



**DIGITALLYDRIVEN** / EUROPE

## European Small and Medium-Sized Enterprises (SMEs)

*Transformation, Innovation, and Resilience  
During the COVID-19 Pandemic*

Presented by



Connected Commerce  
Council



## A letter from Jake Ward, President, Connected Commerce Council

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European small businesses have been forever changed by COVID-19. Businesses closed, jobs were lost, and far too many communities badly hurt by a pandemic that caused massive upheaval. But even as small businesses continue their struggle, we can learn from many of them, across Europe, that ingenuity and agility can make them more resilient and likely to survive. Their experiences over the past year are lessons for the future. They will help speed communities' recovery and make their futures more sustainable.

This report goes deeper than previous research to understand the real impact of COVID-19 on European small businesses. It identifies what has driven surviving small businesses' success and resiliency: first and foremost, the 'Digital Safety Net' that is built on technology platforms and comprised of affordable and agile digital products and services. This Digital Safety Net has empowered millions of small businesses to shift resources, modify business plans, and continually evolve throughout the pandemic. These findings are consistent with a **similar report** we released in late 2020 focused on American small businesses.

For small business owners still struggling, this study highlights how the Digital Safety Net can improve business results and survival rates. For governments, NGOs and industry, the collective story of those who have persevered, and in some cases even thrived, should inform how we strengthen the 25 million small businesses that will power a fully recovered and more resilient Europe.

Digitally Driven: Europe reflects the realities and perspectives of more than 5,000 small businesses, who collectively lead us to three primary findings: First, digital tools are critical for small business resilience. Second, for digitally advanced small businesses, digital tools have allowed them to pivot quickly, maintain more pre-

COVID revenue, and hire many more employees. And third, there remain too many obstacles to broad adoption of digital tools by small businesses, particularly due to uncertainty about how to use and understand the value of technology in their business. We must address and solve this challenge.

For small businesses that embrace digital tools, the benefits are clear: greater revenue, stronger customer base, and a significantly improved outlook in an increasingly digital European market. To assist the digitally uncertain, policymakers and business leaders must create solutions, including investments that increase education, training and small business access to the Digital Safety Net.

The Connected Commerce Council thanks our members for their continued support, along with small businesses across Europe and Britain for their determination in the face of perilous odds. Finally, I'd like to thank our partners in the production of this report, Google, Greenberg and Catalyst Research.



**Jake Ward**, President,  
*Connected Commerce Council*

# Table of Contents

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Top Findings and Recommendations .....	5
Executive Summary .....	8
In-Depth Research Findings .....	15
Introduction: The Effects of the COVID-19 Pandemic on European SMEs .....	16
Part 1: Emergence of the Digital Safety Net in Europe .....	18
Part 2: Understanding the Role of Specific Digital Tools .....	24
Part 3: The New Normal of Digitally-Driven SMEs .....	30
Discussion & Conclusions .....	35
Stories of Digitally-Driven SMEs .....	40
Methodology, References & Acknowledgments .....	69

# Top Findings and Recommendations

## Top Findings - Transformation, Innovation, and Resilience During the COVID-19 Pandemic

**Small businesses that embraced digital tools had 3X the hiring and 60% better revenue results during the pandemic:** Small and medium-sized enterprises (SMEs) that prioritized and used digital tools significantly more than their peers - what we call Digitally Advanced SMEs - hired 3X more employees and showed 60% better revenue compared to Digitally Uncertain SMEs that did not prioritize and use digital tools in their business operations as much.

### → Existence of a Digital Safety Net

The COVID-19 pandemic has devastated European small and medium-sized enterprises (SMEs), but their use of digital tools has acted as a “safety net” and saved many of them.

- **The pandemic hurt most SMEs**, with **90%** of those which are still in business reporting significant disruption, and **44%** changing their products, services, and/or business model.
- **42% of SMEs are Digitally Advanced**, meaning they prioritize and use digital tools as an integral part of doing business. **Digitally Uncertain SMEs (18%)** do not. **Digitally Evolving SMEs (40%)** are in transition.
- **Advanced SMEs** used every kind of digital tool more than Uncertain SMEs, with adoption rates as much as **4.7x higher** for tools that assist with hiring, training, collaborating, measuring insights and success, and selling online.

### → Digitally-Driven SME Economics

The economics of Digitally Advanced European SMEs are straightforward: they make more sales, drive more revenue, hire more people, and are better positioned to be successful in the future.

- **Advanced SMEs** reported **80% better sales** and **60% better revenue** than Uncertain SMEs during the pandemic, showing that prioritizing and properly using digital tools yields better outcomes.
- **Digitally Advanced SMEs** were also more likely to be job creators, hiring **3.3X as many** new employees as Uncertain SMEs.
- **While solo owner/operator and female-led SMEs** face particular challenges, those who were digitally-driven saw outsized revenue advantages of **1.7X** and **1.8X** (vs. 1.6X average), respectively.

### → Preparing For a New Normal

All SMEs must be prepared for the “New Normal” of a digitally-driven economy. Many are well positioned, but others are uncertain due to challenges accessing capital, tools, training and measuring success.

- **During the pandemic**, Advanced SMEs invested **more than 2X as much money** in digital tools than Uncertain SMEs invested. **94%** of Advanced SMEs deployed at least one new tool during the past year.
- **Advanced SMEs are 2X as focused** as Uncertain SMEs on the need to digitally prepare for the post-pandemic ‘new normal’.
- **SME leaders’ top concerns** about digital tools are **uncertainty of return on investment (27%)**, **protecting data privacy (25%)**, and **cost (23%)**.



## Top Recommendations To Enhance the Digital Safety Net and Power Europe's 'Digital Decade'

### → Insights

The smallest SMEs of <10 people and women-led SMEs face more disadvantages if they are not digitally-driven, but see outsized benefits to their business if they are.

A main reason some SMEs haven't accelerated digital adoption is not awareness, experience, or ability; rather, they don't understand how tools work together within a digital strategy.

SMEs that are already digitally-driven also need access to capital, infrastructure, tools, and training so that they can continue to grow their businesses and thrive.



## Top Recommendations To Enhance the Digital Safety Net and Power Europe's 'Digital Decade'

### → For SME Leaders

**Access to tools:** This is a perfect opportunity for all SME leaders to pivot and think big in order to evolve their businesses to match the digital expectations of a post-pandemic world. They should aspire to be skilled digital professionals - learning, experimenting with, and implementing digital tools as a part of their strategy. SME leaders should identify gaps and opportunities within digital strategies, toolsets, and skills, based on their business's unique needs, and invest time in learning about tools before investing significant capital in them.

**Access to training:** SME leaders, particularly new ones and those which are solo-run or women-led, should seek out educational opportunities - or empower a digital lead in the business that should lead efforts to do so - about digital business advantages, and should also learn about important regulations such as data privacy. Owners, managers, and employees should learn about the advantages and risks of digital tools, and be trained to maximize the advantages and manage compliance risk.

### → For Policymakers

#### **Access to capital and infrastructure:**

Governments can play a role as a financial safety net for self-employed citizens and entrepreneurs during tough economic times. If SMEs lack the basics, including secure and sustainable digital infrastructure, innovation becomes impossible. Create and make available grants, loans, public-private partnerships, or other programs to support the smallest and women-led SMEs which tend to face more disadvantages than other SMEs.

**Access to training:** Support inclusive access to training for SME leaders and employees at all levels of digital experience, mindful that entrepreneurs are incredibly diverse (nation, age, gender, race, and ability) and may take different paths toward becoming digital citizens. Such free platform-agnostic training should help SMEs understand and measure their return on investment. This is particularly important for early-stage entrepreneurs and digital novices.

### → For Tech Companies

**Access to tools:** Companies can support SME leaders by helping them understand which digital tools make sense for their business, how to make the most of free tools, and how to ensure success and measure return on their investment. They should also continue investing in research and development to create new low-cost tools for SMEs. Companies should identify new ways to engage SME leaders - especially new entrepreneurs and those running tiny businesses - to grow awareness of the value of both free and paid digital tools, identify the right tools for SME needs, how tools support a business strategy, and provide personalized tool recommendations.

**Access to training:** Companies should offer inclusive training on digital tools, both at the introductory and advanced levels. Such training should include how different companies' tools work together as part of a comprehensive digital strategy. Training should be specifically tailored for SME owners, managers, and employees, with particular focus on the smallest and newest SMEs.

# Executive Summary



## A Brief Guide To the Research Findings Presented In This Report

### → A Note on Methodology

The results presented here are based on a quantitative research survey of over 5,000 small and medium-sized enterprise (SME) leaders conducted from Nov 16–Dec 21, 2020, where SMEs are defined as businesses of 0–250 employees. The survey was conducted by LRWGreenberg, a Material+ Company. Data were weighted by vertical, market, and business size for an accurate representation of SMEs as distributed by the number of people they employ.

In total, we surveyed SME leaders in 28 European countries across a variety of business sizes and industries. It is important to note that in order to be included in the study, SMEs had to be in business at the time of the research (i.e., operational); thus, businesses that closed during the pandemic were not included in our work.

The work presented in this report is a continuation of a large-scale global study of SMEs and their use of digital tools during the COVID-19 pandemic sponsored by the Connected Commerce Council (3C) and Google. In 2020, they published the *Digitally Empowered* and *Digitally Driven* reports with comparable results from the United States. At the time of publication, a 2021 survey of U.S. small businesses is underway.

More detailed information can be found in the Methodology section of this report.

### → Geographic Scope

For the research presented in this report, we surveyed 5,011 SME leaders across 28 European countries from Nov 16–Dec 21, 2020. The country list, grouped into informal geographic regions, is as follows.

- **Northern Europe:** Denmark, Estonia, Finland, Ireland, Sweden (5)
- **Southern Europe:** Cyprus, Greece, Italy, Malta, Portugal, Spain (6)
- **Central & Eastern Europe:** Bulgaria, Croatia, Czechia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia (10)
- **Western Europe:** Austria, Belgium, France, Germany, Luxembourg, Netherlands, United Kingdom (7)

In all cases, except when a data point or analysis is specifically about certain regions or countries, the collective data across all countries was used.

## A Brief Guide To the Research Findings Presented In This Report

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### → Terminology

**SME** - Small and medium-sized enterprises are small businesses with less than 250 employees. Many SMEs have fewer than 10 employees and many are “Solo,” with just an owner/founder who does everything. Note that this is typically called “SMB” (small and medium-sized businesses) in the U.S. to include those with 1-500 people.

**Digital Tools** - Digital tools are the platforms, services, marketplaces, and other software that power the digital world. For simplicity, we refer to all of these as “digital tools.”

**Business sizes** - SMEs can be further classified into four business size groupings: Solo (1 person), Micro (2-9), Small (10-49), Medium (50-249). We investigated whether and how SMEs of different sizes were affected

differently by COVID-19 and/or used digital tools differently.

**Digital Segments/Groups** - Our analysis identified different groups of SMEs defined by their attitudes toward, and use of, digital tools. “Advanced” SMEs view digital tools as essential and use many of them, while “Uncertain” SMEs are the opposite. A third group, “Evolving” SMEs, are essentially in a transition between the two. These groups are further defined in the main report.

**Digital Safety Net** - The Digital Safety Net describes the positive financial and operational effects that digital tools have on SMEs, particularly to adapt, survive, and recover from economic or societal shocks.

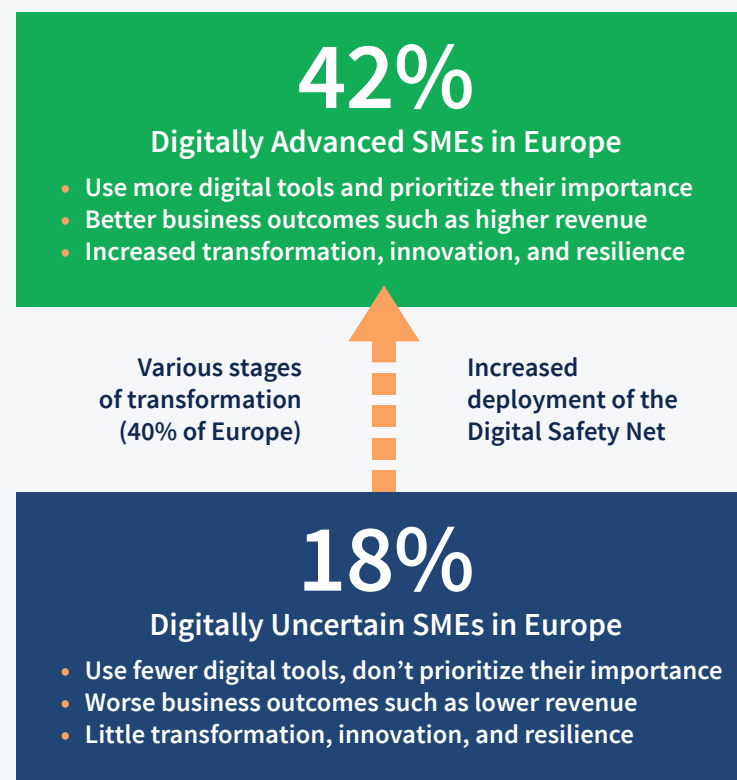
## Digital Tools Create a Safety Net For European Businesses

In many cases, the pandemic's disruption has been lessened by a 'Digital Safety Net' that has enabled adaptation, innovation, and resilience. The broad impact of the pandemic on businesses and commerce is unprecedented in scale, presenting challenges to small and medium-sized enterprises (SMEs: businesses of 1-250 people).

This report, based on a survey of over 5,000 SME leaders during Nov-Dec 2020, demonstrates that while 90% of SMEs report that they have been negatively impacted by the pandemic, those that use digital tools as an integral part of their operations (42% of them) have diminished the worst of the pandemic's effects, and in some cases actually become more agile and stronger. Put simply - businesses and jobs were saved. And while other SMEs did not take advantage of these tools upon the onset of the pandemic, they have accelerated their use of digital tools in the last year. In fact, 80% of all SMEs increased their use of digital tools during the pandemic.

This Digital Safety Net - using digital tools for transformation, innovation, and resilience during unexpected shocks or disruptions like the COVID-19 pandemic - is real. Its benefits will persist in normal times. During 2020, society realized a decade's worth of digital transformation, and the urgency for everyone to innovate and transform is practically required for future success. Everyone is now living in the "New Normal".

