

Fiserv Small Business Index[®]

Monthly Overview | January 2025

Spending Priorities Realign for Consumers

National Overview

In January 2025, the Fiserv Small Business Index rose to 147, a 1-point increase from December 2024. The transaction index also gained 2 points, reaching 113. Sales grew marginally by +0.5% compared to December, but saw a robust +5.1% year-over-year increase. Transactions accelerated by +1.3% over December and +6.5% year over year. Growth in small businesses was driven by increased spending in Professional Services, Educational Services, Repair and Maintenance, and Building Materials. Retail and Wholesale sectors experienced slower growth. Construction declined, likely due to harsh winter weather. Restaurants saw heavy foot traffic, but much lower average ticket sizes as consumers shifted to more wallet-friendly options. On an annualized basis, consumers focused more of their spending on services and essentials.

Key Takeaways

What Happened This Month?	Why Does It Matter?	How Should We Interpret?
Consumers focused spending more on nondiscretionary and service-related needs.	This kept up the consumer spending momentum from December, and accelerated year-over-year growth to 5.1%.	Shifting seasonal demands, harsh weather and strong December sales were significant headwinds. Still, consumers were spending at small business with confidence.
Retail sales were up +4.1% year over year, but this was a slower pace than December. Month-over-month growth was just 0.2%.	Key categories like Clothing (-3.4% MoM) and Furniture (-1.9% MoM) slowed down significantly from December. While a January reset is a reasonable expectation, sustained momentum is important to growth.	Consumers may have needed to re-prioritize spending and devote more to essentials and services. Solid retail transaction growth also suggests that consumers may simply be adopting strategies to make their dollars stretch.
Restaurant sales declined (-1.7% YoY, -1.3% MoM) despite increased foot traffic (+6.5% YoY).	The decline in sales, despite higher foot traffic, indicates consumers are opting for lower-cost menu items, reflecting inflationary pressures.	This trend highlights the impact of inflation on consumer behavior and the ongoing challenges restaurants are likely to face in maintaining profitability.

National Index Trends

Figure 1: National Index

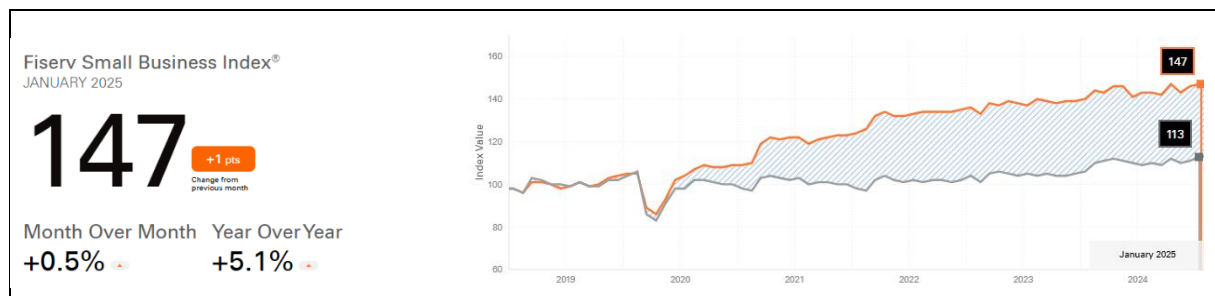


Figure 2: National Snapshot – January 2025

Across the total U.S. small business ecosystem, January 2025 sales growth (+5.1%) outpaced the 2024 full-year growth rate of +4.1%. Transactions also accelerated to +6.5%, while average tickets declined – 1.4%.

	Sales Index	Transaction Index	Sales Growth	Transaction Growth	Avg. Ticket Growth
December 2024	147	113	5.1%	6.5%	-1.4%
YTD 2024 (Jan – Dec)	144	112	4.1%	5.4%	-1.3%

Figure 3: Sales Index YoY Growth – Past 12 Months

	F	M	A	M	J	J	A	S	O	N	D	J
Sales Index	144	143	146	146	141	144	143	142	147	143	146	147
Sales YoY	7.7%	3.1%	6.6%	4.8%	2.1%	4.4%	2.2%	1.9%	6.2%	3.0%	4.9%	5.1%
Transactions YoY	8.6%	6.0%	5.3%	5.4%	5.0%	3.8%	5.8%	4.0%	7.8%	6.1%	5.5%	6.5%
Avg. Ticket YoY	-0.9%	-2.9%	1.3%	-0.7%	-3.0%	0.6%	-3.6%	-2.1%	-1.6%	-3.2%	-0.6%	-1.4%
Inflation Rate (BLS gov)	3.2%	3.5%	3.4%	3.3%	3.0%	2.9%	2.5%	2.4%	2.6%	2.7%	2.9%	

Figure 3 shows the pace of year-over-year sales growth accelerated to +5.1% in January, continuing the momentum from 2024, but based on a different mix of demand priorities from consumers. Transactions also accelerated in January, up +6.5%. Average ticket declined further, down -1.4%. This acceleration happened despite a huge winter storm system that blanketed much of the U.S. with unprecedented low temps and precipitation. However, this event likely hastened the typical January consumer shift away from Retail, as more service-oriented consumer spending often takes priority at the beginning of the year.

