

salesforce

FIFTH EDITION

# Small and Medium Business Trends Report

Insights from over 2,500 small and medium business owners and leaders worldwide



# What You'll Find in This Report

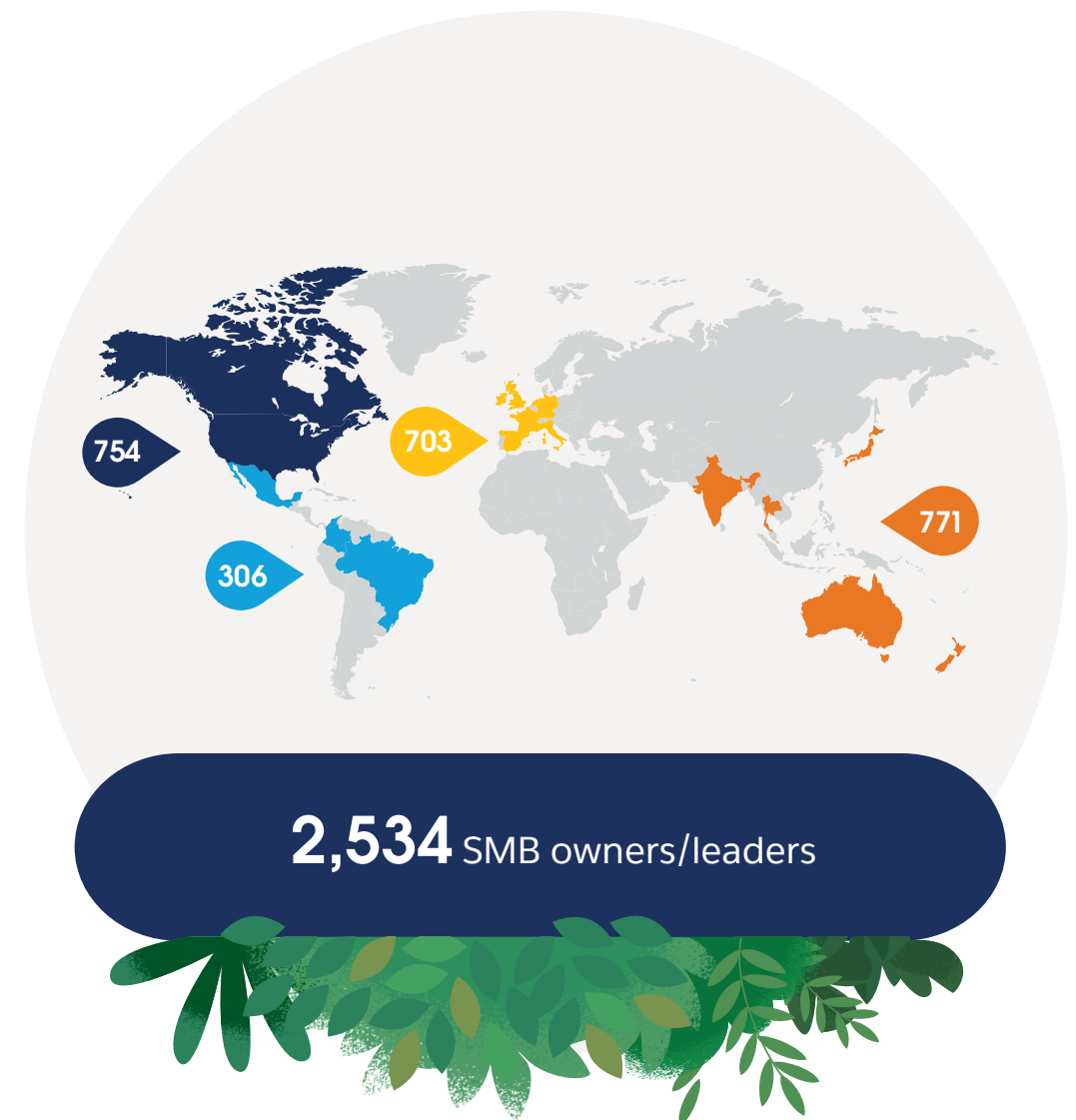
For the fifth edition of the “Small and Medium Business Trends” report, we analyzed the responses of more than 2,500 SMB owners and leaders around the world to determine:

- How support from local communities has affected SMBs
- What SMBs are doing to deepen trust with customers and employees
- How technology helps SMBs grow
- What has changed for SMBs over the past year and how that impacts their future

The survey was conducted online by The Harris Poll on behalf of Salesforce between June 21 and July 12, 2021, among 2,534 SMB owners and leaders in North America, Latin America, South America, Europe, and Asia Pacific. Respondents are 18 years of age or older, employed full time, part time, or self-employed, and owners or senior executives at businesses with 2–200 employees and annual revenue of less than \$1 billion U.S. or the local equivalent.\*

All respondents are third-party panelists (not limited to Salesforce customers).

\* See “**Survey Demographics**” and “**About This Report**” for further details on this study.



“ I hope these insights on how SMBs are supported by their communities, deepening trust, and transforming operations inspire you and your own business.”

Eric Bensley  
VP, SMB & Essentials Product Marketing  
Salesforce

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## Executive Summary

SMBs are pushing forward after more than a year of change. Owners and leaders have guided their businesses through an ongoing health crisis, large-scale social change, and a volatile economy. While many businesses suffered in the pandemic, others seized entrepreneurial opportunities. As we see in this year's report, many SMB leaders have successfully adjusted – and even flourished.

In the fifth edition of the “Small and Medium Business Trends” report, we share a snapshot of SMB leaders' current perceptions and insights and how these have changed.

### 01

#### Communities and Governments Step Up for SMBs

Due to pandemic shutdowns, SMBs found themselves even more resource-strapped – all while struggling to maintain revenue streams. Governments and local communities alike stepped up to help. **Two-thirds of SMB leaders say community support has been important to their company's survival.**

### 02

#### Customer and Employee Engagement Take Priority

After a period of turmoil, SMBs are looking to deepen trust. To do so, they're focusing on providing employees with transparent communications and flexibility, while also meeting customer expectations. **More than seven in 10 SMBs say their customers expect online transactions, and nearly the same proportion have an ecommerce presence.**

### 03

#### SMBs Embrace the Digital-First World

In an increasingly unpredictable world, SMB leaders are accelerating their tech investments – seeking technology to help their business survive even the most tumultuous times. **More than half of growing SMBs accelerated investments in sales and customer service technology over the past year.**

### 04

#### SMBs Foresee Long-Term Changes from the Pandemic

Many SMB leaders have rethought their strategies in order to keep their businesses afloat; in doing so, operations became more efficient. SMBs now plan to keep some of those changes permanently. **Three-quarters of SMB leaders believe shifts they've made to business operations over the past year will benefit them long-term.**



01

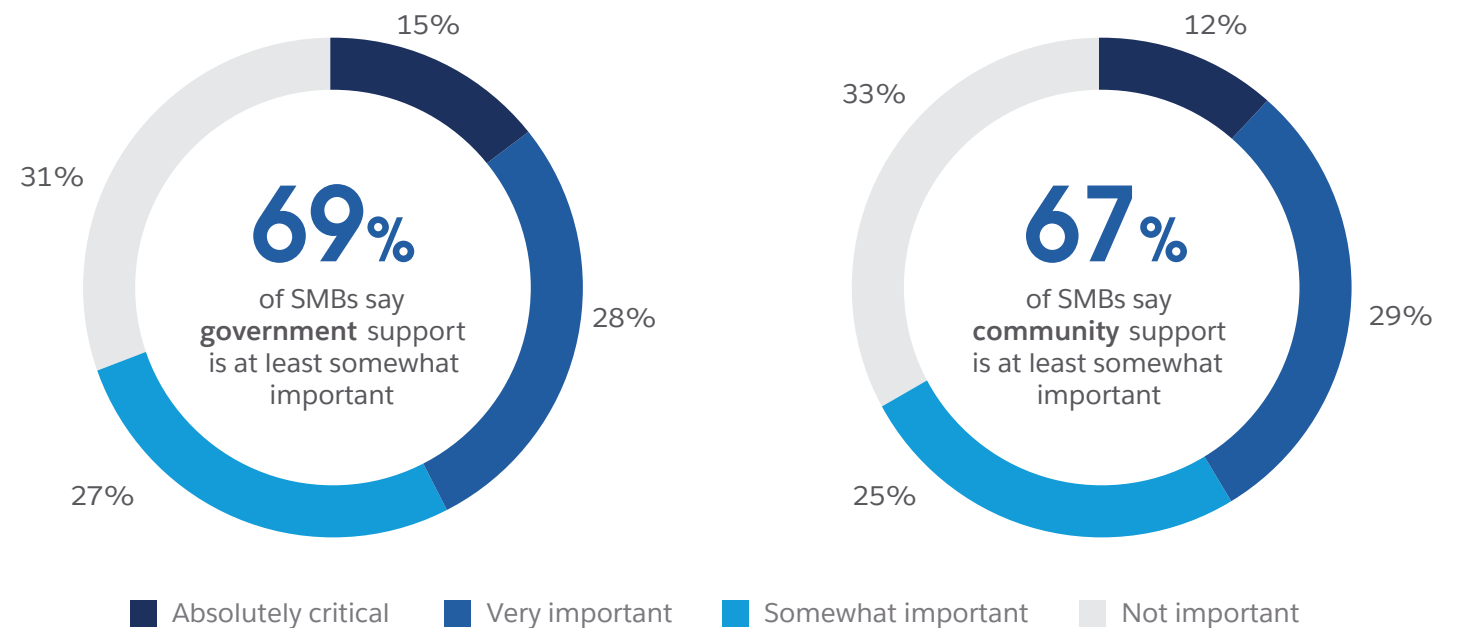
# Communities and Governments Step Up for SMBs

The grit and innovation of SMBs during a time of great change has been a triumph. It has also been a testament to the perseverance and creativity of SMBs and the communities in which they operate.

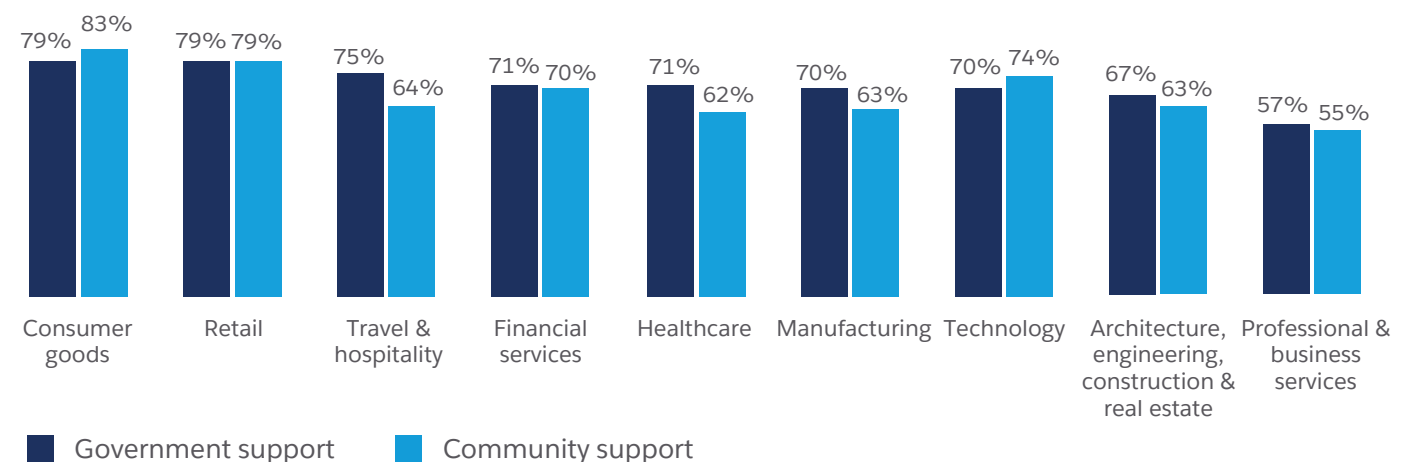
Around two-thirds of SMB leaders say government and community support have been important to their company's survival. More than one in 10 go so far as to call it absolutely critical.

