New data series are deepening the understanding of small business economy

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The Xero Small Business Index is part of a wave of new datasets that are shining a light on previously hidden parts of the economy, such as small business. These new series are extremely helpful for small business owners and their advisors to have a more complete understanding of current trends. Accessing these datasets has been made easier by national statistical institutions, which are integrating them with their trusted traditional measures, to allow for a faster and deeper understanding of what is happening in all parts of the economy.

Statistical agencies have historically focused on national-level, survey-based data

Until recently those interested in economic data relied almost entirely on the statistics produced by the official national statistical institutions. These institutions publish time-series data that track the national economy over decades – such as inflation, economic growth and unemployment. This type of data is collected using surveys of companies and households. Anyone who has ever done a market research project knows that it can be hard to gather responses via a survey. The combination of needing to wait for survey responses and then compile the results means traditional methods of collection often reflect what the economy was doing three to six months ago.

Technology enables fast turn around and actual activity measurement

Private sector datasets, that use technology to quickly collect and collate data points, have been around for a while. However, their use accelerated during the pandemic when governments needed to know what was happening quickly and often in a particular industry or location.

Embracing new data to compliment traditional measures

Several statistical institutions have quickly realised the value of these data sets that can deliver almost real-time insights for parts of the economy. There is also recognition around the quality of this data that, in Xero's case, is based on a rigorous methodology and also complies with Xero's high standards of Responsible Data Use. As a result, many of the national statistical institutions are now using these new datasets to complement the traditional measures they compile.

- **Stats NZ** has over 100 data sources in a dedicated portal that measure a range of different economic, health, environmental and social indicators.
- **Office of National Statistics** publishes a weekly summary of private sector data that has been released in the previous week and includes the Xero Small Business Index data for sales and jobs.
- **Australian Bureau of Statistics** publishes household and business data from alternate sources.
- **Organisation for Economic Co-operation and Development** (OECD) has used Xero data in recent papers looking at productivity reallocation in small business during the pandemic and the impact of government support packages on small businesses.

Linking into these new data sources, alongside the traditional economic indicators, will help small businesses and their advisors better understand their current operating environment.