



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 (Sidley) have worked together examining how globalization and technology empower Micro, Small and Medium-sized Enterprises (MSMEs)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 covers a selection of 18 countries distributed across the Americas, Europe, the Asia-Pacific region and Africa, based on eBay Marketplace data from 2011-2015. The findings herein provide an optimistic, yet realistic, picture of how technology, in particular through global digital platforms, and a new platform-based MSME 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 MSMEs in comparison to available measures of trade activity by traditional MSMEs, as well as comparing the performance of eBay-enabled MSMEs from emerging economies side-by-side with eBay-enabled MSMEs 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 situated further from economic hubs and located in countries with less advanced economies and lower income levels. Small firms operating outside of advantaged countries and regions were especially disadvantaged. Given that most business enterprises in countries of all economic development levels are MSMEs³, this daunting cost has created challenges for broad-based and balanced economic development.

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.

¹ Although there is no single standard, MSMEs 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 at: <https://www.ebaymainstreet.com/policy-papers>

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. Available at: http://www.ifc.org/wps/wcm/connect/277d1680486a831abec2fff995bd23db/AM11IFC+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.

We invite you to explore our full catalogue of research at: www.ebaymainstreet.com/lab

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In fact, the data confirms that technology-enabled MSMEs 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 cross-border 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 MSMEs across the platform is not only reflective of a more inclusive model of commerce, but it is also resulting in MSME growth and dynamism that exceeds that found in the traditional economy. The econometric and statistical analysis carried out by Sidley for this report is based on eBay data sets covering transactions and small online businesses from 2011 to 2015 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 \$10,000 USD or more annually on the eBay Marketplace. In this report, these are called “Commercial Sellers,” or eBay-enabled MSMEs.

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, the application of domestic retail services taxes to small remote retailers lacking any in-country presence, 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 Chains, inclusiveness is focused on overcoming participation constraints on two specific underrepresented communities: MSMEs and enterprises from developing and emerging economies.

Historically, there have been three pillars that drove globalization: governments, large international businesses, and major financial institutions.⁵ Under this system, the prototypical model for trade 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 MSMEs 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, MSMEs are often intermediary suppliers to GVCs; this is one of the principle and increasingly well-studied methods of MSME participation in trade. For example, Slaughter (2013) finds that the typical US MNE buys more than \$3 billion USD in inputs from more than 6,000 US MSMEs.¹³

“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.”

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

SOURCE

Organization for Economic Cooperation and Development 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>

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

⁵ McKinsey Global Institute (2016) *Digital Globalization: The New Era of Global Flows*. Available at: <http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/digital-globalization-the-new-era-of-global-flows>

⁶ 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

⁷ Inter-American Development Bank (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*. Available at: http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review-2016_en#annual-report

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

¹⁰ U.S. Census Bureau (2017) *A Profile of U.S. Importing and Exporting Companies, 2014-2015*. [See Exhibit 1a]. Available at: <https://www.census.gov/foreign-trade/Press-Release/edb/2015/edbrel.pdf>

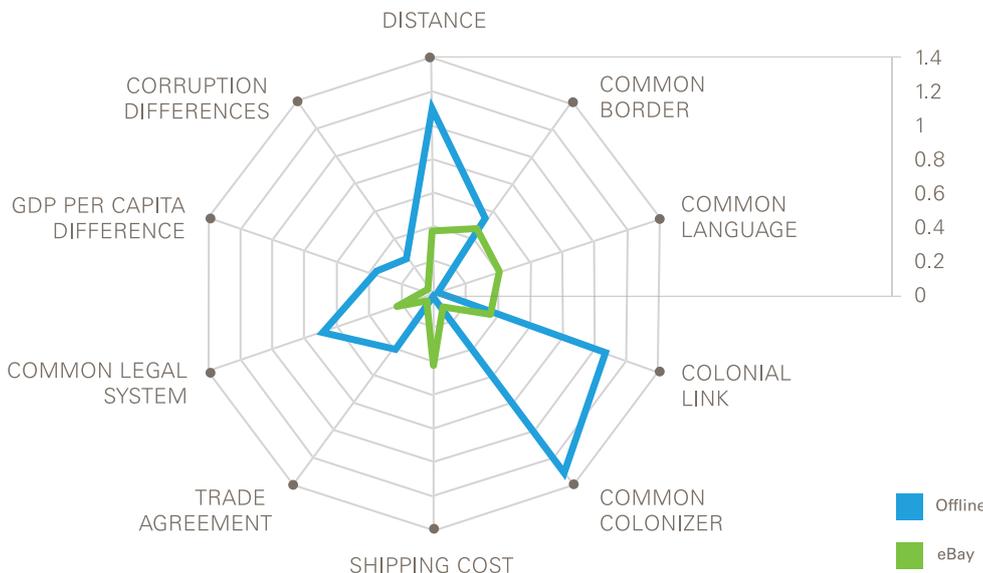
¹¹ Gereffi, Gary, John Humphrey, and Timothy Sturgeon. *The Governance of Global Value Chains*. Review of International Political Economy 12 (1): 78–104. February 2015. Available at: http://www.fao.org/fileadmin/user_upload/fisheries/docs/GVC_Governance.pdf

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 Denise Pierola. 2012. “Exporter dynamics database,” Policy Research Working Paper Series 6229, The World Bank, Washington, D.C.

¹³ Slaughter, Matthew J. *American Companies and Global Supply Networks - Driving U.S. Economic Growth and Jobs by Connecting with the World*. Business Roundtable, the United States Council for International Business and the United States Council Foundation. 2013. Available at: <http://businessroundtable.org/sites/default/files/BRT-SlaughterPaper-singles-Dec21.pdf>

Despite the emergence and evolution of GVCs, the share of traditional businesses, in particular MSMEs, 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 MSMEs, and where we have identified traditional business comparable statistics, shares of firms exporting range from 1% in the US, 2% in Canada, and 2% in Australia, to a 22% in China and 28% in the United Kingdom. (See **Figure 3.1** in the Appendix).

A new model of exporting and MSME 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, MSMEs can connect with consumers and establish trust across national and cultural borders.¹⁴ They 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 The International Trade Centre also points out that cross-border e-commerce provides a unique opportunity to MSMEs in isolated locales such as landlocked developing countries, that historically have had trouble reaching even regional markets.¹⁶



¹⁴ Meltzer, Joshua. *Supporting the Internet as a Platform for International Trade*. The Brookings Institute Global Economy & Development Working Paper 69. February 2014. 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 International Trade Center (2016) *Bringing SMEs onto the E-Commerce Highway*. Available at: <http://www.intracen.org/publication/Bringing-SMEs-onto-the-e-Commerce-Highway/>

¹⁷ Olarreaga, Marcelo, and Sidley Austin LLP. *Enabling Traders to Enter and Grow on the Global Stage*. [See Page 12]. 2012. Available at: http://www.ebaymainstreet.com/sites/default/files/eBay_Enabling-Traders-to-Enter-and-Grow-on-the-Global-Stage.pdf

California Motorcycles

Frank Burguera
SPAIN

A motorcycle accessory and repair industry expert, Frank Burguera opened the retail store California Motorcycles in 2007, repairing and selling motorcycle and automotive parts and accessories. Just one year later, he added the eBay component to his business and with the added reach and visibility, Frank now exports a quarter of his sales to countries all over the world.

Figure 2.1¹⁷

Most Trade Costs Matter More Offline Than Online

Figure 2.1, which was developed by Olarreaga (2012) as part of an initial study of the trade activity of eBay-enabled MSMEs, 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 efficiencies created by these technology based platform services have significantly reduced the cost of MSME exporting¹⁸ and the rate of exporting by MSMEs 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” IN THE WILD

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.¹⁹ 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 MSMEs 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.

The Four Building Blocks of the Global Empowerment Network:

- 1 Connectivity to the global Internet at low cost and without gatekeepers
- 2 Global platform-based marketplaces
- 3 Global payment services
- 4 Efficient, modern and “connected” package-level logistics and delivery services

¹⁸ Olarreaga, Marcelo. *eBay Reduces Trade Costs Where it is Needed Most*. The World Bank - Let's Talk Development Blog. November 7, 2012. Available at: <http://blogs.worldbank.org/developmenttalk/ebay-reduces-trade-costs-where-it-is-most-needed>

¹⁹ Varian, Hal. *Technology Levels the Business Playing Field*. The New York Times. August 25, 2005. Available at: http://www.nytimes.com/2005/08/25/business/technology-levels-the-business-playing-field.html?_r=0

TECHNOLOGY-ENABLED PLATFORM COMMERCE: EXPORT ACTIVITY IN SELECTED COUNTRIES, 2011-2015

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 MSMEs using the eBay Marketplace.

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

The econometric and statistical analysis carried out by Sidley for this report is based on eBay datasets covering transactions from small online businesses from 2011 to 2015 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 \$10,000 USD or more annually on the eBay Marketplace. In this report, these are called “Commercial Sellers” or eBay-enabled MSMEs.

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 MSME 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 report.²⁰ In addition, comparable data for traditional businesses is included, where available. We believe the results illustrate that eBay-enabled MSMEs 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 MSME 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

International Monetary Fund (2017)
*World Economic Outlook, April 2017:
Gaining Momentum?* See pages 177 –181.
Available at: [http://www.imf.org/en/
Publications/WEO/Issues/2017/04/04/world-
economic-outlook-april-2017](http://www.imf.org/en/Publications/WEO/Issues/2017/04/04/world-economic-outlook-april-2017)

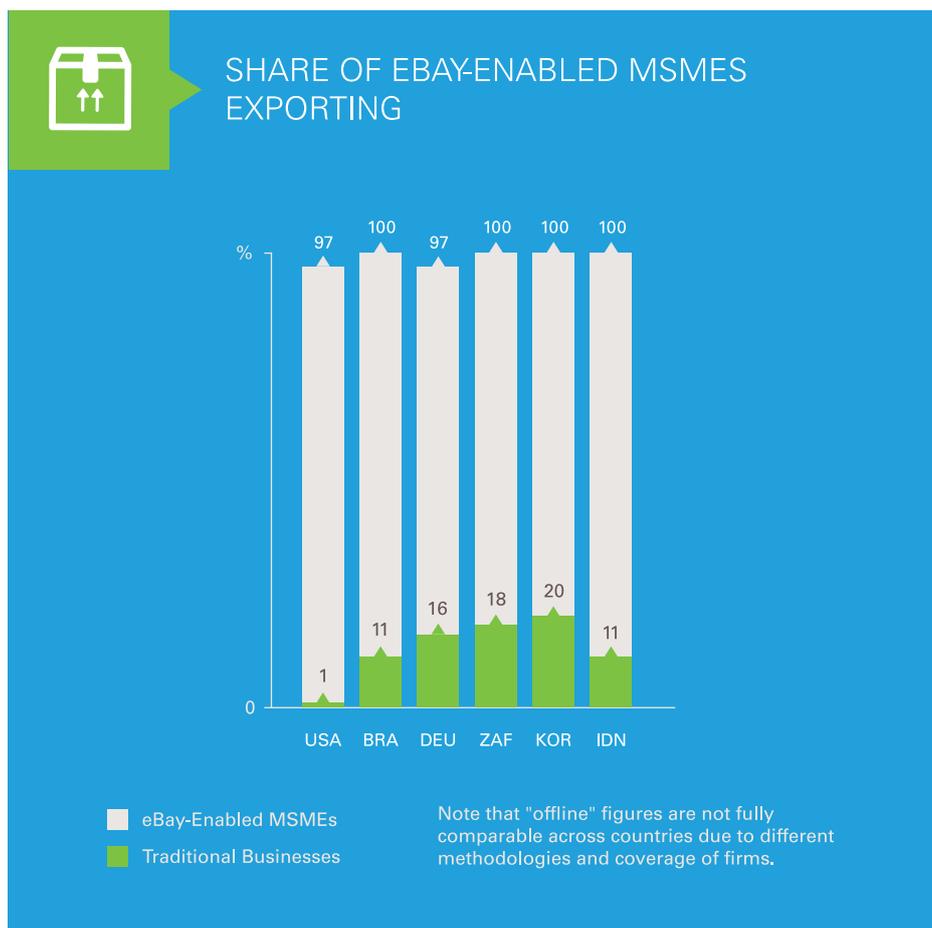
²⁰ International Monetary Fund (2015) *World Economic Outlook: Uneven Growth: Short-and Long-Term Factors*. [See pages 147 – 151]. Available at: <http://www.imf.org/external/pubs/ft/weo/2015/01/>

