Q1 2026
CITIZENS SMALL & MIDSIZE BUSINESS OUTLOOK
Full Data Report

Citizens®

METHODOLOGY

HOW

Online survey via the **Bredin SMB Omnibus**

WHO

500 principals of U.S. companies with one to 1,000 employees

Featured Breaks

Annual Revenue	Count
<$500K	196n
$500K-$4.9M	140n
$5M+	164n

See appendix for full respondent characteristics.

WHEN

November 1 to 18, 2025

Some charts in this deck do not total 100% due to rounding.

READING THIS REPORT

Statistical testing is done at the **95% confidence level**.

A difference designated **"significant" indicates a true and meaningful difference**, not one attributable to sampling variation. Specifically, the term implies that the chances are 95 in 100 that a survey result would not vary if surveys were conducted with all persons in the universe represented by the sample.

(ABC)

A **letter appearing next to a data point** indicates that there is a significant difference between that segment and other segments shown. These notations are placed next to the greater of the means or proportions.

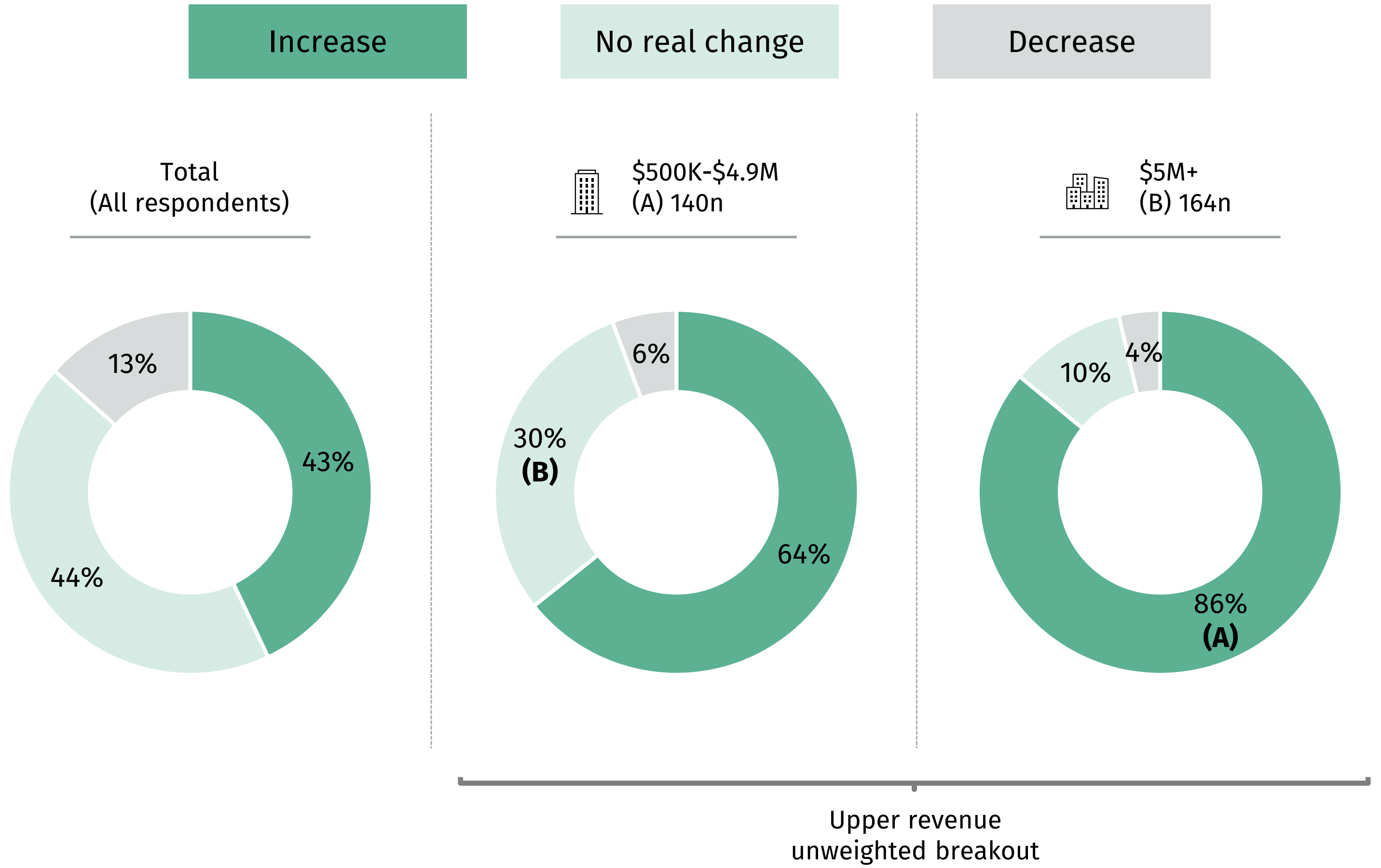
1

A **numbered circle** indicates that a percentage is first-, second- or third-highest in a column.

REVENUE GROWTH OUTLOOK INCREASES WITH SIZE

- Revenue expectations among all respondents are split almost evenly between those who anticipate an increase vs. those who do not.
- Almost two in three $500K-$4.9Ms expect revenue to increase in the next three months, vs. almost nine in 10 $5M+s.

