



VERIZON BUSINESS' 5TH ANNUAL STATE OF SMALL BUSINESS SURVEY

Year Five Results

AUGUST 2024

Background



METHODOLOGY

This survey was conducted by Morning Consult on behalf of Verizon Business between August 11 – September 2, 2024 among a national sample of 621 small to midsize business owners and decision makers. The interviews were conducted online. Results from the full survey have a margin of error of +/- 4 percentage points.



TARGET AUDIENCE

- Works at a business with 1 (sole proprietor) to 500 employees
- Has decision-making power
- Works in one of the following industries (~100N per industry): Construction & Contracting, Entertainment & Recreation, Food & Beverage, Hospitality & Accommodation, Retail, Restaurant & Bar



TRENDING

Data has been trended against previous years where applicable.

- Year 4 field dates: August 10 – August 23, 2023
- Year 3 field dates: August 12 – August 19, 2022
- Year 2 field dates: August 5 – August 16, 2021
- Year 1* field dates: August 26 – September 4, 2020

**The year 1 survey targeted a broader set of eight industries; year one data throughout the report has been filtered to exclude the industries that were not included in years 2, 3, and 4.*

Key Points

- 1. Business owners and decision makers remain concerned about the US economy overall and show more concern than in 2023 around their own business' financial security.** About 4 in 5 decision makers say they are very or somewhat concerned about the US economy generally. Concern for one's own business' financial security (62%) and own job security (54%) saw large increases compared to last year.
- 2. While inflation and a potential recession remain leading concerns among business decision makers, concerns around supply chain issues have lessened.** 4 in 5 respondents say they are worried about the effects rising inflation will have on their business, and over half already have or are planning to reduce spending on non-essential items and raise prices in preparation for a possible economic downturn, consistent with 2023. Shares who report experiencing supply chain issues decreased compared to last year, as did level of concern around supply chain issues during the upcoming holiday season.
- 3. Tech implementation at small to mid-size businesses has increased dramatically, alongside greater understanding of cybersecurity risks and familiarity with AI.** Shares of decision makers who report adding or upgrading technologies over the past year increased across board; upgrades to enhance internet bandwidth, internet speeds, and wireless signal remain the most common. Around 3 in 5 respondents report adding or upgrading security tools for networks and devices and requiring cybersecurity measures & training for employees. Though decision makers worry that using AI can open their business up to cyber risks, AI usage has more than doubled compared to 2023, with almost 2 in 5 reporting that their business currently uses AI.

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OUTLOOK & BUSINESS IMPACTS

TECHNOLOGY, CYBERSECURITY, AND AI

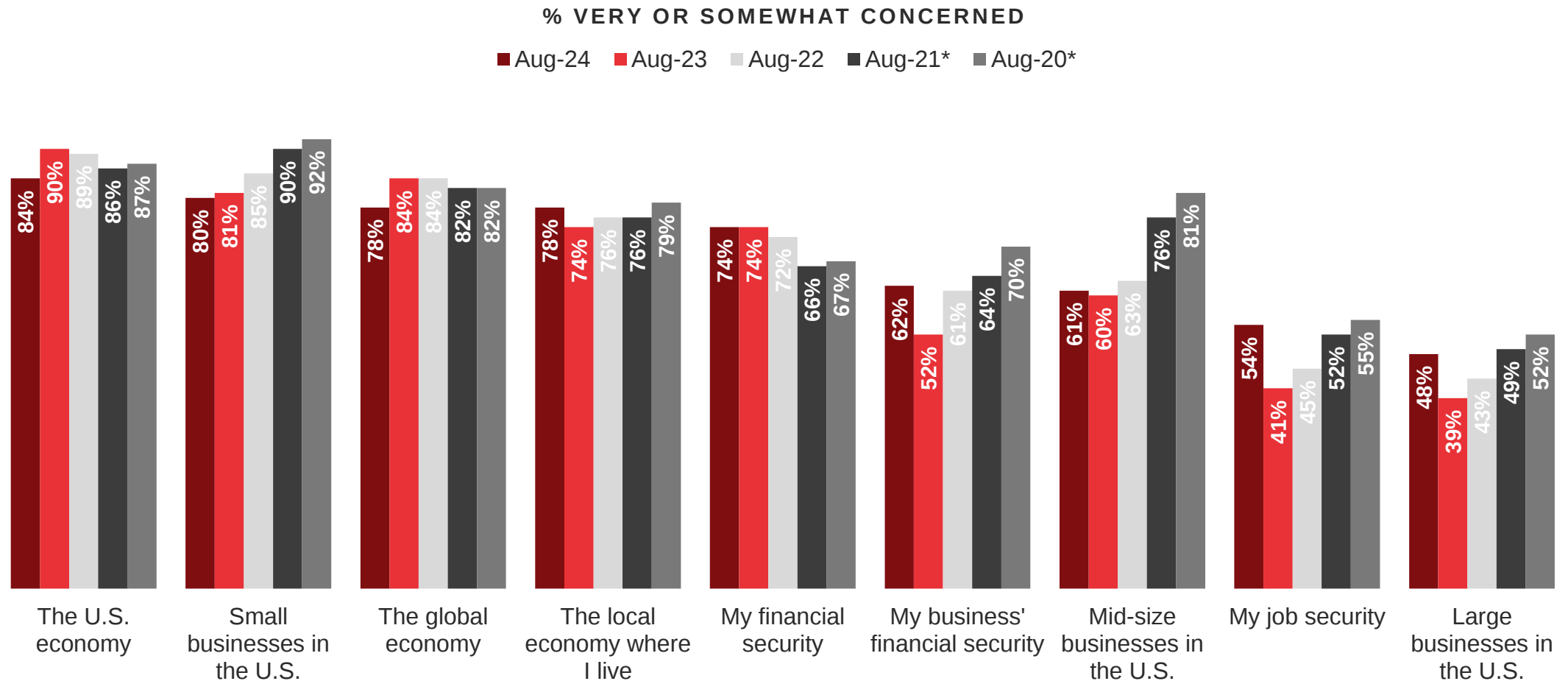
HOLIDAY SEASON

PARTNER EXPECTATIONS

OUTLOOK & BUSINESS IMPACTS

Overall, concern among small to mid-size business owners and decision makers about both the US and global economies remains high, albeit lower than in 2023. Concern for small and mid-size businesses remains stable, while concern for one's own business' financial security (62%) and own job security (54%) saw large increases compared to last year.

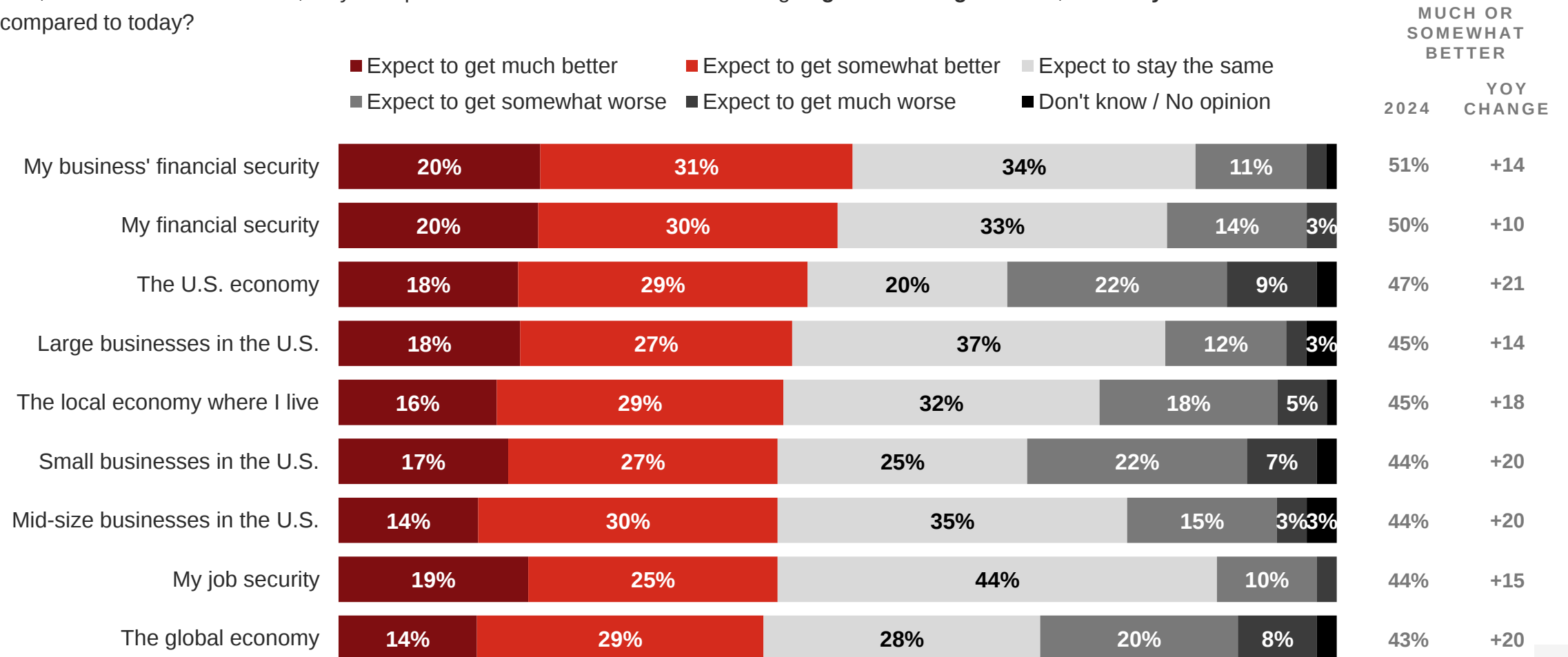
In general, how concerned are you about each of the following?



*Prior to August 2022, this question was asked as: "In general, how concerned are you about the impact of the coronavirus (COVID-19) pandemic on the following?"

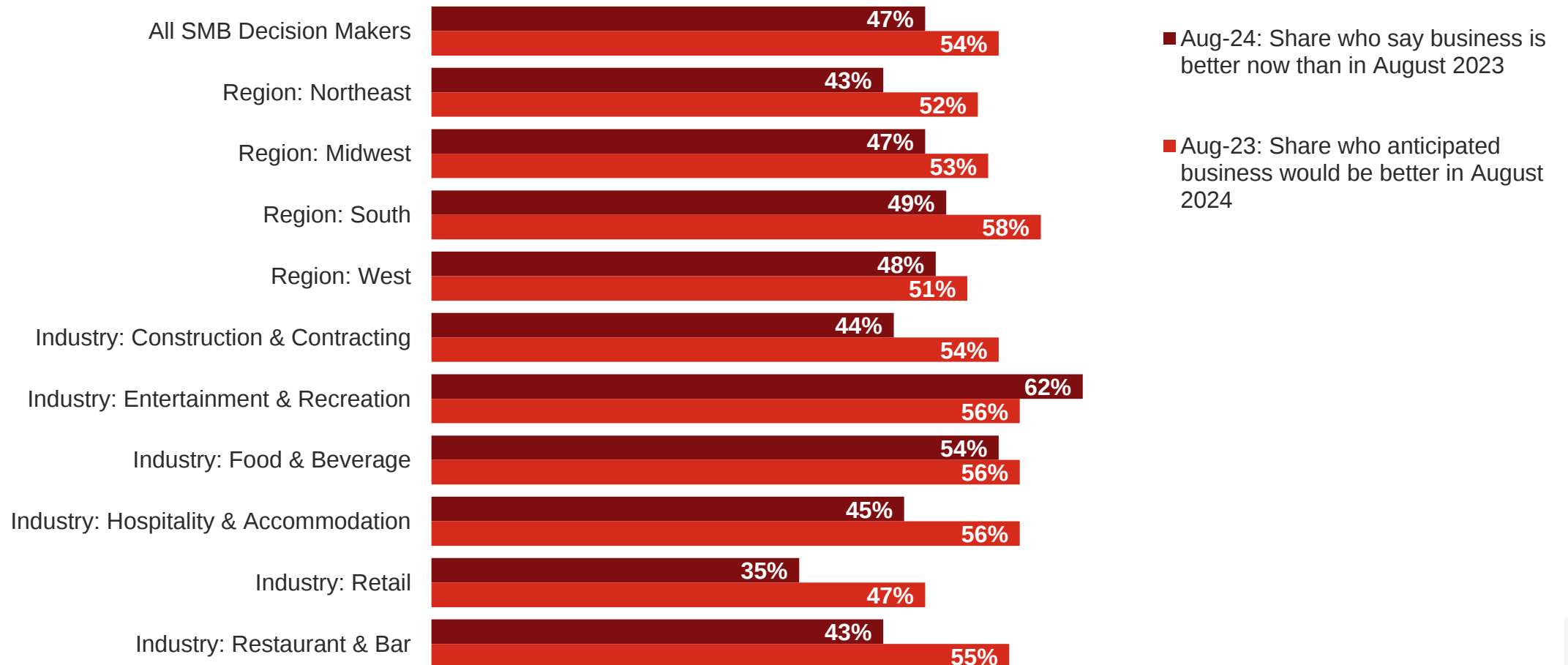
Although economic concern remains high, decision makers are much more optimistic in their predictions for the next few months than in previous years, with around half expecting financial security for themselves and their businesses to improve.

And, over the next few months, do you expect conditions for each of the following to **get better** or **get worse**, or to **stay about the same** compared to today?



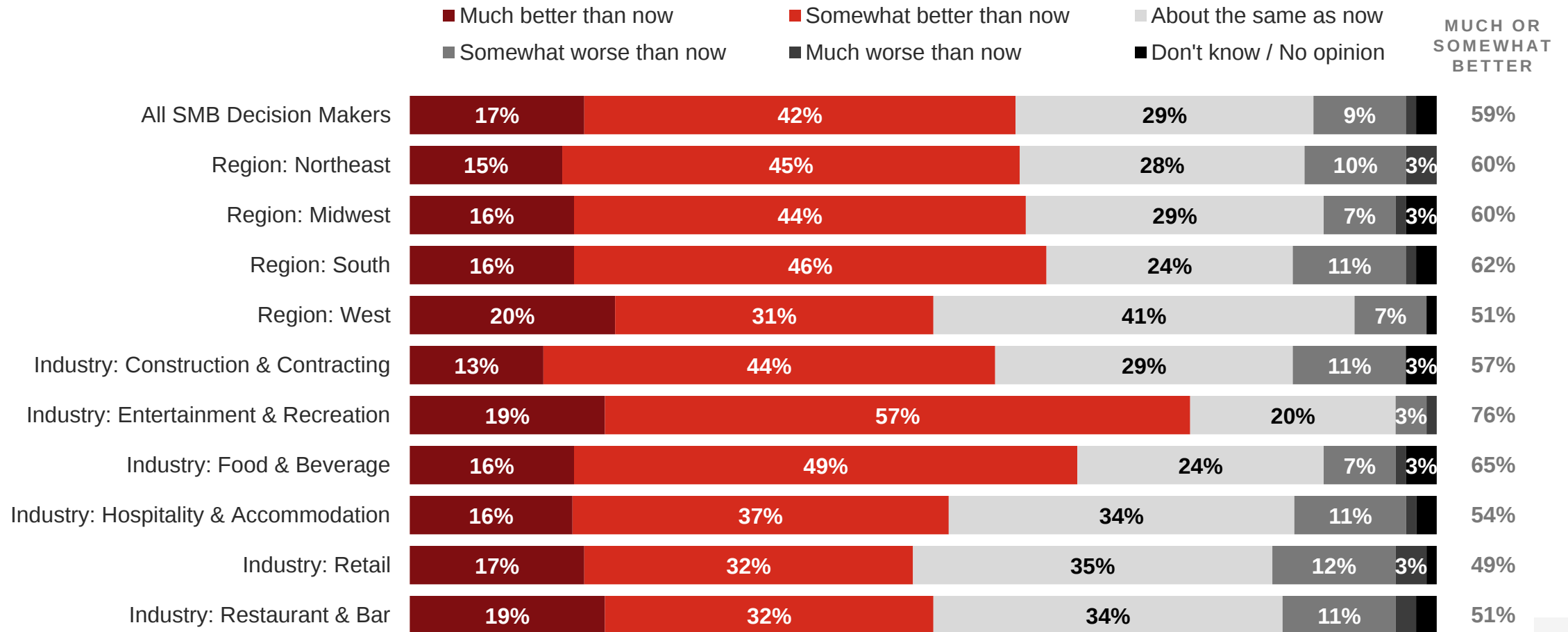
Across regions and industries, respondents report that the current state of their business falls short of last year's predictions, with less than half of decision-makers reporting that their business is doing better now compared to a year ago.

