

Economic Model Business Tracker Survey

Quarterly Rapid Audience Insights – WAVE 1

30 July 2020



City of Westminster

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Executive Summary

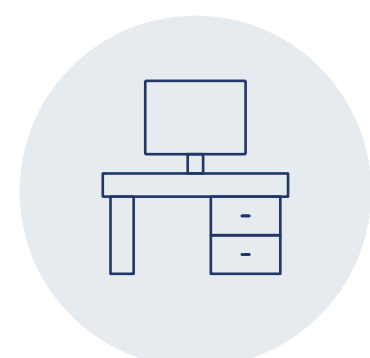
Wave 1 – Take home messages



The number of Business Survey responses (746) surpassed the 500 target set to be able to consider the data representative. It is most successful at capturing the view of front-line businesses but less so office-based concerns.



Operating Model – over 60% of businesses had changed their operating model, most commonly to increase online operations, increase remote working, and expand their business model (e.g. moved to take-away).






Productivity – almost 9 in 10 businesses reported reduced productivity – and for those 50% with the greatest loss of productivity (over 90%) – lack of demand, social distancing and closure were most commonly cited. NB – At the time of the questionnaire a 2m distance was in force.



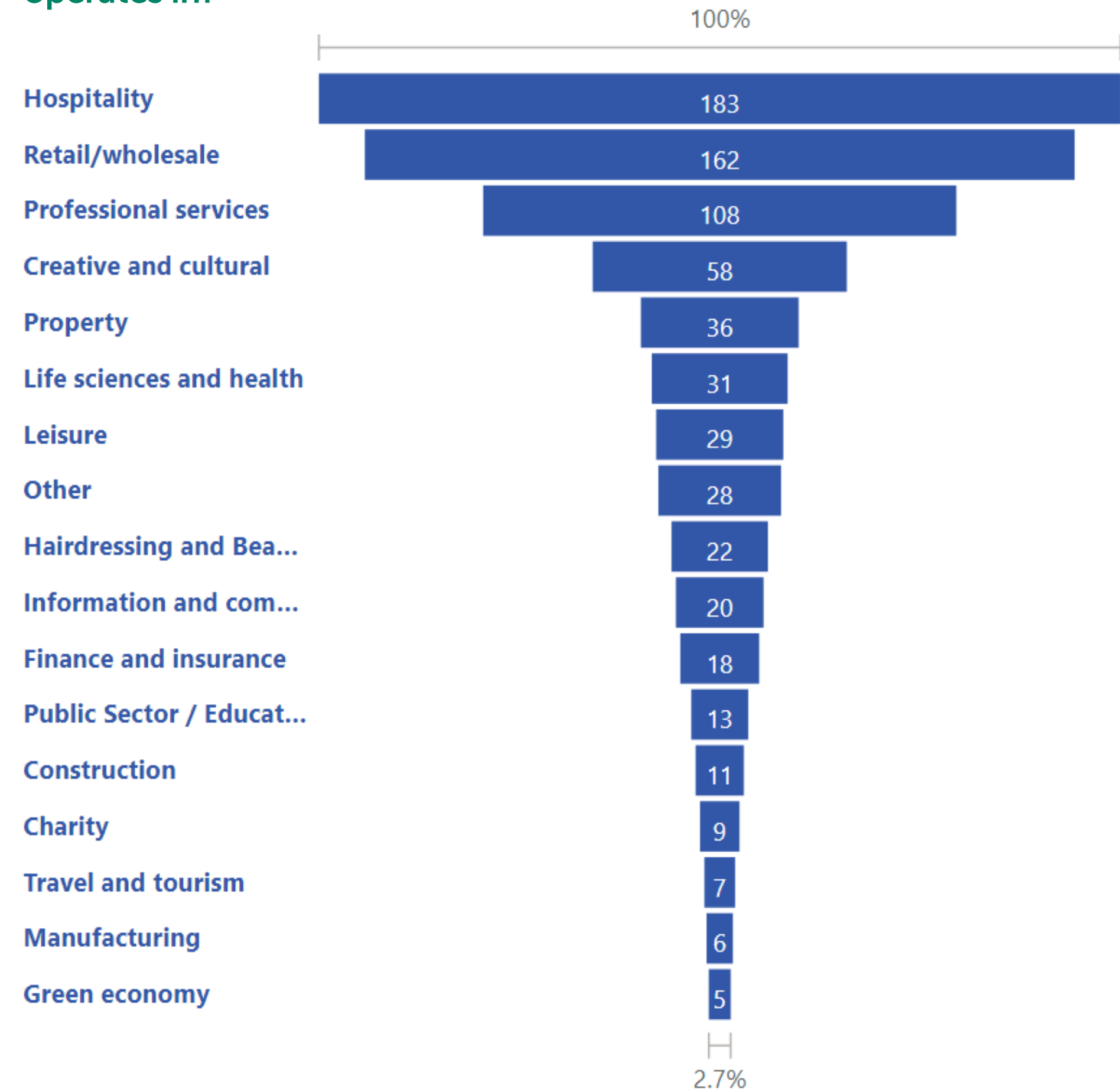
Business Confidence – 4 in 5 businesses expected profitability and turnover to reduce over the year – this is replicated across the city – with businesses in operation longest, the least confident. Finance/communications businesses were relatively less pessimistic – 55% expected reduced profitability.

Demographic Representation

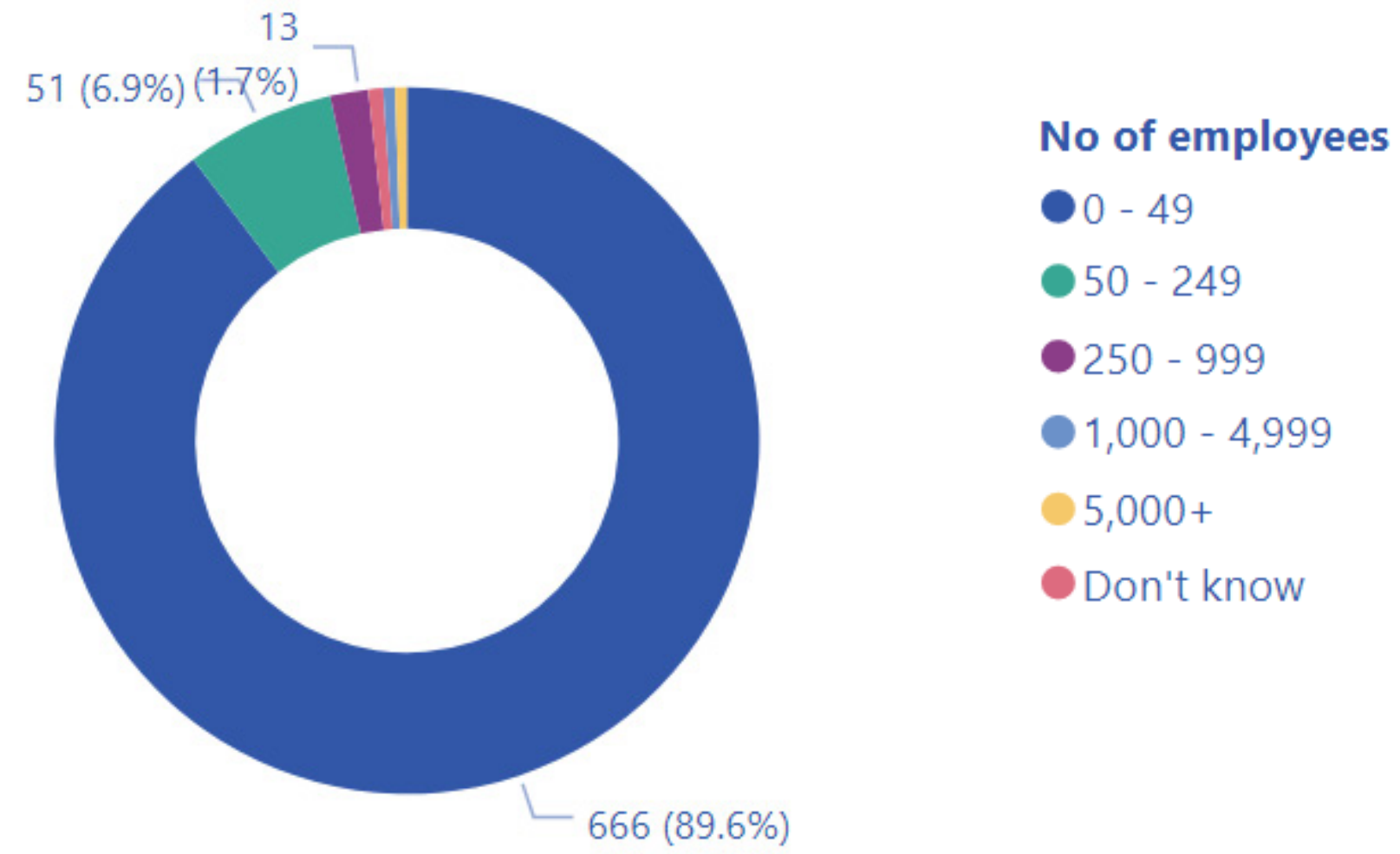


-  Overall around 1.5% of Westminster business units responded.
-  Size – Medium/large businesses were over-represented in the survey compared to the known Westminster business population. Almost 97% of Westminster businesses are small, employing under 50 people; however, the survey contained 10% of medium and large businesses.
-  Sector – Businesses with a customer face (hospitality/retail) were more likely to respond to the survey, with fewer results from ‘back-office’ operations (e.g. finance/communications companies). Companies who have responded are more likely to have some kind of active relationship with the council (even if it’s just holding a ‘license’). The effect on results is likely to be an overstating of immediate closures/furloughing/and other impacts of Covid-19, and potentially a more downbeat view of the economy as a whole.

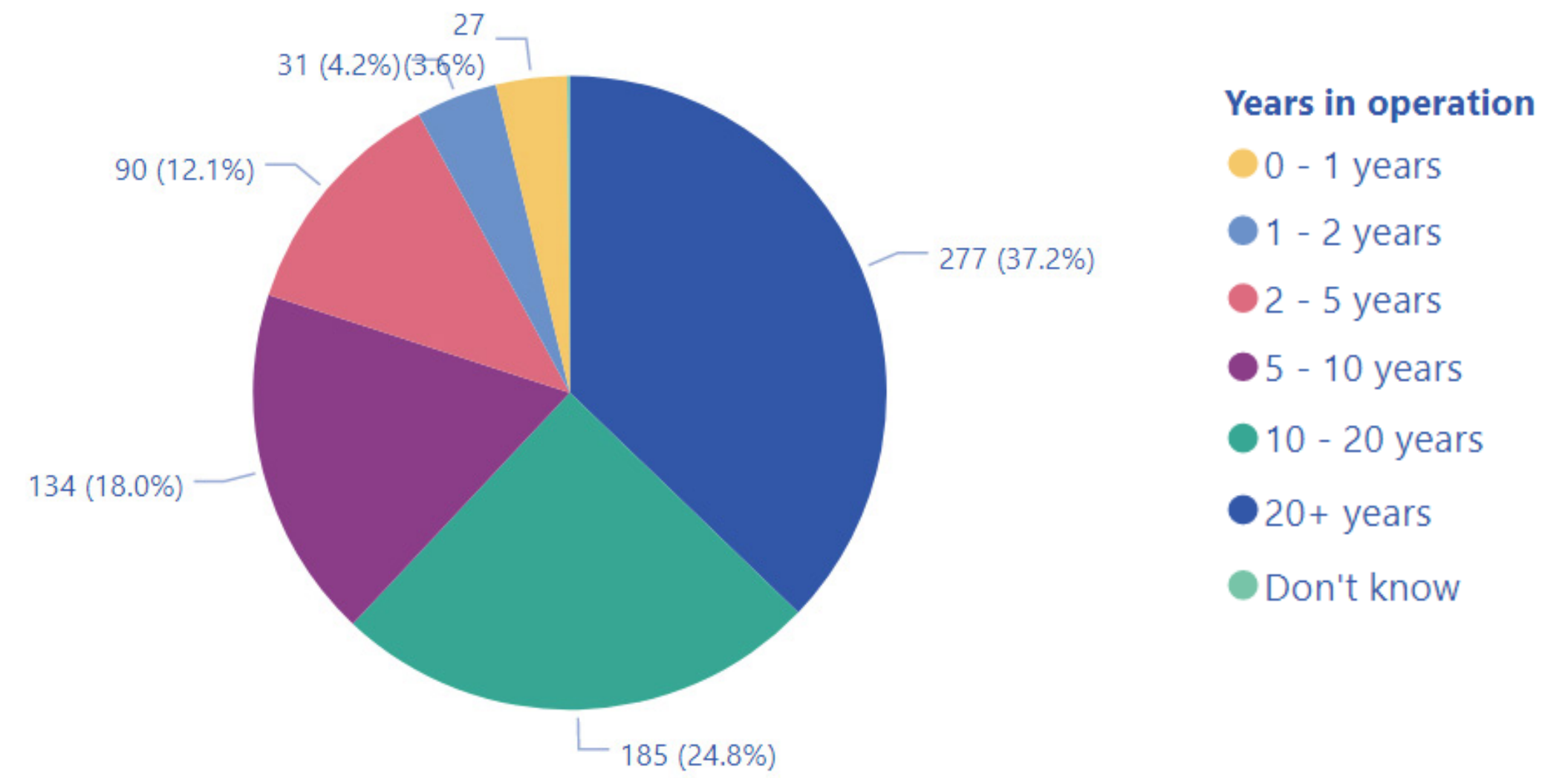
Which of the following best describes the industry/sector your business operates in?



What is the total number of your employees?

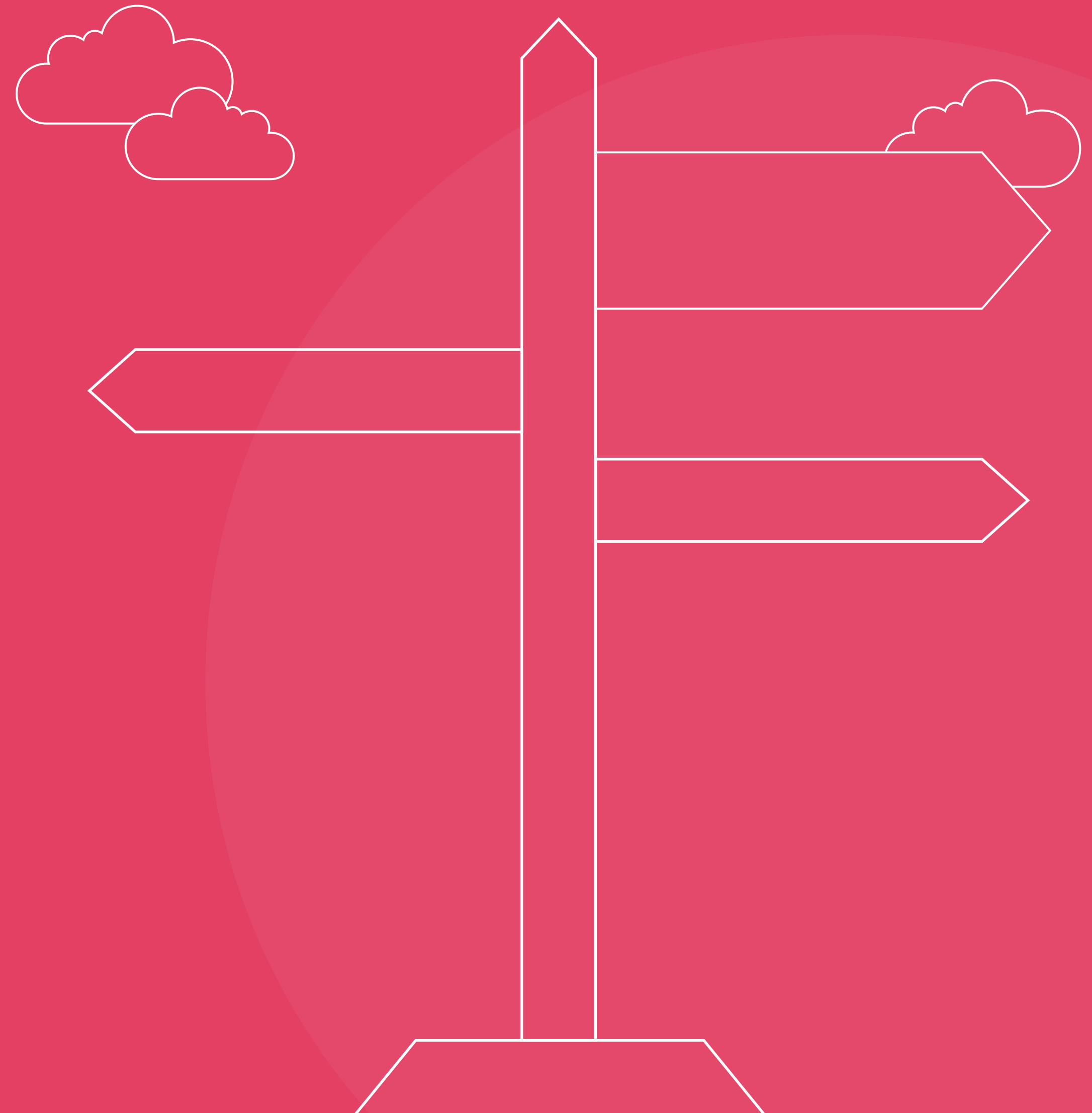


How many years has your business been operating for?