The retail and consumer goods industries relied heavily on outside support. Over three-quarters of SMBs in these industries say government and community support have been important to their survival – more than SMBs in other industries.

## Importance of Support to Company Survival During the Pandemic



## Importance of Support to Company's Pandemic Survival by Industry\*



\* Includes responses of "absolutely critical," "very important," and "somewhat important."

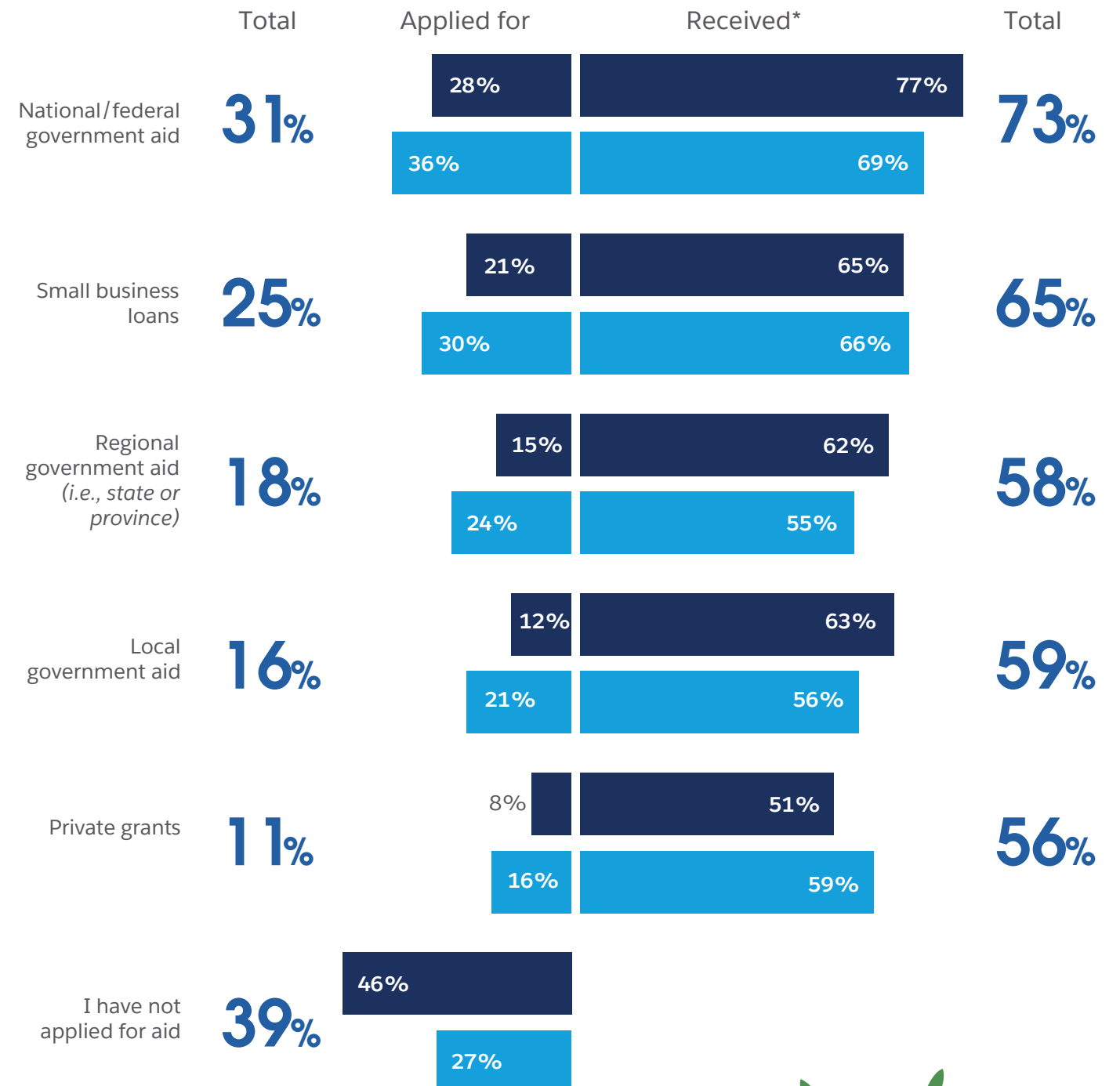
01

# Communities and Governments Step Up For SMBs

Government and community aid has helped SMBs operate under new circumstances and continue routine actions, like purchasing supplies and paying employees.

Most SMBs applied for some type of financial aid during the pandemic. Medium businesses, which often have higher operational costs, are more likely than their smaller counterparts to have done so. More than half of SMB aid applicants received help, with small businesses more likely to have received national/federal government aid.

## Financial Aid Applied for and Received During the Pandemic



\* Among SMBs who applied for each.



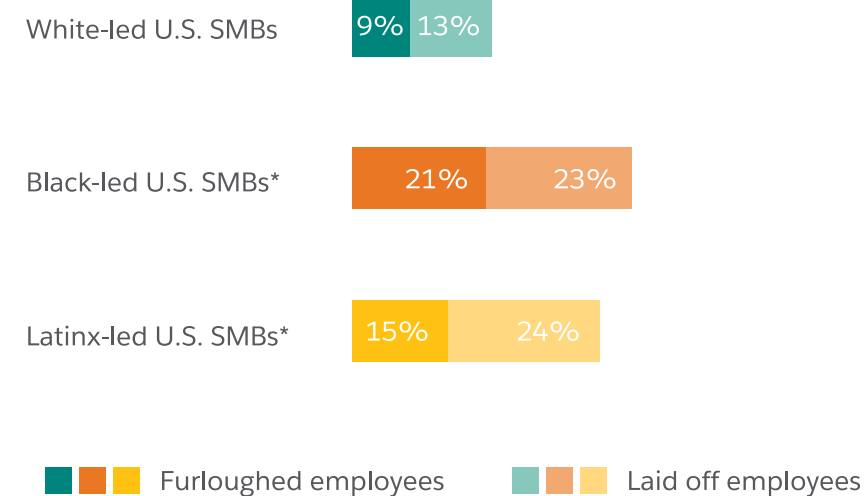
# SPOTLIGHT | U.S. Black- and Latinx-Led Businesses

Community shows support for businesses facing unique challenges.

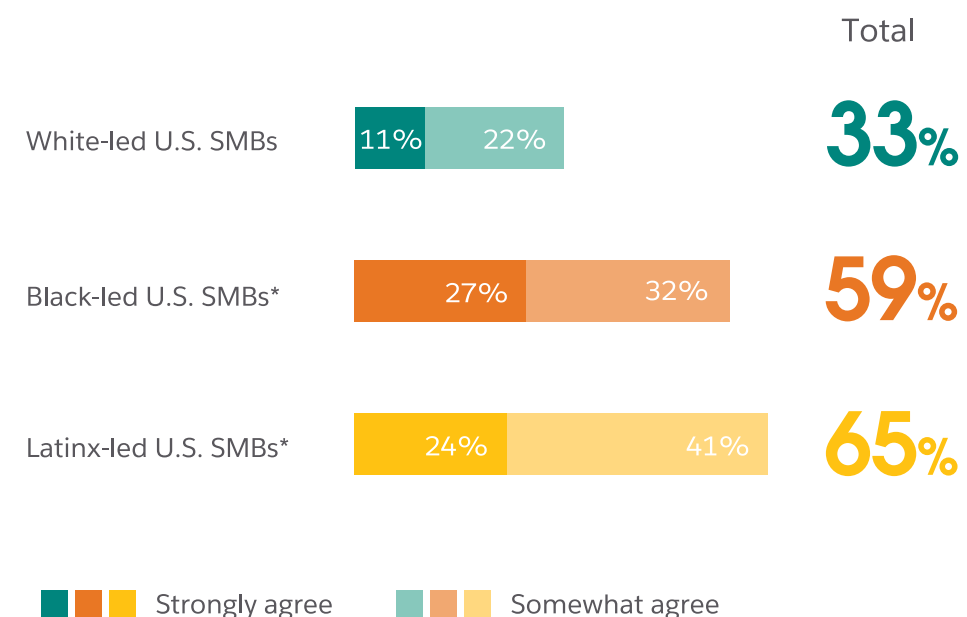
Due to systemic inequality, Black- and Latinx-led businesses have historically had less access to funding and resources. In order to survive uncertain economic conditions, Black- and Latinx-led SMBs are somewhat more likely to have laid off or furloughed employees than white-led businesses.

However, as racial inequality came to the forefront of society over the last year, there has been a move toward intentionally supporting and investing in Black- and Latinx-led businesses. Over half of Black (59%) and Latinx (65%) U.S. SMB leaders say that financial support they've received from their community has been vital to business survival.

## Actions Taken During the Pandemic



## Community Financial Support Has Been Vital to the Survival of Their Business over the Past Year

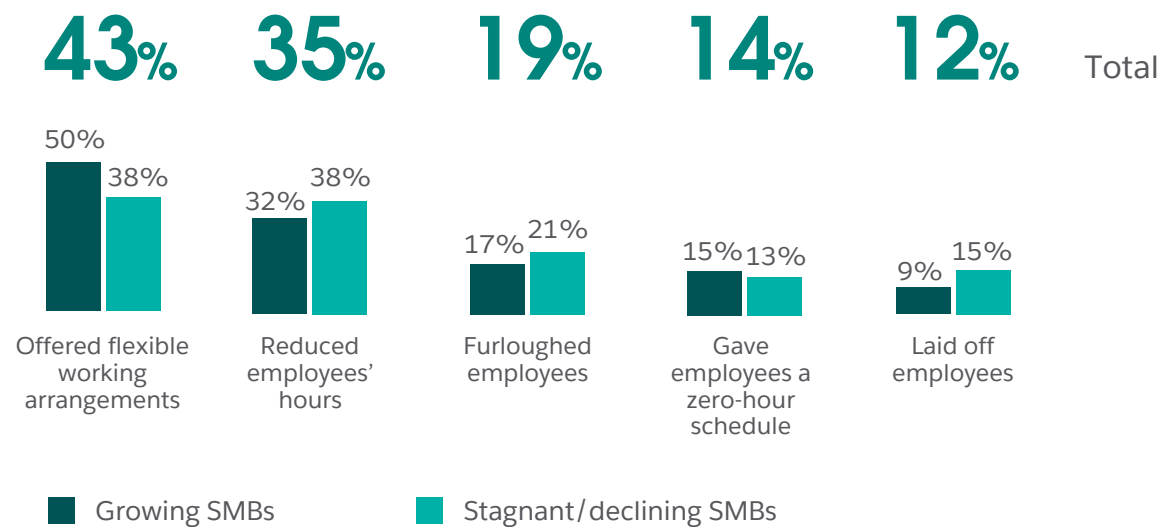


\* Caution: Small base size (less than 100); results should be interpreted as directional.

