

# Ketchikan 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



# Ketchikan 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 Ketchikan was developed in partnership with the City of Ketchikan. Rain Coast Data designed the survey instrument on behalf of this partnership.

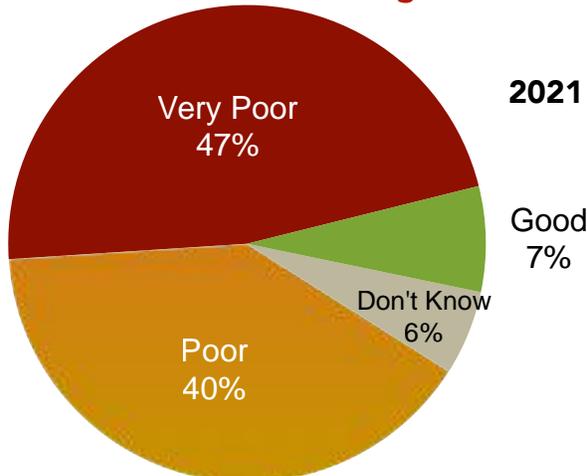
The survey invited Southeast Alaska business owners and top managers to respond to 19 questions. The web-based survey was administered electronically from April 9th through April 23rd. A total of 86 Ketchikan business leaders participated. The results include the following key findings:

- **Revenue Decline:** On average, reporting businesses in the region lost 42% of their revenue due to COVID-19, while Ketchikan businesses are down 49% overall—the second highest for any community in Southeast Alaska.
- **Risk of Closure:** Nearly a quarter of regional businesses are at risk of closing permanently or have already closed. In Ketchikan, a third of responding businesses say they are at risk of closing, the 2nd highest risk in the region by community.
- **Impact of Relief Funding:** Ketchikan businesses were asked about the impact of the COVID-19 aid they received. Forty percent reported that they would have closed permanently without the pandemic relief dollars. More than half of respondents said that the funding allowed their businesses to retain staff.
- **State of the Economy, and Outlook:** Confidence in the Ketchikan business climate continues to be incredibly poor in the wake of COVID-19. Most (87%) of respondents are concerned about the state of the economy, calling the business climate poor or very poor. A quarter of survey respondents expect their prospects to get worse or much worse over the next year, while 13% expect the outlook for their businesses to improve in the coming year.
- **Job Projections:** Forty-two percent of Ketchikan business leaders expect to maintain job levels in the coming year, 13% expect to add employees, while 15% expect to reduce staffing levels.

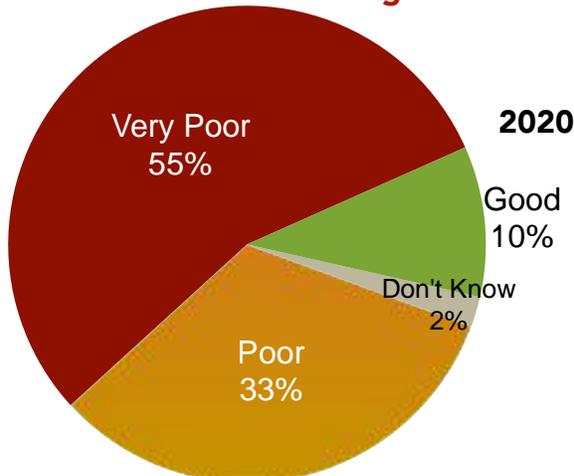
# Ketchikan Business Climate Survey Results 2021

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

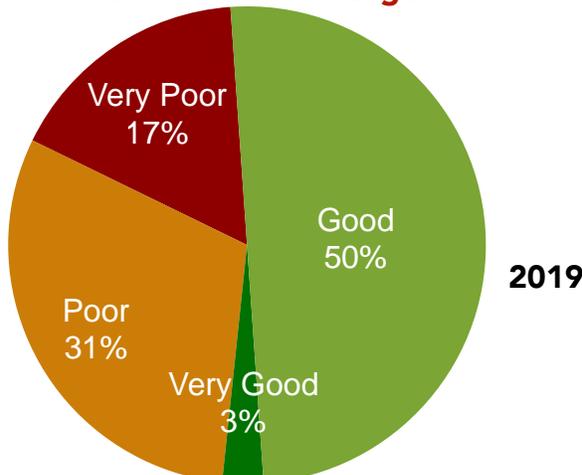
**7% Positive / 87% Negative**



**10% Positive / 88% Negative**



**53% Positive / 48% Negative**



Ketchikan Business Climate and COVID Impacts Survey 2021

## Southeast Alaska Annual Business Climate Survey

In April of 2021, 86 Ketchikan Alaska business owners and top managers responded to Southeast Conference's Business Climate and Private Investment Survey.

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

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

Most (87%) respondents are concerned about the state of the economy, calling the business climate "poor" (40%) or "very poor" (47%). This has improved since last year when the "very poor" ratings in Ketchikan were 8 percent higher. Just seven percent of business leaders called the Ketchikan business climate "good" in 2021. No business leader called the overall business climate "very good."

Ketchikan businesses had the second most negative perception of the overall economy, compared to all other regional communities.

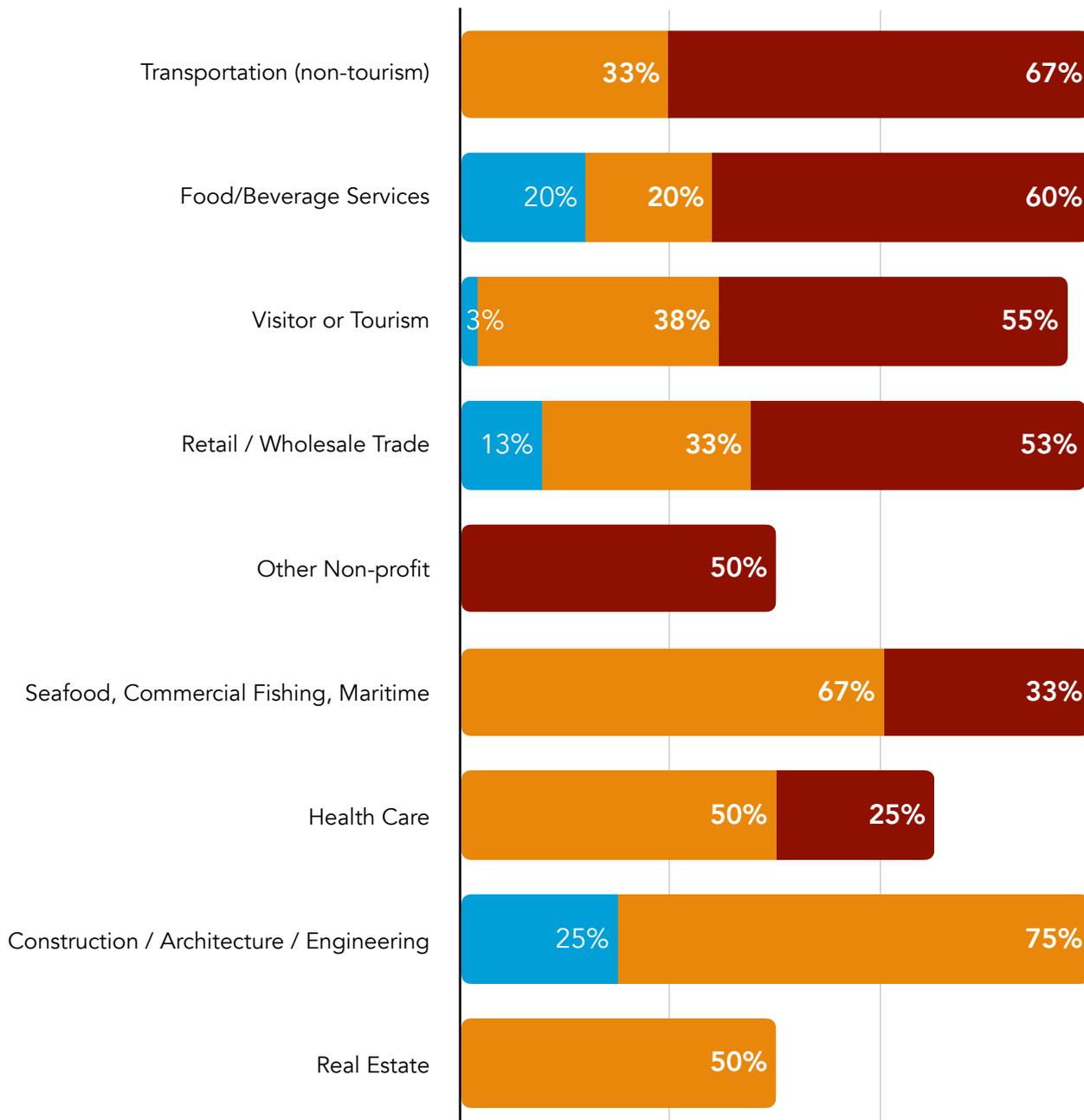
While all sectors have a negative perspective on the current economy, those in the visitor and real estate sectors are most likely to say that the economy is **very poor**.

