

# 50 Small Business Trends and Predictions for 2016

By Adam C. Uzialko, Business News Daily Staff Writer

What do business owners, professionals and experts expect 2016 to hold for small business? Business News Daily got in touch to find out, and, overall, the consensus is that it will be a year ripe with opportunity, yet also teeming with new obstacles to overcome. From public policies and regulation to harnessing the newest technologies, the responses run the gamut of everything small business owners should be aware of before the ball drops in Times Square.

Here are 50 key ideas, trends and predictions to keep in mind in order to make the most of 2016 for both your business and the people it serves.

## Business Climate:

### Small Business Growth Will Continue Into the New Year

"Small businesses are **investing in the future** by buying new equipment and real estate, hiring new employees, and increasing inventory, as well as refinancing debt to get lower payments." – *Evan Singer, general manager, SmartBiz*

### On-Demand Delivery and Logistics Will Expand to Small Businesses

"In 2016, small businesses will start to **take advantage of new on-demand delivery and logistics services**. While many large companies have processes in place for package delivery and food ordering, easy-to-use services like [UberRUSH and Amazon Flex] are great for small businesses, and more of them will start to take notice in the coming year." – *Craig Bloem, founder and CEO, LogoMix*

### Same-Day Delivery and Cross-Border Selling Will Expand

"Many companies are entering the fold to compete for that last segment of a shipping route: local delivery, with the added advantage of offering same-day service. In 2016, **small businesses should keep an eye out for new shipping technologies** and services that will save time and money while offering a great customer experience, as well as opening up their goods and services to new markets." – *Amine Khechf , co-founder and general manager, Endicia*

### Human Resources Will Adapt to a Changing Workforce

"**Hiring will become more difficult**, especially for skilled jobs, leading to longer times to fill open positions. The cost to hire will consequently increase due to a combination of escalating recruiting costs and pressure to increase wages, and small business owners and management will finally infuse technology into the recruiting function and automate many of the administrative and other labor-intensive functions." – *Ira S. Wolfe, president, Success Performance Solutions*

### More Businesses Will Come Up for Sale as Baby Boomers Look to Retire

"With the economic recovery well underway, more and more businesses are in the zone for being sold, and with an aging baby boomer population, **more business owners will be looking to sell**. This could flood the market with businesses for sale and drastically devalue the businesses. If a business owner is thinking about selling, they should consider doing it sooner [rather] than later. The longer they wait, the more competition there will be." – *Kimberly Deas, business transfer specialist, Murphy Business & Financial Services*

### Small Businesses Can Expect More Scrutiny from Customers

"**Consumers have higher expectations** of real fairness and responsiveness to complaints. It's less and less easy to get rid of people with legitimate complaints by ignoring them or handing out a coupon. In a nutshell: Business owners will have to run their businesses as if their mother were looking over their shoulder, because she likely will be." – *Mark Deutch, CEO, PeopleClaim*

### Despite Increasing Internet Connections, Human Connection Remains the Most Important

"The convergence of companies turning to technology to cut costs, and consumers having access to multiple options will create a chasm where brand loyalty does not exist. The key to highly sought-after repeat business will be to **establish and maintain the human connection**. It is essential for any company to show their customers that each specific visit/business mattered and they continue to be important beyond the sale." – *Richard Shapiro, founder and president, The Center for Client Retention*

## Policy & Regulation:

### JOBS Act: Title III and Equity Crowdfunding Will Arrive for Small Businesses and Startups

"One trend that every small business owner should be aware of in 2016 is the **late arrival of the final piece of the JOBS Act: Title III**. This means that it's likely that every business will have the chance to raise investment through crowdfunding, even from middle class, nonaccredited investors." – *Marcus Estes, CEO, Chroma.Fund*

### Reaction to Minimum-Wage Increases Will Drive Up Prices and Expand Automation

"In general, it seems like the trend is **the passing and enforcement of minimum-wage increases**. Small business owners will need to find ways to offset that hike. [I have] no doubt we will see an increase in retail prices, amongst other ways to increase operation efficiency. Other visible differences might include the purchases of kiosks to replace employees or the reduction of nonessential operations." – *Young Lee, CEO and Founder, The Flame Broiler*

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### **New Department of Labor Overtime Rules Mean Budgeting for Increased Expenses**

