Fiserv Small Business Index®

Quarterly Overview | 3rd Quarter, 2025

Seasonally Adjusted Report

Q3 2025: Essentials Lead While Retail Lags: A Pragmatic Quarter for Small Business

Key Takeaways:

Q3 2025 revealed that consumers are remaining cautious. Sales and transactions grew at their most healthy YoY levels this year in Q3, but July strength eased through September as average ticket value slowed, likely due to both a rotation toward value, plus slower inflation. Spending on Essentials continued to dominate, retail growth was significantly challenged and restaurants' only growth came from the lowest-priced options.

Consumer Spending Continued to Grow Despite Sluggish Foot Traffic
While consumer spending showed modest growth across the quarter, the momentum came from increased average ticket sizes as well as higher transaction volumes. In some small business retail areas, growth came exclusively from more spend per transaction because foot traffic declined.

Essentials Outpaced Discretionary Spending
Throughout Q3, spending on Essentials consistently outperformed Discretionary categories. This trend reflects ongoing consumer caution and a prioritization of necessity-driven purchases, even as some Discretionary segments saw short-term gains.

Retail Performance Was Uneven and Under Pressure
Retail sales fluctuated month to month, with September showing a slight decline. Core Retail (which excludes volatile categories) performed better overall, but Food & Beverage Retailers were a consistent drag on performance.

Services Drove Growth
Many service sectors posted solid gains both month-to-month and annually for the quarter. Areas with the most growth included professional services, information and health care/social assistance. These sectors also fall under the umbrella of essentials.

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

National Overview

Q3 2025 showed a slight uptick in overall sales and transactions, offering modest relief to the slowing trends of the several prior quarters. Service-oriented businesses dominate the small business landscape, and their collective performance helped lift overall sales. Foot traffic (transactions) followed a similar pattern. The last two quarters also show that average tickets are moving higher compared to prior quarters.

Figure 1a: Small Business Q3 2025 Performance Summary

National Overview (by quarter)	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Sales Index	**143.9**	**144.3**	**145.4**	**146.0**	**146.7**	**147.6**
QoQ Sales Growth	0.7%	0.3%	0.8%	0.4%	0.4%	**0.7%**
YoY Sales Growth	3.7%	2.5%	2.6%	2.2%	1.9%	**2.3%**
Transaction Index	**111.3**	**112.2**	**112.7**	**112.3**	**113.5**	**114.6**
QoQ Transaction Growth	0.5%	0.8%	0.5%	-0.3%	1.0%	**1.0%**
YoY Transaction Growth	4.3%	3.9%	3.9%	1.5%	2.0%	**2.1%**
Average Ticket Growth						
QoQ Average Ticket Growth	0.1%	-0.5%	0.3%	0.7%	-0.6%	**-0.3%**
YoY Average Ticket Growth	-0.6%	-1.4%	-1.2%	0.7%	0.0%	**0.2%**

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 Q3 showed weak month-over-month transaction growth, while the year-over-year pace was more substantial and consistent. Average tickets are up on an annual basis as well

Figure 1b: Small Business Q3 2025 Performance by Month

MoM	Sales	Transactions	Avg Ticket
JUL	0.9%	0.6%	0.3%
AUG	0.0%	0.5%	-0.5%
SEP	0.1%	0.3%	-0.2%

YoY	Sales	Transactions	Avg Ticket
JUL	2.5%	2.2%	0.3%
AUG	2.1%	2.0%	0.1%
SEP	2.3%	2.3%	0.1%

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Figure 1c: Q3 2025 Performance of Selected Segments

WHOLESALE TRADE			
MoM	**Sales**	**Transactions**	**Average Ticket**
JUL 2025	1.3%	1.8%	-0.5%
AUG 2025	-0.3%	-2.4%	2.1%
SEP 2025	0.4%	-0.2%	0.5%
Q3 (QoQ)	**0.5%**	**-1.1%**	**1.6%**
YoY	**Sales**	**Transactions**	**Average Ticket**
JUL 2025	2.6%	3.3%	-0.7%
AUG 2025	1.8%	-2.1%	4.0%
SEP 2025	2.4%	-1.5%	3.9%
Q3 (YoY)	**2.2%**	**-0.2%**	**2.4%**

