



Spend Insights



Visa® Small Business Spend Insights monitors the economic confidence of U.S. small business owners by analyzing Visa Business card spend data and responses to a quarterly survey. Small businesses and those serving them can benefit from the trends and insights obtained from Visa's proprietary research.

Executive Summary

Overall economic outlook continues steady, gradual improvement

Small business owners' expectations that their revenue will increase remain high, as does the expectation that they will pay employees more. Further supporting this trend, their confidence in greater profits is higher than it's been since this survey began in 2007. [Read more >](#)

Acquisition and retention strategies may be shifting from reactive to proactive

Positive responses in key categories — such as attracting and retaining customers as well as marketing and advertising — indicate that small business owners may be feeling more confident about their prospects for growth in the near term. [Read more >](#)

Attitudes about financing appear mixed

Small business owners are more optimistic about access to financing than they have been since this category was added to the survey in 1Q08. However, responses also indicate increased concern over the potential rise of interest rates. [Read more >](#)

Confidence in companies' overall health continues upward trend

Small business owners' concern over managing cash flow reached its lowest level since this survey began, as did their desire for cash flow-related process improvements. Concern over staying in business decreased slightly, but remains low as well. [Read more >](#)

TOP 5 Individual Small Business Owner Concerns

Current rank		Last quarter	1 year ago
1	Cost of health insurance	1 ~	1 ~
2	Rising taxes	2 ~	3 ↑
3	Attracting new customers	3 ~	2 ↓
4	Retaining existing customers	4 ~	4 ~
5	More restrictive government regulation	5 ~	5 ~

TOP 5 Macro-economic Concerns of Small Business Owners

Current rank		Last quarter	1 year ago
1	U.S. recovering from the recession	1 ~	1 ~
2	Continued increases in energy prices	2 ~	3 ↑
3	Changes in consumer confidence	3 ~	2 ↓
4	Possibility of increasing inflation	4 ~	4 ~
5	The falling value of the dollar	5 ~	5 ~

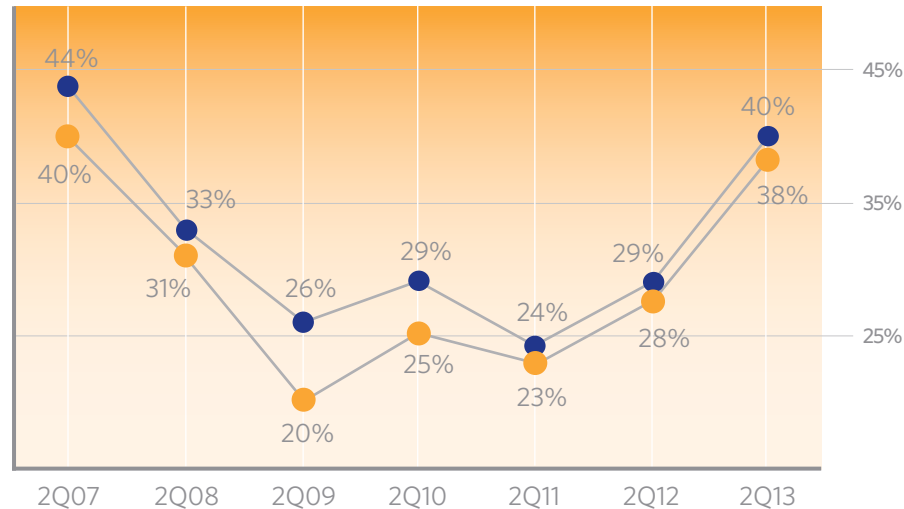
Overall economic outlook continues steady, gradual improvement

Growing optimism in several key categories — including revenue, profits and employee pay — indicate a moderate, but consistent improvement in business owners' economic outlook. Confidence about the local economy has also improved over the past several quarters, although not as steadily.

Revenue and profits

Since 2Q09, confidence around revenue and profits has fluctuated, but ultimately risen back to levels closer to those seen before the recession.

