

Survey Toplines

Digital transformation: Small businesses face obstacles, opportunities in growing their online presence

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Download the full report from our website: <https://smallbusinessmajority.org/our-research/digital-transformation>

Methodology

The survey reflects the opinions of 871 small business owners and decision-makers from Small Business Majority’s network and SurveyMonkey respondents February 6 through March 27, 2023. The margin of error is +/- 3%.

1. Are you the owner of a small business, or do you manage the business' operations?

Yes, owner.....	85%
Yes, manage operations	15%

2. Please select your business' industry.

Agriculture and Mining.....	1%
Consulting and Business Services.....	9%
Education and Youth Services	6%
Energy and Utilities	2%
Engineering.....	3%
Food and Beverage.....	13%
Healthcare, Pharmaceuticals and Biotech	4%
Health, Beauty, and Fitness	5%
Insurance and Financial Services	3%
Manufacturing	2%
Media and Entertainment.....	3%
Nonprofit	2%
Real Estate and Construction	8%
Retail.....	13%
Service and Consumer Services	6%
Software and Internet	1%
Technology, Computers and Electronics	3%
Telecommunications.....	1%
Transportation and Storage.....	3%

Travel, Recreation and Leisure	1%
Wholesale and Distributors	3%
Other (please specify)	11%

3. What year did you start your business?

2 years or fewer	16%
3-6 years.....	31%
7-10 years	15%
More than 10 years	37%

4. How many people does your company/organization employ, including yourself? Please include full-time and part-time employees, but do not include independent contractors.

Self-employed	26%
Under 10 employees.....	41%
11-25 employees	16%
26-50 employees.....	10%
51-100 employees.....	7%

5. What is the business' revenue?

Less than \$25,000	23%
\$25,000 - \$49,999.....	15%
\$50,000 - \$99,999.....	13%
\$100,000 - \$249,999.....	13%
\$250,000 - \$499,999.....	12%
\$500,000 - \$999,999	11%
Over \$1 million	8%
Prefer not to say/don't know	5%

6. How optimistic or pessimistic are you about your business prospects over the next quarter?

Very optimistic	39%
Somewhat optimistic	33%
Neither optimistic nor pessimistic	15%
Somewhat pessimistic.....	9%
Very pessimistic	3%

7. In the past three months, have your revenues, expenses and headcount increased, decreased or stayed the same?

	Increased	Decreased	Stayed the same
Revenue	42%	27%	31%
Expenses	60%	13%	27%
Employee headcount.....	25%	16%	59%

8. Do you have a website for your business?

Yes..... 67%
 No..... 33%

(Questions 9-14 were asked of businesses with a website, N=581)

9. What year did you start a website for your business? (Please provide your best guess)

Less than two years ago 23%
 2-5 years ago 29%
 6-10 years ago 18%
 More than 10 years ago 30%

10. What main purpose does your website serve for your business (choose one)?

It builds awareness of my business and brand 40%
 It is where I primarily sell my products or services 31%
 It provides credibility for my business..... 13%
 It allows me to connect with new customers and maintain relationships with existing customers 13%
 Other (please specify) 3%

11. How did you create your website?

I built it myself using a website builder provided by my web hosting service 38%
 I outsourced it to a third-party contractor..... 31%
 I built it myself custom using a CMS (Wordpress, Drupal, Joomla) 14%
 I hired dedicated IT staff to build it 7%
 My web platform provided a landing page for me to use..... 5%
 Don't know..... 1%
 Other (please specify) 4%

12. Who maintains and updates your website?

Yourself 56%
 Full-/part-time staff..... 22%
 Vendor/contractor 17%
 No one..... 3%
 Other 2%

13. What challenges do you face currently with your website? Please rank them from very challenging to not a challenge.

	Very challenging	Somewhat challenging	Not a challenge	NA
Having enough time to devote to it.....	33%	40%	23%	4%
The complexity of maintaining and updating website functionality (ie. Website design, plugins and user experience).....	31%	37%	29%	3%

