



OHIO SMALL ONLINE BUSINESS GROWTH REPORT

Summit County and Trumbull County Retail Revival

January 2018

CONTENTS

03 INTRODUCTION

04 MAKING THE WORLD SMALLER FOR SMALL BUSINESSES AND ENTREPRENEURS

07 EBAY-ENABLED SMALL BUSINESSES ACROSS OHIO EXPORT TO THE WORLD

07 SHARE OF EBAY-ENABLED SMALL BUSINESSES EXPORTING

07 SHARE OF EBAY-ENABLED SMALL BUSINESSES THAT REACH TEN OR MORE DIFFERENT
FOREIGN DESTINATION MARKETS

08 AVERAGE NUMBER OF FOREIGN DESTINATION MARKETS

08 SHARE OF EBAY-ENABLED SMALL BUSINESSES EXPORTING TO BUYERS ON FOUR OR
MORE CONTINENTS

08 TOP FIVE DESTINATIONS FOR EXPORTS

09 TECHNOLOGY-ENABLED PLATFORM COMMERCE: COMMERCIAL SELLER PERFORMANCE IN OHIO 2010-2014

09 AVERAGE ANNUAL GROWTH IN THE NUMBER OF COMMERCIAL SELLERS

09 CONTINUOUS COMMERCIAL SELLERS

10 NEWCOMERS

11 "DIGITAL DENSITY" - COUNTY LEVEL EBAY SMALL BUSINESS ACTIVITY ANALYSIS

12 NEW ENTERPRISE FORMATION IN SUMMIT AND TRUMBULL COUNTIES, A COMPARISON BETWEEN EBAY AND THE TRADITIONAL ECONOMY, 2011-2015

INTRODUCTION

In recent years, technology has ensured more equal economic opportunities for small businesses.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.

This report presents findings coming out of this collaboration, exploring what is nothing short of a global commerce revolution that is being powered by Internet-enabled small businesses and entrepreneurs across America and in the State of Ohio, including in Summit and Trumbull Counties. In addition, Sidley economists have analyzed US Census Bureau data on business enterprise activity as well as eBay data related to the number Commercial Sellers operating on the Marketplace in order to compare enterprise growth rates on eBay compared to the economy overall.

The analysis carried out by Sidley for this report is based on a study of data covering transactions on the eBay Marketplace from 2010 to 2015. Sidley economists then looked at which sellers are registered to addresses in the State of Ohio as well as the subset of those with addresses in Summit County. To ensure that the community of small online businesses on eBay was fully captured, the data was limited to transactions by sellers with sales of \$10,000 USD or more annually on the eBay Marketplace. These are called “Commercial Sellers” or “eBay-enabled small businesses”.

The research results show that technology is providing tremendous opportunities for small businesses across the State of Ohio. Technology tools such as Internet marketplaces, smart shipping, international digital payments and translation services are reducing barriers that have traditionally stood in the way of small businesses attempting to access important global markets.

A massive 97% of eBay small businesses in the State of Ohio export – far higher than businesses that have not embraced online tools – and they reach on average 17 different countries annually. They are effectively Small Business Global Traders, and they operate from almost everywhere in the state. Thanks to technology, successful small businesses do not need to be located in the state’s most populace or prosperous counties to sell across the country and around the world.

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.

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 and commerce. 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.

Brian Bieron
Executive Director

Hanne Melin
Director
Global Public Policy

Alan Elias
Senior Manager
Global Public Policy

The research results presented in this report paint a picture of a much more inclusive model of commerce and exporting, with independent Internet-enabled small businesses across the state exporting at rates that far exceed traditional business models. Just as importantly, the corresponding economic growth rates likewise exceed traditional economy averages.

The report contrasts research findings from eBay Marketplace data with “traditional” economic and trade data publicly available elsewhere – in particular US Census Bureau and Bureau of Economic Analysis data and surveys. As in previous reports, the eBay Marketplace provides the illustration of a new model for global commerce that is emerging, one that increases the prospects for more broad-based growth.

