

Small Business Mindshift 2020: Minority Small Business Owners

Survey Results – National + California
October 2020



Results overview

Minority small business owners shine by being most adaptable and innovative during COVID-19, but they need more support

- Despite experiencing significant hardship during COVID-19, minority small business owners across the U.S. are using this time to innovate to keep their small businesses afloat, more than non-diverse small business owners across the U.S.
- As a result of this adaptability and agility, they are more likely to feel ready to weather the storm and re-energized
- But they still need more support – from their communities (59%), from their government (66%), and from the private sector (51%)

California-based small business owners are struggling to find their way during COVID-19, but minority owners in California are feeling more resilient and paving a path forward

- Small business owners in California are losing their sense of grit and innovation more than other businesses across the U.S.
- They need more support to help lift them up – 2 in 3 don't feel they have access to financial aid during this time
- However, minority small business owners in California are offering a light through the tunnel – they are demonstrating more innovation and optimism during this time, possibly a result from a greater focus on their community

For a third of U.S. small business owners, they feel their future success and survival is determined by the upcoming election

- Small business owners are highly engaged in the upcoming election, with 2 in 3 saying it's the most important election in their time as a small business owner and 1 in 3 saying the outcome of this election will determine whether or not their small business will survive
- However, this election is not all that will impact their success – getting a COVID-19 vaccine edges out the election as the #1 issue that will determine their success over the next 6 months

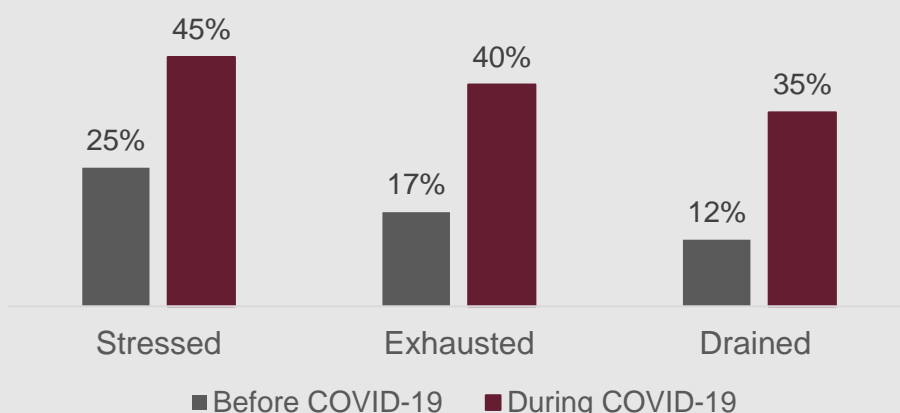
Minority small business owners shine by being most adaptable and innovative during COVID-19, but need more support

Despite experiencing significant hardship during COVID-19, minority small business owners across the U.S. are using this time to innovate to keep their small businesses afloat, more than non-diverse small business owners across the U.S.



Minority small business owners are feeling the strain

- ~1 in 5 have had to either temporarily or permanently close their business (16%, 18% among non-diverse small business owners)
- Over half say it's been **hard to adjust** to being a small business owner during COVID-19 (57%), and that it's been an **isolating experience** (57%)
- They report feeling more exhausted, stressed, and drained than before COVID-19



And while overall most have experienced a negative impact on their small business due to COVID-19, there is a surprising upside

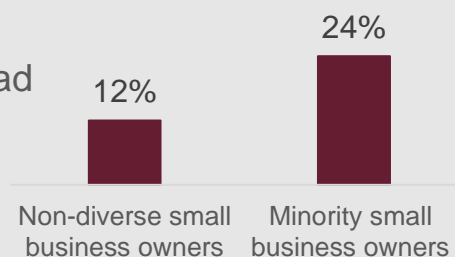
- 53% of minority small business owners say COVID-19 has had a negative impact on their business
- However, **1 in 4 say it's had a positive impact**, 2x as many as non-diverse owned small businesses across the U.S.

Minority-owned small businesses are

2x

more likely to say COVID-19 has had a positive impact on their business

“COVID-19 has had a positive impact on my business”





This is perhaps a result of being forced to adapt, which minority small business owners have done better than non-diverse small business owners across the U.S.

