



STATE OF LOCAL

A Story of Growth
Amid Uncertainty

Presented by
InUnison

www.inunison.org

ABOUT INUNISON

InUnison is the Richmond region's leading advocate and resource for local, independent businesses. As the only organization solely dedicated to preserving and advancing our local business community, we unify and amplify its collective voice to drive meaningful change. Through strategic advocacy, community-building, and direct support, we help businesses navigate today's evolving landscape. Our work focuses on strengthening visibility, fostering connections, and providing the essential resources local businesses need to thrive.

At InUnison, we believe that local businesses are the foundation of a vibrant community—our mission is to power their success.



InUnison produces this annual report as a vital benchmarking tool for local, independent businesses across the Richmond region.

Designed to offer meaningful insights, this report helps businesses assess their standing within the local landscape, providing a data-driven perspective on trends, challenges, and opportunities. More than just a comparative tool, the survey captures the prevailing sentiments of business owners, highlighting the evolving economic climate and identifying critical areas of need.

This year, 181 local businesses contributed to the findings, helping to shape a clearer understanding of the current business environment and the strategies that support success in our region.

CONTENTS

Foreword	4
Key Findings	5
Methodology	7
Current Business Ecosystem	8
Economic & Community Impact	9
Customer & Marketing Trends	17
Community & Economic Outlook	23
Innovation & Adaptation	34
Survey Demographics	37



FOREWORD

Local, independent businesses are more than just economic drivers—they are the heart of our community, shaping Richmond’s character, fostering innovation, and creating lasting impact. Every day, these businesses make countless decisions that not only sustain their operations but also strengthen the local economy, provide jobs, and enrich our neighborhoods.

Yet, the success of local businesses doesn’t happen in isolation. It is built through connection, shared insights, and a collective voice that ensures our region remains a place where independent businesses can thrive. That’s where InUnison comes in. By bringing businesses together, we help amplify their perspectives, advocate for policies that foster a stronger business environment, and provide resources that support long-term success.

This report is a testament to the voices of local businesses across our region. By participating, they have helped shape a clearer understanding of the challenges and opportunities ahead. The engagement we received in this process will allow us to advocate more effectively, ensuring local businesses remain at the center of Richmond’s economic future.

We are grateful for our respondents’ time, insights, and most of all, their commitment to keeping Richmond’s independent business community strong.

Sincerely,
Nancy Thomas
President & CEO, InUnison



KEY FINDINGS

In this report, you will find how local, independent businesses are:

- Driving economic and community impact in the Richmond region
- Navigating rising costs and workforce challenges
- Sharing perspectives on the economy and policy landscape
- Adapting, innovating, and positioning for growth

Richmond's local businesses demonstrated remarkable resilience and adaptability amid ongoing economic uncertainty, but key challenges and notable shifts emerged:

- **Revenue Growth, but Uneven Financial Outcomes:** Businesses collectively achieved impressive revenue growth, totaling \$432 million—more than double the revenue reported in the 2024 State of Local report. However, fewer businesses reported stable profitability, with a widening gap between those achieving strong growth and a growing share experiencing declining revenues or financial strain.
- **Digital Transformation and Customer Diversification:** Businesses increasingly embraced digital platforms and diversified customer bases beyond local markets, signaling a critical shift in how they reach and serve customers. Website sales nearly doubled, reflecting the growing importance of digital strategies.
- **Hiring Activity Narrows Amid Strategic Workforce Planning:** While 43% of businesses plan to expand in 2025, only 24% of all businesses report active hiring—down from 46% as reported in the 2024 State of Local report. This decline reflects a shift toward selective hiring, concentrated among growth-focused firms. Although applicant quality has improved, skills alignment and role-specific talent gaps continue to pose challenges for employers preparing to scale.
- **Increasing Economic Uncertainty and Capital Caution:** Concern over the U.S. economy, inflation, and shifting consumer behaviors has intensified. Businesses also demonstrated greater caution toward accessing capital, potentially constraining future investments and expansion opportunities.
- **Shifting Innovation Priorities Towards Technology:** Businesses significantly shifted their innovation focus towards efficiency through AI, automation, and enhanced digital infrastructure, emphasizing technological adaptability as a critical strategy amid operational pressures.

STATE OF LOCAL 2025: AT-A-GLANCE

Richmond's local businesses show resilience and adaptability amid economic uncertainty, underscoring their pivotal role in the community. Targeted policy reforms and continued innovation will be crucial for sustainable growth in 2025 and beyond.

Economic Snapshot

Total Revenue

\$432 million

(up significantly from \$192 million in 2024)

Profitability

79%

profitable or break-even (down from 83% in 2024)

Mixed Revenue Results

Rapid growth for some businesses (5% grew over 100%), but increased financial strain for others (16% experienced slight revenue declines)

Workforce & Hiring



24% of businesses are actively hiring (down from 46% last year). However, 43% indicate they will make hires over the course of the year.



Applicant Quality: Significant improvement, low-quality applicants declined from 41% to 17%

Key Challenge: While applicant quality has improved, many businesses may still face challenges filling growth-critical roles, suggesting that skills alignment remains an area of concern.

Customer & Marketing Trends

24% → 34%

B2B Respondents

Shift in Business Models: B2B increased to 34% from 24% (2024), with more hybrid customer bases



Website Sales

Digital Growth: Website sales doubled to 24%; traditional in-store sales remain strong at 63% but are declining

Brand Loyalty

Growth in rewards and discount programs; opportunities remain in subscriptions, referrals, and personalized journeys

Economic Outlook & Policy



- Top Economic Concerns: Revenue stability (23%), shifts in consumer behavior (20%), inflation (18%), and growing political uncertainty (12%)
- Policy Priorities: 70% seek targeted small business support, financial incentives, streamlined regulations, and digital infrastructure investment

Innovation & Adaptation

46%

AI and Automation

Strong emphasis on AI and automation (46%) and customer management systems (31%)

Efficiency Barriers

Top challenges include time constraints (45%), budget limitations (38%), and skilled labor shortages (32%)



60% introduced innovations (down from 82% in 2024), indicating cautious, stability-oriented strategies

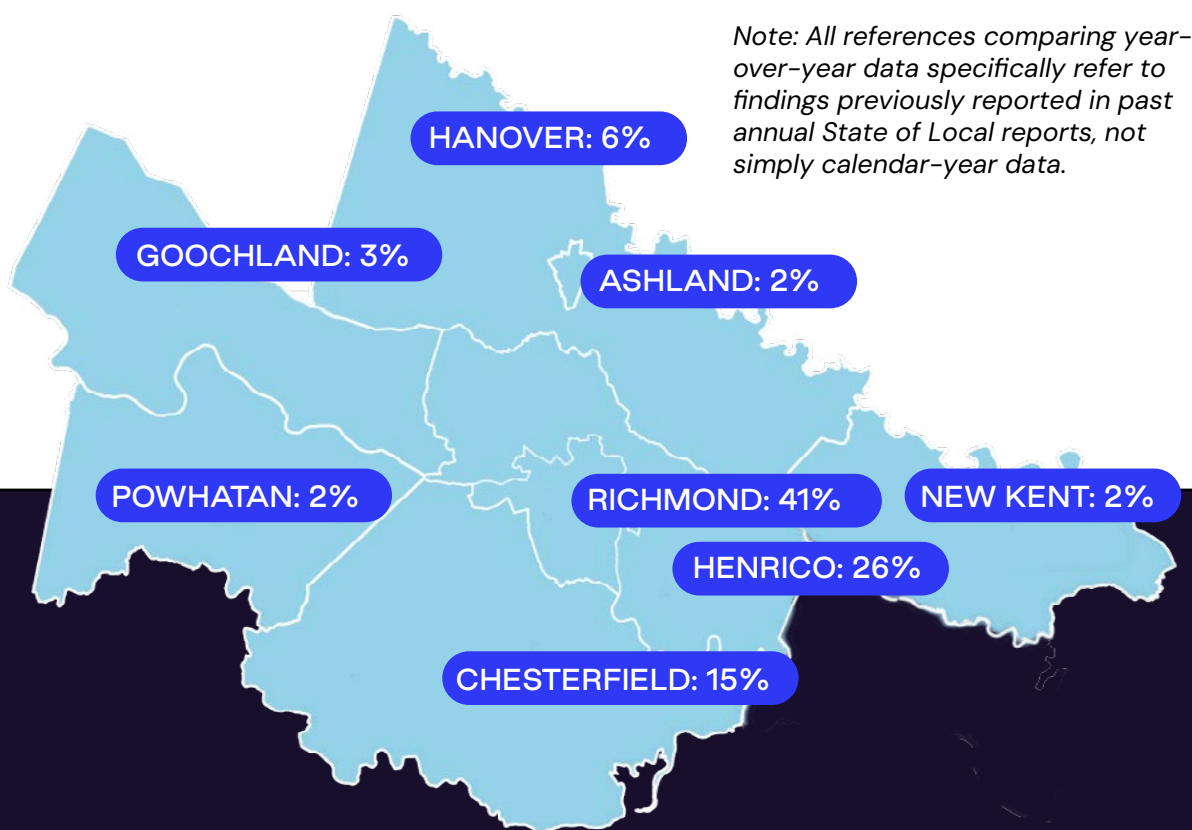
METHODOLOGY

A total of **181 local, independent businesses** participated in the 2025 State of Local survey, representing a **43% increase in participation** compared to 2024, which had 127 respondents.

The survey was conducted between **February 6 and March 7, 2025**, using a combination of email outreach and in-person recruitment to ensure diverse representation across sectors and localities. All respondents are independently owned and operated businesses based in the Greater Richmond region.

