



VERIZON BUSINESS' 5TH ANNUAL STATE OF SMALL BUSINESS SURVEY

Year Five Results

AUGUST 2024



Background



METHODOLOGY

This survey was conducted by Morning Consult on behalf of Verizon Business between August 11 – September 2, 2024 among a national sample of 621 small to midsize business owners and decision makers. The interviews were conducted online. Results from the full survey have a margin of error of +/- 4 percentage points.



TARGET AUDIENCE

- Works at a business with 1 (sole proprietor) to 500 employees
- · Has decision-making power
- Works in one of the following industries (~100N per industry): Construction & Contracting, Entertainment & Recreation, Food & Beverage, Hospitality & Accommodation, Retail, Restaurant & Bar



TRENDING

Data has been trended against previous years where applicable.

- Year 4 field dates: August 10 August 23, 2023
- Year 3 field dates: August 12 August 19, 2022
- Year 2 field dates: August 5 August 16, 2021
- Year 1* field dates: August 26 September 4, 2020

*The year 1 survey targeted a broader set of eight industries; year one data throughout the report has been filtered to exclude the industries that were not included in years 2, 3, and 4.



Key Points

- Business owners and decision makers remain concerned about the US economy overall and show more concern than in 2023 around their own business' financial security. About 4 in 5 decision makers say they are very or somewhat concerned about the US economy generally. Concern for one's own business' financial security (62%) and own job security (54%) saw large increases compared to last year.
- 2. While inflation and a potential recession remain leading concerns among business decision makers, concerns around supply chain issues have lessened. 4 in 5 respondents say they are worried about the effects rising inflation will have on their business, and over half already have or are planning to reduce spending on non-essential items and raise prices in preparation for a possible economic downturn, consistent with 2023. Shares who report experiencing supply chain issues decreased compared to last year, as did level of concern around supply chain issues during the upcoming holiday season.
- 3. Tech implementation at small to mid-size businesses has increased dramatically, alongside greater understanding of cybersecurity risks and familiarity with AI. Shares of decision makers who report adding or upgrading technologies over the past year increased across board; upgrades to enhance internet bandwidth, internet speeds, and wireless signal remain the most common. Around 3 in 5 respondents report adding or upgrading security tools for networks and devices and requiring cybersecurity measures & training for employees. Though decision makers worry that using AI can open their business up to cyber risks, AI usage has more than doubled compared to 2023, with almost 2 in 5 reporting that their business currently uses AI.



PARTNER EXPECTATIONS

HOLIDAY SEASON

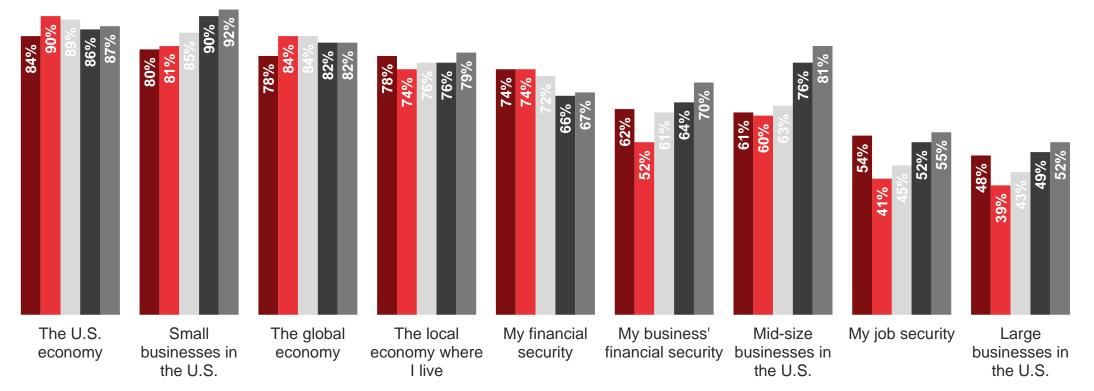
TECHNOLOGY, CYBERSECURITY, AND AI

OUTLOOK & BUSINESS IMPACTS

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Overall, concern among small to mid-size business owners and decision makers about both the US and global economies remains high, albeit lower than in 2023. Concern for small and mid-size businesses remains stable, while concern for one's own business' financial security (62%) and own job security (54%) saw large increases compared to last year.

In general, how concerned are you about each of the following?



% VERY OR SOMEWHAT CONCERNED

■ Aug-24 ■ Aug-23 ■ Aug-22 ■ Aug-21* ■ Aug-20*

*Prior to August 2022, this question was asked as: "In general, how concerned are you about the impact of the coronavirus (COVID-19) pandemic on the following?"

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business

MUCH OR

OUTLOOK & BUSINESS IMPACTS

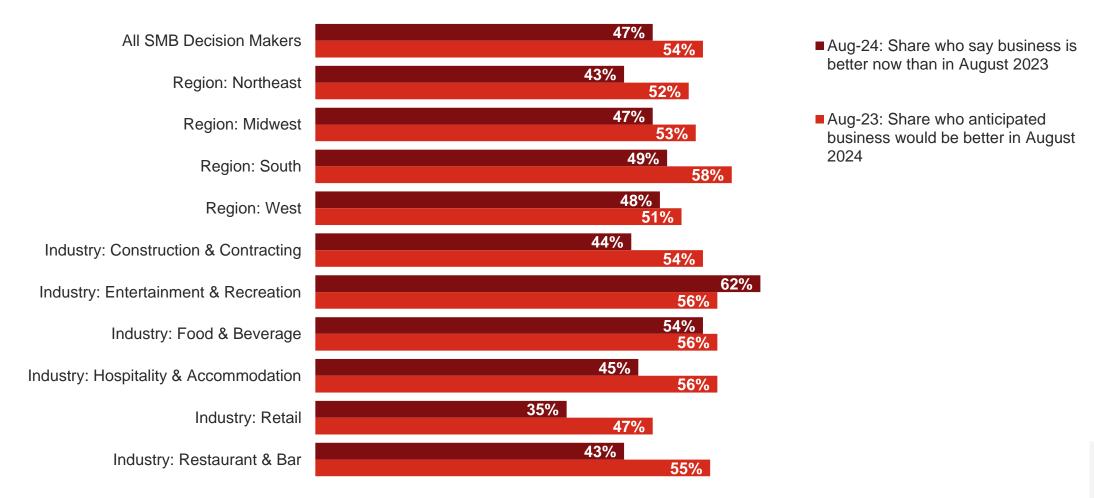
Although economic concern remains high, decision makers are much more optimistic in their predictions for the next few months than in previous years, with around half expecting financial security for themselves and their businesses to improve.

And, over the next few months, do you expect conditions for each of the following to **get better** or **get worse**, or to **stay about the same** compared to today?

Expect to get much better Expect to get somewhat better Expect to stay the same								
	■ Expect to get so		0	on't know / No opi		2024	YOY CHANGE	
My business' financial security	20%	31%	34%		11%	51%	+14	
My financial security	20%	30%	33%	14	4% 3%	50%	+10	
The U.S. economy	18%	29%	20%	22%	9%	47%	+21	
Large businesses in the U.S.	18%	27%	37%	129	% 3%	45%	+14	
The local economy where I live	16%	29%	32%	18%	5%	45%	+18	
Small businesses in the U.S.	17%	27%	25%	22%	7%	44%	+20	
Mid-size businesses in the U.S.	14%	30%	35%	15%	3%3%	44%	+20	
My job security	19%	25%	44%		10%	44%	+15	
The global economy	14%	29%	28%	20%	8%	43%	+20	

Across regions and industries, respondents report that the current state of their business falls short of last year's predictions, with less than half of decision-makers reporting that their business is doing better now compared to a year ago.

2024 Data: And, thinking about the overall state of your business **now** compared **to a year ago (e.g., August 2023)**, would you say your business **now** is... / 2023 Data: One **year from now (e.g., August 2024)**, do you anticipate that the overall state of your business will be...



Despite 2023 and previous years falling short of expectations, most remain optimistic and expect their business to be doing better next year compared to now, especially those in the entertainment industry.

Finally, one year from now (e.g., August 2025), do you anticipate that the overall state of your business will be...