- Minority small business owners rise to the occasion, demonstrating more adaptability in the face of COVID

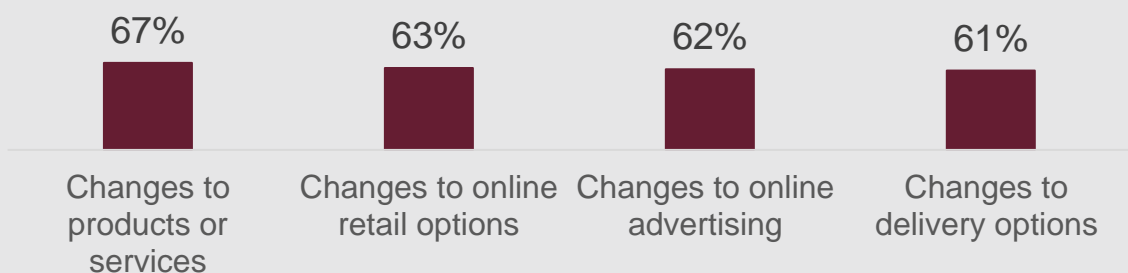
BUSINESS DECISIONS IMPLEMENTED DURING COVID-19

| | Non-Diverse SBOs | Minority SBOs | Delta |
|---|------------------|---|----------|
| Changes to delivery options | 29% | 47% <i>(Black SBOs: 56%, Latinx SBOs: 45%)</i> | +18 p.p. |
| Changes to online retail options | 35% | 50% <i>(Black SBOs: 57%, Latinx SBOs: 47%)</i> | +15 p.p. |
| Changes to products or services | 38% | 52% <i>(Black SBOs: 56%, Latinx SBOs: 55%)</i> | +14 p.p. |
| Changes to online advertising | 26% | 40% <i>(Black SBOs: 49%, Latinx SBOs: 33%)</i> | +14 p.p. |



And they have been rewarded for their quick thinking – most report these changes have had a positive impact on their business

“Implementing these changes has had a positive impact on my business”



As a result of their adaptability and agility, minority small business owners are more likely to feel ready to weather the storm



More so than non-diverse small business owners across the U.S., many minority small business owners are feeling re-energized and assured during the pandemic.

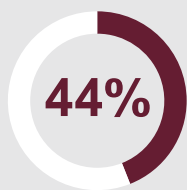
■ Non-Diverse SBOs ■ “I feel like this more NOW than before COVID-19”



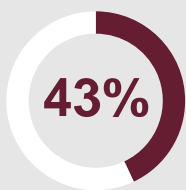
But they need more support – from their communities, from their government, and from those providing financial aid



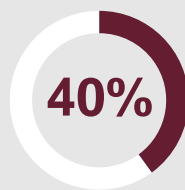
Less than half of minority small business owners feel supported by their communities and their government during this time



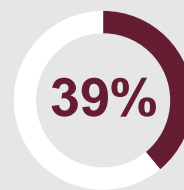
Feel supported by **local communities**



Feel supported by **their state government**



Feel supported by **their local government**



Feel supported by **the federal government**



But this support is something they want and need – over half are calling out for more support during this time

- **66%** say their business needs more support from the **government**
- **59%** say their business needs more support from their **community**
- **51%** say their business needs more support from the **private sector**



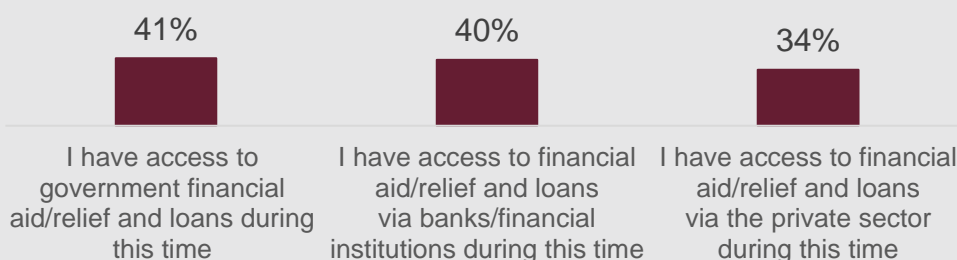
One key area of support that needs to be addressed is financial aid – something that is a frustration point for most minority small business owners

only 1 in 3

feel supported by financial institutions when they apply for business loans

(33% overall, Black SBOs: 35%, Latinx SBOs: 37%)

