



Small Business Digital Marketing Trends

How Small Business Owners are Leveraging Digital Platforms for Business Growth

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Executive Summary



Small and medium-sized businesses (SMBs) now make up 99.9% of the overall US business landscape, with an estimated 32.5M SMBs nationwide. Given the enormity of this population and its impact on our economy, it is important to better understand their plans for growth and the tools they use to achieve them¹.

To do this, we surveyed small businesses across the country and within numerous industries and identified three key trends for how small businesses leverage digital marketing to achieve growth. First, SMBs prioritize affordability when deciding to use a digital marketing platform. Second, creative storytelling is emerging as an important factor regarding the value a platform brings to a small business owner. This leads, naturally, to our third finding: platform sentiments are starting to shift from more established platforms like Facebook and Instagram toward alternatives, like YouTube and TikTok.

In fact, throughout our research, we uncovered overwhelming optimism among small business owners about TikTok's potential as a digital marketing platform. To better understand the source of this optimism, we took a deep dive into the perspectives and experiences of small business owners who are using TikTok, through both organic and paid advertising, to promote their products and services.

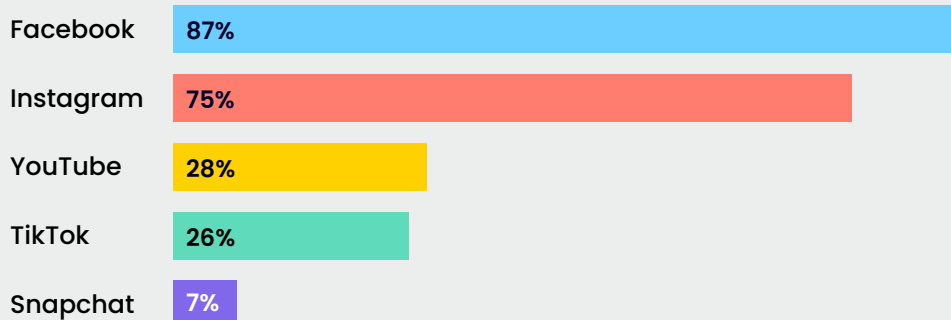
In this report, we've elaborated on these learnings and shared actionable insights for our small business readers who are looking to grow their reach and results by leveraging digital marketing platforms. For details on how this research was conducted, please refer to the Methodology section.

Demographics

Common themes among SMBs who use digital marketing platforms to promote their businesses have emerged. To start, they are relatively young businesses: most have been in operation for two to five years, indicating many older businesses are not leveraging digital marketing platforms as readily. Further, businesses that sell products, particularly in the beauty and self-care industries, are more likely to use digital platforms than their service-based counterparts.

Among all businesses using digital marketing platforms, most use more than one, and they use the platforms frequently. Across today's channels, Facebook and Instagram are most commonly used, but video-focused channels like YouTube and TikTok are steadily gaining ground.

Which of the following digital marketing platforms do you use for your business?



It's also important to consider time on the platform, as this can impact perceptions and results. Of the businesses surveyed, 49% of Facebook users, 35% of Instagram users, 35% of YouTube users, and 23% of Snapchat users said they have been using the platform for more than four years. Comparatively, 58% of TikTok users said they have been using the platform for six months or less.

Key Trends and Insights

KEY TREND #1

Affordability is a top concern for small business owners choosing a platform.

The majority of SMBs leveraging digital marketing platforms are new or emerging businesses; it's no surprise affordability is top of mind when considering their options. Among the most commonly used platforms, Facebook came first in terms of SMBs' perceived value for their marketing dollar.

This platform has paid advertising options that are affordable and effective for my business.

% AGREE OR STRONGLY AGREE



Even with organic marketing, it's critical for SMBs to get a return on their invested efforts. In fact, 45% of SMBs who use digital platforms don't engage in any paid marketing, which means they're relying entirely on their organic traction to generate the results they need. Consequently, they must be very discerning about which platforms they use and how.

In terms of organic results, SMBs report finding the most success on Facebook and Instagram. Interestingly, however, although the businesses surveyed have had comparatively much less time on TikTok, their organic results have already begun to climb swiftly toward these historic industry leaders.

On this platform, I can get results by promoting my products organically, not just through paid advertising.