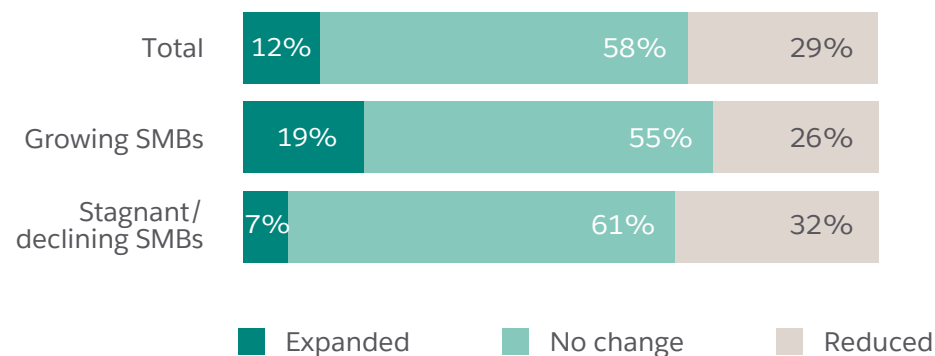
02

# Customer and Employee Engagement Take Priority

## Workforce Changes During the Pandemic



## Changes to Employee Benefits During the Pandemic



Many SMBs made human resource changes as they adapted to changing conditions.

Some SMBs were forced to reduce working hours or cut back their workforce altogether. Nearly one in five SMBs furloughed employees during the pandemic, but nearly half of those (49%) have rehired those they furloughed. Growing businesses are more likely than stagnant/declining SMBs to have done this (59% versus 43%).

**More than two in five SMBs have provided flexible working arrangements to employees during the pandemic. Growing businesses are more likely to have offered employees flexibility, compared to stagnant/declining businesses.**

When it comes to employee benefits, the same pattern continues. While the majority of SMBs have held their benefits steady during the pandemic, many – especially stagnant/declining SMBs – had to reduce perks.



02

# Customer and Employee Engagement Take Priority

As the pandemic continues, employees are voicing expectations for new safety measures at work. They also expect flexible work schedules and locations.

Given these employee expectations – and as SMBs look to build trust after layoffs and furloughs – many of them are transforming employee engagement with transparent communication and empathy, and asking for feedback.

## Top 5 Employee Expectations

- 1 Flexible schedules
- 2 Mask usage at work
- 3 Daily sanitation of workspaces/materials
- 4 Social distancing at work
- 5 The ability to work remotely

## Actions SMBs Have Taken to Earn Employee Trust



# Customer and Employee Engagement Take Priority

Customers have greater expectations than ever before. As found in Salesforce's most recent Connected Customer survey:

**90% of customers say how a company acts during a crisis demonstrates its trustworthiness.\***

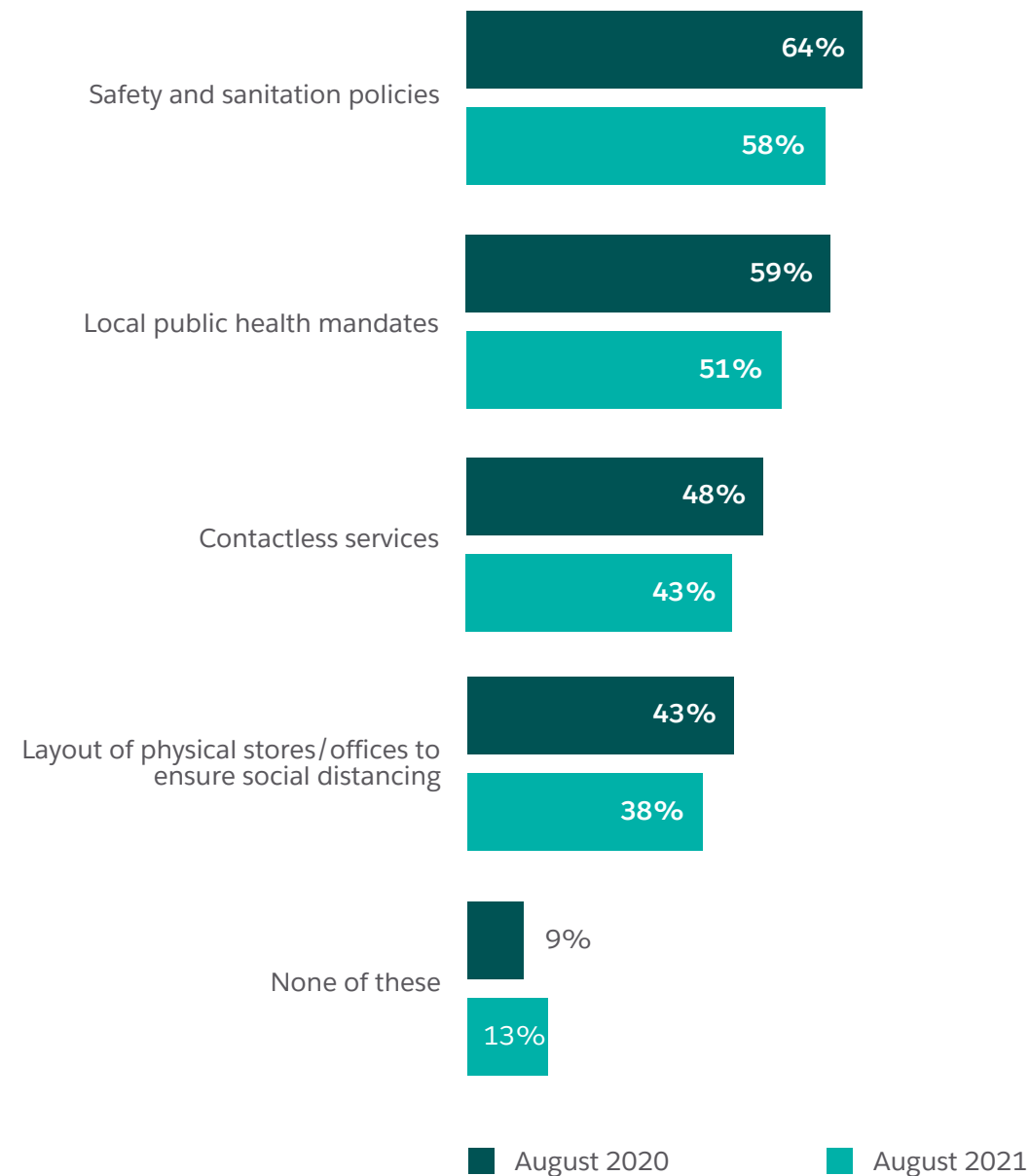
Further, according to Salesforce's "State of the Connected Customer" report, 83% of customers expect to engage with someone immediately when contacting a company – up from 78% in 2019.

SMBs have adopted new practices to meet these expectations. Nearly half (47%) are more careful about their customer communications, and 42% have expanded the ways customers can reach them.

Many remain focused on customer safety, though to a slightly lesser degree than in August 2020.

\*Connected Customer survey, Salesforce, 2021.

## Areas of Focus for SMBs Due to the Pandemic



# Customer and Employee Engagement Take Priority

After more than a year of innovation and adjustment, SMBs still face significant hurdles. From March to August 2020, a growing number of SMBs reported roadblocks to meeting customer expectations.

Now, SMB leaders continue to experience challenges, including personalizing customer engagements, responding quickly to inquiries, engaging customers on preferred channels, and providing a connected experience.

## Customer Engagement Challenges for SMBs\*

March 2020	August 2020	August 2021	Change in ranking from August 2020
Keeping up with demand	Bringing innovative offerings to market	Bringing innovative offerings to market	-
Bringing innovative offerings to market	Keeping up with demand	Keeping up with demand	-
Providing a quality product	Personalizing customer engagements	Personalizing customer engagements	-
Personalizing customer engagements	Implementing safety or sanitation measures	Responding to inquiries quickly	↑ 3
Responding to inquiries quickly	Engaging customers on their preferred channels	Maintaining safety or sanitation measures	↓ 1
Engaging customers on their preferred channels	Providing a quality product	Providing a quality product	-
Providing a connected experience	Responding to inquiries quickly	Engaging customers on their preferred channels	↓ 2
	Providing a connected experience	Communicating frequently	N/A
		Providing a connected experience	-

\* Includes responses of “major challenge” and “moderate challenge.”

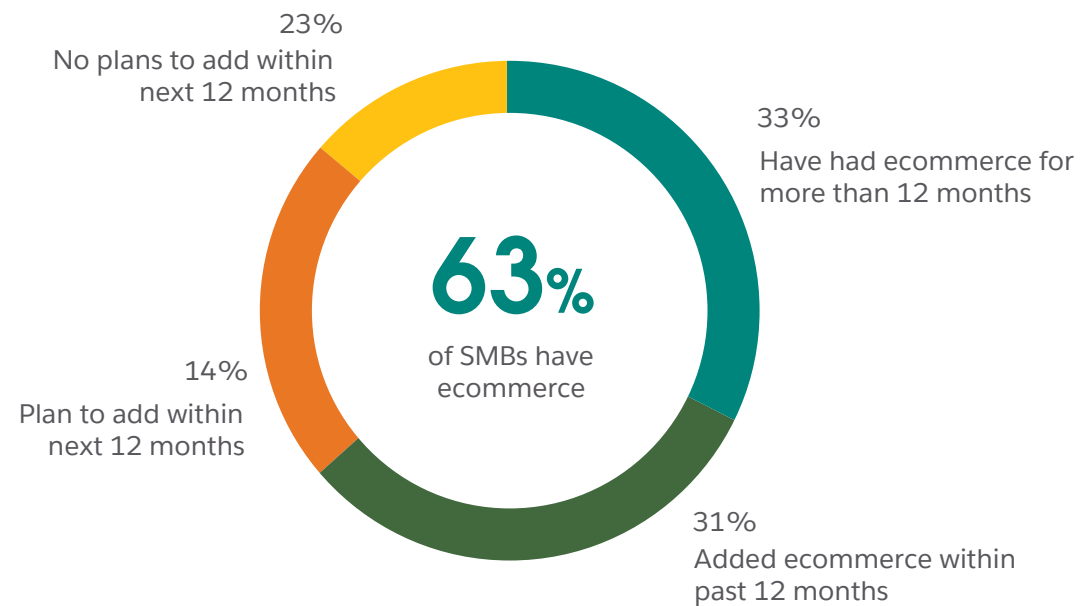
02

# Customer and Employee Engagement Take Priority

In our increasingly online and distributed world, many SMBs are embracing technology to deepen customer relationships. Ecommerce is a prime example. Most SMB leaders (71%) say their customers expect online transactions. Accordingly, the majority of SMBs (63%) have an ecommerce presence – including nearly one-third (31%) who added it within the past year.

While interacting virtually mitigates health concerns, ecommerce introduces security concerns. In tandem with the rise of ecommerce, nearly all SMBs (90%) are focused on data security and taking action to ensure their customers' information is safe. Growing SMBs are particularly focused on this (95%) and are more likely than their stagnant/declining counterparts to be taking action to secure their business online.

