



VOICE OF MAIN STREET:

First Quarter 2026

Small businesses being strained
by rising costs



Small Business Majority
1015 15th Street, NW, Suite 450
Washington, DC 20005
(202) 828-8357
www.smallbusinessmajority.org

March 25, 2026

Introduction

Amid growing concerns around the country about rising costs and a lack of affordability across our economy, Small Business Majority's latest research finds that most small businesses say their expenses increased while nearly half of small firms saw their revenue decline over the past three months.

Voice of Main Street, a quarterly opinion poll of entrepreneurs in Small Business Majority's network, finds nearly two-thirds (64%) of small business owners report their business expenses have risen over the past three months while only 9% say they have decreased. Meanwhile, nearly half (47%) of small businesses say revenue has declined over the same period.

The poll reveals small businesses are facing a number of financial challenges that are limiting their growth potential: 82% of small business owners say increased costs of supplies and inventory are a challenge facing their business (with 54% citing this as a *major concern*), while 81% cite reduced consumer spending as a concern. Additionally, 71% of small businesses report difficulty making payroll and/or paying business expenses.

Many of these challenges can be connected to tariffs and rising business expenses. Thirty percent of small businesses say they have paid tariffs on imports for their businesses, and 71% of all respondents report they have been negatively impacted by tariffs. Many have faced increased costs from suppliers, increased their prices, delayed importing goods or materials and delayed business expansion plans. Meanwhile, 71% report that their healthcare premiums have increased over the past year, while just 2% report their healthcare costs have decreased. More than 8 in 10 (81%) report their utility costs are on the rise, as well as raw goods and materials (75% report an increase).

Amid these rising expenses, small business owners also say they're being harmed by corporate consolidation and monopolistic practices. Therefore, it's not surprising that a strong majority of small businesses think that the federal government should do more to regulate monopolies. As small businesses struggle to keep up, the majority of entrepreneurs are using some AI tools in their businesses, yet they have concerns about tools provided by major companies.

Small businesses are being battered by a perfect storm of rising expenses, tariffs and lack of healthcare affordability and policymakers in Washington must take notice. It's imperative that congressional leadership acts soon to address these issues for our nation's job creators before we see even more instability on Main Street.

Additional key findings

- **Less than half (47%) of small businesses are optimistic about their business prospects over the next six months** while 36% are pessimistic.
- **As a result of rising costs and other economic conditions, small business owners report a number of impacts**, including that they increased prices on their goods or services (65%), delayed business investments (37%), froze hiring (20%) and laid off employees (8%).
- **Small businesses also share how corporate consolidation and monopolistic practices are impacting Main Street.** Small businesses are being harmed by self-preferencing, where larger companies' own products or services appear first on a platform or search engine (35%); predatory pricing (28%); price discrimination (25%) and more. More than two-thirds (67%) agree the federal government is not doing enough to regulate monopolies, and 65% percent believe their state should do more to strengthen its anti-monopoly laws and enforcement.
- **Some small businesses are wary of integrating AI:** More than one-third (36%) of small businesses are not currently using AI in their business, indicating concerns about data privacy (50%), accuracy of AI outputs (48%), security risks (42%), protection of intellectual property (41%) and lack of staff expertise (39%). These concerns are also shared by small businesses that are using AI tools.

Small businesses confront rising expenses and tariffs

Less than half (47%) of small business owners are optimistic about their business prospects over the next six months while more than one-third (36%) of small business owners are pessimistic and 18% are neutral. Meanwhile, 47% of small businesses report declining revenue over the past three months while revenue stayed the same for 38% of small businesses and increased for 15% of small businesses. The 2025 holiday season also was challenging for small businesses that rely on holiday sales. More small business owners say their sales performed worse (25%) than previous years than those who say it performed better (18%).

