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Women Business Owners to Delay Hiring, Rely on Credit Cards and Personal Savings for Capital

Satisfied With Their Own Business, Owners Pessimistic About U.S. and Local Economies, New PNC Survey Finds

PITTSBURGH, June 30, 2011 /PRNewswire/ -- One out of two U.S. women business owners expect their sales to increase in the next six months, but most have no plans to hire full-time employees as a "soft patch" has slowed the U.S. economic recovery.

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The findings of the first-ever PNC Women Business Owners Outlook show women owners are satisfied with their overall business performance, as six out of 10 say their companies are currently meeting or exceeding expectations. However, women owners show a reluctance to take on long-term financing or make capital investments in the months ahead.

"Our women's survey findings reinforce that the U.S. economy continues to suffer through this current soft patch, as growth has slowed into the realm of stalled speed," said Stuart Hoffman, chief economist of the PNC Financial Services Group, Inc. (NYSE: PNC). "Even though we are dialing back our expectations for the second half of 2011, we do not expect the economy to slide into a double-dip recession."

PNC found that most women owners are funding their businesses with credit cards and personal savings in lieu of long-term bank financing. Nearly six out of 10 (59 percent) use a business credit card and almost half (44 percent) rely on personal or family savings to fund their businesses.

"While women business owners often describe themselves as being debt-averse, those who rely strictly on savings and credit cards leave few options to weather downturns without cashing in personal assets or taking a hit to their personal credit history," said Beth Marcello, director of Women's Business Development at PNC, which has loaned nearly \$7 billion to women-owned businesses since 2005.

According to PNC's findings, women owners rely on an average of 2.7 sources of money to fund their businesses. Additional sources of capital include a line of credit from a financial institution (38 percent), personal credit card (34 percent) and a business loan from a financial institution (26 percent).

Survey Highlights: Mixed Views

The survey, which seeks to gauge the outlook, mindset and business philosophy of women business owners across the nation, found owners are optimistic about their own companies,

but wary about the economy over the next six months. Other findings include:

- Business is Good: Women owners are pleased with the current financial performance of their business as 11 percent say their business is exceeding expectations and 50 percent say it is meeting expectations.
- Sales and Profits: More than half (51 percent) expect their sales to increase, and 31 percent expect them to remain the same. Only 14 percent expect sales to decrease. Meanwhile, four out of 10 (41 percent) expect to see higher profits, and 32 percent expect them to remain the same. 24 percent expect profits to decrease.
- Stalled Hiring Outlook: However, three out of four (73 percent) have no plans to hire full-time employees. 63 percent expect no change in number of part-time employees.
- Big Picture - Good News, Bad News: Eight out of 10 women owners are optimistic about their own businesses, but only 41 percent intend to make a capital investment. Their outlook for the larger economy is gloomy, as almost half (49 percent) are pessimistic about the prospects for the U.S. economy and 37 percent are pessimistic about their local economy.

Over a recent ten year period, the number of women-owned businesses in the U.S. grew by 44 percent, twice as fast as men-owned firms. Over the same period, women-owned firms added 500,000 new jobs.

PNC has developed training programs for its bankers to understand the challenges and opportunities for women in business. As a result, the bank has more than 500 PNC-Certified Women's Business Advocates throughout its retail banking regions.

An online media kit containing national and regional survey results is available on PNC's website at <http://www.pnc.com/go/presskits>.

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Methodology

The PNC Women Business Owners Outlook survey was conducted between March 30 and May 11, 2011, by telephone within the United States among 1,300 women owners or senior decision-makers of small and mid-sized businesses with annual revenues under \$10 million. The results given in this release are based on interviews with 543 businesses nationally, while the remaining interviews were conducted among businesses within the states of Florida, Maryland, Illinois, New Jersey, Ohio and Pennsylvania. Sampling error for the national results is +/- 4.3 percent at the 95 percent confidence level. The survey was conducted by Artemis Strategy Group (www.ArtemisSG.com), a communications strategy research firm specializing in brand positioning and policy issues. The firm, headquartered in Washington D.C., provides communications research and consulting to a range of public and private sector clients.

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