

# TRENDING UP

## Five Factors Set to Impact Small Businesses in 2025

By Matt Ottinger

The U.S. Small Business Administration (SBA) recently projected five key trends anticipated to impact small businesses in 2025. These trends include artificial intelligence (AI), cybersecurity, customer experience, e-commerce and online marketing.

### Artificial intelligence

Software company Salesloft reports over half of small businesses now use AI-powered chatbots and virtual assistants for customer service. Consulting firm Nielsen Norman Group also reports that a recent study showed AI increased users' performance by 66%, averaging across three case studies involving various tasks.

Like it or not, AI is not going anywhere and employers, citizens and government entities alike must all learn how to navigate it. Both the Indiana Chamber of Commerce and the Indiana General Assembly have made AI a point of emphasis recently as well. Not to mention, on his second day back in office, President Trump announced a \$500 billion investment in AI infrastructure from leading tech firms.

The Indiana Chamber Foundation held its inaugural, two-day AI Leadership Summit in Indianapolis last August as part of Rally, which was presented by Elevate Ventures and welcomed attendees from around the world to the Indiana Convention Center in Indianapolis.

Indiana Chamber President and CEO Vanessa Green Sindors kicked off the summit by noting, "AI will continue to impact business – and all aspects of Indiana's economy – in so many ways that we have yet to even imagine."

A post-summit report released in January (more on that on page 64) showed AI is most likely to impact jobs in the life sciences industry, with nearly a quarter of work time expected to experience a degree of automation and just over 20% showing at least some potential for augmentation.

### Customer experience

Part of the customer experience category pertains to the aforementioned development of AI.

*Forbes* reports the top ways companies are using AI to enhance customer experience include instant messaging (e.g. Chatbots), emails, personalized services (e.g. product recommendations), text messages, personalized advertising, long-form written content (e.g. website content) and phone calls.

A recent December blog by Zoom has more, positing potential new customer experience trends. Among those are: Contact Center as a Service (CCaaS)/Unified Communications as a Service (UCaaS) decisions will become hybrid work platform decisions; a customer-led approach to the application of AI will become critical in boosting customer satisfaction; customers will start to prefer AI agents over humans to solve simple issues; and proactive outreach may boost loyalty with a more integrated, AI-driven approach.

### Cybersecurity

Hackers still run roughshod online and businesses of all sizes have

made it a priority to train their staffs how to avoid scams of phishing and other varieties.

The Indiana Small Business Development Center (ISBDC), a program of the Indiana Economic Development Corporation, offers free trainings for small businesses to help mitigate risks. The ISBDC states, "Cyberattacks are a growing concern for everyone, and small businesses are often attractive targets for cybercriminals. Understanding your small business' cyber vulnerability and mitigating cyber threats are not always easy tasks."

*National CIO Review* reports that it surveyed 755 CISOs between April and August 2024. The respondents varied by industry and staff size. It shares: "A key highlight in the report is the continued growth of security budgets, though at a slower pace compared to previous years. In 2024, budgets are projected to grow by 8%, a modest rise from 6% in 2023. While this shows improvement, it's well below the sharp increases of 16% and 17% seen in 2021 and 2022."

### e-commerce

*emarketer* reports that e-commerce currently accounts for a fifth of all retail sales worldwide and is expected to grow to just under 23% by 2027.

Northeast Indiana alone has 14,000 jobs in the distribution and e-commerce industry alone, according to the Northeast Indiana Regional Partnership. The region is home to more than 630 transportation and logistics companies located across the region's 11 counties.

Furthermore, Amazon recently invested \$15 billion throughout the state. And Fort Wayne-based Sweetwater Sound, the world's largest online music retailer, recently invested \$76.4 million in a major expansion at its current facility.

### Online marketing

The SBA reports that "if you're not promoting your brand online, you may not be reaching as many consumers; 73% of small businesses have a website." Furthermore, most small business owners use social media platforms to build brand awareness and promote products and services.

- A 2023 report by job site Zippia shares the following:
- 81% of shoppers choose to research a business online before making a purchase, with 55% searching for online reviews and 47% searching for the business' website
  - The average cost of a website for a small business is anywhere between \$1,000 and \$10,000
  - Roughly 99% of consumers use the internet to discover and find local businesses
  - 44% of business-to-business buyers will abandon a small business website with no contact information

Digital marketer Salesforce, with a major presence in Indianapolis, recently shared its intentions for 2025 include digital transformation (modernizing marketing operations by streamlining marketing processes and automating repetitive tasks) and pushing data-driven decision making by leveraging data insights to optimize marketing strategies. Personalizing customer experiences and fostering stronger customer relationships through timely and relevant communications are also among objectives.