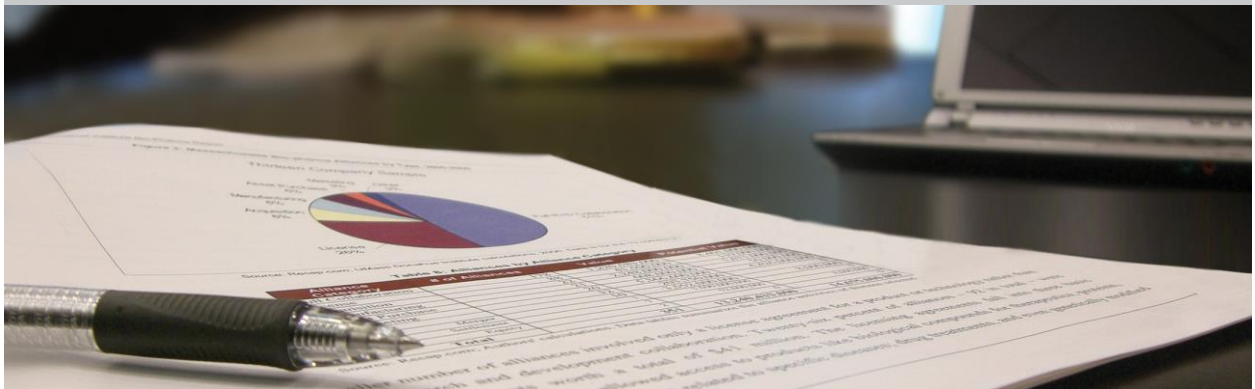


Massachusetts Retailers Survey

February, 2025



UMassAmherst

Donahue Institute
Economic and
Public Policy Research

Massachusetts Retailers Survey

Prepared by the UMass Donahue Institute's
Economic & Public Policy Research Group

Project Leader

Ember Skye Kane-Lee, Research Manager

Research Assistants

Maxwell Williams

Project Staff

Kevin Fagundo Ojeda, Research Analyst
Sofia Molina, Research Associate

Unit Director

Mark Melnik, Director of Economic
& Public Policy Research

Established in 1971, the UMass Donahue Institute is a public service, research, and economic development arm of the University of Massachusetts. Our mission is to advance equity and social justice, foster healthy communities, and support inclusive economies that alleviate poverty and promote opportunity. In collaboration with partner organizations and clients, we carry out our mission through research, education and training, capacity building, and direct services to strengthen our collective impact. We serve clients in the public, non-profit, and private sectors in the Commonwealth and throughout the nation and the world. For more information, www.donahue.umass.edu.

The Institute's Economic & Public Policy Research (EPPR) group provides clients in Massachusetts, New England, and beyond with impartial analyses on economic and other policy matters. EPPR is at the front lines of action-oriented public policy research examining the social determinants of health and work, as well as broad issues of inequality, equity, community vitality, economic opportunity, and upward mobility. Featuring mixed methods research approaches including economic modeling, population projections, geospatial analysis, surveys, interviews, focus groups, and secondary data analysis, EPPR helps clients make informed decisions about strategic policy, planning, and investment priorities. Since 2003, EPPR has been the officially designated State Data Center for Massachusetts and serves as the state's liaison to the Population Division of the U.S. Census Bureau. Additionally, EPPR produces *MassBenchmarks*, an economic journal that presents timely information on the performance and strategic direction of the Massachusetts economy.

UMassAmherst

Donahue Institute
Economic and
Public Policy Research

Table of Contents

List of Tables.....	3
List of Figures	3
Acknowledgments.....	4
Executive Summary.....	5
Introduction	6
Survey Findings	7
General and Demographic Information of Retailers	8
Health Insurance.....	12
Covid Impacts on Small Businesses throughout the Commonwealth.....	12
Small Retail Business Sales, Profits and Costs	17
Challenges and Impacts on Retail Businesses	19
Conclusion	23
Methodology.....	24
Appendix A: Full Survey.....	25

List of Tables

Table 1: Retail Business Type in Massachusetts.....	8
Table 2: Retail Business Categories.....	9
Table 3: Business Certifications	10
Table 4: Workers Employed Full-time	11
Table 5: Perception towards State Health Insurance Premiums.....	12
Table 6: Minimum Wage Change Plan.....	18
Table 7: Relevant Challenges Impacting Retailers.....	20
Table 8: Most Negative Impacts to Businesses	21
Table 9: Government Involvement.....	21

List of Figures

Figure 1: Respondent Race and Ethnicity	11
Figure 2: Changes in Hiring Full and Part-Time Employees	13
Figure 3: Changes in Business Sales.....	14
Figure 4: Changes in Business Profitability	15
Figure 5: Changes in Operation Business Costs	16
Figure 6: Rate of Change Between Retail Sales and Costs	17
Figure 7: Likelihood of Selling or Closing Business in Five Years	22

Acknowledgments

We are deeply thankful to all those who contributed to this research project. The UMass Donahue Institute would like to acknowledge the following people for generously sharing their time, support, assistance, and expertise: Jon Hurst; Bill Rennie; Ryan Kearney; Andrea Shea; Thomas O'Rourke; Christopher Carlozzi, Laura Swanson and Tom Driscoll. Lastly, we would like to thank retailers across the Commonwealth who participated in the study's survey.

Executive Summary

At the request of the Retailers Association of Massachusetts (RAM), the University of Massachusetts Donahue Institute (UMDI) has completed a report based on a survey conducted with 635 small business owners across the Commonwealth, seeking to better understand the challenges and unique issues facing these businesses. The Donahue Institute's research develops data on small business owners throughout the Commonwealth for both RAM's membership, and for related partners around the state such as regional chambers of commerce.

This small business survey offers an overview of the challenges and concerns of local retail small businesses in Massachusetts. This confidential, online survey asked retailers throughout Massachusetts a series of questions about their attitudes towards health insurance, retail sales, costs, and profits. The survey also asked questions about the impacts the COVID-19 pandemic has had on businesses and what retailers thought are the most pressing challenges they face currently.

The following report provides information to help highlight and understand the concerns of local retail small businesses in Massachusetts, to help inform future avenues for advocacy with state and local officials and identify policy areas for further examination by RAM in the coming years.

Through its survey responses, the Donahue Institute found:

- About three out of every four retailers (76 percent) report that their costs of operation have risen at a faster rate than their sales since 2019, limiting their profitability.
- Inflation, interest rates, and general cost of living are the biggest challenges retailers report experiencing
- Small business owners report that lowering taxes would help their overall sales, profits, and costs
- Approximately 63 percent of small business owners offer health insurance to their employees
- Approximately 17 percent of retailers disclosed that they would close or sell their business if the minimum wage were raised in Massachusetts
- 51 percent of retailers report being likely to close or sell their business in the next five years, with approaching retirement age, and high-cost business challenges as the main factors behind their decision

Introduction

The Retailers Association of Massachusetts (RAM) has been a significant and innovative voice for retailers across the Commonwealth for over 100 years. Since 1918, RAM leadership has leveraged their extensive knowledge of retail issues and understanding of the challenges faced by today's small businesses across Massachusetts to better serve and meet the ever-changing needs of their small business members. To understand more about current challenges and concerns of local retail small businesses in Massachusetts, the Retailers Association of Massachusetts engaged the expertise of UMass Donahue Institute's (UMDI) Economic and Public Policy Research unit.

