



Online Small Business Survey

Autumn 2020

The view from the UK's small online retailers



**eBay has always
championed British business
– large and small.**

**We empower businesses to
grow their presence online.**



Foreword

Over 300,000 UK businesses have a home on eBay – connecting to a community of 183 million buyers and sellers in 190 markets all across the world.

Our ambition is to make the UK a global centre of excellence in e-commerce and digital trade – no longer a ‘nation of shopkeepers’, but a nation of digital traders and entrepreneurs.

We believe technology allows anyone to create for themselves their own economic opportunity – that’s what we try to enable. At this moment, understanding that opportunity for us as a nation and helping the brilliant dynamic and entrepreneurial small businesses that are the powerhouse of the UK economy to succeed has never been more important.

That’s why we have launched our Online Small Business Survey – a unique view from the UK’s small online retailers on the health of their businesses and the support they need to survive and thrive online. In this edition, we present the view from Britain’s online retailers on the impact of an unprecedented period of challenge on their business, and how we build back better.

Rob Hattrell

SVP, Head of eBay Europe

Contents

- 6** Introducing you to Britain's SMEs
- 8** The impact of COVID-19
- 12** Brexit preparedness
- 17** A supportive climate for online business
- 20** Results in full

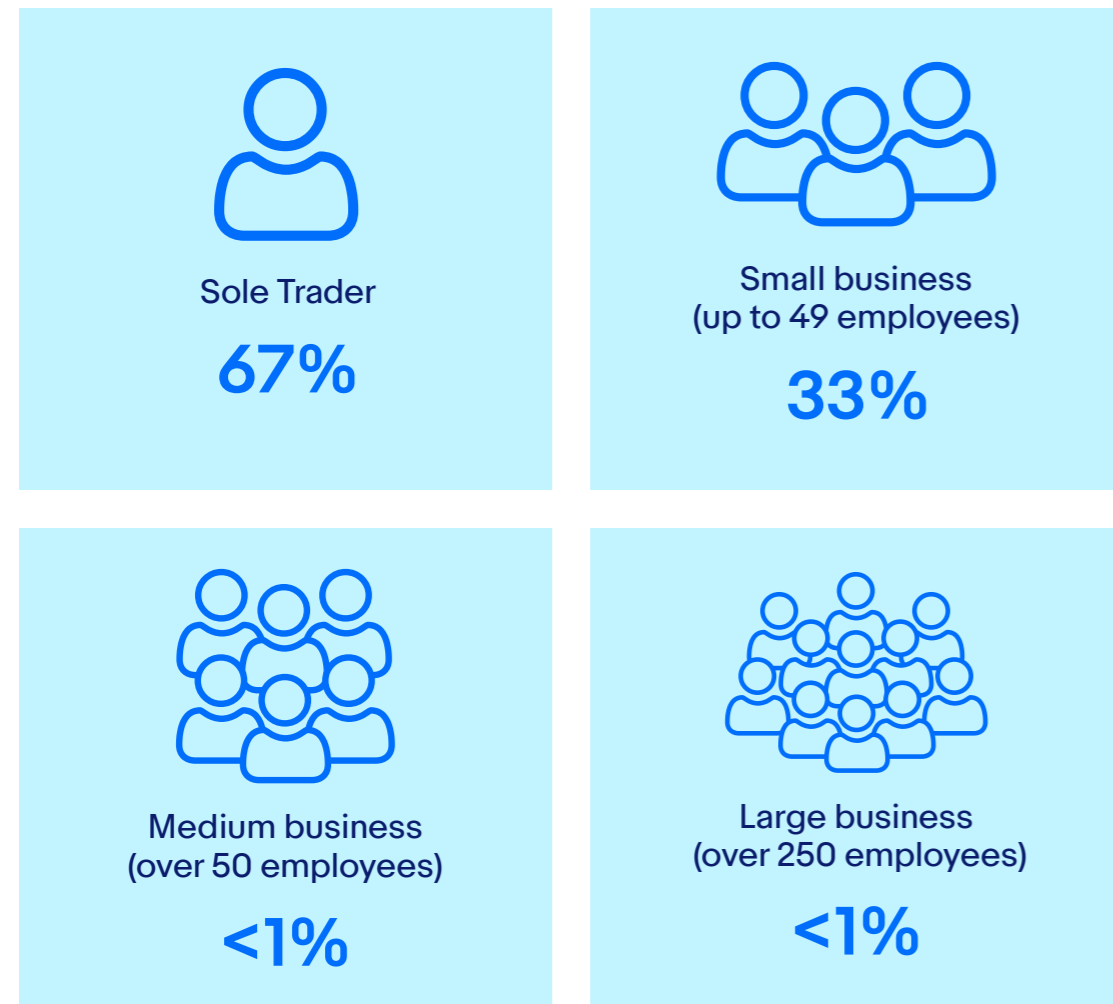
About the eBay Online Small Business Survey

eBay's Online Small Business Survey (Autumn 2020) is a survey of 1,157 UK businesses trading on eBay, conducted from 6-16 October 2020.

