

Small Business Pulse



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



August, 2023

About This Report

The BizPulse study is designed to gauge the ongoing sentiment, concerns, priorities, strategies, and business activities among Small Businesses in the United States. BizPulse is a quarterly study run by the Maru Group in partnership with Visa.

Data in this report is taken from 594 Small Business Leaders who were surveyed in June and July, 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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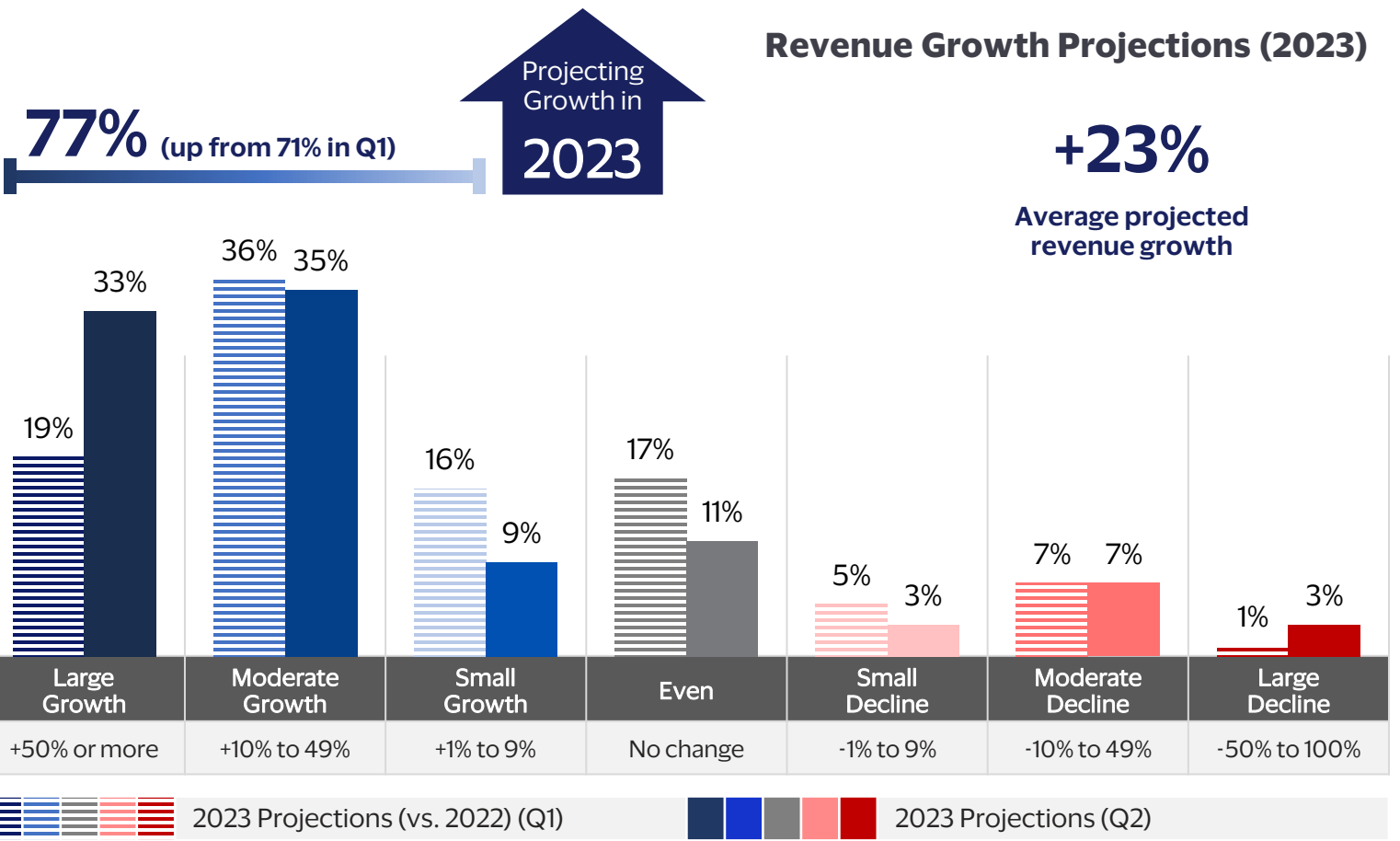
Surveyed SMB leaders' confidence is high mid-2023; while still concerned about the potential impact of an economic downturn, they are bullish on 2023

Summary

Surveyed SMB leaders are generally projecting strong revenue growth, midway through 2023. However one-half don't have full funding to do what they want with the business, and many will be seeking new funding sources.

