

GoDaddy Venture Forward Report

UK Edition

2023

This report is powered by Venture Forward, an international research initiative by GoDaddy that analyses data from more than 20 million UK and US microbusinesses - those with an active website and the majority with fewer than 10 employees. Our goal is to empower anyone who advocates for entrepreneurs with robust data and insights that can't be found elsewhere.

Introduction

In this Venture Forward UK 2023 Report, you'll find:



The latest quarterly data on microbusinesses and year-over-year e-commerce trends



New economic impact findings on jobs, incomes and GDP from Frontier Economics



August 2023 UK entrepreneur survey results, including trends over time, financial needs, and rise of women-owned businesses



A glimpse into how Venture Forward is being applied in support of entrepreneurs and resources available for their advocates



A Note From UK Market Leader Andrew Gradon



I'm delighted to welcome you to the first edition of GoDaddy's UK Venture Forward Report.

While there is little doubt that entrepreneurship is powerful, there are very few studies that can quantify it.

Our mission is to empower entrepreneurs everywhere, making opportunity more inclusive for all. Five years ago, GoDaddy launched the Venture Forward initiative, believing that to truly advocate for entrepreneurs, one must first understand them. So that's exactly what we did.

Venture Forward spotlights digital entrepreneurs, with the majority of them having fewer than 10 employees, classifying them as microbusinesses. This group is often under-researched, misunderstood, and underserved.

Despite their small size, microbusinesses are growing. According to our data, in the UK alone, there are about **618,000** of these ventures with a unique domain and an active website, **up over 15%** since March 2020.

Over the last two years, GoDaddy has surveyed over **7,500** entrepreneurs. During this time, microbusiness owners have faced challenging market conditions amidst rising costs and falling consumer spending. Despite such macroeconomic headwinds, microbusinesses consistently show resilience and a positive outlook for their own business and financial turnover.

Microbusinesses matter, and their impact is felt. Their enormous economic contribution drives job creation, annual median pay, and local GDP at the constituency level.

In this report, you'll get a glimpse of the unique research on trends we're seeing. I hope you share this with anyone who advocates for entrepreneurs and those who could use these insights to better support entrepreneurs turning ideas into success.

Microbusinesses are the engine of the UK economy. When they thrive, we all do.

A Gradon

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01 | LATEST NUMBERS

The State of Microbusinesses

A deep dive into the latest numbers and trends of online microbusinesses, their economic impact, and hotspots of growth by UK Parliamentary constituencies.



Venture Forward quantifies the presence and impact of over 20 million online microbusinesses on their local economies, and provides a unique view into the attitudes, demographics, and needs of the entrepreneurs who start them.

In 2018, we began to study millions of US microbusinesses, defined as an entity with a discrete domain name and an active website, and the majority of whom have fewer than 10 employees. We focused on two things: where they are and how they impact the economy. Together with academics and economists, we established that they had an outsized effect on economic health indicators, like job creation and household incomes.

In 2019, we began surveying the entrepreneurs who own these ventures in the United States, nationally and across cities, at least once a year. These surveys help us better understand their mindsets and circumstances.

In 2020, we built a proprietary Microbusiness Activity Index with economists at UCLA Anderson Forecast and created a data hub to update and share our data publicly, including measurements of microbusiness density by geography. We update this data on a quarterly basis.

In 2021, we expanded Venture Forward research to the United Kingdom to highlight the areas seeing the greatest growth of digital entrepreneurship and to learn more about these microbusiness owners.

This year, we hit a new milestone when we partnered with UK-based economics consultancy, Frontier Economics, on a study to quantify how microbusiness effect job creation, median annual pay, and even local GDP (findings ahead on page 12).

As we continue working now to broaden our coverage elsewhere around the world, we continue to publish all of our data, aggregated and anonymized on our website to help empower other advocates.

