



Small Business Now: Growth in Motion

Exploring The Mindset,
Marketing, and Growth
Goals of New SMBs



Research created in partnership with Ascend2

Table of Contents

Starting Strong: New SMBs Face Challenges With Optimism	<u>3</u>
Key Findings From Early-Stage Entrepreneurs	<u>4</u>
Maximize Your Marketing: SMB Action Plan	<u>5</u>
Focusing On Growth & Flexibility	<u>6</u>
Motivations & Goals: What Drives Entrepreneurship?	<u>7</u>
Overcoming Early Challenges With Better Marketing	<u>9</u>
Looking Ahead: Adapting & Innovating in 2025	<u>11</u>
Refining Strategies for Long-Term SMB Success	<u>13</u>
Key Marketing Trends for SMBs Across the Globe	<u>14</u>





Starting Strong: How New SMBs Are Growing and Adapting

Starting a business takes courage, creativity, and ambition, especially in today's ever-changing economic landscape.

For many new small business owners, the journey is filled with pride and excitement—nearly three-quarters (71%) of SMBs we polled said they felt excited when they started their business, and 57% felt proud. Still over half (52%) said starting out was a challenge, and 27% noted they felt stressed or overwhelmed during this time. However, 95% would do it all over again if given the chance—underscoring the resilience and determination of the new business community.

Despite a rapidly changing world, the findings from this study reveal that the next wave of SMBs is social-first, technology adept and highly adaptable. All this leads to a cautious sense of optimism among new entrepreneurs.

These new SMBs are taking a customer-centric approach, leveraging digital tools, adapting to evolving market dynamics, and demonstrating their commitment as they strive to scale.

About the Report

This report, based on a survey of 1,645 small business owners operating businesses in their first five years, explores the motivations, strategies, and outlook of recently founded SMBs. Conducted in partnership with Ascend2 Research, the survey spanned North America, the UK, and the ANZ regions, providing a comprehensive look at how these entrepreneurs navigate the critical early stages of growth.

Key Findings

- **New small business owners feel cautiously optimistic about their growth in 2025, but realistic about challenges outside their control.** Many of the businesses we polled began during challenging economic conditions, so they are built to adapt and thrive in rapidly evolving markets.
- **The next generation of entrepreneurs is social media-first, but looking to diversify their marketing efforts.** As these businesses look to scale, they recognize the need for marketing strategies that drive long-term revenue growth. Email marketing remains an underutilized opportunity for driving conversions and revenue.
- **Technology is an essential growth lever for new and early-stage small businesses.** With limited time and resources, and in response to rising costs and shifting consumer expectations, this next wave of SMBs has become AI-aware. They are increasingly exploring AI-driven solutions to scale their business and achieve more efficient and effective results.



Maximize Your Marketing: SMB Action Plan

Action: Prioritize customer relationships

Why It Matters: Prepare for the future with a marketing strategy driven by investments in customer retention and building community through personalized experiences, exceptional customer service, and loyalty programs. 29% of new small business owners expect the importance of the customer experience to have a significant impact on their business in the coming year, second only to economic factors out of their control. Adapting to the evolving needs of customers, regularly reassessing customer preferences and pain points, and tailoring marketing communications accordingly are critical to strengthening customer relationships.

Action: Use more than one channel

Why It Matters: Create a more resilient, scalable, and effective marketing strategy by introducing reliable, cost-effective channels like email to enhance customer relationships and drive measurable results or direct, and engaging channels like SMS to improve personalization and drive conversions and sales. 54% of new SMB owners expect unpaid social media to remain their primary marketing channel in 2025, and another 35% will prioritize paid social media. Meanwhile, 27% anticipate email as a primary marketing channel and just 10% will prioritize SMS—even though investing in these underutilized channels (like email and SMS) can help new small businesses stand out in competitive markets and extend their reach to more targeted audiences.

