



BENCHAM
BENELUX CHAMBER
OF COMMERCE
IN CHINA

SHANGHAI

BenCham COVID19 Survey Part III

**CHANGE &
OPPORTUNITIES**

Introduction

BenCham COVID19 Experts Program ©

WHAT?

At the beginning of the COVID19 crisis, in early February 2020, the Benelux Chamber of Commerce Shanghai set up a program in order to bring answers to Benelux business community concerns regarding COVID19: BenCham COVID19 Experts Program.

HOW?

We are constantly and directly in touch with our community on a 7/7 basis via mobile phone/social media/mail and hotline. BenCham is providing:

- Official announcement from gov. bodies (CN/Benelux)
- Documentation and analysis on specific COVID19 topics
- Wechat dedicated group
- Surveys
- Webinars
- 101 consultations
- Toolbox
- Facilitation and support in the re-entry to China process

About the survey: The purpose of the survey is to know how the virus situation impact Benelux community's business and what are the perspectives

methodology • Submit by phone, via wechat • Anonymous • 100 feedbacks received • From SME to LE, the surveyed companies represent a large range of Benelux industries in China. • The survey itself was distributed nationally in China via the communication channels of BenCham Shanghai, PRD and Beijing Chapters • Supported by governments via social media channels.

BenCham COVID19 Survey Part I

- BenCham survey Part I on COVID-19 was conducted during the first 2 weeks of February 2020.
- Almost 50% of BenCham member companies answered the survey part I. Among them, 52% are based in Shanghai area, 21% in Beijing, another 21% in PRD, and 6% abroad. These companies represented all sectors and sizes of Benelux companies in China.
- Almost 90% of the surveyed companies estimated that the COVID-19 would **negatively impact their business**, while some other companies (7%), especially in consulting, thought that the crisis is also an opportunity.
- People's concerns in the beginning of the pandemic concentrated on 4 aspects:
 - supply chain disruption (54%)
 - cash flow shortage (43%)
 - losing market share (36%)
 - increased HR turnover (18%)



ReCap Survey I & II

BenCham COVID19 Survey Part II

BenCham survey Part II was launched late March 2020 and address the impact and implications of the COVID19 pandemic.

The First biggest impact of COVID19 is **Human**: 95% of Benelux enterprises in China indicated the biggest impact is on HR.

- HR turnover problems
- Staff shortage
- Salaries payment
- Annual leave regimen during the extension of the CNY holidays
- Quarantine status for returnees after the end of the official holidays
- Efficiency measures regarding working-from-home in maintaining daily operations



Second impact are **Supply chain disruptions** through having suppliers (30%) and customers (30%) in quarantined areas.

