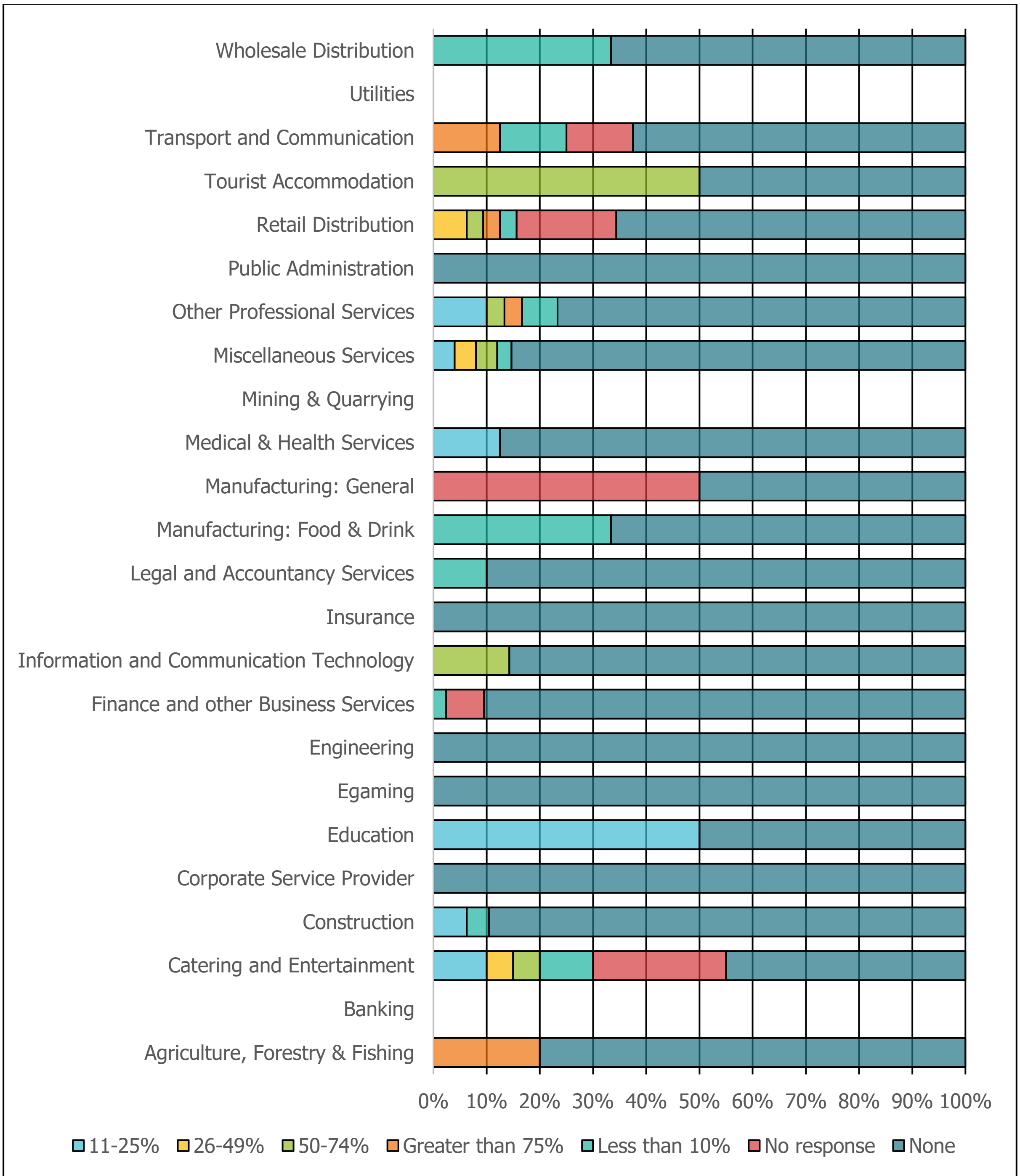
Figure 24: Likelihood of change in answer if support were available



5.18 Redundancies expected in the next three month:

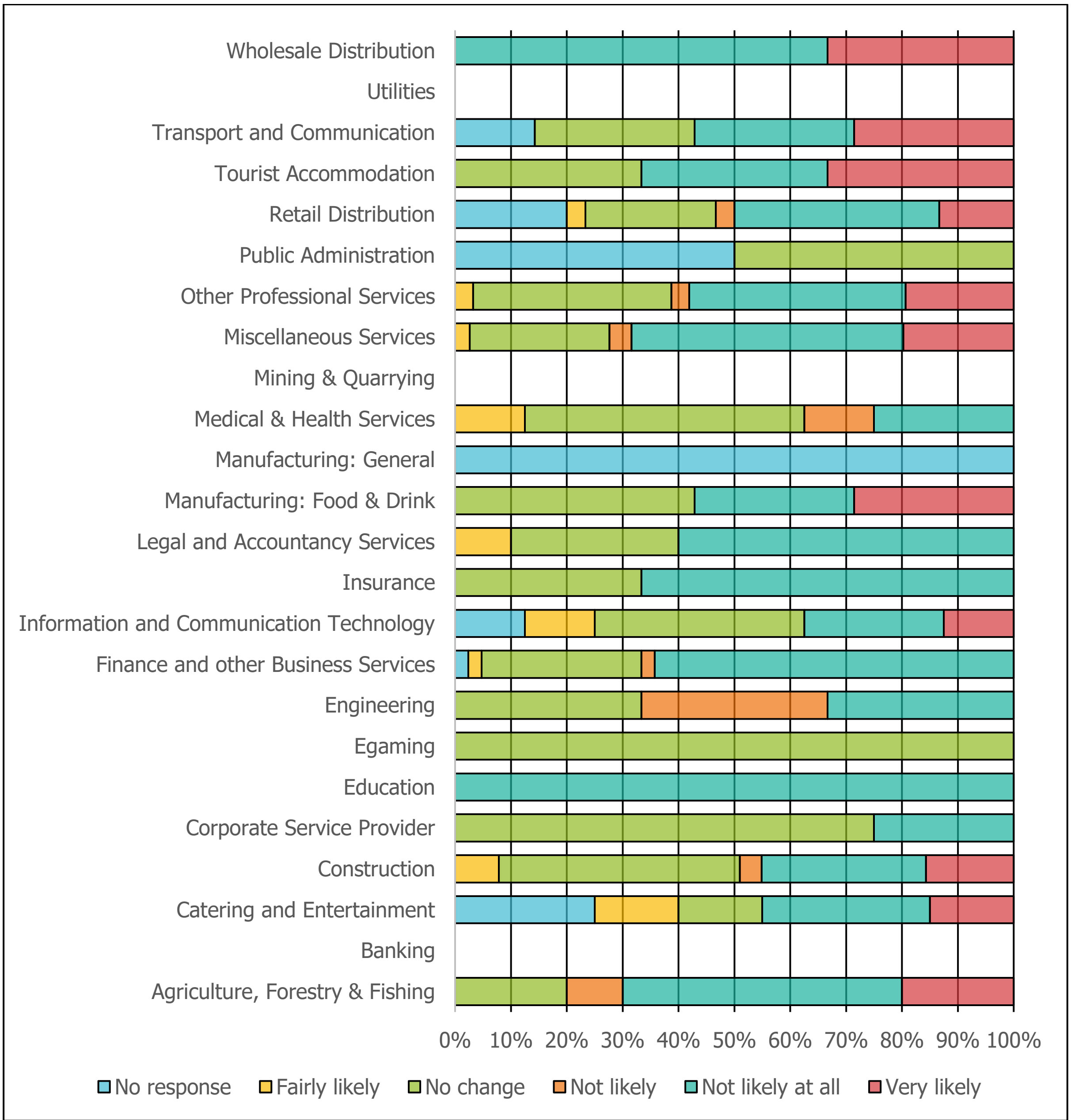
Most businesses (80%) said that they do not expect any of their current workforce to be made redundant in the next three months, assuming pre-coronavirus trading activity resumes and existing Government financial support end on disclosed dates. 20% of all businesses in Agriculture, Forestry & Fishing and 13% in Transport and Communication said that they expect greater than 75% to be made redundant in the next three months.

Figure 25: Redundancies expected in the next three months



When asked whether their answer would be likely to change if Government support schemes were available, most businesses (73%) responded with 'no change' and 'not likely at all'.

Figure 26: Likelihood of change in the answer if support were available



5.19 External job vacancies:

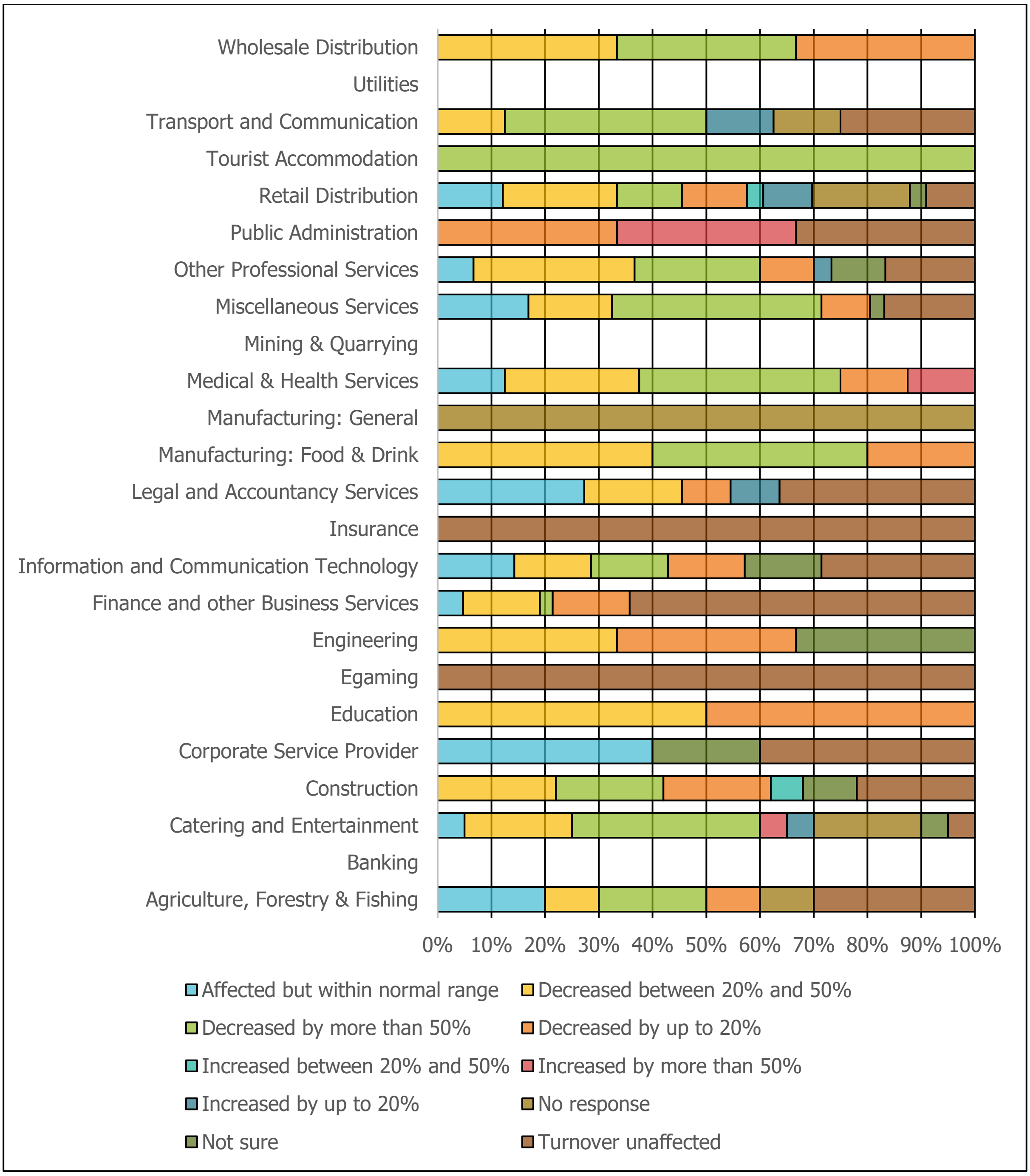
79% of businesses indicated that their business is not actively recruiting for any external vacancies, with only 5% indicating that they are actively recruiting for one external vacancy and 12% did not respond to the question.

6 TURNOVER

6.1 BUSINESS TURNOVER SINCE SOCIAL DISTANCING WAS LIFTED:

When asked about how their turnover been affected compared to what would normally be expected for this time of the year, all businesses in Tourist Accommodation said that it has decreased by more than 50%. Insurance, and E-gaming are the two least affected sectors, with all businesses reporting that their turnover has been unaffected.

