



# Care in Motion: The Small-Business Story

The pandemic threatened to tear the country apart. Small businesses pulled us together.

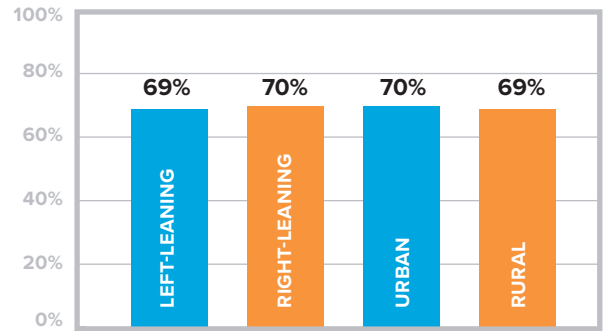
## Finally, something we can agree on

Whether consumers are left-leaning or right-leaning, urban or rural, they can agree on one thing: support for small businesses.



- 59% of left-leaning and 61% of right-leaning consumers are willing to pay more at local businesses for the same product available online.
- 59% of urban and 62% of rural consumers are also willing to do so.

### CONSUMERS ARE



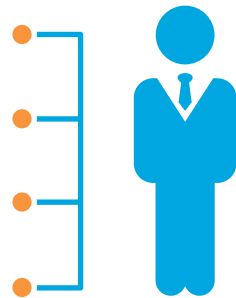
willing to forgo the convenience of online ordering to shop at local small businesses.

## The “small town” effect

Though 45% of small businesses saw profits fall, owners, customers and employees behaved more like members of a warm village.

### SMALL-BUSINESS OWNERS

- 81% maintained or improved relationships with employees.
- 53% became more informed of their employees' personal lives.
- 82% maintained or increased benefits.
- 81% felt retaining talent was as or more important than previous years.



- 80% of those with decreased profits avoided layoffs.
- 51% saw customers and employees grow closer.
- 76% maintained or increased closeness to their customers.
- 80% maintained or increased their level of community involvement, regardless of location or business type.

45% implemented new diversity, equity and inclusion policies.

## Caring is contagious

### CONSUMERS ARE



- 62% willing to spend more money to support a local business.
- 70% willing to sacrifice the convenience of two-day delivery to support a local business.
- 83% more likely to frequent businesses that treat employees well.



49% of consumers tipped or spent more to support local businesses during the pandemic, even the 45% of those who saw a drop in personal income.

In purchase decisions, almost as many CONSUMERS consider how a business treats employees (58%) as they do customer service (62%).

2021 Aflac Business Culture Survey Report. Research findings are based on a survey fielded online May 11, 2021, among 1,905 American adults age 18+ by KWI Communications. Completed interviews were weighted by age, sex and geographic region to ensure reliable and accurate representation of the total U.S. population, 18 years of age and older. A separate online survey of 776 small-business owners was fielded from May 11-27, 2021, by KWI Communications. Various demographic variables were collected on these owners, including geography, age, business size and business industry. “Small business” was defined as a business with at least two, but no more than 200 employees. Aflac includes Aflac and/or Aflac New York and/or Continental American Insurance Company and/or Continental American Life Insurance Company.

Learn more at [SurveyResults.Aflac.com](https://www.aflac.com/surveyresults)

# 2021 Business Culture Survey Report

September 2021



# Table of Contents

- 3 Background and Objectives
- 4 Research Method
- 6 The “Small Town” Effect: Care in Motion
- 18 Caring is Contagious



## Background and Objectives

- As a part of its culture of caring, Aflac has been sponsoring research since 2015 aimed at understanding what it means to be a socially responsible company.
- The 2021 survey was designed to achieve the following objectives:
  - **Examine how small-business owners adapted** to meet the pandemic's challenges, and how their relationship with their customers, employees and communities changed.
  - **Explore how the pandemic changed consumers' approach** to their local small-business community.
  - **Discover how both consumers and small-business owners felt about and responded to a variety of societal issues**, and their expectations of how small and large businesses should be involved.



## Research Method



A survey was conducted online May 11, 2021, among **1,905 American adults age 18+** by KWI Communications. Completed interviews were weighted by age, sex and geographic region to ensure reliable and accurate representation of the total U.S. population, 18 years of age and older.



A separate online survey of **776 small-business owners** was conducted May 11-27, 2021. Various demographic variables were collected on these owners, including geography, age, business size and business industry. “Small business” was defined as a business with at least two, but no more than 200 employees.



Respondents in both studies **were selected from among those who have volunteered to participate in online surveys**, which could be subject to non-response bias. Therefore, no estimates of sampling error can be calculated. Answers may not sum to 100% due to rounding.



# Sample: Most Frequently Cited Subgroups

| Small-Business Owners | Sample Size |
|-----------------------|-------------|
| Urban                 | N=657       |
| Rural                 | N=105       |
| Age: 18-44            | N=391       |
| Age: 45+              | N=339       |

| Consumers                | Sample Size |
|--------------------------|-------------|
| Urban                    | N=1,648     |
| Rural                    | N=225       |
| Age: 18-44               | N=955       |
| Age: 45+                 | N=929       |
| Political Leaning: Left  | N=821       |
| Political Leaning: Right | N=801       |



Narrative 1:  
**The “Small Town” Effect:**  
Care in Motion

## Growing Closer During a Crisis



Despite the common perception that the pandemic diminished a sense of community around the country, evidence indicates that small businesses found purpose in growing closer to their employees and communities during the last year.

### The pandemic actually built a greater sense of community as parties pulled together to care for one another and weather adversity.

- **45% of small businesses** reported decreased profits during the pandemic, but 51% saw the relationship between their customers and employees improve.
- **81% of business owners** maintained or grew closer to their employees.
- **53% of business owners** became more informed of their employees’ personal lives during the pandemic. Of those owners, **86% plan to remain informed indefinitely**.
- **76% of small-business owners** maintained or increased closeness to their customers.
- **80% of owners** maintained or increased their level of involvement in the community, regardless of location or business type.



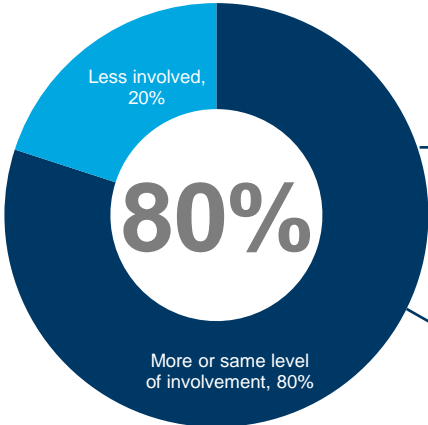


# Despite Social Distancing, Most Relationships Grew Closer



In dire circumstances, most businesses maintained or expanded their involvement in their community during the pandemic, and many grew closer to their customers.

