



MARKET STUDY

State of Small Business AI Confidence 2026

How small businesses are adopting, trusting, and harnessing AI in 2026

Online survey and interviews with 350 US-based business owners



Fielded
May 2026



Business with
1-50 employees



All AI
experience levels



MoE $\pm 5.2\%$
at 95%

[Bluehost.com/ai-confidence](https://bluehost.com/ai-confidence)

FOREWORD

The Game Changing Power Of AI Confidence

We believe the new era of AI offers an extraordinary opportunity for small businesses to succeed online without the resource constraints that previously held many back. We set out to understand where confidence with AI stands today and what small businesses need most.

We partnered with ListenLabs to interview 350 small business owners across every level of AI experience and asked them about adoption, mastery, trust, ROI, AI search visibility, and the agentic AI wave on the horizon. We learned a lot.

A year ago, the small business AI story was purely about adoption. That is no longer the conversation. Today, 87% of small businesses use at least one AI tool, and a majority pay for one. But adoption has outpaced understanding with only 20% describing themselves as highly confident using AI. Most compelling to us was seeing the direct correlation between an owner's self-rated AI confidence and their reported revenue growth, with those claiming mastery seeing nearly 5X revenue impact.

The majority of business owners not yet experiencing AI-accelerated growth were eager to know what to use, when to trust it, and how to make it actually work for their business.

The State of Small Business AI Confidence 2026 marks our first annual report. Given that SMBs account for 99.9% of all American businesses, employ roughly 45.9% of the private-sector workforce, and generate approximately 43.5% of the total U.S. GDP, the potential positive impact of AI on SMBs could be a true tail wind for the American economy. We look forward to seeing how SMB AI adoption and confidence shifts between now and through 2027.

Sincerely,

Sachin Puri

Chief Executive Officer, Bluehost



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Wide Use: Thin Mastery

Adoption Is The New Baseline

AI use among small businesses is broad, habitual, and increasingly paid for as an accepted cost of doing business

The majority of small businesses in 2026 are using AI in some way; 87% of the small businesses we surveyed use at least one AI tool, with almost half (47%) in their first year of AI use. Most (56%) are using AI every day; similarly, (56%) pay for at least one AI subscription rather than relying on free tools alone.

87%

Use at least one AI tool

47%

First year of AI use

56%

Use AI everyday

56%

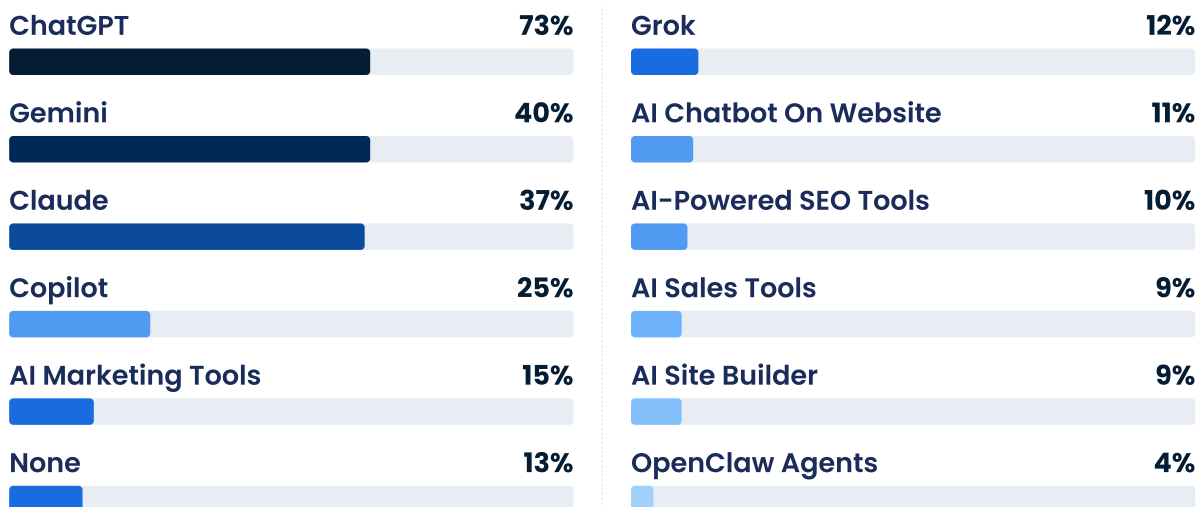
Pay for at least one tool

The shape of the AI stack tells its own story. ChatGPT appears in 73% of small businesses, more than five times the share of any specialized AI tool. Gemini, Claude, and Copilot land in the middle of the range. Below that, the long tail of purpose-built AI thins out fast. AI marketing tools, chatbots on websites, SEO tools, accounting tools, and sales tools each show up in fewer than 12% of businesses.

Most small business AI today is happening through a single general-purpose chat interface. The owner is the integration layer.

AI Tools in Use

% of owners using each · multi-select, does not sum to 100%



They are copying outputs into their website, their email, their listings, and their proposals. The specialized AI applications that would actually live inside the SMB workflow are still very much missing.

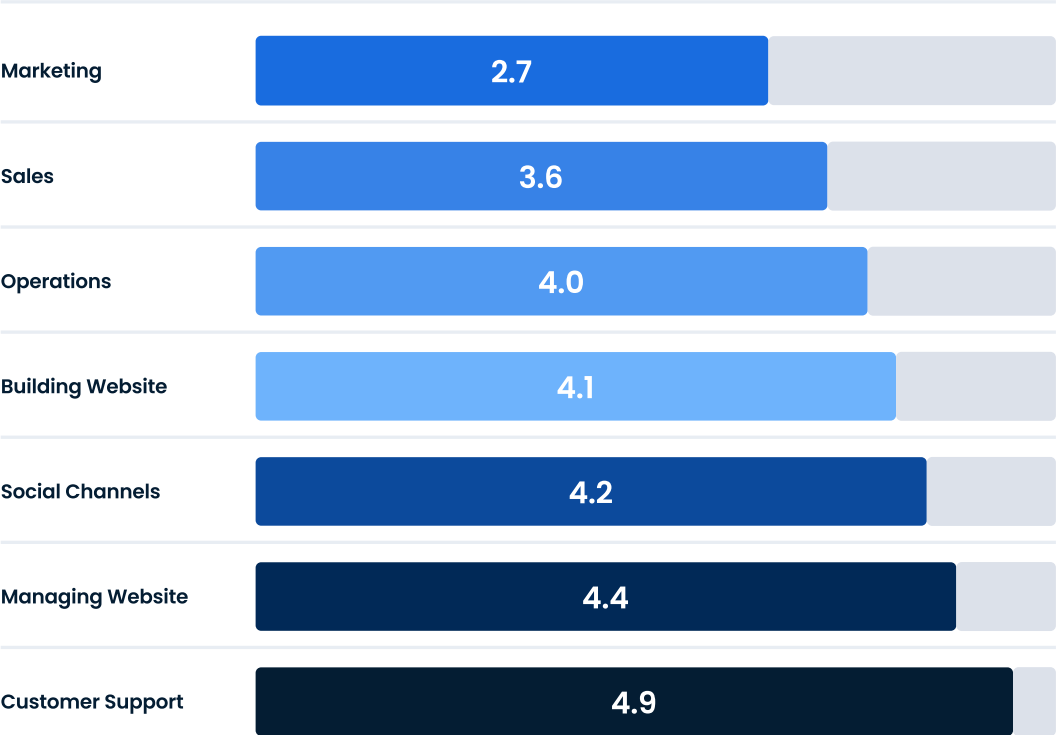
Nearly Half Of All Adopters Are Still In Their First Year

47% of users have been using AI for less than a year. That is a category-defining detail. The owners building habits with AI right now are forming the preferences and provider loyalties that will shape the next decade of small business technology. The window to influence those habits is open today and closing fast.

