

A close-up photograph of a person wearing a white surgical-style face mask and a grey polo shirt. The person's hand is visible, holding a white rectangular sign with blue text. The sign has "WELCOME W" at the top and "OPE" in large letters below. The background is blurred, suggesting an outdoor setting.

# **The State of Local Businesses 2021**

# Executive summary

**There are more than 400 million small- and medium-sized businesses (SMBs) worldwide.** SMBs account for 95 percent of all businesses and 70 percent of employment, making them the largest source of job creation globally<sup>1</sup>. A 2020 survey published by Parks Associates reports as many as 29 percent of SMBs in the United States are at risk of going out of business due to COVID-19<sup>2</sup>. The full impact on these firms is unclear – perhaps many SMBs may have simply shut their doors instead of filing for bankruptcy, as larger firms are forced to do<sup>3</sup>.

Many governments around the world are offering financial, technological, and strategic support to local businesses in an effort to help them survive. Experts including agencies, media groups, independent software vendors, and managed service providers aim to assist by providing business clients the digital technologies needed to reach customers effectively. Demand for their support continues to accelerate. Today's customers have developed new buying habits, and local businesses are quickly adopting digital tools to find, keep, and transact with them safely and effectively.

Businesses that use new technologies are reaping the rewards: SMBs that embrace digital technology are three times more likely to experience revenue growth and two times more profitable than their less digital peers, according to a survey by Deloitte<sup>4</sup>.

The State of Local Businesses 2021 survey and report provides insights into how this shift has happened, and offers SMBs the information they can use to help create strategic plans and ensure success.

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*SMBs that embrace digital technology are*

**3X**

*as likely to experience revenue growth.*

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1. *Entrepreneurship and Small and medium-sized enterprises (SMEs)*, The European Commission, March 2020.

2. *New SMB Landscape: Devices, Communications, Security, Support*, Parks Associates, December, 2020.

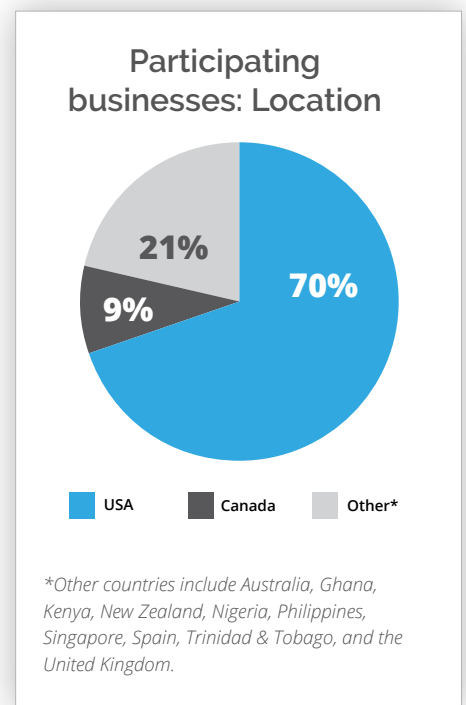
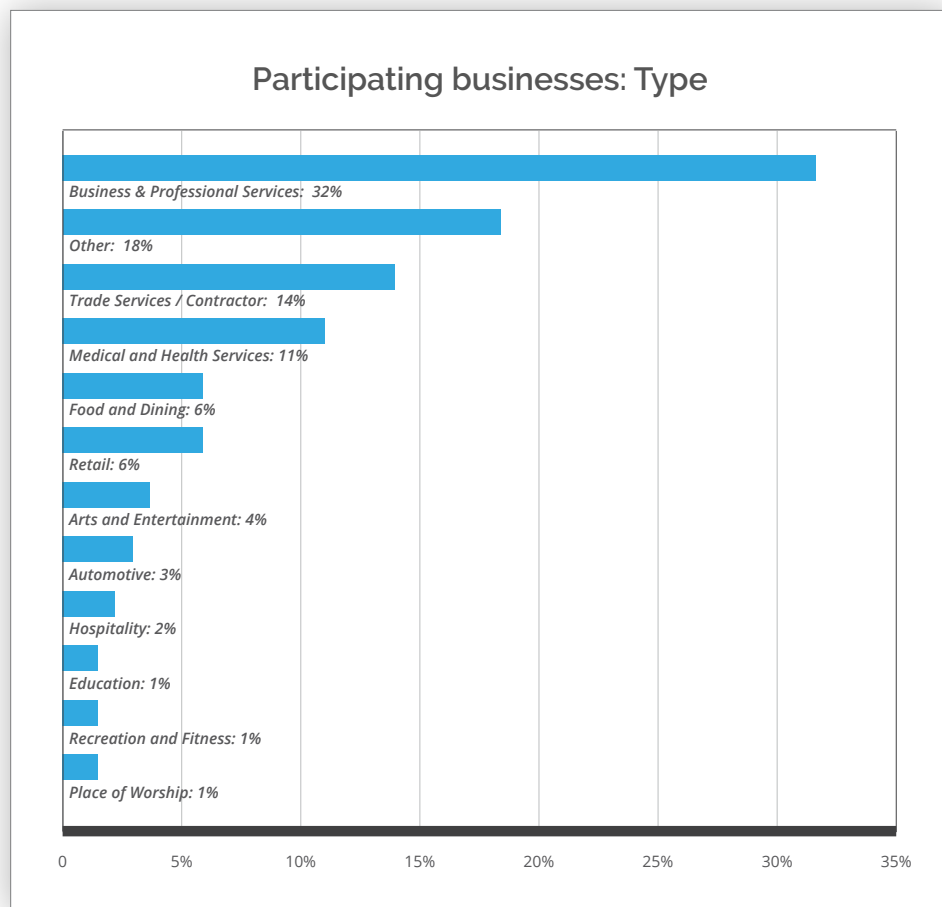
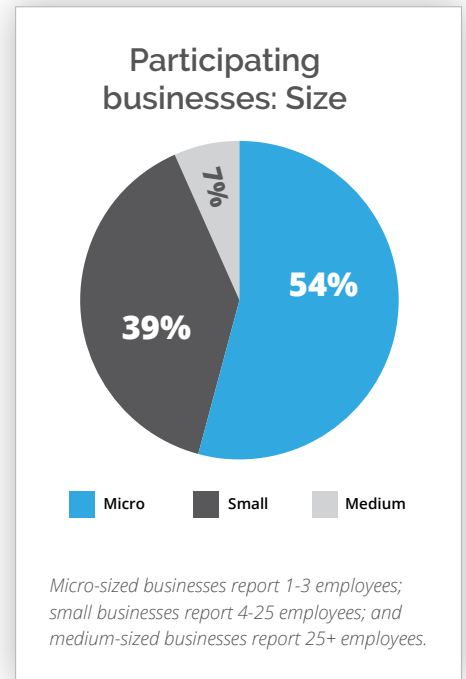
3. *Small firms die quietly leaving thousands of failures uncounted*, Bloomberg, Aug. 11, 2020.

4. *The performance of Small and Medium Sized Businesses in a digital world*, Connected Commerce Council, Deloitte, 2019.