Action: Invest in technology

Why It Matters: Improve efficiency by streamlining marketing and operations with the adoption of technology that allows you to do more with less through AI and automation. Our data suggests that confidence in business growth and the adoption of AI are closely linked. In fact, small business owners who have the most confidence in their business growth this year are embracing AI more than others. 41% of this group with high confidence in business growth say they will use AI for data analysis, and 39% will use it to personalize customer experiences, compared to just 25% of all others.





Focusing On Growth & Flexibility

Despite an unpredictable global market, almost half (45%) of new and early-stage small businesses feel very confident that their business will grow in 2025, even though 55% expressed some hesitation.

As new and early-stage small business owners settle into the year, they see their top challenge being customer acquisition (48%), especially as they work to effectively market their business. Customer retention (28%) and learning new marketing technology (27%) are also expected to be top challenges in the year ahead.

Despite these anticipated challenges, **new small business owners are prepared to adapt and leverage technology, AI, and innovative strategies to stay ahead.** They aim to build stronger customer relationships, learn new marketing tools and strategies, improve their brand, and find ways to use AI and automation to improve efficiency.

How are you planning to overcome your business' biggest marketing challenges in 2025?

- 40% Building stronger customer relationships
- 38% Learning new marketing strategies or tools
- 33% Improving my brand (website, SEO, logo, colors, etc)
- 28% Using technology like AI and automation to work more efficiently
- 25% Increasing my marketing budget
- 24% Seeking mentorship or professional advice
- 23% Investing in more paid ads
- 18% Leveraging more educational resources
- 5% Other
- 7% None of the above

Motivations & Goals: What Drives Entrepreneurship?

Why Start a Business?

Despite challenges, the entrepreneurial spirit isn't slowing down—all over the world, new small businesses are starting every day. There are diverse motivations driving early-stage SMB owners on their entrepreneurial journey, ranging from financial independence to personal fulfillment.

Over half of those surveyed were inspired by the balance, flexibility, and independence that comes with starting a business. Another 41% cited financial opportunity as a key motivator, indicating feelings of confidence in business success when starting and underscoring their determination.

Which of the following most inspired you to start, or acquire, your business?



The stakes are high for many new SMBs as they seek options outside of traditional employment structures for a more balanced and independent lifestyle.

Most (70%) of the SMBs we polled rely solely on their business as their primary source of income, while others approach it as a side hustle (26%) or passion project (4%). This displays just how many early-stage SMBs truly go all in on their new venture.



Mapping Out First-Year Goals

New small business owners are highly motivated by the opportunity to build something of their own, but often struggle to figure out where to start. Customer acquisition is top of mind for business owners when first starting while another 52% are focused on strengthening their brand out of the gate, and 46% have a goal for profitability in their first year of ownership. It's clear that new entrepreneurs are both driven and pragmatic, and they understand that focusing on immediate goals and building a strong business foundation will lead to long-term success.

What are/were your top goals for your business in your first year of ownership?



Building a strong social media following and growing email lists are relatively low on the list of priorities but are essential steps toward achieving the top priority: **Attracting new customers.** While they may not always take center stage, these channels play a vital role in driving growth and success.



*"We work hard to create a fans-first experience, and you can see how that work has paid off in the social following we've built. There's nothing quite like attending a Savannah Bananas game, and our fans are thrilled to spend time with us on game days - **this year alone, over 2M fans signed up for our mailing list hoping to score tickets.** Constant Contact has been critical in helping us maintain that fans-first engagement by creating personalized email campaigns that ensure each and every fan has a perfect game day experience."*