SHARE OF EBAY-ENABLED MSMEs EXPORTING

The share of MSMEs exporting on the eBay Marketplace is the first and consistently most striking data point presented in this report. In short, nearly every eBay-enabled MSME is an exporter. In comparison, most traditional businesses do not export.²¹

Among the full 18-country data set, more than half of the countries had 100% export rates, meaning every eBay-enabled MSME based in the country was an exporter in 2015. The lowest rate among the 18 countries was from Australia, where 90% of eBay-enabled MSMEs exported in 2015. By comparison, the export rate for traditional businesses in Australia is 2%.

Exporting by MSMEs 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 MSME exporting rates of 100%. Of the ten countries reviewed in this report with 100% MSME 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 MSMEs participating in technology-enabled platform commerce exceeded those in the traditional economy by at least 4x.



²¹ See **Figure 3.1** in the [Appendix, Pg. 27](#)

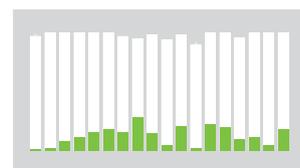
Polimil Ltd

Sean Cayless

UNITED KINGDOM

Polimil Ltd has been a growing sporting equipment and attire operation since 1989. Since then, the business has evolved to include equipment for police, military and security forces, as well as a wide range of sports equipment. Owner Sean Cayless started the business's online presence through eBay and eventually added his own website in 2007. The business continues to expand and to date, employs 20 individuals, stocks a 2,000m warehouse, operates a brick and mortar retail store and exports over half of its products. With a strong emphasis on commitment to value and service, Sean has ambitious plans for the future, hoping to double his business in size within the next few years.

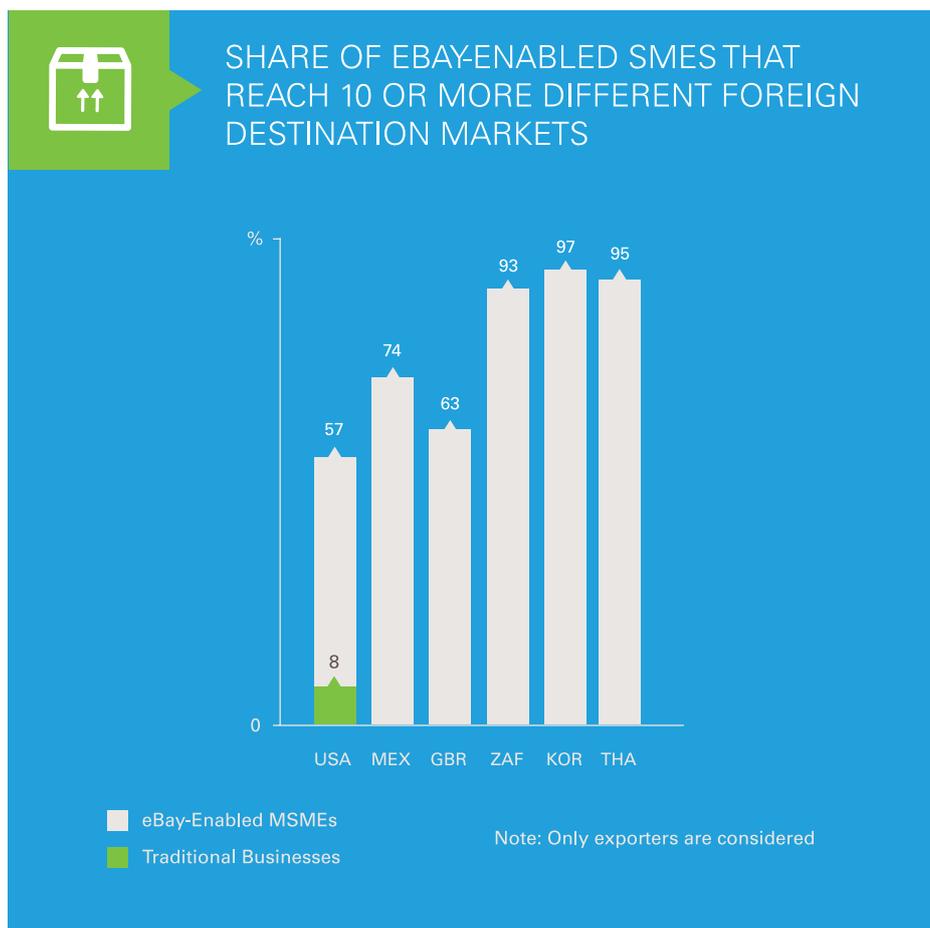
Figure 3.1



[VIEW 18-COUNTRY CHART](#)

SHARE OF EBAY-ENABLED MSMEs THAT REACH TEN OR MORE DIFFERENT FOREIGN DESTINATION 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.²² 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 MSME exporting activity, we calculated the share who exported to 10 or more country markets in 2015.



In 12 of the 18 countries we reviewed, roughly two-thirds or more of eBay-enabled MSMEs reach ten or more different foreign markets with their goods. Additionally, the export scale of eBay-enabled MSMEs from the emerging economies is again comparable to the activity in the advanced economies. While comparable data for traditional MSMEs is actually very difficult to find, potentially because so few traditional

²² 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.

Fansport24

Christian Schlaefer

GERMANY

In 1999, Christian Schlaefer founded the first online shop for sports fans, and he has been continuing to help fans find their favorite teams' merchandise ever since. His online business, Fansport24, specializes in finding unique sports articles, such as jerseys, t-shirts, shoes and more. Christian sells nearly 20% of the business's items internationally and is continuously looking to expand this number.

Figure 3.2

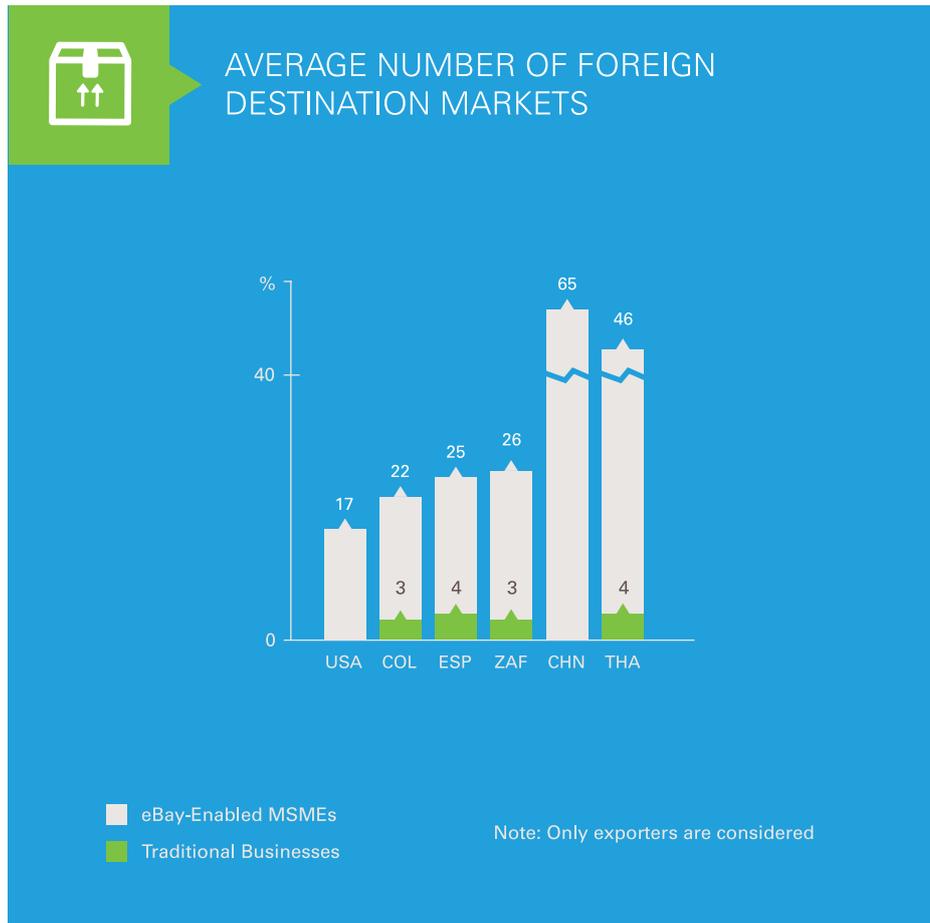


[VIEW 18-COUNTRY CHART](#)

MSMEs 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 MSMEs, are reported to reach 10 or more markets.²³ This percentage is significantly lower than the 57% of eBay-enabled MSMEs in the United States reaching 10 or more markets. In addition, the rate of eBay MSMEs exporting to 10 or more countries listed in **Figure 3.2** meaningfully exceeds the percentage of traditional MSMEs 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. However, once again our findings reveal that eBay-enabled MSMEs are defying conventional wisdom when it comes to the ability of the smallest to reach global customers. In 13 of the 18 countries, including all the emerging economies, eBay-enabled MSMEs reach on average 20 or more foreign markets.

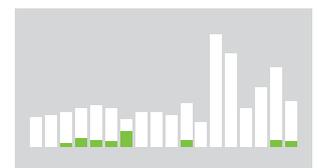


Tanya Moss Jewelry

Tanya Moss
MEXICO

Tanya Moss has over 20 years of experience designing and creating her own jewelry. Through her use of unique metals and stones, Tanya strives to perfect her work for women to help them find their own sentiment. Since first opening a small boutique in 1995, she opened several other storefronts and began selling on eBay and her own site, tanyamossjewelry.com. Tanya strives to position her brand as a prestigious jewelry store in Mexico. Now with the help of ecommerce, she is pushing that message worldwide and continuing to increase her international sales.

