

Venture Forward

by  GoDaddy

Quarterly Report

Venture Forward

A quarterly summary of the impact of micro-businesses on their communities and economy.

July 2020

godaddy.com/ventureforward



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Venture Forward — Introduction

Exposing the impact of micro-businesses.

Barely a fifth of the way into the 21st century, the U.S. economy has already been dealt three massive economic shocks: the dot-com crash of 2001, the Great Recession of 2008, and now COVID-19.

To successfully see our way through these shocks, we must look to one of our greatest economic strengths: micro-businesses. At GoDaddy, we call these “ventures.” Many ventures are part-time gigs acting as a source of supplemental income. Or they are hobbies that are in the early stages of becoming a flourishing business.

These ventures are not built by the entrepreneurs you hear about from Silicon Valley or see on the covers of magazines, but by everyday entrepreneurs. These are the individuals who are, often for the first time, taking passion, creativity and hard work to start something new.

These ventures have to-date been largely invisible to those who manage our nation’s economy. The majority are too small to be captured by the U.S. government, which defines small business as one with up to 500 employees.

As diverse as these micro-businesses are, new analysis reveals that they have one thing in common: collectively, they helped communities withstand the economic impact of shuttered shops and lost jobs, both during the Great Recession and during the first wave of COVID-19.

In our first Venture Forward Quarterly Report, we want to share with you these never-before-published findings as we look toward making our economy stronger and empowering the little shops that are having a lot of impact.

For further analysis and background, please visit: www.godaddy.com/ventureforward.



Amid a global pandemic, everyday entrepreneurs are finding ways to create business opportunities to benefit themselves, their families, and their communities.

Collectively, the impact of these ventures is large and represents a critical – if often overlooked – player in both local economies and the national economy.

— Aman Bhutani, CEO GoDaddy

About Venture Forward

What are ventures?

A venture is a business, non-profit, cause, or idea represented by a discrete domain with an active website and services like email, payments, or social attached.

Ventures are as diverse as the United States. They're in red states and blue states. Run by women and men, full-time business owners, students, retirees, and part-time workers. They're rural and urban, coastal and inland, from different income and education levels, and all ethnicities.

Many GoDaddy customers have more than one venture. About 75% of them are operated as businesses, and the other 25% share their purpose as personal, civic or community-focused.*



*Source: GoDaddy National Customer Survey, 2019.

About Venture Forward

What motivated this study?

GoDaddy has long believed that everyday entrepreneurs are an important part of the fabric of our communities and economy. Yet, they have no voice in the policy and technology debates that affect their ventures – whether it be issues like credit, taxation, broadband, skills training, or Internet policy. Why? In the words of one policy maker we briefed: “You can’t create policy for what you can’t see.” Our objective in showing the impact everyday entrepreneurs have is to get them “seen” and give them a voice.

Beyond making the [Venture Forward raw data fully available](#), GoDaddy is also working with local governments to help them more fully support the ventures in their communities.



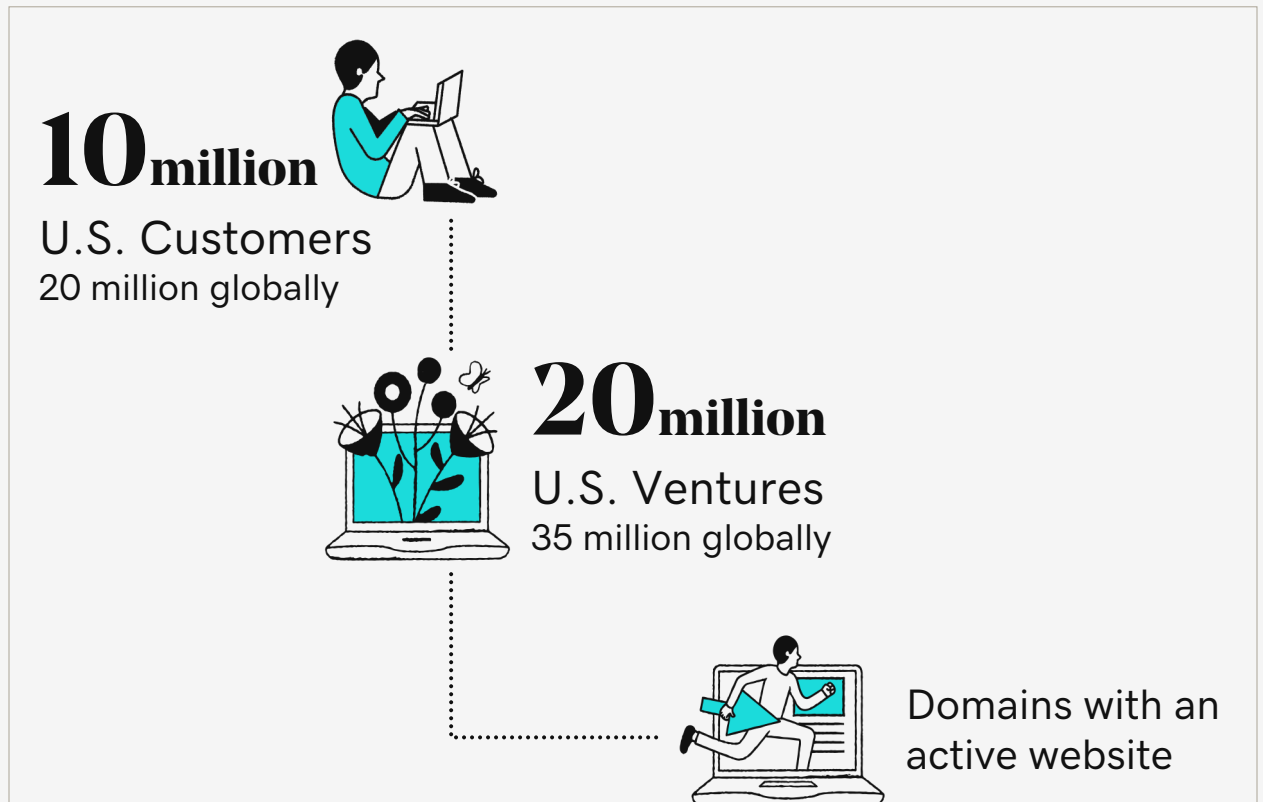
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About Venture Forward

How was the analysis done?

