

COVID-19 Impact on Activity for Smaller Agricultural Processing and Marketing Firms: May 17-23, 2020, Versus June 21-27, 2020

David W. Hughes

*Professor and Greever Endowed Chair in Agribusiness Development
Department of Agricultural and Resource Economics*

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Introduction

Analyzed here are responses to a U.S. Census Bureau survey of U.S. businesses to provide a snapshot regarding the changing effects of the COVID-19 pandemic on business activity. The analysis focused 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 \$1,000.¹ The sampled businesses include all 50 states, the District of Columbia and Puerto Rico. While the survey has been conducted on a weekly basis since April 26 (U.S. Census Bureau, 2020), the emphasis here is on data originally analyzed in Hughes (2020) for the week of May 17-23, 2020, versus data for the week of June 21-27, 2020 (the latter being the most recently reported data at the time of this publication). 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?” As in the earlier study, the discussion is limited 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 for both periods is also reported.

This document is organized as follows. First, the June 21-27 survey results are analyzed with the emphasis on how sectors involved in processing or marketing

¹ Excluded as employers in the small business pulse survey: farming, railroads, the U.S. Postal Service, two financial sectors, religious organizations, the government and private households.

agricultural products compare to survey results reported across all U.S. small businesses. Second, the impact of COVID-19 on business activities for 11 sectors examined in May 17-23, 2020, versus June 17-23, 2020, are compared. Third, conclusions are drawn.

Analysis

COVID-19 has had a widespread negative impact on business activity for all surveyed U.S. businesses (**Figure 1**) and for the 11 sectors examined here (**Figure 2 - Figure 4**). However, the impact has varied markedly between different types of businesses. For example, 72 percent of apparel manufacturers (NAICS² 315) (**Figure 2**) reported a large negative effect from the pandemic, while 24.2 percent of food and beverage stores (NAICS 445) reported a large negative effect (**Figure 3**).

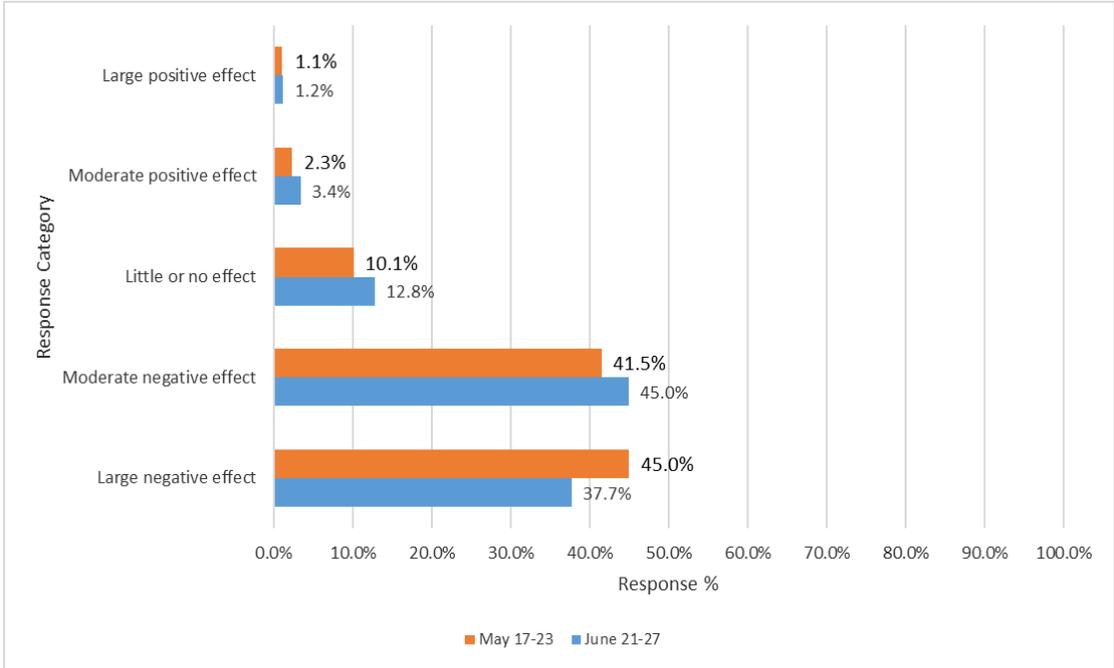


Figure 1. Impact of COVID-19 on All Reporting Small U.S. Businesses, May 17-23 and June 21-27.