The Retailers Association of Massachusetts serves over 4,000 retailers across the Commonwealth, providing advocacy and effective representation on behalf of their members, in ways aimed at protecting their businesses and profitability by increasing sales and reducing operational costs. RAM provides a range of benefits to their members from education to grassroots advocacy initiatives and press relations.

RAM commissioned this report from the Donahue Institute with the aim of developing information that will be used for advocacy with state and local officials, as well as potentially setting up a series of policy areas for further examination in the coming years. To develop this report UMDI analyzed data collected from a survey taken by 635 retailers across the Commonwealth from October to November of 2024.

In the sections that follow, the report's chapters will discuss the survey responses of Massachusetts retailers, including topics that examine demographics, health insurance, covid impacts, sales, profits, costs and specific challenges retailers face.

Survey Findings

Population Sampling and Survey Creation

A survey of retailers across the commonwealth was conducted by UMDI to collect input from as many small business owners' perspectives as possible. Analyzed data from this online survey provides a broad perspective of Massachusetts retailer's thoughts toward a range of topics such as challenges experienced by small businesses, COVID impacts on businesses and whether retail sales and costs have changed over time for business owners throughout the state.

The survey was distributed to approximately 3,200 RAM members, whose contact emails were provided to UMDI by RAM. Additionally, recruitment emails with a survey link were directly sent to leadership at the 495/MetroWest Partnership, the Massachusetts Association of Chamber of Commerce Executives, and National Federation of Independent Businesses, all who forwarded UMDI's recruitment email with an embedded survey link to their membership listservs. All contacted retail owners throughout the Commonwealth. Nonprofits, NGOs, government, and quasi-government entities were excluded from participation.

Survey questions were developed through collaborative discussions between UMDI and the Retailers Association of Massachusetts, to ensure questions would be directly applicable to retailers across the Commonwealth. The survey included a series of questions on demographic information, health insurance, retail sales, retail costs, retail profits, the impact of COVID on retailers and the challenges retailers currently face. The full survey questionnaire is located in Appendix A: Full Survey and was conducted using Qualtrics survey software. The survey was open for approximately one month from October to November 2024. Responses to each survey question are summarized and analysis is presented in tables, figures, and written throughout the report as follows.

General and Demographic Information of Retailers

A total of 635 respondents attempted the survey, and 474 respondents completed the survey in full. Data was analyzed from survey attempts and completed surveys, with the total number of responses per each question noted throughout the report. The general and demographic information section of the survey discussed general questions that allowed UMDI to gain a deeper sense of the population captured in this survey, particularly regarding the type of businesses retailers owned, how many people businesses employed full time and the retail owner's own demographic background. The following section will discuss each piece of general information about respondents, in turn.

In Table 1, the types of businesses owned by retailers are depicted. The highest share of respondents (about 60 percent) are members of multiple categories with the highest overlap being between RAM members and for-profit businesses (26 percent). The largest non-overlapping category of respondents are members of RAM, who comprised 37 percent of survey participants.

Table 1: Retail Business Type in Massachusetts

Business Types	Shares (N=533)
I am a member of the Retailers Association of Massachusetts	37.3%
I am a member of the National Federation of Independent Businesses	0.2%
I am a member of my local Chamber of Commerce	0.9%
I am not a member of any of the listed categories	0.6%
Multiple responses	60.2%

Note: 321 respondents choose multiple business categories

Retailers were asked to categorize their business by selecting an option from the original list displayed in Table 2. Most respondents chose to self-describe their businesses and selected the 'other retail' category. Upon examination of those responses, many businesses fit within preexisting categories. The team manually reorganized all 118 unique self-description responses, to ensure all businesses were counted within the appropriate categories. Ultimately, only four total responses resulted in creating new business categories. Of the remaining self-descriptions, non-retail for profit including wholesale, services and manufacturing businesses were the most frequently described, followed by Grocer/Market/Deli businesses. Overall, the second most selected retail business is full-service restaurants.

Table 2: Retail Business Categories

Retail Business Categories	Count (N= 529)
Full serve restaurant	96
Non-retail for profit business including wholesale, services and manufacturing (please specify): _____	72
Grocer/Market/Deli	30
Recreation and amusement	26
Automotive Repair and Sale	24
Quick serve restaurant	23
Automotive parts/Accessories	18
Smoke shop/Cannabis	18
Hardware/Lawn & garden store	15
Appliance/Electronics	13
Gas/Convenience	11
Bakery	10
Furniture store	8
Apparel/Shoe store	7
Candy/Ice cream/Confectionery	7
Gift shop	6
Medical supplies	6
Jeweler	5
Home goods	4
Used merchandise retail	3
Internet seller	2
Clothing accessories	0

Note: A total of 125 respondents chose multiple business types.

There are several certifications available to businesses of different historically underrepresented groups. Data on certified small businesses can be found through the Commonwealth of Massachusetts Supplier Diversity Office's (SDO) Directory of Certified Businesses. To qualify as a certified business, the business must be at least 51 percent owned and operated by a member or members of the appropriate population (e.g. women owned, veteran owned, etc.). The data provides only a limited measure of the diversity of business ownership in the state because not every qualifying business will be aware of or undertake the process of certification.

A major benefit to holding a certification in Massachusetts is that all these certifications qualify businesses for the MA Supplier Diversity Program, which sets benchmark goals for state contracts that go to certified diverse businesses. Since only certified businesses count toward these benchmarks,

businesses looking to compete for state contracts or work as subcontractors have incentives to obtain the certifications they qualify for. In Table 3 the breakdown of certifications held by surveyed retailers is displayed. Most retailers do not have a specific certification. Among retailers who do hold a certification, Women Business Enterprises (WBE) is the most held certification, comprising six percent of responses.

