

Small Businesses Data Regulation and Responsibility

FEBRUARY 2019



Connected Commerce
Council



Executive Summary



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Small and medium sized business owners and senior decision makers place high importance on data privacy and protection, as their businesses can't operate successfully without digital marketing and digital tools.

However, when asked to rate their confidence in elected members to effectively regulate in that space, there's an overwhelming lack of confidence, with many fearful that regulations will negatively impact their operations.

Much of the lack of trust comes from a sense that there's a lack of education and understanding about the issue. If small and medium business owners don't have the time or resources to dedicate to understanding the laws around data privacy and protection, there's no confidence in U.S. policymakers. This has been recently fueled by business owner perceptions of the Senate hearings where they believed the line of questioning and approach reinforced the divide between elected members and how digital marketing works. In addition, there's the perception that policymakers will favor tech giants and bigger business, ignoring small and medium businesses.

These genuine concerns cut across all small and medium business types.

Small and medium sized business aren't adverse to the change:

72% would support any improvements to data privacy regulations, but they can't cause distress to the day to day operations of this business and with a lack of confidence and knowledge, the concern is there will be a significant financial impact.

But only

16% of small businesses are confident that policy makers can regulate digital platforms.

And only

15% are confident they can do it in a way that will not adversely affect small businesses.

Furthermore,

56% believe there will be a negative impact to their business should current regulations be changed.

Executive Summary

DIGITAL MARKETING TOOLS ESSENTIAL IN SMALL BUSINESS LIVELIHOOD

The importance of digital marketing for small business within the U.S is clearly evident with **84%** of business owners and decision makers adopting at least one digital marketing tool within their business and **50%** stating their business wouldn't exist without the tools and platforms they use. As their businesses grow, so does the reliance of such tools and the spend they are willing to invest.

While social media platforms are the most commonly used, data and information security is viewed as the most critical to the success of their business. However, **69%** of small business owners and decision makers don't take responsibility for this area as yet, suggesting that any changes in regulations will have a dramatic impact on a critical component under-resourced.

WIDESPREAD CONCERN THAT REGULATION CHANGE WILL INCUR FINANCIAL IMPACT FOR ALL SMALL & MEDIUM SIZED BUSINESS

Close to half (**46%**) have no confidence in U.S elected members effectively regulate social networks & internet services. Regardless of how the regulation is implemented, there's concern around the impact on small business - **48%** agree there's likely to a financial impact.

This is perceived to be an impact in terms of cost of the tools they use and value, financial in terms of training, education and human resources for their employees and financial in terms of potential loss of sales should this impact the day to day running of their small and medium businesses.

There's rejection of a one-size-fits all - only **40%** agree this is best for small business as they feel it will ignore the small business needs and focus more on the tech giants and big business.

SECTION 1

Background & Methodology

Methodology

METHODOLOGY

On behalf of The Connected Commerce Council, NP Strategy Group conducted a survey among a representative sample of small business owners and senior decision makers within small businesses. A total sample size of n=1,553 were collected between the 10th of January and 23rd of January.

To ensure a representative sample, size of business quotas were placed based on 2016 Census information.

Where applicable, **significant differences** have been noted in **BLUE** (significantly higher) and **RED** (significantly lower). Significance is tested at the 95% confidence level and is based on the TOTAL score for each data row in tables or against the AVERAGE score recorded for each data point.

Surveys were completed online (via laptops, PC's, smartphones etc.)

TOPICS COVERED

The research covered the following areas:

- Company size
- Role within small business
- Decision making authority
- Use of digital marketing tools
- Importance of digital marketing
- Knowledge of current regulations
- Confidence in policymakers
- Preference of new regulations
- Perceived impact to small business

Sample: Firmographics

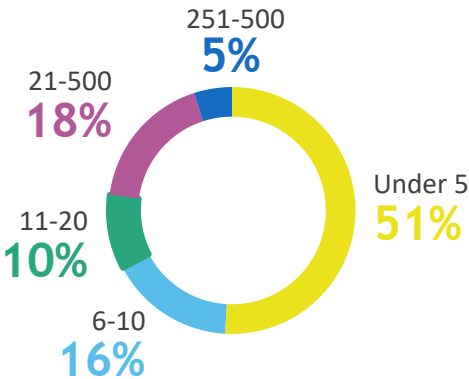
The sample structure was designed to replicate 2016 Census data on Country Business patterns to mirror the small business size and NAICS Sectors.

Non-small business owners had entire and shared decision making authority for areas within the business such as social media / digital marketing while most small business owners said they were active in the decision making process within the same areas of the business.

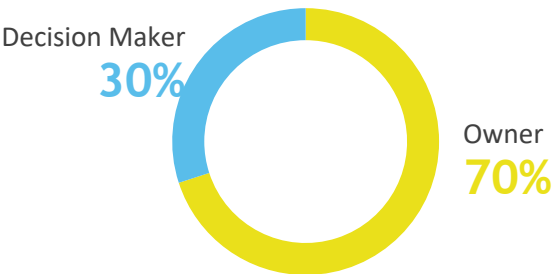
When results are analyzed by company size, please note the small sample size for medium businesses 251-500 employees (n=74)

For more detail on the sample universe and representation of the U.S. small business universe, please reference : 2016 County Business Patterns via <http://www.census.gov/programs-surveys/susb/technical-documentation/methodology.html>

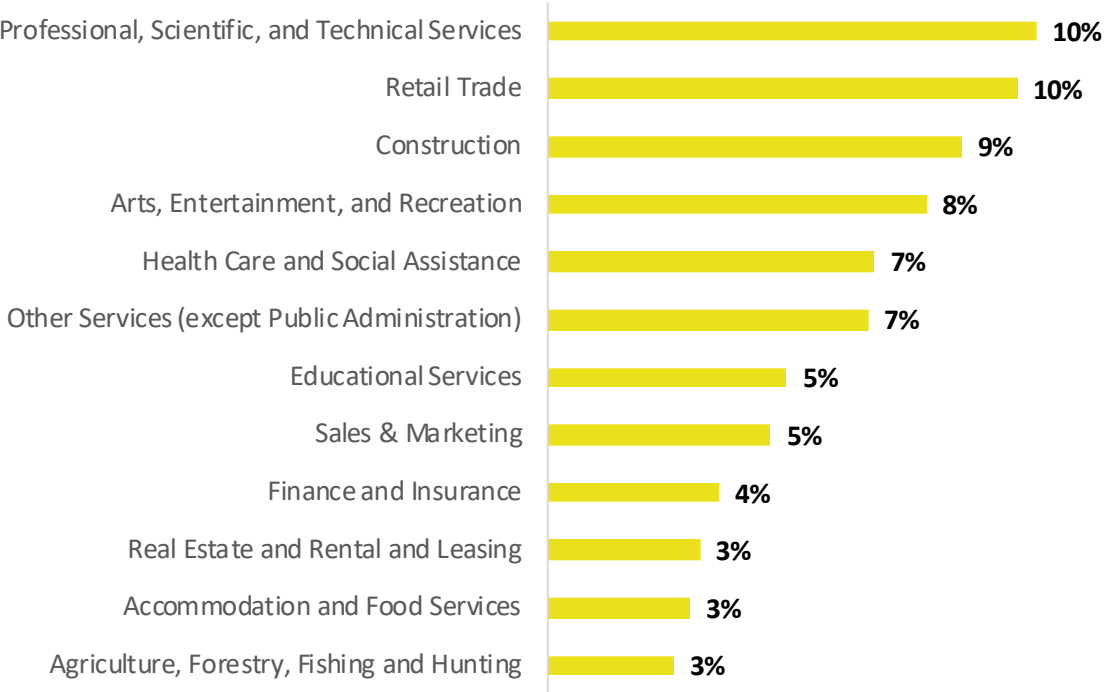
SMALL BUSINESS SIZE



OWNER / DECISION MAKER

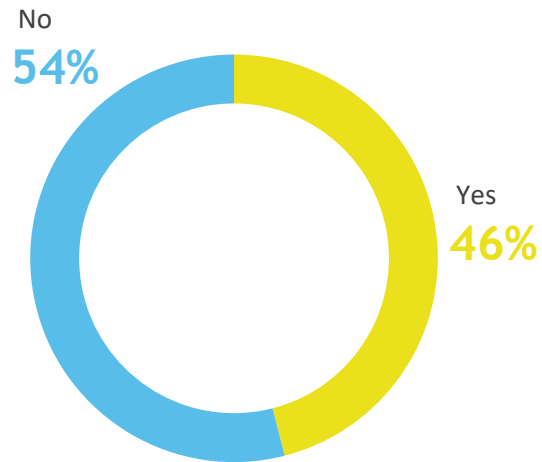


TOP INDUSTRIES WORKED IN

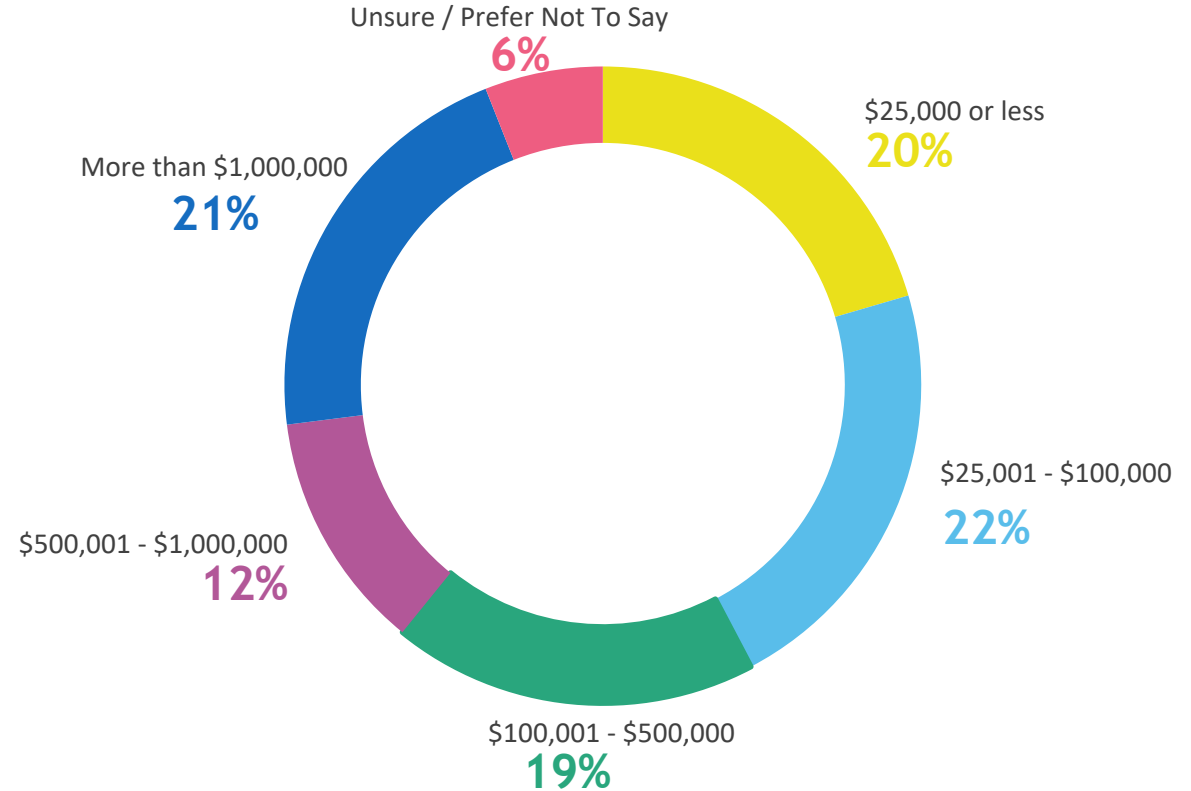


Sample: Firmographics (continued)

