



SMALL ONLINE BUSINESS GROWTH REPORT

Towards an Inclusive Global Economy

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INTRODUCTION

Since 2011, the eBay Public Policy Lab and a team of economists at Sidley Austin LLP have worked together examining how globalization and technology empower Small and Medium-sized Enterprises (SMEs)¹ to promote a more inclusive and robust economy.

We have studied the trade patterns and growth of enterprises using the eBay Marketplace. Irrespective of where in the world we look, we have found micro and small businesses leveraging the online commerce platform model to engage in expansive commerce, often on a global scale. Across the more than 40 countries we have studied so far, spanning the Americas, Africa, Asia and Europe, technology is empowering even very small firms to serve consumers across an unprecedented number of countries.²

This report continues our journey, now studying a selection of 18 countries distributed across the Americas, Europe, the Asia-Pacific region and Africa, based on eBay marketplace data from 2010-2014. The findings herein provide an optimistic, yet realistic, picture of how technology, in particular through global digital platforms, and a new platform-based SME business strategy, is capable of delivering a more inclusive component of global commerce that is promoting robust and balanced economic growth. The focus on inclusiveness is two-fold, looking at both the trade activity of eBay-enabled SMEs in comparison to available measures of trade activity by traditional SMEs, as well as comparing the performance of eBay-enabled SMEs from emerging economies side-by-side with eBay-enabled SMEs from advanced economies.

Traditionally, commerce over distance has come with significant cost. These costs impeded the ability of most micro and small firms to participate directly in international markets, and even to serve customers throughout large national markets. It has also disadvantaged enterprises, especially small ones, situated further from economic hubs and located in countries with less advanced economies and lower income levels. Given that most business enterprises in countries of all economic development levels are SMEs³, this daunting cost has created challenges for broad-based and balanced economic development.

¹ Although there is no single standard, SMEs are generally considered to be firms of less than 500 employees, although a standard of 250 employees is not uncommon. A subcategory of micro enterprises is also commonly used, often representing firms with fewer than 10 employees, although again ranges vary but generally fall below 20 employees.

² eBay Public Policy Lab studies available here: <http://www.ebaymainstreet.com/commerce-3>

³ The World Bank Group's International Finance Corporation reports that SMEs account for about 90 percent of businesses and more than 50 percent of employment worldwide. http://www.ifc.org/wps/wcm/connect/277d1680486a831abec2fff995bd23db/AM111FC+IssueBrief_SME.pdf?MOD=AJPERES

ABOUT THE EBAY PUBLIC POLICY LAB

The eBay Public Policy Lab seeks to address the public policy challenges that lie at the nexus of technology and commerce.

We conduct innovative research using unique data analytics methodologies and creative insights. We seek to inspire debate at the highest levels of public policy discourse about the future of commerce and how technology can be leveraged to achieve the best possible outcomes for all.

Brian Bieron

Executive Director

Hanne Melin

Director
Global Public Policy

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This report describes how the online platform model for commerce, which significantly reduces the costs of doing business over distance, has allowed enterprises—no matter what size—to extend their reach from their locality or region to an unprecedented geographical area. In fact, the data confirms that technology-enabled SMEs are trading globally at very significant rates, regardless of their country of origin. This development opens up global economic opportunities in a manner that is more inclusive from two perspectives: firm size, with small enterprises enjoying export opportunities traditionally limited to large firms, and development, with firms from developing countries enjoying similar opportunities to similarly sized firms from advanced economies.

Furthermore, our research shows that the technology-enabled platform commercial model creates growth opportunities at the firm level across regions and in countries at different levels of development. In short, the economic activity of the SMEs across the platform is not only reflective of a more inclusive model of commerce, but it is also resulting in SME growth and dynamism that exceeds that found in the traditional economy.

The econometric and statistical analysis carried out by Sidley Austin for this report is based on eBay data sets covering transactions and small online businesses from 2010 to 2014 in 18 countries: the United States, Canada, Brazil, Mexico, Colombia, Chile, Germany, the United Kingdom, Italy, France, Spain, South Africa, South Korea, China, India, Australia, Indonesia and Thailand. To ensure that the community of small commercial enterprises on eBay was properly captured, Sidley limited the data to transactions by sellers with sales of more than \$10,000 USD annually on the eBay marketplace. In this report these are called “Commercial Sellers,” technology-enabled SMEs or eBay-enabled SMEs.

The research discussed in this report provides robust and concrete data sets demonstrating the real world behavior of technology-enabled enterprises, and points to tangible opportunities within the reach of those looking to harness the economic and social benefits of an inclusive global commerce platform. However, ensuring widespread access to these opportunities requires political willpower and action to address challenges, including shipping costs and time, complex customs procedures, contractual restrictions on smaller retailers’ use of online commerce platforms, and to foster a climate supportive of entrepreneurship and exporting by small businesses as well as innovation by platform providers.

We believe that the level of interest in promoting a more inclusive version of globalization and trade, as well as addressing sluggish growth in the traditional economy on national, regional and global levels, is significant and widespread. Therefore, we hope that our research and the emergence of the technology-enabled platform commercial model will feed into trade facilitation, development and small business empowerment work streams wherever policymakers are engaged in efforts to promote more inclusive and robust economic outcomes.

INCLUSIVE GLOBAL COMMERCE

The concept of inclusive growth is often used in economic, development and public policy frameworks interchangeably with a range of terms including “broad-based growth” and “shared growth,” and is focused on opportunities for the majority of the population, poor and middle class alike.⁴

However, for the purpose of this report, like in the recent joint OECD-World Bank Group report on Inclusive Global Value Chains⁵, inclusiveness is focused on overcoming participation constraints on two specific underrepresented communities: SMEs and enterprises from developing and emerging economies.

The prototypical model for trade has involved a large and established domestic company targeting an export market, establishing overseas operations and eventually developing a multi-national supply chain with vendors and consumers located around the world. This model continues to be the dominant model for trade. Large firms account for approximately 5% of enterprises globally⁶, but their share of total exports is reported at 87% in Latin America⁷, 75% in the European Union⁸, 70% in Asia⁹ and 67% in the United States.¹⁰

Global Value Chains (GVCs) are a fundamental concept in global trade and development economics, providing insight into the interrelationship between large Multinational Enterprises (MNEs), affiliates and independent suppliers, many of which are often SMEs and can be located in many different countries.¹¹ While large MNEs organize most GVCs and tend to be the leading actors in the value chains¹², SMEs are often intermediary suppliers to GVCs; this is one of the principle and

⁴ “Elena Ianchovichina and Susanna Lundstrom, “What is Inclusive Growth?,” The World Bank, February 10, 2009: <http://siteresources.worldbank.org/INTDEBTDEPT/Resources/468980-1218567884549/WhatIsInclusiveGrowth20081230.pdf>

⁵ OECD and World Bank Group, 2015, Inclusive Global Value Chains: Policy Options in Trade and Complimentary Areas for GVC Integration by Small and Medium Enterprises and Low-Income Developing Countries. Available at <http://www.oecd.org/trade/OECD-WBG-g20-gvc-report-2015.pdf>

⁶ What Companies Want from the World Trading System, SMEs in International Trade: The View from Developing Countries. http://www3.weforum.org/docs/WEF_GAC_Trade_II_2015.pdf

⁷ Inter-American Development Bank (IDB), 2014, Going Global: Promoting the Internationalization of Small and Mid-Size Enterprises in Latin America and the Caribbean. Available at <http://publications.iadb.org/bitstream/handle/11319/6412/Going%20Global.pdf>

⁸ European Commission, 2014, Annual Report on European SMEs 2013/2014—A Fragile and Partial Recovery, European Commission. Available at http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/files/supporting-documents/2014/annual-report-smes-2014_en.pdf

⁹ Asian Development Bank Institute, 2015, Why Do SMEs Not Borrow More from Banks? Evidence from the People’s Republic of China and Southeast Asia, Asia. Available at <http://www.adb.org/sites/default/files/publication/156364/adb-wp509.pdf>

¹⁰ US Census Bureau, 2015, A Profile of U.S. Importing and Exporting Companies, 2012—2013. Available at <https://www.census.gov/foreign-trade/Press-Release/edb/2013/edbrel.pdf>

¹¹ Gereffi, Gary, John Humphrey, and Timothy 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

¹² See Mayer, Thierry and Ottaviano, Gianmarco. 2007. The Happy Few: The Internationalisation of European Firms; New Facts Based on Firm-Level Evidence. Brussels, Belgium: Bruegel Blueprint Series; Bernard Andrew B., J. Bradford Jensen, Stephen J. Redding and Peter K. Schott. 2007. “Firms in International Trade,” Journal of Economic Perspectives, American Economic Association, vol. 21(3), pp. 105-130, Summer; and Cebeci, Tolga, Ana M. Fernandes, Caroline Freund, and Martha Denisse Pierola. 2012. “Exporter dynamics database,” Policy Research Working Paper Series 6229, The World Bank, Washington, D.C.

Skin Outfit

Mohammed Taushif Ansari
INDIA

Artisan Mohammed Taushif Ansari migrated to Mumbai from a northern Indian state a few years ago. He was inspired to turn his craft into his own business manufacturing and exporting leather garments. With eBay, he launched his dream and grew it exponentially.

Today, he has his own retail brand, Skin Outfits, and exports to 30 countries. At just 24 years old, Taushif has successfully built an online business that employs a staff of five, with one master craftsman and four artisans.

increasingly well-studied methods of SME participation in trade. For example, Slaughter finds that the typical US MNE buys more than \$3 billion USD in inputs from more than 6,000 US SMEs.¹³

Despite the emergence and evolution of GVCs, the share of traditional businesses, in particular SMEs, that export, remains relatively small. Across established and developing economies, approximately one-fifth or fewer traditional businesses are engaged in the global market. Of the countries where we are analyzing the trade activities of eBay-enabled SMEs, and where we have identified traditional business comparable statistics, shares of firms exporting range from 2% in Canada, 2% in Australia and 4% in the United States, to a 22% in China and 28% in the United Kingdom. (See **Figure 3.1** in the **Appendix**).

A new model of exporting and SME global commerce is emerging in parallel to the GVC model. It is driven by the Internet, a truly global digital network. When the Internet is combined with commercial services and efficient logistics, small businesses can connect with consumers and establish trust across national and cultural borders.¹⁴ Small businesses are able to create a storefront online and compete in global markets through e-commerce platforms with vibrant customer bases. At the same time, they are able to maintain a local physical presence. The World Economic Forum recently noted that platform-based e-commerce has had a strong positive impact on many small businesses, both by opening up new export avenues and facilitating access to low-cost imported inputs, and that technology-based marketplaces have made selling and sourcing internationally much easier by reducing many non-tariff barriers to trade, most importantly, access to information.¹⁵

“Inclusiveness is defined in our report as overcoming participation constraints for Small and Medium Enterprises (SMEs) and facilitating access for Low Income Developing Countries (LIDCs). Emphasis is placed on the constraints to SMEs.”⁵

- OECD and World Bank Group
Report on Inclusive Global Value Chains

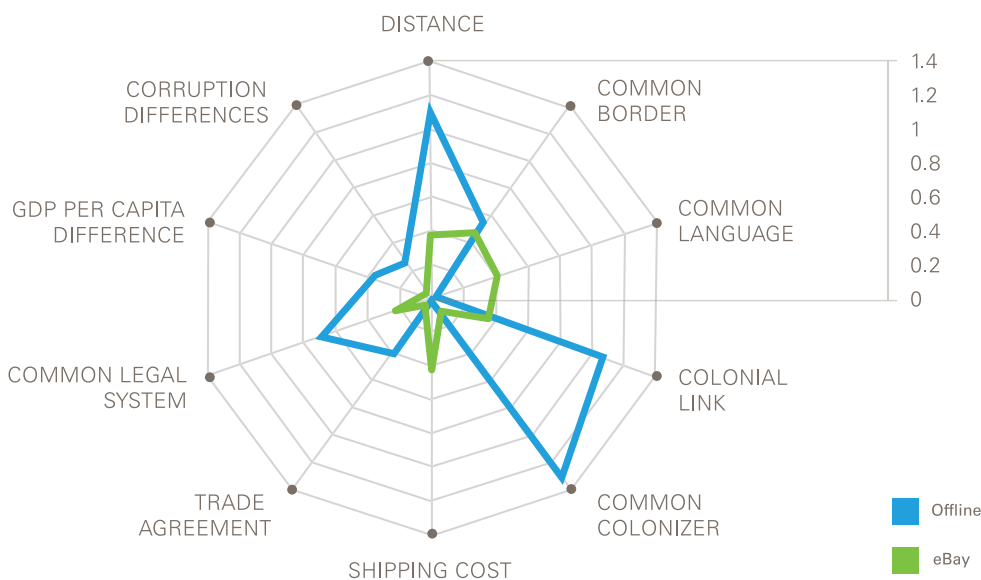


Figure 1.1¹⁶

Most Trade Costs Matter More Offline Than Online

¹³ Slaughter, Matthew J. 2013. “American Companies and Global Supply Networks - Driving U.S. Economic Growth and Jobs by Connecting with the World.” Available at <http://businessroundtable.org/sites/default/files/BRT-SlaughterPaper-singles-Dec21.pdf>

¹⁴ Meltzer, Joshua. 2014. “Supporting the Internet as a Platform for International Trade.” The Brookings Institute. Available at http://www.brookings.edu/~media/Research/Files/Papers/2014/02/internet-international-trade-meltzer/02-international-trade-version-2_REVISSED.pdf?la=en

¹⁵ 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

¹⁶ Olarreaga, Marcelo, and Sidley Austin LLP. 2012. Enabling Traders to Enter and Grow on the Global Stage. Page 12. Available at http://www.ebaymainstreet.com/sites/default/files/eBay_Enabling-Traders-to-Enter-and-Grow-on-the-Global-Stage.pdf

Figure 1.1, which was developed by Olarreaga (2012) as part of an initial study of the trade activity of eBay-enabled SMEs, represents the various factors studied as part of a distance analysis of trade on the eBay platform. The transaction costs studied included traditional trade costs such as shipping costs and absence of a common language, as well as range of traditional institutional differences between countries. The analysis determined that all the traditional trade costs and institutional factors, with the two exceptions of shipping costs and no common language, matters less for eBay-based trade than they do for offline trade. However, shipping costs and the lack of common language between buyer and seller are two barriers to cross border commerce impacting online businesses, especially small online businesses.

