



Dynamic Markets

Unlocking small business innovation
and growth through the rise of the
personalized economy

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Executive summary

Digital technologies enable small businesses to enhance the personalization of their products, services and interactions with customers, helping them launch their business, innovate and grow.

Small and medium sized businesses (SMBs) face a number of challenges when launching their business and competing in the market, ranging from their limited scale and financial resources, to a lack of brand recognition. Many SMBs overcome these challenges by offering a more personalized customer experience. Personalization can take place right across the business, from customizing products and services, to building a unique brand image, tailoring marketing to a specific audience and developing a strong one-to-one connection with a community of customers. In short, personalization allows SMBs to differentiate themselves and compete for customers.

Digital technologies and social media are in turn helping SMBs to deepen this personalization at every stage, from business ideation and product development, to marketing and long-term business operations.

This report draws on existing literature and an online survey of 30,500 SMB founders, owners and senior managers in 18 countries. The results highlight the role social media and other digital technologies play in boosting the personalization of products, services and customer experiences. In so doing, they enable SMBs to launch their businesses, grow and become more resilient to changing market conditions.

Moreover, digital technologies help unlock the growing demand for personalization by allowing SMBs to find, and be found by, the right customers.



Digital technologies help **unlock** the **growing demand** for personalization

In the early stages of business development, interactions on social media and online forums are a catalyst for product ideation and allow SMBs to tailor their products to the needs and tastes of their customers. In our online survey, **58% of respondents reported using forms of online crowdsourcing or social listening to develop new products and services.** This includes both informal interactions on social media platforms, such as Twitter or Facebook, and formal information exchanges on dedicated platforms, such as OpenIDEO. The Facebook apps (including Facebook, Instagram, WhatsApp and Messenger) were recognized as particularly important to SMBs in their early stages, with **64% of SMBs using the Facebook apps reporting that they were important for obtaining feedback**, which in turn helped improve their product or service.



In our online survey

58%

of respondents reported using forms of **online crowdsourcing** or **social listening** to develop **new products and services.**



64%

of SMBs using the Facebook apps reported that these apps were important for **obtaining feedback**, which in turn helped **improve their product or service.**

By connecting aspiring entrepreneurs with potential customers and investors, SMBs can build the necessary confidence in their ideas to launch a business. Social media, e-commerce sites such as Shopify and crowdfunding platforms such as Kickstarter reduce the costs and perceived risk of starting a business, enabling more SMBs to enter the market. **More than half (56%) of SMB owners using the Facebook apps stated that they were an important factor in giving them the confidence to start their business.**

Once the business is established, a digital presence enables SMBs to develop a curated brand image and establish a strong community of global followers, through personalized online interactions. Social media pages, websites, hashtags and personalized advertising campaigns allow SMBs to find and connect with their target audience in a way which resonates with individual consumers. This helps them stand out from their competitors, expand their customer base geographically and increase their sales in the long term. We find that **SMBs using social media were twice as likely to report that more than half their sales came from overseas customers.**

Personalized advertisements, in particular, help SMBs tailor their marketing, connect with the right customer segment and therefore increase sales. In our survey, **74% of SMBs using personalized ads reported that these advertisements were important to the success of their business.**

A majority of SMBs also reported they were effective in finding customers and important in reducing advertising costs. Overall, **SMBs using personalized ads were also more likely to report higher sales growth in the past year.**


Digital technologies also help SMBs tailor their working processes, develop their employees, keep up with trends in the industry and find the right people for their business. For example, in our online survey, **88% of SMBs reported using digital platforms for e-learning and 90% of respondents used digital platforms in their hiring process.**

Digital technologies and social media appear to be playing a particularly important role in helping SMBs in developing countries. In India and Turkey, **39% of SMBs using crowdfunding on social media reported they would not have had the financial resources to launch their business without it**, compared to 10% in developed countries. Furthermore, **respondents using the Facebook apps in developing countries such as Indonesia, India and Philippines were more likely to report that these apps were important for generating online sales** (81%, 80% and 79% respectively) than their counterparts in developed countries (52%). **SMBs in developing countries also appeared to use social media even more for hiring and e-learning purposes.** This highlights the importance of digital technology in leveling the playing field and supporting SMB growth within developing countries.


These findings begin to show us that **greater access to digital technologies** can help more aspiring entrepreneurs and SMBs succeed by **fostering personalization across different aspects of their business.** Economic and social benefits naturally follow through **increased innovation and competition and a wider choice of prices, products and quality.** The remainder of this report expands on these themes and highlights how digital technologies are allowing SMBs to integrate personalization into their business in order to set up, grow and succeed.



x2
SMBs using social media were twice as likely to report that **more than half their sales** came from **overseas customers.**



16% more likely
SMBs using **personalized ads** were 16% more likely to report **positive sales growth** in the past year in comparison to those that did not use personalized ads.



Women owned or led
SMBs were more likely to use **social media for crowdfunding and e-learning** than their male counterparts.

...greater access to digital technologies can help more aspiring entrepreneurs and SMBs succeed...

1. Introduction

Small and medium-sized businesses (SMBs) are often founded and run by innovative and driven entrepreneurs that turn their ideas into personalized products and services. SMBs come in many shapes and sizes, from creative individuals transforming their talent, hobby or passion such as cooking, photography or travelling into a business, to seasoned entrepreneurs running a local restaurant or homeware store. While large businesses can capitalize on their scale and recognized brands, SMBs often succeed by offering products and services tailored and personalized to the specific tastes and needs of their customers and/or by developing personal connections with customers.

The success of SMBs is critical to the world economy. In OECD countries they account for around 99% of businesses, employ 60% to 70% of workers and contribute as much as half of national GDP.¹ Furthermore, SMBs can help provide more choice for consumers. SMBs are often serial innovators, addressing gaps in markets and developing innovative products and services that set them apart from competitors.² Enabling SMBs to enter markets therefore fosters competition and innovation, stimulates long-term economic growth and enables consumers and businesses to benefit from a wider choice of prices, products, quality and services.³

Aside from being major contributors to the world economy, successful SMBs also lead to more equitable societies, helping tackle income and gender inequalities and poverty.⁴ Research has shown that SMBs are more likely than other types of businesses to hire people from disadvantaged groups, including young, female and less skilled workers.⁵ SMBs have also been found to be instrumental in reducing the gender gap in the labor market.⁶ One study showed that close to 40% of all SMBs are owned by women, meaning that the population in leadership positions at SMBs is more diverse than in larger companies.⁷

However, SMBs face particular difficulties in growing, expanding and withstanding changing market conditions. Without the same marketing budget, recognized brand or scale that larger businesses benefit from, SMBs face difficulties connecting with the right customers. Moreover, the considerable cost and complexity of establishing physical premises and the supporting supply chain can be an insurmountable obstacle to launching or growing a business. Finally, their relatively small size and limited financial resources make them more sensitive to economic shocks. This was evident during the COVID-19 pandemic where one study found that more than a quarter of SMBs reported temporarily closing between January and May 2020.⁸

Many SMBs are able to overcome their lack of scale or recognizable brand by tailoring their products to specific customer groups or offering a more personalized customer experience. This allows SMBs to differentiate themselves from their competitors and effectively compete for customers. In fact, one study found that personalization can lift sales by more than 10%.⁹


The success of SMBs is critical to the world economy.

 **99%**
In OECD countries they account for around **99% of businesses...**

 **60%-70%**
...employ **60% to 70% of workers...**

 **50%**
...and contribute as much as **half of national GDP.**

SMBs have also been found to be instrumental in reducing the gender gap in the labor market.

 **40%**
One study showed that close to **40% of all SMBs are owned by women.**

Personalization itself can take many forms. From developing tailored or customized products and services to making deep connections and building a community of loyal customers, it can be integrated across all stages of a business.

Demand for personalized customer experiences is growing to the point where many consumers now expect personalization from businesses.¹⁰ One study found that in some industries, more than 50% of consumers expressed interest in purchasing personalized products.¹¹ One in five consumers were willing to pay a 20% premium for personalized products and 48% were willing to wait longer for a personalized product or service.¹² Given that offering personalized customer experiences is what they do best, such demand for personalization creates opportunities for SMBs to stand out and succeed.¹³ It is clear that SMBs need to have the tools that enable them to personalize at their disposal in order to capitalize on these opportunities.

This report adds to the existing body of literature by exploring how digital technologies and social media help SMBs enhance personalization at all stages of the business cycle and unlock demand for their products and services. The report draws on both existing literature and an online survey of 30,500 SMBs from a range of developed and developing countries to reveal how these technologies have affected product development, business growth and long-term resilience.¹⁴

The remaining sections of this report highlight aspects of personalization enabled by digital technologies and its role in SMB growth and resilience. Section 2 of the report examines the role of personalized interactions on social media in SMB product ideation and development. Section 3 focuses on the advertising methods available to SMBs and discusses how SMBs can use digital advertising to build a unique brand image and connect with interested consumers in a curated fashion. Section 4 assesses how personalization can help SMBs enhance long-term relationships with customers and how SMBs can adopt flexible work processes to build long-term resilience to economic shocks through digital technology. Section 5 sets out the main conclusions.

Personalization itself can take many forms. From developing tailored or customized products and services to making deep connections and building a community of loyal customers, it can be integrated across all stages of a business.

However their relatively small size and limited financial resources make them more sensitive to economic shocks.

25%+
One study found that more than a quarter of SMBs reported **temporarily closing between January and May 2020.**⁸

Many SMBs are able to overcome their lack of scale by offering a more personalized customer experience.

10%
One study found that **personalization can lift sales** by more than 10%.⁹

Demand for personalized customer experiences is growing.

50%
One study found that in some industries, more than 50% of consumers **expressed interest in purchasing personalized products**...¹¹

1 out of 5
...consumers were willing to pay a 20% **premium for personalized products.**¹²



2. Transforming entrepreneurial ideas into personalized products and services

Social media facilitates product ideation and enables entrepreneurs to develop products tailored to specific customers or consumer groups.

Digital technologies and social media enable SMBs to enhance personalization by providing a low-cost platform for aspiring entrepreneurs, innovators and potential customers to interact, share and test ideas. They also help aspiring entrepreneurs tailor their products to the tastes of their customers.

This section describes how personal networks on social media play an increasingly critical role in the entrepreneurial journey, from the initial inspiration to the eventual launch of the business. It demonstrates the virtuous feedback loop that familiar interactions on social media foster between idea originators and their potential customers. Our study shows that personalized interactions on social media create a unique environment which benefits SMBs by offering:

- a community where individuals can build personal relationships with prospective customers and co-creators to explore potential business ideas;
- a network where ideas can be tested and refined in order to successfully tailor products and services to suit customer needs;
- platforms where communities can help support businesses financially; and
- a market where products can be sold.

2.1 Personalized interactions on social media can inspire entrepreneurs and provide them with the confidence to transform their ideas into a business

Through social media, individuals can build communities and connect with people who share the same interests and passions. These organic interactions stimulate entrepreneurship and innovation.

Interactions on social media allow individuals to see the possibility of turning their passions into a potential business. Individuals can share their ideas, crafts or hobbies on social media and discover a community of people interested in them. This may in turn encourage them to turn such pastimes into a product. For example, as a student in Scotland, Kim Guthrie began sharing paintings that she had created in her spare time on social media. After her posts were shared by family and friends, more individuals requested specific commissions or asked whether Kim could design their wedding invitations or table names. In the process, Kim realized the potential opportunity to transform her hobby into a business and set up *Colours by Kim*.¹⁵

These personalized interactions on social media also help individuals and aspiring entrepreneurs spot business opportunities. By providing a platform for like-minded users to connect and discuss product recommendations and suggestions, creative individuals may be inspired to create their own improved version of a product or service.

