

GoDaddy Venture Forward Report July 2021

This report is powered by the latest data from Venture Forward, a GoDaddy initiative to quantify the impact of 20 million online microbusinesses on the U.S. economy.

Venture Forward At-A-Glance

Venture Forward is a GoDaddy initiative started in 2018 to measure the economic impact of the 20 million U.S. microbusinesses it supports. Our goal is to empower policymakers and economic developers with the data and insight they need to better assist the microbusinesses in their communities and the everyday entrepreneurs behind them.

In this July 2021 Venture Forward Report, you'll find:

The latest quarterly numbers

on microbusinesses and recent online trends by industry

A Milken Institute and GoDaddy collaborative study

highlighting the role of microbusinesses in a recovering economy

An introduction to the Microbusiness Index by GoDaddy Venture Forward and UCLA Anderson Forecast

A new near real-time tracking tool that measures microbusiness activity across a number of variables and signals

A new data insight tool

on the Venture Forward website called City Portal with custom views for local governments

A deeper look at the impact of stimulus checks in 2020

on the starts of new microbusinesses in different U.S. communities

Microbusinesses are critical to economic growth and resiliency

Policymakers have long known that microbusinesses — bootstrapped enterprises, mostly with fewer than 10 employees — are an important part of the economy. But, due to a lack of comprehensive data, microbusinesses often fall under the radar. And as is often said, what can't be measured, can't be managed.

Now, the Venture Forward dataset is helping policymakers understand this population in a way that was never before possible. By analyzing the online activity of 20 million GoDaddy customers, we capture data on microbusinesses that are too new or too small to show up via traditional methods of economic tracking. And we are continually learning about how these ventures differ from the small businesses with which they are usually grouped. For the first time, we can accurately study where they are, what is influencing their success and what support they need to thrive in the future.

In the last year, online microbusinesses played an important role in helping our communities withstand the worst of the pandemic. When the chips were down, these everyday entrepreneurs showed us their optimism, creativity and resilience by surviving, and in many cases thriving, in the face of what became a very long winter.

Microbusinesses are essential to our economy, and offer important benefits for all types of communities. But, because their impact has been largely hidden, microbusinesses often don't have a voice in the policy and technology debates that affect their livelihoods — issues like credit, taxation, broadband, skills training or Internet policy.

In this report, we're excited to share our newest data on the extent of microbusiness' positive impact, as well as lessons learned on how these small but mighty entities helped protect our local economies during the pandemic — and how they can help us rebuild, stronger than ever.



‘ **More than any previous crisis, the pandemic showed that these microbusinesses are a valuable measure of economic prosperity and essential to the fabric of communities across the nation. However, many of these businesses still do not have a prominent voice in local policy, limiting their contributions to discussions about economic recovery.**

The Milken Institute, Center for Regional Economics

*Source: “Exploring the Role of Microbusinesses in U.S. Metro Area Economic Growth and Recovery,” a 2021 white paper based on the Milken Institute’s Best-Performing Cities Index.

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02 | MICROBUSINESS SNAPSHOT

January - March (Q1) 2021 Numbers and Industry Trends

Behind Venture Forward

The best way to understand the impact of online microbusinesses is by tracking the number of these ventures per 100 people in a community. We call this microbusiness density.

An entrepreneurial venture, or online microbusiness, is a discrete domain name with an active website, and often has services like email, payments, or security integrated. Roughly 75% of these are commercial; the rest are non-profits and cause- or hobby-related. Many people have more than one, and more than 90% have 10 or fewer employees.

GoDaddy has long believed that understanding the distinct behavior of small businesses and microbusinesses is important for government leaders who want to fully leverage their economic potential. Since government metrics do not track online microbusinesses separately and because so many of them are not registered, they have been largely invisible to policymakers.

GoDaddy started Venture Forward in 2018 to make them visible, and to quantify their outsized economic impact.

For more details on our research methodology, including how we controlled for the impact of microbusiness density versus other factors such as education levels or occupational data, please read [About Us](#) on the Venture Forward website or see our [FAQs](#).

**“You can’t create
policy for what you
can’t see.”**

— Jim Hock, Chief of Staff, US Department of Commerce | January 2015-2017

Real Economic Outcomes



\$485

Adding one microbusiness per 100 people adds \$485 to household income.

From 2016–2019, annual household median income increased nationally by an average of \$5,520 across counties. Each new microbusiness per 100 people can increase that by almost 9%.



0.05%

One microbusiness per 100 people can reduce the unemployment rate by 0.05 percentage points.

We looked at associations between more microbusinesses and the reduction in unemployment rates in their communities. Adding one microbusiness can reduce the unemployment rate by 0.05 percentage points in a county.