We have coined the term Global Empowerment Network (GEN) to describe this model. The GEN combines a set of services and conditions that contribute to an emerging borderless system, which enables economic activity in forms. This system of building blocks is presenting an alternative business model to reach consumers on a global scale. The four building blocks of the GEN are: (1) Connectivity to the global Internet at low cost and without gatekeepers; (2) Global platform-based marketing, marketplace and payment services; (3) Efficient, modern and “connected” package-level logistics and delivery services; and (4) Legal, regulatory and public policy framework supporting direct SME-to-consumer global commerce. The efficiencies created by these technology-based platform services have significantly reduced the cost of SME exporting¹⁷ and the rate of exporting by SMEs using the platforms has consequently increased dramatically. The next section will use the findings from the eBay marketplaces data to illustrate the level of export activity, and contrast the data with traditional business activity where available.

“MICRO-MULTINATIONALS” 10 YEARS ON

In 2005, then University of California, Berkley economist Hal Varian wrote a groundbreaking piece in the New York Times about a new trend whereby small businesses were leveraging technology, particularly the Internet, to locate employees and access customers around the world. Professor Varian coined the term “micro-multinationals” to describe this new phenomenon. But, notably, Professor Varian’s article did not have much data to back it up and instead relied upon case studies, describing a future where this emerging trend would become commonplace. The data analysis contained in this report provides evidence that Professor Varian’s 2005 prediction is being realized by SMEs using global commerce platforms and the Global Empowerment Network business model to directly engage with consumers on a global scale. Micro-multinational exporters are now a widespread phenomenon.

¹⁷ Olarreaga, Marcelo. 2012. “eBay Reduces Trade Costs Where it is Needed Most” Let’s Talk Development Blog. Available at <http://blogs.worldbank.org/developmenttalk/ebay-reduces-trade-costs-where-it-is-most-needed>

Spice Kitchen

Sanjay Aggarwal
UNITED KINGDOM

In 2013, Sanjay Aggarwal and his mother parlayed their passion for creating fresh and delicious spice blends into Spice Kitchen, an eBay store. The Birmingham-based business has since grown into a full-time endeavor servicing over 2,000 customers. Originally focusing on just Indian spices and blends, the company has expanded to include Mexican, Moroccan, African, Middle Eastern, Jamaican and Chinese. They source ingredients from around the world and blend them using recipes and techniques passed down for generations.

Spice Kitchen has expanded internationally and into new areas including corporate gifting, wedding favors, spice masterclasses and artisan spiced chocolates.

TECHNOLOGY-ENABLED PLATFORM COMMERCE: EXPORT ACTIVITY IN SELECTED COUNTRIES, 2010-2014

This report provides data from the eBay marketplace to illustrate the level of “inclusive global commerce” underway through the technology-enabled platform commerce model by independent SMEs using the eBay marketplace.

As noted, inclusiveness in this context is focused on two aspects of trade: the level of exporting by SMEs using technology-enabled platforms, and the SME activity in developing or emerging countries in comparison to similarly-enabled SMEs from advanced economies.

The econometric and statistical analysis carried out by Sidley Austin for this report is based on eBay datasets covering transactions from small online businesses from 2010 to 2014 in 18 countries: the United States, Canada, Brazil, Mexico, Colombia, Chile, Germany, the United Kingdom, Italy, France, Spain, South Africa, South Korea, China, India, Australia, Indonesia and Thailand. To ensure that the community of small commercial enterprises on eBay was properly captured, Sidley limited the data to transactions by sellers with sales of more than \$10,000 USD annually on the eBay marketplace. In this report these are called “Commercial Sellers”, technology-enabled SMEs or eBay-enabled SMEs.

For each data point, results for each country are available in the tables included in the appendix. To highlight the findings related to eBay-enabled SME export activity, focusing particularly on the comparable results from “advanced” and “emerging” economies, each data point will be highlighted with results from three advanced economies and three emerging economies. This specific designation comes from a recent International Monetary Fund report¹⁸. In addition, comparable data for traditional businesses is included, where available. We believe the results illustrate that eBay-enabled SMEs are engaged in trade at rates unprecedented in terms of traditional businesses and that the global nature of the marketplace fosters exporting activity at similar rates, whether the SME is based in an advanced economy or an emerging economy. In short, the technology-enabled platform commerce model is a highly inclusive model of trade.

IMF COUNTRY CLASSIFICATION

Advanced Countries

USA - United States
CAN - Canada
DEU - Germany
GBR - United Kingdom
FRA - France
ITA - Italy
ESP - Spain
AUS - Australia
KOR - South Korea

Emerging Countries

MEX - Mexico
BRA - Brazil
CHL - Chile
COL - Colombia
CHN - China
IND - India
IDN - Indonesia
THA - Thailand
ZAF - South Africa

SOURCE

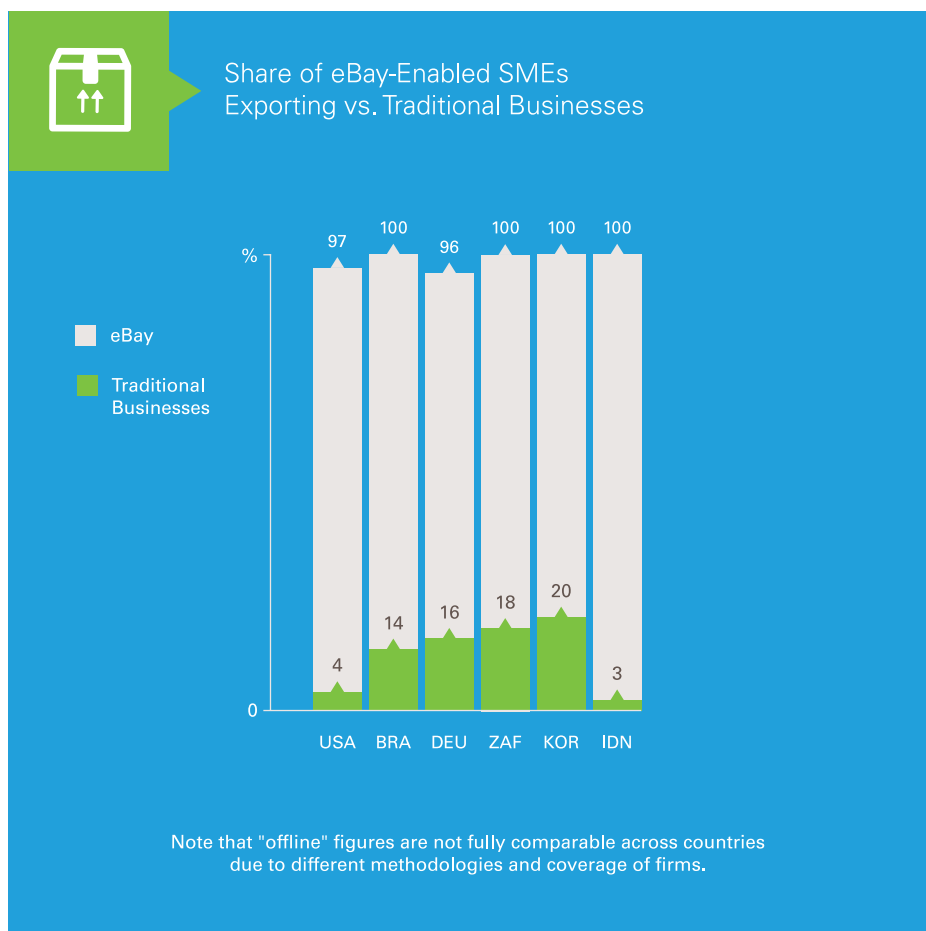
<http://www.imf.org/external/pubs/ft/weo/2015/01/pdf/text.pdf>

¹⁸ International Monetary Fund, 2015, World Economic Outlook: Uneven Growth: Short-and Long-Term Factors, pages 147 - 151. Available at <http://www.imf.org/external/pubs/ft/weo/2015/01/pdf/text.pdf>

SHARE OF EBAY-ENABLED SMES EXPORTING

The share of SMEs exporting on the eBay marketplace is the first and possibly most striking data point presented in this report. In short, nearly every eBay-enabled SME is an exporter. In comparison, most traditional businesses do not export.¹⁹

Among the full 18-country data set, half of the countries had 100% export rates, meaning every eBay-enabled SME based in the country was an exporter in 2014. The lowest rate among the 18 countries was from Australia, where 88% of Commercial Sellers exported in 2014. By comparison, the export rate for traditional businesses in Australia is 2%.



Exporting by SMEs in emerging countries is an inclusive version of global commercial activity; to illustrate, it is worth noting that the three emerging economies included in **Figure 3.1** have eBay-enabled SME exporting rates of 100%. Of the nine countries reviewed in this report with 100% SME export rates, eight are classified as emerging economies. Furthermore, identified traditional business data is comparable to this point and, using this, we found that the export rates of SMEs participating in technology-enabled platform commerce exceeded those in the traditional economy by at least 5x.

¹⁹ See **Figure 3.1** in the [Appendix, Pg. 26](#)

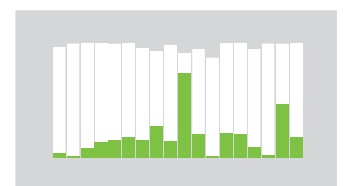
Garnwelt

Andrea Gönner

GERMANY

For years, husband and wife team Andrea and Hans Gönner co-owned a textile company manufacturing women's clothing in Riedlingen. When the company went out of business, they turned to eBay to liquidate their high-quality wool. The platform created a new business opportunity for them, and today they sell branded wool, such as Lana Grossa and Schachenmayr and their own wool, online. Through their online success the couple was able to open a shop for local customers and venture into the branded yarn business, as well as launch their own line of branded wool. Today, they employ 40 people, operate on multiple platforms and have expanded international sales.

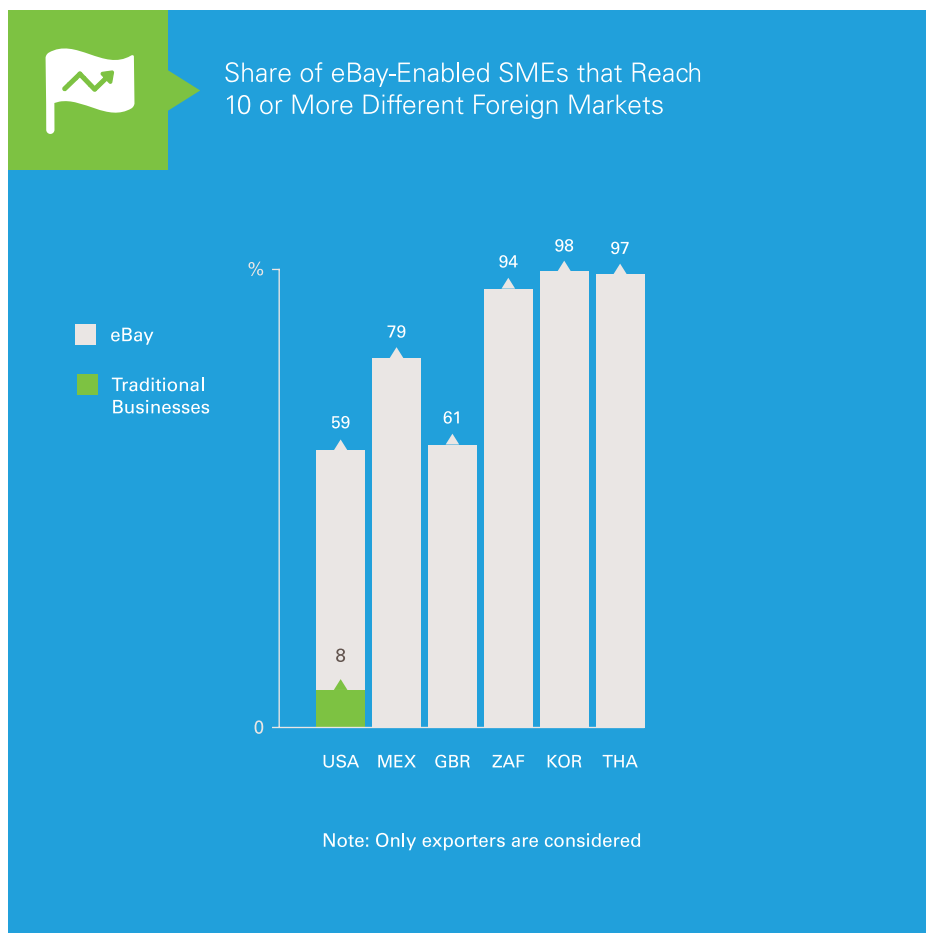
Figure 3.1



[VIEW 18-COUNTRY CHART](#)

SHARE OF EBAY-ENABLED SMES THAT REACH 10 OR MORE DIFFERENT FOREIGN MARKETS

Another measurement of the scale and scope of exporting involves the number of country markets reached. It is generally believed that businesses considering exporting to a new country market face costs to entry, and therefore expanding their business by exporting to more country markets leads to higher entry costs.²⁰ Escalating entry costs leads to the presumption that smaller firms will tend to export to fewer countries. As another measurement of the scale of eBay-enabled SME exporting activity, we calculated the set of Commercial Sellers who exported to 10 or more country markets in 2014.



