



Fiserv Small Business Index[®]

Q1 2025 Summary

National Overview

U.S. small businesses delivered a solid performance for Q1 2025. The Fiserv Small Business Index shows a 2-point increase to 148, and the transaction index increased by 3 points to 115. Sales grew +4.3% year over year, a pace just slightly slower than the pace we saw for Q1 2024 (+4.4%). Growth for transactions (foot traffic) was even stronger (+5.9% YoY), and this was stronger than the Q1 2024 pace (+5.3% YoY). Q1 continued an established trend of overall average ticket declines across small businesses. Tickets were down -1.6% YoY, a much more aggressive pace than ticket declines in Q1 2024 (-0.9%). This appears to be the outcome of two broad factors: the continued benefits to consumers from lower national inflation and the effects of more frugal purchasing behaviors, especially in high volume sectors like Restaurants.

Comparing against last quarter shows a slight slowdown in sales growth (+1.8% in Q1 vs. +1.9% in Q4), but a significant increase in foot traffic momentum (+3.3% in Q1 vs. +2.0% in Q4). This reflects increased activity, especially across retail, and may be the result of consumers purchasing items that are likely to be impacted by impending tariffs proposed by the U.S. government on imported goods.

Figure 1: Small Business Q1 2025 Year-Over-Year Performance Summary

National Overview (by quarter)	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Sales Index	139	142	144	143	146	148
QoQ Sales Growth	0.2%	2.2%	1.5%	-1.0%	1.9%	1.8%
YoY Sales Growth	3.4%	4.4%	4.6%	2.9%	4.7%	4.3%
Transaction Index	105	109	110	109	112	115
QoQ Transaction Growth	0.2%	3.9%	1.6%	-1.0%	2.0%	3.3%
YoY Transaction Growth	2.6%	5.3%	5.3%	4.6%	6.6%	5.9%
Average Ticket Growth						
QoQ Average Ticket Growth	0.0%	-1.6%	-0.1%	0.0%	-0.1%	-1.4%
YoY Average Ticket Growth	0.8%	-0.9%	-0.7%	-1.6%	-1.7%	-1.6%

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. The leap year event is taken into account for both quarter-over-quarter and year-over-year comparisons via seasonal adjustment.

The Big Picture for Small Business

What Happened this Quarter?	Why Does This Matter?	What Should Be Inferred?
Consumers remained very engaged with spending, despite significant declines in confidence.	The consumer confidence and sentiment indices both declined to their lowest levels in over two years. Despite the economic uncertainty and concerns about the future these measures suggest, spending levels indicate that consumers did not pull back.	Historically, economic uncertainty has led to rapid changes in consumer spending. If proposed tariffs are applied at the levels suggested, economists predict that it could lead to an economic recession.
Consumers made off-cycle purchases for a broad variety of large-ticket retail items, indicating anticipation of tariff impacts.	This activity may pull demand from future months. In addition, many small businesses may not have the ability to forward-buy inventory to mitigate expected price increases.	Consumers are watching and trying to interpret what proposed tariffs could mean for their household budgets. As is typically the case when economic conditions or prices shift, purchasing behaviors could change.
Spending on services outpaced goods. Spending on essentials outpaced discretionary spend.	This is a net positive for small business overall, as services make up roughly 70% of all small business sales. Sales growth in essential areas has been driven by higher-cost needs like insurance premiums, utilities, etc.	Consumers may already be making minor incremental adjustments to their small business shopping patterns, viewing their spending through a lens of “wants vs. needs.”

The Quarter in Review

January 2025

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. Overall, Retail and Wholesale sectors experienced slower growth. Construction spending declined 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.

February 2025

In February 2025, the Fiserv Small Business Index remained steady at 147, showing no change in month-over-month momentum from January. The transaction index gained 1 point, reaching 114. Year-over-year sales growth at +2.1% was considerably slower compared to a seasonally adjusted pace of +4.9% in January. Transaction growth showed similar behaviors. Growth in small business was broad, but the strongest month-to-month increase in sales occurred in Restaurants, Sporting Goods, Auto Parts, Furniture and Clothing. The growth in these retail categories was stronger than expected and reflected consumer pragmatism for buying needed goods before potential tariff-induced price increases. Service-oriented spending declined in the areas of Professional Services, Administrative and Support Services, Performing Arts and Accommodation (Hotels). Food and Beverage Retailers also declined compared to January.