Marketing and Sales Lead Small Business AI Use Cases

Marketing dominates AI relevance for small business owners at an average rank of 2.7, followed by Sales (3.6) and Operations (4.0). Customer support sits last. Owners see AI as a front-office growth lever, not a support utility.

Where AI Has Most Relevance

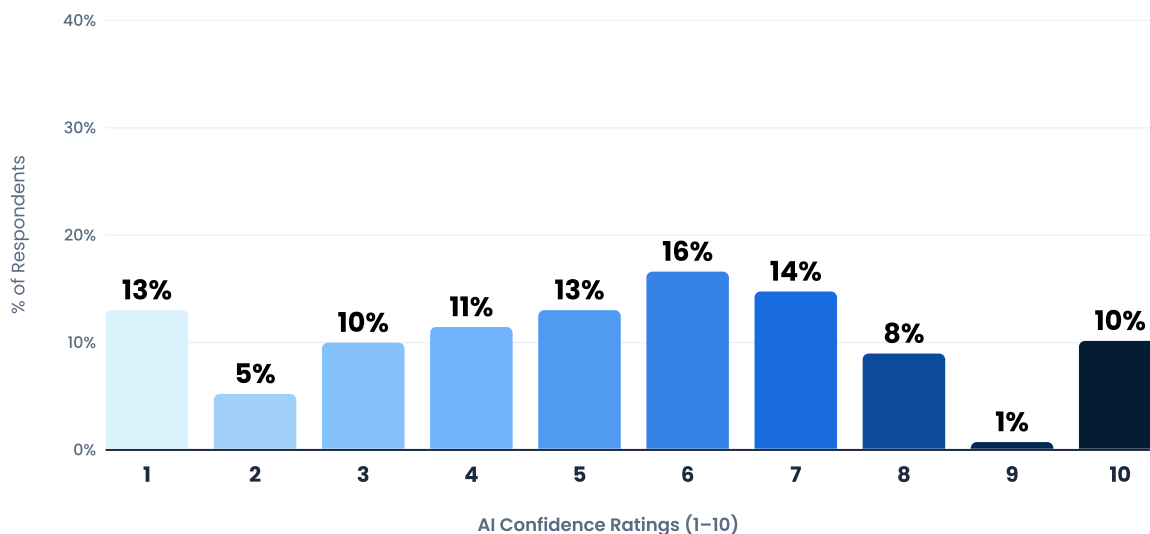


Where AI Has Most Relevance: Stack Rank 1-7, lower equals higher relevance

The Confidence Divide Is The Defining Challenge

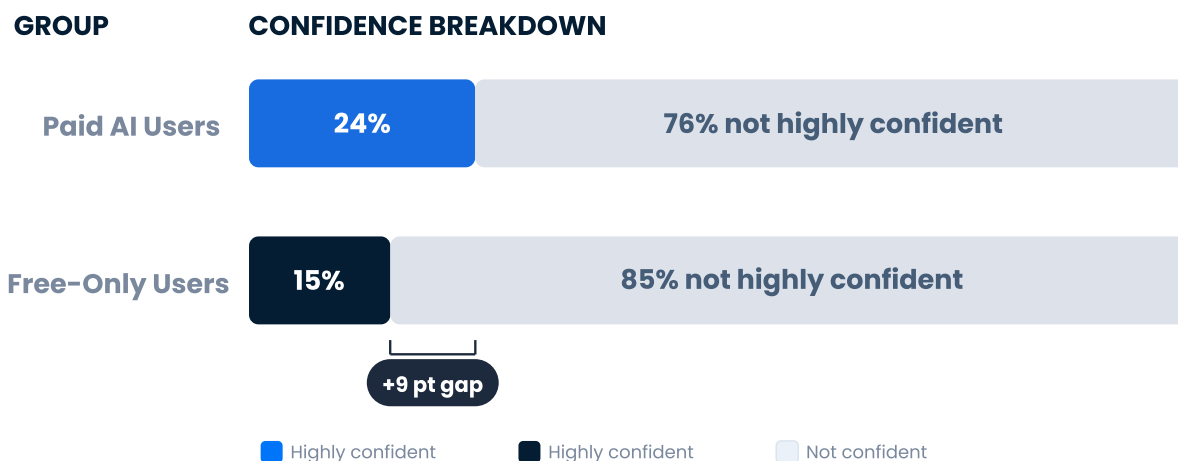
On a one-to-ten scale, only 20% of small business owners rate themselves an 8, 9, or 10 in their effective use of AI. 28% sit at three or below. The largest cluster sits in the middle of the scale, where owners are using AI regularly but feel uncertain about whether they are using it well.

Self Rated Confidence



Spending More Does Not Solve This

76% of small businesses paying for AI subscriptions still are not highly confident in how they use those tools. Only 24% of paid users reach the high-confidence band. Among free-only users, the share is even lower at 15%. The category has solved the willingness-to-pay problem. It has not solved the confidence problem.

