



What the World Would Look Like Without Small Business

New Research showing the impact small businesses have on our lives.

 **Constant Contact**

Research created in partnership with Ascend2

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01. Introduction

Small business owners are a special group. They crave independence and flexibility and seek to turn their passions into something that didn't previously exist.

In the last 12 months, only 13% of people have considered starting their own business. It is this group of people we have to thank for creating businesses that infuse our communities with a unique personality, contributing to the different cultures that make where we live so special, and bringing convenience, security, and enjoyment to our lives.

Generation Z and Millennials are most interested in owning a small business according to our research, with over one quarter (26%) of each generation reporting that they either already own a small business or have thought about starting one in the last 12 months. Compare this to only 12% of Generation X respondents and 5% of Baby Boomers.

What are the biggest factors driving your interest in starting your own business?

- #1** Be my own boss
- #2** Flexibility in my schedule
- #3** Financial freedom
- #4** A passion for doing something and turned it into a business
- #5** An opportunity to create something that didn't exist



01. Introduction

Americans rely on small businesses.

But what role do small businesses play in our lives and within our communities? The truth is, the vast majority of consumers flock to small businesses weekly, if not daily, and some without even realizing it. This is especially true when it comes to so-called "necessities".

Nearly all (93%) of the 2,664 participants responding to our survey report having purchased groceries or food in the last three months and another 78% have purchased apparel or clothing. While food and clothing are basic necessities, it is sometimes easy to overlook where and how we acquire them.

Generation Z and Millennials are more likely to interact with 83% of the businesses listed here.

During a typical month, which of the following do you interact with?





01. Introduction

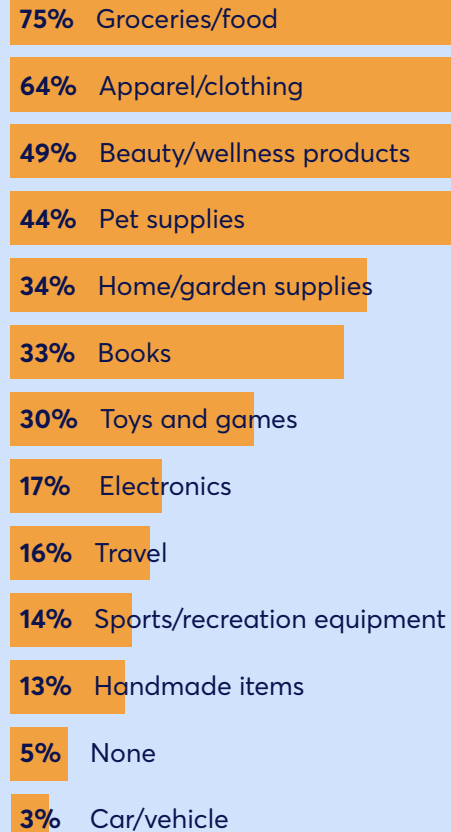
Affinity for buying from small businesses.

Prior to reviewing the definition of small business, we asked consumers which items they would be willing to get from a small business. Once again, we saw groceries and clothing top the list for 75% and 64% of those surveyed, respectively. The categories that weren't immediately selected included auto, handmade items, and sports equipment.

Millennials show a strong affinity for buying from SMBs across almost every buying category, but they are most often looking for clothing and food. Gen X is more likely than others to book travel with a small business, but they typically want groceries and clothing. Interestingly, less than half of Gen Z shoppers would buy beauty/wellness products from a small business.



Which of these items would you be willing to get from a small business?



These answers were given prior to seeing the definition of small business.

Small businesses bring vibrancy to the communities we live in, and they impact our everyday habits, from how we navigate the aisles of our local grocery store, to who helps to raise our children, to the music we listen to, and the food that we eat. In the report that follows, we dive into just how important small businesses are to weaving the fabric of our society and try to paint a picture of what a world without small businesses would be like. (Spoiler Alert: It would be pretty boring!)