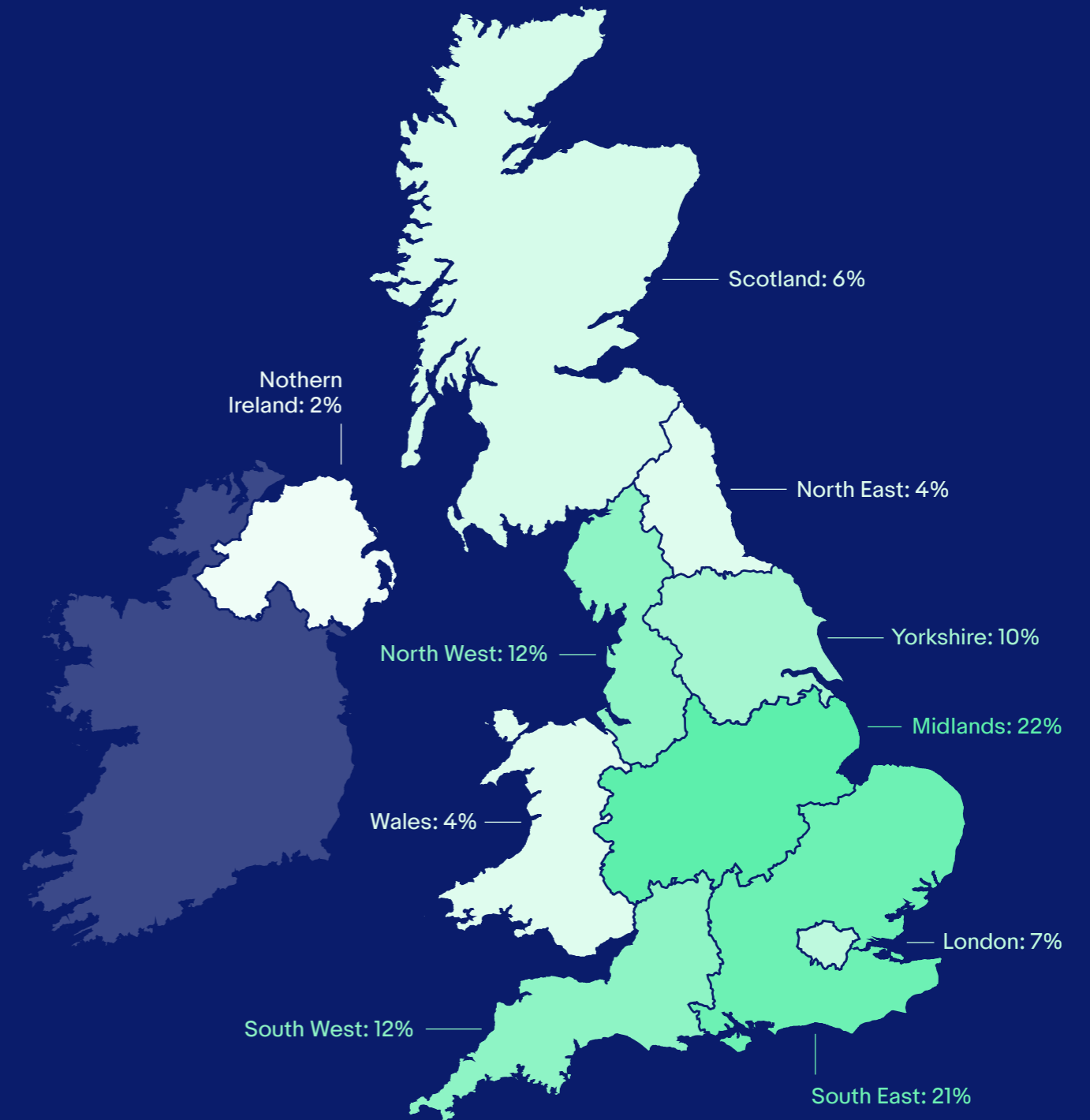
We posed questions to our sellers across a range of topical challenges and issues and it is our hope that these findings will inform a supportive climate for SMEs who are seeking to realise the huge opportunities in e-commerce and digital trade.

Introducing you to Britain's online SMEs

1,157 eBay sellers responded to the Survey, from 6 - 16 October 2020. This is the profile of the sellers who responded, based on size and location.



Nearly three quarters (72%) of online businesses were located outside London and the South-East.



The impact of COVID-19

Online small businesses are showing resilience, and seizing the digital opportunity.

