



Fiserv Small Business Index[®]

Quarterly Overview | 2nd Quarter, 2025

Seasonally Adjusted Report

Small Businesses Find Growth Amid Uncertainty and Expanding Consumer Frugality

Key Takeaways:

Q2 2025 Key Theme: Resilience with Caution. Despite the slowing pace, year-over-year sales growth remains positive in many sectors. Consumers have not stopped spending, but they have become more selective and value-driven in their choices. Here are the dynamics we see:

- **Foot Traffic Fatigue.** Transaction volumes have declined month-over-month, suggesting that consumers are making fewer shopping trips and visits. This trend is especially pronounced in restaurants and retail, where foot traffic erosion is directly impacting sales.
- **Shift from Discretionary to Essential Spending.** Consumers are clearly prioritizing needs over wants. Spending on essentials, such as groceries, healthcare and insurance, has consistently outpaced discretionary categories like dining out, fashion and electronics. This shift reflects a recalibration in behavior amid economic uncertainty.
- **Inflation Forces Consumers to Prioritize How They Spend.** Consumers appear to be spending more cautiously to stretch dollars. Average ticket values are down in discretionary categories, with many opting for cheaper dining options and delaying big-ticket purchases. Rising prices on essentials are squeezing household budgets. Overall sales growth is largely due to price increases rather than volume, forcing tough choices and spending cutbacks.
- **Post-Tariff Surge Hangover.** March saw a spike in spending, particularly on durable goods, as consumers rushed to beat expected tariff hikes. Since then, spending has slowed, revealing that the March surge was more about timing than confidence.

National Overview

U.S. small businesses experienced a slowdown in sales momentum in Q2 2025. The Fiserv Small Business Index shows the overall index advanced only 1 point in Q2, climbing to 149. Quarter-over-quarter sales grew +0.9%, a pace much slower than the results for Q1 2025 and Q4 2024, both of which delivered +1.7% growth QoQ. Year-over-year growth was stronger at +3.5%, but even this pace was notably slower than the preceding quarters' annualized growth. When adjusted for inflation, YoY growth slowed to +1.6%, reflecting the lingering pressures from inflation despite lower and mostly stabilized inflation rates of the last three months (see Figure 2).

Transactions (foot traffic) declined -0.3% compared to Q1, and the annual pace slipped to +4.2%. This was the slowest annual quarterly growth of the last 6 consecutive months. Average ticket growth surged in Q2 to +1.2%, which was a significant reversal of the recent QoQ trend.

The slowdown corresponds to softening observed across the U.S. economy as uncertainty about the impact of changing trade policies appeared to make consumers pull back as the quarter progressed. Consumers also increasingly shifted spending to essentials and devoted fewer dollars to discretionary purchases.

Figure 1a: Small Business Q2 2025 Year-Over-Year Performance Summary

| National Overview (by quarter) | Q1 2024 | Q2 2024 | Q3 2024 | Q4 2024 | Q1 2025 | Q2 2025 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales Index | 141.7 | 144.3 | 143.0 | 145.5 | 147.9 | 149.3 |
| QoQ Sales Growth | 2.0% | 1.8% | -0.9% | 1.7% | 1.7% | 0.9% |
| YoY Sales Growth | 4.3% | 4.6% | 2.9% | 4.7% | 4.4% | 3.5% |
| | | | | | | |
| Transaction Index | 108.5 | 110.4 | 109.6 | 111.6 | 115.3 | 115.0 |
| QoQ Transaction Growth | 3.6% | 1.7% | -0.7% | 1.8% | 3.3% | -0.3% |
| YoY Transaction Growth | 5.4% | 5.2% | 4.7% | 6.5% | 6.2% | 4.2% |
| | | | | | | |
| Average Ticket Growth | | | | | | |
| QoQ Average Ticket Growth | -1.6% | 0.1% | -0.2% | -0.1% | -1.6% | 1.2% |
| YoY Average Ticket Growth | -1.1% | -0.6% | -1.7% | -1.8% | -1.8% | -0.7% |