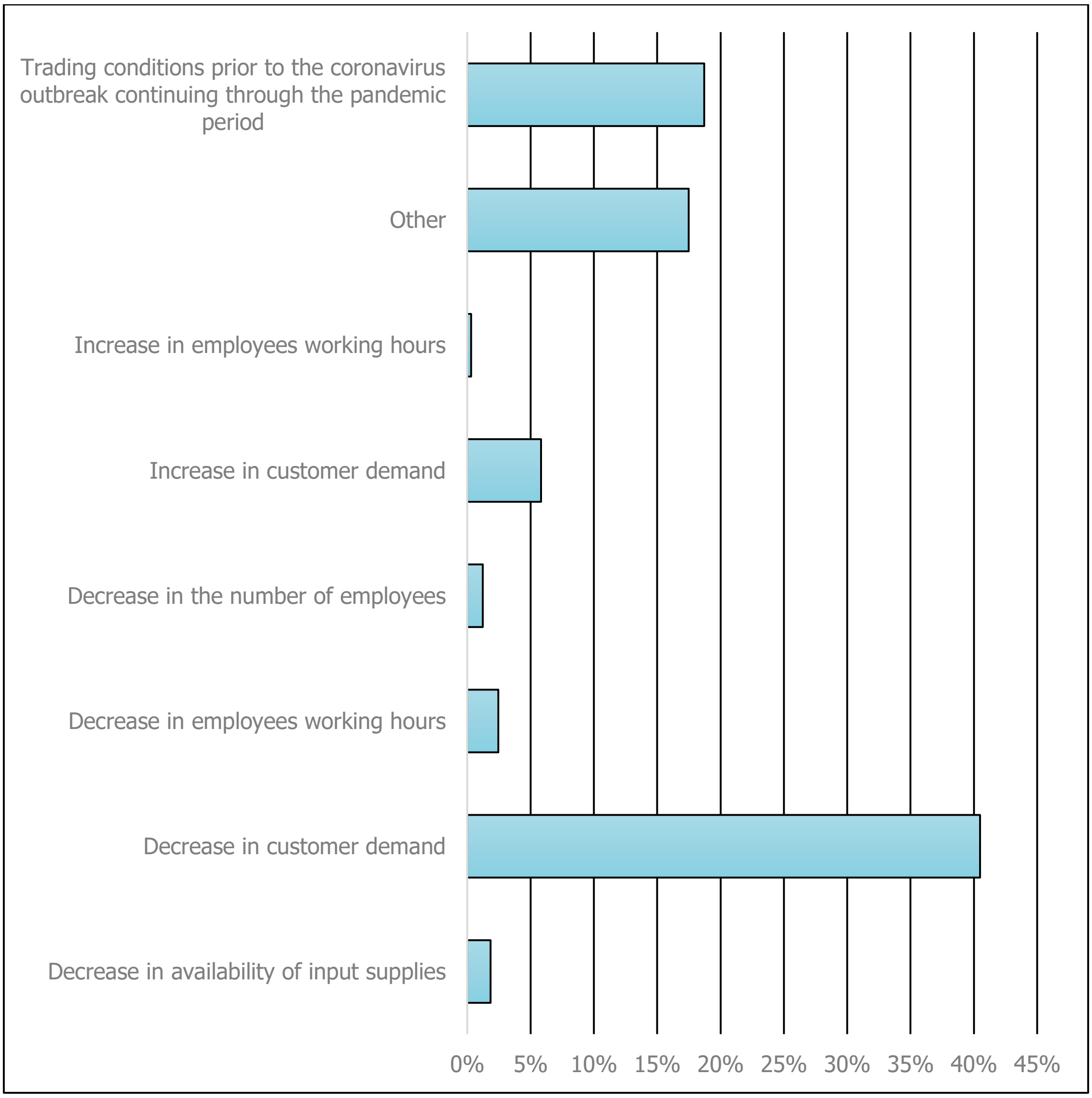
Figure 27: Business turnover since social distancing was lifted, by sector



6.2 DRIVING REASON FOR THE CHANGE IN TURNOVER:

40% of all businesses said that the decrease in customer demand they have experienced is the overarching cause for turnover being outside its normal range in the last three months, with 19% stating trading conditions prior to Coronavirus outbreak and continuing through the pandemic period as the main reason. 17% stated that there was some 'other' cause for a decrease in turnover.

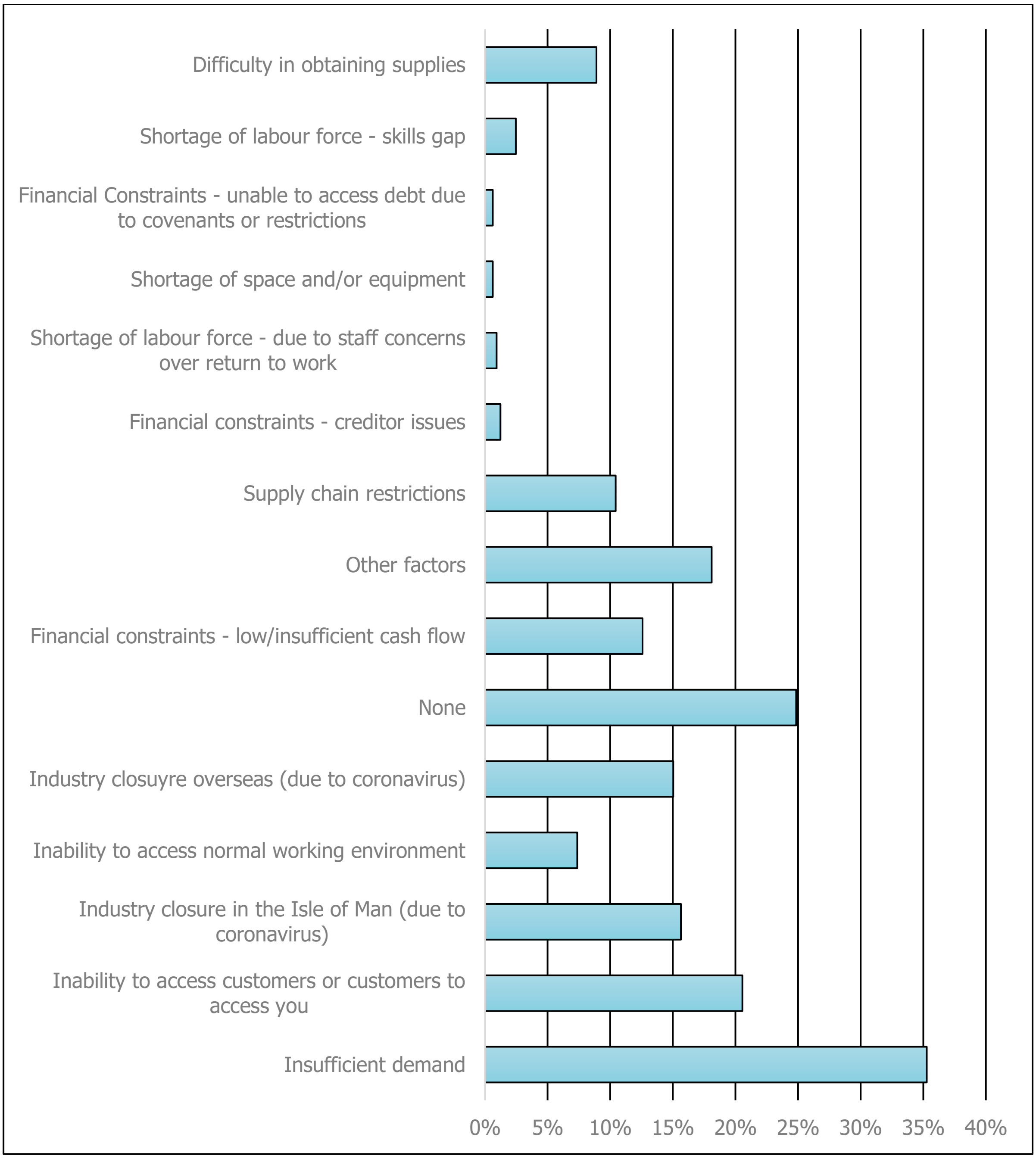
Figure 28: Driving reason for the change in turnover



6.3 Hindering factors:

When asked what main factors are currently hindering the business or its ability to generate turnover, most businesses (35%) indicated insufficient demand to be the most significant, closely followed by 'none' (25%) and an 'inability to access customers or for customers to access the business' (21%).

Figure 29: Factors currently limiting business and ability to generate turnover

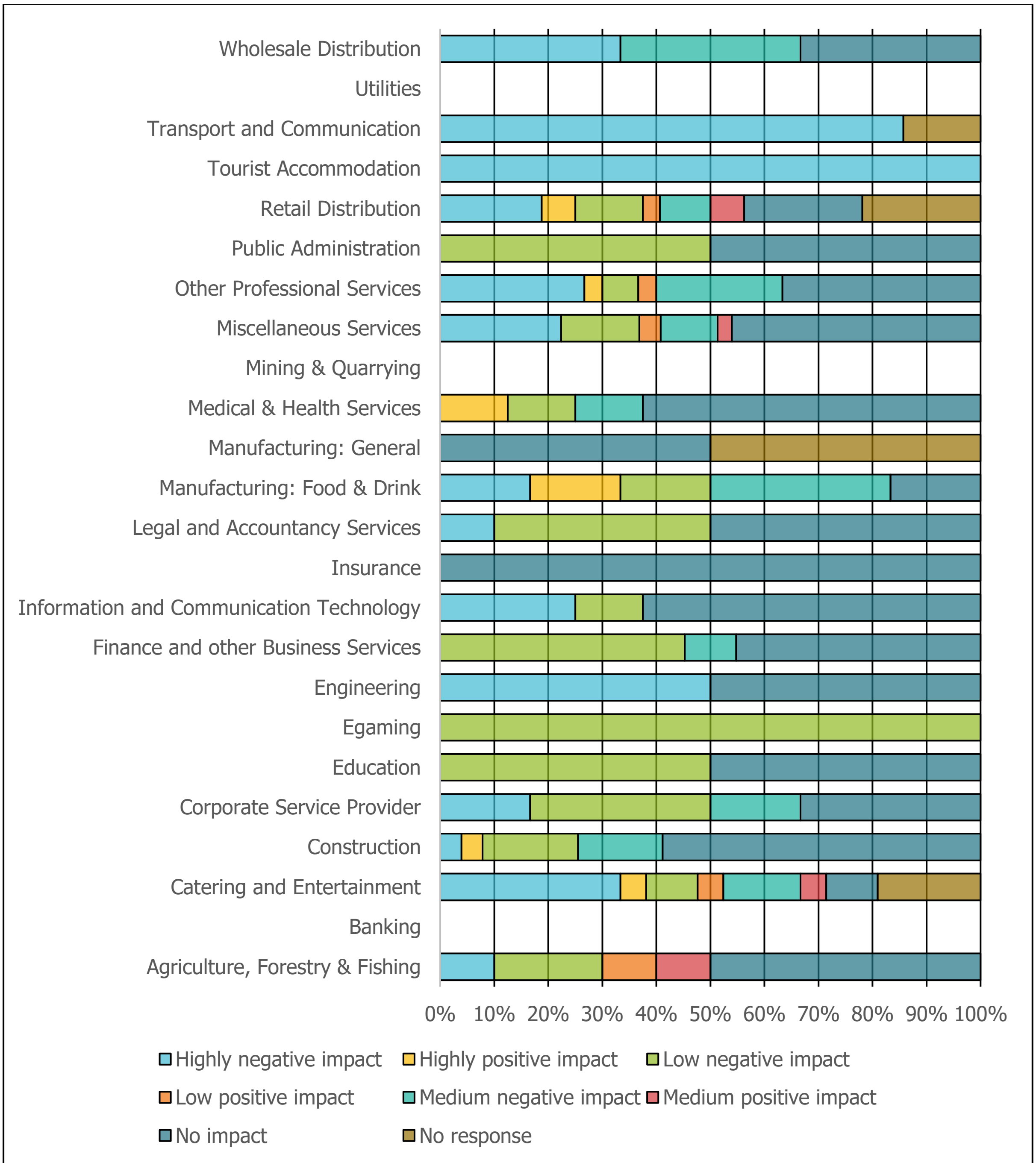


Note- 2: each respondent can select multiple answers, so the sum can be greater than 100%

6.4 Impact of border closure:

42% of all respondents reported that they experienced 'no impact on their ability to generate turnover due to border closure'. Tourist Accommodation (100%) and Transport and Communication (86%) are the two sectors that experienced the greatest negative impact on their ability to generate turnover as a result of closing the border. Insurance, Information and Communication and Medical and Health services are the three sectors least affected by the border closure, with 100%, 63%, 63% respectively reporting 'no impact' on their turnover.

