



October 2022

Nationwide Economic Pressures Survey Report



SURVEY METHODOLOGY



Audiences

U.S. General Population Consumers

Age 18+, nationally representative by age, gender, race, region

Gen Z Consumers

Ages 18-25

Small Business Owners

Business owner of a company with 1-50 employees and less than \$10M in revenue



Sample Size

N=2,000

N=200

N=401



Methodology

**15-Minute
Online Survey**



Timing

**Survey Fielded
September 6th – 19th,
2022**

KEY FINDINGS - SMALL BUSINESS OWNERS

1

Small business owners have a negative outlook on current economic conditions – and most don't feel prepared to weather a potential recession

Less than 4 in 10 small business owners say current business conditions are strong in the U.S. (27%) or in their own region or city (36%). Additionally, 70% of small business owners expect there will be a recession in the U.S. within the next 6 months, and most also expect the stock market to decline (64%). Despite this, just 37% of small business owners say their company is prepared to weather a recession.

2

As a result of this economic instability, many small business owners have experienced drops in business revenue over the past 6 months

Only about half (52%) of small business owners would rate the current conditions of their business as being good or excellent. Almost 4 in 10 (39%) say their business revenue has decreased over the past 6 months, with most declines being as high as 30%. However just about 1 in 5 (22%) expect business revenue to decrease over the next 6 months, and those that do anticipate small drops.

3

Inflation and rising prices are the top challenges impacting business conditions today – and most small business owners don't see conditions improving anytime soon

Over half of small business owners (61%) agree inflation has negatively impacted their business in the past 6 months, and a similar proportion see inflation as the largest challenge facing their business over the next 6 months (58%). 7 in 10 small business owners (70%) expect inflation will increase over the next 6 months, in addition to interest rates (76%) and insurance premiums (52%).

4

Small business owners are taking action to protect themselves against economic instability, with many even considering cuts to payroll

Over the past 6 months, many small business owners have looked for ways to reduce business expenses (58%), used personal savings to support their business (38%) or canceled/postposed a major business investment (22%). Additionally, some either have already or plan to pause hiring (38%), hire new workers (28%), or furlough workers/reduce hours (23%). Roughly 4 in 10 report they are not planning to offer raises (42%) or bonuses (41%) to their workers this year.

5

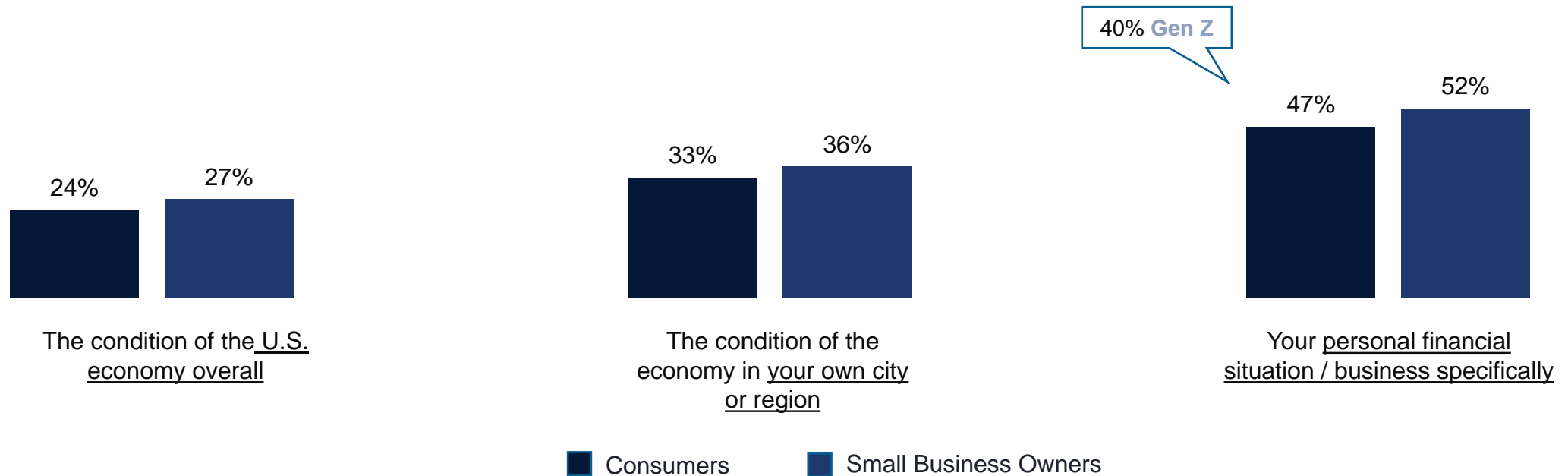
Small business owners are reconsidering their insurance coverage as tough economic times loom