02.
A little misunderstood:
Identifying small businesses.

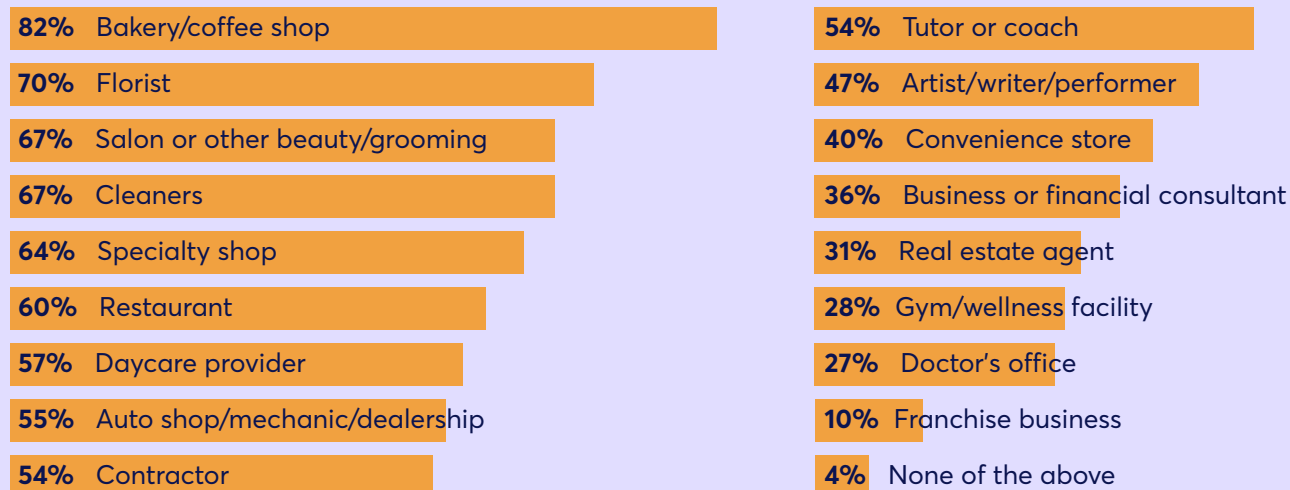
What constitutes a small business?

What exactly is a small business? Well, it depends on who you ask. Our research shows that the businesses that are most likely to be considered “small businesses” by consumers are bakeries and coffee shops, florists, salons, cleaners, and specialty shops. Interestingly, businesses like gyms, real estate agencies, and financial consultants score low on that same awareness scale. Franchise businesses in particular, such as Dunkin’, Hilton Hotel, and McDonald’s, have the lowest awareness. In reality, many (if not all) of these businesses are likely small and we see a general misunderstanding of what is considered a small business.

By Definition

Depending on the industry, the definition of a small business varies, but (very) generally speaking, small businesses have less than 250 employees and bring in under \$5 million in annual revenue. This typically includes everything from “mom and pop” storefronts to service providers, and even franchise businesses that are independently owned and operated. For example, many auto dealerships, fast-casual restaurants (Subway, McDonald’s, etc), and name-brand hotels (Hyatt, Sheraton, Days Inn, etc) are considered collections of small businesses.

Which of these items would you be willing to get from a small business?



We asked survey participants a number of questions about their shopping habits and their sentiment toward small businesses prior to displaying the definition of a small business to help us see any disparity between what Americans believe is a small business and what actually constitutes one.



02.
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Identifying small businesses.

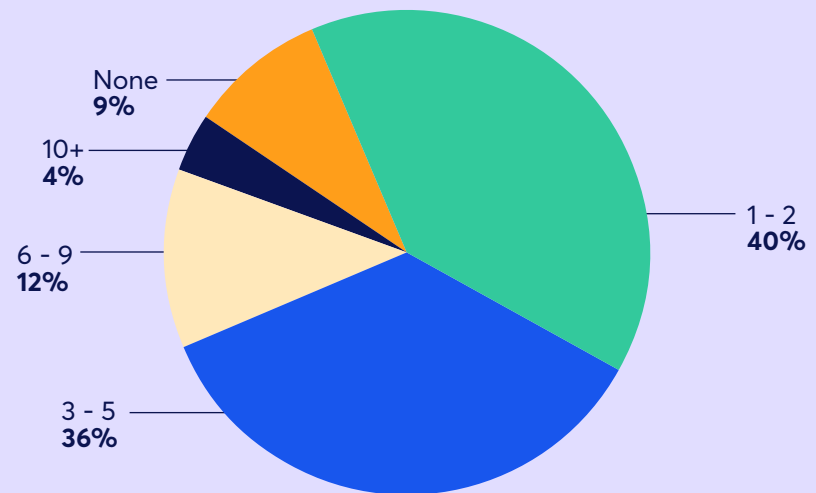
Genera(tiona)l Appreciation

Even when consumers do recognize small businesses, their impact is still underappreciated. Indicative of their confusion, more than half (51%) of consumers said if they were unable to visit, make purchases from, or otherwise take advantage of the products/services of these businesses, it would cause little to no disruption in their routines. These numbers vary significantly when looking at them through the lens of different generations.

