

# **Holiday Spending Survey: Consumers & Small Business Owner Survey Results**

November 2022



# About This Survey

## Methodology | Demographics

This document includes findings from our survey among consumers and small businesses across the U.S., with a specific focus on minority-owned small businesses and small businesses in California. The survey was conducted online between September 12 - October 5, 2022.

To ensure we collected a diverse set of opinions from our small business owners, our respondents were a mix of gender, race, ethnicity (White, Black, Hispanic, Asian, multi-race, other), and location (U.S. regions and California regions/cities).

### In total, we surveyed:

#### Consumers:

- 1,005 U.S. consumers, 312 California consumers

#### Small Business Owners:

- 200 U.S. SBOs and 100 California SBOs.

### Key:



U.S. Sample is represented throughout the deck in **blue shading** and includes a U.S. flag where applicable



California Sample is represented throughout the deck in **gray shading** and includes a California flag where applicable



Indicates that data has **significantly increased** from 2021



Indicates that data has **significantly decreased** from 2021



Represents any questions/statements that are **new** this year

# Consumer Results Overview

## **Consumers plan to spend with more intent and purpose this holiday season.**

- Most consumers will seek out ways to save and cut back spending because of inflation. Due to the heightened impact of financial factors, one-third of consumers will spend less on travel and eating out than they did in the previous year.
- Additionally, consumers plan to partake in more “wholesome” spending with an increase in those who believe traveling to see family, donating, and holiday food drives is money well spent.

## **This heightened ‘purposeful’ spending is leading consumers to feel more responsibility to support small businesses.**

- Consumers are prioritizing making purchases from small businesses amid high inflation trends.
- For Californians in particular, this includes more spending at both small businesses and minority-owned small businesses.
- Compared to last year, consumers are willing to pay higher prices on products to support small businesses.
- 1 in 3 Californians plan to spend over 50-70% of their holiday budget at small businesses.
- Consumers in general agree that there is an increased need to support local businesses and that spending money on holiday shopping with a small business is “money well spent”.

## **Consumers show less concern for COVID safety protocols this holiday season and care more about cost and the overall shopping experience.**

- Consumers are increasingly seeing the impacts of labor shortages on staffing and the overall shopping experience, with an increased number of consumers buying the products they need online.
- Compared to last year, consumers are more likely to shop at small business that offers sales and discounts. While Californians will also seek out things like free delivery and small businesses who offer a holiday ambiance.
- However, small business owners' plans to encourage consumers to spend at their stores do not align with consumer expectations this holiday season. Only ~1 in 5 California small business owners plan to offer sales/discounts while a quarter of U.S./California small business owners plan to offer services like free local delivery.

# Small Business Owner Results Overview

## **U.S. small business owners show signs of resiliency as they adjust to the new normal.**

- U.S. small business owners have a positive outlook this holiday season with the mindset that they survived the COVID-19 pandemic and thus can survive anything.
- U.S. small business owners feel more adaptable and are optimistic about the future and for many, sales are beating pre-pandemic levels and profits are higher than expected.
- While California small business owners appear more cautious and less optimistic than their peers. Notably, three-fourths of California small business owners still worry about the impact of COVID-19 this holiday season, compared to half of U.S. small business owners.

## **For many, prioritizing digital capabilities and increasing social media presence since the start of the COVID-19 pandemic has led to business growth.**

- The majority of small business owners are evolving their business to keep up with digital transformation. Most notably, half of U.S. small business owners have added third-party payment systems while 1 in 2 California small business owners have added online ordering.
- On the social media front, more than half of U.S. small business owners believe their increase in a social media presence has led to more sales, customers, and overall business growth.
- While incorporating digital capabilities has proven successful for many, other small business owners continue to fall behind and struggle to keep up with the digital demands of customers.
- 6 in 10 California small business owners and 4 in 10 U.S. small business owners report that their lack of digital capabilities/online presence will impact their holiday season success.