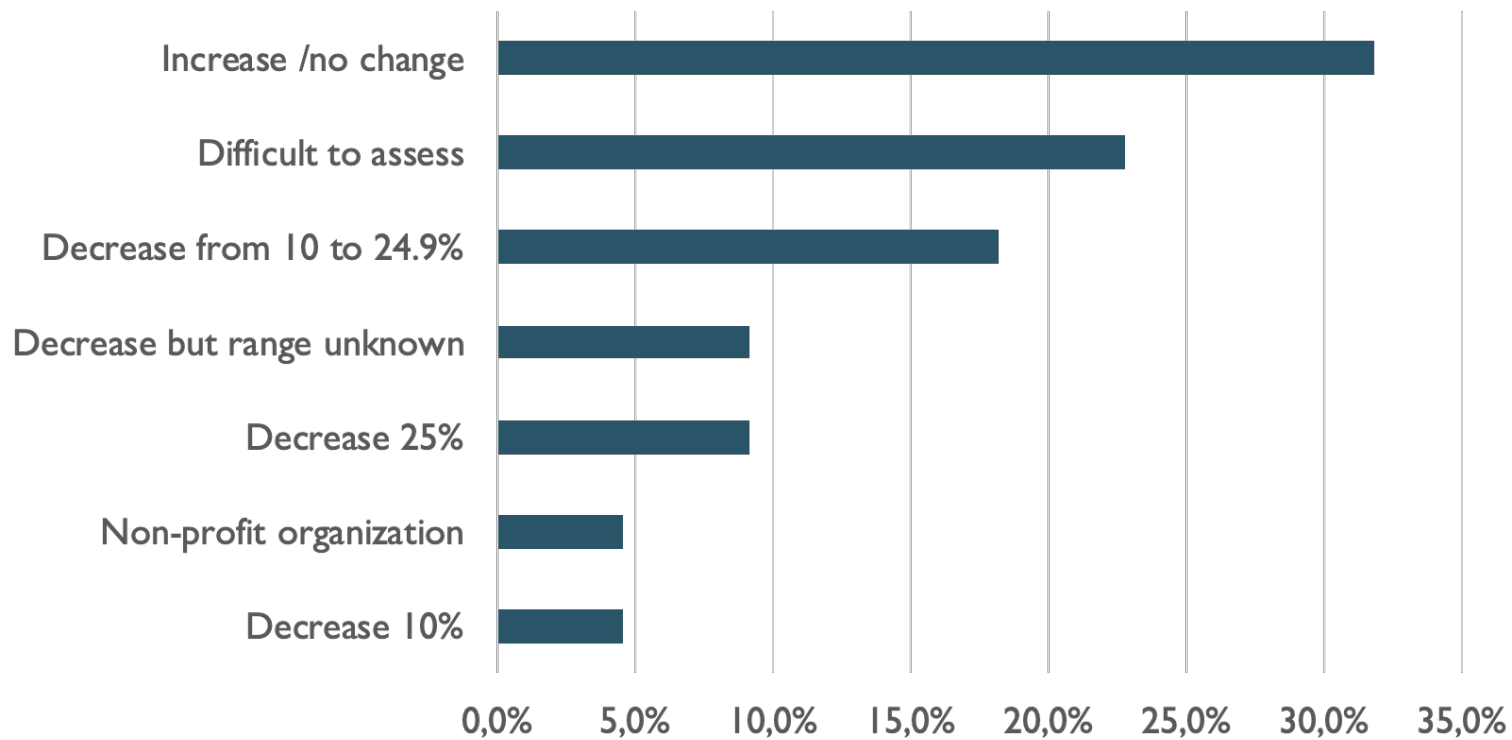
- From the moment of the outbreak, most companies indicated it will take more than 10 weeks to resume work. By the end of February, almost 70% of our surveyed companies reopened their offices/factories. There is an evolution since the survey n.1: foreigners are not encouraged anymore to leave China.
- Business sentiment is optimistic despite the impact - maintaining a strong link with customers is part of the strategy. We could see their confidence reflected by their marketing focus. Over half of the surveyed companies didn't change their marketing strategy during the outbreak but 22% were more engaged in CSR.
- 12.5% had shifted their focus to other markets which is a strong evolution from the 2% mentioned in the previous survey.