Spatial Distribution

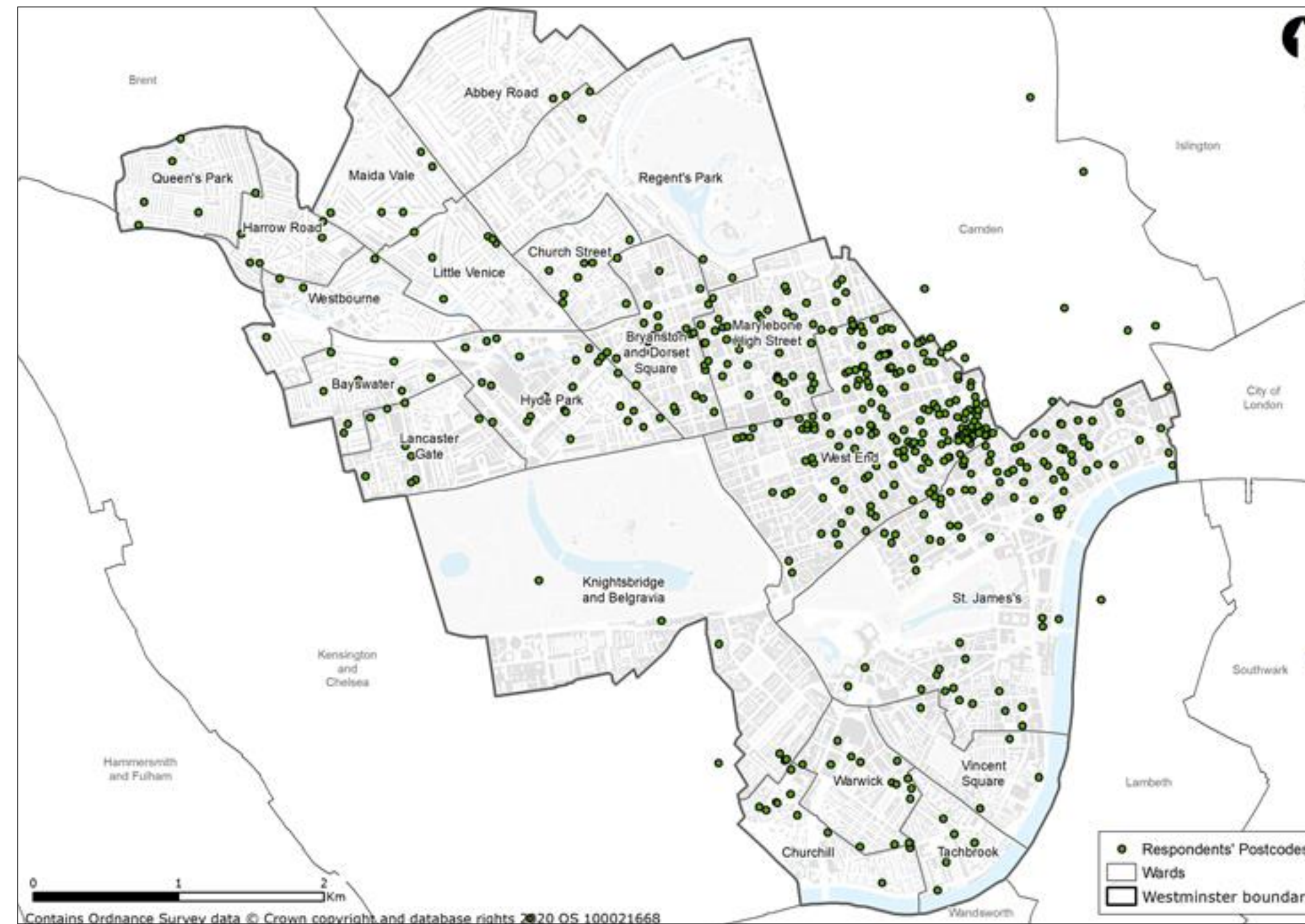


Representativeness

Of 746 respondents, 506 postcodes were able to be mapped inside Westminster – others were either not provided, incorrect or situated out of the borough. Compared to the UK Business Counts data, the spread is largely representative, with some pockets of low return (Abbey Road/Regent’s Park).

Ward	Count of respondents	% of respondents
Abbey Road	2	0.40%
Bayswater	8	1.58%
Bryanston and Dorset Square	28	5.53%
Church Street	17	3.36%
Churchill	10	1.98%
Harrow Road	5	0.99%
Hyde Park	26	5.14%
Knightsbridge and Belgravia	5	0.99%
Lancaster Gate	15	2.96%
Little Venice	4	0.79%
Maida Vale	6	1.19%
Marylebone High Street	42	8.30%
Queen's Park	7	1.38%
Regent's Park	4	0.79%
St James's	97	19.17%
Tachbrook	5	0.99%
Vincent Square	5	0.99%
Warwick	21	4.15%
West End	195	38.54%
Westbourne	4	0.79%

% is calculated based on the total of businesses who provided a postcode and not overall respondents.



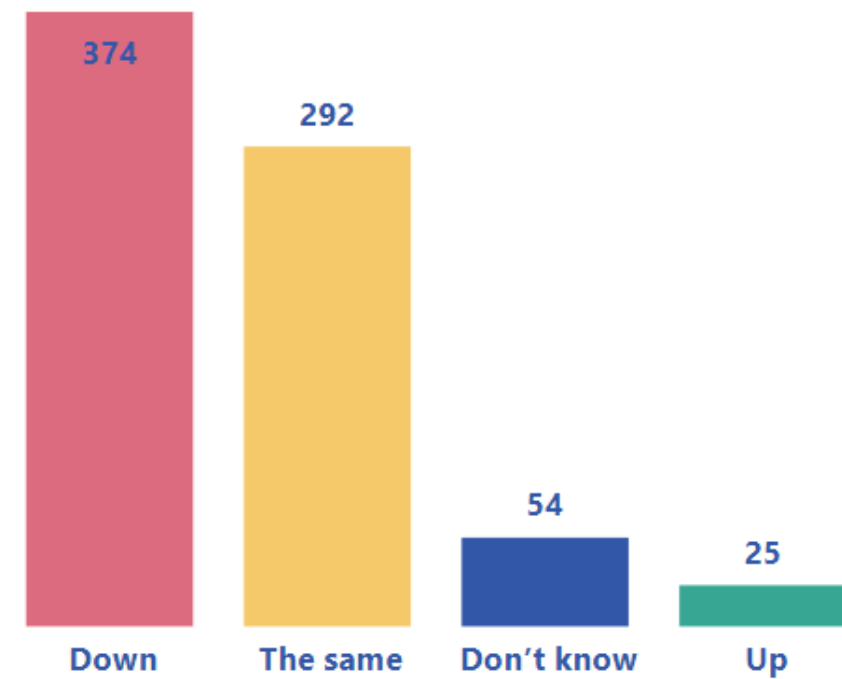
Key Outcomes



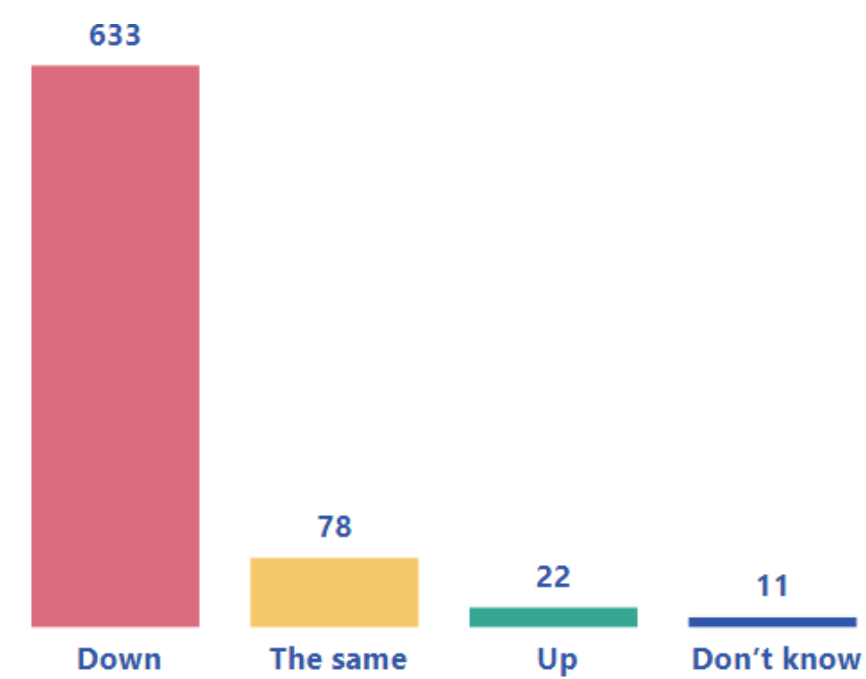
Price points and cash flow

Generally, there is no disparity amongst the sectors. On average, all industries had to reduce their price points and saw a decrease in cash flow.

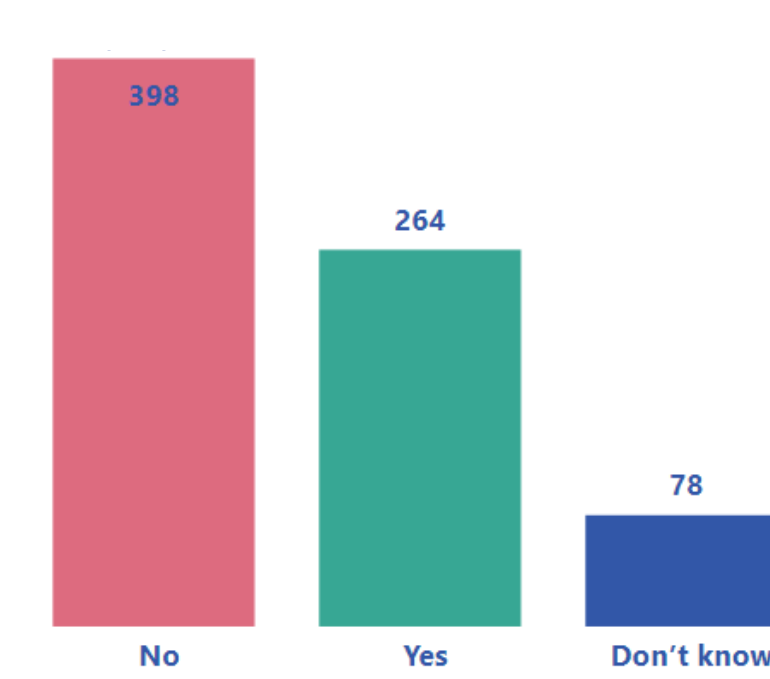
Over the last quarter are your price points...?



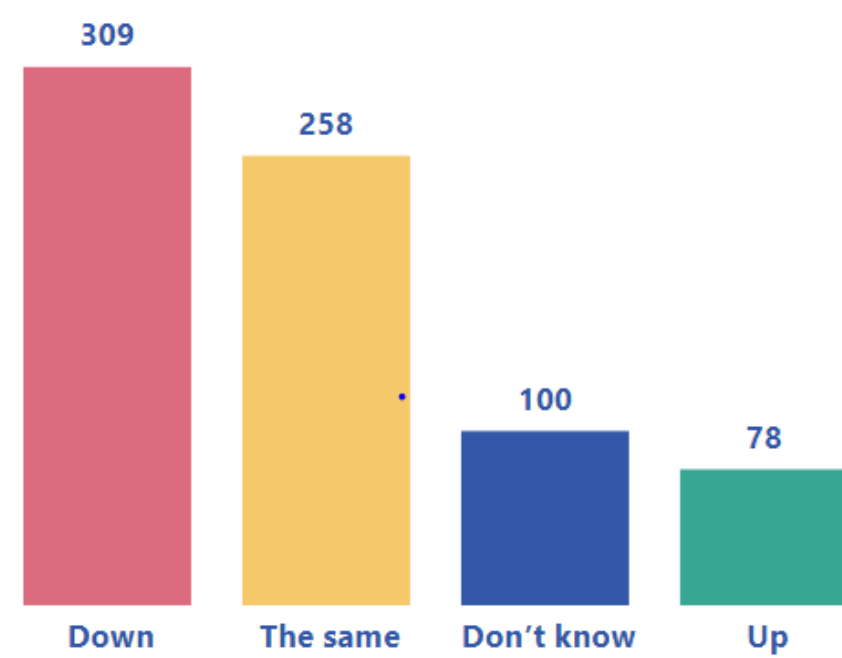
Compared with last quarter, is your cash flow?