### Explaining the SME Digital Safety Net



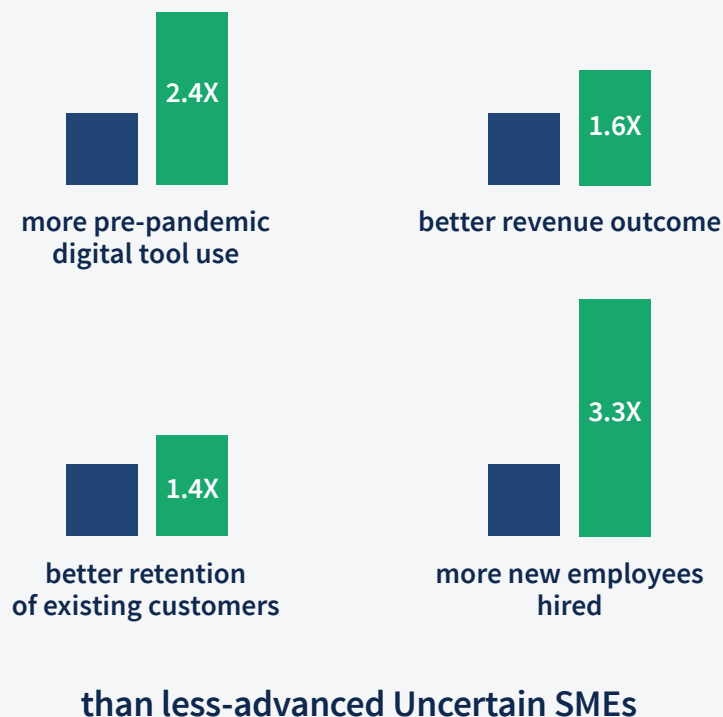
## Digital Tools Create a Safety Net For European Businesses

**The Digital Safety Net helped SMEs show better revenue numbers, customer engagement, and job creation during the pandemic.** While all SMEs were disrupted by the pandemic, some adapted, stabilized, and even thrived much more than others. What we term Digitally Advanced SMEs (42% of the total) - those which proactively used digital tools and emphasized their importance pre-pandemic - outperformed Digitally Uncertain SME counterparts (18%) on operational and financial metrics.

**Digitally-driven SMEs outperformed others across a range of operational and financial metrics.** Entering the pandemic, Advanced SMEs were better digitally prepared, utilizing two-and-a-half times more digital tools than less-advanced SMEs, on average. They also excelled at utilizing certain types of tools, such as enabling e-commerce on their business website, that appeared to confer particular advantage entering the pandemic (see main report). When compared to their Uncertain SME counterparts, Advanced SMEs showed significantly better sales, revenue, customer retention, ability to attract new customers, and job creation.

**SMEs run by women or solo owners saw outsized benefits from the Digital Safety Net.** Two subgroups of SMEs which are typically at higher risk of failure as SME owners - sole owner/operators and women entrepreneurs - particularly benefited from the Digital Safety Net, with Advanced SMEs in those groups seeing 1.7X and 1.8X better revenue outcomes than Uncertain SMEs, respectively. These two groups - which make up a large proportion of all SMEs in Europe - demonstrate proper use of digital tools can compensate for other economic, societal, or practical disadvantages.

### Advanced SMEs using more digital tools for their businesses had:



## Digital Tools Create a Safety Net For European Businesses

**Embracing and utilizing the Digital Safety Net will have benefits for entrepreneurs, consumers, and economies beyond the current pandemic.** The ability for SMEs to adapt, survive, and recover from disruptions large and small, and press their competitive advantage during good times, is both valuable to them and benefits the broader economy. SMEs which do not, however, remain more vulnerable to disruptions and are more at risk of closing. For the millions of SMEs which are not yet digitally-driven, that status is within reach with the right mindset, digital strategy, access to world-class digital tools and innovation, and training.

The digital transformation and success of the approximately 25 million total SMEs in Europe today is ultimately beneficial for consumers, individual countries, and the continent as a whole. Thus, we performed a thought experiment: What would the overall economic consequences be if all Uncertain SMEs were instantaneously transformed into Advanced ones? Our estimate of the economic value to Europe of such a transformation is an increase of:

- **EUR 262 billion in sales** (0.91% of European total)
- **EUR 67 billion in economic value added** (0.93% of European total)
- **3.76 million jobs due to more hiring** (2.59% of European total)

**Transforming all of Europe's digitally Uncertain SMEs into Advanced ones represents an opportunity for**



**EUR 262 billion**  
in additional European sales



**3.76 million**  
additional European jobs

## Digital Tools Create a Safety Net For European Businesses

**SME leaders should be empowered to access, understand, and use digital tools to maximize the sustainability of their businesses and the total SME economic impact.** We know that digital tools improve economic outcomes overall, as well as financial and operational outcomes for SMEs. Both technology companies and policymakers therefore have a responsibility to ensure that SMEs have access to digital tools, understand their value for business strategy, and can easily train their employees to use them properly.

Policymakers should act to maximize the resilience of the SME community across Europe, with particular attention to sole owner/operators (i.e., SMEs with just one person) and women entrepreneurs. Actions might include government-backed, platform-agnostic training on digital tools, new forms of public-private partnerships addressing barriers to success for entrepreneurs, and novel kinds of public grants or loans particularly for self-employed entrepreneurs.

Technology companies should help SME leaders to understand the value of different types of digital tools they offer and how those tools can fit into a cohesive SME digital strategy. They should also make efforts to empower SME leaders, many of whom are first-time entrepreneurs and treat them as important partners and stakeholders (vs. customers).





# In-Depth Research Findings

# Introduction

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The Effects of the COVID-19 Pandemic on European SMEs

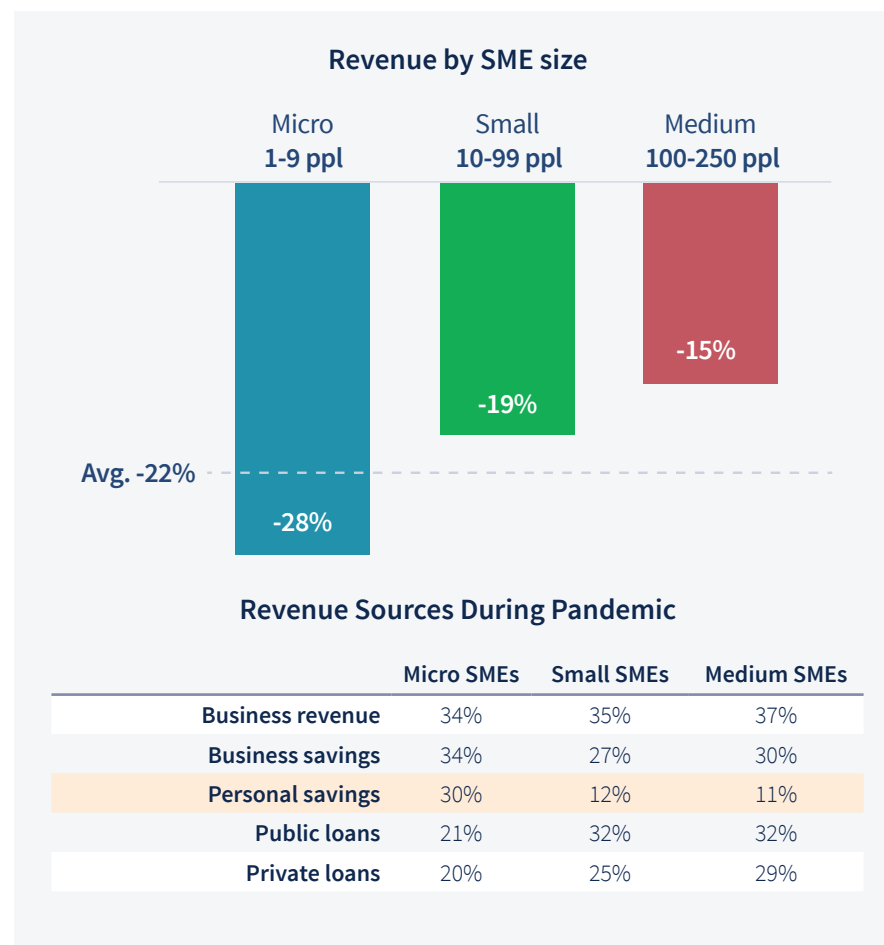
## How the Pandemic Operationally and Financially Disrupted European SMEs

### By any measure, the pandemic broadly disrupted SMEs throughout Europe.

General health concerns, government-imposed lockdowns and restrictions, changes in consumer behavior and preferences, and a shift to more online commerce were all contributing factors to this.

This report only includes data from currently active SMEs, and not those which were temporarily or permanently closed. But even among SMEs that have stayed in business in the year since the pandemic began, the effects have been felt - many have closed physical locations, reduced their hours and services, and in many cases changed their offerings and even entire business models. These disruptions and changes had financial implications for SMEs. Compared to pre-pandemic figures, SMEs saw an average 20% decrease in sales, a 22% decrease in revenue, and a 16% decrease in customer base for the year.

Larger SMEs fared better than the smallest ones. “Micro” SMEs with fewer than 10 employees saw their revenue drop twice as much as the largest SMEs with 100-250 employees. And while Small and Medium SMEs tapped into public and private loans at somewhat higher rates, Micro SMEs - more likely to be run by a personally-invested owner/operator - tapped into their leaders’ personal savings nearly three times as much in order to access working capital to stay afloat.



# Part 1

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Emergence of the Digital Safety Net in Europe

## European SMEs Cluster By Their Perception and Use of Digital Tools For Business

The story of the Digital Safety Net is about how SMEs have been using digital tools for resilience, efficiency, and sustainability during the pandemic. But this story has relevance beyond that, for future challenges large and small, and for competitive advantage during normal times. Based on how SMEs characterized the pre-pandemic importance of digital tools to their business operations, and their actual use of digital tools entering the pandemic, we classified them into three categories.

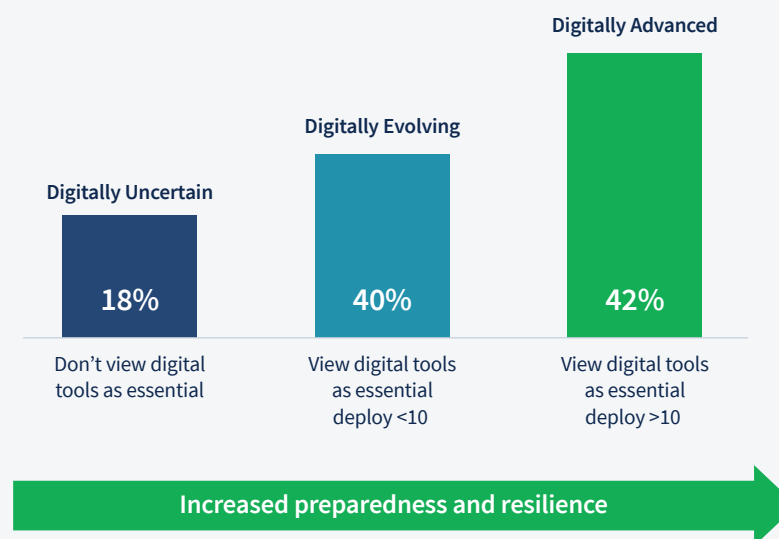
**Digitally Advanced (42%)** viewed tools as supporting or essential for their business and were already using 10+ of them (average of 12) entering the pandemic. Advanced SMEs are approximately 42% of the total.

**Digitally Evolving** mostly viewed tools as supporting or essential for their business, but were deploying <10 of them (average of 6) entering the pandemic. A smaller number actually used 10+ tools but did not view them as important. Overall, these businesses recognize the importance of digital tools to a degree, but they aren't part of a strategy. Evolving SMEs make up approximately 40% of the total.

**Digitally Uncertain** viewed tools as having little to no importance prior to the pandemic, and were using few of them (average of 5). Uncertain SMEs make up approximately 18% of the total.

Contrasting the most divergent SMEs with regard to digital tools (i.e., Advanced vs. Uncertain) is informative and simple; thus, much of the analysis in this report utilizes this framework. However, our results are clearly applicable to the many Evolving SMEs that are in a transitional state.

### SMEs fall into three categories based on their pre-pandemic perception and use of digital tools



## A Digital Safety Net Helped SMEs Operationally and Financially During the Pandemic

The most important thing to understand about the Digital Safety Net is whether and how digital tools have made an operational and financial impact on the SMEs who deploy them. There are three types of metrics for this: (1) more sales and revenue; (2) better ability to retain customers and find new ones; and (3) more job creation. Though both groups saw general setbacks due to the pandemic, digitally Advanced SMEs excelled relative to Uncertain SMEs.

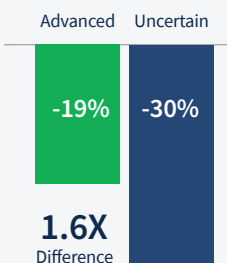
**Working Capital:** Financial metrics were down for SMEs during the pandemic. That said, Advanced SMEs reported 1.6X better revenue outcomes and 1.8X better sales outcomes than Uncertain SMEs. (We note that in this report we will use revenue as the standard Digital Safety Net metric.)

**Customer Engagement:** Advanced SMEs were both 1.4X more successful at retaining customers, and 1.4X better at obtaining new customers.

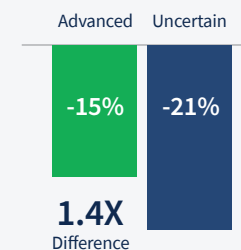
**Job Creation:** Advanced SMEs were almost twice as likely (1.8X) to have hired any new employees, and when they did, they hired over three times (3.3X) more new employees than Uncertain SMEs. (Note that this metric by definition excludes SMEs run by a sole owner/operator.)

### Measuring the Operational and Financial Success of SMEs With Different Levels of Digital Tool Usage

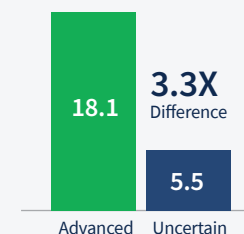
#### Working Capital: Revenue Outcomes



#### Customer Engagement: Retaining Existing Customers



#### Job Creation: Hiring New Employees





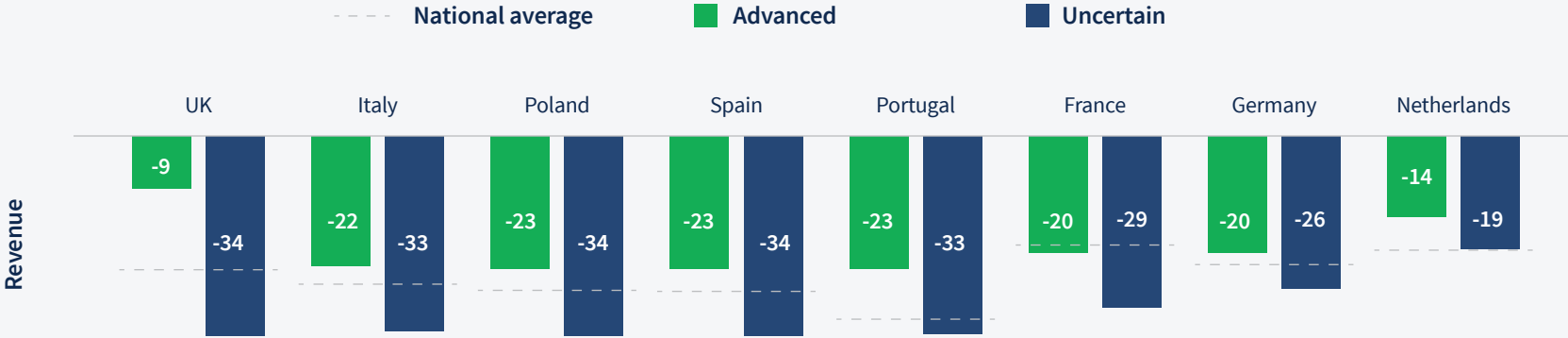
# The Digital Safety Net Has Significantly Helped SMEs In Countries Throughout Europe

**The Digital Safety Net has worked within individual countries to help SMEs during the pandemic.** The analysis on the preceding pages was on the European-wide sample of 5,000+ SMEs. While European patterns are the main focus of this report, we investigated whether the pattern of Advanced SMEs having better revenue held true country-by-country.

