How Small Businesses Plan to Outsmart Inflation This Holiday Season

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6 min read

- **Put your one-of-a-kind items front and center.** With 20% of shoppers going out of their way to spend more at small businesses, spotlighting unique, hard-to-find gifts gives locals a clear reason to choose you over a big chain.
- **Pair discounts with convenience to win over shoppers from the big chains.** Over half of holiday shoppers (53%) are hunting for deals, and 44% prioritize convenience. Pairing modest discounts with hassle-free pickup options lets you win over budget-minded buyers without eating into your margins.
- **Let AI take routine busywork off your plate so you can focus on what matters.** With 68% of small businesses now using AI to draft campaigns and keep tabs on inventory, letting tech handle repetitive tasks frees up your hours for what actually matters: taking care of your customers.
- **Grab contact info at checkout to keep new customers coming back post-holidays.** Three in four shoppers plan to try new shops this season, yet over 70% of businesses fail to collect their details. Asking for an email at the register turns one-time holiday foot traffic into steady January revenue.

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It's no secret that inflation is on *everyone's* mind right now. When we asked consumers and small business owners about their biggest hurdle heading into the holiday season, their top answer was exactly what you'd expect — much like last year, it's rising prices.

But if you think that means a dismal holiday outlook for small businesses, think again.

For our Holiday 2026 Small Business Now report, we surveyed more than 4,000 small business owners and consumers across the U.S., U.K., Canada, Australia, and New Zealand to understand the current holiday landscape.

What we found was encouraging: Amidst economic uncertainty, shoppers and small businesses are leaning on each other to make this a successful season for everyone.

Small businesses are incredibly confident right now

Small business owners are realists; they see the economic hurdles loud and clear. High prices and rising costs are the primary holiday concerns for both consumers (31.5%) and small businesses (30.1%).

But despite these worries, an overwhelming 77.2% of small businesses globally report feeling confident or extremely confident that they'll hit their 2026 holiday revenue goals. That optimism is even higher in the U.S., where 81.1% expect to meet their targets.

77.2% of small businesses globally are confident they'll hit their 2026 revenue goals.

This confidence isn't just blind hope — it's grounded in their track records. Nearly three-quarters (71%) of small businesses rated last year's holiday marketing efforts as somewhat effective or extremely effective. They know that if they execute their marketing plans, the revenue will follow, with holiday planning for both shoppers and business owners peaking simultaneously in the month of November.

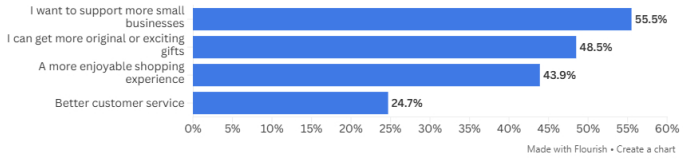
Shoppers' desire to support small businesses is surging

Consumers want to help, and they're putting their money where their mouth is. The percentage of shoppers who plan to increase their spending at small businesses specifically to support them has nearly doubled over the past two years, jumping from 11% in 2024 to 20.2% today. In fact, supporting local businesses is the single biggest reason consumers prefer shopping small (55.5% globally and 53.1% in the US).

They're also eager to discover new favorites. A massive 75.2% of consumers say they are likely to shop with a small business they have never purchased from before this holiday season.

Why? Because small businesses offer what the big-box giants can't. 48.5% of shoppers shop small for original or more exciting gifts, while 43.9% prefer the more enjoyable shopping experience, along with the superior customer service (24.7%).

Why people prefer shopping small for the holidays



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To compete with the mega-retailers, small businesses are catering to shoppers by focusing on value. Because budgets are tight, 52.6% of shoppers say discounts and sales would convince them to choose a small business over big-box retailers, which aligns nicely with the 38.1% of small businesses relying on discounts as their top tactic to make holiday sales.

Both sides also agree on convenience, with 44.1% of consumers saying convenience factors like pickup, returns, and free shipping encourage them to shop small, and 21.9% of small businesses saying those convenience factors are effective ways to drive holiday revenue.