# About the report

The World Health Organization declared the pandemic on March 11, 2020. We worked with experts around the world to understand the impact of COVID-19 on local businesses. A multiple-choice online survey was distributed to micro-, small-, and medium-sized business owners and managers between February and March 2021. Only completed surveys from business-to-consumer (B2C) firms were included in the research analysis, and a total of 136 surveys were completed. The results gathered provide a snapshot look into local business digital adoption throughout the COVID-19 pandemic, and an indication of their need for digital tools in the immediate future.

*Note: Not all percentage sums equal 100 due to rounding.*

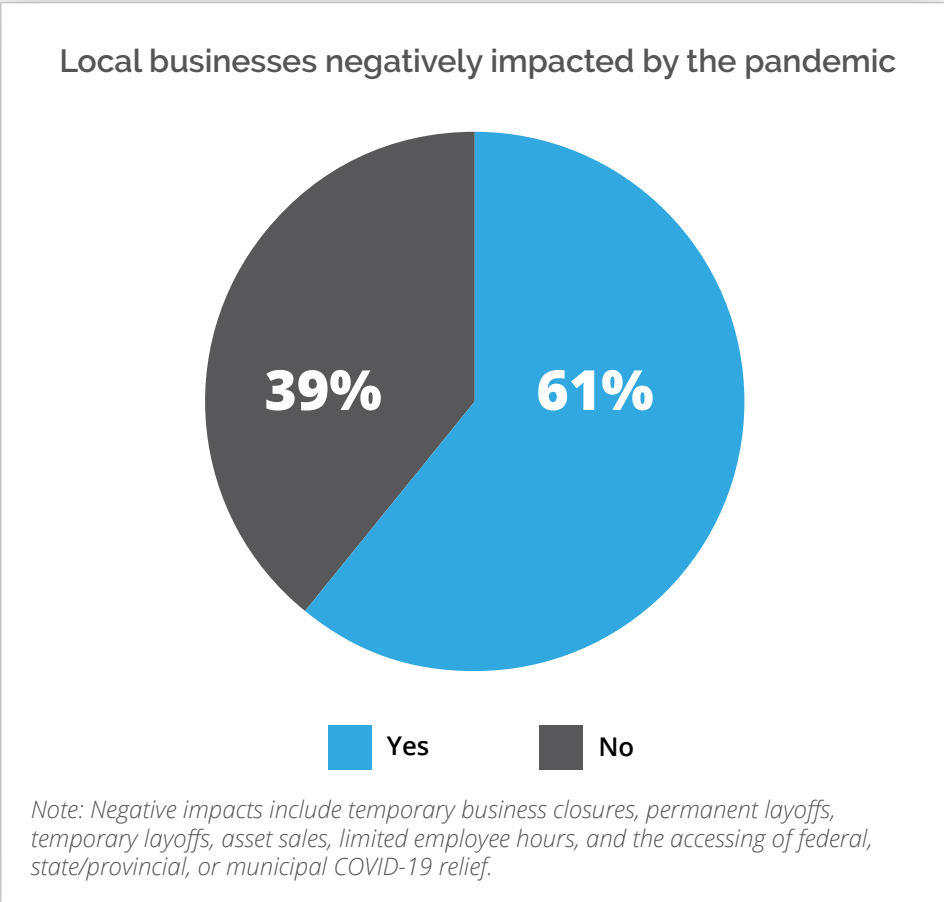


# The impact of COVID-19 on local business operations

The COVID-19 pandemic affected most businesses around the globe, but placed a disproportionate strain on local business economies.

A study by the Proceedings of the National Academy of Sciences of the United States of America (PNAS) revealed that during the period of mid-February to mid-April of 2020, paid employment at firms with fewer than 500 employees decreased by 18 percent while small businesses experienced a 39 percent decrease<sup>5</sup>. The same study also found that 41 percent of businesses closed temporarily during this time and an additional 2 percent closed permanently as a result of the pandemic.

This survey's respondents say there were detrimental impacts of the COVID-19 pandemic on their business operations, with more than 61 percent reporting that their businesses were negatively impacted.



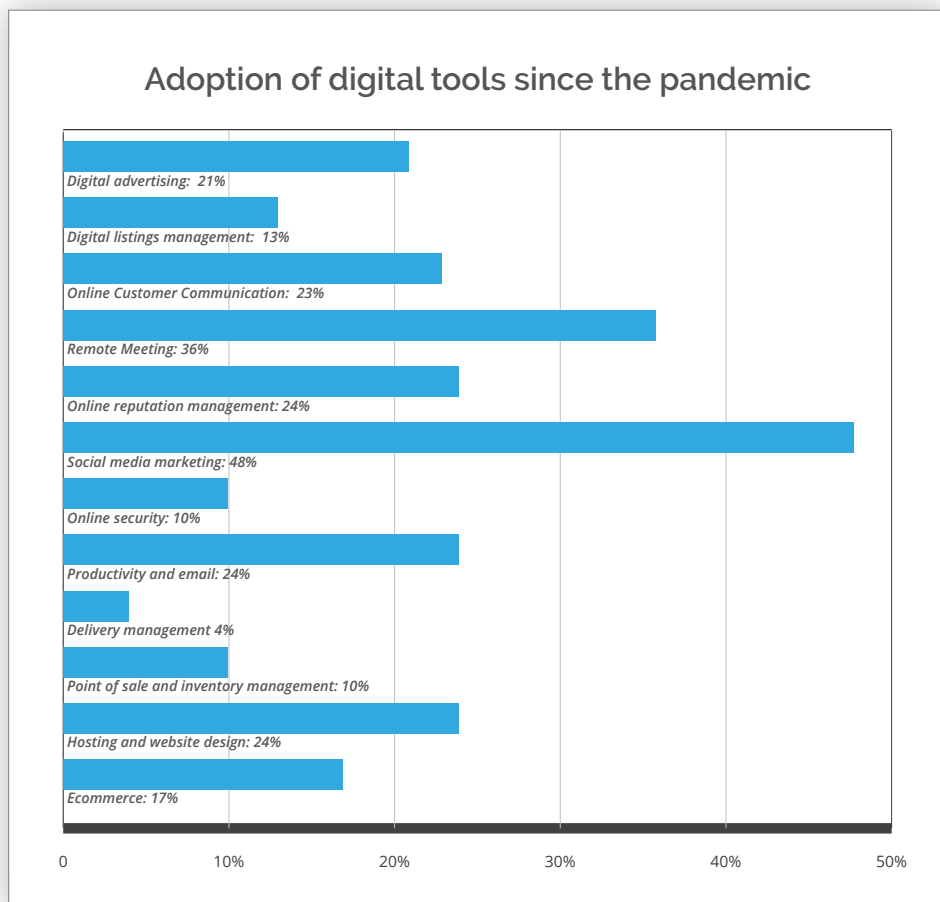
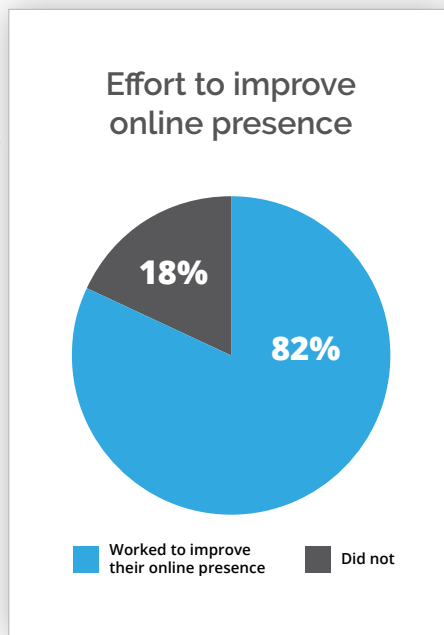
5. The impact of COVID-19 on small business outcomes and expectations, Proceedings of the National Academy of Sciences of the United States of America (PNAS), July, 2020