## SMB Ecommerce Presence



## Security Actions Taken by SMBs

Total

<b>46%</b>	Updating applications regularly	43%	51%
<b>41%</b>	Using cloud-based technology to back up and store data	37%	45%
<b>40%</b>	Using two-factor authentication	34%	47%
<b>40%</b>	Blocking malicious sites before they target customers	36%	44%
<b>40%</b>	Creating and managing strong passwords through password managers	35%	45%
<b>37%</b>	Storing the minimum customer information required	36%	39%

03

## SMBs Embrace the Digital-First World

Despite some new restrictions on in-person interactions, communities and customers still want to support SMBs. In response, SMB leaders are prioritizing moving their business online so they can connect with customers from the comfort of home.

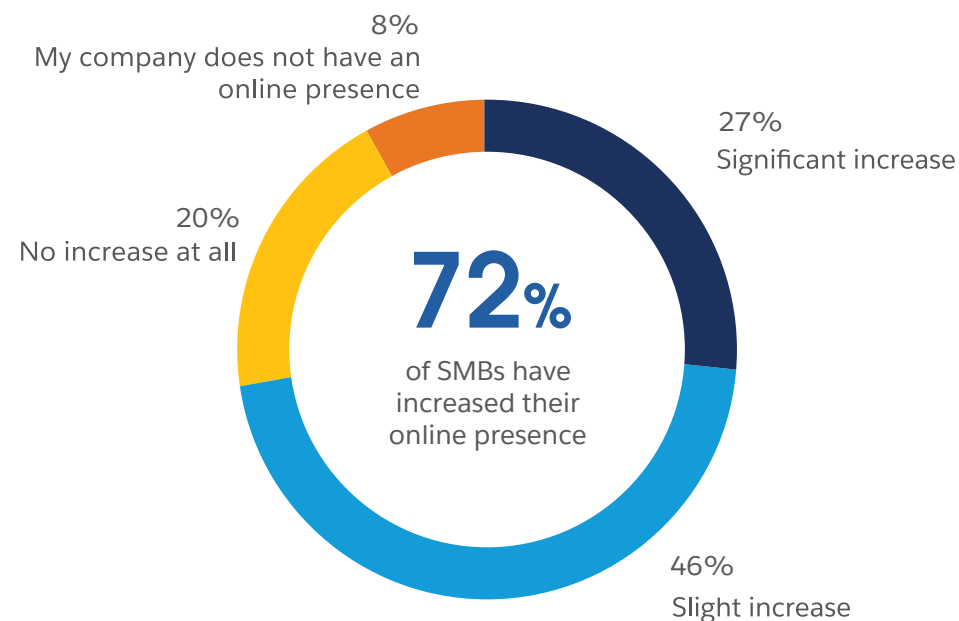
The majority of SMBs (83%) have at least some of their operations online; of those, nearly all (95%) moved a portion of their operations online in the past year. Safety and convenience for customers and employees is driving this shift. Further, nearly three-quarters of SMBs have increased their online presence (*for example, on social media, website, email, ads*) over the past year.

### Top 5 Reasons SMBs Have Moved Operations Online over the Past Year\*



\* Among those who increased online operations over the past year. Up to three responses accepted for this question.

### Increase in SMBs' Online Presence over the Past Year



03

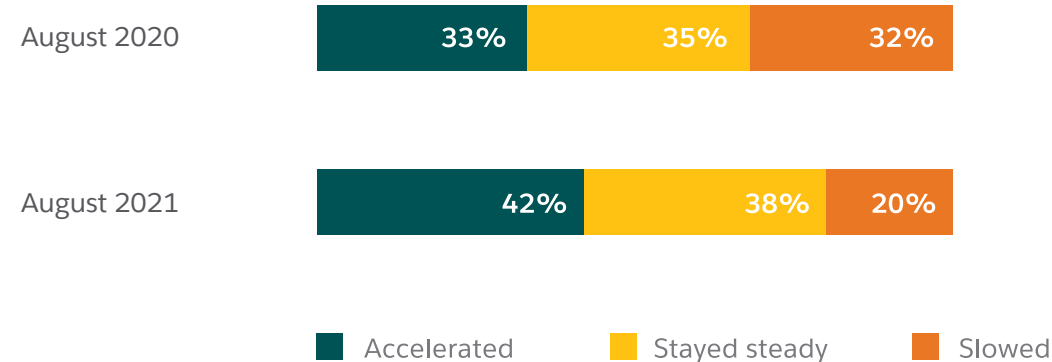
# SMBs Embrace the Digital-First World

It's clear that effective use of technology can be a differentiator for SMBs, helping build relationships and establish a foundation for growth.

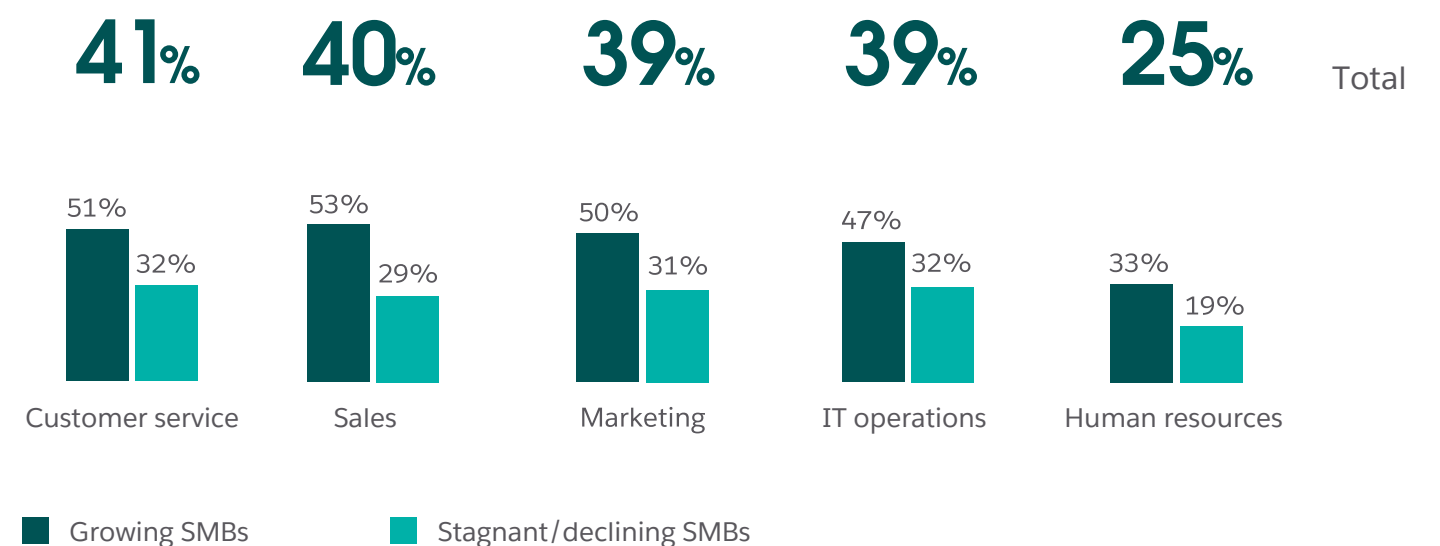
Most growing SMBs (71%) say their business survived the pandemic because of digitization.

And during a time of change, growing SMBs are accelerating technology investments. Their top motivators are to increase productivity (62%), improve business agility (60%), and increase data security (54%).

## Pace of Technology Investments for Growing SMBs over the Previous Year



## SMBs That Have Accelerated Technology Investment Across the Following Categories over the Past Year





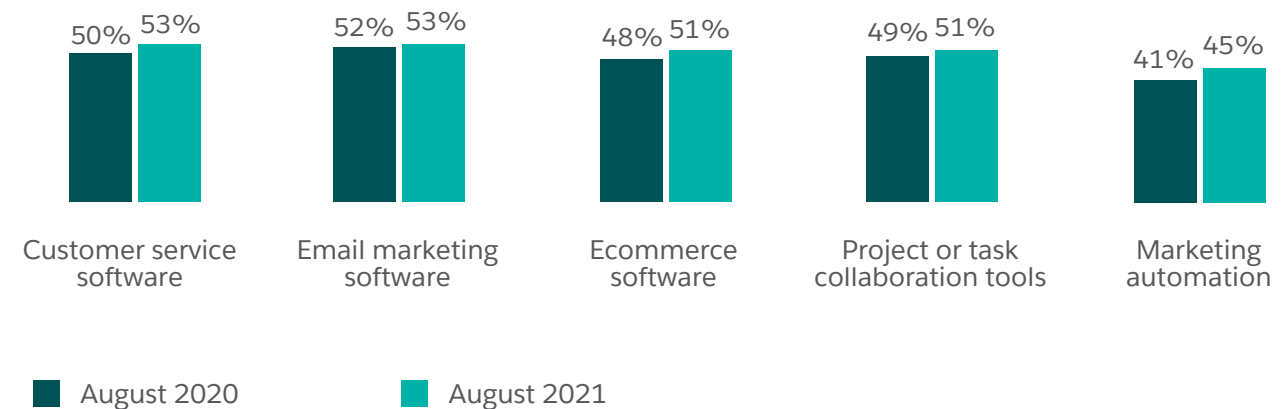
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# SMBs Embrace the Digital-First World

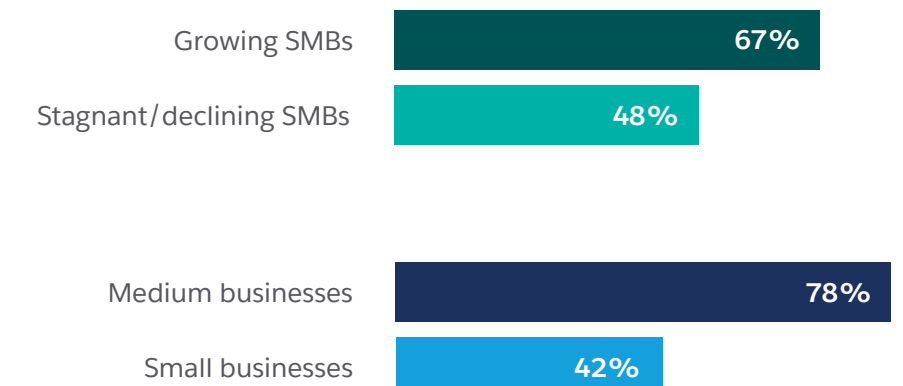
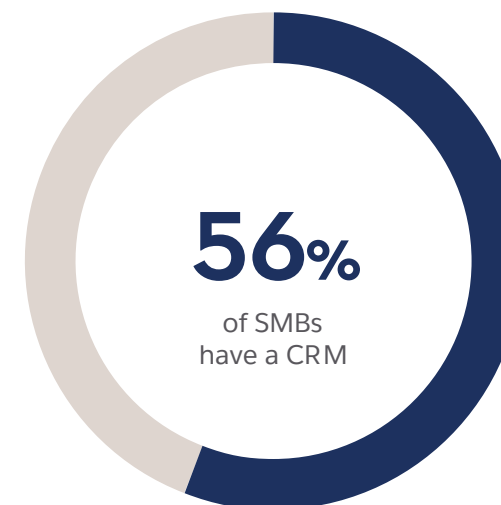
More than three in five SMB leaders (62%) say their business could not have survived the pandemic using technology from a decade ago.

