



**Supporting  
SMB Growth:  
Unlocking  
Recovery  
through  
E-commerce**





# Executive Summary

Two years after the onset of the COVID-19 pandemic, small and medium sized businesses (SMBs) have made significant changes to their business operations. They have been forced to adapt to pandemic-related challenges, but have also taken advantage of new and growing opportunities in e-commerce and digital markets. UPS, in partnership with Nathan Associates, surveyed 1,027 SMBs across nine countries to better understand the challenges they are facing and the ways in which the flourishing e-commerce market can help them grow and compete in the rapidly changing global economy.

E-commerce is a driver of economic growth. It has expanded opportunities for SMBs to reach customers in new markets. E-commerce makes it easier for SMBs to export, which in turn increases their likelihood of growth, resilience to economic shocks, and access to new ways of doing business that will sustain their future growth. Governments around the world have recognized the need to support SMBs with a conducive policy environment as they expand into e-commerce and international trade.

As a global leader in logistics, UPS has also long supported SMBs on their journey toward growth. This report shares the findings and policy recommendations from a survey of 1,027 SMBs in nine regionally and socio-economically diverse countries. Conducted in March and April 2022, the survey captured information about SMB priorities, challenges, and trends in e-commerce sales and logistics, both domestically and internationally. The insights from these surveys informed policy recommendations for government stakeholders to support the growth of e-commerce and international trade activities.

In most of the surveyed countries, the top pandemic-related challenges facing SMBs are **declined in-person sales, supply chain disruptions, and cash flow** constraints. For many countries, these were also among the top challenges reported by SMBs in a survey conducted by UPS and Nathan in 2021. The fact that in-person sales were consistently repeated as a major challenge shows that SMBs are still relying on them for their business.

The report shows that **e-commerce is a top priority for SMBs**, particularly when it comes to domestic sales. In most countries, more SMBs have begun selling online since the start of the pandemic. In all countries, the majority of SMBs ranked online domestic sales as their top business priority over in-person domestic sales. This presents a major opportunity and need for governments to provide support to help them reach their e-commerce growth goals.

The SMB trend toward expanding their e-commerce presence is an **opportunity to help SMBs make the transition from focusing primarily on domestic online sales to exports**. The survey results also show the need for education and awareness about the growth potential of international e-commerce.

## Countries included in the survey

- Brazil
- Canada
- France
- India
- Indonesia
- Italy
- United Arab Emirates
- United Kingdom
- Vietnam

Yet SMBs are dealing with multiple challenges and constraints to their e-commerce sales, logistics, and exports. Across all nine countries, the top three e-commerce challenges reported by SMBs that are currently selling online are:

- Online marketing and branding
- Supply chain disruptions
- Accessing information about how to run an e-commerce business

For those SMBs that are not currently selling online, they reported the top constraints to e-commerce entry as being:

- Learning about and complying with digital laws and regulations
- Access to finance
- Cybersecurity and online safety

Although SMBs in many countries reported that exporting has gotten easier since the start of the pandemic, they also reported the following as the top three challenges to e-commerce exports:

- Managing electronic payments and taxes collected from international clients
- Access to information about international markets, trade compliance, and customs requirements
- Facilitation of shipping and trade logistics

The survey also looked at the relative experiences of women-owned and men-owned SMBs. Across most markets, **the surveyed women-owned SMBs were more likely to be selling online than men-owned SMBs**, both prior to the pandemic and at the time of the survey. Yet in some contexts, women- and men-owned SMBs had different priorities, challenges, and experiences using various e-commerce supports, policies, and services. For example, in the United Kingdom, Canada, Brazil, France, India, and Italy, women-owned SMBs and men-owned SMBs had different priorities, challenges and experiences especially when it came to financing. Given the global gender inequality in access to financing, especially for business growth, this is an important finding that countries should monitor and ensure that financing mechanisms are reaching both women-owned and men-owned SMBs equitably.

The survey also explored the experiences with e-commerce for women and men and found that in some countries, such as Canada and India, SMB owners were less likely to experience harassment and discrimination when conducting business online compared to in-person. While this was sometimes more likely to be true for women-owned SMBs, many men-owned SMBs reported this to be true as well.

Finally, the survey inquired about SMB perceptions about the extent to which their business practices, products, and operations were environmentally-friendly. In all countries, more than half reported that their business is either “very” or “somewhat” environmentally sustainable. In most countries, SMBs indicated they have some plans to invest in increasing the sustainability of their business practices, particularly related to products and product packaging.



## Policy Recommendations

Governments, private sector, trade and business associations all have an important role to play in supporting SMBs to capitalize on the opportunities emerging from growing e-commerce markets. The following are some recommendations:



**Build SMB Digital Capabilities:** Trainings and information portals should provide information about setting up and running an e-commerce business, online marketing, digital laws and regulations, shipping and logistics, and international trade. City governments and business associations such as chambers of commerce can be particularly important in reaching SMBs. Outreach campaigns and information portals should ensure that information is user-friendly and accessible to a wide range of SMB owners from various backgrounds, levels of education, and geographies.



**Support Supply Chain Resilience:** SMBs in most countries have identified supply chain disruptions as a major challenge. These disruptions can range from lack of availability, lack of transparency in the supply chain, rising costs of raw materials to shipping delays. Both the government and logistics partners can work together to help SMBs with the assessment of supply chain vulnerabilities, management of inventory, technology solutions to conduct better mapping of sources, and efficient and cost-effective transport and delivery services. Investments in increasing supply chain transparency and in logistics infrastructure are necessary. For example, supply chain management software can be used to publish data for SMBs on lead times of raw materials to help businesses plan ahead. Capital allowances or tax breaks can help businesses adopt digital technologies that help them prevent vulnerabilities.



**Ease Access to Export Information:** The majority of SMBs in all the surveyed countries ranked access to information about international trade as their primary challenge and priority to support their e-commerce export sales. As part of efforts to build SMB digital capabilities, governments need to scale up outreach and easy-to-understand information about international markets and trade agreements. Information should also help SMBs to navigate export taxes and customs as well as understand how to manage e-payments from international customers. Programs that promote peer learning and partner with women-led firms can also help to reach groups that are often underrepresented in export markets.



**Enhance Financing Mechanisms:** There are numerous ways to incentivize and support SMBs to move into e-commerce, grow their online sales, and manage cash flow. Policies should focus on increasing SMB financing facilities, grants, tax credits, and, if necessary, subsidies. Governments and other stakeholders should expand existing business credit offerings, whether through increasing the volume of financing available or encouraging more small businesses to take advantage of existing programs through awareness-raising initiatives. Special tax credits could help SMBs invest in online business training, try out new outsourcing platforms, or otherwise do what they need to do to increase their capacity for online sales, both domestically and internationally. Programs must track and disaggregate data by gender of the business owner and use proactive outreach methods to ensure that they reach both women-owned and men-owned SMBs.



**Invest in Digital Infrastructure:** The surveyed SMBs in all countries emphasized the government's essential role in providing reliable and secure internet access and other digital infrastructure for their e-commerce businesses to thrive. In addition to continuing to expand access to high-speed internet in rural and other underserved areas, governments should improve awareness to the digital tools that SMBs can leverage and help them address challenges with managing e-payments, inventory, returns, and contactless delivery.



**Simplify Trade Processes:** To support trade, government agencies should prioritize efforts to digitize customs and tax collection processes to make cross-border trade more efficient, leverage technologies and promote transparency. Some of these commitments have been made by countries at the WTO but are not yet operationalized. Implementing these measures would help small and medium sized businesses open up pathways for greater internationalization.



**Develop a Data Governance and Cybersecurity Framework:** A national framework, such as the one developed by the European Union, has the potential to protect SMBs from cybersecurity threats, which limit trust for both the seller and the consumer. Countries that already have such frameworks in place should review them to make sure they have specific measures to support SMBs. These frameworks should also include

commitments to developing the cybersecurity workforce by funding programs that provide cybersecurity training and certificates, career growth resources, and hiring opportunities to build a robust cybersecurity workforce capable of addressing the growing cyber threats. Governments should also ensure that this strategy addresses risks depending on various factors, including, but not limited to, gender, especially considering that women-owned SMBs reported they were less likely to experience harassment and discrimination when operating online.

### Methodology

UPS and Nathan Associates worked with local partners in each of the surveyed countries to reach out to SMBs for the survey. The survey was conducted online via the SurveyMonkey platform and was translated into the predominant language of each country. Because small and medium sized businesses are defined differently in each country, the survey used each country's unique definition of SMBs for that country-level analysis and report. During analysis, all responses were disaggregated by the gender of the business owner, but these were only included in the report if they were statistically significant or determined to be notable by the researchers.





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# Brazil:

## Supporting SMB Growth: Unlocking Recovery through E-commerce

There are 8.5 million small and medium businesses (SMBs) in Brazil, making up 99 percent of all businesses in the country. More than one year into the COVID-19 pandemic, approximately 79 percent of these SMBs reported that they were still suffering revenue losses.<sup>1</sup> Yet, the e-commerce market in Brazil is booming, growing by 31 percent in the first half of 2021.<sup>2</sup> The country has also made significant investment to support SMBs in moving business and sales online to better access e-commerce markets, including export markets,<sup>3</sup> and is ranked the 34th place in the world for SMBs to do e-commerce.<sup>4</sup>

In part, the growth of ecommerce in [Brazil] has created an urgency to build a robust policy environment; in part, the adoption of good policies has likely fueled ecommerce development.<sup>5</sup>

UPS, in partnership with Nathan Associates and ABComm, surveyed 103 SMBs in Brazil to better understand the challenges they are facing and the ways in which the flourishing e-commerce market can help them grow and adapt to the rapidly changing global economy. In addition to assessing general trends for how SMBs are engaging with e-commerce domestically and internationally, the survey also sought to identify the relative experiences of women-owned SMBs compared to men-owned SMBs and general SMB perspectives around sustainability.

The survey identified the following key findings:<sup>6</sup>

- **The vast majority of surveyed SMBs are engaged in e-commerce, which has increased since the start of COVID-19.**<sup>7</sup> In 2022, nine out of every ten SMBs reported selling online, which is an increase from pre-COVID rates where only seven out of ten were selling online. SMBs were clearly impacted by the pandemic's effect on in-person sales; one-fifth had closed a physical store since the start of the pandemic. In 2022, just under half of SMBs were running one or more physical stores.
- **E-commerce is a priority for SMBs.** SMBs ranked domestic e-commerce sales as their top priority for business growth over the next two years. However, their second priority was domestic in-person sales, with the majority ranking international online sales as either their third or fourth priority.
- **Exporting remains a challenge for SMBs.** Although SMBs indicated that exporting is a lower priority than domestic sales, the few SMBs that have been exporting since before the pandemic reported that exporting has not gotten easier, suggesting that the growing e-commerce sector should focus on removing barriers to entry.
- **Simplifying business regulations, taxes, and fees would help SMBs strengthen their export orientation.** To support e-commerce expansion generally, women-owned SMBs rated access to reliable internet as a key intervention area, while men-owned SMBs reported access to subsidies for e-commerce as an important policy intervention.

1 Despite recovery, pandemic still haunts Brazil's small businesses, The Brazilian Report, July 2021.

2 Brazil - Country Commerce Guide: eCommerce, International Trade Administration, January 2022

3 Alliance for eTrade Development: Expanding MSME Ecommerce in Developing Countries: Digital and eCommerce Policy Index and Path Forward, USAID, September 2021

4 Best Place for MSME Ecommerce Index, eTrade Alliance

5 Alliance for eTrade Development: Expanding MSME Ecommerce in Developing Countries: Digital and eCommerce Policy Index and Path Forward (p.16), USAID, September 2021

6 Brazil was not included in the 2021 survey. Therefore, there is no comparison data available.

7 ABComm, which distributed the survey, is a Brazilian e-commerce association, therefore the respondent pool was skewed towards e-commerce businesses.

## Policy Recommendations



**Simplify E-commerce Regulations, Taxes, and Fees:** This was one of the highest priority policy interventions for SMB owners. Taxes are myriad and complex and can double the price of products. Simplification of e-commerce rules and regulations would lower the barrier of entry for SMBs not currently in e-commerce or e-commerce exports, while also helping to address constraints around access to information for all SMBs. Easier-to-understand regulations and procedures would require less external assistance—and therefore costs—to navigate.



**Provide Financing to Off-set Upfront Cost:** Recovering the cost of fees from e-commerce platforms was a top challenge for businesses currently selling online. Governments can partner with e-commerce platforms to offer technical assistance and financing that make the upfront costs of transitioning to e-commerce less burdensome for small businesses with limited cash flow.



**Coordinate Cross-Border Data Flows:** Coordinate the commitment of cross-border data flows to allow the free flow of information and avoid data localization requirements. Commit to regulatory cooperation and develop interoperability among regulatory systems to ensure access to information about international trade is readily available for SMBs engaged in e-commerce.



**Expand SMB Digitization Support:** Continue and expand the online programs, public-private partnerships, and digital transformation initiatives that Brazil has developed to help SMBs use online marketplaces, including for exports. These programs should connect SMBs with information and learning opportunities about online marketing and branding, digital laws and regulations, cybersecurity, and how to recover the cost of fees from e-commerce platforms through sales.



**Ease Access to Export Information:** Continue to keep SMBs up-to-date on information on international markets, compliance, and customs requirements. Access to information about international trade was the highest priority for e-commerce exports and the need for online marketing and branding information ranked the highest among the major challenges to e-commerce sales in Brazil. Support should include user-friendly portals and information centers that have market information and guidance for export and trade.



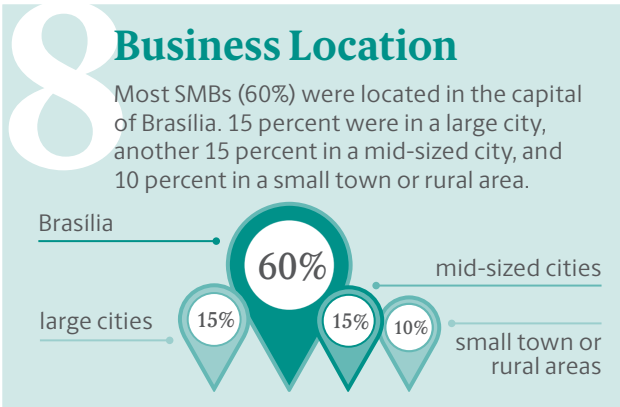
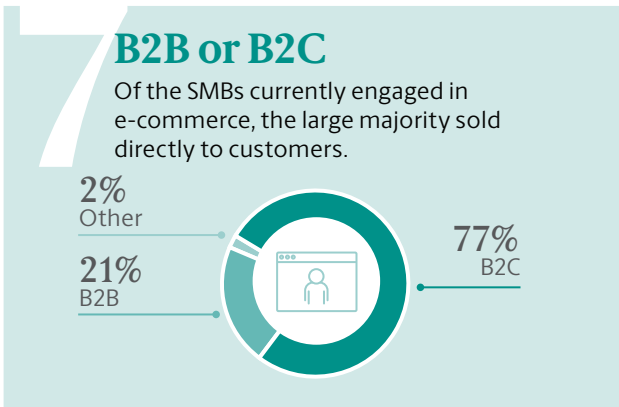
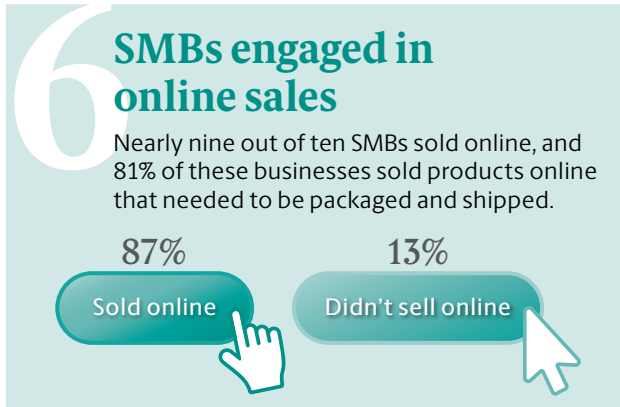
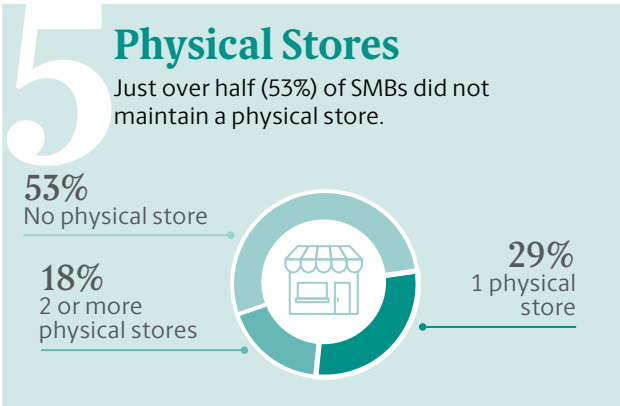
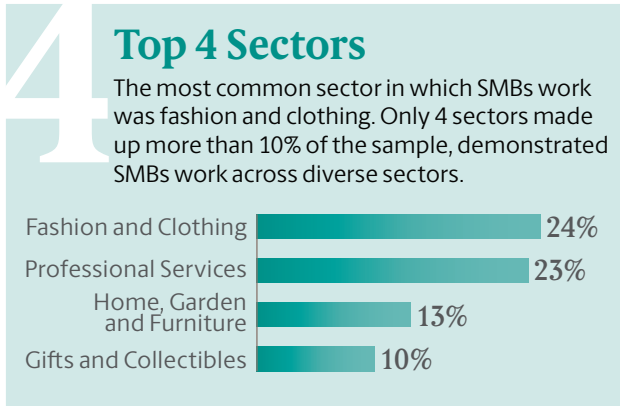
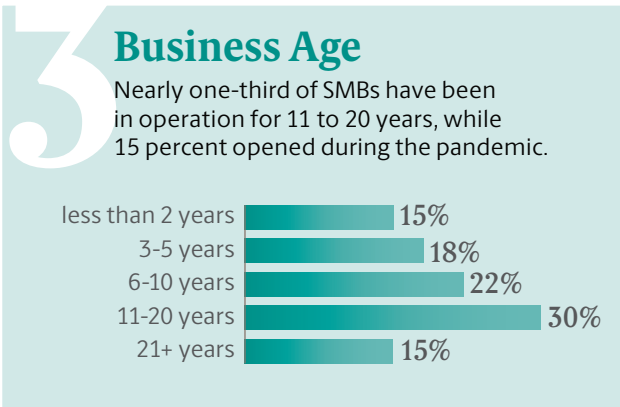
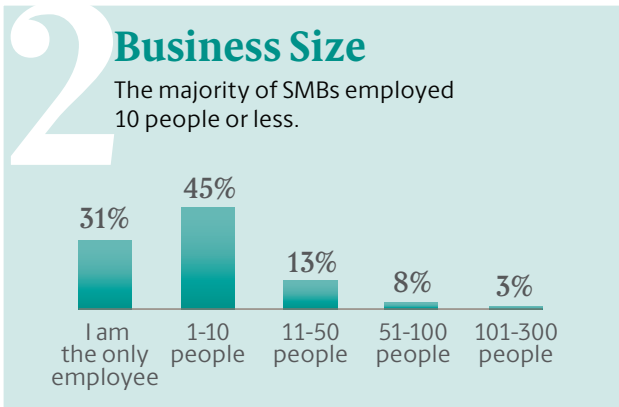
**Eliminate Customs Duties on IT Products:** Brazil is one of only a handful of World Trade Organization members who have not signed the WTO's Information Technology Agreement which eliminates customs duties on a wide range of IT products.<sup>8</sup> This would help to reduce the cost of access to technology for SMBs.

8 The WTO's Information Technology Agreement, World Trade Organization





# Business Characteristics of Surveyed SMBs



\*1 percent of SMBs said they weren't sure if the business was a women-owned business.

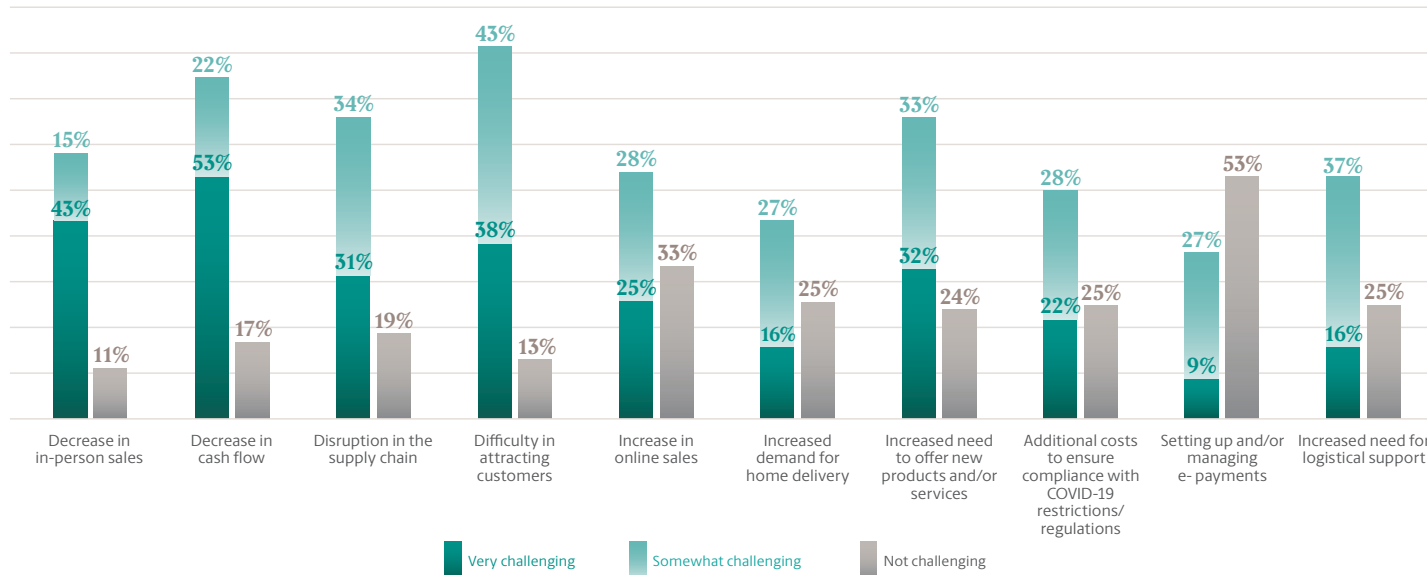
## Top Pandemic-related Challenges Facing SMBs

### Top four pandemic-related challenges facing SMBs in 2021-2022:

- difficulty attracting customers (81%)
- decrease in cash flow (75%)
- disruption in supply chain (66%)
- increased need to offer new products and/or services (66%)

This demonstrates that SMBs handled their business operations during the pandemic fairly well but were impacted most by external and sales factors. Women- and men-owned SMBs experienced the pandemic differently. Women SMB owners reported the increased need to create new products as somewhat challenging more often than men SMB owners, who were more likely to say this was not a challenge.

### Challenges Due to COVID-19

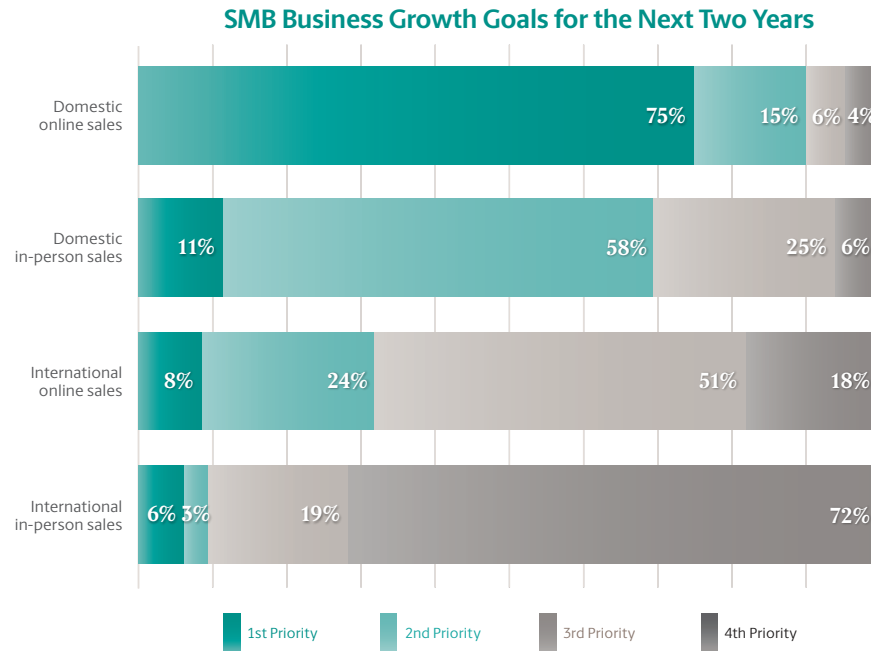


## E-commerce Trends

**The number of SMBs selling online has increased since the start of COVID-19.** Prior to the pandemic, over two-thirds of SMBs surveyed (71%) were selling online. Two years later, this increased to 87 percent, with growth reflected across both women and men SMB owners.

**About one-fifth of SMBs closed a physical store during the pandemic.** Four out of every five SMBs reported they did not close any physical stores since the onset of the COVID-19 pandemic.

**Expanding e-commerce sales domestically was the top priority for business growth.** When asked to describe their business growth goals for the next two years, SMBs overwhelmingly indicated a desire to grow their domestic online sales. SMBs ranked domestic in-person sales as their second area for business growth. There were some slight gender differences in responses. More women SMB owners ranked domestic in-person sales as their last priority, while men SMB owners were more likely to rank this as their third priority.



**SMBs in Brazil need assistance primarily with online marketing and branding their business.** Surveyed SMBs reported the following as being either “very” or “somewhat” challenging to their e-commerce sales:

- online marketing and branding (92%)
- recovering the cost of e-commerce fees (72%)
- learning about and complying with digital laws and regulations (69%)
- cybersecurity and online safety (67%)

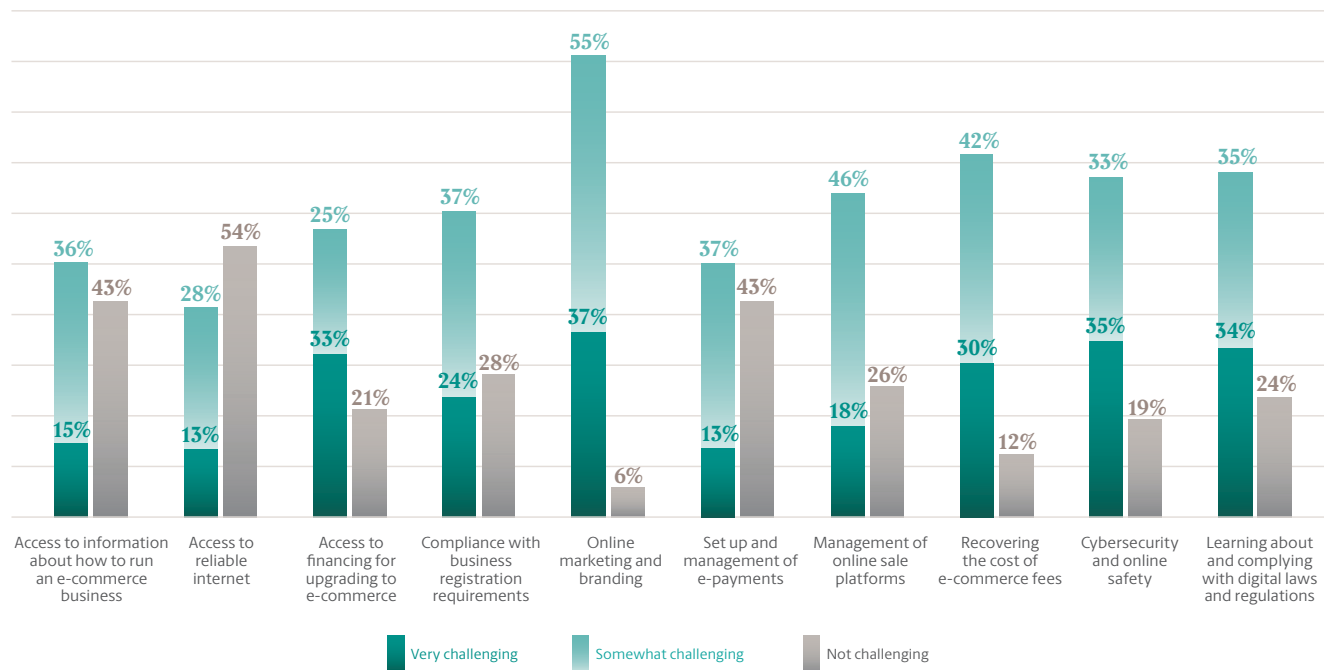
Conversely, Brazilian SMBs reported access to internet, information on how to run an e-commerce business, and setting up e-payments as the least

challenging, demonstrating that this SMB sector has met the foundational needs of e-commerce and programmatic interventions may focus on deepening e-commerce.

There were, however, some significant differences by gender:

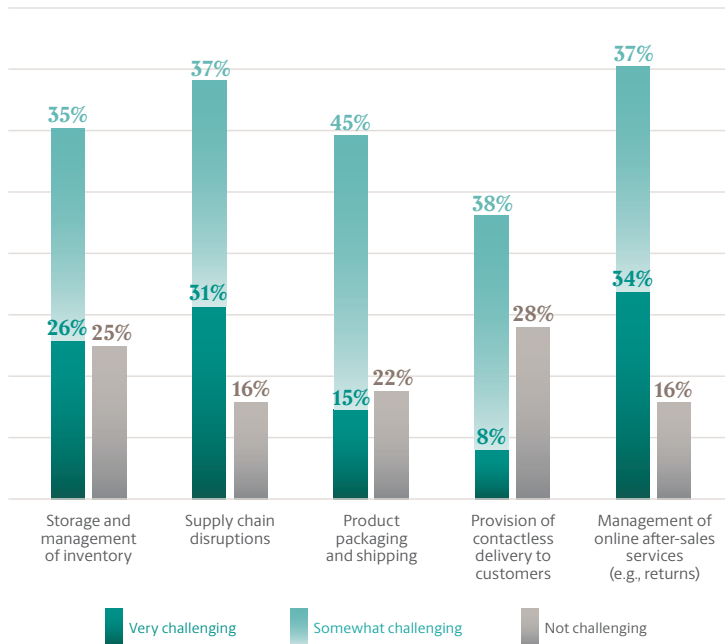
- Men-owned SMBs were more likely to report that access to financing for upgrading to e-commerce and compliance with business registration were “very” challenging.
- Women-owned SMBs were more likely to report that learning about and complying with digital laws and regulations was not a challenge.

Challenges to SMB E-commerce Sales



**E-commerce logistics are also a significant challenge for SMBs.** Nearly three-quarters of SMBs currently selling online reported that management of online after-sales services was a challenge for their e-commerce business (71%). Supply chain disruptions (69%) and storage and management of inventory (61%) were also main logistical challenges.

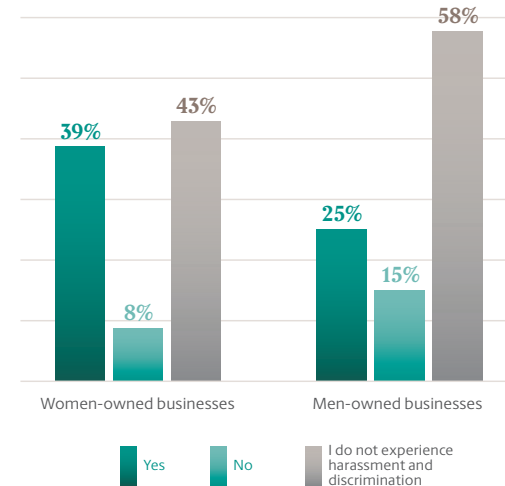
### Challenges to SMB E-commerce Logistics



**Most SMBs sell on their company's online store (69%) or social media platforms (61%).** Nearly half (48%) of SMBs sold on regional or local marketplaces, while only a quarter sold on a global marketplace. Though not statistically significant, women SMB owners sold via social media 15 percent more than men, who sold on local marketplaces 7 percent more than women.

**Both women- and men-owned SMBs reported that they were less likely to experience harassment and discrimination when conducting business online.** Although not statistically significant, this was more commonly reported by women than men (39% versus 25%, respectively).

### Are you less likely to experience harassment and discrimination when conducting business online than when conducting business in-person?



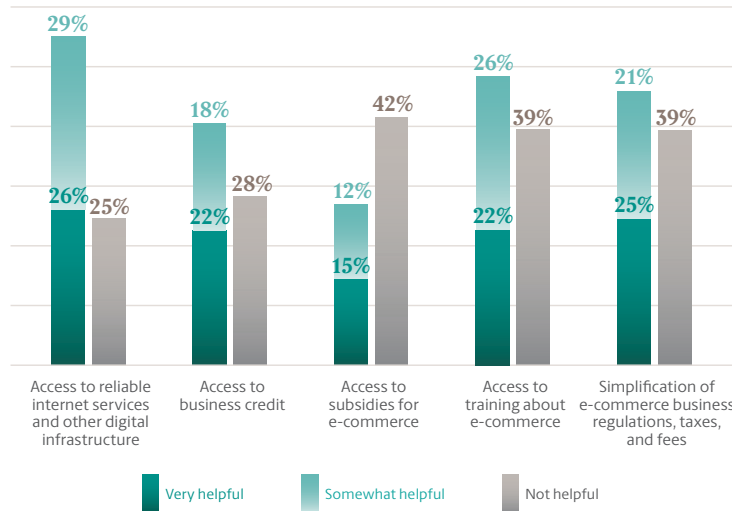
**SMBs were split regarding the helpfulness of government policies during 2021.**

They found the following policies and programs helpful, yet no policy or program area was appreciated by a strong majority of SMBs:

- access to trusted internet services and other digital infrastructure (55%)
- access to training about e-commerce (48%)
- simplified e-commerce regulations, taxes and fees (46%)

The only significant difference was that women-owned SMBs were more likely to report the simplification of e-commerce business regulations, taxes, and fee as “somewhat helpful” than men-owned businesses.

**Helpfulness of Government Policies to SMB E-commerce**

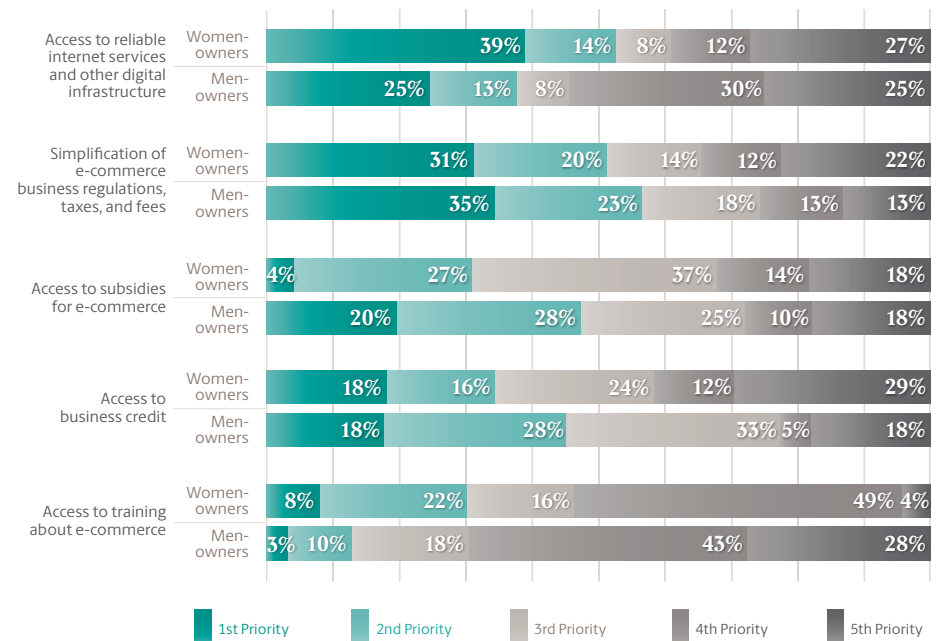


**SMB owners who sell online ranked simplification of e-commerce regulations, taxes, and fees as the highest priority policy intervention.**

Their next highest priority intervention is access to reliable internet and other digital infrastructure; however, this policy area was also rated as the last priority by nearly one-quarter of both women and men SMB owners. Similarly, SMBs were split nearly in half when indicating whether access to internet and digital infrastructure was a challenge, demonstrating that, for some SMB owners, reliable internet has been acquired, while for others it remains in need of intervention.

However, when disaggregating by by men- and women-owned SMBs, the data shows some significant differences. For example, women-owned SMBs ranked training programs and access to reliable internet as higher priorities, whereas men-owned SMBs ranked access to subsidies for e-commerce as a higher priority.

**SMB Policy Priorities to Support Expanding E-commerce**

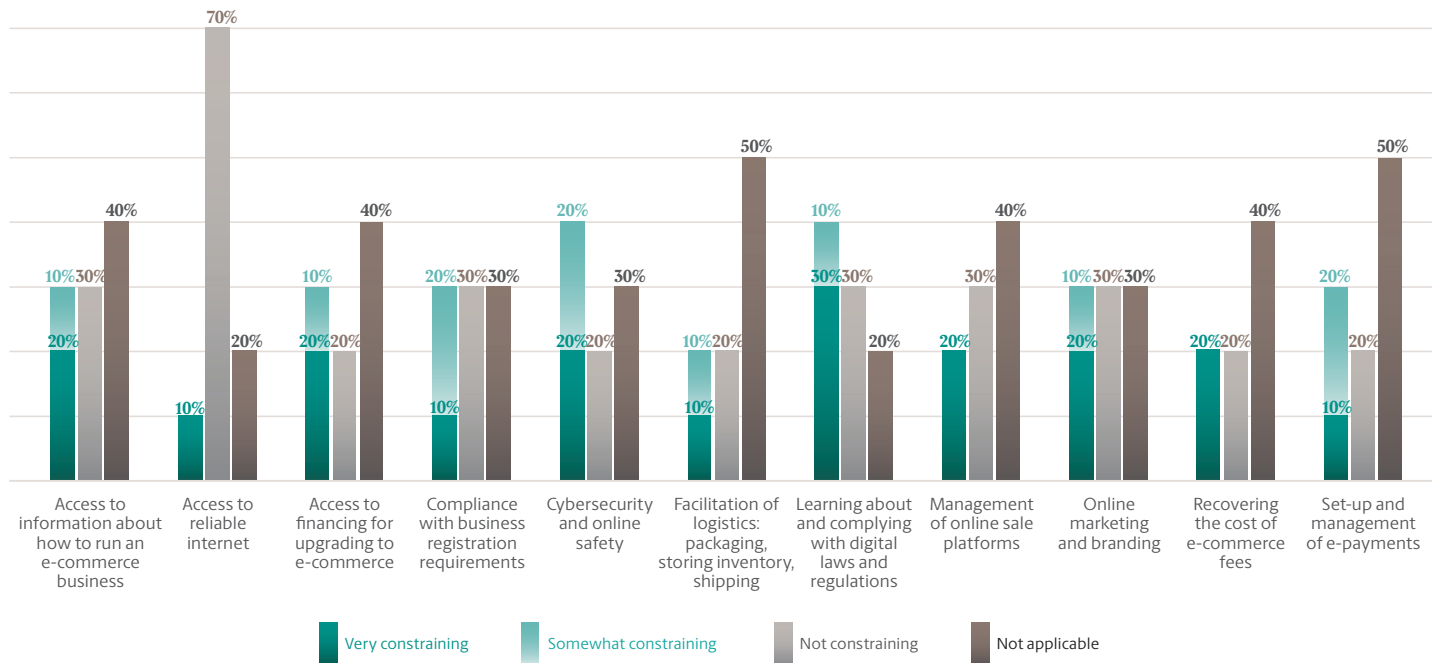


## Why Are Some SMBs Not Selling Online?

SMBs that were not currently selling online are unsure of how beneficial it could be to their business.<sup>9</sup> Only one out of every ten SMBs was not engaged in e-commerce. Of these, SMBs owners were equally split between e-commerce as either beneficial or not beneficial, while 20 percent reported that they did not know. This suggests that SMBs selling in-person are doing so purposefully, and a small percentage (4 SMBs in the sample) are not engaged in e-commerce yet believe it would be beneficial.

There was no clear constraint preventing SMBs from selling online. The SMBs surveyed reported wide variance in how constraining various areas are to selling online. SMBs reported that access to reliable internet was not a constraint. However, no pattern of constraints emerged. The greatest response, receiving on average 40 percent, was “not applicable,” demonstrating that SMB owners may not have considered these areas as constraints to their business growth or may be unaware of the steps to take to expand to e-commerce.

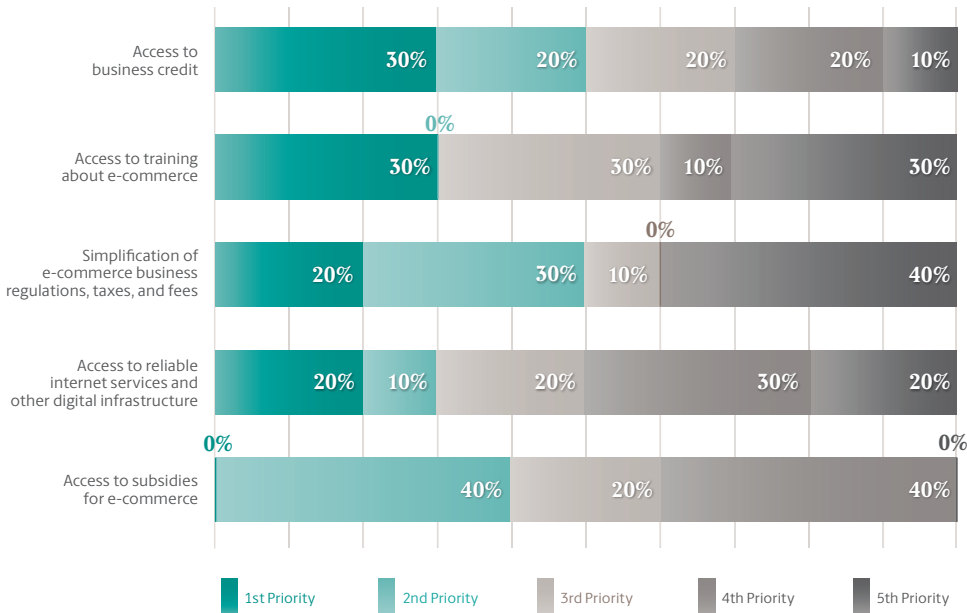
Constraints to SMB Expansion to E-commerce



9 The actual breakdown of those engaged in e-commerce is 87 percent while 13 percent do not. Due to 3 SMB owners exercising their right to skip questions, only 10 SMB owners shared their perceptions on the benefits of e-commerce (resulting in 10 percent of the overall sample).