Figure 3.3



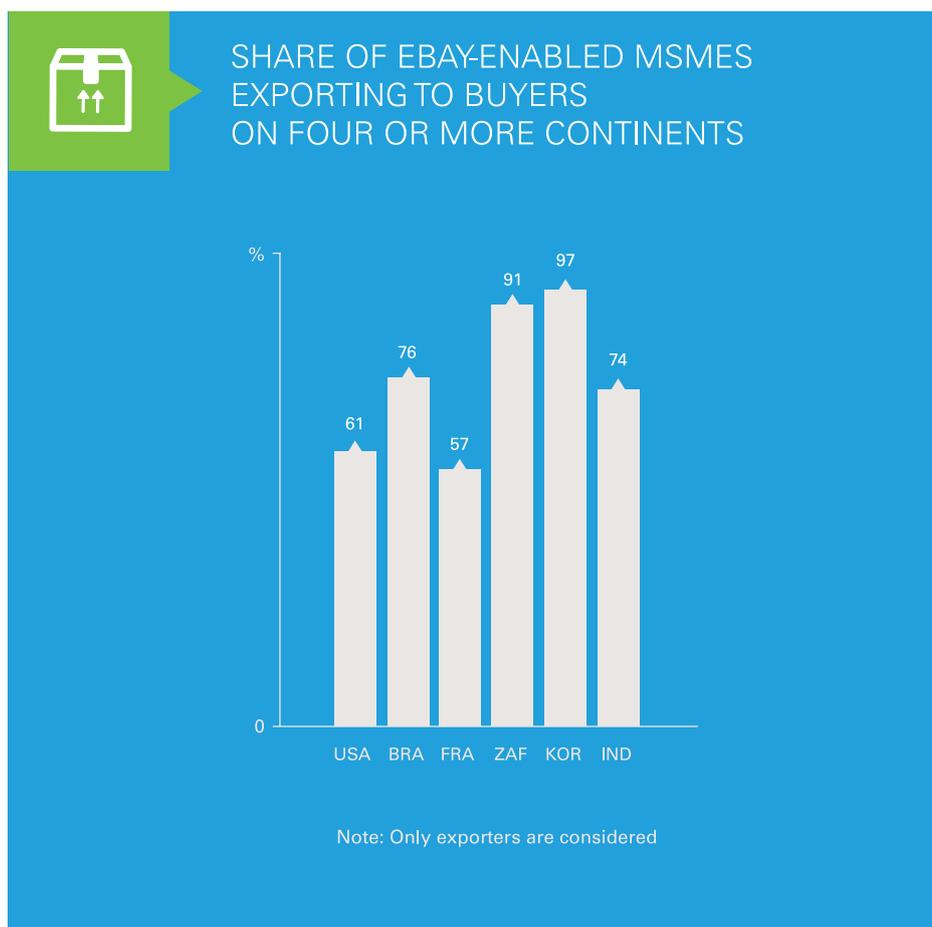
[VIEW 18-COUNTRY CHART](#)

²³ U.S. Census Bureau (2017) *A Profile of U.S. Importing and Exporting Companies, 2014-2015*. [See Exhibit 4a] Available at: <https://www.census.gov/foreign-trade/Press-Release/edb/2015/edbrel.pdf>

The comparable figures for country export markets reached in the context of traditional MSMEs are again somewhat limited; however, the numbers that appear show that the MSMEs using technology-enabled platforms outperform traditional MSMEs by order of magnitude. For example, analysis of the World Bank Exporter Dynamics Database²⁴ indicates that traditional Colombian exporters reached just 3 country markets, compared to an average of 22 for eBay-enabled MSMEs from Colombia; traditional South African exporters averaged 3 country markets compared to 26 for eBay-enabled MSMEs from South Africa; and traditional Spanish exporters averaged 4 country markets, compared to 25 for Spanish eBay-enabled MSMEs.

SHARE OF EBAY-ENABLED MSMEs EXPORTING TO BUYERS ON FOUR OR MORE CONTINENTS

Though a non-traditional measurement of scale and scope of exporting activity, we have calculated the continental reach of eBay-enabled MSMEs. 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 MSME exported to a buyer in a country on a continent, they were credited with an export to that continent.



GreenSun-21

SungHoon Shin

SOUTH KOREA

SungHoon Shin first used eBay to buy a camera that came from Hong Kong, and he quickly realized he could also start a business selling his favorite cameras throughout the world on the platform. In 2012, he closed his previously owned design academy and began a new online business selling cameras and camera accessories internationally. The business has experienced 50% growth each year, and they are now one of the top merchants in eBay Korea's cross-border trade markets. Today, SungHoon's business employs five individuals, and he has expanded his business's product line to include consumer electronics, smartphones, cosmetics and motor parts.

Figure 3.4



[VIEW 18-COUNTRY CHART](#)

²⁴ The World Bank Exporter Dynamics Database is available at: <http://go.worldbank.org/KZGM120470>

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 MSME with sales to four or more continents in a year to be a “Global Seller”. In 9 of the 18 countries we researched, two-thirds or more of eBay-enabled MSMEs reached this mark. This is a significant contrast to traditional MSMEs, which are less likely to export as distance to market increases.²⁵

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

EXPORT-LED DEVELOPMENT AND INTERNET-ENABLED MSME TRADE

Traditionally, engagement with the global economy has been viewed as a catalyst for economic growth and development.²⁶ 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.²⁷ The economic gains are not just the result of larger enterprises that export, however. MSMEs that participate in the global economy tend to ramp up hiring, offer better salaries and experience greater sales.²⁸ The market diversification also results in a higher probability of survival for these MSMEs.²⁹ Given the huge number of MSMEs that comprise economies around the world, the more they trade, the greater the opportunity for inclusive economic growth.³⁰

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.³¹ The diversity of the global marketplace offers developing countries significant opportunities to sell their goods which, in turn, lead to more stable business climates.³²

²⁵ Organization for Economic Coordination and Development (May 2017) *Small, Medium, Strong. Trends in SME Performance and Business Conditions*. Available at: http://www.oecd-ilibrary.org/industry-and-services/small-medium-strong-trends-in-sme-performance-and-business-conditions_9789264275683-en

²⁶ For a list of studies on the subject, please view: Sheridan, Brandon James. *Three Essays Concerning the Relationship between Exports, Macroeconomic Policy, and Economic Growth*. University of Kentucky. 2012. [See pages 6-8]. Available at: http://uknowledge.uky.edu/cgi/viewcontent.cgi?article=1006&context=economics_etds

²⁷ Inter-American Development Bank (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>

²⁸ 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

²⁹ World Trade Organization (2016) *World Trade Report 2016: Levelling the Trading Field for SMEs*. Available at: https://www.wto.org/english/res_e/booksp_e/world_trade_report16_e.pdf

³⁰ 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

³¹ Commission on Growth and Development (2008) *The Growth Report: Strategies for Sustained Growth and Inclusive Development*. The World Bank. Available at: <https://openknowledge.worldbank.org/handle/10986/6507>

³² Commission on Growth and Development (2008) *The Growth Report: Strategies for Sustained Growth and Inclusive Development*. The World Bank. Available at: <https://openknowledge.worldbank.org/handle/10986/6507>

eWaste Direct, Inc.

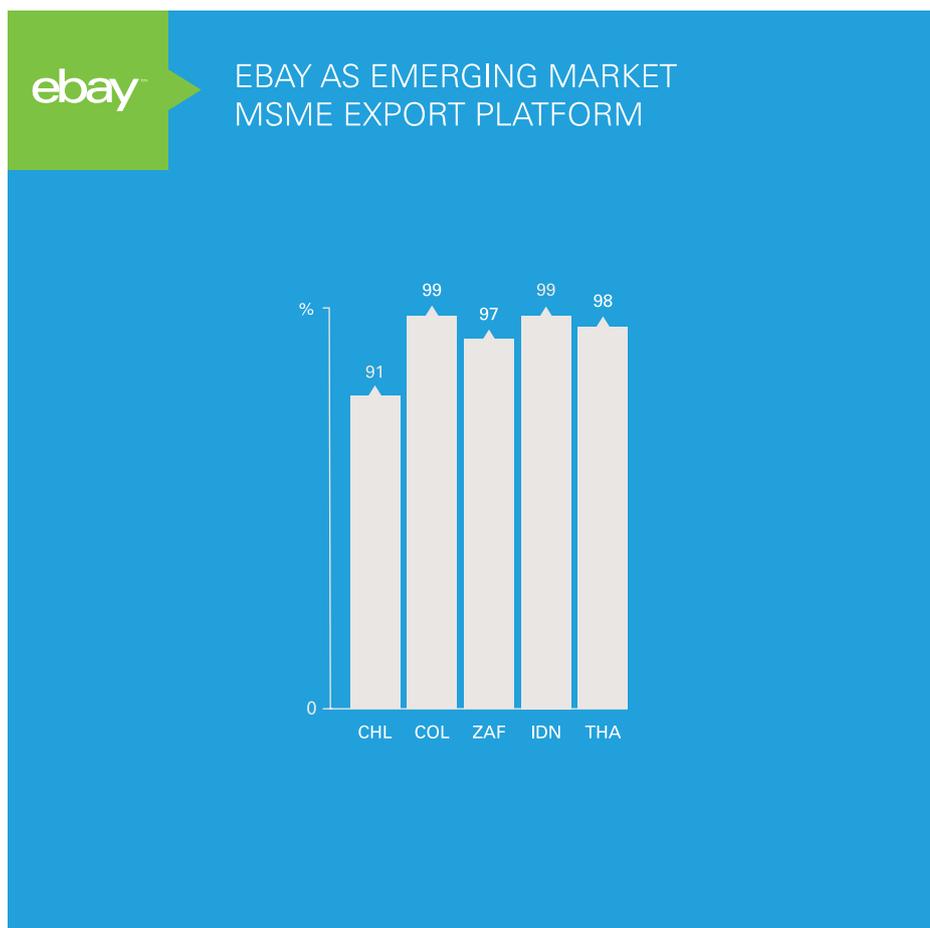
Angie Nelson

UNITED STATES

Husband and wife team, Angie and Joe Nelson, founded eWaste Direct, Inc. on Earth Day in 2008. This green business was created to divert electronic waste from landfills, offering multiple services to businesses throughout the San Francisco Bay Area. The business focuses on collecting broken or retired electronics from businesses and listing these marketable items for resale on eBay. The business employs nine individuals and exports over 10% of its products. To date, eWaste Direct, Inc. is proud to have diverted well over 5 million pounds of e-waste from landfills and is on target to exceed its next milestone of 10 million pounds.

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.³³

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.³⁴ In the pre-digital economy, it was necessary for small 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.



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.”

Figure 3.5

The eBay data reflects a simple average of the share of sales exported by each 2015 eBay Commercial Seller (those with \$10,000 USD or more in sales on eBay) in each country, in that year.

³³ Inter-American Development Bank (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>

³⁴ 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

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.³⁵

Figure 3.5 additionally shows that in 2015, in these emerging economies, eBay was primarily an export platform for the eBay-enabled MSMEs in each country. Although some domestic sales were made, they do not exceed 10% of total sales; it is clear that MSMEs 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.

