



LendingTree Survey Reveals 71% of Small Business Owners Fear They Will Never Recover from Pandemic Losses

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Business owners adjust workforce, scramble to find emergency business funding and worry about their business future

CHARLOTTE, N.C., April 6, 2020 /PRNewswire/ -- A new LendingTree survey of more than 1,200 small business owners found that 71% worry they'll never recover from the downturn due to the COVID-19 coronavirus pandemic. Nearly half of small business owners have temporarily closed their businesses. They have also laid off workers or reduced hours while trying to source funding to stay afloat. LendingTree conducted an online survey of 1,221 small business owners who had previously applied for funding through LendingTree's small business lending database. Participants were emailed a link to participate in the survey which was fielded using Qualtrics from March 24-30, 2020.



Despite the good news that relief is on the way for small business owners (in the form of loans for nearly zero interest), it's unclear if it will be enough to save entrepreneurs hit hardest by COVID-19.

Key findings

- **71% of small business owners are worried their business will never recoup the losses associated with the COVID-19 pandemic.**
 - Business owners in the accommodation/food service and retail trade sectors are among the most likely to fear for their company's future.
- **Nearly half — 47% — of small business owners surveyed have taken on debt to keep their business afloat during the pandemic.** An additional 34% attempted to seek financing but were not approved.
- **8 in 10 small business owners have "no idea" where to get emergency funding** for their business right now.
- **69% of small business owners do not have enough cash on hand** to sustain their business for the next 90 days.

"Small businesses in virtually every industry and state have been hit hard by the coronavirus, and some will never reopen," said Hunter Stunzi, SVP of Small Business and Investments at LendingTree. "Unfortunately attempts by lawmakers to clear a path for rapid funding have so far fallen short as too many businesses are unsure or unable to access funds fast enough to save jobs. Lenders are confused by the evolving SBA rules and systems adequate to process the overwhelming demand. Technology-enabled non-bank lenders have not yet been deputized to be part of the solution, but that's an avenue that should be considered."

Responding to the pandemic

At the time of our survey, 49% of small business owners had temporarily closed their business. Another 36% remained open, but with reduced hours. Of those who closed, more than three-quarters were legally required under shelter-in-place and social distancing mandates.

About 70% of small business owners adjusted their workforce to cope with the pandemic:

- 37% laid off employees
- 43% reduced hours for employees
- 12% implemented pay cuts for employees

Some small businesses may be able to adapt to the regulations, depending on the industry in which they operate. For instance, many [restaurants](#) and food establishments across the nation are open for takeout and delivery. Still, the loss of dine-in customers results in lower wages or lost income for servers.

Fears for the future

Among our survey respondents, 57% of small business owners expect to lose at least half of their revenue in the next 90 days as a result of COVID-19. And more than one-third — 36% — anticipate losing more than 75% of revenue.

Emergency savings won't provide much relief for many entrepreneurs, as 69% of small business owners say they don't have enough cash on hand to sustain their operation for the next three months.

Small business owners take on debt – when they can find it

To keep the doors open during the pandemic, many small business owners have turned to some form of financing. Nearly half — 47% — have taken on debt to offset the COVID-19 crisis, and another 34% applied for business financing but were not approved.

As of March 30, small business owners have turned to the following funding options:

- 39% have taken on credit card debt
- 17% have taken out a business loan
- 12% have taken out a personal loan
- 12% have taken on another type of debt

Unfortunately, eight in 10 business owners have "no idea" where to get emergency business funding right now. Of those who do know where to find financing, 64% are seeking funds for reasons directly related to the coronavirus pandemic but are having trouble [getting approved](#). More than half — 59% — would use funds to cover payroll. However, just 3% of the small business owners we surveyed were approved for financing.

Where to find emergency funding for small business

In addition to existing [emergency business loan](#) programs, the U.S. Small Business Administration expanded its popular [7\(a\) lending program](#) and its [disaster loans program](#) to help small business owners struggling as a result of COVID-19.

SBA COVID-19 disaster loans: Businesses affected by coronavirus can [apply](#) for an Economic Injury Disaster Loan from the SBA to cover fixed debts, payroll costs, accounts payable and other business expenses. EIDLs are available up to \$2 million with interest rates capped at 3.75% for small businesses.

- EIDL applicants could receive a \$10,000 loan advance that would not need to be repaid. The advance could provide faster access to capital while waiting for the SBA to process an EIDL loan application.

SBA Paycheck Protection Program loans: Paycheck Protection Program (PPP) loans are designed to encourage business owners to keep employees on the payroll. PPP loans are available up to \$10 million and any portion of the loan used to cover payroll costs may be forgiven. For any portion of the loan that isn't covered, interest rates are capped at 0.5%.

Several companies and organizations have set aside funds to help small businesses during the coronavirus crisis, and many local and state programs are also providing financial support.

Additionally, LendingTree launched a [resource page for small businesses](#) and [CARES Act explainer](#) for those looking for assistance to cope with the COVID-19 pandemic.

For the full survey findings and additional information for small businesses and small business emergency funding, please visit <https://www.lendingtree.com/home/refinance/where-refinance-applications-are-growing-fastest/>

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