

Small Business Pulse



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



November, 2022

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 786 Small Business Leaders who were surveyed August, 2022 (“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 three-quarters 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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Small Businesses say the economy has softened their 2022 results

Summary

On the heels of the worst of the pandemic, Small Business owners and operators headed into 2022 with a lot of optimism for growth – 62% projected revenue growth, while just 26% projected decline. However in the face of concerns about inflation, economic uncertainty, market volatility, taxes, interest rates, and other factors, growth projections for 2022 have significantly softened – now 40% project growth, while 49% project decline.

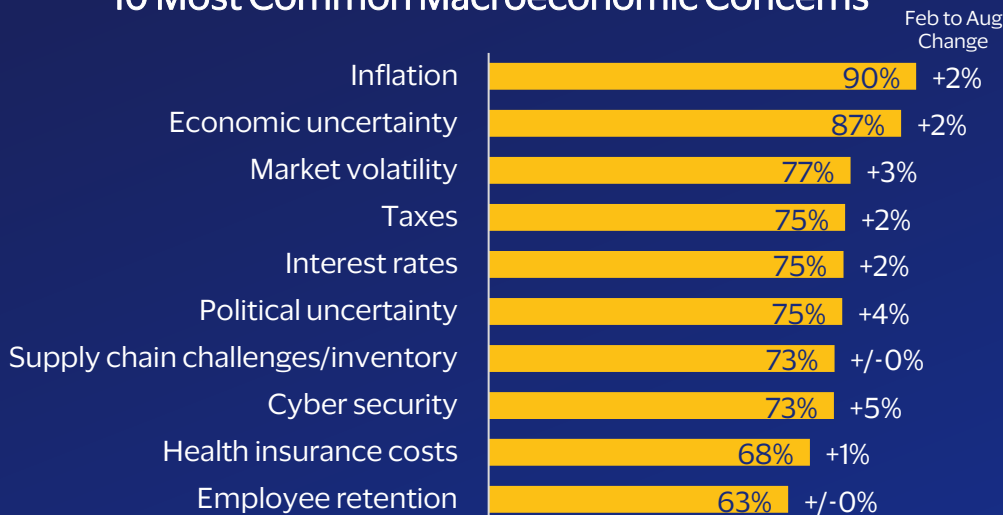
Despite these challenges, a majority of Small Business owners and leaders continue to feel mostly positive about their business, and eight-in-ten feel their business' financial situation is at least *good*.

- Small Business Leaders continue to have high levels of concern about the impact of inflation, economic uncertainty, taxes, supply chain/inventory challenges, and general market volatility on their business' performance.
- Despite these concerns, 67% of the emotions felt by Small Business Leaders are positive, led by *optimistic* (54%), *fortunate* (44%), and *happy* (33%). However some negative emotions are mixed in: *anxious* (35%), *frustrated* (27%), and *edgy* (20%).
- Four-in-ten Small Business owners and operators are optimistic about the economy, while an identical proportion are pessimistic. More than six-in-ten say the next six months will be the same or worse, economically, vs. the previous six months.
- One-half of Small Business owners and operators say they are kept awake at night by concerns about finances and economic stability, by far the most prominent concern.
- Thinking about suppliers across multiple industries, Small Business Operators are most satisfied with their primary bank and with their credit card.
- When it comes to suppliers, Small Businesses say the most important criteria are largely based on relationships and service levels; the biggest factors are *reasonable cost*, *understands our business*, *knowledgeable about our sector*, *has a strong reputation*, and *Relationship Manager maintains a strong connection with us*.
 - When it comes to price, being *reasonable* is much more important than necessarily being the *lowest* (89% say *reasonable price* is an important factor, vs. just 64% who say *lowest price* is an important factor).
- While striving to improve their business' performance, most Small Businesses would focus on making improvements to the top of the marketing funnel (e.g., *awareness*, *consideration*) vs. the bottom.

Business leaders have mounting economic concerns, and predict a negative impact on their business

Already with a lot on their minds, the level of concern relating to the economy has increased among American business leaders throughout 2022. *Inflation* and *economic uncertainty* continue to be the top two concerns, held by roughly nine-in-ten business leaders. Through 2022, concerns have increased relating to *cyber security*, *political uncertainty*, *market volatility*, *inflation*, and *taxes*.