- 77% of SMBs project their 2023 revenue to grow in 2023, up from 71% who were projecting growth when surveyed in January. 11% project no change, while just 13% project decline in revenue for 2023 (vs. 2022).
 - Larger SMBs, those with younger business leaders, and those with flexible business models (e.g., sells both products and services, sells B2B and B2C, sells online and in-person) are most likely to be projecting growth.
- One-half of SMBs 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.
 - Most common sources of new funding include *expanding current line of credit*, *applying for a new credit card*, and *applying for a new business loan*.
- Businesses identify a wide range of actions they have taken due to rising prices, rising interest rates, and other economic challenges. These include:
 - 73% have increased prices
 - 72% are trying to spend less
 - 63% are delaying spending until the outlook is more positive
 - 62% are evaluating or re-evaluating suppliers
 - 61% are investing in cost-saving technology
- Women business owners identify a variety of ways they believe it is tougher to run businesses as a women. Most notably, *juggling running a business with other elements of your life* (38% say this is more difficult for women); *convincing great people to come work with me* (33%); *obtaining financing from traditional sources* (33%); and *obtaining financing from non-traditional sources* (31%).
- 76% of SMBs' feelings right now are positive, led by *optimistic* (52%), *happy* (42%), and *excited* (40%).
 - Positivity is at the highest point since this study began in 2020.

SMB revenue growth projections strengthened through the first half of 2023



77% of SMBs surveyed are projecting revenue growth in 2023, with a little more than half the year in the books.

Businesses MOST likely to be *growing* include:

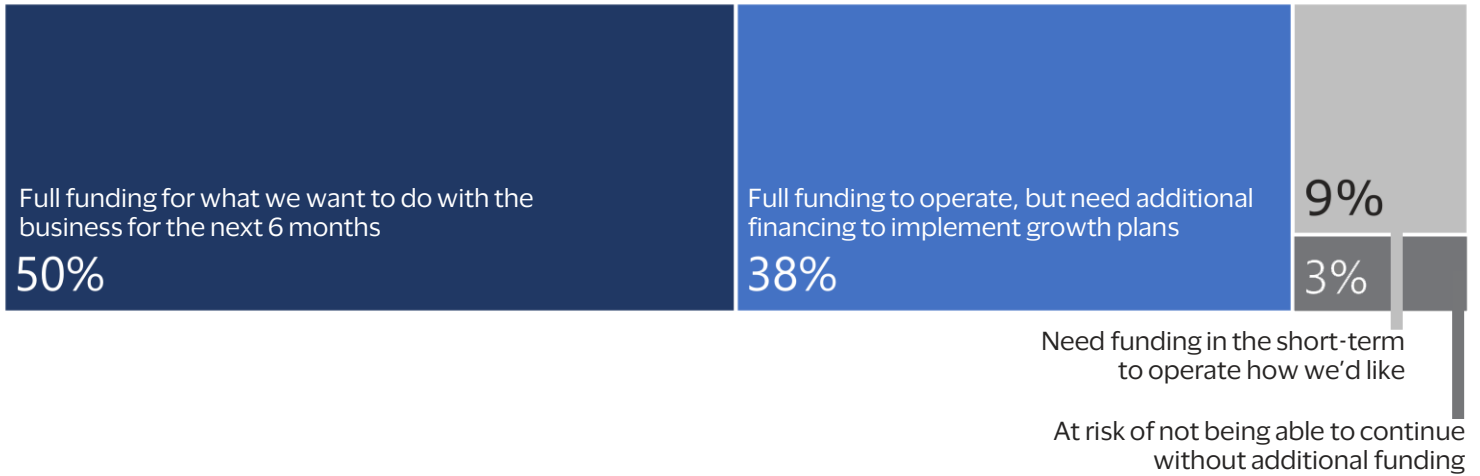
- Finance & insurance industry | 85% growth
- Sells products & services | 83%
- 10-49 employees | 83%
- Gen Z/Millennial business leader | 83%
- Personal, miscellaneous services sector | 82%
- Construction industry | 82%
- 3-9 years in operation | 82%
- 1-9 employees (81%)
- \$5M+ revenue (81%)
- \$1-5M revenue (81%)