Over 8 in 10 (84%) have reviewed their insurance policies or are considering doing so soon. Of those who currently work with an insurance agent to manage their business's insurance needs (53%), nearly a third (29%) have contacted their agent in the past 6 months to discuss their coverage. About half (51%) of small business owners say they would be at least somewhat likely to decrease their business's current insurance coverage or limits as a way of reducing operating expenses if the country entered a recession in the coming months.

Economic Landscape & Outlook

Consumers and small business owners have a very negative outlook on current economic conditions.

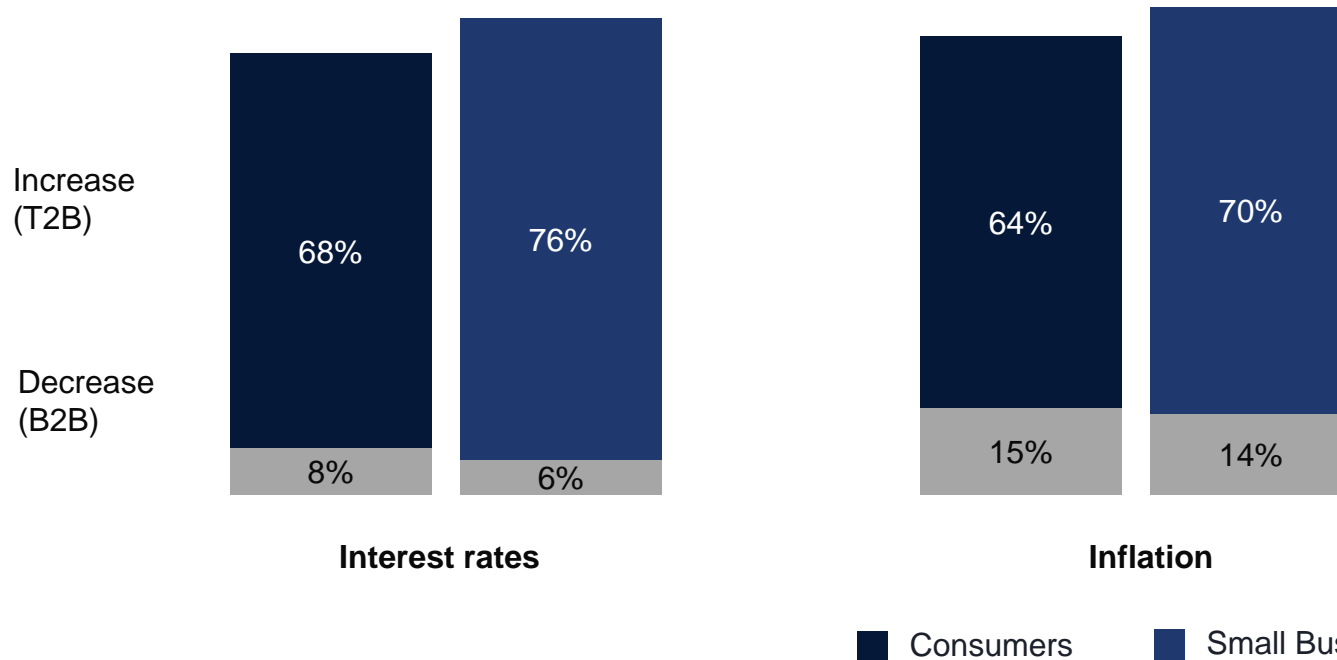
Rating of Current Economic Conditions
(Shown % Selected Top 2 Box 'Good/Excellent' on a 4-point scale)



Across audiences, most see interest rates and inflation rising over the next 6 months, while stock market performance is expected to decline