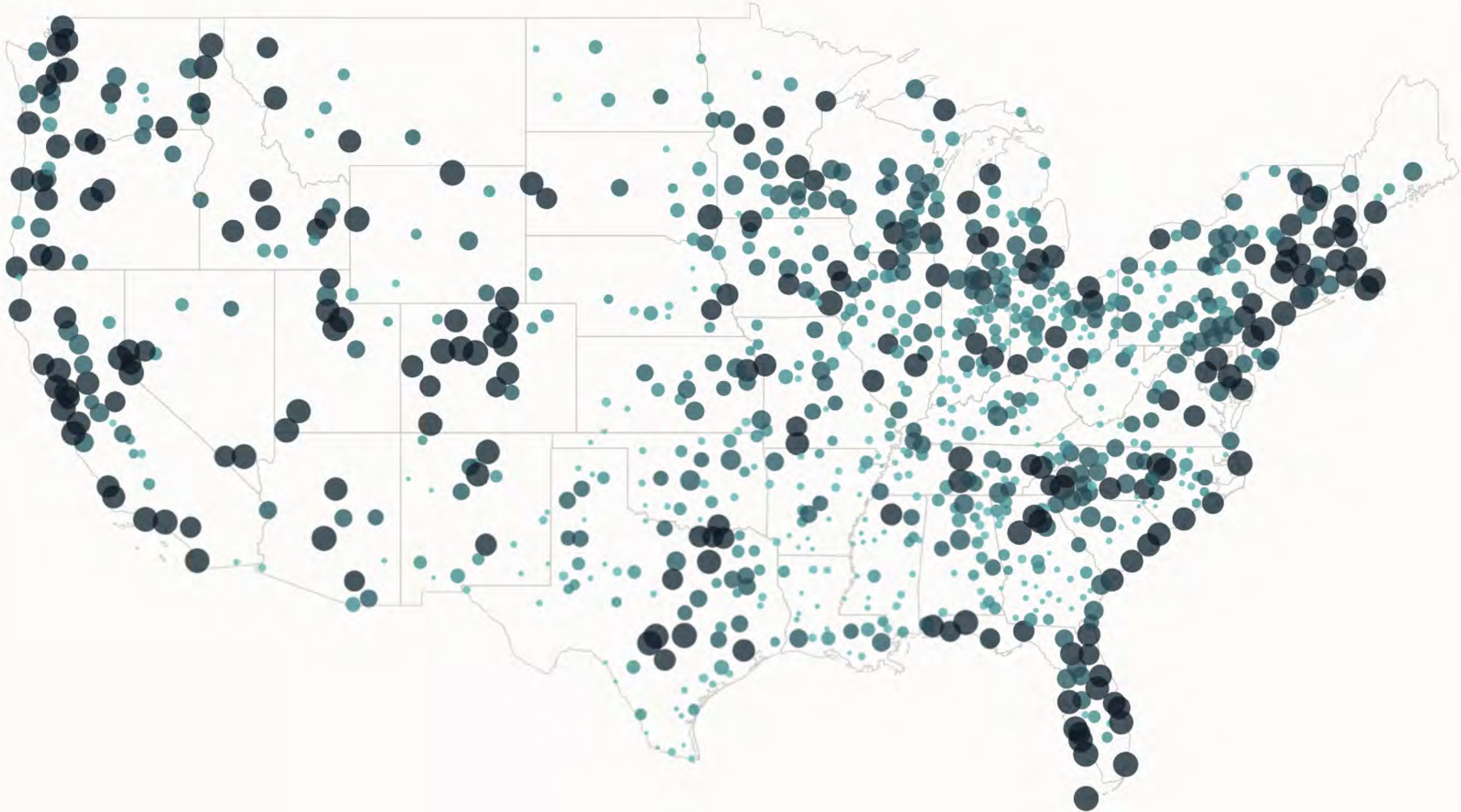


2 for 1

On average, two or more jobs are created by every microbusiness entrepreneur, not counting their own.

Microbusinesses hire employees, pay suppliers and spend money in the community, supporting other businesses. All of this has a multiplier effect, as our research with UCLA uncovered.

Microbusiness Density: Cities



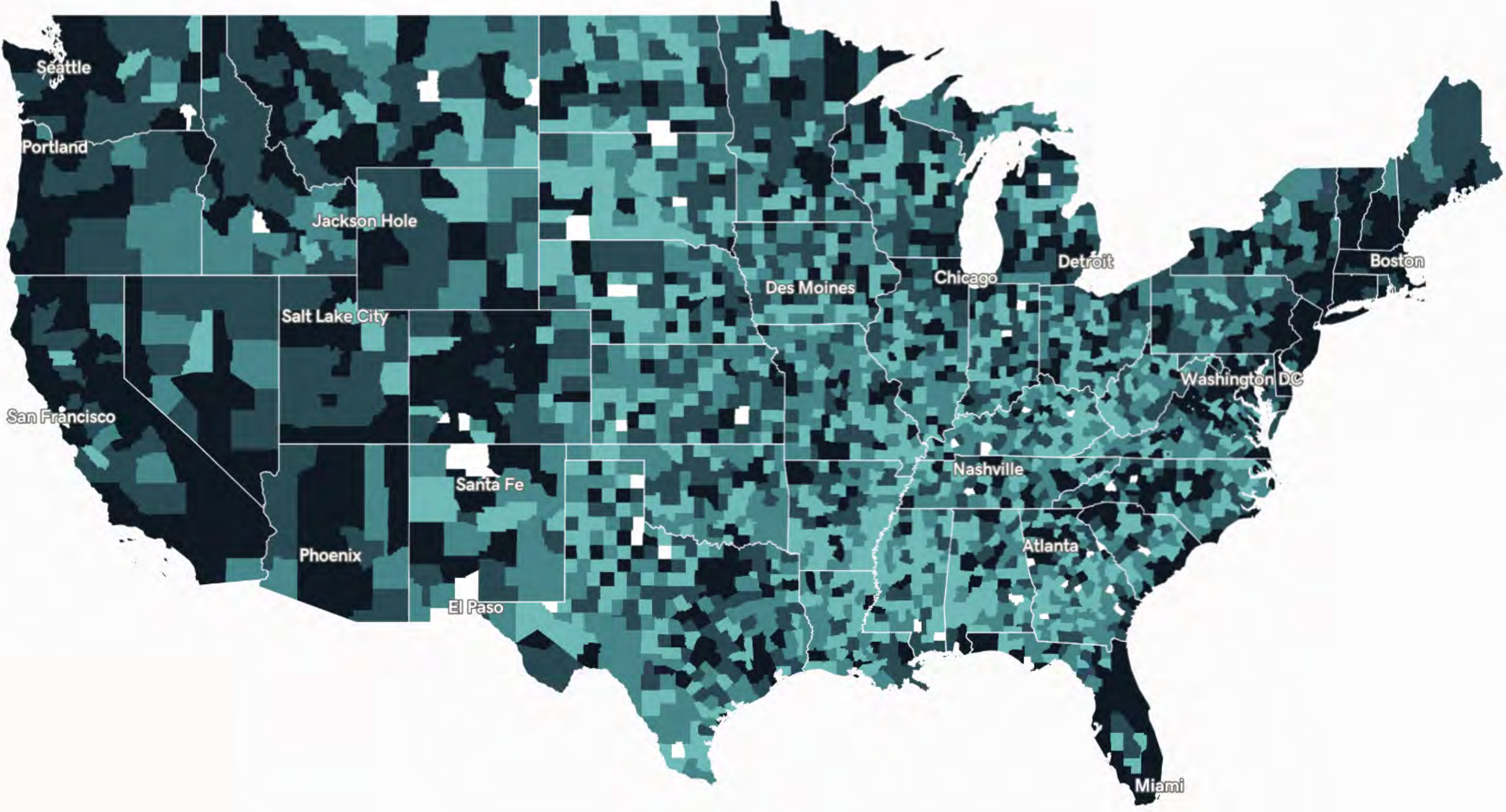
Cities

VENTURES PER 100 PEOPLE (PERCENTILE)



*Each city is colored according to its percentile rank against all other counties. 2020 data.

Microbusiness Density: Counties



Counties

VENTURES PER 100 PEOPLE (PERCENTILE)



*Each city is colored according to its percentile rank against all other counties. 2020 data.

