

SMALL BUSINESS NOW

An AI Awakening

How small businesses are using AI and automation to bolster their business.



Research created in partnership with Ascend2



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Introduction

If you had an extra hour in your work week to do anything you want, how would you spend it?

Small businesses are constantly starved for time. On any given day they are probably fulfilling orders, keeping up with their books, interacting with customers, managing staff, and performing dozens of other tasks. It's a lot, and it doesn't leave them much extra time to market themselves to customers.

What would an extra hour in the workweek mean to them? Quite a bit. We asked 486 small business owners and decision-makers, and here's how they would spend that time:

If using AI and/or automation in my marketing could save me at least 1 hour per week, I would use that time to:_____.

- 37% Plan what's next for my business
- 31% Fine tune my overall marketing strategy
- 30% Improve my product or service(s)
- 26% Spend more time interacting with customers in-person
- 22% Rest and/or take time for myself
- 21% Network with other business owners
- 17% Get more active on social media
- 17% Budget and managing my expenses
- 12% Update my systems and technology
- 10% Give back to my community

SMB owners and decision-makers are a dedicated bunch. And while they deserve a break, only 22% reported that they would use an extra hour to **take time for themselves**.



Introduction

Time travel may not yet be possible, but the good news is that AI and automation can help give small businesses that extra hour.

Interest in AI and automation technology has exploded over the last 6-12 months, and as it permeates more industries, its ability to help businesses work more efficiently has become abundantly clear. In fact, 26% of SMBs say they are already investing in AI and/or automation technology with significant results and another 44% report that they want to start using AI.

This report outlines how AI and automation can enhance marketing effectiveness and improve the efficiency of execution to give SMBs the extra time they need to put back into their business (or maybe to take a much-needed rest!)



Key Takeaways

Small businesses unanimously say their biggest challenge is customer acquisition.

Attracting new customers is the biggest challenge for 60% of the SMBs we surveyed, and it also takes more time to address than any other challenge.

Small businesses are flocking to AI, but some still have questions.

Nearly three-quarters (74%) of SMBs are interested in using AI for their business, and 55% reported their interest has grown in the last six months. However, 80% of those surveyed report having only an intermediate or beginner level of understanding of how AI could potentially benefit their marketing efforts.

Small businesses who have adopted AI are seeing immediate value.

91% of AI users say that it has helped make their business more successful, and 60% reported saved time and greater efficiency. Further illustrating the value AI and automation provide, 28% expect their business to save more than \$5000 in the coming year as a result of using AI in their marketing.



Special Segments

Look out for these special segmentations of our data throughout this report.

Marketing Sophistication.

24% of decision-makers surveyed describe their marketing sophistication as advanced or expert. This group gives us insight into what the most developed marketing strategies look like for SMBs.

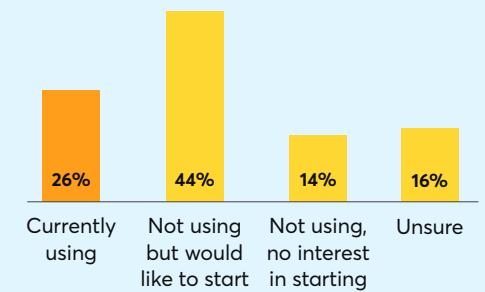
Which of the following best describes your company's digital marketing sophistication?

- 30% Basic**
Minimal marketing efforts, limited use of digital platforms, and little to no marketing data analysis
- 43% Intermediate**
Some marketing activities, moderate use of digital platforms, and occasional marketing data analysis
- 20% Advanced**
Well-developed marketing strategies, active presence across various digital platforms, and regular marketing data analysis
- 4% Expert**
Highly sophisticated marketing strategies, extensive use of digital platforms, and advanced marketing data analysis to drive decision-making
- 3% None**
We do not do any marketing

AI Users.

Overall, 26% of SMBs are already investing in AI and/or automation technology. Throughout the report we will take a close look at critical differences between the marketing efforts of this group compared to those that do not yet use AI. (44% would like to start in the next 12 months and 14% have no plans to use AI in the near future).