Venture Forward was conducted in partnership with social scientists at the University of Iowa and Arizona State University as well as economists at UCLA Anderson Forecast. It combines information from approximately 20 million U.S. ventures built on GoDaddy web domains with data from external sources including the Census Bureau and Bureau of Labor Statistics.

The latest findings analyze both the impact of ventures on the economy over the years as well as recently during COVID-19.



About Venture Forward

How was the data segmented?

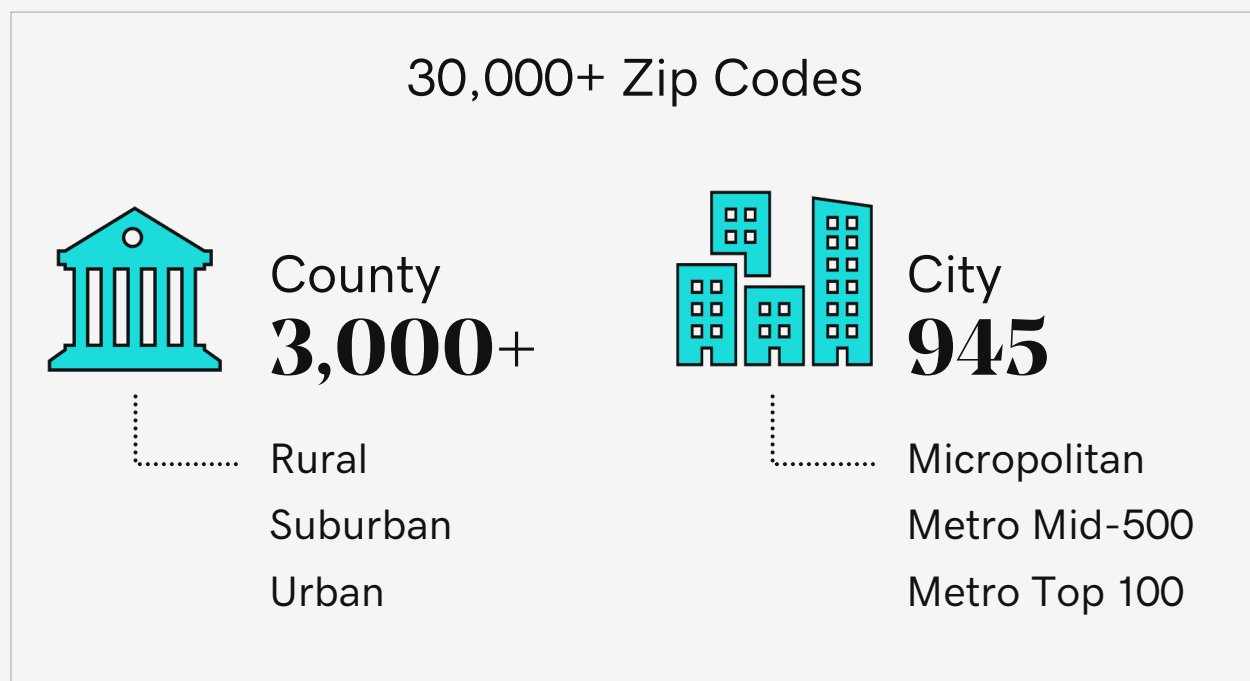
For Venture Forward, ventures are segmented by their density within a geography and level of activity.

Venture density is measured by the number of ventures per 100 people, and then reported by zip code, country or metro area.

Venture activity is based on traffic, how networked they are across the internet and the breadth of pages and/or services that are on the website. Those with the greatest activity levels are considered highly active, representing about one third of all ventures.

Before analyzing any data, the research team aggregates and anonymizes the data, removing all Personally Identifiable Information (PII).

For more details on the activity levels, multivariate regression models and the additional variables controlled for, including broadband subscriptions, educational levels, age cohorts, demographics, population and occupational data, please see our [FAQs](#).



About Venture Forward

Ventures by geography

Ventures were analyzed at different geographic levels to align with the uniqueness of each type of community. Counties and city regions were divided into three segments each, by population size and concentration.

Counties

	Ventures per 100 people (Q1 2020)	U.S. Census Population		% all counties
		Min	Max	
Rural	2.28	274	9,155	20%
Suburban	2.14	9,176	92,530	60%
Urban	5.55	92,579	10M	20%

City Regions

	Ventures per 100 people (Q1 2020)	U.S. Census Population		% all cities
		Min	Max	
Micropolitan	3.40	12,906	49,691	37%
Metro (bottom 500)	3.88	50,199	5M	53%
Metro (top 100)	6.49	552,043	20M	10%

Core-based statistical area (CBSA) is a U.S. geographic area defined by the Office of Management and Budget US Census – American Community Survey 5-year Estimates (2018)..