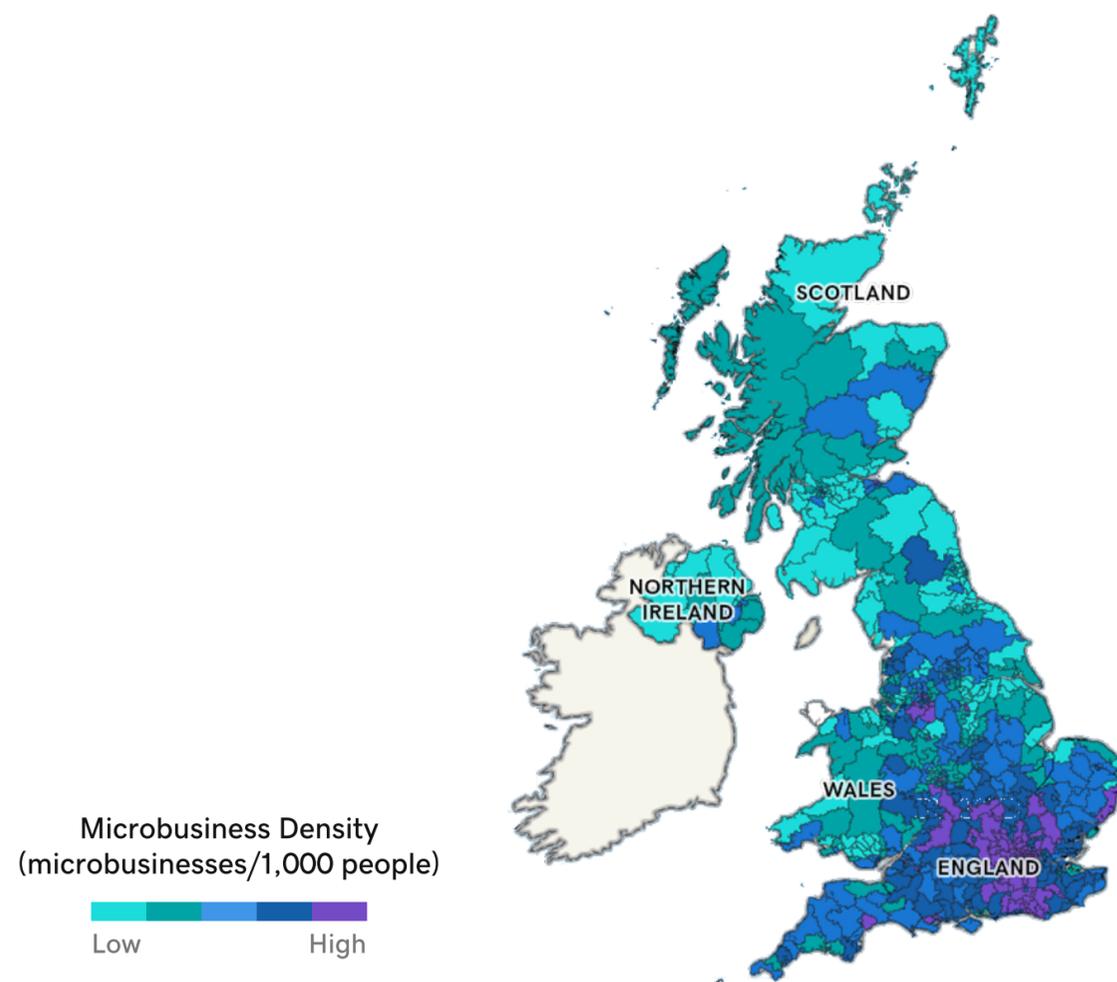
For more details on our research methodology and other findings, please read [About Us](#) on the Venture Forward website or see our answer to [Frequently Asked Questions](#).

"Microbusinesses have the power to add billions to the economy, while providing jobs and opportunity in their local communities."

— **The Independent**
May 2023, covering Venture Forward

UK Microbusiness Concentration

Recent Snapshot: Microbusiness Density by UK Constituency (Q3 2023)



Rural	% All Constituencies	Microbusinesses per 1,000 people (Q3 2023)
< 2 people per hectare	20%	7

Suburban	% All Constituencies	Microbusinesses per 1,000 people (Q3 2023)
≥ 2 to < 8 people per hectare	27%	7.7

Urban	% All Constituencies	Microbusinesses per 1,000 people (Q3 2023)
≥ 8 people per hectare	53%	11.3

Which UK Constituencies Rank Highest in Microbusinesses?

Top 10 UK Constituencies (by **Count**)

September 2023

UK Constituencies	Microbusiness Count
Cities of London and Westminster	18,767
Stoke-on-Trent South	11,707
Holborn and St Pancras	8,474
Hackney South and Shoreditch	7,122
St Albans	7,068
Islington South and Finsbury	5,648
Kensington	4,352
Bermondsey and Old Southwark	3,805
Chelsea and Fulham	3,791
Slough	3,673

Top 10 UK Constituencies (by **Density**)

September 2023

UK Constituencies	Density (Microbusinesses/1,000 people)
Cities of London and Westminster	171
Stoke-on-Trent South	131
St Albans	72
Holborn and St Pancras	62
Hackney South and Shoreditch	60
Islington South and Finsbury	55
Kensington	37
Chelsea and Fulham	35
Bermondsey and Old Southwark	30
Poplar and Limehouse	27

*Constituencies with population over 250K

Which Industries Experienced the Greatest Change in Online Revenue?

A DEEPER DIVE

Year-over-year trends offer insight into which industries gain and lose popularity for e-commerce, measured here by the change in online sales.

When comparing the period from July to September 2023 with the same period in 2022, there was a decrease in spending within the Financial and Personal categories. On the positive side, Personal Services emerged as a leader, experiencing more than 5x growth. Additionally, sales in the Consulting and Charitable or Political categories more than doubled during this timeframe.