10 Most Common Macroeconomic Concerns



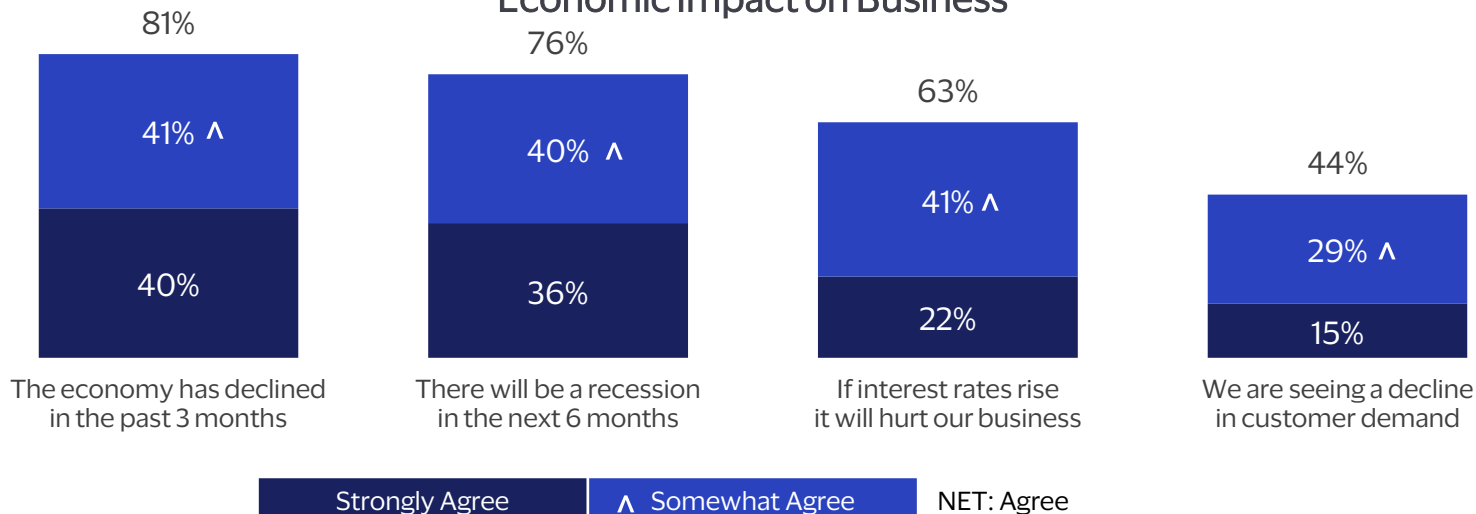
Increasing Concerns

Top increasing concerns through 2022:

Cyber security	+5%
Political uncertainty	+4%
Market volatility	+3%

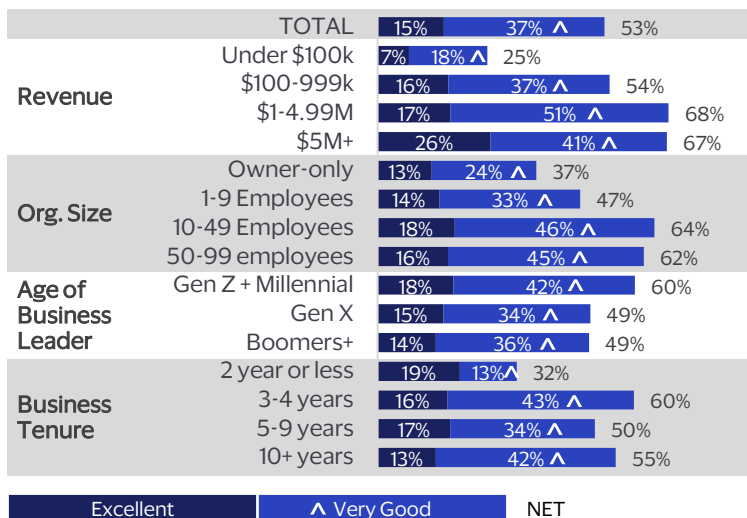
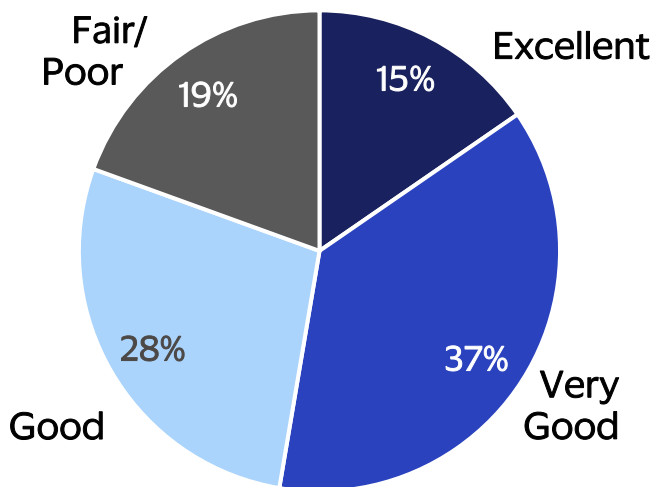
While eight-in-ten (81%) agree the economy has declined in the past 3 months, fewer than one-half (44%) say they have seen a decline in customer demand thus far. Business leaders expect further economic difficulty over the next 6 months, however no-doubt are hoping for customer demand to hold firm as it has for many companies through the first half of 2022.