2024 Data: And, thinking about the overall state of your business **now** compared to a year ago (e.g., August 2023), would you say your business **now** is... / 2023 Data: One year from now (e.g., August 2024), do you anticipate that the overall state of your business will be...



Despite 2023 and previous years falling short of expectations, most remain optimistic and expect their business to be doing better next year compared to now, especially those in the entertainment industry.

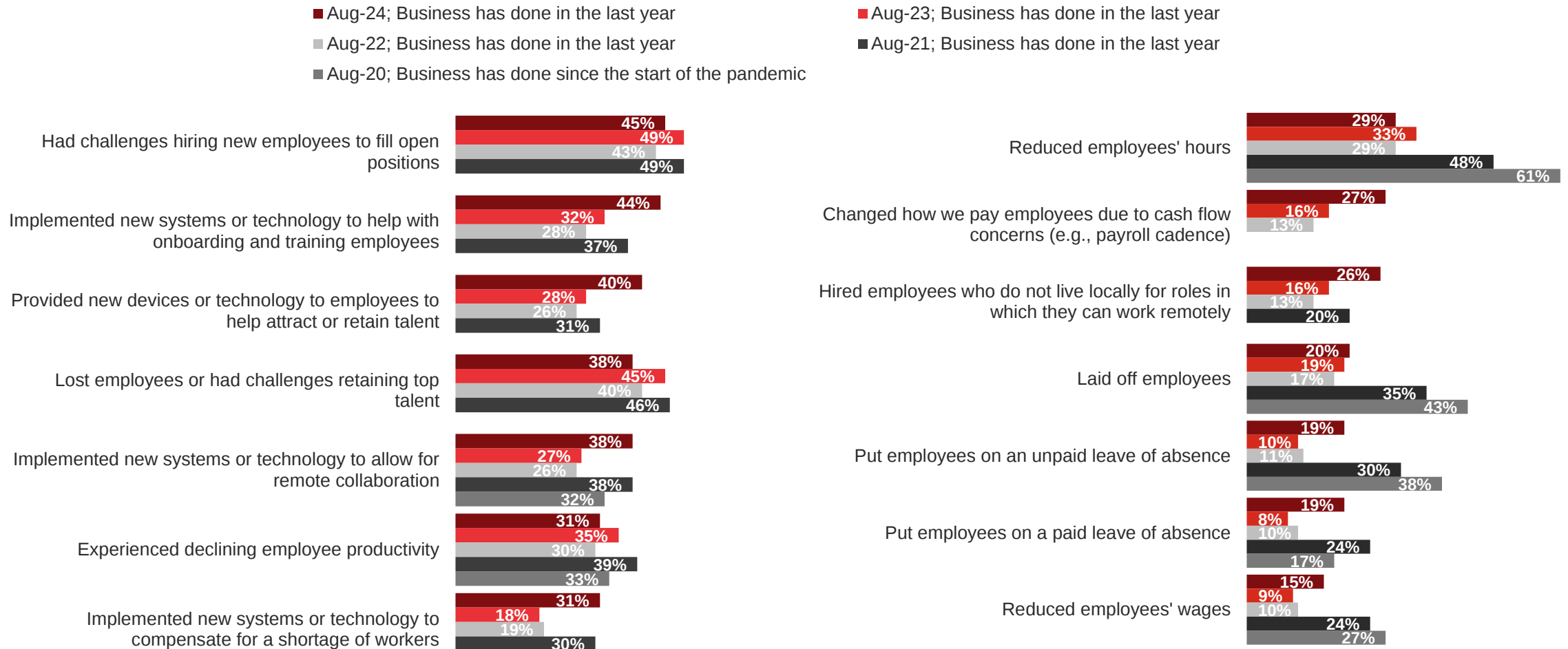
Finally, **one year from now (e.g., August 2025)**, do you anticipate that the overall state of your business will be...



OUTLOOK & BUSINESS IMPACTS

Nearly half continue to report challenges in hiring for open positions, while fewer report challenges in retaining employees compared to 2023. The share of decision makers who have provided new technology to their employees for onboarding and collaboration saw increases from last year.

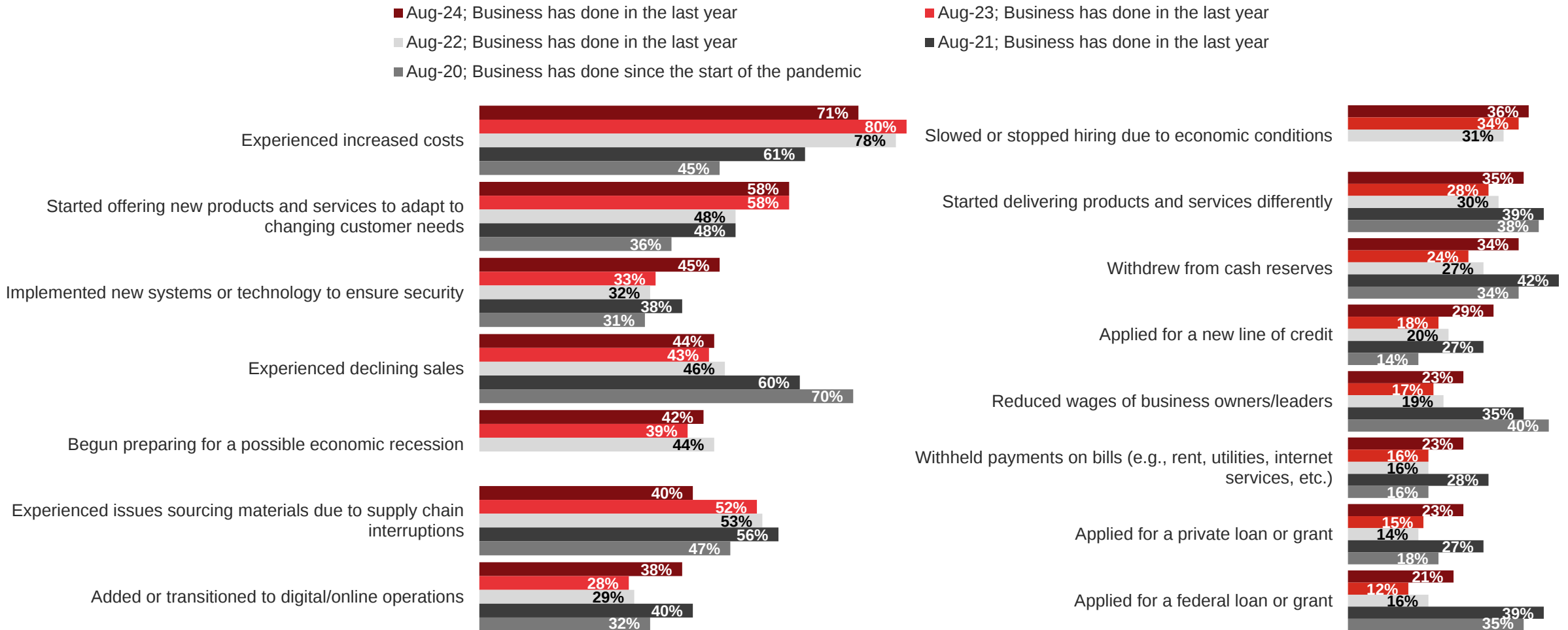
PERSONNEL: Over the **last year** (e.g., since August 2023), has your business...



OUTLOOK & BUSINESS IMPACTS

The share of decision makers experiencing increased costs and difficulties sourcing materials due to supply chain interruptions has declined in 2024. Respondents are more likely than last year to have made additional technology investments, such as implementing new security systems (45%) and adding digital/online operations (38%).

OPERATIONS: Over the **last year** (e.g., since August 2023), has your business...



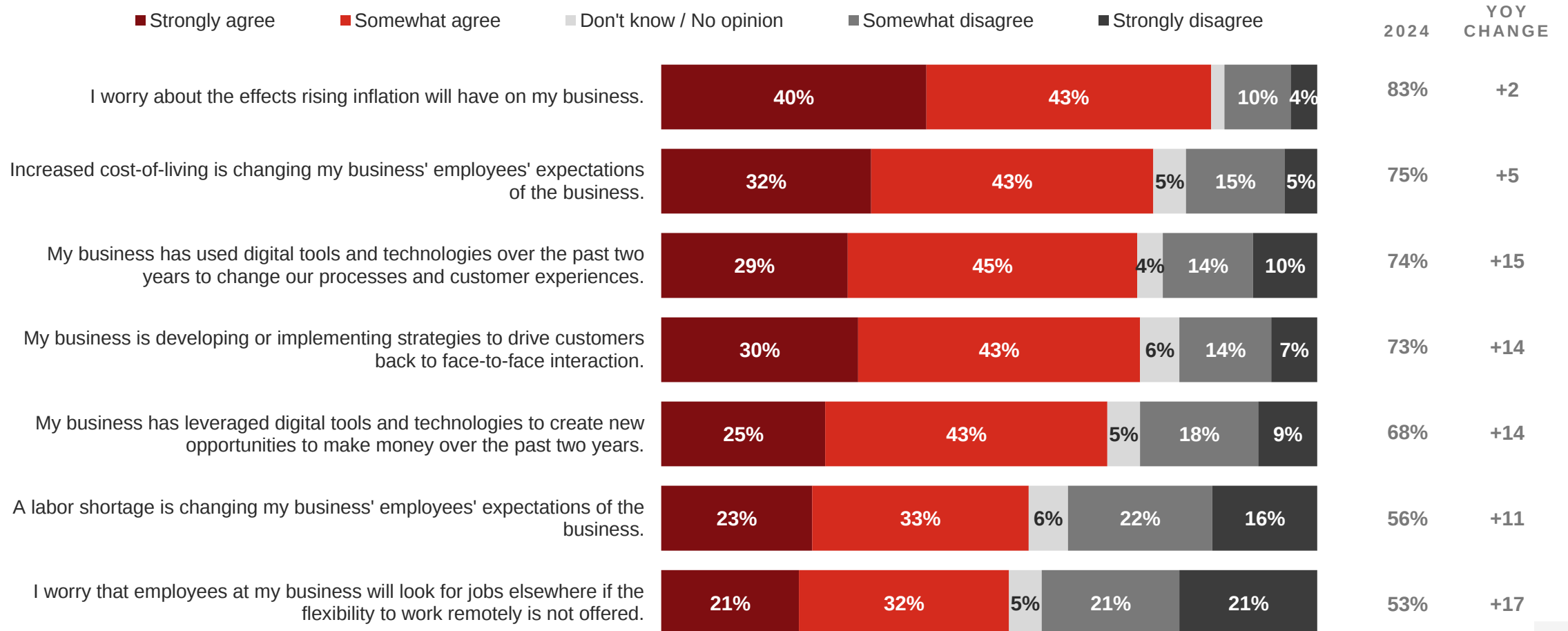
Data not shown for years in which specific attributes were not asked

OUTLOOK & BUSINESS IMPACTS

A majority (83%) are worried about the effects inflation will have on their business, consistent with 2023. This year, decision makers are much more likely to say they've leveraged digital tools to change processes and create new opportunities to make money.

To what extent do you agree or disagree with the following statements?

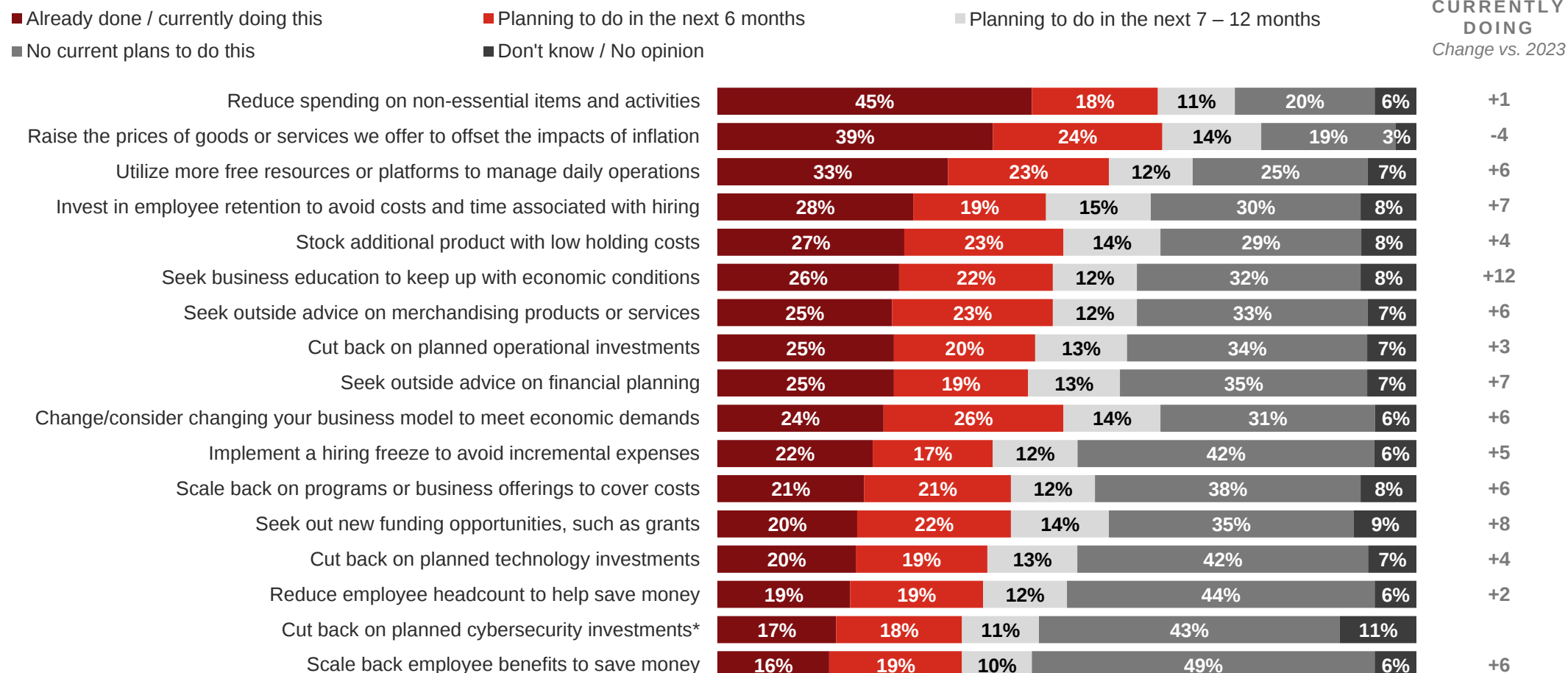
STRONGLY OR
SOMEWHAT AGREE



OUTLOOK & BUSINESS IMPACTS

Consistent with 2023, a majority of decision makers say they either already have or are planning to reduce spending on non-essential items and raise prices in preparation for a possible economic downturn. This year, respondents are more likely to say they are or are planning to seek business education to keep up with economic conditions compared to 2023.