% AGREE OR STRONGLY AGREE



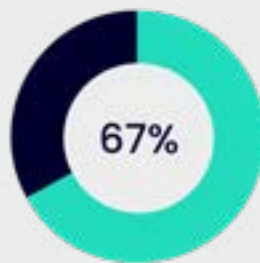
Insights for Small Business Owners

If affordability is a primary concern, small business owners should determine which platforms offer the best chances of organic success. For those considering paid advertising, the key is to assess the ad solutions and pricing of different platforms to determine which can meet both their goals and their budget.

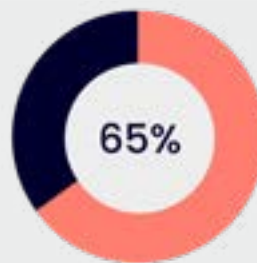
KEY TREND #2**Creative storytelling is key for small businesses.**

When small businesses tell their stories in creative ways, magic happens. That's largely because consumers are not just seeking products and services from today's brands; they want to connect with those brands.

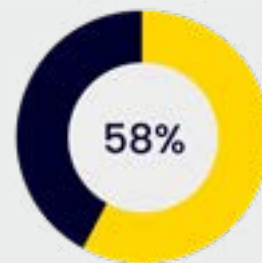
Therefore, platforms supporting this creativity and connection have gained quick traction in the marketplace. Easy-to-use features that enable dynamic storytelling in a variety of formats is key. For example, YouTube is now growing its features to provide more short-form content opportunities and is seeing a gain in the digital marketing space. And although a relatively new platform, TikTok is considered among small businesses to be the best platform for telling their story in a creative way.

This platform helps me tell my small business story in a creative way.

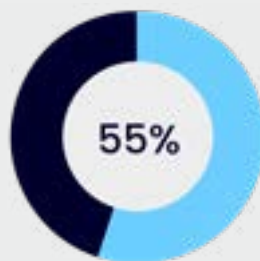
TikTok



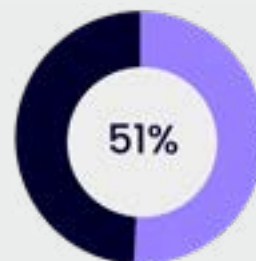
Instagram



YouTube



Facebook



Snapchat

Insights for Small Business Owners

Storytelling is a highly effective marketing tool, especially for small businesses. It's an opportunity to not simply promote their products and services, but to showcase their values, personality, and creativity. Recent trends have shown that consumers are seeking this more personalized content from brands.³ Consequently, small businesses should leverage marketing platforms that enable them to tell their unique stories in an innovative, engaging way to take advantage of this consumer shift.

KEY TREND #3

Platform sentiments are shifting.

While Facebook and Instagram have been the go-to marketing platforms for most SMBs to date, there's now a shift underway for both businesses and users. According to a recent survey, Facebook usage has gone down dramatically (33%) and emergent platforms like TikTok have seen dramatic growth (a 105% user growth rate over the past two years)². Business owners are taking note and shifting their platform strategies to meet customers where they are.

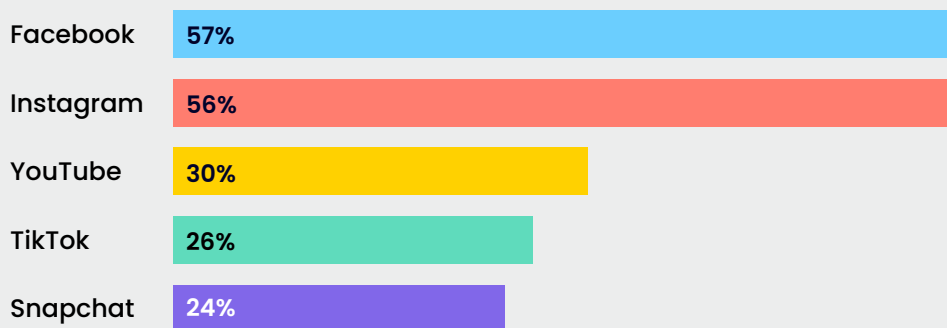
Facebook and Instagram are still perceived to have more tools, features, effective paid advertising initiatives, and integrations with other services used by businesses. However, while SMBs report these legacy platforms may have helped them *establish* a digital presence, they're now looking to newer channels to *grow* their reach and revenue. Within this data, we looked specifically at how SMBs see both the current value these platforms bring to their business as well as their outlook on future use and investment.

