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Prof. Stubbs

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Scripted Interview: Small Business vs. Covid-19

Eric Bittiger (Interviewer): Hey everyone, my name is Eric, and I am here today interviewing Alexander Bartik from the National Academy of Sciences and Robert Fairlie from the *Journal of Economics & Management Strategy* talking about the impact Covid-19 has had on small businesses in America.

Eric: Thank you all for joining me today. As you know this pandemic has done a number on the American economy and how people go about their lives. **In your opinion how has Covid-19 affected the way small businesses operate?**

Alexander Bartik: Thanks for having us. To answer your question, in my opinion businesses have had to learn how to serve customers in the new stay-at-home environment. Small business owners are focused on ways to stay afloat and trying to figure out new ways to manage their day-to-day operations, while keeping their employees satisfied. Businesses are evaluating their spending and relying more on technology to run the majority of their business.

Robert Fairlie: I agree, but in addition to what Mr. Bartik said I would also say that business owners are working hard to effectively communicate with their customers and employees.

Eric: Thanks for your insightful answer's gentlemen. Let me ask you a question I feel is important in today's world. **How does the job market uncertainty affect how people are spending money?**

Robert Fairlie: That is a very good question which I think has many answers. The covid-19 pandemic has made life very uncertain for everyone – individuals, businesses, and organizations. The economy and job market uncertainty has left many people hesitant to spend money. There is insecurity about their jobs, their incomes and the value of their savings. They are only looking to spend money for their necessities.

Alexander Bartik: Excellent points Robert. When there is job market uncertainty, it is hard for people to make financial decisions for themselves and their families and to form a view about what the future might look like. There will always be uncertainty but because of the pandemic we are experiencing now, confidence levels about the future are lower than normal. People are holding off in making any major decisions and purchases and instead of spending money, their natural reaction is to try to save as a precaution.

Eric: Those are some great responses. So, I see that this pandemic has greatly affected the way that people are spending money and managing their careers. But **how do you think small businesses are competing with online services?**

Alexander Bartik: In order to keep pace with this new reality of retail shopping, which isn't going to revert back to pre-pandemic norms even when COVID-19 is in check, retailers must focus on maximizing the in-store experience for customers, strengthening online retail offerings and being mindful of rising costs related to operating a brick-and-mortar store. No doubt, online retail has played a huge role in keeping the U.S. economy from suffering even greater damage during the pandemic. Stay-at-home orders and consumer concerns about exposure to the virus led people to order goods online and have them shipped to their homes with increased frequency.

Robert Fairlie: To be clear, e-commerce was here to stay long before COVID-19 entered the conversation. However, businesses had to essentially close their doors overnight and it has for sure had an impact on how they operate. The large industries like Walmart or Amazon were still doing alright but small businesses had to adapt. This launched a wave of different small businesses moving all their retail and marketing to an online platform. Being able to provide fast delivery and curbside pickup allows them to compete. They used to rely on their unique in-store experience but now to go toe-to-toe with the giant companies they must provide efficient delivery services, good website management and great customer service which others may not have.

Eric: Wow! I never knew how hard small businesses had to work to keep up with these larger corporations. I found a new respect for what they have to do and how they benefit the American economy. Well, that will wrap it up for today. Thank you, gentlemen, for joining me. I certainly enjoyed our conversation and learned a lot about what is going on with small businesses during the pandemic.

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