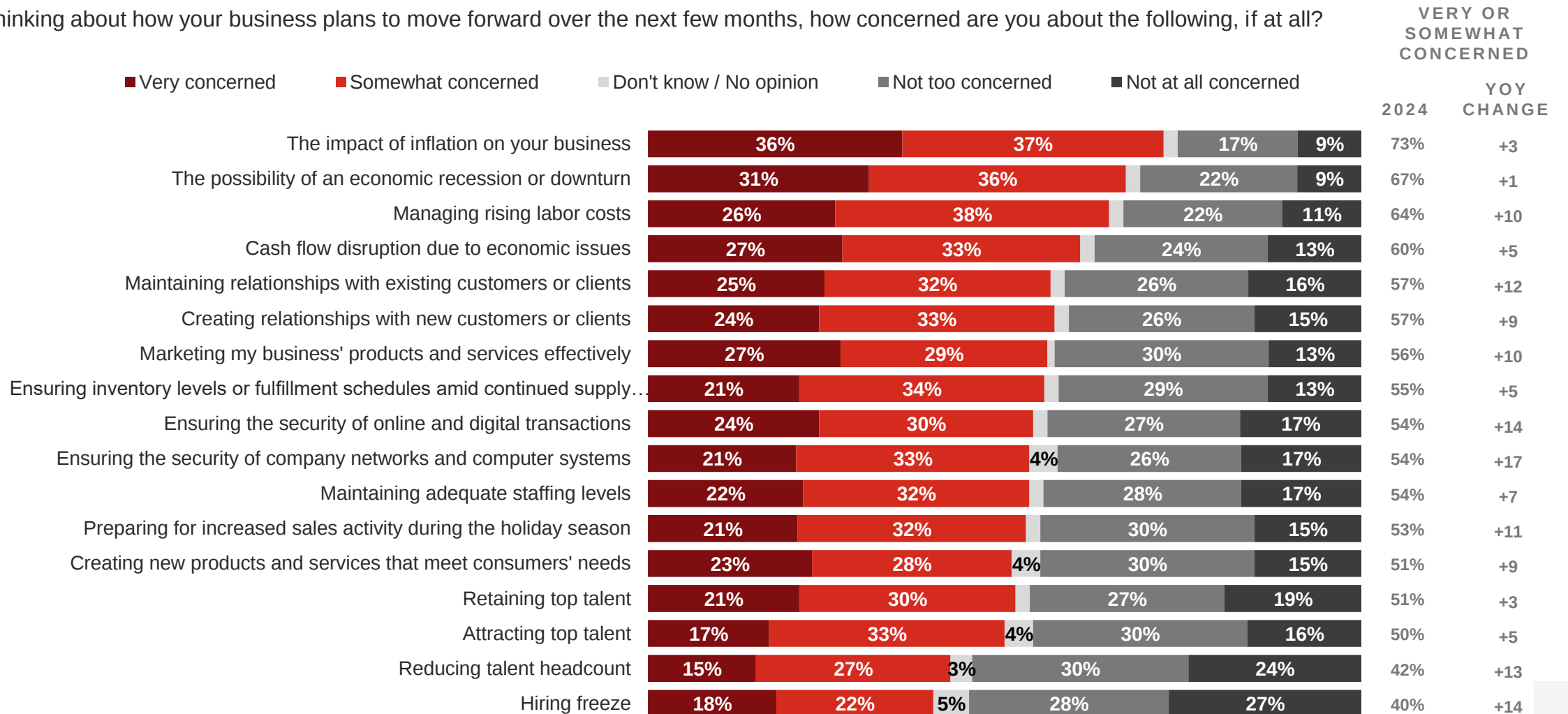
Has your business done, or does it have plans to do, any of the following due to **the potential for an economic downturn in the near future (i.e., a recession)?**



OUTLOOK & BUSINESS IMPACTS

Respondents continue to be most worried about inflation (73%) and a possible recession (67%). Decision makers also express more concern about cybersecurity, maintaining a customer base, and the holiday season than they did in 2023.

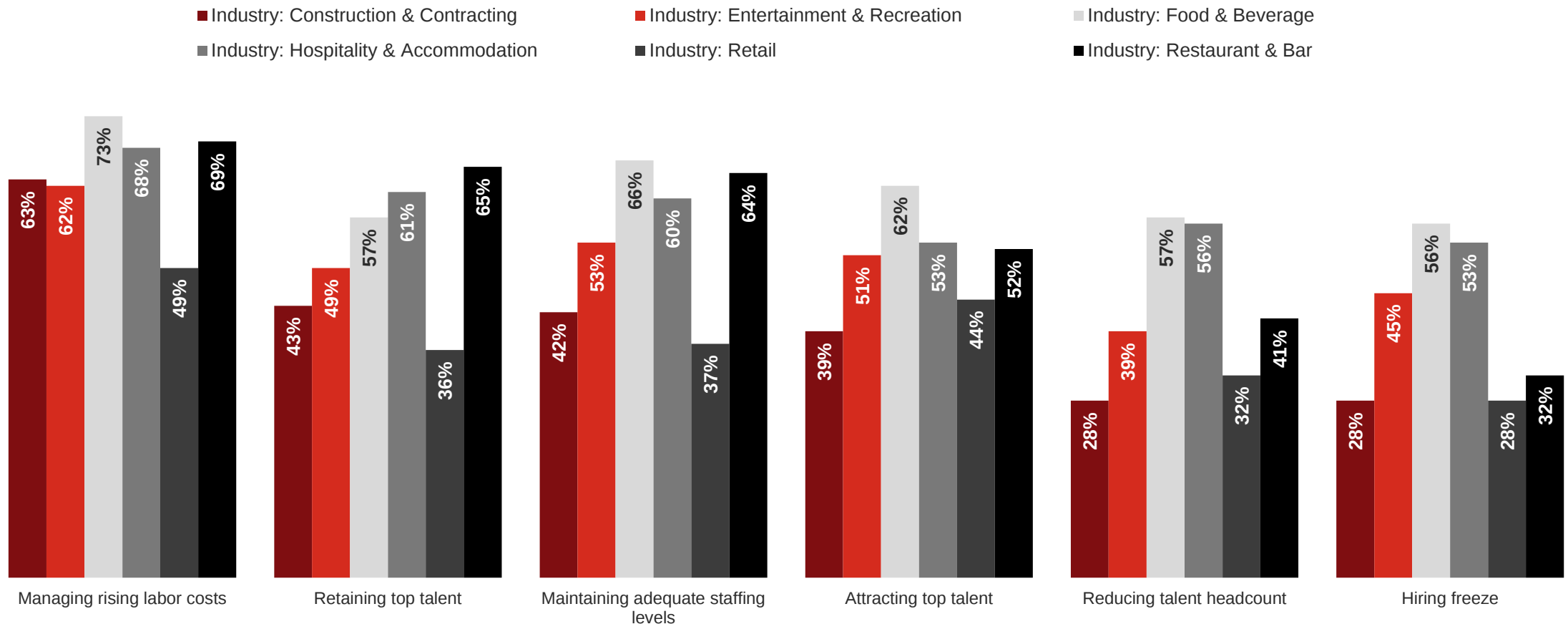
Thinking about how your business plans to move forward over the next few months, how concerned are you about the following, if at all?



Decision makers in the food & beverage, hospitality, and restaurant & bar industries express stronger levels of concern about staffing and retention in the coming months relative to those in most other industries, while those in construction & contracting industry are least concerned.

Thinking about how your business plans to move forward over the next few months, how concerned are you about the following, if at all?

TALENT: % VERY OR SOMEWHAT CONCERNED

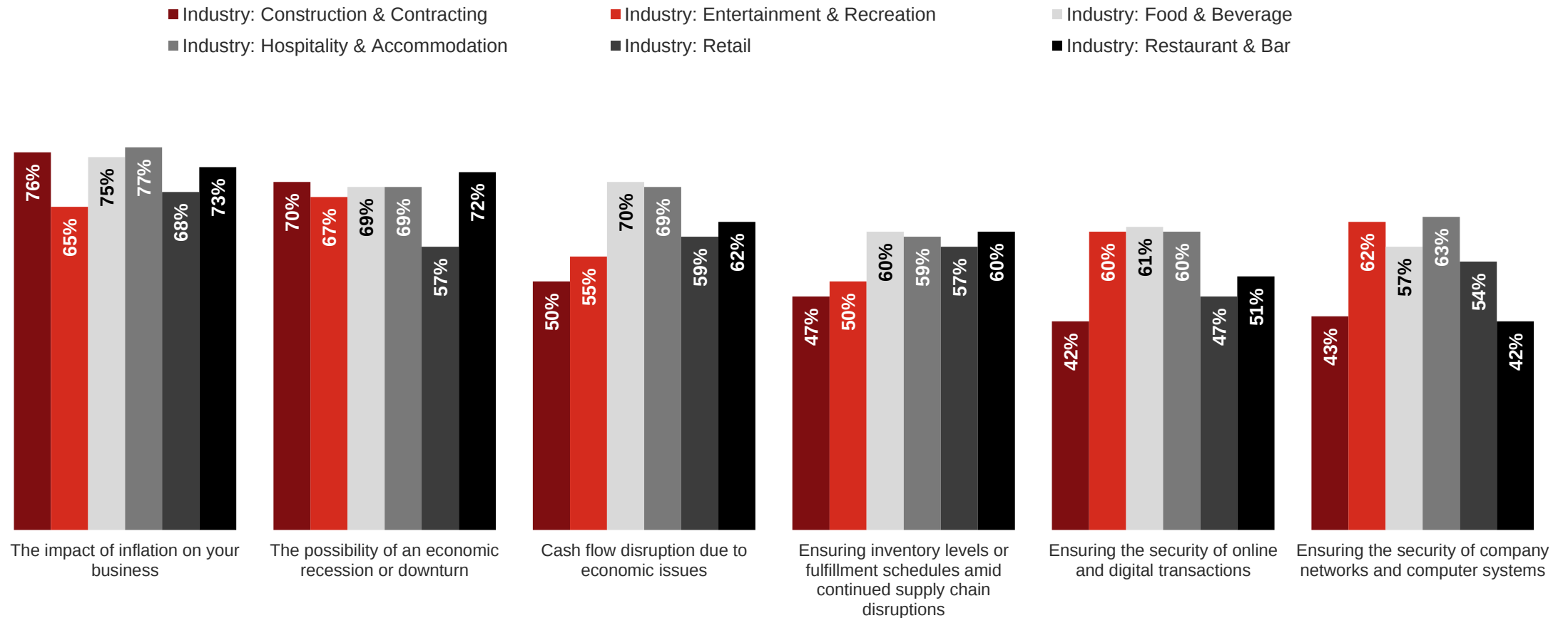


OUTLOOK & BUSINESS IMPACTS

Respondents across all industries express high levels of concern around inflation and a possible recession. Decision makers in the entertainment, food & beverage, and hospitality industries are more likely to be concerned about cybersecurity compared to respondents in other industries.

Thinking about how your business plans to move forward over the next few months, how concerned are you about the following, if at all?

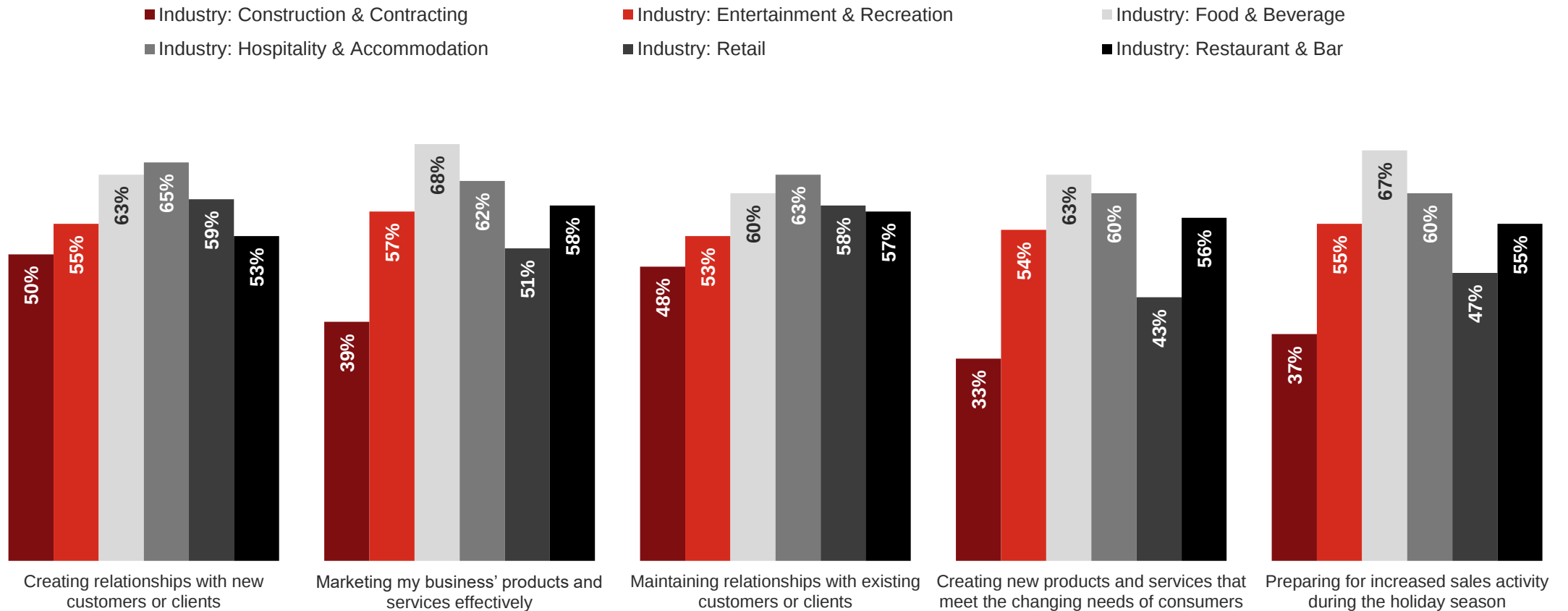
OPERATIONS: % VERY OR SOMEWHAT CONCERNED



Levels of concern across sales and marketing-related areas vary less across industries, though decision makers in the food & beverage and hospitality industries are most likely to be concerned about marketing their products and services effectively and the increased sales activity during the upcoming holiday season.

Thinking about how your business plans to move forward over the next few months, how concerned are you about the following, if at all?

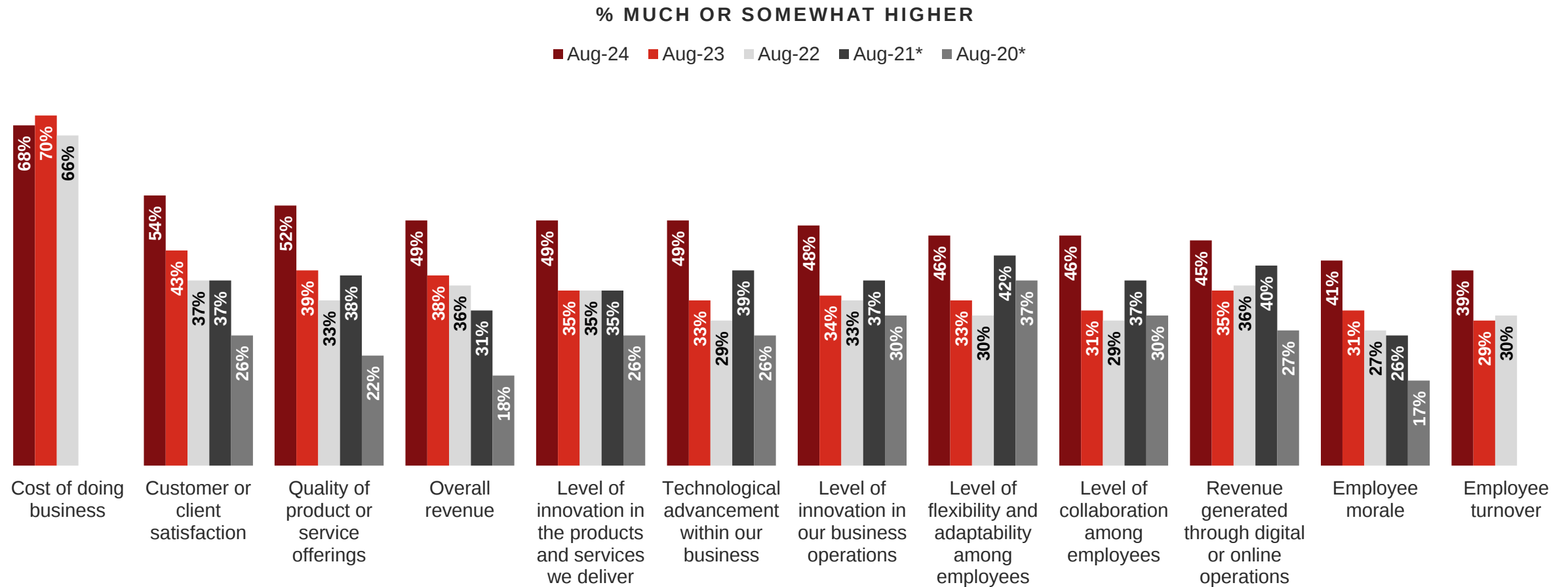
SALES & MARKETING: % VERY OR SOMEWHAT CONCERNED



OUTLOOK & BUSINESS IMPACTS

Decision makers continue to say that the cost of doing business is higher now compared to a year ago. However, respondents are more likely than in previous waves to report an increase in overall revenue, level of innovation, and tech advancements in the past year.