How do you expect your business revenue to change in the next three months compared to the last three months?



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CUSTOMERS, INNOVATION AND EFFICIENCY FUEL REVENUE

- Among businesses expecting a revenue boost, customer acquisition, new offerings and efficiency are top drivers.
- For $500K-$4.9Ms, customer acquisition is first, followed by new products. For $5M+s, it's efficiency, followed by customer acquisition.

[IF THREE-MONTH REVENUE WILL INCREASE] **Why is your business revenue increasing?** Select all that apply.

	Total (All respondents)	$500K-$4.9M (A) 90n		$5M+ (B) 141n	
More customers	68%	72%	1	61%	2
New products or services	37%	53%	2	57%	3
Improved efficiency or systems	36%	46%	3	69% **(A)**	1
Increased prices	26%	28%		37%	
New markets	25%	32%		35%	
Better digital financial tools*	19%	32%		51% **(A)**	
Good advice from trusted partners**	12%	21%		44% **(A)**	
Tariffs	4%	9%		18%	
Some other reason (please describe)	9%	6%		3%	

Upper revenue unweighted breakout

Mouseover:
*Financial software or applications to monitor, manage, and gain insight into your company's financial situation/cash flow and analytics
**Such as a CPA, attorney, business banker, or financial advisor

INFLATION AND TARIFFS DRIVE REVENUE DECREASES

- Inflation and tariffs are the leading causes of revenue declines among the relatively few respondents who expect their revenue to decrease in the next three months.

[IF THREE-MONTH REVENUE WILL DECREASE] **Why is your business revenue decreasing?** Select all that apply.

	Total (All respondents)	$500K-$4.9M (A) 8n	$5M+ (B) 6n
Weaker customer demand	63%	25%	67%
Inflation	41%	63% (1)	(1) 100%
Tariffs	34%	63% (1)	(1) 100%
Losing customers	30%	25%	0%
Needing to lower prices	19%	13%	83% (3)
Lack of new products or services	4%	13%	0%
Inefficient systems or operations	4%	0%	17%
Lack of advice from trusted partners*	0%	0%	0%
Lack of digital financial tools*	0%	0%	0%
Some other reason (please describe)	33%	50% (3)	17%

Upper revenue unweighted breakout

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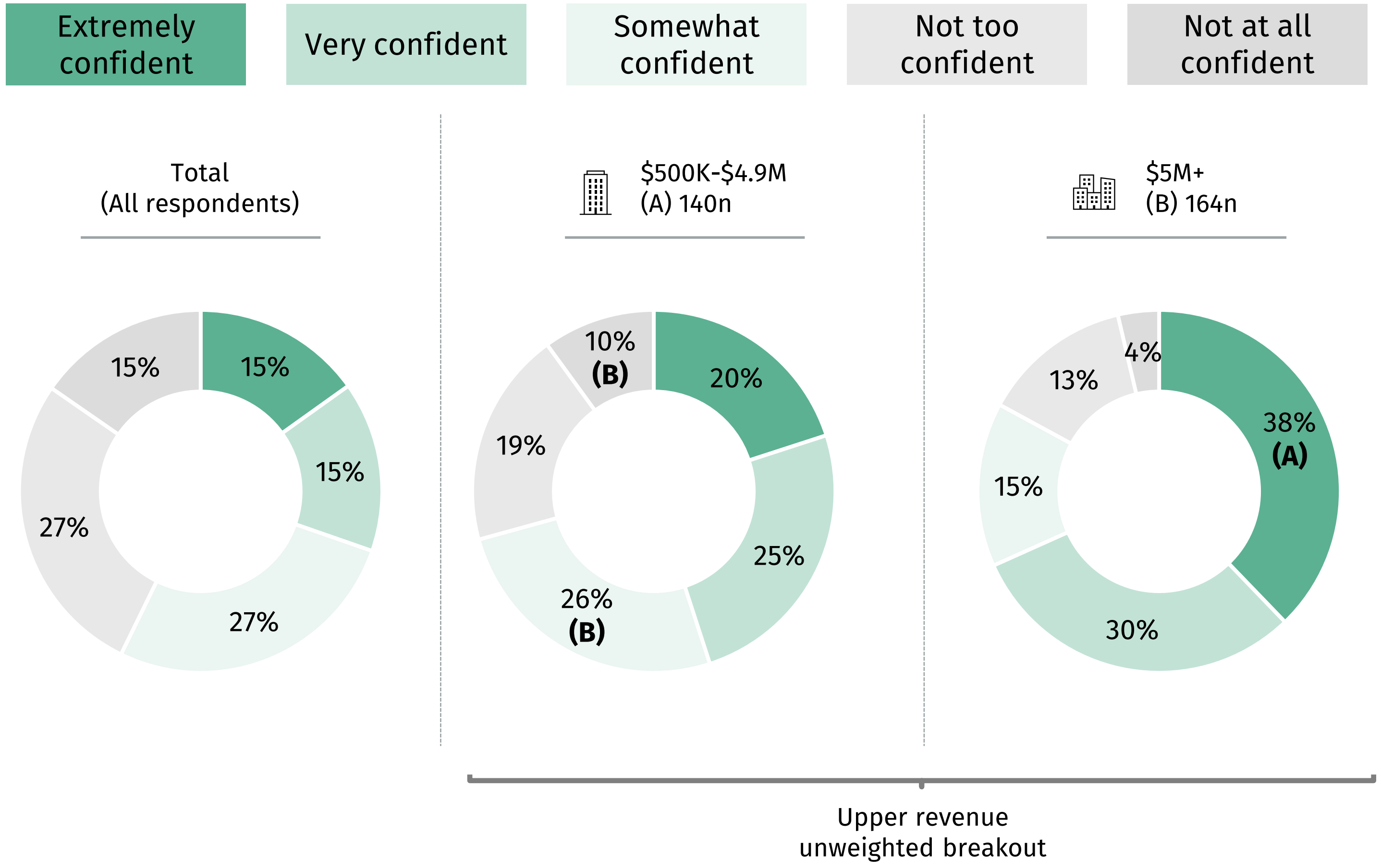
ECONOMIC OUTLOOK IMPROVES WITH BUSINESS SIZE