Here, we show results for the eight countries where we had the largest samples, ranging from 150-650 SMEs per country. In each country, Advanced SMEs had significantly better revenue outcomes than their within-country counterparts.

Typically, Advanced SMEs perform better than the SME average for their country, and Uncertain SMEs perform worse. However, there is variation across countries for how precisely the Digital Safety Net operates. While this was not the focus of this study, the variation is likely due to a complex combination of national laws and regulations for SMEs, country-specific pandemic regulations, and technology-related metrics such as the percentage of e-commerce sales in different countries, which varies a lot.

## Increased Digital Tool Use Is Correlated With Positive Revenue Outcomes Across Different Countries



Results shown for eight countries where we had the largest samples, ranging from 150-650 SMEs per country.

## The Smallest SMEs Facing the Toughest Headwinds Benefited Most From Using Digital Tools

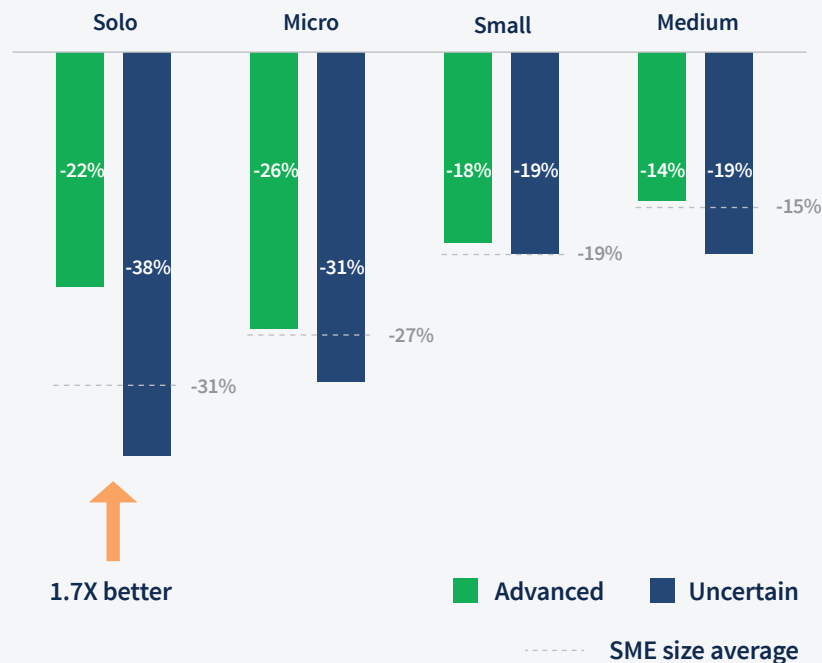
Because very small SMEs typically struggle to stay in business, we investigated how the Digital Safety Net helps SMEs of different sizes. Here, we segmented the sample of 5,000+ SMEs into four groups: Solo (single owner/operator), Micro (1-9 employees), Small (10-49), and Medium (50-250).

First, SME size is directly related to overall revenue outcomes, with Medium SMEs faring relatively well (-15%) and successively smaller SME sizes doing worse, with Solo SMEs (-31%) doing worst with regard to their incoming business revenue.

Second, the Digital Safety Net is at work across all SME sizes, with Advanced SMEs always doing better relative to Uncertain SMEs. That said, the Digital Safety Net is benefiting Solo SMEs the most, with a large 16% (or 1.7X) advantage to those prioritizing and using more digital tools.

As Solo and Micro SMEs are naturally disadvantaged because they have fewer employees and typically fewer financial and other resources, they generally tend to struggle. This shows that Solo and Micro SME disadvantages can be offset by using digital tools, as Advanced SMEs at these business sizes have outcomes closer to that of larger SMEs.

Measuring the Relationship Between SME Size and Digital Tool Usage on Revenue During the Pandemic



## Female Entrepreneurs Using Digital Tools Benefited 1.8X More Than Male Peers

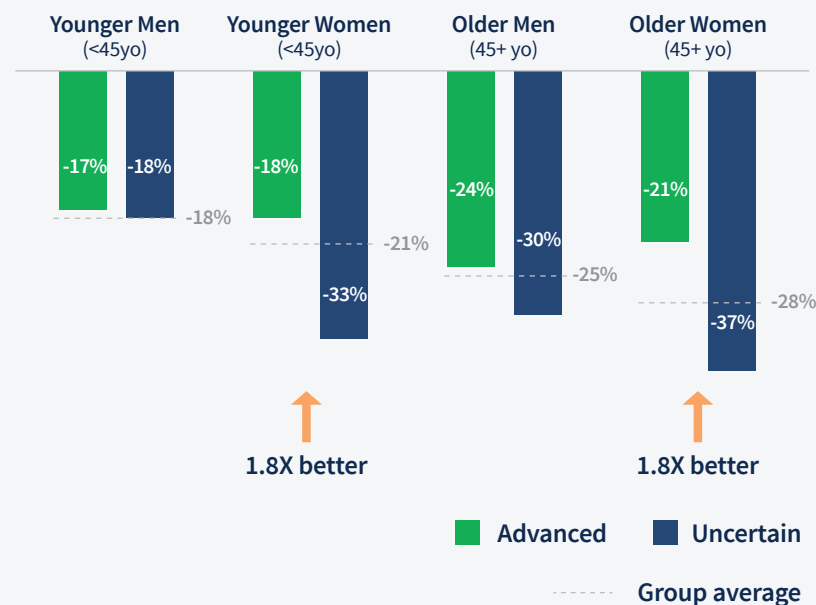
Since age and gender could be related to finding success at both entrepreneurship and use of digital tools, we investigated the relationship between these and the Digital Safety Net. While across our entire sample men and women had comparable average revenue losses (men -21%; women -23%), and Advanced SMEs had better revenue outcomes than Uncertain ones, a deeper analysis of the relationship between age, gender, and digital tool usage demonstrates something subtle and important has been occurring during the pandemic.

Age clearly has an impact on financial success - SME leaders under 45 years old, on average, have seen better revenue outcomes than their older counterparts during the pandemic, probably for a number of reasons. This is true overall, and when men/women are compared by age.

More importantly, however, is the remarkable difference the Digital Safety Net makes for female entrepreneurs. While women leading Uncertain SMEs fare poorly, those leading Advanced SMEs see revenue outcomes nearly twice (1.8X) as good. In contrast, men's gains due to digital tools are smaller, with modest gains for older male entrepreneurs and hardly any for younger ones.

This result demonstrates that a female entrepreneur typically stands to gain more from deploying digital tools in her business, which may at least partially offset other disadvantages she may face.

### Measuring the Relationship Between Age, Gender, and Digital Tool Usage on Revenue During the Pandemic



“COVID-19 has been Progetto Quid’s greatest challenge so far, but we were able to overcome it by reinventing ourselves and taking advantage of the many digital capabilities available to us”

ANNA FISCALE, PROGETTO QUID

## Part 2

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Understanding the Role of Specific Digital Tools

## SMEs Entering the Pandemic Using Website E-commerce Realized Better Financial Outcomes

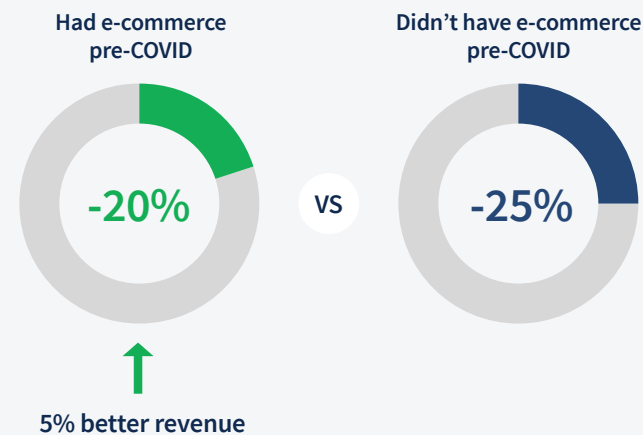
### If SMEs that use more digital tools perform better operationally and financially, exactly which kinds of digital tools are important? We

investigated whether all digital tools drive SME success, or whether a subset of them are more important than others. First, because e-commerce is an obvious way to digitally drive revenue, we analyzed whether deploying e-commerce tools alone could account for the 11% difference between Advanced and Uncertain SME revenue.

We found that SMEs using e-commerce tools enabling them to sell directly through their business website prior to the pandemic fared significantly better during the pandemic. SMEs who implemented such tools had 5% better revenue and 6% better sales outcomes than those who didn't.

This analysis suggests that SMEs entering the pandemic with business website e-commerce had a competitive advantage during the pandemic. However, this alone does not fully account for the differences between Advanced and Uncertain SMEs, implying that other types of digital tools are also critical to driving operational and financial success.

### Measuring the Relationship Between Pre-Pandemic Website E-Commerce and Pandemic Revenue



*"We found the return on investment to be amazing. In just four months we were able to increase our web traffic by over 60%, our customers by more than 150%, and our revenue by nearly 200%."*

AHMET TASKAN, HONINGWINKEL

## SMEs Utilizing a Specific ‘Stack’ of Digital Tools Pre-Pandemic Had Better Financial Outcomes

**E-commerce via SME business websites was an important driver competitive advantage during the pandemic - but not the only one - so we looked to other categories of digital tools.** In total, our survey asked SME leaders about 14 categories of mostly cloud-based digital tools, within which there are many options with regard to company, features, and price points. We believed that some combination of these accounted for the differences between Advanced and Uncertain SMEs.

Indeed, this analysis found that, besides digital tools underlying website e-commerce, SMEs using six additional kinds of tools entering the pandemic realized a 3-6% positive difference in revenue outcomes than those not using those tools. Together, these seven digital tools fit into three groups:

- **Talent:** Hiring, training, and collaborating with people
- **Analytics:** Gathering insights, measuring success, and optimizing
- **Selling:** E-commerce sales via SME business websites



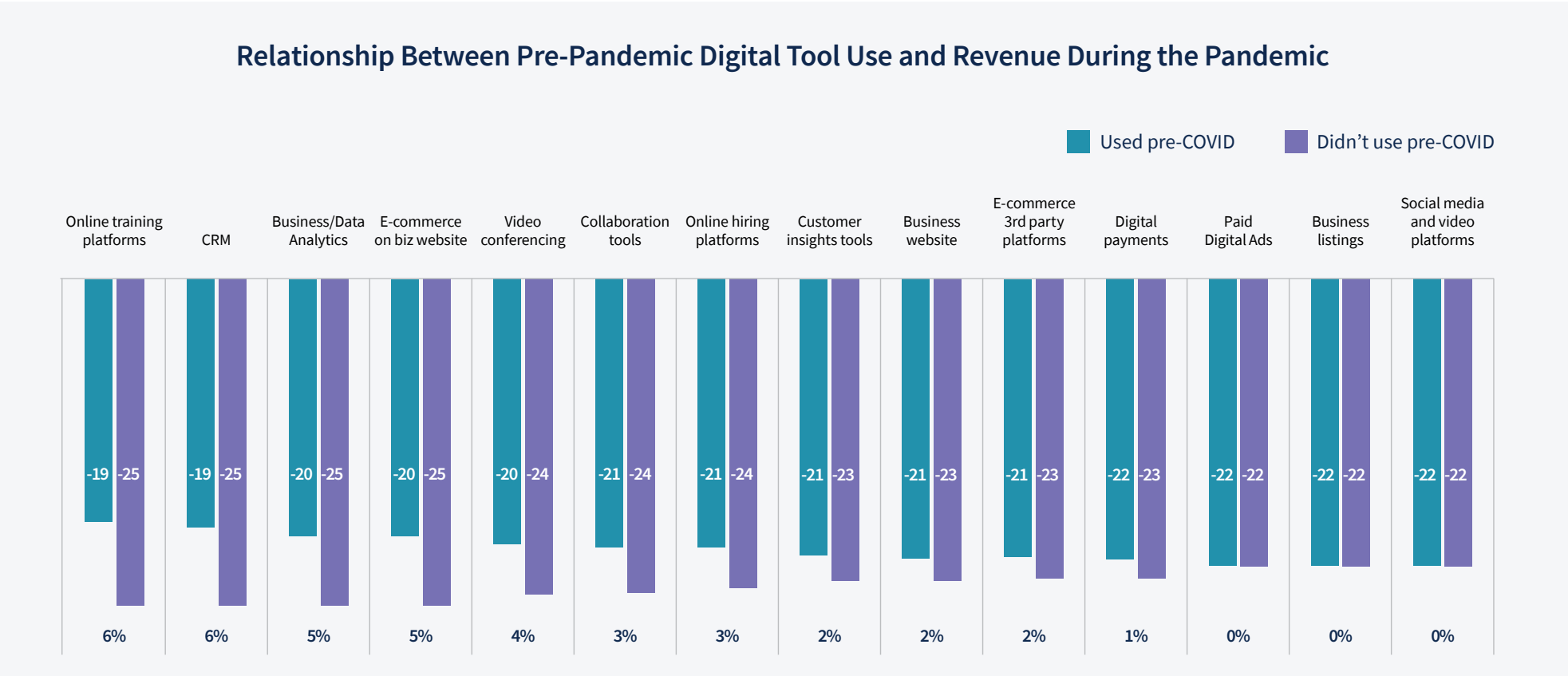
*“This was a group effort and digital tools made it all so much easier and more affordable than any of us were expecting. We had a longstanding relationship with our customers online and when COVID hit we were able to pick that relationship right back up.”*

**DIARMUID MCSWEENEY, GYM+COFFEE**

When the pandemic began, SMEs already utilizing some or all of these types of digital tools had a natural competitive advantage in a more challenging market, and probably pulled ahead of competitors who initially spent significant time researching, training, and implementing such tools. This is not to say that other digital tools such as social media played no role for SMEs, or did not work in concert with the tools conferring advantage - only that they were not sufficient to confer this advantage by themselves.