## Was your business more or less involved in the local community during the pandemic?

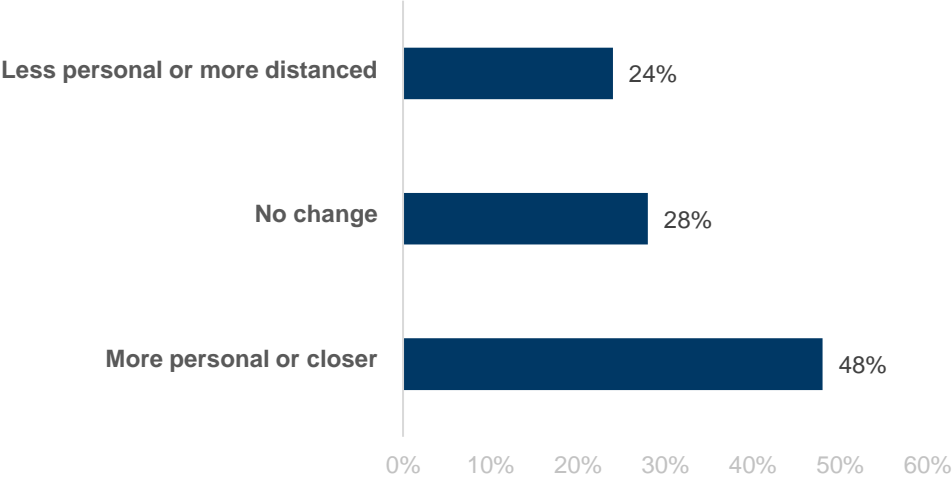


*Little difference between urban and rural businesses*

|       |     |
|-------|-----|
| Urban | 81% |
| Rural | 79% |

|                  |     |
|------------------|-----|
| Brick and Mortar | 83% |
| Combined         | 84% |
| Virtual Business | 75% |

## How have your relationships changed with your customers?

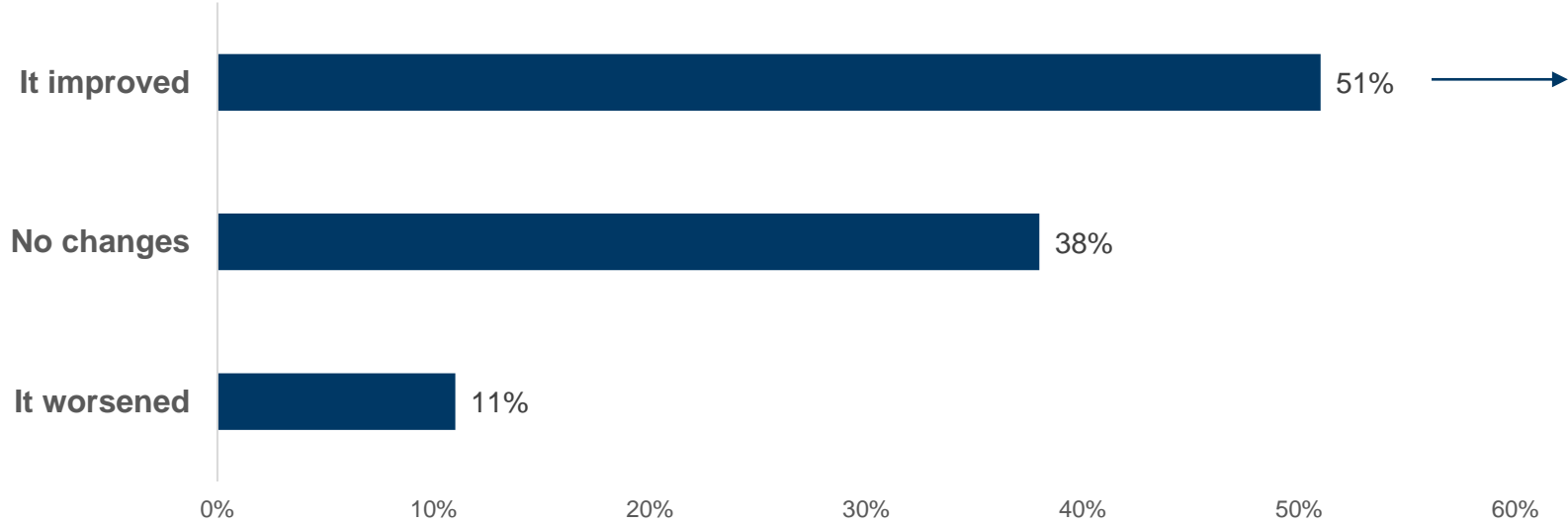


# Customers and Employees Became Closer



Most business owners saw the relationship between their employees and customers improve during the pandemic – a finding that applied in both urban and rural locations.

### How have relationships changed between your employees and your customers?



*Little difference between urban and rural businesses*

|       |     |
|-------|-----|
| Urban | 51% |
| Rural | 49% |

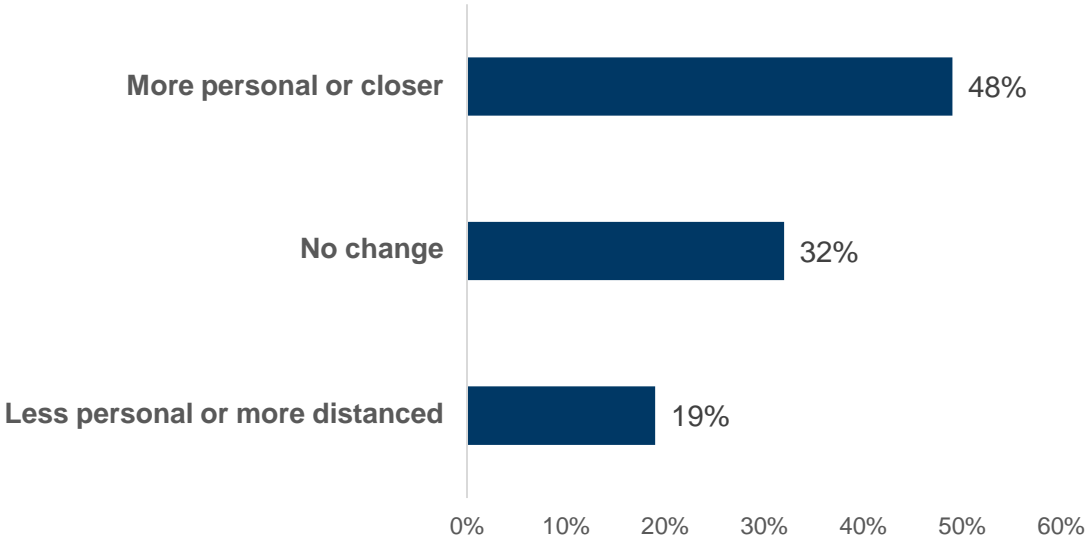


# Getting Involved in Employees’ Lives

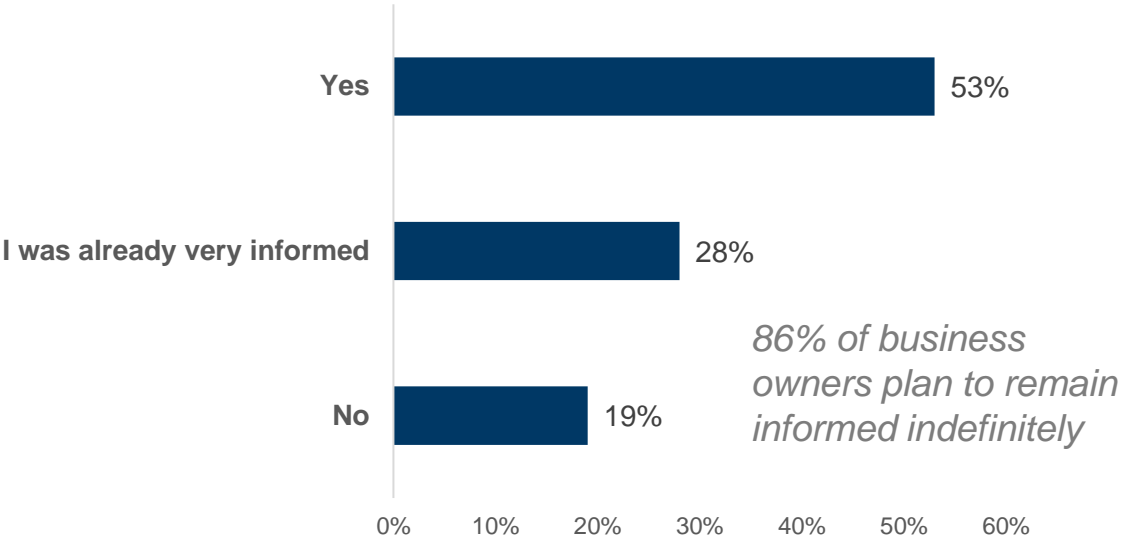


During the pandemic, many business owners became closer with their employees, and became more involved with their employees’ lives.

## How have your relationships changed with your employees?



## Has the pandemic led you to be more informed of your employees’ personal lives?



# Caring for Employees Doubles Up in Harsh Times




The pandemic emphasized the value of employees, their loyalty and efforts to remain engaged and productive in difficult times. Small-business owners took note by intentionally – and purposefully – investing in them.

