

# Petersburg Business Climate and COVID-19 Impacts Survey 2021

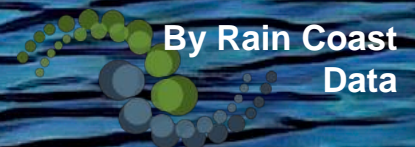


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**SOUTHEAST  
CONFERENCE**



By Rain Coast  
Data

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Please elaborate on how COVID-19 has impacted your organization. Looking forward what are your hopes or concerns? Are you refocusing on online services or remote employment? Are you changing the products you create to try to capture new markets?

Survey created in partnership with



**Spruce Root**  
COMMUNITY DEVELOPMENT



# Petersburg Alaska **Business Survey** Results **2021**

Each year Southeast Conference conducts a regional business climate and investment survey in order to track Southeast Alaska business confidence on an annual basis. The results are analyzed by community and economic sector, allowing the data to be used to form projections regarding the economic direction of Southeast Alaska.

A breakout report for Petersburg was developed in partnership with the Petersburg Borough. Rain Coast Data designed the survey instrument on behalf of this partnership.

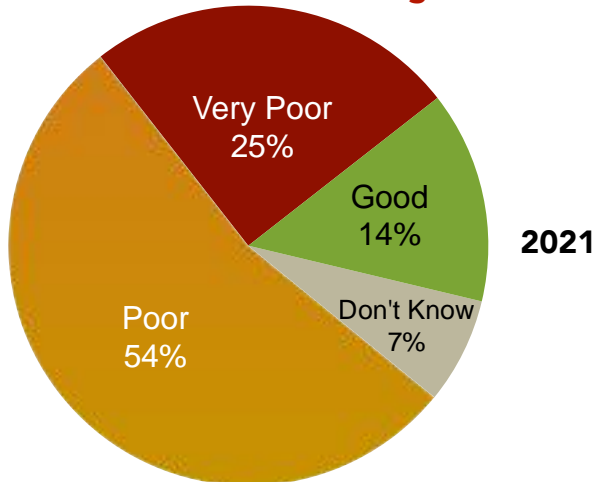
The survey invited Southeast Alaska business owners and top managers to respond to 19 questions. The web-based survey was administered electronically from April 9th through April 23rd. A total of 32 Petersburg business leaders participated. The results include the following key findings:

- **Revenue Decline:** On average, reporting businesses in the region lost 42% of their revenue due to COVID-19, while Petersburg businesses were down 48% overall.
- **Risk of Closure:** Nearly a quarter of regional businesses are at risk of closing permanently or have already closed. In Petersburg, eleven percent of responding businesses say they are at risk of closing.
- **Impact of Relief Funding:** Petersburg businesses were asked about the impact of the COVID-19 aid they received. Half of respondents said that the funding allowed their business to retain staff. Nearly a third of businesses used relief funding to pivot their operation model to attract new customers, move online, or move into new markets.
- **State of the Economy, and Outlook:** Confidence in the Petersburg business climate continues to be poor in the wake of COVID-19. Most (79%) respondents are concerned about the state of the economy, calling the business climate poor or very poor. A fifth of survey respondents expect their prospects to get worse over the next year, while 29% expect the outlook for their business to improve in the coming year.
- **Job Projections:** More than half of Petersburg business leaders expect to maintain job levels in the coming year, 17% expect to add employees, while 13% expect to reduce staffing levels.

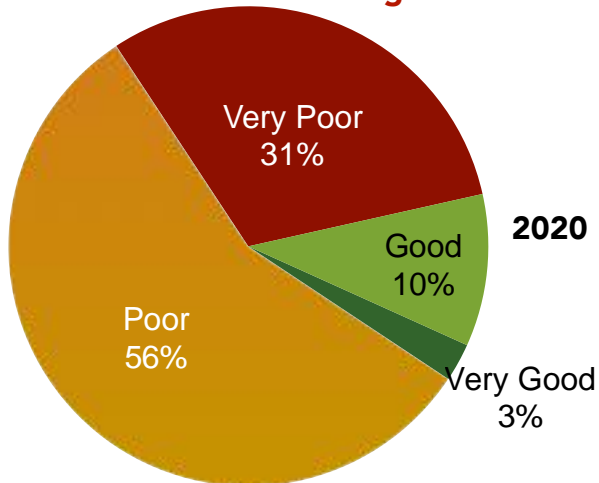
# Petersburg Business Climate Survey Results 2021

April **2021** Petersburg Alaska: **How do you view the overall business climate right now?**

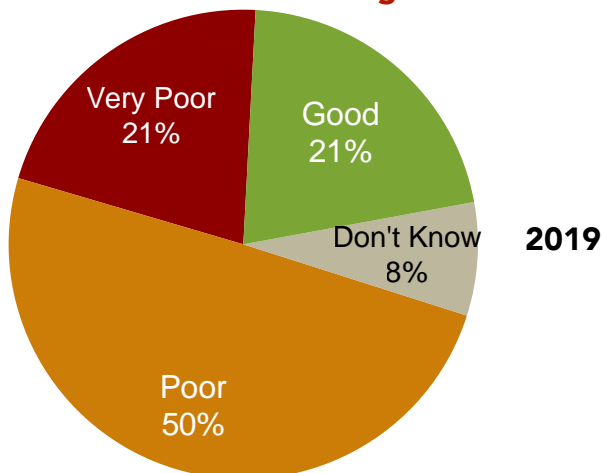
**14% Positive / 79% Negative**



**13% Positive / 87% Negative**



**21% Positive / 71% Negative**



## Southeast Alaska Annual Business Climate Survey

In April of 2021, 32 Petersburg business owners and managers responded to Southeast Conference's Business Climate and Private Investment Survey.

### How do you view the overall business climate right now: Petersburg

Confidence in the Petersburg business climate continues to be poor in the wake of COVID-19.

Most (79%) respondents are concerned about the state of the economy, calling the business climate "poor" (54%) or "very poor" (25%). This has improved since last year when the poor/very poor ratings in Petersburg were 8 percent higher. Just 14 percent of business leaders called the Petersburg business climate "good" in 2021 — about the same as in 2020. No business leader called the overall business climate "very good."

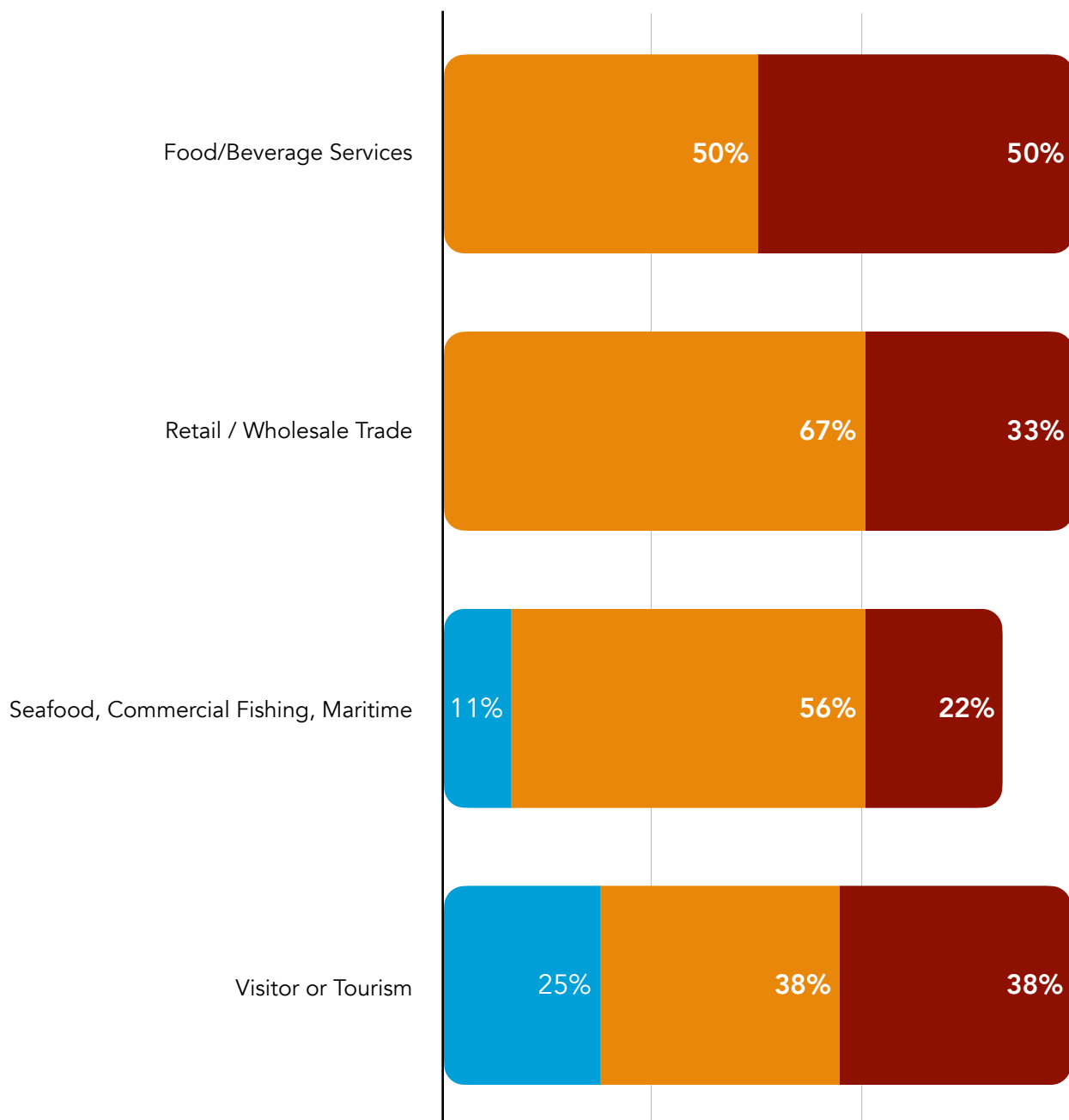
While all sectors have a negative perspective on the current economy, those in the Petersburg food and beverage sector are most likely to say that the economy is **very** poor.