# Summary: Local businesses' digital adoption

Despite the business challenges of COVID-19, local businesses looked to transform by adopting digital technologies and finding new ways to reach and serve customers in their local communities.

Of the local businesses surveyed, 82 percent say they put some effort into improving their online presence.

Local businesses also turned to digital tools as a means of driving and facilitating commerce through digital channels. The chart below shows some of the most popular tools adopted by survey respondents.



# Digital listings management

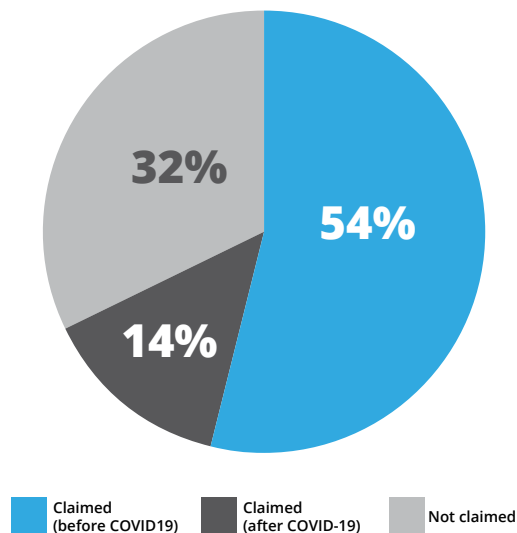
Digital listings management tools administer multiple listings scattered across review sites and online directories, eliminating duplicate listings and ensuring businesses appear in the right online places. While only 13 percent of survey respondents report adopting digital listings management tools since the declaration of the COVID-19 pandemic, 72 percent would consider working with a local expert for their digital listings management in the future.

An important, free, and self-serve digital listing source is Google My Business (GMB), which allows businesses to promote their profile and business website on Google Search and Maps. A total of 54 percent of surveyed businesses report having claimed their GMB listing prior to the pandemic, 14 percent claimed it during the pandemic, and **32 percent have yet to claim their GMB listing**. Local businesses that adopt digital listings management tools that include GMB syncing may gain an edge over competitors who have yet to claim their listing.

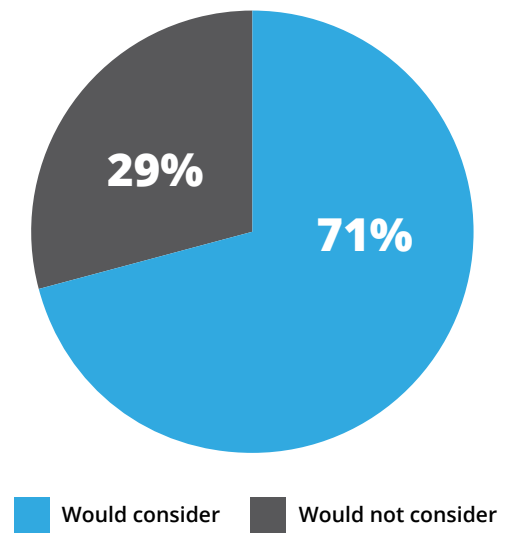
72%

*of businesses would consider turning to an expert for listings management.*

Google My Business listing status



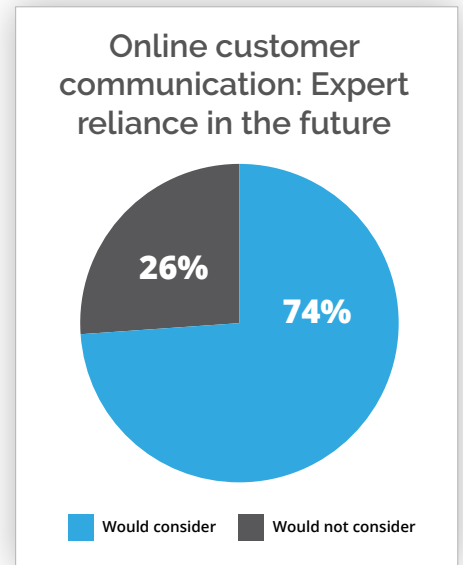
Digital listings management tools: Expert reliance in the future



# Online customer communication

Online customer communication includes chat software, email products, and SMS messaging tools. This solution type was among the most frequently adopted by survey respondents. Approximately 23 percent of participating local businesses report having acquired online customer communication tools since the COVID-19 pandemic was declared.

When respondents were asked if they would consider using a local expert to help them implement these tools, 74 percent said they would and 26 percent said they would not.



# Remote meeting software

Remote meeting software is among the most frequently used tools by local businesses, according to the survey. Adoption of remote meeting tools was second only to social media marketing products. More than 36 percent of businesses report acquiring remote meeting software since the pandemic started.

Local businesses also report their remote communication habits have drastically changed. Before the pandemic, only 66 percent of respondents say they use remote meeting tools for their business. Since then, that number has grown to 84 percent.