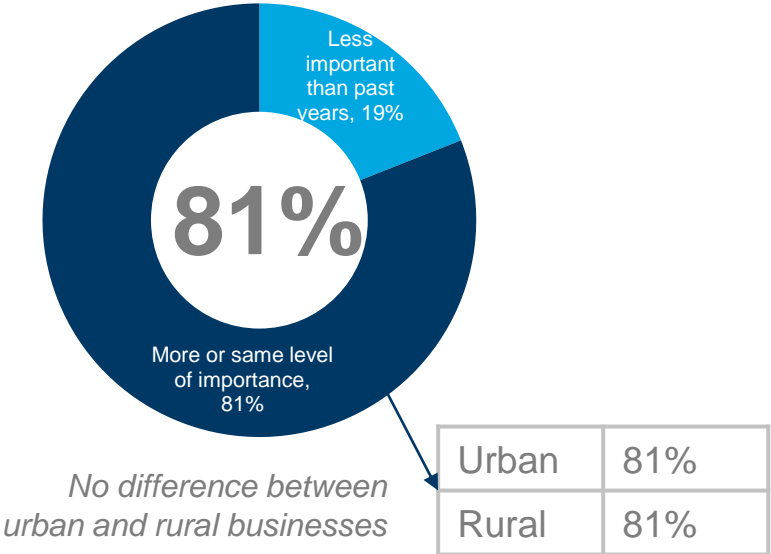
- **82% of small-business owners either maintained or increased the level of employee benefits** during the pandemic – even among the 45% of businesses with decreased profits.
- **81% felt retaining talent was as or more important than in previous years.** In fact, 80% of businesses with decreased profits avoided laying off any employees.
- To make it through the pandemic, **business owners most frequently applied for PPP loans** (29%), lowered prices (28%) or renegotiated contracts (20%).
- **45% of small businesses implemented new Diversity, Equity & Inclusion (DE&I) policies.**



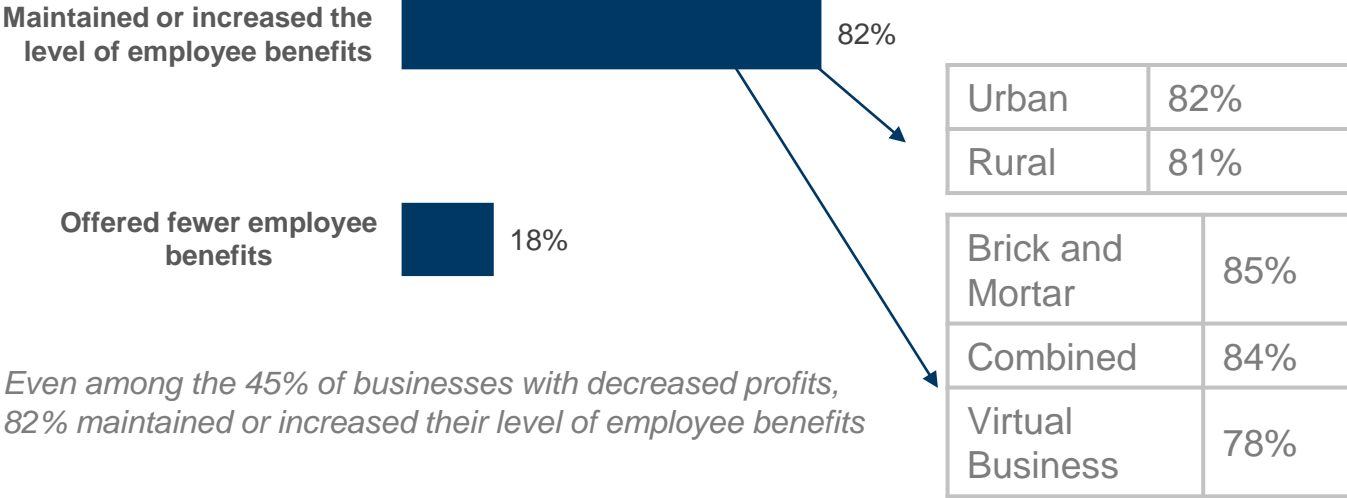
# Even if Profits Were Down, Employee Benefits Were Up

 Since the start of the pandemic, 81% of business owners felt it was as or more important to retain talent and 82% maintained or increased their employee benefit levels.

## Since COVID-19, how important has it been to retain talent?



## Did your level of employee benefits change in response to the pandemic?

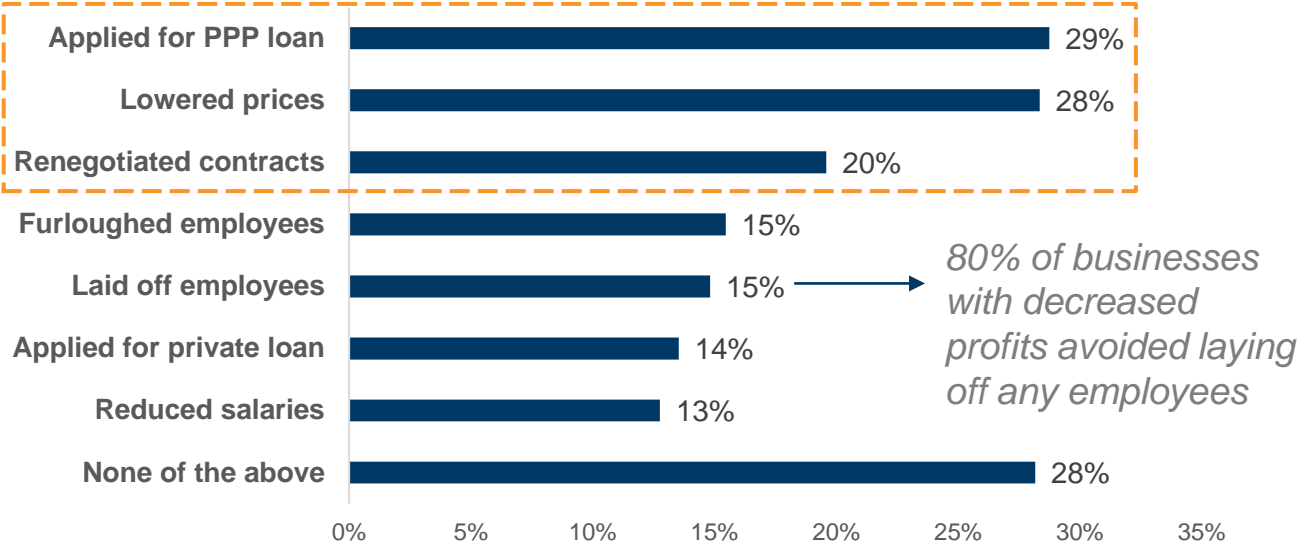


# Even During Trying Times, Employee Layoffs Were Rare



To make it through the pandemic, business owners most frequently applied for PPP loans, lowered prices or renegotiated contracts.