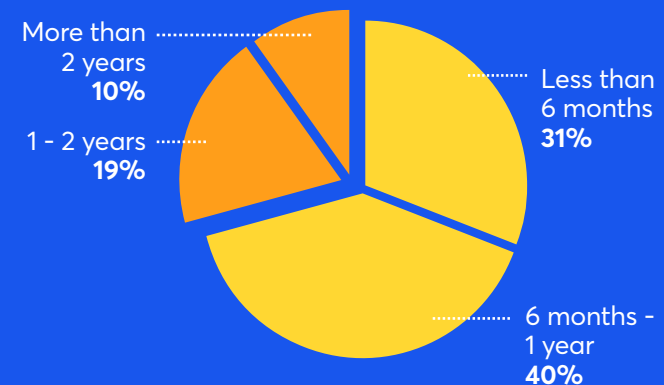
How likely are you to invest in AI and/or automation technology in the next 12 months?



Time with AI.

29% of SMBs surveyed have been using AI for longer than one year. This group gives us perspective on how AI can change a business over time.

How long have you been using AI and/or automation technology in your marketing?

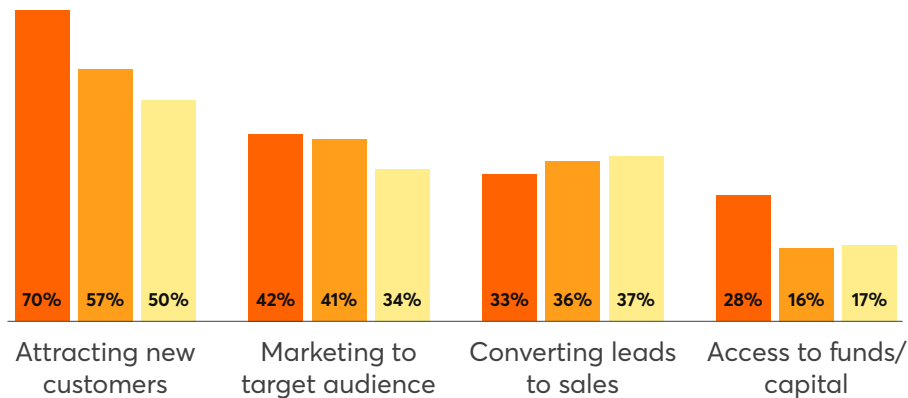


1.0 Attraction or Distraction: The New Customer Dilemma

Attracting new customers is keeping the vast majority of SMB marketers up at night, and it is also what is keeping them most occupied during the day.

What are the greatest challenges your business is currently facing? (Segmented by number of employees)

1 - 9 employees 10 - 49 employees 50 or more employees



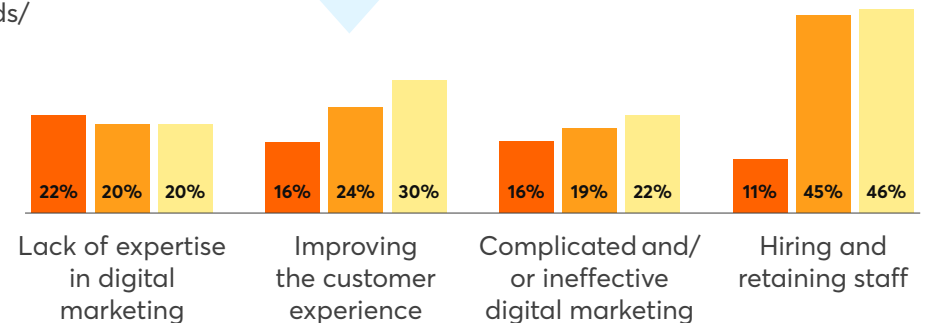
The smallest businesses are more challenged by attracting new customers.

For 60% of those surveyed, attracting new customers is one of the greatest challenges they are currently facing. But while finding and engaging new customers is by far the most commonly reported challenge overall, top barriers to success vary greatly by company size.

Non-profits face different hurdles.