- Expect revenue to increase
- Expect greater profits



"We've got more business coming in, and higher profit margins on jobs."

— Printing services

"We've seen better consistency due to revenue flow and collections from customers."

— Staffing

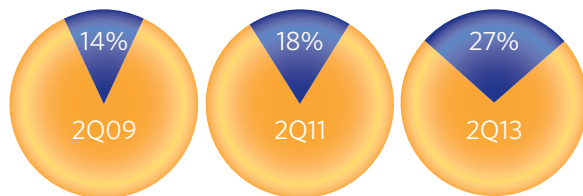
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Small business owners report that sales volume for staffing expenses grew by double digits for the twelfth consecutive reporting period! This trend, along with plans to pay employees more, supports the idea that small business owners are moving from conservative, recession-era thinking to a more proactive mindset.

Employee pay

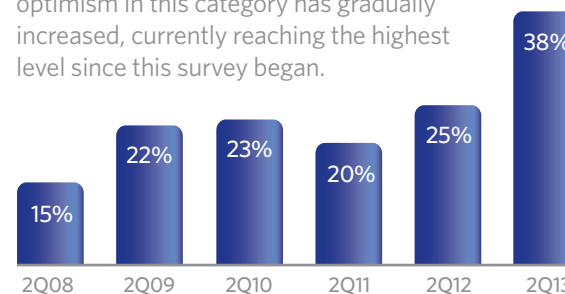
Confidence in this category fell to 14 percent by 2Q09, but has recently bounced back to pre-recession levels.



Expect to pay employees more

Stronger local economy

Despite some fluctuation since 2Q08, optimism in this category has gradually increased, currently reaching the highest level since this survey began.



Confidence in a stronger local economy

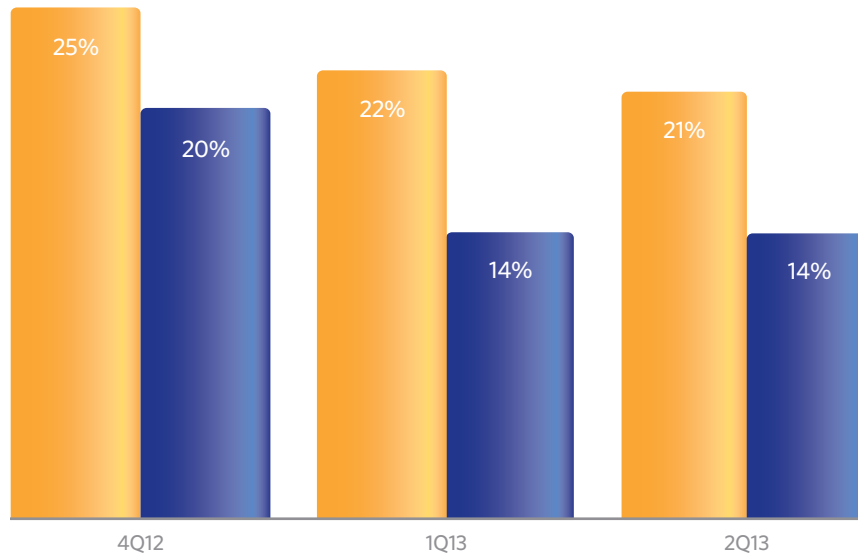
Acquisition and retention strategies may be shifting from reactive to proactive

Confidence about attracting and retaining customers, combined with expectations to spend more on marketing and advertising spend, may indicate a more aggressive approach to growth.

Attracting and retaining customers

Over the past three quarters, small business owners' responses regarding attracting new customers and retaining existing customers suggest an overall improvement in outlook.

- Concerned about attracting new customers
- Concerned about retaining existing customers



"Advertising is my number one way to attract new customers."

