



DECEMBER 2020

United States Small Online Business Report

ebay



EXECUTIVE SUMMARY

The COVID-19 pandemic has presented unexpected and unprecedented challenges for small enterprises and entrepreneurs across the United States. We are committed to supporting our vibrant seller community during these difficult times and are unwavering in our mission to empower people and create economic opportunity for all.

This report explores the expansive trade success of independent small businesses and entrepreneurs using eBay in every state, often giving rural businesses an improved opportunity to grow. The findings demonstrate that the global commerce opportunities provided by eBay offer a pathway to economic recovery that is geographically inclusive.

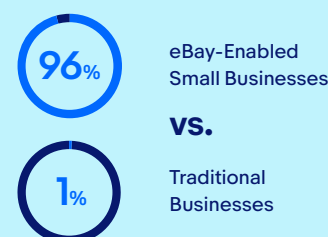
Global trade has historically been the purview of large corporations. Nearly all traditional small businesses are locked into their local market and rarely serve foreign customers. However, a new model of small business trade, powered by the Internet, is emerging. Small businesses are able to create a storefront online and compete in global markets, while at the same time maintaining their facilities and employment in their local community. eBay is at the forefront of harnessing technology to empower small businesses to engage in this expansive commerce. In short, nearly every eBay-enabled small business in America is an exporter reaching customers in markets around the world. The top five export destinations for the products of American eBay-enabled small businesses are Canada, Australia, the United Kingdom, China and Mexico.

The export success of eBay-enabled small businesses is good economic news, but some believe that technology and trade are accelerating forces of economic concentration with prosperous metropolitan communities enjoying the bulk of all economic growth while rural communities fall further behind. The second part of this report investigates the rural-urban divide, comparing rates of eBay-enabled small business growth to business growth in the traditional economy. Nationwide, the rate of growth in the number of eBay-enabled small businesses in rural counties was 13.1 percent from 2011-2017, significantly greater than the 0.6 percent rate of growth in the number of rural firms overall. With regard to metro county growth, the nationwide figure for traditional enterprises was 7.8 percent, a staggering 13 times greater than the 0.6 percent rate in rural counties. However, on eBay, the 31.5 percent increase in the number of small businesses across metro counties was just a little more than two times the healthy 13.1 percent rate in rural counties. These figures point to a far greater balance between rural and urban enterprise creation on eBay than found in the traditional economy.

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 across the United States, the relative value appears to be even greater in remote, rural 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.

United States

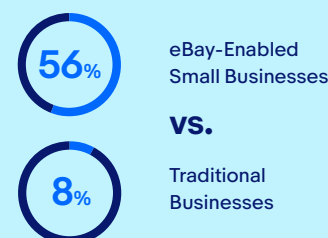
Share of Enterprises Exporting



Average Number of Foreign Destination Markets



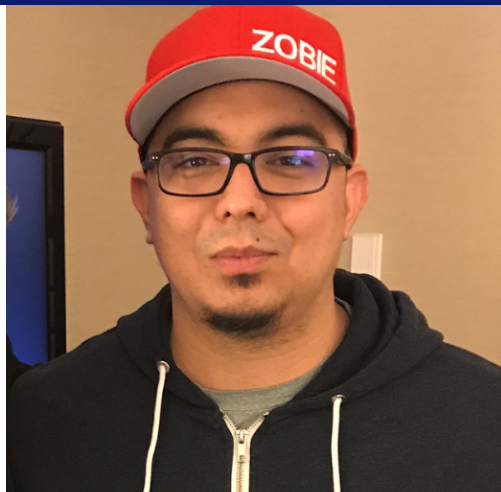
Share of eBay-Enabled Small Businesses Exporting to 10+ Markets



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



INTRODUCTION



Zobieproductions

Ruben Gallegos
Celina, TX

As a boy, Ruben was always interested in music concerts and celebrities, making sure to get autographs and memorabilia at every one he attended. After friends kept asking for these items, Ruben realized that he could utilize these interests and his contacts in the entertainment industry (along with his entrepreneurial spirit) to build a business that sold these products. Thus, Zobie Productions was born and it has been rapidly growing ever since. Ruben loves the ability to access huge domestic and global markets with ease on eBay and over 35% of his sales are international. Zobie Productions is a family business in every sense of the word and he hopes to pass it on to his daughters for whom the company is named.

Independent small businesses and entrepreneurs across the United States are being impacted by the unique and complex challenges stemming from the COVID-19 pandemic. Sellers are at the heart of the eBay Marketplace and we will continue to support them and offer assistance to help navigate these difficult times. Twenty-five years ago, Pierre Omidyar founded eBay on the premise that people are basically good and we remain steadfast in our commitment to empowering people and creating economic opportunity for all.

eBay is harnessing technology to connect independent small enterprises with customers around the world. eBay research has detailed how, during the last economic recovery, providing everyone with direct access to the global economy resulted in new enterprise formation on eBay that was far more geographically inclusive compared to the brick-and-mortar economy. The findings presented in this report related to trade and growth suggest the global commerce opportunities offered by eBay can once again offer a pathway to economic recovery for American small businesses, regardless of location.