	Much better than nowSomewhat worse than now			ame as now No opinion	MUCH OR SOMEWHAT BETTER
All SMB Decision Makers	17%	42%	29%	9%	59%
Region: Northeast	15%	45%		10% 3%	60%
Region: Midwest	16%	44%		7% 3%	60%
Region: South	16%	46%		11%	62%
Region: West	20%	31%		7%	51%
Industry: Construction & Contracting	13%	44%	29%	11% 3%	57%
Industry: Entertainment & Recreation	19%	57%		20% 3%	76%
Industry: Food & Beverage	16%	49%	24%	7% 3%	65%
Industry: Hospitality & Accommodation	16%	37%	34%	11%	54%
Industry: Retail	17% 32	2%	35%	12% 3%	49%
Industry: Restaurant & Bar	19%	32%	34%	11%	51%

Nearly half continue to report challenges in hiring for open positions, while fewer report challenges in retaining employees compared to 2023. The share of decision makers who have provided new technology to their employees for onboarding and collaboration saw increases from last year.

PERSONNEL: Over the last year (e.g., since August 2023), has your business...

- Aug-24; Business has done in the last year
- Aug-22; Business has done in the last year

Aug-20; Business has done since the start of the pandemic



31%

40%

38%

<u>38%</u>

39% 33% 31%

31%

30%

18%

Had challenges hiring new employees to fill open positions

	44%
th	32%
es	28%
	••• / •

Implemented new systems or technology to help with onboarding and training employee

- Provided new devices or technology to employees to help attract or retain talent
 - Lost employees or had challenges retaining top talent
- Implemented new systems or technology to allow for remote collaboration

Experienced declining employee productivity

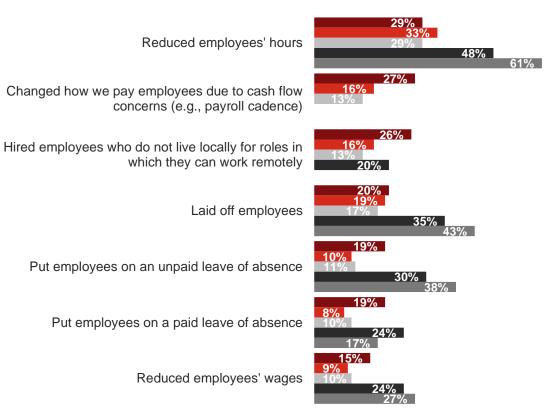
Implemented new systems or technology to compensate for a shortage of workers

Data not shown for years in which specific attributes were not asked

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■ Aug-21; Business has done in the last year



The share of decision makers experiencing increased costs and difficulties sourcing materials due to supply chain interruptions has declined in 2024. Respondents are more likely than last year to have made additional technology investments, such as implementing new security systems (45%) and adding digital/online operations (38%).

OPERATIONS: Over the **last year** (e.g., since August 2023), has your business...

40%

32%

Aug-24; Business has done in the last year Aug-23; Business has done in the last year Aug-22; Business has done in the last year Aug-21; Business has done in the last year ■ Aug-20; Business has done since the start of the pandemic 36% 34% 31% 71% Slowed or stopped hiring due to economic conditions Experienced increased costs 61% 45% 58% 58% Started delivering products and services differently Started offering new products and services to adapt to 48% 48% changing customer needs 36% 45% Withdrew from cash reserves 33% 42% Implemented new systems or technology to ensure security 32% 38% 31% Applied for a new line of credit 44% 43% 46% 14% Experienced declining sales 23% 60% 17% 19% 70% Reduced wages of business owners/leaders 35% 42% 39% 44% Begun preparing for a possible economic recession 23% Withheld payments on bills (e.g., rent, utilities, internet 16% services, etc.) 28% 40% Experienced issues sourcing materials due to supply chain 23% interruptions Applied for a private loan or grant 14% 47% 27% 18% 38% 21% <mark>28%</mark> 29% <mark>2%</mark> 16%

Applied for a federal loan or grant

MORNING CONSULT^{*} + Verizon

Data not shown for years in which specific attributes were not asked

Added or transitioned to digital/online operations

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OUTLOOK & BUSINESS IMPACTS

To what extent do you agree or disagree with the following statements?

A majority (83%) are worried about the effects inflation will have on their business, consistent with 2023. This year, decision makers are much more likely to say they've leveraged digital tools to change processes and create new opportunities to make money.

YOY ■ Somewhat disagree Strongly agree Somewhat agree Don't know / No opinion Strongly disagree CHANGE 2024 83% +2 I worry about the effects rising inflation will have on my business. 10% 4% 40% 43% Increased cost-of-living is changing my business' employees' expectations 75% +5 5% 5% 43% 15% 32% of the business. My business has used digital tools and technologies over the past two 74% +154% 14% 29% 45% 10% years to change our processes and customer experiences. My business is developing or implementing strategies to drive customers 73% 6% 14% 7% +1430% 43% back to face-to-face interaction. My business has leveraged digital tools and technologies to create new 9% 68% 5% 18% 25% 43% +14opportunities to make money over the past two years. A labor shortage is changing my business' employees' expectations of the 6% 23% 33% 22% 16% 56% +11business. I worry that employees at my business will look for jobs elsewhere if the 5% 21% 32% 21% 21% 53% +17 flexibility to work remotely is not offered.

STRONGLY OR SOMEWHAT AGREE

business

DONE OR

MORNING CONSULT[°] + Verizon

OUTLOOK & BUSINESS IMPACTS

Consistent with 2023, a majority of decision makers say they either already have or are planning to reduce spending on non-essential items and raise prices in preparation for a possible economic downturn. This year, respondents are more likely to say they are or are planning to seek business education to keep up with economic conditions compared to 2023.

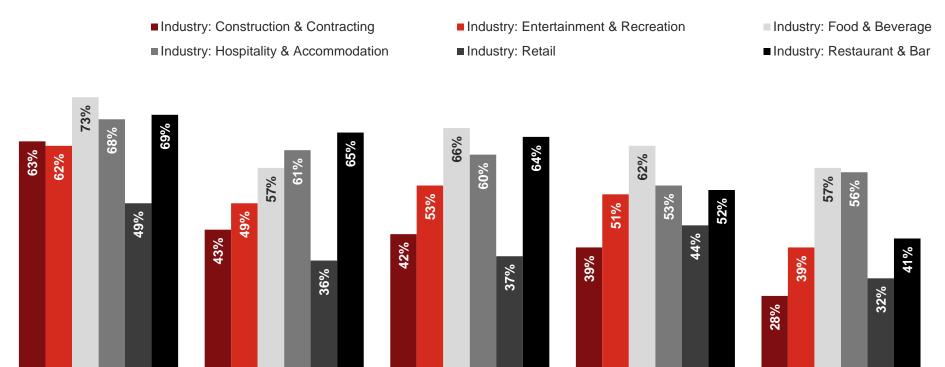
Has your business done, or does it have plans to do, any of the following due to **the potential for an economic downturn in the near future (i.e., a recession)**?

Already done / currently doing thisNo current plans to do this	 Planning to do in the next Don't know / No opinion 	6 months	P	lanning to	do in the i	next 7 – 12 mor	nths	CURRENTLY DOING Change vs. 2023
Reduce spending on	non-essential items and activities	4	15%		18%	11%	20% 6%	+1
Raise the prices of goods or services we offer	er to offset the impacts of inflation	39%	6	2	24%	14%	19% 3%	-4
Utilize more free resources or plat	tforms to manage daily operations	33%		23%	129	% 25%	% 7%	+6
Invest in employee retention to avoid cos	sts and time associated with hiring	28%	19	%	15%	30%	8%	+7
Stock additio	nal product with low holding costs	27%	23	3%	14%	29%	8%	+4
Seek business education to	keep up with economic conditions	26%	229	%	12%	32%	8%	+12
Seek outside advice on m	erchandising products or services	25%	23%	6	12%	33%	7%	+6
Cut back or	n planned operational investments	25%	20%	,	13%	34%	7%	+3
Seek ou	utside advice on financial planning	25%	19%	1	3%	35%	7%	+7
Change/consider changing your business n	nodel to meet economic demands	24%	26%	%	14%	31%	6%	+6
Implement a hiring free	ze to avoid incremental expenses	22%	17%	12%		42%	6%	+5
Scale back on programs or	r business offerings to cover costs	21%	21%	12%	6	38%	8%	+6
Seek out new fund	ding opportunities, such as grants	20%	22%	14	%	35%	9%	+8
Cut back or	n planned technology investments	20%	19%	13%		42%	7%	+4
Reduce employe	ee headcount to help save money	19%	19%	12%		44%	6%	+2
Cut back on pla	anned cybersecurity investments*	17%	18%	11%		43%	11%	
Scale back	employee benefits to save money	16%	19%	10%		49%	6%	+6

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Respondents continue to be most worried about inflation (73%) and a possible recession (67%). Decision makers also express more concern about cybersecurity, maintaining a customer base, and the holiday season than they did in 2023.

