

Big Data for Small Businesses: Leveling the Playing Field Through up to Date Spatially Enabled Economic Reports

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Small businesses generally have a hard time getting access to up-to-date, reasonably accurate economic data and forecasts that are relevant for their market area. For example, small brick and mortar retailers often only serve a ZIP Code or two. Economic data that may help them determine future sales, such as employment and wages, real estate transactions, or economic risks are regularly only provided at the county level or even higher aggregates. Specifically in large counties this information is of limited help as such large counties usually cover multiple small-scale economic agglomerations that exhibit differing paces of economic development.

In this presentation, we report on how researchers at the Institute for spatial economic analysis, short ISEA, create up to date ZIP Code level estimates for salient economic data for small businesses. Small businesses and news media can access this information through a website where they can select their ZIP Codes of interest and retrieve an automatically generated report for the selected area. They can also register on this website to receive updates whenever new data becomes available.

The importance of such data is highlighted by the fact that about half of the private nonfarm US workforce is employed by small businesses. Large businesses generally not only have access to geographically differentiated economic data, most of them are also geographically diversified, which renders economic performance of a small economic region irrelevant. In contrast, small businesses have not had access to that kind of data and have been often exclusively dependent on the economic performance of the location where their business is located. Thus, this newly available data helps leveling the playing field for small businesses.

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