



October 2022

Nationwide Agency Forward

Economic Pressures and Mid-Market Business Owners

Nationwide
is on your side

1000 Yard Street

SURVEY METHODOLOGY



Audiences

Mid-Market Business Owners

Business owner of a company with either 51-500 employees or \$10M-\$500M in revenue

Small Business Owners

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



Sample Size

N=302

N=401



Methodology

**15-Minute
Online Survey**



Timing

**MBO Survey Fielded
September 29th -
October 11th, 2022**

**SBO Survey Fielded
September 6th - 19th,
2022**

KEY FINDINGS

1

Most mid-market business owners have a positive outlook on current business conditions – particularly for their own businesses

Over half of mid-market business owners say current business conditions are strong in the US (58% vs. 27% SBOs) and in their own region or city (64% vs. 36% SBOs). And about 3 in 4 (74%) would rate the conditions of their business specifically as being good or excellent (vs. 52% SBOs). While roughly 1 in 5 (19%) say their business revenue has decreased over the past 6 months, 60% report increases.

2

While mid-market business owners anticipate a potential recession or economic downturn in the US, most feel confident in their businesses and future performance

Roughly 2 in 3 (66%) mid-market business owners expect the US economy will be in recession within the next 6 months, and over half (56%) anticipate the US stock market will either decline or stay the same (vs. 84% SBOs). Despite these concerns, 65% say their business is prepared to weather a recession (vs. 37% SBOs) and 62% expect their business revenue will increase within the next 6 months (vs. 34% SBOs).

3

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

Almost two-thirds of mid-market business owners (64%) agree inflation has negatively impacted their business in the past 6 months, and nearly half (46%) see inflation and rising prices as the largest challenge facing their business over the next 6 months (vs. 58% SBOs). 2 in 3 mid-market business owners (66%) expect inflation will increase over the next 6 months, in addition to interest rates (69%) and insurance premiums (55%).

4

Many mid-market business owners are taking action to protect themselves against economic instability, with some considering workforce changes

Over the past 6 months, many mid-market business owners have looked for ways to reduce business expenses (40%), paused hiring (33%), used personal savings to support the business (28%), or canceled/postposed a major business investment (28%). Among those who haven't taken any business actions, mid-market business owners are mixed on what they plan to do over the next 6 months to support their business. While 40% plan to hire new workers, many are considering asking more out of current workers to manage expenses (29%), furloughing workers or reducing hours (25%) or even laying off workers (25%).