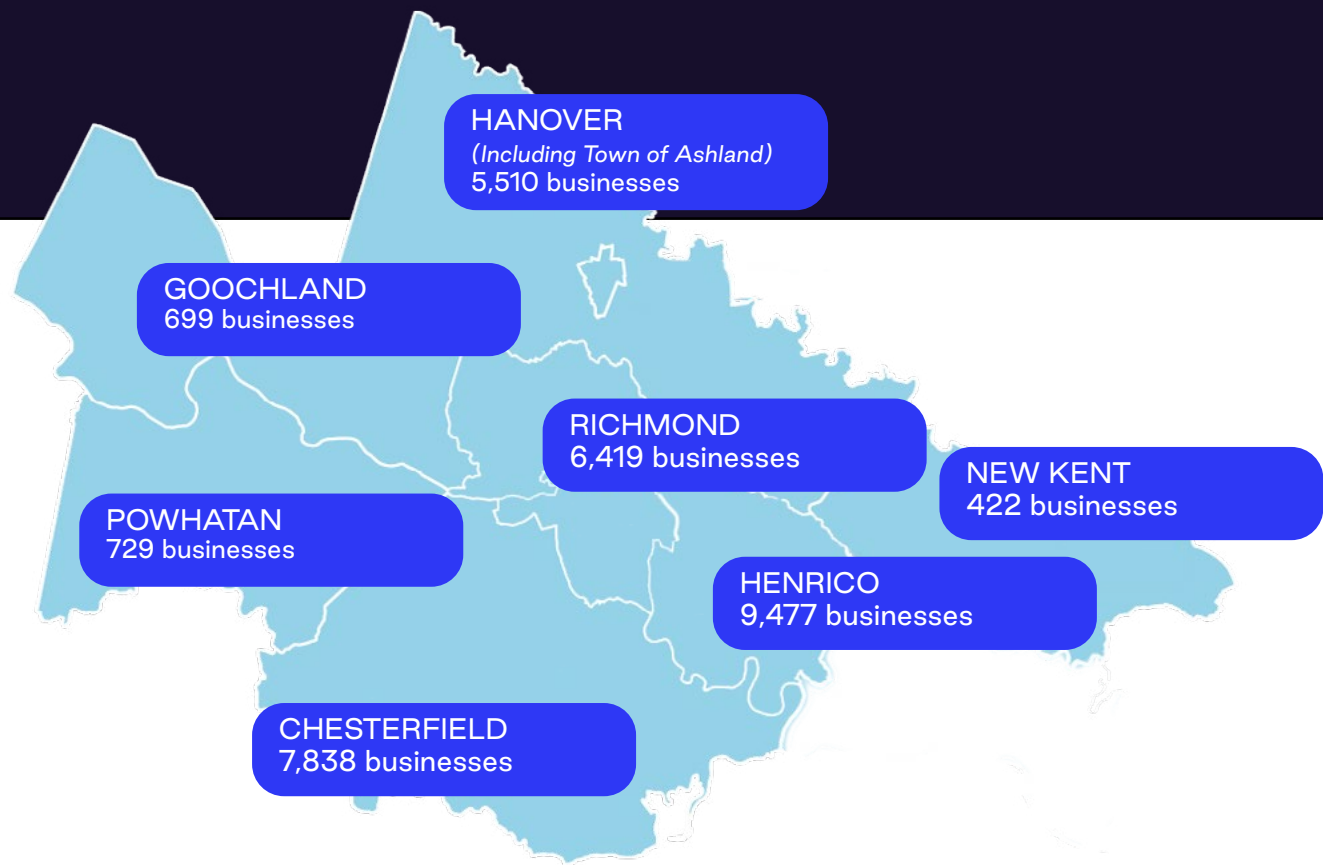
Survey questions were refined in 2025 to reflect shifts in the business landscape—such as new customer behaviors, revenue models, and marketing practices. Where possible, year-over-year data is shown for comparison, but readers should note that question wording and response structures may vary slightly between years. We have prioritized clarity and narrative consistency while maintaining transparency about relevant changes.

A full demographic breakdown of respondents appears at the end of this report. The below graphic shows the percentage of responses from each locality in the region.



CURRENT BUSINESS ECOSYSTEM

As a parallel to respondent breakdown, the following is the most recent makeup of businesses in each jurisdiction according to 2021 and 2022 U.S. Census Bureau information.



ECONOMIC & COMMUNITY IMPACT

In this section, discover how Richmond's local businesses contributed significantly to regional revenue growth, while navigating mixed profitability results, workforce pressures, and increasing operational costs. Findings also reveal how these businesses continue to support the community through charitable initiatives and volunteerism.

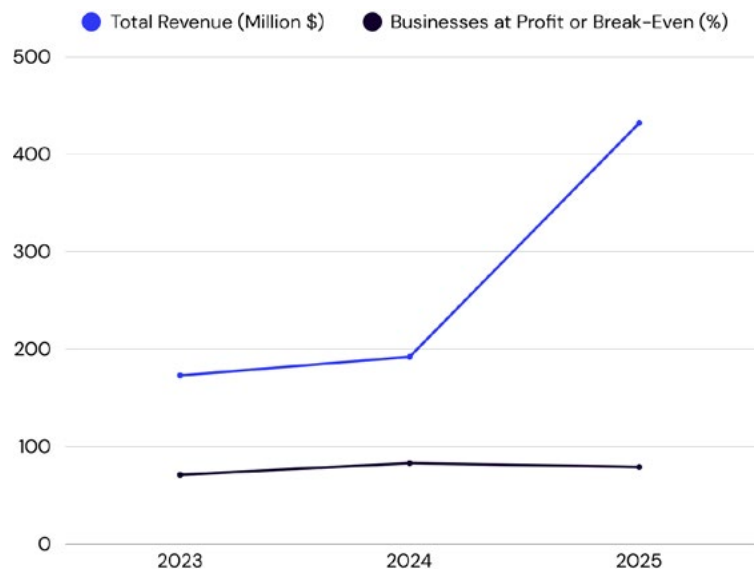
REVENUE & PROFITABILITY: A STORY OF DIVERGING OUTCOMES

2025 Revenue Snapshot

- Estimated Total Revenue Reported: ~\$432 million (based on 2024 revenue using midpoint calculation methodology*)
- Profitability: 79% of businesses reported being at profit or break-even— 61% profitable, 18% break-even

Comparison to Previous Reports:

- 2024 State of Local Report: \$192 million reported for 2022, 83% at profit or break-even
- 2023 State of Local Report: \$173 million reported for 2023, 71% at profit or break-even



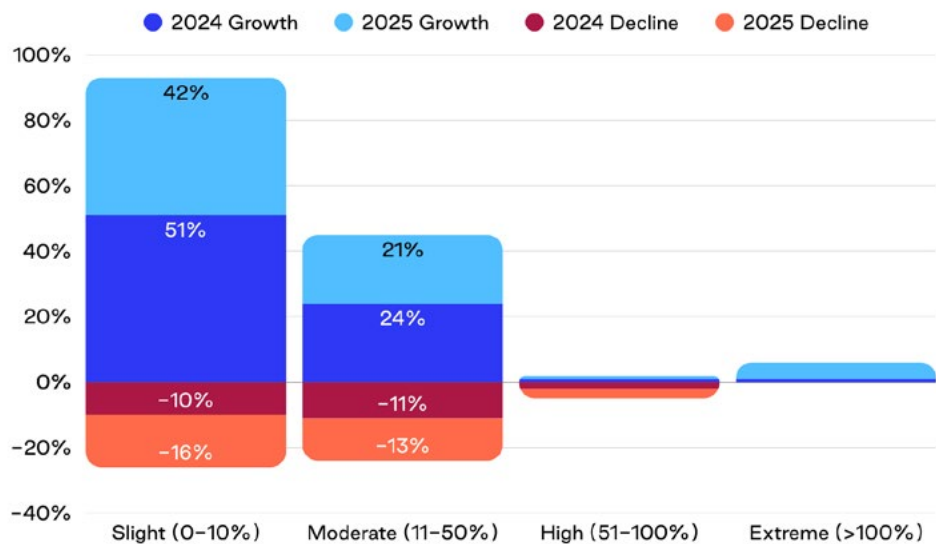
Key Insights:

- Reported revenue has more than doubled compared to last year's findings.
- However, the share of businesses maintaining profitability has declined slightly.
- This suggests growing divergence—while some businesses are scaling significantly, others are experiencing rising financial strain.

**Methodology Note: Total reported revenue is estimated using a midpoint methodology, where each respondent's selected revenue range is assigned a midpoint value (e.g., \$250K–\$499K = \$375K). These midpoint estimates are then summed across all respondents. This approach ensures consistency while maintaining anonymity and allows for valid year-over-year comparisons.*

Mixed Revenue Results

- **Slight Growth Shrinks, Slight Decline Surges:** Businesses reporting slight revenue growth (0–10%) dropped from 51% in 2024 to 42% in 2025, while those experiencing slight declines more than doubled, rising from 10% to 16%.
- **Moderate Revenue Shift:** Moderate growth (11–50%) decreased slightly from 24% to 21%, while moderate decline rose from 11% to 13%, indicating mounting pressure in the middle of the market.
- **Extreme Growth Outliers:** A small but growing segment of businesses reported over 100% revenue growth—jumping from just 1% in 2024 to 5% in 2025—signaling pockets of rapid expansion.



Key Insights:

- Revenue outcomes are becoming increasingly uneven: while some businesses are seeing extreme growth, more are now facing modest or moderate declines.
- Slight growth, once the most common outcome, is becoming less attainable as economic headwinds persist.
- The shrinking middle—fewer businesses reporting steady, moderate growth—suggests instability in sustaining long-term revenue expansion.
- A small subset of high-performing businesses may be benefitting from scalability, innovation, or market positioning, standing in contrast to the broader landscape.

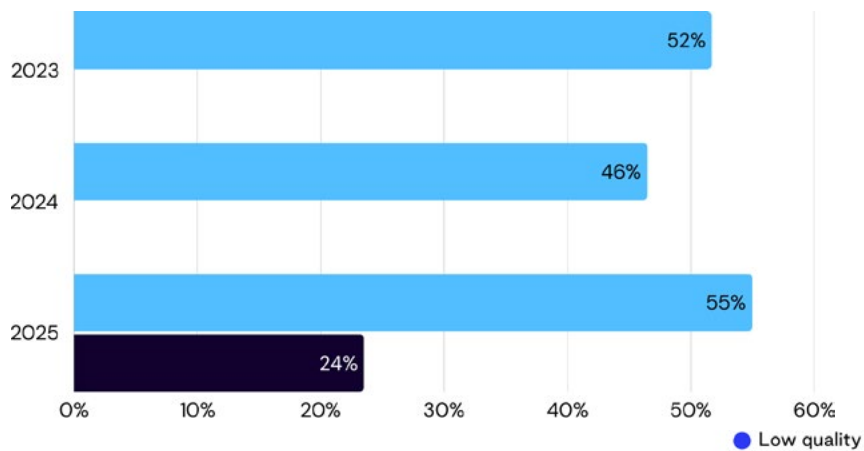
“Profits increased some but not enough to sustain higher expenses and increase in workforce” – City of Richmond respondent

WORKFORCE & HIRING TRENDS

Shift in Hiring Patterns Reflects Cautious Growth Outlook

- 2025: 43% of respondents plan to increase employment in 2025, with 55% of those businesses actively hiring.
- In the 2024 report, hiring slowed to 46%, a 6 percentage point decline compared to the 2023 report.
- 2023: 52% of businesses reported they were hiring.

