

ebay



JULY 2019

# Louisiana Small Online Business Inclusive Growth Report



**Robust and concrete data demonstrates that eBay-enabled small businesses in the State of Louisiana are engaging in global trade at a scale once reserved for the very largest corporations.**



## INTRODUCTION

**eBay is harnessing technology and using it to empower independent small business people and entrepreneurs. This report presents findings based on eBay Marketplace data related to the trade and economic growth impacts of the global commerce opportunities available to eBay-enabled small businesses and entrepreneurs across the State of Louisiana.**

The trade analysis for this report is based on data covering transactions on the eBay Marketplace in 2017. 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, comparable U.S. Census Bureau data is employed.

Part 1 of this report focusses 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 in the State of Louisiana are engaging in global trade at a scale once reserved for the very largest corporations. The numbers are striking. A massive 94 percent of eBay-enabled small businesses in the State of Louisiana export – a far higher rate than businesses that have not embraced online tools – and these small businesses reach on average 13 different countries annually, again dwarfing traditional export reach. They are effectively Small

Business Global Traders, and they operate from cities and towns across Louisiana.

Part 2 of this report explores how the revolutionary ability for small enterprises to reach consumers anywhere across the globe is enabling more inclusive economic growth, in particular by fostering much stronger enterprise growth in remote, rural and disadvantaged counties and parishes. An analysis of data reveals the rate of growth in net business enterprises on eBay in parishes across Louisiana is countering a disturbing trend toward greater economic concentration, regional disparities and pockets of stagnant or negative growth. While traditional small businesses are largely dependent on the health of the local economy, and are vulnerable to local downturns, accessing consumers over the Internet helps escape local economic difficulties. The result is that the net growth in number of eBay small businesses shows a more balanced and inclusive pattern. Plainly speaking, in less advantaged communities in Louisiana, there is better enterprise growth on eBay than in the stagnant traditional economy.

## PART 1

# Revolutionary Trade Opportunities for Louisiana's Small Businesses and Entrepreneurs

## 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 States<sup>1</sup>, but their share of total exports is reported at 67.1 percent.<sup>2</sup>

Some smaller firms do engage in exporting, often as a participant in a larger business's Global Value Chain.<sup>3</sup> However, even accounting for these partnerships with larger firms, only a small share of traditional businesses export. In the United States, approximately 1 percent of traditional businesses export and in Louisiana the comparable figure is 1.2 percent.<sup>4</sup>

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.<sup>5</sup> 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 a physical presence and create jobs in their local community. World Bank Enterprise Survey data (2009-10) provides evidence that internationalized firms also achieve higher levels of productivity than those who forego export opportunities.<sup>6</sup>

It is equally important to note that while the online commerce platform model enables small firms to serve customers in remote markets, there is still great value in having a local presence in commerce.<sup>7</sup> This is why large merchants complement their online strategy with local retail and logistics facilities in key economic areas. Independent small retailers operating from their local facilities use Internet-enabled services to reach customers in vibrant economic hubs across America and around the world. 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 the opportunities afforded by technology to allow independent small and micro enterprises to reach beyond their local market, which not only promotes inclusive trade, but as we will see in Part 2, promotes inclusive growth.



**“The international shipping option has allowed us to be a global competitor within the jewelry industry.”**

**Once Upon A Diamond**  
Steve Brown  
Shreveport, LA

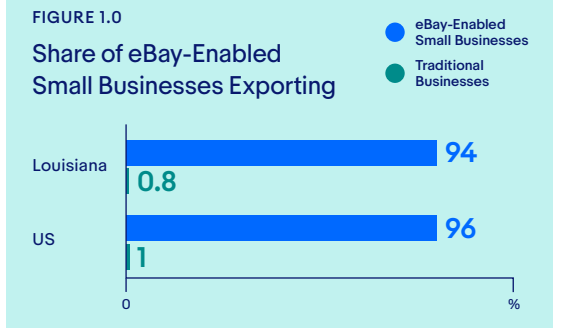
The Brown family's affinity for estate and fine jewelry began in 1912 in Council Bluffs, Iowa as Brown's Jewelry & Loans. Today, Steve Brown runs that same family business, now Once Upon A Diamond, in Shreveport, Louisiana. Once Upon A Diamond sells estate items, fine jewelry, bridal watches and high-end 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. Their degrees have been incorporated into every aspect of the business; from packaging, product description and photography, to designing and building the physical store. 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.

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 the State of Louisiana 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 Louisiana with trade activity of eBay small businesses in other countries, please visit the 2017 [“eBay Small Online Business Growth Report”](#).<sup>8</sup>

## Share of eBay-Enabled Small Businesses Exporting

The share of small businesses exporting on the eBay Marketplace<sup>9</sup> is possibly the most striking data point presented in this report. Fully 94 percent of the eBay-

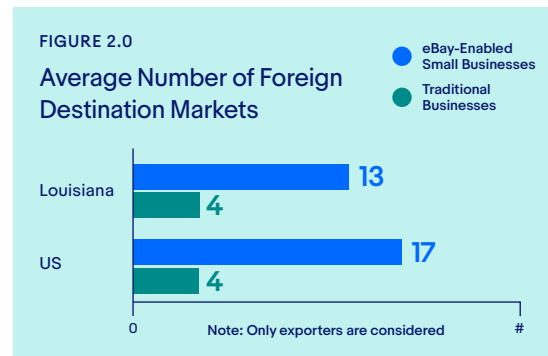
enabled small businesses in Louisiana are exporters. This is slightly below the U.S. national average of all eBay-enabled small businesses, but it dwarfs the export activity of traditional U.S. and Louisiana businesses, only 1 percent and .8 percent of which export, respectively.<sup>10</sup>