² NAICS stands for North American Industry Classification System that is used to classify all U.S. business activity.

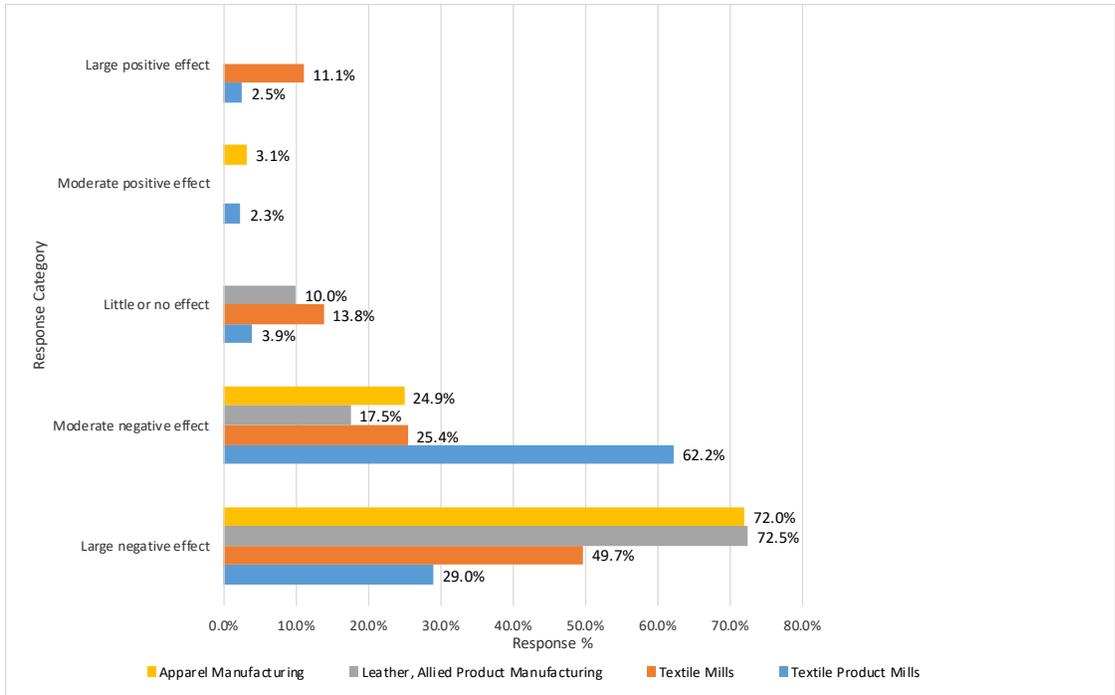


Figure 2. Impact of COVID-19 on Clothing Processors, Marketing Sectors, June 21-27.