It may also be useful to mention that Q4 2024 GDP grew at an annualized rate of +2.5%, down slightly from a downward-revised +2.7% rate for Q3. As a lagging indicator, this may help explain why Retail slowed in January.

Figure 4: Fiserv Small Business Index NAICS Sectors (Level 2) – Sales Index (December 2024)

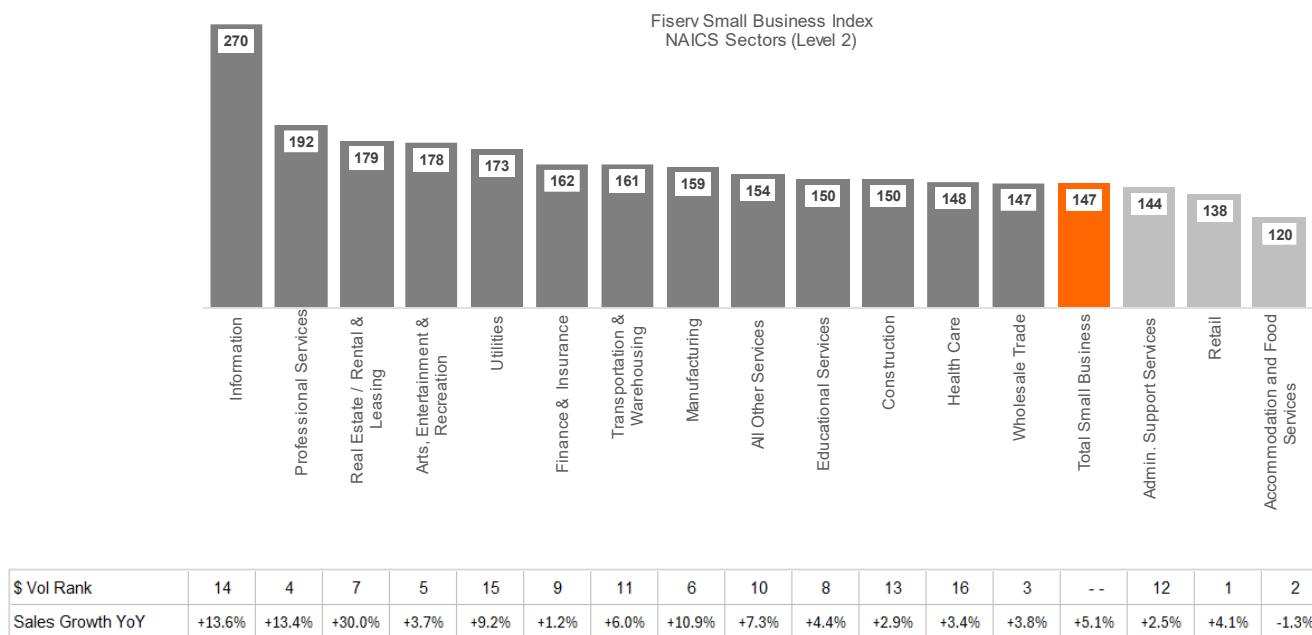


Figure 4 displays the Index results for Total Small Business and each of the 16 NAICS sectors tracked by the Fiserv Small Business Index (sorted in descending index order). The table contains the dollar-volume rank and the YoY sales-growth rate for each sector. The two highest-volume sectors are indexing lower than the national index, a signal that consumers changed the focus of their spending for this month to other areas within small business, presumably because of demand shifts.

Top Small Business Segments – Month-Over-Month Results

Figure 6: Top 10 Subsectors (Based on Sales Volume) – January 2025

The top 10 subsectors consistently represent between 61% and 63% of all small-business sales volume.