Tech usage has directionally increased across the board since August 2020. This shift is unsurprising after a year of remote work and digitized customer experiences. SMBs particularly rely on technology that enables both, such as a customer relationship management (CRM) system. Medium and growing businesses leverage CRM more than other businesses.

## SMBs That Use the Following Technology Solutions



## Adoption of CRM Systems by SMBs

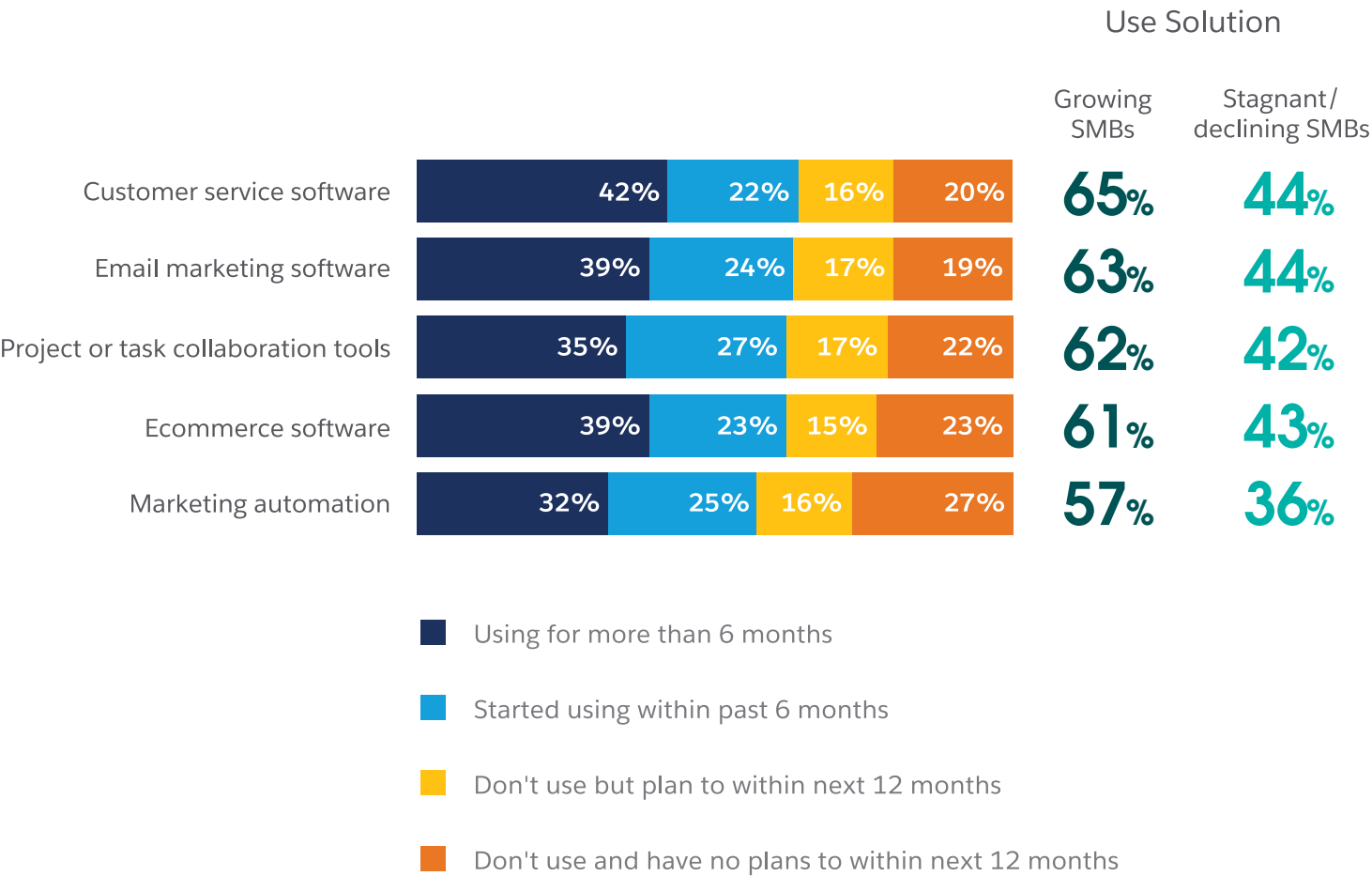


# SMBs Embrace the Digital-First World

In addition to their accelerated tech investments, growing SMBs are more likely than stagnant/declining ones to leverage technologies like customer service software, email marketing software, and ecommerce software.

Notably, project or task collaboration tools saw the largest uptick in adoption over the past six months. With the increase in usage over recent years, around three in five growing SMBs now use each of these tools.

## Growing SMBs' Use of Technology Solutions



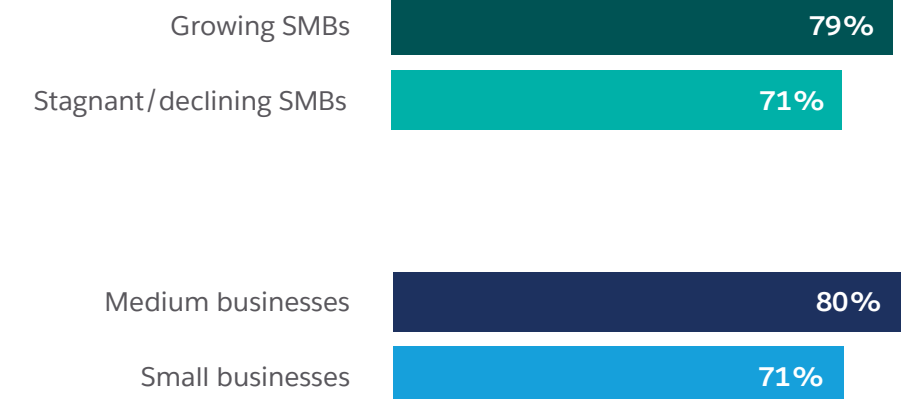
04

# SMBs Foresee Long-Term Changes from the Pandemic

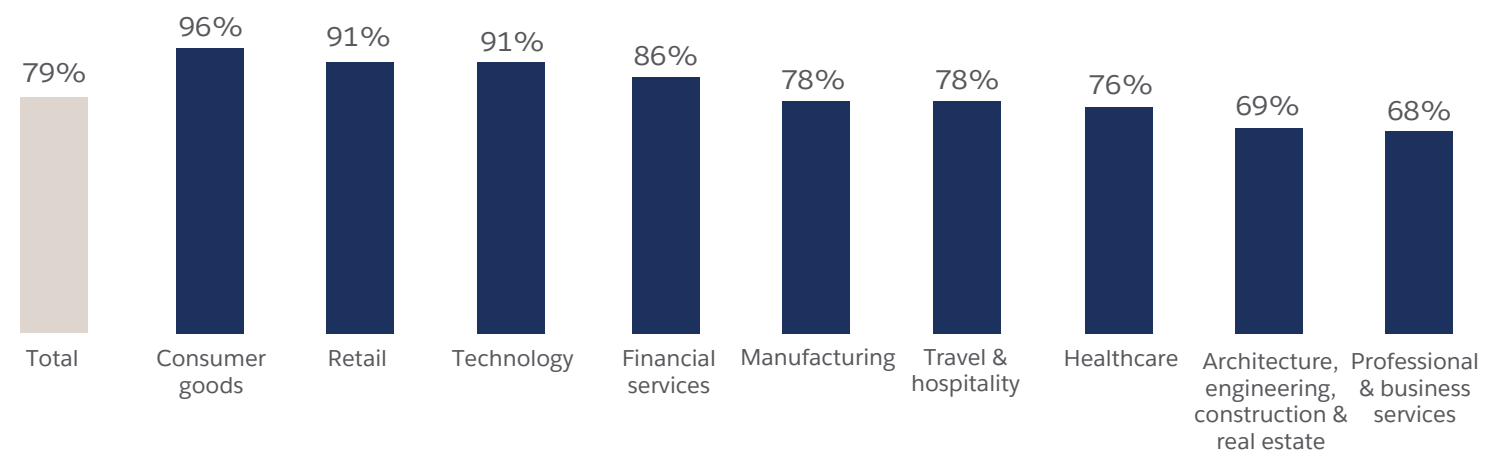
After more than a year of adapting to changing business environments, SMBs find themselves more efficient than ever before.

Three-quarters of SMB leaders think changes they've made will benefit them in the future. Many are making these changes permanent. As an example, the majority of SMBs (79%) plan to offer contactless services permanently, which is particularly true for those in the consumer goods, retail, and technology industries.

## Operational Shifts Will Be Beneficial Long-Term



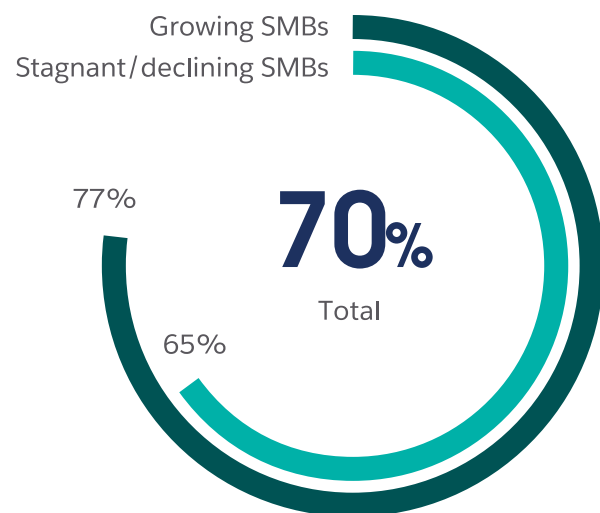
## SMBs That Plan to Offer Contactless Services After the Pandemic



