



MAY 2021

United States Small Online Business Report

**eBay Boosts Small Business
Resiliency During the Pandemic**

ebay



EXECUTIVE SUMMARY

The COVID-19 pandemic has created unprecedented challenges for small businesses and entrepreneurs across America and around the world. Supporting the vibrant eBay seller community during these difficult times has been central to eBay's corporate mission. As we celebrated our 25th year anniversary in 2020, eBay was more committed than ever to tirelessly using technology to empower people, foster recovery and create economic opportunity for all. We have actively engaged with national, state and local governments to offer our partnership and advocate on behalf of small businesses during this challenging time. While the world has forever changed, we are inspired to continue to do our part to help the United States emerge with a stronger, more resilient, equitable and inclusive economy.

This report explores how independent small businesses and entrepreneurs across America were able to turn to eBay's online marketplace during the initial months of the pandemic and use ecommerce to connect with consumers across the country and around the world. eBay helped small businesses, both existing and new to online commerce, meet growing consumer ecommerce demand and compensate for oftentimes declining local, in-store traffic. The eBay marketplace allowed small businesses to quickly adapt to changing conditions. Some small businesses who were already ecommerce veterans ramped up their efforts, many others shifted their focus from storefronts to ecommerce, while others joined online markets for the first time. In the six months following the initial pandemic lockdowns of March 2020, the number of eBay-enabled small businesses in the United States grew 34 percent over the same time frame in the previous year. Sales by eBay-enabled small businesses grew by an even greater 38 percent compared to April - September of 2019. As evidence of the value of eBay's marketplace platform, 84% of eBay-enabled small businesses said that eBay was essential to keeping their business open and connected to consumers during the COVID-19 pandemic. Finally, more than 99 percent of the eBay-enabled small businesses in America, operating from communities in every state and nearly every county, sold to customers outside their home state in the first two quarters of the pandemic - proving ecommerce's critical role in helping small businesses reach customers remotely to sustain themselves through this global health crisis.

The ability of small retailers to turn to the eBay marketplace during the pandemic is a striking example of how ecommerce can empower small businesses to weather extreme shocks in their local economy. However, small businesses using online marketplaces to reach beyond their local economies has paid quieter, but equally important dividends for years by turning them into successful global traders and delivering outsized economic growth in otherwise stagnant rural and economically challenged communities. The eBay marketplace allows even the smallest businesses to create a storefront online and compete for the business of nearly 200 million customers in markets globally. A massive 96 percent of eBay-enabled small businesses in the United States exported in 2019, the most recent year for which this data is available. Reaching distant consumers is also especially important for small businesses operating from more economically challenged regions, including rural communities. These counties have suffered from stagnant economic growth for many years. While the number of rural business establishments in America was essentially flat from 2011 to 2018, growing just 0.4 percent, that was not the case on eBay, in which the rate of growth in the number of small businesses in rural counties was a far more robust 13.7 percent.

During the First Six Months of COVID eBay-Enabled Small Businesses Grew*:

34% in Number

38% in Sales

*YoY April 1, 2020-September 30, 2020

84%

of eBay-enabled small businesses said that eBay is essential to keeping their business open and connected to customers during the COVID-19 pandemic.

Share of Enterprises Exporting (2019)

96% eBay-Enabled
Small Businesses

compared to only

0.9% Traditional
Businesses

Growth in the # of Enterprises (2011-2018)

31.1% eBay-Enabled
Small Businesses

compared to only

7.4% Traditional
Businesses

We greatly appreciate your interest in this report. If you have any questions, comments or feedback - please do not hesitate to contact:

Alan Elias (aelias@ebay.com)

Thank you!

INTRODUCTION

Small businesses have always been at the heart of the eBay marketplace. Supporting eBay's vibrant, creative and compassionate community of sellers during these difficult times has been our top priority. We remain committed to tirelessly using technology to empower people, foster recovery and create economic opportunity for all, in order to emerge with a stronger, more resilient, equitable and inclusive economy.

Small businesses and entrepreneurs across the United States and in markets around the world have been greatly impacted by the unique and complex economic and social challenges stemming from the COVID-19 pandemic. Part 1 of this report explores how these businesses were able to quickly turn to eBay's online marketplace during the first six months of the pandemic, to connect with consumers across America and around the world. Ecommerce strategies to reach consumers where they are, rather than just from a local, physical storefront, quickly went from a forward-thinking growth strategy to a business imperative for many. Small businesses, driven by need and entrepreneurial skill, responded, meeting growing consumer ecommerce demand and compensating for the reality of declining retail foot traffic. eBay's online marketplace allowed small businesses and entrepreneurs to quickly adapt. Small business ecommerce veterans shifted even more focus to online while others joined the ecommerce marketplace for the first time. Pandemic shutdowns and restrictions in many states and localities across the US began in mid-March 2020, and in the following six months, the number of eBay-enabled small businesses in the United

States grew 34 percent over the same time frame in the previous year.¹ Sales by US-based eBay-enabled small businesses grew by an even greater 38 percent over the previous year.

