

keap

# Small Business Marketing Trends Report

# 2021

# Table of Contents

**Introduction** ..... 1

**Survey Results**..... 2

**Trends** ..... 4

**Conclusion** ..... 14

# Introduction

We remember working on our Small Business Marketing Trends Survey last year, in preparation of 2020. We all had high hopes and big predictions about how small business owners could maximize their marketing and thrive. But then, COVID-19 struck... hard.

While this year has been unprecedented, our Small Business Marketing Trends Report for 2021 revealed that many small business owners actually experienced positive business impacts this year. And better yet? Even more of them feel confident about their survival in 2021.

Additionally, our research shows that this year's events further changed how businesses use technology and forced pivots in marketing strategy. They also spurred innovation and new ways of approaching problems. Now we present to you the full Small Business Marketing Trends Report for 2021 which, above all else, demonstrates the grit and resilience of entrepreneurs everywhere.

## Methodology and Takeaways

In November 2020, Keap surveyed 597 self-identified small business owners via an online questionnaire that featured topics including business, marketing, technology, and COVID-19. The results of the polling are featured throughout this report via individual graphics.

### Here's a glance at a few of the most compelling takeaways from this year's survey:

- Despite the challenges, nearly one in five entrepreneurs started a new business this year.
- Many small businesses underwent major changes to everything from service offerings and internal procedures to marketing strategies and business models.
- Being forced to work from home and primarily engage digitally caused the vast majority of respondents to change how they acquire leads.
- A large portion of small businesses altered their technology use this year, predictably increasing their reliance on video conferencing. There was also an increase in usage across the board of other digital tools, with email marketing, CRM, and social media marketing at the top of the list.

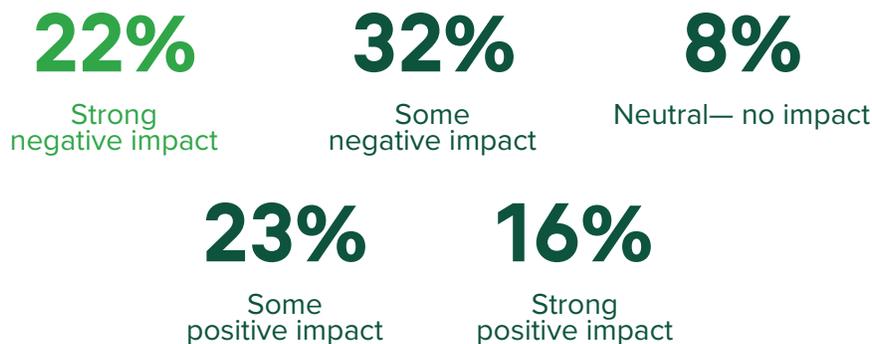
- Despite the hardships this year, many of the respondents' businesses still managed to grow, some quite significantly..
- The majority of business owners surveyed feel confident about their survival in 2021.

## Survey Results and Analysis

Let's dig into the survey results...