- Fans First Entertainment,
Owner of the Savannah
Bananas

Overcoming Early Challenges With Better Marketing

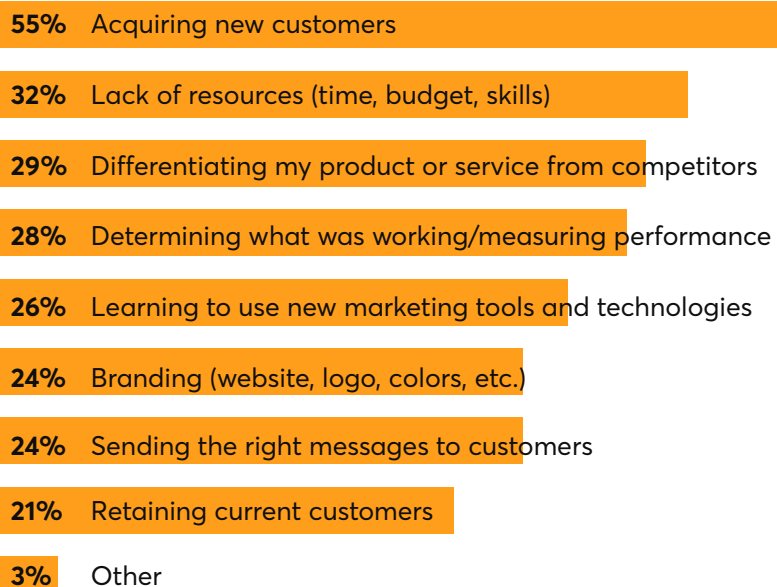
Navigating First-Year Challenges

While many new entrepreneurs are approaching the year with cautious optimism, they also recognize the challenges that come with starting a business, balancing their enthusiasm with a drive to overcome obstacles.

In their first year, acquiring new customers was the top marketing challenge for these early-stage businesses, and by a wide margin. Working with resource constraints like time, budget, and necessary skills was another obstacle that 32% of new small businesses cite as being significant in their first year.

Brand new small businesses still have their sights primarily set on establishing their presence and attracting new customers. While building a solid foundation of customers is vital in the first year, maintaining this customer base with retention-focused initiatives is equally as important to the growth and sustainability of any new small business.

What were your business' biggest marketing challenges in its first year?



Coming out on the other side of first-year challenges. 82% of new small business owners say that their experience in owning a business has exceeded their expectations compared to when they first started their entrepreneurial journey. Looking forward, they are tackling challenges head-on. In fact, 38% say they plan to learn new marketing strategies, skills, and tools in 2025 to help overcome unforeseen obstacles.



*"Moving thousands of miles from Madras, South India to Boston and starting a business in a new country where I knew no one was no easy feat, but the journey has been nothing short of magical. With Constant Contact sponsoring the Holiday Market at Snowport, our holiday **sales more than doubled!** Their tools have made connecting with our customers super easy, and I love that!"*

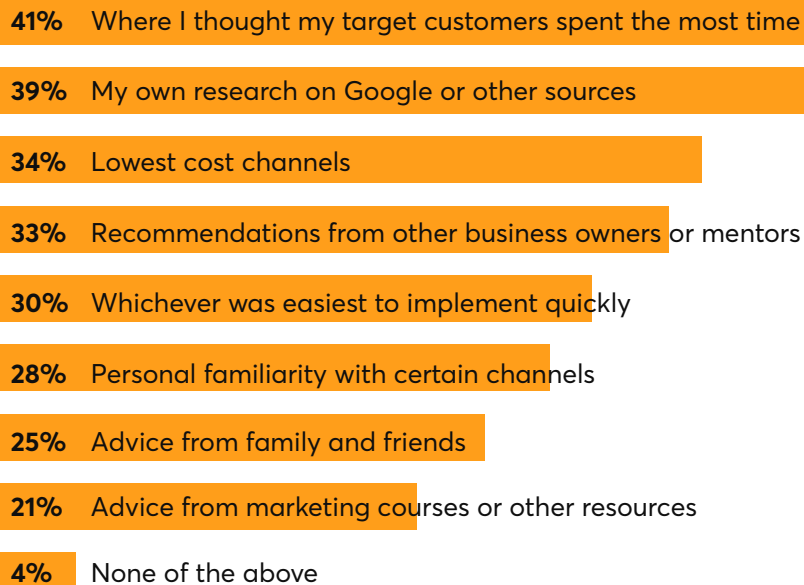
- Nancy Daniel,
Chef & Owner of Madhrasi Chai

Primary Marketing Channels

Our study shows **63% of small business owners chose social media as their most heavily used marketing channel when they first started their new venture.**

Many of these businesses say they chose marketing channels based on where they believed their target audience spends the most time, conducting research of their own to determine which channels to use. With this, about one-third say they used the lowest-cost channels or took recommendations from their peers. Still, others leaned on personal familiarity with certain platforms (28%) or chose the easiest options to implement (30%).