E-COMMERCE REVENUE



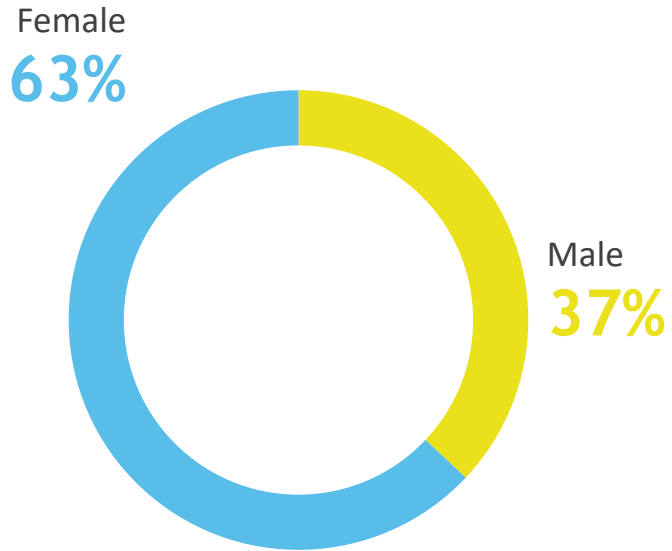
ESTIMATED REVENUE GENERATED IN 2018



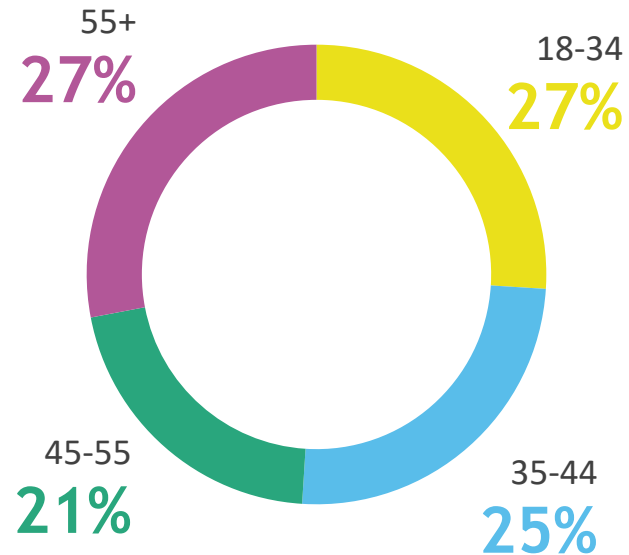
QUESTION: Does your firm derive any revenue from e-commerce (e.g. the sale of goods and services online). To the best of your knowledge, what were your business's total revenues in 2018? If you're not sure, your best estimate will do?

Sample: Business Owner / Decision Maker Demographics

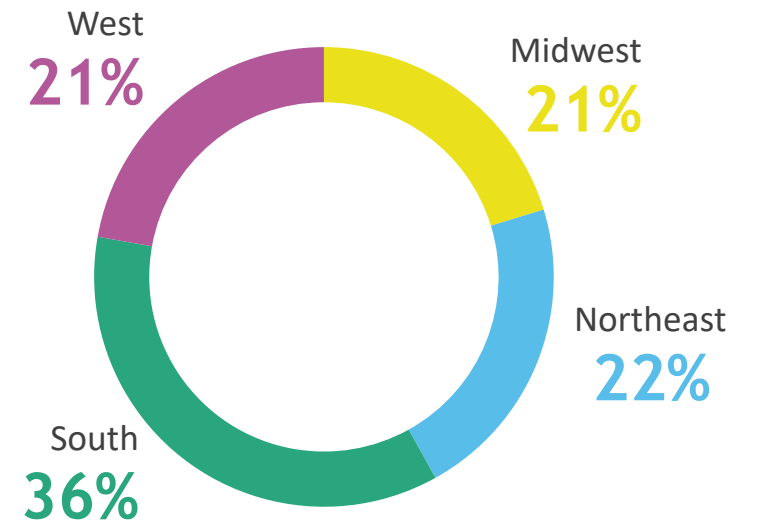
GENDER



AGE



LOCATION OF SME



QUESTION: Are you? How old are you? And in which state is the main office of your company located?

SECTION 2

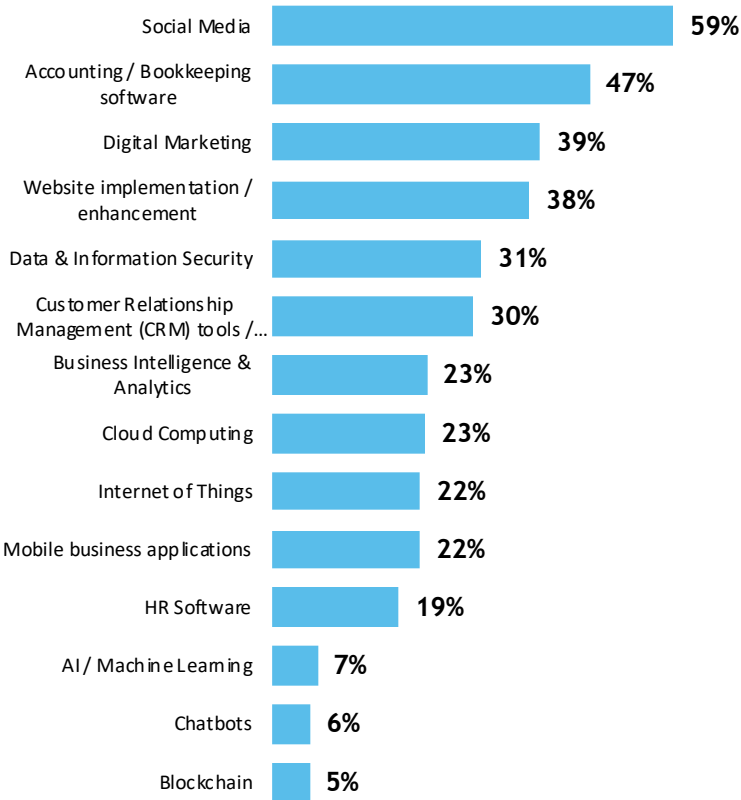
Role of Technology Within SME



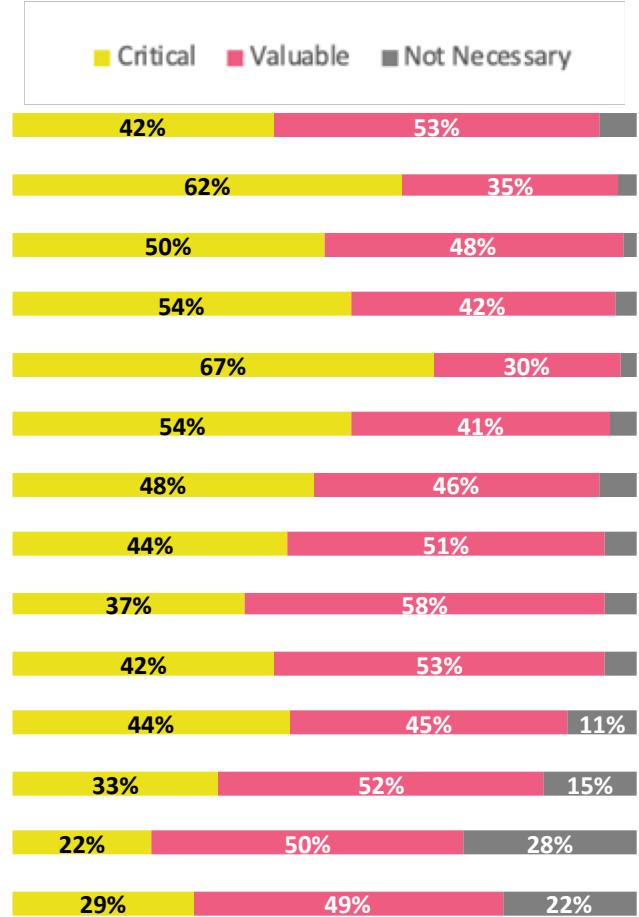
There's value in the many tools that business owners and decision makers have in their repertoire

Within the small business universe, social media the most widely tool team members have responsibility for. However, Data & Information Security perceived to be the most critical tool, as evaluated by the 31% of small businesses that dedicate specific resource to it.

RESPONSIBILITY FOR



BUSINESS USE



QUESTION: Which of the following do you or people that you manage within your team, have responsibility for? Please mark all that apply. And how necessary are each of the following for your business?