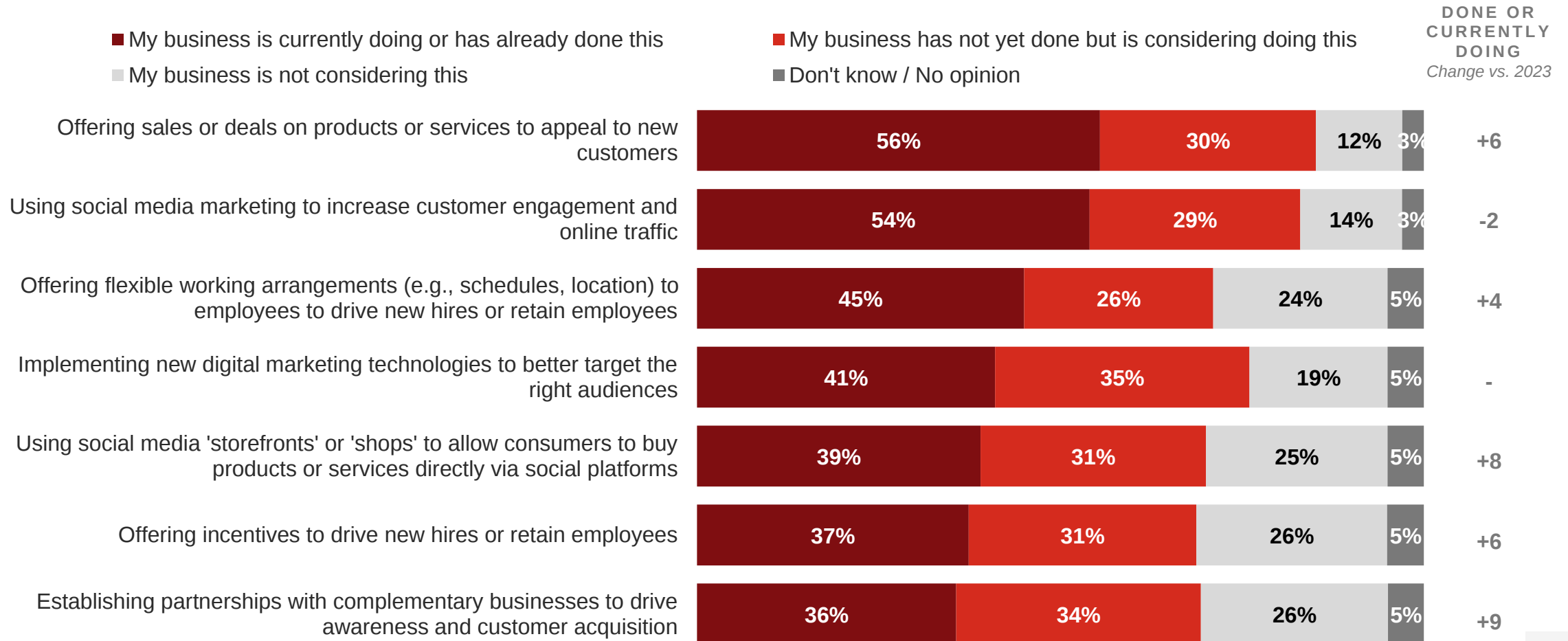
Compared to a year ago (**i.e., August 2023**), would you say the following are higher, lower, or about the same for your business now?



OUTLOOK & BUSINESS IMPACTS

Sales (56%) and social media marketing (54%) are the leading customer outreach tactics that decision makers have used over the past year, similar to 2023. The shares saying they use social media 'storefronts' (39%) or have partnered with complementary businesses (36%) saw an increase compared to last year.

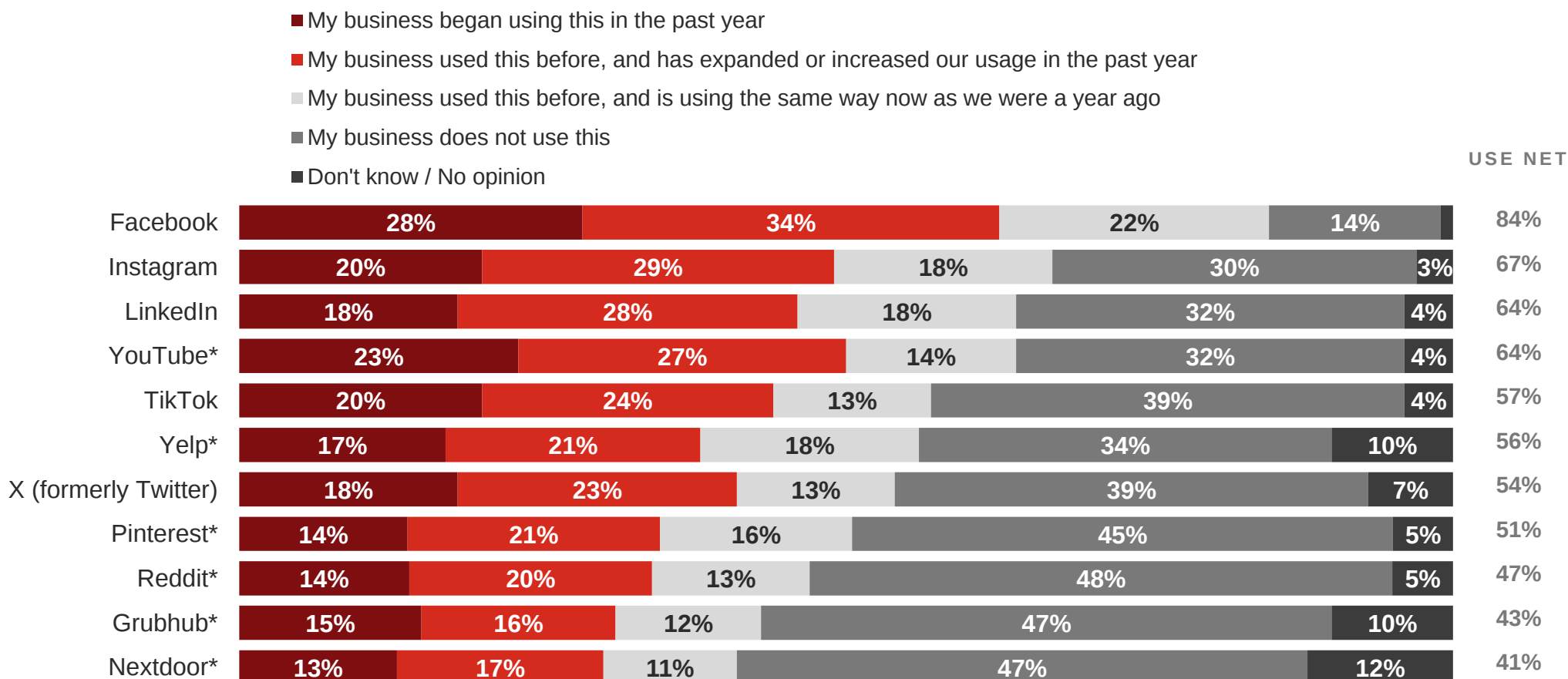
In the **last year**, has your business done or considered doing the following?



OUTLOOK & BUSINESS IMPACTS

Facebook is used by more than 4 in 5 decision makers and remains the leading platform for promoting products and connecting with customers. Instagram, LinkedIn, and YouTube form a second tier, used by about two thirds of respondents.

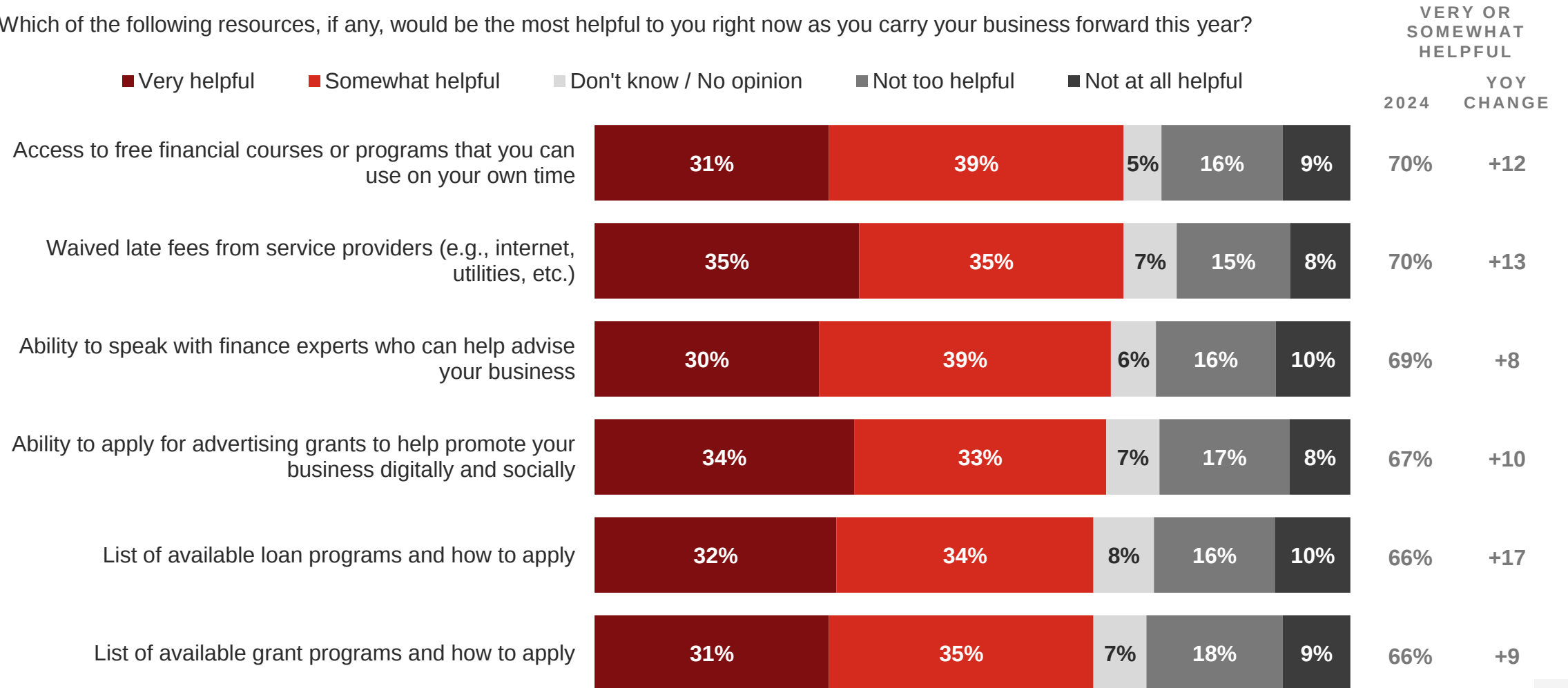
Similarly, thinking about how your business promotes its products and services and connects with customers, which statement below best describes your business' use of the following platforms?



OUTLOOK & BUSINESS IMPACTS

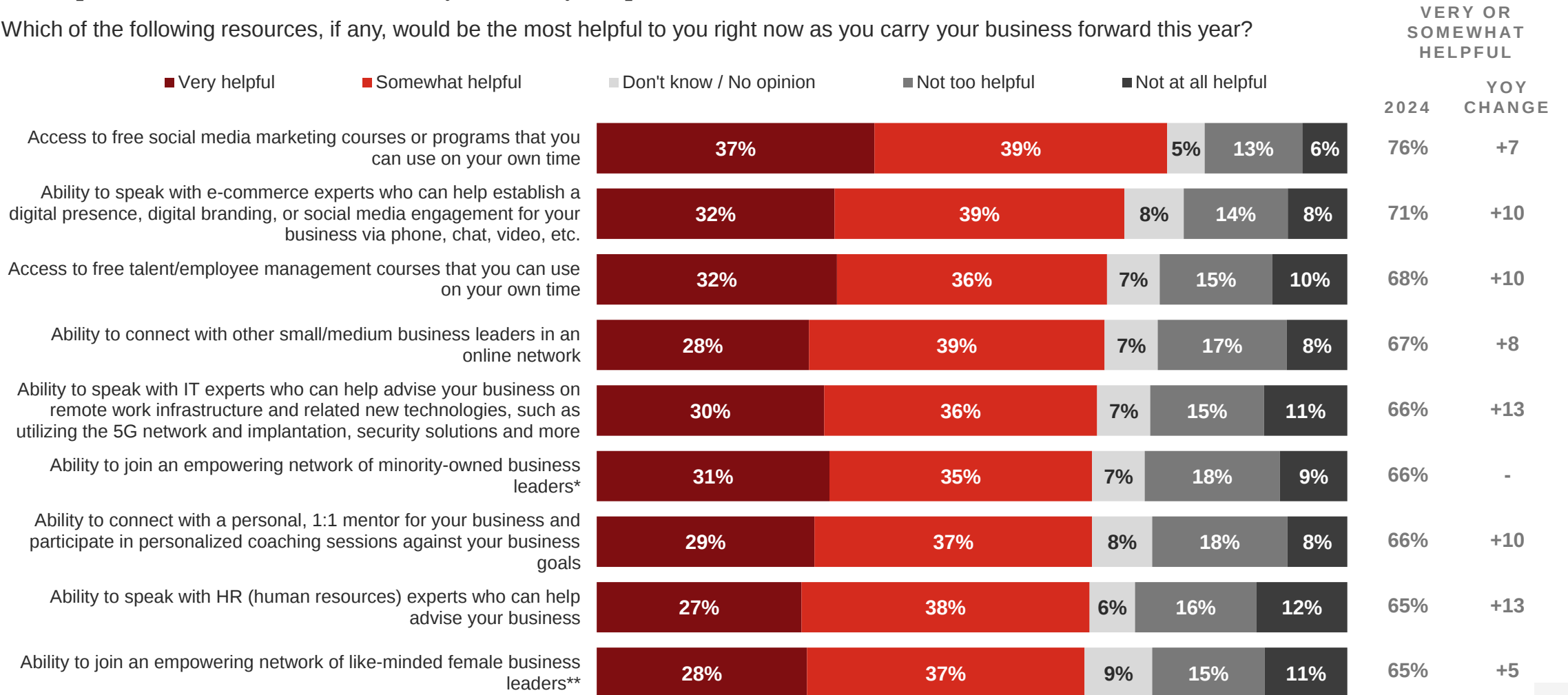
Most decision makers say that a variety of financial resources would be helpful to their business in the coming year, including waived late fees from service providers, free financial courses, and the ability to speak with finance experts for business advice. Two thirds would find information about available loan programs and how to apply helpful, a 17-point increase from 2023.

Which of the following resources, if any, would be the most helpful to you right now as you carry your business forward this year?



When it comes to networking and mentorship related resources, free social media marketing courses are viewed as the most helpful for respondents' businesses, followed by the ability to speak with e-commerce consultants.

Which of the following resources, if any, would be the most helpful to you right now as you carry your business forward this year?

