

S M L B I Z N O W

The Small Business Holiday Outlook 2025

Navigating challenges and
seizing opportunities

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The Holiday Hustle: How Small Businesses Are Adapting to Win the Season

The holiday season is a pivotal period for small businesses, often determining a significant portion of their annual success.

As economic uncertainties persist, small business owners are strategically adapting their marketing efforts to capture consumer attention and drive sales.

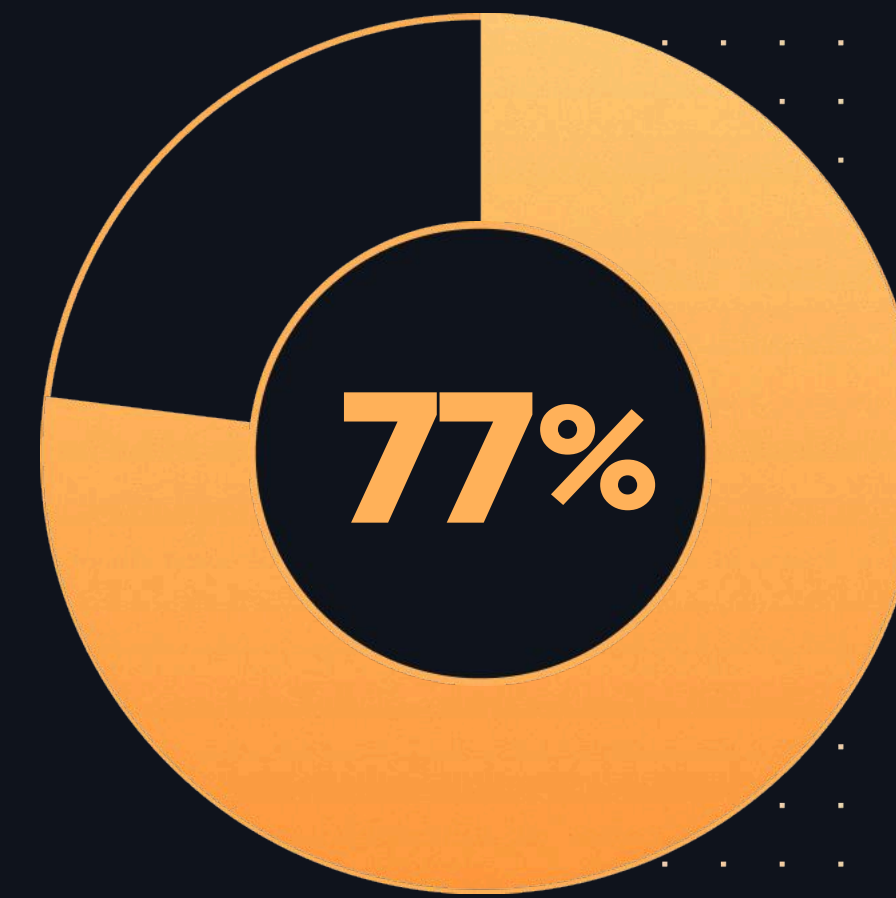
This report explores the sentiments, strategies, and challenges small businesses are up against during this critical time of year, and how consumer behavior continues to evolve.