Non-profit SMBs report significantly more difficulty with hiring and retaining staff (50% vs 29% of for-profit SMBs) and a lack of expertise in digital marketing (37% vs 19% of for-profit SMBs).

SMBs with 50+ employees are 2x more likely than those with under 10 employees to be struggling with improving the customer experience.





1.1 Attraction or Distraction: The New Customer Dilemma

Attracting new customers is also the challenge that **requires the most time and attention** according to 31% of all SMBs surveyed.

Which of these challenges typically requires the most time/attention?

Attracting new customers

31%

Hiring and retaining staff

17%

Converting leads to sales

14%

Marketing to target audience

11%

Access to funds/capital

8%

Complicated and/or ineffective digital marketing

7%

Lack of expertise in digital marketing

6%

Improving the customer experience

6%



1.2 Attraction or Distraction: The New Customer Dilemma

Improvements are needed throughout the entire customer journey, to help SMBs move faster and improve the way they market themselves to customers.

In the year ahead, over half of SMBs have their sights set on improving their social media marketing (52%) to overcome their top challenges. This indicates that most small businesses feel that social media is the best pathway to acquiring new customers. Other areas they plan to improve are website experience (43%), customer relationship management (32%), and email marketing (31%).

SMBs in the consumer space feel more strongly about their need to improve social media efforts (59% for B2C vs 48% for B2B). While improving reporting and event marketing are more important to B2Bs.

What areas of your marketing strategy would you most like to improve over the next 12 months? (Marketing/Sales Channel)





There's a good chance that someone's first experience with your brand will come via social media...

So it's important for small businesses to be active on the appropriate channels. However, social is most effective when it's incorporated into a bigger marketing strategy that includes email marketing and automation.

Constant Contact's marketing platform is powered by **cutting-edge AI and automation** tools that can help small businesses attract new customers and keep them coming back for more. We give you tools to manage multiple channels (including social media), and give you access to powerful AI and automations to ensure the right message reaches the right customer in the channels they prefer. With Constant Contact, you can turn your social followers into repeat customers and, hopefully, raving fans.



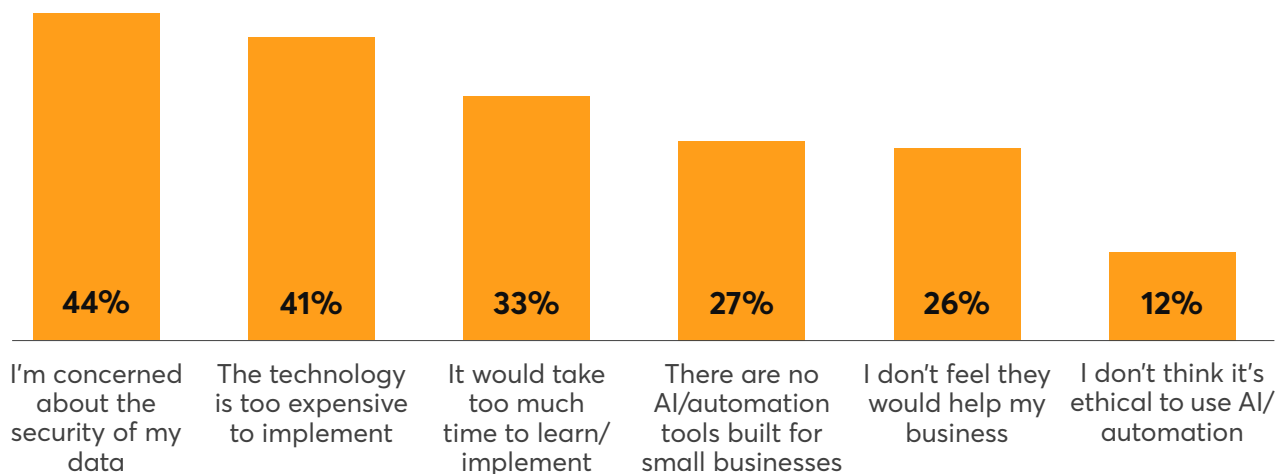
2.0 Harness the Power: How Can AI Help SMBs?