Younger generations are more likely to interact with these businesses on a regular basis and therefore have more awareness that taking them away would disrupt their current lifestyle, but these are the same age groups that are **less likely to identify these businesses as "small businesses."**

After reviewing the definition of what constitutes a small business, we find that nine out of ten (92%) Americans interact with a small business every week, and over half report interacting with small businesses at least three times a week.

During a typical week, how many small businesses do you interact with, either online or in person?





02.
A little misunderstood:
Identifying small businesses.

Misconception: Supporting small businesses will cost you.

Are misconceptions about what constitutes a small business actually diluting consumers' appreciation of them or even their willingness to support them?

Prior to reviewing the definition of small business, consumers listed the top items that they would be willing to get from a small business as groceries and clothing top the list for 75% and 64% of those surveyed, respectively. At the bottom of the list, we see cars, handmade items, and sports equipment.

Interestingly, when this data is segmented by the level of household income, we see a trend. Those with lighter incomes are less willing to purchase even typical items from small businesses. **Could this be because of a common misconception that small businesses are more expensive?**

Which of these items would you be willing to get from a small business? *(Segmented by annual income)*

	Under \$50k	\$50K - \$100K	\$100K - \$200K	\$200K+
Groceries/food	69%	78%	78%	79%
Apparel/clothing	56%	67%	69%	74%
Beauty/wellness products	42%	50%	53%	57%
Pet supplies	37%	47%	47%	46%
Home/garden supplies	24%	37%	39%	39%
Books	28%	35%	35%	36%
Toys and games	22%	34%	34%	32%
Sports/recreation equipment	6%	15%	18%	29%
Travel	5%	16%	25%	26%
Electronics	15%	18%	17%	21%
Handmade items	8%	14%	16%	13%
Car/vehicle	2%	3%	3%	7%
None	9%	4%	4%	2%

In nearly every category, we see a direct correlation between willingness to purchase and income level.

70% of consumers report that regardless of how inflation impacts their spending, they still plan to support small businesses



02.
A little misunderstood:
Identifying small businesses.

Key Takeaway

The desire to support small businesses remains strong. In fact, despite inflation reaching record highs, 70% of consumers plan to continue supporting small businesses. But, when it comes to actually recognizing those businesses, consumers have trouble. Most don't realize that they interact with more small businesses than they realize. That stems from a misunderstanding about who small businesses are, and it obscures their contributions to our lifestyles and our downtowns.

Without being told the definition of a small business, many Americans don't consider common everyday staples, such as a gym or a convenience store to be small businesses. Indicative of their confusion, more than half of consumers said not being able to interact with a small business would cause little to no disruption in their routines.

Where you live certainly plays a role in overall awareness, but it's clear that more education about small businesses is needed.