Once again, the export scale of eBay-enabled SMEs from the emerging economies is comparable to the activity in the advanced economies. While comparable data for traditional SMEs is actually very difficult to find, potentially because so few traditional SMEs export to 10 or more separate countries, two data points are noteworthy. US Census Bureau data indicates that 8% of all US exporters, not just SMEs, are reported

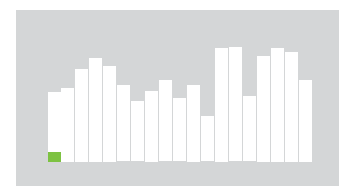
Alex200373

Alejandro Monroy

MEXICO

After completing his MBA, Alejandro Monroy worked in sales for consumer products companies. On the side, he collected vintage watches, a passion he acquired while growing up around his family's fine jewelry business. When his collection surpassed 200 watches, he began selling them on eBay. He studied which brands were in demand and how to move items, steadily growing his business as he learned the market. While the business started off of his personal collection, Alejandro continually reinvested in his business to gain more product. Today, Alejandro's business employs two people, and indirectly works with over 20 suppliers and dealers.

Figure 3.2



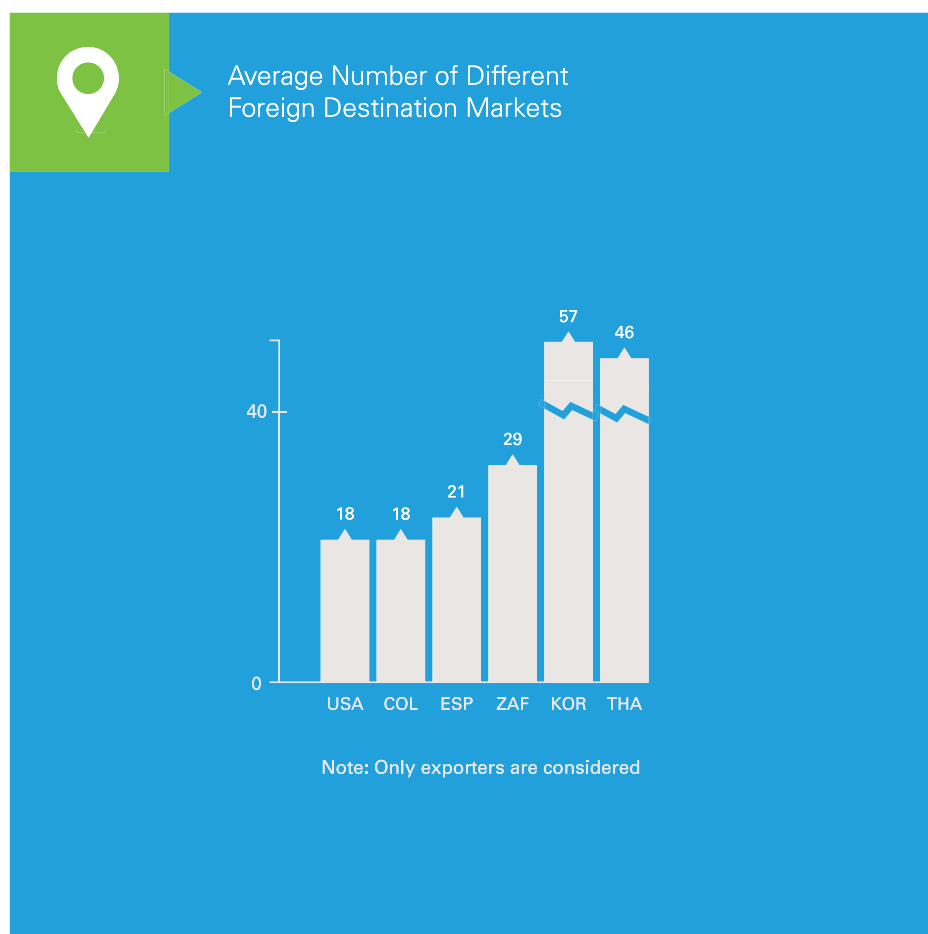
[VIEW 18-COUNTRY CHART](#)

²⁰ 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 U.S. Export Boom, 1987-1992," *Review of International Economics*, 12 (2004b), 662-675.

to reach 10 or more markets.²¹ This percentage is significantly lower than the 59% of eBay-enabled SMEs in the United States reaching 10 or more markets. In addition, the rate of eBay exporting to 10 or more countries listed in **Figure 3.2** meaningfully exceeds the percentage of traditional SMEs from each country reported to export to even one market.

AVERAGE NUMBER OF FOREIGN DESTINATION MARKETS

Another measurement of the export activity of firms is the average number of country markets reached in a year. As with the previous data point, and based on the concept that entry costs are a barrier to exporting to additional countries, it would be expected that smaller firms export to fewer countries; at least, that is the expectation for traditional exporting firms.



The comparable figures for country export markets reached in the context of traditional SMEs are again difficult to identify; however, the numbers that appear show that the SMEs using technology-enabled platforms outperform traditional SMEs by order of magnitude. For example, analysis of the 2012 version of the World Bank Exporter

²¹ US Census Bureau. See exhibit 4a in release available at <http://www.census.gov/foreign-trade/Press-Release/edb/2013/edbrel1.pdf>

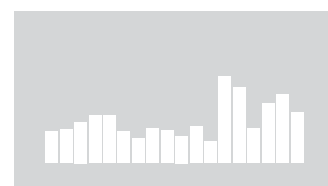
Nice Motors

Yonghoon Kim

SOUTH KOREA

In 2011, college student Yonghoon Kim turned his car and motorcycle hobby into a business on eBay after winning an eBay Korea competition. On eBay, he benefits from convenient access to a global market for his auto parts without any high initial investment costs. He has experienced growth of 10-15 percent each year, and has expanded into an office and inventory warehouse. Today, he ships all of his products internationally to more than 30 countries, and leverages eBay's language tools to help make selling across borders smooth and convenient for his customers.

Figure 3.3

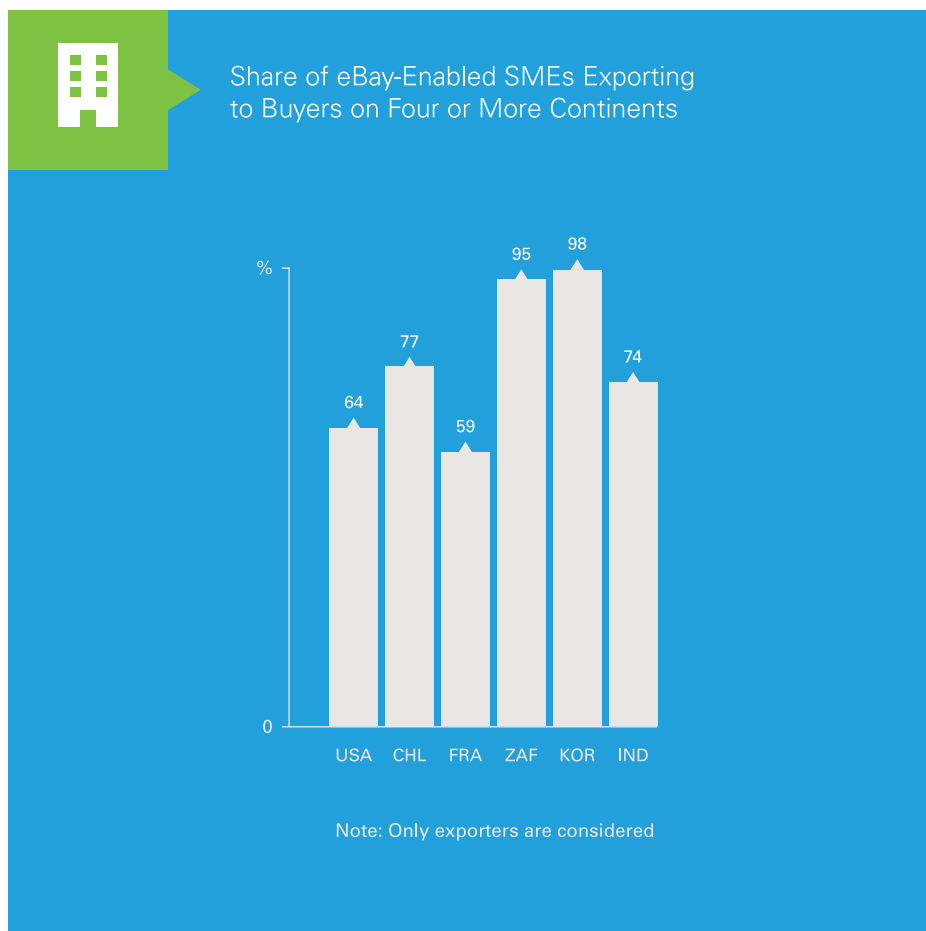


[VIEW 18-COUNTRY CHART](#)

Dynamics Database²² indicates that traditional Colombian exporters reached just 3 country markets, compared to an average of 18 for eBay-enabled SMEs from Colombia; traditional South African exporters averaged 3 country markets compared to 29 for eBay-enabled SMEs from South Africa; and traditional Spanish exporters averaged 4 country markets, compared to 21 for Spanish eBay-enabled SMEs.

SHARE OF EBAY-ENABLED SMES EXPORTING TO BUYERS ON FOUR OR MORE CONTINENTS (2014)

Though a non-traditional measurement of scale and scope of exporting activity, we have calculated the continental reach of eBay-enabled SMEs. For the purposes of this analysis, sales were designated to buyers on one of six continents: North America, South America, Europe, Asia, Africa and Australia. When an eBay-enabled SME exported to a buyer in a country on a continent, they were credited with an export to that continent. Additionally, when an export is made to a country on the same continent as the seller, that sale is counted as an export to that continent. (e.g. A sale from a French seller to a buyer in Germany is an export to Europe.) The report considers an SME with sales to four or more continents in a year to be a “Global Seller”.



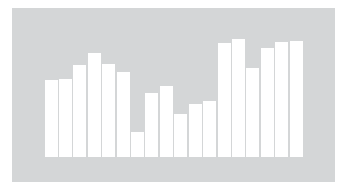
The Pro's Closet

Nick Martin

UNITED STATES

An avid cyclist and minimalist, Nick Martin used eBay to sell all of his worldly possessions, with the exception of his bike and vehicle. The experience on the platform motivated him to launch The Pro's Closet in 2005, which is now the nation's largest eBay store specializing in reselling used cycling gear. He reaches local, national and even international customers, which has helped fuel his business' considerable growth and driven the construction of a new 15,000 square foot warehouse to accommodate future expansion.

Figure 3.4



[VIEW 18-COUNTRY CHART](#)

²² The World Bank Export Dynamics Database is available at <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTPROGRAMS/EXTRADERESEARHC0,,contentMDK:23191417~pagePK:64168182~piPK:64168060~theSitePK:544849,00.html>

The individual country figures cited here are included in the report "Commerce 3.0: Empowering Indian Businesses & Entrepreneurs" (2014) on page 11. Available at http://www.ebaymainstreet.com/sites/default/files/eBay_Commerce-3_Empowering-Indian-Businesses-Entrepreneurs.pdf

The propensity for eBay-enabled SMEs located in emerging economies to achieve this Global Seller threshold by selling to at least four continents appears to be at least equal to SMEs from advanced economies. The majority of these global traders on eBay are micro businesses.