Microbusiness Density: Counties and Cities

COUNTY-LEVEL DATA

County Type	Q1-20	Q2-20	Q3-20	Q4-20
Rural	2.28	2.29	2.34	2.34
Suburban	2.18	2.19	2.21	2.19
Urban	5.69	5.76	5.83	5.79
Avg County Density	2.90	2.92	2.96	2.94

CITY-LEVEL DATA

City Size	Q1-20	Q2-20	Q3-20	Q4-20
Micropolitan	2.77	2.81	2.85	2.82
Metros - Mid 500	3.04	3.07	3.10	3.19
Metros - Top 100	4.99	5.06	5.11	5.04
Avg City Density	3.15	3.19	3.23	3.26

*Density values represent the number of microbusinesses per 100 people

NUMBERS & TRENDS

Microbusiness density during each quarter of 2020, by size of County and by urban area

Across all counties, there was an increase in the number of microbusinesses per 100 people as business shifted presence and expanded operations online to mitigate the pandemic.

In 2020, we saw 2.8 million more new online microbusinesses started than during 2019.

NUMBERS & TRENDS

The hotspots of new microbusiness starts

As the brick-and-mortar economy closed up in early 2020, online microbusinesses were part of a massive expansion of the digital economy.

Here's the top 15 major U.S. cities that experienced the greatest year-over-year growth when looking at January-March, or Q1, 2021 compared to January-March (Q1) 2020, in terms of new online microbusinesses started.

Rank	City	Change from 2020
1.	Seattle-Tacoma-Bellevue, WA	+206%
2.	Detroit-Warren-Dearborn, MI	+96%
3.	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	+92%
4.	Los Angeles-Long Beach-Anaheim, CA	+86%
5.	Miami-Fort Lauderdale-Pompano Beach, FL	+79%
6.	Riverside-San Bernardino-Ontario, CA	+70%
7.	San Francisco-Oakland-Berkeley, CA	+69%
8.	New York-Newark-Jersey City, NY-NJ-PA	+67%
9.	Atlanta-Sandy Springs-Alpharetta, GA	+66%
10.	Phoenix-Mesa-Chandler, AZ	+65%
11.	Boston-Cambridge-Newton, MA	+56%
12.	Dallas-Fort Worth-Arlington, TX	+54%
13.	Washington-Arlington-Alexandria, DC-VA-MD-WV	+54%
14.	Houston-The Woodlands-Sugar Land, TX	+47%
15.	Chicago-Naperville-Elgin, IL	+24%

*The table above uses official MSA names

NUMBERS & TRENDS

Categories with the most new microbusinesses

Several industries saw major changes from 2020 to 2021. Here are the top 10 industries with the most new starts.

Rank	Industry	Change from 2020
1	Fashion	+40%
2	Home Services	-2%
3	Beauty	0%
4	Health/Medical	-16%
5	Art & Design	-19%
6	Marketing	-4%
7	Real Estate	+12%
8	Personal	+16%
9	Retail	+8%
10	Hobby	+8%

03 | LATEST FINDINGS

Outsized Impact of Stimulus Checks and Boom of Microbusinesses in Predominantly-Black Communities

New data shows spikes in online microbusiness startups following the distribution of stimulus check funds, especially in majority-Black ZIP Codes

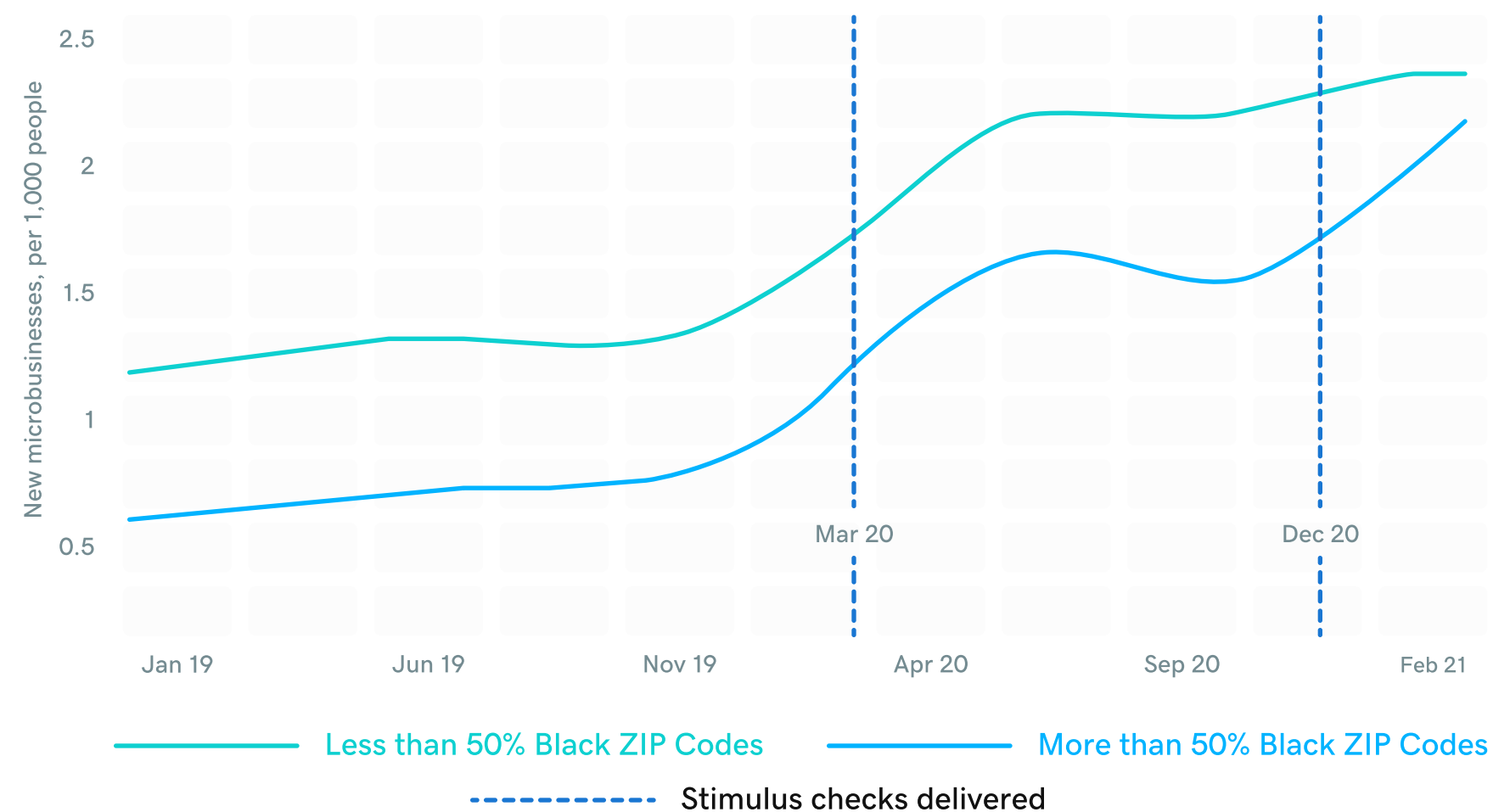
Stimulus checks are not the only reason for new microbusiness activity. Some of the “new” companies tracked by the National Bureau of Economic Research (NBER) study from May, 2021 may have existed for years, but recently registered so as to qualify for Payroll Protection Program loans. Other businesses were likely “startups of necessity,” created by people who lost their jobs and had to generate income to support themselves. And many existing brick-and-mortar businesses showed up in the Venture Forward data, as restaurants, boutiques and others added a website during the pandemic so they could continue to take orders and market themselves.