# SMEs Utilizing a Specific ‘Stack’ of Digital Tools Pre-Pandemic Had Better Financial Outcomes



## SMEs Utilizing a Specific ‘Stack’ of Digital Tools Pre-Pandemic Had Better Financial Outcomes

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**Advanced SMEs generally used digital tools more, and saw better outcomes - but is that because they used the tools conferring particular advantage more?** Advanced SMEs were using about twice as many digital tools as Uncertain SMEs prior to the pandemic, but that analysis assumes all tools are essentially alike. Since it appears that they are not, we investigated whether the advantage Advanced SMEs realized was accounted for by using the seven tools in “the stack” more.

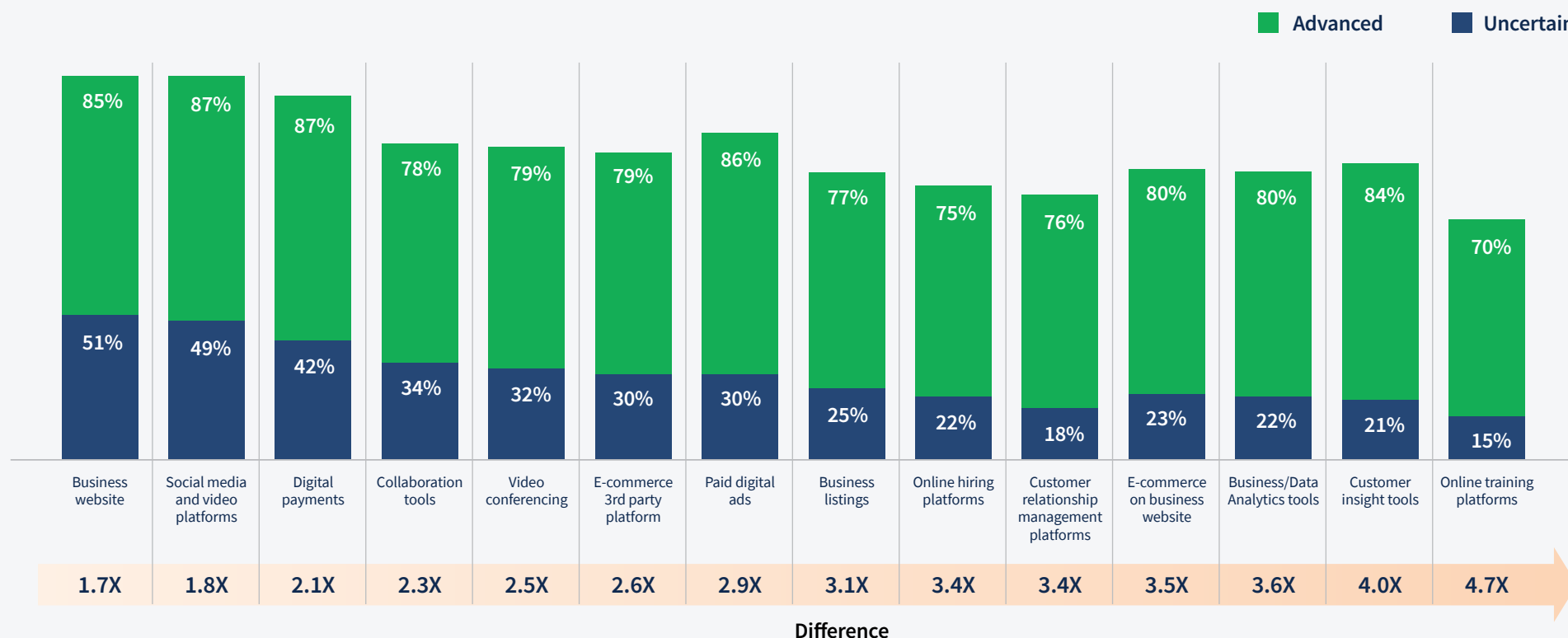
First, not surprisingly, Advanced SMEs were using every type of digital tool we asked about more than their Uncertain counterparts. Further, the differences are substantial, ranging from 1.7X (having a business website) to 4.7X (using online training platforms). It is noteworthy that roughly half of the Uncertain SMEs didn’t

use the digital tools used most by SMEs overall, such as social media, video platforms, and a business website. For the tools they are least likely to use, fewer than a quarter of Uncertain SMEs were using them before the pandemic.

Second, and more importantly, Advanced SMEs excelled at using the digital tools that confer the most advantage. For the categories of digital tools that conferred the most advantage (orange boxes), Advanced SMEs were using them 2.3-4.7X as much as Uncertain ones. Moreover, the average differential for these tools (3.3X) is more than the differential for the seven other tools (2.6X) that didn’t confer revenue advantage during the pandemic. This means that there is not only a digital divide, but by using the most valuable tools more, Advanced SMEs create a positive feedback loop that gives them more advantage over time.

## SMEs Utilizing a Specific ‘Stack’ of Digital Tools Pre-Pandemic Had Better Financial Outcomes

Pre-Pandemic Digital Tool Use By Advanced and Uncertain SMEs



## Part 3

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The New Normal of Digitally-Driven SMEs

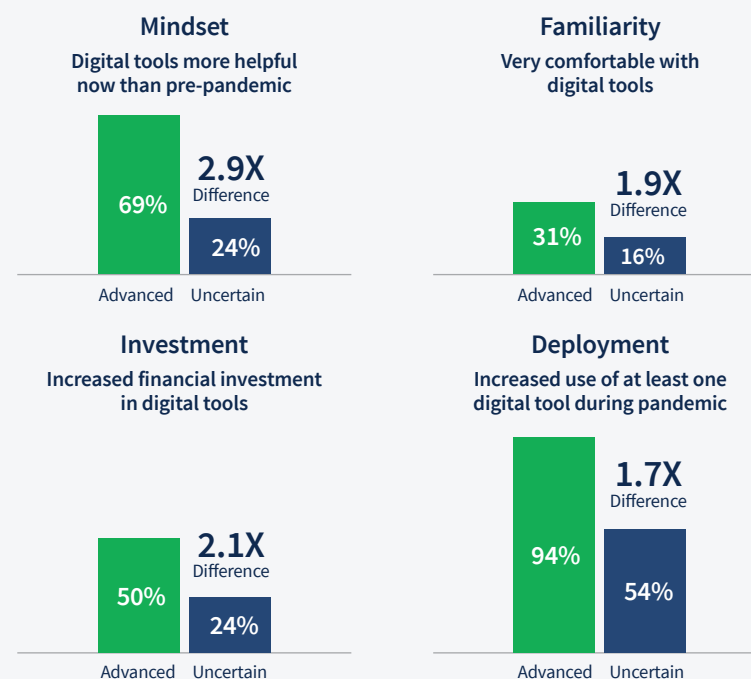
## Digitally-Driven SMEs Are Adapting Faster To the Uncertainty Generated By the Pandemic

**Pre-pandemic digital tool use is a strong indicator of SME success - But how has SME digital tool use evolved during the pandemic?** A significant gap exists between groups of SMEs in both pre-pandemic digital preparedness and their success during the pandemic. However, we also know that the pandemic was a shock that forced SMEs to change many aspects of their businesses. Have they changed their digital tool use?

Overall, 80% of SMEs increased use of digital tools during the pandemic, demonstrating their broad application and value. Underlying this are three possibilities: Advanced and Uncertain SMEs have increased their use at the same rate; Uncertain SMEs are closing the gap; Advanced SMEs are increasing the divide. Here we show that Uncertain SMEs have not closed the gap, and that Advanced SMEs accelerated the digital divide between the groups.

- **Mindset:** Advanced SMEs are nearly three times as likely to describe digital tools as being more helpful to their businesses now than pre-pandemic.
- **Familiarity:** Advanced SMEs are almost twice as likely to describe themselves as very comfortable with digital tools.
- **Investment:** Advanced SMEs are more than twice as likely to have increased their investment in both digital tools themselves and employee training.
- **Deployment:** Advanced SMEs are 1.7X more likely to have increased their use of at least one digital tool during the pandemic.

### Higher Pre-Pandemic Digital Tool Usage Is Correlated With 'Digital Acceleration' During the Pandemic



*This was a group effort and digital tools made it all so much easier and more affordable than any of us were expecting.*

AHMET TASKAN, HONINGWINKEL

# SMEs Have Concerns About Digital Tools, and Want To Learn More About Them

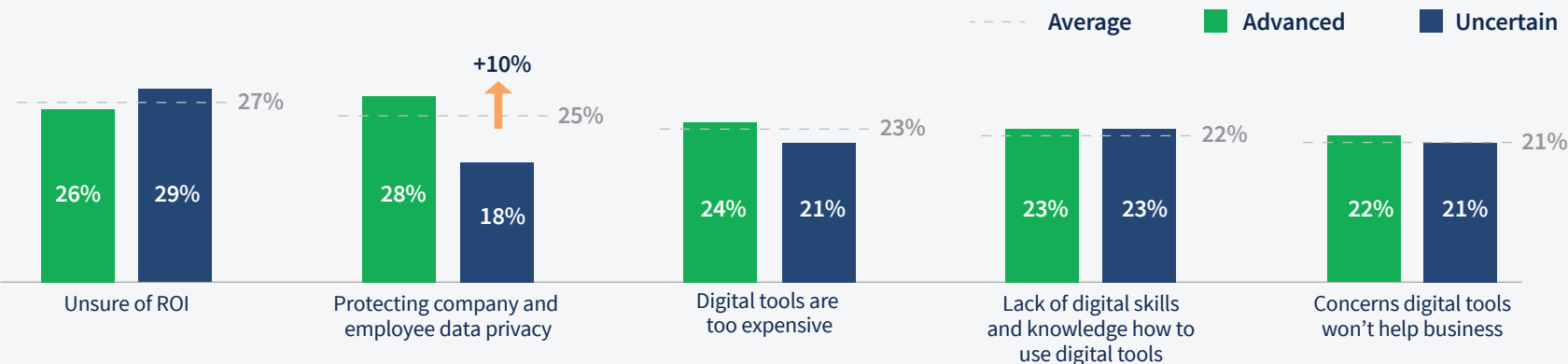
Since many SMEs are not fully digitally prepared and are still learning about and adopting new tools, we investigated what common ‘blockers’ prevent them from using digital tools more in their businesses. One year into the pandemic, most SMEs know, or have begun to realize, that the future of business is digitally-driven, and they are already learning about and deploying new digital tools against their highest business priorities: maintaining (45%) and growing (41%) their customer base; optimizing business operations (41%); covering expenses (40%); and digitally preparing their business for the future (39%).

While digital tools can help with all of these objectives, SME leaders also have numerous concerns about them: they are unsure of return on investment (27%);

concerned about protecting data privacy (25%); worried about the cost (23%); think they lack skills and knowledge (22%); and are concerned that digital tools won’t help their business (21%). The concerns of Advanced and Uncertain SMEs were very similar except on data privacy, where 10% more Advanced SMEs were concerned.

Importantly, a majority (56%) of all SMEs are interested to learn more about digital tools for their business, with no meaningful difference between Advanced and Uncertain ones. SME leaders also show consistent preference for self-guided learning formats, and strongly prefer step-by-step video tutorials and written guides, with additional preferences for webinars/livestreams, personalized plans, and case studies.

Advanced and Uncertain SME Leaders’ Top Five Concerns About Digital Tools





## SMEs Are Generally Optimistic About the Future, With Digitally-Driven Ones Leading the Way

We found that 62% of SME leaders believe their business will fully recover from the effects of the pandemic within a year, and took a deeper look at forward-leaning indicators of SME digital tool use to understand their confidence. (We note that these data were collected at the end of 2020, before new variants swept through Europe.) In addition to already doing better up until now, we found that Advanced SMEs are more optimistic about, and are planning better for, a digitally-driven future.

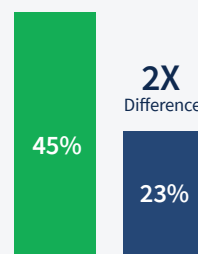
- **Mindset:** Advanced SMEs are twice as likely as Uncertain ones to have realized the need to digitally prepare their business for a ‘new normal’ post-pandemic.
- **Deployment:** Advanced SMEs are 1.5X more likely to report that they are planning to use digital tools more post-pandemic, and twice as many Advanced SMEs also report that e-commerce is a high priority for their business in the future.
- **The Economy:** Interestingly, Advanced SMEs were nearly twice as likely as Uncertain ones to believe their national economy will fully recover within a year. This may be because Advanced SMEs already recognize that they are positioned well for the ‘new normal’ of business and that in the future, more SMEs will be like theirs, thus boosting their national economies.

“Today we’re optimistic and I’d say we’re ready to take on anything moving forward.”

ANNA FISCALE, PROGETTO QUID

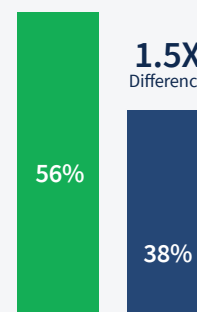
### Higher Pre-Pandemic Digital Tool Usage Is Correlated With Planned Post-Pandemic ‘Digital Acceleration’

Realize the need to digitally prepare for the ‘new normal’ post-pandemic



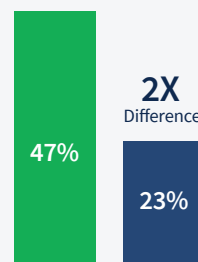
Advanced Uncertain

Planning to use digital tools more post-pandemic



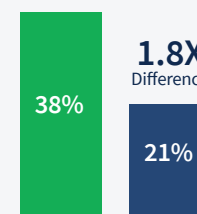
Advanced Uncertain

E-commerce is a high priority for the future



Advanced Uncertain

Believe their country's economy will fully recover within a year



Advanced Uncertain

## Discussion & Conclusions

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## During 2020, Digital Transformation Became Digital Urgency For SMEs

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**Everyone is now living in the “New Normal” - we are simply not going back to a less-digital world.** During 2020, society realized a decade’s worth of digital transformation. The urgency for everyone to innovate and transform is real, and practically required for future success. Those SME leaders who have not already begun to rethink everything they do need to start now, including:

- Hiring, training, and collaborating with employees
- Finding, connecting with, and understanding customers
- Selling products and services, and creating new ones
- Analyzing business data and measuring results

As described in this report, a suite of digital tools can help SMEs with all of the above and more. Success for SMEs can now be defined as:

**SME Success = Agility + Efficiency + Digitally Driven Revenue**

The business value of digital tools changes in different environments. During times of crisis, digital tools act as a Digital Safety Net for SMEs. They can keep employees in touch, help find new customers, sell products in different ways, and so on. During normal business times, digital tools act as a ‘bridge’ to fill gaps that SMEs may have. And in competitive situations, smarter deployment of digital tools can multiply efforts and make an SME more agile, more efficient, and better able to compete for talent, customers, and sales.