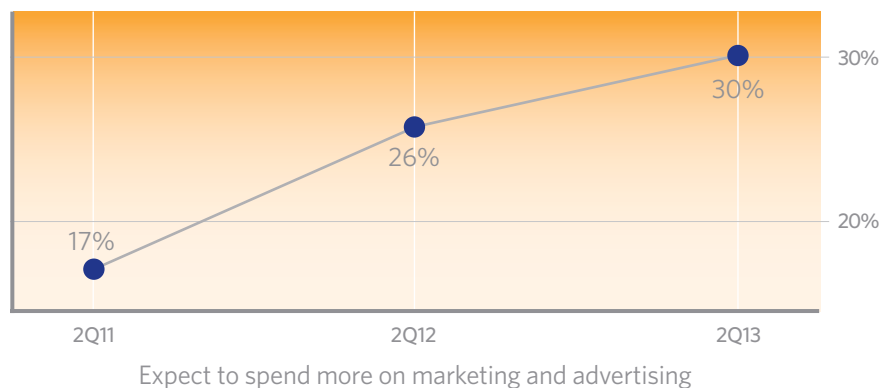
— Custodial service

"The biggest impact has come from networking, updating our website, email marketing and direct marketing."

— Manufacturing

Marketing and advertising spend

Small business owners' expectations of how much they'll spend on marketing and advertising has risen steadily, indicating their focus may be shifting from survival to growth.



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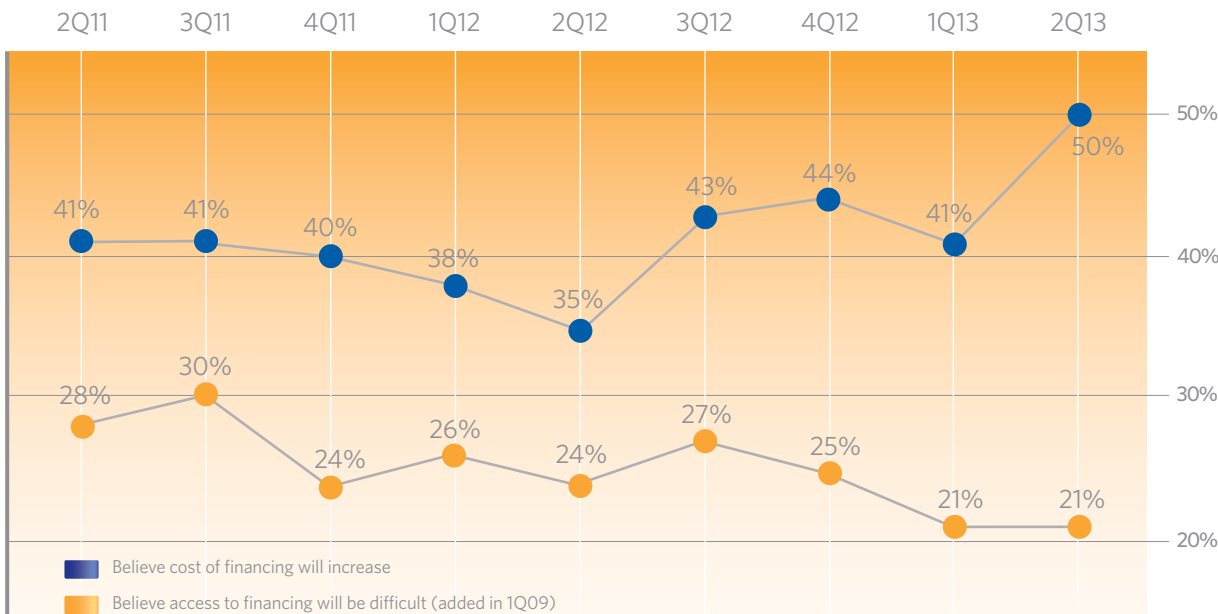
Small business owners report they expect to spend more on advertising with recent Visa Business card transactions supporting this trend. For the first time in over a year (1Q12), data in this category showed double-digit growth¹

Attitudes about financing appear mixed

Small business owners' responses about access to financing, as well as their responses about how much it will cost, indicate a tempered optimism around the prospect of borrowing capital.

