

Small Business Pulse



A summary of key findings from a comprehensive survey of Small Business owners and operators



November, 2023

About This Report

This report is issued by Visa Inc. to provide a gauge of small businesses in the United States, including their past-year performance, future outlook and strategic priorities. It is based BizPulse, a quarterly study conducted by Maru Group in partnership with Visa.

Data in this report is taken from 600 Small Business Leaders who were surveyed in October/November, 2023 ("Small Business" is defined as those businesses with fewer than 100 employees). Respondents are described as "Business Leaders" – this means they are at least senior decision-makers with the business, including roughly eight-in-ten who are the business' primary owner. Responses come from across the United States, and represent a mix of revenue bands, business tenure, industry, etc.

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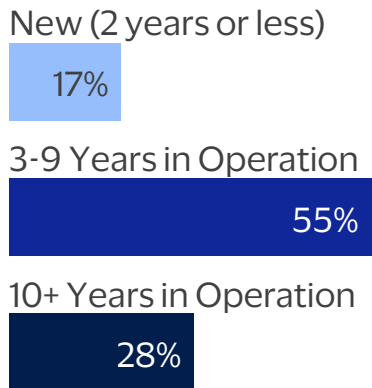
About Maru: Maru is a world leading CX and Insights Software & Advisory Services company. Maru was founded to disrupt the data and insights deliver industry with a combination of Software & Advisory Services delivering data in real-time via a unique service model. Maru helps its clients make informed decisions in a near real-time by combining proprietary software, deep industry experience, and access to the best minds in research. Maru's flexible service model means our clients can choose to self-serve our Software directly to create, launch, and analyze projects; or choose to utilize our Software with knowledgeable support from insights experts. Maru successfully delivers major national and international CX and CEM programs for Enterprise organizations.

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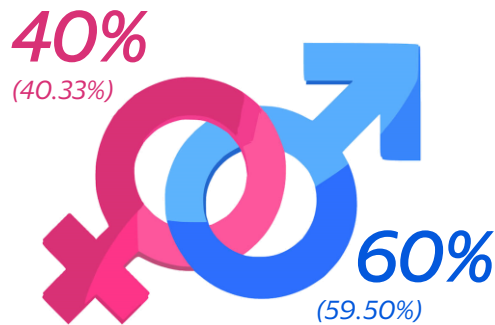
Small Business Profile

(Note that surveyed business owners may not be completely representative of all business owners across the US)

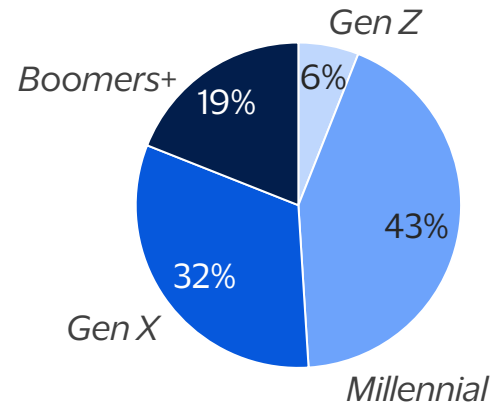
Business Tenure



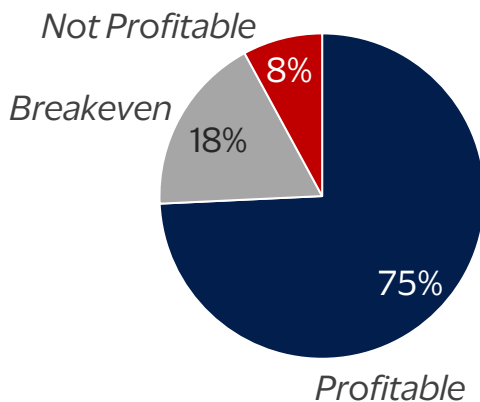
Small Business Owners' Gender Breakdown



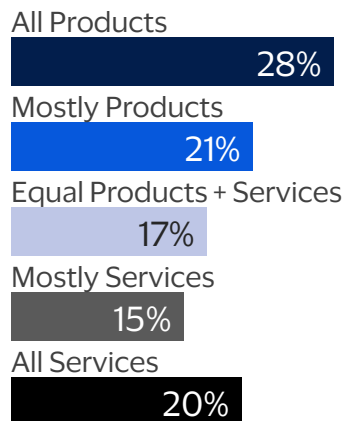
Age of Business Owner



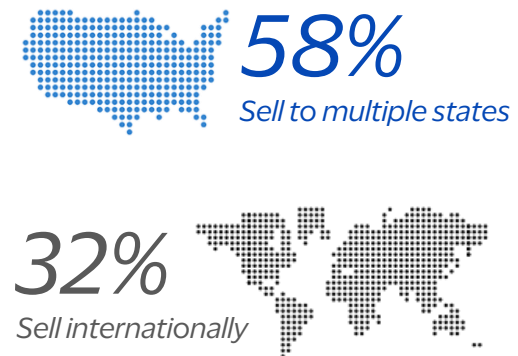
Profitability



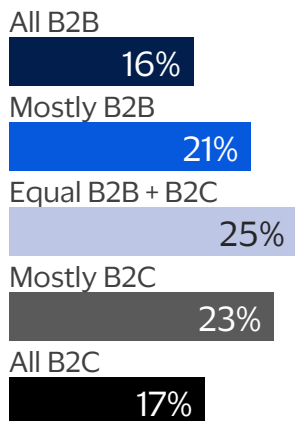
Product Offering



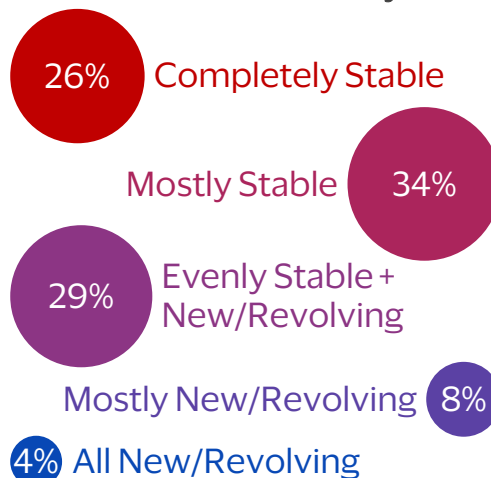
Sales Jurisdictions



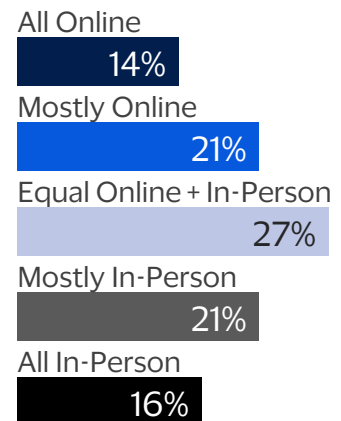
Customer Audience



Customer Stability



Sales Channels



Moving and Shaking in 2023; Small Businesses have made many moves to survive and thrive

76%



have, or plan to seek additional financing in 2023.