But the studies, which tracked business starts in the same eight states representing 30% of the country’s GDP, reveal a timeline that points to the stimuli as major factors contributing to business formations after the first round of stimulus in March 2020, and again after the second round in December.

Venture Forward’s analysis suggests the checks had an even bigger, and faster, impact on founders of online microbusinesses. New starts rose 60% in the two months following the disbursement of the first round of checks, and the year-over-year growth peaked in July in most of the states.

Studies suggest that the stimulus checks had the biggest impact on **predominantly-Black communities**.

Tracking new microbusiness starts per 1,000 people by percentage of Black residents in a ZIP Code



In 2020, we saw everyday entrepreneurs increasing the number of new starts by 60%, compared to 2019. **In majority-Black communities, that number was 125%.**

SMALL BUSINESS AND MICROBUSINESS GROWTH, 2019-2020

21%

Growth in small business registrations, 2019-2020

60%

Growth of new businesses in minority-Black ZIP Codes

125%

Growth of new businesses in majority-Black ZIP Codes

Source: National Bureau of Economic Research and Venture Forward

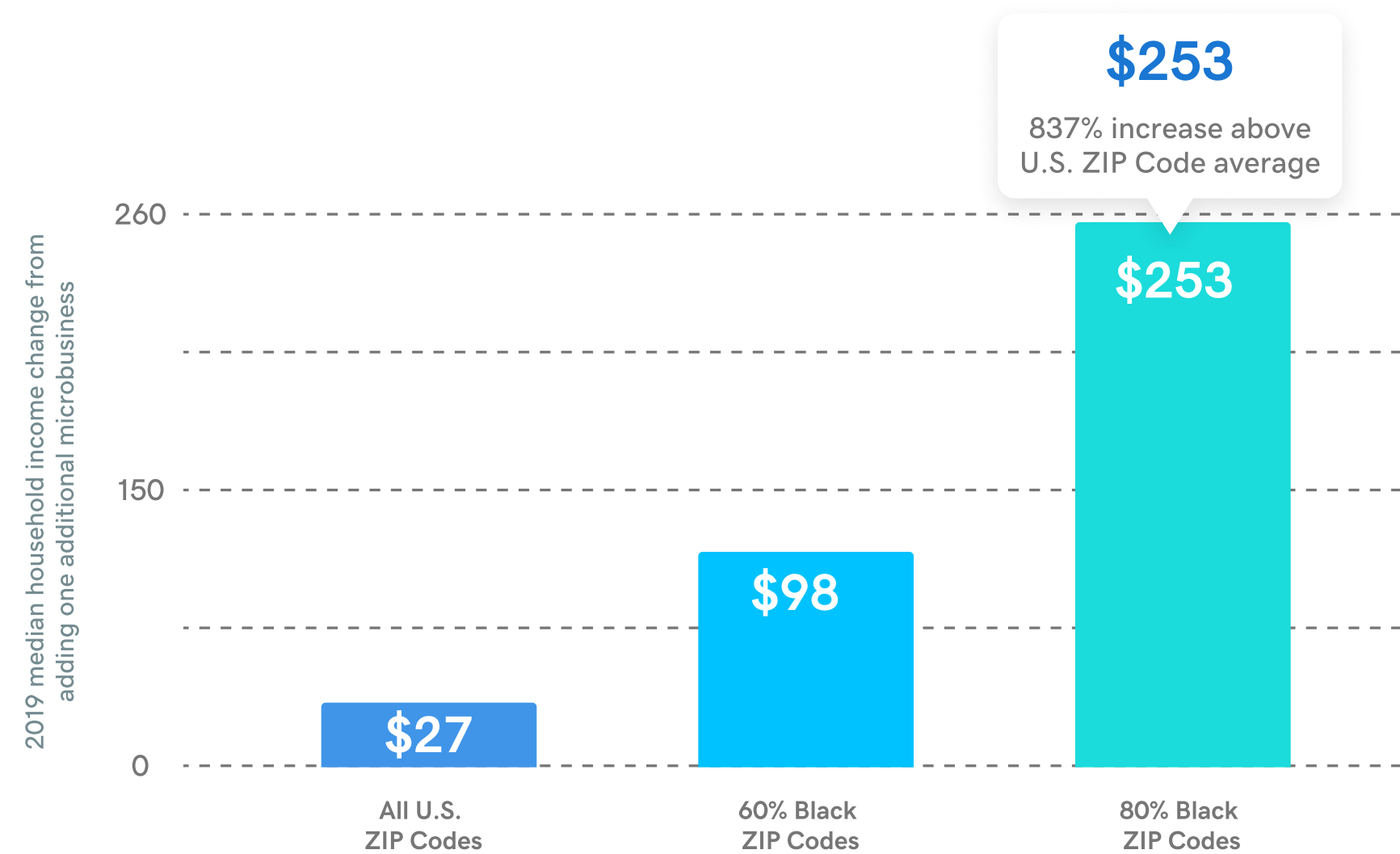
A CLOSER LOOK

At the start of 2020, these majority-Black ZIP Codes produced 44% fewer new microbusinesses than other ZIP Codes.

By December, that gap had reversed with mostly Black ZIP Codes producing about 2.3 new microbusinesses per 1,000 people, compared to 2.1 for ZIP Codes where Black residents are in the minority.

To read more see "The evidence is mounting: Stimulus checks contributed to a new microbusiness upsurge in 2020."

When communities are 60-80% Black, they benefit **3.5 to 9.4 times more** from each new microbusiness.