Table 3: Business Certifications

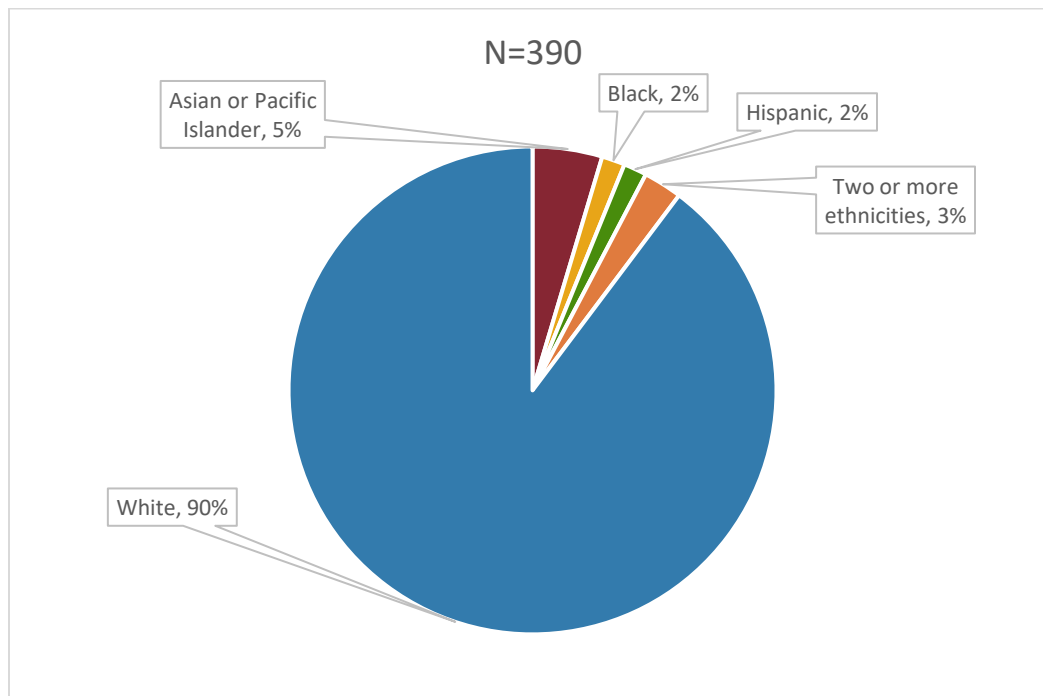
Business Certifications	Count (N= 466)
Women Business Enterprise (WBE)	6%
Minority Business Enterprise (MBE)	2%
Veteran Business Enterprise (VBE)	1%
Lesbian Gay Bisexual Transgender Business Enterprise (LGBTBE)	0%
Service-Disabled Veteran-Owned Business Enterprise (SDVOBE)	0%
I do not have any certifications	88%
Other certification: _____	4%

Note: 19 respondents chose multiple business certifications to define their business.

Retailers were asked about their race and ethnicity, as shown in Figure 1. Not visualized in the chart, a total of 81 individuals noted that they preferred not to answer this question. Out of the 390 respondents who did answer this question, the majority (90 percent) of retailers are white, followed by Asian American Pacific Islanders (AAPI) at five percent and then three percent who identified as being two or more ethnicities. The smallest demographic captured were Black and Hispanic, with Black and Hispanic individuals comprising two percent respectively. Indigenous American was part of this questions options, but no business owners selected this category.

Regional analysis was also conducted. Throughout all counties, white respondents were the highest amongst all. There were some secondary racial makeups for certain counties. For Bristol and Franklin, the second majority of respondents were Black. For Suffolk County, the second racial majority were Hispanic respondents. For Essex, Hampden, and Norfolk had Asian respondents as their secondary racial category. Middlesex, Plymouth, and Worcester had Asian as their second major category of respondents, and two or more ethnicities as their third category of respondents.

Figure 1: Respondent Race and Ethnicity



When asked how many employees work full time at retailer’s businesses (Table 4), over half of respondents (54 percent) report having between one to eleven full-time employees working 30 hours or more each week. Approximately 22 percent of retailers have 12 to 24 full-time employees, followed by 13 percent of retailers who have 25-50 full-time employees. Less than three percent of retailers have more than 100 full-time employees, while a little less than four percent of retailers have no employees.

Table 4: Workers Employed Full-time

Full-time Employees	Shares (N=532)
No employees	3.8%
1 to 11	54.1%
12 to 24	21.6%
25 - 50	13%
51 - 100	4.5%
100 or more employees	3%

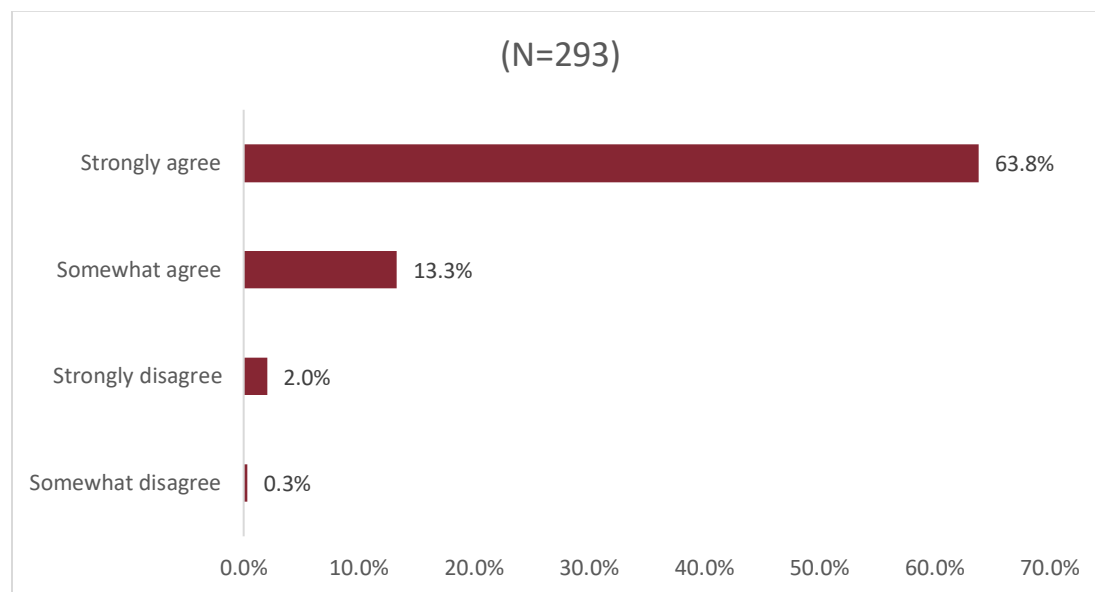
Health Insurance

Respondent business owners who do offer health insurance, and employ anywhere between 0-50 full-time employees, were then asked to describe their attitude towards the following prompt:

Massachusetts small businesses and their employees have to pay higher health insurance premiums than big businesses and government. 63 percent responded that they strongly agree as shown in Table 5. About 13 percent somewhat agreed. A very small portion of respondents strongly disagree with the statement (2 percent), and less than 0.5 percent somewhat disagree.

Regionally, most responses within 13 out the Commonwealth's 14 counties agreed with the statement. Nantucket was the only county that did not have agreement with the statement in most retailer's responses. For Nantucket County, most retailers selected "don't know" to the question's response.