TRANSLATING TRADE TO GROWTH PERFORMANCE

MSME 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 MSMEs, the next section will report data on various non-trade performance metrics of eBay-enabled MSMEs.

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

“Businesses that export are less likely to go out of business and more likely to grow faster; that’s because 96 percent of all of the world’s consumers and over three-quarters of the world’s purchasing power are outside of the United States. “Yet right now, only 1 percent of all of America’s small businesses are exporters.”³⁶

-Linda McMahon, Administrator, U.S. Small Business Administration

YouDreamItaly.com

Maria Gabriella Russo

ITALY

After having children, Maria Gabriella Russo took a break from the workforce for a short time before she and her husband, Vincenzo, decided to start their own venture. Combining Vincenzo’s extensive IT background with Maria’s export expertise, the duo took a risk by starting their own ecommerce business and since 2011 have seen great success. Through YouDreamItaly.com and eBay, Maria and Vincenzo sell the best Italian (Campania - South of Italy) food products. Thanks to these online platforms, the couple is able to share a taste of Italy with the world, while maintaining the flexibility to spend plenty of time with family.

³⁵ Suominen, Kati. *Why Are Companies That Sell on E-Commerce Platforms So Globalized?* TradeUp Blog. June 20, 2014. Available at: <http://www.tradeupfund.com/blog/why-are-e-commerce-sellers-so-globalized>

³⁶ Lederer, Edith. *US Official Urges American Small Businesses to Export Abroad*. Fox Business. May 11, 2017. Available at: <http://www.foxbusiness.com/markets/2017/05/11/us-official-urges-american-small-businesses-to-export-abroad.html>

TECHNOLOGY-ENABLED PLATFORM COMMERCE: EBAY COMMERCIAL SELLER PERFORMANCE IN SELECTED COUNTRIES, 2011-2015

“When the benefits of growth are shared more broadly, growth is stronger, more durable, and more resilient.”³⁷

-Christine Lagarde, Managing Director, IMF

Firms that export, including MSMEs that export, are generally considered to be healthier and more robust than non-exporting firms. For example, World Bank Enterprise Survey Data (2009-2010), presents evidence that firms exporting directly or indirectly experience higher production growth rates than those limited to just their home country markets.³⁸ Additionally, the Inter-American Development Bank found that MSMEs in Latin America and the Caribbean that exported had higher levels of sales, productivity and wage rates than non-exporters.³⁹ 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.⁴⁰ Finally, a survey commissioned by DHL of MSMEs 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.⁴¹

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

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.

³⁷ Lagarde, Christine. Building a More Resilient and Inclusive Global Economy [Speech]. International Monetary Fund. April 12, 2017. Available at: <http://www.imf.org/en/News/Articles/2017/04/07/building-a-more-resilient-and-inclusive-global-economy-a-speech-by-christine-lagarde>

³⁸ Organization for Economic Coordination and Development / United Nations Economic Commission for Latin America and the Caribbean (2012) *Latin American Economic Outlook 2013: SME Policies for Structural Change*. Available at: http://repositorio.cepal.org/bitstream/handle/11362/1464/1/S2012085_es.pdf

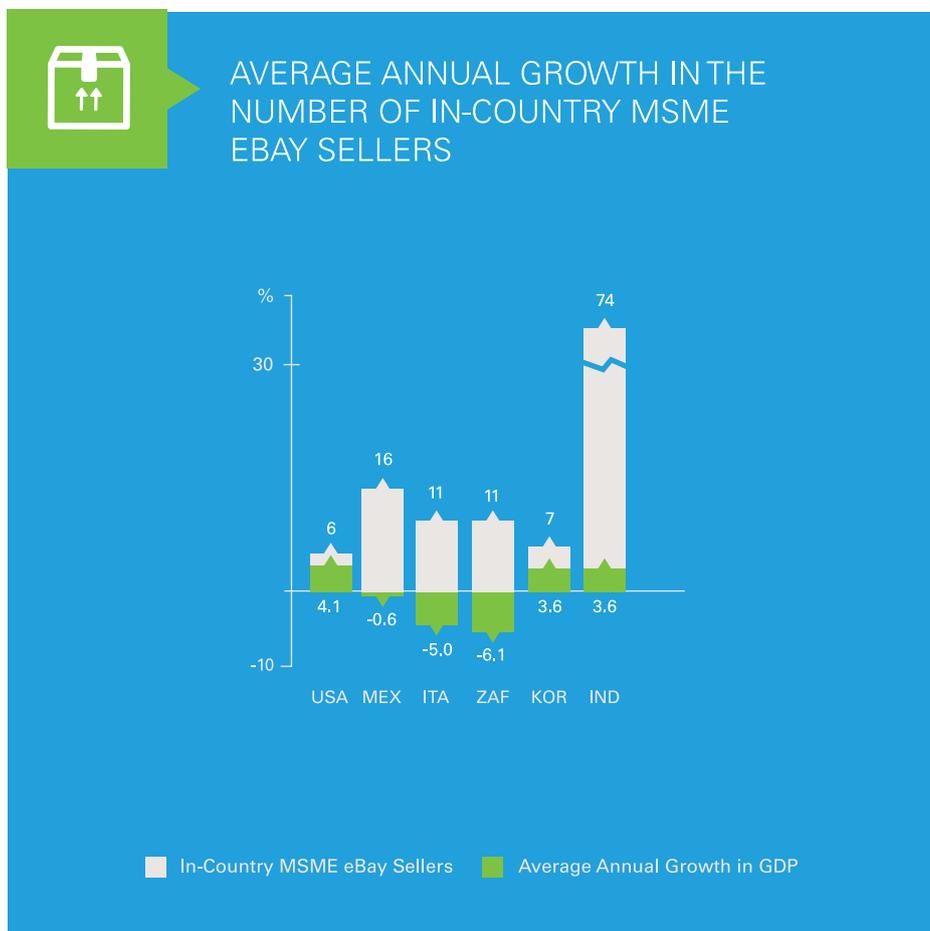
³⁹ Inter-American Development Bank (2014) *Going Global: Promoting the Internationalization of Small and Mid-Size Enterprises in Latin America and the Caribbean*. Available at: <http://publications.iadb.org/bitstream/handle/11319/6412/Going%20Global.pdf>

⁴⁰ International Trade Administration (2015) *Exporting is Good For Your Bottom Line*. Available at: <http://www.trade.gov/cs/factsheet.asp>

⁴¹ DHL. *Internationally-Focused Small and Medium Companies Prosper in 'Global Village'*. January 30, 2013. Available at: http://www.dhl.com/en/press/releases/releases_2013/express/new_dhl_express_sme_study.html

AVERAGE ANNUAL GROWTH IN THE NUMBER OF IN-COUNTRY MSME EBAY SELLERS

The year-over-year growth in the number of eBay Commercial Sellers in a country market provides a useful data point regarding the MSME growth opportunities on the eBay marketplace, in particular when compared to growth in the overall national economy. In this case, we are looking at the average annual growth rate in the total number of in-country eBay Commercial Sellers for the years 2011 to 2015. An eBay Commercial Seller is thereby defined as an eBay seller with sales of \$10,000 USD (at 2015 exchange rates) or more annually on the eBay Marketplace. For consistency purposes, we adjust the number of eBay Commercial Sellers for currency fluctuations.⁴² 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.



SME SHARE OF ALL FIRMS

USA	- 99.9%
CAN	- 99.9%
MEX	- 99.8%
BRA	- 99.6%
CHL	- 98.5%
COL	- 99.9%
DEU	- 99.5%
GBR	- 99.7%
FRA	- 99.8%
ITA	- 99.9%
ESP	- 99.9%
AUS	- 99.2%
CHN	- 99.0%
KOR	- 99.9%
IND	- 95.0%
IDN	- 99.0%
THA	- 99.7%
ZAF	- 96.9%

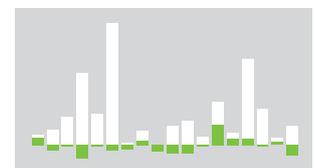
SOURCES

World Bank Group, International Finance Corporation, SME Finance Forum Database. Available at: <https://smefinanceforum.org/data-sites/msme-country-indicators>

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

Asia-Pacific Economic Cooperation (2013) SMEs in the APEC Region. Available at: http://www.apec.org/~media/Images/Infographics/2014/0709_SME/0709_SME.jpg

Figure 4.1



[VIEW 18-COUNTRY CHART](#)

Given the lack of consistent national statistics available related to the growth or decline of MSME 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.

⁴² Due to currency fluctuations that occurred during the period 2011-2015, in particular a significant appreciation of the US dollar to the Euro in 2015, we calculated a currency-neutral level of in-country MSME sellers in 2011 by using the same commercial seller threshold in the domestic currency that is also used in 2015. For example, the threshold for Euro is around EUR 9,000 in 2015 (equivalent to \$10,000 USD in 2015), and that same threshold is also used for 2011, rather than using the Euro equivalent of \$10,000 USD in 2011 (which would be around EUR 7,200). In this manner, the net change in the overall number of in-country MSME sellers from 2011 to 2015 is not distorted by exchange rate fluctuations of the USD against other currencies.

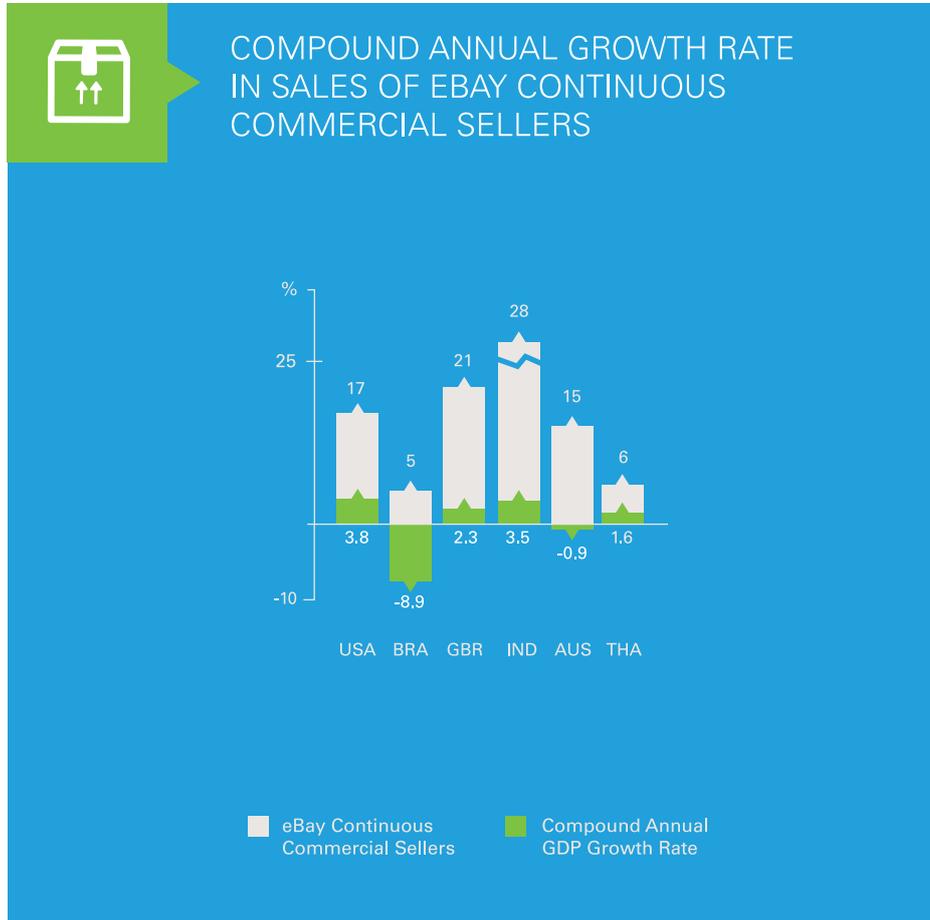
Although national GDP is not an exact comparable for the size or growth of the number of MSMEs overall, the overwhelming share of total enterprises in each country that are MSMEs does lend itself to GDP being somewhat of a proxy for overall MSME health. With a few limited exceptions, the growth rates of the overall community of eBay Commercial Sellers exceeded the GDP growth rate in each country. In most cases, the growth in the number of eBay 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 eBay Commercial Sellers in 2015—the final year of the report—who sold above the \$10,000 USD threshold throughout the five-year time period measured.