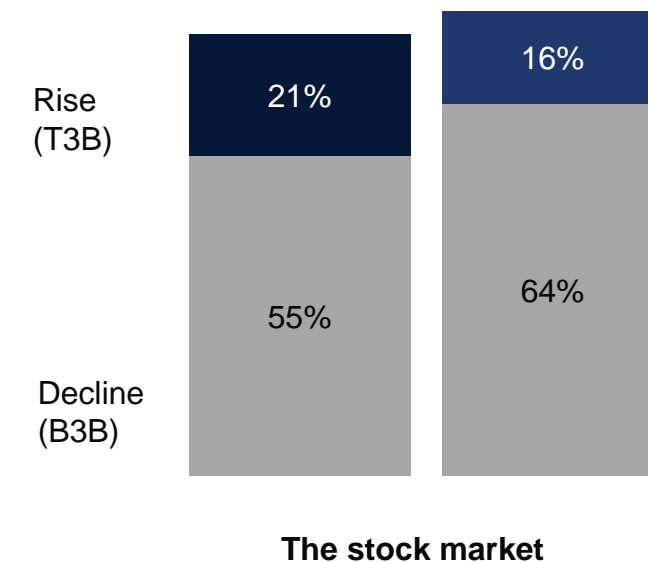
Expected Change in Interest Rates and Inflation Over Next 6 Months

(Shown % Selected, Top 2 Box 'Increase', Bottom 2 Box 'Decrease' on a 5-pt scale)



Expected Change in Stock Market Performance Over Next 6 Months

(Shown % Selected, Top 3 Box 'Rise', Bottom 3 Box 'Decline' on a 7-pt scale)



■ Consumers ■ Small Business Owners

Q8., Q36., Q61. How do you expect interest rates will change over the next six months? Base: Gen Pop Consumers (n=2,000), Small Business Owners (n=401), Independent Agents (n=401), Principals (n=108)

Q9., Q37., Q63. How do you expect inflation will change over the next six months? Base: Gen Pop Consumers (n=2,000), Small Business Owners (n=401), Independent Agents (n=401), Principals (n=108)

Q12., Q41., Q65. How do you expect the US stock market will perform over the next six months? Your best estimate is fine. Base: Gen Pop Consumers (n=2,000), Small Business Owners (n=401), Independent Agents (n=401)

Most expect the U.S. economy will be in a recession within the next 6 months

Few consumers or small business owners feel prepared to weather a coming recession.

**Recession Expectation
(within next 6 months)**
(Shown % Selected 'Yes')



67%
Consumers

70%
Small Business Owners

23% Gen Z

Recession Preparedness
(Shown % Selected Top 2 Box 'Moderately/Very Prepared' on a 4-point scale)



■ Consumers ■ Small Business Owners

Q10., Q38. Do you expect the US economy will be in recession within the next six months? Base: Gen Pop Consumers (n=2,000), Small Business Owners (n=401); Q11. How prepared would you say you are to weather a recession within the next six months? Base: Gen Pop Consumers (n=2,000), Gen Z Consumers (n=200); Q39. How prepared would you say your business is to weather a recession within the next six months? Base: Small Business Owners (n=401)



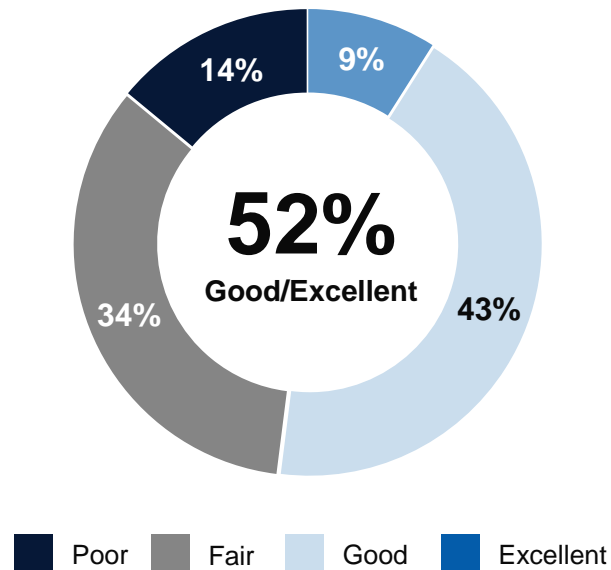
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Detailed Findings: Small Business Owners

6 in 10 small business owners say inflation has negatively impacted them, but half still have a positive view of current business conditions

Current Business Conditions for Respondent's Business (Shown % Selected)

