GODADDY & REDSHIFT RESEARCH
SMALL BUSINESS SURVEY 2015

HOW VERY SMALL BUSINESSES ARE UTILIZING THE INTERNET TODAY—AND FUTURE EXPECTATIONS
Redshift Research was commissioned by GoDaddy to conduct a global survey of very small businesses – defined as five workers or less – in Australia, Brazil, Canada, India, Turkey, United Kingdom and United States. A total of 4,009 very small business owners/operators participated (~500 in each country).

The interviews were conducted online by Redshift Research in June and July 2015 using an email invitation and an online survey via its Crowdology panel.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. In this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 1.5 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

Learn more about Redshift Research on their website: http://redshiftresearch.co.uk
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IN 2015, GODADDY PARTNERED WITH REDSHIFT RESEARCH AND CONDUCTED A GLOBAL SURVEY OF 4,009 VERY SMALL BUSINESSES — DEFINED AS FIVE WORKERS OR LESS — IN AUSTRALIA, BRAZIL, CANADA, INDIA, TURKEY, UNITED KINGDOM AND UNITED STATES TO EXAMINE HOW THEY’RE UTILIZING THE INTERNET.

THese are the findings.
EXECUTIVE SUMMARY

WHAT DID WE LEARN?
MOST VERY SMALL BUSINESSES AREN’T FULLY UTILIZING THE INTERNET

Two decades into the Internet becoming mainstream, you would think that nearly every business has planted their flag online. But in actuality the majority of the smallest of businesses aren’t fully plugged into the Internet, according to a landmark global survey commissioned by GoDaddy from Redshift Research.

59% of them don’t have a website – and, thus, full control of their online presence – according to the survey of 4,000 global very small businesses (defined as five workers or less) in Australia, Brazil, Canada, India, Mexico, Turkey, United Kingdom and United States.

Who are these small businesses? 41% are run by women. And they are generally not only small in employees but customer base, with 64% having 100 or fewer customers. And many are new: 39% have been in business for three years or less.

While many of these very small businesses do have some form of Internet presence through social media platforms, they reported feeling that their operation was simply too small to warrant a website (35% of respondents). Others cited a lack of technical expertise (21%) or the costs of starting a website (20%).
Who are these very small businesses?

41% are run by women
64% have fewer than 100 customers
39% have been in business for three years or less
WHY DON’T VERY SMALL BUSINESSES HAVE A DEDICATED WEBSITE?

35% SAID THEY ARE SIMPLY TOO SMALL
24% SAID THEY DIDN’T THINK IT WOULD HELP THEIR BUSINESS
21% SAID THEY LACKED THE TECHNICAL EXPERTISE
20% SAID IT’S TOO EXPENSIVE
INVISIBLE NO MORE: VERY SMALL BUSINESSES POISED TO GO ONLINE IN NEAR FUTURE

Although many of the world’s smallest businesses have yet to create a website, over half of them (55%) intend to create a website within the next two years, and 1 in 5 respondents have already taken the first step by registering a domain name. Given that there are roughly 200 million very small businesses globally, the shift to their own online presence could have a major impact on small business growth, operations and their ability to reach beyond their local customer base.

That growth is exactly what these companies are expecting and a huge reason why they’re choosing to take the leap now, with 48% of respondents who plan to create a website anticipating that it will help their business grow 25% or more within the next 3-5 years, over half of all respondents anticipating growth locally, nationally, or internationally due to creating a website. Furthermore, those coming online expect that websites will enable them to sell goods online (48%) and a huge number of respondents (84%) wanting their websites to be mobile-friendly.

Perhaps most telling is the comparison of growth expectations with those with no plans to build a website. According to RedShift, those with no plans to build a website in the next two years have lower expectations for their business with just 19% saying they expect 25-50% growth in the next 3-5 years.

In addition to growth, competition is a key motivator in creating a website: 83% of small business owners who already own a website feel they have a competitive advantage over those without.
55% of very small businesses intend to create a website within the next two years
BIG GROWTH EXPECTATIONS FOR THOSE GOING ONLINE

48% of very small businesses who plan to create a website expect their business to grow 25% or more within the next 3-5 years.

This is not an unrealistic expectation...

Of those respondents who already have a website, 59% say their business grew once they had built their website.
SLOW GROWTH EXPECTATIONS FOR THOSE NOT GOING ONLINE

ONLY 19% OF VERY SMALL BUSINESS WITH NO PLANS TO BUILD A WEBSITE EXPECT THEIR BUSINESS TO GROW 25% OR MORE WITHIN THE NEXT 3-5 YEARS
83% of small business owners who already own a website feel they have a competitive advantage over those without.
FOCUS ON eCOMMERCE AND MOBILE

48% PLAN TO SELL GOODS ONLINE WITHIN THE FIRST YEAR OF HAVING A WEBSITE
84% SAY THAT THEIR WEBSITE MUST BE MOBILE FRIENDLY
BUILDING IT & COMMUNICATION CHANGES

Responses indicate that the number of businesses planning to come online within the next 2 years could greatly affect demand for resources. Almost 80% of small business owners have yet to register a domain name and will be looking for alternate domains and extensions to find the perfect fit. These businesses will also be looking for help getting online, from Internet companies/IT pros (30%) and/or web designers (24%).