Businesses LEAST likely to be *growing* include:

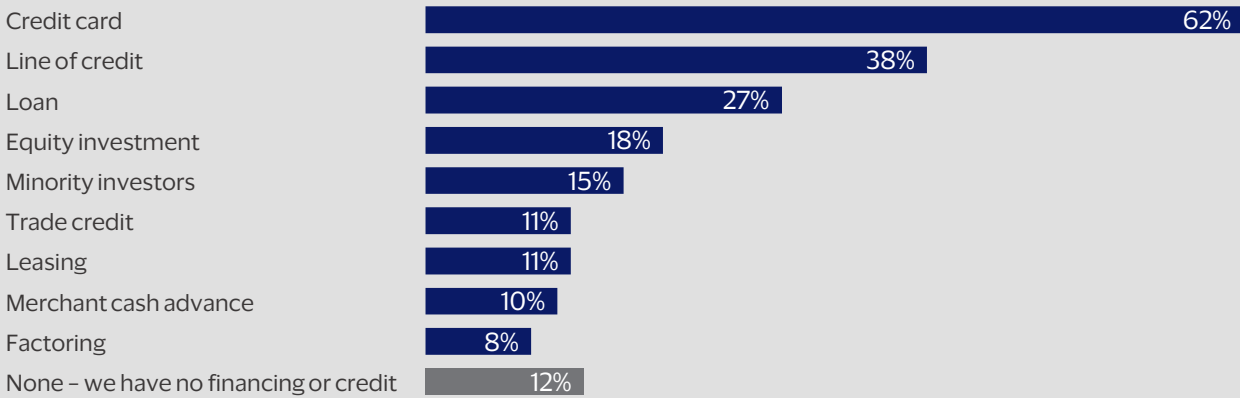
- Owner-only businesses | 56% growth
- Under \$100k revenue | 64%
- Boomer+ business leader | 65%
- 10+ years in operation | 66%
- Arts, recreation, & information sector | 68%
- Manufacturing sector | 70%
- Sells all/mostly services | 71%
- Sells all/mostly B2C | 73%
- Professional, science, tech services sector | 74%
- Sells all/mostly in-person | 74%

One-half of SMBs surveyed say they do not have full funding for everything they want to do with their business

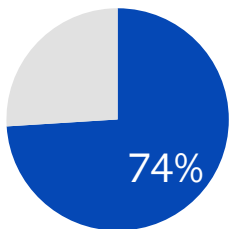
Current Business Funding Status



Current Funding Sources



Seeking New Funding in 2023



Three-quarters of Small Businesses have sought or intend to seek new form(s) of financing in 2023.

Top New Financing Steps in 2023



20%

Apply to expand our business line of credit



19%

Apply for an additional credit card



18%

Apply for a new business loan

MOST likely to apply for an additional credit card in 2023

- Sells online and in-person | 28%
- Sells products and services | 26%
- Gen Z/Millennial leader | 26%
- 2 years or less in operation | 25%
- 3-9 years in operation | 24%

