Table of Contents

Executive Summary 03

Know the facts 04

Spot the risks 06

Listen to customers 07

Build trust 08

Market your business 09

Leverage social media 12

Give back 13

BBB® This is why we are here 14

About the research 16
Executive Summary

Due to the impact of the COVID-19 pandemic, many small companies are now making technology and online marketing a more significant focus for their company. Having an effective online presence and knowing how to meet and exceed customer demands digitally can be a difference-maker for your business.

In this Business Impact Report, the Better Business Bureau (BBB) takes a deeper dive into the online retail industry from customers, business owners, research findings, and exclusive BBB data. E-commerce is booming. Sales reached $3.5 trillion in 2019, and according to Statista, by 2023, e-retail sales are estimated to account for 22% of all retail sales worldwide.

At BBB.org, search for online retailers skyrocketed 383% this year, suggesting that more and more consumers are researching businesses before making an online purchase.

Business owners have an opportunity to change the narrative of their company, from just trying to survive to thriving during difficult times. This report takes you step-by-step on how to bolster your business's online reputation, improve customer communication and build trust, and how operating with integrity and honesty can differentiate your business.

More customers turn to BBB.org

- 73% increase in online business profile views
- 383% increase in online shopping business profile searches
- Overall business profile search to BBB.org up 97%
- 62% increase in accredited online shopping business profile views

Source: IABBB year over year data between March - Oct 2019/2020
Know the facts

Even though e-commerce is thriving globally, savvy retailers will want to be on top of the latest industry trends and make strategic decisions to help their business grow and thrive.

Small businesses are defined as those with 500 or fewer employees, from LLCs with multiple locations to mom and pop shops with fewer than five employees. And while running a small business is no easy task, here are some surprising facts business owners can’t afford to ignore.

1. **Nearly one-third of businesses fail because the owner runs out of money**

   Opening and maintaining a small business can be a considerable risk that requires upfront costs and hard work. And while many small businesses succeed, identifying early risks can help you better prepare for the future. According to the Bureau of Labor Statistics, about 20% of companies fail in their first year, and 50% of small businesses fail in their fifth year. In Canada, 23% of small businesses (1-4 employees) fail in year one.

   For many business owners, the finances and accounting are the most challenging part of running their company, but they are at higher risk of failing without those skills.

   *1. U.S. Bureau of Labor Statistics*

2. **More than one-third of small business owners don't believe they need a website**

   Without question, shoppers overwhelmingly look online to purchase or research a product and service. Since the onset of the COVID-19 pandemic, the number of customer inquiries to BBB.org spiked 36% year-over-year. Having an online presence is essential to any business’s success and can also lend authority to your brand and connect to even more customers.

   BBB interviewed **Amanda Brinkman**, host of the show **Small Business Revolution**, on the impact of COVID-19 on small businesses and towns. Brinkman acknowledges that it’s a challenging time for companies but warns that even when stay-at-home orders lift, people will not come back in the capacity as they did before the pandemic.

   "So many businesses do not focus on their online presence, but it’s vital. It’s on us as owners to make it as easy as possible – communicating with customers, to be pivoting how we sell and deliver products, and showing the heart behind our businesses as to what we are doing for the community."

   - Amanda Brinkman, host of Small Business Revolution
The online retail landscape continues to change and evolve each year as customer expectations and the demand for convenience skyrocket.

According to Statista, e-retail sales surpassed 3.5 trillion U.S. dollars worldwide in 2019 and are forecasted to accelerate even more in the future.

Business owners now need to do more than just set-up their e-commerce sites and promote their products or services online. A company website and social media platform is a space where people can learn more about who you are and your values as a business owner, and it is also a place to provide personal customer care.

According to 99firms, online purchases will continue to soar as more and more brick-and-mortar stores close as a result of the pandemic and quarantining. Many business owners have had no choice but to move their stores online and appeal to new customers. This ever-increasing demand can be costly, from packaging and shipping expenses to technology upgrades. Regardless, investing now can pay off dividends in the future.

According to Statista, by 2040, an estimated 95% of all purchases will be through e-commerce.

**Worldwide Online Retail Trends**

- **$3.5 trillion**: E-retail sales surpassed $3.5 trillion US dollars in 2019.
- **22 billion**: Retail websites generated almost 22 billion monthly visits in June 2020.
- **14%**: In 2019, e-retail sales accounted for 14% of total sales.

Source: Statista
Spot the risks

The Better Business Bureau released its 2020 Online Purchase Scams Report identifying top scams, riskiest products, susceptibility, and monetary loss. As more businesses vie for customers' attention online, consumer trust will play a larger part in purchasing decisions.

According to the report, 35% of people exposed to an online purchase scam will only trust retailers with whom they've done business in the past. If this trend continues, small businesses will have an increasingly difficult time competing in the market and differentiating themselves from larger and better-known businesses and brands.

One solution is for companies to emphasize trust, integrity, and transparency at the core of their business model. BBB Standards for Trust can be a guiding light for businesses navigating through these trying times. Advertising honestly is vital, and the BBB Code of Advertising explains what enterprises need to know about advertising claims.