VERY OR Thinking about how your business plans to move forward over the next few months, how concerned are you about the following, if at all? SOMEWHAT CONCERNED Verv concerned Somewhat concerned Don't know / No opinion ■ Not at all concerned ■ Not too concerned YOY CHANGE 2024 The impact of inflation on your business 17% 9% 36% 37% 73% +3 22% 9% The possibility of an economic recession or downturn 31% 36% 67% +1 22% Managing rising labor costs 26% 38% 11% 64% +10 Cash flow disruption due to economic issues 24% 13% 27% 33% 60% +5 Maintaining relationships with existing customers or clients 26% 16% 25% 32% 57% +12 Creating relationships with new customers or clients 24% 26% 15% 33% 57% +9 Marketing my business' products and services effectively 29% 30% 13% 27% 56% +10 Ensuring inventory levels or fulfillment schedules amid continued supply... 21% 34% 29% 13% 55% +5 27% Ensuring the security of online and digital transactions 24% 30% 17% 54% +14 4% Ensuring the security of company networks and computer systems 26% 21% 33% 17% 54% +17 28% 17% Maintaining adequate staffing levels 22% 32% 54% +7 Preparing for increased sales activity during the holiday season 21% 32% 30% 15% 53% +114% Creating new products and services that meet consumers' needs 30% 23% 28% 15% 51% +9 30% 27% Retaining top talent 21% 19% 51% +3 4% 30% 16% Attracting top talent 17% 33% 50% +5 3% Reducing talent headcount 15% 27% 30% 24% 42% +13 18% 22% 5% 28% 27% Hiring freeze 40% +14



Maintaining adequate staffing

levels

TALENT: % VERY OR SOMEWHAT CONCERNED

Attracting top talent

Decision makers in the food & beverage, hospitality, and restaurant & bar industries express stronger levels of concern about staffing and retention in the coming months relative to those in most other industries, while those in construction & contracting industry are least concerned.

Thinking about how your business plans to move forward over the next few months, how concerned are you about the following, if at all?

OUTLOOK & BUSINESS IMPACTS

Retaining top talent

Managing rising labor costs

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56%

45%

28%

Reducing talent headcount

53%

Hiring freeze

32%

28%

Respondents across all industries express high levels of concern around inflation and a possible recession. Decision makers in the entertainment, food & beverage, and hospitality industries are more likely to be concerned about cybersecurity compared to respondents in other industries.

Thinking about how your business plans to move forward over the next few months, how concerned are you about the following, if at all?

OPERATIONS: % VERY OR SOMEWHAT CONCERNED

Industry: Construction & Contracting Industry: Entertainment & Recreation Industry: Food & Beverage Industry: Hospitality & Accommodation Industry: Retail ■ Industry: Restaurant & Bar

59%

76%

75%

65%

68%

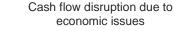
The possibility of an economic recession or downturn

70%

69% 69%

57%

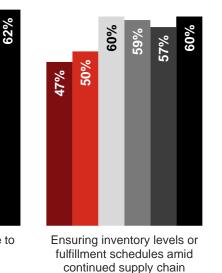
67%



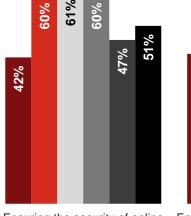
70%

50%

69%



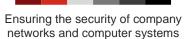
disruptions

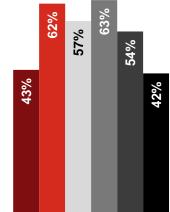


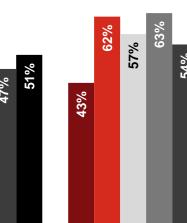
60%

61%

Ensuring the security of online and digital transactions









16

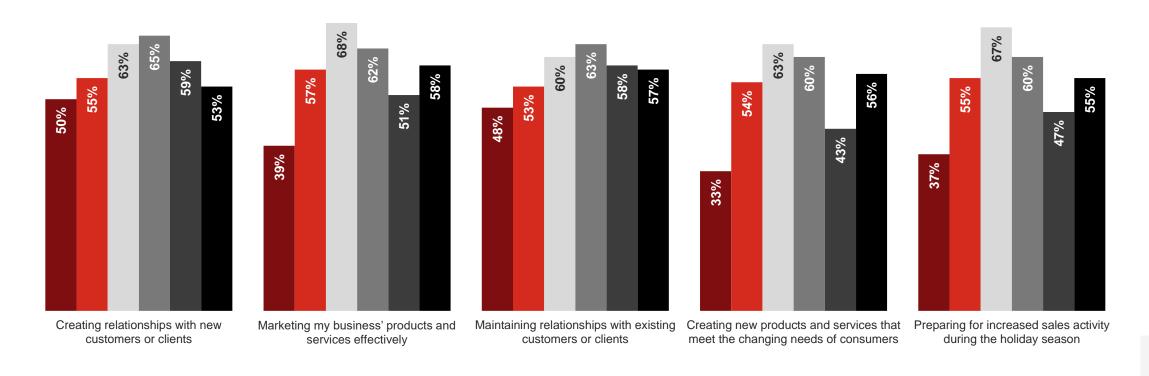
OUTLOOK & BUSINESS IMPACTS

Levels of concern across sales and marketing-related areas vary less across industries, though decision makers in the food & beverage and hospitality industries are most likely to be concerned about marketing their products and services effectively and the increased sales activity during the upcoming holiday season.

Thinking about how your business plans to move forward over the next few months, how concerned are you about the following, if at all?

SALES & MARKETING: % VERY OR SOMEWHAT CONCERNED





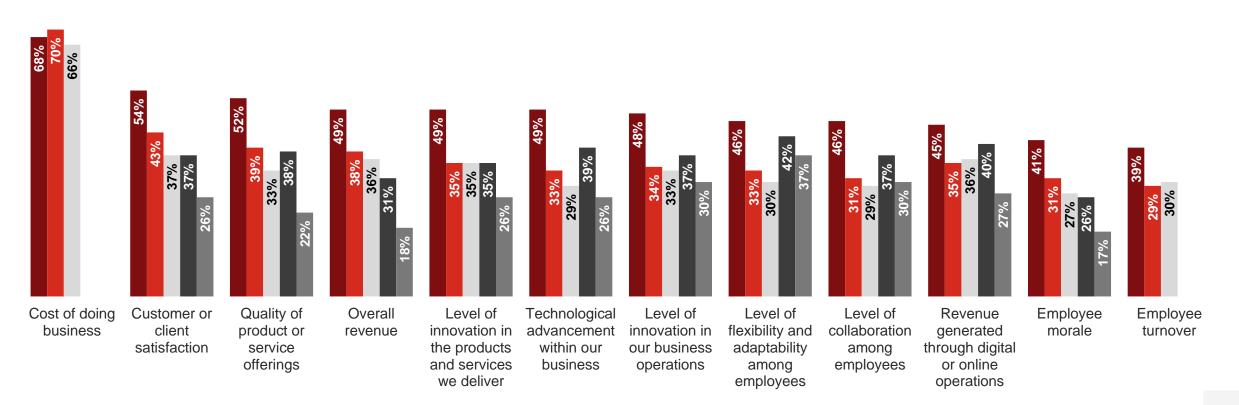


Data not shown for years in which specific attributes were not asked

OUTLOOK & BUSINESS IMPACTS

Decision makers continue to say that the cost of doing business is higher now compared to a year ago. However, respondents are more likely than in previous waves to report an increase in overall revenue, level of innovation, and tech advancements in the past year.

Compared to a year ago (i.e., August 2023), would you say the following are higher, lower, or about the same for your business now?