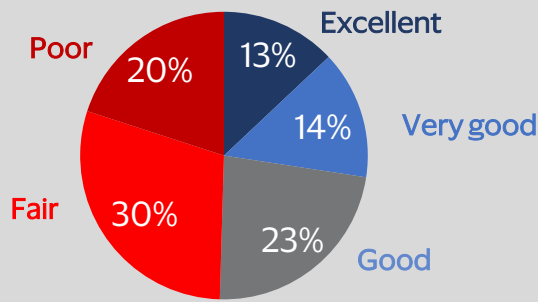
LEAST likely to apply for a credit card in 2023

- Boomer+ leader | 5%
- \$5M+ revenue | 8%
- 10+ years in operation | 8%
- Healthcare sector | 9%
- Owner-only businesses | 9%

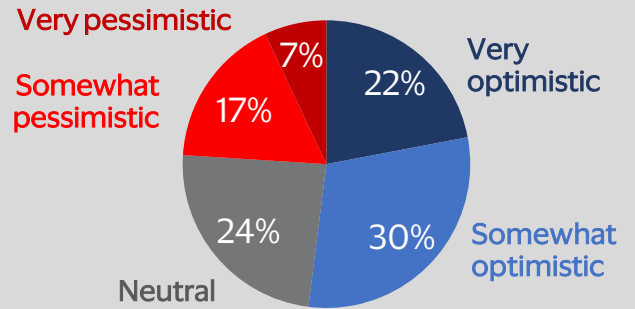
Survey results indicate Economic concerns remain forefront, however have significantly eased over the past year

SMB leaders are beginning to feel better about the market and economy, however concerns remain. While just one-half believe the current economy is at least good, one-half are optimistic about the economic outlook, while just one-quarter are pessimistic.

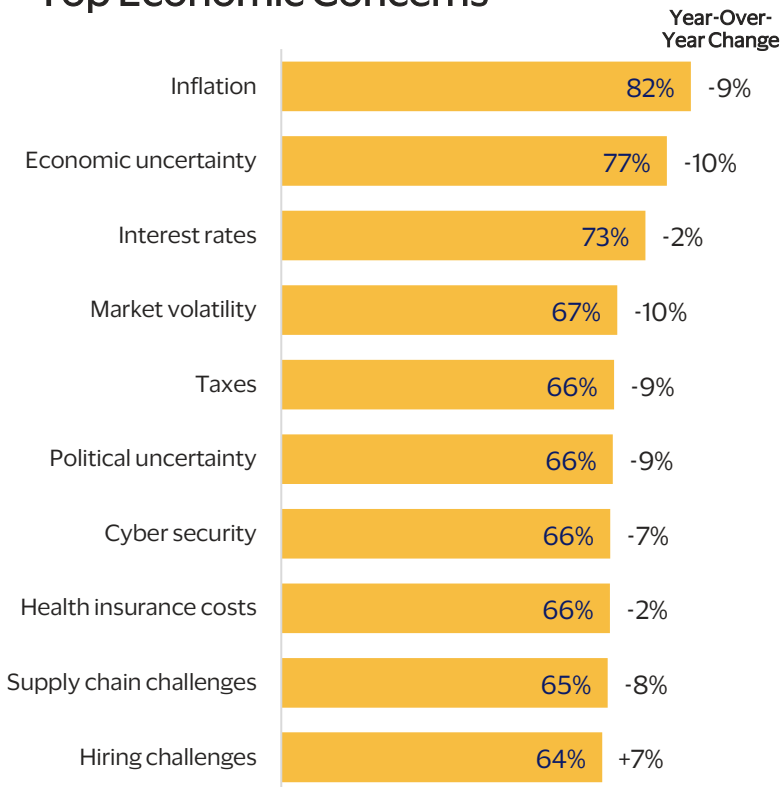
CURRENT Economy is...



Economic OUTLOOK is...