- Roughly a third of all respondents are extremely or very confident in the U.S. economy in the next three months, vs. about half of $500K-$4.9Ms and two thirds of $5M+s.

How confident are you in the U.S. economy over the next three months?



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INFLATION IS THE BIGGEST BUSINESS CHALLENGE

- Inflation, customer acquisition and loyalty, and uncertainty are the top overall challenges. Cash flow is also a concern.
- Inflation is the top concern for $500K+ respondents, followed by tariffs.
- For $500K-$4.9Ms, customer acquisition and retention is third; for $5M+s, managing economic uncertainty.

What are your biggest business challenges? Select all that apply.

	Total (All respondents)	$500K-$4.9M (A) 140n	$5M+ (B) 164n
Managing rising costs/inflation	54%	53% 1	48% 1
Finding and keeping customers	46%	32% 3	34%
Coping with uncertainty about the economy	43%	31%	41% 3
Managing cash flow	28%	29%	24%
Getting the supplies or materials we need	23%	26%	27%
Managing the impact of tariffs	22%	40% 2	42% 2
Getting access to funding or capital	17%	14%	23% **(A)**
Finding and keeping staff	16%	29%	24%
Finding and integrating technology	12%	28%	33%
Complying with government rules or regulations	11%	18%	26%
Finding trustworthy financial advice	10%	11%	30% **(A)**
Something else (please describe)	3%	2%	1%

Upper revenue unweighted breakout

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TOP SPENDING: SUPPLIES, TECH AND MARKETING

- Inventory, technology and marketing/sales will top spending increases overall in the next three months.
- $500K+s will increase spending most on technology; $5M+s will also increase spending on marketing and staff.
- 16% of all businesses, 35% of $500K-$4.9Ms and 54% of $5M+s will spend more on digital financial tools.

In the next three months, do you plan to spend more money, about the same, or less in each of the following areas?

% Spend more	Total (All respondents)	$500K-$4.9M (A) 140n	$5M+ (B) 164n
Supplies and inventory	29%	47% (2)	54%
Technology (e.g., hardware, software, AI)	29%	48% (1)	68% **(A)** (1)
Marketing and sales	29%	46% (3)	60% **(A)** (2)
Facilities / equipment	20%	37%	43%
Professional services (e.g., accounting, advisory, tax strategy, legal)	19%	31%	52% **(A)**
Staff (e.g., payroll, benefits)	19%	43%	60% **(A)** (2)
Digital financial tools*	16%	36%	54% **(A)**
Rent / mortgage	13%	24%	29%

Upper revenue unweighted breakout

 Q5

***Mouseover:** Financial software or applications to monitor, manage, and gain insight into your company's financial situation/cash flow

SPENDING RATIONALE: REVENUE, EFFICIENCY

- $500K-$4.9Ms plan to increase spending primarily to boost revenue and efficiency (a tie), followed by meeting customer demand.
- $5M+s are mostly motivated by improving efficiency, followed by increasing revenue and employee productivity.

[IF INCREASING SPENDING IN ANY CATEGORY] **Why do you plan to increase business spending in those areas?** Select all that apply.

	Total (All respondents)	$500K-$4.9M (A) 114n	$5M+ (B) 150n
Increase revenue	53%	55% 1	67% **(A)** 2
Improve efficiency	49%	55% 1	69% **(A)** 1
Meet customer demand	39%	46% 3	48%
Adjust to tariff changes	23%	28%	29%
Increase employee productivity	22%	34%	60% **(A)** 3
Cut costs	17%	15%	17%
Comply with new rules or requirements	17%	15%	21%
Address staffing shortages	15%	17%	23%
Address supply chain issues	14%	25%	25%
Some other reason (please specify)	4%	3%	0%

