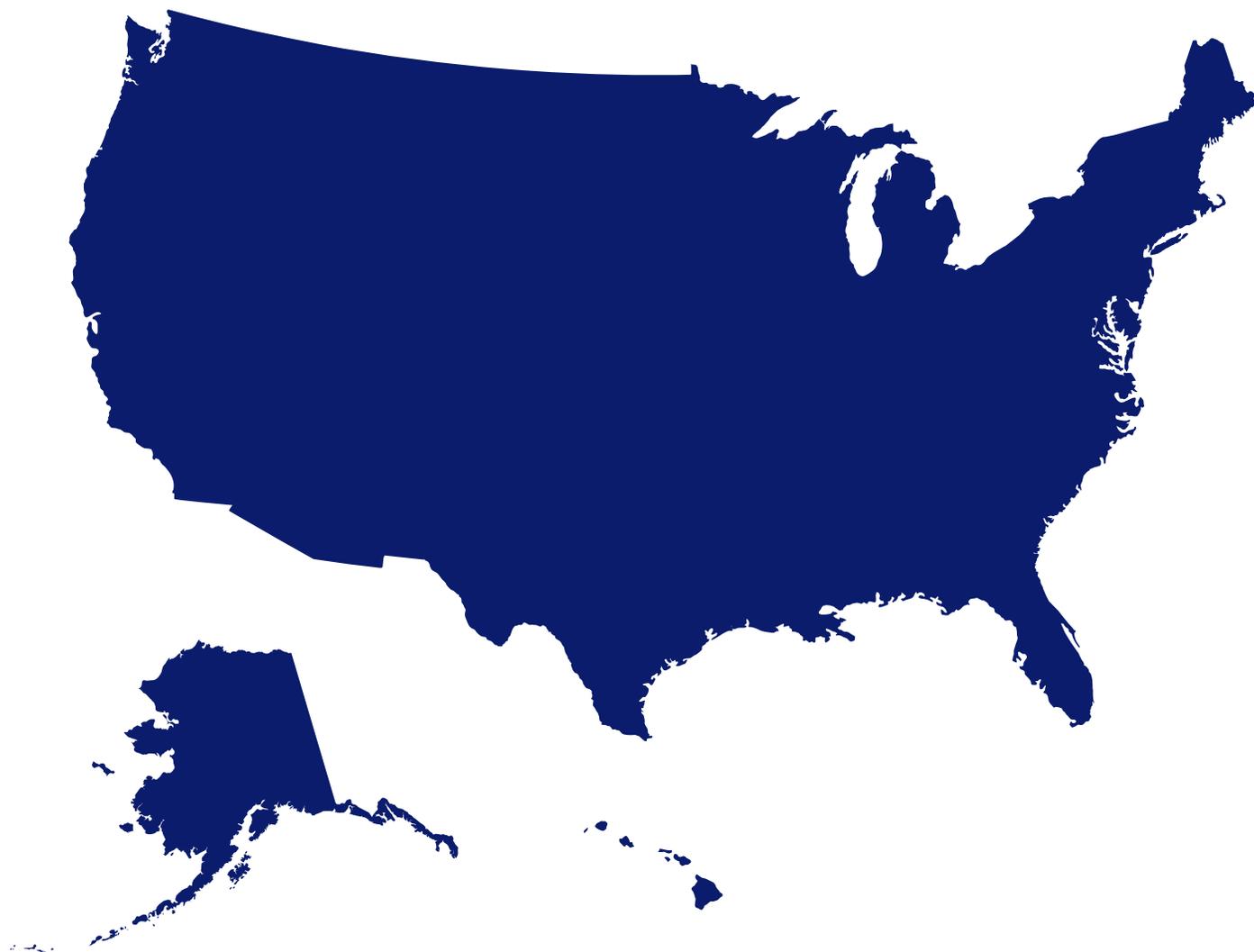


United States Small Online Business Trade and Inclusive Growth Report



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Executive Summary

Since 2011, eBay has used its marketplace data to examine, measure and report on how technology has expanded opportunities for small businesses in more than 50 countries, spanning six continents, and all 50 U.S. states. In all cases, eBay-enabled small businesses have been found to leverage the online commerce platform to engage in commerce on a global scale. This report explores trade and inclusive economic impacts of eBay-enabled small businesses and entrepreneurs across the United States.

Global trade has historically been the purview of large corporations. Nearly all traditional small businesses are locked into their local market and rarely serve foreign customers. However, a new model of small business trade, powered by the Internet, is emerging. Platforms for Internet access, commercial services, and shipping are enabling independent small businesses to connect with consumers and establish trust across national and cultural borders. Small businesses are able to create a storefront online and compete in global markets, while at the same time maintaining and even growing their physical presence and employment in their local community.

This report details the global trade achievements of eBay-enabled small businesses in the United States. Data on comparable offline trade results are provided when available. In short, nearly every eBay-enabled small business is an exporter reaching customers in markets around the world. The top five export destinations for the products of American eBay-enabled small businesses in 2017 were Canada, Australia, the United Kingdom, China and Russia.

The export success of eBay-enabled small businesses is a good news story of inclusive global trade. At the same time, many people are concerned that technology is accelerating forces of economic concentration in the United States, with the most prosperous communities enjoying the bulk of all economic growth. The second part of this report investigates whether eBay's success in giving small businesses access to consumers in remote markets is contributing to rich communities getting richer and poor getting poorer, or more hopefully, is countering the forces of economic concentration.

In order to discern well-off locales from challenged regions, 3126 counties in the United States are categorized into five "well-being" quintiles based on an index developed by the Economic Innovation Group.¹ The rate of growth from 2011-2016 in the net number of traditional businesses and the net number of eBay-enabled small businesses in the county quintiles were calculated and compared.

The overall U.S. economy experienced 5.4 percent growth in the net number of business establishments over the time period studied. However, while a growing economy did translate into an increase in the number of enterprises overall, the county-level analysis showed clear trends toward greater economic concentration. Enterprise growth was strongest in the most prosperous counties and growth rates were more depressed in each successive county well-being grouping. Negative

United States

Share of Enterprises Exporting



eBay-Enabled Small Businesses

VS.



Traditional Businesses

Average Number of Foreign Destination Markets

17

eBay-Enabled Small Businesses

VS.

4

Traditional Businesses

Share of Enterprises Exporting to 10+ Markets



eBay-Enabled Small Businesses

VS.



Traditional Businesses

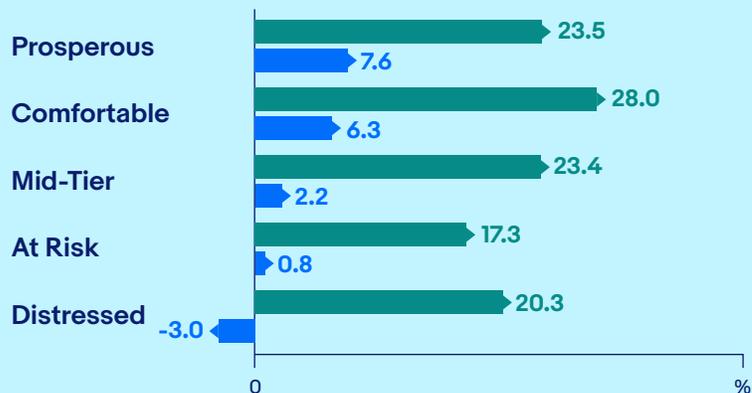
Share of eBay-Enabled Small Businesses Exporting to 4+ Continents



eBay-Enabled Small Businesses

Nationwide Net Rate of Growth in Number of Enterprises by County Well-Being Quintile

- eBay-Enabled Small Businesses
- Business Establishments



growth occurred in the bottom tier, a collection of largely remote and rural counties. On eBay, the growth numbers were meaningfully stronger for each quintile segment. But, the most notable findings are that the growth rates for net enterprises on eBay were significantly inclusive and more balanced than for the overall economy.

In a perfectly balanced economy, the rate of growth in each county quintile would be equal to the national average, reflecting equal opportunities across the board. Of course, no economy is perfectly balanced, but imbalances can lead to the kind of economic concentration that is causing great concerns. An analysis of the deviation from the average growth rate by the five well-being quintiles reveals that eBay growth was 5.1 times more balanced than enterprise growth in the overall economy, where growth was skewed at the top.

eBay-enabled small business growth was also meaningfully more inclusive than growth in the overall U.S. economy. One test involved comparing the aggregate growth rates in the bottom three quintiles. On eBay, enterprise growth in the counties making up the bottom three quintiles was a robust 21 percent, which is a striking 23 times greater than the meager 0.9 percent rate in the overall U.S. economy. Based on the share of total net enterprise growth coming from the collection of counties in the bottom three well-being quintiles, eBay-enabled small business growth was 4.3 times more inclusive than the overall economy. Finally, a comparison of growth rates on a quintile-by-quintile basis reveals that the relative advantage in eBay-enabled enterprise growth is more pronounced as one evaluates counties in progressively lower tiers in the well-being index.

The eBay technology platform is conclusively reducing the barriers that have traditionally locked small businesses into their local market. While this is a major growth opportunity for independent small businesses all across the United States, the relative value appears to be even greater in remote and less advantaged areas. Government tax, regulatory and economic development policies aimed at enabling meaningful local economic development in less advantaged and remote regions should pay particular heed to the challenges facing technology-enabled independent small business models.

Introduction

In recent years, technology has provided more equal economic opportunities for small businesses that have availed themselves of the new opportunities.² Since 2011, eBay Government Relations and a team of economists at Sidley Austin LLP (Sidley) have been working together to examine, measure and report on how globalization and technology are liberating the ambitions of independent small businesses and entrepreneurs.

eBay has studied small businesses in more than 50 countries, spanning six continents, and all 50 U.S. states, and in all cases we have found eBay-enabled small businesses leveraging the online commerce platform to engage in expansive commerce, often on a global scale. This report presents findings coming out of this collaboration, exploring trade and inclusive economic impacts of the global commerce opportunities available to Internet-enabled small businesses and entrepreneurs across the United States.

The trade analysis carried out by Sidley for this report is based on data covering transactions on the eBay Marketplace in 2017. When analyzing the activities of small online businesses on eBay, the data was limited to transactions by sellers with sales of \$10,000 USD or more annually on the eBay Marketplace. In this report, these sellers are called “Commercial Sellers” or “eBay-enabled small businesses”. In order to provide relevant comparisons to business activity in the overall economy, Sidley economists have analyzed comparable U.S. Census Bureau data.

Part 1 of this report focuses on the most inclusive form of global trade, cross border commerce by the very small, which has traditionally been the reserve of only the very large. Robust and concrete data demonstrates that eBay-enabled small businesses across the United States are engaging in global trade at a scale once reserved for the very largest corporations. The numbers are striking. A massive 96 percent of eBay-enabled small businesses across America export – a far higher rate than businesses that have not embraced online tools – and these small businesses reach on average 17 different countries annually, again dwarfing traditional export reach. They are effectively Small Business Global Traders, and they operate from cities and towns across America.

Part 2 of this report explores how the revolutionary ability for even very small enterprises to access consumer demand in far-away locales, which is most strikingly illustrated by the international trade data in the first section of the report, is enabling more inclusive economic growth by fostering much stronger enterprise growth in remote, rural and disadvantaged counties. An analysis of data on the rate of growth in net business enterprises in counties across America reveals that the ability of eBay-enabled independent small enterprises to access consumers across the country and around the world is countering the disturbing trend toward greater economic concentration and regional disparities. Traditional

small businesses are largely dependent on the health of the local economy, and therefore suffer great vulnerability to local sluggishness and downturns. Access to remote consumer demand translates into independent small businesses being less dependent on the local economy, which translates into their economic prospects being less dependent on being located in the most populous or prosperous counties. In short, where overall net enterprise growth is more sluggish or even negative in less prosperous locations, the net growth in number of eBay-enabled small businesses shows a more balanced and inclusive pattern.

“Ninety-Five percent of the world’s customers live overseas, but only one percent of small and medium-sized businesses export their goods and services abroad. Helping those small firms reach international markets is a common-sense way to help small businesses grow.”³

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

Part 1: Revolutionary Trade Opportunities for eBay Small Businesses and Entrepreneurs Across America

Global trade has traditionally been the purview of large corporations. The prototypical model for global trade has involved a large, established domestic company targeting an attractive 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 less than 1 percent of enterprises in the United States⁴, but their share of total exports is reported at 67.1 percent.⁵

Many smaller firms do engage in exporting, often as a participant in a Global Value Chain (GVC). 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 small and medium-sized enterprises (SMEs).⁶ While large MNEs organize most GVCs and tend to be the leading actors in the value chains⁷, SMEs are often intermediary suppliers to GVCs; this is one of the principal and increasingly well-studied methods of SME participation in trade. For example, Slaughter (2013) finds that the typical U.S. MNE buys more than \$3 billion USD in



Fashionably Legal

—
Yinka Ogunsunlade
SILVER SPRING, MD

Yinka Ogunsunlade is a practicing lawyer in the Washington, D.C. area. Several years ago, Yinka’s mother had extraneous gifts that she had received lying around her house. To help her liquidate the items, Yinka decided to try to sell some of the miscellaneous merchandise on the eBay platform. To his surprise, the items sold, and he was immediately hooked on selling. As his sales began to grow, he started seeking items for sale online that he could resell for a profit. In 2014, Yinka started putting more of an emphasis on his ecommerce business, turning his focus to primarily men and women’s clothing. He especially values eBay due to the international presence that the platform provides, allowing his business to reach consumers all around the globe. Fashionably Legal has sold items to customers as far away as Australia and Dubai.

inputs from more than 6,000 U.S. SMEs.⁸ Despite the emergence and evolution of GVCs, the share of traditional businesses, in particular small businesses, that export, remains relatively small. In the United States, approximately one percent of traditional businesses export.⁹

A new model of platform-enabled exporting and SME global commerce has emerged 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, independent small businesses can connect with consumers and establish trust across national and cultural borders.¹⁰ 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 physical presence and create jobs in their local community. The World Economic Forum has 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.¹¹ World Bank Enterprise Survey data (2009-10) provides evidence that internationalized firms also achieve higher levels of productivity than those just serving their domestic markets.¹²