## Which action did you take to stay in business through the pandemic?



Note: Business owners could give multiple responses

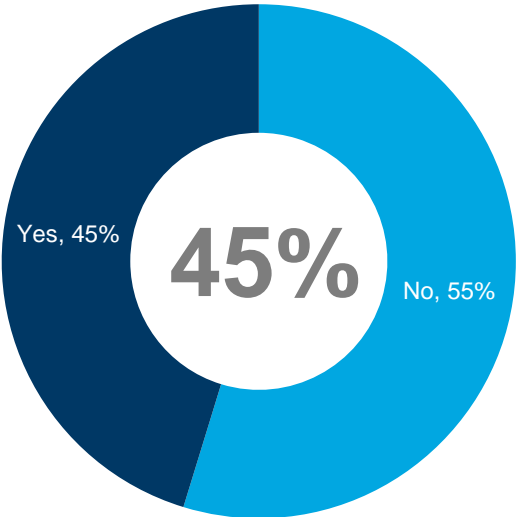


# Small Businesses Prioritize Social Good

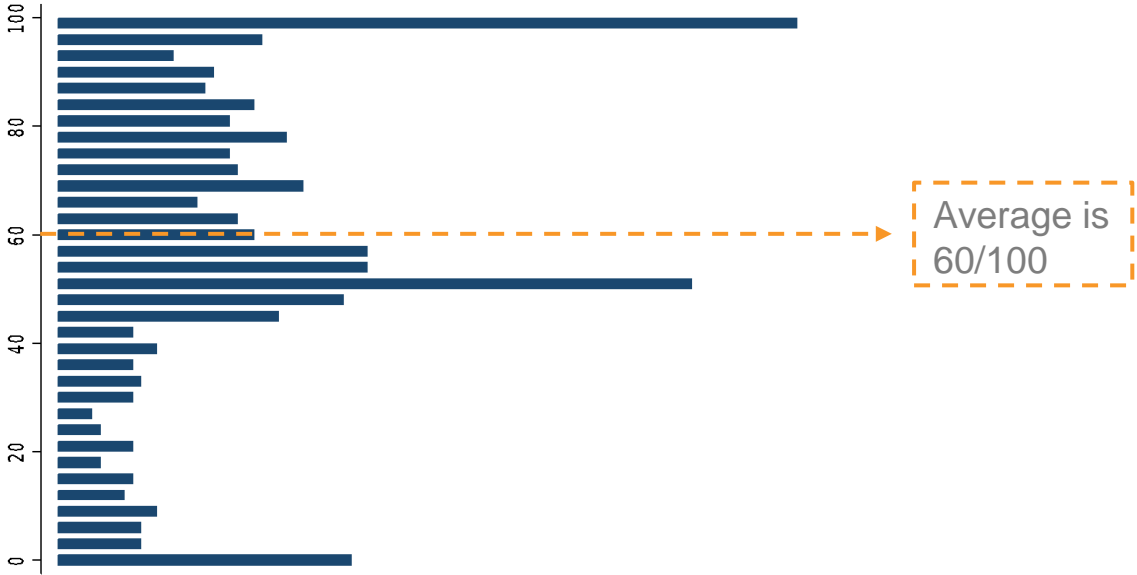


Despite the hard-hitting pandemic, many small businesses felt it was important to dedicate time and resources to social good, or to implement new diversity and inclusion efforts.

In the past year, have you implemented new diversity and inclusion efforts at your company?



How important was dedicating time and resources toward ‘social good’ during the pandemic?



# Business Owners are Resilient



Small-business owners proved resilient by keeping a positive outlook amid the COVID-19 pandemic.

## Small-business owners maintained a positive outlook despite dipping profits.

- **Half of business owners (50%) had a positive outlook** coming out the pandemic, though 37% of these owners saw profits decrease.
- **Only 4% of owners had a negative outlook**, and 61% of these owners experienced decreased profits.
- **Businesses most frequently adapted by implementing new technologies** (21%), decreasing or negatively changing business operations (10%) or expanding business operations (9%).



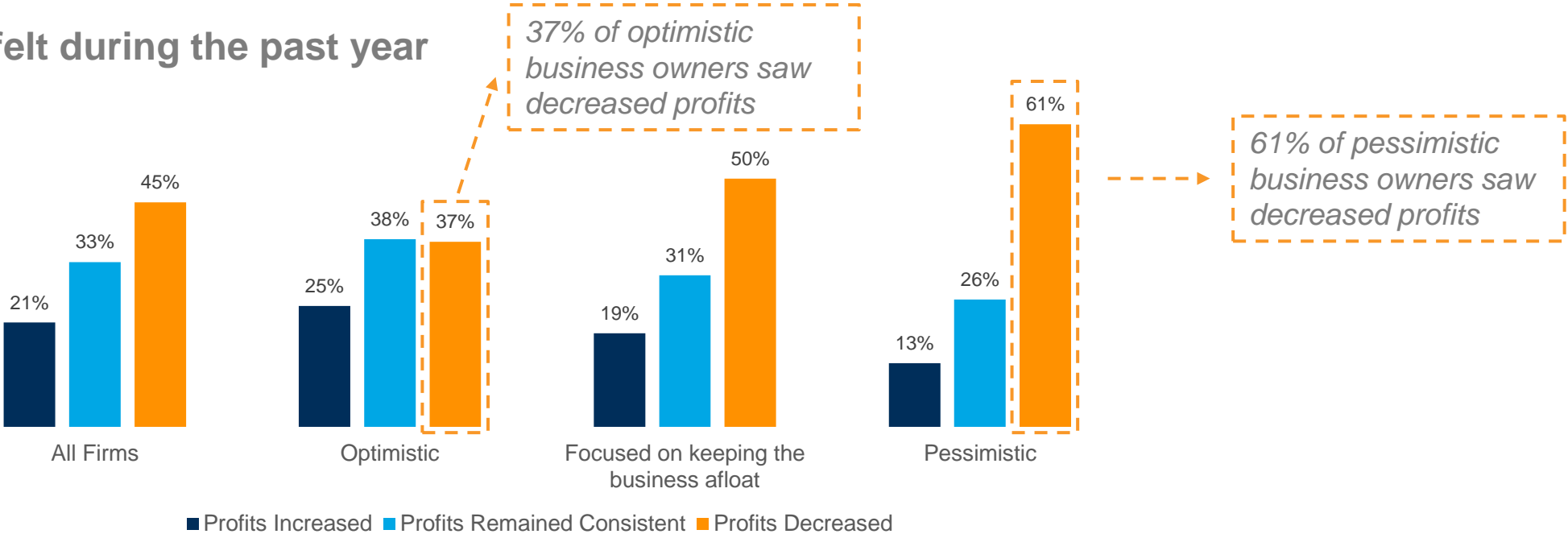


# Small-Business Owners Look at the Bright Side



Many small-business owners felt optimistic during the past year despite the effects of the pandemic.

## Describe how you felt during the past year

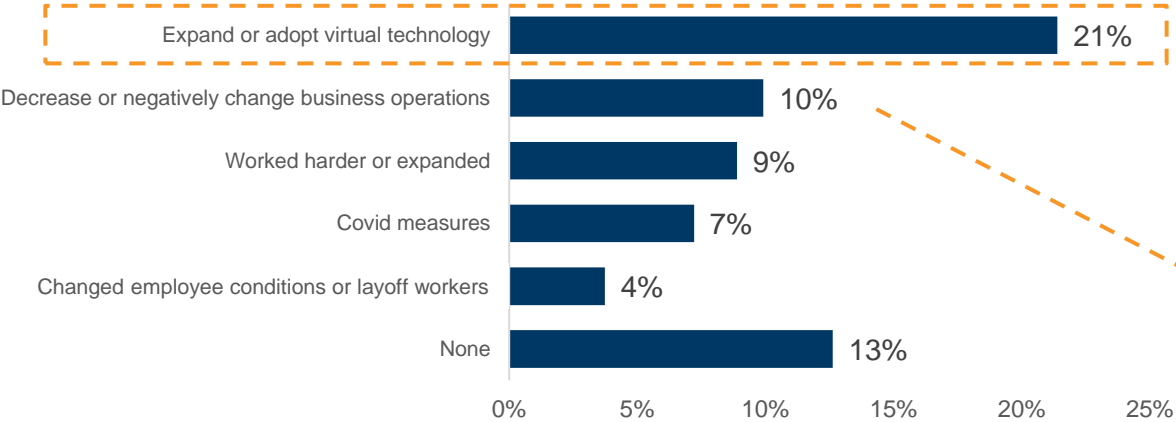


# Many Adopted Technology to Help Get Them Through



Small-business owners adapted most frequently by adopting new digital technology to face the challenges posed by the pandemic.