Table 5: Perception towards State Health Insurance Premiums



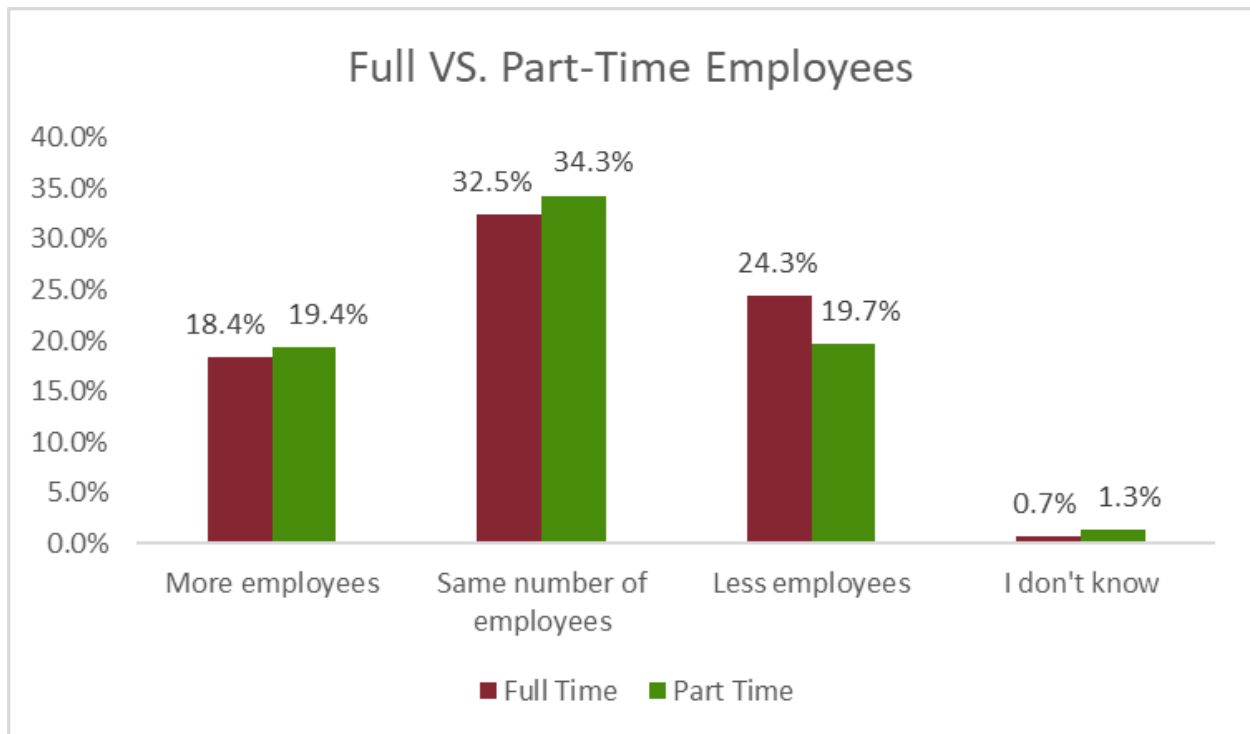
Covid Impacts on Small Businesses throughout the Commonwealth

A series of questions constructed to understand COVID-19 pandemic impacts on retail businesses were asked only to retailers who report owning a business that began serving consumers in 2019 or earlier. A total of 477 retailer's businesses began serving consumers during or before 2019 and 54 respondents began serving consumers during or after 2020. The discussion in this section includes responses from only the 477 retailers who have served customers before and during the COVID-19 pandemic.

When asked if the number of full-time employees in their business had changed since 2019, 32.5 percent reported that there has been no change, as seen in Figure 2. 18.4 percent of small business owners experienced an increase, while almost one quarter of surveyed retailers (24.3 percent) have

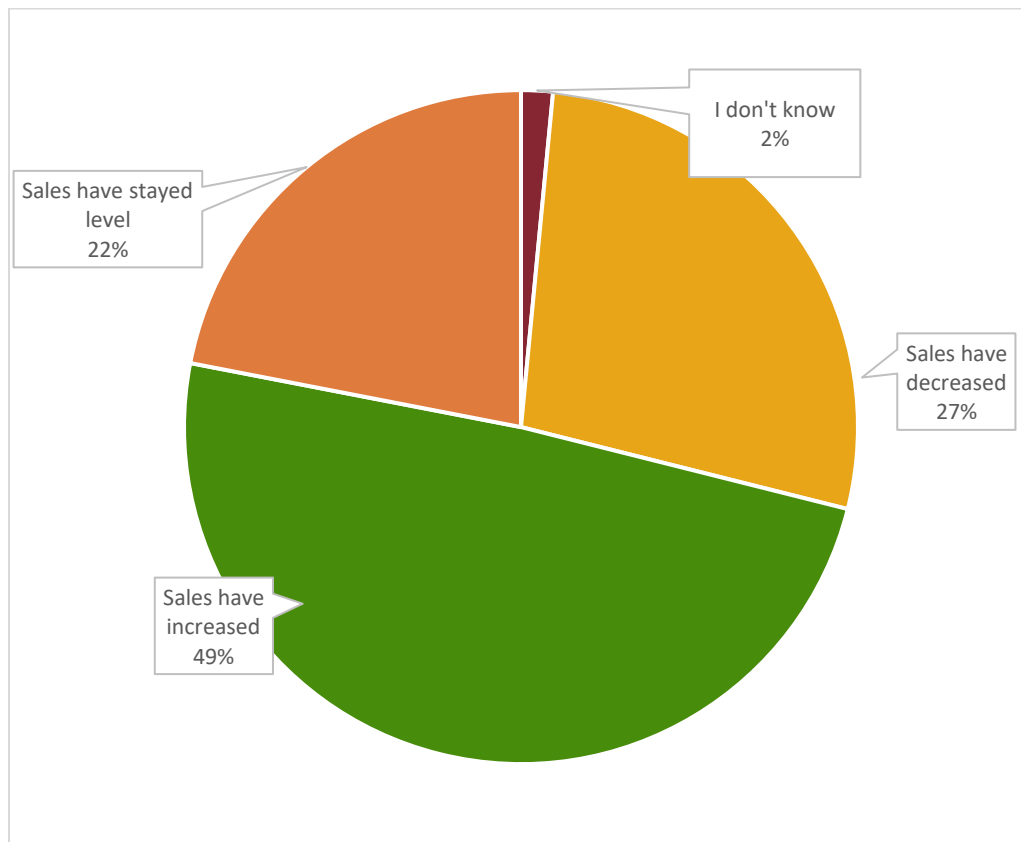
fewer full-time employees than in 2019. The data for full-time employees was largely similar to data on part-time employees.