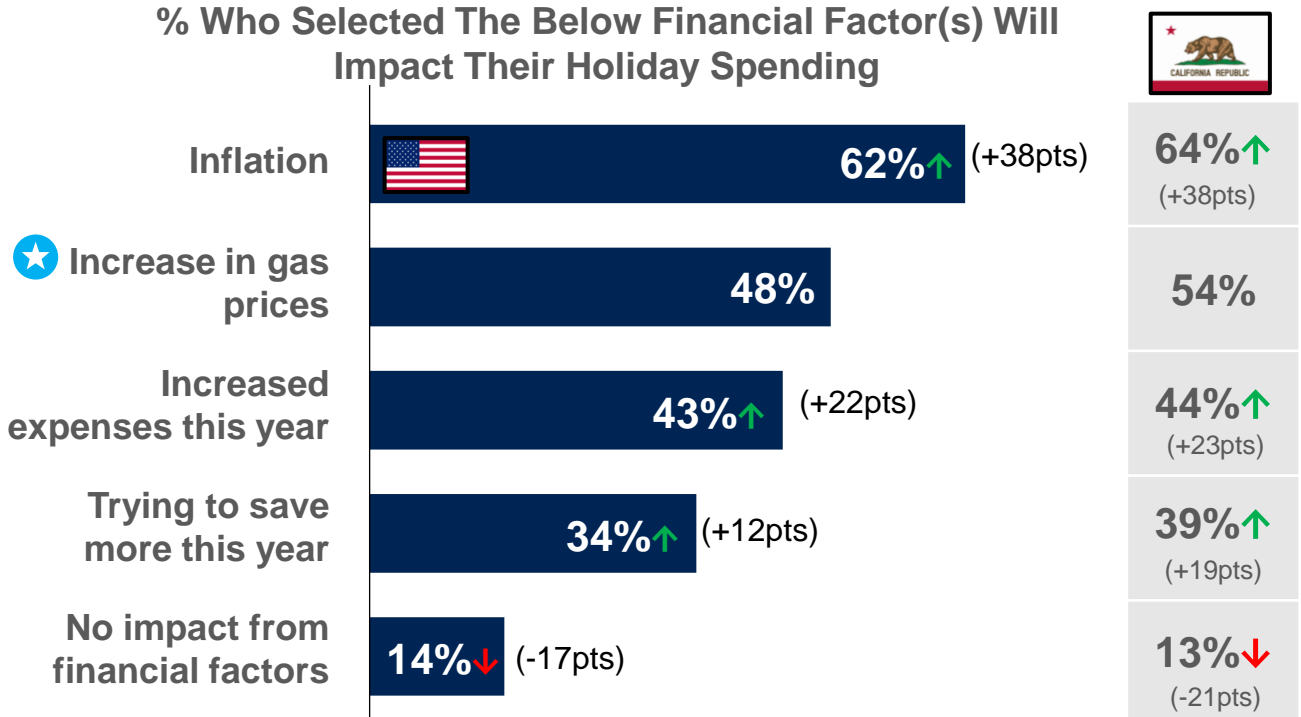
## **However, challenges spurred by supply chain issues and inflation are being felt by most.**

- Nearly two-thirds of small business owners feel the impact of inflation and supply chain challenges on their businesses.
- The supply chain issues small business owners are experiencing have resulted in increased freight prices and inventory shortages.
- Meanwhile, only a minority of small business owners feel the effects of the ongoing labor shortage. A stark contrast compared to consumers who increasingly feel and see the impact of labor shortages across the country.

# Inflation and economic uncertainties will impact consumer spending this holiday season

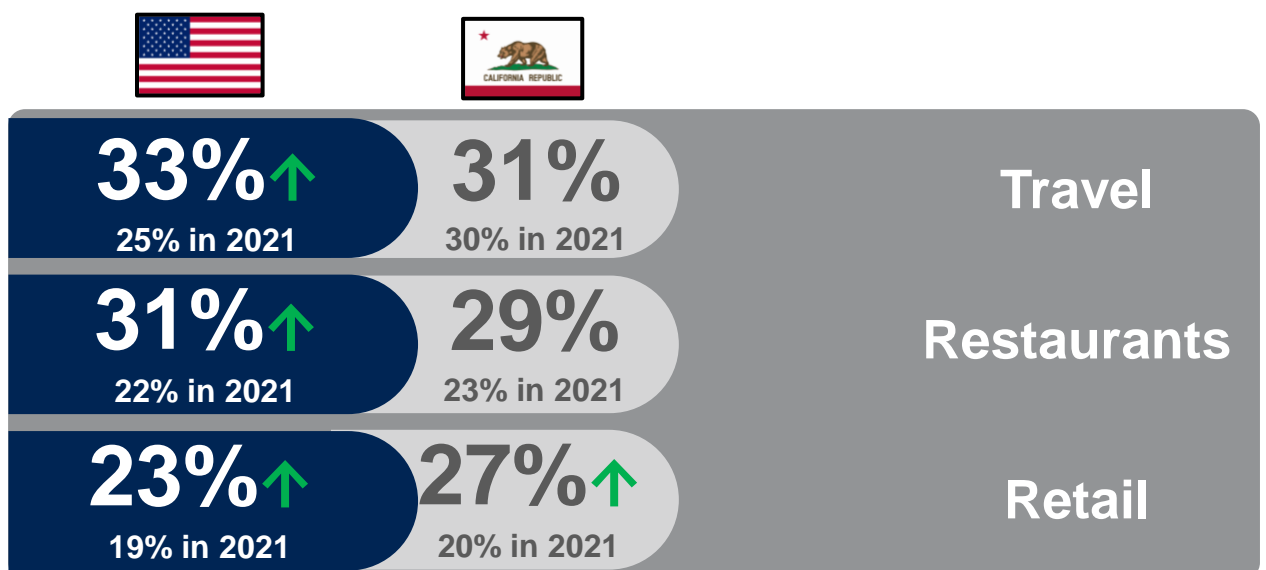
The number of consumers not impacted by financial factors declined by over half, with inflation seeing a significant year-over-year increase and remaining the most impactful factor this holiday season.