For example, *Comme Avant*, an organic cosmetics and clothing company, was founded when the French couple Sophie and Nil Parra were trying to find a natural solution to soothe their child's irritated skin. They turned to social media to see if other parents were experiencing similar issues and whether there were recommended solutions online. They soon noticed that they were not the only one looking for organic cosmetic products tailored to sensitive skin and decided to set up *Comme Avant*.¹⁶

Communication with potential customers prior to launching a product can therefore provide aspiring entrepreneurs with the necessary confidence that there is sufficient interest and demand for their product or services. This view is supported by our survey in which 86% of respondents reported using social media to help start their business, with the Facebook apps being among the most cited, alongside YouTube, Twitter and LinkedIn.^{17 18} In fact, 56% of SMB owners using the Facebook apps reported that they were important in giving them the confidence they needed to start their business. Across the EU and the United States, 43% and 47% of SMB owners respectively reported that these apps were important for this reason.

In our online survey



2.2 Social media provides a cost-effective platform for entrepreneurs to develop their ideas into personalized products and services

By providing a platform for individuals to interact, social media makes it easier for entrepreneurs starting a business to personalize products and services to the needs and tastes of potential customers. For example, *Mayumi Organics* has a dedicated “Feedback Monday” on Instagram, which allows customer to suggest new shampoo fragrances and product ideas (see box opposite). In this way, businesses build a fun, interactive environment and cultivate a brand with their followers. These interactions allow aspiring entrepreneurs to develop and evolve their initial ideas into products that are tailored specifically to their customers’ needs. This formal and informal exchange of ideas on digital platforms is also known as **crowdsourcing**.¹⁹

Digital technologies and social media enable SMBs to enhance personalization by providing a low-cost platform for aspiring entrepreneurs, innovators and potential customers to interact, share and test ideas.



Mayumi Organics Philippines

“Our business is successful because of the electronic word-of-mouth marketing that our social media followers generate.”

Angelica Chongco launched her business, Mayumi Organics, in 2013. Having always had an interest in cosmetics and hoping to combine the benefits of being a stay-at-home mum and entrepreneur, Angelica decided to pursue her ambition of owning a beauty supply store. Angelica realized that using social media and e-commerce would allow her to sell her products from her own home. She undertook courses in organic skincare formulation and began developing her own products. After receiving positive feedback from her friends offline, Angelica began posting about her products on Facebook and set up her own e-commerce site on Shopify to sell her products.

She has now developed a strong social media presence, where she posts carefully curated posts, including user-generated “before and after” photos and customer reviews. She hosts events like “Ask Me Anything Friday” and “Product Feedback Monday” where she interacts with her followers through live videos, comments and private messages. From these interactions, Angelica can connect with her consumers, build up an engaged community of followers and personalize her products for her audience. Angelica has introduced more than 30 new shampoo and conditioner fragrances and has expanded her product range based on consumer requests.

“Facebook was really my break because I did not need to invest in order to build a community with my customers.”

For example, Angelica’s organic deo-bar was developed after consumers requested a zero-waste alternative to traditional deodorant.

Angelica’s 2,000 loyal repeat customers account for a large proportion of her sales. “My customers share their experiences with the products on social media and on Facebook groups, where they tag me and the business. I am really proud of the strong organic spread of the business,” she says. Through this electronic word-of-mouth marketing, Mayumi Organics has enjoyed considerable growth. Her business’s Facebook page now has over 10,000 followers and Angelica looks forward to using Facebook Ads in the future to increase her consumer engagement and sales conversions. Angelica says more than 80% of her sales come through Facebook or Instagram.

“Facebook was really my break because I did not need to invest in order to build a community with my customers,” she says. Due to the success of her business, Angelica has now been able to set up a physical store in Imus and employ five people.



Digital technologies also help aspiring entrepreneurs and SMBs keep abreast of emerging trends over time. As a result, they can adapt products to changes in customers' preferences. For example, *Lyst*, a fashion search platform where consumers can browse thousands of online fashion stores, tracks user searches to identify changing consumer preferences. With the rise in demand for sustainable clothing, the platform has seen a 47% increase in keyword searches related to sustainable fashion, including an increase in search terms such as "vegan leather", "organic cotton" and "econyl".²⁰ *Lyst* shares this information with interested companies which can then develop and adapt their products to match the latest preferences of their customers.

Individuals looking to start a business can also keep track of trends by informally browsing the activity of market leaders and influential figures in their industry online or tracking the use of hashtags on social media. This is formally known as **social listening**.²¹ Designated social media pages and forums enable more targeted and effective searching. For example, in order to develop and launch their own video game, an aspiring developer can target existing gaming communities to identify emerging trends.

One of the benefits of digital technologies for entrepreneurs and SMBs is how rapidly they can gather insights and therefore launch products.²² Within minutes, individuals can discover preferences by setting up a poll for their followers or looking up how many people have searched for a specific keyword on Twitter, LinkedIn or Instagram. Indeed, studies have shown that social media usage helps many SMBs to accelerate the launch of new products.²³ In our survey, 59% of SMBs using the Facebook apps reported that they were important to reducing their time to market.

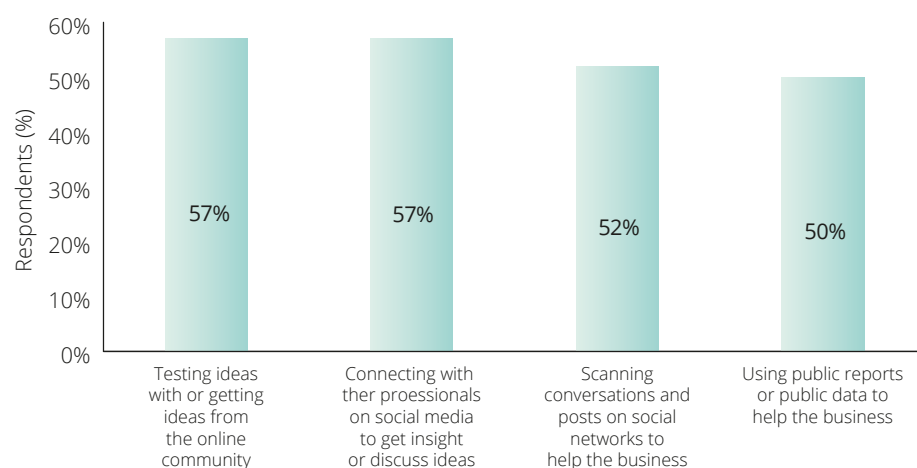
Our survey findings suggest that SMBs consider customer interactions and the ability to track market trends on social media to be critical to the development of new products and services. A majority of SMBs reported connecting with other professionals on social media, getting ideas from an online community or scanning conversations on social networks when developing a new product or service (see Figure 1). In fact, 83% reported that these forms of crowdsourcing or social listening were more important to the development of their product or service than traditional tools, such as available public data on market trends.²⁴ This is because informal feedback on social media is less costly and more targeted than public data and is available in real time.

The interactions on social media prior to product launch therefore help SMBs bring more successful products to market. Our survey results support these findings. Almost two thirds (64%) of respondents using the Facebook apps reported that they were important for acquiring feedback to improve their product or service.

This sentiment was significantly higher in developing countries such as Indonesia (85%) and the Philippines (80%) than in developed countries such as South Korea (46%) or Netherlands (48%). This social media feedback had a significant commercial impact. SMBs using the Facebook apps were three times more likely to have successfully introduced a new product in the last three years than SMBs that did not use any social media.²⁶ Similarly, in our survey, SMBs using crowdsourcing or social listening were 11% more likely to report growing revenues in the past year.²⁷ This may be because SMBs using forms of crowdsourcing or social listening were more likely to develop products that suited their customers' needs.

64% of respondents using the Facebook apps reported they were **important to acquiring feedback** that helped improve their product or service

Figure 1: SMBs that reported using market research tools when developing a new product or service²⁵



2.3 Digital technologies provide tools such as e-commerce and crowdfunding, helping entrepreneurs launch their business

After deciding on a business or product idea, entrepreneurs typically require financing to launch their business.

SMBs may need to set up production lines, rent or buy storage space and hire employees. Entrepreneurs may also face early costs in the form of lost wages due to quitting their day job to focus on developing their business idea.

Renting or buying and then maintaining a store can also be prohibitively expensive. E-commerce can provide many businesses with a cost-effective alternative to selling their products and services (see Deep dive: E-commerce for more details).



Deep dive: E-commerce

E-commerce reduces the need for physical brick-and-mortar stores and enables SMBs to tap into global demand.

The upfront costs of a physical brick-and-mortar shop may be prohibitive for entrepreneurs looking to launch their business. By allowing businesses to reach customers around the world at a relatively low cost, e-commerce can help SMBs overcome this barrier to market entry. It also allows SMBs with a globally dispersed customer base to prosper when their local consumer base would otherwise be too small and may remove the need for a physical store entirely.

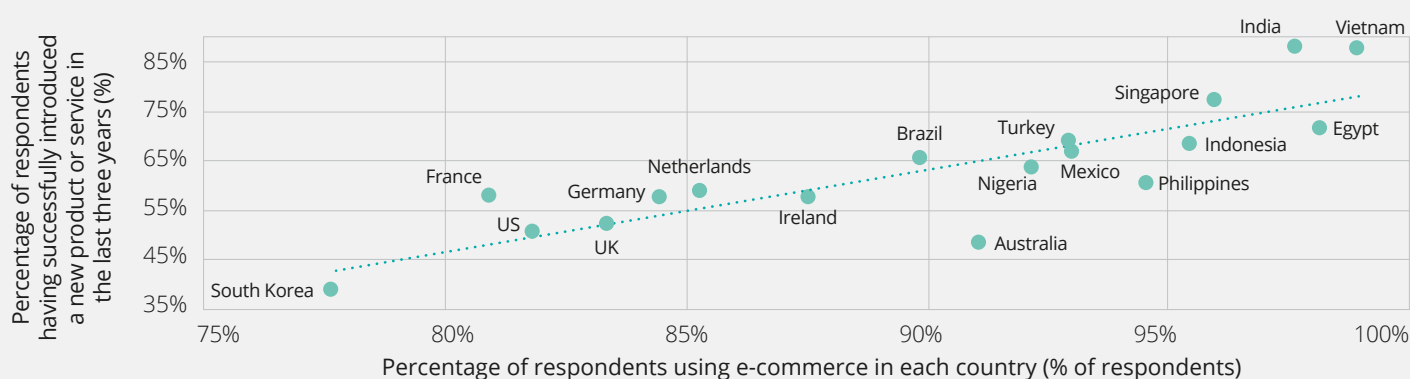
The extensive use of e-commerce by SMBs is seen in our online survey,²⁸ where 32% of respondents reported making more than 60% of their sales online over the past year.²⁹ As respondents were asked about online sales in 2020, these results are probably amplified due to the COVID-19 pandemic.

The survey also shows that SMBs using e-commerce are associated with better business outcomes.³⁰ They were on average 9% more likely to report an increase in sales over the past year, helped in part by consumers diverting more of their spending to online channels.^{31,32}

Moreover, SMBs using e-commerce were 53% more likely to have successfully launched a new product or service in the last three years.³³ E-commerce allows businesses to sell to consumers online without the need for face-to-face interactions, thereby expanding their catchment area. Indeed, our online survey results show that respondents in countries with a higher uptake of e-commerce are more likely to have successfully introduced a new product or service in the last three years (see Figure 2).