Upper revenue unweighted breakout

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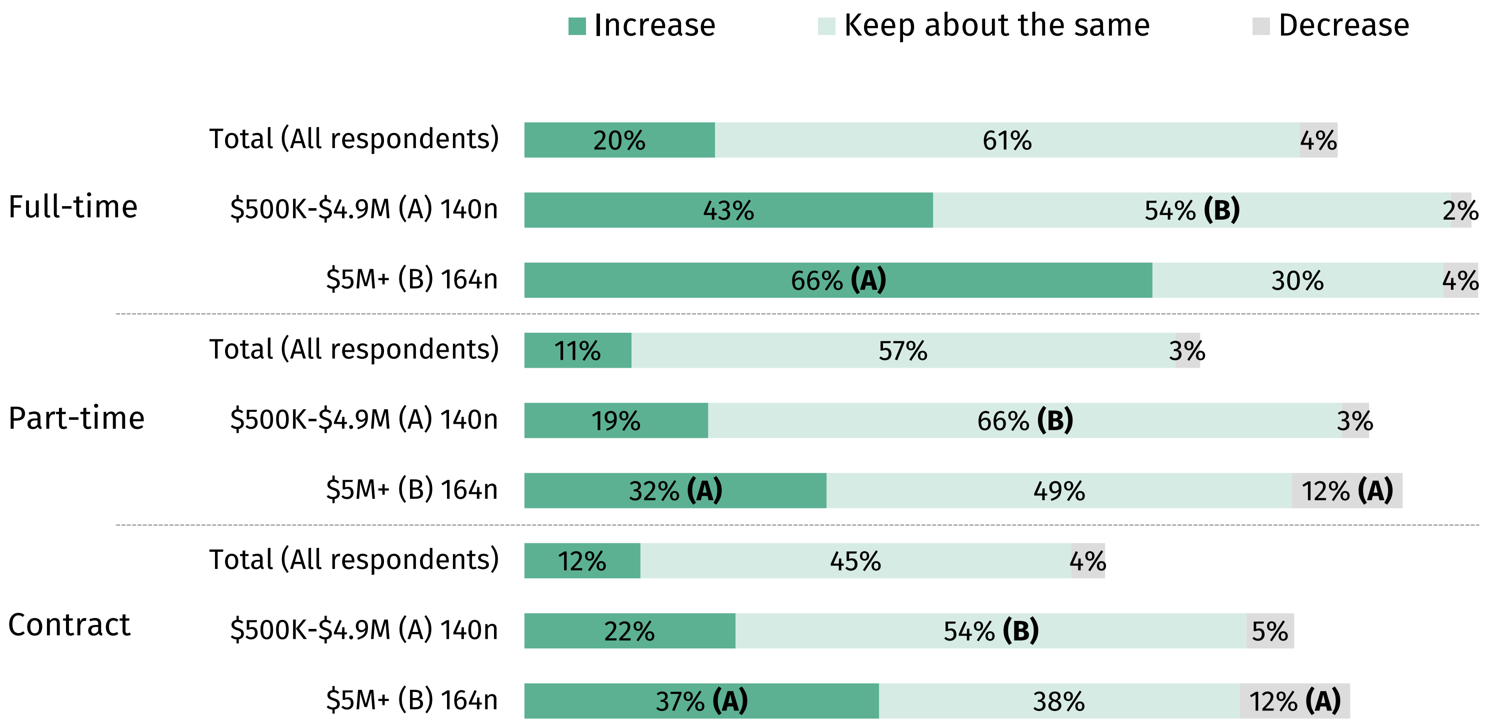
HIRING PLANS INCREASE WITH BUSINESS REVENUE & SIZE

- Despite economic headwinds such as inflation and tariffs, very few respondents plan to cut headcount in the next three months.
- One in five of all businesses will hire FTEs, vs. two in five $500K-$4.9Ms and a significantly higher two in three $5M+s.

What are your staffing plans for the next three months?