Figure 2: Changes in Hiring Full and Part-Time Employees



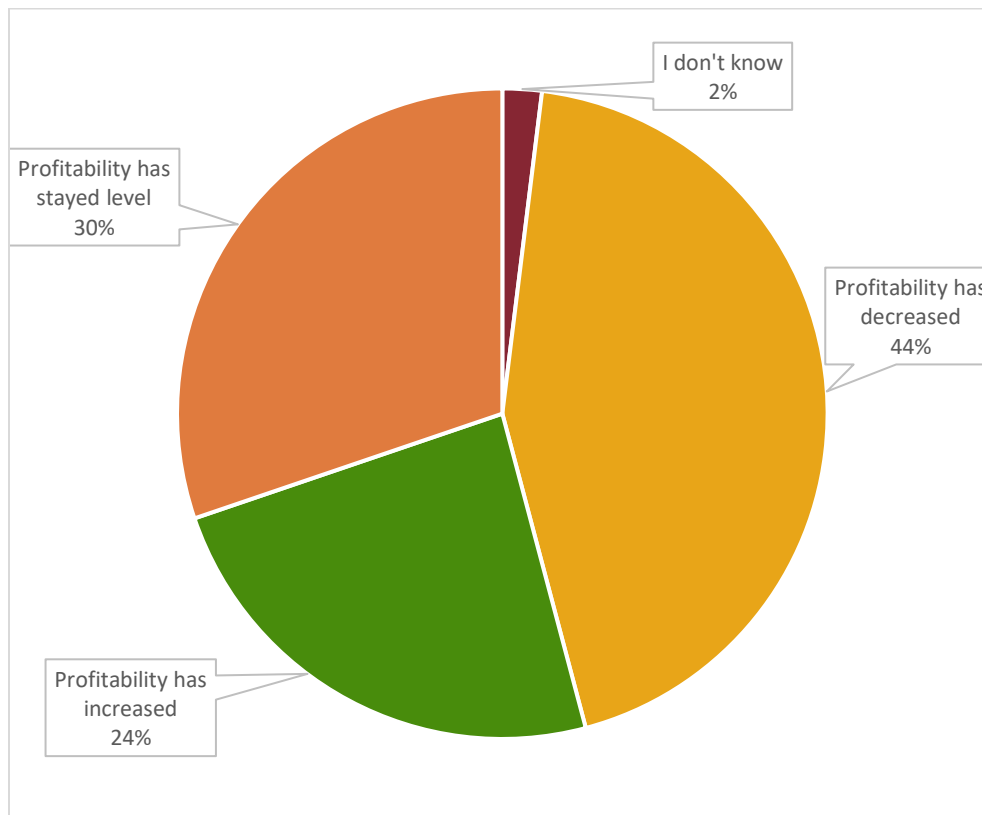
When asked if they experienced any change in sales since 2019, almost half of retailers (49 percent) experienced an increase in their businesses' sales, while about a quarter of business owners experienced a decrease in their retail sales, as shown in Figure 3. Approximately one in five (22 percent) of retailers reported that their sales have stayed level throughout the same period.

Figure 3: Changes in Business Sales



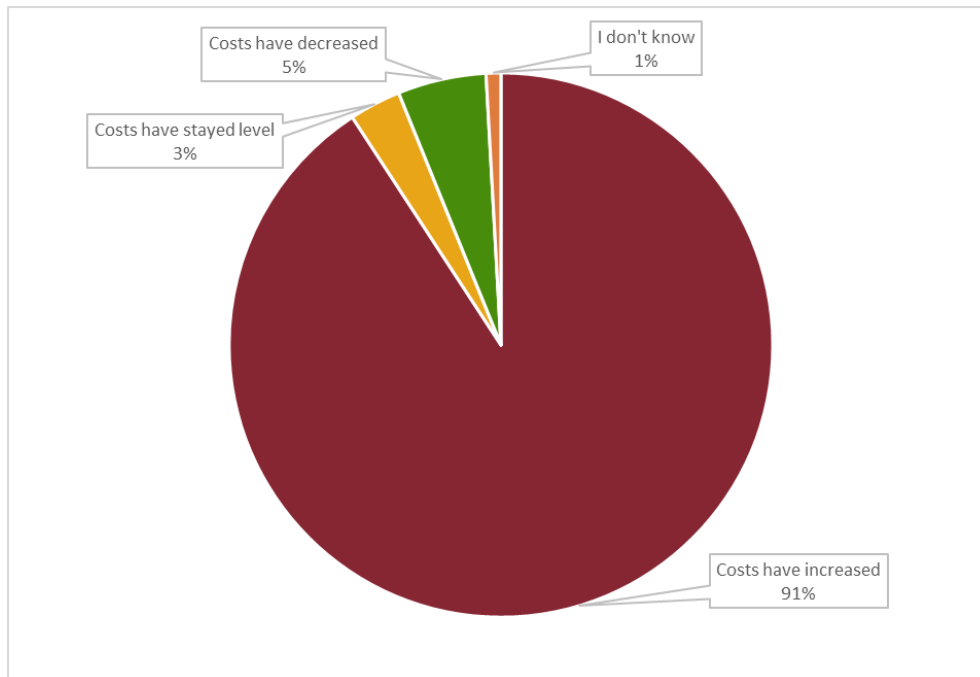
When asked if they experienced any change in their businesses' profitability from 2019 to 2024, only 24 percent of retailers reported that their businesses' profitability has increased. 30 percent of retail owners did not experience a change in their retail's profitability, and 44 percent of retailers responded that their retail's profitability has decreased since 2019, as shown in Figure 4.

Figure 4: Changes in Business Profitability



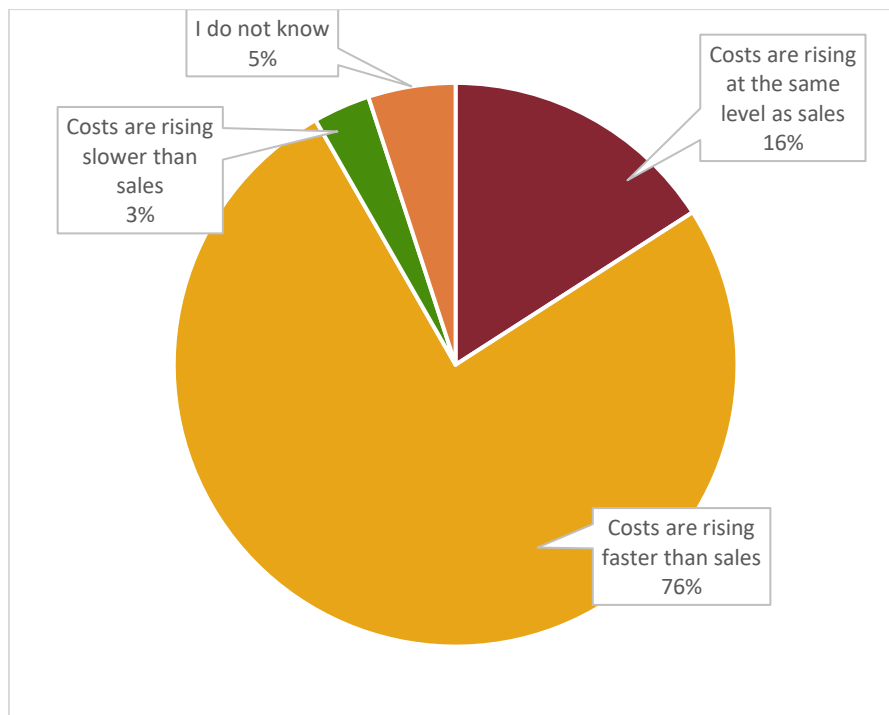
When asked if their retail businesses' cost of operation has changed since 2019, an overwhelming majority of retailers (approximately 91 percent) responded that their operational costs have increased over this period, as seen in Figure 5. Comparatively, only five percent of retailers experienced a decrease in operational costs, and three percent reported that their operational costs stayed the same since 2019.

Figure 5: Changes in Operation Business Costs



As shown in Figure 6, when retailers were asked if their costs of operation have risen at the same level as their businesses' sales since 2019, most business owners (76 percent) responded that their costs have risen faster than their retail's sales. 16 percent of small business owners reported that their costs have risen at the same rate as their sales have since 2019, and only three percent of respondents reported that their businesses costs have been rising slower than their businesses' sales.