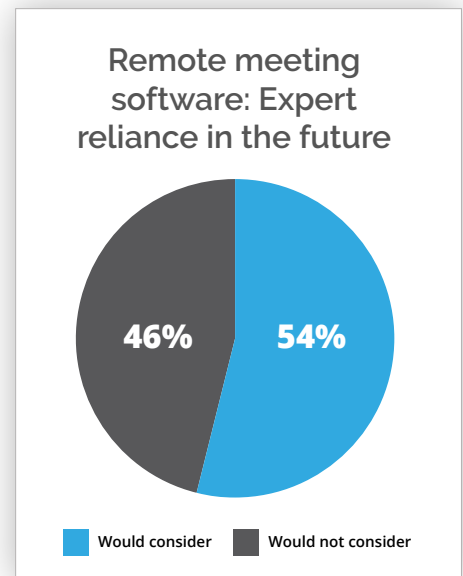
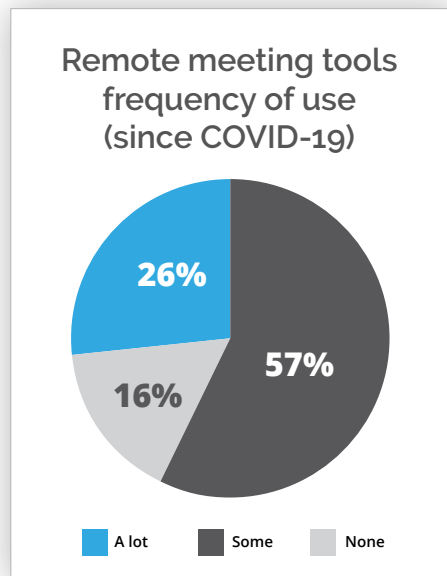
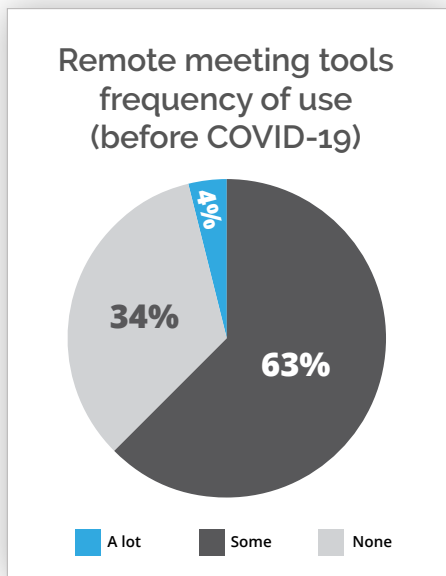
Approximately 54 percent of businesses say they would consider relying on an expert to implement remote meeting software, which may suggest these tools are relatively easy to adopt and use.



*Frequent use of remote meeting tools grew*

**27%**

*since the start of the pandemic.*

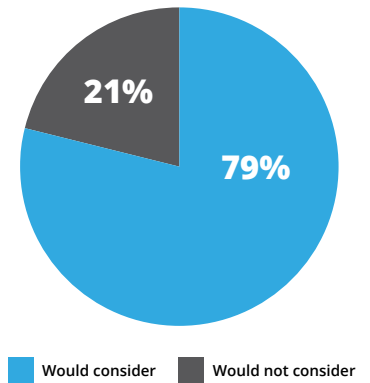


# Digital advertising

More than 21 percent of respondents report having adopted new digital advertising tools since the start of the pandemic.

Among all responding businesses, about 79 percent say they would consider relying on a local expert to provide them with digital advertising tools in the future.

Digital ads tools: Expert reliance in the future

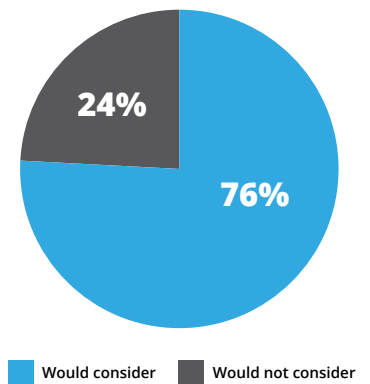


# Online reputation management

Approximately 24 percent of participating local businesses report having adopted new online reputation management tools since the start of the pandemic.

Among all responding businesses, approximately 76 percent say they would consider relying on a local expert to provide them with reputation management tools in the future.

Online reputation management: Expert reliance in the future

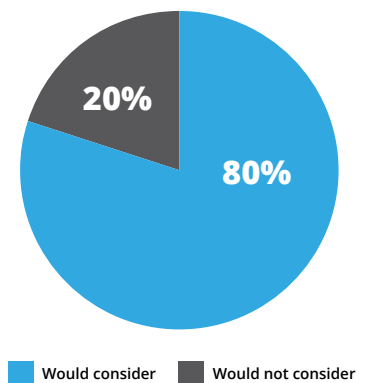


# Social media marketing

Social media marketing tools were the most frequently adopted category of products. Approximately 48 percent of respondents say they now use these tools to help manage their business.

Furthermore, social media marketing leads the way in terms of those who look to experts for help. More than 80 percent of respondents report they would consider relying on a local expert to purchase and manage their social media marketing tools in the future.

Social media marketing: Expert reliance in the future



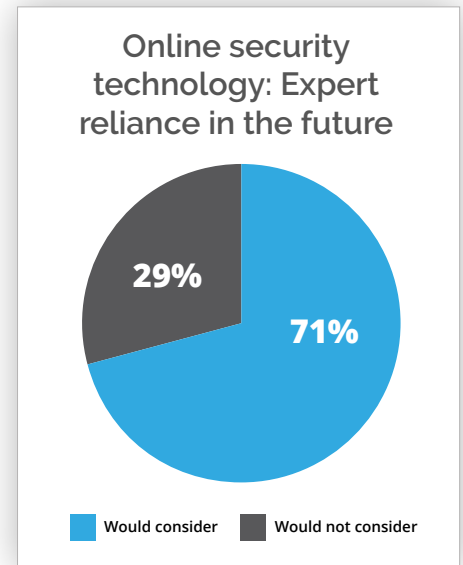


# Online security

Online security technology can be characterized as antivirus software, password managers, full endpoint security suites, and any other tools that local businesses can use to secure their virtual doorways.

Online security software is critically important as local businesses adopt new digital tools and become increasingly vulnerable to digital threats. However, most local businesses may need help selecting and implementing security solutions.

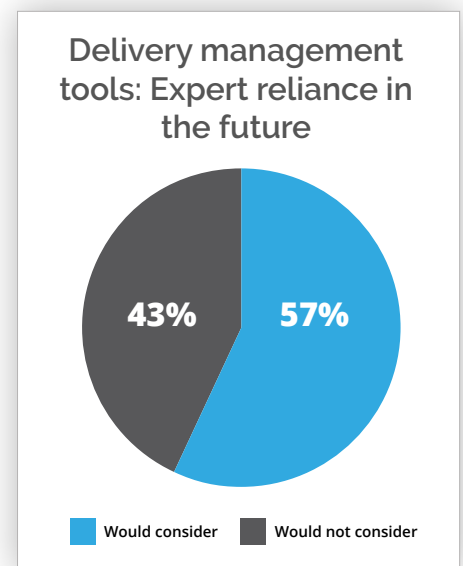
Only 10 percent of respondents say they have adopted online security software since the onset of the pandemic, but approximately 71 percent of respondents are actively looking to local experts to help them implement security technologies.



# Delivery management

Delivery management tools are a relatively new innovation for most local businesses. These are digital tools designed to help them manage the logistics of local deliveries and courier services. With many local businesses forced to close physical storefronts, facilitating online sales and deliveries became essential to survival for many.