 Q7

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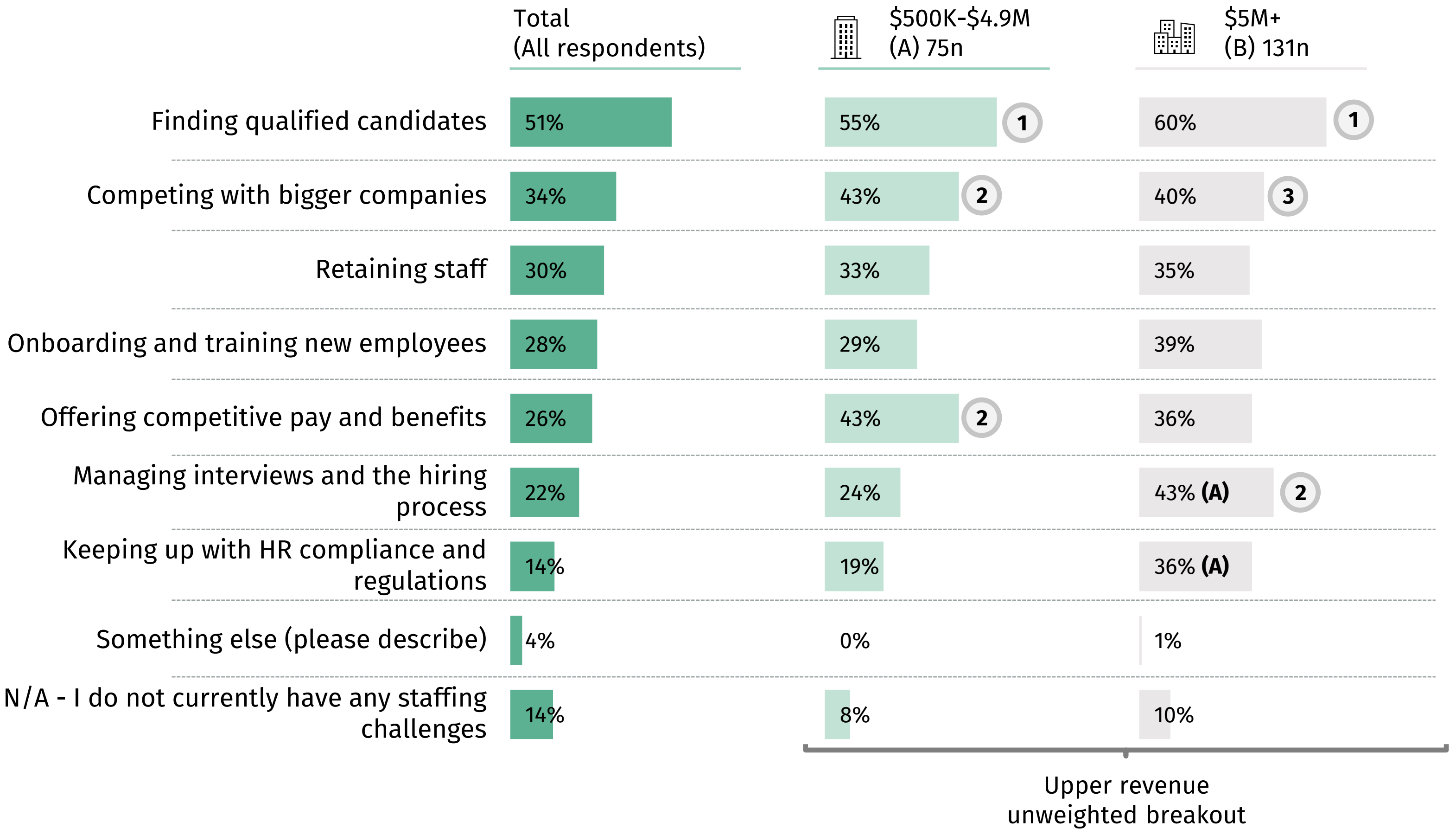
TOP HIRING CHALLENGE: FINDING QUALIFIED CANDIDATES

- For $500K+s, the biggest hiring challenge is finding qualified candidates. After that, it's competing with larger companies and offering competitive packages for $500K-$4.9Ms, and managing interviews and the hiring process for $5M+s.

[IF INCREASING HIRING IN ANY CATEGORY] **What are your staffing challenges?** Select all that apply.



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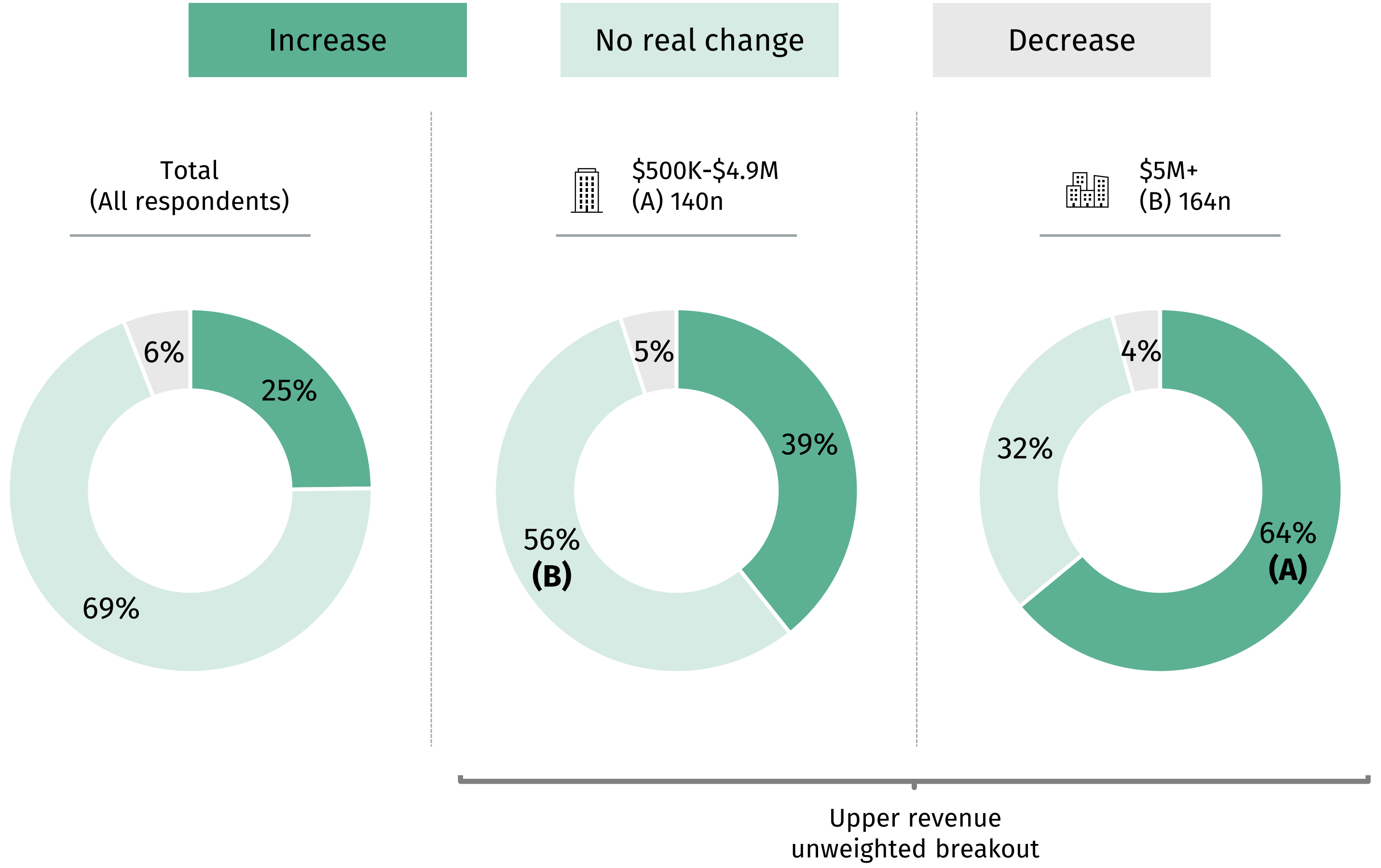
CREDIT USE PLANS INCREASE WITH BUSINESS SIZE