Small Business Owners



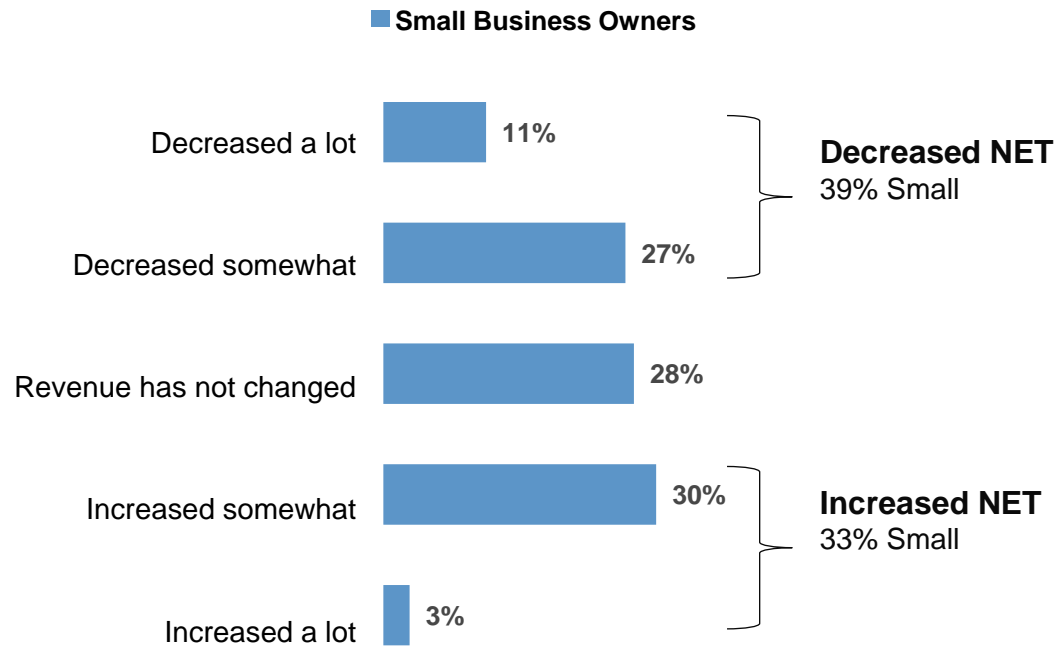
Negative Impact in Past Six Months (Shown % Selected Top 2 Box 'Moderately/Extremely Impacted')

SBOs

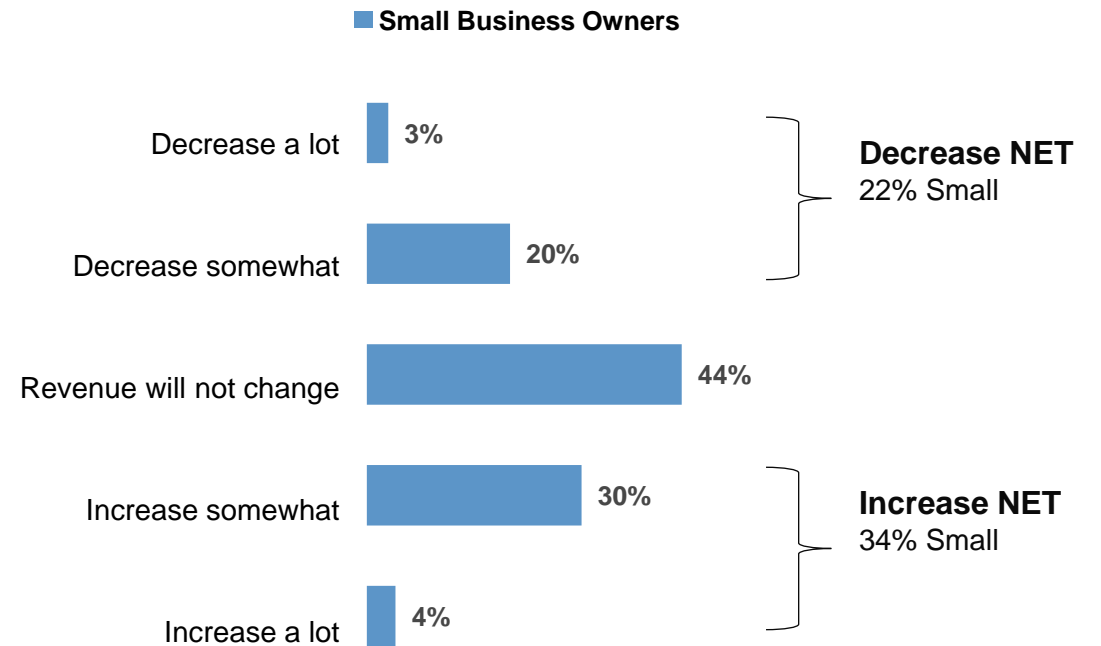
1	Inflation / rising prices	61%
2	Supply chain disruptions	41%
3	Interest rate increases	35%
4	Tight labor market / scarce labor	26%
5	New waves of coronavirus infections	20%
6	Extreme weather	18%
7	Instability in Europe and other global markets	17%
8	Increased crime on business premises (for example, vandalism or theft)	14%
9	Cyber crime	11%

