



Digital Ads and AI Power Small Business Success

Digital tools, including AI and digital advertising, help small businesses operate more efficiently, grow, and compete with larger firms.

Summary

Small businesses rely on digital tools to overcome economic challenges and compete in today's marketplace. A new survey of 4,004 U.S. small- and medium-sized business (SMB) leaders finds that 63% anticipate that digital tools will help them navigate economic headwinds, including inflation and economic uncertainty, in 2026. In addition, 72% of SMB leaders use digital advertisements, with 78% reporting the ads help them reach new customers, and 75% saying they are important to their company's success. Notably, 74% say their ads would be less effective if their advertising partners couldn't collect or process basic customer information. At the same time, SMB leaders prioritize customer privacy concerns and seek regulatory clarity: 71% prefer a unified national privacy law over the current patchwork of state data-privacy regulations.

AI adoption shows strong momentum, with 79% of SMB leaders saying they understand how AI can benefit their business. Over half (53%) say AI is currently critical to their business's success, and even more (57%) believe AI will be critical over the next two years. Most SMB leaders are optimistic about AI's potential to drive growth (62%) and view AI's overall impact positively (58%). Most believe AI will level the competitive playing field (62%) and positively impact the U.S. economy (59%). At the same time, 71% emphasize that privacy, trust, and safety are top priorities as AI adoption increases. In sum, the survey finds that SMB leaders are embracing digital and AI-powered tools to navigate uncertainty, grow, and compete.

Among SMB Leaders :

80%

say digital tools are important for running their business, including 36% who say they are "absolutely critical."

68%

say digital tools will play a critical role in their company's growth and success over the next two years.

75%

of those who use digital ads agree that digital ads help them compete with much larger competitors.

79%

say they understand AI and how it can be used in their business.

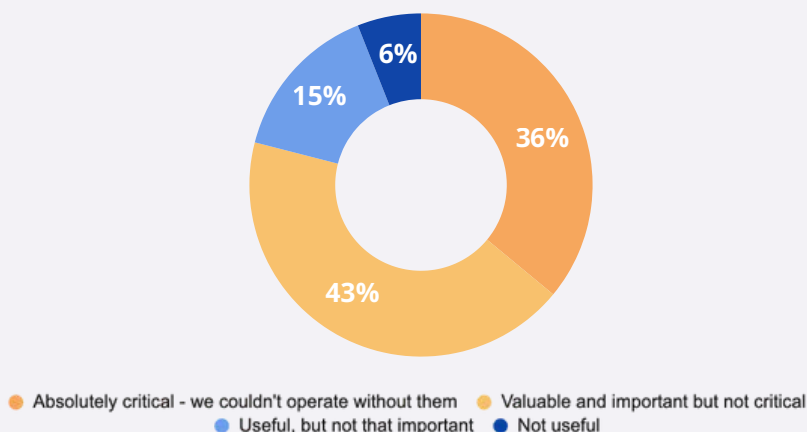


Digital Tools are Foundational to Small-Business Operations

Amid inflation and economic uncertainty, small-business leaders use digital tools to improve efficiency, reach customers, and boost sales.

- 65% of SMB leaders say inflation and economic uncertainty are negatively impacting their ability to successfully run and operate their business.
- 63% of SMB leaders believe digital tools will play a critical role in helping their business navigate inflation and economic uncertainty in 2026.
- 80% of SMB leaders say digital tools are important for running their business, with over a third (36%) deeming them “absolutely critical.”

80% of SMB Leaders Consider Digital Tools Important to Running Their Business



- 68% of SMB leaders say digital tools will play a critical role in their company's growth and success over the next two years.
- SMB leaders say digital tools are important to:
 - Communicating with customers (67%).
 - Finding new customers (66%).
 - Selling their products and/or services (65%).
 - Retaining existing customers (61%).
- 60% of SMB leaders say they wouldn't be able to reach new customers efficiently without digital tools like personalized ads and analytics.



Digital Advertising Drives SMBs' Sales and Success

Digital ads help SMBs reach customers, drive revenue, and compete with larger firms.

- 72% of SMB leaders say their business buys and/or sells digital ads.
- Among SMB leaders who use digital ads:
 - 78% say digital ads help them reach new customers.
 - 75% say digital ads help them reach local customers.
 - 75% say digital ads are important to their company's success.
 - 75% agree that digital ads help them compete with much larger competitors.
 - 74% say digital ads deliver a better return on investment than traditional/offline ads.
 - 70% say revenue driven by digital advertising helped them launch their business and continues to help sustain it.