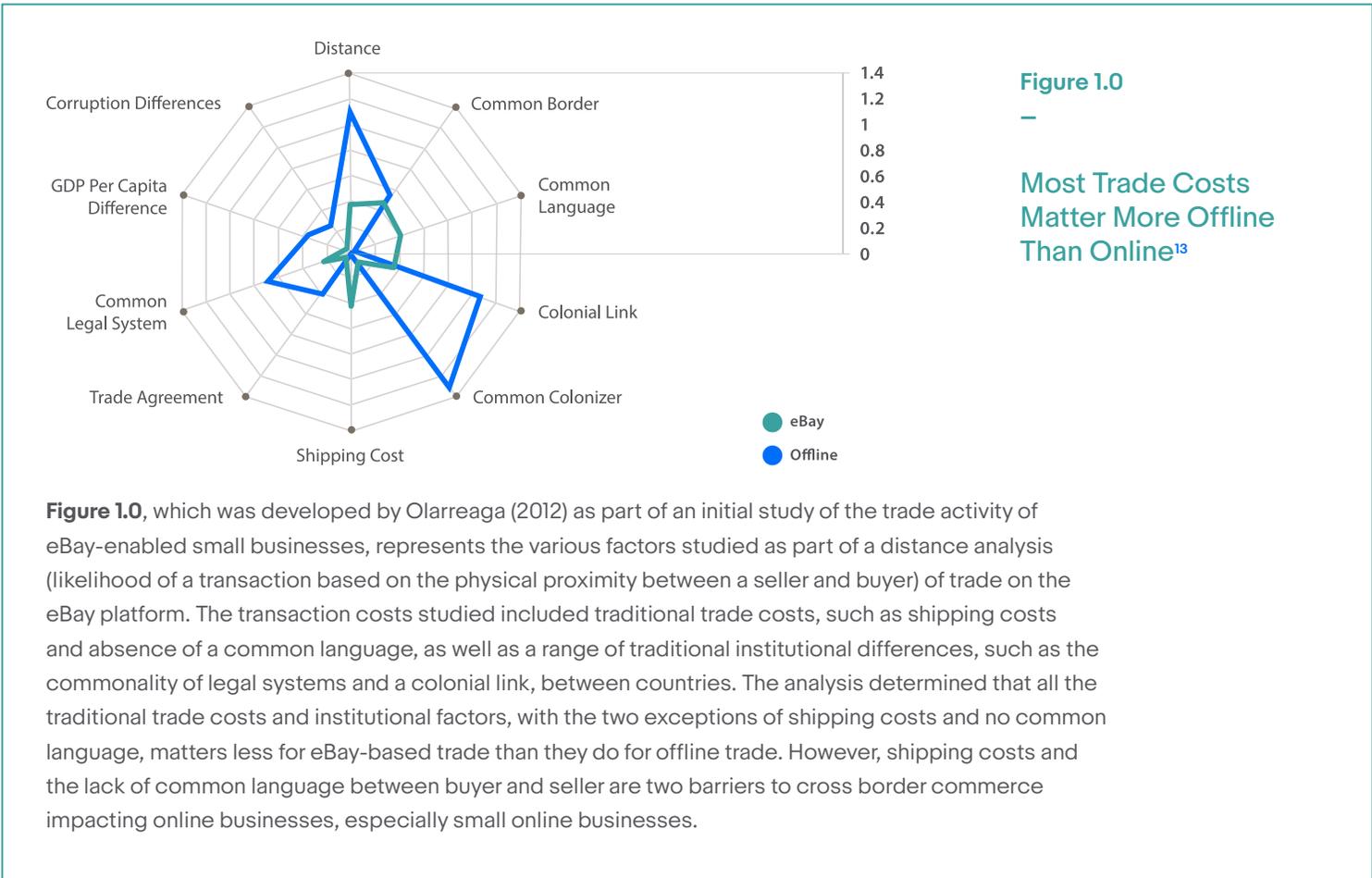


Figure 1.0, which was developed by Olarreaga (2012) as part of an initial study of the trade activity of eBay-enabled small businesses, represents the various factors studied as part of a distance analysis (likelihood of a transaction based on the physical proximity between a seller and buyer) of trade 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 a range of traditional institutional differences, such as the commonality of legal systems and a colonial link, 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.

The Four Building Blocks of Trade by Independent Small Businesses

01

Connectivity to the global Internet at low cost and without gatekeepers

02

Global platform-based marketplaces

03

Global payment services

04

Efficient, modern and “connected” package-level logistics and delivery services

Digital platform services are presenting independent small businesses with an alternative business model for reaching Internet-enabled consumers on a global scale. Technology cannot fully offset the challenges faced by independent small businesses attempting to compete in remote markets across the globe, but digital platform services have reduced the cost of small business commerce over distance enough to enable exporting by independent American small businesses at a rate never possible before.¹⁴

It is equally important to note that while the online commerce platform model enables small firms to overcome distance and serve customers in remote markets, there is still great value in having a local presence in commerce.¹⁵ This is why large merchants complement their online strategy with local retail and logistics facilities in key markets. Independent small retailers cannot avail themselves of such a strategy and platform-enabled commerce is their way of reaching customers in the most vibrant economic hubs. Raising the costs of remote commerce, such as through increased parcel delivery fees or the application of traditionally local retail sales taxes to remote small businesses, will undermine some of the opportunities enabled by technology to allow independent small and micro enterprises to reach beyond their local market. Removing barriers standing in the way of remote micro and small businesses not only promotes inclusive trade, but as we will see in Part 2, promotes inclusive growth.

The next section will use the findings from eBay Marketplace data to illustrate the level of export activity by eBay Commercial Sellers in each of the 50 States and contrast the data with traditional business activity where available.

Share of eBay-Enabled Small Businesses Exporting

The share of small businesses exporting on the eBay Marketplace¹⁶ is the first and possibly most striking data point that illustrates the impact and reach of global commerce platforms in comparison to the traditional model of trade. In the United States, 96 percent of eBay-enabled small businesses are exporters. At the state level, the share of eBay-enabled small businesses that export ranges from 92 percent in one state to 97 percent in 17 states. These rates dwarf the share of traditional businesses in the United States that serve customers in foreign markets, which census data reveals to be only 1 percent. At the state level, the export activity of traditional businesses ranges from a low of just 0.6 percent to a high of 2.3 percent.¹⁷



FIGURE 2.0
Share of eBay-Enabled
Small Businesses Exporting

● eBay-Enabled
Small Businesses
● Traditional
Business



Great Sky Gifts

—
Colleen Rast
KALISPELL, MT

In 2001, Colleen Rast’s family relocated from Philadelphia to Montana. Unfortunately, Colleen had difficulty finding a job in her field of Project Management, so she began buying and selling items on eBay, mostly as a hobby. Colleen’s hobby, which she called Great Sky Gifts, quickly grew into a thriving small business. When her husband’s company closed due to the economic downturn, the couple decided to take Great Sky Gifts Inc. to the next level. They hired additional employees and the business grew tremendously. The company specializes in selling new premium brand apparel, antiques, collectibles, replacement dishware, locally made gifts and gourmet foods. Great Sky Gifts Inc. provides jobs for four people in the Flathead Valley, and Colleen and Jeff also mentor local mom and pop businesses, showing them how an internet presence can increase their profits by allowing them to reach customers globally and across the United States. Great Sky Gifts exports 20% of its products to 100 countries.

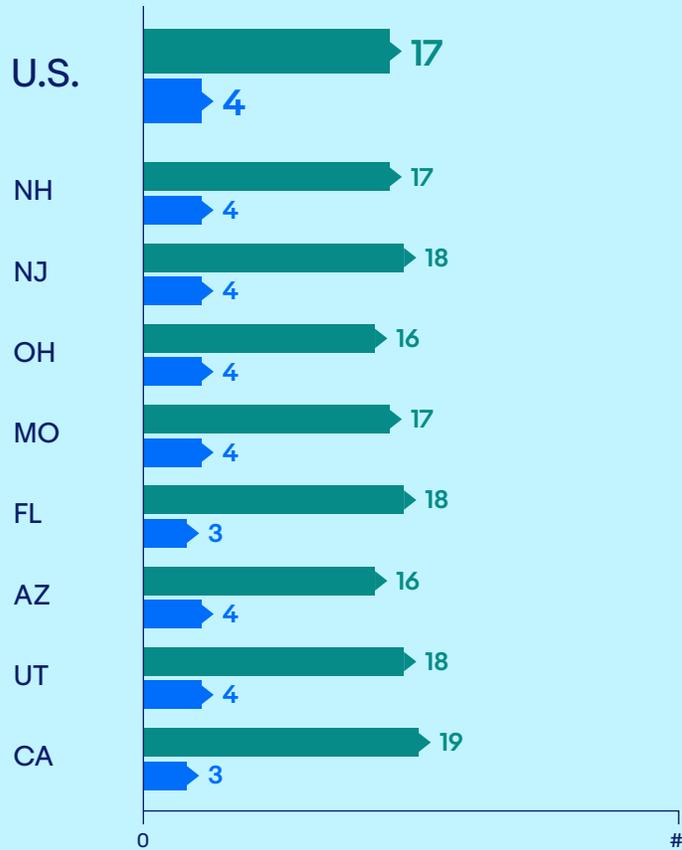
Average Number of Foreign Destination Markets

The average number of foreign markets reached on an annual basis provides a key measurement of export activity and market diversity. It has been traditionally understood that businesses considering exporting to a new country market face costs of entry, and therefore expanding their business by exporting to more country markets leads to higher entry costs.¹⁸ Escalating entry costs leads to the presumption that smaller firms will tend to export to fewer countries. However, when examining the figures for eBay-enabled small businesses we see a powerful testament to how eBay bridges distance for small enterprises and provides access to markets that were unreachable through the traditional model of trade. The eBay-enabled small business average across the United States is 17 different export markets and the range amongst states runs from 12 to 19.¹⁹ In contrast, traditional businesses across the United States reach an average of only 4 markets. The state-by-state average of export markets reached by traditional businesses is just 3 to 5 export markets.²⁰



FIGURE 3.0
Average Number of
Foreign Destination Markets

● eBay-Enabled
Small Businesses
● Traditional
Business



Note: Only exporters are considered

Top 5 Destinations for Exports²¹

U.S. eBay-Enabled Small Businesses

1. Canada
2. Australia
3. United Kingdom
4. China
5. Russia

Share of eBay-Enabled Small Businesses Reaching Ten or More Different Foreign Markets

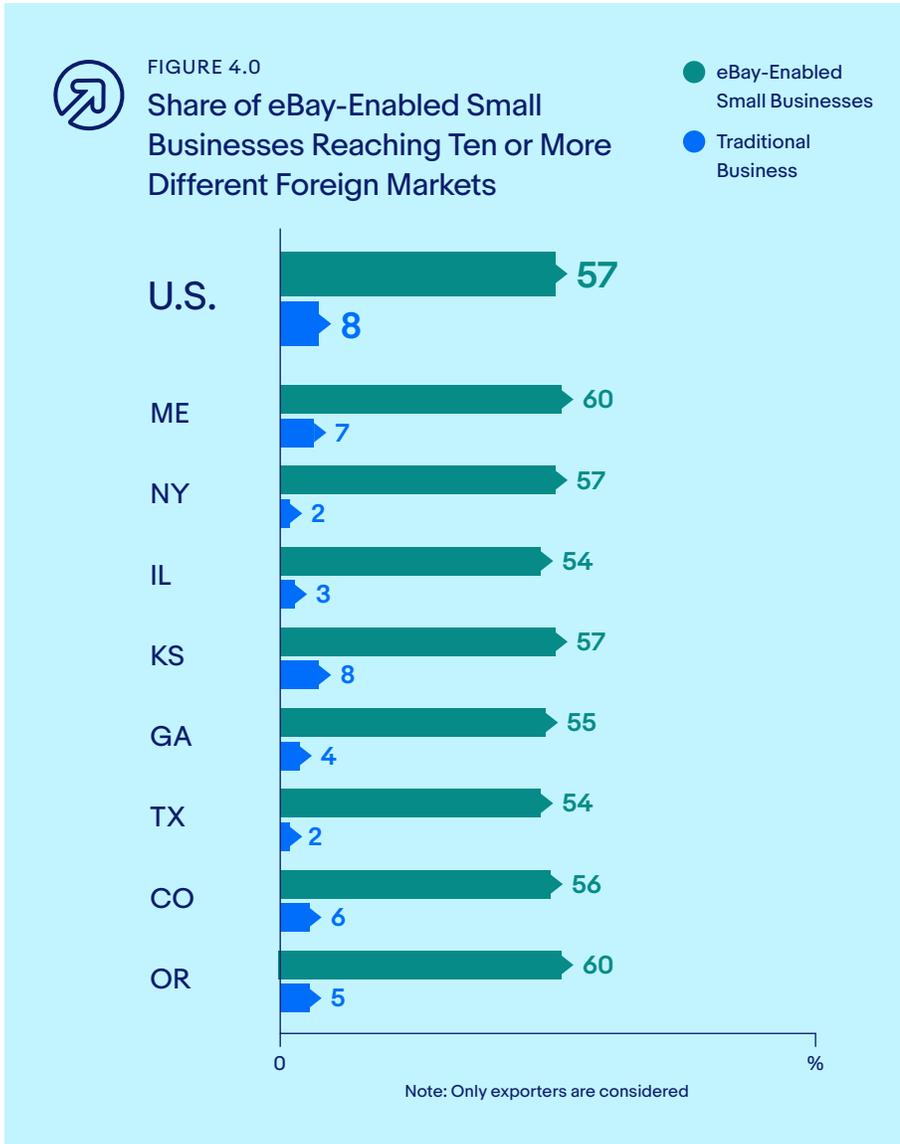
As another measurement of the scale of eBay-enabled small business exporting activity, we calculated the share that exported to 10 or more country markets in 2017. As with the previous data point, our findings show that eBay-enabled small businesses defy the traditional understanding that entry costs are a barrier to exporting to additional countries. U.S. Census Bureau data indicates that 8 percent of all U.S. exporters²², not just small businesses, reach ten or markets per year. This share is significantly lower than the 57 percent of eBay-enabled small businesses in the United States reaching ten or more markets. The rates at the state level range from a low of 49 percent in one state to a high of 60 percent reached by eBay-enabled small businesses in 2017, far exceeding the range of 1 percent to 14 percent in the traditional economy.²³ Traditional commerce is

shaped by a small percentage of large firms exporting to a few markets. eBay's global platform empowers a multitude of independent small enterprises in communities across America to reach a large number of markets.

Top 5 Product Categories Exported²⁴

U.S. eBay-Enabled Small Businesses

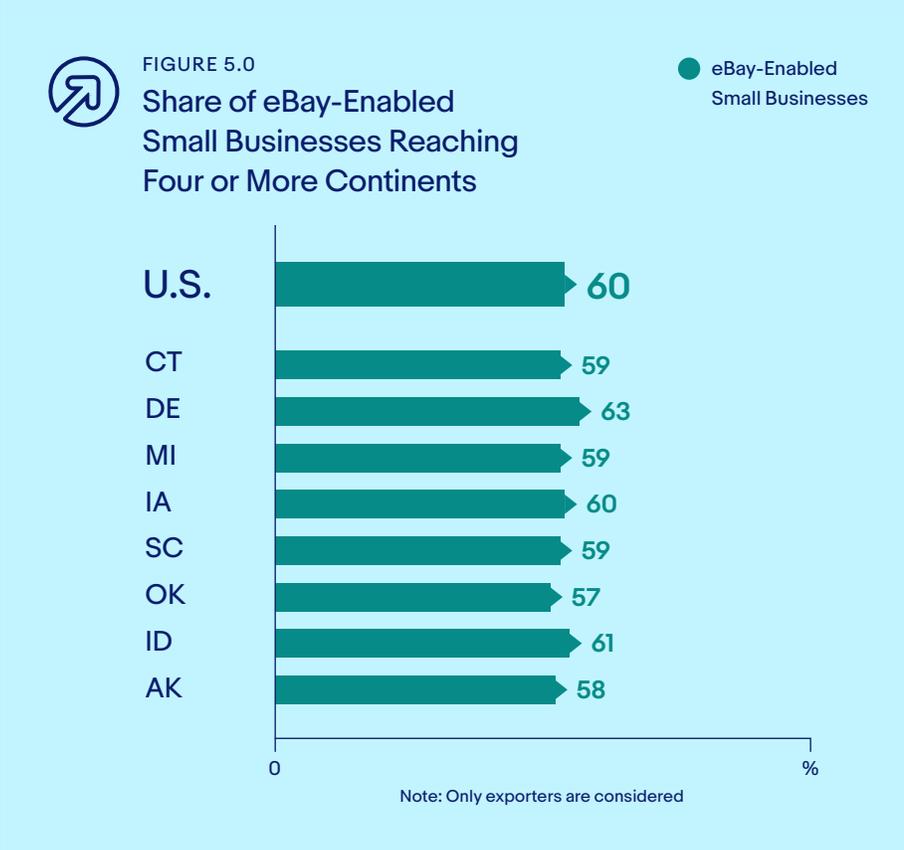
1. Auto Parts
2. Clothes, Shoes & Accessories
3. Jewelry & Watches
4. Computing
5. Business, Office & Industrial



Share of eBay-Enabled Small Businesses Reaching 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 small businesses.²⁵ 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 small business exported to a buyer in a country on a continent, they were credited with an export to that continent. Additionally, when an export sale 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 Texas-based eBay seller to a buyer in Canada is an export to a North American export market). We classify an eBay-enabled small business with sales to four or more continents in a year to be a “Global Seller”. Sixty percent of the eBay-enabled small businesses in the United States achieved the status of Global Sellers.