The trade analysis for this report is based on data covering transactions on the eBay Marketplace in 2018. The eBay 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 “eBay-enabled small businesses”. In order to provide relevant comparisons to business activity in the overall economy, the most recently available U.S. Census Bureau data is employed. Additionally, due to the presentation challenges of providing data for all 50 states and the District of Columbia in the body of this report, these figures have been made available through an online Appendix which can be accessed at ebaymainstreet.com/UnitedStates.

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 independent small businesses from 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 the United States 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 small enterprises to reach consumers anywhere across the globe is fostering much stronger enterprise growth in rural counties among eBay-enabled small businesses than is occurring in the overall rural economy. Nationwide, the rate of growth in net business enterprises on eBay in rural counties was 13.1 percent from 2011-2017, while it was just 0.6 percent in the overall rural economy. While economists attribute the stagnant enterprise growth in rural communities to “declining dynamism”, the rapid growth in the number of eBay-enabled small businesses in rural counties offers a hopeful counterpoint.

Part 1: Global Trade Opportunities for eBay-Enabled 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 one percent of enterprises in the United States¹, but they account for just over two thirds of the known value of exports.² Some smaller firms do engage in exporting, often as a participant in a larger business's Global Value Chain (GVC).³ However, even accounting for these partnerships with larger firms, only a small share of traditional businesses export and in the United States that figure stands at approximately one percent.⁴

It is increasingly clear that the Internet and global commerce platforms like eBay are revolutionizing the direct export opportunities of independent small businesses. 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.⁵ 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, such as through a traditional shop or small warehouse. And, World Bank Enterprise Survey data (2009-10) provides evidence that internationalized firms also achieve higher levels of productivity than those who forego export opportunities.⁶

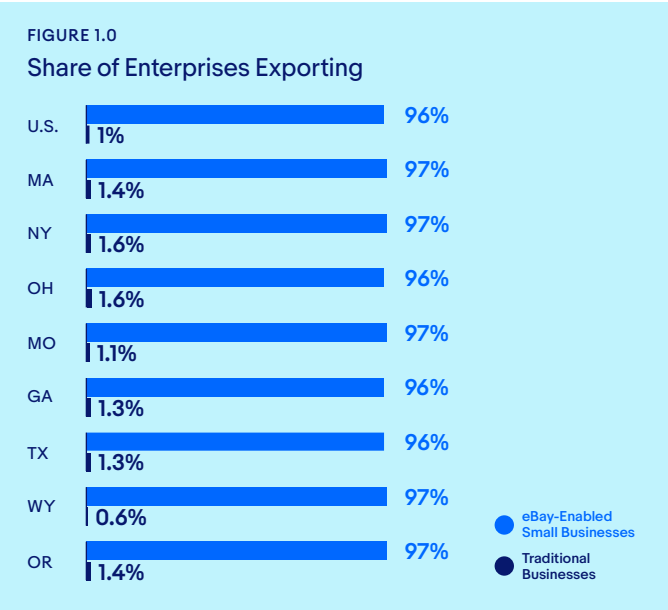
It is equally important to note that while the online commerce platform model enables small firms to serve customers in remote markets, small independent merchants do not have the benefit of facilities located in markets across America. The reason most large merchants complement their online strategy with local retail and logistics facilities in key economic areas is that those facilities improve local operations to the benefit of the large retailer.⁷ Raising the costs of remote retail, such as through increased parcel delivery fees or the application of local taxes and fees to remote small businesses, undermine opportunities for independent small businesses and entrepreneurs to use technology to reach beyond their local market, which not only promotes trade, but as we will see in Part 2, promotes rural growth.

The remainder of this section will present findings from eBay Marketplace data to illustrate the level of export activity by eBay-enabled small businesses in each of the 50 States and contrast the data with traditional business activity where available. If the reader would like to compare the trade success of eBay-enabled small businesses in the United States with the trade activity of eBay-enabled small businesses in other countries, please visit <https://www.ebaymainstreet.com/facts-and-figures>.

Share of Enterprises Exporting

The share of small businesses exporting on the eBay Marketplace⁸ 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 is very consistent, ranging from 94 percent to 97 percent. These rates dwarf the share of traditional businesses in the United States that serve customers in foreign markets, which U.S. Census Bureau 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.⁹



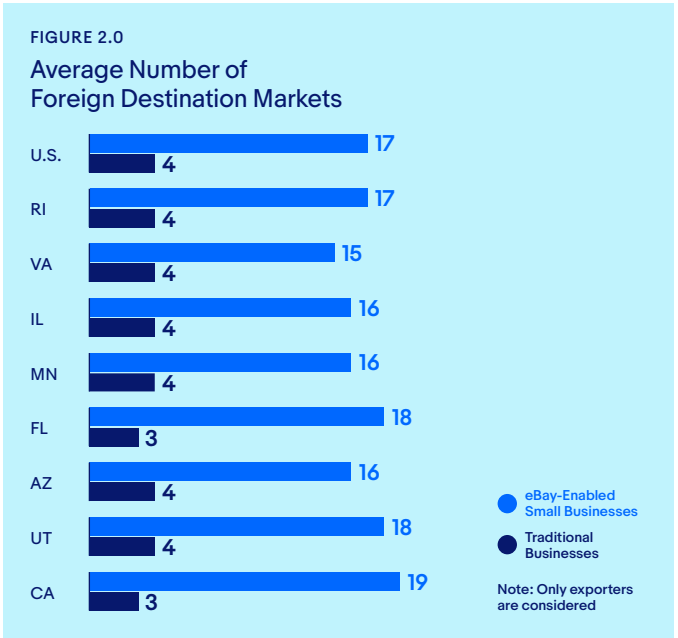
Top Five Export Destination Markets for eBay-Enabled Small Businesses in the U.S.¹⁰