"Certainly, there are surprises every year, and one key issue small businesses may not be aware of is the **U.S. Department of Labor's (DOL) proposed changes to overtime regulations**. Once finalized, those changes could have a significant impact on the Fair Labor Standards Act (FLSA). At this early stage, it's difficult for employers to fully prepare for implementation of the proposed rules. However, a good first step small employers can take now is to budget for increased overtime costs and/or salary increases in 2016." – *Chris Rush, VP of strategy, ADP Small Business Services*

### **Keep an Eye on Paid Sick-Leave Policies**

"Business owners should expect additional changes to be on the horizon related to **mandatory sick leave**. Complying with the latest sick-leave laws and regulations is important and may also include detailed notice, posting and record-keeping requirements." – *Mike Trabold, director of compliance risk, Paychex*

### **Lobbying on Patents Puts Small Businesses at a Disadvantage**

"Congress has been **working on patent reform** under the guise of combating patent-troll attacks on legitimate patents. Unfortunately, the process has been hijacked by big businesses that are trying to make it more difficult for legitimate small business inventors to defend their patents. The importance of money in the political process has put small businesses at a huge disadvantage." – *Grafton "Cap" Willey, managing director, CBIZ MHM*

## **Cybersecurity:**

### **Businesses Must Secure Data and Implement New Mobile Strategies**

"In light of the fast-moving developments in privacy law and the protection of data, both in the U.S. and abroad, businesses of all sizes need to pay more attention to and allocate financial resources for **increasing the measures that they take to keep data secure**. Businesses also need to make greater efforts to provide transparent communications to their customers about their privacy and data-security practices." – *Maureen Dorney, partner, Paradigm Counsel*

### **More Cloud-Based Services Mean Strong Cybersecurity Is a Must**

"Next year, the trend towards **cloud-first companies will pick up speed**. All startups born in 2016 will be part of the 'cloud generation,' and we'll see some breakouts that achieve hypergrowth with very little physical presence. As a result of this cloud-first mentality, a major SaaS data breach (or breaches) will have serious implications on small and medium-sized businesses that rely primarily, if not solely, on the cloud." – *Erik Gustavson, CTO and co-founder, Bitium*

### **Small Businesses Should Tighten Cybersecurity in Anticipation of More Cyberattacks**

"One thing we'll see in 2016 is an **increase in cyberattacks targeting small businesses**. This is something already happening in Australia, where small businesses are targeted by ransomware attacks (e.g., Cryptowall). Australian business owners are targeted now because the cost of living in Australia is high, so it's easier for the cybercriminals to squeeze more money, but soon they'll start targeting U.S. and European businesses as well." – *Tara Duveanu, founder and digital planner, Nollar*

### **An Ever-Digitizing World Means Getting Serious About Cybersecurity Is a Must**

"The 'dark Web' will only grow in popularity **as a marketplace for cybercrime**, including hacking campaigns for hire, vulnerabilities and general exploits for sale, individual stalking or doxing, and other investigation for hire, spear-phishing campaigns and stolen IP for sale. Organizations will need to get in the routine of collecting, analyzing and acting on this dark Web intelligence to eliminate a major blind spot in their cybersecurity operation." – *Jason Polancich, founder and chief, SurfWatch Labs*

## **Mobile:**

### **Mobile Beacons Will Roll Out in Earnest**

"For small businesses who have brick-and-mortar locations, **location marketing is going to be a game changer** through beacons for 2016. Facebook is already rolling out their Bluetooth beacons to businesses to shoot out promotional messages and alerts to fans when they're within range, serving a dual-purpose of next-level customer service and real-time mobile marketing. While the hurdle is that the user would have to have location services and Bluetooth connectivity switched on within their mobile devices, the possibilities are endless when it comes to marketing through beacons." – *Christine Rochelle, Director of Digital Marketing and Operations, lotus823*

### **Mobile-Friendly Websites and SEO Will Be Even More-Crucial Marketing Tools**

"In 2016, small businesses will have to dedicate more time and resources to **build mobile into their marketing and branding**. Google has new Mobile Optimization Guidelines, which means not having a website with a responsive [mobile] design can seriously hurt your ranking on SEO, even making it so you don't get listed when someone is searching from a mobile device." – *Craig Bloem, founder and CEO, LogoMix*