As expected, business owners taking responsibility across more areas of their business; gender differences apparent in the more niche responsibility areas

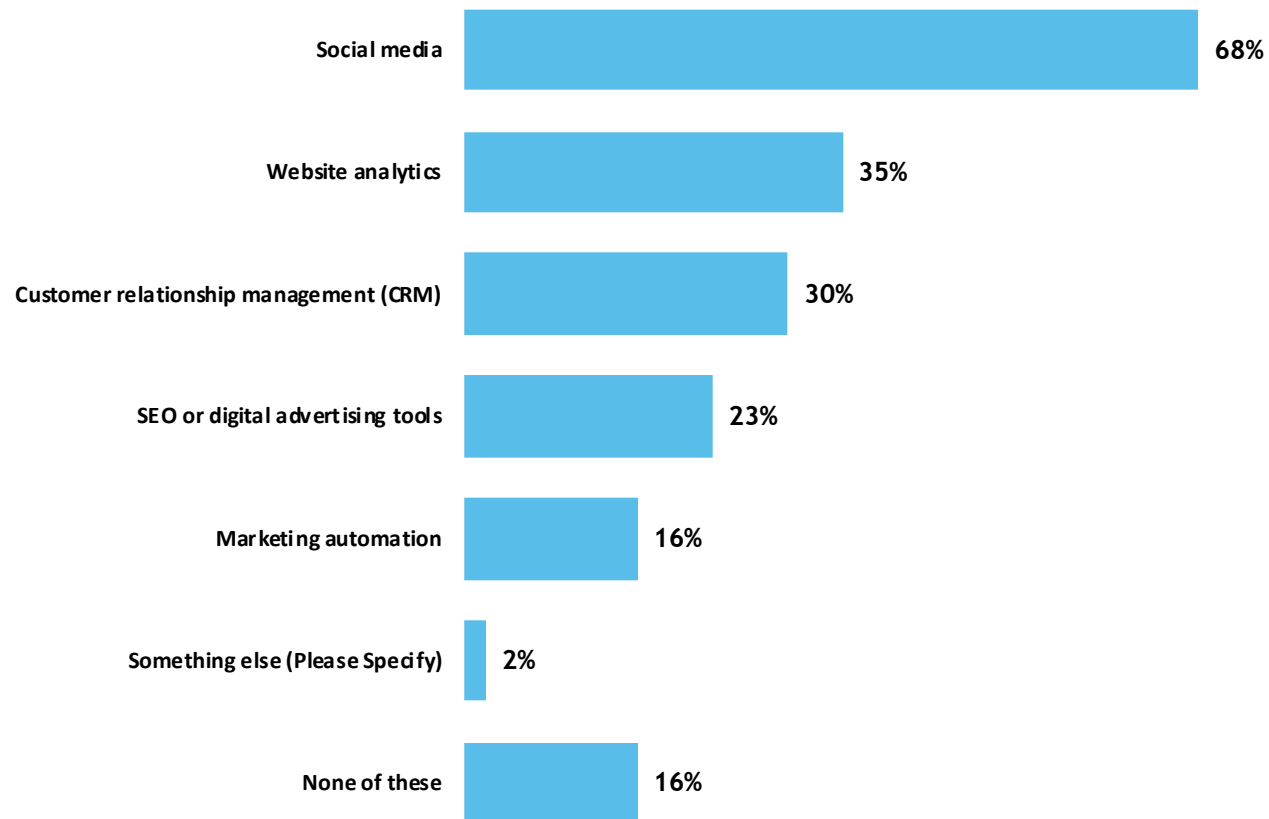
RESPONSIBILITY FOR

	TOTAL	BUSINESS OWNER	DECISION MAKER	MALE	FEMALE
Social Media	59%	58%	62%	56%	61%
Accounting / Bookkeeping software	47%	52%	34%	46%	47%
Digital Marketing	39%	41%	36%	40%	39%
Website implementation / enhancement	38%	39%	35%	40%	37%
Data & Information Security	31%	33%	25%	36%	27%
Customer Relationship Management (CRM) tools / packages	30%	30%	30%	32%	28%
Business Intelligence & Analytics	23%	25%	17%	29%	19%
Cloud Computing	23%	24%	20%	28%	19%
Internet of Things	22%	22%	21%	23%	21%
Mobile business applications	22%	24%	18%	24%	20%
HR Software	19%	20%	16%	25%	15%
None of these	14%	15%	10%	13%	15%
AI / Machine Learning	7%	7%	5%	10%	5%
Chatbots	6%	6%	5%	7%	5%
Blockchain	5%	7%	3%	9%	3%

QUESTION: Which of the following do you or people that you manage within your team, have responsibility for?

Reliance of digital marketing evident with 84% of businesses engaging in some form; social media the most widely used tool

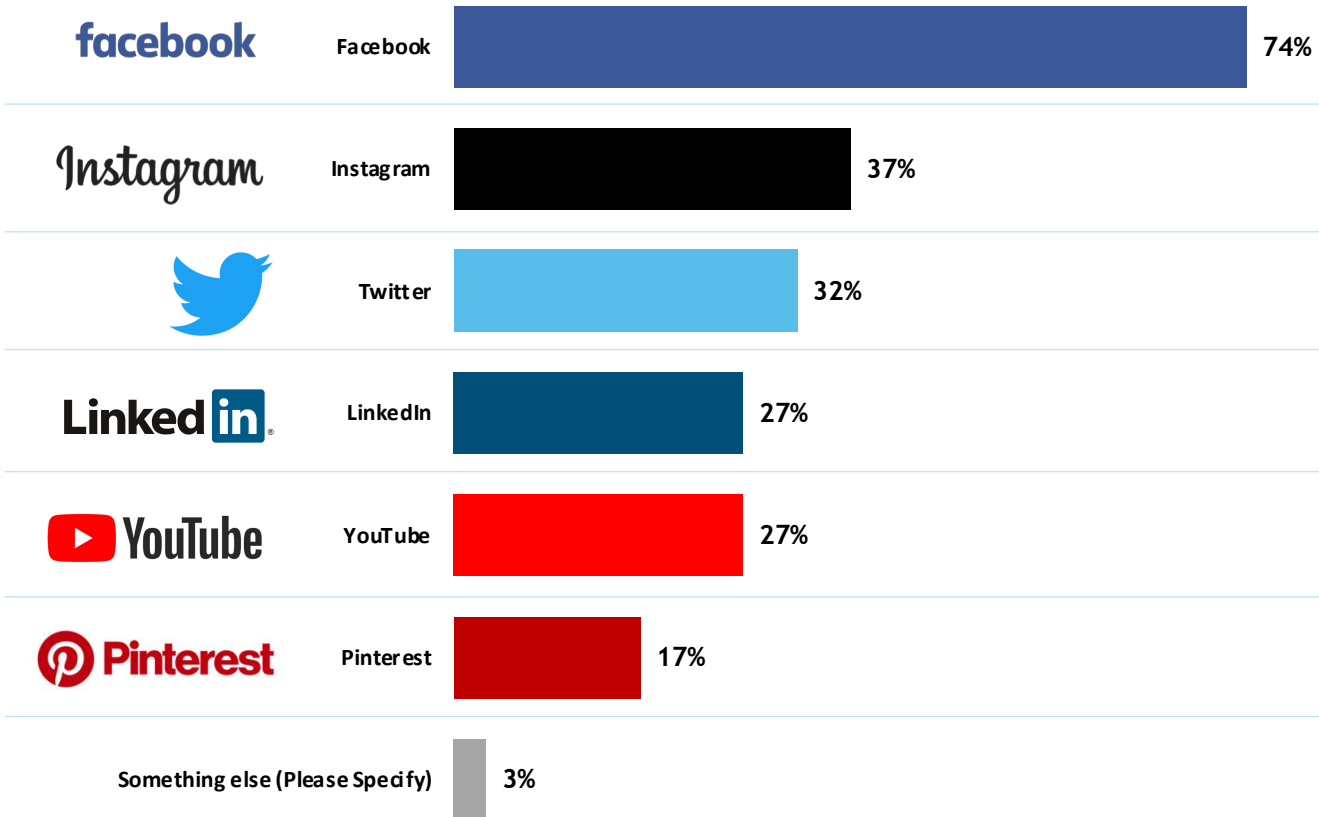
DIGITAL MARKETING TOOLS



QUESTION: What type of tools do you use in connection with your digital marketing?




Facebook the most popular social media platform for SME's to use for businesses

SOCIAL MEDIA PLATFORM USAGE



QUESTION: Which social media platforms does your business regularly use? Please mark all that apply.

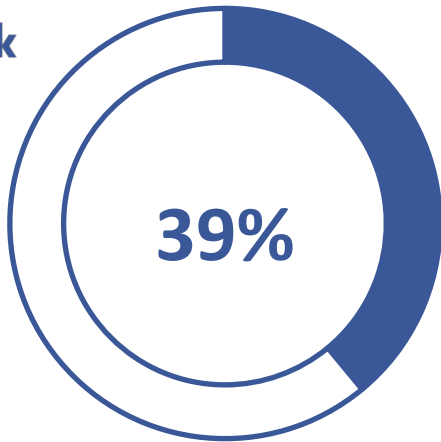
Social media usage increases with company size and revenue

		NO. OF EMPLOYEES					ROLE		GENDER		REVENUE				
	TOTAL	1-5	6-10	11-20	21-250	250-500	BUSINESS OWNER	DECISION MAKER	MALE	FEMALE	\$25,000 OR LESS	\$25,001 - \$100,000	\$100,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001 +
facebook	74%	67%	81%	80%	84%	71%	70%	82%	72%	75%	67%	72%	74%	82%	80%
Instagram	37%	30%	41%	45%	48%	61%	34%	43%	34%	39%	29%	37%	35%	40%	44%
	32%	25%	28%	45%	46%	65%	32%	34%	41%	27%	26%	29%	27%	36%	47%
LinkedIn	27%	22%	29%	28%	39%	58%	26%	29%	30%	26%	16%	24%	25%	38%	42%
 YouTube	27%	20%	24%	39%	39%	55%	27%	25%	36%	21%	21%	27%	22%	31%	36%
 Pinterest	17%	18%	14%	15%	17%	39%	20%	12%	12%	21%	19%	22%	11%	16%	17%

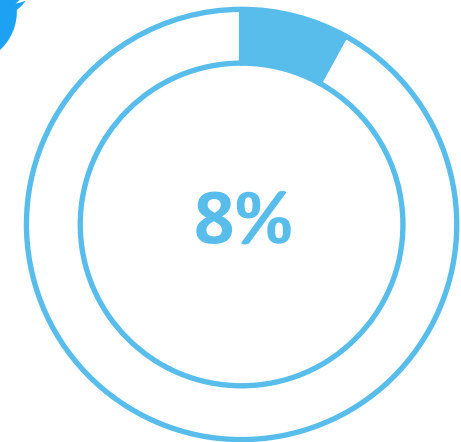
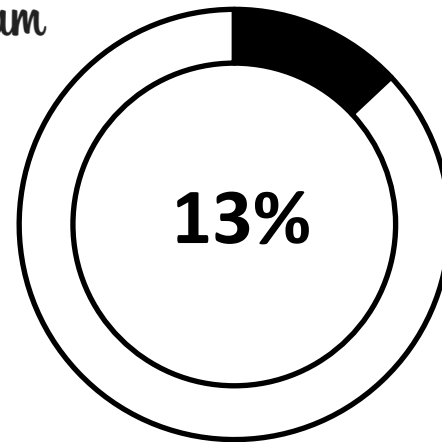
QUESTION: Which social media platforms does your business regularly use? Please mark all that apply.