EXPORT-LED DEVELOPMENT AND INTERNET-ENABLED SME TRADE

Traditionally, engagement with the global economy has been viewed as a catalyst for economic growth and development.²³ Exporters often bolster their domestic economies because they typically have a larger pool of employees than non-exporters and also benefit the other local firms that supply inputs for their products. As these firms reach new markets, they further expand their business at home leading to wider productivity.²⁴ The economic gains are not just the result of larger enterprises that export, however. SMEs that participate in the global economy tend to ramp up hiring, offer better salaries and experience greater sales.²⁵ Given the huge number of SMEs that comprise economies around the world, the more they trade, the greater the opportunity for inclusive economic growth.²⁶

Developing countries, in particular, often focus on increasing exports as part of their economic growth strategies. Developing countries with growth strategies focused on domestic markets are often hamstrung by their own size limitations and limited demand for specialized goods; however, the World Bank has observed that global markets help to generate longer periods of high economic growth across developing countries.²⁷ The diversity of the global marketplace offers developing countries significant opportunities to sell their goods which, in turn, lead to more stable business climates.²⁸ The knowledge and technology transfer that can occur through exporting also has a significant impact on developing countries as exporters interact with consumers in developed countries with a front row seat to the latest innovations.²⁹

The Internet, e-commerce and technology-enabled platforms are revolutionizing this growth model and opening it up to a much larger population of small businesses and entrepreneurs. As e-commerce grows, developing countries are witnessing an expansion of social networks, new access to the Internet across new devices, and improved delivery logistics.³⁰ In the pre-digital economy, it was necessary for small

Tuff

Wuttinum Sangon

THAILAND

Wuttinum Sangon founded Tuff, based in Bangkok, in 2003. When he first started, he only had one employee and now the business employs over 40 individuals. Wuttinum produces and exports Muay Thai products including shorts, gloves, and protective gear. The products they sell are unique to Thailand and this facilitates customers coming to their eBay store. Owning an eBay business gives Wuttinum the ability and flexibility to work from home, spending time with his wife and two daughters. "eBay gives strength to a small business to compete with a larger company on the global market."

²³ For a list of studies on the subject, please view pages 6-8 in: Sheridan, Brandon James, "Three Essays Concerning the Relationship between Exports, Macroeconomic Policy, and Economic Growth" (2012). Theses and Dissertation-Economics. Available at http://uknowledge.uky.edu/cgi/viewcontent.cgi?article=1006&context=economics_etds

²⁴ Inter-American Development Bank (IDB), 2014, Going Global: Promoting the Internationalization of Small and Mid-Size Enterprises in Latin America and the Caribbean. Available at <https://publications.iadb.org/bitstream/handle/11319/6793/Going%20Global.pdf?sequence=1>

²⁵ 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

²⁶ 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

²⁷ The World Bank Commission on Growth and Development, 2008, The Growth Report: Strategies for Sustained Growth and Inclusive Development. Available at http://siteresources.worldbank.org/EXTPREMNET/Resources/489960-1338997241035/Growth_Commission_Final_Report.pdf

²⁸ The World Bank Commission on Growth and Development, 2008, The Growth Report: Strategies for Sustained Growth and Inclusive Development. Available at http://siteresources.worldbank.org/EXTPREMNET/Resources/489960-1338997241035/Growth_Commission_Final_Report.pdf

²⁹ Inter-American Development Bank (IDB), 2014, Going Global: Promoting the Internationalization of Small and Mid-Size Enterprises in Latin America and the Caribbean. Available at <https://publications.iadb.org/bitstream/handle/11319/6793/Going%20Global.pdf?sequence=1>

³⁰ United Nations Conference on Trade and Development, 2015, Information Economy Report 2015: Unlocking the Potential of E-commerce for Developing Countries. Available at http://unctad.org/en/PublicationsLibrary/ier2015_en.pdf

businesses in developing countries to devote significant amounts of limited resources to finding customers outside their domestic markets, potentially meaning long-distance travel to expensive markets with no guarantee of success. Additionally, time spent on travel meant less time to develop their businesses back at home. Technology-enabled platforms have completely changed this construct. Now, small businesses in developing countries are easily discovered by customers in foreign markets without the business owners ever having to leave their home or storefront. Moreover, many are “chosen” to become exporters by their customers, rather than initially intending to go this route. These companies reach more markets than traditional businesses that export and avoid the negative impact on their bottom line that comes with the need for travel and time-consuming networking with firms in other countries.³¹

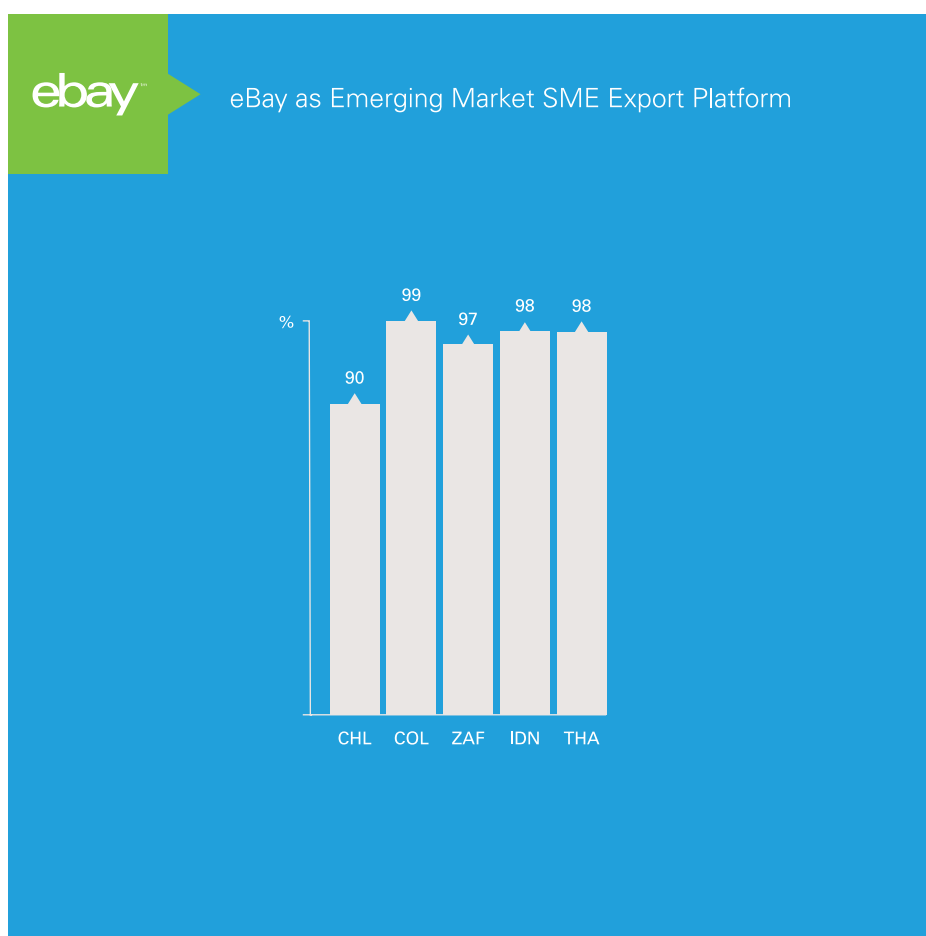


Figure 3.5

The eBay data reflects a simple average of the share of sales exported by each 2014 eBay Commercial Seller (those with \$10,000 USD or more in sales on eBay) in each country, in that year.

Figure 3.5 shows that in 2014, in these emerging economies, eBay was primarily an export platform for the eBay-enabled SMEs in each country. Although some domestic sales were made, they do not exceed 10% of total sales; it is clear that SMEs using the eBay platform were doing so to successfully reach export markets. This level of export success provides insight into a potential new angle on the theory of export-led development.

³¹ Suominen, Kati. (2014). Why Are Companies That Sell on E-Commerce Platforms So Globalized? TradeUp Blog. Available at <http://www.tradeupfund.com/blog/why-are-e-commerce-sellers-so-globalized>

TRANSLATING TRADE SUCCESS TO GROWTH PERFORMANCE

SME access to the global trade regime is important for inclusiveness, but trade is also considered a sign of healthy firms. Where this section reported on the trade activity of eBay-enabled SMEs, the next section will report data on various non-trade performance metrics of eBay-enabled SMEs.

Once again, eBay-enabled SMEs from advanced and emerging countries will be compared to traditional measures of economic performance where available.

“Right now, only a small fraction of the over six million small- and medium-sized businesses in the United States are exporting, even though 95 percent of the world’s customers are waiting outside our borders.”³²

- Kimberly Benson, Vice President of Cange International

³² Benson, Kimberly. (2015). “Expanding International Trade for Small Businesses.” The Hill. Available at <http://thehill.com/blogs/congress-blog/economy-budget/240242-expanding-international-trade-for-small-businesses>

TECHNOLOGY-ENABLED PLATFORM COMMERCE: COMMERCIAL SELLER PERFORMANCE IN SELECTED COUNTRIES 2010-2014

“Six years after the world economy emerged from its broadest and deepest postwar recession, a return to robust and synchronized global expansion remains elusive.”

- Maurice Obstfeld, IMF Economic Counsellor ³³

Firms that export, including SMEs that export, are generally considered to be healthier and more robust than non-exporting firms. For example, the Inter-American Development Bank found that SMEs in Latin America and the Caribbean that exported had higher levels of sales, productivity and wage rates than non-exporters.³⁴ The Institute for International Economics reports that US companies that export grew faster and were 8 percent less likely to go out of business than non-exporting companies.³⁵ Finally, a survey commissioned by DHL of SMEs in the G7 countries, Brazil, Russia, India, China and Mexico, found that exporting firms were twice as likely to outperform their market than firms operating only in the domestic market.³⁶

As is clear from the data in the previous section, the overwhelming majority of eBay-enabled SMEs are exporters. This section will look at measurements of the growth of various segments of the eBay-enabled SME community to identify if they are growing at rates that exceed the national economy overall.

Footlover

Mario Calabrese

ITALY

Mario Calabrese and his family have been in the footwear business since 1935. In 1992, Mario's father formally handed the business down to him, just as big shopping centers began entering the local market. Struggling amongst the competition, Mario turned to eBay in 2004 to find new revenue streams. He launched Footlover, selling his store's surplus goods initially, and then responding to customer demand for new and unique products. In 2013, Mario developed an international strategy specifically marketing to Germany, England, the U.S. and Australia; and today, Footlover has grown its exports from just 10 percent of sales to almost half.

³³ International Monetary Fund, (October 2015), "World Economic Outlook: Adjusting to Lower Commodity Prices"
Available at <https://www.imf.org/external/pubs/ft/weo/2015/02/pdf/text.pdf>

³⁴ Inter-American Development Bank (IDB), 2014, Going Global: Promoting the Internationalization of Small and Mid-Size Enterprises in Latin America and the Caribbean.
Available at <https://publications.iadb.org/bitstream/handle/11319/6793/Going%20Global.pdf?sequence=1>

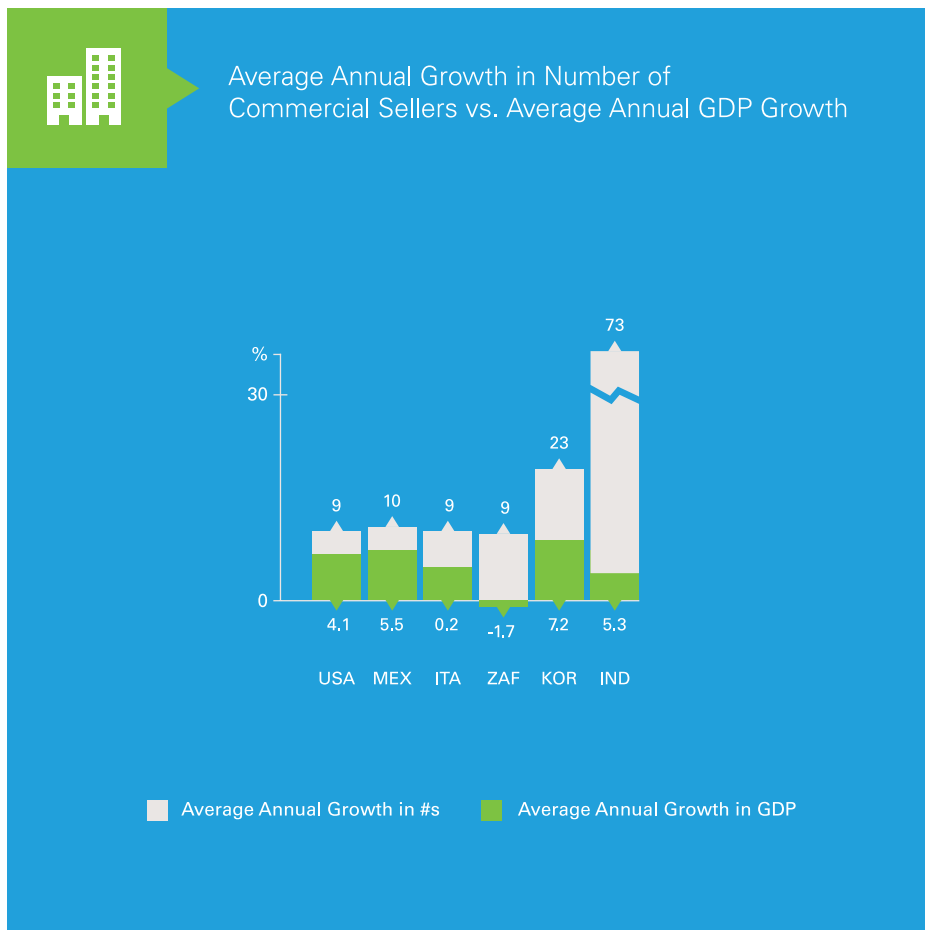
³⁵ International Trade Administration, 2015, Exporting is Good For Your Bottom Line. Available at <http://www.trade.gov/cs/factsheet.asp>

³⁶ DHL. Internationally-Focused Small and Medium Companies Prosper in 'Global Village' [Press Release] 2013.
Available at http://www.dhl.com/en/press/releases/releases_2013/express/new_dhl_express_sme_study.html

AVERAGE ANNUAL GROWTH IN NUMBER OF COMMERCIAL SELLERS

As noted earlier, all of the analysis in this report is limited to transactions by sellers with sales of more than \$10,000 USD annually on the eBay marketplace—these are called “Commercial Sellers,” technology-enabled SMEs, or eBay-enabled SMEs. The following represents the average annual growth in the number of eBay Commercial Sellers in each country covered by the report over the years 2010–2014. As with the data reported in the previous section, results from three advanced economies and three emerging economies are highlighted here, while results from all 18 countries are available in the appendix.