To compare the Ohio results with all 18 countries in the 2017 eBay Small Online Business Growth Report, please visit:

<https://www.ebaymainstreet.com/policy-papers/state-small-online-businesses-worldwide-results-ebays-5-year-study>

MAKING THE WORLD SMALLER FOR SMALL BUSINESSES AND ENTREPRENEURS

The prototypical model for global trade has involved a large and established domestic company targeting an export market, establishing overseas operations and eventually developing a multinational 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

² What Companies Want from the World Trading System, SMEs in International Trade: The View from Developing Countries. http://www3.weforum.org/docs/WEF_GAC_Trade_II_2015.pdf

³ US 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/edbre1.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

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 US MNE buys more than \$3 billion USD in inputs from more than 6,000 US 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 Ohio the comparable figure is 1.5%.⁷

A new model of exporting and small business 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, small businesses can connect with consumers and establish trust across national and cultural borders.⁸ Small businesses are able to create a storefront online and compete in global markets through e-commerce platforms with vibrant customer bases.

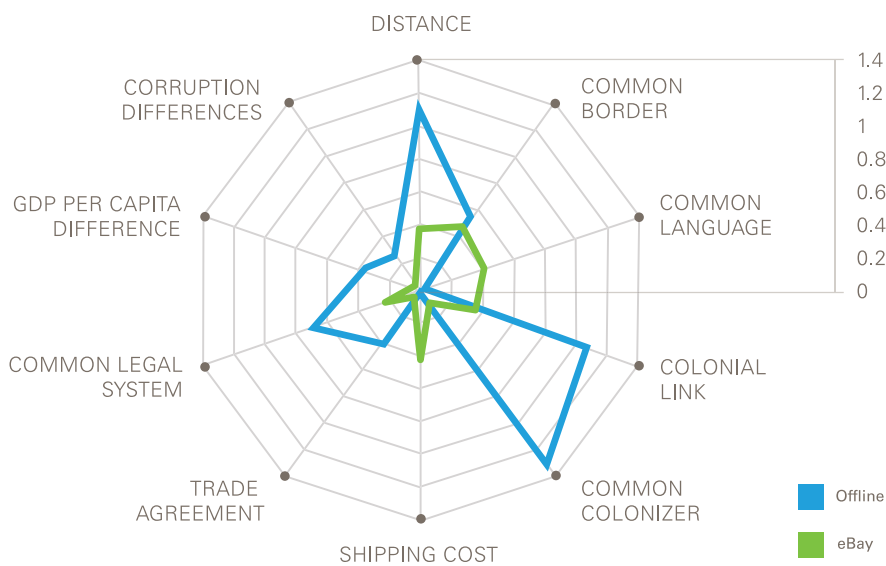


Figure 1.0

Most Trade Costs Matter More Offline Than Online⁹

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 companies that have at least one employee in addition to the owner (2013): US Census Bureau, Business Dynamics Statistics, Longitudinal Business Database 1977-2013 https://www.census.gov/ces/dataproducts/bds/data_firm.html, http://www2.census.gov/ces/bds/firm/bds_f_st_release.xlsx

Source for total number of companies that have no employees (2013): US Census Bureau, Nonemployer Statistics, <https://www.census.gov/programs-surveys/nonemployer-statistics.html>

Source for total number of exporting companies (2013) US Census Exporter database <http://tse.export.gov/EDB/SelectReports.aspx?DATA=ExporterDB>

Share = (total number of exporters)/((number of employing companies)+(number of non-employing companies))
Note that "'offline'" figures are not fully comparable across countries due to different methodologies and coverage of firms."

⁸ Meltzer, Joshua. 2014. "Supporting the Internet as a Platform for International Trade." The Brookings Institute. Available at <https://www.brookings.edu/research/supporting-the-internet-as-a-platform-for-international-trade/>

⁹ Olarreaga, Marcelo, and Sidley Austin LLP. Enabling Traders to Enter and Grow on the Global Stage. [See Page 12]. 2012. Available at: http://www.ebaymainstreet.com/sites/default/files/eBay_Enabling-Traders-to-Enter-and-Grow-on-the-Global-Stage.pdf

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 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 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, matter 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, to a greater degree than giant traditional exporters.

We have coined the term Global Empowerment Network to describe this model. The efficiencies created by these technology based platform services have significantly reduced the cost of SME exporting and the rate of exporting by SMEs using the platforms has consequently increased dramatically.