Part 2 of this report reveals how the sustained power of the eBay marketplace to empower small businesses to reach beyond their local economies has paid quieter but equally important dividends for years by turning small businesses into successful global traders. The result has been outsized economic growth in rural and economically challenged communities. Robust and concrete data demonstrates that eBay-enabled small businesses in every state have been engaging in global trade at a scale once reserved for the very largest corporations. The numbers are striking: a massive 96 percent of eBay-enabled small businesses in the United States export² – a rate of exporting that dwarfs that of traditional businesses – and these small businesses reach on average 16 different countries annually³, again drastically exceeding the reach of traditional business exporters. The ability of small, independent businesses to reach consumers anywhere across the globe has helped foster enterprise growth in rural and more diverse counties, places that too often otherwise suffer from economic stagnation. The net rate of growth in the number of small businesses on eBay in America's rural counties was 13.7 percent from 2011-2018, while it flatlined at 0.4 percent in the overall rural economy.⁴ Growth in the number of eBay-enabled small businesses in rural and more diverse counties offers hope that technology serving small businesses can serve as a rural growth counterweight.



Jennie Walker

Walker/Viden Luxury Consignment
Pasadena, CA

Jennie Walker has had a passion for fashion all her life. With a successful career in retail, fundraising, and merchandising with some of the industry's biggest names under her belt, she decided to pivot to styling. Along with a partner, Jennie founded Walker/Viden Luxury Consignment, providing unique wardrobe and styling services to clients all over the world: like many small business retailers, COVID threatened her business, but selling on eBay allowed her to keep it open and even expand her global reach.

“In fashion, having a physical store where customers can actually come and look at the clothes is huge. So, when we had to close the doors to our store because of COVID, we were worried how our business would survive. To try to reach some of our customers during the pandemic, we began listing more of our retail on eBay. Doing so has kept our business not only alive, but we are thriving.”

Part 1: eBay Empowered US Small Businesses and Entrepreneurs to Respond to the Pandemic

The eBay community of small business sellers and entrepreneurs has been at the heart of our marketplace since the earliest days of the platform. This section will review, at a high level, the impact of the pandemic on small businesses, specifically in the retail sector, a community that faced unprecedented challenges as a result of the pandemic. It will examine how small businesses and entrepreneurs across the country were able to quickly turn to the eBay marketplace and connect with consumers, locally, regionally, nationally and even in other countries. This access to a global customer base proved invaluable in helping these businesses succeed when compared to small businesses as a whole.

Impact on the Retail Industry

March 2020 saw the beginning of a broad and varied range of governmental, private sector and individual responses to the COVID-19 pandemic. States and localities instituted a series of varied and often sweeping public health-related orders, mandates and recommendations to limit personal contact and inhibit the spread of the virus. The State of Washington instituted the first such order on February 29, 2020 and every state was under an emergency order of some form by March 16, 2020, including 23 states with some form of “stay-at-home” advisory by April 7, 2020. State orders and guidance went through various iterations throughout the rest of the year based on changes in conditions related to the virus, health care services and the economy in each state.⁵ This report will not attempt

to quantify or assess the negative impact of the pandemic on health and safety, other than to say that it took a massive toll on individuals, families and communities across the nation. Nor is it within the scope of the report to comment on the efficacy or appropriateness of any public policy responses.

The retail sector has been significantly impacted by the pandemic, both directly and indirectly. Simply operating in the context of the virus became a question for many retailers, large and small. A wide range of government shutdowns, restrictions and mandates were imposed on retailers, with 48 states and the District of Columbia implementing restrictions of some kind. As states imposed initial “stay-at-home” orders, retail businesses were among those facing questions over which were “essential,” including among small enterprises.⁶ Judgements and enforcement decisions were often made locally.⁷

Most operating decisions fell to retail business leaders themselves. Many large retail chains outside the grocery and household supply sectors closed their physical stores to customer traffic for a time and shifted their focus to various ecommerce-enabled retail channels, in particular buying online and picking up curbside.⁸ If a retail business operated at all, there were questions over how to operate safely, both for employees and customers, with shifting guidance and recommendations regarding operating best practices.⁹



Alec Featherstone
Freaks & Geeks LLC
Denton, TX

Alec Featherstone wanted to create a “home for all nerds,” and opened a comic, video game, and toy store in his hometown of Denton, Texas in 2018. After initial success, COVID caused him to shutter his fledgling business and sell the store’s space. Fortunately, Alex decided to try selling on eBay, which enabled him to keep his business afloat and his hopes of once again opening a physical location alive.

“COVID forced us to shut down our physical store. Without any foot traffic to our store, we were not making a profit large enough to pay our store’s rent and eventually we were forced to sell. Facing the death of my business, I decided to give eBay a try. eBay gave us a place to transfer all of our retail and keep our business alive. Thanks to the growth we have experienced on eBay, we will be able to buy another physical location once the pandemic ends.”



Laurie Wong
Reflections of Trinity
Powder Springs, GA

Laurie Wong has always used her success to help others in need. For over 15 years, she has used eBay to grow her thrift store, Reflections of Trinity, and build a non-profit charity that supplies clothing, shoes, accessories, and food to those in need in her community. Having served tens of thousands of people already, the pandemic brought thousands more to her door. Her eBay sales have enabled her to sustain her business and continue supporting those in need.

“The COVID pandemic has increased the number of people in our community who need help from our food bank. We would not have been able to keep up with demand if it weren’t for eBay! eBay helped keep our business up & running so we could continue supporting our community even when our physical warehouse and food bank had to close.”

