

A nighttime photograph of a cityscape. In the foreground, a river flows through a stone-lined canal. The background features several tall buildings, with the most prominent one having a distinctive tower-like structure at the top. The scene is illuminated by city lights, creating a warm glow against the dark sky.

# Industry Outlook Report for Small Retail and Service Businesses

This report has been meticulously crafted to bring you valuable insights and expert analysis about the dynamic retail landscape.

# Navigating the Future

An Industry Outlook for Small Retail and Service Businesses

## Adminit Transform Your Business

Streamline Operations and Boost Profits with our  
All-in-One POS and ERP Solution

"Navigating the Future: An Industry Outlook for Small Retail and Service Businesses" is a document, compiled and prepared by Adminit, a leading business administration software. Adminit is an all-in-one POS and ERP solution that is meticulously designed to streamline operations and boost profits for small retail businesses. This web-based software offers a multitude of features including inventory management, offline mode, detailed reports, promotion management, and more, all optimized for touchscreen devices, mobile phones, tablets, and desktop computers<sup>123</sup>.

Adminit is a proud subsidiary of KIUBIX, a company renowned for its prowess in the software industry. Leveraging our team of experts in various fields such as programming, design, data analysis, and more, we strive to create innovative solutions tailored to our clients' needs<sup>4</sup>.

**The purpose of this document is in line with our mission to help businesses grow. By providing timely and relevant industry information, we aim to empower our clients and users with the knowledge and insights needed to navigate the evolving retail landscape. Whether you're running a bakery, a hardware store, a restaurant, or an online store, Adminit is committed to helping you maximize your efficiency, increase your profits, and achieve your business goals.**

Through "Navigating the Future: An Industry Outlook for Small Retail and Service Businesses", we aim to equip you with the tools and insights necessary to anticipate changes, seize opportunities, and navigate the future of the retail industry confidently and successfully.

In creating "Navigating the Future: An Industry Outlook for Small Retail and Service Businesses", we have meticulously gathered information from a multitude of sources, ensuring that the data is not only reliable but also relevant to the evolving retail and service industries. To facilitate further exploration, we have included hyperlinks that direct you to the primary sources of data and information, allowing for in-depth investigation and understanding.

Importantly, this document is licensed under a Creative Commons license. This means that it can be used and distributed freely, provided that the content remains intact and unaltered. We believe in the power of shared knowledge and resources, and we are proud to contribute to the global community of businesses through this comprehensive industry outlook.

Please note that while we strive to provide the most accurate and up-to-date information, we encourage users to refer to the original sources for the most recent data and to confirm any information before making business decisions based on it.

We hope this document serves as a valuable resource in your business journey and helps you to navigate the future of the retail and service industries with confidence and success.

## Adminit Transform Your Business

[www.adminit.us](http://www.adminit.us)

# Navigating the Future

An Industry Outlook for Small Retail and Service  
Businesses

**01.**

**Introduction.**

**02.**

**The Current State of Retail Trade**

**03.**

**Insights into Small Specialty Retail Stores**

**04.**

**Single Location Full-Service Restaurants**

# Navigating the Future

An Industry Outlook for Small Retail and Service Businesses

## Introduction

Welcome to "Future-Proofing Your Business: A Comprehensive Industry Outlook for Small Retail and Service Businesses in the US." This comprehensive guide aims to empower businesses in the retail and service sectors by providing valuable insights into the current landscape and future trends of the US market.

We'll begin by exploring the state of retail trade in the US, focusing specifically on small specialty retail stores. We will then delve into the restaurant industry, looking at both chain and single-location full-service restaurants.

Next, we'll examine the broader dynamics of businesses in the US, including an in-depth analysis of the economy, finance, and trade, and their implications for retail and service businesses.

To give you a wider context, we'll also provide an overview of the global wholesale and retail industry, highlighting key trends that are shaping the future of businesses worldwide. We'll then look ahead, using global economic forecasts to anticipate potential challenges and opportunities that retail and service businesses in the US might encounter in the future.

