

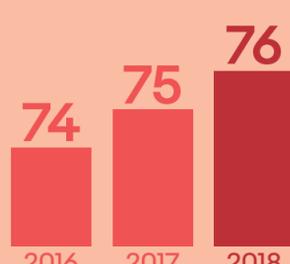
eBay Canada Retail SMB Optimism and Exporting Report

As a technology company whose success depends on the success of millions of small and medium-sized businesses (SMBs), eBay has a vested interest in understanding how SMBs perceive the opportunities and challenges facing them. With that, eBay Canada surveyed retail SMBs from across the country to get pulse on their overall optimism.

The following are key findings from the survey.*

Optimism trending upward among retail SMBs

The 2018 eBay SMB Optimism Index score is 76, a one-point increase for the second consecutive year. The Index uses survey responses to create an overall optimism score out of 100, plotting on a scale from very pessimistic (0-15) to very optimistic (91-100), and based on four key statements:



1 **“Overall, I am optimistic about my business prospects for 2018”**

80% agree

Those 34 years-old or younger or have been in business for under five years are among the most likely to agree

2 **“I believe there are new market opportunities for my business, either domestic or international”**

66% agree

Women and those who sell online are among the most likely to agree

3 **“Canada is a good country in which to run a small or medium-sized business”**

77% agree

Those based in rural areas or who’s business generated less than \$100,000 CAD last fiscal year are the most likely to agree

4 **“I am encouraged by new technologies and innovations that will have a positive impact on my business”**

75% agree

Those from B.C. or who export are among the most likely to agree

SMBs who export are the most optimistic

Certain factors correlate with higher optimism scores. Some of the highest optimism scores among SMB groups come from:



78
women
vs. 75 men



78
SMBs with an online presence
vs. 73 offline SMBs



79
SMBs who export
vs. 73 who don’t (+1 point from 2017)

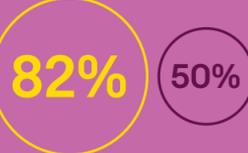


80
those in British Columbia
vs. 68 for Alberta

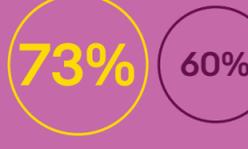
Exporters are significantly more likely than non-exporters to:



believe that there are new market opportunities for their business, either domestic or international



believe in the importance of growing or expanding to new sales channels online



incorporate new technologies

The number of SMB exporting has increased by 50%



57% of retail SMBs currently export, compared to 38% in 2017

47% of exporting retailers project their export sales will increase over the next 5 years

13% anticipating significant increase
Only 8% expect export sales to decrease



54% see increasing export sales as important for continued business growth, yet **93%** cite barriers to selling internationally

Top barriers to exporting:



52%
cite shipping costs



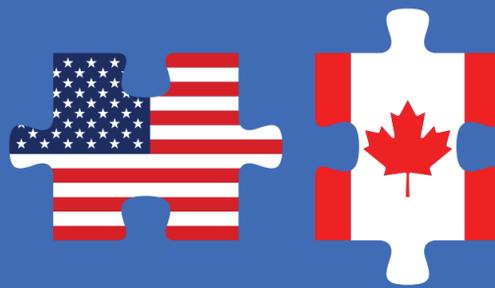
34%
cite lack of efficient shipping options



30%
cite international trade policies and tariffs; the same proportion cite for Canada’s cross-border trade relationship with the U.S.

SMBs have many challenges in terms of growing their business in general, but the only one that increased in probability since last year was exporting barriers and border policies

U.S. exports are important to Canadian retail SMBs



25%

who currently export to the U.S. see the majority of their overall revenue come from this market – with SMBs anticipating similar rates for 2019

46%

currently export to the U.S., up from 31% last year; this year’s exporting rate is expected to maintain into 2019

74%

believe that a trade deal with the U.S. is at least of some importance to the success of their business; this increases to 87% among exporting SMBs

Those from Ontario, of those 18-34, and new-Canadian business owners are the most likely to believe this

eBay sellers are highly optimistic and highly likely to export



80 index score
vs. 75 non-eBay users



64%
indicated international sales are performing well for their business, versus 26% of non-eBay sellers



60%
believe their export sales will increase over the next 5 years
vs. 40% non-eBay users



99.9%
eBay sellers export**



More than **2X** as likely to indicate international sales are performing well for their businesses
vs. non-eBay sellers (64% vs. 26%)



70%
currently export to the U.S.
vs 39% of non-eBay sellers

*Leger conducted a survey of 304 Canadian small retailers with <\$13,000 in 2017 sales and a maximum of 99 employees online between August 10-22, 2018 using Leger’s online panel.
**Industry Canada, Small Business Branch, Key Small Business Statistics (June 2016)