# Table Of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>Background</td>
<td>4</td>
</tr>
<tr>
<td>Survey Sample and Scope</td>
<td>5</td>
</tr>
<tr>
<td>Findings</td>
<td>7</td>
</tr>
<tr>
<td>Detailed Findings</td>
<td>9</td>
</tr>
<tr>
<td>Firmographics</td>
<td>28</td>
</tr>
</tbody>
</table>
# Introduction

## Background & Objectives

The SBE Council commissioned the study to gain insights from small business owners about current economic and business conditions and policy related issues.

### Survey Sample

- **Online Survey Methodology**
- **Sample size - 408 total completes**
  - TechnoMetrica used its network of panel partners for the sample.
- **Credibility interval - +/-4.95 percentage points**

### Methodology

- **Survey Conducted**
  - June 7 – June 10, 2022
- **Average Length of Interview**
  - 9 minutes
- **Qualification Criteria**
  - Small business owners

---

# Background

Americans are facing a 40-year high inflation and the possibility of a recession in the next twelve months. Along with the price of essential commodities like food and fuel, cost of raw materials and services have also risen. The economic climate is challenging for businesses of all sizes.

The mood of the business owners and their levels of optimism/pessimism regarding the current economic environment will have a telling impact on economic recovery. Businesses have resorted to various measures to offset the volatility in the market. American entrepreneurs identified some issues as top priority and hoped the Biden administration will address promptly.

Besides this, the proposals to regulate “Big Tech” companies such as Meta (Facebook), Google, Microsoft, Amazon, and Apple that own and/or operate popular digital platforms and tools will have a significant impact on small businesses. But, what issues worry small and medium enterprises regarding the regulations and to what extent they welcome the move by the Biden administration also reveals the degree to which the business owners rely on digital tools to run their establishments.
Survey sample

- The online survey conducted by TechnoMetrica received 408 completed responses from small business owners across the nation.
- On average, the businesses had been running for more than nine years; more than a tenth had been operational since before year 2000, and a fifth of the respondents had opened shop in during the pandemic years.
- The median age of the sample group was found to be 42 years. Business owners in their 30s and 40s made up half those surveyed. Slightly more than a tenth fell in the seniors category and less than a tenth were below 24 years of age. Coincidentally, half the survey respondents were men and half were women.
- While more than a third of the businesses were located in the South, the rest were almost equally divided between West, Northeast and Midwest. Almost half the enterprises were located in suburban areas, and a quarter in rural environment. The rest operated in an urban setting.
- A majority of those who took part in the survey were White or Caucasian. Almost a sixth belonged to the African American community and less than a tenth were from Hispanic/Latin backgrounds. A handful belonged to Asian and Native American communities.
- By party affiliation, a plurality identified as Independents. Democrats were the next largest group, with over a third of the participants identifying as such. Less than a quarter were affiliated with the Republican party. By political ideology, close to half said they were Moderates, a fifth identified as Liberals and slightly more than a fifth were Conservatives.

Survey sample and scope

- The largest segment of businesses fell in the Retail Trade category. A third was made up of Personal services, Entertainment and Construction. A tenth comprised of Software, Educational Services, Real Estate and Transportation. Food, Finance, Wholesale Trade and Agriculture-related businesses also found representation. Close to a fifth were businesses in other sectors of the economy.
- In terms of revenue, a quarter of the businesses earned less than $20k in 2021. About the same number, made between $20k-50k. A fifth reported their earnings in the $50k-100k bracket. A little more than a tenth of those surveyed had income above $500k.
- Almost half the business establishments in the survey were run solely by the owner. A little more than a tenth, had hired one more person. Enterprises that employed between 11-20 persons and more than 20, made up 12% of the survey.
- Most establishments were run from a home office. Slightly more than a tenth worked out of a commercial office space and a small minority opted for shared office space. Some businesses were retail outlets.
Findings - Overview

Overview

• Though a third of small business owners think the nation’s economic conditions are fair and tiny percentage feel it is ‘excellent’, close to half consider the situation to be poor.