# Petersburg Business Climate Survey Results 2021: by Industry

The following graphic breaks out how the current Petersburg business climate is viewed by each various sector. Usually such a breakout reveals significant differences between sectors. However, the 2021 breakout shows that no industry has escaped a significant negative impact due to COVID-19. Not all industries are shown, due to small sample sizes.

April **2021** Petersburg Alaska: **How do you view the overall business climate right now?**

■ Good/Very Good ■ Poor ■ Very Poor

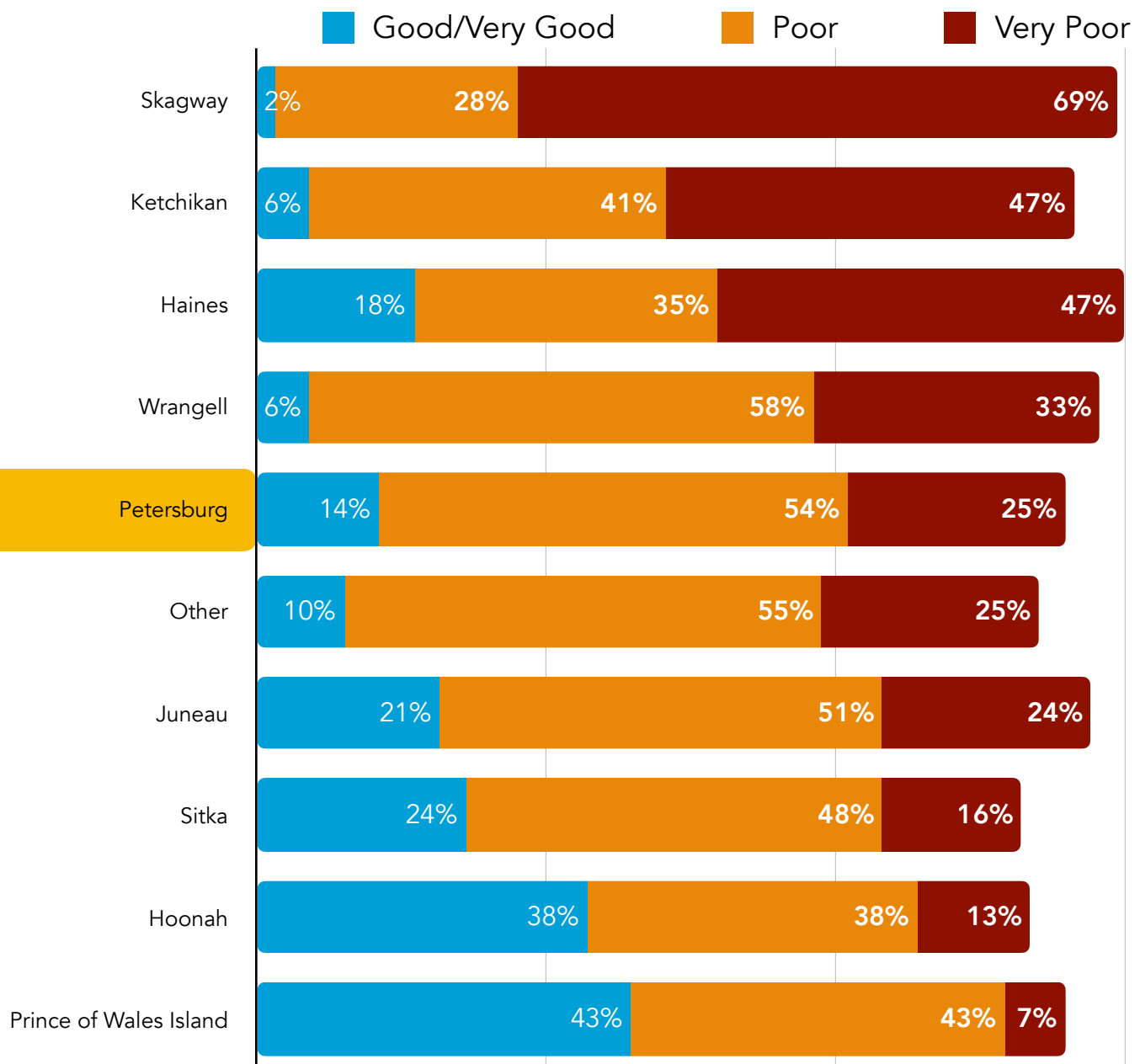


The "don't know" category has been excluded from this chart.

# Southeast Business Climate Survey Results 2021: by Community

The graphic below shows how the current regional business climate is being experienced by business leaders in each community. The experience of Petersburg businesses is nearly identical to the overall regional average.

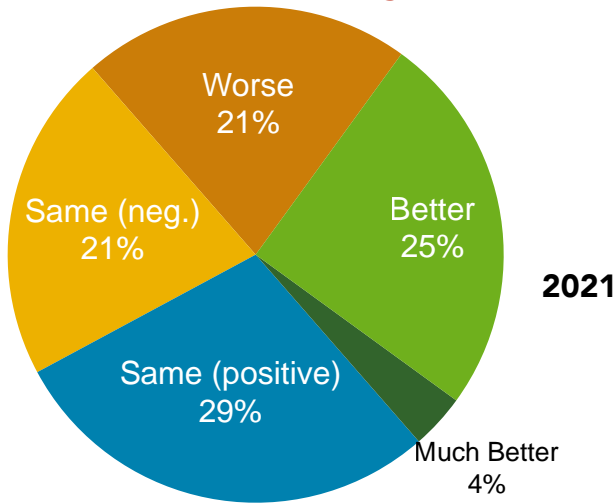
April **2021** Southeast Alaska: **How do you view the overall business climate right now?**



The "don't know" category has been excluded from this chart.