## Average Number of Foreign Destination Markets

The average number of foreign markets reached on an annual basis provides another key measurement of export activity and market diversity. It has traditionally been true that smaller businesses, even when they export, sell to fewer different export markets than larger export businesses. This is because each new export market brought additional “costs of entry.” More country markets therefore leads to higher entry costs.<sup>11</sup> The traditional costs of entry to new export markets are clearly shattered in the eBay context.

In Louisiana, the average number of export markets reached by traditional business exporters is four.<sup>12</sup> The eBay-enabled small business average is 13 for Louisiana, well above the average for traditional businesses but marginally lower than the national average for eBay-enabled small businesses.<sup>13</sup>



## Top Five Destinations for Exports<sup>14</sup>

### Louisiana eBay-Enabled Small Businesses

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

### U.S. eBay-Enabled Small Businesses

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

## Share of eBay-Enabled Small Businesses That Reach Ten or More Different Foreign Markets

As another example of the prodigious scale of eBay-enabled small business exporting activity, we calculated the share of eBay-enabled small businesses who exported to 10 or more country markets in 2017.<sup>15</sup> U.S. Census Bureau data indicates that 8 percent of all U.S. exporters<sup>16</sup>, and an identical share of Louisiana exporters<sup>17</sup>, reach 10 or more markets. That rate reflects only businesses that export, and not just small businesses, but large corporations as well. Even accounting for large enterprises, those percentages are significantly lower than the 57 percent of eBay-enabled small businesses in the United States reaching 10 or more markets. The rate

## Top Five Product Categories Exported<sup>18</sup>

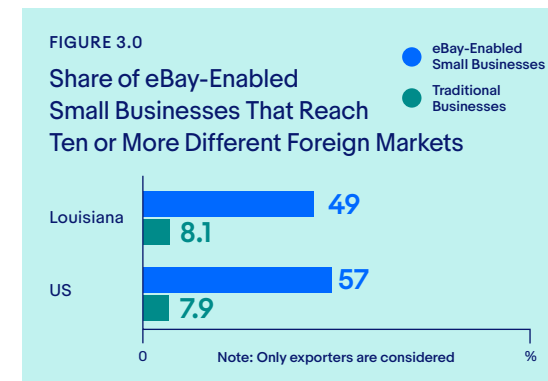
### Louisiana eBay-Enabled Small Businesses

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

### U.S. eBay-Enabled Small Businesses

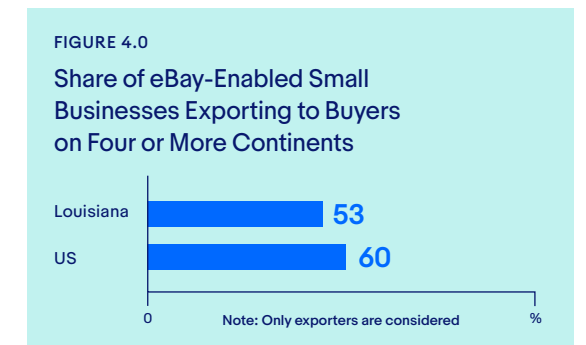
1. Auto - Parts
2. Clothes, Shoes & Accessories
3. Jewelry & Watches
4. Computing
5. Business, Office and Industrial

of Louisiana-based eBay-enabled small businesses exporting to 10 or more markets is a robust 49 percent.



## 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.<sup>19</sup> 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 Louisiana-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-three percent of the eBay-enabled small businesses in Louisiana achieved the status of Global Sellers, similar to the 60 percent national average for U.S.-based eBay-enabled small businesses.



