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Analysis of Rhinebeck Responds Follow-up Survey **By Leonard Nevarez and Martha Honey¹**

This report analyzes the responses of 38 Rhinebeck businesses to a survey distributed in December 2020 and January 2021 by Rhinebeck Responds' Small Business Committee. The survey is a follow-up to our earlier survey sent out in late May 2020 to solicit information on the coronavirus pandemic's economic impacts on Rhinebeck's mostly small and independently owned business sector.

Our new data updates the picture of the Rhinebeck business environment from the initial survey which was conducted two months after the "New York State on PAUSE" executive order went into effect on March 22. The latest survey reveals that the business climate has changed considerably since the reopening of many businesses in early June under socially distanced circumstances. It also solicits views of Rhinebeck businesses on the Village's outdoor dining arrangements and subsequent reductions on parking spaces, as well as on the resurgence (though not full return) of pedestrian traffic and tourist business through the rest of 2020.

In this latest survey, Rhinebeck's small businesses appear to be faring the pandemic better than small businesses elsewhere, and they express qualified optimism about the future. The findings include:

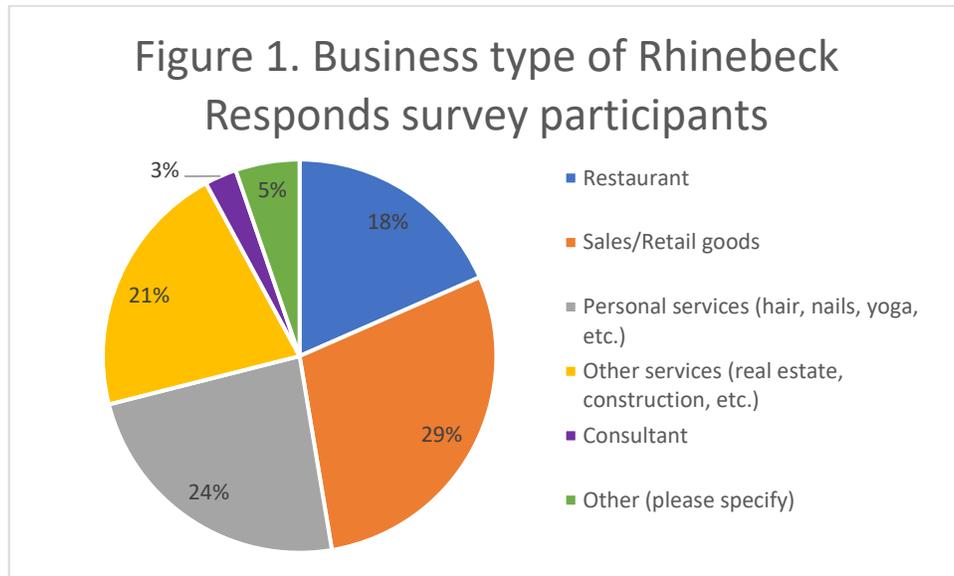
- The rate of businesses closed due to the pandemic has fallen by half from the first to the second surveys.
- The majority (55%) have accumulated only modest levels (\$10,000 or less) of debt and unpaid bills.
- The majority (51%) saw their revenue fall by a relatively modest 25% or less in 2020 compared with their 2019 earnings, while almost a quarter (22%) reported positive growth during the pandemic.
- Rent payment has receded somewhat as the leading concern for small businesses.
- Layoffs of workers is a key factor in weathering the pandemic's economic impacts.
- A majority credit measures taken by the Village government and Rhinebeck Responds' small grants program with helping them to survive.
- Only one in seven (14%) predicted they would not survive the pandemic.
- Most began 2021 cautiously optimistic about the future.

The Rhinebeck Responds business survey was emailed multiple times during December 2020 and January 2021 in the form of a Survey Monkey questionnaire to 125 small businesses in Rhinebeck. The list of recipients was culled from the Rhinebeck Area Chamber of Commerce's membership list, with a few additional businesses added from Rhinebeck Responds Small Business Committee. Several times during the survey period, the Chamber and Enjoy Rhinebeck also emailed the survey to their full membership lists. The survey was completed by 38 businesses in Rhinebeck for a final response rate of 30%. Since this is roughly equivalent to the first survey's response rate, we're moderately confident in

this report about the broader trends and comparisons over this pandemic period, although we advise caution to readers who might focus narrowly on the numerical measures of change across the two surveys.²

DOING BUSINESS UNDER PANDEMIC CONDITIONS

The 38 responses to the latest survey included 7 restaurants, 11 retail, and 17 service businesses in Rhinebeck. (See Figure 1)



Of the 38 responses, 13 percent indicated they were not currently open for business. This is less than half of the rate from the first Rhinebeck Responds survey, which found 29 percent of responding businesses were not open, and suggests that some businesses have reopened since the original “New York State on PAUSE” executive order.