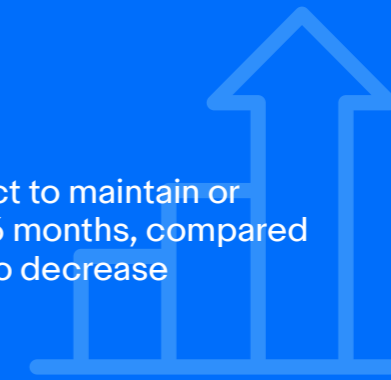
The COVID-19 pandemic has presented huge challenges for all businesses – especially sole traders and small businesses, who are the lifeblood of the UK economy.

For many small businesses – the ability to trade online has been a lifeline, and our Survey shows online small businesses have been able not only to weather the impact of the pandemic, but also retain staff and grow their businesses in unprecedentedly challenging times.

Supporting small businesses to survive and thrive online is our number one priority. Looking to the future, COVID-19 has further accelerated the shift towards a more digitised economy. If UK businesses are to compete globally, we need to embrace this trend and regard digital as an opportunity.

45%

of online businesses expect to maintain or increase sales in the next 6 months, compared to 39% who expect sales to decrease



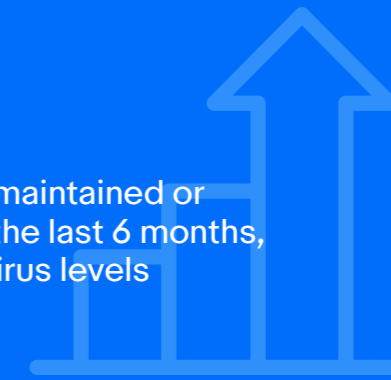
86%

of online businesses expect to maintain or increase the size of their workforce in the next 6 months, compared to just 7% who expect to reduce their workforce



62%

of online businesses have maintained or increased their sales over the last 6 months, compared to pre-Coronavirus levels



89%

of online businesses have maintained or increased their workforce over the last 6 months



How eBay is supporting UK small businesses through COVID-19

eBay has taken a number of steps to support UK small businesses to survive and thrive through unprecedented times:

▶ Free online shop window:

New eBay sellers were offered a free online shop window, with no fees to list or sell between March and August. This benefitted newcomers to online trading, with new businesses joining the platform surging 335% in June.

▶ Payment holidays:

In March, existing sellers benefitted from a 30-day payment holiday.

▶ Maintaining seller standards:

Alongside the cashflow boost for sellers, eBay also committed to maintaining seller standards for three months - ensuring the reputation, standing and profile of individual sellers could not be damaged by events outwith their control.

▶ Pay As You Grow:

Running until the end of the year, eBay's Pay As You Grow initiative is specifically designed to help new start-ups or existing offline small businesses set up their own online businesses at no extra cost. Under the scheme, no listing fees or final value fees will be charged for any first-time seller on the site for their first 100 sales each month, followed by discounted fees thereafter. Businesses will only have to pay as their sales start to grow.

Henry, 23, Norfolk UK Components



“

I started my online business during lockdown – now I am headed for £40,000 annual turnover”.

Henry Cawley, 23, from Norfolk was due to start studying mechanical engineering at University this year when his degree was put on hold due to the pandemic.

That's when Henry decided to set up his own online business on eBay, selling 3D printer parts. Henry's business, UK Components, is now going from strength to strength with sales increasing month-on-month and showing no signs of slowing. Based on recent sales growth, the young entrepreneur expects to turnover £40,000 this year.

“

I'm now back at University and continuing to grow my business alongside my studies from my bedroom, which means I've been able to give up my part-time job at a local supermarket. I can't stress enough how easy it was to get started – particularly for young entrepreneurs like me, it means you can develop your business idea without needing to invest in a website or store.”

Brexit preparedness

Online micro-multinationals are clear about the challenges of Brexit – but ready to exploit the opportunities of global trade.

Small businesses on eBay don't just sell locally – but have access to a global market of 183 million buyers in over 190 markets across the world.

Over two thirds of UK small businesses on eBay ship products internationally – they are the UK's micro-multinationals.

Although our Survey shows a modest level of concern about what arrangements may be in place with the European Union following the end of the transition period, online small businesses are showing enthusiasm to seize the opportunities of global trade.

49%

of online small businesses are neutral about their preparedness for a no deal Brexit, with 24% feeling well-prepared.



57%

of online small businesses are moderately or very concerned about the transition period coming to an end, given their level of preparedness.



37%

of online small businesses don't expect any discernible change in their level of trade with the EU after the end of the transition period.



Seizing the opportunities of global trade

The UK's online SMEs are ambitious micro-multinationals and are motivated by the opportunities to trade with the world.

In July, eBay hosted a webinar with online SMEs and the Rt Hon Liz Truss MP, Secretary of State for International Trade, to help small businesses power-up their e-exporting skills and exploit the opportunities arising from the UK's developing trade relationships with countries such as the US, Australia, New Zealand, and Japan.