# Ketchikan **Business** Climate Survey Results 2021: by Industry

The following graphic breaks out how the current Ketchikan 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. Transportation, the food and beverage sector, and tourism are the most likely to say the economy is “very poor.” Not all industries are shown, due to small sample sizes.

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

■ Good/Very Good ■ Poor ■ Very Poor

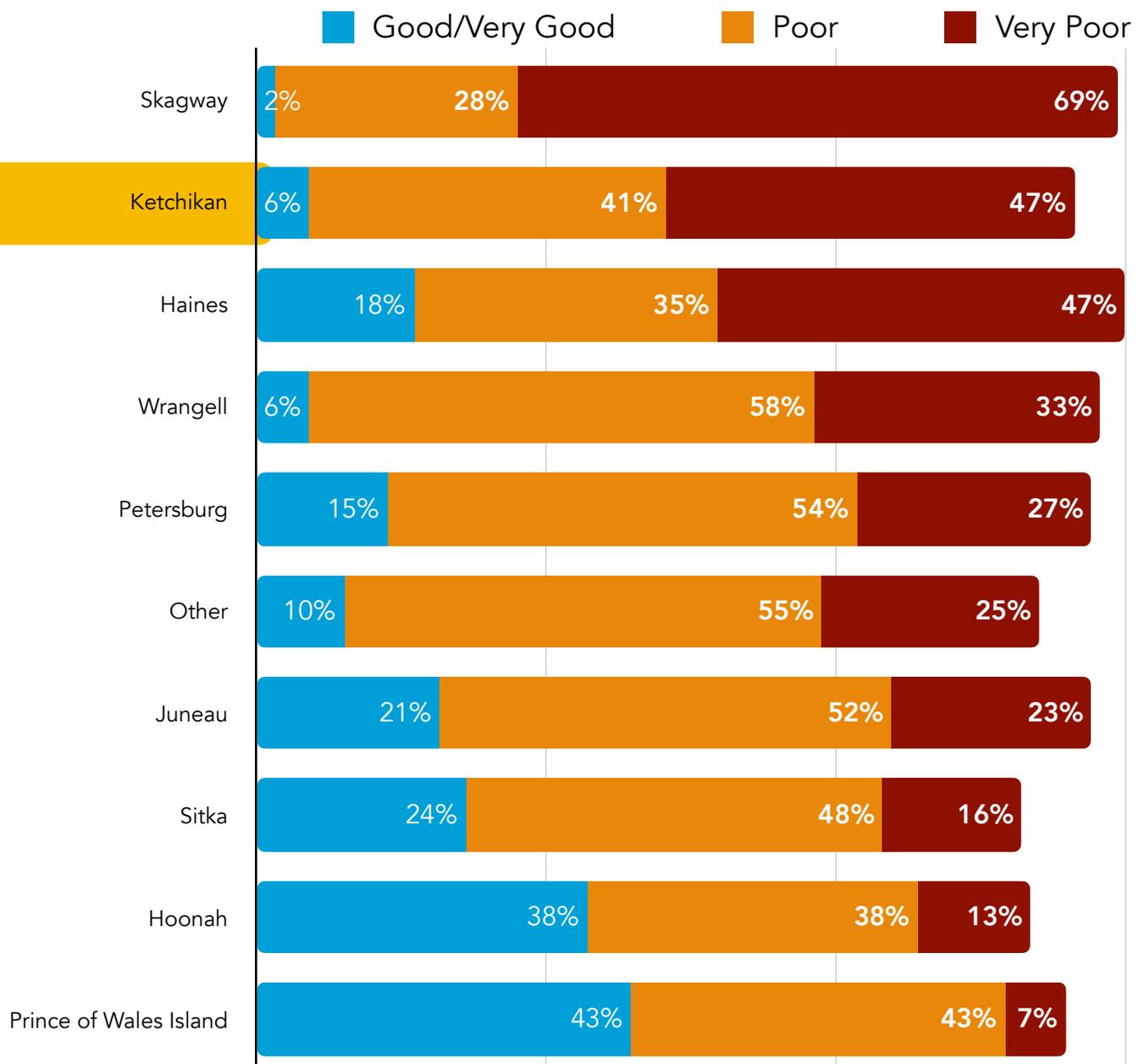


The “don’t know” category has been excluded from this chart.

# 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. While all communities are clearly suffering, Ketchikan has been the second hardest hit, with 47% of businesses saying that the business climate is “very poor.”

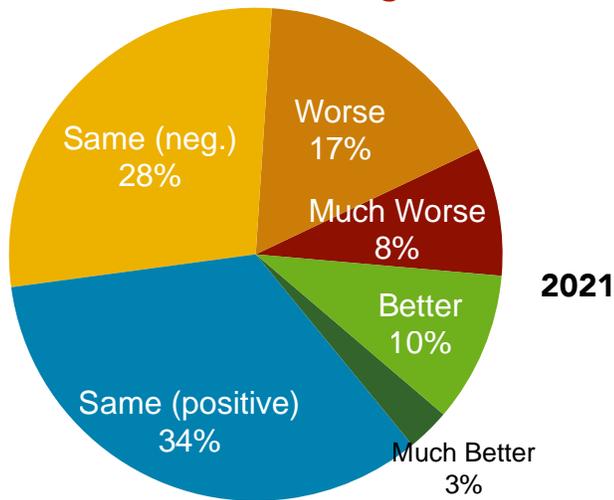
April **2021** Southeast Alaska: **How do you view the overall business climate right now?**



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

# Ketchikan Economic Outlook

**47% Positive / 53% Negative**



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

## Ketchikan Economic Outlook

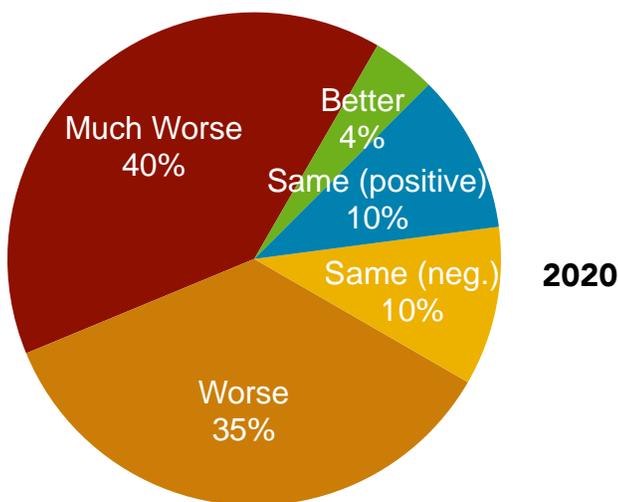
Historically, the overall economic outlook for business leaders tends not to change much on an annual basis, however 2020 and 2021 are clearly exceptions.

In 2021, 53% of businesses say the economic outlook for their business or industry over the next 12 months is negative. A quarter of survey respondents expect their prospects to get even worse (17%) or much worse (8%) over the next year, while just 13% expect the outlook for their businesses to improve in the coming year. This represents a significant improvement in economic outlook. A year ago, 85% of Ketchikan business leaders expected the economy to decline.