1. Survey Part III Figures

Revenue

I. What impact do you expect on your company's revenue and/or profits this year as a result of COVID-19?



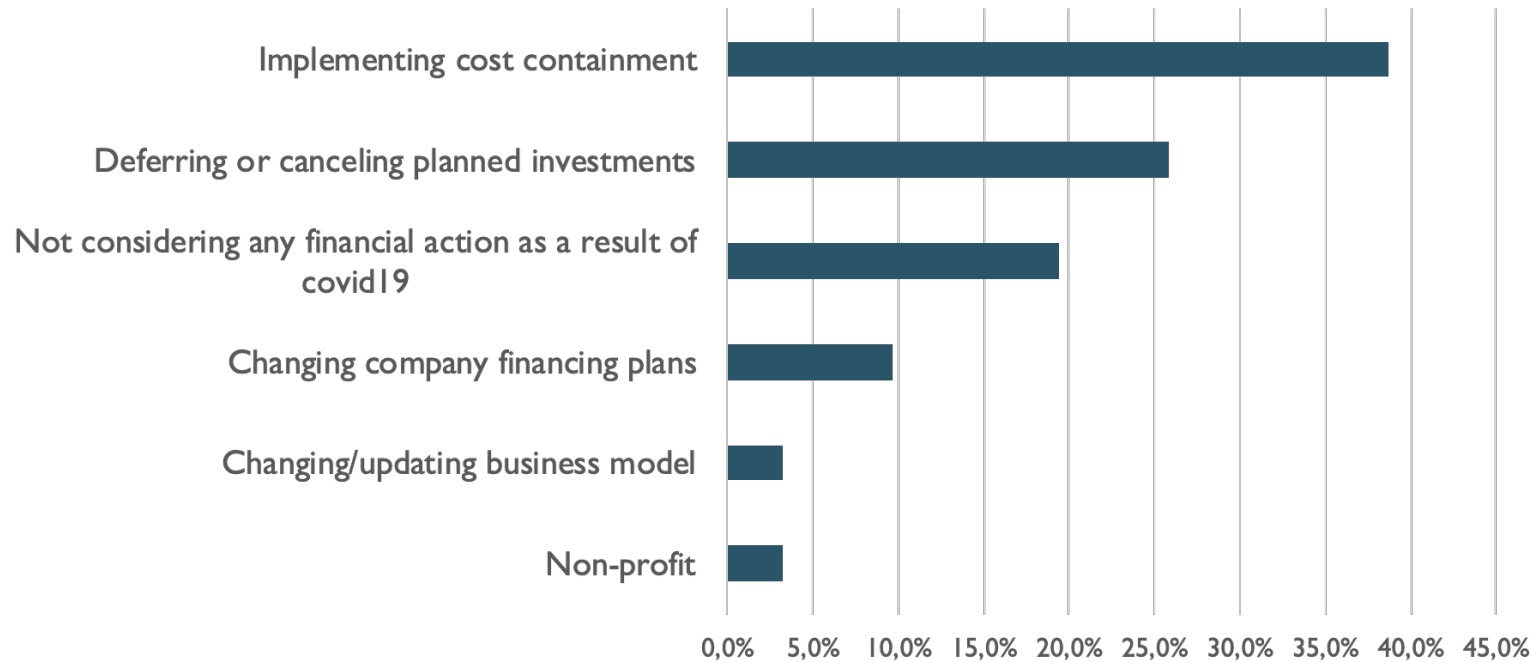
Expectation about cash are extreme: more than 1/3 of our respondent expect a **decrease** in revenue while the same range apply for increase/no change



Uncertainty and lack of projection about revenue recovery