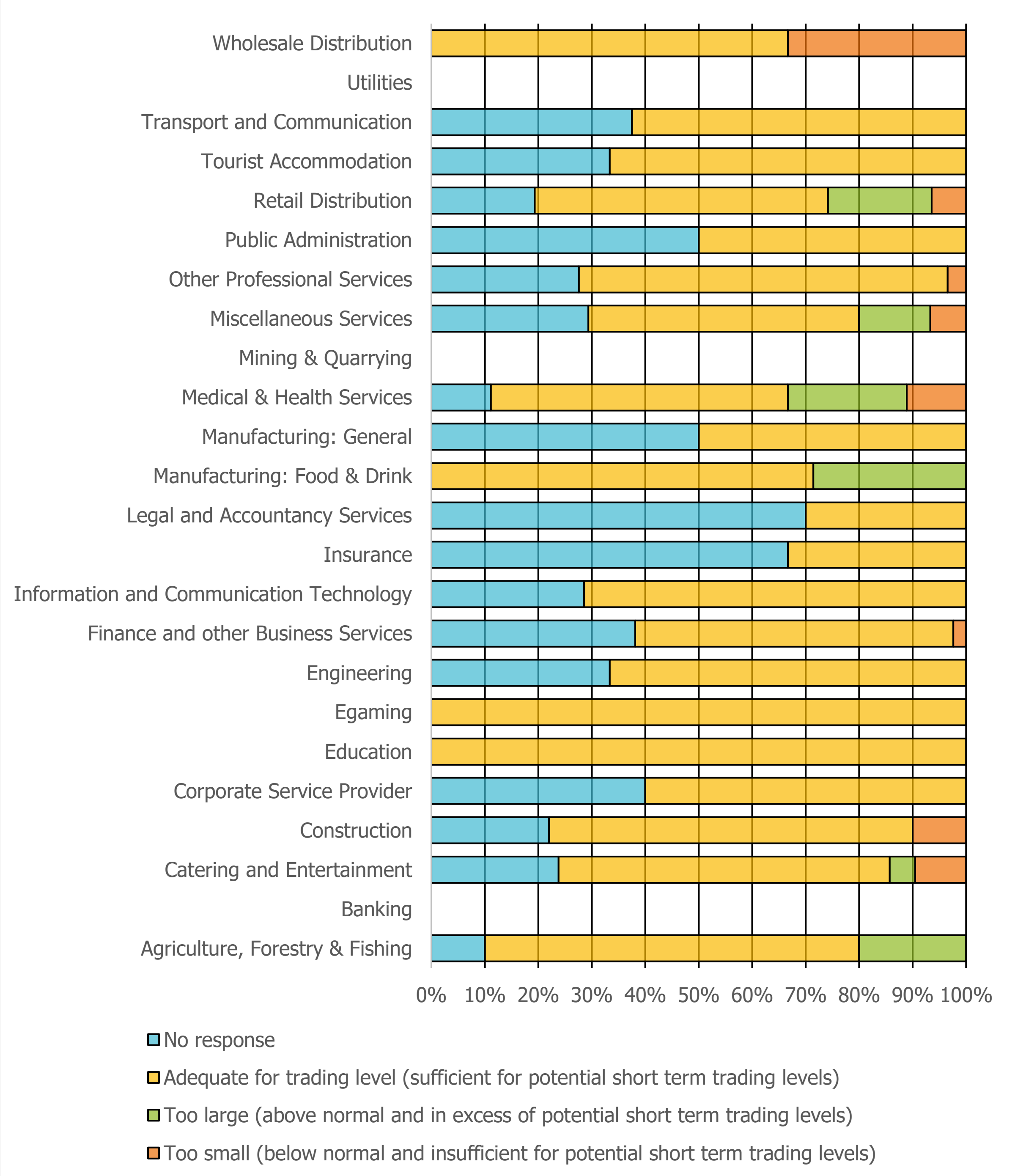
Figure 30: Impact of border closure on the ability to generate turnover, by sector



6.5 Adequacy of stock:

When asked if they consider the volume of stock they currently hold to be adequate, most businesses (59%) stated that their stock is 'adequate for trading level'. Businesses in the Wholesale distribution sector were those most like to indicated that their stock levels are 'too small', with 33% reporting that this is the case.

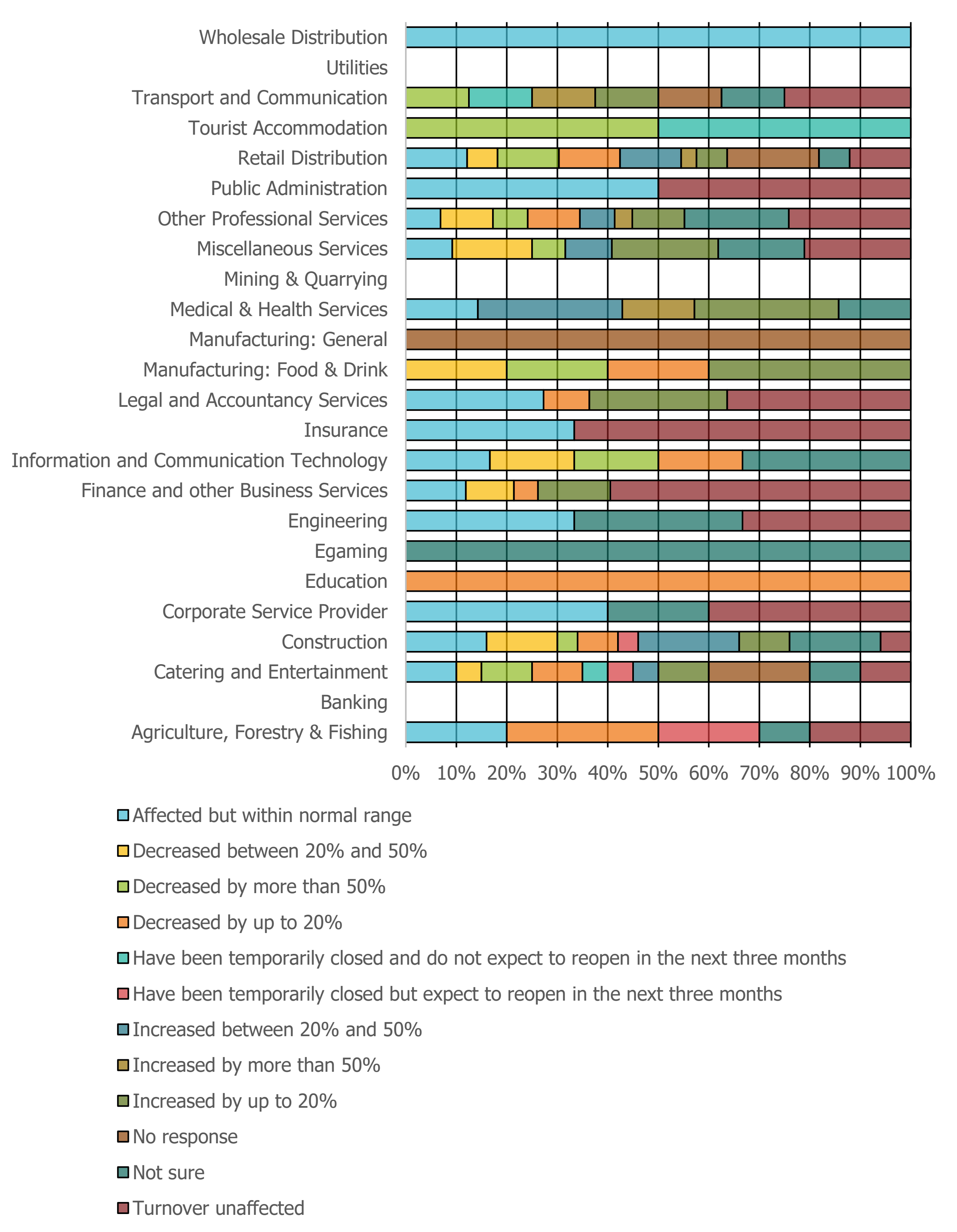
Figure 31: Adequacy of current level of stock, by sector



6.6 Expected development of business turnover:

More than one third (35%) of all businesses indicated that they expect their turnover to be either affected within normal range or unaffected over the next three months compared to past three months.

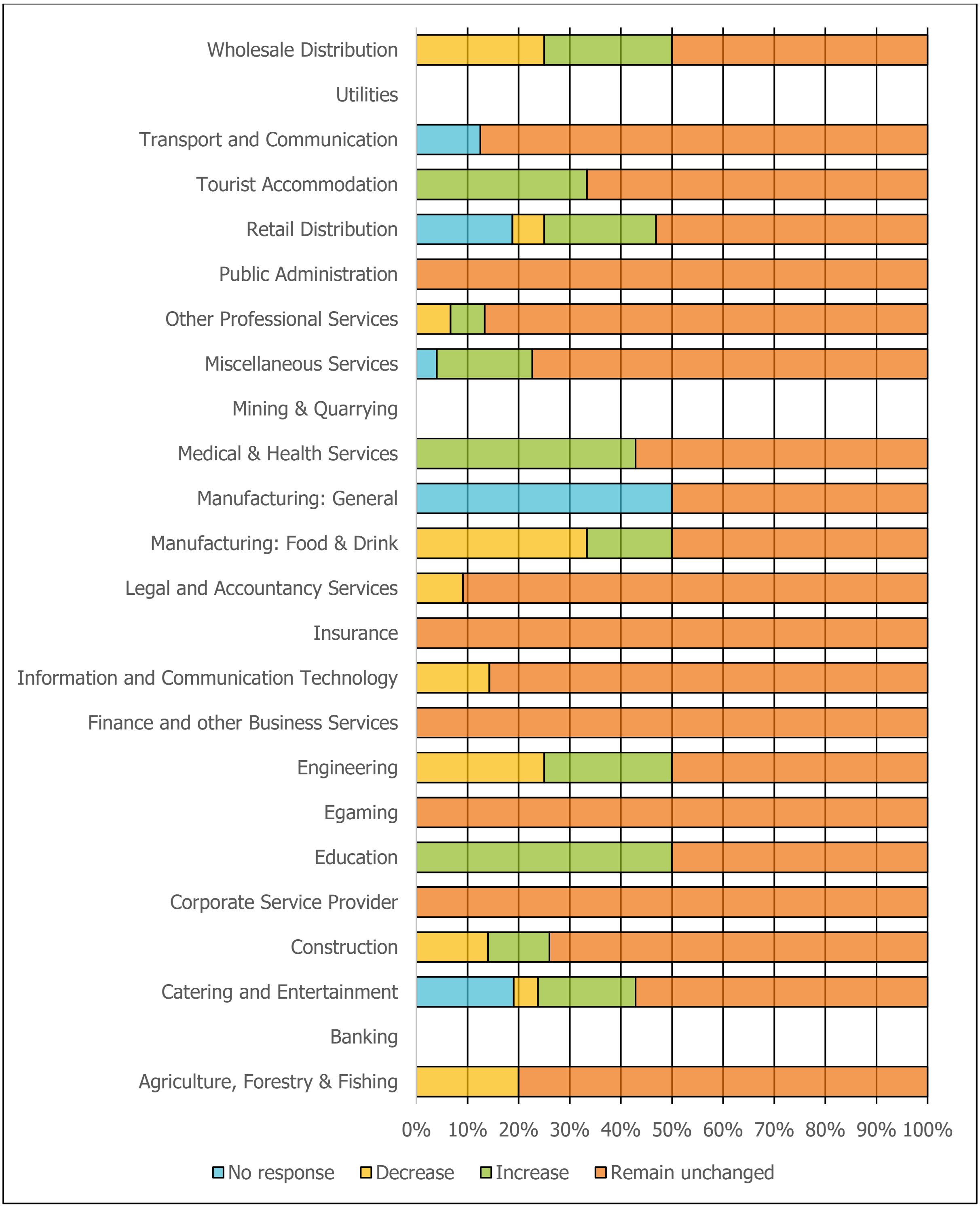
Figure 32: Expected development of business turnover, by sector



6.7 EXPECTED DEVELOPMENT OF PRICES:

77% of all businesses expect their prices to remain unchanged on average compared to current prices.

