

## What's a Small Business Worth?



By [Tricia Juhn](#), Vice President | March 7, 2019



As if there were any shortage of polarizing headlines, the City of New York just rolled up the welcome mat and told [Amazon to find another home](#) for their East Coast Headquarters.

Politics aside, the decision was widely seen, accurately or not, as a referendum on Amazon's impact on small business owners (SBOs).

The sudden vacancy on the Queens side of the bridge forced a question to the surface that no one wants to ask (So here I go): How do we reconcile – if at all – our rhetorical support for small business, the backbone of American entrepreneurialism, with the continued success of mega-chains?

I don't know anyone who doesn't support small business, at least rhetorically. They'll say, Yes, they matter; yes, I support them. But the question is also a stacked one: Who's going to come out and say "No, I don't care about small businesses?" It's like saying you oppose freedom and democracy. (We're not there yet, are we?)

On the other hand, I know almost no one who doesn't increasingly become reliant on Amazon for nearly every aspect of their lives – not just economic and efficient delivery of nearly every possible and sundry item under the sun, but increasingly for video and music content, groceries, and more recently, home climate control. I live in a 1 bedroom apartment and someone gave me an Echo dot for Christmas. I feel like I'm being colonized.

At Maru/Matchbox, we spend a lot of time [talking to small business owners](#), understanding what they need and how we can help them better – not only because America's 31 million small businesses, their 59 million employees, and other 30 million freelancers are you and me and our neighbors, but also because small businesses are an increasingly important part of the

customer base for the 1% of the world's largest companies. So we want to get a handle on this: What's all this love worth?

**The results of our Matchbox flash poll last week were decidedly mixed:**

- Supporting small business is worth a little time and a little money, but only for some, and not much.
- Convenience matters more; and small businesses are also losing the war for hearts and minds: a minority of people think they're important to the economy.
- Most people would consolidate their shopping at 1-2 megastores if they could (and they do).
- Only 55% say that they're more likely to buy something if it's made by a small business – a whopping 44% say it makes no difference.

**More highlights here:**

Support for small businesses is worth a ten minute detour. Given the same product at the same price at a family owned store ten minutes further away than a national chain, 78% of you would drive ten more minutes out of the way to support a local business.

It's also worth a bit more money: a 10% premium. More than a third of you (35%) agree or strongly agree that paying 10% more to buy the same product at a small business (over a national chain) is worth it. If true, this is encouraging for small business, since very few of them can compete on pricing with national chains.

But rhetorical support for small business is weak. Only 44% said that small business is important to the American economy – a minority. Who are these people? I want to hear from them. What's the alternative to a strong small business sector? Oligopoly? Monopoly? Has that worked out anywhere?

62% said that if they could, they would buy all or most of their products at 1-2 stores, either brick & mortar and/or on-line – citing convenience.

It's never been an easy path, running your own business, but despite these numbers, some aspects of it might be getting easier. We at Matchbox are finally, finally starting to see [financial services](#) disruptors working hard on innovative products and services to meet the needs of small business owners and freelancers – way, way, overdue – in a way that's efficient, economical, and fits in with their reality.

### **Three major areas for disruption we're loving (filling up fast) are:**

**1. Access to credit.** Cumbersome, slow commercial loans were always out of reach for most entrepreneurs. Credit card loans are too expensive. We're starting to see innovators come up with access to small, quick loans, say \$500-\$20,000, based on receivables and other manageable metrics, solving the business owner's most-cited problem: reasonable access to tiny amounts of credit.

**2. Get paid faster.** A long way from the days of cash registers the size of cows, owners can carry their receivables in their pockets. P2P and digital pay adoption is putting pressure on

merchant service providers to get critical receivables paid faster to owners, creating much needed flexibility in cash flow and vendor payouts.

**3. Employee services.** Owners want to take care of their employees. They need payroll services, retirement plans, healthcare, benefits plans, tax payment plans, just to start. We're finally starting to see innovators look for ways to address these critical needs in a way that makes it affordable and possible for owners and their employees. It's complicated, but it's happening.

None of these things by themselves will help if the customers go away, but these kinds of innovations are helping owners be as competitive as they can be.

We want to hear from the innovators: What are you doing to support small business owners?

Where are the gaps you're having trouble filling? Let us know

at [tricia.juhn@marumatchbox.com](mailto:tricia.juhn@marumatchbox.com).