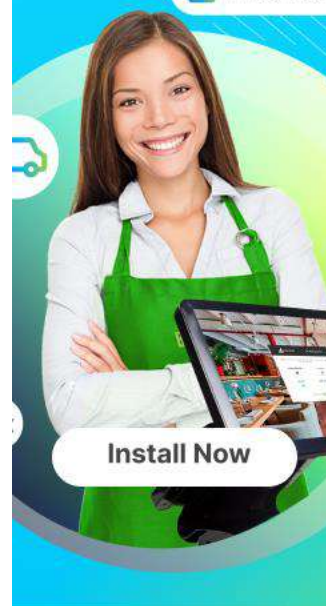
Whether you're a retailer, restaurateur, service provider, or a professional in the retail and service sectors, this guide is designed to equip you with the knowledge and insights needed to navigate the changing landscape of your industry and make informed strategic decisions for the future. Together, let's embark on this journey towards a better understanding of the future of retail and service businesses in the US.



**POINT OF  
SALE  
Software  
Made by  
Business  
Owners for  
Business  
Owners**

**All-in-One  
POS and  
ERP Solution**

 Inventory



**Install Now**

**Adminit**  
**Transform Your  
Business**

[www.adminit.us](http://www.adminit.us)

## The Current State of Retail Trade

The Retail Trade sector is the final step in the distribution of merchandise and includes retailers operating brick-and-mortar locations and nonstore retailers operating via mail-order, door-to-door, kiosks and internet mediums.

Major Players



Retail Trade  
Source: IBISWorld

Merchandise sold by retailers is purchased from suppliers and is then sold to consumers through the retailers' store or other mediums. This sector excludes the physical manufacture of merchandise and operators that primarily trade as wholesalers.

As of April 2023, advance estimates of U.S. retail and food services sales were \$686.1 billion, a 0.4% increase from the previous month, and a 1.6% increase from April 2022. This is indicative of a steady growth in the retail sector. Total sales for the February 2023 through April 2023 period were up 3.1% from the same period a year ago. Nonstore retailers, including online businesses, saw an 8.0% increase from last year, while food services and drinking places saw a 9.4% increase from April 2022<sup>1</sup>.

Recent earnings reports from off-price retailers such as TJX and Ross Stores suggest that customers continue to shop and look for value purchases in these stores, driving business to

these companies. For example, TJX Stores reported an increase in earnings per share and a 3% increase in sales compared to the previous year, with U.S. Miramax comparable sales increasing by 5%. The company raised its full-year guidance for both pre-tax profit margin and earnings per share. Ross Stores also reported an increase in earnings per share and a 1% increase in Q1 2023 sales<sup>2,3,4</sup>.

However, it's worth noting that there are some concerns about the macroeconomic and geopolitical environment and the ongoing inflationary pressures which could offset the customer's discretionary spending. In this environment, off-price retailers can take advantage of the challenges that have constrained consumer spending and left retailers with unsold goods. They can buy overproduced or unused goods, or even showroom remnants of collections from their respective fashion brand owners, fashion brand stores, and/or distribution networks in order to offer them to their consumers at the lowest price<sup>5,6</sup>.

## Key Statistics

**\$8.1tr**  
Revenue

<b>Annual Growth</b> 2018–2023	<b>Annual Growth</b> 2023–2028	<b>Annual Growth</b> 2018–2028
5.2%	3.4%	

**\$268.5bn**  
Profit

<b>Annual Growth</b> 2018–2023	<b>Annual Growth</b> 2018–2023
6.5%	

**3.3%**  
Profit Margin

<b>Annual Growth</b> 2018–2023	<b>Annual Growth</b> 2018–2023
0.2pp	

**3m**  
Businesses

<b>Annual Growth</b> 2018–2023	<b>Annual Growth</b> 2023–2028	<b>Annual Growth</b> 2018–2028
2.7%	3.0%	