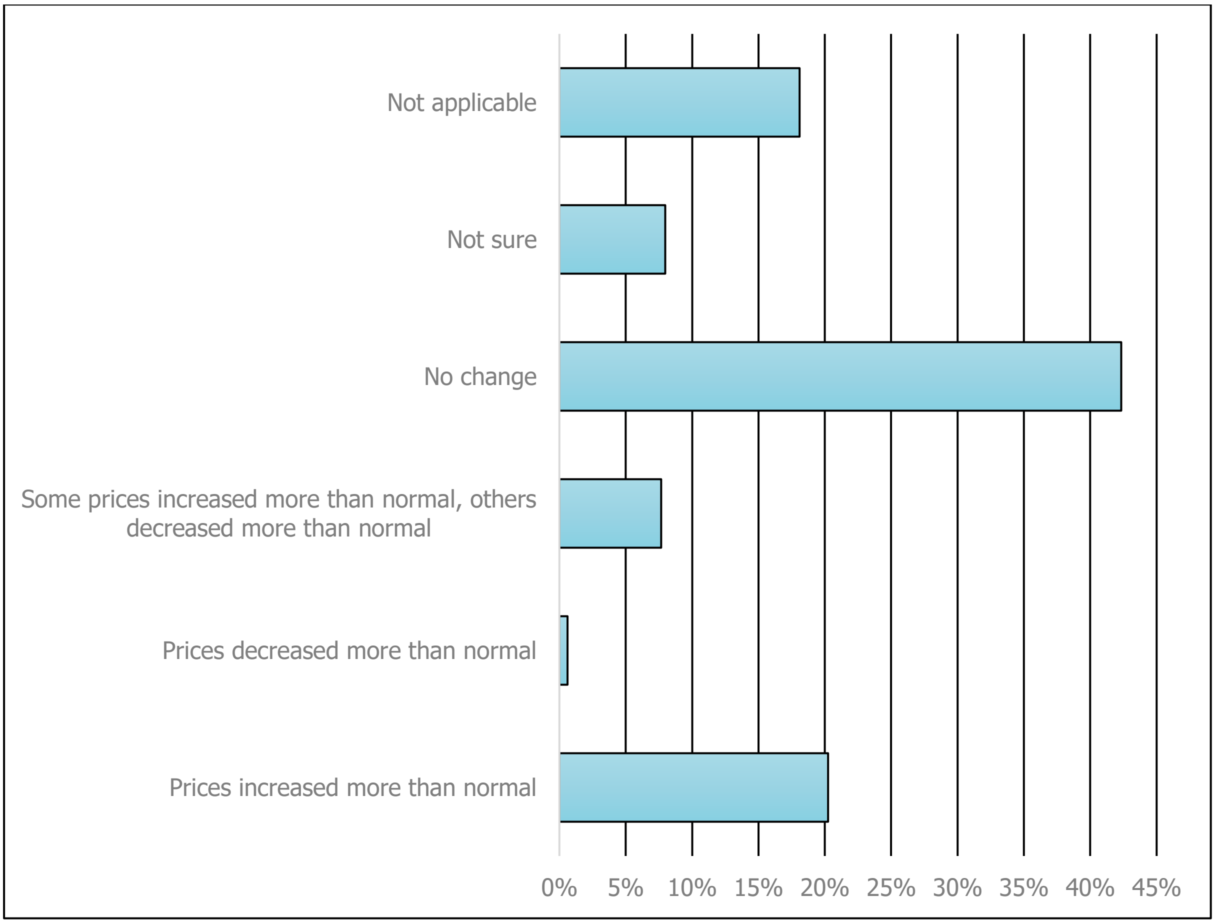
Figure 33: Expected development of prices, by sector



6.8 CHANGE IN PRICES OF SERVICES BOUGHT IN THE PAST MONTH:

When asked about whether the prices of materials, goods and services bought by businesses have changed in the past month, compared to with the usual price fluctuations for this time of the year, just over two fifths (42%) of businesses said that there has been 'no change', with a further 20% reporting that 'prices increased more than normal'.

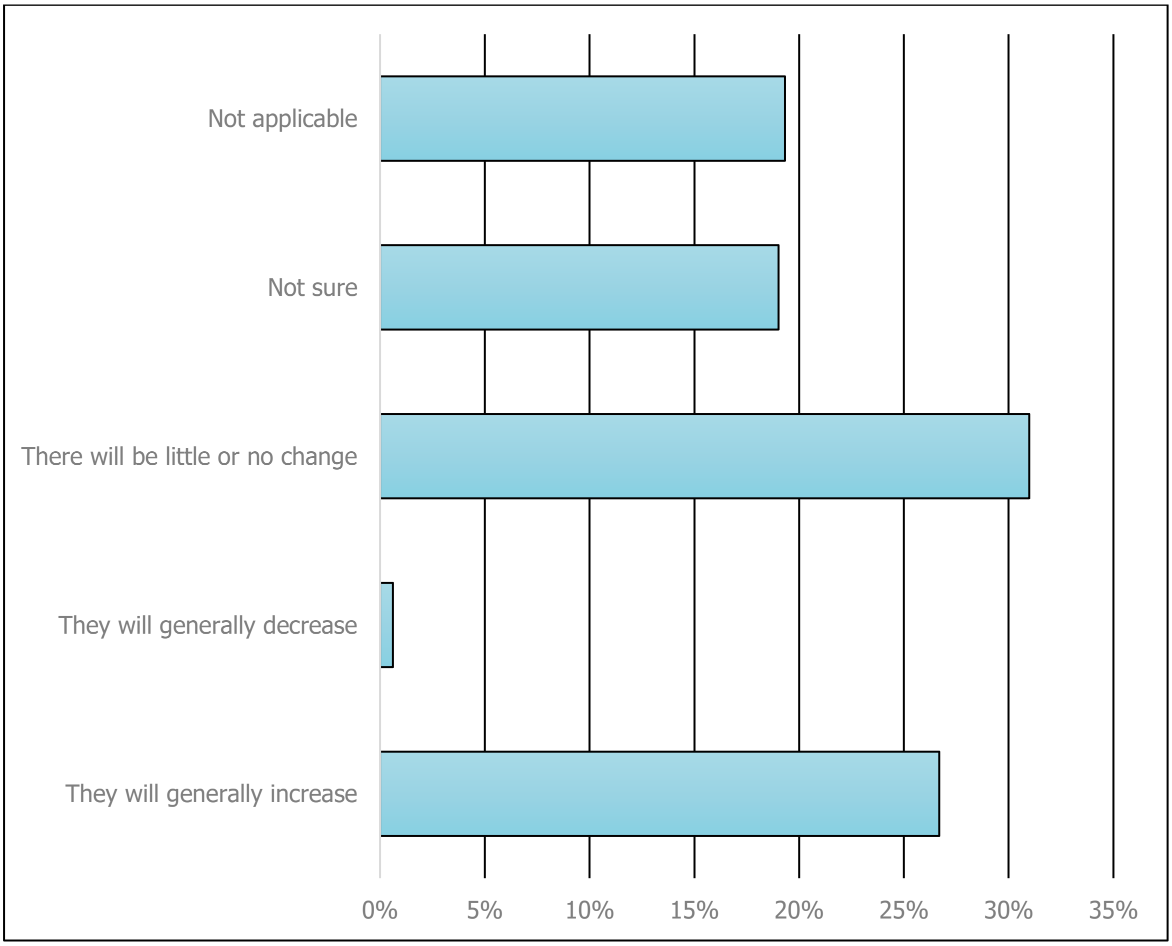
Figure 34: Change in prices of services bought, by sector



6.9 EXPECTED CHANGE IN PRICES OF SERVICES BOUGHT:

Slightly less than one third (31%) of all businesses said that they expect little or no change in the prices of goods, materials and services bought by their business over the next three months, with a further 27% saying that they expect prices to increase.

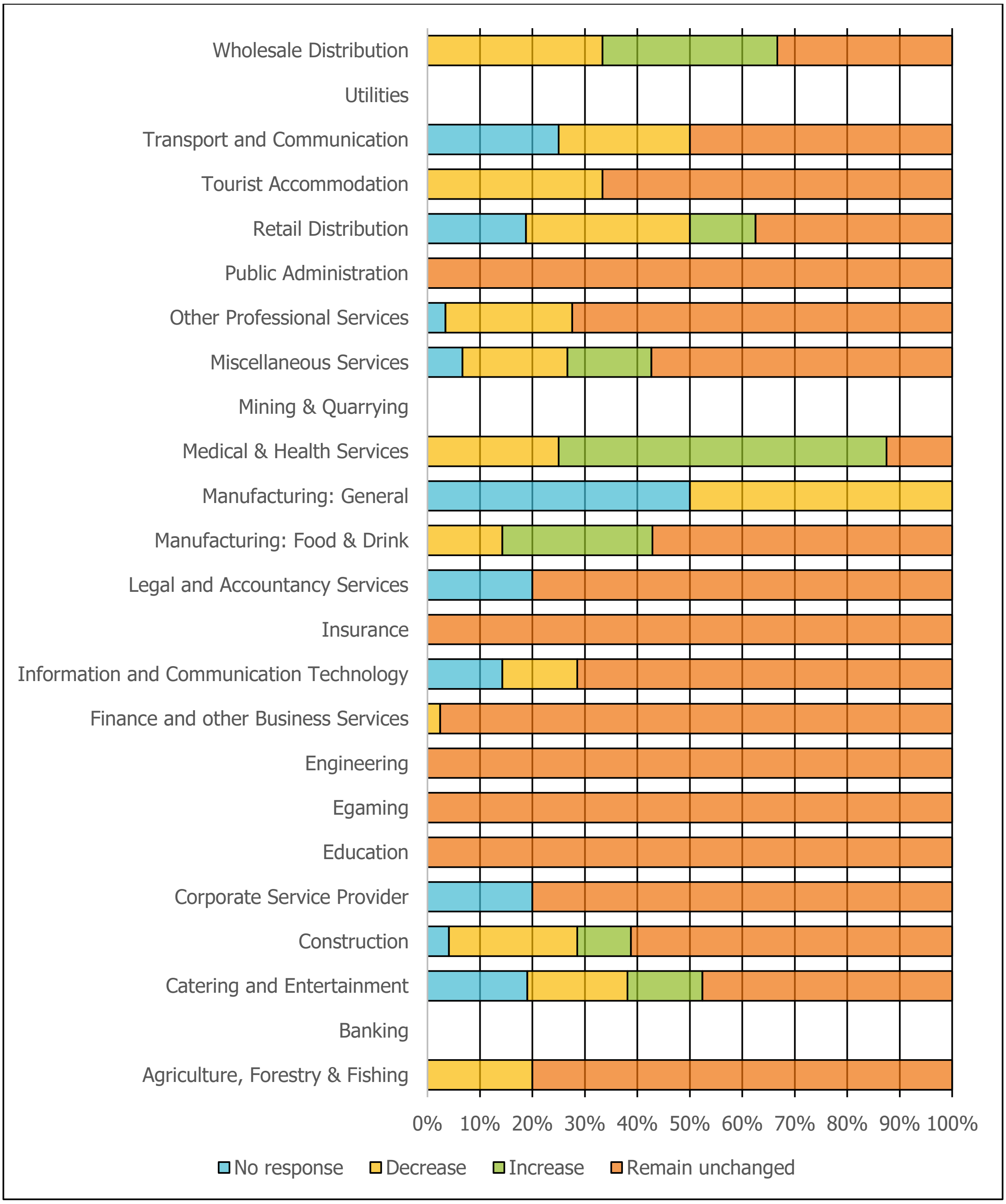
Figure 35: Expected change in the prices, by sector



6.10 Expected change in orders:

Slightly less than two thirds (64%) of all businesses expect the orders they place with suppliers to remain unchanged over the next three months, with 19% expecting a decrease.

Figure 36: Expected change in orders placed with suppliers, by sector

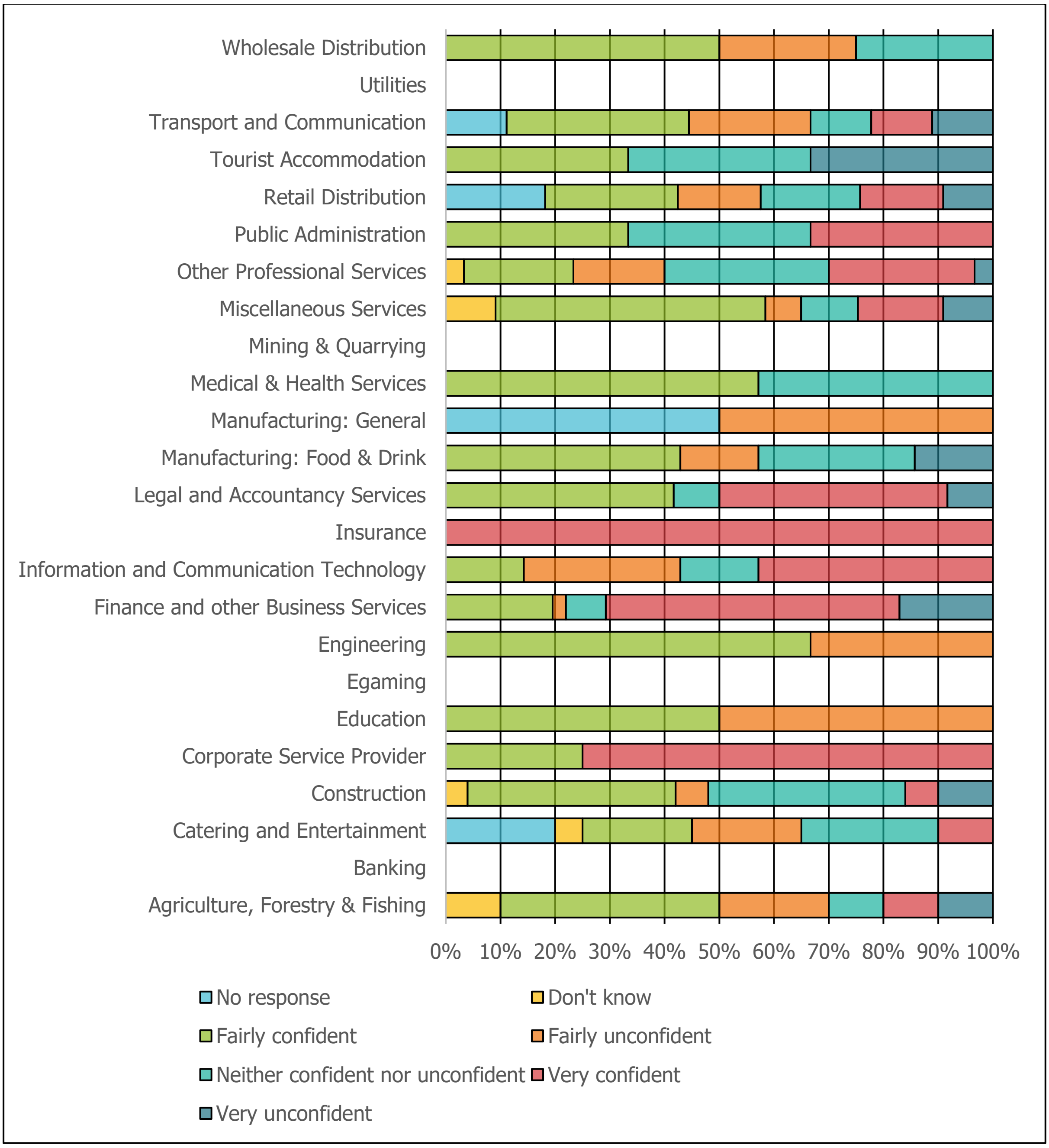


7 BUSINESS CONFIDENCE

7.1 CONFIDENCE ABOUT WORKING CAPITAL TO OPERATE:

When asked whether they are confident that their business has the financial resources to continue operating going forward, more than half of businesses (55%) said that they are either 'very confident' or 'fairly confident' about their working capital.