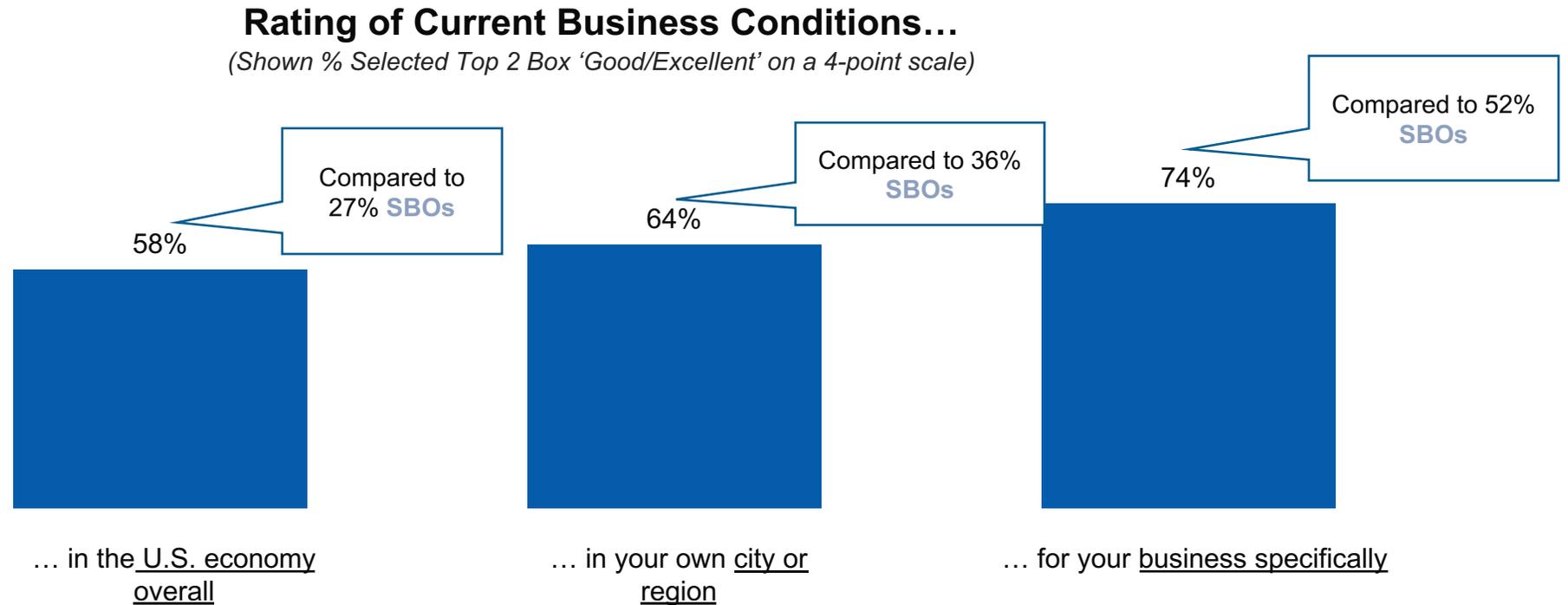
5

Mid-market business owners are reconsidering their insurance coverage as tough economic times loom

Over 9 in 10 (96% vs. 84% SBOs) 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 (70%), nearly a third (30%) have contacted their agent in the past 6 months to discuss their coverage, and a similar proportion have increased coverage/limits on their existing insurance policies (32%). However, while many have added to their policies, this behavior may change in the near future. Over 3 in 4 (82%) mid-market 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.

Detailed Findings

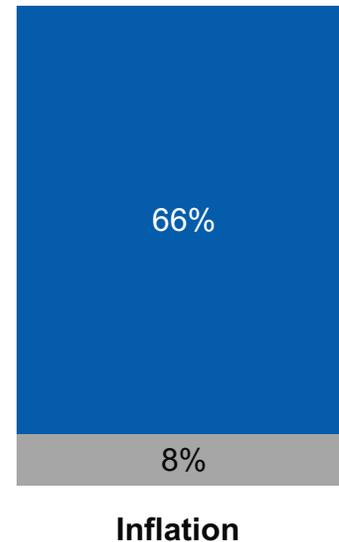
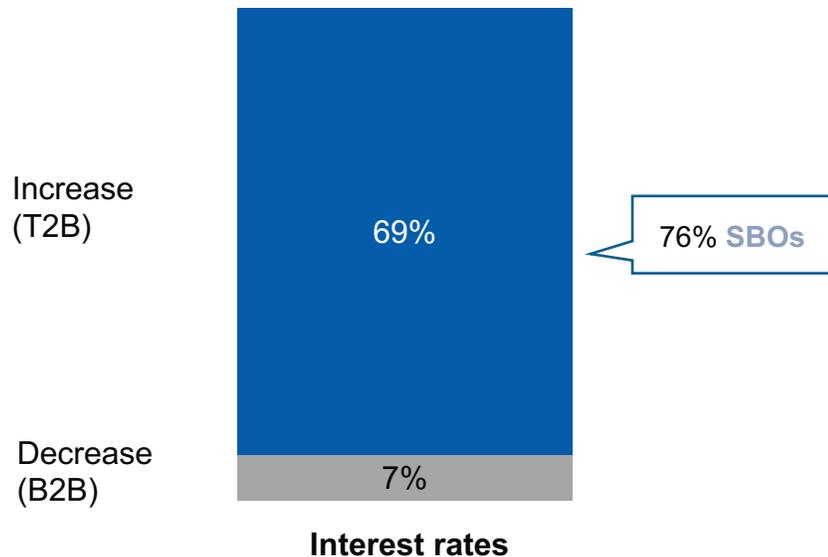
Most mid-market business owners have a positive view of current business conditions, both in the economy generally and for their business specifically



Mid-market business owners expect inflation and interest rates to continue rising over the next six months; outlook on stock market performance is mixed