Sales Volume Rank	Top 10 Subsectors (NAICS L3) (based on total dollar sales)	Sales Index	Index Point Chg.	Sales % Chg. MoM	Trans. % Chg. MoM	Avg. Ticket % Chg. MoM	Contr.	Primary Driver of MoM Sales Change
1	Food Services and Drinking Places	118	-2	-1.3%	1.8%	-3.1%	13.7%	Average-ticket decrease
2	Professional, Scientific and Technical Services	192	+6	3.2%	-0.2%	3.4%	8.5%	Average-ticket increase
3	Specialty Trade Contractors	150	-2	-1.0%	1.9%	-3.0%	7.6%	Average-ticket decrease
4	Merchant Wholesalers, Durable Goods	142	-2	-1.4%	-1.9%	0.5%	5.7%	Transactions decrease
5	Insurance Carriers and Related Activities	162	0	0.1%	4.0%	-3.9%	5.4%	Transactions increase Average-ticket decrease
6	Real Estate	197	+13	6.9%	4.9%	2.0%	4.8%	Transactions increase

7	Food and Beverage Retailers	151	+1	0.7%	1.2%	-0.5%	4.5%	Transactions increase
8	Ambulatory Health Care Services	148	+2	1.0%	0.3%	0.8%	4.2%	Average-ticket increase
9	Accommodation	126	+	0.2%	0.8%	-0.6%	4.0%	Transactions increase
10	Gasoline Stations and Fuel Dealers	137	+2	1.6%	-0.2%	1.8%	3.7%	Average-ticket increase
	Total Small Business	147	+1	0.5%	1.3%	-1.4%	100%	Average-ticket decrease

Figure 7: Discretionary vs. Non-Discretionary Spend (weighted)

	Wtd. Sales Index	Index Point Chg.	Sales % Chg. MoM	Trans. % Chg. MoM	Avg. Ticket % Chg. MoM	Share of Sales	Primary Driver of MoM Sales Change
Discretionary	140	-1	-0.5%	2.0%	-2.5%	49%	Average-ticket decrease
Nondiscretionary (essential)	159	+3	1.5%	-0.1%	1.6%	51%	Average-ticket increase

Figure 8: Goods vs. Services

	Wtd. Sales Index	Index Point Chg.	Sales % Chg. MoM	Trans. % Chg. MoM	Avg. Ticket % Chg. MoM	Share of Sales	Primary Driver of MoM Sales Change
Goods	142	0	-0.1%	0.8%	-0.9%	29%	Average-ticket decrease
Services	154	+2	0.8%	1.5%	-0.7%	71%	Transaction-count increase

Month-over-month nondiscretionary spend increased for the second month in a row – primarily due to larger average ticket sizes. Discretionary spending declined -0.5% month-over-month. Despite transactions increasing +2.0%, average tickets fell -2.5% month-over-month. In terms of Goods and Services, consumers increased transactions for services (+1.5%) at a pace nearly 2x as they did for Goods (+0.8%). January average ticket sizes declined for both goods and services relative to December, at -0.9% and -0.7%, respectively.

Retail Performance: Pace of Consumer Spending slowed in January

Figure 9

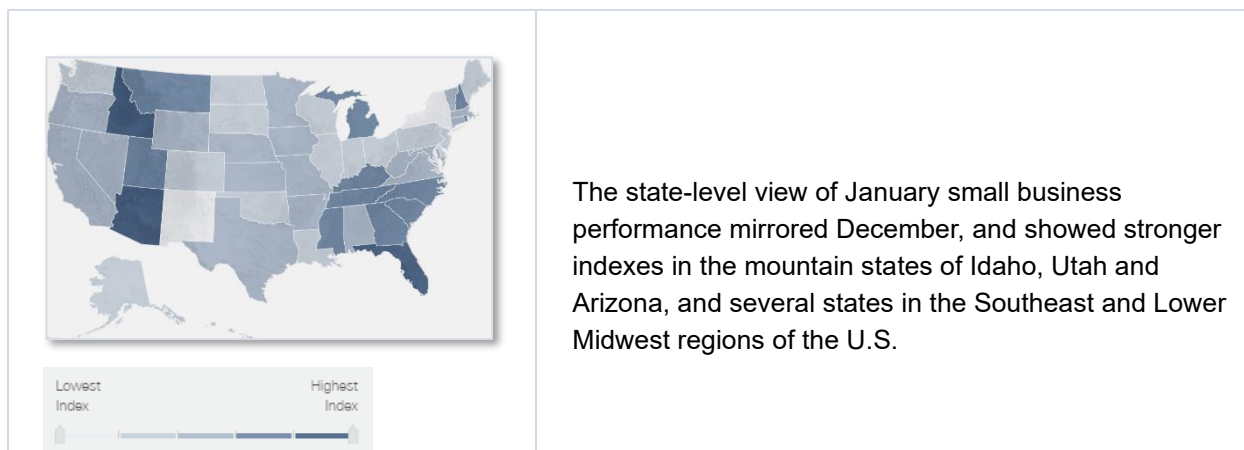
Rank	NAICS Level 3 Retail Category – Ranked on Sales Volume	Sales Index	Index Point Chg.	Sales % Chg. MoM	Sales % Chg. YoY
1	Food and Beverage Retailers	151	1.1	0.7%	5.6%
2	Gasoline Stations and Fuel Dealers	137	2.1	1.6%	3.4%
3	Motor Vehicle and Parts Dealers	131	-1.0	-0.8%	1.8%
4	Building Material and Garden Equipment and Supplies Dealers	162	3.1	1.9%	4.5%
5	Sporting Goods, Hobby, Musical Instrument, Book and Miscellaneous Retailers	123	0.3	0.2%	3.2%
6	Clothing, Clothing Accessories, Shoe and Jewelry Retailers	112	-4.0	-3.4%	3.8%
7	Furniture, Home Furnishings, Electronics and Appliance Retailers	122	-2.4	-1.9%	3.4%
8	Health and Personal Care Retailers	127	0.5	0.4%	0.6%
9	General Merchandise Retailers	190	-0.1	-0.1%	11.0%
Total Retail		138	0	0.2%	4.1%
Total Small Business		147	1.0	0.5%	5.1%