## % Who Selected The Below Financial Factor(s) Will Impact Their Holiday Spending



Due to the heightened impact of financial factors, one-third of consumers will spend less on travel and eating out than they did in the previous year.

## # Of Consumers Who Will Spend Less In 2022 Than In 2021 Across Categories



**Key:** ↑ Sig. increase ↓ Sig. decrease ★ New in '22

# As a result, consumers plan to spend with more intent and purpose

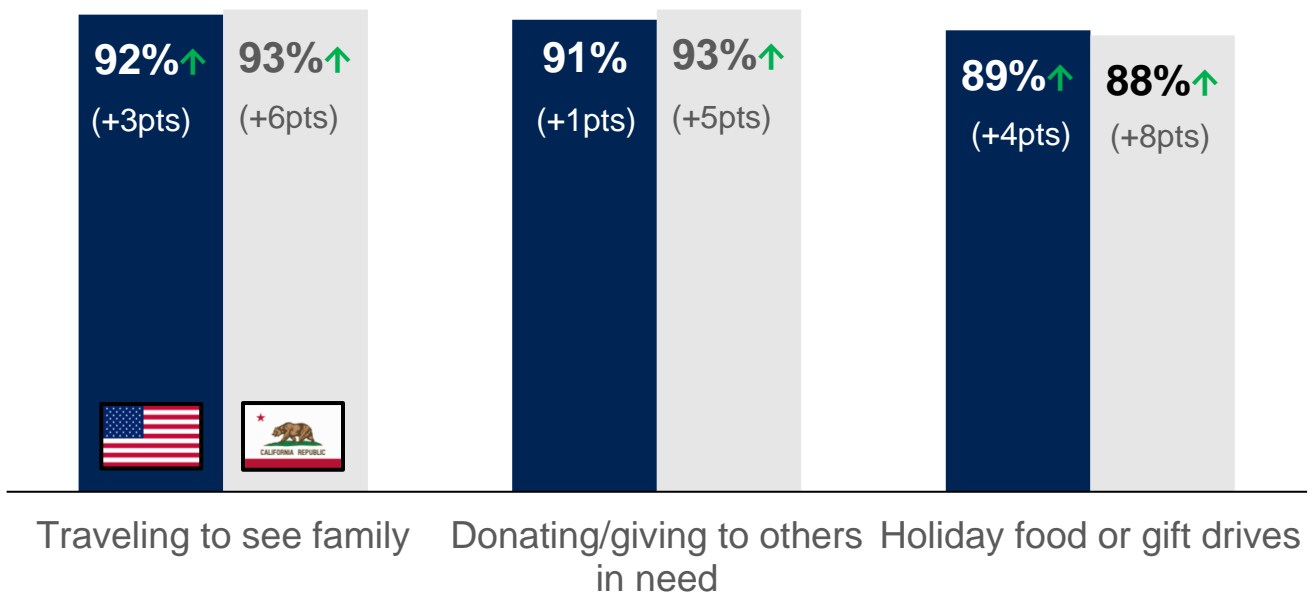
6 out of 10 consumers will cut back on gift giving and gift recipients this holiday season.

## Inflation's Impact On Consumers Ability To Spend On The Holidays This Year ★



Despite rising costs, consumers believe some activities are still worth spending money on this holiday season, marking a shift to more purposeful spending.