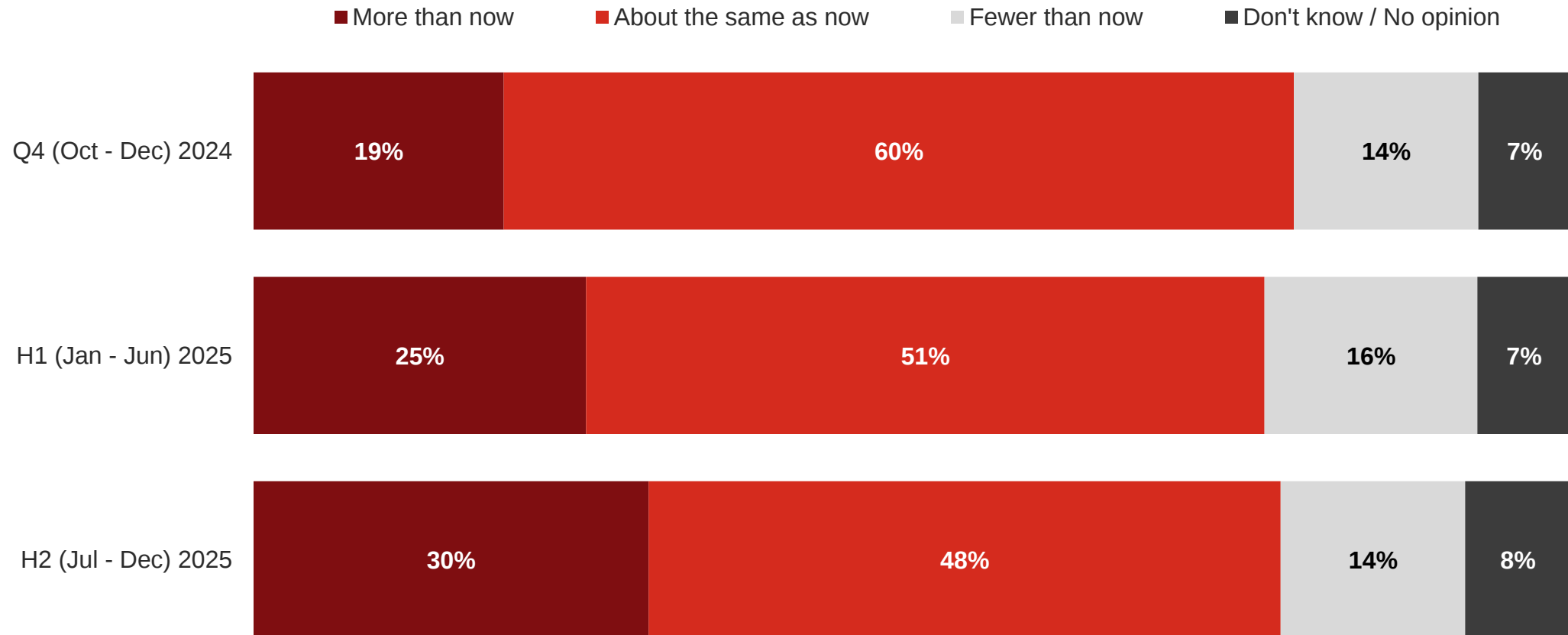


* Base: Non-white respondents

** Base: Female respondents

Three in five decision makers believe that the number of open positions at their business will remain about the same for the rest of the year, while a quarter to a third anticipate having more open positions in 2025.

During each of the time periods below, do you anticipate your business will be hiring for more open positions, fewer open positions, or about the same amount that you are now?



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TECHNOLOGY, CYBERSECURITY, AND AI

HOLIDAY SEASON

PARTNER EXPECTATIONS

Upgrades to enhance internet bandwidth, internet speeds, and wireless signal remain the most common upgrades that respondents say their business has made in the last year. Decision makers were more likely to report additions or upgrades to all tested technologies compared to previous waves.

In the **past year (i.e., since August 2023)**, has your business added or upgraded the following services or technologies?

% Added or upgraded in the past year	Aug-24	Aug-23	Aug-22	Aug-21*	Aug-20*
High-speed internet plan	67%	51%	51%	54%	27%
Internet connection with strong bandwidth that allows for high-capacity activities	66%	53%	51%	52%	27%
Routers or extenders to enhance wireless signal	61%	47%	44%	47%	25%
Secure cloud backup services	60%	41%	43%	46%	26%
Online business search assistance services	60%	42%	43%	48%	24%
Communications and networking hardware	59%	41%	41%	49%	27%
Security tools and protection plans for phones or devices	59%	38%	39%	48%	23%
Network security services	57%	42%	44%	47%	25%
Point of service systems*	56%	NA	NA	NA	NA
Devices for employees to enhance connectivity	55%	42%	37%	45%	28%
Services to integrate mobile and desktop phone lines	54%	34%	34%	44%	23%
IT or technical support services	54%	40%	38%	46%	24%
Video and web conferencing tools	53%	40%	41%	53%	33%
Website hosting or development services	52%	38%	37%	45%	21%
Cybersecurity training for employees	52%	31%	29%	NA	NA
Application development services	51%	30%	30%	NA	NA
TV or streaming entertainment services for business, bars, and restaurants	47%	32%	31%	38%	16%

Data not shown for years in which specific attributes were not asked

Among decision makers whose businesses added or upgraded point of service systems in the past year, increasing the speed and efficiency of payments is their chief reason for doing so, followed by improving security, better managing inventory, and tracking sales trends.

You indicated that your business has added or upgraded its **point of service systems** in the past year. Was the decision to add or upgrade your business's point of service systems motivated by any of the following?

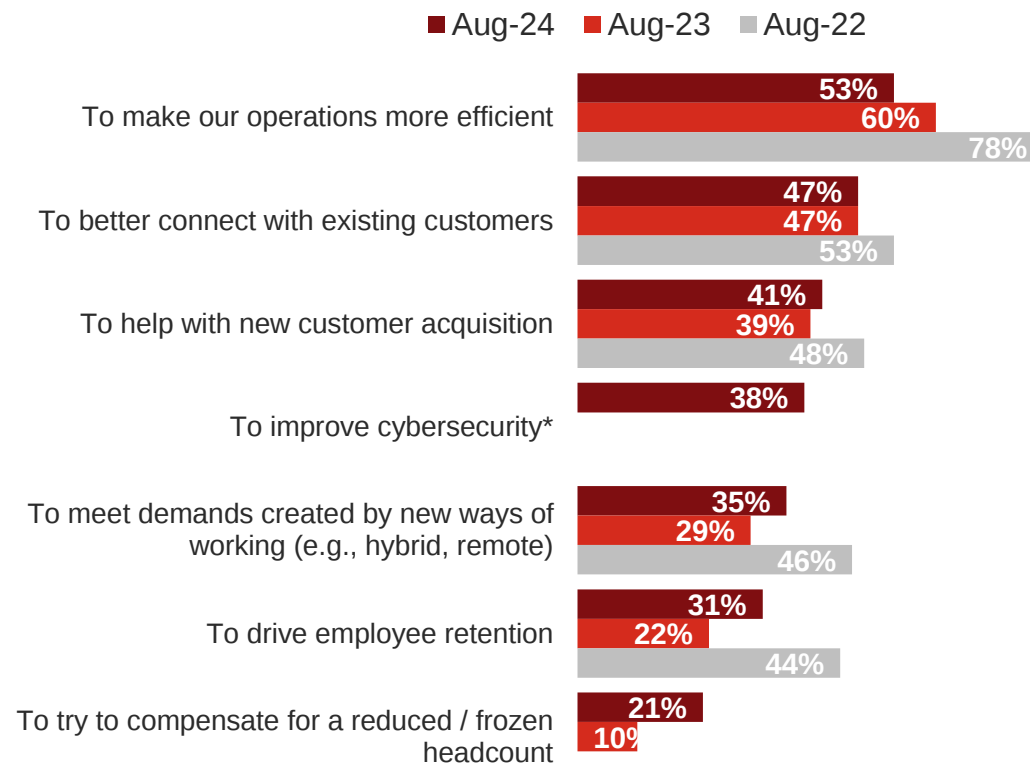


TECHNOLOGY, CYBERSECURITY, AND AI

Decision makers say that technology additions and upgrades have primarily been motivated by efficiency gains and to better connect with new & existing customers, consistent with previous years.

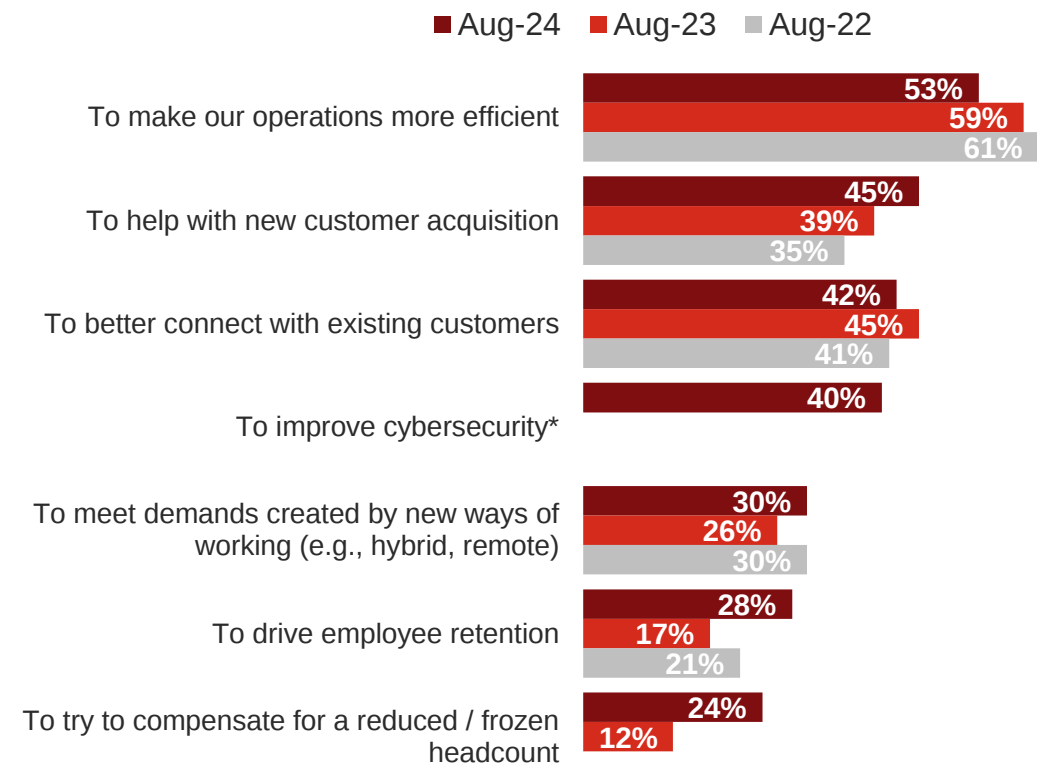
You indicated that your business has **added** to its tech stack in the past year. Was the decision to add to your business's tech stack motivated by any of the following? Select all that apply. / You indicated that your business has **upgraded** part(s) of its tech stack in the past year. Was the decision to upgrade part(s) of your business's tech stack motivated by any of the following? Select all that apply.

ADDITIONS



Base: Respondents whose business added new technologies in past year

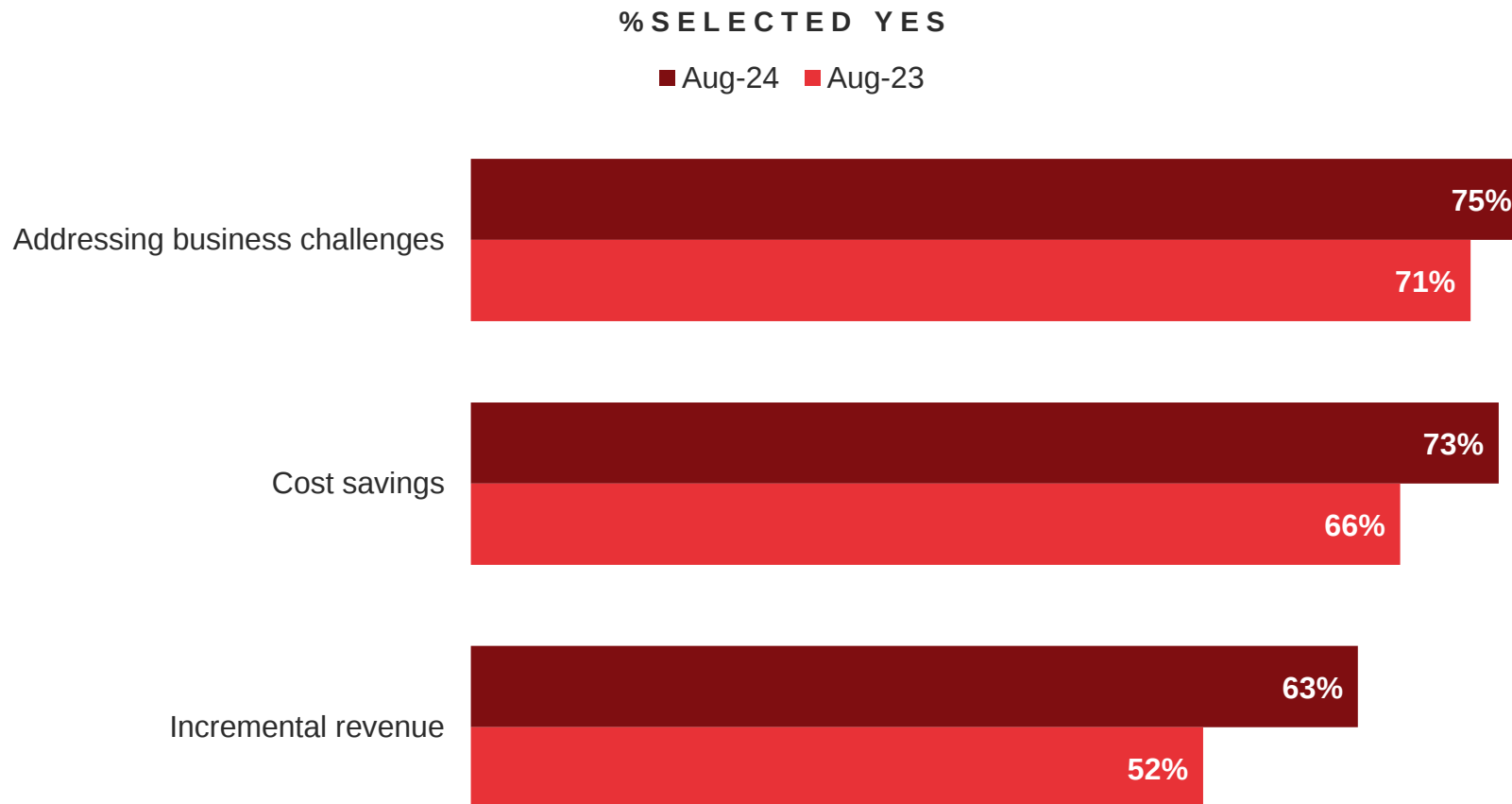
UPGRADES



Base: Respondents whose business upgraded technologies in past year

Most decision makers whose businesses have made upgrades to their tech stacks say these upgrades have helped address challenges, and are more likely to say they led to positive business outcomes, such as cost savings and incremental revenue, compared to 2023.

You indicated that your business has **upgraded** part(s) of its tech stack in the past year. Would you say that this upgrade(s) has led to...?



TECHNOLOGY, CYBERSECURITY, AND AI

Decision makers are increasingly likely to report that their business is subscribed to a 5G-enabled fixed-line business internet service and provides 5G-capable devices to employees. The share of retail, restaurant, and food and beverage industry respondents using 5G networks to process and track inventory nearly doubled in the past year.

Which of the following best describes your business' plans when it comes to the following?

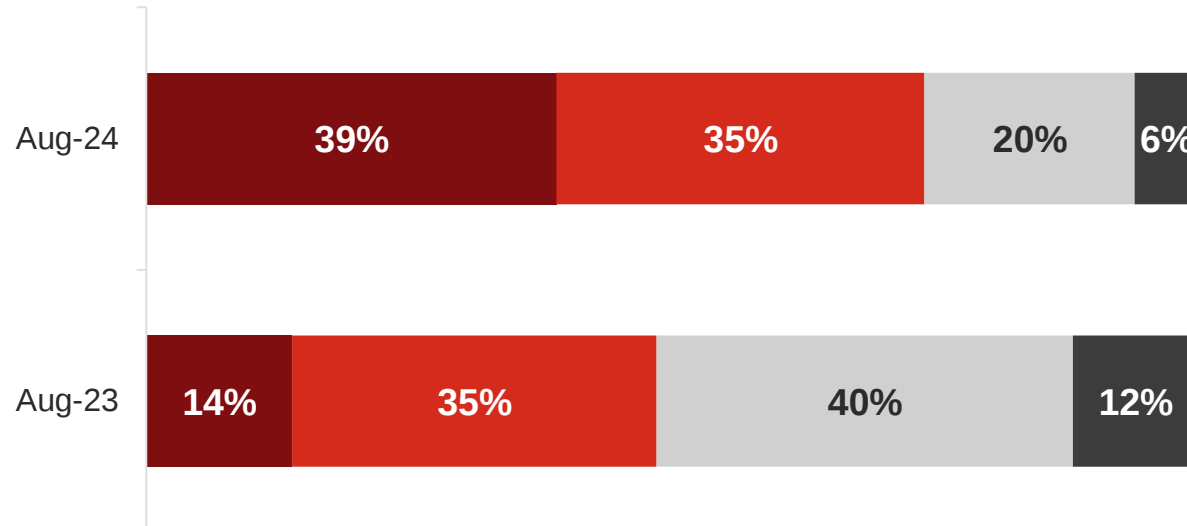
% Already done / Currently doing this	Aug-24	Aug-23	Aug-22	Aug-21
Subscribing to a 5G-enabled fixed-line business internet service	37%	22%	21%	14%
Using 5G networks to support contactless payments at retail locations*	34%	24%	NA	NA
Providing hot spots to employees	32%	NA	NA	NA
Using 5G networks to power sensors or computer vision to process and track inventory*	31%	17%	NA	NA
Providing 5G-capable smartphones / devices to employees	28%	19%	17%	14%
Providing new devices to employees (e.g., phones, laptops, tablets)	28%	NA	NA	NA
Using 5G to power or build new applications supported by mobile edge computing (MEC) technologies	27%	13%	15%	12%
Providing connected laptops (5G-enabled laptops that connect to the internet over a cellular network rather than Wi-Fi) to employees	27%	NA	NA	NA
Deploying Private 5G networks	22%	14%	12%	10%
Providing an allowance or stipend for employees to upgrade their wireless device and service to 5G	20%	13%	12%	14%
Providing an allowance or stipend for employees to upgrade their home internet service to accommodate remote work	18%	10%	12%	12%

AI usage has more than doubled compared to 2023, with almost 2 in 5 decision-makers reporting that their business currently uses AI. The entertainment & recreation industry still leads in AI usage compared to those in other industries.