Jaqi Thompson Wright and **Nikki Thompson Howard** from Maryland.

Severely impacted by the 2018 government shutdown, the two sisters were forced to step out on their own to support their families.

With just one bite of her sister's crumbly pie, Wright knew she had stumbled upon something special.

That delicious "aha" moment birthed **The Furlough Cheesecake**, an online business they launched amid their furlough status.

Patti Curtis, an artist from Washington who rediscovered her passion after losing her corporate job at age 53. "I decided to return to my roots and start making art."

With fierce determination, she set out to dispel the myth of ageism and opened **Fogue Studios** for folks over 50.

She combined her art education with over 30 years of marketing and retail experience to create a space where older folks feel relevant and inspired.



Meet more everyday entrepreneurs [here](#).

The economic impact of ventures

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Ventures Help Drive 3 Key Economic Outcomes

Across similar communities, adding 1 venture per 100 people is associated with:

#1

Higher gains in median household income

#2

Lower unemployment rates

#3

Stronger recovery from the Great Recession



Elsie Acevedo & Chris Silvar
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DELUXESCREENPRINTING.NET

This research conducted by University of Iowa, Arizona State University, and UCLA Anderson Forecast respectively leverages data from the U.S. Census Data through 2018, employment rates through 2019, and venture density data through 2019. For more details, please see the [Venture Forward Research Overview](#)

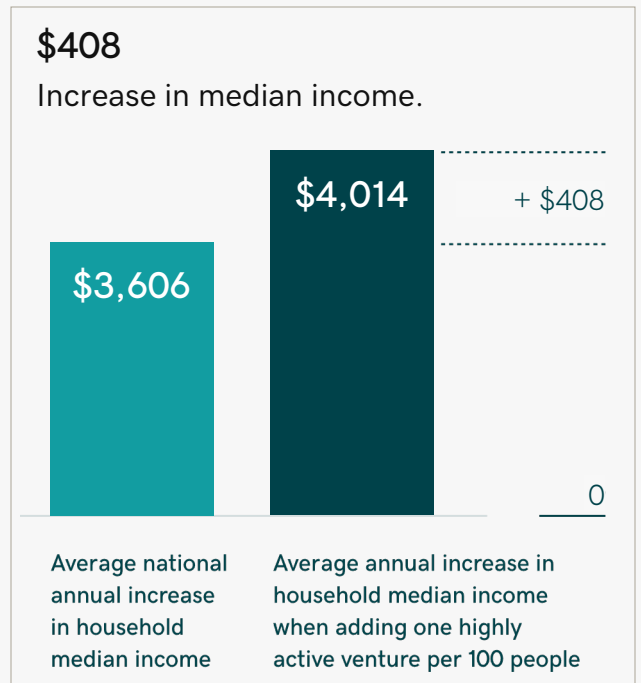
2018 Economic Outcomes | Counties

Ventures help make communities more prosperous.

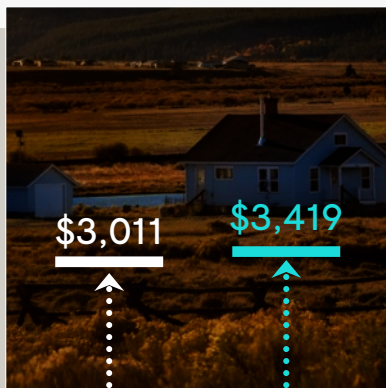
Our research found that ventures can drive household income growth.

Specifically, from 2016-2018, annual household median income increased nationally an average of \$3,606 across counties.

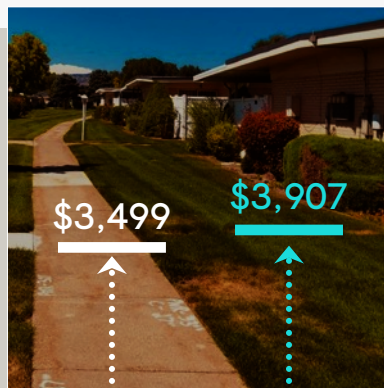
When comparing two similar communities, adding 1 highly active venture per 100 people could add \$408 per household, or an increase of 11.3% over the original.



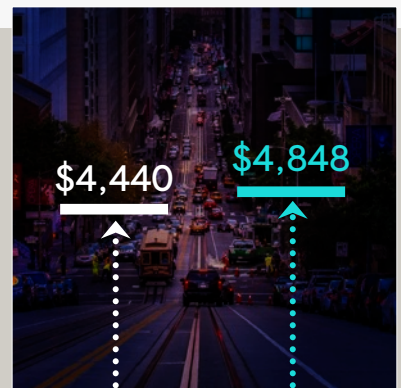
Rural



Suburban



Urban



— Avg. national change in income 2016-18 — Avg. after adding 1 venture per 100 people

For results in metro and micropolitans please click here to [rank and review cities](#).