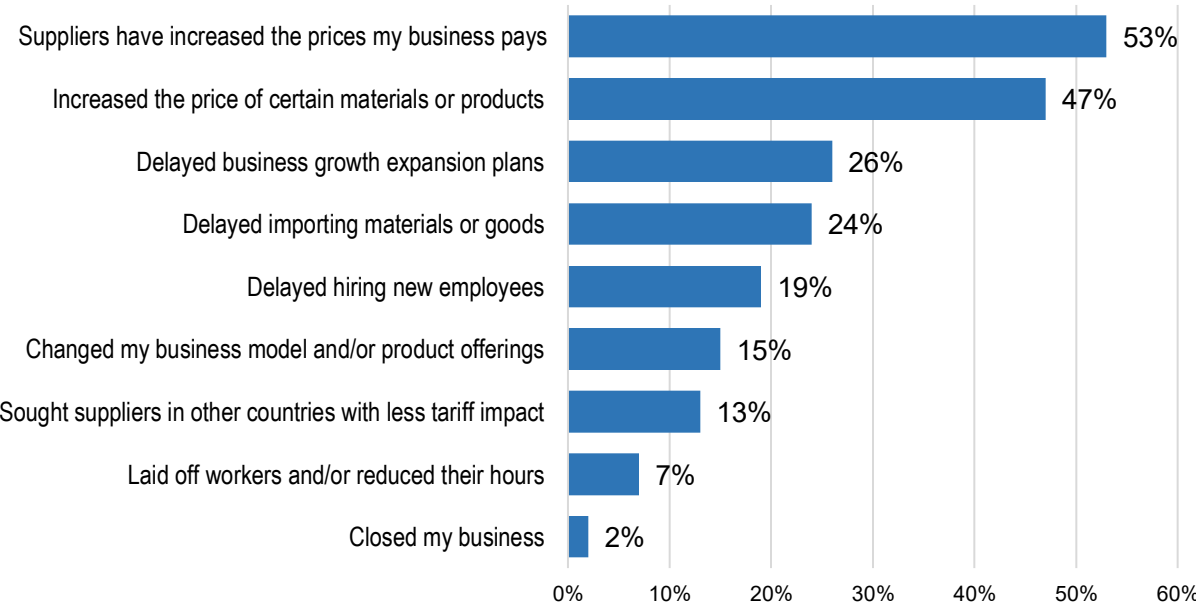
Over the past three months, employee headcount has stayed the same for the vast majority (74%) of small businesses, but it has decreased (19%) for more than double the number of small businesses than it has increased (8%). Furthermore, nearly two-thirds (64%) of small business owners say their business expenses have increased over the past three months while it's stayed the same for about one-quarter (27%) and decreased for only 9%.

Therefore, it's not surprising that small businesses are feeling the pain of rising expenses from every direction. More than 8 in 10 small business owners say their utilities have increased over the past year while no small business owners say their utilities have decreased. The cost of raw goods and materials has increased for three-quarters of small businesses, with only 2% reporting a decline in cost. Additionally, 71% of entrepreneurs say healthcare premiums rose over the past year while only 2% say they've decreased.

Due to these increasing costs and other challenging economic conditions, small businesses are hurting. Entrepreneurs say they've had to increase their prices (65%), delay business investments (37%), freeze hiring (20%) and lay off employees (8%). They also report decreased profit margins (64%) and slower customer growth (57%). Only 7% say their costs have not increased.

Additionally, tariffs place another financial burden on some small businesses, with 30% of entrepreneurs having had to pay tariffs on imports. Tariffs also create an administrative burden for some of these small business owners. While half say they don't spend extra time on tariff paperwork and regulations, 24% spend up to 5 hours a week doing paperwork and 13% spend more than 6 hours a week. These small business owners turn to shipping companies (47%), accountants/bookkeepers (43%), the U.S. Customs and Border Protection website or office (16%) and tariff brokers (9%) for help and information on tariffs.