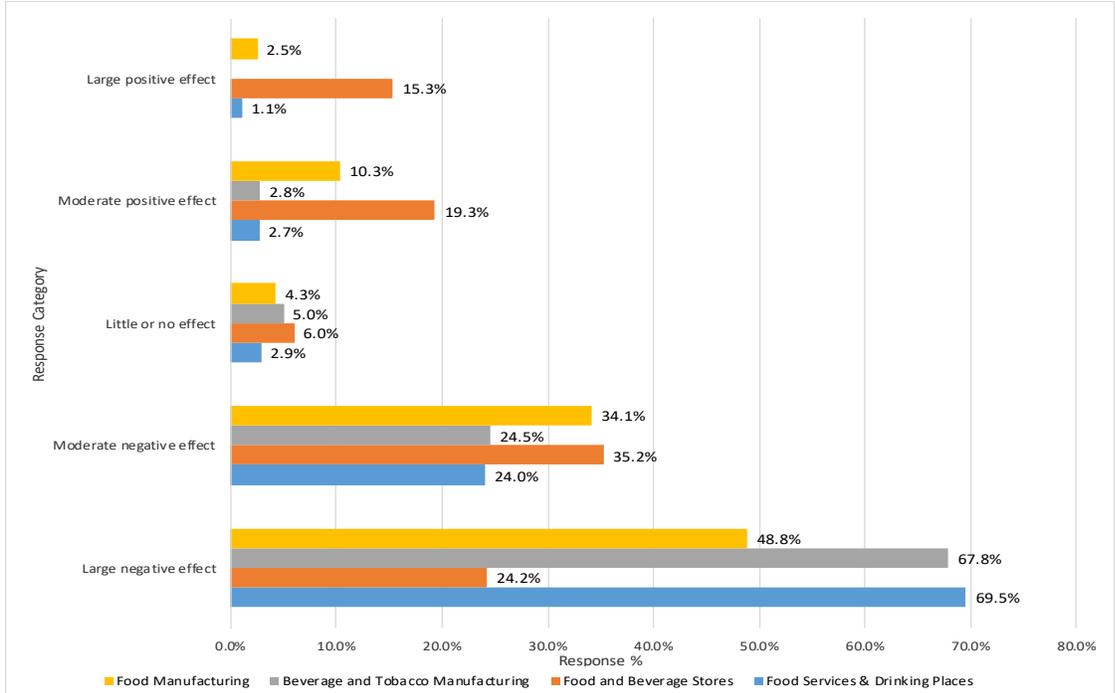


Figure 3. Impact of COVID-19 on Food-oriented Processing and Marketing Sectors, June 21-27.

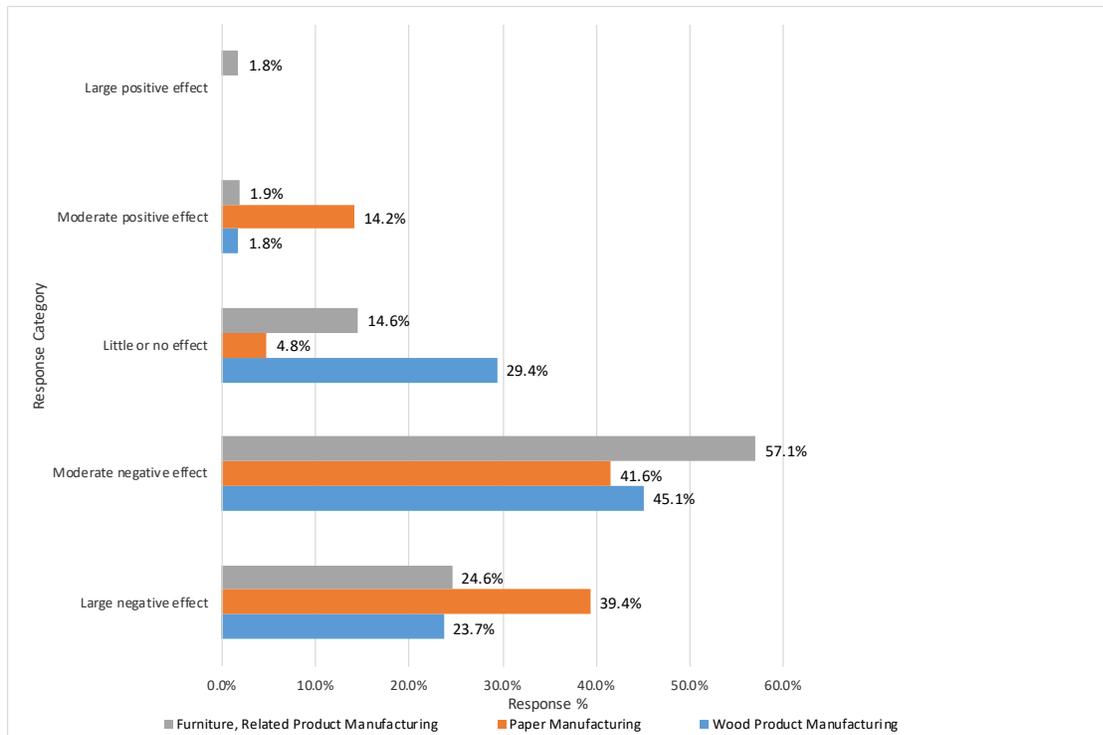


Figure 4. Impact of COVID-19 on Forestry-oriented Processing and Marketing Sectors, June 21-27.