The next section will use the findings from the eBay Marketplaces data to illustrate the level of export activity by eBay-enabled small businesses in Ohio and the United States overall, and contrast the data with traditional business activity where available.

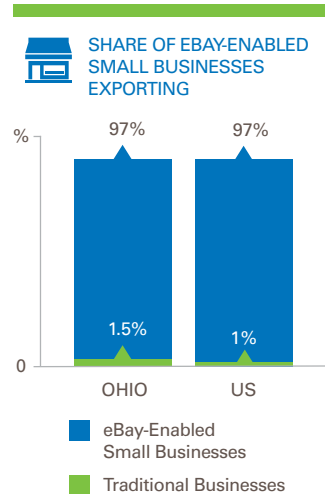
The Four Building Blocks of the Global Empowerment Network:

- 1** Connectivity to the global Internet at low cost and without gatekeepers
- 2** Global platform-based marketplaces
- 3** Global payment services
- 4** Efficient, modern and “connected” package-level logistics and delivery services

EBAY-ENABLED SMALL BUSINESSES ACROSS OHIO EXPORT TO THE WORLD

SHARE OF EBAY-ENABLED SMALL BUSINESSES EXPORTING

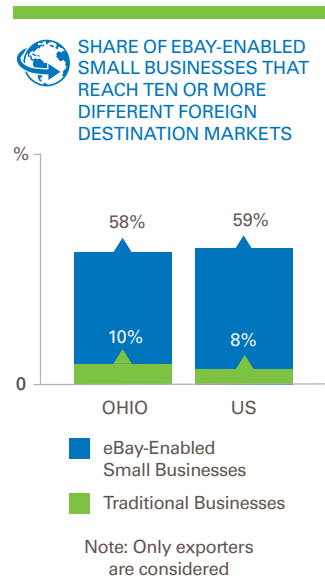
The share of small businesses exporting on the eBay Marketplace¹⁰ is the first and possibly most striking data point presented in this report. In short, 97% of the eBay-enabled small businesses in Ohio are exporters. This equals the US national average of 97% of eBay-enabled small businesses, and dwarfs the export activity of traditional US and Ohio businesses, only 1% and 1.5% of which export, respectively.¹¹



[See Global Comparison Here](#)

SHARE OF EBAY-ENABLED SMALL BUSINESSES THAT REACH TEN OR MORE DIFFERENT FOREIGN DESTINATION MARKETS

Another measurement of the scale and scope of exporting involves the number of country markets reached. 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.¹² Escalating entry costs leads to the presumption that smaller firms will tend to export to fewer countries. 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 2014.¹³ US Census Bureau data indicates that 8% of all US exporters¹⁴ and 10% of all Ohio exporters¹⁵, not just small businesses, are reported to reach 10 or more markets. These percentages are significantly lower than the 59% of eBay-enabled small businesses in the United States reaching 10 or more markets. The rate of Ohio-based eBay-enabled small businesses exporting to 10 or more foreign markets is 58%, very much in line with the national rate.



[See Global Comparison Here](#)

¹⁰ The eBay data reflects the share of 2014 eBay-enabled small businesses (those with \$10,000 USD or more in sales on eBay) in each location, who exported in that year.

¹¹ Source for total number of companies that have at least one employee in addition to the owner (2013): US Census Bureau, Business Dynamics Statistics, Longitudinal Business Database 1977-2013 https://www.census.gov/ces/dataproducts/bds/data_firm.html, http://www2.census.gov/ces/bds/firm/bds_f_st_release.xlsx

Source for total number of companies that have no employees (2013): US Census Bureau, Nonemployer Statistics, <https://www.census.gov/programs-surveys/nonemployer-statistics.html>

Source for total number of exporting companies (2013) US Census Exporter database <http://tse.export.gov/EDB/SelectReports.aspx?DATA=ExporterDB>

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

Note that “offline” figures are not fully comparable across countries due to different methodologies and coverage of firms.”