Effective Digital Advertising Requires Clear Data Privacy Rules and Access to Basic Data

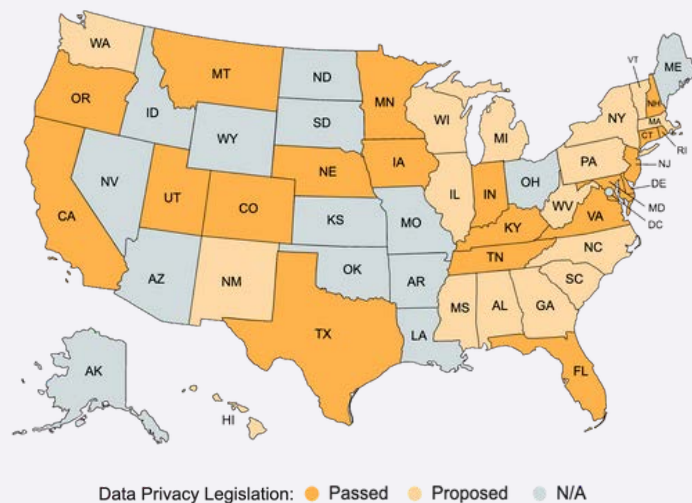
Basic, non-sensitive customer data is critical to effective digital advertising. Overly restrictive or fragmented privacy rules risk reducing ad effectiveness and increasing costs for small businesses.

- 92% of SMB leaders who use digital ads collect basic, non-sensitive customer data.
- Among SMB leaders who use digital ads:
 - 74% say their business uses general customer-location data to inform business decisions such as where to advertise, find growth opportunities, or open new locations.
 - 74% say ads would be less effective if platforms could not collect or process basic data.



- 71% rely on digital vendors and service providers to help them better understand customers' needs, habits, and behavior through analytics, dashboards, and insights.
- 46% say they wouldn't be able to find customers for their niche or local products if new laws prevented digital platforms from collecting and processing basic data.
- 71% say they would favor a national data privacy law over a patchwork of state privacy laws.

71% of SMBs Agree They Would Prefer a National Privacy Framework Over a Patchwork of State Privacy Laws



SMBs Understand AI and Are Actively Investing in Adoption

SMBs use AI to boost employee productivity and are prioritizing AI proficiency among employees. Over half (55%) report that AI is already increasing employee productivity.

- 79% of SMB leaders say they understand AI and how it can be used in their business.
- 55% of SMB leaders say AI tools are increasing employee productivity.
- 56% of SMB leaders want their employees to use AI to be more efficient at work.
- 70% of SMB leaders have invested or plan to invest in AI training or AI adoption for their employees.
 - Online videos are the most popular channel for training employees in AI (46%), followed by formal online courses (39%).



- 51% of SMB leaders say they are looking for AI proficiency when hiring.
- 63% of SMB leaders are familiar with the different services and platforms available to train their employees to use AI.
- 53% of SMB leaders say their employees are already prepared to use AI tools at work.
- SMBs say the most significant barriers to AI adoption are knowing which tools to use (43%); access to training (34%); and the tools' cost (31%).

Small Businesses Leverage AI to Enhance Digital Advertising

Many SMB leaders who use digital ads credit AI with improving results and simplifying campaign setup.

- 72% of SMB leaders who use digital ads say AI makes digital advertising more effective.
- 72% of SMB leaders who use digital ads say AI makes it easier to set up and optimize their digital ad campaigns.

Most SMBs Believe AI Tools Will Have a Positive Impact on the U.S. Economy and a Positive Overall Impact

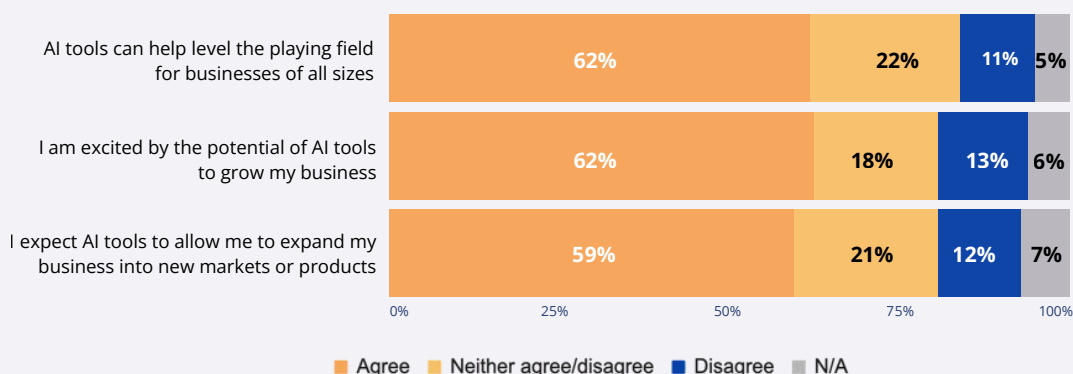
A majority of SMBs view AI as an effective and increasingly critical tool — saying it will help level the playing field, drive business success, and have a positive economic and societal impact.

- 53% of SMB leaders say AI tools are critical to the success of their business right now.
- 57% of SMB leaders believe AI tools will be critical to their business success over the next two years.
- SMB leaders report using or planning to use AI to support key business objectives. Among those who already use or plan to use AI:
 - 66% say AI will help save time and money.
 - 66% believe it will support overall business growth.
 - 65% expect it to boost operational efficiency.