Economic Impact on Business



Even while macroeconomic concerns grow, most businesses feel they are headed in the right direction

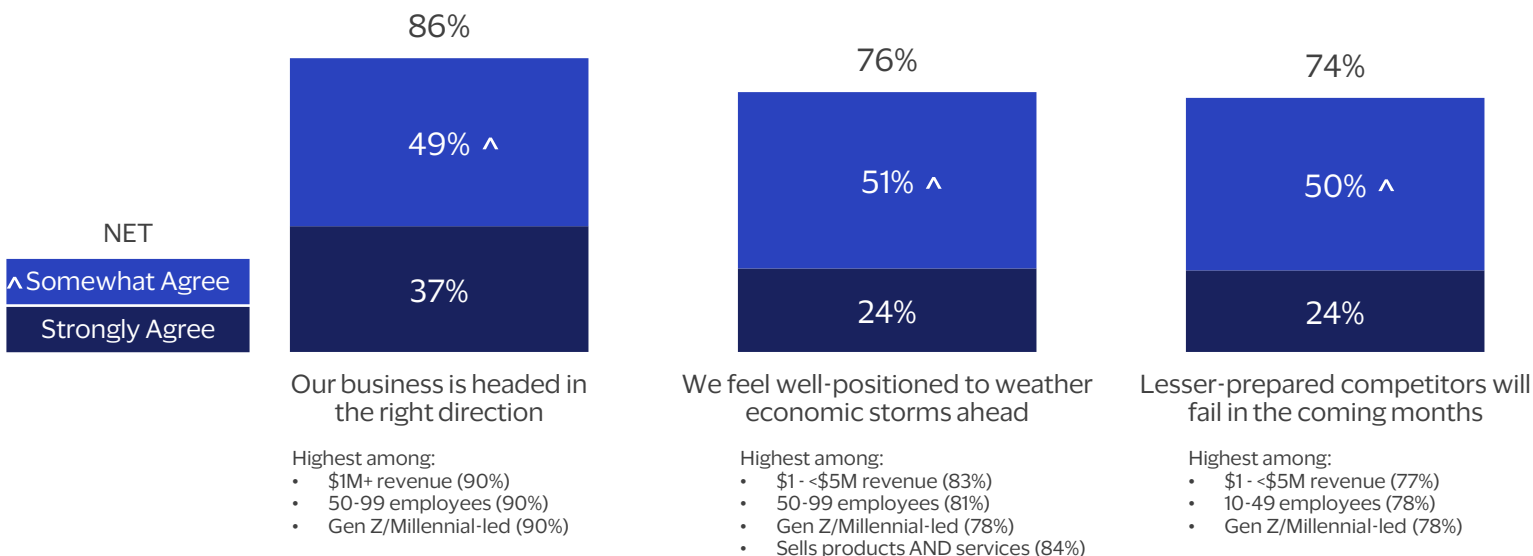
How would you rate your business' current financial condition?



Despite the plethora of economic challenges and concerns facing companies in 2022, 81% of SMBs feel at least *good* about their current financial condition, including 52% who feel at least *very good*. Larger SMBs, those led by younger leaders, and those in operation at least 3 years are most positive.