• Despite this sentiment, only little more than a tenth of the businesses are doing poorly. A majority are doing well and more than a third fall in the ‘good category’ and almost half in the ‘fairly well’ category. Nine out of ten are optimistic that their establishment will survive the current conditions.

• Revenues are also looking up, with close to half expecting to increase their earnings in the near future. Though a fifth see their earnings remaining steady, an equal number are anticipating a drop in income. Two-thirds are also optimistic about increasing their profitability in the short term.

Inflation

• Almost every business owner is concerned about the effect inflation will have on their business. Nine out of ten also worry about a recession setting in.

• To deal with the volatile situation, most businesses are cutting back on spending, though a third have not resorted to such measures yet. Business travel, new hires, marketing expenses, employee benefits have all seen varying degrees of scaling down.

Findings Overview

From the administration

• Almost nine out of ten believe inflation is the number one issue that must be tackled. Heath coverage, supply chain issues and tax reforms are also concerns for many. Breaking up “Big Tech” is a priority for a minority only.

• Although more than half worry that legislation to regulate “Big Tech” will negatively impact their business, 40% have no such concerns.

Digital tools and platforms

• A majority acknowledge the contribution of digital tools and platforms in the success of their venture. But, a fifth, do not see its role as vital to their business.

• More than half expect proposed changes to the popular digital platforms and tools to have a negative impact on their business. The likelihood of having to pay for currently free services, difficulty in growing the business, unfair advantage to non-American companies and limited back-office support are all issues the owners feel will be detrimental to their businesses.

• Almost half are afraid proposed legislation will benefit larger and more established competitors and hurt their profit margins. A quarter are worried their businesses will have to close down, in such a scenario.

• Almost three out of four believe digital tools were indispensable during the Covid-19 pandemic years. Interestingly, while 41% don’t think their business would have survived without these tools, 39% are confident their ventures would have succeeded even without the support of digital tools and platforms.

• If another catastrophic event like the Covid-19 were to hit, about half believe use of digital platforms will remain the same.
Most Businesses Believe That The Current Economic Conditions Are Only Fair Or Poor

- Close to half the business owners, 44%, feel the economic conditions are poor.
- More than a third, 33%, think conditions are fair.
- But, about a fifth, 17%, rate the economic environment as good.
- 4% think the economic situation is excellent.

Q3. How would you rate current economic conditions?
Most Business Owners Rate Their Company’s Health As Fair Or Good

• A majority feel their business is doing well.
• More than a third, 36%, ranks their firm as good.
• Even more, 43%, think their business is doing fairly well.
• A small percent, 7, feel their business is in excellent shape.
• Only 12% consider their enterprise to be doing poorly.

Q2: How would you rate the health of your business?

Most Business Owners Are Optimistic That Their Business Will Survive

• A significant majority, 89%, are optimistic regarding the survival of their business.
• Close to a quarter, 23%, see excellent chances of their business surviving.
• More than a third, 38%, think the odds are good.
• More than a quarter, 28%, see the likelihood of continued business as fair.
• 7% do not fancy their chances and another 5% are unsure.

Q3: How would you describe your business's chances of survival over the next year or two?
Most Say That Their Revenues Are Increasing Or Staying Steady This Year

- Revenues are set to rise or stay steady for more than half of those surveyed.
- While 5% expect a significant increase, more than a third, 37%, foresee a moderate rise.
- More than a fifth, 22%, expect their earnings to remain steady through the year.
- 20% anticipate a slight fall in income, while 11% expect revenues to drop significantly.
- A small percent, 6%, were unsure of their income estimates.