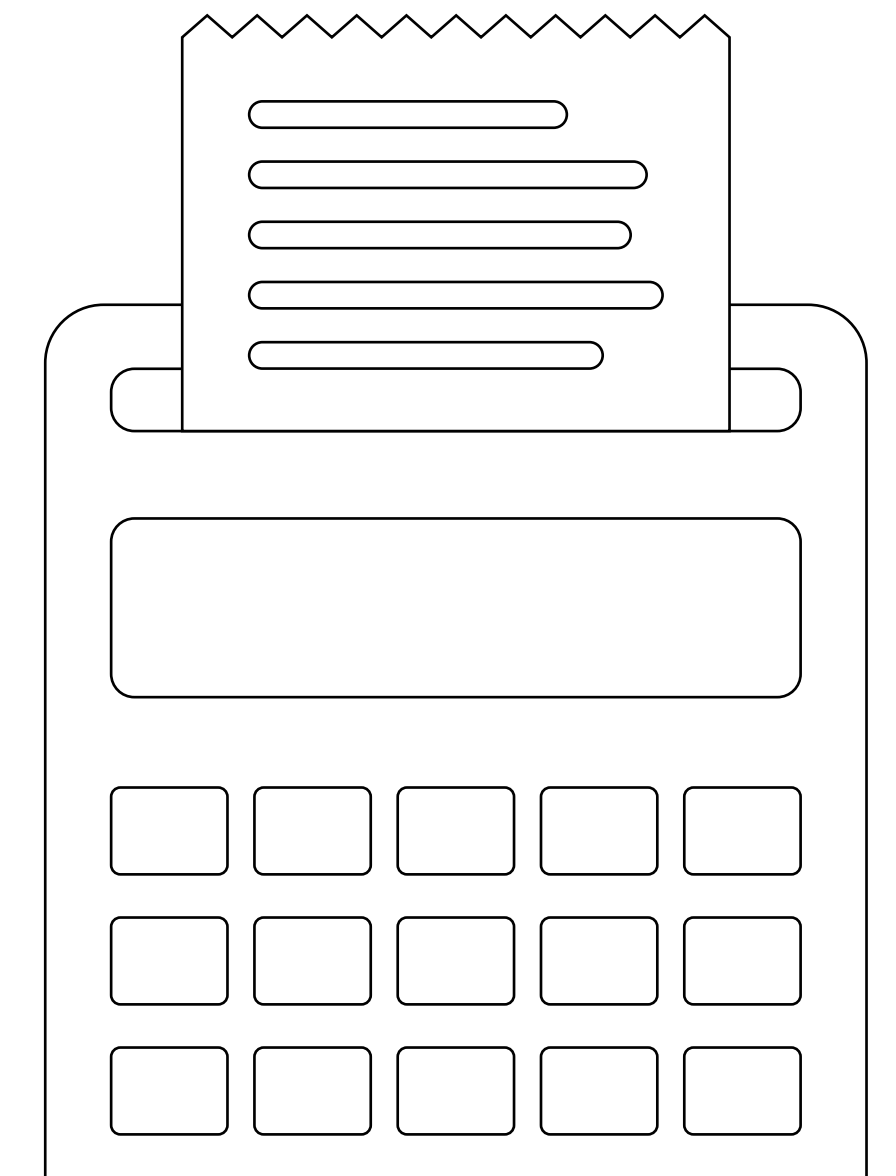
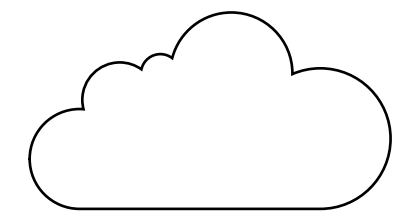
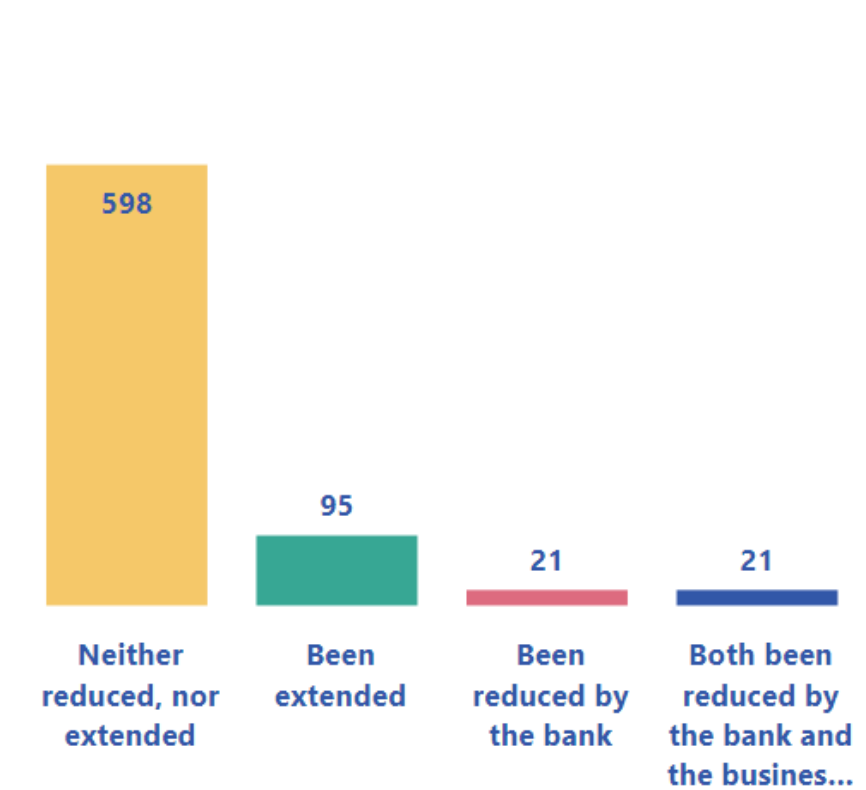
In the last quarter, have you received prompt payment from creditors/debtors?



In the next quarter, do you expect your price points to go...?



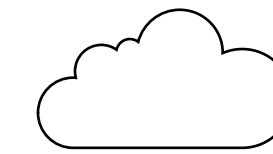
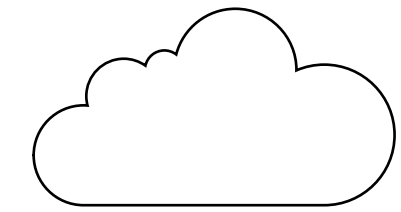
In the last quarter, has your business' overdraft facility...?



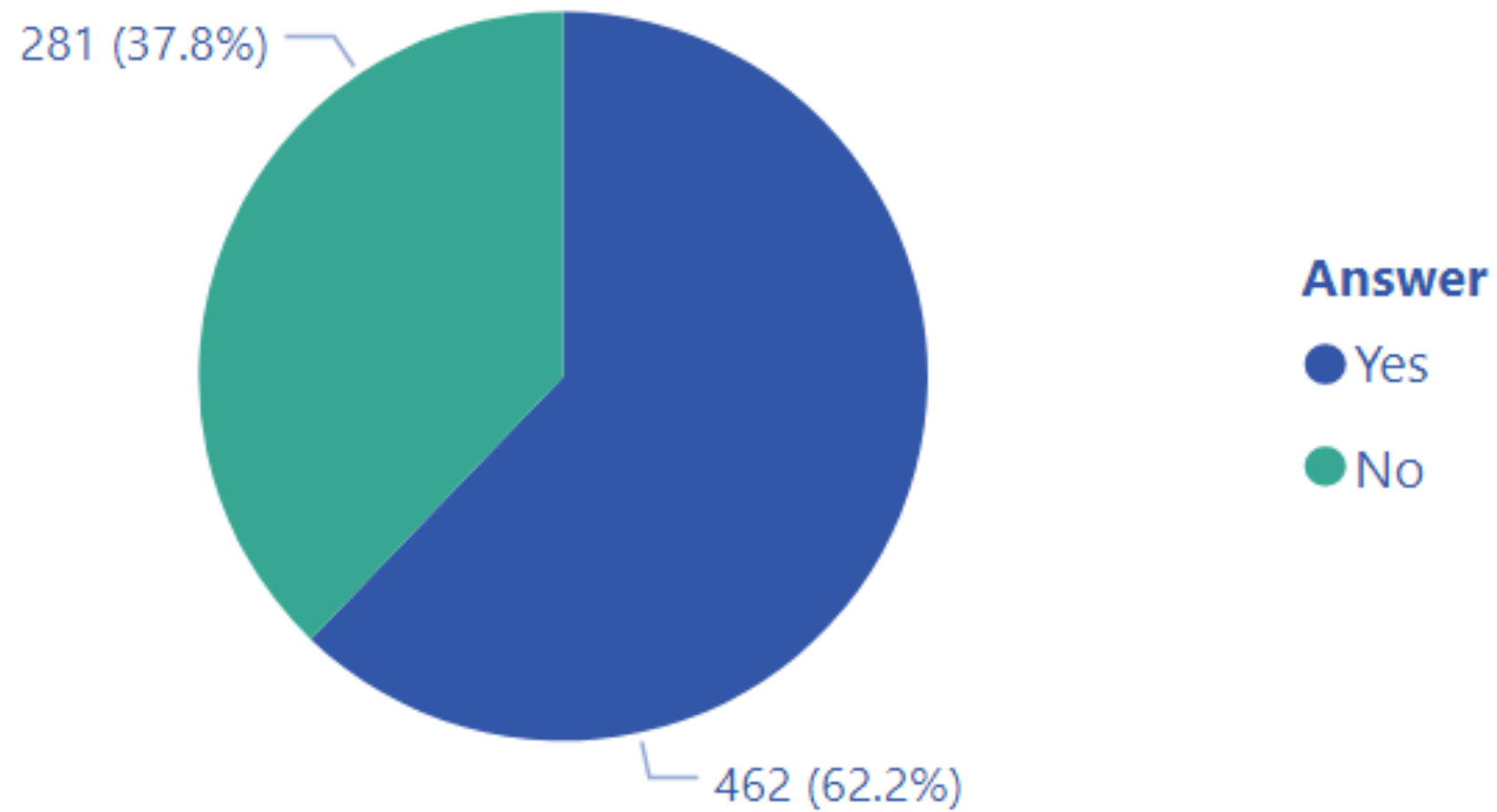
Operating Model

Top three responses

- 📍 Follow Covid-19 government measures (i.e. implement social distancing measures dictated by the government).
- 📍 Increase online operations (i.e. continuing to offer online services explored during lockdown).
- 📍 Expand business model (i.e. continuing to offer take-away to mitigate reduced sit in capacity upon reopening).






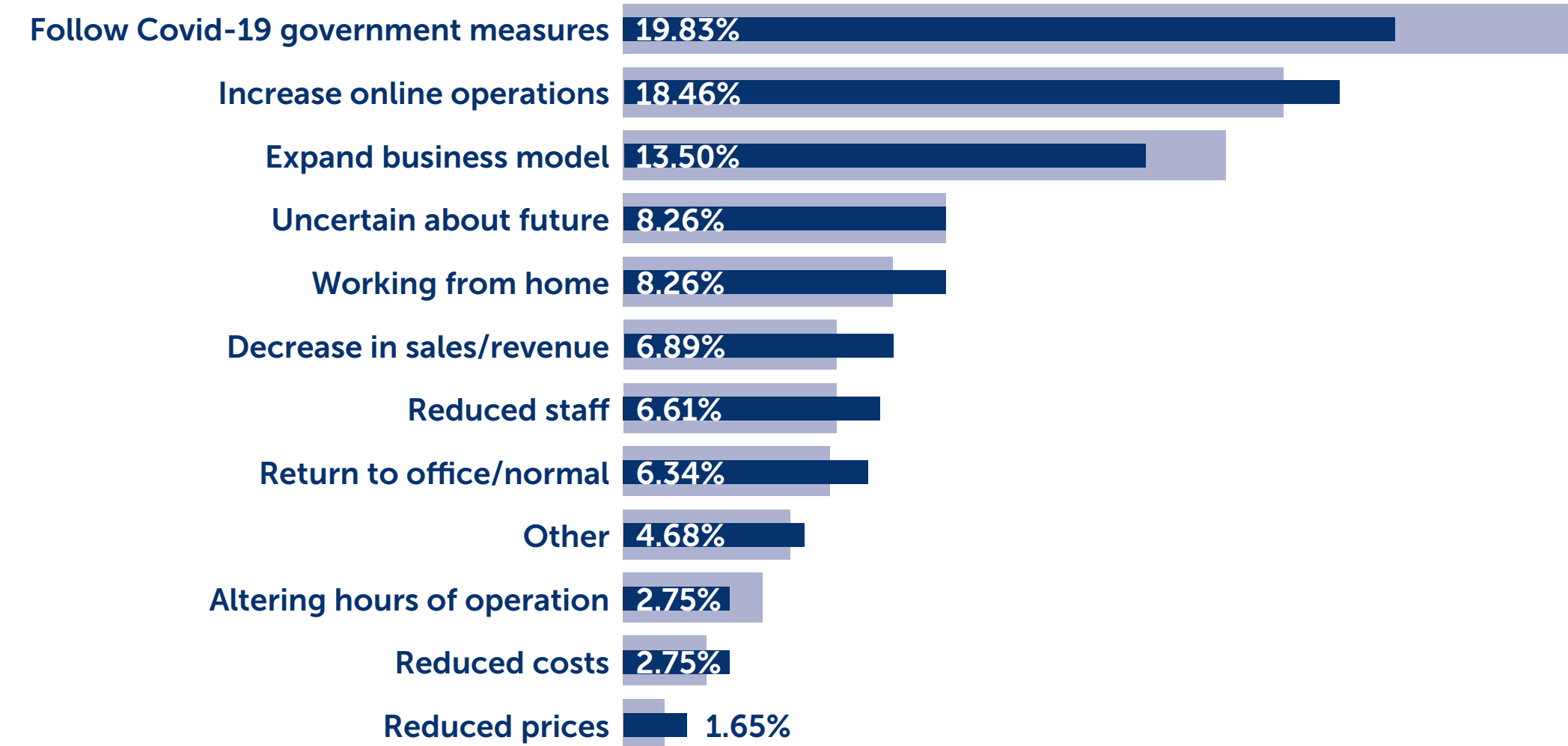
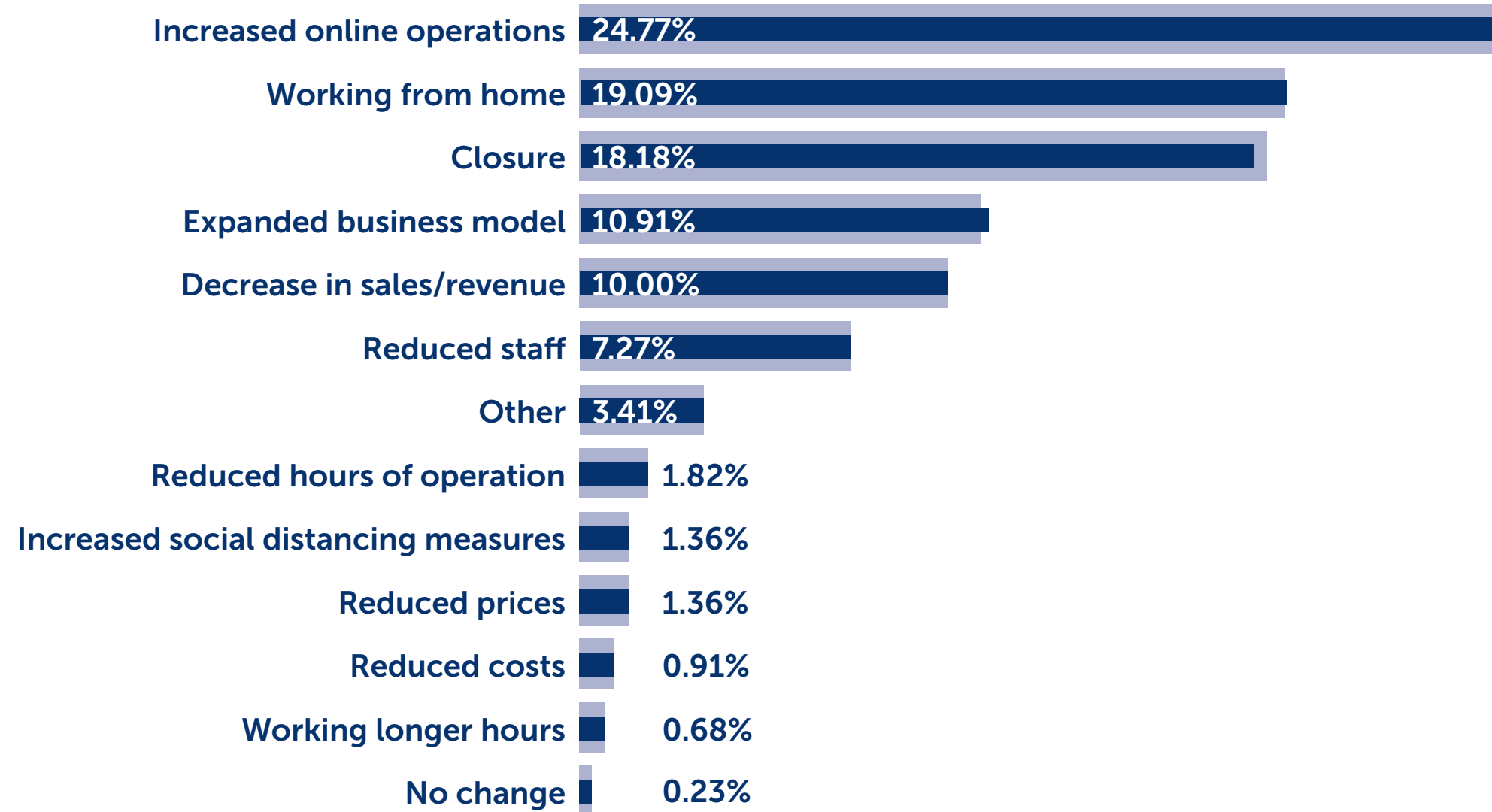
Over the last quarter have you changed your operating model?



Operating Model

Top three changes

-  Increase online operations (e.g. using Zoom to teach classes).
-  Move to remote working and/or closed.
-  Expand business model (e.g. moved to take-away).