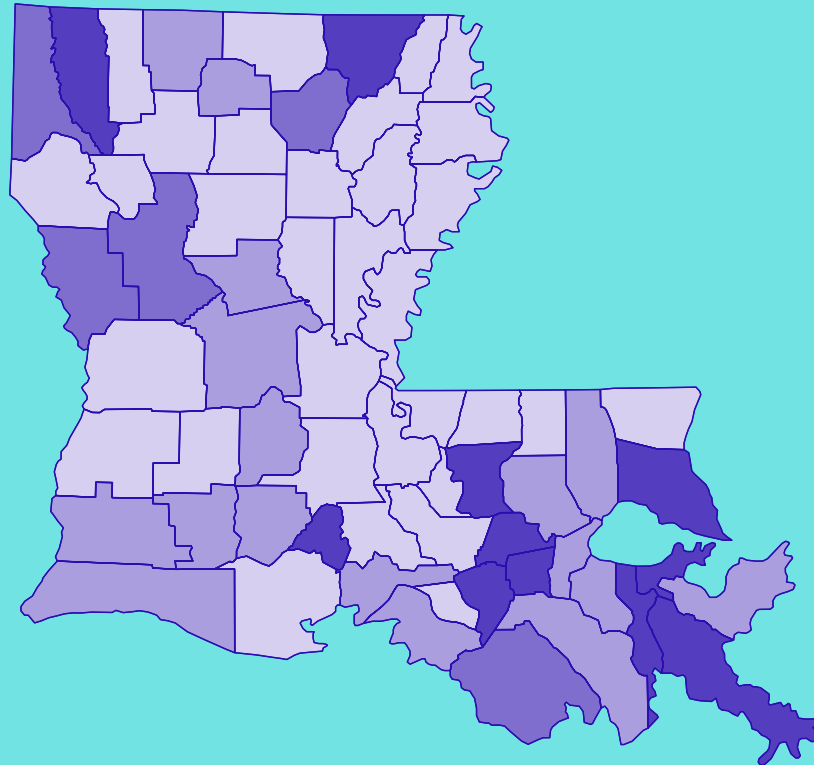
## DIGITAL TRADE DENSITY

# Parish Level eBay Small Business Trade Activity Per Capita

The research shows that small online businesses operate on eBay from across the State of Louisiana. We wanted to know, which Louisiana parishes actually have the most active eBay-enabled small business trading community? Given the broad differences in the population level of the state's parishes, we have calculated the export sales by eBay Commercial Sellers per capita. We call this "Digital Trade Density".

### The Top Louisiana Parishes

Ascension Parish  
Assumption Parish  
Bossier Parish  
East Baton Rouge Parish  
Jefferson Parish  
Lafayette Parish  
Morehouse Parish  
Plaquemines Parish  
St. James Parish  
St. Tammany Parish



## PART 2

# 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 eBay is leading to more inclusive local economic growth than is evident in the overall 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, in this case parishes in the State of Louisiana, 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.

### 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. Pugsley and Sahin (2014)<sup>20</sup>, Decker, Haltiwanger, Jarmin and Miranda (2014)<sup>21</sup>, Hathaway and Litan (2014)<sup>22</sup>, Gourio, Messer and Siemer (2014)<sup>23</sup> and Karahan, Pugsley and Sahin (2015)<sup>24</sup> 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.<sup>25</sup>

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)<sup>26</sup>, Sommeiller, Price and Wazeter (2016)<sup>27</sup>, Saez, (2016)<sup>28</sup>, and Kochhar and Cilluffo (2017)<sup>29</sup> 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. Shearer and Berube (2017)<sup>30</sup> 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](#)”. The EIG data analysis revealed that the net growth in the number of business enterprises in the United States became increasingly concentrated in a small number of very populous counties in recent decades, culminating in the finding that half of the net business establishment growth in America from 2010 to 2014 was concentrated

in just 20 mega-counties located in just seven states.<sup>31</sup> For a detailed discussion of the EIG findings and a comparison to eBay small business formation, see the eBay report, “[Platform-Enabled Small Businesses and the Geography of Recovery](#)”.<sup>32</sup>

## Indexing U.S. Counties/Parishes 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.<sup>33</sup> 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.”<sup>34</sup> Using these scores, the EIG divides 3,126 U.S. counties and parishes 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.<sup>35</sup>



### The Pudding Room Angela King Mandeville, LA

Angela King has always loved finding unique treasures and antiques. When she met her husband who also loves antiques, she began attending estate sales with him. He has an eye for antiques, and she has superb social media and branding skills. Together, they created The Pudding Room, a whimsical and quirky store that they love running. Angela says it is perfect for them because it doesn’t feel like work. Angela also has a young son with special needs and being able to work from home allows her to spend time with him.

The quintiles each represent one-fifth of the nation’s counties/parishes, unrelated to population. In fact, as one considers the collection of counties/parishes in each of the quintiles, from **Prosperous** to **Distressed**, there are fewer people living in the collection of counties/parishes as the level of well-being falls, indicating less populace and likely more remote counties/parishes suffering from greater challenges. The 625 **Prosperous** counties/parishes are home to 117,860,842 people (37.2 percent of the national population), 625 **Comfortable** counties/parishes are home to 99,540,412 (31.5 percent), 626 **Mid-Tier** counties/parishes are home to 46,224,467 (14.6 percent), 625 **At Risk** counties/parishes are home to 35,645,155 (11.3 percent) and the 625 **Distressed** counties/parishes are home to 17,202,175 Americans (5.4 percent).<sup>36</sup>

Louisiana is home to 64 parishes. While one-fifth of all counties/parishes nationally are included in each of the five well-being quintiles, this does not hold for any single state. In the case of Louisiana, the parishes slot into the EIG methodology as follows – 4 **Prosperous** parishes are home to 756,086 people (16.1 percent of the state population), 6 **Comfortable**

parishes are home to 860,302 (18.4 percent), 12 **Mid-Tier** parishes are home to 1,046,936 (22.3 percent), 19 **At Risk** parishes are home to 1,394,755 (29.8 percent) and 23 **Distressed** parishes are home to 628,078 residents (13.4 percent).<sup>37</sup>