Of all small and medium business, 49% have spent money across any social media for business use; Facebook the most popular at 39%

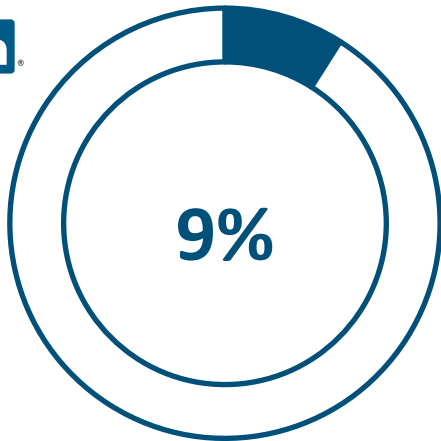
facebook



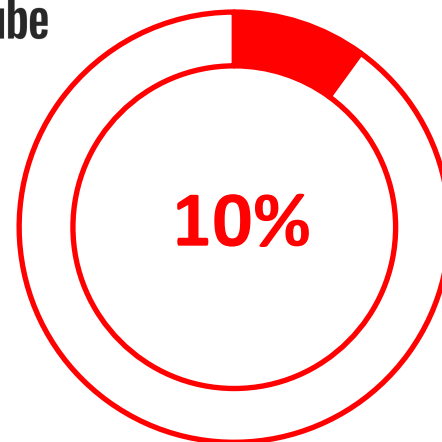
Instagram



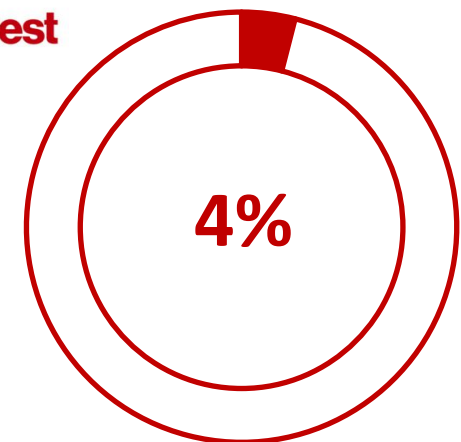
LinkedIn









YouTube



Pinterest

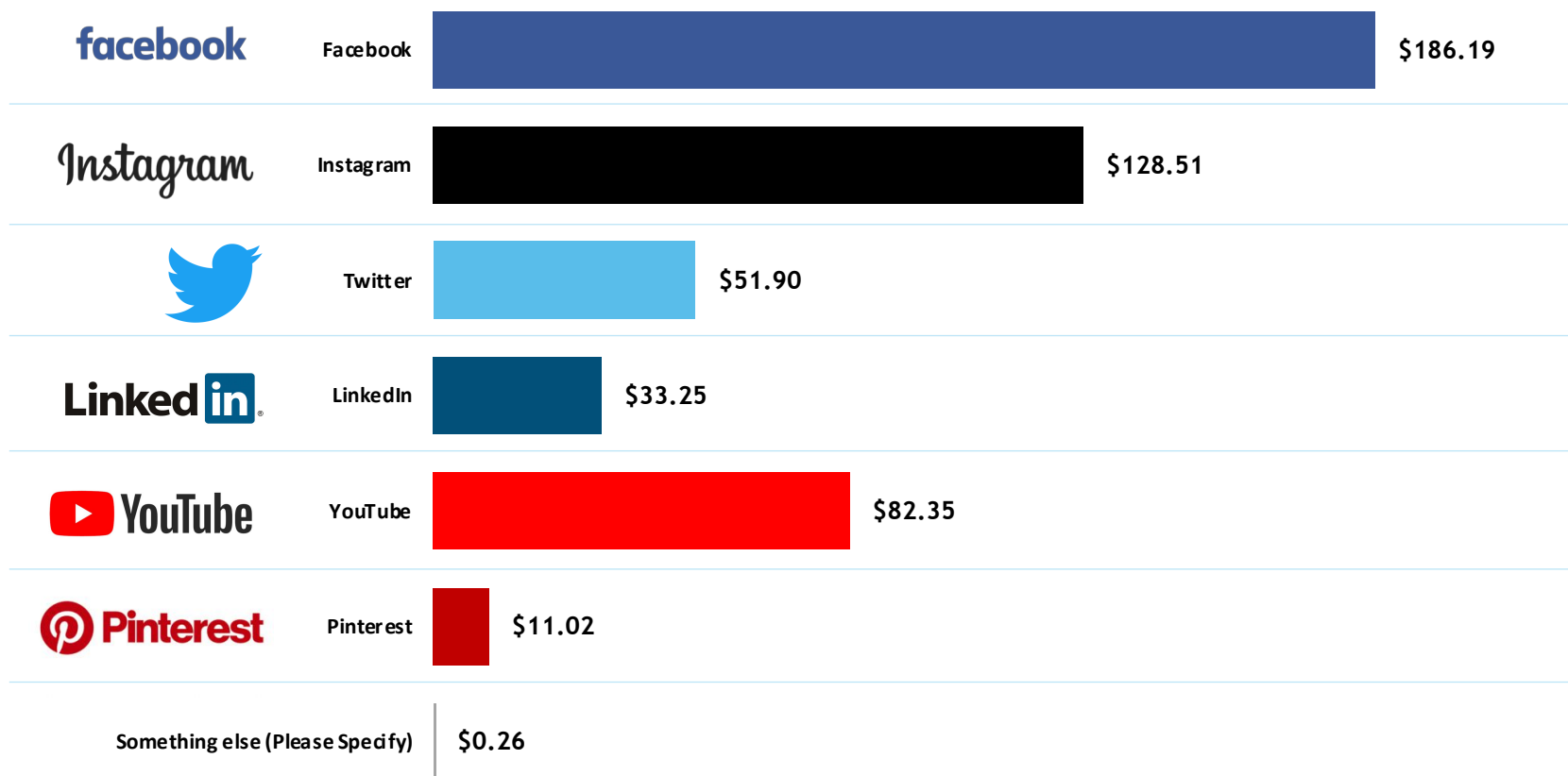


Willingness to spend in addition to Facebook most prevalent in businesses over 11 people in size

		NO. OF EMPLOYEES					ROLE		GENDER		REVENUE				
	TOTAL	1-5	6-10	11-20	21-250	250-500	BUSINESS OWNER	DECISION MAKER	MALE	FEMALE	\$25,000 OR LESS	\$25,001 - \$100,000	\$100,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001 +
 facebook	39%	28%	47%	57%	56%	39%	37%	45%	42%	38%	28%	38%	35%	51%	54%
 Instagram	13%	7%	14%	20%	24%	35%	11%	18%	16%	11%	6%	13%	11%	17%	22%
 Twitter	8%	3%	7%	16%	17%	39%	8%	8%	13%	5%	2%	8%	4%	12%	17%
 LinkedIn	9%	4%	9%	13%	18%	45%	8%	11%	11%	8%	3%	6%	6%	16%	20%
 YouTube	10%	4%	9%	21%	21%	26%	10%	10%	17%	6%	4%	9%	7%	19%	16%
 Pinterest	4%	3%	3%	6%	6%	16%	5%	3%	4%	5%	3%	6%	3%	5%	6%







SME's spending just under \$200 on average in a typical month on Facebook, with a monthly average outlay of \$493 across all platforms

SOCIAL MEDIA PLATFORM AVERAGE MONTHLY SPEND



QUESTION: And what would your approximate monthly spend be on these platforms? If you're not sure, your best estimate will do.

While spend on social increases significantly with business revenue, highest average monthly spend within businesses employing 21-250 employees

		NO. OF EMPLOYEES					ROLE		GENDER		REVENUE				
	TOTAL	1-5	6-10	11-20	21-250	250-500	BUSINESS OWNER	DECISION MAKER	MALE	FEMALE	\$25,000 OR LESS	\$25,001 - \$100,000	\$100,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001 +
 facebook	\$186	\$52	\$157	\$489	\$426	\$319	\$139	\$297	\$297	\$122	\$27	\$78	\$106	\$293	\$532
 Instagram	\$129	\$14	\$128	\$399	\$322	\$108	\$45	\$325	\$190	\$93	\$4	\$21	\$39	\$161	\$473
 Twitter	\$52	\$7	\$21	\$65	\$187	\$217	\$50	\$56	\$98	\$25	\$9	\$10	\$11	\$54	\$196
 LinkedIn	\$33	\$12	\$22	\$51	\$85	\$139	\$29	\$44	\$55	\$21	\$8	\$10	\$16	\$59	\$95
 YouTube	\$82	\$14	\$147	\$171	\$181	\$60	\$85	\$75	\$172	\$30	\$8	\$18	\$16	\$127	\$291
 Pinterest	\$11	\$4	\$6	\$41	\$20	\$18	\$12	\$10	\$13	\$10	\$0	\$9	\$11	\$24	\$20
SUBTOTAL	\$493	\$103	\$480	\$1216	\$1221	\$860	\$361	\$807	\$825	\$301	\$57	\$147	\$198	\$718	\$1608

QUESTION: And what would your approximate monthly spend be on these platforms? If you're not sure, your best estimate will do.

Role and reliance on digital marketing tools and platforms evident, as well as a small business commitment to protect personally identifiable information

ATTITUDE AGREEMENT

THIS BUSINESS WOULDN'T SURVIVE WITHOUT DIGITAL TOOLS AND PLATFORMS



DIGITAL MARKETING IS CRITICAL IN HELPING ACHIEVE BUSINESS GOALS



DIGITAL MARKETING ENABLES THE BUSINESS TO ATTRACT NEW CUSTOMERS



DIGITAL MARKETING PROVIDES THIS BUSINESS WITH A RETURN ON INVESTMENT



POLICYMAKERS SHOULD INVEST IN WAYS TO MAKE IT EASIER FOR SMALL BUSINESSES TO USE DIGITAL TOOLS



OUR BUSINESS TAKES CARE TO ENSURE WE PROTECT ANY PERSONALLY IDENTIFIABLE INFORMATION



■ Strongly Agree ■ Somewhat Agree ■ Neither Agree / Disagree ■ Somewhat Disagree ■ Strongly Disagree

As the business gets bigger, so does the value of digital marketing and the impact it has

ATTITUDE AGREEMENT BY COMPANY SIZE

	TOTAL	1-5 EMPLOYEES	6-10 EMPLOYEES	11-20 EMPLOYEES	21-250 EMPLOYEES	250-500 EMPLOYEES
Our business takes care to ensure we protect any personally identifiable information	86%	81%	87%	94%	92%	96%
Digital marketing enables the business to attract new customers	79%	73%	86%	85%	87%	88%
Policy makers should invest in ways to make it easier for small businesses to use digital tools	72%	65%	75%	80%	80%	89%
Digital marketing is critical in helping achieve business goals	69%	59%	75%	80%	80%	89%
Digital marketing provides this business with a Return on Investment	63%	50%	73%	76%	80%	85%
This business wouldn't survive without digital tools and platforms	51%	44%	48%	58%	59%	82%

QUESTION: To what extent do you agree with the following statements when it comes to using digital tools and platforms within your business?

Decision makers significantly more likely to see the value and ROI of digital marketing

ATTITUDE AGREEMENT BY ROLE IN SME

	TOTAL	BUSINESS OWNER	DECISION MAKER
Our business takes care to ensure we protect any personally identifiable information	86%	85%	89%
Digital marketing enables the business to attract new customers	79%	77%	85%
Policy makers should invest in ways to make it easier for small businesses to use digital tools	72%	71%	74%
Digital marketing is critical in helping achieve business goals	69%	66%	76%
Digital marketing provides this business with a Return on Investment	63%	60%	72%
This business wouldn't survive without digital tools and platforms	51%	50%	52%

QUESTION: To what extent do you agree with the following statements when it comes to using digital tools and platforms within your business?