### **Millennials Driving a Mobile Mentality for Small Businesses in 2016**

"The increasing influence of the millennial generation — a group that prefers quick, immediate interactions via mobile devices — is expected to significantly impact the way small businesses approach customer engagement in 2016. Service businesses in particular must be able to **effectively cater to this mobile customer** or risk losing the important repeat business they need to keep their organization afloat." – *Jon Zimmerman, CEO and co-founder, Front Desk*

### Mobile Is an Increasingly Important Touch Point

"Going into 2016, we see there being a **growing importance for brands to focus on the mobile experience** for their customers. More and more buying decisions are happening via mobile devices, particularly in the B2B space, and companies across all industries need to adapt, or they will get left behind." – *Bill Burnett, founder and CEO, PointDrive*

### Don't Just Be Mobile-Friendly — Embrace Accelerated Mobile

"A big trend for business owners in 2015 was to make your website mobile-friendly, as Google was requiring it to rank in their mobile searches back in April. The new trend for 2016 will be ... **having even faster page-load times**, which Google is calling the project Accelerated Mobile Pages, or AMP HTML." – *Michael Juba, content marketing strategist, EZSolution*

## Analytics:

### Analytics Will Become More Cost-Effective and Will Serve Small Businesses Well

"As [analytics] software develops further, it's becoming cheaper and cheaper, which is allowing the small business owner to make more informed decisions. Years ago, it took a complex and highly expensive system of highly trained developers and designers to be able to produce [an analytics system], but now, with tools like [Optimizely](#), anyone can add this into their site and be testing conversions within 10 minutes." – *Ross Davies, account director, Strafe Creative*

### The Rise of Emotional Analytics

"The real exciting development is that we will start to see the **incremental rollout of emotion analytics**. For instance, we are piloting with major brands and retailers to implement technologies to gauge the emotional engagement of customers to messaging or ads on digital signage on site, as well as to gauge product favorability through the 'Internet of Things' — sensors on premise and wearables on customers." – *Scott Amyx, founder and CEO, Amyx+McKinsey*

### Predictive Analytics Will Expand to Include External Sources of Data

"**Predictive analytics will just continue to improve** and be more refined in 2016. Now, in addition to just using vendor data, cutting-edge predictive-analytics vendors are also marrying external data (i.e., social profiles, funding press releases, data on TechCrunch) to get even more-accurate buying signals from prospects and churn signals from existing customers." – *Anthony Smith, CEO and founder, Insightly*

## Data and the Cloud:

### Cloud Computing and the Web-Based Boom Will Continue

"The adoption of **cloud computing will continue to accelerate**, drifting down from the large corporate segment into small businesses, making operations more efficient and [reducing] capital spending. ... Startups and small businesses no longer have to invest \$100,000 a year to set up data centers and hire an IT administrator to take care of the hardware." – *Marc Meyer, professor of entrepreneurship, D'Amore McKim School of Business at Northeastern University*

### Small Businesses Will Opt for Private and Hybrid Cloud Hosting

"Given the frustrations C-level executives have in cloud technology, we may start to see a move toward **small businesses wanting to have a tighter grip of their cloud hosting**. Therefore, we could see the adoption of more private and hybrid cloud-hosting solutions, which can enable companies to feel more in control and assured by having a solution solely for their own data and applications rather than for multiple organizations." – *Karl Robinson, CCO, StratoGen*

### The Cloud Will Lead to an Emphasis on Data Security

"Small businesses notoriously don't think they are at risk [of data breaches], when in fact they are usually at a higher risk than large corporations, and less likely to recover from a breach. **Data security will likely be a huge focus for small businesses** in 2016, as cloud technology becomes the norm. Small business owners and entrepreneurs have a target painted on their back when it comes to cybercrime, and many will learn the hard way that security is a rewarding investment." – *Clair Jones, small business consultant, Frontier Small Business*

### Cloud Companies Will Play a Big Role in Security and Growth

"In 2016, I see small businesses continuing to innovate in a competitive landscape, looking to technology to help them be more efficient, reduce overhead costs and increase profitability. So, whether it's public sector, enterprise or small business, I forecast that **technology, in particular cloud-based technology, is going to be at the forefront in both expediting growth and efficiency**, but also [in] creating a more level playing field in the market." – *Scott Billows, CEO, Belmar Consulting Group*

### The Rise of New Top-Level Domains

"Small businesses can find the right name beyond '.com' and **choose from a variety of the new extensions** to better differentiate their businesses, whether geographically, like '.nyc,' or by profession, like '.lawyer.'" – *Steven Aldrich, SVP of business applications, GoDaddy*