## How have you changed, evolved, or innovated in the past year?



Older business owners more frequently adopted virtual technology (a larger share of younger business owners already owned virtual-only businesses): 27% of owners age 45+ did so, compared to 21% among those 18-44

12% of older business owners adapted by curtailing business operations, compared to 8% among those 18-44

Business owners most frequently turned to digital technology (e.g., turning to social media marketing or implementing online ordering systems) to adapt in the face of the pandemic. Of those who did so, 74% expect to continue.



# Narrative 2: Caring is Contagious

# Consumers Rallied Behind Their Small-Business Community



When care comes full circle: Just as the pandemic compelled greater appreciation by small-business owners for employees, consumers upped their appreciation for small businesses.

## The pandemic renewed enthusiasm – and action – to support small businesses.

- After **73% of consumers reported that at least three local businesses closed** in their communities, 62% of consumers were willing to spend more money for an item to support a local business in their community.
- **49% of small-business patrons tipped or spent more** to support their local businesses during the pandemic, even the 45% of consumers who saw a decrease in income did so.
- **54% of consumers knew employees at local small businesses** or got to know them better.



## Most Put Their Money Where Their Mouth Is

Consumers have become more supportive of small businesses over the course of the past year.

- At the height of the pandemic, **50% of consumers were willing to pay more** for an item at local small businesses than at an online retailer. Today, 59% feel the same.
- Similarly, last year, **56% of consumers were willing to sacrifice the convenience** of two-day delivery to support a local business. Today, 70% of consumers are willing to do so.

**Both younger and older consumers choose local small businesses over Amazon.**

- At the height of the pandemic, **60% of 45+ consumers were somewhat or very likely to pick up an item at a local small business** as opposed to waiting two days for an Amazon delivery, compared to 52% of consumers younger than 45.
- This share has increased among both groups: today, **74% of older and 65% of younger consumers are willing to do so.**

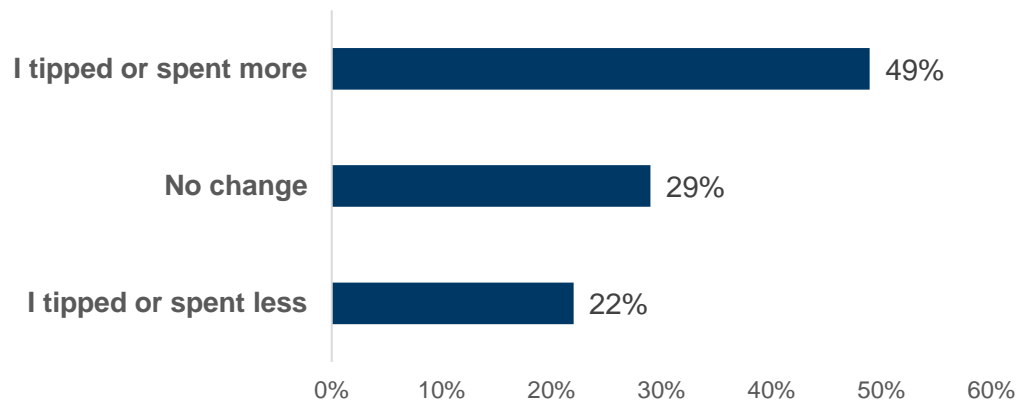


# More Than 2X As Many Consumers Tipped or Spent More With Small Businesses (vs. Those Who Tipped or Spent Less)



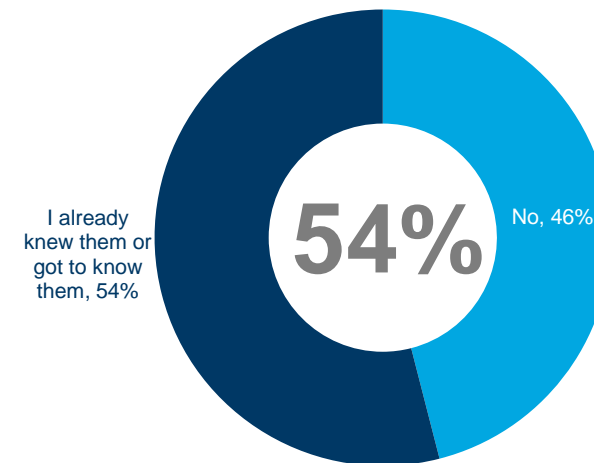
Consumers became closer to local small businesses by spending more and forging closer relationships with their employees.

During the pandemic, did you change your practices around tipping or spending more at small businesses?



*Even among those whose incomes decreased, 45% spent or tipped more at local small businesses*

In the past year, did you get to know the employees of small businesses you patronize?



*54% of consumers knew employees at local small businesses, or got to know them better*

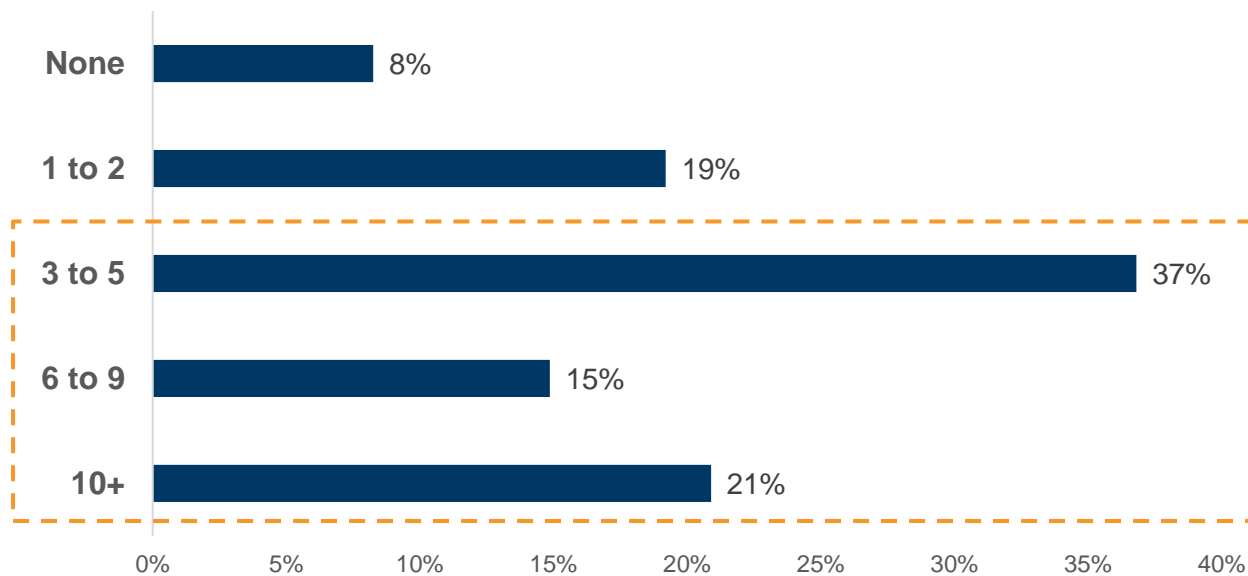


# 73% of Consumers Saw Three or More Businesses Close in Their Community Thanks to the Pandemic



Consumers became more willing to support local small business as they saw the pandemic's toll.

In your local community, how many businesses would you estimate have closed as a result of the pandemic?



