



NEWS RELEASE

The Entrepreneurial Spirit in the United States Remains Strong

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- New Survey from American Express confirms resiliency of entrepreneurs with 75% saying they are optimistic about their business's recovery and 82% feeling they are better prepared to handle a future crisis
- Survey finds consumer's values shifting, giving business owners insight into future opportunities

New York, October 30, 2020 - The inaugural American Express Entrepreneurial Spirit Trendexi the pandemic's impact on the country's entrepreneurial spirit among US small and mid-sized business owners and their optimism about recovery. The survey of 1,000 small and mid-sized business owners and 1,000 consumers reveals that despite the economic downturn and the ways in which the pandemic has changed many aspects of life and business, 81% of business owners polled still believe the benefits of owning their own business outweigh the challenges. When asked about the top benefits of running their own business, respondents cited financial stability (89%), being their own boss (88%), turning a passion into a business (86%), creating jobs (85%) and the flexibility to set their own hours (85%).

To meet the changes in demand in the market, about three-quarters (76%) of business owners said they have pivoted or are in the process of pivoting their business model to maintain revenue. Among those that already pivoted, (73%) expect to pivot again in the next year. Pivots are any changes to an existing business model regardless of industry. Common examples include establishing or doubling down on online sales offerings, manufacturing Personal Protective Equipment (PPE) for the first time, or creating a new product or service to cater to a new demand. In fact, the survey found 77% of business owners plan to prioritize offering products/services online over the next year. Olga Sagan is one entrepreneur who successfully pivoted her business with online tools. After COVID-19 began to devastate her Seattle bakery's retail sales in early March, she **pivoted** her business model and started Catch22Delivery.com, an online platform for local restaurants to connect with and offer delivery to customers. In April, Olga's brick-and-mortar retail sales were down 90%, but her online sales went from \$200 a month to \$5,000 a day.



"2020 has been full of challenges, from a health crisis to a small business crisis and more, leaving businesses with more obstacles, questions and uncertainty than ever before. As they always do, many of these businesses found new ways to survive and even some thrived, like Olga Sagan did with her innovation of Catch22Delivery," said Clayton Ruebensaal, EVP of Global B2B Marketing at American Express. "Small and mid-sized businesses are the backbone of our economy and our communities and the American Express Entrepreneurial Spirit Trendex shows that Americans are rallying around those local businesses that enrich their lives."

How Businesses Can Adapt to Meet Consumers' Shifting Priorities

The survey also polled 1,000 US consumers during the same time period to understand how the pandemic has impacted their current spending habits and provides insights into their future spending intentions.

As many businesses continue to adapt what and how they sell, it is important they understand consumers' spending habits, changing values and expectations in the current environment. According to the survey, consumers said their spending has shifted for several reasons, from specific industries being closed or limited (44%), to prioritizing items they actually needed (42%), to changes in personal health and wellness interests (40%). In fact, since the pandemic started, on average, consumers have shifted about 40% of their household spend to new and/or different priorities - and about three-quarters (76%) of those consumers anticipate this continuing over the next six months.

When asked about how they choose where to spend their money, important factors to consumers were that a business prioritizes employee wellbeing (76%), is local to their community (74%), donates to their community (68%), and prioritizes sustainability (64%).

Resources Top of Mind for Business Owners

Small and mid-sized business owners are seeking resources to navigate these unprecedented times. The top resources business owners would find helpful are: virtual business conferences/webinars (47%), virtual networking events (44%), advice and resources about leading through a crisis (44%) and learning ways to de-stress and stay mindful (42%). On October 20, 2020, thousands of small and mid-sized business owners attended the **American Express Business Class LIVE: Summit for Success** virtual event. Attendees who tuned into this virtual conference had opportunities to join over 35 sessions featuring business advice from an exciting lineup of innovative brands and organizations, networked with like-minded business owners and even joined a group meditation.

Beyond resources, business owners said right now they are looking for support with: identifying new growth opportunities (44%), marketing, branding and social media (41%), managing their cash flow (37%), flexible payment

terms for expenses (34%) and knowledge about accessing capital (33%).

How Businesses are Addressing Racial Justice

In addition to navigating the pandemic, many businesses are considering how they can contribute to the organizations that address racial inequality through donations and by committing to building a more diverse workforce. Of those surveyed, 43% report having made a public statement against racial injustice and 43% have made a monetary contribution to a racial justice organization.

About three-quarters (73%) of surveyed businesses report it is likely they will take actions to increase diversity in their organizations. Some of the steps businesses have taken to improve diversity, equity and inclusion in their companies are:

- Changing their company culture to make diverse employees feel more included (54%),
- Changing their hiring and recruiting processes to increase diversity (47%), and
- Making measurable commitments to address racial injustice in the future (47%).

Businesses that make diversity a priority may see increased consumer interest, because 61% of consumers say they find it important that businesses support hiring and promoting diverse employees. Similarly, when asked what factors are important to consumers when deciding to make a purchase, the survey found they seek out businesses with diverse staff (58%) and companies that are outspoken on social issues (41%).

Looking Ahead: Election 2020 and Beyond

Unquestionably, the next 12 months will bring a lot of uncertainty, and the upcoming general election is on every business owner's mind. Almost all (98%) small and mid-sized business owners plan to vote in the November election. When asked about which issues are most important to them as business owners, respondents said their priorities include: economic recovery (48%), managing the COVID-19 pandemic (45%), small business stimulus (36%) and tax policy (33%).

Looking further out, business owners expect their recovery to take some time. While the entrepreneurial spirit remains high, the survey found only 21% of owners expect it to take less than a year for them to fully recover, while 46% say one to three years and 25% report expecting three or more years. With this in mind, 86% of businesses say obtaining new customers is their highest priority, followed by maintaining and growing their current business and sources of revenue (84%) and managing cash flow issues (81%). Managing the unexpected is a challenge and there are many ways business owners are coping with this. Some of the steps that owners plan to take are to increase marketing efforts (41%), increase products/services online (40%), cut expenses (36%) and diversify revenue streams (35%).

AMERICAN EXPRESS ENTREPRENEURIAL SPIRIT TRENDX METHODOLOGY:

Findings are based on results of two separate online surveys. One was conducted among a nationally representative sample of 1,000 Americans 18 years of age and older living in the continental United States. The second survey was conducted among 1,000 small- and mid-sized business owners in the United States whose revenue ranges from \$500K-\$300M. The small- and mid-sized business owner survey was weighted to be representative of US census regions. The surveys were conducted and completed by a third-party vendor between September 8-23, 2020. The margin of error (MOE) for the total sample at the 95% confidence level is +/- 3 percentage points.

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