



North Carolina Small Online Business Inclusive Growth Report

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Executive Summary

Since 2011, the eBay Public Policy Lab has used marketplace data to examine, measure and report on how technology has expanded opportunities for small businesses in more than 50 countries, spanning six continents, and all 50 U.S. states. In all cases we have found eBay-enabled small businesses leveraging the online commerce platform to engage in expansive commerce, often on a global scale. This report explores trade and inclusive economic impacts of eBay-enabled small businesses and entrepreneurs across the State of North Carolina.

Global trade has historically been the purview of large corporations – for North Carolina and across the world. 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. Platforms for Internet access, commercial services and shipping are enabling independent small businesses to connect with consumers and establish trust across national and cultural borders. Small businesses are able to create a storefront online and compete in global markets, while at the same time maintaining and even growing their physical presence and employment in their local community.

This report details the global trade achievements of eBay-enabled small businesses in North Carolina. Data on comparable offline trade results are provided when available. In short, nearly every eBay-enabled small business in North Carolina is an exporter reaching customers in markets around the world. The top five export destinations for the products of eBay-enabled small businesses in North Carolina are Canada, the United Kingdom, Australia, China and Germany.

The export success of eBay-enabled small businesses is a good news story of inclusive global trade. At the same time, many are concerned that technology is accelerating forces of economic concentration with the most prosperous communities enjoying the bulk of all economic growth. The second part of this report investigates whether eBay’s success in giving small businesses access to consumer demand in remote markets is contributing to rich communities getting richer and poor getting poorer, agnostic to this overall trend, or even countering the forces of economic concentration.

In order to discern well-off locales from challenged regions, North Carolina’s 100 counties are categorized into five “well-being” quintiles based on an [index](#) developed by the Economic Innovation Group. The rate of growth from 2011-2015 in the net number of traditional businesses and the net number of eBay-enabled small businesses in the county quintiles were calculated and compared.

The overall North Carolina economy suffered from sluggish growth overall, with a rate of growth in the net number of enterprises below the national average, and also showed consistent and clear trends toward greater economic concentration.

Share of Enterprises Exporting



eBay-Enabled Small Businesses

VS.



Traditional Businesses

Average Number of Foreign Destination Markets

16

eBay-Enabled Small Businesses

VS.

4

Traditional Businesses

Share of Enterprises Exporting to 10+ Markets



eBay-Enabled Small Businesses

VS.



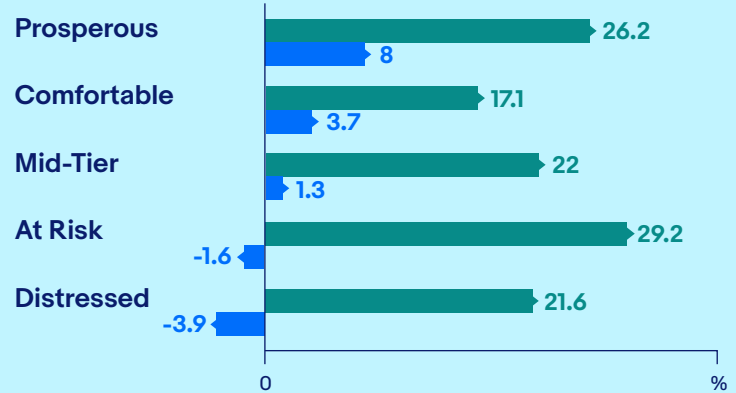
Traditional Businesses

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



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

- eBay-Enabled Small Businesses
- Business Establishments



Only the more well-off counties had positive growth rates and growth rates only exceeded the national benchmark in the most prosperous tier. Growth was depressed in each successive county well-being grouping and negative growth occurred in the bottom two tiers, which are home to 30% of the state population. On eBay, the growth numbers were stronger, but also were more inclusive and more balanced based on a range of measurements.

Unlike in the traditional economy, the growth rate of the net number of eBay-enabled small businesses was far more balanced than in the traditional economy. An analysis of the deviation from the average growth rate by the five well-being quintiles reveals that eBay growth was 7.5 times more balanced than enterprise growth in the overall economy.

eBay-enabled small business growth in North Carolina was also far more inclusive than the growth in the overall North Carolina economy. Rather than negative growth in the bottom two tiers, on eBay, growth exceeded 20% in each. The aggregate eBay enterprise growth in the counties making up the bottom three quintiles was a robust 23.8%, while the comparable rate in the overall economy was -.8 percent. The eBay growth rate in the bottom three quintiles was nearly three times greater than the growth rate in the **Prosperous** tier in the overall North Carolina 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 everywhere in North Carolina, the relative value appears to be even greater in remote and less advantaged areas. Government tax, regulatory and economic development policies aimed at enabling meaningful local economic development in less advantaged and remote regions should pay particular heed to the challenges facing technology-enabled independent small business models.

Introduction

In recent years, technology has provided more equal economic opportunities for small businesses that have availed themselves of the new opportunities.¹ Since 2011, the eBay Public Policy Lab and a team of economists at Sidley Austin LLP (Sidley) have been working together to examine, measure and report on how globalization and technology are liberating the ambitions of independent small businesses and entrepreneurs.

We have studied more than 50 countries, spanning six continents, and all 50 U.S. states, and in all cases we have found eBay-enabled small businesses leveraging the online commerce platform to engage in expansive commerce, often on a global scale. This report presents findings coming out of this collaboration, exploring trade and inclusive economic impacts of the global commerce opportunities available to Internet-enabled small businesses and entrepreneurs across the State of North Carolina.

The trade analysis carried out by Sidley for this report is based on data covering transactions on the eBay Marketplace from 2012 to 2016. Sidley economists then looked at which sellers are registered to addresses in the State of North Carolina. When analyzing the activities of small online businesses on eBay, 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, Sidley economists have analyzed comparable U.S. Census Bureau data.

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 North Carolina are engaging in global trade at a scale once reserved for the very largest corporations. The numbers are striking. A massive 96% of eBay-enabled small businesses in the State of North Carolina export – a far higher rate than businesses that have not embraced online tools – and these small businesses reach on average 16 different countries annually, again dwarfing traditional export reach. They are effectively Small Business Global Traders, and they operate from cities and towns across North Carolina.

Part 2 of this report explores how the revolutionary ability for small enterprises to access consumer demand in far-away locales, strikingly illustrated by the trade data in the first section of the report, is enabling more inclusive economic growth by fostering much stronger enterprise growth in remote, rural and disadvantaged counties. An analysis of data on the rate of growth in net business enterprises in counties across North Carolina reveals that the ability of eBay-enabled independent small enterprises to access consumers across America and around the world is countering a disturbing trend toward greater economic concentration,

About the eBay Public Policy Lab

The eBay Public Policy Lab seeks to address the public policy challenges that lie at the nexus of technology, commerce and inclusive economic opportunities. We conduct innovative research using unique data analytics methodologies and creative insights. We seek to inspire debate at the highest levels of public policy discourse about the future of commerce and how technology can be leveraged to achieve the best possible outcomes for all.

We invite you to explore our full catalogue of research at: www.ebaymainstreet.com/lab

Brian Bieron
Executive Director

Alan Elias
Senior Manager
Global Public Policy

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.

regional disparities and many pockets of stagnant or negative growth. Traditional small businesses are largely dependent on the health of the local economy, and therefore suffer great vulnerability to local sluggishness and downturns. Access to remote demand translates into independent small businesses having less need of being located in the state's more prosperous counties. In short, where overall net enterprise growth is depressed, the net growth in number of eBay small businesses shows a more balanced and inclusive pattern.

Part 1: Revolutionary Trade Opportunities for North Carolina'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% of enterprises in the United States², but their share of total exports is reported at 67.1%.³

Many smaller firms do engage in exporting, often as a participant in a Global Value Chain (GVC). GVCs are a fundamental concept in global trade and development economics, providing insight into the interrelationship between large Multinational Enterprises (MNEs), affiliates and independent suppliers, many of which are often small and medium-sized enterprises (SMEs).⁴ While large MNEs organize most GVCs and tend to be the leading actors in the value chains⁵, SMEs are often intermediary suppliers to GVCs; this is one of the principal and increasingly well-studied methods of SME participation in trade. For example, Slaughter (2013) finds that the typical U.S. MNE buys more than \$3 billion USD in inputs from more than 6,000 U.S. SMEs.⁶

Despite the emergence and evolution of GVCs, the share of traditional businesses, in particular small businesses, that export, remains relatively small. In the United States, approximately 1% of traditional businesses export and in North Carolina the comparable figure is 1.2%.⁷

A new model of platform-enabled exporting and SME global commerce is emerging in parallel to the GVC model. It is driven by the Internet, a truly global digital network. 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.⁸ Small businesses



Better Deals 123

—

Bob Adams

WAKE FOREST, NC

In 2006, Bob Adams decided to fulfill his entrepreneurial dream and start his own business selling refurbished cell phones and accessories. At first, Bob's family and friends were skeptical, however, in the past 12 years his business has experienced continual growth. His family and friends' skepticism has quickly turned into acceptance and curiosity, as well as a desire to delve into the world of selling online themselves. Bob enjoys sharing his knowledge of the online sales market and has helped friends find similar success. The eBay platform has enabled Bob's business to reach customers around the world. Bob also works from home, creating his own schedule, and spending more time with his family. Today, Better Deals 123 is still a family-owned and operated business that prides itself on providing exceptional customer service. Better Deals 123 exports 15% of items to various countries around the world.