Year-Over-Year Average Revenue Change by Industry (Q3 2022 - Q3 2023)

Top 5 Industries (by % Increase)		Bottom 5 Industries (by % Decrease)	
Industry	Y/Y Change	Industry	Y/Y Change
Personal Services	522%	Financial	-91%
Charitable / Political	156%	Personal	-59%
Consulting	147%	Events	-44%
Writing	137%	Wedding	-42%
Transportation	136%	Religion	-39%

Industry Glossary as Self-Reported by Website Owner



Writing

Freelance writing, business writing, publishing company, authors/creative writers



Financial

Brokers, bankers, accountants, insurance agents



Events

Conferences, seminars and parties



Personal Services

Hair/nail salons, laundry/dry-cleaning, home cleaning services



Personal

Sites for an individual, celebrity figure, bloggers



Consulting Services

Microbusiness consultants of any industry



Transportation

Logistics, trucking, couriers, chauffers, auto rental



Wedding

Wedding planners, bridal boutiques, wedding photographers



Religion

Religious institutions and their peripheries

Microbusinesses Have Major Impact



£1,400

The median annual pay for full-time workers is about £1,400 higher in constituencies with a 1% higher number of digital microbusinesses

Source: Frontier Economics analysis of GoDaddy proprietary dataset and UK public data



~7

About seven jobs are created for every new microbusiness on a constituency-level

Source: Frontier Economics analysis of GoDaddy proprietary dataset and UK public data

02 | KEY FINDINGS

New Economic Outcomes Report

Brand new research findings undertaken in partnership with consultancy Frontier Economics on the outsized economic impact by UK microbusinesses.

A Landmark Study



INTRODUCTION

GoDaddy Venture Forward partnered with economics consultancy Frontier Economics on a landmark study. The goal was to uncover the economic impact microbusinesses are making in the UK.

The findings were significant: Digital microbusinesses are associated with a higher number of jobs available for each resident, higher annual pay for residents, and an increase in general economic activity, as measured by GDP.

What follows are key excerpts.

FOR THE FULL REPORT, [PLEASE DOWNLOAD HERE.](#)

KEY TAKEAWAYS

The microbusiness sector in the UK has experienced significant growth over the last two decades. The number of microbusinesses which employ 0-9 people – excluding the owner – has increased from 3.5 million in 2000 to 5.2 million today*. As a result, microbusinesses now contribute to 32% (8.7 million employees) of private sector employment and 19% of total economic output (£808 billion)**.

Data on microbusinesses is generally scarce because these businesses often have limited resources and may not prioritise data collection and reporting. As a result, microbusinesses, especially digital ones, are often overlooked in the public debate and the crucial role that they play in the economy is rarely acknowledged by policymakers and researchers.

* <https://www.gov.uk/government/statistics/business-population-estimates-2022>

** <https://researchbriefings.files.parliament.uk/documents/SN06152/SN06152.pdf>

“This study contributes to closing the knowledge gap on the importance of digital microbusinesses to local economies.”

— Frontier Economics

The Strong Growth of UK Microbusinesses

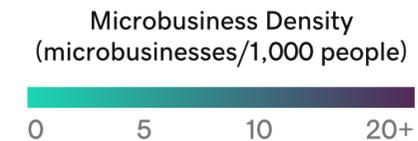
“Microbusinesses constitute **90%** of all businesses in England.

Among these microbusinesses, 79% have workforces ranging from 0 to 4 individuals, excluding the owner. This sector contributes substantially to the UK economy, accounting for 33% of total employment, which corresponds to approximately nine million workers, and collectively generating 21% of the country's economic turnover*.

In the last ten years, microbusinesses have exhibited a more rapid growth rate compared to other types of enterprises.

London also stands out for the most substantial increase in the number of microbusinesses between 2010 and 2020, with a remarkable 62% growth rate.