Social media and personalized ads are a major contributor to e-commerce sales. They allow SMBs to find and connect with potential customers and direct consumers to their e-commerce site, thus boosting sales. In our survey, 62% of respondents stated that the use of the Facebook apps was important for generating online sales in the past three years. This was more pronounced in developing countries such as Indonesia (81%), India (80%), Philippines (79%) and Vietnam (77%) and was least pronounced in developed areas like South Korea (40%) and Europe, including most notably Netherlands (46%) and France (50%).

Figure 2: SMBs that reported successfully launching a product and using e-commerce across countries



Digital technologies can be utilized to provide alternative means of funding. This is important because traditional sources of finance, such as bank loans, are not available to many small businesses. SMBs often lack a strong credit history or collateral. Indeed, research has shown that SMBs are less likely to apply for bank loans than their larger counterparts.³⁴ Lack of access to finance is often more prevalent within lower-income communities, who cannot so readily turn to their savings or personal funds as an alternative.³⁵

Our survey highlights the importance of social media as an alternative means of raising finance for smaller businesses. In our survey, 28% of respondents reported that they raised funds from friends and followers on social media or crowdfunding platforms. Although the use of crowdfunding was particularly high in some developing countries like India (54%) and Vietnam (45%), several other developing countries, including Brazil (11%) and Nigeria (14%), reported very low usage of crowdfunding (see box “Who uses crowdfunding” for more details).

However, its overall importance is made clear in our survey. Indeed, 60% of SMBs using crowdfunding reported that it was important to the launch of their business's new product, and 18% of businesses using crowdfunding reported that they would not have had the financial resources to launch their business without it. This finding was more prevalent in developing countries such as India, Turkey and Brazil (39%, 39% and 24% of businesses, respectively), compared to just 9% of respondents in the EU. Furthermore, 77% of SMBs using crowdfunding had successfully introduced a new product in the market in the past three years.³⁶ All of this suggests that crowdfunding through digital platforms can reduce financial constraints as businesses launch their business or new product idea.



Deep dive: Who uses crowdfunding?

31% of female-owned or led SMBs reported using crowdfunding in comparison to 26% of male-owned or led SMBs. Furthermore, 24% of female-owned or led SMBs using crowdfunding reported they would not have been able to launch without crowdfunding in comparison to 12% of their male counterparts.

In Brazil, 20% of black-owned or led businesses reported using crowdfunding in comparison to 11% of overall respondents. In the United States, 42% of African American-owned or led businesses used crowdfunding in comparison to 27% of the overall population.

Customers are more inclined to fund a business if they have a personal connection with the campaign manager or the campaign advertises a product they would like themselves.³⁷ By allowing businesses to share their crowdfunding campaigns with their personal networks, social media plays a key role in fundraising from social networks. It enables entrepreneurs to create a familiar connection with their network and potential investors and to connect with like-minded consumers. One study found that the number of Facebook friends a campaign manager can connect with, and the number of times a campaign is shared, are both associated with a higher likelihood of reaching the overall funding objective.³⁸

Personalized ads play an important role in this regard. Jean-Emmanuel Pialoux, the founder of *Le Bottier Toulousain*, believes he successfully raised funds in his crowdfunding campaign because of the personalized ads he used to find and connect with customers interested in his new line of customized sneakers (see box on page 10).



18%

of SMBs using crowdfunding reported that they would **not have had the financial resources to launch their business without it.**





Le Bottier Toulousain, France

“For small craftsmen like me, Facebook and Instagram provide a real chance”

Having always loved fashion, Jean-Emmanuel Pialoux set up Le Bottier Toulousain, Toulouse’s first artisan shoemaker, in 2018. Le Bottier Toulousain offers custom-fit leather shoes and allows customers to personalize their product by choosing the leather, sole and design to suit their own tastes. Jean-Emmanuel’s target customers are a unique subset of shoe lovers willing to pay a premium for ethically made, long-lasting shoes.

In order to help finance his start-up costs, Jean-Emmanuel turned to crowdfunding and shared his campaigns on Facebook and Instagram. Those who pledged the largest amounts were guaranteed a customized pair of shoes if Jean-Emmanuel reached his crowdfunding target. Within a month of setting up his crowdfunding campaign on Ulule, Jean-Emmanuel had raised €16,500, thereby exceeding his target by €6,000. He attributes the success of his campaign in part to the broad audience he reached through social media, where he shared behind-the-scenes content of his workshop. His social media presence also enabled him to publicize his campaign outside of his own network, and he raised around 50% of his donations from strangers.

“The support from a large number of pledgers provides me with further evidence that I’m addressing a unique customer desire that has not yet been met by the market.”

When Jean-Emmanuel decided to expand his product line from formal shoes to high-end casual footwear, he set up a second crowdfunding campaign. Having already reached out to most of his personal network during the first campaign, he now needed to find completely new funders. Jean-Emmanuel says that he was able to reach his target audience by using his website, e-mail marketing campaigns and personalized ads on Facebook and Instagram. Within two months, the campaign met its target, raising more than €11,500, with more than 75% of donations coming from complete strangers.

For Jean-Emmanuel, the success of his crowdfunding campaign was not just about raising funds. He says, “The support from a large number of pledgers provides me with further evidence that I’m addressing a unique customer desire that has not yet been met by the market.”



2.4 Digital technologies and social media lower barriers to entry and enable SMBs to bring more personalized products to market

The modern internet helps entrepreneurs bring more personalized and successful products to market.³⁹ By connecting with potential customers and receiving real-time feedback through online networks, entrepreneurs can develop and launch products and services successfully tailored to their audience. Digital technologies, such as social media, crowdfunding and e-commerce also enable many entrepreneurs to find funding to develop their products and then sell them across the world.

Furthermore, the communities fostered by social media encourage entrepreneurship. Through the personalized interactions on social media, entrepreneurs can gain confidence in their business idea. From sharing their hobbies and receiving positive responses, to realizing their passion has the potential to become a business, the communities and personal interaction on social media can give entrepreneurs the confidence to take the entrepreneurial plunge. Coupled with the low cost of setting up a digital business, this is a fertile environment which encourages the emergence of many small businesses. Our survey confirms the role of social media in this process. As previously mentioned, 56% of SMB owners using the Facebook apps reported that they were important in giving them the confidence they need to start their business.

This increase in confidence can trigger a virtuous cycle, with material macroeconomic impact. As more small businesses enter and compete in the market, other aspiring entrepreneurs can develop the confidence and inspiration to pursue their own business ambitions. Creative ideas emerge and flourish, regardless of where they originate, in turn stimulating more innovation and product personalization. As more personalized product ideas come to market, customers can enjoy a wider choice of products that are tailored according to price, quality, location and many other dimensions.

3. Personalized marketing as a springboard for SMB growth

Social media enables entrepreneurs to build a customized brand image and target their advertising in order to reach the customers most interested in their products.

Once entrepreneurs have launched their business, they often need to find new customers in order to grow. To do this successfully, SMBs must develop a distinctive brand image that appeals to and resonates with their target customers and allows them to advertise their products and services effectively.

Building a brand identity goes hand in hand with personalizing the business's product offering. It conveys the purpose of the business while also speaking to customers' own personal interests, passions and values. The brand is cultivated over time through the content that businesses create and publish through their marketing channels, but also through the interactions they have with customers and the experiences customers share through word of mouth.

As SMBs develop their brand identity, they must be able to connect with their target audience to promote their brand and the products and services they offer. For example, the local plumber and carpenter need to be able to connect with customers in their area. Equally, businesses such as *Rex Specs*, have to find and target the small customer base of pet lovers looking to purchase dog goggles around the world.⁴⁰ It is particularly important for SMBs that sell niche products to be able to reach consumers from all over the world. In this way, they can build a sufficiently large customer base to make their product economical.

As SMBs connect with their target audience they also need to tailor their engagement to their audience to capture their attention. SMBs have to develop and curate content that reflects their brand image and the personal interests of their particular audience. This includes choosing messages that resonate with their target audience and using different formats of engagement such as short videos or polls to expand the reach of their brand.

Businesses can adopt a range of marketing methods and channels to find and connect with different types of customers. For example, research has shown that younger customers have been more likely to engage with digital marketing, while older consumers have tended to engage more with TV, print or radio.⁴¹ The marketing methods and channels chosen by businesses to promote their products therefore vary according to their intended customer base, the purpose of their marketing campaign and the brand image that an SMB founder would like to cultivate.

Businesses can adopt a range of marketing methods and channels to find and connect with different types of customers.

Traditional forms of marketing, including print media, mail, telephone, TV and radio advertising, can reach large audiences, promote a business and help build brand awareness.⁴² They also allow businesses to target their advertisements to specific customer demographics. For example, TV advertisements are broadcast to different locations depending on the channel. Equally, print advertising can be published in different magazines or newspapers depending on the target customer a business is trying to reach. However, many SMBs do not see this as an effective or affordable way to engage with their target customers.⁴³ In our survey, 41% of SMBs reported that the content format of traditional advertising is not ideal for describing their product or service; 52% stated that traditional advertising does not reach their target audience in an effective way; and 33% considered traditional advertising methods to be unaffordable for their business. This was particularly true in South Korea and Vietnam, where 47% and 46% respectively reported that traditional forms of advertising were unaffordable.

Digital platforms play a critical role in complementing traditional advertising. They allow SMBs to develop a brand, curate content and target advertising to their audience across the world. An SMB's digital presence, hashtags and personalized ad campaigns can all be used to find and connect with their target audience, while their ads can be adapted and targeted in a way which resonates with individual consumers on a one-to-one basis.⁴⁴ For example, a zero-waste grocery shop can target a consumer group that values sustainable living in one advertising campaign and target customers in their locality with another.

The perceived effectiveness of digital marketing is also reflected in its growing uptake amongst SMBs, with many advertisers prioritizing digital advertising as consumers spend more time online.⁴⁵ One survey found that 96% of SMBs reported using social media in their marketing strategy, whilst another found that on average, businesses planned on spending almost two thirds of their marketing budget on digital channels in 2021.⁴⁶ In our survey, 92% of SMBs reported using a form of digital advertising, in comparison to 39% using traditional advertising methods. SMBs surveyed spent on average 88% of their 2020 marketing budget on online advertisements, ranging from 61% to 98%.⁴⁷

The remainder of this section discusses how SMBs use digital advertising to enhance personalization in the marketing of their products and services. It highlights how digital technologies can help SMBs develop a distinctive brand and build an online community to connect with the right consumers and promote their products and services organically. It also discusses the critical role that personalized ads play in helping SMBs find and tailor their advertising to the right customers in order to grow.

3.1 Social media and digital technologies enable SMBs to curate their brand image and be found by customers throughout the world

The digital technologies available to SMBs can help them build a unique brand image through posts on social media or content on their websites. From the choice of colors on their website to the specific content that they post, SMBs can design and personalize their online brand to suit their visions. They can therefore create and develop a unique brand that appeals to their target audience.

Developing a distinctive brand identity can help businesses find their target audience and build a strong network of customers. On social media, location tags and hashtags can be used to connect businesses with consumers located in the right area or with those whose specific likes and interests are a good match for the business (see the box on page 12 for a deep dive on hashtags). From the local bakery to globally recognized apparel brands, businesses of all kinds use social media to engage with customers and build their own unique brand. In our survey, 43% of businesses said that their free Facebook or Instagram page was a more effective marketing tool than their website, reflecting the perceived importance of an unpaid digital presence to SMBs.