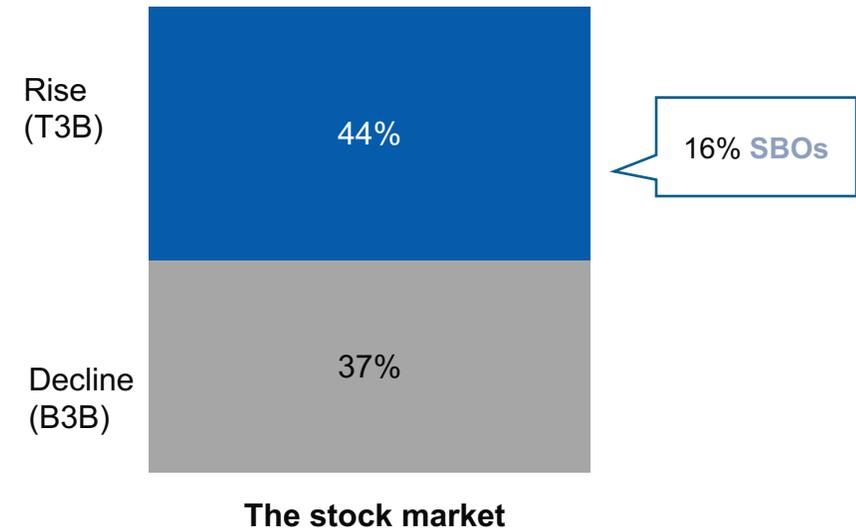
Expected Change in Interest Rates and Inflation Over Next 6 Months

(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)



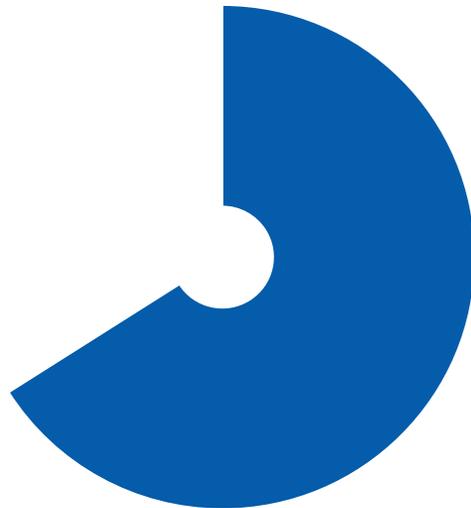
Q36. How do you expect interest rates will change over the next six months?

Q37. How do you expect inflation will change over the next six months?

Q41. How do you expect the US stock market will perform over the next six months? Your best estimate is fine. Base: Mid-market Business Owners (n=302)

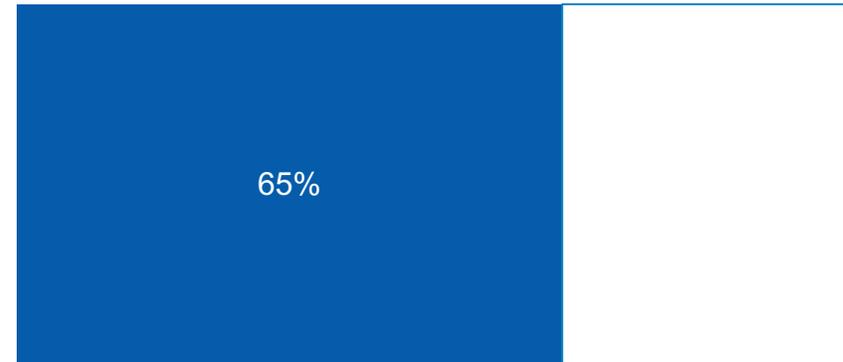
Two-thirds expect a recession within six month, but most feel their business is prepared to weather it

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



66%
Mid-market Business
Owners

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



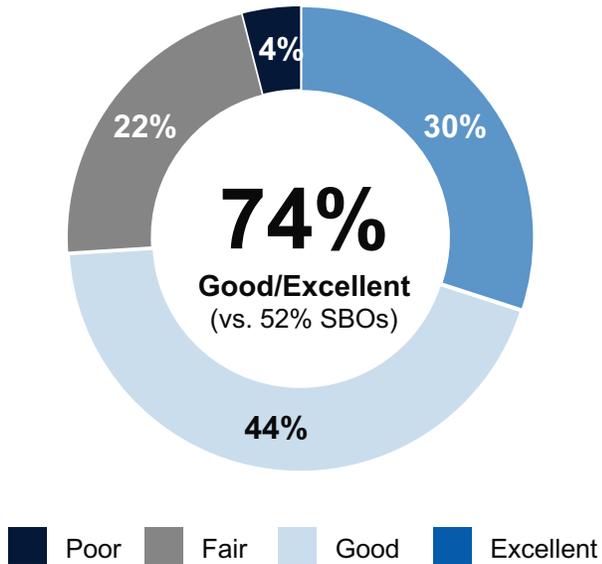
65%

37% SBOs

Though overall business conditions are still favorable, more than half of mid-market business owners report negative impacts from inflation, rising interest rates, supply chain disruptions, and a tight labor market

