eBay Digital Density in Europe

EXECUTIVE SUMMARY

This paper presents eBay data that counters the perception that Europe's leading urban growth hubs are always destined to outperform the rest in digital commerce. Rather, the digitalisation of small and medium-sized enterprises (SMEs) can harness technology to address regional imbalances rather than worsen them. Regions perceived as secondary, economically depressed, rural, and less prepared for the digital transition often outperform national capitals and other large cities.

Two indexes are used to rank and compare Nomenclature of territorial units for statistics (NUTS) regions within EU Member States and their UK equivalent. eBay Digital Density is an index based on the measurement of eBay small business activity on a per-capita basis. The Regional Prosperity Index (RPI) measures a region's per capita GDP. In both cases, the figures are based on per capita activity and normalised to allow for comparisons between regions with larger and smaller populations, and countries with higher or lower overall levels of economic development.

RPI results confirm that the national capital cities are nearly always located in the most advantaged region. The 18 capital regions in European Union countries with at least five NUTS 2 regions have an average RPI value that is 74 percent higher than the country as a whole, compared to an average of just 13 percent higher for the leading eBay Digital Density regions. Concretely, this reveals that digital SME success does not have to follow wealth. In other words, eBay Digital Density reflects a different geography of enterprise, one less tied to accumulated regional prosperity than the traditional capital-city growth model. Through ecommerce, regions outside national capitals can become engines of inclusive growth.

eBay Digital Density results also challenge predictions of so-called "Digital Readiness". Based on an analysis of EU NUTS regions that graded and ranked them into quartiles from "least prepared" (Red) to "most prepared" (Green) for the digital transition, the national capitals were unsurprisingly all rated Green. However, eBay Digital Density leaders were very diverse, with an equal number of leaders coming from regions in the bottom two quartiles than were from Green regions, including four eBay leaders coming from Red regions. These findings demonstrate that SME digitalisation can upset traditional digital expectations.

Finally, eBay Digital Density challenges the expectation that urbanisation, including higher population density, is inevitably linked to tech-driven economic success. Nearly every national capital region has the highest population density in their respective countries, and each is predominantly urban. Top eBay small business communities come from a wide range of regions, including some very rural, with six having population densities below 100 people per square kilometer.

eBay Digital Density continues to challenge the assumption that Europe's national capital regions and predominantly urban areas will dominate every measure of entrepreneurship and mastery of digital tools. Instead, policies and investments to promote digitalisation and ecommerce by independent small businesses can pay inclusive growth dividends in regions otherwise slipping behind.

Key Learnings

- **National capital regions average 1949 people per square kilometer,** while leading eBay regions average just 675, including six top eBay regions with under 100 people per square km.
- **Ten eBay Digital Density leaders are regions with GDP per capita below their national average.** National capital regions, by comparison, top their country's GDP per capita ranking 20 of 23 times.
- **Four top eBay Digital Density regions are rated as "least prepared" for the digital transition,** defying expectations of "digital readiness".

Stimulating the growth of secondary and urban regions should be a priority for European and national policymakers, for example by implementing public policies and investments that broaden SMEs' access to cross-border trade, ecommerce and financing, while lowering barriers to scaling their businesses.