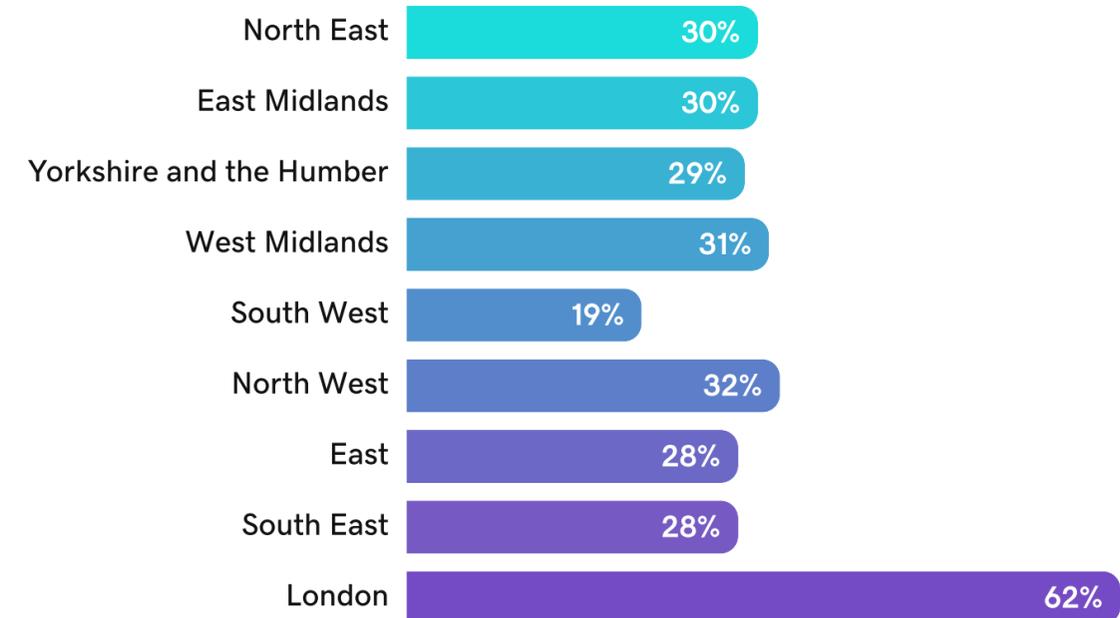
Digital microbusiness density by parliamentary constituency in the UK



*data shown 2021



Percentage Growth of Microbusinesses by Region



Source: <http://www.local.gov.uk/publications/how-well-do-you-know-your-microbusinesses#introduction>

Note: Nomis data 2010 - 2020

* <https://www.local.gov.uk/publications/how-well-do-you-know-your-microbusinesses#introduction>

Jobs, Pay and GDP

Jobs Density

A change of 10 additional digital microbusinesses per 1,000 residents between 2020 and 2021 is associated with an increase of approximately **70 jobs per 1,000 residents**, holding all other factors constant.

This result evidences that the creation of a new microbusiness has larger implications than the pure direct employment within the business.

Median Annual Pay

A 1% increase in the number of digital microbusinesses in 2020 is linked to an approximately **£1,400 higher median annual pay** for full-time workers in 2021, everything else being equal.

This represents a **4.4% increase** over the sample's median annual pay of approximately **£31,500**.

GDP

Ten additional digital microbusinesses per 1,000 residents is associated with an approximate **increase of £37,000 in GDP** for 2021, all other factors remaining constant.



The Impact of Digital Microbusinesses on Local Economic Outcomes in the UK

Outcome variable	Measure of microbusiness density	Coefficient	Model
Job density	Change in the share of microbusinesses per resident between 2020 and 2021	+6.5***	Baseline model
Job density	Change in the share of microbusinesses per resident between 2020 and 2021	+5.7***	Excluding the City of London and Westminster
Median annual pay	Log of the absolute number of microbusinesses per resident	+£1,386***	Baseline model
GDP	Share of microbusinesses per 100 residents	+£36,731***	Baseline model
GDP	Share of microbusinesses per 100 residents	+17,720***	Excluding the City of London and Westminster

Source: Frontier Economics analysis of GoDaddy proprietary dataset and UK public data (see Annex)
 Note . ***denotes statistical significance at 1% level

03 | NEW RESEARCH

National Microbusiness Survey Results

Ahead are highlights from the third survey of UK microbusinesses, conducted in August 2023, of over 2,500 online entrepreneurs.



Microbusinesses At-A-Glance

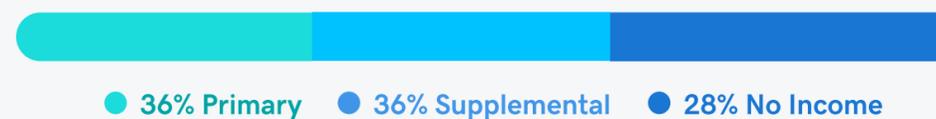
Microbusinesses are **small**



In total, how many employees are working in your organization?

1 (solo-entrepreneur)	80%
2 to 10	17%

Microbusinesses generate income



39% of respondents in the UK turned their supplemental income into their main source of income