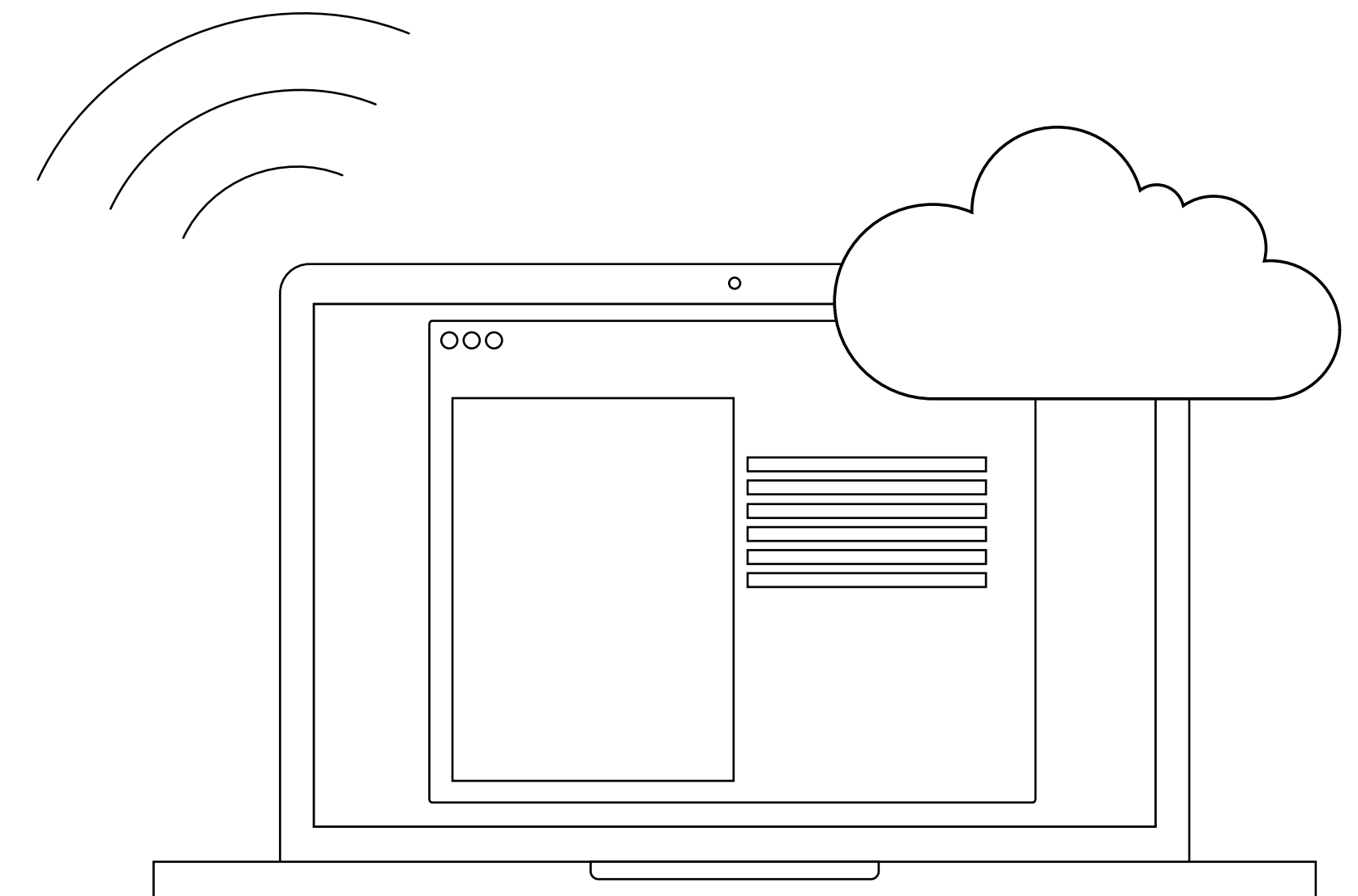
Production: Is your business currently working at full capacity?

If 'No' (87%), what capacity is your business currently operating at? What are the key challenges that prevent your business from working at capacity?.

	#1 challenge	#2 challenge	#3 challenge
Less than 10%	Closure	Lack of demand	Lack of demand
Between 10% and 49%	Lack of demand	Social distancing	Closure
Between 50% and 100%	Lack of demand	Social distancing	Closure

Among other reasons:

- 📍 Finances
- 📍 Remote working
- 📍 Issues with clients/suppliers
- 📍 Issues with clients/suppliers
- 📍 Travel/tourism
- 📍 Lack of workforce
- 📍 Projects cancellations

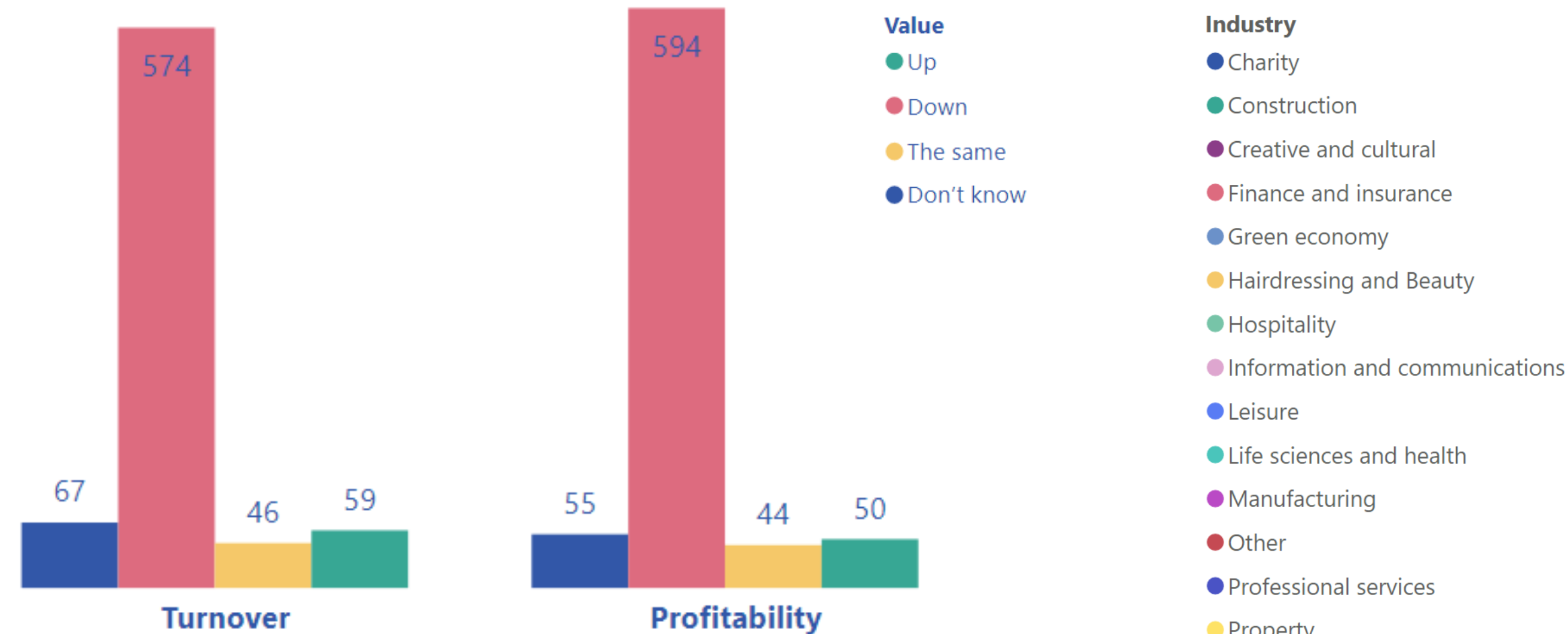


Business Confidence

Almost 80% of businesses feel negatively about their business prospects and suspect their profitability and turnover will be DOWN in the next 12 months.

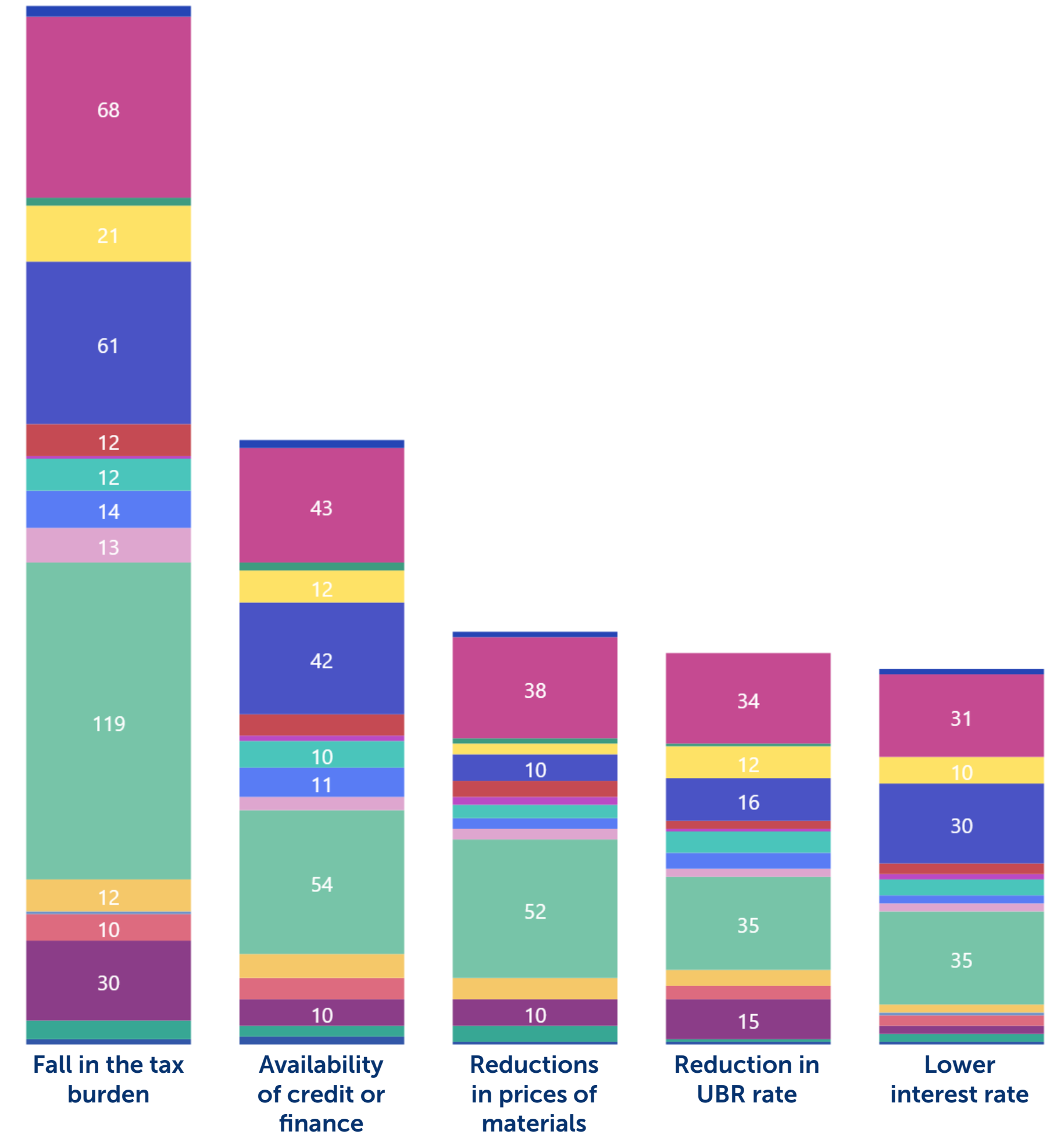
7% of respondents feel positively about their business in the next 12 months and these mainly come from the Professional services and the retail/wholesale industries.

Do you believe that over the next 12 months your turnover/ profitability will be...?



- Industry**
- Charity
 - Construction
 - Creative and cultural
 - Finance and insurance
 - Green economy
 - Hairdressing and Beauty
 - Hospitality
 - Information and communications
 - Leisure
 - Life sciences and health
 - Manufacturing
 - Other
 - Professional services
 - Property
 - Public Sector / Education
 - Retail/wholesale
 - Travel and tourism