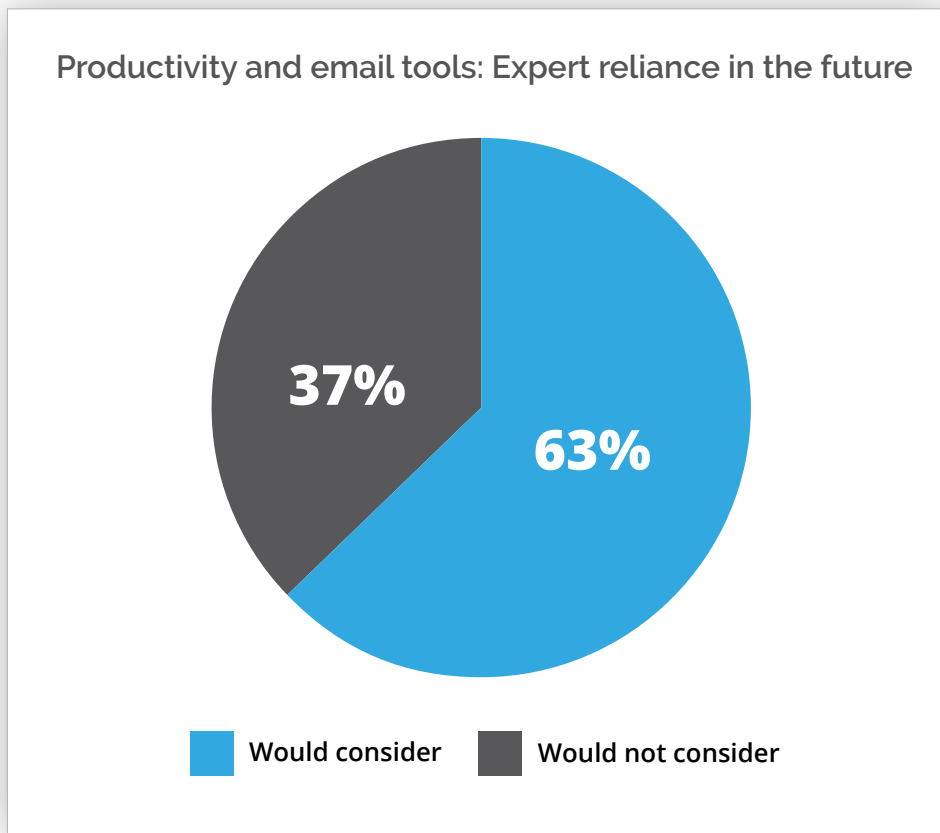
As local businesses continue to adopt new technologies, there is substantial market potential for local experts to provide delivery management solutions.



# Productivity & email

Productivity and email solutions might be considered basic business operating software and include offerings such as Google Workspace or Office 365. Nearly 24 percent of survey respondents say they have adopted at least one of these tools since the beginning of the pandemic.

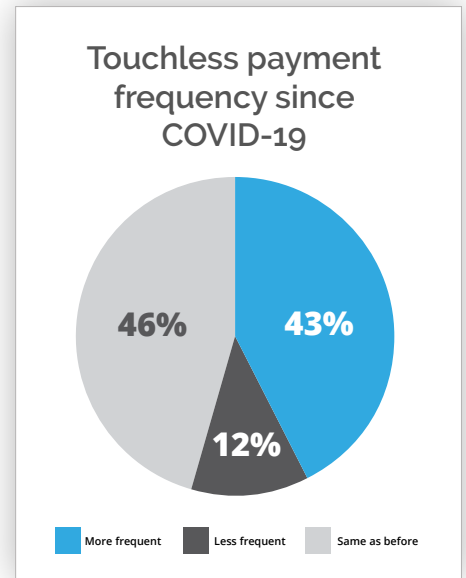
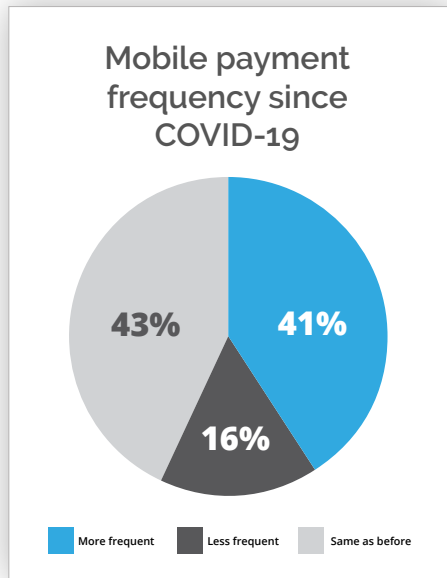
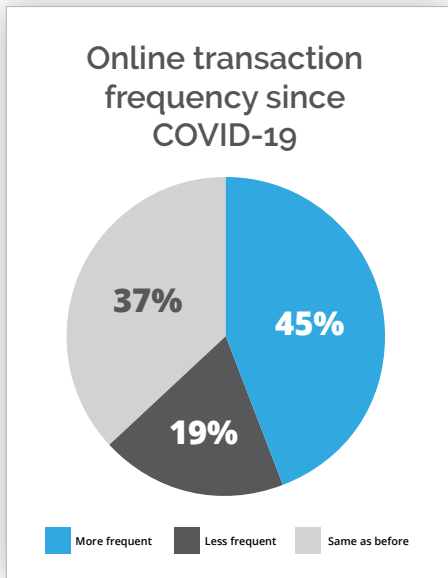
Those who have not adopted these solutions were asked if they would consider using a local expert to help them implement these tools in the future. A total of 63 percent say they would consider relying on an expert, and 37 percent say they would not.



# Point of sale

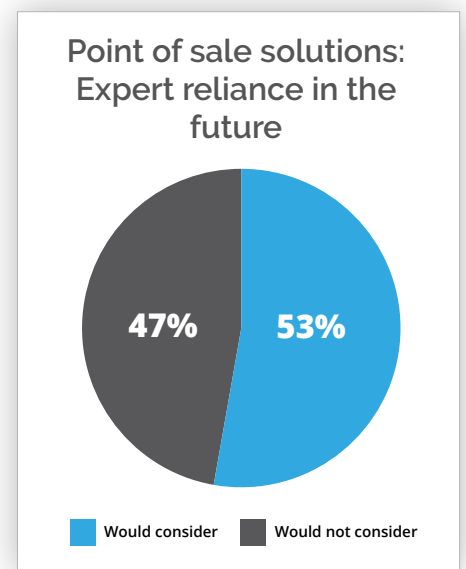
Point of sale solutions allow customers to make transactions with local businesses, either in-store or online.

Because of COVID-19 protocols and regulations that came into effect, local businesses needed to change the way they accepted customer payments. Most survey respondents reported that they've conducted online transactions, accepted mobile payments, and leveraged touchless payment tools "more frequently" since the onset of the pandemic.