RETAIL			
MoM	**Sales**	**Transactions**	**Average Ticket**
JUL 2025	1.1%	0.1%	0.9%
AUG 2025	0.0%	0.5%	-0.5%
SEP 2025	-0.3%	-0.6%	0.3%
Q3 (QoQ)	**-0.1%**	**0.2%**	**-0.3%**
YoY	**Sales**	**Transactions**	**Average Ticket**
JUL 2025	1.8%	2.0%	-0.2%
AUG 2025	0.8%	1.8%	-1.0%
SEP 2025	1.6%	1.9%	-0.3%
Q3 (YoY)	**1.4%**	**1.9%**	**-0.5%**

Retail struggled to maintain momentum through Q3, particularly with Food and Beverage retailers. Food Services and Drinking Places (restaurants) have performed better thanks to lower-priced segments that appeal to budget-conscious consumers. Wholesale durables and non-durables delivered growth as consumers made off-cycle large-ticket purchases.

RESTAURANTS			
MoM	**Sales**	**Transactions**	**Average Ticket**
JUL 2025	0.2%	0.4%	-0.2%
AUG 2025	0.7%	0.6%	0.2%
SEP 2025	0.3%	0.4%	-0.1%
Q3 (QoQ)	**0.7%**	**0.6%**	**0.0%**
YoY	**Sales**	**Transactions**	**Average Ticket**
JUL 2025	0.6%	0.0%	0.7%
AUG 2025	1.7%	0.4%	1.2%
SEP 2025	1.2%	0.4%	0.8%
Q3 (YoY)	**1.2%**	**0.3%**	**0.9%**

GROCERY			
MoM	**Sales**	**Transactions**	**Average Ticket**
JUL 2025	-0.5%	-0.6%	0.1%
AUG 2025	0.4%	0.5%	-0.2%
SEP 2025	-1.5%	-0.7%	-0.8%
Q3 (QoQ)	**-0.6%**	**-0.4%**	**-0.2%**
YoY	**Sales**	**Transactions**	**Average Ticket**
JUL 2025	1.1%	2.2%	-1.1%
AUG 2025	1.5%	2.4%	-0.8%
SEP 2025	-0.1%	1.7%	-1.8%
Q3 (YoY)	**0.8%**	**2.1%**	**-1.2%**

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Tariffs and Uncertainty - Q3 2025

Small Business Lens

Goods vs. Services: Uneven Exposure, Uneven Impact – Goods-based merchants (wholesalers and retailers) are absorbing the full weight of tariffs via higher costs and complexity. Service-based businesses are more insulated, but they are not immune to rising costs of imported necessities. The elimination of the de minimis tariff exemption adds to cost pressures of small businesses and compounds their struggles to navigate compliance and customs requirements. Small businesses with domestic supply chains are likely in a better position.

Strategic Sourcing: Survival Through Flexibility –To mitigate risk, small businesses are diversifying suppliers, front-loading inventory and exploring domestic sourcing. The Economist reports a rise in “dual supply chains” and alternative sourcing/“friendshoring” strategies to improve resilience, especially among firms with international exposure.

Pricing Tactics: Cautiously Adjusting Price, Bundling Value – While some businesses are cautiously raising prices, many are opting for creative bundling, loyalty incentives, or absorbing costs to preserve trust with customers. Small businesses are particularly sensitive to demand erosion, as foot traffic appears to have become a reactionary consumer response. Accordingly, pricing decisions are more likely to be applied item by item, rather than broad-based.

Holiday Season: Competing With Giants, Leaning on Loyalty – With October marking the start of major retail campaigns, small businesses are bracing for competition from the biggest retailers. Instead of matching prices, many are leaning into niche offerings, local engagement, and flexible fulfillment to stay relevant. According to the National Federation of Independent Businesses, many small businesses report cautious optimism and expect stable or rising revenues despite the tariffs.