How did you decide which marketing channels to focus on when you first started or acquired your business?



Optimism may be driving many new entrepreneurs, but time and resources allocated to marketing may be misplaced for many small business owners. 54% of respondents spend 1-5 hrs on marketing per day, underscoring the need for greater efficiency and a better understanding of how to spend their time and resources—and on which channels.

ASK DAVE

Where should I spend my time—so that I get the biggest payoff?

"As companies grow, shifting focus from social to email is key. Time and time again, we see businesses thrive when they invest more energy into email—it's what actually drives results. It's not about choosing one over the other, but about allocating more time and effort to where the real value lies."

- Dave Charest, Director of Small Business Success, Constant Contact

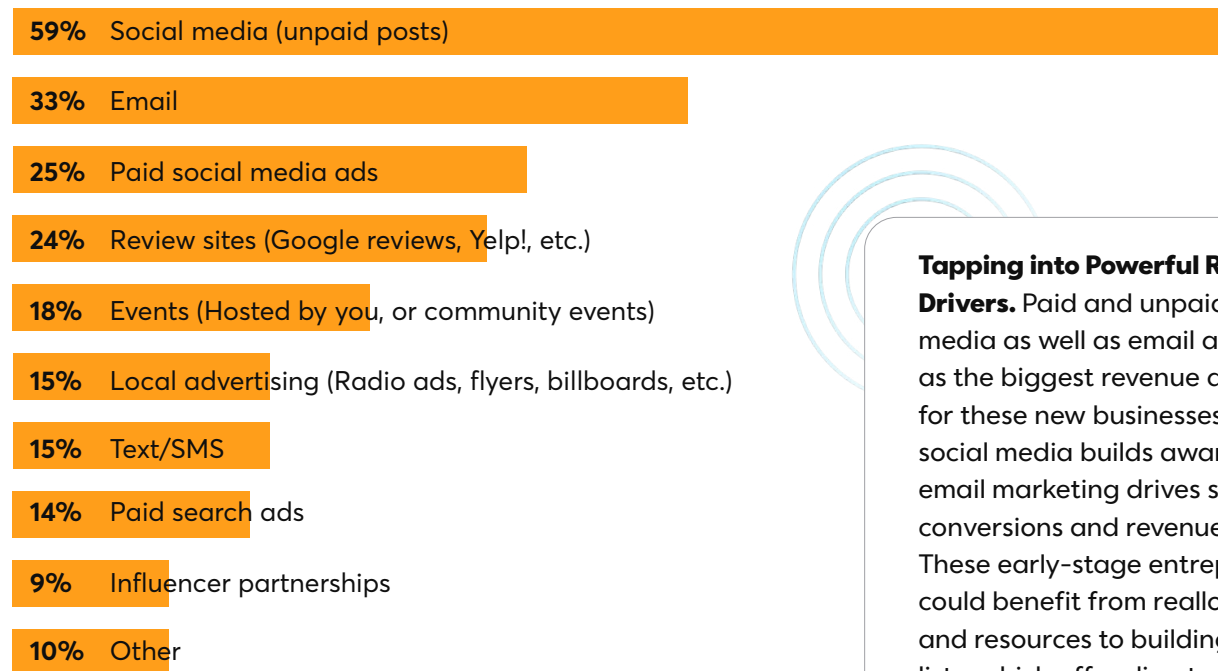


Looking Ahead: Adapting & Innovating in 2025

Missed Opportunities with Underutilized Channels

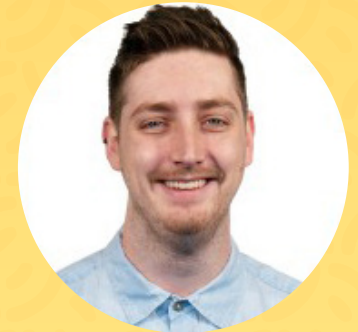
Today, social media – with its ease of access and affordability – remains the go-to channel for new SMBs, but many are missing critical opportunities with other high-impact channels like email and SMS. Just 33% report leveraging email marketing despite its long-proven ability to be a powerhouse in driving conversions and long-term customer loyalty. A mere 15% use SMS or text marketing which can put engagement into hyperdrive and build better customer connections.

Which of the following marketing channels do you use the most today?



Tapping into Powerful Revenue Drivers.

Paid and unpaid social media as well as email are reported as the biggest revenue drivers for these new businesses. While social media builds awareness, email marketing drives stronger conversions and revenue growth. These early-stage entrepreneurs could benefit from reallocating time and resources to building their email lists, which offer direct access to customers and higher ROI. Text/SMS marketing also presents untapped potential, with its high engagement rates providing a powerful way to nurture customer relationships.



*"We do a lot of social to showcase the content they'll receive if they were to sign up for our list. And that works very efficiently for us: **Use social media to push them to your email list and then really utilize those email lists where you have a lot more engagement and interaction with your content.**"*