• Business Growth & Potential

In terms of helping grow revenue, Facebook and Instagram were cited as the top performers. Small businesses also reported digital marketing platforms have enabled business expansion in other forms, such as hiring new employees, opening new locations, and reaching new audiences.

Success on this platform has allowed me to expand my business in some way (hire employees, open new location/s, reach new audiences, etc.)

% AGREE OR STRONGLY AGREE

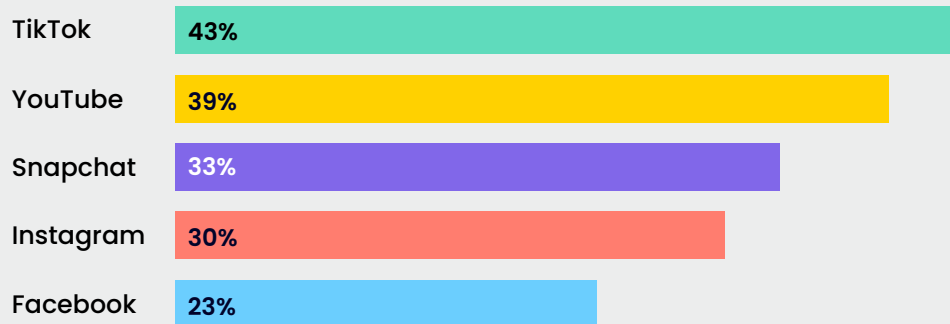


Again, length of time using a platform is an important factor to consider when interpreting this data. Since SMBs have much longer histories on Facebook and Instagram, these platforms have a distinct advantage in this area. Time will tell if the others will catch up, but sentiment indicates they're on their way.

• Future Use

Big plans seem to be on the horizon for the future use of digital marketing platforms by small business owners. Over 63% of owners who do not currently use Facebook, Instagram, or YouTube plan to start; meanwhile, 59% plan to use TikTok. In terms of the reasoning behind these future plans, many business owners cited "word of mouth" recommendations. In this category, TikTok came out on top with 43% of SMBs saying they're now likely to join the platform because they've heard reports of efficacy from fellow business owners.

Reasons for Starting or Increasing Investment on This Platform: I heard from other small businesses that this platform is effective.



Outside of peer recommendations, small business owners appear driven by a desire to introduce their brands and engage their audiences in more dynamic ways. Therefore, it's unsurprising that 72% and 67% of SMBs indicated that they are most excited about their growth potential on Instagram and TikTok, respectively. These platforms are well-known for features supporting audience engagement and storytelling.

Insights for Small Business Owners

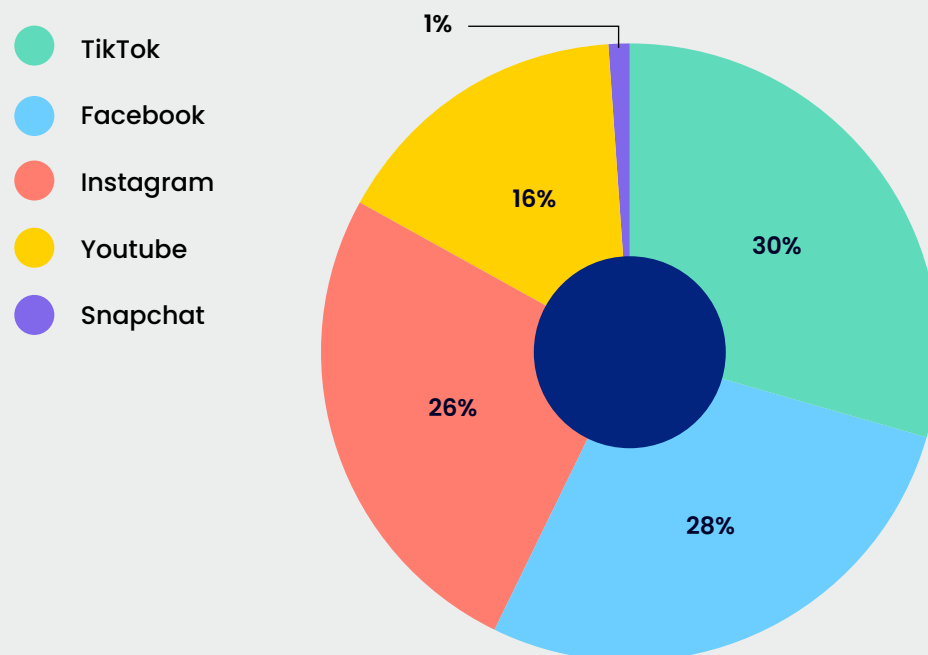
Digital marketing platforms can generate considerable tangible value for SMBs. However, to realize this value, business owners must plan and build strategies around each platform's unique features, styles, and audiences. SMBs must also plan to invest enough time to allow them to learn, adjust, and succeed.