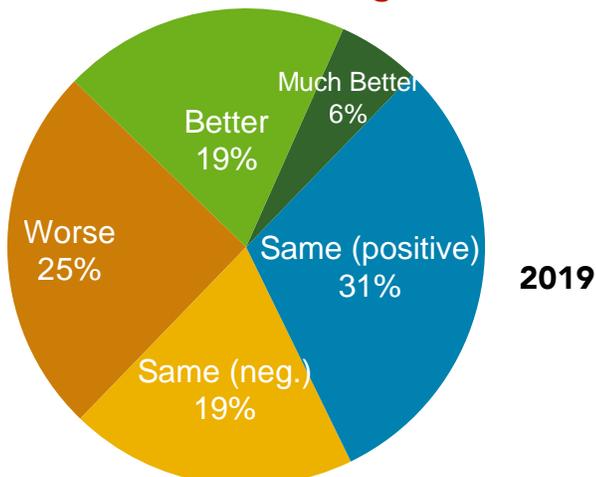
Three communities have more negative outlooks than Ketchikan, including, Skagway, Haines, and Hoonah. Prince of Wales, Gustavus, and Sitka have the least negative outlooks.

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 looking forward.

**14% Positive / 85% Negative**



**56% Positive / 44% Negative**



# Southeast Economic Outlook: by Community and Industry

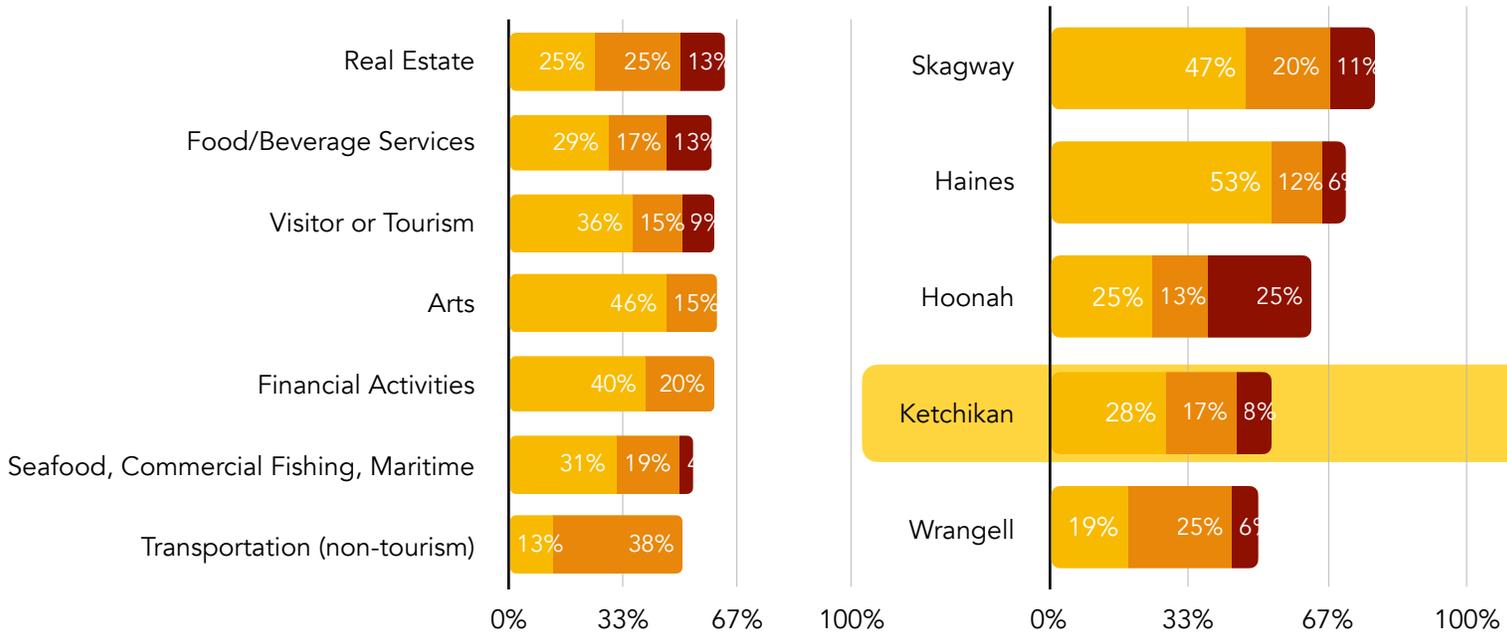
The below graphics show economic outlook breakdowns for the next year by industry as well as by community.

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

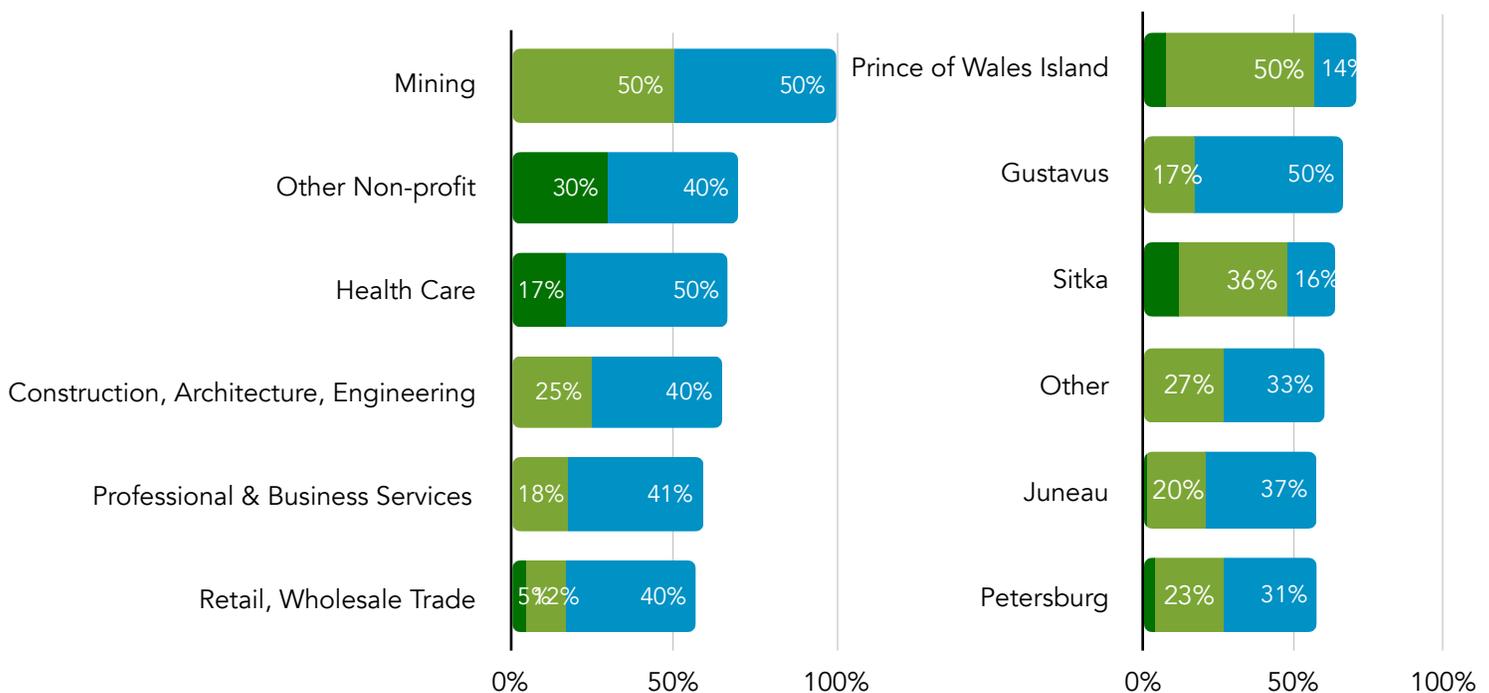
## By Industry

## By Community

■ Same (generally negative)
 ■ Worse
 ■ Much Worse



■ Much Better
 ■ Better
 ■ Same (generally positive)



# Southeast Economic Outlook: by Industry

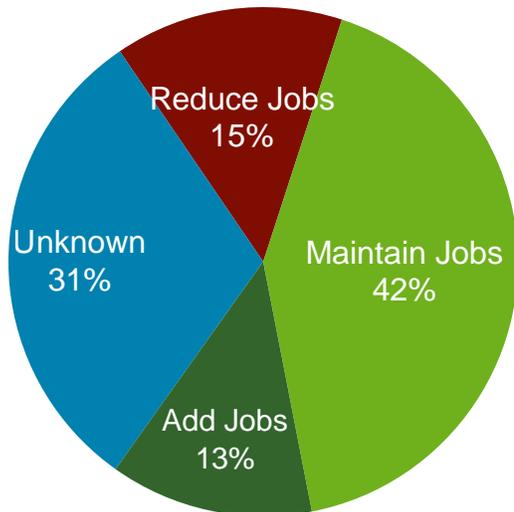
The following table shows a detailed economic outlook by industry for the region as a whole. Ketchikan business leaders generally tracked along with regional averages.