Top five factors

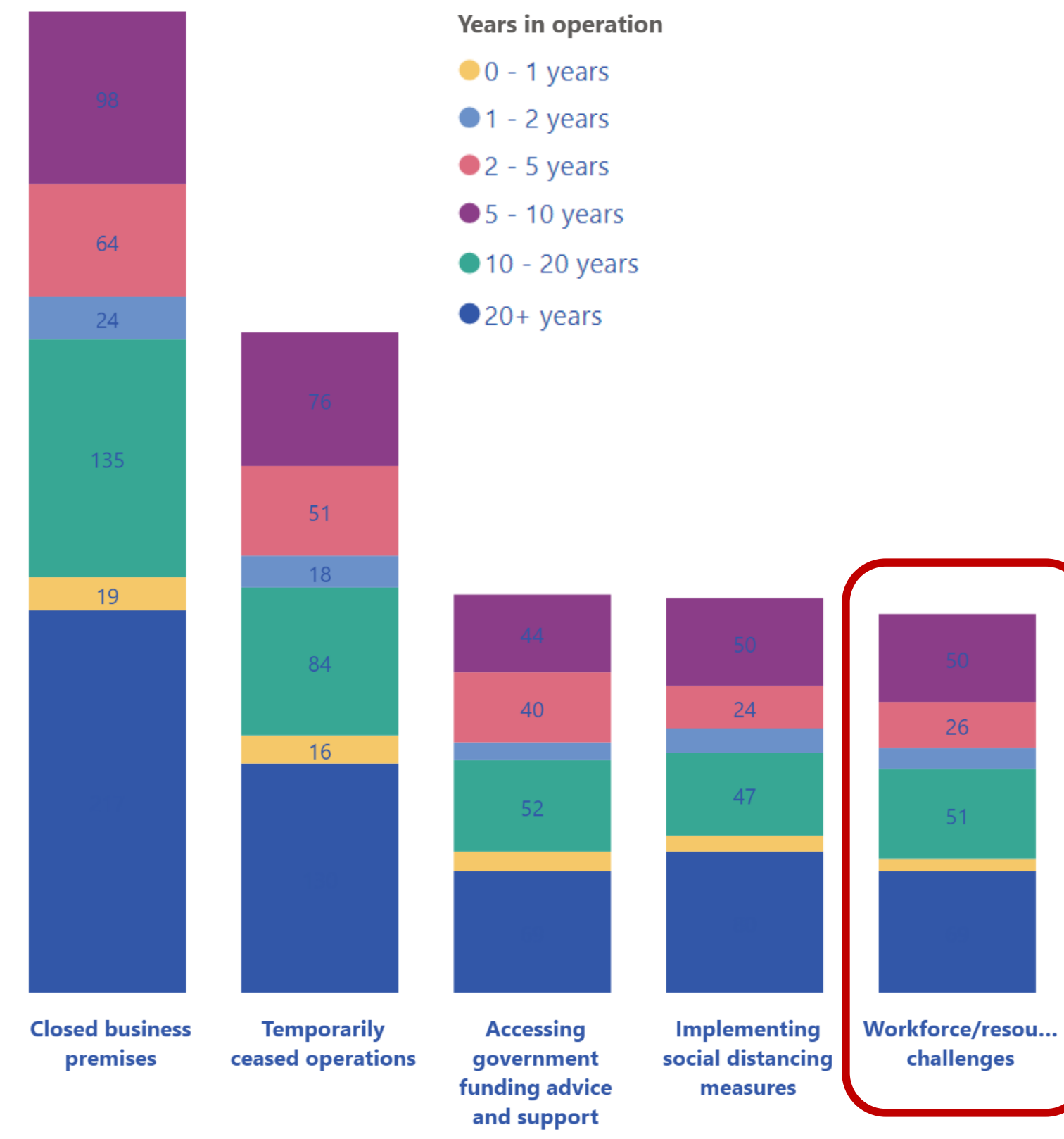


Re-opening the city: key challenges

Top five key challenges



Top five key challenges



More on workforce statistics available in the next pages

Re-opening the city: workforce situation and return to work

Top three industries

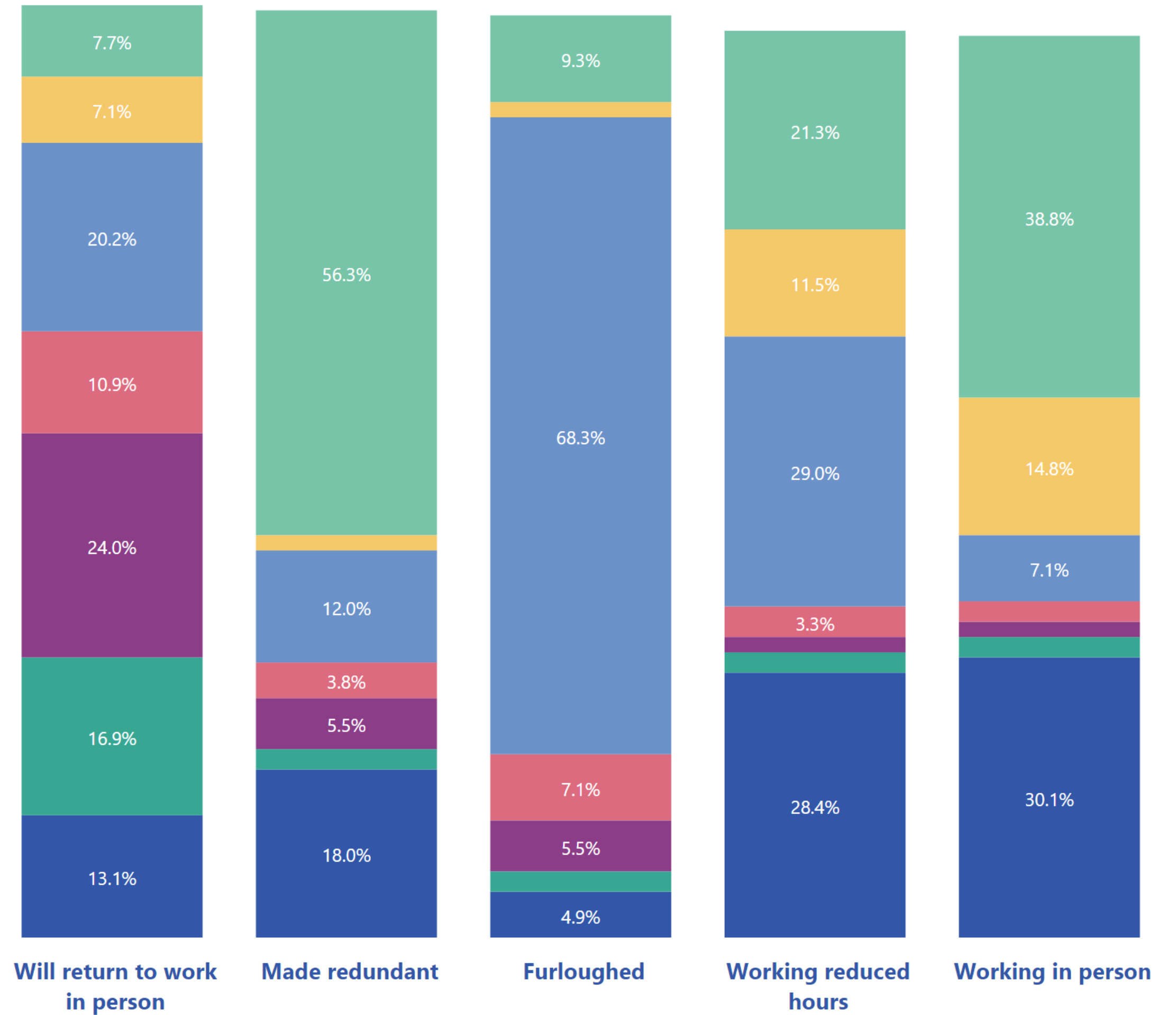
The majority of the workforce have been furloughed with very few redundancies.

30% (n=55) of respondents in this industry said fewer than 20% of workforce is working in person. However the industry looks somewhat positive employees will gradually return to work in person in the next quarter.

Percentage of workforce

- Between 1% - 20%
- Between 21% - 40%
- Between 41% - 60%
- Between 61% - 80%
- Between 81% - 100%
- Don't know
- None

#1 Hospitality



Re-opening the city: workforce situation and return to work

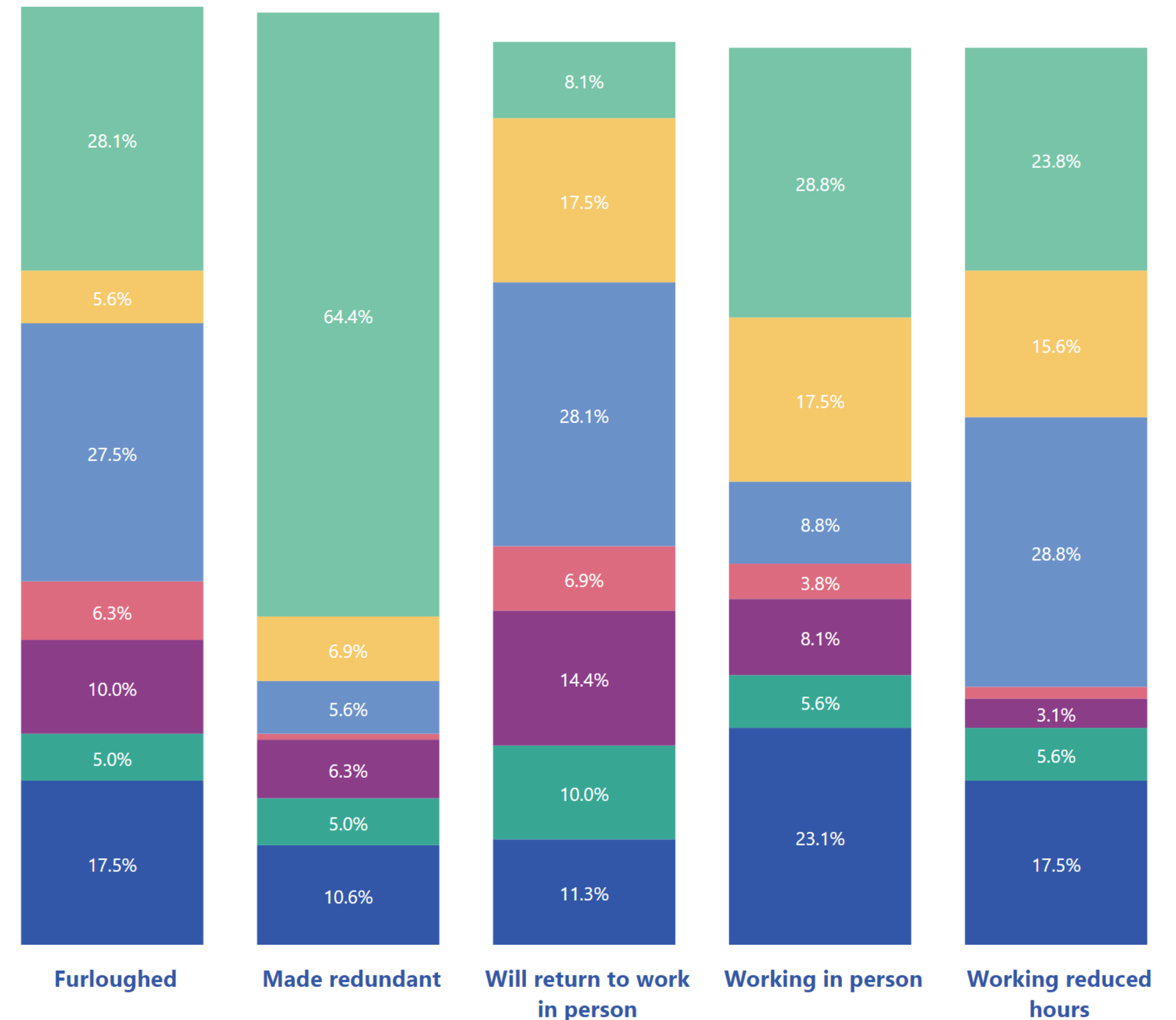
Top three industries

The retail/wholesale sector had a disproportionately large number of furloughed employees, some businesses furloughed the entire workforce, some none. Very low redundancies. Over half (53%, n=84) said fewer than 20% are currently working in person*. A fifth (18%, n=28) are uncertain about the next quarter whereas the majority sees a gradual return to work in person with an increase in flexible working.

#2 Retail/wholesale

Percentage of workforce

- Between 1% - 20%
- Between 21% - 40%
- Between 41% - 60%
- Between 61% - 80%
- Between 81% - 100%
- Don't know
- None



* Working in person refers to being physically present at work as opposed to working from home/remotely.

Re-opening the city: workforce situation and return to work

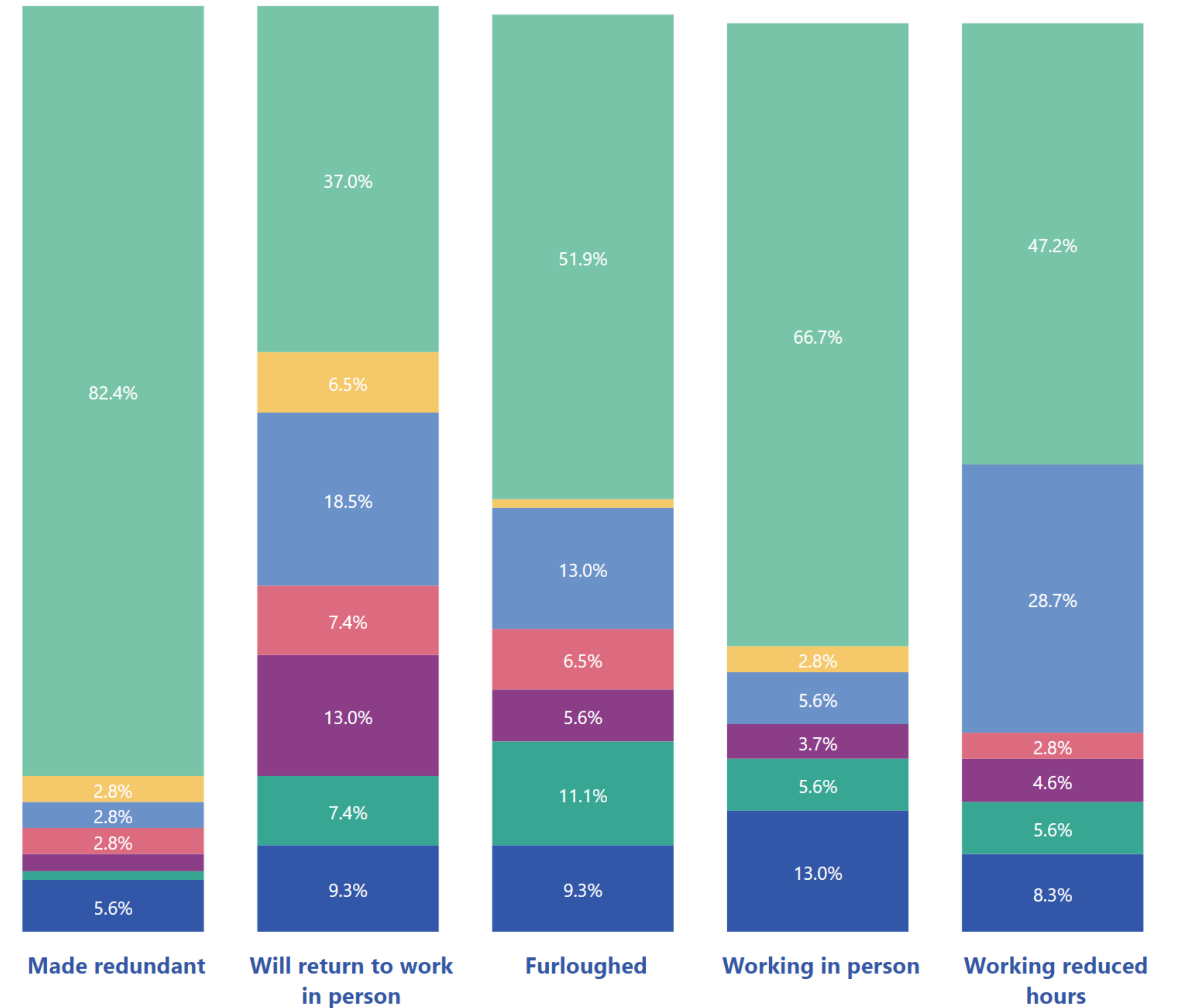
Top three industries

This industry is one of the least affected by the pandemic. The majority have moved their operations remotely with very low redundancies and furloughed employees. The majority of the workforce are not working in person, nor do they expect to in the next quarter with 60% of businesses reporting that they will encourage working from home.

#3 Professional services

Percentage of workforce



- Between 1% - 20%
- Between 21% - 40%
- Between 41% - 60%
- Between 61% - 80%
- Between 81% - 100%
- Don't know
- None



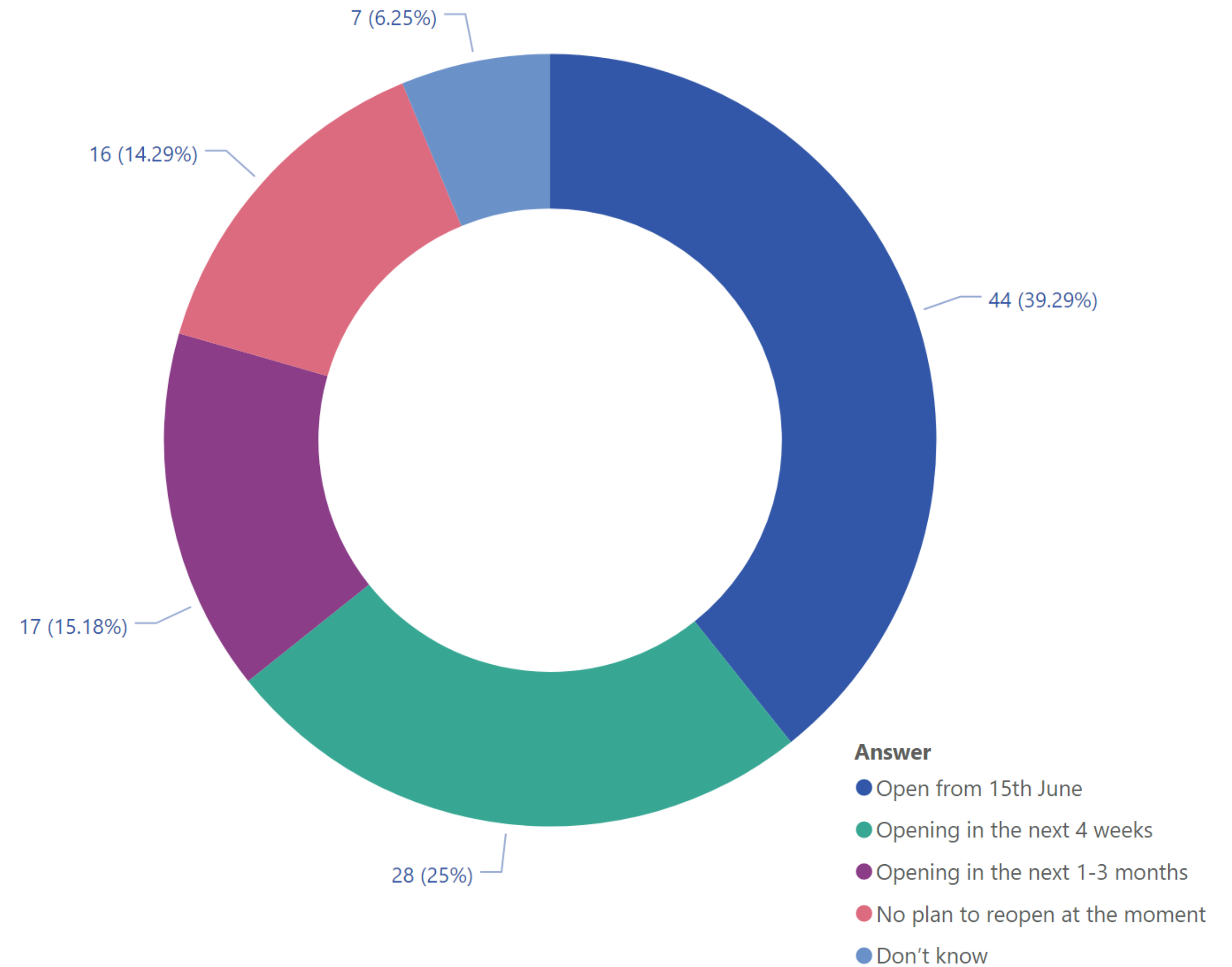
Re-opening the city: non-essential retailers

In general, businesses have taken or are planning to take all sorts of actions. Businesses operating for less than a year were least likely to have taken actions.