### Entrepreneurial Optimism Despite Obstacles

**What kind of impact do you think the challenges of 2020 will have had on your business by the end of the year?**

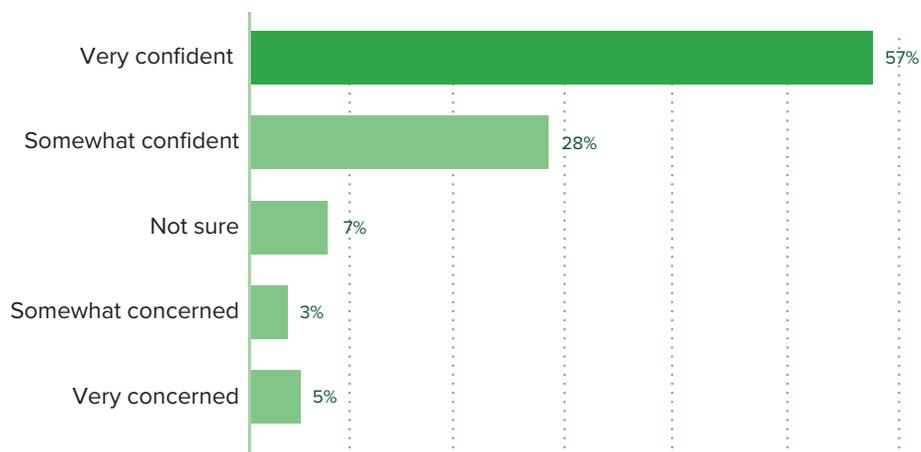


This is one of the questions that shocked us most of all. We expected that the lion's share of respondents would reveal that the challenges of 2020 had a strong negative impact on their businesses. But, results were mixed. Even though more than half (54%) of those surveyed expect a negative impact on revenue this year, more than a third (39%) expect a positive impact. Most of the folks in the latter category estimate

around 10% growth this year, but in a few cases, they expect 100% growth (or more).

We were pleasantly surprised by these numbers and the growth that was still possible in such a tumultuous time. For the entrepreneurs and small business owners who are struggling, adapting, and increasing their digital capabilities is critical to turning things around.

## How confident do you feel about your business' ability to survive the pandemic?



This is another area that floored us, in a really good way. This year's news and general chatter have been predominantly negative and spoken largely to business failures.

