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| **GoDaddy - Microbusiness Density Forecasting**  Forecast Next Month’s Microbusiness Density |
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**GoDaddy - Microbusiness Density Forecasting**(USA)**.**

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# 1.0. Micro Business!!

*a business that operates on a very small scale.*

*"More than half the new enterprises are sole proprietorships or microbusinesses with no more than two employees"*

A micro business, also known as a micro-company or micro-enterprise, is the newest trend in the entrepreneurial world. Because it is so new, the term is vaguely defined as a small business that operates with 1-5 employees and requires less than $50,000 to start the company. Independent contractors, freelancers, and small organizations are all considered micro-enterprises.

Some examples of this type of business: Etsy owners, Amazon suppliers, solo consultants, freelance graphic designers, and etc.

## **1.**1 Statistics of Micro Business. *(Forbes)*

### 1. 99.9% of businesses across the US are small businesses

Though the nation’s largest corporations get the spotlight, according to the U.S. Small Business Administration the reality is that the vast majority of businesses in the U.S. are small businesses. In fact, there are an astounding 33.2 million small businesses[[1]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)across America.

### 2. Nearly half of all U.S. employees are employed by a small business

Yet even though over 80% of small businesses have no employees, small businesses employ 61.7 million workers. That’s 46.4% of all US employees[[1]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)—a large percentage of employees when less than 20% of small businesses even have employees at all. This shows just how vital the growth of small businesses is in a nation that depends so heavily on them for employment and with that, survival.

### 3. Over 8 out of 10 small businesses have no employees

According to the data, out of the 33.2 million small businesses, 27.1 million are run by a single owner and have no employees.

### 4. Just 16% of small businesses have 1-19 employees

While most small businesses have no employees at all, 16% of small businesses have between one and 19 employees. And out of the 33.2 million small businesses, only 650,003 small businesses have between 20 and 499 employees.

## Small Business Job Creation

### 5. Small businesses have added over 12.9 million jobs in the last 25 years

Though the average small business is operated by a solo founder, small businesses still provide a vast amount of employment opportunities within the U.S. Over the past 25 years, small businesses have generated nearly 13 million net new jobs.[[1]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)For perspective, that’s about two-thirds of the jobs added to the economy.

### 6. The professional and business services industry created over 1.1 million new jobs in the last year alone

The vast majority of new jobs created are coming from the professional and business services industries, which accounted for over one million new jobs created in the last 12 months.[[2]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)On the other end of the spectrum, and perhaps not surprisingly following a pandemic, the leisure and hospitality industries took a hard hit in terms of job loss.

In general, the labor market has continued to recover over the past year, with employment increasing by 5.8 million—that’s 240,000 above its February 2020 level.

### 7. The industry with the most job openings is the education and health services industry

It’s no secret that those in the education and health services industry are in high demand, and that’s in part due to low supply. The Education and Health Services industry currently has the most job openings.[[3]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)For individuals, this indicates a viable field and job security. However, for businesses, this means that those entering these industries should expect to invest heavily in attracting and retaining staff.

### 8. The industry with the highest projected job growth is home health and personal care

While the education and health services industry currently has the highest number of job openings, the home health and personal care industry is expected to see the highest growth. Over the next decade, it is estimated to see an increase at the astronomical rate of 924%.[[2]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)This reveals projected growth within the home health and personal care industries, which is slated to increase in demand given the fact that the aging population is growing disproportionately larger[[4]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)than the younger generations.

### 9. The leisure and hospitality industry saw the biggest loss of jobs in 2022

Since February 2020, the Leisure and Hospitality industry has lost 633,000 jobs.[[2]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)However, the industry now faces a tremendous opportunity to rebound following the pandemic. Not only has traveled resumed, but the desire for travel has greatly increased following stay at home orders and limiting international travel restrictions.

### 10. D.C. and New York have the highest unemployment rates in the nation

According to the most recent data, the nation’s capital, the District of Columbia, has the highest unemployment rate in the country at 5.1%. Right behind it is New York at 4.7%. Meanwhile, on the other end of the spectrum, Minnesota has the lowest unemployment rate at just 1.9%.

### 11. Unemployment rates remains least affected in largely rural states

While D.C. and New York saw unemployment rates skyrocket, Arkansas, Nebraska and Oklahoma held the most steady,[[2]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)largely maintaining the previous year’s unemployment rates. It may be indicative of a correlation between largely rural states, population density and unemployment rates, where states with a high population density have an increased potential for higher unemployment rates.