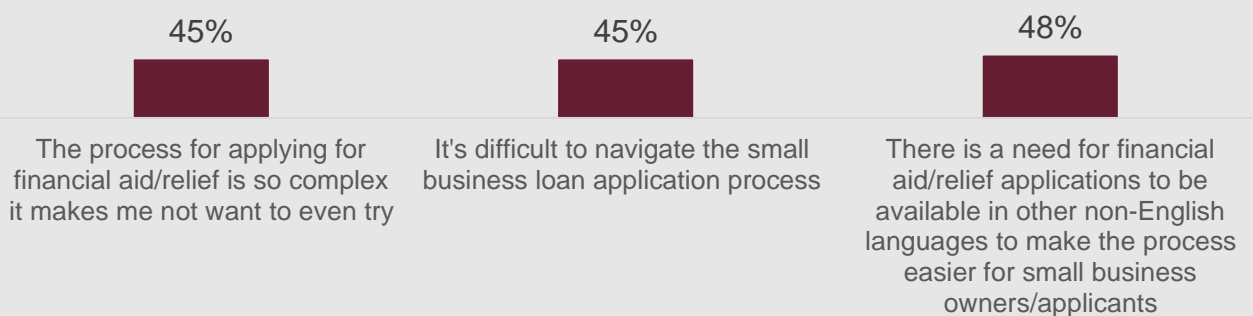
And most don't feel they even have access to financial aid



The process needs to be easier and more inclusive – it's currently shutting out almost half of minority small business owners

Almost half agree the process is too arduous to even try...

...and that it needs to be more inclusive and accessible



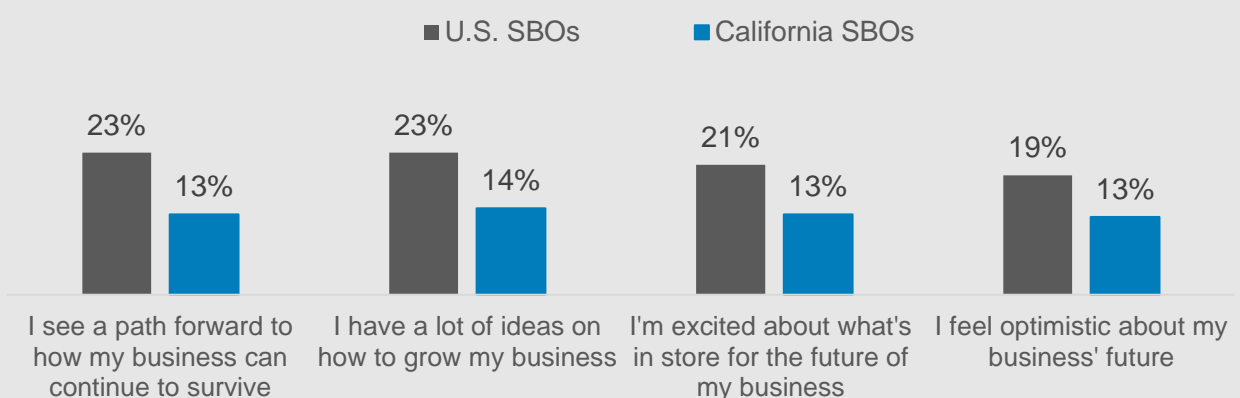
California-based small business owners are struggling to find their way during COVID-19, but minority owners in CA are feeling more resilient and paving a path forward

Small business owners in California are losing their sense of grit and innovation more than other businesses across the U.S.



California small business owners feel more deflated and uncertain compared to those across the U.S.

“I feel like this more NOW than before COVID-19”



And this isn't just in theory – small businesses in California report less innovation during this time compared to others across the U.S.

- California small business owners are significantly less likely to have adapted their businesses to the times compared to those across the U.S.

