

Small Business Insights

MUFG Union Bank, N.A.
A member of MUFG, a global financial group

UNION BANK SMALL BUSINESS HOLIDAY SPENDING 2020 SURVEY

METHODOLOGY

Research was gathered through an online survey commissioned by Union Bank and conducted by global independent research firm Edelman Intelligence. The survey was completed by 2,677 Americans (age 18+), sampled to be nationally representative. Data was collected between Nov. 9 and Nov. 11, 2020. The margin of error is +/- 2 percentage points.

KEY TAKEAWAY

In the midst of a pandemic, holiday shoppers are focused on doing their best for their community, not on getting the best deal.

DETAILED FINDINGS

Feeling an increased responsibility to support their community during this time, more plan on doing their holiday spending at small businesses this season.

Over half of respondents say they've already increased how much they shop and spend at small businesses to help keep them in business during COVID-19.

Statement agreement	Strongly/Somewhat agree	
	US	California
I feel an increased sense of community responsibility to help local businesses during this time	74%	72%
I've increased how much I shop/spend at small and local businesses during COVID-19 to help keep them in business	56%	53%

2 in 3 say they'll shop at small businesses this holiday season, second only to large online retailers. Additionally, over half say they'll shop specifically at a minority-owned small business.

Likelihood to shop at during holiday season	Very/Somewhat likely	
	US	California
An online-only business (e.g., Amazon, Instacart, concierge shopping service, etc.)	77%	79%
A small business	65%	64%
A larger retailer (e.g., Target, Best Buy, Macy's) – online	64%	69%
A large retailer (e.g., Target, Best Buy, Macy's) – in person	59%	63%
A minority-owned small business	54%	56%
A small business through an online marketplace (e.g., Etsy, eBay, etc.)	53%	57%

Not only are they willing to shop more at small businesses, they're willing to spend more at small businesses.

- 7 in 10 would pay \$5 more to support a small business, and over half say they'd spend \$10 more.
- Californians are feeling especially generous, with half saying they'd be willing to spend \$20 more to support a small business.

Likelihood to spend more at small businesses during holiday season	Very/Somewhat likely	
	US	California
Spend \$5 more on an item to support a small or local business (vs. saving \$5 and purchasing from a large retailer)	69%	66%
Spend \$10 more on an item to support a small or local business (vs. saving \$10 and purchasing from a large retailer)	58%	61%
Spend \$20 more on an item to support a small or local business (vs. saving \$20 and purchasing from a large retailer)	43%	51%

This holiday season isn't about getting the best deal – it's about showing up for your local community.

- 7 in 10 say it's more important to support small businesses than to get the best deal.

Statement agreement	Strongly/Somewhat agree	
	US	California
It's more important to support small businesses than to get the best deal or discount	72%	68%

As a result, this holiday shopping season is likely to start earlier and revolve less around big shopping events – only 1 in 5 plan on doing most of their spending on Black Friday/ Cyber Monday, 1 in 5 have already started their shopping/spending, and 1 in 10 are already done.

Plans for holiday spending (when they're planning to do majority of holiday spending)	% selecting	
	US	California
Early December	21%	18%
Black Friday/ Cyber Monday	20%	24%
Right now – early November	19%	19%
I keep an eye out for specific sales to determine when I spend	17%	17%
Small Business Saturday	6%	6%
I've already done all my holiday spending for this year	10% (7% online, 3% in-store)	10% (7% online, 3% in-store)
I'm not planning on doing any holiday shopping/spending this year because of the pandemic	9%	8%
I don't have a specific spending plan	32%	33%

However, that doesn't mean shoppers won't be working with a budget. Most are planning on spending less than they did last year.

- Retail is a slight exception – most plan on spending the same or more this year, though almost half still report they plan on spending less.

Plans for changes in holiday spending	US	California
Restaurants		
I plan on spending more on this than last year	9%	9%
I plan on spending the same amount as last year	39%	37%
I plan on spending less on this than last year	52%	54%
Travel		
I plan on spending more on this than last year	7%	8%
I plan on spending the same amount as last year	31%	25%
I plan on spending less on this than last year	62%	67%
Retail		
I plan on spending more on this than last year	10%	9%
I plan on spending the same amount as last year	49%	46%
I plan on spending less on this than last year	41%	45%

Several financial factors are impacting Americans' holiday spending, and 1 in 4 have suffered a job loss or hour/wage reduction, and 1 in 4 say they're trying to save more.

Financial factors impacting holiday spending	% selecting	
	US	California
Negative factors		
Trying to save more this year	24%	27%
NET: Job loss or wage/hour reduction	23%	27%
Job loss	11%	15%
Reduced pay/wage	11%	12%
Reduced hours	10%	10%
Increased expenses this year	16%	15%
Positive factors		
Have more money to spend on loved ones due to less discretionary spending / traveling during COVID-19	9%	10%
I have more money I can spend because there are fewer people to shop for due to inability to travel to see loved ones during COVID-19	6%	8%
I have money from the stimulus check	7%	6%
Job promotion / increased pay	5%	5%
Not applicable - no financial factors have impacted my ability to spend on the holidays this year	39%	34%

To gear up for the holiday shopping season, small businesses need to focus on COVID-19 precautions and online ordering options.

- Besides holiday deals and promotions, COVID-19 safety measures are the top way to increase spending.

Things that would make them more likely to spend at small businesses this holiday season	% selecting "Would make me more likely to spend at small businesses"	
	US	California
Offering holiday sales, discounts, promotions	60%	47%
Offering online ordering	51%	42%
Offering safety measures, e.g., mask requirements, social distancing, curbside pickup, local free delivery, contactless payment, etc.	46%	40%
Providing a cheery holiday experience/ambiance	35%	33%
Offering gift cards I can send to my loved ones	33%	31%
Hosting other local businesses as "pop-ups" in-retail store or in-restaurant	25%	23%

Biggest barriers to spending at small businesses include crowds and lack of awareness.

Barriers to spending at small businesses	% selecting	
	US	California
I am trying to avoid crowded public spaces due to COVID-19	37%	38%
Lack of awareness of them due to little or no advertising	35%	31%
Products/services can be more expensive	31%	26%
No online shopping/ordering options	29%	23%
Stores not having proper COVID-19 safety measures in place for me to visit in person	29%	30%
Smaller range of products/services	29%	23%
Lack of small businesses that I can shop at/visit around me	26%	22%
No delivery options	21%	19%
It's less convenient than shopping at larger retailers/businesses	19%	16%
Not applicable – nothing would keep me from spending at small businesses this holiday season	22%	24%

