



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

Small business owners’ economic outlook improves to pre-recession levels

In 1Q13, we saw record-low concern in several key categories including economic recovery, strength of local economy and access to financing. Positive responses around attracting and retaining customers and staying in business further support this shift in outlook. [Read more >](#)

Business owners are more optimistic about the health of their companies

Confidence regarding revenue, profits and inventory levels, along with other critical areas of their businesses, may indicate growing optimism. In fact, more than one-third of those expecting greater profits anticipate at least a 20 percent increase. [Read more >](#)

Lingering concerns remain around factors outside business owners’ control

Concerns remained flat or increased in only a few areas. Of them, most were external factors — such as health care costs, taxes and increased government regulation — on which small business owners have no direct control. [Read more >](#)

Economic recovery improving perceptions of financial institutions

The number of small business owners who feel their financial institution is genuinely interested in their success reached a record high since this survey began in 2007. Small business owners also appear open to products from their financial institutions designed to facilitate process improvements. [Read more >](#)

TOP 5 Individual Small Business Owner Concerns

1Q13 Rank		4Q12 Rank	1Q12 Rank
1	Cost of health insurance	2 ↑	2 ↑
2	Rising taxes	3 ↑	2 ~
3	Attracting new customers	1 ↓	1 ↓
4	Retaining existing customers	5 ↑	4 ~
5	More restrictive government regulation	4 ↓	6 ↑

TOP 5 Macro-economic Concerns of Small Business Owners

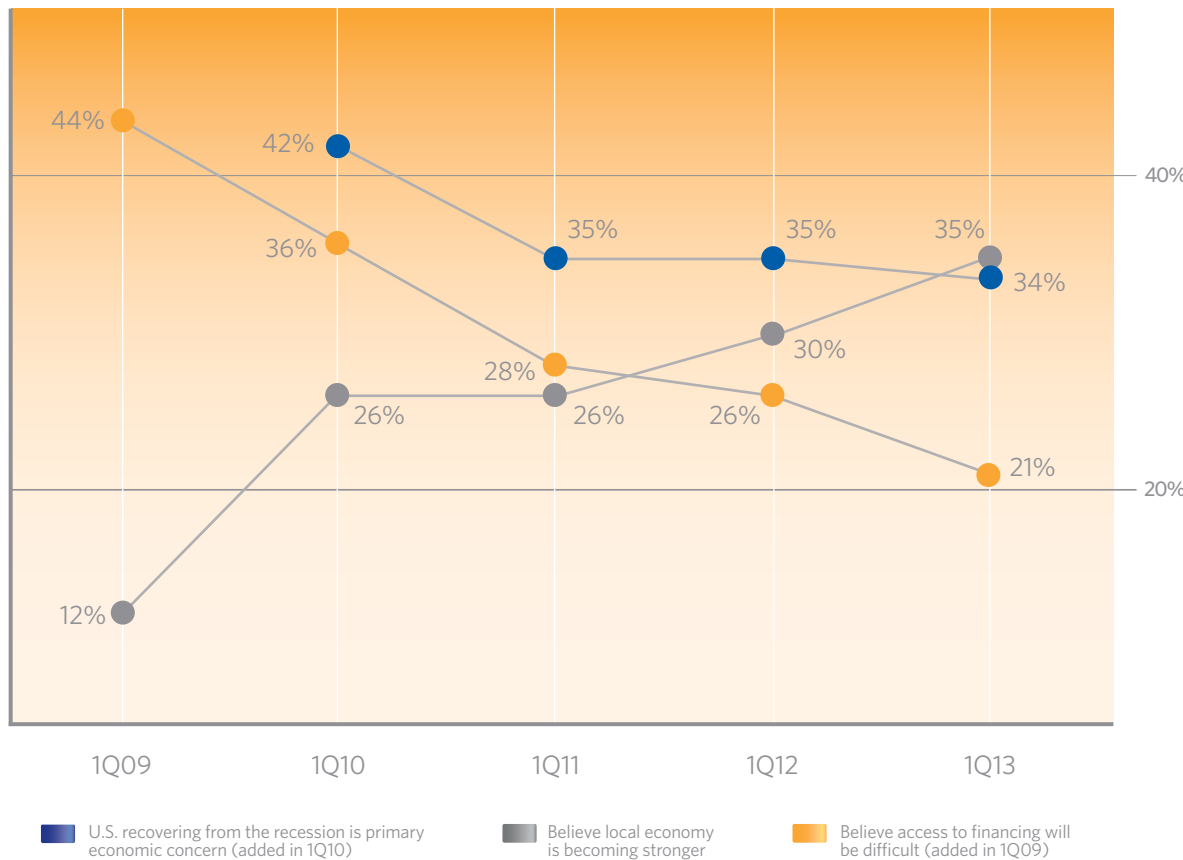
1Q13 Rank		4Q12 Rank	1Q12 Rank
1	U.S. recovering from the recession	1 ~	1 ~
2	Continued increases in energy prices	5 ↑	2 ~
3	Changes in consumer confidence	2 ↓	3 ~
4	Possibility of increasing inflation	4 ~	4 ~
5	The falling value of the dollar	3 ↓	5 ~