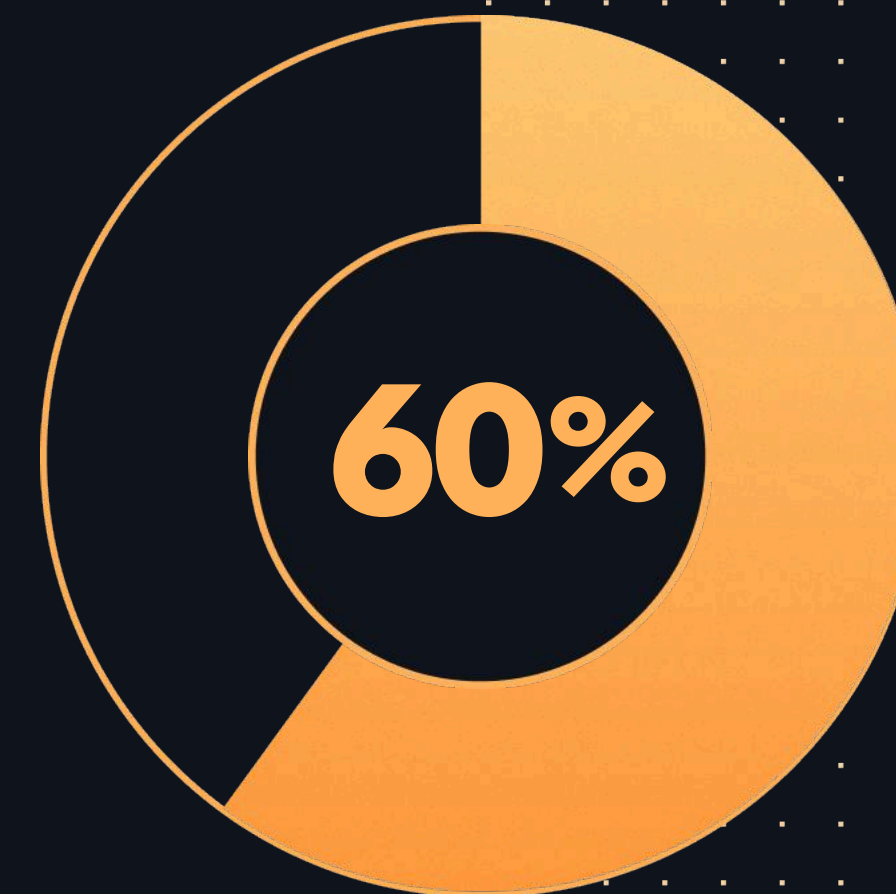
NAVIGATING CHALLENGES AND SEIZING OPPORTUNITIES

The Make-or-Break Time of Year

The end-of-year holiday period is essential for the financial health of many small businesses. A substantial portion of their annual revenue is generated during these few months, making effective seasonal planning and execution paramount.



of owners are confident or extremely confident they'll meet their revenue targets despite challenges.



of small businesses increase their marketing communications during the holiday season



of annual sales can be attributed to the holiday season.

Social Media and Discounts Drive Holiday Marketing Success

In a competitive landscape, small businesses are finding that targeted digital strategies – particularly social media marketing and compelling discounts – are the most effective ways to reach customers and boost sales. This highlights a shift toward more direct and value-driven engagement.

- **40%** of small business owners consider **social media** the most impactful marketing channel for the holiday season.
- **51%** of owners who run promotions say **discounts** and sales are the most effective tactics for driving revenue.



Economic Headwinds Shape Strategies, But Loyalty Remains Strong

Small businesses are navigating a complex economic environment marked by inflation and cautious consumer spending. Their response involves a focus on efficiency and strategic promotions, as consumers continue to show loyalty to their favorite local businesses.

- The primary worries for small business owners this holiday season are inflation/rising costs (**32%**) and weak customer spending (**22%**).
- **42%** of owners are focused on improving efficiency, and 36% plan to offer promotions and discounts to ensure a successful season.
- **72%** of shoppers tend to return to the same small businesses each holiday season.
- **88%** of consumers are likely to become repeat customers after a holiday purchase from a small business.



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WHAT'S GOING ON AROUND THE WORLD

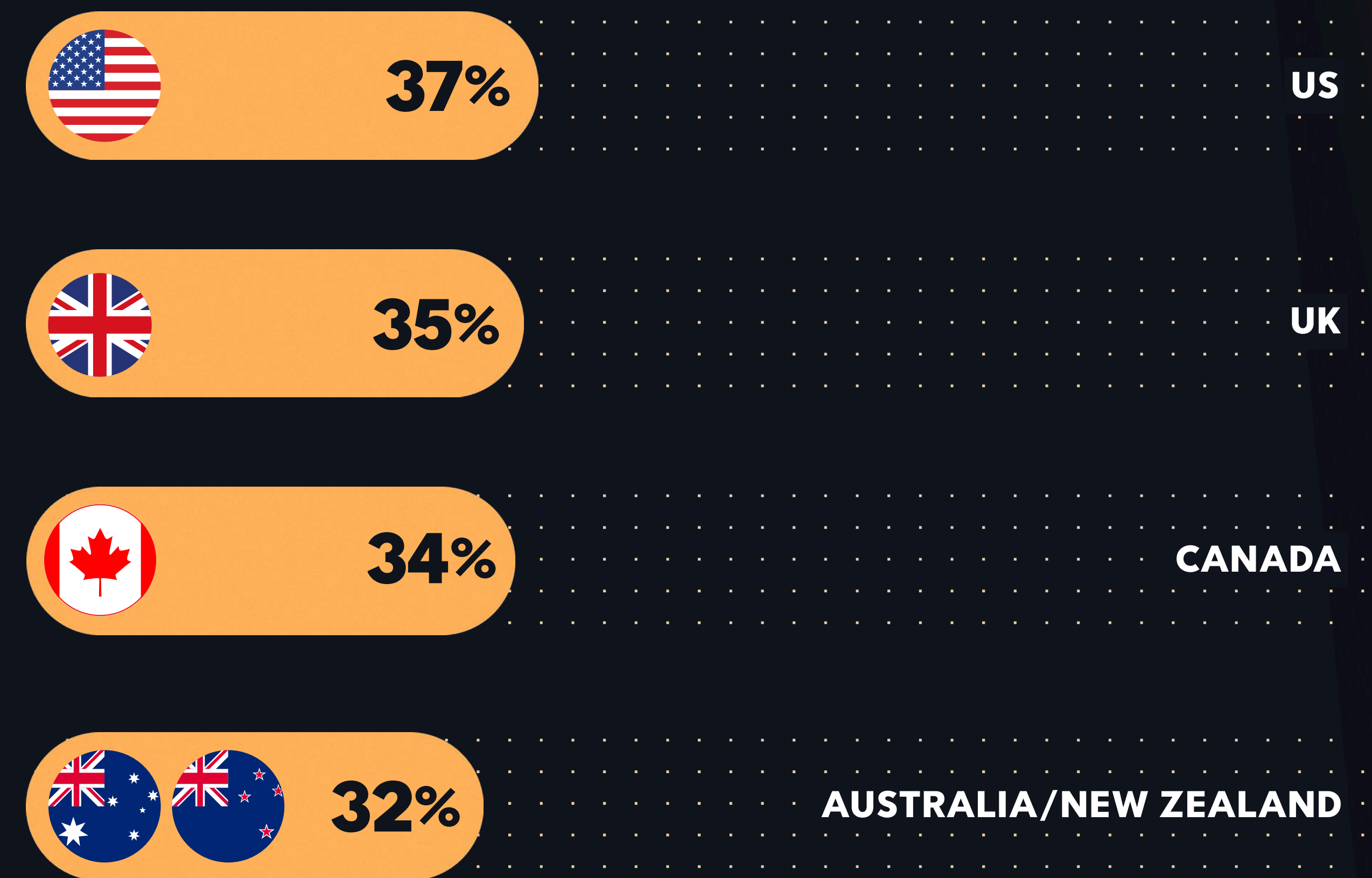
The 2025 holiday season story among SMBs across the US, UK, Canada, and Australia/New Zealand (ANZ) is one of shared high stakes but varied strategic intensity.