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. The World Economic Forum has noted that platform-based e-commerce has had a strong positive impact on many small businesses, both by opening up new export avenues and facilitating access to low-cost imported inputs, and that technology-based marketplaces have made selling and sourcing internationally much easier by reducing many non-tariff barriers to trade, most importantly, access to information.⁹ World Bank Enterprise Survey data (2009-10) provides evidence that internationalized firms also achieve higher levels of productivity than those just serving their domestic markets.¹⁰

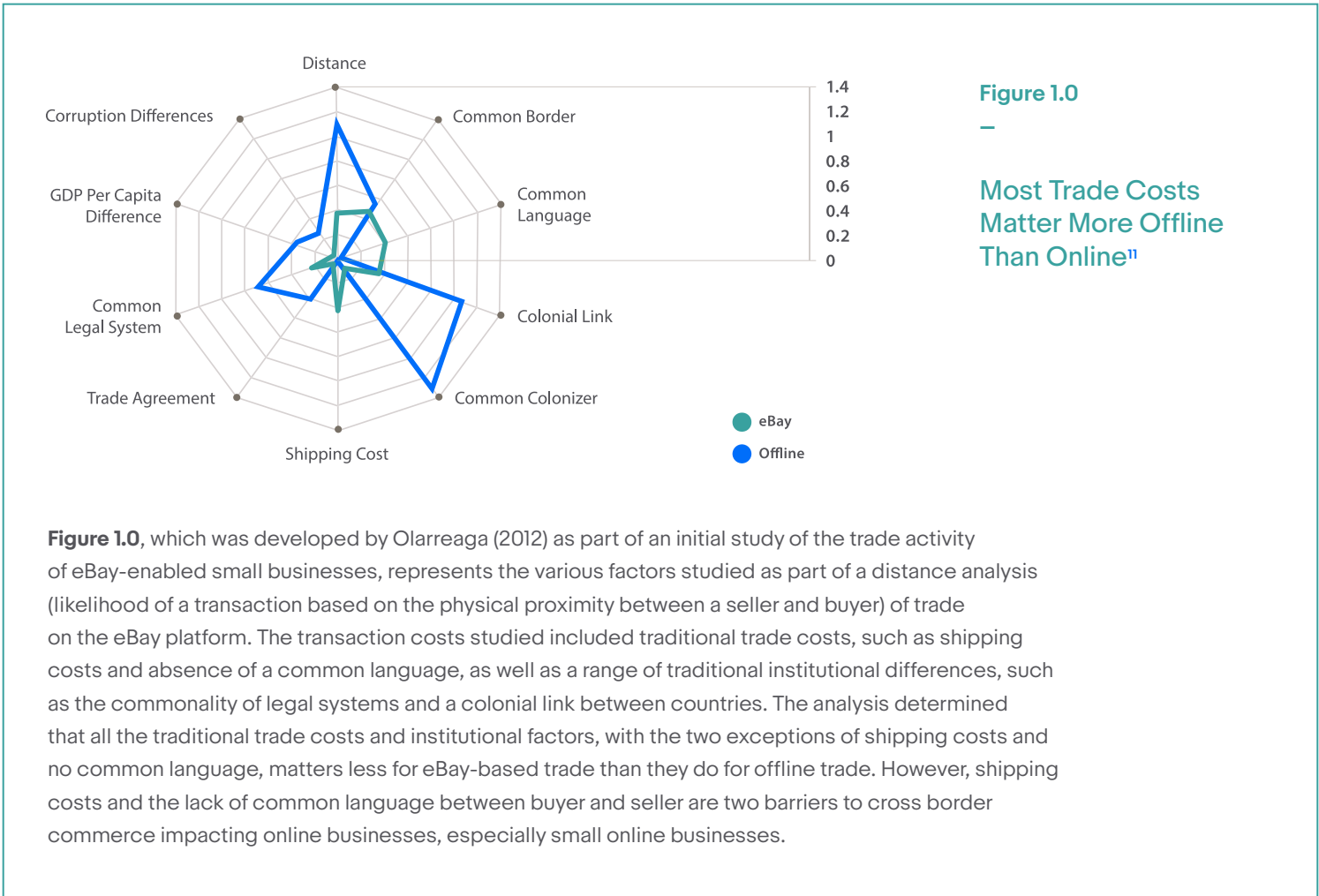


Figure 1.0
 —
Most Trade Costs Matter More Offline Than Online¹¹

Figure 1.0, which was developed by Olarreaga (2012) as part of an initial study of the trade activity of eBay-enabled small businesses, represents the various factors studied as part of a distance analysis (likelihood of a transaction based on the physical proximity between a seller and buyer) of trade on the eBay platform. The transaction costs studied included traditional trade costs, such as shipping costs and absence of a common language, as well as a range of traditional institutional differences, such as the commonality of legal systems and a colonial link between countries. The analysis determined that all the traditional trade costs and institutional factors, with the two exceptions of shipping costs and no common language, matters less for eBay-based trade than they do for offline trade. However, shipping costs and the lack of common language between buyer and seller are two barriers to cross border commerce impacting online businesses, especially small online businesses.

We have coined the term Global Empowerment Network to describe this platform-based trade model. The Global Empowerment Network combines a set of services and conditions that contribute to a small business trade environment where borders and distance mean less, and small enterprises can therefore engage in new forms of economic activity. This system of building blocks is presenting an alternative business model for independently reaching consumers on a global scale. While in no sense does access to Global Empowerment

The Four Building Blocks of the Global Empowerment Network

01

Connectivity to the global Internet at low cost and without gatekeepers

02

Global platform-based marketplaces

03

Global payment services

04

Efficient, modern and “connected” package-level logistics and delivery services

Network services fully nullify the challenges faced by independent small businesses attempting to compete in remote markets across the globe, the efficiencies created by these technology-based platform services have significantly reduced the cost of small business commerce over distance and exporting.¹² The rate of exporting by small businesses and entrepreneurs using the platforms has consequently increased dramatically.

It is equally important to note that while the online commerce platform model enables small firms to overcome distance and serve customers in remote markets, there is still great value in having a local presence in commerce.¹³ This is why large merchants complement their online strategy with local retail and logistics facilities in key economic areas. Independent small retailers cannot avail themselves of such a strategy and platform-enabled commerce is their way of reaching customers in the most vibrant economic hubs. 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.

“Micro-Multinationals” in Communities Across North Carolina

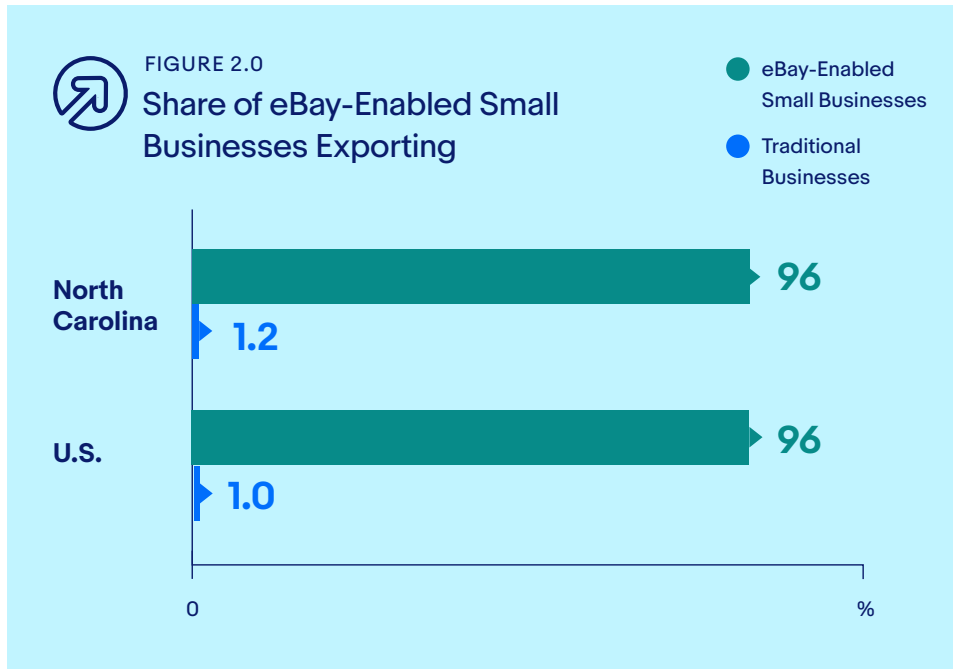
In 2005, then University of California, Berkley economist Hal Varian wrote a groundbreaking piece in The New York Times about a new trend whereby small businesses were leveraging technology, particularly the Internet, to locate employees and access customers around the world.¹⁴ Professor Varian coined the term “micro-multinationals” to describe this new phenomenon. But, notably, Professor Varian’s article did not have much data to back it up and instead relied upon case studies, describing a future where this emerging trend would become commonplace. The data that follows regarding the trade success of eBay-enabled small businesses provides evidence that Professor Varian’s 2005 prediction is being realized by small businesses in communities all across North Carolina.