Revenue has dropped for two-in-five small business owners, although roughly a third expect increases over the next 6 months

Change in Business Revenue Over Past 6 Months
(Shown % Selected)



Expected Change in Business Revenue Over Next 6 Months
(Shown % Selected)



Still, inflation and rising prices are expected to continue as a pain point for small business owners

Future Challenges for Business

(Shown % Selected within Top 3)

	Small Business Owners
Inflation and rising prices	58%
Uncertain economic environment	32%
Supply chain disruptions	29%
Reaching new customers	27%
Rising interest rates	19%
Cash flow / managing revenue	16%
Declining consumer demand	16%
Taxes and government regulations	14%
Uncertain political environment	14%
New waves of coronavirus infections	13%
Ability to attract and retain good employees	11%
Financial market volatility	9%
Access to capital	7%
The Russia/Ukraine War	6%
Risk management / insurance coverage	2%

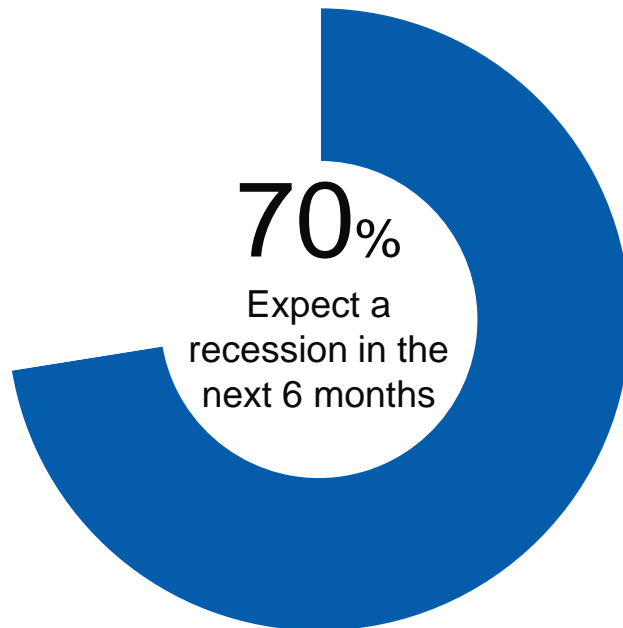
51%



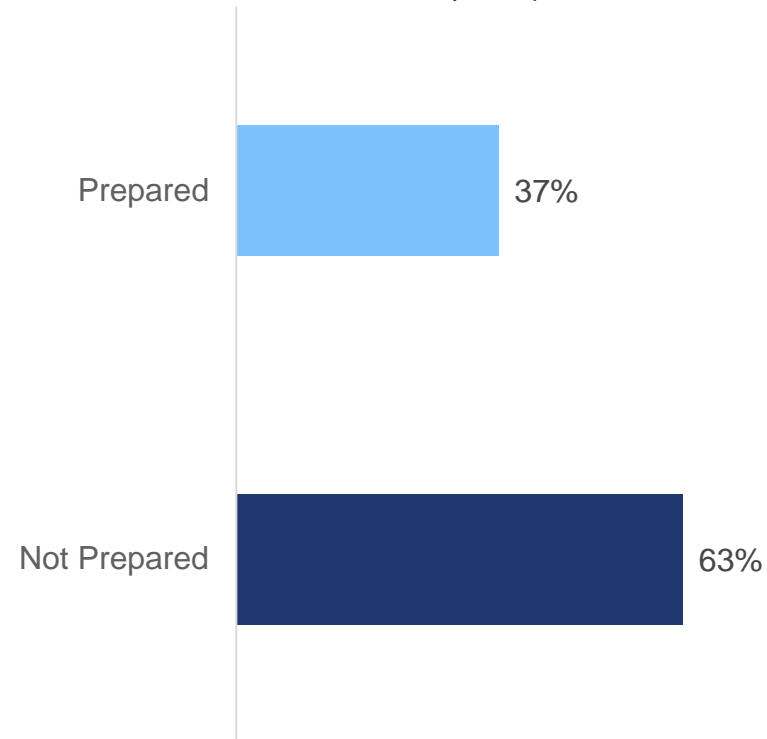
Of small business owners are likely to **decrease their business's current insurance coverage / limits** as a way of reducing operating expenses if a recession occurred