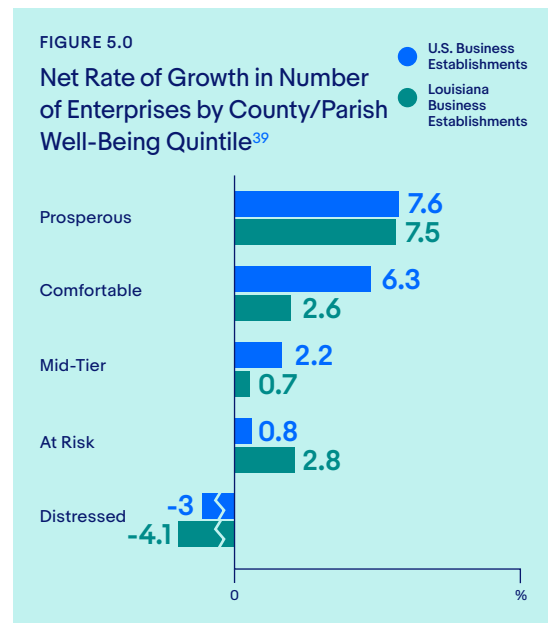
## Growth in the Number of Business Establishments by County/Parish

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 parish 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 5.0** shows, the nationwide figures for the growth in 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/parish quintile, with negative growth - i.e. a falling number of firms, in the most disadvantaged counties and parishes. The EIG states that the business establishment growth gap between **Prosperous** and **Distressed** areas could be the starkest feature of their index.<sup>38</sup>

Louisiana's rates of enterprise growth are generally depressed in comparison to the national growth rates, falling short in all but the fourth quintile, the **At Risk** parishes. In Louisiana, the **Prosperous** parishes enjoyed growth that was nearly on par with the national comparables. Net enterprise growth in the **Comfortable**, **Mid-Tier** and **Distressed** parishes were well behind, but growth was meaningfully above the national average in the **At Risk** segment.



Next, we will compare and contrast the rate of growth in the net number of firms in the sets of counties and parishes in both the overall economy and on eBay, both nationwide and in Louisiana. 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.

## 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.<sup>40</sup> The State of Louisiana's growth rate fell well short at 2.3 percent in the net number of business establishments.<sup>41</sup> Nationwide, on eBay, the rate of growth in the net number of eBay Commercial Sellers was a robust 24.8 percent over the same time period, nearly five times greater enterprise growth than in the overall economy. In Louisiana, the divergence between the net enterprise growth rates in the traditional economy and on eBay is far greater, with a 23.4 percent growth rate in the net number of eBay Commercial Sellers compared to the 2.3 percent in Louisiana's overall economy. Lower costs of doing business over distance and access to global consumer markets resulted in a rate of enterprise creation on eBay that was more than 10 times greater than in the traditional economy.

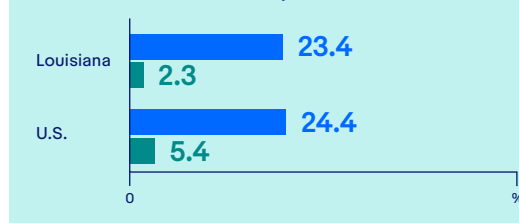


**Jen Picked**  
Jen Machen  
West Monroe, LA

Jen Machen started her eBay business, Jen Picked, in 2004 to boost the family budget when her husband went from full-time work to part-time in order to go back to college. As a mother of four, Jen was well versed in cost saving, hitting up thrift stores and garage sales for her own family, so she knew where to find the inventory for her new business venture. Fifteen years later, Jen Picked is still going strong - so strong that she has three part-time employees. Jen has several clients who come to her for seasonal wardrobe buy outs. "Inventory comes to me now, I never have to hunt." Jen sells solely on eBay and is frequently asked for training by friends. "I never say no - the inventory is out there. There is plenty."

FIGURE 6.0

### 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, the focus of this section is the comparative levels of geographic balance and inclusion represented by the respective enterprise growth.

## Promoting More Balanced Economic Growth

For the purpose of this section, balanced growth embodies the idea that in a perfectly balanced economy every parish would enjoy the same level 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 benefit from having a very robust local economy and strong growth opportunities while others suffer from locally depressed economic conditions and few opportunities to advance their economic well-being.