# Petersburg Economic Outlook

**58% Positive / 42% Negative**



**What is the economic outlook for your business/industry over the next year (compared to the previous year)?**

## Petersburg Economic Outlook

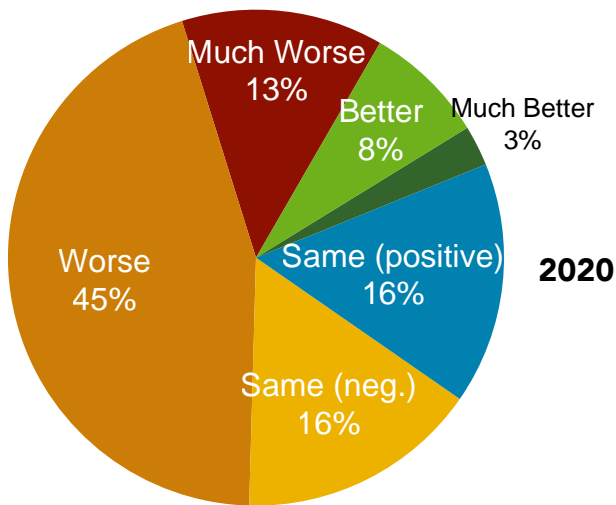
Despite general agreement that the current economy is poor or very poor, the outlook on the economic future of the community has grown more positive over the past year. In April of 2020, 74% of Petersburg business leaders had a negative outlook for the next 12 months. By April 2021, less than half (42%) of Petersburg business leaders expected the economy to worsen or continue to remain as poor.

A fifth of survey respondents expect their prospects to be worse (21%) over the next year, while 29% expect the outlook for their businesses to improve in the coming year.

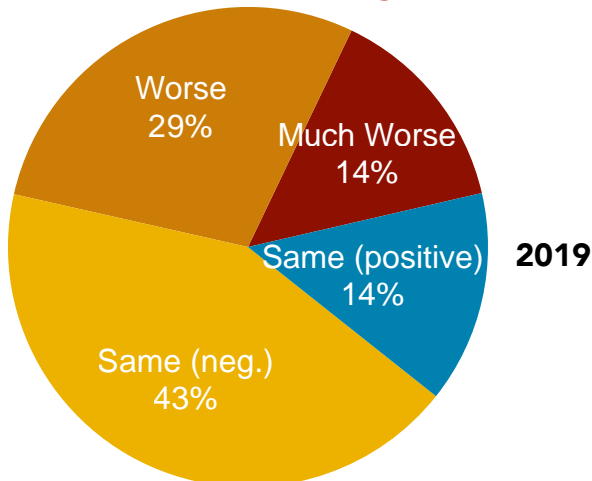
Compared to all other communities in Southeast Alaska, Petersburg has the 3rd most positive outlook, preceded by Prince of Wales and Sitka. Communities most dependent on cruise ships, Skagway, Haines, Hoonah, and Ketchikan, have the most negative outlooks.

Regionally, the mining sector's economic outlook is most positive moving into 2022, followed by the nonprofit and healthcare sectors. The real estate, food/beverage, and tourism sectors have the most negative outlooks.

**26% Positive / 74% Negative**



**14% Positive / 86% Negative**



# Southeast Economic Outlook: by Community and Industry

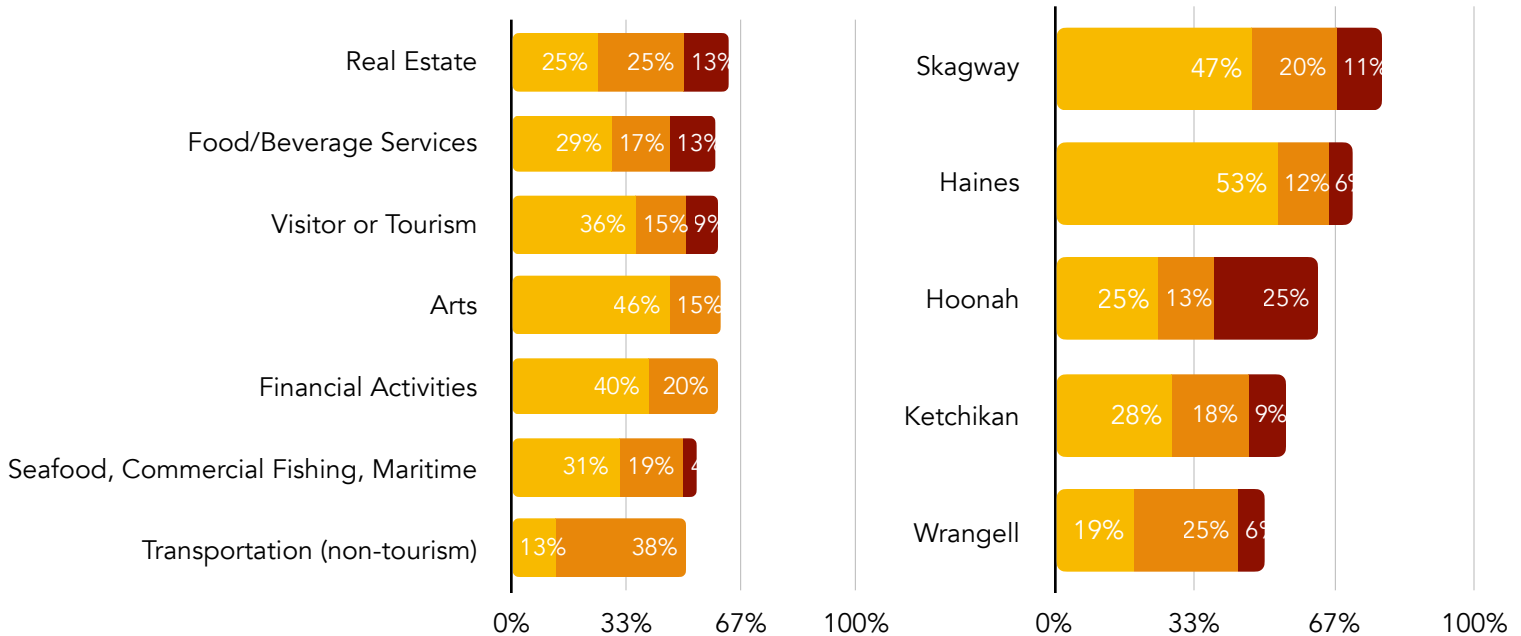
The below graphics show economic outlook breakdowns for the next year by industry as well as by community.