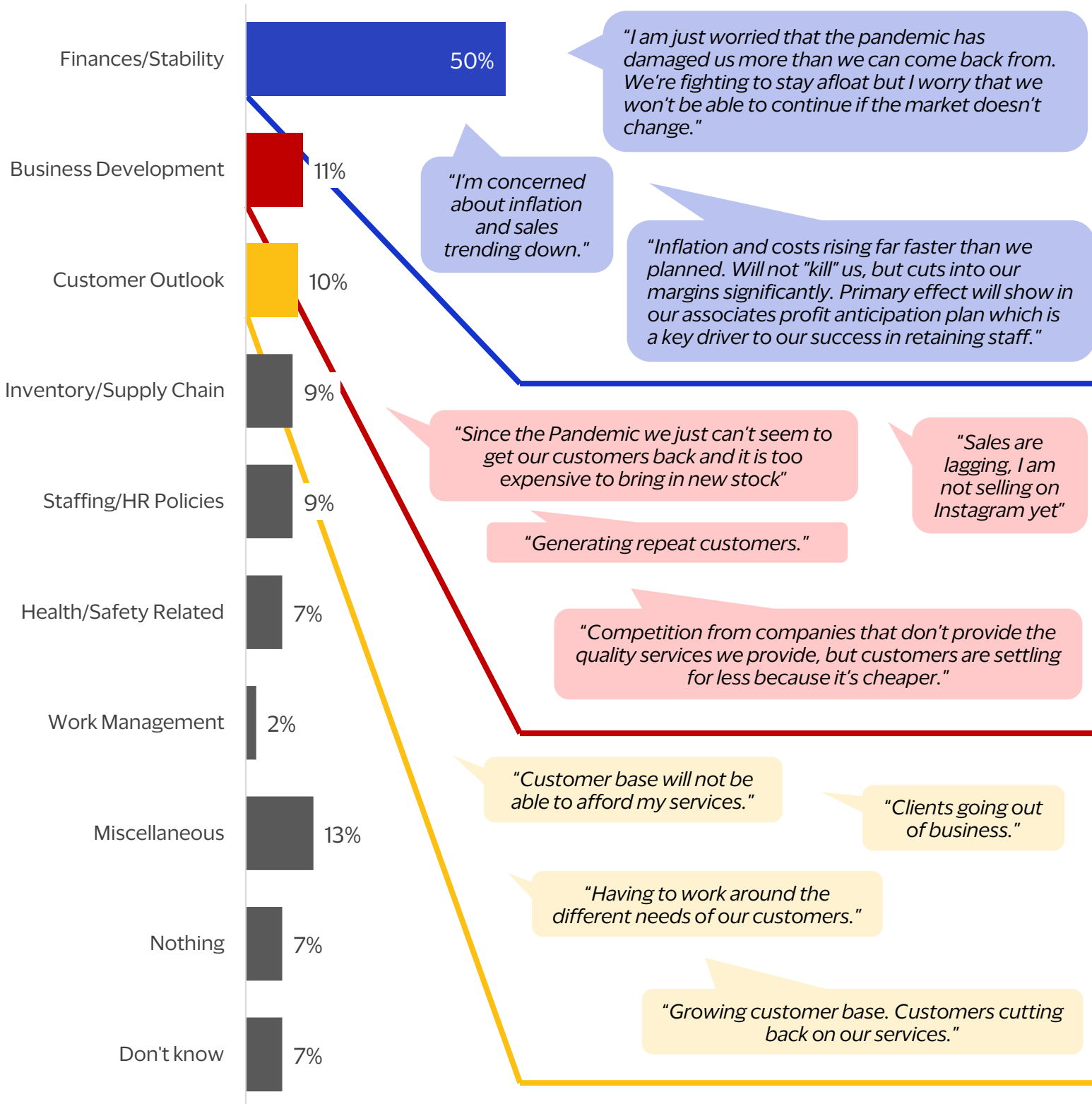
Nearly nine-in-ten SMBs still feel their *business is headed in the right direction*, while three-quarters feel *well-positioned to weather economic difficulty*. These feelings are particularly strong among those with \$1M+ revenue and those with younger business leaders.

Business' Ability to Navigate Challenges



More than nine-in-ten business owners has *something* keeping them up at night; finances are by far the most common

What is keeping you up at night?
(coded responses to an open-ended question)



Business leaders remain positive and optimistic, with an eye to the future

Emotions Felt by Small Business Leaders



67%

(-2% in 2022)
Two-thirds of current emotions among Small Business leaders are positive



33%

(+2% in 2022)
One-third of current emotions are negative

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

TOP POSITIVE EMOTIONS:

- Optimistic (54%)
- Fortunate (44%)
- Happy (33%)

TOP NEGATIVE EMOTIONS:

- Anxious (35%)
- Frustrated (27%)
- Edgy (20%)

BIGGEST CHANGES:

- Anxious (-4%)
- Courageous (-4%)
- Excited (-3%)

Small Business Leaders are not just thinking short-term but are also monitoring trends for potential long-term evolution. However likely because economic concerns have become more forefront, consideration of these emerging trends has tended to decrease somewhat in 2022.