**Access to business credit and simplification of e-commerce regulations are top priorities for SMBs who want to expand into online sales.** This suggests that SMB owners feel they do not have a strong financial position from which to branch into e-commerce and may need clear directions on e-commerce regulations, taxes, and fees to understand the steps needed to begin e-commerce sales.

### SMB Policy Intervention Priorities to Support Expanding into E-commerce

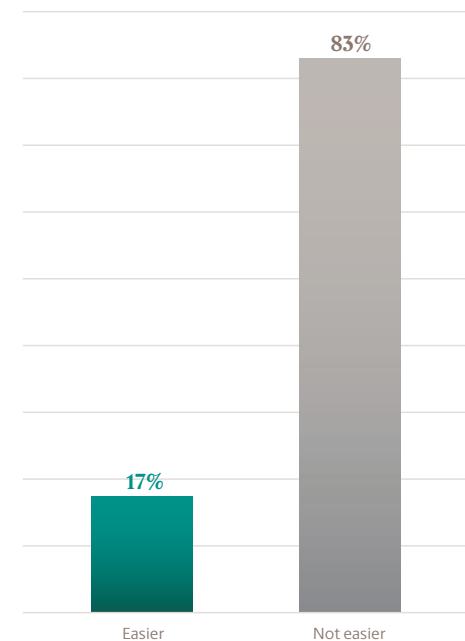


## Trends in Exporting

**Only 8 percent of SMBs currently engaged in e-commerce sell to international customers (7 out of 82 SMBs).** Of the six SMB owners who reported their export sales, one SMB's export sales made up 100 percent of their sales. However, most were much smaller: for another SMB, exports made up half of their sales, while the remaining 4 SMBs had an average of 7 percent sales. The SMBs surveyed exported to Europe and Eurasia and North America exclusively, with 3 SMBs exporting to both destinations.

**Exporting has not gotten easier for SMBs.** Five out of six SMBs that are currently exporting said that e-commerce exporting has not gotten easier since the start of the COVID-19 pandemic. This indicates a key area for governmental policy or programmatic support.

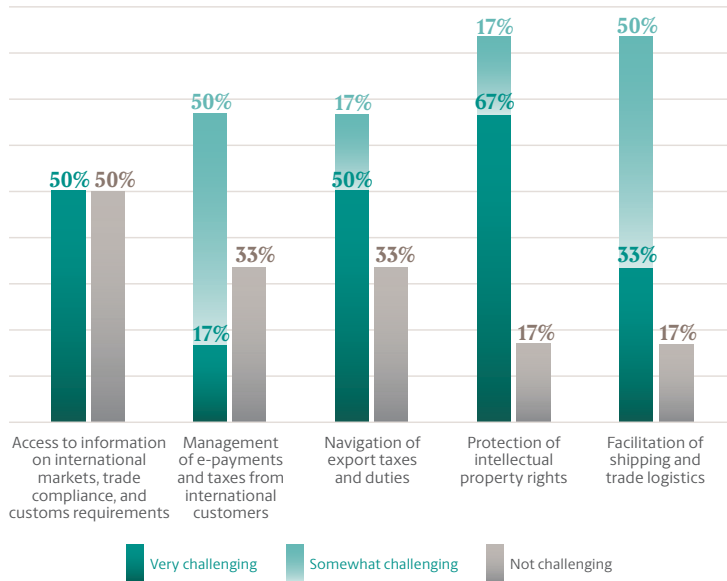
### Have E-commerce Exports gotten easier since the start of COVID-19?





**Protection of intellectual property rights and facilitation of shipping and trade logistics were the top export challenges.** 83 percent of the SMBs that are currently exporting reported these as “very” or “somewhat” challenging. Again, SMB experiences were split: while half said access to information was “very” challenging, the other half said it was not a challenge at all.

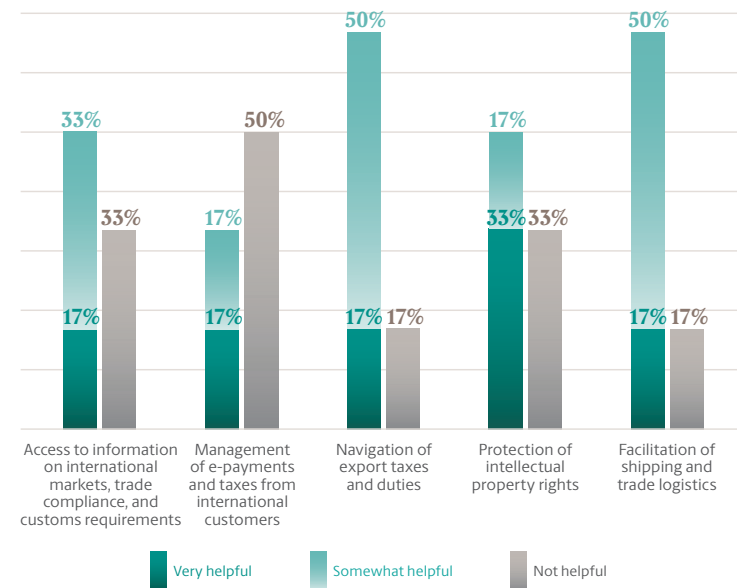
**Challenges to SMB E-commerce Exports**



**Government policies and programs were somewhat helpful to SMBs’ international e-commerce sales.** Two-thirds of SMBs found that policy interventions to address navigating export taxes and facilitating shipping logistics were either “very” or “somewhat” helpful during the past year.

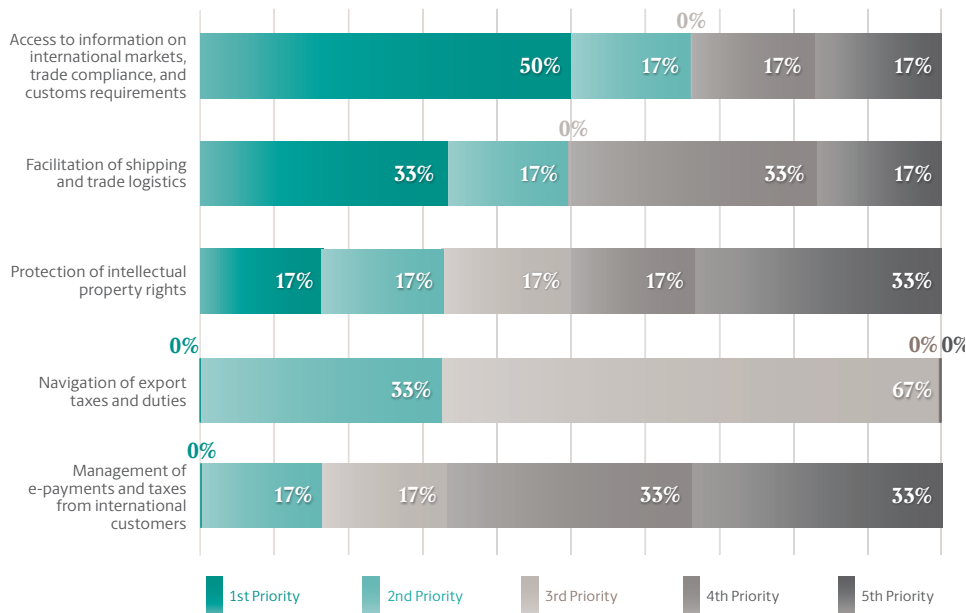
Given the areas identified as most challenging to e-commerce exports, as well as the areas where existing policy interventions have not been helpful, government policies and programs need to address protection of intellectual property rights, access to information on international markets, and management of e-payments.

**Helpfulness of Government Policies to SMB E-commerce Exports**



**Access to information about international trade was the highest priority for policy interventions.** SMB owners overwhelmingly identified access to information as the greatest priority. Their second priority for policy interventions is around facilitation of shipping and trade logistics. Assistance navigating export taxes and duties was the third priority, reflecting that, although current interventions are helpful to some SMBs, this area remains very challenging to the majority of SMBs.

### SMB Policy Intervention Priorities to Support E-commerce Exports

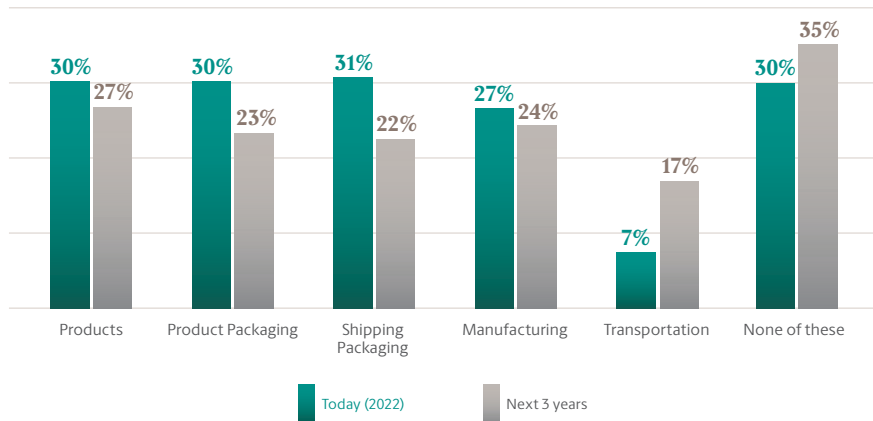


## Sustainability

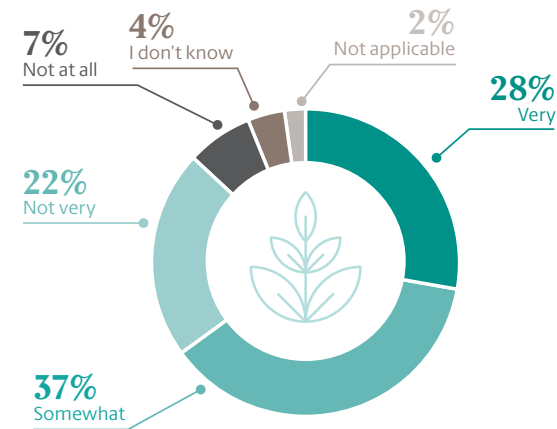
**SMBs reported differing levels of environmental sustainability.** The surveyed SMBs were split fairly evenly between reporting their business as being “very,” “somewhat,” or “not very” sustainable, yet 65 percent reported being “somewhat” or “very” sustainable. Only 7 percent reported that they were not at all sustainable.

Approximately one-third of SMBs reported current plans to address sustainability through areas of their business, although slightly more than one-third reported no plans to address sustainability in the next three years. The largest area for potential growth of sustainable practices was in transportation. Interventions which help SMB owners understand what potential actions they could take across these areas could be helpful, as well as greener transportation options.

### Current Practices vs. Future Plans for Environmental Sustainability



### SMB Environmental Sustainability





# Canada:

## Supporting SMB Growth: Unlocking Recovery through E-commerce

Canada is considered the seventh best place in the world for small and medium businesses (SMBs) to do e-commerce.<sup>1</sup> It is also the tenth largest market for e-Commerce in the world, with 2021 revenues reaching US \$35 billion and continuing to increase.<sup>2</sup> SMBs make up 99.8 percent of all businesses in the country,<sup>3</sup> half of which have fewer than four employees.<sup>4</sup> SMBs produce 40.6 percent of all exports.<sup>5</sup>

UPS, in partnership with Nathan Associates and Startup Canada, surveyed 111 SMBs in Canada to better understand the challenges they are facing in access to e-commerce opportunities and the ways in which the flourishing e-commerce market can help them grow and adapt to the rapidly changing digital economy. In addition to assessing general trends for how SMBs are engaging with e-commerce domestically and internationally, the survey also sought to identify the relative experiences of women-owned and men-owned SMBs and general SMB perspectives around sustainability.

The survey identified the following key findings:

- **E-commerce remains a high priority for Canadian SMBs, including e-commerce sales both domestically and internationally.** SMBs overwhelmingly ranked growth in domestic e-commerce as their top priority. Slightly more SMBs ranked international e-commerce as a higher priority than expanding domestic in-person sales. Still, in-person sales were important; decreased in-person sales was reported as one of the top three ongoing challenges resulting from the COVID-19 pandemic.
- **SMBs need support to address supply chain disruptions to improve their e-commerce operations.** SMBs ranked supply chain disruption as their greatest challenge due to COVID-19, as well as the greatest logistical challenge they are facing in e-commerce sales. Other challenges to e-commerce include online marketing and branding, complying with digital laws and regulations, and cybersecurity.
- **SMBs were less likely to experience harassment and discrimination when conducting business online versus in-person.** This was particularly true for women-owned businesses, although nearly one in four men-owned businesses also reported this.
- **SMBs are relying on the government to provide and enhance reliable internet and digital infrastructure.** Both the SMBs that sold online and those that were not ranked internet and digital infrastructure as their highest priority for policy intervention.
- **To support SMBs in e-commerce exports, the government needs to focus on providing access to information about international trade.** SMBs ranked this as the most helpful area of policy support as well as the highest priority for policy intervention.

1 Best Place for MSME Ecommerce Index, eTrade Alliance

2 The eCommerce market in Canada, ecommerceDB

3 Key Small Business Statistics — 2020, Government of Canada

4 10 things you (probably) didn't know about Canadian SMEs, Business Development Bank of Canada

5 Ibid.

## Policy Recommendations



**Support Supply Chain Resilience:** SMBs ranked supply chain disruption as the greatest ongoing challenge from the COVID-19 pandemic. The Government of Canada should work with the National Supply Chain Task Force to assess manufacturing across industries to determine current and future supply chain resilience and capabilities. A national action plan, developed together with government, private sector, and SMB representative associates could help protect the economy from future disruptive events like supply chain disruptions. Programs should incentivize and enable access to supply chain software management for SMBs and publish data on lead times of raw materials to help businesses plan ahead.



**Invest in Digital Technologies:** SMBs surveyed said that they are relying on the government to provide and enhance reliable internet and digital infrastructure as a high priority policy intervention for those SMBs that do sell online and that are not. Policies and programs should invest in broadband infrastructure assets that are nationalized and governed as a public good.<sup>6</sup> The Government of Canada should also support open access infrastructure that ensures digital infrastructure and programs are governed as public investments and are accountable to public interests.<sup>7</sup>



**Incentivize SMB Adoption of Digital Technologies:** Provide capital allowances and tax incentives to SMBs that encourage them to adopt digital technologies like blockchain and inventory management software.



**Include SMBs in Cybersecurity Strategy and Privacy Laws:** Government of Canada should update the current cybersecurity strategy to address risks that make SMBs particularly vulnerable. Part of this strategy should include commitments to developing the cybersecurity workforce by funding programs that provide cybersecurity training and certificates, career growth resources, and hiring opportunities to build a robust cybersecurity workforce capable of addressing the growing cyber threats.<sup>8</sup> The government must also ensure that this strategy addresses risks depending on various factors including but not limited to gender, especially considering that women SMB owners reported they were less likely to experience harassment and discrimination when operating online.

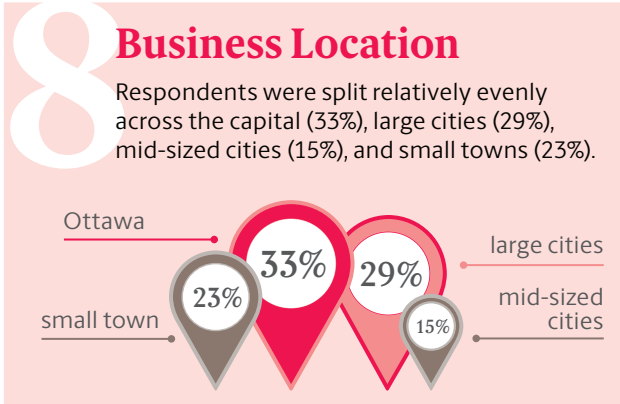
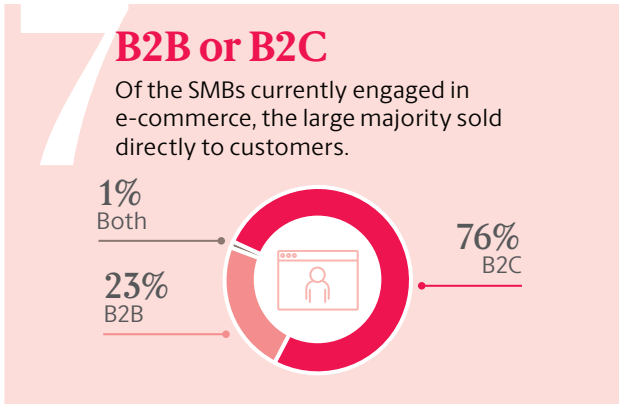
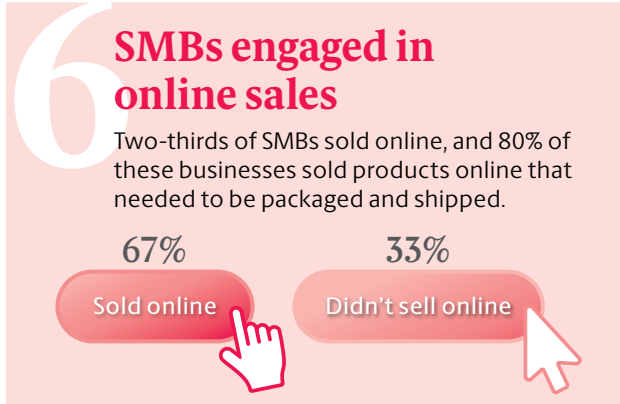
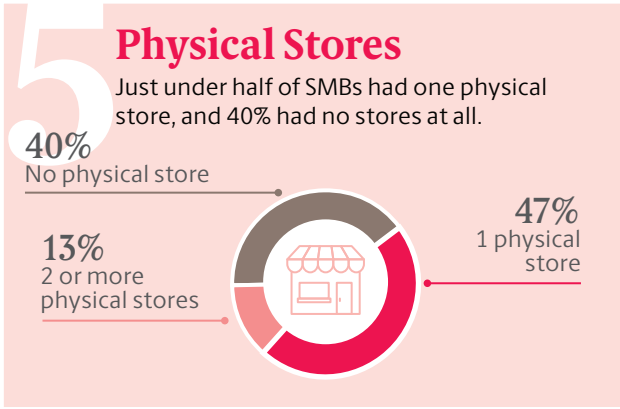
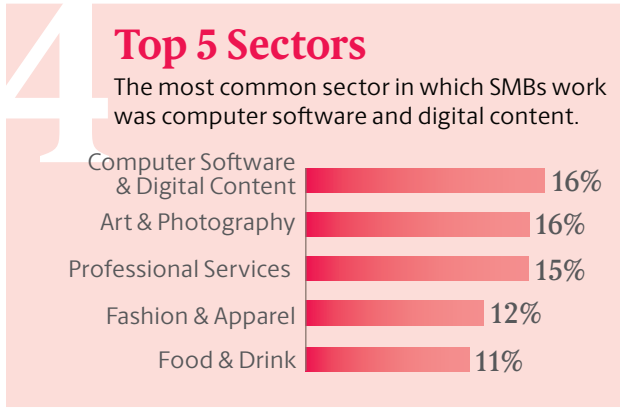
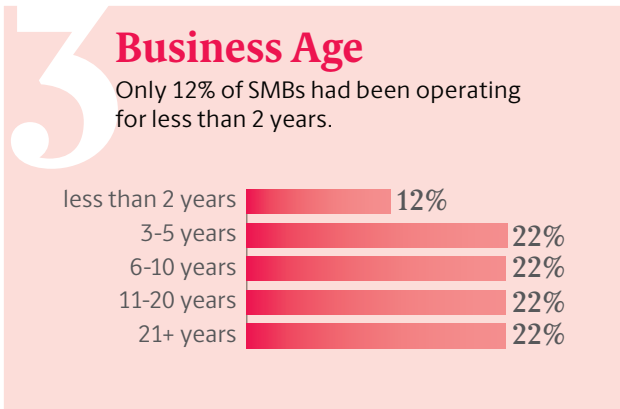
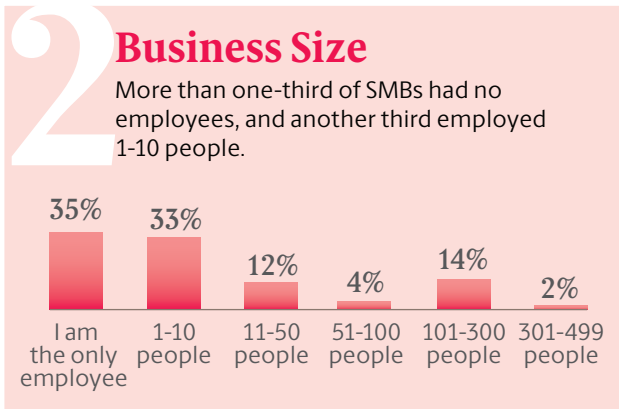
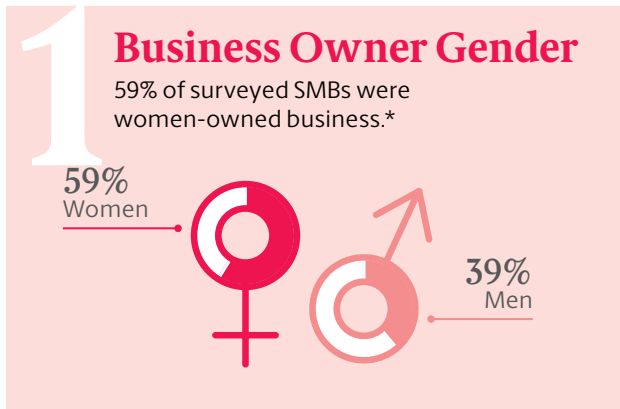
<sup>6</sup> The Digital Divide Has Become a Chasm: Here's How We Bridge the Gap, Centre for International Governance Innovation, July 2021

<sup>7</sup> Ibid.

<sup>8</sup> Growing the future cybersecurity workforce, IT World Canada, February 2022



# Business Characteristics of Surveyed SMBs



\*2 percent of SMBs said they weren't sure if the business was a women-owned business.

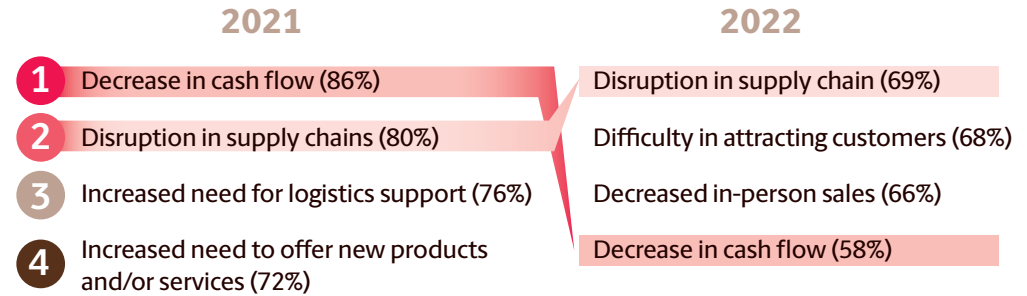
## Top Pandemic-related Challenges Facing SMBs

### Top four pandemic-related challenges facing surveyed SMBs in 2021-2022:

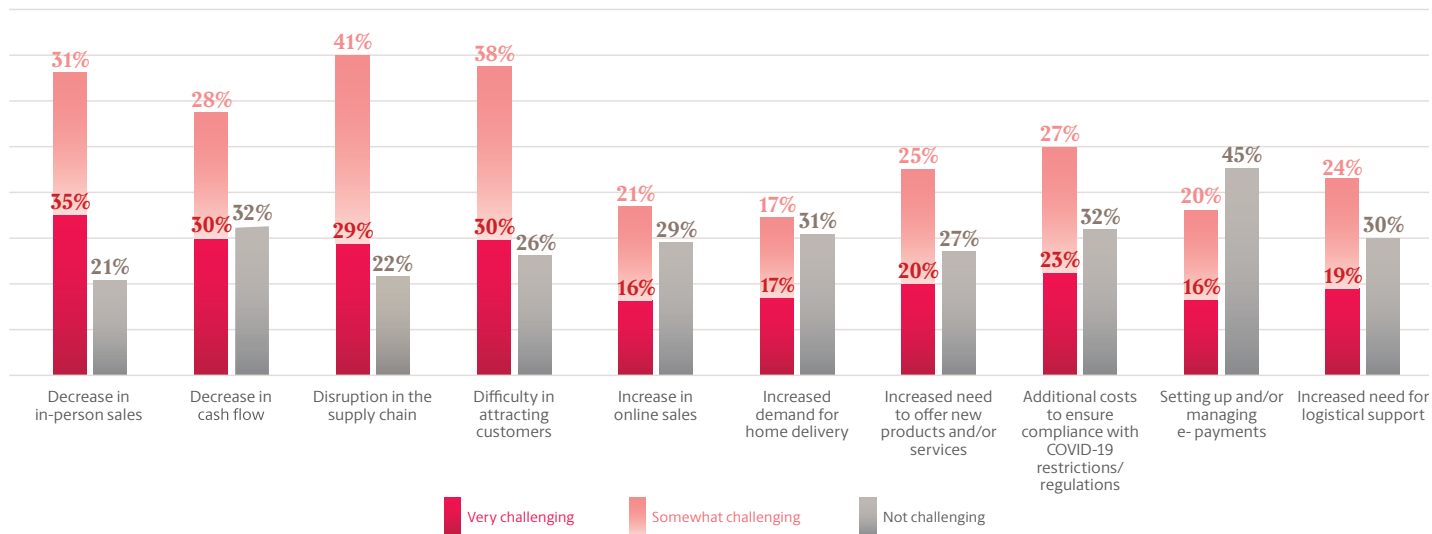
- disruption in supply chain (69%)
- difficulty attracting customers (68%)
- decreased in-person sales (66%)
- decrease in cash flow (58%)

Women- and men-owned SMBs faced different challenges due to COVID-19. For example, fewer men reported that difficulty attracting customers and additional costs to comply with COVID-19 were a challenge. However, this difference may be attributed to business size rather than a gender-specific challenge as more businesses with 101-300 employees were owned by women, and this was the business size that also struggled most with these challenges.

Two of these challenges—disruption in supply chain and decrease in cash flow—were also reported as primary challenges in a similar survey from the prior year.



### Challenges Due to COVID-19

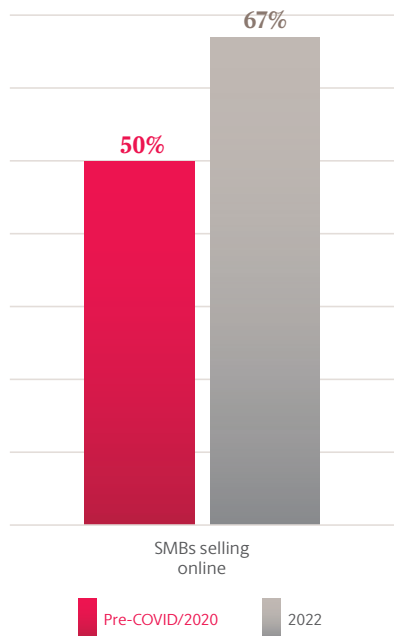


## E-commerce Trends

**SMBs transitioned to e-commerce during the pandemic.** The number of SMBs selling online increased over the past two years. Prior to the COVID-19 pandemic, 50 percent of surveyed SMBs were selling online. Two years later, this has increased to 67 percent.

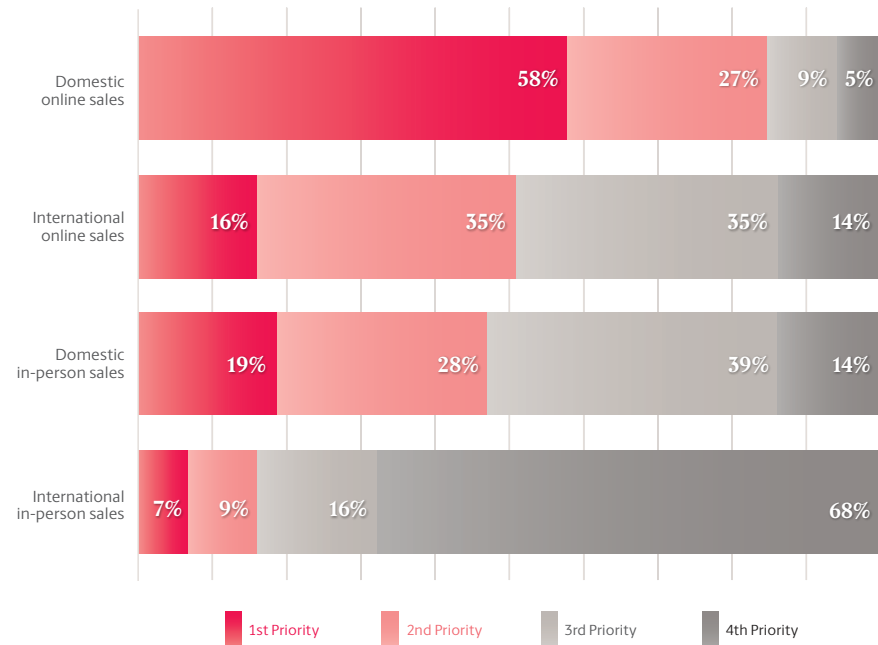
**Almost one in four SMBs closed a physical store since the onset of the COVID-19 pandemic.** 23 percent closed at least one physical store since the pandemic started. Women-owned businesses were more likely to close store; however, this may be attributed to the fact that more women than men owned businesses with between 101-300 employees, which was the business size that closed the greatest number of physical stores.

SMBs in E-commerce Pre-Covid and 2022



**E-commerce—both domestically and internationally—was a priority for business growth.** When asked to describe their business growth goals for the next two years, SMBs overwhelmingly ranked growing domestic online sales as their top priority. Relatively more SMBs ranked online international sales as a greater priority over domestic in-person sales, demonstrating an interest in growing their presence in export markets.

SMB Business Growth Goals for the Next Two Years





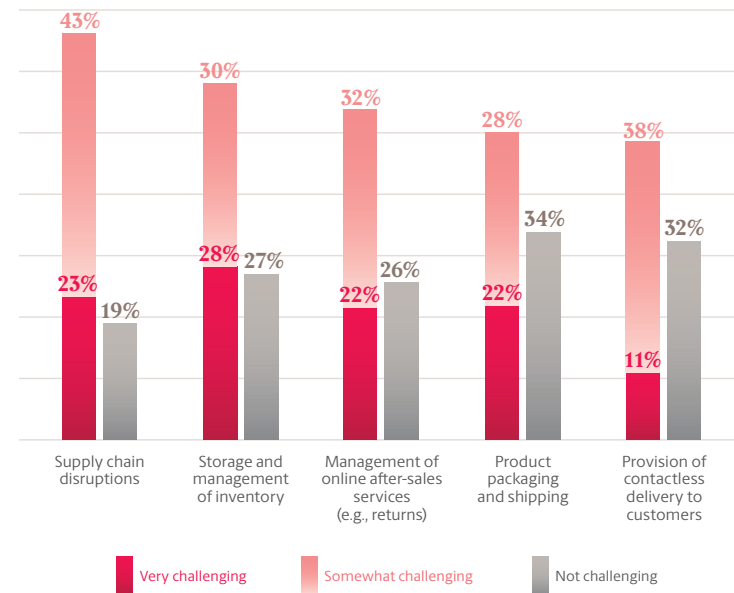
**SMBs reported mixed experiences with the challenges they faced for e-commerce sales.** SMBs reported the following as their top challenges to e-commerce sales:

- online marketing and branding (62%)
- learning about and complying with digital laws and regulations (58%)
- cybersecurity and online safety (55%)

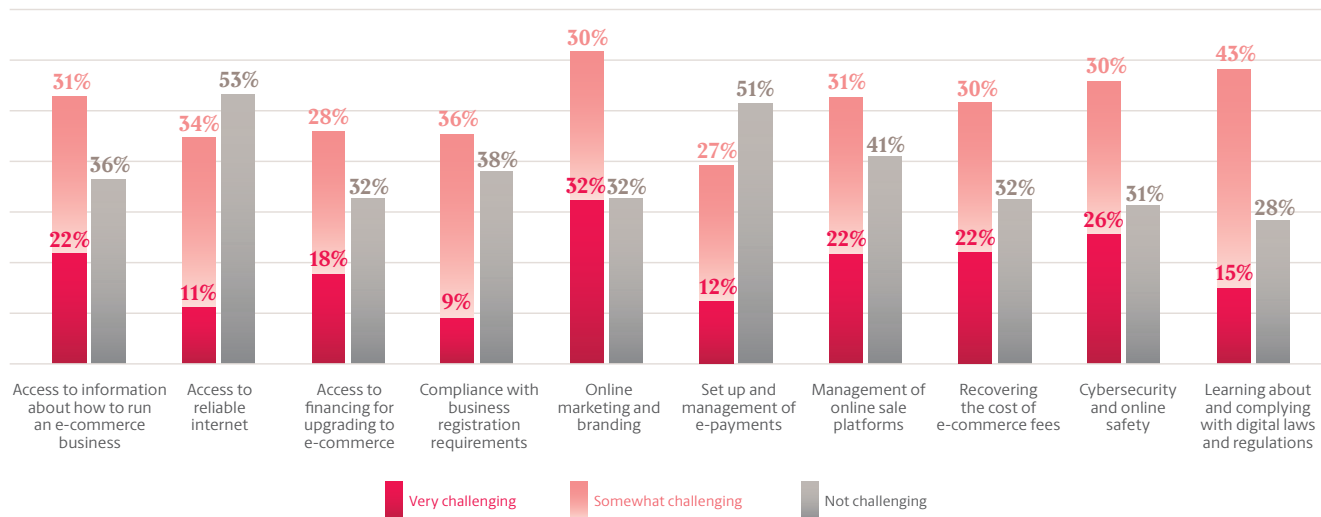
**Supply chain disruption was the greatest challenge to SMB logistics,** followed by storage and management of inventory. However, for most categories, over 25 percent of SMBs reported these areas as not challenging. Overall, SMBs noted the following as their top logistical challenges:

- supply chain disruptions (66%)
- storage and management of inventory (58%)
- management of online after-sales services (54%)

### Challenges to SMB E-commerce Logistics

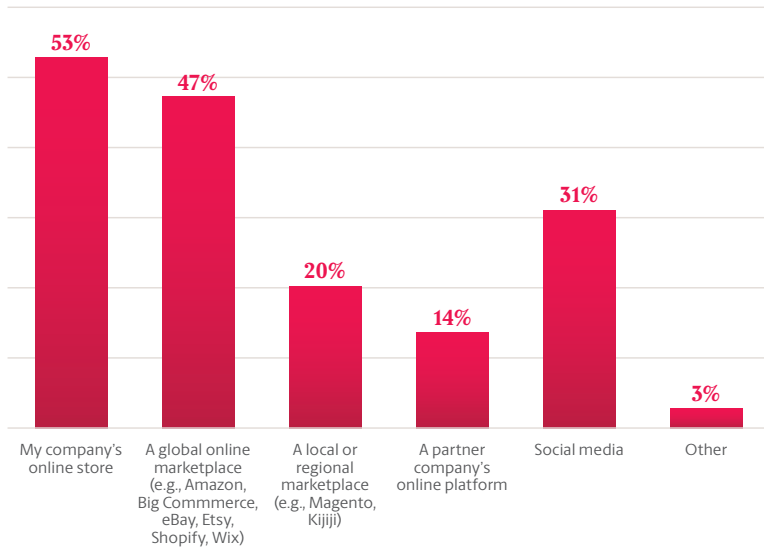


### Challenges to SMB E-commerce Sales



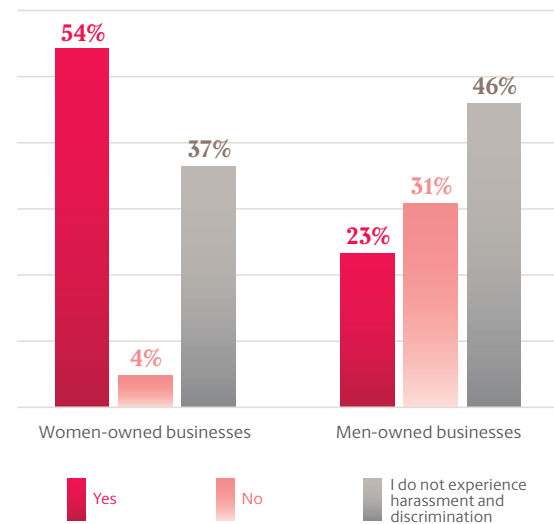
**Over half of SMBs use their own online store to sell goods and services.** Just under half use a global online marketplace. These results are similar to the findings from the 2021 survey, where 64 percent of SMBs used an online platform and 56 percent used their own web store.

### Online Platforms Used for E-commerce



**Women-owned SMBs were less likely to experience harassment and discrimination through e-commerce.** When asked if they were less likely to experience harassment and discrimination when conducting business online than when conducting business in-person, 54 percent of women answered “yes” compared to 23 percent of men. This was not statistically significant; however, given the large gap, it is worth highlighting for future research.

### Are you less likely to experience harassment and discrimination when conducting business online than when conducting business in-person?

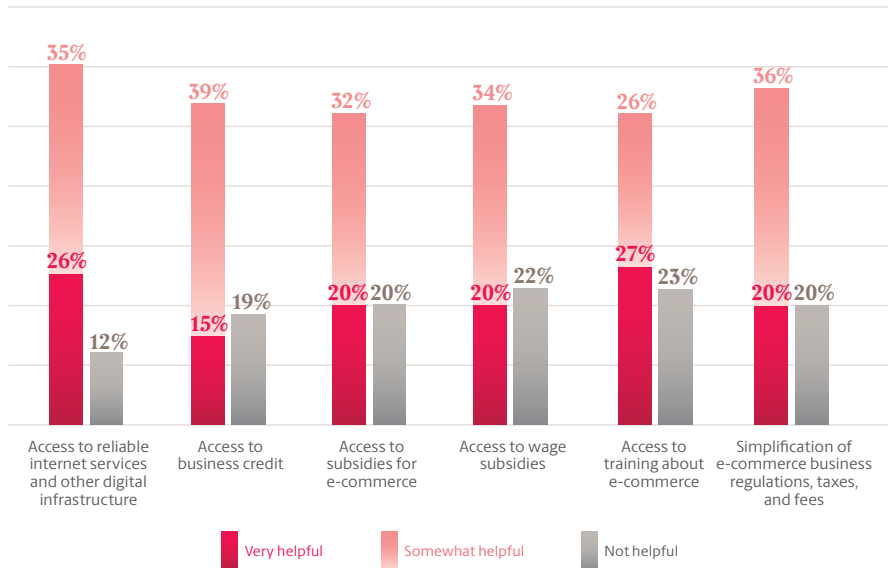


**SMBs that sell online generally found government policies to be helpful during 2021.** They found the following policies and programs particularly helpful:

- access to reliable internet services and other digital infrastructure (61%)
- simplified e-commerce regulations, taxes, and fees (57%)
- access to business credit and access to e-commerce subsidies (54%)

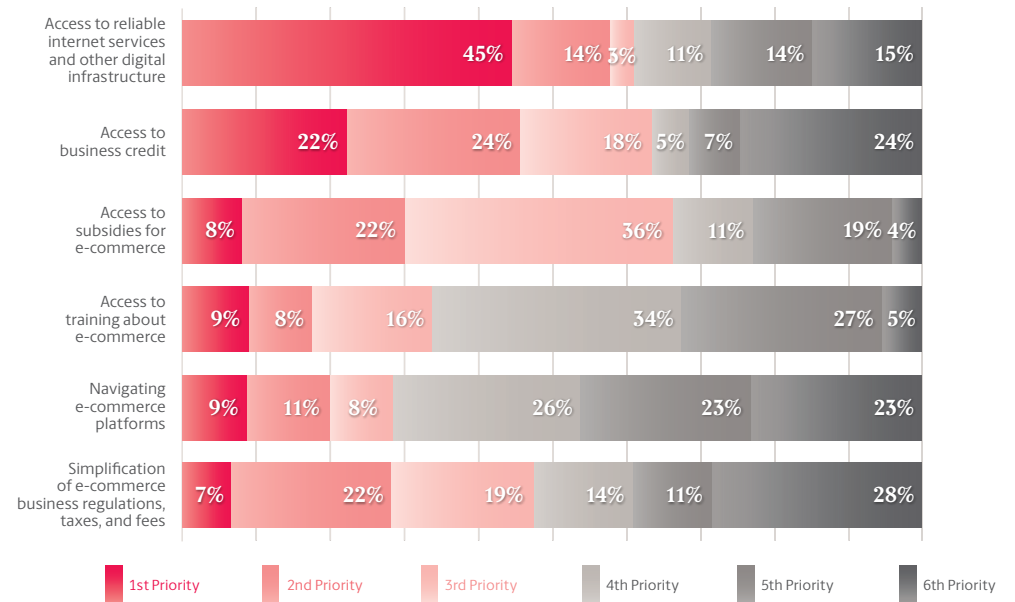
Still, it is worth mentioning that a notable minority reported that these policies were either not helpful or not applicable. In addition, although not statistically significant, men-owned SMBs were more likely to report that policies related to business credit and subsidies for e-commerce were helpful.

### Helpfulness of Government Policies to SMB E-commerce



**SMBs ranked access to reliable internet services and other digital infrastructure as their highest priority policy intervention.** This finding is interesting as SMB owners did not rank this a top challenge and it was ranked as a policy priority by urban and rural populations alike. Their second priority policy intervention is financing, including both access to business credit and subsidies for e-commerce.