For very small businesses, creating their own website will also impact how they communicate with customers. While those planning to build a website are as likely to telephone a customer as they are to email them, the survey found that those with websites were twice as likely to communicate via email as to phone. That suggests that as these very small businesses get their own online presence, their communication practices will change, perhaps as they become more digitally sophisticated and their customer base grows.
80% of very small business owners have yet to register a domain name.

30% will have internet companies help build their website.

24% will have professional web designers help build their website.
<table>
<thead>
<tr>
<th>Method</th>
<th>Those with a website</th>
<th>Those planning a website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone</td>
<td>23%</td>
<td>36%</td>
</tr>
<tr>
<td>Email</td>
<td>45%</td>
<td>34%</td>
</tr>
<tr>
<td>Social</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>In Store</td>
<td>6%</td>
<td>9%</td>
</tr>
</tbody>
</table>
SUMMARY

What the research shows is that while the Internet has upended business models and industries over the last two decades, the smallest of businesses have struggled at times to find their place. Some of that comes down to cost and time – precious commodities for a small business. But according to the research, we appear at a tipping point where for competitive reasons and accessibility of tools, the idea of having its own online presence is now attainable for very small businesses. And just like we saw with larger companies, that leap is likely to change how these businesses grow, communicate and ultimately sell their services.
APPENDIX
## ATTITUDES VARY BY COUNTRY

<table>
<thead>
<tr>
<th>Question</th>
<th>US</th>
<th>UK</th>
<th>BRAZIL</th>
<th>INDIA</th>
<th>CANADA</th>
<th>MEXICO</th>
<th>TURKEY</th>
<th>AUSTRALIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>% With No Website</td>
<td>60%</td>
<td>60%</td>
<td>62%</td>
<td>63%</td>
<td>59%</td>
<td>62%</td>
<td>47%</td>
<td>61%</td>
</tr>
<tr>
<td>% Who Plan to Build</td>
<td>41%</td>
<td>33%</td>
<td>71%</td>
<td>76%</td>
<td>33%</td>
<td>76%</td>
<td>70%</td>
<td>35%</td>
</tr>
<tr>
<td>% Who Have Domain</td>
<td>28%</td>
<td>29%</td>
<td>21%</td>
<td>15%</td>
<td>19%</td>
<td>11%</td>
<td>21%</td>
<td>29%</td>
</tr>
<tr>
<td>% That Plan to Sell Within 1 yr</td>
<td>49%</td>
<td>36%</td>
<td>51%</td>
<td>51%</td>
<td>40%</td>
<td>45%</td>
<td>63%</td>
<td>39%</td>
</tr>
<tr>
<td>% Say 25-50% Growth from Website</td>
<td>60%</td>
<td>31%</td>
<td>45%</td>
<td>54%</td>
<td>38%</td>
<td>62%</td>
<td>39%</td>
<td>33%</td>
</tr>
</tbody>
</table>
59% DON’T HAVE A WEBSITE FOR THEIR BUSINESS. 22% HAVE NO ONLINE PRESENCE AT ALL. 16% DON’T HAVE ONE AT THE MOMENT BUT ARE PLANNING TO BUILD ONE SOON.

Just a third (33%) of single person businesses have a website.

32% of single person businesses don’t have an online presence, compared to just 16% of 2-5 person businesses.
35% of companies think their business is too small. 24% didn’t think it would help. Around 1 in 5 say that technical expertise or price is the preventing factor.

Perhaps unsurprisingly, single person businesses are more likely to say that their business is too small to warrant a website (39%) than those with 2-5 employees (32%).

Reasons for not creating a website:

- I just think my business is too small to warrant a website: 35%
- I didn’t think it would help with my business: 24%
- It’s beyond my technical expertise: 21%
- I couldn’t afford it: 20%
- I don’t have the time to create one: 17%
- My social media presence/business directory listing site has met my requirements: 13%
- Security concerns (for example, website being hacked): 10%
- Other: 6%
- Government regulations make it too difficult to do so: 3%
OVER 50% PLAN TO GET A WEBSITE IN THE NEXT TWO YEARS. 27% ARE NOT PLANNING TO BUILD A SITE IN THE NEXT TWO YEARS. 38% OF SINGLE-PERSON BUSINESSES SAY THEY ARE NOT PLANNING TO DO SO IN THE NEXT TWO YEARS, COMPARED TO THOSE WITH 2-5 EMPLOYEES (19%).