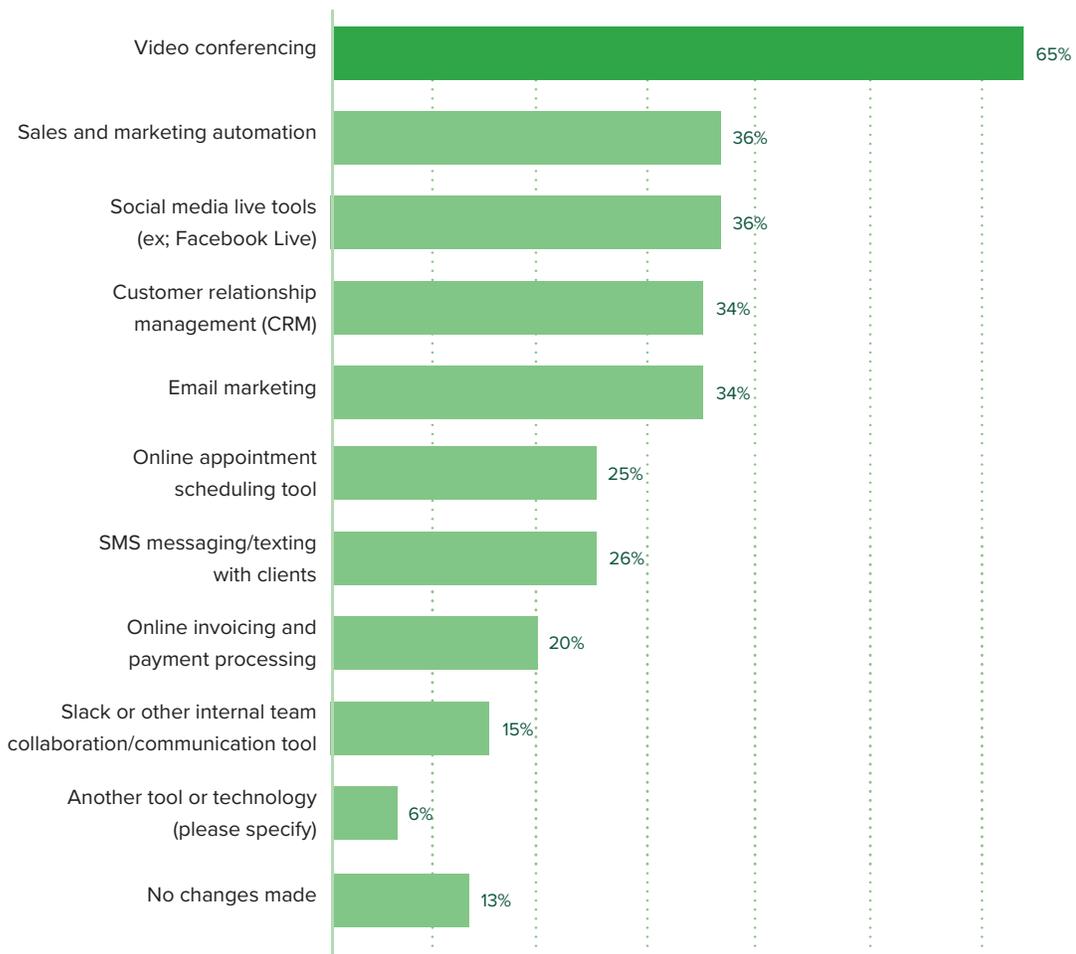


However, our survey respondents painted a brighter picture. In fact, a combined 85% reported being either somewhat confident or very confident about their survival in 2021. Only 8% were concerned, and 7% not quite sure of their future. This tells us a lot about the strength of business' adaptability and the indomitable spirit of their owners.

## Technology Helps Businesses Better Serve Customers Virtually

For some, 2020 has meant changes in technology and tools relied on to do business.

**Please select all strategies that your business has started doing for the first time in 2020, or that you are doing more of now in 2020 than in the past.**



Video conferencing was by far the predominant technology of 2020. But while large organizations were already comfortable with this tech, many small businesses weren't such early adopters. This year has compelled many of them to start using video conferencing for the first time (65%).

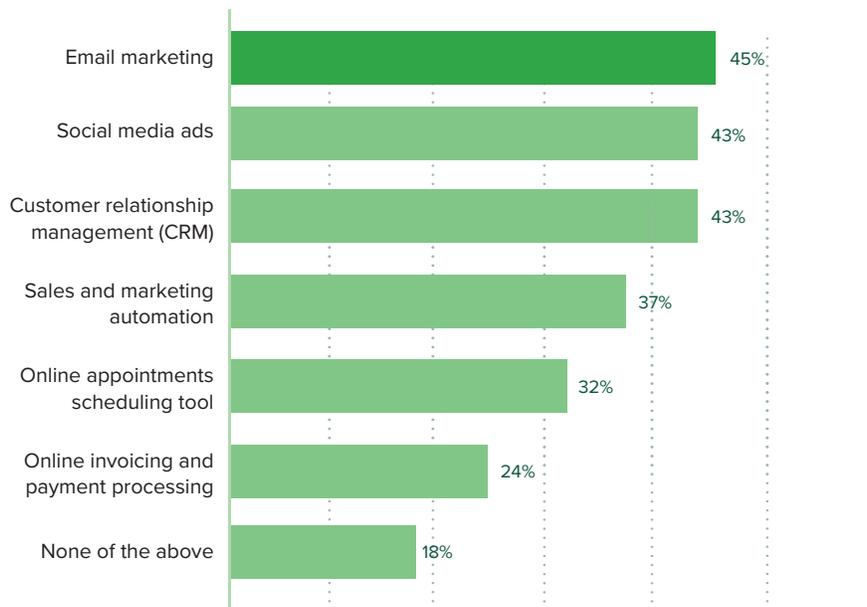


There has also been an increase in adoption of many other types of technology this year, including sales and marketing automation (36%), social media live tools (36%), CRM (34%), and email marketing (34%). This makes sense and jives with other survey findings about changing marketing strategies and emphasizing digital methods.

In addition to the top technologies listed here, small business owners also reported adopting online appointment scheduling tools, SMS messaging with clients, online invoicing and payment processing, and more. We would expect these technology habits to prevail post-COVID-19, since they will be ingrained in employees' habits and business' operations.

## In 2020, have you increased the usage of any of the tools listed below?

Select all strategies you increased in 2020



Building on the previous question, we wanted to dive into the specifics of which digital tools were used more this year. As stated in the question above, we found that small businesses increased their use of many different tools in 2020, especially email marketing, CRM, and social media ads.

The open-ended questions we posed on this topic gave us additional context. For example, respondents employed a wide variety of expanded marketing methods, including:

- Online marketing (blog posts)
- Videos
- Use of funnel tools
- Online advertising
- Organic SEO
- Podcasting
- Social media
- Online speaking
- Old-fashioned marketing (word-of-mouth, direct mail, door hangers, yard signs, banners, cold calling)
- Outsourcing lead generation
- Inbound contact marketing.

