

The New North: UW Oshkosh COVID-19 impact survey shows Wisconsin businesses wrestle with making short- versus long-term changes to operations

Posted on Wednesday, Dec 2, 2020

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NEW NORTH, December 2, 2020 – Business as usual in Wisconsin these days is likely to include measures to help ensure the health of employees and customers alike.

The majority of businesses responding to the University of Wisconsin Oshkosh's November COVID-19 business and economic impact survey reported introducing significant changes in their operations in the last several months, said Jeffrey Sachse, interim director of UWO's Center for Customized Research and Services (CCRS).

Changes in hours (31%), addition of physical barriers (21%) and changes in layout (18%) are the most common adaptations. Many respondents suggested that the last two accommodations were impractical given space limitations. This continues to be a challenge, especially in the restaurant and retail sectors, he said.

"Businesses were asked to identify the steps they were taking to ensure the safety of their operations for employees and customers. These are of particular importance as we have continued to see an increase in positive cases across the country," Sachse said.

However, two popular strategies for pivoting business operations — delivery services and e-commerce — remain remarkably low with only 10 percent of businesses adding each. This comes as growing national interest in these customer services has increased.

Sachse said the low rate of adoption may be a function of customer expectations.

“The results here are not unexpected as there has been substantial guidance during the pandemic on the importance of space and limited contact. The adaptations that are the most popular are those that also are the easiest to reverse. Hours can be extended and barriers removed,” he said. “Once a business establishes a completely new service, whether it is an e-commerce front-end or a delivery partnership, customers expect those services to continue even after their necessity wanes. This is a more difficult investment for most business owners to make.”

Nearly 480 Wisconsin businesses responded to the eighth survey administered by CCRS since the pandemic began. Study respondents reported the following top-level impacts for October:

- Inventory losses of \$804,000
- Income gains of \$9.5 million
- Wage and productivity losses of \$1.8 million
- Other financial losses of \$5.2 million

Sachse said these results confirm the weaknesses that have been observed in other economic indicators, including consumer spending and consumer confidence.

“The income gains reported here are largely confined to the construction and manufacturing sectors and are largely the result of either the ongoing clearance of the state’s construction backlog or advance sales into 2021. We know that there is growing optimism in several sectors that news of the first effective vaccines and other treatments will spur a resumption of normal business activity next year,” he said.

Responding businesses also reported adding 52 new employees last month. This remains abnormally low in light of typical holiday season hiring, he added.

The November survey also showed continued concern regarding business survivability, with 30 percent of businesses reporting viability under six months with current conditions.

“We should expect these rates to increase given the increase in positive cases this month and calls for the resumption of business limitations and other controls,” Sachse said.

The survey is a partnership of UWO, the state’s nine Regional Development Organizations including New North Inc., and the Wisconsin Economic Development Corporation. The November results are reported from voluntary responses at a 5 percent margin of error.

The final survey of 2020 will be sent to a sample of 4,500 Wisconsin businesses beginning Dec 3.