Given the lack of consistent national statistics available related to the growth or decline of SME numbers, we chose to compare the rate of growth of eBay Commercial Sellers in each national market with the overall growth of the national GDP over the same time period.



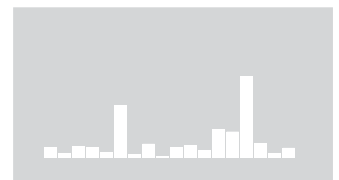
SME SHARE OF ALL FIRMS

- USA - **99.9%**
- CAN - **99.7%**
- MEX - **99.8%**
- BRA - **99.9%**
- CHL - **98.9%**
- COL - **96.4%**
- DEU - **99.5%**
- GBR - **99.7%**
- FRA - **99.8%**
- ITA - **99.9%**
- ESP - **99.9%**
- AUS - **99.0%**
- CHN - **99.0%**
- KOR - **99.0%**
- IND - **95.0%**
- IDN - **99.0%**
- THA - **99.0%**
- ZAF - **91.0%**

SOURCES

- http://www3.weforum.org/docs/WEF_GAC_Trade_II_2015.pdf
- http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm#sba-fact-sheets
- http://www.apec.org/-/media/Files/AboutUs/Infographics/20140519_infograph_sme_hires.jpg
- http://www.researchgate.net/publication/270758190_Issues_in_SME_Development_in_Ghana_and_South_Africa

Figure 4.1



[VIEW 18-COUNTRY CHART](#)

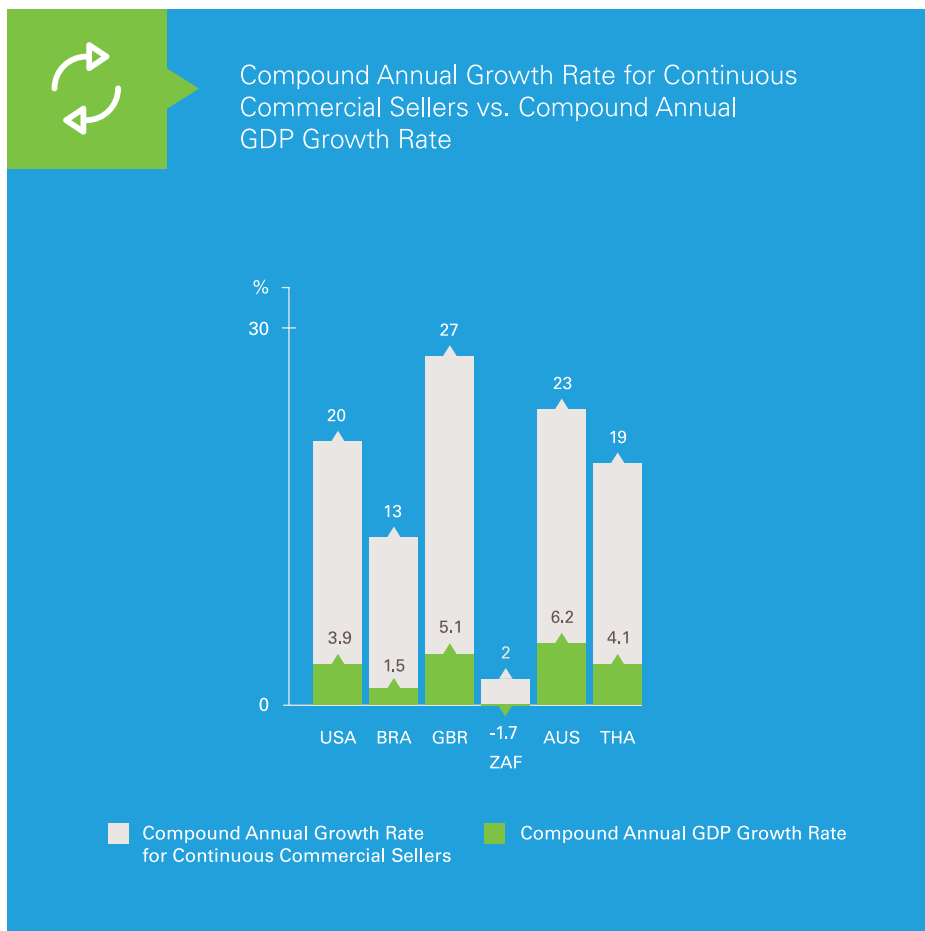
Although national GDP is not an exact comparable for the size or growth of the number of SMEs overall, the overwhelming share of total enterprises in each country that are SMEs does lend itself to GDP being somewhat of a proxy for overall SME health. With a few limited exceptions, the growth rates of the overall community of Commercial Sellers exceeded the GDP growth rate in each country. In most cases, the growth in the number of Commercial Sellers exceeded GDP growth by at least 2x and in some cases it exceeded GDP growth by many times that.

CONTINUOUS COMMERCIAL SELLERS

In this report, “Continuous Commercial Sellers” are Commercial Sellers in 2014—the final year of the report—who sold above the \$10,000 USD threshold throughout the five-year time period measured.

These SMEs with five years or more of continuous operations selling above \$10,000 USD annually are the most mature and established operators on the platform. We calculated the compound annual growth rate of the sales of these Continuous Commercial Sellers in each country market over the years 2010–2014.

These established SME have strong growth rates across the board, exceeding GDP growth in every market. In most cases, the annual growth rates are in the double digits and exceed 15% annual growth in sales in 11 markets.



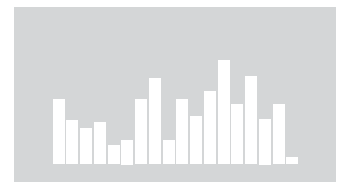
The Muses

Tori & Paul Vallen

AUSTRALIA

Husband and wife team Paul and Tori worked for independent music store chain, The Muses, until financial hardship threatened the business in the late 2000s. The owners had attempted to sell online, but hadn't been able to leverage the channel successfully. While helping liquidate the stock, Paul saw the potential for reaching new markets on eBay, and the owners agreed to sell the couple the business for just \$2.00 so it could live on as an online business. From the very first day, The Muses' eBay sales exceeded the couple's predictions, reaching customers all over the world and exporting 25 percent of their products. eBay enabled Tori and Paul to turn their meager investment into a very successful family-owned and operated small business.

Figure 4.2



[VIEW 18-COUNTRY CHART](#)

NEWCOMERS

The phenomenon of new enterprise creation and establishment is widely seen as a key indicator of business and economic dynamism.³⁷ In this report, we consider “Newcomers” in 2014 to be Commercial Sellers who are four years old or younger, in this case measured by the absence of any sales in 2010. For the purpose of this report, these are classified as a new enterprise or a start-up. The first data point provided is the share of Commercial Sellers that are Newcomers.

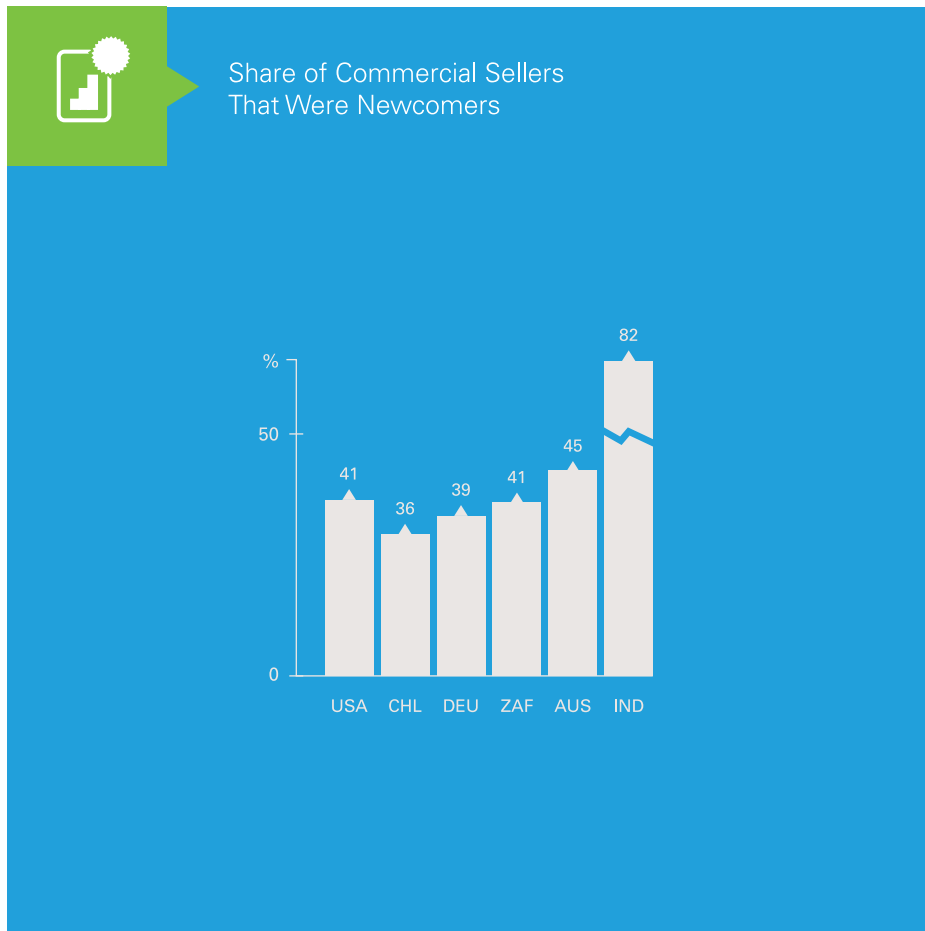
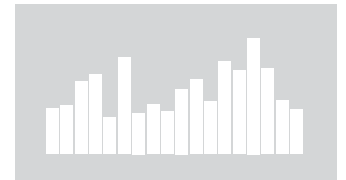


Figure 4.3



[VIEW 18-COUNTRY CHART](#)

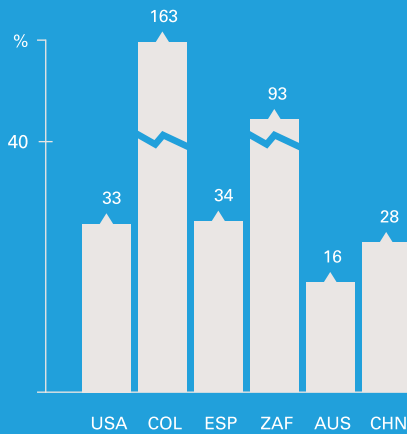
The average growth rate of the sales of Newcomers is an interesting data point related to firm growth. Newcomers tend to have the highest annual growth rates among eBay-enabled SMEs as they ramp up operations, especially in the fastest growing markets.

For this section, we looked at Newcomers who started on eBay in 2011 and achieved Commercial Seller status by 2014. Given the hyper-growth of the sales in the first years of a start-up enterprise when measured as a percentage, we examined just their third year growth rate (2013–2014) to minimize distortions in the average.

³⁷ OECD (2015), Entrepreneurship at a Glance 2015, OECD Publishing, Paris. DOI: http://dx.doi.org/10.1787/entrepreneur_aag-2015-en



2013-2014 Growth Rate for Commercial Sellers That Began Selling in 2011



“The health and growth of SMEs is vitally important to the health of and job growth in national economies, particularly for developing countries where they are the main driver of job creation.”³⁸

- Claude Barfield,
AEI Resident Scholar

Figure 4.4



[VIEW 18-COUNTRY CHART](#)

The economic growth performance of eBay-enabled SMEs is robust, especially compared to the broader economic performance of the country market’s domestic economy over the time period studied.