Figure 6: Rate of Change Between Retail Sales and Costs



Small Retail Business Sales, Profits and Costs

To help identify potential state government interventions and initiatives that may help retailers increase the businesses' sales, profitability and lower their operational business costs, the Donahue Institute included several open-ended questions in the survey, to gain insight on those topics from business owners themselves.

When asked what the Massachusetts state government could do to help small businesses increase their sales, respondents suggest that the reduction of taxes and regulations would help increase sales. A frequent response from retailers described those general improvements to everyday life as state expansion of services such as offering better public transportation for employees, interventions aimed at increasing the amount of available affordable housing, and regional improvements to the promotion of local small businesses could all help increase sales.

Business owners who commented on improving business promotion specifically suggested there be user friendly online tourist portals with links to their locally owned businesses around key points of interest. Additionally, many retailers recommended that the state look into improving working conditions for immigrant workers, by speeding up the often-lengthy process of work documentation.

Frequently retailers specified that sales may increase if sales taxes were lowered in Massachusetts, with many noting that the state's high sales tax may drive potential customers to surrounding states. Others suggested that if the state government lowered mandatory costs around regulations that heavily impact small businesses such as licensing fees, audits, insurance and inspections. Lowering these costs for retailers would likely help increase sales.

When asked what the Massachusetts state government could do to help small businesses increase their profitability, many responses suggested that the state government should lower taxes and fees for small businesses in the form of initiatives such as tax breaks. Other business owners asked that the state help support and/or lower insurance costs, as well as industry license and certification fees, such as lowering the cost of ServeSafe certifications for small dine-in restaurants.

When asked what the Massachusetts state government could do to help small businesses lower the cost of their operations, most retailers suggested a need for assistance with the general costs of their businesses. In this, many respondents specified the need for state assistance in paying health insurance, employee benefits, and utilities. Many retailers suggest that the State support ways to lower the cost of electricity, rent, health insurance, and taxes. While sales have increased over time for almost half of the retailers surveyed, inflation has hit this population hard, as retailers face increasingly high costs that decrease their profitability. Some commented on the need to cut regulations and some expressed that they felt the state minimum wage is too high.

Currently, Massachusetts has one of the highest minimum wages of any state in the country—at \$15 per hour. As there is currently an effort by advocates to increase the minimum wage to \$20 per hour in 2025, UMDI's survey asked retailers how their businesses would respond if the minimum wage was increased to \$20 per hour. As shown in Table 6 the most popular answer from retailers was that they would raise prices within their business (35.6 percent). The second most frequently chosen response from retailers was that they did not believe the minimum wage increase would affect their business (31.8 percent of responses). 17.4 percent of retailers disclosed that they would close or sell their business if the minimum wage were raised.

Table 6: Minimum Wage Change Plan

Minimum Wage Change	Count (N=236)
I would close or sell my business	17.4%
I would raise prices	35.6%
I would reduce hours of operation	0.8%
I would reduce staffing	10.2%
I would look to automate/utilize more technology to replace staff hours	4.2%
I don't believe the increase would affect my business	31.8%

Note: 240 respondents chose multiple answers

Challenges and Impacts on Retail Businesses

To better understand what issues are most relevant to retailers throughout the Commonwealth, small business owners were given an extensive list describing 15 common issues businesses often experience and were then asked to select ALL issues on the list that have had a negative impact on their business. The result of this list is displayed below on Table 7, which displays responses by frequency at which they are selected. The most selected issue (chosen by 345 retailers) is inflation, interest rates, and the general cost of living. Followed as the second most selected issue is the cost of electricity/heating/cooling (chosen by 338 retailers). Given that utility costs in Massachusetts and New England are particularly high and have gotten worse during the inflationary period of 2021-2023, the high ranking by retailers should come as no surprise. Closely ranked third is payment card interchange fees, which was chosen by 334 retailers.

These selected top three challenges varied by county throughout the Commonwealth. Inflation, interest rates, and general cost of living were the most frequently selected challenges across Barnstable, Bristol, Dukes, Essex, Hampden, Hampshire, Middlesex, Norfolk, Plymouth, Suffolk and Worcester County. Closely following the most frequently chosen issue above, five of these counties (Barnstable, Hampden, Middlesex, Norfolk, and Worcester) selected the cost of electricity/heating/cooling as their second most pressing issue. For the counties of Dukes, Essex, Hampshire, and Plymouth, payment card interchange fees followed the most frequently chosen issue of inflation, interest rates, and general cost of living. Franklin was the only county throughout the Commonwealth that chose payment card interchange fees as the most pressing issue for retailers.

Table 7: Relevant Challenges Impacting Retailers

Issues	Rank	Count
Inflation, interest rates, and general cost of living	1	345
The cost of electricity/heating/cooling	2	338
Payment Card Interchange Fees	3	334
Mandatory payroll taxes (including Unemployment Insurance & Paid Family & Medical Leave)	4	302
The cost of health care/insurance	5	296
Lack of adequate staffing/job candidates	6	240
Supply chain	7	225
Government red tape (regulatory compliance mandates including record keeping, completion of government forms, filings, third party disclosures)	8	169
Competitiveness of local small businesses versus big businesses	9	165
Transportation challenges to business (i.e., delivery, parking, bike lanes)	10	117
Local/municipal gov't restrictions	11	108
Transportation challenges for employees	12	84
Business competitiveness of Massachusetts versus other states	13	79
Crime/Theft	14	58
Climate change	15	44

To understand which issues from the initial list of 15 topics have the most negative effects on businesses, the survey populated a list consisting only of negative impacts to businesses initially chosen by the retailer. Respondents were then asked to select one topic from this list that they think has had the most negative effect on their business.

The results from this question are illustrated in Table 8 below and show that almost one in every four retailers (24 percent) selected inflation, interest rates, and general cost of living as the most negative impact to their business. The second most selected issue is the cost of health care/insurance, which approximately 13 percent perceived to have the most negative impact on their business. The third most selected negative impact topic on businesses was payment card interchange fees, selected by approximately 11 percent of retailers.

Interestingly, of the two transportation challenges listed in this question, more retailers selected transportation challenges to businesses (such as parking and bike lanes) than selected transportation challenges for employees (such as commuting to work). It is important to note that while transportation is often cited as an important economic development issue for the state, how these issues impact businesses will vary depending on the region of the state and the types of businesses we are talking about. For some businesses, access to public transit and walkable spaces will be important. For others, access to highways and parking may be more important. Future studies should examine these differences in more granularity.

