



We Asked, They Answered:

Five Insights From Shoppers on What They Want from Small Businesses

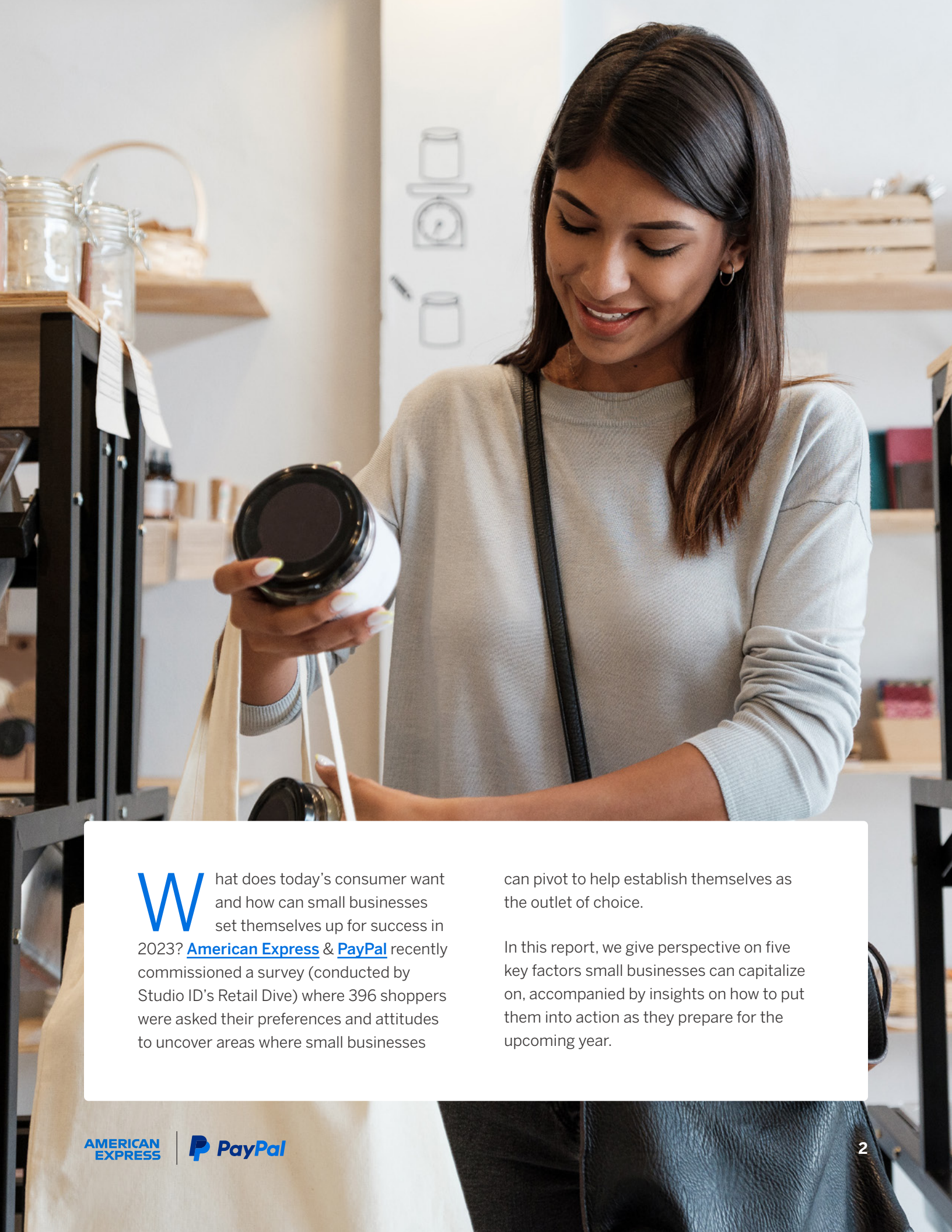
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What does today's consumer want and how can small businesses set themselves up for success in 2023? [American Express](#) & [PayPal](#) recently commissioned a survey (conducted by Studio ID's Retail Dive) where 396 shoppers were asked their preferences and attitudes to uncover areas where small businesses

can pivot to help establish themselves as the outlet of choice.