- One in four respondents plan to increase their use of credit in the next three months, vs. two in five $500K-$4.9Ms and two in three $5M+s. Very few businesses of any size plan to decrease their use of credit.

How will your use of credit (e.g., loans, lines of credit, credit cards, and other financial resources) change in the next three months compared to the past three months?



CREDIT CARDS, LIMIT INCREASES & LOCS TOP PLANS

- All size segments increasing credit use will do so via credit cards, credit cared limit increases and LOCs in the next three months.
- Loans are fourth. Close to 30% of $5M+s will apply for or use credit from crypto-backed sources or DeFi.

[IF CREDIT USE WILL INCREASE] **Which types of business credit will you apply for or use in the next three months?** Select all that apply.

	Total (All respondents)	$500K-$4.9M (A) 55n	$5M+ (B) 105n
Credit card	54%	69% (1)	67% (1)
Credit card limit increase	47%	53% (2)	44% (3)
Bank line of credit	39%	49% (3)	51% (2)
Bank loan	17%	22%	33%
SBA loan	14%	5%	15%
Credit from peer-to-peer lending platforms	13%	15%	29% **(A)**
Credit from crypto-backed loans* and/or decentralized finance**	8%	18%	29%
Credit from payday lenders***	8%	7%	19%
Business mortgage	6%	9%	28% **(A)**
Credit from online lenders	6%	11%	25% **(A)**
Home Equity Line of Credit (HELOC)	0%	9%	19%
Something else (please describe)	2%	2%	0%
N/A - we haven't applied for credit in the past three months	6%	2%	2%

Upper revenue unweighted breakout

Mouseovers
*Centralized platforms that allow businesses to use cryptocurrency (usually Bitcoin or Ethereum) as collateral to get fiat loans. (e.g., Nexo, Nedn) and/or decentralized finance
**Decentralized platforms that allow borrowing/lending directly on the blockchain, often using stablecoins or other crypto assets. (DeFi) (e.g., Aave, MakerDAO / DAI) lending.

***Short-term, high-interest loans, typically intended to be repaid by the borrower's next payday. (e.g., Advance America, Check Into Cash)

HALF PLAN TO TRANSFER OWNERSHIP AT SOME POINT

- Roughly one quarter of $500K-$4.9Ms will transfer ownership within five years.
- About a third of $5M+s plan a transfer within that timeframe.

When do you expect to transfer ownership of or sell your business?

	Total (All respondents)	$500K-$4.9M (A) 140n	$5M+ (B) 164n
PLAN TO SELL OR TRANSFER OWNERSHIP	30%	49%	51%
Within the next three months	4%	6%	7%
In four to 12 months	1%	4%	6%
In one to three years	4%	9%	9%
In four to five years	6%	5%	10%
In six to 10 years	5%	7%	5%
More than 10 years from now	11%	18%	14%
N/A - we don't plan to sell or transfer ownership of our company	70%	51%	49%

Upper revenue unweighted breakout

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MOST STARTED SUCCESSION PLANNING 1-3 YEARS AGO

- Of those who are planning for succession, the plurality started one to three years ago.
- $5M+s are more likely than $500K-$4.9Ms to have started succession planning six or more years ago.

When did you start succession planning*?

	Total (All respondents)	$500K-$4.9M (A) 140n	$5M+ (B) 164n
PLANNING FOR SUCCESSION	40%	65%	76% **(A)**
Within the past year	15%	21% **(B)**	13%
A year to three years ago	15%	25%	29%
Four or five years ago	7%	14%	16%
Six to 10 years ago	2%	3%	12% **(A)**
More than 10 years ago	1%	1%	6% **(A)**
N/A - we are not planning for succession	60%	35% **(B)**	24%

Upper revenue unweighted breakout

***Mouseover:** Succession planning is a business strategy to guide companies through the process of passing leadership, knowledge and other company elements onto others to ensure continued operations. It can also refer to a plan to sell or liquidate a company.

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SUCCESSION PLAN GOALS VARY BY SIZE

- Maintaining family involvement, business value and business continuity are the top succession planning objectives.
- For $5M+s, reassuring employees is also a priority.

