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**SMALL BUSINESS HOLIDAY GIFT BUDGETS HOLD STEADY,  
BUT FEWER PLAN BONUSES AND RAISES FOR EMPLOYEES,  
ACCORDING TO THE AMERICAN EXPRESS® OPEN SMALL BUSINESS HOLIDAY MONITOR**

*Will Spend Average of \$455 on Customer Gifts; 31% Will Give Year-End Bonuses to Employees*

NEW YORK – November 9, 2009 – Less than half (47%) of small businesses plan to give gifts to customers this holiday season on par with last year (52%), and their total customer gift budgets remain steady versus last year (\$455 in 2009 vs. \$457 in 2008), according to the American Express OPEN Small Business Holiday Monitor, an annual survey of business owners conducted since 2002.

But in this economic environment, fewer small business owners (35%) are giving employee gifts (vs. 46% in 2008), 31% have plans to give year-end bonuses (vs. 44% in 2008) and 16% will give raises (vs. 30% in 2008). Almost half of business owners (47%) will give employees time off over the holidays, even with last year (47%), although they are less inclined than last year to participate in a volunteer activity with their employees (19% in 2009 vs. 28% in 2008).

Overall, more than two thirds of business owners (69%) do not believe the worst of the U.S. economic woes are over, and nearly six in ten entrepreneurs (57%) say the economic downturn has changed their holiday gift giving behavior.

- Four in ten are specifically planning to give fewer gifts or less expensive customer or employee gifts (42% each)
- 28% are avoiding laying out cash for gifts by using reward points, bartering, or using their own company's products/services
- 23% are no longer giving gifts to clients

And with one in ten planning to increase their customer gift giving this year, some business owners are planning to use the downturn as an opportunity to win over more customers.

“Entrepreneurs understand the importance of showing appreciation for customers’ business especially during tough economic times,” says Alice Bredin, American Express OPEN business advisor. “While the gifting emphasis may be on customers, employers recognize the gift of time as a way to give to employees without breaking the bank.”

Among those planning to give gifts, one in four (26%) business owners said they'll continue to give holiday gifts to customers because they have done it for so long it would seem strange to stop now. The top reasons business owners will give gifts to clients, include:

- To say thank you (82%)
- To celebrate the season (38%)
- To stand out from the competition (25%)

The most popular way to recognize clients remains sending cards and calendars; followed by gift cards for retail and restaurants; fruit and food baskets and making a donation to a charity on a client/customer's behalf. More expensive gifts, such as branded or monogrammed items have seen the sharpest decline (7% down significantly from 19% in 2008), while other gifts such as wine/liquor and flowers/plants are holding strong.

### **Economic Stress Far Outweighs Holiday Stress**

Two-thirds of business owners say they are stressed heading into the holidays. Among these business owners:

- 41% say they're more stressed by the economy than they are the holidays
- 23% say they're equally stressed out by the economy and the holidays
- And 5% say they're more stressed out by the holidays than they are the economy

To ensure they have the ability to give gifts to customers and employees, one third of entrepreneurs (31%) say they are making personal sacrifices such as giving fewer gifts to family, taking less pay or giving up vacation.

### **Gift Giving During a Tight Economy**

Selecting the right holiday gifts can be difficult enough in normal times, but it becomes especially so when the economy is tight. Too lavish of a gift and your clients and customers might wonder about your judgment. Too cheap, and it may not make the right impression. Keep in mind that a gift sends a message about the way you run your business, so choose and plan carefully to ensure that the gifts provide thanks and places your company in a good light.

### **Bredin Offers These Tips:**

- Put time into selecting gifts in place of big spending (personalized golf balls instead of seats to a game)
- Focus on consumables (small gourmet items make a great impression)
- Dress up inexpensive gifts with great wrapping
- Go green. The "less is more" spirit of items with the environment in mind (soap created by an artisan, wrapped in all natural twine, rather than large gift) can dovetail nicely with small budgets
- Pair things creatively for flair (gourmet popcorn with a classic DVD)

### **Gender Data Key Findings**

The American Express OPEN survey found some differences between men and women in holiday plans for clients and employees. The average holiday gift budget for male business owners is 52% higher compared to women (\$498 vs. \$327), although men and women are equally likely to give their employees year-end bonuses (29% vs. 27%).

At the same time, men are more likely to give raises (20% vs. 11%), and women are more apt to give employees time off (46% vs. 41%) and take part in a volunteer activity as a group (23% vs. 13%). Women are also more likely to make personal sacrifices to give client gifts than their male counterparts (44% vs. 29%).

### **Survey Results by Region**

Entrepreneurs in the West are more likely to plan to give gifts to customers this holiday season (51%) than those in the North East (48%), North Central states (48%) and South (43%). However, business owners in the North Central states have bigger holiday budgets for clients and customers (\$566) than those in the North East (\$513), West (\$446) and South (\$356).

Saying thank you is the leading reason to send a client a gift among business owners who are doing so—especially in the North East (90% vs. 82% overall), followed by the West and South (each 82%) and North Central states (73%).

Entrepreneurs in the West are also more likely to plan to give gifts to employees this holiday season (40%) than those in the North East (28%), South (34%) and North Central states (35%).

Employees in the North East are the most likely to receive end of year bonuses (43%) while staff in the North Central and West states will get a holiday party (49% each) and those in the South and West are more likely to get time off (52% each).

Business owners in the West are more stressed out by the economy than the holidays (50%) compared to those in the North Central States (45%), North East (44%) or the South (29%).

One in ten (10%) of entrepreneurs in the North Central States are likely to be stressed out by the holidays versus the South (5%), North East (3%) or the West (less than 1%).

### **Survey Methodology: American Express OPEN Small Business Monitor**

The American Express OPEN Small Business Holiday Monitor released annually was conducted on the telephone among a random sample of small business owners/ managers of companies with fewer than 100 employees. In total, 516 interviews were completed by Echo Research between October 6 and October 14, 2009. The poll has a margin of error of +/- 4.4 percentage points at the 95% level of confidence.

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