2018 Economic Outcomes | Counties

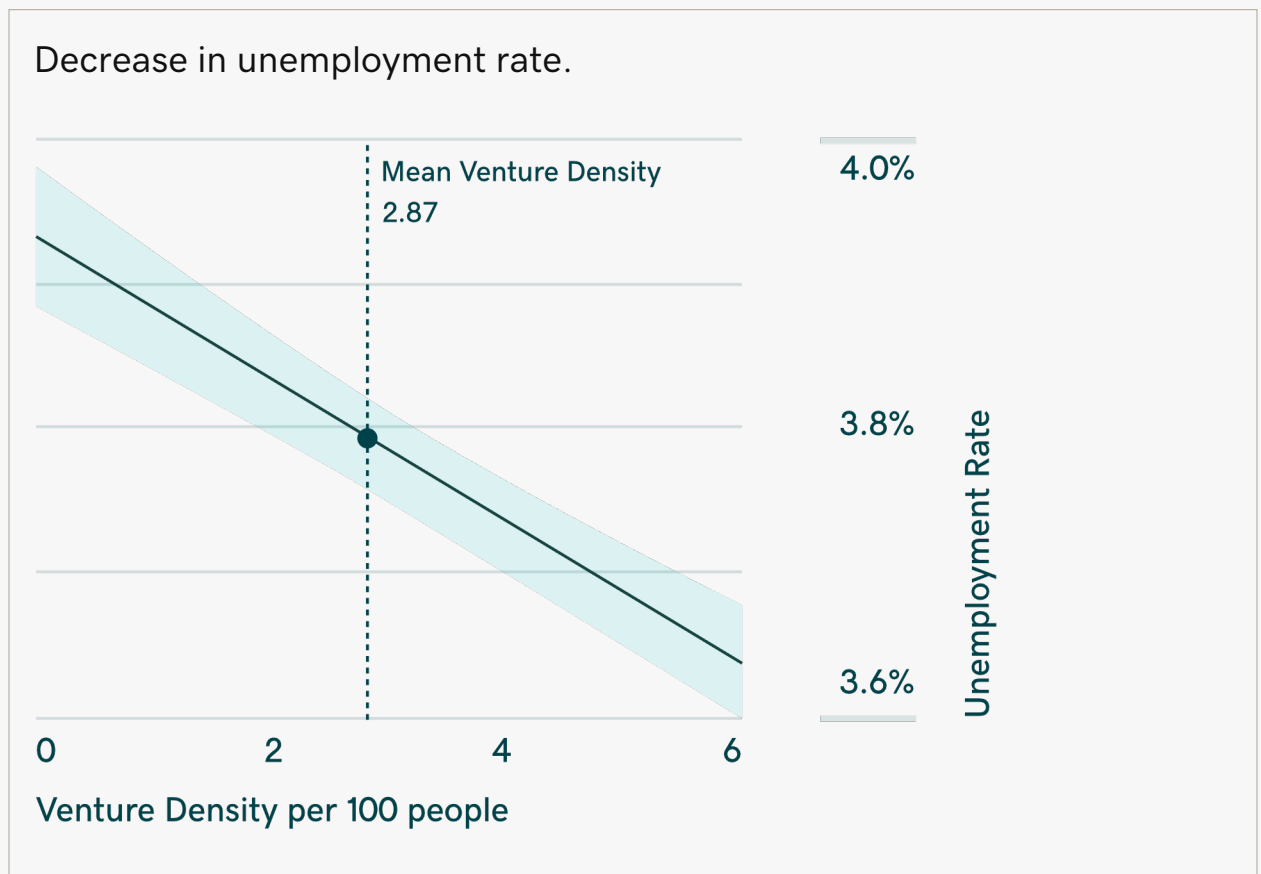
#2

Ventures are associated with a decrease in the unemployment rate.

In partnership with UCLA Anderson Forecast, we looked at associations between more ventures and the reduction in unemployment rates in their communities.

We found that adding 1 new venture per 100 people is associated with [the reduction in the unemployment rate of 0.05 percentage points](#).

For example, the average unemployment rate in the U.S. in 2018 was [4% across all counties](#). If in 2018 one new venture was added per 100 people, the model predicts that the unemployment rate would go down to [3.95%](#), or a [reduction of 1.3%](#).



