Global study outlines strategies small businesses adopted to thrive during the pandemic

New study surveying thousands of small businesses owners and consumers shows customer engagement, digital technology and advisors is critical for future success

Wellington, NZ — 14 October 2020 — Xero, the global small business platform, today released a report investigating how small businesses in key markets around the world have responded to COVID-19 revealing the challenges and resulting actions taken to reinvent themselves and thrive.

The commissioned study conducted by Forrester Consulting on behalf of Xero, “The Next Chapter for Small Business”, is based on a survey of over 1,000 small business owners and 1,000 small business customers across Australia, New Zealand, Singapore, the UK, the US and Canada. The research included interviews with individual small business owners in those countries.

A major finding of the research highlights how small businesses have been able to succeed in the current COVID-19 landscape with six consistent themes emerging that are common to thriving organizations:

1. **Range of products and services.** They were most likely to have increased their range of products and services offered during COVID-19 and are likely to continue doing so

2. **Customer engagement strategy.** They have been more likely to engage with their customers on different digital channels and adopted new strategies to acquire and retain customers, including customer engagement tools

3. **Operations.** They have been more likely to adopt solutions to improve their finance, supply chain and employee management

4. **Technology adoption.** They have shown a higher percentage of online revenue as well as greater cloud adoption

5. **Ecosystem engagement.** They have been better at accepting and taking advantage of help from governments, partners, and communities by taking steps to understand the ecosystems in which they exist, the parties involved, and where to go to get help

6. **Decision-making drivers.** They are more likely to look at customer insights and consult advisors, such as accountants and bookkeepers, before making important business decisions

“It is a critical time for small businesses around the world to focus on a few areas to improve their ability to survive. This research reveals the unique role they play in our communities as well as the variety of ways in which they can build resilience,” said Rachael Powell, Chief Customer Officer at Xero. “How these small businesses expand their capabilities, communicate with customers, adopt new technologies and get support will define their success while we continue to navigate with this pandemic.”
The research provides strong evidence of the importance of technology to support the success of small businesses to increase the proportion of online revenue during this pandemic in an attempt to survive and thrive.

Simultaneously, thriving businesses have increased their digital marketing presence to engage with customers under lockdown, through company websites, social media pages and third-party platforms. Data indicates that these strategies are here to stay, even after lockdowns end.

The research also found small businesses deliver unique value to consumers which is distinct from large enterprises. Customers depend on small businesses across all aspects of their lives, in fact, 69% of consumers report they feel proud of the businesses in their communities and would feel a personal loss if those businesses were to close. Moreover, the leading reason (39%) consumers purchase from small businesses is to contribute to their community and support the local economy and local jobs.

Finally, the pandemic has shifted consumers’ expectations of small businesses. They increasingly expect small businesses to demonstrate empathy. The survey shows 93% of consumers would trust a business, buy more, and/or recommend it to friends and family, if it demonstrated empathy toward them, other customers and the community. This could potentially include implementing special rules to protect customers from COVID-19, staying open longer and offering delivery options.

The research shows that empathy involves understanding the moral, social and political values that customers prioritize. According to separate research from Forrester, a large group (41%) of US adult consumers buy from companies that align with their values which is consistent across income levels and geographic locations.

For more detailed information on “The Next Chapter for Small Business,” visit xero.com/the-next-chapter

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About Xero
Xero is a cloud-based accounting software platform for small businesses with 2.38 million subscribers globally. Through Xero, small business owners and their advisors have access to real-time financial data any time, anywhere and on any device. Xero offers an ecosystem of over 800 third-party apps and 200 plus connections to banks and other financial partners. In 2020, Xero was included in the Bloomberg Gender-Equality Index and recognised by IDC MarketScape as a leader in its worldwide SaaS and cloud-enabled small business finance and accounting applications vendor assessment.