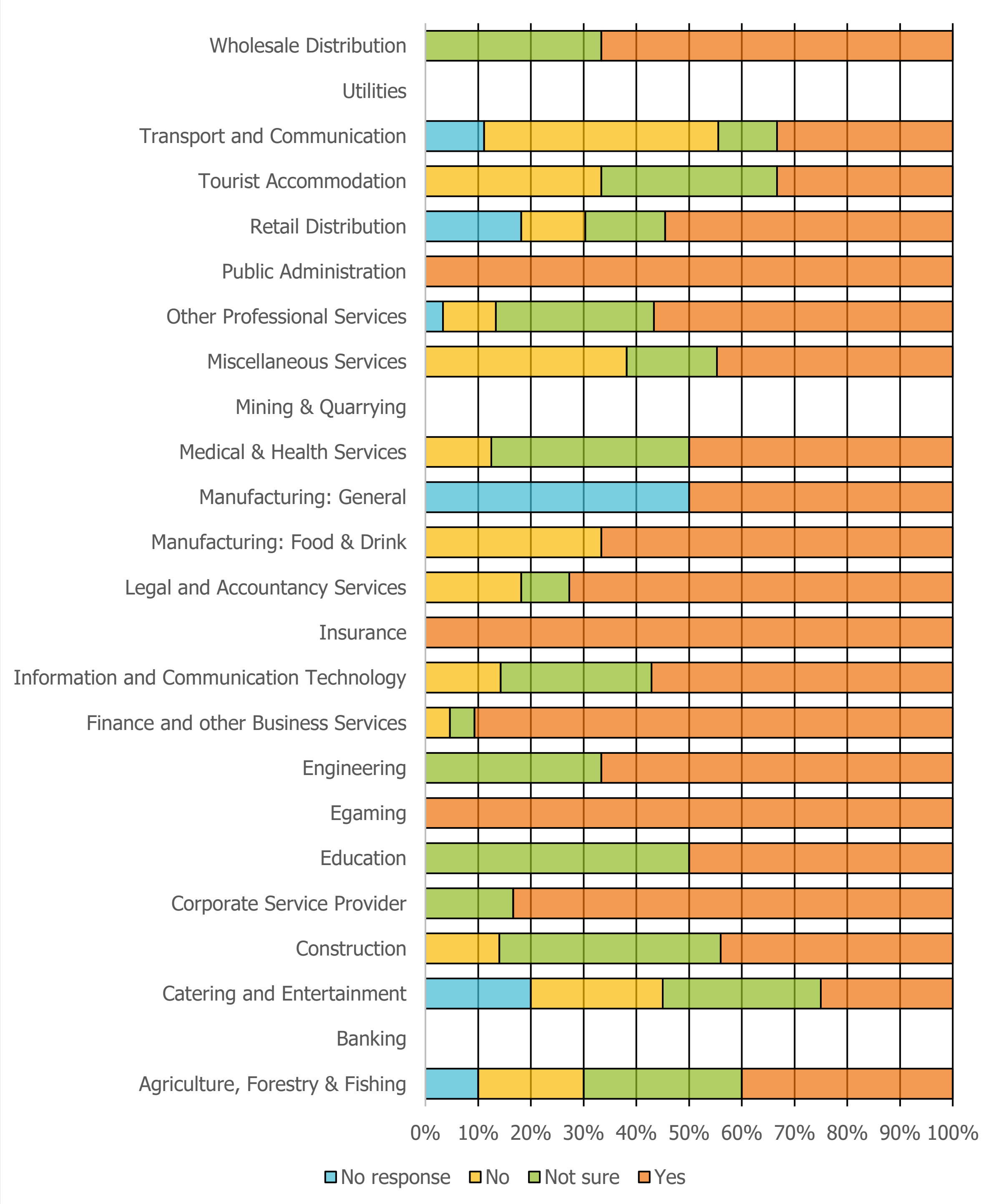
Figure 37: Confidence about working capital, by sector



7.2 CONFIDENCE ABOUT WORKING CAPITAL TO RETURN TO PRE-CORONAVIRUS LEVELS

55% of all businesses stated that they are confident they have sufficient financial resources to return to pre-Coronavirus levels of turnover, profits and employment in the coming six months, assuming a return pre-Coronavirus trading activity.

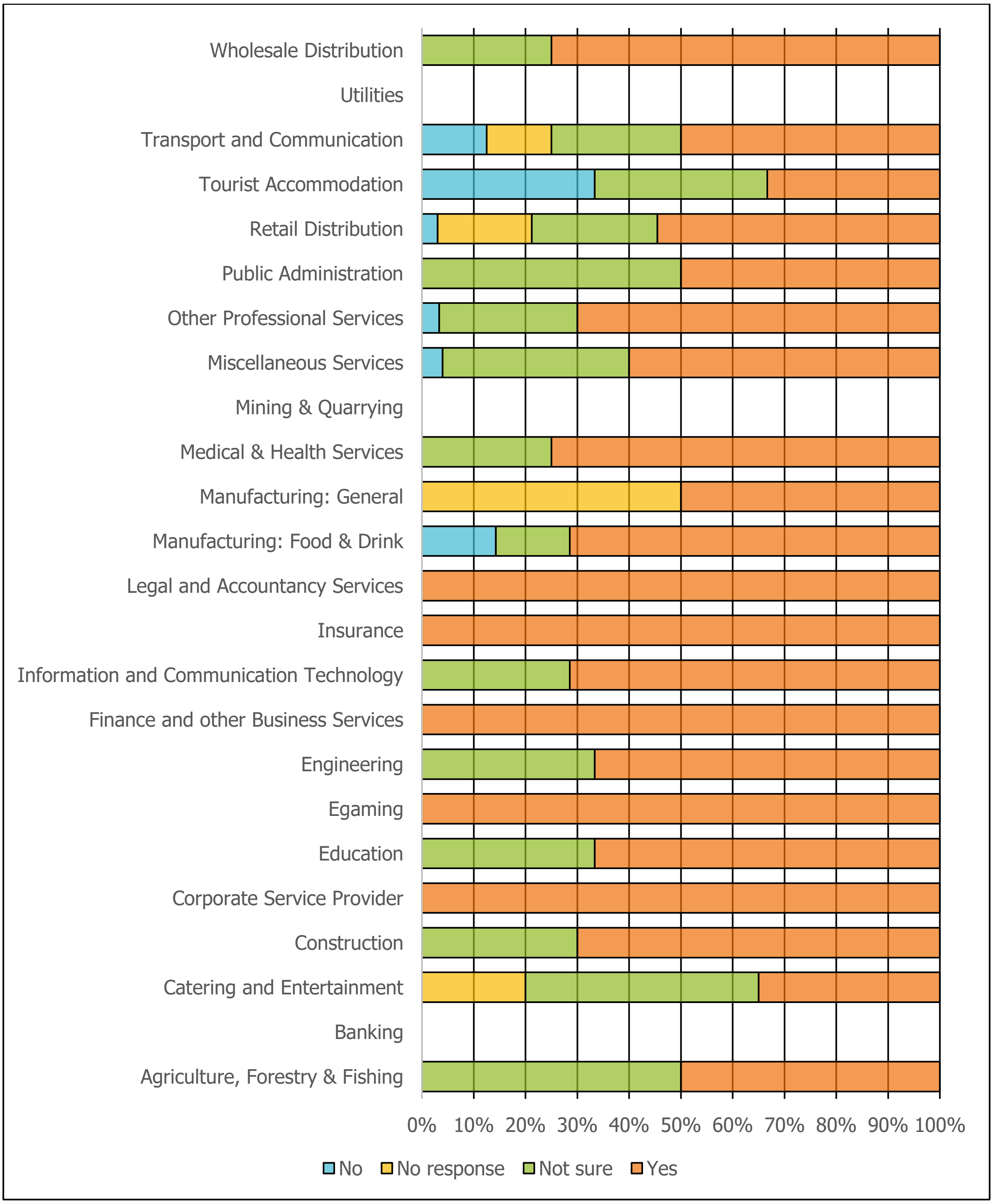
Figure 38: Confidence about working capital to return to pre-coronavirus levels, by sector



7.3 Survival without support:

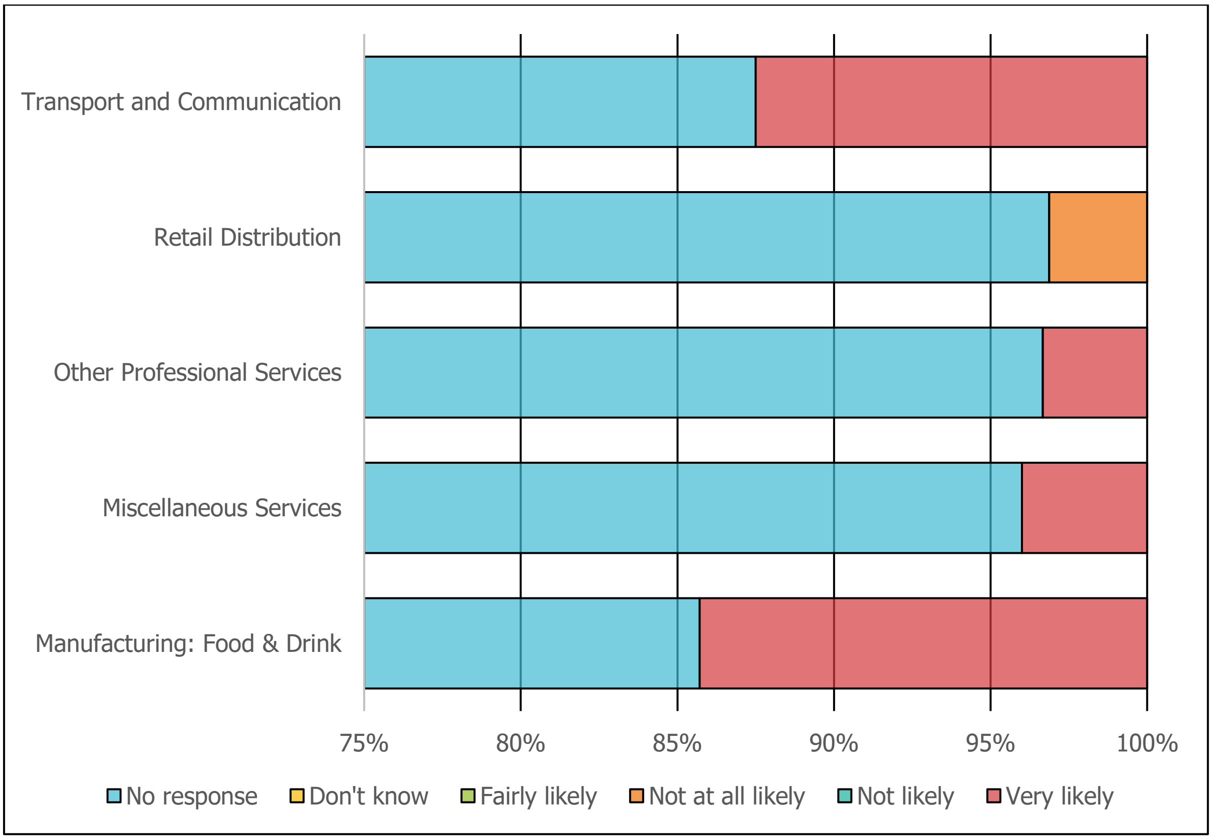
68% of businesses expect their business to ultimately survive the effects of Coronavirus pandemic, assuming Government support schemes end on disclosed dates, with only 2% (8 companies) saying that they do not expect their business to survive.

Figure 39: Expectation of survival without support, by sector



98% of all businesses did not respond to this question, with the remaining 2% saying that they expect it to be 'very likely' that they would survive if Government support schemes were available over the next three months.

