



What people think,  
feel and do

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Opinium-CEBR

## Business Distress Tracker



**November lockdown wipes out summer gains as  
businesses predict a blue Christmas**

December 2020

## Introduction

**The Opinium-Cebr Business Distress Tracker checks the pulse of the UK business community on a monthly basis, as firms across the country grapple with the unprecedented challenges brought about by the coronavirus crisis. The Tracker is based on a survey of 500 business across the country, representing a broad range of industries and business sizes.**

## Topline results

- During the second national lockdown in November, businesses' profits were on average 20% lower than usual for this time of year as a result of coronavirus-related restrictions. The previous month, profits were down by just 15%, highlighting that the tightening of restrictions caused the UK to take a large step backwards in its economic recovery.
- The latest wave of the Opinium-Cebr Business Distress Tracker also sheds light for the first time on the differential economic impacts of the 3 COVID-tiers. Tier 1 restrictions suppress businesses' profits by 13% while Tier 2 restrictions suppress businesses' profits by 15%. The major damage takes place in Tier 3, where businesses' profits are reduced by an average of 25%.
- However, the earlier than expected approval of effective COVID-19 vaccines lifted businesses' spirits last month. Indeed, the majority (52%) now have a positive outlook for the next 12 months – more than double the share (22%) that have a negative outlook.
- The Christmas period is crucial for millions of businesses. Firms on average said that they receive more than a fifth (22%) of their annual revenues during the month of December. However, businesses are pessimistic about the outlook for the upcoming Christmas period, with a 16% fall in revenues expected. This means that for every £6 that businesses would have ordinarily raked in during a typical December, they will now only receive £5 of income.

## Notes

### A note from Opinium

With the South East, London, Wales, and other parts of the country now entering the newly established Tier 4, the economic disruption to businesses over the Christmas period is likely to be greater than anticipated. Those in Tier 4 who have left their Christmas shopping late will now be forced to shop online, further damaging the struggling high street. With nearly half (49%) of businesses saying that they are at some form of risk of entering insolvency, the future remains bleak for many businesses as the country continues a cycle on moving in and out of localised and national lockdown.

There are a few reasons to be optimistic, however, with the extension of the furlough scheme saving many jobs across the UK, whereby 34% of currently furloughed employees would have been made redundant without the extension.

### A note from Cebr

The latest wave of the Business Distress Tracker provides the clearest glimpse yet into the highly uneven distribution of economic hardship that is associated with the 3-tiered system of localised restrictions. Businesses under Tier 1 restrictions on average suffer a 13% reduction, while those under Tier 3 restrictions experience nearly double the fall in profitability. In Tier 3 areas, businesses profits are down by an average of 25%, which is close to the 29% decline in profits reported during the height of the first lockdown in April.

The results also confirmed that the second lockdown in November did set the UK's economic recovery back by several weeks. There is, however, some cause for optimism from the latest wave of the Business Distress Tracker, with a majority of UK businesses now having a positive outlook for the next 12 months. This is attributable to the faster than expected approval of effective COVID-19 vaccines, which have provided a light at the end of the tunnel.

## Methodology

The Coronavirus Business Disruption Tracker surveys 500 senior decision makers in UK businesses of all sizes on a monthly basis, in order to provide timely and accurate insights into how the business community is coping with the unprecedented levels of disruption brought about by the coronavirus pandemic and the associated national lockdown.

# About Opinium

**OPINIUM** is an award winning strategic insight agency built on the belief that in a world of uncertainty and complexity, success depends on the ability to stay on pulse of what people **think, feel** and **do**. Creative and inquisitive, we are passionate about empowering our clients to make the decisions that matter. We work with organisations to define and overcome strategic challenges – helping them to get to grips with the world in which their brands operate. We use the right approach and methodology to deliver robust insights, strategic counsel and targeted recommendations that generate change and positive outcomes.

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