The webinar included presentations with practical advice, resources and insights to boost online, overseas selling and was attended by over 275 UK SMEs.



The UK's micro-multinationals

As a global marketplace, we believe in the power of free and fair trade. We are using our technology to level the playing field so even the smallest of the UK's micro-multinationals can export and benefit from Britain's global trading links.

Despite lockdown restrictions and challenging trading environments, eBay data released in July highlighted resilience, ingenuity and growth among the 300,000 SMEs trading to 190 global markets through eBay UK:

- ▶ **Over half (58.9%) of all UK SMEs** on eBay exported internationally during the early stages of the first lockdown (March and April)
- ▶ Between March and April, the value of SME exports on eBay **increased by 2%** while the quantity of items exported increased by 7%.

Top destinations for UK SME products during lockdown



Jack, 35, Bradford Power Sheds



“

Power Sheds are the UK's first wooden shed manufacturer who can deliver their whole product range throughout Europe.”

Jack Sutcliffe, 35, from Bradford got his inspiration for his online business when he realised what a long and tedious task it can be to search for the perfect shed.

Taking inspiration from the mattress industry, Jack came up with Power Sheds – a modular garden shed, which can fit on a pallet. The concept for Power Sheds has always been something simple to choose, and quick to deliver.

This means that Jack's online business can deliver a shed anywhere in the UK with next day delivery, or anywhere in Europe within a week. They are the very first UK wooden shed manufacturer who can deliver their whole product range throughout Europe.

Jack is now targeting further growth in his international sales.

The company was built from a small personal investment, and in June 2019 they were awarded a £6,000 Government grant due to their job creation. They have since taken on 20 employees, have an annual turnover of over \$300,000 and have been growing their B2B offering to pick up trade customers including large retailers like Wayfair. The Sunday Times listed them as one of the top 3 start-up companies to watch and they are the highest ranked garden shed company on Trustpilot in the world. Jack and his company won the Innovation Award in this year's eBay Business Awards.

A supportive climate for online business

Online small businesses face challenges – and it's crucial we back them to succeed.

Online sales have been a lifeline for many small businesses through the current crisis.

But that does not make them immune from the impacts of consumer demand in the broader economy, and our Survey shows this is the number one concern of SMEs about the future.

E-commerce and digital trade are an essential complement to offline retail, and will form an integral part of how we build back better – from providing employment opportunities and fostering an entrepreneurial outlook, to boosting trade and exports.

Our Survey shows it is crucial to back the UK's online SMEs, and avoid policies that would undermine the progress towards greater digitisation and the benefits that delivers for individuals and communities.

What are the major challenges facing your business in the next 6 months?

25%

of online small businesses cited the availability of Government support to help their business survive the COVID-19 pandemic.



53%

of online small businesses are concerned about consumer or market demand for their products.



70%

of online small businesses are concerned about the increasing costs of doing business, including taxes.



Online Sales Tax

The UK Government is currently consulting on the option of an online sales tax, that would be levied – in addition to VAT – on all online sales. Our survey polled the views of online SMEs on the impact that such a tax would have on their business, and how they would respond.

90%

of online small businesses felt an online sales tax would have a negative impact on their business.

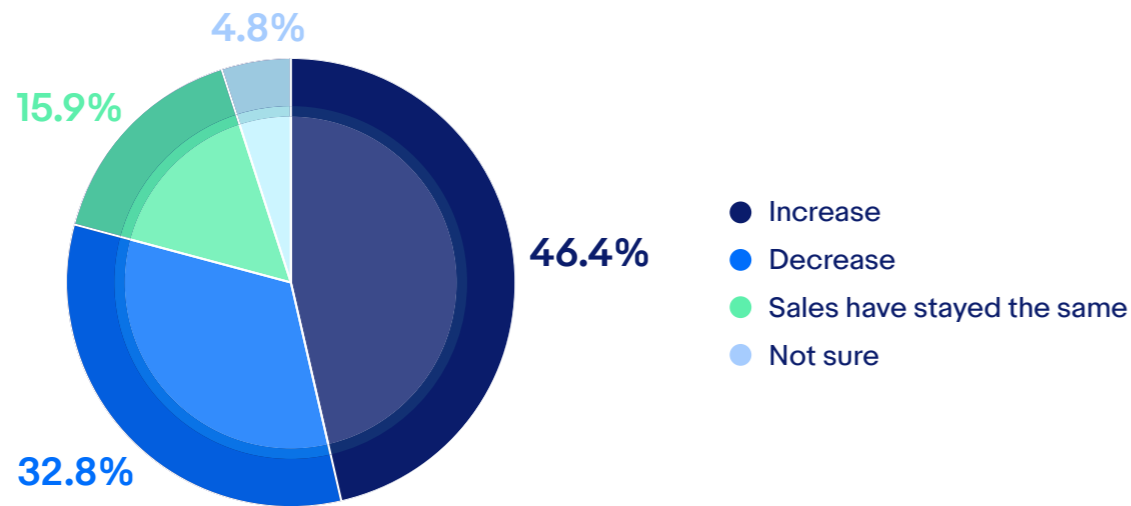
62%

of online small businesses felt they would have to pass this tax on to consumers by increasing prices.