As small and medium business revenue increases, as does their affinity and need for digital marketing within their business and role

ATTITUDE AGREEMENT BY COMPANY REVENUE

	TOTAL	\$25,000 OR LESS	\$25,001 - \$100,000	\$100,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001 +
Our business takes care to ensure we protect any personally identifiable information	86%	77%	83%	88%	89%	94%
Digital marketing enables the business to attract new customers	79%	75%	74%	81%	81%	88%
Policy makers should invest in ways to make it easier for small businesses to use digital tools	72%	67%	67%	72%	74%	81%
Digital marketing is critical in helping achieve business goals	69%	64%	63%	66%	76%	79%
Digital marketing provides this business with a Return on Investment	63%	49%	59%	62%	76%	80%
This business wouldn't survive without digital tools and platforms	51%	47%	49%	45%	56%	59%

QUESTION: To what extent do you agree with the following statements when it comes to using digital tools and platforms within your business?

SECTION 3

Data Privacy & Policymakers



Despite the high importance of the subject, there's low level of knowledge around data privacy / protection laws within small and medium sized businesses

KNOWLEDGE SCORES

■ Low Knowledge (1-4) ■ Some Knowledge (5-7) ■ Extremely Knowledgeable (8-9)

PERSONAL KNOWLEDGE AROUND DATA PRIVACY / PROTECTION LAWS



QUESTION : How knowledgeable are you with current data privacy/protection laws within the United States? Please use a scale of 1-9, where 1 is not at all knowledgeable and 9 is extremely knowledgeable?

While knowledge around data privacy and protection increases with business size, there’s still a significant proportion of businesses that report minimal knowledge around the subject

KNOWLEDGE AGREEMENT BY COMPANY SIZE

	TOTAL	1-5 EMPLOYEES	6-10 EMPLOYEES	11-20 EMPLOYEES	21-250 EMPLOYEES	250-500 EMPLOYEES
Rated 1-4 little to no knowledge around data privacy and protection laws	30%	38%	28%	18%	18%	8%
Rated 5-7 claiming some knowledge around data privacy and protection laws	53%	50%	56%	54%	58%	41%
Rated 8-9 claiming high knowledge around data privacy and protection laws	17%	12%	16%	29%	24%	51%

QUESTION : How knowledgeable are you with current data privacy/protection laws within the United States? Please use a scale of 1-9, where 1 is not at all knowledgeable and 9 is extremely knowledgeable?

No significant differences in knowledge between owners and decision makers, but females feel less confident than male counterparts

KNOWLEDGE AGREEMENT BY ROLE / GENDER

	TOTAL	BUSINESS OWNER	DECISION MAKER	MALE	FEMALE
Rated 1-4 little to no knowledge around data privacy and protection laws	30%	29%	30%	24%	33%
Rated 5-7 claiming some knowledge around data privacy and protection laws	53%	52%	53%	57%	49%
Rated 8-9 claiming high knowledge around data privacy and protection laws	17%	18%	17%	19%	17%

QUESTION : How knowledgeable are you with current data privacy/protection laws within the United States? Please use a scale of 1-9, where 1 is not at all knowledgeable and 9 is extremely knowledgeable?

Direct correlation
between lower
revenue
generated in 2018
and confidence
around data
privacy and
protection laws

KNOWLEDGE AGREEMENT BY COMPANY REVENUE

	TOTAL	\$25,000 OR LESS	\$25,001 - \$100,000	\$100,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001 +
Rated 1-4 little to no knowledge around data privacy and protection laws	30%	41%	33%	32%	19%	15%
Rated 5-7 claiming some knowledge around data privacy and protection laws	53%	48%	53%	53%	57%	55%
Rated 8-9 claiming high knowledge around data privacy and protection laws	17%	11%	14%	16%	24%	30%

QUESTION : How knowledgeable are you with current data privacy/protection laws within the United States? Please use a scale of 1-9, where 1 is not at all knowledgeable and 9 is extremely knowledgeable?

There's an overwhelming lack of confidence in elected members to effectively regulate when it comes to social networks and internet services

CONFIDENCE SCORES

■ Low Confidence (1-3) ■ Neutral (4-5) ■ Confident (6-7)

CONFIDENCE IN U.S. POLICYMAKERS TO EFFECTIVELY REGULATE SOCIAL NETWORKS & INTERNET SERVICES



CONFIDENCE IN U.S. POLICYMAKERS TO EFFECTIVELY REGULATE SOCIAL NETWORKS & INTERNET SERVICES THAT WON'T IMPACT SMALL BUSINESS



QUESTION : How confident are you that U.S. policymakers understand enough about technology and online tools to effectively regulate social networks and internet services? Using the same scale, how confident are you that U.S. policymakers understand enough about how small businesses use technology and online tools to effectively build regulations that won't adversely affect small business

The lack of confidence in U.S. policymakers being driven by the largest segment within the business universe – those operating in businesses with less than 5 people

CONFIDENCE AGREEMENT BY COMPANY SIZE

	TOTAL	1-5 EMPLOYEES	6-10 EMPLOYEES	11-20 EMPLOYEES	21-250 EMPLOYEES	250-500 EMPLOYEES
Rated 1-3 little to no confidence overall	45%	53%	42%	38%	30%	19%
Rated 4-5 with some confidence overall	40%	38%	46%	34%	44%	34%
Rated 6-7 with high confidence overall	15%	10%	12%	28%	26%	47%

	TOTAL	1-5 EMPLOYEES	6-10 EMPLOYEES	11-20 EMPLOYEES	21-250 EMPLOYEES	250-500 EMPLOYEES
Rated 1-3 little to no confidence for small and medium businesses specifically	47%	56%	45%	39%	33%	18%
Rated 4-5 with some confidence small businesses for small and medium businesses specifically	39%	37%	43%	39%	40%	31%
Rated 6-7 with high confidence for small and medium businesses specifically	14%	8%	12%	22%	27%	51%

QUESTION : How confident are you that U.S. policymakers understand enough about technology and online tools to effectively regulate social networks and internet services? Using the same scale, how confident are you that U.S. policymakers understand enough about how small businesses use technology and online tools to effectively build regulations that won't adversely affect small business

As with company size, confidence increases with reported revenue but there’s still little confidence overall

CONFIDENCE AGREEMENT BY COMPANY REVENUE

	TOTAL	\$25,000 OR LESS	\$25,001 - \$100,000	\$100,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001 +
Rated 1-3 little to no confidence overall	45%	52%	44%	50%	35%	33%
Rated 4-5 with some confidence overall	40%	38%	42%	38%	41%	40%
Rated 6-7 with high confidence overall	15%	9%	14%	11%	23%	27%

	TOTAL	\$25,000 OR LESS	\$25,001 - \$100,000	\$100,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001 +
Rated 1-3 little to no confidence for small and medium businesses specifically	47%	53%	48%	52%	35%	37%
Rated 4-5 with some confidence small businesses for small and medium businesses specifically	39%	38%	41%	36%	41%	37%
Rated 6-7 with high confidence for small and medium businesses specifically	14%	8%	11%	11%	24%	26%

QUESTION : How confident are you that U.S. policymakers understand enough about technology and online tools to effectively regulate social networks and internet services? Using the same scale, how confident are you that U.S. policymakers understand enough about how small businesses use technology and online tools to effectively build regulations that won’t adversely affect small business

There were distinct themes in the overall lack of confidence in elected members to effectively regulate

LACK OF UNDERSTANDING AROUND USAGE AND IMPORTANCE OF DIGITAL MARKETING FROM SMALL BUSINESS PERSPECTIVE

Perceived as a generation that didn't rely on technology and therefore not as entrenched personally and unable to see the benefit that it brings small business

RECENT SENATE HEARINGS

Largely critical of handling of recent events (Facebook/Mark Zuckerberg, Google, etc.) testimony and line of questioning in hearings. Showed lack of knowledge and comprehension from Senators

POLICYMAKER PREFERENCE FOR BIG BUSINESS / CORPORATIONS OVER SMALL BUSINESS

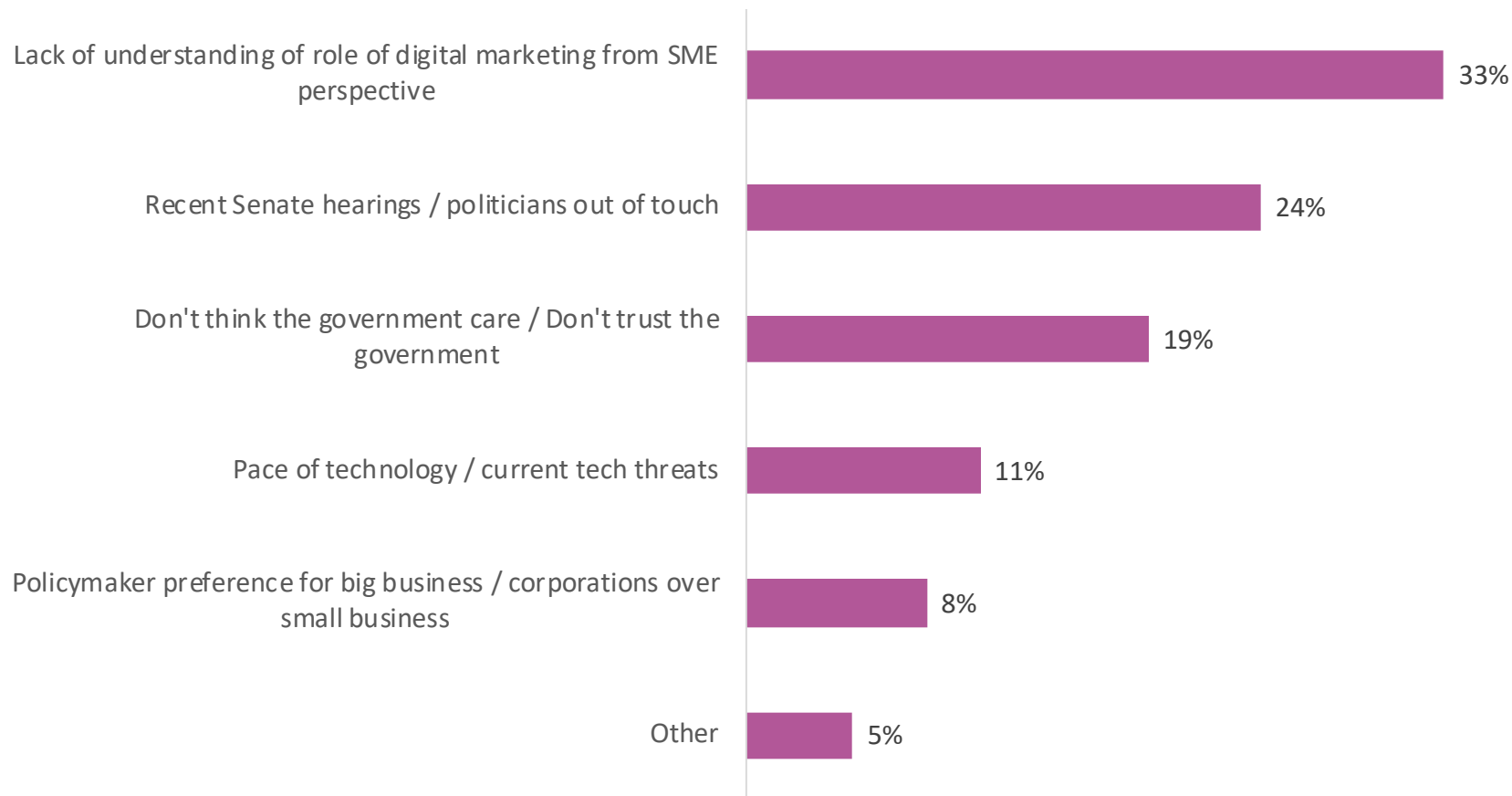
Small business not seen as important enough to matter in the minds of U.S policymakers; favor big business with deep pockets

PACE OF TECHNOLOGY / CURRENT THREATS

Inability to deal with current threats and hackings so if unable to regulate today, little change of being able to drive future regulation

The most prevalent theme driving a lack of confidence was perceived inability to understand role of digital marketing within their day-to-day operations

CODED RESPONSES [MAIN THEME]



QUESTION: You said you were [INSERT NUMBER FROM ABOVE] on a scale of confidence when it came to U.S. policymakers understanding how small business use digital tools and platforms to build data privacy regulations. Why is that?