*Source: 2019 US Census Income; 2018 Venture Forward microbusiness density data

04 | NEW RESEARCH

**Milken Institute Best Performing Cities Index, UCLA
Microbusiness Index, and Mastercard City Possible**

NEW RESEARCH

New Reports from Venture Forward Partners

GoDaddy partnered with Milken Institute and UCLA Anderson Forecast to support policy makers in unlocking the economic power of microbusinesses



Milken Institute

Exploring the Role of Microbusinesses in
Economic Growth and Recovery for US Cities



UCLA Forecast

Looking for the keys to economic
recovery: An Index To Track Microbusiness Activity

Exploring the Role of Microbusinesses in Economic Growth and Recovery



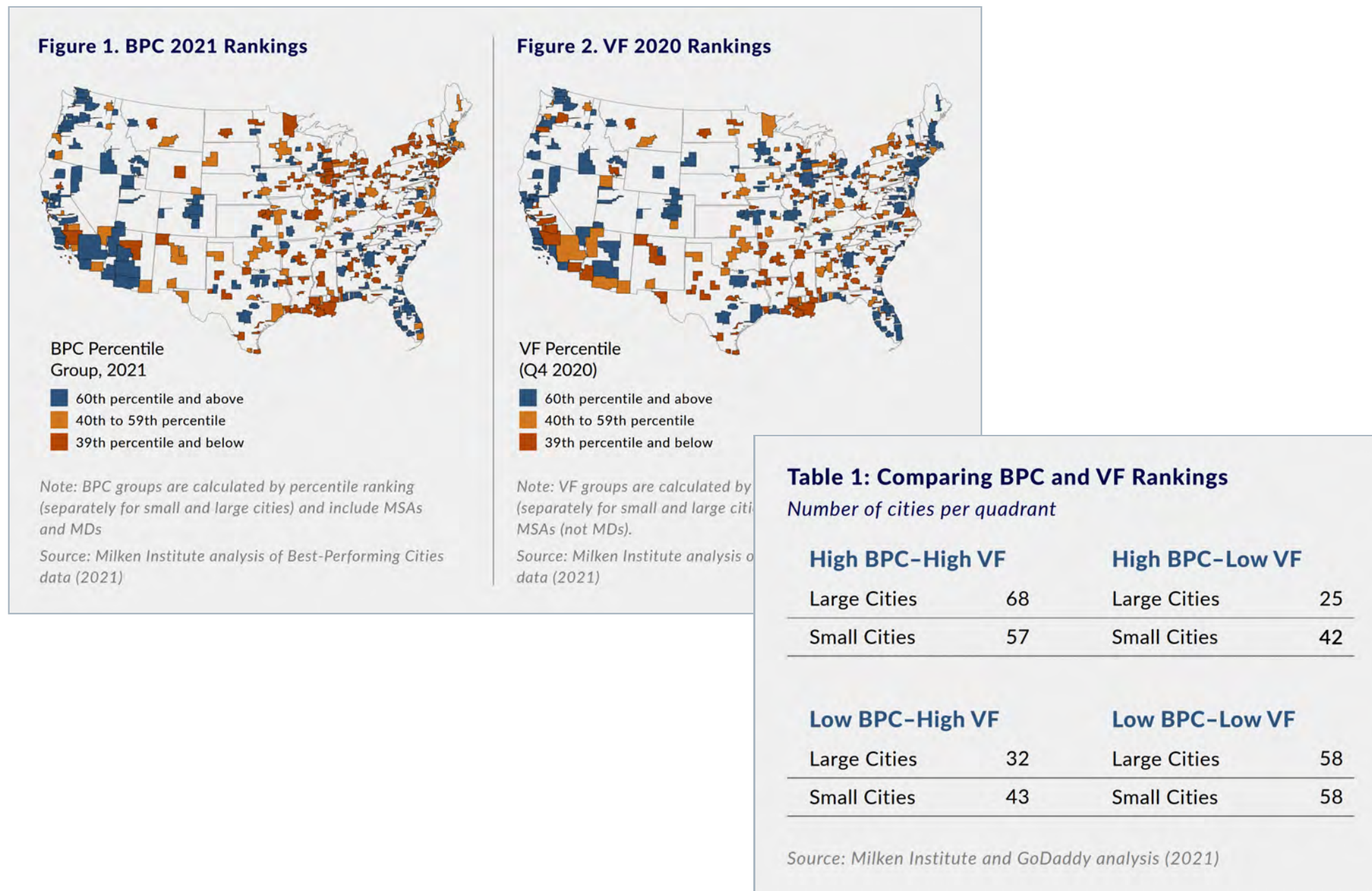
Milken Institute

Exploring the Role of Microbusinesses in Economic Growth and Recovery for US Cities

For the past twenty years, policymakers have relied on the Milken Institute to compare the economic performance and future prospects of metropolitan areas across the U.S.

In 2021, with cities around the country looking to revitalize pandemic-battered economies, the team at Milken's Center for Regional Economics (CRE) and Venture Forward began collaborating on a groundbreaking study on the link between microbusiness activity and the Milken Best Performing Cities Index.

BPC rankings were compared against microbusiness density to identify which markets' rankings moved in parallel, and where they diverged. The study provided useful insight into the role microbusinesses play in metropolitans of varying economic health.



FROM THE REPORT

“This paper marks a groundbreaking collaboration to understand better the contemporary landscape of economic opportunity across the United States. By comparing the rankings of nearly 400 metro areas across the country on the BPC Index and VF rankings of microbusiness density, we have developed a unique illustration of the relationship between the two and a set of recommendations for consideration by local policymakers. By properly understanding the value of their economic assets and taking steps to increase the level of microbusiness density, communities can enhance their existing growth trajectory or generate new opportunities that provide a foundation for economic growth and recovery.”

To read more see the Milken Institute White Paper: “Exploring the Role of Microbusinesses in Economic Growth and Recovery for US Cities”

Exploring The Role of Microbusinesses in Economic Growth and Recovery for US Cities

Q What was your biggest takeaway from doing the study?

Charlotte Kesteven: We knew that microbusinesses are super important in the overall economy, but we imagined the pattern would be similar across the board. But the variation is huge. Some cities have a few really big industries and almost no microbusinesses, and some have the opposite. Some have both.

Q Did this study reinforce what you found by expanding the BPC criteria to include broadband access and housing affordability?

Charlotte Kesteven: Yes. We found some geographic variation from one region to another. In the Midwest, for example, cities like Chicago, Cleveland and Detroit that didn't look very good from a BPC perspective in the past rose in the rankings. Once we began looking at the Venture Forward data, we saw surprisingly high microbusiness activity. The VF data helped us see that yes, there are a lot of good things going on in these places.