## % Who Agree The Following Activities Are "Money Well Spent"



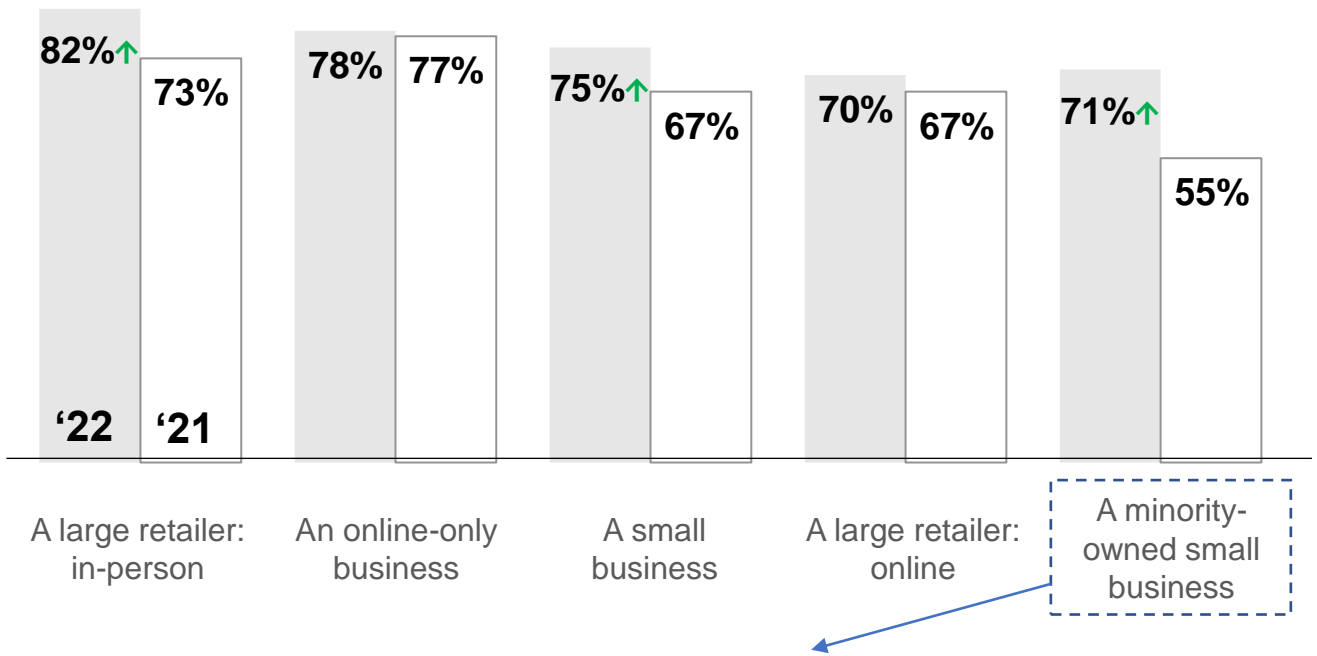
**Key:** ↑ Sig. increase ↓ Sig. decrease ★ New in '22

Q19: Below, please select the changes you have made or will make as a result of inflation and rising prices  
 Q1: Thinking about spending on the following holiday activities, please rate the following on a scale of 1 to 4, where 1 is "Definitely Money Well Spent" and 4 is "Definitely a Waste of Money".

# For Californians, this means more planned spending at small & minority-owned businesses

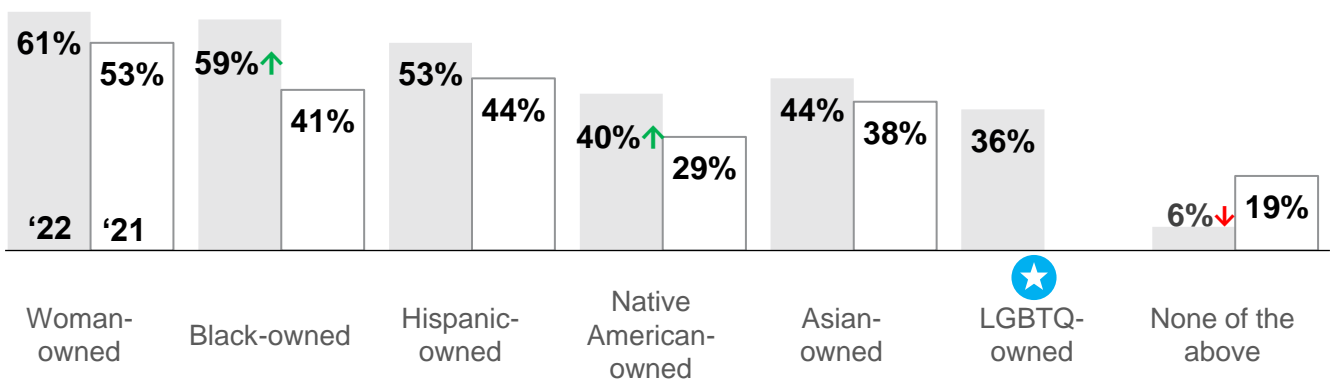
While most Californians will spend at large retailers this holiday season, they will also plan to spend at small businesses, with an emphasis on minority-owned small businesses.