“The choice isn’t between automation and non-automation. It’s between whether you use the technology in a way that creates shared prosperity, or more concentration of wealth.”²⁶

-Erik Brynjolfsson, Director of the M.I.T. Initiative on the Digital Economy

Part 2: eBay Small Business Expansion Countering the Destructive Tide of Economic Concentration

In this section of the report we turn to evidence that the expanded commerce opportunities available to independent small enterprises using Internet-enabled commerce platforms, in particular the ability to reach consumers outside of their local market, is leading to more inclusive local economic growth than is evident in the overall U.S. economy. This analysis is being done in the context of widely held concerns that the level of economic growth and dynamism outside of America’s most prosperous metropolitan regions is slowing, with rural and other lower population regions falling farther behind. The economic growth data being explored for this analysis is the rate of growth in the net number of business enterprises. An increase in the number of business enterprises in a jurisdiction – for the purposes of this analysis, counties in the United States – is taken as a proxy for vibrancy and growth in the local economy. Lower rates of growth in the net number of enterprises, or even falling net enterprise numbers, is conversely taken as a proxy for stagnation and sluggish growth opportunities.

Evidence of Declining Dynamism and Entrepreneurial Activity

There has been widespread empirical study and analysis related to what is often described as the declining dynamism of the U.S. economy. Factors that are commonly considered in the context of economic dynamism are new business formation, the failure rate of firms and the resulting “churn” that is reflected by comparative rates of new firms and failing firms, the survival rate of new firms, and the average age of firms. The decline in the rate of new enterprise formation or start-ups, in particular as revealed by U.S. Census Bureau data, has been identified as a key factor in the perceived reduction in dynamism. Papers by Pugsley and Sahin (2014)²⁷, Decker, Haltiwanger, Jarmin and Miranda (2014)²⁸, Hathaway and Litan (2014)²⁹, Gourio, Messer and Siemer (2014)³⁰ and Karahan, Pugsley and Sahin (2015)³¹ all point to this phenomenon as widespread both regionally and across industry sectors. As noted in the 2016 Economic Report of the President, declining rates of new enterprise formation and a relatively steady rate of business failures has resulted in lower rates of churn and an increasing average age of firms.³²

Along with evidence of a generalized decline in dynamism and new enterprise formation, there is increased concern with imbalances between economic hotspots and lagging regions. There has been considerable research focused on the lack of inclusive and balanced growth during the current economic recovery. Analysis conducted by Manyika, Pinkus, Ramaswamy, Woetzel, Nyquist and Sohoni (2016)³³, Sommeiller, Price and Wazeter (2016)³⁴, Saez, (2016)³⁵, and Kochhar and Cilluffo (2017)³⁶ attribute this to mainly accelerated levels of income and wealth inequality, but also the drop in labor participation, increased costs of a middle class lifestyle, and a lack of economic mobility. Saez (2016)³⁷ reports that incomes for the top 1 percent of families grew 37 percent from 2009-2015, but only 7.6 percent for the remainder of the population over the same time-period. Kochhar and Cilluffo (2017)³⁸ note that in 2016, median wealth of middle income families was 33 percent lower than in 2007, but upper income families' median wealth increased by 10 percent. Shearer and Berube (2017)³⁹ point out that numerous large metro areas in the U.S. that increased their productivity, average wages, and standard of living from 2010-2015 failed to achieve inclusive growth when measured by improving the employment rate, median earnings, and relative poverty. There are concerns that this trend will continue to concentrate wealth into fewer and fewer communities.

Stark evidence of disparate levels of economic dynamism and highly concentrated entrepreneurial activity was revealed by a geographic analysis of new establishment formation by the Economic Innovation Group (EIG) in a 2016 report, "[The New Map of Economic Growth and Recovery](#)".⁴⁰ The EIG revealed that the geographic distribution of new firm growth became increasingly concentrated in a smaller number of more populous counties, culminating in the stark findings that half of the net business establishment growth in America from 2010 to 2014 was concentrated in just 20 U.S. mega-counties located in just seven states, and there was zero net enterprise growth among all the U.S. counties that were home to 100,000 or fewer residents, most of which are rural counties. The eBay Public Policy Lab published a 2017 report, "[Platform-Enabled Small Businesses and the Geography of Recovery](#)"⁴¹, which did a comparative analysis of the net number of eBay-enabled small businesses, which revealed the equivalent share of growth distributed across 75 counties in 24 states, and 12 percent of the growth in the number of eBay Commercial Sellers coming from rural and remote smaller counties.

Comparing Net Enterprise Growth in the Traditional Economy and on eBay

The rate of growth in the net number of business establishments in the United States from 2011 to 2016 was 5.4 percent. The rate of growth in the net number of eBay-enabled small businesses over the same period was 24.4 percent. Net enterprise growth was 4.5 times more robust on eBay than in the overall economy. Lower costs of doing business over distance and access to global consumer markets for even very small enterprises appears to have resulted in a much more robust rate of enterprise creation than exhibited in the traditional economy.



Classic-Tech-Cars

Chad White

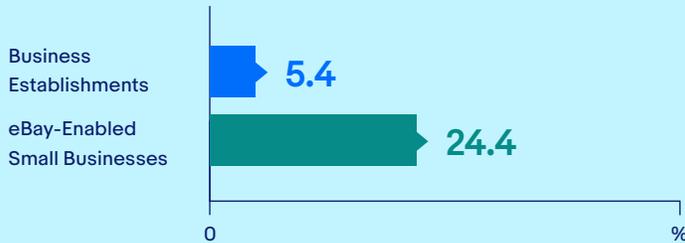
TIMBERVILLE, VA

Over 30 years ago, Chad White left his career in hospitality to pursue his passion for cars. Chad spoke with a friend who owned an automotive body shop and was offered a position on the business side of the company. Over the next 20 years, Chad helped grow the business into a top-10 vendor for Ford products, but he still dreamed of making his own mark in the automotive world. He decided to strike out on his own and began selling small automotive items on eBay from his home. Today, Chad still sells from home, but has grown his enterprise exponentially, calling it Class-Tech-Cars. The business specializes in muscle cars of the '60s and '70s and has nearly 4,500 listed items. With the assistance of online platforms like eBay, Chad is able to market and sell his products to a worldwide customer base, which has been the key to growing his business.



FIGURE 6.0

National Average Net Rate of Growth In Number Of Enterprises



Although the more robust growth in the net number of enterprises on eBay compared to the overall economy is noteworthy on its own, we will next focus on the comparative levels of growth in the net number enterprises in counties of different economic and social well-being in order to better discern the impact of technology-enabled independent small business growth on economic inclusion.

Indexing U.S. Counties Based on Economic and Social Well-Being

The EIG, through their report “[The 2017 Distressed Communities Index](#)”, has proposed a methodology to measure and rank the economic vitality of U.S. geographies relative to their peers.⁴¹ The Distressed Communities Index is an index composed of seven component metrics from the U.S. Census Bureau (2011-2015). These include: (1) High school diploma rate; (2) Housing vacancy rate; (3) Adults not working; (4) Poverty rate; (5) Median income ratio; (6) Change in employment; and (7) Change in business establishments. According to the EIG, “Distress scores are calculated by ranking counties on each of the seven metrics, taking the average of those ranks, and then normalizing the average to be equivalent to a percentile.”⁴³ Using these scores, the EIG divides 3126 U.S. counties into quintiles of well-being, the top performing in the **Prosperous** tier followed by **Comfortable**, **Mid-Tier**, **At Risk**, and **Distressed** tiers, each made up of progressively worse performers.⁴⁴

The quintiles each represent one-fifth of the nation’s counties, unrelated to population. In fact, as one considers the collection of counties in each of the quintiles, from **Prosperous** to **Distressed**, there are fewer people living in the collection of counties as the level of well-being falls, indicating less populous and likely more remote counties suffering from greater challenges. The 625 **Prosperous** counties are home to 121,744,795 people (37.6 percent of the national population), 625 **Comfortable** counties are home to 102,175,123 (31.6 percent), 625 **Mid-Tier** counties are home to 46,678,887 (14.4 percent), 625 **At Risk** counties are home to 35,720,782 (11.0 percent) and the 625 **Distressed** counties are home to 17,043,182 Americans (5.3 percent).⁴⁵



NobleSpirit

Joe Cortese
PITTSFIELD, NH

Joe Cortese sold stamps and coins wholesale to a handful of dealers in the U.S. before building his ecommerce infrastructure exclusively on eBay. Today, Joe is a premier online stamp and coin dealer, recognized in the industry for his high quality of service and global customer base of over 110,000 eBay buyers. NobleSpirit has grown to the point where it now employs 28 individuals from the Pittsfield community. Joe attributes this growth to eBay’s global reach - NobleSpirit exports 65% of its products - which he believes is a perfect fit for his business. Now Joe’s son, Michael, is beginning to take over his father’s business. Separately, in 2003 Joe founded the Professional eBay Sellers Alliance (PESA), an influential professional trade organization that promotes the highest levels of professionalism, fairness, honesty and philanthropy among its members. PESA has international reach that brings sellers together to discuss improvements and strategies related to optimizing and growing their eBay businesses.

Growth in the Number of Business Establishments by County

As noted above, the rate of growth in the net number of business enterprises is seen as a sound proxy for the economic vitality and level of opportunity. An increase in the number of business enterprises in a jurisdiction, in this case a county, is taken as a proxy for vibrancy and growth in the local economy. Lower rates of growth in the number of enterprises, or even falling enterprise numbers, is conversely taken as a proxy for stagnation and sluggish growth opportunities.

As **Figure 7.0** shows, the nationwide figures for growth in the net number of business enterprises reinforces the contention that the geography of economic growth and dynamism in the U.S. economy is increasingly concentrated and the divergence between the communities at the opposite ends of the well-being spectrum appear to be accelerating. The rate of growth is lower in each successively more challenged county quintile, with negative growth - i.e. a falling number of firms, in the most disadvantaged counties. The EIG states that the business establishment growth gap between **Prosperous** and **Distressed** areas could be the starkest feature of their index.⁴⁶



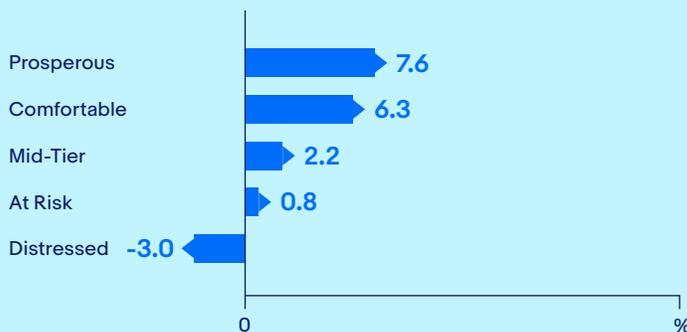
Once Upon A Diamond

Steve Brown
SHREVEPORT, LA

The Brown family's affinity for estate and fine jewelry began in 1912 in Council Bluffs, Iowa as Brown's Jewelry & Loans. Today, Steve Brown runs that same family business, now Once Upon A Diamond, in Shreveport, Louisiana. Once Upon A Diamond sells estate items, fine jewelry, bridal watches and high-end collectibles. In 2000, Steve believed that an online marketplace was the next logical step for his business, and eBay is where he decided to establish the company's online presence. The success of the internet business allowed Once Upon A Diamond to open a brick and mortar store in 2008. After graduating college with degrees in architecture, Steve's two sons, Nicholas and Jordan joined the family business. Steve believes that Once Upon A Diamond has been able to excel in the competitive online jewelry industry by making the internet purchasing process just as personal and satisfying as an in-store purchase. Once Upon A Diamond exports 35% of its products.



FIGURE 7.0
Nationwide Net Rate of Growth in Number of Business Establishments by County Well-Being Quintile⁴⁷



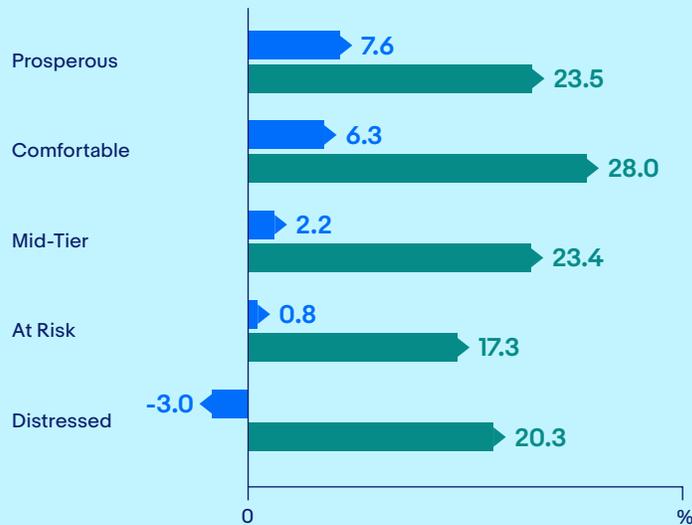
The next section of this report will compare and contrast the rate of new firm growth in each quintile in the overall economy and on eBay. Along with comparing absolute net enterprise growth rates, we will also look to measures of inclusive growth and balanced growth. In fact, the most relevant findings in the context of the significant disparities in economic dynamism and opportunities for growth in the traditional economy will be the comparative levels of balance and evidence of inclusive economic opportunity.



FIGURE 8.0

Net Rate of Growth in Number of Enterprises by County Well-Being Quintile⁴⁸

- Business Establishments
- eBay-Enabled Small Businesses



Chesapeake Mercantile

Melanie Birkholz
HUNTINGTOWN, MD

Years ago, Melanie Birkholz started an eBay business to help pay for incidentals, like diapers and toys, for her young children. She found the extra income to be beneficial and was proud to help support her family, while still being able to be at home full-time as the primary caregiver for her kids. Over the years, as Melanie continued to sell clothing, accessories and home goods on eBay, she also ran a brick and mortar antiques shop. As time went on and her eBay business continued to thrive, Melanie decided to focus her time and energy full-time on her eBay business, Chesapeake Mercantile. Fast forward 17 years, Melanie now sells on eBay full-time and is putting those same kids through college. Recently, her husband Keith joined the business as well. Melanie loves that eBay allows her to help support her loved ones with a healthy income while still being accessible to her family on a daily basis.

Empowering More Balanced Economic Growth

For the purpose of this section, balance is predicated on the idea that in a perfectly balanced economy every county would enjoy the same rates of economic and enterprise growth. This would mean that every citizen would enjoy a relatively equal opportunity to benefit from economic growth. On the other hand, an economy that is not balanced would exhibit widely divergent levels of growth. In that case, some people would benefit from having a very robust local economy and many opportunities while others suffer from locally depressed economic conditions and few opportunities to advance their economic well-being.