Small business owners' economic outlook improves to pre-recession levels

Responses regarding operational performance and confidence in the overall economy indicate businesses are moving out of the "recession state of mind" and appear more optimistic than we have seen since early 2009.

Overall Economic Outlook

The recent recession was marked by difficult access to financing and anxiety due to the weak economy. These fears appear to be subsiding, indicating small business owners may be ready to focus their resources and strategies on growth versus survival.



"The economy we're in is finally starting to pick back up again."

— Non Profit

"Loans are critical and my bank lowered my interest rate."

— Retailer

VISA SPEND INSIGHT

1

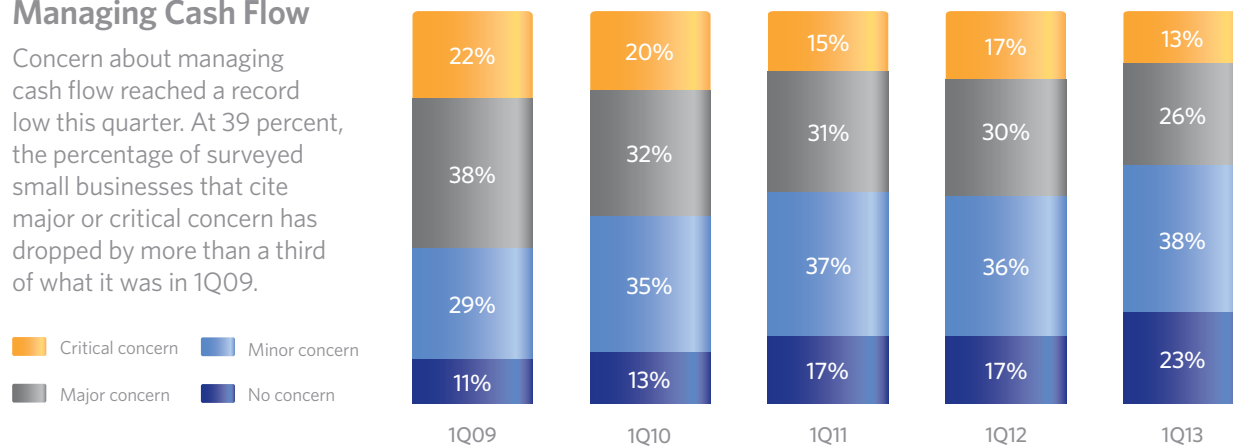
The average ticket of Visa Business card purchases grew by 4.5 percent year-over-year, due primarily to a shift towards larger-ticket categories like small capital investments, and away from smaller-ticket categories like gas. As a comparison, the U.S. inflation rate for that same period grew by 1.17 percent.¹

Business owners are more optimistic about the health of their companies

This quarter, small business owners appear more confident about some of the most essential functions of their businesses. This seems to be driving a renewal of confidence compared to 1Q09 — the height of the recession.

Managing Cash Flow

Concern about managing cash flow reached a record low this quarter. At 39 percent, the percentage of surveyed small businesses that cite major or critical concern has dropped by more than a third of what it was in 1Q09.



“Right now, we’re trying to get more inventory ready.”