## Plans To Shop For The Holidays At Different Types Of Businesses



Californians are prioritizing spending at minority-owned small businesses, with black-owned small businesses seeing a significant increase in prioritization this year.

## Minority-owned Businesses To Prioritize This Holiday Season



**However, race/ethnicity is a growing concern for small business owners in California. Two-thirds of California small business owners agree, "My race/ethnicity is an obstacle in the success of my business," up twenty points compared to 2021.**

**Key:** ↑ Sig. increase ↓ Sig. decrease ★ New in '22

Q7 How likely are you to prioritize shopping at each of the following this holiday season?  
 Q8. You said that you were going to prioritize a minority-owned small business this holiday season. Which of the following minority-owned small businesses are you prioritizing?  
 SBO Q2: For this question, we'd like you to indicate how much you'd agree or disagree with each of the following statements.

# And consumers feel a heightened sense of responsibility to support small businesses

Despite concerns surrounding inflation, consumers feel an increased responsibility to support small businesses when compared to 2021.

## Agreement With The Following Statements With Respect To Supporting Small Businesses

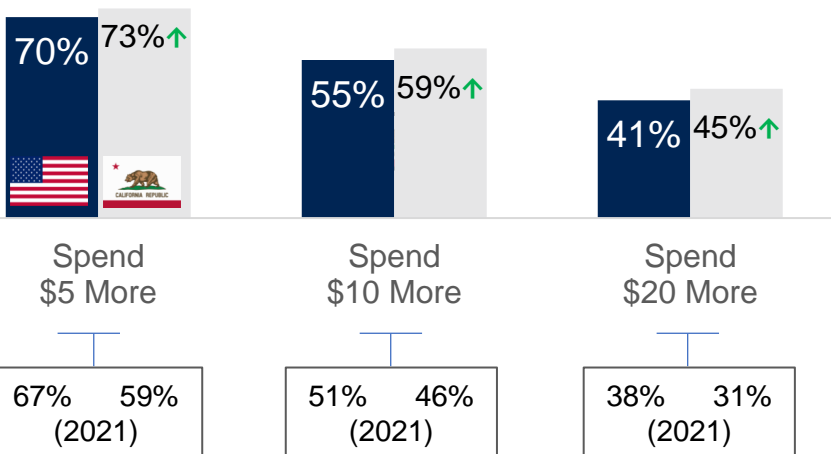
**A majority**

feel an increased sense of responsibility to help local businesses during this time

- Inflation and the current state of the economy **make it difficult to support small businesses**
- Feel an increased sense of community responsibility to **help local businesses** during this time
- Feel it's more **important to support small businesses** than to get the best deal or discount
- Feel an increased sense of responsibility to seek out and support **small businesses online** that are outside their local community

	<b>73%</b>	<b>74%</b>
	<b>68% ↑</b> (+4pts)	<b>74% ↑</b> (+10pts)
	<b>60%</b> (+2pts)	<b>61%</b> (+6pts)
	<b>53%</b> (+3pts)	<b>53%</b> (+6pts)

Consumers' willingness to spend more at small businesses is up this year with 1 in 3 Californians planning to spend 50-70% of their holiday budget at small businesses.



## 85% of consumers

agree that spending money on holiday shopping with a small business is "money well spent" up from 83% for the general sample and 78% for the California sample last year.

**Key:** ↑ Sig. increase ↓ Sig. decrease ★ New in '22







Q11. How much do you agree with the following statements with respect to supporting small businesses? Q12. How likely would you be to do each of the following this holiday season? Q13: What percent of your holiday shopping budget are you planning to spend at small businesses? Q1. Thinking about spending on the following holiday activities, please rate the following on a scale of 1 to 4, where 1 is "Definitely Money Well Spent" and 4 is "Definitely a Waste of Money".




# Convenience and cost are top of mind this holiday season while COVID is a minimal concern

Consumers are more likely to spend at small businesses that are offering discounts or promotions and free delivery. Small business owners should consider offering complimentary services to meet consumers demands. For California small business owners, prioritizing holiday sales and promotions will be key.