Side-by-side with government orders governing business operations, retailers faced the negative impacts on the overall economy and consumption. Taken as a whole, “Retail Trade” in the United States fell 3 percent year-over-year in Q2 2020, with in-store retail falling a much more significant 8.8 percent.¹⁰ While consumer demand fell, there were also unprecedented changes in shopping behaviors. As the initial lockdowns eased, research indicated that segments of retail shoppers modified their behaviors to a greater or lesser degree based on motivations for in-person shopping, such as whether shopping was a sociable activity or more functional, and their responsive behaviors would impact retailers as much as government mandates in many cases.¹¹

The mix of disruptions, simultaneously transforming how American consumers behaved and pushing retailers to allow workers to operate more physically distant from customers, accelerated an embrace of ecommerce that many industry experts believe will prove permanent.¹² Nationally, ecommerce spiked in Q2 2020 to \$211.6 billion, the largest level in US history by over \$50 billion in quarterly sales.¹³ Online retail, which had never exceeded 11.3 percent of US retail sales before the pandemic, jumped to an unprecedented 16.1 percent of total retail sales and stayed above 14 percent for the remainder of 2020.¹⁴

Ecommerce Proves Key to Small Business Success

Small businesses were hit especially hard by the pandemic, including in the retail sector. Nationally, surveys indicated harm to over 80 percent of small businesses¹⁵, with almost half of the smallest, those with 1-4 employees, reporting a significant or severe impact, a rate higher even than larger firms.¹⁶ While it could have been expected that the largest omnichannel retailers

and chain stores, many of whom had invested billions in digital technologies over a number of years, would shift efforts to ecommerce, small businesses also proved nimble and rapidly adopted technology tools, including ramping up ecommerce and digital payments options.

eBay marketplace data from the second and third quarters of 2020, April 1 to September 30, reveals how significantly small retailers turned to technology. eBay’s online marketplace allowed small businesses across the country to quickly adapt within just a few weeks of initial “stay at home” orders and other state and local restrictions across the country. Some were ecommerce veterans who worked to meet expanded consumer demand, some shifted more of their focus from storefronts to ecommerce, while others joined the ecommerce marketplace for the first time. In the six months following the initial pandemic lockdowns, the number of eBay-enabled small businesses in America grew 34 percent over the same time frame in the previous year. In 11 states, the number of eBay small businesses grew by more than 40 percent, and in Hawaii, South Dakota, North Dakota and West Virginia the numbers jumped by 50 percent or more, led by the 64 percent jump in the Aloha State, which otherwise faced an extended and debilitating slump in tourism.¹⁷

FIGURE 1.0

During the First Six Months of COVID
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Patty Whitlock
The Shopping Mom
Fort Lauderdale, FL

Patty joined eBay while working as a respiratory therapist in the neonatal intensive care unit at Nicklaus Children's Hospital in Miami as a way to make extra income for her family. Though she found her full-time job challenging and rewarding, it was also emotionally taxing. The birth of her second child finally prompted her to make a change and start her own online business. Within four weeks, her eBay business, The Shopping Mom, was matching her hospital earnings. Patty also started traveling the country to various trunk shows to sell the unique fashion finds that make up her store. As an immunosuppressed individual, the pandemic severely impacted Patty's normal means of selling at in-person events and festivals, but she has been able to make up for those lost sales while staying healthy by selling exclusively online.

"It's a blessing how eBay has helped immunosuppressed sellers, such as myself, during the COVID pandemic. Without even meaning to, they have given me a sense of safety online, allowing me to stay home and sell and create an income with little risk to my overall health."

The success of small businesses' adoption of ecommerce through the eBay marketplace is also evident in the 38 percent jump in sales by eBay small businesses from April 1 to September 30, 2020 compared to that time period in 2019. eBay seller communities in eight states ramped up their sales by over 50 percent, led by a 79 percent jump for eBay sellers in Alaska, 82 percent from Hawaii and 124 percent from Nebraska. The fact that some of the most striking jumps in eBay sellers and their sales came from the most remote and rural states points to the power of ecommerce to allow small businesses to reach consumers outside their immediate region. In fact, greater than 99 percent of the eBay-enabled small businesses in the United States sold to shoppers outside their home state from April 1 to September 30, 2020.

More important than the fact that small business retailers adopted technology in response to pandemic pressures is the evidence that ecommerce appears to have helped them better weather the storm. In fact, 84% of eBay-enabled small businesses said that eBay is essential to keeping their business open and connected to customers during the COVID-19 pandemic.¹⁸ Additionally, independent research into small business banking data reveals that small business retail recovered from the initial pandemic shutdown shock more quickly and completely than many other types of small enterprises.

As the pandemic slowdown continued through the summer of 2020, restaurants and personal services businesses continued to see the largest negative impacts, but by the end of September, small business retailers had returned to parity from the prior year.¹⁹ The end of year US Census Bureau Small Business Pulse Survey sheds further light on small retailers weathering the crisis

to a greater degree than many non-retail small businesses, with just 25.3 percent reporting a large negative impact, compared to 30.3 percent of small businesses overall.²⁰ Additionally, 18.2 percent of small retailers came out of 2020 indicating that the pandemic positively impacted their business overall, nearly three times more than the mere 6.6 percent of all small enterprises.²¹

While nothing can diminish the negative toll that the pandemic had on individuals, families and communities, the ability of small retailers to turn to the eBay' marketplace to adapt, and oftentimes thrive, illustrates the power of ecommerce to empower small businesses to buffer extreme shocks in their local economy by serving consumers remotely. The next section will focus on how the sustained power of the eBay marketplace to empower small retail businesses to reach beyond their local economies has paid quieter, but still important dividends for years. Small businesses have been transformed into successful global traders and the result has been outsized economic growth in rural and economically challenged communities.