Interest in AI is strong, but it's clear that there is still a need for more education about its benefits.

Small businesses are definitely hearing the buzz about AI, and they are listening with intent. Nearly three-quarters (74%) of SMBs are interested in using AI for their business, and that interest is accelerating – 55% report that their interest grew in the last 6 months. But, 80% of those surveyed report having a beginner–intermediate understanding of how AI could potentially benefit their marketing efforts.

Hesitations from those who do not use AI give a clear picture of this general lack of understanding. They have concerns about data security and the perceived costs associated with using AI, which suggests that they need more guidance on how to get started using it in their marketing.

What are your concerns or hesitations about using AI and/or automation technology in your marketing?



2.1 Harness the Power: How Can AI Help SMBs?

Who is already using AI?

26% of all SMBs surveyed are already investing in AI and/or automation technology and another 44% would like to start. Larger companies are more likely to be using AI right now. 40% of SMBs with more than 50 employees say they are using AI (compared to 30% with 10 - 50 employees and 12% with 1 - 9 employees).

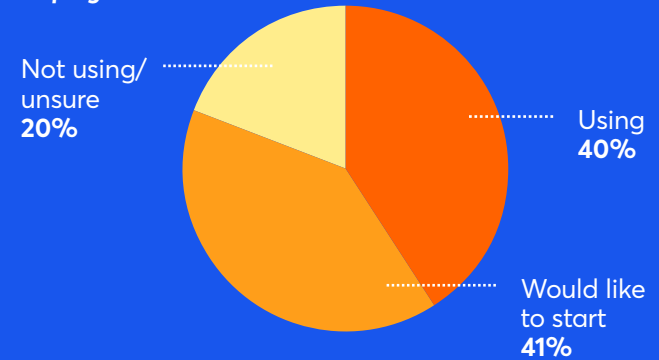
Marketing Sophistication.

Over half (51%) of SMBs with advanced or expert marketing sophistication are currently using AI in their marketing programs.

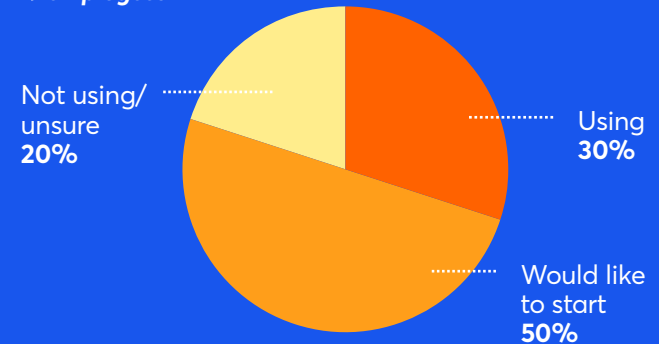
Nonprofits are 53% more likely than other SMBs to have already started using AI and automation.

Breakdown: Extent of use of AI (Company size)

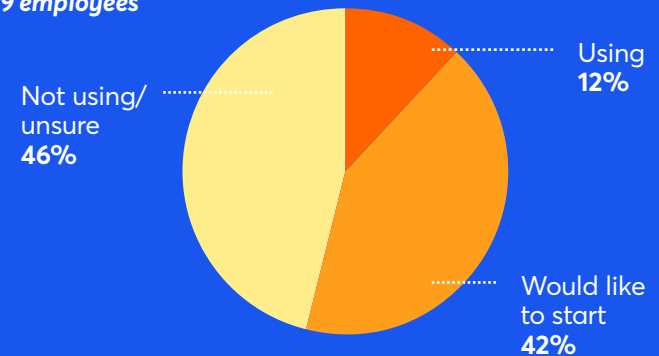
50+ employees



10 - 49 employees



1 - 9 employees



2.2 Harness the Power: How Can AI Help SMBs?

SMBs are using AI for social media and content creation, but could **EASILY** be using it for much more.

Where are SMBs putting AI to use? Social media, content creation (writing or images), and in their email campaigns. These areas are also among the easiest to implement AI into according to those surveyed.