Most small business owners expect a recession within the next six months, yet few say they are prepared for one

**Recession Expectation
(within next 6 months)**
(Shown % Selected 'Yes')



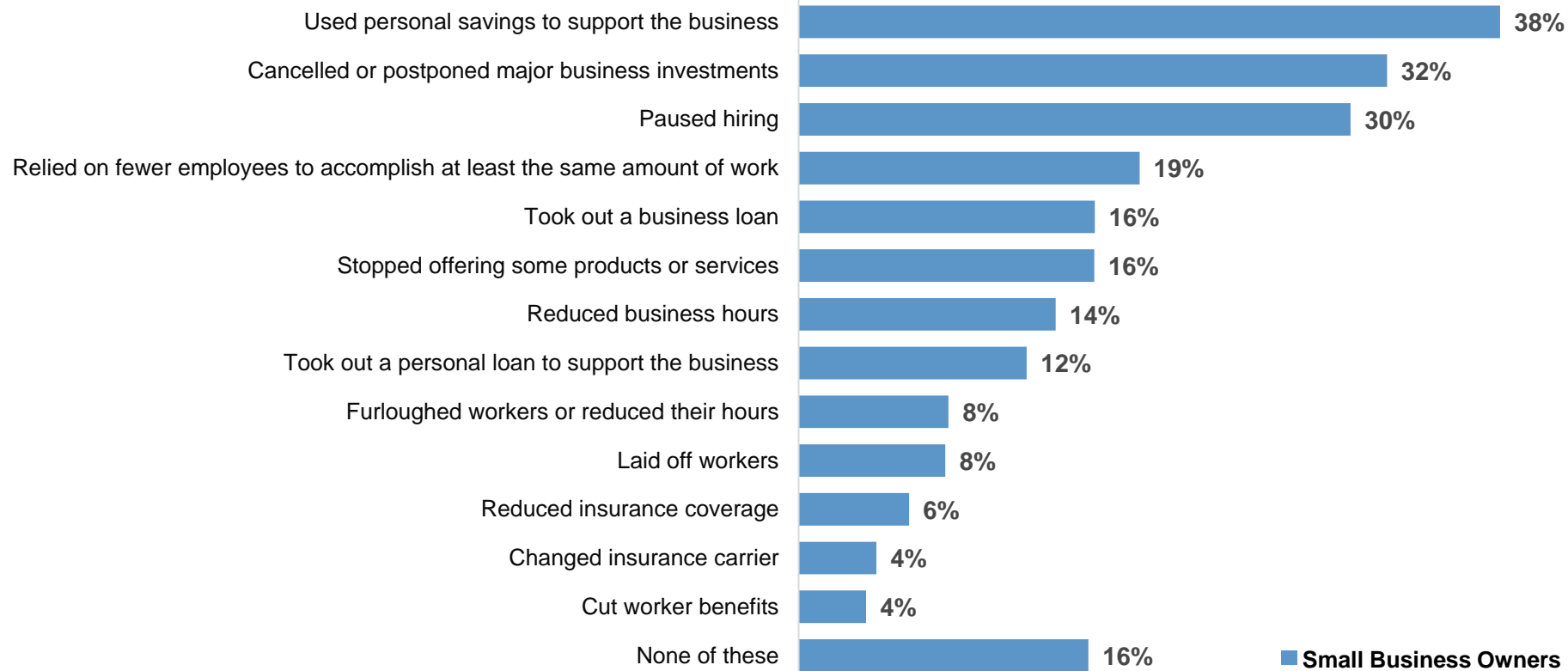
Level of Preparedness for Recession
(Shown % Selected Top 2 Box 'Prepared' and Bottom 2 Box 'Not Prepared')



In past recessions, small business owners adjusted their hiring and investment strategies, and used their own money to keep the business operating