In this report, we give perspective on five key factors small businesses can capitalize on, accompanied by insights on how to put them into action as they prepare for the upcoming year.



Insight 1:

Small businesses play an important role in helping customers feel connected to their community.

Are you feeling the love? You should be...an overwhelming 93.9% of survey respondents agreed that small businesses are important to a community.

Even better, shoppers are showing their affinity with their dollars; half of respondents say one of their top goals in shopping small is to keep their money in the local community.

“Small businesses keep our communities vibrant,” says Marianne Rausch, Vice President, Small

Business Saturday® & Shop Small®. “They are the lifeblood of our communities and help create jobs, boost the economy, and enrich our neighborhoods.”

Wondering what specifically makes small businesses special? The survey revealed some key reasons that small is so mighty. According to 50.3% of respondents, small businesses have a different and varied product selection than can be found at larger brands and 38.9% say small businesses offer better overall customer experiences.

Take advantage of these insights to differentiate yourself from the competition

- Share a compelling brand story. Consumers crave knowing more about your “what” and “why” and want an emotional connection as they decide where to spend their hard-earned dollars.
- Show off your creative flair via clever twists on signage, displays, packaging, and other branding components.
- Lean into the convenience you offer. Shifting commute patterns means consumers might be more prone to pop into local stores at unexpected times so make sure you’re adequately staffed. Experiment with events that tap into the new hybrid world of work.
- Delight visitors to your brick-and-mortar store by making their experience memorable. Have a cache of portable snacks and refreshing beverages and entertain shopping companions with comfy chairs and chargers for adults and toys for the kids. Engage their senses with pleasant aromas and music—soft or upbeat to suit your vibe. Encourage them to touch and try on items for an immersive experience they can’t replicate online.
- Use specific tools at your disposal to tout your status as a recognized small business. Visit the [Shop Small Studio](#) to create customizable print & digital marketing assets. Next, ensure your business is listed on the Shop Small® Map†. Eligible small merchants can add their business to the Map so that customers know where to find them, and also to potentially get recommended to American Express Card Members for free.





Insight 2:

Small businesses can entice their target customer with the right combination of deals and value-oriented messaging.

There's no question some customers are watching their wallet extra closely given inflationary pressures and an uncertain economic outlook. In fact, 73.2% of respondents to the American Express/PayPal survey say better pricing and promotions would help earn more of their business.



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However, small businesses shouldn't indiscriminately discount. That desire to scrutinize prices is par for the course, especially in a retail environment where customers are being trained to look for promotions. However, many of the recent deep discounts were not solely designed to attract deal-savvy customers; instead, many large retailers had found themselves overloaded with unwanted merchandise as customers' buying patterns shifted abruptly.

That can be a major advantage to small businesses, which have more control over what they purchase and how they price it. As the survey found, consumers are pretty evenly divided on the types of promotions they prefer, from buy one/get one offers to a certain percentage off or a dollar discount once the sale reaches a certain threshold.

With no clear alignment on the “best” option, small businesses have wide latitude in using the promotional vehicles that work best for them.

The same goes for marketing: Given that survey respondents were relatively evenly divided on how to capture their interest, you can use the marketing vehicles that are most appealing or affordable for you.

The following were some of the types of advertising or marketing that were most appealing to survey respondents.



“There are many creative ways small businesses can work to actively attract and retain shoppers,” notes Brett Sussman, Vice President Head of Sales & Marketing, at Kabbage from American Express. “One trend we’re seeing is that small businesses are investing in new marketing strategies. In our latest [Small Business Recovery Report](#)[‡], we found that 47% of small businesses have increased

digital marketing spend in 2022 by June. To offer customers more advantages, retailers can create loyalty programs and promote the use of gift cards online and in-store, among other ways. They can also build an app for their store; our data showed that 29% of small businesses are prioritizing mobile and investing to build a mobile app for their small business.”