Tariffs as a Strategic Inflection Point – Tariffs are forcing small businesses to rethink everything – from sourcing and pricing to customer retention. A few operators are raising prices aggressively, but many more are adapting through operational discipline, strategic pivots, and a clear-eyed view of global trade volatility.

Consumer Lens

From a consumer perspective, economists are assessing the “K-shaped” spending taking place. This describes a pattern where economic outcomes diverge sharply between different groups. The “upper arm” of the K represents high-income earners and asset holders who continue to thrive, while the “lower arm” reflects lower-income households facing stagnation or decline. This split is exacerbated by an environment of rising tariffs and stubborn inflation which impacts everyday goods and services. Wealthier consumers can absorb higher costs, but others are effectively priced out, which deepens inequality. The structural challenge for small businesses lies in serving two vastly different consumer profiles with distinct spending behaviors.

A recent analysis published by ADP finds that privately held businesses trimmed jobs each month in Q3, likely as cost-saving measures to cope with new external pressures. A separate report published by the Federal Reserve Bank of Philadelphia has reported that persistent inflation in Q3 2025 has eroded wage gains for many consumers, which in turn reduces their purchasing power. As Q4 approaches, part of the survival for a small business depends on knowing which side of the “K” its customers are found.

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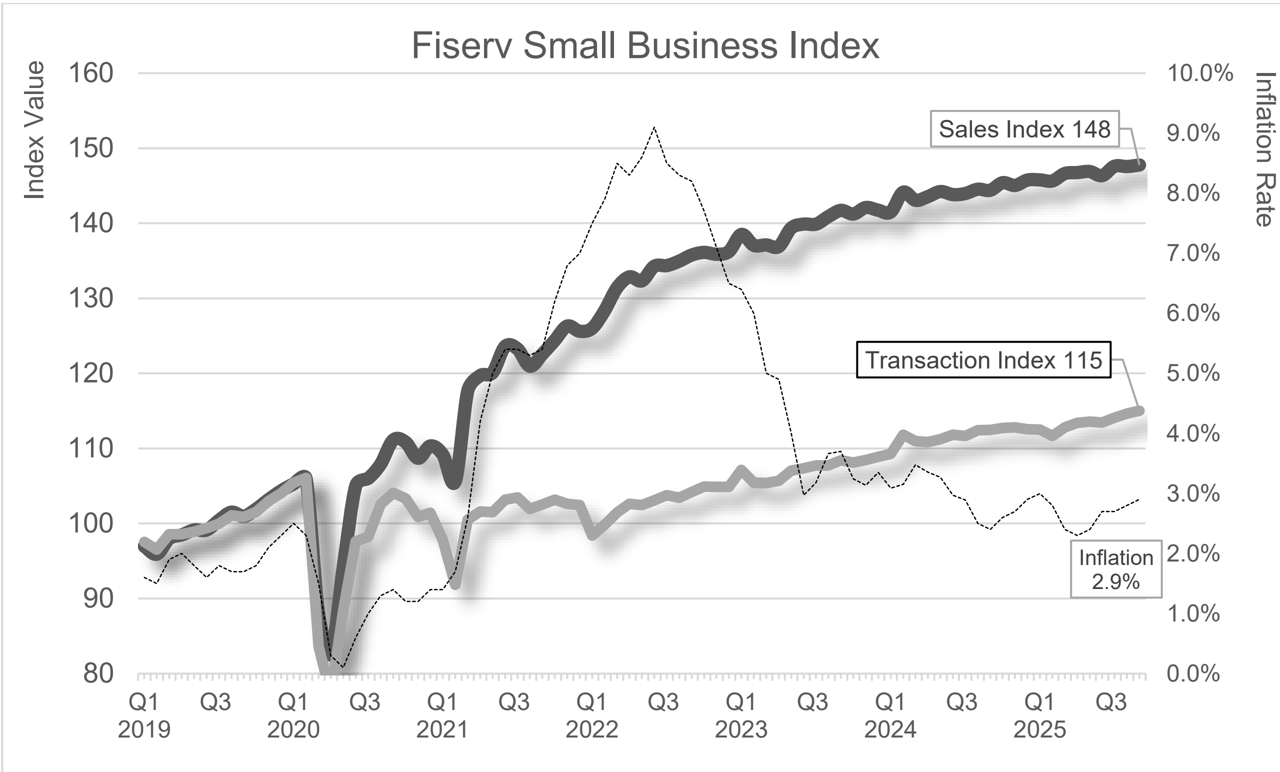
Figure 2: Time Series View of the Fiserv Small Business Index (plotted with U.S. inflation rate)