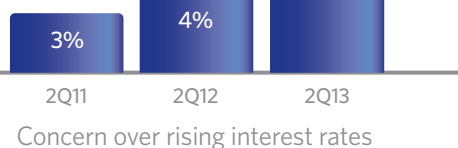
Financing: Access vs. cost

Over the past two years, responses show that small business owners increasingly believe financing will be relatively easy to access, but also relatively expensive.



Interest rates

Further supporting this trend, concern over rising interest rates has more than tripled since 2Q11.



"When it comes to financing ... If I ask for money, I have the loan."

— Transportation

"What we really need is for banks to start lending at decent interest rates."

— Retailer

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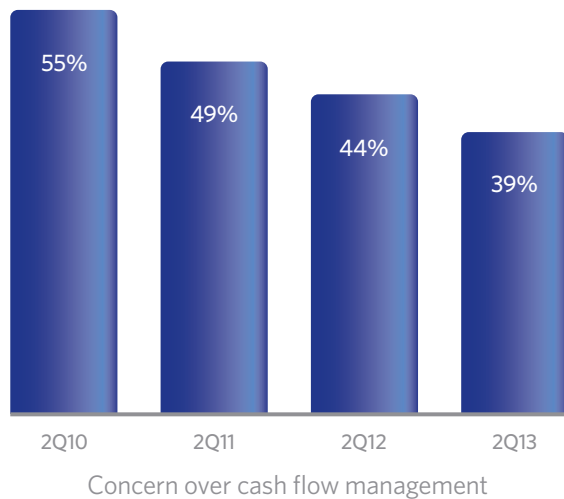
The number of Visa Business cardholders who use their card to make small capital investments rose by double digits for the twelfth straight reporting period, which seems to point to the convenience of their cards providing a relatively cost-effective, short-term method of financing¹

Confidence in companies' overall health continues upward trend

With unprecedented shifts in some of the strongest indicators of operational stability, small business owners' outlook on the overall health of their businesses seems to be improving.

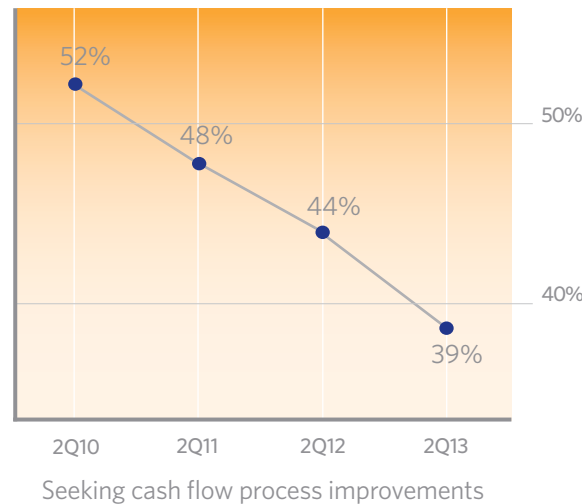
Cash flow management

After three years of steady decline, concern over managing cash flow reached an all-time low with only 39 percent of small business owners citing major or critical concern.



Cash flow process improvements

The desire for cash flow improvements has steadily fallen over the past four years, further indicating stronger prospects around businesses' financial health.



"I don't have cash flow concerns but the lack of affordable financing limits growth opportunities."

— Liquor broker

"It could be a big help if we could find easier and quicker ways to keep track of all cash flow."

— Custodial service

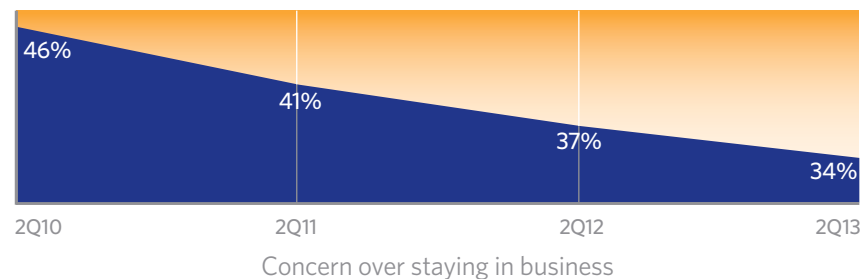
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Spending in categories such as commercial furniture can often correlate with periods of strong financial performance. With year-over-year commercial furniture sales volume up by more than 12 percent this quarter, it seems survey respondents may feel good enough about the health of their companies to start putting money back into their businesses!