The reach of an SMB can be amplified through networks created on social media. Through digital advertising, SMBs can build a strong community of followers who engage and interact with their content, and thereby extend the reach of their brand. By generating this engaging content, SMBs can encourage consumers to promote their business organically.⁴⁸ Individuals can share content created by the brand, tag the brand in their own posts and reviews or use the brand's hashtags to share specific brands or products with their followers. In fact, a study found that 38% of online shoppers have shared reviews about products they have purchased with friends via digital platforms and 62% of consumers have read product comments shared by their friends on Facebook.⁴⁹ Such activity extends the reach of an SMB's digital content and allows it to be found by more like-minded customers.

For example, Bella Adeniran, the founder of Naphtali Events and Rentals, has built a large community on social media by posting over 6,000 photos of her bespoke events. She now has more than 28,000 followers and her customers tag her brand when they post content from her parties and events. As a result, her customers' followers become aware of her services, helping her promote her services (see box on page 13). This marketing often occurs organically without the use of paid promotions, enabling businesses to build a stronger brand image and community of supporters at a low cost.



Deep dive: Hashtags

Using hashtags in order to connect with and be found by the right consumers

Social media has made it easier for consumers to search for and locate the right business. Hashtags help people find posts about topics they are interested in. Clicking on a hashtag on a post found on social media such as Facebook, Twitter, Pinterest or Instagram, gives you all other posts with that specific hashtag.

In this way, customers can find small, local businesses which have low global consumer awareness (for example, #supportlocalwpg) while others with specialized interests are directed to products suited to their lifestyle (for example, #zerowastehome).

Successful hashtagging involves understanding what customers are searching for and the keywords they are using, while also extending the reach of the brand.



Naphtali Events and Rentals Nigeria

“Social media is able to connect us with people that we would ordinarily not meet in the streets and who would not walk into your store.”

Bella Adeniran, an aspiring entrepreneur, set out to create her own events management company after attending several parties where she experienced poor service. Over the next ten years, Bella built Naphtali Events and Rentals, a Lagos-based company now employing more than 60 people. Her business provides distinctive, high-quality rental equipment and décor for weddings, birthdays and corporate events across Nigeria.

Bella has generated significant interest in her services through the business's Facebook and Instagram feeds, where she posts carefully curated photos, videos and stories of successful parties. Bella has attracted more than 28,000 Instagram followers, including potential business partners such as venues and wedding planners. She says that her personalized ad campaigns through Facebook and Google help her target customers within close geographical proximity to her stores, thereby increasing sales conversions.

Social media also provides the means for customers to communicate directly with Bella's team at no cost. Click-through buttons on both social media and her website direct customers to WhatsApp, through which her business now arranges 90% of its sales. Her team can learn about customers' preferences, and then provide a personalized service and create custom events tailored to the client's specific likes.

Bella considers social media to be an integral platform in marketing her brand. By using hashtags and tagging the brand in the content that her business and her consumers share on social media, she is able to promote her services in her local community.



Organic marketing on social media provides consumers with a familiar and relatable experience, helping increase consumer intentions to buy. Literature shows that two thirds of consumers agree that online recommendations from other people were valuable, could affect their perception of the brand and could therefore influence their purchasing decision.⁵⁰ This trust and relatability between followers on social media is also what makes marketing through content creators so successful (see box on page 14 for a deep dive on branded content and creators). As a whole, user-generated content helps cultivate an online community and thus influence sales, regardless of whether these interactions occur on company-owned or independent websites or on social media pages.⁵¹ This, in turn, strengthens and grows the brand's online image and network of followers.



Deep dive: Branded content and creators

Social media provides a platform for individuals to share their lifestyle and connect with an audience with similar interests, whether that is travelling, food or yoga. Individuals can build an audience and grow their personal brand on social media platforms. Websites such as YouTube, TikTok and Instagram, in particular, promote the phenomenon of creators, also known as influencers. Creators are able to partner with brands in order to share the business' products and services with their audience.

Branded content by creators can increase product awareness, create access to a new follower base and boost intention to buy.⁵² This is because creators bring brands to customers via a more human and personalized interaction. Customers are therefore more likely to relate to the ad. According to our survey, 29% of respondents reported using creators in their marketing campaign.

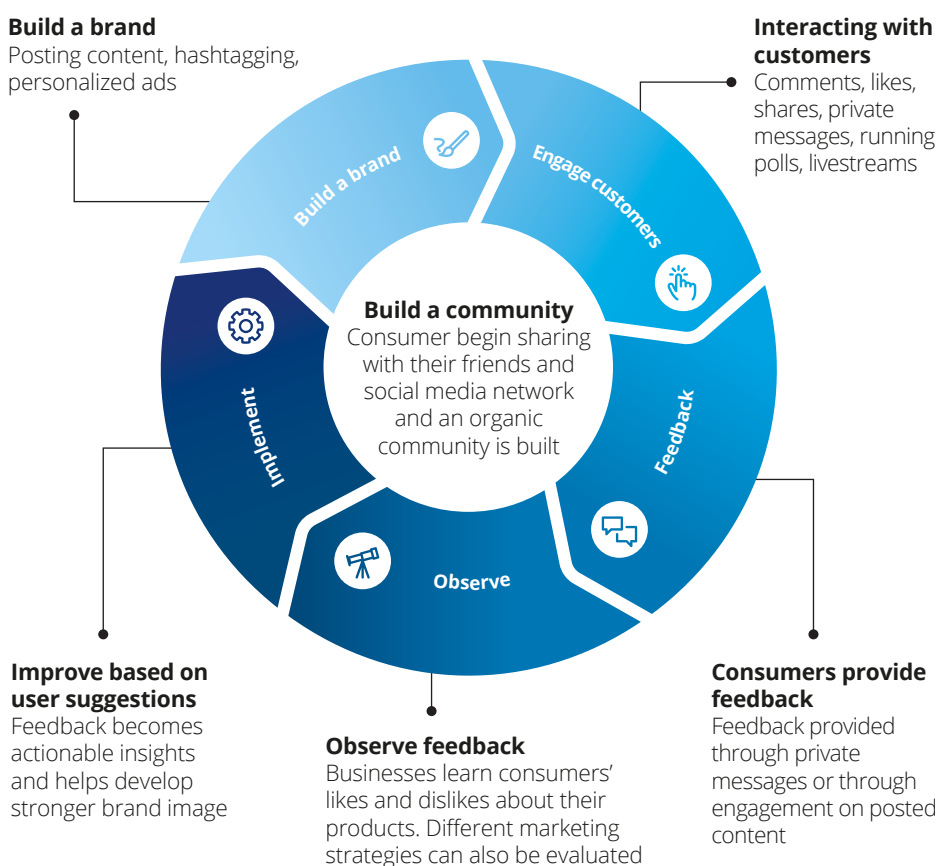
Having a large, loyal follower base can also inspire creators to build their own business or introduce their own product lines. High-profile food bloggers, such as Mimi Thorisson, may choose to publish their own recipe book. Meanwhile, fashion creators, like Fisayo Longe, can start up their own fashion brand and market their companies to their existing network of followers.

The reoccurring interactions that digital marketing facilitates between customers and brands equip SMBs with the knowledge to improve the personalization of their marketing to their target audience. This in turn strengthens their relationship with their followers. For example, customers can like, share and comment on content posted by SMBs and communicate their thoughts. This not only raises awareness of the brand and expands the network of followers, but also provides valuable insights for businesses on their customers' preferences and tastes. Armed with this information, the business can shape and adapt their distinctive brand identity to make it resonate even more with their target customers (see Figure 3).⁵³

Two thirds of consumers agree that online recommendations from other people were valuable and could influence their purchasing decision⁴⁸



Figure 3: How building a brand on social media creates a continuous feedback loop for brand



Collectively, the benefits of building a digital presence can have a positive impact on business performance, helping SMBs both grow their revenues and increase their reach across geographical borders. A study in India found that SMBs with a digital presence enjoyed 6% higher revenue growth than offline businesses.⁵⁴ Furthermore, a study in France revealed that digitalized SMBs were four times more likely to export than the average SMB.⁵⁵ In our survey, SMBs using social media were twice as likely to report that over half their sales came from overseas customers. Obia Ewah, the founder of the hair and skin care company OBIA Naturals, was able to expand into 21 countries and increase her sales six-fold after building a social media presence.

3.2 Social media allows SMBs to personalize and tailor their advertising to reach their target audience

By using personalized ads, SMBs can direct and tailor their message to specific consumer groups (see box on page 16 for a deep dive on personalized ads). In this way, they can pinpoint and connect with the microsegment of customers most likely to buy their products and services.⁵⁶ For example, a mechanic who uses personalized ads can target customers based on location, while a company designing customized roller skates can reach out to customers based on their interests, regardless of location. Businesses can also tailor the ads so that

they resonate with different consumers according to their specific interests. Personalized ads therefore carry greater importance in industries such as retail and wholesale, where businesses reach out directly to end consumers and customer shopping experiences can be enhanced through personalization. For example, *Evamoso*, a business offering leggings made from ocean waste, can highlight their product's positive ecological impact and direct the ad to individuals who are passionate about buying sustainable clothing.



OBIA Naturals
United States

“Our business wouldn’t exist in all these countries without social media.”

Obia Ewah began developing her own haircare products in 2009 after successfully battling thyroid cancer at just 26 years old. After her diagnosis, Obia became aware of the potential risks that chemical hair products can have. As a trained chemist and qualifying doctor, Obia decided to develop organic, home-made alternatives for her own use. Her friends noticed improvements in her hair’s health and asked to buy her products. As interest grew, Obia dedicated her summer holiday to testing this venture and began OBIA Naturals. Ten years later, her products are sold through more than 200 retailers globally, and Obia has been nominated for Amazon’s Women-Owned Small Business of the Year.

Obia believes that social media accelerated the success of her business. By posting video tutorials and reposting user-generated content shared via their hashtag, Obia built a community, mostly

through word-of-mouth awareness. Within just a year of building its social media presence, OBIA Naturals grew its sales from \$30,000 to \$200,000. Within three years, it expanded into 21 new countries. “Every new country was a direct result of e-mail or social media”, Obia says. Now, more than 15% of her sales are exports, and Target and Walmart have supplied her products all around the United States.



Obia has been using personalized ads on social media since 2013. Her campaigns initially targeted a demographic modelled around Obia – young women interested in an organic lifestyle. With the help of these campaigns, Obia has now built a community of more than 80,000 followers on Facebook and Instagram. Having recently become a mother, Obia has begun developing baby products and is excited about launching new product lines. She believes social media will continue helping her grow: “We would never have the opportunity to reach so many people if not for social media.”



Deep dive: Personalized advertisements

Personalized ads are advertisements that are displayed to individuals based on specific characteristics such as location, interests, demographics or previous online activity. Consumers are divided into categories according to their browsing history, likes, dislikes and preferences. Businesses can then choose to target their ads at consumers who fulfill certain criteria. They can continue to update their target audience through this feedback loop by observing which consumers are engaging with their ads, thereby increasing the chances of reaching the right people.



Consumers find personalized ads more **engaging, relevant and memorable** than generic marketing campaigns.