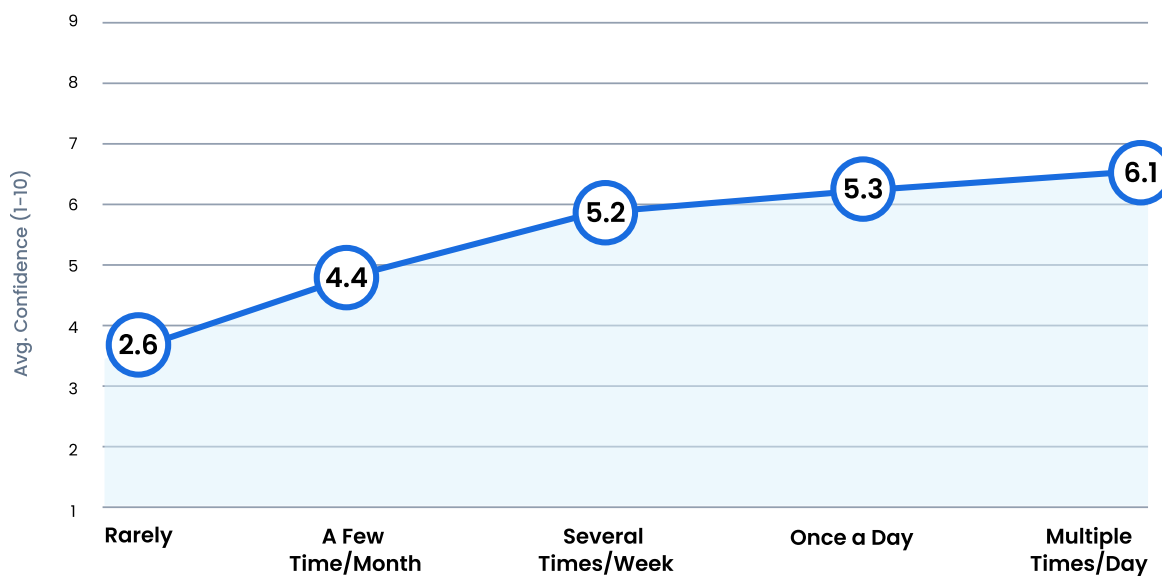


Repetition Is The Real Teacher

Our data reveals a clear pattern: the more frequently an owner uses AI, the more confident they become. Owners who use AI multiple times per day report significantly higher confidence scores than those who use it sporadically. This is the “learning a new skill takes repetition” factor at work. Confidence is not something you purchase with a subscription. It is something you build through daily practice.

Frequency Builds Confidence

Repetition breeds mastery. The more frequently owners use AI, the more confident they become.



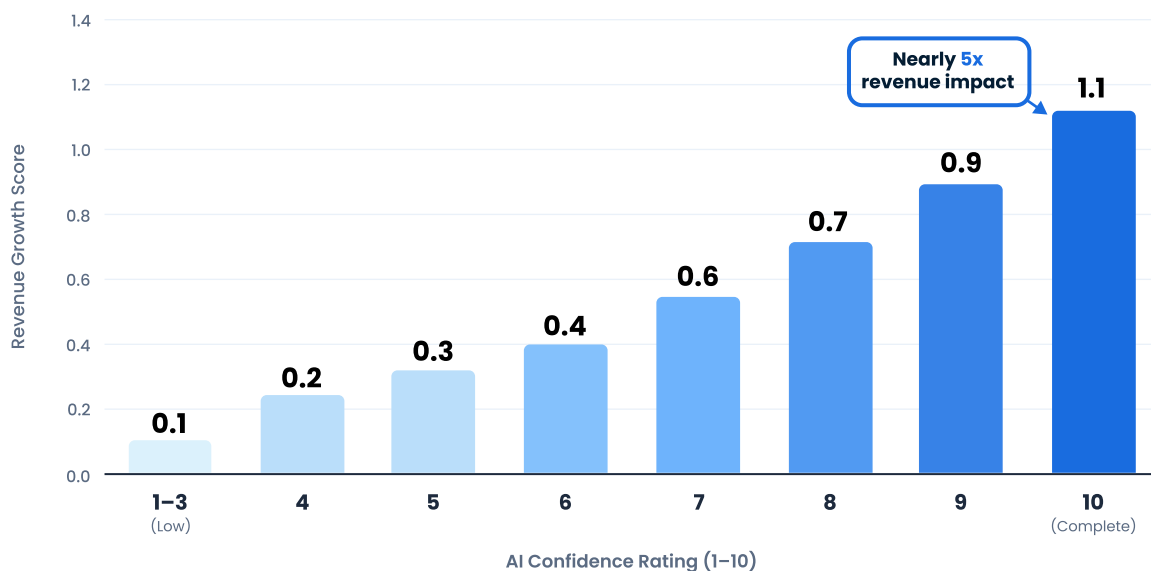
AI Usage Frequency

See Methodology section for details in how these numbers were compiled

Confidence Is Also The Strongest Predictor Of Revenue Impact

Perhaps the most striking finding in this entire study is the direct correlation between an owner's self-rated AI confidence and their reported revenue growth. Respondents who rated their confidence at 10 out of 10 reported a revenue growth score of 1.1. Those at 4 out of 10 reported a growth score of only 0.2. The confidence gap is a revenue gap. Businesses that pursue AI mastery are seeing nearly 5x more revenue impact from the same technology available to everyone else.

The Confidence–Revenue Connection



The Barriers Owners Describe Are Practical

30% point to a lack of AI knowledge as their main barrier. 27% say the tools they have tried are not specific enough to their type of business. 19% want pre-packaged solutions rather than building their own configurations from scratch. Notably the adoption barriers point to a need for education and enablement versus any issues with cost or a lack of curiosity.



I have very little confidence in my ability to know what the right AI tools are to use, and I also have very little confidence in AI's ability to get it right 100% of the time.

— SURVEY RESPONDENT, SMALL BUSINESS OWNER

The confidence divide is a real, measurable gap between what small businesses are doing with AI and what they feel competent doing. Closing that gap is where the next round of AI leadership lies.

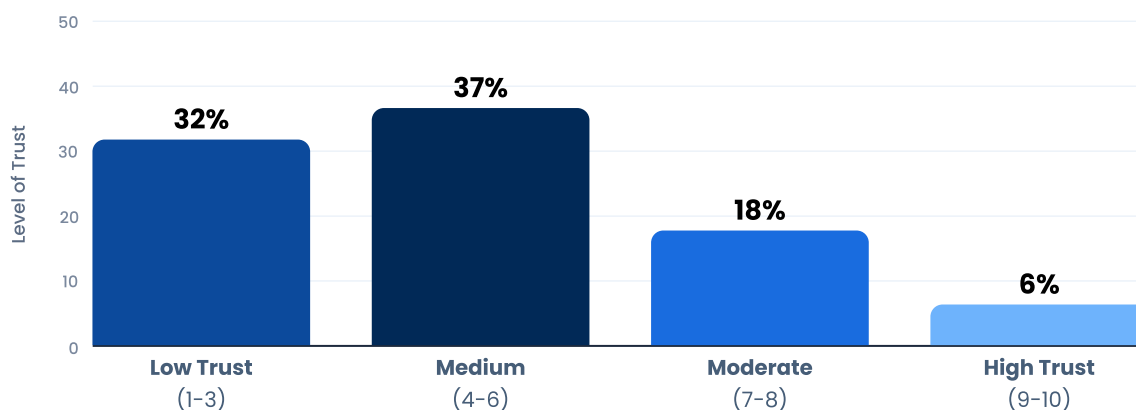
Trust Is the Hidden Ceiling

Most Owners Will Not Let AI Touch The Customer Without A Human In The Loop

Confidence and trust are not the same thing. An owner can feel reasonably confident using AI to draft a blog post and still refuse to let AI respond to a customer in their company's voice. Our data shows that distinction clearly.