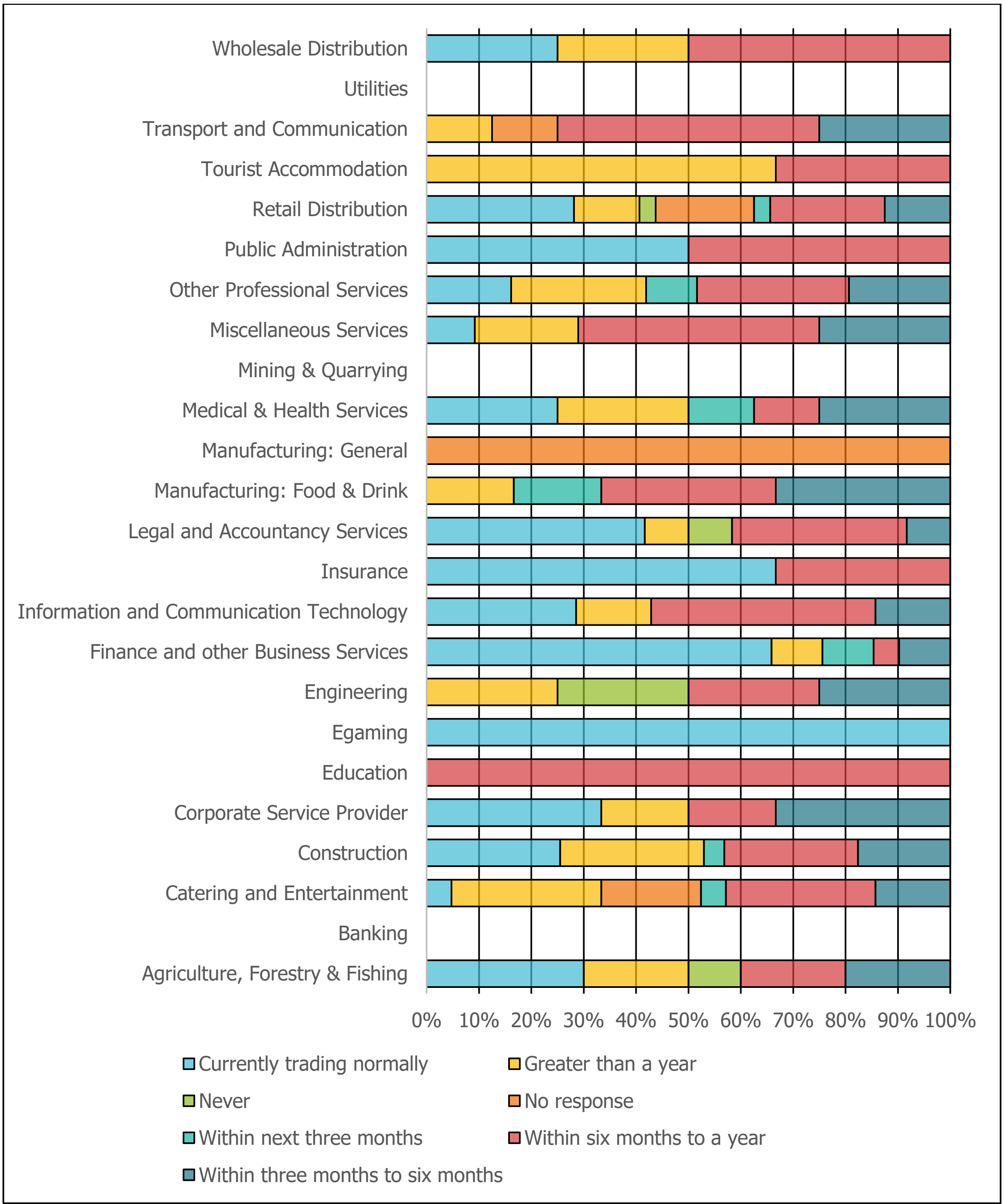
Figure 40: Expectation of survival with support, by sector



7.4 Length of time to return:

29% of all businesses expect their business to return to pre-Coronavirus activity and volumes 'within six months to a year', with a further 25% indicating that they are currently trading normally. About 1% said that they might never recover.

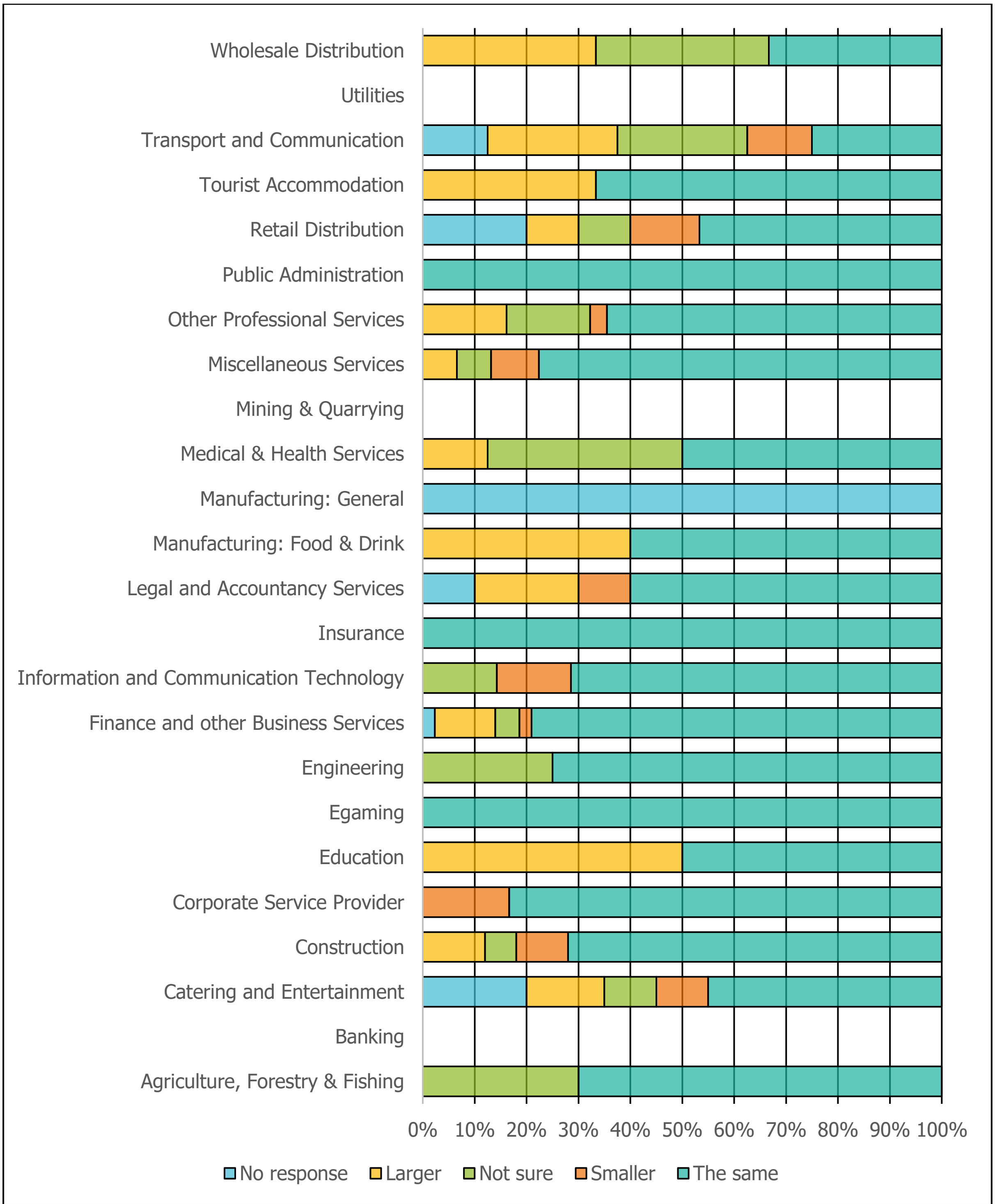
Figure 41: Length of time to return to pre-coronavirus activity, by sector



7.5 Size of workforce upon recommencement:

More than two thirds (67%) of all businesses expect that, upon recommencement of pre-Coronavirus trading activity, the size of their total workforce will remain the same, with 11% saying that they expect their workforce will grow and 7% that they expect it to shrink.

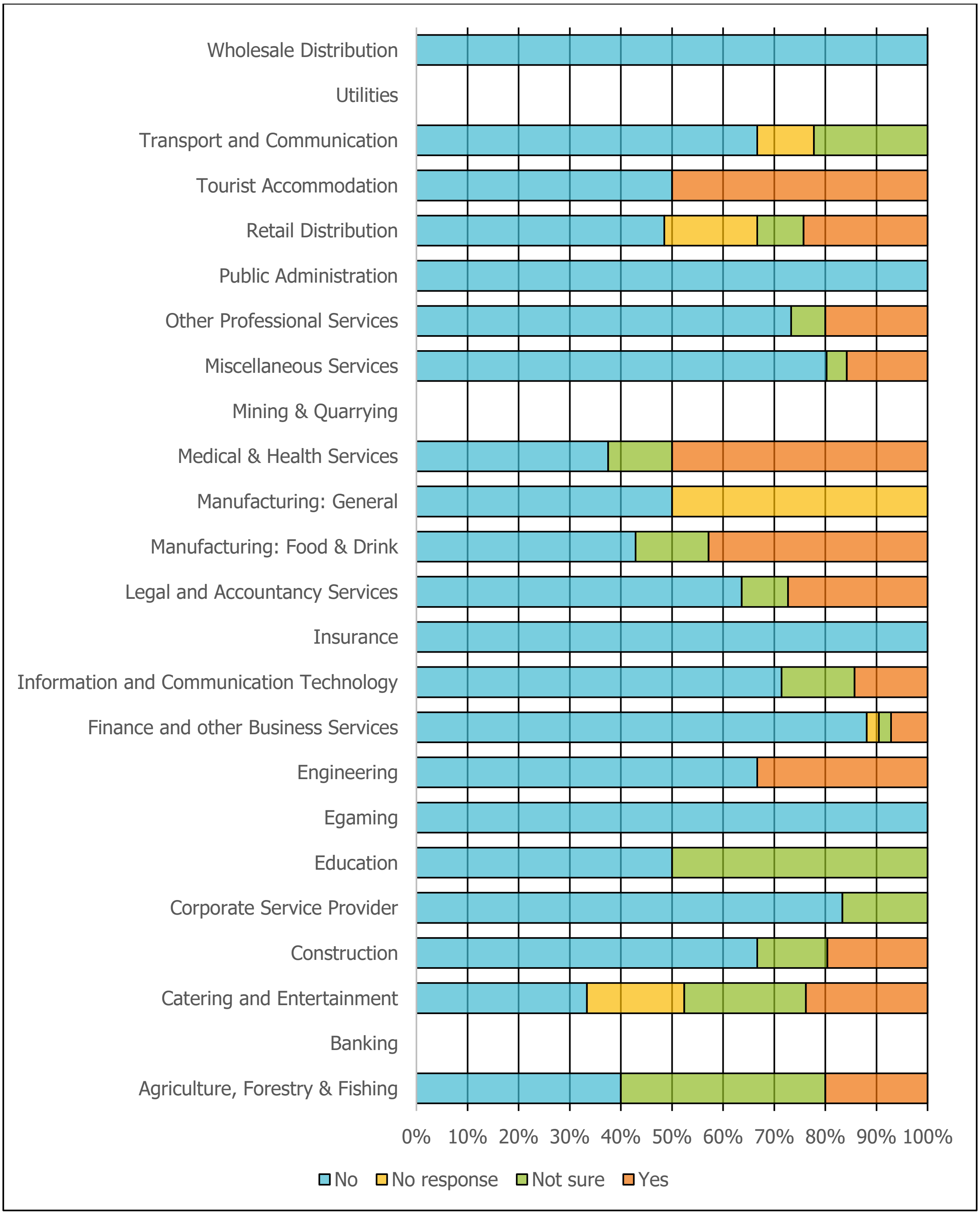
Figure 42: Size of workforce upon recommencement of pre-coronavirus trading activity



7.6 Change in ability to access working capital:

When asked if their ability to access working capital has changed in the last three months, 68% of businesses said 'no' with only 18% responding with a 'yes'.