**2021:** What is the economic outlook for your business or industry?

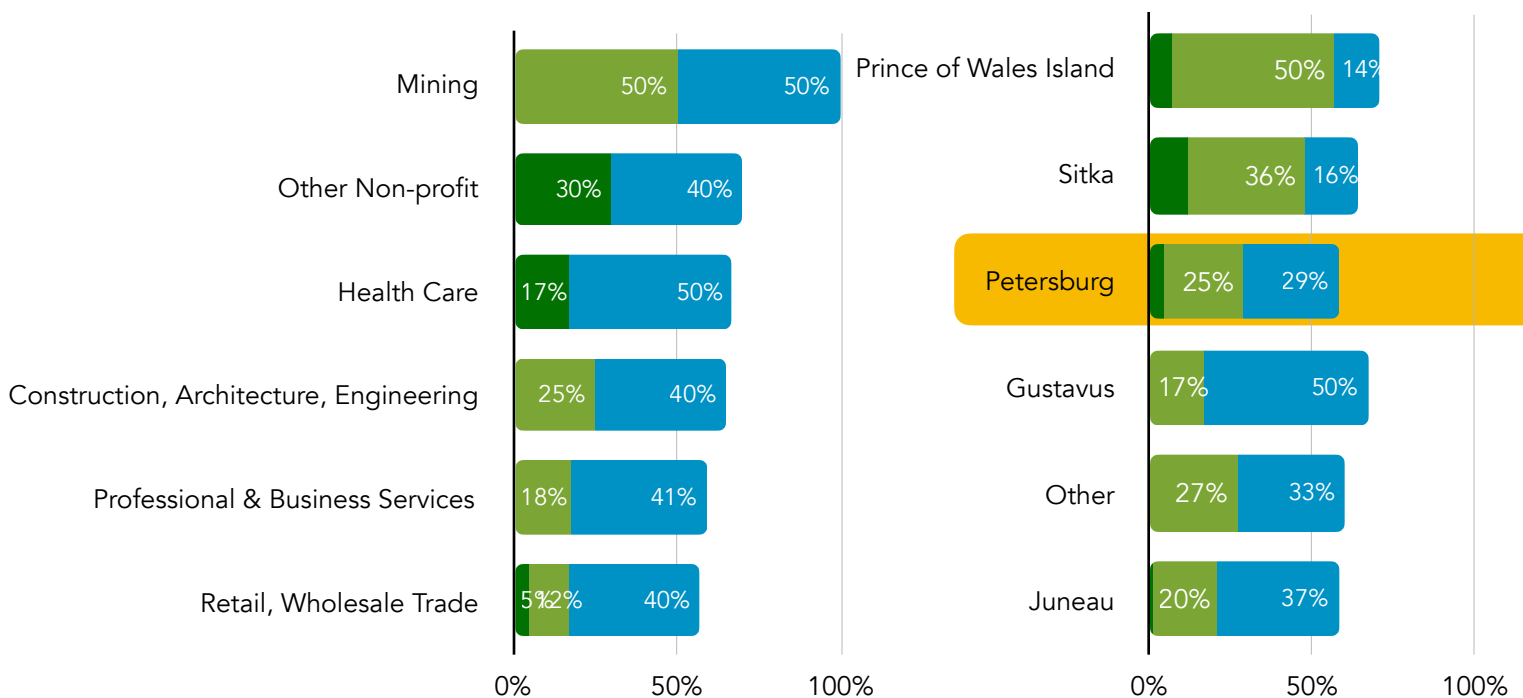
## By Industry

## By Community

■ Same (generally negative)
 ■ Worse
 ■ Much Worse



■ Much Better
 ■ Better
 ■ Same (generally positive)



# Petersburg Economic Outlook: by Community

The following table shows a detailed economic outlook by industry for Petersburg. Petersburg business leaders generally tracked along with regional averages.

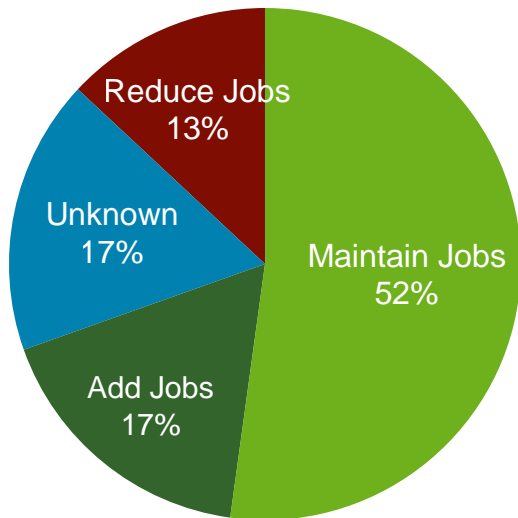
In Petersburg, those in the seafood sector were the most likely to project a negative outlook for their industry over the coming year. Conversely, nearly a quarter of those in the seafood sector expect the seafood sector to improve. Those in retail were most likely to forecast a better outlook over the next year.

Not all industries are shown, due to small sample sizes.

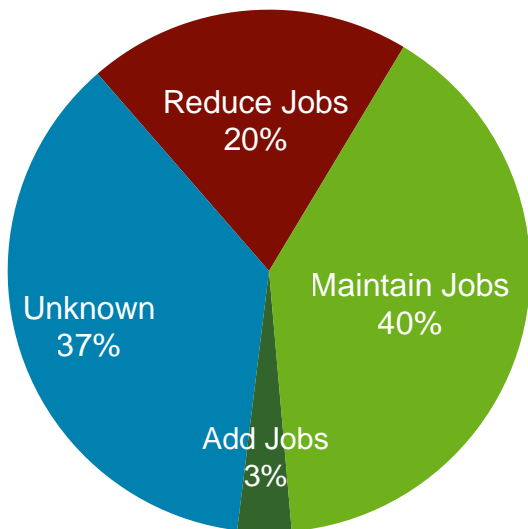
<b>What is the economic outlook for your business or industry? Regional Response Summary</b>						
<b>Sector</b>	<b>Much Better</b>	<b>Better</b>	<b>Same (generally a positive statement)</b>	<b>Same (generally a negative statement)</b>	<b>Worse</b>	<b>Much Worse</b>
Seafood, Commercial Fishing, Maritime	0%	22%	11%	33%	33%	0%
Retail / Wholesale Trade	33%	33%	33%	0%	0%	0%
Food/Beverage Services	0%	50%	50%	0%	0%	0%
Visitor or Tourism	0%	25%	38%	13%	25%	0%

# Petersburg Jobs Projections in 2021 & 2022

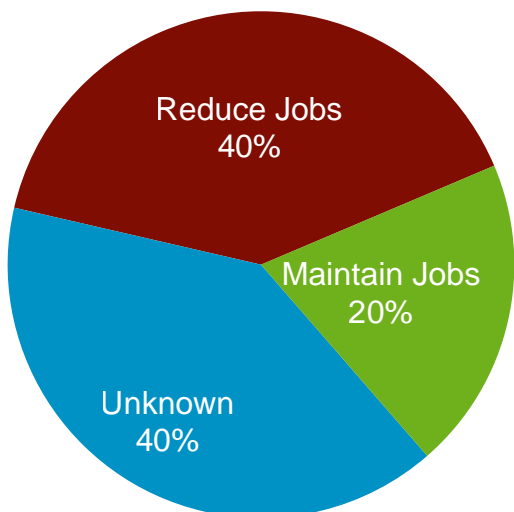
## 2021: Jobs Outlook



## 2020: Jobs Outlook



## 2019: Jobs Outlook



**Over the next 12 months, do you expect your organization to add jobs, maintain jobs, reduce jobs, or are you unsure (For those business with staff)**

### Petersburg employment changes in the next year

When asked about staffing expectations, more than half of Petersburg business leaders (52%) expect to maintain job levels in the coming year, and 17% expect to add employees (or add employees back after the declines of 2020).

Thirteen percent of business leaders in Petersburg expect to reduce staffing levels over the next year. After the economic shocks of 2020, this jobs forecast shows some stability returning to the Petersburg economy. Hiring uncertainty, prevalent in the 2020 survey results, the last time this question was asked, appears to have transitioned into “maintain jobs” by April of 2021.

In the region, expected job gains will be most significant in the communication/IT and construction sectors.

Business leaders in Skagway, Haines and rural “other” communities expect the most significant job reductions for their businesses moving forward. Sitka has the most positive jobs outlook with a third of employers saying they expect to add jobs in the coming year. Juneau is the second most likely community in the region to add jobs in 2021.

Petersburg ranks 5th for having the most businesses say that they expect to cut jobs next year, and 3rd for having the most business leaders saying they expect to add jobs in the next year.