Making the site accessible to users with different abilities (ie. those who are vision-impaired)	30%	34%	28%	7%
Developing new content (ie. product or service offerings)	30%	40%	27%	3%
Maintaining and updating content (ie. product or service offerings)	29%	39%	28%	4%
The cost involved in maintaining/updating it	25%	34%	37%	3%
Maintaining and updating its security/privacy settings	25%	30%	41%	5%
Maintaining and updating the back-end software	24%	33%	34%	9%
Making the site responsive to mobile users	23%	34%	38%	5%
The lack of features available from my web host provider.....	20%	34%	39%	6%

14. During the Covid-19 pandemic, did any of the following occur?

	Yes	No	Don't know
We enhanced the user experience	54%	38%	8%
Website traffic increased.....	51%	34%	15%
We added new functionality to the site.....	48%	43%	9%
Online inquiries increased (ie. forms, newsletter signups)	48%	40%	12%
Website sales increased	44%	45%	11%

15. You indicated that you don't have a website. Please indicate in the following statements whether they apply to you and if they are a major or minor reason as to why you don't have a website. (Asked of businesses without a website, N=290)

	Major	Minor	Not a reason
Having a website is not relevant to my industry.....	23%	40%	36%
It's too costly to build and maintain a website.....	36%	36%	29%
I don't have resources (staff/time) to build and maintain a website	48%	22%	29%
I do not know how to create/run a website.....	36%	31%	33%
I had one but didn't get any traffic so I got rid of it	14%	20%	66%
I have a social media presence instead of a website.....	41%	30%	29%
I don't think I need one.....	25%	34%	41%

16. Does your business have a social media presence on any of the following platforms (select all that apply)?

Facebook.....	70%
Instagram.....	58%
LinkedIn.....	35%
Twitter.....	32%
TikTok.....	26%
I do not use social media.....	14%

(Questions 17-20 were asked of businesses that use social media, N=753)

17. For each of the following potential challenges for your social media presence, please rank each from very challenging to not a challenge.

	Very challenging	Somewhat challenging	Not a challenge	NA
Having enough time to devote to it.....	34%	18%	19%	30%
Maintaining and updating different platforms' security and updating privacy settings	29%	20%	18%	33%
The complexity of maintaining and updating it.....	26%	23%	23%	28%
Developing new content for it.....	26%	26%	15%	34%
Maintaining and updating my product or service offerings.....	23%	23%	19%	35%
The cost involved in maintaining and updating it	22%	24%	21%	33%
The lack of features available from social media platforms.....	19%	25%	21%	35%

18. What year did you start using social media for your business? (Please provide your best guess)

Less than 2 years ago	22%
2-5 years ago	33%
6-10 years ago	21%
More than 10 years ago	24%

19. The following are some reasons why/how businesses use social media. What social media strategies did you implement during the Covid-19 pandemic? (select all that apply)

Build brand awareness.....	64%
New product offerings	43%
Promote customer success stories/Community engagement stories.....	36%
Presence on additional social media platforms	36%
More interactions with customers for feedback/reviews.....	35%
Offer coupons/sales promotions.....	29%
Viral marketing strategies/collaborate with influencers	23%
Paid promotions / digital advertising	25%
Offering expert advice.....	14%

20. After implementing these social media strategies to your business since the pandemic, would you estimate your sales have increased?

Yes; my sales increased by more than 20%	39%
Yes; my sales increased by more than 50%.....	19%
Yes; my sales increased by more than 100%.....	8%
Yes; my sales increased by more than 150%	2%
Yes; my sales increased by more than 200%	2%
No; I have not seen an increase in sales.....	30%

21. Do you sell your products/services through any of the following third-party platforms (select all that apply)?

E-commerce store/platform on my website	32%
Large third-party platforms (e.g., Amazon, eBay, Etsy)	24%
Community marketplaces (e.g. Facebook Marketplace, Nextdoor, Craigslist)	24%
Other third-party platforms specific to my industry (e.g. Thumbtack)	13%
Freelance/contract work platforms (e.g. Upwork, Fiverr).....	12%
No, I do not sell my products/services through any e-commerce platform(s)	40%

(Questions 22-24 were asked of businesses that sell on e-commerce platforms, N=539)

22. Roughly what percentage of your sales are from e-commerce (including sales on your own website, through third-party platforms or via social media) compared to traditional sales?