Among the 73% of consumers who saw three or more businesses close in their community, 62% were willing to spend more for a household item at a small business over an online retailer, compared to 52% among those who saw fewer than three closures in their community

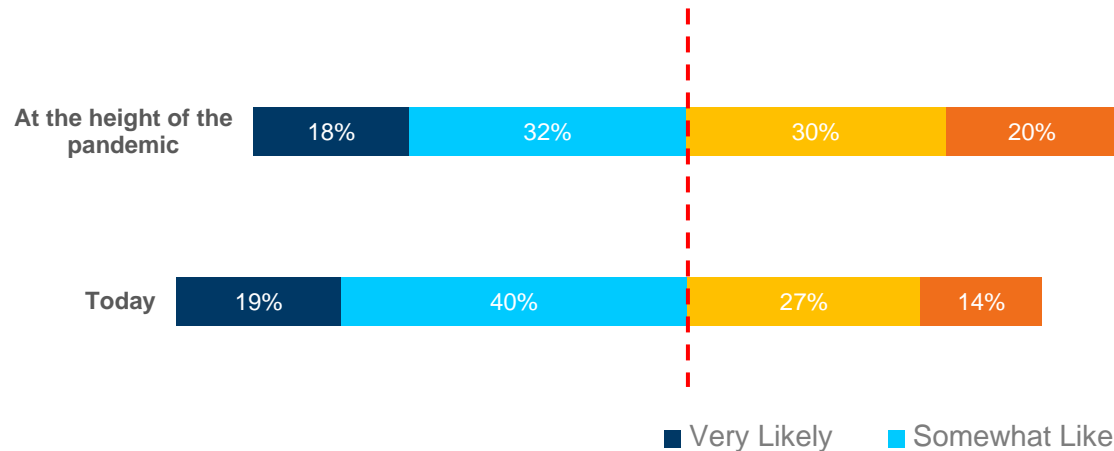


# Support for Small Businesses Grows Post-Pandemic

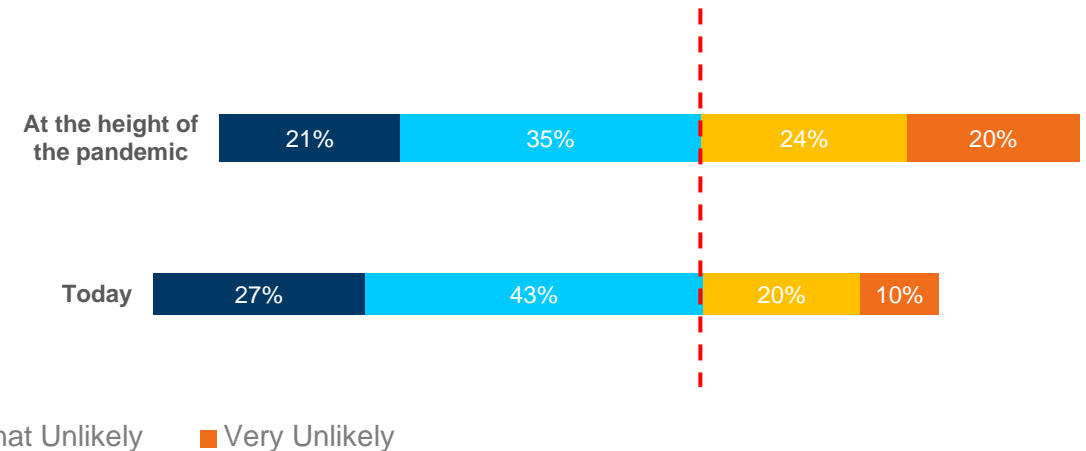


Consumers have become more willing to spend money or to forgo the convenience of two-day doorstep delivery to purchase needed household items at small businesses instead of at a large online retailer.

If a \$10 household item was available for \$14 at a local small business, how likely are you to spend more to support the small business?



How likely are you to forgo two-day doorstep delivery to purchase a household item at a local small business?



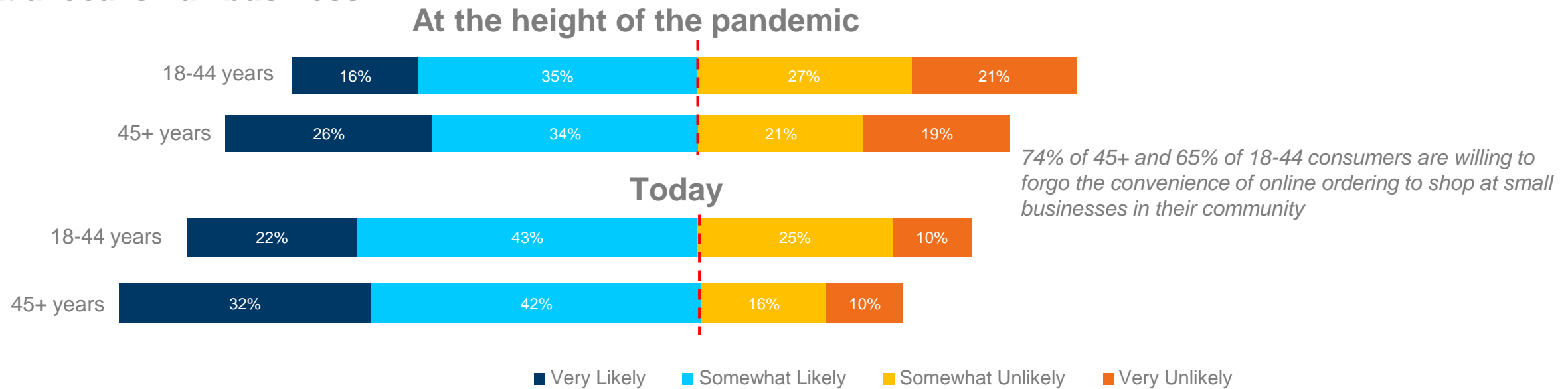


# All Ages Look to Support Small Businesses



Both younger and older consumers favor local small business over Amazon.

What is the likelihood you would forgo two-day doorstep delivery to purchase a household item at a local small business?



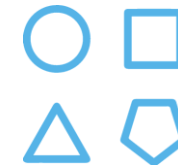
# Showing Consumers You Care Pays Off



In purchase decisions, almost as many consumers value how a business treats employees (58%) as much as customer service (62%).



83% say they are more likely to frequent businesses that treat their employees well. Just treating customers well isn't enough.



60% of consumers are more likely to frequent small businesses that are committed to diversity and inclusion.

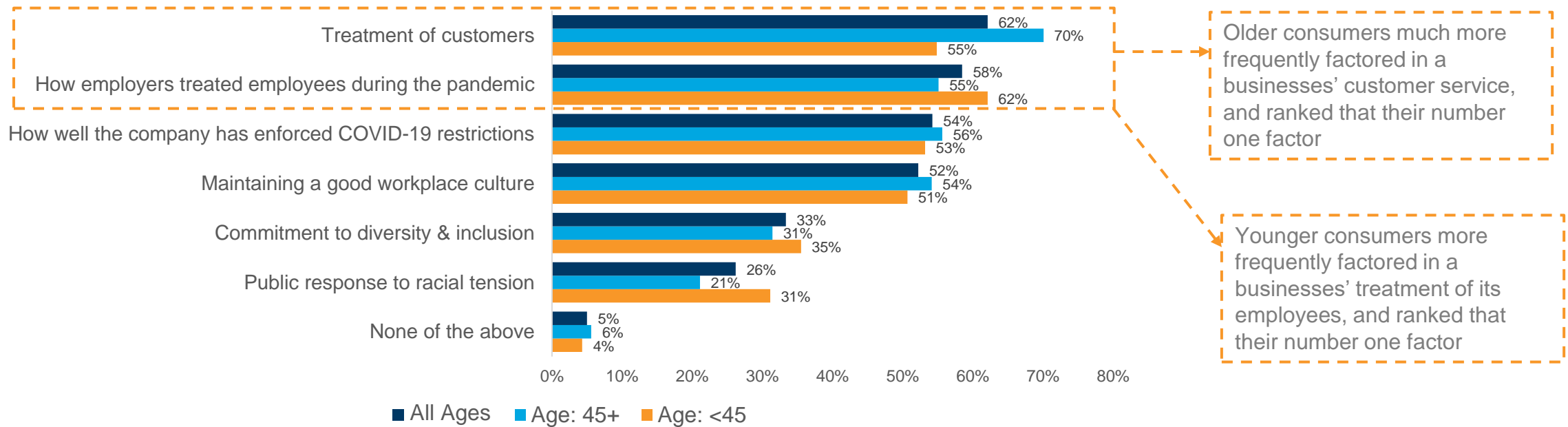


# Treatment of Employees Ranks Closely With Treatment of Customers



Consumers place great importance on small businesses' customer service and how they treat employees. Older consumers prioritize customer service, while younger consumers prioritize employee treatment.