Emerging Trends Businesses are Integrating or Following

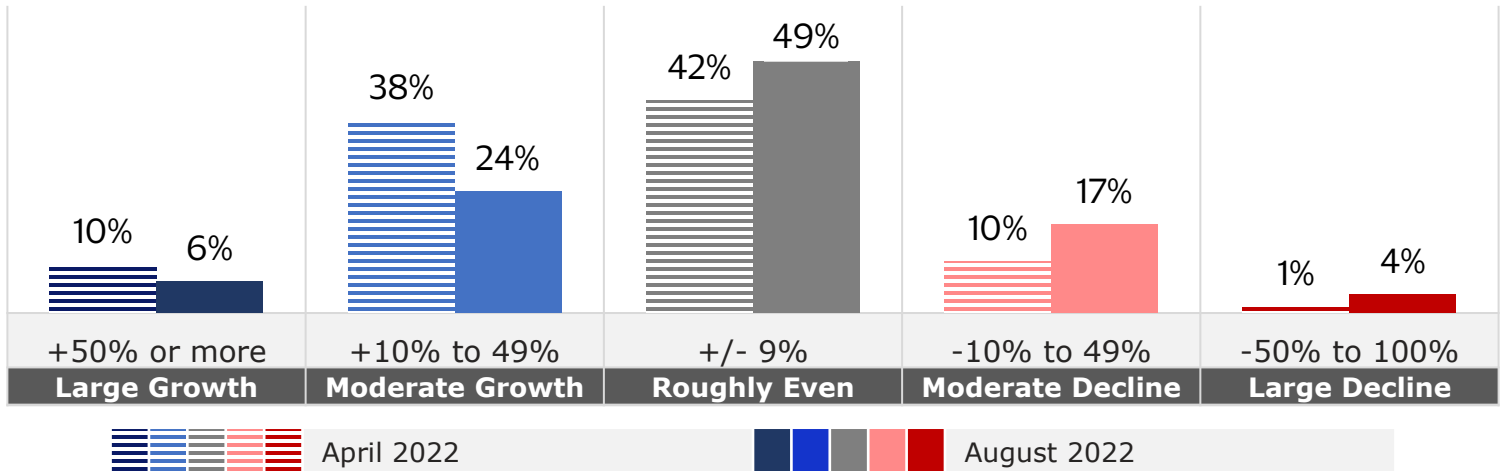
				Quarterly Change
Data privacy and security	54%	^ 23%	77%	-1%
Improving CX with technology	47%	^ 23%	69%	-2%
Purposeful busines - existing to serve a meaningful purpose	37%	^ 24%	61%	1%
Creating sustainabile, resilient operations	37%	^ 21%	58%	-3%
E, D, & I (Equity, Diversity, and Inclusion)	34%	^ 20%	54%	N/A
Creating a flatter, more agile organization	28%	^ 24%	52%	-4%
Co-opetition and integration	28%	^ 22%	50%	1%
	Integrating or Preparing	^	Following Closely	NET

Other trends are on the minds of many, but fewer than 50% of business leaders, including: the *skills crisis* (47%), *everything-as-a-service* (45%), *emergence of the gig economy* (43%), *cryptocurrency* (43%), *decentralized finance movement* (43%), *ESG investing* (42%), *AI* (42%), *blockchain* (37%), *balance between human workers and robots* (36%), *the Metaverse* (36%), *internet-of-senses* (35%), *AR/VR* (34%), and *no-code interfaces* (34%).

Growth projections have significantly softened through 2022

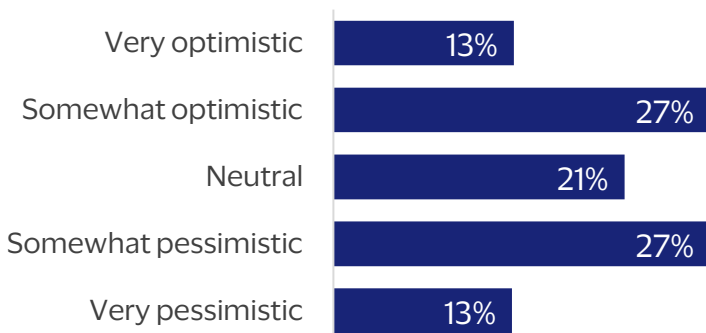
2022 Revenue Projections

When asked their revenue growth projections vs. 2021, the average American small business is still projecting overall growth. However, the average projection of +2% is significantly down from +13% estimated in April. The reality of 2022 has significantly tamped down revenue growth expectations among American businesses.

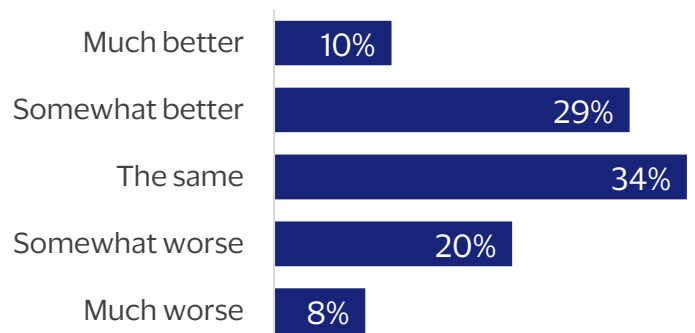


Opinions are divided on the current state of the economy, and on what the next six months will look like; companies are equally optimistic (40%) and pessimistic (40%) about the current economy, however more leaders believe we will see improvement in the next six months (39%) vs. decline (28%).

Current Economic Outlook:

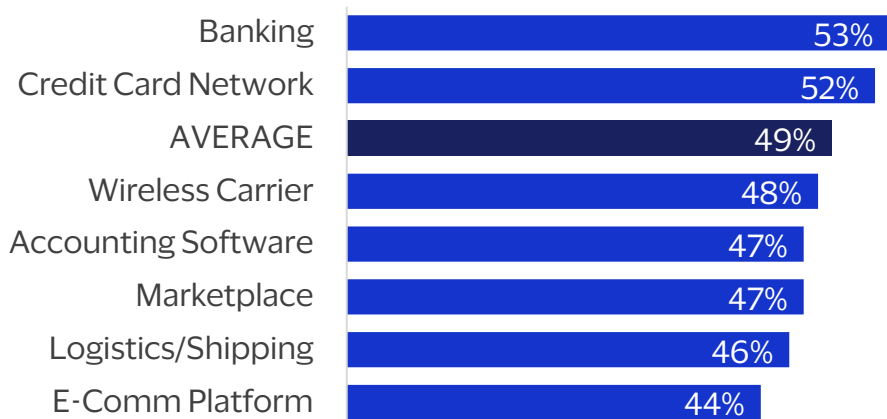


The Next Six Months Will Be...