Studies have shown that personalized ads are seen as effective advertising tools by both businesses and consumers. For example, they can deliver more than five times the return on investment on marketing spend.⁵⁷ Furthermore, several surveys reveal that consumers find personalized ads more engaging, relevant and memorable than generic marketing campaigns.⁵⁸

Although research has demonstrated that most consumers are happy to share their data in order to receive a customized experience, this is often on the condition that the data is used in a transparent manner.⁵⁹ Policy makers, businesses and consumer panels have raised concerns over the use of consumer data to support personalized ads. As a consequence, several businesses have adjusted their business practices and governments around the world have also introduced legislation and regulation on data protection and privacy.^{60,61}

Many businesses consider personalized ads to be an effective tool. Ads personalized to a potential customer's interests have been found to lead to higher click-through rates.⁶² This includes both targeted ads and those tailored to resonate with specific audiences. One study found that the use of personalized Google Ads achieved a high return on investment for businesses by pinpointing their audience and boosting website conversions, while

another study found that personalization helped boost sales by more than 10%.⁶³

Our survey confirms these findings. Around three quarters (76%) of SMBs using personalized ads reported that they were effective in finding new customers for their business while 69% stated that they were important in achieving a high return on marketing expenditure when compared with other marketing tools.

Through personalized ads, many businesses can match consumers with products that suit their specific needs at a lower cost than alternative marketing methods. Therefore, businesses have to spend less on advertising overall.⁶⁴ In our survey, 62% of businesses said that personalized ads were important to reducing overall advertising costs. A report by the European Commission also found that reduced search costs have the potential to lower consumer prices.⁶⁵ This effective matching can help provide the maximum possible benefit from SMBs' often small marketing budgets. Broader, more generic marketing campaigns, which reach only a small proportion of potentially interested consumers, can be less economical. For example, *beGalileo*, an online tutoring business with a mission to make mathematics engaging and fun for children, used personalized ads to reach their target audience in an affordable and efficient way (see box on page 18).

The improved business outcomes of SMBs using personalized ads demonstrates the benefits of personalized and targeted advertising.⁶⁶ Our survey shows that firms using personalized ads were 16% more likely to report positive sales growth in the past year than those not using them. Those using personalized ads were also more likely to have introduced a new product in the last three years and to report a higher proportion of sales outside their home country, allowing businesses to expand their customer base across geographies and thus build resilience into their business.⁶⁷



14%
more likely

Businesses using the Facebook apps were **14% more likely** to make **more than half of their sales** to overseas customers.

Our survey reflects the overall importance of personalized ads to SMBs. Despite the low proportional average spending, 74% of SMBs using personalized ads stated that they were important for the success of their business. A similar trend was observed among respondents using personalized ads on the Facebook apps, with 73% reporting that they were important in growing their business successfully. SMBs using personalized ads in developing countries, including Indonesia (88%), India (84%) and Mexico (81%), were particularly likely to emphasize their importance to the success of the business.

In comparison, a lower proportion (65% and 72% respectively) of respondents in the EU and United States reported that personalized ads were similarly important for the success of their business. As we can see in Figure 4, our survey also shows that respondents in those countries that tend to spend a larger proportion of their marketing budget on personalized ads believe it to be more important to the success of their business.

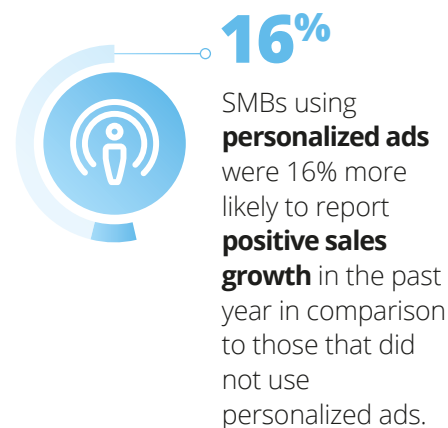


Figure 4: SMBs reporting importance of personalized ads to the success of the business and proportion of marketing budget spent on personalized ads

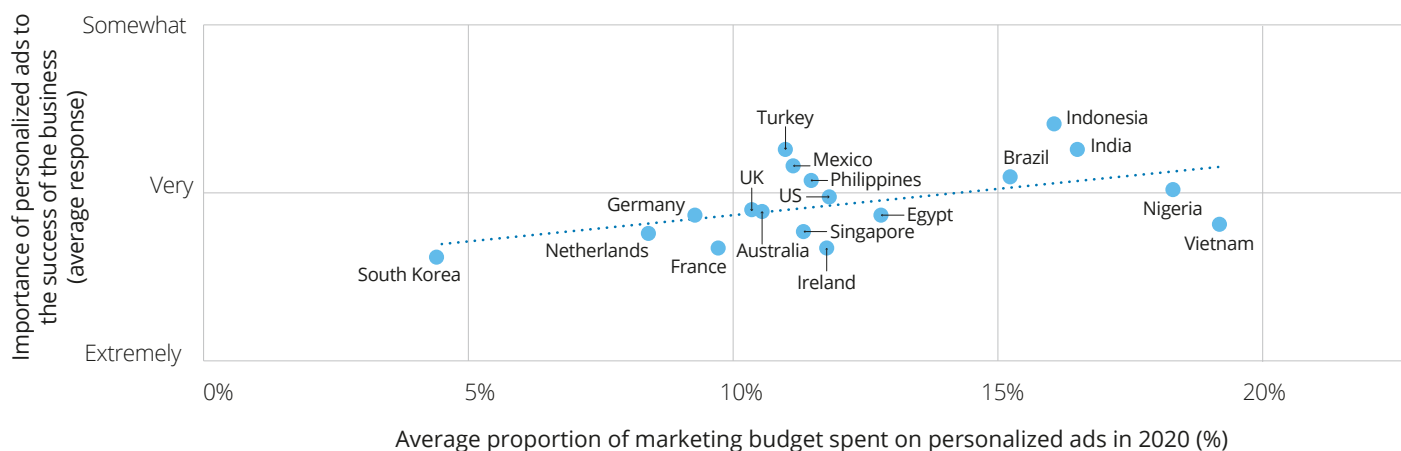
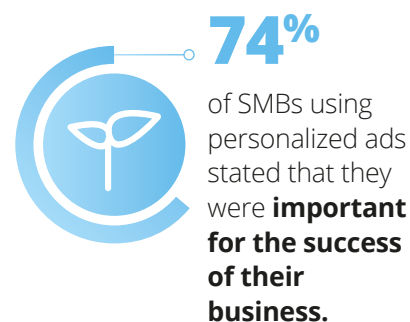
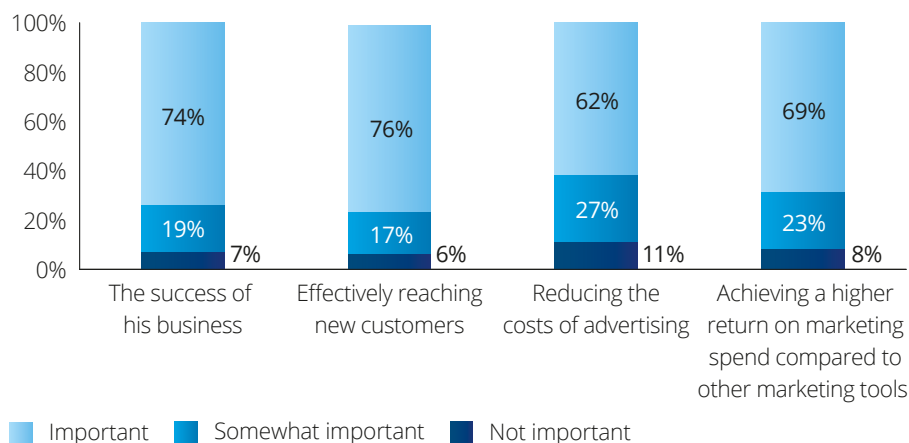


Figure 5: SMBs that reported using market research tools when developing a new product or service²⁴





beGalileo
📍 **India**

“Social media has been a great democratizing factor. It gives the wherewithal to people who didn’t have the financial muscle to weather the rough times.”

Driven by an ambition to help bridge the skills gap for students entering the workforce, Avneet Makkar and Vivek Shaurya founded beGalileo, a company that provides fun and engaging mathematics tutoring to children aged 3 to 14 years. They started by providing face-to-face coaching to children in their hometown of Bangalore. Six years later, they have established learning centers across India, and have recently started offering online tutoring to children in more than 12 countries.

Avneet and Vivek both believe that using personalized ads was crucial for expanding their customer base, particularly outside India.

In 2020 alone, they ran 110 campaigns aimed at parents with children in the relevant age groups, and who are homeschooling their children or

have previously shown an interest in Mathematics tutoring. “As a small business, personalized ads are important to us because we don’t have the marketing budget to target the whole population.” Avneet said.

Reaching out to their target audience online became more important than ever during the pandemic, which forced beGalileo’s learning centers to close. Now, more than 30% of their customers are outside India and they have students across North America, Asia-Pacific and the Persian Gulf.

Looking ahead, Avneet and Vivek are planning to reopen their physical learning centers as soon as it is safe to do so. Meanwhile, they continue to use social media to expand their digital learning platform and welcome new international students.



“As a small business, personalized ads are important to us because we don’t have the marketing budget to target the whole population.”

4. Strengthening SMB resilience to support sustained growth

Digital technologies allow SMBs to build resilience and become more agile in their working processes, aiding their long-term, sustainable growth.

For a business to thrive and grow over a sustained period, it needs to be able to withstand economic downturns. This means that businesses must adapt quickly and pivot their business models to changing circumstances. It is therefore important for businesses to have access to staff with the right interests, skills and expertise. Employees need to be able to learn new skills specific to their product and business model quickly. Similarly, having a diversified customer base from across the world can build resilience by ensuring that overall demand for products is less affected by localized economic downturns.⁶⁸

Building resilience is often a challenge for SMBs, who may find it more difficult than larger companies to attract interested people with the right skills.⁶⁹ Without the relative scale of a large company, finding and hiring people that are passionate about the business is more expensive and resource-intensive for them. Smaller businesses will often need their staff to take on a range of dynamic roles and ensure that these roles adapt to changing circumstances. This means that SMBs need to place a greater emphasis on employee training. Furthermore, growing and diversifying their customer base through traditional means, such as expanding their physical brick-and-mortar presence, is often unaffordable for many SMBs.

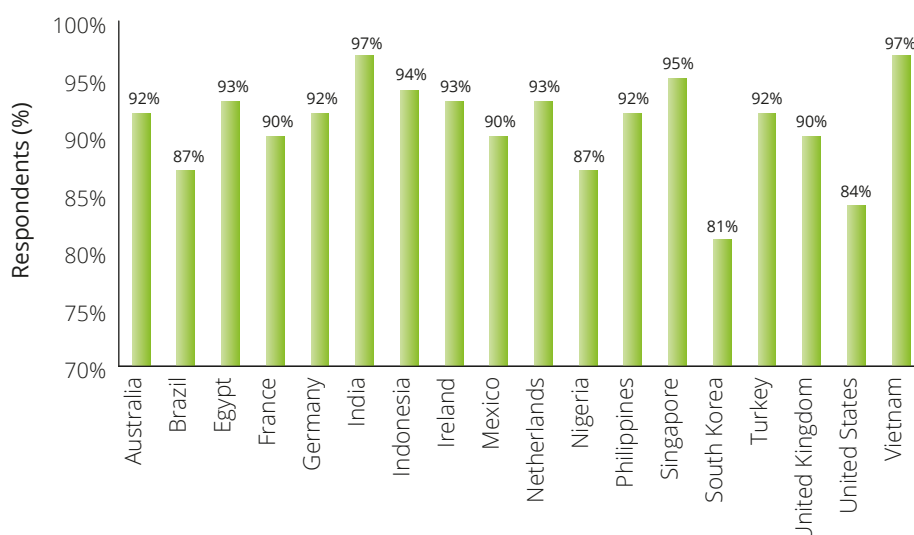
This section of the report highlights the way in which social media helps SMBs to find and hire the right talent and introduce new skills to help them adapt to changing circumstances. It also discusses how SMBs can build resilience to economic shocks by expanding and diversifying their customer base using a personalized digital presence.