84%

of eBay-enabled small businesses said that eBay is essential to keeping their business open and connected to customers during the COVID-19 pandemic.

Part 2: Empowering Economic Opportunity and Growth in Communities Across the US

Small Businesses as Global Traders

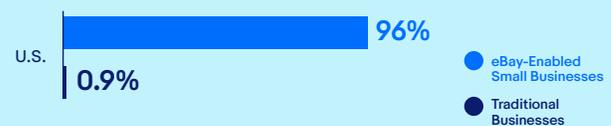
Global trade has traditionally been the purview of large corporations targeting attractive export markets, establishing overseas operations and serving them through a multi-national supply chain with vendors and consumers located around the world. Large enterprises account for less than one percent of enterprises in the United States²², but they deliver over two-thirds of exports.²³ Some smaller enterprises do engage in exporting, often as a participant in a larger business's Global Value Chain.²⁴ However, even accounting for these partnerships with larger enterprises, only around one percent of traditional businesses in the United States export.²⁵

Online marketplaces have transformed the ability of small businesses to export. When the Internet is combined with marketplace services and efficient logistics, even the smallest independent businesses can connect with consumers and establish trust across national and cultural borders.²⁶ Small businesses can create a storefront online and compete in global markets. At the same time, they can maintain local operations and create jobs in their community, such as through a traditional shop or their own small warehouse facility. World Bank Enterprise Survey data provides evidence that internationalized enterprises also achieve higher levels of productivity than those who forego export opportunities.²⁷

Share of Enterprises Exporting

The share of small businesses exporting on the eBay marketplace is the most striking data point that illustrates the trade disparity between global commerce platforms in comparison to traditional trade models.²⁸ Across the United States as a whole, 96 percent of eBay-enabled small businesses are exporters. States with some of the most export-intensive eBay seller communities are in all regions of the country, including Arizona, California, Maine, New York and South Carolina.²⁹ And no less than 94 percent of eBay small businesses are exporters in every state and the District of Columbia. All of these rates dwarf the share of traditional business exporters in every state, which US Census Bureau data reveals averages 0.9 percent nationally, and ranges from a low of 0.6 percent in Wyoming to a high of 2.3 percent in Delaware.³⁰

FIGURE 2.0
Share of Enterprises Exporting



Average Number of Foreign Destination Markets

Export businesses have been traditionally understood to face new costs when they target a new export market, with larger businesses able to handle those higher entry costs and compete in more markets than smaller businesses.³¹ The trade success of eBay-enabled small businesses indicates that this is no longer the case and small enterprises have access to foreign markets at a scale not reachable through conventional trade models. In 2019, eBay-enabled small business exporters across the United States averaged 16 different export markets.³² In contrast, traditional US exporters, which as noted in the previous section represent less than one percent of all enterprises, sell in an average of only 4 markets.³³ The rates at the state level for eBay-enabled small businesses range from a low of 13 markets to a high of 20. By contrast, the state-by-state figures for traditional businesses range from only 3 to 5 foreign markets.

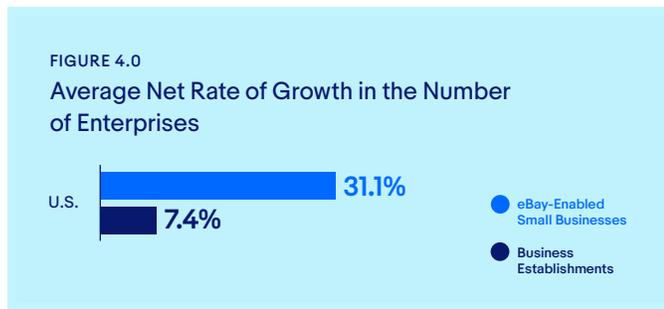
FIGURE 3.0
Average Number of Foreign Destination Markets



Net Enterprise Growth in the Traditional Economy and on eBay

The rate of net growth in the number of business firms is a sign of economic dynamism.³⁴ Higher rates of firm creation and firm destruction are positive signs of a dynamic economy, with resources moving from less productive to more productive enterprises. A net increase in firms represents an overall healthy environment and the birth of new firms is particularly important because new firms that start small and quickly grow create a disproportionate share of new jobs nationally.³⁵

The rate of growth in the net number of business establishments in the United States from 2011 to 2018 was 7.4 percent.³⁶ The rate of growth in the net number of eBay-enabled small businesses in the United States over the same period was 31.1 percent.³⁷ Net enterprise growth was four times more robust on eBay than in the overall national economy. Lower costs of doing business over distance and access to global consumer markets for even very small enterprises appears to have been delivering a more robust rate of enterprise creation than exhibited in the traditional economy for some time.