Retail Performance

In January, the Fiserv Small Business Index for Retail Trade remained steady at 138. Sales grew by +4.1% year-over-year, and transactions increased by +5.1% year-over-year, while average tickets fell by -1.0%. Although these results are solid, they indicate a slowdown compared to December's year-over-year figures. Spending on Building Materials (+1.9% MoM) and Gasoline Stations (+1.6% MoM) accelerated, likely due to weather-related demands. However, after a strong holiday season, parts of Retail, such as Clothing, Furniture and Motor Vehicle Parts, have all slowed. Spending at General Merchandise, Food and Beverage Stores, Health and Personal Care Stores, and Sporting Goods remained largely unchanged month over month.

State-Level Overview – January 2025

Figure 10



Top 5 States

Figure 11-A: Based on Sales Growth MoM

State Rank (\$\$)	Top 5 States Based on MoM Sales % Chg.	Sales Index	Index Point Chg.	Sales % Chg. MoM	Sales % Chg. YoY
20	Maryland	144	+6	4.2%	8.0%
41	Montana	161	+5	3.5%	-3.7%
33	Iowa	146	+5	3.5%	4.8%
14	Washington	134	+4	3.3%	7.1%
11	Virginia	152	+4	2.6%	10.4%

Figure 11-B: Based on Total Sales Volume

State Rank (\$\$)	Top 5 States Based on Total Sales Volume	Sales Index	Index Point Chg.	Sales % Chg. MoM	Sales % Chg. YoY
1	California	146	0	0.3%	5.8%
2	Florida	168	3	1.7%	11.9%
3	Texas	145	-1	-0.6%	1.5%
4	New York	119	-1	-0.7%	0.2%
5	Illinois	133	3	2.0%	8.7%

Figure 11-A shows the top 5 states in January 2025 based on their acceleration of sales growth from November. Smaller states (in terms of small-business representation) like Maryland (+4.2%) and Montana (+3.5%) grew much faster than the national month-over-month growth pace of +0.5%.

Figure 11-B lists the top 5 states in the U.S. based on total sales volume for small business in January. Year-over-year growth in Florida of +11.9% made it the clear leader among these top 5 states for a second month in a row. Illinois led month-over-month sales growth at +2.0%.

Top Metro Markets Overview – January 2025

Figure 12: Top 10 Metro Markets

Rank*	Top Metro Markets	Sales Index	Index Point Chg.	Sales % Chg. MoM	Sales % Chg. YoY
1	New York-Newark-Jersey City NY-NJ-PA	117	0	-0.5%	-3.3%
2	Los Angeles-Long Beach-Anaheim CA	151	-2	-1.3%	+0.1%
3	Chicago-Naperville-Elgin IL-IN-WI	127	+2	+1.5%	+3.9%
4	Miami-Fort Lauderdale-Pompano Beach FL	163	+2	+1.3%	+9.6%
5	Dallas-Fort Worth-Arlington TX	144	0	-0.2%	-1.1%
6	Washington-Arlington-Alexandria DC-VA-MD-WV	134	+2	1.2%	-4.0%
7	Boston-Cambridge-Newton MA-NH	140	+3	+2.5%	-0.5%
8	Atlanta-Sandy Springs-Alpharetta GA	161	0	0.0%	+14.3%
9	Philadelphia-Camden-Wilmington PA-NJ-DE-MD	138	+3	+1.8%	+2.8%
10	San Francisco-Oakland-Berkeley CA	127	+3	+1.8%	+2.8%

*Top 10 ranked on total market sales volume

Learn More

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