A Mixed Story From Small Businesses On Profitability For 2022

- Close to two-third see their profitability staying steady or increasing through the year.
- 6% expect significantly higher profits, and more than a third, 35%, foresee a moderate rise.
- About a fifth, 21%, expect their profits to remain steady through the year.
- But, a fifth, 21% foresee a decline in profit margins, with 13% anticipating a sharp fall.
- 5% did not disclose their estimations.
Almost Everyone Is Concerned About Inflation

- A majority, 57%, said they were very concerned about inflation.
- Another third, 35%, expressed moderate concerns.
- Just 7% were unconcerned about the effects of inflation on their business.

Q6. How concerned are you about inflation in the United States over the next twelve months?

Nearly All Are Also Concerned About Recession Over The Next 12 Months

- The majority, 88%, are concerned a recession is around the corner.
- More than half, 53%, are very concerned at the possibility.
- Over a third, 35%, are moderately concerned.
- A tenth are unconcerned regarding the same.

Q7. How concerned are you about a recession in the United States over the next twelve months?
As Raw Material And Labor Costs Rise, Most Businesses Are Cutting Back On Spending

62%
Cutting Back On Business Spending

- A majority, 62%, are cutting back on business spending.

38%
Not Cutting Back

- 38% have not made such moves yet.

Business Travel, New Investments, New Hiring, Charity, And Advertising Are The Top Spending Categories On The Chopping Block

- Almost half of the businesses have cut back on travel, equipment upgrades and hiring.
- Over 40% had reduced charity donations, advertising and marketing expenses.
- A quarter had imposed curbs on payroll, while 22% had cut back on employee benefits.
Must Be Top Priorities For President Biden And Congress Must Be…

- Inflation is the number one priority for 86%.
- Health coverage, supply chain issues and tax reforms, concerns about 70%.
- For a third, breaking up “Big Tech” takes precedence above other issues but ranks at the bottom of concerns.

Nearly Eight In Ten Think That Digital Tools And Platforms Are Important To Their Success And Growth

- More than 75% acknowledge the contribution of digital tools in their success and growth.
- 38% each see it as very important or somewhat important.
- A fifth do not see the digital tools as a significant factor.
Most Small Businesses Are Worried About Legislation And Regulation That Congress And The Biden Administration Are Considering That Target "Big Tech"

- Proposals to regulate “Big Tech” companies worry more than half, 55%, of the businesses.
- While 17% are very concerned, another third, 38%, are moderately worried.
- But, 40%, say they are unconcerned, with 13% of them not at all worried about the issue at all.

Negative Impact On Business And Discontinuation of Free Services Are The Two Most Pressing Concerns Of Regulating And Breaking Up "Big Tech"

- Almost half are worried about the negative impact on economic recovery and having to pay for currently free services.
- A third are concerned about impact on growing their businesses and innovation.
- 31% think singling out US companies will give offshore ones an unfair advantage.
- A fifth anticipates a disruption in “back-office” support.
Discontinuation Or New Charges On Popular Digital Tools And Platforms Will Negatively Impact Business

- More than a quarter, 27%, think such a move will have a very negative impact.
- Another third, 38%, foresee a moderately negative effect.
- But, a quarter do not see such changes as negative.
- 9% were unsure of the outcome of such regulations.

Q14. Thinking about the free or affordable services your business uses on tech platforms like Meta’s Facebook, Google Maps, App’s App Store, Google search, or Amazon Prime, how would you describe the negative impact on your business operations if these services were discontinued or new costs were imposed due to government regulations?

"Big Tech" Legislation May Cause Larger Competitors To Gain An Advantage Over Small Businesses Which Will Face Higher Costs And Have Less Capital To Grow

- Almost half believe that new legislation will benefit large or more established competitors.
- 40% are worried about increased costs.
- More than a third expressed concerns about growing the business, capital crunch and falling sales.
- A quarter, 24%, feared they may have to close.

Q15. How much will your company’s competitiveness suffer if these services were discontinued or new costs were imposed due to government regulation?
Almost Three-Fourths Say Digital Tools And Platforms Were Critical To Their Success During The Covid 19 Pandemic

- 40% agree that digital tools and platforms were very important during the pandemic.
- Another third, 32%, found them moderately contributing to the success of the business.
- A quarter did not put much stock in the contribution of the digital tools.