Businesses look for *reasonable cost, understanding of their business, and sector knowledge* when choosing partners

Average Supplier Satisfaction* (Completely Satisfied^)

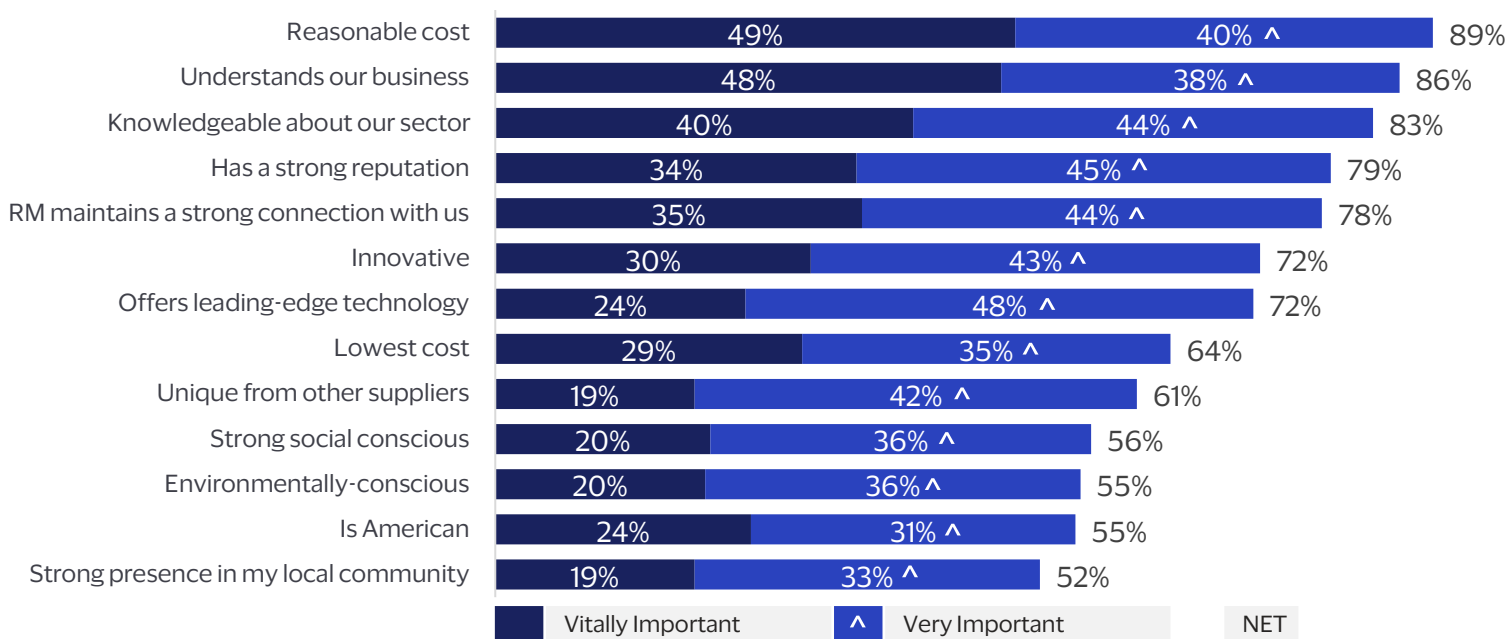


When thinking about various suppliers, satisfaction is highest among small businesses with their primary bank, followed by their credit card network. E-commerce platforms have the most room for improvement, with average satisfaction levels of just 44% *completely satisfied*.

* Asked in April 2022, not August

^ *Completely Satisfied* is the top option on a five-point satisfaction scale shown to respondents

What Small Businesses Look For in Suppliers*



Cost is clearly an important factor in for small businesses when choosing and remaining loyal to suppliers, however it is not as much the *lowest cost* (64% at least *very important*), but rather a *reasonable cost* that businesses are looking for (89% at least *very important*). In addition to cost, business leaders are most looking for partners and suppliers who understand their business and their sector.