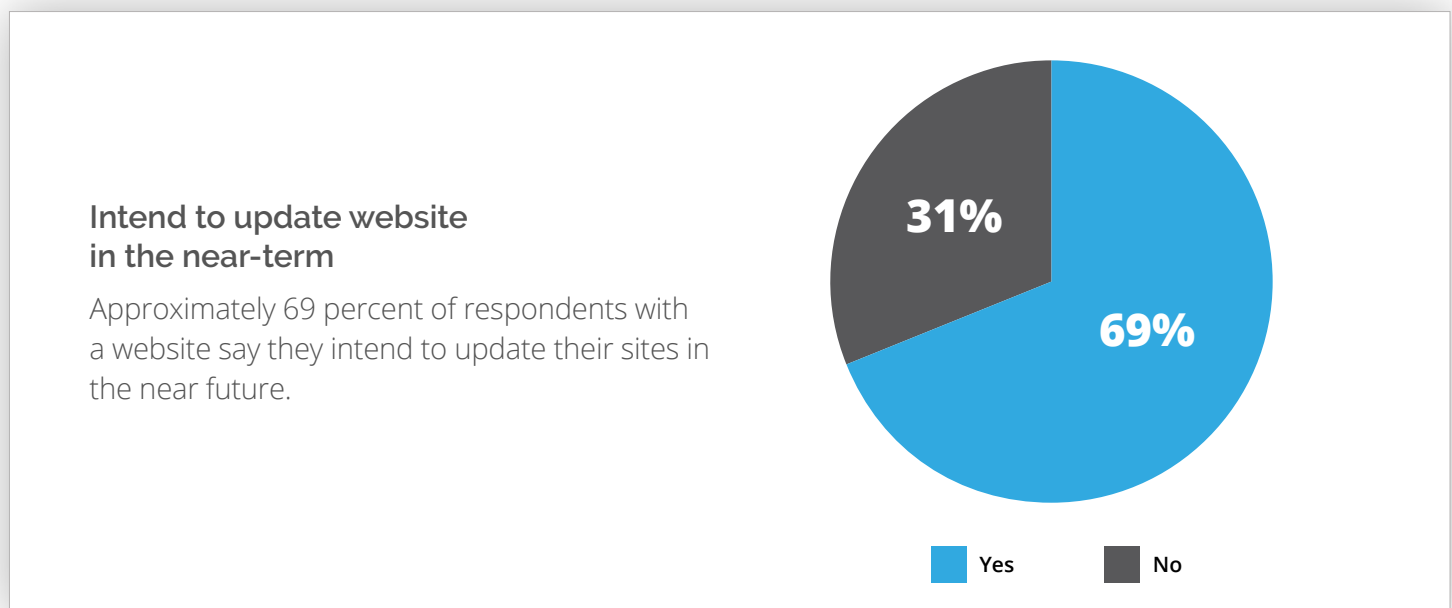
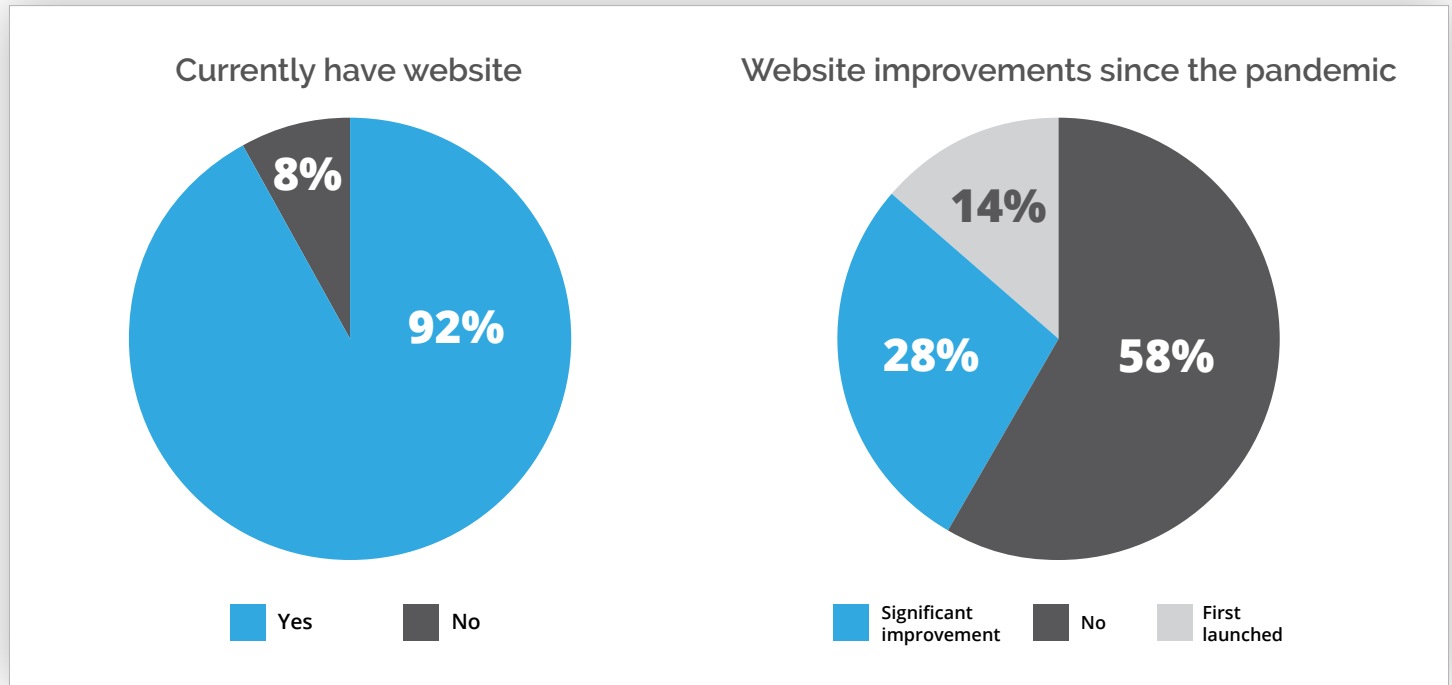
Approximately 10 percent of respondents say they have adopted new point of sale or inventory management solutions since the declaration of the COVID-19 pandemic.

Of those respondents that do not currently use a point of sale solution, 53 percent say they would consider relying on a local expert to help them procure solutions in the future.



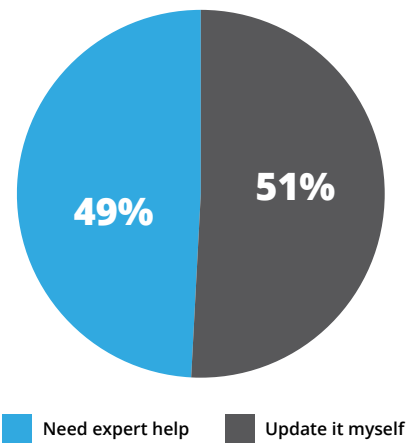
# Websites

Approximately 92 percent of the survey respondents report having a business website. Of those local business respondents with a website, 14 percent say they launched it since the beginning of the COVID-19 pandemic, and 28 percent of those with a pre-existing website say they made “significant improvements” to their site in the last year. However, 58 percent of respondents report not making any changes to their site since the onset of the pandemic.

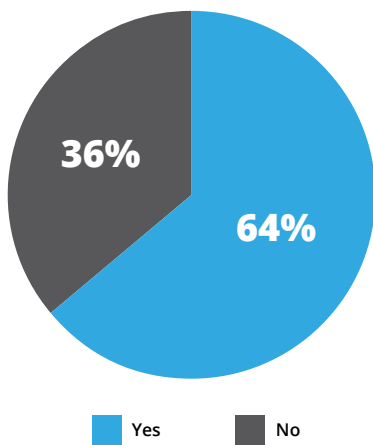


### Future website updates

Approximately 49 percent of respondents who plan to update their websites say they will look to a local expert for assistance in doing so.