## Entrepreneurs Transform Their Businesses or Launch New Ones

### Which of the following have you done in 2020?

**41%**

Completely changed how we do business

**20%**

Temporarily closed my business

**17%**

Started a new business

**2%**

Permanently closed my business

**38%**

None of the above

No one is really surprised by the fact that close to half (41%) of survey respondents reported completely changing how they do business this year, although the magnitude of changes is quite significant. And, while our hearts go out to the 20% who had to temporarily shut their doors, this unfortunate outcome was somewhat expected in such a challenging year.



What is surprising in our findings, though, is that 17% of respondents stated that they started a new business this year. In the midst of global uncertainty and a shaky economy, this is a testament to the vision and drive of American entrepreneurs. Our hats are off to you.

## **IF they started a new business or completely changed: Briefly tell us about the new business or change that you implemented, and why you did that.**

- Moving online/virtual/remote and adding new online offerings (consultations, classes, speaking engagements, webinars, house showings, therapy, events, coaching); some outdoors events (classes, etc.)
- Safety policies/changes; logistics for distancing, managing volume of traffic, PPE, cleaning, masking, temp checks, contactless delivery, etc.
- Change business model, for example, switch from 1 to 1 services to 1 to many or start new business
- Marketing changes (online marketing, changing messaging, work with partners, etc.)

For those who started a new business or completely changed their existing one, we wanted to find out what they did and how they did it. But we also learned more about how COVID-19 has driven exciting innovation. Specifically, many small businesses began offering virtual and/or outdoor options for their services. Others even introduced new services that already fit these formats better than prior services did.

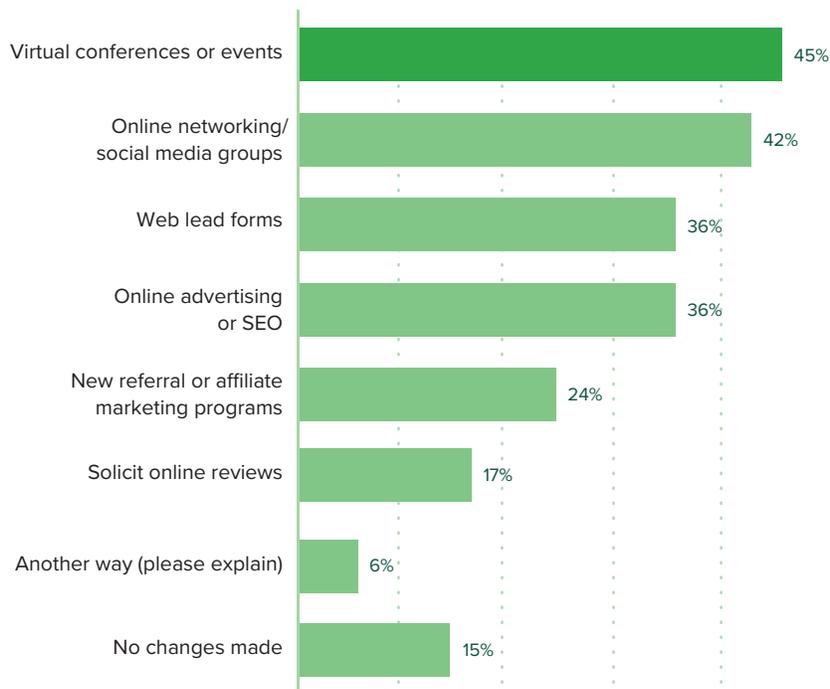
### **Here are a few examples of entrepreneurs who took big leaps and showed big grit:**

- Nate Shaw with Brooklyn Music Factory took his music lessons virtual and has grown a part of his business he never thought he needed. Now, their team can market to people who don't live close to their physical locations.
- Another shining story of strong business transformation this year comes from Mwale and Chantel Henry with The Bestseller Academy. While conferences used to provide all their leads, they went virtual this year and implemented online lead magnets as well as automation to see a 300% increase in revenue over last year.
- Evan P. of Magic Evan previously relied 100% on attending parties for his business. But due to COVID-19, this was no longer possible. He adapted his show to an online format and is having his best year yet.