¹² For example, see Roberts, Mark J. and James R. Tybout, Directions in Development: What Makes Exports Boom? (Washington, D.C.: The World Bank, 1997a); Bernard, Andrew. And Joachim Wagner, “Export entry and exit by German firms,” Review of World Economics (Weltwirtschaftliches Archiv), 137 (2001), 105-123.; Bernard, Andrew and J. Bradford Jensen, “Entry, Expansion, and Intensity in the U.S. Export Boom, 1987-1992,” Review of International Economics, 12 (2004b), 662-675.

¹³ The eBay data reflects the share of exporting 2014 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.

¹⁴ US 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>

¹⁵ US Census Bureau, US Census data, Average number of countries reached by exporters in each state for year 2013.

AVERAGE NUMBER OF FOREIGN DESTINATION MARKETS

As with the previous data point, and based on the concept that entry costs are a barrier to exporting to additional countries, it would be expected that smaller firms would export to fewer countries; at least, that is the expectation for traditional exporting firms. The Ohio average of export markets reached by traditional business is three.¹⁶ The eBay-enabled small business average¹⁷ across the US is 18 different export markets. Ohio's eBay-enabled small businesses average 17 export markets.

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.¹⁸ 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 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 Ohio seller to a buyer in Canada is an export to North America.) The report considers a small business with sales to four or more continents in a year to be a "Global Seller." The national average of eBay-enabled small businesses in the US in 2014 who were Global Sellers - reaching four or more continents - was 64%. The eBay-enabled small businesses in Ohio achieving global trader status was a very similar 63%.

TOP FIVE DESTINATIONS FOR EXPORTS:¹⁹

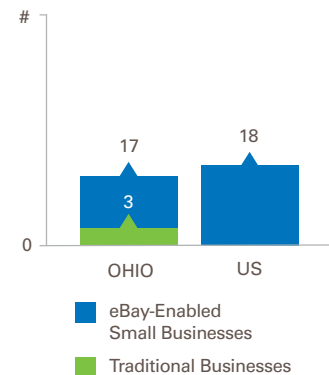
US EBAY-ENABLED SMALL BUSINESSES

- 1) Canada
- 2) Australia
- 3) United Kingdom
- 4) Russia
- 5) Germany

OHIO EBAY-ENABLED SMALL BUSINESSES

- 1) Canada
- 2) Australia
- 3) United Kingdom
- 4) Russia
- 5) Germany

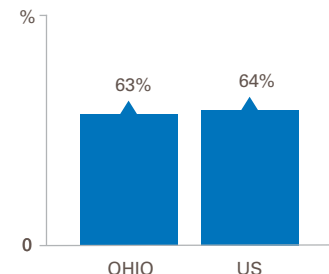
 AVERAGE NUMBER OF FOREIGN DESTINATION MARKETS



Note: Only exporters are considered

[See Global Comparison Here](#)

 SHARE OF EBAY-ENABLED SMALL BUSINESSES EXPORTING TO BUYERS ON FOUR OR MORE CONTINENTS



Note: Only exporters are considered

[See Global Comparison Here](#)

¹⁶ U.S. Census Bureau, US Census data, Export Trade data totals at the state level for number of exporters, known value of exports and number of partner countries for year 2013.

¹⁷ The eBay data reflects the average number of different foreign markets reached by 2014 eBay Commercial Sellers (those with \$10,000 USD or more in sales on eBay) in each location, who exported in that year.

¹⁸ The eBay data reflects the share of exporting 2014 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.

¹⁹ The eBay data reflects the top 5 export country destinations (based on sales) for 2014 eBay-enabled small businesses (those with \$10,000 USD or more in sales on eBay) in each location who exported in that year.

TECHNOLOGY-ENABLED PLATFORM COMMERCE: COMMERCIAL SELLER PERFORMANCE IN OHIO 2010-2014

Firms that export are generally considered to be healthier and more robust than non-exporting firms.

The Institute for International Economics reports that US companies that export grew faster and were 8% less likely to go out of business than non-exporting companies.²⁰ This section will look at measurements of the growth of various segments of the eBay-enabled small business community to identify if they are growing at rates that exceed the national economy overall.