The next section will use the findings from eBay Marketplace data to illustrate the level of export activity by eBay Commercial Sellers in the State of North Carolina, and contrast the data with traditional business activity where available.

To compare the trade success of eBay-enabled small businesses in North Carolina with trade activity of eBay small businesses in other countries, please visit the 2017 “eBay Small Online Business Global Growth Report”.¹⁵

Share of eBay-Enabled Small Businesses Exporting

The share of small businesses exporting on the eBay Marketplace¹⁶ is the first and possibly most striking data point presented in this report. In short, 96% of the eBay-enabled small businesses in North Carolina are exporters. This matches the U.S. national average of all eBay-enabled small businesses, and dwarfs the export activity of traditional U.S. and North Carolina businesses, only 1% and 1.2% of which export, respectively.¹⁷ A concrete example of the difference in export opportunities available to small businesses on a global platform is provided by a closer look at export rates in the North Carolina counties with the highest and lowest levels of exporting by traditional businesses. In Montgomery County, in the southern part of the state, 4% of traditional businesses are exporters¹⁸, which is four times the national average for traditional enterprises, yet 100% of eBay-enabled small businesses in Montgomery County are exporters. In Warren County on the state’s northern border, a mere 0.1% of traditional businesses export¹⁹, while 100% of eBay-enabled small businesses are exporters. In terms of counties right at the statewide average of the rate of eBay Commercial Sellers exporting of 96%, it includes metropolitan hot spots such as Wake and Mecklenburg counties as well as Forsyth and Brunswick.



Average Number of Foreign Destination Markets

The average number of foreign markets reached on an annual basis provides a key measurement of export activity and market diversity. It is generally believed that businesses considering exporting to a new country market face costs of entry, and therefore expanding their business by exporting to more country markets leads to higher entry costs.²⁰ Escalating entry costs leads to the presumption that smaller firms will tend to export to fewer countries. However, when examining the figures for eBay Commercial Sellers 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.

In North Carolina, the average number of export markets reached by traditional business exporters is four.²¹ The eBay-enabled small business average is 16 for North Carolina, which is slightly below the national average for eBay-enabled small businesses of 17 markets.²² eBay Commercial Sellers in rural Hertford County achieve the high water mark of average number of foreign markets reached by eBay small businesses at 33, while eBay-enabled small businesses in counties as divergent as Guilford, Pasquotank, and McDowell are examples of eBay-enabled small business communities exporting right at the state-wide average of 16 export markets.

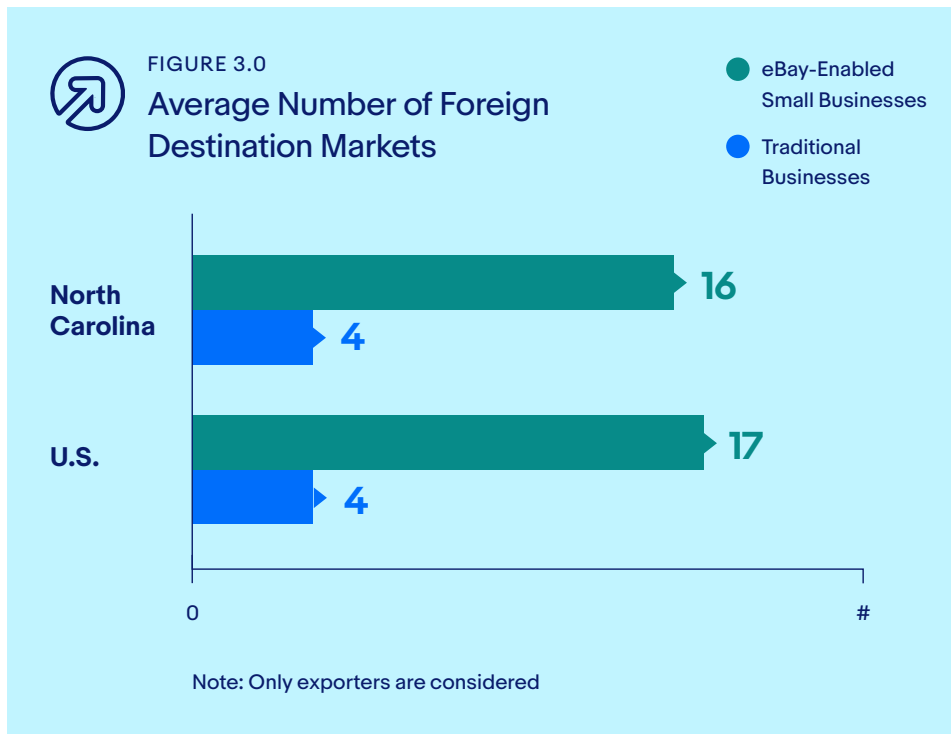
Top 5 Export Destinations for eBay Small Businesses²³

North Carolina eBay-Enabled Small Businesses

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

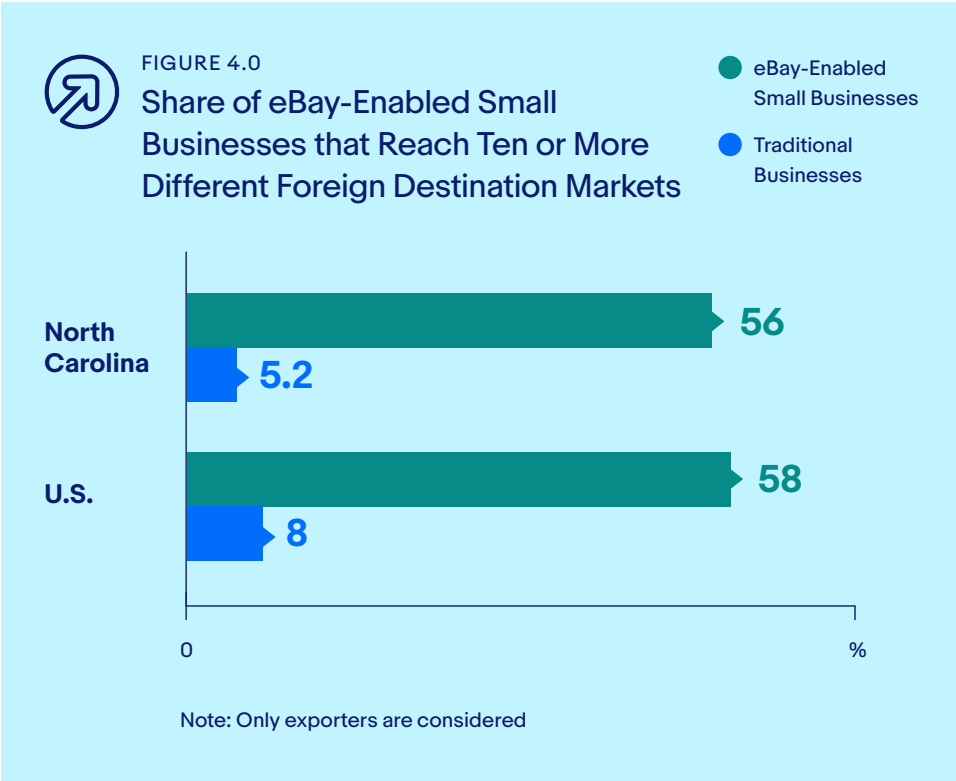
U.S. eBay-Enabled Small Businesses

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



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

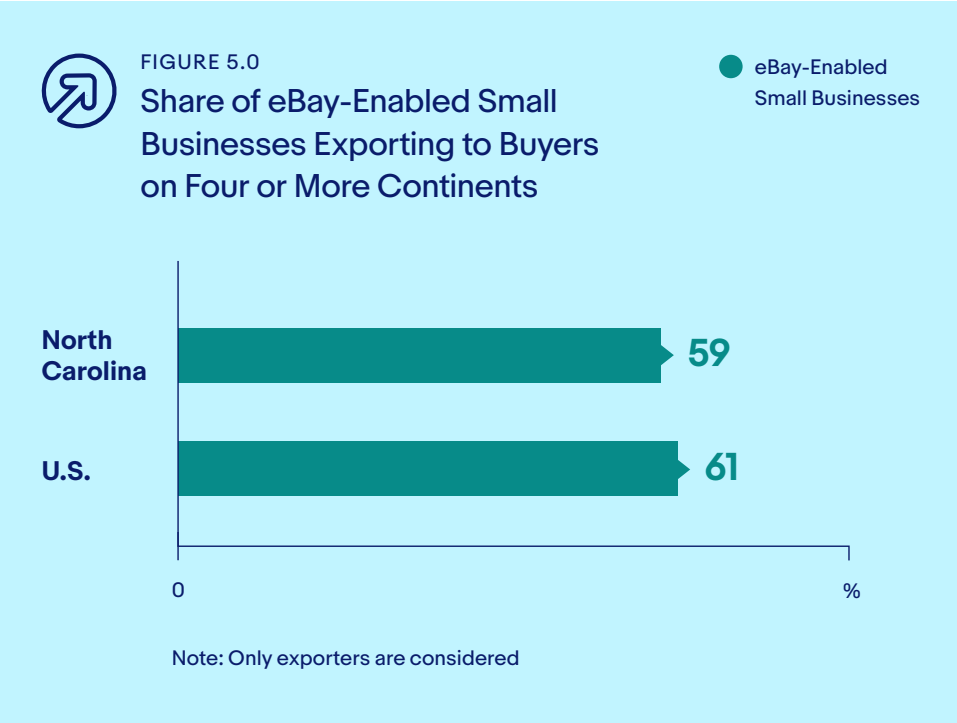
As another measurement of the scale of eBay-enabled small business exporting activity, we calculated the share who exported to 10 or more country markets in 2016.²⁴ U.S. Census Bureau data indicates that 8% of all U.S. exporters²⁵ and just 5.2% of all North Carolina exporters²⁶, not just small businesses, are reported to reach 10 or more markets. These percentages are significantly lower than the 58% of eBay-enabled small businesses in the United States reaching 10 or more markets. The rate of North Carolina-based eBay-enabled small businesses exporting to 10 or more markets is a similar 56%.