2. Which of the following financial actions is your company considering as a result of COVID-19?



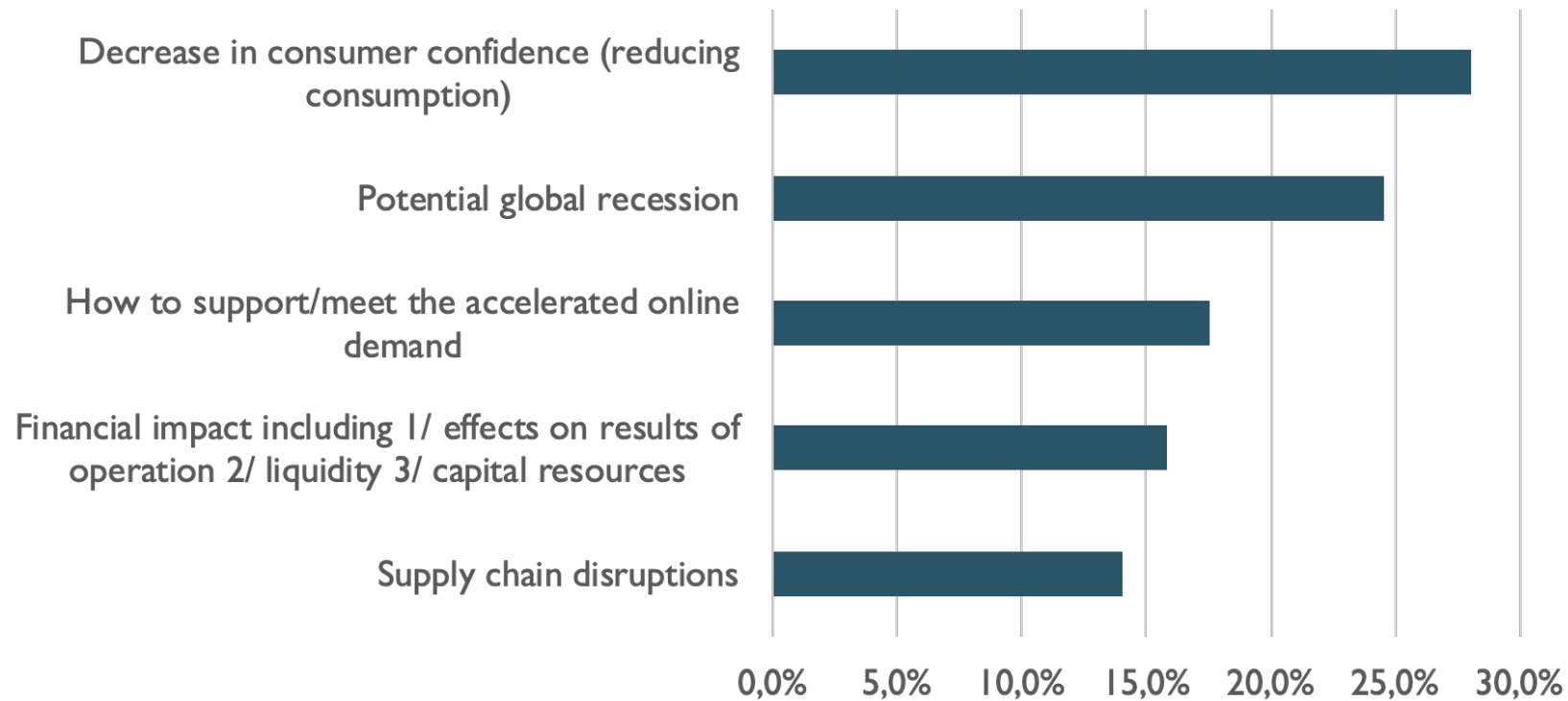
- Contraction: controlling the cash and limiting expensive is the reflex n.1 for almost every respondent
- Lack of drive : almost 20% indicated to take no financial action as a result from covid-19.