Source: Fiserv Small Business Index (seasonally adjusted); BLS.gov. The Sep 2025 inflation rate is estimated to be published on Oct. 15.

Two observations from this chart:

- **Inflation is serving as a catalyst and a constraint**
  As inflation cooled from its June 2022 spike, transaction growth has remained subdued. While inflation may have boosted top-line results, it may also soften demand. The sales index deceleration in Q3 2025 suggests that sales growth will be harder to get without foot traffic recovery.

- **Evidence of small businesses and consumers striking their respective balance**
  Recent stabilization in the index could reflect a strategic shift in consumer behavior of fewer visits and more purposeful recalibration of how they engage. Businesses and consumers may be adapting to this “sticky” inflationary period, where efficiency, pricing and optimized product mix may have had to make up for weaker foot traffic.

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

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

	Q3 2025	Q2 2025	Q3 2024	% of Sales
Professional, Scientific, and Technical Services	7.5%	8.1%	7.0%	8.4%
Information	5.8%	7.4%	7.7%	5.7%
Health Care and Social Assistance	3.7%	3.4%	2.1%	6.9%
Admin / Support / Waste Mgmnt / Remediation Services	3.1%	0.2%	0.7%	4.0%
Other Services (except Public Administration)	3.0%	3.1%	3.5%	6.9%
Rental and Leasing Services	2.4%	-0.9%	-1.0%	0.9%
Wholesale Trade	2.2%	2.0%	2.5%	5.8%
Construction	1.8%	0.7%	0.4%	8.6%
Transportation and Warehousing	1.6%	0.4%	1.8%	4.9%
Educational Services	1.6%	1.0%	2.3%	3.8%
Retail Trade	1.4%	1.3%	0.1%	21.9%
Accommodation and Food Services	0.7%	0.3%	2.2%	18.2%
Arts, Entertainment, and Recreation	-1.7%	-2.8%	8.3%	4.1%
Total Small Business	**2.3%**	**1.9%**	**2.5%**	**100.0%**

Source: Fiserv Small Business Index, seasonally adjusted

Fast growth in some smaller sectors does not always boost the overall performance of small businesses. This table organizes sectors by Q3 YoY growth (descending). The two largest sectors (Retail and Accommodation/Food Services) are among the slowest growing in Q3. Arts, Entertainment, and Recreation was the only sector to decline YoY.

Sector-Level Insights – Retail

Retail sales grew modestly in July and August, each posting a +1.1% month-over-month increase, but the drivers shifted. July's gains came entirely from higher average ticket sizes, while August saw foot traffic as the primary growth engine. In both months, most retail subsectors improved, though Food & Beverage and Health & Personal Care lagged. September marked a slowdown, as retail contracted -0.3% MoM despite a +1.6% YoY gain. Core Retail faced sharper headwinds, falling -0.6% MoM. Across the quarter, delivered year-over-year growth of 1.4%, and Core Retail was even stronger at +2.2%. But consumers have become more savvy at bargain-hunting as a way to lower their average expenditure. Q3 average tickets were down -1.2% YoY.