2018 Economic Outcomes | Counties

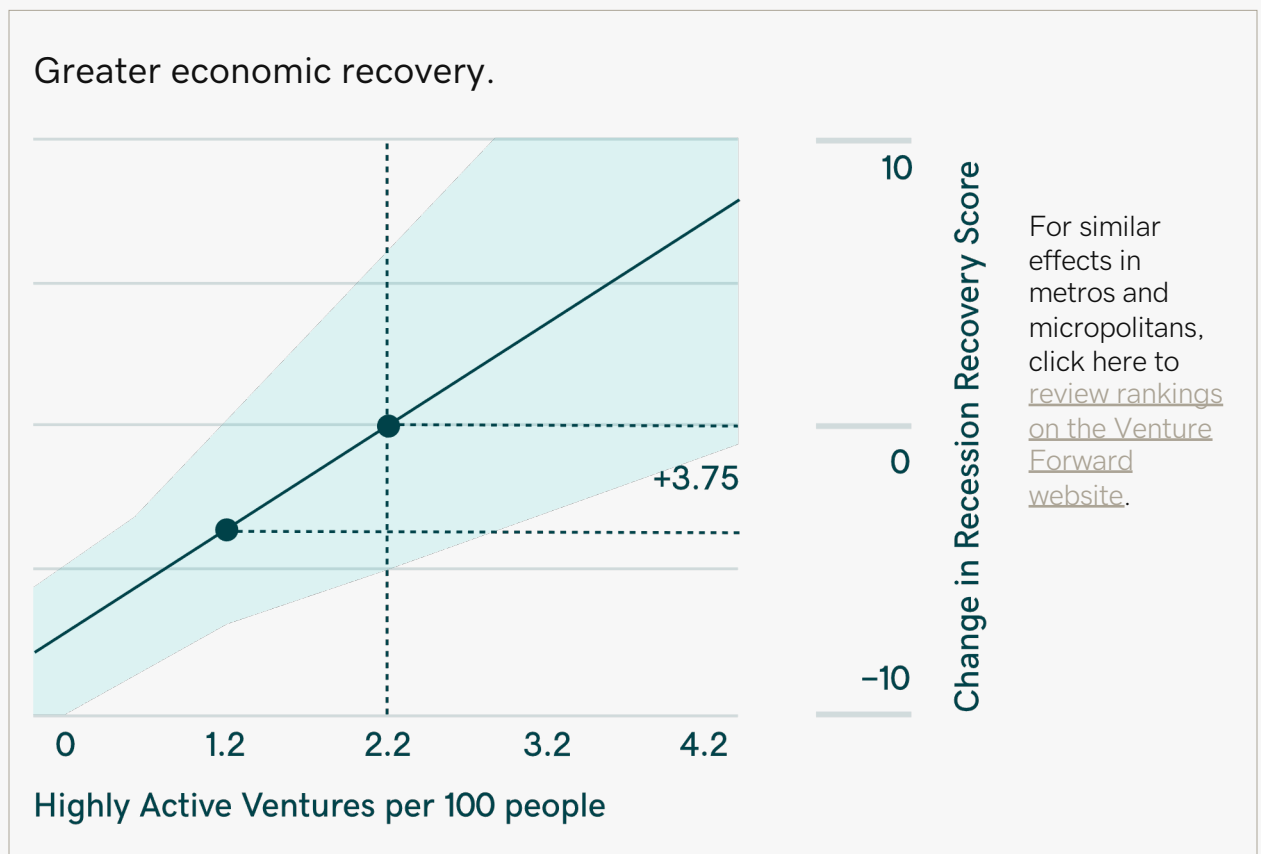
#3

Ventures are associated with greater recovery from economic downturns.

Recession recovery is measured as the change in the prosperity score of a community between the (2007-2011) recession period and (2012-2018) recovery years.*

The national average **recovery score was -3.2**, indicating on average the prosperity level of counties fell compared to 2008 levels. Only 37% counties have fully recovered back to pre-recession prosperity levels.

Counties in the **top 10% of recovery on average had more ventures** than those that recovered the least (bottom 10%) but had near identical broadband rates.



*The prosperity score looks at several economic indicators to capture health, including employment and education levels, poverty rates, median income gains, and change in number of business establishments.

COVID-19 analysis and impact of ventures

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COVID-19 Analysis

Ventures were resilient during the first wave of COVID-19 (Jan-June 2020).

In the face of a historic spike in closings of small business, our data show that venture density, or number of ventures per 100 people, across counties and metro-areas stayed relatively flat, and in line with the same seasonal changes as in 2019.

The numbers below indicate the month-to-month number of ventures per 100 people for each category of community.

County

Venture density — 2020

	Jan	Feb	Mar	Apr	May	June	Q1	Q2
Rural	2.30	2.26	2.32	2.35	2.31	2.29	2.28	2.29
Suburban	2.19	2.16	2.19	2.19	2.19	2.21	2.18	2.19
Urban	5.72	5.64	5.72	5.73	5.74	5.79	5.69	5.76
All							2.90	2.92

Highly active venture density — 2020

	Jan	Feb	Mar	Apr	May	June	Q1	Q2
Rural	0.70	0.68	0.66	0.68	0.68	0.63	0.68	0.67
Suburban	0.57	0.54	0.53	0.55	0.55	0.52	0.55	0.54
Urban	1.34	1.29	1.25	1.30	1.29	1.22	1.29	1.27
All							0.72	0.71

City

Venture density — 2020

	Jan	Feb	Mar	Apr	May	June	Q1	Q2
Micro-politan	2.22	2.19	2.79	2.81	2.81	2.82	2.39	2.81
Metros Mid 500	2.51	2.48	3.14	3.16	3.16	3.18	2.71	3.17
Metros Top 100	3.93	3.88	5.04	5.06	5.08	5.11	4.29	5.09
All							2.77	3.25

Highly active venture density — 2020

	Jan	Feb	Mar	Apr	May	June	Q1	Q2
Micro-politan	0.53	0.51	0.62	0.66	0.66	0.61	0.55	0.64
Metros Mid 500	0.61	0.58	0.71	0.74	0.74	0.69	0.63	0.72
Metros Top 100	0.91	0.87	1.08	1.12	1.12	1.05	0.95	1.09
All							0.64	0.74