**21m**  
Employment

<b>Annual Growth</b> 2018–2023	<b>Annual Growth</b> 2023–2028	<b>Annual Growth</b> 2018–2028
3.6%	3.4%	

**\$676.5bn**  
Wages

<b>Annual Growth</b> 2018–2023	<b>Annual Growth</b> 2023–2028	<b>Annual Growth</b> 2018–2028
4.2%	3.4%	

## Key External Drivers

% = 2018–23 Annual Growth

<b>0.1pp</b> National unemployment rate	<b>-5.4%</b> Consumer confidence index
<b>1.2%</b> Per capita disposable income	<b>0.7%</b> Number of households
<b>2.2%</b> Consumer spending	<b>0.5%</b> Population

## Industry Structure

### POSITIVE IMPACT

Capital Intensity Low	Concentration Low
Industry Globalization Low / Steady	

### MIXED IMPACT

Life Cycle Mature	Revenue Volatility Medium
Regulation & Policy Medium / Steady	Technology Change Medium

### NEGATIVE IMPACT

Industry Assistance Low / Steady	Barriers to Entry Low / Steady
Competition High / Increasing	

## Key Trends

- Disposable income and consumer spending growth have driven the sector's success
- Supermarkets and grocery stores implemented new delivery services to drive demand
- Many retail operators employ a significant number of part-time employees
- Consumers with high-incomes will continue to opt for high-end merchandise
- A larger portion of operators' total revenue is anticipated to stem from online sales
- Operators are expected to continue investing in automated technologies
- Retail operators have benefited from increases in per capita disposable income

Source: IBISWorld Industry Report 44-45 Retail Trade in the US, Brigette Thomas April 2023

**Adminit**  
Transform Your  
Business

www.adminit.us

The retail industry includes 12 different subsectors, covering everything from food and drink stores to car and car parts dealers. These retailers buy goods from suppliers and then sell them in various ways, including in physical stores, through mail-order, door-to-door sales, kiosks, and online. Some of these goods are everyday necessities, while others are more luxury or optional purchases.

Retailers have particularly benefited from increases in the amount of money people have left over after taxes and necessities (also known as disposable income) and overall consumer spending. This extra income and spending have allowed people to buy more optional goods. In 2020, despite the challenges of the pandemic, the retail industry saw a 1.9% increase in revenue, largely thanks to a boom in online sales. From 2018 to 2023, the industry's revenue is expected to grow at an average rate of 5.2% per year, reaching a total of \$8.1 trillion in 2023. This includes a projected 2.8% increase in 2023 alone.



The performance of the retail sector is strongly influenced by the overall state of the economy and consumer behavior. From 2018 to 2023, the growth in disposable income and consumer spending has driven retail sales and has allowed people to choose more expensive and high-end products. However, changes in the unemployment rate have caused some ups and downs in the industry. Still, the industry's profit, measured as earnings before interest and taxes, is expected to increase slightly as a percentage of industry revenue, from 3.1% in 2018 to 3.3% in 2023.

Looking forward to the next five years, from 2023 to 2028, the retail industry is expected to continue growing. As people's disposable income is projected to increase, they are likely to spend more, which will benefit the industry. The Consumer Confidence Index, which measures how optimistic consumers are about the economy, is also expected to increase. The continued growth of online shopping is expected to be a major driver of growth in the retail industry during this period. Overall, the industry's revenue is expected to grow at an average rate of 3.4% per year from 2023 to 2028, reaching a total of \$9.6 trillion in 2028.

## Insights into Small Specialty Retail Stores

The Small Specialty Retail Stores industry, which includes unique, niche businesses that sell specific types of products, grows based on general economic conditions rather than specific product trends. However, different parts of the industry can be affected by changes in what consumers want. In the last five years, people have had more disposable income (money left over after paying for necessities), which has led to increased spending across all retail businesses. The recovery from the pandemic also boosted consumer spending, and people started visiting physical stores again. This industry was not much affected by the pandemic because two of their main groups of customers—those with high incomes and tobacco users—kept spending money. However, competition from online stores and large retailers has increased, reducing profits for the industry. Despite this, the industry has grown by an average rate of 6.4% per year over the past five years, and its total revenue is expected to reach \$73.7 billion in 2023, with profit making up an estimated 5.3% of that revenue.