### SMB Policy Priorities to Support Expanding E-commerce

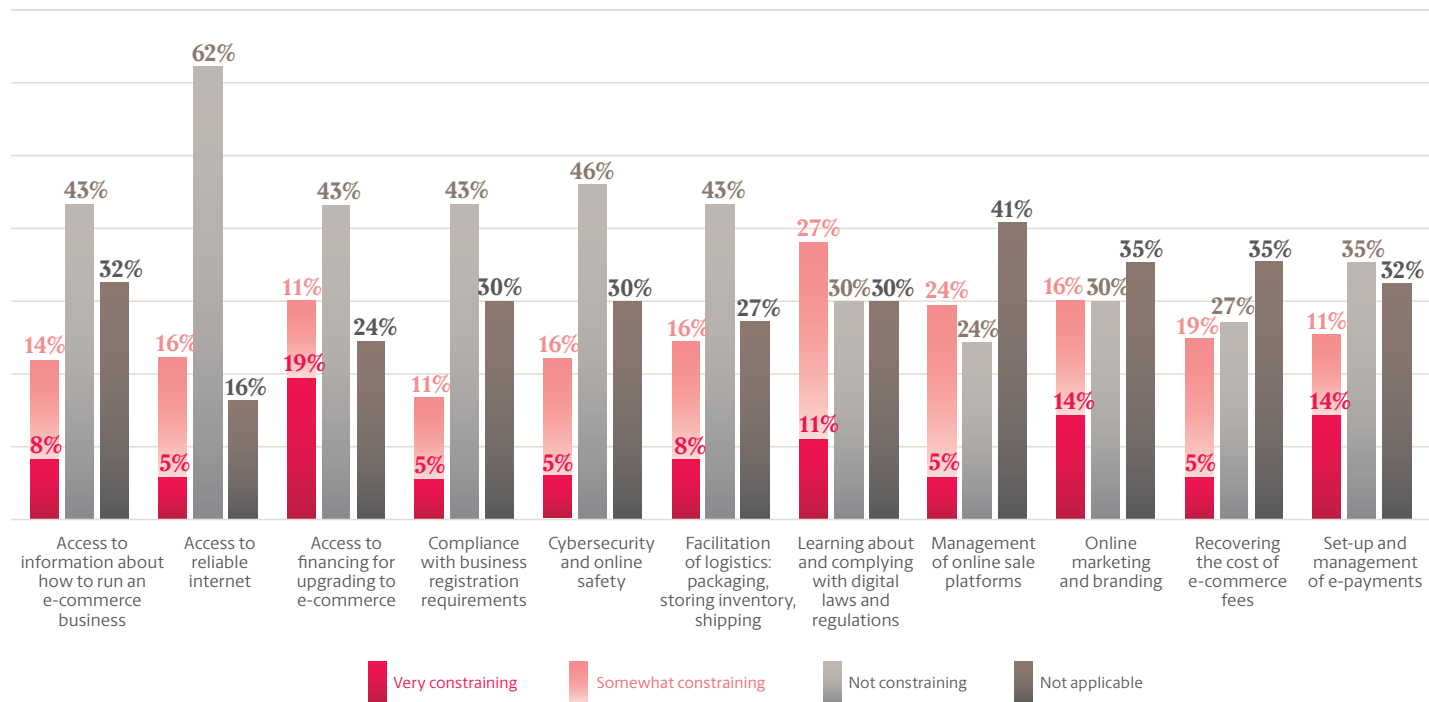


## Why Are Some SMBs Not Selling Online?

The barriers preventing SMBs from expanding into e-commerce are not entirely clear. Of the 37 SMBs that are not currently selling online, more than half either don't think e-commerce would be beneficial or don't know (46% and 16%, respectively). When asked about potential constraints that prevent them from

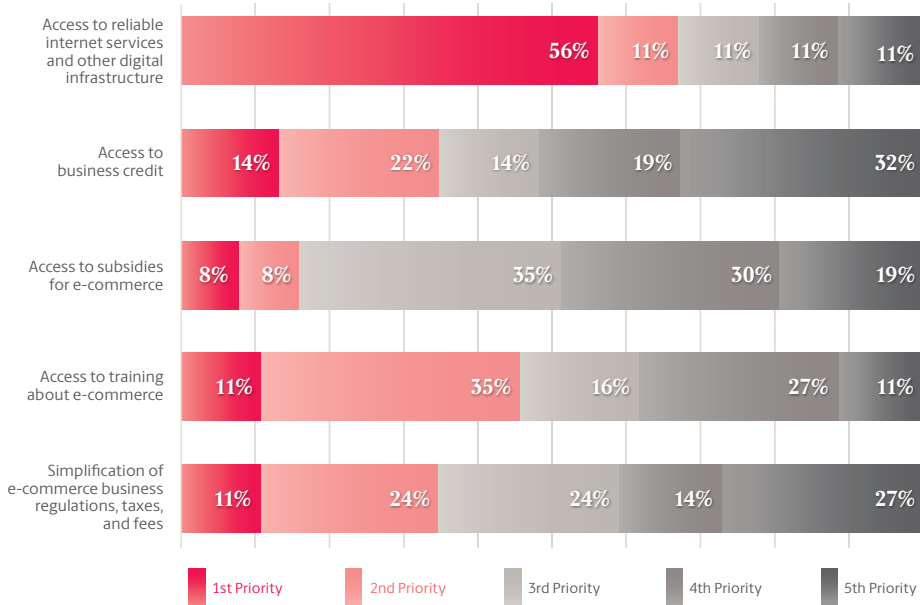
selling online, most responded that these were either not constraining or not applicable. For example, just over one-third (38%) reported that knowledge about digital laws and regulations was a constraint. For every other listed area, less than one-third indicated they were constraining.

Constraints to SMB Expansion to E-commerce



**Access to reliable internet and digital infrastructure is a top priority for SMBs not currently selling online.** Although more than 60 percent of SMBs that do not sell online said that access to reliable internet and digital infrastructure was not a barrier, they nonetheless ranked this as their top priority for policy intervention.

### SMB Policy Intervention Priorities to Support Expanding into E-commerce

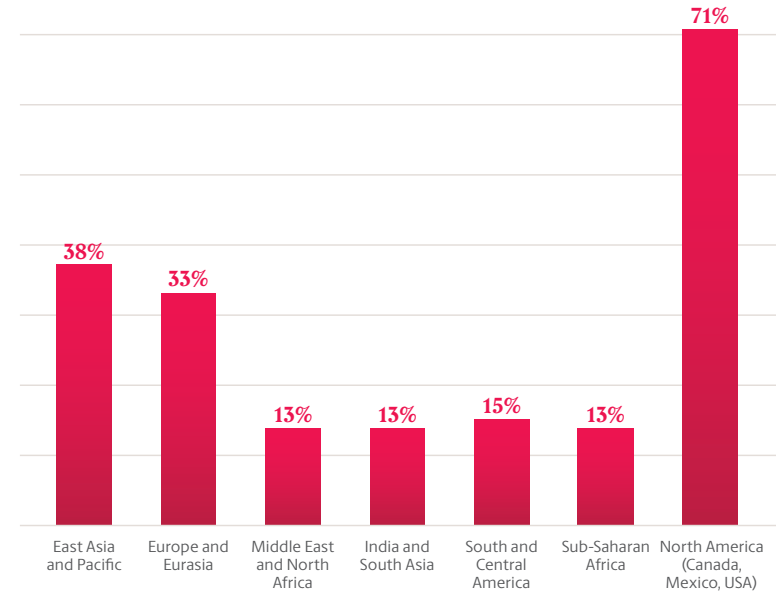


## Trends In Exporting

**Almost half of surveyed SMBs sell internationally via e-commerce.** For many of them, international online sales make up more than 50 percent of their total sales. More than 70 percent export to other parts of North America; other common destinations include East Asia and Pacific (38%) and Europe and Eurasia (33%).

**SMBs are divided about whether e-commerce exports have gotten easier since the start of the pandemic.** 40 percent reported that exporting has gotten easier, while 42 percent said it has not gotten easier. The remaining 17 percent of SMBs did not export before the pandemic.

### SMB E-commerce Export Destinations

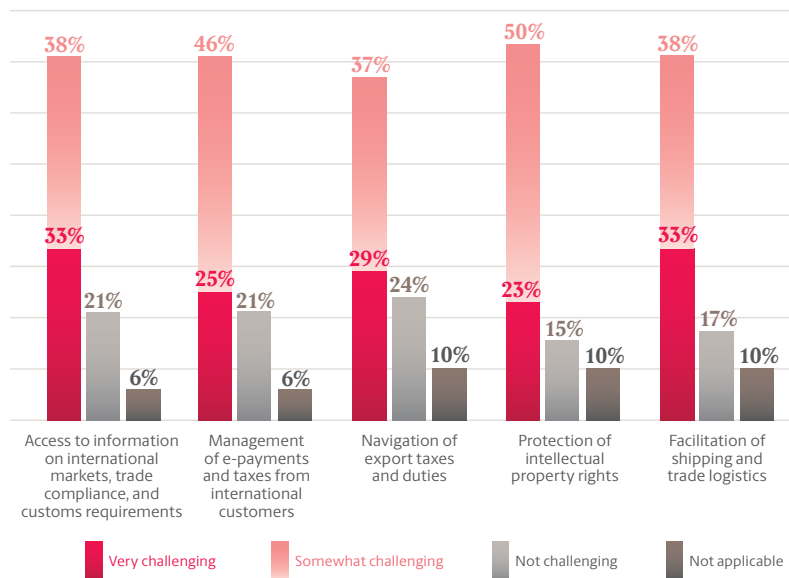


### Top challenges to SMB e-commerce exports:

- protection of intellectual property rights (73%)
- access to information on international markets, trade compliance, and customs requirements (71%)
- management of e-payments and taxes from international customers (71%)
- facilitation of shipping and trade logistics (71%)

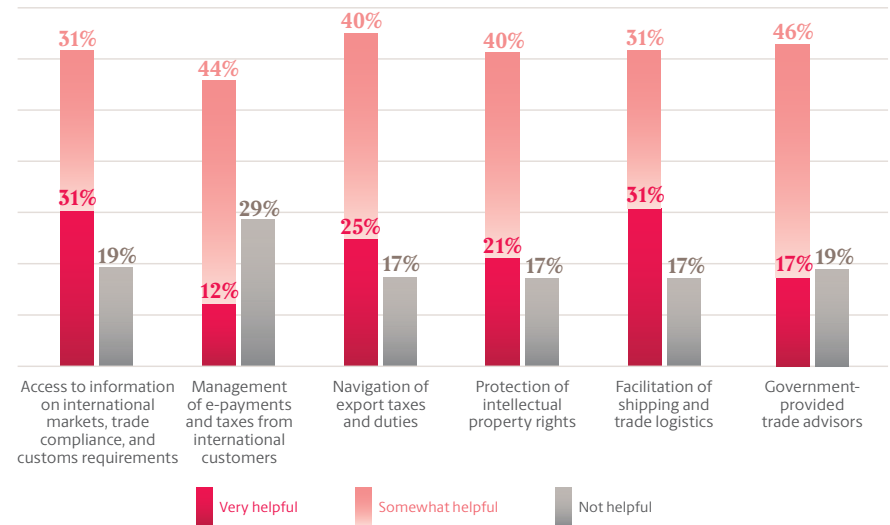
Overall, SMBs ranked these following challenges to e-commerce exports mostly the same across all areas.

### Challenges to SMB E-commerce Exports



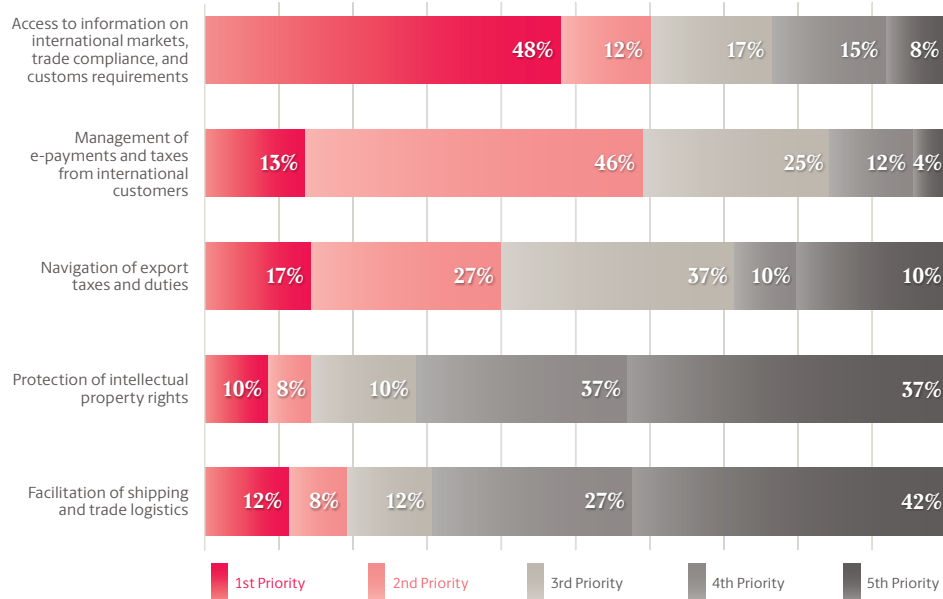
Government policies and programs that provided access to information about international trade and facilitated shipping and trade logistics have been most helpful to SMBs. 31 percent of SMBs reported that policies in these areas were “very” helpful, and another 31 percent reported they were “somewhat” helpful.

### Helpfulness of Government Policies to SMB E-commerce Exports



**Access to information about international markets and trade was the highest priority policy intervention.** SMB owners overwhelmingly identified access to information as the greatest priority and management of e-payments from international customers as the second priority.

### SMB Policy Intervention Priorities to Support E-commerce Exports



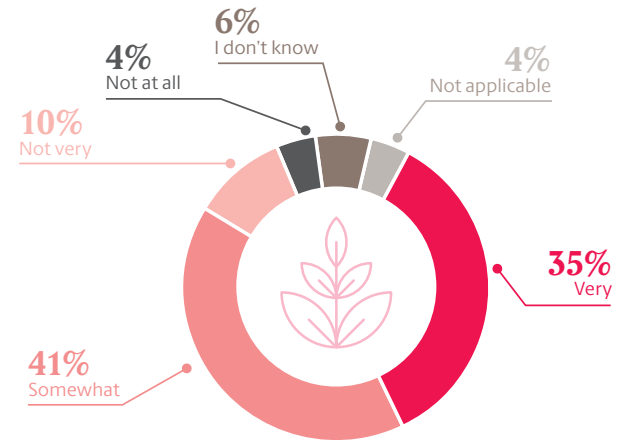
## Sustainability

Over 75 percent of SMB owners say their business is 'green.' When asked about steps they're currently taking to incorporate environmentally-friendly practices, about half of surveyed SMBs reported that their products are currently environmentally-friendly. Less than 30 percent answered that the following were environmentally-friendly:

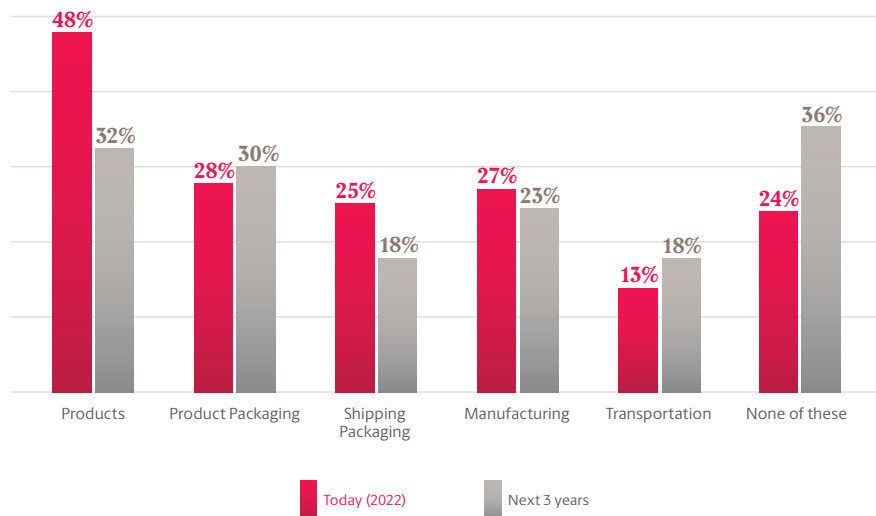
- product packaging
- manufacturing
- shipping packaging
- transportation

When asked about future plans to incorporate environmentally sustainable practices in their business, more than one-third of SMBs responded that they do not have any plans to invest in making their business more 'green' in the next three years.

### SMB Environmental Sustainability



### Current Practices vs. Future Plans for Environmental Sustainability







# France:

## Supporting SMB Growth: Unlocking Recovery through E-commerce

As in most countries, COVID-19 had an immediate impact on small and medium businesses (SMBs) in France. Prior to the pandemic, only about 32 percent of businesses with two or less employees had a web presence and only 9 percent sold their products online.<sup>1</sup> However, various government and private sector initiatives have helped SMBs—which make up 99.9 percent of businesses in France<sup>2</sup>—move more of their sales online.<sup>3</sup> Meanwhile, the e-commerce consumer market grew by 14 percent in 2021, making it the seventh largest market for e-commerce.<sup>4</sup> President Macron's previous five-year term sought to support SMBs by improving the French business climate and confronting some of the difficult legacy issues which have impacted France's long-term competitiveness, such as the lack of flexibility in the labor market. During his presidential campaign, President Macron committed to continuing to pursue efforts in favor of SMBs. In this context, the country has made important investments in its policy and regulatory environment, making it 8th on the e-Trade Alliance's "Best Place for MSME E-commerce" index.<sup>5</sup> The pandemic, alongside implications from Brexit, has highlighted that continuous and improved advocacy is necessary to support the growth SMBs in e-commerce.

UPS, in partnership with Nathan Associates and Business France, surveyed 115 SMBs in France to better understand the challenges they are facing and the ways in which the flourishing e-commerce market can help them grow and adapt to the rapidly changing global economy. In addition to assessing general trends for how SMBs are engaging with e-commerce domestically and internationally, the survey also sought to identify the relative experiences of women-owned SMBs compared to men-owned SMBs and general SMB perspectives around sustainability.

The survey identified the following key findings:

- **French SMBs have dramatically increased their online presence**, with 84% of surveyed SMBs reporting they began selling online during the pandemic. Since the start of the pandemic, 10 percent of SMBs closed at least one store. The rapid uptake of e-commerce suggests that SMBs have been able to successfully make the transition to e-commerce, at least domestically.
- **E-commerce is a priority for SMBs, but so are in-person sales.** The majority of surveyed SMBs listed domestic online sales as their top priority growth area for the coming two years, followed by in-person sales. In addition, slightly fewer men-owners ranked domestic in-person sales as their first priority, suggesting e-commerce is a greater priority for men-owners in the survey sample than women-owners.
- **For the small percentage of surveyed SMBs that are currently exporting, the experience varies.** Nearly equal numbers of exporting SMBs said that exporting has gotten easier since the start of the pandemic as those that said it has not gotten easier. Overall, their responses emphasized that management of international e-payments and taxes plus information about global trade and regulations are areas where they need the most support to expand and sustain their export operations.

1 French businesses look to new avenues to drive sales, Business France, November 2020

2 Financing SMEs and Entrepreneurs 2020: AN OECD Scoreboard, OECD, 2020

3 French businesses look to new avenues to drive sales, Business France, November 2020

4 The eCommerce market in France, EcommerceDB, 2022

5 Best Place for MSME Ecommerce Index, eTrade Alliance

## Policy Recommendations



**Expand SMB Digitization Support:** SMBs in France lack adequate information about how to run an e-commerce business. The government should expand SMB digitization programs to provide more comprehensive information about processes, laws and regulations, support, and financial incentives to help SMBs transition their businesses. Training programs, workshops, and networking events can be held online. Ireland's eLearn platform, which provides customized content to SMBs to facilitate more accessible information exchange, provides a model.<sup>6</sup> While the Ministry of Economy has launched a new platform and a partnership with UPS to facilitate trade during the pandemic, these initiatives had limited scope and need to be extended beyond the pandemic. They also need to be made more visible to SMBs and growth-oriented entrepreneurs.



**Strengthen Digital Infrastructure:** SMBs identified the need for trusted and reliable internet services, improved cybersecurity, and ease in managing e-payments. Policies should prioritize investments in digital infrastructure as well as a broad set of digital tools to address SMB concerns regarding challenges with cybersecurity and managing e-payments. The government can also develop a data governance framework to protect SMBs from cybersecurity threats which limit trust.



**Facilitate Trade:** SMBs have identified the need for greater access to international trade. While the Ministry of Economy and trade agencies at a local level have programs to facilitate and promote international trade, there are still customs and tax challenges accentuated by Brexit. More should be done to streamline customs and taxes to support SMB trade.

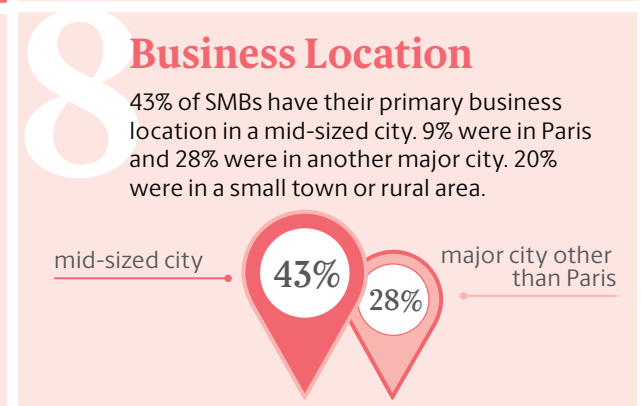
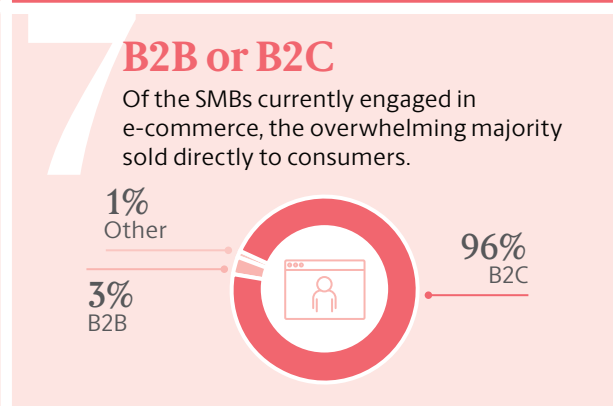
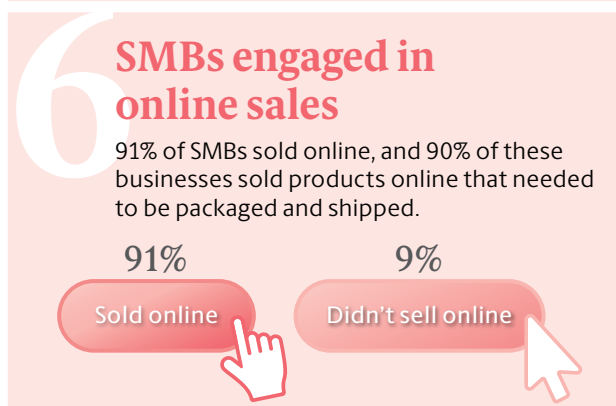
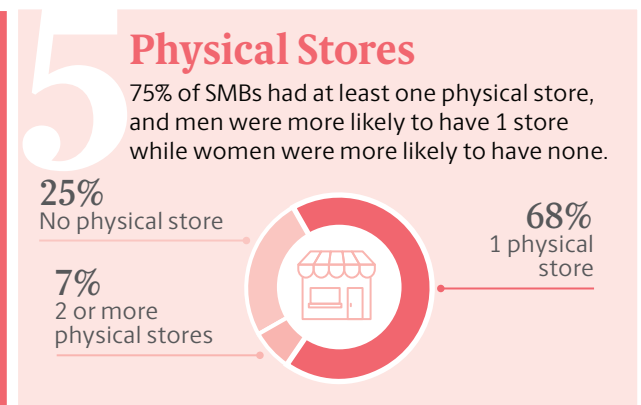
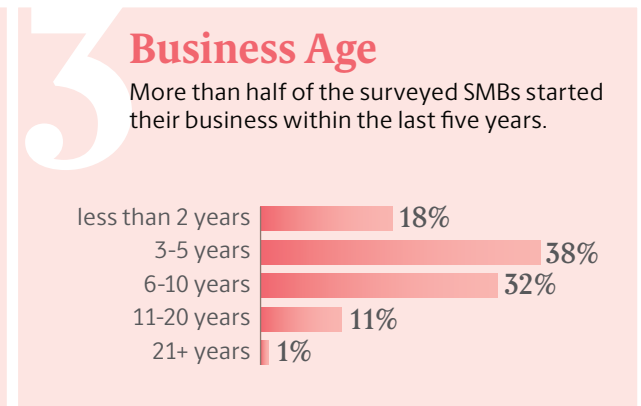
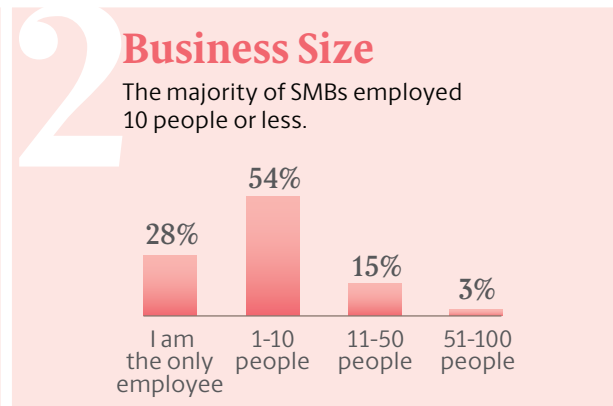
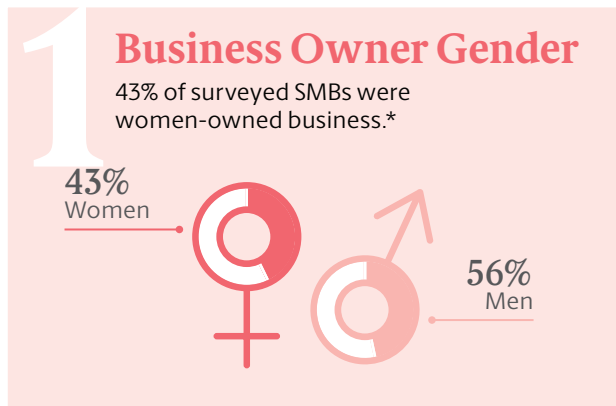


**Boost Financing for SMBs:** Better access to financing for very small firms has been a focus for the French government since 2016 and online development loans have addressed investment financing needs of small e-commerce firms. Bank financing is the main source of funding for French SMBs compared to other forms of debt. Still, there is a need to scale up business credit offerings, whether through increasing the volume of financing available or encouraging more small businesses to take advantage of existing programs through awareness-raising initiatives.

6 Governments Encourage SMEs to Adopt New Technology, Yale School of Management, June 2020



## Business Characteristics of Surveyed SMBs



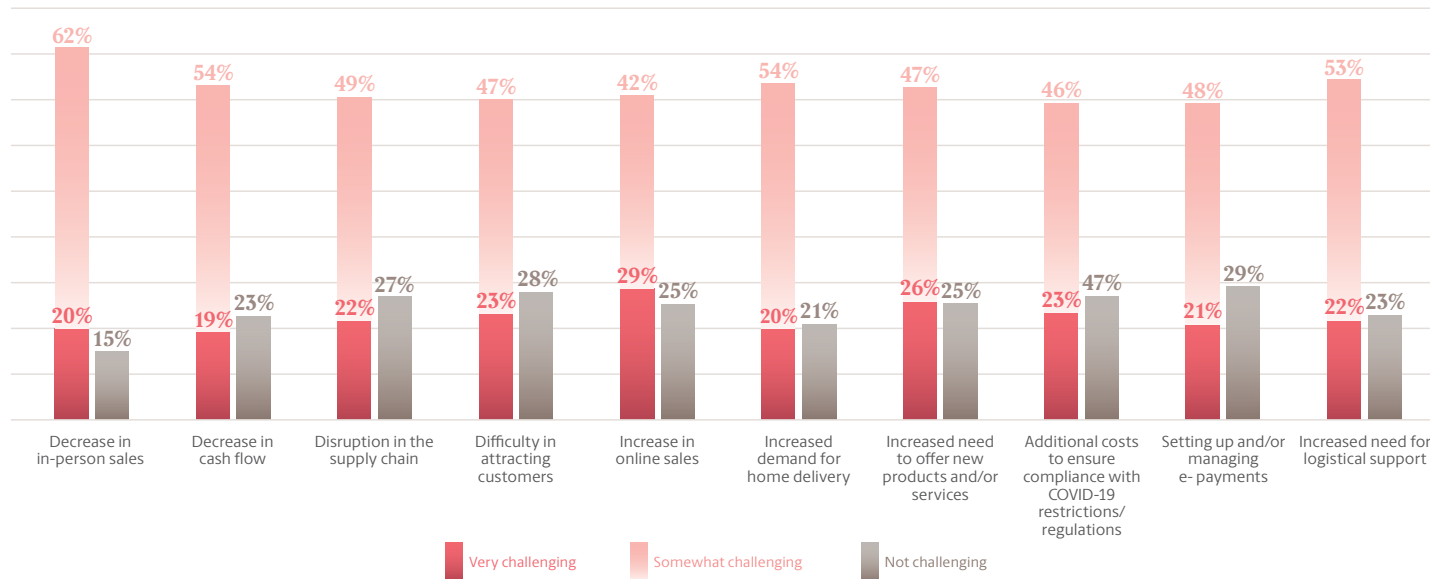
\*1 percent of SMBs said they weren't sure if the business was a women-owned business.

## Top pandemic-related challenges facing SMBs

Top four pandemic-related challenges facing SMBs in 2021-2022:

- 1 Decreased in-person sales (82%)
- 2 Increased need for logistics support (75%)
- 3 Increased demand for home delivery (74%)
- 4 Increased need to offer new products and services (73%)

### Challenges Due to COVID-19

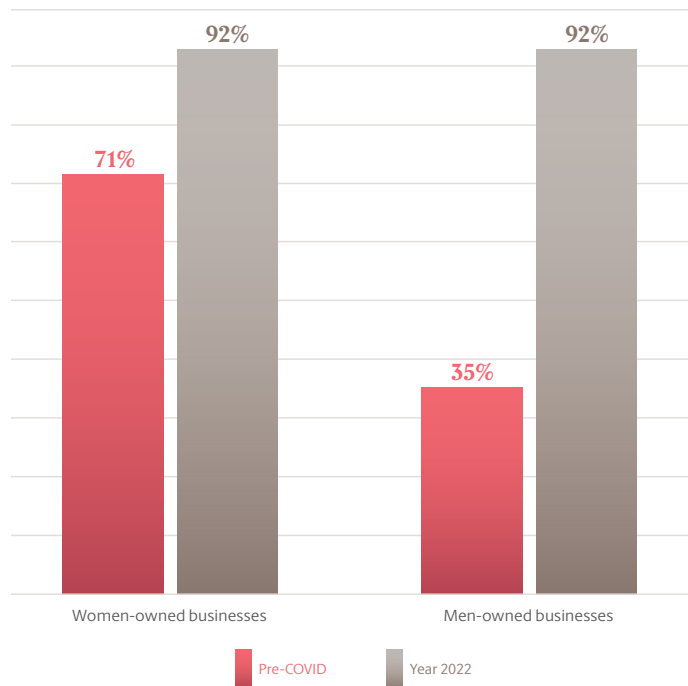


## E-commerce Trends

**The number of SMBs that were selling online has increased significantly since the start of COVID-19, especially for men-owned SMBs.** Prior to the pandemic, 71 percent of women-owned SMBs and 35 percent of men-owned SMBs were selling goods or services online. This gap between men and women was significant. But since the onset of the pandemic, there has been a dramatic jump in the surveyed SMBs that upgraded to online sales, closing the gap between men- and women-owned SMBs.

**Very few SMBs permanently closed physical stores during the COVID-19 pandemic.** Even as nearly all SMBs moved to online sales during the pandemic, very few closed in-person stores in the process. Only 6 percent closed one store location and 3.5 percent closed two or more locations.

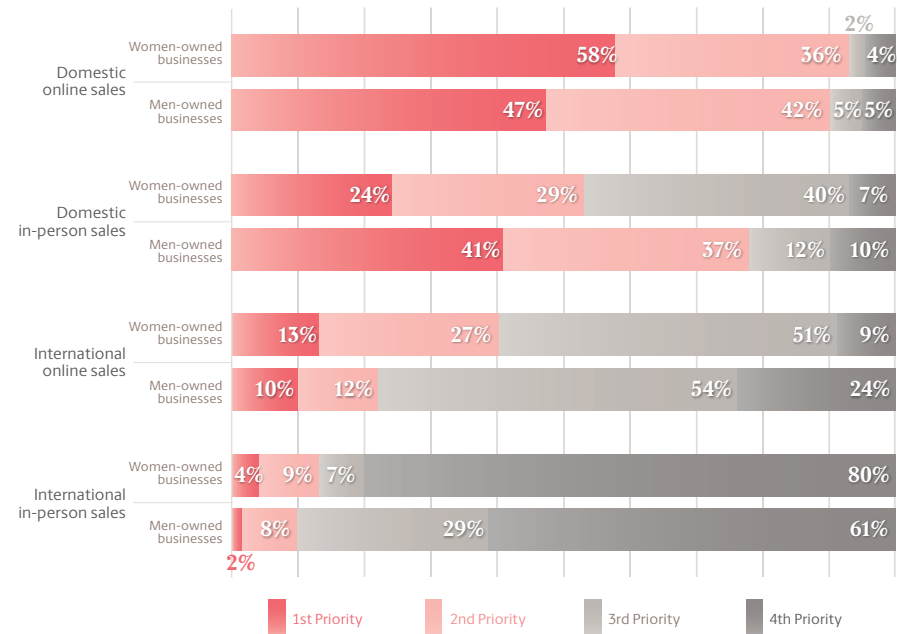
SMBs in E-commerce Pre-Covid and 2022



**Expanding e-commerce sales domestically was the top priority for business growth.** When asked to describe their business growth goals for the next two years, SMBs prioritized growth in their domestic online sales, followed by domestic in-person sales. Only 11 percent claimed that growing international online sales was their first priority.

However, when disaggregated by gender, the data show that women-owned SMBs are more interested in international online sales than men-owned SMBs, with 40 percent of women ranking it as either their first or second priority, compared to only 22 percent of men. Men-owned SMBs prioritize domestic in-person sales (41%) nearly as much as they prioritize domestic online sales (47%).

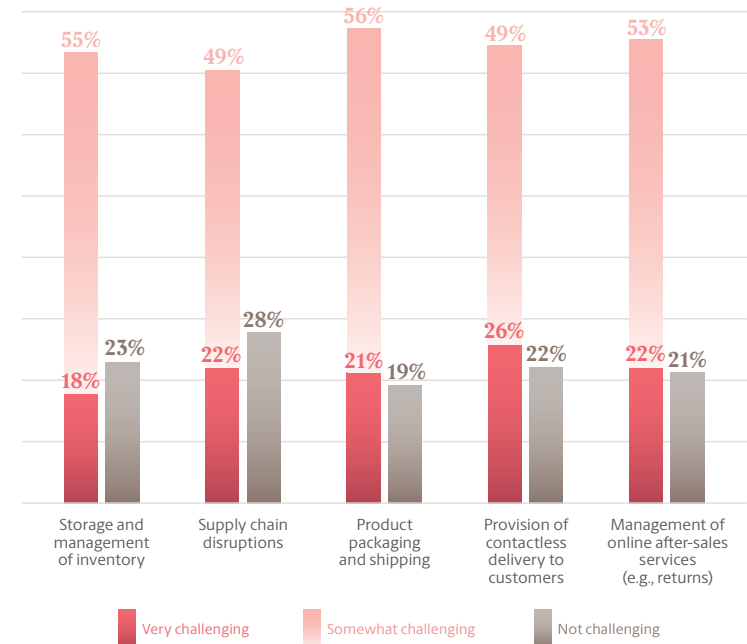
SMB Business Growth Goals for the Next Two Years



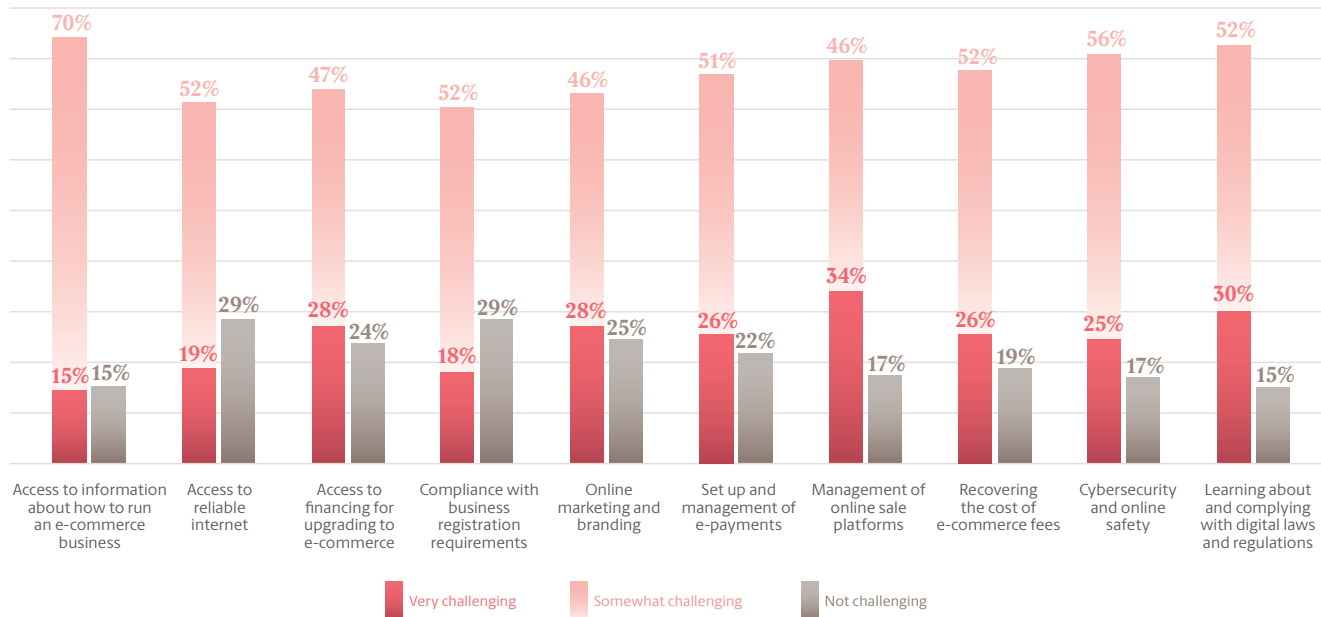
**Major challenges to e-commerce sales include information about managing e-commerce business, compliance with digital laws, cybersecurity, and management of online sales platforms.** Nearly 85 percent said that access to information about how to run an e-commerce business was either “very” or “somewhat” challenging. Women-owned SMBs appear to be particularly struggling with online marketing and branding; they were significantly more likely to rank marketing as “very” challenging (38% of women compared to 20% of men) and men were more likely to answer that online marketing was not challenging (13% of women compared to 32% of men).

**SMBs ranked few logistical areas as being “very” challenging.** But when including “somewhat” challenging, the most challenging aspect of logistics this past year was product packaging and shipping (77%). Over 70 percent of SMBs indicated all challenges are “very” or “somewhat” challenging.

### Challenges to SMB E-commerce Logistics



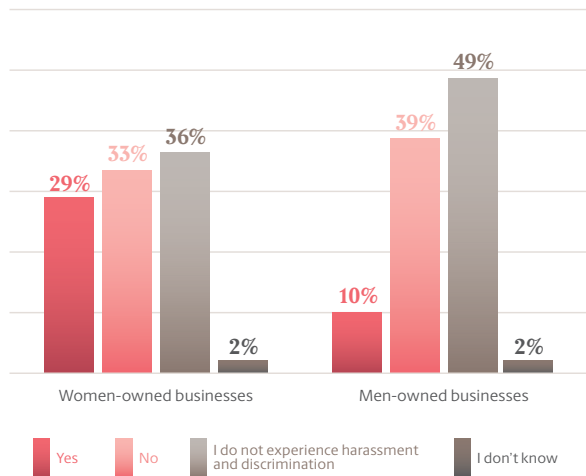
### Challenges to SMB E-commerce Sales



**Most SMBs are selling via social media or their own online store.** Two-thirds of SMBs use their company's online store and nearly 60 percent use social media. About one-third use a global online marketplace like Amazon, Big Commerce, or Etsy. Women were significantly more likely to be selling on a global online marketplace than men (49% versus 20%, respectively).

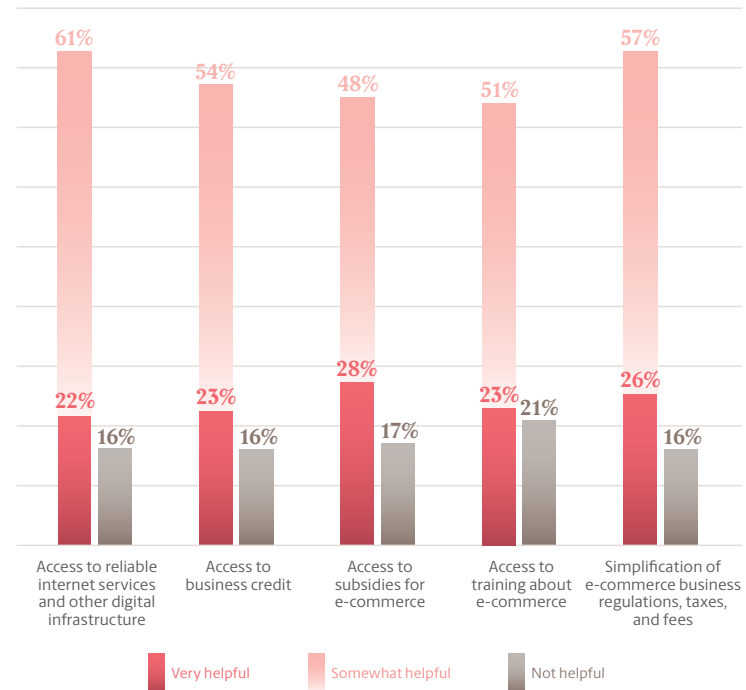
**29 percent of women-owned SMBs answered that they are less likely to experience harassment and discrimination when conducting business online.** This was significantly higher than men-owned SMBs. Still, an even greater number of both women- and men-owned SMBs answered that online sales does not reduce experiences of harassment or that they don't experience harassment and discrimination at all.