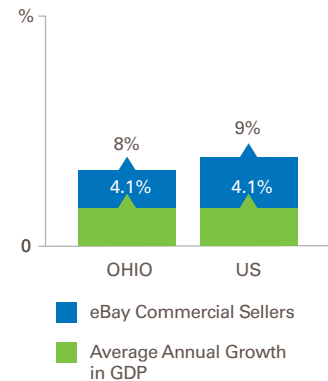
AVERAGE ANNUAL GROWTH IN THE NUMBER OF COMMERCIAL SELLERS

As noted earlier, all of the analysis in this report is limited to transactions by sellers with sales of \$10,000 USD or more annually on the eBay Marketplace—these are called “Commercial Sellers,” or “eBay-enabled small businesses.” The number of eBay Commercial Sellers in Ohio increased by an average of 8% per year over years 2010 – 2014, which was very similar to the national average of 9% over that time frame.²¹ Given the overwhelming share of all firms in the United States are small businesses, 99.9% according to World Economic Forum data²², we chose to compare the rate of growth of eBay Commercial Sellers to the overall growth of the national and Ohio GDP²³ over the same time period as a proxy for overall SME health.

CONTINUOUS COMMERCIAL SELLERS

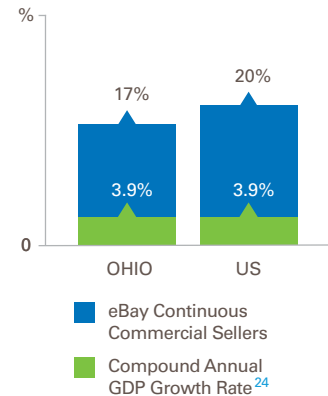
In this report, the term “Continuous Commercial Sellers” refers to eBay Commercial Sellers in 2014—the final year of the data set—who met the \$10,000 USD or more in annual sales threshold throughout the five-year time period 2010 - 2014. These small businesses with five years or more of continuous operations selling \$10,000 USD or more annually include the most mature and established operators on the platform.

 AVERAGE ANNUAL GROWTH IN THE NUMBER OF COMMERCIAL SELLERS



[See Global Comparison Here](#)

 COMPOUND ANNUAL GROWTH RATE IN SALES OF CONTINUOUS COMMERCIAL SELLERS



[See Global Comparison Here](#)

²⁰ International Trade Administration, 2015, Exporting is Good For Your Bottom Line. Available at <http://www.trade.gov/cs/factsheet.asp>

²¹ The eBay data reflects the annual average growth (total growth / 4) in the number of eBay Commercial Sellers (those with \$10,000 USD or more in sales on eBay) in each location from 2010 to 2014.

²² http://www3.weforum.org/docs/WEF_GAC_Trade_II_2015.pdf

²³ Regional data by the Bureau of Economic Analysis (BEA) of U.S. Department of Commerce (<http://www.bea.gov/regional/downloadzip.cfm>)

²⁴ Regional data by the Bureau of Economic Analysis (BEA) of U.S. Department of Commerce (<http://www.bea.gov/regional/downloadzip.cfm>)

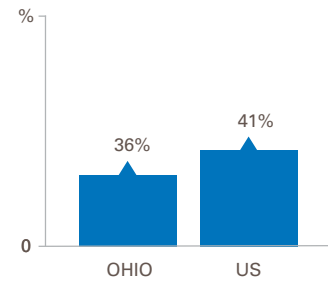
We calculated the compound annual growth rate (CAGR) of the sales of these Continuous Commercial Sellers in Ohio as well as in the United States overall. These established small businesses have strong growth rates across the board, with the CAGR of US Continuous Commercial Sellers averaging 20% per year over the 2010 – 2014 time period, and the rate among the Ohio sellers averaged 17% per year.²⁵

NEWCOMERS

The phenomenon of new enterprise creation and establishment is widely seen as a key indicator of business and economic dynamism.²⁶

In this report, we consider “Newcomers” in 2014 to be eBay Commercial Sellers who are four years old or younger, in this case measured by the absence of any sales in 2010. For the purpose of this report, these are classified as a new enterprise or a start-up. Among the eBay Commercial Sellers in Ohio in 2014, 36% were newcomers, which is slightly less than the national eBay newcomer average of 41%.