In addition, it is notable that eBay-enabled SMEs in emerging markets maintained similar performance results as the eBay-enabled SMEs in advanced economies. These two performance metrics are evidence that eBay-enabled SMEs are continuing to meet the test of promoting a more inclusive economy.

The next section will propose public policy initiatives that would promote the expansion of economic opportunities available to SMEs, located anywhere in the world, that take advantage of technology-enabled platform commerce models to grow their businesses.

³⁸ Barfield, Claude. (2015). “When Trade and Tech Collide: Digital Policy Challenges and Solutions for 2016 and Beyond.” American Enterprise Institute. Available at <https://www.aei.org/wp-content/uploads/2015/10/When-trade-and-tech-collide-Barfield-FINAL-not-embargoed.pdf>

POLICY RECOMMENDATIONS

Technology-enabled SMEs are a relatively new phenomenon on the global trade scene.

“This is a pretty unforgiving environment. It’s not a strong global economy.”

- Mark Carney, Bank of England Governor ³⁹

Therefore, it is not surprising that their unique interests and methods of business have largely not been taken into account as a meaningful part of trade policy discussions at the national level, or in trade negotiations at the multilateral level.


In addition, policy recommendations designed to facilitate the expansion of technology-enabled SME trade, promote more balanced growth and make trade more inclusive, have largely been absent from official trade policy forums. It is now time to elevate the policies that will promote the uptake of this highly inclusive mode of global commerce.

Of course, expanding access to the global Internet is a key component of expanding trade and growth opportunities for technology-enabled SMEs. In addition, preserving, promoting and expanding the opportunity for individuals and SMEs to access the global commerce platforms that enable this commerce model is key, especially for SMEs in remote regions and emerging economies.

Finally, it is widely recognized that logistical and compliance hurdles and costs are proportionately more costly to SMEs than to large and established businesses. The International Organization of Employers finds that proportionate compliance costs can be 10 to 30 times greater for smaller firms than for larger firms.⁴⁰

³⁹ Trevisani, Paul and Ian Talley, (October 12, 2015). “World’s Top Finance Officials Find Global Economy Sputtering” The Wall Street Journal. Available at <http://www.wsj.com/articles/worlds-top-finance-officials-find-global-economy-sputtering-1444573642>

⁴⁰ IOE Guidance Note, Small and Medium Sized Enterprises and Decent and Productive Employment Creation (2015) <http://www.ioe-emp.org/index.php?eID=dumpFile&t=f&f=2506&token=6c418829c0061be076aa2fe19670eeee66cbde49>



The following general policy recommendations would enhance the ability of technology-enabled SMEs to access the global market regardless of where they are emerging as SME traders globally:

- **Expand Access to the Internet**

Promote the continued expansion of access to the open, global Internet, as well as global commerce platforms and intermediaries that connect entrepreneurs and technology-enabled SMEs with consumers globally.

- **Increase Customs Import Duty Exemption Thresholds**

Expanding de minimis thresholds promotes trade and economic opportunities for SMEs by reducing the time, cost, and uncertainty of moving the packages of technology-enabled SMEs across borders. In addition, de minimis levels counter excessive per-transaction costs for customs authorities.

- **Digital Single Windows**

Multiple governmental agencies touching cross border shipments is inefficient for all traders, but for SMEs the negative impacts are especially profound. National “Digital Single Window” efforts are a step forward, but for micro and small enterprises, national-level simplification is a step short. Interoperable Digital Single Window (IDSW) efforts between countries would promote greater regional SME commerce and would further reduce barriers at the border. The use of open Application Program Interfaces (APIs) in IDSW projects would allow for the development of technology tools could be tailored to all types of technology-enabled SMEs.

- **Eliminate Duties on Cross-Border Returns**

SME traders should not be burdened with paying import duties when they accept a returned item that they sold to a customer in another market.

- **Treat Postal Systems as SME Trade Facilitators**

Postal systems and policies should be the subject of discussion in trade forums as they are increasingly valuable as an economic and trade facilitator for SME traders. Simplification, modernization, harmonization and integration of national postal services, as well as more robust cooperation with and treatment of private shippers, will promote greater and more broad-based SME commerce opportunities.

- **Promote Balanced Internet Intermediary Policies**

Balanced regimes governing intermediary liability are central to fostering the Internet-based services that enable SMEs to engage in global commerce. Trade agreements can be used to harmonize liability regimes in a manner that encourages countries to adopt policies that support SME-based commerce and opportunity.

- **Open Trusted Trader Programs to Platform-Enabled SMEs**

Cooperative risk assessment methodologies should be developed to better facilitate technology-enabled SME trade.

- **Explore Flexible International Regulatory Cooperation Solutions**

The emergence of micro and small businesses as global traders is a highly inclusive economic development that should not be undermined by outdated national regulatory models. Policymakers should explore non-national legal instruments to promote consumer protection in a manner that welcomes SME traders into the global commerce regime side-by-side with established global companies.



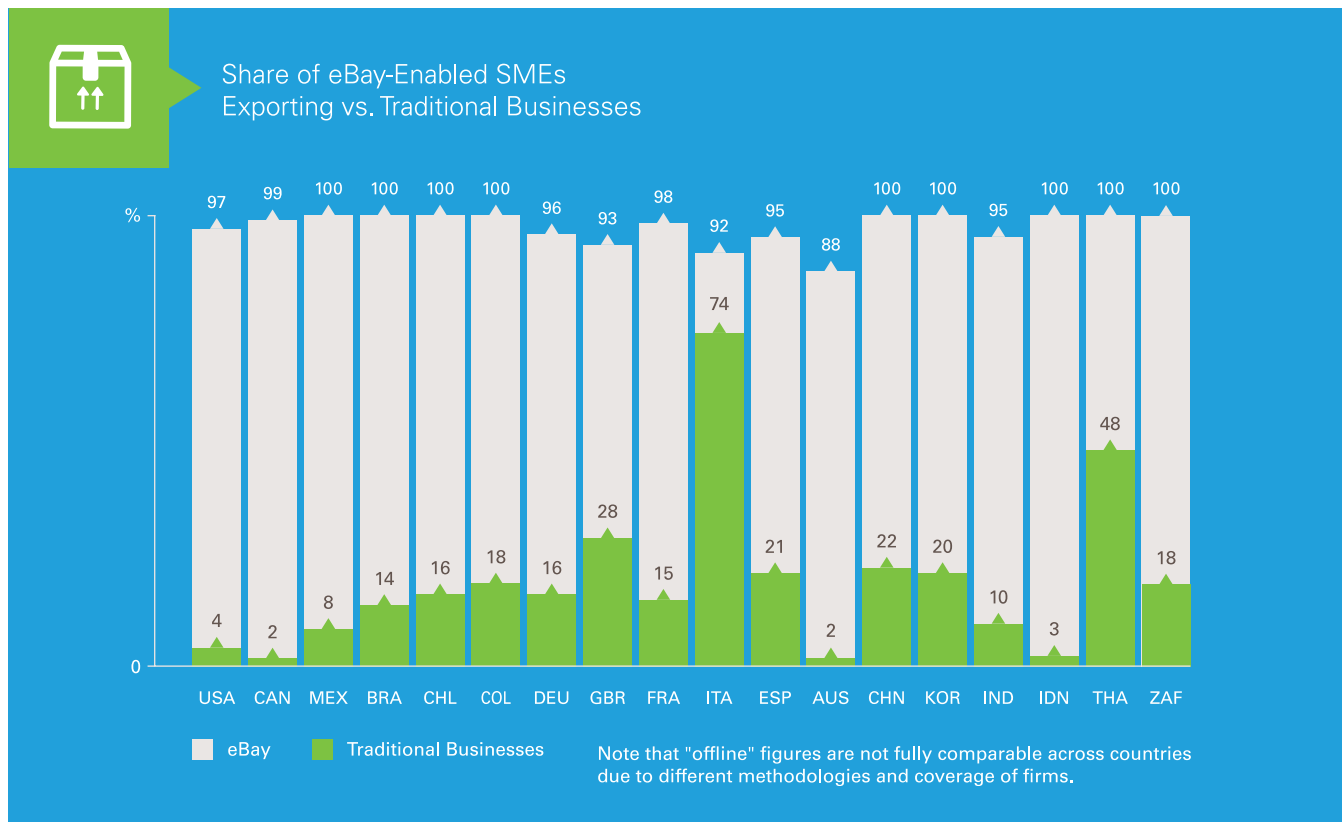
APPENDIX CHARTS AND COUNTRY PAGES: METHODOLOGY AND SOURCING

COUNTRY CODES

USA	UNITED STATES
CAN	CANADA
MEX	MEXICO
BRA	BRAZIL
CHL	CHILE
COL	COLOMBIA
DEU	GERMANY
GBR	UNITED KINGDOM
FRA	FRANCE
ITA	ITALY
ESP	SPAIN
AUS	AUSTRALIA
CHN	CHINA
KOR	SOUTH KOREA
IND	INDIA
IDN	INDONESIA
THA	THAILAND
ZAF	SOUTH AFRICA

FIGURE 3.1 - SHARE OF EBAY-ENABLED SMES EXPORTING VS. TRADITIONAL BUSINESSES

The eBay data reflects the share of 2014 eBay Commercial Sellers (those with \$10,000 USD or more in sales on eBay) in each country, who exported in that year.



OFFLINE EXPORT RATE SOURCES

USA - Bernard, Andrew B., J. Bradford Jensen, Stephen J. Redding & Peter K. Schott (2007). Firms in International Trade. Journal of Economic Perspectives 21(3):105-130. For manufacturers, the share is 15% (pp.105 and 108); Available at <http://www.princeton.edu/~reddings/pubpapers/FirmsTradeJEP2007.pdf>

CAN - Industry Canada (2005). Small Business Exporters: A Canadian Profile. Small Business Policy Branch, Industry Canada. Available at [http://www.ic.gc.ca/eic/site/061.nsf/vwapj/Profile_Small_Business_Exporters_Eng.pdf/\\$FILE/Profile_Small_Business_Exporters_Eng.pdf](http://www.ic.gc.ca/eic/site/061.nsf/vwapj/Profile_Small_Business_Exporters_Eng.pdf/$FILE/Profile_Small_Business_Exporters_Eng.pdf) (p. 10)

MEX - World Bank Enterprise Surveys, latest available year (2010); Available at <http://www.enterprisesurveys.org/Custom-Query>

BRA - World Bank Enterprise Surveys, latest available year (2009); Available at <http://www.enterprisesurveys.org/Custom-Query>

CHL - World Bank Enterprise Surveys, latest available year (2010); Available at <http://www.enterprisesurveys.org/Custom-Query>

COL - World Bank Enterprise Surveys, latest available year (2010); Available at <http://www.enterprisesurveys.org/Custom-Query>

DEU - World Bank Enterprise Surveys, latest available year (2005); Available at <http://www.enterprisesurveys.org/Custom-Query>

GBR - Mayer, Thierry & Gianmarco I. P. Ottaviano (2007). The Happy Few: The internationalization of European Firms. Bruegel, Brussels; Table 2, p. 12. (large firms only); Available at http://bruegel.org/wp-content/uploads/imported/publications/BP_Nov2008_The_happy_few.pdf

FRA - Eaton, Jonathan, Samuel S. Kortum & Francis Kramarz (2009). An anatomy of International Trade: Evidence from French Firms. CEPR Discussion Paper No. 7111; Available at <http://www.crest.fr/ckfinder/userfiles/files/pageperso/kramarz/ecta8318.pdf> (p. 1455)

ITA - Mayer, Thierry & Gianmarco I. P. Ottaviano (2007). The Happy Few: The internationalization of European Firms. Bruegel, Brussels; Table 2, p. 12. (large firms only); Available at http://bruegel.org/wp-content/uploads/imported/publications/BP_Nov2008_The_happy_few.pdf

ESP - World Bank Enterprise Surveys, latest available year (2005); Available at <http://www.enterprisesurveys.org/Custom-Query>

AUS - Commerce 3.0 Report Australia (Figure 9); Available at https://www.ebaymainstreet.com/sites/default/files/eBay_Commerce-3.0_Enabling-Australian-Export-Opportunities.pdf

CHN - World Bank Enterprise Surveys, latest available year (2012); Available at <http://www.enterprisesurveys.org/Custom-Query>

KOR - World Bank Enterprise Surveys, latest available year (2005); Available at <http://www.enterprisesurveys.org/Custom-Query>

IND - World Bank Enterprise Surveys, latest available year (2014); Available at <http://www.enterprisesurveys.org/Custom-Query>