In Ketchikan, those in the non-profit, transportation, and timber sectors were the most pessimistic regarding the upcoming year, while those in mining were the most positive looking forward.

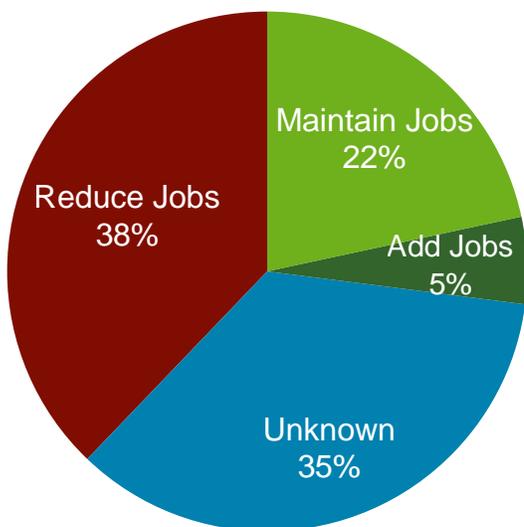
<b>What is the economic outlook for your business or industry? Regional Response Summary</b>						
<b>Sector</b>	<b>Much Better</b>	<b>Better</b>	<b>Same (generally a positive statement)</b>	<b>Same (generally a negative statement)</b>	<b>Worse</b>	<b>Much Worse</b>
Mining	0%	50%	50%	0%	0%	0%
Energy	0%	0%	75%	25%	0%	0%
Other Non-profit	30%	0%	40%	20%	0%	10%
Health Care	17%	0%	50%	0%	17%	17%
Alaska Native entity	0%	0%	67%	0%	33%	0%
Construction / Architecture / Engineering	0%	25%	40%	20%	5%	10%
Professional & Business Services / Consultant	0%	18%	41%	18%	24%	0%
Retail / Wholesale Trade	5%	12%	40%	28%	14%	2%
Communications / Information Technology	0%	22%	33%	22%	11%	11%
Transportation (non-tourism)	0%	25%	25%	13%	38%	0%
Child Care, Education, Social Services	0%	25%	25%	50%	0%	0%
Seafood, Commercial Fishing, Maritime	0%	35%	12%	31%	19%	4%
Food/Beverage Services	8%	13%	21%	29%	17%	13%
Visitor or Tourism	3%	23%	15%	36%	15%	9%
Financial Activities	0%	0%	40%	40%	20%	0%
Arts	0%	15%	23%	46%	15%	0%
Real Estate	0%	25%	13%	25%	25%	13%

# Ketchikan Jobs Projections in 2021 & 2022

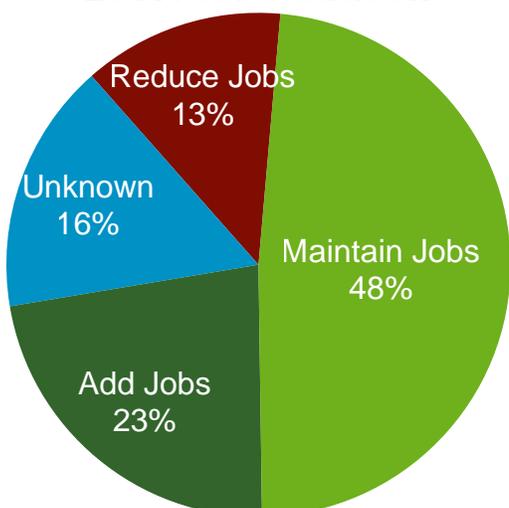
## 2021: Jobs Outlook



## 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)**

### Ketchikan employment changes in the next year

When asked about staffing expectations, two-fifths of Ketchikan business leaders (42%) expect to maintain job levels in the coming year, and 13% expect to add employees (or add employees back after the declines of 2020).

Fifteen percent of business leaders in Ketchikan expect to reduce staffing levels. Those expecting to add or maintain job levels doubled over the previous year.

In the region, expected job gains will be most significant in the communication/IT and construction sectors. In Ketchikan, some construction and tourism jobs are expected to return.

In Ketchikan and the region, employment reductions will be most concentrated in the food and beverage sector. Ketchikan is also expecting to lose additional transportation jobs.

Business leaders in Skagway and Haines expect the greatest 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.