An Emerging Player: The TikTok Shift

Overview

Looking at small business owners' current use and perceptions of digital marketing platforms, TikTok overwhelmingly stands out as an emerging key player. When asked which platform SMBs were most excited to use in the future, TikTok overcame both Facebook and Instagram to lead in this category.

Which digital marketing platform are you most excited about for business use?



And it seems this surge in interest is warranted. SMBs currently using TikTok have the most optimistic outlook for their growth potential compared to SMB outlooks for other platforms. When asked about future plans to use each of the platforms for businesses, an impressive 78% of owners currently using TikTok said they planned to increase their investment. This was the highest of all platforms, with Instagram coming in second at 67%.

This is a particularly noteworthy sentiment given that TikTok is still such a nascent platform. For example, 49% of the small business owners using the platform for organic marketing purposes have only been on TikTok for three months or less.

Clearly, they're gaining enough quick traction on the platform to inspire a positive outlook on future performance.

For further insight into this industry shift, we surveyed small business owners currently using TikTok for both organic and paid marketing to understand its unique appeal and impact.

Why is TikTok Becoming the Digital Marketing Preference among Small Businesses?

SMBs find creating and sharing their story on TikTok to be rewarding from both a business and personal perspective. With its ease of use and unique storytelling capabilities, coupled with its highly engaged audience and focus on discoverability, SMBs are leveraging this fast-growing platform to generate real results.

In our research, we uncovered a number of unique digital marketing strengths reported by



small businesses regarding TikTok. First, small business owners enjoy using TikTok as a tool for their business, finding it easy and fun. Second, small business owners stated reaching new audiences as one of the most valuable aspects of the platform. And last but not least, TikTok is driving tangible impact for small businesses, spanning from successful new product ideas and sales increases to professional growth opportunities.

“

**Best app to grow small business
and engage with
potential customers and clients.**

”

Digital Marketing: Easy and Fun?

Interestingly, 32% of small business owners who have *not* yet used TikTok perceive the platform as too complicated to try. Small business owners currently using TikTok, however, cite their top factors for adoption as “ease of use” and “fun to use.” Says one business owner, “I love using TikTok. It is easy to use, not time consuming, and the videos are easy to make and share.” Clearly, the perception of complication is a hurdle for some small business owners, but once they get started, they discover usability is one of TikTok’s greatest and most distinctive strengths.

Sentiment Among Current TikTok Users

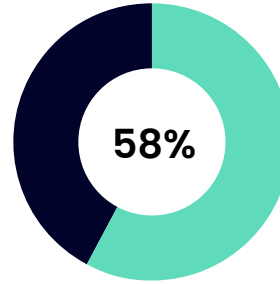


Business Impact

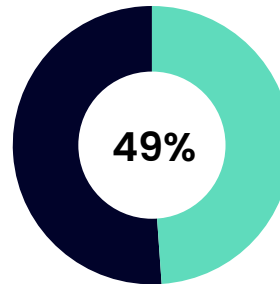
The majority of SMB owners on TikTok surveyed believe the platform has positively affected their businesses to date. When we looked deeper into what was driving this positive impact, we found four common themes: visibility, audience reach and engagement, business growth, and professional development.

• Visibility

Due to the unique nature of TikTok's platform and user base, SMBs are generating quick and far-reaching exposure for their businesses. For SMBs struggling to cut through the broader marketing "noise" with generally limited budgets, the ease and impact of this increased visibility is game-changing. In fact, when asked if TikTok had improved their SMBs' marketing performance, 49% of owners reported the platform helped generate publicity for their business.



TikTok has positively affected my business.