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

Mid-market Business Owners



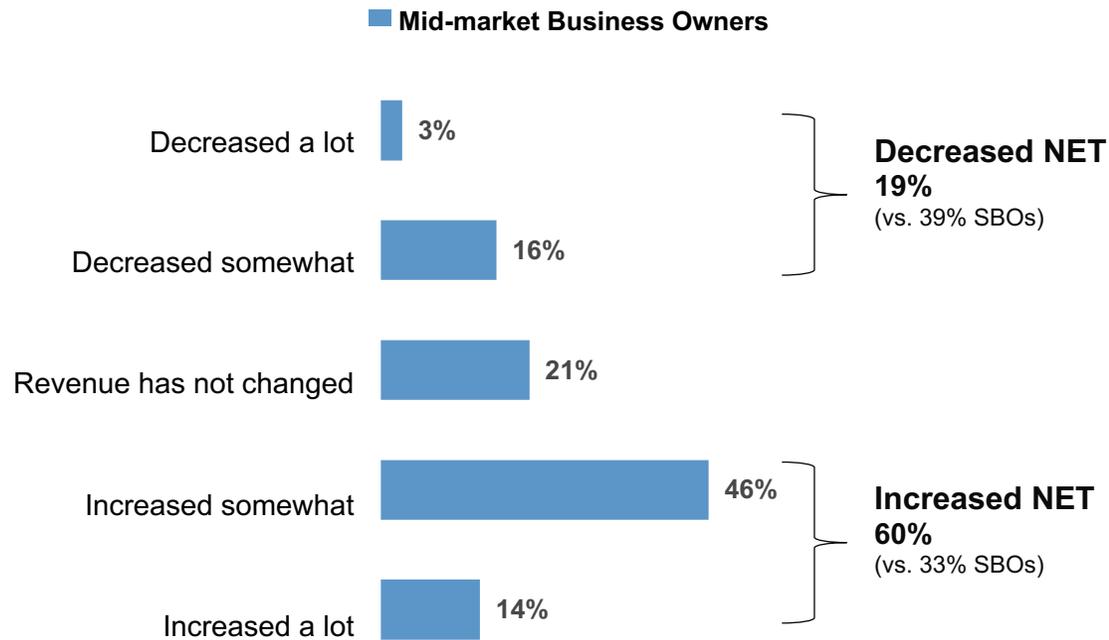
Negative Impact in Past Six Months (Shown % Selected Top 2 Box 'Moderately/Extremely Impacted')

	MMBOs	SBOs
1 Inflation / rising prices	64%	
2 Interest rate increases	58%	35% SBOs
3 Supply chain disruptions	53%	41% SBOs
4 Tight labor market / scarce labor	51%	26% SBOs
5 New waves of coronavirus infections	46%	20% SBOs
6 Instability in Europe and other global markets	45%	17% SBOs
7 Extreme weather	41%	18% SBOs
8 Increased crime on business premises (for example, vandalism or theft)	40%	14% SBOs
9 Cyber crime	39%	11% SBOs

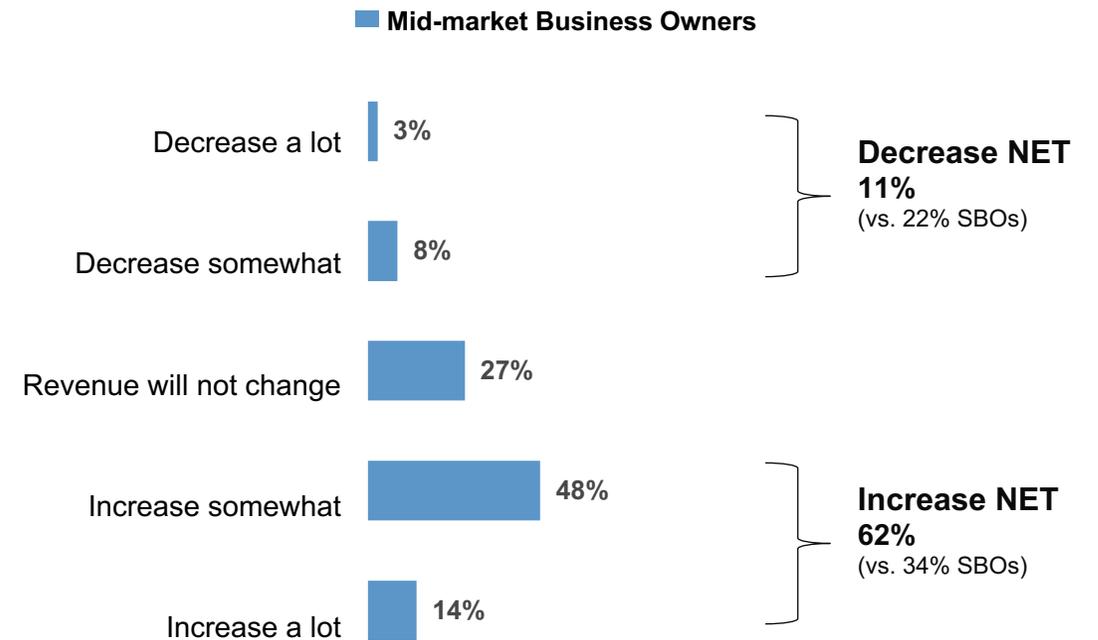
Q29. How would you rate current business conditions... Q32. Again thinking about the past six months, how much has your business been negatively impacted by each of the following conditions? Base: Mid-market Business Owners (n=302)