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.²⁷ 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 North Carolina-based

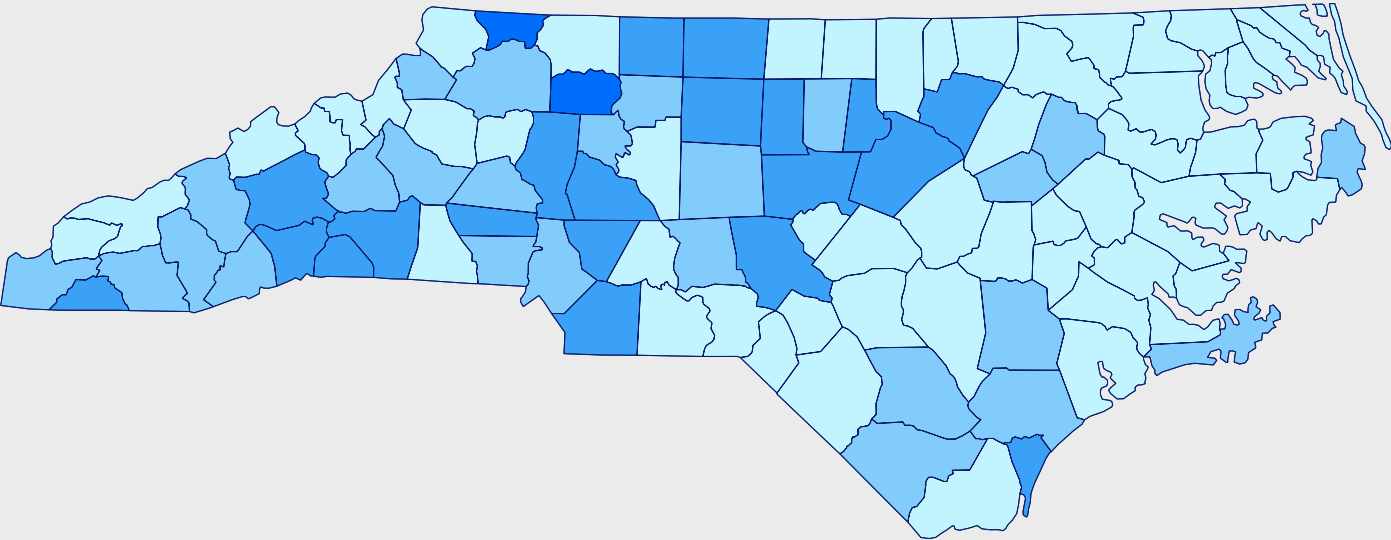
eBay seller to a buyer in Canada is an export to a North American export market). We classify an eBay-enabled small business with sales to four or more continents in a year to be a “Global Seller”. Fifty-nine percent of the eBay-enabled small businesses in North Carolina achieved the status of Global Sellers, similar to the 61% national average for U.S.-based eBay Commercial Sellers.



“Digital Trade Density”

County Level eBay Small Business Trade Activity Per Capita

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



The Top North Carolina Counties

- Alamance County
- Alleghany County
- Buncombe County
- Guilford County
- Lincoln County
- New Hanover County
- Rutherford County
- Union County
- Wake County
- Yadkin County

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 Internet-enabled commerce platforms, in particular the ability to reach consumers outside of their local market, 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 counties in the State of North Carolina, 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. Papers by Pugsley and Sahin (2014)²⁸, Decker, Haltiwanger, Jarmin and Miranda (2014)²⁹, Hathaway and Litan (2014)³⁰, Gourio, Messer and Siemer (2014)³¹ and Karahan, Pugsley and Sahin (2015)³² 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.³³

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)³⁴, Sommeiller, Price and Wazeter (2016)³⁵, Saez, (2016)³⁶, and Kochhar and Cilluffo (2017)³⁷ 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. Saez (2016)³⁸ reports that incomes for the top 1% of families grew 37 percent from 2009-2015, but only 7.6 percent for the remainder of the population over the same time-period. Kochhar and Cillufo (2017)³⁹ note that in 2016, median wealth of middle income families was 33% lower than in 2007, but upper income families' median wealth increased by 10%. Shearer and Berube (2017)⁴⁰ 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](#)".⁴¹ The EIG revealed that the geographic distribution of new firm growth became increasingly concentrated in a smaller number of more populous counties, culminating in the stark findings that half of the net business establishment growth in America from 2010 to 2014 was concentrated in just 20 U.S. mega-counties located in just seven states, and there was zero net enterprise growth among all the U.S. counties that were home to 100,000 or fewer residents, most of which are rural counties. The eBay Public Policy Lab published a report, "[Platform-Enabled Small Businesses and the Geography of Recovery](#)"⁴², which did a comparative analysis of the net number of eBay-enabled small businesses, which revealed the equivalent share of growth distributed across 75 counties in 24 states, and 12 percent of the growth in the number of eBay Commercial Sellers coming from rural and remote smaller counties.

Indexing U.S. Counties 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.⁴³ 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."⁴⁴ Using these scores, the EIG divides 3126 U.S. counties 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.

The quintiles each represent one-fifth of the nation's counties, unrelated to population. In fact, as one considers the collection of counties in each of the quintiles, from **Prosperous** to **Distressed**, there are fewer people living in the



Wilson Brothers Jewelry

—
Michael Wilson
GREENSBORO, NC

In 2008, Wilson Brothers Jewelry (WBJ) began as just a hobby. Starting by buying and selling fraternity and sorority pins and other collectible jewelry on eBay, eventually they expanded the product line to cover a full breadth of new, vintage and estate jewelry. Michael Wilson became a gemologist, and after a few years, they realized that this wasn't just a hobby, it was an entrepreneurial success story. In 2011, WBJ moved into an office space in Greensboro, NC where they continue to expand the reach of their sales across the country and around the world. After purchasing a jewelry store in Greensboro, NC in 2015 from their mentor in the industry, they relaunched it as State St. Jewelers. The addition of a physical retail space has proven to be a great asset and marketplace for Wilson Brothers Jewelry. In 2018, Michael's wife, Amanda, joined him as a business partner, designer and marketer. Today, they employ 20 individuals and export 13% of their products with over 140,000 transactions successfully completed on eBay.

collection of counties as the level of well-being falls, indicating less populace and likely more remote counties suffering from greater challenges. The 625 **Prosperous** counties are home to 117,860,842 people (37.2% of the national population), 625 **Comfortable** counties are home to 99,540,412 (31.5%), 626 **Mid-Tier** counties are home to 46,224,467 (14.6%), 625 **At Risk** counties are home to 35,645,155 (11.3%) and the 625 **Distressed** counties are home to 17,202,175 Americans (5.4%).⁴⁵

North Carolina is home to 100 counties. While one-fifth of all counties nationally are included in each of the five well-being quintiles, this does not hold for any single state. In the case of North Carolina, the counties slot into the EIG methodology as follows - 10 **Prosperous** counties are home to 3,315,347 people (33.7% of the state population), 12 **Comfortable** counties are home to 1,433,204 (14.6%), 20 **Mid-Tier** counties are home to 2,177,477 (22.1%), 24 **At Risk** counties are home to 1,587,588 (16.1%) and 34 **Distressed** counties are home to 1,331,717 residents (13.5%).⁴⁶

Growth in the Number of Business Establishments by County

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 jurisdiction, in this case counties in the State of North Carolina, 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 6.0** shows, the nationwide figures for growth in the 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 quintile, with negative growth - i.e. a falling number of firms, in the most disadvantaged counties. The EIG states that the business establishment growth gap between **Prosperous** and **Distressed** areas could be the starkest feature of their index.⁴⁷