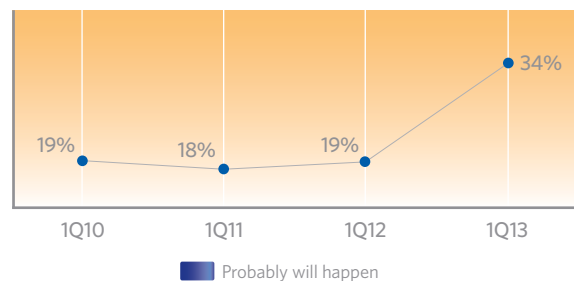
— Retailer

“We actually have no internal cash flow concerns at the moment.”

— Manufacturing

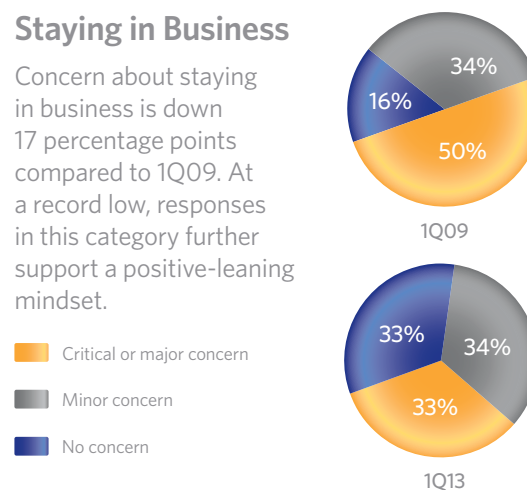
Increased Inventory Levels

In just over a year, confidence in increasing inventory has nearly doubled. A relatively new category (added in 1Q10), it is nonetheless a strong indicator of small businesses’ outlook on the recession.



Staying in Business

Concern about staying in business is down 17 percentage points compared to 1Q09. At a record low, responses in this category further support a positive-leaning mindset.



VISA SPEND INSIGHT

2

The Visa Business card spend in small capital investments during the 12-month period ending in March 2013 increased by 11.4 percent year-over-year — the highest increase to date reported.² This may indicate that cash flow improvements are allowing small business owners to invest more into improving their businesses.

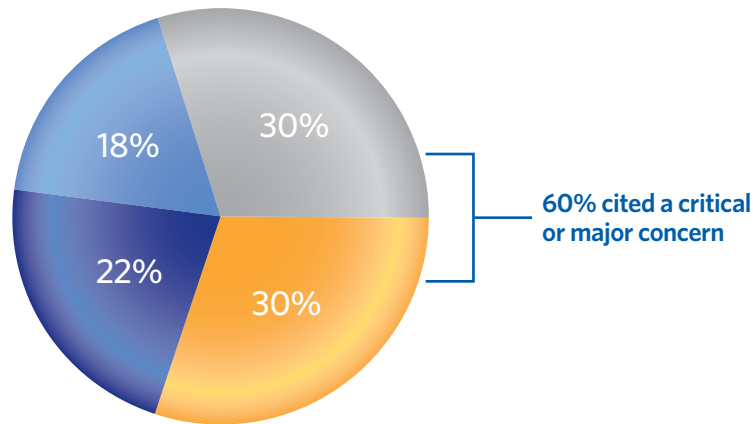
Lingering concerns remain around factors outside business owners' control

Although increasing optimism can be seen this quarter, small business owners appear to remain uneasy about regulatory and legislative developments such as health care reform and Federal spending cuts. Now several quarters removed from the recession, policy matters affecting their bottom lines continue to cause small business owners anxiety.

Cost of Health Insurance

Once again a top concern, responses in this category have remained relatively flat for several quarters. A majority of small business owners cite a major or critical concern.

- Critical concern
- Major concern
- Minor concern
- No concern



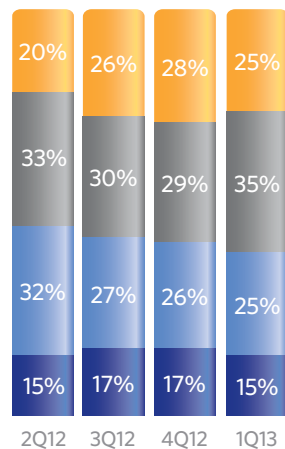
"What we need is less taxes, less government restrictions and a better economy."
— Professional Services/Management

"If we could get help in one area, it would be with health care costs."
— Service

Rising Taxes

Apprehension about taxes not only remains, it has increased gradually over four consecutive quarters. In 1Q13, 60 percent of small business owners cited major or critical concern in this area.