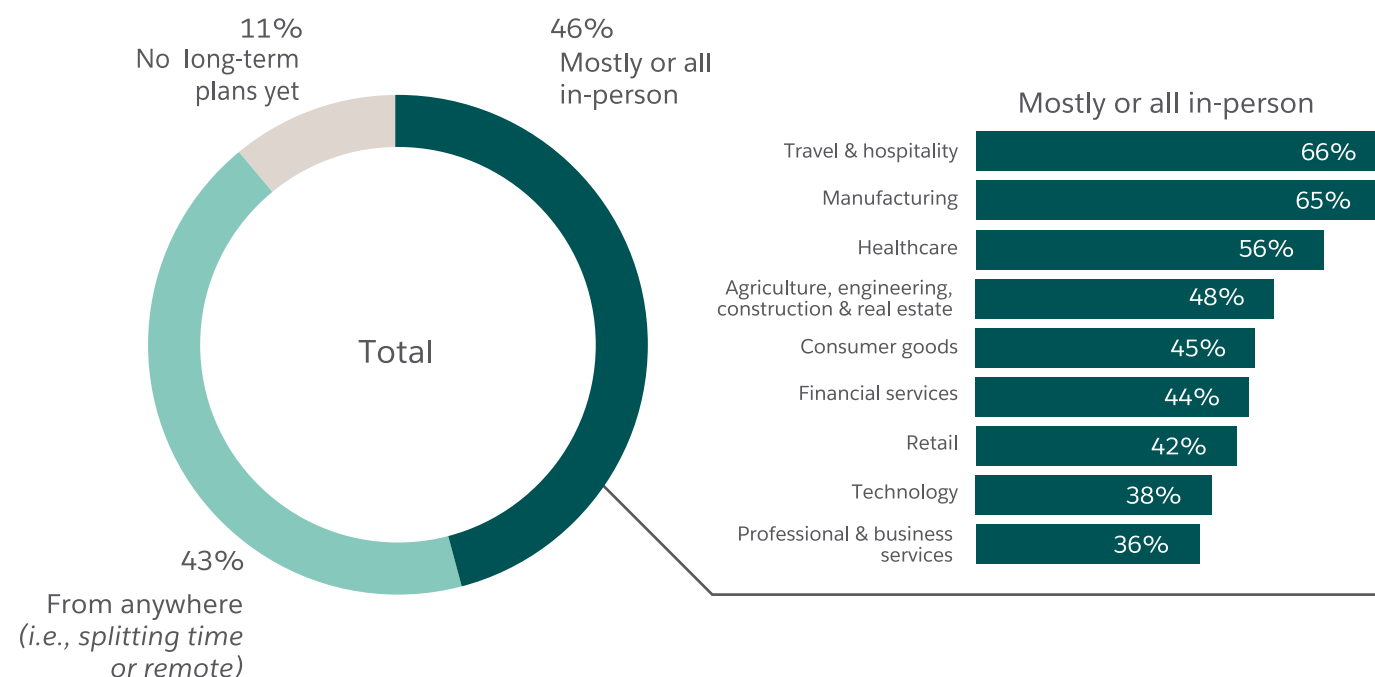
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# SMBs Foresee Long-Term Changes from the Pandemic

## SMBs That Have Created Scenario Plans to Prepare for Future Crises



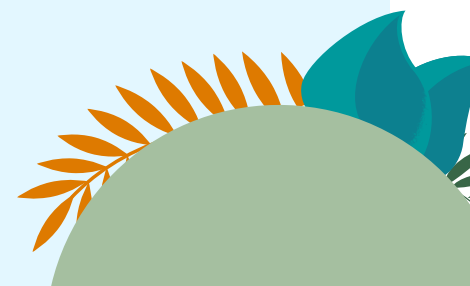
## SMBs' Long-Term Plans for Working Arrangements



The pandemic will permanently alter SMBs' planning and HR practices. Growing businesses are particularly likely to detail plans for remaining operational in future crises. This is a change from August 2020, when only 30% of SMBs were scenario planning.

The new work-from-anywhere era is transforming SMB operations. In the long term, more than two in five SMBs plan to have employees work remotely at least half time, but a similar proportion will have most employees work in-person.

Working arrangements vary by industry. SMBs in the travel/hospitality and manufacturing industries are more likely to have employees working in-person compared with the technology industry, where SMBs are more likely to embrace remote work.



04

# SMBs Foresee Long-Term Changes from the Pandemic

Running an SMB has never been easy – and recently, it's only become harder. However, certain traits can set SMB leaders up for success. Those characteristics include market knowledge, problem-solving skills, and being flexible and agile.

As SMBs around the world navigate an era defined by digitization, the perseverance and adaptability they have shown over the past year will help them triumph over whatever tribulations lie ahead.

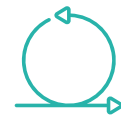
## Top Characteristics for Running a Successful Business over the Next Year\*



1. Market knowledge



2. Problem-solving skills



3. Flexibility and agility



4. Innovative mindset

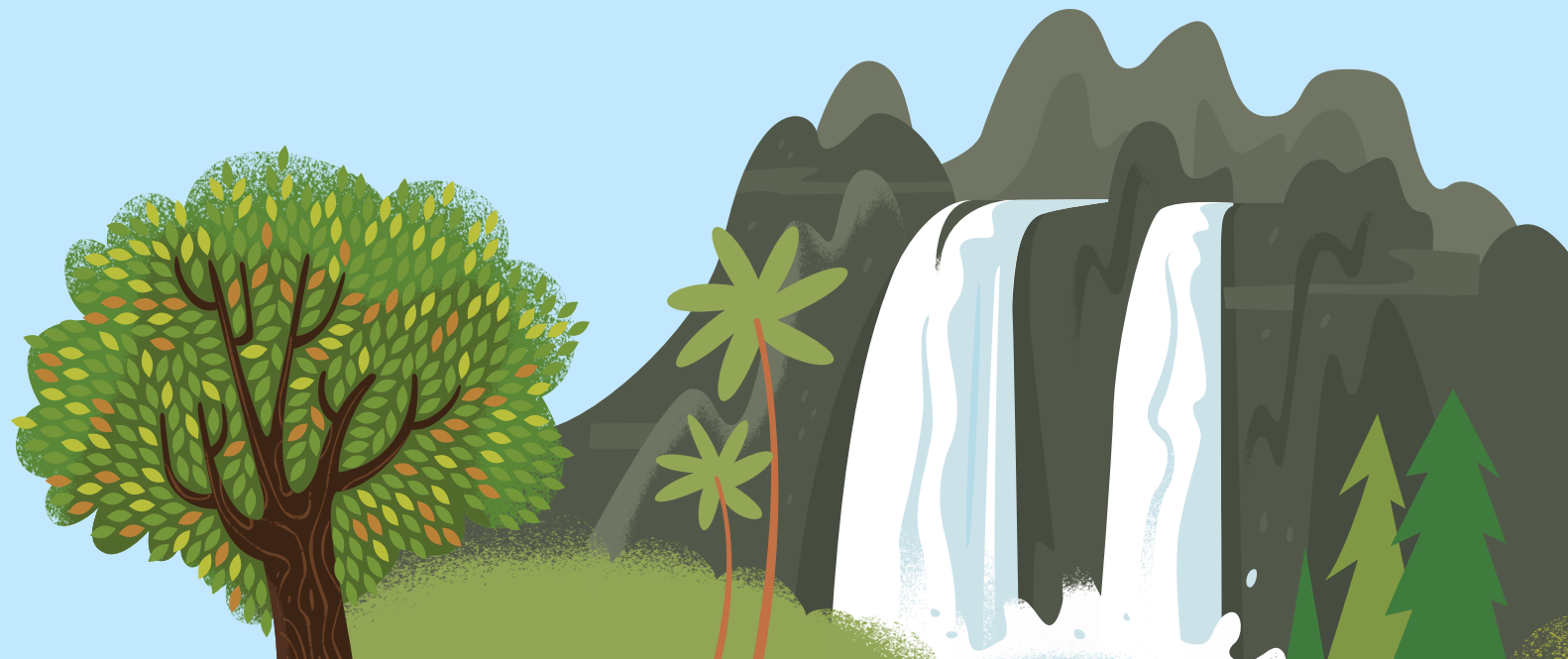


5. Good leadership skills

\* Up to five responses accepted for this question.

