

Missouri Economy Indicators Online Microbusiness Activity

VOL. 3, ISSUE 10, 22 AUGUST 2022

Researchers and communities have a new tool available to measure community participation in the digital economy. Produced by GoDaddy, the **Microbusiness Activity Index (MAI)** broadly gauges digital participation by accounting for variables such as website engagement and community infrastructure. It draws on data GoDaddy collects from over 20 million U.S. microbusinesses using its domain name host services.

Microbusinesses are typically very small. Nearly nine of 10 have fewer than five employees. Most make modest income; 59% make less than \$2,000 a month. Only a quarter make more than \$4,000 a month.

Of all microbusiness owners, 40% are fully employed by their microbusinesses, but 36% have full- or part-time jobs elsewhere. That said, higher levels of microbusiness activity benefit individuals and local communities, regardless of whether these businesses are side gigs or serve as a business owner's primary employment.

Most microbusinesses (54%) attract customers from across the U.S., which brings new dollars into microbusinesses' communities as these customers purchase goods and services.

Online Microbusiness Activity Increases with Population Density

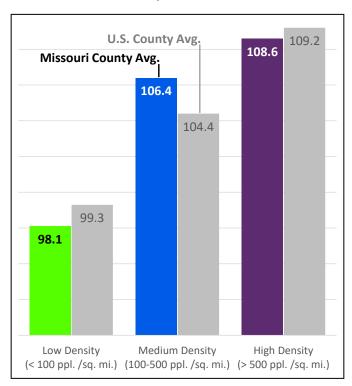
Not surprisingly, online microbusiness activity is greater in densely populated areas. Analyzing MAI data by three population density categories makes it easier to compare activities across similarly sized U.S. and Missouri counties:

- Low-density counties (<100 people per square mile) are more rural in character.
- Medium-density counties (100-500 people per square mile) are often found in smaller metros or suburban areas.
- High-density counties (>500 people per square mile) are very urban in character.

In first-quarter 2022, MAI data show Missouri's lowand high-density counties had slightly below average microbusiness activity when compared to similar U.S. counties. However, Missouri's mediumdensity counties had higher levels of microbusiness activity compared to the U.S. average.

Microbusiness Activity Index for U.S. and Missouri Counties by Population Density

First-quarter 2022



Source: MU Extension graphic using GoDaddy Microbusiness Activity Index, 2022 Qtr. 1 data.

Missouri Microbusiness Activity by County Population Density

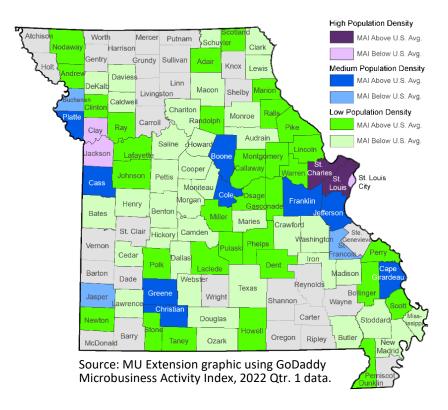
Within Missouri, GoDaddy's MAI values were greatest in high-population-density counties that surround St. Louis and Kansas City. The U.S. MAI for high-density counties averaged 109.2 during the first quarter of 2022. St. Louis and St. Charles counties had higher MAI figures at 112 and 110.8, respectively. Missouri's other high-density counties had MAI values lower than the national average.

In the U.S., the MAI for medium-population-density counties averaged 104.4. Most of Missouri's mediumdensity counties had MAI values higher than this national average. Platte (113.1), Boone (111.3) and Cole (109.1) counties had the highest MAI values.

Nationwide, low-population-density counties averaged a 99.3 MAI, and most Missouri counties of similar density had lower MAI values. Johnson (108.4) and Pulaski (107.7) counties had the highest MAI values among Missouri's low-density counties. Many low-population-density

Missouri Counties with Above and Below U.S. Average MAI by Population Density

First-quarter 2022. No Data Available for Grey Counties



Missouri counties with MAI values greater than the U.S. average were suburban counties or counties with larger towns — for example, Howell (West Plains) and Marion (Hannibal) counties.

Additional Resources and Notes

- GoDaddy provides <u>Microbusiness Activity Index</u> data for most U.S. counties. Monthly MAI data were averaged by quarter to reduce fluctuations found in monthly figures. The MAI has three components: (1) *Infrastructure*, which includes human and digital capital such as educational attainment and broadband access; (2) *Participation*, which includes per-capita microbusiness density and growth rate; and (3) *Engagement*, which includes a variety of domain host activity such as web traffic. Online business activity research in <u>2021</u> and <u>2022</u> indicated that increases in microbusiness density, coupled with higher broadband adoption levels, had positive spillover effects on the economy in terms of lower unemployment rates and higher incomes.
- Missouri's <u>Small Business Development Centers</u> have business specialists across the state who can assist new and
 existing businesses with management, marketing, and business operations such as developing an online presence.

All briefs in the economy indicators series and future updates will be available at tinyurl.com/ExceedEconomyIndicators
Author: Alan Spell, Assistant Extension Professor, alan.spell@missouri.edu