- 1. Canada
- 2. Australia
- 3. United Kingdom
- 4. China
- 5. Mexico

Average Number of Foreign Destination Markets

The average number of foreign markets¹¹ 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 foreign market face costs of entry, and therefore expanding their business by exporting to more foreign markets leads to higher entry costs.¹² Escalating

entry costs leads to the presumption that smaller firms will tend to export to fewer foreign markets. 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 19.¹³ The two states with eBay-enabled small businesses averaging 19 export markets are California, the nation’s largest state by population, and Delaware, one of the smallest, indicating that export proficiency is not related to the size of the community. In contrast to the large number of markets served by the average eBay-enabled small business, traditional business exporters 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.¹⁴



Top Five Growth Markets for Exports for eBay-Enabled Small Businesses in the U.S.¹⁵

- 1. Mexico
- 2. Ukraine
- 3. Vietnam
- 4. Honduras
- 5. Dominican Republic

Share of Enterprises That Reach 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 ten or more foreign markets in 2018.¹⁶ 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 foreign markets. U.S. Census Bureau data indicates that roughly 8 percent of all U.S. exporters¹⁷, not just small businesses, reach ten or markets per year. This share is significantly lower than the 56 percent of eBay-enabled small businesses in the United States reaching ten or more foreign markets. The rates at the state level range from a low of 47 percent in Wyoming to a high of 60 percent reached by eBay-enabled small businesses in Vermont and Delaware. The rate of exporting to ten or more foreign markets on eBay far exceed the range of 1 percent to 14 percent in the traditional economy.¹⁸ 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.

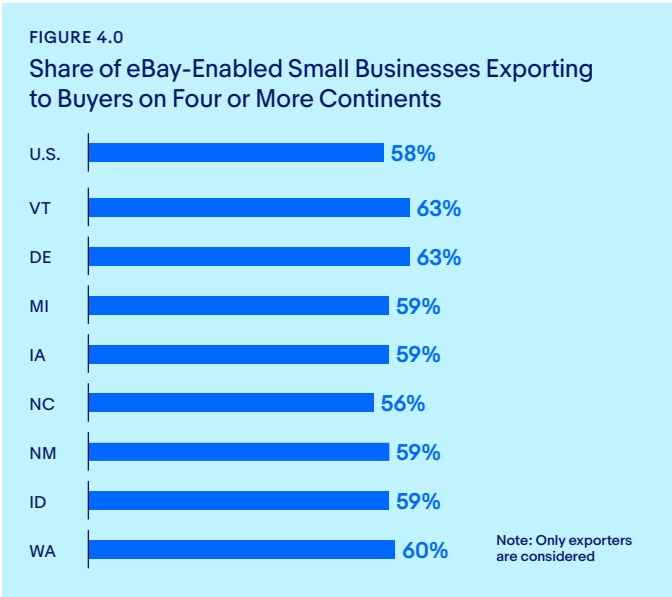


Top Five Product Categories Exported by eBay-Enabled Small Businesses in the U.S.¹⁹

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

Share of eBay-Enabled Small Businesses Exporting to Buyers on Four or More Continents

Though a non-traditional measurement of scale and scope of exporting activity, we have calculated the continental reach of eBay-enabled small businesses to provide a unique perspective on the truly global reach of many eBay-enabled small business exporters.²⁰ 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”. Fifty-eight percent of the eBay-enabled small businesses in the United States were Global Sellers in 2018.



Part 2: Shoots of Hope in Rural America: eBay-Enabled Small Business Expansion Providing Evidence of Economic Dynamism

In this section of the report we look to evidence that expanding global trade opportunities for small businesses on eBay is translating into heightened online economic growth in rural communities that generally suffer from more stagnant growth overall. This analysis is presented in the context of evidence of depressed economic growth opportunities in rural communities over a number of decades in comparison to metropolitan areas that have enjoyed greater economic dynamism and growth.

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, rural and metropolitan county groupings in each U.S. state – is taken as a proxy for vibrancy and growth in the 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)²¹, Decker, Haltiwanger, Jarmin and Miranda (2014)²², Hathaway and Litan (2014)²³, Gourio, Messer and Siemer (2014)²⁴ and Karahan, Pugsley and Sahin (2015)²⁵ all point to this phenomenon as widespread both regionally and across industry sectors.

The role of declining dynamism in rural America is particularly noteworthy in the context of growing realization that opportunities for economic advancement are widening between urban and rural America. As reported by the American Enterprise Institute in its 2020 report titled, “Rural America’s

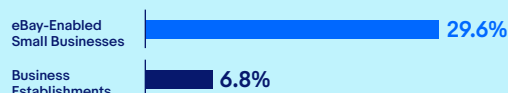
Stagnant Economic Performance”, from 2010 to 2018, per capita personal income growth in nonmetropolitan America lagged metropolitan America by 5.2 percentage points.²⁶ Further evidence of rural America falling behind metropolitan regions can also be found in higher official poverty rates, sluggish job growth, and persistent population decline.²⁷ This rise in inequality between rural and metro regional growth has resulted in a large share of the country’s population benefitting much less from long-term economic growth.