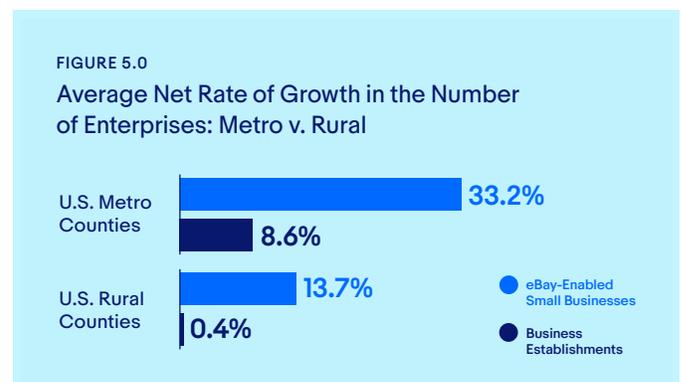
Small Business Ecommerce Bringing Dynamism to Distressed Regions

A broad-based decline in “dynamism” in the US economy, including reduced rates of new business formation, has been noted and studied for a number of years.³⁸ Declining economic dynamism appears especially troubling in rural America. As reported by the American Enterprise Institute in its 2020 report titled, “Rural America’s Stagnant Economic Performance”, per capita personal income growth in nonmetropolitan America lagged metropolitan America by 5.2 percentage points from 2010 to 2018.³⁹ Further evidence of rural America falling behind metropolitan regions can also be found in higher official poverty rates, sluggish job growth and persistent population decline.⁴⁰

Although the more robust growth in the net number of enterprises on eBay compared to the overall economy is noteworthy, concerns with rural stagnation leads us to also focus on the comparative levels of growth in the net number of enterprises in rural counties versus metropolitan counties. We use the USDA Economic Research Service’s 2013 Rural-Urban Continuum Codes to determine metro and rural counties for our analysis.⁴¹ Based on these Codes, 47 states had one or more counties classified as rural.

Nationwide, the net rate of growth in the number of business establishments in metropolitan counties was 8.6 percent for 2011–2018⁴², a staggering 21.5 times the 0.4 percent growth in the nation’s rural economy. On eBay, this disparity was far less, with small business growth in metro counties only 2.4 times that of the growth in rural counties. As such, enterprise growth on eBay was nearly 9 times more balanced than that of the traditional economy.

Additionally, the net rate of growth in the number of eBay-enabled small businesses in rural counties across the US overall was 13.7 percent from 2011–2018. In the national rural economy, the rate of enterprise growth was just 0.4 percent. Net growth in number of eBay-enabled small businesses outpaced that of traditional businesses across rural counties in 87 percent of states. In fact, looking state-by-state, rural small businesses growth on eBay exceeded even the rate of metro country traditional enterprise growth in more than 75 percent of the states with rural counties. While economists attribute the stagnant enterprise growth in rural communities to declining dynamism, the rapid growth in the number of eBay-enabled small businesses offers a hopeful counterpoint.



CONCLUSION

The COVID-19 pandemic created health, economic and social challenges that reverberated across society and the world in an unprecedented fashion. The retail sector, like so many industries, faced massive challenges, and small business retailers confronted huge obstacles and existential threats.

Looking back, the spirit, energy, adaptability and resilience of small retailers and entrepreneurs across the United States is a clear example of how independent small businesses must remain a central feature of the nation's economic future.

The ability of small retail entrepreneurs to use online marketplaces like eBay was a major success. eBay-enabled small businesses helped alleviate economic shocks, address shifts in consumer demand and continue local business operations that maintained jobs and incomes in communities across the country. eBay is proud of the fact that in the six months following the initial pandemic lockdowns of March 2020, the number of eBay-enabled small businesses nationwide grew 34 percent, and their sales increased by an even greater 38 percent. Giving small businesses the power to access remote consumer markets led to more than 99 percent of eBay-enabled small businesses selling to customers outside their home state. eBay-enabled small business commerce expanded the goods available to consumers who were reticent or prohibited from shopping in stores. Ecommerce also provided sales opportunities to retailers prohibited from selling in shops by various state and local restrictions.

Ecommerce was a clear small business success story during the early months of the pandemic, but it has been quietly delivering

concrete benefits to entrepreneurial small retailers and their local communities for several years. The striking trade success of independent eBay-enabled small businesses detailed in this report, with 96% exporting and to an average of 16 foreign markets in 2019, was a foreshadowing of how the online marketplace could help small businesses respond to the pandemic challenges. Likewise, empowering small retailers to serve consumers remotely, so critical in the pandemic, has also helped local small businesses grow in rural and disadvantaged communities where consumer demand has been chronically depressed. While the rate of growth in business establishments in the United States was a relatively healthy 7.4 percent from 2011-2018, it was very heavily weighted to metropolitan counties, with an 8.6 percent growth rate in metro regions. In the national rural economy, the corresponding rate of growth was just 0.4 percent. On eBay, the number of small businesses grew much faster and the metro to rural growth disparity was far less. Overall enterprise growth on eBay was 31.1 percent, in metropolitan counties it was 33.2 percent and in rural counties it was 13.7 percent. eBay-enabled small businesses growth in rural countries exceeded the overall traditional enterprise growth rates in metro counties, offering a counterpoint to charges that rural communities are trapped in economic decline.

Empowering independent small businesses to use technology to reach remote consumer markets, while operating in and supporting their local community, is a tool for long-term equitable and inclusive growth as well as economic resiliency. This will remain an eBay priority across America and around the world.



Yinka Ogunsunlade
Fashionably Legal
Silver Spring, MD

A lawyer by trade, Yinka Ogunsunlade turned his love of fashion into a thriving e-commerce business selling clothing and shoes. When demand for the professional attire he usually sells waned due to the pandemic, he quickly evolved his inventory to better meet the demands of buyers - expanding to include fitness attire and equipment. While COVID has presented new and unique challenges, Yinka's experience in ecommerce has helped him keep his business afloat.