This suggests:

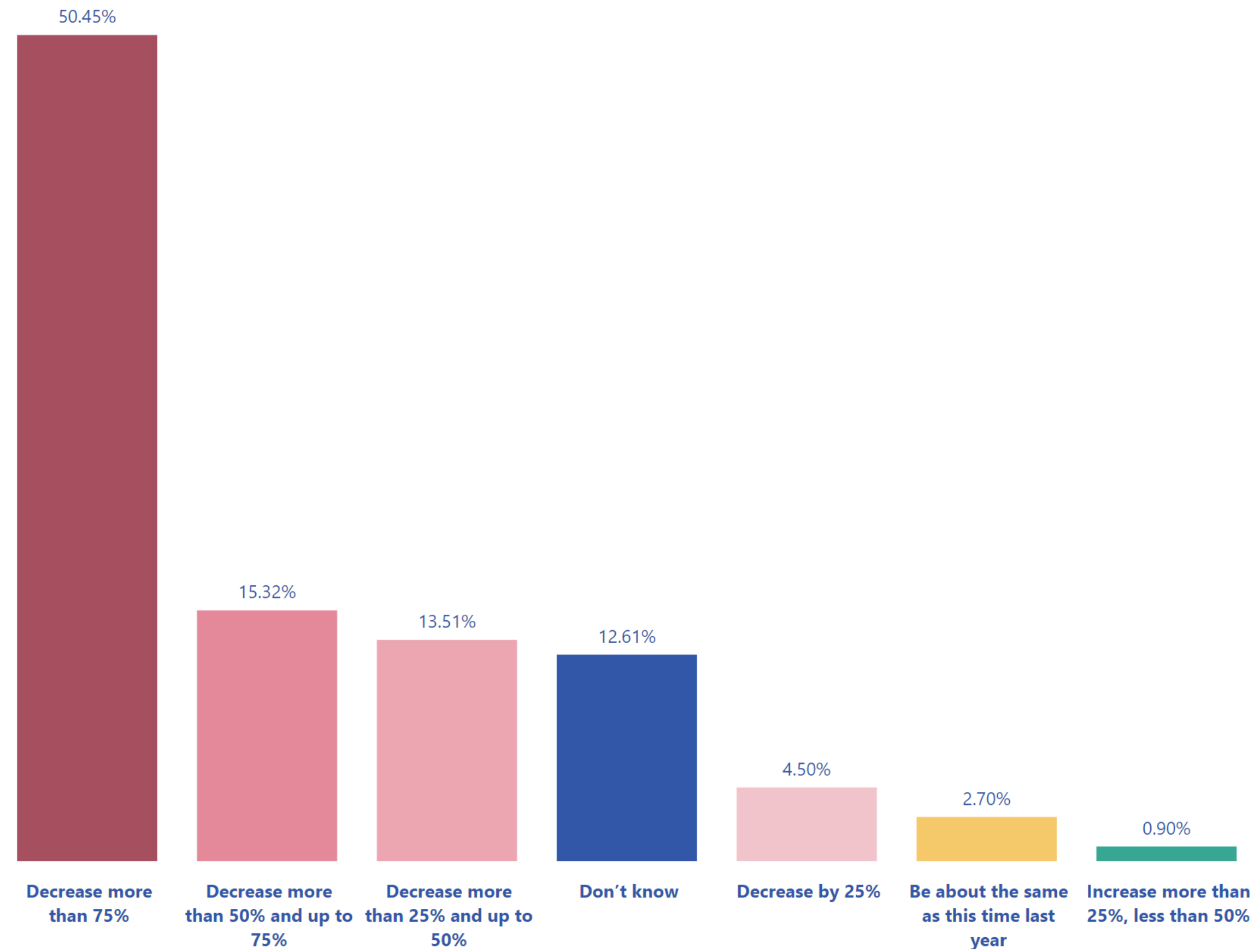
-  either they are not prepared to deal with the challenges the pandemic has caused.
-  or plan to cease operations and therefore do not need to take actions.

Please tell us your status on re-opening on the 15 June



Re-opening the city: non-essential retailers

Upon reopening and comparing to this time last year, do you expect footfall in your store(s) to...?

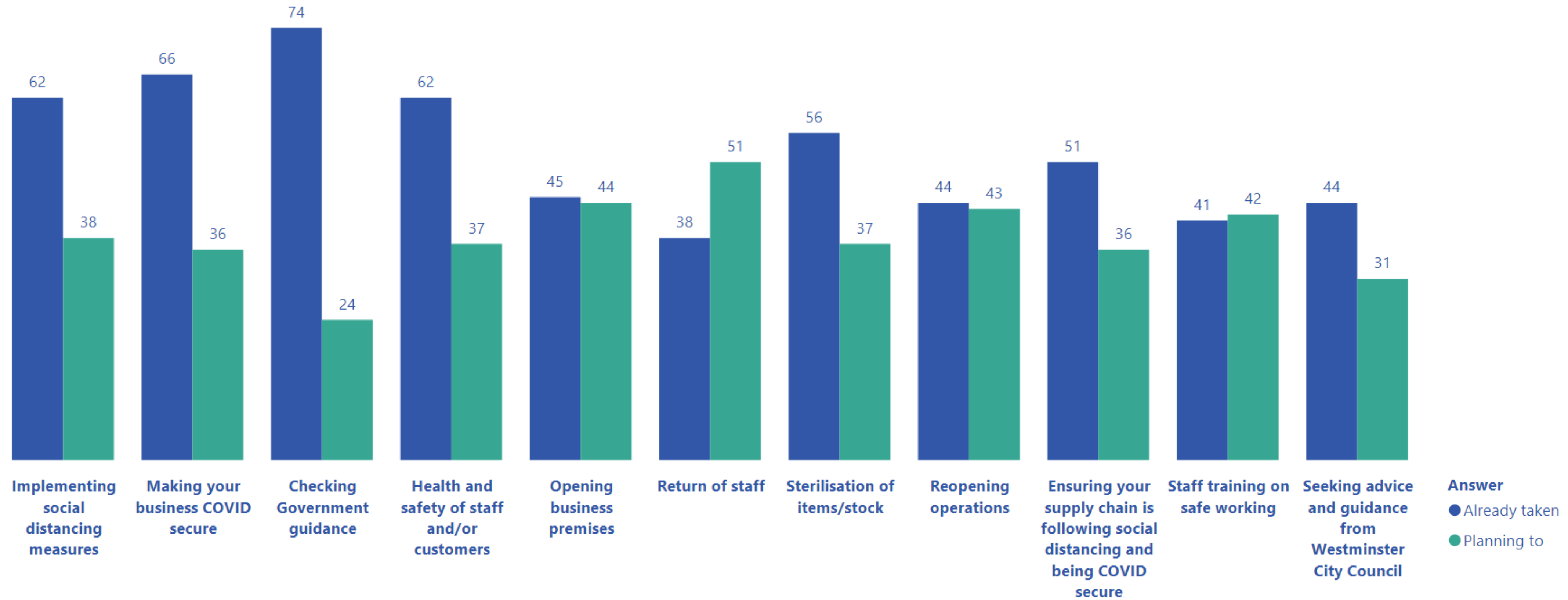


Uncertainty is pretty high (13%, n=14 Don't know) however the great majority expect footfall to decrease upon reopening.



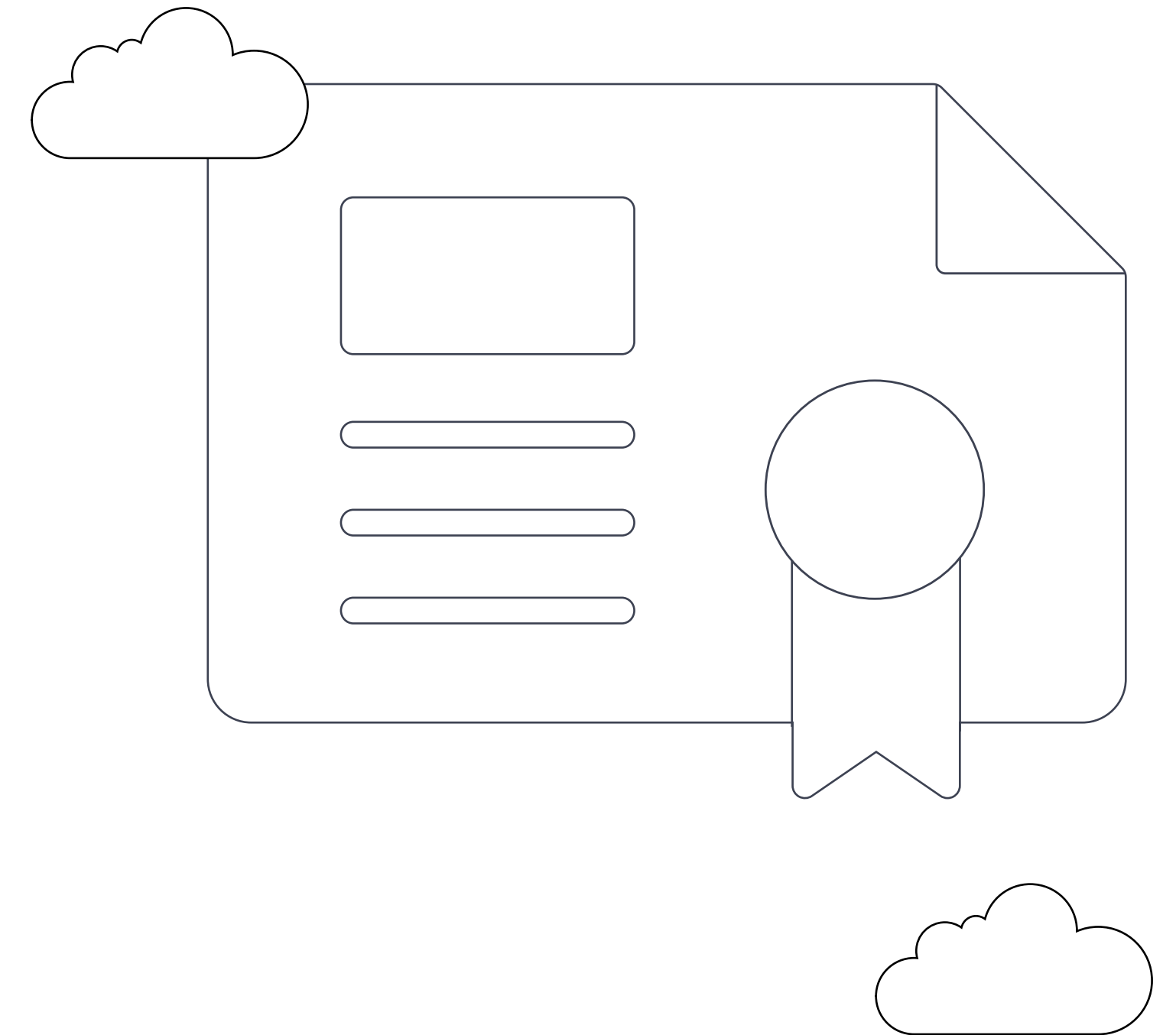
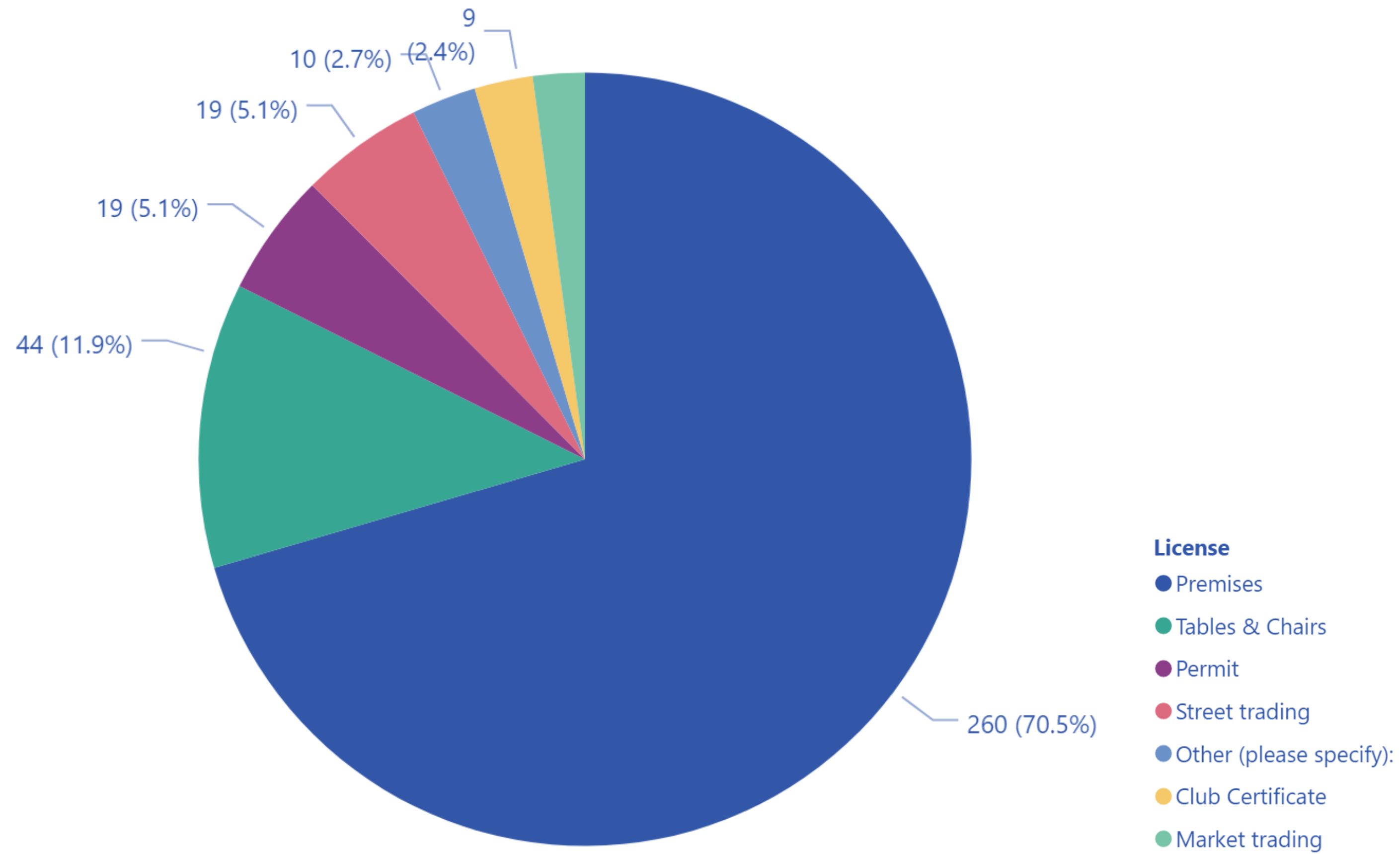
Re-opening the city: non-essential retailers

What actions have your business already taken to reopen after lockdown or what planning and preparation activities is your business currently doing as the UK moves into the reopening phase of lockdown?