Figure 43: Change in ability to access working capital

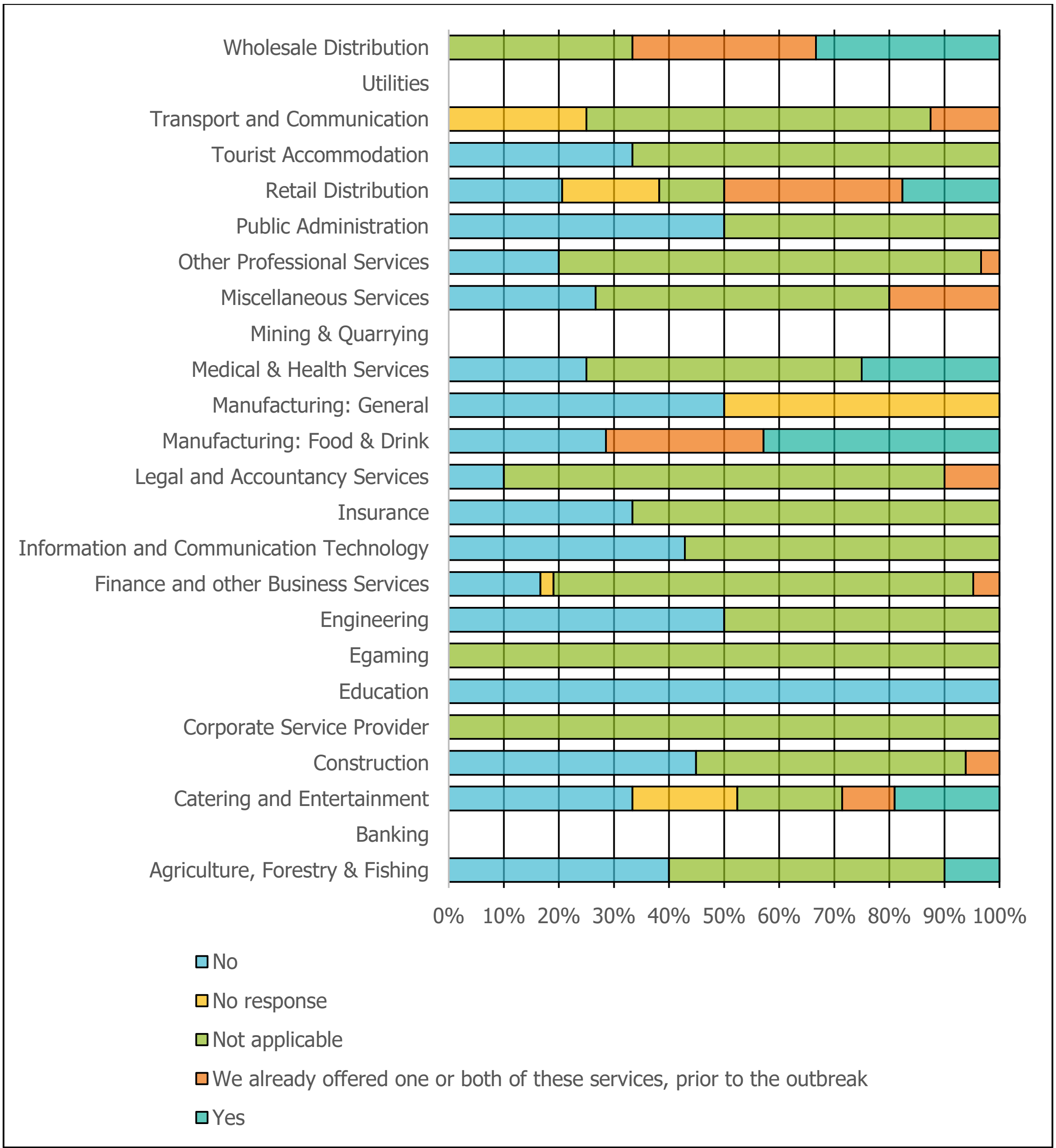


8 ONLINE ACTIVITIES

8.1 DELIVERY OR COLLECTION SERVICE SINCE THE OUTBREAK:

When asked if they had started a delivery or collection service since the outbreak, 5% of businesses reported that they started such a service while 27% had not. 52% stated that the question is not applicable to their business. 43% of all businesses in Manufacturing: Food & Drink Sector reported that they had started a delivery or collection service.

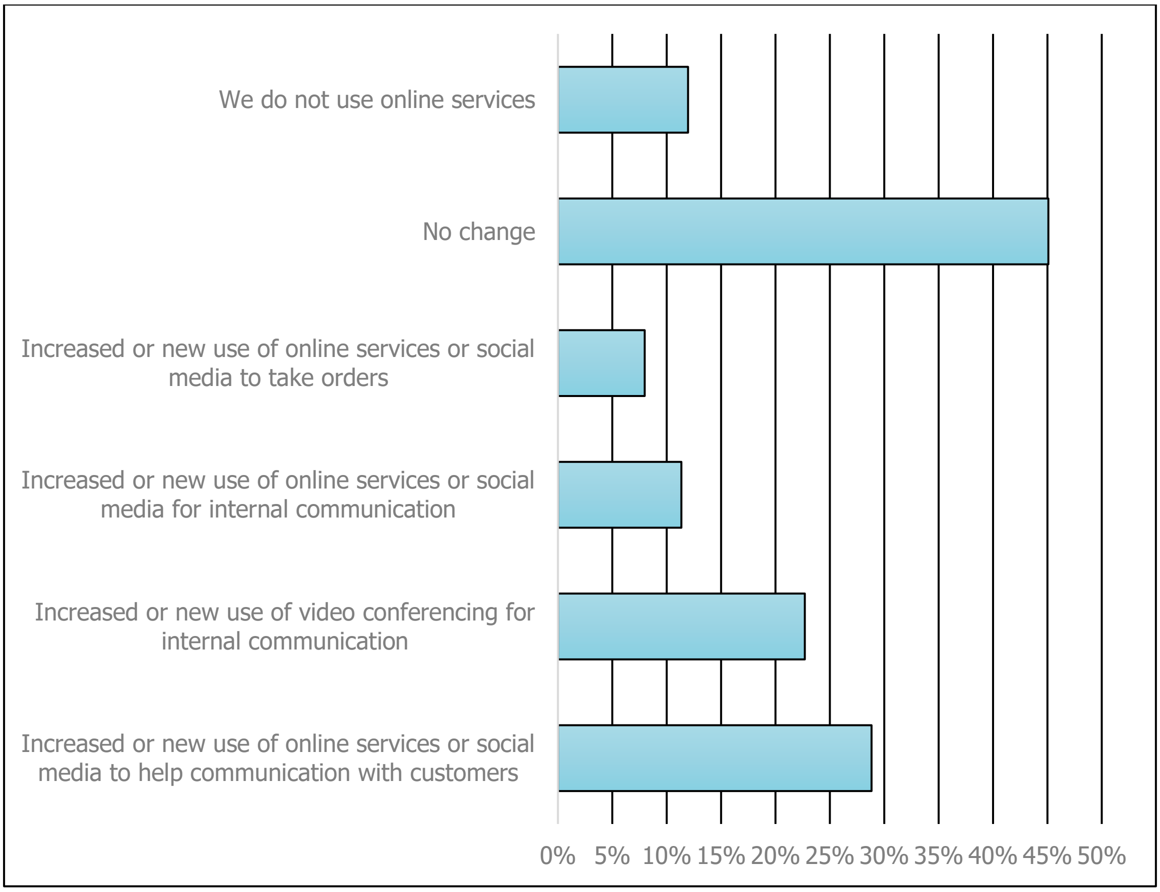
Figure 44: Delivery or collection service since the outbreak, by sector



8.2 CHANGE IN USE OF ONLINE SERVICES DURING THE OUTBREAK:

When asked if their use of online services to support operations has changed during the outbreak, almost half of businesses (45%) indicated that there has been no change, followed by 29% who responded that they had implemented an 'increased or new use of online services or social media to help communicate with customers'.

Figure 45: Change in use of online services during the outbreak

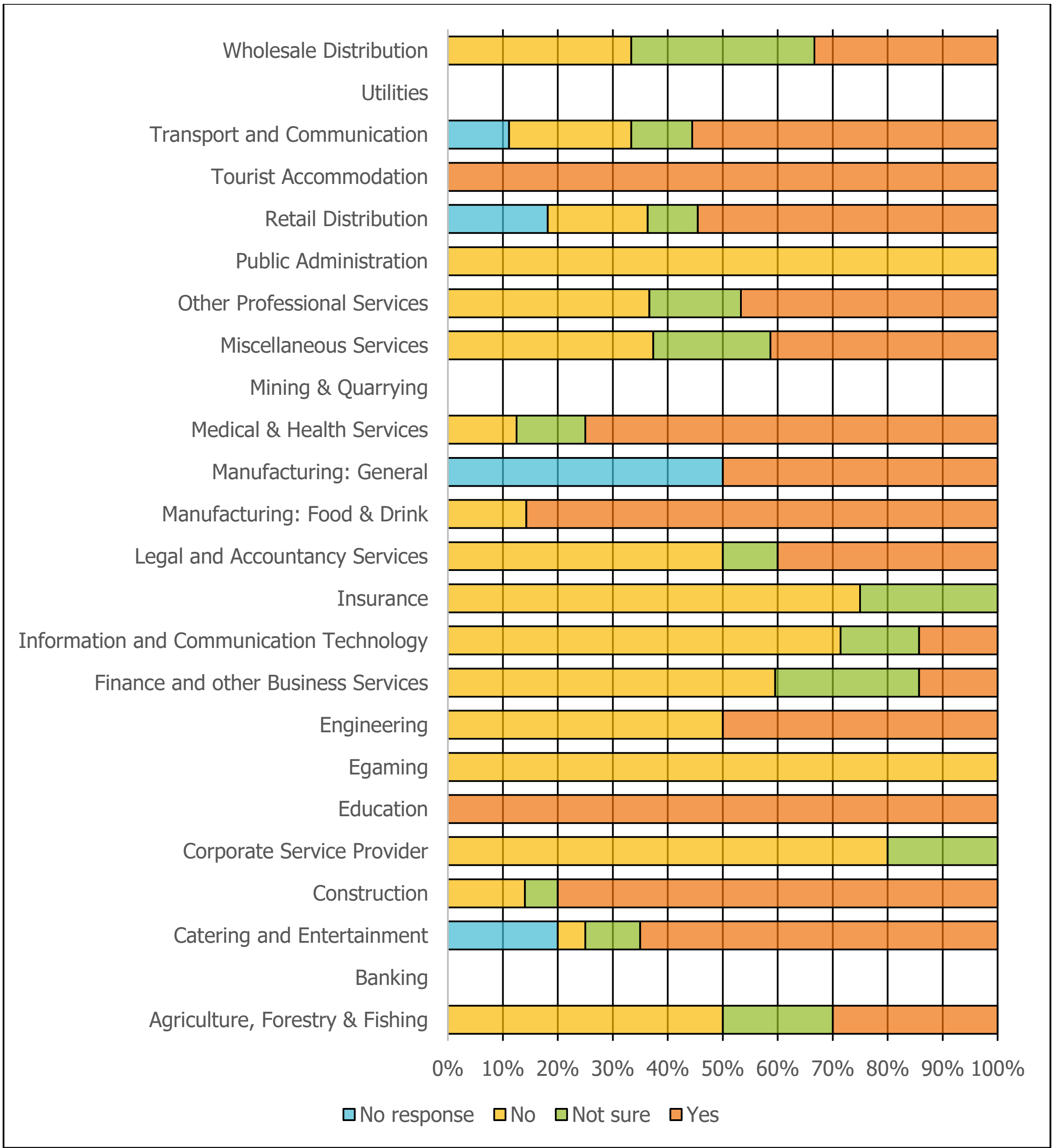


9 GOVERNMENT SCHEMES

9.1 QUALIFICATION FOR GOVERNMENT FINANCIAL SUPPORT:

Of those businesses who answered the question and knew whether or not they qualified for Government financial support, 47% stated that they qualify for Government financial support and 34% stated that they did not.

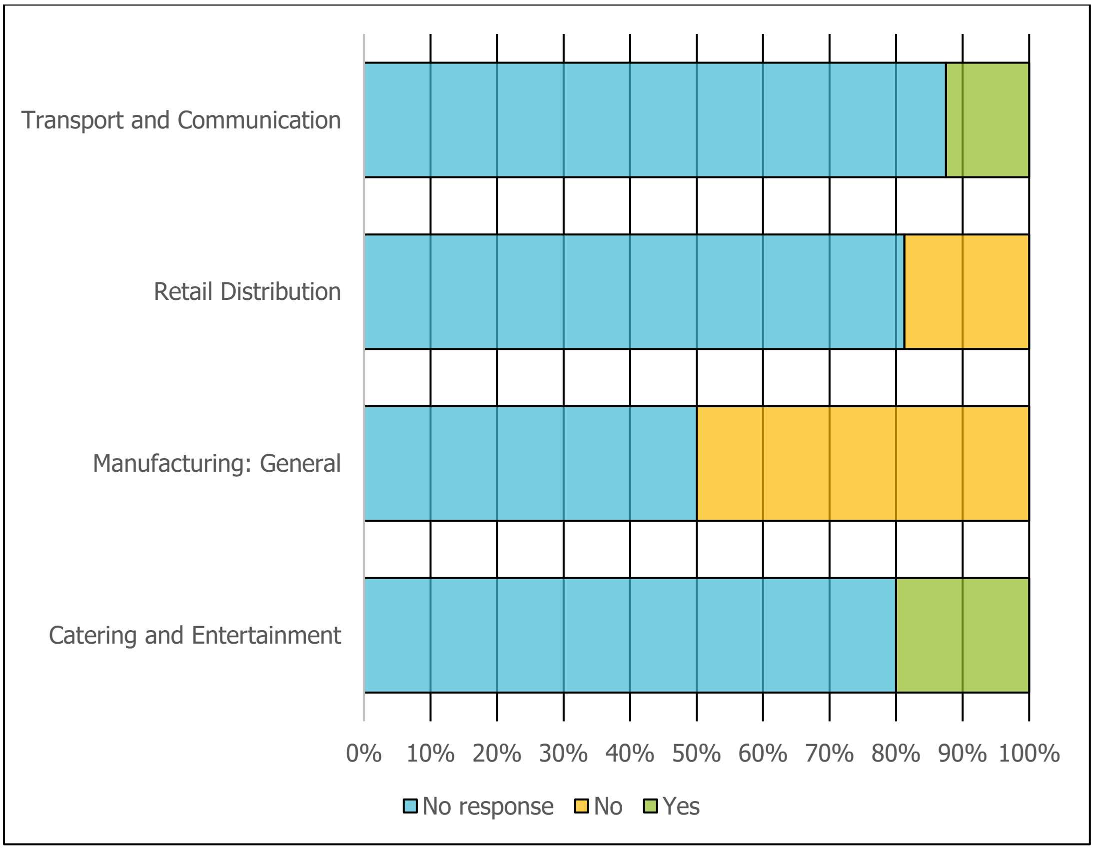
Figure 46: Qualification for Government financial support, by sector



9.2 FUNDS RECEIVED THROUGH GOVERNMENT SUPPORT:

96% of all businesses did not respond to this question. 2% indicated that they have received funds through Government financial support schemes.