Fall back solution are not focus on innovation at the moment



3.As a consumer-facing company, what are your top 3 concerns with respect to COVID19?

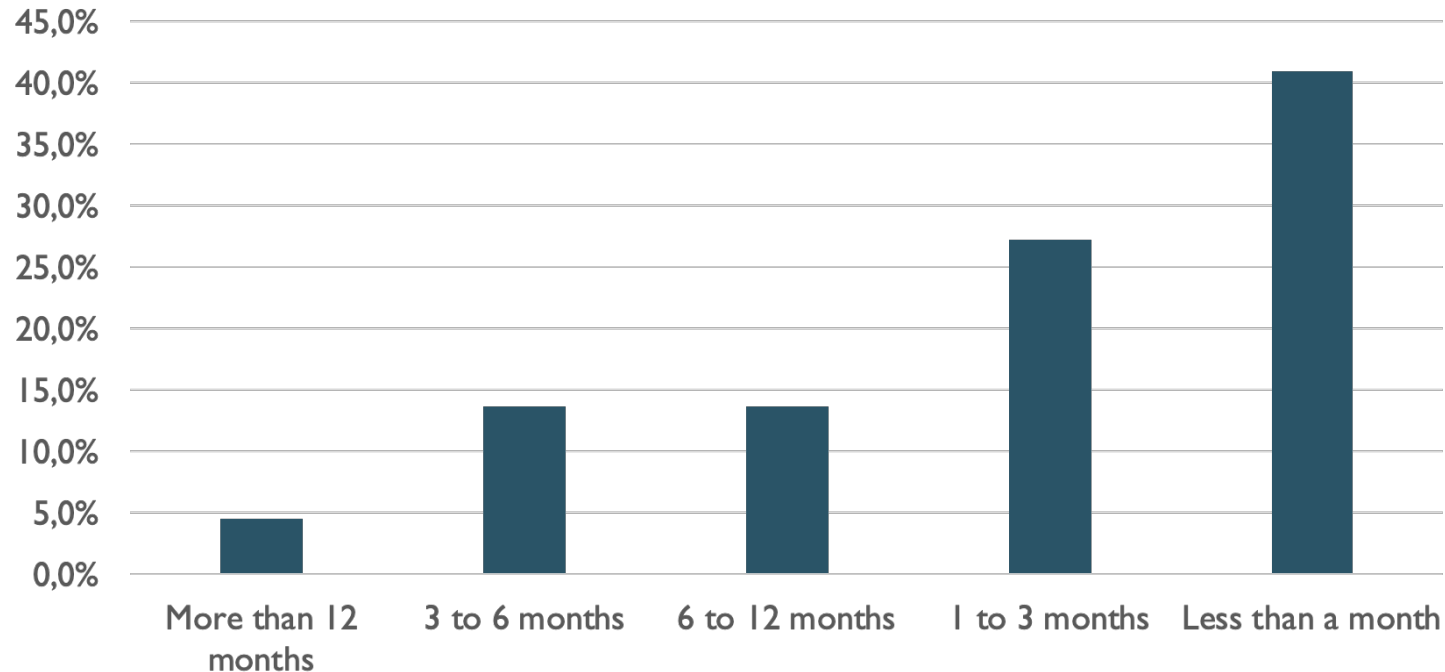


What is behind the scene (supply chain- managing the financial impact) has less impact than the consumer behavior itself



Recovery

4. If COVID-19 were to end today, how long would you estimate it would take for your company to get back to business as usual?

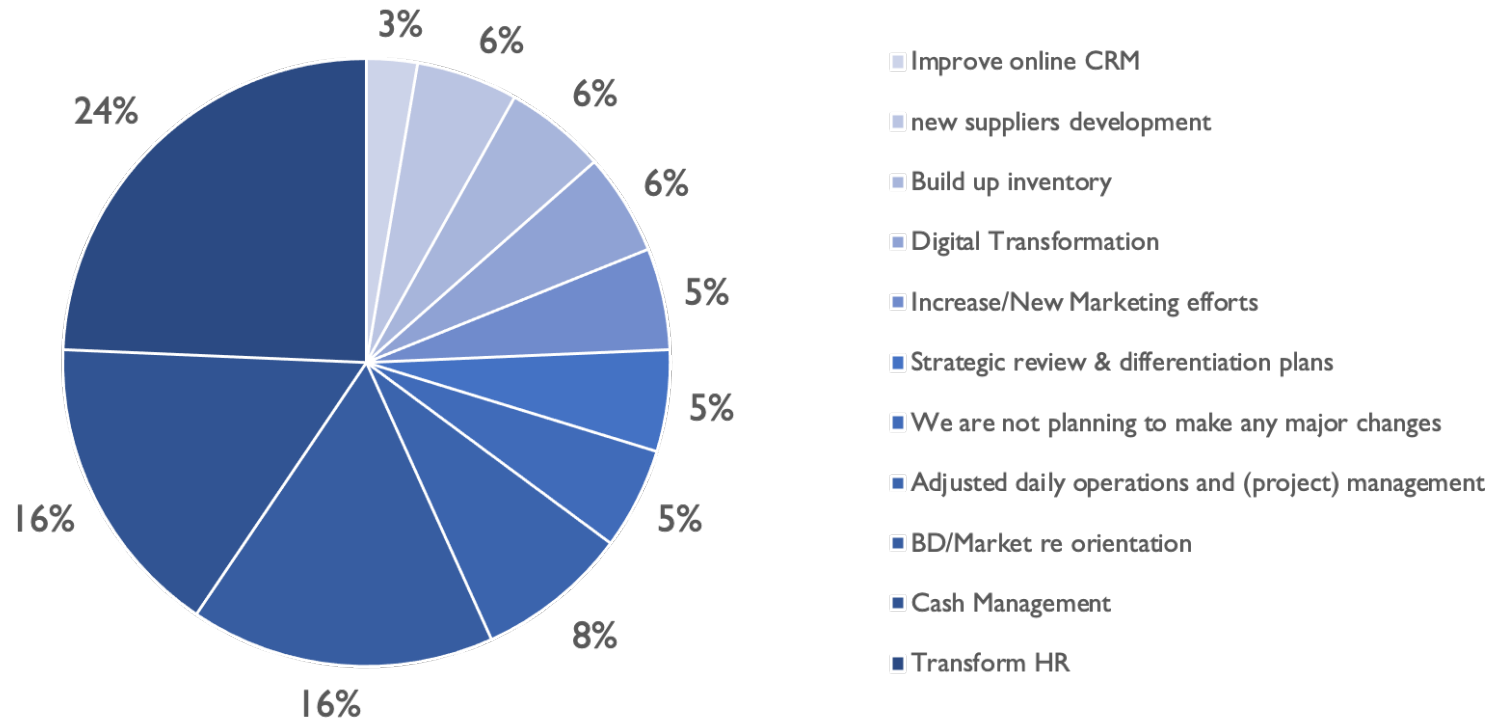


The number of Companies expecting a rapid recovery (1Q to recover) is increasing: from 40% at the end of Q1 to 70% at the end of Q2



Recovery strategies

5a. What kind of processes are you planning to implement or have implemented already to drive the recovery process?