Only 6% of small business owners highly trust AI to write in their brand voice or speak to their customers. 29% barely trust it at all. The remaining majority sits in the middle, using AI as a drafting assistant while keeping a human in the loop before anything reaches a customer.

Trust in AI for Brand Voice



Only 6% of owners highly trust AI with their brand voice.

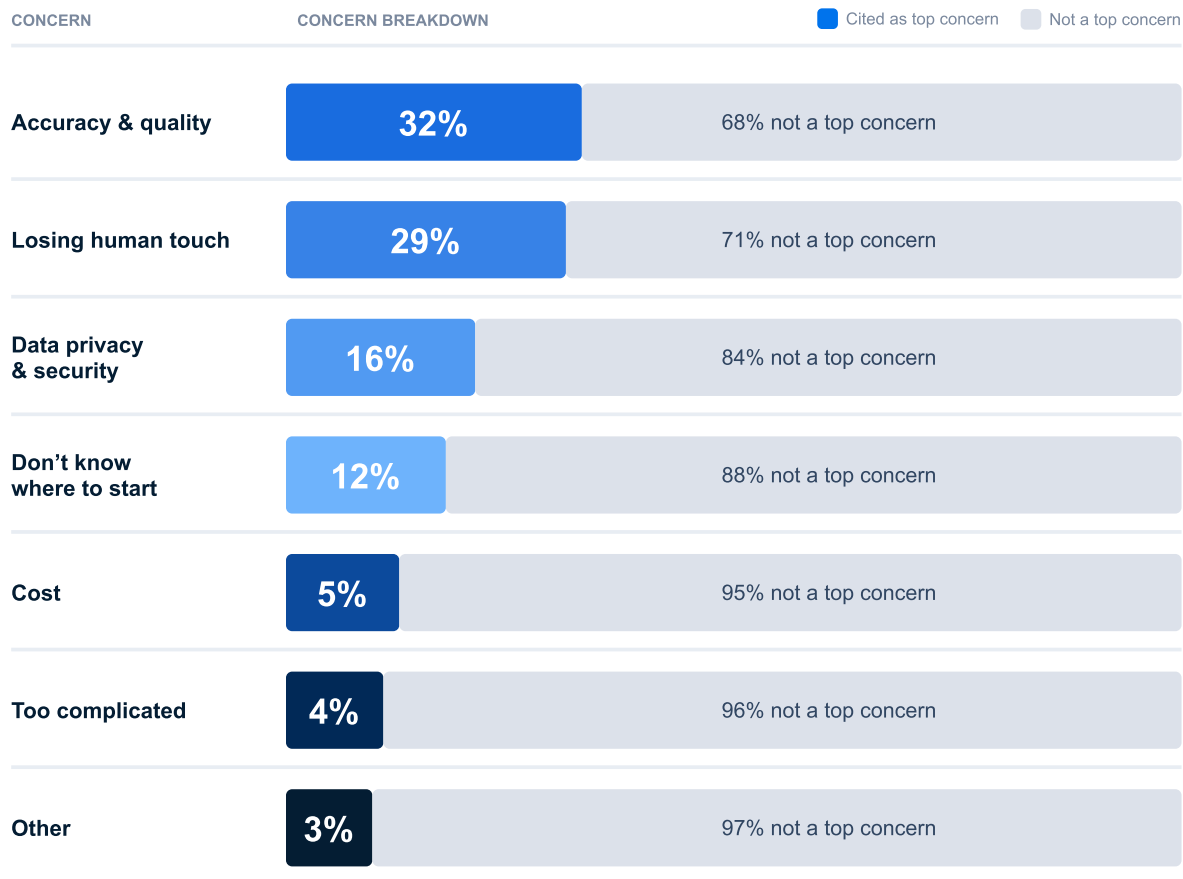
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“It’s often wrong and I can’t trust it completely for even things like marketing. Everything sounds like AI slop.”

— SURVEY RESPONDENT, SMALL BUSINESS OWNER

The Fears Driving Caution Are Specific

32% of owners cite accuracy and quality of output as their top AI concern. 29% worry about losing the human touch in their content. Notably, only 5% said cost was their biggest concern. The real barriers are about output quality and brand integrity, not budget. Owners describe an “AI slop” problem, where outputs technically work but read as generic, off-tone, or wrong in ways their customers would notice immediately.



34% say AI pricing feels unpredictable — yet only 5% name cost as their biggest fear.
The real barriers are output quality and brand integrity, not budget.

Disclosure Patterns Confirm The Same Posture

33% of owners never tell customers when AI is involved in customer-facing work. Only 8% always disclose it. 26% sometimes disclose, depending on the situation. 33% don't use AI in customer-facing content. The prevailing approach is quiet use, kept behind a human reviewer who carries the brand voice and the accountability for what reaches the customer.

Small business owners want AI that helps them work faster, sounds like them, and never embarrasses them in front of a customer. Brand-voice controls, accuracy safeguards, and human-in-the-loop workflows are the price of entry for any AI product that wants to move from the back office to the front lines.



Time Savings First, Revenue Emerging

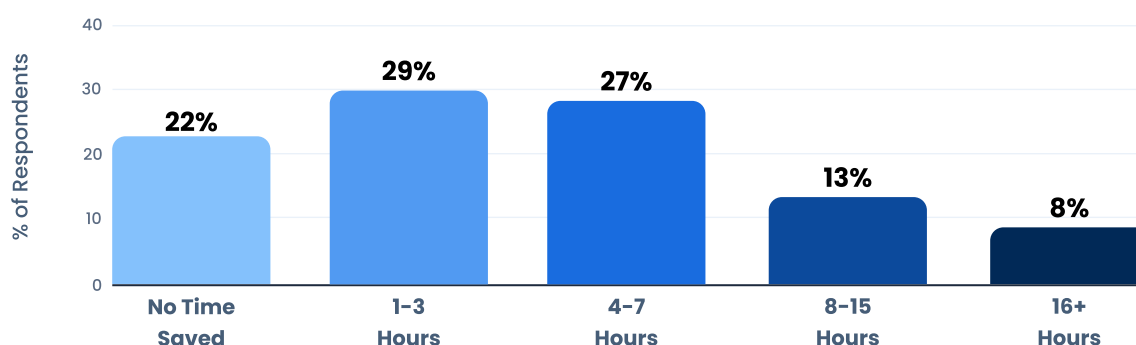
Operational Efficiency Is The Immediate Payoff

When small businesses talk about the value they are getting from AI today, they talk about time.

78% say AI saves them time every week. 21% reclaim eight or more hours a week, the equivalent of a full workday. For owners running businesses with five to fifty employees, that recovered time tends to land on the highest-value work the owner does, the work that did not happen before because the day ran out.