72%



have increased prices on at least one product or service this year.



66%



of small businesses have increased their spending in the past year.



65%



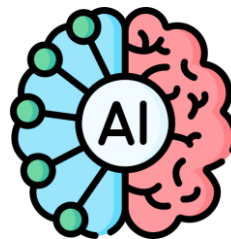
have re-evaluated at least one supplier or partner in 2023.



62%



have used AI for at least one business purpose.



46%+



have introduced a new product or service in Q2 alone.



46%



have had at least one business trip requiring flight this year.



41%



have used ChatGPT for business purposes in 2023.



39%



have ongoing programs to measure customer feedback.



Despite economic challenges, Small Businesses are bullish on 2023 and the future

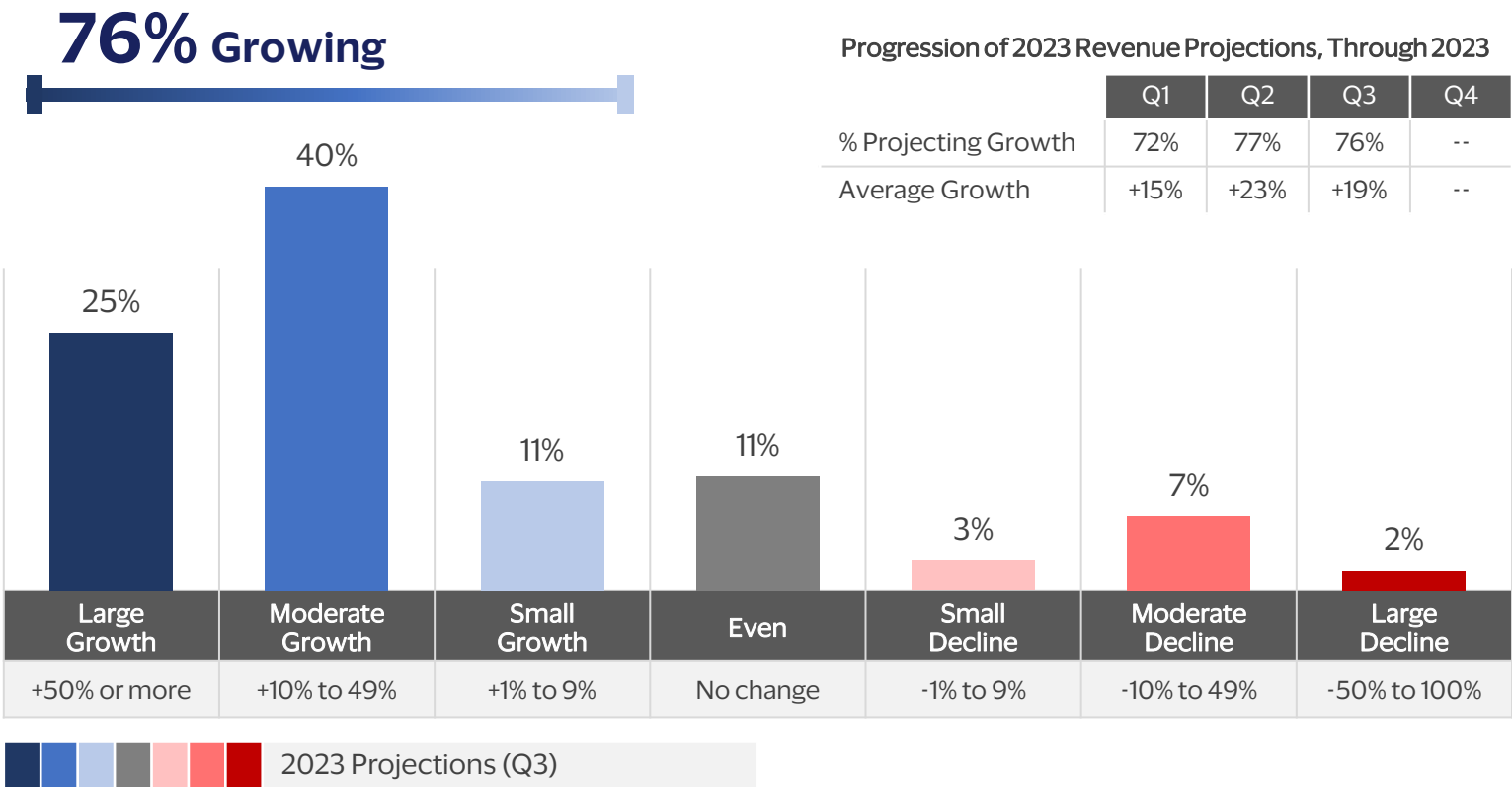
Summary

SMB leaders are generally projecting strong revenue growth, nearing the end of 2023. While funding levels have improved through 2023, a majority of new businesses, and a majority of businesses with younger business leaders say they are in need of additional financing in order to implement their business plans.