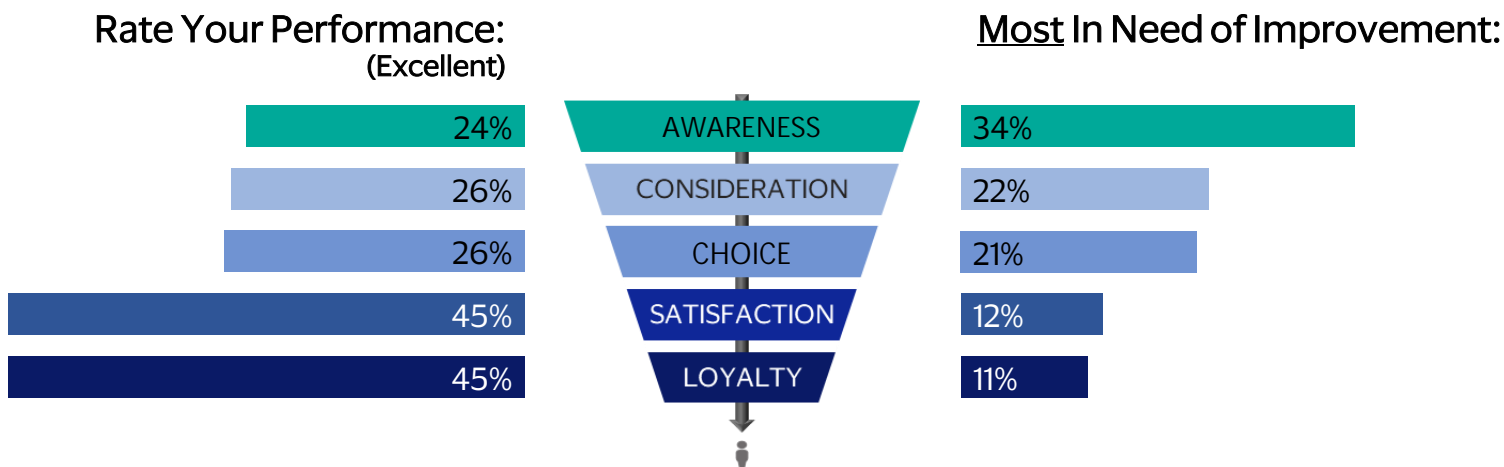
Businesses use a wide variety of marketing tactics, most focused on earning awareness and consideration

Word-of-mouth remains the top form of marketing employed by American small businesses – deemed to be a part of the marketing strategy of 85% of small businesses. In all, most of the top marketing tactics used by small businesses seem more ‘organic’ in nature, vs. paying per click or impression.

Marketing Tactics Used



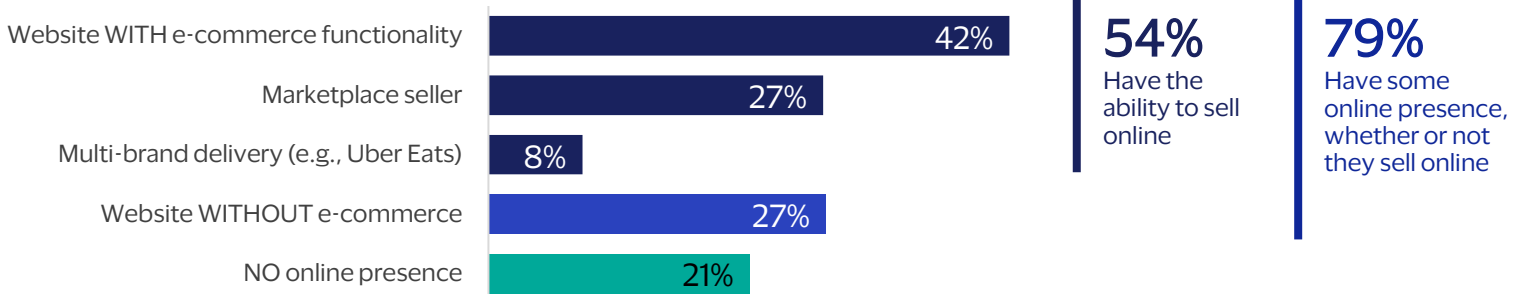
Marketing Funnel Performance and Focus



Business leaders are least satisfied with their business’ performance towards the top of the marketing funnel, specifically focused on improvements in generating *awareness*, *consideration*, and *choice*. While they are more satisfied with their achievements generating satisfaction and loyalty, much room for improvement remains.

One-half of small businesses have the ability to sell online, with many planning to further double-down online