Four In Ten Believe Their Business Would Not Have Survived The Covid-19 Pandemic Without Access To Digital Tools And Platforms

- 41% are certain their business would not have survived without digital tools during the Covid-19 pandemic.
- Surprising, an almost equal share, 39%, believe their business would have succeeded even without the digital platforms.
- A fifth were unsure what the outcome would have been.
In Another Catastrophic Situation Like Covid-19, Use Of Digital Tools Will Increase Or Remain Stable

- More than a third, 36%, anticipate an increase dependence on digital tools in the event of a crisis.
- Almost half, 46%, assume usage will remain the same.
- A tenth expect the reliance on digital support to decline.
- 8% did not offer an opinion.

Firmographics
### Business Location

- Close to two-thirds, 63%, of the businesses were run from a **home office**.
- Over one in ten, 12%, had a **commercial office space**.
- 6% had retail outlets.
- 4% opted for a **shared office space**.
- 1% was based out of factories or wholesale space.

**D2. Which of the following best describes your business location?**

### Employee Size

- Almost half, 48%, of the establishments were run entirely by the **owner**.
- About a sixth, 15%, had 3-5 persons on the payroll.
- A little more than a tenth, 13%, had hired one employee.
- 6% each had between 11-20 or more than 21 staff.

**D3. Including yourself how many people are currently employed by your business?**
**Business Revenue 2021**

- Median earnings of businesses, in 2021, stood at $81K.
- A quarter of the enterprises earned less than 20k.
- Another 24% made between 20k-50k, and a fifth made between 50k-100k.
- 17% generated revenue between $100k-500k.
- Only 13% earned more than $500k last year.

**Primary Business**

- The largest segment of businesses, 14%, was in Retail Trade.
- Personal services, Entertainment and Construction accounted for little more than a tenth, each.
- Software, educational services, real estate and transportation comprised 3% each.
- Food, finance, wholesale trade and agriculture related businesses made up 2% each.
- 19% of the establishments came under other sectors of business activity.
The median age of the entrepreneur was found to be 42.2 years.

More than a quarter, 27%, were in their 30s and a quarter were in their 40s.

Less than a fifth was aged between 50-59 years.

9% were seniors above 65 years of age.

6% belonged to the 18-24 age brackets.

By gender, the survey was equally split between male and female business owners.
Race/Ethnicity

- A majority, 69%, of business owners were White or Caucasian.
- 14% were African American or of black ethnicity.
- 8% identified as Hispanic/Latino.
- 5% belonged to an Asian or Pacific Islander community.
- Only 2% came from Native American or Alaskan backgrounds.
- 2% did not divulge their race/ethnicity.

Party Affiliation

- Independent/Others made up the largest chunk of the survey at 39%.
- Democrats were the second highest with 35%.
- Only 23% identified as Republicans.
- 3% did not divulge their party affiliation.
### Ideology

- A small majority, 41%, identified as **Moderate**.
- 15% said they were Conservative and 7% Very Conservative.
- A fifth, 20%, considered themselves Liberal.
- A little more than a tenth, 12%, identified as Very Liberal.

### Business Location

- About half, 45%, of the enterprises were set in the **suburban** area.
- 29% of the businesses functioned in a urban setting.
- A quarter were located in rural areas.
Job Title

- A significant majority, 83%, went by the title of 'owner'.
- 4% were partners or founders.
- 1% each went for posts such as Managing Director, President, CEO or Ex. Director.

Year of Business Start

- On an average, the businesses had been open for a little more than 9 years.
- A little more than a tenth, 12%, had opened before yr 2000.
- 18% started between 2000-2010.
- 19% commenced operations during the pandemic years.
- 3% were less than a year old.
More than a third, 37%, of the businesses surveyed were set in the South.

Close to a quarter were based in the West and Northeast.

The least number, 19%, was located in the Midwest.