- While just 25% of small business leaders say the economy is *excellent* or *very good* right now, 48% are at least *somewhat optimistic* about the economy, while just 26% are *pessimistic*.
- 76% of SMBs project their 2023 revenue to grow vs. 2022, up from 72% who were projecting growth when surveyed in January (down only slightly from 77% in Q2). 11% project no change, while just 12% project decline in revenue for 2023.
- While funding levels have improved slightly in Q3, nearly one-half of SMBs still say they do not have full funding to do what they want with their business. Because of this, nearly three-quarters anticipate seeking additional sources of funding in 2023.
- Newer businesses and those with younger business leaders are most in need of financial help; on one hand, these companies are projecting significantly greater revenue growth than other companies, however on the other hand nearly six-in-ten say they are not fully funded for what they want to do with their business.
- Businesses identify a wide range of actions they have taken due to rising prices, rising interest rates, and other economic challenges. These include:
 - 76% are trying to spend less
 - 72% have increased prices
 - 65% are evaluating or re-evaluating suppliers
 - 64% are delaying spending
 - 62% are investing in cost-saving technology
- While small business leaders are working hard to control spending, the vast majority say they are spending more than they did three months ago and one year ago. This is largely due to inflationary pressures counteracting their cost-savings efforts.
- Credit cards, debit cards, and digital payments are the most common for outgoing payments by SMBs, while cash remains a common form of intake. Small business leaders predict digital payments, credit cards, and e-transfers will grow most in the future.

Nearing the end of the year, three-quarters of surveyed SMBs are projecting revenue growth in 2023

Revenue Growth Projections (2023 vs. 2022)



SMBs are projecting average revenue growth of +19% for 2023, with three-quarters of the year in the books.

Businesses with the **LARGEST** growth projections include:

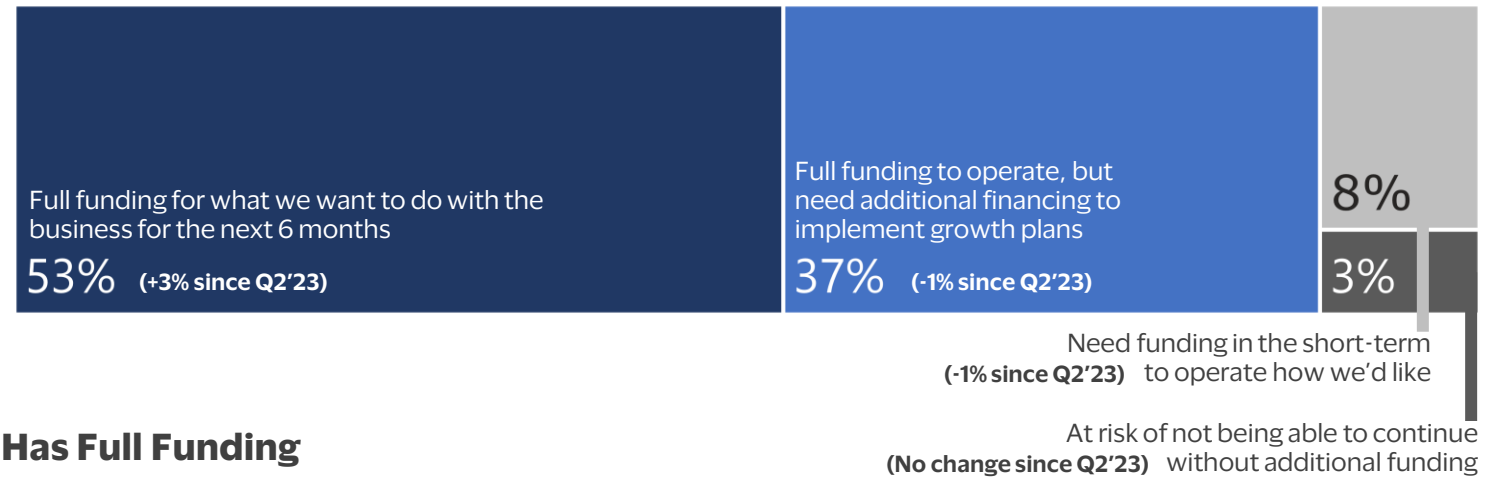
- 2 years or less in operation | +33% growth
- Under \$100k revenue | +27%
- Gen Z/Millennial business leader | +26%
- Sells all/mostly B2B | +25%
- Sells roughly equal online and in-person | +24%
- \$5M+ revenue | +24%
- Sells all/mostly online | +23%
- Sells all/mostly products | 22%
- Sells roughly equal products and services | +21%
- 50-99 Employees | +21%

Businesses with the **SMALLEST** growth projections include:

- Boomer+ business leader | +4% growth
- 10+ years in operation | +9%
- Sells all/mostly in-person | +13%
- Sells all/mostly B2C | +13%
- \$100k-999k revenue | +14%
- Sells all/mostly services | +14%
- Owner-only business | +16%
- Gen X business leader | +18%

Newer businesses and those with young leaders are most in need of additional funding

Current Business Funding Status



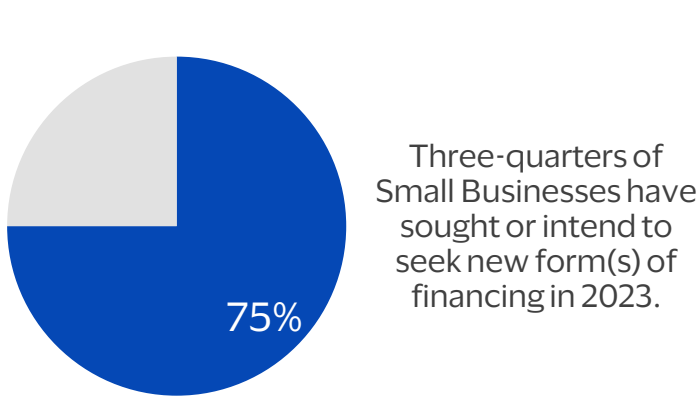
Has Full Funding

TOTAL Small Businesses		53%
Org. Size	Owner-only	55%
	1 to 9 Employees	54%
	10 to 49 Employees	51%
	50 to 99 Employees	53%
Revenue	Under \$100k	43%
	\$100k to \$999k	54%
	\$1M to \$4.9M	58%
	\$5M+	62%
Tenure	2 Years or Less	42%
	3-9 Years	49%
	10+ Years	67%
Age of Owner/Leader	Gen Z + Millennial	42%
	Gen X	58%
	Boomers+	71%

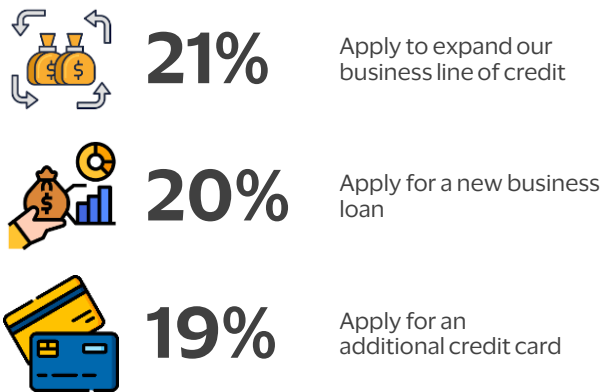
Funding for small businesses is slightly up from mid-year, with 53% saying they are fully funded for everything they want to do for the next 6 months.