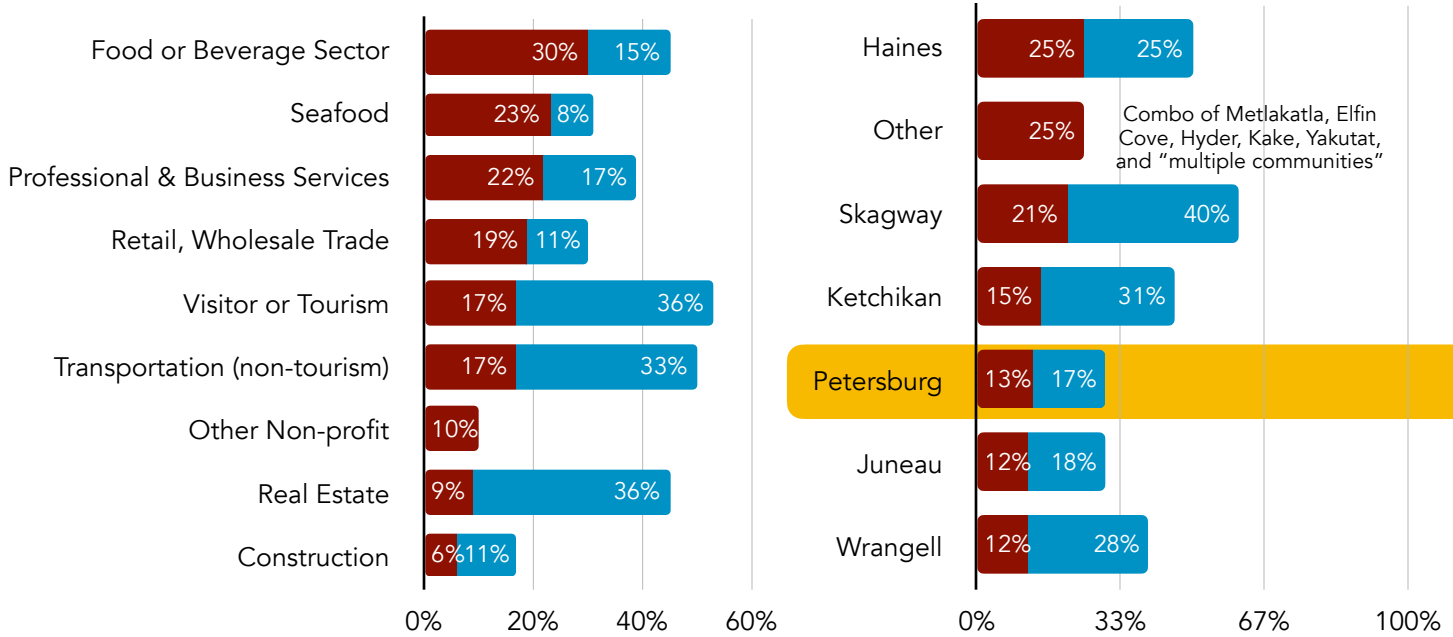
# By Community: Jobs in Next 12 Months

Over the next year, do you expect your organization to add jobs, maintain jobs, reduce jobs, or are you unsure?

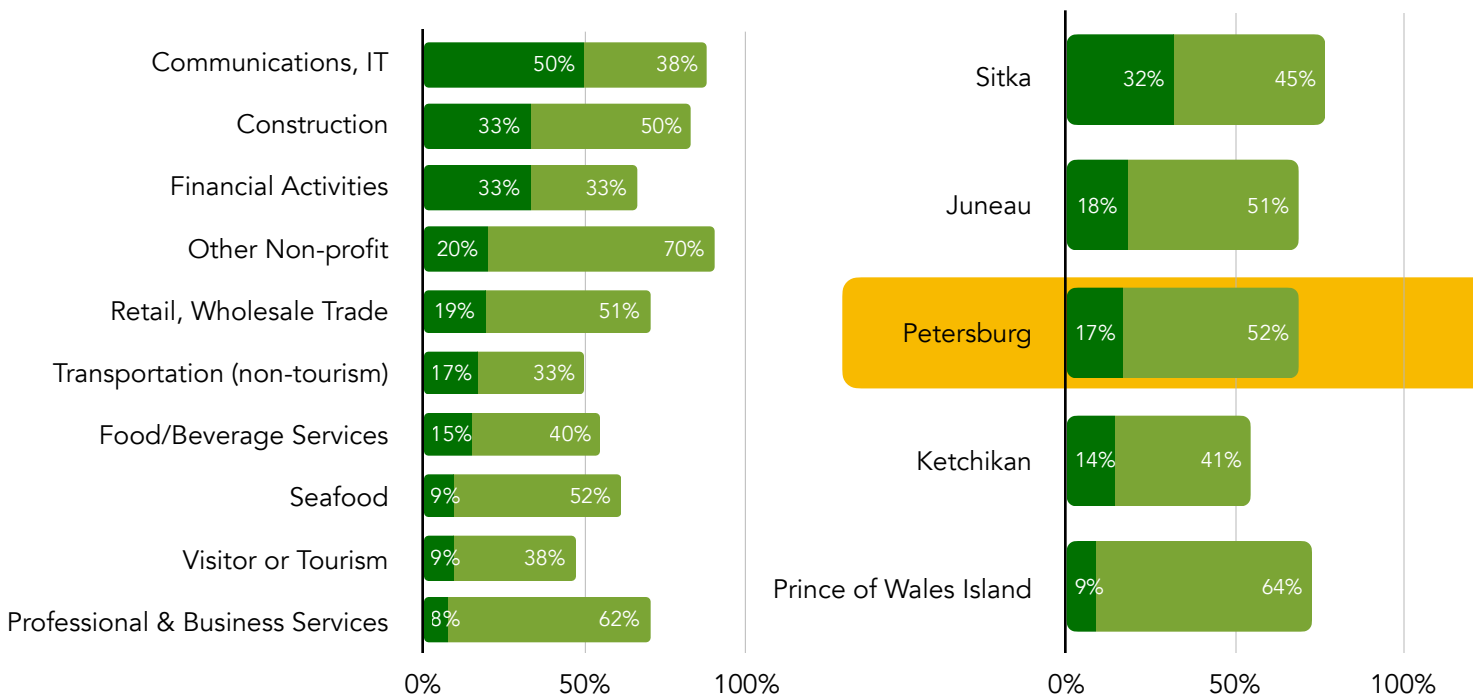
## By Regional Industry

## By Community

■ Reduce total jobs    ■ Unknown at this time



■ Add jobs    ■ Maintain the same amount of jobs



# Petersburg Businesses COVID-19 Impacts

Petersburg business leaders were asked how COVID-19 is impacting their businesses. Responding employers have already laid off 9% of their total workforce due to the COVID-19 virus. Petersburg business revenue was down 48% so far due to the pandemic. Eleven percent of respondents say that they are at risk of closing permanently, while 42% say that they are not at risk.

**Total Businesses Responding = 32**

Please estimate the percent revenue decline to your business due to COVID-19 so far.

**= -48% overall**

**79%** of responding businesses received COVID relief funding

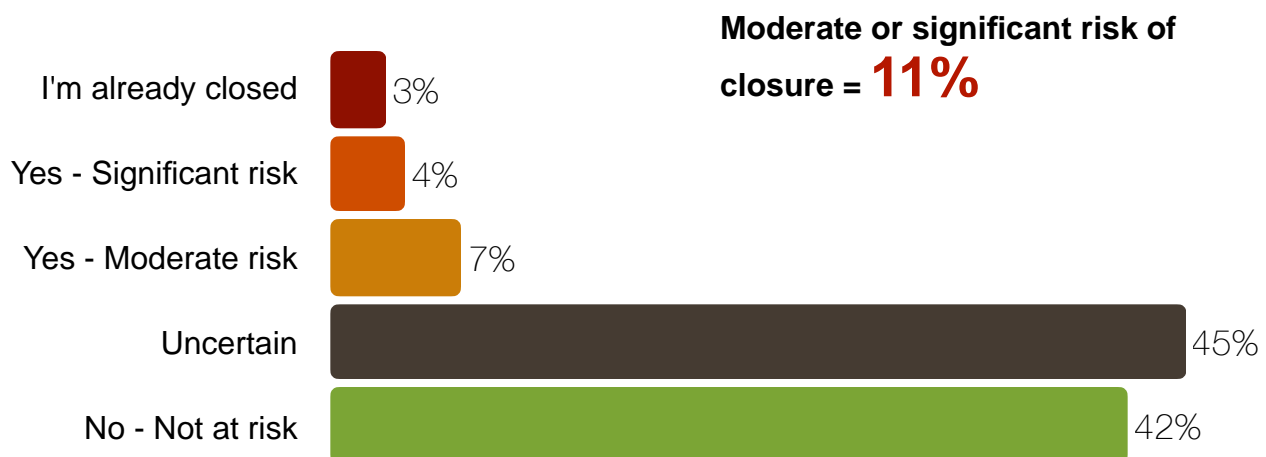
Respondents have laid off **9%** of existing staff so far due to COVID-19

**13%** expect to make more employment cuts in the future due to COVID-19

Average current workers per organization = **21**

Average workers laid off so far per business = **-2**

**Is your business at risk of closing permanently because of impact caused by COVID-19?**



If you answered "yes" above, how many weeks of the current situation do you think you will be able to survive?