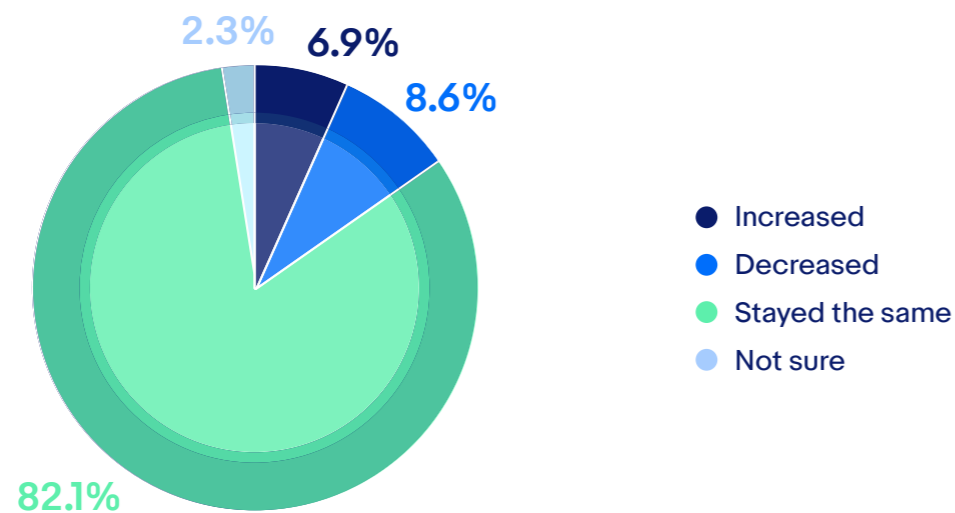
Survey results in full

The impact of COVID-19 on your business

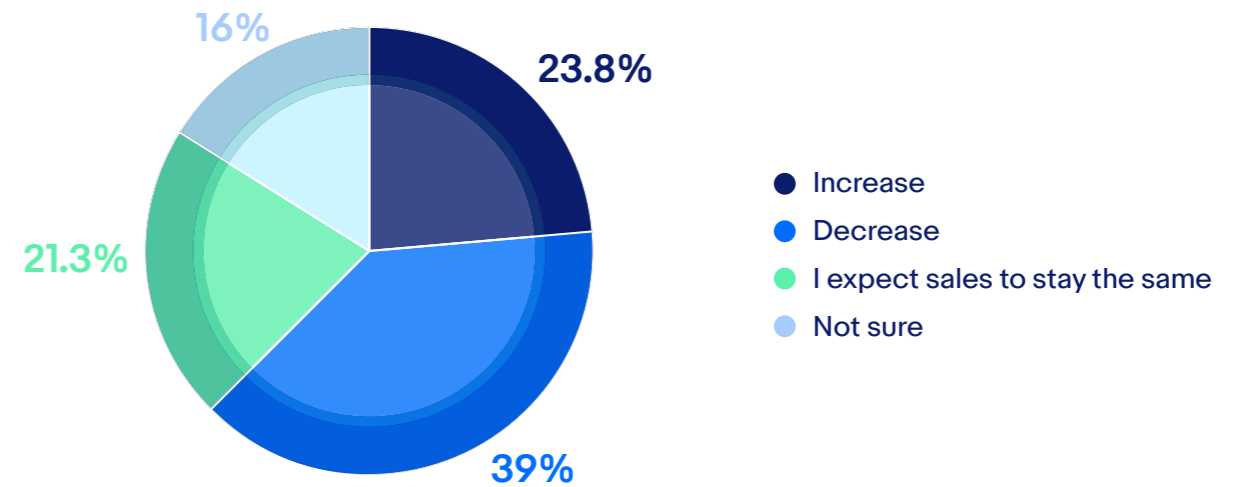
1. Over the past 6 months, have you noticed an increase or a decrease in your online sales compared to pre-coronavirus levels? (%)