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- Take a contrarian point of view on deals and promote the value you offer, rather than focusing exclusively on price. Analyze your competitive advantage and focus on that rather than engaging in constant destructive price cutting. If you work with customers who subscribe to the adage that “Time is money,” help them get in and out of the store with personal shopping services, curbside pickup, and curated offerings.
- Design promotions thoughtfully. Instead of slashing prices throughout the store, align your efforts in relation to your current merchandising needs. Take a collection of accessories that isn’t moving as you’d hoped and offer lower-priced items as a gift with purchase. By being creative, you can ensure that a deal for them is also a benefit to you.
- Dedicate space for affordable impulse buys near the cash register and encourage staff to mention them.
- Create a loyalty program that suits your needs. For example, rather than having a free item as the reward, make it a “buy one, get one” to encourage a future visit or offer a discount when they shop with a friend to incent referrals.
- Outline a subscription program for items that need frequent replenishment and add value by throwing in a little extra goodie—some of that slow-moving inventory you’d love to clear out.



Insight 3:

An engaging merchandise assortment can drive interest and engagement.

Shopping should be fun, and small businesses are best equipped to provide the delight of discovery. In fact, when choosing their store, merchandise selection was a top priority for both in-store (54.0%) and online (45.7%) shoppers. “Stores don’t have the selection they used to. If more was available in the stores to look through, I might actually buy more,” one survey respondent said.

Clearly the right product assortment is paramount, and small businesses have an advantage, given

their ability to be more agile and pivot quickly to better adapt to changing customer needs.

Many bigger brands had to make early bets on their merchandise and have found themselves stuck with the wrong inventory, which has forced them to unload it with aggressive discounts. It’s far better for both the customer experience and your profit to offer the wares your patrons actually want, which also allows you to get the price you need.

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- Work around supply chain snarls by tapping a wider group of vendors. Local suppliers may not insist on large orders, so you can experiment with various offerings to find what resonates with your shoppers before committing significantly.
- Utilize your agility to quickly move to meet trends in a way that larger brands may not. If local teens are jumping on the latest TikTok trend of DIY craft kits or a certain type of accessory or specialty food product, scour your supplier channels to stock up quickly.
- Offer a widespread selection of products at affordable price points. Consider what's been called the "lipstick index," where sales of smaller luxuries rise when the economy sours. That's because even as consumers grapple with their budgets, they'll still find room for small indulgences.
- Augment your product selection with inventory that could be considered necessities and make customers feel more comfortable spending. For example, a clothing store could add pajamas, socks and hats which seem like less of a luxury.
- But don't neglect the other end of the price spectrum: Some consumers may still be feeling financially confident and could be willing to splash out on something special, especially if they are conserving in other areas.
- Never overlook your unique opportunity to engage with your customers personally. Get to know them, their preferences and what delights them. Call them when new merchandise comes in that you know they'll like or follow up to see how they're enjoying a purchase. While "personalization" is a hot marketing buzzword today, a small business can do it best because to them and their customer, it actually is personal.

Insight 4:

Consumers are passionate about shopping according to their values.

When you think of value, you might think of price. But today's shopper is far more conscientious and wants to align themselves with brands that speak to the causes and beliefs that are important to them. Diversity and inclusion tops the list. A recent poll of 550 small business leaders to track the state of U.S. small businesses heading into the holiday season found that shopping at stores that are welcoming and inclusive is important to 83% of all shoppers, according to Kabbage from American Express.**



83% of all shoppers think shopping at stores that are welcoming and inclusive is important

They also value the unique opportunity to align with local causes. Remember that half of shoppers said they want to keep money in the local community; many believe that small businesses can do this better, with survey respondents saying that small businesses are more apt to support local artisans and are more sustainable.





Take advantage of these insights to differentiate yourself from the competition

- When choosing signage, consider ordering **these distinctive signs** that celebrate warm and welcoming spaces. American Express partnered with five artists to design this collection based on their own interpretation of what “Always Welcome” means to them. Source locally made wares whenever possible. Display the merchandise with signage that highlights the artisan and shares their story. You can even hold an event where shoppers can get to know these local suppliers.
- Underscore the double benefit of purchasing local goods at your store—it keeps money in the community and supports a local maker.
- Champion causes that resonate with your customers and associates. Foster opportunities to donate and amplify their mission on your website and with in-store collateral.
- Rethink your packaging to ensure it's sustainable. Create an onsite recycling opportunity for shoppers who want to participate in the circular economy, by returning packaging they no longer need.
- Hire thoughtfully. The best way to make your business more welcoming is to work with a team who can share perspectives reflective of your community.