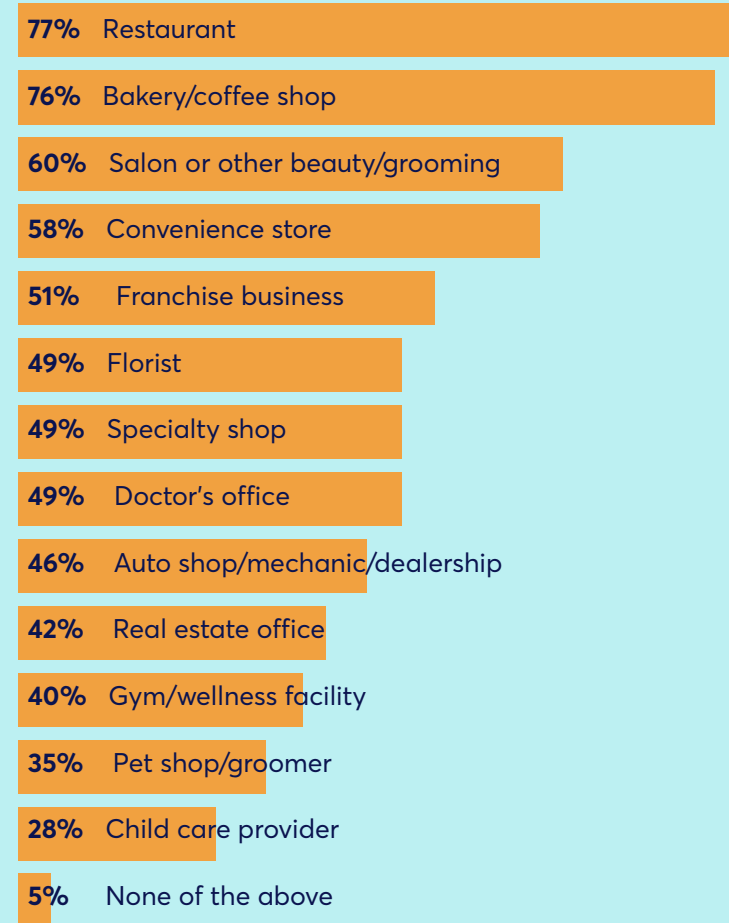
03.
Downtown, America:
Where small businesses
fit into our communities.

The makeup of Downtown, America.

Main streets and downtown areas infuse the character and identity of our cities and towns. Often these areas offer a central location for locals (and in some cases, tourists) to gather and experience the feeling of community. You'll likely find a distinct mix of restaurants, bakeries or coffee shops, salons, and convenience stores in your closest downtown area. These types of businesses were the most commonly reported by the consumers we surveyed.

Found least frequently in downtown areas: auto shop/mechanic/dealership (46%), real estate office (42%), gym/wellness center (40%), pet store/groomer (35%), daycare center (28%).

Which of the following types of businesses can be found in your closest "downtown" area?





03. Downtown, America: Where small businesses fit into our communities.

How much have downtown areas changed since the pandemic? It depends.

Overall, our research indicates that Main Street looks a little different than it did two years ago, and it's not always good news. Over half (52%) of those surveyed report downtown area businesses closing (both small businesses and large chain stores). Much of the change reported is related to small businesses.

Interestingly, rural, suburban, and urban areas have all changed in different ways. Nearly one-half (44%) of those living in rural areas report that their downtown area has remained mostly unchanged in the last two years. On the opposite end of the spectrum, in urban areas where there are more options to choose from, we see significantly more closings for both small and larger businesses. It's likely that this correlates to COVID-related restrictions that shuttered businesses during the early days of the pandemic.

Which of the following best describes how your "downtown" area has changed in the last two years?

	Rural	Suburban	Urban	Overall
Small businesses closing	32%	35%	43%	36%
Small businesses opening	26%	28%	26%	27%
Chain stores closing	9%	15%	26%	16%
Chain stores opening	8%	9%	13%	10%
It has stayed about the same	44%	39%	30%	38%

In Southwestern cities/towns, small businesses show a much more positive trend than other regions with 34% of residents saying more small businesses have opened than closed. Pacific coastal residents say small businesses there are closing at the fastest rate.



03. Downtown, America: Where small businesses fit into our communities.

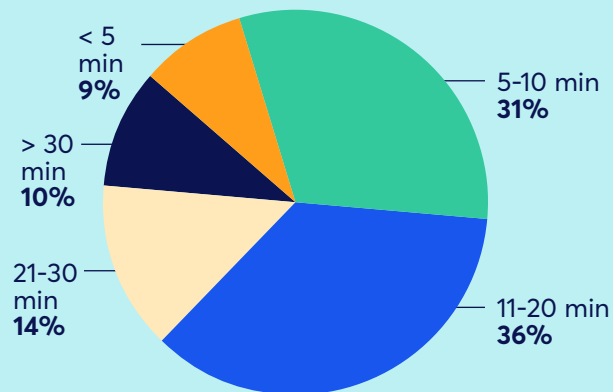
What if all the small businesses went away?

About one-quarter (24%) of consumers surveyed report that the small businesses in their area influenced where they have chosen to live. People living in urban areas are twice as likely to consider the surrounding small businesses when deciding where to live (18% for rural dwellers vs 35% for urban dwellers).

But what if all these small businesses suddenly closed?