## Widespread SME Access To Digital Tools Enables Transformation, Innovation, and Resilience

**While there is more to be learned about how specific digital tools help to drive SME competitive advantage, one thing is clear - access to world-class digital tools clearly provided a Digital Safety Net for small businesses throughout Europe.** Equally, a reduction in access to digital tools in a digitally-driven global economy would decrease SME revenue, job creation, and overall transformation and innovation, which would in turn have cumulative effects on national economies.

Based on the research presented in this report, policies that inhibit SME access to digital tools would have negative consequences. Scenarios include changes to cross-border commerce that govern how non-European tech companies operate there, or policies that indirectly increase the cost of digital tools for price-sensitive SME leaders.

More importantly, however, policymakers should cultivate a regulatory environment that nurtures SME access to world-class digital tools and transformation and creates a higher level of digital innovation in the economy to foster competition, increase small business growth, and enhance the wide-ranging benefits to consumers not just in Europe but across the global economy.

Of note, there are approximately 200,000-260,000 high-growth SMEs (“startups”) in Europe (about 1% of the total), a subset of what this study calls Advanced SMEs. These innovators should be nurtured, with an eye toward more job creation and increasing the overall number of such SMEs.



*“Without the use of the online tools, we would be permanently closed right now without a doubt”*

NTINA DENAXA, EMMANTINA HOUSE

## A Theory On Closing the Growing Digital Divide Between ‘Advanced’ and ‘Uncertain’ SMEs

**A major conclusion of this research is that the gap between Advanced and Uncertain SMEs is largely because of a lack of “digital optimization” in the business.** What is the actual cause of the digital divide between Advanced and Uncertain SMEs? While we cannot fully answer this question, we suggest a strong theory rooted in our findings.

Uncertain SMEs are aware of digital tools - they used an average of five of them even before the pandemic, and during the pandemic their digital tool use increased. They have also thought through various challenges or risks of using them, such as the cost and return on investment. Finally, many SME leaders say they would like to learn more about digital tools.

Thus, the root of the digital divide is not a lack of awareness, experience, or ability, but rather that Advanced SMEs appear to excel at what we call digital optimization - that is, using certain kinds of digital tools to optimize their use of other tools and their business as a whole. For example, implementing e-commerce tools on a business website makes the website more valuable for driving revenue. Using data analytics to understand paid ad spend makes the ads more cost-effective for attracting new customers to a business website. Together, this has an exponential impact on a SME.

Policies, plans, and programs to assist SMEs who lag in this regard should have a particular focus on solving for this “optimization gap.” What Advanced SMEs appear to excel at, and where other SMEs need help the most, is making the strategic decision to aggressively innovate and adapt to an increasingly digitally-driven world.



“We had zero experience in retail and zero technical skills, what we did have was a range of low-cost digital tools that were easy to use, even for us. We just figured it out.”

DIARMUID MCSWEENEY, GYM+COFFEE



## Closing the SME Digital Divide Would Have Broadly Positive Economic Implications

**The digital transformation and success of the approximately 25 million SMEs across Europe is, ultimately, success for consumers, individual countries, and the continent as a whole.** Based on our research findings and government data on SMEs, there are approximately 10.5 million Advanced, 10 million Evolving, and 4.5 million Uncertain SMEs in Europe right now. For the millions of SMEs who are not yet digitally-driven, that status is within reach for them with the right mindset, digital strategy, access to digital tools, training, and hard work.

We performed a thought experiment: What would the overall economic consequences be if the Uncertain SMEs we discussed throughout this report were instantaneously transformed into Advanced ones? The implications are large: Our estimate of the economic value to Europe when transforming just the 4.5M Uncertain SMEs into Advanced ones is:

- **an increase of EUR 262 billion in sales** (0.91% of European total),
- **an increase of EUR 67 billion in economic value added** (0.93% of European total), and
- **3.76 million jobs due to more hiring** (2.59% of European total)



## How the SME Community in Europe Moves Forward From the COVID-19 Pandemic

**The pandemic has been an economic and societal shock to not only SMEs in Europe but to everyone around the world.** Ultimately, the lessons learned from the research presented in this report at the intersection of digital tools and small business will be useful for future shocks as well.

European SMEs have been, and to some degree still are, devastated by the effects of the pandemic. While there is a patchwork of regulations, at the time of publication many European countries still have curfews and lockdowns in place that inhibit business operations. It is also important to remember that while the research detailed in this report was conducted only with SMEs which were operational at the time (and willing and able to participate), it is important not to forget how many have permanently and temporarily closed and those who are on their last Euro, customer, or employee and not sure what the future holds for them.

Despite everything, many SMEs will bounce back from the effects of the pandemic, in one form or another, some by utilizing the Digital Safety Net we've explored in this report. In fact, a majority of SME leaders were optimistic that they would be back to normal business within a year. And other entrepreneurs knocked down by the pandemic will start a new business in the future. They all can take the findings and recommendations in this report and use them in practical ways.

To achieve the vision of a digitally transformed and more resilient Europe, technology companies, policymakers, SME leaders must focus on eliminating barriers and creating systems that support greater digital adoption. Through better education, increased access and funding and financial incentives, the public and private sectors can help small businesses recover faster recovery, while increase the reach and effectiveness of the Digitally Safety Net in the future.



*Improving digital visibility is what allowed us to save this centuries-old family company. It was simply a matter of survival at first. It is now a vital cornerstone of our business.*

**NICOLAS GÉNOT, LA MAISON DES SOEURS MACARONS**

# Stories of Digitally-Driven SMEs



## Case Study: Progetto Quid

Anna Fiscale | [shop.progettoquid.com](https://shop.progettoquid.com)

VERONA, ITALY



**Social innovation is at the heart of a sustainable fashion company that combined social purpose with ingenuity to overcome its most daunting challenge to date.**

Anna Fiscale says her business is about two passions coming together: beautiful design and social innovation. Progetto Quid, an ethical and sustainable fashion company, takes high-quality textiles from high-end fashion brands—leftover fabric that would otherwise be discarded—and hands it instead to emerging designers who redevelop it into beautiful collections. Nearly all of Quid’s designers are women and many of them come from difficult pasts. “A major reason I started Progetto Quid was to stimulate a more inclusive labor market,” Anna says, “and we succeeded, growing to employ nearly 150 people across 16 countries in the span of just 7 years.”

While this was a major success for Anna, it did not represent the greatest challenge for her company. “For our young social enterprise, the most important challenge was being able to not just survive COVID-19 but actually emerge stronger,” Anna explains. “We did it by transforming limits into starting points for new opportunities—and digital tools were absolutely critical to our ability to do so.” Progetto Quid was forced to close all nine of its physical shops during the pandemic. Not only did this result in a huge financial loss for Anna’s company, but the way back did not seem very clear at first. “For many Italians, clothing is more than just something we wear—it’s something we want to experience. We want to touch it and fall in love with it before we buy it,” Anna explains, “There simply was not the same culture of online shopping here as in other countries.”



Progetto Quid | Verona, Italy

## CASE STUDY: PROGETTO QUID



Progetto Quid | Verona, Italy

“Today we’re optimistic and I’d say we’re ready to take on anything moving forward.”

Limits placed before her, Anna set right to transforming them into opportunities. Progetto Quid created videos showcasing its collection for those who couldn’t see it in shops. These videos, which were broadcast on YouTube and across the company’s various social channels (including Facebook, LinkedIn, and Instagram), became an effective way to tell Quid’s story of ethical sustainability and feature its employees—including some of their pets as recurring guests in the background. “It was a small way for people to have 15 minutes of joy during a pandemic,” Anna explains. “It also allowed them to develop a real connection with our brand and products, even from a distance.” These videos not only allowed more customers to feel comfortable buying Quid’s products online—they also became critical for getting the word out about the company’s newest product: a line of washable non-medical masks.

In just over two months, Quid received orders for over 700,000 items. Google Ads played a key role in helping to boost its visibility and drive these sales. “We have been using Google Ads for years and it has always been one of the main sources of traffic to our site,” Anna says. “That provides unparalleled visibility for us—especially during a pandemic.” Other digital tools proved critical as well. For instance, Quid’s social media networks and its Google My Business page all offered key channels for keeping up communication with customers and answering questions promptly. Google My Business even provided ways for customers to book appointments for a tailor-made shopping service Quid launched, which offered a reserved area of the store and a dedicated sales assistant for trying on garments safely.

“COVID-19 has been Progetto Quid’s greatest challenge so far, but we were able to overcome it by reinventing ourselves and taking advantage of the many digital capabilities available to us,” Anna concludes. “Today we’re optimistic and I’d say we’re ready to take on anything moving forward.”



## Case Study: Honingwinkel

Ahmet Taskan | [www.honingwinkel.nl](http://www.honingwinkel.nl)

**From hobby to revenue generator, a family-run honey business has shown how digital tools can generate increased sales and customers quickly—even during a global pandemic.**

Ahmet Taskan has always been fascinated by beekeeping. As a child, he would sit out in the yard for hours watching his grandfather tend to the hive. As an adult, he took up the hobby himself and shared it with his family. And for nearly two decades, that's all it was—a hobby. But Ahmet has a knack for entrepreneurialism. One morning during breakfast in the garden—while enjoying a meal of his own fresh honey—Ahmet spoke with his children about turning this family hobby into a family business. Why not pre-select the best honey, he asked, and sell it? “The honey from our garden was so good and tasty,” Ahmet recalls, “I thought everyone has a right to try some for themselves.” They decided to give it a try.

The business was slow-going at first. In fact, from its founding in mid-2019 it was little more than a side project. Then, the pandemic hit. Suddenly Ahmet and his family found themselves with rare commodities: they were all at home and had a lot of free time. Together, they decided to kick the business into high gear. The Taskans each took a role: Ahmet procured the honey, his wife packaged it, his daughter ran the website, and his sons helped him handle the marketing.

“We attended Google Digital Workshops to learn how to reach more customers online and we began using tools in the Google Workspace, Google Ads, and Google Analytics,” Ahmet recalls. “We found the return on investment to be amazing. In just four months we were able to increase our web traffic by over 60%, our



Honingwinkel | Utrecht, Netherlands



## CASE STUDY: HONINGWINKEL



Honingwinkel | Utrecht, Netherlands

“This was a group effort and digital tools made it all so much easier and more affordable than any of us were expecting”

customers by more than 150%, and our revenue by nearly 200%.” The family-run company broadened its visibility on social media and began organizing webinars to provide customers with background on the products themselves. “We think it’s important to let our customers know where the honey they’re buying is coming from and to give them confidence that it is only from the highest quality sources,” Ahmet explained. “Digital tools offer the best way to tell that story.”

Eventually, not only was Honingwinkel selling its own honey online but other high-quality brands as well—and not just through the company’s website but also other online sales platforms such as Amazon and Google Shopping. The Taskans provided customers with ways to share their own feedback too, such as embedding the digital ratings platform Webwinkelkeur directly into Honingwinkel’s website. So far, with a Webwinkelkeur rating of over 9.7 out of 10, the Taskans’ customers seem to be pleased. Looking ahead, the family is now focused on cultivating an even larger community on social network sites such as Facebook and Instagram.

While the middle of a global pandemic hardly seems the ideal time to get a business off the ground, for Ahmet and his family the timing couldn’t have been more sweet. “This was a group effort and digital tools made it all so much easier and more affordable than any of us were expecting,” Ahmet says, “I’m happy that I’ve been able to share my passion with so many during such a difficult time and I’m grateful for an experience that brought us closer together as a family.”

## Case Study: Gym+Coffee

Diarmuid McSweeney | [www.gympluscoffee.com](http://www.gympluscoffee.com)

 DUBLIN, IRELAND



**When COVID-19 forced retail locations across Ireland to shutter, digital connectivity allowed this community-driven athleisure company to shift strategy on the fly.**

Gym+Coffee is an athleisure brand, but it's a lot more than that too. "It's a community of people with a passion to make life richer," co-owner Diarmuid McSweeney says. This philosophy is summed up in the brand's purpose statement: We believe in awesome things to do, an amazing crew to do things with, and high-quality gear to do things in. Before opening Gym+Coffee, Diarmuid spent several years working and living in Australia. He loved the beach life. He loved the laid-back attitude. He also loved the coffee culture that went along with it. Friends would workout at the gym and then meet up for a coffee wearing a hoodie, a sweatshirt, or perhaps some workout pants. When Diarmuid returned to Ireland, he wanted to bring a part of that culture back with him. So, together with two friends, he founded a company focused on doing just that: bringing high-quality athletic clothing to a nation that was already transforming the corner cafe into its new social hub.

The three friends opened a fully digital direct-to-customer storefront in 2017, without any previous experience. "We had zero experience in retail and zero technical skills," Diarmuid recalls, "what we did have was a range of low-cost digital tools that were easy to use, even for us. We just figured it out." Management and CRM tools like ZenDesk kept the back office moving while sales platforms like Google Smart Shopping helped Gym+Coffee direct additional customers to its products. And, for a company centered on community first and foremost, it's no



Gym+Coffee | Dublin, Ireland

## CASE STUDY: GYM+COFFEE



Gym+Coffee | Dublin, Ireland

*“We had zero experience in retail and zero technical skills, what we did have was a range of low-cost digital tools that were easy to use, even for us. We just figured it out.”*

surprise that it focused intently on social media and online advertising such as marketing buys with Google Ads.

The company grew quickly. It added multiple physical storefronts across Ireland and salespeople to staff them up. “We were planning to grow the business two times over in 2020, expand our team, open our first international stores—we had a lot of plans,” Diarmuid says. “Of course that was before the lockdowns hit.” Diarmuid admits to some mild panic as the company’s stores closed down. Yet, this lasted for less than a week. Before long the Gym+Coffee team had an entirely new problem on its hands—how to keep enough product in stock to satisfy booming demand online.

To cope, the company shifted gears and doubled down on its digital capabilities—and quadrupled down on its digital marketing spend—moving nearly all of its resources over to that side of the business. He started using Google Ads and Smart Shopping much more and found Google Analytics particularly helpful at this time, as it helped his team make relatively large impacts with comparatively minor tweaks in strategy. He also developed a greater appreciation for the effectiveness of his company’s profile on Google My Business, given how it informed so many customers who came across it on Google Maps and Search. The company hosted health and wellness events on Instagram Live, allowed shoppers to book private style sessions



## CASE STUDY: GYM+COFFEE

over Zoom, added click-and-collect shopping capabilities, and kept the rest of its community updated through the rest of its social media channels, including YouTube. “We had a longstanding relationship with our customers online and when COVID hit we were able to pick that relationship right back up,” Diarmuid says.