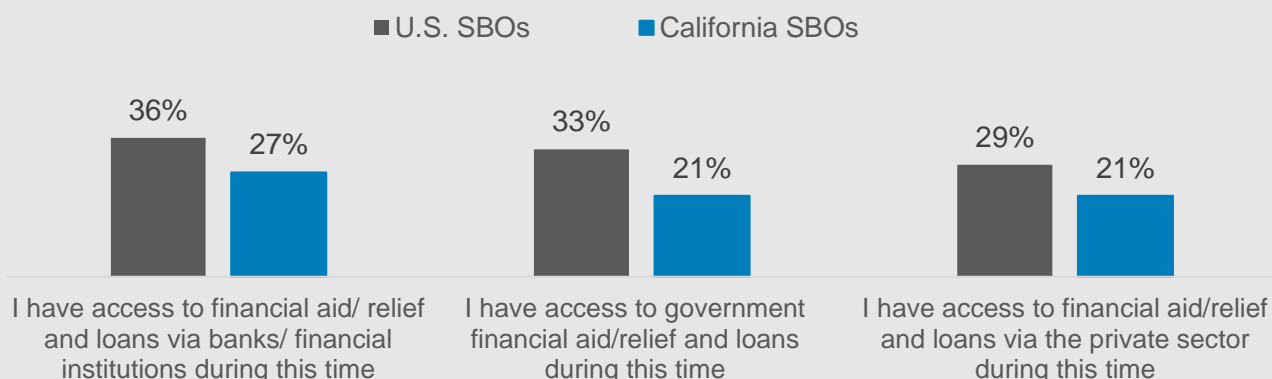
BUSINESS DECISIONS IMPLEMENTED DURING COVID-19

| | U.S. SBOs | California SBOs | Delta |
|--|-----------|-----------------|----------|
| Introducing new or expanding current products/services | 33% | 21% | -12 p.p. |
| Changes to products or services | 41% | 30% | -11 p.p. |
| Changes to delivery options | 32% | 22% | -10 p.p. |

They need more support to help lift them up – 2 in 3 don't feel they have access to financial aid during this time



California small business owners don't feel financial aid is an option for them



And even if they wanted to try to secure financial aid, the process is too daunting for almost half

42%

Agree it's difficult to navigate the small business loan application process

41%

Agree the process for applying for financial aid/relief is so complex it makes them not want to even try

Minority small business owners in California are offering a light through the tunnel – they are demonstrating more innovation and optimism during this time, possibly a result from a greater focus on their community

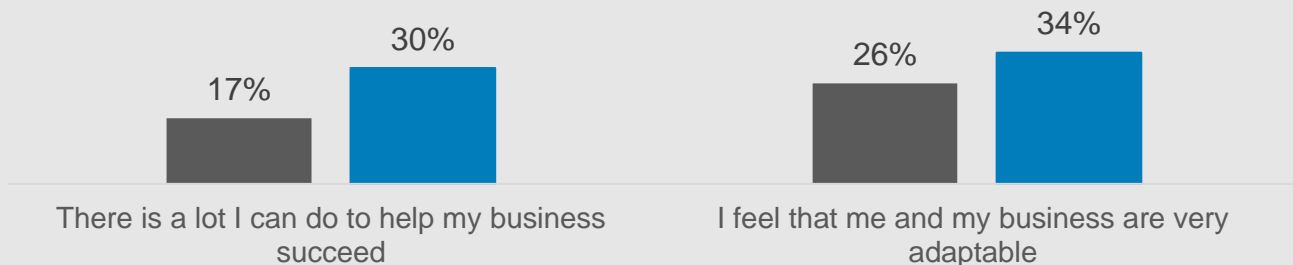


Minority small business owners in California have demonstrated more adaptability during COVID, both in their mindset and actions

■ Non-Diverse SBOs in California

■ Minority SBOs in California

“I feel like this more NOW than before COVID-19”



Minority small business owners in California are more likely to have implemented new strategies to keep their business afloat than other SBOs in the state

BUSINESS DECISIONS IMPLEMENTED DURING COVID-19

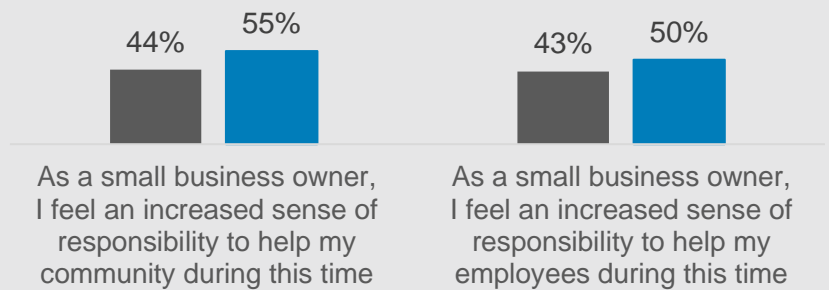
| | Non-Diverse SBOs in California | Minority SBOs in California | Delta |
|---|--------------------------------|-----------------------------|----------|
| Changes to delivery options | 14% | 36% | +22 p.p. |
| Changes to online advertising | 18% | 29% | +11 p.p. |
| Changes to online retail options | 32% | 39% | +7 p.p. |
| Changes to products or services | 27% | 34% | +7 p.p. |