As expected, most food service and drinking places (NAICS 722) experienced a large negative effect (69.5 percent) from the pandemic, while a much smaller number of food and beverage stores (24.2 percent) (NAICS 445) reported a large negative effect (**Figure 3**). However, 15.3 percent of food and beverage stores reported a large positive effect from the virus. Among food manufacturers (NAICS 311), 48.8 percent reported a large negative effect, markedly lower than the 67.8 percent of beverage and tobacco product manufacturers that reported a large negative effect. The former result was somewhat larger than the negative effect reported by all surveyed businesses (37.7 percent) (**Figure 1**).

Two out of three forestry-related sectors (furniture manufacturing and wood product manufacturing) reported less of a detrimental impact than U.S. businesses in general. Among forestry-related sectors, 39.4 percent of paper manufacturers (NAICS 322) reported a negative effect (**Figure 4**), markedly larger than that found for furniture and related products manufacturers (NAICS 337) at 24.6 percent and wood product manufacturers (NAICS 321) at 23.7 percent. Among the three sectors, 57.1 percent of furniture manufactures, 45.1 percent of wood product manufacturers, and 41.6 percent of paper manufacturers reported a moderate negative effect. However, 14.2 percent of paper manufacturers reported a moderate positive effect. The prevalence

of large or moderate negative effects among paper manufacturers was evidenced despite paper towels and toilet paper belonging to that category.

The impact across textile and apparel manufacturing was more varied. For example, 72.0 percent of apparel manufacturers (NAICS 315) and 72.5 percent of leather and allied product manufacturers (NAICS 316) reported a large negative impact from the pandemic, both among the worst reported across all U.S. business categories. However, among textile product mill manufacturers (NAICS 314), the effect on sales was less severe, with 29 percent reporting a large negative effect and another 62.2 percent indicating a moderate negative effect. Among textile mill firms (NAICS 313), the impact was more mixed, with 49.7 percent reporting a large negative impact but 11.1 percent reporting a large positive impact. As pointed out by reviewers, these mixed results may be explained by reduced purchases of typical clothing but increased purchases of masks and medical clothing.

Taking the average (expected value) of each of the 11 sectors confirms that COVID-19 still has a major negative impact on agricultural-related processing and marketing (**Table 1**). (An average of 3 implies that across all reporting businesses, COVID-19 had little or no impact.) During June 21-27, apparel manufacturing and leather and allied product manufacturing had the lowest averages at 1.342 and 1.375, respectively, followed by food service and drinking places at 1.425 and beverage and tobacco product manufacturing at 1.43. For all of these sectors, average impacts were between large negative and moderate negative levels (but closer to the former). Food and beverage stores had by far the highest average at 2.663 (between a moderately negative and little or no impact), and wood product manufacturing had the next highest average at 2.093. The average across the 11 sectors at 1.812 was slightly worse (-2.4 percent) than the average reported by all surveyed businesses (1.857).

Comparison Between May 17-23 and June 21-27

A comparison of the two periods indicates that the distribution of impacts on food manufacturing has become more dispersed or variable. As shown in **Table 2**, the number of food manufacturers reporting large negative impacts increased from 43.2 percent to 48.8 percent. A relatively small number of businesses reported positive impacts (moderate or large), with the level almost doubling from 6.8 percent for May 17-23 versus 12.8 percent for June 21-27.

Similar to food manufacturing, the distribution of impacts on beverage and tobacco manufacturing also became more dispersed or variable, with a bad situation also showing slight improvement. A large number of reporting businesses still indicated negative impacts in both periods, 67 percent in May 17-23 and 67.8 percent in June 21-27 (**Table 2**). However, the small number reporting no effect from COVID-19 increased from 1.2 percent to 5 percent, and the small number reporting moderate positive impacts increased slightly.