Key Insight: Overall hiring activity has declined compared to previous years. However, within the subset of businesses planning for growth, hiring intensity has strengthened. This shift signals a more selective, growth-driven approach to workforce expansion—reflecting both renewed confidence in some sectors and ongoing caution across much of the business community.

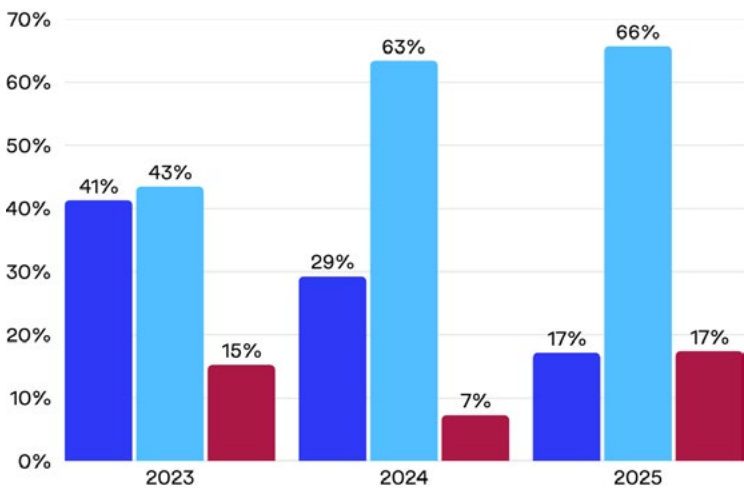


*In 2025, only businesses expecting to increase employment were asked if they are actively hiring. 55% of those respondents said yes, which equates to 24% of all respondents.

Candidate Quality Is Improving

- Low-quality applicants declined from 41% in 2023 to 17% in 2025.
- Mid-quality candidates remain the majority, signaling businesses are finding more trainable employees.

Key Insight: Employers report higher applicant quality, but competition for skilled workers remains fierce.

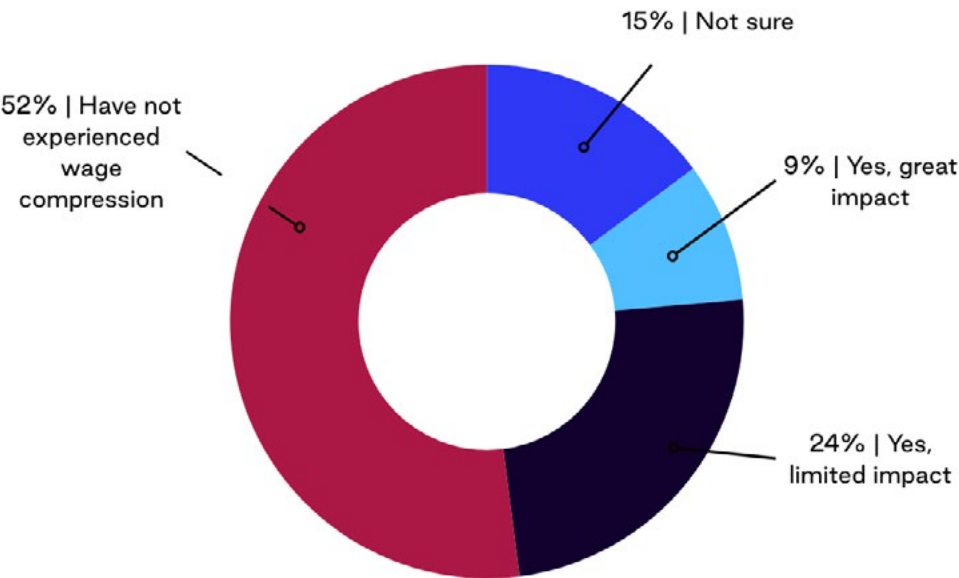


Wage Compression: A Limited Concern

Wage compression occurs when newer employers are hired at compensation rates close to or higher than what’s offered to existing, more experienced employees. This often happens due to competitive market pressures of workforce shortages, which can create challenges around employee morale and retention.

- 52% of businesses report no experience with wage compression.
- 33% acknowledge it but say it has minimal impact on retention or morale.

Key Insight: While wage compression is frequently discussed as a significant workplace issue, the limited impact reported in this survey could be attributed to the high proportion of respondents operating as solopreneurs without employees, making wage compression irrelevant to their businesses.



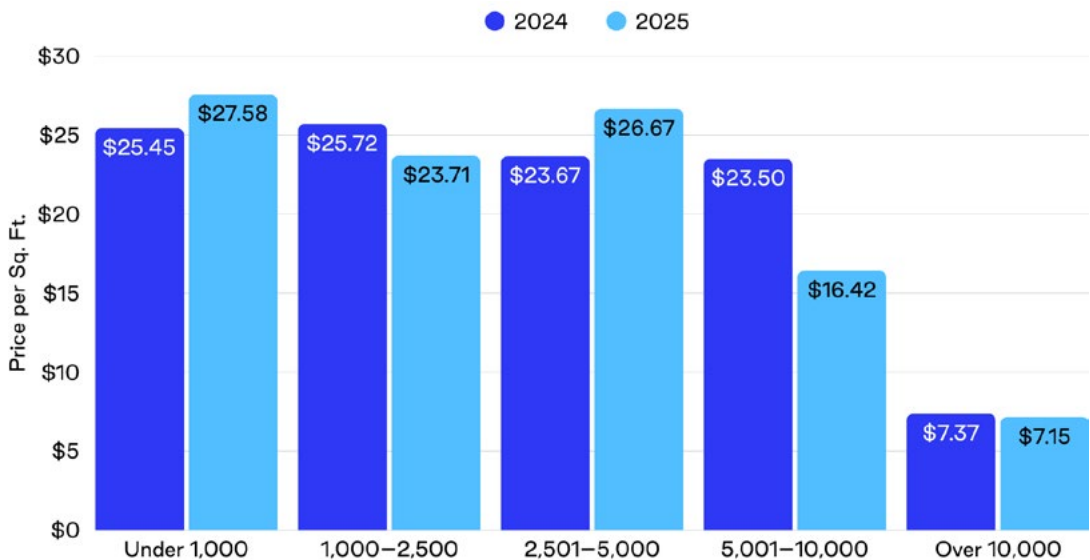
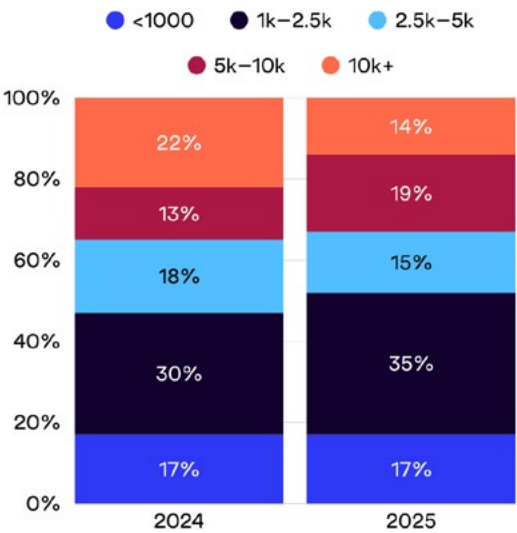
COMMERCIAL REAL ESTATE

Navigating Commercial Costs in a Shifting Space Economy

In 2025, 59% of local businesses reported increases in property taxes or rent—yet the average cost per square foot across respondents declined from \$23.65 (2024 report) to \$21.19 (2025 report).

This average cost decline appears to be driven more by changes in space usage among respondents than by actual drops in market rental rates.

- The share of businesses occupying mid-sized spaces (5,000–9,999 sq. ft.) grew from 13% to 19%, reflecting a relative increase of over 45% in respondent share. These spaces saw a sharp drop in average rental cost, falling from \$23.50 per sq. ft. in the 2024 report to \$16.42 in 2025.
- Large space usage (10,000+ sq. ft.) declined by 38%, while average costs at that level remained flat.
- Smaller spaces showed mixed cost trends, with some segments rising and others falling—suggesting hyper-local variations and lease renegotiations at play.



Key Insight: The decline in average per-square-foot costs does not signal overall price relief. Instead, it reflects how local businesses are adapting—downsizing, relocating, or shifting to more cost-effective footprints—to navigate higher tax burdens and rising operating expenses.

Richmond Market Benchmarks (Mid-2024):

To help contextualize these findings, here are average asking rents across the Richmond metro region by space type:

- Office Spaces: \$22.44/sq. ft. (Greater Richmond Partnership)
- Retail Spaces: \$18.94/sq. ft. (LoopNet, CommercialCafe, CommercialSearch)
- Industrial Spaces: \$13.09/sq. ft. (PropertyShark)

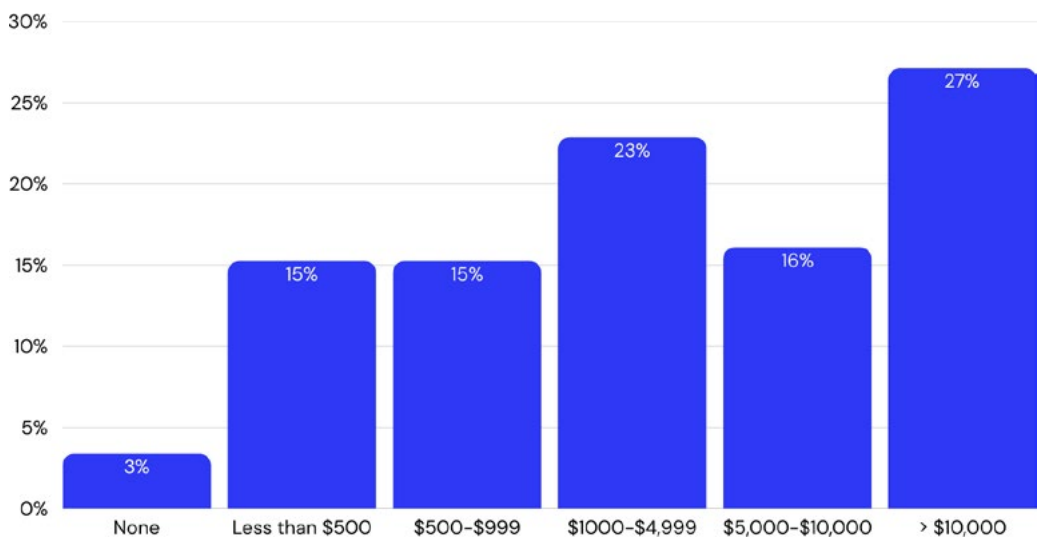
These market averages illustrate the pressure many businesses are under, particularly those leasing smaller, higher-cost spaces. Lease strategy and flexibility remain critical cost-management tools in today's commercial real estate environment.