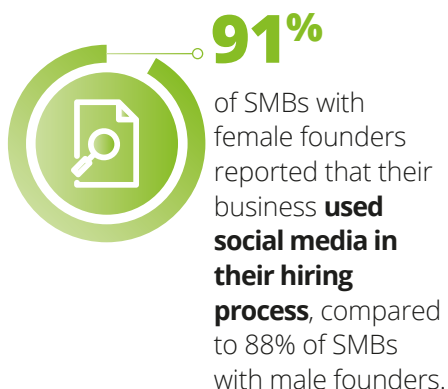
4.1 Digital technologies help SMBs find and develop the right talent so that they can adapt to changing economic circumstances

Social media can help SMBs find and hire the right talent. It provides a platform for them to connect with individuals who have already expressed an interest in the business and may therefore be best suited to it. This is true for both a local shop seeking to reach out and hire members of its local community and for an SMB specializing in a niche product or service and aiming to find employees that are passionate about the company. In our survey, 90% of SMBs stated that they used social media platforms in their hiring process. A more detailed look at the survey reveals that 68% reported using one or more of the Facebook apps,⁷⁰ 29% reported using LinkedIn and 23% reported using Twitter. Figure 6 shows that a high proportion of SMBs across all countries that were surveyed online used social media to hire, ranging from 81% in South Korea to 97% in India and Vietnam.

Digital technologies also aid remote and flexible working. Businesses that adopt these tools can therefore enlarge the pool of candidates able to apply for their job openings. This is particularly important for SMBs that need talent with particular skills or interests. Remote working options therefore increase the chances of finding a suitable employee and enable SMBs to hire interested employees regardless of where they are based.⁷¹ The flexibility to work from home also benefits female employees and business owners in particular as they often have more domestic care responsibilities.⁷² The COVID-19 pandemic has accelerated the adoption and increased the importance of flexible and remote working tools and highlighted the benefits of an agile working environment (see box on page 22 for a deep dive on COVID-19).⁷³

Figure 6: SMBs that reported using social media to hire by country

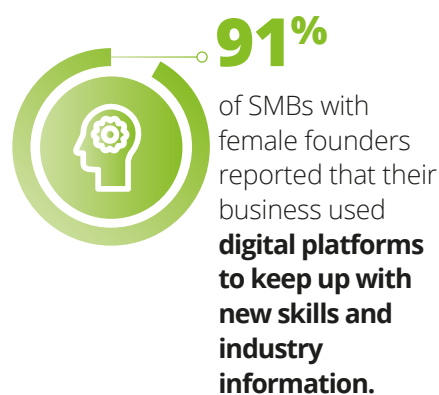
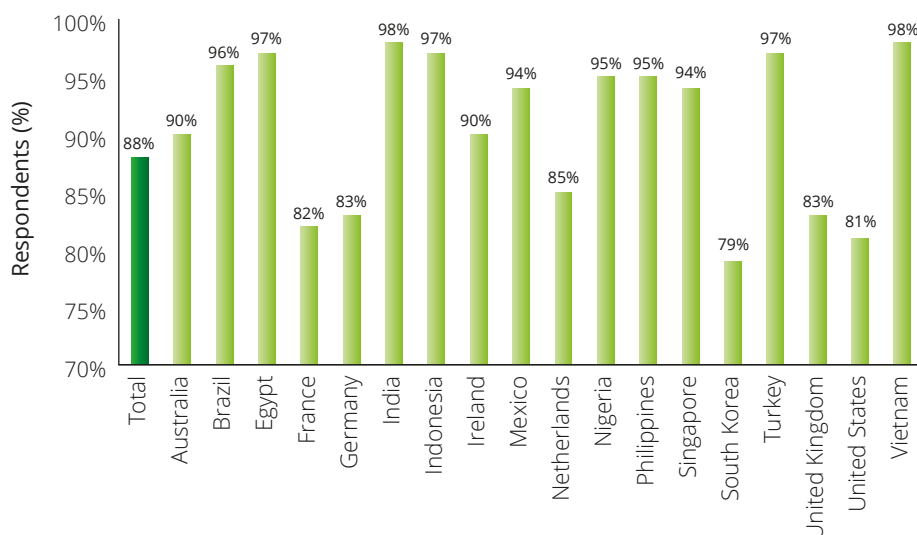




E-learning can help SMBs upskill their employees in a cost-effective way so that they can quickly learn new skills as they become relevant. This is vital for SMBs as research has shown that SMBs do not always have the knowledge to use digital platforms effectively. For example, one study has shown that more than a million UK SMBs lack the skills to prosper in the digital era.⁷⁴ Platforms such as Skillshare or Udemy can help SMBs train their staff online to learn new digital skills for free, or at a relatively low price compared to traditional face-to-face forms of training. Furthermore, social media platforms provide vast opportunities for informal learning through video tutorials, informative posts and groups on sites such as Facebook, Reddit or Discord.

Whilst a newly launched business can learn how to set up a successful online store or find information on the right supplier, a slightly more established business might want to learn how to strengthen its brand image, increase the effectiveness of their personalized ad campaign or utilize remote working technologies. In our survey, 88% of SMBs said they used digital platforms to keep up with new skills and information in the industry. Some of the most popular e-learning tools among respondents of our survey were Facebook Groups (52%), YouTube (49%), Instagram (48%) and LinkedIn (32%). As we can see in Figure 7, SMBs in developing countries, such as India, Indonesia, Turkey and Vietnam, were more likely to use digital platforms for e-learning purposes.

Figure 7: SMBs that reported using digital platforms for e-learning by country



E-learning can help SMBs upskill their employees in a cost-effective way so that they can quickly learn new skills as they become relevant.





Cherry Pink

📍 Mexico

"I have started this business from nothing and thanks to the knowledge I got from digital learning platforms, I can now scale my online store to the whole world."

Claudia Magdaleno was a college student in Mexico when she pursued her dream of opening a fashion business. She founded Cherry Pink, a clothing brand, in 2010. At the start, Claudia only sold to family and friends. Now, Claudia employs 13 people and made more than MXN 5 million in sales last year.

Claudia's success story has not been free of challenges. Affordable information on entrepreneurship and on growing a business in Mexico was limited. Claudia turned to e-learning platforms as a cost-effective alternative, including Facebook Blueprint, Foundr and Shopify, and took courses in marketing, e-commerce and logistics. Using Shopify, Claudia built an e-commerce website which showcased the brand's identity with vibrant content. "This has been the most important tool that took my business to the next level," she said. Cherry Pink continues to be an online-only store. Approximately 70% of her sales have been led to her e-commerce site through Facebook or Instagram, according to her Facebook Ad Manager and Google Analytics.

"E-learning and digital tools have helped Cherry Pink become successful."

Claudia also attracts and trains her staff with these technologies. She shares job vacancies with her one million followers on Facebook and Instagram. This has helped her find 10 employees who share the same passion for Cherry Pink. Claudia also shares e-learning courses with her staff. Many of these courses are free or inexpensive, and learning can be tailored to suit her employees' needs.

Claudia wants to continue expanding and still sees value in e-learning. She learned to use tools such as Facebook Ads Manager to improve her personalized ad campaigns, helping her reach more potential customers with each promotion. "E-learning and digital tools have helped Cherry Pink become successful" Claudia says.



In summary, digital technologies and social media are important for SMBs as they continue to adapt to changing economic conditions. Digital technologies help employees work across geographies and enable SMBs to train and hire the right talent. The ability to remain agile and quickly learn new skills is especially important for SMBs with fewer resources and employees, who by necessity need to be more dynamic in adapting to the changing landscape of the market.

The impact that digital technologies can have on SMB resilience was illustrated when the COVID-19 pandemic presented businesses with an unprecedented economic crisis, forcing many to adapt to large structural changes and completely pivot their business models (see box on page 22 for a deep dive on the COVID-19 pandemic).

Digital technologies and social media are important for SMBs as they continue to adapt to changing economic conditions.



Deep dive: COVID-19

Digital technologies helping SMBs steer through an economic crisis

The COVID-19 pandemic is an example that illustrates how digital technologies can help SMBs adapt their businesses to a sudden change in circumstances and a large economic shock. Lockdowns throughout the world led to the closure of many small businesses in the second quarter of 2020. A study by the World Bank, the OECD, and Facebook found that 26% of SMBs surveyed were closed in May 2020.⁷⁵ Although this figure improved to 15% in October, it deteriorated again in 2021, with 24% of SMBs reporting that they were closed in February.⁷⁶

As consumers spent more time at home and online, SMBs had to adapt their business models almost immediately. Research found that SMBs had increased their usage of online messaging apps (43%), social media pages (41%) and websites (28%) in order to advertise their business and reach consumers.⁷⁷ Another report highlighted that SMBs were switching to e-commerce to meet demand.⁷⁸ In our survey, 65% of respondents using the Facebook apps stated that these apps were important for keeping customers up to date about their business.

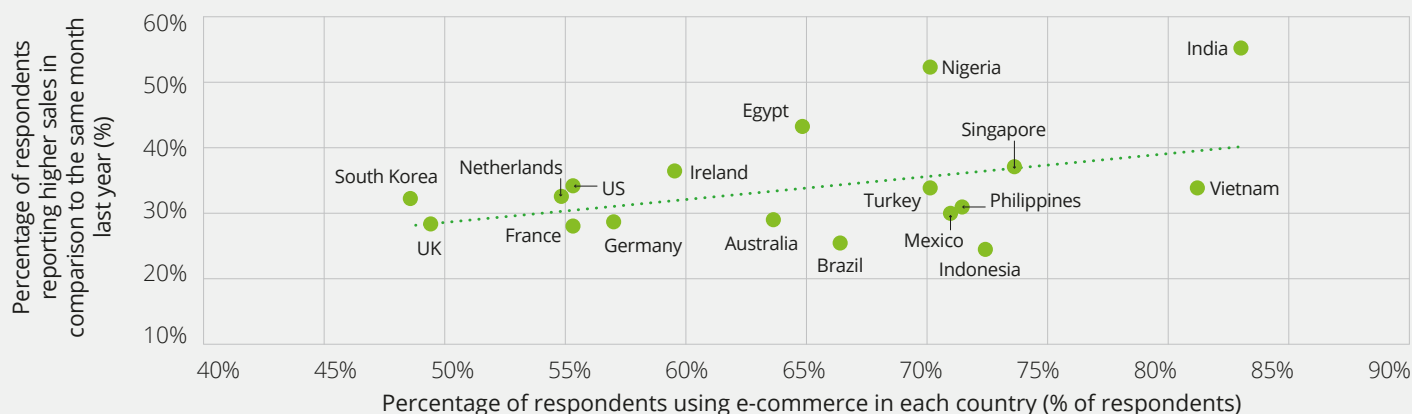
Forced to stay at home, customers also began relying more heavily on online platforms to engage with businesses, make purchases and learn about updated opening times or safety policies. One study found that 48% of consumers increased their use of search engines in comparison with before the pandemic, while 37% used social media more when searching for business information.⁷⁹ More than 60% of consumers reported using the Facebook apps in order to communicate with businesses, while YouTube and Twitter were similarly used by approximately 25% and 20% respectively.⁸⁰

Overall, these findings indicate that digital technologies and social media helped SMBs to adapt and remain resilient to structural economic changes during the pandemic. In one study, 31% of SMBs stated that without digital technologies they would have had to close all or part of their business during the pandemic.⁸¹ In our survey, 60% of SMBs using the Facebook apps stated that they were important in adapting to the changing business environment during the pandemic, while 59% said that they were an important factor in remaining operational throughout this period.