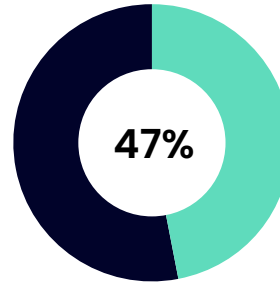


Generated publicity for my business.

• Audience Reach & Engagement

When ranking the most valuable aspects of using TikTok to promote their businesses, “reaching new audiences” came out on top, followed by the “ability to get discovered” and “reaching the right audience for the business.”

Overall, owners using TikTok are pleased with the audience they’re finding on the platform, with 70% reporting a diverse audience and 47% reporting it helped expand their marketing reach in new geographic markets. What’s more, 59% believe it’s an audience eager to discover new products, services, and brands.



Helped to expand marketing reach in new geographic markets.

“

In the last month or so I have increased my following on TikTok exponentially.

”

• Business Growth

Impressively, 40% of the SMBs surveyed credit TikTok for helping them launch their business. Among established businesses, owners indicate TikTok has helped them in several critical areas of overall business growth, from product ideation to increased sales.

How has this platform supported the outcomes of your business?

% AGREE OR STRONGLY AGREE

Grow my revenue

59%

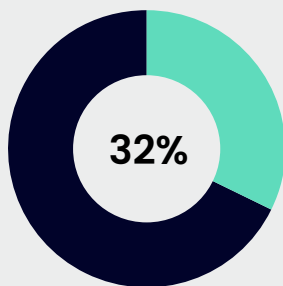
Launch my business

40%

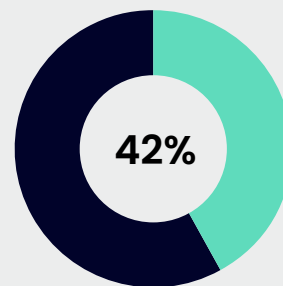
Develop new ideas for products/services

37%

As small businesses have continued to battle against the pandemic's many challenges, this support has been especially critical.

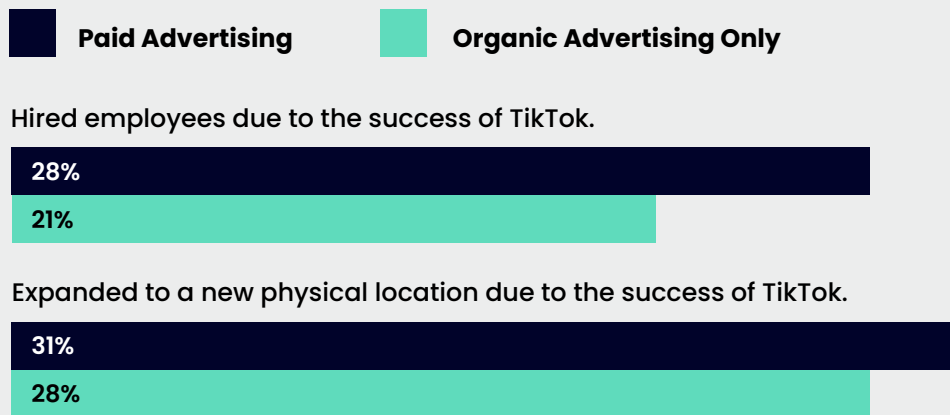


of SMBs using TikTok said the platform helped them raise capital.



of SMBs using TikTok said it helped them safeguard their business against the impact of the pandemic.

To support growth and address challenges, many SMBs on TikTok have needed to invest in operations, which includes hiring more employees and expanding into a new physical location. Between those using TikTok for organic (non-ad managers) and paid marketing (ad managers) purposes, there was a slight difference in these areas; however, outcomes for both groups are noteworthy, especially given their relatively short histories on the platform.



Some small business owners even indicated that their experiences on TikTok have facilitated professional growth.

How has your experience on TikTok improved your business marketing performance?

% AGREE OR STRONGLY AGREE

TikTok allows me to tell my small business story in a new and effective way.

63%

TikTok helped me connect and learn from small businesses.

58%

My skills have improved as a digital marketer on TikTok.

53%

“

I have seen a lot of success in the last three months with TikTok ads. I hope to continue growing revenue from TikTok.

”

Outlook and Opportunity

Overall, small business owners currently using TikTok indicate a strong, positive outlook on the platform and its potential to generate increasingly strong returns for their businesses.