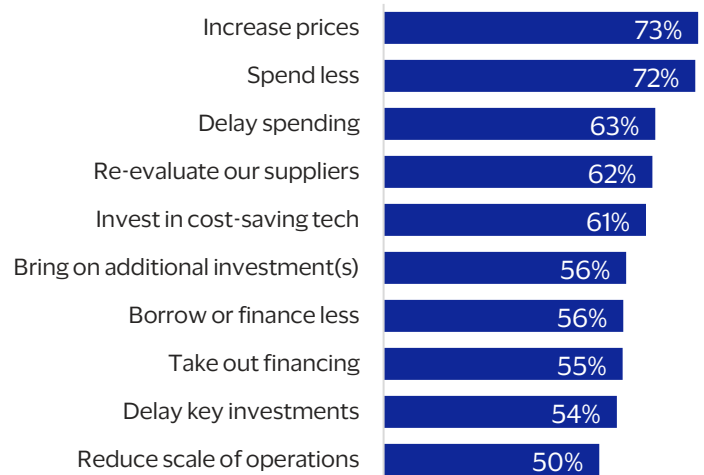
Top Economic Concerns



Steps Taken in 2023 in Response to Economy

92% have taken some business step in response to the economy in 2023.

TOP TEN steps taken:



Surveyed Business leaders enjoy working for themselves, sense of achievement, and flexibility; they worry about growth

Most Rewarding Aspects of Being a Business Owner

SMB leaders identify a variety of benefits they see in being a business owner, led by *working for myself*, *sense of achievement*, and *flexibility*.



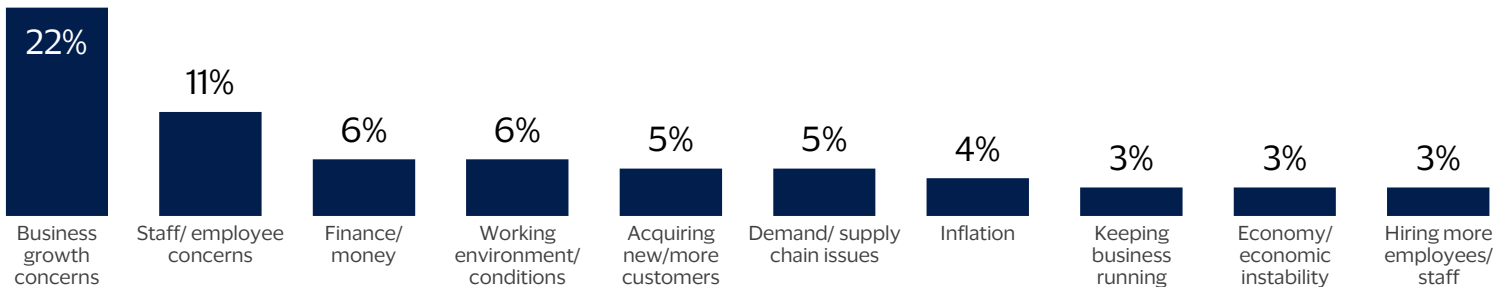
"The fact that even though we've faced rough times recently my business is still going strong providing work for my employees"

"Watching it go from a small dream to a reality. Sometimes I still can't believe I actually did it."

"The freedom to be your own boss: As a business owner, you have the freedom to set your own hours, work from anywhere, and make your own decisions. This can be a great perk, especially if you're not a fan of the traditional 9-to-5 grind."

Most Challenging Aspects of Being a Business Owner

Concerns about *business growth* are by far the most common among SMB leaders, followed by *staff/employee concerns* and *finance/money concerns*.



"Getting everyone paid on time"

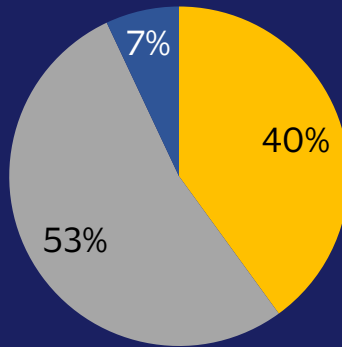
"the constant rising prices of everything including tech, loans, bills etc."

"Financial instability: Running a business can be expensive, and there is always the risk of going bankrupt. This can be a very stressful experience, and it can put a strain on your personal finances."

