



Digital Ads and AI Help Small Businesses Navigate Uncertainty

In the face of inflation and economic uncertainty, 84% of small business leaders consider digital tools important, with the majority already embracing AI to compete and succeed

Summary

Small businesses are turning to digital tools and artificial intelligence (AI) to navigate economic uncertainty, drive growth, and compete with larger companies. A new survey of 4,000 U.S. small- and medium-sized business (SMB) leaders finds that 84% rely on digital tools, with two-thirds calling them essential for tackling inflation in 2025. Digital ads are particularly popular, with 64% of SMBs utilizing them. Of those, 75% say ads help level the playing field against larger competitors. Personalized advertising works: 70% say targeted ads efficiently attract new customers, and 71% warn that restricting data collection would hurt ad effectiveness. Beyond customer acquisition, digital tools also help SMBs optimize operations, reduce costs, and adapt to shifting market conditions.

AI adoption is surging, with 51% of SMBs already using AI and an additional 31% actively exploring it. SMB leaders see AI as a game-changer for fueling business growth (63%), saving time and money (63%), and boosting efficiency (62%). Moreover, 64% say AI tools help level the playing field for businesses of all sizes, allowing smaller players to compete more effectively with larger rivals. At the same time, they recognize the need for trust: 74% say privacy and security are top priorities when using AI. As SMBs embrace digital tools to survive and thrive, their continued success depends on access to data-driven advertising and AI innovation—without unnecessary barriers or overly restrictive regulations.

Among SMB Leaders :

68%

believe digital tools will be essential for navigating inflation and economic uncertainty in 2025

71%

who buy digital ads believe restricting ad platforms' data collection and processing would make ads less effective

82%

say their business already uses AI or they're "AI curious"—meaning they plan to use AI or want to learn more

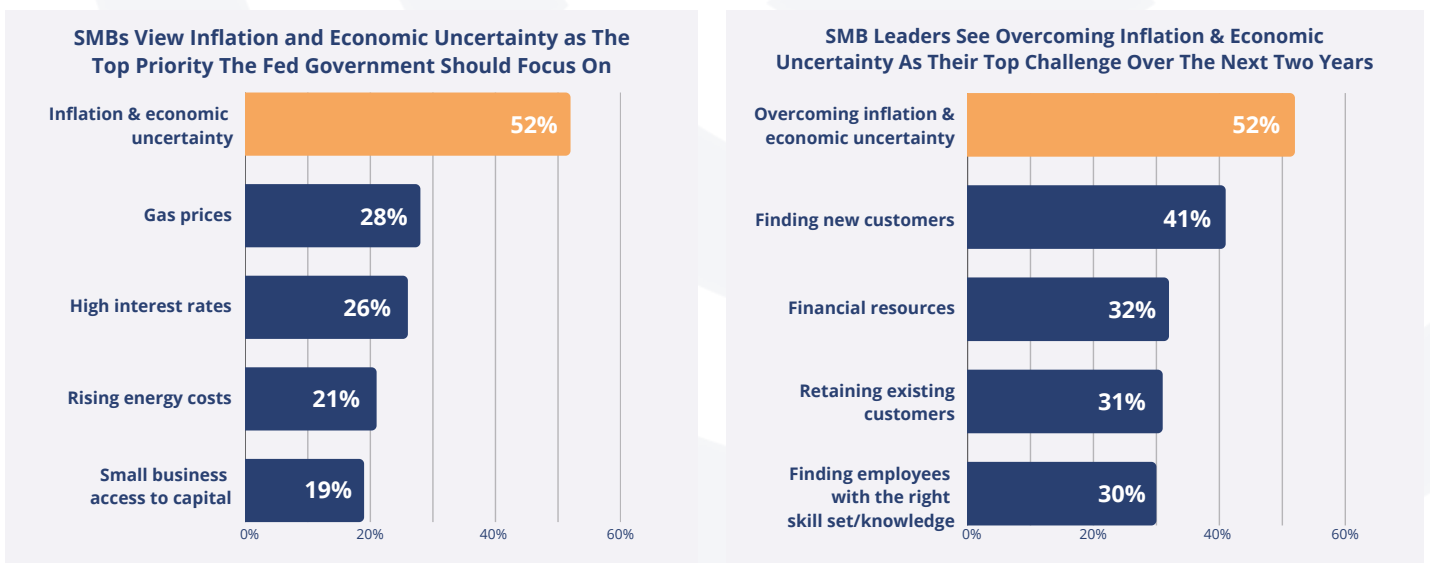
64%

say using AI tools helps "level the playing field" for businesses of all sizes

Digital Tools Are a Safety Net for SMBs in an Uncertain Economy

Small businesses depend on digital tools to stay afloat, drive revenue, and manage uncertainty.

