

EXECUTIVE SUMMARY

The COVID-19 pandemic created unprecedented challenges for small enterprises and entrepreneurs around the world, including in our home state of California. Supporting the vibrant eBay California seller community during these difficult times has been core to our mission. As we celebrated our 25th year anniversary in 2020, eBay is as committed as ever to tirelessly using technology to empower people, foster recovery and create economic opportunity for all. We have actively engaged with California state and local government to offer our partnership and advocate on behalf of small businesses during this challenging time. As the world has forever changed we are inspired to continue to play our part for California and the country to emerge with an even stronger, more resilient, equitable and inclusive economy.

This report explores how independent small businesses and entrepreneurs, based in California, were able to quickly turn to eBay’s digital marketplace and increase their focus on remote retail to connect with consumers across America and around the world. eBay helped small businesses, both existing and new to online, meet growing consumer ecommerce demand, and help compensate for oftentimes declining local retail demand. eBay’s digital marketplace tools, optimized for independent retailers of all sizes, allowed small businesses throughout the state to quickly adapt. Some small ecommerce veterans ramped up, some shifted their focus from storefronts to ecommerce, while others joined the ecommerce market for the first time. In the six months following the initial pandemic lockdowns of March 2020, the number of eBay-enabled small businesses in California grew 30 percent over the same time frame in the previous year. Sales by eBay-enabled small businesses in the state grew by an even greater 44 percent compared to April – September of 2019. Additionally, a remarkable 99.6 percent of the eBay-enabled small businesses in California sold to customers outside the state in the first two quarters of the pandemic – proving ecommerce’s critical role in helping small businesses work through this global health crisis.

International trade provides a striking example of how a digital marketplace transforms commerce opportunities for California small businesses. Global trade has traditionally been the purview of large corporations. Nearly all traditional small businesses are locked into their local market and rarely serve foreign customers. Digital marketplaces are facilitating small business trade, however, allowing even the smallest enterprises to create a storefront online and compete in markets globally. Since our founding, eBay has been a leader in harnessing technology to empower small businesses to engage in this expansive commerce. A massive 97 percent of eBay-enabled small businesses in California exported in 2018, the most recent year for which this data is available. This export success rate was also matched by women-owned eBay-enabled small businesses in California. The top five export destinations for California’s eBay-enabled small businesses are Canada, the United Kingdom, Australia, China and Mexico.

Finally, the report highlights that digital marketplace opportunities for small businesses promote growth in diverse and more challenged regions, including rural communities. These counties have faced economic challenges for many years. While California saw a -0.1 percent decline in the number of rural firms from 2011-2017, digital tools and access to consumers in remote and export markets helped achieve a positive 3.4 percent rate of growth in the number of eBay-enabled small businesses in California’s rural counties during this time. eBay-enabled small business growth in the state’s metropolitan counties was even higher at a striking 33.8 percent, more than three times the 11 percent growth rate in the overall economy.

California

**eBay-Enabled Small Business
YoY Growth: (Apr. 1-Sep. 30, 2020)**

30% in Number

44% in Sales

Share of Enterprises Exporting (2018)

97% eBay-Enabled Small Businesses

97% Women-Owned eBay-Enabled Small Businesses

1.7% Traditional Businesses

Growth in the # of Establishments (2011-2017)

33.3% eBay-Enabled Small Businesses

10.8% Traditional Businesses

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

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Thank you!