Source: Fiserv Small Business Index, seasonally adjusted

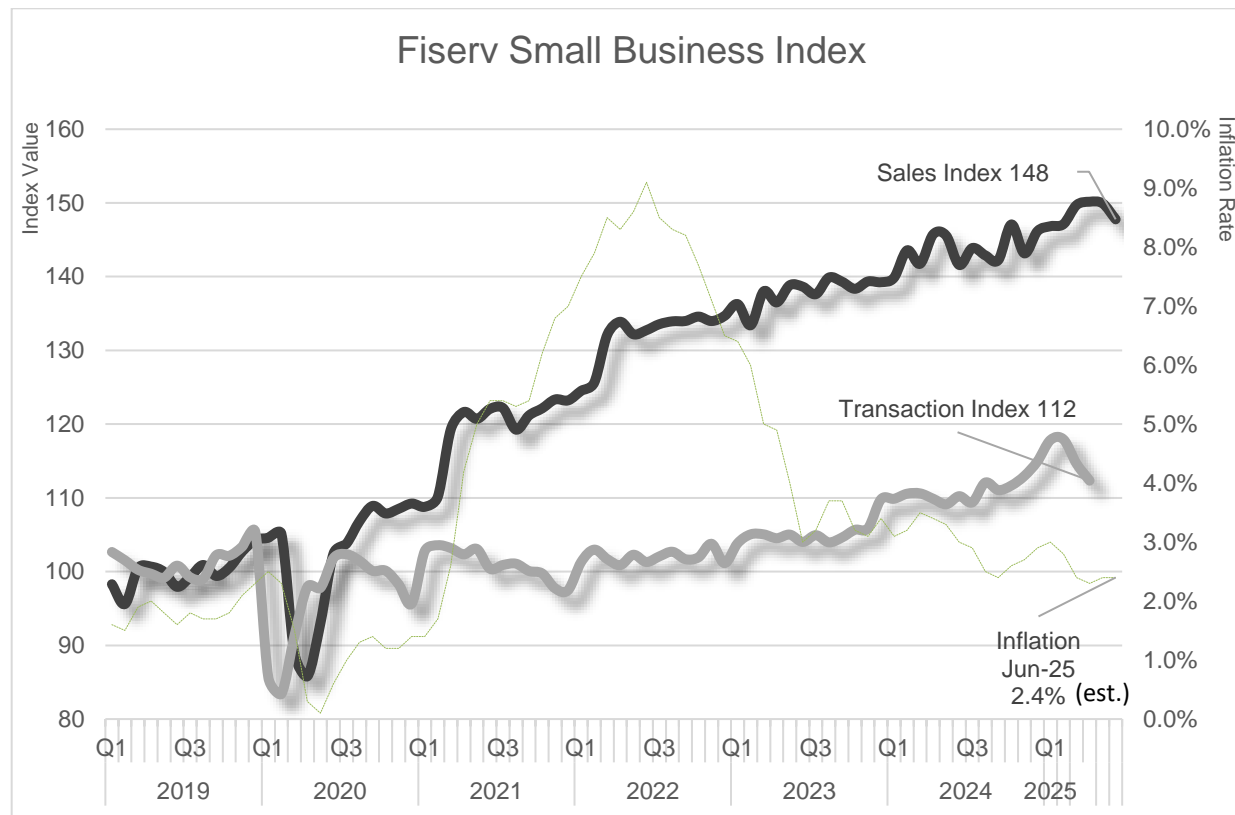
Special Note: Seasonally adjusted values will have slight variations every month and quarter as we use the full time series of data in each month's seasonal adjustment.

Each month in Q2 showed a gradual decline in transactions, while the average expenditure per transaction grew. Itemizing the quarter by month helps illustrate this pattern.

Figure 1b: Small Business Q2 2025 Performance by Month

| MoM | Sales | Transactions | Avg Ticket | YoY | Sales | Transactions | Avg Ticket |
|-----|-------|--------------|------------|-----|-------|--------------|------------|
| APR | 0.3% | 0.1% | 0.2% | APR | 3.0% | 6.7% | -3.4% |
| MAY | -0.2% | -2.8% | 2.7% | MAY | 3.0% | 3.6% | -0.6% |
| JUN | -1.4% | -2.0% | 0.6% | JUN | 4.4% | 2.2% | 2.1% |

Figure 2: Time Series View of the Fiserv Small Business Index (plotted with U.S. inflation rate)



Source: Fiserv Small Business Index (seasonally adjusted); BLS.gov. The June 2025 inflation rate will be published on July 15.