Hours Per Week Saved by AI

78% save time each week

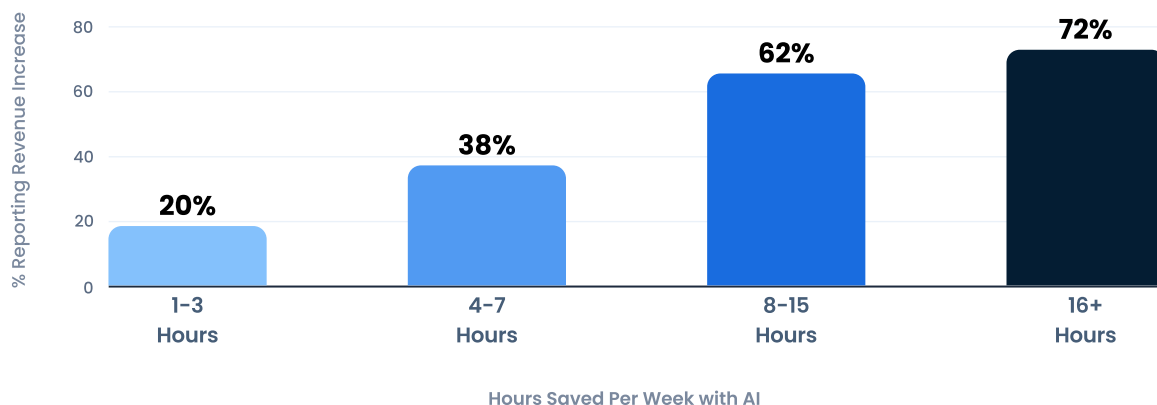


The 16-Hour Tipping Point

Our data reveals a threshold where AI shifts from a productivity perk to a revenue driver. Businesses that save 16 or more hours per week using AI are 3.7 times more likely to report a revenue increase compared to those saving only 1 to 3 hours (72% versus 20%). The time saving promise of AI needs to save enough time to allow owners to shift their focus entirely from operational administration to growth.

The 16-Hour ROI Tipping Point

Businesses saving 16+ hours per week are **3.7x more likely to see revenue growth** than those saving 1-3 hours.



The 8-To-15-Hour Sweet Spot For Scaling

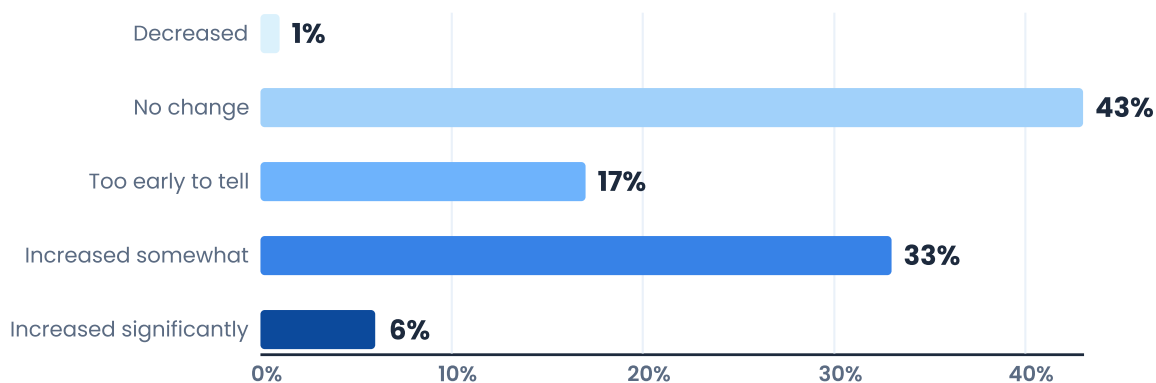
While the 16-plus-hour group sees the most dramatic revenue growth, there is a specific scaling phase in the 8-to-15-hour range where 62% of respondents reported revenue “increased somewhat.” This is the phase where a business has likely automated its most repetitive administrative tasks, allowing it to scale operations without yet having to fundamentally restructure its business model. For most small businesses, this is the zone where AI starts paying for itself.

Revenue Lift Is Happening, Slower For Some

A meaningful 39% of owners report measurable revenue growth attributable to AI. 43% see no change. That is not a sign that AI has failed to deliver. It is a sign that operational efficiency arrives first and revenue impact takes longer to compound. Using AI daily has increased revenue for 32% of respondents, confirming that consistent use is a key factor in translating time savings into top-line growth.

Revenue tells a more cautious story. 39% of AI users say revenue has grown since adopting AI, but 43% report no change at all. Decreased revenue is rare. AI is mostly removing cost and friction, not yet driving net-new growth that owners can attribute.

Revenue Change Since Adopting AI



Base size: N=299; Only includes respondents who answered Q27 (AI users).

78%

Save time each week

21% reclaim 8+ hours a week, a full workday.

39%

See revenue lift

43% see no change yet. The revenue chapter is still being written.

The ROI story that lands with owners right now is hours back in the week. The revenue story is the next chapter that comes with more AI usage and understanding of how best to leverage.