For those SMBs using paid advertising on the platform, 84% plan to maintain or increase the portion of their marketing budget allocated for advertising on TikTok this year. This aligns closely with additional data showing 79% of SMBs using TikTok’s paid advertising solutions find TikTok as valuable as other digital platforms, if not more so. Fueling this outlook is SMBs’ belief that both the audience and general popularity of TikTok will continue to grow.

Looking ahead, what is your outlook on TikTok as a marketing channel for your business?

% AGREE OR STRONGLY AGREE

Popularity is going to continue to grow.

84%

Audience is going to continue becoming more diverse across age, demographics, interests, etc.

79%

Offers as much value to small businesses as other digital marketing platforms, if not more.

74%

I plan to dedicate a portion/a larger portion of my marketing budget to advertising on TikTok this year.

62%

How can TikTok Improve to Further Support Small Business Owners?



Small business owners regularly using TikTok have few complaints about the platform. In fact, 46% believe TikTok is dedicated to the success of small businesses like theirs. However, TikTok still has some work to do in dismantling common misconceptions among small business owners not yet on the platform, particularly those who are newer to digital marketing in general.

Three key steps TikTok can take to address these concerns are: 1) more effectively promoting their learning resources to ease the fear of complexity, 2) better demonstrating the breadth and engagement of their fast-growing audience, and 3) raising awareness among SMBs of the many advertising tools and opportunities on TikTok. Overall, TikTok does not lack resources but rather has room for improvement when it comes to building awareness around their available resources.

Promotion of Learning Resources for Ease of Use

While 73% of businesses using TikTok find the platform easy to use, the 32% of SMBs not yet on TikTok indicate a reluctance to join because it seems too complicated or time consuming. However, roughly half of SMBs on TikTok acknowledge the platform offers learning resources to help them leverage it more effectively. It therefore appears TikTok needs to improve promotion of these resources, enabling more SMBs to access the guidance they need to start and grow on the platform.

Because of TikTok's relative nascency, many SMBs using the platform are still building their presence and expertise. Of SMBs surveyed, 80% report needing more time to determine TikTok's potential for their businesses. This represents an urgent opportunity for TikTok to properly support these owners during this critical phase and provide reason for owners to deepen their investment in the platform.

Need more time on platform to establish my business presence effectively and determine impact.

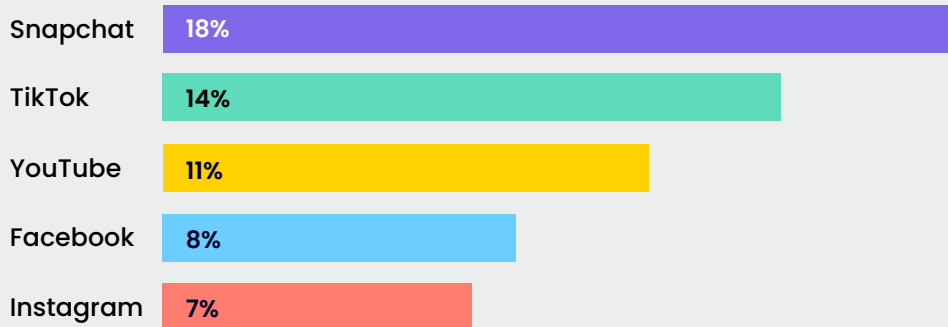
% AGREE OR STRONGLY AGREE



Educating Small Business Owners About Audience Reach

In general, small business owners cite the size of a platform's audience as the primary factor driving their decision to use it or not. But when asked why they *don't* use a specific platform, they often indicate perceiving the platform doesn't have the *right* audience for their business. Both TikTok and Snapchat stood out in this regard; a higher percentage of business owners who did not plan to use these platforms indicated they made this decision due to incorrect audience.

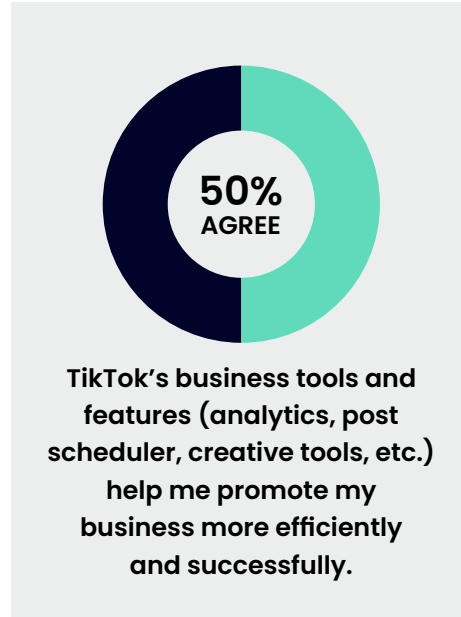
Reasons for Not Using and Don't Plan to Start Using This Platform: It does not have the right audience demographics for my business.