- Jordan Plappert, Marketing Manager, Flavorman

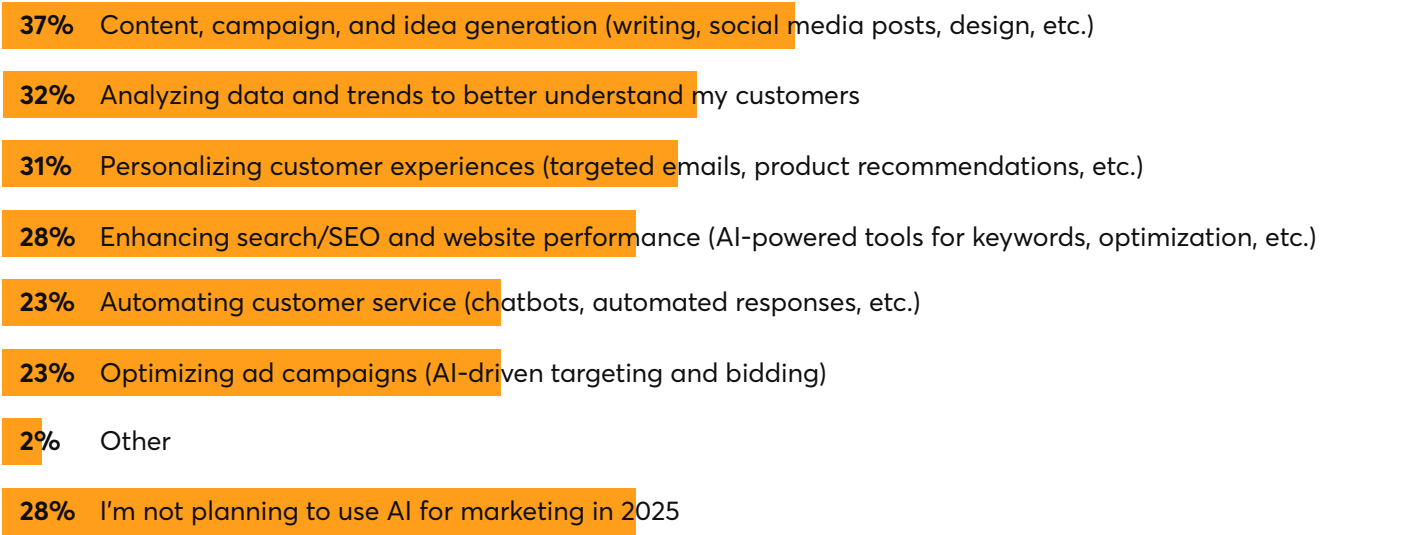


Using Technology to Improve Performance

As new small business owners work to improve marketing efforts this year, their main focus will be on customer acquisition (43%), increasing sales and revenue (40%), and working more efficiently (29%). When used effectively, technology can play a critical role in attaining each of these goals, with **91% of new entrepreneurs surveyed agreeing that technology has been essential for the growth and success of their business.**

With that, 2025 will likely mark another year that technology, and AI tools, play a critical role in the daily lives of SMB owners. **In fact, 72% of new SMB owners will be using AI for marketing purposes in the coming year.** Around one-third will leverage AI for content creation and brainstorming (37%), customer data analysis (32%), or personalization, targeting, and segmentation to improve the customer experience (31%).

How is your business planning to use AI for marketing in 2025?



"I love Constant Contact's AI content generator. I use it to help me elaborate on what I want to talk about, and even for posting on social media. Having different settings where you can select a professional, informative, or enthusiastic tone is very helpful to play around with."

- Shelby Paye, Brand and Communications Team Lead at Oakland Mediation Center





Refining Strategies for Long-Term SMB Success

The next generation of small businesses are technology-driven and built for change. While social media dominates as their most impactful marketing channel, many recognize the need to incorporate other tactics to boost customer acquisition and retention as they grow.

At the same time, AI has emerged as a transformative tool, empowering new SMBs to overcome many of the hurdles that their predecessors encountered. These entrepreneurs are quick to implement cutting-edge tools like AI to uncover efficiencies, get more creative and tackle external obstacles head-on.

Whether they are focused on growth or stability, success in 2025 will depend on how well this wave of SMBs can refine their marketing strategies and leverage new technologies to save time and enrich customer relationships.