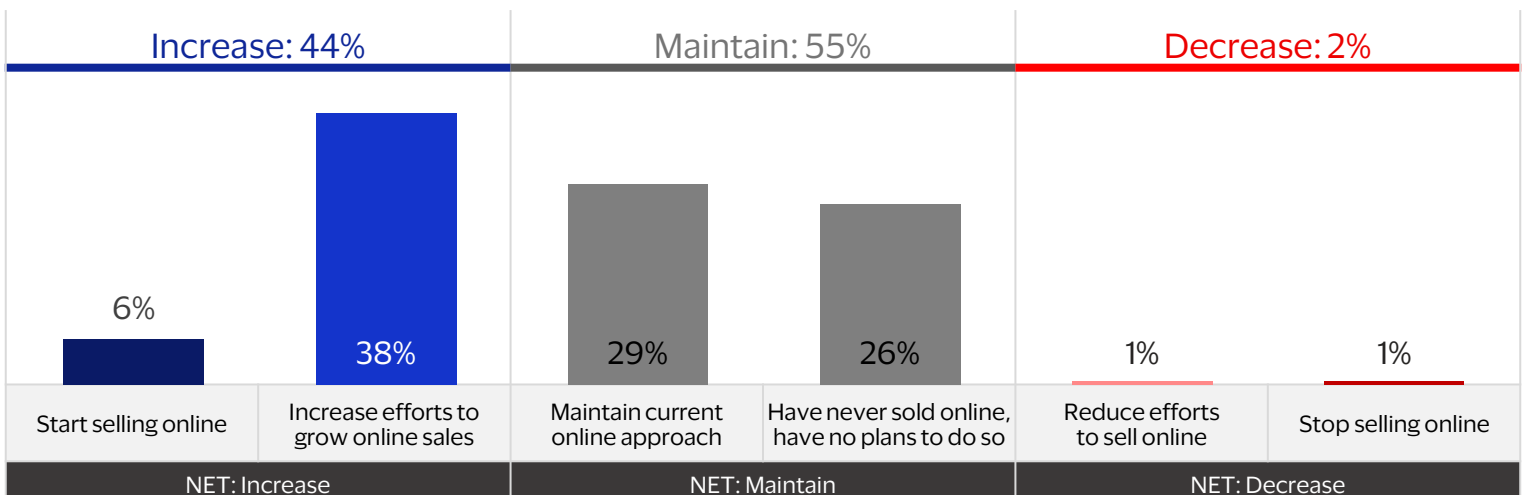
In What Way(s) Are You Online?



Among the 54% who can sell their products or services online, by far the most common method is via a company’s own e-commerce-enabled website (42%). One-quarter of companies sell via marketplaces, while fewer than one-in-ten (8%) sell via multi-brand delivery apps such as DoorDash or Uber Eats. On the other hand, roughly one-in-five small businesses (21%) have no online presence at all.

With e-commerce having been incredibly helpful for many businesses as they navigated the COVID-19 pandemic, the vast majority of small businesses plan to either maintain (55%) or increase (44%) their focus on e-commerce in the future. Virtually no small businesses plan to decrease their e-commerce presence.

Planned Upcoming Changes to E-Commerce Approach

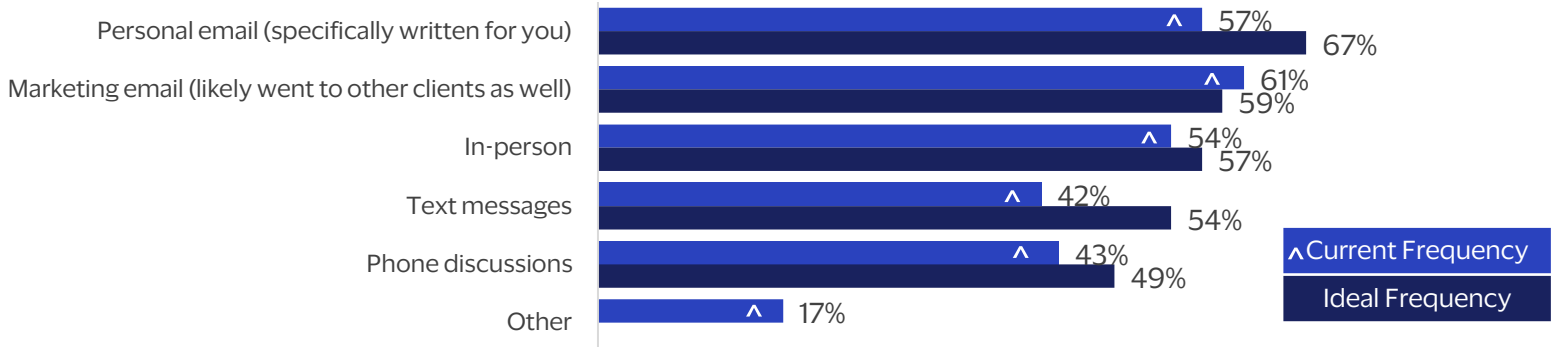


Small Businesses like providers who communicate via multiple channels; want more texts and personal emails

Small business leaders say banks communicate with them relatively frequently by personal emails, marketing emails, and in-person. Compared with current communication frequency, small businesses would like to receive communications more by text (54% want this at least monthly, vs. 42% who receive texts monthly), by personal email (67% vs. 57%), and by phone (49% vs. 43%).

Current/Ideal Bank Communication Frequency

(Proportion who want communications at least monthly)



Brands with Strong Communications

Small business leaders were asked about suppliers or brands that have effective communications strategies, and they mentioned several brands across industries:

Most Common Mentions:



Other Frequent Mentions:



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Thank you

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