- 84% of SMB leaders consider digital tools important for running their business, with 42% calling them critical, underscoring how digital tools act as a safety net.
- 68% of SMB leaders say economic uncertainty and inflation negatively impact their ability to successfully operate their business.
- SMB leaders primarily use digital tools to communicate with customers (88%), sell products or services to drive revenue (87%), and attract new customers (87%).
- 68% of SMB leaders believe digital tools will be essential for navigating inflation and economic uncertainty in 2025.
- 73% of SMB leaders say digital tools will play a critical role in their company over the next two years.
- 68% of SMB leaders say digital tools give them a sense of confidence about the future of their company.





Digital Ads Help Small Businesses Reach New Customers and Compete With Larger Rivals

Digital advertising is a growth engine, helping SMBs reach customers and compete with bigger firms.

- 64% of SMB leaders say their business buys digital advertising, suggesting that most SMBs view digital ads as an important part of their business.
- 80% of SMB leaders who buy digital ads say they help their business reach new customers.
- 70% of SMB leaders say personalized ads and analytics help their business reach new customers more efficiently.
- 74% of SMB leaders who buy digital ads agree they deliver a better ROI than traditional, offline ads.
- 75% of SMB leaders who buy digital ads say they help them compete with much larger competitors.
- 76% of SMB leaders who buy digital ads say they are an important part of their company's success.

Restricting Data Collection Would Undermine SMB Advertising Effectiveness

Data-driven ads fuel SMB success—restrictions could weaken their reach and impact.

- 92% of SMB leaders who buy digital ads sometimes collect non-sensitive customer data to enhance direct marketing and improve ad targeting.
- 71% of SMB leaders who buy digital ads believe restricting digital ad platforms' data collection and processing would make their ads less effective.



- 73% of SMB leaders who buy digital ads say their business uses general customer location data to inform business decisions like where to advertise, find growth opportunities, or open new locations.
- 69% of SMB leaders who buy digital ads use data collected from past purchases to remarket to customers.

AI Adoption Growing as SMBs Unlock Efficiency and Growth

AI is rapidly becoming essential—helping cut costs, boost efficiency, and drive growth.

- 82% of SMB leaders say their business either uses AI already or they are “AI curious”—meaning they plan to use AI or want to learn more.
- The majority (51%) of SMB leaders already use AI in their business.
- The top three reasons SMBs use or plan to use AI are to help their business grow (63%), save time and money (63%), and boost efficiency (62%).
- 52% of SMB leaders say they are focused on upskilling their employees in AI.
- 64% of SMB leaders agree AI tools help level the playing field for businesses of all sizes.
- 52% of SMB leaders say that AI tools are critical to the success of their business right now.
- 65% of SMB leaders report that their business saves a total of 10 or more hours per week by using Gemini for Google Workspace.



SMBs View AI as a Key Driver of Growth and Market Expansion

AI is not just about efficiency—it's fueling expansion into new products and markets.

- 63% of SMB leaders are excited by AI tools' potential to help grow their business.
- 61% of SMB leaders expect AI tools to allow them to expand their business into new products and markets.
- 59% of SMB leaders say AI tools will be critical to their success over the next two years.

When It Comes to AI, SMB Leaders See Privacy, Trust, and Safety As Top Priorities

SMBs want AI innovation, but security, trust, and data privacy remain top concerns.

- 74% of SMB leaders say privacy, trust, and safety are top priorities when it comes to AI.
 - 84% (+10%) of SMB leaders already using AI in their business say privacy, trust, and safety are top priorities when it comes to AI.
- 66% of SMB leaders consider data security and customer privacy a big concern for their business.
- Only 18% of SMB leaders say their business has been the target of a cyberattack.
- 58% of SMB leaders worry their business will be the target of a cyber attack.
 - 70% (+12%) of SMB leaders who collect customer data worry their business will be the target of a cyber attack.
 - 67% (+9%) of SMB leaders who use AI worry their business will be the target of a cyber attack.



- 66% (+8%) of SMB leaders who use online digital ads worry their business will be the target of a cyber attack.
- 59% of SMB leaders believe AI tools will positively impact the U.S. economy.
- 54% of SMB leaders think AI will make things better for society as a whole.

Conclusion

As small businesses navigate an uncertain economy, their ability to compete and grow hinges on access to digital tools, data-driven advertising, and AI. Ensuring that these innovations remain available and effective will be critical to SMBs' continued success.

Methodology

RXN with its think tank, the Data Catalyst Institute, conducted an online survey of 4,000 leaders of U.S.-based small- and mid-sized businesses (SMBs; <500 FT employees) that sell products or services to businesses and/or consumers. The survey was conducted between November 6-25, 2024. The main sample (N = 4,000) has a margin of error of +/-1.5%. The main survey was weighted to known census and SBA demographic variables as well as to data from previous U.S. SMB research we conducted. Every person we surveyed is an SMB leader involved in making decisions affecting their entire business. The full results of our survey can be found [here](#).

About 3C

The Connected Commerce Council is a non-profit organization with a single goal: to promote small businesses' access to digital technologies and tools. 3C provides small businesses with access to the market's most effective digital tools available, provides coaching to optimize growth and efficiency, and cultivates a policy environment that considers and respects the interests of today's small businesses.