- The Fiserv Small Business Index was 148 in June, down 2 points from May. The quarter's index value of 149 was a modest 1-point gain over Q1 and reflected a slowdown in momentum.
- The slowdown in the overall Fiserv Small Business Index is tied directly to the slowing transaction index. It reached a six-year high of 118 in April but swiftly retreated to 112 in June. This was a clear signal that consumers had pulled back on spending.

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*Fiserv Small Business Index does not represent Fiserv financial performance.

The Quarter in Review

Over the past quarter, consumer spending has undergone a decisive transformation, signaling a recalibration. After a tariff-driven surge in March, momentum faded as consumers pivoted from preemptive buying to pragmatic purchases. April marked the first signs of restraint, with spending growth slowing across both goods and services, and a clear tilt toward essentials.

By May, the shift crystallized. Restaurant visits, which are often a sign of discretionary confidence, dropped sharply, while grocery and healthcare spending remained steady. It was clear consumers had begun to reprioritize their spending focus.

June reinforced this trend. Despite resilient year-over-year growth in small business sales, month-over-month figures revealed less enthusiasm: foot traffic declined, discretionary spending decreased and average tickets on essentials continued their steady climb.

The message is clear that while consumers are still spending, they are making practical choices. They are trading fine dining for fast food, gadgets for groceries and luxury for necessity. For small businesses and stakeholders of all types, this signals a market in flux, where volume may soften. However, value can still be captured by aligning with the consumer's evolving decision-making around need over want.

Tariff Implications

Prior to the planned implementation of tariffs in April, the small business sector benefited from expanding consumer demand. However, April marked an inflection point, indicating a shift toward slower foot traffic and higher average tickets. Even so, certain dynamics associated with the small business ecosystem may have helped to blunt the immediate impact of tariff-related trends.

The Shielding Effect of Service Dominance. Small business volume is dominated by services (70%), while retail and wholesale goods contribute the remaining 30%. The dominance of services helps shield small businesses from direct tariff pressures. Meanwhile, retail and wholesale small businesses, which import goods from abroad, are likely to suffer direct and indirect price impacts from increased tariffs. Importantly, not all service providers are immune. Many must import products they need to perform services for their customers. For example, plumbers, electricians and HVAC contractors often rely on specialty building materials and air conditioning units that can only be sourced from abroad, while optometrists and other health providers might need testing equipment and medical supplies manufactured overseas. Others face higher operational costs or are affected by economic ripple effects, such as changes in consumer spending that affect demand for their services.

Soft demand and cheap inventory helped to keep prices low. Small business retailers may have been reluctant to raise prices because demand was clearly starting to taper. Demand surged in February and March but tapered each month in Q2. Many retailers made forward buys of imported goods to hedge against expected higher prices later, resulting in cheaper inventories. Despite these factors, higher average ticket sizes were observed in tariff-vulnerable subsectors like furniture, electronics and auto parts during the quarter.

