

# Department of Agricultural and Resource Economics

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## COVID-19 IMPACT ON ACTIVITY FOR SMALLER AGRICULTURAL PROCESSING AND MARKETING FIRMS DURING MAY 17-23, 2020

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### Introduction

This fact sheet analyzes responses to a U.S. Census Bureau survey of U.S. businesses to provide a snapshot of the effects of the COVID-19 pandemic on business activity. The analysis focuses on small agricultural processing and marketing firms. The small business pulse survey is being conducted for nonfarm, single-location employment businesses with at least one but less than 500 employees and with annual receipts of at least \$1,000. The sampled businesses include all 50 states, the District of Columbia and Puerto Rico.<sup>1</sup> While the survey has been conducted on a weekly basis since April 26 (U.S. Census Bureau, 2020), the data analyzed here is from the most recently reported week, May 17-23, 2020. While the survey asked several questions, all reported values are for a single question: “Overall, how has this business been affected by the COVID-19 pandemic?” We also limit our discussion to sectors that process or market agricultural products in either the food (e.g., food manufacturers or grocery stores) or nonfood (e.g., textile mills or paper manufacturers) areas. For comparison, the impact across all surveyed businesses is reported, as well.

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<sup>1</sup> Excluded from the survey is farming, railroads, the U.S. Postal service, two financial sectors, religious organizations, government and private households as employers.

## Analysis

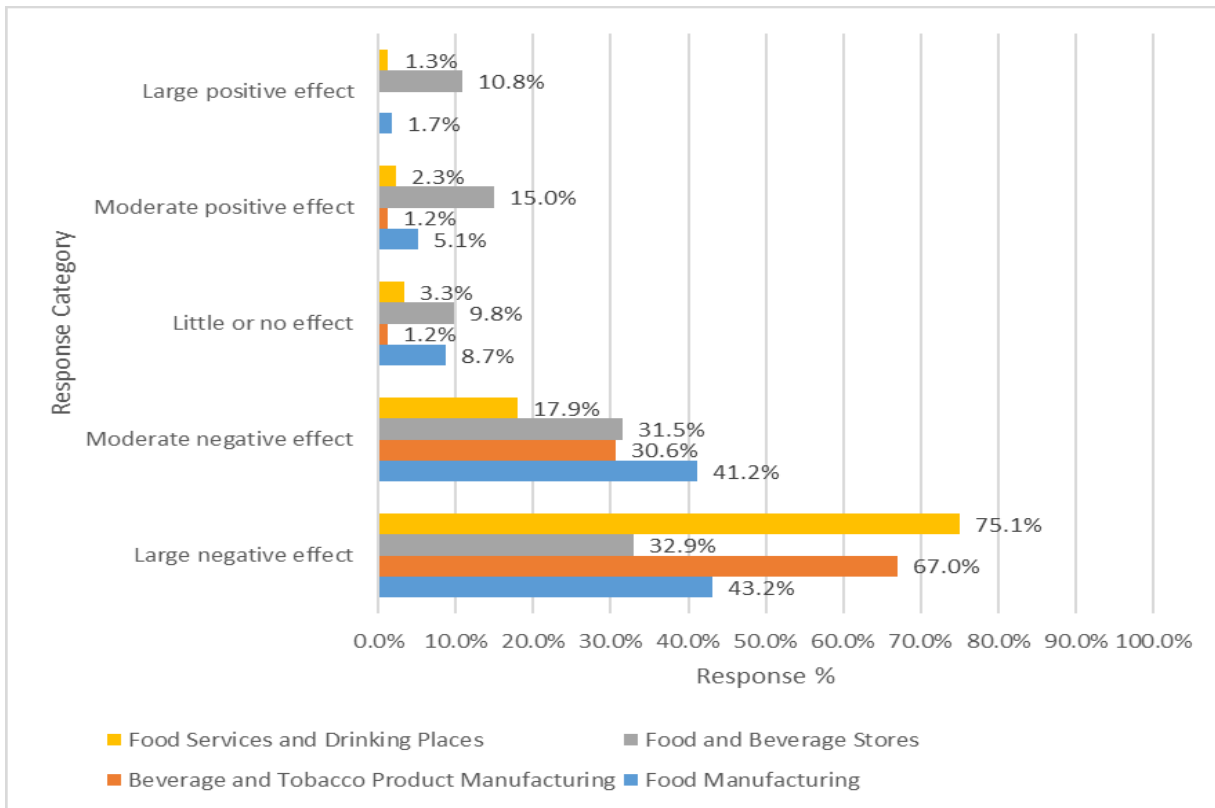
As shown in **Table 1** and **Figures 1-4**, COVID-19 has had a universally negative impact on business activities. However, the impact has varied markedly between different types of businesses. For example, 67.5 percent of beverage and tobacco product manufacturers (NAICS<sup>2</sup> 312) reported a large negative effect from the pandemic, while 23.9 percent of wood product manufacturers (NAICS 321) reported a large negative effect (**Figures 1-2**).