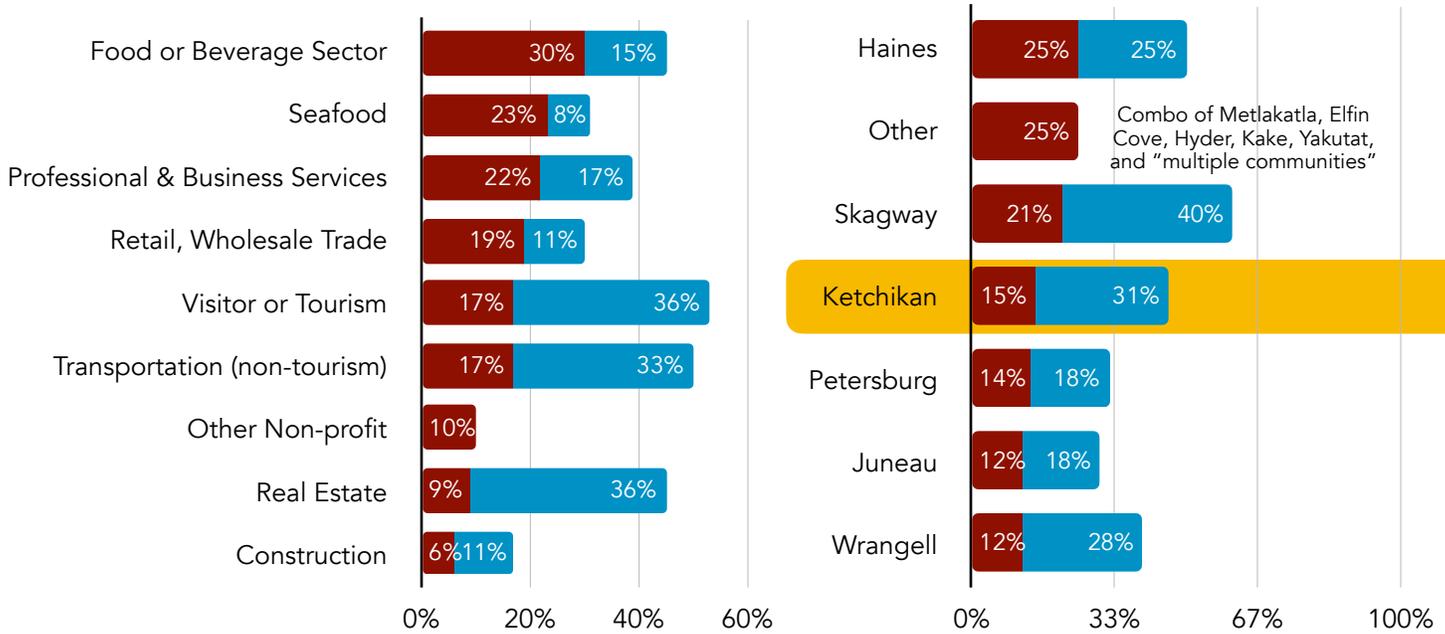
# By Community: Jobs in Next 12 Months

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

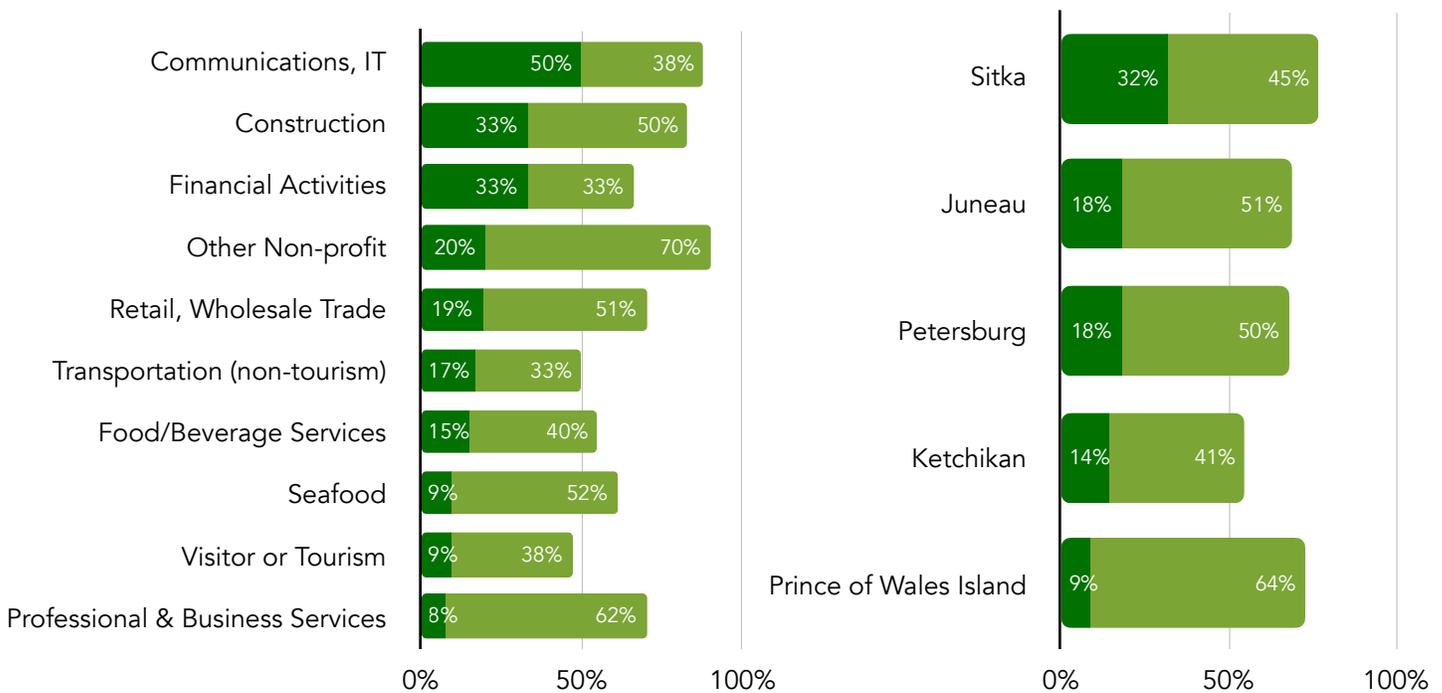
## By Regional Industry

## By Community

■ Reduce total jobs   ■ Unknown at this time



■ Add jobs   ■ Maintain the same amount of jobs



# Ketchikan Businesses COVID-19 Impacts

Ketchikan business leaders were asked how COVID-19 is impacting their businesses. Responding employers have already laid off 33% of their total workforce due to the COVID-19 virus. Ketchikan business revenue was down 49% so far due to the pandemic. A third of respondents say that they are at risk of closing permanently, while 21% say that they are not at risk.

**Total Businesses Responding = 86**

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

**= -49% overall**

**77%** of responding businesses received COVID relief funding

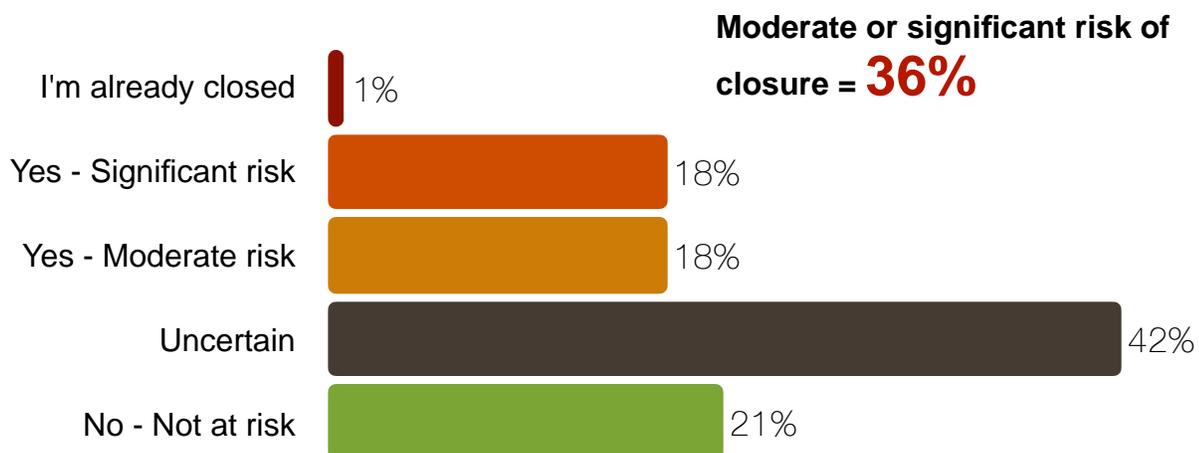
Respondents have laid off **33%** of existing staff so far due to COVID-19