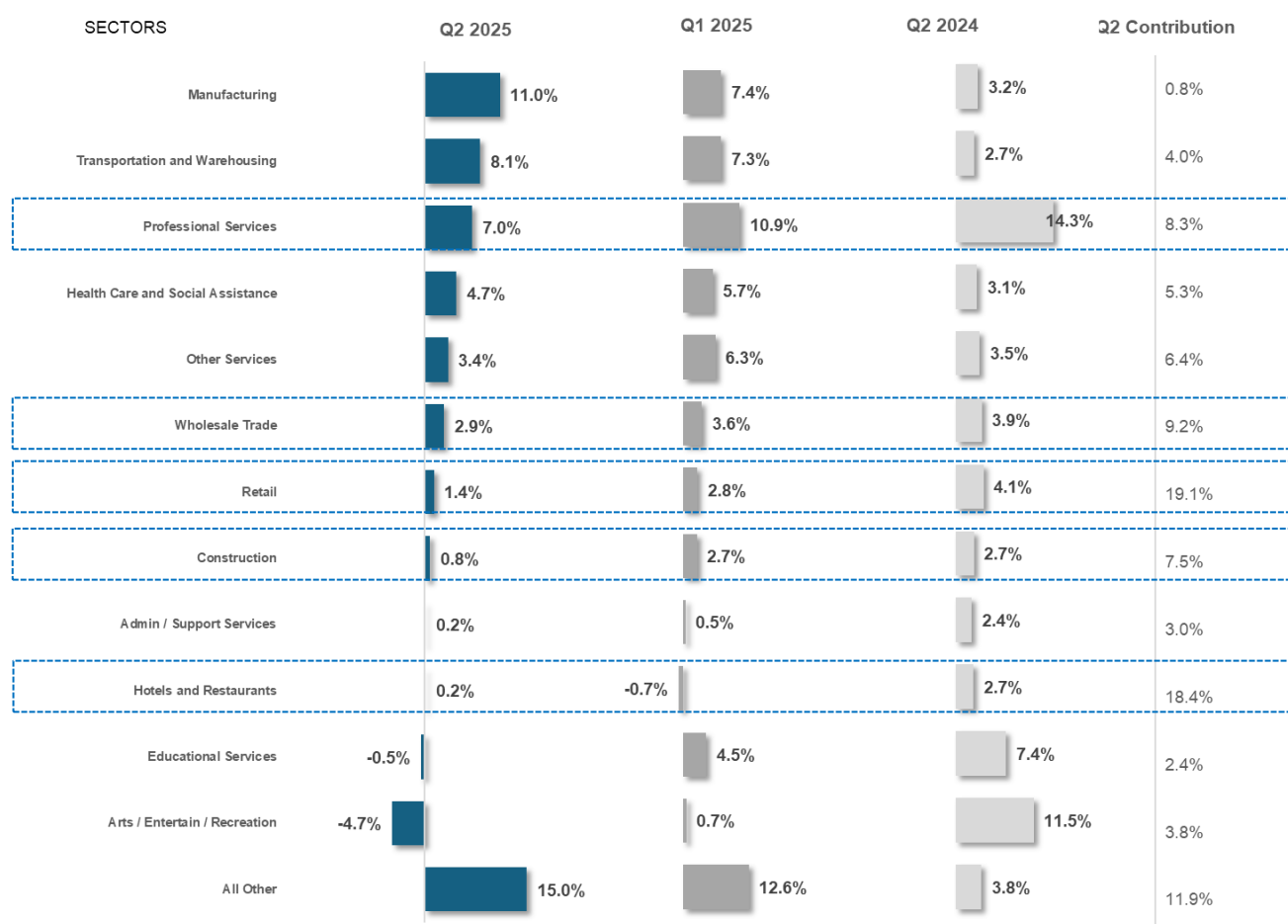
Tariff-induced price increases will take longer to be reflected in the consumer price index (CPI). Tariffs on intermediate goods (i.e., products used in the production of other goods and services) take longer to result in higher prices because they must work their way through

production processes. Tariff-influenced price hikes will ultimately be reflected in inflation rates, but the timeline, duration and overall influence remain uncertain. Slowing demand complicates price hike decisions, as many businesses are currently unsure of the extent to which they will be able to pass on price increases to customers.

Some sectors found opportunities amid uncertainty. A few businesses were able to find a competitive advantage within the disruption and policy uncertainty. Retailers and wholesalers who bought inventory ahead of expected price increases also required additional services to move and store the product. As a result, small businesses specializing in transportation and warehousing benefited from this increased demand.

Sector-Level Insights – Year-Over-Year Growth Results

Figure 3: Year-Over-Year Sales Growth by Sector, by Quarter



All Other includes Real Estate and Rental and Leasing, Information, Utilities, and Finance and Insurance

Source: Fiserv Small Business Index, seasonally adjusted

Fast growth in some smaller sectors does not always boost the overall performance of small business. The tables above show how each sector performed in Q2, as well as their contribution to overall small business sales. The top 5 contributors are displayed and account for more than 62% of small business sales in Q2.