By following these steps, new small businesses are set up to create a business model that can help them achieve sustained success in any economic conditions.



Key Marketing Trends for SMBs Across the Globe

In Australia and New Zealand (ANZ), new entrepreneurs are at the forefront of AI adoption and exhibit the highest confidence in their growth prospects this year. Meanwhile, **Canadian small businesses**, are focusing on stability, flexibility and efficiency as they navigate new economic challenges.

In the UK, new SMEs are leveraging technology like AI to balance smart growth with efficiency and placing a strong emphasis on customer retention. Lastly, **new small businesses in the US** are relying on their hallmark resilience as they work to diversify their marketing strategies and get closer to customers as they look to the future.

By improving customer relationships, prioritizing technology—and AI tools—and diversifying their marketing efforts via channels like email and SMS, small businesses around the world are seizing growth opportunities, maintaining resilience, and positioning themselves for success despite ongoing global economic challenges.

How is your business planning to use AI for marketing in 2025?

	USA	CAN	UK	ANZ
Content, campaign and idea generation	32%	40%	36%	41%
Personalizing customer experiences	32%	30%	28%	37%
Analyzing data and trends to better understand my customers	32%	32%	30%	35%
Enhancing search/SEO and website performance	29%	25%	28%	33%
Automating customer service	25%	18%	24%	24%
Optimizing ad campaigns	23%	21%	23%	26%
Other	4%	1%	1%	2%
I'm not planning to use AI for marketing in 2025	29%	31%	28%	24%



Regional Break Down: Key Trends, Findings & Takeaways

ANZ Outlook: New ANZ SMEs are particularly confident about growth and innovation, aiming to experiment with marketing and improve the customer experience. Key findings show that 49% of new ANZ small businesses express high confidence in their growth prospects, the highest among all regions surveyed, with 88% feeling prepared for unexpected market shifts. And, 76% of early-stage ANZ entrepreneurs plan to integrate AI into their marketing efforts, the highest of any region.