### 12. Only 14% of jobs lost during the pandemic will be recovered in 2023

Over the next year, employment in the U.S. is expected to increase by 1.3 million. Granted, this is following immense job loss due to the pandemic. According to data from the Bureau of Labor Statistics,[[2]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)9.6 million jobs were lost in the U.S. due to covid between May 2020 and September 2022. In other words, the projected job growth for 2023 remains just a fraction of what was lost during the pandemic. This indicates that while the nation is in recovery, it still has a long way to go.

### 13. By 2031, only 87% of jobs lost during covid will be recovered

In fact, according to estimates, it will take the U.S. over a decade to fully recover in terms of job loss from the pandemic. According to available employment projections, employment is expected to grow by 8.3 million by 2031.[[2]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)That’s still just 87% of the 9.6 million jobs lost during the pandemic.

### 14. The fastest growing industries are healthcare and social assistance

Not only do the healthcare and social assistance industries have the highest survival rate across all industries, but it also boasts the fastest growing industry.[[2]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)

### 15. The industry that will add the most jobs is individual and family services

The individual and family services industry has the highest projected growth as it is estimated to add over one million jobs between 2019 and 2029.[[2]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)The industry that is slated to have the second highest job growth in the nation is computer systems and design which is projected to add over 574,000 jobs in the next 10 years.

## Small Business Salaries & Wages

### 16. The average salary of a small business owner is just 3% above the annual mean wage in the U.S.

Business owners and entrepreneurs may make up some of the wealthiest people in the world, however, the average small business owner salary is just three% above the national average mean wage of $58,260[[5]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)at $60,151.[[6]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)Of course the salary of the average business owner varies greatly; on the low end, small business owners earn an average salary of $29,000 and earn as much as $128,000 on the average high end, according to pay rate data from Payscale.

### 17. Hourly earnings have increased over 5% over the last year

Over the year, hourly earnings have increased by 5.2%. Average weekly hours fell 0.1 hour to 34.5 hours in August.[[2]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)Meanwhile, the annual inflation rate in the U.S. over the past 12 months is 7.7%, meaning that the increase in annual earnings is not proportionate to the rising inflation rate.

## Small Business Ownership Statistics

### 18. Millennials own just 7% of small businesses in the U.S.

Despite that the millennial generation is highly entrepreneurial, millennials own just seven percent of small businesses. Gen Z is behind millennials, accounting for just one percent of small business ownership. Meanwhile, the vast majority of small businesses are owned by Boomers and Gen X, illustrating “the generation gap”[[7]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)in business ownership. Granted, the average age to start a business is reportedly 35 years old, so the younger generation may simply need a bit more time for the reality to catch up to their desire to own a business.

### 19. More small businesses are owned by males than females

Though the gap is narrowing, females only own 43.2% of small businesses. Racial minorities own 19.4% of small business—of which Hispanics own 13.8%. Veterans are one of the least represented groups, owning just 6.4% of small businesses in the U.S.[[1]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)

## Online & E-Commerce Business Statistics

### 20. Nearly 1 out of 3 businesses still don’t have a website

In an increasingly digital age where websites are becoming easier—and more affordable—than ever to build and maintain thanks to [code-free website builders](https://www.forbes.com/advisor/business/software/best-website-builder-for-small-business/) and immense online resources, still only 71% of businesses have a website.[[8]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)Of the nearly one-third favoring website-free, 20% say they use social media in lieu of creating a website. That doesn’t mean that is a widely advisable move, however, as millions look to Google to discover businesses for anything from deciding where to grab dinner or buy an automobile.

### 21. Over 25% of business is conducted online

Still not sure if a business website is quite necessary? As of 2021, there were 230.5 million online shoppers.[[3]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)This equated to over a quarter of all business being conducted online.[[9]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)As the pandemic limited the movement of people, more consumers resorted to the web to shop. And not just for things like clothes and shoes, but groceries, alcohol, prescription medications, counseling and more.

### 22. Over three-quarters of shoppers visit a business’s website before their physical location

Just because a business operates in-person doesn’t mean brick and mortars don’t need a website. In fact, 76%[[10]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)of online shoppers reportedly check a business’s website before visiting their physical store or location. As surprising as this may initially be, the reality is that the web has become consumers’ first stop. And this is good news for brick-and-mortar businesses because it means that you don’t have to depend solely on foot traffic or word of mouth to get customers or clients through your doors.