Q So based on the research, what is the single best way for policy makers to help microbusinesses and their local economies?

Aaron Melaas: Provide quality broadband access, across the income spectrum. I think before we began working with Venture Forward, we tended to view broadband access as not exactly a luxury, but not a necessity. The pandemic made it abundantly clear that broadband is fundamental to succeeding in the 21st century economy.

Continued on next page...

Exploring The Role of Microbusinesses in Economic Growth and Recovery for US Cities

Q Our research indicates that it's not enough to just provide broadband access. Cities also need to provide skills-training and education, so people know how to use that broadband to build online microbusinesses...

Aaron Melaas: Absolutely. For example, there are tons of skilled workers in places like Chicago and Detroit who no longer have the opportunities they once did in the manufacturing sector. We're only scratching the surface of people's potential to build online businesses, by translating their skills for a new purpose.

Q Is there more to learn by studying the impacts of microbusinesses?

Aaron Melaas: Absolutely. Our work with Venture Forward has led us to ask important new questions about what the economy is going to look like in the future. We hope this is just the beginning of a dialogue with Venture Forward, policymakers and business leaders to ensure that access to opportunity is as broad and equitable as possible.

Charlotte Kesteven: This project highlighted for me that economic success in a city is not as valuable if it's not available to everyone that's there. I think that's why looking at issues of access to opportunity is so important to us.

INTRODUCTION

A New Tool for Policy Makers: An Index To Track Microbusiness Activity

UCLA Anderson Forecast economists Leila Bengali and William Yu, in partnership with Venture Forward by GoDaddy, have created a pioneering index to track the activity of online microbusinesses across multiple variables.

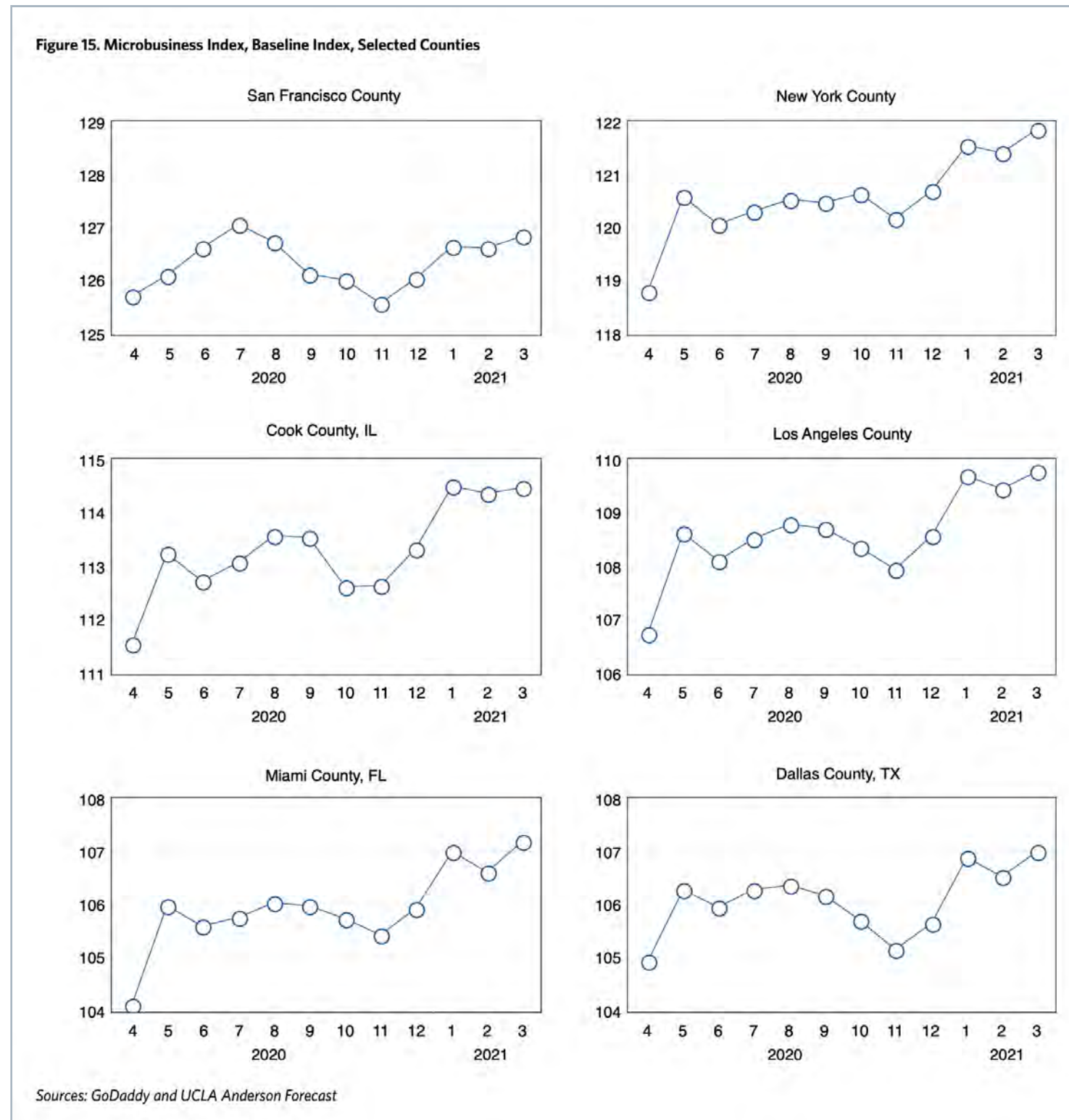
Policymakers can finally see how their area is performing over time with a new layer of timely information that can inform their planning and measurement of outcomes from policies and programs to help microbusinesses thrive.

UCLA Anderson Forecast

UCLA Forecast

White Paper: An Index for Online Microbusinesses

To measure microbusiness activity, the team created a baseline index. Here's a sample view of tracking the Microbusiness Index over time in major U.S. counties.



FROM THE REPORT

The vitality of online microbusinesses can be comprised of three components: receptivity, reception, and activity.

Receptivity is the physical and intellectual infrastructure needed to access and use the Internet.

Reception is the number of microbusinesses and their owners as a percentage of the population of each locale.

Activity is the frequency and intensity with which microbusiness websites are updated by their owners and used by their customers.