Actions Taken During Past Recessions or Economic Downturns

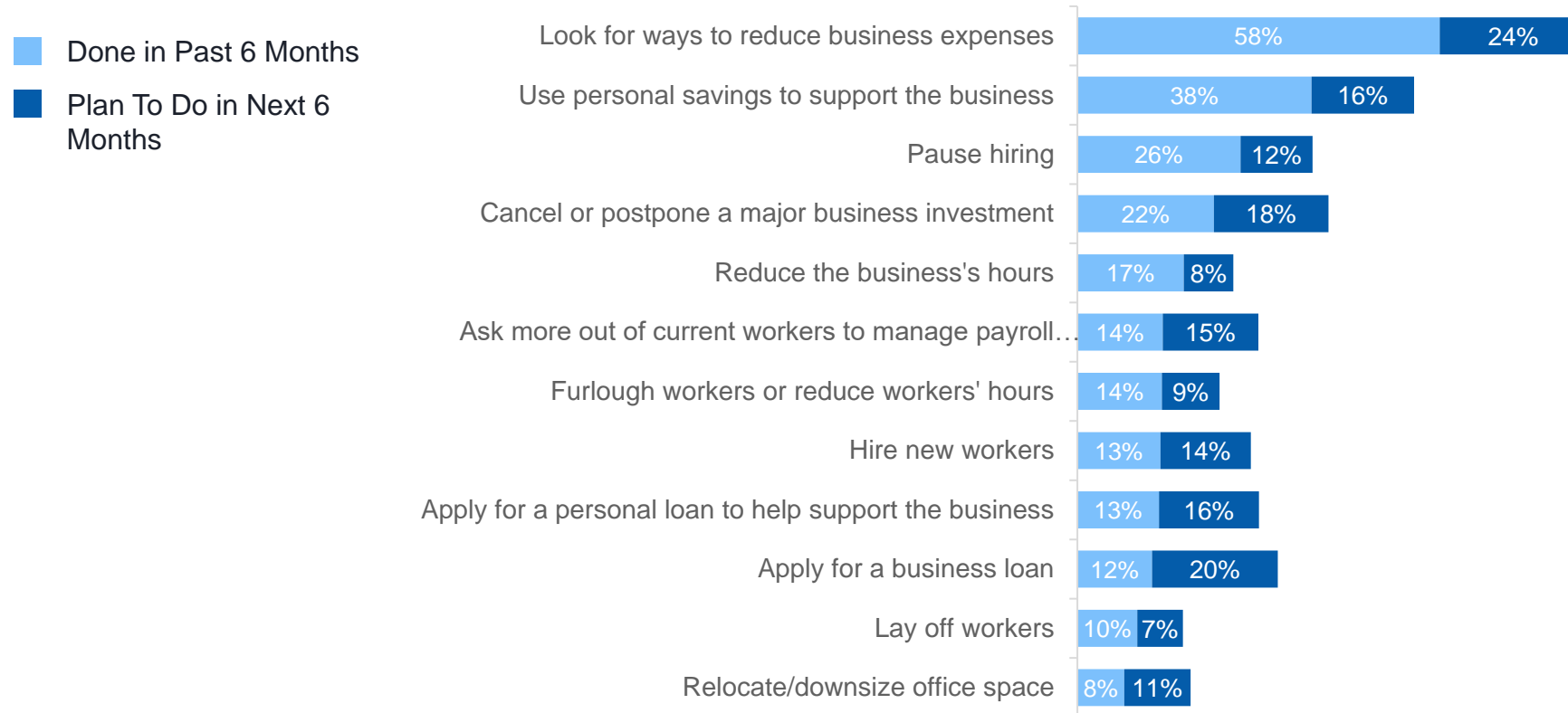
(Shown % Selected)



Looking at the next 6 months, reducing business expenses is a top priority

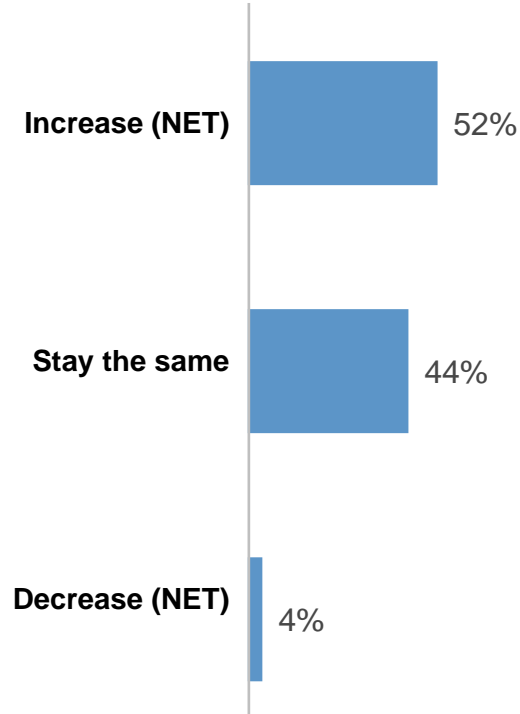
Business Actions

(Shown % Selected 'Have done this in the past 6 months' or 'Plan to in the next 6 months' - among small business owners)