Nearly six-in-ten new businesses (2 years or less in operation), and nearly six-in-ten businesses led by Gen Z or Millennial leaders say they need additional funding to implement their business plans

Seeking New Funding in 2023



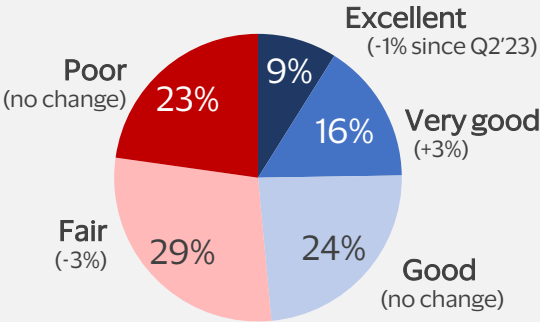
Top New Financing Steps in 2023



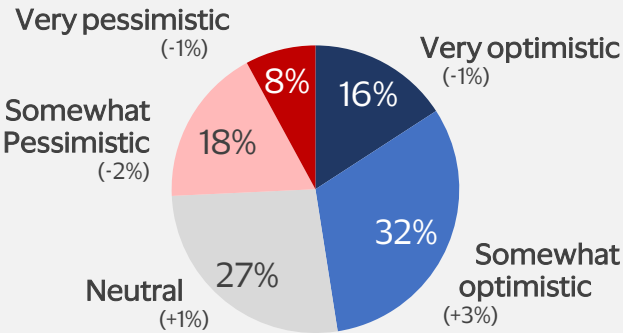
Economic concerns remain forefront, however optimism has slightly risen

Economic concerns persisted through Q3. While 48% feel optimistic about the economy (26% are pessimistic), levels of concern about inflation, economic uncertainty, interest rates, taxes, market volatility, and other factors tended to rise from Q2 to Q3. This persistent concern has led to many businesses spending less, increasing their prices, re-evaluating their suppliers, and taking other steps they may not have planned.

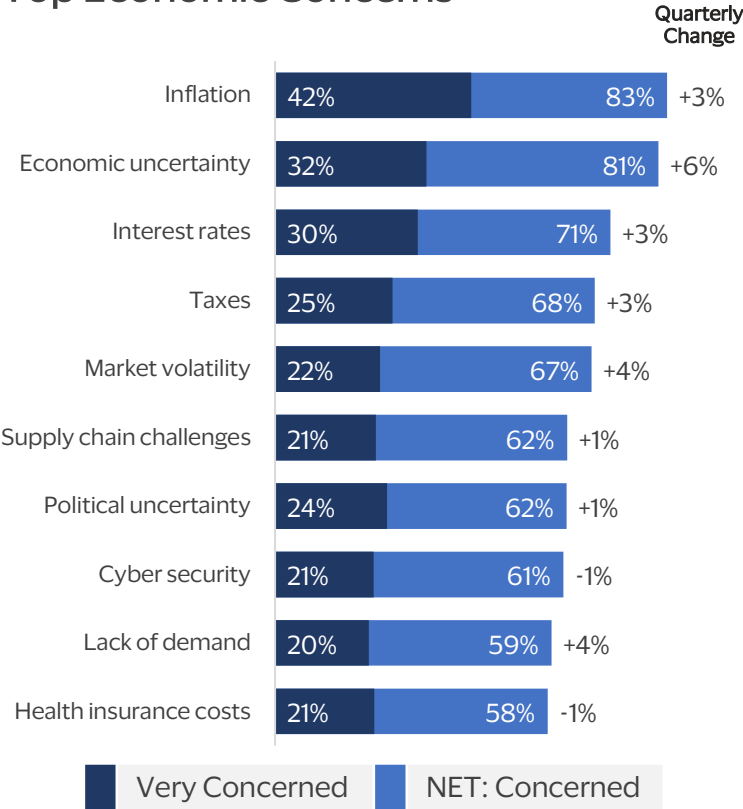
CURRENT Economy is...



Economic OUTLOOK is...



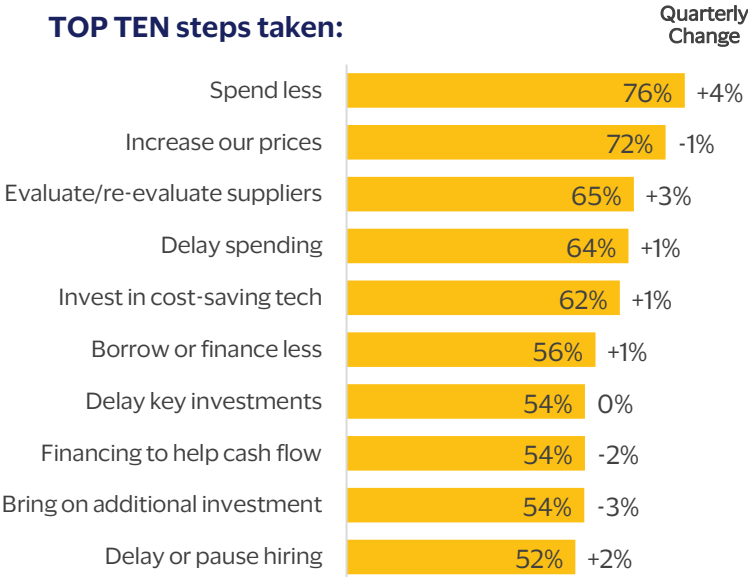
Top Economic Concerns



Steps Taken in 2023 in Response to Economy

91% have taken at least one meaningful business step in response to the economy in 2023.