Which of the following statements most accurately describes your business' current engagement with Artificial Intelligence (AI) solutions?

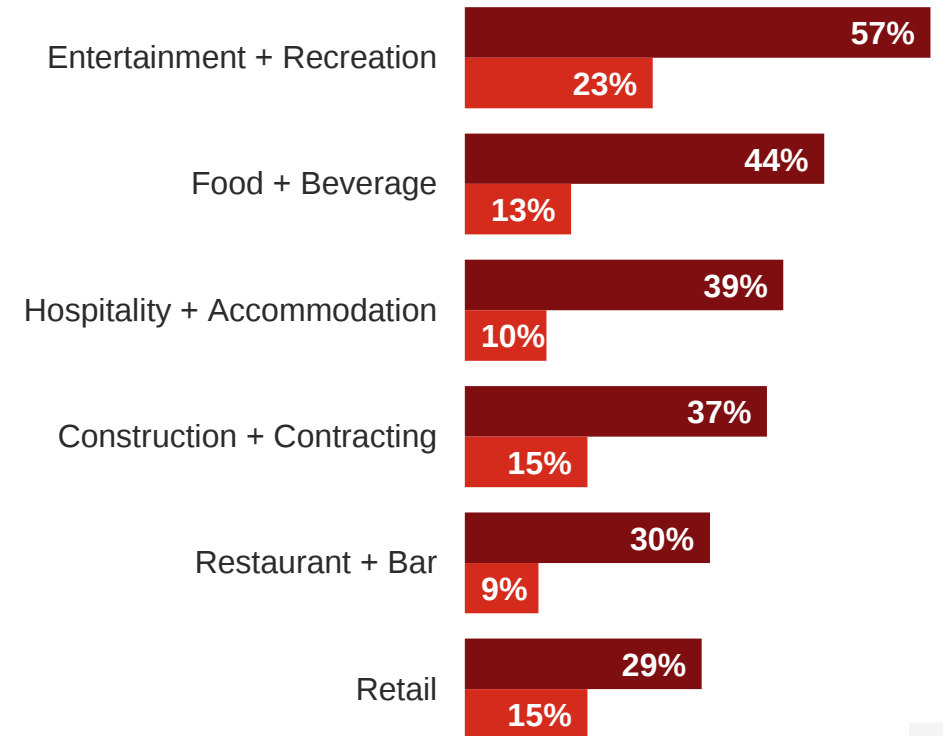
USAGE OF AI

- My business currently uses AI solutions
- My business does not currently use AI solutions, but is aware of how they could support the business
- My business does not currently use AI solutions and is not aware of how they could support the business
- Don't know / No opinion



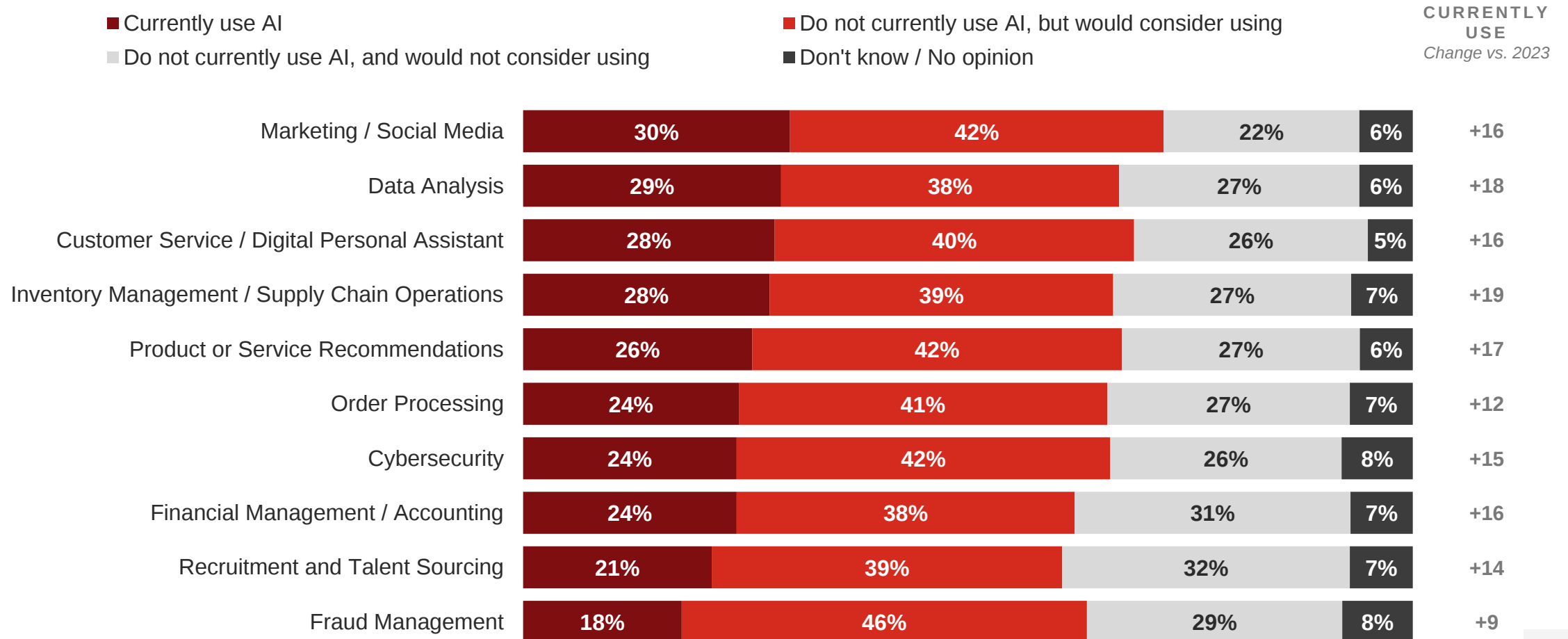
% CURRENTLY USE AI BY INDUSTRY

■ Aug-24 ■ Aug-23



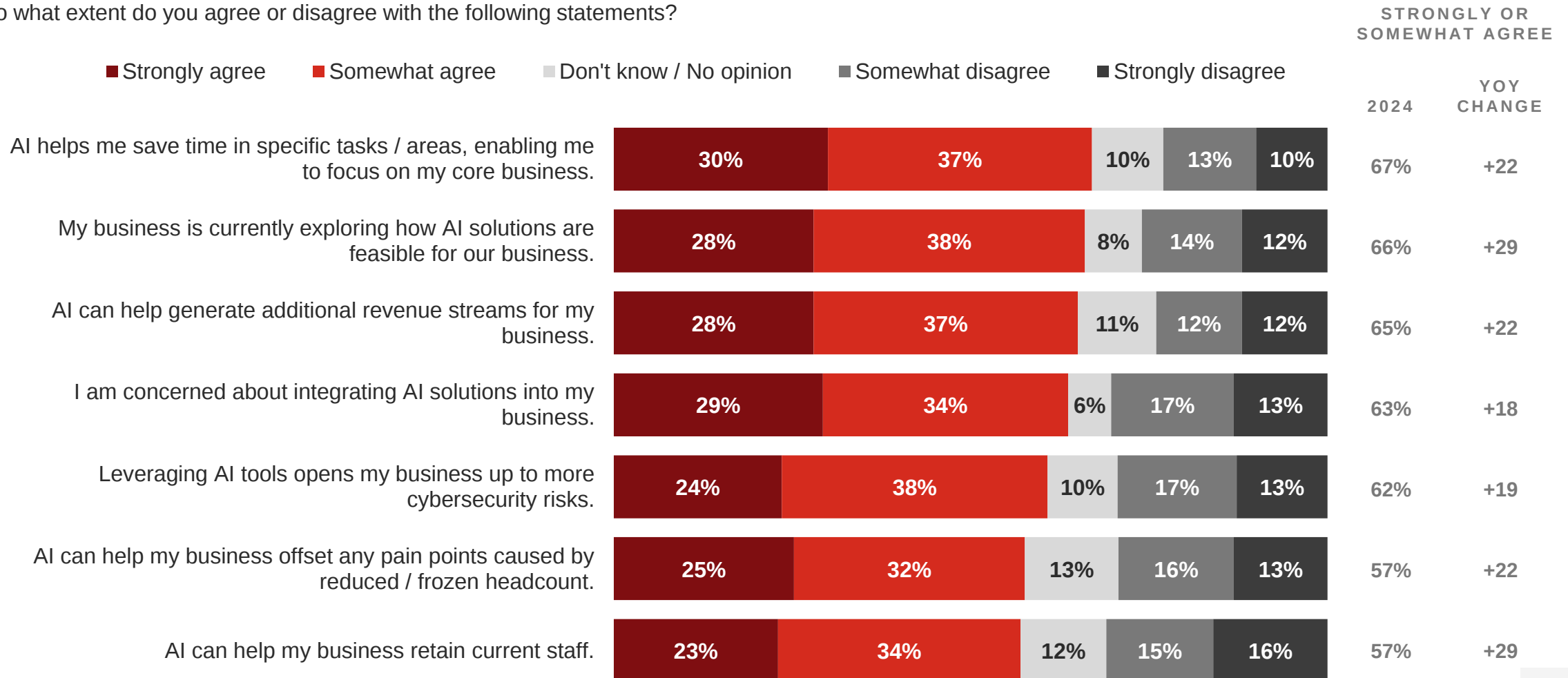
AI adoption has increased across all functions since 2023, and respondents not already using AI are most likely to say they'd consider using it for fraud management, marketing and social media, cybersecurity, and product or service recommendations.

For what specific business functions do you currently use and/or would you consider using Artificial Intelligence (AI) solutions?



Decision makers are more likely to see perceived benefits of AI, as well as security concerns, compared to last year - driven partly by fewer respondents expressing “no opinion” this wave as familiarity with AI grows.

To what extent do you agree or disagree with the following statements?



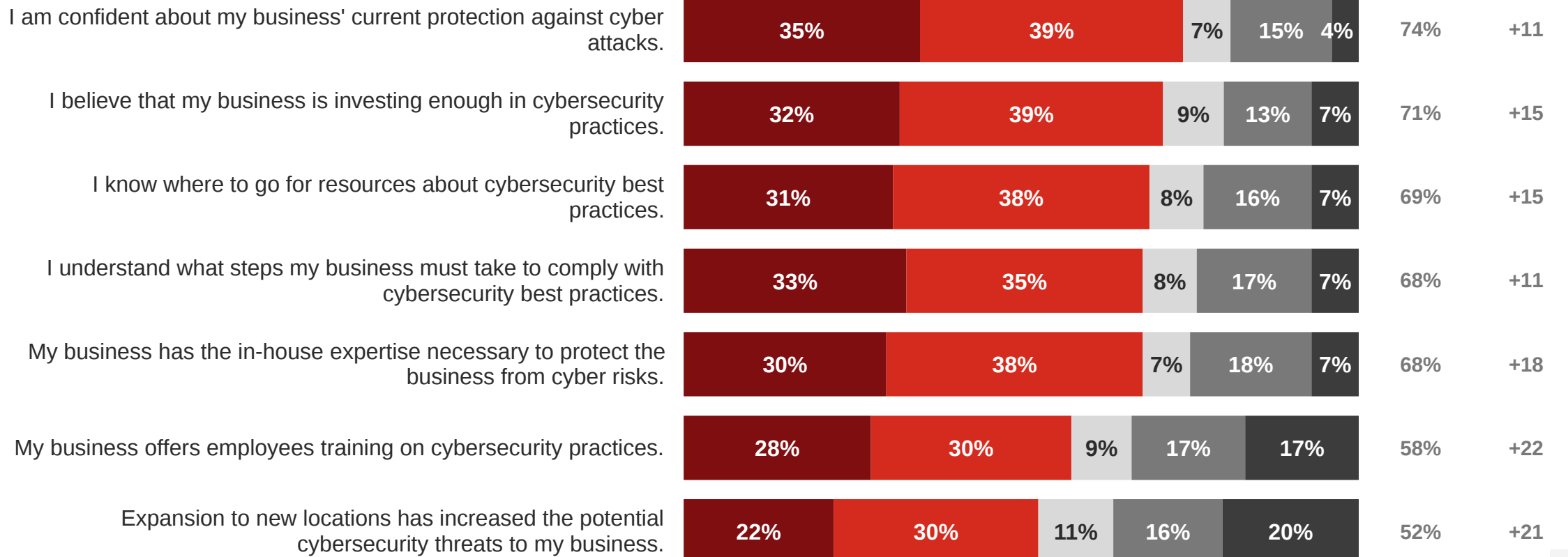
In line with increased security-related tech additions or upgrades this year, decision makers are more confident in their business' protection against cyber attacks and investment in cybersecurity practices than in 2023. The share who say their business offers employees training on cybersecurity practices saw the biggest increase.

To what extent do you agree or disagree with the following statements?

STRONGLY OR
SOMEWHAT AGREE

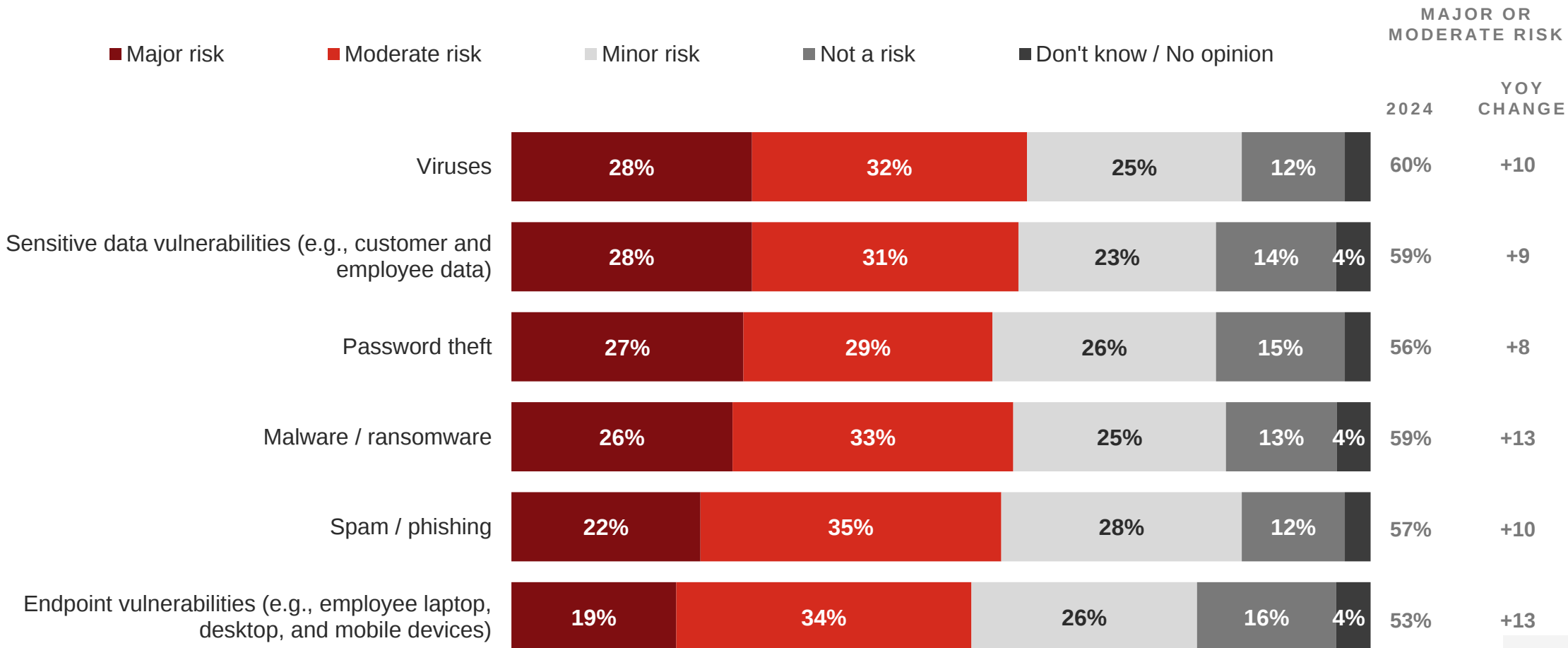
■ Strongly agree ■ Somewhat agree ■ Don't know / No opinion ■ Somewhat disagree ■ Strongly disagree

2024
YOY
CHANGE



Decision makers increasingly see each type of cyber attack as a risk to their business, with malware / ransomware and endpoint vulnerabilities seeing the largest upticks compared to 2023.