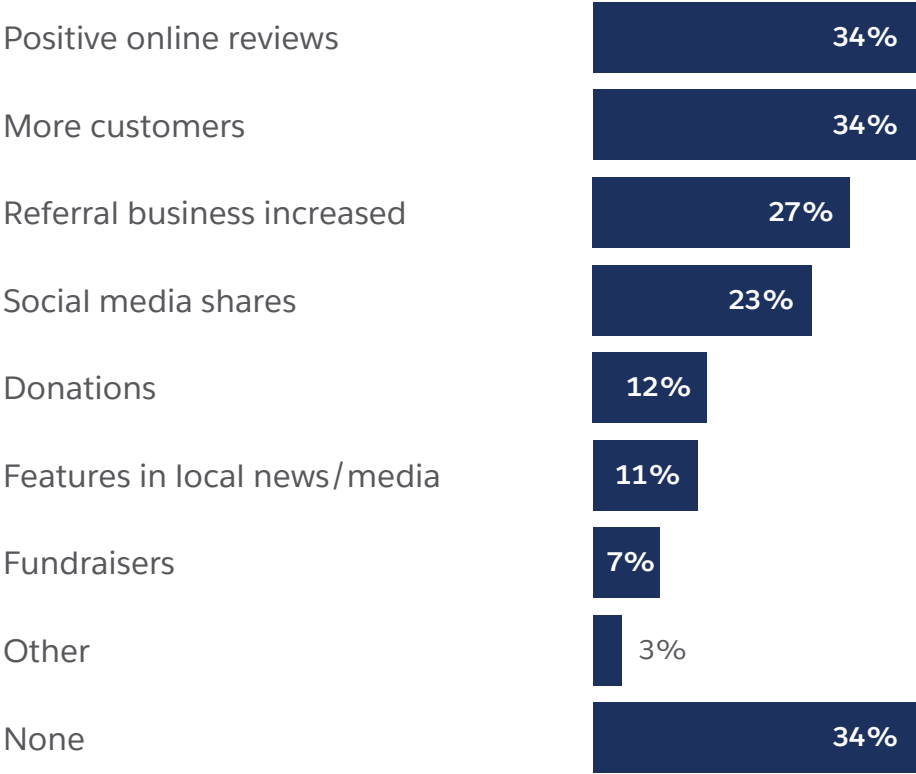


# APPENDIX

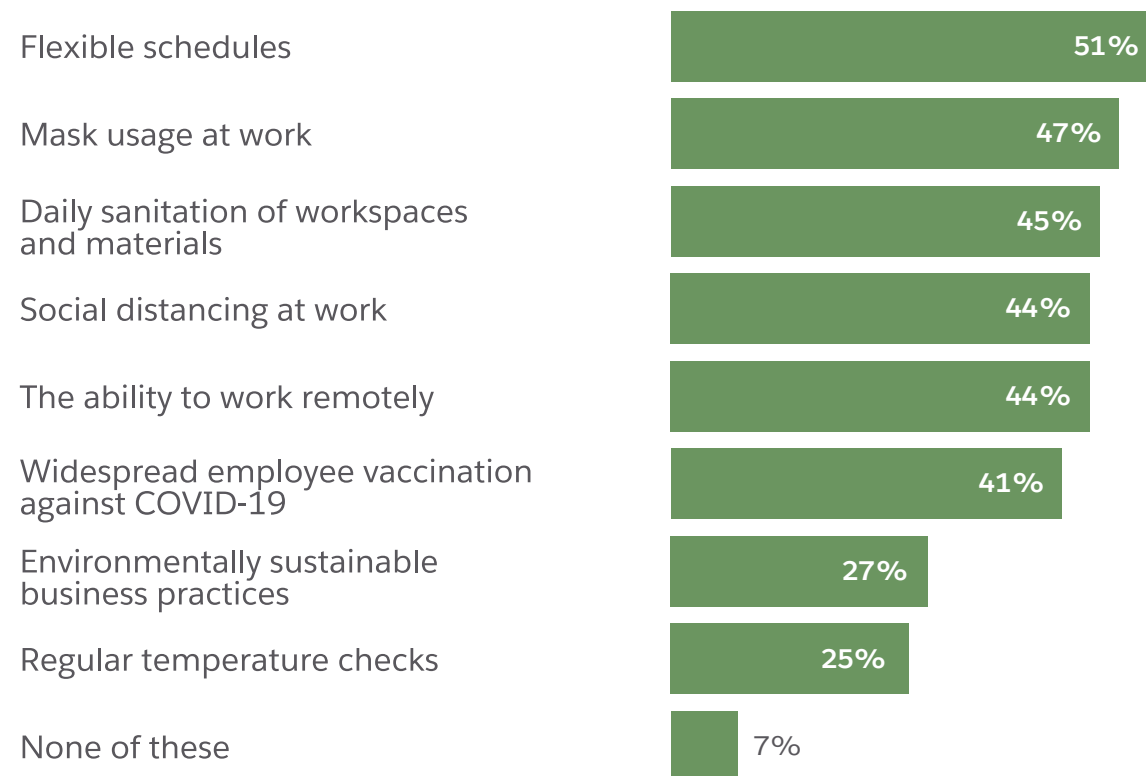




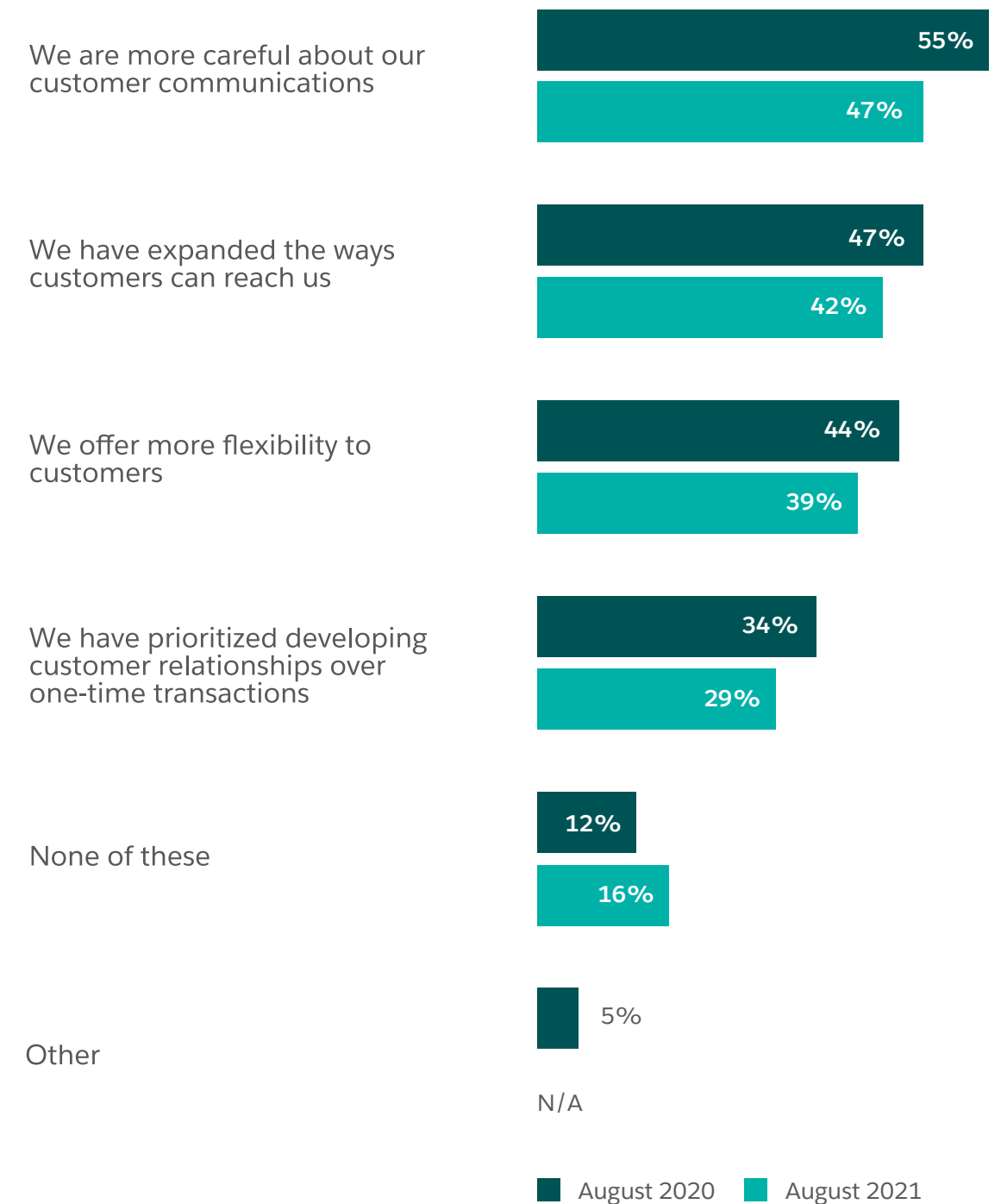
Support from Local Community over the Past Year, According to U.S. SMB Leaders



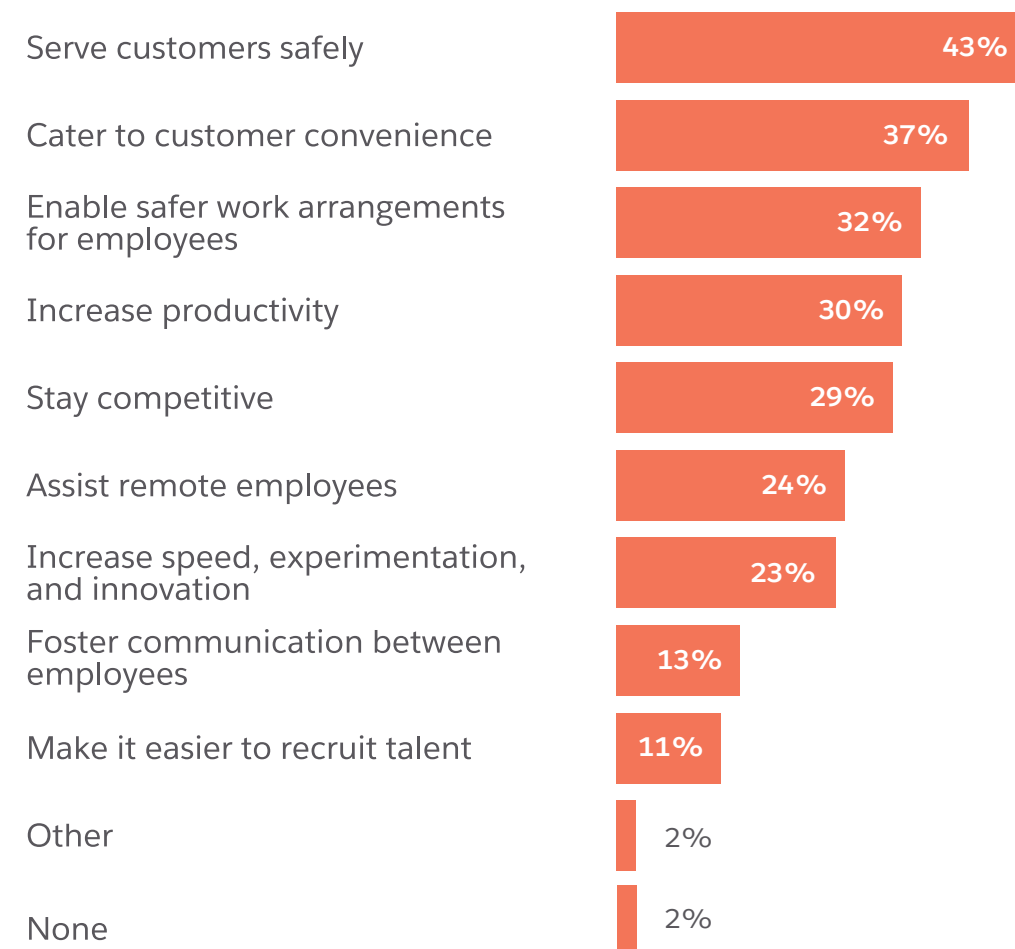
## Employee Expectations, According to SMB Leaders



## Changes to SMB Customer Interactions Since Pandemic Began

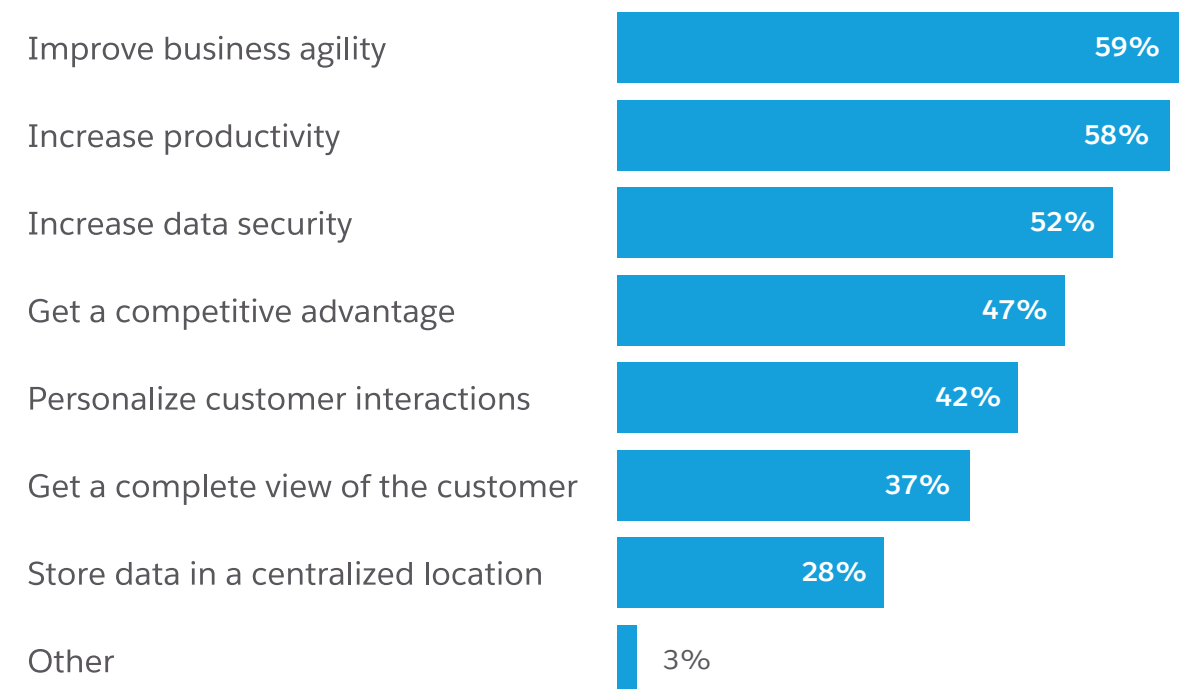


## Reasons for Moving More of SMB Operations Online over the Past Year\*



\* Respondents limited to those who increased their online operations over the past year. Up to three responses accepted for this question.