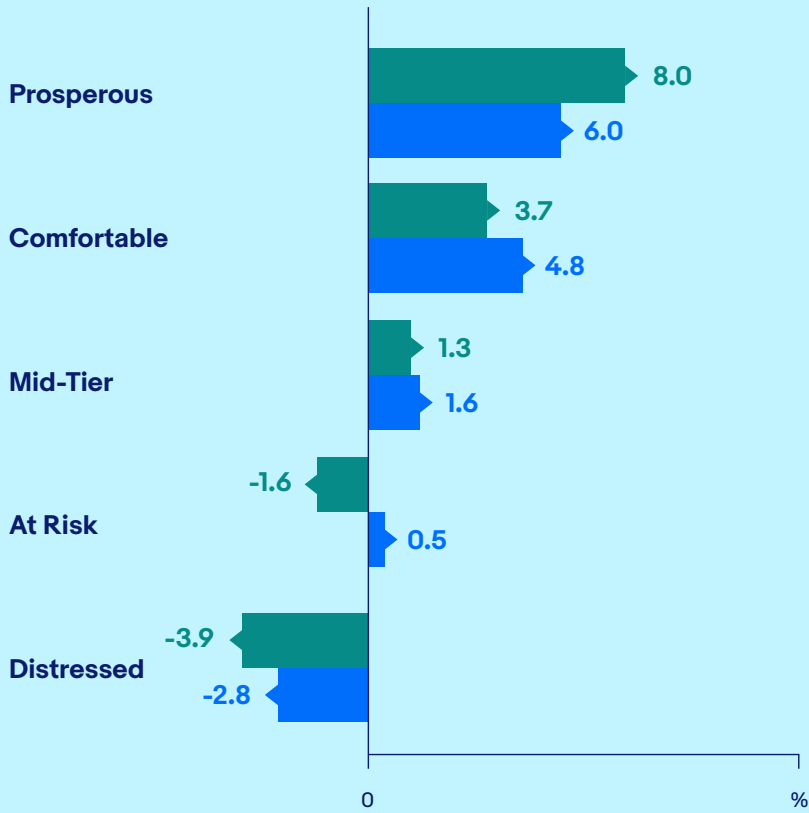
North Carolina's rates of enterprise growth are generally depressed in comparison to the national growth rates, falling short in all but the top well-being quintile. Like at the national level, enterprise growth rates were lower in each descending quintile and was negative in the fourth and fifth tier. In North Carolina, only the **Prosperous** counties enjoyed growth that exceeded the comparable national average.



FIGURE 6.0

Net Rate of Growth in Number of Enterprises by County Well-Being Quintile⁴⁸

- North Carolina Business Establishments
- U.S. Business Establishments

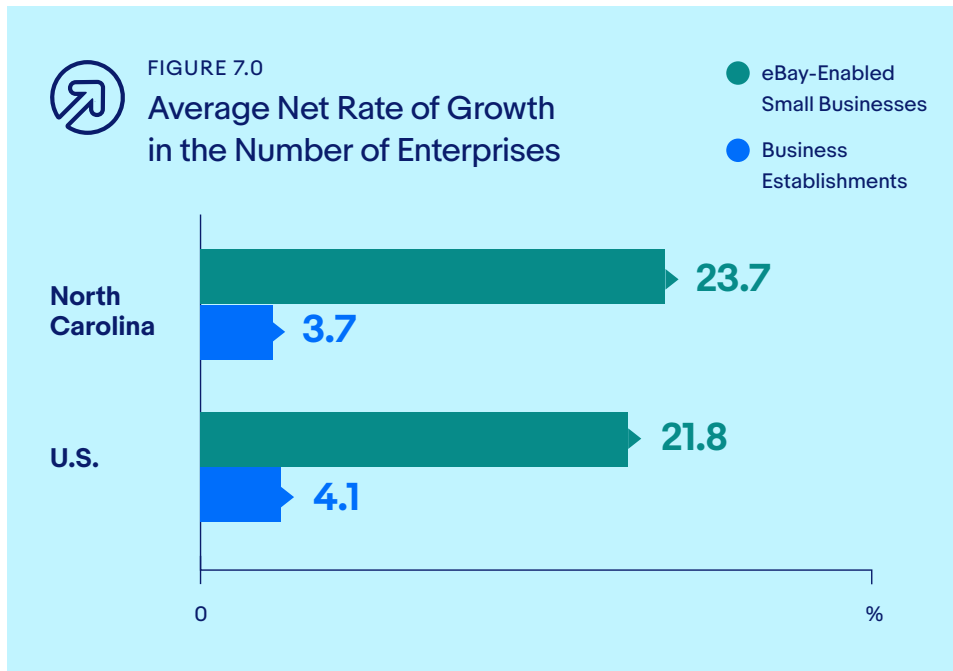


Next we will compare and contrast the rate of growth in the net number of firms in the sets of counties in both the overall economy and on eBay, both nationwide and in North Carolina. Along with comparing absolute net enterprise growth rates, we will also look to measures of inclusive growth and balanced 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 2015 was 4.1 percent.⁴⁹ The State of North Carolina's growth rate fell short at 3.7% in the net number of business establishments.⁵⁰ On eBay, nationwide, the rate of growth in the net number of eBay Commercial Sellers was

21.8% over the same time period, five times greater enterprise growth than in the overall economy. In North Carolina, the divergence between the net enterprise growth rates in the traditional economy and on eBay is greater, with a 23.7% growth rate in the net number of eBay Commercial Sellers compared to the 3.7% in North Carolina's overall economy. Lower costs of doing business over distance and access to global consumer markets resulted in a much more robust rate of enterprise creation on eBay than exhibited in the traditional economy.



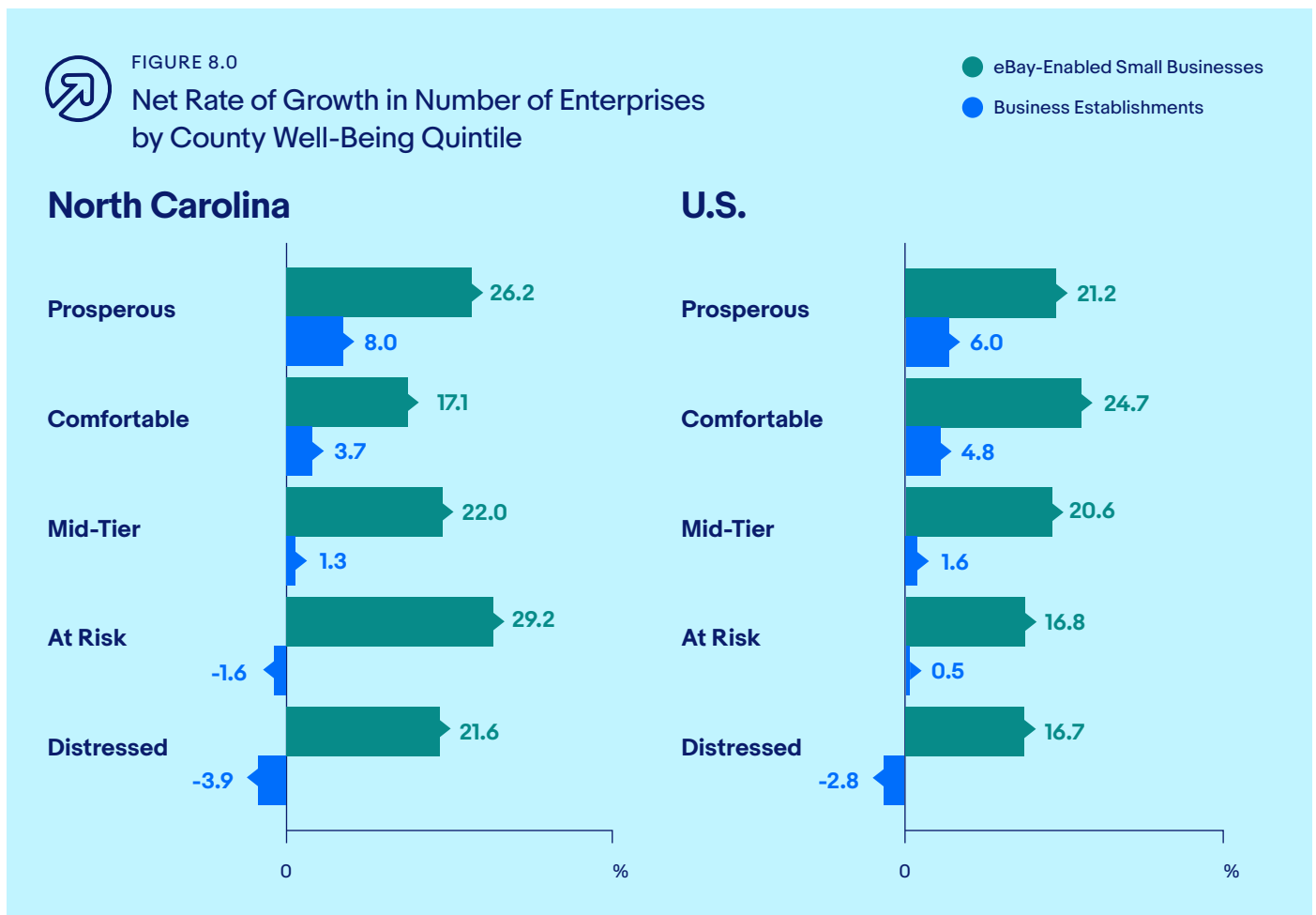
Although the more robust growth in the net number of enterprises on eBay compared to the overall economy is noteworthy on its own, the focus on this section is the comparative levels of geographic balance and inclusion represented by the respective enterprise growth.