Comparing Overall Net Enterprise Growth in the Traditional Economy and on eBay

The rate of net growth in the number of business firms is a sign of economic dynamism.²⁸ Higher rates of both firm creation and firm destruction are positive signs of a dynamic economy, with resources moving from less productive to more productive enterprises. However, a net increase overall in firms represents an overall healthy environment. In addition, firm births are important because new and small firms disproportionately create net new jobs nationally.²⁹

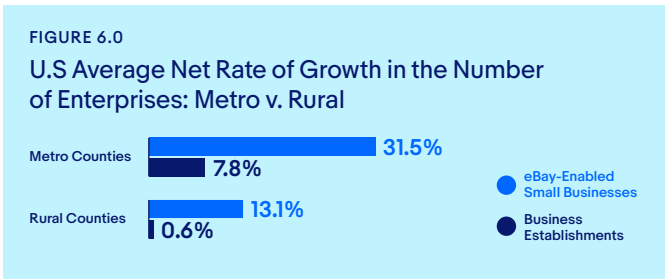
The rate of growth in the net number of business establishments in the United States from 2011 to 2017 was 6.8 percent.³⁰ The rate of growth in the net number of eBay-enabled small businesses over the same period was 29.6 percent. Net enterprise growth was 4.4 times more robust on eBay than in the overall 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.

FIGURE 5.0
U.S. National Average Net Rate of Growth in the 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 of enterprises in rural counties versus metropolitan counties. We use the USDA Economic Research Service's 2013 Rural-Urban Continuum Codes to determine metro and rural counties for our analysis.³¹ Again, an increase in the number of business enterprises in a region, in this case the collective metro counties and collective rural counties across the country and individual states, is taken as a proxy for vibrancy and growth, with lower rates of growth in the number of enterprises, or even falling enterprise numbers, reflecting stagnation.

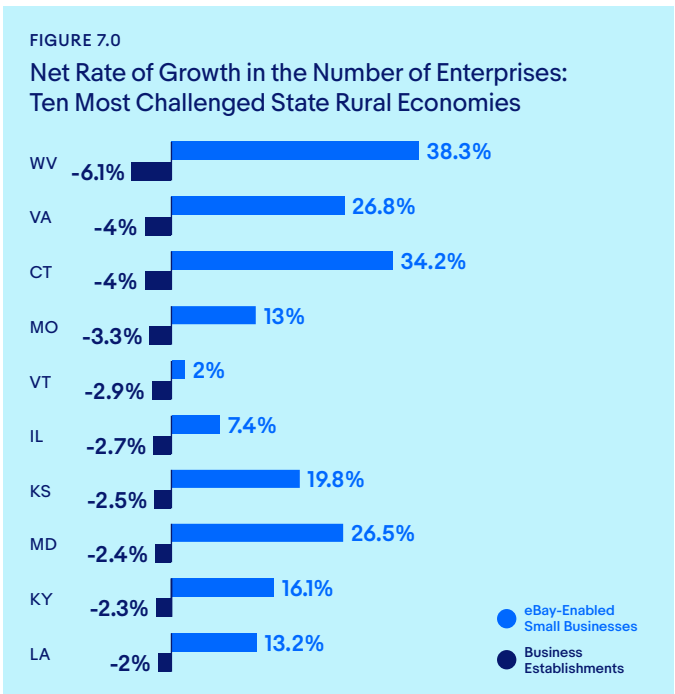
Nationwide, the net rate of growth in the number of eBay-enabled small businesses in rural counties was 13.1 percent from 2011-2017. In the national rural economy, the rate of enterprise growth was just 0.6 percent.³² While economists attribute the stagnant enterprise growth in rural communities to declining dynamism, the rapid growth in the number of eBay-enabled small businesses offers a hopeful counterpoint. Based on the USDA Economic Research Service's 2013 Rural-Urban Continuum Codes, 47 states had one or more counties classified as rural. Sixty percent of these states experienced positive net growth in the number of business establishments in their rural counties from 2011-2017.³³ By comparison, net eBay-enabled small business growth was positive across rural counties in 94 percent of these states. And, the net growth in number of eBay-enabled small businesses outpaced that of traditional businesses across rural counties in 90 percent of these states.



Of equal concern to the general economic malaise impacting rural communities has been the sense that rural America is being left behind economically by metropolitan centers experiencing comparatively robust growth. Metro county growth in firms in the U.S. overall was 7.8 percent³⁴, 13 times greater than the paltry 0.6 percent rate in rural counties. On eBay, even with a striking metro county growth rate of 31.5 percent, the 13.1 percent rate of firm growth in rural counties was five times less imbalanced than the traditional economy.

eBay-Enabled Small Business Dynamism in the Most Challenged Rural Economies

An analysis of net growth in the number of enterprises in rural counties reveals 19 states suffered a loss of business establishments in these counties from 2011-2017. Ten of those states saw declines of two percent or greater. By comparison, in each of these ten most challenged states, rural counties experienced positive growth in the net number of eBay-enabled small businesses. In fact, these growth rates topped ten percent in eight of the ten counties. Most astounding, the three states that had the largest declines in business establishment growth also had the largest increases in eBay-enabled small business growth.