This increase in usage of digital technologies also helps to explain why SMBs were less affected during the second and third waves of the virus, even though the lockdowns were as stringent as in the first wave.⁸²

Several studies show the importance of using digital technologies to increase SMB resilience through these economic shocks and lockdowns. For example, the Connected Commerce Council found that digital technologies have helped 85% of SMBs increase their business's profitability during the pandemic.⁸³ In the United States, 59% and 52% of small businesses respectively stated that Google and Microsoft helped them grow during the pandemic.⁸⁴ Our survey also highlights how social media and personalized ads in particular have helped SMBs become resilient. SMBs using personalized ads were 14% less likely to report a decrease in sales during the pandemic than SMBs that did not use them (as shown in Figure 8).⁸⁵ Furthermore, respectively 65% and 63% of SMBs using the Facebook apps reported that they were important in making their business stronger today and allowing it to compete.

Figure 8: SMBs reporting increasing sales in comparison to the same month last year and use of personalized ads



4.2 The increased global reach and personalization enabled by digital technologies helps businesses develop a diverse customer base and build resilience

Our report shows that by personalizing their engagement with their community through a curated social media presence, digital word-of-mouth marketing, personalized ads or e-commerce, SMBs can increase overseas sales. This helps SMBs diversify their customer base beyond their own home location and makes them more resilient to local demand shocks. In 2019, more than 60% of UK SMBs selling on Amazon made overseas sales.⁸⁶ Furthermore, in our survey, 58% of exporting SMBs using the Facebook apps reported that these apps were helpful in making international sales. Our survey results highlight how a diversified overseas customer base can help SMBs remain resilient to local demand shocks. Despite the pandemic, SMBs who made more than half of their sales overseas were 50% more likely to report growing sales in the past year in comparison to those firms making less than half of their sales to customers overseas.⁸⁷

In addition to having consumers spread across the world, a network of loyal customers can help a business build a resilient stream of income. By providing personalized products and services and building a strong community of engaged followers, SMBs can grow a base of repeat customers who are passionate about their products. In fact, other studies have found that personalized ads can induce repeat purchases as they connect businesses with customers most likely to be interested in their products.⁸⁸ This result is amplified by the fact that repeat customers also tend to spend more on their orders than new customers.⁸⁹ A consistent stream of income can increase SMB resilience to changes in market conditions. For example, when Jannis Pochert was forced to close his physical escape rooms during the pandemic, his existing community of loyal customers helped him pivot his business model (see box on this page).



Breakout Göttingen

📍 Germany

“New customers from all over Germany, Austria and Switzerland would not have come without social media.”

Jannis Pochert, a puzzle enthusiast, launched Breakout Göttingen, the city's first escape room, in 2016. These are physical rooms where visitors are locked in and have to solve time-constrained puzzles in order to escape. Three years later, Jannis released a detective board game, closely resembling the style of escape rooms. Jannis designs his puzzles to be interactive. Players' choices are integral to the storyline, and each person has an immersive and personalized experience.

During the pandemic, Jannis was forced to close his escape rooms, losing his main revenue stream. With the help of the business's 5,000 Facebook followers, Jannis quickly pivoted to offering online games to his customers. He provides these games on a “pay what you want” basis. Jannis says, “We wanted something for our customers to stay in this breakout experience”. Over 12,000 users have played his online games, and Jannis says more than 50% of these users knew about them from social media.

Breakout Göttingen is also active on Facebook Groups dedicated to puzzle enthusiasts. Jannis also uses personalized ad campaigns to promote special events,

such as product launches, in order to reach his target customers.

This has helped Jannis promote his board game and increase his revenues during the pandemic. He says that besides personalized ads on Amazon, his fanbase on social media has helped to boost sales. Jannis tells us: “It is much easier to reach customers when you've built up a community.”

Jannis believes that his online games are engaging his customer base during the pandemic. In fact, most of the customers that play his games pay for them voluntarily. This has given Jannis the confidence that he is continuing to grow his customer base and that his physical escape rooms will do well once he is able to reopen them safely.



By providing personalized products or services and adapting a customer's sales experience with tailored marketing, SMBs can therefore increase their global reach and build a community of repeat purchasers across the world. As we have seen, SMBs using personalized ads and digital marketing on social media were up to twice as likely to build a large overseas customer base.

In turn, SMBs with a high percentage of overseas customers were 50% more likely to experience growing sales in the past year. This highlights the importance of a loyal and diverse customer base in making SMBs resilient to sudden economic downturns.

5. Conclusion

This study highlights how digital technologies can make it easier and cheaper for SMBs to personalize their business processes and have the potential to play a critical role in helping entrepreneurs to launch their businesses and then achieve sustainable growth. Digital technologies and social media can help SMBs successfully develop tailored products, unlock the potential demand for their products and services and remain resilient in the face of economic turbulence. Making markets more accessible to all, and accelerating product development, can spur more innovation and competition.

The uptake of digital technologies is highest in developing countries, where 94% of SMBs reported using one of either social media, e-commerce or personalized ads, compared to 84% in developed countries. This suggests that digital technologies are particularly important in helping SMBs in developing economies to overcome obstacles to growth and therefore play an important role in supporting wider economic growth in these countries.

However, there is clearly still significant scope for many SMBs throughout the world to benefit from the enhanced personalization enabled by digital technology and social media. For example, in our survey, 11% of SMBs reported that they did not have a social media presence, use e-commerce or personalized ads to promote their business. This suggests there are many SMBs that still stand to gain from these technologies.

The growing market for personalization will create significant growth opportunities for SMBs, but it is vital that they have the tools to capitalize on these opportunities. Indeed, the demand for personalization is increasing so rapidly that the ability to offer a personalized customer experience and connect with the right customers is almost a pre-requisite for success.⁹⁰ SMBs are naturally well placed to offer a personalized customer experience. However, the digital technologies that help them improve personalization and connect with their audience will become increasingly important in starting up businesses and achieving sustainable growth.

The digital transformation is not simply the responsibility of the businesses themselves. By improving digital access and skills, governments and digital platforms can help spread and augment the benefits of such transformation to a broader community of SMBs. Digital technologies and social media companies

have allowed SMBs to develop their digital skills and gain access to tools that previously required a high degree of technical knowledge.⁹¹ As a result, businesses have been able to find the right skills more easily and reduce the upfront costs of training specialist staff. Technology and social media companies should continue to make a concerted effort to develop platforms for businesses that are accessible to all. In order to support rather than hinder innovation, public policy should also be flexible, adaptable and not overly prescriptive.

Providing more aspiring entrepreneurs and SMBs with the digital tools to personalize can lead to significant economic benefits. Helping SMBs come to market and grow boosts competition and innovation, stimulates long-term economic growth and enables consumers and businesses to benefit from a wider choice of prices, products, quality and services.

6. Appendix

Appendix 1: Online Survey methodology

The Dynamic Markets SMB Survey was fielded in the period between 11th February and 8th March 2021 and was administered across 18 countries. The sample included at least 500 responses per country with a total of 30,500 completed surveys. A summary of the sample size per country can be found in Table 1.

A targeted sampling approach was used for the study, focusing on business owners, senior managers and self-employed workers across 14 industries, who represent businesses of under 250 employees.⁹² All surveys were conducted through the Ipsos online survey panel network.

Soft quotas were used to balance the sample, including industry coverage and a minimum number of business owners, founders and partners.

In countries with a sample size of 3,000 or higher, soft quotas were also used to ensure widespread regional representation. These were used in Australia, Brazil, France, Germany, India, Mexico, United Kingdom and United States.

The survey focused on how businesses use social media and digital technologies in order to bring products to market, find customers and grow their business. A summary of statistics of representative survey questions are included in Table 3 of Appendix 2.

The survey was made up of five sections. In the first section, respondents were asked to answer screening questions and to provide company information, including their business size, business age, revenue and industry.

In Section 2, respondents were asked about whether they had launched new products or services in the last three years. Those who had attempted to bring a new product or service to market in the last three years were asked about market research tools, their use of social media and whether social media helped overcome any challenges to launching a new product or service.

In Section 3, the survey focuses on the marketing methods available to SMBs. Respondents were asked to select which marketing strategies the business uses. Questions on traditional advertising, digital advertising and personalized advertisements were included. Respondents were asked to report spending on different marketing channels and were asked to report perceived benefits and downsides of personalized advertisements.

In Section 4, respondents were asked to report what percentage of sales were made online or overseas, how the business raises funds to finance its operations and how social media is used for hiring and e-learning. Respondents were asked about their firm's performance during the COVID-19 pandemic and asked to report how the Facebook apps has enabled the business to adapt during the pandemic and affected the business's operations.

In Section 5, respondents were asked to report management and leadership demographics of their business, including gender, age and education level.

Screening questions at the beginning of the survey removed ineligible candidates, for example, businesses with more than 250 employees. Aside from this, Ipsos also performed additional quality assurance procedures. This removed unengaged and/or fraudulent responses.

This includes removing cases where, for example the survey was terminated in advance, duplication was seen, or an inconsistent IP address was noted. Their processes also removed respondents who completed the survey too quickly or exhibited a straight-line response pattern.

The survey data was analyzed at both the aggregate (cross-country) level as well as at the individual country level. This includes examining summary statistics, subgroup analysis, significance testing and regression analysis in each of the countries and in the global samples.

Table 1: Country coverage summary.

Country	Number of respondents
Australia	1,000
Brazil	3,000
Egypt	500
France	3,000
Germany	3,000
India	3,000
Indonesia	1,000
Ireland	500
Mexico	3,000
Netherlands	1,000
Nigeria	500
Philippines	500
Singapore	500
South Korea	1,000
Turkey	500
United Kingdom	3,000
United States	5,000
Vietnam	500
Global	30,500

Source: Deloitte analysis of Ipsos survey data.

Appendix 2: Descriptive statistics of the SMB sample surveyed

Table 2: Overview of select SMB statistics.

Gender of business leader	
Male	52%
Female	48%
Sector	
Agriculture, forestry and fishing	2.7%
Mining and quarrying	0.4%
Manufacturing	7.7%
Utilities	1.5%
Construction	8.3%
Retail and wholesale trade	25.8%
Transportation, logistics and storage	3.3%
Travel and accommodation	2.2%
Food preparation and services	5.3%
Personal services	13.7%
Professional services	19.8%
Education	2.9%
Health and social work	3.2%
Arts and entertainment	2.9%
Other	0.4%
Number of employees	
Solo entrepreneur	19%
1 to 9	20%
Between 10 and 50	16%
Between 50 and 149	26%
Between 150 and 249	19%

Annual revenue in 2020 (before taxes and expenses)	
Less than \$100,000	5%
\$100,000 to \$499,999	29%
\$500,000 to \$999,999	16%
\$1,000,000 to \$4,999,999	16%
\$5,000,000 to \$10,000,000	25%
More than \$10,000,000	10%
Time since business first opened	
Less than 1 year	6%
1 to 3 years	40%
3 to 5 years	28%
6 to 10 years	25%
10 years or more	1%

Note: Results may not sum to 100 due to rounding.

Source: Deloitte analysis of Ipsos survey data.