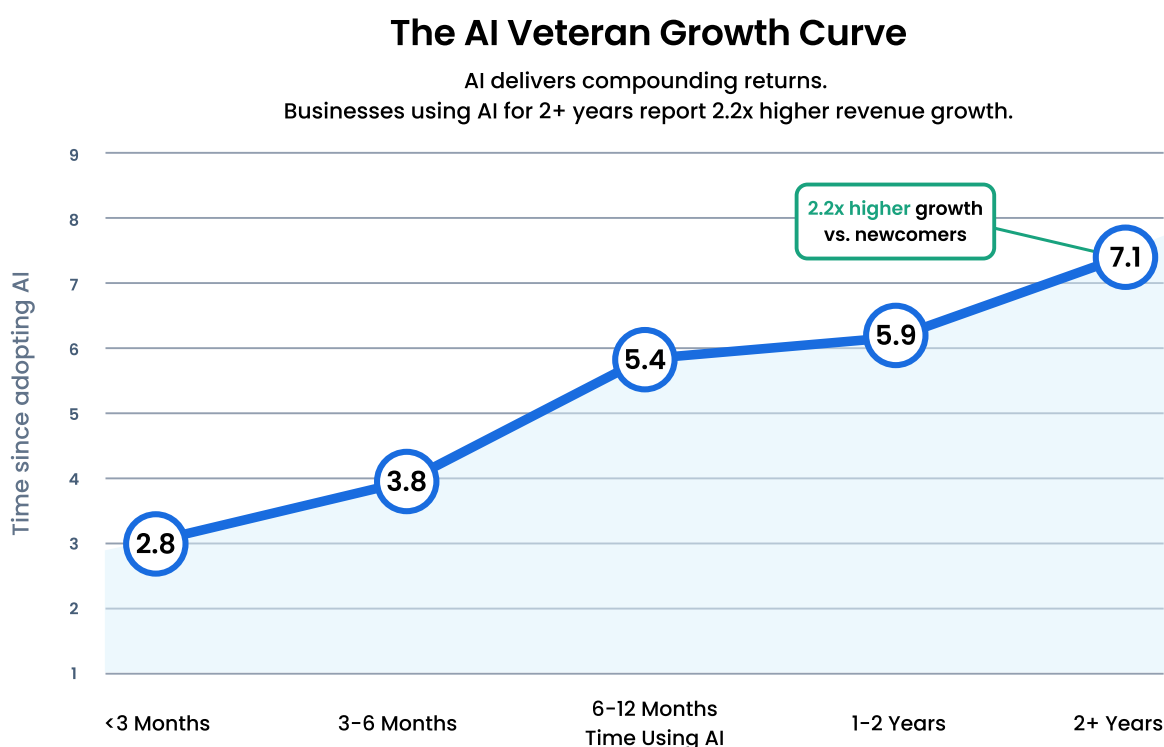
What Separates AI Winners From The Rest

Tenure, Confidence, And Website Strategy Define The Businesses Seeing The Most Revenue Impact

Beyond the broad ROI story, our data reveals a specific set of characteristics shared by the businesses getting the most from AI. These are not the businesses with the biggest budgets. They are the businesses that have stayed with AI the longest, practiced the most, and adapted the fastest.

The AI Veteran Growth Curve

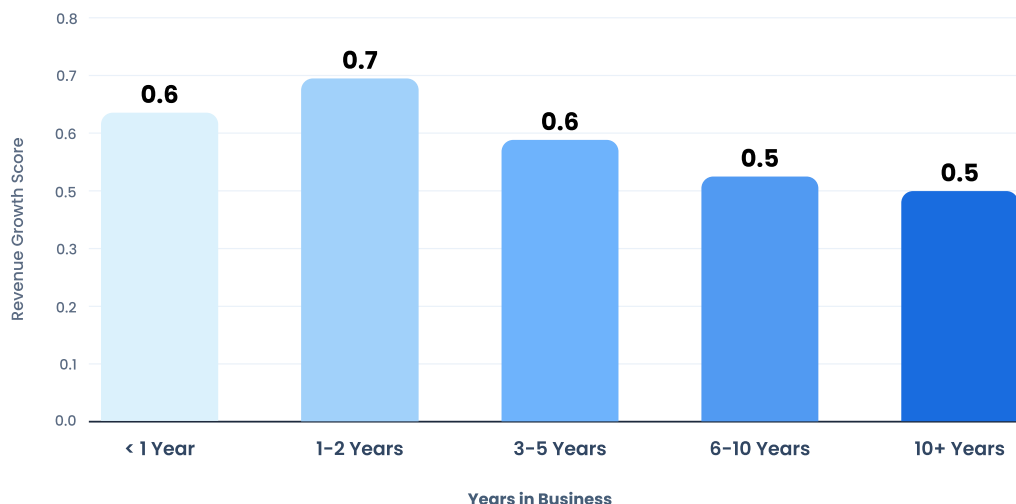
There is a clear compounding-interest effect for businesses that have stuck with AI for more than a year. Businesses using AI for more than two years report a revenue growth score 2.2x higher than those who have been using it for less than three months (7.1 versus 2.8). Growth from AI is not instant. The most successful small businesses are those that have moved past the experimentation phase and have fully integrated AI into their long-term operations.



Younger Businesses Are Pulling Ahead

The data suggests that early-stage businesses are seeing the most immediate ROI from AI. Businesses in their first one to five years of operation report the highest average revenue growth scores (0.6 to 0.7) compared to established businesses with ten or more years of operation (0.5). Younger companies are likely more agile and “AI-native,” building their processes around automation from day one, whereas established companies may be facing higher legacy friction when integrating AI into existing workflows, and may not know how to get focused help.

Revenue Growth by Business Age



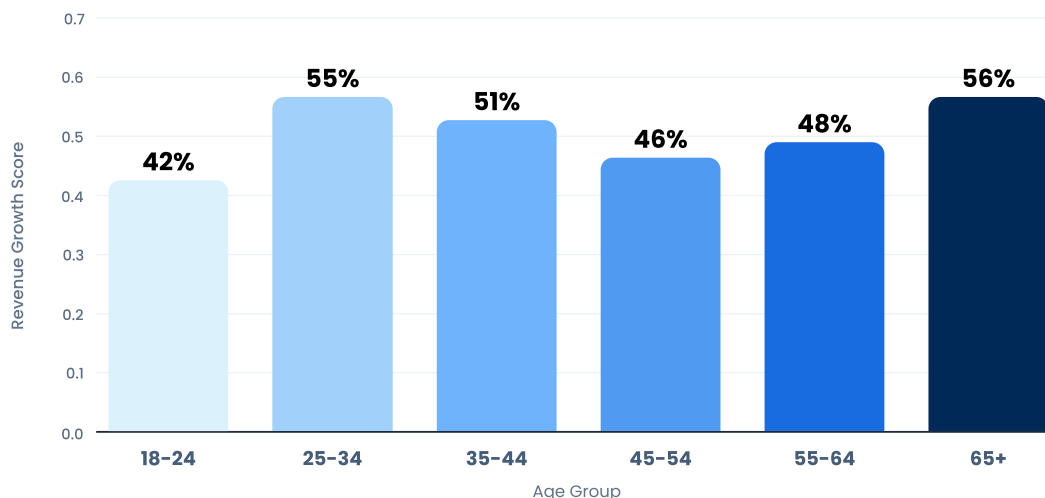
Younger businesses are more agile and AI-native, building processes around AI from the start.

The 65+ Crowd Is Out-Prompting Millennials

Contrary to the “new tech is for the young” narrative, the oldest demographic in our study is just as active with AI as the youngest. 56% of respondents in the 65-plus age group report using AI multiple times per day, which actually slightly edges out the 25-to-34 age group at 55%. AI’s ease of use through natural language has removed the traditional technical barriers that previously kept older business owners on the sidelines of technology adoption.

Daily AI Usage by Age Group

The 65+ cohort uses AI just as frequently as the 25-34 group, defying the “tech is for the young” narrative.