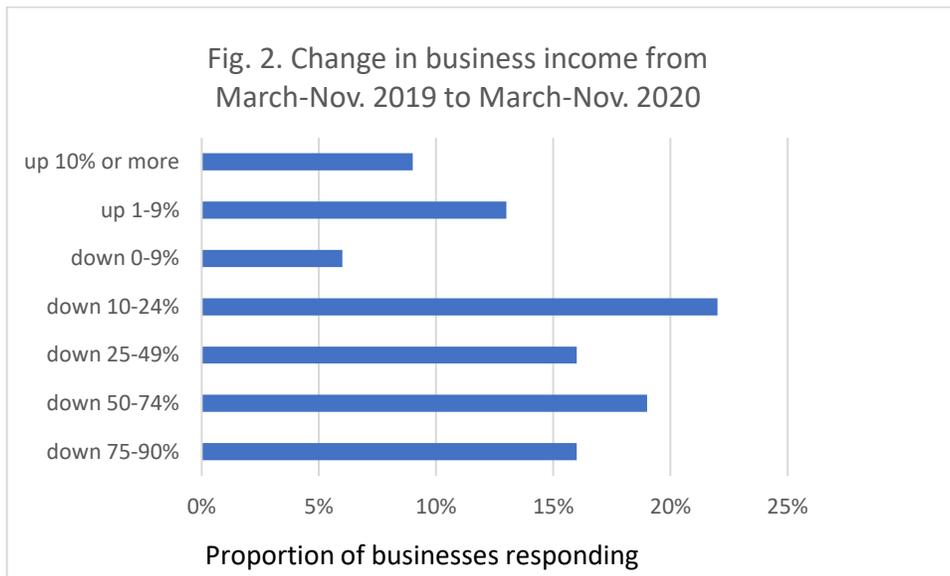
If they were open, respondents were asked to report all the forms that took. The findings show that almost three-quarters (73 percent) of businesses are offering *indoor* shopping/dining/services; 45 percent are conducting *online* shopping/dining/services; 21 percent provide *outdoor* shopping/dining/services (including curbside pickup); 15 percent are offering online classes; and 45 percent identify some “other” form in which they were opened. This latter includes, for instance, five that are available for offsite meetings and events. We note that respondents reported their situation over December 2020 and January 2021, a time when the outdoor arrangements provided by the Village had been removed and the weather was increasingly cold; it’s likely the percent taking advantage of outdoor arrangements was considerably greater in the warmer summer and fall seasons.

A LIGHT AT THE END OF THE TUNNEL?

When our respondents reported their outlooks from last December and January, many shared a qualified optimism. Most said that compared to the past six months (June – November 2020), they

anticipated the next six months (Dec 2020 – May 2021) would be about the same (49 percent) or even better (24 percent). The rest (27 percent) said they thought it would be worse.

Strikingly, almost a quarter (22 percent) – a mix of restaurants, retail and service businesses – reported positive growth during the pandemic period, if only at very modest levels. (See Figure 2) For the rest of our respondents, most though not all reported considerable declines in business income during this period.³ Just over half (51 percent) estimated their business income had declined between 25 and 90 percent, with one in six respondents (16 percent) reporting declines ranging from 75 to 90 percent.



Also positively, 84 percent of Rhinebeck business respondents, or about five out of six, said they were not considering closing their business permanently. This is better than the national average where just 55 percent of small businesses anticipate they can survive for another year.⁴ In New York City the situation is also graver than in Rhinebeck; one-third of small businesses estimate they will close before the end of the pandemic.⁵

When asked how long they think it will take their business to recover, the Rhinebeck businesses gave varied answers, with nearly a quarter (22%) already reporting they’re doing fine. (See Table 1) The others envision a period of recovery. Over one-third (37%) say they believe it will take a year or less to recover; another third (36%) say it will take two or more years to recover; and 6 percent say they don’t think they will ever recover.