Conversely, the majority of SMB users on TikTok are generally enthusiastic about the audiences they're finding there. This indicates a need for TikTok to better promote the diversity and dynamism of its user community among businesses looking to expand their customer base and choosing other platforms to do so.

Tools and Advertising Opportunities

Small business owners on TikTok have indicated tools on the platform have helped them promote their business more successfully and efficiently. In particular, SMBs find TikTok’s analytics tools valuable for understanding key performance metrics and audience behaviors, helping them to optimize their content for greater impact. For example, 34% of SMBs report using Promote, TikTok’s lightweight ad solution, to boost visibility of organic content. However, both current and non-users of TikTok indicate a need for more tools, updated policies, and additional features to better facilitate the growth and success of their businesses. TikTok could benefit



from considering these needs carefully and ensuring platform and product development in ways aligned with SMBs’ needs across their lifecycles.

Which TikTok tools have you used so far?





I still haven't learned all the tricks to TikTok but I definitely think it is a great way to build your business. Love how you can now manage the videos and put them into different folders! That was one of the smartest things to do! All in all, I am happy with TikTok and plan to use it to my full advantage once I learn what all that entails.



Paid Marketing Perspective

To get a full view of the SMB experience on TikTok, Hello Alice surveyed business owners who use the platform for both organic and paid marketing. Those who use the platform for paid marketing do so through TikTok Ads Manager.

While the majority of SMBs using TikTok as a whole are relatively new businesses, those using Ads Manager were slightly more mature; 59% of these businesses are more than a year old. Additionally, SMBs with Ads Manager accounts were more likely to have employees and indicated higher revenues and larger marketing budgets.

Because Ads Manager users devote portions of their marketing budget to TikTok, their expectations of the platform, naturally, are higher than their organic-only counterparts. While over half of Ads Manager users indicated TikTok offers tools for success on the platform, there is still room for improvement. TikTok would benefit from more fully satisfying the needs of these business owners through enhanced advertising products and services.

Paid Advertising

Organic Advertising Only

TikTok does not offer the tools I need (analytics, targeting, ecommerce, etc.) to succeed on the platform.

49%

33%

I'm getting better results with my organic marketing on other platforms than on TikTok.