COMMUNITY CONTRIBUTIONS: LOCAL BUSINESSES GIVING BACK

Beyond Business: Local Businesses as Community Builders

- Local businesses donated an estimated \$628,000 to charities and nonprofits.
- 27% gave over \$10,000 each, while 54% contributed at least \$1,000.

Key Insight: Even small businesses make a big impact, funding local initiatives, scholarships, and essential services.



Volunteerism & Charitable Engagement

- 67% donate products or services to local charities.
- 57% sponsor local events, strengthening community ties.
- 53% volunteer time or resources to support local causes.
- 44% collaborate with other businesses on community-focused efforts.

Local businesses are deeply embedded in Richmond's social fabric, driving positive change beyond their storefronts.

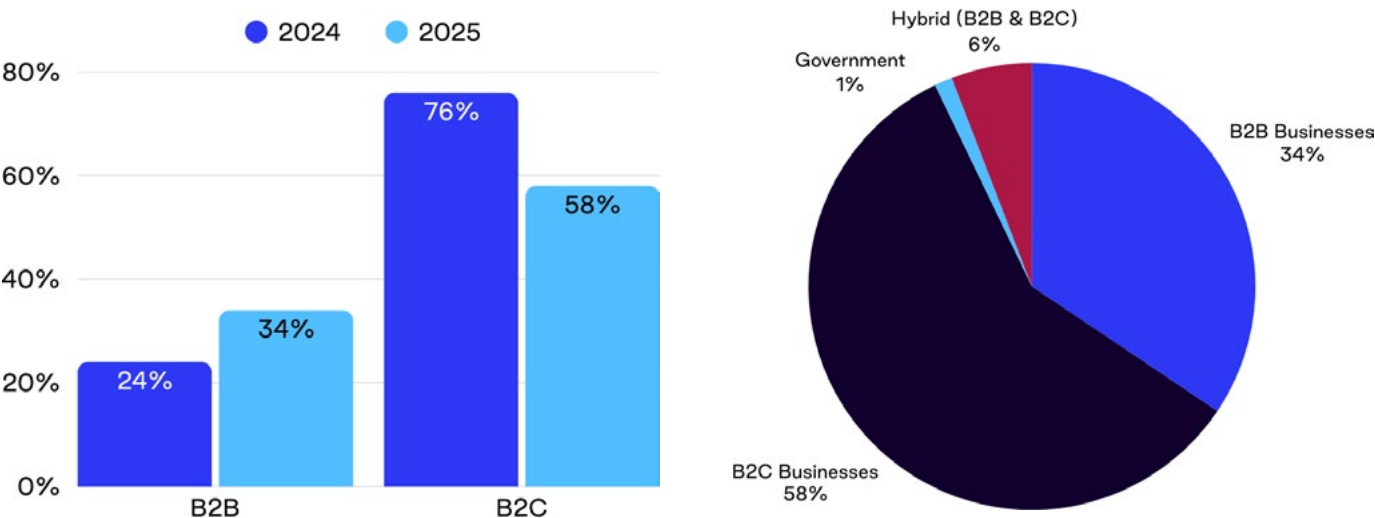
CUSTOMER & MARKETING TRENDS

Explore how Richmond businesses are adapting to shifting consumer behaviors by diversifying customer bases and enhancing digital and hybrid marketing strategies. This section will provide insights into evolving B2B and B2C customer trends, sales channels, brand loyalty approaches, and advertising preferences.

UNDERSTANDING THE BUSINESS LANDSCAPE

Increase in B2B & Hybrid Models

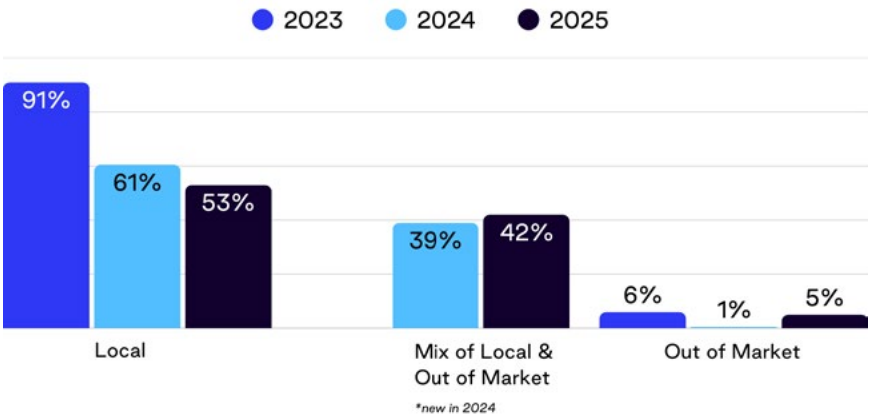
- B2B businesses grew from 24% in 2024 to 34% in 2025, while B2C declined from 77% to 58%.
- This shift reflects InUnison’s broader support for all local businesses, not just retail.
- More businesses now serve both local & out-of-market clients, particularly in B2B (52% serve both in 2025).



Customer Diversification & Expansion

Businesses across both B2B and B2C customer bases are diversifying beyond strictly local markets.

- In 2023, 91% of businesses served primarily local customers.
- By 2025, that number dropped to an average of just 53%, with many businesses now reporting a mix of local and out-of-market customers.



MARKETING & SALES: B2B & B2C BUSINESSES ADAPT FOR GROWTH

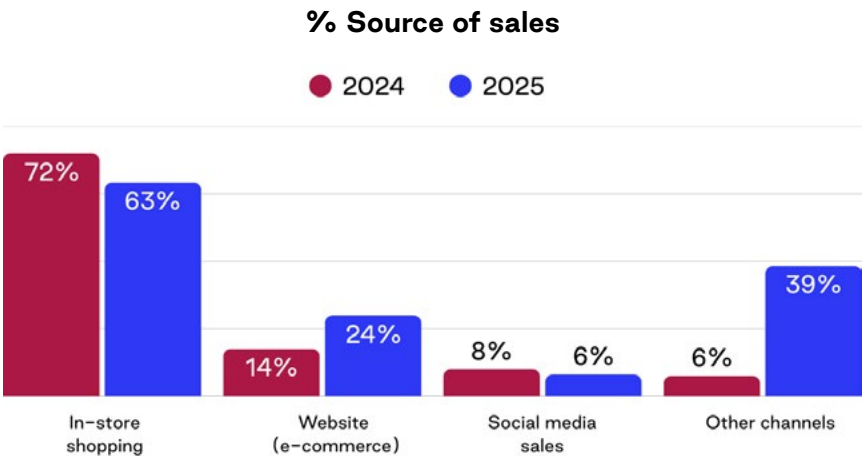
B2B Sales & Lead Generation Trends

- Word-of-mouth remains key (47%) but is no longer the sole driver.
- Local networking (25%) plays a growing role in industry group & partnership-driven leads.
- Online lead generation (23%) has nearly doubled from 13% in 2024's report.



B2C Sales Channels: In-Store Still Leads, But Multichannel Revenue is Rising

- In-store sales remain the primary source of B2C revenue, averaging 63% in 2025.
- Website sales now account for nearly 24%, reflecting e-commerce's growing role as a secondary channel.
- Social media drives just 6% of revenue, reinforcing its value for brand awareness and promotions rather than direct sales.
- "Other channels" contribute 39% on average, likely including wholesale, collaborations, and off-site selling—though the survey did not define this category.

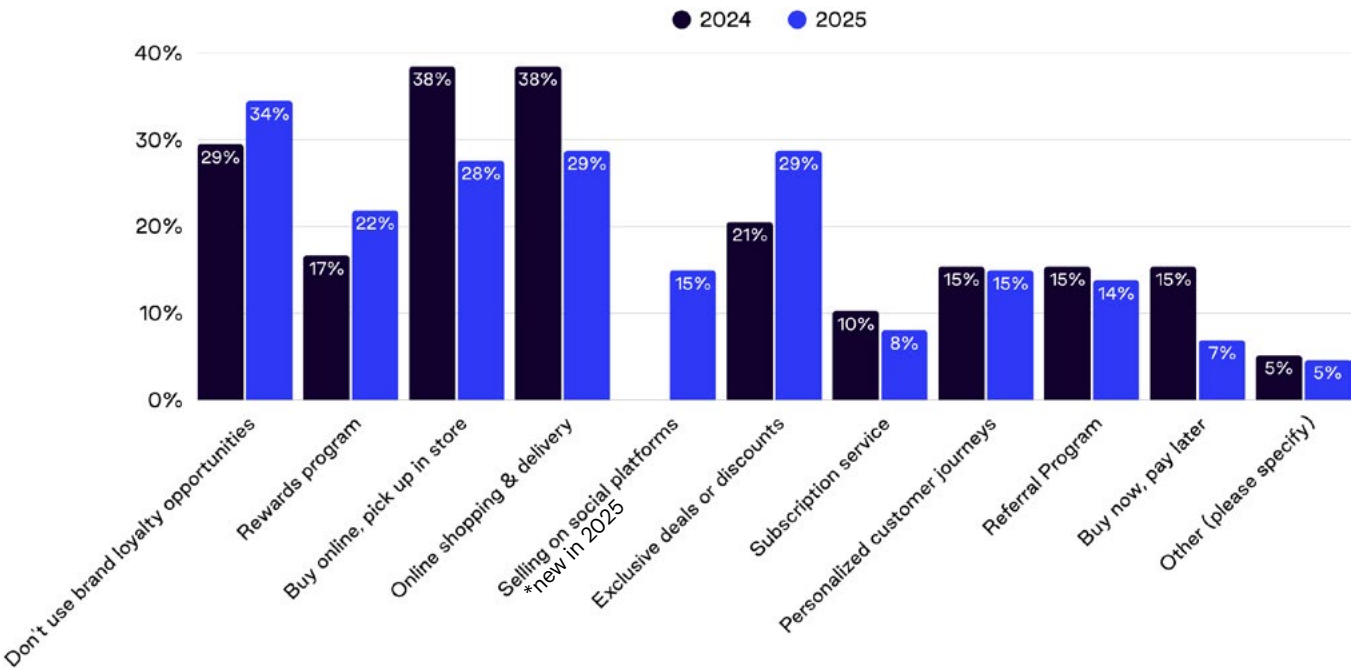


Key Insight: B2C businesses are shifting from single-channel models to layered strategies. In-store remains essential, but growth increasingly depends on combining physical, digital, and alternative channels.

