

Louisiana Small Online Business Inclusive Growth Report

Executive Summary

eBay is harnessing technology to empower independent small businesses and entrepreneurs to engage in expansive commerce, often on a global scale. This report explores trade and inclusive economic impacts of eBay-enabled small businesses across the State of Louisiana.

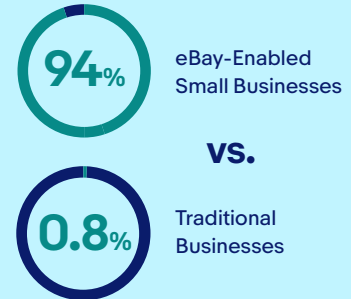
Global trade has historically been the purview of large corporations. Nearly all traditional small businesses are locked into their local market and rarely serve foreign customers. However, a new model of small business trade, powered by the Internet, is emerging. Small businesses are able to create a storefront online and compete in global markets, while at the same time maintaining their facilities and employment in their local community.

This report details the global trade achievements of eBay-enabled small businesses in Louisiana. In short, nearly every eBay-enabled small business in Louisiana is an exporter reaching customers in markets around the world. The top five export destinations for the products of eBay-enabled small businesses in Louisiana are Canada, Australia, the United Kingdom, Mexico and Russia.

While the export success of eBay-enabled small businesses is a good news story all on its own, some believe that technology and trade are accelerating forces of economic concentration 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 consumer demand in remote markets is contributing to rich communities getting richer and poor getting poorer, is agnostic to this overall trend, or even countering the forces of economic concentration.

In order to discern well-off locales from challenged regions, Louisiana’s 64 parishes are categorized into five “well-being” quintiles based on an index developed by the Economic Innovation Group. 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/parish quintiles were calculated and compared.

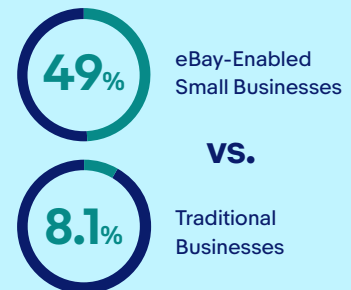
Share of Enterprises Exporting



Average Number of Foreign Destination Markets



Share of Enterprises Exporting to 10+ Markets

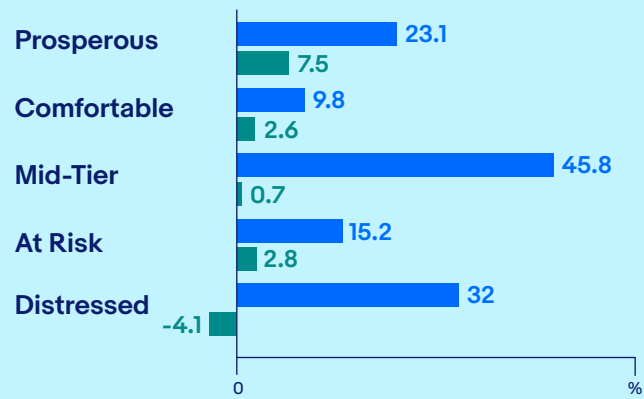


Share of eBay-Enabled Small Businesses Exporting to 4+ Continents



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

- eBay-Enabled Small Businesses
- Business Establishments



The overall Louisiana economy suffered from sluggish growth overall, with a rate of growth in the net number of enterprises reaching less than half the national average, and also showed clear trends toward greater economic concentration. The most well-off parishes had the strongest growth rates and the most economically-challenged parishes experienced negative growth. On eBay, the growth numbers were stronger overall, but also were more inclusive and more balanced based on a range of measurements.

Unlike in the traditional economy, the growth rate of the net number of eBay-enabled small businesses was far more balanced than in the traditional economy. In fact, statistical analysis indicates that eBay enterprise growth was nearly 3 times more balanced than enterprise growth in the overall economy.

eBay-enabled small business growth in Louisiana was also far more inclusive than the growth in the overall Louisiana economy. Rather than nearly stagnant growth in the combined bottom three tiers, which are home to over 3 million Louisianans (65 percent of the state's residents), on eBay, growth exceeded 28 percent. The eBay growth rate in the bottom three quintiles was nearly four times greater than the growth rate among traditional businesses in the most well-off tier of parishes in Louisiana.

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 everywhere in Louisiana, 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.