% MUCH OR SOMEWHAT HIGHER

■ Aug-24 ■ Aug-23 ■ Aug-22 ■ Aug-21* ■ Aug-20*



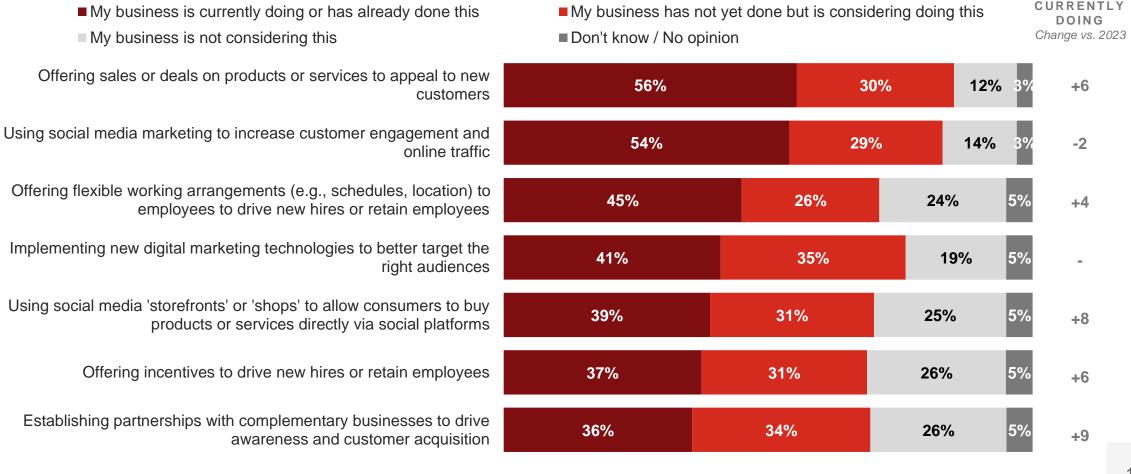
DONE OR

MORNING CONSULT^{*} + Verizon

OUTLOOK & BUSINESS IMPACTS

Sales (56%) and social media marketing (54%) are the leading customer outreach tactics that decision makers have-used over the past year, similar to 2023. The shares saying they use social media 'storefronts' (39%) or have partnered with complementary businesses (36%) saw an increase compared to last year.

In the last year, has your business done or considered doing the following?



* Added in 2024 study

USE NET

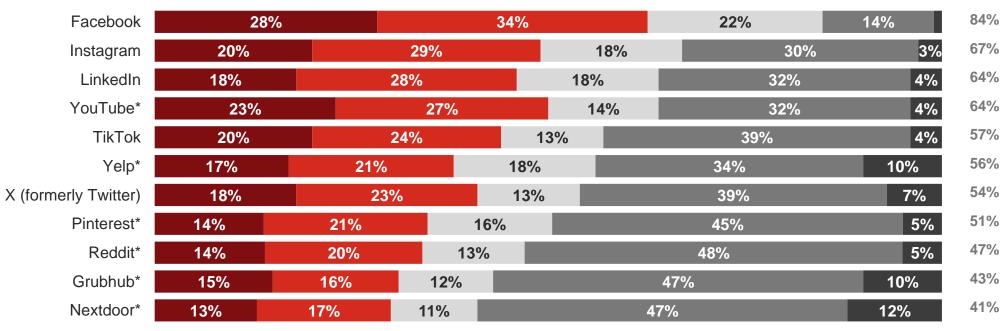
MORNING CONSULT + Verizon

OUTLOOK & BUSINESS IMPACTS

Facebook is used by more than 4 in 5 decision makers and remains the leading platform for promoting products and connecting with customers. Instagram, LinkedIn, and YouTube form a second tier, used by about two thirds of respondents.

Similarly, thinking about how your business promotes its products and services and connects with customers, which statement below best describes your business' use of the following platforms?

- My business began using this in the past year
- My business used this before, and has expanded or increased our usage in the past year
- My business used this before, and is using the same way now as we were a year ago
- My business does not use this



Don't know / No opinion

Most decision makers say that a variety of financial resources would be helpful to their business in the coming year, including waived late fees from service providers, free financial courses, and the ability to speak with finance experts for business advice. Two thirds would find information about available loan programs and how to apply helpful, a 17-point increase from 2023.

Which of the following resources, if any, would be the most h	VERY OR SOMEWHAT HELPFUL						
Very helpful Somewhat helpful	on't know / No opinion	■ Not too helpful	■Not at all I	nelpful		2024	YOY CHANGE
Access to free financial courses or programs that you can use on your own time	31%	39%	5%	16%	9%	70%	+12
Waived late fees from service providers (e.g., internet, utilities, etc.)	35%	35%	7%	15%	8%	70%	+13
Ability to speak with finance experts who can help advise your business	30%	39%	6%	16%	10%	69%	+8
Ability to apply for advertising grants to help promote your business digitally and socially	34%	33%	7%	17%	8%	67%	+10
List of available loan programs and how to apply	32%	34%	8%	16%	10%	66%	+17
List of available grant programs and how to apply	31%	35%	7%	18%	9%	66%	+9

When it comes to networking and mentorship related resources, free social media marketing courses are viewed as the most helpful for respondents' businesses, followed by the ability to speak with e-commerce consultants.

Which of the following resources, if any, would be the most helpful to you right now as you carry your business forward this year?								SOM	SOMEWHAT HELPFUL	
■ Very	helpful	Somewhat helpful	Don't know / No opinion	■ Not too helpful	∎Not a	at all helpful		2024	YOY Change	
Access to free social m	edia marketi	ng courses or programs that you can use on your own time	37%	39%		5% 13%	6%	76%	+7	
	anding, or so	experts who can help establish a ocial media engagement for your ness via phone, chat, video, etc.	32%	39%	8%	14%	8%	71%	+10	
Access to free talent/emp	loyee manag	ement courses that you can use on your own time	32%	36%	7%	15%	10%	68%	+10	
Ability to connect wit	h other smal	/medium business leaders in an online network	28%	39%	7%	17%	8%	67%	+8	
remote work infrastru	icture and re	an help advise your business on lated new technologies, such as tion, security solutions and more	30%	36%	7%	15%	11%	66%	+13	
Ability to join an emp	owering netwo	vork of minority-owned business leaders*	31%	35%	7%	18%	9%	66%	-	
		:1 mentor for your business and sessions against your business goals	29%	37%	8%	18%	8%	66%	+10	
Ability to speak with	HR (human i	esources) experts who can help advise your business	27%	38%	6%	16%	12%	65%	+13	
Ability to join an empowe	ering networl	of like-minded female business leaders**	28%	37%	9%	15%	11%	65%	+5	
			* Base: Non-white respondents							

Showing areas related to networking and mentorship

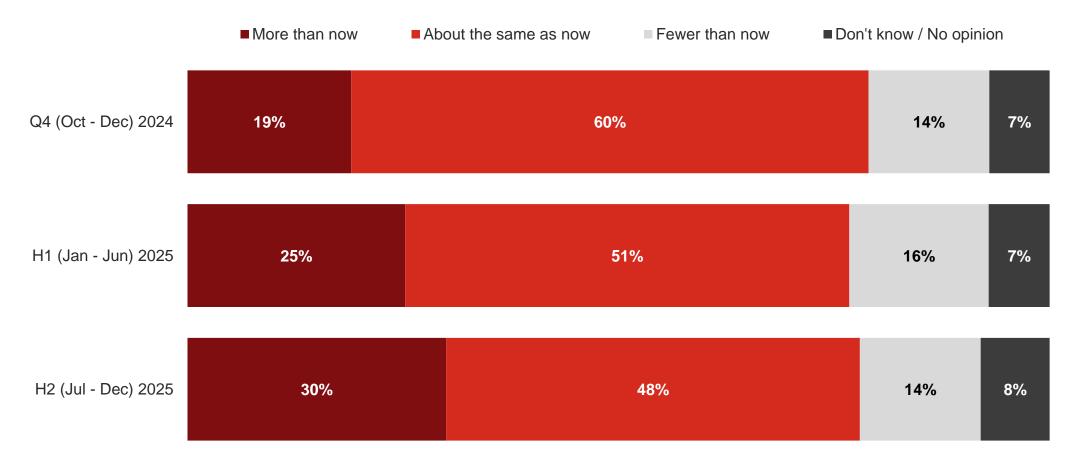
* Base: Non-white respondents ** Base: Female respondents

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OUTLOOK & BUSINESS IMPACTS

Three in five decision makers believe that the number of open positions at their business will remain about the same for the rest of the year, while a quarter to a third anticipate having more open positions in 2025.