1 in 4 currently own more than one business

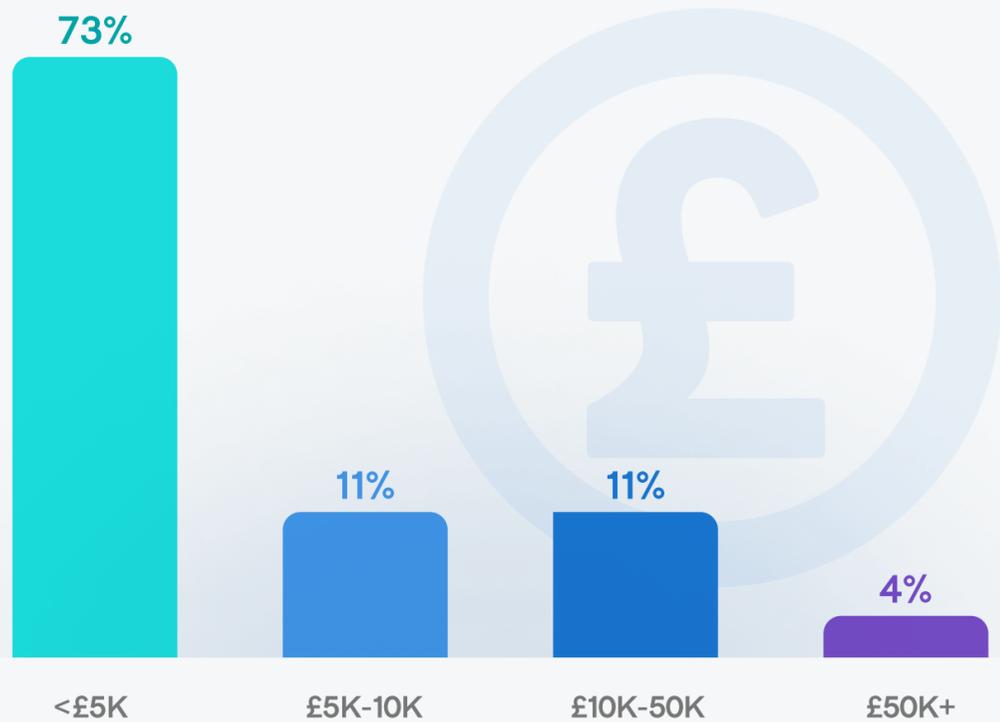


What Does It Take To Get A Microbusiness Started?

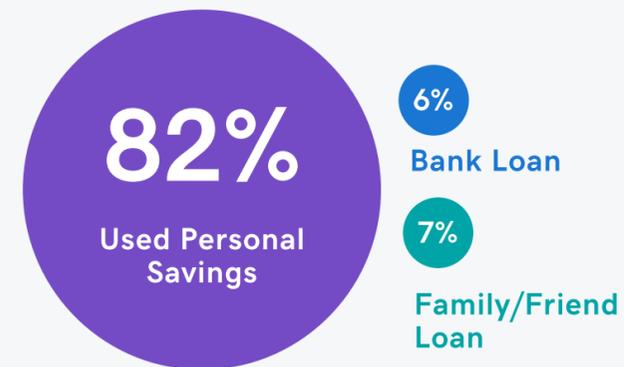
73%

REQUIRED LESS THAN £5,000 TO START

"What was the total amount of capital needed to start your business or organisation?"



"What was the source of the capital you needed to start?"

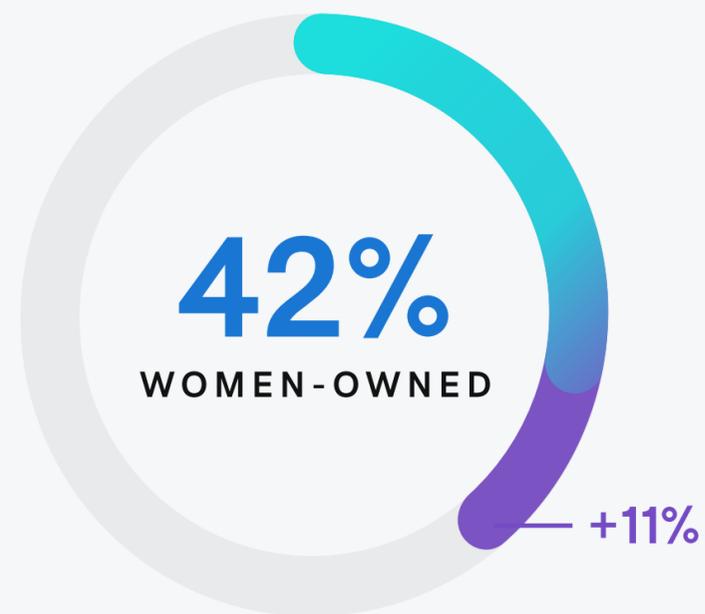


"How were the first and most recent pounds invested into the business?"

CATEGORY	FIRST	RECENT
Equipment	27%	22%
Marketing Online	11%	20%
Website	30%	14%
New Product	9%	13%
Inventory	8%	11%

Insight Into Microbusiness Owners

Microbusinesses are closing the gender gap.



DEC 2021 31% → AUG 2023 42%

5% of UK microbusinesses are owned by a Black entrepreneur, and of those, 60% are owned by a Black woman.