Despite expected difficulties, three-in-five mid-market business owners expect revenue to increase, continuing a trend from the past six months

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



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



Inflation is the top concern for mid-market business owners

Future Challenges for Business

(Shown % Selected within Top 3)

Mid-market Business Owners		
Inflation and rising prices	46%	58% SBOs
Rising interest rates	32%	19% SBOs
Supply chain disruptions	26%	
Financial market volatility	21%	9% SBOs
Cash flow / managing revenue	19%	
Reaching new customers	18%	27% SBOs
Uncertain economic environment	17%	32% SBOs
Ability to attract and retain good employees	16%	
Taxes and government regulations	14%	
The Russia/Ukraine War	13%	
Risk management / insurance coverage	12%	
Declining consumer demand	12%	
Uncertain political environment	12%	
New waves of coronavirus infections	11%	
Access to capital	11%	

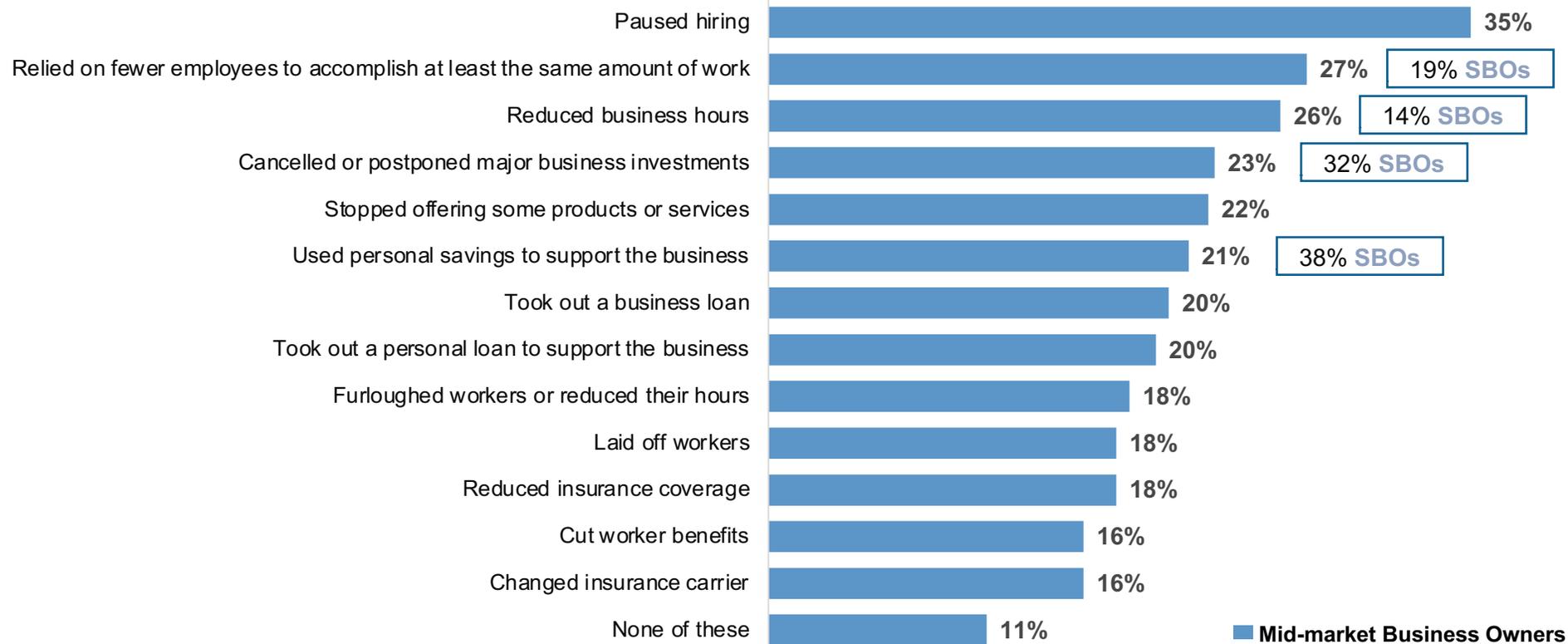
82% 

Of mid-market business owners are likely to **decrease their business's current insurance coverage / limits** as a way of reducing operating expenses if a recession occurred (vs. 51% SBOs)

Q33. What do you see as the biggest challenges facing your business over the next six months? You may select up to three challenges from the list below. Q51: If the country entered a recession within the next six months how likely would you be to decrease your business's current insurance coverage/limits as a way of reducing operating expenses?
Base: Mid-market Business Owners (n=302)

In past recessions, more than a third paused hiring and nearly 1 in 4 canceled major business investments

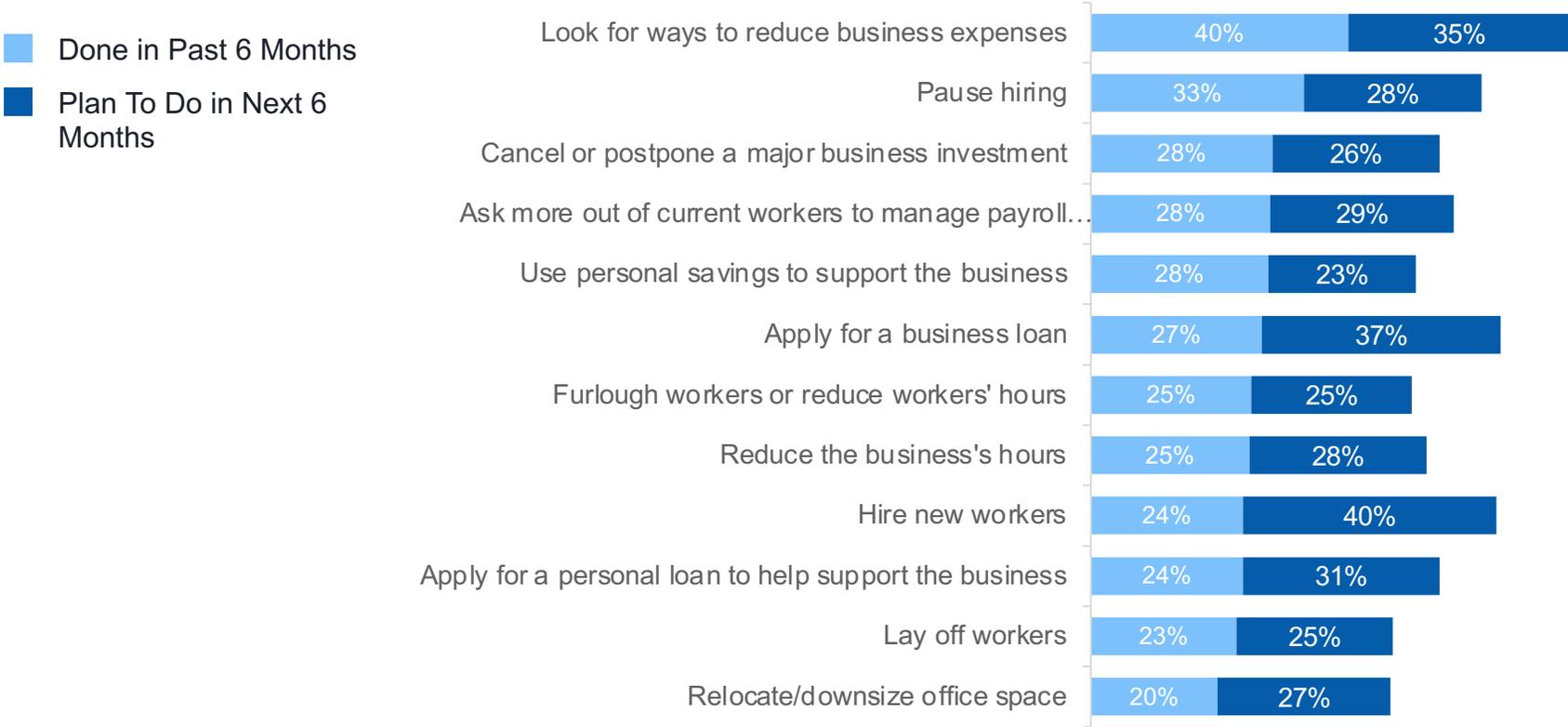
Actions Taken During Past Recessions or Economic Downturns
(Shown % Selected)