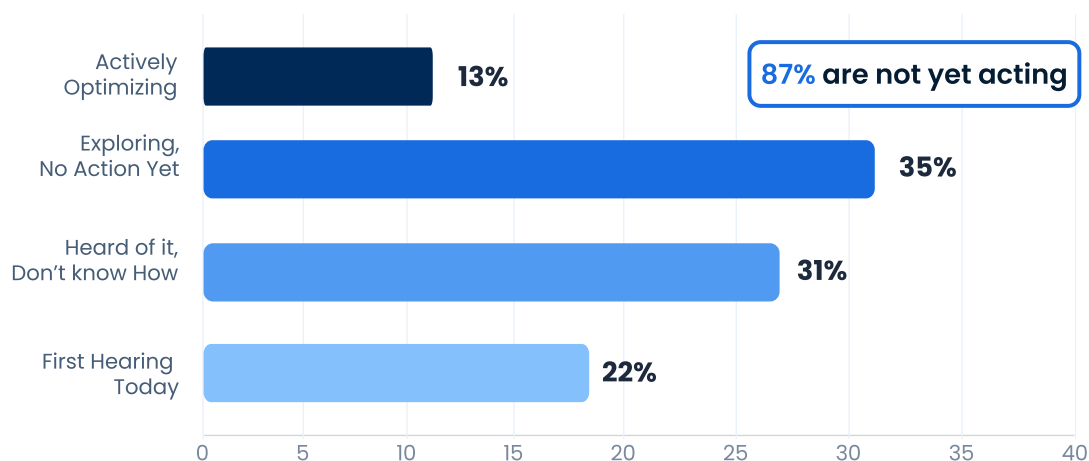


AI Search Is The Open Frontier

Awareness Is Late. Urgency Is Real. The Education Gap Is Wide Open.

AI search optimization is where the gap between what small businesses know and what they will need to know is widest. Only 13% of small businesses are actively optimizing for AI search visibility today. 35% have heard of it but have not taken action. 31% know it exists and do not know where to start. 22% are encountering the concept for the first time in this study.

AI Search Optimization Stage



3.4x
Higher Growth

Even Imperfect Optimization Is Paying Off

Businesses that say they are actively optimizing for AI search results report a revenue growth score of 0.89, which is 3.4 times higher than those who are just hearing about it (0.26). Even early, imperfect attempts at making a website more readable for AI appear to correlate with measurable business growth. The act of paying attention to AI discoverability seems to signal a broader operational maturity with AI that lifts the whole business.

The FOMO Factor Is Real

When asked how they would respond if a competitor showed up first in AI search results, 47% of owners said they would treat it as a top priority requiring immediate action. 78% said they want to see how their competitors are appearing in AI-generated results. The fear of being left behind is the strongest motivator for AI adoption, even among owners who are not yet acting on it. However, 13% of owners are reporting that more customers have found them through AI tools and therefore are already seeing a positive impact from AI search on discoverability and revenue growth.

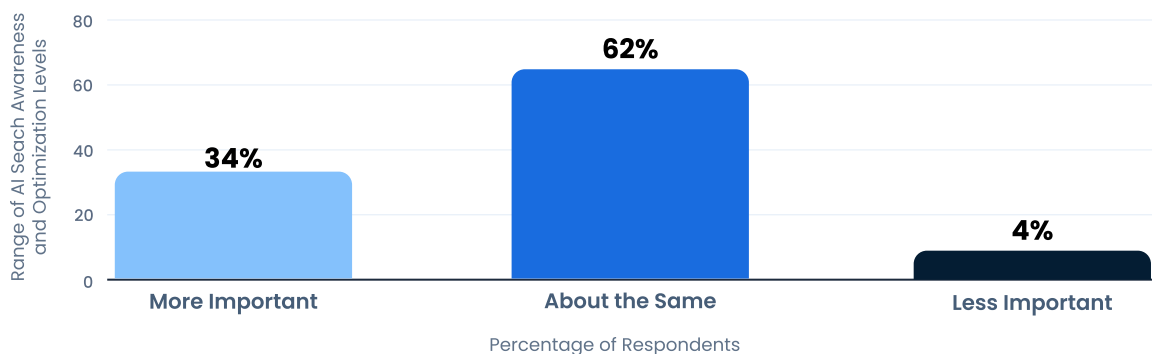


This is the classic shape of a category shift that has been recognized but not yet acted on. The owners ready to act are waiting for a credible starting point. The owners who have not yet processed the shift will catch up fast once a competitor surfaces ahead of them.

Heightened Value Expressed In Websites Again

Despite the rise of social media and AI-powered chat, the traditional business website is actually gaining value. Roughly 34% of respondents say their website has become more important since they started using AI, while only 4% say it has become less important. Businesses are realizing that to be recommended by AI, they need a robust, data-rich website that acts as the source of truth for AI models to reference. The website is becoming the foundation for a new kind of discover ability.

How AI Has Changed Website Importance



AI Agents: High Awareness, Low Deployment

Owners Want Autonomy Where It Drives Growth, Not Where It Touches The Customer

79% of small business owners are aware of AI agents, but only 16% have deployed one. The agent adoption gap is wide, and the early use cases that the owners surveyed asked for reveal a lot.

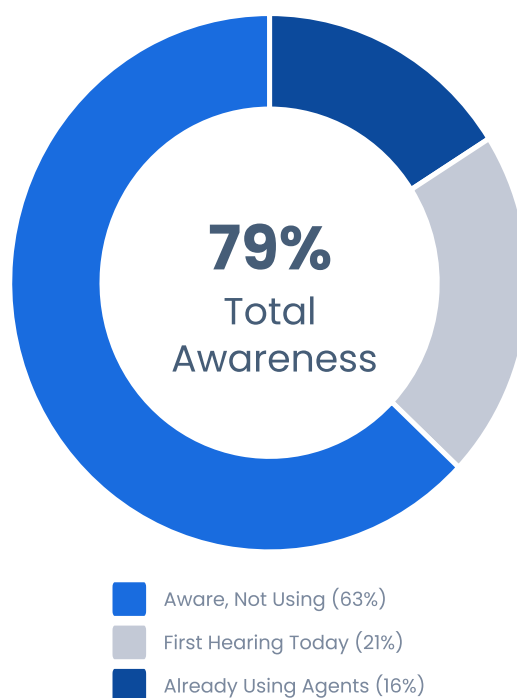
When asked which tasks they would prioritize for an AI agent, owners put website and SEO updates and paid and social marketing at the top of the list.

Customer service and inventory management rank lower. The pattern is consistent with the trust data. Owners are most comfortable handing autonomy to AI on growth tasks that get the business found, and least comfortable handing it tasks where a mistake reaches a customer directly.

The First Agents That Win in Small Business Will Be Focused, Not Universal

Owners do not need a futuristic vision of autonomy. They need a believable story about specific jobs they would gladly hand off if the output were trustworthy. An agent that updates a site, optimizes a listing, runs a campaign, or improves search visibility fits the demand pattern in this study. The category leaders here will earn share by naming a job and doing it well, in language an owner already uses to describe their week.

AI Agent Awareness vs. Deployment



16%

Have deployed one

56 of 350 owners have an AI agent doing real work in their business today.

63%

Aware but not acting

The clearest white space in the report. Awareness without action is a buying window.

79%

Aware of AI agents

276 of 350 owners know what agentic AI is, even if they have not used one yet.

KEY TAKEAWAYS

What This Means For Small Business

The Category Has Crossed The Adoption Line. The Next Round Belongs To Confidence.

01

Adoption is no longer the issue.