Nearly 60% of those surveyed would have to travel more than 10 minutes of their way to have a similar daily routine. That means everything from picking

If all the small businesses in your area suddenly closed, how far out of your way would you need to travel to be able to have a similar daily routine?



Further illustrating how much small businesses determine the make-up of our communities, over one-quarter (27%) of consumers say that they would consider moving if all of the small businesses in their area suddenly closed.

This changes depending on how far out of the way survey participants would have to travel to have a similar daily routine. Out of the 10% of consumers who would have to travel 30 minutes or more out of their way in this situation, 36% report that they would consider moving, a significant uptick in the influence of small businesses on where they have chosen or would choose to live.

Different Perspectives

Having small businesses close by is most important to younger, urban residents.

- More than one-third (37%) of city-dwellers said they would consider moving if all the SMBs in their downtown closed.
- Gen Z and Millennials (37% each) are much more open to relocating than Gen X (26%) or Boomers (15%).
- Regionally, the Southwest once again stands out. Residents there are most likely (35%) to choose where they live based on the SMBs in their downtown, and also most likely (37%) to relocate if all those small businesses suddenly closed.



03. Downtown, America: Where small businesses fit into our communities.

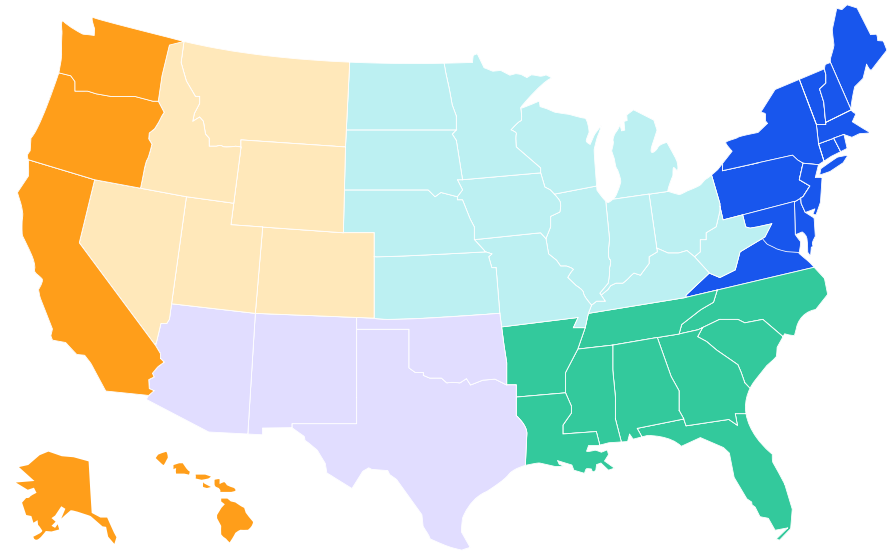
The cornerstones of our communities.

Each region of the U.S. is distinct, both in culture and landscape. The businesses that populate the streets of each community have a significant influence on the culture present there. Still, there are some similarities that most downtown areas share.

Out of the many types of small businesses that color the communities we live in, restaurants, bakeries/coffee shops, convenience stores, franchise businesses, and salons are the most frequently visited by consumers.

When we looked deeper at the regional differences, we discovered that each region's responses about what small businesses they rely on tend to mirror some aspects of the unique cultures that make that area special.

New England & Mid-Atlantic are the only regions that frequent coffee shops nearly as much as they do restaurants. East coast residents are often characterized as being a restless bunch, and a heavy reliance on coffee seems to suggest that perhaps there's some truth to that.



The **South** is renowned for being a culture that prioritizes food and hospitality. In keeping with those values, our findings show that restaurants are the most frequently visited businesses in the south, by a wide margin.

In the **Mountain** region, typically known for a culture focused on outdoor living, we see gyms and fitness centers rank low on the list of most frequently-visited businesses. However, it also sees an abnormally high ranking for Doctor's offices, compared to other regions. It's possible that residents in this area tend to recreate outdoors, and may suffer more injuries as a result of their high level of activity.