Sector-Level Insights – Retail

In Q2 2025, Food and Beverage Retailers led the retail landscape with the highest year-over-year sales growth (+5.0%) and the largest share of total sales (23.4%), underscoring consumers' continued prioritization of essentials. In contrast, Gasoline Stations and Health and Personal Care Retailers posted negative growth, reflecting both potential shifts in consumer habits and the deflating impact of falling fuel prices nationally. Discretionary categories like Clothing and Home Furnishings showed moderate growth, suggesting selective spending rather than a full retreat. Overall, the retail sector grew modestly to +1.4% YoY, with essentials driving the bulk of that momentum while several discretionary subsectors saw less upside.

Core Retail (which excludes highly volatile subsectors within Retail) offers a more stable view of the economic health of Retail. When we focus on the areas with less volatility, we see YoY sales growth in Q2 was +3.3%, which was more in line with overall sales growth (+3.5%). The three volatile subsectors (see definition in table below) declined at a combined rate of -1.3% YoY.

When adjusted for inflation, Retail sales growth was +2.1%, which factors in the relief that consumers got from falling fuel prices over the last year. [EIA.gov](https://www.eia.gov) reports gas prices in Q2 2025 are a full \$0.40 per gallon cheaper than Q2 2024.

Figure 4: Retail Subsectors Performance and Distribution of Sales (Q2 2025)

| Retail Subsector – Small Business | Q2 2025 YoY Sales Growth | % of Sales |
|---|-----------------------------|------------|
| Food and Beverage Retailers | 5.0% | 23.4% |
| Clothing, Clothing Accessories, Shoe, and Jewelry Retailers | 4.2% | 8.0% |
| Furniture, Home Furnishings, Electronics, and Appliance Retailers | 3.7% | 7.2% |
| Building Material and Garden Equipment and Supplies Dealers | 2.8% | 10.4% |
| Sporting Goods, Hobby, Musical Instrument, Book, and Misc. Retailers | 2.6% | 10.1% |
| General Merchandise Retailers | 0.8% | 5.7% |
| Motor Vehicle and Parts Dealers | 0.0% | 11.1% |
| Health and Personal Care Retailers | -1.4% | 5.9% |
| Gasoline Stations and Fuel Dealers | -4.1% | 18.3% |
| Core Retail (excludes Building Materials and Garden Equipment and Supplies Dealers, Motor Vehicle and Parts Dealers, Gasoline Stations and Fuel Dealers) | 3.3% | 60.2% |
| Total Retail | 1.4% | - - |
| Total Retail - Inflation Adjusted | 2.1% | - - |

Spotlight – Small Business Performance in Selected Subsectors

The consumer pullback on transactions was a key factor in the slowdown in sales growth for Q2. Consumer efforts to lower average expenditure per transaction added downward pressure to sales growth. These behaviors are best understood through a lens of essential and discretionary spending. For example, sales growth and average ticket stability in Ambulatory Health Care (an essential spending area) adapted to the consumer pullback much better than Retail (which is dominated by discretionary options).

| AMBULATORY HEALTH CARE | | | |
|------------------------|--------------|--------------|----------------|
| MoM | Sales | Transactions | Average Ticket |
| APR 2025 | 0.4% | 1.3% | -0.9% |
| MAY 2025 | -0.7% | -0.8% | 0.1% |
| JUN 2025 | -3.3% | -3.7% | 0.5% |
| Q2 (QoQ) | -0.1% | 0.3% | -0.5% |
| YoY | Sales | Transactions | Average Ticket |
| APR 2025 | 3.9% | 4.6% | -0.6% |
| MAY 2025 | 3.1% | 4.2% | -1.0% |
| JUN 2025 | 1.5% | 2.8% | -1.3% |
| Q2 (YoY) | 2.8% | 3.8% | -1.0% |

| RETAIL | | | |
|-----------------|--------------|--------------|----------------|
| MoM | Sales | Transactions | Average Ticket |
| APR 2025 | -0.1% | 0.1% | -0.1% |
| MAY 2025 | -1.0% | -0.6% | -0.4% |
| JUN 2025 | -1.7% | -1.0% | -0.7% |
| Q2 (QoQ) | -1.1% | 0.6% | -1.7% |
| YoY | Sales | Transactions | Average Ticket |
| APR 2025 | 1.8% | 4.0% | -2.1% |
| MAY 2025 | 0.8% | 2.7% | -1.9% |
| JUN 2025 | 1.7% | 1.9% | -0.2% |
| Q2 (YoY) | 1.4% | 2.9% | -1.4% |