“There’s no way we would have been able to shift our operations to capture those sales, let alone process them, without our digital tools,” Diarmuid says. “The returns we got during the pandemic by focusing more on digital were just insane. It was cool to see really strong results internationally as well, from the U.K. to the U.S., and we were even able to expand to new markets like Australia. I sometimes have to pinch myself to believe this is really how it all happened.”

All of this is going to inform a lot more of what Gym+Coffee does moving forward, especially as it seeks to grow further in international markets. “A fundamental part of that will be using more Google tools to enhance visibility in those markets,” Diarmuid says, noting that sales were up 300% year-over-year during the lockdown. But his most immediate priority is filling the many new job openings at his company. Gym+Coffee has already more than doubled the size of its full-time workforce since February 2020. “We’ve just been hiring like crazy these days,” Diarmuid explains. “And we’re doing it digitally, over Zoom and Google Meet.”



Gym+Coffee | Dublin, Ireland



## Case Study: Botín

Antonio González | [www.botin.es](http://www.botin.es)

**With a range of digital capabilities in its toolbelt, the world's oldest restaurant was able to persevere once more during the latest challenge in its 300 year history.**

For Antonio González and his family, Botín is more than just a business, it's another member of the family. Many Spaniards feel the same way. Antonio and his family are the third generation to run this Madrid institution: the oldest restaurant in the world, according to the Guinness Book of World Records. Botín, which began operations in 1725, is where the final scene of Ernest Hemingway's most famous novel takes place. It's where Hemingway spent plenty of time himself. He was a particular fan of the family-run restaurant's most famous dish, roast suckling pig. So delicious is this Botín specialty that Ingrid Betancourt, the Colombian presidential candidate famously held captive by narco-terrorists in the Amazonian jungle for six years, said the thought of dining on it again in Madrid is what helped keep her going at a time of immense stress (she eventually got her wish).

Endurance is a theme that reappears many times across the storied history of Botín and its owners. Nowhere is this attribute captured more astutely than in its restaurant's oven. It has burned continuously since 1725, enduring through the Spanish civil war and more than one major global pandemic. "Even when our restaurant was forced to close for two months during COVID-19, we still came in and fired the oven every single morning," Antonio recalls. "It was important for us to show everyone we were still here and that we would still endure, no matter what." This defiant perseverance is a hallmark of Antonio's 18th-century institution—and, as he and his family discovered during COVID-19, 21st-century digital tools help make it possible.





## CASE STUDY: BOTÍN



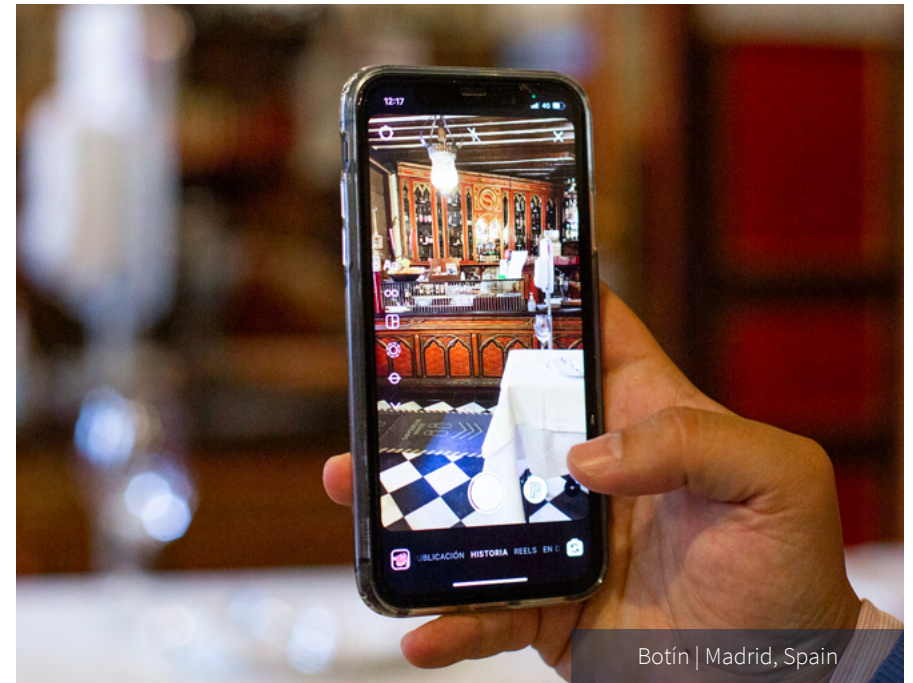
“We may be the world’s oldest restaurant, but we see the value of these next-generation tools. I have no doubt that we will continue to use more of them heading into the future.”

Botín made its first foray into the digital world about 15 years ago with the launch of a standard website. In the years that followed, the restaurant updated its presence online with maintenance of a Google My Business page and use of social media networks such as Twitter, Facebook, and Instagram. The restaurant also began integrating new tools on its website. For instance, it allowed patrons to book reservations through a service called ‘El Tenedor’ or ‘The Fork.’ “These digital tools were already becoming important before the pandemic, because our bookings were coming more and more through the internet,” Antonio says. They also helped the restaurant grow. The three years preceding COVID-19 were fantastic for Botín. “We had the best sales in our restaurant’s 300-year history,” Antonio recalls. “We also had the most clients ever, at about 600 per day, with tourists accounting for nearly 70% of the total.” Then, in March 2020, the restaurant’s sales collapsed instantly as tourists returned home and lockdowns went into effect across the country. “It felt like a catastrophe,” Antonio recalls.

But the flame in Botín’s oven never went out and neither did the González family’s determination to keep their business going. The restaurant quickly implemented a special online delivery service through its website called 1725—named, of course, after the company’s year of foundation. The restaurant’s team used online platforms to keep in touch internally, such as Google Meet, and turned to a range of communication tools externally. Google Ads, search engine optimization, social media, and email all became important elements of the restaurant’s efforts to maintain visibility with key audiences while also ensuring ongoing channels of communication. “We had to keep visible with our community and we had to let our customers know that we were still here waiting for them to come back,” Antonio says. “Digital tools were very important in this effort. They also allowed us to be responsive to the many questions that came to us digitally.”

## CASE STUDY: BOTÍN

With the worst of the pandemic now behind him, Antonio is proud to declare that Botín is still here once again. Sales are moving in the right direction. Customers are returning. And, as time moves forward, so will his restaurant's adoption of digital capabilities. "We may be the world's oldest restaurant, but we see the value of these next-generation tools," Antonio says, "I have no doubt that we will continue to use more of them heading into the future."



Botín | Madrid, Spain

## Case Study: Emmantina Houses

Ntina Denaxa | [www.emmantinahouses.gr](http://www.emmantinahouses.gr)

**A small traditional hotel successfully utilized digital strategies to enhance its visibility and attract more international tourists.**

“Every single thing you’ve ever dreamt of is there waiting for you.” That’s how the website for a picturesque Santorini hotel describes itself. It’s hard to disagree. Located in a small traditional village on a hill, this island hotel boasts breathtaking panoramic views of the Aegean Sea and a surrounding community of friendly neighbors and great food. For a while though, there was a problem: while the hotel had everything a tourist could dream of—well, the tourists had to actually find it first. Thankfully, with the right tools and some free digital training from Google, the hotel’s owner was able to help them find it—which helped her family persevere through two massive economic shocks.

Ntina Denaxa understands hard times well. The Greek financial crisis hit her family particularly hard. Ntina’s children and their spouses lost their jobs first. Some had to leave the country. Then, her husband lost his job too. Left with few options, the Denaxas scraped together the last of their savings and moved to Messaria, her husband’s small, traditional hometown on the stunning Greek isle of Santorini. Waiting for them were several abandoned houses and a chance to remake their lives. With the help of a welcoming and supportive local community, the Denaxas got to work renovating and updating those houses—picturesque caves, really. The end result was Emmantina Houses: a small hotel and a fresh start.



Emmantina Houses | Santorini, Greece



## CASE STUDY: EMMANTINA HOUSES



“Without the use of the online tools, we would be permanently closed right now without a doubt.”

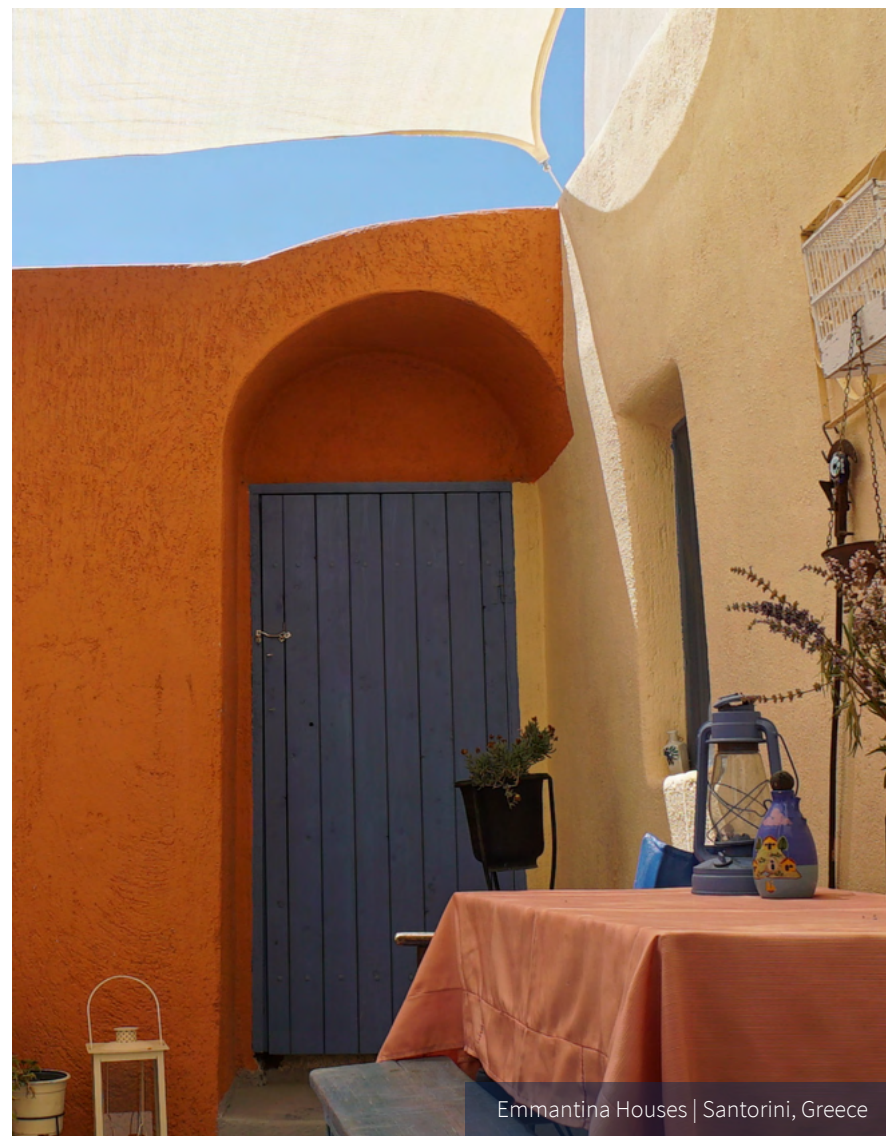
Ntina knew she'd need to attract international visitors to really get her business moving. A neighbor introduced her to an online advisor who was in the village showing local businesses how to leverage digital tools to grow online. The advisor was there as part of a Grow with Google initiative called “Grow Greek Tourism Online,” and she showed Ntina a variety of ways to help prospective customers find Emmantina on the web. Before long, Ntina was moving ahead confidently with a variety of digital capabilities in tow: a website with a booking engine, a Facebook page, listings on various travel agency websites, and a more active presence on Google My Business. “No tourist is going to book a hotel without checking its reviews first,” Ntina explains, “That’s why responding to reviews on sites like Google My Business is the most critical thing an owner can do. It shows that you respect your guests and value their opinions.” The digital strategies Ntina implemented were soon successful in attracting more guests. “We began welcoming people from all over the world who would eat in local restaurants and buy local products,” she says. “This helped everyone in our community.”

When the pandemic came to Greece, hotels had to close for an indefinite period and Ntina had no idea whether Emmantina would ever operate again. “Our initial thought was that we were destroyed,” she recalls. While this was another challenging moment for Ntina’s family, this time, she had other ways to fight back. Ntina used platforms such as Facebook and WhatsApp to help customers transfer existing bookings rather than cancel them, and she used social media to contact previous guests to book more rooms for 2020 too. She was able to offer special discounts online through her website and other platforms which also successfully attracted more international travelers. Results of this strategy started to show during the summer of 2020 and the hotel ultimately received booking requests well beyond the previous end of their operating season—fielding requests all the way through November.

## CASE STUDY: EMMANTINA HOUSES

Many of Ntina's prospective customers may have been locked down at home but with digital tools she could do more than just help them imagine a time when they'd be somewhere else—she could help them plan it. “Without the use of the online tools, we would be permanently closed right now without a doubt,” Ntina says. “How would customers find us? How would we communicate with them? There is just no way we would have been able to survive the pandemic without the internet.”

Today, the future is looking a little brighter for the Denaxas. They've already started inviting guests back safely. As parts of the world begin to open back up and more start to rediscover their passion for international travel, Ntina and Emmantina Houses will be ready for them. “Every single thing they've ever dreamt of is here waiting for them,” Ntina says. “So are we. Now, thanks to our enhanced digital capabilities, I'm confident that more will be able to find us and stay with us.”



Emmantina Houses | Santorini, Greece





## Case Study: Pott au Chocolat

Marie-Luise Langehenke | [www.pottauchocolat.de](http://www.pottauchocolat.de)

**A combination of enhanced digital connectivity and effective online storytelling proved important to the success of this German chocolatier during COVID-19.**

In 2019, Marie-Luise transformed her website into a more functional online shop. She also leaned into digital marketing and, by using tools such as Google Analytics and Google Ads, she was able to better understand her customers and reach them more effectively. She also launched an email newsletter and began writing more on the Pott au Chocolat blog. This represented the beginning of what would become a more sustained effort to raise brand awareness and cultivate a broader online community—something that would prove valuable in the trying times to come.

While Pott au Chocolat's stores were allowed to remain open during the pandemic, customers soon slowed to a trickle—so much so that it often did not make sense to keep the doors open.