Our survey respondents additionally mentioned changing entire business models. Many shifted to a one-to-many model with their clients, as opposed to a previous one-to-one approach. It also became clear, for obvious reasons, that small businesses revised their messaging this year and invested more in online marketing since in-person, trade show and field marketing options weren't feasible.

## In 2020, how have your ways of getting new leads and customers changed?

Select all strategies you started doing in 2020, or are doing more of now in 2020 than in the past.



In last year's Small Business Marketing Trends Report, we found that nearly half of small business owners surveyed listed "word of mouth/referrals" as their primary marketing tactic and a key source of leads. While referrals are still important today, the lack of in-person and face-to-face time with others that has become the norm in 2020 has changed this.



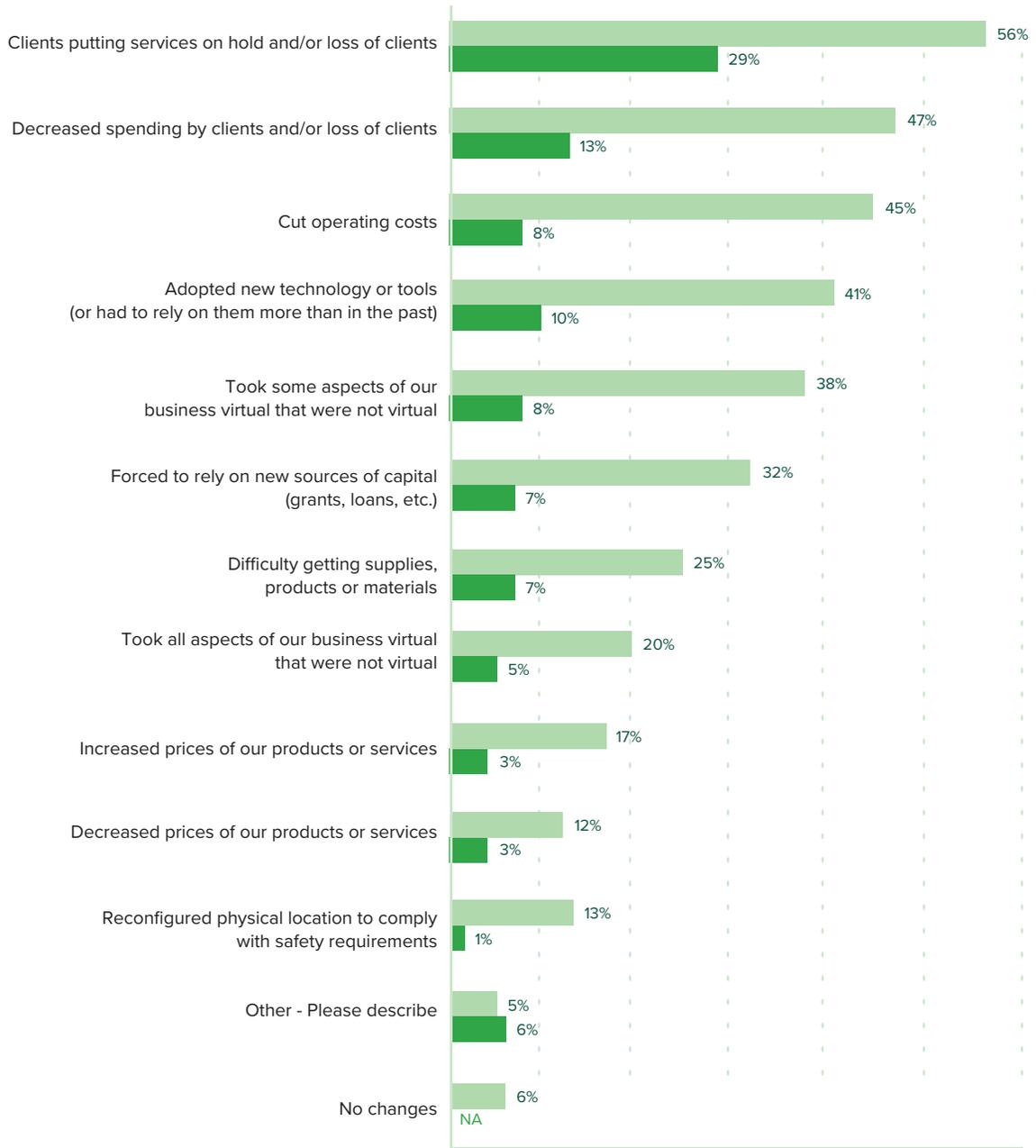
In fact, the vast majority (85%) of respondents in this year's survey said they had to alter how they get new leads and customers.