**15%** expect to make more employment cuts in the future due to COVID-19

Average current workers per organization = **18**

Average workers laid off so far per business = **-9**

**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 = 30**

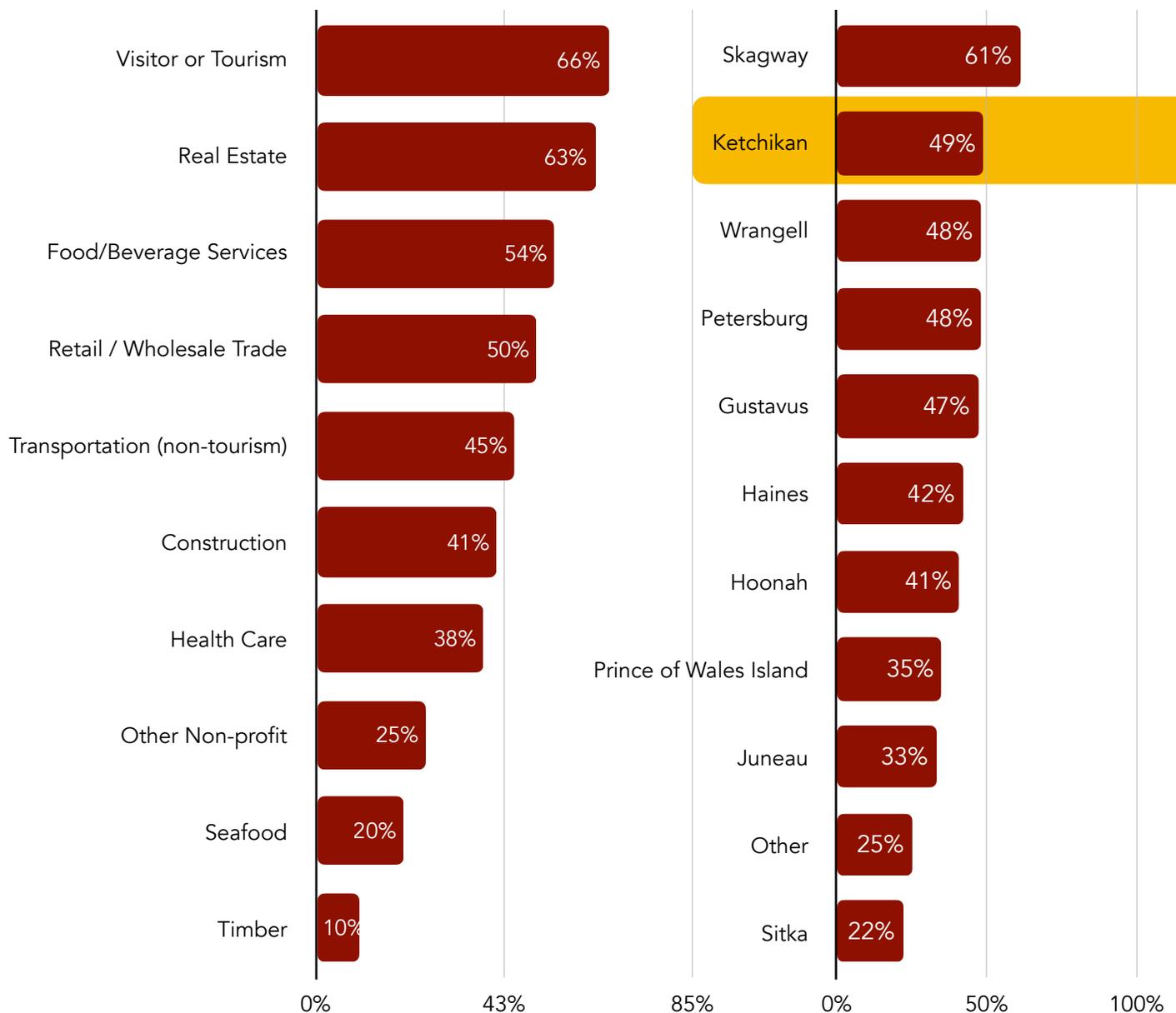
# Please estimate the percent revenue decline to your business due to COVID-19: **By Industry and Community**

On average, reporting businesses have lost **42%** of their revenue due to COVID-19. By community, Skagway businesses have lost the most, followed by Ketchikan with reported average revenue loss of 49%. Businesses in the Ketchikan tourism sector are down by 66%, while real estate sector is down by 63%.

## By Industry in Ketchikan

## By Regional Community

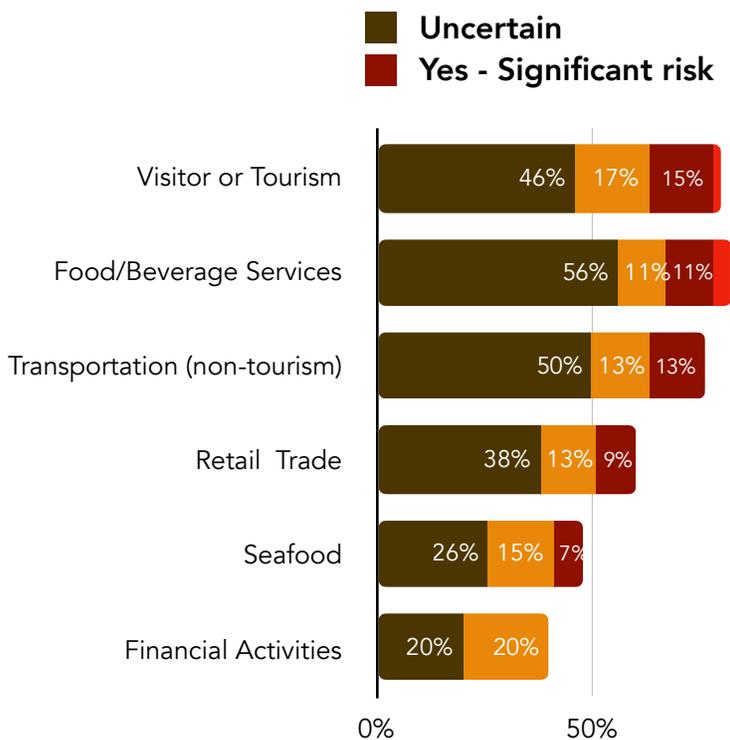
■ Average percent revenue decline to your business due to COVID-19



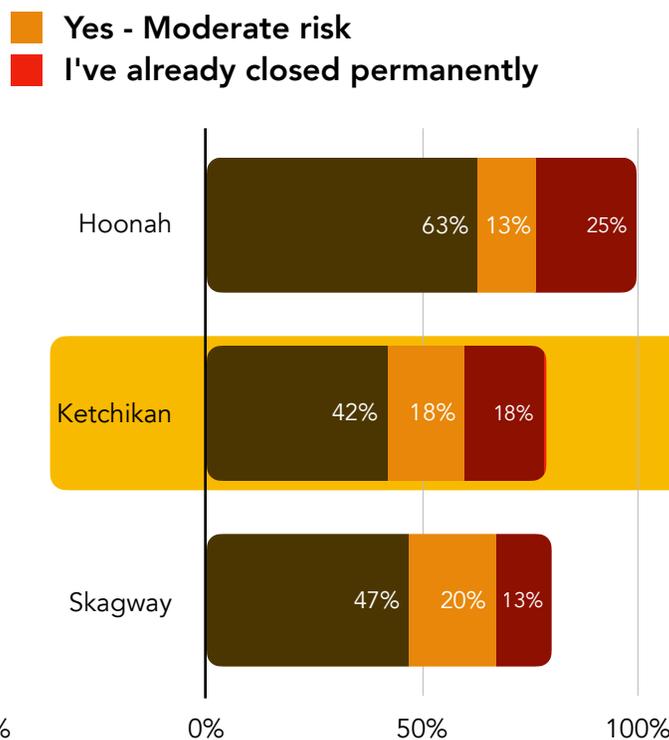
# Is your business at risk of closing permanently because of impacts caused by COVID-19? By Industry and Community

Regionally, nearly a quarter of respondents (22%) are at risk of closing permanently or have already closed. The following charts analyzed which sectors and communities are at the greatest risk of being unviable due to the COVID economy. 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.