These MSMEs 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 2011–2015.

These established MSMEs have strong growth rates across the board, exceeding GDP growth in every market. In the majority of cases, the annual growth rate in sales are in the double digits and reach 15% or more in 8 markets.

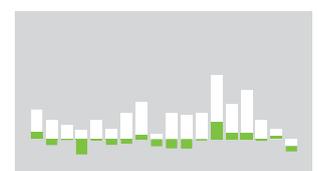


Canadian Silver Coin Exchange

Vanessa Szabo
CANADA

Vanessa Szabo has always had a passion for the historical significance of Canadian coins. When Vanessa’s children were young, she started selling miscellaneous items on eBay to make some extra money. Once her children were older, she transformed her business, Canadian Silver Coin Exchange, from a hobby to a full-time operation, specializing in Canadian coins. Her business continues to expand throughout the world, and she exports nearly 50% of her products.

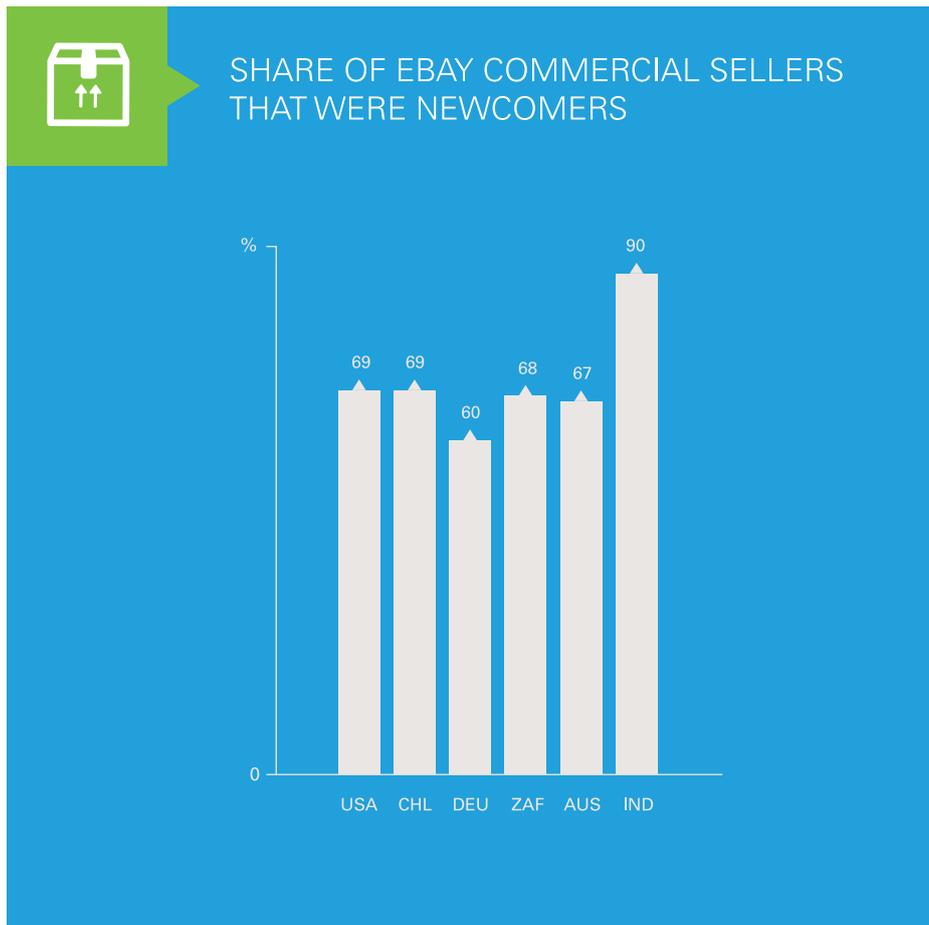
Figure 4.2



[VIEW 18-COUNTRY CHART](#)

NEWCOMERS

The ability of new enterprises to enter the market is a key element of economic growth. The birth of enterprises is thought to drive economic dynamism by increasing competition, generating efficiencies, promoting innovation and fostering new technologies.⁴³ In this report, we consider “Newcomers” in 2015 to be eBay Commercial Sellers who are four years old or younger, in this case measured by the absence of any sales in 2011. 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 eBay Commercial Sellers that were Newcomers.

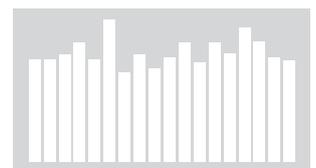


Eye World Boutique

Sahar Emami
FRANCE

While searching for a full-time job, Sahar Emami decided to assist with her father’s wholesale eyewear business, Eyeworld Boutique, by trying to list a few sunglasses on the eBay Marketplace. The immediate success led to Sahar taking on the business’s ecommerce full-time. Sahar’s fashion merchandizing background coupled with her father’s knowledge of and connections to the eyewear manufacturing and distribution sectors make the perfect match to grow and expand Eyeworld Boutique. Today, the business exports nearly 100% of its merchandise throughout the world.

Figure 4.3



 [VIEW 18-COUNTRY CHART](#)

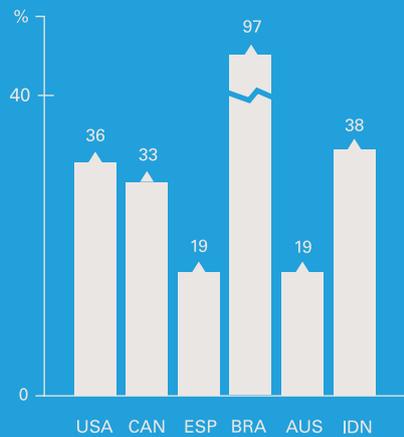
The average growth rate of the sales of Newcomers is an interesting data point related to firm growth. Newcomers tend to have the highest annual growth rates among eBay Commercial Sellers as they ramp up operations, especially in the fastest growing markets.

For this section, we looked at Newcomers who started on eBay in 2012 and achieved Commercial Seller status by 2015. 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 (2014–2015) to minimize distortions in the average.

⁴³ European Commission (2016) *Business Demography Statistics*. Eurostat. Available at: http://ec.europa.eu/eurostat/statistics-explained/index.php/Business_demography_statistics



2014-2015 GROWTH RATE FOR EBAY COMMERCIAL SELLERS THAT BEGAN SELLING IN 2012



“SMEs are, in and of themselves, engines for sustainable development in that they generate more than 80% of jobs in developing countries.”⁴⁴

- Arancha González,
Executive Director, ITC

Figure 4.4



 [VIEW 18-COUNTRY CHART](#)

The economic growth performance of eBay Commercial Sellers 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 Commercial Sellers in emerging markets maintained similar performance results as the eBay Commercial Sellers in advanced economies. These two performance metrics are evidence that eBay Commercial Sellers 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 MSMEs, located anywhere in the world, that take advantage of technology-enabled platform commerce models to grow their businesses.

⁴⁴ González, Arancha. *Sustainability at the Intersection of Trade, Environment and Development [Speech]*. UNCTAD-CITES-OAS. February 5, 2014. Available at: http://unctad.org/meetings/en/Presentation/ditc_ted_050214_AG.pdf



The following general policy recommendations would enhance the ability of technology-enabled MSMEs to access the global market regardless of where they are emerging as MSME 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 MSMEs with consumers globally.

- **Increase Customs Import Duty and Tax Exemption Thresholds**

Expanding de Minimis thresholds promotes trade and economic opportunities for MSMEs by reducing the time, cost, and uncertainty of moving the packages of technology-enabled MSMEs across borders. In addition, most taxes imposed on, and collected by, domestic retailer service providers are not appropriate for application to small, remote retail services providers as they receive no benefits from operations in the domestic market nor do they impose any burdens on the domestic infrastructure. Finally, 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 MSMEs 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 MSME 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 MSMEs.

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

MSME 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 MSME 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 MSME 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 MSME commerce opportunities.

- **Promote Balanced Internet Intermediary Policies**

Balanced regimes governing intermediary liability are central to fostering the Internet-based services that enable MSMEs 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 MSME-based commerce and opportunity.

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

Cooperative risk assessment methodologies should be developed to better facilitate technology-enabled MSME 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 MSME traders into the global commerce regime side-by-side with established global companies.