Small Specialty Retail Stores  
Source: IBISWorld

Although competition from discount department stores and online retailers has increased, sales at specialty retail stores are expected to grow by 2.6% in 2023. Large retailers, often called big-box stores, provide a one-stop shopping experience and often sell products at lower prices. This competition has led to some smaller retailers leaving the industry, which has been easier for smaller stores and businesses without employees to enter. However, increased demand has also led to the creation of many new specialty retailers who are trying to take advantage of the trend of shopping at local businesses and a general movement towards sustainability. These small retailers have managed to keep a strong base of customers by providing a unique shopping experience and selling high-quality products.

Looking to the future, small specialty retailers will continue to grow, but at a slower rate than the previous five years. Over the next five years, their revenue is expected to increase by an average rate of 2.0% per year, reaching an estimated total of \$81.4 billion in 2028, with profit expected to be slightly lower at an estimated 5.2% of revenue. The increase in consumer spending and confidence, along with a growing awareness of environmental issues, will support sales at specialty retail stores. However, ongoing competition from large retailers and a decrease in the number of people smoking will limit the growth of specialty retailers.



## Key Statistics

**\$73.7bn**  
Revenue



**\$3.9bn**  
Profit



**5.3%**  
Profit Margin



**171k**  
Businesses



**346k**  
Employment



**\$8.7bn**  
Wages



## Key External Drivers

% = 2018–23 Annual Growth

<b>-5.4%</b> Consumer confidence index	<b>1.2%</b> Per capita disposable income
<b>1.7%</b> Excise tax on tobacco products	<b>15.2%</b> E-commerce sales

## Industry Structure

### POSITIVE IMPACT

Capital Intensity Low	Concentration Low
Technology Change Low	Industry Globalization Low / Steady

### MIXED IMPACT

Life Cycle Mature	Revenue Volatility Medium
Regulation & Policy Medium / Increasing	

### NEGATIVE IMPACT

Industry Assistance Low / Steady	Barriers to Entry Low / Steady
Competition High / Steady	

## Key Trends

- Large retailers can achieve cost savings through bulk purchasing
- The percentage of smokers in the United States has been steadily decreasing
- High wage costs have put slight downward pressure on profit
- Consumers are expected to increasingly shift to online shopping
- An increasingly stringent regulatory environment will continue to hinder demand for tobacco products
- Industry viability will become increasingly reliant on servicing particular local needs
- External competition has driven underperforming retailers to exit the industry

**Adminit**  
Transform Your  
Business

## Single Location Full-Service Restaurants

In recent years, the single location full-service restaurant industry has witnessed a moderate surge, thanks in part to a robust domestic economy that has bolstered consumer spending habits. Particularly noteworthy is the thriving fine-dining sector, which owes its success to the increasing affluence of consumers. However, the COVID-19 pandemic dealt a blow to the industry as it necessitated the curtailment of dine-in services, disrupting the typical in-person dining experience. While fine-dining establishments grappled with these changes, less luxurious eateries felt the pressure from consumers who sought more innovative, quality options offered by emerging fast-casual chains.

Single-location restaurants, often small and family-run, populate this highly fragmented and competitive industry. These establishments face a continuous battle for customers against a myriad of competitors, including chain and fast-food restaurants, hotels, coffee, and snack shops. The mandatory closures during the COVID-19 pandemic led to a significant slump in industry revenue, but since reopening, the industry has experienced a Compound Annual Growth Rate (CAGR) of 0.4%, totaling \$208.9 billion in revenue in 2023. However, industry profit has not fully recovered to pre-pandemic levels.