Licensing

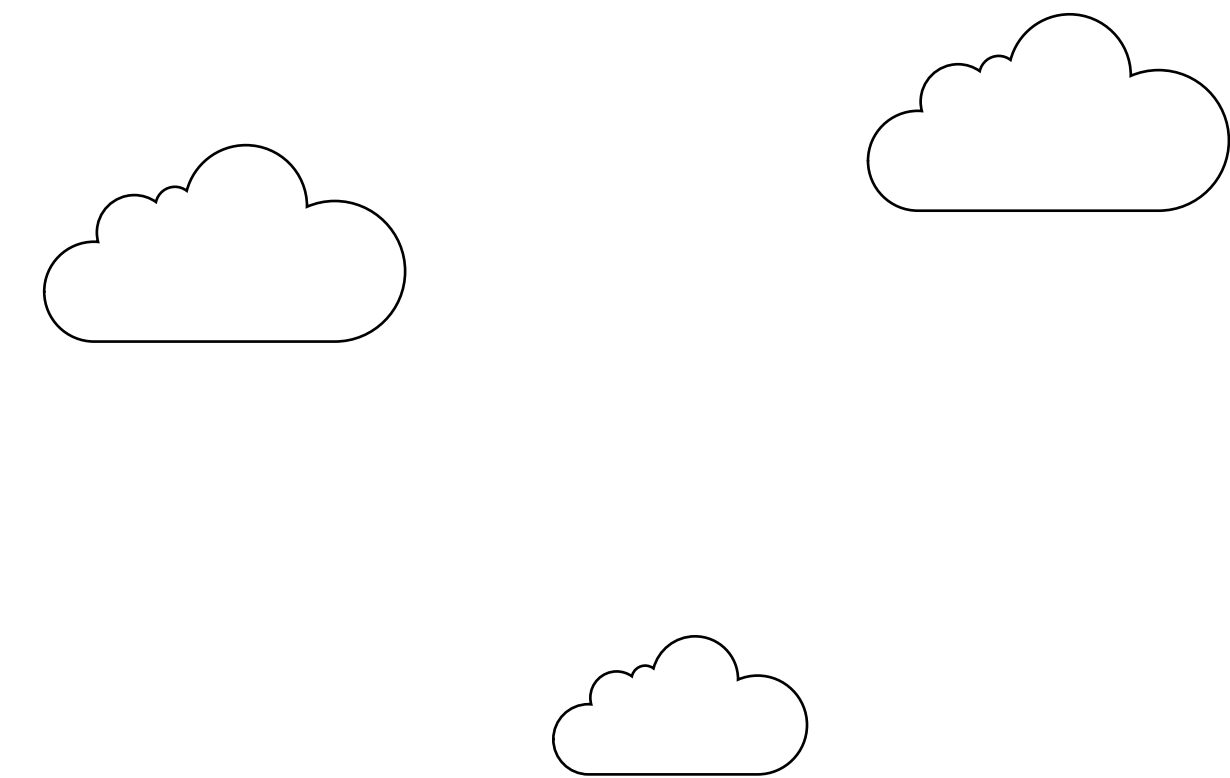
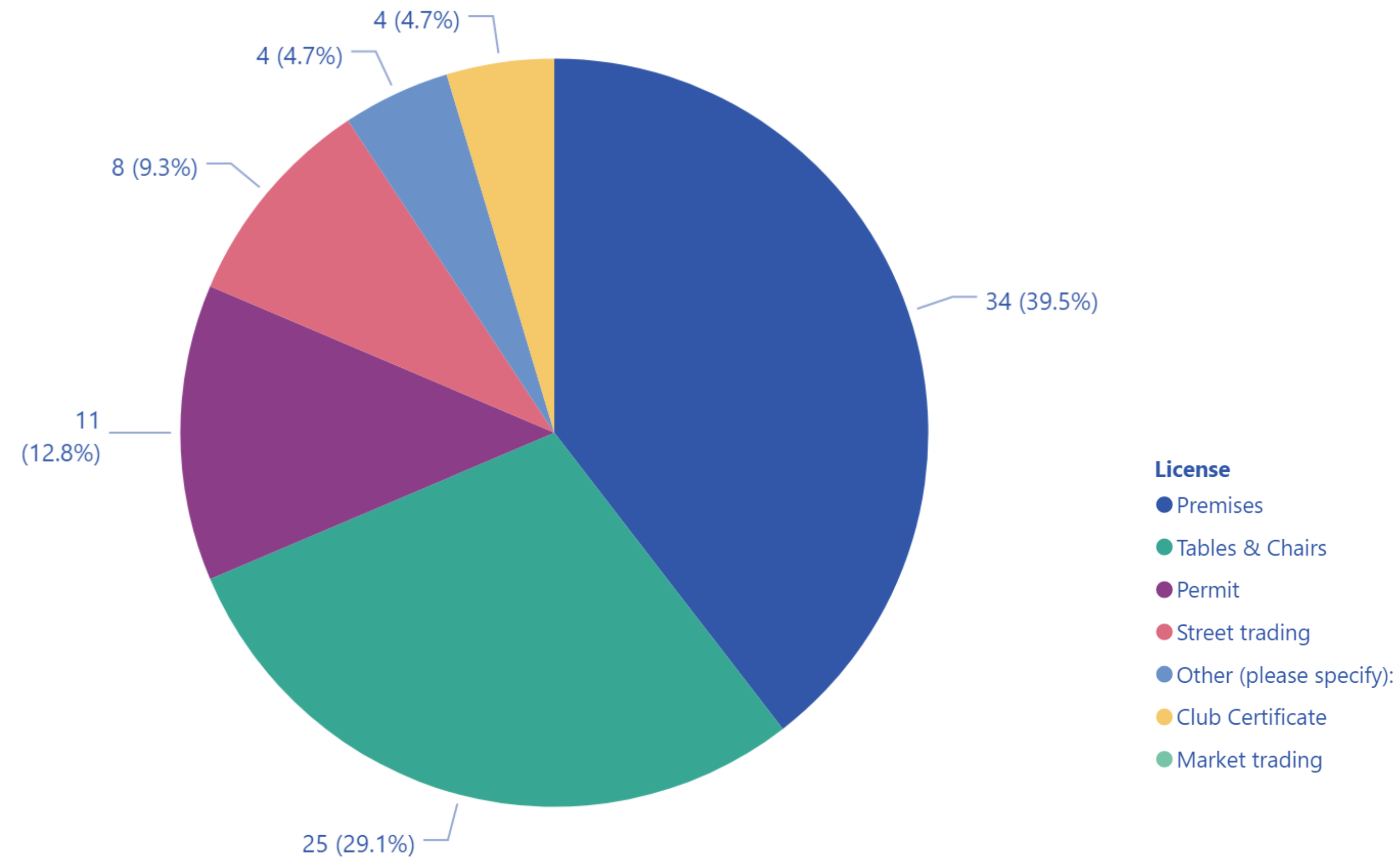
Which of the following type of license does your business currently hold?



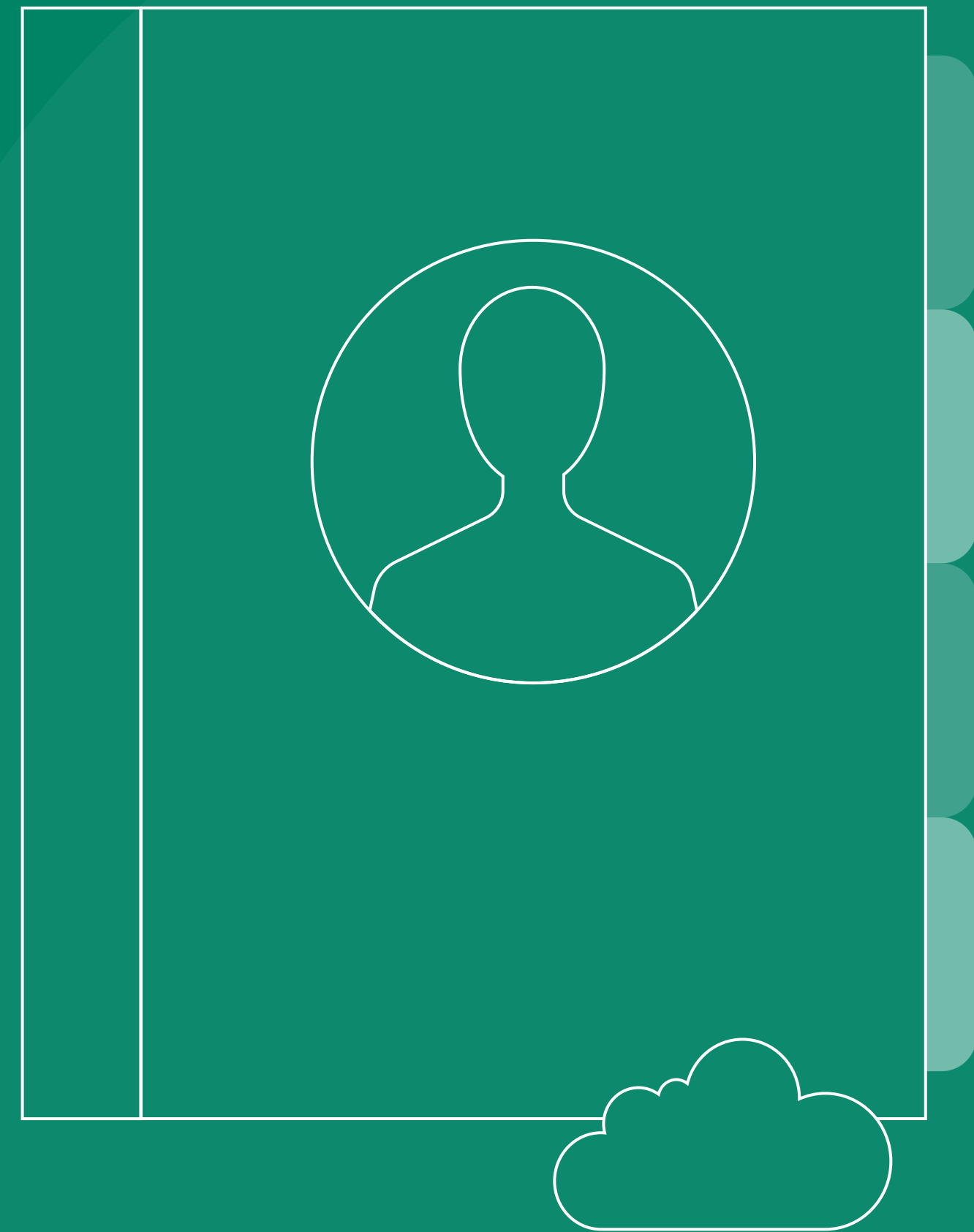
Licensing

Those in the hospitality sector are mostly interested in 'Tables and Chairs' license. To adhere to the government social distancing regulations it is sensible for businesses to try and maximise their outdoor space.

Which of the following type of license are you considering pursuing?



Segmenting Respondents



Grouping respondents based on their perception of key challenges and impact

Q29. Due to the COVID-19 pandemic, government guidelines and lockdown, what have been the key challenges/impacts for your business? Select all that apply:

- Closed business premises.
- Temporarily ceased operations.
- Workforce/resourcing challenges.
- Supply chain challenges.
- Access to PPE.
- Implementing social distancing measures.
- Accessing government funding advice and support.
- Rent and other bills.
- Lack of clients or customers.
- No challenges or impacts to the business.

We used data-driven segmentation analysis to group business survey respondents into naturally existing segments.




Segments were derived using responses to Q29 of the survey, which asked businesses about the key challenges and impacts they have faced due to Covid-19 (above).

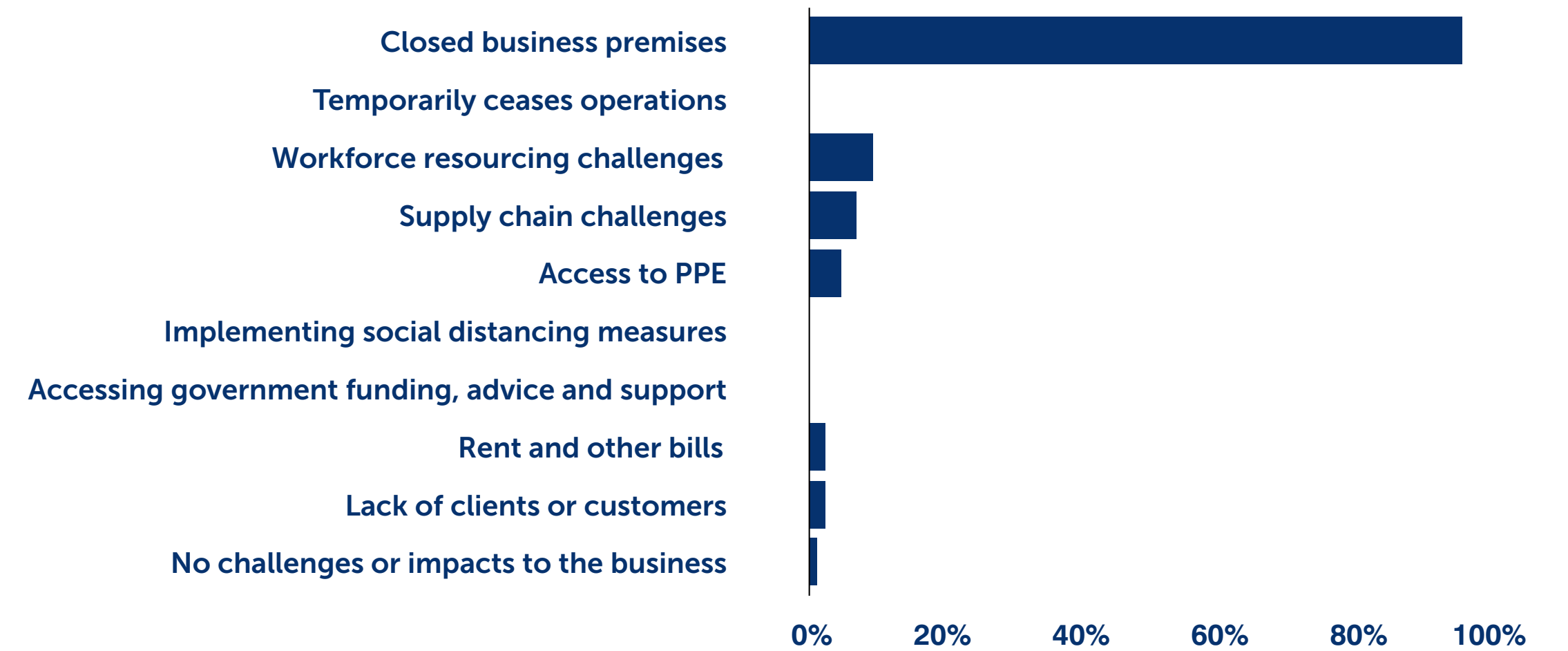
We uncovered six segments....

Grouping respondents based on their level of concern

Segment Blue (10%; n=75)

A higher than average proportion of businesses in this segment have been impacted by the closure of premises.






-  No industry/sector was over-represented in this segment.
-  A higher than average proportion of businesses have been operating for 20+ years.
-  All other responses in this segment are largely representative of the overall survey average.

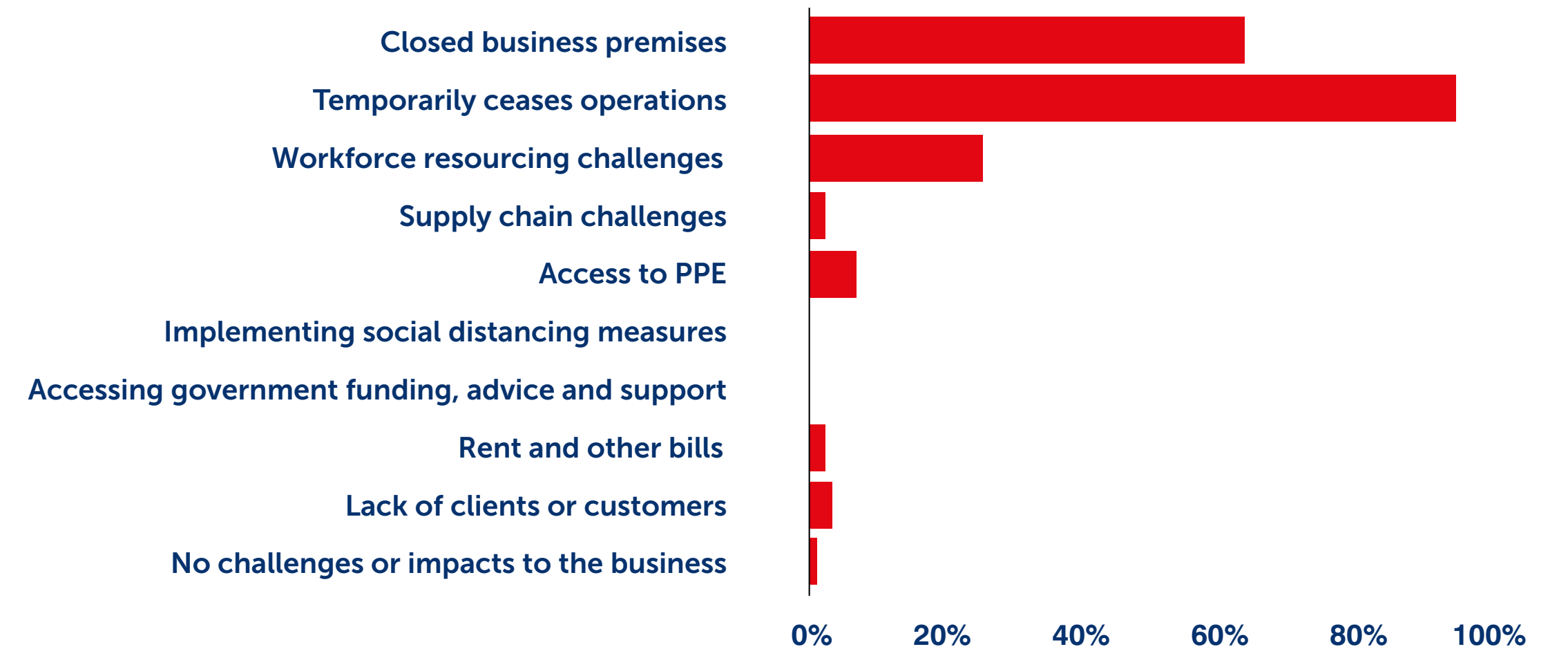


Grouping respondents based on their level of concern

Segment Red (18%; n=135)

A higher than average proportion of businesses in this segment have been impacted by temporarily ceased operations.