TOP TEN steps taken:



A variety of factors are keeping small business leaders up at night, led by increasing costs

When asked what is keeping business owners and leaders up at night these days, the top six answers account for one-half of responses (51%):

#1 | Increasing costs (inflation, interest, etc.) (16%)

"How to stay profitable with rising prices"

"We are seeing a decrease in profit margin due to increased costs. We have slightly raised our prices, but will probably have to raise them again"

"I am concerned about the rate of inflation, and the effect it will have on consumer spending"

#2 | Client acquisition / satisfaction / retention (9%)

"Converting leads into sales"

"Generating new clients. We are running out of prospects locally to work with, so we are starting to expand outside of the area"

"Making sure my customers are happy"

"I meet customers online every day, only to not close deals with them"

#3 | Employee acquisition / retention / skills (8%)

"Keeping enough employees that want to work"

"Trouble finding good employees. I can hire people for one specific task, but you need employees who can handle multiple tasks, and help take the business to the next level"

"Lack of skilled workforce"

"Finding and retaining qualified employees"

#4 | Economy (7%)

"Changes in economic patterns can bring more volatility"

"Planning for unforeseen market shocks or financial catastrophes is a constant priority"

"I'm concerned about how the economy affects my clients' businesses"

"I am concerned about the current state of the economy, the rapid inflation of prices of goods and services, as well as the ever-fluctuating important export logistics"

#5 | Speed of change (6%)

"Adapting to shifting consumer demographics and behavior is crucial"

"AI is a big concern"

"I am concerned with not being able to keep up with sustainability regulations"

"Technology is rapidly developing, and orgs must be ready to adapt to these developments. This may be difficult since it necessitates investing and training"

#6 | Customer demand (5%)

"Customers not buying"

"Demand and competition. How to keep innovating in order to keep growing"

"The market is keeping customers at home"

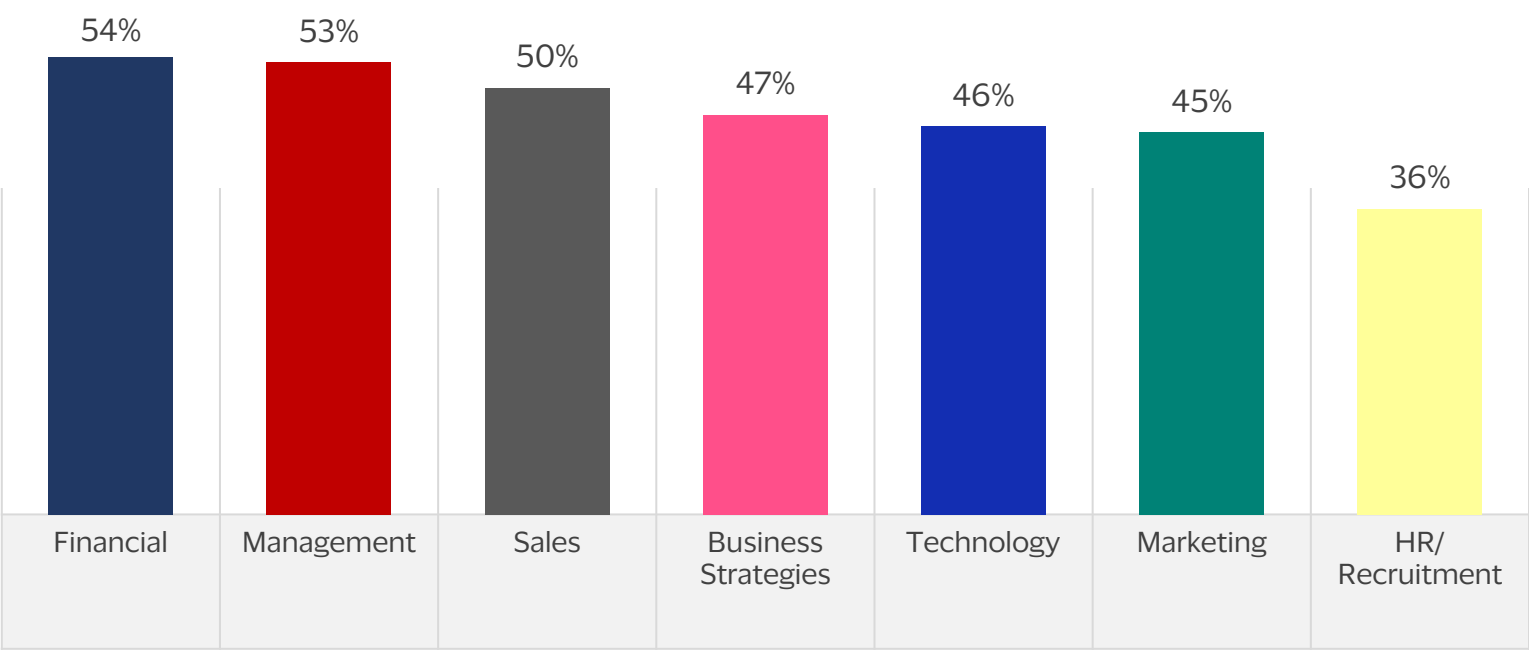
"Most concerned about the dwindling interest from clients"

"My customers will not be able to afford my services"

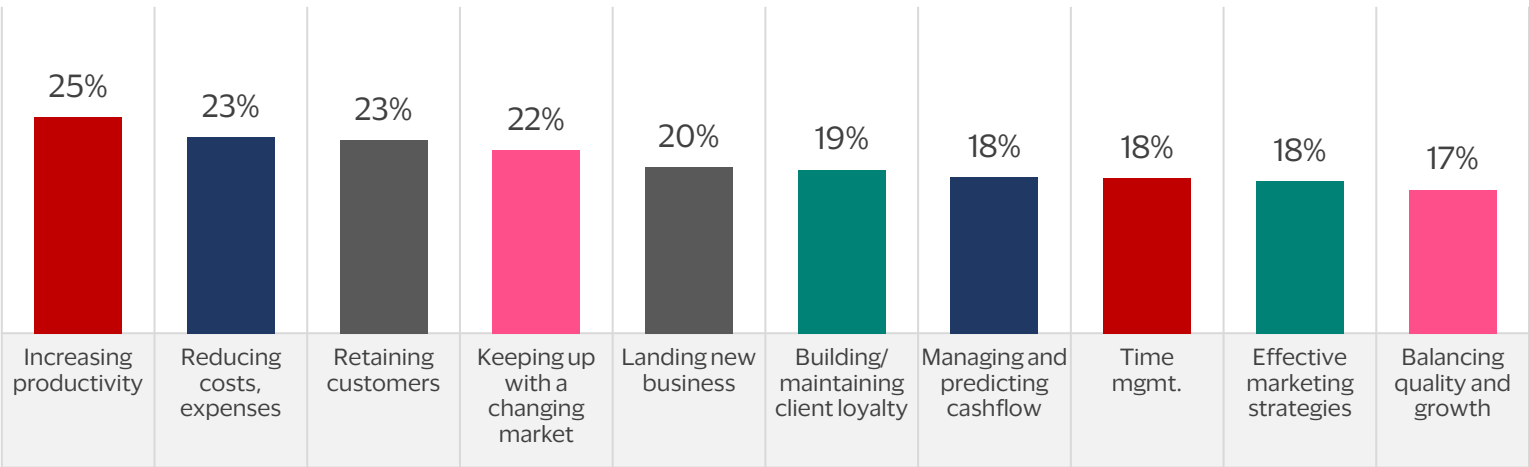
Key small business challenges center around finances, management, and sales