Women business owners surveyed identify a variety of elements they believe are more difficult

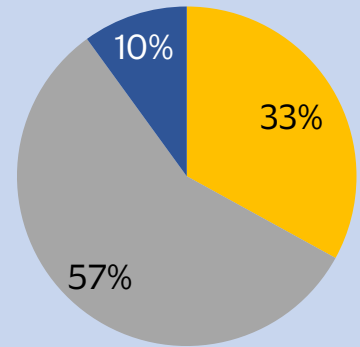
Women SMB surveyed owners identify a variety of elements they believe are more difficult for women business owners, vs. men. They say work-life balance, attracting talent, and obtaining financing are all more difficult tasks for women business owners, vs. men.

"Juggling running a business with other elements of your life"



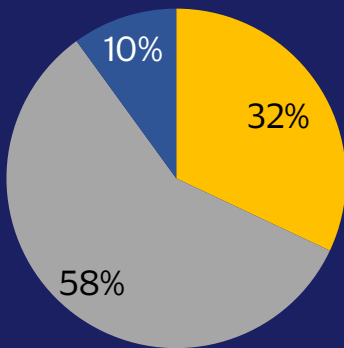
+33% (NET: MORE difficult for women business owners)

"Convincing great people to come work with me"



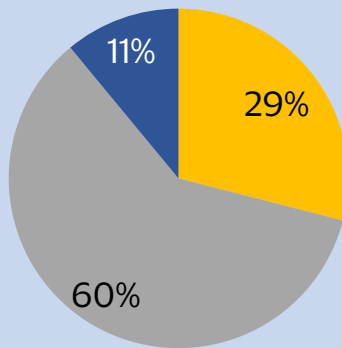
+23% (NET: MORE difficult for women business owners)

"Obtaining financing from traditional sources (e.g., banks, investors, etc.)"



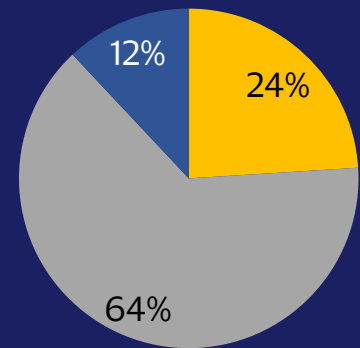
+22% (NET: MORE difficult for women business owners)

"Obtaining financing from non-traditional sources (e.g., crowdfunding)"



+18% (NET: MORE difficult for women business owners)

"Attracting new customers"



+12% (NET: MORE difficult for women business owners)

More difficult for women business owners

Same difficulty

Less difficult for women business owners

* NET is the proportion who say it is MORE difficult, minus the proportion who say it is LESS difficult.

Business leaders surveyed are feeling largely positive and optimistic headed into the second half of 2023

Emotions Felt by Small Business Leaders



76%

(+2% vs. Q1)
More than three-quarters of current emotions among SMB leaders are positive



24%

One-quarter of current emotions are negative

When asked how they are feeling about their business these days, Small Business Leaders surveyed were largely positive, however with meaningful negative emotions mixed in:

TOP POSITIVE EMOTIONS:

- Optimistic (52%)
- Happy (42%)
- Excited (40%)

TOP NEGATIVE EMOTIONS:

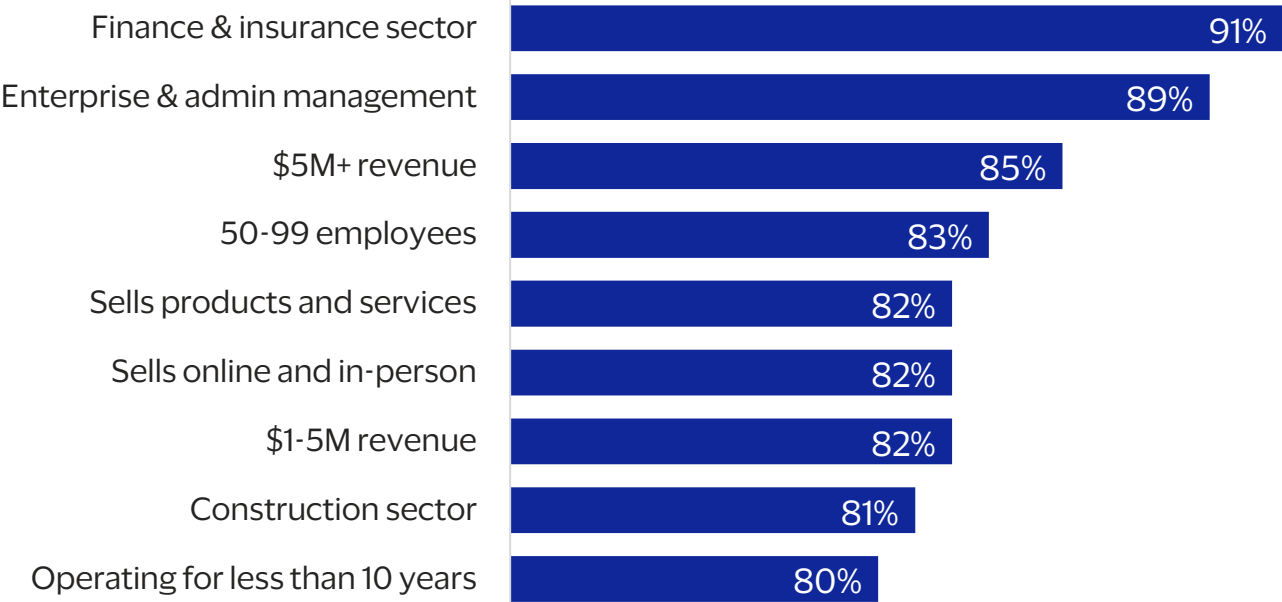
- Anxious (29%)
- Frustrated (19%)
- Edgy (14%)

BIGGEST CHANGES THROUGH 2022:

- Excited (+8%)
- Fortunate (-8%)
- Trusting (+6%)

Leaders of larger SMBs, those with flexible business models, and those that have been in operation for less than 10 years are feeling even more positive than others.

