

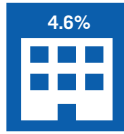
5 Reasons Why Rural Businesses Are Big Business

The future of rural small business looks brighter than ever. Here are 5 trends that are having a positive impact on local companies and small-town economies.

1



Small Businesses



Businesses Overall

Shopping Locally

Retail sales for U.S. small businesses are growing faster than for retail overall: **7.2% versus 4.6%**.¹ Since small businesses tend to shop locally for supplies and services, a boom in consumer spending benefits the entire community.

2



15-30 30-45 45-65 65+



Brain Gain

New demographic data shows **30-45** year olds are returning to small towns.² Local businesses are getting a lift from this influx of highly educated, skilled, and experienced workers.

3



Rural Areas



Urban Areas

Lower Cost of Living

The cost of living in rural areas is **18% lower** than urban areas.³ With both the cost of living and the cost of doing business lower in small towns, rural companies have the edge when it comes to profitability.

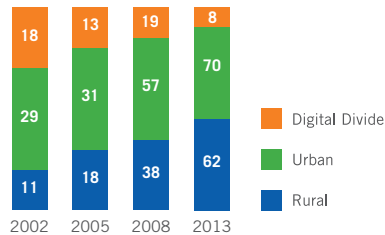
4



Reshoring

54% of U.S. companies are considering reshoring their manufacturing operations to the U.S.⁴ The uptick in domestic manufacturing is generating growth in manufacturing suppliers, services, and customized factories.

5



High-speed Internet

Since 2002, the digital divide between urban and rural areas has narrowed from **18% to 8%**.⁵ Thanks to evolving technologies, businesses in even the most remote areas are enjoying the productivity boost that comes with a high-speed connection.

¹ "Mastercard Spending Pulse For Small Business Report Shows Small Business Outpacing Total Retail Sales," www.mastercardadvisors.com, August 2014

² Ben Winchester, "Continuing the Trend: The Brain Gain of the Newcomers," www.extension.umn.edu/community/brain-gain/docs/continuing-the-trend.pdf, May 12, 2012

³ William Hawk, Bureau of Labor Statistics, "Expenditures of Urban and Rural Households in 2011," www.bls.gov/opub/btn/volume-2/expenditures-of-urban-and-rural-households-in-2011.htm

⁴ "Manufacturing Moves Back to the U.S.," www.bcgperspectives.com, January 2015

⁵ James N. Barnes and Kalyn Coatney, "Progress on Broadband Adoption in Rural America," January 2015

5 Reasons Why Rural Businesses are Big Business



Whether it's a homegrown store on Main Street, a local factory, or a family farm, small business is big business in America's heartland. In fact, small companies account for more than 90% of all businesses and almost two-thirds of all jobs in non-urban areas.¹

Here are 5 reasons why rural small businesses can look forward to even more growth and success ahead:

- 1. Shopping locally** "Shop local" has gone from a catch phrase to a way of life for many people. According to the latest MasterCard SpendingPulse For Small Business report, retail sales for US small businesses continued to grow faster than for retail overall—7.2% versus 4.6%.² Since small businesses tend to shop locally for supplies and services, this consumer trend has a multiplying effect on rural economies.
- 2. Brain gain** If you own a local business, no doubt you've dealt with the problem of "brain drain"—young people leaving the community for opportunities in more urban areas. Now there's good news. Trends show that 30- to 44-year-olds are coming back to small towns in significant numbers. These new additions to the workforce tend to be well educated and have years of professional experience. They often start their own businesses, helping to boost the local economy.
- 3. Lower cost of living** While urban small businesses may be able to command higher prices for their goods and services, rural companies have the edge when it comes to profitability thanks to the lower cost of doing business. Most of the major resources that go into running a business—including land, labor, and materials—are less expensive, often greatly so, in small towns.
- 4. Reshoring** Over the past few years, US manufacturing has become more competitive again, prompting companies to rethink their offshoring strategies. A survey by the Boston Consulting Group showed that 54% of US companies are considering moving manufacturing operations back home.³ Reshoring promises to be a boon to small towns, spurring growth in manufacturing suppliers, services, and customized factories.
- 5. High-Speed Internet** High-speed Internet access is crucial to business growth and success, and in the past, that's been a challenge for companies located outside the city. However, since 2002 the digital divide between urban and rural areas has closed from 18% to 8%.⁴ Even in remote places where mobile broadband isn't available, satellite Internet is keeping small businesses connected.

The future looks brighter than ever. A recent survey by the Center for Rural Affairs shows that small business hiring is on the rise, and owners have an optimistic outlook, expecting this trend to continue.⁵ As more skilled workers opt for the benefits of country living, local economies will keep growing stronger.

1 Jeff Bridger, "The Relationship Between Small and Medium Sized Enterprises and Rural Economic Development," October 2007

2 "Mastercard SpendingPulse For Small Business Report Shows Small Business Outpacing Total Retail Sales," www.mastercardadvisors.com, August 2014

3 "Manufacturing Moves Back to the U.S.," www.bcgperspectives.com, January 2015

4 James N. Barnes and Kalyn Coatney, "Progress on Broadband Adoption in Rural America," January 2015

5 Elisha Smith, "Rural Small Business Hiring on the Rise," August 2014

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