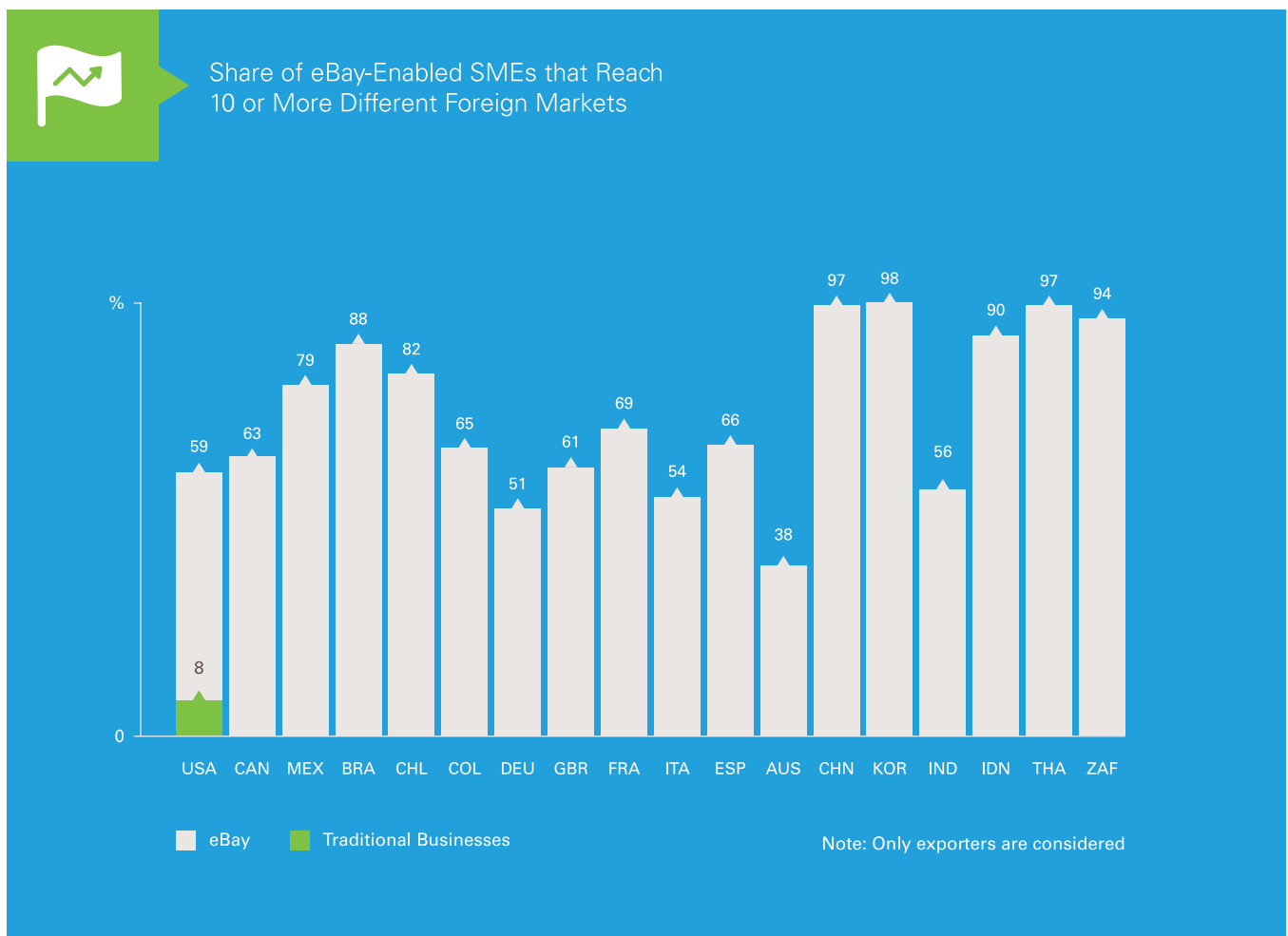
IDN - World Bank Enterprise Surveys, latest available year (2009); Available at <http://www.enterprisesurveys.org/Custom-Query>

THA - World Bank Enterprise Surveys, latest available year (2006); Available at <http://www.enterprisesurveys.org/Custom-Query>

ZAF - World Bank Enterprise Surveys, latest available year (2007); Available at <http://www.enterprisesurveys.org/Custom-Query>

FIGURE 3.2 - SHARE OF EBAY-ENABLED SMES THAT REACH 10 OR MORE DIFFERENT FOREIGN MARKETS

The eBay data reflects the share of exporting 2014 eBay Commercial Sellers (those with \$10,000 USD or more in sales on eBay) in each country, who exported to 10 or more different foreign markets in that year.



OFFLINE DATA SOURCE

USA - <http://www.census.gov/foreign-trade/Press-Release/edb/2013/edbrel.pdf>, Exhibit 4a

FIGURE 3.3 - AVERAGE NUMBER OF DIFFERENT FOREIGN DESTINATION MARKETS

The eBay data reflects the average number of different foreign markets reached by 2014 eBay Commercial Sellers (those with \$10,000 USD or more in sales on eBay) in each country, who exported in that year.

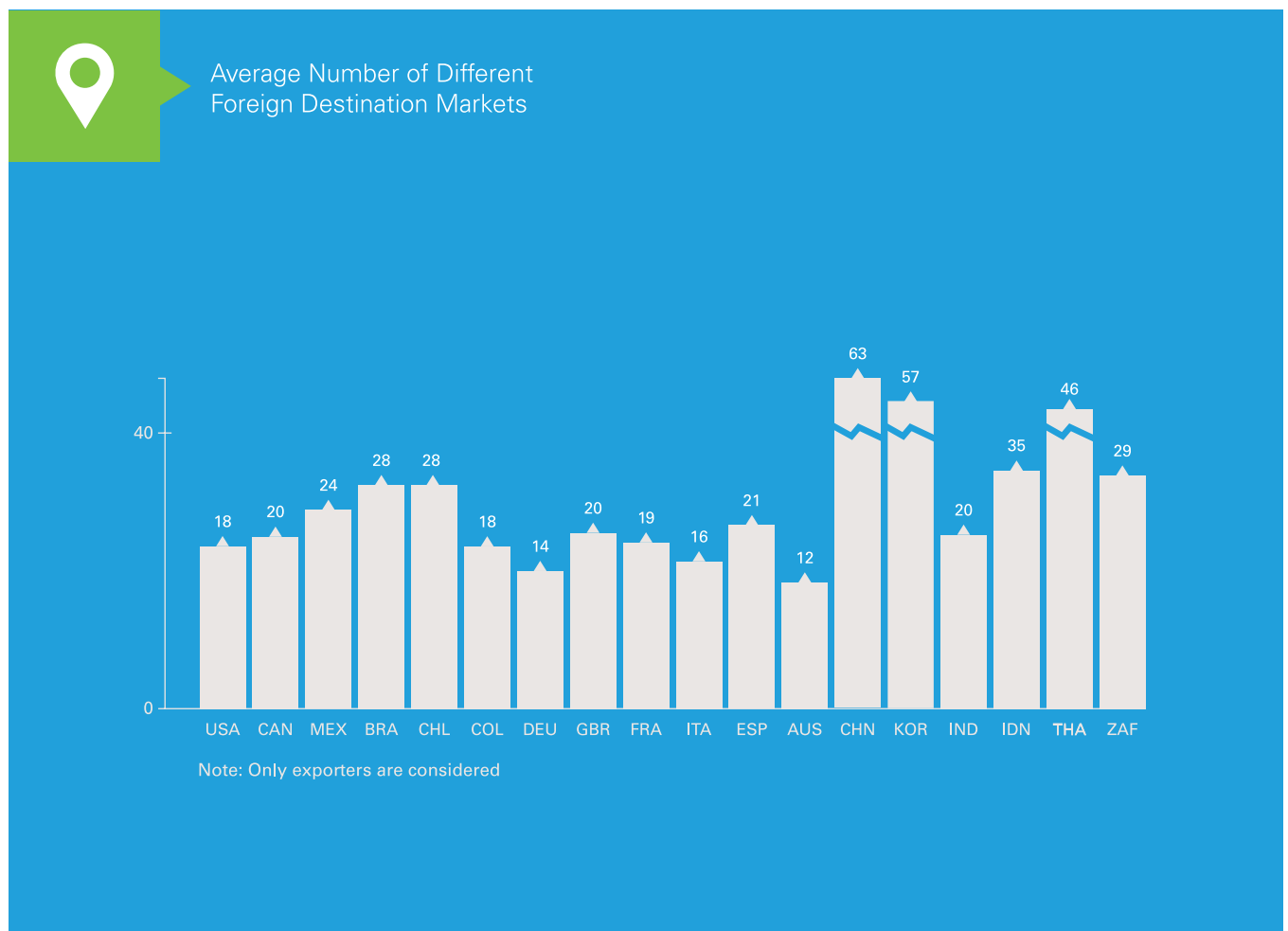


FIGURE 3.4 - SHARE OF EBAY-ENABLED SMES EXPORTING TO BUYERS ON FOUR OR MORE CONTINENTS

The eBay data reflects the share of exporting 2014 eBay Commercial Sellers (those with \$10,000 USD or more in sales on eBay) in each country, who exported to four or more continents in that year.

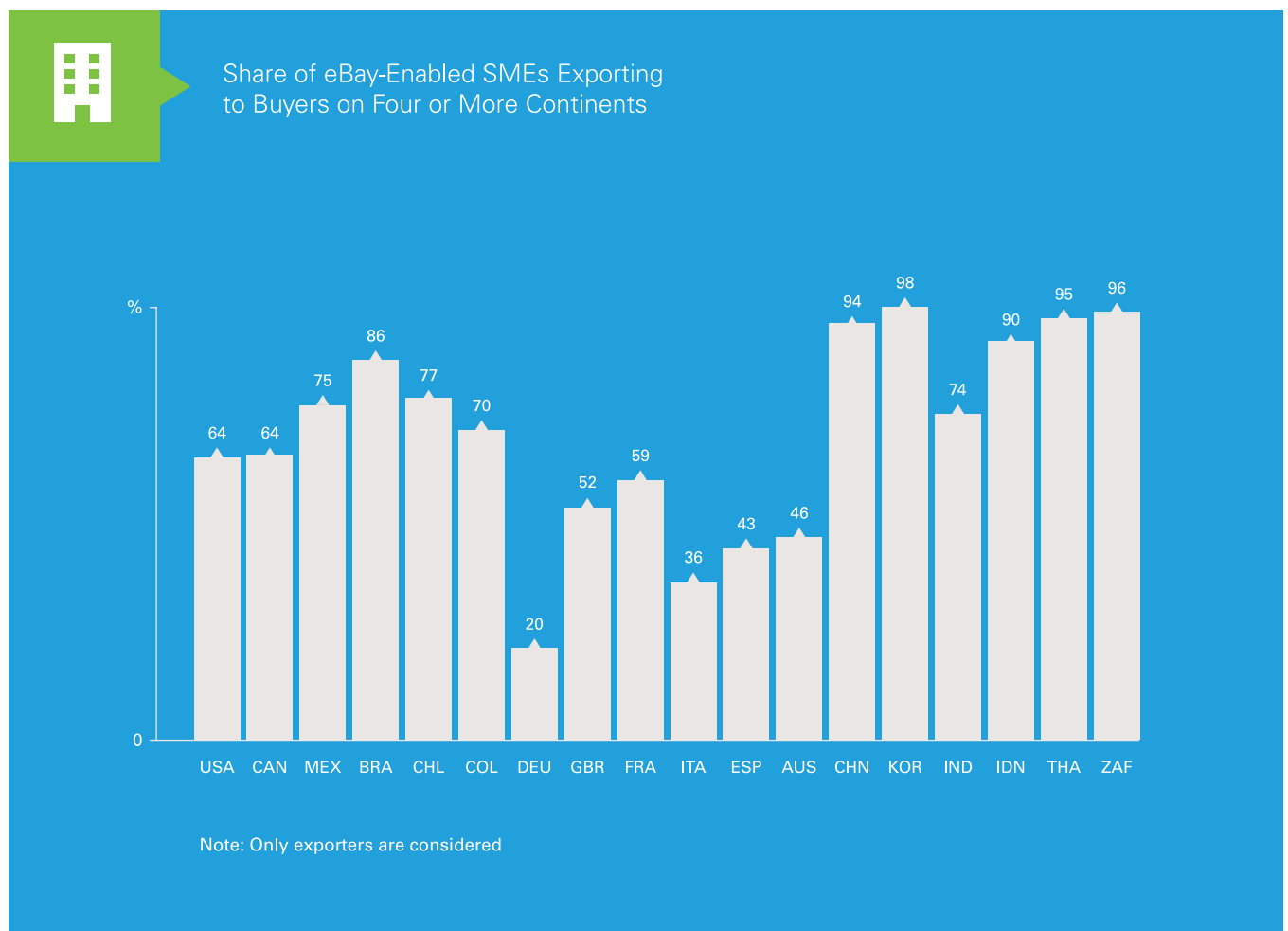
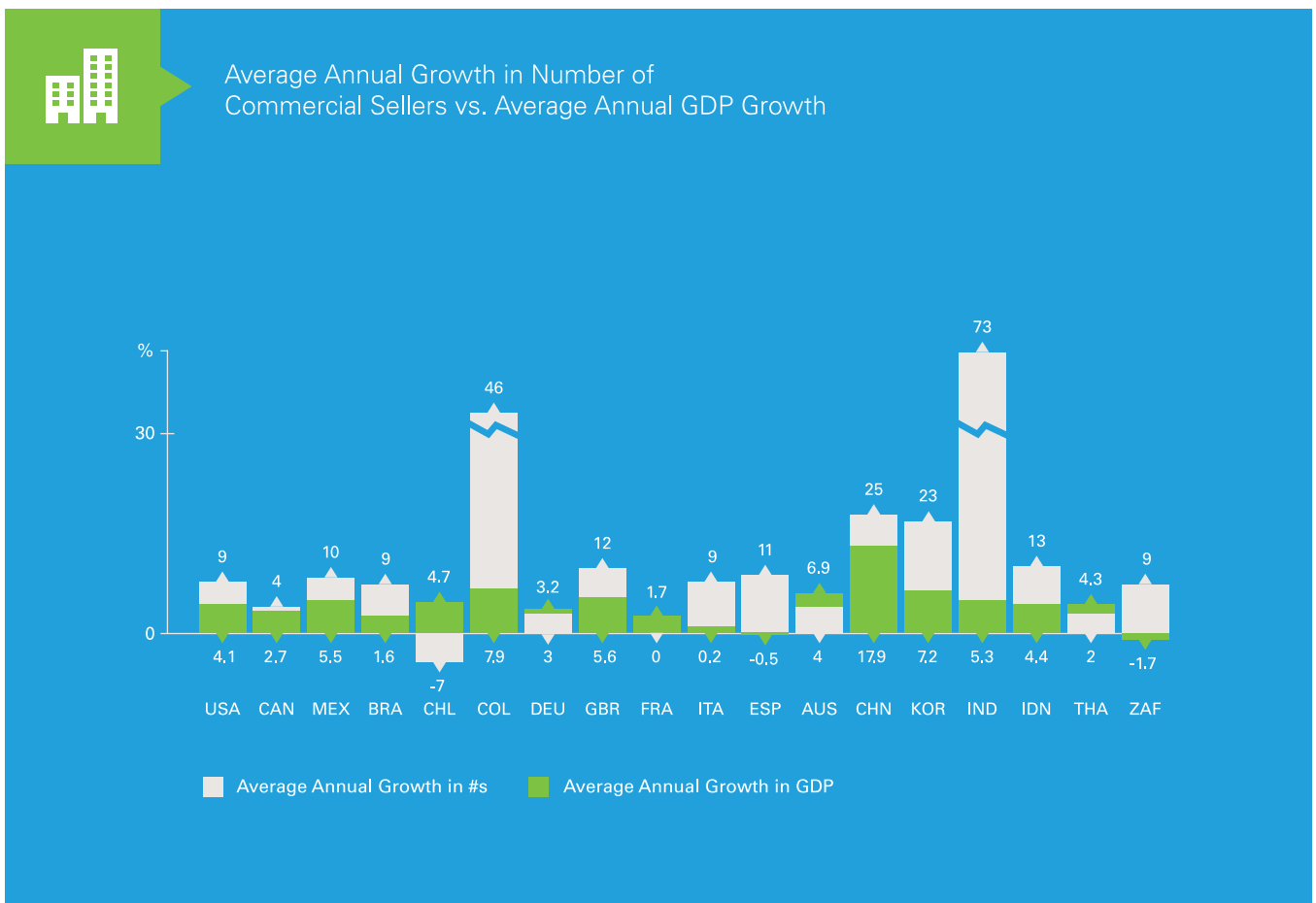