Brand Loyalty Strategy Adoption

- Rewards programs increased from 17% to 22%, and exclusive discounts from 21% to 29%, highlighting a greater emphasis on direct customer incentives.
- “Buy online, pick up in store” declined from 39% to 28%, and online shopping & delivery fell from 39% to 29%, suggesting these convenience-based options may be losing effectiveness or priority.
- Selling on social platforms debuted at 15%, indicating a new avenue of engagement, though not yet widely adopted.
- Adoption of strategies like subscriptions (8%), personalized customer journeys (15%), referral programs (14%), and Buy Now, Pay Later (7%, down from 15%) remains limited.
- Notably, 34% of businesses report using no loyalty strategy, up from 29% as reported in the 2024 State of Local report.

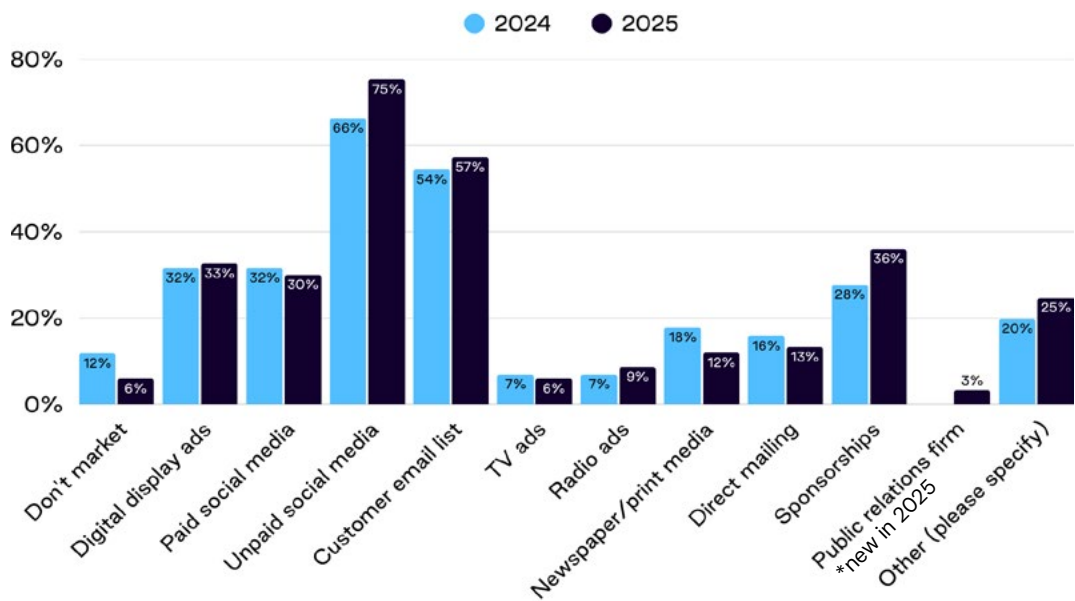
Key Insight: Loyalty is no longer guaranteed. As customer relationships become less place-based, businesses must adopt intentional, layered retention strategies—combining convenience, value, and personalized engagement to compete for repeat business.



MARKETING & SALES: B2B & B2C BUSINESSES ADAPT FOR GROWTH

Marketing & Advertising Trends

- Businesses increasingly rely on digital channels:
 - Unpaid social media: Increased to 75%.
 - Email marketing: Grew slightly to 57%.
 - Paid social media: Stable at approximately 30%, reflecting cautious ad spending.
- Local sponsorships rose significantly to 36%, as businesses seek community visibility and credibility.
- Traditional marketing methods (print, TV, radio) continued to decline, with adoption falling below 12%, highlighting a continued shift towards cost-effective digital strategies.

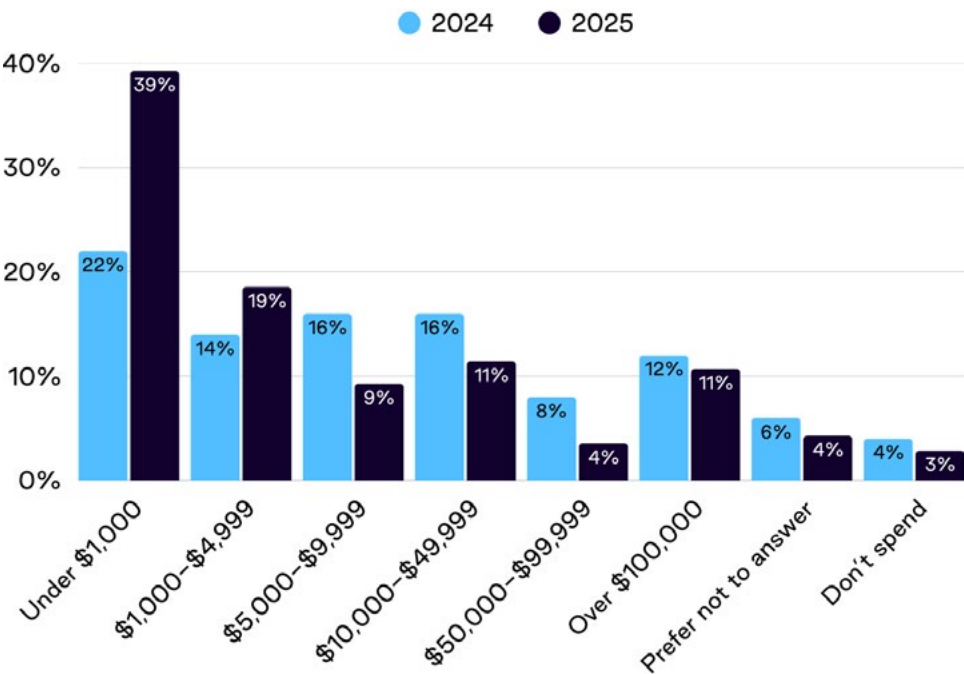


Key Insight: Businesses are doubling down on low-cost, high-trust tactics. Growth in unpaid social media, email marketing, and sponsorships—paired with declines in traditional media—shows a shift toward relationship-based strategies that build brand visibility without major ad spend.

Marketing & Advertising Budget Comparison

- Reported marketing budgets became more varied, with 39% of businesses spending under \$1,000, showing greater reliance on affordable and impactful marketing approaches.

Key Insight: Marketing spend is becoming more polarized. While the largest share of businesses now spend under \$1,000 annually, a notable portion continue investing at higher levels—reflecting a split between ultra-lean, high-impact marketing and businesses scaling up their promotional reach.



COMMUNITY & ECONOMIC OUTLOOK

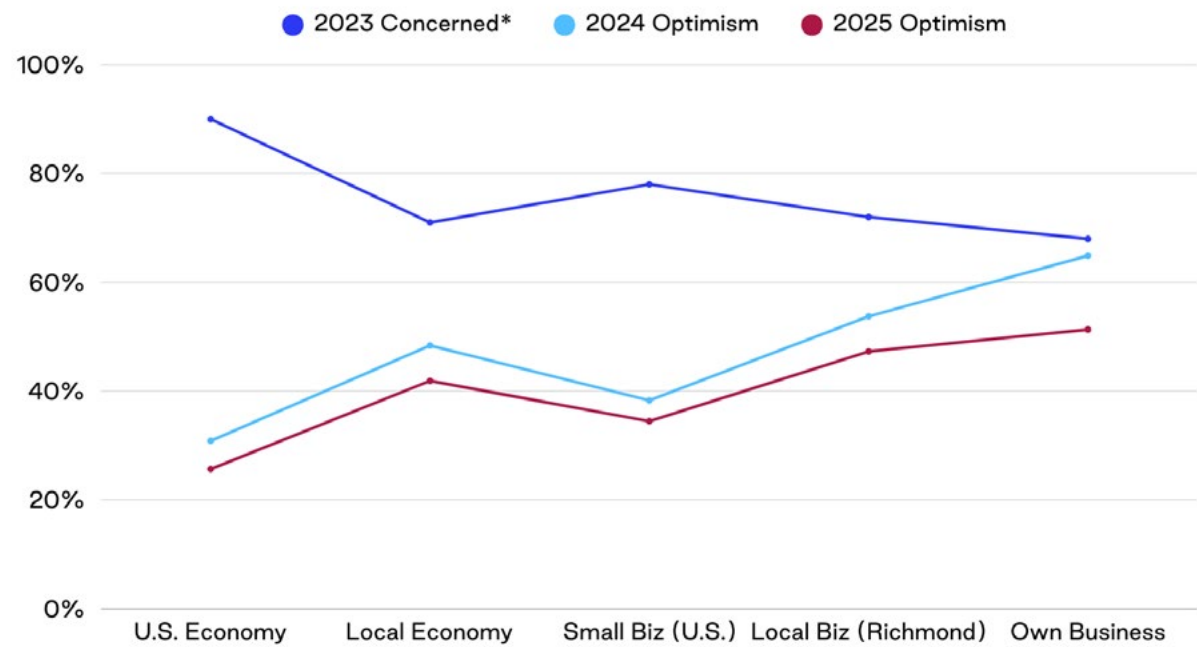
Gain insight into local businesses' perspectives on economic stability and policy challenges in 2025. This section compares Richmond's business sentiment with national trends, highlights top business concerns, assesses legislative impacts, and outlines priority areas where policy reform can drive meaningful growth.

ECONOMIC OUTLOOK: LOCAL RESILIENCE, BUT NATIONAL CONCERNS LOOM

Business Outlook Turns More Cautious in 2025

Confidence peaked in 2024 but dropped sharply in 2025, aligning more closely with national uncertainty.

Outlook Across Levels



Key Insight: In 2024, business confidence rebounded strongly across all categories—but in 2025, optimism dropped across the board. The sharpest decline was in business owners' confidence in their own financial security, falling 13.5 points. This shift suggests growing caution and instability—even among businesses that may have weathered earlier downturns.