The Shared Reality

The fundamental importance and operational pressures of the holiday season span all regions:

- **A make-or-break moment:** The critical nature of the holiday season for revenue, and the intense pressure to drive sales in Q4 are globally consistent trends.
- **Core strategies:** The broad marketing approach is also consistent. In every region, SMBs are tweaking existing campaigns or creating new ones, and increasing the frequency of their communication.
- **Effective channels:** Around the world, social media and email marketing are consistently identified as top channels, and discounts and sales are recognized as the most effective promotional tactic.

SMALL BUSINESS OWNERS FEELING SIGNIFICANT Q4 REVENUE PRESSURE IN EACH REGION



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Strategic and Economic Nuances

While core methods are shared by many SMBs across the globe, regional differences emerge in strategic intensity and the nature of economic concerns.

US campaign innovation: The most striking difference is the dynamic shift in the US market. US small business owners are also less likely than those in the UK, Canada, and ANZ to plan for campaign changes (9% in the US versus 14-15% in other regions). Instead, they're more likely to adjust if they see something working for another business.

Data usage: US businesses prioritize data, with 37% reporting they use customer data and insights to make decisions for a successful holiday season, higher than the UK (29%), Canada (28%), and ANZ (30%).

Tariff concerns: Economic anxiety related to international trade varies. Canadian (17%) and US (15%) SMBs are more concerned about import costs than ANZ (8%) and the UK (9%). This translates into a higher incidence of negative impact from tariffs, reported by 52% of US and Canadian SMBs, compared to 44% in the UK and 36% in ANZ.

Channel preference: While social media dominates globally, UK small businesses place a higher emphasis on email marketing compared to other regions.



THE NUMBER OF BUSINESSES LAUNCHING ENTIRELY NEW MARKETING CAMPAIGNS QUADRUPLED FROM 7% IN 2024 TO 33% IN 2025.

CONCLUSIONS

Resilience, Flexibility, and Support: How SMBs Can Finish Strong This Year

The 2025 Small Business Holiday Outlook confirms the end-of-year season remains a make-or-break period essential for the financial health of SMBs. And they're exhibiting incredible resilience, despite significant revenue pressure and economic challenges like inflation and tariffs.

Ultimately, SMBs that continue to adapt and focus on efficiency to maximize sales during this critical period will win the season.

But these businesses need targeted support to ensure they can capitalize on the strong consumer loyalty that persists throughout this vital selling season.



STUDY METHODOLOGY

Using a custom online questionnaire, Constant Contact surveyed 1,873 business owners and marketers operating small businesses with 100 employees or less, as well as 2,486 consumers aged 18 years and older, for this report. These individuals represented small businesses and consumers in the United States, Canada, the United Kingdom, Australia, and New Zealand.

CONSTANT CONTACT

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