Staying in business

In perhaps the strongest sign of growing confidence, the number of small business owners concerned about staying in business has dropped by 12 percentage points from 2Q10 to 2Q13.

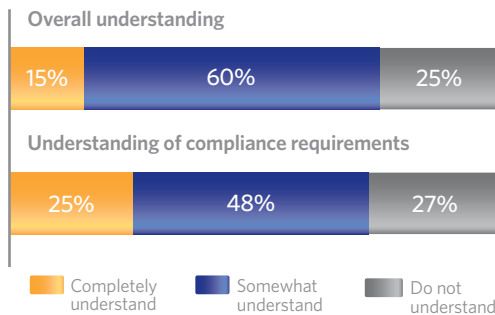


Financial institutions can help provide support as small businesses struggle with healthcare reform

Small business owners appear to continue to fear increased costs and it seems this is amplified, in part, by uncertainty about the Affordable Care Act.

Understanding the Affordable Care Act

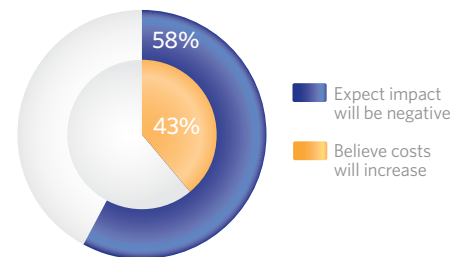
With uncertainty about the act likely driving fears of increased costs, financial institutions may want to guide small businesses to resources that can help them better understand the law and its potential impact.



Impact and preparation

A majority of respondents (59% percent) believe their businesses will be affected by the act. Of these respondents, more than half believe the impact will be negative and many of those believe it will increase costs.

Of the 59% who feel the act may affect their businesses



Small business resources

Small businesses that seek solutions to help manage their business can turn to Visa Business for support. For information about Visa's small business solutions, visit visa.com/business

Additional resources:

For more small business resources to grow your business, go to Visa Small Business Resource Center at usa.visa.com/business/resource_center/index.html

Connect with Visa for up-to-the-minute tips, tools and more:

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About Spend Insights methodology

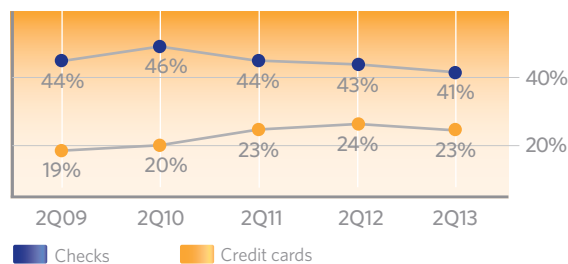
Visa Small Business Spend Insights monitors the economic confidence of small business owners by cross-referencing actual behavior spend data with responses to a quarterly survey exclusively commissioned from TNS by Visa. This study of businesses with \$50,000 - \$25,000,000 in annual revenue was based on small business survey data from April 2007 through June 2013 and also consists of 667 interviews conducted in June 2013.

NOTE: This survey is in no way meant to represent or reflect the true nature of the economy. Rather, it is presented as an additional data set meant to help the reader gather information and develop an informed conclusion.

¹Analysis based on Visa Business card spend data between June 2012 and June 2013.

Payment preferences

Since 2009, responses have indicated that checks are diminishing in preference for making payments while credit cards are increasing.



Spend Insights Outlook

Small business owners are showing continued optimism in the economy. We are now seeing spending behaviors around investment and growing their businesses rather than efforts to maintain or survive. We hope these types of behavior continue and that small businesses are able to improve their bottom lines by using the tools that Visa and our financial institution partners provide.

— Janet Zablock
 Head of Global Small Business, Visa Inc.