For BBB Accredited Businesses, adding the BBB seal to their company website and social media can help give customers an added sense of confidence.
Listen to customers

Customers spoke loud and clear to BBB about what they liked and disliked when it comes to online retailers. BBB analyzed 76,000 positive customer reviews to see what resonated most with buyers.

The research ranks affordability, punctuality, friendliness, and communication as top qualities for consumers when reviewing an online business.

What customers like most with online retailers

- **Affordability**
- **Punctuality**
- **Friendliness**
- **Communication**

Customers tell BBB that their online experience misses the mark when the product never shows or arrives late. In reviewing 400,000 complaints and negative customer reviews, about 50% of customer remarks claimed the item was late or never came.

BBB also found that approximately 30% of online retail complaints and negative reviews alleged that the product was flawed or incorrect. Many of the complaints submitted to BBB mention a broken item, counterfeit goods, or in the case of clothes, the wrong fit.

More than 80% of negative online reviews fall into these two categories, while the remaining 20% describe different circumstances. Customers complained about subscription orders, auto-renewals, and billing errors.
Customer trust can mean everything for an online business. With the internet flooded with information about every product or service, buyers can effectively make a purchase decision with just a few clicks.

For many small businesses, finding a way to establish a foothold in a competitive market can be the biggest challenge. Giving your business a step up over the competition is always something to desire, and aiming for BBB Accreditation is a valuable way to do this. Accreditation requires the utmost trustworthiness, customer respect, and integrity, which can help your business stand out – especially during a pandemic.

### 6 steps to build trust during COVID-19

1. **BE TRANSPARENT AND HONEST** about the changes you and your business have made in switching to or expanding an online presence and how it might affect customer expectations.

2. **COMMUNICATE AND EDUCATE** customers about the impact the pandemic has on your business and services. Be responsive to customer questions and provide any COVID-19 policy on your website.

3. **TAKE EXTRA SAFETY PRECAUTIONS** by cleaning service and delivery areas. Ensure your customers feel safe, both in-person and online.

4. **PROVIDE AFFORDABLE OPTIONS** to customers. Show support and build customer loyalty by offering discounts or flexible payment plans that fit budgets and restore confidence.

5. **ADAPT TO CUSTOMER NEEDS** by honoring requests and providing special accommodations as needed. Put the customers’ needs first and seek solutions that leave them happy.

6. **PROMOTE YOUR BBB ACCREDITATION** and assure customers you are a trustworthy and ethical business. Make sure the BBB Accreditation seal is visible on your website and social media.
Market your business

Whether you're a sole proprietor or own a small to medium-sized business, being able to successfully market your product or service can be daunting, especially when you have little to no budget. In addition to staying open during a pandemic, many business owners must reinvent themselves and look at new and innovative ways to attract and retain customers online.

BBB has seven tips to effectively market your business, get in front of more customers, and strengthen your online reputation.

1. **Be authentic**

   Authenticity may sound like just a buzzword, but creating authentic connections with your online customers can build trust and brand loyalty. Tell your story through branding and messaging, and share your passion with customers by inviting them to know you better. Highlight your trusted reviews and be responsive to customer comments and questions.

2. **Join a networking group**

   One great way to market your business, meet new people, and exchange ideas is by joining a networking group. It is especially essential for digital business owners who have no physical office or storefront to attract an audience. Most local communities have networking groups you can join for free, or you can explore different online groups on sites like LinkedIn and Facebook.

3. **Grow your email list**

   If you're looking for a strong return on investment with your marketing efforts, email delivers. According to Oberlo, for every $1 you spend on email marketing, you can expect an average return of $42. Oberlo says that nine out of every ten marketers use email marketing to distribute content organically.

   Experts recommend setting up a lead capture form on your website to encourage people to sign-up or subscribe to your content, special offers, or receive company news. Facebook and referral campaigns can also help grow your subscriber list.
Market your business

4 Create quality content

Almost any savvy digital marketer will tell you to produce quality content to drive traffic to your website. And it doesn't matter the business – if you're creating engaging content targeting your industry and customers, people will want to read and engage with your content.

There are plenty of free and trusted online resources that allow you to set-up a blog, share videos, or create infographics. You can always use your social media channel as an easy way to create and post content for prospective customers.

5 Keep your promises

Keeping the lines of communication open between you and your clients is essential. When you understand what they want and can convey what you can deliver clearly, you'll be able to keep the promises you make. Over promising to a client is a mistake many new entrepreneurs make, feeling they must say "yes" to land the sale. If you've promised something beyond your scope or ability, then you've set the customer up for disappointment and yourself up for failure.

When you quote a price, honor that price. If you've given an estimated time frame for completion, make sure you hit your deadlines and any checkpoints in between. When you're working on a long or complicated project for a client, it's critical to keep communication lines open and address any issues that arise as they happen. When you keep your clients in the loop and give them honest updates, you're operating with transparency and building trust.
Respond to customer reviews and complaints

From the one-star rant to the five-star cheers, it's critical to respond to all customer reviews. Review sites make it easy for satisfied customers to leave a five-star rating or mention their favorite business aspect. However, most business owners know that a dissatisfied customer is ten times more likely to leave a negative review than a happy customer is to leave a positive one. Your users’ reviews and how you respond to them lend an air of trust to your business. Choosing to answer each one diplomatically increases confidence in your brand.