Looking ahead, it is anticipated that consumer spending will drive industry growth, despite ongoing inflationary pressures. The rising health consciousness and ethical consumerism offer unique opportunities for operators to appeal to niche markets with premium offerings, boosting revenue. The industry will also profit from the rise in high-income earners and increased urban populations, where restaurants tend to be concentrated. Over the next five years, industry revenue is projected to grow at a CAGR of 0.4% to \$211.2 billion.

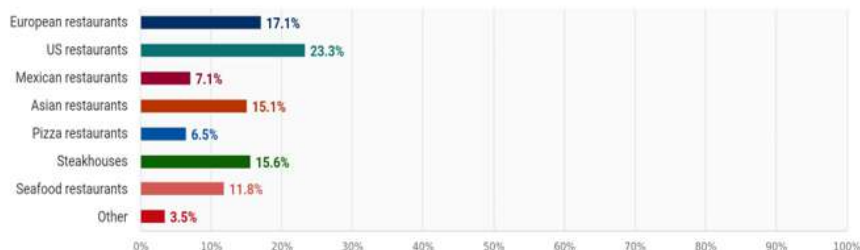
However, the industry must respond swiftly to changing consumer tastes. Restaurants are expected to diversify their menus, introducing new, healthier, and gourmet options to compete with fast-casual chains. Fine dining will flourish, leveraging the wealth of affluent households and their propensity for high-end restaurants. Meanwhile, technology trends, including online marketing and reservations, will play a crucial role in attracting younger, tech-savvy demographics with disposable incomes.



Single Location Full-Service Restaurants  
Source: IBISWorld

Despite contributing less to the GDP over the past decade due to price competition, the single-location full-service restaurant industry is no less significant. However, the industry faces challenges related to market saturation, as cities and towns reach their capacity to support a diverse array of competing restaurants. Furthermore, operators are compelled to continuously innovate in response to shifting consumer preferences for smaller portions, healthier options, and locally sourced, high-quality food.

While the industry sees frequent turnover, with new establishments often replacing less profitable ones, consolidations through mergers and acquisitions are rare. Technological advancements are now a necessity, improving order management, inventory handling, payment processing, and maintaining a strong online presence.



2023 INDUSTRY REVENUE

**\$208.9bn**

Single Location Full-Service Restaurants  
Source: IBISWorld

Different cuisines continue to compete for the market share. Asian cuisine has remained popular, particularly in states with high Asian populations. U.S. restaurants are maintaining their stronghold on the market with their diverse offerings, while European restaurants, especially those offering Italian dishes, face stiff competition.

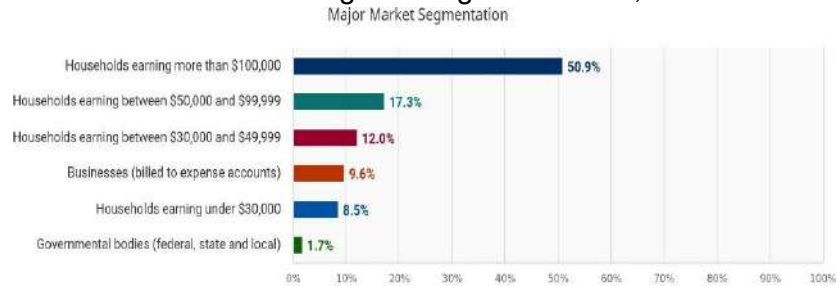
Mexican restaurants, famous for their intense flavors and varied spices, are gaining popularity, especially in areas with a significant Hispanic population. Full-service restaurants specializing in seafood and steak usually cater to a more luxurious dining experience.

Finally, the industry's performance is sensitive to changes in labor market growth, tax and interest rates, and consumer sentiment, all of which affect household disposable income and discretionary spending. Rising health consciousness will push industry operators to adapt their menu items, providing healthier choices to meet consumer demand. Moreover, demographic trends such as the influence of baby boomers, millennials, and Gen Z also play a significant role in shaping the industry's future. As these groups vary in their spending habits, the industry will need to remain flexible and responsive to their differing needs and preferences.