When asked to identify major challenges they are currently facing, one-half or more mentioned at least one challenge relating to *finances, management, and sales*. Specifically, the top challenges are *increasing productivity, reducing costs, retaining customers, keeping up with a changing market, and landing new business*. Fewer business leaders identify key challenges in HR/Recruiting, even though HR issues can keep business leaders up at night (previous page).

Top Challenge Areas



Top Business Challenges



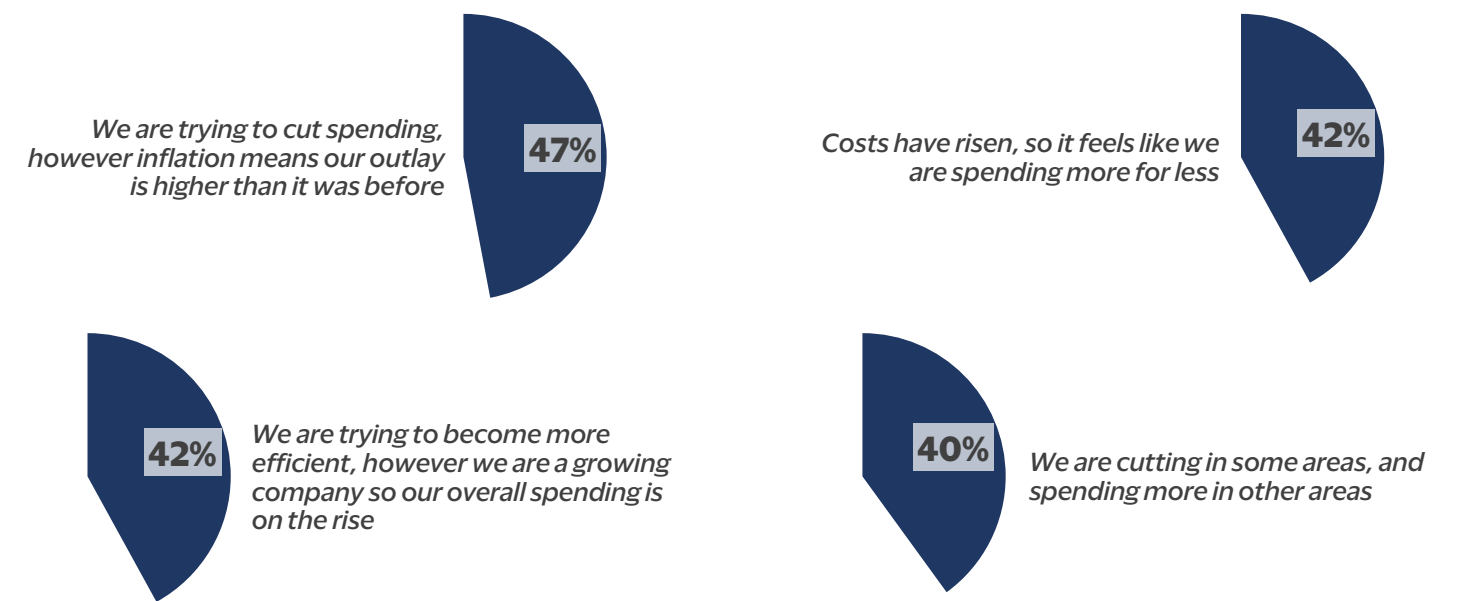
Small Businesses are struggling to control their spending in light of persistent inflation

Small business leaders are facing major challenges reining in spending, in light of consistent inflation and salary pressures. While three-quarters say they are trying to reduce their spending, two-thirds say their company’s spending in the past year has increased. This apparent contradiction is largely due to costs rising; companies are trying to buy less, however rising costs mean their outlays are going up.

Spending Among Small Businesses



So, what gives? Why are so many companies spending more, even though they are making concerted efforts to spend less?



NOTE: The question about costs increasing but spending decreasing was only asked of respondents who answered that they were attempting to reduce costs, however that their spending has increased.

Credit cards are the most common payment form among small businesses; digital payments expected to rise quickest

Nearly three-quarters of small businesses use credit cards, while six-in-ten accept credit cards. Digital payments, credit cards, and e-transfers are expected to grow the most in the near future.