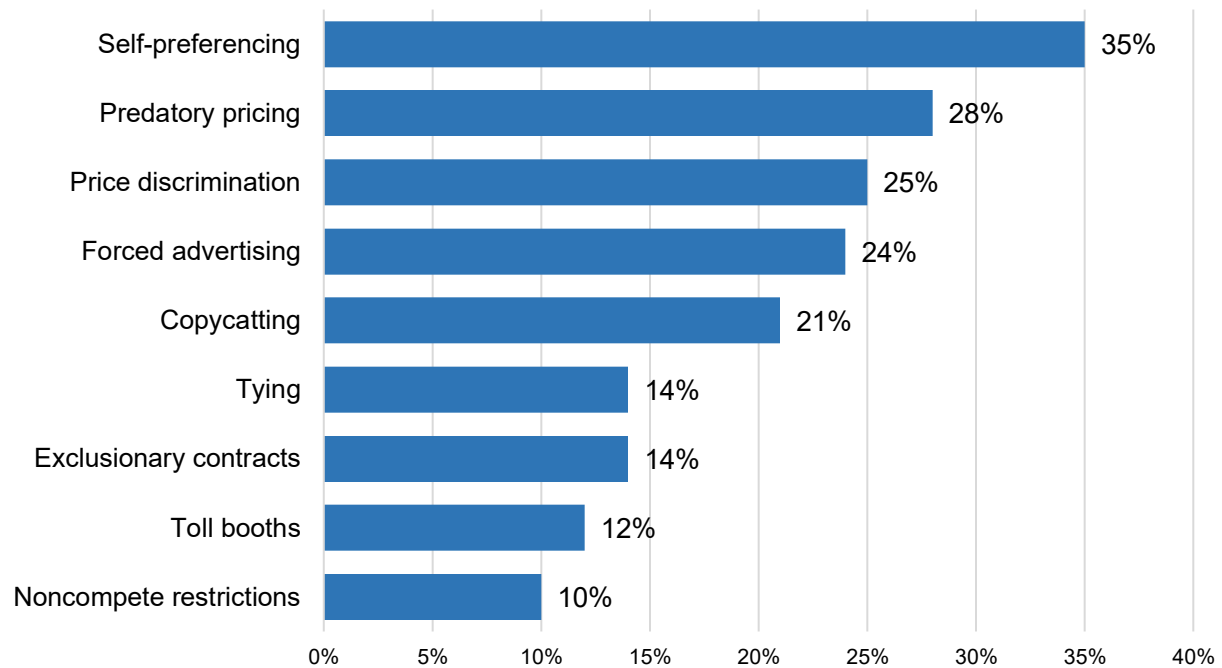
Figure: Most of small business owners report some form of negative impact from tariffs



Small businesses support anti-monopoly regulation

As corporate consolidation increases, small businesses believe that government should be doing more to prevent it. More than two-thirds (67%) agree that the federal government is not doing enough to regulate monopolies with 46% strongly agreeing. Only 11% think the federal government is doing enough. State governments also have the power to enforce their anti-trust laws. More than 6 in 10 (61%) small business owners agree that their state should do more to strengthen its anti-monopoly laws and enforcement (with one-third *strongly agreeing*) while only 9% disagree. Entrepreneurs are less certain about the prevalence of monopolies in their industry. A plurality (41%) neither agree or disagree that their industry has a monopoly while one-third disagree, and one-quarter agree.

Figure: Small businesses report unfair practices by larger companies



Explanation of terms:

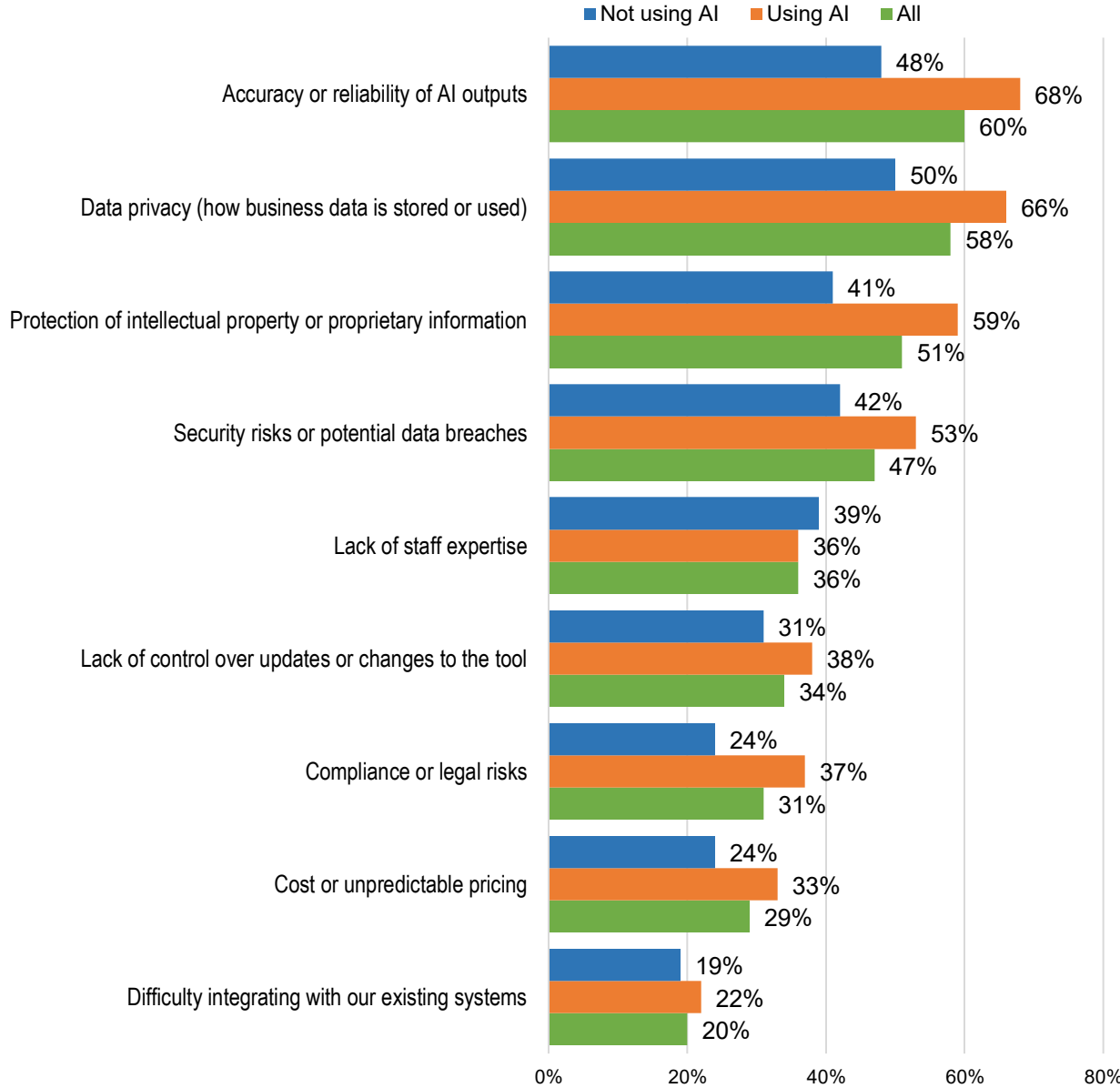
1. Self-preferencing: When a larger company prioritizes its own products or services in search results.
2. Predatory pricing: Undercharging for a product or service, forcing other businesses to lower their prices, potentially running them out of business.
3. Price discrimination: Charging different prices for the same product or service to different buyers.
4. Forced advertising: Requiring businesses to pay high fees to platforms or marketplaces to have their product or service featured more prominently or to access customers or fans they've already developed.
5. Copycatting: When a larger company copies the product or service of a smaller business.
6. Tying: Requiring a business to purchase a product or service in order to access another.
7. Exclusionary contracts: Where platforms or main industry players forbid a business from selling goods or services on a competing platform or with competing players.
8. Toll booths: Where platforms, marketplaces or other middlemen extract a percentage of each sale made by a business.
9. Noncompete restrictions: Where a business is unable to hire a qualified candidate due to them having an existing noncompete agreement with another company.

Small businesses use AI but have concerns

Most small businesses use some form of artificial intelligence (AI) in their operations, with nearly 6 in 10 (59%) reporting utilizing it. Meanwhile, roughly one-third (36%) of small businesses do not use AI tools. Larger small businesses are more likely to utilize AI than microbusinesses. Just over half (53%) of self-employed entrepreneurs use AI, compared to 79% of small businesses with 25 or more employees.

Despite their use of AI, small business owners have concerns about AI tools provided by outside companies like Microsoft, Google or OpenAI for their business. A majority of business owners are concerned about the accuracy or reliability of AI outputs (60%), data privacy (58%) and protection of intellectual property or proprietary information (51%). They're also concerned about security risks or potential data breaches (47%), lack of staff expertise (36%), lack of control over updates or changes to the tool (34%) and compliance or legal risks (31%). Some business owners are worried about cost or unpredictable pricing (29%) and difficulty integrating with existing systems (20%). Only 11% of small business owners say none of these concerns apply to their business.

Figure: Small businesses report multiple concerns about using third-party AI tools



Conclusion

Uncertain economic conditions and rising business expenses are straining small businesses, and many entrepreneurs have been forced to raise prices or delay business growth as a result. The additional expense and administrative burden of tariffs is also challenging for many small business owners. Additionally, small businesses believe that both the federal government and their states' governments should be doing more to strengthen and enforce anti-monopoly laws. As federal decision makers consider new policies, it's crucial that they listen to the concerns of small businesses and prioritize legislation and executive actions that foster an environment in which entrepreneurs can thrive.

Methodology

The fifth Voice of Main Street survey is a poll of 247 small business owners in Small Business Majority's national network. It was conducted between January 23 and March 5, 2026. The margin of error is +/- 6% at a 95% confidence level.

View full toplines on our website: <https://smallbusinessmajority.org/our-research/voice-of-main-street>