Table 1. How long survey respondents think it will take their business to recover

Doing fine	8	22%
6 months	2	6%
1 year	11	31%
2 years	7	19%
More than 2 years	6	17%
I don’t think we will recover	2	6%

Additionally, during the pandemic, a majority of Rhinebeck businesses have accumulated fairly modest levels of debt and unpaid bills: More than half (55 percent) reported accumulating less than \$10,000, while only 9 percent have over \$100,000 in debt and unpaid bills. (See Table 2)

Table 2. Unpaid bills and debt (including rent) incurred during March - November 2020

Under \$10,000	17	55%
\$10,001 - \$50,000	10	32%
\$50,001 - \$100,000	1	3%
\$100,001 - \$200,000	2	6%
Over \$200,001	1	3%

DID THE VILLAGE’S NEW OUTDOOR ARRANGEMENTS HELP?

In June 2020, as part of New York state’s Phase 2 reopening of the Hudson Valley region, the Village of Rhinebeck introduced new arrangements by expanding outdoor dining and retail space, setting these off from traffic with physical barricades, and installing signs indicating mask requirements. These new arrangements also entailed reducing street parking along East and West Market Street. The arrangements sparked some controversy among businesses, customers, and residents, but at least in our survey, most businesses reported either positive or neutral attitudes.

Specifically, when asked about the impact of the changes to their individual business performance, 38 percent of respondents said the outdoor arrangements had no impact, and 72 percent said that the reduced parking likewise had no impact. In addition, 38 percent said the outdoor arrangements were important (29 percent saying “very important”) for their business, while 19 percent said the new parking restrictions helped their business. On the other hand, 12 percent said the outdoor arrangements “hurt my business,” and 9 percent said the same of the new parking restrictions.

When asked whether the benefits of expanded outdoor dining and retail opportunities outweighed the impact of the parking restrictions overall, more than three-fourths (79 percent) of the businesses who responded said yes.

REDUCTIONS IN BUSINESS WORKFORCE

While Rhinebeck businesses report doing comparatively well during the pandemic and qualified optimism about the future, a key factor in adapting to the pandemic’s economic impacts has been reducing their payroll by laying off workers. For some perspective: Rhinebeck businesses vary widely in the numbers of people they employ. In the pre-pandemic year of 2019, only two of the 38 Rhinebeck businesses reported average workforces over 100 employees. The number is far smaller for most, of course: in 2019, the median workforce among respondents was 6, which means that half of our respondents reported a workforce of six or fewer employees.

But the current survey shows that across all business sizes, the pandemic has continued to negatively impacted businesses’ ability to employ workers. We asked respondents to our second survey how many staff they employed as of November 2020. The median workforce since 2019 dropped 50 percent, from

six to three, which means that half of our respondents reported a workforce of three or fewer employees.

Below, Table 3 reports key changes in businesses’ workforce from 2019 estimated averages to their November 2020 payroll. We break out the employment picture in terms of full-time, part-time, seasonal and contract workers. The aggregate impact of the pandemic becomes clear when we add up all our respondents’ workforce changes. As the last row indicates, the pandemic has resulted in the loss from the Rhinebeck economy of 35 full-time jobs, 68 part-time jobs, 114 seasonal jobs and 17 contract jobs.

Table 3: Changes in workforce size for business survey respondents as of November 2020

	Full time	Part time	Seasonal	Contract
2019 median workforce	1	4.5	4	2
2019 average workforce	7.9	8.5	15.3	3.6
2020 median workforce	1	3	1	0
2020 average workforce	6.8	5.4	2.6	1.5
Total workforce change	-35	-68	-114	-17

The numbers in Table 3 include a few extreme cases: One town business with only one full-time worker hired 90 fewer seasonal workers in 2020 which accounts for 79% of the workforce decline in that category. Similarly, two village businesses (a restaurant and a personal services establishment) hired 25 fewer full-time workers, or 69% of the total decline in full-time workers. Still, when we aggregate the losses from the businesses who reported their workforce totals, the total is 234 workers, for an average of 6.5 workers lost per business from 2019 to 2020. This appears significant, given that the average number of workers per business in November 2019 (pre-pandemic) was 17.