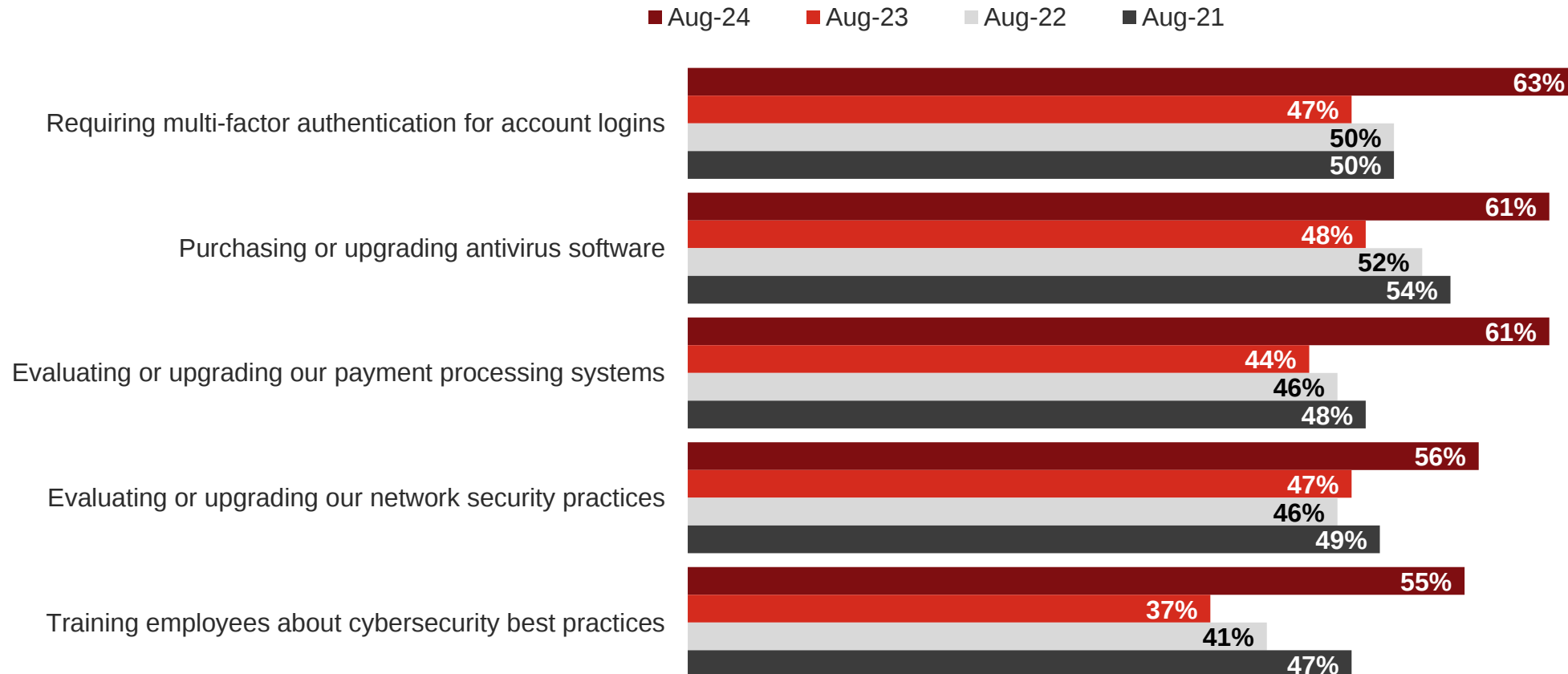
To what extent do you consider each of the following a cyber risk to your business?



Antivirus software and multi-factor authentication remain the most commonly implemented methods to protect against cyber attacks. The past year has seen a reversal of the previous years' downward trend in decision makers who say their business is training their employees about cyber best practices.

And, which of the following best describes your business' plans when it comes to the following?

ALREADY DONE, CURRENTLY DOING, OR PLANNING TO DO IN NEXT 6 MONTHS



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OUTLOOK & BUSINESS IMPACTS

TECHNOLOGY, CYBERSECURITY, AND AI

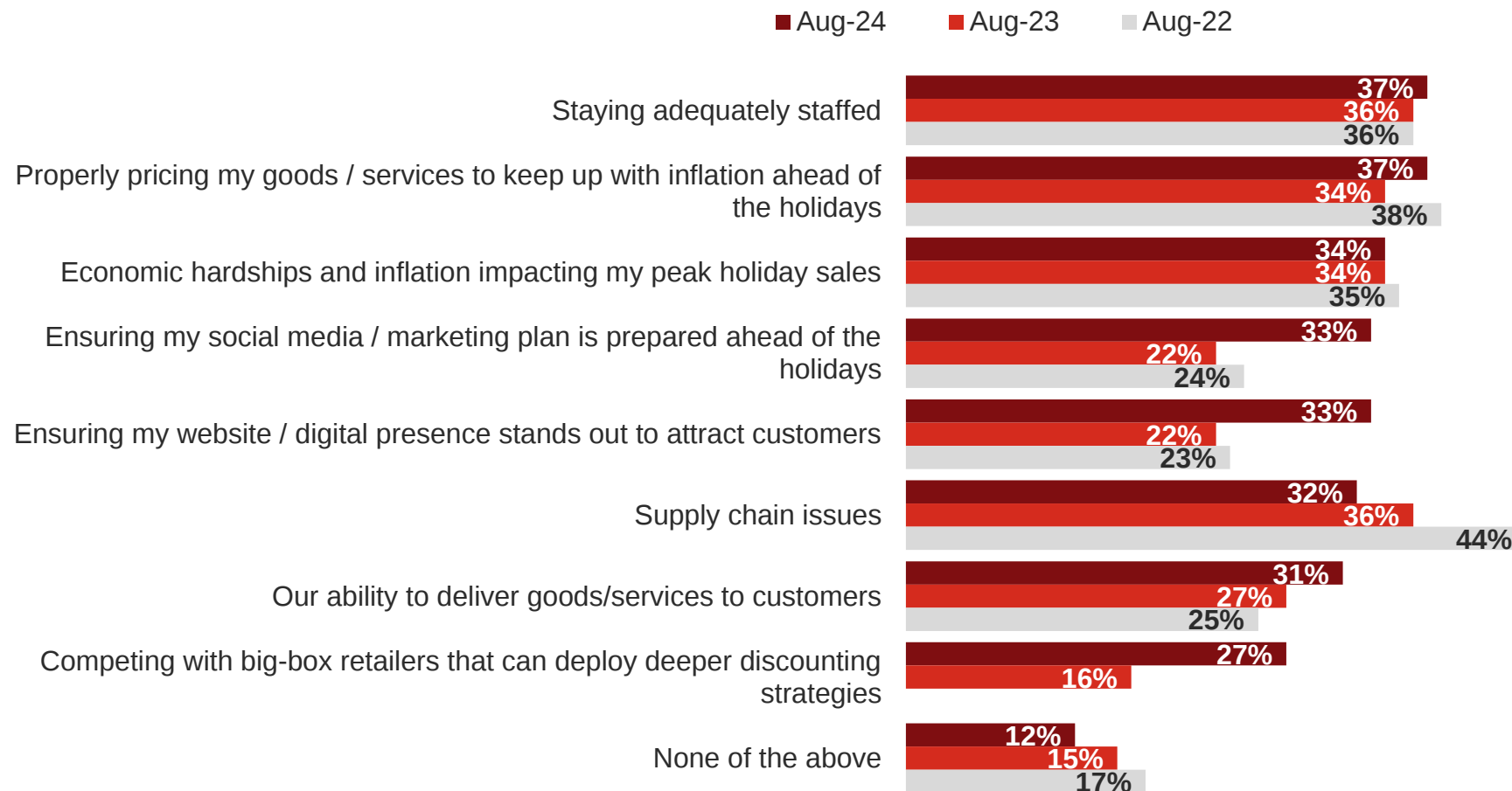
HOLIDAY SEASON

PARTNER EXPECTATIONS

HOLIDAY SEASON

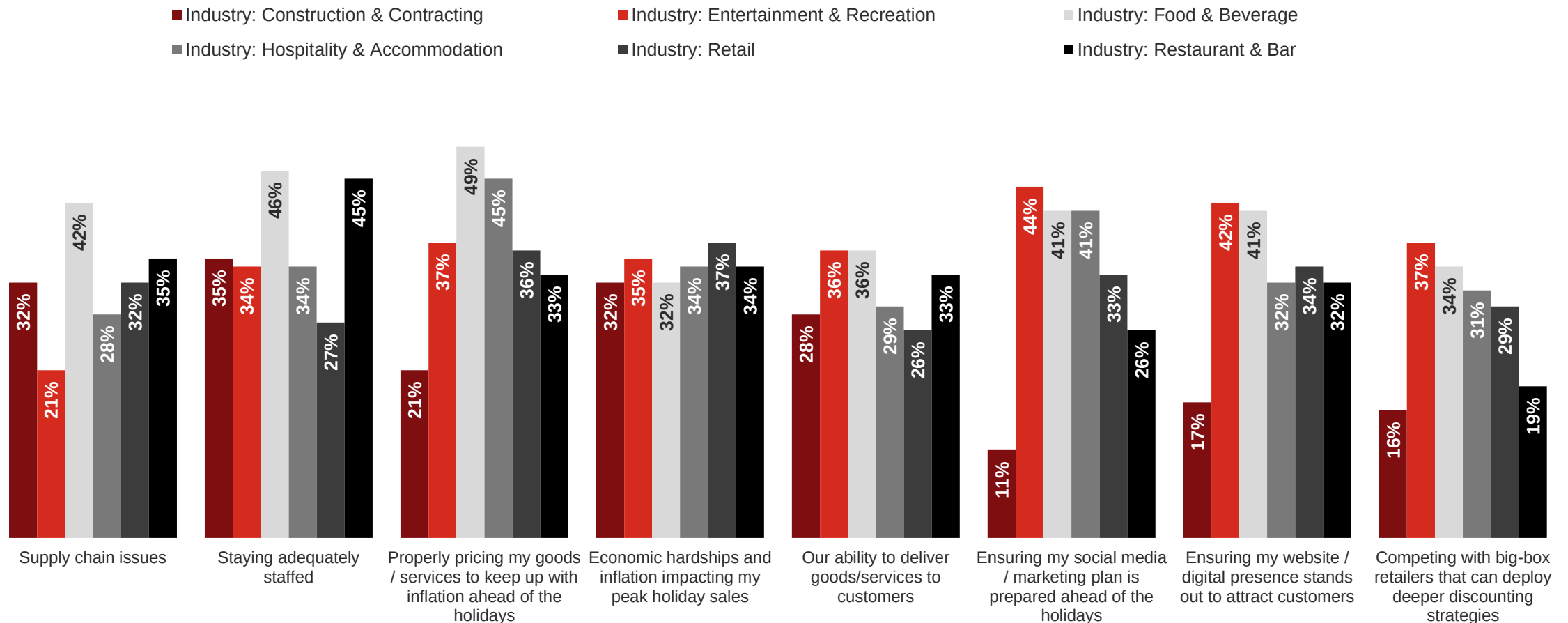
Looking ahead to the holiday season, staffing and impacts of inflation remain decision makers' biggest concerns. Concern around having effective social media / marketing plans and digital presence saw an increase from last year, while concern about supply chain issues trends down for a second year in a row.

Thinking about the upcoming holiday season, do you have any of the following concerns as you begin to prepare your business? Select all that apply.



Food & beverage decision makers lead other industries in holiday season concerns over supply chain issues, adequate staffing, and properly pricing goods. Adequate staffing is also the top seasonal concern of the restaurant & bar industry.

Thinking about the upcoming holiday season, do you have any of the following concerns as you begin to prepare your business? Select all that apply.



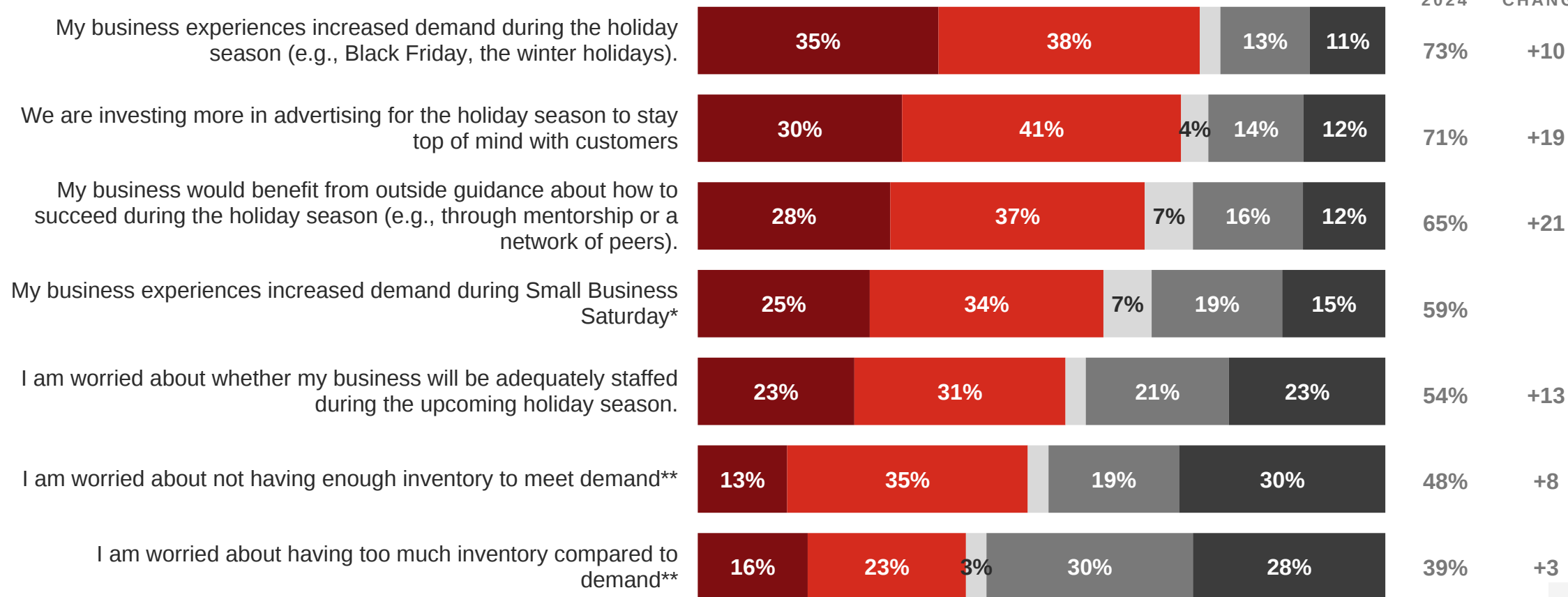
HOLIDAY SEASON

Nearly 3 in 4 respondents say they typically see an increase in demand during the holiday season, marking two waves of year-over-year growth. Almost two thirds say they would benefit from outside guidance about how to succeed during the season, compared to less than half last year.