## Technology:

### Ease of Access Through the Latest Technology Will Be a Priority

"[Companies] that use **newer online payment options such as Square, Bitcoin currency, Apple/Google payment options**, etc. have a major edge over competitors. When you're a young company that was built to begin with on a fluid, ever-changing, Web-based economy, it's easy to adapt. On the other hand, larger companies, even when they are willing to step out of their comfort zones, have to overhaul larger, more-entrenched payment-processing systems that have existed for years or decades." – *Joel MacDonald, founder, [EnergyRates.ca](#)*

### New Payment Technology Will Slowly Change the Way Transactions Are Performed

"Last year, one of the biggest payments lessons learned by retailers was that any **changes at the point of sale (POS)** will entail a long adoption period. This coming year, we'll see EMV chips, mobile payments, omni-commerce, security and the growth of global ecommerce impact small businesses." – *Kevin Gallagher, SVP of global business development, [2Checkout](#)*

### Security Concerns Will Lead to More Usage of "Software as a Service" Solutions

"The continued slow migration away from on-premises servers to **SaaS-based solutions should increase**. This includes retiring legacy small business servers in favor of cloud-based solutions such as SAML-based single-sign-on solutions, like Okta, as well as tools such as Office 365 and Google Apps to replace Exchange. Any savings are likely to be put into security solutions, such as Bushel, and more business- and app-focused tools that drive productivity and innovation." – *Charles Edge, product manager, [Bushel](#)*

### Technology Will Power a Small Business Revival

"It's now easier than ever to develop custom software applications, and as a result, **enterprise technology is no longer limited to large corporations**. Small businesses ... have access to tools that will help their business not only stay competitive, but [also] thrive. As examples, POS systems, CRM software and HR management platforms were costly and complicated, but this is no longer the case. We predict that 2016 will be the year small businesses, which were once the backbone of our country, make a strong comeback." – *Jonathan Wasserstrum, co-founder and CEO, [TheSquareFoot](#)*

### As Technology Improves, Adapt or Die

"Main Street America will increasingly be moving their business functions to **SaaS and cloud tools that are becoming more sophisticated and intuitive** than ever before. Some people view Main Street as behind the times when it comes to tech-enabled business, but soon this will change and entrepreneurs who don't understand how cloud and SaaS technology can improve business will be at a sharp competitive disadvantage, no matter what your industry." – *Sabrina Parsons, CEO, [Palo Alto Software](#)*

### Small Businesses Will Continue Adapting to New Technologies

"Mobile payments will continue to soar as **mobile shopping and research continue to grow** and customers became adept at shopping on their mobile devices, even in niche industries and use cases. Social selling will be even more prevalent, particularly on Facebook and Pinterest, with their added digital-commerce capabilities both via desktop and mobile." – *Shreyans Parekh, Director, [Koyal Wholesale](#)*

### Omni-Commerce Will Begin to Play a Bigger Role in Small Business Transactions

"In 2016, small business owners will be looking **to enable their customers to purchase any way or any place they want** — in your store, online, [and by] mobile, phone and many others. Their POS and e-commerce systems should empower them to do that with consolidated reporting and analytics." – *Michael English, VP of product development, [Heartland](#)*

## Collaboration & Social Responsibility:

### Collaboration and Social Responsibility Will Play Increasingly Important Roles

"You have to **be a part of something bigger than yourself** so that everyone, regardless of status in the company, has a sense of ownership in the brand. You become invested in it not because you work there, but because of what it stands for. ... It is the common, uniting goal that everyone here works toward for clients, the world and ourselves." – *Shaun Walker, Creative Director and Co-Founder, [HEROfarm](#)*

### Large and Small Will Collaborate More. A New Generation Will Demand a Values-Driven Philosophy

"**Collaboration amongst small businesses will flourish** based on the widespread startup culture and the influence of 'the millennial mind-set.' A strong company philosophy, honest and inspiring core values, and benefits — even at the smallest of small businesses — will be expected." – *Fabian Geyrhalter, principal, [Finien](#)*

### Collaboration Will Come to Define Small Business Lending

"**Collaboration tops my list**, because in financial services, it has the power to truly transform the way small business works. Traditional banks are going to partner with alternative finance companies to lend to small businesses in a smarter, faster way." – *Stephen Sheinbaum, founder, [Bizfi.com](#)*