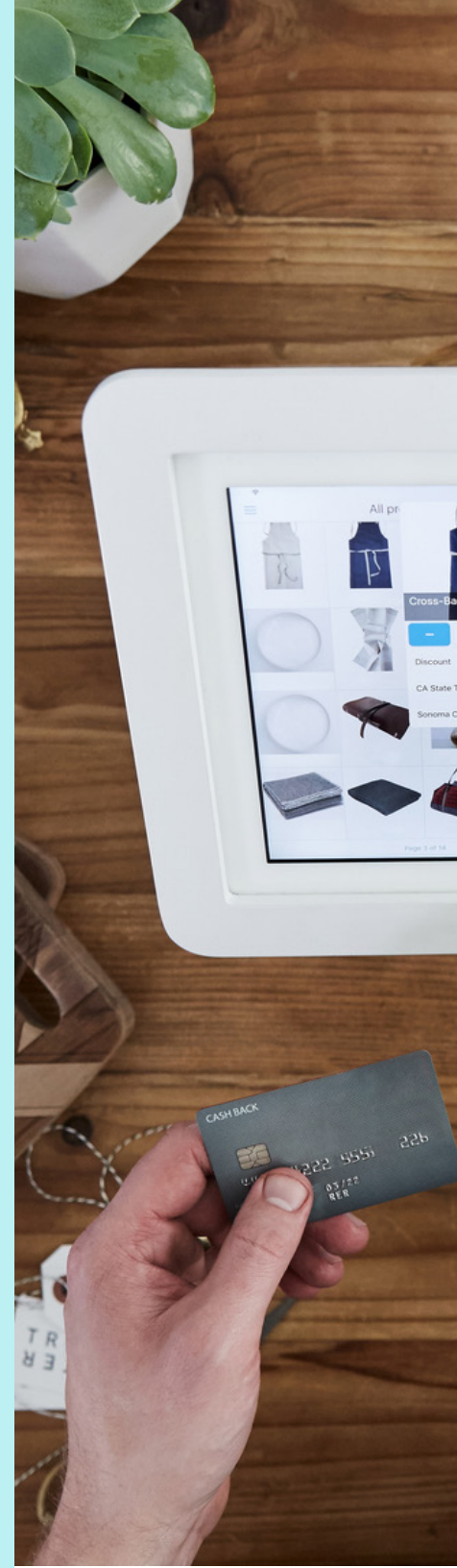
In the **Southwest**, where intense heat is a way of life, we see a jump in the frequency of gym visitors.

The **Pacific Coastal** region, from the Pacific Northwest down to Southern California, represents a diverse mix of cultures. Among them, we have world-class food scenes as well as coffee cultures including Seattle, the birthplace of Starbucks. This is reflective of the data that shows that this region is significantly more likely than others to frequent restaurants and coffee shops.

Most frequently visited businesses in the downtown area. Regional segments.

	New England	Mid-Atlantic	South	Mid-West	Southwest	Mountain	Pacific Coastal
Restaurant	48%	51%	57%	55%	54%	51%	57%
Bakery/coffee shop	48%	47%	36%	38%	44%	35%	48%
Franchise business	33%	36%	29%	30%	29%	25%	26%
Convenience store	22%	28%	28%	24%	25%	32%	28%
Doctor's office	12%	16%	13%	15%	10%	12%	14%
Salon or other beauty/grooming	16%	17%	16%	11%	14%	28%	10%
Gym/wellness facility	8%	8%	8%	7%	11%	4%	8%
Auto shop/mechanic/dealership	8%	8%	5%	7%	6%	8%	6%
Specialty shop	8%	6%	10%	7%	6%	6%	6%
Pet shop/groomer	6%	3%	4%	5%	3%	5%	6%
Child care provider	6%	2%	3%	3%	2%	3%	3%
Florist	2%	1%	2%	2%	1%	3%	3%
Real estate office	0%	0%	1%	0%	0%	0%	0%

Across all regions, restaurants and bakeries or coffee shops are the topmost frequently visited businesses. Food is a connection and is often associated with cultural backgrounds and upbringing. These businesses serve as tangible expressions of feeling and culture.





**03.
Downtown, America:
Where small businesses
fit into our communities.**

Making a positive impact.

When it comes to the types of businesses that contribute the most to our communities, Doctor's offices top the list overall. Also among the most important businesses to our communities are auto shops, contractors, and daycare providers – despite the fact that these were also among the least visited businesses by survey participants. The recognition that these businesses are beneficial to the communities they serve, even if they aren't top-

Different Perspectives

- Millennials, who are most likely to currently have small children, rank daycare providers significantly higher on this list than other generations.
- Those with higher household incomes (indicative of more disposable income) are more likely to report small businesses like salons, gyms, tutors, and cleaners as having the most positive impact on their communities than those with lower household incomes.
- People in rural communities rank auto shops and mechanics second on their list of businesses with the most positive impact on their communities at 44%, vs just 31% of those living in urban areas where cars typically aren't as much of a necessity.