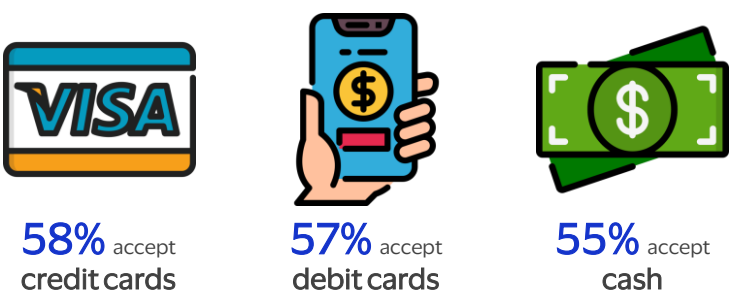
TOP Methods of Outgoing Payment

Methods used by the widest range of American Small Businesses

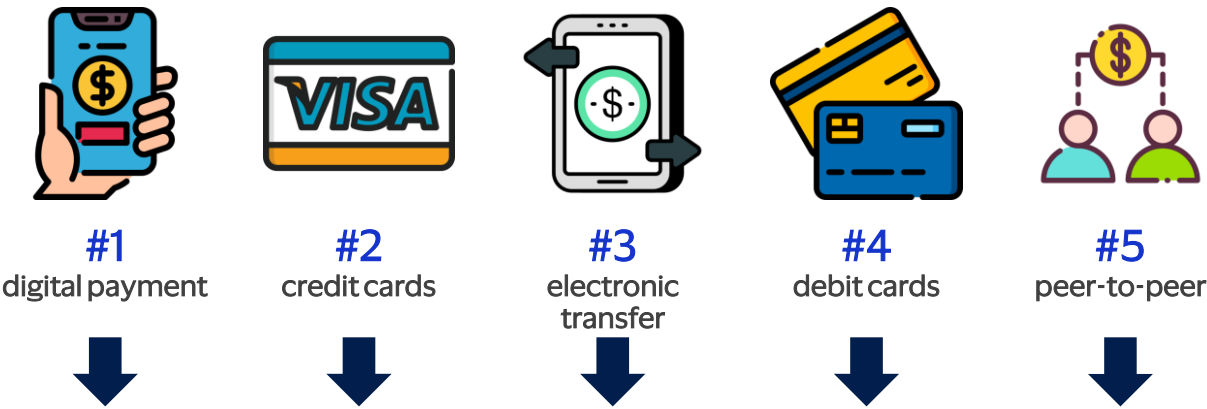


TOP Methods of Payment Acceptance

Methods accepted by the widest range of American Small Businesses



Top Five (Outgoing) Payment Methods Expected to Grow in the Future



MOST likely to say this payment method will grow in the future:

Org. Size	Owner-only	10-49 employees	50-99 employees	Owner-only	10-49 employees
Revenue	Under \$100k	\$100k-999k	\$5M+	\$5M+	Under \$100k
Tenure	2 years or less	10+ years	3-9 years	2 years or less	3-9 years
Age of Leader	Boomers+	Boomers+	Boomers+	Boomers+	Boomers+
Customer Audience	All/mostly B2C	All/mostly B2C	All/mostly B2B	All/mostly B2C	All/mostly B2B
Product/Service	All/mostly services	All/mostly services	Equal products/services	All/mostly products	Equal products/services
Sales Channel(s)	All/mostly online	All/mostly in-person	All/mostly in-person	All/mostly in-person	Equal online/in-person

Women-Owned Small Businesses: Summary

On average, Women-owned small businesses tend to be a bit newer and a bit smaller than Male-owned small businesses. Seven-in-ten women small business owners report seeking additional funding this year. Women-owned business focus more on B2C than others, focus more on products (vs. services), and they report being less well-advanced when it comes to technology adoption. At this time, Women small business owners are slightly less bullish about the economy.

Women-owned Small Businesses tend to be smaller

Proportion with <10 Employees

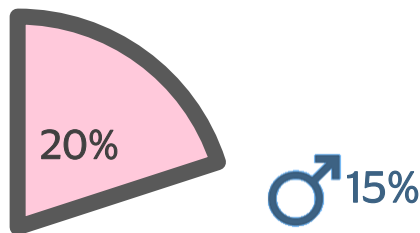


Proportion <\$1M Revenue



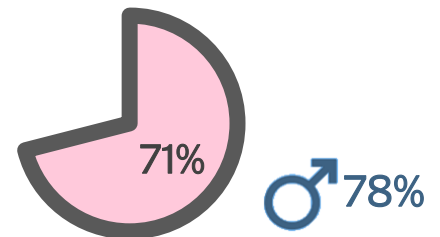
One-in-five women-owned small businesses has been in operation for less than 2 years

In business <2 years



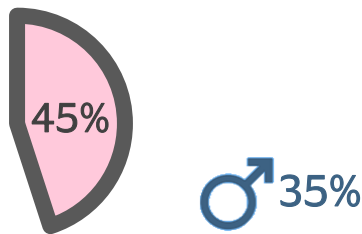
Women business owners are seeking additional financing

Seeking additional forms of financing in 2023



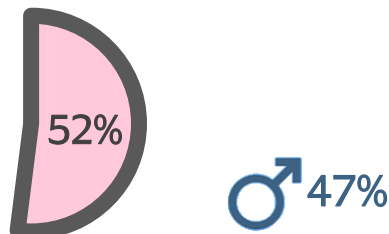
Women-owned businesses are more centered on consumers

Focus on B2C (rather than B2B)



Women-owned businesses tend to be product-sellers

Sells all/mostly products (rather than services)



Women owners feel less positive about the economy

Economy is Good (or better)

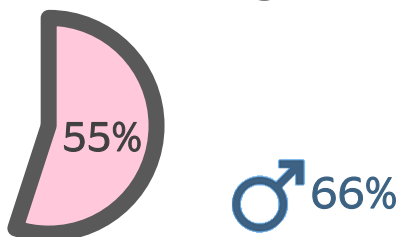


Optimistic about the economy



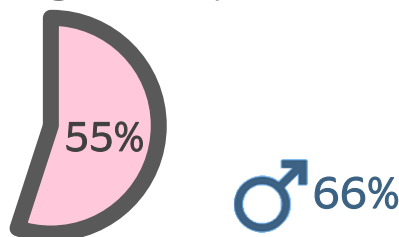
Women-owned businesses are less likely to use AI

Uses Artificial Intelligence



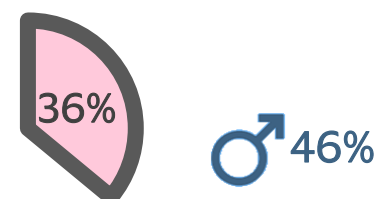
Women-owned businesses are less likely to be using tech to improve their CX