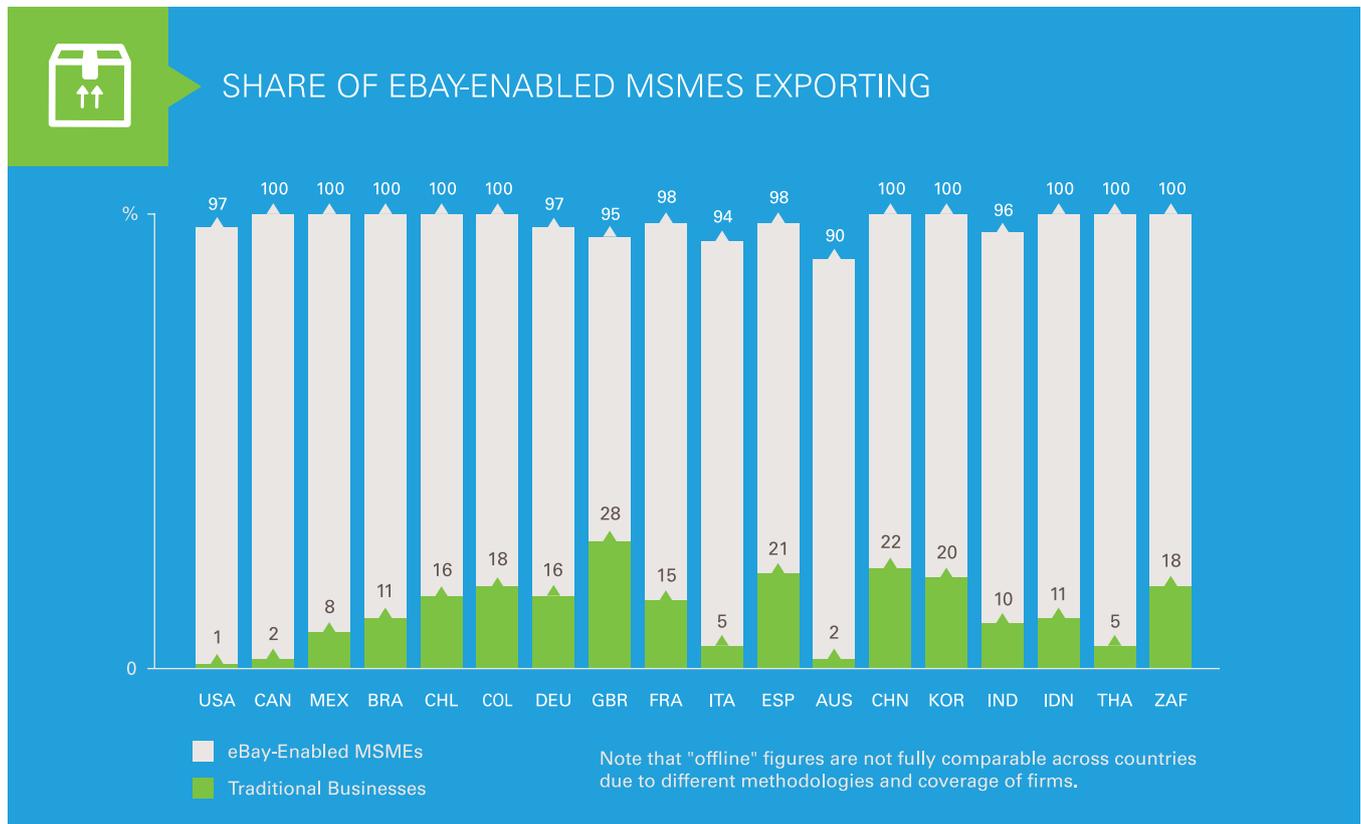
APPENDIX

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 MSMES EXPORTING

The eBay data reflects the share of 2015 eBay-enabled MSMEs (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country, who exported in that year.



TRADITIONAL BUSINESS SOURCES

USA - Source for total number of companies that have at least one employee in addition to the owner (2013): US Census Bureau, Business Dynamics Statistics, Longitudinal Business Database 1977-2013 https://www.census.gov/ces/dataproducts/bds/data_firm.html and http://www2.census.gov/ces/bds/firm/bds_f_st_release.xlsx
 Source for total number of companies that have no employees (2013): US Census Bureau, Nonemployer Statistics, <https://www.census.gov/econ/nonemployer/index.html>
 Source for total number of exporting companies (2013) US Census Exporter database <http://tse.export.gov/EDB/SelectReports.aspx?DATA=ExporterDB>
 Share = (total number of exporters)/(number of employing companies)+(number of non-employing companies)

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/vwapi/Profile_Small_Business_Exporters_Eng.pdf/\\$FILE/Profile_Small_Business_Exporters_Eng.pdf](http://www.ic.gc.ca/eic/site/061.nsf/vwapi/Profile_Small_Business_Exporters_Eng.pdf/$FILE/Profile_Small_Business_Exporters_Eng.pdf) (p. 10)

MEX - World Bank Group, Enterprise Surveys, Latest Available Year (2010). Available at: <http://www.enterprisesurveys.org/data/exploretopics/trade>

BRA - World Bank Group, Enterprise Surveys, Latest Available Year (2009). Available at: <http://www.enterprisesurveys.org/data/exploretopics/trade>

CHL - World Bank Group, Enterprise Surveys, Latest Available Year (2010). Available at: <http://www.enterprisesurveys.org/data/exploretopics/trade>

COL - World Bank Group, Enterprise Surveys, Latest Available Year (2010). Available at: <http://www.enterprisesurveys.org/data/exploretopics/trade>

DEU - World Bank Group, Enterprise Surveys, Latest Available Year (2005). Available at: <http://www.enterprisesurveys.org/data/exploretopics/trade>

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 - National Institute of Statistics and Italian Trade Commission, 2016 Statistical Yearbook on International Trade and International Activities of Italian Companies.
 Available at: http://www.annuarioistatice.it/Parte_3_ATTIVITA_INTERNAZIONALI DELLE IMPRESE/Cap.2 Imprese esportatrici e importatrici di merci/p3_c2_1.xls

ESP - World Bank Group, Enterprise Surveys, Latest Available Year (2005). Available at: <http://www.enterprisesurveys.org/data/exploretopics/trade>

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

CHN - World Bank Group, Enterprise Surveys, Latest Available Year (2012). Available at: <http://www.enterprisesurveys.org/data/exploretopics/trade>

KOR - World Bank Group, Enterprise Surveys, Latest Available Year (2005). Available at: <http://www.enterprisesurveys.org/data/exploretopics/trade>

IND - World Bank Group, Enterprise Surveys, Latest Available Year (2014). Available at: <http://www.enterprisesurveys.org/data/exploretopics/trade>

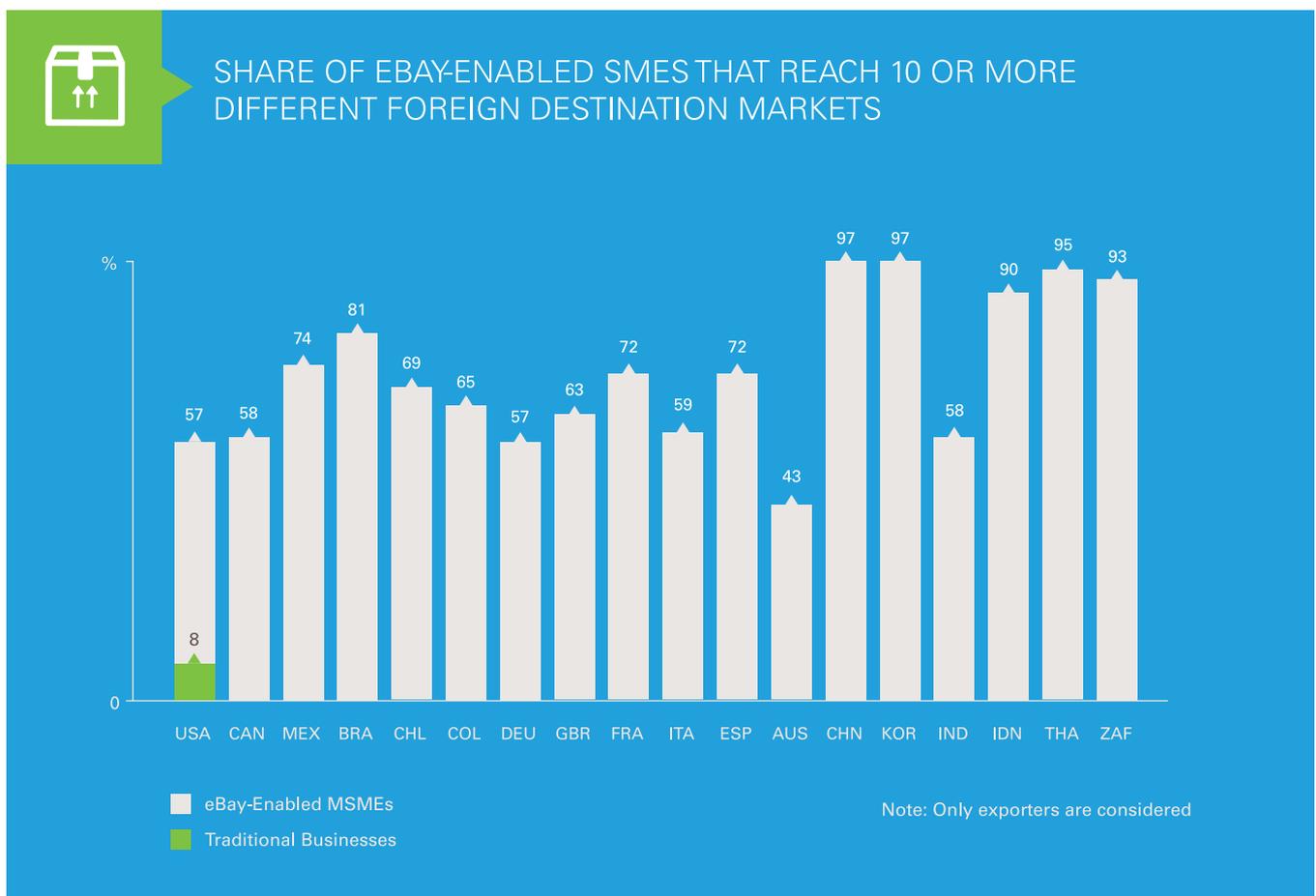
IDN - World Bank Group, Enterprise Surveys, Latest Available Year (2015). Available at: <http://www.enterprisesurveys.org/data/exploretopics/trade>

THA - World Bank Group, Enterprise Surveys, Latest Available Year (2016). Available at: <http://www.enterprisesurveys.org/data/exploretopics/trade>

ZAF - World Bank Group, Enterprise Surveys, Latest Available Year (2007). Available at: <http://www.enterprisesurveys.org/data/exploretopics/trade>

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

The eBay data reflects the share of exporting 2015 eBay-enabled MSMEs (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country, who exported to 10 or more different foreign markets in that year.