87% of small businesses already use AI. Continuing to argue for adoption misses where the market actually is. The opportunity now is helping owners use AI effectively.

02

The confidence divide is a revenue divide.

Confidence is the single strongest predictor of revenue success in this study. Owners at 10 out of 10 confidence see nearly 5x the revenue impact of those at 4 out of 10.

03

Human in the loop is supremely relevant for small businesses.

Only 6% of owners highly trust AI with their brand voice. Quality concerns and the fear of losing the human touch keep AI behind the scenes. Brand-voice controls and human-in-the-loop workflows are the price of entry.

04

Time savings compound into revenue over time.

78% save time every week. Businesses using AI for 2+ years see 2.2x higher revenue growth. The platforms that help owners stay with AI through the learning curve will own the compounding growth story.

05

AI search is already driving revenue for early movers.

13% already receive customers through AI search, and they see double the revenue growth. Meanwhile, 87% have not yet acted. The window to lead is open and closing.

06

The website is the new front door for AI discovery.

34% say their website is more important since adopting AI. Businesses that optimize for AI search report 3.4x higher revenue growth. The website is becoming the source of truth for AI-powered recommendations.

07

Agents and workforce shifts are the next frontier.

79% are aware of agents, only 16% have deployed one. Generic AI capabilities that lack precise understanding of small business needs and where they really need help will face an uphill road. Top selected priorities when considering using an AI Agent in the future included making website and SEO updates, running social media and Google ads and answering product questions and setting up appointments.



THE FUTURE

What The Data Tells Us About What Comes Next

Enabling The Confidence To Think Big. That Is Our Work.

The patterns in this study point to something the market has not yet fully priced in: AI confidence compounds. Businesses using AI for two or more years are already seeing 2.2 times the revenue growth of newcomers. The 13% of businesses receiving AI referrals today are seeing double the revenue of those who are not. The 13% of businesses actively optimizing for AI search are outperforming the rest by 3.4 times.

These gaps will not stay small. Every month a small business delays building real AI fluency is a month a competitor spends compounding ahead of them. The businesses that reach 10/10 confidence are already generating nearly 5 times the revenue impact from the exact same technology available to everyone else.

The window to get ahead is still open.

Bluehost exists for this moment. Our job is to take the most important technology shift in a generation and make it practical and genuinely usable for the small business owner who has seventeen other things on her plate. The confidence to think big has always been what separates businesses that simply survive from businesses that scale. AI has raised the stakes on that truth.

We will publish this report annually. We are committed to tracking this confidence gap until it closes and to building products, resources, and experiences that make closing it possible.



Out of necessity, small business owners often outperform their resources through sheer determination and creativity. AI gives them leverage that was previously available only to large enterprises. We will make sure that leverage is actually in their hands versus sitting in a product they do not know how to use.

— SACHIN PURI, CEO, BLUEHOST GROUP

METHODOLOGY

Who We Interviewed

Bluehost partnered with ListenLabs to field an online quantitative and qualitative study engaging 350 U.S. small business owners in May 2026. Participants own businesses with 1–50 employees across multiple industries including retail, professional services, local services, health and wellness, tech, non-profit, media, restaurant, hospitality and more. Owners ranged from never having tried AI to using it many times every day. The survey covered six areas: AI tool adoption, self-rated confidence and mastery, trust in AI for customer-facing work, time and revenue ROI, awareness and readiness for AI search, and appetite for agentic AI. Drop headline and just go straight into explaining our Methodology. We need to add the following to this paragraph. The margin of error for the full sample is ± 5.2 percentage points at the 95% confidence level. Margins of error for subgroup analyses are larger and vary by subgroup size.

Established Adopters

61% (188 of 350) have been using AI for 6+ months. These are real operators making practical decisions about tools, spending, and customer acquisition.

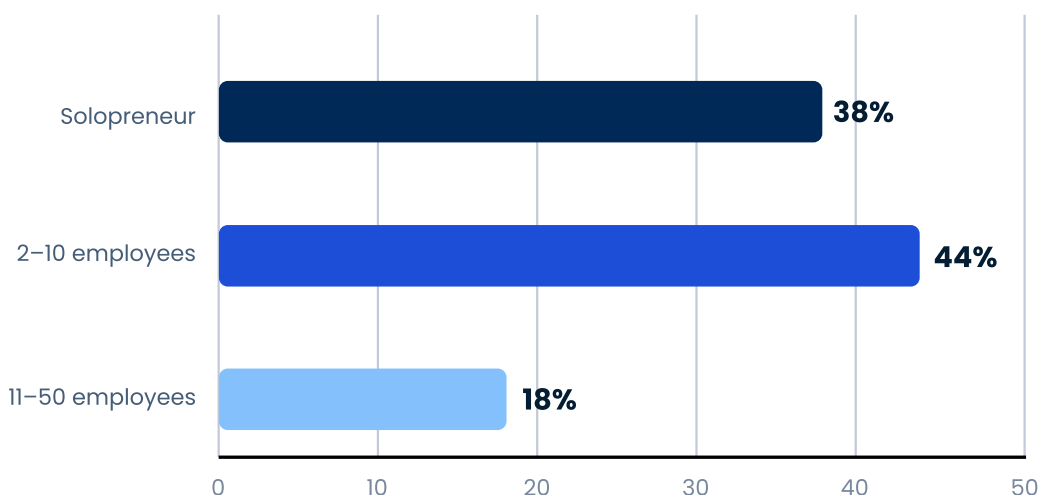
Recent Users

24% (85 of 350) started using AI within the last 6 months. This group is still building familiarity and forming habits around AI tools.

Non-Users

13% (44 of 350) are not yet using AI in their business. Their perspectives capture the remaining edge of hesitation and where enablement is needed.

Business size breakdown



Methodology Notes:

- In some instances, percentages may not total 100% due to rounding of individual figures.
- (Frequency Builds Confidence) Confidence scores reflect respondents' self-reported ratings on a 1–10 scale (1 = not confident at all, 10 = completely confident) in response to the question "How confident are you that you are using AI effectively in your business?" Average scores by usage frequency were calculated as weighted means — each rating value was multiplied by the number of respondents who selected it, summed, and divided by the total number of respondents in that frequency group. Frequency groups reflect responses to "How frequently do you use AI tools for your business?" and range from Rarely to Multiple times per day. N=350.
- (The AI Vetern Growth Curve) Confidence scores reflect respondents' self-reported ratings on a 1–10 scale (1 = not confident at all, 10 = completely confident) in response to the question "How confident are you that you are using AI effectively in your business?" Average scores by length of AI usage were calculated as simple means across all respondents in each tenure group. Tenure groups reflect responses to a question about how long respondents have been using AI tools, ranging from less than 3 months to more than 2 years. The 2.2x figure reflects the ratio of average confidence among respondents using AI for 2+ years (7.1) vs. those using AI for less than 3 months (2.8). N=350.