As restaurants (arguably a discretionary category) struggled with diminishing foot traffic and trade-downs in menu options during Q2, grocery stores (essential) were able to maintain stability. In fact, Q2 saw total Grocery transactions expand compared to Q1, which has also promoted sales and average ticket stability year over year.

| RESTAURANTS | | | |
|-----------------|-------------|--------------|----------------|
| MoM | Sales | Transactions | Average Ticket |
| APR 2025 | 0.1% | 0.1% | 0.1% |
| MAY 2025 | 0.1% | -5.6% | 6.0% |
| JUN 2025 | -2.6% | -2.5% | -0.1% |
| Q2 (QoQ) | 2.2% | -1.8% | 4.1% |
| YoY | Sales | Transactions | Average Ticket |
| APR 2025 | 1.9% | 9.3% | -6.8% |
| MAY 2025 | 1.3% | 3.2% | -1.8% |
| JUN 2025 | 0.4% | 1.1% | -0.7% |
| Q2 (YoY) | 1.2% | 4.5% | -3.1% |

| GROCERY | | | |
|-----------------|-------------|--------------|----------------|
| MoM | Sales | Transactions | Average Ticket |
| APR 2025 | 0.3% | 0.1% | 0.3% |
| MAY 2025 | 0.0% | -0.4% | 0.4% |
| JUN 2025 | 0.9% | 0.0% | 0.9% |
| Q2 (QoQ) | 1.0% | 1.4% | -0.4% |
| YoY | Sales | Transactions | Average Ticket |
| APR 2025 | 6.9% | 7.0% | -0.1% |
| MAY 2025 | 4.0% | 5.0% | -0.9% |
| JUN 2025 | 4.1% | 4.0% | 0.1% |
| Q2 (YoY) | 5.0% | 5.3% | -0.3% |

Discretionary/Essential and Goods/Services Trends

Figure 5: Discretionary vs. Essential Sales Growth YoY (Q2 2025)

| Q2 2025 Small Business | Share of Wallet | Sales Growth | Transaction Growth | Avg. Ticket Growth | Inflation Adj. Sales Growth |
|---------------------------|--------------------|--------------|-----------------------|-----------------------|--------------------------------|
| Discretionary | 49% | 1.3% | 4.5% | -3.1% | -1.0% |
| Essential | 51% | 5.6% | 3.4% | 2.1% | 4.3% |
| Grand Total | 100% | 3.5% | 4.2% | -0.7% | 1.6% |

- Through Q2, consumer spending on **essential items grew more than 4x faster** than discretionary, despite faster transaction growth of discretionary items.
- This is partly because essential items have seen average tickets increase by +2.1%. The average transaction was above \$100. Discretionary spend averaged \$44, which was down -3.1% from Q2 2024.
- Consumers devoted 51% of their spending to essential items.
- When adjusted for inflation, discretionary sales declined -1.0%, and essential sales grew +4.3%.

Figure 6: Goods vs. Services Sales Growth YoY (Q2 2025)

| Q2 2025 Small Business | Share of Wallet | Sales Growth | Transaction Growth | Avg. Ticket Growth | Inflation Adj. Sales Growth |
|---------------------------|--------------------|--------------|-----------------------|-----------------------|--------------------------------|
| Goods | 28% | 1.9% | 3.0% | -1.0% | 1.6% |
| Services | 72% | 4.1% | 4.7% | -0.6% | 1.7% |
| Grand Total | 100% | 3.5% | 4.2% | -0.7% | 1.6% |

- Through Q2, consumer spending on **Services grew over 2x faster** than spending on Goods.
- Service transactions also grew faster than Goods (defined as retail + wholesale subsectors).
- Consumers devoted 72% of their spending to Services.
- Inflation-adjusted sales growth on Goods was +1.6%, a pace similar to topline growth, but because of rising prices for Services, inflation-adjusted sales growth there was more significant, slowing to +1.7%.