The Geography of Rural Economic Dynamism: Eastern Compared to Western States

While the difference between metropolitan and rural communities across a range of factors indicating economic dynamism has become clear and pronounced on a national basis, not all rural communities have fared the same. Instead, in the traditional economy, rural counties in the western United States appear to be relatively more dynamic and those areas have tended to perform better than their eastern United States counterparts.³⁵ The eastern U.S. appears to have experienced greater declines in rural dynamism and economic growth.



Linda's Stuff Inc.

Linda Lightman
Horsham, PA

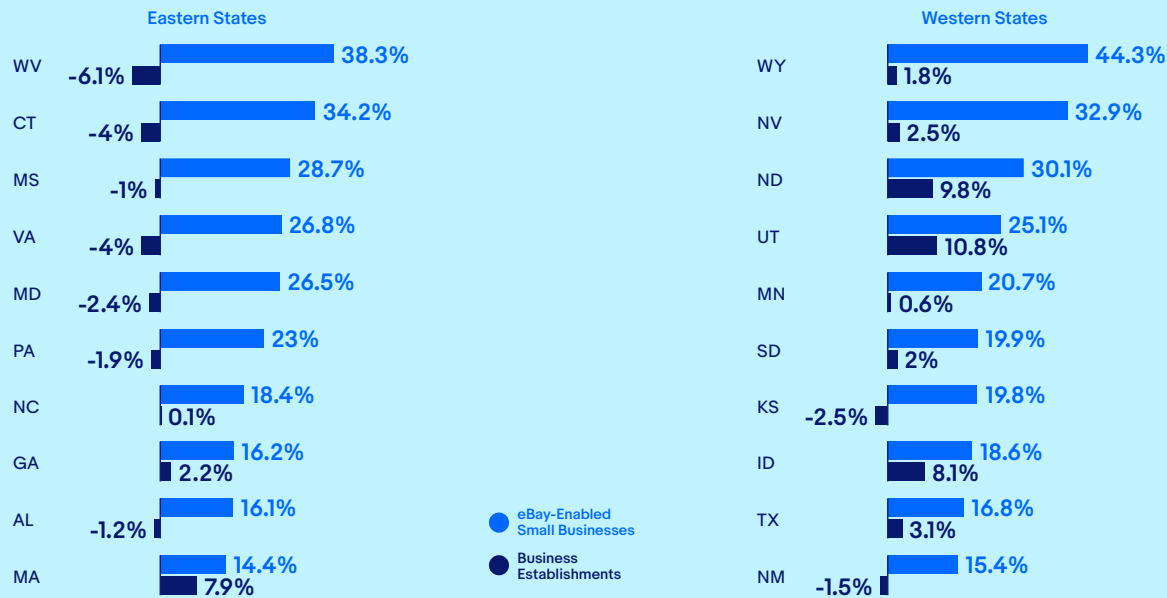
Company founder and CEO Linda Lightman, a former lawyer, took a leap of faith in 2001 and became an innovator and an entrepreneur. Today, she presides over a company that has grown to become the largest, most successful consignment seller of designer fashion on eBay. It started as a simple hobby selling her son's video games on eBay. But, recognizing a bigger market opportunity, Linda soon began to sell her own luxury designer goods on her eBay store. Friends and acquaintances interested in reselling their designer luxury goods, but intimidated by the prospect of photographing and listing items themselves, asked Linda to sell their luxury items. Now, Linda employs 60 people and exports 12 percent of her products.

Three of the four states where rural enterprise creation in the traditional economy exceeded their metro growth rate are in the west (Hawaii, Montana and North Dakota, with Massachusetts as the only such eastern state) and Utah was the only state with double digit rural firm growth in its traditional economy.

However, the divergence between east and west, with eastern rural communities lagging, does not appear in the eBay data.

As **Figure 8.0** shows, six eastern states had rural eBay-enabled small business growth exceeding 20 percent, and all six experienced net rural enterprise losses in the traditional economy. Similarly, five western states had rural eBay-enabled small business growth exceeding 20 percent, but all of these states had positive growth in the traditional economy.

FIGURE 8.0
Top States for Rural eBay-Enabled Small Business Growth:
East Compared to West



CONCLUSION

It is widely recognized that the Internet and technology platforms have dramatically changed economies globally. The world seems a smaller place and the global economy appears closer in every community, often bringing challenges into focus side-by-side with new opportunities. One such concern is that prosperous metropolitan areas and the largest companies that call them home are benefiting from technology and trade while rural areas fall behind. These elements will be further amplified as communities across the United States deal with the impacts of the COVID-19 pandemic.

The first part of this report highlighted the unprecedented trade success of eBay-enabled small businesses compared to traditional enterprises. 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 second part of the report provided evidence that rural America is faring better in the eBay economy than in the overall economy. The robust growth in the number of eBay-enabled small businesses in rural counties offers a hopeful, technology-enabled counterpoint to the claim that dynamism is withering away in many rural communities.