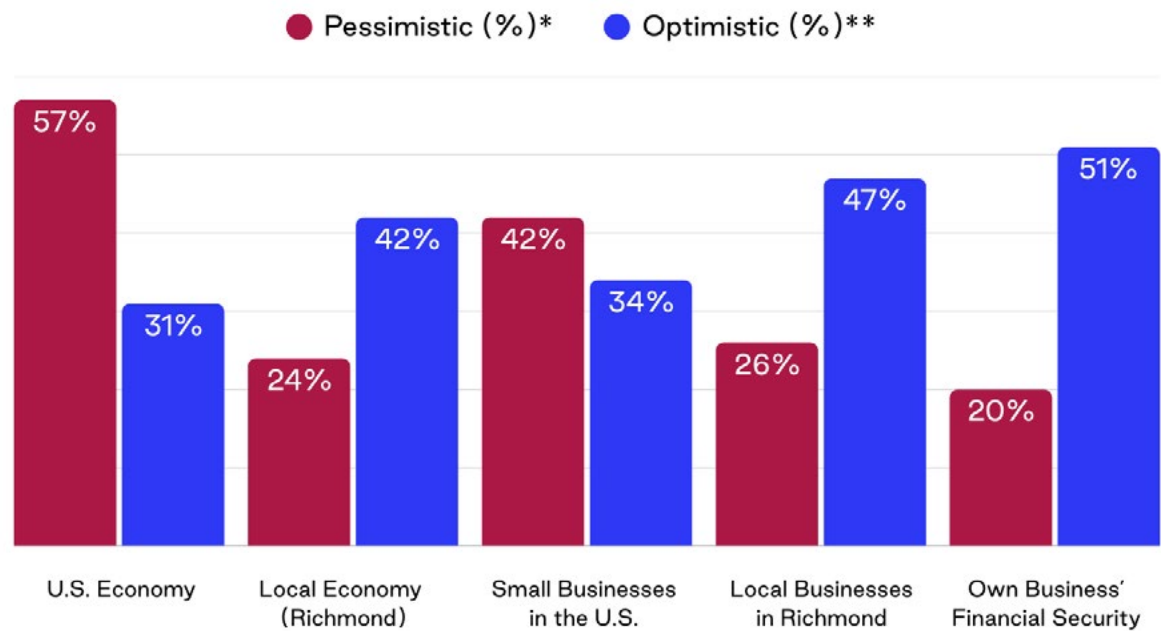
National Comparison

In Q1 2024, 65% of U.S. small businesses said their own business was in good health (MetLife & U.S. Chamber of Commerce). Richmond businesses exceeded that level of optimism in 2024—but the 2025 downturn brings local sentiment more in line with national uncertainty.

2025 Business Outlook by Category

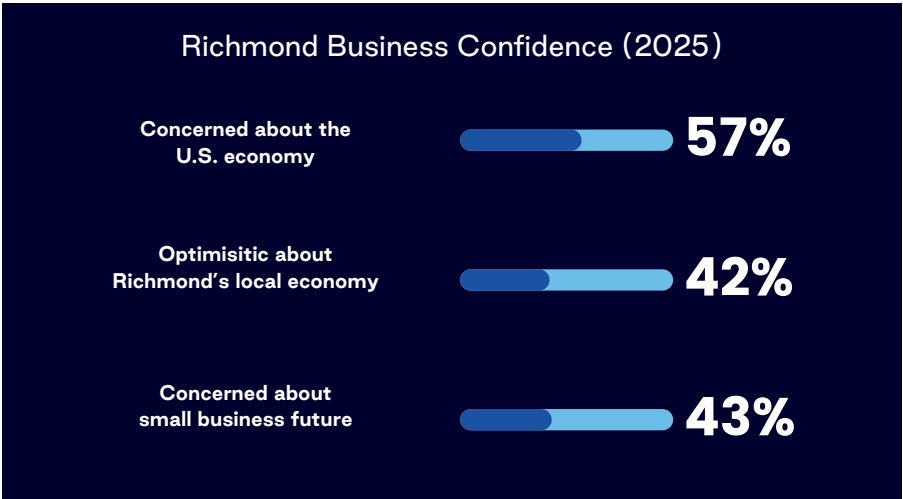
Business owners’ confidence declined across every category in 2025, with the most notable drop in personal financial outlook. While optimism remains relatively stronger for Richmond’s local economy and business community, broader concerns about the U.S. economy and national small business conditions are intensifying.

Key Insight: Confidence in local conditions remains stronger than national sentiment—but growing financial uncertainty is now affecting even the most direct measures of business health, including owners’ outlook on their own financial security.



*Pessimistic = Very + Somewhat Pessimistic
**Optimistic = Somewhat + Very Optimistic

RICHMOND VS. NATIONAL ECONOMIC SENTIMENT



Richmond's businesses are relatively optimistic locally but cautious about national trends.



CAPITAL ACCESS IN 2025: FINANCIAL CAUTION IN A TIGHTENING CREDIT MARKET

Fewer Businesses Are Accessing Capital

- Only 21% of local businesses sought capital in the past year, down from 29% as reported in the 2024 State of Local report.
- This decline may reflect either increased financial stability or reluctance to take on debt amid rising costs and tighter lending conditions.

National Comparison: Small businesses across the U.S. face higher borrowing costs, with SBA 7(a) loan rates reaching 10.5%–15.5% and traditional bank loan rates ranging from 6.43%–12.45%.

Capital Access: Stability for Some, Challenges for Others

- 48% of local businesses said capital access remained unchanged from 2024.
- 23% reported it was “much more difficult” to secure financing—often citing higher rates and stricter lending standards.

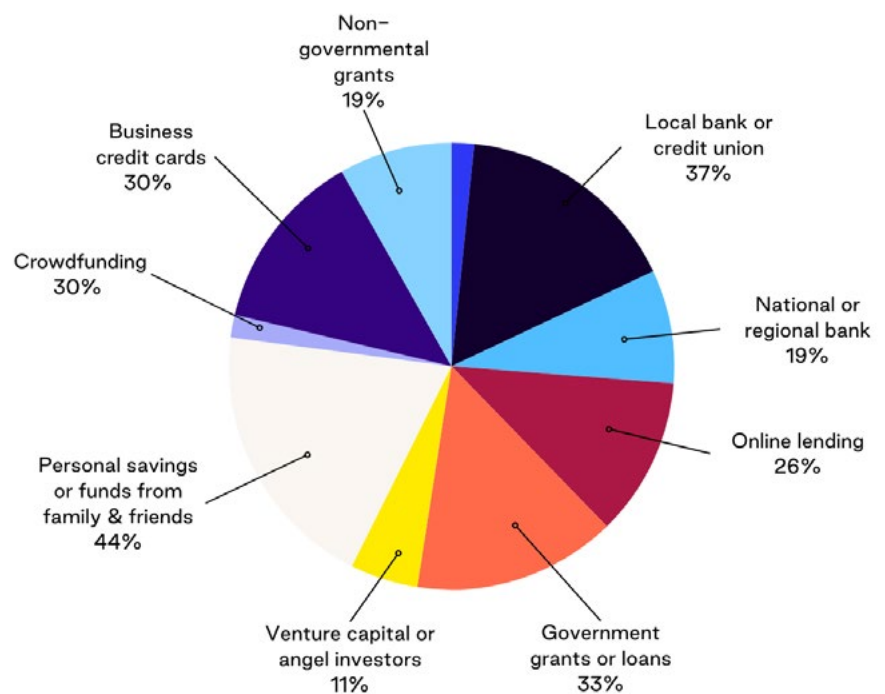
National Comparison: U.S. banks continue tightening credit, particularly in commercial real estate, retail, and construction sectors.

Key Insight: Access to capital is narrowing. For businesses seeking to expand or invest, limited financing options may constrain growth, especially as borrowing becomes more expensive and difficult to secure.

Traditional & Personal Financing Still Dominate

- 37% of respondents turned to local or regional banks or credit unions.
- 44% relied on personal savings or support from family and friends—underscoring continued preference for self-funding in uncertain conditions.

National Comparison: Bank loans remain the most common financing source, but alternative lending (fintech, venture capital) is growing. However, many small businesses still lean on personal funds, especially in uncertain markets.



Top Business Concerns in 2025

Businesses shifting focus from broad economic concerns to targeted policy and consumer issues.



Revenue Stability
23%



Shifts in Consumer Behavior
20%



Inflation & Rising Costs
18%



Political & policy uncertainty
12%



Interest rates
Down significantly from 2024
3%

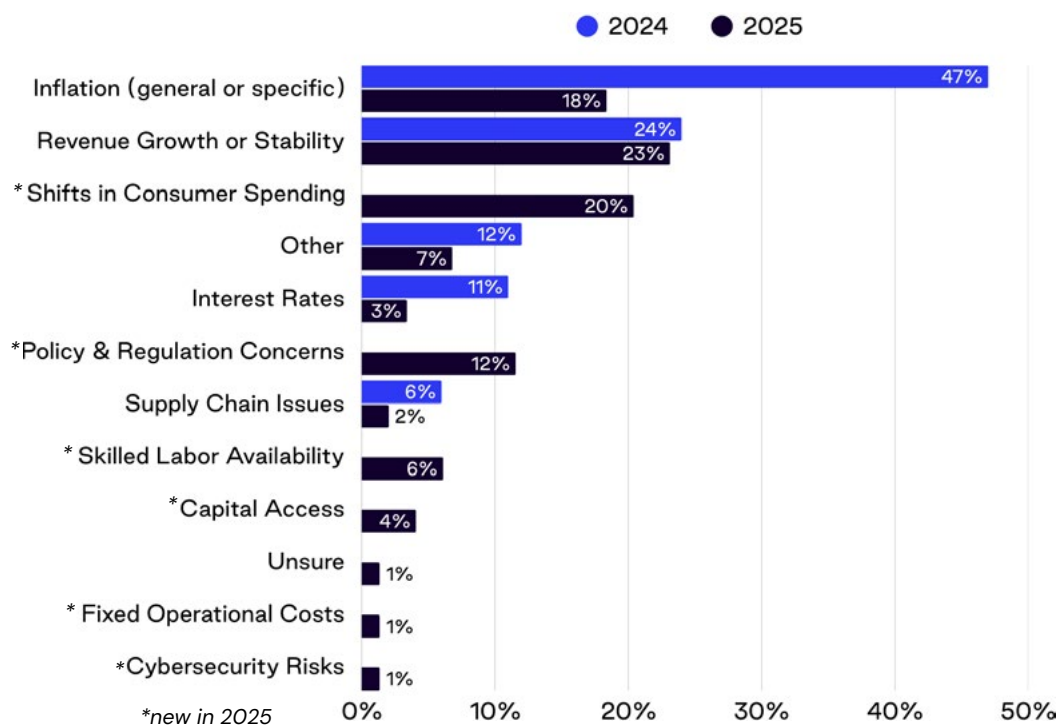


Supply chain issues
Down significantly from previous years
2%

BUSINESS CONCERNS: STABILITY MEETS NEW POLICY CHALLENGES

Persistent Challenges: Inflation, Revenue, & Consumer Behavior

- Inflation & rising costs remain a top concern, though worry declined from 47% as reported in the 2024 State of Local report to 18% this year.
- Revenue stability (23%) continues to be a key issue, highlighting ongoing financial uncertainty.
- Shifts in consumer behavior (20%) are a growing concern, reflecting changing spending habits.