4 in 10 mid-market business owners have tried to reduce business expenses over the past six months

Business Actions

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

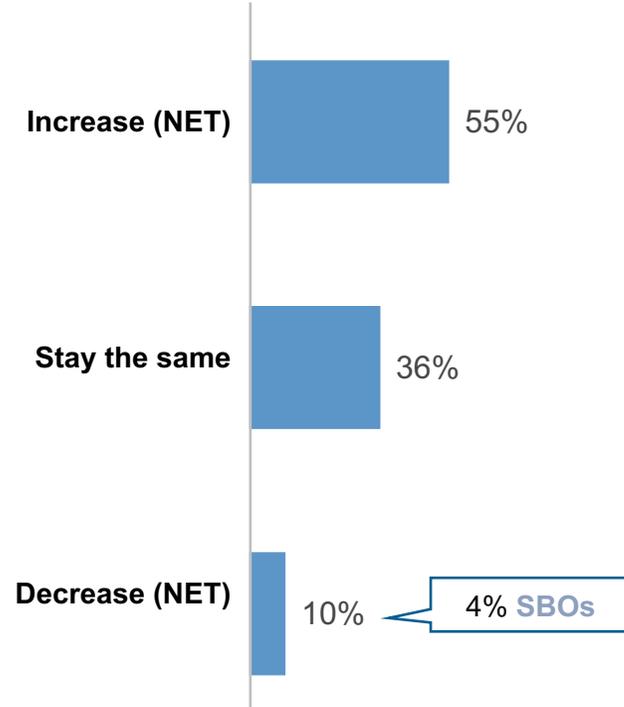


Q43. Which of the following actions relating to your business's operations have you done in the past six months or do you plan to do in the next six months? If an action is not applicable to your business please indicate that. Base: Mid-market Business Owners (n=302)

Foreseeing rising insurance premiums, nearly all mid-market business owners already have or plan to review their current insurance policies

Expected Change to Business Insurance Premiums Over Next 6 Months

(Shown % Selected T2B Increase and B2B Decrease)



Actions Taken within Past Six Months

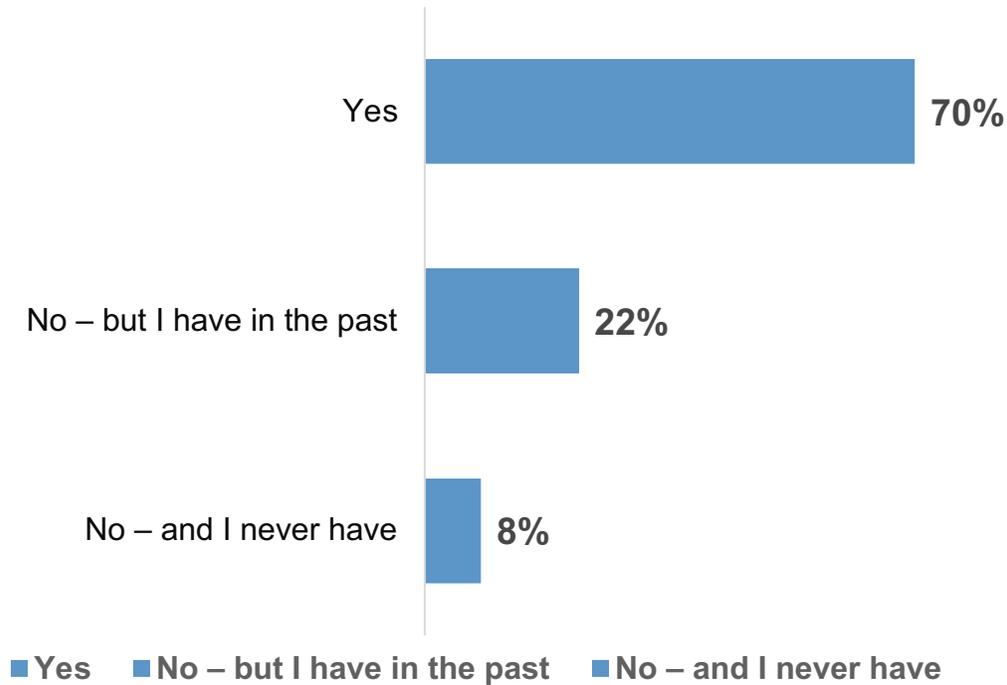
(Shown % Selected)