Takeaway: For new ANZ businesses, 2025 presents an opportunity to innovate and grow, particularly by investing in AI-driven marketing strategies.

Canadian Outlook: Canadian small businesses are grappling with economic challenges and shifting consumer habits, with 34% of new Canadian SMEs concerned about economic factors and 31% focusing on customer experience. To combat these challenges, early-stage Canadian SMEs are prioritizing customer acquisition and focusing on performance measurement. Over half (55%) also plan to use social media to support business growth, and 25% will focus on email marketing to deepen customer relationships.

Takeaway: Despite challenges, Canadian SMEs are focused on boosting efficiency, improving customer retention, and investing in new marketing strategies to capitalize on the surge in local support for Canadian businesses.

UK Outlook: New and early-stage UK SMEs are optimistic but cautious, balancing economic concerns with growth strategies. Key findings reveal that technology and AI adoption are central to their marketing plans, with 92% of new UK SMEs viewing technology as essential for growth, and 72% planning to use AI for marketing in 2025. And, as they refine their strategies, 37% of UK entrepreneurs are using email marketing—more than any other region—and 27% are planning to learn new marketing strategies to overcome challenges.

Takeaway: Early-stage UK SMEs will need to balance growth with economic uncertainty. Those investing in AI and digital marketing will have a competitive edge in customer acquisition and retention.

US Outlook: New US SMBs are optimistic despite a challenging political and economic environment. They are focused on customers and continue to invest in technology and AI to help build better customer relationships. Key findings show that 71% of new US SMBs plan to use AI for marketing, particularly for personalized customer interactions and improving efficiency. Additionally, 63% are using social media as a key marketing channel, with many diversifying into email, SMS, and paid search to boost revenue.

Takeaway: Early-stage entrepreneurs in the US will need to focus on strong fundamentals, adaptability, and leveraging AI and technology to drive growth and improve customer acquisition.

Participants and Methodology

Participants

N = 1645 small business owners, founders or operators

Years of Operation for Business

Less than 1 year	13%
1 - 2 years	24%
2 - 3 years	28%
4 - 5 years	32%
6 - 8 years	3%

Number of Employees

1 employee	39%
2 - 10 employees	34%
11 - 24 employees	11%
25 - 99 employees	16%
100+ employees	0%

Primary Industry

Retail/e-commerce	23%
Food/beverage and hospitality	7%
Health/wellness	6%
Financial and law	4%
Technology	10%
Real estate	3%
Nonprofit	1%
Professional services	15%
Public services	3%
Construction/manufacturing	9%
Entertainment/recreation	5%
Transportation	2%
Other	12%

Region

United States	26%
Canada	20%
United Kingdom	36%
Australia/New Zealand	18%

Business Identity

Woman Owned Business	37%
Black, Indigenous, Person of Color (BIPOC) Owned Business	9%
Veteran Owned Business	2%
LGBTQIA+ Owned Business	4%
Disadvantaged Business Enterprise (DBE)	1%
Disability Owned Business Enterprise (DOBE)	3%
B-Corp or Green Business	2%
None of the above	42%

Methodology

Using a custom online questionnaire, Constant Contact, in partnership with Ascend2 Research, surveyed 1,645 small business owners with less than 100 employees for this report. Individuals surveyed represent small businesses that have been in operation for eight years or less, with a 97% majority in operation for five years or less. These individuals represented small businesses in the United States, Canada, the United Kingdom, Australia, and New Zealand. The survey was conducted during November and December 2024.





About the Research Partners



Constant Contact makes digital marketing easy and effective for small businesses and nonprofits around the world. Whether just starting out or managing complex multi-channel campaigns, SMBs benefit from our powerful SaaS platform that delivers a simplified marketing experience with less time spent and better results. With cutting-edge technology, best-in-class deliverability, and award-winning customer support, we help the small stand tall.

Learn more at [Constant Contact](https://www.constantcontact.com).



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

For more about Ascend, visit ascend2.com.