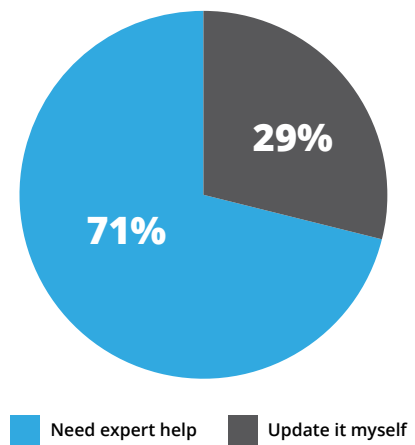


### Will build website



Approximately 64 percent of respondents who do not currently have a website say they intend to build one in the near future.

### Building website: Outsourcing



Approximately 71 percent of respondents who plan to build a website say they will look to a local expert for fulfilment.

**74%**

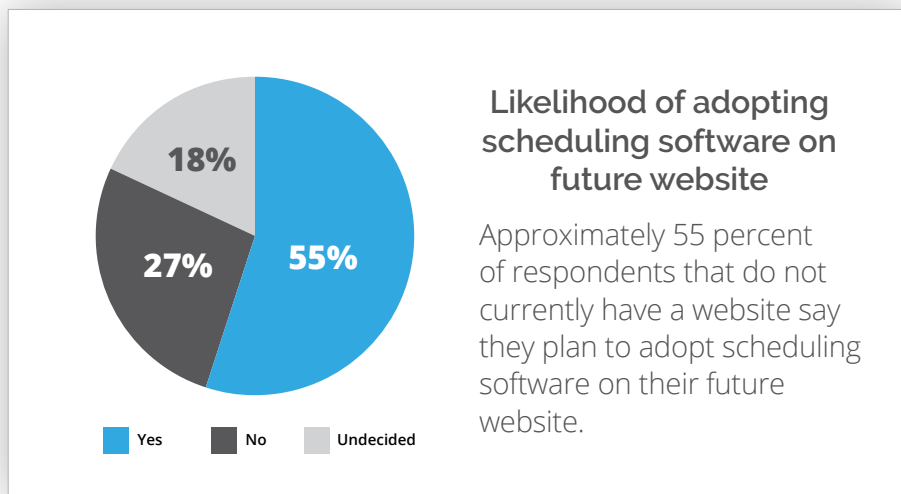
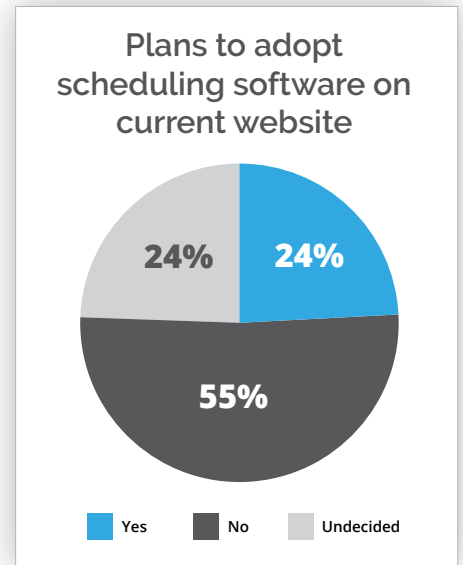
*of respondents—with and without websites—would consider working with a local expert for their website hosting/design solutions in the near future.*

# Scheduling software

Scheduling software can be described as software tools that enable businesses to schedule/manage appointments and bookings with customers.

Among respondents that actively use a website outfitted with digital tools, approximately 38 percent say they already use scheduling software.

Among respondents not currently using scheduling software on their website, 24 percent say they plan to adopt tools in the future, and 24 percent are undecided.



Additionally, nearly 54 percent of respondents say they would consider working with a local expert to purchase scheduling software in the near future.

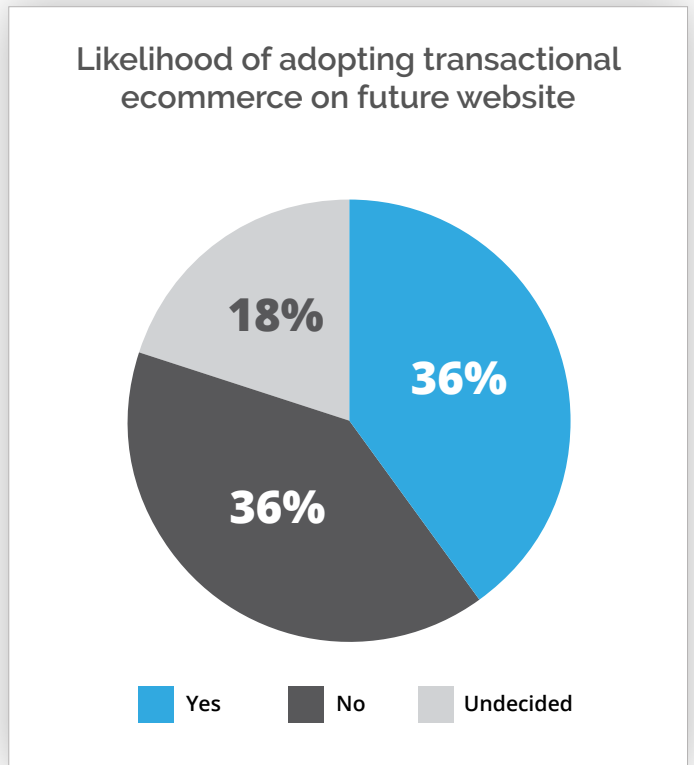
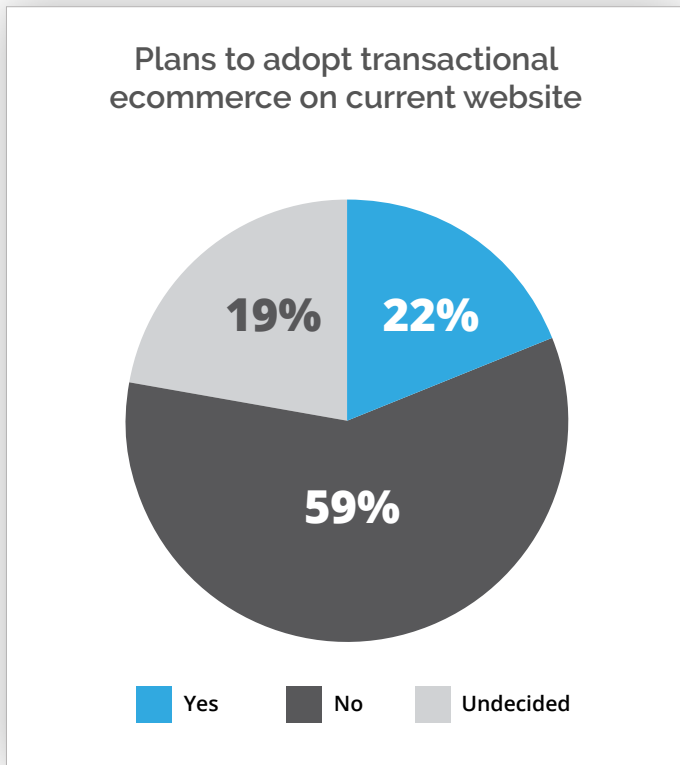
# Ecommerce

More than 42 percent of respondents actively using a website outfitted with additional digital tools say they have deployed transactional ecommerce to facilitate online sales.