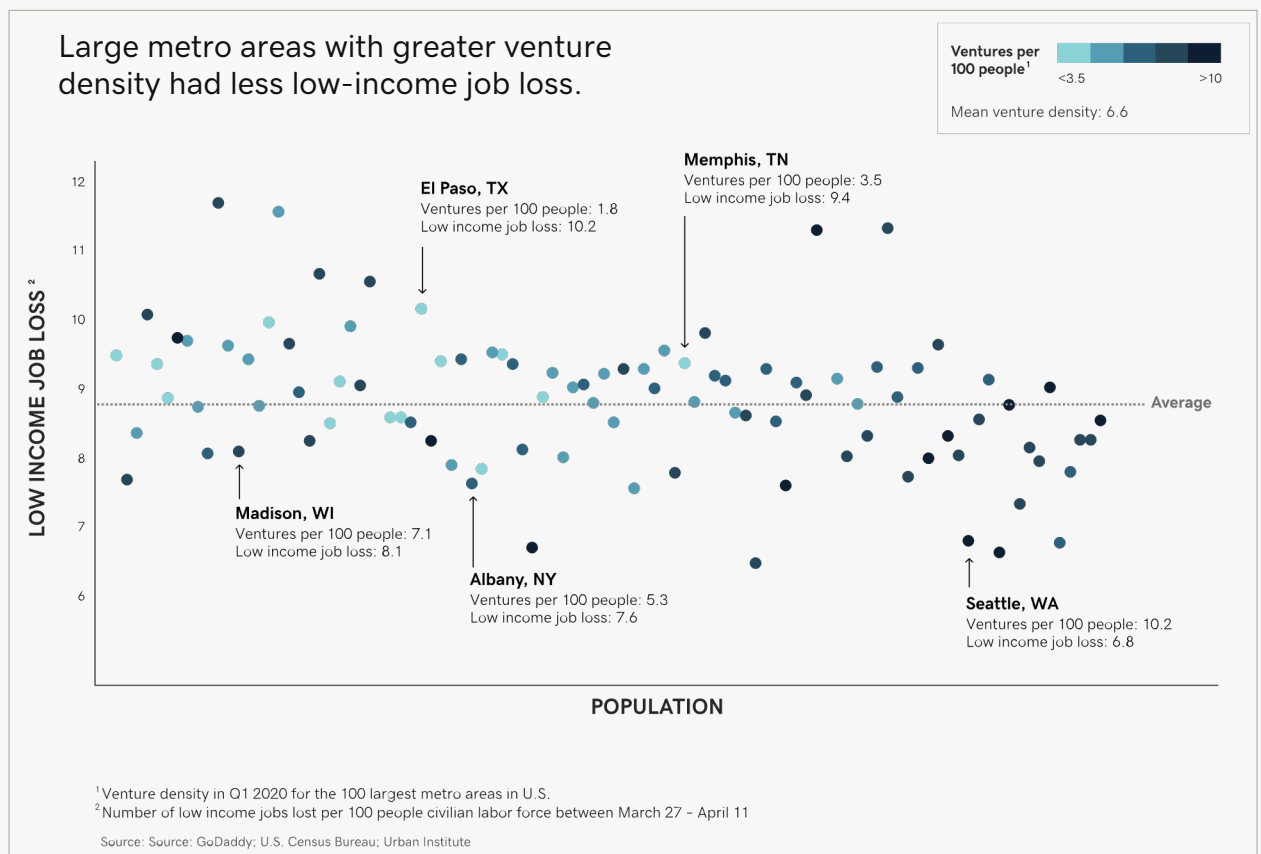
COVID-19 Analysis

Metros with more ventures per 100 people had less low-income job loss.

Ventures are associated with lowering unemployment rates and enhancing business diversity and economic resiliency during the unprecedented unemployment spike due to COVID-19 from March-June 2020.

The chart below plots venture density count in Q1 of 2020 across the largest 100 metros, along with each metro's predicted low-income jobs lost per 100 people civilian labor force March 27-April 11 of 2020, as shared by the Urban Institute. The color coding helps highlight that, regardless of population or location of the metro, the communities with higher concentration of ventures saw less low-income job loss.

For more details, read about how [micro-businesses blunted the economic impact](#) of COVID-19.