Geographic Trends

In Q2 2025, California, Florida and Texas led the nation in small business sales volume, collectively accounting for nearly 27% of national activity, though their quarter-over-quarter (QoQ) growth was modest. Illinois and Ohio stood out for their strong QoQ sales growth, despite Ohio experiencing a sharp drop in transaction volume. This suggests that higher average ticket sizes may be compensating for the lower number of transactions in some states. Meanwhile, Georgia and New York saw flat or negative growth, indicating potential saturation or consumer fatigue. Overall, the data reflects a geographically uneven performance, with some of the largest states growing through volume, others through average ticket increases, and some showing signs of stagnation.

Figure 7: Q2 2025 Performance by State (top 10 based on total small business dollar sales)

| | | Sales Index | Sales Growth Q-o-Q | Sales Growth Y-o-Y | Transaction Index | Trans Growth Q-o-Q | Trans Growth Y-o-Y | % of Nat'l Small Business Sales (Q2 2025) |
|----|----------------|-------------|--------------------|--------------------|-------------------|--------------------|--------------------|---|
| 1 | California | 152 | 2.1% | 7.4% | 119 | 2.5% | 7.4% | 12.3% |
| 2 | Florida | 164 | 0.4% | 7.9% | 122 | 0.5% | 9.2% | 7.8% |
| 3 | Texas | 150 | 0.3% | 3.4% | 120 | 0.0% | 3.8% | 6.8% |
| 4 | New York | 121 | 0.4% | -0.4% | 102 | -1.0% | 1.9% | 6.5% |
| 5 | Illinois | 140 | 4.5% | 11.6% | 109 | -0.9% | 6.8% | 4.1% |
| 6 | North Carolina | 173 | 2.3% | 10.3% | 118 | 0.3% | 1.6% | 3.4% |
| 7 | Pennsylvania | 141 | 0.1% | 2.6% | 112 | -2.1% | 4.7% | 3.3% |
| 8 | Georgia | 164 | -0.1% | 12.9% | 124 | 0.8% | 5.7% | 2.9% |
| 9 | Ohio | 150 | 3.9% | 2.8% | 107 | -4.9% | 1.0% | 2.9% |
| 10 | Virginia | 152 | 0.1% | 8.4% | 113 | 2.7% | 7.8% | 2.7% |

We often look at sales growth rates to understand and rank performance, but this view does not always offer the clearest picture of results. The tables below rank states based on the total dollars gained or total dollars lost in the quarter across all small business.

**Figure 8a: Top 5 States for Small Business Sales Increase (absolute dollars)
Q2 2025 vs Q1 2025**

| small business sales rank | Top 5 States Total Sales Dollars Gained | Q2 2025 Sales Index | Sales Growth QoQ | % of National Small Business Sales |
|---------------------------|---|---------------------|------------------|------------------------------------|
| 1 | California (most dollars gained) | 152 | 2.1% | 12.3% |
| 5 | Illinois | 140 | 4.5% | 4.1% |
| 9 | Ohio | 150 | 3.9% | 2.9% |
| 22 | Wisconsin | 146 | 5.8% | 1.7% |
| 6 | North Carolina | 173 | 2.3% | 3.4% |

Figure 8b: Bottom 5 States for Small Business Sales Increase (absolute dollars)
Q2 2025 vs Q1 2025

| small business sales rank | Bottom 5 States Total Sales Dollars Lost | Q2 2025 Sales Index | Sales Growth QoQ | % of National Small Business Sales |
|------------------------------------|---|------------------------|---------------------|--|
| 11 | Michigan (most dollars lost) | 154 | -5.1% | 2.5% |
| 16 | Colorado | 133 | -2.9% | 2.1% |
| 20 | Arizona | 159 | -2.4% | 1.7% |
| 12 | New Jersey | 137 | -0.7% | 2.5% |
| 32 | Nevada | 144 | -1.4% | 0.9% |

Final Thoughts

While inflation has stabilized despite remaining sticky and above the Federal Reserve's long-time 2.0% target, tariffs have introduced uncertainty during the first half of 2025. Small businesses, particularly those in service sectors, have shown resilience, but the slowdown in foot traffic and mixed performance across subsectors highlight the challenges ahead. As we move forward, monitoring these trends will be crucial for understanding how market changes are affecting small businesses.