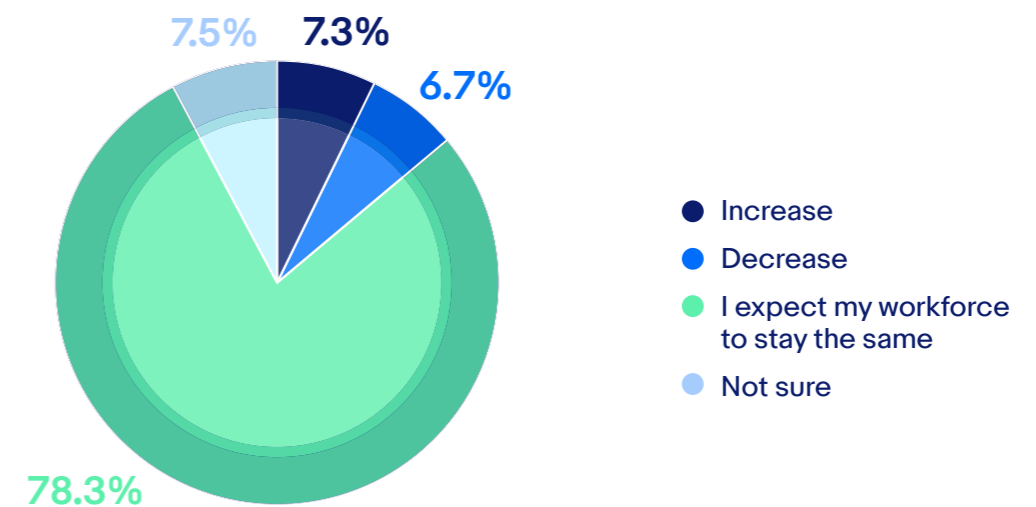
2. Over the past 6 months, has your workforce increased or decreased (not including furloughed staff)? (%)



3. Thinking about the next six months, do you anticipate an increase or decrease in sales compared to current levels? (%)