Table 8: Most Negative Impacts to Businesses

Perceived Most Negative Business Impacts	Shares (N=460)
Inflation, interest rates, and general cost of living	23.9%
The cost of health care/insurance	12.6%
Lack of adequate staffing/job candidates	11.1%
Payment Card Interchange Fees	10.7%
Mandatory payroll taxes (including Unemployment Insurance & Paid Family & Medical Leave)	10.2%
The cost of electricity/heating/cooling	8.7%
Competitiveness of local small businesses versus big businesses	7.4%
Supply chain	5.2%
Government red tape (regulatory compliance mandates including record keeping, completion of government forms, filings, third party disclosures)	3.7%
Transportation challenges to business (i.e., delivery, parking, bike lanes)	2.0%
Local/municipal gov't restrictions	1.7%
Business competitiveness of Massachusetts versus other states	1.3%
Climate change	0.7%
Transportation challenges for employees	0.7%
Crime/theft	0.2%

To better understand the current outlooks retailers have towards the government, they were asked to describe their attitude towards the following prompt: *Generally speaking, government tends to do more to disadvantage small businesses than it does to help small businesses.* The results below in Table 9 show that the majority of retailers (73.3 percent) strongly agree or somewhat agree that the government tends to do more to disadvantage small businesses than it does to help them. Only 4.7 percent of retailers strongly disagree or somewhat disagreed with the given statement.

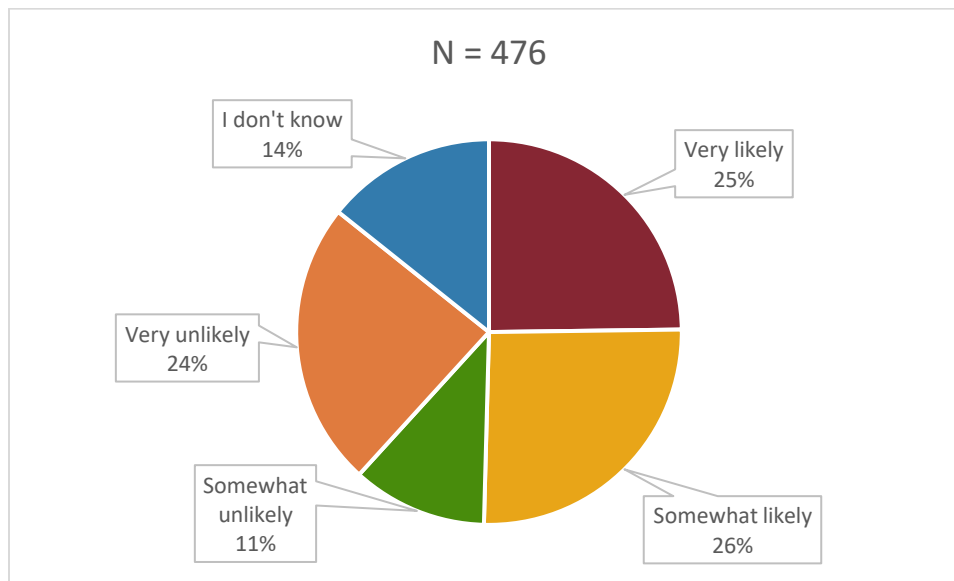
Table 9: Government Involvement

Government Involvement Opinion	Count (N=472)
Strongly Agree	46.6%
Somewhat Agree	26.7%
Neither Agree or Disagree	17.2%
Somewhat Disagree	3.6%
Strongly Disagree	1.1%
I do not know	4.9%

Retailers were asked how likely it would be that they would either close or sell their business in the next five years. As displayed below in Figure 7, many retailers were either very likely (25 percent) or

somewhat likely (26 percent) to close or sell their business in the next five years. Conversely, many business owners felt that they were very unlikely or somewhat unlikely to close or sell their business in the next five years. As for regional trends, out of the 14 counties in Massachusetts, eight were likely to sell or close their businesses in the next five years. Bristol, Dukes, Hampden, Hampshire, Middlesex, Plymouth, and Worcester counties were more likely to close or sell their businesses in the next five years. Barnstable, Essex, Franklin, Nantucket, Norfolk, and Suffolk counties were unlikely to close or sell their businesses in the next five years.

Figure 7: Likelihood of Selling or Closing Business in Five Years



Business owners who responded that they were either very likely or somewhat likely to sell or close their business in the next five years were asked why they were likely to do so. Many business owners noted that approaching the age of retirement was a main factor behind being likely to sell or close their business. Others reported that they experienced challenges facing the high costs across their businesses as a driving factor behind their likelihood of selling or closing their business in the next five years. High costs reported by business owners included taxes, employee wages, employee staffing and cost of operations including rent. Business owners frequently stated how challenging costs are to their businesses, outpacing profitability and decreasing their customer count.

Conclusion

The UMass Donahue Institute's survey report of the challenges small business owners in Massachusetts develops detailed data that offers an overview of the challenges and concerns facing retailers throughout the Commonwealth, providing information for future avenues within advocacy with state and local officials, while helping identify policy areas for further examination by the Retailers Association of Massachusetts in the coming years.

Through an analysis of data collected from a survey filled out by 474 retailers across Massachusetts, the Donahue Institute has examined a broad range of challenges faced by retailers around topics such as health care, retail costs, retail profits COVID-19 impacts and retail sales.

Since the COVID-19 pandemic began and inflation has increased throughout the United States retailers increasingly struggle with their business' profitability, despite 49 percent of retailers noting that their sales have increased over time. Retailers view their businesses profitability as limited, with approximately three out of every four business owners reporting that their retail's cost of operation has risen at a faster rate than their retail sales have.

Additionally, while approximately 63 percent of retailers offer health insurance to their employees, the cost of health insurance/health care was selected as the second most negative impact to their business. Inflation, interest rates, and general cost of living are the biggest challenges retailers report experiencing. These challenges are likely driving factors behind the 25 percent of retailers who describe themselves as being 'very likely' to either sell or close their businesses in the next five years.

To address these challenges, retailers suggest lobbying the Massachusetts state government to lower sales and payroll taxes, electricity rates, mandatory industry license/certification costs (such as ServeSafe), and advocating for affordable health benefits and insurance. Additionally, retailers suggested that investing in state funded improvements to everyday life such as offering more robust and affordable public transportation and parking that employees and consumers alike can access, increasing the amount of available affordable housing, and making improvements to the promotion of local small businesses could all help increase profitability.

In conclusion, almost half of retailers (49 percent) across the Commonwealth have experienced flat or reduced sales since 2019, and they continue to face many challenges which decrease their profitability and increase their operational costs. Given that many challenges retailers experience stem from state restrictions, processes and infrastructure, the Retailers Association of Massachusetts has ample avenues to advocate for policy change at the state level, to help address challenges retailers face throughout the Commonwealth.

Methodology

To better understand the needs and challenges of business owners, the Donahue Institute conducted and distributed a 24-question survey to small business owners throughout the Commonwealth. The short survey was distributed to RAM members, as well as National Federation of Independent Business (NFIB) members and Massachusetts Association of Chamber of Commerce Executives (MACCE) membership lists. Survey distribution occurred only via email, with multiple reminders for those who did not yet complete the survey. Over 3,300 people received a link to the survey, which was distributed on October 7th, 2024, and closed on November 1st, 2024.

The survey was distributed to members with no monetary incentive, stating that results would help inform future avenues for advocacy with state and local officials and identify policy areas for further examination by RAM in the coming years. The survey was tested several times by project staff and before distribution. Questions were created in collaboration with RAM representatives and were written to gain a clearer understanding of retailer's demographic and business backgrounds, attitudes towards health insurance, impacts the covid pandemic has had on cost and sales over time, and the challenges business owners most often face.