## Small Business Costs

### 23. Labor remains the number one cost for businesses at 70% of spending

For most businesses, the biggest cost is labor. It makes up 70% of a business’s spending,[[11]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)taking up a large piece of the pie. For this reason, it’s not surprising then that one of the first areas a business looks to save money on is labor costs, whether that’s through layoffs, outsourcing to more affordable staff overseas or employing software that helps reduce the number of hands-on deck a business needs to operate.

### 24. Inventory is the second biggest cost for small businesses

On average, the next biggest cost behind labor for businesses is inventory, which makes up an average of 17 to 25% of a business’s budget.[[12]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)Though inventory should equate to revenue down the line, it does represent a large upfront cost for small businesses who may be on a tight budget. For this reason, the popularity of drop shipping continues to grow, as do smaller minimum quantity orders to help reduce the upfront investment and the space required for storage—never mind the chances of damage or inventory spoiling.

### 25. Advertising accounts for just 1% of a business’s revenue on average

It’s common to hear of astronomical advertising budgets and campaign spending, and yet advertising makes up just one percent of the average business’s revenue.[[13]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)One of the most popular advertising channels with 55%[[3]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)of businesses using it is now social media. This is likely due to the value of a pay-per-click-based ad platform where advertisers only pay when users interact with their ad, the ease of use across said platforms and the sheer accessibility they offer to businesses of all sizes and budgets.

### 26. Over half of all small businesses reportedly cut spending

For businesses, the rising inflation and labor expenditure means that the cost of doing business is on the rise from every angle, from increasing human capital costs to materials and shipping to property taxes and building maintenance and utilities. In response, 57% of businesses cut costs over the last year.[[14]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)

Not surprisingly, businesses sought a few ways to cut costs and reduce overhead. For example, while some went fully remote (cutting costly office space and common in-office perks like free snacks and drinks) others sought more affordable manufacturing contracts or suppliers, while others employed artificial intelligence to decrease downtime and increase productivity.

## Small Business Survival Statistics

### 27. Over 180,000 more small businesses opened than closed in the last year

From March 2020 to March 2021, approximately 1.1 million new small businesses opened, according to data from the U.S. Small Business Administration (SBA).[[1]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)That is 180,528 more small businesses that opened within this timeframe than closed. This increase shows positive growth towards business ownership, and the shift towards entrepreneurship following the pandemic and tremendous job loss.

### 28. 1 in 5 businesses fail within the first year

Chances are you’re familiar with the statistic that half of all businesses fail. However, this only paints a partial picture. To get the complete picture, it should be noted that 20% of businesses fail in the first year, 30% in the second year and 50% by year five.[[15]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)This illustrates how pivotal the first five years of business are for new ventures.

### 29. Nearly half of businesses fail due to a lack of market demand

Of the half of all businesses that fail within the first five years, 42%[[16]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)of them fail due to a lack of market demand. What this shows is just how important obtaining proof of market prior to going headlong into a new venture. Additionally, it may also reveal a disconnect with marketing where there may be demand, but a lack of awareness that contributes to little to no demand for the specific business, its services and/or products.

### 30. Running out of capital is the second most common reason small businesses fail

The next most common reason for small business failure is running out of capital, at a rate of 38%.[[16]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)Starting and running a small business is undoubtedly expensive, and so it’s vital for business owners to have amassed a good deal of capital to cover operating expenses for the first number of years as the business gets on its feet and starts turning a profit, rather than operating at a loss.

### 31. The professional, scientific and technical services industry has the highest failure rate

In terms of failure rates by industry, the professional, scientific and technical services industry has the highest rate at 19.4% in the first year.[[17]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)The volatility of this ever-evolving and constantly advancing industry is likely part of the reason for this as not only does it impact new product and service adoption rates, but can be something of a moving target for businesses.

### 32. The industry with the highest survival rate is the healthcare and social assistance industries

On the other end of the spectrum, the healthcare and social assistance industries have the highest survival rates.[[17]](https://www.forbes.com/advisor/business/small-business-statistics/#sources_section)Unlike the scientific and technical services industry, there’s generally a clear need for businesses within the healthcare space, and though it too sees constant evolution, demand never wanes.

## Conclusion: What do these statistics mean for small businesses?

Small businesses can glean a lot of insight by looking at business statistics. Not only does data help provide intel on the general business climate—the one in which all businesses operate within, but statistics can also be leveraged to enable businesses to better plan for the future based on the direction in which the data is pointing to. Of course, while every business will potentially interpret and apply the data differently, this is exactly what can help give one small business a leg up on those that do not.