**Table 1. Impact of COVID-19 on Businesses That Process or Market Agricultural Products, May 17-23, 2020**

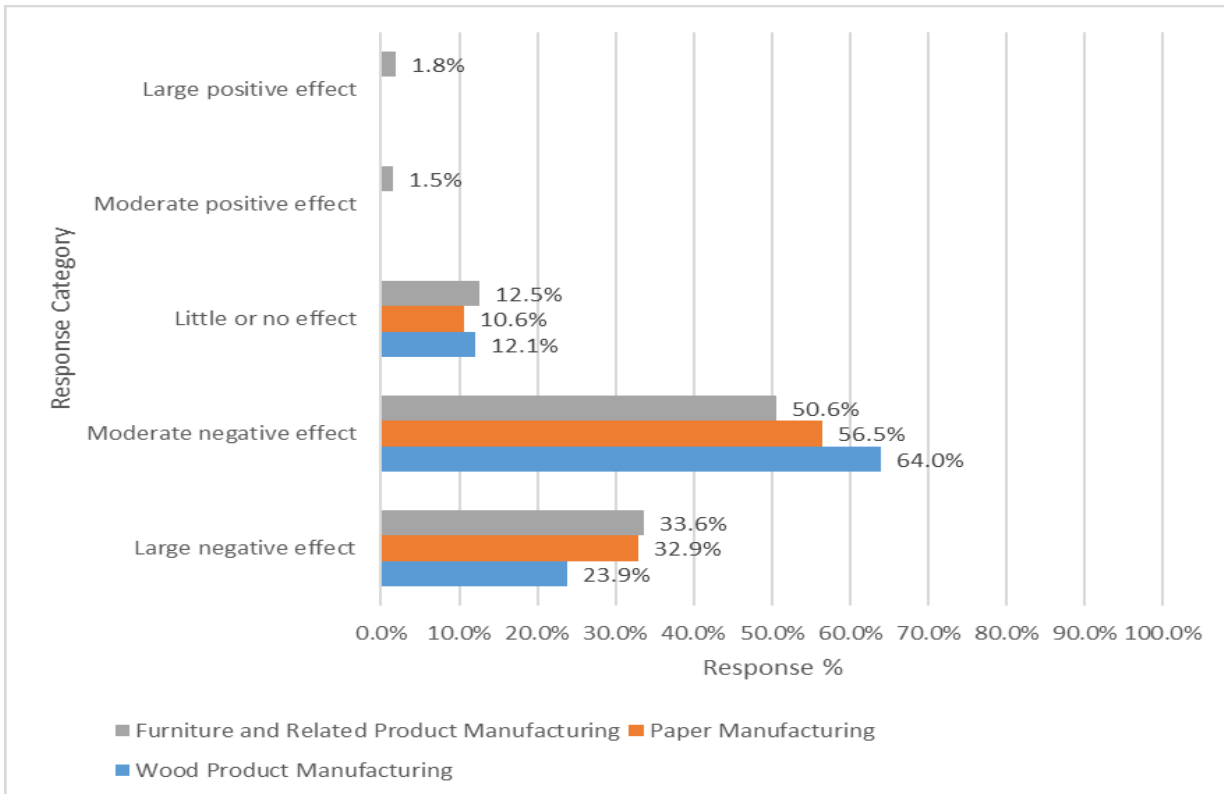
NAICS Code	NAICS Title	Impact Level	% Impact Reported
311	Food Manufacturing	Large Negative	43.2
		Moderate Negative	41.2
		Little or No	8.7
		Moderate Positive	5.1
		Large Positive	1.7
312	Beverage and Tobacco Product	Large Negative	67.0
		Moderate Negative	30.6
		Little or No	1.2
		Moderate Positive	1.2
		Large Positive	0
313	Textile Mills	Large Negative	36.2
		Moderate Negative	34.0
		Little or No	17.0
		Moderate Positive	6.0
		Large Positive	6.7
314	Textile Product Mills	Large Negative	56.9
		Moderate Negative	35.6
		Little or No	5.9
		Moderate Positive	1.6
		Large Positive	0
315	Apparel Manufacturing	Large Negative	71.4
		Moderate Negative	14.7
		Little or No	3.9
		Moderate Positive	10.4
		Large Positive	0
316	Leather and Allied Product	Large Negative	25.1
		Moderate Negative	36.2
		Little or No	38.7