There have always been, and likely will always be, meaningful differences in economic growth and opportunity at regional and local levels. However, given concerns with increasingly divergent opportunities between Haves and Have Nots in the U.S. economy, looking at the differences in enterprise growth rates in the overall economy and the eBay Marketplace can provide insight into whether global commerce marketplaces are a tool to promote a more balanced, or less balanced, economy.

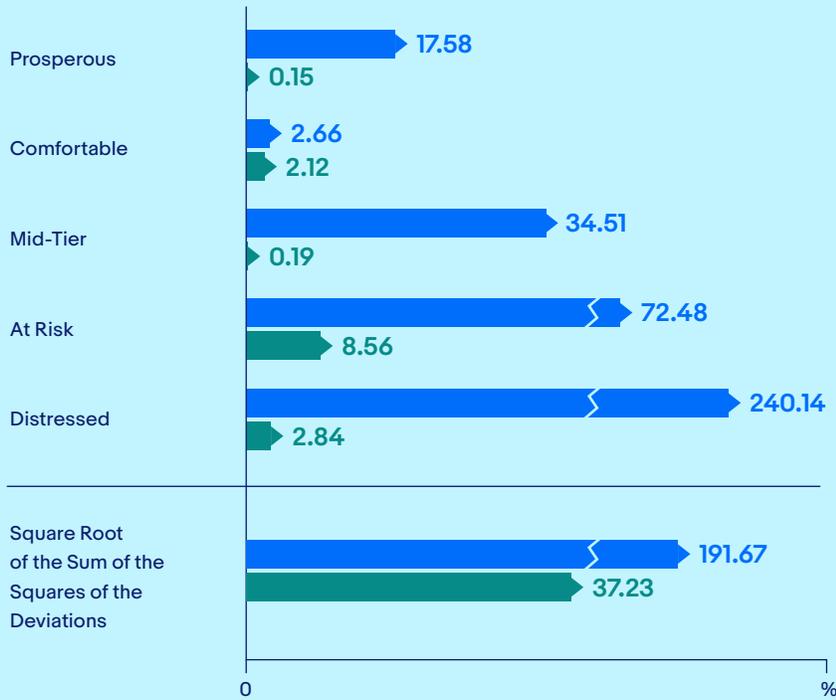
The EIG 2017 Distressed Communities Index is used to provide a framework to compare the level of balance in enterprise growth between counties along the well-being spectrum. The average rate of growth in the net number of business establishments in the United States from 2011 to 2016, and the comparable average rate of growth in the net number of eBay-enabled small businesses over the same period, is presented for the counties in each of the five well-being quintiles.



FIGURE 9.0

Comparing Net Enterprise Growth “Balance”

- Business Establishments
- eBay-Enabled Small Businesses



As noted, a perfectly balanced economy would show the same rate of net enterprise growth in each quintile, which would be the same as the national average. Therefore, the rate of growth in business establishments in each well-being quintile would be 5.4 percent. Likewise, the level of net eBay-enabled small business growth would be 24.4 percent. Of course, no economy is perfectly balanced and therefore the growth rates diverge from absolute balance. But, which is more unbalanced?

To compare the relative levels of economic balance, we calculated the square of the deviation from the national average for each well-being quintile. The overall level of imbalance is determined by taking the square root of the sum of the squares of the deviations. A larger number reflects a greater degree of imbalance in net enterprise growth between the quintiles.

From 2011 to 2016, eBay-enabled small business growth was 5.1 times more balanced than net establishment growth in the overall economy.⁴⁹ The ability to access national and global consumer markets on the eBay Marketplace provided a significantly more balanced means of new enterprise formation than occurred in the overall economy.



Wilson Brothers Jewelry

Michael Wilson
GREENSBORO, NC

In 2008, Wilson Brothers Jewelry (WBJ) began as just a hobby. Starting by buying and selling fraternity and sorority pins and other collectible jewelry on eBay, eventually they expanded the product line to cover a full breadth of new, vintage and estate jewelry. Michael Wilson became a gemologist, and after a few years, they realized that this wasn't just a hobby, it was an entrepreneurial success story. In 2011, WBJ moved into an office space in Greensboro, NC where they continue to expand the reach of their sales across the country and around the world. After purchasing a jewelry store in Greensboro, NC in 2015 from their mentor in the industry, they relaunched it as State St. Jewelers. The addition of a physical retail space has proven to be a great asset and marketplace for WBJ. In 2018, Michael's wife, Amanda, joined him as a business partner, designer and marketer. Today, they employ 20 individuals and export 13% of their products with over 140,000 transactions successfully completed on eBay.

Promoting More Inclusive Economic Growth

Balanced growth aspires to have all communities sharing as equally as possible in the benefits of economic growth and opportunity. Inclusive growth goes a step beyond balance and focuses on economic opportunity available to those who are less-advantaged. Inclusive growth most directly addresses concerns that some communities and regions are falling further and further behind.

As noted in the introduction of the EIG Distressed Communities Index quintiles, each of the five quintiles has approximately the same number of counties (four have 625 counties, one has 626 counties), but the counties do not have the same number of inhabitants. Instead, the total population of the counties in each quintile vary widely, from over 121 million in the cohort of **Prosperous** counties to 17 million in the **Distressed** counties. However, it turns out that combining the bottom three quintiles – **Mid-Tier, At Risk** and **Distressed** – together results in a combined population of 99,442,851, which is nearly identical to the population of the **Comfortable** counties (102,175,123) and 82 percent of the population of the **Prosperous** counties.

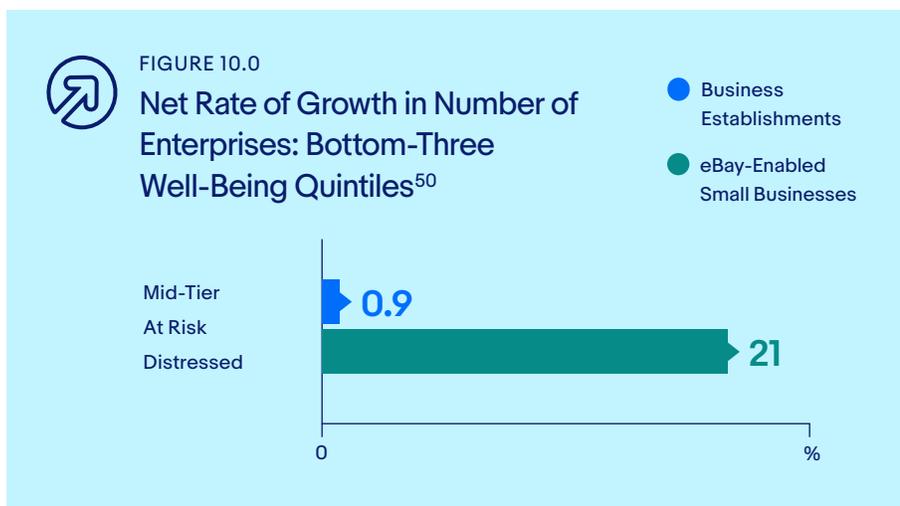
Our first test of inclusiveness focuses on the aggregate growth in the net number of business establishments in the bottom three county quintiles, which is home to nearly 100 million Americans. **Figure 10.0** reveals the aggregate net enterprise growth rate for the bottom three quintiles. In the traditional economy, the figure is nearly flat, just 0.9 percent for the period 2011 – 2016. The corresponding rate of net enterprise growth on eBay during that time was 21 percent. Not only is that a robust growth rate in a collection of counties home to nearly one-third of Americans where the traditional economy created almost no net firm growth, but at 21 percent it was just 14 percent lower than the overall national average on eBay. By comparison, enterprise growth in the traditional economy in the same set of counties was 83 percent lower than the national average. Based on the rate of growth in the number of net enterprises in the bottom three well-being quintiles, **eBay economic growth was 23 times more inclusive than the highly stratified U.S. economy overall.**



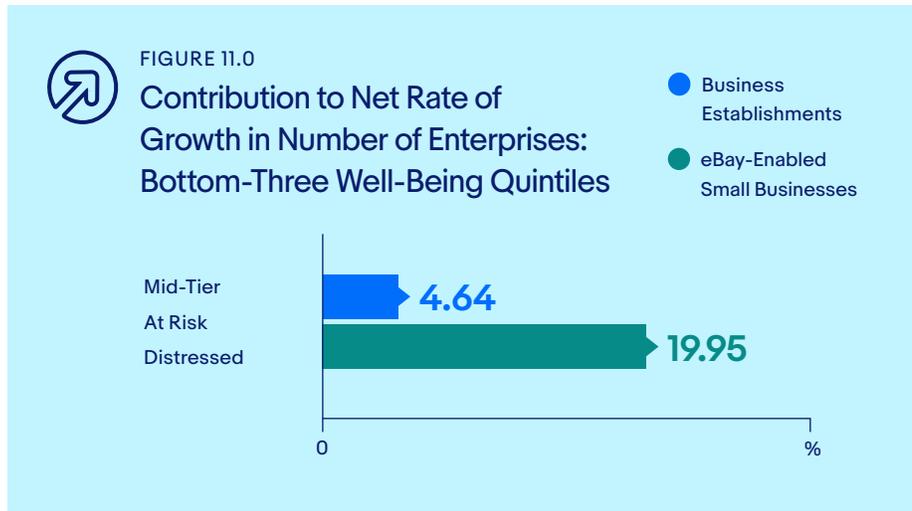
The Music Farm

Brian Robinson
CANTON, OH

Brian Robinson knew he wanted to have a future in music. After working as a janitor in his church, Brian earned the opportunity to become the church's sound man. That experience inspired Brian to attend a recording technology high school and soon after, he obtained a job as a keyboard salesman. In 2004, Brian decided it was time to launch his own venture. He combined his previous experience selling tractors on eBay with his love of music, and created The Music Farm. The Music Farm began in the garage of Brian's Doylestown home just outside of Canton. He shipped everything from guitars, to amps, to drums, worldwide. In 2007, Brian bought a 7,500 square foot retail store in Orville, OH before moving to the heart of Canton in 2012. Today, The Music Farm are part of Canton's "shopping mecca" where they enjoy numerous walk-in customers daily, along with their growing ecommerce clientele. The Music Farm exports 28% of its products.



Another measure of economic inclusiveness is to look at the aggregate share of overall enterprise growth that occurred in the collection of counties in the bottom three well-being quintiles. On eBay, the bottom three quintiles accounted for nearly 20 percent of the total net enterprise growth for 2011 - 2016. Meanwhile, the contribution of the same quintiles to the net growth in the number of traditional firms during the same period was only 4.6 percent. In other words, greater than 95 percent of net enterprise growth in the overall U.S. economy occurred in **Prosperous** and **Comfortable** counties.



Based on the share of total net enterprise growth coming from the collection of counties in the bottom three well-being quintiles, **eBay-enabled small business growth was 4.3 times more inclusive than net establishment growth in the overall economy.**⁵¹

A third method of attempting to quantify the relative level of inclusive growth on eBay in comparison with the traditional economy is by determining the ratio of the net enterprise growth rate on eBay to the net enterprise growth rate in the overall economy for each county quintile group. A higher ratio reflects a greater advantage on the eBay platform. When this is done for the different well-being quintiles, larger ratios for each subsequent well-being quintile, from highest well-being to least well-off, would indicate a more inclusive growth environment on eBay.

Through this analysis, we see that the 17.3 percent growth in the net number of eBay small businesses in **At Risk** counties is 21.6 times greater than the rate of growth in the traditional economy, a higher ratio than each of the more advantaged well-being quintiles. The ratio of the eBay-enabled small business expansion rate and the similar metric in the traditional economy is 10.6 times greater in the **Mid-Tier** counties, 4.4 times greater the **Comfortable** counties and 3.1 times greater in the **Prosperous** counties. This analysis involving comparative net enterprise growth rates in the **Distressed** counties is the most extreme example of



NOTO Boutique

—
Lauren Ward
 AKRON, OH

In 2008, Lauren Ward founded NOTO Boutique. Prior to jumpstarting her business, Lauren loved to invite her friends and family into her home to shop special finds. Following this passion by officially opening her own boutique was the next logical step. NOTO Boutique has since evolved into a successful business with two stores in Akron, Ohio that offer boutique dresses, locally made screen t-shirts, secondhand clothes and everything in between. Now NOTO Boutique has three employees and summer interns from local high schools and universities. As her out of state customer base grew, Lauren knew that she would need to provide a great online shopping experience, and eBay was the perfect marketplace to do so. In early 2018, Lauren joined eBay's Retail Revival Program and has already seen a boost in sales. NOTO Boutique exports 30% of its products.

more inclusive growth, as the eBay growth rate is 20.3 percent while net enterprise growth in the traditional economy was negative, -3.0 percent. We cannot calculate a ratio with a positive number in the numerator and a negative number in the denominator, but it would be the largest of the five ratios.

Policy Recommendations to Promote Inclusive Economic Growth and Trade

The Internet has opened up a world of opportunity for businesses of all sizes across America and around the globe. eBay is committed to providing small businesses with the means and opportunities to grow their operations and create wealth in their own communities. The below policy recommendations will work to drive even greater economic growth among small American businesses that use the Internet to export:

Increase Low Value Customs “De Minimis” Thresholds Across the Globe

eBay supports U.S. Government efforts to build off of the successes achieved in the Trade Facilitation and Trade Enforcement Act, which increased the U.S. customs de Minimis threshold from \$200 to \$800, and work with trading partner nations to increase their low value customs de Minimis thresholds. Expanding de Minimis thresholds promotes trade and economic opportunities for small businesses by reducing the time, cost, and uncertainty of moving the packages of technology-enabled small businesses across borders. Applying local taxes to remote small businesses, such as rural micro enterprises across America, undermines export growth as a tool to power rural economic opportunity.

Modernize Postal Systems to Support Small Business Digital Trade

Postal services have largely been developed for domestic letter transmission; however, today’s postal networks are a critical piece of the logistics chain for small Internet-enabled exporters and increasingly valuable as an economic and trade facilitator for independent small business traders. The U.S. Government should work collaboratively with trading partners to update global postal systems. Simplification, modernization, and international harmonization of national postal services, as well as more robust cooperation with private shippers, will promote greater and more broad-based small business commercial opportunities.

Promote Balanced Internet Intermediary Policies

The principle that Internet service providers are not held liable for the unlawful actions of their users if they do not have knowledge of the offenses has been engrained in U.S. law. Unfortunately, not all foreign legal regimes have these important protections. Trade agreements can be used to harmonize liability regimes in a manner that encourages countries to adopt policies that support inclusive ecommerce opportunities. Additionally, regulators must prevent protectionist bans on sales via online marketplaces and search restrictions forced upon retailers seeking to sell legitimate products on the Internet.

Ensure a Free and Open Internet

An open and non-discriminatory Internet is integral to the continued ability of small businesses to gain from the global opportunities that the Internet offers. Policymakers should support the continued expansion of access to the open, global Internet, as well as global commerce platforms and intermediaries that connect entrepreneurs and independent small enterprises with international markets. Clear rules must be implemented globally to ensure open cross-border data flows and access to foreign markets.

Explore Flexible International Regulatory Cooperation Solutions

The emergence of micro and small businesses as global traders is a highly inclusive and growth-positive 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 small business traders into the global commerce regime side-by-side with large and established global companies.

Provide Coordinated Export Promotion Assistance to Internet-Enabled Small Businesses

Establish public-private initiatives to increase information and export resources for small businesses (e.g. incorporate curriculum/training into existing small business development programs), better coordinate federal, state and local export programs, and partner with companies like eBay to support smaller existing or potential exporters, including veteran, minority and women-owned small businesses.