Promoting More Balanced Economic Growth

For the purpose of this section, balance is the idea that in a perfectly balanced economy every county 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 global commerce marketplaces are a tool to promote a more balanced, or less balanced, economy.

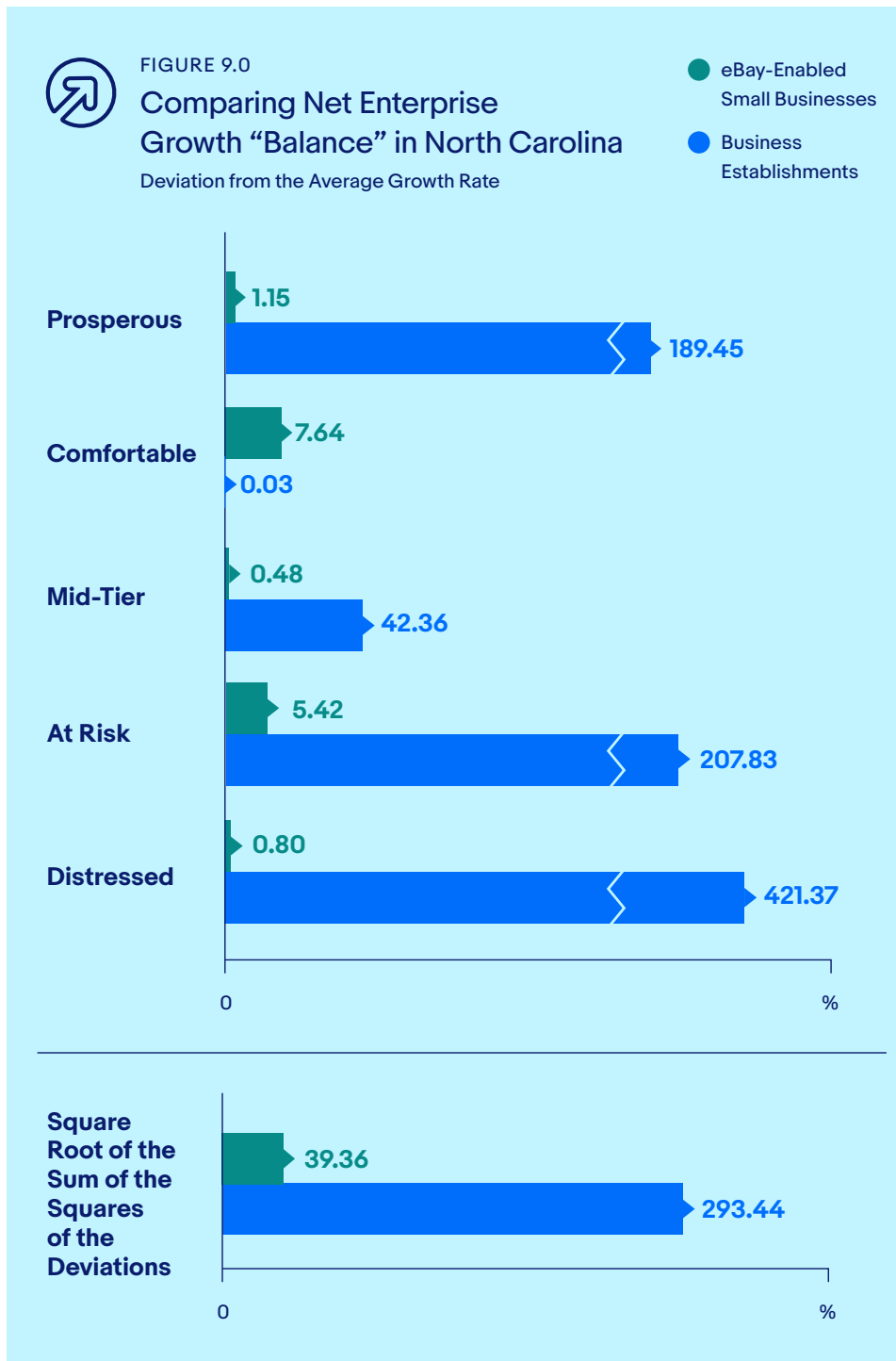
Again, we use the EIG Distressed Communities Index to provide a framework to compare enterprise growth rates in counties along the well-being spectrum, both nationwide and in North Carolina. The growth rates for eBay-enabled small businesses are not simply larger than the rate of growth in the number of overall business establishments in each type of county, but many times larger.



As noted above, 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 North Carolina would be 3.7%. Likewise, the level of net growth in eBay-enabled small businesses would be 23.7%. Of course, no economy

is perfectly balanced and therefore the growth rates diverge from absolute balance. But, which is more unbalanced?

To compare the relative levels of economic balance, we calculated the square of the deviation from the North Carolina 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 2015, eBay-enabled small business growth in North Carolina was an astounding 7.5 times more balanced than net establishment growth in the overall North Carolina economy.⁵¹ 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

Balanced growth aspires to have all communities sharing as equally as possible in the benefits of economic growth and opportunity. Inclusive 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.

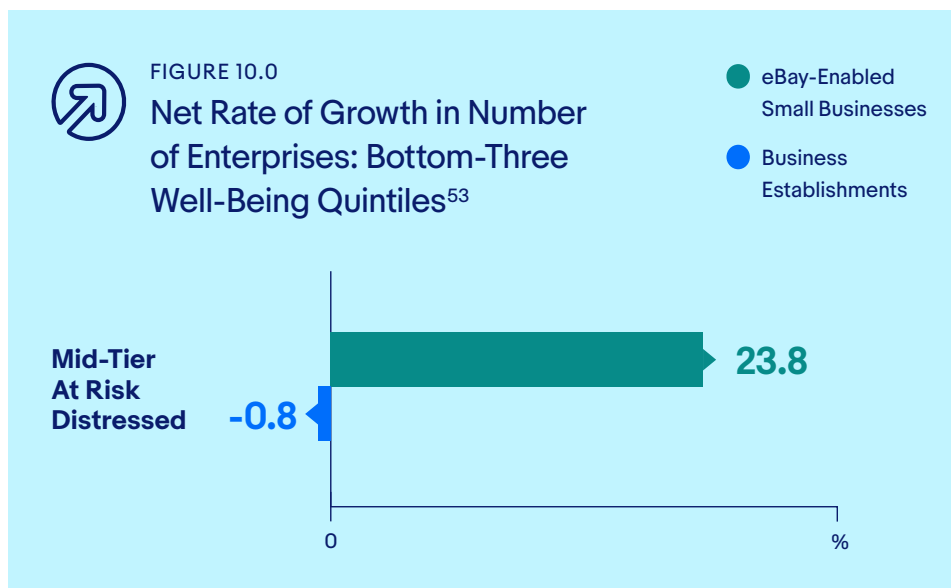
In a previous report on balanced and inclusive growth, “Platform-Enabled Small Business Formation as a Counterweight Against Forces of Economic Concentration”⁵², we proposed a test of inclusiveness that aggregated the bottom three EIG well-being quintiles, which nationally accounts for nearly 100 million Americans. **Figure 10.0** reveals the aggregate net enterprise growth rate for the North Carolina counties in the bottom three EIG well-being quintiles. These counties are home to over 5 million North Carolinians, which is greater than 51% of the state population. In the traditional economy, the net enterprise growth is negative .8% for the period 2011-2015. The corresponding rate of net enterprise growth on eBay in North Carolina during that time was 21.1 percent. While we prefer to create a ratio of these two numbers to provide a simple number representing “How many times more inclusive eBay-enabled small business growth was than growth in the traditional economy” the negative growth in traditional economy means precludes the use a ratio because one cannot have a negative number in the denominator.



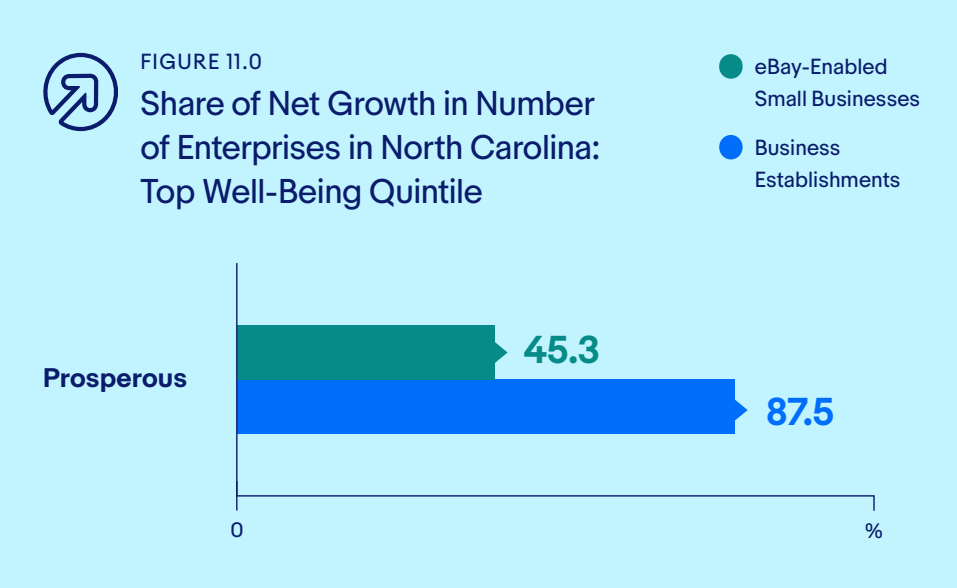
Ready to Mount

Ryan DeBari
ASHEBORO, NC

JP Thomas & Co. Inc. was first started back in 1981 by the founder Paul Thomas selling from his driveway. The company started to grow through Paul’s friendly customer service and quality products. Eventually the growth necessitated a move into a larger location, and they set up shop in a retail store in Asheboro, North Carolina. They quickly grew adding new divisions, new products, and always creating more jobs for the community. Almost 16 years ago, founder Paul Thomas’ son headed up the expansion into the online marketplace, hiring Ryan DeBari as his first employee. Since, then Paul’s son and daughter have taken over the business and continued to grow the internet sales division, Ready To Mount, paired with wholesale and retail sales that continue to climb. With more retail locations, 200 employees and the third warehouse expansion, the future looks exciting.