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Figure 4: Retail Subsectors Performance and Distribution of Sales (Q3 2025)

Retail Subsector – Small Business	YoY Sales Growth	YoY Transaction Growth	% of Total Retail Sales
Furniture, Home Furnishings, Electronics, and Appliance Retailers	4.8%	0.9%	7.7%
Sporting Goods, Hobby, Music, Book, and Miscellaneous Retailers	4.3%	5.3%	12.7%
Clothing, Clothing Accessories, Shoe, and Jewelry Retailers	4.0%	-0.4%	5.8%
Building Material and Garden Equipment and Supplies Dealers	3.6%	5.1%	10.8%
General Merchandise Retailers	2.0%	1.3%	1.3%
Food and Beverage Retailers	0.8%	2.1%	27.7%
Gasoline Stations and Fuel Dealers	0.2%	0.5%	17.1%
Health and Personal Care Retailers	-2.3%	0.9%	4.1%
Motor Vehicle and Parts Dealers	-2.4%	-4.4%	12.8%
Core Retail (excludes Building Materials and Garden Equipment and Supplies Dealers, Motor Vehicle and Parts Dealers, Gasoline Stations and Fuel Dealers)	**2.2%**	**2.5%**	59.3%
Total Retail	**1.4%**	**1.9%**	100%

Geographic Trends

Figure 5: Q3 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 (Q3 2025)
1	California	144	-0.3%	1.0%	118	0.9%	5.2%	12.1%
2	Florida	159	2.3%	4.5%	117	1.7%	2.5%	8.0%
3	Texas	152	0.3%	1.5%	144	1.8%	3.2%	6.9%
4	New York	121	0.5%	-1.2%	95	0.8%	1.2%	6.7%
5	Illinois	135	2.5%	6.5%	113	0.8%	2.9%	3.9%
6	North Carolina	172	1.1%	4.4%	112	0.9%	2.5%	3.3%
7	Pennsylvania	132	1.5%	3.0%	101	1.3%	1.3%	3.2%
8	Georgia	171	2.3%	12.0%	129	2.3%	4.1%	3.0%
9	Ohio	148	1.6%	3.8%	103	0.8%	1.2%	2.8%
10	Massachusetts	140	-0.3%	-3.1%	99	-1.8%	-3.4%	2.6%

California Delivered Growth YoY; Declined In Near Term – Despite accounting for over 12% of national small business sales, California saw a slight quarterly decline in sales and only modest year-over-year growth, suggesting that volume alone doesn't shield against broader economic pressures.

Georgia and Illinois Show Solid Yearly Gains – Georgia led all states in year-over-year sales growth (+12.0%), while Illinois posted a strong +6.5%. Both also saw steady transaction growth, a sure signal of consumer engagement.

Massachusetts Facing Strong Headwinds – Massachusetts was the only state in the top ten to show declines across all metrics – sales and transactions, both quarterly and yearly –highlighting localized challenges that may be structural or policy-driven.
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 6a: Top 5 States for Small Business Sales Increase (absolute dollars) Q3 2025

small business sales rank	Top 5 States Total Sales Dollars Gained	Q3 2025 Sales Index	Sales Growth QoQ	% of National Small Business Sales
2	Florida (most dollars gained)	159	2.3%	8.0%
5	Illinois	135	2.5%	3.9%
8	Georgia	171	2.3%	3.0%
7	Pennsylvania	132	1.5%	3.2%
20	South Carolina	169	2.7%	1.8%

Figure 6b: Bottom 5 States for Small Business Sales Increase (absolute dollars) Q3 2025

small business sales rank	Bottom 5 States Total Sales Dollars Lost	Q3 2025 Sales Index	Sales Growth QoQ	% of National Small Business Sales
17	Colorado (most dollars lost)	130	-4.0%	2.0%
1	California	144	-0.3%	12.1%
28	Louisiana	140	-2.2%	1.3%
15	Michigan	138	-1.1%	2.4%
18	Arizona	169	-1.2%	2.0%

Top 25 NAICS 6 National Industry

Figure 7: Q3 2025 performance of the Top 25 NAICS 6 national industries. Ranked on total dollars, total U.S. level. The top 25 represents 81% of total small business sales.