Through the lens of this new index, four key takeaways were uncovered:

- **Digital infrastructure:** Counties with a higher fraction of residents that have broadband access tend to have stronger labor market outcomes.
- **Education and access to skills-training:** Indication that human capital and skills-training are positively related to online microbusiness activity.
- **Access to capital:** Early evidence suggests that the presence of formal lending institutions help online microbusinesses, but also suggests that these online microbusinesses need to access capital in a different way or in smaller quantities than other businesses.
- **Microbusinesses and the local economy:** Counties with more online microbusinesses per capita tended to have stronger labor markets as measured by the unemployment rate and the employment to population ratio.

To view the UCLA Forecast White Paper, [click here](#).

A New Tool for Policy Makers: An Index To Track Microbusiness Activity

Q What was the main goal of this project and why is it important?

Leila Bengali: We had two major goals: To provide a more holistic view of what's going on with the millions of online microbusinesses across the US, and to create a monthly index to give policymakers fine-grained information on their local economies, without having to wait months or years for government data. Given what we've learned working with Venture Forward, you can't fully understand local labor markets and economies without knowing what's happening with your microbusinesses.

Q Is this particularly timely now, given the pandemic?

William Yu: We know that a lot of small businesses got clobbered by the pandemic, but we also know that many of them have become much more focused on e-commerce. So this online activity is more important than ever. We all know that big companies like Google and Amazon are doing very well. But what about all these microbusinesses?

Q How do you hope the Microbusiness Index will be used? Who is it designed for?

Leila Bengali: I would hope that when policymakers in state and local government think about unemployment and other macroeconomic factors, that they'll also look at this index to make better, more informed policies, rather than have to guess how microbusinesses are doing. Governments across the country have created programs to help small businesses in the last 18 months. As we collect more data over time, we'll be able to see what aspects of those programs are having the most positive impact on microbusiness activity. It will help governments invest using the money in the most impactful way, and get the biggest bang for their bucks.

Continued on next page...

A New Tool for Policy Makers: An Index To Track Microbusiness Activity

Q Were you surprised by any of the initial findings from the Microbusiness Index?

William Yu: Like most people, we assumed that activity in cities like New York and San Francisco got hurt during the pandemic. Well, it turns out New York has done far better than San Francisco in maintaining microbusiness density. At this point we don't have enough data to give a solid explanation of why this is the case. That's why we want to continue the partnership with GoDaddy. Over time, we'll be able to tell a stronger story.

Q Do you think the Microbusiness Index will impact our collective understanding of the economy, like other better known economic indicators?

Leila Bengali: There's an old joke about an economist who lost his keys one night but is only looking for them under a streetlight because "it's the only place I can see." The point is that economists are not very good at studying things they can't see. We hope this project helps expand what they can see about the importance of microbusinesses.

William Yu: Anything that fosters entrepreneurship is very good for a local economy. And in the 21st century economy, a \$1 investment in Internet connectivity might be more important than a \$1 investment in another mile of highway. Now, it may cost a rural county a lot more to provide connectivity to everyone, but it might be the best use of those dollars. So we hope this tool can help reduce all kinds of inequality of opportunity, including urban versus rural.

Partnering with Mastercard to foster inclusive entrepreneurship and economic development

Mastercard's **City Possible** program brings cities, companies and communities together to identify common challenges and paths toward broad-based growth.

Joining this global network of cities and members allows GoDaddy to share the latest research on the economic importance of microbusinesses — helping to create innovative solutions in communities across the US.

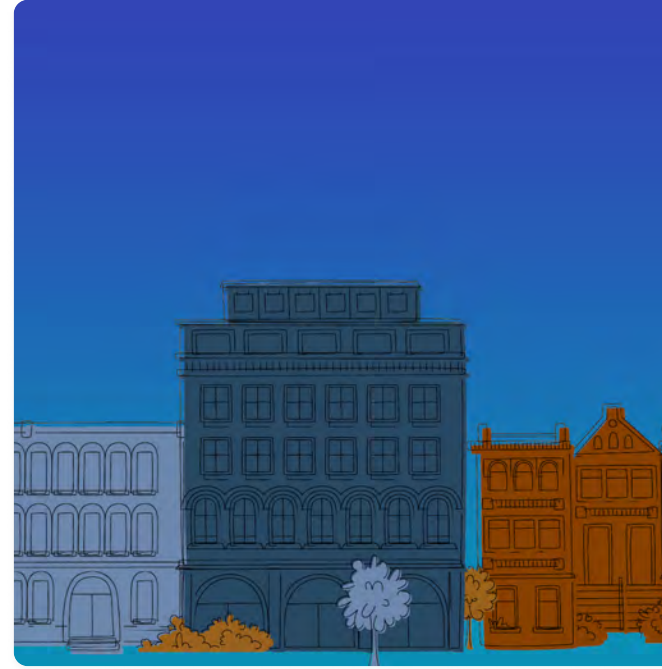
Through this partnership, Venture Forward makes our unique dataset of 20 million online microbusinesses in 30,000+ ZIP Codes available to help cities, businesses and academics promote inclusive entrepreneurship and economic development in their communities.