Of course, 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



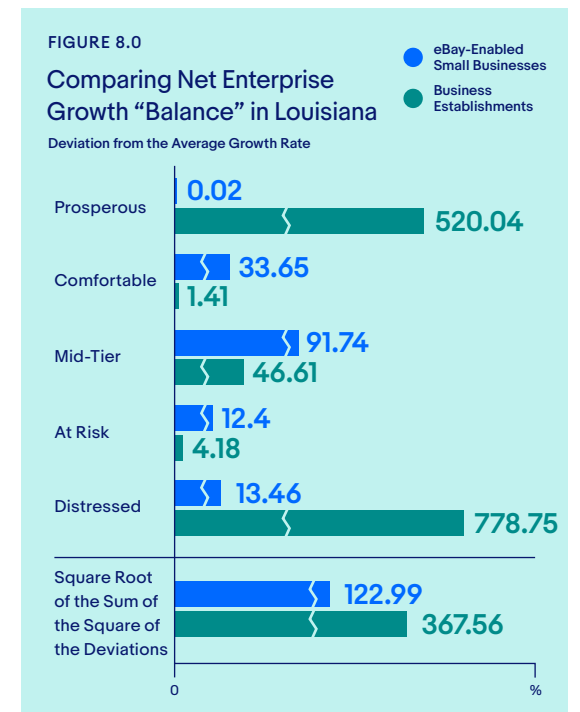
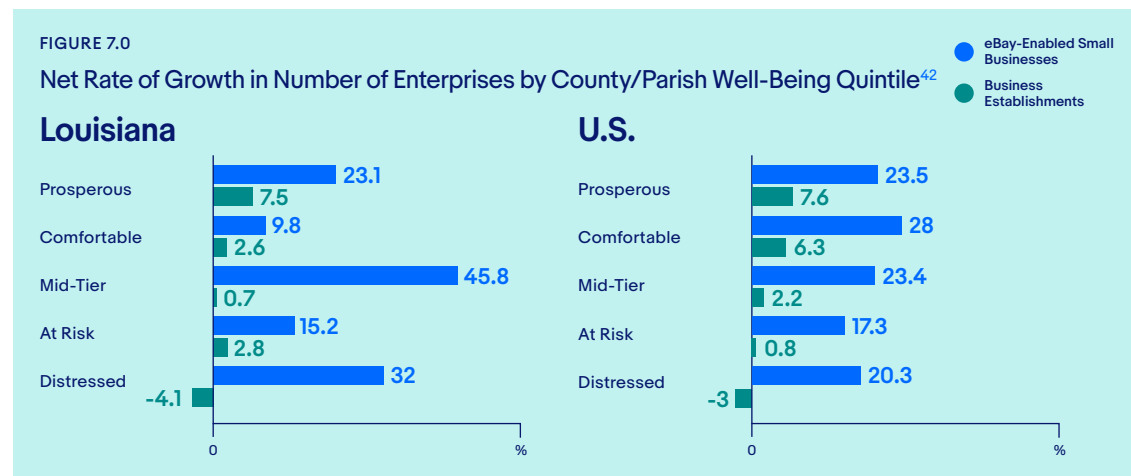
provide insight into whether the eBay Marketplace platform is promoting a more balanced, or less balanced, economy.

Again, we use the EIG Distressed Communities Index to provide a framework to compare enterprise growth rates in counties and parishes along the well-being spectrum, both nationwide and in Louisiana. The growth

rates for eBay-enabled small businesses are larger across the board than the rate of growth in the number of overall business establishments in each well-being quintile, often many times larger.

As previously noted, a perfectly balanced economy would show the same rate of net enterprise growth in each quintile, which would be the same as the overall average. Therefore, the rate of growth in business establishments in each well-being quintile in Louisiana would be 2.3 percent. Likewise, the level of net growth in eBay-enabled small businesses would be 23.4 percent. The rates of growth in the number of enterprises fluctuate between the parishes for both the overall economy and on eBay. But, which is more unbalanced?

To compare the relative levels of economic balance, we calculated the square of the deviation from the Louisiana state average for each well-being quintile for both the overall economy and eBay. 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.



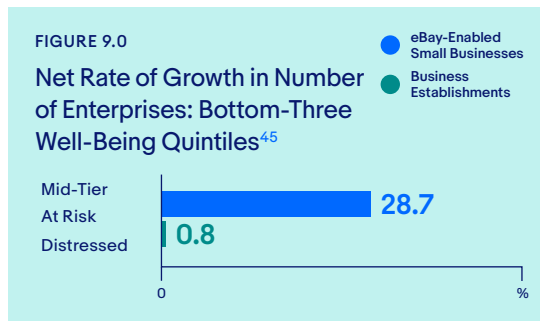


From 2011 to 2016, eBay-enabled small business growth in Louisiana was 2.98 times more balanced than net establishment growth in the overall Louisiana economy.<sup>43</sup> The ability to access national and global consumer markets on the eBay Marketplace provided a significantly more balanced means of new enterprise formation than occurred in the overall economy.

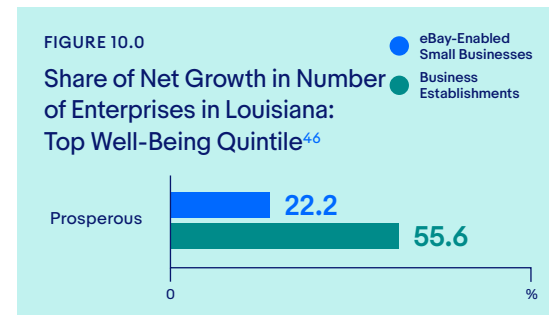
## Inclusive Growth

Inclusive economic growth goes a step beyond balance and focusses on economic opportunity available to those who are less-advantaged. Inclusive growth most directly addresses concerns that the Have Nots are falling further and further behind.

In a previous report on balanced and inclusive growth, “Platform-Enabled Small Business Formation as a Counterweight Against Forces of Economic Concentration”<sup>44</sup>, we proposed a test of economic and geographic inclusiveness that aggregated the bottom three EIG well-being quintiles, which nationally accounts for nearly 100 million Americans. **Figure 9.0** reveals the aggregate net enterprise growth rate for the Louisiana parishes in the bottom three EIG well-being quintiles. These parishes are home to over 3 million Louisianans, which is two-thirds of the state population. In the traditional economy, the net enterprise growth is nearly flat at .8 percent for the period 2011-2016. The corresponding rate of net enterprise growth on eBay in Louisiana during that time was a robust 28.7 percent. **Based on comparative growth rates in the net number of business establishments in the less advantaged parishes, eBay growth was more than 35 times more inclusive than growth in the overall Louisiana economy.**