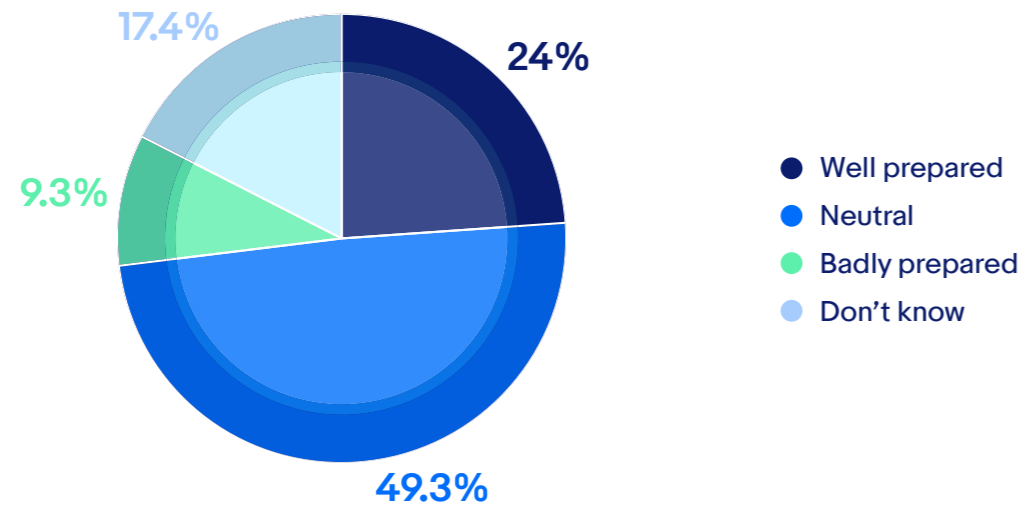


4. Over the next 6 months, do you expect your workforce to increase or decrease? (%)

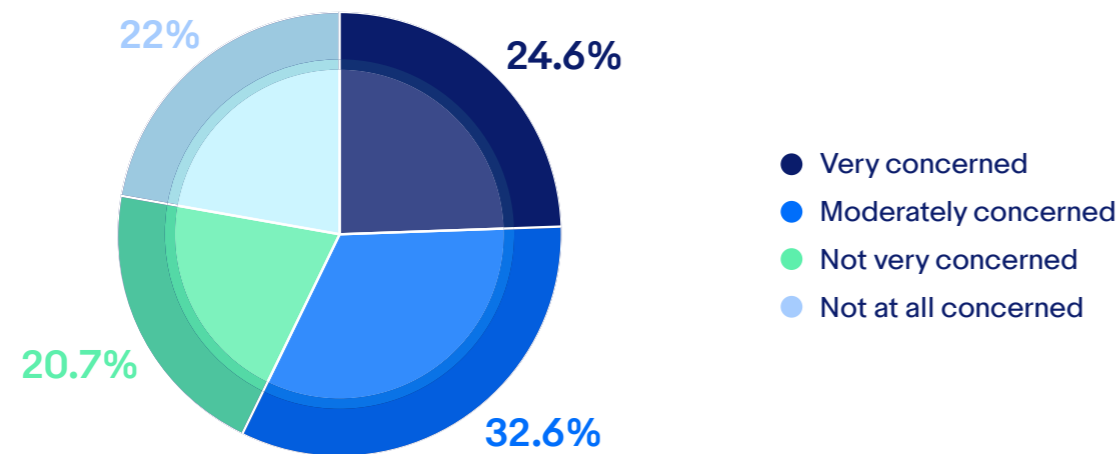


Brexit Preparedness

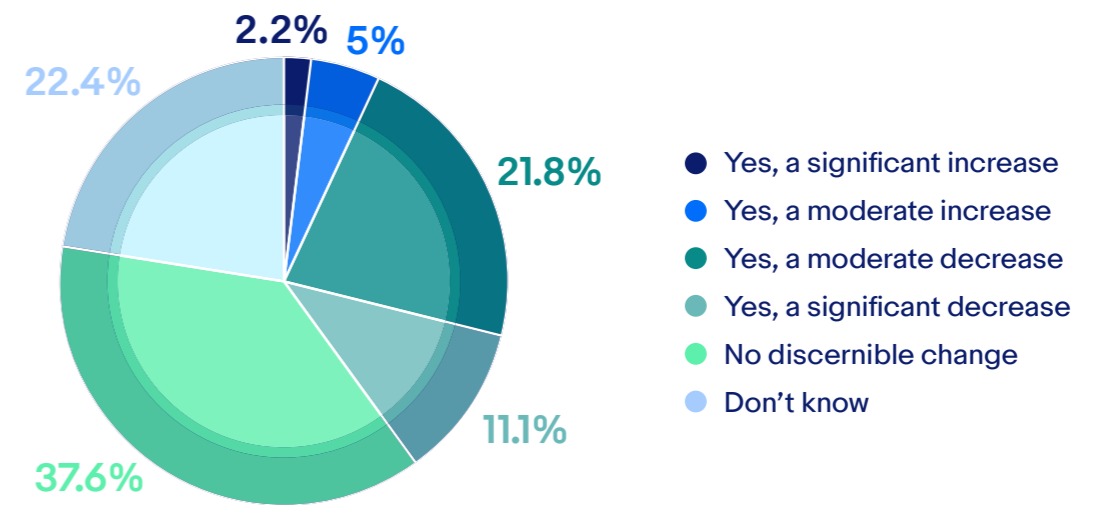
1. How would you describe your business' current preparedness for the possibility of a no-deal Brexit? (%)



2. In light of your overall level of preparedness, and given that details of a UK-EU trade deal have not yet been finalised, how concerned are you about the UK's transition period coming to an end in December 2020? (%)