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, the ability to access customers outside of the local market appears especially valuable to remote and rural communities. Our findings suggest these factors could also help provide for a more geographically inclusive economic recovery in the wake of the pandemic. Government tax, regulatory and economic development policies can promote sustainable economic development in less advantaged and rural regions by addressing the challenges facing technology-enabled independent small businesses.



The Diamond Hanger

Ciara Brown
San Diego, CA

Ciara Brown has always had an entrepreneurial spirit. At the age of 10, she sold pencils and erasers to the neighborhood kids out of her garage. At the age of 20, she decided to try to sell a few of her own clothing items. Her journey began in an 8x10 college bedroom with her first sale, a pair of MissMe Jeans. The bedroom of a Division 1 athlete and full-time student is an unusual place to start, but Ciara was determined to build a business so that when she graduated, she would be able to support herself and her employees. By graduation, she had built her inventory, and before she knew it, had acquired 3,000 designer dresses and moved into a 1,000 square foot warehouse. Among her part-time employees are graphic designers, a CPA/bookkeeper, online inventory managers, photographers, models, fashion writers, salespeople and pop up shop managers. Ciara exports 9 percent of her products.

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:

Modernize Postal Systems to Support Small Business Digital Trade

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 postal service is particularly essential for small, rural online businesses where private express carriers are not competitive. Unfortunately, the COVID-19 pandemic has severely disrupted international shipping, making it even more challenging for small online businesses to compete with large established firms that have their own logistics networks. Emergency funding for postal infrastructure and operations is critical to ensuring that online businesses, especially in rural areas, have all options available to get goods to Americans as quickly as possible. In addition, the U.S. Government should work collaboratively with trading partners to modernize, simplify and harmonize national postal services to 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 and is key to America's leadership in Internet commerce by large and small businesses. Unfortunately, not all foreign legal regimes have these important protections. Trade agreements 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.

Protect 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.

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.

Protect Internet Small Businesses and Sole Proprietors From Economic Downturns

Independent small businesses and sole proprietors, often powered by the Internet, are an important and innovative part of communities across America. Economic relief efforts, including loans and tax credits for micro, small, and medium-sized businesses, should be made available to Internet entrepreneurs in the same robust manner as traditional small businesses. Likewise, expanded federal unemployment compensation should be made available to small online sellers in the same manner as other digital platform-enabled independent workers.

AFTERWARD

The COVID-19 pandemic is a complex and fast-moving situation, and we know it may be more challenging to run a small business now because of disruptions to daily routines. As we've seen, this is not a problem that can be solved by one person or group alone. Government leaders around the world are taking action and many decisions will lead to immediate changes in how small business owners manage and maintain their businesses, where and how packages can be shipped, and how consumers receive packages. Included below are highlights of how eBay is supporting and protecting our community in this difficult time. For more details, please visit: www.ebay.com/covid19info.

Up & Running: How We Are Helping Small Businesses Get Online

On April 2, eBay launched [Up & Running](#), a program specifically designed to help Main Street retailers expand their reach online and keep their local businesses intact. Current benefits of this initiative include:

- No listing fees on 200 items/month. This means there's no risk to get started, you only pay fees when you sell.
- On-demand access to [eBay Seller School](#), our e-learning platform designed to power our sellers' success. Expert-designed courses, videos, and other learning resources – available 24/7, and 100% free.
- An open invitation to join the [eBay Community](#), where sellers gather to connect, share tips, and get the latest eBay news.

Price Gouging & Prohibited Items: What We're Doing to Protect Our Customers

We have taken significant measures to block or quickly remove items that make false health claims or offer products at inflated prices in violation of applicable laws. As of November 2, we have removed or blocked more than **50 million listings**. [Learn more](#) about the measures we're implementing across our marketplace. To prevent price gouging, during the COVID-19 crisis, only authorized sellers may list: Medical masks, hand sanitizer and disinfecting wipes. Only business sellers may list: Toilet paper, diapers, baby formula, and baby wipes, tampons, Lysol disinfectant spray and Clorox bleach. If you see an item that violates our policies, please [report it](#).

Shipping: Where to Get The Latest Updates

The eBay team is in contact with our shipping partners, and to date, USPS, UPS and FedEx are reporting that domestic deliveries are largely continuing as usual, as we enter peak season. For the latest updates and eBay's advice, please visit [Community](#).

Customer Service Update: How to Get The Help You Need

eBay customer service is open. Despite some changes brought on by the impact of COVID-19, we have thousands of colleagues available to support you. You can also check out our online service options to get the help you need:

- For sellers: [Seller Help](#) our new one-stop shop for resolving selling issues, is the best place to get help. From there, you can manage returns, items not received and refunds, and you'll find details of how to deal with any recent policy notifications you received. You can also request to have defects and feedback removed from Seller Help too.
- For buyers: Our easy-to-use [online Help](#) has all the support information you need. You can find out how to track your item, contact your seller, what to do if your item hasn't turned up, details on how to start a return, and much more. Go to online Help now and start searching for content related to your issue. If you can't find what you need, scroll to the bottom of any Help page to see options for getting in touch with a member of our team.

Sellers: How to Get Updates About Running Your Business

eBay is powered by small and medium businesses and we know that these sellers are facing particular challenges at the moment. Find the latest updates from eBay—including details of seller support, protections and shipping updates—on [Seller Center](#).