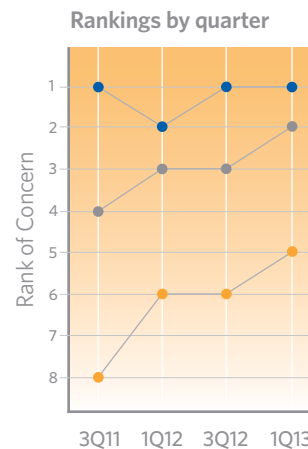
- Critical concern
- Major concern
- Minor concern
- No concern



Government Regulation

Government regulation recently became a Top 5 concern, climbing from the number 8 concern to number 5 in just over a year.

- Cost of health insurance
- Rising taxes
- More restrictive government regulation



VISA SPEND INSIGHT

3

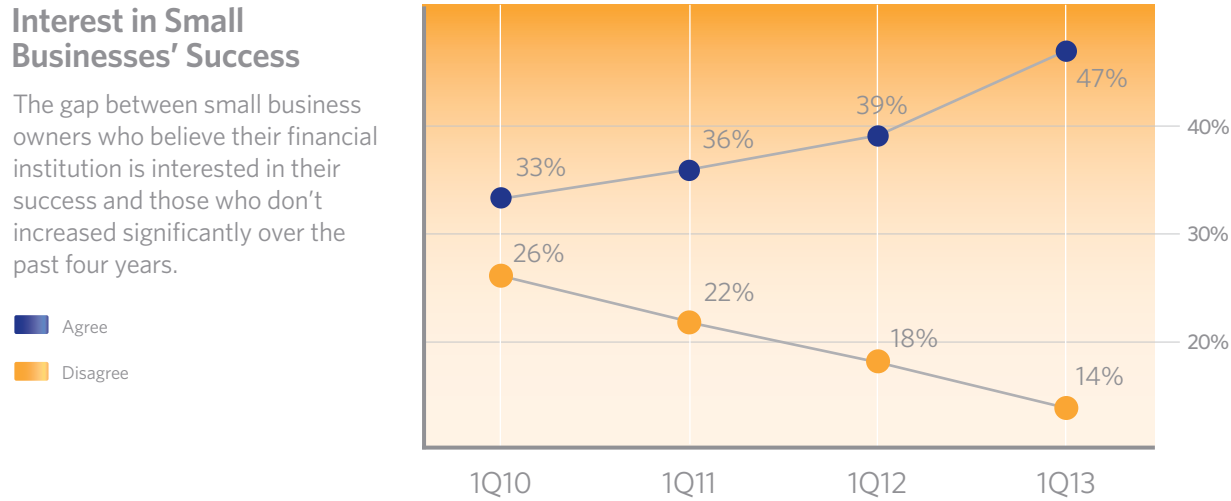
Year-over-year Visa Business card spend on tax payments increased 9.8 percent² — potentially tied to tax rate increases. Although it is unclear how future tax policy will affect card transactions, steep tax increases would likely keep taxes a significant concern.

Economic recovery improving perceptions of financial institutions

Small business owners are more satisfied with their financial institutions' commitment to their success. Perhaps as a result, small business owners also report interest in financial product offerings that may facilitate key process improvements as they continue to bounce back from the recession.

Interest in Small Businesses' Success

The gap between small business owners who believe their financial institution is interested in their success and those who don't increased significantly over the past four years.



"One big help to me would be streamlining the payment process."

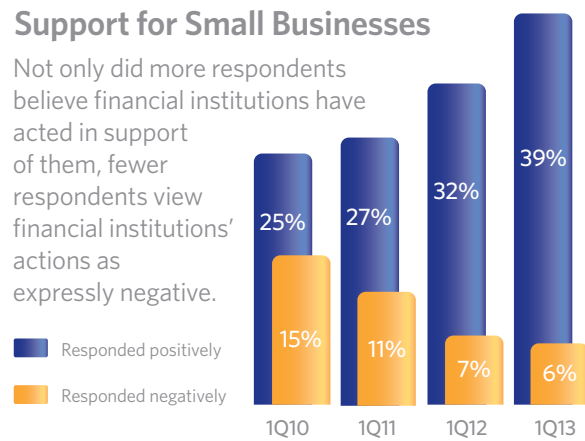
— Attorney

"My bank has helped me with any concerns or questions, and with business solutions."