Conclusion

It is widely recognized that the Internet and technology platforms have dramatically changed economies globally and the opportunities available to people nearly everywhere. The world seems a smaller place, and the global economy appears closer to every community. While many of the changes are perceived as being for the better, challenges and disturbing trends are increasingly coming into focus as well. One such concern is with accelerating economic concentration with the most prosperous communities enjoying the bulk of the wealth and meaningful growth in the economy.

The first part of this report highlighted the unprecedented trade success of eBay Commercial Sellers in the United States as compared to traditional small businesses. The independent small businesses using the eBay commerce platform are able to serve consumers who are not in their local market, whether across the country or around the world. The data on exporting by eBay Commercial Sellers is striking. Ninety-six percent of eBay-enabled small businesses in the United States are exporters. They make sales to buyers in 17 export markets per year on average. These striking numbers dwarf export rates in the traditional economy.

The second part of the report explores whether these new and expanded opportunities to engage in commerce over great distances, even as far as to other sides of the globe, are actually translating into more remote, less prosperous communities getting a growth and opportunity boost. The analysis of inclusive economic opportunity is based on a study of net enterprise growth rates at the county level, with 3126 of the nation's counties categorized into five quintiles of overall "well-being" through an index developed by the Economic Innovation Group. The rate of growth in the net number of traditional businesses, and eBay small businesses, within the five county groups were calculated and compared to determine whether the eBay growth was more or less inclusive and balanced between areas that were more or less privileged.

Consistent with widespread concerns over increasing economic concentration, the most-well-off counties had the strongest enterprise growth rates in the traditional economy. Each tranche of counties down the well-being scale fared worse. The most challenged county quintile group suffered negative growth. On eBay, the net enterprise growth numbers were consistently stronger, but were also far more balanced and more inclusive. Growth rates were not heavily tilted to the well-off counties. Instead, growth in the number of eBay-enabled small businesses was 5.1 times more balanced. eBay-enabled growth was also more inclusive, offering comparably greater opportunities to those living in the bottom three well-being quintiles, home to one-third of Americans. By one measure, eBay-enabled net enterprise growth was 23 times more inclusive, while another was 4.3 times more inclusive.

The eBay commerce platform is using technology to reduce the barriers that have traditionally locked small businesses into their local market. Consumer demand across the country and around the world can now be accessed by independent small enterprises. One result is eBay-enabled small businesses trading globally. While this is a major growth opportunity for independent small businesses across America, this ability to access customers outside of the local market appears especially valuable to remote and less advantaged communities. Government tax, regulatory and economic development policies can promote sustainable economic development in less advantaged and remote regions by addressing the challenges facing technology-enabled independent small businesses.

Appendix

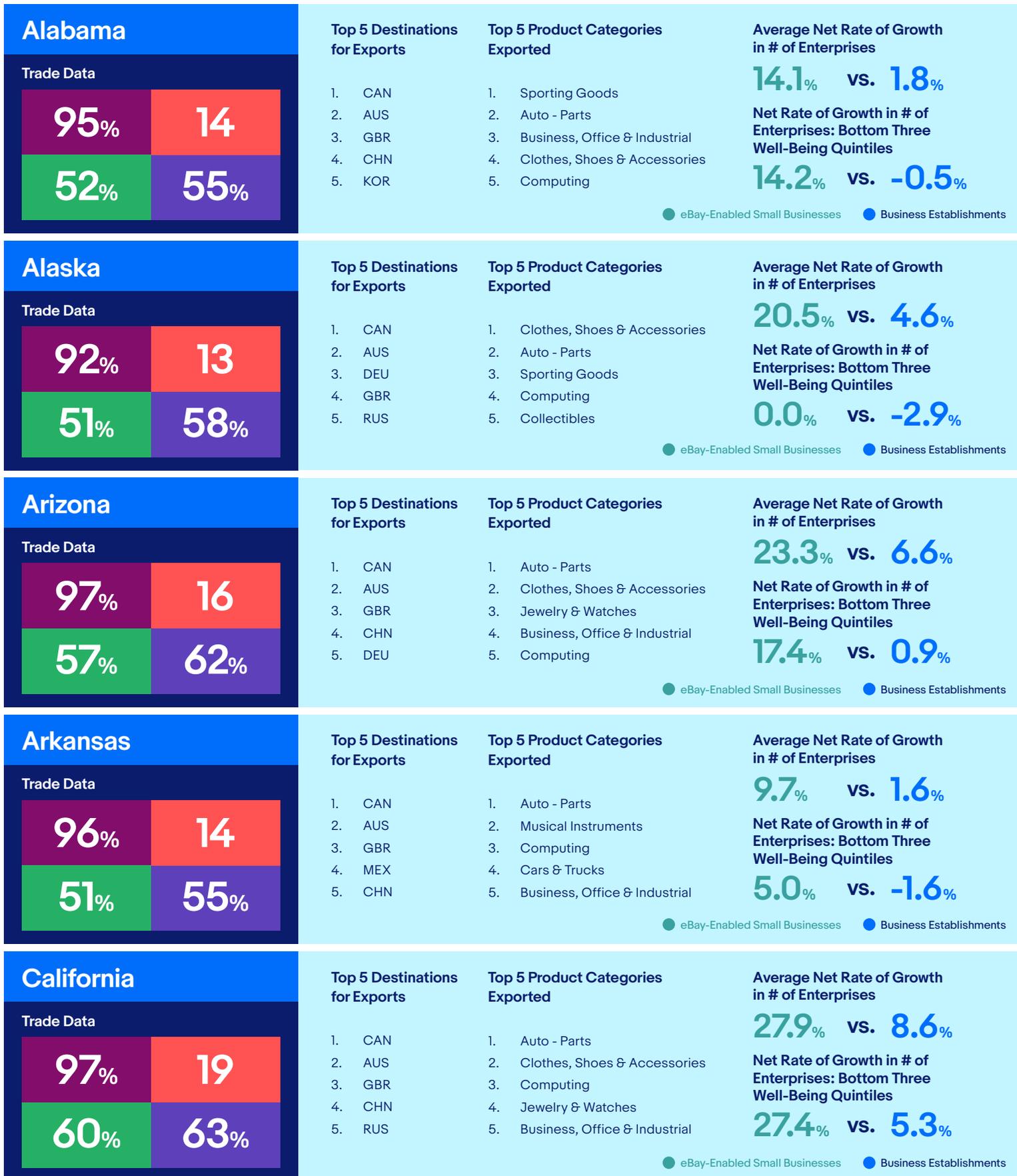
Trade Data Key

Share of eBay-Enabled Small Businesses Exporting

Avg. # of Foreign Destination Markets for eBay-Enabled Small Businesses

Share of eBay-Enabled Small Businesses Exporting to 10+ Markets

Share of eBay-Enabled Small Businesses Exporting to 4+ Continents



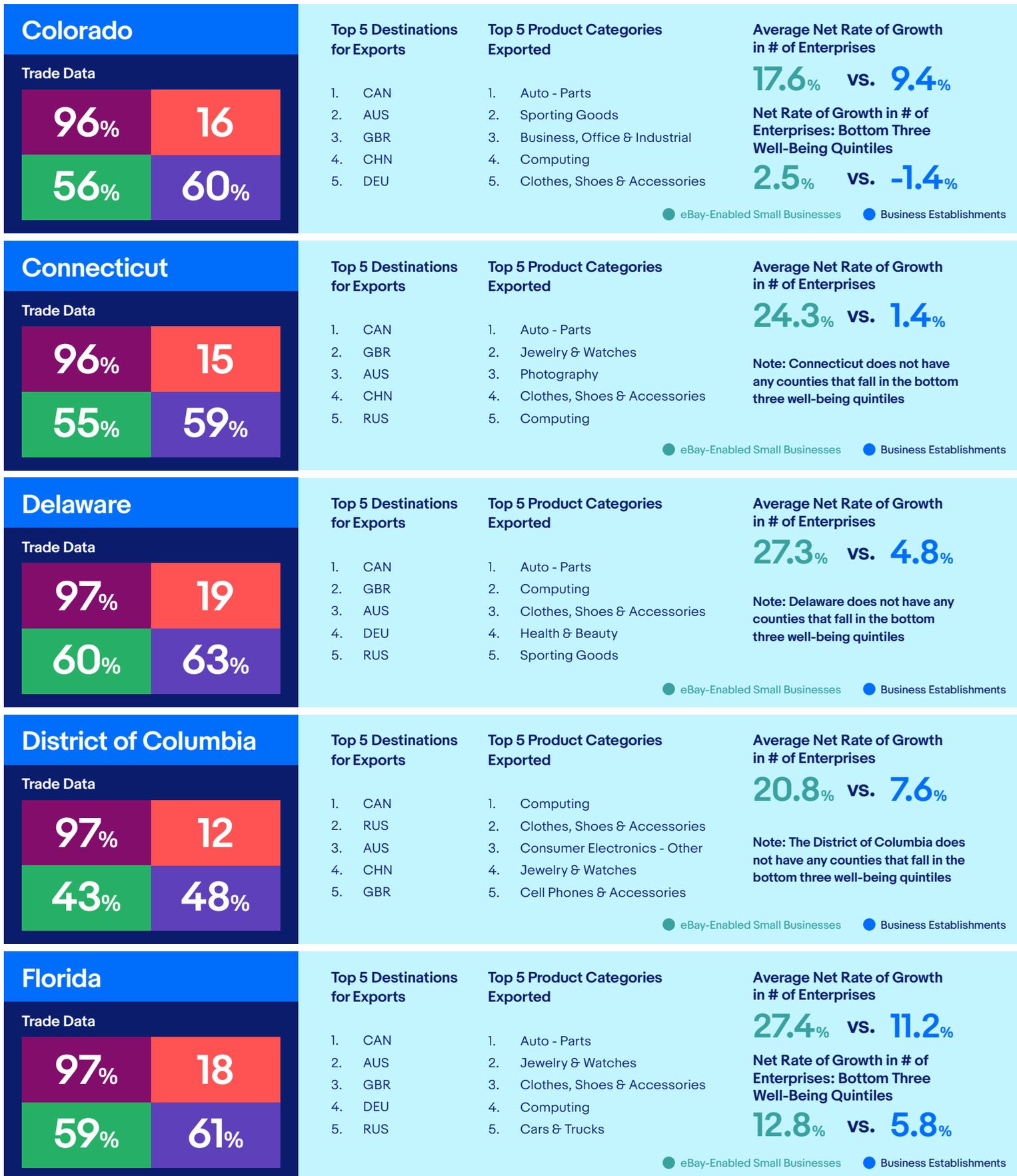
Trade Data Key

Share of eBay-Enabled Small Businesses Exporting

Avg. # of Foreign Destination Markets for eBay-Enabled Small Businesses

Share of eBay-Enabled Small Businesses Exporting to 10+ Markets

Share of eBay-Enabled Small Businesses Exporting to 4+ Continents



Trade Data Key

Share of eBay-Enabled Small Businesses Exporting

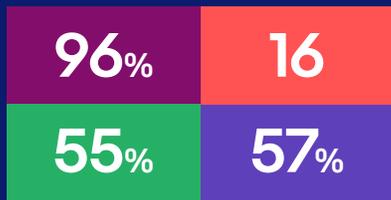
Avg. # of Foreign Destination Markets for eBay-Enabled Small Businesses

Share of eBay-Enabled Small Businesses Exporting to 10+ Markets

Share of eBay-Enabled Small Businesses Exporting to 4+ Continents

Georgia

Trade Data



Top 5 Destinations for Exports

1. CAN
2. AUS
3. GBR
4. CHN
5. MEX

Top 5 Product Categories Exported

1. Auto - Parts
2. Computing
3. Jewelry & Watches
4. Clothes, Shoes & Accessories
5. Business, Office & Industrial

Average Net Rate of Growth in # of Enterprises

28.6% vs. 6.3%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

19.7% vs. 0.2%

● eBay-Enabled Small Businesses ● Business Establishments

Hawaii

Trade Data



Top 5 Destinations for Exports

1. GBR
2. CAN
3. AUS
4. CHN
5. HKG

Top 5 Product Categories Exported

1. Cell Phones & Accessories
2. Clothes, Shoes & Accessories
3. Jewelry & Watches
4. Collectibles
5. Cars & Trucks

Average Net Rate of Growth in # of Enterprises

2.1% vs. 2.6%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

16.5% vs. 1.7%

● eBay-Enabled Small Businesses ● Business Establishments

Idaho

Trade Data



Top 5 Destinations for Exports

1. CAN
2. AUS
3. GBR
4. DEU
5. RUS

Top 5 Product Categories Exported

1. Auto - Parts
2. Clothes, Shoes & Accessories
3. Sporting Goods
4. Business, Office & Industrial
5. Toys & Games

Average Net Rate of Growth in # of Enterprises

21.4% vs. 7.9%

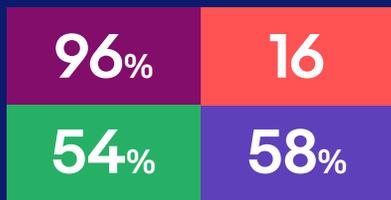
Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

23.1% vs. 3.5%

● eBay-Enabled Small Businesses ● Business Establishments

Illinois

Trade Data



Top 5 Destinations for Exports

1. CAN
2. AUS
3. GBR
4. CHN
5. MEX

Top 5 Product Categories Exported

1. Auto - Parts
2. Clothes, Shoes & Accessories
3. Business, Office & Industrial
4. Computing
5. Jewelry & Watches

Average Net Rate of Growth in # of Enterprises

22.9% vs. 2.2%

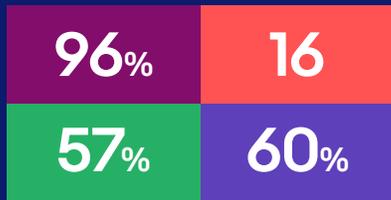
Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