**Are you less likely to experience harassment and discrimination when conducting business online than when conducting business in-person?**



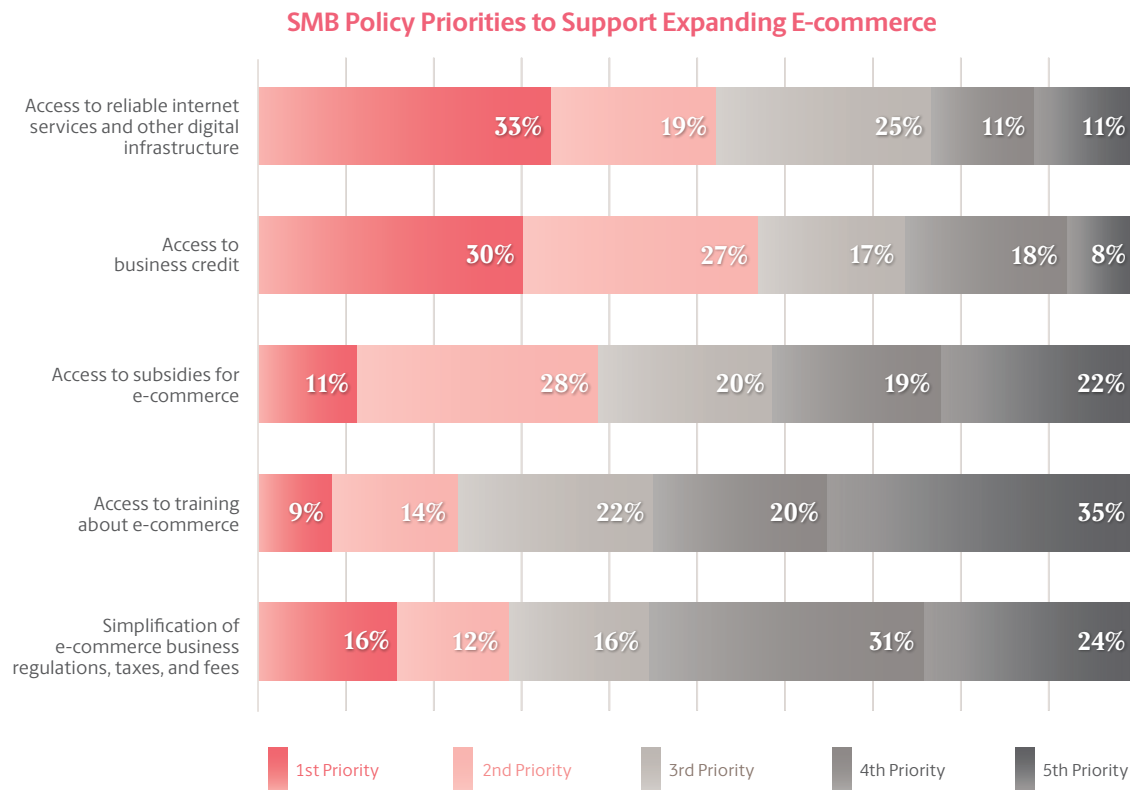
**SMBs who sell online generally found government policies to be helpful during 2021.** Less than one-third of SMBs reported that government policies were “very” helpful in supporting their e-commerce businesses, although significantly more answered that they were “somewhat” helpful.

**Helpfulness of Government Policies to SMB E-commerce**



**SMB owners who sell online ranked access to trusted internet services the highest priority policy intervention.** Their next highest priority interventions were for greater access to business credit and e-commerce subsidies.

There were few gender differences, except for access to business credit. 39 percent of men SMB owners ranked access to business credit as their first priority, compared to only 20 percent of women.





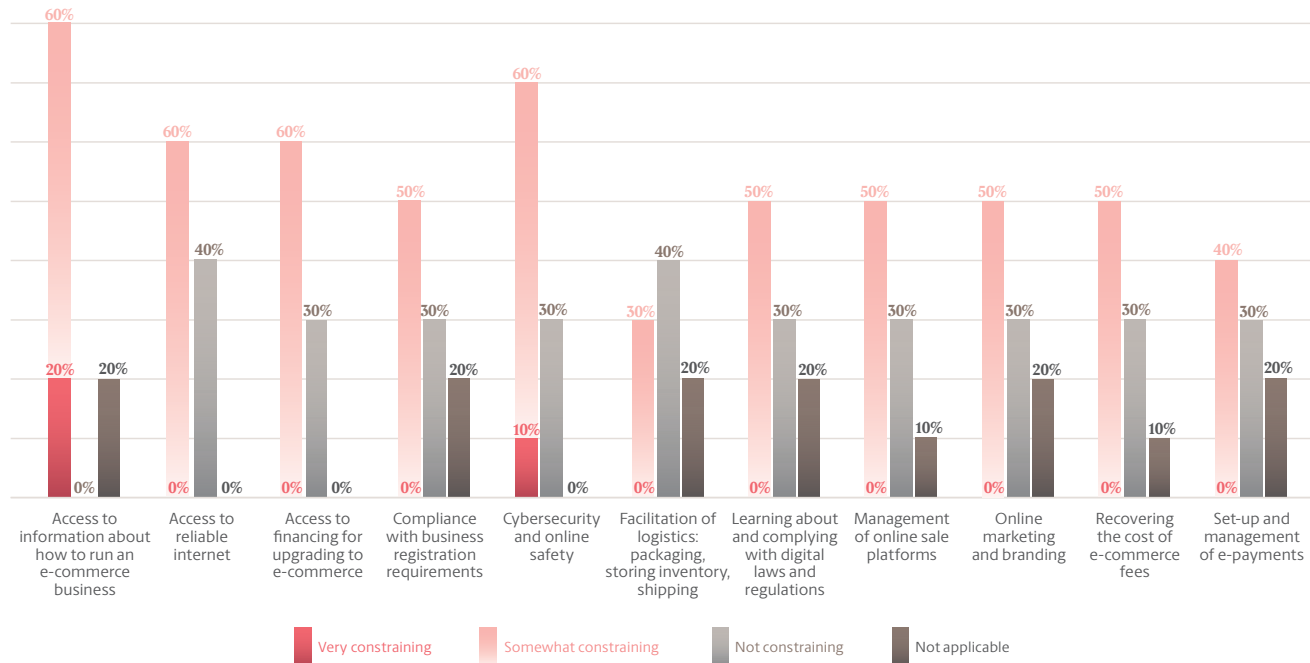
## Why Are SMBs Not Selling Online?

Of the 10 percent of surveyed SMBs that were not currently selling online, exactly half think that e-commerce would be beneficial to their business.

Overall, these SMBs described few areas as being “very” constraining. 20 percent said that access to information about how to run an e-commerce was “very” constraining, another 60 percent reported it was “somewhat” constraining, and 10 percent reported that cybersecurity is “very” constraining. Otherwise, they reported none of the other possible constraints as being “very” constraining. For several areas, about 20 percent reported they were not sure.

The top two policy intervention priorities for SMBs not currently selling online were access to reliable internet services and digital infrastructure (90%) and access to business credit (80%). Access to e-commerce grants, training, and simplification of regulations, taxes, and fees was a top priority for less than 30 percent of respondents.

Constraints to SMB Expansion to E-commerce



## Trends in Exporting

**Only 20 percent of all surveyed SMBs are engaged in e-commerce exports.**

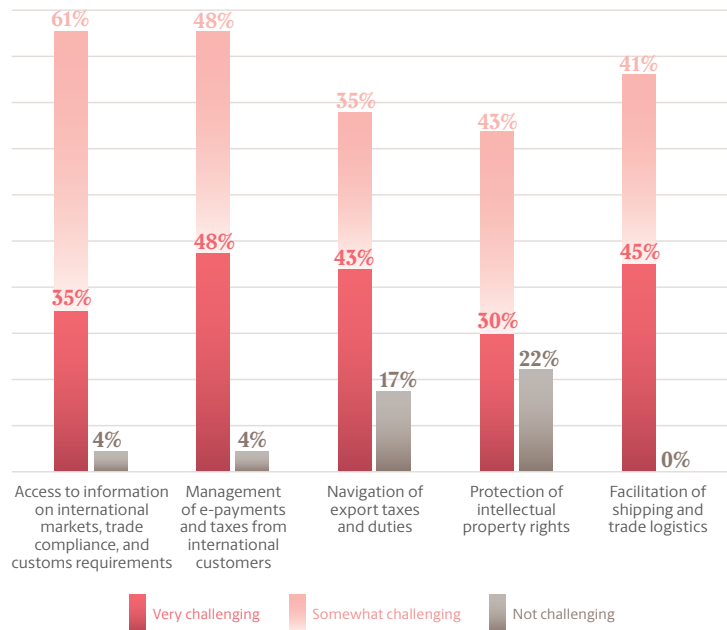
Women-owned SMBs are more likely to sell internationally than men-owned SMBs. For SMBs currently exporting, international online sales make up an average of 36 percent of total sales. The large majority of these SMBs (83%) export to other parts of Europe and Eurasia.

### Top three challenges to SMB e-commerce exports:

- management of e-payments and taxes from international customers (96%)
- access to information on international markets, trade compliance, and customs requirements (96%)
- facilitation of shipping and trade logistics (86%)

In general, SMBs found e-commerce exports to be challenging—more than three-quarters of SMBs ranked all five export challenges as “very” or “somewhat” challenging.

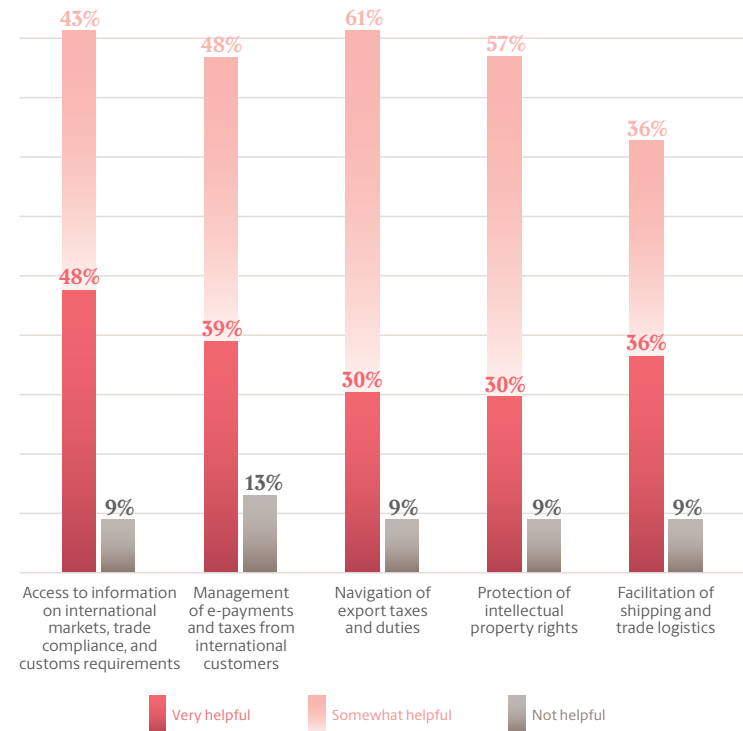
Challenges to SMB E-commerce Exports



**For some SMBs, exporting has gotten easier since the start of COVID-19.** About 39 percent of SMBs that sell internationally said that e-commerce exporting has gotten easier since the start of the pandemic. Even more—48 percent—said that it has not. And another 13 percent were not exporting prior to the pandemic.

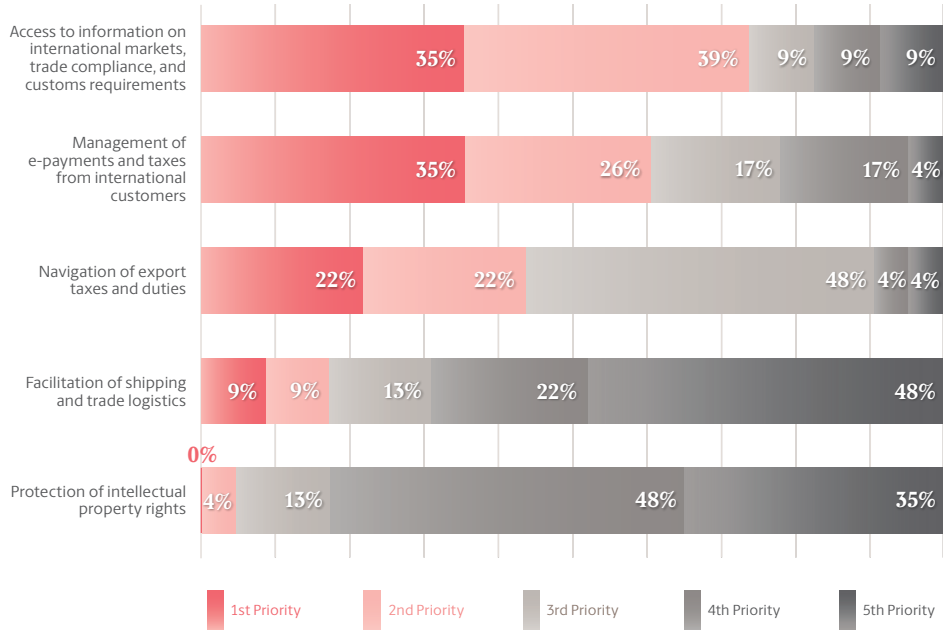
**SMBs indicated that government policies to support e-commerce exports were generally helpful.** More than 90 percent reported that policies and programs that support access to information on international markets and navigation of export taxes were either “very” or “somewhat” helpful.

Helpfulness of Government Policies to SMB E-commerce Exports



**Access to information about international trade and management of international e-payments and taxes were the top two priority policy interventions.** These results are not surprising as SMBs also ranked these areas as their greatest challenges to e-commerce exports.

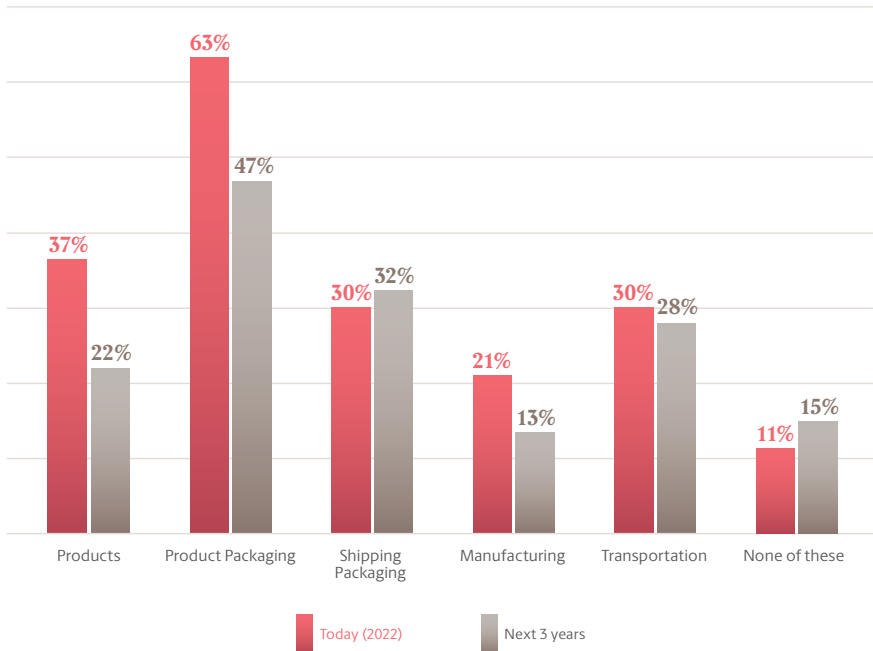
### SMB Policy Intervention Priorities to Support E-commerce Exports



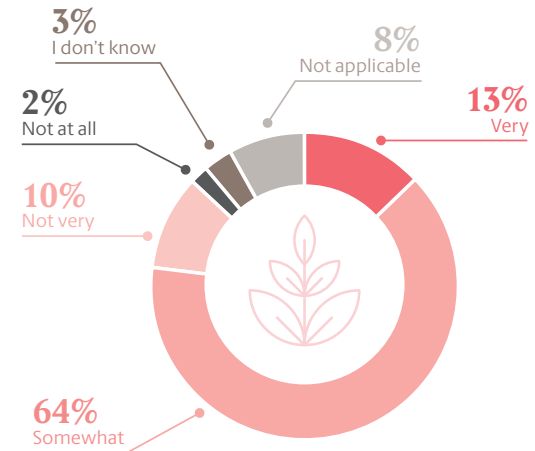
## Sustainability

**Environmental sustainability is a priority for SMBs.** While 13 percent of surveyed SMBs said that they consider their business to be “very green,” a much larger number—64 percent—said their business was at least “somewhat green.” More men-owned SMBs than women-owned SMBs indicated that their business is ‘green’. Of all the surveyed SMBs, most (63%) asserted that their product packaging is environmentally sustainable, and that was also the area in which they planned to take the most action in the future to increase their sustainability.

### Current Practices vs. Future Plans for Environmental Sustainability



### SMB Environmental Sustainability





# India:

## Supporting SMB Growth: Unlocking Recovery through E-commerce

India may be ranked 40th on the e-Trade Alliance's "Best Place for MSME Ecommerce" index, but it is also among the countries that have made the biggest gains in the adoption of e-commerce policies.<sup>1</sup> In the last four years, India has made impressive investments in policies that support digital infrastructure, financing, and export promotion.<sup>2</sup> Although e-commerce growth in the country declined sharply in the early stages of the pandemic,<sup>3</sup> and e-commerce makes up only 7.8 percent of total retail sales, India is nonetheless slated to be the second fastest growing e-commerce economy in the Asia-Pacific region.<sup>4</sup> This is a promising environment for the more than 30 million small and medium businesses (SMBs) in India, which employ more than 60 million people and are responsible for 40 percent of the country's exports.<sup>5</sup>

UPS, in partnership with Nathan Associates and India SME Forum, surveyed 104 SMBs in India to better understand the challenges they are facing and the ways in which the flourishing e-commerce market can help them grow and adapt to the rapidly changing global economy. In addition to assessing general trends for how SMBs are engaging with e-commerce domestically and internationally, the survey also sought to identify the relative experiences of women-owned SMBs compared to men-owned SMBs and general SMB perspectives around sustainability.

The survey identified the following key findings:

- **E-commerce is a priority for SMBs.** SMBs ranked domestic online sales as their top priority for business growth over the next two years. Most SMBs that are not currently selling online see the benefits of doing so, indicating an opportunity to support SMBs to scale-up their e-commerce presence. However, decreased in-person sales was ranked as a top ongoing challenge from COVID-19, indicating that in-person sales are still a focus for SMBs.
- **Supply chain disruptions, information about e-commerce management, and compliance with digital laws and regulations are major challenges for SMBs.** In addition, more than half are still struggling with reliable internet and the majority ranked this area as their first or second priority for government policy support. The second most common policy intervention priority was access to business credit.
- **Exporting has gotten easier for SMBs since the onset of the COVID-19 pandemic,** according to more than 70 percent of the SMBs that currently export. The majority ranked access to information about international trade, markets, and customs requirements as their top priority for e-commerce export policy interventions.
- **There is a large digital gender divide in India,<sup>6</sup> but it is not clear how it is affecting SMBs in e-commerce.** Although men- and women-owned SMBs sold online at similar rates, more women-owned SMBs were exporting via e-commerce. One potential gendered policy implication worth investigating is the greater preference of women-owned SMBs for trainings programs, and the greater preference of men-owned SMBs for financial support.

1 Best Place for MSME Ecommerce Index, eTrade Alliance

2 Expanding MSME Ecommerce in Developing Countries: Digital Ecommerce Policy Index and Path Forward (p.18), eTrade Alliance, September 2021

3 E-Commerce In India Set To Reach \$120 Billion In 2025, Says Report, Forbes, July 2021

4 E-commerce in India: Booming growth and low market penetration mean big potential, eMarketer, February 2022

5 Definition of Indian SMEs, Europe-India SME Business Council

6 Internet & the big Indian gender divide, Tribune India, March 2019

## Policy Recommendations



**Expand SMB Access to Information About E-commerce:** A significant number of SMBs indicated that they need support setting up their e-commerce businesses. Government-sponsored trainings and resources could support more access to information about setting up and running e-commerce businesses, complying with digital laws and regulations, and international trade.



**Support Supply Chain Resilience:** Indian SMBs are still struggling with supply chain disruptions post-COVID. Nearly 9 out of 10 SMBs reported supply chain disruptions as a challenge for their business, with more than 45 percent of respondents describing such disruptions as “very challenging” for e-commerce logistics—the highest of any of the possible responses. While ensuring robust supply chains is a complex challenge, ongoing government initiatives around supply chain resilience offer a way forward. Further support should also include attention to supply chain resiliency in future bilateral free trade agreements as well as multilateral cooperation through venues like the Quadrilateral Dialogue working group on resilient supply chains.



**Strengthen Digital Infrastructure:** SMBs flagged the need for access to reliable and secure internet services and other digital infrastructure. In addition to expanding ongoing government initiatives around internet

access in India's rural regions, this suggests significant potential for investment in a broader set of digital tools to address SMB concerns regarding challenges managing e-payments, inventory, returns, and contactless delivery. The government can also develop a data governance framework to protect SMBs from cybersecurity threats which limit trust.



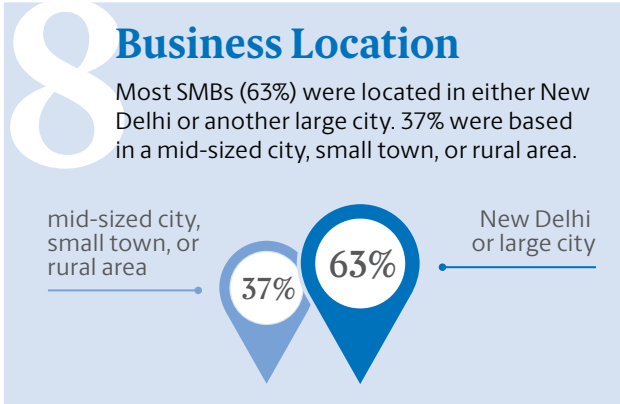
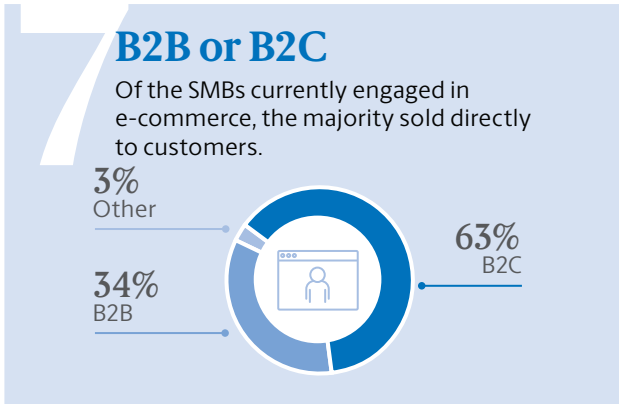
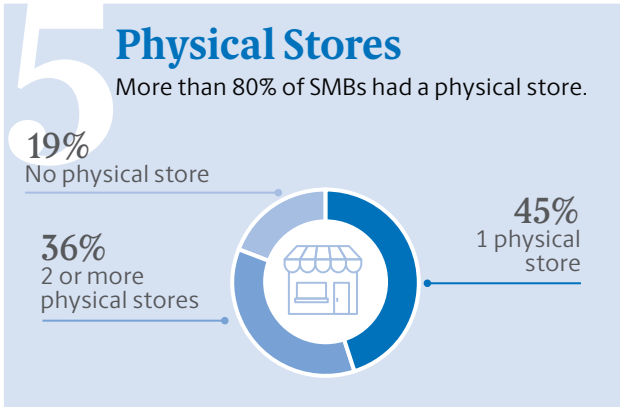
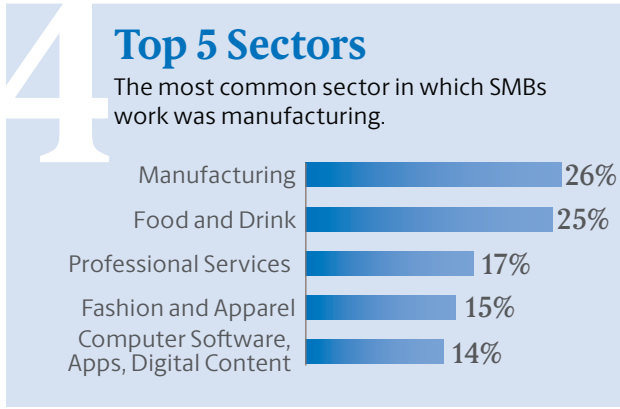
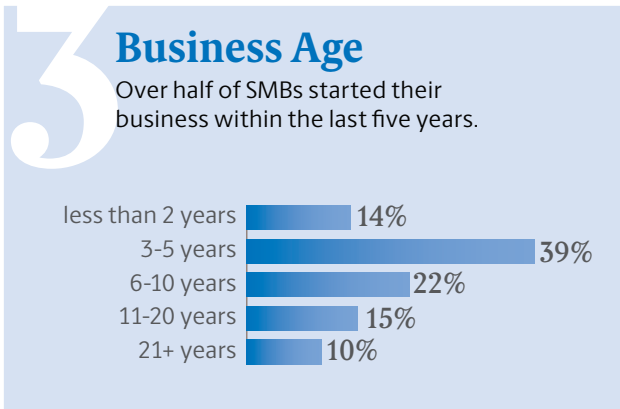
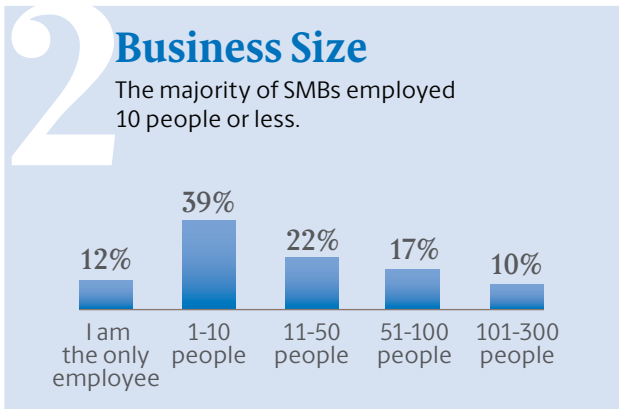
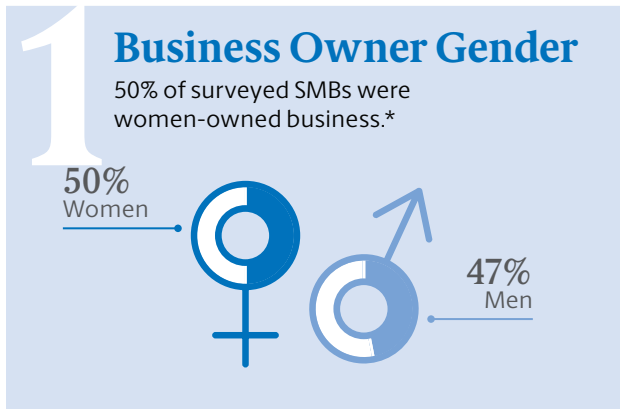
**Simplify E-commerce Rules and Regulations:** SMBs indicated that simplification of e-commerce business regulations, taxes, and fees would be helpful. 26 percent of SMBs not currently engaged in e-commerce identified such simplification as the government intervention with the greatest potential. Ease of doing business improvements in this domain would also help address the access to information issue, insofar as easier-to-understand regulations and procedures would likely require less external assistance to navigate.



**Boost Financing:** Access to finance was identified as a barrier by SMBs. The government should scale-up existing government financed business credit offerings, whether through increasing the volume of financing available or encouraging more small businesses to take advantage of existing programs through awareness-raising initiatives.



# Business Characteristics of Surveyed SMBs



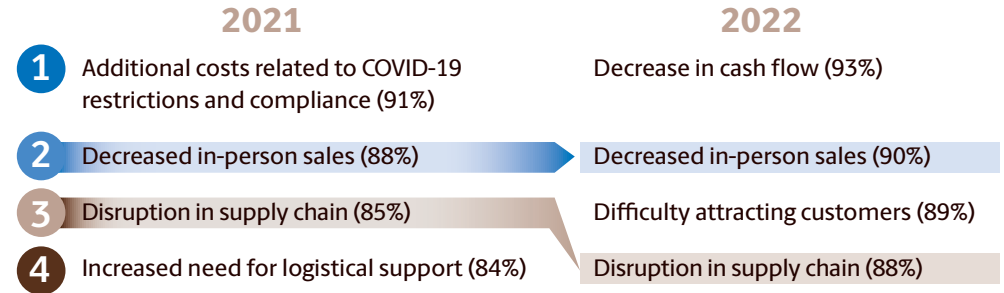
\*3 percent of SMBs said they weren't sure if the business was a women-owned business

## Top Pandemic-related Challenges Facing SMBs

### Top four pandemic-related challenges facing surveyed SMBs in 2021-2022:

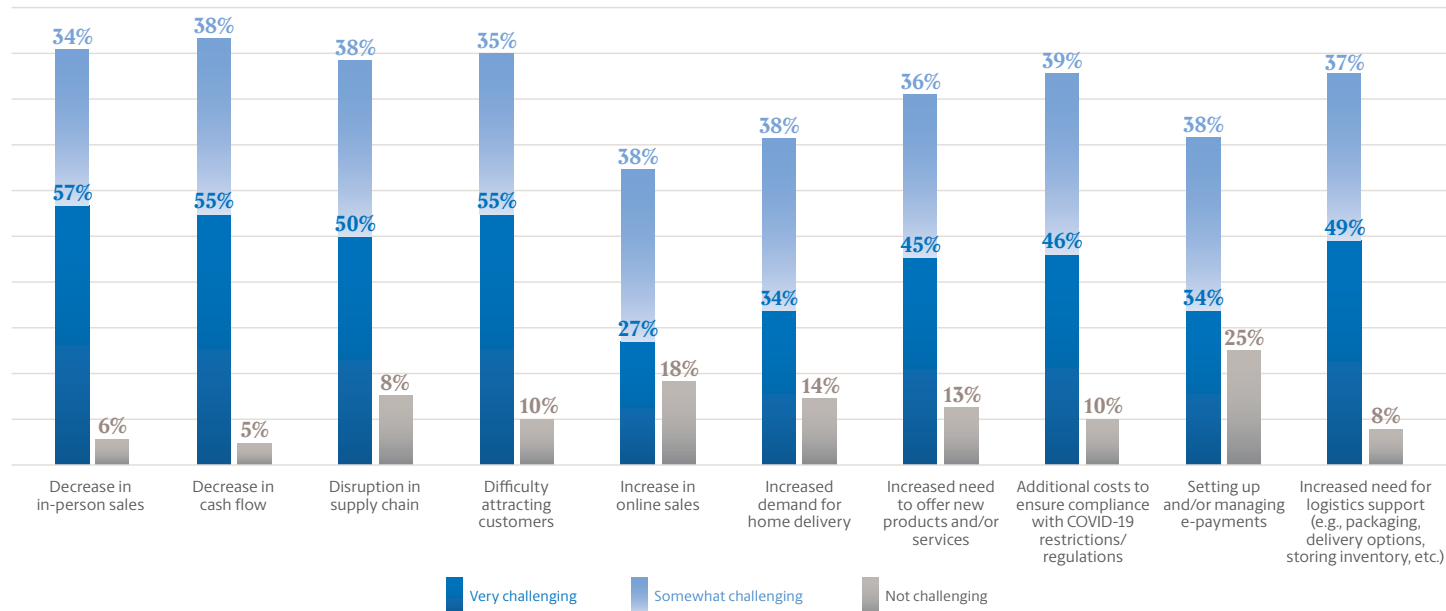
- decrease in cash flow (93%)
- decreased in-person sales (90%)
- difficulty attracting customers (89%)
- disruption in supply chain (88%)

Decreased in-person sales and disruption in supply chain were reported as a top challenge in a similar survey from the prior year.



There were some notable gender differences in the challenges reported by women-owned SMBs compared to men-owned SMBs. Supply chain disruptions and increases in online sales appear to be slightly more of a challenge for men-owned businesses, whereas women-owned businesses reported the costs of ensuring compliance with COVID-19 restrictions as “very” challenging more frequently than men. However, men-owned SMBs said it was “somewhat challenging” more frequently than women-owned SMBs.

### Challenges Due to COVID-19

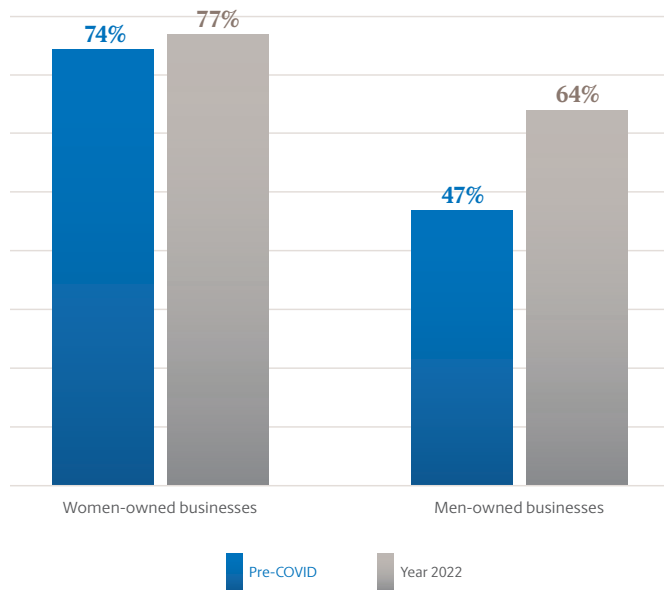




## E-commerce Trends

The number of SMBs selling online has increased over the past two years. Prior to the COVID-19 pandemic, 54 percent of surveyed SMBs were selling online. Two years later, this increased to 67 percent. Men-owned SMBs represented a large portion of this increase in online sales.<sup>7</sup> A greater percentage of women-owned SMBs than men-owned SMBs were selling online both prior to the pandemic and in 2022.

SMBs in E-commerce Pre-Covid and 2022

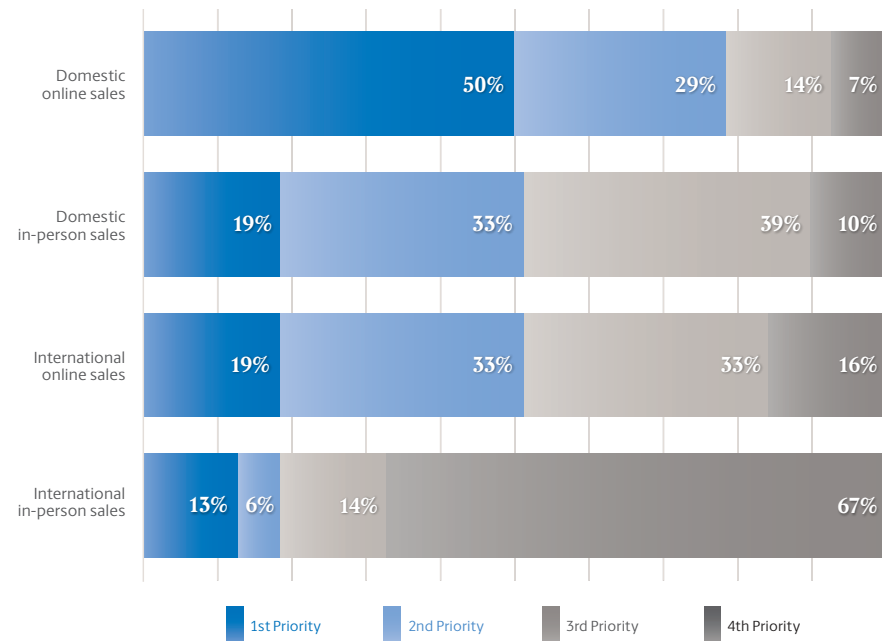


Nearly half of SMBs closed physical stores since the onset of the COVID-19 pandemic. 44 percent of surveyed SMBs reported closing one or more physical stores.

Expanding e-commerce sales domestically was the top priority for business growth. When asked to describe their business growth goals for the next two years, SMBs overwhelmingly indicated a desire to grow their domestic online sales. SMBs were equally interested in growing their e-commerce exports as they were in expanding in-person sales within the country.

There were some slight gender differences in responses, although they were not statistically significant. More women-owned SMBs ranked international online sales as their first priority than men-owned SMBs, whereas more men-owned SMBs ranked domestic online sales as their first priority.

SMB Business Growth Goals for the Next Two Years



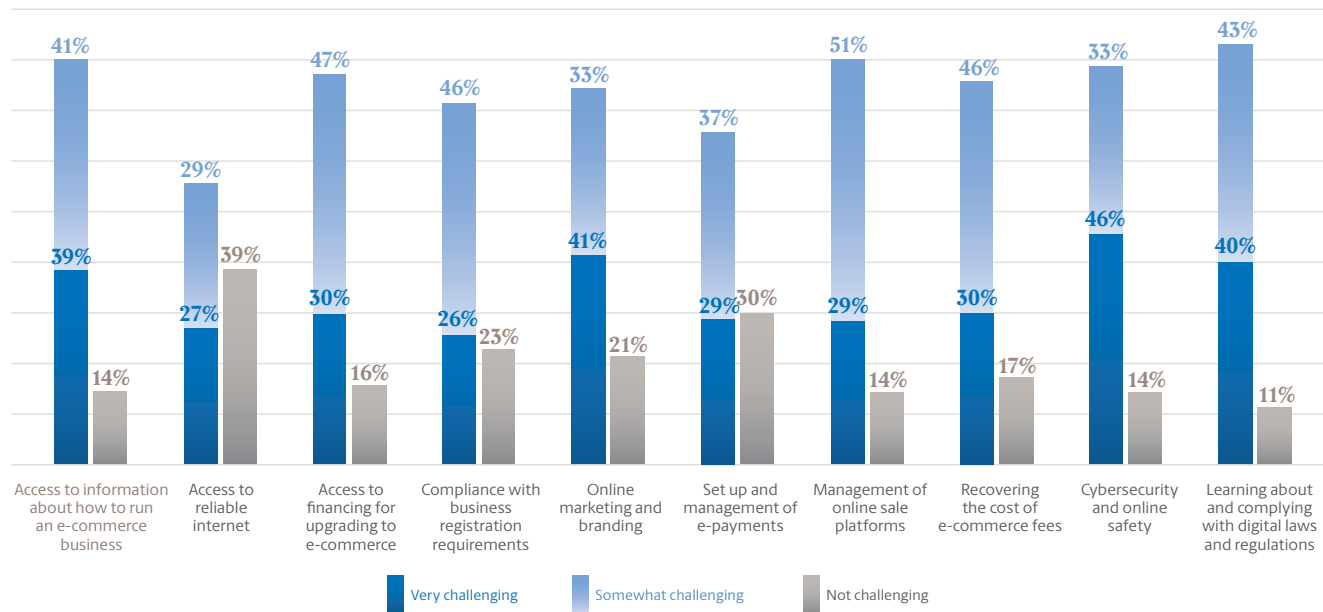
<sup>7</sup> The gap in men and women selling online pre-COVID-19 was statistically significant, but the gap lessened in 2022 and is no longer statistically significant.

**SMBs in India need additional information and support to help address challenges with e-commerce sales.** They ranked the following challenges to their e-commerce sales most frequently:

- learning about and complying with digital laws and regulations (83%)
- access to information about how to run an e-commerce business (80%)
- management of online sale platforms (80%)

Access to reliable internet was the factor that most SMBs reported to be “not challenging.” However, more than half (56%) of SMBs also indicated that this was either “very” or “somewhat” challenging. Given the necessity of internet access to e-commerce, this percentage is still notable.

**Challenges to SMB E-commerce Sales**

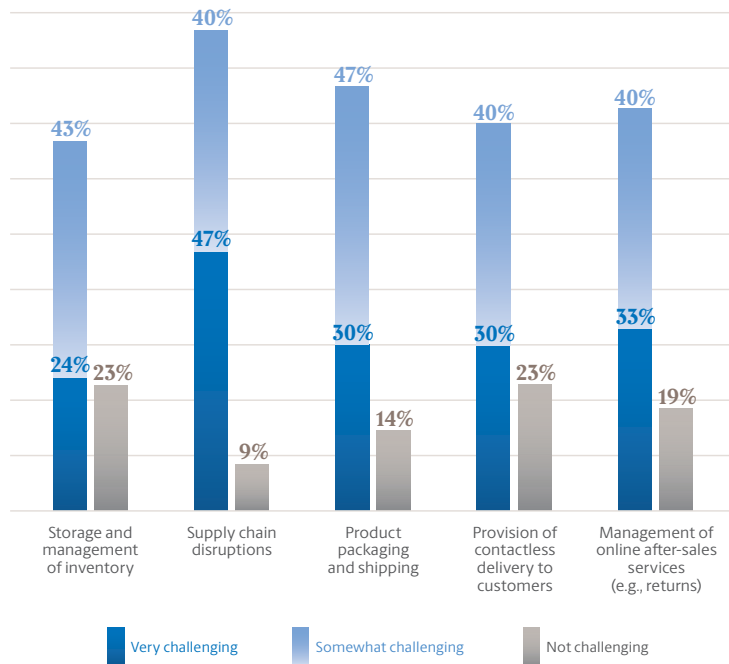


“Advertising about my e-commerce business might be something [that helps expand] my business more.”