As sales started picking up online, tools such as Google My Business allowed the company to keep up with customers and quickly answer their questions.

For as long as Marie-Luise can remember, she always had a sense that chocolate should be much higher-quality—and much more sustainably and ethically produced—than the options typically available in the supermarket. Eventually, she thought, if no one else was going to do it—she would. The business Marie-



Pott au Chocolat | Dortmund, Germany

## CASE STUDY: POTT AU CHOCOLAT



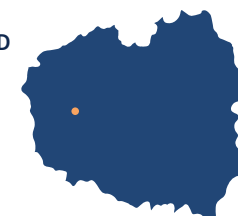
Pott au Chocolat | Dortmund, Germany

“Without these digital tools, there’s no way I could have stayed afloat.”

Luise and her business partner opened in 2008 was initially focused on in-person customers. Even so, Pott au Chocolat always had a website and Marie-Luise—who handled marketing for the company—increasingly recognized the promise of promoting it online.

Before long, Marie-Luise decided it was time to build upon her initial strategy of reaching more customers through storytelling. The company’s blog, its newsletter, and its social channels on Instagram and Facebook all became outlets for demonstrating Pott au Chocolat’s chocolate-making processes and amplifying its philosophy of ethical sustainability—sharing everything from where the beans were sourced to who provided them to how those farmers were treated. “We explained the key elements of our mission, such as how we work in collaboration with local cocoa producers and how we ensure that they are fairly paid,” Marie-Luise explained. Customers responded almost immediately. “I was actually surprised by just how effective this was,” she recalls, “People were really interested in what we had to say. And those who liked what we said were willing to support us.”

Since the pandemic’s start, Pott au Chocolat has already seen a three-fold increase in its share of digital sales. Marie-Luise would now like to increase that figure further—by at least double, she says, and perhaps even higher. She plans to explore more digital possibilities such as Google Shopping and remains confident in the trajectory for her company moving forward. “Pott au Chocolat has proven that chocolate can be made with higher quality and with more sustainable and ethical practices,” Marie-Luise says, “and the pandemic has proven that digital tools are critical to companies like mine being able to thrive in even the most difficult of circumstances.”



## Case Study: Moon Dot

Katarzyna Szwarc | [www.moondot.pl](http://www.moondot.pl)

**This handmade home decor studio—which sells items such as handmade pouffes, knitted cushion covers, and colorful crochet baskets—increased its sales by 70% during the pandemic.**

Dashes of color in a world of grey. Rays of happiness in an age of conformity. Katarzyna Szwarc is aware that these aren't the descriptors typically ascribed to napkins. But, growing up, she still remembers the many hours she'd spend watching her grandmother knit beautiful serviettes. "True works of art," she says. Katarzyna similarly recalls with fondness the time spent with her mother learning the art herself. "We didn't want to copy the existing patterns, so we developed our own," Katarzyna explains. "We made our own sweaters and we made a lot more too. In fact, this is how Moon Dot's first pouffe was created."

That pouffe today sits in the room of Katarzyna's own daughter, Ania. And it's more than just a colorful piece of decoration. "It proved extremely useful during the first years of motherhood," Katarzyna recalls. "It was a toy for Ania to play with, it was a footrest for me while feeding her, and it was something else too—the start of a small business that gave me agency and strength." The young mother knitted more pouffes and other handicrafts in her small studio in Poznań and started selling them at interior design fairs. But this form of sale did not work well for Moon Dot. Not only was there a considerable cost involved with renting a stall, but many of the customers did not make transactions on the spot anyway. "They almost always came back to me online and that was where we'd arrange the actual



Moon Dot | Poznań, Poland



## CASE STUDY: MOON DOT



Moon Dot | Poznań, Poland

*“The digital world is what gave me hope for the future at a time when many were losing it. Today I feel that I have spread my wings and plan a stable future for the company and my family.”*

sale,” Katarzyna says. “That’s when I knew it was time to focus on digital business development.”

Katarzyna created an online store for Moon Dot and turned to Internet Revolutions—a Google-led training program to help small companies make the most of digital tools and grow online—for help. That training gave her tips on how to most effectively position Moon Dot online with search engine optimization (SEO) training and showed her what changes could be introduced on her own site to allow customers to find her products with greater ease. “The bull’s eye turned out to be, believe it or not, a change in the descriptions for our photos,” Katarzyna says. “This one tiny tweak allowed us to dramatically increase our visibility with those who look for products using Google Image search.” She also learned how to make better use of Google My Business and better analyze data, such as website traffic, using Google’s other tools. As a result Katarzyna, who also displays her products on social platforms such as Facebook and Instagram, says she no longer waits for likes on her profiles—and no longer despairs when there are few of them. “With Google Analytics I can see clearly that even if the involvement in these channels appears poor, customers still find the site,” she explains.



## Case Study: Lusa Language School

André Teixeira | [www.lusaschool.com](http://www.lusaschool.com)

**Andre Teixeira, the owner of a Lisbon-based language school, utilized a range of tools from Google to create new digital offerings, find new students to sign up for his language classes, and help teachers interact with them inside the virtual classroom.**

André Teixeira has no hesitation when asked to describe his business' greatest asset. "Lisbon," he says. "We are located in a city bursting with life, beautiful beaches, bustling nightlife, and endless secret spots to be explored." No wonder then that, when André first founded Lusa Language School, it was a physical business in almost every respect. Teachers largely taught in a physical classroom. Students, many of whom came from locations around the globe, were offered assistance not only in terms of finding accommodations but also in finding their way around a city André cares about passionately.

But what happens when that city goes into lockdown? No nightlife. No beaches. Perhaps, as André feared, no students either. "I loved this business and I didn't want it to close," André recalls, "I felt this immense weight upon my shoulders because it was on me to ensure that didn't happen. I also realized that it was in my reach to do something about it." He moved fast. The first order of business was to create new digital products such as online group classes; that meant restructuring his website. He developed the new designs and content and got it up and running in less than two weeks. Then he needed to let everyone know about the new offerings, which meant reorienting his marketing; André turned that around even quicker. "I had to rethink everything. It reminded me of when I first started the



Lusa Language School | Lisbon, Portugal

## CASE STUDY: LUSA LANGUAGE SCHOOL



Lusa Language School | Lisbon, Portugal

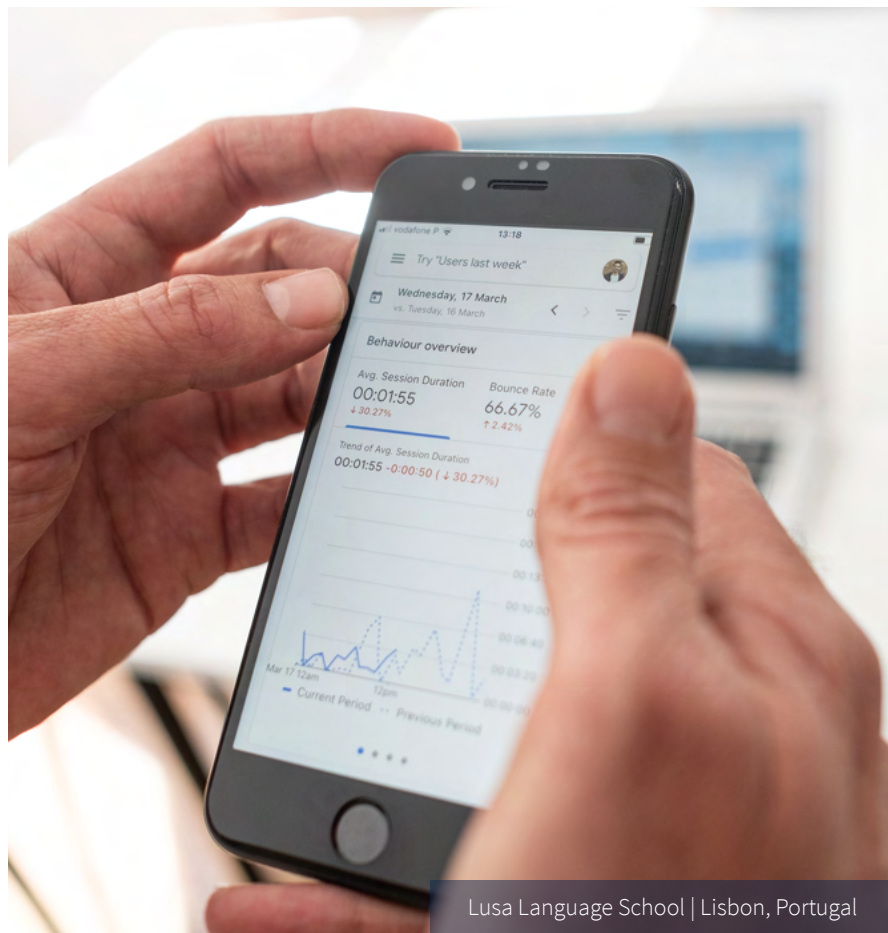
“The digital capabilities we implemented in 2020 allowed us to shift much faster and cope much easier in 2021. We are much stronger now than before.”

school actually,” he recalls. “The difference this time was that I had to rely on digital tools to get it done. I’m glad I did. I can’t imagine what I would have done without them.”

Once classes shifted online, André’s teachers and students moved to video conferencing. Instead of teachers handing out assignments in class, they uploaded them to Google Drive. André himself turned increasingly to other aspects of the Google Workspace, which he said played a “very, very important role in the day-to-day operations of the school—and at a much lower cost than similar software used by larger companies.” Google Sheets served as a great way for Lusa’s staff to share information with potential new students. Google Ads formed the cornerstone of the company’s prospecting strategy itself, becoming its primary marketing tool. Google Ads formed the cornerstone of the company’s prospecting strategy itself, becoming its primary marketing tool. Search and YouTube campaigns led the school to not only maintain its operations but even increase its overall turnover, by bringing +40% the amount of signups of pre-Covid times. André’s team also continued to utilize social media platforms such as Facebook and Instagram to connect with its community online, although often in new ways. For instance, while Lusa’s social posts previously offered windows into the school’s day-to-day goings-on, they served the added and critical purpose during the pandemic of keeping the Lusa community updated during a time of rapid change.



## CASE STUDY: LUSA LANGUAGE SCHOOL



All of this led to a shift in André's business model: from physical-first to a dual-track hybrid of offering courses both online and (when COVID-19 restrictions began to lift in summer 2020) in-person. André intended to continue this way indefinitely—until a second and mostly unexpected lockdown came to Portugal in 2021. But this time André was ready. “It was a completely different experience from the first lockdown,” he explains. “The digital capabilities we implemented in 2020 allowed us to shift much faster and cope much easier in 2021. We are much stronger now than before.” Indeed Lusa has actually added staff over the past year and André himself, despite the lockdown, is still quite optimistic about the future. He knows it's going to be a more digitally focused future for Lusa too, and he's already started thinking of new ways to integrate digital tools into the learning experience.

## Case Study: Little Box of Books

Lynsey Pollard | [www.littleboxofbooks.co.uk](http://www.littleboxofbooks.co.uk)

 LONDON, UK



**The owner of an online bookshop utilized digital tools to help parents put more socially relevant books into the hands of children amid a global pandemic and social protests.**

Diversity and inclusion is extremely important to bookseller Lynsey Pollard and it's at the heart of the small business she started. "So many children's books these days lack inclusive representation or are about women being rescued," Lynsey explains. "I thought it was time to bring a different perspective." She initially sought to put together a collection of books for her own son. Before long, however, she realized that lots of other parents would probably want the same thing. The business that resulted, Little Box of Books, is an online shop specialising in books for children up to age 12 with diverse characters and plotlines. Many parents choose to introduce their children to these books via a monthly subscription box service the company offers.

"The reality of having a business today is that you can't not have a robust digital presence," Lynsey says, "which meant I had to become digitally literate quickly when I decided to open Little Box of Books." Thankfully, she found a whole range of easy-to-use tools at her disposal. Google Workspace quickly became her go to. "Google Drive is where I put just about everything," Lynsey explains, "and tools like Google Ads, Google Analytics, and Google My Business work together in a formidable combination. They allow me to not only reach more customers but also develop an intimate understanding of what they want—which feeds back into the outreach." Lynsey also utilizes digital platforms such as Xero for accounting, Asana for project management, Slack to communicate with partners, and other



Little Box of Books | London, UK

## CASE STUDY: LITTLE BOX OF BOOKS



tools like WooCommerce. She has also cultivated a robust social media presence, which includes accounts on LinkedIn, Facebook, Pinterest, and more than 14,000 followers on Instagram. In addition to sharing behind-the-scenes glimpses into her company’s operations, Lynsey also uses social media to more effectively communicate the purpose behind her mission. As she puts it, “being in the Diversity and Inclusion space means having to do a lot of explaining, and digital platforms provide the perfect avenue to do so.”

As COVID-19 descended in Britain and across Europe, lockdowns - and homeschooling - became the norm for millions. Lynsey put out Google Ads aimed at parents seeking materials for newly homebound students. “I thought the moment called for books that would not only continue to teach children about the world but also transport them outside of their so-called normality,” Lynsey recalls, “The orders started coming in droves.” She soon sold the most books ever in a single month and website visits tripled from March to April. “This is where Analytics became super important because it allowed us to instantly snapshot where the spikes were happening and quickly plug any gaps where people were dropping off.”





## Case Study: Hooray Heroes

Mic Melanšek | [www.hoorayheroes.com](http://www.hoorayheroes.com)

**A company from Slovenia discovered that rapid growth and expansion to new markets was possible during a pandemic—with the right mix of digital capabilities.**

“I want a refund.” That’s the last thing most businesses want to hear. But for Mic Melanšek and the team at Hooray Heroes, a personalized children’s books company, it came as a welcome sign of success. Consider the video posted to Facebook by one of his customers, in which a woman demands her money back. “I want a refund,” a woman says in the video, “and I want it for my husband—because you broke him.” The video then cuts to a happily sobbing spouse, Hooray Heroes-designed book in hand.

Mic has a hard time holding back a smile when he tells stories like these. From the beginning, online customer testimonials have been among the most effective tools for Hooray Heroes. In fact, social media platforms such as Facebook, Instagram, and Pinterest have always been integral to its ability to spread the word about what it does and sells.

Hooray Heroes creates personalized books. At first, they were intended for children. A father might go to the Hooray Heroes website and select a book for his daughter. A special gamified process would allow him to select the right features for his child, from hair color to freckles, and add special characters like friends, grandparents, and maybe even himself. It was great for kids—and, as it turned out, adults too. As demand for Hooray Heroes’ products grew, so did requests for



Hooray Heroes | Ljubljana, Slovenia

## CASE STUDY: HOORAY HEROES



Hooray Heroes | Ljubljana, Slovenia

“Being digitally driven helps us understand our customers, find new markets, and gives us needed flexibility when the unexpected happens.”

couples-themed books that could be given to a boyfriend, girlfriend, or spouse. Many of these customers then began posting emotional videos online as loved ones opened their personalized books.