## Which factors do consumers consider when deciding to patronize a small business?



# Political Leanings Don't Matter When it Comes to Small-Business Support



*Finally, something we can agree on...* support for small businesses is one of the few topics on which the nation is politically united.

## Small businesses bridge differences across political parties and break urban/rural boundaries.

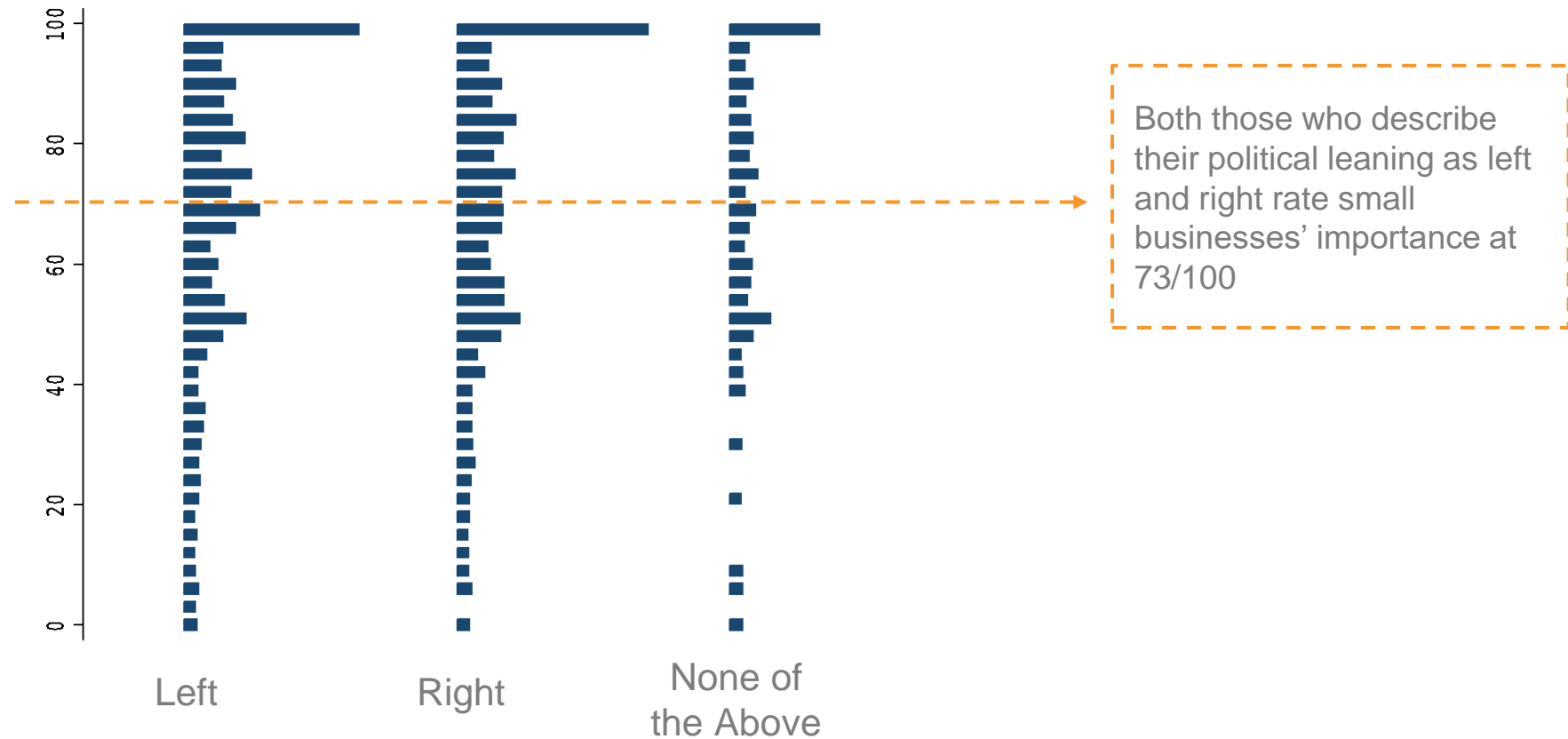
- Both consumers who describe their **political leanings as left and right** are **very supportive of their local small businesses** and rate their importance to their community at 73 out of 100.
- Both groups are **willing to pay more money to shop at a local business** compared to online ordering, with 59% of left-leaning and 61% of right-leaning consumers willing to do so.
- 69% of left-leaning and 70% of right-leaning consumers are **willing to forgo the convenience of online ordering** to shop at small businesses in their community.
- 62% of rural and 59% of urban consumers are **willing to spend more money for an item available at a local small business** compared with the same item at an online store. Both groups' support for small businesses has grown and converged over the past year, as these represent increases from 56% and 50% during the height of the pandemic.
- Both groups are **willing to forgo the convenience of online ordering** to shop at a small business in their community, with 69% of rural, and 70% of urban consumers willing to do so, an increase from 56% among both groups at the height of the pandemic.



# Support for Small Businesses Unites People Across the Political Divide

How important are small businesses to your community?

Scale from 0-100

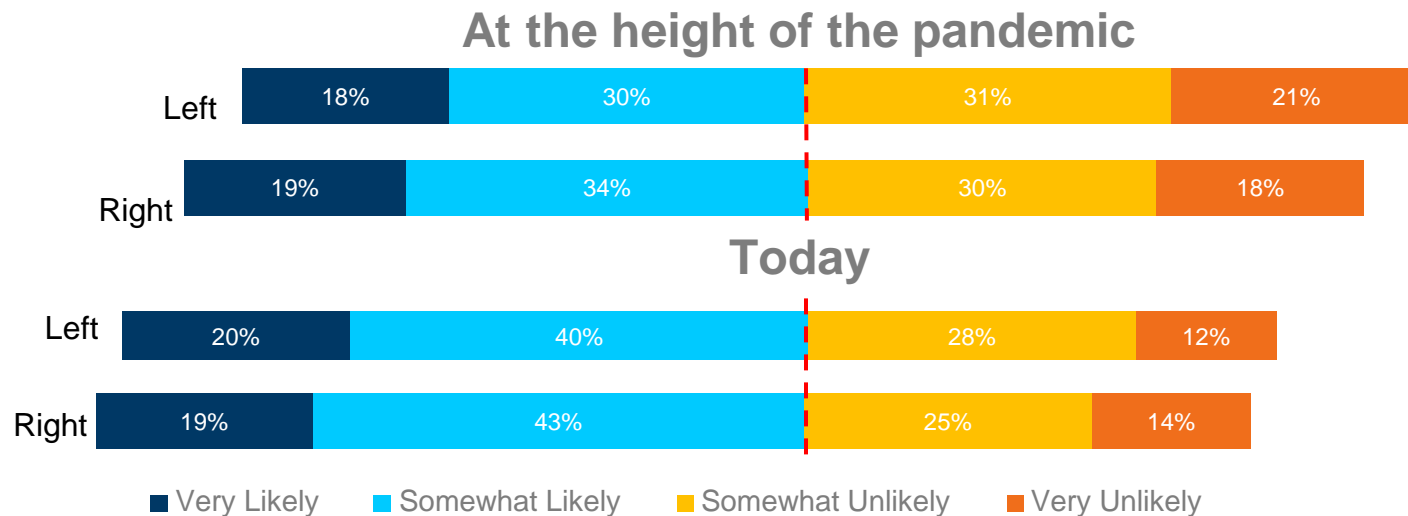


# Political Leanings Don't Matter When it Comes to Small-Business Support



Consumers of all political leanings are willing to forgo money to purchase a needed household item at local small businesses and have become more willing to do so over the course of the pandemic.

If a \$10 household item available at an online retailer was available for \$14 at a local small business, how likely are you to spend more to support the small business?