citypossible[™] | Pioneered by Mastercard

FRAMEWORKS FOR POLICY MAKERS

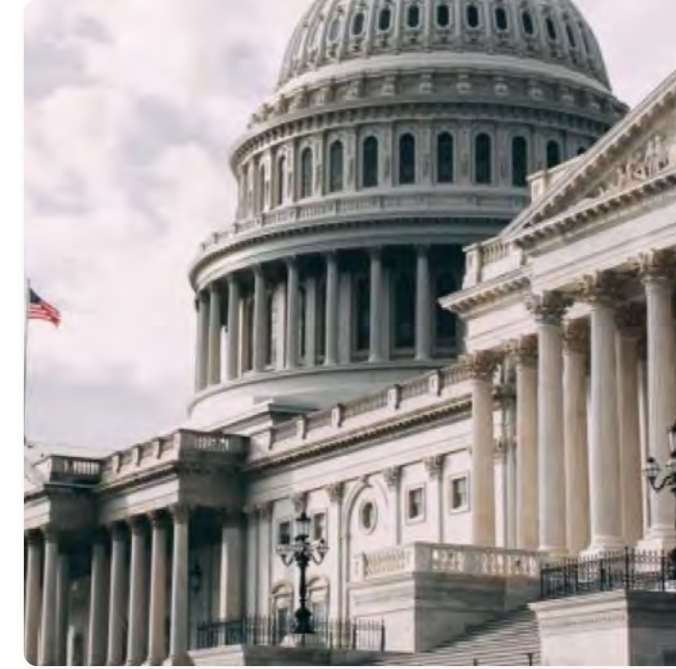
New Reports, Profiles, and Use Cases

To explore these use cases and more, visit
godaddy.com/ventureforward



MILKEN INSTITUTE WHITE PAPER

**Exploring the Role of
Microbusinesses in Economic
Growth and Recovery For US
Cities**



OPINION

**How to boost ROI on Biden's \$100
billion broadband plan**



COMMUNITY PROFILE

**Gilbert, AZ supporting
microbusinesses during COVID-19**



MICROBUSINESS PROFILE

Artist & therapist Thea Monyéé

05 | RESOURCES

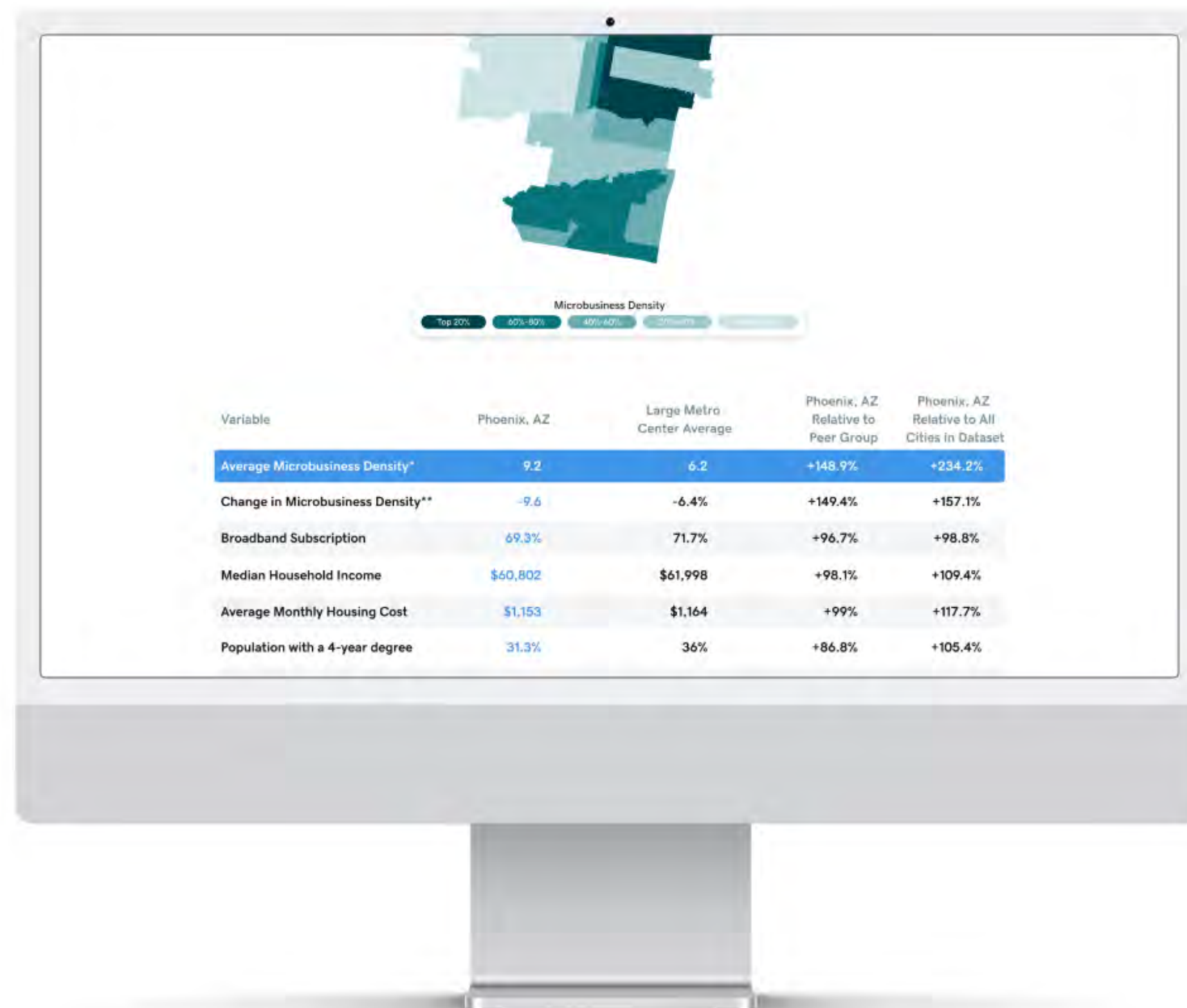
The Latest Data & Tools from Venture Forward

City Portal

Our new [City Portal](#) offers a way for local policy makers to explore the business makeup of their community in ways never before possible.

On the site you'll be able to compare current microbusiness density in one American city with metros and micropolitans nationally as well as filter against city peers. Customize the data, with breakdowns such as:

- Broadband access
- Affordability
- Education levels
- Average household Income
- Unemployment rates
- Population growth



NEW INTERACTIVE TOOL

Check out the City Portal

Understand the microbusiness activity in your community and learn how to support them to empower economic growth.

FAQs

Learn more about the research, methodology, and terminology used by Venture Forward.

Reports

Venture Forward, July (Summer) 2020 Quarterly Report

Venture Forward, November (Fall) 2020 Quarterly Report

White Papers

- Arizona State University and University of Iowa White Paper, updated March 2020: A new measure of digital participation and its impact on economic opportunity
- Harvard Business Review Analytic Services White Paper, April 2020: The rise of everyday entrepreneurs and their economic impact on communities
- UCLA Anderson Forecast, July 2021 White Paper: An Index for Online Microbusinesses
- Milken Institute, July 2021 White Paper: Exploring the role of microbusinesses in US metro area economic growth and recovery

Data, Profiles, and Use Cases

- Visit the Venture Forward website to explore how microbusinesses are impacting your local economy
- Read profiles of everyday entrepreneurs and city use cases
- Access these reports and more at godaddy.com/ventureforward
- Contact us at ventureforward@godaddy.com

Resources

We're here to help.

Venture Forward's mission is to bring into focus the benefits of building a more inclusive economy for communities by providing valuable information on the impact of microbusinesses, which are often too small or too new to show up in traditional methods of capturing economic data.

Since the launch of Venture Forward, we've talked to hundreds of policymakers and influencers — all of whom see how much more potential these everyday entrepreneurs have to positively impact their communities. We've worked with mayors and economic developers to inform programs and the allocation of funds.

This is the beginning of what we hope will be a long partnership between GoDaddy and American cities, making our communities more user-friendly to microbusinesses. Please reach out to our team if we can be of help at ventureforward@godaddy.com. We'd love to work with you!