Insight 5:

The checkout experience is a customer's final touchpoint with your brand so make it count.

All too often it's easy to lose shoppers at the checkout. While they might not consciously register their appreciation of a good experience, a negative impression at this final interaction can lead to abandoned carts, poor reviews, and a hesitancy to return.

The survey found that the two features most important to shoppers in the payment experience are that their payment information is secure (81.1%) and their preferred payment option is available (49.5%). In addition, 26.6% of respondents said it's extremely or very important to them to have the ability to pay with a mobile wallet, using a solution like PayPal, ApplePay, etc.

"Enabling choice in payment options when it comes to checkout can help businesses drive sales, increase revenues and drive customer loyalty," said Ed Hallett, Senior Director of Small Business Solutions at PayPal. "That's why it's important for small businesses to offer a range of payment options at checkout, including cards, popular digital wallets and even flexible buy now, pay later solutions."

Consumers also don't want to be delayed or confused: 22.2% said ease of checkout process was important in shopping in-store, and 18.4% said the same when shopping online. It's vital not to squander this last opportunity to imprint one final customer win.

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- Prominently display the types of alternative payment methods you offer, such as a digital wallet and Buy Now, Pay Later (BNPL), both of which are poised to increasingly become an important option in the checkout suite.
- Instill confidence and trust by displaying the logos of prominent payment and security brands.
- Consider using mobile point-of-sale tablets to disperse lines and allow associates to provide personalized service.
- Realize that the online checkout process isn't always intuitive so virtually walk customers through it to reduce cart abandonment. For example, add descriptors to form fields so customers know where to find their security code or what format to use to enter their expiration date.
- Train in-store associates to graciously explain methods like tap-and-go to customers who might be unfamiliar with modern terminals.





Are You Ready to Seize Success in 2023?

As you prepare for 2023, don't overlook one of your top advantages: your size. Use your unique assets to cater to local customers and start the new year inspired by your ability to make a difference in your community. And remember you are supported by American Express.

Visit American Express' [website](#) today to access complimentary tools to promote and run your business, including discounted offers, insights and education, and free marketing such as social assets and the potential opportunity to be promoted to Card Members via the Shop Small® Map.



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Learn more

American Express & PayPal commissioned an online survey to US consumers, conducted by StudioID's Retail Dive in October 2022. 396 respondents provided input on their small business shopping sentiments. Survey respondents were 18 years of age or older and indicated doing more than 50% of their household's shopping.

**The online survey was conducted between September 20 – October 3, 2022 by Morning Consult on behalf of Kabbage from American Express, surveying 550 small business leaders, including 250 at the smallest small businesses (<10 employees), 200 at medium small businesses (11-100 employees), and 100 at the largest small businesses (101-500 employees). Respondents represented industries across retail, marketing, healthcare, financial services, technology, food and beverage, construction, automotive, manufacturing, media, professional services, education, agriculture and more. The margin of error for the full sample is +/- 3 percentage points.

†The Shop Small Map only features qualifying American Express® Card accepting small merchants. American Express reserves the right to decline any update to a merchant's customer facing information if it contains inappropriate content. If you recently signed up to accept American Express Cards, please allow up to 7 weeks for your business to appear on the Shop Small Map. Merchants must be on the Map to be recommended to customers.

‡Small Business Recovery Report issued by Kabbage from American Express, September 2022. The online survey was conducted between July 14th – 25th, 2022, surveying 550 small business leaders, including 250 at the smallest small business (<10 employees), 200 at a medium small business (11-100 employees), and 100 at the largest small business (101-500 employees). Respondents represented industries across retail, marketing, healthcare, financial services, technology, food and beverage, construction, automotive, manufacturing, media, professional services, education, agriculture and more. The margin of error for the full sample is +/- 4 percentage points.



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