An alternative methodology to consider the level of inclusion of economic growth, or lack thereof, is to calculate the share of the total state enterprise growth captured by the **Prosperous** parishes. In Louisiana, there are just four parishes ranked as **Prosperous** by the EIG, and those four are home to just over 16 percent of the state population. Despite such a small share of the people, 55.6 percent of the net new business establishments occurred in those few parishes. On eBay, the four **Prosperous** parishes accounted for 22.2 percent of the new eBay small business growth. **Based on the share of enterprise growth captured in the most advantaged parishes, eBay growth in Louisiana was 2.5 times more inclusive than growth in the traditional economy.**

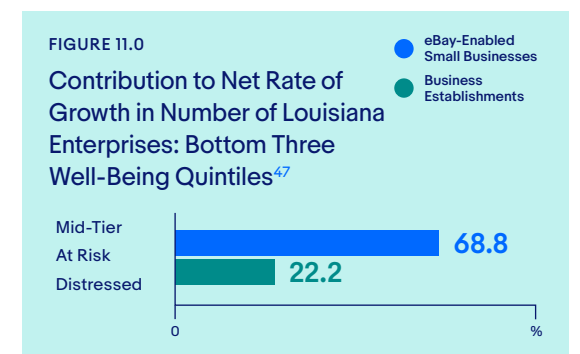


“The eBay Marketplace created this business and has given me access to a global customer base that allows me to bring money back to my hometown.”

**Tin-Ups**  
Clark Taylor  
Covington, LA

Clark Taylor got his start in e-commerce when a neighbor mentioned not having enough time to sell tin signs on eBay. Clark decided to take over the production, shipping and customer relations areas of his neighbor’s business and ran the operation out of a storage locker in Colorado. In 2015, Clark started Tin-Ups with an improved product and moved into a workshop in his hometown of Covington, LA, where he now lives taking care of his mom and helping put two kids through college. Tin-Ups specializes in hand-made Americana tin signs sold solely through eBay. The platform provides Clark an international audience that he otherwise would not have access to. The success of the business, which continues to evolve and grow, has also allowed him to hire an old friend.

Finally, in a third measure of inclusive growth, we calculate the share of the new enterprise formation that occurs in the parishes making up the bottom three well-being quintiles. In this analysis, a larger share of the net enterprise formation reflects more inclusive growth, with greater opportunity bearing fruit in otherwise less-advantaged areas. In Louisiana, the 54 parishes in the bottom three quintiles were home to 68.8 percent of net enterprise growth on eBay, a share exceeding even the population share of this set of parishes. With regard to traditional economy net enterprise formation, just 22.2 percent occurred in the combined **Mid-Tier, At Risk** and **Distressed** parishes. **In terms of the share of growth in the less advantaged parishes, eBay growth in Louisiana was 3.1 times more inclusive than the overall economy.**



### 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 positive, challenges and disturbing trends are increasingly coming into focus as well. One is that of accelerating economic concentration with the most prosperous communities enjoying the bulk of the wealth and meaningful growth in the economy. It appears too often that growth is slow to non-existent for those not fortunate enough to be living in a prosperity hub. This fuels the concern that the rich are getting richer and the poor are getting poorer, and that technology and global commerce are contributing to this phenomenon by powering the increasingly smaller number of global growth hubs.

This two-part report looked at the economy of the State of Louisiana and the impact of eBay Commercial Sellers. eBay Commercial Sellers are independent small businesses and entrepreneurs who use the eBay commerce platform to reach

consumers across the United States and around the world. The ability to serve consumers who are not in the local market is a fundamental benefit of the Internet commerce model, especially for smaller enterprises. The data on exporting by eBay-enabled small businesses in Louisiana is striking. Ninety-four percent of eBay-enabled small businesses based in Louisiana are exporting and averaging 13 export markets per year. These striking export numbers, which dwarf export rates in the traditional economy, are being achieved by small businesses in communities across Louisiana, including more rural and traditionally agricultural regions.

The second part of the report explores whether the eBay-enabled small business trade and growth is exacerbating economic concentration, or, alternatively, promoting a more balanced and inclusive economy. The 64 parishes in the State of Louisiana are 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 in the parish groups, as well as the rate of growth in the net number of eBay-enabled small businesses in the parish groups, were calculated and compared to determine the rates of growth overall, as well as whether the growth was more or less inclusive and balanced between areas that were more or less privileged.

The overall Louisiana economy suffered from very sluggish growth overall, with a rate of growth in the net number of enterprises less than half the national average, and also showed clear trends toward greater concentration of opportunity. The four most well-off parishes had solid positive growth nearly equal to the national average for the **Prosperous** tier. Growth was depressed in each of the other parish well-being groupings, although growth in the fourth well-being tier, the **At Risk** parishes, was positive and exceeded the national average for the quintile. On eBay, the numbers were far stronger overall, but also were more balanced and more inclusive.