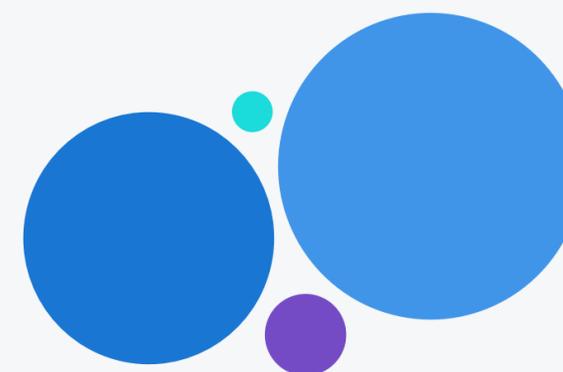


How old are most entrepreneurs?

45%

Millennials

Age (25-39)



AGE BREAKDOWN

- 6% Gen Z (18-24)
- 45% Millennials (25-39)
- 37% Gen X (40-54)
- 12% Baby Boomers (55+)

Can Microbusinesses Support a Household?



are "breadwinners" contributing **51% or more** to household income

"Approximately what proportion of your household income comes from your microbusiness?"

% of Household Income	START TIMEFRAME		
	Entire Sample	Pre-Pandemic	Post-Pandemic
0% - 25%	50%	38%	59%
26% - 50%	19%	22%	16%
51% - 75%	11%	14%	9%
76% - 100%	20%	27%	16%

Annual income of breadwinners



About **1 in 4** women with a microbusiness are the breadwinners in their home



"Where have you seen cost increases this year?"



Confidence In Their Own Business Remains Steady

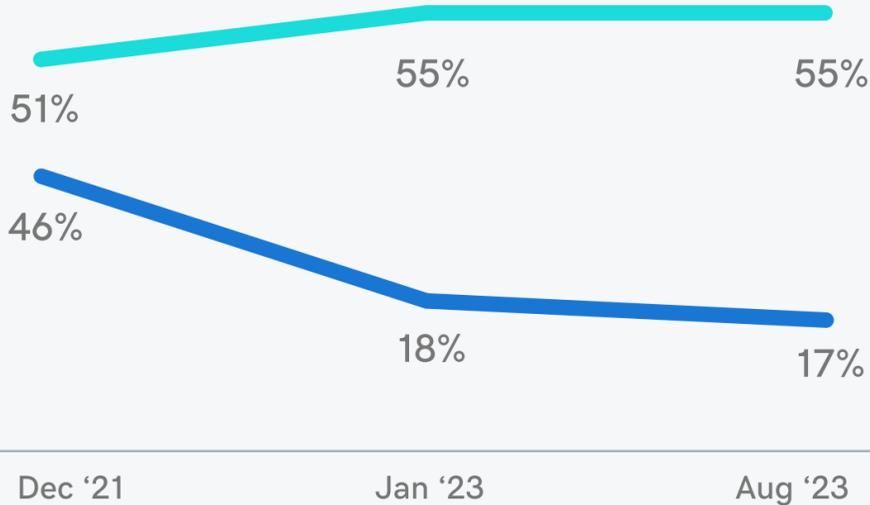


Microbusiness owners in both the UK and the US consistently express a more positive outlook for their businesses than that for the greater economy.



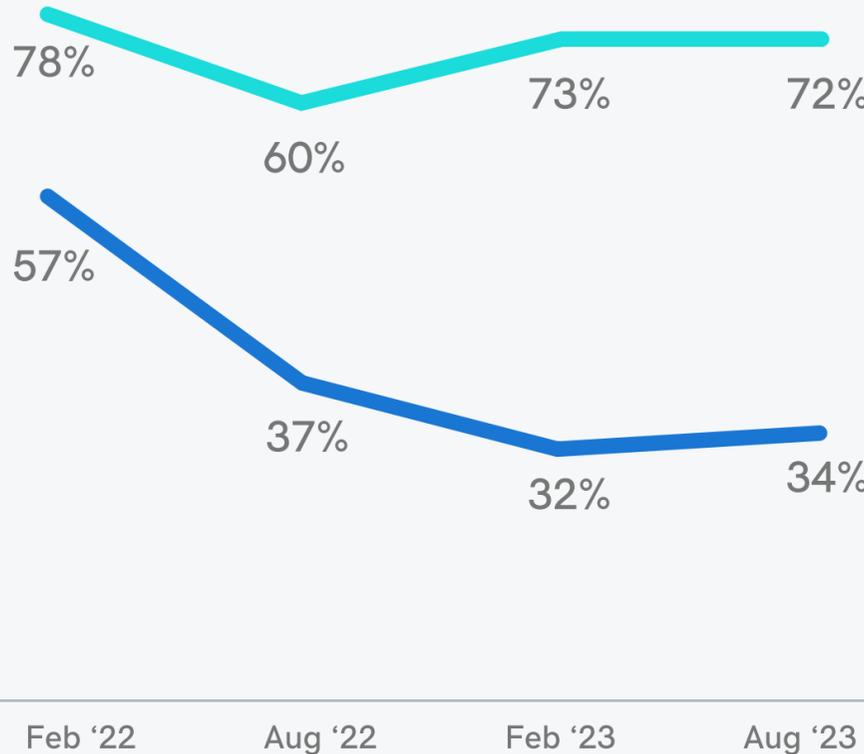
Confidence in their business growth vs. the UK economy in the next 3 months