Using AI to protect the “human touch”

A whopping 68.2% of small businesses plan to leverage AI tools this holiday season, with 53.4% using AI either slightly or significantly more than last year.

Crucially, they’re using AI for the creative and analytical tasks where consumer acceptance is highest: 56.3% of consumers are comfortable with SMBs using AI for marketing assets. Small businesses are using AI to draft marketing content (33.6%), create product imagery (32.2%), and forecast inventory demand (30.9%) so popular items stay in stock. By letting tech do the heavy administrative lifting, owners can keep the human touch on the customer service interactions that matter most.

Your 2026 playbook: How to turn holiday shoppers into year-round regulars

You know the trends. Now let’s turn these insights into your own action plan. Here’s a simple three-step playbook to help you play offense this holiday season.

Move #1: Give the people what they want (unique gifts and practical perks)

When it comes to shopping, you and your customers are on the same page. Lean heavily into your competitive advantage by highlighting your unique products and superior customer service in your marketing. Then, layer in the practical incentives consumers are actively searching for, like targeted discounts or convenience perks (think free shipping or curbside pickup) to seal the deal.

Move #2: Make AI your new operational assistant

Don’t let the holiday crunch pull you away from your customers. Use AI to draft your promotional emails, generate social media images, and analyze your sales data. Think of it as an assistant that never sleeps, freeing you up from time-consuming manual tasks so you can focus on providing a great in-store or online experience.

Move #3: Focus on customer retention

A successful shopping season shouldn’t end in December. A majority of small businesses (53.4%) report that over a quarter of their holiday customers are repeat buyers. And many owners are planning ahead, with 39% planning to send follow-up emails in the New Year, and 33.9% planning to introduce new product lines in Q1 to keep buyers engaged.

But there‘s a massive missed opportunity happening at the checkout counter.

75.2% of consumers say they’re likely to shop at a small business they’ve never patronized before, yet nearly a quarter (22.1%) of small businesses aren’t planning *any* specific follow-up to bring holiday shoppers back in the New Year. Even more surprising? Over 70% of small businesses don’t plan to invite holiday shoppers to join their email list or loyalty program.

Don’t make this mistake. If three-quarters of consumers are willing to buy from a new small business like yours this year, make sure you actually capture their email address so you can invite them back to patronize your business again in January (and beyond).

Ready to make this your best holiday season yet?

Curious to know more about how small businesses and consumers are gearing up for the holidays? Read the Holiday 2026 Small Business Now press release for more of our findings.

With Constant Contact’s all-in-one digital marketing platform, you can do it all in one place: manage your social media and email marketing, capture customer data seamlessly, create content in a snap with AI, and use automation to turn one-time holiday shoppers into lifelong customers. Start your free 30-day trial today and see how easy it can be to start getting seen.

FAQs

1. What is the biggest challenge small businesses and shoppers face this holiday season?

Rising prices and inflation are the primary hurdles, cited as the top holiday concern for 31.5% of shoppers and 30.1% of small business owners. To overcome higher costs, businesses are leaning into targeted discounts and convenient fulfillment options like curbside pickup.

2. How are small businesses using AI for holiday marketing?

This holiday season, 68.2% of small businesses plan to use AI tools, with 53.4% increasing their AI usage compared to last year. Specifically, small businesses are using AI to draft marketing content (33.6%), create product imagery (32.2%), and forecast inventory demand (30.9%).

3. Are consumers comfortable with small businesses using AI in their marketing?

Yes, 56.3% of consumers report being comfortable with small businesses using AI to generate marketing assets. Small businesses are following suit, with 33.6% using AI to draft marketing copy, 32.2% to produce product imagery, and 30.9% to forecast inventory demand.

4. How can a small business turn holiday shoppers into repeat customers?

Capture customer email addresses at checkout and plan a targeted follow-up campaign to bring them back in January. While 75.2% of consumers are open to trying a new small business this season, over 70% of owners miss out by failing to collect contact details at the register.

Tags: holiday marketing | small business now | statistics

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Whitney Filloon is a writer, content strategist, and former Vox Media journalist who has worked with enterprise brands like Skype and Microsoft and helped dozens of small businesses figure out their "secret sauce".

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