Unlike in the traditional economy, the growth rate of the net number of eBay-enabled small businesses was nearly 3 times more balanced than growth in the traditional economy. In addition, the eBay-enabled small business growth in Louisiana was far more

inclusive than the growth in the overall Louisiana economy. Rather than nearly flat growth in the bottom three tiers, on eBay growth was 28.7 percent, a 30 times more inclusive growth environment. A range of other measures of inclusive growth are detailed, including an analysis that shows eBay-enabled small business growth was 2.5 times more inclusive in the form of the much greater concentration of growth in the **Prosperous** parishes in the traditional economy than in the growth of eBay-enabled small businesses.

eBay is conclusively reducing the barriers that have traditionally locked small businesses into their local market. Consumer demand and commerce opportunities across the country and around the world are now available to small enterprises regardless of where they call home. The relative value of these expanded opportunities appears to be 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.

- <sup>1</sup> 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](http://www3.weforum.org/docs/WEF_GAC_Trade_II_2015.pdf)
- <sup>2</sup> 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>
- <sup>3</sup> 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](http://www.fao.org/fileadmin/user_upload/fisheries/docs/GVC_Governance.pdf)
- <sup>4</sup> 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 SUBS Annual Data Tables by Establishment Industry - <https://www.census.gov/data/tables/2016/econ/subs/2016-susb-annual.html>  
 State/U.S. data: [https://www2.census.gov/programs-surveys/subs/tables/2016/us\\_state\\_totals\\_2016.xlsx?#](https://www2.census.gov/programs-surveys/subs/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))
- <sup>5</sup> 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\\_REVISIED.pdf?la=en](http://www.brookings.edu/~/media/Research/Files/Papers/2014/02/internet-international-trade-meltzer/02-international-trade-version-2_REVISIED.pdf?la=en)
- <sup>6</sup> 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](http://repositorio.cepal.org/bitstream/handle/11362/1464/1/S2012085_es.pdf)
- <sup>7</sup> 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](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3140948)
- <sup>8</sup> eBay (2017) “Small Online Business Growth Report.” Available at: <https://www.ebaymainstreet.com/policy-papers/state-small-online-businesses-worldwide-results-ebays-5-year-study>
- <sup>9</sup> 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.
- <sup>10</sup> 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 SUBS Annual Data Tables by Establishment Industry - <https://www.census.gov/data/tables/2016/econ/subs/2016-susb-annual.html>

State/U.S. data: [https://www2.census.gov/programs-surveys/subs/tables/2016/us\\_state\\_totals\\_2016.xlsx?#](https://www2.census.gov/programs-surveys/subs/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))

- <sup>11</sup> 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.
- <sup>12</sup> 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))
- <sup>13</sup> 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.
- <sup>14</sup> 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 each location who exported in that year.
- <sup>15</sup> 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 10 or more different foreign markets in that year.
- <sup>16</sup> 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>
- <sup>17</sup> 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?#](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))

<sup>18</sup> 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 each location, who exported in that year.

<sup>19</sup> 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.

<sup>20</sup> Pugsley, B.W., and A. Sahin (2014) "Grown-up business cycles." FRB of New York Staff Report, (707).

<sup>21</sup> 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.

<sup>22</sup> 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/>

<sup>23</sup> Gourio, F., T. Messer, and M. Siemer (2014) "A Missing Generation of Firms? Aggregate Effects of the Decline in New Business Formation." Mimeo.

<sup>24</sup> Karahan, F., B. Pugsley, and A. Sahin (2015) "Understanding the 30-year Decline in Startup Rate: A General Equilibrium Approach." Working Paper.

<sup>25</sup> 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](https://obamawhitehouse.archives.gov/sites/default/files/docs/ERP_2016_Book_Complete%20JA.pdf)

<sup>26</sup> 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>

<sup>27</sup> 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/>

<sup>28</sup> 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/>

<sup>29</sup> 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/>

<sup>30</sup> 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/>

<sup>31</sup> Economic Innovation Group (2016) "The New Map of Economic Growth and Recovery." Available at: <http://eig.org/recoverymap>

<sup>32</sup> 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>

<sup>33</sup> Economic Innovation Group (2017) "The 2017 Distressed Communities Index." Available at: <https://eig.org/wp-content/uploads/2017/09/2017-Distressed-Communities-Index.pdf>

<sup>34</sup> Ibid.

<sup>35</sup> 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.

<sup>36</sup> 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/DP05/0100000US](https://factfinder.census.gov/bkmk/table/1.0/en/ACS/15_5YR/DP05/0100000US)

<sup>37</sup> Based on the EIG 2017 Distressed Communities Index found at <https://eig.org/dci>, the breakdown of Louisiana parishes by well-being quintile are as follows: **Prosperous:** Ascension, Lafayette, Livingston, and St. Tammany. **Comfortable:** Bossier, Calcasieu, Cameron, East Baton Rouge, St. Charles, and West Baton Rouge. **Mid-Tier:** Assumption, Beauregard, Iberville, Jefferson Davis, Jefferson, Lafourche, Plaquemines, St. James, St. John the Baptist, St. Martin, Tangipahoa, and Terrebonne. **At Risk:** Caddo, De Soto, East Feliciana, Grant, Iberia, LaSalle, Lincoln, Orleans, Ouachita, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Bernard, St. Helena, Vermilion, and West Feliciana. **Distressed:** Acadia, Allen, Avoyelles, Bienville, Caldwell, Catahoula, Claiborne, Concordia, East Carroll, Evangeline, Franklin, Jackson, Madison, Morehouse, Natchitoches, St. Landry, St. Mary, Tensas, Union, Washington, Webster, West Carroll, and Winn.