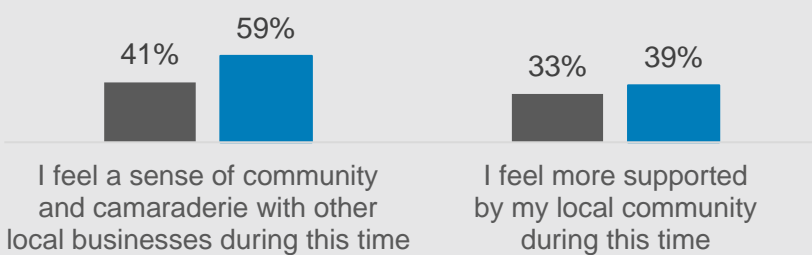
This could be a product of their stronger community bonds – not only are they more likely to have embraced their leadership role within their communities, they’re getting more support in return

Minority small business owners in California feel more responsibility towards their communities

■ Non-Diverse SBOs in California
■ Minority SBOs in California



■ Non-Diverse SBOs in California
■ Minority SBOs in California



And they’re getting more support in return

For a third of small business owners, they feel their future success and survival is determined by upcoming election

Small business owners are highly engaged in the upcoming election, with 2 in 3 saying it's the most important election in their time as a small business owner



Small business owners across the U.S. are tuned in more than ever before

60%

Agree they are following this November national election more closely than they have past elections

*59% among U.S. minority SBOs
66% among California SBOs
64% among minority SBOs in California*

62%

Agree this is the most important November national election in their time as a small business owner

*55% among U.S. minority SBOs
64% among California SBOs
55% among minority SBOs in California*



And it's no surprise – for a third of small businesses, their livelihood is on the line



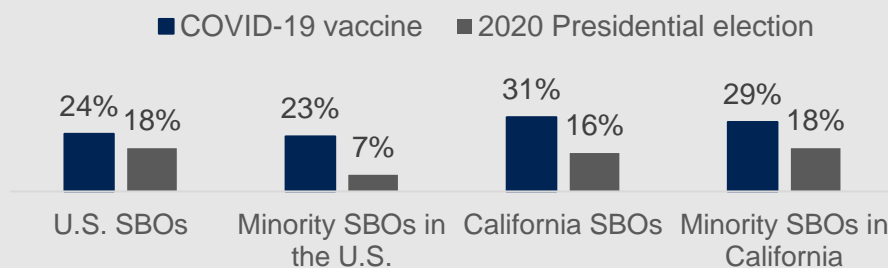
1 in 3 (36%)

*38% among U.S. minority SBOs
34% among California SBOs
38% among minority SBOs in California*

small business owners say the outcome of this November national election will determine whether or not their small business will survive

However, this election is not all that will impact their success – getting a COVID-19 vaccine edges out the election as the #1 issue that will determine their success over the next 6 months

Issues ranked #1 most important to business' success over next 6 months



Q9: Now we'd like to talk a bit about the upcoming general election. How much do you agree or disagree with the following statements below?, Q10: What issues are most important to the success of your business over the next 6 months? (U.S. small business owner n=850, U.S. minority small business owner n=162, CA small business owner n=151, CA minority small business owner n=56)

About this Survey

Methodology | Demographics

This document includes findings from our survey among small businesses across the U.S., with a specific focus on minority-owned small businesses and small businesses in California. The survey was conducted online between August 26-September 8, 2020.

To ensure we collected a diverse set of opinions from our small business owners, our respondents were a mix of gender (female/male), race/ethnicity (White/non-diverse, Black, Latinx, Asian, multi-race, other), location (U.S. regions and California regions/cities), and small business bank account holders (national/local).

Note that for the purposes of this survey, small businesses were defined as those with 1-99 employees, and included those that have had to close their business as a result of COVID-19 (either temporarily or permanently).

In total, we surveyed 850 small business owners in the U.S. (162 of which were minority owners), and 151 small business owners in California (56 of which were minority owners).

Thank You