The most advanced marketing strategies are 3x more likely than less sophisticated strategies to be using AI for analytics and SMS or text campaigns, and more than 2x more likely to be using AI for website forms and CRM.

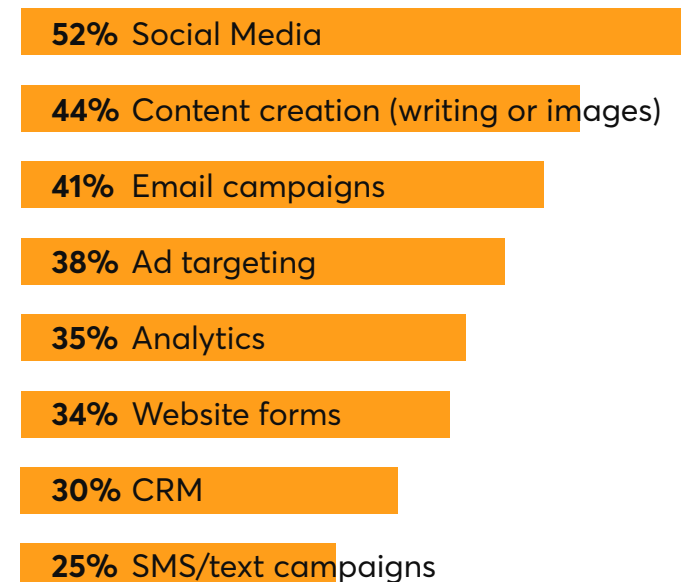


Where to start? Get started with AI by setting up simple automations like welcome emails or anniversary messages or use it to improve the copy you use in your campaigns.

Nearly half of SMBs that are using AI are creating content with it. Learn more about how Constant Contact's [AI Content Generator](#) allows marketers to create engaging content in just a few clicks.

88% of SMBs are using AI in two or more of these areas and 70% are using it in three or more of these areas.

In which of the following areas of your marketing do you currently use AI and/or automation?

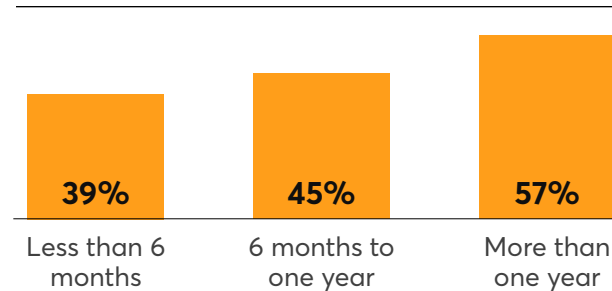


2.3 Harness the Power: How Can AI Help SMBs?

SMBs with the most experience using AI see the value (and are willing to empty their pockets for it).

One thing we learned from these results is that the more time small businesses spend using AI and automation, the more value they see. In fact, 39% of SMBs that have been using AI for less than 6 months have seen immediate results – but, this number jumps to 57% after a year of use. In other words, AI and marketing automation can have both an immediate and a lasting impact on your business.

Already seeing a positive impact from AI and/or automation.
(Time using AI)



With this in mind, is AI worth the investment? The majority of SMBs would likely say yes.

In fact, 70% of SMBs would be willing to pay more to access AI and automation.

And the longer businesses have had to work with AI, the more they are willing to pay for it. One-third of SMBs that have been using AI for more than a year say they would be willing to pay at least 50% more for a marketing platform that gave them access to AI and automation technology.

92%
of those who already use AI feel that it is important for marketing tools to include AI/automation functionality.