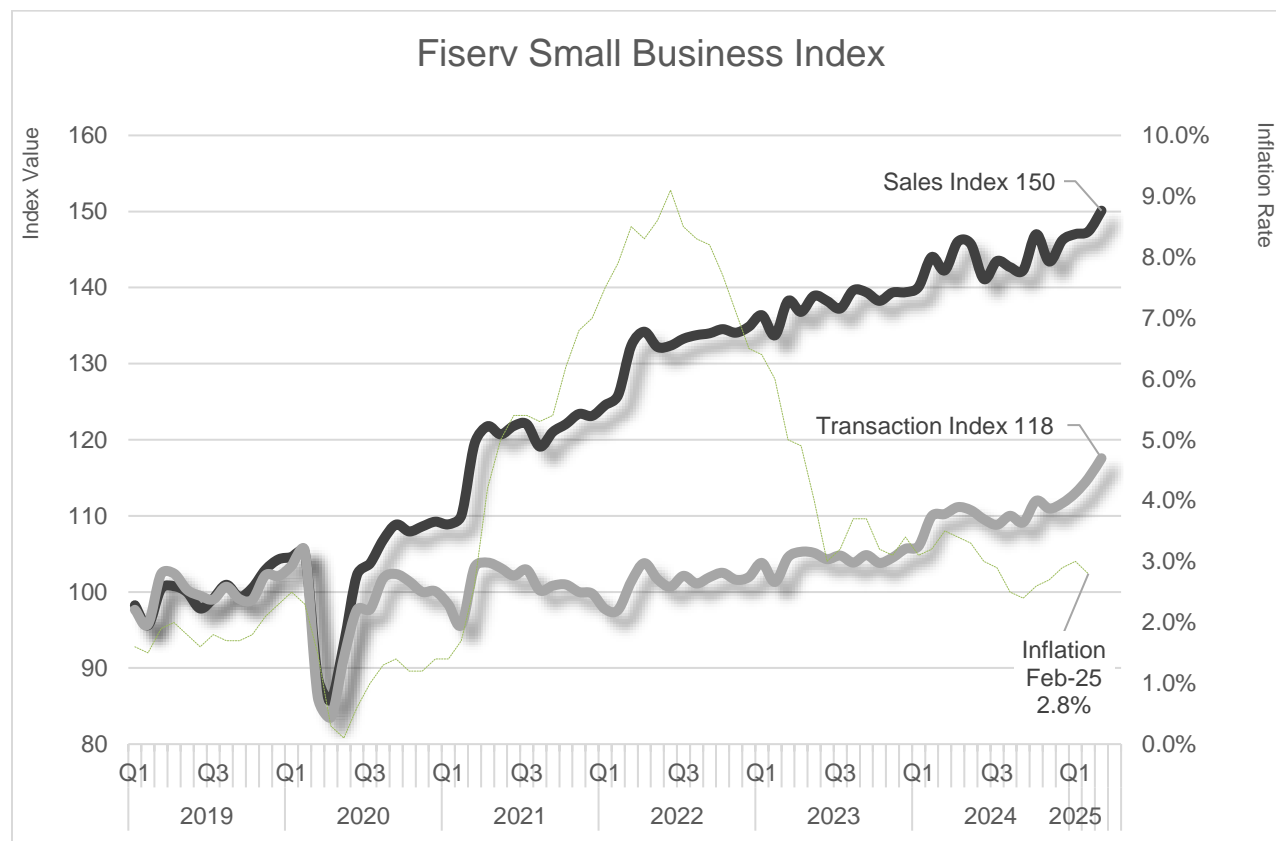
March 2025

The Fiserv Small Business Index accelerated to 150, a 3-point gain over February. Sales grew +5.5% year over year (YoY) and +1.8% month over month (MoM). Transactions (foot traffic) had comparable results, accelerating to +6.7% YoY and +2.3% MoM. Adjusting for inflation, consumer spending grew +3.0% YoY and by +1.5% over February. Restaurants surged to +2.7% MoM, but overall sales were down -0.6% YoY. Consumers maintained their strategy for budget-conscious choices when dining away from home. Consumers also pulled back from Retail and Wholesale Goods compared to February (0.0% MoM) and shifted focus to Services (+2.6% MoM). Consumer uncertainty due to tariff speculations induced spending on larger-ticket items such as consumer electronics and furniture. Consumers spent even more on essential needs (+2.0% MoM, +8.2% YoY) despite seasonal demand boosting spending in areas like Arts & Entertainment (+4.0% MoM) and Accommodation (+3.8% MoM). Spending on essentials like Insurance (+7.1% MoM, +8.9% YoY) and Transportation/Warehousing (+4.4% MoM, +9.3% YoY) demonstrated near- and long-term priorities compared to discretionary spending.

Tariff Implications

The threats of high tariffs on imported goods have had a significant effect on consumer behavior, securities markets and the national economy. The near term obvious effects (both potential and real) will be higher consumer prices and slower economic growth. U.S. consumers' concern about inflationary pressures from potential tariff policies has contributed to a significant decline in consumer confidence. This uncertainty is causing consumers to reallocate spending towards essential items and services, while their discretionary spending is largely deprioritized.