Using tech to improve CX



Women-owned businesses would like to understand their customers better

Understands customers extremely well



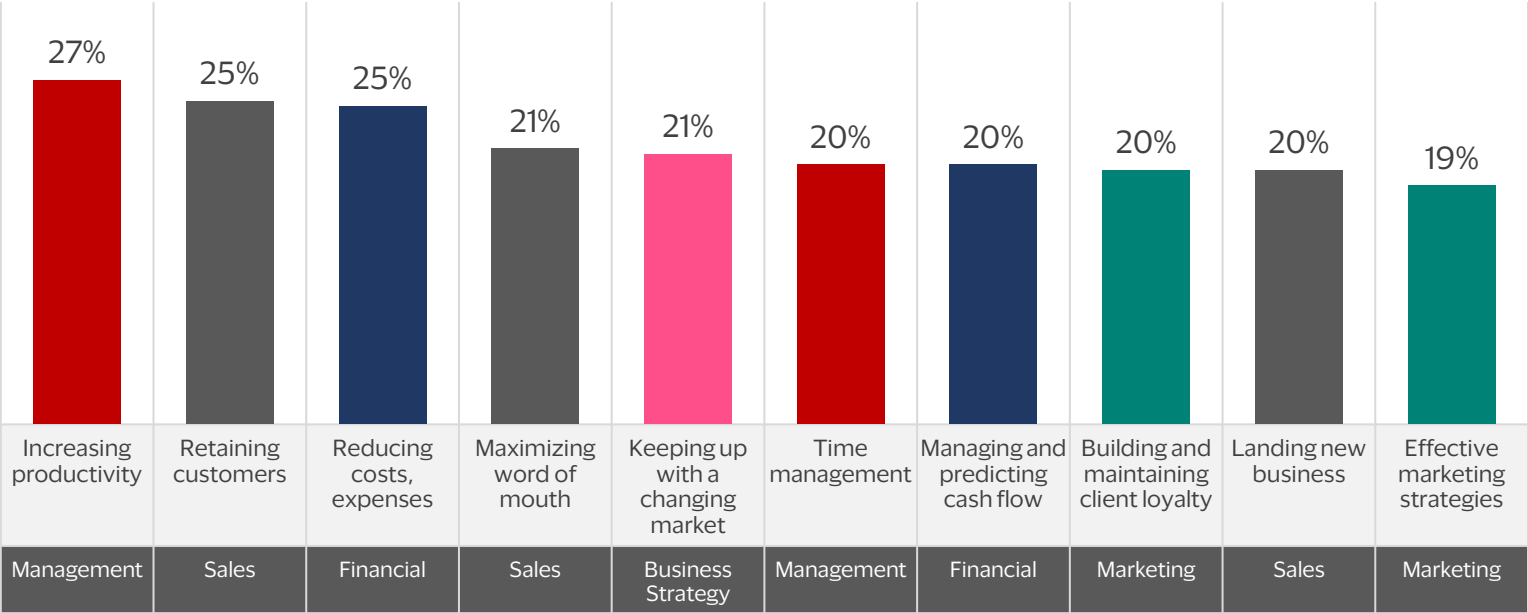
Women owners are putting added emphasis on *growing word of mouth, working on the business, and finding funding*

Among the top challenges identified by Women-owned small businesses are a variety of Management, Sales, and Financial-related challenges. Most notably, *increasing productivity, retaining customers, and reducing costs*.

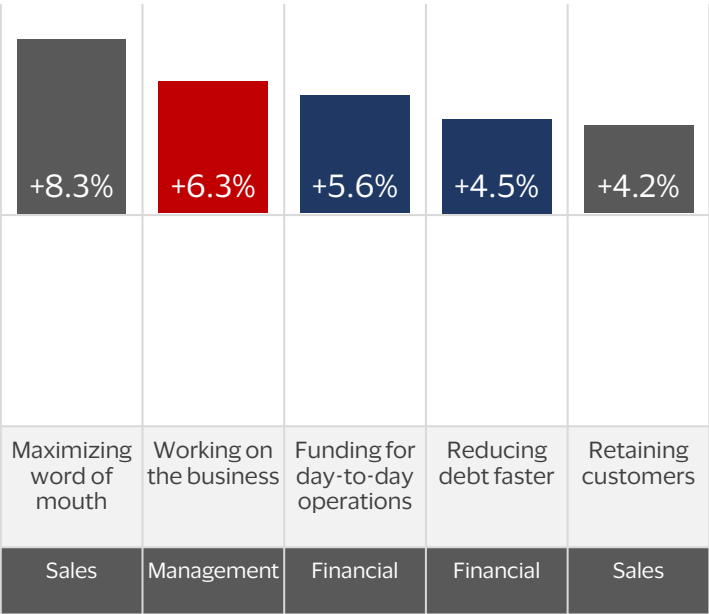
- vs. Male-owned businesses, Woman-owned businesses point to bigger challenges *maximizing word of mouth, working on the business* (perhaps due to work-life balance challenges), and *funding for day-to-day operations*.



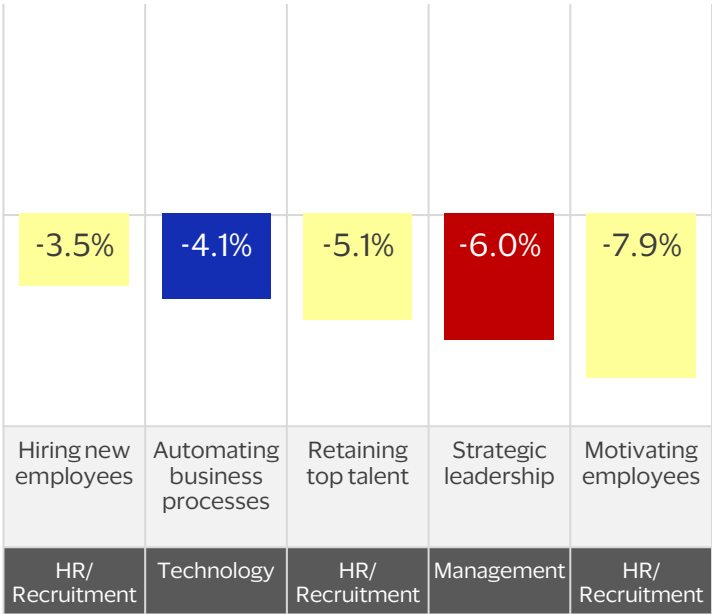
Top Business Challenges – Women-Owned Small Businesses



Over-Indexed, Women vs. Men



Under-Indexed, Women vs. Men





Thank you

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