3.0 AI is changing the game for SMBs

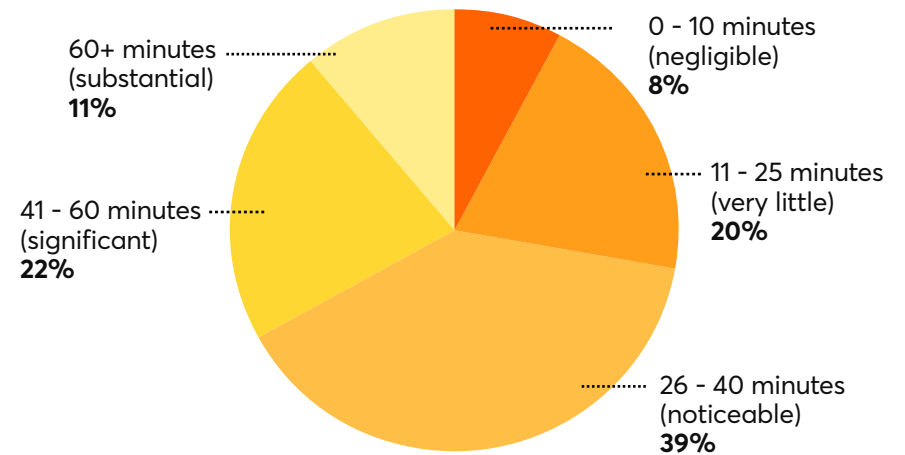
91% of SMBs say that using AI has helped make their business more successful... but how?

Remember all the things small businesses said they would do with an extra hour in their week? Well, 60% of SMBs that have started using AI for marketing report that it has helped them save time and work more efficiently. Just how much time? One-third of AI-users save more than 40 minutes **per week** on marketing efforts and 72% estimate they save more than 25 minutes!

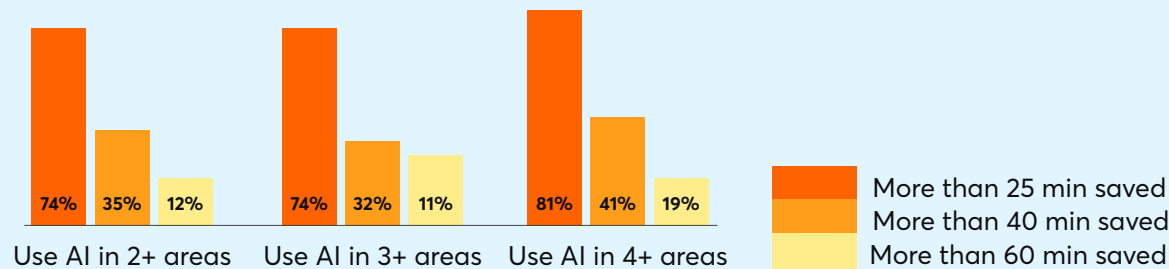
42% of SMBs with more than 50 employees say they have saved more than 40 minutes per week through the use of AI.

45% of expert marketers say they have saved more than 40 minutes per week through the use of AI.

How much time each week do you estimate you have saved in your marketing efforts by using AI and/or automation technology?



Estimated time saved per week (Number of areas AI is used)



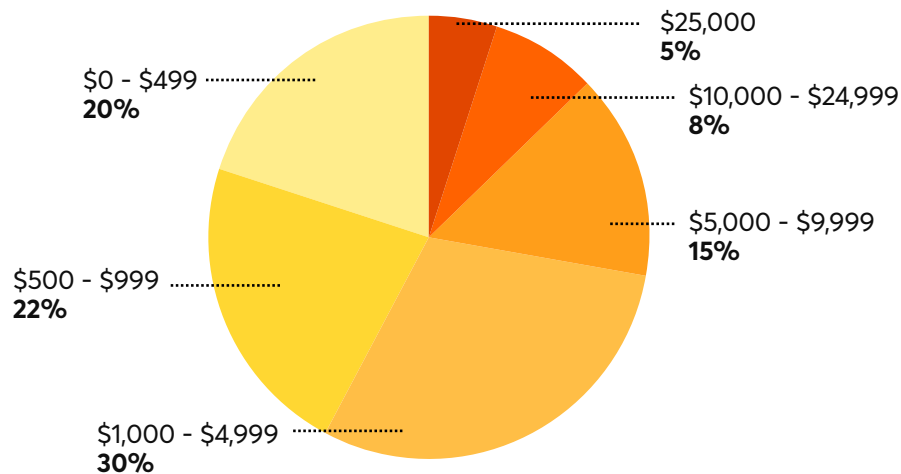
AI can be a more powerful time-saver when used on various channels throughout the customer journey. **Those using AI in four or more areas of their marketing strategy saw more time saved.**

3.1 AI is changing the game for SMBs

AI Can Help SMBs Save Money.