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

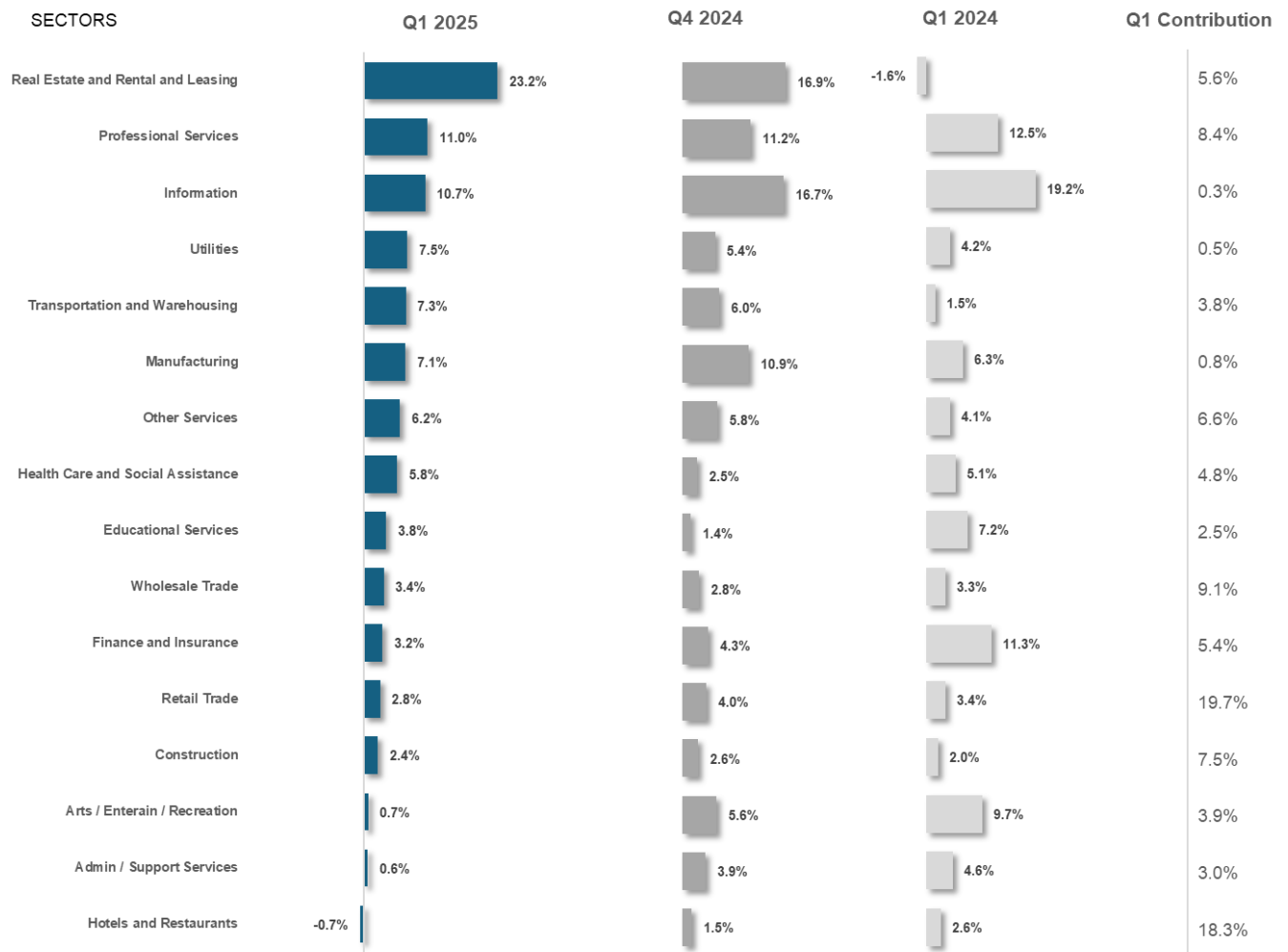


Source: Fiserv Small Business Index (seasonally adjusted); BLS.gov. The December 2024 inflation rate will be published on January 15.

- Overall, U.S. small businesses have been able to thrive post-pandemic. The sales index has been on a steady climb since April 2020. There was a slight adjustment in Q3 2024, but the trajectory continued upward through Q1 2025. The sales index for March was 150. For Q1 2025, the index was 148, with sales growth YoY of +4.3%.
- When the inflation rate fell to 3.0% in June 2023, the transaction index (a measure of foot traffic) reflected a small upward bump and then stabilized. As the inflation rate began notching lower around May 2024 and continuing into September, consumers responded with increased foot traffic. This has continued through Q1 2025.

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

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



Source: Fiserv Small Business Index, seasonally adjusted

Fast growth in some smaller sectors does not always boost the overall performance of the small business ecosystem. The table below shows how different sectors contribute to the overall small business sales performance for the quarter.