RENT CONCESSIONS

As with the May 2020 survey, our second survey includes a number of questions around rent, since early in the pandemic rent was identified by Rhinebeck Responds Small Business Committee as the major concern facing the business community. In the latest survey, 78 percent of Rhinebeck businesses said they rent their premises, and of this group, 43 percent — basically three of every seven — expressed concern that their lease might be affected if they can’t make rent payments. This is a slight improvement from the first survey, where 58 percent of respondents said they were concerned their lease might be affected if they didn’t make their rent payments.

In addition, in the current survey, 46 percent of respondents who rent their business premises reported they have received no concessions in their rent — either because they didn’t request any rent concessions (27 percent) or because landlords declined their requests (19 percent).

In the May survey, a significantly higher number — 72 percent of business tenants — said they had not secured any rent relief from their landlords.

Conversely, in the current survey, 54 percent of respondents who rent said their landlord gave them concessions in their rent. This figure is almost double the 28 percent who reported rent concessions in

the May 2020 survey. Further, of those receiving concessions in the May survey, 31 percent indicated their rent was deferred for some number of months, while another 31 percent indicated their rent was reduced in some manner. The differences between the first and second surveys suggests landlords since then have somewhat expanded the offer of rent concessions.

Of the 14 respondents in the second survey who reported receiving rent concessions, the largest number (9) described receiving rent reductions for several months, while 5 were given one or two months free, usually early in the pandemic; one received four months forgiveness. One business reported being given a “discount of \$300 per month which I still can’t pay.” Another reported, “April free. May rent reduction of 65% to \$750, same for June. Then full rent for the rest of the year.”

Three businesses reported their rent was deferred but not forgiven, while two others mentioned that landlords had waived or reduced water/sewage or garbage fees. Many received a mix of concessions. According to one business, “We were given the months of June and July at 50% rate reduction. We were given a slight discount on monthly garbage bill. We had asked for more but have so far been unsuccessful.”

Meanwhile, 27 percent of respondents who rent their premises said they needed additional rent reductions or waivers. This is a drop of almost half — down from 51 percent — compared to the May 2020 survey.

No respondents at all reported they were deferring or delaying rent payments until January 1, 2021 because of Gov. Cuomo’s directive halting any commercial tenant evictions. By contrast, in the May 2020 survey, 20 percent of respondents who rent indicated they were deferring or delaying their rent payments because of Governor Cuomo's directive halting any evictions through August 20, 2020.

ADDITIONAL FINANCIAL ASSISTANCE

When asked whether they had received a federal Paycheck Protection Program (PPP) loan, 65 percent of respondents to the current survey said yes — a figure that is essentially the same (67 percent) as the proportion who reported receiving a PPP loan in the first survey. In the latest survey, the amounts received in PPP loans varied widely, from less than \$5,000 (19 percent) to above \$100,000 (25 percent). In addition, 19 percent of respondents said they didn’t apply for a PPP loan, while a similar amount (16 percent) were rejected for a PPP loan.

We also asked respondents to the second survey whether they had received an Economic Injury Disaster (EID) assistance grant/loan from the federal Small Business Administration (SBA). Exactly half reported yes, almost double the number (26 percent) who reported receiving this kind of assistance in the first survey. The amounts reported by SBA EID loan recipients also varied widely, from less than \$10,000 (24 percent) to above \$100,000 (29 percent) for those responding in the latest survey.

Finally, we asked respondents whether they had received any other bank, government, or private financial assistance (including a small grant from Rhinebeck Responds or an interest free loan from the Hebrew Free Loan Society) to help through the Covid-19 pandemic. One third (34 percent) indicated they had received such assistance. Most frequent were Rhinebeck Responds small grants (of up to

\$5000), which 10 respondents reported receiving. One business reported obtaining loan from the Hebrew Free Loan Society and another from Dutchess Country.

WHAT RHINEBECK BUSINESSES NEED

The survey concludes with three open ended questions asking what businesses see as their most urgent needs and greatest areas of concerns for the fall and winter seasons. Of the 30 businesses that responded to the question regarding most urgent needs, 10 listed paying salaries and retaining employers and 9 listed rent payment, while 4 mentioned finding sufficient and qualified staff, and 3 mentioned payment of utility bills. As one respondent stated, "Meeting our overhead: rent, utilities and labor primarily," while another commented, "Labor and rent are the biggest challenges. We want to keep people employed, but it makes little fiscal sense at this point." Several noted the need for long term rent reductions. Others mentioned uncertainties with merchandise supply chains during the pandemic, their need for more grants, a lack of sufficient customers, and the high cost of advertising. Three businesses said they are doing well and have no urgent needs. "I am doing ok so far," commented one.