Support Relief Efforts: How You Can Help

Buyers and sellers can support charities that are directly involved in dealing with the impact of the COVID-19 crisis:

- **Donate:** When you purchase on eBay via PayPal, you can donate between \$1 and \$25 during checkout to a charity of your choice. You can also donate by purchasing a [Gift That Gives Back](#) (a direct charitable donation from one of our partner charities). These donations range in value, from \$5 to \$100, and benefit Feeding America, Direct Relief, The Opportunity Fund and more.
- **Sell:** Anybody at home looking to declutter can [clear out and make a difference](#). eBay sellers can choose to donate between 10-100% of their sales to a 501c3 organization providing relief.

Small Business Government Support Resources Available

In the US, both the federal government and all 50 state governments are implementing programs to support small businesses and their employees during these difficult times. We have created a [new section](#) of our eBay Main Street website dedicated to providing helpful government resources available to small businesses impacted by the pandemic. The resources, which are regularly updated, include a brief description and a link directly to the government resource page.

RESOURCES

- ¹ 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
- ² U.S. Census Bureau Press Release (04/05/2018) “A Profile of U.S. Importing and Exporting Companies, 2015–2016.” Available at: <https://www.census.gov/foreign-trade/Press-Release/edb/2016/text.pdf>
- ³ Gereffi, Gary, J. Humphrey, and T. 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
- ⁴ Source for total number of exporters (2017): U.S. Census - Profile of U.S. Importing and Exporting Companies, 2016–2017 - <https://www.census.gov/foreign-trade/Press-Release/edb/2017/index.html>
U.S. data: Table 4a - <https://www.census.gov/foreign-trade/Press-Release/edb/2017/tab4a.pdf>
State data: Table 6a - <https://www.census.gov/foreign-trade/Press-Release/edb/2017/tab6a.pdf>
Source for total number of companies that have at least one employee in addition to the owner (2017): U.S. Census, 2017 SUSB Annual Data Tables by Establishment Industry - <https://www.census.gov/data/tables/2017/econ/susb/2017-susb-annual.html>
State/U.S. data: https://www2.census.gov/programs-surveys/susb/tables/2017/us_state_totals_2017.xlsx?#
Source for total number of companies that have no employees (2017): The County Business Patterns and Nonemployer Statistics Combined Report, 2017 - <https://www.census.gov/data/tables/2017/econ/nonemployer-statistics/2017-combined-report.html>
State/U.S. data: <https://www2.census.gov/programs-surveys/nonemployer-statistics/tables/2017/combine17.xlsx.zip?#>
$$\text{Share} = (\text{total number of exporters}) / ((\text{number of employing companies}) + (\text{number of non-employing companies}))$$
- ⁵ Meltzer, Joshua (2014) “Supporting the Internet as a Platform for International Trade.” The Brookings Institute. Available at: <https://www.brookings.edu/wp-content/uploads/2016/07/02-internet-international-trade-meltzer.pdf>
- ⁶ 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
- ⁷ 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
- ⁸ The eBay data reflects the share of 2018 eBay-enabled small businesses (those with \$10,000 USD or more in annual sales on eBay) in each location, who exported in that year.
- ⁹ Source for total number of exporters (2017): U.S. Census - Profile of U.S. Importing and Exporting Companies, 2016–2017 - <https://www.census.gov/foreign-trade/Press-Release/edb/2017/index.html>
U.S. data: Table 4a - <https://www.census.gov/foreign-trade/Press-Release/edb/2017/tab4a.pdf>
State data: Table 6a - <https://www.census.gov/foreign-trade/Press-Release/edb/2017/tab6a.pdf>
Source for total number of companies that have at least one employee in addition to the owner (2017): U.S. Census, 2017 SUSB Annual Data Tables by Establishment Industry - <https://www.census.gov/data/tables/2017/econ/susb/2017-susb-annual.html>
State/U.S. data: https://www2.census.gov/programs-surveys/susb/tables/2017/us_state_totals_2017.xlsx?#
Source for total number of companies that have no employees (2017): The County Business Patterns and Nonemployer Statistics Combined Report, 2017 - <https://www.census.gov/data/tables/2017/econ/nonemployer-statistics/2017-combined-report.html>
State/U.S. data: <https://www2.census.gov/programs-surveys/nonemployer-statistics/tables/2017/combine17.xlsx.zip?#>
$$\text{Share} = (\text{total number of exporters}) / ((\text{number of employing companies}) + (\text{number of non-employing companies}))$$
- ¹⁰ The eBay data reflects the top 5 export destination markets (based on sales) for 2018 eBay-enabled small businesses (those with \$10,000 USD or more in annual sales on eBay) in the United States, who exported in that year.
- ¹¹ Include countries and territories.
- ¹² 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.
- ¹³ The eBay data reflects the average number of different foreign markets reached by 2018 eBay-enabled small businesses (those with \$10,000 USD or more in annual sales on eBay) in each location, who exported in that year.

¹⁴ 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))

¹⁵ The eBay data reflects the top 5 export growth markets (based on the absolute growth in sales over the time period 2014-2018) for eBay-enabled small businesses (those with \$10,000 USD or more in annual sales on eBay) in the United States, who exported during those years.