Crisis management: focus on financial action to limit the damages with less focus on digital

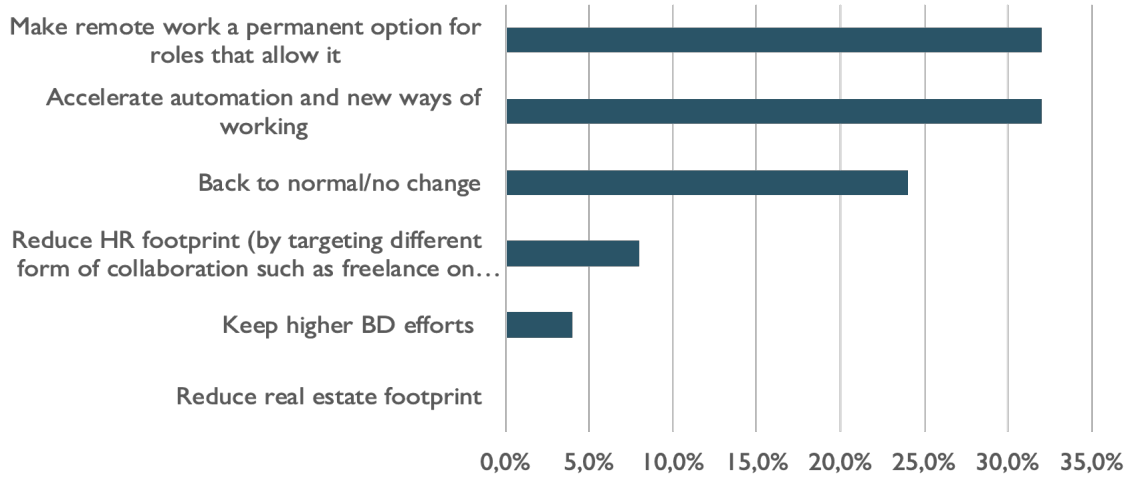
Post crisis management: focus on digital

One constant: the HR

2 stage crisis – “one thing at the time” approach



6. Which of the following is your company planning to implement once you start to transition back to on-site work?

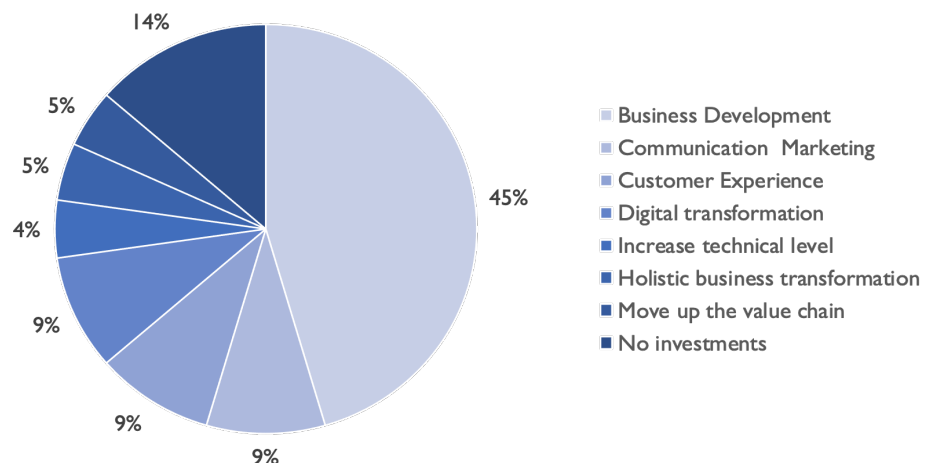


Beginning of COVID19, effectiveness and efficiency of remote was questioned by 70% of the respondents.