**Average = 31**

# Please estimate the percent revenue decline to your business due to COVID-19: **By Industry and Community**

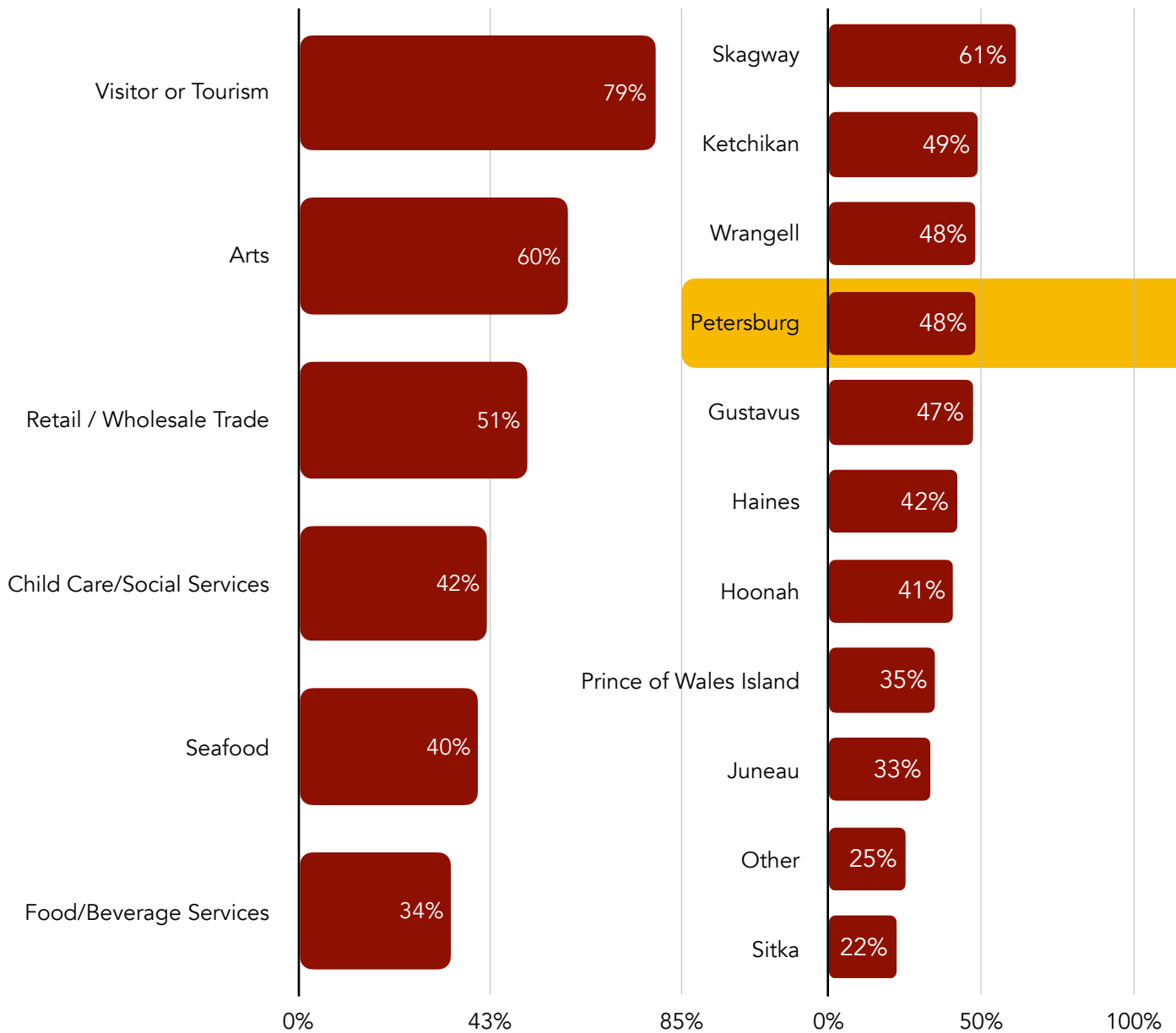
On average, reporting businesses have lost **48%** of their revenue due to COVID-19. By community, Skagway businesses have lost the most, with reported average revenue loss of 61%. Sitka businesses report the smallest average revenue decline of "only" 22%.

The sector in Petersburg businesses impacted the most was the visitor sector, which was down by 79% of its normal revenue.

## By Industry in Petersburg

## By Regional Community

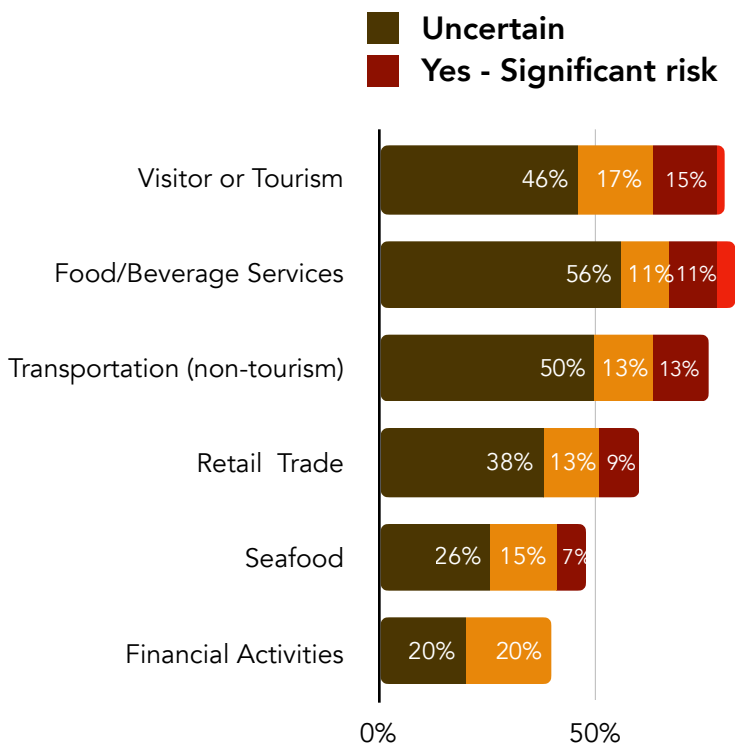
■ Average percent revenue decline to your business due to COVID-19



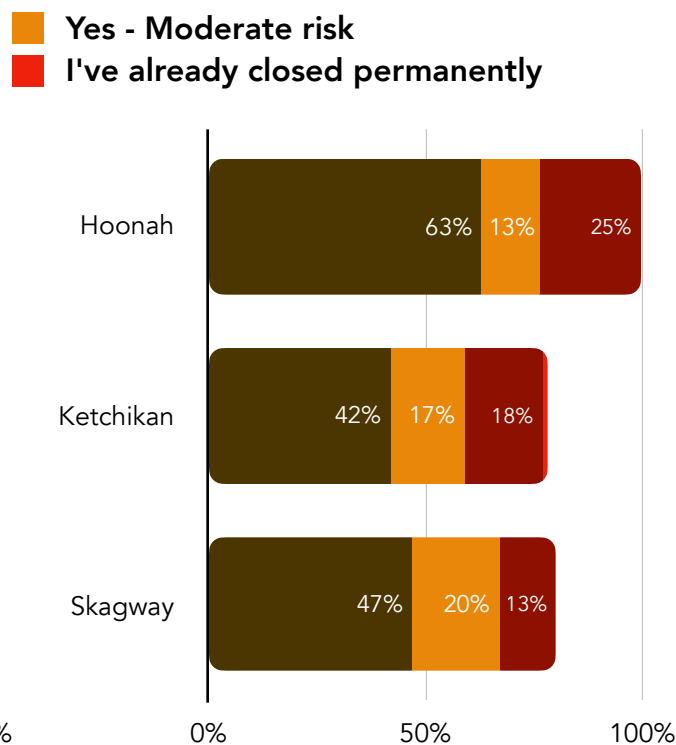
# Is your business at risk of closing permanently because of impacts caused by COVID-19? By Industry and Community

Regionally, nearly a quarter of respondents (22%) are at risk of closing permanently or have already closed. The following charts analyze which sectors and communities are at the greatest risk of being unviable due to the COVID economy. Petersburg is neither on the top or the bottom of this list. Businesses in Hoonah, Ketchikan, and Skagway face the highest risks of closure, while Sitka businesses appear to be the most resilient at the moment. Tourism, the food and drink sector, and transportation have the greatest risk of closing due to the pandemic, while the mining and Alaska Native entities have the lowest risk.