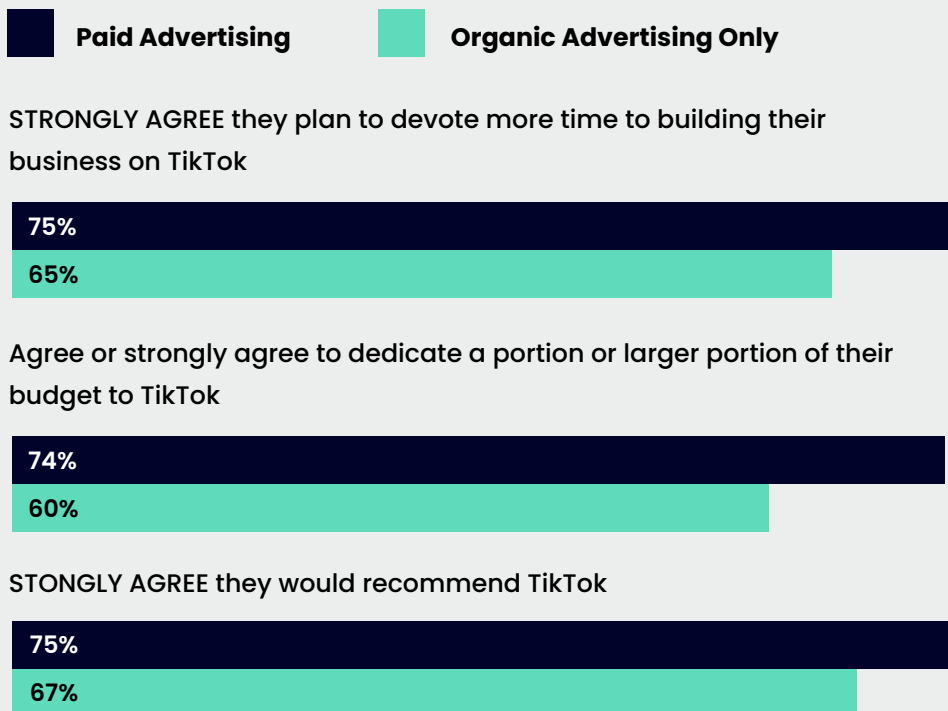
48%

38%

TikTok: An Emerging Front-Runner in Digital Marketing

Despite these critiques, businesses using TikTok Ads Manager have no plans to leave the platform. In fact, the majority of them plan to redouble their efforts on TikTok: 75% plan to devote more time to building their businesses on TikTok, and 74% plan to invest a larger portion of their budget toward advertising on the platform.

Moreover, 75% of TikTok Ads Manager users strongly agree they would recommend the platform to other small business owners. Small business owners using TikTok for organic marketing agree; they claim it offers something new and different from other platforms, and 68% believe that TikTok is “the place they need to be right now.” An impressive 72% of current SMB users overall are excited about their growth on the platform. TikTok must fulfill some big expectations.



“

I definitely feel like TikTok is the ONLY platform to help grow your small business. I am on others and don't get nearly as much views or engagement. TikTok is my favorite and number 1 social media platform by far. I might be shutting down my others and only focus on my business from TikTok. Easy to use and has a lot of amazing features to increase views on your videos.

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Methodology



Three surveys were conducted to better understand how SMBs use digital platforms to market their businesses.

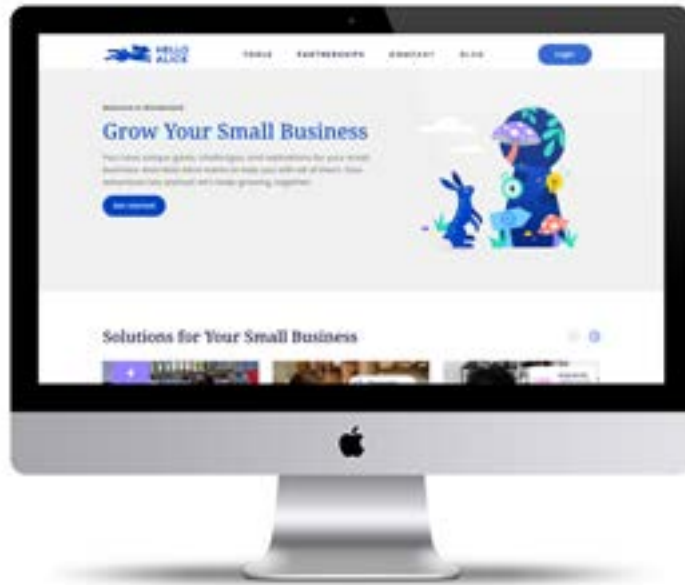
The first survey compared five platforms: Facebook, Instagram, TikTok, YouTube, and Snapchat under three broad categories: Platform Use, Impact and Value, and Business Objectives. Data were collected about personal and business demographics as well. The second and third surveys focused specifically on the three broad categories (Platform Use, Impact and Value, and Business Objectives) specifically in relation to users' experiences with TikTok.

The first survey was distributed to a general audience of small business owners, the second survey was distributed to SMBs using TikTok for their businesses (either for organic advertising, paid advertising, or both), and the third survey was specifically distributed to SMBs using TikTok's paid advertising features. Approximately 7,000 responses were collected between the three surveys; all data were de-identified and aggregated prior to analysis.

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About Hello Alice



Hello Alice (helloalice.com) is a free, multichannel platform that helps businesses launch and grow. With a community of more than 750,000 business owners in all 50 states, Hello Alice is building the largest network of owners in the country while tracking data and trends to increase the success rate for entrepreneurs. Our partners include enterprise business services, government agencies, and institutions that help small- and medium-sized businesses to increase revenues and drive growth. A Latina-owned company founded by Carolyn Rodz and Elizabeth Gore, we believe in business for all by providing access to all owners, including women, people of color, military-connected individuals, the LGBTQ+ community, persons with disabilities, and every American with an entrepreneurial spirit.



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