PLANS TO GET A WEBSITE IN THE FUTURE

- Yes, I am already working on it: 16%
- Yes, this year: 22%
- Yes, within the next 2 years: 17%
- Not planning to build one in the next two years: 27%
- Not sure: 18%
WEBSITE IN THE FUTURE

79% feel companies like their own will be more likely to have a website in the future

- Yes, definitely: 47%
- Yes, most likely: 32%
- No, not likely: 11%
- Definitely not: 3%
- Not sure: 8%
**PLANS TO BUILD A WEBSITE**

30% planning to build a website in the next two years are looking for an internet company that can provide them with the tools and help them on their way.

<table>
<thead>
<tr>
<th>Plan Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am looking for an internet company that can provide me easy-to-use tools to create my own website and help me along the way</td>
<td>30%</td>
</tr>
<tr>
<td>I am looking for a professional web designer to create it for me</td>
<td>24%</td>
</tr>
<tr>
<td>I’ll probably get a friend/family member to help me</td>
<td>21%</td>
</tr>
<tr>
<td>I plan to do it mostly by myself using code</td>
<td>17%</td>
</tr>
<tr>
<td>Not sure</td>
<td>8%</td>
</tr>
</tbody>
</table>
**ONLINE STORE / eCOMMERCE FUNCTIONALITY**

32% PLAN TO HAVE eCOMMERCE FUNCTIONALITY AT LAUNCH. 39% OF SINGLE BUSINESS OWNERS DON’T PLAN TO OFFER THIS, COMPARED TO 29% OF 2-5 PERSON BUSINESSES.

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, my website will have an online store/eCommerce functionality at launch</td>
<td>32%</td>
</tr>
<tr>
<td>Yes, my website will have an online store/eCommerce functionality within a year after it launches</td>
<td>16%</td>
</tr>
<tr>
<td>Yes, I think my website should have an online store/eCommerce functionality, but I’m unsure when it will be available</td>
<td>19%</td>
</tr>
<tr>
<td>No, I don’t plan to have an online store/eCommerce functionality on my website</td>
<td>33%</td>
</tr>
</tbody>
</table>
EXPECTED IMPACT OF WEBSITE ON BUSINESS

RESPONDENTS ARE POSITIVE ABOUT THE IMPACT A WEBSITE WOULD HAVE, WITH 48% THINKING IT WILL HELP AND PROVIDE MORE THAN 10% GROWTH TO THE BUSINESS.

- I think it will make a huge difference, perhaps as much as 50% growth: 15%
- I think it will help a lot, perhaps as much as 25% growth: 33%
- I think it will help a bit, perhaps as much as 10% growth: 33%
- I don’t think it will have much impact on our growth one way or another: 11%
- Not sure: 7%
78% of those planning a website think it will expand their customer base, either locally, nationally or internationally.

- Yes, I think it will expand our customer base internationally: 11%
- Yes, I think it will expand our customer base nationally: 28%
- Yes, I think it will expand our customer base in our local area: 52%
- No, I don’t think it will have much impact on our customer base: 16%
- Not sure: 6%
IMPORTANCE OF MOBILE-FRIENDLY WEBSITES

JUST 13% SAY THEY DON’T THINK IT IS IMPORTANT.

- Very important: 50%
- Somewhat important: 34%
- Not very important: 10%
- Not important at all: 3%
- Not sure: 4%

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SEARCH ENGINE OPTIMIZATION AND SOCIAL MEDIA PRESENCE ARE SEEN AS THE MOST USEFUL TOOLS FROM A MARKETING AND SALES STANDPOINT, AFTER BUILDING A WEBSITE.

- Search engine optimization so that people can easily find my business on Google, Yahoo, Bing and other search engines: 63%
- Social media presence (e.g. Facebook, Twitter, Instagram): 61%
- Customer relationship management tools (i.e. email-based programs for communicating news, promotions, etc. to customers): 32%
- Analytics that offer insight into potential new customers and markets: 23%
- Not sure: 7%
EFFECT OF WEBSITE ON COMPETITION

83% who already have their own website feel that it gave them a competitive advantage over competitors who didn’t have a website.

- Yes, very much: 47%
- Yes, somewhat: 36%
- No, not really: 11%
- No, not at all: 2%
- Not sure: 3%
GROWTH EXPECTATIONS FOR THE NEXT 3-5 YEARS

29% OF THOSE WITH NO PLANS TO BUILD A WEBSITE ARE NOT EXPECTING ANY GROWTH COMPARED TO JUST 13% WITH A WEBSITE. CONVERSELY, 43% OF THOSE WITH A WEBSITE ARE EXPECTING 10-50% GROWTH, COMPARED TO JUST 19% OF THOSE WITH NO PLANS.