-  No industry/sector was over-represented in this segment.
-  A smaller than average proportion of business are working at full capacity, whilst a higher proportion than average have furloughed between 41% and 60% of their workforce.
-  A higher than average proportion say that between 1% and 20% of their workforce are working reduced hours.
-  A higher than average proportion believe their price points will go down next quarter.
-  A higher than average proportion believe a reduction in UBR rate would improve their business prospects.

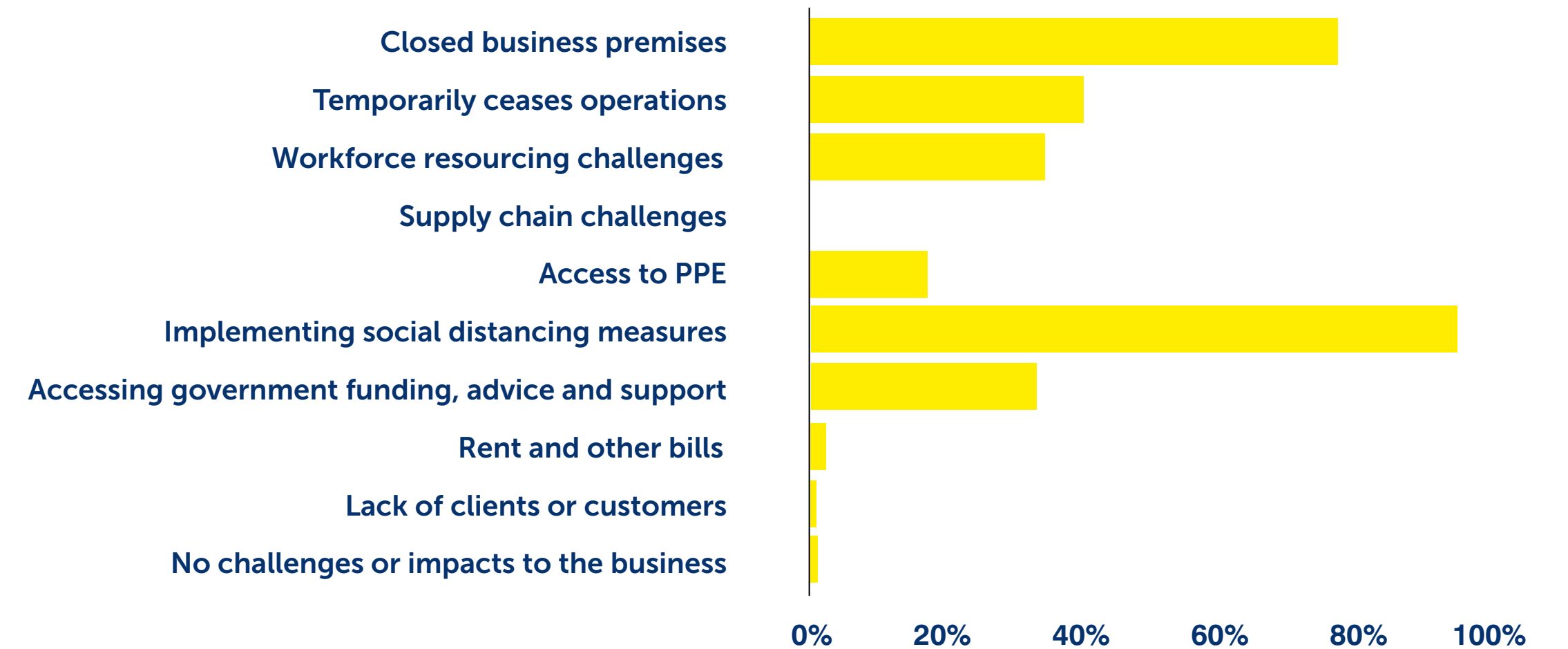


Grouping respondents based on their level of concern

Segment Yellow (16%; n=120)

A higher than average proportion of businesses in this segment have been impacted by access to PPE and implementing social distancing measures.


-  No industry/sector was over-represented in this segment.
-  A higher proportion than average are working at more than 75% capacity.
-  Investment plans in buildings are less likely to go up compared to average.





Grouping respondents based on their level of concern


Segment Orange (15%; n=109)

A higher than average proportion of businesses in this segment have experienced multiple impacts, including temporarily ceased operations, workforce resourcing and supply chain challenges, access to PPE, and implementing social distancing measures.

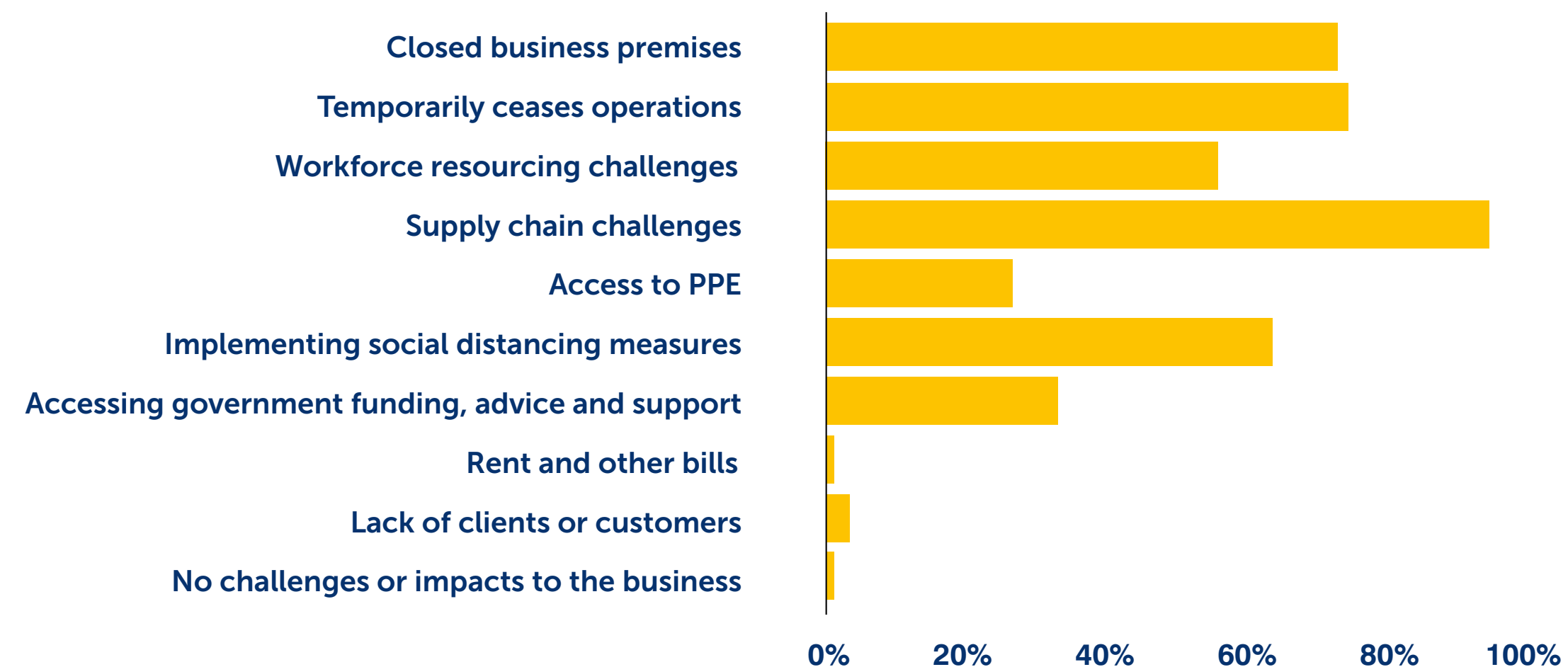
- 

Construction and retail/wholesale businesses are over-represented in this segment.
- 

A higher proportion than average say between 1% and 20% of their workforce are working in person, expect between 61% and 80% of their workforce will return to work in person, and believe a safe return will take 2–4 weeks.
- 

A lower than average proportion expect cashflow to remain the same as last quarter.
- 

A higher than average proportion believe a reduction in import competition and price of materials would improve their business prospects.



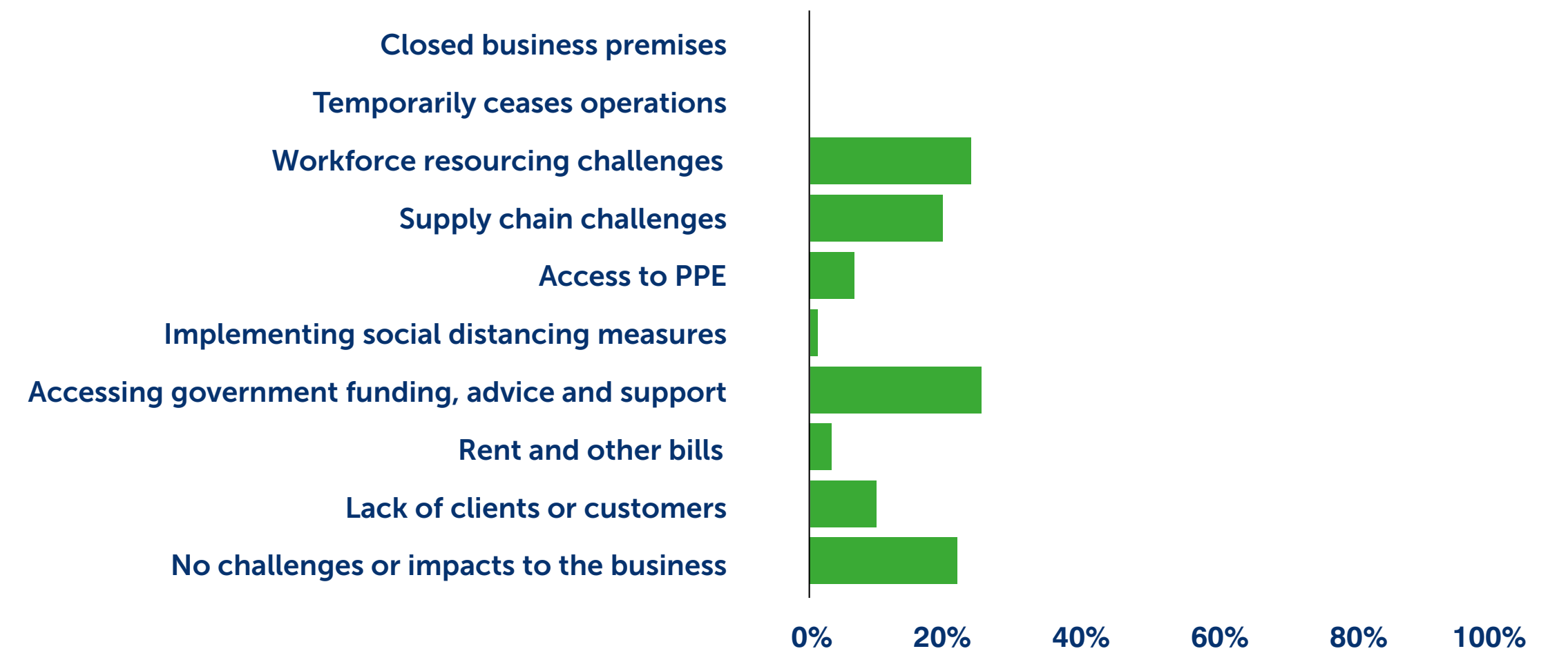
Grouping respondents based on their level of concern

Segment Green (10%; n=75)

Businesses in this segment have NOT had to close their premises or temporarily cease operations. Whilst some have experienced a lack of clients or customers, a higher than average proportion of businesses have had no challenges or impacts to the business.

- 📍 Finance and insurance, information and communications, and professional services businesses are over-represented in this segment.
- 📍 A higher than average proportion of business are working at full capacity, and have none of their workforce furloughed or working reduced hours.
- 📍 A higher than average proportion expect all of their workforce to continue working remotely over the next quarter, and that employees will be mandated to work more flexibly.
- 📍 Less likely to adapt their operating model or change their investment plans in equipment or buildings.





- 📍 A higher than average proportion expect cashflow, turnover and profitability to increase or stay the same.
- 📍 A higher than average proportion believe a better industrial relations climate would improve their business prospects.

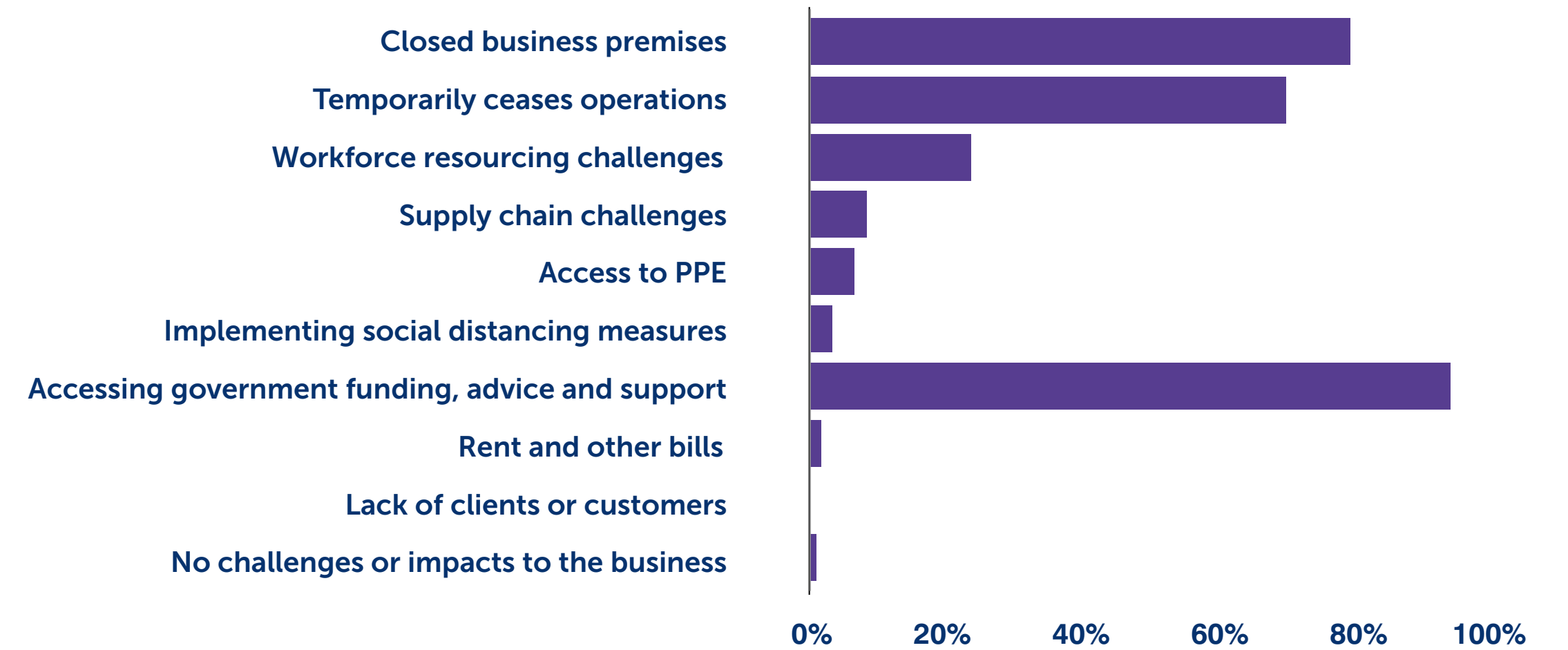


Grouping respondents based on their level of concern

Segment Purple (19%; n=140)

A higher than average proportion of businesses in this segment have faced challenges accessing government funding, advice and support.

-  No industry/sector was over-represented in this segment.
-  A higher than average proportion have been operating for between two and five years.
-  A higher than average proportion of businesses have had their overdraft facility reduced by the bank.
-  A higher than average proportion believe the availability of credit/finance would improve their business prospects.



Contact



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