### More Than Going Green, Business Will Shift to a Focus on Social Justice

"Just as greening your business became much more fashionable once companies realized it was profitable, **the next big thing will be incorporating deep social change**. Not just giving to charity, but [also] creating products and services that turn hunger and poverty into sufficiency, war into peace, and catastrophic climate change into planetary balance." – *Shel Horowitz, author, [Green and Profitable](#)*

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### **Vendors and Small Businesses Will Become More Tight-Knit Than Ever Before**

"As we look to 2016, I think you will see **small businesses engaging the firms they do business with to become more of a consultant** than ever before. In our transparent world, we've moved beyond transactions, and the lines are more blurred than ever, with the most competitive vendors out there viewing themselves as a virtual extension of the firms they work with, going above and beyond every day to continue to make the cut." – *Karen Cimorelli-Moor, SVP of sales, [PrimePay](#)*

## **Marketing & Advertising:**

### **Digital Marketing "Clutter" Means the Value of Personal Relationships Will Increase**

"The challenge facing everyone is **how to market and promote a small business amidst all the clutter** and white noise. Paradoxically, I believe that the businesses that will ultimately succeed going forward are the ones that go back to traditional methods, like building face-to-face relationships and word-of-mouth marketing." – *David Mercer, founder, [SME Pals](#)*

### **More Consolidation Means Emphasizing Online Marketing**

"Everything from local mechanics to bakeries to florists and carpet cleaners will need to have **not only a website, but one that is made for mobile searches**, thoroughly connected to social media, directories, review aggregators, coupon generators and proximity pricing calculators, too. The trends are absolutely moving in this direction, and any company that chooses to opt out of these marketing channels will likely face a self-imposed extermination for that industry." – *Alexander Ruggie, PR director, [911 Restoration](#)*

### **Small Businesses Will Continue to Realize Their Marketing Advantage**

"**Public relations and social media tactics will continue to grow more progressive.** Small businesses understand they're nimble versus their goliath counterparts and will look to modern tools like Kickstarter, YouTube, content marketing and social promotion to develop authentic audience engagement and advocacy." – *Katherine O'Hara, founder and president, [The O'Hara Project](#)*

### **Ad-Blocking Software Means Rethinking Marketing Strategies**

"**Online ad-blocking software will greatly impact small business owners.** Ninety-three percent of mobile ads are blocked on Firefox and Chrome, and iOS 9 adoption accelerates this complication. Educating prospective buyers, earning trust and solidifying existing customer relationships will be crucial via subscriptions to email newsletters and company blogs posts." – *Tony Faustino, president, [Faustino Marketing Strategies](#)*

### **Local Marketing, Interactive Content, Expanded Searches and Re-Marketing Will All Play a Role**

"Small businesses will begin to see the viability and **increase in use of interactive content.** Specifically, I think Periscope will emerge as the de-facto platform for small business and micro business to conduct real-time conversation, over-the-shoulder how-tos and more. While this platform is free (meaning everyone and anyone can do it), the truly successful businesses creating sales and revenue with it will be able to craft well-presented conversations, while not selling their service — only their knowledge." – *James Blews, owner, [James Blews Consulting](#)*

### **Re-Marketing, Integration of Pay-Per-Click Marketing and Targeted Ads are Key for Small Business**

"**Re-marketing works**, and here's why: Contrary to popular belief, conversion rates actually increase the more users see an ad within re-marketing campaigns. That's because these are people who have already been exposed to and engaged with your brand. It's true that click-through rates decline over time, but those people who do click on your ad, after having seen it a few times already, become twice as likely to convert. Period. Not to mention that re-marketing is incredibly powerful for brand building." – *Larry Kim, founder and CTO, [WordStream](#)*

### **Growth in Video Adds Nuance to Small Business Marketing**

"For small to medium-sized businesses, **video offers a competitive advantage** without breaking the bank. Nowadays, even a smartphone can be used to create quality videos that can provide a window into a company's culture or organizational structure, explaining why a candidate should apply. Further, video can outline what a specific role will entail in a much more engaging format than a bulleted list on a career site." – *Alys Scott, CMO and senior vice President of marketing communications, [PeopleFluent](#)*

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Information provided for you by ~

**Marilyn K. Dayton, Your Marketing Consultant and Coach**

<http://www.marketingandbizpro.com> ~ [marilyn@marketingandbizpro.com](mailto:marilyn@marketingandbizpro.com)

**860-389-2521**