Table 3: Overview of select SMB responses by country

	Australia	Brazil	Egypt	France	Germany	India	Indonesia	Ireland	Mexico	Netherlands	Nigeria	Philippines	Singapore	South Korea	Turkey	United Kingdom	United States	Vietnam
Reported that personalized ads were important to...																		
The success of their business	71%	79%	66%	62%	69%	84%	88%	65%	81%	65%	77%	78%	63%	56%	85%	67%	72%	67%
Effectively reaching new customers	71%	84%	74%	63%	72%	85%	89%	69%	82%	66%	79%	82%	64%	60%	85%	70%	76%	77%
Reducing the costs of advertising	63%	53%	50%	55%	64%	76%	71%	62%	58%	56%	59%	62%	65%	53%	63%	57%	64%	57%
Achieving a higher return on marketing spend	68%	72%	62%	58%	68%	81%	84%	63%	68%	57%	67%	69%	59%	56%	74%	63%	68%	67%
Reported that the Facebook apps were important to...																		
Making the business stronger today	62%	77%	64%	52%	57%	82%	86%	57%	71%	51%	77%	75%	59%	47%	76%	50%	58%	75%
Remaining operational during the pandemic	58%	68%	54%	50%	53%	76%	72%	52%	69%	44%	66%	69%	58%	43%	72%	45%	53%	68%
Adapting to the changing business environment	64%	66%	61%	47%	52%	76%	84%	52%	69%	42%	66%	72%	55%	43%	71%	46%	55%	66%
Keeping customers up to date about their business during the pandemic	64%	76%	65%	53%	56%	78%	85%	56%	74%	52%	78%	76%	56%	43%	73%	53%	61%	69%
Allowing the business to compete in the market	65%	73%	68%	50%	56%	80%	86%	55%	69%	45%	74%	75%	61%	46%	73%	51%	58%	72%

Source: Deloitte analysis of Ipsos survey data.

Appendix 3: Regression analysis and significance testing

Ordered multinomial logit regression models were used to analyze the association between key characteristics and business outcomes (successful product launch, change in sales compared to the same month last year and percent of overseas sales) and the use of e-commerce, personalized advertisements, crowdsourcing or social listening and social media.

The survey analysis required the construction of different respondent groupings. Respondents were categorized as e-commerce users if they reported making any of their sales online. Respondents were categorized as personalized advertisement users if they selected using personalized advertisements on social media as a digital marketing strategy that the business uses.⁹³ Respondents that selected either connecting with other professionals on social media, getting ideas from an online community or scanning conversations on social networks were categorized as firms who used forms of crowdsourcing or social listening. Respondents who had attempted to launch a new product or service were asked whether any of these attempts were viewed as successful by the business.⁹⁴

The regressions were analyzed at both the aggregate level as well as at the individual country level. Regression results for separate countries did not always hold. Due to the sample size of individual countries (see Table 1), it was not always possible to control for all key variables in individual country regressions.

In this section, we report the output of logistic regressions as odds ratios. The interpretation of odds ratios is discussed following the tables of results. Although key variables, such as the number of employees, industry and age of the business were included as control variables in the regressions, the regression results should not be interpreted as causal relationships. They should be interpreted as an indication of how variables are associated.

Those more likely to have reported successfully introducing a new product

Table 4 reports the logistic estimates for the regression of the use of e-commerce, personalized advertisements and social media on having successfully introduced a new product or service in the last three years.

Table 4: Logistic regression of using digital technologies on whether the respondents successfully introduced a new product or service in the last three years.

	Successful product launch
E-commerce	2.62***
Personalized advertisements	1.78***
Current use of the Facebook apps	1.53***
Current use of other social media	1.12
Controls	Gender, age, business age, country fixed effects, industry fixed effects, number of employees, age of business
Observations	30,000
F (44, 29956)	120.49
Prob > F	0.0000

Note: Robust standard errors were used; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$
Source: Deloitte analysis of Ipsos survey data." similar to the other tables

Change in sales compared to the same month last year

Table 5 reports the results of the ordered multinomial logistic estimates for the regression of the use of e-commerce, personalized advertisements and social media on the change in sales compared to the same month last year.

Table 5: Ordered multinomial logistic regression of using digital technologies on whether respondents were in a higher category of change in sales compared to the same month last year.

	Change in sales compared to the same month last year
E-commerce	1.14***
Personalized advertisements	1.28***
Crowdsourcing	1.20***
Current use of the Facebook apps	0.97
Current use of other social media	0.86
Controls	Gender, age, business age, country fixed effects, industry fixed effects, number of employees, age of business
Observations	28,106
F (44, 28062)	101.00
Prob > F	0.0000

Note: Robust standard errors were used; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.]

Source: Deloitte analysis of Ipsos survey data.

Those more likely to report overseas sales

Table 6 reports the results of the ordered multinomial logistic estimates for the regression of the use of e-commerce, personalized advertisements and social media on overseas sales.

Table 6: Ordered multinomial logistic regression of using digital technologies on whether respondents were in a higher category of overseas sales.

	Overseas sales
E-commerce	2.08***
Personalized advertisements	1.29***
Crowdsourcing	1.69***
Current use of the Facebook apps	1.12***
Current use of other social media	1.46***
Controls	Gender, age, business age, country fixed effects, industry fixed effects, number of employees, age of business
Observations	30,000
F (44, 28062)	171.77
Prob > F	0.0000

Note: Robust standard errors were used; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: Deloitte analysis of Ipsos survey data.

Interpretation of results

In the tables above, we report the output of the logistic regressions. The coefficients reported in the tables represent the odds ratios.

As an example, Table 4 reports the logistic regression of whether an individual reported successfully introducing a new product or service in the last three years on a respondent's key characteristics, such as whether they used personalized advertisements or e-commerce. The odds ratio for e-commerce is 2.62 and can be interpreted as follows. By going from not using e-commerce to using e-commerce, the odds of having successfully introduced a new product or service versus not having successfully introduced a new product or service is 2.62 times greater, given all other variables in the model are held constant.⁹⁵

The results communicated in the report are based on marginal predicted probabilities. Marginal effects are commonly used as an alternative metric to odds ratios, as they can be interpreted more easily.⁹⁶ The margin calculates the predicted probability of having successfully introduced a new product or service for those who used e-commerce versus those that did not, whilst holding all other variables at their mean values.

In this example, the probability of having successfully introduced a new product or service in the last three years is 66% if the business used e-commerce and 43% otherwise. This means that businesses using e-commerce were 53% more likely to have successfully introduced a new product or service in the last three years.⁹⁷ This statistic is the one reported in the report (see section 2.3). In this fashion, the remainder of our reported statistics were calculated.

Appendix 4: Case studies

Businesses chosen for case studies were selected by Deloitte from a long list of potential businesses provided by Facebook. The short-list was chosen to maximize coverage of industry and geography and to ensure a balanced sample in terms of gender diversity. Interviews were undertaken independently by Deloitte between January and March 2021. Facebook provided the contact details and helped set up the initial contact.

Marketing agreements were put in place before publication. Any information in the case studies were taken from direct discussions with the individuals and were approved by the respective businesses prior to publication. The use of the individuals' names has been approved by the respective business owners.



Endnotes

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7. For example, 8% of Fortune 500 CEOs are female. Fortune 500, 2020; National Education Union, 2019
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9. "Big Data, analytics and the future of marketing and sales", McKinsey & Company, 2013; "The Deloitte Consumer Review, Made-to-order: The rise of mass personalisation", Deloitte, 2015
10. "Personalizing the customer experience: Driving differentiation in retail", McKinsey & Company, 2020; "Getting personal: how much further can the trend go?", Campaign, 2013
11. "The Deloitte Consumer Review, Made-to-order: The rise of mass personalisation", Deloitte, 2015
12. "CES Survey", CITE Research Dassault Systemes, 2020; "The Deloitte Consumer Review, Made-to-order: The rise of mass personalisation", Deloitte, 2015
13. "The Rise of Personalized Products in Retail", Retail Info System, 2018
14. The survey is online and therefore it is not representative of the full SMB population (offline and online). See Appendix 1 for further details on the survey.
15. Colours by Kim, accessed 2021
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17. The online panel of SMBs surveyed is not representative of the SMB population (offline and online) in the countries covered.
18. 66% of respondents reported using Facebook and 79% of respondents reported using either Facebook, Instagram or WhatsApp to help them start their business.
19. Merriam-Webster, accessed 2021
20. Venditan, 2020
21. Tran, 2020
22. Bentley et al, 2017; Bhimanmi et al., 2019; Park et al., 2017
23. Poetz and Schreiner, 2012
24. Base are respondents who reported attempting to launch a new product or service in the last three years and reported using public data and one other market research tool (37% of entire sample).
25. Base are respondents who reported attempting to launch a new product or service in the last three years (74% of entire sample).
26. In this report, statements represented as a "more likely than" or "less likely than" statistic result from an odds ratio regression. For example, this is based on an odds ratio specification of use of the Facebook apps on a categorical variable of having successfully introduced a new product in the last three years. This increases the probability of having successfully introduced a new product or service in the last three years from 21% to 63%. These regressions outline observed relationships between the variables. These relationships do not imply causality. This relationship holds on a global level. See Appendix 3 for further information.
27. This is based on an odds ratio specification of use of crowdsourcing or social listening on a categorical variable of experiencing increasing sales compared to the same month last year. These regressions outline observed relationships between the variables. These relationships do not imply causality. See Appendix 3 for further information.
28. The sample of the online survey is not representative of the SMB population (offline and online) in the countries covered.
29. Online sales were defined as sales made through the business's website, online marketplaces or social media channels.
30. Findings in the literature prior to the pandemic have also reported e-commerce as a contributor to higher sales. [Barkley et al., 2007](#)
31. This result is based on an odds ratio specification of use of e-commerce on a categorical variable of sales growth compared to the previous year. This increases the probability of exhibiting increasing sales over the past year from circa 32% to 35%. These regressions outline observed relationships between the variables. These relationships do not imply causality. See Appendix 3 for further information.
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33. This is based on an odds ratio specification of use of e-commerce on a categorical variable of having successfully introduced a new product in the last three years. These regressions outline observed relationships between the variables. These relationships do not imply causality. See Appendix 3 for further information.
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50. Nadeem et al., 2019; Li et al, International Journal of Electronic Commerce, 2014
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59. "Making It Personal", Accenture, 2018
60. Support, Apple, accessed 2021
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63. "Big Data, Analytics And The Future Of Marketing And Sales", McKinsey, 2013; Statista, 2021
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65. On the other hand, if personalization steers consumers towards more expensive products, personalization can harm consumers with a high willingness to pay or inability to search due to, for example, time constraints. "Consumer market study on online market segmentation through personalised pricing/offers in the European Union", European Commission, 2018
66. "Powering Up", International Advertising Bureau, 2020; "Getting the Most from Europe's Marketing Ecosystem", Boston Consulting Group, 2020
67. Our survey showed that SMBs that used personalized ads were more than three times more likely to have successfully introduced a new product or service to the market in the last three years, increasing the probability from 21% to 78%. Additionally, SMBs using personalized ads were 21% more likely to report more than half their sales were from overseas customers compared to businesses that did not use personalized ads. These regressions outline observed relationships between the variables. These relationships do not imply causality. See Appendix 3 for further information.
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89. Lantz, 2013
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91. Contributor, 2020
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93. Personalized advertisements were defined in the survey as "any advertisements that display your ads to different people due to their differences in location, interests, demographics or previous purchasing history."
94. The survey stated the definition of 'new products or services' as "new offerings to address a new type of customer or need and excludes small changes to existing products or services".
95. The odds ratio of an event is the ratio between the probability of an event happening to the probability of the event not happening.
96. The method of conversion from an odds ratio to a probability is explained under the following source: "Logistic Regression with Stata", UCLA: Statistical Consulting Group, accessed 2021.
97. $66\%/43\% - 1 = 53\%$



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