“eBay has played a vital role in keeping my business running during the pandemic. COVID made it difficult to source new items and to house my inventory. Thanks to eBay, I can shop online for new inventory and easily list and quickly resell items to people all over the world. I have been able to use eBay and the internet for every aspect of my business to survive.”

- ¹ The trade and economic reports of the eBay Government Relations Team have consistently used eBay marketplace data limited to transactions by sellers with sales of at least \$10,000 USD annually on the eBay marketplace when referring to “eBay-enabled small businesses”, including in Part 2 of this report. However, in order to provide relevant comparisons to business activity in the six months from April 1, 2020 to September 30, 2020, and the prior year, “eBay-enabled small businesses” are sellers with sales of at least \$5,000 USD in the referenced six-month time periods.
- ² The eBay data reflects the share of 2019 eBay-enabled small businesses (those with \$10,000 USD or more in annual sales on eBay) in each location, who exported in that year.
- ³ The eBay data reflects the average number of different foreign markets, including countries and territories, reached by 2019 eBay-enabled small businesses (those with \$10,000 USD or more in annual sales on eBay) in each location, who exported in that year.
- ⁴ U.S. Census Bureau (01/25/2021) County Business Patterns: 2018. Available at: <https://www.census.gov/programs-surveys/cbp/data/tables.2018.html>.

U.S. Census Bureau (01/25/2021) County Business Patterns: 2011. Available at: <https://www.census.gov/data/datasets/2011/econ/cbp/2011-cbp.html>. State data: Table 6a - <https://www.census.gov/foreign-trade/Press-Release/edb/2017/tab6a.pdf>.

To determine the net business establishment growth rate for rural counties nationwide, we identified rural counties using the USDA Economic Research Service’s 2013 Rural-Urban Continuum Codes and then performed the following calculation: [(total number of 2018 business establishments) - (total number of 2011 business establishments)] / (total number of 2011 business establishments).
- ⁵ A comprehensive list of State Government Orders related to the pandemic is available from The Council of State Governments at: <https://web.csg.org/covid19/executive-orders/>.
- ⁶ Shoulberg, Warren. (04/23/2020) “What’s An Essential Retailer During A Pandemic? Depends Who You Ask.” Forbes. Available at: <https://www.forbes.com/sites/warrenshoulberg/2020/04/23/whats-an-essential-retailer-during-a-pandemic-depends-who-you-ask/?sh=791eb5ea1902>.
- ⁷ Cowan, Jill. (03/16/2020) “California Governor Orders Radical Changes to Daily Life.” The New York Times. Available at: <https://www.nytimes.com/2020/03/16/us/california-newsom-bars-home-isolation.html>.
- ⁸ Thomas, Lauren and C. Berk. (03/15/2020) “These Retailers are Closing Stores to Slow Coronavirus Outbreak.” CNBC. Available at: <https://www.cnbc.com/2020/03/15/these-retailers-are-closing-stores-to-slow-coronavirus-outbreak.html>.
- ⁹ As an example, see the National Retail Federation “Operation Open Doors Checklist”, available at: <https://cdn.nrf.com/sites/default/files/2020-04/NRF%20-%20Operation%20Open%20Doors%20-%20Checklist.pdf>. and “Industry Guidance” from the California Retailers Association on their COVID-19 Page, available at: <https://calretailers.com/covid19/>.
- ¹⁰ Federal Reserve Bank of St. Louis and US Bureau of Economic Analysis (3/26/2021) Retail Trade Data, retrieved from FRED, Federal Reserve Bank of St. Louis. Available at: <https://fred.stlouisfed.org/categories/6>.
- ¹¹ Knowles, Jonathan, Patrick Lynch, Russell Baris, and Richard Ettenson (09/22/2020) “As Stores Reopen, Which Customers Are Most Likely to Return?” MIT Sloan Management Review. Available at: <https://sloanreview.mit.edu/article/as-stores-reopen-which-customers-are-most-likely-to-return/>.
- ¹² Torry, Harriet (11/15/2020) “Pandemic Speeds Americans’ Embrace of Digital Commerce.” The Wall Street Journal. Available at: <https://www.wsj.com/articles/pandemic-speeds-americans-embrace-of-digital-commerce-11605436200>.
- ¹³ Federal Reserve Bank of St. Louis and US Bureau of Economic Analysis (3/26/2021) E-Commerce Retail Sales (ECOMSA), Retrieved from FRED, Federal Reserve Bank of St. Louis. Available at: <https://fred.stlouisfed.org/series/ECOMSA>.
- ¹⁴ Federal Reserve Bank of St. Louis and US Bureau of Economic Analysis (3/26/2021) E-Commerce Retail Sales as a Percent of Total Sales (ECOMPCTSA), Retrieved from FRED, Federal Reserve Bank of St. Louis. Available at: <https://fred.stlouisfed.org/series/ECOMPCTSA>.
- ¹⁵ US Chamber of Commerce (07/29/2020) “July 2020 Small Business Coronavirus Impact Poll.” Available at: <https://www.uschamber.com/report/july-2020-small-business-coronavirus-impact-poll>; and Comcast Business (09/20/2020) “Almost 80 percent of Small and Medium Business Owners Feel Prepared for a Second Wave of COVID-19 According to Survey from Comcast Business.” Available at: <https://business.comcast.com/about-us/press-releases/2020/almost-80-of-small-and-medium-business-owners-feel-prepared>.
- ¹⁶ Business Wire (10/08/2020) “Small Businesses Feel Biggest Impact of Coronavirus Pandemic.” Available at: <https://www.businesswire.com/news/home/20201008005232/en/Small-Businesses-Feel-Biggest-Impact-of-Coronavirus-Pandemic>.
- ¹⁷ The April 1, 2020 – September 30, 2020 year-over-year eBay-enabled small business growth in numbers for South Dakota, North Dakota and West Virginia were 55 percent, 52 percent and 50 percent, respectively.
- ¹⁸ Survey conducted in February 2021 of 778 US eBay-enabled small businesses (those with \$10,000 USD or more in annual sales on eBay).
- ¹⁹ JP Morgan Chase Institute (November 2020) “Small Business Expenses During COVID-19.” Available at: https://www.jpmorganchase.com/institute/research/small-business/report-small-business-expenses-during-COVID-19/?jp_cmp=email_stakeholdernote_sbexpenses.