Lack of confidence in effective regulation

“

“Digital tools have quickly become more accessible as technology has advanced exponentially within the last 20 years. Current policymakers have limited experience with newer tools such as social media & the internet, therefore cannot successfully implement nor create sensible regulations”

“

“Based on the investigation into Zuckerberg and the questions asked during this investigation, I don’t feel confident that policymakers understand social networks, privacy policies, digital advertising, or data at all... meaning they could inadvertently have a negative impact on small businesses without understanding what they are doing”

“

“As a whole, U.S policymakers don’t understand how small businesses function or how they use tools differently than larger businesses. They also don’t understand the much smaller ROI that small businesses have on things like Facebook advertising”

“

“Policymakers/politicians don't know much about anything. They do the bidding of lobbyists that work in their own best interest. Policies and policymakers should never be involved with business decisions, the markets should be the only thing that matters When politicians get involved all they're doing is picking winners and losers”

“

“I personally don't think U.S. policymakers truly care about small business companies. They may pretend to care because it helps their campaigns but for the most part all or most have ties to big businesses and are puppets if you will for these larger corporations. These faces are merely someone we can point the finger at and blame when things go wrong but I think most are told what to say and do”

“

“I don't think policymakers take the time to learn enough about technology to be able to make educated, informed decisions. In the present, too many are of a generation that was resistant to technology and not greatly involved users. In the future, when the policymakers are comprised mainly of generations that grew up as heavy users of technology, then they will have a good understanding to make the best decisions”

The smaller proportion that expressed confidence in elected members building effective data privacy regulation felt privacy was an issue that would capture attention, and therefore be prioritized in importance

CURRENT ISSUE AND SEEN TO BE WORKING ON

An issue that has been growing in importance and therefore would be a priority to ensure all businesses would be represented

BUILDING ON WHAT SMALL BUSINESS HAVE ALREADY IMPLEMENTED THEMSELVES

With data protection an existing priority within small business, any new regulation would build on what is already in place so confident that any extension would be effective

“

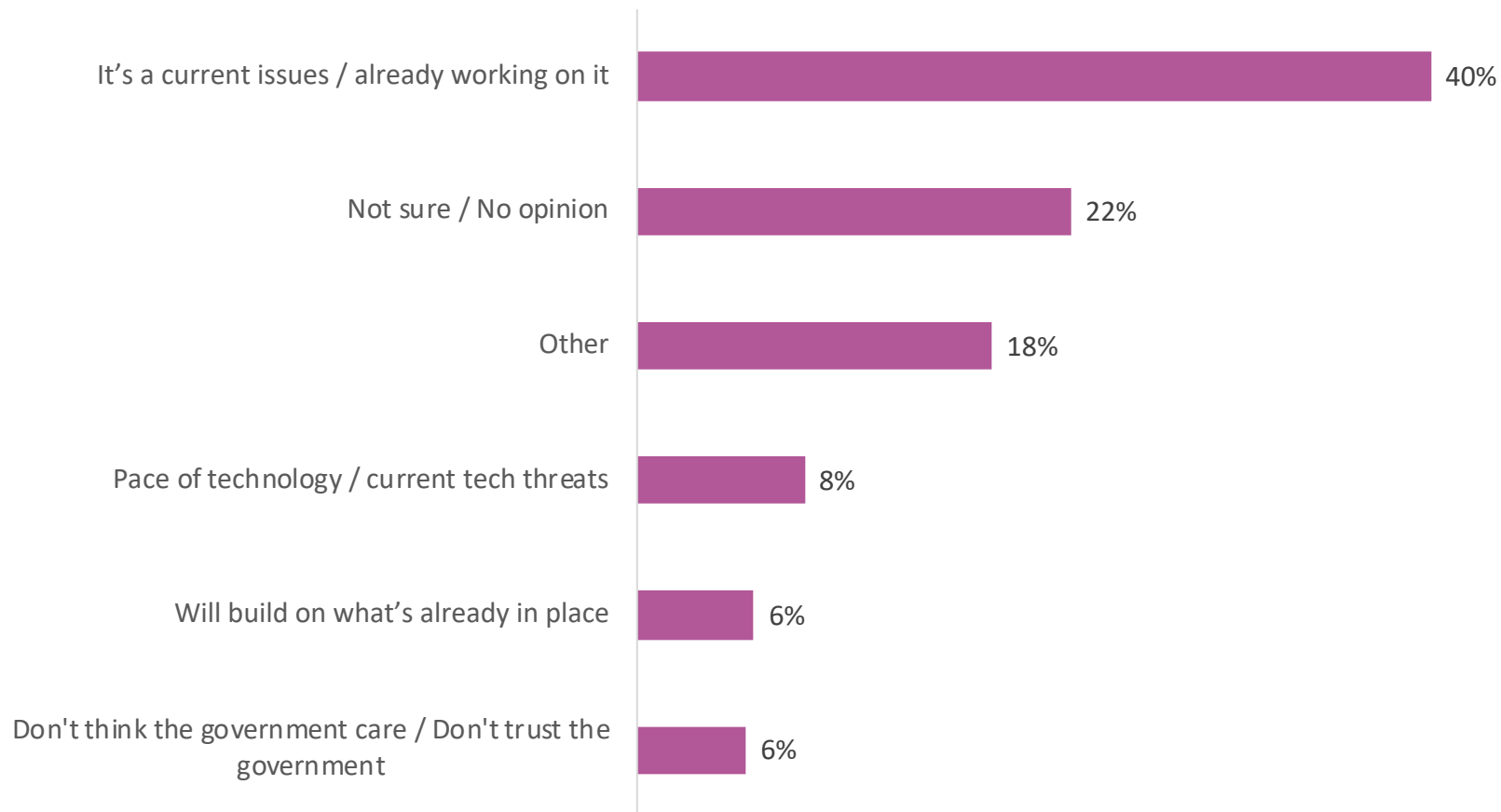
“I think they are starting to recognize that small businesses are the future and are willing to find solutions”

“Because small business owners usually already have their own privacy policies in place to protect their customers”

“I would say U.S. policymakers would understand how important it is for all businesses to build data privacy regulations. Privacy is a big issue with everything now days”

**Those
expressing
confidence saw
it as topical and
something
elected
members would
already be
working on**

CODED RESPONSES [MAIN THEME]



QUESTION: You said you were [INSERT NUMBER FROM ABOVE] on a scale of confidence when it came to U.S. policymakers understanding how small business use digital tools and platforms to build data privacy regulations. Why is that?

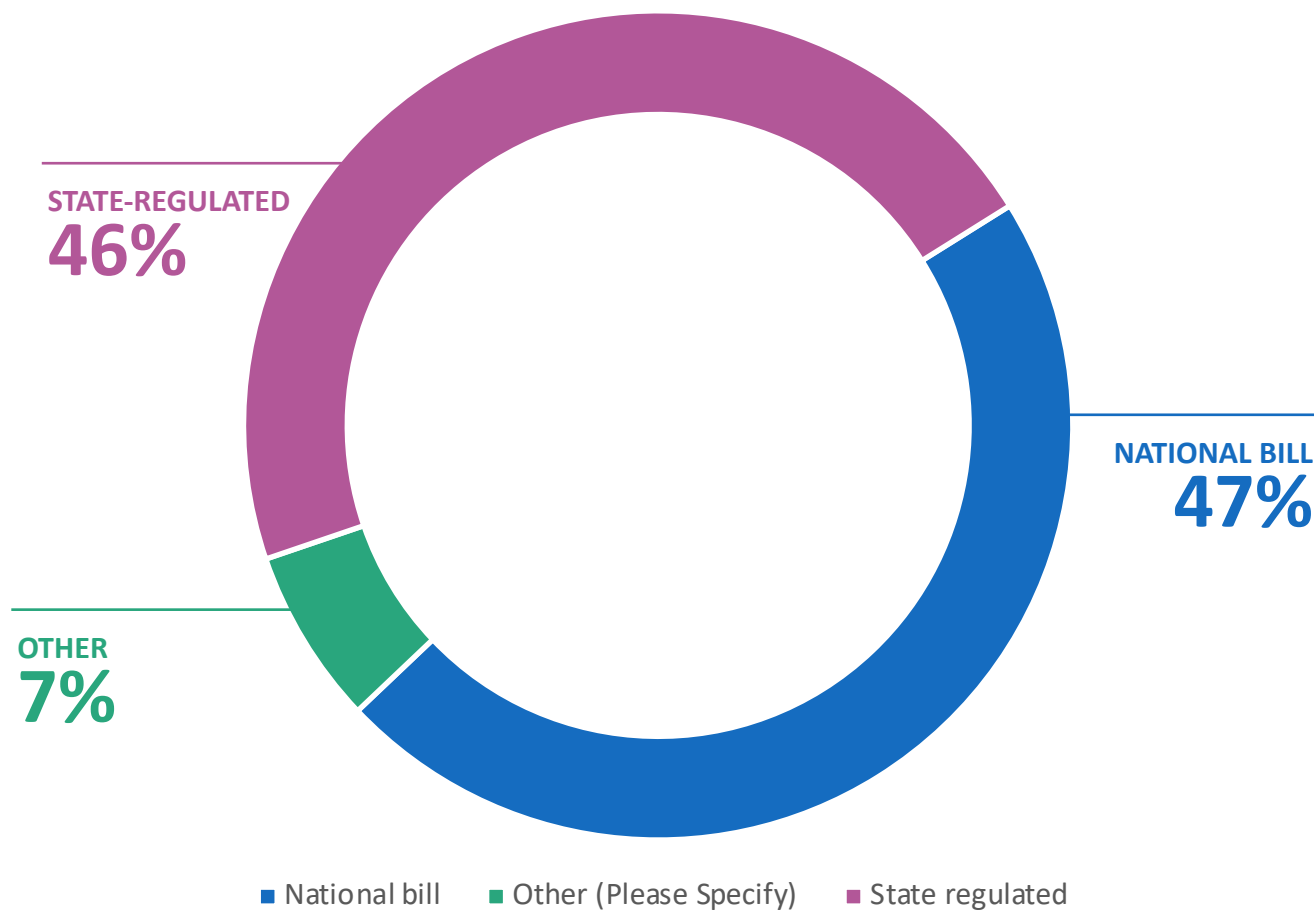
SECTION 4

Regulation



An even split between business owners and decision maker preference for state-regulated bill versus a national bill

STATEMENT AGREEMENT



QUESTION: Are you supportive of a national privacy bill or would you prefer states to enact their own regulations?