6.8% vs. -2.8%

● eBay-Enabled Small Businesses ● Business Establishments

Indiana

Trade Data



Top 5 Destinations for Exports

1. CAN
2. AUS
3. GBR
4. CHN
5. MEX

Top 5 Product Categories Exported

1. Auto - Parts
2. Business, Office & Industrial
3. Toys & Games
4. Health & Beauty
5. Clothes, Shoes & Accessories

Average Net Rate of Growth in # of Enterprises

17.7% vs. 1.7%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

18.8% vs. -0.5%

● eBay-Enabled Small Businesses ● Business Establishments

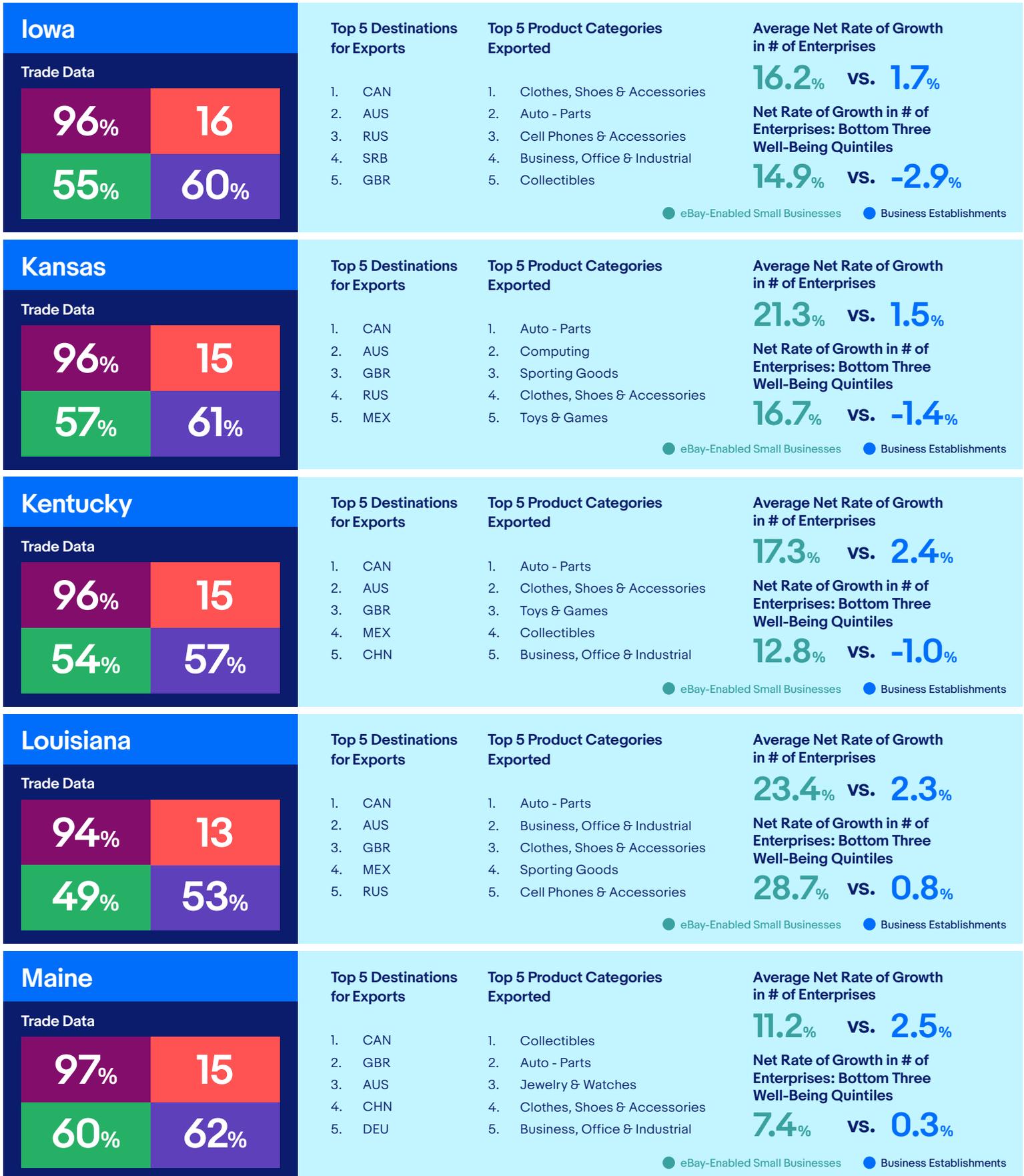
Trade Data Key

Share of eBay-Enabled Small Businesses Exporting

Avg. # of Foreign Destination Markets for eBay-Enabled Small Businesses

Share of eBay-Enabled Small Businesses Exporting to 10+ Markets

Share of eBay-Enabled Small Businesses Exporting to 4+ Continents



Trade Data Key

Share of eBay-Enabled Small Businesses Exporting

Avg. # of Foreign Destination Markets for eBay-Enabled Small Businesses

Share of eBay-Enabled Small Businesses Exporting to 10+ Markets

Share of eBay-Enabled Small Businesses Exporting to 4+ Continents

Maryland

Trade Data

96%

15

55%

58%

Top 5 Destinations for Exports

1. CAN
2. GBR
3. AUS
4. CHN
5. MEX

Top 5 Product Categories Exported

1. Computing
2. Auto - Parts
3. Jewelry & Watches
4. Cell Phones & Accessories
5. Clothes, Shoes & Accessories

Average Net Rate of Growth in # of Enterprises

24.5% vs. 3.8%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

19.0% vs. 0.9%

● eBay-Enabled Small Businesses ● Business Establishments

Massachusetts

Trade Data

96%

15

54%

58%

Top 5 Destinations for Exports

1. CAN
2. AUS
3. GBR
4. CHN
5. DEU

Top 5 Product Categories Exported

1. Coins
2. Auto - Parts
3. Clothes, Shoes & Accessories
4. Jewelry & Watches
5. Business, Office & Industrial

Average Net Rate of Growth in # of Enterprises

21.2% vs. 4.9%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

24.3% vs. 0.4%

● eBay-Enabled Small Businesses ● Business Establishments

Michigan

Trade Data

97%

16

57%

59%

Top 5 Destinations for Exports

1. CAN
2. AUS
3. GBR
4. MEX
5. RUS

Top 5 Product Categories Exported

1. Auto - Parts
2. Business, Office & Industrial
3. Computing
4. Clothes, Shoes & Accessories
5. Sporting Goods

Average Net Rate of Growth in # of Enterprises

14.9% vs. 1.3%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

13.5% vs. -1.7%

● eBay-Enabled Small Businesses ● Business Establishments

Minnesota

Trade Data

96%

17

57%

60%

Top 5 Destinations for Exports

1. CAN
2. AUS
3. GBR
4. CHN
5. MEX

Top 5 Product Categories Exported

1. Auto - Parts
2. Computing
3. Business, Office & Industrial
4. Clothes, Shoes & Accessories
5. Sporting Goods

Average Net Rate of Growth in # of Enterprises

20.9% vs. 3.7%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

16.8% vs. -1.6%

● eBay-Enabled Small Businesses ● Business Establishments

Mississippi

Trade Data

94%

14

50%

54%

Top 5 Destinations for Exports

1. CAN
2. AUS
3. GBR
4. MEX
5. DEU

Top 5 Product Categories Exported

1. Auto - Parts
2. Business, Office & Industrial
3. Cars & Trucks
4. Clothes, Shoes & Accessories
5. Cell Phones & Accessories

Average Net Rate of Growth in # of Enterprises

21.0% vs. 0.3%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

15.7% vs. -1.7%

● eBay-Enabled Small Businesses ● Business Establishments

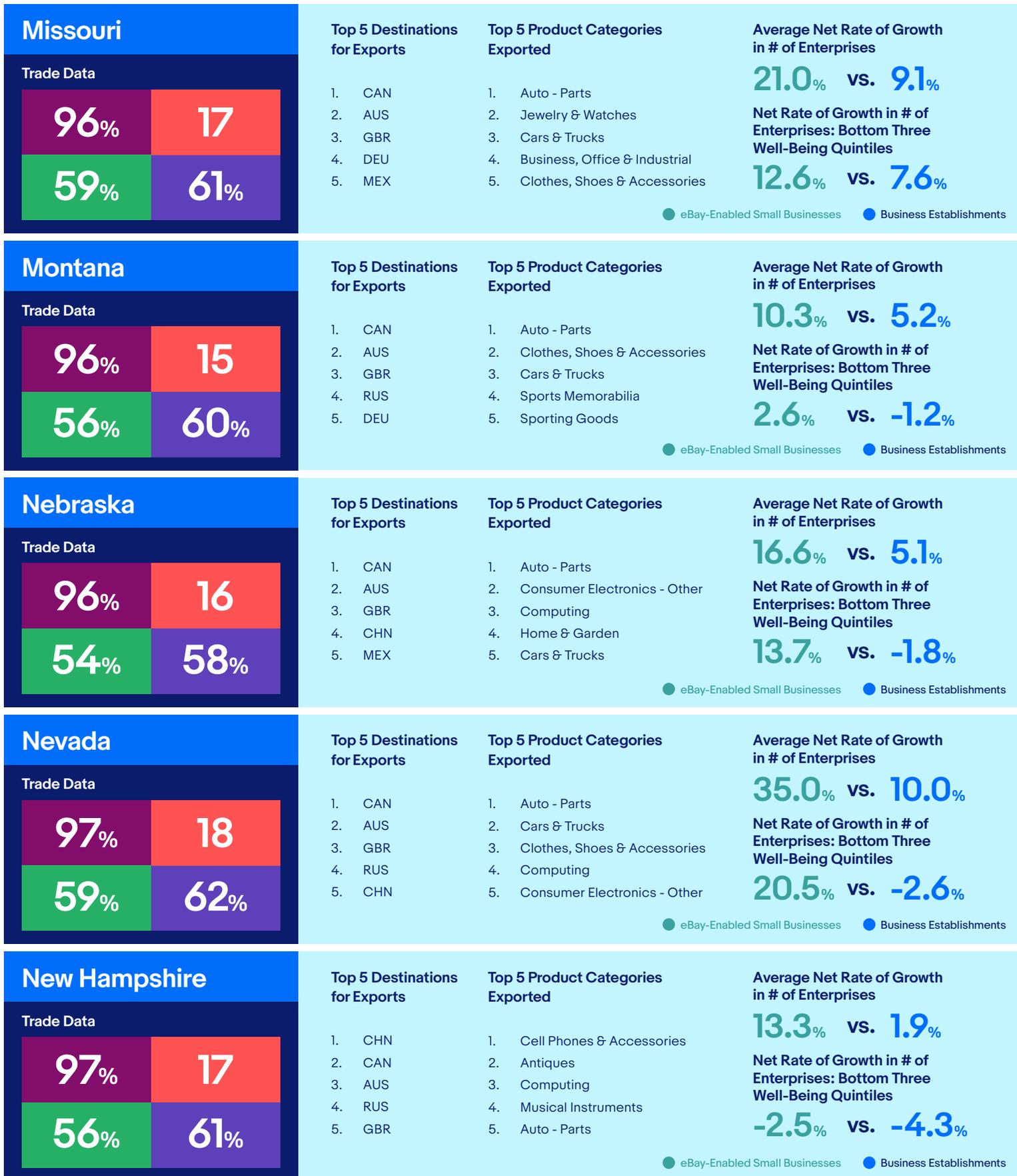
Trade Data Key

Share of eBay-Enabled Small Businesses Exporting

Avg. # of Foreign Destination Markets for eBay-Enabled Small Businesses

Share of eBay-Enabled Small Businesses Exporting to 10+ Markets

Share of eBay-Enabled Small Businesses Exporting to 4+ Continents



Trade Data Key

Share of eBay-Enabled Small Businesses Exporting

Avg. # of Foreign Destination Markets for eBay-Enabled Small Businesses

Share of eBay-Enabled Small Businesses Exporting to 10+ Markets

Share of eBay-Enabled Small Businesses Exporting to 4+ Continents

New Jersey

Trade Data

96%

18

57%

61%

Top 5 Destinations for Exports

1. CAN
2. AUS
3. GBR
4. CHN
5. MEX

Top 5 Product Categories Exported

1. Cell Phones & Accessories
2. Computing
3. Clothes, Shoes & Accessories
4. Auto - Parts
5. Jewelry & Watches

Average Net Rate of Growth in # of Enterprises

29.6% vs. 2.1%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

34.9% vs. 1.4%

● eBay-Enabled Small Businesses ● Business Establishments

New Mexico

Trade Data

97%

14

53%

58%

Top 5 Destinations for Exports

1. CAN
2. GBR
3. TWN
4. CHN
5. AUS

Top 5 Product Categories Exported

1. Business, Office & Industrial
2. Jewelry & Watches
3. Auto - Parts
4. Collectibles
5. Clothes, Shoes & Accessories

Average Net Rate of Growth in # of Enterprises

24.3% vs. -0.4%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

13.3% vs. -3.4%

● eBay-Enabled Small Businesses ● Business Establishments

New York

Trade Data

97%

18

57%

60%

Top 5 Destinations for Exports

1. CAN
2. GBR
3. AUS
4. CHN
5. RUS

Top 5 Product Categories Exported

1. Jewelry & Watches
2. Clothes, Shoes & Accessories
3. Photography
4. Computing
5. Cell Phones & Accessories

Average Net Rate of Growth in # of Enterprises

35.1% vs. 4.3%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

43.0% vs. 7.4%

● eBay-Enabled Small Businesses ● Business Establishments

North Carolina

Trade Data

96%

16

55%

58%

Top 5 Destinations for Exports

1. CAN
2. AUS
3. GBR
4. CHN
5. DEU

Top 5 Product Categories Exported

1. Auto - Parts
2. Computing
3. Clothes, Shoes & Accessories
4. Sporting Goods
5. Business, Office & Industrial

Average Net Rate of Growth in # of Enterprises

25.6% vs. 5.6%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

25.1% vs. -0.3%

● eBay-Enabled Small Businesses ● Business Establishments

North Dakota

Trade Data

96%

15

51%

57%

Top 5 Destinations for Exports

1. CAN
2. AUS
3. GBR
4. RUS
5. CHN

Top 5 Product Categories Exported

1. Sporting Goods
2. Business, Office & Industrial
3. Sports Memorabilia
4. Health & Beauty
5. Auto - Parts

Average Net Rate of Growth in # of Enterprises

25.2% vs. 9.7%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

0.0% vs. -3.3%

● eBay-Enabled Small Businesses ● Business Establishments

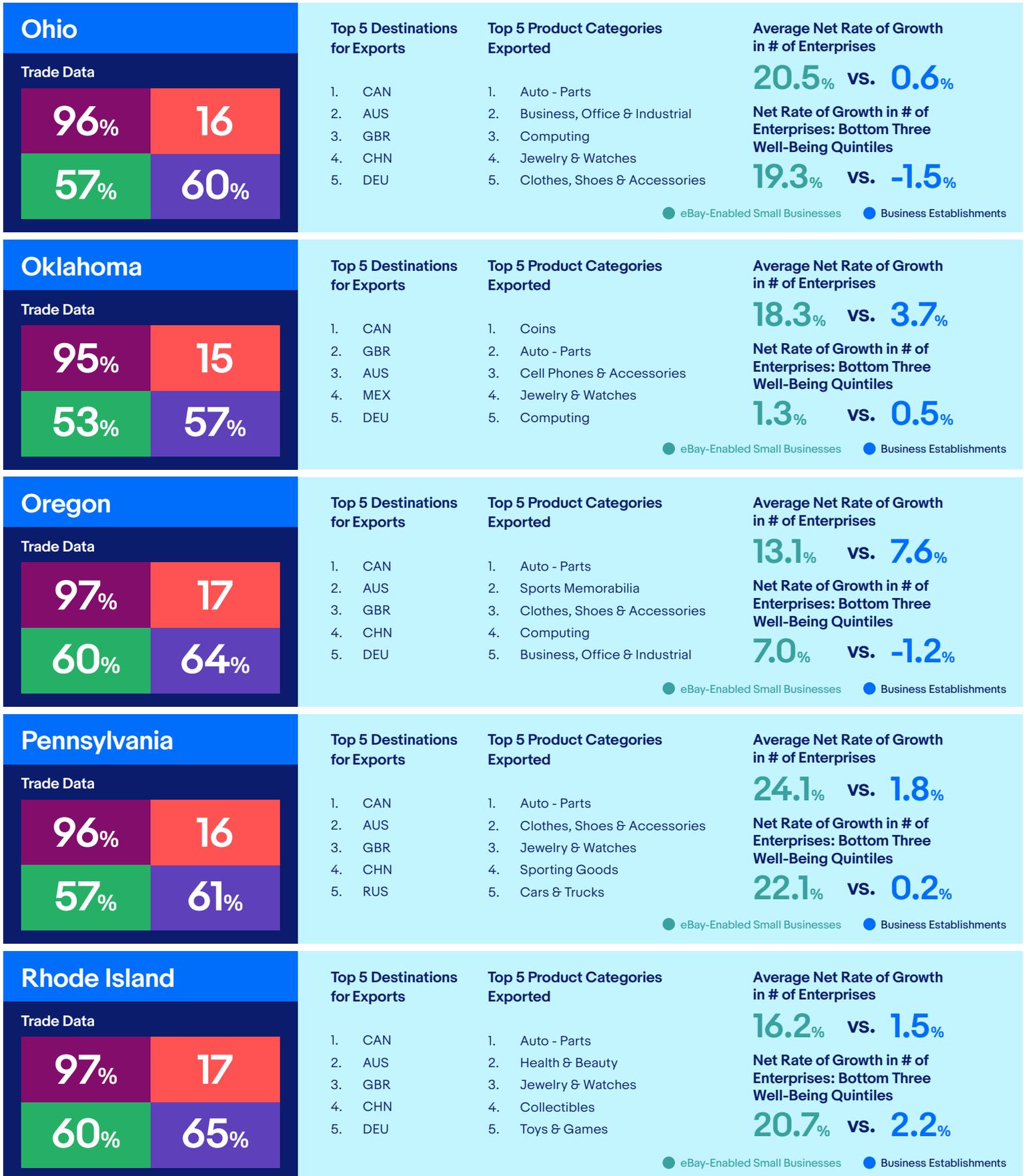
Trade Data Key

Share of eBay-Enabled Small Businesses Exporting

Avg. # of Foreign Destination Markets for eBay-Enabled Small Businesses

Share of eBay-Enabled Small Businesses Exporting to 10+ Markets

Share of eBay-Enabled Small Businesses Exporting to 4+ Continents



Trade Data Key

Share of eBay-Enabled Small Businesses Exporting

Avg. # of Foreign Destination Markets for eBay-Enabled Small Businesses

Share of eBay-Enabled Small Businesses Exporting to 10+ Markets

Share of eBay-Enabled Small Businesses Exporting to 4+ Continents

South Carolina

Trade Data



Top 5 Destinations for Exports

- CAN
- AUS
- GBR
- MEX
- CHN

Top 5 Product Categories Exported

- Auto - Parts
- Business, Office & Industrial
- Jewelry & Watches
- Computing
- Clothes, Shoes & Accessories