<sup>38</sup> Economic Innovation Group (2017) "The 2017 Distressed Communities Index." [See page 15] Available at: <https://eig.org/wp-content/uploads/2017/09/2017-Distressed-Communities-Index.pdf>

<sup>39</sup> 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/parish well-being quintile, we separated counties/parishes 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).

<sup>40</sup> 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, we performed the following calculation at the nationwide level: [(total number of 2016 business establishments) - (total number of 2011 business establishments)] / (total number of 2011 business establishments). We used the same calculation to determine the net eBay Commercial Seller growth rate.

<sup>41</sup> 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, we performed the following calculation at the statewide level: [(total number of 2016 business establishments) - (total number of 2011 business establishments)] / (total number of 2011 business establishments). We used the same calculation to determine the net eBay Commercial Seller growth rate.

<sup>42</sup> 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/parish well-being quintile for Louisiana and the U.S, we separated counties/parishes into their corresponding well-being quintiles and then performed the following calculation for each quintile:  $[(\text{total number of 2016 business establishments}) - (\text{total number of 2011 business establishments})] / (\text{total number of 2011 business establishments})$ . We used the same calculation to determine the net eBay Commercial Seller growth rate by county/parish well-being quintile.

<sup>43</sup> Our definition of “balanced growth” is the level of dispersion (or “variance”) of growth rates regarding the number of business establishments that county/parish quintiles display around the overall average (or “mean”) growth across Louisiana. To contrast the degree to which eBay-enabled small businesses achieve of “balanced growth” vis-à-vis the county/parish-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/parish between 2011 and 2016, which was 23.4 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/parish quintile growth rates relative to the average growth rate across Louisiana. To do so, we proceed as follows:

- a) Calculate the difference (in percent) between growth rates of eBay-enabled small businesses between 2011 and 2016 in each of the county/parish quintiles on the one hand, and overall Louisiana. growth rate on the other hand.
- b) Square each of these five differences and add them up.
- c) 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 122.99 percent. We repeat the same exercise for the calculation of “balanced growth” for business establishments using county/parish-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/parish quintiles for Louisiana business establishments during the 2011-2016 period was about 367.56 percent. The ratio of the dispersion of growth rates across county/parish quintiles for business establishments (367.56 percent) to eBay (122.99 percent) is roughly 2.98. This suggests that the growth in number of eBay-enabled small businesses across county/parish quintiles is 2.98 times less dispersed, i.e., more balanced, than growth experienced by business establishment growth rates for the same quintiles.

<sup>44</sup> eBay (2018) “Platform-Enabled Small Business Formation as a Counterweight Against Forces of Economic Concentration.” Available at: [https://www.ebaymainstreet.com/sites/default/files/policy-papers/ebay\\_policy-lab\\_geographic-inclusion\\_report\\_2018-05-30\\_vf\\_2.pdf](https://www.ebaymainstreet.com/sites/default/files/policy-papers/ebay_policy-lab_geographic-inclusion_report_2018-05-30_vf_2.pdf)

<sup>45</sup> 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/parish well-being quintiles (**Mid-Tier**, **At Risk**, and **Distressed**), we separated parishes into their corresponding well-being quintiles and then performed the following calculation for all three quintiles combined:  $[(\text{total number of 2016 business establishments}) - (\text{total number of 2011 business establishments})] / (\text{total number of 2011 business establishments})$ . We used the same calculation to determine the net eBay Commercial Seller growth rate for the bottom three county/parish well-being quintiles.

<sup>46</sup> 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 share of net growth in number of business establishments in Louisiana from the top well-being quintile (**Prosperous**), we separated parishes into their corresponding well-being quintiles and then performed the following calculation:  $[\text{number of 2016 business establishments in the Prosperous quintile}] / [(\text{total number of 2016 business establishments}) - (\text{total number of 2011 business establishments})]$ . We used the same calculation to determine the share of net growth in number of eBay Commercial Sellers in Louisiana from the top well-being quintile.

<sup>47</sup> This definition of “inclusiveness” is the contribution that the bottom three county/parish quintiles (parishes 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 (Louisiana-wide) growth rate in the number of eBay-enabled small businesses between 2011 and 2016, which was 23.4 percent during that period. Second, we establish the contribution of each of the county/parish quintiles to the overall Louisiana 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/parish quintiles;
- b) Calculate the share of each county/parish 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/parish quintiles (the individual absolute growth rates add up to the overall Louisiana growth rate of 23.4 percent).
- d) Divide each county/parish quintile’s result for c), above, by the overall Louisiana. growth rate (23.4 percent) to determine the contribution of each of the county/parish quintiles to overall Louisiana growth rate.
- e) The contribution levels derived in d), above, add up to 100 percent.

Third, we added the contributions of bottom three county/parish quintiles of, i.e., **Mid-Tier**, **At Risk**, and **Distressed** quintiles. Their contribution to overall Louisiana eBay-enabled small business growth was 68.8 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 (<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>). We find that the contribution of the bottom three county/parish quintiles to the overall Louisiana growth in number of business establishments during the 2011-2016 period was 22.2 percent. The ratio of eBay inclusiveness (68.8 percent) to business establishment inclusiveness (22.2 percent) is 3.1. In other words, the rate of growth in number of eBay-enabled small businesses was 3.1 times more inclusive than net establishment growth.

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