During each of the time periods below, do you anticipate your business will be hiring for more open positions, fewer open positions, or about the same amount that you are now?





PARTNER EXPECTATIONS

HOLIDAY SEASON

TECHNOLOGY, CYBERSECURITY, AND AI

OUTLOOK & BUSINESS IMPACTS

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TECHNOLOGY, CYBERSECURITY, AND AI

Upgrades to enhance internet bandwidth, internet speeds, and wireless signal remain the most common upgrades that respondents say their business has made in the last year. Decision makers were more likely to report additions or upgrades to all tested technologies compared to previous waves.

% Added or upgraded in the past year	Aug-24	Aug-23	Aug-22	Aug-21*	Aug-20*
High-speed internet plan	67%	51%	51%	54%	27%
Internet connection with strong bandwidth that allows for high-capacity activities	66%	53%	51%	52%	27%
Routers or extenders to enhance wireless signal	61%	47%	44%	47%	25%
Secure cloud backup services	60%	41%	43%	46%	26%
Online business search assistance services	60%	42%	43%	48%	24%
Communications and networking hardware	59%	41%	41%	49%	27%
Security tools and protection plans for phones or devices	59%	38%	39%	48%	23%
Network security services	57%	42%	44%	47%	25%
Point of service systems*	56%	NA	NA	NA	NA
Devices for employees to enhance connectivity	55%	42%	37%	45%	28%
Services to integrate mobile and desktop phone lines	54%	34%	34%	44%	23%
IT or technical support services	54%	40%	38%	46%	24%
Video and web conferencing tools	53%	40%	41%	53%	33%
Website hosting or development services	52%	38%	37%	45%	21%
Cybersecurity training for employees	52%	31%	29%	NA	NA
Application development services	51%	30%	30%	NA	NA
TV or streaming entertainment services for business, bars, and restaurants	47%	32%	31%	38%	16%

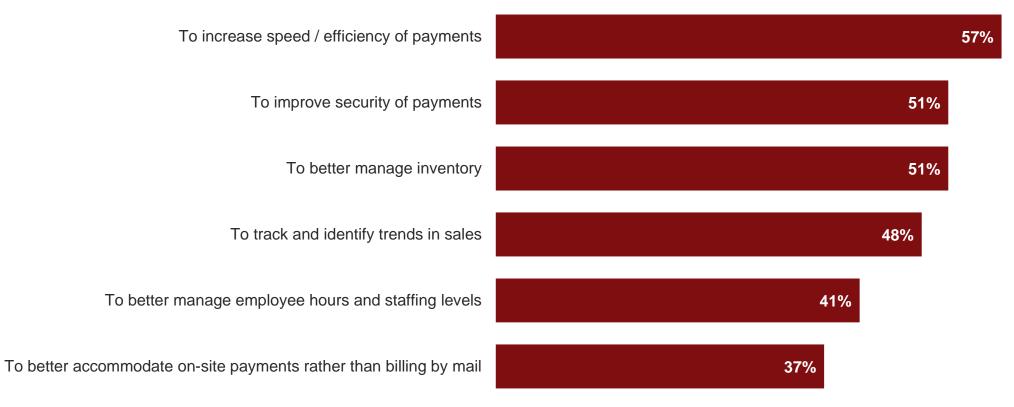
In the past year (i.e., since August 2023), has your business added or upgraded the following services or technologies?

Data not shown for years in which specific attributes were not asked

TECHNOLOGY, CYBERSECURITY, AND AI

Among decision makers whose businesses added or upgraded point of service systems in the past year, increasing the speed and efficiency of payments is their chief reason for doing so, followed by improving security, better managing inventory, and tracking sales trends.

You indicated that your business has added or upgraded its **point of service systems** in the past year. Was the decision to add or upgrade your business's point of service systems motivated by any of the following?



% SELECTED

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59%

45%

39%

42%

41%

40%

45%

35%

30%

26%

28%

24%

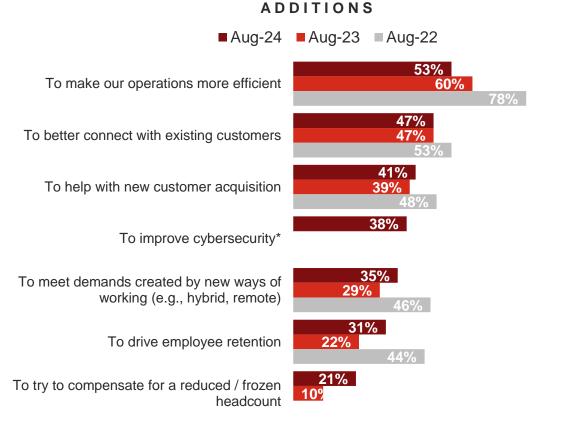
17%

12%

TECHNOLOGY, CYBERSECURITY, AND AI

Decision makers say that technology additions and upgrades have primarily been motivated by efficiency gains and to better connect with new & existing customers, consistent with previous years.

You indicated that your business has added to its tech stack in the past year. Was the decision to add to your business's tech stack motivated by any of the following? Select all that apply. / You indicated that your business has upgraded part(s) of its tech stack in the past year. Was the decision to upgrade part(s) of your business's tech stack motivated by any of the following? Select all that apply.







To help with new customer acquisition

To better connect with existing customers

To improve cybersecurity*

To meet demands created by new ways of working (e.g., hybrid, remote)

To drive employee retention

To try to compensate for a reduced / frozen headcount

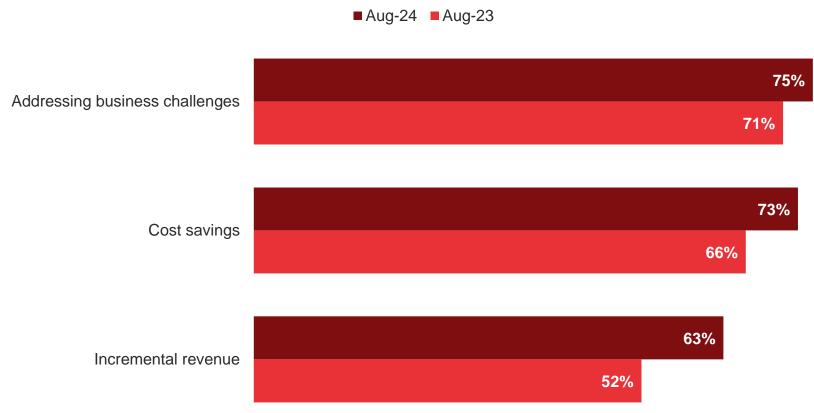
■ Aug-24 ■ Aug-23 ■ Aug-22

Base: Respondents whose business added new technologies in past year

TECHNOLOGY, CYBERSECURITY, AND AI

Most decision makers whose businesses have made upgrades to their tech stacks say these upgrades have helped address challenges, and are more likely to say they led to positive business outcomes, such as cost savings and incremental revenue, compared to 2023.

You indicated that your business has upgraded part(s) of its tech stack in the past year. Would you say that this upgrade(s) has led to...?



%SELECTED YES

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TECHNOLOGY, CYBERSECURITY, AND AI

Decision makers are increasingly likely to report that their business is subscribed to a 5G-enabled fixed-line business internet service and provides 5G-capable devices to employees. The share of retail, restaurant, and food and beverage industry respondents using 5G networks to process and track inventory nearly doubled in the past year.

Which of the following best describes your business' plans when it comes to the following?