Economic Concerns Ease, While Policy Worries Grow

- Interest rate concerns fell from 11% as noted in the 2024 report to 3% in 2025, indicating businesses are adjusting to borrowing costs.
- Supply chain disruptions dropped from 6% to 2%, signaling post-pandemic stabilization.
- Political & policy uncertainty is rising, with concerns about government instability, zoning, and tariffs (12%) affecting confidence.

Businesses are shifting from macroeconomic concerns (inflation, interest rates) to industry-specific and policy-driven anxieties.

LEGISLATIVE SENTIMENT: BUSINESSES MORE ENGAGED, MIXED VIEWS ON LEADERSHIP

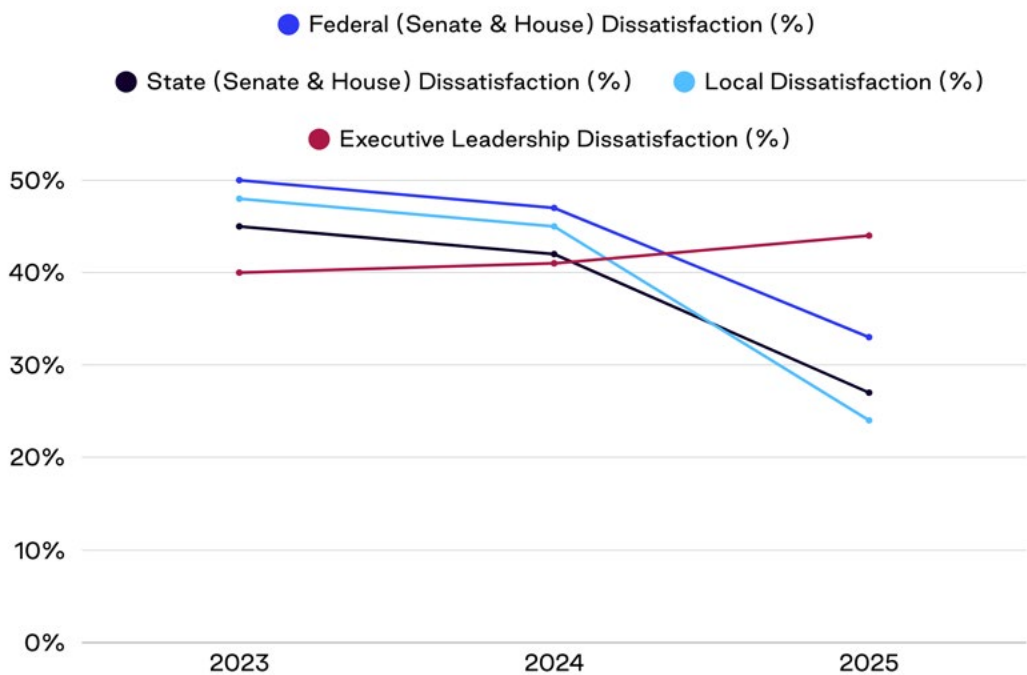
Legislative Sentiment Improves Across Federal, State, and Local Levels

- Federal (U.S. House and Senate): Dissatisfaction dropped from 47% in the 2024 report to 33% in 2025, suggesting a shift toward more neutral or positive perceptions.
- State Legislature (Virginia House and Senate): Dissatisfaction fell from 42% to 27%, marking the largest improvement across all categories.
- Local Officials (Board of Supervisors, County Managers, Mayor, Council, etc): Dissatisfaction nearly halved, from 45% to 24%, suggesting business-friendly outreach or policy efforts are resonating. This may also reflect optimism around new leadership in the City of Richmond, where 41% of respondents do business.

Executive Leadership: A Diverging Trend

- State Executive (Governor, Lieutenant Governor, Attorney General): Unlike other levels, dissatisfaction rose slightly—from 41% in 2024 to 44% in 2025.
- Satisfaction also declined, from 29% to 25%, pointing to growing frustration with policies related to taxation, wages, or regulatory burdens.

Key Insight: Businesses are forming stronger and more decisive opinions—especially at the state level—showing reduced neutrality and a clearer divide in satisfaction with executive versus legislative leadership.



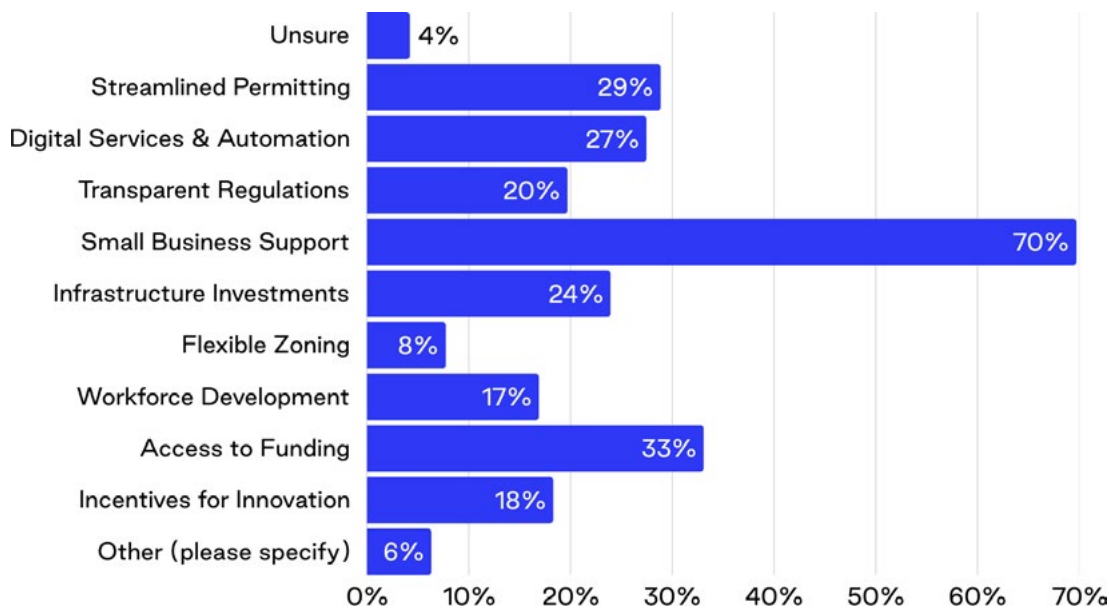
FINANCIAL & POLICY ANALYSIS: THE STATE OF LOCAL BUSINESS IN RICHMOND

Financial Burden & Support Needs

- Most businesses allocate 10–30% of their revenue toward taxes, aligning with national averages.
- 18% of businesses are unsure about their total tax burden—highlighting a need for improved financial clarity.
- Just 1% report paying over 41% in taxes, suggesting extreme burdens are rare.

Key Insight: The financial strain businesses face is not solely due to tax rates, but also from challenges in clearly understanding and navigating these obligations. Additionally, while confidence in local leadership is improving, respondents indicate there remains a strong need for ongoing policy improvements to ease these burdens and support local business growth.

- 70% of local businesses view small business support as a top policy need.
- 39% specifically seek financial incentives such as grants, tax relief, and low-interest loans.
- Other impactful needs include simplified regulations (12%), affordable employee benefits (11%), and marketing assistance (11%).



Business Policy Priorities

Local businesses emphasized three priority areas for government action:

1. Streamlined Regulation & Permitting
 - 29% want easier permitting processes.
 - 20% advocate for more transparent regulations to reduce unpredictability.
2. Technology & Infrastructure Investment
 - 28% prioritize digital tools and automation to simplify government-business interactions.
 - 24% highlight the need for infrastructure investment (transportation, broadband) to support growth.
3. Innovation & Workforce Development
 - 17% emphasize the need for workforce development and training.
 - 18% support innovation incentives to stay competitive and adapt to change.

Key Insight: Businesses are not only seeking relief—they're looking for tools and systems that empower growth.

Richmond in Context: National Comparisons

- Richmond's tax burden generally aligns with national averages, but respondents highlight specific challenges with BPOL (Business, Professional and Occupational License) and meals tax structures.
- Nationwide, 74% of small businesses are concerned about rising tax and payroll costs
- 57% cite permitting delays and regulatory red tape as barriers—echoing Richmond businesses' call for digitization and efficiency

“Small businesses are still challenged with competing and losing to large businesses. Better regulations could help give small businesses true access to opportunities and easier path for joint ventures/collaborations.”

– City of Richmond, Chesterfield County respondent

Policy Recommendations

To meet the needs of Richmond's local business community and align with national best practices, InUnison urges policy makers to consider the following:



1. Tax Relief & Incentives
 - a. Reduce or eliminate BPOL for small businesses under \$500K in revenue.
 - b. Offer targeted grants and low-interest loan programs.
 - c. Improve transparency tools to help businesses understand tax obligations.



2. Regulatory & Permitting Reform
 - a. Digitize permitting and licensing processes.
 - b. Establish a small business advisory board for direct input on policy impacts.



3. Investment in Innovation & Workforce
 - a. Offer tax credits for businesses investing in workforce training.
 - b. Expand access to digital business tools and cloud-based government services.

Key Insight: Richmond businesses are asking for clarity, not complexity. Financial incentives are the top priority, but streamlined permitting, infrastructure upgrades, and workforce investment will be essential to building a more resilient and responsive business environment in 2025 and beyond.

INNOVATION & ADAPTATION

Discover how Richmond's local businesses are prioritizing innovation, efficiency, and technological adaptation to respond to ongoing economic uncertainty and competitive pressures. This section highlights shifts toward digital solutions, barriers to innovation, and the essential role of workforce development in driving local business resilience.

INNOVATION & EFFICIENCY: RICHMOND BUSINESSES FOCUS ON TECHNOLOGY & ADAPTABILITY

Innovation is Shifting Toward Technology, Not Traditional R&D

- 2023 and 2024 reports: Businesses relied on employee input, training, and process improvements for innovation.
- 2025: AI & automation (46%), customer management systems (31%), and e-commerce (28%) took priority, while R&D investment declined.