- ²⁰ US Census Bureau (12/28/20 – 01/03/2021) “Overall, how has this business been affected by the Coronavirus pandemic?” Small Business Pulse Survey. Available at: <https://portal.census.gov/pulse/data/>.
- ²¹ Ibid.
- ²² World Economic Forum (2015) “What Companies Want From the World Trading System.” Available at: http://www3.weforum.org/docs/WEF_GAC_Trade_II_2015.pdf.
- ²³ US Census Bureau Press Release (04/02/2020) “A Profile of US Importing and Exporting Companies, 2017–2018.” Available at: <https://www.census.gov/foreign-trade/Press-Release/edb/2018/text.pdf>.
- ²⁴ Gereffi, Gary, J. Humphrey, and T. Sturgeon (2005) “The Governance of Global Value Chains.” Review of International Political Economy 12 (1): 78–104. Available at: http://www.fao.org/fileadmin/user_upload/fisheries/docs/GVC_Governance.pdf.
- ²⁵ Source for total number of exporters (2018): U.S. Census - Profile of U.S. Importing and Exporting Companies, 2017-2018 - <https://www.census.gov/foreign-trade/Press-Release/edb/2018/index.html>.
 U.S. data: Table 4a - <https://www.census.gov/foreign-trade/Press-Release/edb/2018/tab4a.pdf>.
 State data: Table 6a - <https://www.census.gov/foreign-trade/Press-Release/edb/2018/tab6a.pdf>.
 Source for total number of companies that have at least one employee in addition to the owner (2018): The County Business Patterns and Nonemployer Statistics Combined Report, 2018 - <https://www.census.gov/data/tables/2018/econ/cbp/2018-combined-report.html>.
 State/U.S. data: https://www2.census.gov/programs-surveys/nonemployer-statistics/tables/2018/combine18_xlsx.zip.
 Source for total number of companies that have no employees (2018): The County Business Patterns and Nonemployer Statistics Combined Report, 2018 - <https://www.census.gov/data/tables/2018/econ/cbp/2018-combined-report.html>.
 State/U.S. data: https://www2.census.gov/programs-surveys/nonemployer-statistics/tables/2018/combine18_xlsx.zip.
 Share = (total number of exporters) / ((number of employing companies) + (number of non-employing companies)).
- ²⁶ Meltzer, Joshua (2014) “Supporting the Internet as a Platform for International Trade.” The Brookings Institute. Available at: <https://www.brookings.edu/wp-content/uploads/2016/07/02-internet-international-trade-meltzer.pdf>.
- ²⁷ OECD/ECLAC (2012) “Latin American Economic Outlook 2013: SME Policies for Structural Change.” OECD Publishing. Available at: http://repositorio.cepal.org/bitstream/handle/11362/1464/1/S2012085_es.pdf.
- ²⁸ The eBay data reflects the share of 2019 eBay-enabled small businesses (those with \$10,000 USD or more in annual sales on eBay) in each location, who exported in that year.
- ²⁹ The share of eBay-enabled small businesses in Arizona, California, Maine, New York and South Carolina that are exporters are 97 percent in each state.
- ³⁰ Source for total number of exporters (2018): U.S. Census - Profile of U.S. Importing and Exporting Companies, 2017-2018 - <https://www.census.gov/foreign-trade/Press-Release/edb/2018/index.html>.
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 Share = (total number of exporters) / ((number of employing companies) + (number of non-employing companies)).
- ³¹ For example, see Roberts, Mark J. and James R. Tybout. Directions in Development: What Makes Exports Boom? (Washington, D.C.: The World Bank, 1997a); Bernard, Andrew and Joachim Wagner. Export entry and exit by German firms. Review of World Economics (Weltwirtschaftliches Archiv), 137 (2001), 105-123.; Bernard, Andrew and J. Bradford Jensen. Entry, Expansion, and Intensity in the US Export Boom, 1987-1992. Review of International Economics, 12 (2004b), 662-675.
- ³² The eBay data reflects the average number of different foreign markets, including countries and territories, reached by 2019 eBay-enabled small businesses (those with \$10,000 USD or more in annual sales on eBay) in each location, who exported in that year.
- ³³ Source for US level (i) Number of firms that trade with 1 country; (ii) Number of firms that trade with 2 to 4 countries; (iii) Number of firms that trade with 5 to 9 countries; (iv) Number of firms that trade with 10 to 24 countries; (v) Number of firms that trade with 25 to 49 countries; (vi) Number of firms that trade with 50+ countries: US 2016 data: Profile of US Importing and Exporting Companies, 2015-2016, Table 4a: <https://www.census.gov/foreign-trade/Press-Release/edb/2016/index.html>.
<https://www.census.gov/foreign-trade/Press-Release/edb/2016/tab4a.pdf>.