Checked my insurance policies online	49%
Increased coverage/limits on my existing insurance policies	32%
Contacted my insurance agent to discuss my coverage	30%
Added a new cyber liability policy to my coverage	27%
Added another type of policy to my coverage (other than cyber liability)	25%
Decreased coverage/limits on my existing insurance policies	19%
Talked with my agent about the impact of inflation or supply chain disruptions on my insurance rates	19%
Asked my insurance agent to have my policy quoted by different carriers to find a better price or coverage	17%
Switched to a new insurance agent	16%
Removed a policy from my coverage	16%
None of the above	7%

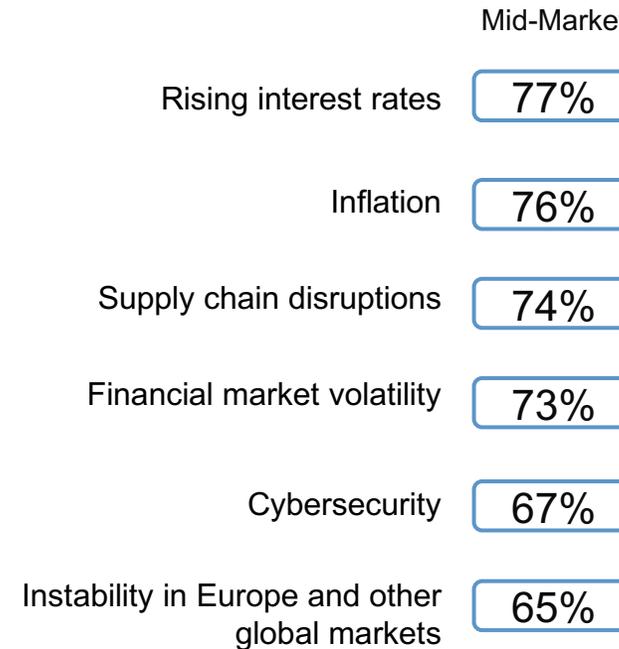
96%
Of mid-market business owners have reviewed current insurance policies or are planning to in the next six months (vs. 84% SBOs)

Over two-thirds of mid-market business owners work with insurance agents; Of these individuals, roughly 3 in 4 have spoken with agents about rising interest rates, inflation, or supply chain disruptions

Insurance Agent Status
(Shown % Selected)



Likelihood to Discuss...
(Shown % Selected Top 2 Box Likely)



Q48. Do you currently work with an insurance agent to manage your business's insurance needs (e.g., liability insurance, property insurance, workers' compensation insurance, business auto insurance, etc.)? Base: Mid-market Business Owners (n=302) Q50. How likely would you be to talk with your business's insurance agent about the impact of the following topics on your business's operations and insurance policies? Base: Mid-market Business Owners Who Work with Insurance Agent (n=212)



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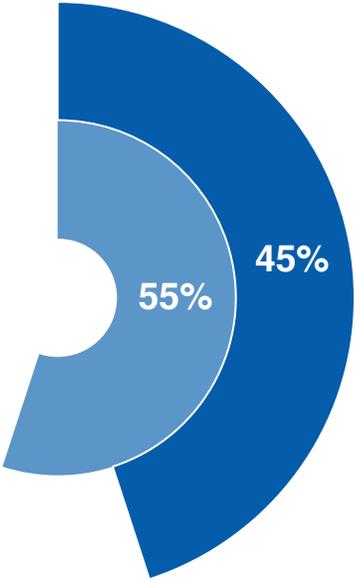
Appendix

Additional Findings

About half of mid-market business owners are concerned about potential political unrest resulting from the upcoming 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))

55%
 Of Mid-market Business Owners are concerned



Not concerned at all	Somewhat concerned	Moderately concerned	Very concerned
12%	33%	35%	20%

Q42. How concerned are you about potential political unrest resulting from the upcoming midterm elections negatively impacting your business? Base: Mid-market Business Owners (n=302)

Four-in-five mid-market business owners plan to offer their employees raises and bonuses this year

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

	Mid-market Business Owners
Yes	82%
No	14%
Already Offered	4%
Undecided	4%

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

	Mid-market Business Owners
Yes	82%
No	14%
Already Offered	3%
Undecided	4%