An alternative way to consider the difference in the inclusive nature of the eBay-enabled small business growth in comparison to that which occurred in the traditional economy is to consider the share of the total state enterprise growth reserved to the **Prosperous** counties. In North Carolina, 87.5% of all the net enterprise growth in the state occurred in the counties in the top EIG well-being quintile, which are home to just 33% of the population. On eBay, 45.3% of the net number of Commercial Sellers came from the top well-being tier of counties. Comparing these two shares of growth in the most advantaged counties, **eBay growth in North Carolina was 1.9 times more inclusive than growth in the traditional economy.**⁵⁴



Conclusion

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 perceived as being for the better, challenges and disturbing trends are increasingly coming into focus as well. One of the most striking is the sense of accelerating economic concentration with the most prosperous communities enjoying the bulk of the wealth and meaningful growth in the economy, while growth for those not fortunate enough to be living in a prosperity hub is slow to non-existent. 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 North Carolina 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, which is especially beneficial to smaller enterprises. The data on exporting by eBay Commercial Sellers in North Carolina is striking and consistent with the trade performance of eBay Commercial Sellers nationwide. In short, 96% of eBay-enabled small businesses based in North Carolina are exporting and averaging 16 export markets per year. And these striking export numbers, which dwarf export rates in the traditional economy, are being achieved by small businesses in communities across North Carolina, whether based in the state's high tech, high-growth metropolitan hot spots or more rural and traditionally agricultural regions.

The second part of the report explores whether the eBay-enabled small business growth is exacerbating economic concentration, having no effect, or even promoting a more balanced and inclusive economy. The expanded opportunity for independent small businesses to engage directly in global trade is clearly a form of inclusive economic activity, offering the small enterprises an opportunity to engage in activity historically reserved to just the large enterprises. However, it is a further question as to whether these new and expanded opportunities to engage in commerce over great distances, even as far as to other sides of the globe, are actually translating into more remote, less prosperous communities getting a growth and opportunity boost.

The analysis of inclusive economic opportunity is based on a study of net enterprise growth rates among the 100 counties in the State of North Carolina, with those counties 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 county groups, as well as the rate of growth in the net number of eBay-enabled small businesses in the county 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 North Carolina economy suffered from very sluggish growth overall, with a rate of growth in the net number of enterprises below the national average, and also showed consistent and clear trends toward greater concentration of opportunity. Only the more-well-off counties had positive growth and the growth only exceeded the national benchmark in the most prosperous tier. Growth was depressed in each successive county well-being grouping and negative growth occurred in the bottom two tiers -home to nearly 30% of the state's population. 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 far more balanced than in the traditional economy, in fact 7.5 times more balanced among the counties of different levels of well-being. In addition, the eBay-enabled small business growth in North Carolina

was far more inclusive than the growth in the overall North Carolina economy. Rather than negative growth in the bottom two tiers, on eBay, growth exceeded 20% in each. A range of measures of inclusion are detailed, including an analysis that shows eBay-enabled small business growth was 1.9 times more inclusive in the form of the many times greater concentration of growth in the **Prosperous** counties in the traditional economy than in the growth of eBay-enabled small businesses.

A technology platform such as 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. These eBay-enabled small businesses are now trading globally. While this is a major growth opportunity for independent small businesses across in North Carolina, the relative value appears to be even greater in remote and less advantaged areas. The ability to access customers outside of the local market, supplementing the traditional small business model, appears increasingly critical to remote and less advantaged communities. 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.

Resources

- ¹ Although there is no single standard, small businesses are generally considered to be firms of less than 500 employees, although a standard of 250 employees is not uncommon. A subcategory of micro enterprises is also commonly used, often representing firms with fewer than 10 employees, although again ranges vary but generally fall below 20 employees.
- ² 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
- ³ 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>
- ⁴ 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
- ⁵ See Mayer, Thierry and Ottaviano, Gianmarco (2007) “The Happy Few: The Internationalisation of European Firms: New Facts Based on Firm-Level Evidence.” Brussels, Belgium: Bruegel Blueprint Series; Bernard Andrew B., J. Bradford Jensen, Stephen J. Redding and Peter K. Schott (2007) “Firms in International Trade.” Journal of Economic Perspectives, American Economic Association, vol. 21(3), pp. 105-130, Summer; and Cebeci, Tolga, Ana M. Fernandes, Caroline Freund, and Martha Denisse Pierola (2012) “Exporter dynamics database.” Policy Research Working Paper Series 6229, The World Bank, Washington, D.C.
- ⁶ Slaughter, Matthew J. (2013) “American Companies and Global Supply Networks - Driving U.S. Economic Growth and Jobs by Connecting with the World.” Available at: <http://businessroundtable.org/sites/default/files/BRT-SlaughterPaper-singles-Dec21.pdf>
- ⁷ Source for total number of exporters: State 2015 Data: Special query prepared by and purchased from U.S. Census. U.S. 2015 Data: U.S. Census - Profile of U.S. Importing and Exporting Companies, 2014–2015 - Exhibit 4a, General - <https://www.census.gov/foreign-trade/Press-Release/edb/2015/index.html>, Specific - <https://www.census.gov/foreign-trade/Press-Release/edb/2015/exh4a.pdf>
- Source for total number of companies that have at least one employee in addition to the owner (2015): U.S. Census, 2015 SUSB Annual Data Tables by Establishment Industry - <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>
- State/U.S. data: https://www2.census.gov/programs-surveys/susb/tables/2015/us_state_totals_2015.xlsx
- Source for total number of companies that have no employees (2015): U.S. Census, Nonemployer Statistics: 2015 - <https://www.census.gov/data/datasets/2015/econ/nonemployer-statistics/2015-ns.html>
- Share = (total number of exporters) / ((number of employing companies) + (number of non-employing companies))
- ⁸ 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_REVISSED.pdf?la=en
- ⁹ 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
- ¹⁰ 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
- ¹¹ Orlarrea, Marcelo, and Sidley Austin LLP (2012) “Enabling Traders to Enter and Grow on the Global Stage.” [See Page 12] Available at: http://www.ebaymainstreet.com/sites/default/files/eBay_Enabling-Traders-to-Enter-and-Grow-on-the-Global-Stage.pdf
- ¹² Orlarrea, Marcelo (11/07/2012) “eBay Reduces Trade Costs Where it is Needed Most.” The World Bank - Let's Talk Development Blog. Available at: <http://blogs.worldbank.org/developmenttalk/ebay-reduces-trade-costs-where-it-is-most-needed>
- ¹³ 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
- ¹⁴ Varian, Hal (08/25/2005) “Technology Levels the Business Playing Field.” The New York Times. Available at: http://www.nytimes.com/2005/08/25/business/technology-levels-the-business-playing-field.html?_r=0
- ¹⁵ 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>
- ¹⁶ The eBay data reflects the share of 2016 eBay-enabled small businesses (those with \$10,000 USD or more in sales on eBay) in each location, who exported in that year.
- ¹⁷ Source for total number of exporters: State 2015 Data: Special query prepared by and purchased from U.S. Census. U.S. 2015 Data: U.S. Census - Profile of U.S. Importing and Exporting Companies, 2014–2015 - Exhibit 4a, General - <https://www.census.gov/foreign-trade/Press-Release/edb/2015/index.html>, Specific - <https://www.census.gov/foreign-trade/Press-Release/edb/2015/exh4a.pdf>
- Source for total number of companies that have at least one employee in addition to the owner (2015): U.S. Census, 2015 SUSB Annual Data Tables by Establishment Industry - <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>
- State/U.S. data: https://www2.census.gov/programs-surveys/susb/tables/2015/us_state_totals_2015.xlsx
- Source for total number of companies that have no employees (2015): U.S. Census, Nonemployer Statistics: 2015 - <https://www.census.gov/data/datasets/2015/econ/nonemployer-statistics/2015-ns.html>
- Share = (total number of exporters) / ((number of employing companies) + (number of non-employing companies))

¹⁸ Source for total number of exporters: County 2015 Data: Special query prepared by and purchased from U.S. Census. U.S. 2015 Data: U.S. Census - Profile of U.S. Importing and Exporting Companies, 2014-2015 - Exhibit 4a, General - <https://www.census.gov/foreign-trade/Press-Release/edb/2015/index.html>, Specific - <https://www.census.gov/foreign-trade/Press-Release/edb/2015/exh4a.pdf>

Source for total number of companies that have at least one employee in addition to the owner (2015): U.S. Census, 2015 SUSB Annual Data Tables by Establishment Industry - <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>

County data: https://www2.census.gov/programs-surveys/susb/tables/2015/county_totals_2015.xlsx

Source for total number of companies that have no employees (2015): U.S. Census, Nonemployer Statistics: 2015 - <https://www.census.gov/data/datasets/2015/econ/nonemployer-statistics/2015-ns.html>

Share = (total number of exporters) / ((number of employing companies) + (number of non-employing companies))

¹⁹ Ibid.