Today, acquiring leads from virtual conferences or events was the big go-to strategy (45%), with online networking and social media groups not far behind (42%). The next two favorite lead sources were web lead forms and online advertising or SEO (each at 36%), with referral or affiliate marketing programs coming in fifth (24%). This speaks to the digital shift that 2020 has precipitated, and how every factor in business has been affected.

## Business Operations This Year & Next

### How have your business operations been affected in 2020?

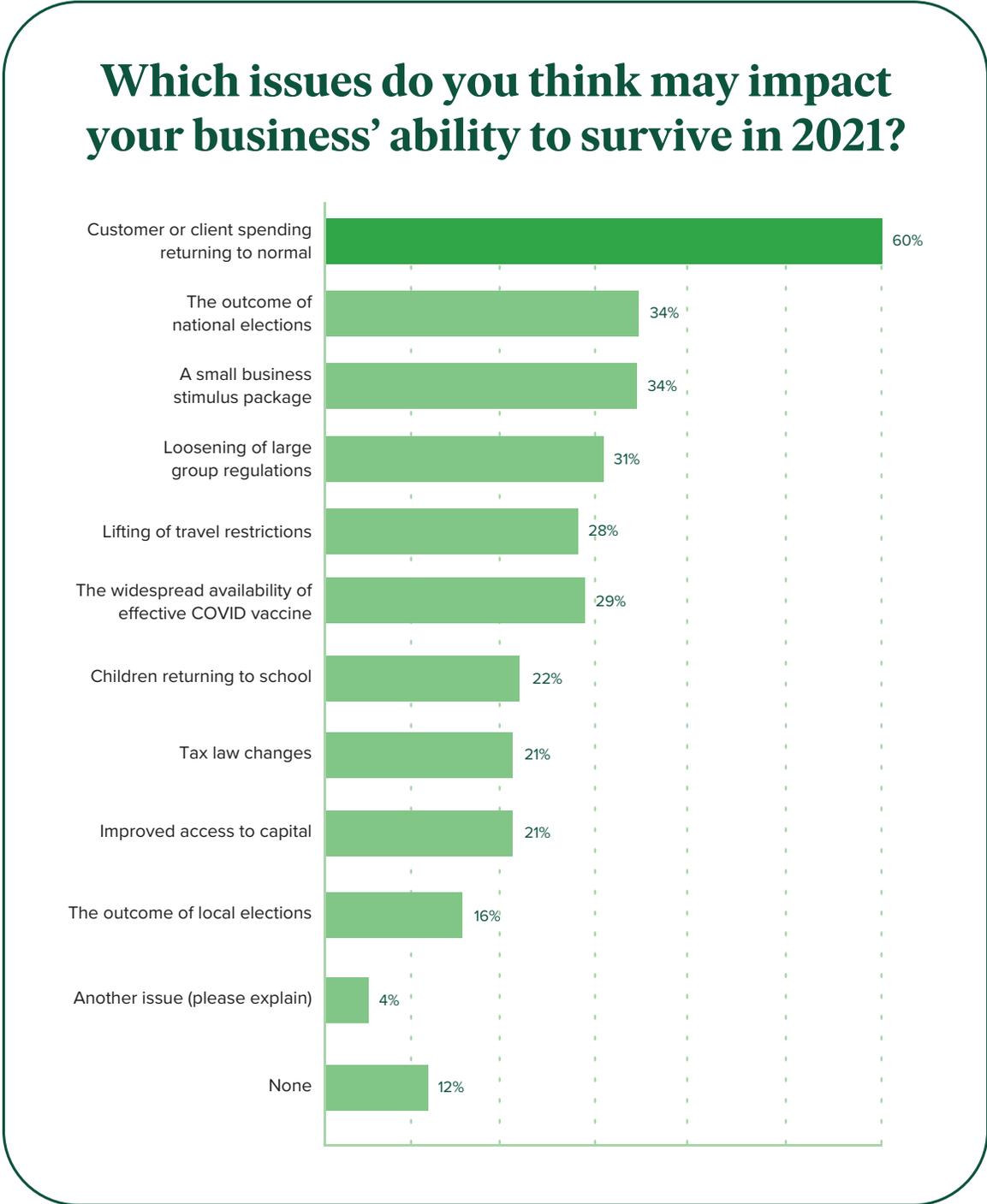
Which one of these changes has been the hardest for you as the business owner to adjust to?