Average Net Rate of Growth in # of Enterprises

19.7% vs. 5.2%

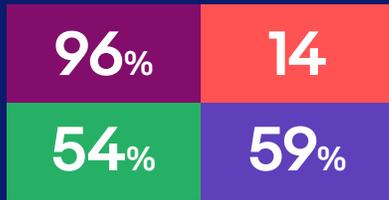
Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

15.3% vs. 1.1%

● eBay-Enabled Small Businesses ● Business Establishments

South Dakota

Trade Data



Top 5 Destinations for Exports

- CAN
- AUS
- GBR
- CHN
- DEU

Top 5 Product Categories Exported

- Auto - Parts
- Collectibles
- Business, Office & Industrial
- Consumer Electronics - Other
- Home & Garden

Average Net Rate of Growth in # of Enterprises

13.0% vs. 4.7%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

-21.4% vs. -0.3%

● eBay-Enabled Small Businesses ● Business Establishments

Tennessee

Trade Data



Top 5 Destinations for Exports

- CAN
- AUS
- GBR
- RUS
- MEX

Top 5 Product Categories Exported

- Auto - Parts
- Business, Office & Industrial
- Clothes, Shoes & Accessories
- Collectibles
- Musical Instruments

Average Net Rate of Growth in # of Enterprises

18.3% vs. 4.4%

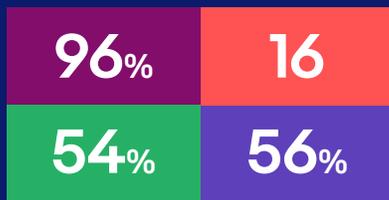
Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

12.3% vs. 0.7%

● eBay-Enabled Small Businesses ● Business Establishments

Texas

Trade Data



Top 5 Destinations for Exports

- CAN
- AUS
- GBR
- CHN
- MEX

Top 5 Product Categories Exported

- Auto - Parts
- Computing
- Jewelry & Watches
- Cell Phones & Accessories
- Cars & Trucks

Average Net Rate of Growth in # of Enterprises

28.6% vs. 10.1%

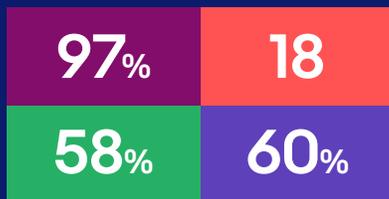
Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

30.8% vs. 3.0%

● eBay-Enabled Small Businesses ● Business Establishments

Utah

Trade Data



Top 5 Destinations for Exports

- CAN
- AUS
- GBR
- RUS
- MEX

Top 5 Product Categories Exported

- Auto - Parts
- Sporting Goods
- Clothes, Shoes & Accessories
- Jewelry & Watches
- Computing

Average Net Rate of Growth in # of Enterprises

28.3% vs. 12.6%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

23.8% vs. 8.2%

● eBay-Enabled Small Businesses ● Business Establishments

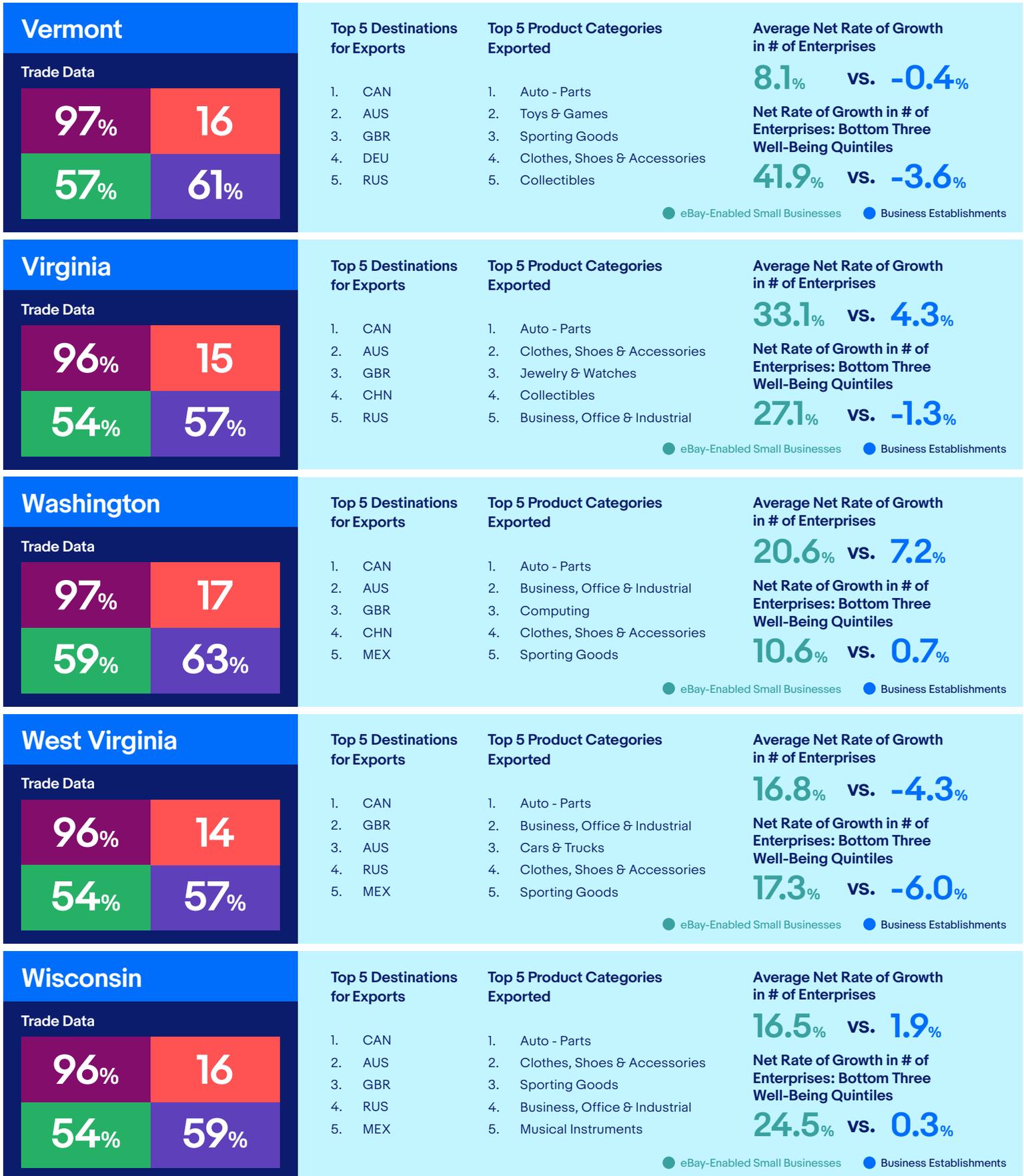
Trade Data Key

Share of eBay-Enabled Small Businesses Exporting

Avg. # of Foreign Destination Markets for eBay-Enabled Small Businesses

Share of eBay-Enabled Small Businesses Exporting to 10+ Markets

Share of eBay-Enabled Small Businesses Exporting to 4+ Continents



Trade Data Key

Share of eBay-Enabled Small Businesses Exporting

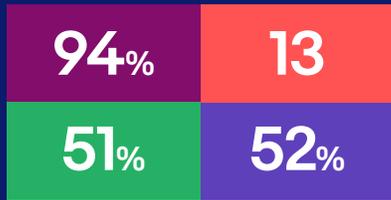
Avg. # of Foreign Destination Markets for eBay-Enabled Small Businesses

Share of eBay-Enabled Small Businesses Exporting to 10+ Markets

Share of eBay-Enabled Small Businesses Exporting to 4+ Continents

Wyoming

Trade Data



Top 5 Destinations for Exports

1. CAN
2. AUS
3. GBR
4. RUS
5. DEU

Top 5 Product Categories Exported

1. Health & Beauty
2. Auto - Parts
3. PC & Video Gaming
4. Collectibles
5. Sporting Goods

Average Net Rate of Growth in # of Enterprises

9.5% vs. 3.1%

Net Rate of Growth in # of Enterprises: Bottom Three Well-Being Quintiles

-18.2% vs. -0.1%

● eBay-Enabled Small Businesses ● Business Establishments

Exporting Data for Traditional Businesses by State

State	Share Exporting	Average # of Foreign Destination Markets*	Share Reaching 10+ Foreign Destination Markets*
Alabama	1.0%	4	9%
Alaska	1.0%	5	13%
Arizona	1.3%	4	5%
Arkansas	0.9%	5	11%
California	1.8%	3	1%
Colorado	0.9%	4	6%
Connecticut	1.6%	4	6%
Delaware	2.1%	4	9%
District of Columbia	0.8%	5	13%
Florida	2.3%	3	1%
Georgia	1.3%	4	4%
Hawaii	0.6%	4	5%
Idaho	0.9%	4	8%
Illinois	1.8%	4	3%
Indiana	1.6%	4	6%
Iowa	1.2%	4	8%
Kansas	1.2%	4	8%
Kentucky	1.3%	5	9%
Louisiana	0.8%	4	8%
Maine	1.2%	4	7%
Maryland	1.0%	4	6%
Massachusetts	1.5%	4	4%
Michigan	1.6%	4	4%
Minnesota	1.6%	4	5%
Mississippi	0.8%	5	13%
Missouri	1.1%	4	7%
Montana	1.0%	4	7%
Nebraska	1.0%	5	10%
Nevada	1.2%	4	7%
New Hampshire	1.8%	4	7%
New Jersey	2.3%	4	3%
New Mexico	0.8%	5	10%
New York	1.7%	3	2%
North Carolina	1.2%	4	5%
North Dakota	2.1%	4	6%
Ohio	1.6%	4	4%
Oklahoma	0.8%	4	8%
Oregon	1.5%	4	5%
Pennsylvania	1.4%	4	4%
Rhode Island	1.6%	4	7%
South Carolina	1.5%	4	7%
South Dakota	1.0%	5	11%
Tennessee	1.1%	4	7%
Texas	1.5%	3	2%
Utah	1.2%	4	7%
Vermont	1.4%	4	8%
Virginia	1.0%	4	7%
Washington	2.0%	4	4%
West Virginia	0.9%	5	12%
Wisconsin	1.9%	4	5%
Wyoming	0.6%	5	14%

*Only exporters are considered

Resources

- ¹ This report uses eBay's own proprietary data to build on the Economic Innovation Group's (EIG) proprietary analysis of publicly available data provided by the U.S. Census Bureau. This report is the sole product of eBay and is not produced in partnership with the EIG.
- ² Although there is no single standard, small businesses 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.
- ³ United States Senate Committee on Small Businesses and Entrepreneurship (01/24/2017) "Nomination of Linda E. McMahon, to be Administrator of the Small Business Administration." Available at: <https://www.congress.gov/115/chrsg/shrg/25345/CHRG-115shrg25345.pdf>
- ⁴ 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
- ⁵ U.S. Census Bureau (2017) "A Profile of U.S. Importing and Exporting Companies, 2014–2015." Available at: <https://www.census.gov/foreign-trade/Press-Release/edb/2015/edbrel.pdf>
- ⁶ 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
- ⁷ 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.
- ⁸ 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>
- ⁹ Source for total number of exporters: State 2016 Data: Special query prepared by and purchased from U.S. Census. U.S. 2016 Data: U.S. Census - Profile of U.S. Importing and Exporting Companies, 2015–2016 - Table 4a,
General - <https://www.census.gov/foreign-trade/Press-Release/edb/2016/index.html>
Specific - <https://www.census.gov/foreign-trade/Press-Release/edb/2016/tab4a.pdf>
Source for total number of companies that have at least one employee in addition to the owner (2016): U.S. Census, 2016 SUSB Annual Data Tables by Establishment Industry - <https://www.census.gov/data/tables/2016/econ/susb/2016-susb-annual.html>
State/U.S. data:
https://www2.census.gov/programs-surveys/susb/tables/2016/us_state_totals_2016.xlsx?#
Source for total number of companies that have no employees (2016): U.S. Census, Nonemployer Statistics: 2016 - <https://www.census.gov/data/datasets/2016/econ/nonemployer-statistics/2016-ns.html>
Share = (total number of exporters) / ((number of employing companies) + (number of non-employing companies))
- ¹⁰ 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_REVISED.pdf?ia=en
- ¹¹ 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
- ¹² OECD/ECLAC (2012) "Latin American Economic Outlook 2013: SME Policies for Structural Change." OECD Publishing. Available at: http://repositorio.cepal.org/bitstream/handle/11362/1464-1/S2012085_es.pdf
- ¹³ Olarreaga, Marcelo, and Sidley Austin LLP (2012) "Enabling Traders to Enter and Grow on the Global Stage." [See Page 12] Available at: http://www.ebaymainstreet.com/sites/default/files/eBay_Enabling-Traders-to-Enter-and-Grow-on-the-Global-Stage.pdf
- ¹⁴ Olarreaga, Marcelo (11/07/2012) "eBay Reduces Trade Costs Where it is Needed Most." The World Bank - Let's Talk Development Blog. Available at: <http://blogs.worldbank.org/developmenttalk/ebay-reduces-trade-costs-where-it-is-most-needed>
- ¹⁵ Brannon, I., M. Hanlon, and E. Miller (03/15/2018) "Internet Sales Taxes and the Discriminatory Burden on Remote Retailers – An Economic Analysis." SSRN. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3140948
- ¹⁶ The eBay data reflects the share of 2017 eBay-enabled small businesses (those with \$10,000 USD or more in sales on eBay) in each location, who exported in that year.
- ¹⁷ Source for total number of exporters: State 2016 Data: Special query prepared by and purchased from U.S. Census. U.S. 2016 Data: U.S. Census - Profile of U.S. Importing and Exporting Companies, 2015–2016 - Table 4a,
General - <https://www.census.gov/foreign-trade/Press-Release/edb/2016/index.html>
Specific - <https://www.census.gov/foreign-trade/Press-Release/edb/2016/tab4a.pdf>
Source for total number of companies that have at least one employee in addition to the owner (2016): U.S. Census, 2016 SUSB Annual Data Tables by Establishment Industry - <https://www.census.gov/data/tables/2016/econ/susb/2016-susb-annual.html>

State/U.S. data:

https://www2.census.gov/programs-surveys/susb/tables/2016/us_state_totals_2016.xlsx?#

Source for total number of companies that have no employees (2016): U.S. Census, Nonemployer Statistics: 2016 - <https://www.census.gov/data/datasets/2016/econ/nonemployer-statistics/2016-ns.html>

Share = (total number of exporters) / ((number of employing companies) + (number of non-employing companies))

¹⁸ 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.