Less than 25%	26%
25-50%.....	31%
50-75%.....	21%
75-99%	11%
100% (entirely e-commerce).....	7%
Don't know.....	5%

23. Roughly what percentage did your e-commerce sales increase, if at all, during the Covid-19 pandemic?

No increase	16%
Less than 25%	27%
25-50%.....	27%
51-100%	15%
101-200%	6%
More than 200%	2%
Don't know.....	6%

24. For each of the following potential challenges selling on third-party platforms, please rank each, where 5 is very challenging and 1 is not challenging at all.

	1	2	3	4	5
	Not challenging			Challenging	
Fees paid to the third party	16%	15%	33%	20%	16%
Not being able to achieve high-enough visibility on the platform.....	11%	16%	29%	25%	20%
Cost of advertising on the platform	14%	18%	27%	22%	19%
Fear of having my product or service copied or stolen.....	24%	17%	25%	21%	14%
Shipping costs.....	20%	17%	28%	19%	17%

25. The following are possible reasons why some business owners don't have strong e-commerce sales. What is the main reason you don't have any e-commerce sales? (Asked of those who do not sell through e-commerce: N=332)

E-commerce is not relevant to my industry/business	39%
Don't know where to start.....	24%
Don't have resources (staff, time) to devote to e-commerce.....	19%
Too many options to choose from.....	6%
Other (please specify)	12%

26. What are the main ways you attract new customers (Choose up to three)?

Word of mouth.....	59%
Social media (Instagram, Facebook, TikTok, Twitter).....	40%
Referrals from other businesses/industry sources	35%
Website	33%
Traditional advertising	24%
Trade shows/in-person networking.....	19%
Other online third-party platforms (e.g. Amazon, Etsy, eBay)	16%
Physical storefront/location	16%
Other (please specify)	6%

27. The following are digital marketing strategies some business owners use to find and sell to customers. For each, indicate whether the strategy has been successful, not very successful, not successful at all, or you don't use that strategy for your business.

	Successful	Not very successful	Not at all successful	NA
Customer success stories	50%	14%	7%	29%
Search engine optimization	42%	19%	10%	29%
Email newsletters/marketing	41%	20%	8%	31%
Content creation/blog posts	40%	20%	9%	31%
Online coupons/sales promotions.....	34%	18%	9%	39%

28. How much on average do you currently spend monthly on digital marketing for your business (not including paid staff)? Please do not include any traditional marketing you may do, such as mailers, television or radio.

I do not pay for digital marketing	34%
Under \$500.....	31%
\$500-\$2,500.....	19%
\$2,500-\$5,000	11%
\$5,001-\$10,000	3%
\$10,001-\$25,000	2%
Over \$25k.....	1%

29. Of the following digital marketing channels, which ones do you use? (select all that apply) (Asked of those who use digital marketing. N=576)

Ads on social media platforms (e.g. Facebook, Twitter, LinkedIn)	63%
Google ads.....	42%
Banner ads or display ads (i.e, ads you pay for to promote your business on other company websites).....	32%
Third-party seller platform ads or boosted rankings (e.g., Etsy, Amazon).....	28%
Electronic mailers/coupons (e.g., buying email lists or other targeted email ads).....	21%
Other (please specify)	5%

30. What is the main challenge you have when acquiring new customers for your business?

Not enough resources (time/money) to advertise	21%
Too much competition.....	18%
Finding the right channels to advertise	18%
Keeping up with trends and technology.....	14%
Producing and delivering content.....	11%
Technology barriers	7%
Language barriers	4%
Other (please specify)	7%

31. Do you identify with any of the following groups? (Choose all that apply)

Asian, Asian American, East Asian, South Asian, and/or Southeast Asian	12%
Black, African or African American	38%
Hispanic, Latino/a or Spanish Origin.....	29%
Middle Eastern or North African	2%
Native American or Alaska Native	4%
Native Hawaiian or Pacific Islander	2%
White or Caucasian	32%
Prefer not to answer.....	4%
Another option not listed here (please specify):	2%

32. Do you identify with any of the following groups?

Man	41%
Woman.....	53%
Transgender	1%
Gender non-conforming and/or non-binary	1%
Prefer not to disclose	3%
Another option not listed here (please specify):	1%