- 62% of SMB leaders say AI can level the competitive playing field.
- 55% of SMB leaders agree AI will lower their overall marketing costs.
- 59% of SMB leaders expect AI to help them expand their product offerings or enter new markets.
- 62% of SMB leaders say they are excited about AI's potential to help them grow their business.
- 59% of SMB leaders agree that AI tools will have a positive impact on the U.S. economy.
- 58% of SMB leaders believe AI will have a positive impact overall.
 - Of SMB leaders who use AI in their business, 71% believe AI will have a positive impact overall.

SMB Leaders View AI as a Key Driver of Growth, Expansion, and Competitive Advantage



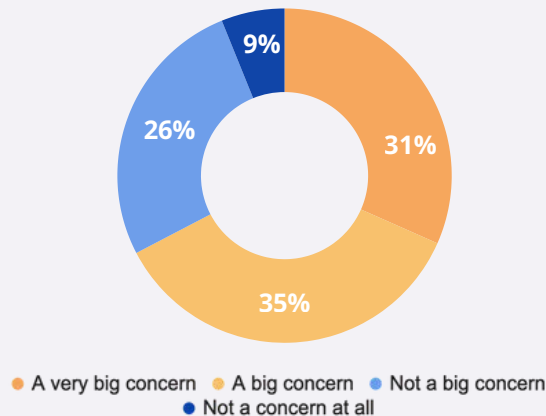
SMBs Weigh Innovation Against Privacy, Safety, and Cost Concerns

While SMBs continue to adopt AI and other digital tools, data security, privacy, and cost considerations strongly influence their technology decisions.

- 65% of SMB leaders say data security and customer privacy are current concerns for their business.

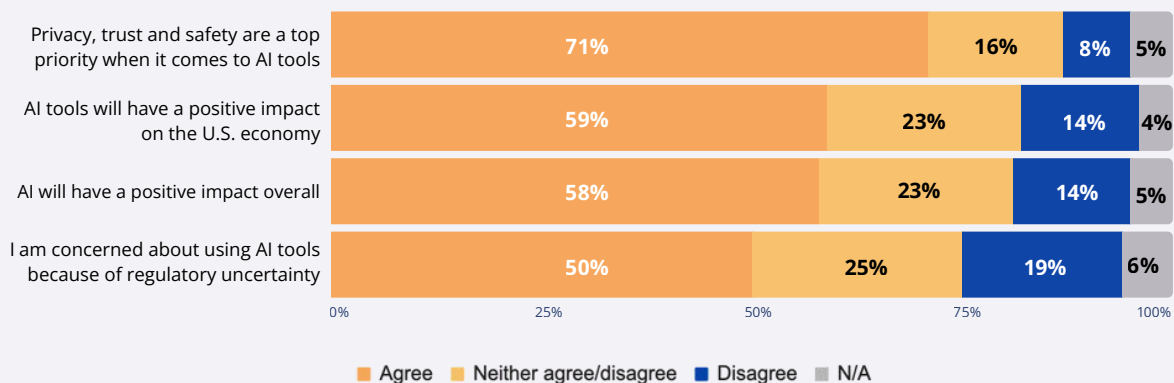


65% of SMB Leaders See Data Security and Customer Privacy as a Concern for Their Business



- 59% of SMB leaders are worried about being targeted by a cyberattack.
- 19% of SMB leaders say their business has been the target of a cyberattack.
- 71% of SMB leaders agree that privacy, trust, and safety are top priorities when it comes to AI tools.
- 59% of SMB leaders agree that if adopting AI tools meant increased costs or regulatory burdens, they would avoid adopting those tools.
- 54% of SMB leaders agree that if AI tools were more expensive than non-AI tools, they would be less likely to adopt them.
- 50% of SMB leaders are concerned about using AI tools because of regulatory uncertainty.

SMBs Are Optimistic About AI—but Regulatory Uncertainty Is a Concern





Key Takeaways

As small businesses navigate an uncertain economy, their ability to grow, compete, and succeed depends on access to digital tools — particularly data-driven advertising and AI. These findings underscore the need for clear, consistent national data-privacy and AI-regulatory frameworks that protect consumers while maintaining digital tools' affordability and fostering innovation and growth. Preserving SMBs' ability to leverage digital tools will be critical to their continued success.

Methodology

The Connected Commerce Council (3C) partnered with RXN to conduct an online survey of 4,004 leaders of U.S.-based small- and mid-sized businesses (SMBs; <500 FT employees) that sell products or services to businesses and/or consumers. State oversamples were also conducted in all 50 states.

The main survey was conducted between November 7 and December 5, 2025, and the state oversamples were collected between November 7 and December 17. The main sample (N = 4,004) has a margin of error of +/-1.5%; the margin of error is larger for subgroups. 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 survey respondent is an SMB leader involved in decisions that affect their entire business. The full results of the survey can be found [here](#).

About 3C

The Connected Commerce Council is a nonprofit organization with a single goal: to promote small businesses' access to digital tools and technologies. 3C helps ensure small businesses have access to the market's most effective digital tools; provides coaching and educational resources to help small businesses optimize growth and efficiency; and cultivates a policy environment that considers and respects the interests of today's small businesses.