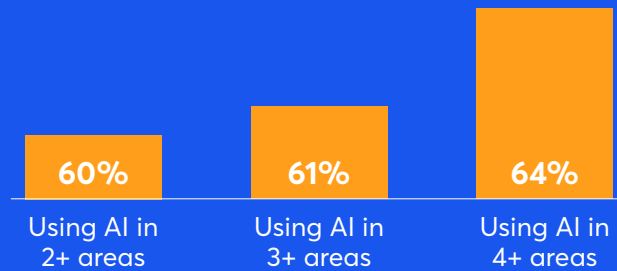
It's not just time that small businesses crave – their budgets are often small and they always have to think lean. Small businesses know that time is money, and that's why it's encouraging that **58% of SMBs currently using AI in their marketing expect to save more than \$1,000 in the coming year.** Another 28% expect to save over \$5,000.

How much money do you expect to save in the coming year as a result of using AI and/or automation technology in your marketing?

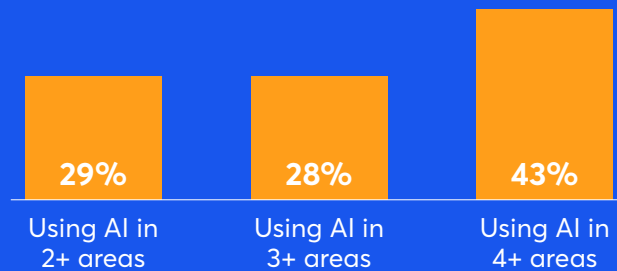


Constant Contact offers a free 60-day, no strings attached, trial to get to know our AI and automation tools. [Start yours today.](#)

Expect to save \$1000+ next year



Expect to save \$5000+ next year



Similar to the time savings generated by AI, **small businesses who use AI in multiple areas of their marketing also see increasing cost savings.**

Nearly half (43%) of SMBs using AI in four or more areas of their marketing expect to save at least \$5,000 in the coming year (almost 15% more than those who use it in two more areas).



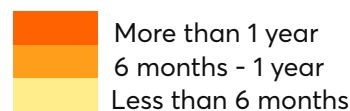
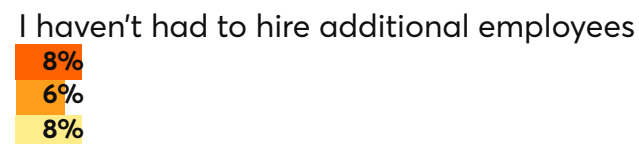
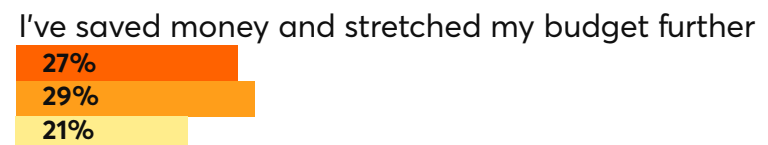
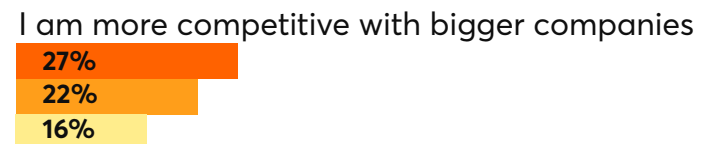
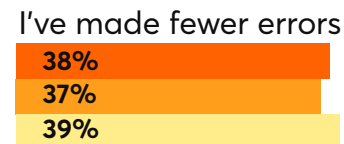
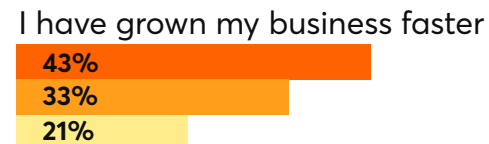
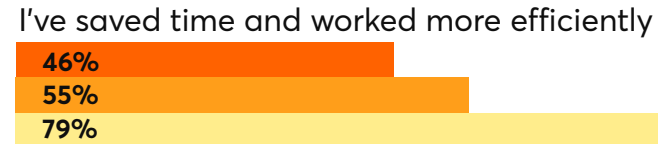
3.2 AI is changing the game for SMBs

SMBs are getting to know their customers better because of AI.