[IF PLANNING FOR SUCCESSION] **What are the goals of your succession plan?** Select all that apply.

	Total (All respondents)	$500K-$4.9M (A) 91n	$5M+ (B) 125n
Keep business as a family business	50%	45% 1	34%
Preserve the company's value	42%	34% 3	52% **(A)** 2
Ensure business continuity	40%	44% 2	58% **(A)** 1
Fund retirement	28%	20%	25%
Reassure customers about business future	26%	31%	36%
Minimize tax liabilities	25%	25%	29%
Reassure employees about business future	21%	27%	48% **(A)** 3
Ensure key staff are in place to continue	17%	30%	45% **(A)**
Create a career path/opportunity	16%	22%	33%
Minimize family disputes	12%	19%	16%
Contingency/disaster planning	10%	12%	18%
Sell the business to employees	10%	12%	18%
Sell the business to non-employees	9%	11%	12%
Something else (please describe)	0%	0%	1%

Upper revenue unweighted breakout

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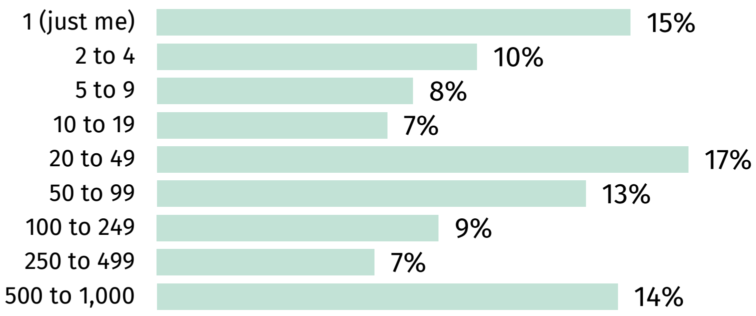
APPENDIX

RESPONDENT CHARACTERISTICS

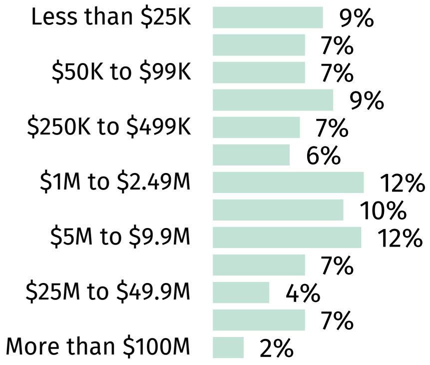
Title/Role

100%
Principal
(e.g., Owner, Founder, Partner, CEO, President)

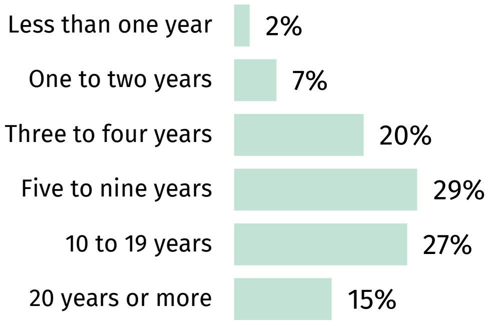
Headcount



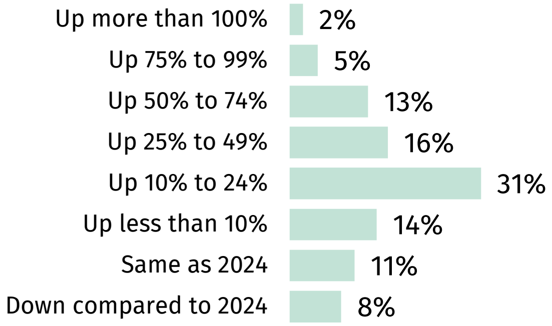
2024 Revenue



Company Age



2025 Business Outlook



n=500

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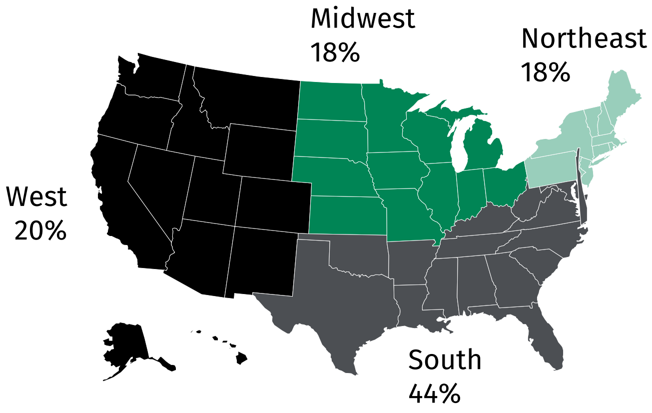
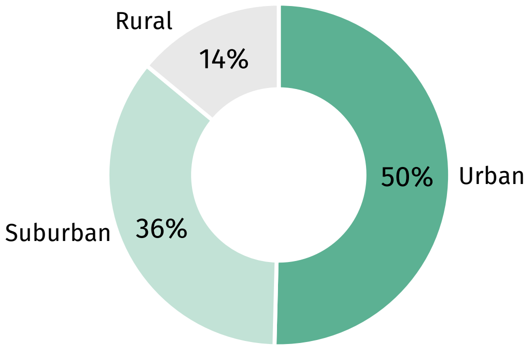
RESPONDENT CHARACTERISTICS