¹⁹ The eBay data reflects the average number of different foreign markets reached by 2017 eBay-enabled small businesses (those with \$10,000 USD or more in sales on eBay) in each location, who exported in that year.

²⁰ Source for U.S. level (i) Number of firms that trade with 1 country; (ii) Number of firms that trade with 2 to 4 countries; (iii) Number of firms that trade with 5 to 9 countries; (iv) Number of firms that trade with 10 to 24 countries; (v) Number of firms that trade with 25 to 49 countries; (vi) Number of firms that trade with 50+ countries: U.S. 2016 data: Profile of U.S. Importing and Exporting Companies, 2015-2016, Table 4a:

<https://www.census.gov/foreign-trade/Press-Release/edb/2016/index.html>

<https://www.census.gov/foreign-trade/Press-Release/edb/2016/tab4a.pdf>

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

Source for State level (i) Number of firms that trade with 1 to 5 countries; (ii) Number of firms that trade with 6 to 9 countries; (iii) Number of firms that trade with 10+ countries: State 2016 Data: Purchased U.S. Census Data.

Average number (state level) = ((number of firms that trade with 1 to 5 countries)*3 + (number of firms that trade with 6 to 9 countries)*7.5 + (number of firms that trade with 10+ countries)*15) / ((number of firms that trade with 1 to 5 countries) + (number of firms that trade with 6 to 9 countries) + (number of firms that trade with 10+ countries))

²¹ The eBay data reflects the top 5 export country destinations (based on sales) for 2017 eBay-enabled small businesses (those with \$10,000 USD or more in sales on eBay) in the United States who exported in that year.

²² U.S. Census Bureau (2017) "A Profile of U.S. Importing and Exporting Companies, 2014-2015." [Exhibit 4a].

Available at: <https://www.census.gov/foreign-trade/Press-Release/edb/2015/edbrel.pdf>

²³ Source for Number of firms that trade with 10+ countries: State/County 2016 Data: Purchased U.S. Census Data. U.S. 2016 data: Profile of U.S. Importing and Exporting Companies, 2015-2016 - Table 4a, <https://www.census.gov/foreign-trade/Press-Release/edb/2016/index.html>

<https://www.census.gov/foreign-trade/Press-Release/edb/2016/tab4a.pdf>

Source for total number of companies that have at least one employee in addition to the owner (2016): U.S. Census, 2016 SUBS Annual Data Tables by Establishment Industry - <https://www.census.gov/data/tables/2016/econ/susb/2016-susb-annual.html>

State/U.S. data: https://www2.census.gov/programs-surveys/susb/tables/2016/us_state_totals_2016.xlsx?#

Source for total number of companies that have no employees (2016): U.S. Census, Nonemployer Statistics: 2016 - <https://www.census.gov/data/datasets/2016/econ/nonemployer-statistics/2016-ns.html>

Share = (number of firms that trade with 10+ countries) / ((number of employing companies) + (number of non-employing companies))

²⁴ The eBay data reflects the top 5 product categories exported (based on sales) for 2017 eBay-enabled small businesses (those with \$10,000 USD or more in sales on eBay) in the United States who exported in that year.

²⁵ The eBay data reflects the share of exporting 2017 eBay-enabled small businesses (those with \$10,000 USD or more in sales on eBay) in each location, who exported to four or more continents in that year.

²⁶ Roose, Kevin (01/25/2019) "The Hidden Automation Agenda of the Davos Elite." The New York Times. Available at: <https://www.nytimes.com/2019/01/25/technology/automation-davos-world-economic-forum.html#click=https://t.co/DKstKROYU6>

²⁷ Pugsley, B.W., and A. Sahin (2014) "Grown-up business cycles." FRB of New York Staff Report, (707).

²⁸ Decker, R., J. Haltiwanger, R. S. Jarmin, and J. Miranda (2014) "The Role of Entrepreneurship in U.S. Job Creation and Economic Dynamism." The Journal of Economic Perspectives, 28(3), 3-24.

²⁹ Hathaway, I., and R. E. Litan (2014) "Declining Business Dynamism in the United States: A Look at States and Metros." Brookings. Available at: <https://www.brookings.edu/research/declining-business-dynamism-in-the-united-states-a-look-at-states-and-metros/>

³⁰ Gourio, F., T. Messer, and M. Siemer (2014) "A Missing Generation of Firms? Aggregate Effects of the Decline in New Business Formation." Mimeo.

³¹ Karahan, F., B. Pugsley, and A. Sahin (2015) "Understanding the 30-year Decline in Startup Rate: A General Equilibrium Approach." Working Paper.

³² Council of Economic Advisers (February 2016) "Economic Report of the President." Available at: https://obamawhitehouse.archives.gov/sites/default/files/docs/ERP_2016_Book_Complete%20JA.pdf

³³ Manyika, J., G. Pinkus, S. Ramaswamy, S. Nyquist, J. Woetzel, and A. Sohoni (2016) "The U.S. Economy: An Agenda for Inclusive Growth." McKinsey Global Institute. Available at: <https://www.mckinsey.com/featured-insights/employment-and-growth/can-the-us-economy-return-to-dynamic-and-inclusive-growth>

- ³⁴ Sommeiller, E., M. Price, and E. Wazeter (05/26/2016) "Income inequality in the U.S. by state, metropolitan area, and county." Economic Policy Institute. Available at: <https://www.epi.org/publication/income-inequality-in-the-us/>
- ³⁵ Saez, Emmanuel (07/01/2016) "U.S. Top One Percent of Income Earners Hit New High in 2015 Amid Strong Economic Growth." Washington Center for Equitable Growth. Available at: <http://equitablegrowth.org/research-analysis/u-s-top-one-percent-of-income-earners-hit-new-high-in-2015-amid-strong-economic-growth/>
- ³⁶ Rakesh Kochhar and Anthony Cilluffo (11/01/2017) "How wealth inequality has changed in the U.S. since the Great Recession, by race, ethnicity and income." Pew Research Center. Available at: <http://www.pewresearch.org/fact-tank/2017/11/01/how-wealth-inequality-has-changed-in-the-u-s-since-the-great-recession-by-race-ethnicity-and-income/>
- ³⁷ Saez, Emmanuel (07/01/2016) "U.S. Top One Percent of Income Earners Hit New High in 2015 Amid Strong Economic Growth." Washington Center for Equitable Growth. Available at: <http://equitablegrowth.org/research-analysis/u-s-top-one-percent-of-income-earners-hit-new-high-in-2015-amid-strong-economic-growth/>
- ³⁸ Rakesh Kochhar and Anthony Cilluffo (11/01/2017) "How wealth inequality has changed in the U.S. since the Great Recession, by race, ethnicity and income." Pew Research Center. Available at: <http://www.pewresearch.org/fact-tank/2017/11/01/how-wealth-inequality-has-changed-in-the-u-s-since-the-great-recession-by-race-ethnicity-and-income/>
- ³⁹ Chad Shearer and Alan Berube (04/27/2017) "The Surprisingly Short List of U.S. Metro Areas Achieving Inclusive Economic Growth." Brookings. Available at: <https://www.brookings.edu/blog/theavenue/2017/04/27/the-surprisingly-short-list-of-u-s-metro-areas-achieving-inclusive-economic-growth/>
- ⁴⁰ Economic Innovation Group (2016) "The New Map of Economic Growth and Recovery." Available at: <http://eig.org/recoverymap>
- ⁴¹ eBay (2017) "Platform-Enabled Small Businesses and the Geography of Recovery." Available at: <https://www.ebaymainstreet.com/policy-papers/platform-enabled-small-businesses-and-geography-recovery>
- ⁴² Economic Innovation Group (2017) "The 2017 Distressed Communities Index." Available at: <http://eig.org/dci>
- ⁴³ Economic Innovation Group (2017) "The 2017 Distressed Communities Index." Available at: <http://eig.org/dci>
- ⁴⁴ This report uses eBay's own proprietary data to build on the Economic Innovation Group's (EIG) proprietary analysis of publicly available data provided by the U.S. Census Bureau. This report is the sole product of eBay and is not produced in partnership with the EIG.
- ⁴⁵ U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates. Table: DP05 - ACS DEMOGRAPHIC AND HOUSING ESTIMATES. Available at: https://factfinder.census.gov/bkmk/table/1.0/en/ACS/15_5YR/DP05/0100000U
- ⁴⁶ Economic Innovation Group (2017) "The 2017 Distressed Communities Index." [See page 15] Available at: <http://eig.org/dci>
- ⁴⁷ U.S. Census Bureau (09/12/2018) County Business Patterns: 2016. Available at: <https://www.census.gov/data/datasets/2016/econ/cbp/2016-cbp.html>
U.S. Census Bureau (04/20/2017) County Business Patterns: 2011. Available at: <https://www.census.gov/data/datasets/2011/econ/cbp/2011-cbp.html>
- To determine the net businesses establishment growth rate by county well-being quintile, we separated counties into their corresponding well-being quintiles and then performed the following calculation for each quintile: [(total number of 2016 business establishments) - (total number of 2011 business establishments)] / (total number of 2011 business establishments).
- ⁴⁸ U.S. Census Bureau (09/12/2018) County Business Patterns: 2016. Available at: <https://www.census.gov/data/datasets/2016/econ/cbp/2016-cbp.html>
U.S. Census Bureau (04/20/2017) "County Business Patterns: 2011." Available at: <https://www.census.gov/data/datasets/2011/econ/cbp/2011-cbp.html>
- To determine the net businesses establishment growth rate by county Well-Being Quintile, we separated counties into their corresponding Well-Being Quintiles and then performed the following calculation for each quintile: [(total number of 2016 business establishments) - (total number of 2011 business establishments)] / (total number of 2011 business establishments).
- ⁴⁹ Our definition of "balanced growth" is the level of dispersion (or "variance") of growth rates regarding the number of business establishments that county quintiles display around the overall average (or "mean") growth across the U.S. To contrast the degree to which eBay-enabled small businesses achieve of "balanced growth" vis-à-vis the county-level number of net business establishments, we calculate the ratio of dispersion levels between eBay and business establishments. We start with the calculation of "balanced growth" for eBay-enabled small businesses. This requires the following steps: First, we quantify the overall growth rate in the number of eBay-enabled small businesses per county between 2011 and 2016, which was 24.4 percent during that period. Second, we calculate the growth rate in the number of eBay-enabled small businesses between 2011 and 2016 in each of the county quintiles. Third, we calculate the dispersion of county quintile growth rates relative to the average growth rate across the U.S. To do so, we proceed as follows:
- Calculate the difference (in percent) between growth rates of eBay-enabled small businesses between 2011 and 2016 in each of the county quintiles on the one hand, and overall U.S. growth rate on the other hand.
 - Square each of these five differences and add them up.
 - Take square root of b), above, to yield the overall dispersion rate, or variance, around the mean.
- Applying these steps yields a dispersion rate of eBay growth across quintiles of 37.23 percent. We repeat the same exercise for the calculation of "balanced growth" for business establishments using county level U.S. Census Bureau data (<https://www.census.gov/data/datasets/2011/econ/cbp/2011-cbp.html> and <https://www.census.gov/data/datasets/2016/econ/cbp/2016-cbp.html>) reporting the number of businesses establishments for 2011 and 2016. We find that dispersion of growth rates across county quintiles for U.S. business establishments during the 2011-2016 period was about 191.67 percent. The ratio of the dispersion of growth rates across county quintiles for business establishments (191.67 percent) to eBay (37.23 percent) is roughly 5.1. This suggests that the growth in number of eBay-enabled small businesses across county quintiles is 5.1 times less dispersed, i.e., more balanced, than growth experienced by business establishment growth rates for the same quintiles.
- ⁵⁰ U.S. Census Bureau (09/12/2018) County Business Patterns: 2016. Available at: <https://www.census.gov/data/datasets/2016/econ/cbp/2016-cbp.html>
U.S. Census Bureau (04/20/2017) County Business Patterns: 2011. Available at: <https://www.census.gov/data/datasets/2011/econ/cbp/2011-cbp.html>
- To determine the net businesses establishment growth rate for the bottom three county well-being quintiles (**Mid-Tier, At Risk, and Distressed**), we separated counties into their corresponding well-being quintiles and then performed the following calculation for all three quintiles combined: [(total number of 2016 business establishments) - (total number of 2011 business establishments)] / (total number of 2011 business establishments).

⁵¹ This definition of “inclusiveness” is the contribution that the bottom three county quintiles (counties marked as “**Mid-Tier**”, “**At Risk**”, and “**Distressed**”) make to overall enterprise growth in numbers. To contrast the level of “inclusiveness” of eBay-enabled small businesses and business establishments, we compare the levels of “inclusiveness” between eBay and business establishments. We start with the calculation of “inclusiveness” for eBay-enabled small businesses. This requires the following steps: First, we quantify the overall (U.S.-wide) growth rate in the number of eBay-enabled small businesses between 2011 and 2016, which was 24.4 percent during that period. Second, we establish the contribution of each of the county quintiles to the overall U.S. growth in number of firms. To do so, we proceed as follows:

- a) Calculate the growth rates of eBay-enabled small businesses between 2011 and 2016 in each of the county quintiles;
- b) Calculate the share of each county quintile as a percentage of overall eBay-enabled small businesses in 2011 (the shares add up to 100 per cent).
- c) Multiply a) and b), above, to determine the absolute growth rates in each of the county quintiles (the individual absolute growth rates add up to the overall U.S. growth rate of 24.4 percent).
- d) Divide each county quintile’s result for c), above, by the overall U.S. growth rate (24.4 percent) to determine the contribution of each of the county quintiles to overall U.S. growth rate.
- e) The contribution levels derived in d), above, add up to 100 percent.

Third, we added the contributions of bottom three county quintiles of, i.e., “**Mid-Tier**”, “**At Risk**”, and “**Distressed**” quintiles. Their contribution to overall U.S. eBay-enabled small business growth was 19.95 percent. We repeat the same exercise for the calculation of “inclusiveness” for business establishments using U.S. Census data reporting the number of businesses establishments for 2011 and 2016. We find that the contribution of the bottom three county quintiles to the overall U.S. growth in number of business establishments during the 2011-2016 period was 4.64 percent. The ratio of eBay inclusiveness (19.95 percent) to business establishment inclusiveness (4.64 percent) is 4.3. In other words, the rate of growth in number of eBay-enabled small businesses was 4.3 times more inclusive than net establishment growth.

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