The preference for a national bill favored standardization and saw infeasibility in a state by state regulation

“

“Because it would keep things a lot simpler to have a national bill instead of different laws from state to state”

“

“I think it would be more uniform from state to state and everyone would know what to expect, also, online businesses, e-commerce are confined to one state so having different regulations for different customers gets confusing”

“

“Internet goes across the nation and across the world; it would be near impossible to meet each and every state's different laws and stay in compliance”

“

“The internet is too widespread and spread out for individual NATIONS to deal with regulating it. Certainly states don't have the reach to regulate enough”

“

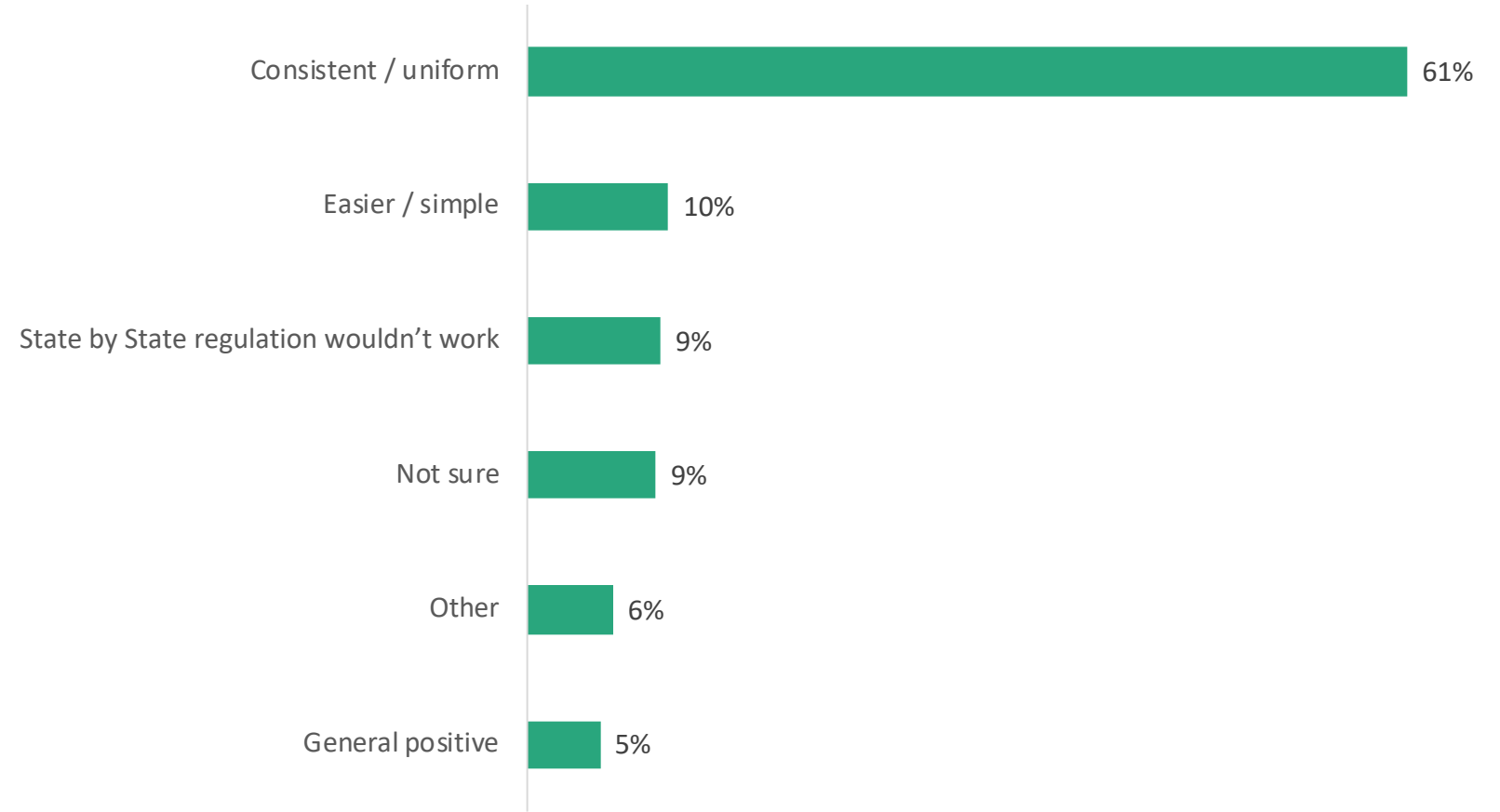
“The internet is nation wide. If there was a state with very lax laws, many companies would set up shop in that state just to get around the laws in other states. Like the credit card industry in past years. Plus state laws would vary too much to make it financially possible for small companies to adhere to”

“

“Regulations that differ from state to state leave room for error in policy when handling clients across state lines”

A consistent / uniform approach driving appeal of a national bill

MAIN THEMES [CODED RESPONSE]



QUESTION: Why do you support a national bill?

For those that preferred a state based bill, driven by perception business would be better served and anti-federal regulation

“

“Because there’s a huge disparity in liberal versus conservative states, and I live in California. I believe California would elect different laws regarding privacy and privacy protection and then say Texas w because there’s a huge disparity in liberal versus conservative states, and I live in California. I believe California would elect different laws regarding privacy and privacy protection and then say Texas would”

“

“I think different states have different needs. I think it is important to note that different states can enact legislation more specific to their geographic location rather than something that is one size fits all for everyone”

“

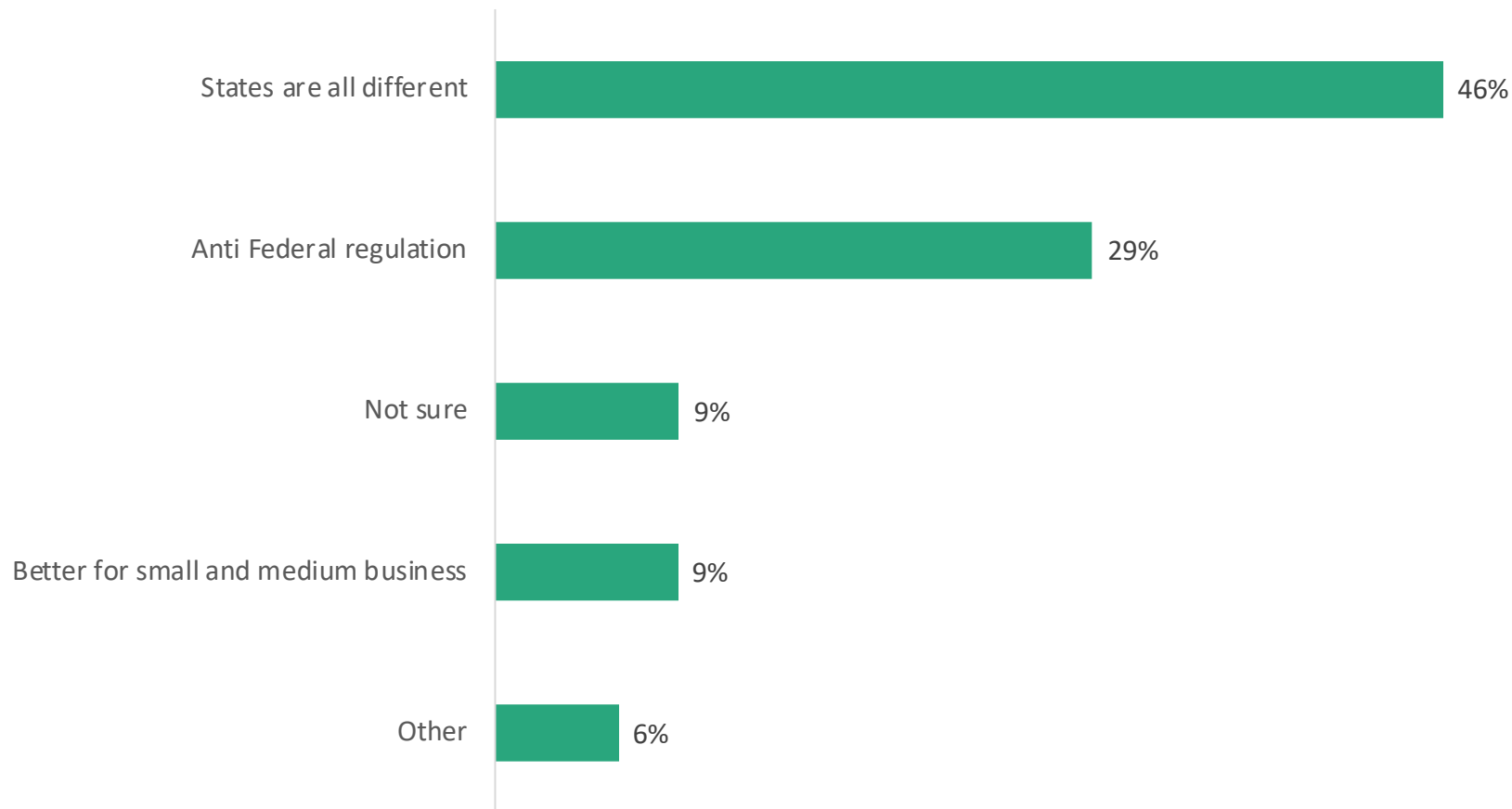
“I believe national would be too broad to accurately set policy. Different parts of the country or different states even each have their own set of circumstances or problems”

“

“The national government is meant to deal in state issues. It's not why they are there. Each state is different and the national government should make a blanket law to enforce on all. Each state knows what they need and what will work best for them. That’s how this country was supposed to run. Federal gets in the way of small businesses ability to thrive”

Supporters of state bill recognize States are all different or driven by anti Federal regulation

MAIN THEMES [CODED RESPONSE]



QUESTION: Why do you support a state bill?