A total of 19 percent of respondents not currently leveraging transactional ecommerce on their website say they plan to adopt these tools in the future, while approximately 22 percent are undecided.

More than 36 percent of respondents that do not currently have a website say they intend to adopt scheduling software on their future website.

Additionally, more than 63 percent of respondents would consider using a local expert to set up transactional ecommerce for their business in the future.



# Local expert reliance

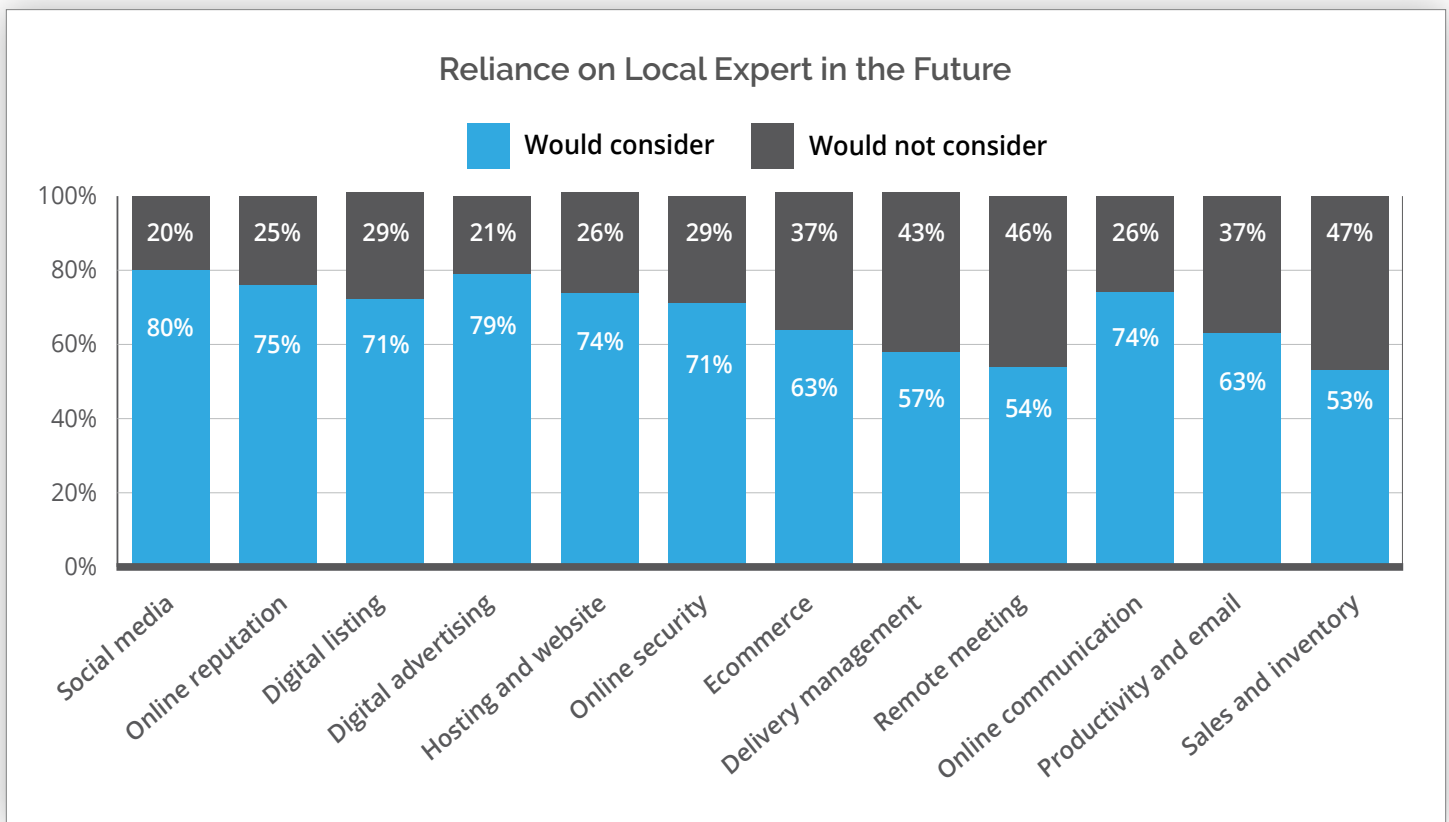
According to survey results, the COVID-19 pandemic drove many businesses to turn to local experts to help them adopt new digital solutions. Key findings include:

- 80 percent of respondents would consider looking to local experts in the future to purchase/manage social media marketing tools,
- 79 percent would consider local experts for digital advertising,
- 76 percent for online reputation,
- and 71 percent for listing management.

# 33%

*of local businesses that did not rely on experts before the pandemic have relied on them since.*

See the detailed results below.



Regardless of category, 33 percent of SMBs that did not rely on local experts for digital technologies before the pandemic have relied on them since the onset of the pandemic. Local businesses have adopted digital solutions at an accelerated rate, and many are still assessing their digital needs in the near-term to ensure their long-term survival.



# Conclusion

***SMBs are the backbone of our economies, and they are at risk.***

Data shows that SMBs embracing digital technology are three times more likely to experience revenue growth and two times more profitable than their less digital peers<sup>6</sup>. But they can't do it alone. They need the help of local experts that can deliver solutions to meet their unique needs.

**Based on these survey findings, some of the most compelling insights are as follows:**

1. Given the result that local businesses are investing in digital technologies, with 71 percent of respondents adding new solutions to their stack since the onset of the pandemic, there is clear indication of strong interest in further exploring and investing in new software solutions.
2. Survey results show social media marketing as critically important for many, and local businesses took notice, as 48 percent of respondents adopted social media marketing technologies since the beginning of the pandemic.
3. Remote communication received validation as an important trend, based on our survey results. Before the pandemic, only 66 percent of respondents say they used remote meeting tools for their business. Since then, that number has grown to 84 percent.
4. Local businesses may be ready to double down on managing their online reputations. Though only 24 percent (reputation) and 13 percent (listings) of survey respondents have adopted technology thus far, 76 percent (reputation) and 72 percent (listings) would consider investing in these tools through a local expert in the future.
5. Local businesses recognize the importance of security software, but they have yet to invest in it. Results showed that approximately 10 percent of respondents implemented security software over the past year, ranking second lowest of all technologies surveyed. However, 71 percent of respondents say they would consider investing in security software through a local expert in the near future, ranking fourth highest of the technologies surveyed.

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6. *The performance of Small and Medium Sized Businesses in a digital world*, Connected Commerce Council, Deloitte, 2019.