Figure 4: Sector Performance and Distribution of Sales (Q1 2025)

Sector	Q1 2025 YoY Sales Growth	% of Sales
Real Estate and Rental and Leasing	23.2%	5.6%
Professional Services	11.0%	8.4%
Information	10.7%	0.3%
Utilities	7.5%	0.5%
Transportation and Warehousing	7.3%	3.8%
Manufacturing	7.1%	0.8%
Other Services	6.2%	6.6%
Health Care and Social Assistance	5.8%	4.8%
Educational Services	3.8%	2.5%
Wholesale Trade	3.4%	9.1%
Finance and Insurance	3.2%	5.4%
Retail Trade	2.8%	19.7%
Construction	2.4%	7.5%
Arts / Entertainment / Recreation	0.7%	3.9%
Admin / Support Services	0.6%	3.0%
Hotels and Restaurants	-0.7%	18.3%
Small Business Q4 2024 sales growth	4.3%	

Figure 5: Retail Subsectors Performance and Distribution of Sales (Q1 2025)

Retail Subsector	Q1 2025 YoY Sales Growth	% of Sales
General Merchandise Retailers	9.9%	6%
Furniture, Home Furnishings, Electronics, and Appliance Retailers	4.2%	7%
Building Material and Garden Equipment and Supplies Dealers	4.2%	10%
Clothing, Clothing Accessories, Shoe, and Jewelry Retailers	3.5%	8%
Food and Beverage Retailers	3.4%	23%
Sporting Goods, Hobby, Musical Instrument, Book, and Misc. Retailers	3.3%	10%
Motor Vehicle and Parts Dealers	2.4%	12%
Health and Personal Care Retailers	-0.4%	6%
Gasoline Stations and Fuel Dealers	-0.6%	18%
Retail Small Business Q4 2024 Sales Growth	2.8%	- -

Discretionary/Essential; Goods/Services Trends

Q1 2025 Small Business	Share of Wallet	Sales Growth	Transaction Growth	Avg. Ticket Growth
Discretionary	49%	2.2%	7.0%	-4.5%
Essential	51%	6.3%	3.6%	2.6%

Discretionary vs. Essential:

- Through Q1, consumer spending on **essential items grew at nearly 3 times the pace** of discretionary
- Across the small business ecosystem, consumers devote 51% of their spending to essential items, 49% to discretionary

Q1 2025 Small Business	Share of Wallet	Sales Growth	Transaction Growth	Avg. Ticket Growth
Goods	29%	3.0%	3.4%	-0.4%
Services	71%	4.8%	7.0%	-2.1%
Grand Total		4.3%	5.9%	-1.6%

Goods vs. Services:

- Through Q1, consumer spending on **Services grew faster** than spending on Goods.
- Across the small business ecosystem, consumers devote 71% of their spending to Services, only 29% to Goods (which includes Retail + Wholesale).

Geographic Trends

State-Level Performance

Figure 6: Q1 2025 Performance by State (Top 10)

	Sales Index	Sales Index Point Change QoQ	Transaction Index	Trans Index Point Change QoQ	Sales Growth Q-o-Q	Sales Growth Y-o-Y	% of Nat'l Small Business Sales (Q1 2025)
California	148	+3	116	+4	2.4%	5.8%	12.2%
Florida	163	+3	121	+6	2.0%	7.4%	7.9%
New York	121	+1	103	+4	0.4%	-0.4%	6.6%
Texas	151	+3	120	+5	2.2%	3.2%	6.3%
Illinois	134	+2	109	+6	1.4%	6.7%	4.0%
Pennsylvania	140	+4	116	+7	2.6%	2.7%	3.4%
North Carolina	171	+1	117	+1	0.7%	7.9%	3.4%
Georgia	165	+5	123	+1	3.0%	13.1%	2.9%
Ohio	146	-2	110	+5	-1.4%	-0.8%	2.8%
Virginia	151	+6	110	+4	4.3%	7.8%	2.7%

Figure 7: Top / Bottom 5 States for Small Business Sales Increase (absolute dollars) – Q1 25 vs.. Q4 24

Top 5 States' Incremental Sales	Q1 2025 Sales Index	Sales Growth QoQ	% of National Small Business Sales
California	148	2.4%	12.2%
Florida	163	2.0%	7.9%
Texas	151	2.2%	6.3%
Virginia	151	4.3%	2.7%
Washington	134	4.5%	2.3%

Bottom 5 States' Incremental Sales	Q1 2025 Sales Index	Sales Growth QoQ	% of National Small Business Sales
Arkansas	155	-1.7%	0.8%
Utah	162	-2.0%	1.4%
Missouri	153	-1.4%	2.0%
Ohio	146	-1.4%	2.8%
Arizona	165	-2.3%	2.0%