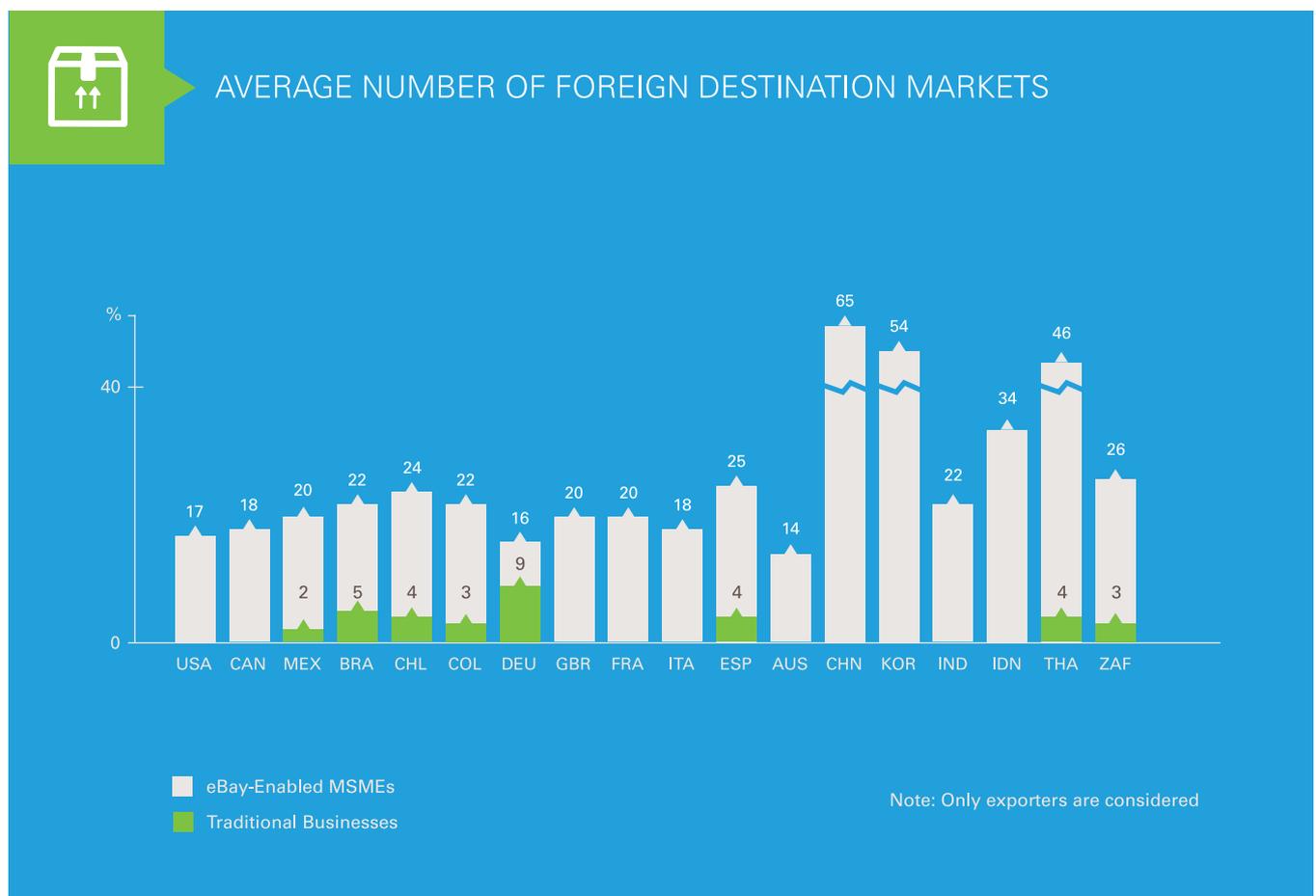


TRADITIONAL BUSINESS SOURCE

USA - U.S. Census Bureau (2017) *A Profile of U.S. Importing and Exporting Companies, 2014-2015*. [See Exhibit 4a]
 Available at: <https://www.census.gov/foreign-trade/Press-Release/edb/2015/edbrel.pdf>

FIGURE 3.3 - AVERAGE NUMBER OF FOREIGN DESTINATION MARKETS

The eBay data reflects the average number of different foreign markets reached by 2015 eBay-enabled MSMEs (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country, who exported in that year.



TRADITIONAL BUSINESS SOURCE

USA - The World Bank, Exporter Dynamics Database, Latest Available Year (2012). Available at: <http://go.worldbank.org/KZGM120470>

BRA - The World Bank, Exporter Dynamics Database, Latest Available Year (2014). Available at: <http://go.worldbank.org/KZGM120470>

CHL - The World Bank, Exporter Dynamics Database, Latest Available Year (2012). Available at: <http://go.worldbank.org/KZGM120470>

COL - The World Bank, Exporter Dynamics Database, Latest Available Year (2013). Available at: <http://go.worldbank.org/KZGM120470>

DEU - The World Bank, Exporter Dynamics Database, Latest Available Year (2012). Available at: <http://go.worldbank.org/KZGM120470>

ESP - The World Bank, Exporter Dynamics Database, Latest Available Year (2014). Available at: <http://go.worldbank.org/KZGM120470>

THA - The World Bank, Exporter Dynamics Database, Latest Available Year (2014). Available at: <http://go.worldbank.org/KZGM120470>

ZAF - The World Bank, Exporter Dynamics Database, Latest Available Year (2012). Available at: <http://go.worldbank.org/KZGM120470>

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

The eBay data reflects the share of exporting 2015 eBay-enabled MSMEs (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country, who exported to four or more continents in that year.

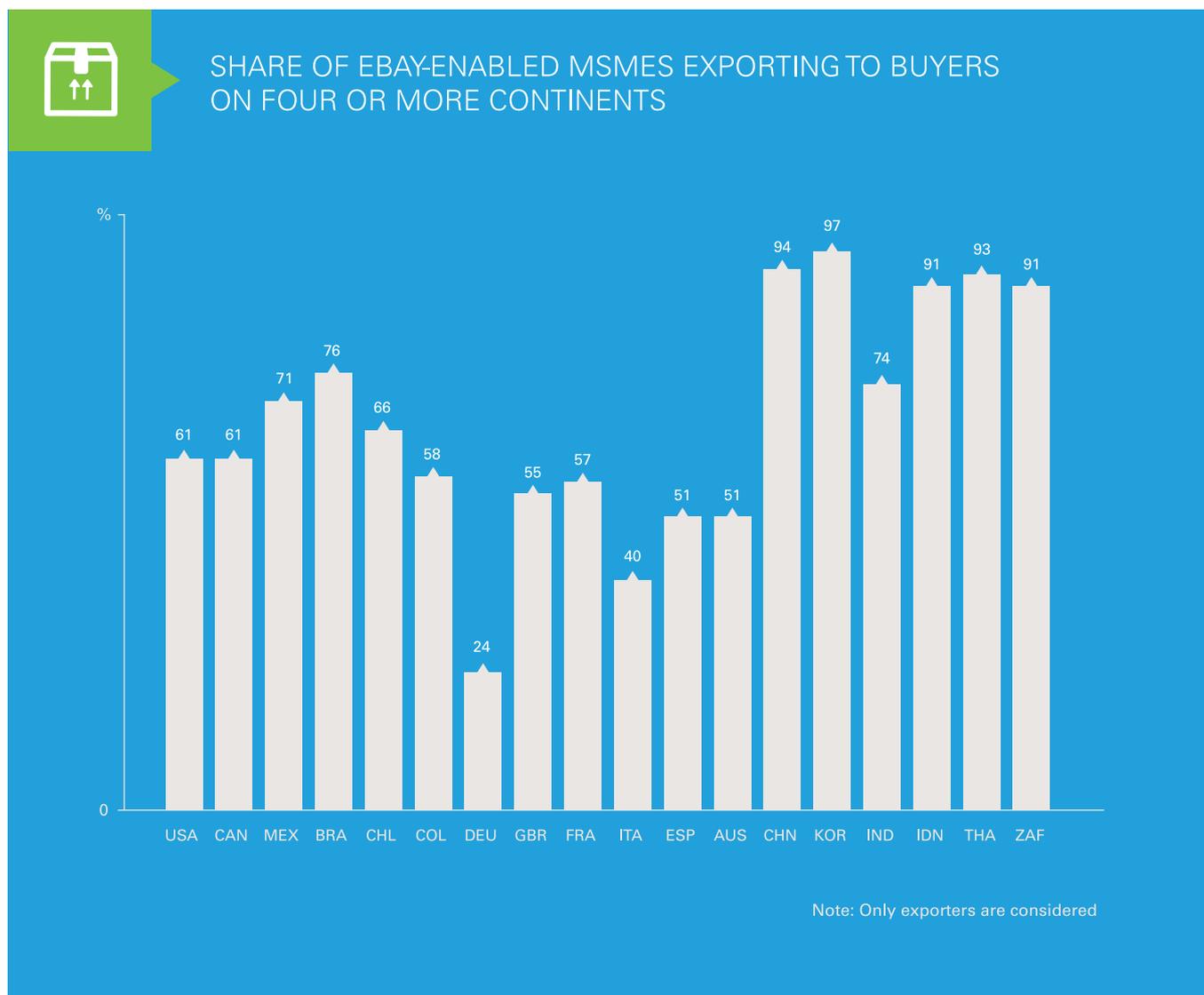
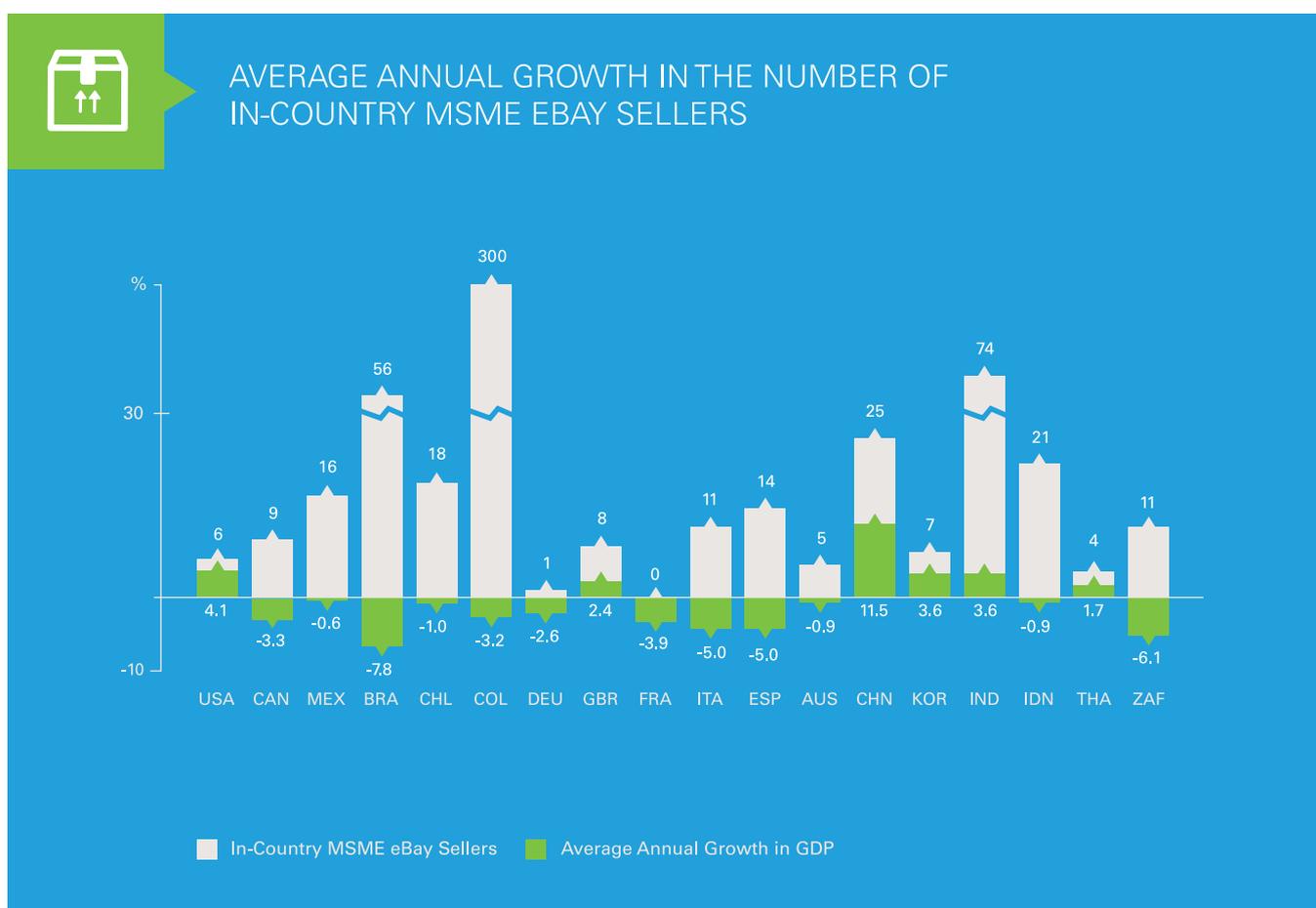