FIGURE 4.1 - AVERAGE ANNUAL GROWTH IN NUMBER OF COMMERCIAL SELLERS VS. AVERAGE ANNUAL GDP GROWTH

The eBay data reflects the annual average growth (total growth / 4) in the number of eBay Commercial Sellers (those with \$10,000 USD or more in sales on eBay) in each country from 2010 to 2014.



GDP GROWTH SOURCE

World Bank, World Development Indicators Available at <http://data.worldbank.org/indicator/NY.GDPMKTPCD>

Note: The data file last updated on November 12, 2015 is available at <http://api.worldbank.org/v2/en/indicator/ny.gdp.mktp.cd?downloadformat=excel>
 Average Annual GDP Growth was determined using the following formula: $(2014 \text{ GDP} - 2010 \text{ GDP}) / 2010 \text{ GDP} / 4$

FIGURE 4.2 - COMPOUND ANNUAL GROWTH RATE FOR CONTINUOUS COMMERCIAL SELLERS VS. COMPOUND ANNUAL GDP GROWTH RATE

The eBay data reflects the compound annual growth rate in sales $[(2014 \text{ sales} / 2010 \text{ sales})^{.25} - 1]$ for eBay Commercial Sellers (those with \$10,000 USD or more in sales on eBay) in each country that reached this sales threshold in all the following years: 2010, 2011, 2012, 2013, and 2014.

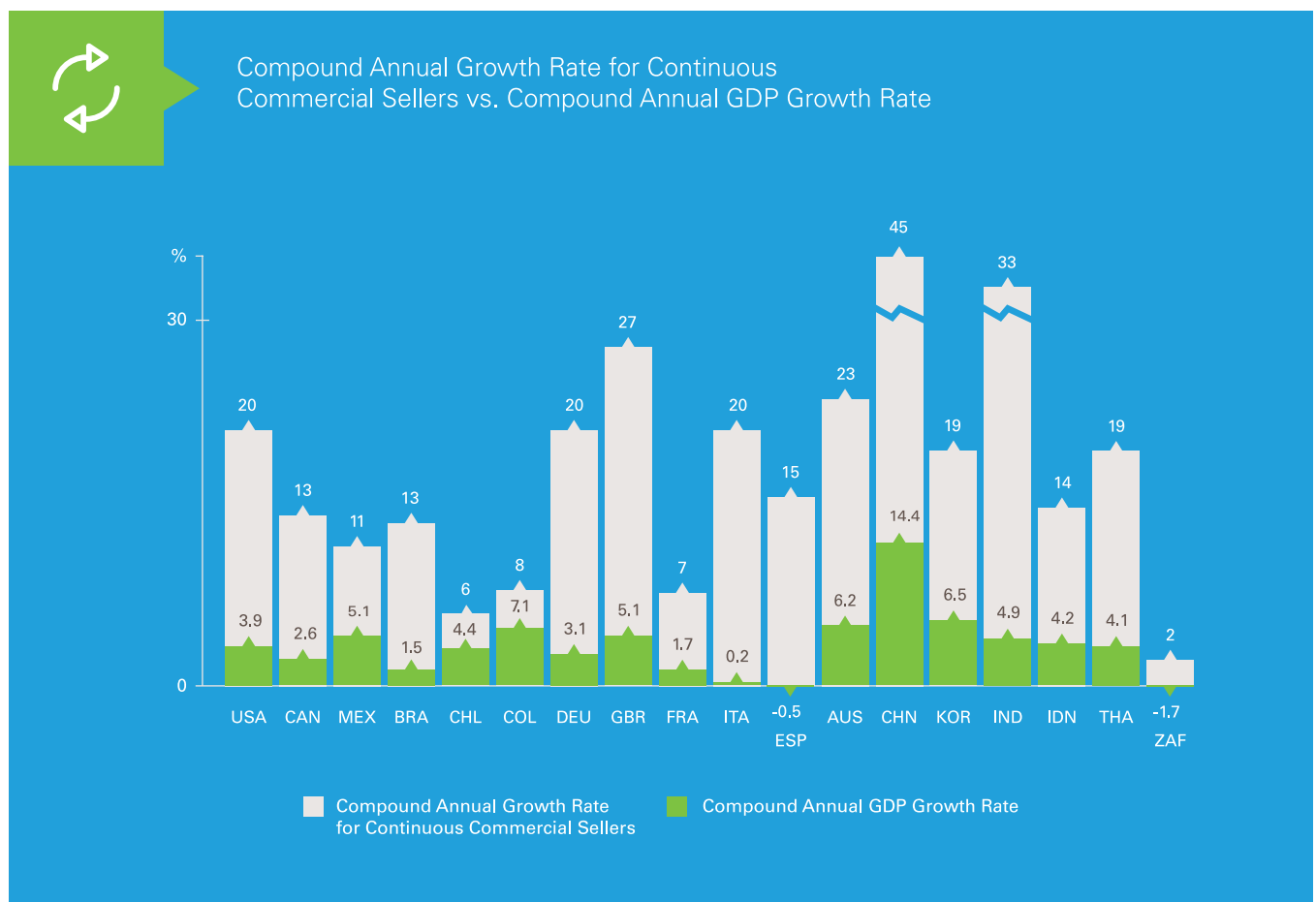


FIGURE 4.3 - SHARE OF COMMERCIAL SELLERS THAT WERE NEWCOMERS

The eBay data reflects the share of 2014 eBay Commercial Sellers (those with \$10,000 USD or more in sales on eBay) in each country that had zero sales on eBay in 2010.

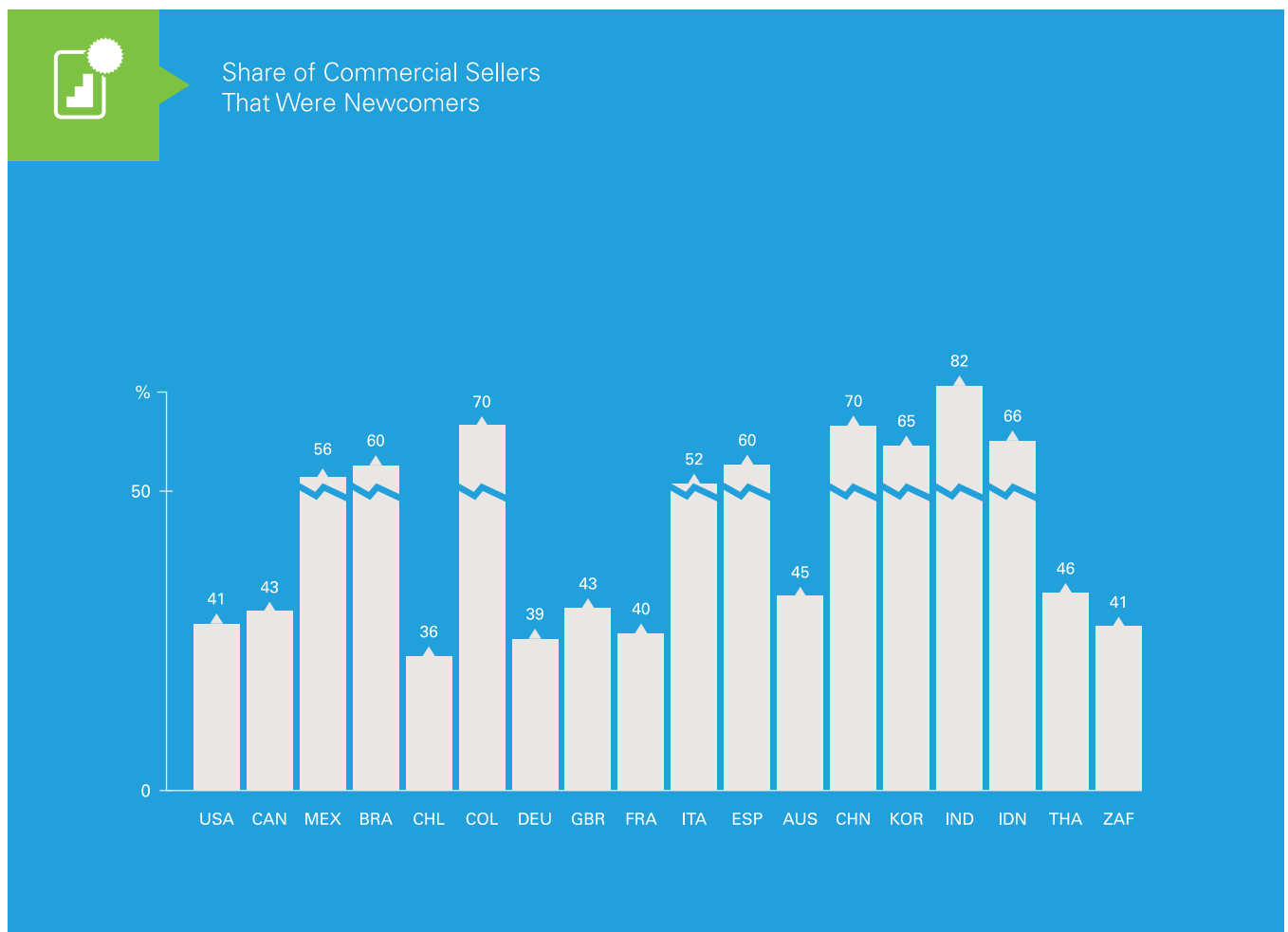


FIGURE 4.4 - 2013-2014 GROWTH RATE FOR COMMERCIAL SELLERS THAT BEGAN SELLING IN 2011

The eBay data reflects the 2013-2014 growth rate in sales $[(2014 \text{ sales} - 2013 \text{ sales}) / 2013 \text{ sales}]$ for 2014 eBay Commercial Sellers (those with \$10,000 USD or more in sales on eBay) in each country that registered on eBay in 2011.