<sup>2</sup> NAICS stands for North American Industry Classification System. It is the system used by the U.S. Department of Commerce to classify all business activity.

NAICS Code (continued)	NAICS Title	Impact Level	% Impact Reported
(316)		Moderate Positive	0
		Large Positive	0
321	Wood Product	Large Negative	23.9
		Moderate Negative	64.0
		Little or No	12.1
		Moderate Positive	0
		Large Positive	0
322	Paper	Large Negative	32.9
		Moderate Negative	56.5
		Little or No	10.6
		Moderate Positive	0
		Large Positive	0
337	Furniture and Related Product	Large Negative	33.6
		Moderate Negative	50.6
		Little or No	12.5
		Moderate Positive	1.5
		Large Positive	1.8
445	Food and Beverage Stores	Large Negative	32.9
		Moderate Negative	31.5
		Little or No	9.8
		Moderate Positive	15.0
		Large Positive	10.8
722	Food Services, Drinking Places	Large Negative	75.1
		Moderate Negative	17.9
		Little or No	3.3
		Moderate Positive	2.3
		Large Positive	1.3

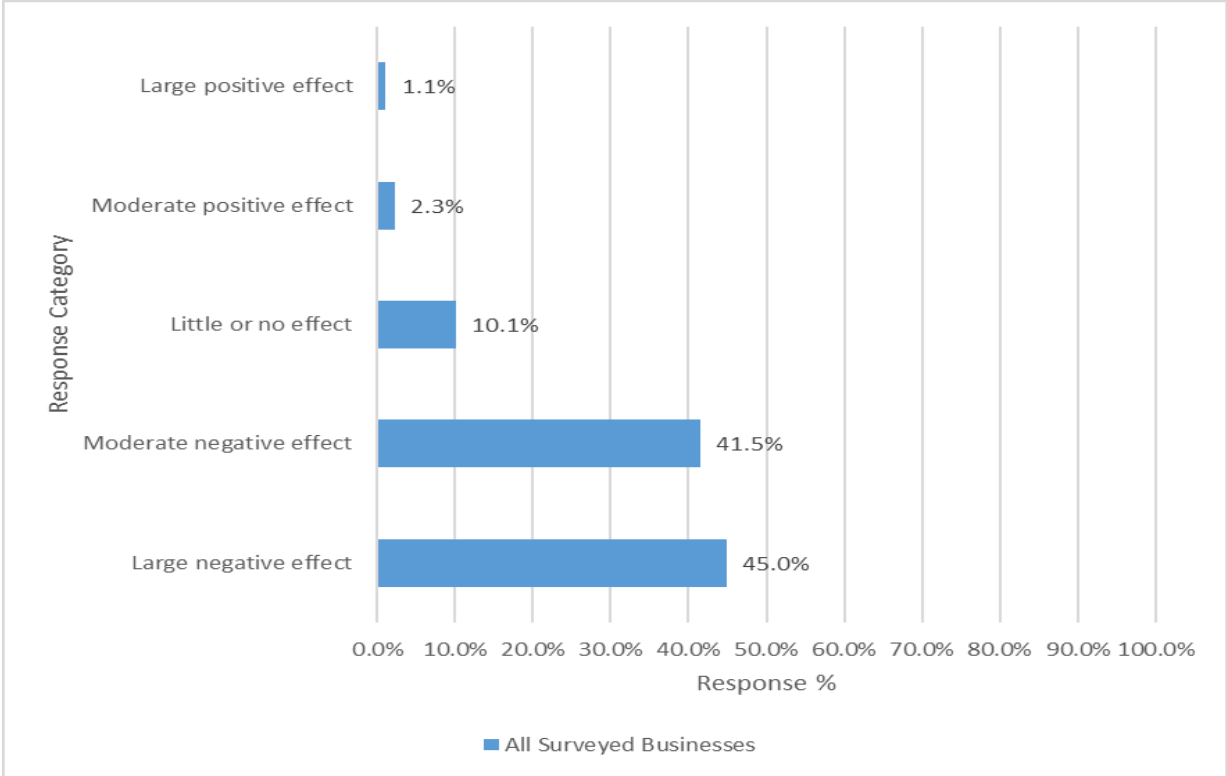


**Figure 1. Impact of COVID-19 on Food-Oriented Processing and Marketing Sectors, May 17-23.**

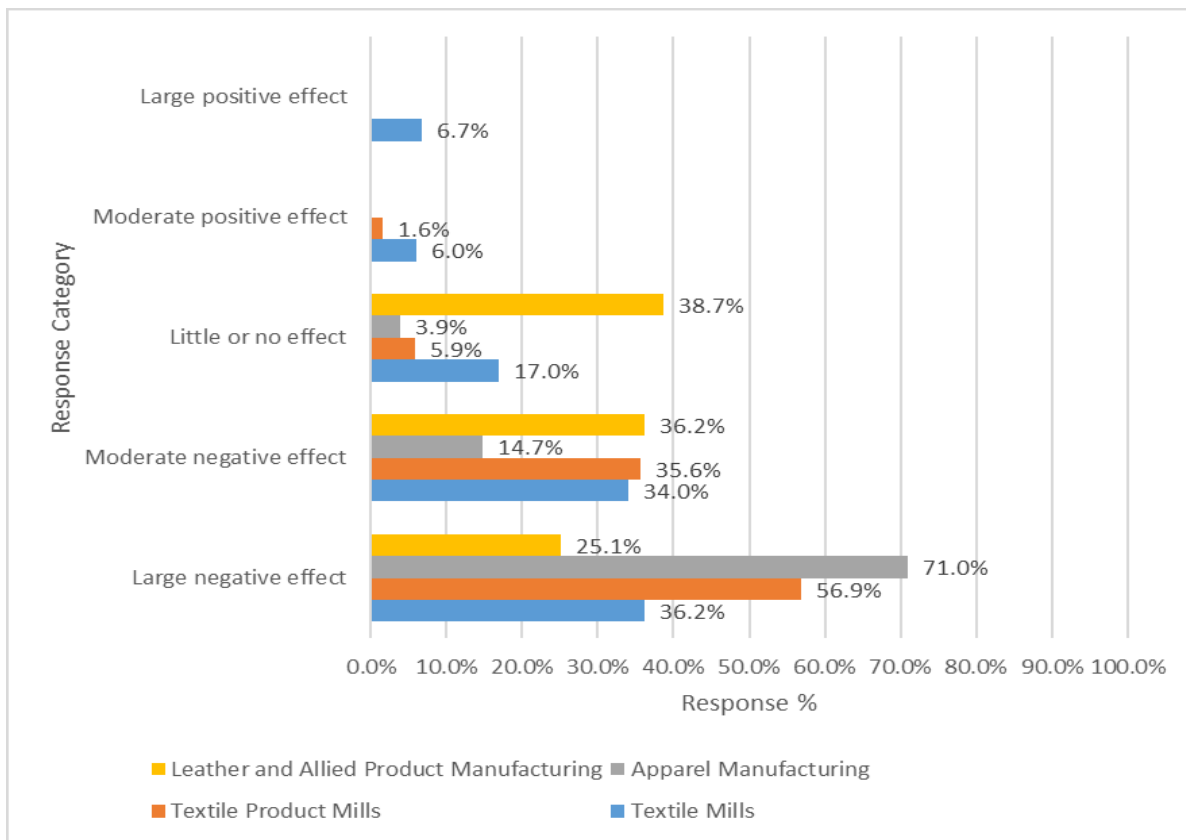


**Figure 2. Impact of COVID-19 on Forestry-Oriented Processing and Marketing Sectors, May 17-23.