**E-commerce logistics are also a significant challenge for SMBs.** Nearly nine out of ten SMBs that are currently selling online reported that supply chain disruptions were a challenge for their e-commerce business. Product packaging and shipping was also a significant challenge, followed by management of online after-sales services.

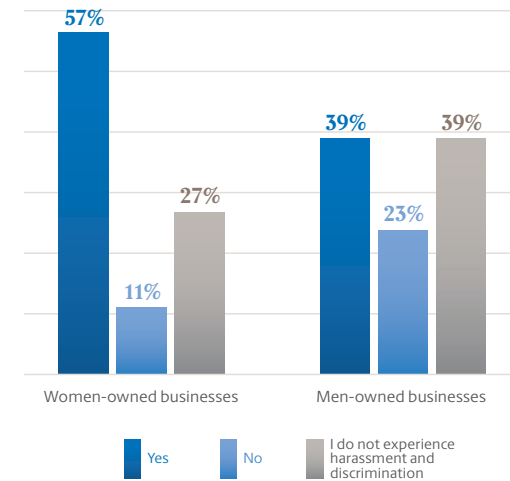
**SMBs used a variety of platforms for online sales.** International and local platforms were used by 44 percent of SMBs selling online. Over 40 percent of SMBs also used social media platforms for online sales, and over one-third used their own online store. Despite the large digital gender gap in India,<sup>8</sup> there were no significant gender differences in the use of online platforms for e-commerce. While not statistically significant, somewhat more men-owned SMBs used social media than women-owned SMBs.

**Challenges to SMB E-commerce Logistics**



**Both women- and men-owned SMBs reported that they were less likely to experience harassment and discrimination when conducting business online.** Although not statistically significant, this was more frequently reported by women than men (57% versus 39%, respectively).

**Are you less likely to experience harassment and discrimination when conducting business online than when conducting business in-person?**



8 Internet & the big Indian gender divide, Tribune India, March 2019

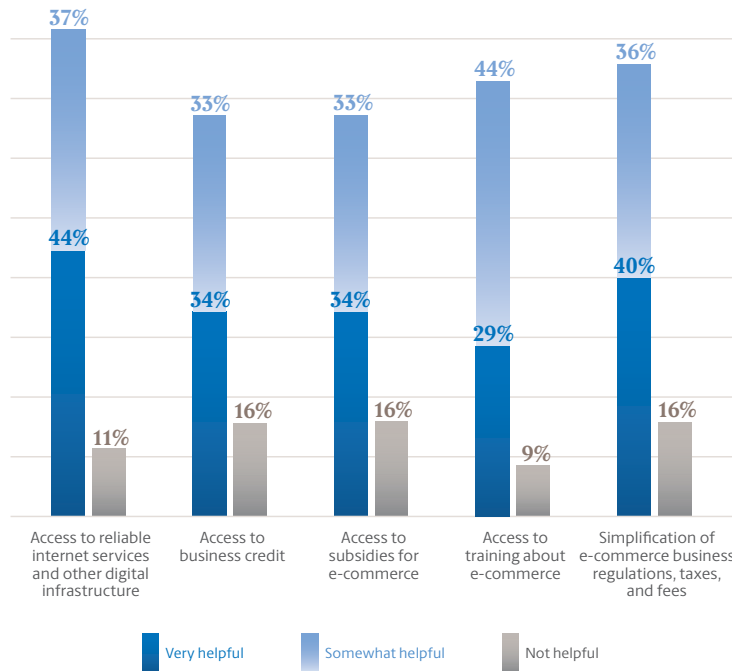
**SMBs that sell online generally found government policies to be helpful during 2021.** They found the following policies and programs particularly helpful:

- access to trusted internet services and other digital infrastructure (81%)
- simplified e-commerce regulations, taxes, and fees (76%)
- access to training about e-commerce (73%)

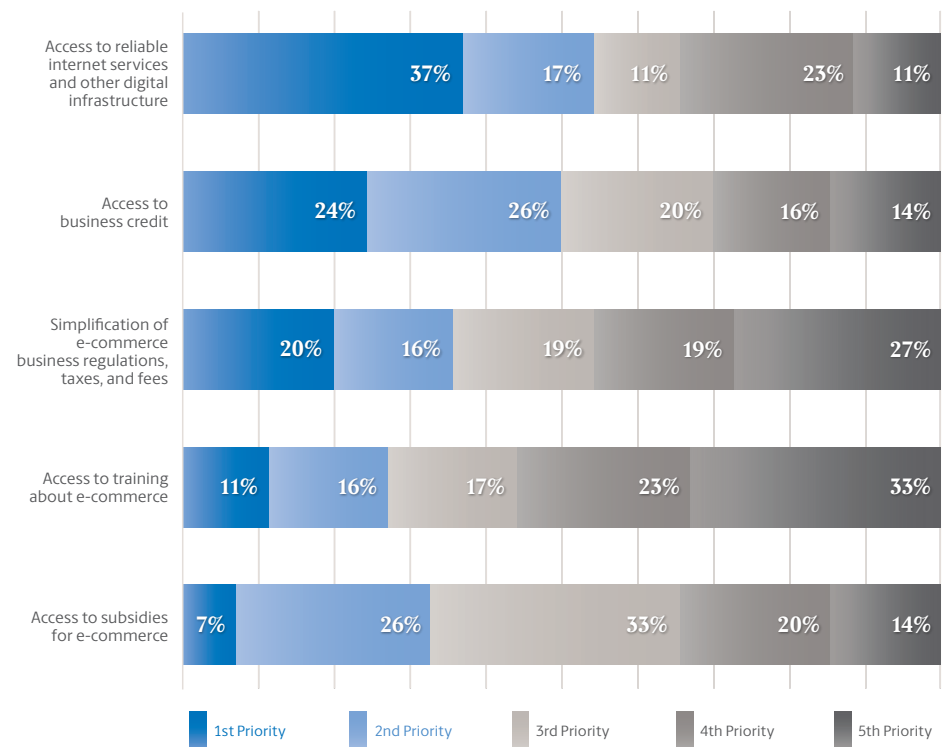
In general, women-owned SMBs found these policies more helpful than men-owned SMBs did. For all areas, more men-owned SMBs reported that these policies were “not helpful” or “not applicable” than women-owned SMBs.

**SMBs ranked access to trusted internet services the highest priority policy intervention.** Their next highest priority intervention was for greater access to business credit. Access to training was most consistently ranked as a lower priority policy intervention. However, when comparing men- and women-owned SMBs, the data shows some differences. For example, women SMB owners ranked training programs higher than men SMB owners, whereas men ranked access to finance and business credit as a higher priority than women. These differences were not statistically significant, but they do suggest further research is needed to determine if there are gendered differences and, if so, what the implications are for barriers and targeting policy support.

**Helpfulness of Government Policies to SMB E-commerce**



**SMB Policy Priorities to Support Expanding E-commerce**



## Why Are Some SMBs Not Selling Online?

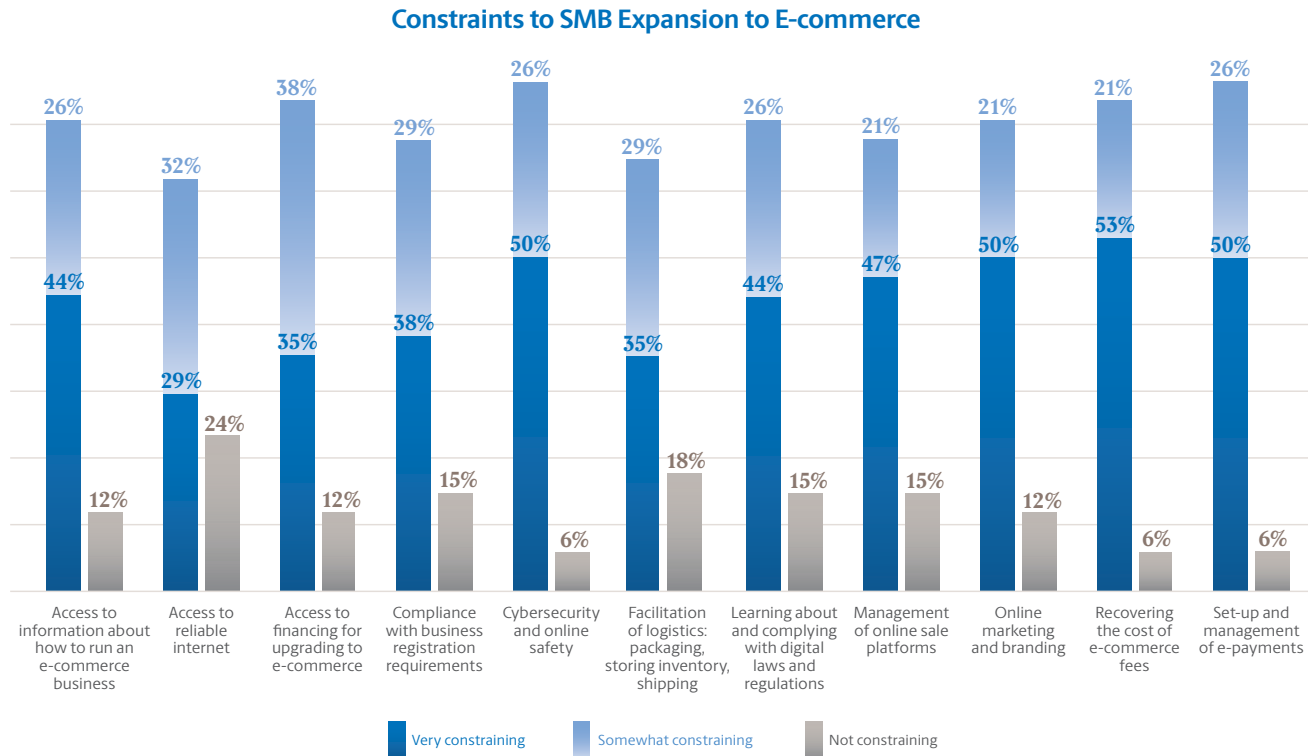
SMBs that are *not* currently selling online do see the benefits of e-commerce.

33 percent of surveyed SMBs were not currently selling online. Of these, a large majority (76%) believed that e-commerce would be beneficial to their business.

**Top four constraints to SMB expansion to e-commerce:**

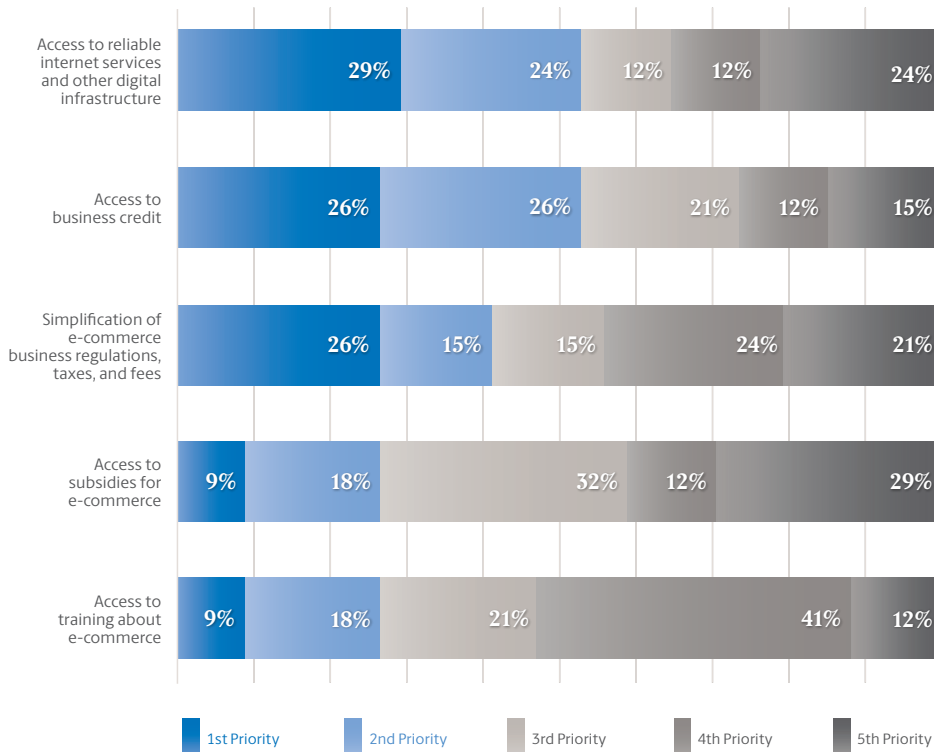
- cybersecurity and online safety (76%)
- set up and management of e-payments (76%)
- recovering the cost of e-commerce fees (74%)
- Access to financing for upgrading to e-commerce (74%)

Nearly two-thirds of respondents found access to reliable internet as “very” or “somewhat” challenging.



**Access to trusted internet and business credit are top priorities for SMBs who want to expand to online sales.** This suggests that SMB owners feel they do not have a strong foundation of access to internet and financial capacity to shift to online sales. In addition, approximately the same percentage of SMBs also ranked simplification of e-commerce as a top priority.

### SMB Policy Intervention Priorities to Support Expanding into E-commerce

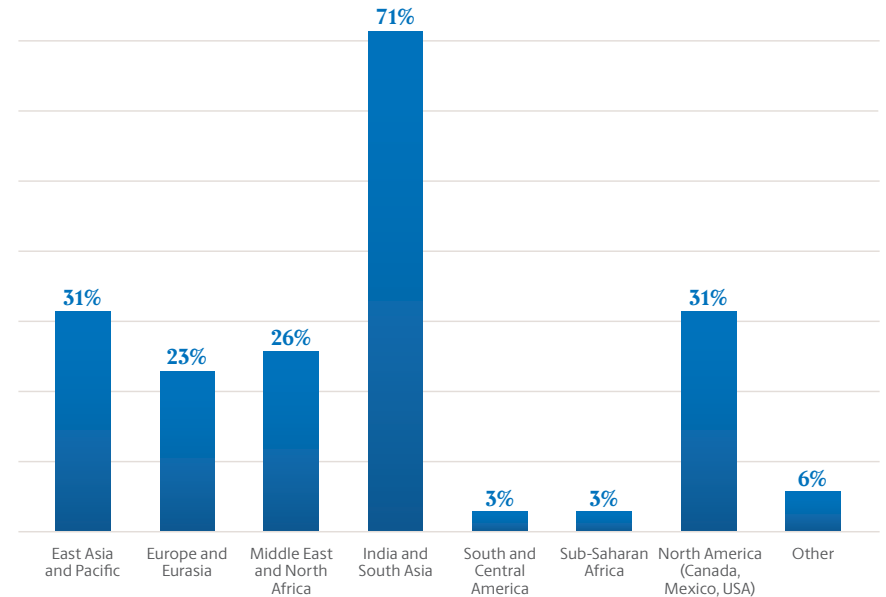


## Trends in Exporting

**Half of the surveyed SMBs are selling internationally,** with significantly more women-owned SMBs (62%) exporting than men-owned SMBs (35%). Online international sales made up an average of 45 percent of total business sales with no notable gender differences. Most SMBs exported to other countries in South Asia (71%), followed by North America (31%) and East Asia and the Pacific (31%).

**Exporting has gotten easier for SMBs.** 74 percent of SMBs engaged in e-commerce exports reported that exporting has gotten easier since the start of the COVID-19 pandemic with no notable gender differences.<sup>9</sup> This may be an opportunity to educate SMB owners who are not currently exporting by informing them that the conditions for export are becoming easier.

### SMB E-commerce Export Destinations



<sup>9</sup> 11 percent of SMBs were not exporting prior to the pandemic.

### Top three challenges to SMB e-commerce exports:

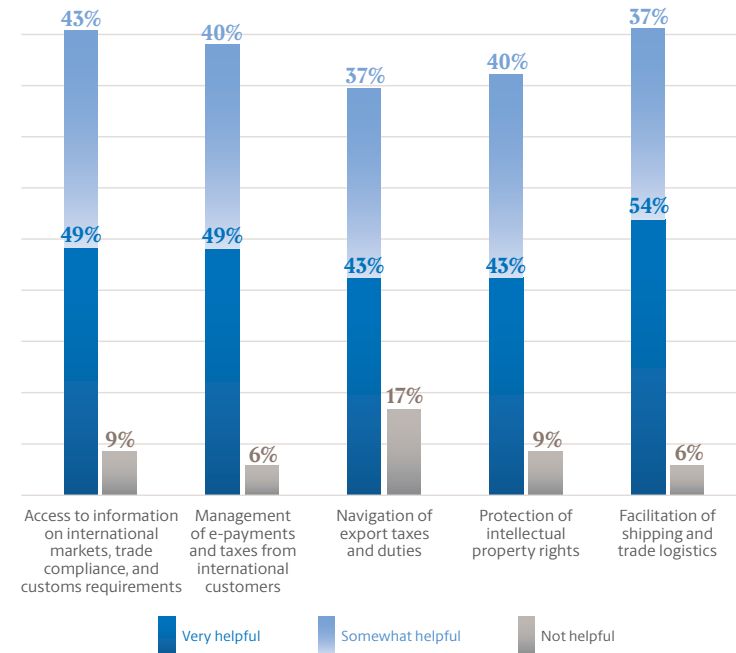
- access to information on international markets, trade compliance, and customs requirements (89%)
- facilitation of shipping and trade logistics (86%)
- navigation of export taxes and duties (80%)

However, the survey showed that SMBs in India face many challenges to exporting. Overall, over 75 percent of SMBs currently exporting ranked all five challenges as “very” or “somewhat” challenging.



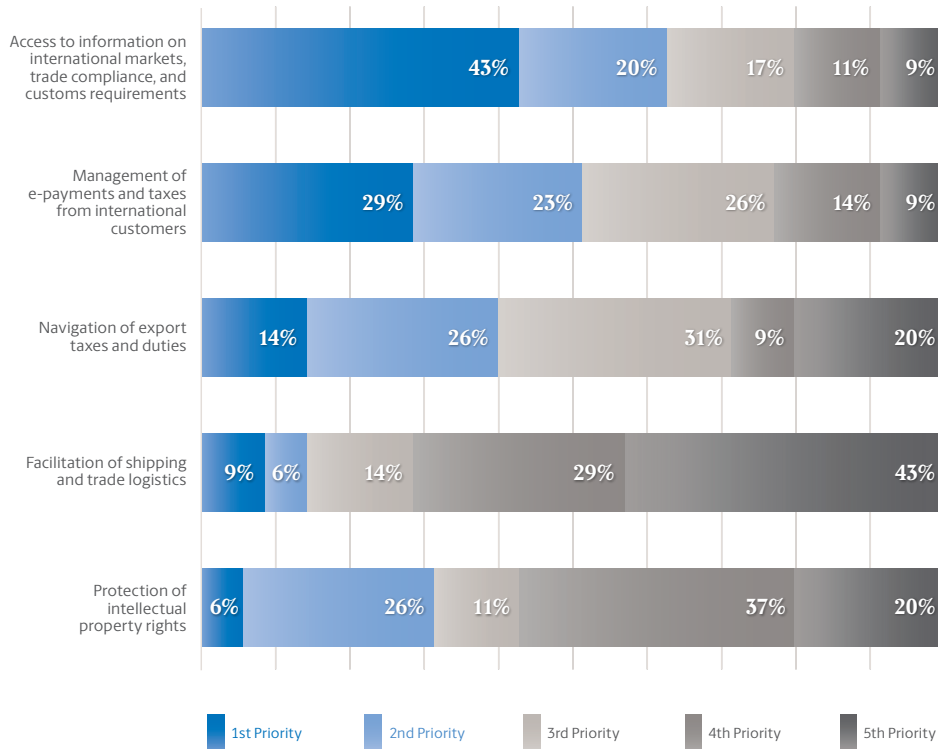
**Government policies and programs were generally helpful for SMB e-commerce exports.** More than 80 percent of exporting SMBs found that each of the below policy areas were either “very” or “somewhat” helpful during the past year. Access to information on international markets and facilitation of shipping and trade logistics were both the most challenging constraints for SMBs as well as the most helpful areas of government policy, indicating that continued support in these areas would be helpful.

### Helpfulness of Government Policies to SMB E-commerce Exports



**Access to information about international markets and trade was the highest priority policy intervention.** SMBs overwhelmingly identified access to information as their highest priority. While shipping and trade logistics was a top challenge to SMB e-commerce exports and among the most helpful government policies, this was actually their lowest ranked policy priority. Their second priority for policy intervention is around management of e-payments and taxes from international customers.

### SMB Policy Intervention Priorities to Support E-commerce Exports

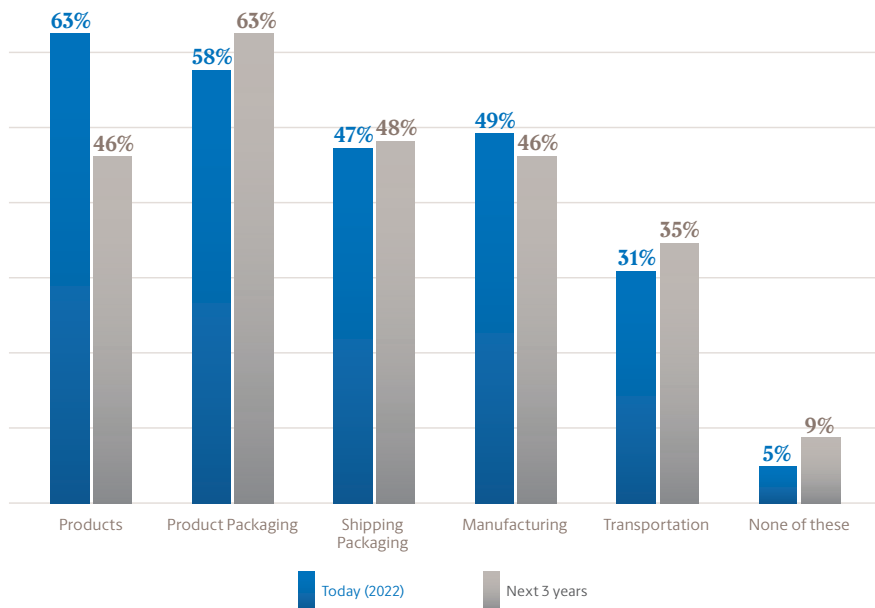




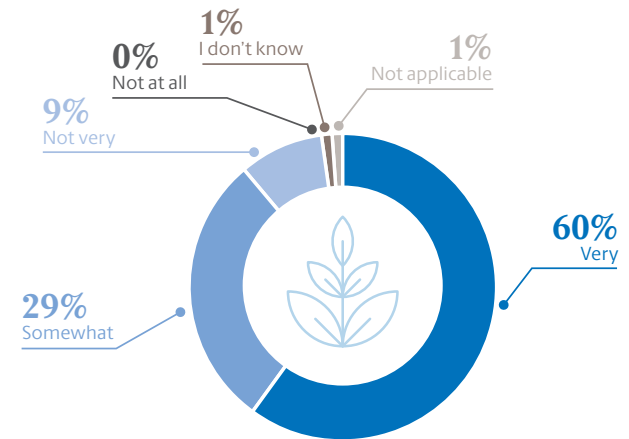
## Sustainability

Environmental sustainability is a priority for SMBs. An overwhelming majority (89%) of the surveyed SMB owners reported their business as being 'green' or environmentally-friendly. Moreover, between 40 and 60 percent of SMBs have plans to incorporate more environmentally sustainable practices either in their products, packaging, shipping, or manufacturing. Transportation is the area that appears to have the least amount of investment in environmental sustainability.

Current Practices vs. Future Plans for Environmental Sustainability



SMB Environmental Sustainability





# Indonesia: Supporting SMB Growth: Unlocking Recovery through E-commerce

Indonesia is the ninth largest market in the world for e-commerce, with e-commerce revenue from consumers in Indonesia reaching US\$43 billion in 2021.<sup>1</sup> While Indonesia may be ranked 59th on the eTrade Alliance's "Best Place for MSME Ecommerce" index,<sup>2</sup> the country has been applauded for "outperforming their peers" in the adoption of policies conducive to e-commerce.<sup>3</sup> For small and medium businesses (SMBs), e-commerce has been essential to their resilience during COVID-19.<sup>4</sup> A survey by the World Economic Forum found that 80 percent of digital merchants were able to keep their business open throughout 2020, compared to only 40 percent of offline businesses.<sup>5</sup> There are more than 62 million SMBs in Indonesia, the vast majority of which (98.8%) are micro-enterprises.<sup>6</sup>

UPS, in partnership with Nathan Associates and Indonesia Prima, surveyed 165 SMBs in Indonesia to better understand the challenges they are facing and the ways in which the flourishing e-commerce market can help them grow and adapt to the rapidly changing global economy. In addition to assessing general trends for how SMBs are engaging with e-commerce domestically and internationally, the survey also sought to identify the relative experiences of women-owned SMBs compared to men-owned SMBs and general SMB perspectives around sustainability.

The survey identified the following key findings:

- **E-commerce is a priority for SMBs.** SMBs ranked domestic online sales as their top priority for business growth over the next two years. Somewhat more SMBs ranked domestic in-person sales as a higher priority than international online sales. For the SMBs that are not currently selling online, a large majority see the benefits of e-commerce, but they need help overcoming various challenges related to compliance with digital laws and regulations, cybersecurity, managing e-commerce platforms and fees, and online marketing.
- **Decreased in-person sales was a top challenge for 2021 and 2022 survey respondents.** The number of SMBs selling online increased nearly 20 percent since the onset of the pandemic, while nearly half of SMBs reported closing a store in the same time period; these trends indicate e-commerce will be a key tool for SMB sales.
- **Online marketing, management of online sales platforms, access to information on running an e-commerce business, and access to information on digital laws and regulations are major challenges for SMBs that are currently selling online.** They generally found government policies helpful in the last year, especially those regarding training and access to internet and digital infrastructure. However, more research is needed to understand differences in access and awareness to these programs among different groups; more men-owned SMBs reported these policies helpful than women-owned SMBs.<sup>7</sup>
- **There is notable interest in using e-commerce to reach international markets, with nearly half of SMBs ranking this as either their second or third growth priority.** Only a small percentage of respondents are currently exporting, but they nonetheless reported that it has gotten easier since the onset of the COVID-19 pandemic. This is promising for the SMBs that want to grow their exports.

<sup>1</sup> The eCommerce market in Indonesia, ecommerceDB

<sup>2</sup> Best Place for MSME Ecommerce Index, eTrade Alliance

<sup>3</sup> Alliance for eTrade Development: Expanding MSME Ecommerce in Developing Countries: Digital and eCommerce Policy Index and Path Forward (p.18), USAID and eTrade Alliance, September 2021

<sup>4</sup> Why e-commerce is key to Indonesia's small businesses, World Economic Forum, November 2021

<sup>5</sup> Ibid.

<sup>6</sup> Indonesia's SMEs hold the key to growth. How can they scale up?, World Economic Forum, September 2021

<sup>7</sup> Although the difference was not statistically significant, likely due to the large percentage of women-owned SMBs in the survey, the gaps do warrant further research.

## Policy Recommendations



**Support with E-commerce Sales:** A large percentage of SMBs noted difficulties in attracting customers and pointed to difficulties marketing and branding. Policies and programs such as special credits or funds could help support online business training for SMBs, especially women-owned SMBs, to increase their capacity to develop and maintain online sales. Government-sponsored trainings and resources could support greater access to information about setting up and running e-commerce businesses, complying with digital laws or regulations. The government can also partner with international and domestic e-commerce marketplaces to provide technical assistance for SMBs on how to leverage on e-commerce platforms to target online shoppers. Partnerships with sustainability bodies in engaging SMBs on how they could obtain green labels and certifications for their products could also help.



**Protect Intellectual Property Rights:** The government can provide support for filing for intellectual property rights for products produced by SMBs, who have identified this area as a challenge. Policies should create favorable conditions for enterprises in creating, forming, exploiting, and protecting their intellectual property rights.



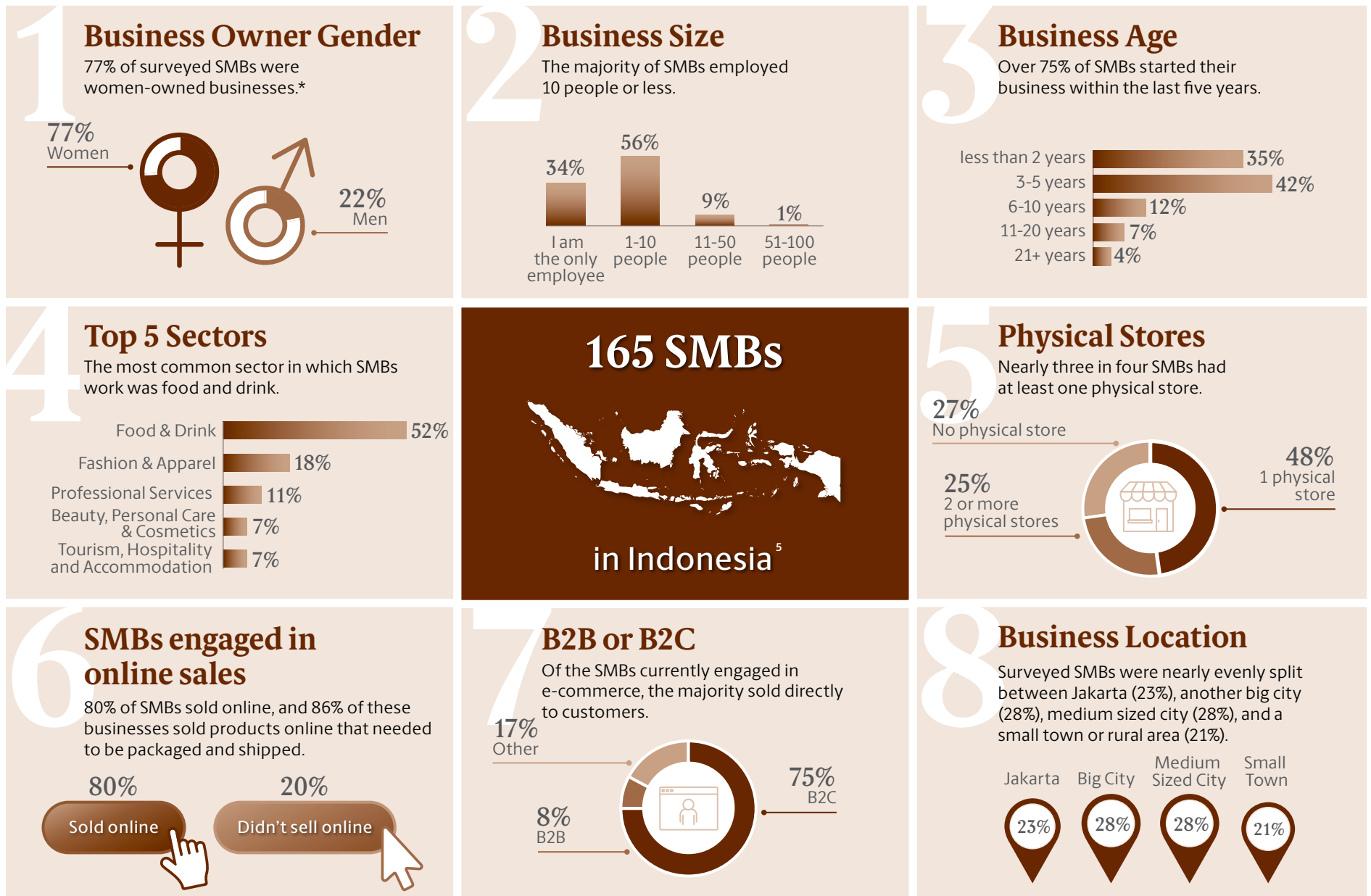
**Provide Reliable Internet Access:** Policies need to increase access to secure and reliable internet connection. Access to reliable internet services and other digital infrastructure is by far the highest priority for policy intervention chosen by SMBs. While SMBs in larger cities have digitalized more rapidly, there is a digital gap in rural and remote parts of this archipelagic country. High speed internet is critical for both SMBs and their customers, especially in rural areas. Technology enabled finance, or fintech also offers promise for small SMEs



**Promote Access to Trade:** The following are some areas that need focus: Simplify and facilitate customs processes for SMBs to ship their products from Indonesia to international customers; Invest in outreach programs to better educate SMBs on Indonesia's free trade agreements and export opportunities; Expand capacity building workshops for SMBs to better navigate the process of exporting their products to international markets; Provide SMBs with networking events and opportunities to connect with international buyers and local financial institutions.



## Business Characteristics of Surveyed SMBs



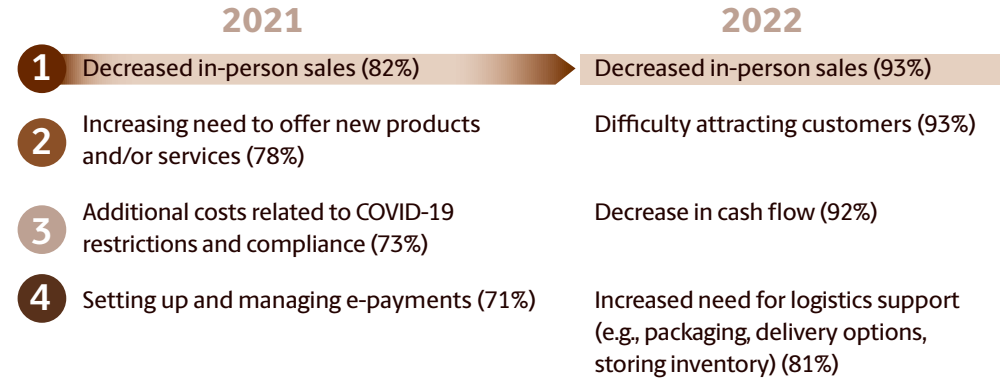
\*1 percent of SMBs said they weren't sure if the business was a women-owned business.

# Top Pandemic-related Challenges Facing SMBs

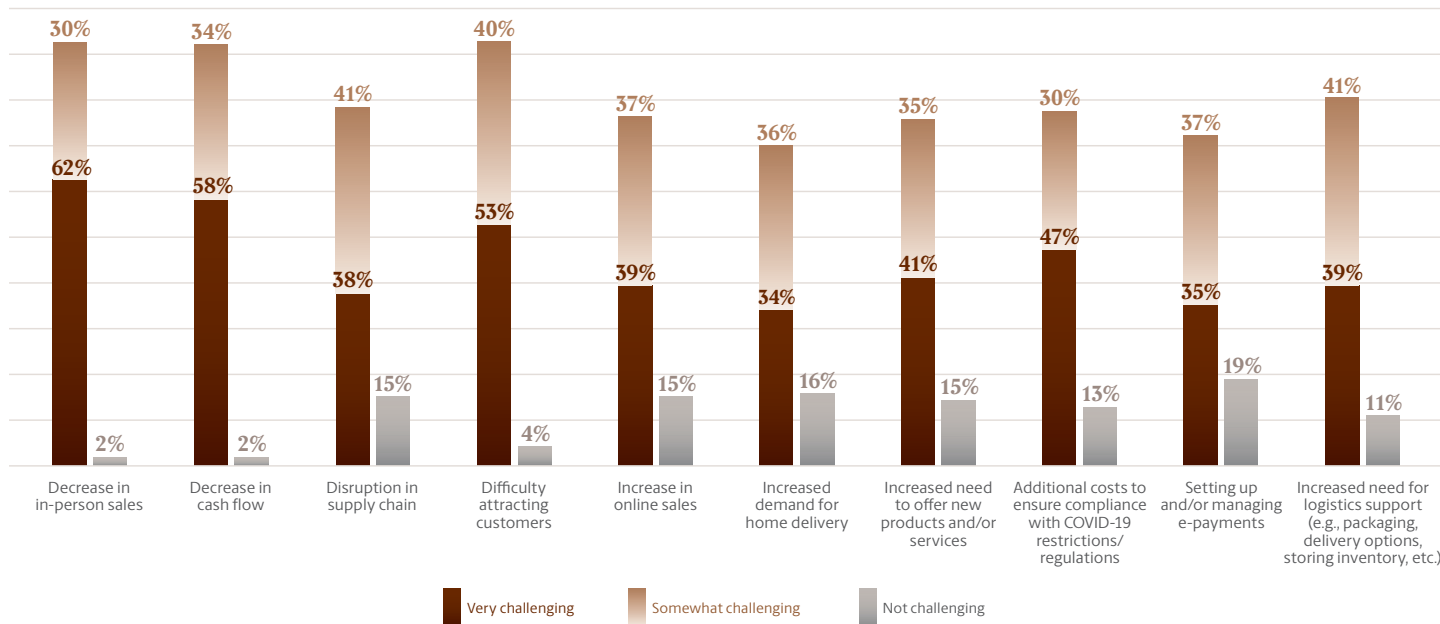
## Top four pandemic-related challenges facing SMBs in 2021-2022:

- difficulty attracting customers (93%)
- decreased in-person sales (93%)
- decrease in cash flow (92%)
- increased need for logistics support (e.g., packaging, delivery options, storing inventory, etc.) (81%)

Decreased in-person sales was also the top challenge reported by SMBs in a similar survey from the prior year.



Challenges Due to COVID-19



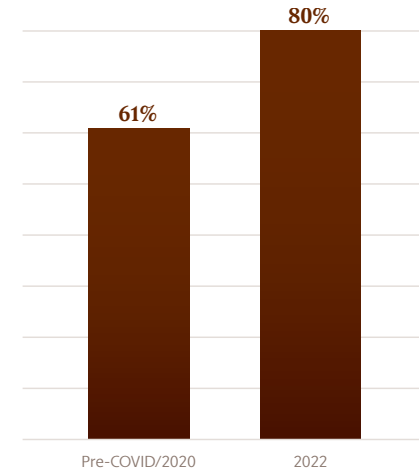
## E-commerce Trends

**The number of SMBs that were selling online has increased over the past two years.** Prior to the COVID-19 pandemic, 61 percent of surveyed SMBs were selling online. Two years later, this increased to 80 percent. There were no significant gender differences.

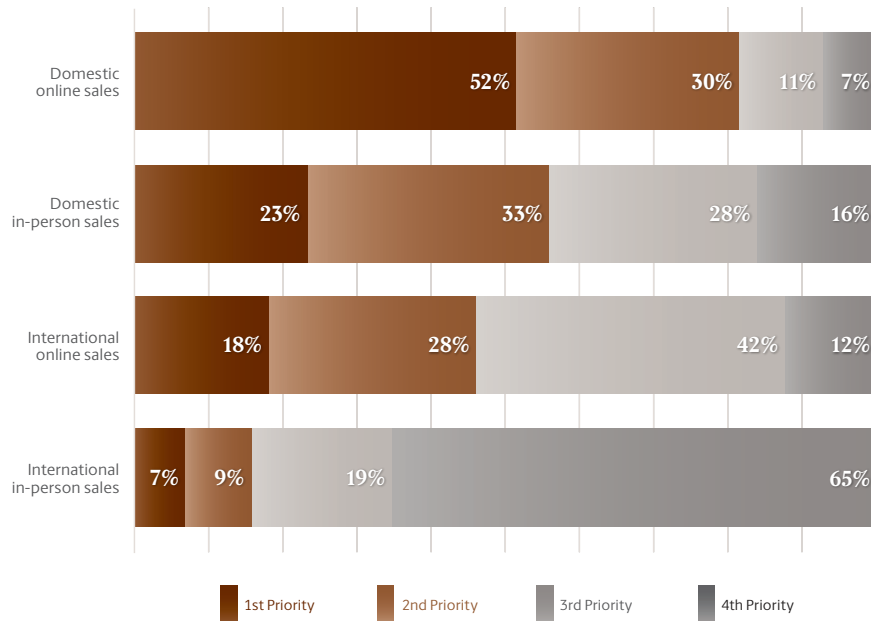
**Nearly half of SMBs closed at least one physical store since the onset of the COVID-19 pandemic.** 45 percent of surveyed SMBs reported closing one or more physical stores, and men-owned SMBs were less likely to have closed a store. However, this may be because women were more likely to run businesses with 11 or more people, which were more likely to have closed physical stores.

**Expanding e-commerce sales domestically was a top priority for SMB business growth.** When asked to describe their business growth goals for the next two years, SMBs overwhelmingly indicated a desire to grow their domestic online sales, followed by domestic in-person sales. While not statistically significant, more men-owned SMBs listed international and domestic online sales as their first priority, and more women-owned SMBs listed domestic in-person sales as their first priority.