*Both groups are willing to pay more money to shop at a local business compared to online ordering, with 59% of left-leaning and 61% of right-leaning consumers willing to do so*



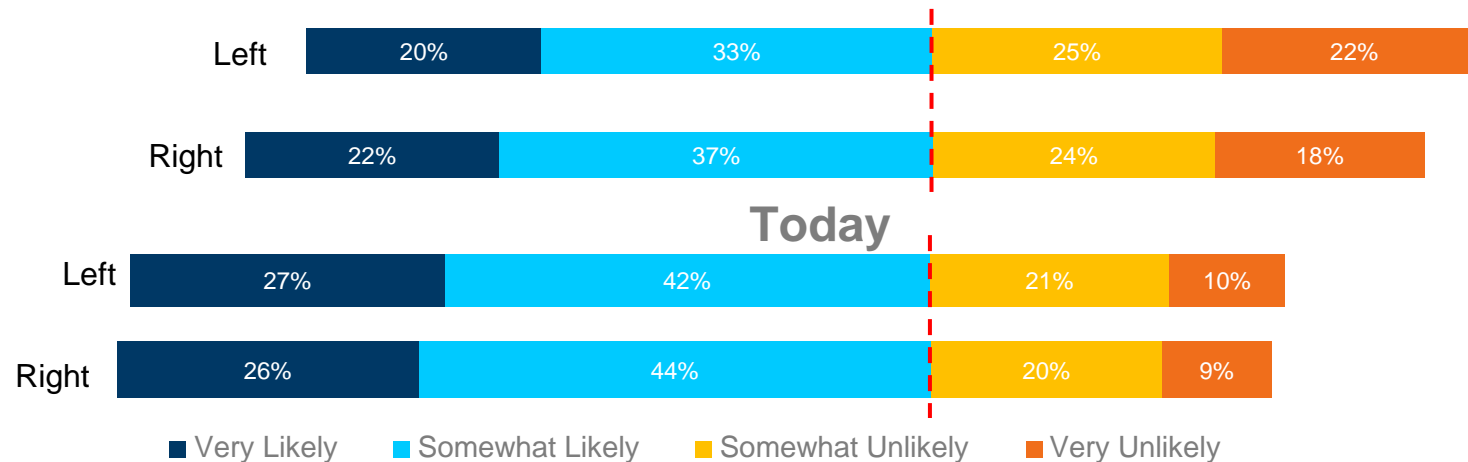
# Political Leanings Don't Matter When it Comes to Small-Business Support



Consumers of all political stripes are willing to forgo the convenience of two-day doorstep delivery to purchase a needed household item at local small businesses and have become more willing to do so.

What is the likelihood you would forgo two-day doorstep delivery to purchase a household item at a local small business?

## At the height of the pandemic



69% of left-leaning and 70% of right-leaning consumers are willing to forgo the convenience of online ordering to shop at small businesses in their community

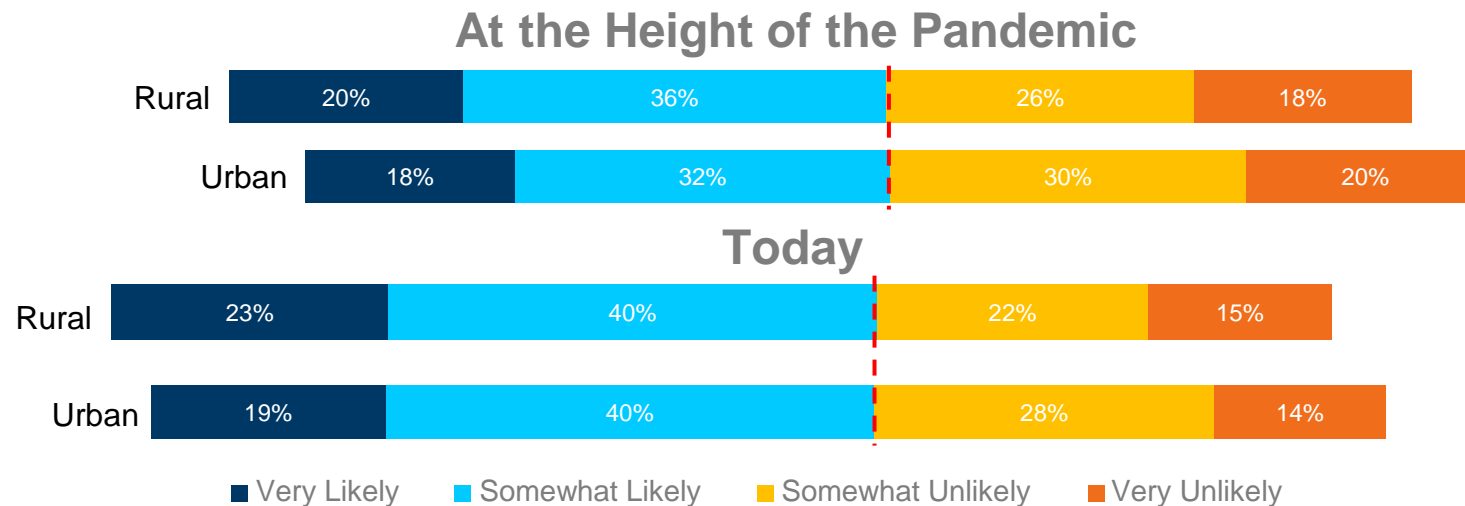


# Urban and Rural Consumers Both Lend Their Support



Consumers in both urban and rural areas are willing to forgo money to purchase a needed household item at local small businesses, and have become more willing to do so over the course of the pandemic.

**If a \$10 household item was available for \$14 at a local small business, how likely are you to spend more to support the small business?**



*62% of rural and 59% of urban consumers are willing to spend more money for an item available at a local small business compared with the same item at an online store. Both groups' support for small businesses has grown and converged over the past year, as these represent increases from 56% and 50% during the height of the pandemic.*





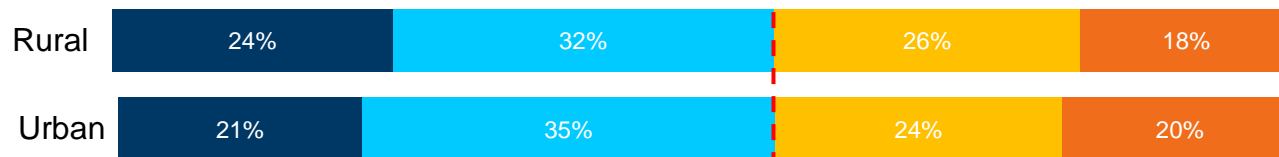
# Urban and Rural Consumers Both Lend Their Support



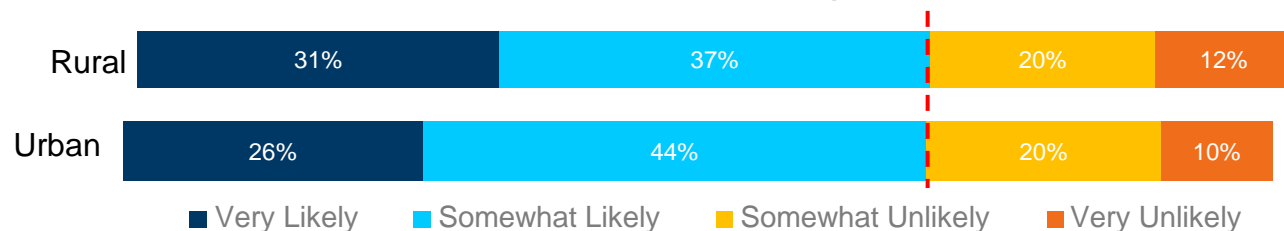
Consumers in both rural and urban areas are willing to forgo the convenience of two-day doorstep delivery to purchase a needed household item at local small businesses and have become more willing to do so over the course of the pandemic.

**What is the likelihood you would forgo two-day doorstep delivery to purchase a household item at a local small business?**

**At the height of the pandemic**



**Today**



*Both groups are willing to forgo the convenience of online ordering to shop at a small business in their community, with 69% of rural, and 70% of urban consumers willing to do so, an increase from 56% among both groups at the height of the pandemic*

