

Holiday Season Profits Crucial for Small Businesses as Inflation Concern Remains High

3 in 5 small businesses expect less revenue than usual this holiday season

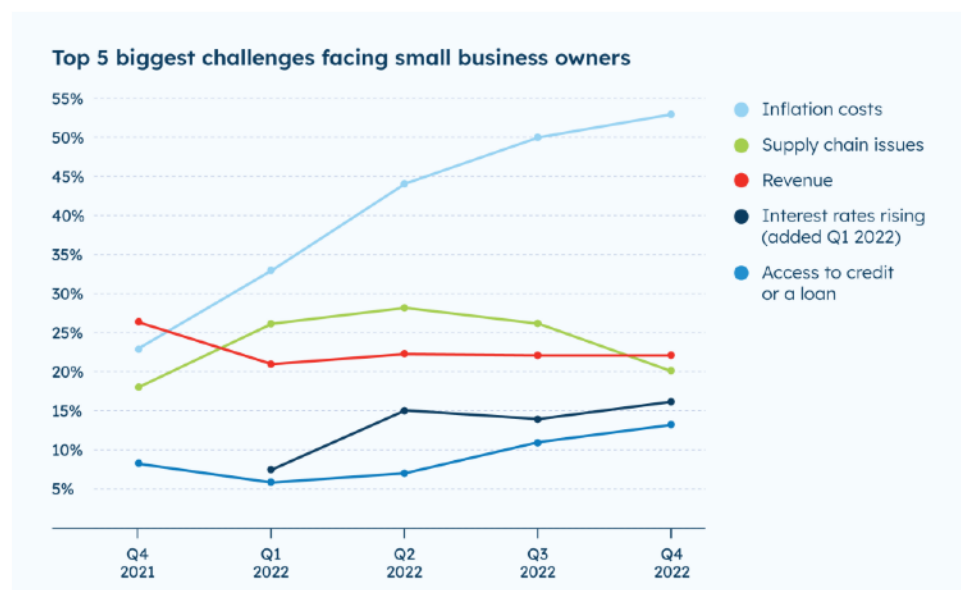
December 14, 2022

Washington, D.C. — The quarterly MetLife and U.S. Chamber of Commerce [Small Business Index](#), released today, reveals this holiday season is critical for small businesses' finances. Eight in ten (79%) say the holiday season is important for their overall profit, up from 70% who said the same last year.

At the same time, inflation remains a top concern. This marks the fourth consecutive quarter that inflation tops the list of challenges. More than half (53%) of small businesses now say inflation is the biggest challenge for small business owners, a 30-percentage point increase from this time last year. Roughly four in five (83%) say rising prices have had a significant impact on their business this year.

"This quarter, small business owners did not see any improvement in the economic landscape. Although their own business may be doing okay, their confidence remains shaken," said Tom Sullivan, Vice President of Small Business Policy at the U.S. Chamber of Commerce. "We're calling this phenomenon [secondhand pessimism](#)— a divide between how businesses and consumers say they feel about the economy (bad) and how they're acting (still spending and hiring)."

Seven in ten (69%) small businesses say they are raising prices in response to inflation this holiday season. Meanwhile, 61% report expecting less revenue than usual this holiday season because of inflation. Although concern over supply chain issues has cooled, 61% of small businesses say they expect supply chain disruptions will make it difficult to manage the holidays.



This quarter's overall Index score of 62.1 matches last quarter's score exactly, which marked the largest quarterly drop since the Index plummeted at the start of the pandemic. The survey

shows remarkable consistency with last quarter across nearly all the questions that comprise the Index.

This consistency reflects continued feelings of uncertainty about the broader economic environment that small business owners face. Just 27% of small business owners believe the U.S. economy is in good health, and 30% believe their local economy is in good health, consistent with last quarter (28% and 31%, respectively).

However, small business owners are generally optimistic when it comes to the health of their own business. Nearly two-thirds (64%) report that their business is in good health. Just over two in three (67%) say they are comfortable with their cash flow. Just one in five (19%) indicate they increased staff over the last year, which has remained stable over the last several quarters.

Finding quality job applicants has been a challenge for small business owner Albert Vega at his science and engineering consulting and technology development firm in Alexandria, Virginia.

"The landscape I would say looks good, but we need to find the right hires that believe in our mission," says Vega, CTO and co-Founder of Building Momentum. "It's not finding employees, but finding and keeping good problem-solvers that is tricky and not having enough staff is what's holding us back a little."

About 3 in 10 (29%) small businesses cited a staffing concern as one of their top challenges. Of these challenges, small business owners are concerned about employee retention (11%), lack of applicants for job openings (8%), low quality of job applicants (8%), and employee well-being/morale (7%).

"It's promising to see small business owners optimistic about the health of their own businesses and comfortable with their cash flow heading into 2023," says Cynthia Smith, senior vice president, Regional Business at MetLife. "It is also clear, however, they are still confronting the impacts of a challenging environment including inflation and supply chain disruption as well as a need for continued support from their communities in the face of prolonged uncertainty."

This quarter's survey also asked small business owners about their community engagement. Nearly all (93%) small businesses say they have taken action to engage with their community in the past year. Here are some additional findings:

- **Over half of small businesses report making community donations.** Two-thirds of small businesses (66%) say they have donated to local charities over the past year. Over half say (56%) say they have offered discounts to certain groups within the community.
- **Other top ways for small businesses to give back include** encouraging employees to shop at other small businesses in the community (70%) and sponsoring or donating goods/services to local events (64%).
- **Most small businesses (91%)** believe that businesses should give back to their local communities.
- **Eight in 10 (80%)** believe their own business has a clearly defined mission that includes giving back to their local community.

About the Small Business Index

The MetLife and U.S. Chamber of Commerce [Small Business Index](#) is part of a multiyear collaboration by MetLife and the U.S. Chamber to elevate the voice of America's small business owners and highlight the important role they play in the nation's economy. The quarterly Index, an online survey of 750 small business owners and decision makers, is designed to take the temperature of the sector, see where small business owners are confident, and where they are experiencing challenges.

The Q4 2022 survey was conducted October 11-27, 2022. The survey has a credibility interval of plus or minus 4.4 percentage points for all respondents.

About the U.S. Chamber of Commerce

The U.S. Chamber of Commerce is the world's largest business organization representing companies of all sizes across every sector of the economy. Our members range from the small businesses and local chambers of commerce that line the Main Streets of America to leading industry associations and large corporations.

They all share one thing: They count on the U.S. Chamber to be their voice in Washington, across the country, and around the world. For more than 100 years, we have advocated for pro-business policies that help businesses create jobs and grow our economy.

About MetLife

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