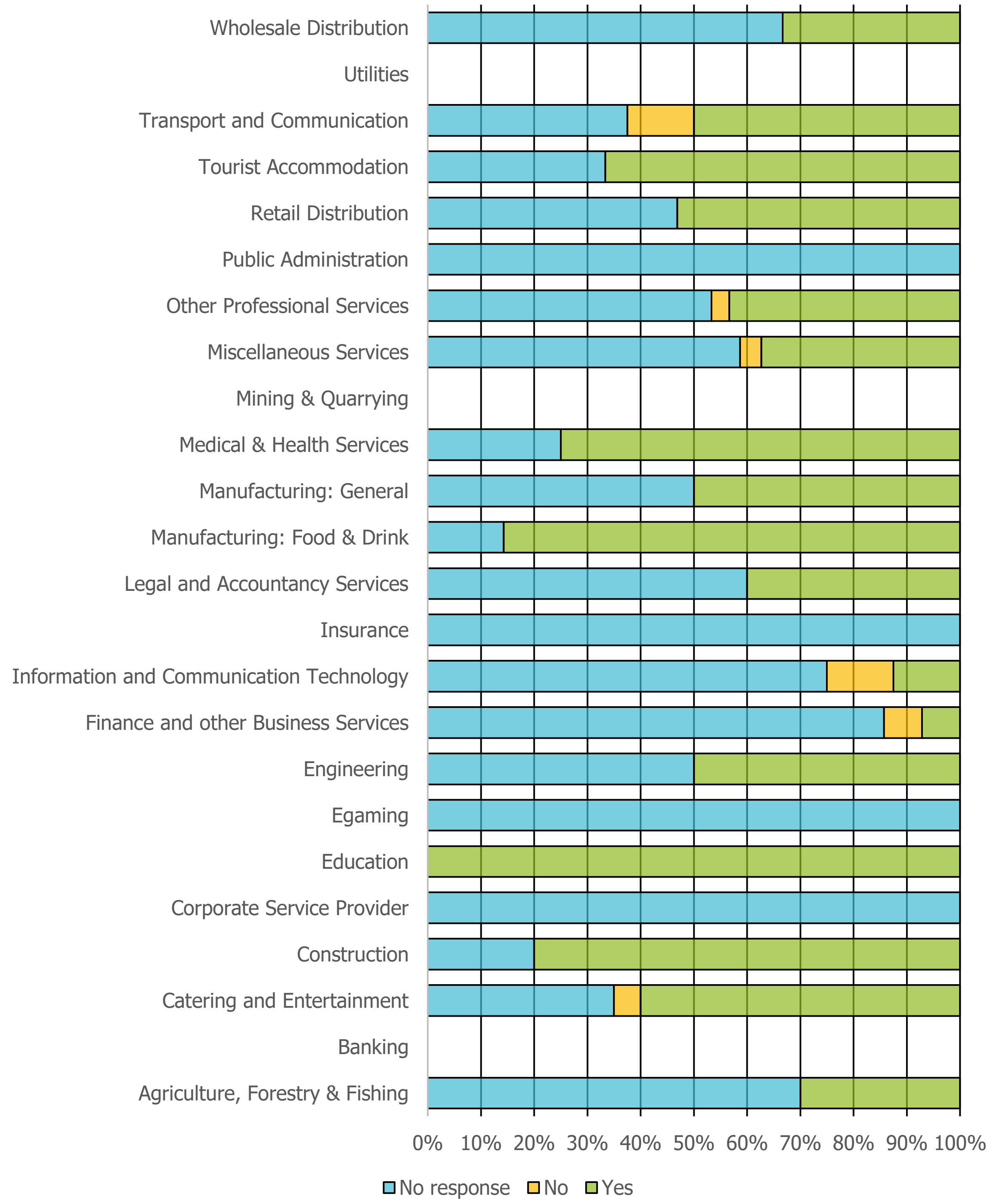
Figure 47: Funds received through Government financial support schemes, by sector



9.3 APPLIED FOR GOVERNMENT FINANCIAL SUPPORT:

44% of all businesses indicate that they have applied for Government financial support, 3% did not apply for it and 52% did not respond to this question.

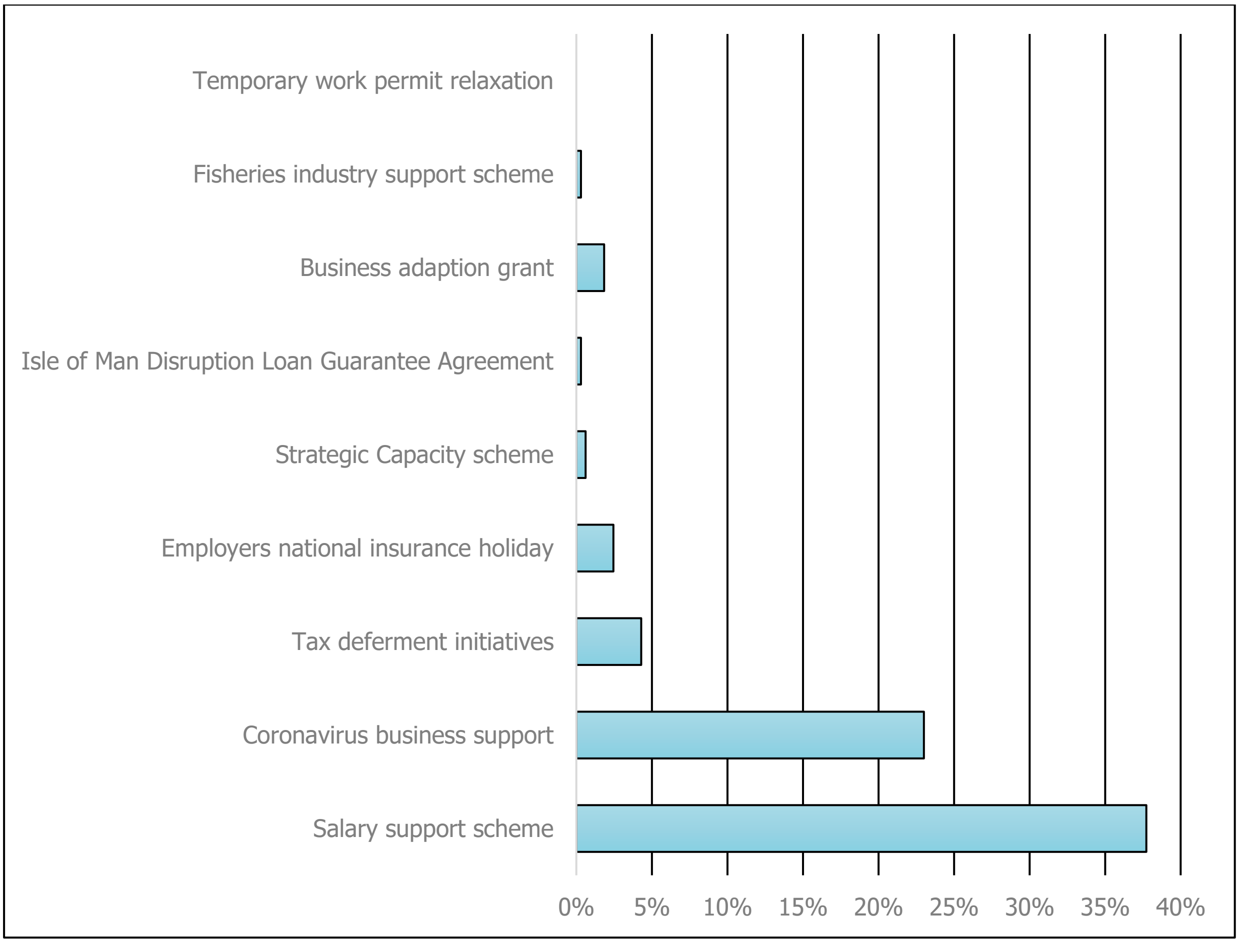
Figure 48: Applied for Government financial support, by sector



9.4 GOVERNMENT SUPPORT SCHEMES APPLIED FOR OR RECEIVED:

38% of all businesses indicated that they have applied for or received financial support through Salary Support scheme.

Figure 49: Government support schemes applied for

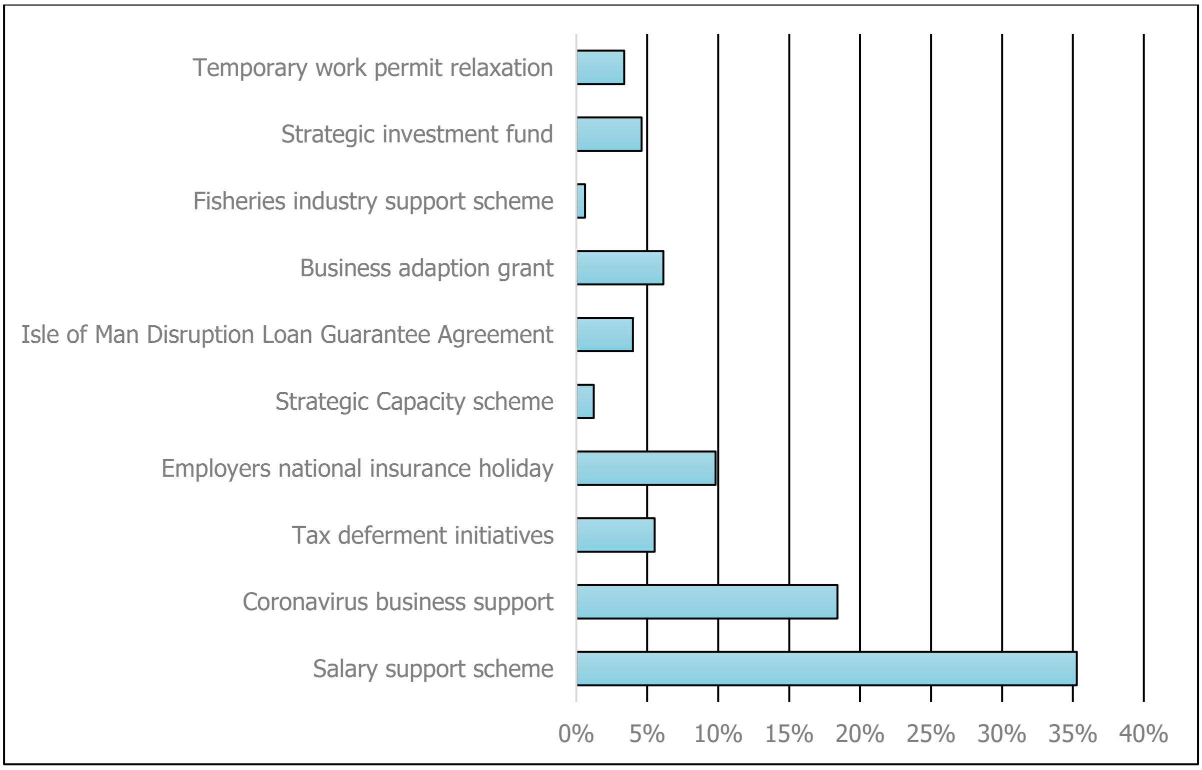


Note- 3: One respondent can pick multiple options so the sum might not add up to 100%

9.5 GOVERNMENT SUPPORT SCHEMES INTEND TO APPLY FOR:

When asked what support schemes they intend to apply for, the greatest proportion of businesses (35%) indicated that they intend to apply for Salary Support scheme.

Figure 50: Government support schemes intended to apply for



Note- 4: One respondent can pick multiple options so the sum might not be equal to 100%

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