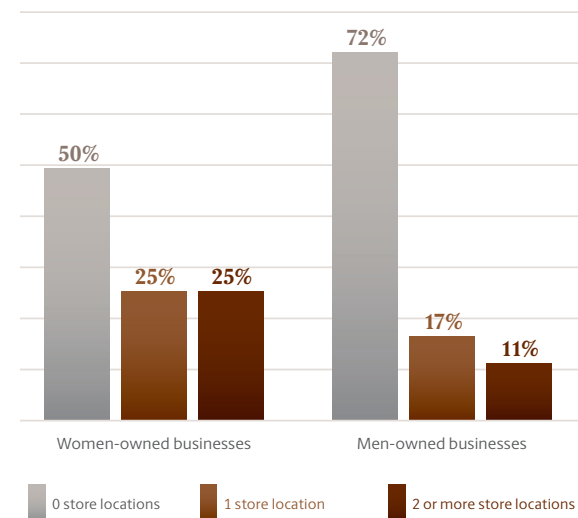
SMBs in E-commerce Pre-Covid and 2022



SMB Business Growth Goals for the Next Two Years



Physical Stores Closed by SMBs during COVID-19

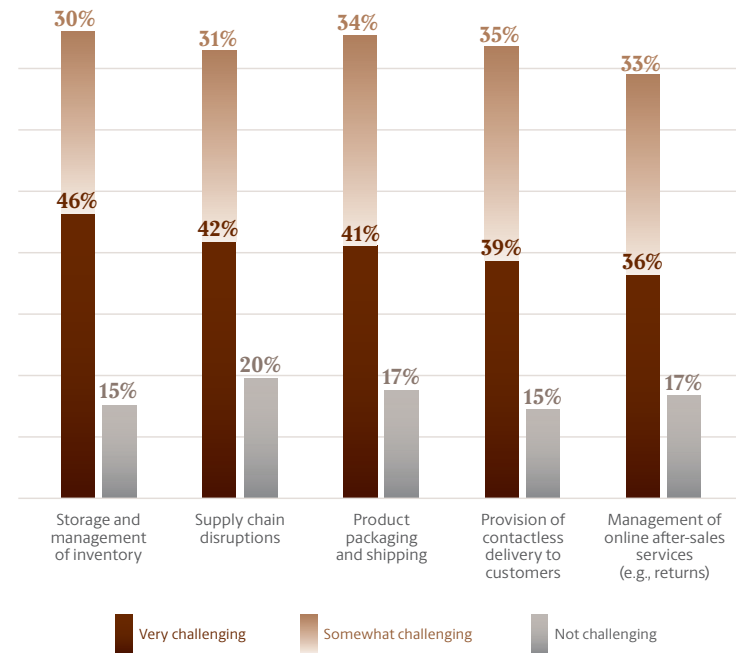


**SMBs need additional information and support to help address challenges with e-commerce sales.** SMBs that are currently selling online indicated they are dealing with a variety of e-commerce sales challenges. Nearly 90 percent of surveyed SMBs reported the following as being either “very” or “somewhat” challenging to their e-commerce sales:

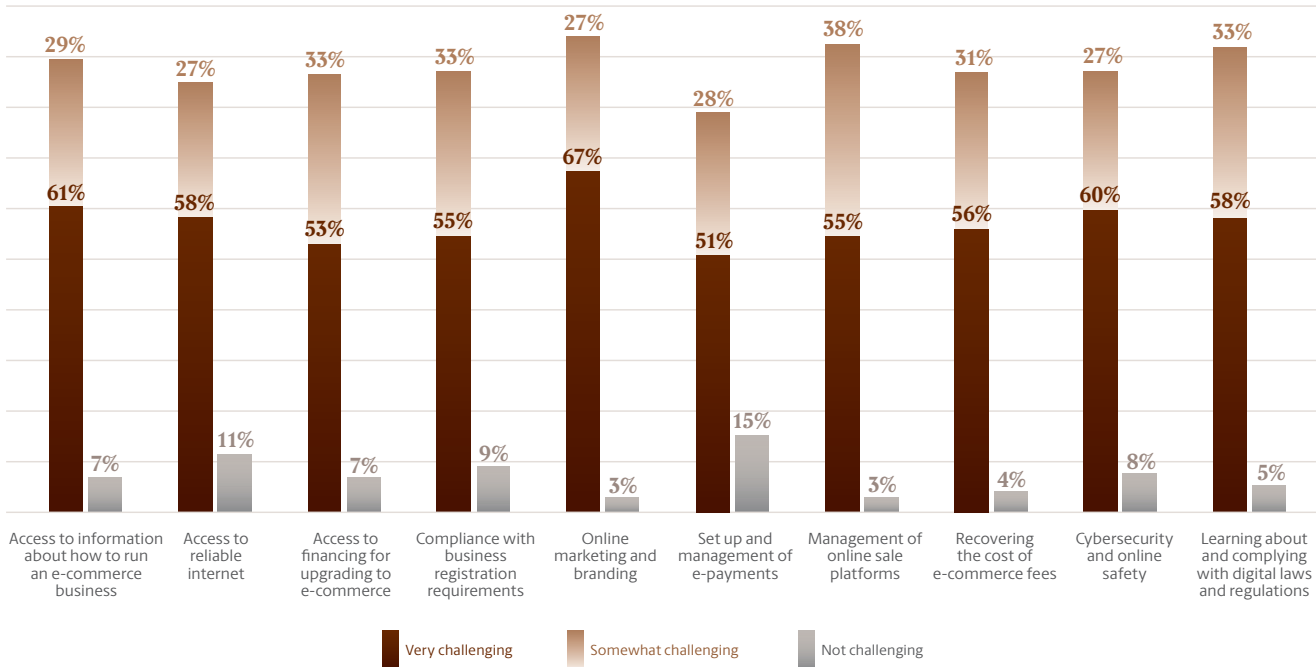
- online marketing and branding (94%)
- management of online sale platforms (92%)
- learning about and complying with digital laws and regulations (92%)
- access to information about how to run an e-commerce business (89%)

**E-commerce logistics are challenging, but not as much of a challenge as e-commerce sales.** When asked about various types of logistical challenges, SMBs rated each of them about the same. However, these logistical issues were rated “not challenging” more often than e-commerce sales issues were.

**Challenges to SMB E-commerce Logistics**



**Challenges to SMB E-commerce Sales**



**Very few surveyed SMBs are selling on global marketplaces like Amazon, Etsy, or Big Commerce.** Most SMBs are selling either via social media (70%) or on a local marketplace like Tokopedia, Shopee, Lazada, or BliBli (56%). Only 6 percent are selling on a global marketplace.

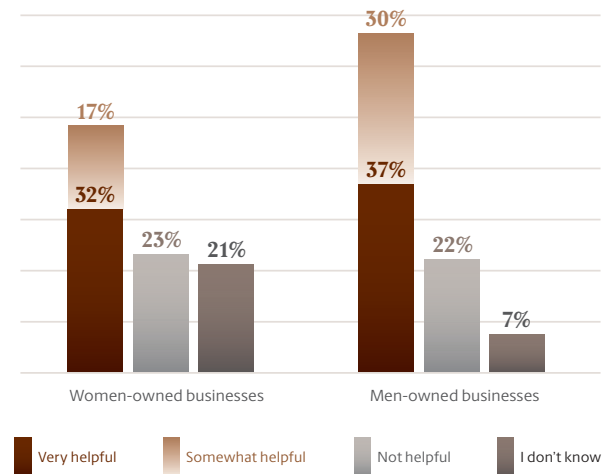
**Few surveyed SMBs answered that they are less likely to experience harassment and discrimination when conducting business online.** 13 percent reported that doing business online reduced harassment and discrimination, while the majority of respondents either disagreed with this statement or reported that they do not experience harassment.

**SMBs who sell online generally found government policies to be helpful during 2021.** SMBs found the following policies and programs either “very” or “somewhat” helpful:

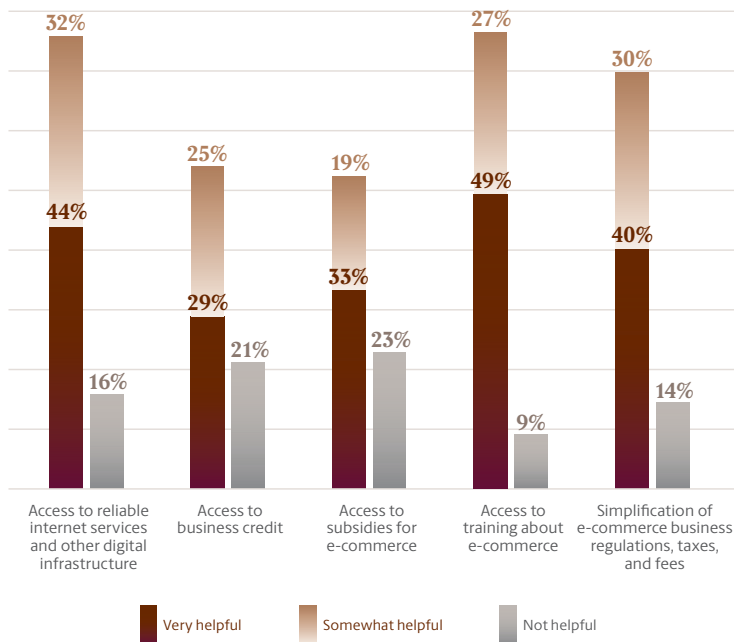
- access to training about e-commerce (77%)
- access to reliable internet services and other digital infrastructure (76%)
- simplification of e-commerce business regulations, taxes, and fees (70%)

**More men-owned SMBs reported that these policies were helpful than women-owned SMBs, particularly for access to reliable internet and access to subsidies for e-commerce.** In addition, regarding business credit and e-commerce subsidies, far more women-owned SMBs answered “I don’t know” to this question, pointing to a potential gender gap in awareness around financing programs. These differences were not statistically significant with this sample; however, they may be worth exploring through further research.

### Helpfulness of government policies: access to e-commerce subsidies



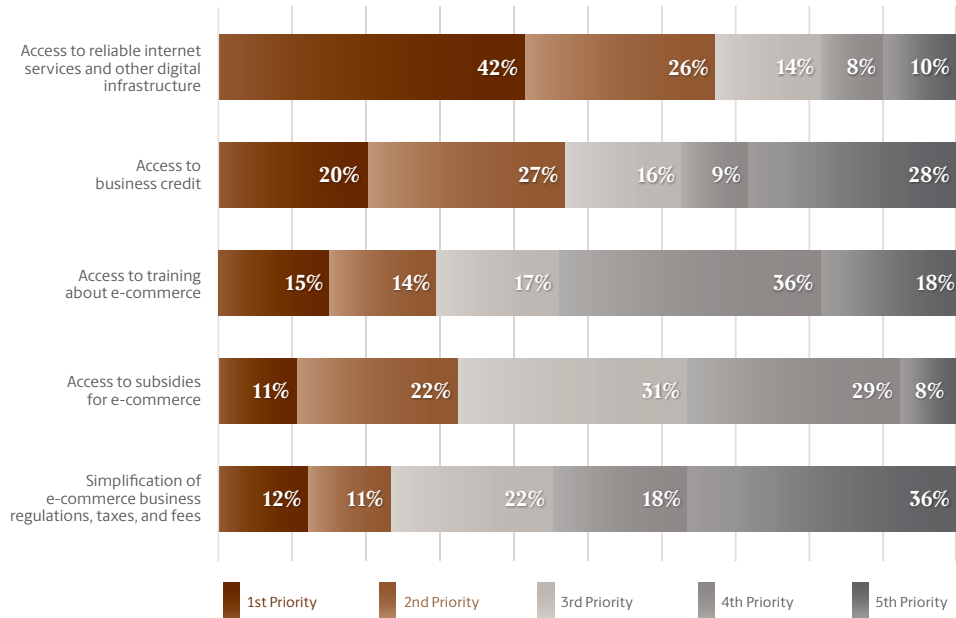
### Helpfulness of Government Policies to SMB E-commerce





**SMB owners who sell online ranked access to trusted internet services as the highest priority policy intervention.** Their next highest priority intervention is for greater access to business credit.

### SMB Policy Priorities to Support Expanding E-commerce



## Why are some SMBs not selling online?

### SMBs that were not currently selling online see the benefits of e-commerce.

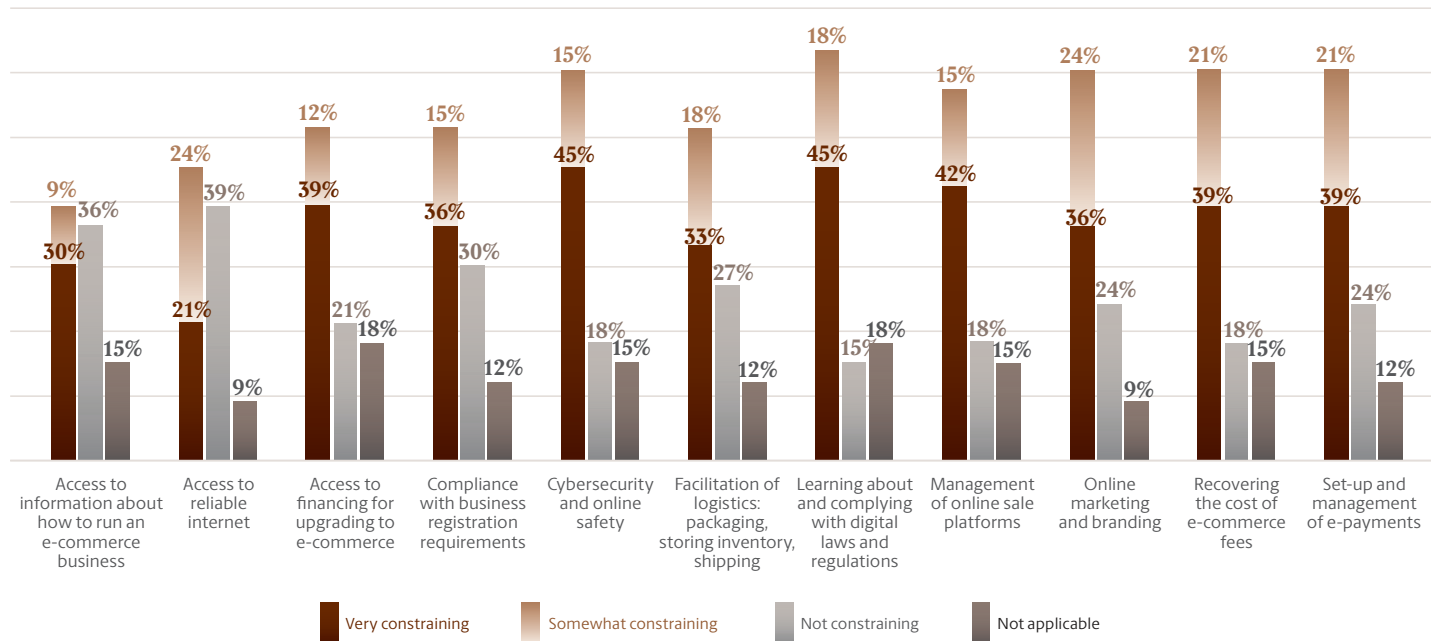
Of the 20 percent of surveyed SMBs that are not currently selling online, most (82%) think that their business would benefit from expanding into e-commerce, demonstrating a strong interest and demand for e-commerce supports.

More than 60 percent of surveyed SMBs that are not currently selling online reported these areas either “very” or “somewhat” constraining. There is a small but notable minority that answered “I don’t know,” indicating that there are still SMBs with minimal awareness about what running an e-commerce business entails.

### Top constraints to SMB expansion to e-commerce.

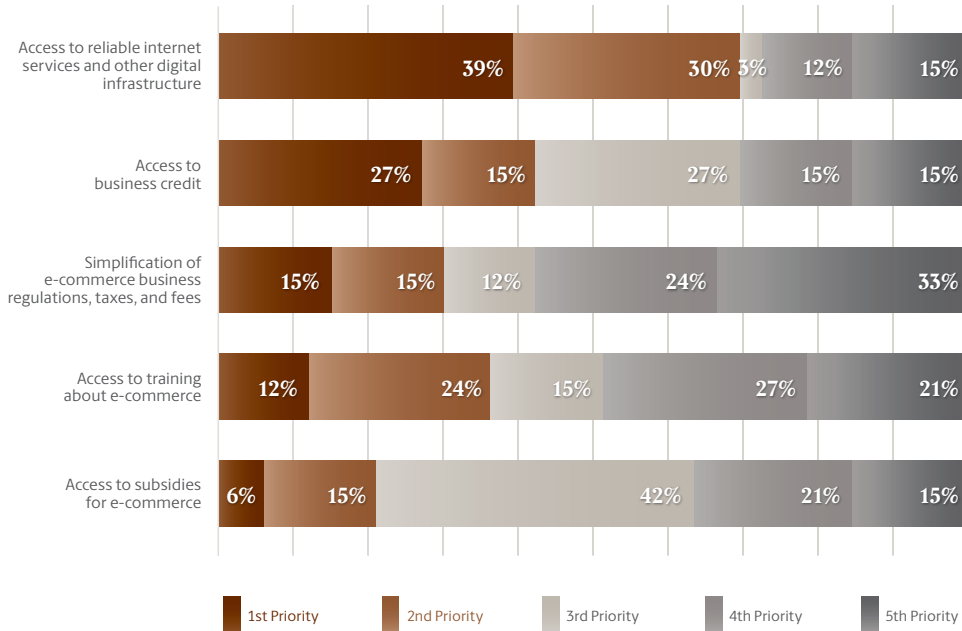
- learning about and complying with digital laws and regulations (64%)
- cybersecurity and online safety (61%)
- online marketing and branding (61%)
- recovering the cost of e-commerce fees (61%)
- set-up and management of e-payments (61%)

Constraints to SMB Expansion to E-commerce



**Access to trusted internet and business credit are top priorities for SMBs who want to expand into to online sales.** Access to reliable internet services and other digital infrastructure is by far their highest priority for policy intervention.

### SMB Policy Intervention Priorities to Support Expanding into E-commerce



## Trends in Exporting

15 percent of surveyed SMBs are engaged in e-commerce exports, with no notable differences between men- and women-owned SMBs. For these SMBs, international online sales make up anywhere from 1 to 100 percent of total sales, with an average of 33 percent.

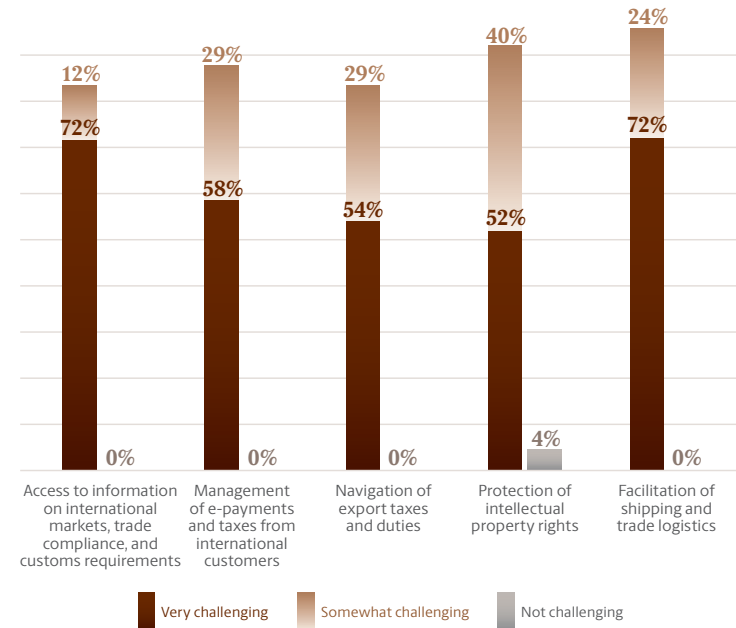
**Exporting has gotten easier for SMBs.** 60 percent of the SMBs that currently sell internationally reported that exporting has gotten easier since the start of the pandemic.

### Top three challenges to SMB e-commerce exports:

- facilitation of shipping and trade logistics (96%)
- protection of intellectual property rights (92%)
- management of e-payments and taxes from international customers (88%)

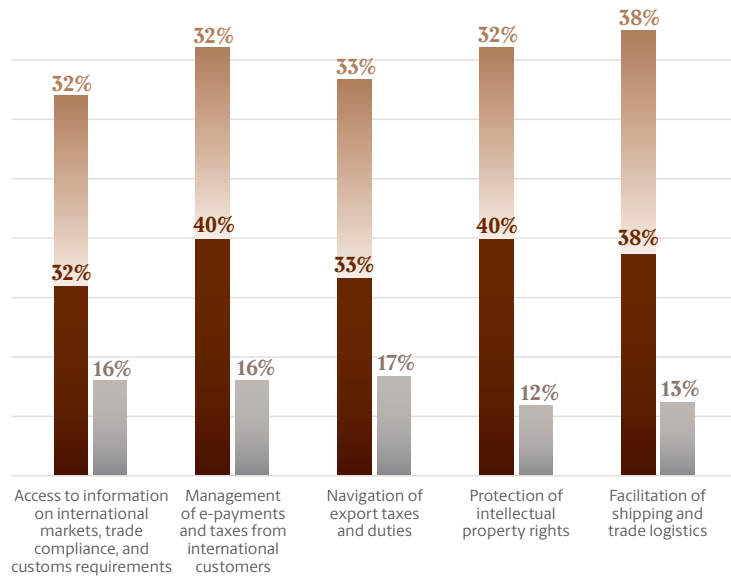
Even though a majority of SMBs said exporting has gotten easier since the start of the pandemic, an even larger majority reported significant challenges to their export businesses. More than 70 percent listed access to information on international trade and facilitation of logistics as “very” challenging. Meanwhile, 92 percent reported that intellectual property rights was either “very” or “somewhat” challenging.

### Challenges to SMB E-commerce Exports



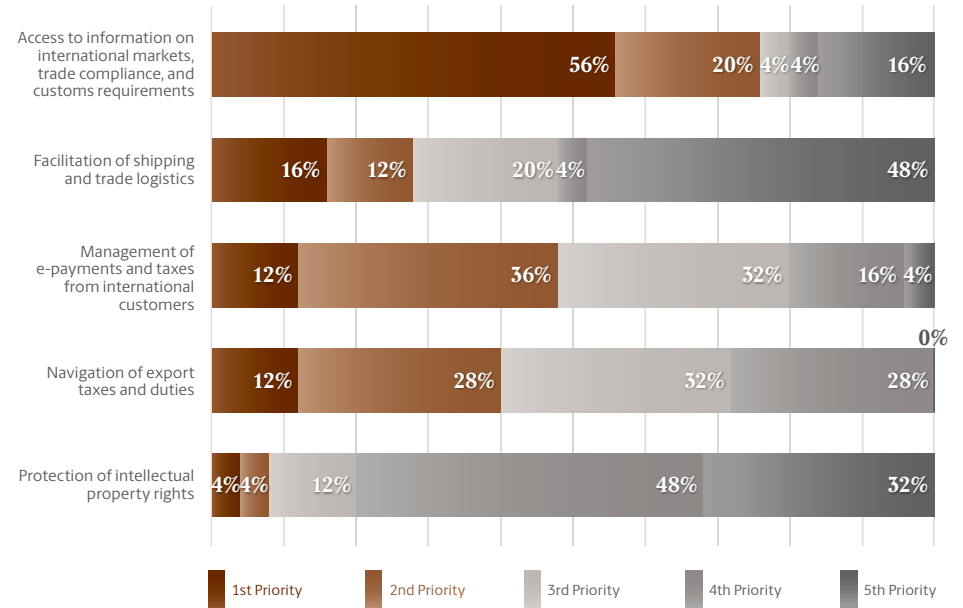
**Government policies and programs were generally helpful to SMB international e-commerce sales.** Facilitation of shipping and trade logistics was the greatest challenge, but also the area where they most frequently reported that government policies have been either “very” or “somewhat” helpful.

### Helpfulness of Government Policies to SMB E-commerce Exports



**Access to information about international trade was the highest priority for policy interventions.** SMB owners overwhelmingly identified access to information as their top priority for policy interventions to support e-commerce exports. Interestingly, despite SMBs rating facilitation of shipping and trade logistics as a top export challenge, it was most frequently ranked as their lowest policy priority.

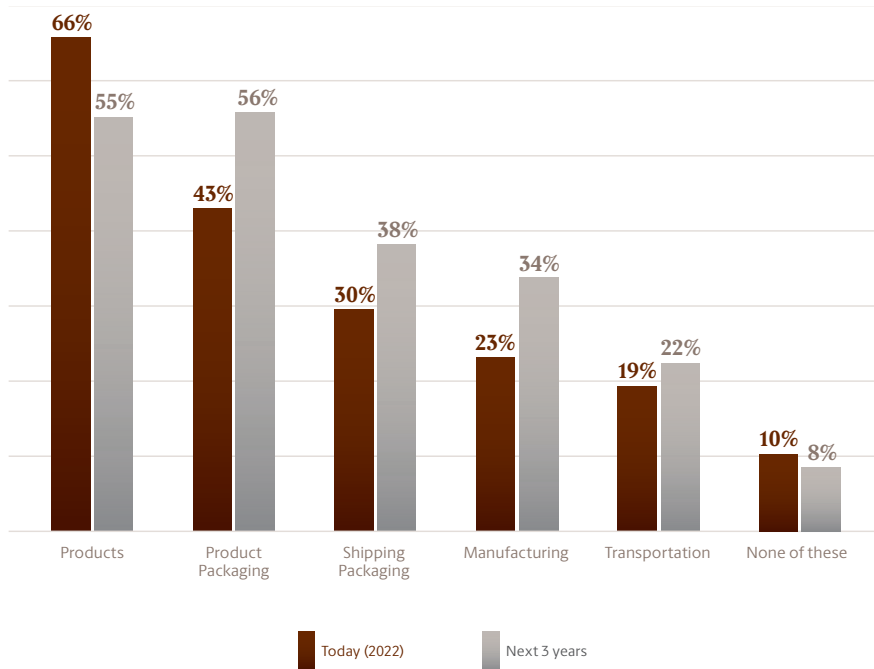
### SMB Policy Intervention Priorities to Support Expanding E-commerce Exports



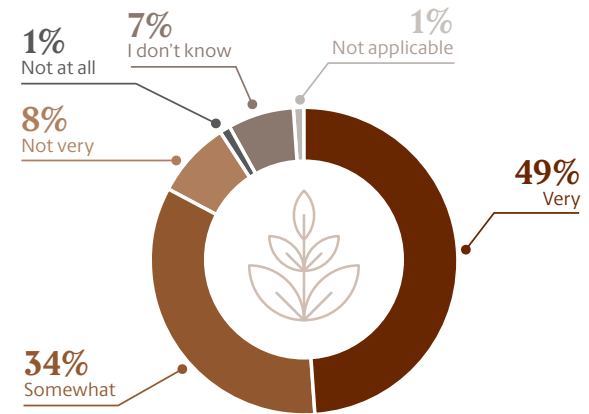
## Sustainability

**Environmental sustainability is a priority for SMBs.** An overwhelming majority (83%) of surveyed SMB owners report their business as being either “very” or “somewhat” environmentally-friendly. In addition, many SMBs report having plans to incorporate more eco-friendly or sustainable aspects into their businesses, particularly with regards to products and product packaging. Transportation is the area that appears to have the least amount of investment in environmental sustainability.

Current Practices vs. Future Plans for Environmental Sustainability



SMB Environmental Sustainability





# Italy:

## Supporting SMB Growth: Unlocking Recovery through E-commerce

Italy is ranked 20th on the e-Trade Alliance's "Best Place for MSME Ecommerce" index.<sup>1</sup> However, many of the country's 4.3 million small and medium businesses (SMBs) have been slow to adopt digitization technologies compared to their counterparts in other EU countries.<sup>2</sup> This digital gap appears to have only grown during the COVID-19 pandemic, where large businesses that were already digitally advanced were able to take advantage of the growing e-commerce market, but smaller businesses may have been left behind.<sup>3</sup> Nonetheless, the Italian government has shown that SMB digitization<sup>4</sup> and supporting SMB ability to export<sup>5</sup> are among their top priorities. The government has also made 2 billion Euros available for export promotion, including 400 million Euros in non-repayable grants for the refinancing of the 394/91 Fund managed by SIMEST.<sup>6</sup> Moreover, the relatively high contribution of SMBs to the country's exports (53% in Italy compared to the EU average of 25%)<sup>7</sup> could indicate the potential of e-commerce exports as an opportunity for SMB growth.

UPS, in partnership with Nathan Associates, Confartigianato, Federvini and the University of Florence in Prato, surveyed 101 SMBs in Italy to better understand the challenges they are facing and the ways in which the flourishing e-commerce market can help them grow and adapt to the rapidly changing global economy. In addition to assessing general trends for how SMBs are engaging with e-commerce domestically and internationally, the survey also sought to identify the relative experiences of women-owned SMBs compared to men-owned SMBs and general SMB perspectives around sustainability.

The survey identified the following key findings:

- **There has been an increase in the online presence of SMBs since COVID-19.** While the number of SMBs that moved into online sales increased by 10 percentage points, they are still feeling the impacts of COVID-19. When compared to a similar survey from 2021, surveyed SMBs continue to report that decreases in cash flow and compliance with COVID-19 requirements are among the biggest ongoing challenges from the pandemic.
- **E-commerce is a priority for SMBs that are currently selling online.** The majority of SMBs that are currently selling online ranked domestic online sales as their top priority growth area for the coming two years. However, many SMBs that are not currently selling online are not interested in e-commerce; they either don't see any benefits or aren't sure if there would be any benefits.
- **Access to financing for e-commerce upgrades in the form of business credit and subsidies were among the greatest challenges for SMBs and priority areas for policy intervention.** Women-owned SMBs, in particular, reported access to business credit and the cost of e-commerce fees as major challenges. However, overall, Italian SMBs indicated that they are dealing with fewer e-commerce challenges and constraints relative to SMBs surveyed in other countries for this report.
- **Exporting has gotten easier and is a priority for many SMBs.** More than half of the SMBs that are currently exporting via e-commerce indicated that exporting has gotten easier since the start of the pandemic. A sizable minority ranked e-commerce exports as their first or second priority area for growth.

1 Best Place for MSME Ecommerce Index, eTrade Alliance

2 Closing the Italian digital gap: The role of skills, intangibles and policies, OECD, March 2022

3 Ibid.

4 Ibid.

5 The Ministry of Foreign Affairs and Trade is one of the recipients of funds through the National Recovery Plan. In the latest emergency measures adopted by the current government to support companies vis a vis the effects of the Ukrainian conflict, there was a refinancing of a series of funds dedicated to SMBs to support exports. The Ministry of Foreign Affairs is also planning to re-launch the National Export Pact adopted in 2020 as a response to the pandemic.

6 PNRR: until 3 December subsidized loans for export-oriented SMEs, Ministry of Foreign Affairs and International Cooperation

7 The digitalisation of small and medium-sized enterprises in Italy: Models for financing digital projects - Summary Report, European Investment Bank, May 2021

## Policy Recommendations



**Build E-commerce Capacity:** Policies should support customized trainings on creating an online store, managing logistics and digital payments. Programs such as special credits or funds could help support online business training for SMBs, especially women-owned SMBs to increase their capacity to develop and maintain online sales. Government-sponsored trainings and resources could support greater access to information complying with digital laws or regulations.



**Support Digital Literacy:** In the latest Digital Economy and Society Index (DESI), Italy is behind many European peers in the general level of digitization as well as in digital literacy of the population. Only 42 percent of people between 16 and 74 have basic digital skills, compared to the EU average of 58 percent. Policies should focus on increasing digital literacy so that e-commerce can thrive.



**Provide Financial Incentives:** The government should support access to credit, subsidies, and training support. The National Recovery Plan (PNRR), which aims to internationalize SMBs could be expanded to provide such support. In particular, there should be an Investment Tax Credit which allows SMBs to save up to 40 percent on taxes and create greater liquidity to invest, for example, in technologies, software, and digital skills.



**Expand Export Support:** Customs and trade facilitation and improved access to information on international trade and tariff regulations, as well as brokerage services, are needed for SMBs and should be facilitated at a “regulatory” level. The government should continue efforts to support SMBs, especially micro businesses, to engage in export activities by providing continuous education on the opportunities offered by e-commerce. The government should expand its Women’s Entrepreneurship Fund and allocate funds for export promotion as a part of this initiative.<sup>8</sup> UPS has recently launched its own Women Exporter Program in Italy as well. National institutions should work hand-in-hand with specialized logistics operators to improve the ease of exports.



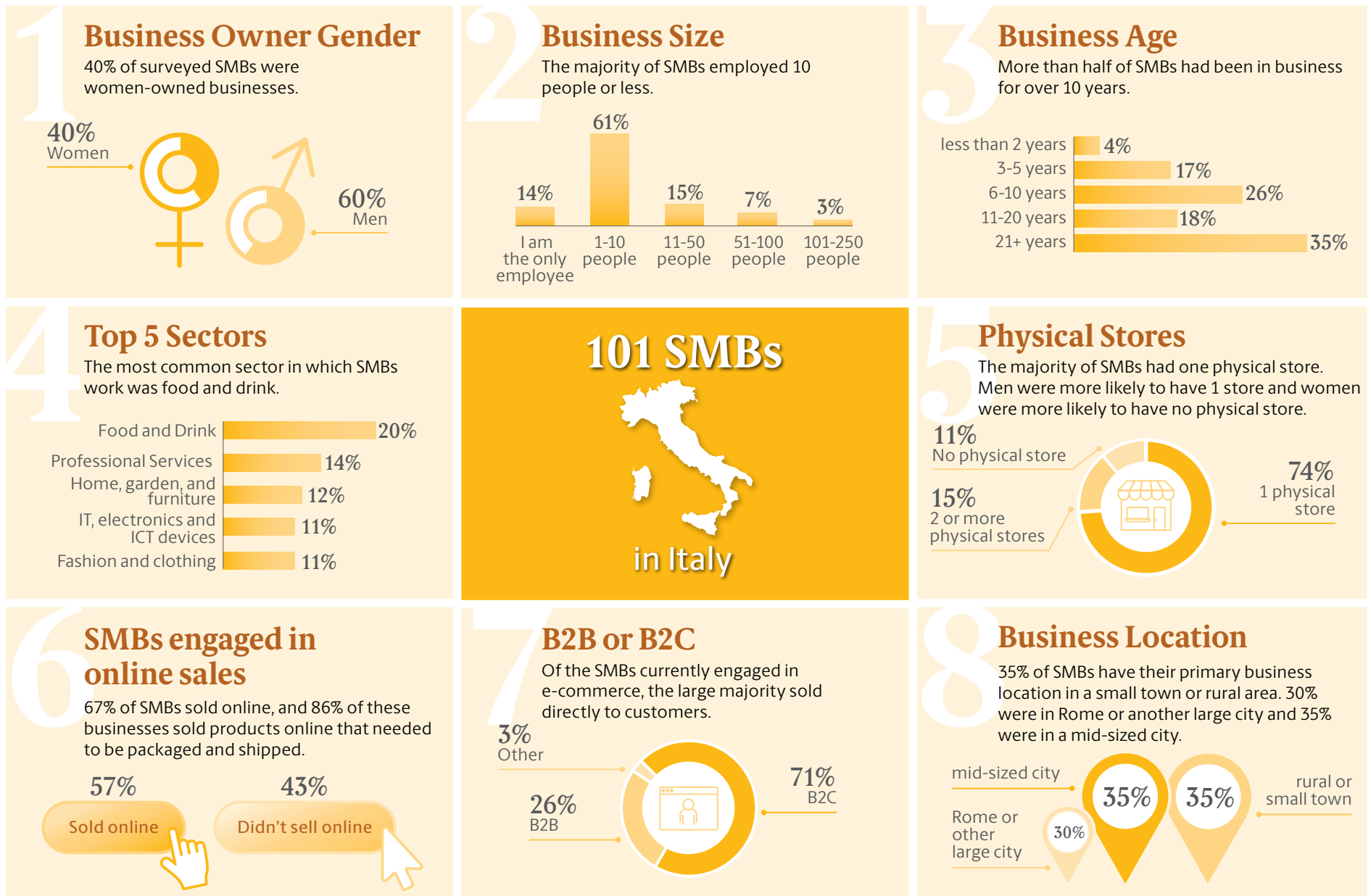
**Build Digital Infrastructure:** Reliable internet is still an issue in parts of Italy, especially the south. In February 2022, the Ministry of Economic Development initiated the connectivity voucher plan to support greater internet affordability.<sup>9</sup> This measure should be further enhanced with “e-commerce education” solutions that can also create demand for these services.

<sup>8</sup> Women’s Entrepreneurship Fund, Invitalia

<sup>9</sup> Business voucher plan, Ministry of Economic Development, February 2022



## Business Characteristics of Surveyed SMBs





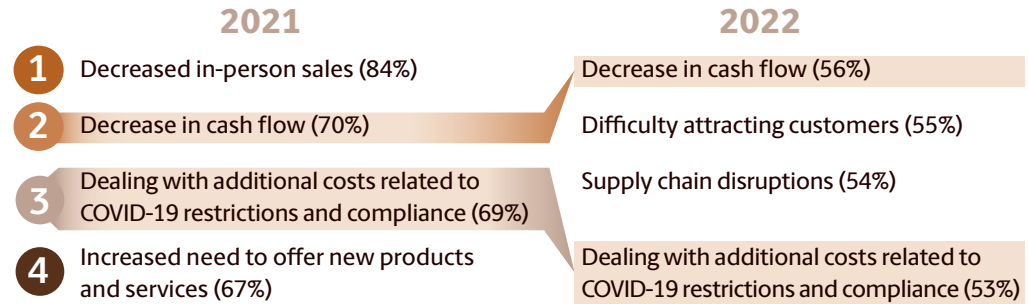
## Top Pandemic-related Challenges Facing SMBs

### Top four pandemic-related challenges facing surveyed SMBs in 2021-2022:

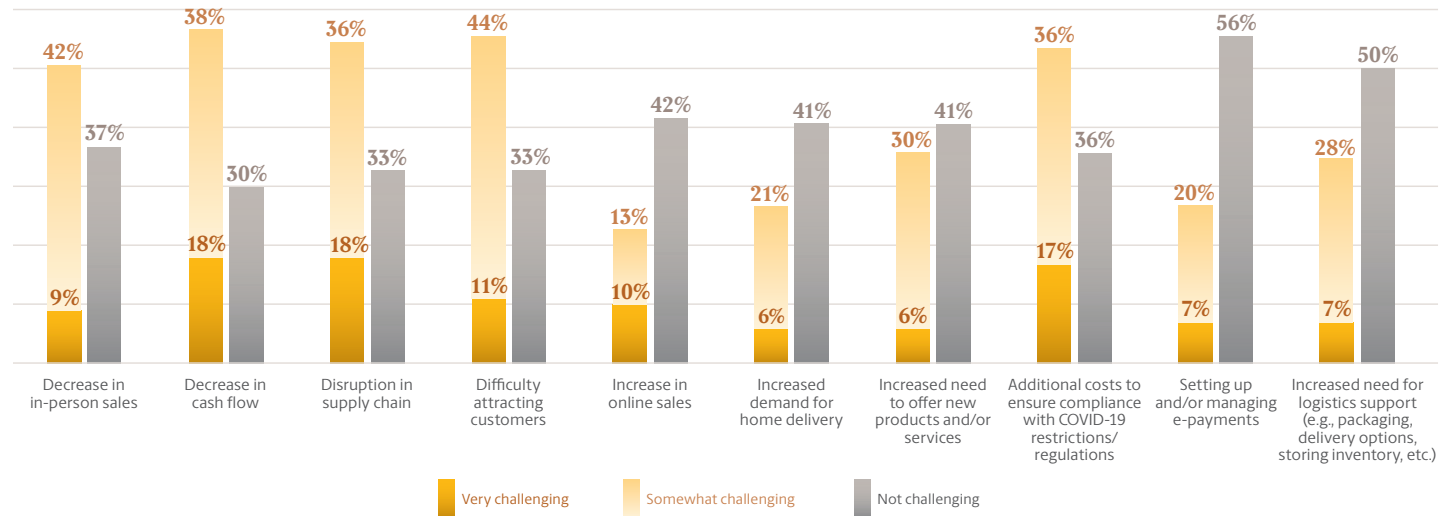
- decrease in cash flow (56%)
- difficulty attracting customers (55%)
- supply chain disruptions (54%)
- dealing with additional costs related to COVID-19 restrictions and compliance (53%)

Italian SMBs are still experiencing some effects of COVID-19 on their businesses, but relatively fewer than many of the other countries surveyed in this report.

Two of these top four challenges—decrease in cash flow and dealing with costs related to COVID-19 restrictions—were also top pandemic-related challenges in a similar survey in 2021. However, the SMBs surveyed in 2022 did not report these issues to be quite as challenging as in the 2021 survey.



### Challenges Due to COVID-19

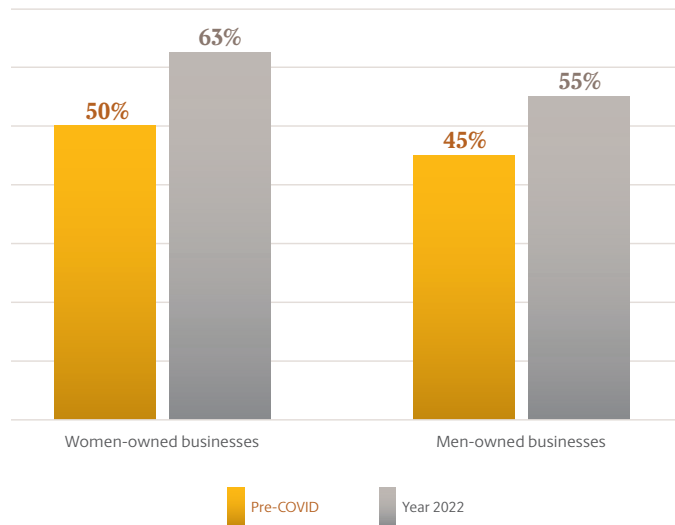


## E-commerce Trends

The number of SMBs selling online has increased since the start of COVID-19. Prior to the pandemic, about 47 percent of surveyed SMBs were selling goods or services online. This increased about 10 percentage points in 2022. Slightly more women-owned SMBs were selling online than men-owned SMBs, but this difference was not statistically significant.

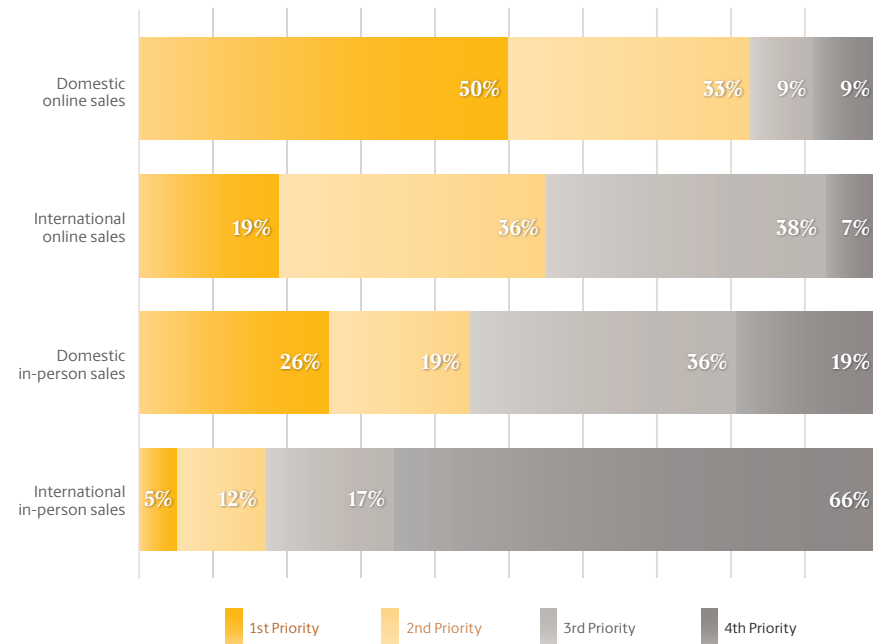
Less than one-quarter of SMBs permanently closed a physical store during the COVID-19 pandemic. 21 percent of surveyed SMBs reported that they closed at least one physical store since the start of the pandemic.