 SHARE OF COMMERCIAL SELLERS THAT WERE NEWCOMERS

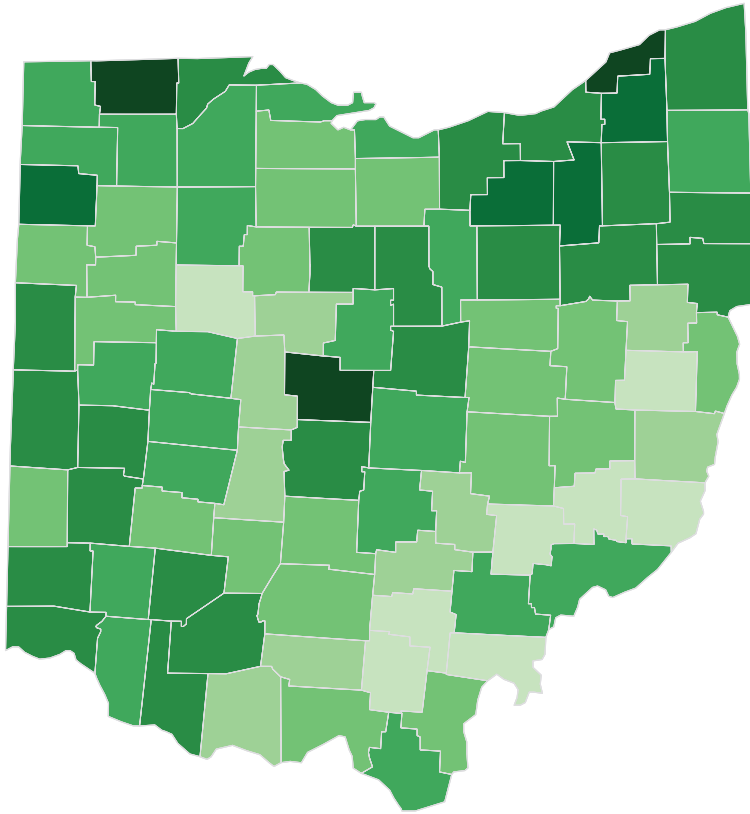


[See Global Comparison Here](#)

²⁵ The eBay data reflects the compound annual growth rate in sales $[(2014 \text{ sales} / 2010 \text{ sales})^{.25} - 1]$ for eBay Commercial Sellers (those with \$10,000 USD or more in sales on eBay) in each location that reached this sales threshold in all the following years: 2010, 2011, 2012, 2013, and 2014.

²⁶ OECD (2015), Entrepreneurship at a Glance 2015, OECD Publishing, Paris. DOI: http://dx.doi.org/10.1787/entrepreneur_aag-2015-en

“DIGITAL DENSITY” - COUNTY LEVEL EBAY SMALL BUSINESS ACTIVITY ANALYSIS



THE TOP OHIO COUNTIES:

- Clinton County
- Cuyahoga County
- Darke County
- Delaware County
- Fulton County
- Geauga County
- Lake County
- Medina County
- Paulding County
- Summit County

Note: Counties are listed alphabetically and not in rank order

The research shows that small online businesses operate on eBay from across the State of Ohio. We wanted to know, which Ohio counties actually have the most active eBay-enabled small business community?

Given the broad differences in the population level of Ohio’s counties, we have analyzed two indicators of small online business activity on a per capita basis within each county: (1) the number of eBay Commercial Sellers per 100,000 inhabitants and (2) sales by eBay Commercial Sellers per 100,000 inhabitants. Together these indicators make up what we call “Digital Density”.²⁷

²⁷ The “Digital Density” score is a weighted combination of indicators 1 and 2. The weighted average puts more emphasis on the sales per small online businesses, as starting up a business is the first step to selling.

NEW ENTERPRISE FORMATION IN SUMMIT AND TRUMBULL COUNTIES, A COMPARISON BETWEEN EBAY AND THE TRADITIONAL ECONOMY, 2011-2015

In 2017, the eBay Public Policy Lab published a report, "[Platform-Enabled Small Businesses and the Geography of Recovery](#)," which looked at the county-level geographic dispersion of new enterprise formation on eBay compared to new establishment formation in the traditional economy during the 2010-14 recovery. Our research built upon a 2016 [report](#) published by the Economic Innovation Group (EIG) that examined US Census Bureau data on the net growth of business establishments over three recovery periods in the past 25 years and revealed that the geographic distribution of new firm growth became increasingly concentrated in a smaller number of more populous counties. We replicated this analysis for eBay-enabled small businesses from 2010-2014 and discovered a significantly more geographically inclusive spread of new enterprise formation on eBay compared to the brick and mortar economy as reported by EIG. We believe these findings point toward Internet-enabled small business growth as a force for economic dynamism and inclusive economic growth that are potentially countering the trends in the traditional economy over the past three recoveries.