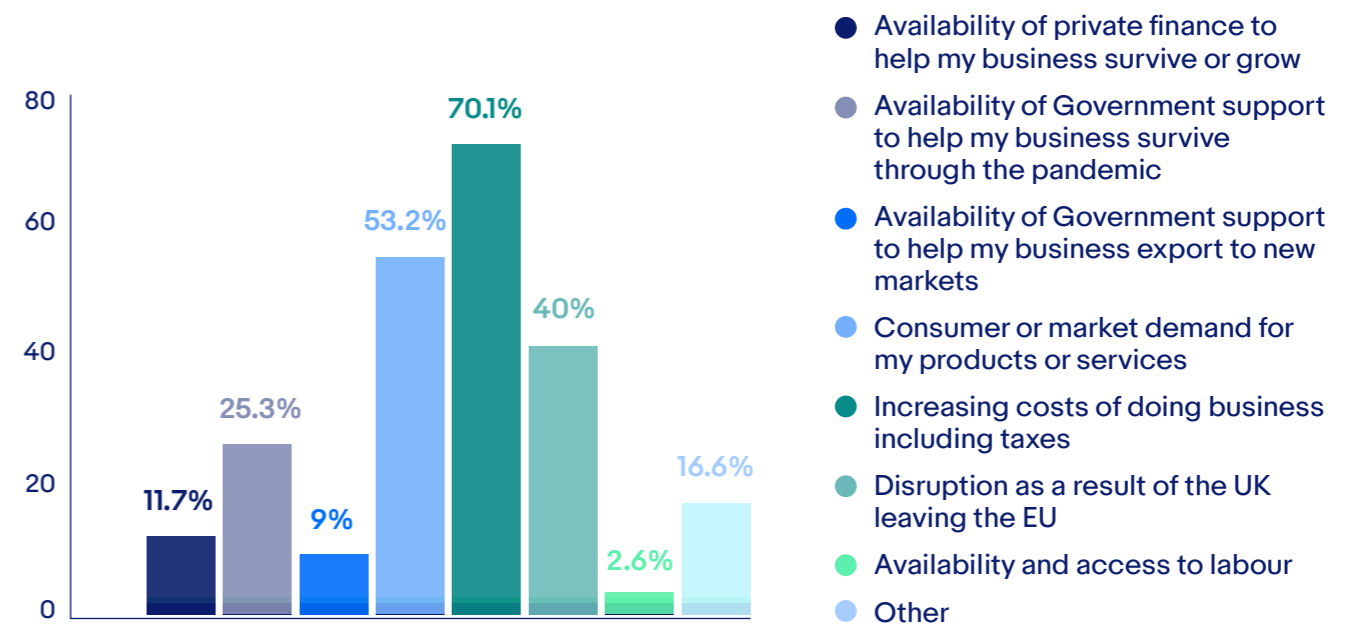


3. After the transition period ends, do you expect any level of change to your current levels of trade? (%)

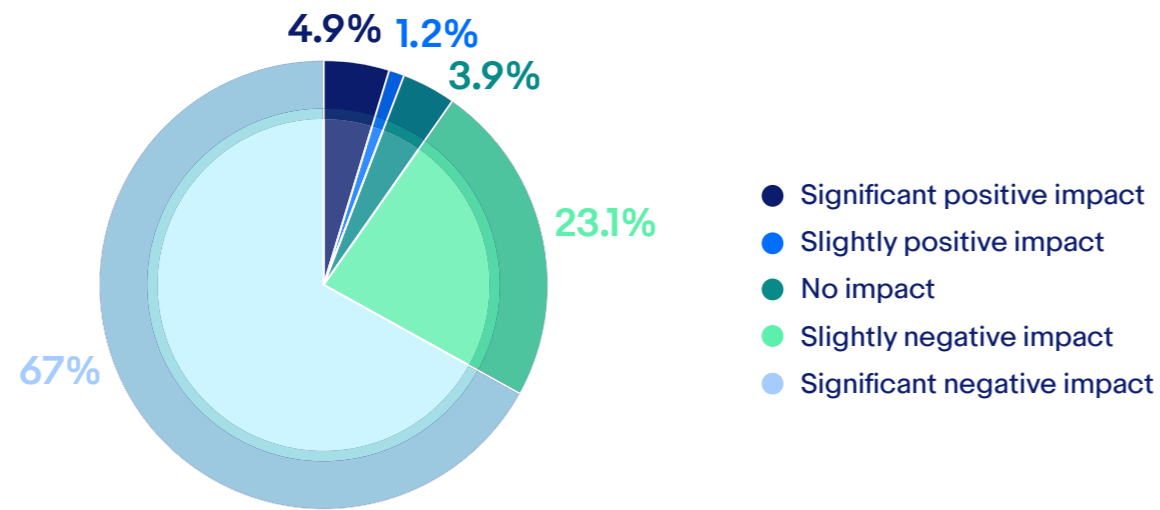


A supportive climate for online business

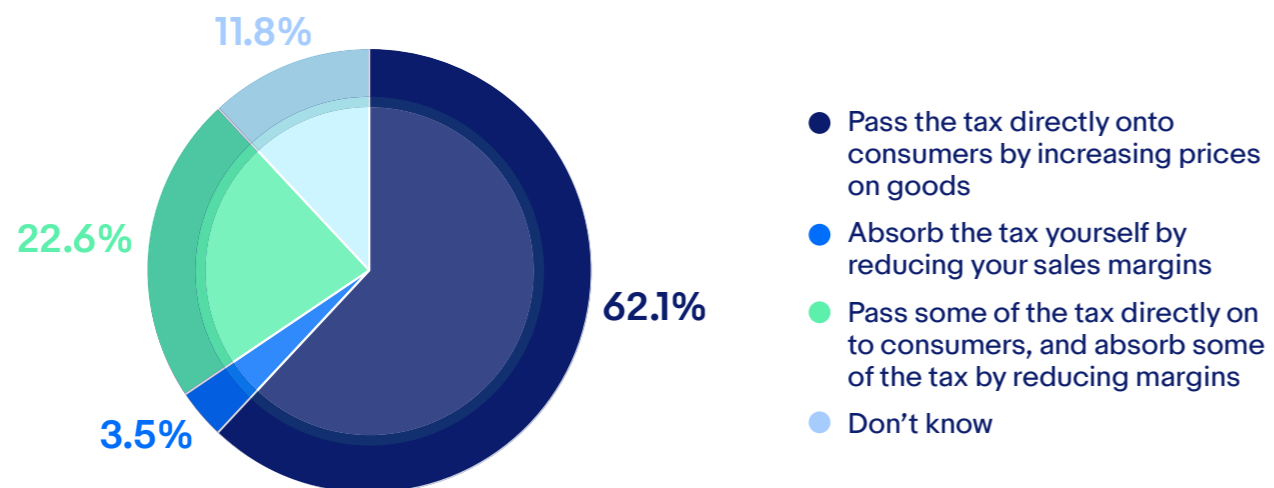
1. What do you think the major challenges to your business are in the next six months? (%)



1. The UK Government is considering a new tax on goods bought online. What impact would the introduction of such a tax on all goods bought online have on your business? (%)



2. If an online sales tax were introduced, how would you be most likely to respond? (%)



For more information on eBay's public policy priorities, visit www.ebaymainstreet.com



ebay