SMBs in E-commerce Pre-Covid and 2022



Expanding e-commerce sales domestically and internationally are top priorities for SMB business growth. When asked to describe their business growth goals for the next two years, SMBs overwhelmingly reported domestic online sales as their highest priority. International online sales were the second highest priority, followed by domestic in-person sales.

SMB Business Growth Goals for the Next Two Years

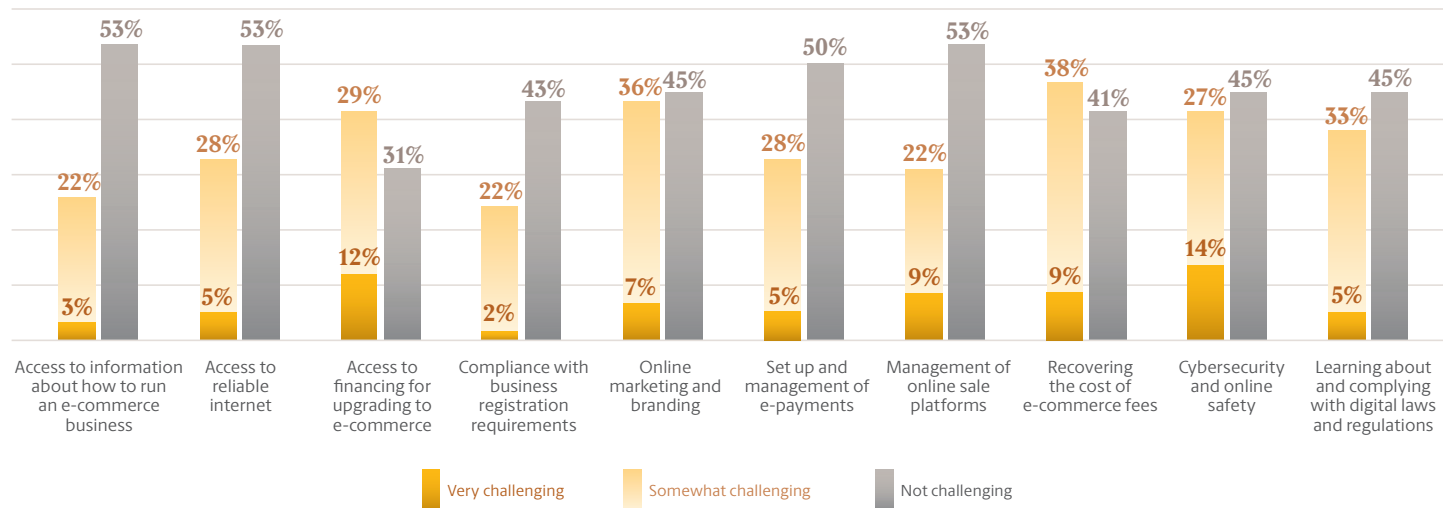


**Overall, SMBs currently selling online indicated that they are dealing with few e-commerce sales challenges compared to SMBs in many other countries surveyed for this report.** Less than 15 percent of SMBs indicated that any of the challenges were “very” challenging, and more than half said that access to information about how to run an e-commerce business was not a challenge at all. SMBs ranked the following challenges to their e-commerce sales most frequently:

- recovering the cost of e-commerce fees (47%)
- online marketing and branding (43%)
- access to financing for upgrading to e-commerce (41%)
- cybersecurity and online safety (41%)

However, there were some notable gender differences. 60 percent of women-owned SMBs reported that e-commerce costs were a challenge, compared to only 36 percent of men-owned SMBs. More women-owned SMBs than men-owned SMBs also stated that registration processes for e-commerce upgrades (32% versus 18%, respectively) and access to financing (60% versus 27%, respectively) were challenging. On the other hand, more men-owned SMBs indicated that internet access was a challenge (39% compared to 24% of women). These differences were not statistically significant; however, the large gaps do indicate that further research is warranted.

**Challenges to SMB E-commerce Sales**



**Supply chain disruptions are a challenge for about half of SMBs that are selling online.** 46 percent of SMBs that sell online indicated that supply chain disruptions were either “very” or “somewhat” challenging. For all other areas, at least half of SMBs indicated that they were not challenging at all.

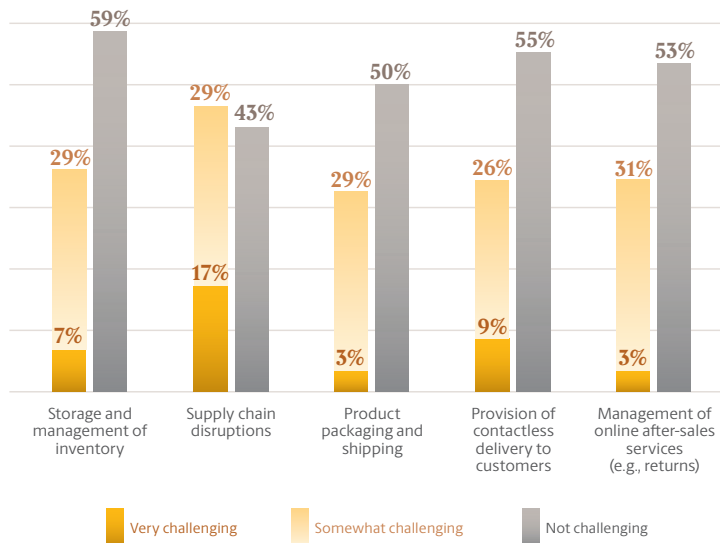
More women-owned SMBs indicated that after-sales services were a challenge (44% compared to 27% of men-owned SMBs), although it was not statistically significant.

**Most SMBs are selling via their own online store or a global online marketplace.** More than half of surveyed SMBs sell on either their company’s online store (60%) or on a global online marketplace such as Amazon, eBay, or Etsy (57%). Less than 25 percent were selling via social media, a national or local marketplace, or the platform of a partner company.

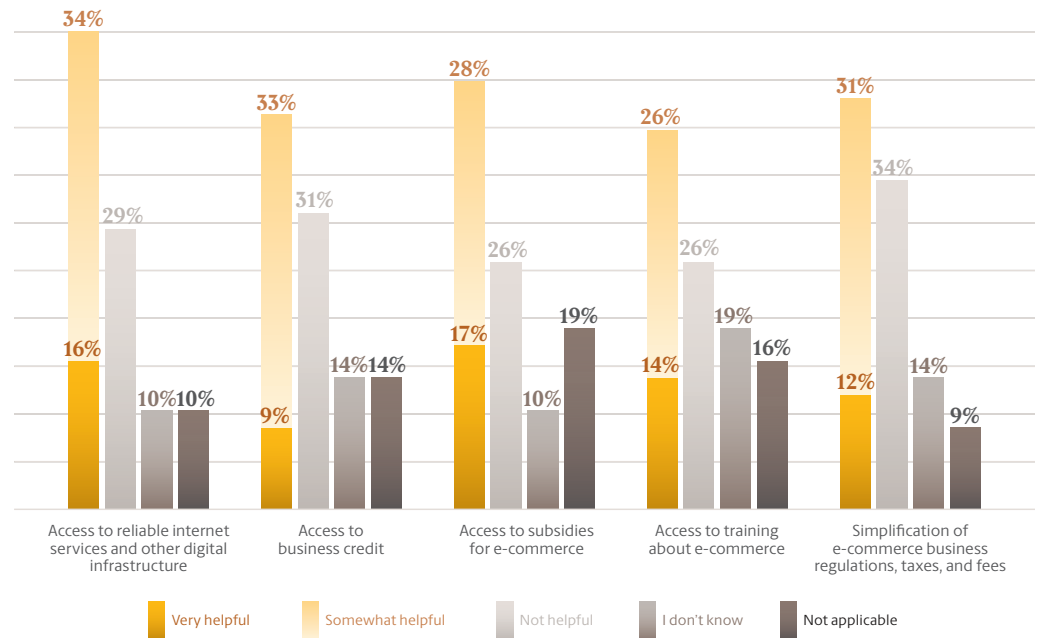
**Few SMBs answered that they are less likely to experience harassment and discrimination when conducting business online.** Of the SMBs currently selling online, 19 percent reported that they are less likely to experience harassment and discrimination when conducting business sales online compared to in-person sales.

**SMBs that sell online found government policies to be somewhat helpful during 2021.** Less than 20 percent of SMBs found any government policies to be “very” helpful in supporting their e-commerce businesses, although significantly more answered that they were “somewhat” helpful. Perhaps equally notable are the combined number of responses of either “not applicable” or “I don’t know,” which may indicate that many SMBs may not be aware of government policies and programs that are available to support their businesses.

### Challenges to SMB E-commerce Logistics

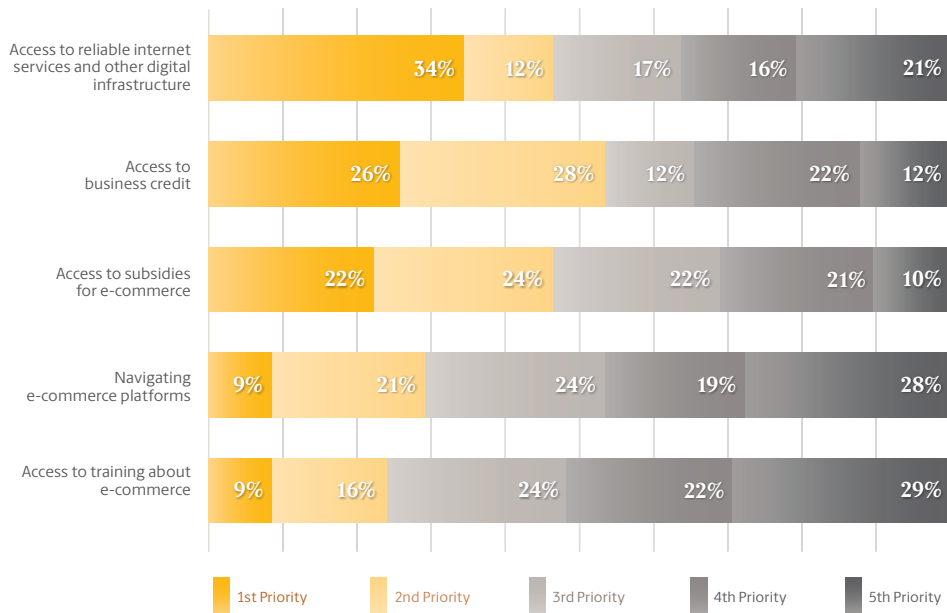


### Helpfulness of Government Policies to SMB E-commerce



**SMBs ranked access to reliable internet services and access to business credit as the highest priority policy interventions.** When combining the rankings for first and second priorities, access to business credit was ranked the highest; however, a higher percentage (34%) ranked access to reliable internet and digital infrastructure as their first priority. Nearly half of SMBs also ranked access to e-commerce subsidies as a first or second priority (47%).

### SMB Policy Priorities to Support Expanding E-commerce



## Why Are SMBs Not Selling Online?

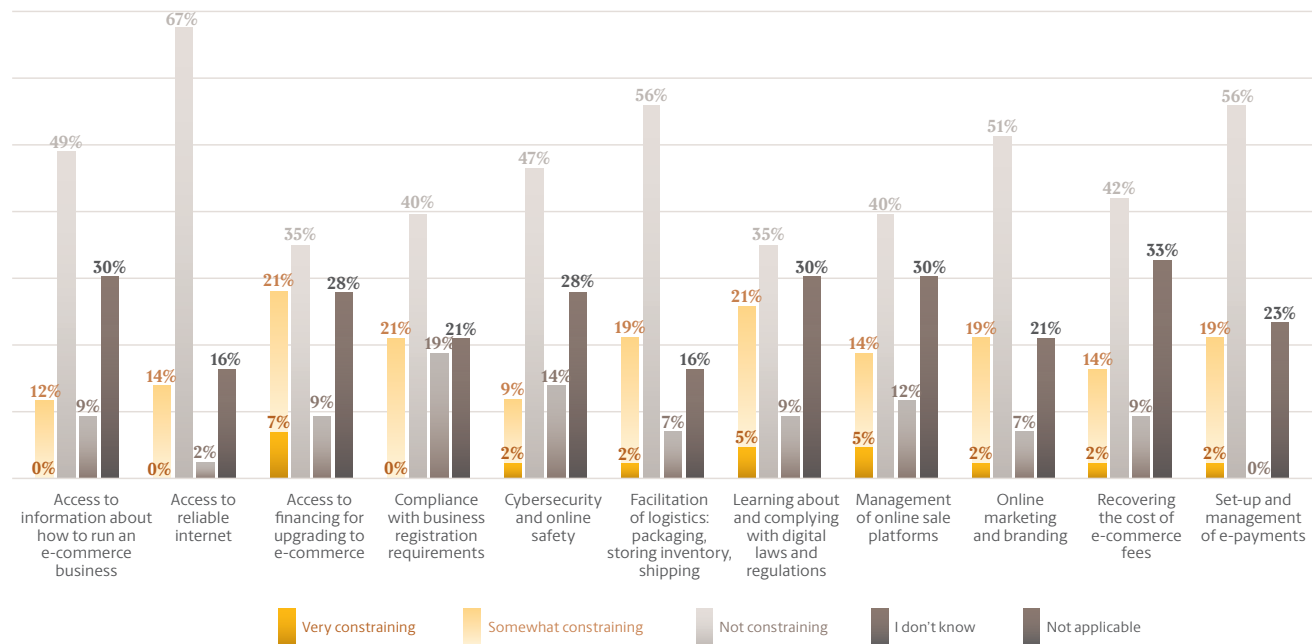
**SMBs that are not currently selling online are unsure about the benefits of e-commerce.** Nearly three out of four of the SMBs that are not currently selling online answered that they either do not see the benefits of e-commerce (42%) or that they do not know (28%). This suggests a general disinterest in e-commerce among Italian SMBs that are not currently selling online.

**SMBs reported few reasons that might be constraining them from expanding to e-commerce.** Most SMBs indicated that the constraints listed in the survey were either not a constraint or not applicable. This is true even when we only look at the SMBs that answered that they do see benefits to expanding their business online. The top two constraints were identified as a challenge by less than one-third of respondents: access to financing for upgrading to e-commerce (28%) and learning about and complying with digital laws and regulations (26%). This suggests that there may be other reasons why SMBs are not adopting e-commerce business models.

## SMB Belief They Would Benefit from Expanding to Online Sales



## Constraints to SMB Expansion to E-commerce



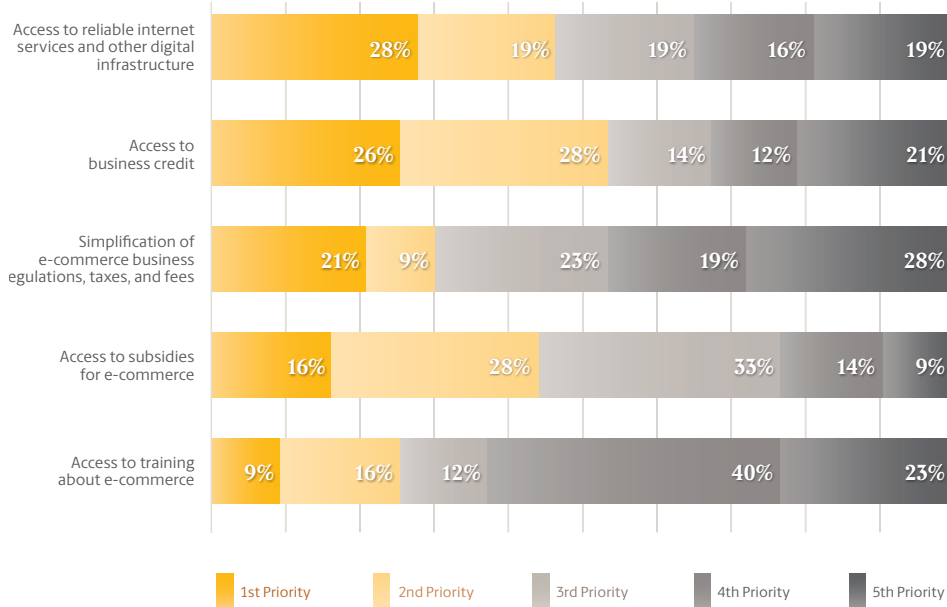
**SMBs that are not currently online prioritize policy interventions related to reliable internet services and access to business credit or subsidies or e-commerce.** When asked about priority policy interventions to support expansion into e-commerce, slightly more SMBs answered that reliable digital infrastructure, such as reliable internet, was their first priority, over access to business credit. When combining SMBs first and second priority, more SMBs ranked access to business credit as a priority. However, as shown in the previous question about reported constraints, few of these SMBs said that access to financing was a constraint. Only 7 percent said it was “very” constraining and 21 percent said it was “somewhat” constraining.

## Trends in Exporting

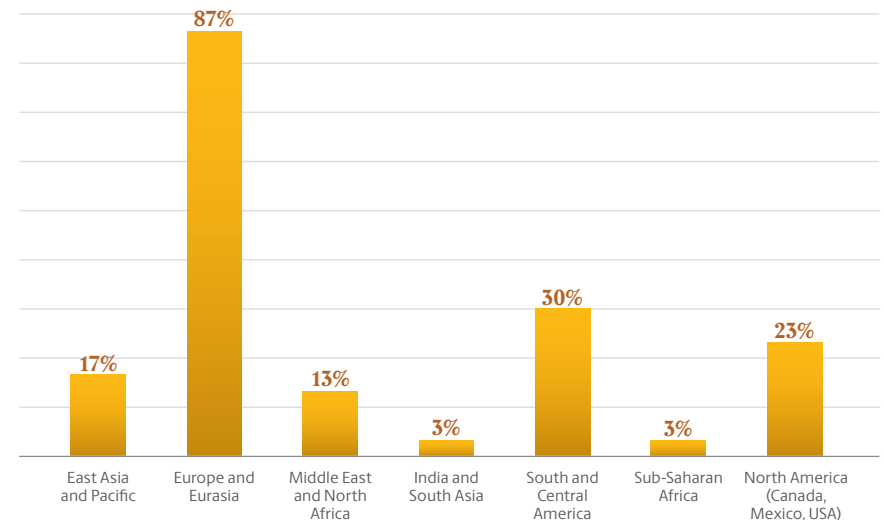
**About 30 percent of surveyed SMBs are exporting (52% of those selling online).** For these SMBs, international online sales make up an average of 40 percent of their sales. The large majority (87%) export to other parts of Europe and Central Asia. 30 percent export to South America and Central America, and just over 23 percent export to North America. More women-owned SMBs reported they are selling internationally than men-owned SMBs (68% versus 39%, respectively).

**More than half of SMBs (53%) indicated that exporting has gotten easier since the start of the pandemic.** Though this experience is mixed as 40 percent said that exporting has not gotten easier. The remaining 7 percent were not exporting prior to the pandemic.

### SMB Policy Intervention Priorities to Support Expanding into E-commerce



### SMB E-commerce Export Destinations



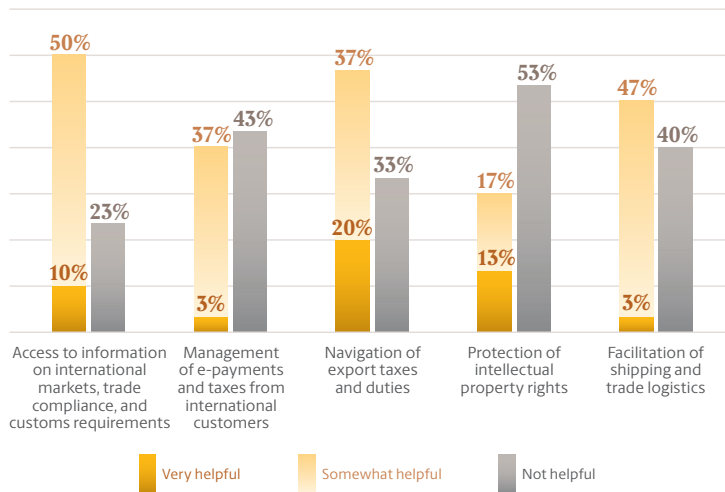
### Top three challenges to SMB e-commerce exports:

- access to information on international markets, trade compliance, and customs requirements (60%)
- navigation of export taxes and duties (57%)
- facilitation of shipping and trade logistics (50%)

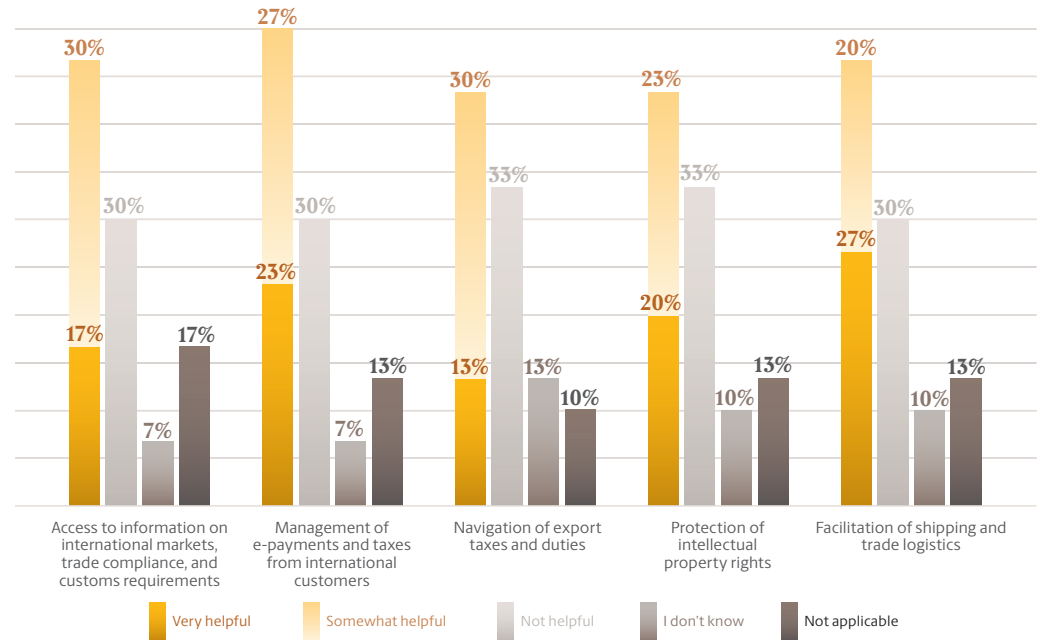
Most SMBs indicated these were “somewhat” challenging or not challenging at all. It is worth noting that more than half of SMBs reported that protection of intellectual property rights was not a challenge to e-commerce exports.

About half of exporting SMBs indicated that government policies to support e-commerce exports were helpful. Policies supporting management of e-payments and taxes from international customers was ranked “very” or “somewhat” helpful by the largest number of SMBs (50%). Still, almost one-third said these were not helpful. Similar to SMB responses to the question about helpfulness of government policies to e-commerce sales and logistics, a notable minority answered “not applicable” or “I don’t know” to this question, indicating there may be a lack of awareness about what government policies and programs exist to support SMBs with e-commerce exports.

### Challenges to SMB E-commerce Exports



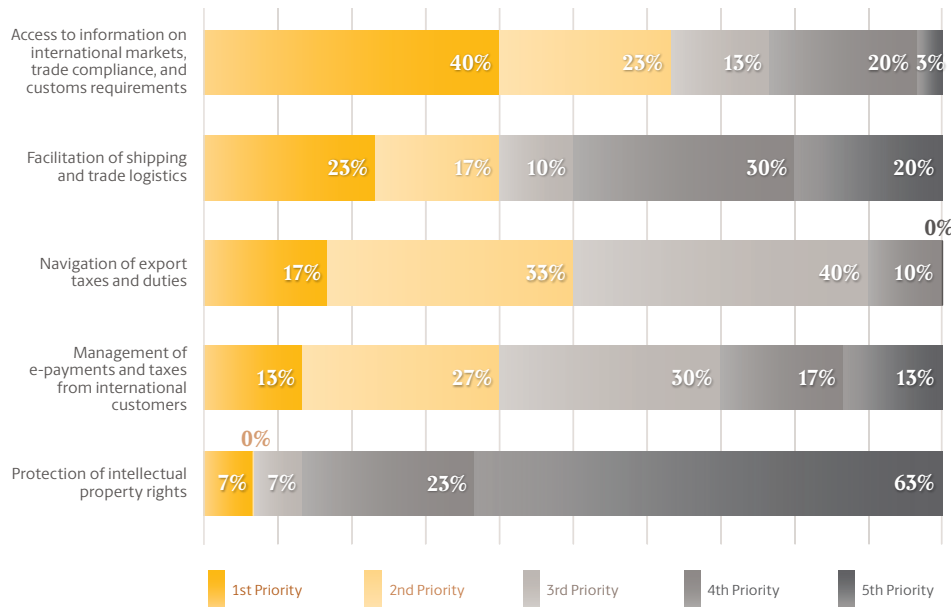
### Helpfulness of Government Policies to SMB E-commerce Exports





**Access to information about international markets and trade and navigation of export taxes and duties were the highest priorities for policy intervention.** 40 percent of exporting SMBs said that access to information about international markets was their first priority. Notably, 86 percent reported that protection of intellectual property rights was their lowest priority, which aligns with their answers about how this issue has not been challenging.

### SMB Policy Intervention Priorities to Support E-commerce Exports

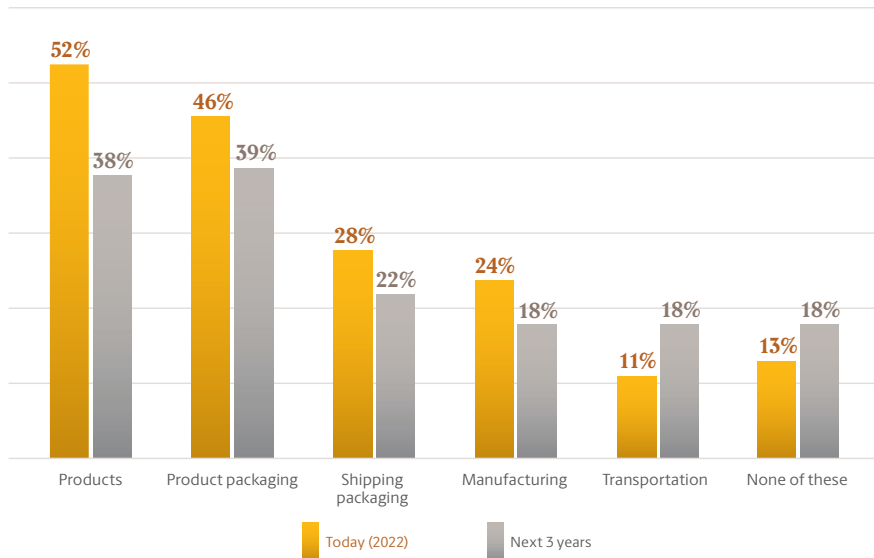


## Sustainability

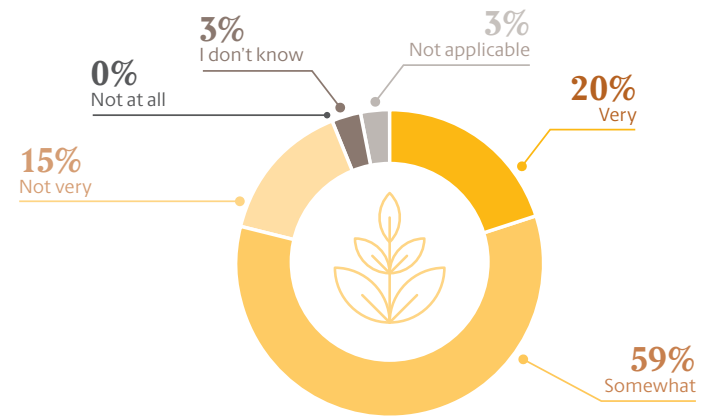
**Environmental sustainability is a priority for SMBs.** 20 percent of surveyed SMBs said that they consider their businesses to be “very green,” and a much larger percentage (59%) said their business was “somewhat green.”

Around half of SMBs reported that their products (52%) and product packaging (46%) were environmentally-sustainable, which were also the two areas where they planned to take the most action in the future to increase sustainability.

### Current Policies vs. Future Plans for Environmental Sustainability



### SMB Environmental Sustainability





# United Arab Emirates:

## Supporting SMB Growth: Unlocking Recovery through E-commerce

The United Arab Emirates (UAE) is ranked 46th on the e-Trade Alliance's best places in the world for small and medium businesses (SMBs) to do e-commerce.<sup>1</sup> Meanwhile, UAE consumers are among the most connected in the world; the country has 91 percent internet penetration, which is higher than Saudi Arabia, China, the United States.<sup>2</sup> The government of the UAE is working to take advantage of the growing consumer demand for online purchases both domestically and globally, having announced multiple initiatives to support SMBs and start-ups and expand exports by 50 percent over the next few years.<sup>3</sup> There are an estimated 350,000 SMBs in the country, making up more than 94 percent of the total number of companies.<sup>4</sup>

UPS, in partnership with Nathan Associates and Eventis Marketing, surveyed 115 small and medium businesses in the UAE to better understand the challenges they are facing and the ways in which the flourishing e-commerce market can help them grow and adapt to the rapidly changing global economy. In addition to assessing general trends for how SMBs are engaging with e-commerce domestically and internationally, the survey also sought to identify the relative experiences of women-owned SMBs compared to men-owned SMBs and general SMB perspectives around sustainability. All data were analyzed for gender differences, but disaggregated data are only reported if it was statistically significant.

The survey identified the following key findings:

- **Many SMBs are still relying on in-person sales for their businesses.** For two years in a row, they ranked the decline in in-person sales as their top COVID-19 challenge. Meanwhile, the same SMBs that reported not selling online prior to the COVID-19 pandemic are still not selling online, indicating that none were prompted by the pandemic to enter into e-commerce.
- **E-commerce is a priority for SMBs.** SMBs ranked domestic e-commerce sales as their top priority for business growth over the next two years. However, their second priority was domestic in-person sales.
- Although SMBs indicated that **exporting is a lower priority than domestic sales**, the SMBs that have been exporting since before the pandemic reported that **exporting has gotten easier**, suggesting that the growing e-commerce sector may have eased the ability of SMBs to export.
- There were few notable differences between the experiences of women-owned businesses and men-owned businesses. Of the surveyed SMBs, **women were more likely to run online businesses and more likely to sell on a global platform like Amazon or Etsy.** The survey asked about experiences of harassment and discrimination while conducting business, both online and offline, but found no notable differences between men and women SMBs.



<sup>1</sup> Best Place for MSME Ecommerce Index, eTrade Alliance

<sup>2</sup> The United Arab Emirates (UAE) eCommerce Landscape 2020: Accelerated growth during turbulent times, Visa, November 2020

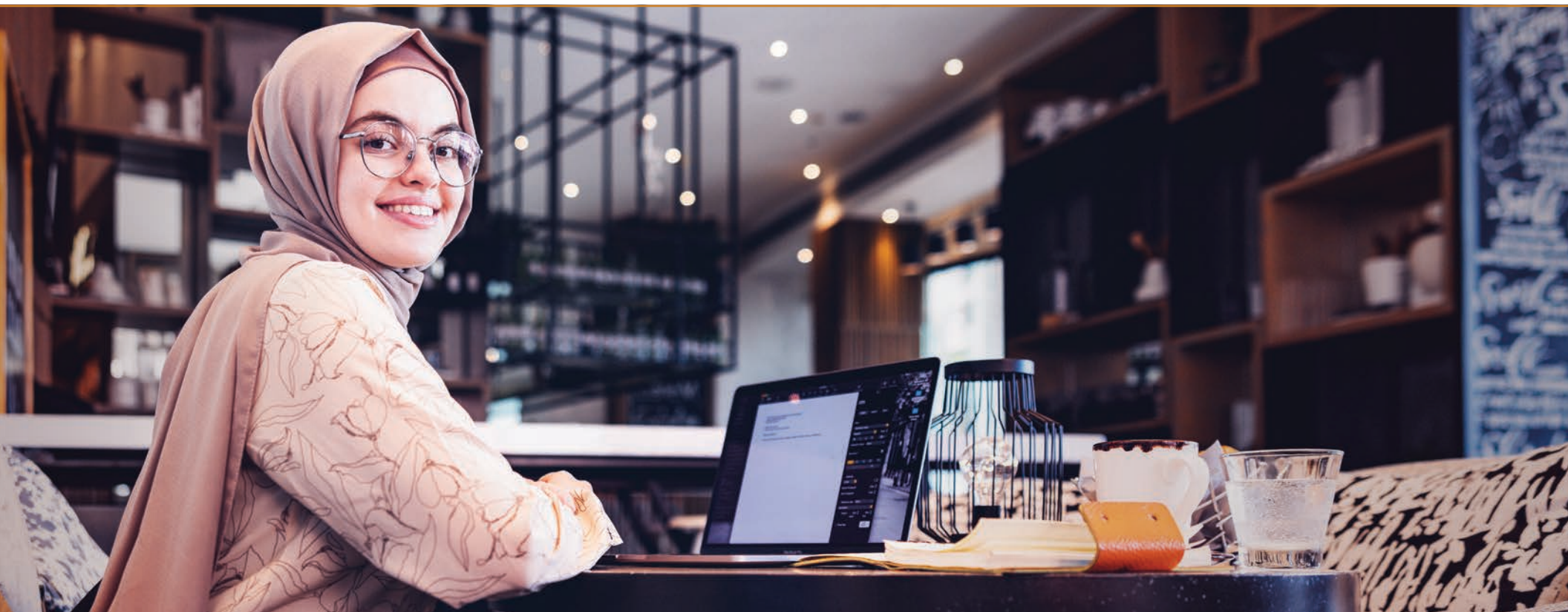
<sup>3</sup> Investment summits and helping start-ups: Sheikh Mohammed bin Rashid launches pro-business moves, The National, June 2021

<sup>4</sup> Small and Medium Enterprises (SMEs), The United Arab Emirates' Government portal

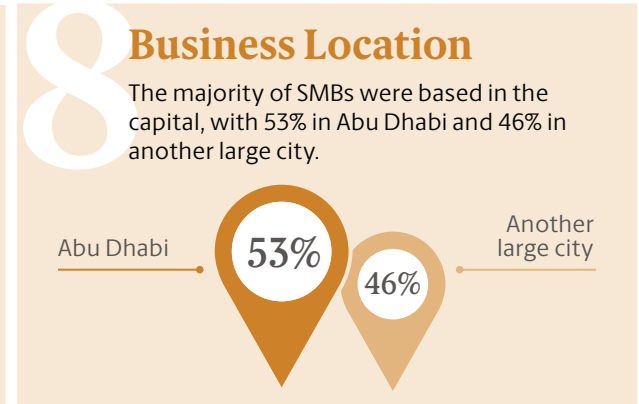
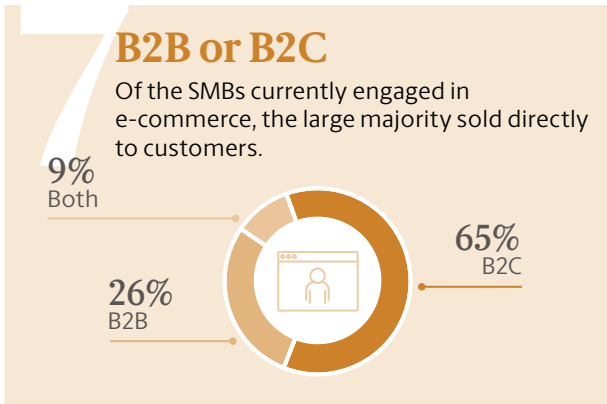
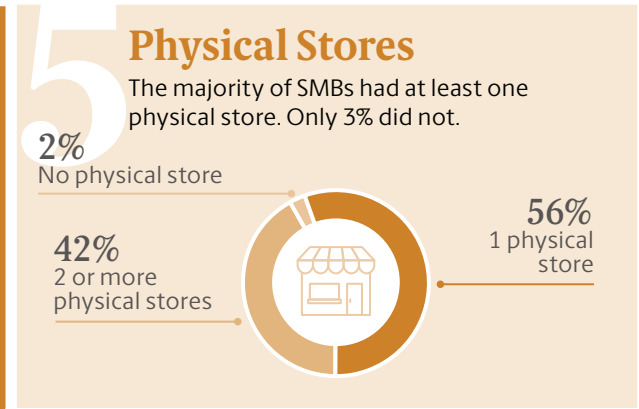
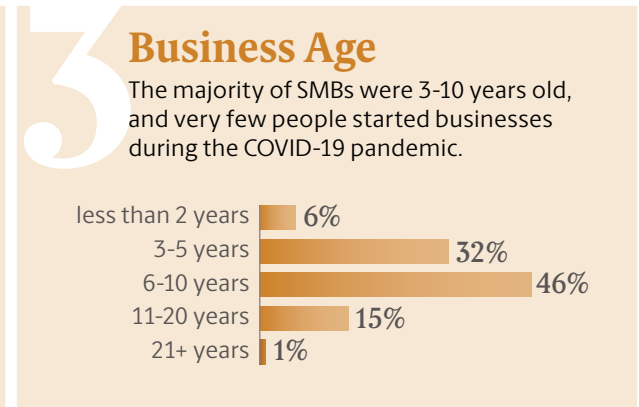
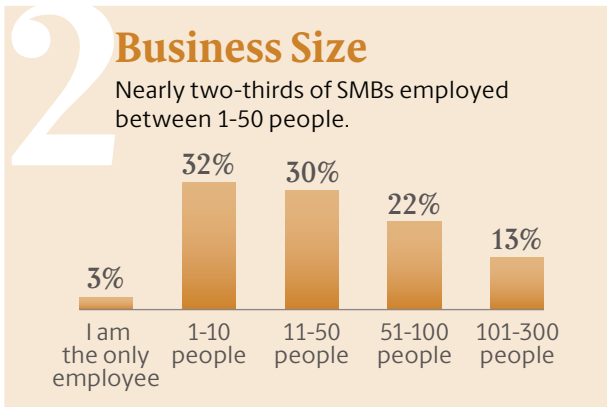
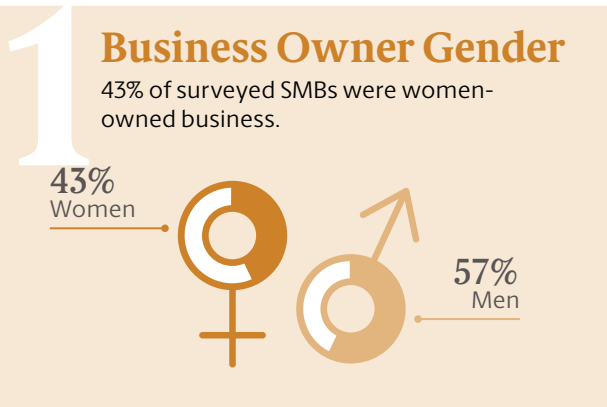
## Policy Recommendations

-  **Access to Business and Market Information:** Expand SMB digitization programs to provide more comprehensive information about processes, laws and regulations, support, and financial incentives to help SMBs transition their businesses. Implement trade and export programs, capacity building and provide education on market access opportunities that encourage SMBs to export and expand into new markets.
-  **Enhance Financing Mechanisms:** UAE has a range of small business financing services for startups and larger SMBs alike, but small businesses still lack access to long term bank finance and have cash flow constraints, especially during COVID-19. Policies could consider revising collateral requirements and other ways which could make bank loans more accessible to small businesses. The government could increase SMB financing facilities and grants to support SMBs with managing cash flow to withstand volatile conditions.

-  **Streamline Trade Policies and Border Procedures:** Customs requirements are a constraint for SMBs and the government could consider ways to streamline border procedures and reduce trading costs to encourage SMBs to export and expand into new markets.
-  **Boost Online Marketing:** Conduct awareness and learning campaign around online platforms about the benefits of social media marketing and online sales channels. Collaborate with leading e-commerce marketplaces to increase SMB awareness and use of such platforms for online sales.
-  **Strengthen Supply Chain Resilience:** Provide training and support resources specifically for SMBs to build more resilient supply chains by forecasting demand, diversifying suppliers, and digitizing supply chain processes. Embrace novel digital approaches to map supply chains to identify potential vulnerabilities and threats.