¹⁶ The eBay data reflects the share of 2018 eBay-enabled small businesses (those with \$10,000 USD or more in annual sales on eBay) in each location, who exported to ten or more different foreign markets in that year.

¹⁷ U.S. Census Bureau (2018) "A Profile of U.S. Importing and Exporting Companies, 2015-2016." [Exhibit 4a].

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

¹⁸ 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 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 = (number of firms that trade with 10+ countries) / ((number of employing companies) + (number of non-employing companies))

¹⁹ The eBay data reflects the top 5 product categories exported (based on sales) by 2018 eBay-enabled small businesses (those with \$10,000 USD or more in annual sales on eBay) in the United States, who exported in that year.

²⁰ The eBay data reflects the share of exporting 2018 eBay-enabled small businesses (those with \$10,000 USD or more in annual sales on eBay) in each location, who exported to four or more continents in that year.

²¹ Pugsley, B.W., and A. Sahin (2014) "Grown-up business cycles." FRB of New York Staff Report, (707).

²² 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.

²³ 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/>

²⁴ Gourio, F., T. Messer, and M. Siemer (2014) "A Missing Generation of Firms? Aggregate Effects of the Decline in New Business Formation." Mimeo.

²⁵ Karahan, F., B. Pugsley, and A. Sahin (2015) "Understanding the 30-year Decline in Startup Rate: A General Equilibrium Approach." Working Paper.

²⁶ Partridge, Mark D. (2020) "Rural America's Stagnant Economic Performance." American Enterprise Institute. Available at: <https://www.aei.org/wp-content/uploads/2020/02/Rural-Americas-stagnant-economic-performance.pdf>

²⁷ Ibid.

²⁸ Ibid.

²⁹ See Neumark, D., B. Wall, and J Zhang (2008) "Do Small Businesses Create More Jobs? New Evidence from the Establishment Time Series." National Bureau of Economic Research. Available at: <https://www.nber.org/papers/w13818>; and Haltiwanger, J., R. Jarmin, and J. Miranda (2012) "Who Creates Jobs? Small vs. Large vs. Young." National Bureau of Economic Research. Available at: <https://www.nber.org/papers/w16300>

³⁰ U.S. Census Bureau (04/28/2020) County Business Patterns: 2017. Available at: <https://www.census.gov/data/datasets/2017/econ/cbp/2017-cbp.html>

U.S. Census Bureau (04/28/2020) County Business Patterns: 2011. Available at: <https://www.census.gov/data/datasets/2011/econ/cbp/2011-cbp.html>

To determine the net business establishment growth rate we performed the following calculation at the national level: $[(\text{total number of 2017 business establishments}) - (\text{total number of 2011 business establishments})] / (\text{total number of 2011 business establishments})$.

³¹ This classification system distinguishes Metropolitan (Metro) counties by the population size of their metro area, and Nonmetropolitan (Rural) counties by degree of urbanization and adjacency to a metro area or areas. A detailed methodology is available at: <https://www.ers.usda.gov/data-products/rural-urban-continuum-codes/documentation/>

³² U.S. Census Bureau (04/28/2020) County Business Patterns: 2017. Available at: <https://www.census.gov/data/datasets/2017/econ/cbp/2017-cbp.html>

U.S. Census Bureau (04/28/2020) County Business Patterns: 2011. Available at: <https://www.census.gov/data/datasets/2011/econ/cbp/2011-cbp.html>

To determine the net business establishment growth rate for rural counties nationwide, we identified rural counties using the USDA Economic Research Service's 2013 Rural-Urban Continuum Codes and then performed the following calculation: $[(\text{total number of 2017 business establishments}) - (\text{total number of 2011 business establishments})] / (\text{total number of 2011 business establishments})$.

³³ U.S. Census Bureau (04/28/2020) County Business Patterns: 2017. Available at: <https://www.census.gov/data/datasets/2017/econ/cbp/2017-cbp.html>

U.S. Census Bureau (04/28/2020) County Business Patterns: 2011. Available at: <https://www.census.gov/data/datasets/2011/econ/cbp/2011-cbp.html>

To determine the net business establishment growth rate for rural counties at the state level, we identified rural counties in each state using the USDA Economic Research Service's 2013 Rural-Urban Continuum Codes and then performed the following calculation: $[(\text{total number of 2017 business establishments}) - (\text{total number of 2011 business establishments})] / (\text{total number of 2011 business establishments})$.

³⁴ U.S. Census Bureau (04/28/2020) County Business Patterns: 2017. Available at: <https://www.census.gov/data/datasets/2017/econ/cbp/2017-cbp.html>

U.S. Census Bureau (04/28/2020) County Business Patterns: 2011. Available at: <https://www.census.gov/data/datasets/2011/econ/cbp/2011-cbp.html>

To determine the net business establishment growth rate for metro counties nationwide, we identified metro counties using the USDA Economic Research Service's 2013 Rural-Urban Continuum Codes and then performed the following calculation: $[(\text{total number of 2017 business establishments}) - (\text{total number of 2011 business establishments})] / (\text{total number of 2011 business establishments})$.

³⁵ Partridge, Mark D. (2020) "Rural America's Stagnant Economic Performance." American Enterprise Institute. Available at: <https://www.aei.org/wp-content/uploads/2020/02/Rural-Americas-stagnant-economic-performance.pdf>

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