Half of small business owners expect their insurance premiums to increase in the coming six months

Expected Change to Business Insurance Premiums (Shown % Selected T2B Increase and B2B Decrease)



Actions Taken within Past Six Months (Shown % Selected)

Checked my insurance policies online	45%
Contacted my insurance agent to discuss my coverage	29%
Decreased coverage/limits on my existing insurance policies	11%
Asked my insurance agent to have my policy requoted by different carriers to find a better price or coverage	10%
Increased coverage/limits on my existing insurance policies	10%
Talked with my agent about the impact of inflation or supply chain disruptions on my insurance rates	10%
Removed a policy from my coverage	6%
Added a new cyber liability policy to my coverage	5%
Added another type of policy to my coverage (other than cyber liability)	5%
None of the above	26%

84%
Of small business owners have reviewed current insurance policies or are planning to in the next six months

Most revenue decreases for small business owners have been as high as 30%, though those who expect decreases in the next six months anticipate smaller declines

Estimated Decrease in Business Revenue (Past 6 Months)

(Shown % Selected, among those who report their business revenue has decreased)

Small Business Owners	
1 – 10%	20%
11 – 20%	30%
21 – 30%	25%
31 – 40%	8%
41 – 50%	8%
51 – 60%	5%
61 – 70%	3%
71 – 80%	1%
More than 80%	1%

Projected Decrease in Business Revenue (Next 6 Months)

(Shown % Selected, among those who expect their business revenue will decrease)

20% or less	21 – 30%	31 – 40%	41 – 50%	51 – 60%	61 – 70%	71 – 80%	More than 80%
71%*	18%*	5%*	2%*	1%*	2%*	1%*	0%*

Q35. How much do you expect your business's revenue will decrease over the next six months? Your best estimate is fine. Base: Expect Revenue to Decrease (Small Business Owners) (n=94*) Q31. By about how much has your business's revenue decreased over the past six months? Your best estimate is fine. Revenue Decreased (Small Business Owner) (n=156)

Nearly half of small business owners still plan to offer raises and bonuses this year

Plans to Offer Raises This Year
(Shown % Selected, among business owners)

	Small Business Owners
Yes	47%
No	42%
Already Offered	9%
Undecided	11%

Plans to Give Bonuses This Year
(Shown % Selected, among business owners)

	Small Business Owners
Yes	47%
No	41%
Already Offered	6%
Undecided	12%

Q44. Do you plan to offer your workers pay raises this year? Q45. Do you plan to give bonuses to your workers this year? Base: Small Business Owners (n=401)

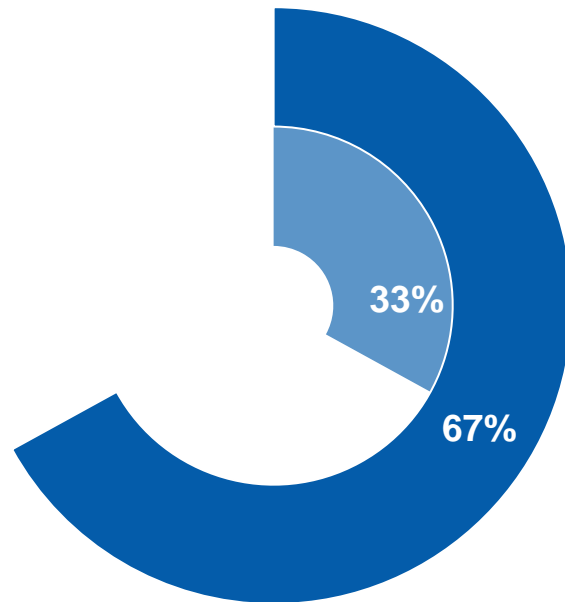
Most small business owners are not concerned about political unrest following the midterm elections

Concern About Potential Political Unrest Resulting from the Upcoming Midterm Elections Negatively Impacting Business

(Shown % Selected Top 2 Box concerned (left), % Selected (right))

33%

Of Small Business Owners are concerned



■ Concerned ■ Not Concerned