Now 31% in considering to make remote working a permanent option



9. What investment programs are now considered as a priority?

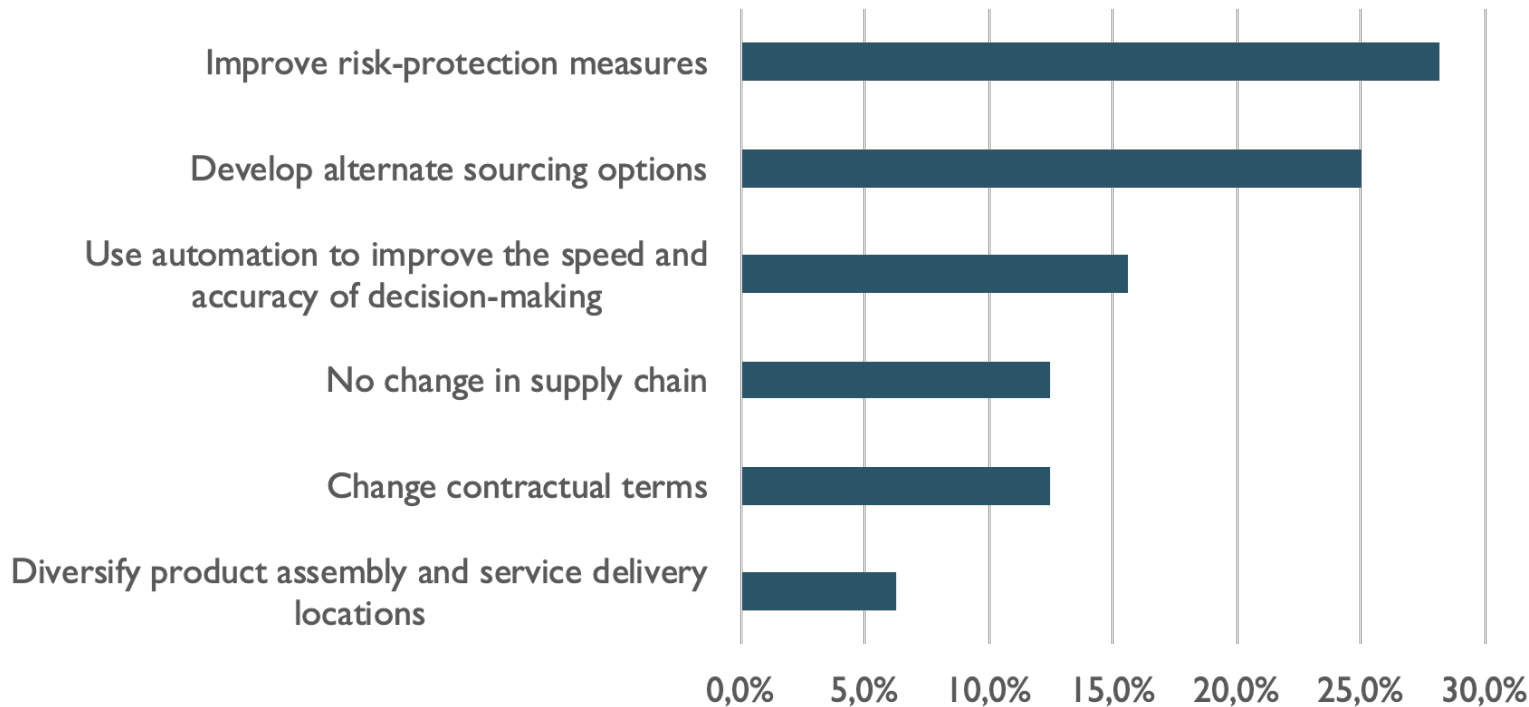


W Shape for HR matters: where companies were first worried about being understaffed in the early phases of the crisis, then going through the working-from-home and decreasing marketing shares – hiring pauses and layoffs now become part of the recovery.



Supply Chain disruption

7. As a result of COVID-19, in which of the following areas are you planning changes to your supply chain strategy?



Alternative and diversification in supply chain is a solution but no agenda yet / no clear strategy and timeline for delocating actual supply chains



The first actions in time are about **adjustment**:

1. force suppliers to pay
2. renegotiating payment terms
3. credit line adjustments



2. BenCham COVID19 Experts Program ©

How to join our BenCham COVID19 Expert Program© ?



WeChat

Join the BenCham Experts COVID-19 WeChat Group



Email

Contact shanghai@bencham.org



LinkedIn

<https://www.linkedin.com/company/bencham-shanghai-benelux-chamber-of-commerce>



Don't hesitate to share your questions or concerns!



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