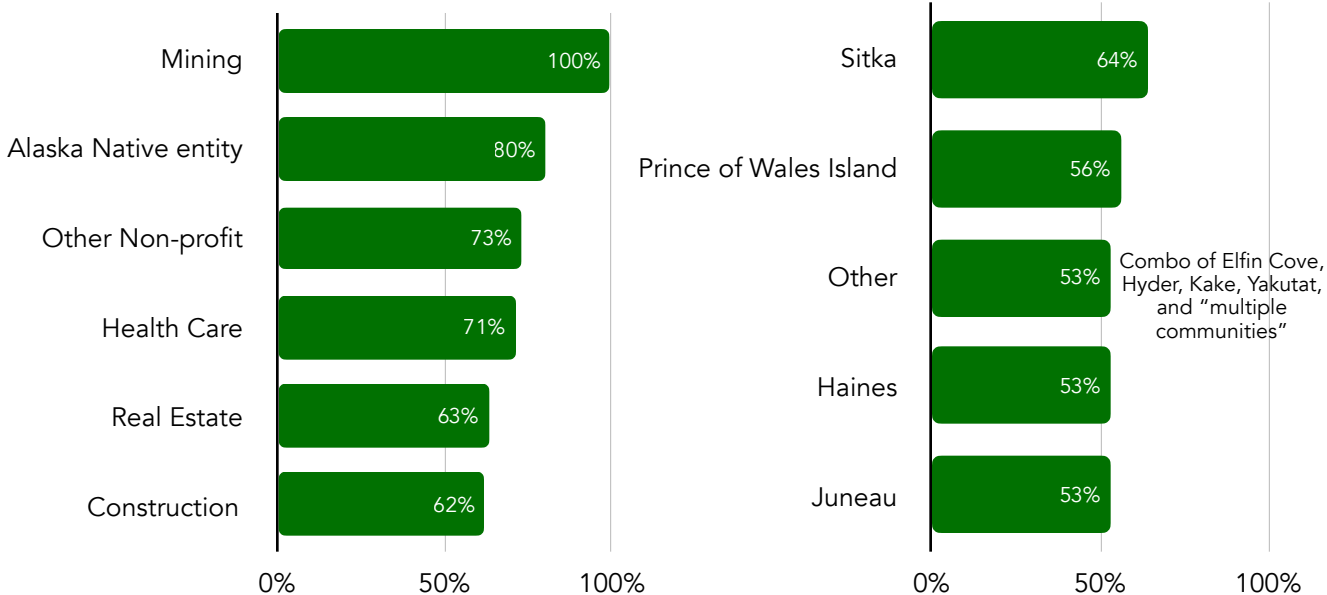
## By Southeast Industry



## By Community

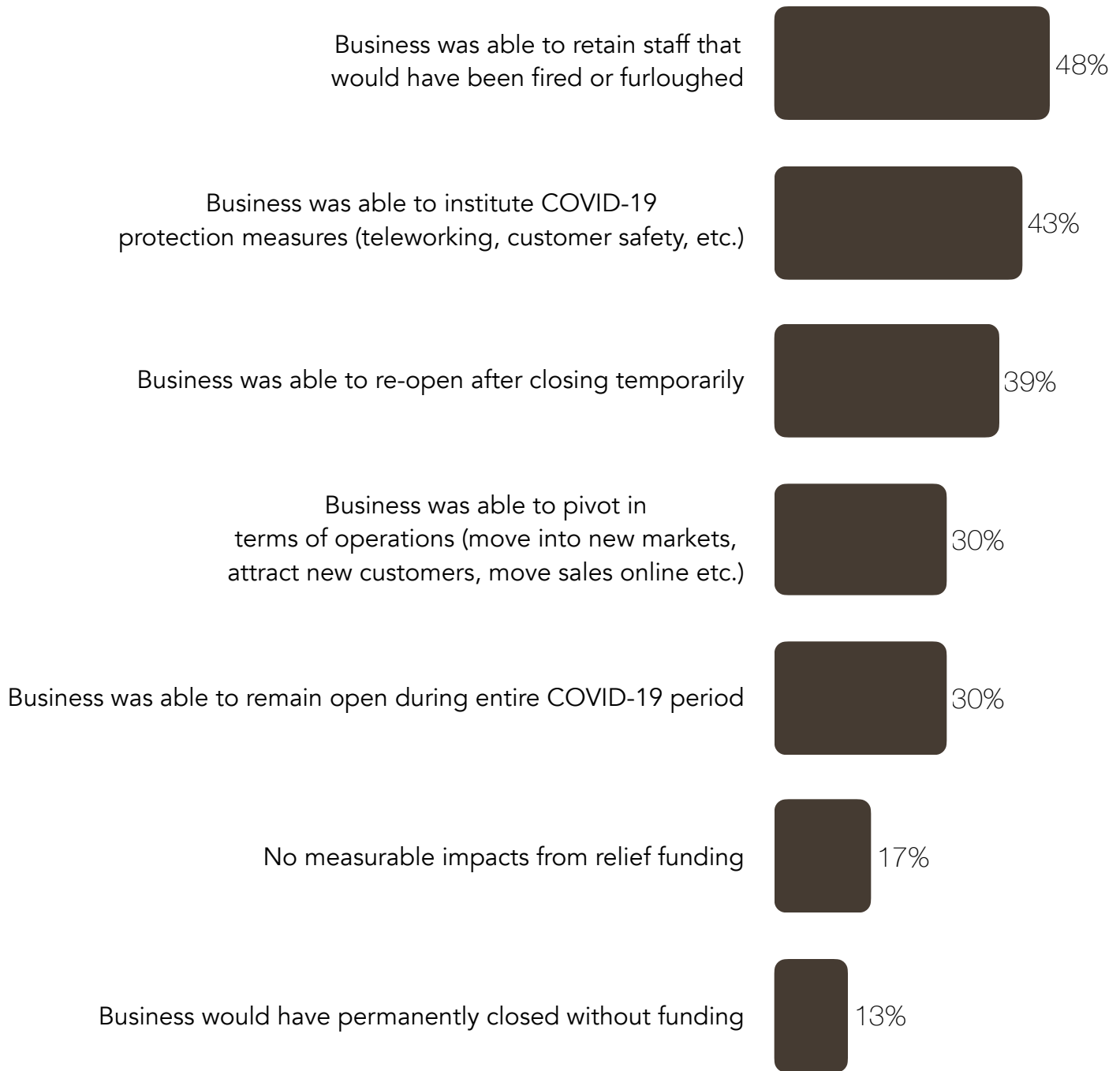


## No - Not at risk of closing permanently



# What was the impact of relief funding to your Petersburg organization? (check all that apply)

Businesses that received funding were asked about the impact of the COVID-19 aid they received. Nearly half (48%) of Petersburg respondents said that the funding allowed their businesses to retain staff. Thirty percent of businesses used their relief funding to pivot their operation model to attract new customers, move online, or move into new markets.