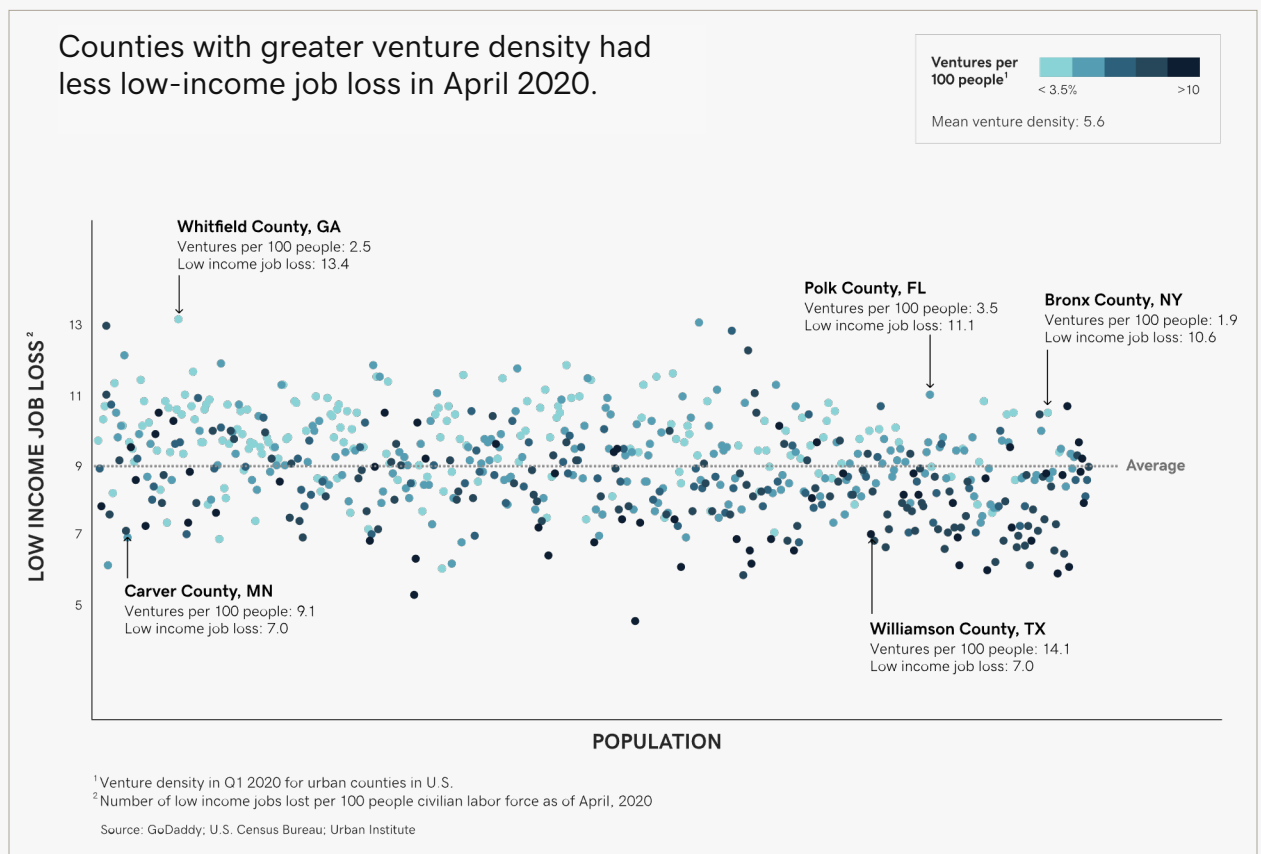


COVID-19 Analysis

Similar to metros, **counties** with more ventures per 100 people also had less low-income job loss.

A similar relationship seen in metros can be seen for counties. The chart below plots venture density count in Q1 of 2020 across urban counties, along with each county's predicted low-income jobs lost per 100 people civilian labor force from March 27-April 11 of 2020.

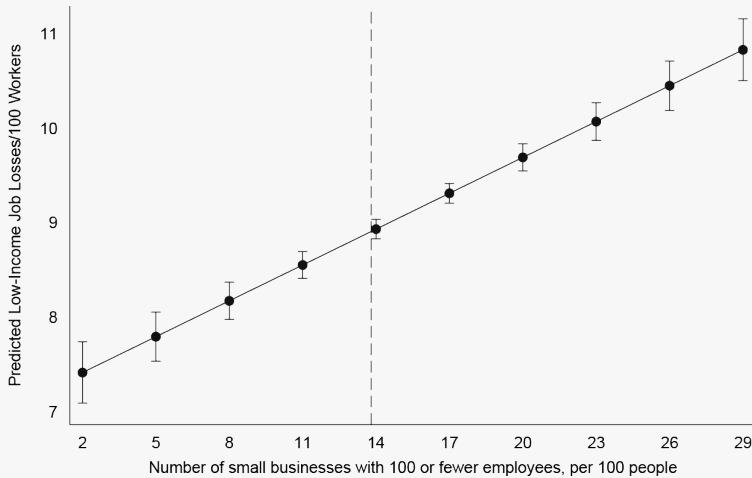
For more details, read about how [micro-businesses blunted the economic impact](#) of COVID-19.



COVID-19 Analysis

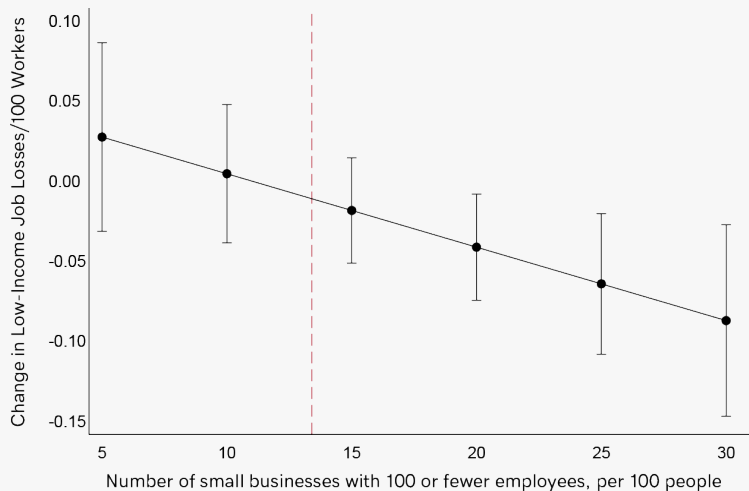
Areas with a strong small business presence avoided the worst economic fall-out if there was also a high density of ventures.

Predicted county low-income job losses/100 workers by small business/100 people



Small businesses have been among the hardest hit due to COVID-19. The chart on the left shows how areas with a higher number of small businesses per capita were the same ones with a higher predicted low-income job loss.

Average marginal effect (change) of adding 1 venture/100 people on county low-income job losses as small businesses /100 people rises



However, in areas with more venture density as well as high small business density, that began to change.

At around 5 ventures per 100 people, the predicted low-income job loss is not just slowed but begins to go down. The largest impact is made in areas with more small businesses.

Explanations include the ability for brick-and-mortar businesses to further digitize their operations as well as the opportunity for other supplementary income activities for employers and employees through ventures.

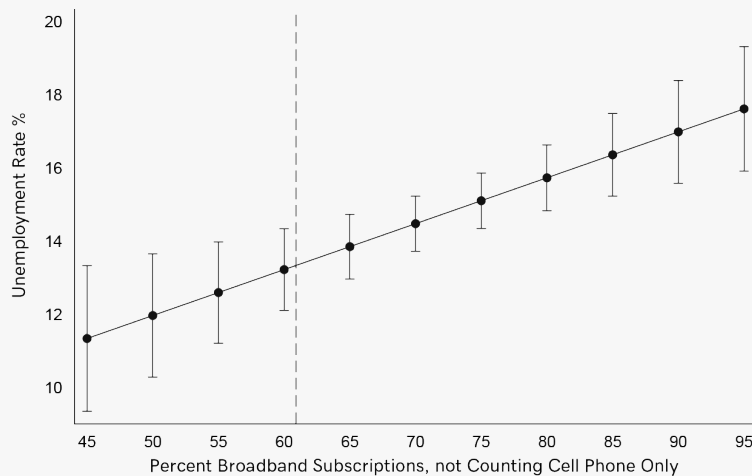
Source: Urban Institute, March-April data.