SECTION 5

Impact



Over half of U.S. small and medium sized businesses express concern that new regulations will impact their business and cause distress, despite welcoming improvements

ATTITUDE AGREEMENT

I'M CONCERNED THAT STRICTER DATA PRIVACY RULES WILL IMPACT SMALL BUSINESS THE MOST



WHEN IT COMES TO NEW DATA PRIVACY LAWS, I'M HAPPY WITH A ONE-SIZE-FITS ALL APPROACH



WE WOULD SUPPORT ANY IMPROVEMENTS TO DATA PRIVACY REGULATIONS, BUT THEY CAN'T CAUSE DISTRESS TO THE DAY TO DAY OPERATIONS OF THIS BUSINESS



I AM CONCERNED THAT ANY CHANGES WOULD MAKE THE DIGITAL TOOLS AND PLATFORMS I USE MORE EXPENSIVE



Strongly Agree Somewhat Agree Neither Agree / Disagree Somewhat Disagree Strongly Disagree

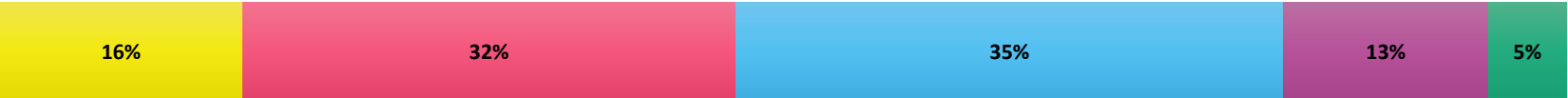
Without knowing the potential impact, there's already concern of the financial impact that a change in regulations will have to the livelihood of the small business

ATTITUDE AGREEMENT

AT THIS STAGE, THE BUSINESS WOULDN'T HAVE THE RESOURCES TO COPE WITH SIGNIFICANT CHANGES TO DATA PRIVACY REGULATIONS



ANY CHANGES TO THE CURRENT DATA PRIVACY REGULATIONS ARE LIKELY TO FINANCIALLY IMPACT THIS BUSINESS



I WOULD BE WORRIED THAT WE WOULD USE FEWER DIGITAL TOOLS AND PLATFORMS IF THE CHANGES WERE SIGNIFICANT



Strongly Agree Somewhat Agree Neither Agree / Disagree Somewhat Disagree Strongly Disagree

QUESTION: To what extent do you agree or disagree with the following statements?

The majority of business owners / decision makers are championing for any regulations to be built with small business in mind and the differentiation between big business / tech giants

ATTITUDE AGREEMENT

THERE NEEDS TO BE DIFFERENT DATA PRIVACY RULES FOR SMALL BUSINESS AND BIG BUSINESS / TECH GIANTS



DATA PROTECTION LAWS NEED TO BE BUILT WITH SMALL BUSINESS IN MIND



ANY CHANGES TO DATA PRIVACY REGULATIONS SHOULD START WITH THE TECH GIANTS AND LARGE ENTERPRISES RATHER THAN IMPACTING ALL BUSINESSES



Strongly Agree Somewhat Agree Neither Agree / Disagree Somewhat Disagree Strongly Disagree

QUESTION: To what extent do you agree or disagree with the following statements?

It's the businesses with 21+ employees that express greatest concern and anxiety around regulation changes and the possible impact to their business

ATTITUDE AGREEMENT BY COMPANY SIZE

	TOTAL	1-5 EMPLOYEES	6-10 EMPLOYEES	11-20 EMPLOYEES	21-250 EMPLOYEES	250-500 EMPLOYEES
Data protection laws need to be built with small business in mind	81%	78%	84%	83%	83%	88%
We would support any improvements to data privacy regulations, but they can't cause distress to the day to day operations of this business	72%	69%	77%	75%	73%	81%
I am concerned that any changes to data privacy regulations would make the digital tools and platforms I use more expensive	61%	58%	61%	63%	63%	74%
Any changes to data privacy regulations should start with the tech giants and large enterprises rather than impacting all businesses	60%	58%	62%	57%	64%	74%
There needs to be different data privacy rules for small business and big business / tech giants	59%	54%	63%	55%	65%	72%
I'm concerned that stricter data privacy rules will impact small business the most	56%	51%	63%	55%	61%	68%
Any changes to the current data privacy regulations are likely to financially impact this business	48%	41%	52%	55%	54%	76%
I would be worried that we would use fewer digital tools and platforms if the changes were significant	48%	42%	52%	53%	51%	70%
At this stage, the business wouldn't have the resources to cope with significant changes to data privacy regulations	45%	40%	47%	57%	48%	65%
When it comes to new data privacy laws, I'm happy with a one size fits all approach	40%	32%	46%	49%	48%	58%

QUESTION: To what extent do you agree or disagree with the following statements?

No significant differences between the attitude agreement of owners and decision makers, reinforcing the widespread appeal of small and medium business involvement

ATTITUDE AGREEMENT

	TOTAL	BUSINESS OWNER	DECISION MAKER	MALE	FEMALE
Data protection laws need to be built with small business in mind	81%	81%	81%	78%	82%
We would support any improvements to data privacy regulations, but they can't cause distress to the day to day operations of this business	72%	72%	73%	73%	72%
I am concerned that any changes to data privacy regulations would make the digital tools and platforms I use more expensive	61%	60%	62%	59%	62%
Any changes to data privacy regulations should start with the tech giants and large enterprises rather than impacting all businesses	60%	61%	60%	63%	59%
There needs to be different data privacy rules for small business and big business / tech giants	59%	59%	58%	57%	60%
I'm concerned that stricter data privacy rules will impact small business the most	56%	55%	59%	57%	55%
Any changes to the current data privacy regulations are likely to financially impact this business	48%	47%	51%	49%	48%
I would be worried that we would use fewer digital tools and platforms if the changes were significant	48%	48%	49%	49%	47%
At this stage, the business wouldn't have the resources to cope with significant changes to data privacy regulations	45%	45%	46%	45%	46%
When it comes to new data privacy laws, I'm happy with a one size fits all approach	40%	39%	41%	45%	36%

QUESTION: To what extent do you agree or disagree with the following statements?

Businesses generating higher revenue significantly more likely to agree there’s going to be a financial impact should any changes be introduced

ATTITUDE AGREEMENT BY COMPANY REVENUE

	TOTAL	\$25,000 OR LESS	\$25,001 - \$100,000	\$100,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001 +
Data protection laws need to be built with small business in mind	81%	77%	83%	78%	83%	84%
We would support any improvements to data privacy regulations, but they can’t cause distress to the day to day operations of this business	72%	65%	72%	74%	79%	76%
I am concerned that any changes to data privacy regulations would make the digital tools and platforms I use more expensive	61%	57%	58%	63%	54%	67%
Any changes to data privacy regulations should start with the tech giants and large enterprises rather than impacting all businesses	60%	54%	62%	62%	62%	67%
There needs to be different data privacy rules for small business and big business / tech giants	59%	55%	58%	57%	61%	65%
I’m concerned that stricter data privacy rules will impact small business the most	56%	52%	53%	55%	60%	63%
Any changes to the current data privacy regulations are likely to financially impact this business	48%	42%	42%	47%	53%	59%
I would be worried that we would use fewer digital tools and platforms if the changes were significant	48%	48%	43%	48%	54%	52%
At this stage, the business wouldn’t have the resources to cope with significant changes to data privacy regulations	45%	43%	44%	44%	47%	51%
When it comes to new data privacy laws, I’m happy with a one size fits all approach	40%	32%	38%	37%	47%	51%

QUESTION: To what extent do you agree or disagree with the following statements?

Over half of the U.S. small and medium sized business community foresee an impact to their business – with the majority concerned about the financial implication

REGULATION CHANGE IMPACT

■ Significant Impact ■ Slight Impact ■ Little to No Impact ■ Not Sure



QUESTION: How much of an impact would changes to the current data protection/policy regulations have on your business?

Impact most likely to hit the bottom line

“

While we have data protection in place, it would be big financial impact to do a complete overhaul. We could possibly lose business while making updates depending on what the change would entail

“

We would have to find money in our very limited budget to make the changes. Or we would have to abandon our online presence

“

Smaller businesses are statistically at a disadvantage of maintaining in business past the first year, sudden changes to regulations could deter their progress & growth

“

We are a managed services provider. So we are in charge of safely backing up A LOT of very sensitive information for our clients. On top of that, the regulations that affect our clients affect how we support them and the very core of our security services. We have to be compliant with all laws across all industries

“

Rules and regulations drive up prices and we are just a small business that is finally recovering from the 2008 recession. Rising prices will reduce any profits we have as a direct result of regulation. It's something that we simply can't absorb. Here how it goes - the tech companies raise their prices because of regulation, so we then have to raise our prices because we can't just absorb the cost, so then we lose customers that can't absorb our costs and where do those customers go? They go to big companies and the small, local business gets screwed like always

“

It may limit growth opportunities. We don't do much now where customer's are impacted for their data but there is future planning headed in that direction. If cost became prohibitive as a result, it could delay future growth planning

Impact perceived to be most significant the larger the small business, while 1 in 5 micro businesses are unsure of what changes to data protection/policy could have

IMPACT BY COMPANY SIZE

	TOTAL	1-5 EMPLOYEES	6-10 EMPLOYEES	11-20 EMPLOYEES	21-250 EMPLOYEES	250-500 EMPLOYEES
Significant Impact	13%	10%	17%	12%	19%	26%
Slight Impact	39%	33%	43%	47%	48%	50%
Little to No Impact	29%	35%	23%	27%	20%	9%
Not Sure	18%	22%	18%	14%	13%	15%

QUESTION: How much of an impact would changes to the current data protection/policy regulations have on your business?

Decision makers likely to foresee more impact than owners if changes to current data protection / policy regulations introduced

IMPACT BY ROLE & GENDER

	TOTAL	BUSINESS OWNER	DECISION MAKER	MALE	FEMALE
Significant Impact	13%	14%	13%	14%	13%
Slight Impact	39%	37%	45%	42%	38%
Little to No Impact	29%	31%	23%	30%	28%
Not Sure	18%	18%	19%	13%	21%

QUESTION: How much of an impact would changes to the current data protection/policy regulations have on your business?

Close to 1 in 5 of the higher generating small & medium businesses predicting a significant impact, with close to half nominating a slight impact

IMPACT BY COMPANY REVENUE

	TOTAL	\$25,000 OR LESS	\$25,001 - \$100,000	\$100,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001 +
Significant Impact	13%	13%	12%	11%	13%	19%
Slight Impact	39%	31%	38%	40%	46%	47%
Little to No Impact	29%	33%	32%	30%	26%	23%
Not Sure	18%	23%	18%	18%	15%	12%

QUESTION: How much of an impact would changes to the current data protection/policy regulations have on your business?

Thank you



Connected Commerce
Council