Which of the following types of businesses have the most positive impact on your community?

#1

Doctor's office

#2

Restaurant

#3

Bakery/
coffee shop

#4

Auto shop/
mechanic/
dealership

#5

Contractor

03.
Downtown, America:
Where small businesses
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Key Takeaway

The cornerstone businesses that make up your downtown area are likely small businesses. They not only allow us to function, but they also deserve credit for establishing the personalities and uniqueness of our cities and towns. Whether it's a staple restaurant, trusted bakery or coffee shop, a handy convenience store, or a neighborhood salon, small businesses are what define our hometowns.

But, what if they all suddenly disappeared? The fact is, Main Street looks very different today for many Americans than it did just two years ago. More than half of consumers we polled said they have noticed more small businesses closing since COVID, and if that trend continues, we may see the continued reshaping of our cities and towns..

Without small businesses, your nearest downtown would feel like "Anywhere, U.S.A." – there would be nothing separating it from another downtown across the country, and it wouldn't reflect any of the cultural richness that it does today.





04.
More Than A Feeling:
How small businesses impact our lives.

Small businesses power our lifestyles.

Without SMBs, Americans told us their daily routines would take longer. Think about all that entails - everything from picking up groceries to dropping off dry cleaning and getting gas. Can you imagine how your schedule might change if each of those activities took an extra 10 or 20 minutes? Say goodbye to efficiency because life would be a lot more cumbersome.

The fact is, small businesses provide us with much more than just convenience. They enable our lifestyles and provide some of our most basic needs. There are even some small businesses that could be considered critical to daily living.

Overall, doctor's offices, restaurants, auto shops/dealerships, bakery/coffee shops, and convenience stores are considered most essential according to consumers who rank them at the top of the list when it comes to businesses they absolutely cannot live without.

When we look even deeper, there are substantial differences

Which of the following types of businesses could you absolutely not live without? *(Segmented by Generation)*

	Generation Z	Millennials	Generation X	Baby Boomers
Convenience store	40%	30%	24%	18%
Restaurant	37%	35%	40%	37%
Bakery/coffee shop	36%	38%	30%	18%
Doctor's office	29%	42%	51%	67%
Franchise business	25%	20%	19%	17%
Auto shop/mechanic/dealership	22%	28%	37%	45%
Gym/wellness facility	16%	12%	7%	7%
Specialty shop	15%	19%	12%	9%
Salon or other beauty/grooming	13%	18%	20%	27%
Artist/writer/performer	12%	9%	4%	4%
Contractor	12%	19%	20%	26%
Cleaners	12%	9%	7%	8%
None of the above	12%	10%	12%	11%
Business or financial consultant	9%	10%	9%	12%
Tutor or coach	7%	3%	3%	1%
Daycare provider	5%	15%	5%	2%
Florist	4%	3%	2%	2%
Real estate agent	3%	3%	1%	1%





**04.
More Than A Feeling:
How small businesses impact our lives.**

Unsung heroes

There are some unsung heroes on the list of businesses that Americans could absolutely not live without. Some small businesses provide essential support to people in their communities, but on more of a situational basis.

For instance, only 7% of those surveyed report that they absolutely cannot live without daycare centers. This number jumps significantly, however, when examining participants most likely to have young children such as Millennials (15%), those who have purchased toys or games in the last 3 months (14%), and those representing households of 3 or more people (10%).

Artists/writers/performers are considered absolutely essential to just 6% of Americans overall, but Generation Z is twice as likely (12%) to report that they absolutely cannot live without these artists. They are also considered more essential to those living in urban areas (10%) who likely have regular access to these businesses.

Some of the answers to this question vary significantly depending on the existence or length of an individual's commute to work.

Which of the following types of businesses could you absolutely not live without?