■ Affected business operations
 ■ Hardest changes to adjust to

Among those who didn't say No changes in Q9 (N=560)

The biggest impact small businesses felt in 2020 was the loss of work. Many small businesses (47% combined) lost clients altogether or experienced clients putting their services on hold or decreasing spending. Aside from this, respondents cited challenges with making their business virtual, adjusting to remote work, adding programs or products, moving or being closed.



We wanted to know more about how small business owners can survive in 2021, so we asked which issues they expect will impact them most. The primary response (60%) was customer spending returning to normal. This makes a lot of sense, as many individuals tightened their budgets this year due to job loss, economic uncertainty, and other related factors, causing a ripple effect on business revenue. If client spending rebounds back to pre-COVID-19 levels, the majority of small businesses expect to survive.

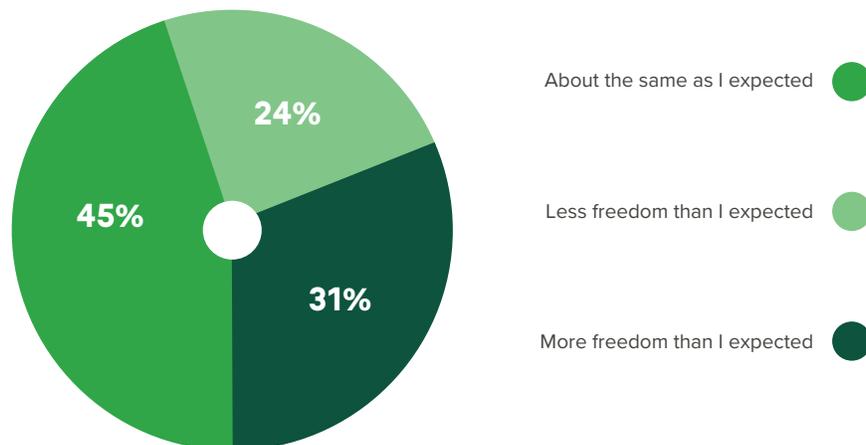
The next two issues noted as likely to have a major impact were the outcome of national elections (34%) and a small business stimulus package (also 34%). We want to call out that this survey was fielded right before the 2020 election, while the stimulus package was stuck in Washington, so it stands to reason that these two issues were top of mind for most business owners at that point.

You can see in the rest of our findings above that there were numerous other issues that may impact owners' ability to survive this coming year. Many of the top selections for respondents were directly tied to COVID-19, including loosening of related restrictions, kids going back to school, and the timeline of a vaccine.

## The Ups & Downs of Entrepreneurship

Many small business owners say that a chief benefit of having their own business is freedom.