When you receive a negative or lackluster review, you have an opportunity to improve your business. Most unhappy customers vote with their wallets and choose to take their business elsewhere. The customers who choose to leave feedback are shedding light on areas where you can improve or even draw attention to a problem you may not know you have.

Operate with transparency

Operating with transparency builds relationships that turn curious browsers into buyers and buyers into raving fans. Always be transparent, from admitting missteps and correcting them to inviting your customers to engage with you online and through social media. Authentic interaction with your clients goes a long way to building customer trust.
Leverage social media

Like it or not, social media is changing the way we shop. If brand loyalty, customer satisfaction, and communication matter to your business, then you should have a presence on social media. With so many companies forced to move their business online because of the pandemic, social media is often the go-to place for customers.

Not convinced? Then check out these 2020 social media statistics that every marketer and business owner should know:

2020 social media stats every online business should know

- 97% of digital consumers have used social media in the past month (GlobalWebIndex)
- Social ad spending is forecast to increase by 20% to $43 billion in 2020 (eMarketer)
- Roughly two-thirds of U.S. adults now report they are Facebook users (Oberlo)
- 53% of consumers say they're likely to buy from brands that are transparent on social (SproutSocial)

Social media influence can give local businesses the knowledge to leverage exposure, interaction with customers, and maybe the chance to go viral. Additionally, social media sites have also become a platform for consumers to read and leave reviews.

For small businesses, this can be a mixed blessing. On the one hand, a positive online review can lead to a referral and create positive exposure locally for a business. Still, a negative review can quickly tarnish a business's reputation.

To learn how to promote customer views for your online business, read BBB's Power of Customer Reviews briefing on BBB.org.

Bottom line – social media can make a giant impact on business from sales and promotion to customer perception and reputation. Building a strong social media presence can help introduce you to new customers and be more cost-effective than traditional advertising.
Give back

During the pandemic, some of the most heartwarming stories came from small business owners across North America who gave their time and resources to help their community get back on its feet. We profiled some of these business stories on our YouTube page.

Small businesses provide character and individuality to a community. According to the U.S. Small Business Administration, small businesses account for 44 percent of the U.S. economy. For Canada, small businesses make up nearly 99% of the country's economy and account for nearly 42 percent of the gross domestic product. 5

By giving back or helping your neighbors, you can build relationships and show that your company takes pride in the community. By volunteering and getting more involved in your area, you can strengthen your company's reputation. Sharing these moments on your website and social media can help raise awareness and provide your business with free publicity.

5. Government of Canada

Small businesses donate 250% more than larger enterprises to local non-profits and community causes

Source: Score
2020 continues to test and push many small businesses across North America. Some companies have been able to thrive and succeed while others got turned upside down.

There are some bright spots and new opportunities for small business owners as they gear up for the holiday shopping rush. A new customer is emerging – one who is more aware and intentional about how they spend their money and who gets their business.

Trust and transparency matter more now than ever before. In a market saturated with companies competing for customers, BBB Accreditation gives consumers confidence that they’re dealing with an ethical and vetted business.

The BBB Standards for Trust remain at the core for BBB and its partners, and today presents an even greater opportunity for online retailers to elevate their brand, build trust, and commit to excellence.

90% of people are familiar with BBB*

83% of people familiar with a BBB letter grade are more likely to purchase a product if a business has a higher BBB letter grade**

80% of consumers say they’ve seen the BBB Accreditation seal*

400K+ BBB Accredited Businesses and counting

*Source: Nielsen 2018

**Source: 47% of Nielsen responders were familiar with BBB letter grade
BBB: This is why we are here

Since 1912, BBB has been supporting businesses and consumers in its mission of advancing marketplace trust. Today more than 400,000 Accredited Businesses across North America support that mission.

The need for trust has never been greater. BBB is committed to guiding all businesses impacted by the pandemic, especially those transitioning to new online business models and a changing environment.

Consider adding the BBB seal next to your company’s good name and joining a community of trustworthy businesses.

How BBB Accreditation works

Greater exposure

Your company is listed as a BBB Accredited Business, putting you in front of potential customers looking for a trustworthy business.

Enhanced credibility

The BBB Accreditation seals adds additional credibility to more than 400,000 businesses across North America.

Differentiation

Accreditation shows that your company is committed to the BBB Standards for Trust, fueling customer confidence and standing out from the competition.

Business tools

BBB provides access to business tools and resources to make it easier for you to run your company and thrive in a competitive marketplace.

BBB referral program

Consumers can instantly get a quote from BBB Accredited Business directly from your customized business profile page.

Personalized business profiles

Build your BBB Business Profile to showcase your products, services, and track record in the marketplace.

Get Started

BBB.org/get-accredited
About the research

This report's data includes responses from BBB Accredited Businesses, research from the International Association of Better Business Bureaus, and multiple online business and marketing sources cited throughout the report.

For more information on the report findings, please email marketing@iabbb.org.

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