**Petersburg businesses receiving grants or loans = 79%**

# COVID-19 Funding Distributions in Petersburg

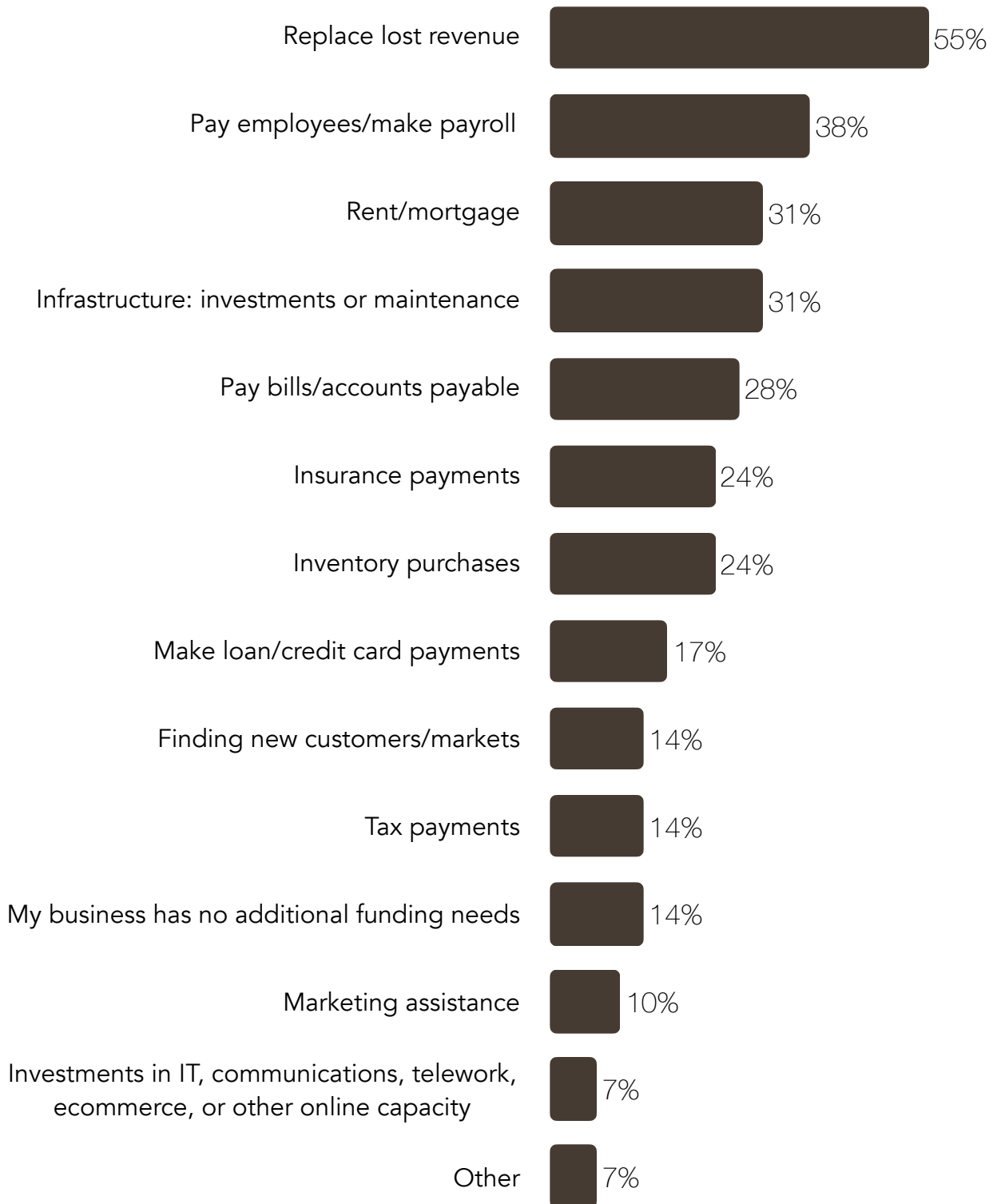
According to the Alaska Small Business Development Center (SBDC), which tracks four stimulus programs: PPP, EIDL, Alaska’s State CARES program, and local municipal grants, Petersburg’s businesses and organizations received \$35 million in COVID-19 funding including loans and grants.

In addition to the list below, the Petersburg Indian Association was allocated \$1.17 million.

Borough Name	Updated PPP	EIDL	AK CARES	EIDL Advance	Local Grants	Total
Juneau	\$86,664,259	\$30,570,500	\$16,837,011	\$1,921,000	\$53,288,390	\$189,281,160
Ketchikan Gateway	\$55,171,734	\$19,400,900	\$12,101,232	\$860,000	\$24,296,962	\$111,830,828
Sitka	\$31,538,964	\$13,444,700	\$10,328,797	\$883,000	\$13,872,489	\$70,067,950
Petersburg	\$14,550,154	\$6,535,900	\$8,883,111	\$394,000	\$4,669,365	\$35,032,530
Skagway	\$8,564,780	\$7,301,400	\$3,991,615	\$274,000	\$7,301,019	\$27,432,814
Haines	\$5,734,361	\$4,786,000	\$5,189,718	\$300,000	\$3,497,809	\$19,507,888
Prince of Wales-Hyder	\$5,685,488	\$2,916,200	\$3,541,603	\$145,000	\$4,017,498	\$16,305,789
Wrangell	\$4,214,089	\$2,222,200	\$3,766,325	\$97,000	\$3,365,535	\$13,665,149
Hoonah-Angoon	\$3,178,375	\$2,693,200	\$1,948,335	\$196,000	\$3,526,453	\$11,542,363
Yakutat	\$1,753,865	\$729,300	\$935,661	\$24,000	\$1,566,335	\$5,009,161
#N/A	\$0	\$0	\$182,693	\$0	\$149,389	\$332,082
	\$217,056,071	\$90,600,300	\$67,706,101	\$5,094,000	\$119,551,244	\$500,007,714

# What does your business need funding for most moving forward? Petersburg only (check all that apply)

Petersburg business leaders were asked what help they most want and need moving forward. Top answers include replacement of lost revenue, help making payroll, paying rent, and infrastructure investments.



# Open Ended Responses

**Please elaborate on how COVID-19 has impacted your organization. Looking forward what are your hopes or concerns? Are you refocusing on online services or remote employment? Are you changing the products you create to try to capture new markets?**

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## Seafood, Commercial Fishing, Maritime

- Looking into online markets.
- Reduced seafood markets, lowered seafood prices, closed or minimized seafood processing plant operations, hurt fishing opportunities to generate revenue for business.
- Sale prices are down 50%. Markets are down. Costs of goods sold are at all-time highs .
- We have spent millions in COVID prevention for our seafood workers. Our business saw a staggering drop in foodservice/restaurant sales, although domestic retail sales are up (they are not enough to cover the drop in foodservice). We have had to adapt to less valuable product forms that take less people to produce, due to our reduced workforce size.

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## Visitor or Tourism

- Covid hit the travel industry hard. Alaska Tours and our work with providing services to cruise ships didn't happen at all. We hope that independents will come back to Alaska this summer and our tour inquiries are up, as are sales. We'll continue remote employment for now. Changing tour products as lots of operators have closed due to large ships not coming. We've found some great local vendors, though, and are looking forward to developing relationships with them.
- Covid totally shut down my tour business last year. If we don't get the ferry system back on some sort of dependable schedule smaller companies like mine who depend on independent travelers will not be able to survive.
- Difficulty hiring employees due to increased unemployment benefits. Also, State of AK employee travel being curtailed has impacted our bottom line significantly.
- The community is restricting cruise ships in the community. I was doing cruise ship laundry so had contact with the crew on a regular basis for 4 months .
- Travel restrictions made our 2020 season non-existent. We are a small one room B&B. It was a 100% reduction in revenue.

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## Other

- We've been able to keep operations open, with a few modifications in place. As we are mostly grant funded, our funding levels were not impacted, however, the demand for social services significantly increased over the past year. With treasury funding, we were able to meet most of the urgent requests from tribal citizens. A lot of what we do has at times in the past year, switched to an online/telephone delivery which has worked well.

- Being in childcare it is difficult to be remote and virtual. We are trying as hard as possible not to close, even temporarily, although to ensure the safety of the community we do so sometimes. We are working toward projects to improve our building and playground, and in the near future we will hopefully start building a permanent building for our school age kids.
- I saw minimal change in gross income but we had to work twice as hard for it and my net was virtually zero. I need to add to my workforce but between covid and the otherwise bleak outlook from poor fishing and the decline in AK ferries. I'm not sure what to do. Too many businesses have gone under this year. Others have closed for early retirement. Others are being consumed by larger corporations.
- COVID-19 has greatly impacted our business; however, we were able to quickly pivot our business strategies, including investing more with digital marketing.
- SE Alaska relies on revenue from travelers. We must open our doors and our communities to people wanting to come spend money. WE ARE NOT ALL GOVERNMENT EMPLOYEES WITH GUARANTEED JOBS And we need to move forward without relying on the government. Remote employment and online options are not a one size fit all. We as a society need face to face contact with people.
- added expenses, only partially offset by Federal dollars. Reduced revenues from tourism. Uncertainty in the community overall.
- Much lower walk-in traffic to main street store has significantly reduced sales of products. Our service business, while lower, has not been impacted as much. As visitors return, we hope that the product sales will return. Art and custom framing sales is difficult to translate online or to remote work. We have changed how we purchase some of our framing supplies so that we get more of our materials now that we spend additional time working on, rather than getting them already more finished. This allows us to reduce our dollar costs in exchange for time costs.
- We've modified our business and focused more on web sales. We also expanded our inventory and begun carrying sporting goods.
- Retail outlets for my work have been closed or reduced hours due to mandates and decreased visitation, affecting my sales.