● Business ● Economy



Positive expectations for their business vs. the US economy in the next 6 months

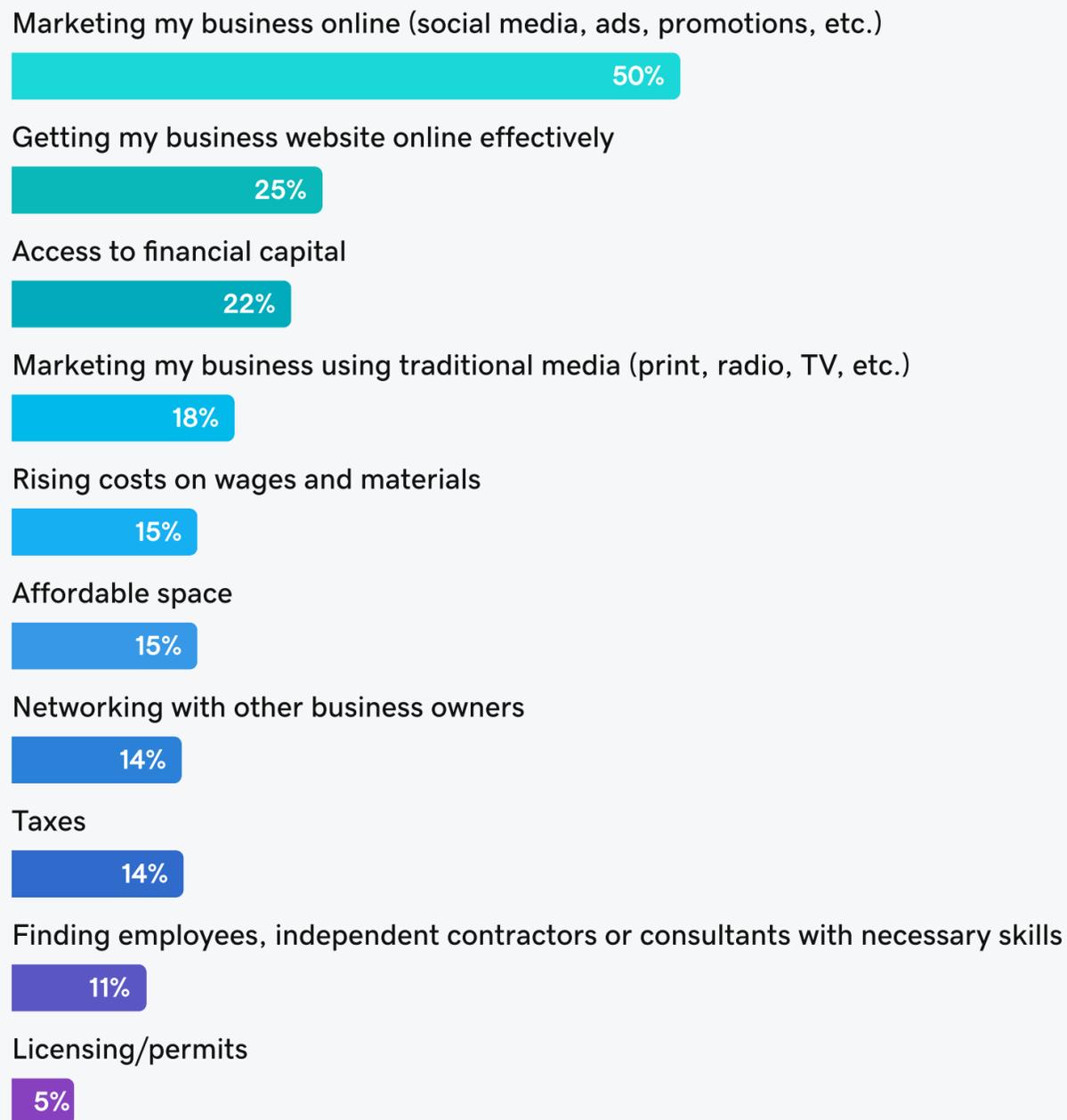
● Business ● Economy



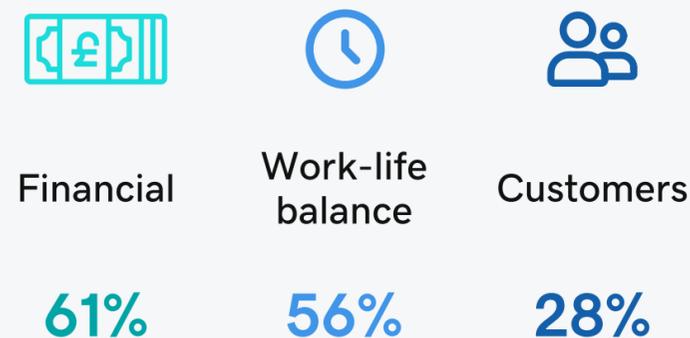
Source: GoDaddy Venture Forward UK National Survey. August 2023 (N-UK = 2,651)