Average number (US level) = ((number of firms that trade with 1 country)*1 + (number of firms that trade with 2 to 4 countries)*3 + (number of firms that trade with 5 to 9 countries)*7 + (number of firms that trade with 10 to 24 countries)*17 + (number of firms that trade with 25 to 49 countries)*37 + (number of firms that trade with 50+ countries)*60) / ((number of firms that trade with 1 country) + (number of firms that trade with 2 to 4 countries) + (number of firms that trade with 5 to 9 countries) + (number of firms that trade with 10 to 24 countries) + (number of firms that trade with 25 to 49 countries) + (number of firms that trade with 50+ countries)).

Source for State level (i) Number of firms that trade with 1 to 5 countries; (ii) Number of firms that trade with 6 to 9 countries; (iii) Number of firms that trade with 10+ countries: State 2016 Data: Purchased US Census Data. Average number (state level) = ((number of firms that trade with 1 to 5 countries)*3 + (number of firms that trade with 6 to 9 countries)*7.5 + (number of firms that trade with 10+ countries)*15) / ((number of firms that trade with 1 to 5 countries) + (number of firms that trade with 6 to 9 countries) + (number of firms that trade with 10+ countries)).

³⁴ Partridge, Mark D. (2020) "Rural America's Stagnant Economic Performance." American Enterprise Institute. Available at: <https://www.aei.org/research-products/report/rural-americas-stagnant-economic-performance-what-is-the-role-of-declining-dynamism/>.

³⁵ See Neumark, D., B. Wall, and J Zhang (2008) "Do Small Businesses Create More Jobs? New Evidence from the Establishment Time Series." National Bureau of Economic Research. Available at: <https://www.nber.org/papers/w13818>; and Haltiwanger, J., R Jarmin, and J. Miranda (2012) "Who Creates Jobs? Small vs. Large vs. Young." National Bureau of Economic Research. Available at: <https://www.nber.org/papers/w16300>.

³⁶ U.S. Census Bureau (01/25/2021) County Business Patterns: 2018. Available at: <https://www.census.gov/programs-surveys/cbp/data/tables.2018.html>.

U.S. Census Bureau (01/25/2021) County Business Patterns: 2011. Available at: <https://www.census.gov/data/datasets/2011/econ/cbp/2011-cbp.html>.

To determine the net business establishment growth rate we performed the following calculation at the national state and individual county levels: [(total number of 2018 business establishments) - (total number of 2011 business establishments)] / (total number of 2011 business establishments).

³⁷ For the purposes of this section, eBay-enabled small businesses are defined as those sellers with \$10,000 USD or more in annual sales on eBay in 2011 and 2018.

³⁸ See Pugsley, B.W., and A. Sahin (2014) "Grown-up business cycles." FRB of New York Staff Report, (707); Decker, R., J. Haltiwanger, R. S. Jarmin, and J. Miranda (2014) "The Role of Entrepreneurship in US Job Creation and Economic Dynamism." The Journal of Economic Perspectives, 28(3), 3-24; Hathaway, I., and R. E. Litan (2014) "Declining Business Dynamism in the United States: A Look at States and Metros." Brookings. Available at: <https://www.brookings.edu/research/declining-business-dynamism-in-the-united-states-a-look-at-states-and-metros/>; Gourio, F., T. Messer, and M. Siemer (2014) "A Missing Generation of Firms? Aggregate Effects of the Decline in New Business Formation." Mimeo; and Karahan, F., B. Pugsley, and A. Sahin (2015) "Understanding the 30-year Decline in Startup Rate: A General Equilibrium Approach." Working Paper.

³⁹ Partridge, Mark D. (2020) "Rural America's Stagnant Economic Performance." American Enterprise Institute. Available at: <https://www.aei.org/research-products/report/rural-americas-stagnant-economic-performance-what-is-the-role-of-declining-dynamism/>.

⁴⁰ Ibid.

⁴¹ This classification system distinguishes Metropolitan (Metro) counties by the population size of their metro area, and Nonmetropolitan (Rural) counties by degree of urbanization and adjacency to a metro area or areas. A detailed methodology is available at: <https://www.ers.usda.gov/data-products/rural-urban-continuum-codes/documentation/>

⁴² U.S. Census Bureau (01/25/2021) County Business Patterns: 2018. Available at: <https://www.census.gov/programs-surveys/cbp/data/tables.2018.html>.

U.S. Census Bureau (01/25/2021) County Business Patterns: 2011. Available at: <https://www.census.gov/data/datasets/2011/econ/cbp/2011-cbp.html>.

To determine the net business establishment growth rate for metro counties nationwide, we identified metro counties using the USDA Economic Research Service's 2013 Rural-Urban Continuum Codes and then performed the following calculation: [(total number of 2018 business establishments) - (total number of 2011 business establishments)] / (total number of 2011 business establishments).

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