(Segmented by Commute)

	No Commute	Short Commute (>30min)	Long Commute (<30min)
Bakery/coffee shop	22%	36%	35%
Daycare provider	4%	10%	11%
Gym/wellness facility	6%	10%	5%
Business or financial consultant	9%	10%	15%
Cleaners	6%	9%	15%
Doctor's office	60%	46%	44%

Americans need their morning caffeine fix! While commuters place a significantly higher value on bakeries or coffee shops, those with no commute still rank these small businesses in their top 5 most essential.



04.
More Than A Feeling:
How small businesses impact our lives.

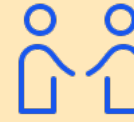
Small businesses make us feel good and help us find what we're looking for.

Nearly three-quarters (71%) of Americans say that they have had a better experience interacting with small businesses as opposed to larger businesses they interact with. This might be because overall, supporting small businesses leaves Americans feeling overwhelmingly positive.

How does supporting a small business make you feel?



55% Helpful



50% Connected



36% Involved



32% Proud



28% Engaged



20% Fulfilled



20% Fortunate

Gen Z has the strongest emotional attachment to small businesses, as they are most likely to feel involved, engaged, fortunate, and fulfilled. Millennials are most likely to feel proud, connected, and engaged, while Baby Boomers are most likely to feel helpful and connected.



04.
More Than A Feeling:
How small businesses impact our lives.

Interacting with Small Businesses

Why do people have such a great experience supporting small businesses? Over half (53%) of those surveyed report that convenience is the best part about interacting with small businesses, followed closely by familiarity (46%) and similarly the helpful and personalized experience they receive with smaller shops (41%).

What is your favorite part about interacting with the small businesses in your "downtown" area?

#1

Convenience *(they are close by)*

#2

Familiarity *(I know them, they know me)*

#3

Helpful/personalized customer service

#4

Unique products/services I can't get elsewhere

#5

Engaging with the staff/owners face-to-face

94% of people agree that small businesses have an impact on their life and nearly one-quarter (24%) describe this as a major impact.



04.
More Than A Feeling:
How small businesses impact our lives.

Key Takeaway

Small businesses are everywhere. They connect and feed our communities, take care of our children, provide entertainment and keep us healthy. In fact, 92% of Americans interact with a small business every week, and over half engage with more than three. When it comes to choosing a small business over a larger one, it's clear that consumers prefer the experience, familiarity, and customer service a small business provides.

Without small businesses, our lifestyles would be significantly less exciting, and our routines more cumbersome. Can you imagine trying to live without a doctor's office, a local restaurant, or mechanic? Or adding a minimum of 10 extra minutes to accomplish the same things you do on a daily basis today?



Participants & Methodology

N = 2,664

Age

Under 25	6%
25-40 years old	32%
41-56 years old	34%
57+ years old	28%

Region

New England	7%
Mid-Atlantic	14%
South	28%
Mid-West	26%
South-West	7%
Mountain	5%
Pacific Coastal	13%

Area Type

Rural	23%
Suburban	56%
Urban	21%

Household Size

1 - 2 people	39%
3 - 5 people	57%
6+ people	4%

Annual Household Income

Under \$50,000	30%
\$50,000 - \$100,000	37%
\$101,000 - \$150,000	21%
\$151,000 - \$200,000	7%
Over \$200,000	5%



Methodology

Ascend2 benchmarks the performance of business strategies and the tactics and technology that drives them. This study was designed to gather feedback and insights on how and why consumers interact with small businesses. With a custom online questionnaire, this survey was fielded to a panel of 2,664 adults, 18 years of age and older, living in the United States. Responses were collected from March 25 - April 8, 2022.



About the Research Partners



Every business starts as an idea.

Ours began from a cramped attic in 1995, when Constant Contact's founders envisioned an online marketing tool that would help small businesses level the playing field against their larger, more established rivals.

Since then, we've grown to be a leader in online marketing with a mission to help small business owners simplify the complex task of marketing their business so they can achieve real results and sell more online. Whether it's leveraging social and search features to get new customers or sending great looking emails with the power to drive more sales, we combine the right tools and advice to help our customers get the results they want to achieve. Plus, our award-winning team of marketing advisors is there for each customer, every step of the way.

Learn more about Constant Contact.



Companies partner with Ascend2 to create original research, from survey conceptualization through report and content creation to media outreach. Ascend2 helps companies fuel marketing content, generate leads, and engage prospects to drive demand through the middle of the funnel.

Learn more about Ascend2.