COVID-19 Analysis

Counties and metros with **more ventures per 100 people and more broadband connections** had significantly decreased unemployment rates, across all income levels.

Strong access to broadband alone was not enough to avoid the unemployment spike during the first wave of COVID-19. Only when combined with a greater density of ventures did broadband have a positive impact.

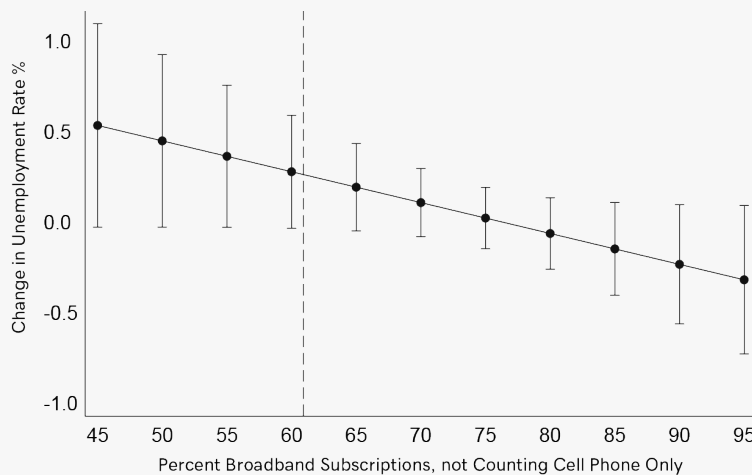
Predicted April 2020 unemployment rates (U.S. counties) as broadband access increases.



Overall national unemployment rates in April 2020 were 14.37%.

The data models show that areas (counties) with greater broadband subscriptions had higher unemployment rates in April 2020, when compared to similar communities and holding all else equal.

Average marginal effect (change) of adding 1 venture per 100 people on April 2020 unemployment rates (U.S. counties) as broadband access increases



But adding just 1 venture per 100 people would lead to lower unemployment rates at the height of the pandemic.

Specifically, adding 1 new venture per 100 people would result in nearly 0.4% reduction in the community's unemployment rate.

We've found that in addition to access to broadband, how it's used to bridge supply and demand and create opportunities are key.

Source: BLS, April data.

COVID-19 Analysis

The digital economy grew during COVID-19 as spending moved online.

Looking at a subset of U.S. ventures that engage in e-commerce, we see the digital economy grew during COVID-19.

That helps explain why communities with higher concentrations of these digital businesses tended to shed fewer jobs, even as unemployment spiked across the country.

The industry verticals are self-reported by customers*.

Top Verticals Who Grew in Traffic and Orders



Food & drink and restaurants
Grocers and wineries, takeout and delivery



Home services
Local plumbers and painters, and lawn care specialists



Construction
Home repairs & restorations, including pool, fence and drainage services



Professional services
Legal, financial and HR resources



Charitable and political

Industry Verticals by Traffic Change

Top 3

Jan-Apr 2020
seasonally adjusted

% Change

Traffic Orders

Food & Drink	32.23%	242.11%
Home Services	17.12%	337.50%
Construction	4.35%	186.59%

Bottom 3

Jan-Apr 2020
seasonally adjusted

% Change

Traffic Orders

Entertainment	(60.67%)	223.53%
Travel	(49.07%)	122.22%
Business	(40.63%)	(5.48%)

Methodology

The Venture Forward data underwent rigorous statistical modeling by leading social scientists and economists.

GoDaddy's Venture Forward initiative quantifies the impact of everyday entrepreneurs and their 20 million ventures on the U.S. economy throughout the nation's 900+ metro-/micropolitan areas, 3,100+ counties and 30,000+ zip codes.

The data science and academic teams across GoDaddy, University of Iowa and Arizona State University used a two-step multivariate regression model to isolate the effect of ventures holding other factors constant to properly compare two different communities at zip, county or micro-/metropolitan levels.

In addition, GoDaddy has partnered with economists at the UCLA Anderson Forecast, to understand the relationship between ventures and unemployment rates.

We freely share our data and encourage all questions and opportunities to further build on the research.

For more details on the methodology, such as the multivariate regression models and the additional variables controlled for, including broadband subscriptions, educational levels, age cohorts, demographics, population and occupational data, please see our [FAQs](#).



References & Resources

Information Hub, Data and Visualizations

[Venture Forward Website](#)

[Venture Forward Research Overview](#)

[Contact Us](#) at ventureforward@godaddy.com

White Papers

[Venture Forward White Paper \(April 2020\)](#)

[Venture Forward Executive Summary \(April 2020\)](#)

[HBR Analytic Services: The Rise of Everyday Entrepreneurs and Their Economic Impact on Communities](#)

Blogs

[How micro-businesses have blunted the economic impact of COVID-19](#)

[How one township, Gilbert, Arizona is thriving and empowering local ventures](#)

[Go Daddy customers who turned the COVID-19 crisis into an opportunity:](#)

[Insights on policies in support of ventures and economic development](#)

For all commonly asked questions of the research, methodology, data and more, see [FAQs](#).

For any press or media inquiries, please reach us at PR@godaddy.com



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