Hooray Heroes has been digital-first and online-only from the very start. This was driven partly by necessity. Mic, who hails from Slovenia, started with one business partner and hardly any money. But this digital approach was also by choice. Mic notes that his company has nearly as many social media followers online (1.5 million) as the entire population of his homeland (2 million), so he knew that low-cost digital tools were likely to provide the best avenue to get the word out and allow his company to expand to new and much larger markets. He was right. Within a few years, Hooray Heroes expanded across Europe to Germany, France, Italy, and the U.K.—and soon built a strong base of customers overseas too, including the U.S.

Mic describes the effects of the worst pandemic in a century as was little more than a “speed bump” for his business. “We are fully digital and we are nimble,” Mic explains, “so we are well positioned to persevere in difficult situations.” Google Analytics is among Mic’s favorite tools (in fact, he uses an extra monitor just to monitor the data it provides in real time) and it was the first to lend reassurance that things would be okay during COVID-19. It revealed a spike in traffic on Hooray Heroes’ website that presaged surging demand across the world. “We have always used the full spectrum of Google’s offerings,” Mic says, “Google Ads, Google Shopping Campaigns, Google Search, and Market Finder help us break into new markets and Google Workspace tools like Docs help us collaborate across borders.”

Hooray Heroes today employs more than 120 people and has more than 250 partners around the globe. Throughout the pandemic, the team kept in touch with a range of tools—from Zoom and Slack to Skype and SMS—as the company recorded an annualized growth figure of 30%. It even expanded into several new



countries (thanks to analyses from Market Finder), such as Canada, Australia, Spain and Belgium, with some of its international markets recording growth rates of 100% or more over the past year. Hooray Heroes has expanded so much in fact that its home market of Slovenia today represents just 1% of its total revenue.

“Despite all of the uncertainties and challenges the pandemic presented, our company found that strong growth was still possible—with the right tools,” Mic says. “Being digitally driven helps us understand our customers, find new markets, and gives us needed flexibility when the unexpected happens.” His team discovered that the products they were selling were perfectly tailored to folks stranded at home and looking for something fun to do to spend time together too. “It made us all really proud to bring so much happiness and connectedness to others at a time when both were so badly needed,” Mic says. “However,” he notes, “we do not yet have a return policy for husbands.”



Hooray Heroes | Ljubljana, Slovenia



## Case Study: La Maison des Soeurs Macarons

Nicolas Génot | [www.macaron-de-nancy.com](http://www.macaron-de-nancy.com)

**The owner of Nancy's most iconic dessert shop turned to modern tools to save his centuries-old business.**

Egg whites. Sugar. French organic Almonds. There are only three ingredients in the famous Nancy Macaroon. Yet, they form something amazing when put together just the right way—and the secret recipe for this slightly cracked pastry, passed down from generation to generation, has only been known to four families since the French Revolution. “The Nancy Macaroon has been part of the gastronomic heritage of the people of our region for centuries,” said Nicolas Génot, the current keeper of Nancy’s most closely held secret, “and so has La Maison des Soeurs Macarons.”

Génot’s pastry shop traces its heritage to a Nancy-based Benedictine convent, the sisters of Saint-Sacrement, which became known for its pastry-making. When a government decree shuttered French religious orders in 1793, two of the nuns sought refuge in the home of a local doctor and began baking, marketing, and selling their macaroons to get by. While simply a matter of survival at first, the macaroon business quickly became a hit and the sisters gained fame as “Les Soeurs Macarons”.

Today, the sisters’ pastry is as much a part of the DNA of Nancy as the Place Stanislas and Nicolas knows he shoulders a huge responsibility as the carrier of their torch. He also is not unaware of some ironic parallels to his own story. Before



La Maison des Soeurs Macarons | Nancy, France

## LA MAISON DES SOEURS MACARONS



La Maison des Soeurs Macarons | Nancy, France

COVID-19, Nicolas' family-run business was doing quite well. Located in the heart of Nancy on "rue Gambetta", a historic tourist destination, the Maison relied for generations on a customer base of loyal locals and curious tourists to generate sales. This changed when lockdowns took effect across France. "Our sales suddenly collapsed by 90% even though we were technically allowed to remain open," Nicolas recalls, "and Easter, which is one of our most important seasons, was quickly approaching. We needed to find a new way to generate sales and fast!"

Thankfully, the Maison had already invested in digital tools such as an e-commerce website, social media accounts, and a Google My Business profile—but all of them needed work. Nicolas turned to his local Google Ateliers Numériques for help. This free Google-supported training program—which helps businesses with, among many other things, digital marketing—connected Nicolas to a dedicated coach named Chloe. She suggested creating a national advertising campaign to sell his Easter stock. "I was stunned by the results of our Google Ads experiment," Nicolas says. "I was suddenly making hundreds of orders online and half of those sales came from customers who had never set foot in our store." This emboldened Nicolas to press further with digital tools and capabilities. Together with Chloe and his own staff, he worked throughout the year with various tools to increase the Maison's online visibility.

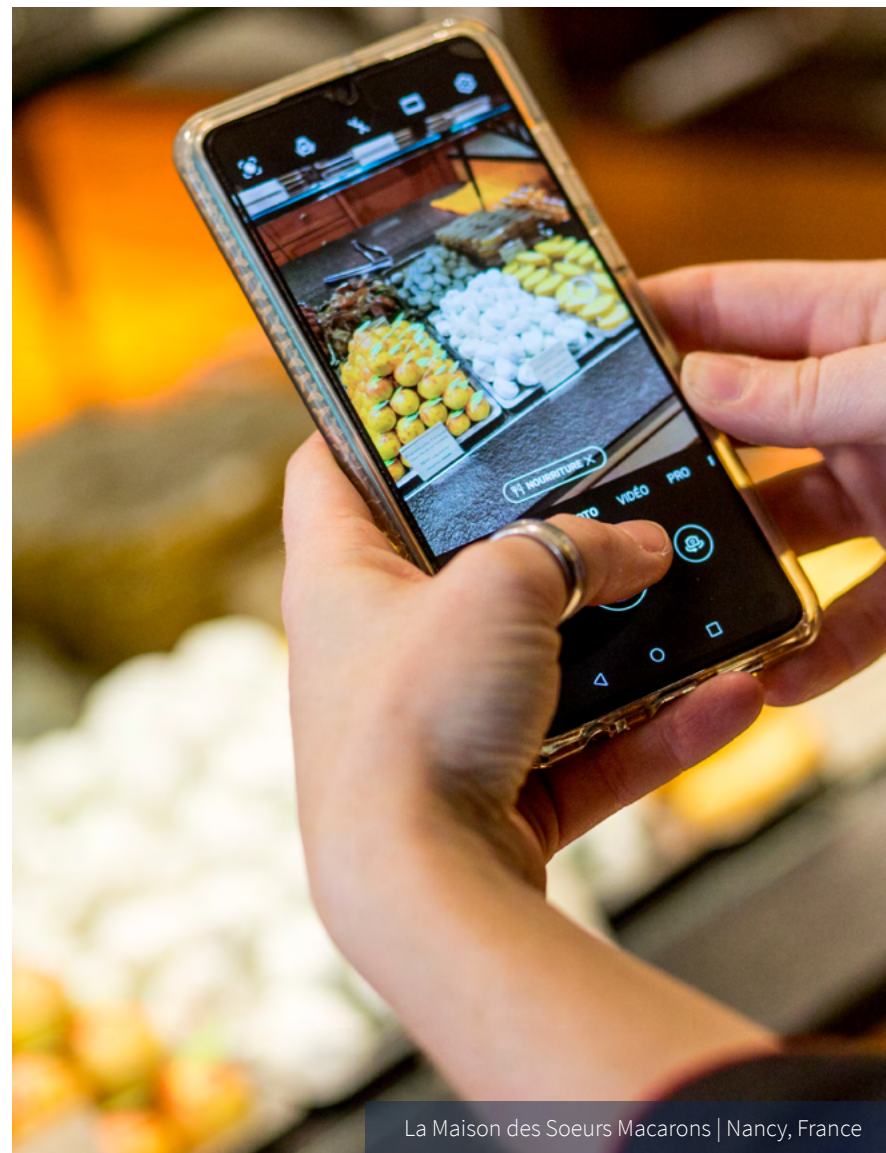
Nicolas optimized the website to receive orders and began implementing exclusive online offers. He learned more from his customers by working with Google Analytics, enhanced communication with them via a revitalized Google My Business page, and increasingly brought the capabilities of Google Ads in house. He also tended to his business' social media presence on sites such as Facebook and Instagram. The results were convincing. His company's volume of online orders and customers more than doubled from 2018 to 2020 and its volume of



sales from e-commerce tripled during the same period. The Maison's community on social networks doubled as well.

While the Maison's core business model will continue to rely on face-to-face contact with customers in the shop when possible, going digital has led Nicolas and his family company to a new strategy: focus on enhancing the website further rather than opening a second physical store. The main advice he would give to other businesses would be to adapt digital tools to their own context. "Everyone can access these tools and there are so many different ways to make them work for you—no matter who you are." In other words, they form something amazing when put together just the right way—a simple recipe for success, you might say.

"Improving digital visibility is what allowed us to save this centuries-old family company," Nicolas says. "It was simply a matter of survival at first. It is now a vital cornerstone of our business."



La Maison des Soeurs Macarons | Nancy, France

# Methodology, References, & Acknowledgements

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# Methodology

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## → Research Survey Approach

The results presented here are based on a quantitative research survey of 5,011 small and medium-sized enterprise (SME) leaders in 28 European countries across a variety of business sizes and industries conducted from Nov 16–Dec 21, 2020. It is important to note that in order to be included in the study, SMEs had to be in business at the time of the research (i.e., operational); thus, businesses that closed during the pandemic were not included in our work.

SMEs are defined as businesses of 0–249 employees. Of the 5,011 SMEs surveyed, 2,207 (44%) were Micro SMEs with 0–9 employees, 1,542 (31%) were Small SMEs with 10–49 employees, and 1,262 (26%) were Medium SMEs with 50–249 employees.

The survey was conducted by LRWGreenberg, a Material+ Company. Data were weighted by vertical, market, and business size for an accurate representation of SMEs as distributed by the number of people they employ.

The work presented in this report is a continuation of a large-scale global study of SMEs and their use of digital tools during the COVID-19 pandemic sponsored by the Connected Commerce Council (3C) and Google. In 2020, they published the *Digitally Empowered* and *Digitally Driven* reports with comparable results from the United States. At the time of publication, a 2021 survey of U.S. small businesses is underway

## → Geographic Scope

We surveyed SME leaders across 28 European countries. The country list, grouped into informal geographic regions, is as follows, along with the percentage of SMEs that came from each region.

- **Northern Europe:** Denmark, Estonia, Finland, Ireland, Sweden (5 countries) - 7% of the surveyed SMEs
- **Southern Europe:** Cyprus, Greece, Italy, Malta, Portugal, Spain (6 countries) - 25% of the surveyed SMEs
- **Central & Eastern Europe:** Bulgaria, Croatia, Czechia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia (10 countries) - 20% of the surveyed SMEs
- **Western Europe:** Austria, Belgium, France, Germany, Luxembourg, Netherlands, United Kingdom (7 countries) - 49% of the surveyed SMEs

In all cases, the collective data across all these countries was used, except when a data point or analysis is specifically about certain regions or countries.

Note that when the survey was conducted, the UK was part of the EU; at publication time it is not.

# Methodology

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## → Correlation vs. Causation

The results presented in this report, and additional results not shown here, demonstrate a clear statistical relationship between greater use of digital tools (the “Digital Safety Net”) and better business outcomes for SMEs. This alone does not prove a causal link (as distinct from an experimental design which would have randomly assigned digital preparation levels to then compare business outcomes). However, the correlations observed here, along with SME’s own self-reports about the particular importance and helpfulness of digital tools during the pandemic, strongly suggest that digital tools played an important role in these businesses’ resilience.

## → Industry Breakdown

Our Europe-wide sample contains SMEs from industries as follows:

- Wholesale & Retail Trade (31%)
- Manufacturing (23%)
- Professional, Scientific, & Technical (15%)
- Accommodation/Food Service (14%)
- Administrative/Support Services (10%)
- Information & Communication (6%)
- Arts & Entertainment (1%)
- Other Services (1%)

## → Additional Economic Analysis

Using the data from this study as well as public data from Eurostat (total sales, economic value add, and job creation across all SME sizes, industries, and European countries for 2018, the most recent such data available), we conducted additional analysis to estimate the broader economic impact of instantly transforming all Uncertain SMEs into Advanced ones. We note that while rigorous, this initial analysis makes numerous assumptions and is intended for discussion purposes.

Based on our survey data, we used the share of Uncertain SMEs in each country plus the difference in sales between Uncertain and Advanced SMEs to apply weighting and calculate potential gains in sales, value-added and job creation if all Uncertain SMEs were Advanced SMEs. Assuming all Uncertain SMEs would have identical sales, value-added, and jobs as Advanced SMEs, we calculated the reduction ratios for sales, value, and jobs due to the existence of Uncertain SMEs, both by country and Europe-wide.

This analysis assumes that SME sales, value added, and jobs would not have changed since 2018 in the absence of the COVID-19 pandemic.

# Methodology

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## → Terminology Used In This Report

**SME =** Small and Mid-size Enterprises are small businesses with less than 250 employees. Many SMEs have less than 10 employees and many are “Solo,” with just an owner/founder who does everything. For comparative purposes, note that this is typically called “SMB” (small and medium sized businesses) in the U.S. to include those with 1-500 people.

**Digital Tools -** Digital tools are the platforms, services, and other software that power the digital world. For simplicity, we refer to all of these as “digital tools” in this report.

**Business sizes -** SMEs can be further classified into four business size groupings: Solo (1 person), Micro (2-9), Small (10-49), Medium (50-249). We investigated

whether and how SMEs of different sizes were affected differently by COVID-19 and/or used digital tools differently.

**Digital Segments/Groups -** Our analysis identified different groups of SMEs defined by their attitudes toward, and use of, digital tools. “Advanced” SMEs view digital tools as essential and use many of them, while “Uncertain” SMEs are the opposite. Another group, “Evolving” SMEs, are essentially in a transition between the two. These groups are further defined in the main report.

**Digital Safety Net -** The Digital Safety Net describes the positive financial and operational effects that digital tools have on SMEs, particularly to adapt, survive, and recover from economic or societal shocks.



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## Acknowledgements

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### → Thank you to those involved in the creation of this report.

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