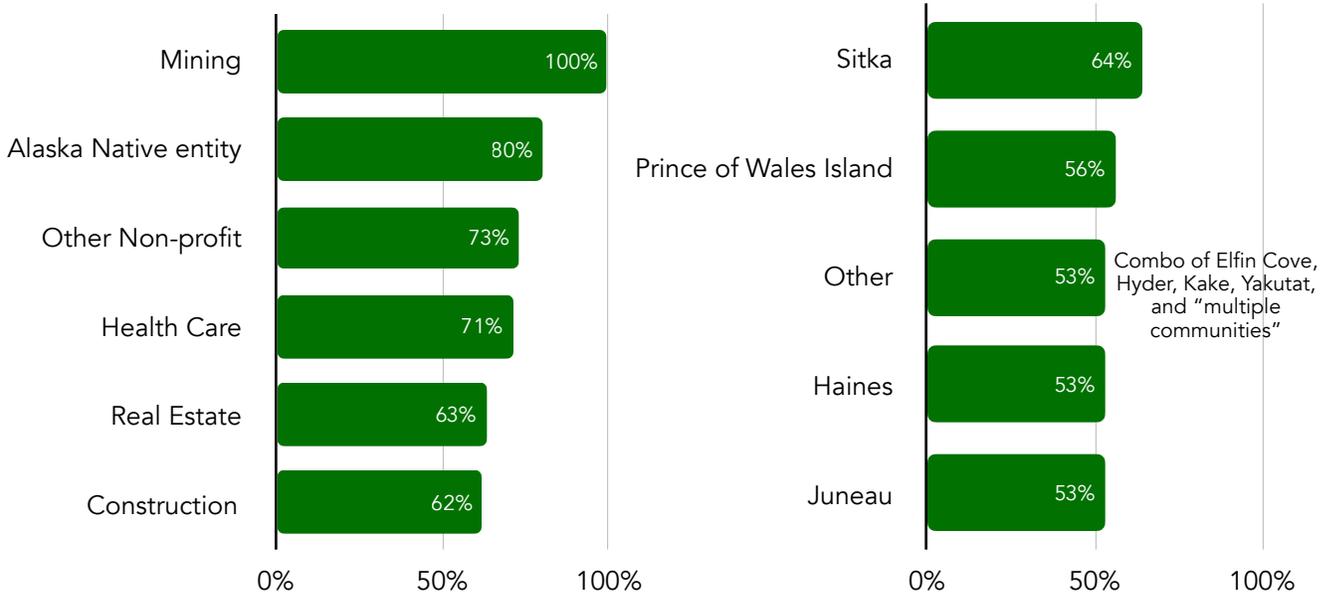
## By Southeast Industry



## By Community

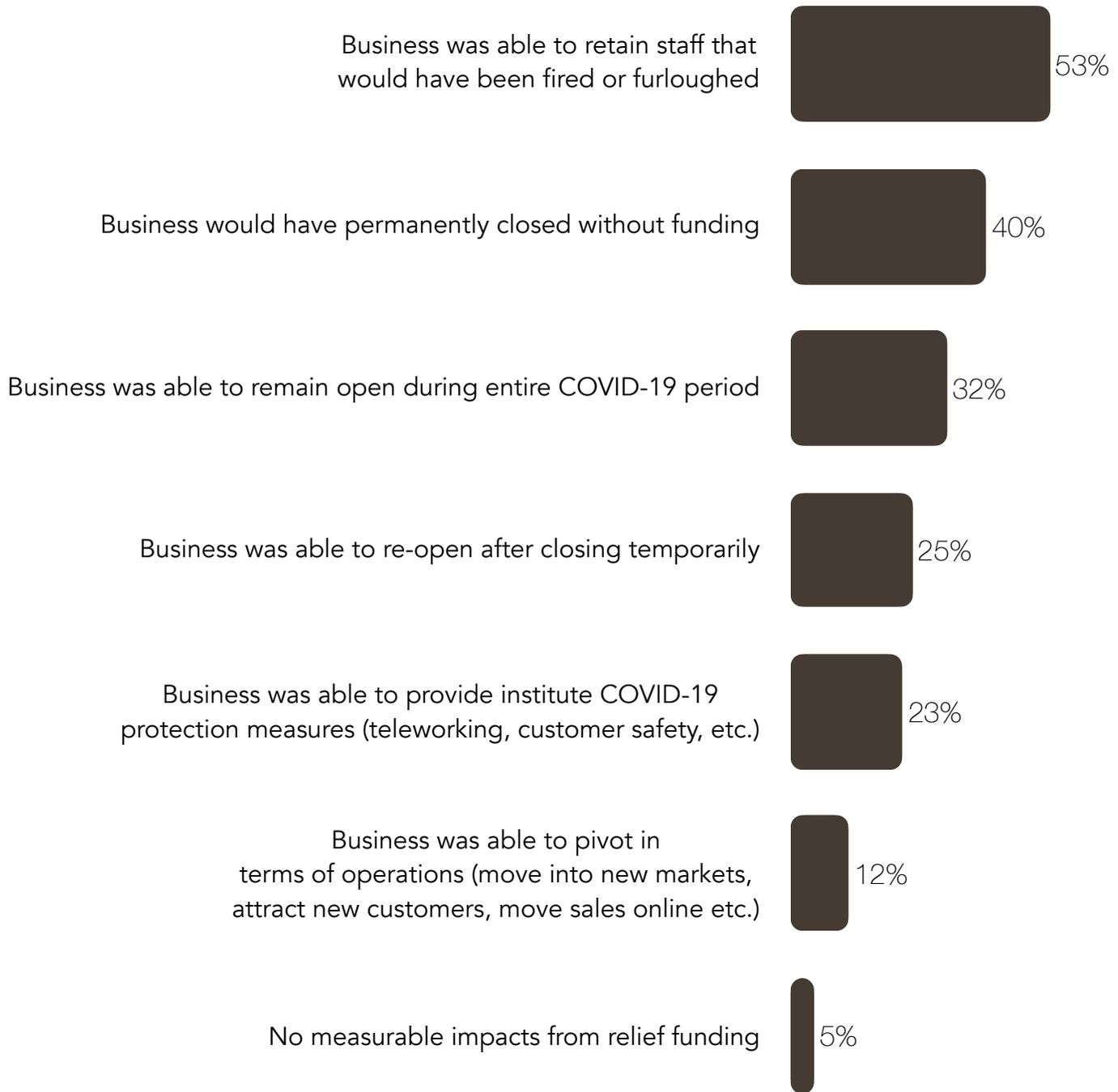


## No - Not at risk of closing permanently



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

Businesses that received funding asked about the impact of the COVID-19 aid they received. **Forty percent of Ketchikan businesses reported that they would have closed permanently without the pandemic relief dollars.** More than half of respondents said that the funding allowed their businesses to retain staff.



**Ketchikan businesses receiving grants or loans = 77%**

# COVID-19 Funding Distributions in Ketchikan

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, Ketchikan businesses and organizations received \$111.8 million in COVID-19 funding including loans and grants.

In addition to the list below, the Ketchikan Indian Association was allocated \$9 million.

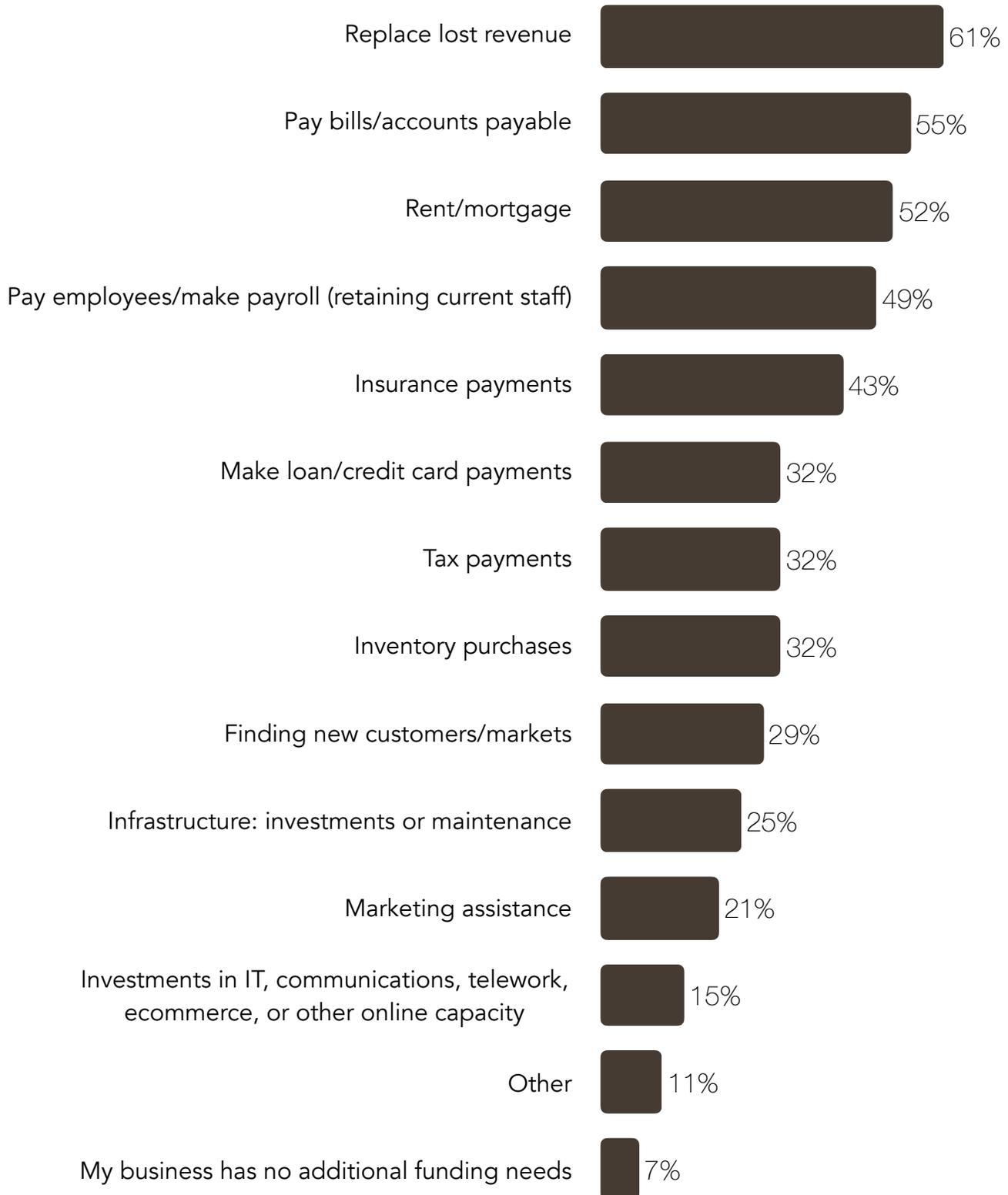
## *Ketchikan COVID-19 Relief Distributions, by Sector and Program Type*