% Already done / Currently doing this	Aug-24	Aug-23	Aug-22	Aug-21
Subscribing to a 5G-enabled fixed-line business internet service	37%	22%	21%	14%
Using 5G networks to support contactless payments at retail locations*	34%	24%	NA	NA
Providing hot spots to employees	32%	NA	NA	NA
Using 5G networks to power sensors or computer vision to process and track inventory*	31%	17%	NA	NA
Providing 5G-capable smartphones / devices to employees	28%	19%	17%	14%
Providing new devices to employees (e.g., phones, laptops, tablets)	28%	NA	NA	NA
Using 5G to power or build new applications supported by mobile edge computing (MEC) technologies	27%	13%	15%	12%
Providing connected laptops (5G-enabled laptops that connect to the internet over a cellular network rather than Wi-Fi) to employees	27%	NA	NA	NA
Deploying Private 5G networks	22%	14%	12%	10%
Providing an allowance or stipend for employees to upgrade their wireless device and service to 5G	20%	13%	12%	14%
Providing an allowance or stipend for employees to upgrade their home internet service to accommodate remote work	18%	10%	12%	12%

TECHNOLOGY, CYBERSECURITY, AND AI

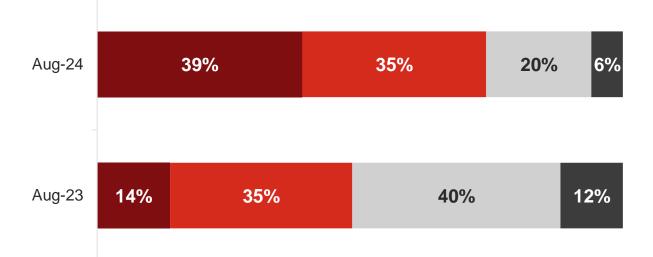
AI usage has more than doubled compared to 2023, with almost 2 in 5 decision-makers reporting that their business currently uses AI. The entertainment & recreation industry still leads in AI usage compared to those in other industries.

Which of the following statements most accurately describes your business' current engagement with Artificial Intelligence (AI) solutions?

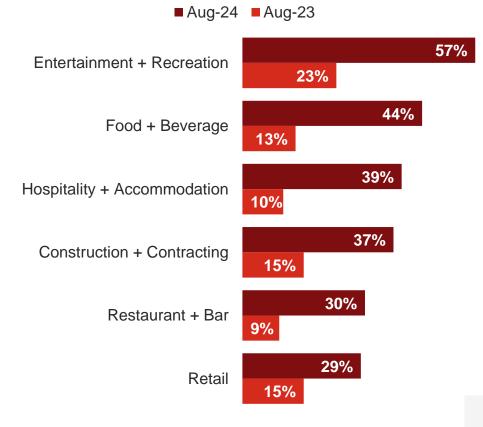
USAGE OF AI

My business currently uses AI solutions

- My business does not currently use AI solutions, but is aware of how they could support the business
- My business does not currently use AI solutions and is not aware of how they could support the business
- Don't know / No opinion



% CURRENTLY USE AI BY INDUSTRY



MORNING CONSULT + Verizon

TECHNOLOGY, CYBERSECURITY, AND AI

AI adoption has increased across all functions since 2023, and respondents not already using AI are most likely to say they'd consider using it for fraud management, marketing and social media, cybersecurity, and product or service recommendations.

For what specific business functions do you currently use and/or would you consider using Artificial Intelligence (AI) solutions?

CURRENTLY Currently use AI Do not currently use AI, but would consider using USE Change vs. 2023 Do not currently use AI, and would not consider using Don't know / No opinion 6% Marketing / Social Media 30% 42% 22% +16 6% **Data Analysis** 38% 27% 29% +18 5% Customer Service / Digital Personal Assistant 28% 40% 26% +16 Inventory Management / Supply Chain Operations 7% 27% +19 28% 39% Product or Service Recommendations 6% 27% +1726% 42% Order Processing 7% 24% 41% 27% +12 Cybersecurity 24% 42% 26% 8% +15 7% Financial Management / Accounting 24% 38% 31% +16 7% Recruitment and Talent Sourcing 21% 39% 32% +14Fraud Management 18% 46% 29% 8% +9

MORNING CONSULT + Verizon

Decision makers are more likely to see perceived benefits of AI, as well as security concerns, compared to last year - driven partly by fewer respondents expressing "no opinion" this wave as familiarity with AI grows.

To what extent do you agree or disagree with the following statements?

Strongly agree Somewhat agree	Don't	know / No opinion	Somewhat disagree		Strongly disagree			YOY
							2024	CHANGE
Al helps me save time in specific tasks / areas, enable to focus on my core bus	•	30%	37%	1	0% 13%	10%	67%	+22
My business is currently exploring how AI solution feasible for our bus		28%	38%	8%	6 14%	12%	66%	+29
AI can help generate additional revenue streams bus	for my siness.	28%	37%	11	% 12%	12%	65%	+22
I am concerned about integrating AI solutions in bus	nto my siness.	29%	34%	6%	17%	13%	63%	+18
Leveraging AI tools opens my business up to cybersecurity		24%	38%	10%	17%	13%	62%	+19
AI can help my business offset any pain points cau reduced / frozen heac		25%	32%	13%	16%	13%	57%	+22
AI can help my business retain currer	nt staff.	23%	34%	12%	15%	16%	57%	+29

business

STRONGLY OR SOMEWHAT AGREE

MORNING CONSULT[°] + Verizon

STRONGLY OR SOMEWHAT AGREE

TECHNOLOGY, CYBERSECURITY, AND AI

In line with increased security-related tech additions or upgrades this year, decision makers are more confident in their business' protection against cyber attacks and investment in cybersecurity practices than in 2023. The share who say their business offers employees training on cybersecurity practices saw the biggest increase.

To what extent do you agree or disagree with the following statements?

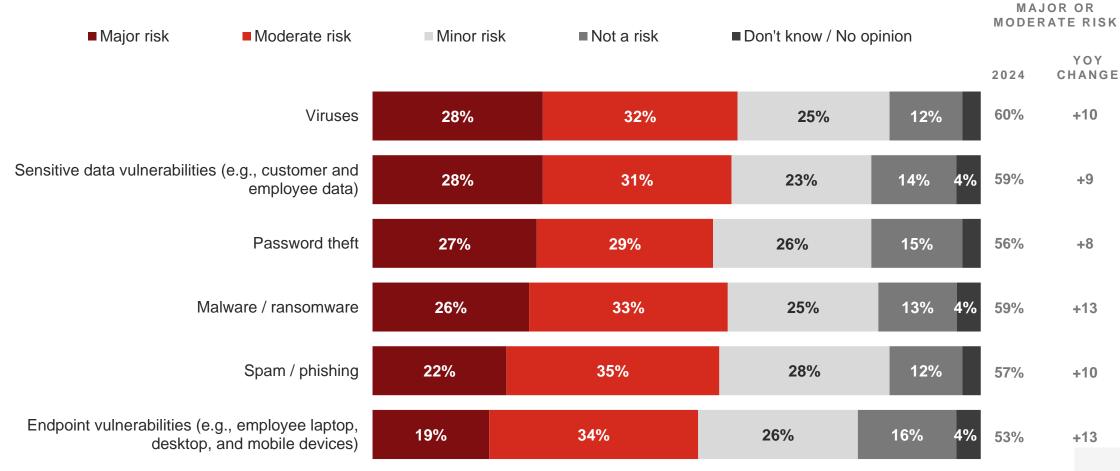
Strongly agree Somewhat agree Don't know	/ No opinion	Somewhat disagree	Strongly dis	sagree	2024	YOY CHANGE
I am confident about my business' current protection against cyber attacks.	35%	39%	7%	a 15% 4%	74%	+11
I believe that my business is investing enough in cybersecurity practices.	32%	39%	9%	13% 7%	71%	+15
I know where to go for resources about cybersecurity best practices.	31%	38%	8%	16% 7%	69%	+15
I understand what steps my business must take to comply with cybersecurity best practices.	33%	35%	8%	17% 7%	68%	+11
My business has the in-house expertise necessary to protect the business from cyber risks.	30%	38%	7%	18% 7%	68%	+18
My business offers employees training on cybersecurity practices.	28%	30%	9% 17%	17%	58%	+22
Expansion to new locations has increased the potential cybersecurity threats to my business.	22%	30% 11	% 16%	20%	52%	+21

MORNING CONSULT + Verizon

TECHNOLOGY, CYBERSECURITY, AND AI

Decision makers increasingly see each type of cyber attack as a risk to their business, with malware / ransomware and endpoint vulnerabilities seeing the largest upticks compared to 2023.

To what extent do you consider each of the following a cyber risk to your business?