FIGURE 4.1 - AVERAGE ANNUAL GROWTH IN THE NUMBER OF IN-COUNTRY MSME EBAY SELLERS

The eBay data reflects the annual average growth (total growth / 4) in the number of in-country eBay Commercial Sellers from 2011 to 2015. An eBay Commercial Seller is thereby defined as an eBay seller with sales of \$10,000 USD (at 2015 exchange rates) or more annually on the eBay marketplace. For consistency purposes, we adjust the number of eBay Commercial Sellers for currency fluctuations.⁴⁷



GDP GROWTH SOURCE

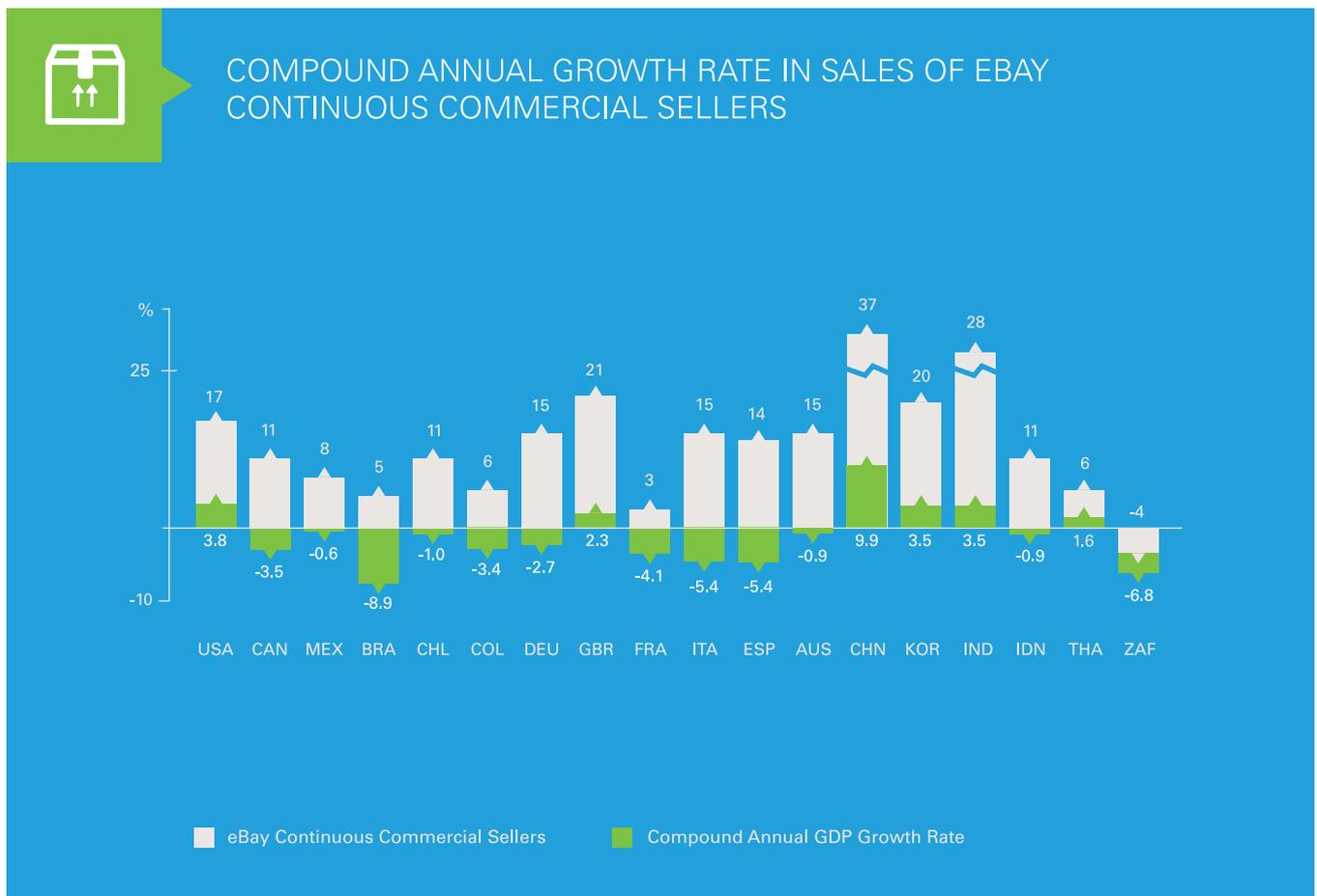
The World Bank, World Development Indicators, last updated April 27, 2017. Available at: <http://data.worldbank.org/indicator/NY.GDP.MKTR.KD>

Note: Average Annual GDP Growth Rate was determined using the following formula: $(2015 \text{ GDP} - 2011 \text{ GDP} / 2011 \text{ GDP}) / 4$

⁴⁷ Due to currency fluctuations that occurred during the period 2011-2015, in particular a significant appreciation of the US dollar to the Euro in 2015, we calculated a currency-neutral level of in-country MSME sellers in 2011 by using the same commercial seller threshold in the domestic currency that is also used in 2015. For example, the threshold for Euro is around EUR 9,000 in 2015 (equivalent to \$10,000 USD in 2015), and that same threshold is also used for 2011, rather than using the Euro equivalent of \$10,000 USD in 2011 (which would be around EUR 7,200). In this manner, the net change in the overall number of in-country MSME sellers from 2011 to 2015 is not distorted by exchange rate fluctuations of the USD against other currencies.

FIGURE 4.2 - COMPOUND ANNUAL GROWTH RATE IN SALES OF EBAY CONTINUOUS COMMERCIAL SELLERS

The eBay data reflects the compound annual growth rate in sales [(2015 sales / 2011 sales) [^].25 - 1] for eBay Commercial Sellers (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country, that reached this sales threshold in all the following years: 2011, 2012, 2013, 2014, and 2015.



GDP GROWTH SOURCE

The World Bank, World Development Indicators, last updated April 27, 2017. Available at: <http://data.worldbank.org/indicator/NY.GDPMKTPKD>

Note: Compound Annual GDP Growth Rate was determined using the following formula: [(2015 GDP / 2011 GDP) [^].25 - 1]

FIGURE 4.3 - SHARE OF EBAY COMMERCIAL SELLERS THAT WERE NEWCOMERS

The eBay data reflects the share of 2015 eBay Commercial Sellers (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country, who had zero sales on eBay in 2011.

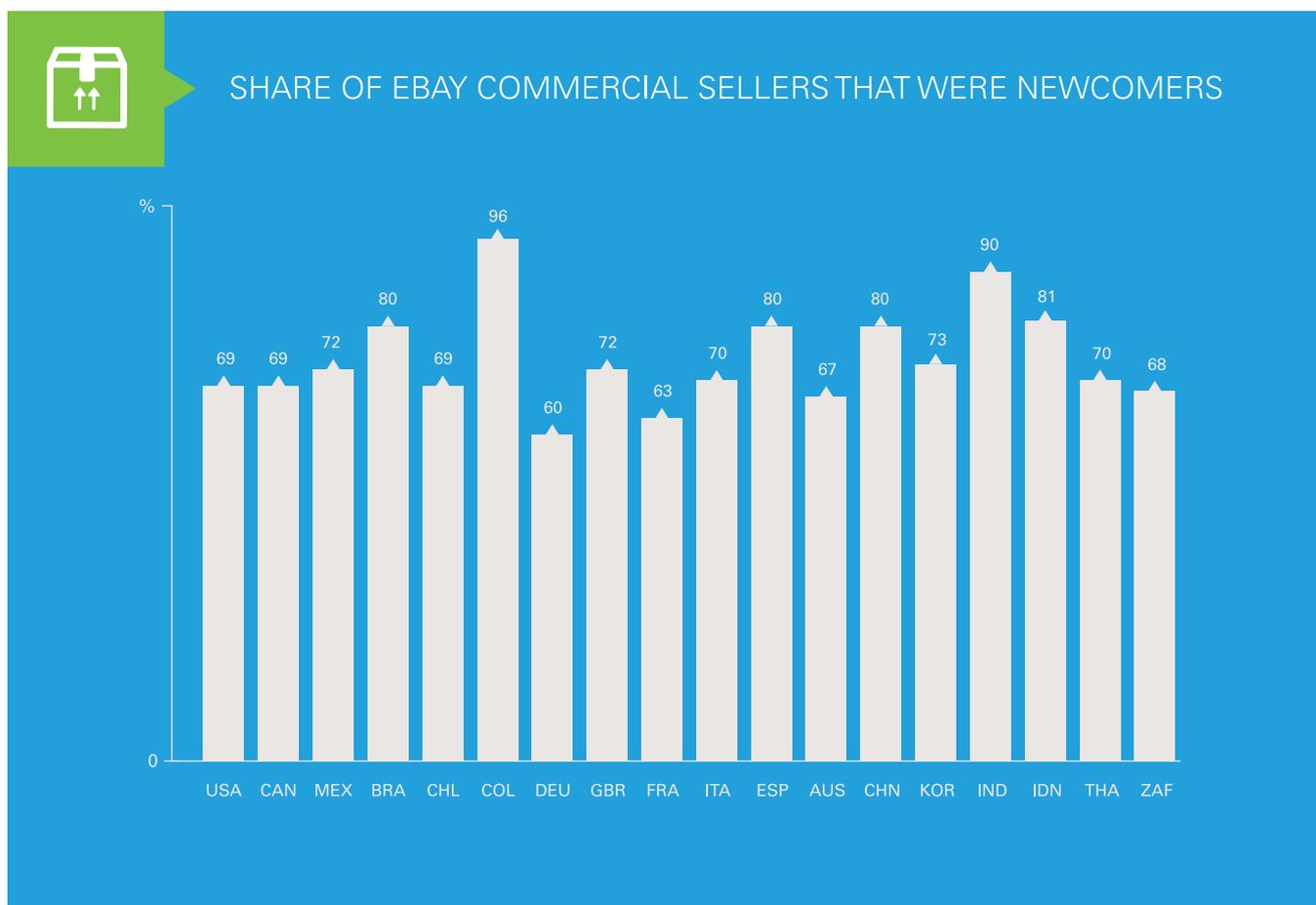


FIGURE 4.4 - 2014-2015 GROWTH RATE FOR EBAY COMMERCIAL SELLERS THAT BEGAN SELLING IN 2012

The eBay data reflects the 2014-2015 growth rate in sales $[(2015 \text{ sales} - 2014 \text{ sales}) / 2014 \text{ sales}]$ for 2015 eBay Commercial Sellers (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country that registered on eBay in 2012.