Industry Sector	Funding Received
Retail Trade	\$9,110,112
Accommodation and Food Services	\$7,657,113
Health Care and Social Assistance	\$7,201,088
Transportation and Warehousing	\$5,970,846
Construction	\$5,965,117
Arts, Entertainment, and Recreation	\$5,790,291
Real Estate Rental and Leasing	\$3,274,395
Wholesale Trade	\$3,186,500
Other Services (Except Public Administration)	\$2,992,748
Manufacturing	\$2,880,530
Commercial Fishing	\$2,866,974
Agriculture, Forestry, Fishing, Hunting	\$2,721,115
Professional Scientific and Technical Services	\$2,592,051
Management of Companies and Enterprises	\$391,148
Finance and Insurance	\$269,823
Utilities	\$265,245
Admin & Support of Waste Mgmt & Remediation Services	\$185,391
Information	\$130,700
Educational Services	\$130,024
Fed, State, & Local Gov't (excl. schools, hospitals & USPS)	\$94,572
Mining	\$25,138
Public Administration	\$504
Unclassified (significant portion is local grants)	\$48,129,403
<b>Total Ketchikan community income</b>	<b>\$111,830,828</b>

Funding Type	Funding Received
PPP	\$55,171,734
EIDL	\$19,400,900
AK CARES	\$12,101,232
Local Grants	\$24,296,962
EIDL Advance	\$860,000
<b>Total Ketchikan community income</b>	<b>\$111,830,828</b>

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

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



# 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?**

## Visitor Sector Businesses

We are just hanging on. The loss of cruise ship passengers effect is significant.

We are unable to afford to attempt to re-open with the loss of cruise ship customers. Marketing to independent travelers won't cover our operating costs. We are refocusing on a different market.

COVID-19 impacted our business within 2 months of our initial start up. We were already committed to a year-long lease, purchased several thousand dollars of inventory in preparation for the million-plus visitors expected in Ketchikan last year, and paid for the required insurance and utilities set up. As a new business, we had plans to make a distribution to a co-owner for hours worked, and were unable to make one payment despite trying to remain open with no customers. Eventually, we temporarily closed the storefront, while continuing to pay all our monthly bills. We began cautiously building inventory in January of 2021 expecting the cruise ships to return, renewed our lease which was due in January, only to find out two months later, the ships are not returning this year either. Looking forward, we are exploring the most economical way to promote our products and sell online, but adding yet another monthly bill is a struggle to justify at this point. We have begun exploring other products that might be appealing to local business, but it is a very limited market given the economy overall.

We will be lucky to make it to 2022 and still be in business.

Our biggest concern is that as businesses bounce back, there won't be pressure to provide bridge grants or low-interest aid options that will help us get these businesses to next summer.

Our company lost 40% within a 48 hour period when the travel ban was announced in 2020.

We are a tourist focused restaurant. We've had to rework our offering and try to survive with much smaller margins. Most tourist focused restaurants in town have just stayed closed.

At this point, if the cruise ships are not returning to Southeast Alaska there is no hope. We do not have enough hotels, B&B, and rentals that it would take to turn this around to an in-town guests-only venture for us. Anyone that thinks it will work is not directly involved or wishfully thinking. Out of the 1.2 Million guests that traveled here on cruise ships, we catered to somewhere around the measly amount of 3,000 guests that fished, giving us the ability to survive, having only May to September to make it through the whole year. Even at 3,000 guests in town, it still does not work. Not all want our services. The only two ways to get here being the Ferry System and Alaska Airlines and wondering if the ferry will continue to operate. Both companies have standard pricing that turns almost all potential guests away once they see how much out of pocket it will take even to get here. Those who spend the money to get here make it hard to please them if the fishing sucks during the time they choose to come here. On average, four guests fly here from Florida and book three eight-hour fishing charters; they have spent over \$10,000 at the current

prices and have not even begun to pay for a place to stay or food! The lack of this income from our company alone affects up to 10 individual families.

Loss of employees, no customers, lots of inventory stored and still owing for inventory purchased in 2019 before COVID.

We've expanded our online presence. This has barely offset our decline in revenues due to the cruise ships being cancelled for what is looking like two seasons.

We are a small seasonal retail store totally dependent on cruise ships.... but I am still paying rent for doing no business just because we are abiding by the lease and our landlord is heartless. Wanted to get out of this situation but my money pit store rent is not allowing to do that. WE NEED CRUISE SHIPS BACK.....PLEASE!!!!

Hoping cruise ships come back soon.

## Retail Businesses

We are trying to hold things together now for another year with no income. Property taxes really hurt as well. We cannot change our products. We need the cruise ships.

COVID-19 has not impacted my ability to open my doors, the CDC has. We need our cruise ships back who know how to handle health and safety measures already. I am hopeful that we will see a resumption to cruising in the US by 4th quarter of this year and our 2022 will be back to almost normal. Lord help us.

We rely on tourism, especially from cruises. Almost 95% of our business is derived from cruise customers and due to the uncertainty surrounding the return, our business has not been able to reopen due to the cost of operation. Just the rent on its own is exorbitantly high and any grant or loan we received from government programs aren't sufficient to cover it in full. We are attempting to reach our customers through online and by phone but that's not a sufficient replacement for all the tourists that visit Alaska during the summer months.

We had to close for 2 months, we turned off our electricity, etc. We were able to hire a person to do deliveries and design our web page. (Current staff was unable) But due to COVID it has become clear to us that our current location is terrible. For 6' distancing we only could have 4 people in our store, including the employee. It is impossible to clean to any kind of real standard. We need room.

It will be 36 months till we see substantial tourists. Now we are doing 5% of business that we are used to and basically that is due to the federal mandated shut down to survive till summer of 2022 we and all businesses will need tax free grants as we cannot take on any more loans Businesses need to be allowed to open up and operate.

COVID has dramatically decreased our summer foot traffic and hence our revenue BUT off-season revenue has increased because people are shopping local.... not enough to offset losses but enough to keep things steady for the future.

## Other Ketchikan Businesses

We will actually be hit harder this year than last. At least 50% of our business has been local (vs. tourism). This year with Sealaska shutting down their timber industry, we will be down another 50%.

As a financial services organization, we have experienced a significant increase in deposits and rapid asset growth. This can be a good thing; however, it also puts downward pressure on our all important capital ratio which has declined in the last year.

Without cruise ships we don't make enough money to cover the bills. PPP covered half our payroll and we received SBA loan to pay for everything else. Now we are further in debt.

Increased costs related to protocols, disinfecting. Delayed access due to travel restrictions to allow key vendors access to necessary work. In general, we are grateful to have held up decently during COVID and keep people healthy and employed.

We received AK Cares, Alaska Community Foundation, and PPP funding. Without this funding, we would not have been able to assist businesses with market expansion. We also added a function helping businesses apply for pandemic funding. We have started a new program that will promote and accomplish economic diversification and balance the losses of jobs and revenue from the pandemic.