National Comparison: AI adoption among U.S. businesses surpassed 45% in 2024 (U.S. Chamber of Commerce), aligning with Richmond’s trend toward technology-driven efficiency.

New Product Development Slows as Businesses Prioritize Stability

- 2024 State of Local Report: 82% of businesses introduced new products or services.
- 2025: Only 61% innovated, with 37% launching nothing new, signaling a risk-averse approach.



National Comparison: The Federal Reserve Bank of Richmond notes that businesses anticipate below-normal growth in 2025, mirroring this conservative approach to innovation.

Efficiency Efforts Expand, But Face Budget & Time Constraints

- 2023–2024: Businesses improved efficiency through automation (35%), data analytics (27%), and cloud-based solutions (18%).
- 2025: The biggest barriers to efficiency are budget (38%), skill shortages (32%), and time constraints (45%).

National Comparison: Over 40% of U.S. small businesses are investing in automation, yet 35% struggle with skilled labor shortages (U.S. Small Business Administration, 2024).

CONCLUSION

Reinforcing Resilience & Community Impact

Local, independent businesses remain at the heart of Richmond's economic strength and community vitality. This year's State of Local Report highlights not just the resilience of these businesses in navigating uncertainty, but also their remarkable adaptability in the face of evolving challenges.

As we've seen, local businesses continue to innovate, embrace digital transformation, and find new pathways for growth—demonstrating the enduring spirit and resourcefulness that characterize our community. However, their continued success hinges on collective action, meaningful connections, and targeted policy support that directly address their most pressing needs.

At InUnison, our commitment remains clear: we will continue to amplify the voices of local businesses, advocating for policies and investments that strengthen their ability to thrive. Together, through shared insights and unified efforts, we can ensure Richmond remains a place where local businesses flourish—powering prosperity and enriching our community for years to come.

SURVEY DEMOGRAPHICS

Understand the demographic composition of the businesses that participated in this year's survey. This demographic context provides valuable perspective on industry representation, geographic distribution, business size, and ownership profiles contributing to the findings presented in this report.

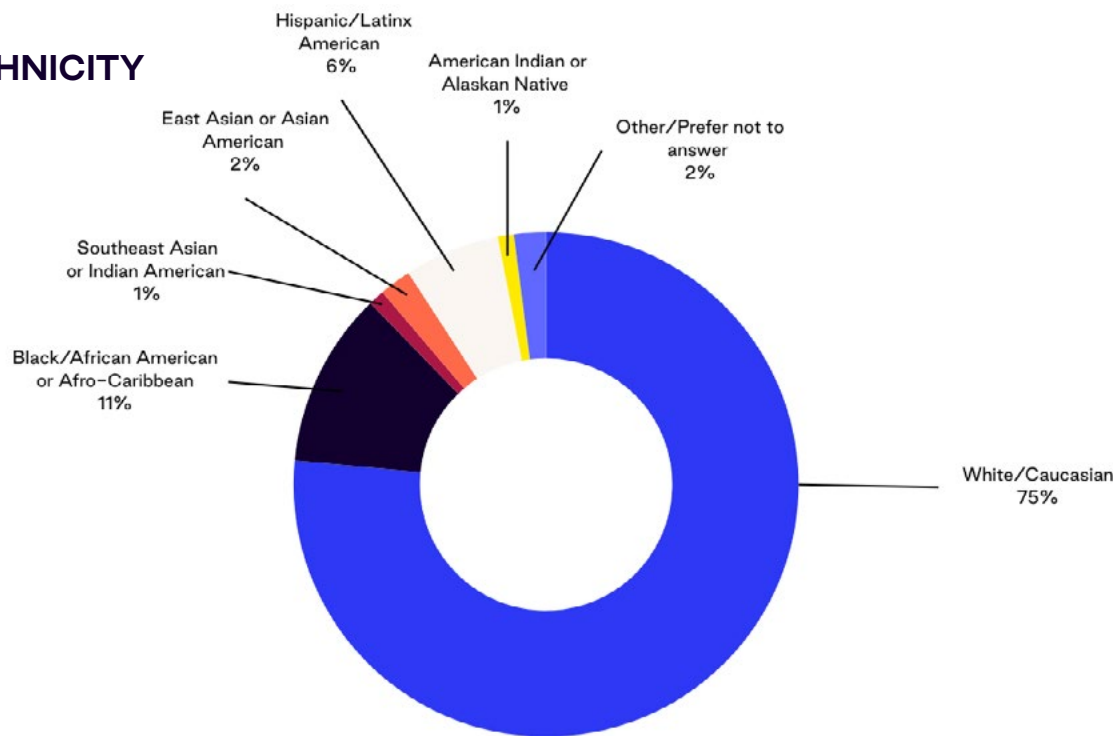
The following breakdown of survey respondents gives additional context to the makeup of these insights.

GENDER

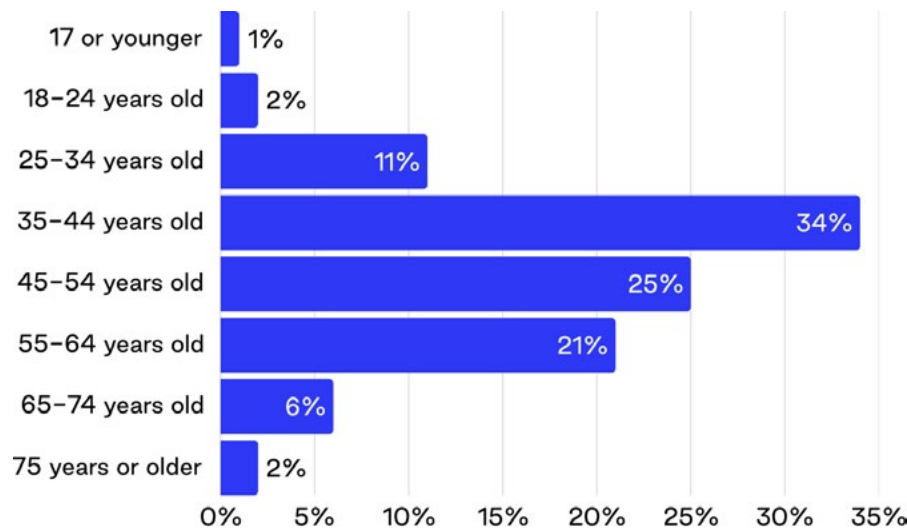


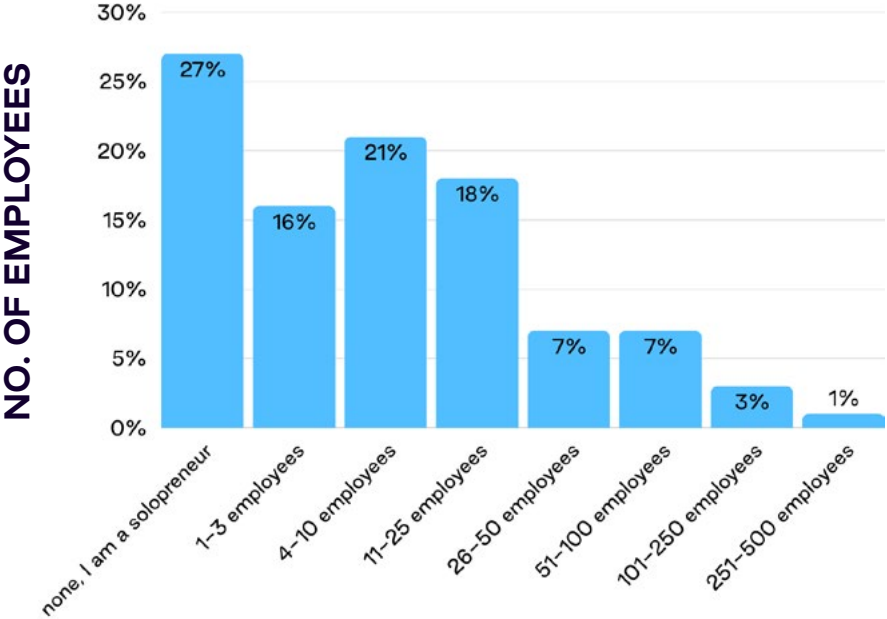
66% Female | 33% Male | 1% Non-conforming/Non-binary

ETHNICITY



AGE



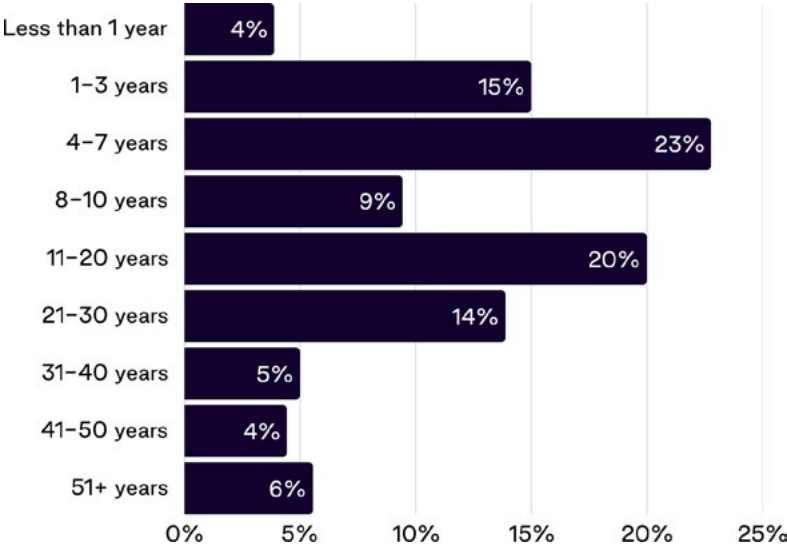


Key insight: 82% of businesses surveyed are considered micro-small businesses according to Virginia statutes.

BUSINESS INDUSTRY

Advertising, Marketing or Media	21%
Automotive	1%
Business Support & Logistics	11%
Construction, Machinery, and Homes	6%
Education	3%
Entertainment & Leisure	9%
Finance & Financial Services	3%
Food & Beverages	13%
Government	1%
Healthcare & Pharmaceuticals	2%
Health & Fitness	3%
Manufacturing	3%
Nonprofit	1%
Retail & Consumer Durables	22%
Real Estate	1%
Telecommunications, Technology, Internet & Electronics	2%

BUSINESS LONGEVITY



2025 STATE OF LOCAL

Presented by



InUnison