Table 1. Average of Responses to COVID-19 by Sector, May 17-23 Versus June 21-27

NAICS Title	NAICS Code	-----Average ¹ -----				June/May	June-May
Food Manufacturing	311	1.836	7	1.806	6	1.7%	0.030
Beverage, Tobacco Product Manufacturing	312	1.430	8	1.366	10	4.7%	0.064
Textile Mills	313	1.974	4	2.127	3	-7.2%	-0.153
Textile Product Mills	314	1.868	6	1.522	9	22.7%	0.346
Apparel Manufacturing	315	1.342	11	1.537	8	-12.7%	-0.195
Leather, Allied Product Manufacturing	316	1.375	10	2.136	2	-35.6%	-0.761
Wood Product Manufacturing	321	2.093	2	1.882	4	11.2%	0.211
Paper Manufacturing	322	1.938	5	1.777	7	9.1%	0.161
Furniture, Related Product Manufacturing	337	1.992	3	1.873	5	6.4%	0.119
Food and Beverage Stores	445	2.663	1	2.393	1	11.3%	0.270
Food Services and Drinking Places	722	1.425	9	1.365	11	4.4%	0.060
All Sectors		1.812		1.799		0.8%	0.014
All Surveyed Businesses		1.857		1.730		7.3%	0.127

¹ A 1 indicates a large negative effect; a 2 indicates a moderate negative effect; a 3 indicates little or no effect; a 4 indicates a moderate positive effect; and a 5 indicates a large positive effect.

For textile mills, a bad situation became markedly worse, as the number of businesses reporting a large negative impact from COVID-19 increased from 36.2 percent in May 17-23 to almost 50 percent in June 21-27, an increase of 13.5 percent points (**Table 2**). The distribution of impacts also became more variable or dispersed for textile mills, as businesses reporting large positive impacts increased from 6.7 percent in May to 11.1 percent in June.

On the other hand, textile product mills showed a dramatic improvement in impacts, as the number of businesses reporting large negative impacts declined from 56.9 percent in May 17-23 to 29 percent in June 21-27 (**Table 2**). Virtually all this change resulted in a large increase in the number of businesses reporting a moderate negative effect from 35.6 percent in May to 62.2 percent in June.

For apparel manufacturing, a bad situation became somewhat worse. The number of businesses reporting a large negative effect remained large and virtually unchanged (**Table 2**). The number of businesses reporting a moderate negative effect increased by more than 15 percentage points from 14.7 percent in May 17-23 to 24.9 percent in June 21-27. Likewise, the number reporting a moderate positive effect decreased from 10.4 percent in May to 3.1 percent in June.

The situation for leather and allied products manufacturing showed a dramatic decline, as the number reporting a large negative impact almost tripled from 25.1 percent in May 27-23 to 72.5 percent in June 21-27 (**Table 2**). No businesses in this sector reported positive impacts due to COVID-19 in either period.

Wood product manufacturing showed a slight improvement between the two periods, as a moderately bad situation improved somewhat. While the percentages reporting a large negative effect from COVID-19 remained virtually unchanged, the number reporting a moderate negative impact declined from 64 percent in May 17-23 to 45.1 percent in June 21-27 (**Table 2**). No businesses reported positive impacts in May 17-23, while only a few reported improvements due to COVID-19 in June 21-27.

Paper manufacturing showed a mixed picture in terms of changes from a moderately poor situation in May. Like several other sectors, the distribution of impacts became more dispersed. The level of businesses reporting large negative impacts increased from 32.9 percent in May 17-23 to 39.4 percent in June 21-27 (**Table 2**). On the other hand, more than 14 percent of businesses reported a moderate positive effect from COVID-19 in the later period versus no reports of positive impacts in the prior period. Likewise, furniture and related manufacturing had only a modest improvement in outlook between the two periods.

Table 2. Impact of COVID-19 on Small Businesses That Process or Market Agricultural Products, May 17-23 and June 21-27, 2020