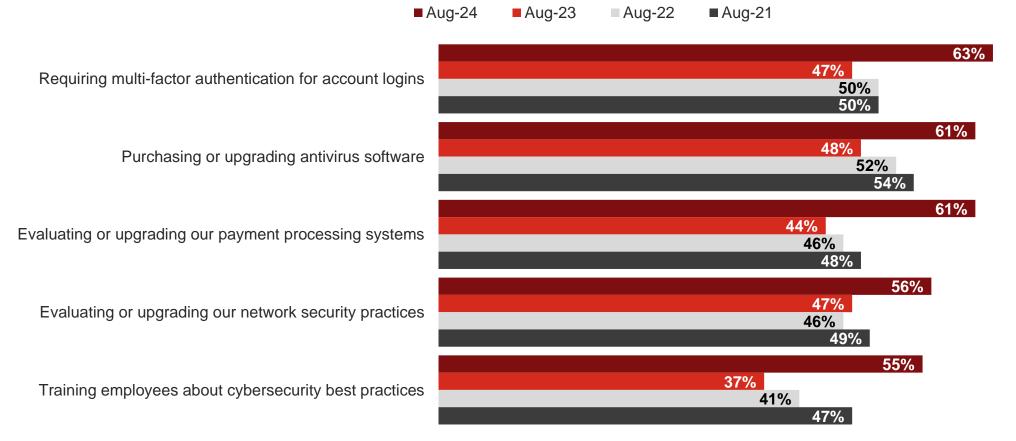


MORNING CONSULT + Verizon

TECHNOLOGY, CYBERSECURITY, AND AI

Antivirus software and multi-factor authentication remain the most commonly implemented methods to protect against cyber attacks. The past year has seen a reversal of the previous years' downward trend in decision makers who say their business is training their employees about cyber best practices.

And, which of the following best describes your business' plans when it comes to the following?



ALREADY DONE, CURRENTLY DOING, OR PLANNING TO DO IN NEXT 6 MONTHS



PARTNER EXPECTATIONS

HOLIDAY SEASON

TECHNOLOGY, CYBERSECURITY, AND AI

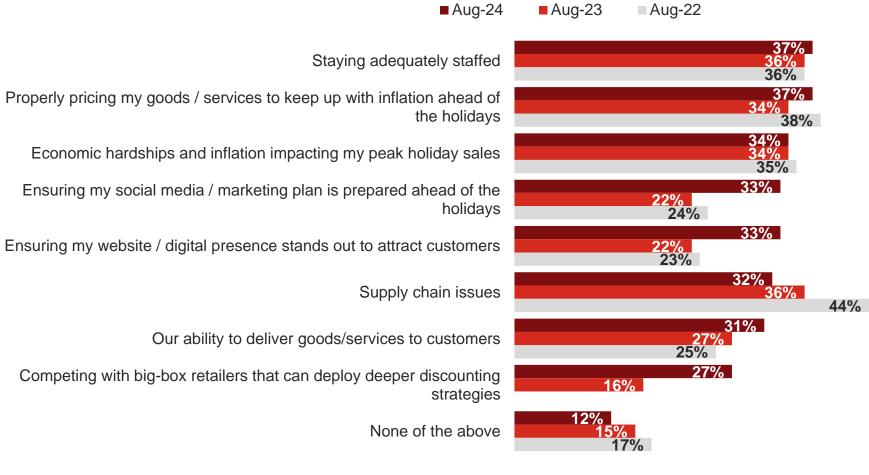
OUTLOOK & BUSINESS IMPACTS

CONTENTS

HOLIDAY SEASON

Looking ahead to the holiday season, staffing and impacts of inflation remain decision makers' biggest concerns. Concern around having effective social media / marketing plans and digital presence saw an increase from last year, while concern about supply chain issues trends down for a second year in a row.

Thinking about the upcoming holiday season, do you have any of the following concerns as you begin to prepare your business? Select all that apply.

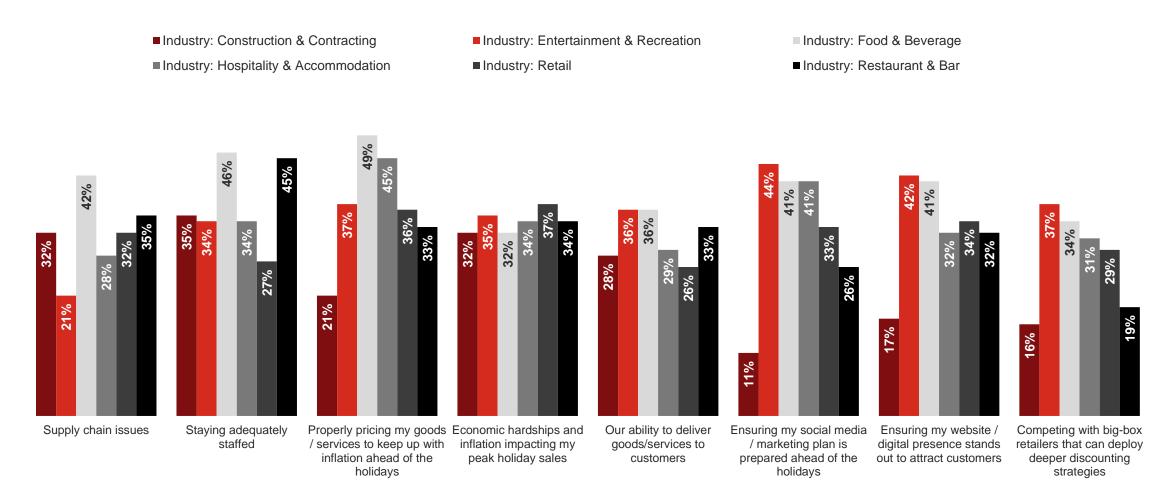


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Food & beverage decision makers lead other industries in holiday season concerns over supply chain issues, adequate staffing, and properly pricing goods. Adequate staffing is also the top seasonal concern of the restaurant & bar industry.

Thinking about the upcoming holiday season, do you have any of the following concerns as you begin to prepare your business? Select all that apply.



* Added in 2024 study ** Asked of retail industry only

MORNING CONSULT' + Verizon business

HOLIDAY SEASON

Nearly 3 in 4 respondents say they typically see an increase in demand during the holiday season, marking two waves of year-overyear growth. Almost two thirds say they would benefit from outside guidance about how to succeed during the season, compared to less than half last year.

STRONGLY OR To what extent do you agree or disagree with the following statements? SOMEWHAT AGREE YOY 2024 CHANGE 35% 38% 13% 11% 73% +10 4% 14% 30% 41% 12% 71% +19 top of mind with customers 7% 28% 37% 16% 12% 65% +21 network of peers). 25% 34% 7% 19% 15% 59% Saturday* 23% 31% 21% 23% 54% +13 13% 19% 35% 30% 48% +8 16% 23% 30% 28% +3 3% 39% demand**

My business experiences increased demand during the holiday season (e.g., Black Friday, the winter holidays).

We are investing more in advertising for the holiday season to stay

My business would benefit from outside guidance about how to succeed during the holiday season (e.g., through mentorship or a

My business experiences increased demand during Small Business

I am worried about whether my business will be adequately staffed during the upcoming holiday season.

I am worried about not having enough inventory to meet demand**

I am worried about having too much inventory compared to

Aug-24

Aug-23

HOLIDAY SEASON

Just over half of retail industry decision makers are preparing for an in-store first holiday season, marking a shift from a split between in-person first and digital-first preparations in 2023. When it comes to channels of traffic, 2024 expectations are largely in line with 2023 experiences.

Thinking about the upcoming 2024 holiday season (i.e. Black Friday, the winter holidays), which statement below best describes how your business is preparing from a sales perspective? Select one. / Which of the following statements best describes your traffic from last year's (i.e. 2023) holiday season? Select one. / Now, which of the following statements best describes what you expect traffic to be for the upcoming (i.e. 2024) holiday season? Select one.