Key Challenges and Stressors for Microbusinesses

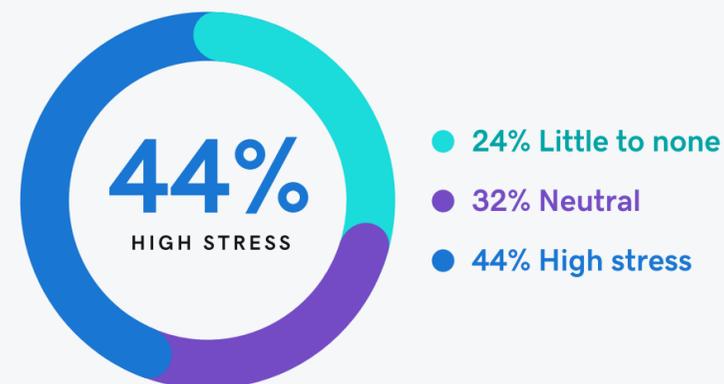
Top Challenges:



Primary Stressor



44% of entrepreneurs report high stress/anxiety/burnout, or feel neutral, owning and operating a microbusiness.



04 | CLOSING

Press and Resources

Recent coverage and key resources.

04

Spreading The Word

We share our research to empower the people and organisations supporting entrepreneurial growth in communities, starting with economic and community stories.

Here are a few examples of Venture Forward mentioned in the UK media. More are available on the [Venture Forward](#) website.



PRESS

Countryside business boom as almost 100,000 new rural firms launched

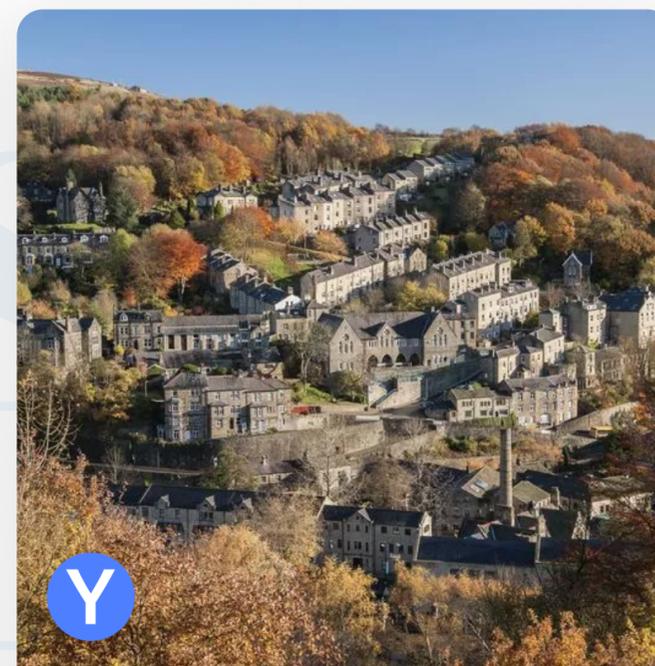
The countryside economy was in 'good health, generating billions for the economy and supporting millions of jobs', experts said.



PRESS

Hundreds of thousands of small businesses may fold this year - wiping £12bn from economy, report says

Microbusinesses have a major impact on local economies, creating significantly more value than the income they generate for their owners.



PRESS

It really is a Happy Valley: A closer look at why Calder Valley is booming for business

People have turned to local businesses during the cost of living crisis



PRESS

A diverse nation: unlocking support for minority ethnic microbusiness owners

Despite the challenges of the cost-of-living crisis, GoDaddy data shows that the UK's microbusinesses are becoming more diverse.



United Kingdom Research

A unique view into the attitudes, demographics, and needs of microbusiness entrepreneurs, as well as their presence, growth and impact since 2021.

Data Hub

Download the data available on digital microbusinesses.

Reports

Download economic and research reports.

Use Cases

Customer stories, deeper dives into data and more.

FAQ

How to use this data to advocate for microbusinesses.



Latest Survey Results

Results from the August 2023 US and UK Surveys

View more [data downloads](#), recent [press](#), and our [research methodology](#) at [Venture Forward](#) →



**We believe in the power of
data to help advocate for
entrepreneurs.**

For data or media inquiries contact Venture Forward
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