²⁰ 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.

²¹ Source for (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 2015 Data: Purchased U.S. Census Data. U.S. 2015 data: Profile of U.S. Importing and Exporting Companies, 2014-2015, Exhibit 4a:

<https://www.census.gov/foreign-trade/Press-Release/edb/2015/index.html>

<https://www.census.gov/foreign-trade/Press-Release/edb/2015/exh4a.pdf>

Average number = ((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))

²² The eBay data reflects the average number of different foreign markets reached by 2016 eBay-enabled small businesses (those with \$10,000 USD or more in sales on eBay) in each location, who exported in that year.

²³ The eBay data reflects the top 5 export country destinations (based on sales) for 2016 eBay-enabled small businesses (those with \$10,000 USD or more in sales on eBay) in each location who exported in that year.

²⁴ The eBay data reflects the share of exporting 2016 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.

²⁵ 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>

²⁶ Source for Number of firms that trade with 10+ countries: State/County 2015 Data: Purchased U.S. Census Data. U.S. 2015 data: Profile of U.S. Importing and Exporting Companies, 2014-2015 - Exhibit 4a, <https://www.census.gov/foreign-trade/Press-Release/edb/2015/index.html>

<https://www.census.gov/foreign-trade/Press-Release/edb/2015/exh4a.pdf>

Source for total number of companies that have at least one employee in addition to the owner (2015): U.S. Census, 2015 SUSB Annual Data Tables by Establishment Industry - <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>

State/U.S. data: https://www2.census.gov/programs-surveys/susb/tables/2015/us_state_totals_2015.xlsx

Source for total number of companies that have no employees (2015): U.S. Census, Nonemployer Statistics: 2015 - <https://www.census.gov/data/datasets/2015/econ/nonemployer-statistics/2015-ns.html>

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

²⁷ The eBay data reflects the share of exporting 2016 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.

²⁸ Pugsley, B.W., and A. Sahin (2014) "Grown-up business cycles." FRB of New York Staff Report, (707).

²⁹ 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.

³⁰ 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/>

³¹ Gourio, F., T. Messer, and M. Siemer (2014) "A Missing Generation of Firms? Aggregate Effects of the Decline in New Business Formation." Mimeo.

³² Karahan, F., B. Pugsley, and A. Sahin (2015) "Understanding the 30-year Decline in Startup Rate: A General Equilibrium Approach." Working Paper.

³³ 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

³⁴ Manyika, J., G. Pinkus, S. Ramaswamy, S. Nyquist, J. Woetzel, and . 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>

³⁵ 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/>

³⁶ 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/>

³⁷ 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/>

³⁸ 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/>

³⁹ 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/>

⁴⁰ 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/>

⁴¹ Economic Innovation Group (2016) "The New Map of Economic Growth and Recovery." Available at: <http://eig.org/recoverymap>

⁴² 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>

⁴³ Economic Innovation Group (2017) "The 2017 Distressed Communities Index." Available at: <http://eig.org/dci>

⁴⁴ Ibid.

⁴⁵ 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

⁴⁶ Based on the EIG 2017 Distressed Communities Index found at <https://eig.org/dci>, the breakdown of North Carolina counties by well-being quintile are as follows: **Prosperous:** Buncombe, Cabarrus, Currituck, Dare, Durham, Mecklenburg, New Hanover, Orange, Union, and Wake. **Comfortable:** Brunswick, Camden, Chatham, Guilford, Henderson, Iredell, Johnston, Lincoln, Moore, Pender, Polk, and Transylvania. **Mid-Tier:** Alamance, Carteret, Catawba, Clay, Davidson, Davie, Forsyth, Franklin, Gaston, Granville, Harnett, Haywood, Jackson, Lee, Onslow, Pamlico, Pitt, Rowan, Stokes, and Watauga. **At Risk:** Alexander, Ashe, Avery, Burke, Cleveland, Craven, Cumberland, Gates, Greene, Hoke, Hyde, Lenoir, Macon, Madison, McDowell, Nash, Pasquotank, Person, Randolph, Stanly, Warren, Wayne, Wilson, and Yadkin. **Distressed:** Alleghany, Anson, Beaufort, Bertie, Bladen, Caldwell, Caswell, Cherokee, Chowan, Columbus, Duplin, Edgecombe, Graham, Halifax, Hertford, Jones, Martin, Mitchell, Montgomery, Northampton, Perquimans, Richmond, Robeson, Rockingham, Rutherford, Sampson, Scotland, Surry, Swain, Tyrrell, Vance, Washington, Wilkes, and Yancey.

⁴⁷ Economic Innovation Group (2017) "The 2017 Distressed Communities Index." [See page 15] Available at: <http://eig.org/dci>

⁴⁸ U.S. Census Bureau (04/20/2017) "County Business Patterns: 2015." Available at: <https://www.census.gov/data/datasets/2015/econ/cbp/2015-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 well-being quintile, we separated counties into their corresponding well-being quintiles and then performed the following calculation for each quintile: $[(\text{total number of 2015 business establishments}) - (\text{total number of 2011 business establishments})] / (\text{total number of 2011 business establishments})$.

⁴⁹ U.S. Census Bureau (04/20/2017) "County Business Patterns: 2015." Available at: <https://www.census.gov/data/datasets/2015/econ/cbp/2015-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: $[(\text{total number of 2015 business establishments}) - (\text{total number of 2011 business establishments})] / (\text{total number of 2011 business establishments})$.

⁵⁰ U.S. Census Bureau (04/20/2017) "County Business Patterns: 2015." Available at: <https://www.census.gov/data/datasets/2015/econ/cbp/2015-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: $[(\text{total number of 2015 business establishments}) - (\text{total number of 2011 business establishments})] / (\text{total number of 2011 business establishments})$.

⁵¹ Our definition of "balanced growth" is the level of dispersion (or "variance") of growth rates that county quintiles display around the overall average (or "mean") growth across the U.S. To contrast the degree to which eBay-enabled small businesses achieve of "balanced growth" vis-à-vis 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 of eBay-enabled small business numbers between 2011 and 2015, which was 23.7 percent during that period. Second, we calculate the growth rate of eBay-enabled small businesses between 2011 and 2015 in each of the county quintiles. Third, we calculate the dispersion of county quintile growth rates relative to the average growth rate across the U.S. To do so, we proceed as follows:

- a) Calculate the difference (in percent) between growth rates of eBay-enabled small businesses between 2011 and 2015 in each of the county quintiles on the one hand, and overall U.S. 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 39.36 percent. We repeat the same exercise for the calculation of "balanced growth" for business establishments using county 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/2015/econ/cbp/2015-cbp.html>) reporting the number of businesses establishments for 2011 and 2015. We find that dispersion of growth rates across county quintiles for U.S. business establishments during the 2011-2015 period was about 239.44 percent. The ratio of the dispersion of growth rates across county quintiles for business establishments (239.44 percent) to eBay (39.36 percent) is roughly 7.5. This suggests that eBay-enabled small business growth across county quintiles is 7.5 times less dispersed, i.e., more balanced, than growth experienced by business establishment growth rates for the same quintiles.

⁵² eBay (2018) "Platform-Enabled Small Business Formation as a Counterweight Against Forces of Economic Concentration." Available at: <https://www.ebaymainstreet.com/policy-papers/ebay-economy-more-balanced-and-inclusive-overall-us-economy>

⁵³ U.S. Census Bureau (04/20/2017) County Business Patterns: 2015. Available at: <https://www.census.gov/data/datasets/2015/econ/cbp/2015-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 well-being quintiles (**Mid-Tier**, **At Risk**, and **Distressed**), we separated counties into their corresponding well-being quintiles and then performed the following calculation for all three quintiles combined: $[(\text{total number of 2015 business establishments}) - (\text{total number of 2011 business establishments})] / (\text{total number of 2011 business establishments})$.

⁵⁴ U.S. Census Bureau (04/20/2017) County Business Patterns: 2015. Available at: <https://www.census.gov/data/datasets/2015/econ/cbp/2015-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 North Carolina from the top well-being quintile (**Prosperous**), we separated counties into their corresponding well-being quintiles and then performed the following calculation: $[(\text{number of 2015 business establishments in the Prosperous quintile}) - (\text{number of 2011 business establishments in the Prosperous quintile})] / [(\text{total number of 2015 business establishments}) - (\text{total number of 2011 business establishments})]$.

ebay