NAICS Level 6 National Industry	Dollars		Transactions		Average Ticket		Share of Total Small Business
	MoM % change	YoY % change	MoM % change	YoY % change	MoM % change	YoY % change	
Specialty Trade Contractors	0.6%	1.8%	0.9%	3.6%	-0.3%	-1.7%	8.6%
Full-Service Restaurants	0.2%	0.4%	0.4%	0.9%	-0.2%	-0.5%	6.3%
Limited-Service Restaurants	1.0%	1.8%	0.7%	-0.1%	0.3%	1.9%	6.1%
Professional, Scientific, and Technical Services_OTHER	1.4%	6.6%	6.7%	11.5%	-4.9%	-4.4%	6.0%
Information	0.9%	5.8%	1.0%	1.1%	-0.0%	4.7%	5.7%
Hotels (except Casino Hotels) and Motels	0.4%	-0.1%	0.5%	-0.2%	-0.1%	0.1%	4.5%
Administrative and Support Services	1.8%	3.1%	-1.0%	1.7%	2.8%	1.4%	4.0%
Ambulatory Health Care Services_OTHER	1.2%	3.3%	0.7%	3.3%	0.5%	0.0%	4.0%
Gasoline Stations and Fuel Dealers	-1.6%	0.2%	0.2%	0.5%	-1.7%	-0.3%	3.7%
Supermarkets and Other Grocery Retailers (except Convenience Retailers)	-1.4%	0.7%	-1.4%	1.1%	0.0%	-0.3%	3.7%
Transportation_OTHER	0.8%	0.6%	4.0%	5.6%	-3.0%	-4.8%	3.5%
Educational Services_OTHER	0.3%	1.1%	0.6%	0.9%	-0.3%	0.2%	3.4%
Arts, Entertainment, and Recreation_OTHER	1.3%	1.7%	2.9%	13.3%	-1.6%	-10.3%	3.4%
Offices of Dentists	1.0%	4.3%	0.7%	2.7%	0.3%	1.6%	2.3%
Motor Vehicle and Parts Dealers_OTHER	-2.4%	-4.2%	-3.4%	-7.7%	1.1%	3.8%	2.1%
Merchant Wholesalers, Durable Goods_OTHER	1.4%	-0.5%	-0.0%	-0.6%	1.4%	0.0%	1.8%
Religious, Grantmaking, Civic, Professional, and Similar Organizations_OTHER	1.6%	5.4%	2.1%	8.9%	-0.5%	-3.2%	1.7%
Merchant Wholesalers, Nondurable Goods_OTHER	0.4%	4.1%	-0.9%	0.4%	1.3%	3.8%	1.6%
Building Material and Garden Equipment and Supplies Dealers_OTHER	1.8%	2.0%	2.7%	3.4%	-0.9%	-1.3%	1.4%
Personal and Laundry Services_OTHER	0.5%	3.3%	7.5%	23.3%	-6.6%	-16.3%	1.3%
Beer, Wine, and Liquor Retailers	0.1%	-0.7%	0.9%	2.2%	-0.8%	-2.8%	1.2%
Food and Beverage Retailers_OTHER	0.9%	2.8%	0.5%	4.3%	0.4%	-1.4%	1.2%
General Freight Trucking, Local	0.6%	5.5%	1.1%	4.1%	-0.5%	1.4%	1.1%
Veterinary Services	4.8%	22.4%	2.7%	15.6%	2.0%	5.9%	1.1%
General Automotive Repair	0.5%	-0.1%	-0.2%	-2.2%	0.6%	2.1%	1.1%

* Industry descriptions with a suffix of "_OTHER" are uniquely defined by Fiserv. These custom classifications represent aggregated groupings of standard NAICS Level 6 industries within the same subsector that, individually, are not reported.