2024 HOLIDAY SEASON SALES PREPARATION

21%

16%

32%

39%

■ We are preparing for an in-store first holiday season

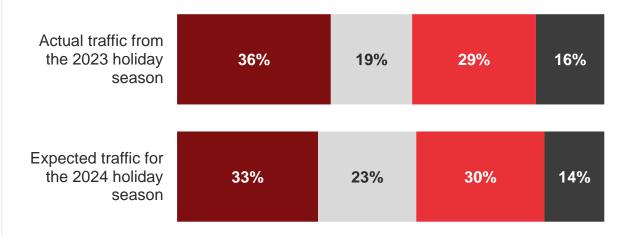
- We are preparing for an omni-channel holiday season
- We are preparing for a digital-first holiday season

52%

39%

HOLIDAY TRAFFIC: 2023 ACTUAL VS. 2024 EXPECTED

- More in-store traffic than online
- Relatively even mix of traffic in-store and online
- More online traffic than in-store
- Don't know / no opinion

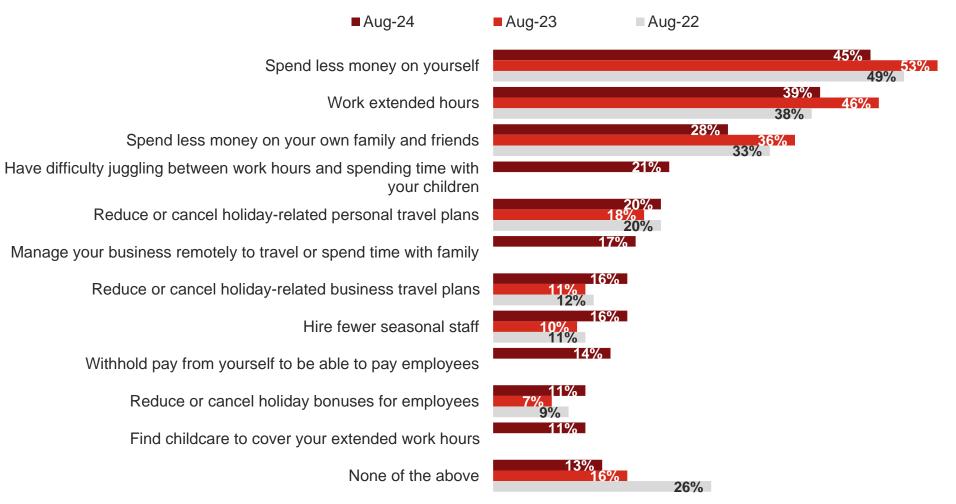


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HOLIDAY SEASON

Respondents are less likely to say they plan to work extended hours (39%) or spend less money on themselves (45%) and others (28%) compared to last year. They are, however, slightly more likely to expect to reduce holiday-related business travel and hire fewer seasonal staff vs. last year.

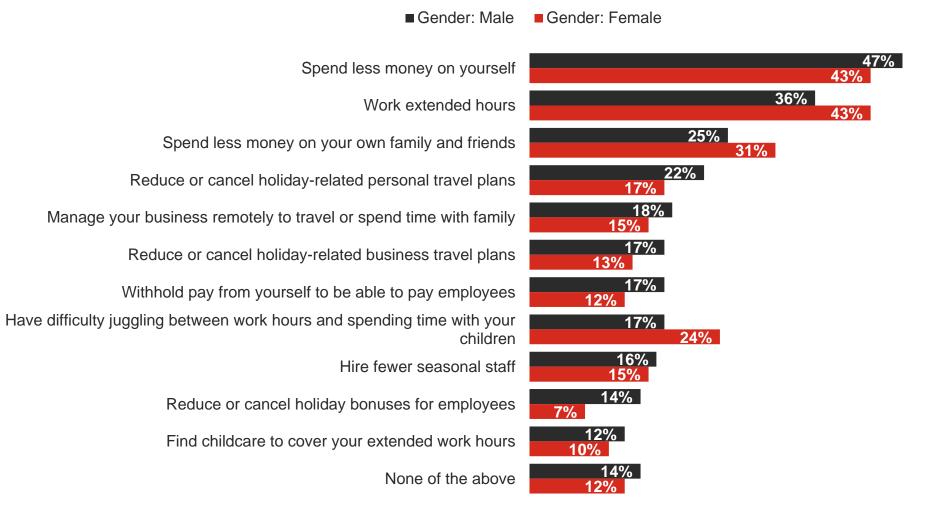
Are you **personally** expecting to do any of the following this holiday season? Select all that apply.



HOLIDAY SEASON

Female business decision makers are more likely than their male counterparts to say they expect to work extended hours, spend less money on family and friends, and have difficulty juggling between work and childcare this holiday season.

Are you **personally** expecting to do any of the following this holiday season? Select all that apply.





PARTNER EXPECTATIONS

HOLIDAY SEASON

TECHNOLOGY, CYBERSECURITY, AND AI

OUTLOOK & BUSINESS IMPACTS

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VERY OR

PARTNER EXPECTATIONS

Perceived value and timely communication & services are the most important criteria in how businesses decide which companies to partner with.

When your business is deciding which companies to work with or purchase services from, how important is it that those companies...

Very important Somewhat important	Don't know / No opinion	■Not very important	■ Not at all impor	tant	SOMEWHAT
Offer the	best value	55%	33%	7%3%	88%
Are easy to commun	nicate with	59%	28%	10%	87%
Resolve issues in a time	ly manner	59%	28%	8%3 <mark>%</mark>	87%
Deliver service	es on time	61%	26%	9% 3%	87%
Have clear terms and	conditions	57%	29%	10%	86%
Work with truste	d vendors	56%	29%	10%4%	85%
Are easy to purc	hase from	53%	31%	11%3%	84%
Offer customizable	e solutions 4	6%	37%	11% 4 <mark>%</mark>	83%
Offer the lo	west price 41	%	38%	15% 3%	79%
Have strong cybersecurity measure	es in place 44	4%	35%	13% 4%	79%
Have a dedicated client representative assigned to you	r business 38%	6 4	10%	15% 5%	78%
Use ethically / responsibly sourced	materials 39%	%	38%	16% 5%	77%

VERY OR

PARTNER EXPECTATIONS

Consistent with this criteria, decision makers report that a partner who is difficult to purchase from, communicate with, and who is slow to respond to issues would be most likely to cause them to take their business elsewhere.

If you experienced each of the following with a company your business works with or purchases services from, how likely would you be to switch to a different partner for that service?

 Very likely Somewhat likely 	Don't know / N	lo opinion	Not very likely	■Not at a	ll likely		SOMEWHAT
Difficult to pu	urchase from	43%	279	%	16%	11%	70%
Distrust in compa	ny's vendors	39%	33%	/ 0	17%	8%	72%
Difficult to comn	nunicate with	39%	30%		18%	10%	69%
Slow to respo	ond to issues	38%	33%		15%	11%	71%
Low per	ceived value	35%	36%		16%	9%	71%
Delayed deliver	y of services	35%	34%		19%	8%	69%
Unclear terms ar	nd conditions	34%	35%	5%	16%	11%	69%
Incr	ease in price	32%	41%		16%	9%	73%
No dedicated customer service re	presentative	32%	34%	<mark>4%</mark>	20%	10%	66%
Inability to customize solutions to fit bus	siness needs	31%	35%	<mark>5%</mark>	19%	11%	66%
Company had a cyberse	curity breach	30%	35%	6%	17%	11%	65%
Does not use ethically / responsibly source	ed materials	29%	34%	5%	22%	10%	63%

PARTNER EXPECTATIONS

Increases in price and low perceived value are top issues that could cause decision makers across most industries to work with a different company. Decision makers in the hospitality and retail industries cite communication or customer service issues.

If you experienced each of the following with a company your business works with or purchases services from, how likely would you be to switch to a different partner for that service?

Industry: Construction + Contracting	Industry: Entertainment + Recreation	Industry: Food + Beverage	Industry: Hospitality + Accommodation	Industry: Retail	Industry: Restaurant + Bar
Increase in price: 77%	Increase in price: 79%	Low perceived value: 76%	Difficult to purchase from: 77%	Difficult to communicate with: 73%	Low perceived value: 69%
Distrust in company's vendors: 71%	Low perceived value: 79%	Increase in price: 75%	Delayed delivery of services: 77%	Slow to respond to issues: 72%	Distrust in company's vendors: 66%
Difficult to purchase from: 70%	Inability to customize solutions to fit business needs / Distrust in company's vendors: 78%	Difficult to purchase from: 74%	No dedicated customer service representative: 76%	Distrust in company's vendors: 72%	Increase in price: 66%

TOP REASONS FOR SWITCHING TO DIFFERENT PARTNER - % VERY OR SOMEWHAT LIKELY

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