**

Among food-oriented businesses (**Figure 1**), as expected, most food service and drinking places (NAICS 722) had a large negative effect (75.1 percent), while a much smaller share (32.9 percent) of food and beverage stores (NAICS 445) reported a large negative effect from the pandemic. Some food and beverage stores (10.8 percent) even reported a large positive effect from the virus. Among food manufacturers (NAICS 311), 43.2 percent reported a large negative effect (markedly lower than the negative effect reported by beverage and tobacco product manufacturers). This result was roughly in line with the large negative effect reported by all surveyed businesses (45 percent) (**Figure 3**).



**Figure 3. Impact of COVID-19 on All Reporting U.S. Businesses, May 17-23.**



**Figure 4. Impact of COVID-19 on Clothing Processing and Marketing Sectors, May 17-23.**

All forestry-related sectors reported less of a detrimental impact than U.S. businesses in general. Among forestry-related sectors, 23.9 percent of wood product manufacturers (NAICS 321) reported a large negative effect (the smallest in the category) (**Figure 2**), while furniture and related products manufacturers (NAICS 337) reported the largest negative impact in the category (33.6 percent). Among paper manufacturers (NAICS 322), 32.9 percent reported a large negative effect, while 56.5 percent reported a moderate negative effect. The prevalence of large or moderate negative effects among paper manufacturers is perhaps a surprising result, considering that toilet paper belongs to that category.

The impact across textile and apparel manufacturing was much more varied. For example, 71.0 percent of apparel manufacturers (NAICS 315) reported a large negative impact from the pandemic, among the worse reported across all U.S. business categories. Only one in four leather and allied product manufacturers (NAICS 316) reported a large negative impact, and 38.7 percent of leather and allied product manufacturers reported no impact on sales. Among textile product mill manufacturers (NAICS 314), the effect on sales was much more severe with 56.9 percent reporting a large negative effect and another 35.6 percent indicating a moderate negative effect. Among textile mill producers (NAICS 313), the impact has been much less detrimental with 36.2 percent reporting a large negative impact but a total of 23.1 percent reporting no or even positive impacts.

## Conclusion

Our analysis of survey results indicates that all analyzed businesses to some degree have suffered marked reductions in sales due to the COVID-19 pandemic. However, the reduction in sales has varied greatly across the different types of businesses analyzed here. The analysis suggests that government agencies and others interested in supporting business recovery may consider sector-oriented efforts.

## References

U.S. Census Bureau. 2020. Small Business Pulse Survey. Available at <https://portal.census.gov/pulse/data/#weekly>



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