The survey's responses were collected and analyzed using Qualtrics statistical software. Each question's responses were evaluated and assessed through tables, graphs, and descriptive explanations throughout the report. A total of 584 survey answers were recorded, and empty and duplicate responses were not included. Within hours of the survey's launch, the team observed and addressed a minor error in the phrasing of question 13 that did not impact the questions overall meaning. This error was completely addressed, and the survey was republished with edits before even 50 participants completed the survey.

Appendix A: Full Survey

INTRODUCTION PAGE

At the request of the Retailers Association of Massachusetts (RAM), the University of Massachusetts Donahue Institute (UMDI) is conducting a survey of all RAM members, select chamber of commerce members and Massachusetts members of the National Federation of Independent Businesses.

This survey is designed to help stakeholders better understand the specific challenges facing small businesses in Massachusetts and identify potential interventions that would help increase sales and lower costs for retailers across the Commonwealth.

This survey may be completed by everyone who has received a formal email inviting them to take the survey. If you are a nonprofit, NGO, government, or quasi-government entity, *please do not take this survey*. While you may own multiple businesses, please take this survey one time. Answer the survey questions with ALL your businesses in mind.

This survey should take about 15 minutes to complete. You may start the survey and come back to complete it at any time, just be sure to submit when you are finished. Your participation in this survey is voluntary and your responses are completely confidential. Please complete this survey by no later than Friday November 1 at 5pm EST. If you have any questions regarding the survey or your participation in it, please contact the UMDI research team.

Part I: GENERAL AND DEMOGRAPHIC QUESTIONS

1. Please select all of the following that apply to you.
 - I am a member of the Retailers Association of Massachusetts
 - I am a member of the National Federation of Independent Businesses
 - I am a member of my local Chamber of Commerce
 - I am a For-profit business
 - I am not a member of any of the listed categories
2. What city or town is your business located in?
3. What type of retail business are you?
 - Gift shop
 - Apparel/Shoe store
 - Clothing accessories
 - Furniture store
 - Hardware/Lawn & garden store
 - Appliance/Electronics
 - Home goods
 - Candy/Ice cream/Confectionery

- Bakery
- Grocer/Market/Deli
- Automotive parts/Accessories
- Jeweler
- Smoke shop/Cannabis
- Full serve restaurant
- Quick serve restaurant
- Internet seller
- Gas/Convenience
- Non-retail for profit business including wholesale, services and manufacturing (please specify): _____
- Other retail (please specify): _____

4. Please select **all** of the following certifications your retail business has:

- Women Business Enterprise (WBE)
- Minority Business Enterprise (MBE)
- Veteran Business Enterprise (VBE)
- Lesbian Gay Bisexual Transgender Business Enterprise (LGBTBE)
- Service-Disabled Veteran-Owned Business Enterprise (SDVOBE)
- I do not have any certifications
- Other certification: _____

24. What is your ethnicity?

- White
- Black
- Hispanic
- Asian or Pacific Islander
- Indigenous American
- Two or more ethnicities
- Prefer not to answer

5. Currently, how many of your businesses' employees are employed at a full time equivalent of 30 hours or more weekly?

- No employees
- 1 to 11
- 12-24
- 25-50
- 51-100
- 100 or more employees

6. Does your business offer health insurance?

- Yes, my business offers health insurance (if business has 50 or less FTE employees AND this is selected, move to part 1.5, Q7)
- No my business does not offer health insurance (Skip to part 2, Q8)

- I do not know (move to part 2, Q8)

PART 1.5: HEALTH INSURANCE

7. Do you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the following statement:

“Massachusetts small businesses and their employees have to pay higher health insurance premiums than big businesses and government.”

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree
- Don’t know

PART II: QUALIFYING QUESTION

8. When did your retail business begin serving consumers?

- During or before 2019 (Move to part III: impacts of covid actions, Q9)
- During or after 2020 (move to Part IV: sales and profits, Q15)

PART III: IMPACTS OF COVID

Please answer the following questions with the timeline of 2019-2024 in mind.

9. Since 2019, has the number of full-time employees in your business increased or decreased?

- I have more full-time employees now
- I have the same number of full-time employees
- I have fewer full-time employees
- I don’t know

10. Since 2019, has the number of part-time employees in your business increased or decreased?

- I have more part-time employees now
- I have the same number of part-time employees
- I have fewer part-time employees
- I don’t know

11. Since 2019, have your sales increased, decreased or stayed level?

- Sales have increased.
- Sales have stayed level.
- Sales have decreased.
- I don’t know.

12. Since 2019, has your retail business’s profitability increased, decreased or stayed level?

- Profitability has increased.
- Profitability has stayed level.
- Profitability has decreased.
- I don't know.

13. Since 2019, have your retail business costs of operation increased, decreased or stayed level?

- Costs have increased.
- Costs have stayed level.
- Costs have decreased.
- I don't know.

14. Since 2019, have your costs of operation risen at the same level as your sales?

- Costs are rising faster than sales
- Costs are rising at the same level as sales
- Costs are rising slower than sales
- I do not know

PART IV: SALES AND PROFITS

15. What could the State government do to help increase your sales?

- _____

16. What could the State government do to help increase your profitability?

- _____

PART V: COSTS

The following questions are about your retail business costs.

17. What could the State government do, to help lower your cost of operations?

- _____

18. Massachusetts currently has one of the highest minimum wages of any state in the country—at \$15 per hour. An effort to increase the wage again to \$20 per hour over three years is expected to be pushed by advocates again in 2025. If such a law passed, how would your business respond?

- I would close or sell my business
- I would raise prices
- I would reduce hours of operation
- I would reduce staffing
- I would look to automate/utilize more technology to replace staff hours
- I don't believe the increase would affect my business

PART VI: RETAIL BUSINESS CHALLENGES

19. Have any of the following *negatively* impacted your business?

- Competitiveness of local small businesses versus big businesses
- Transportation challenges to business (i.e., delivery, parking, bike lanes)
- The cost of electricity/heating/cooling
- Payment Card Interchange Fees
- Supply chain
- Crime/theft
- The cost of health care/insurance
- Mandatory payroll taxes (including Unemployment Insurance & Paid Family & Medical Leave)
- Lack of adequate staffing/job candidates
- Transportation challenges for employees
- Business competitiveness of Massachusetts versus other states
- Inflation, interest rates, and general cost of living
- Local/municipal gov't restrictions
- Government red tape (regulatory compliance mandates including record keeping, completion of government forms, filings, third party disclosures)
- Climate change

20. Please select the *most negative impact* to your business. [carry over responses from Q19]

21. Do you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the following statement:

“Generally speaking, government tends to do more to disadvantage small businesses than it does to help small businesses.”

- Strongly Agree
- Somewhat Agree
- Neither Agree or Disagree
- Somewhat Disagree
- Strongly Disagree
- I do not know

22. How likely are you to sell or close your business in the next five years?

- Very likely
- Somewhat likely
- Somewhat unlikely
- Very unlikely
- I don't know

23. If you are likely to sell or close your business in the next five years, why is this?

- _____

Thank you for your participation. Your response has been recorded.