## % of Consumers Who Would Be More Likely To Spend At Small Businesses If They...

	 Consumers	 SBOs to Incorporate	 Consumers	 SBOs to Incorporate
Offer holiday sales, discounts, promotions	<b>70%↑</b> (+6pts)	<b>51%</b> (+4pts)	<b>75%↑</b> (+14pts)	<b>22%↓</b> (-20pts)
Have great/ exceptional  service/ experience	<b>58%</b>	<b>N/A</b>	<b>62%</b>	<b>N/A</b>
Offer local free delivery	<b>54%↑</b> (+5pts)	<b>28%</b> (+0pts)	<b>59%↑</b> (+10pts)	<b>26%↓</b> (-13pts)
Provide a cheery holiday experience / ambiance	<b>46%</b> (+0pts)	<b>38%</b> (+6pts)	<b>51%↑</b> (+9pts)	<b>26%</b> (-11pts)
 Offer gift-wrapping services	<b>35%</b>	<b>24%</b> (-1pts)	<b>40%</b>	<b>30%</b> (-2pts)
Require masks for all customers	<b>22%↓</b> (-20pts)	<b>23%↓</b> (-10pts)	<b>23%↓</b> (-23pts)	<b>21%↓</b> (-22pts)
Make sure to post social distancing signs	<b>21%↓</b> (-9pts)	<b>23%↓</b> (-10pts)	<b>21%↓</b> (-11pts)	<b>21%↓</b> (-22pts)
Require proof of vaccination to enter building	<b>17%↓</b> (-13pts)	<b>18%</b> (-5pts)	<b>14%↓</b> (-18pts)	<b>21%↓</b> (-19pts)

**Key:** ↑ Sig. increase ↓ Sig. decrease  New in '22

# Amidst continued labor shortages, consumers have taken notice in their shopping experiences

Consumers are increasingly seeing the impacts of labor shortages on staffing and their overall shopping experience, with an increased number of consumers buying the products they need online. However, only a minority of small business owner’s feel the effects of the labor shortage.

## Signs Of A National Labor Shortage That Consumers Have Experienced



Stores are not sufficiently stocking items

46%<sup>↑</sup>  
(+7pts)

45%  
(+3pts)

More stores are offering self-checkout

38%<sup>↑</sup>  
(+11pts)

38%<sup>↑</sup>  
(+9pts)

Employees generally seem stressed

35%<sup>↑</sup>  
(+8pts)

37%<sup>↑</sup>  
(+16pts)

While shopping, I have noticed that the checkout lines are longer than usual

33%<sup>↑</sup>  
(+4pts)

37%  
(+5pts)

I have shopped more online to get the products I need

30%<sup>↑</sup>  
(+7pts)

28%  
(+0pts)

When I have a question, I have noticed that there are not enough employees available to ask for assistance

29%<sup>↑</sup>  
(+8pts)

31%  
(6pts)

None of these

14%<sup>↓</sup>  
(-6pts)

9%<sup>↓</sup>  
(-10pts)

**% Of Small Business Owners Who Report Being Impacted By The Ongoing National Labor Shortage**

27%  
(-10pts)

37%  
(-7pts)

And while many consumers show sympathy for the current labor shortage situation, others are less forgiving.

## Adjusting To The New Normal (Open-Ended Responses)

*“I am giving businesses more of a break when a poor experience occurs, knowing the challenges they face every day.” – US Sample*

*“I have no issues. I know it’s not employees’ fault that they are short handed.” – US Sample*

*“It’s saddening to see employees work so hard and deal with more & more stress without proper compensation like wages that can actually support them..” – Cali Sample*

*“I feel it is definitely more stressful and good customer service is hard to find these days.” – US Sample*

*“Nervous you are not important anymore to anyone. No one has any customer service.” – US Sample*

**Key:** <sup>↑</sup>Sig. increase <sup>↓</sup>Sig. decrease <sup>★</sup> New in ‘22

# US small business owners show signs of resiliency as they start to adjust to the new normal

The overwhelming majority of respondents enjoy being small business owners, are optimistic about their business' future and are evolving and adapting to take on today's challenges.



**97%** ↑ agree "I feel that I, and my business, are **very adaptable**" (+7pts)

**97%** agree "I **enjoy** being a small business owner" (+3pts)

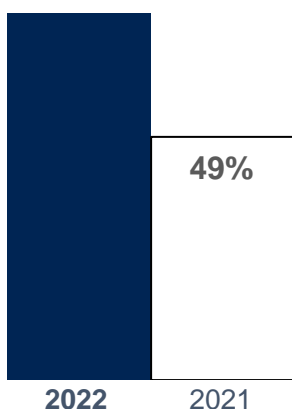
**92%** ↑ agree "I **feel optimistic** about my business's future" (+7pts)

Despite the challenges of the past two years, small business owners report better sales compared to pre-pandemic levels and higher than expected profits.