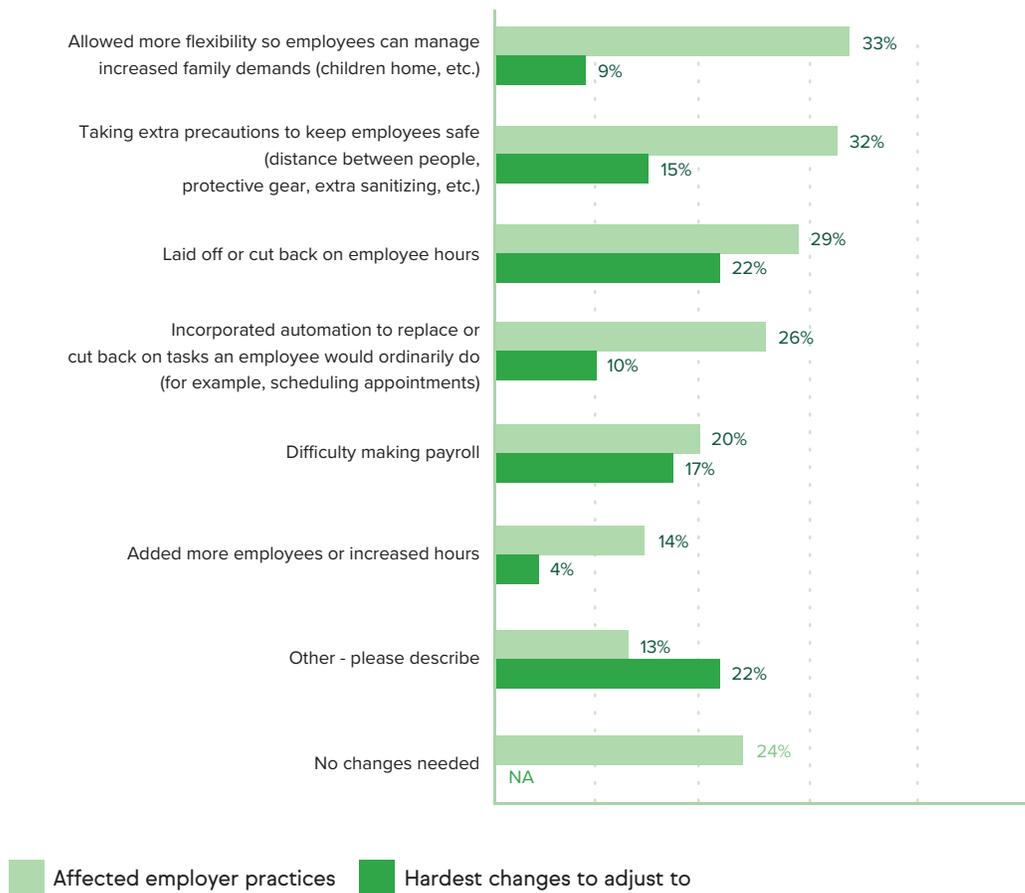
### Do you feel you have more freedom than you expected when you started your business, less or the same?



Ah, freedom. This is the goal for many entrepreneurs in starting their own businesses, but we were curious if they've actually experienced the level of freedom they envisioned when they started out. Almost half (45%) of respondents said their freedom is indeed on par with their initial projections, while 31% noted they have more than they thought they would. The remaining 24% acknowledged they have less freedom than they anticipated.

## How have your employer practices been affected in 2020?

Which one of these changes has been the hardest for you as the business owner to adjust to?



Among those who didn't say No changes needed in Q7: N=451

Being an employer comes with many rewards, as well as burdens and hardships. In 2020, entrepreneurs everywhere felt the pain in several ways. Most of all (22%), respondents reported that laying off employees or cutting back on employee hours was the hardest adjustment they had to make. The next biggest category (17%) of strain on employers was difficulty making payroll, followed by the pressure of taking extra safety and health precautions (15%).

Of the respondents who chose “other” as their most difficult area of adjustment (22%), the majority stated that switching to working remotely or working from home presented the most hurdles.

## Conclusion

This year has left an indelible mark on entrepreneurs and their businesses everywhere. But, we have all learned and grown in ways we never thought possible. We applaud each one of you, and your fighting spirit, and hope this resource will help you find your own path forward into 2021. The new year will not be devoid of its own challenges, but we've seen that business owners can adapt and survive, come what may. So cheers to you, and the new year of possibilities ahead.