To what extent do you agree or disagree with the following statements?

STRONGLY OR
SOMEWHAT
AGREE

2024
YOY
CHANGE

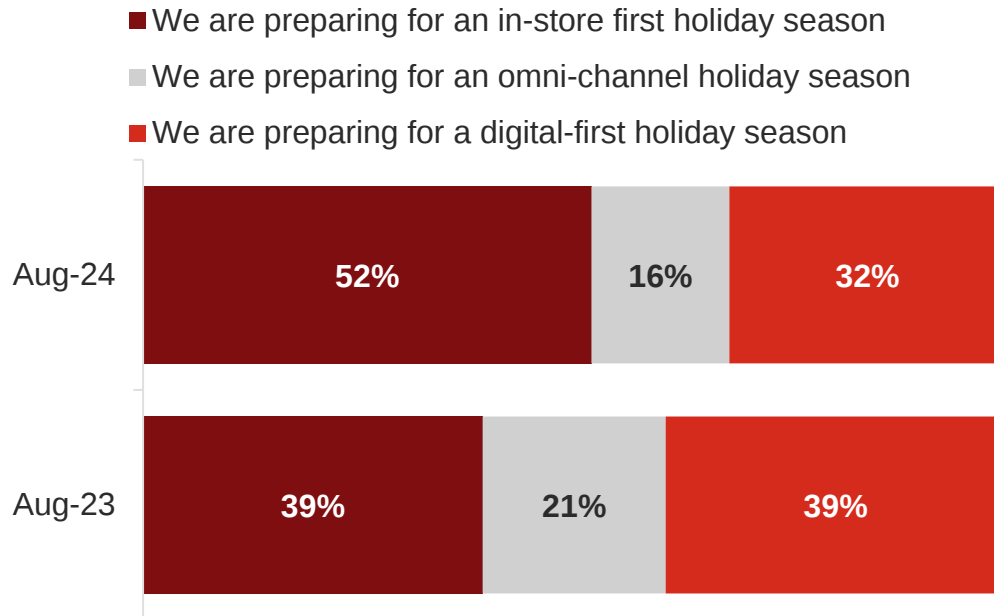


HOLIDAY SEASON

Just over half of retail industry decision makers are preparing for an in-store first holiday season, marking a shift from a split between in-person first and digital-first preparations in 2023. When it comes to channels of traffic, 2024 expectations are largely in line with 2023 experiences.

Thinking about the upcoming 2024 holiday season (i.e. Black Friday, the winter holidays), which statement below best describes how your business is preparing from a sales perspective? Select one. / Which of the following statements best describes your traffic from last year's (i.e. 2023) holiday season? Select one. / Now, which of the following statements best describes what you expect traffic to be for the upcoming (i.e. 2024) holiday season? Select one.

2024 HOLIDAY SEASON SALES PREPARATION



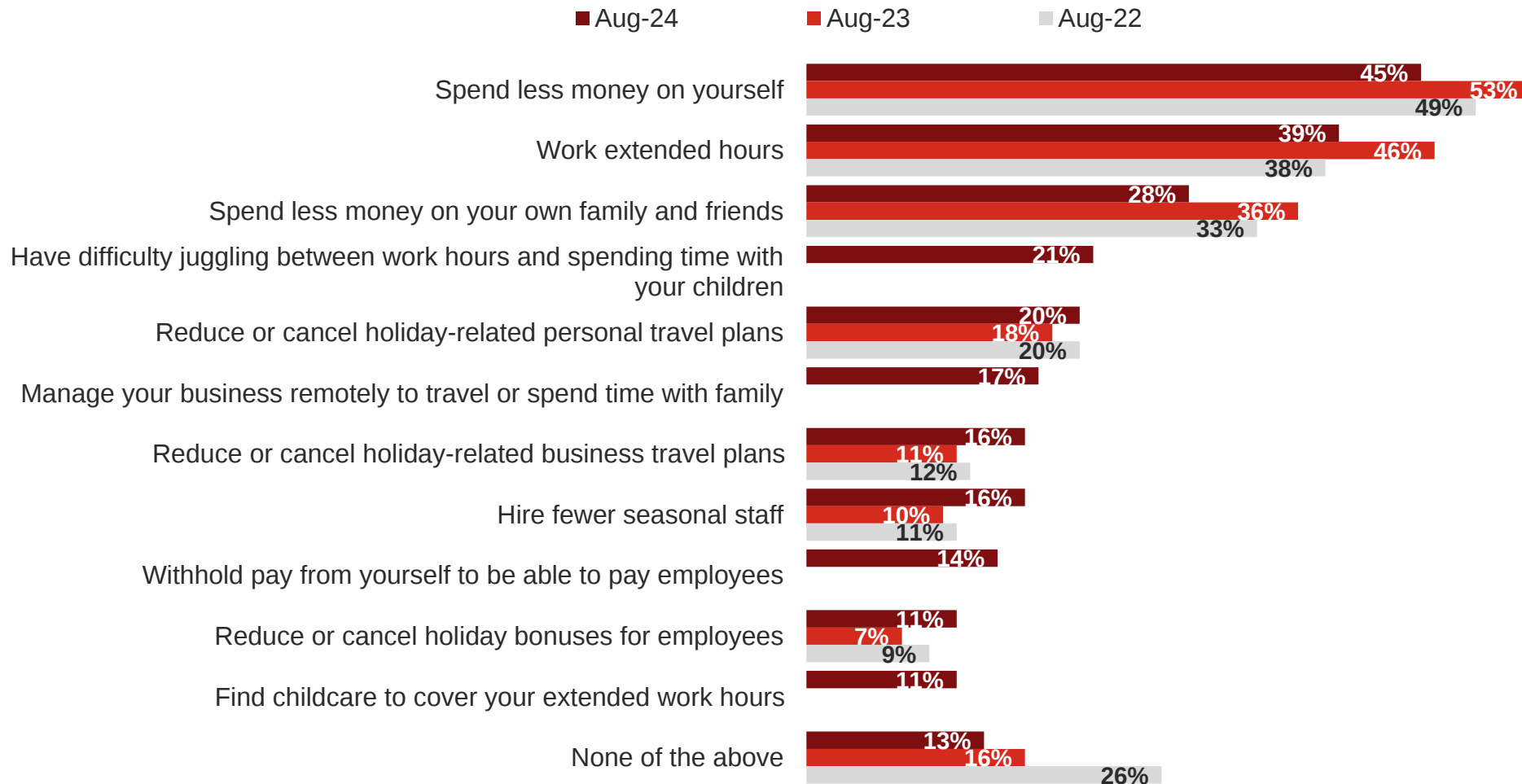
HOLIDAY TRAFFIC: 2023 ACTUAL VS. 2024 EXPECTED



HOLIDAY SEASON

Respondents are less likely to say they plan to work extended hours (39%) or spend less money on themselves (45%) and others (28%) compared to last year. They are, however, slightly more likely to expect to reduce holiday-related business travel and hire fewer seasonal staff vs. last year.

Are you **personally** expecting to do any of the following this holiday season? Select all that apply.



Female business decision makers are more likely than their male counterparts to say they expect to work extended hours, spend less money on family and friends, and have difficulty juggling between work and childcare this holiday season.

Are you **personally** expecting to do any of the following this holiday season? Select all that apply.



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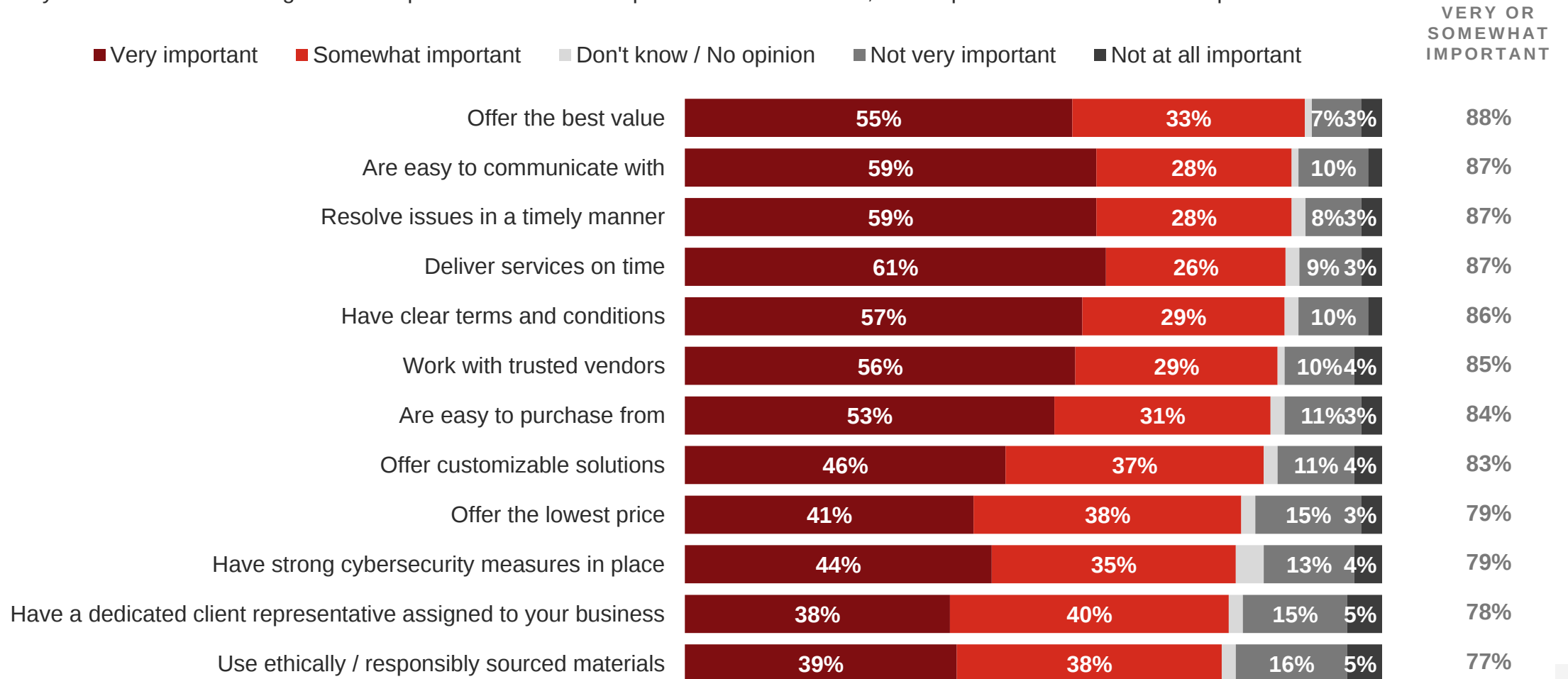
OUTLOOK & BUSINESS IMPACTS
TECHNOLOGY, CYBERSECURITY, AND AI
HOLIDAY SEASON

PARTNER EXPECTATIONS

PARTNER EXPECTATIONS

Perceived value and timely communication & services are the most important criteria in how businesses decide which companies to partner with.

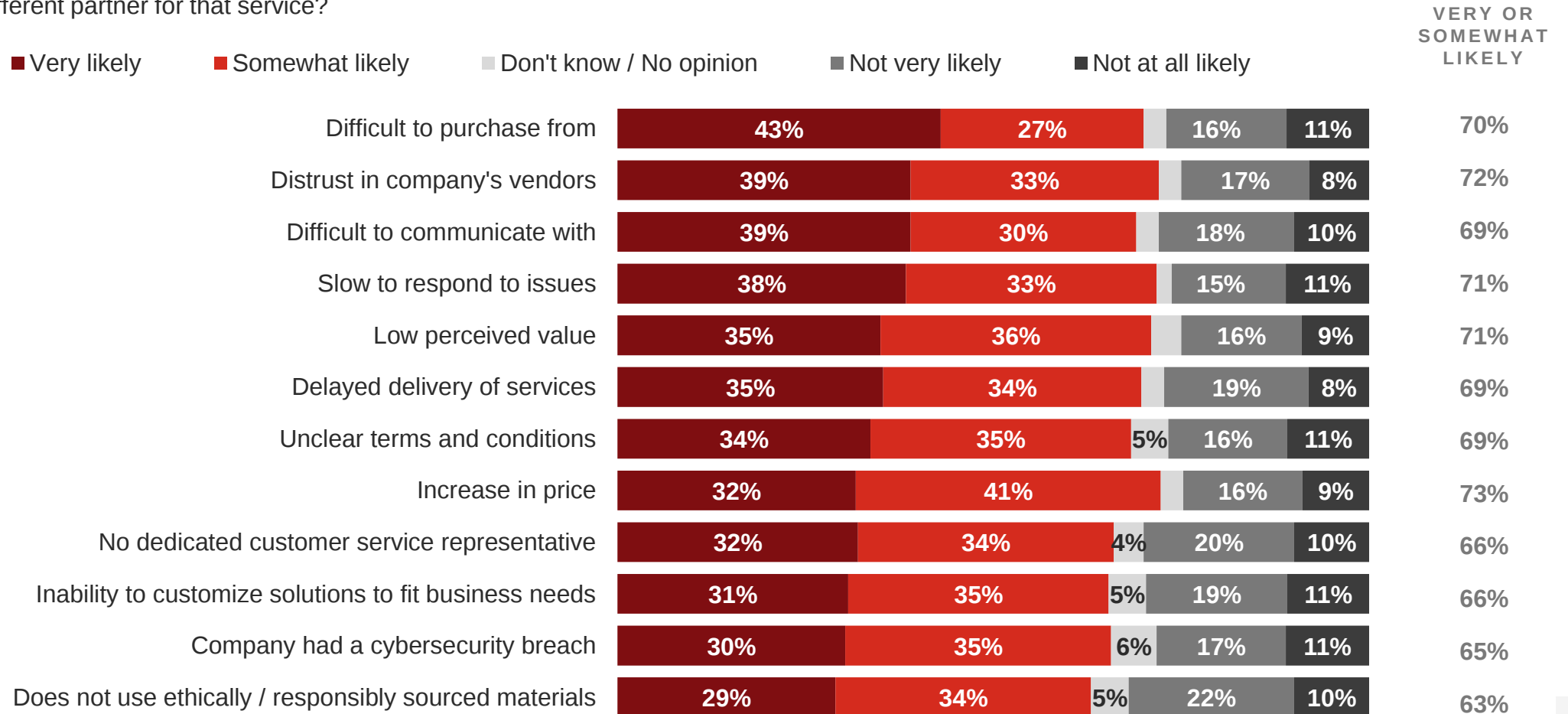
When your business is deciding which companies to work with or purchase services from, how important is it that those companies...



PARTNER EXPECTATIONS

Consistent with this criteria, decision makers report that a partner who is difficult to purchase from, communicate with, and who is slow to respond to issues would be most likely to cause them to take their business elsewhere.

If you experienced each of the following with a company your business works with or purchases services from, how likely would you be to switch to a different partner for that service?



Increases in price and low perceived value are top issues that could cause decision makers across most industries to work with a different company. Decision makers in the hospitality and retail industries cite communication or customer service issues.

If you experienced each of the following with a company your business works with or purchases services from, how likely would you be to switch to a different partner for that service?

**TOP REASONS FOR SWITCHING TO DIFFERENT PARTNER –
% VERY OR SOMEWHAT LIKELY**

Industry: Construction + Contracting	Industry: Entertainment + Recreation	Industry: Food + Beverage	Industry: Hospitality + Accommodation	Industry: Retail	Industry: Restaurant + Bar
Increase in price: 77%	Increase in price: 79%	Low perceived value: 76%	Difficult to purchase from: 77%	Difficult to communicate with: 73%	Low perceived value: 69%
Distrust in company's vendors: 71%	Low perceived value: 79%	Increase in price: 75%	Delayed delivery of services: 77%	Slow to respond to issues: 72%	Distrust in company's vendors: 66%
Difficult to purchase from: 70%	Inability to customize solutions to fit business needs / Distrust in company's vendors: 78%	Difficult to purchase from: 74%	No dedicated customer service representative: 76%	Distrust in company's vendors: 72%	Increase in price: 66%

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