In an effort to gain a deeper understanding of the reach of this inclusive economic growth, we are researching new enterprise formation on eBay compared to the traditional economy from 2011 to 2015 within counties that cover the full spectrum of economic well-being. This research utilizes the [2017 Distressed Communities Index](#) (DCI), created by the EIG to measure a particular jurisdiction's economic vitality relative to its peers.²⁸ The DCI is an index composed of seven component metrics from the US 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."²⁹ Using these scores, the EIG divides US counties into quintiles of well-being, the top performing in the Prosperous tier followed by Comfortable, Mid-Tier, At Risk, and Distressed, being the worst performers.

²⁸ Economic Innovation Group (2017) The 2017 Distressed Communities Index. Available at: <http://eig.org/dci>

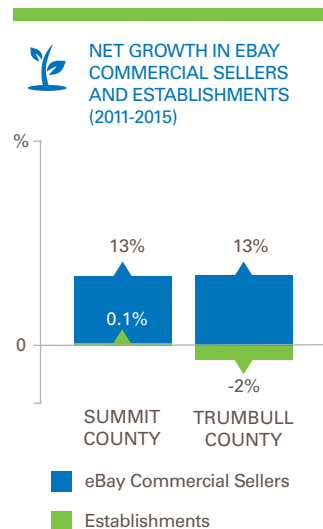
²⁹ Economic Innovation Group (2017) The 2017 Distressed Communities Index. Available at: <http://eig.org/dci>

In looking at eBay-enabled small business creation in Summit and Trumbull counties, this report is limited to transactions by what we call Commercial Sellers or “eBay-enabled small businesses”, who are those with \$10,000 USD or more in sales annually on the eBay Marketplace. The economy-wide analysis is based on the net growth in the number of business establishments in a county from 2011 to 2015 as reflected in US Census Bureau data. Likewise, the eBay data reflects the net growth of the number of Commercial Sellers in each county for the same timeframe. The results are reported as percentages of net growth rather than absolute numbers.

The EIG reports Summit County’s DCI score as ranking 34th in Ohio (88 total counties) and falls in the range of the “Comfortable” quintile. Trumbull County, by contrast, has a DCI score that ranks 68th in Ohio and places in the range of the “At Risk” Quintile. Consistent with the expectation that economic opportunities would be greater in the “Comfortable” country and depressed in the “At Risk” county, net enterprise growth in the overall economy for 2011 – 2015 was positive in Summit County and negative in Trumbull County. On the other hand, net eBay Commercial Seller growth occurred in both counties at similar rates during the time period, running against the traditional economy trend of the stronger local economy leading to growth trends that reinforce economic disparities. In addition, in both counties, from 2011 to 2015, net eBay Commercial Seller Growth far exceeded net businesses establishment growth. Summit County experienced a 13% increase in the number of eBay Commercial Sellers and only a 0.1% increase in the number of business establishments. Trumbull County also experienced a 13% increase in the number of eBay Commercial Sellers. In contrast, there was a 2% decline in the number of business establishments in the county.

It is also important to note that Summit County has a population of approximately 540,000, more than double Trumbull Counties’ population of approximately 200,000 residents. The net eBay Commercial Seller growth in each county is in line with the findings of our previous research demonstrating the economic opportunity for small businesses provided by the online commerce platform is transcending general enterprise growth trends where counties with smaller populations are failing to grow.

We share the concern that economic growth is too often geographically concentrated and are encouraged by our findings that small business growth on eBay has been more balanced than in the broader economy. The geographic inclusion empowered by the eBay platform demonstrates that small businesses do not have to be located in advantaged counties to succeed. We believe that the primary reason for this activity is that independent small businesses using online commerce platforms engage in sales beyond their immediate local markets, which are often challenged, and are instead able to access remote healthy markets.



ebay