MOST Positive Businesses

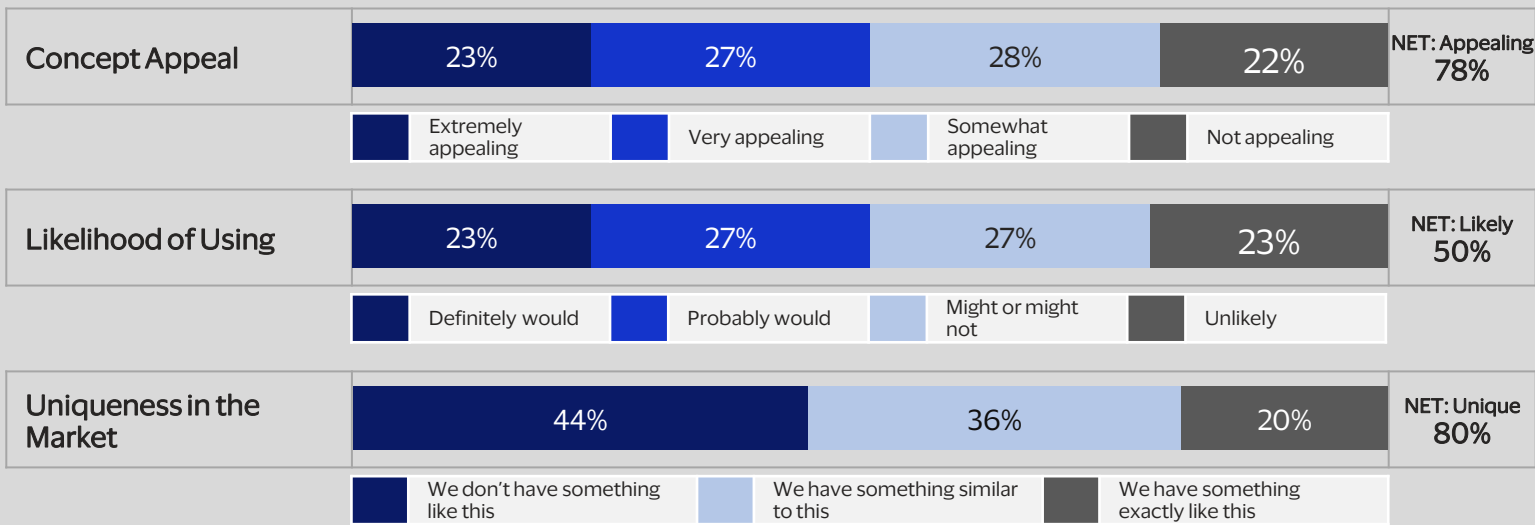


Small Business leaders surveyed see appeal and usefulness in *Spend Clarity* and *Business Dashboard* concepts for their credit cards

Visa tested a variety of potential credit card concepts among business leaders. Business leaders see value in the addition of various tools to their credit card, which would offer automation and tracking of their spending, as well as insights on metrics such as cash flow, revenue, stock, and campaign performance.

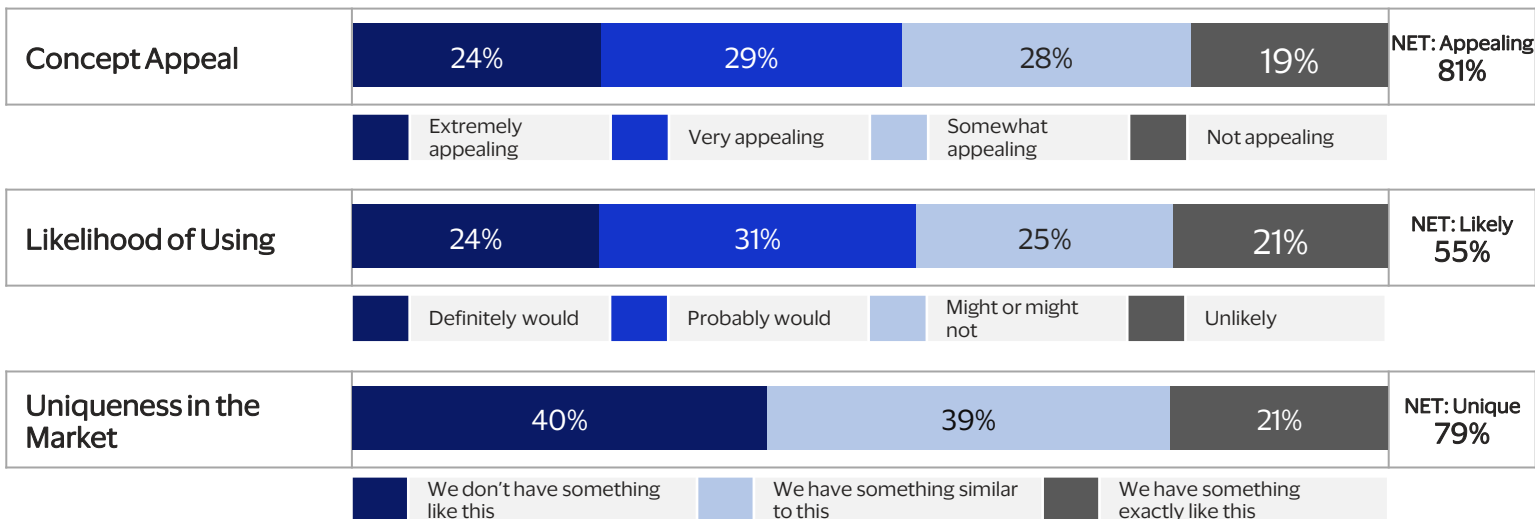
“Spend Clarity”

Spend Clarity offers businesses and their owners the automation and tools they need to keep their credit card spending on track.



“Business Dashboard”

Business Dashboard offers a single, 360-degree view on insights like cash flow, sales revenue, stock on hand, campaign performance, and more.





Thank you

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