NAICS Code	NAICS Title	Impact Level	% Impact Reported	
			May 17-23	June 21-27
311	Food Manufacturing	Large Negative	43.2	48.8
		Moderate Negative	41.2	34.1
		Little or No	8.7	4.3
		Moderate Positive	5.1	10.3
		Large Positive	1.7	2.5
312	Beverage and Tobacco Product	Large Negative	67.0	67.8
		Moderate Negative	30.6	24.5
		Little or No	1.2	5.0
		Moderate Positive	1.2	2.8
		Large Positive	0	0
313	Textile Mills	Large Negative	36.2	49.7
		Moderate Negative	34.0	25.4
		Little or No	17.0	13.8
		Moderate Positive	6.0	0
		Large Positive	6.7	11.1
314	Textile Product Mills	Large Negative	56.9	29.0
		Moderate Negative	35.6	62.2
		Little or No	5.9	3.9
		Moderate Positive	1.6	2.3
		Large Positive	0	2.5
315	Apparel Manufacturing	Large Negative	71.4	72.0
		Moderate Negative	14.7	24.9
		Little or No	3.9	0
		Moderate Positive	10.4	3.1
		Large Positive	0	0
316	Leather and Allied Product	Large Negative	25.1	72.5
		Moderate Negative	36.2	17.5
		Little or No	38.7	10.0
		Moderate Positive	0	0
		Large Positive	0	0
321	Wood Product	Large Negative	23.9	23.7
		Moderate Negative	64.0	45.1
		Little or No	12.1	29.4
		Moderate Positive	0	1.8
		Large Positive	0	0
322	Paper	Large Negative	32.9	39.4
		Moderate Negative	56.5	41.6
		Little or No	10.6	4.8
		Moderate Positive	0	14.2

NAICS Code	NAICS Title	Impact Level	% Impact Reported	
			May 17-23	June 21-27
		Large Positive	0	0
337	Furniture and Related Product	Large Negative	33.6	24.6
		Moderate Negative	50.6	57.1
		Little or No	12.5	14.6
		Moderate Positive	1.5	1.9
		Large Positive	1.8	1.8
445	Food and Beverage Stores	Large Negative	32.9	24.2
		Moderate Negative	31.5	35.2
		Little or No	9.8	6.0
		Moderate Positive	15.0	19.3
		Large Positive	10.8	15.3
722	Food Services, Drinking Places	Large Negative	75.1	69.5
		Moderate Negative	17.9	24.0
		Little or No	3.3	2.9
		Moderate Positive	2.3	2.7
		Large Positive	1.1	1.1

Food and beverage stores had a slight improvement in a still mixed situation. Businesses reporting a large negative effect decreased from 32.9 percent in May 17-23 to 24.2 percent in June 21-27, while those reporting moderate negative effects increased slightly (**Table 2**). The number reporting either moderate or large improvements due to COVID-19 increased from 25.8 percent in the earlier period to 34.6 percent in June.

The situation for food services and drinking places showed a slight improvement from May 17-23 to June 21-27. The number reporting a large negative impact declined from 75.1 percent in May 17-23 to 69.5 percent in June 21-27 (**Table 2**). The change was almost exactly matched by the increase in businesses reporting a moderate negative effect from May to June.

The change in the average impact across the 11 sectors was compared between the two periods (**Table 1**). Across all 11 sectors, a slight improvement of 0.8 percent occurred, from an average impact of 1.799 in May 17-23 to a 1.812 average in June 21-27. Three sectors (leather and allied product manufacturing, apparel manufacturing, and textile mills) showed a decline in their average impacts. The decline for leather manufacturing was relatively large, declining from 2.136 to 1.375 (-35.6 percent). Textile product mills had the largest improvement (from 1.522 to 1.868), followed by food and beverage stores from 2.393 to 2.663, and wood product manufacturing from 1.882 to 2.093. Still, the average of reported values for all but two of the 11 sectors remained below 2 (a moderate negative impact level).

Unlike the changes in averages, changes in the distribution of impacts from COVID-19 on small agricultural processing and marketing businesses, as a group, indicated a lack of improvement in the situation (Figure 5). As shown in Figure 5, the percent of businesses reporting a large negative impact increased from 45.3 percent in May 17-23 to 47.4 percent in June 21-27. This increase was counter to the decrease in the number of all surveyed U.S. businesses reporting large negative impacts (Figure 1). The variability of responses for the analyzed agricultural sectors also increased. For example, the percent reporting a moderate positive effect increased from 3.9 percent to 5.3 percent, and the percent reporting a large positive effect increased from 2.5 percent to 3.1 percent, along with the increase in the percentage of businesses reporting a large negative effect.