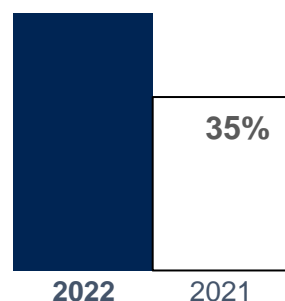
**Sales volume is better compared to pre-pandemic levels**

**74%** ↑



**Profits have been higher than expected**

**52%** ↑



**Key:** ↑ Sig. increase ↓ Sig. decrease ★ New in '22

SBOQ2: Below are several statements about your experience as a small business owner. For this question, we'd like you to indicate how much you'd agree or disagree with each of the following statements? SBOQ4: How does your current sales volume compare to pre-pandemic levels? SBOQ6: Thinking about 2022 thus far, have your profits been higher or lower than what you expected?

# While California small business owners appear more cautious and less optimistic than their peers

Compared to last year, small business owners in California show signs of distress over the health of their business.



**82%** agree “I enjoy being a small business owner” (-8pts)

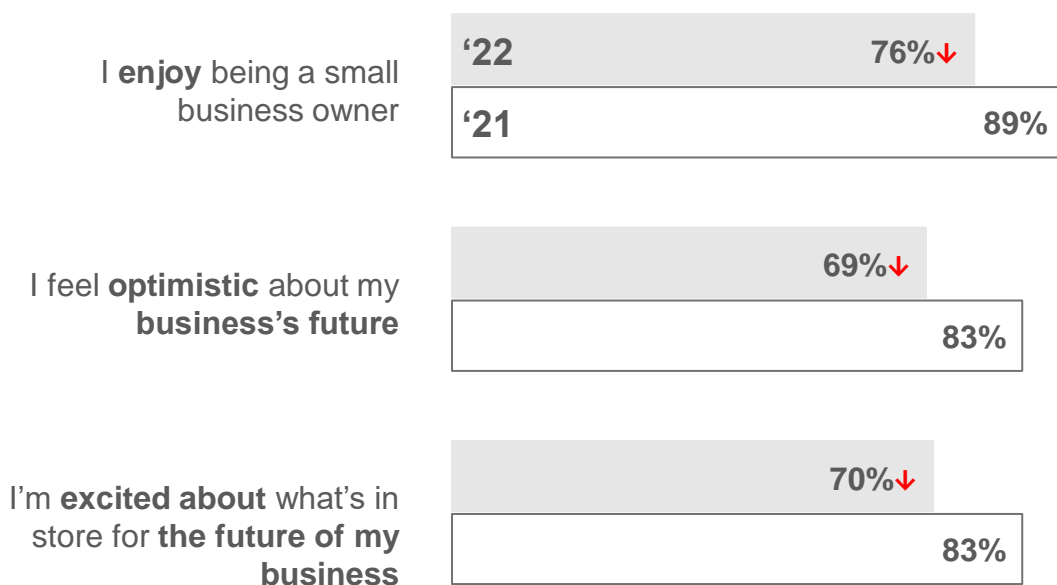
**79%** ↓ agree “I have a lot of ideas on how to grow my business” (-11pts)

**76%** ↓ agree “I feel that I, and my business, are very adaptable” (-13pts)

**76%** ↓ agree “I feel optimistic about my business’s future” (-12pts)

Attitudes about their business are down across the board, with more than 10-point decreases across the following statements:

## Experience as a Small Business Owner % of small business owners selected



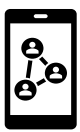
**Key:** ↑ Sig. increase ↓ Sig. decrease ★ New in '22

SBOQ1: Compared to one year ago, how have your feelings changed as a small business owner?

SBOQ2: Below are several statements about your experience as a small business owner. For this question, we'd like you to indicate how much you'd agree or disagree with each of the following statements?

# For many, investing in digital transformation has paid off while others fall behind

Over the past few years, small business owners have increased their social media presence and added digital features to grow their business and make the shopping experience easier and more convenient for consumers.



**9 in 10**

small business owners **increased their social media presence** since COVID-19

## Of Small Business Owners Who Increased Their Social Media Presence Say That It...

Helped grow their business	<b>62%</b>	<b>40%</b>
Helped drive more sales	<b>57%</b>	<b>39%</b>
Helped reach more customers	<b>52%</b>	<b>57%</b>



## % Of Small Business Owner's Who Have Increased Their Business's Digital Strategy By...

<b>49%</b>	<b>41%</b>	Adding <b>third-party payment systems</b> such as PayPal and Apple Pay
<b>43%</b>	<b>41%</b>	<b>Revamping their company website</b> and further built their online presence
<b>40%</b>	<b>50%</b>	Adding <b>online ordering</b> to their business

While incorporating digital capabilities has proven successful for many, other small business owners struggle to keep up with the digital demands of customers.