In answering the question about their greatest concerns for the coming months, virtually all of the 34 businesses who responded listed two interconnected fears: another Covid shutdown and not enough customers. As one put it, "Increase in Covid cases leading to shut down and insufficient customers -- it's all connected." In a similar vein, others worried that mask wearing and other pandemic protocols are not being followed: "Increase in Covid cases = already happening. I'm worried about the visitors who come here and are not respecting Covid protocols. I worry about essential workers and Rbk retailers, restaurants, grocers, etc., who are exposed to these folks." One noted the possibility of even tougher economic times ahead: "[I] think the coming 3-6 months could be far worse than first wave. In addition, many businesses which scraped by through the first wave have not built up reserves in the months since." Another wrote, "It seems clear we cannot - on our own - effectively promote our business without other support from the community."

The final question asked how Rhinebeck Responds, an all-volunteer citizen initiative formed at the beginning of the pandemic, might continue to help small businesses going forward. Over half (16) of the 30 respondents called for more small grants and/or low or interest free loans. One wrote, "Any grant is helpful. The thought of paying anything back is daunting when we have so much to rebuild;" another stated, "Small grants would be great. Incurring more debt is not sustainable;" while another explained, "Small grants. I got one at the beginning of the shut down last spring and it was incredibly helpful getting through those months."

In addition, a number called for promoting "buy local" campaigns and for help with collective marketing of Rhinebeck's businesses. Comments included: "Cross promotions really help," "Small Business Saturdays [and] tourist maps," "Marketing that emphasizes the Rhinebeck is a safe haven for shopping," "What to do and see in Rhinebeck online with free inclusion" of all businesses, and "telling people to stop buying on Amazon!"

Respondents offered a scattering of other ideas, including: "a campaign to get rent reduced universally in the Village by 50%," "stickers to allow small business owners to park free," and improved Internet service.

Many expressed gratitude for Rhinebeck Responds' small grants and marketing efforts to date. "I think you did a great job of supporting the community," one stated while another wrote, "All of the support has been amazing." Another summed up the sentiments of many: "I think it's nice for the community to see the businesses coming together to help each other. It's inspiring and the unity is hopeful to all."

CONCLUSION

In conclusion, this survey shows that while the pandemic had clearly upended Rhinebeck's small business community, overall Rhinebeck appears to be faring better than small businesses nationwide or in New York City. The reasons are multiple, including that tourist interest in Rhinebeck remained robust despite the pandemic; many businesses succeeded in obtaining government grants and loans; and many have belt-tightened by reducing their workforce. Small businesses across the country have taken similar steps. However, the 'secret sauce' in Rhinebeck's relative success appears to be organized civic support: Businesses surveyed credit the efforts by both the Village government and Rhinebeck Responds with helping them through the pandemic. As of January 2021, Rhinebeck businesses report doing comparatively well during the pandemic and qualified optimism about the future.

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² The sampling methods for the two surveys are non-probabilistic, and we can't derive numerical measures of significance in changes across the two surveys precisely because the two surveys did not use the same distribution list (or "sampling frame") for sending out our online SurveyMonkey questionnaires. The first survey, distributed across a list of 247 small businesses, received 68 responses from Rhinebeck businesses, for a response rate of 26%. In both surveys, we excluded from the analysis a small number of responses from businesses located outside Rhinebeck.

³ We calculated change in business income by comparing what respondents reported for the first eight months of the pandemic period, March to November 2020, with what they reported the same period in the previous year.

⁴ Kate Rogers. (February 12, 2021). "Main Street business failure fears rise again in pandemic whipsaw." CNBC. <https://www.cnbc.com/2021/02/12/main-street-business-failure-fears-rise-again-in-pandemic-whipsaw.html>.

⁵ "All NYC businesses closed during 2020 Coiv-19 Pandemic." (Dec. 7, 2020). <https://nypost.com/2020/11/29/nearly-one-third-of-ny-nj-small-businesses-closed-in-2020-report/>