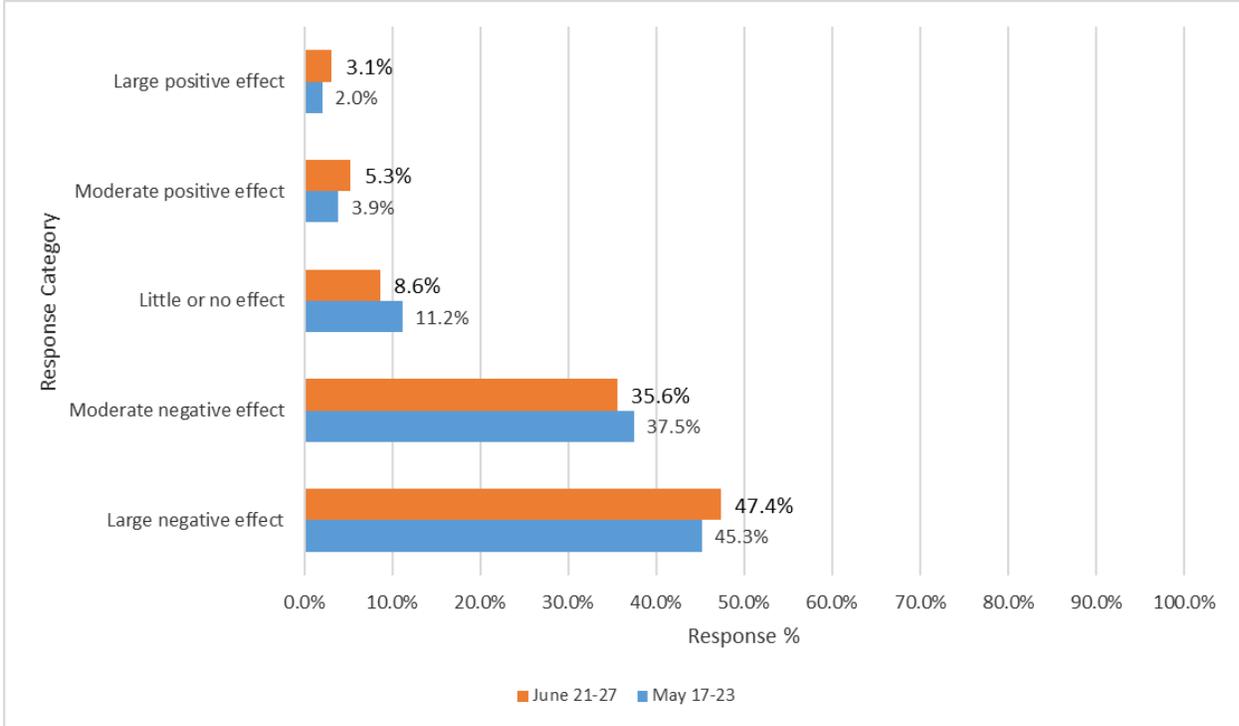


Figure 5. Average Impact of COVID-19 on 11 Small Agricultural Processing and Marketing Sectors, May 17-23 and June 21-27.

Conclusion

Consistent with Hughes (2020), this extended analysis of the survey results indicates that most analyzed businesses, at least to some degree, have suffered from the impact of the COVID-19 pandemic. However, this impact has varied greatly across the different types of businesses analyzed. Over time, it seems this impact is becoming more variable, especially across different types of businesses but even between individual businesses within the same economic sector. The analysis suggests that government agencies and others interested in supporting business recovery may consider targeted sector-oriented efforts, even individual business-oriented efforts.

On average, all surveyed U.S. businesses and agricultural-oriented sectors, as a unit, reported slight improvements in the impact of COVID-19 between May 17-23 and June 21-27. In terms of those reporting large negative impacts, the situation improved somewhat for all surveyed U.S. businesses, with the number reporting large negative impacts decreasing from 45 percent to 37.7 percent. However, large negative impacts across all of the 11 agricultural sectors analyzed here increased from 45.3 percent to 47.4 percent between the two periods. Further, the overall average impact for all U.S. businesses and the analyzed agricultural sectors remained below 2 (i.e., slightly worse than a moderate negative impact) in June 21-27. These results indicate that COVID-19 continues to have a detrimental impact on small agricultural processing and marketing businesses, as well as small U.S. businesses, in general.

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