% of Small Business Owners Who Report That Lack of Digital Capabilities / Online Presence Will Impact Holiday Season Success	<b>43%</b>	<b>61%</b>

- **1 in 2 consumers** will likely spend more at small businesses who offer online ordering
- **1 in 3 consumers** will likely spend more at small businesses who offer "Buy Now Pay Later" plans and/or offer third-party integration payment platforms

**Key:** Sig. increase Sig. decrease New in '22

SBOQ2: For this question, we'd like you to indicate how much you'd agree or disagree with each of the following statements? SBOQ28: You indicated that you increased your social media presence since the start of the pandemic, how has this impacted your business? SBOQ29: Since the start of the COVID-19 pandemic, please indicate how, if at all, have you increased your business's digital strategy and/or incorporated digital tools into your day-to-day business? Consumer Q14: How would each of the following impact your decision to spend at small businesses this holiday season?

# Across audiences, small business owners face challenges due to inflation and supply chain issues

Inflation and Supply Challenges are the most frequently reported business impacts by small business owners in the US and California, alike.

% Of Small Business Owners Who Selected Their Business Has Been Impacted By The Following

% Who Selected They Have Faced The Following Supply Chain Challenges In The Past 12-months



**Inflation** ★ **61%** **65%**

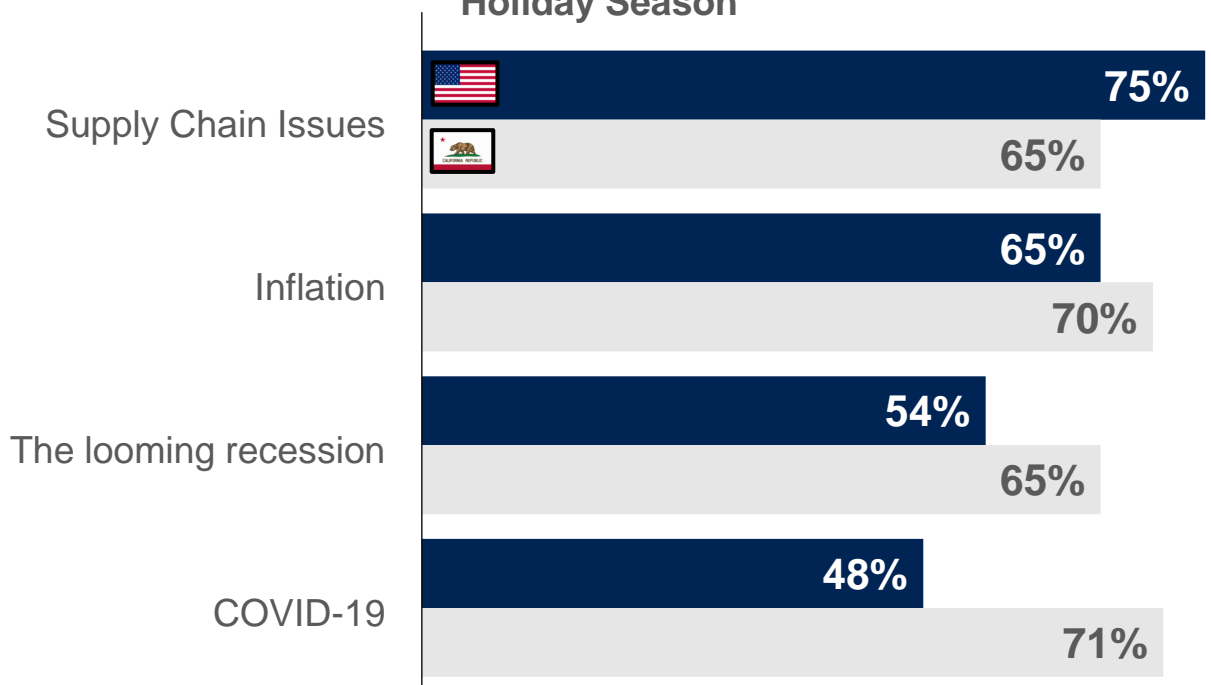
increased freight prices **55%** ↑ **51%**  
(+17pts) (+13pts)

**Supply Chain Challenges** ★ **60%** **49%**

inventory shortages **54%** **51%**  
(+10pts) (+2pts)

extended shipping times **50%** **32%**  
(+8pts) (+11pts)

% Of Small Business Owners Who Selected The Following Will Have An Impact On The Success Of Their Business This ★ Holiday Season



**Key:** ↑ Sig. increase ↓ Sig. decrease ★ New in '22

SBOQ13: What supply chain challenges – if any – have you faced in the past 12-months?)

SBOQ14: Has your business been impacted by the following?

SBOQ25: What, if any, impact do you think the following will have on the success of your business this holiday season?

Thank you