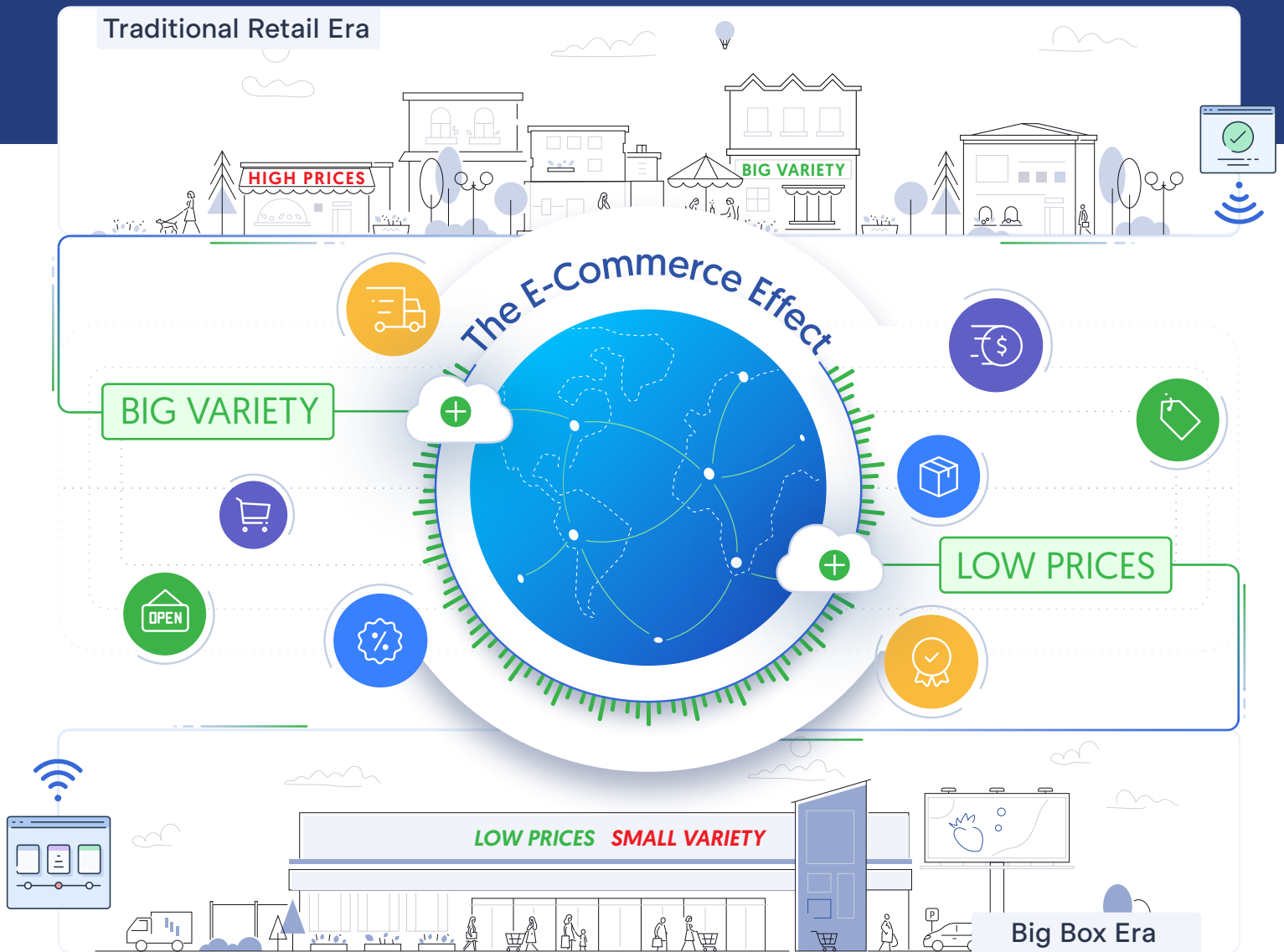




Apocalypse Not: The Resilience of Retail Small & Medium-Sized Businesses

In the 2010s, small & medium-sized businesses (SMBs) saw more growth, more job creation, more productivity, and more sales both in-store and online all associated with adoption of digital and e-commerce tools. Where once SMB commerce was on most main streets and later declined with the emergence of Big Box Stores, small & medium-sized businesses compete globally and connect with consumers around the world thanks to the “E-Commerce Effect”.

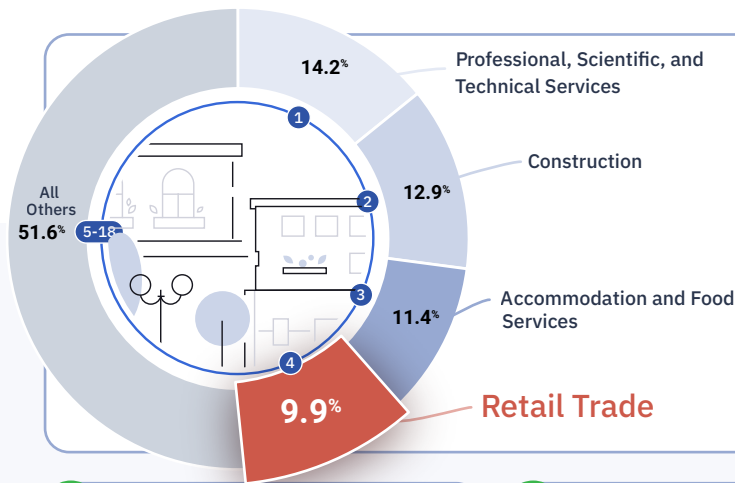


Digital tools & marketplaces give diverse smaller retailers access to economies of scale, making them “omnichannel”, meaning they can sell online around the world while also selling through brick-and-mortar stores. SMB retailers began a renaissance in the 2010s, the start of a reversal of decades of losses due to the “Big Box Effect.”



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CCIA Research Center & NERA find that small & medium-sized retail businesses benefited most from adopting omnichannel & e-commerce tech in the 2010s. The study's findings are surprising because in the public's perception, the number of small businesses declined over decades on main streets following the emergence of Big Box Stores, but Census data shows that after 2010, smaller brick-and-mortar retailers reversed the decline and are creating more jobs than they have since the 1980s by using omnichannel and e-commerce technologies.



The retail sector is a hub of SMB activity and a primary source of startup activity in the U.S. economy.

The retail sector ranked **4th out of 18 sectors** for new business formation and accounted for **9.9% of startup activity in 2019**.



The increase in growth rate by small retail firms in the 2010s was among the largest in any sector of the U.S. economy.



Retail was 1 of only 5 sectors where medium-sized firms enjoyed a disproportionately large increase in growth rate in the 2010s.



Retail startups became more likely to survive in the 2010s and the successful entry of new firms remained robust.

The growth of retail SMBs in the 2010s was linked to increased adoption of digital and e-commerce technology.

- ❖ Retail SMB growth rates mirrored the rise of information & internet technology companies in the 2010s.
- ❖ Retail SMB investment in new tech & equipment corresponded with substantial growth in both SMB job creation and productivity, but large firms did not enjoy the same effect.
- ❖ Findings indicate that both omnichannel sales and retail SMB growth increased, while large retail firms saw less growth.

The E-Commerce Effect