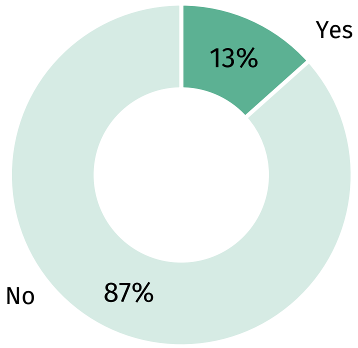
Geography



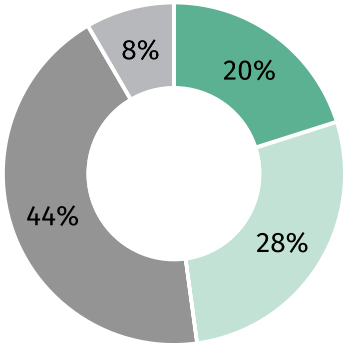
Population Density



Seasonal Business



Industry



Professional Services

Computer Software/Internet	7%
Computer Services/Consulting	5%
Financial Services/Accounting/Bookkeeping	5%
Banking/Insurance/Mortgage	3%
Advertising/Consulting/Design/Marketing Services	2%
Medical/Dental	2%
Architect/Engineering	1%
Legal	1%
Publishing/Printing/Media	1%

Retail/Wholesale

Retail	12%
Food/Beverage/Restaurants	4%
Real Estate	4%
Entertainment/Recreation	3%
Wholesale	2%
Travel/Hotel/Hospitality	1%

Construction/ Manufacturing

Construction/Contracting/Electrical / Landscape/Plumbing/etc.	23%
Manufacturing	4%
Agriculture/Forestry/Fishing/Mining	3%
Transportation and Warehousing	3%
Automotive	1%
Computer Hardware/Electronic Equipment	1%
Telecommunications	1%
Energy/Utilities	1%
Pharmaceutical/Medical Devices/Biotechnology	0%

Personal Services/Ed

Personal Services	7%
Education/Training	2%

n=500

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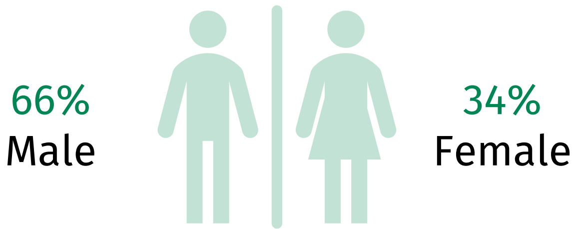
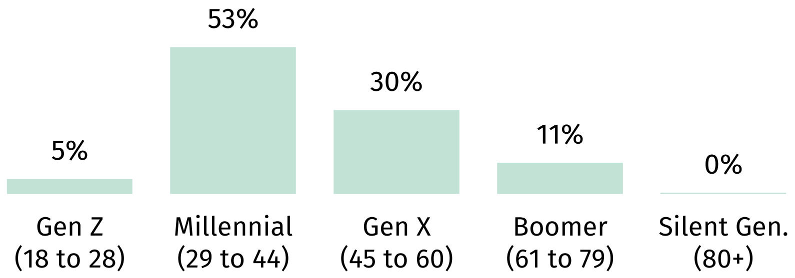
RESPONDENT CHARACTERISTICS

Gender

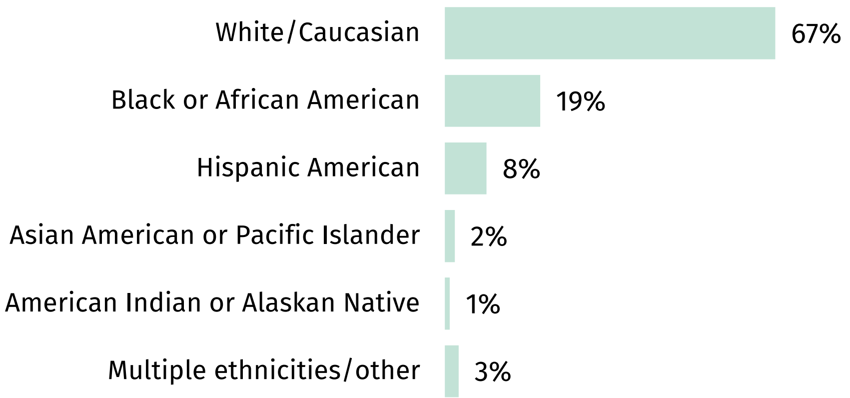


.2% Nonbinary/prefer not to say

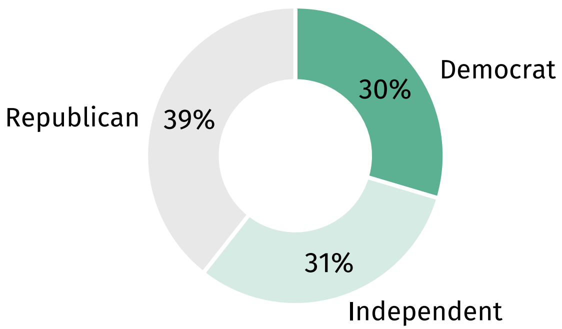
Respondent Age



Race/Ethnicity



Political Affiliation



 n=500