How well do you know your customers? Thirty-eight percent of SMBs that have been using AI for more than one year say they have gotten to know their customers better as a result of using AI in their marketing. AI can help small businesses segment contacts, understand their behavior, and spot trends in their engagement history. All of this helps them send more effective and efficient marketing communications and build stronger relationships with customers.

Describe the biggest impacts that AI and/or automation technology has had on your marketing.

(Time using AI)



3.3 AI is changing the game for SMBs

Company size also contributes to the areas AI is most useful.

Larger SMBs have been able to grow their business faster and compete with bigger companies as a result of using AI, while smaller companies are saving time and working more efficiently.



Describe the biggest impacts that AI and/or automation technology has had on your marketing.
(Company size)

I've saved time and worked more efficiently



I've made fewer errors



I have grown my business faster



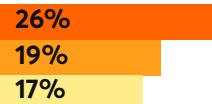
I've saved money and stretched my budget further



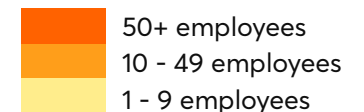
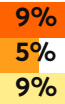
I have gotten to know my customers better



I am more competitive with bigger companies



I haven't had to hire additional employees





The Bottom Line

AI and marketing automation aren't just for large corporations anymore. These technologies are now accessible to small businesses for the first time, and they can be easily implemented and integrated into existing technology stacks.

Our findings show that AI and marketing automation can help solve some of the biggest challenges small businesses face – attracting new customers, marketing to them and delivering a memorable experience. Small businesses recognize this opportunity, and many have already begun leveraging them to tell better stories, sell smarter and work more efficiently. Best of all, they are spending less time marketing and more time doing what they do best... running their business.

If you are looking for a better way to market your business with less effort, Constant Contact can help you get started. Our proven marketing platform is trusted by millions of small businesses, and with award-winning customer support, you'll never be alone if you get stuck. We'll give you the tools you need to craft the right message, deliver it to the right customers, create more repeat business and own your story – all while saving you time and money.

Now is the time to [unleash AI](#) in your business. Start a [free 60-day trial](#) of Constant Contact today.



Participants & Methodology

Participants

N = 486 Small Business Owners and Decision-Makers

Marketing/Sales Channel

(Business-to-Business) B2B	24%
(Business-to-Consumer) B2C	45%
B2B and B2C equally	31%

Number of Employees

1-9 employees	42%
10-49 employees	29%
50-99 employees	15%
100-250 employees	14%

Job Role

Executive/C-Suite/Owner/Partner	70%
Vice President/SVP	8%
Director	22%

Nonprofit (501c3) organizations

Yes	12%
No	88%

Methodology

Ascend2 benchmarks the performance of business strategies and the tactics and technology that drives them. To collect this data, we used a custom online questionnaire to survey a panel of 486 small business owners, operators, and marketing decision-makers in a director role or above. These individuals represent U.S. organizations that operate in both B2B and B2C channels and have up to 250 employees. The survey was fielded during the month of June 2023.

About the Research Partners



Constant Contact delivers everything small businesses and nonprofits need to build, grow and succeed. With powerful online marketing tools, contact management and sales features, and innovative AI capabilities, Constant Contact makes it easy to attract the right people, engage more customers, close more deals and grow.

Learn more at [Constant Contact](#).



Companies partner with Ascend2 to create original research from survey conceptualization through report and content creation to media outreach. Ascend2 helps companies fuel marketing content, generate leads, and engage prospects to drive demand through the middle of the funnel.

Learn more about [Ascend2](#).