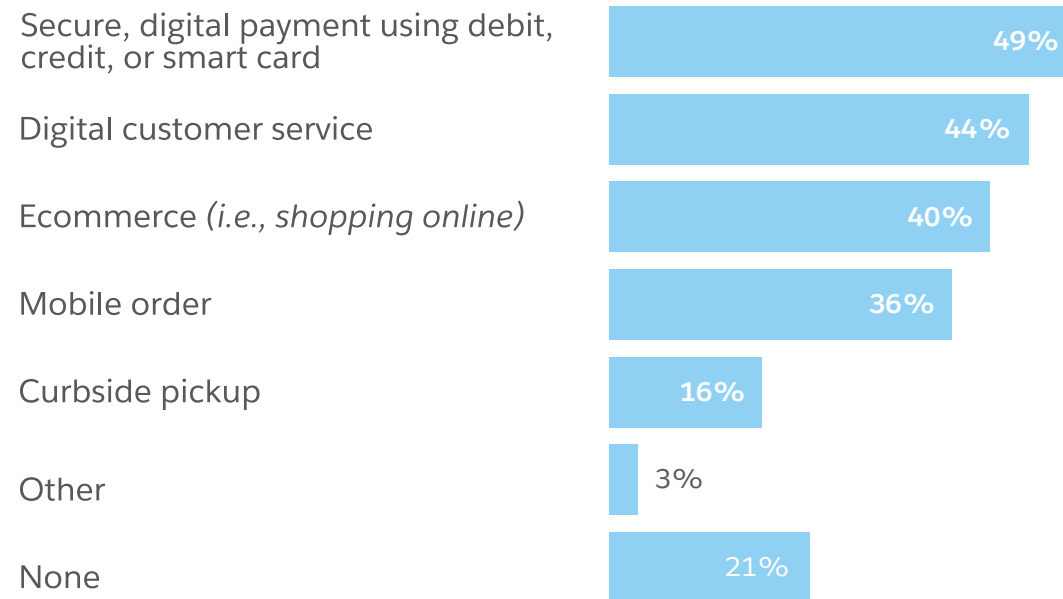
## Reasons for SMBs Accelerating Technology Investments over the Past Year\*



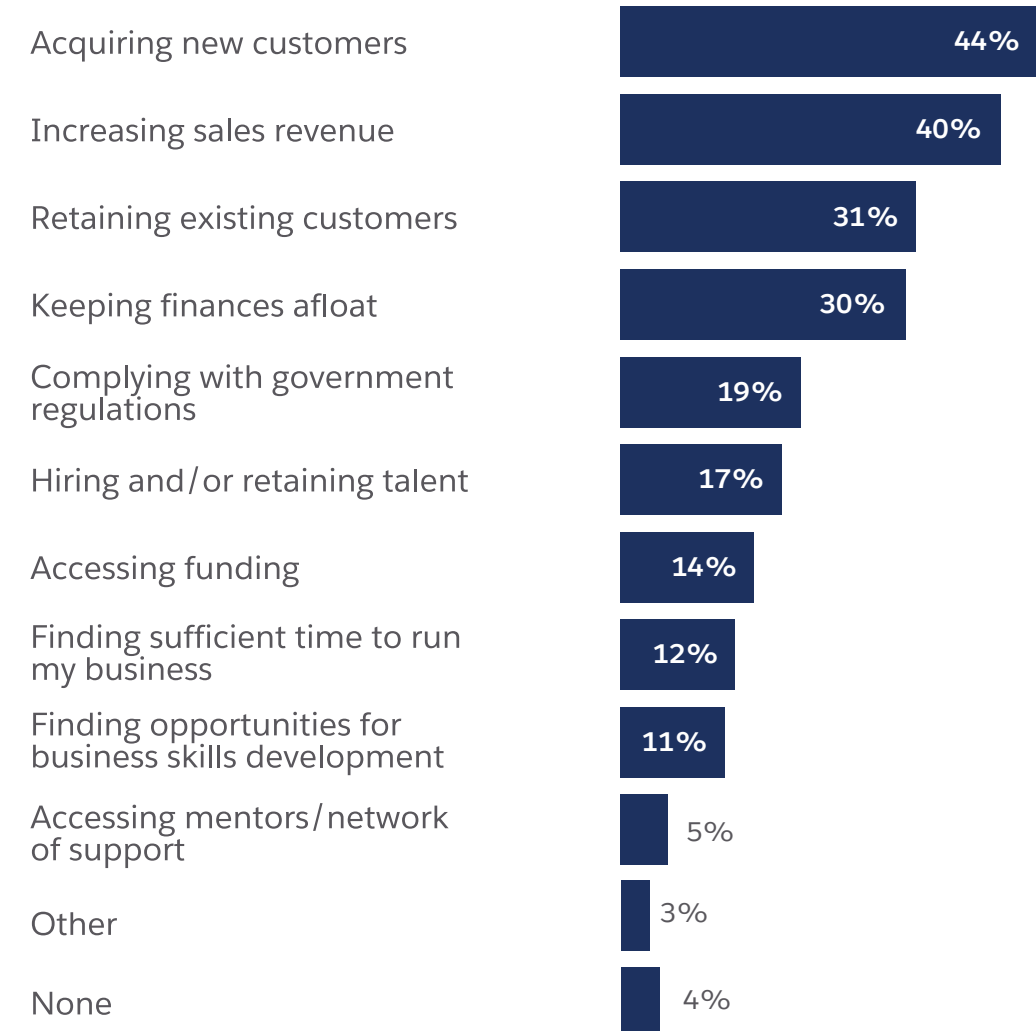
\* Respondents limited to those who accelerated investments in technology over the past year.



## Contactless Services Planned to Be Offered Permanently



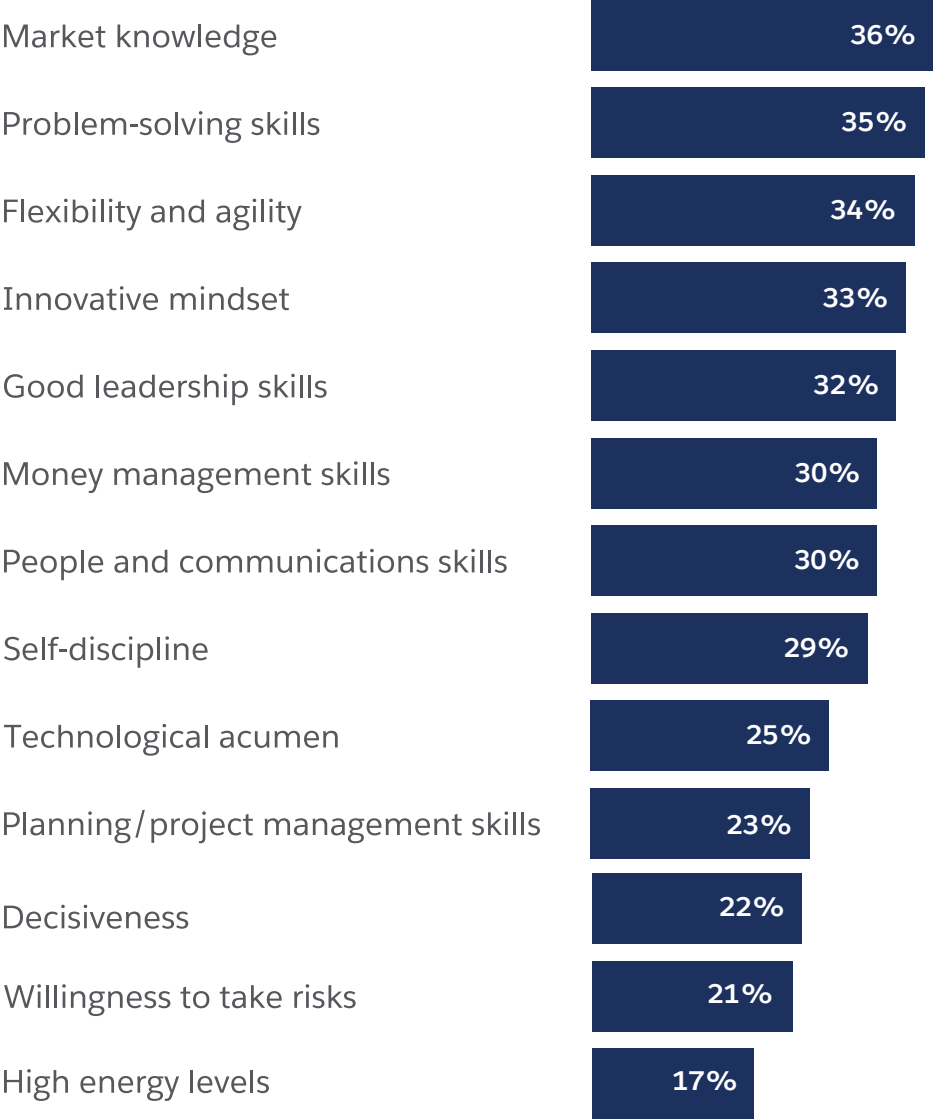
## Top Challenges for SMBs over the Past Year\*



\* Up to three responses accepted for this question.



Top Characteristics for Running a Successful Business over the Next Year\*



\* Up to five responses accepted for this question.



# SURVEY DEMOGRAPHICS





# Survey Demographics

## Business Size

Small (2–20 employees) .....	59%
Medium (21–200 employees) .....	41%

## Business Model

Business-to-consumer (B2C) .....	48%
Business-to-business (B2B) .....	27%
Business-to-business-to-consumer (B2B2C) .....	25%

## Business Growth

Growing .....	44%
Stagnant/declining .....	56%

## Role Within Company

Business owner .....	77%
Senior executive (CEO, CFO, COO) .....	23%

## Country

Australia/New Zealand .....	6%
Brazil .....	6%
Canada .....	6%
Colombia .....	6%
France .....	6%
Germany .....	6%
India .....	6%
Ireland .....	6%
Italy .....	6%
Japan .....	6%
Mexico .....	6%
Netherlands .....	6%
Singapore .....	6%
Spain .....	6%
Thailand .....	6%
United Kingdom .....	6%
United States .....	6%

## Employment Status

Employed full time .....	41%
Employed part time .....	4%
Self-employed full time.....	48%
Self-employed part time.....	8%

## Generation

Gen Zers (18–24) .....	5%
Millennials (25–40) .....	35%
Gen Xers (41–56) .....	37%
Baby boomers (57+) .....	22%

## Gender

Male .....	64%
Female .....	35%



## About This Report

Data points were weighted by number of employees to bring them in line with actual company-size proportions in the population. This online survey is not based on a probability sample, and therefore no estimate of theoretical sampling error can be calculated.

Previous SMB Trends surveys were conducted online by The Harris Poll on behalf of Salesforce in 2019 and 2020 among SMB owners and leaders (using the same definition as 2021) in the following countries:

- 2020 (March and August): U.S., Canada, Brazil, U.K./Ireland, Spain, France, Germany, Italy, Netherlands, India, Philippines, Singapore, Thailand, and Australia/New Zealand
- 2019: U.S., U.K./Ireland, France, Germany, India, Singapore, Hong Kong, and Australia/New Zealand

### Subgroups Shown Throughout This Report

		Sample Size
<b>Business Size</b> (number of employees)	Small (2–20)	1,599
	Medium (21–200)	935
<b>Business Growth</b> (based on revenue over the past 6 months)	Growing (1% or more revenue increase)	1,108
	Stagnant/declining (less than 1% revenue increase or a decline)	1,426
<b>Industry</b>	Architecture, engineering, construction & real estate	281
	Consumer goods	99
	Financial services	124
	Healthcare	129
	Manufacturing	153
	Professional & business services	387
	Retail	389
	Technology	160
	Travel & hospitality	101
<b>Race/Ethnicity</b> (U.S. only)	White	363
	Black	49*
	Latinx	54*

\* Caution: Small base size (less than 100); results should be interpreted as directional.

## Learn More



### Segment Data by Country and Industry

Interact with our SMB data in Tableau.

[EXPLORE THE DATA >](#)

### Salesforce for Small Business

Learn how to build customer relationships that move your business forward.

[WATCH OVERVIEW >](#)

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