Baby boomers, for example, have significant wealth and disposable income, meaning they are often willing to spend more on restaurant meals. Conversely, younger generations like millennials and Gen Z, though they may not have as much disposable income, often value experiences over material possessions and are willing to pay a premium for high-quality food and service. Also, as these younger generations are more likely to support small businesses, single-location full-service restaurants stand to benefit.

Moreover, changes in lifestyle such as busier schedules and longer work hours have made convenience a key factor. With increasingly time-strapped consumers looking to save time on cooking, restaurants offering efficient sit-down services or food delivery options have seen growth. Restaurants have also become popular venues for social gatherings and special occasions, adding to their appeal for those with limited free time.

The industry's clientele can generally be broken down into three categories: highest-income, middle-income, and lowest-income consumers. Highest-income consumers, who have more disposable income and often work full-time, frequently choose higher-end establishments, while middle-income consumers maintain stable demand for mid-range restaurants. Those in the lowest income bracket, however, often opt to save money by preparing meals at home, but may splurge occasionally on dining out.



2023 INDUSTRY REVENUE

**\$208.9bn**

Single Location Full-Service Restaurants  
Source: IBISWorld

In conclusion, the Single Location Full-Service Restaurants industry is set for modest growth, driven by rising consumer spending, changing dining preferences, demographic shifts, and technological advancements. Despite the challenges posed by the pandemic and market saturation, the industry has proven resilient and continues to adapt to meet the evolving needs and tastes of its consumers. As the industry looks to the future, the key to success will be its ability to innovate and cater to the diverse demands of its customer base.

**Adminit**

**POINT OF SALE Software**  
**Made by Business Owners**  
**for Business Owners**

All-in-One POS and ERP Solution

## Key Statistics

**\$208.9bn**  
Revenue



**\$8.4bn**  
Profit



**4.0%**  
Profit Margin



**157k**  
Businesses



**4m**  
Employment



**\$69.8bn**  
Wages



## Key External Drivers

% = 2018–23 Annual Growth

<b>-5.4%</b> Consumer confidence index	<b>2.2%</b> Consumer spending
<b>3.6pp</b> Households earning more than \$100,000	<b>0.8%</b> Urban population
<b>-0.7pp</b> Healthy eating index	

## Industry Structure

### POSITIVE IMPACT

Capital Intensity Low	Concentration Low
Technology Change Low	Industry Globalization Low / Steady

### MIXED IMPACT

Life Cycle Mature	Regulation & Policy Medium / Increasing
----------------------	--------------------------------------------

### NEGATIVE IMPACT

Revenue Volatility High	Industry Assistance Low / Steady
Barriers to Entry Low / Steady	Competition High / Increasing

## Key Trends

- Many consumers seek alternatives to industry restaurants by searching for deals online
- Restaurants have expanded the number of healthy options on their menus
- There is a high level of turnover among industry operators
- Intense competition among industry operators and external competitors is forecast to continue
- Fine dining is expected to do well due to the stable share of high-income households
- Restaurants will likely engage with customers using websites and social media
- The industry has been highly fragmented and exceedingly competitive

**Adminit**  
Transform Your  
Business

This document has been prepared by KIUBIX and is supplied solely for informational purposes. It is based on data and information that have been gathered from various internet sources. While every effort has been made to ensure the accuracy of the information presented, KIUBIX, Adminit, and the referenced sources make no representation regarding the completeness or accuracy of the data or information contained herein.

Neither KIUBIX, Adminit, nor any of the referenced sources accept any responsibility or liability (save for liability which cannot be lawfully disclaimed) for any loss or damage suffered or incurred by any person as a result of the use of, or reliance upon, the data or information contained in this document. The reader is advised to undertake further investigation before making any decisions based on the information provided.