— Custodial Services

Support for Small Businesses

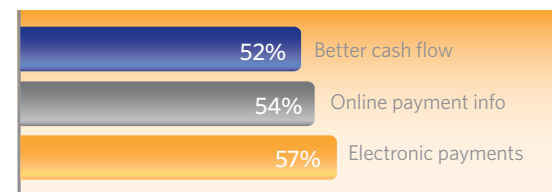
Not only did more respondents believe financial institutions have acted in support of them, fewer respondents view financial institutions' actions as expressly negative.



Potential Process Improvements

A desire to move to digital tools may account for two of the top three potential process improvement tools that small business owners would be interested in if offered by their bank/card issuer.

Small businesses are interested in tools for:



VISA SPEND INSIGHT

4

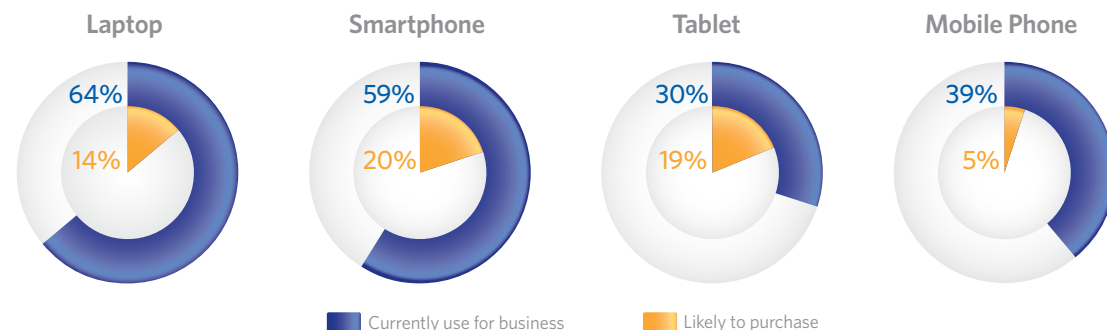
The number of Visa Business card transactions in the employment and temporary staffing category increased by 40 percent for the third straight year-over-year period³. This may indicate that small business owners are cautiously preparing to grow their businesses in terms of workforce.

Small business mobile device usage may present opportunities for financial institutions

Nine out of ten small business owners use at least one mobile device for business purposes. Smartphones and tablets represent the most rapidly growing work-related use, but small business owners also report significant use of standard mobile phones and laptops.

Use of Mobile Devices

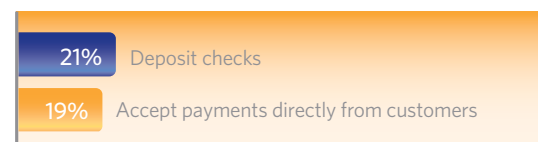
The majority of small business owners already use a tablet or smartphone for work and one out of five plan to purchase one soon. It is imperative that financial institutions consider the prevalence of mobile devices and create compelling solutions to help small business owners.



Types of Mobile Activity

Despite the wide use of smartphones and tablets, only one in five small business owners is looking to use a mobile device to accept or make payments. Exploring the barriers to using these tools may reveal unique opportunities for financial institutions.

Top desired mobile financial activity:



Spend Insights Outlook

Small Business owners continue to show growing confidence with many responses returning to pre-recession optimism. As financing becomes more accessible, many also report improved relationships with their financial institutions. At Visa, we continue to monitor these trends and craft solutions around the evolving needs of small businesses, from reporting tools to mobile capabilities and beyond.

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

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:

[facebook.com/visasmallbiz](https://www.facebook.com/visasmallbiz)
twitter.com/visasmallbiz

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 March 2013 and also consists of 602 interviews conducted in March 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.

¹U.S. Bureau of Labor Statistics

²Analysis based on Visa Business card spend data. April 2011-March 2012 to April 2012-March 2013 year-over-year comparison.

³Analysis based on year-over-year Visa Business card spend data, ending with the April 2012-March 2013 period.