## Business Characteristics of Surveyed SMBs

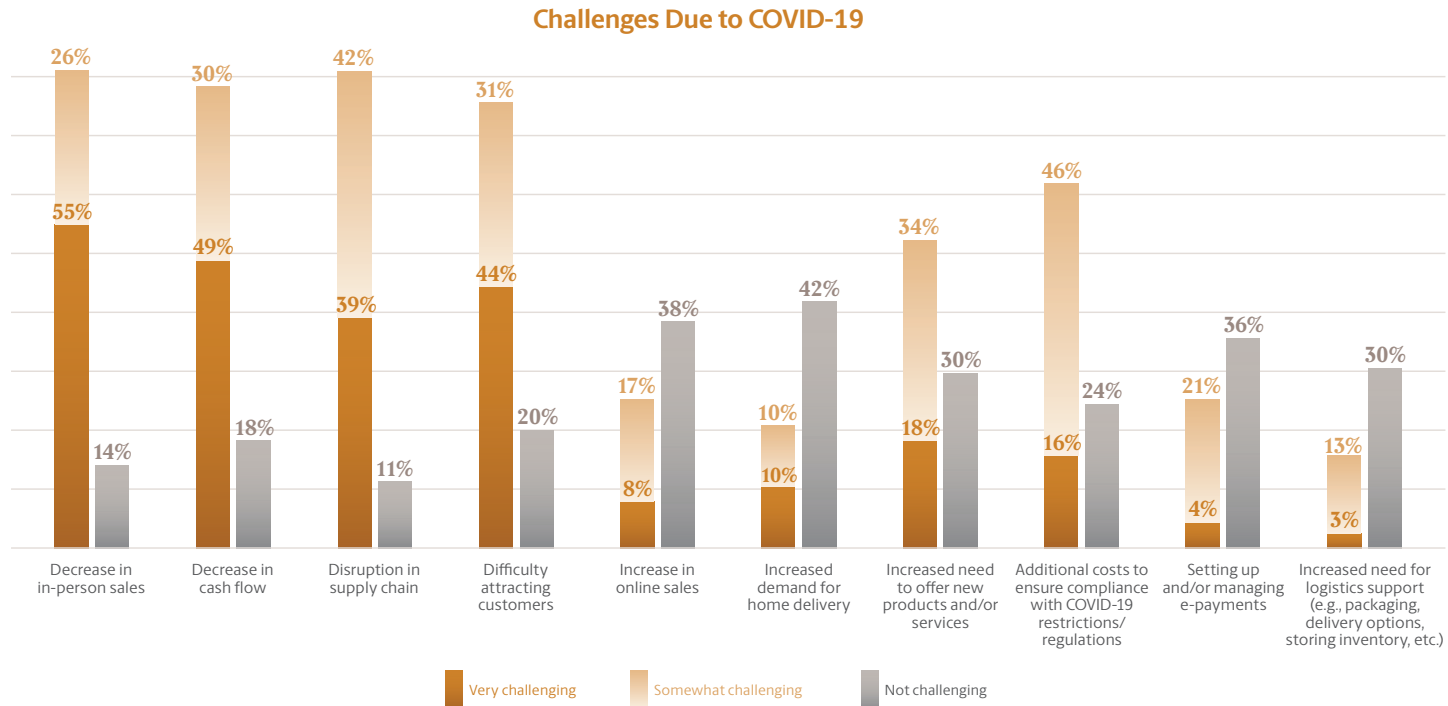
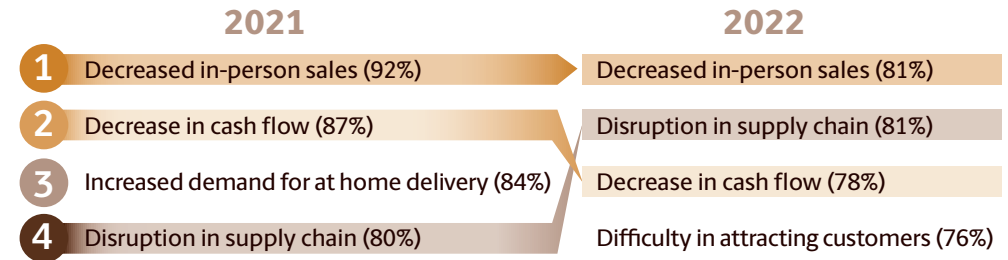


## Top pandemic-related challenges facing SMBs

### Top four pandemic-related challenges facing surveyed SMBs in 2021-2022:

- decreased in-person sales (81%)
- disruption in supply chain (81%)
- decrease in cash flow (78%)
- difficulty in attracting customers (76%)

Three of these challenges—decreased in-person sales, decrease in cash flow, and disruption in supply chain—were also reported as top challenges from COVID-19 in a similar survey in 2020-2021.<sup>5</sup>



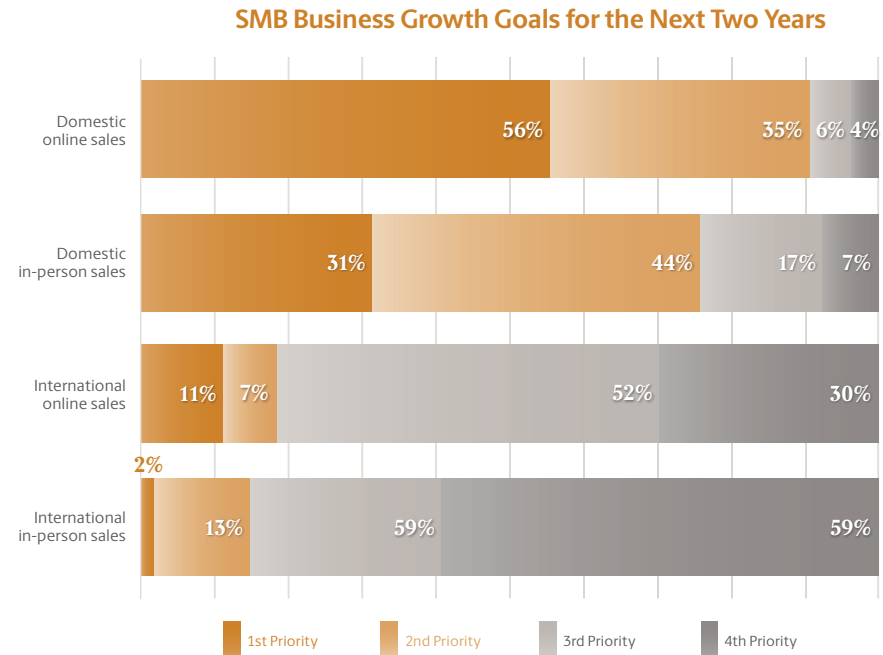
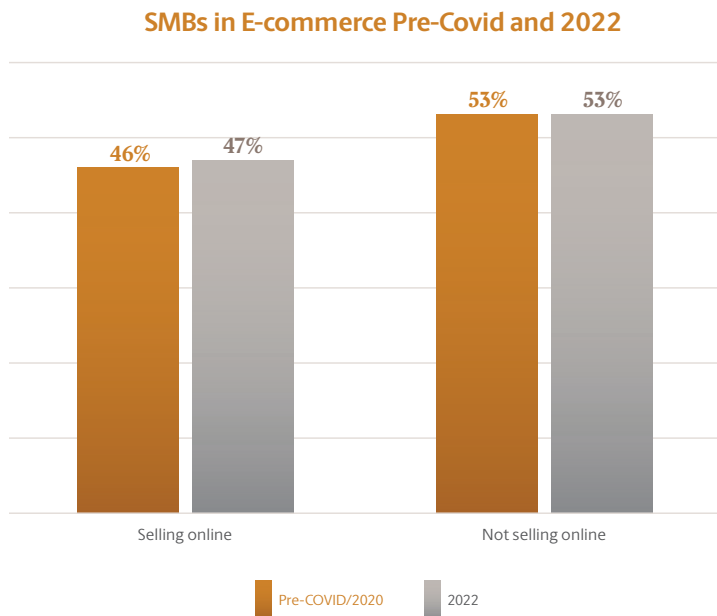
<sup>5</sup> The 2021 survey surveyed a different sample of SMBs.

## E-commerce trends

**SMBs were not prompted by the pandemic to begin selling online.** The same SMBs that reported not selling online prior to COVID-19 are still not selling online.<sup>6</sup> It is worth noting that SMBs employing 11-50 people were more likely to sell online than those employing 1-10 people (53% and 30%, respectively).

**A small percentage of SMBs closed physical stores since the onset of the COVID-19 pandemic.** 13 percent of surveyed SMBs reported closing a physical store.

**Expanding e-commerce sales domestically was the top priority for business growth.** When asked to describe their business growth goals for the next two years, SMBs overwhelmingly noted a desire to grow their domestic online sales, followed by domestic in-person sales. SMBs ranked international online sales as their third priority.



6 One SMB was founded after the pandemic had begun.

**SMBs have varied experiences concerning their top challenges to e-commerce sales.** SMBs reported the following as their top challenges to e-commerce sales:

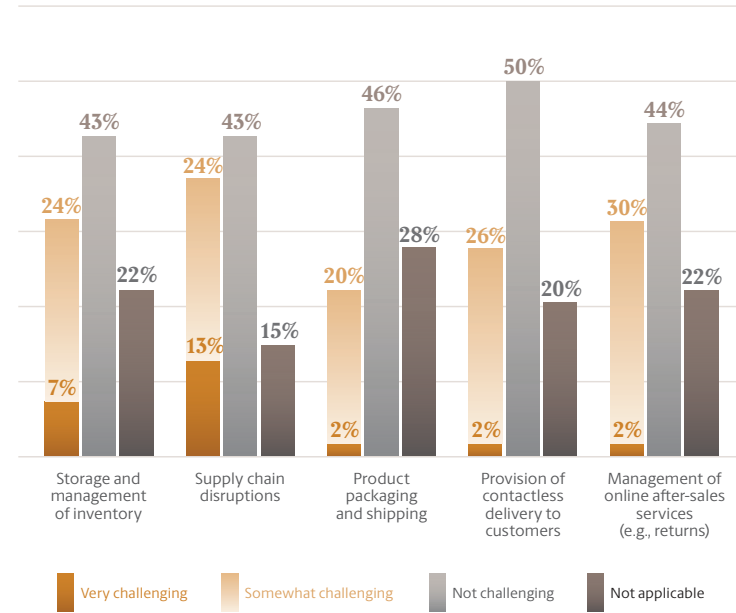
- online marketing and branding (57%)
- obtaining financing to advance e-commerce (56%)
- access to information on how to run an e-commerce business (52%)

However, this is certainly not the experience of all SMBs; just under half reported these same areas as being not challenging.

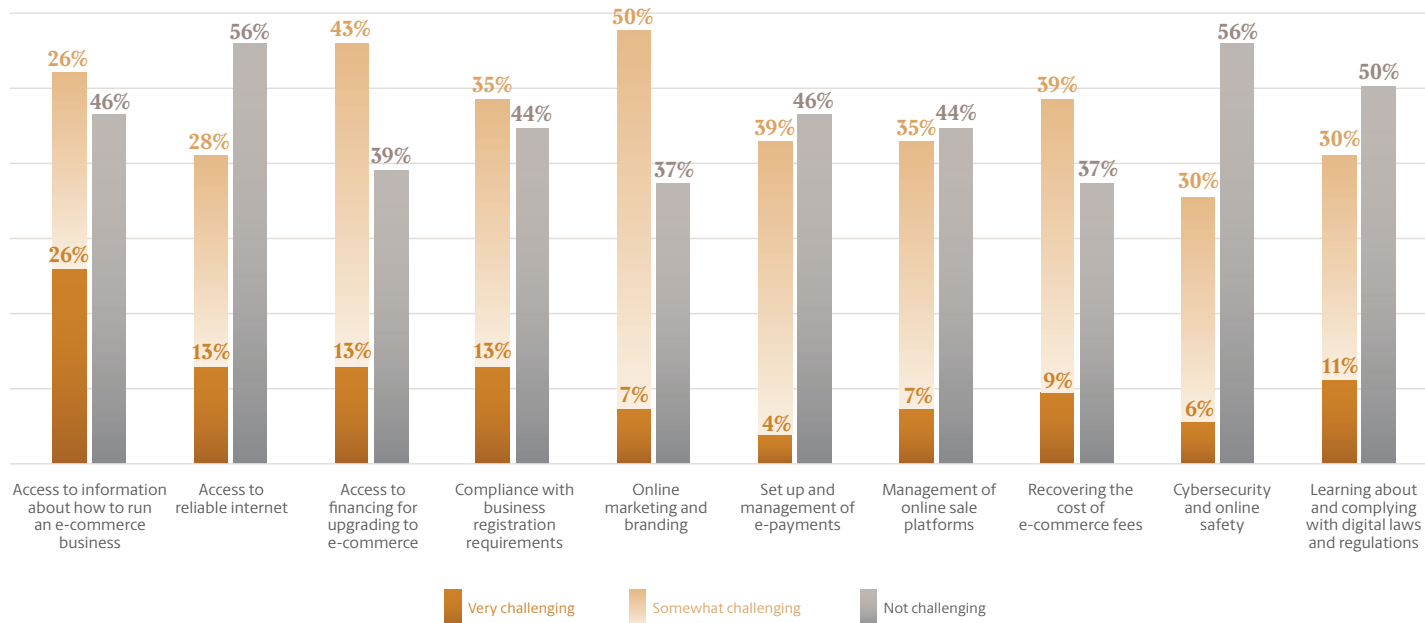
**Few SMBs reported e-commerce logistics challenges as “very” challenging.**

Supply chain disruptions (37%) were the greatest challenge to SMB logistics. However, nearly two-thirds of SMBs report this as not challenging at all, and it was not applicable to many. This makes sense given that few of the sampled SMBs sold goods and products that require packaging and shipping.

### Challenges to SMB E-commerce Logistics



### Challenges to SMB E-commerce Sales



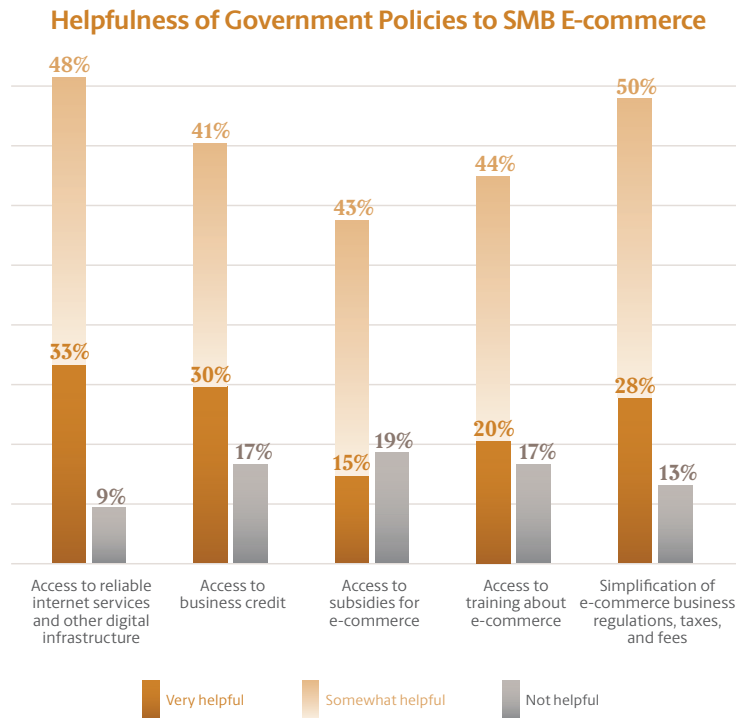


**Women-owned SMBs are more likely to sell on a global online marketplace** (43% of women compared to 0% of men). All women-owned SMBs and most men-owned SMBs sell online via social media. While not part of this survey, 2019 research into e-commerce in the UAE indicates that Facebook and Instagram were the most popular social media platforms for selling online.<sup>7</sup> More detailed research into understanding the challenges associated with social media sales and logistics could identify additional ways to support SMB uptake of e-commerce.

**SMBs that sell online generally found government policies to be helpful during 2021.** They found the following policies and programs particularly helpful:

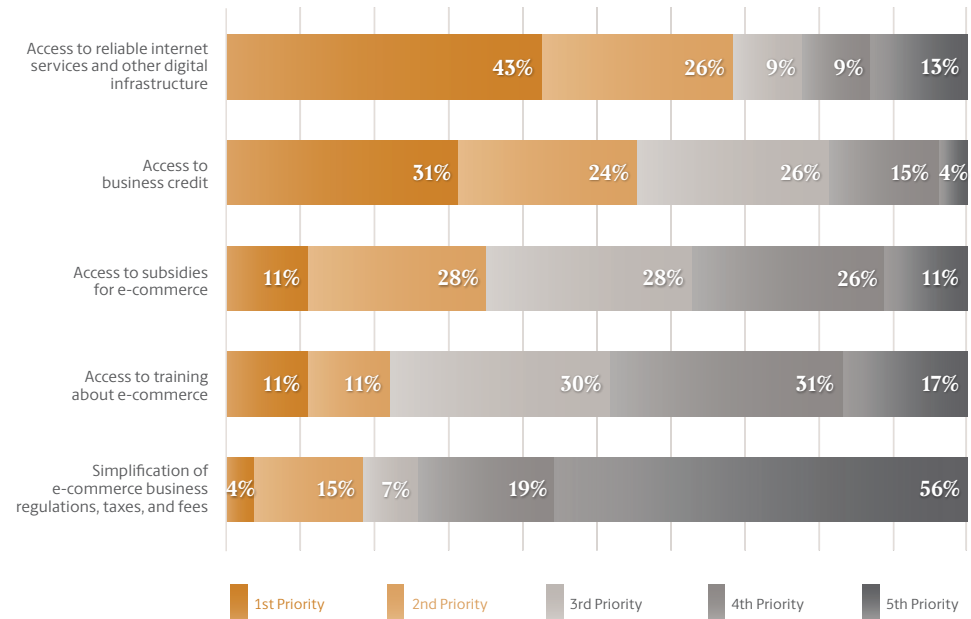
- access to trusted internet services and other digital infrastructure (81%)
- simplified e-commerce regulations, taxes, and fees (78%)
- access to business credit (70%)

More than half of SMB owners also found access to e-commerce training (65%) and access to e-commerce subsidies (57%) helpful.



**SMBs ranked access to reliable internet services and other digital infrastructure as the highest priority policy intervention to support engagement in e-commerce.** Unlike in other countries like the U.K., simplifying e-commerce regulations, taxes, and fees was ranked as the last priority by the majority of SMB owners in the UAE (56%).

### SMB Policy Priorities to Support Expanding E-commerce

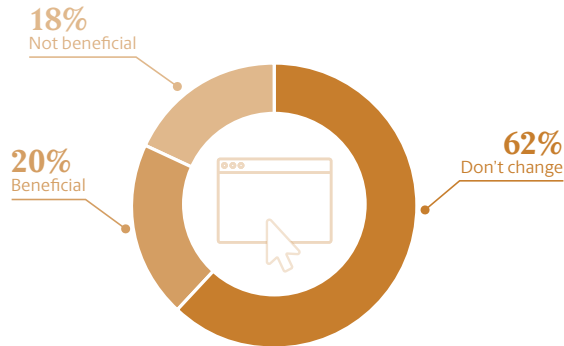


7 Nearly seven in ten UAE residents trust social media shopping, The National, September 2019

## Why Are Some SMBs Not Selling Online?

SMBs that are *not* currently selling online are mostly unsure if their business would benefit from expanding to online sales. Of the respondents not selling online, nearly two-third did not know if expanding to online sales would benefit their business, suggesting that helping SMB owners better understand the costs and benefits of online sales may support uptake of e-commerce.

### SMB Belief they Would Benefit from Expanding to Online Sales



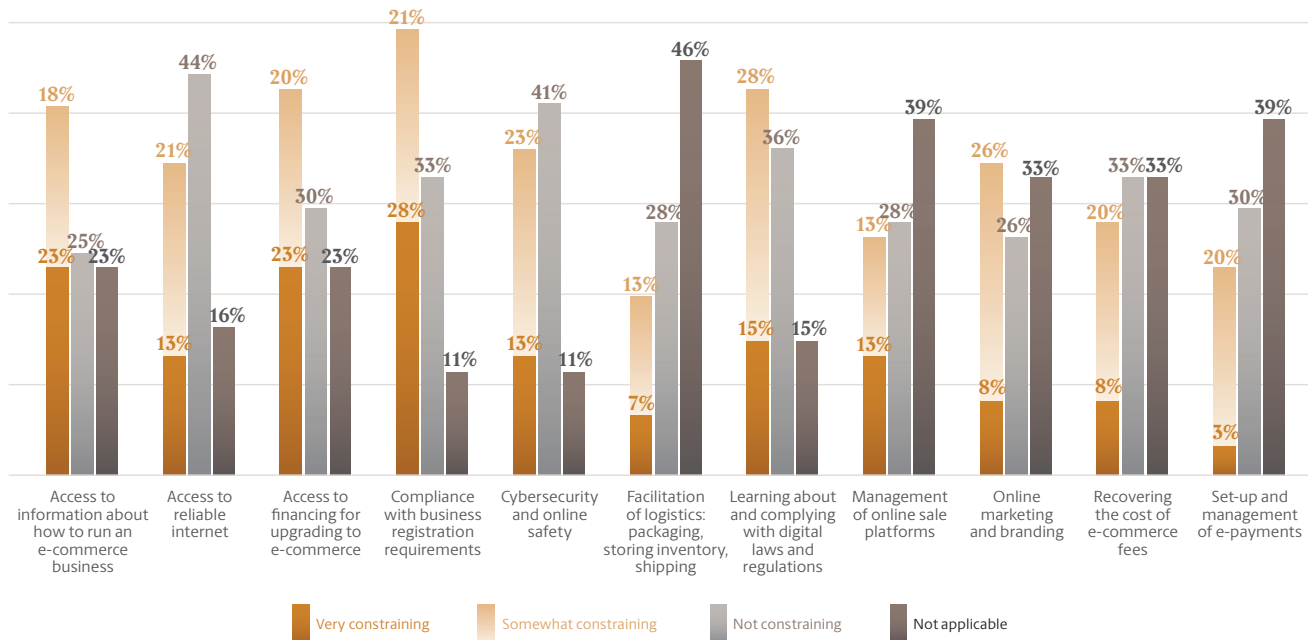
### Top four constraints to SMBs expansion to e-commerce:

- compliance with business registration requirements (49%)
- access to financing for upgrading to e-commerce (43%)
- learning about and complying with digital laws and regulations (43%)
- access to information on how to run an e-commerce business (41%)

**SMBs not selling online need basic support, including support in business registration processes.** SMBs ranked compliance with business registration requirements as the greatest barrier to expanding to e-commerce. In addition, many SMBs reported several important aspects of e-commerce—such as online sales, online marketing, recovering the cost of e-commerce fees, and managing e-payments—as being “not applicable” as a barrier. This demonstrates a need to build a stronger understanding of the business functions that enable successful expansion to e-commerce. Educating SMB owners on these areas may better equip them to determine if online sales are a strategic growth area for their business and assess what barriers currently exist to transitioning to e-commerce.

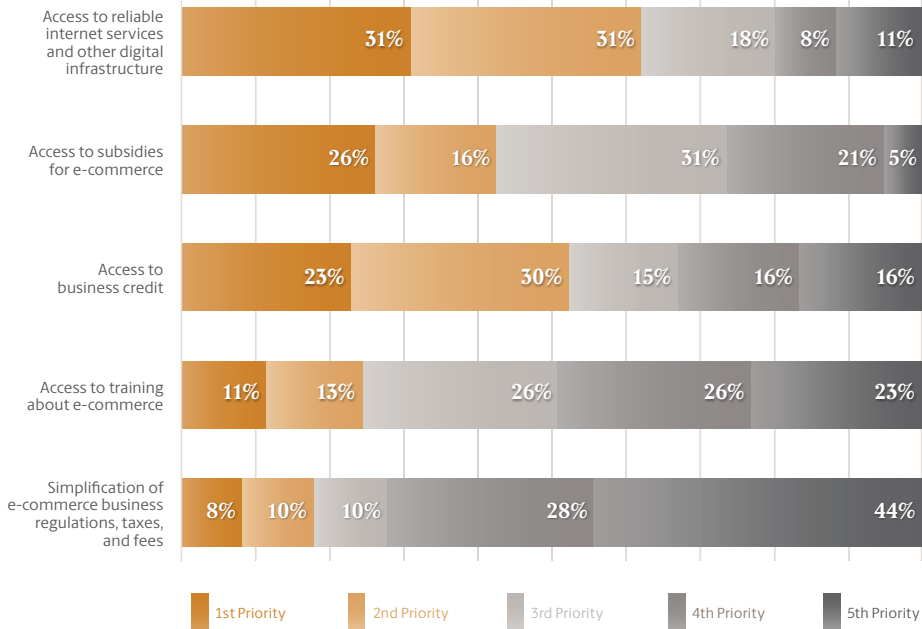
While access to reliable internet was rated as “not a constraint” by 44 percent of SMB owners who are not currently selling online, it was rated a constraint by more than one-third of SMB owners (34%), demonstrating that the foundation of reliable internet access for e-commerce could be more evenly distributed.

### Constraints to SMB Expansion to E-commerce



**SMBs that do not sell online prioritized access to trusted internet and business credit as their top priority areas for support to transition to online sales.** This suggests that SMB owners feel they do not have a strong foundation of access to internet and financial capacity to shift to selling online.

### SMB Policy Intervention Priorities to Support Expanding into E-commerce



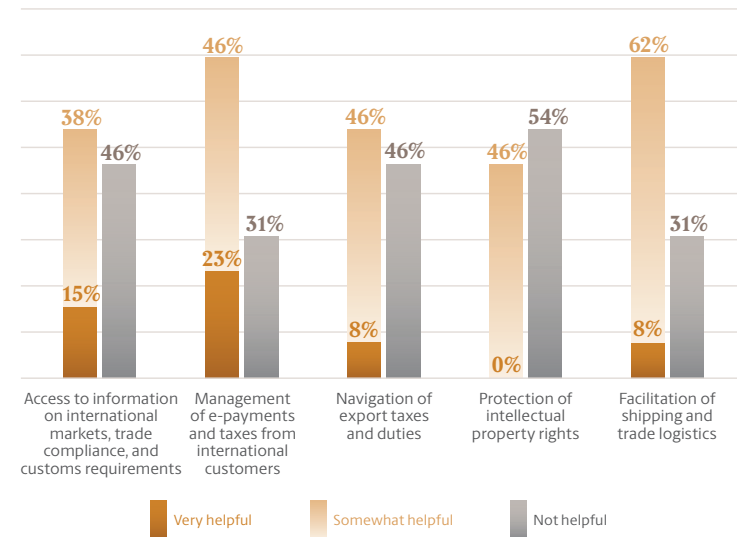
## Trends in Exporting

**Exporting has gotten easier for SMBs.** Only a small percentage (11%) of surveyed SMBs engage in exporting, but all of them reported that exporting has gotten easier since the COVID-19 pandemic.<sup>8</sup> This indicates an opportunity for **educating SMB owners who are not currently exporting, by helping them realize that the conditions for export have become easier.**

### Top three challenges to SMB e-commerce exports:

- management of e-payments and taxes from international customers (69%)
- facilitation of shipping and trade logistics (64%)
- access to information on international markets, trade compliance, and customs requirements (54%)

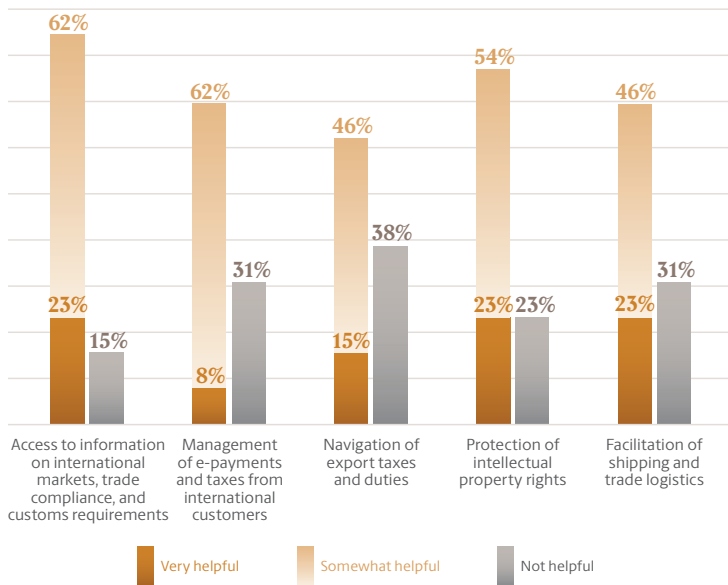
### Challenges to SMB E-commerce Exports



<sup>8</sup> All of these SMBs were exporting both prior to and during the pandemic, enabling a strong comparison of the changed conditions for export.

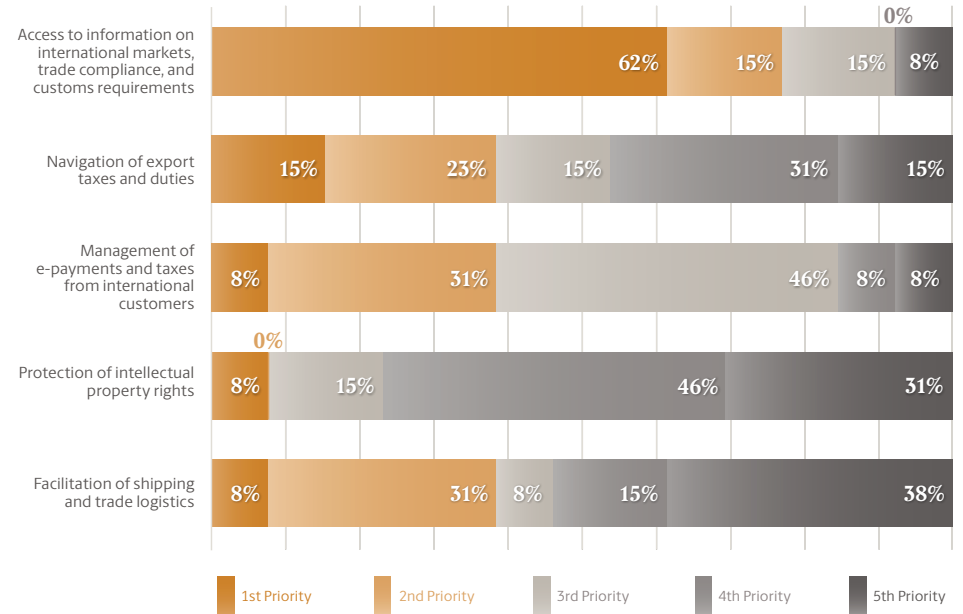
**Government policies and programs that provided access to information about international trade have been helpful to SMBs.** More than 75 percent of SMB owners felt that access to information and protection of intellectual property rights policies were either “very” or “somewhat” helpful. However, more than one-third (38%) reported that policies and programs to help them navigate taxes and export duties were unhelpful.

### Helpfulness of Government Policies to SMB E-commerce Exports



**Access to information about international trade is a high priority.** SMB owners overwhelmingly identified access to information as their top priority, navigation of export taxes and duties as second priority, and management of e-payments from international customers and facilitation of shipping logistics tied as a third priority. Far fewer SMBs ranked support in intellectual property rights as a priority area.

### SMB Policy Intervention Priorities to Support E-commerce Exports

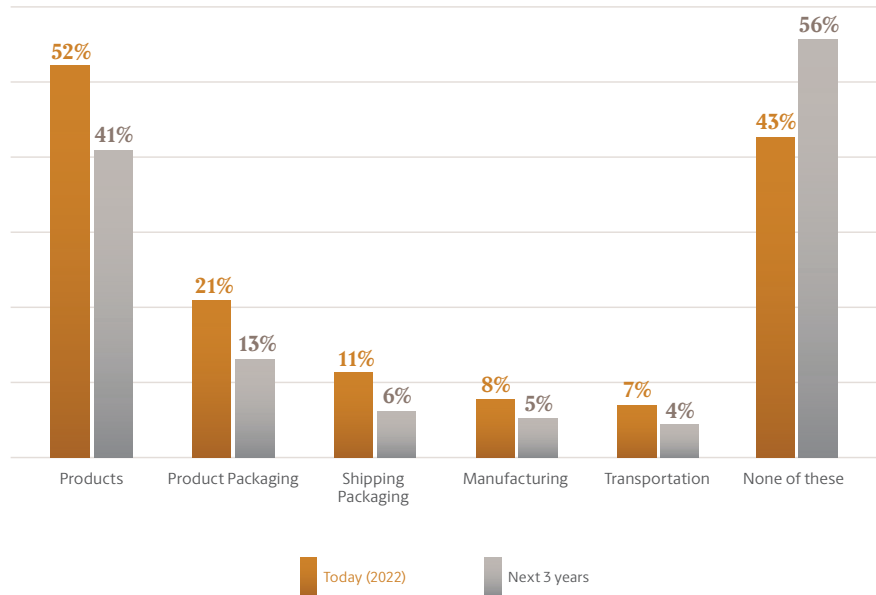


## Sustainability

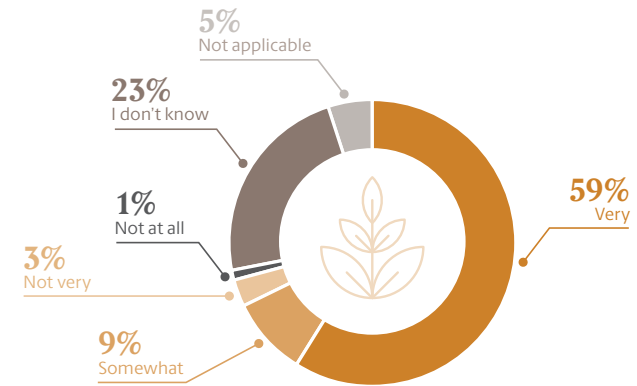
Although more than half of SMB owners report their business is 'green,' most do not currently have an interest in advancing sustainability throughout business operations. A majority (68%) ranked their SMB as being 'green' or environmentally-friendly, yet more than half have no plans to advance sustainability in any area of their business in the next three years.

Women SMB owners were less likely than men SMB owners to have plans to make their business more 'green' in the next three years (44% versus 65%, respectively).

### Current Practices vs. Future Plans for Environmental Sustainability



### SMB Environmental Sustainability





# United Kingdom:

## Supporting SMB Growth: Unlocking Recovery through E-commerce

The United Kingdom (U.K.) is ranked as the sixth best place in the world for small and medium businesses (SMBs) to do e-commerce<sup>1</sup> and considered to be the most advanced e-commerce market in Europe.<sup>2</sup> This is good news for the approximately 5.5 million SMBs in the country.<sup>3</sup> However, many are still recovering from the impacts of COVID-19 and are struggling with new trade regulations from the Trade and Cooperation Agreement with Europe.<sup>4</sup>

UPS, in partnership with Nathan Associates and Lowe Consultancy Services, surveyed 100 SMBs in the U.K. to better understand the challenges they are facing and the ways in which the flourishing e-commerce market can help them grow and adapt to the rapidly changing global economy. In addition to assessing general trends for how SMBs are engaging with e-commerce domestically and internationally, the survey also sought to identify the relative experiences of women-owned SMBs compared to men-owned SMBs and general SMB perspectives around sustainability.

The survey identified the following key findings:

- **Supply chain disruptions and decreased in-person sales continue to be major pandemic-related challenges for SMBs.** Difficulty attracting customers and maintaining cash flow are also significant challenges.
- **E-commerce is a priority for SMBs.** The number of SMBs that have begun conducting business online has increased by 20 percentage points in the last year. Surveyed SMBs also ranked e-commerce sales as their top priority for business growth over the next two years. However, this growth priority was specifically for domestic e-commerce sales, which were of higher priority than international sales, with SMBs ranking in-person domestic sales as their second growth priority.
- **SMBs need support with logistics, navigating supply chain disruptions, and online marketing.** SMBs that sell online ranked these as priority challenges in running an e-commerce business.
- **SMBs are struggling with exports.** SMBs reported that exporting has not gotten any easier since the start of COVID-19. Many express ongoing frustrations with the implications of Brexit on their trade with Europe. Few SMBs see international trade as a priority; they ranked growth in international e-commerce sales as their third priority after domestic sales both online and in-person.

<sup>1</sup> Best Place for MSME Ecommerce Index, eTrade Alliance

<sup>2</sup> E-commerce in the United Kingdom (UK) - statistics & facts, Statista, January 2022

<sup>3</sup> UK Small Business Statistics: Business Population Estimates for the UK and Regions in 2021, The Federation of Small Businesses

<sup>4</sup> One year on, Brexit deal gets massive thumbs-down, SmallBusiness.co.uk, February 2022

## Policy Recommendations



**Increase Business Capacity for SMBs:** SMBs overwhelmingly indicated a lack of know-how in online marketing and branding, lack of access to information on how to run an e-commerce business, and logistical constraints. This can be addressed by expanding special funds for SMBs, tax credits, or other advisory services designed to help SMBs develop and boost their online presence and help them manage logistics, inventory, and shipping. Data also shows that the take up of small business services launched since the pandemic has also been slow. Part of the solution could be greater awareness raising of existing services offered by the government.



**Modernize Trade Agreements:** Trade agreements should include modern customs provisions that can help take the time, cost, and complexity out of trade through additional services liberalization. The government should set high standards for fair competition, provide for a level playing field for SMBs, and facilitate the terms of trade for SMBs and consumers.



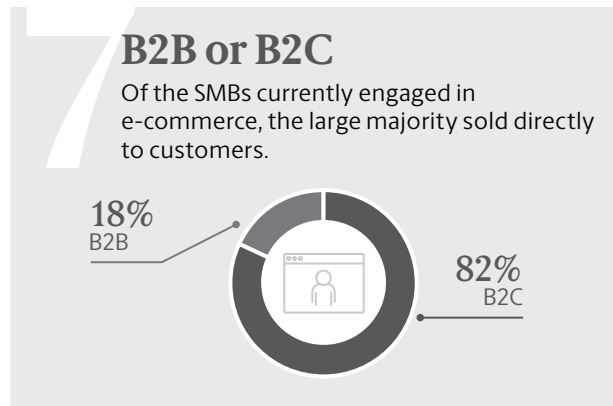
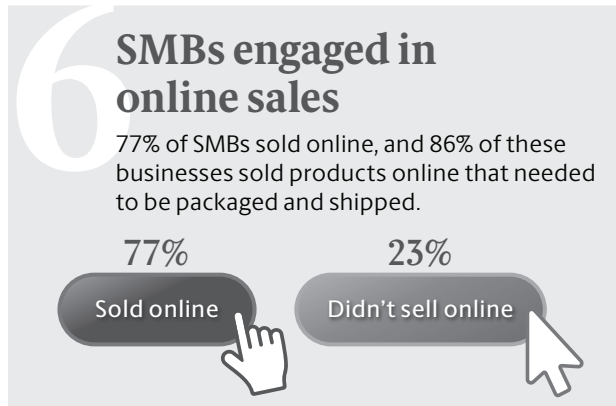
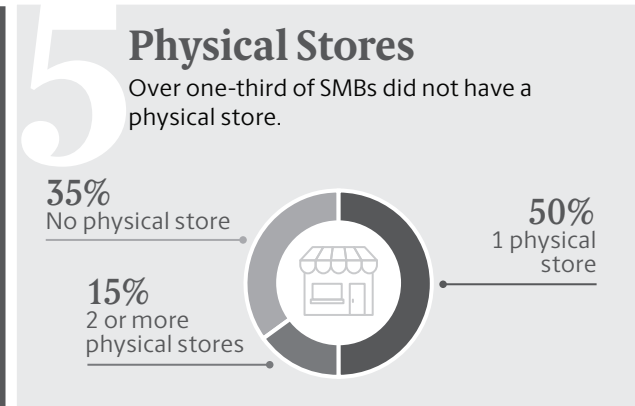
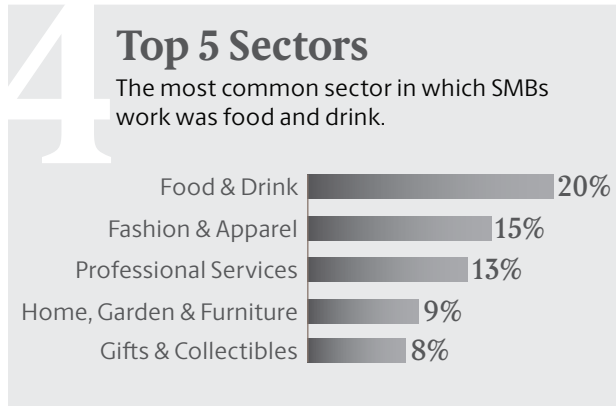
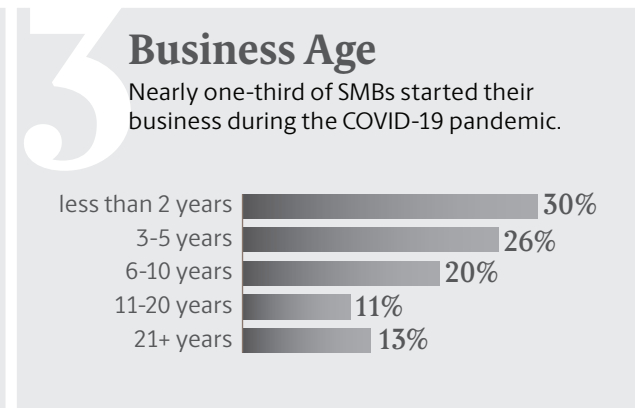
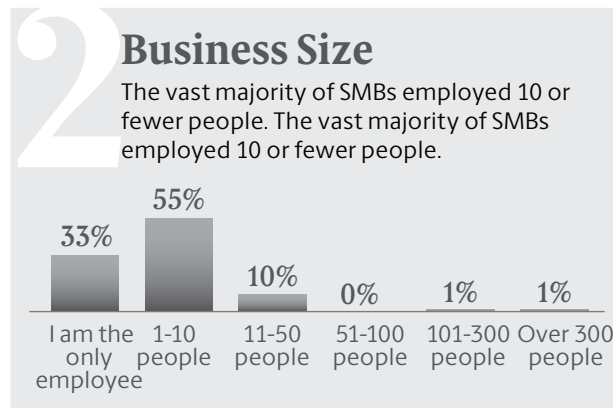
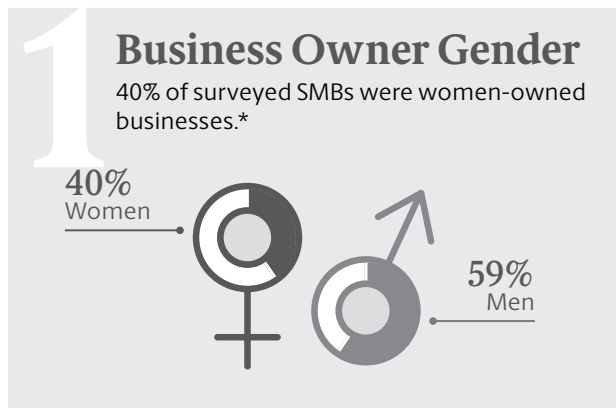
**Simplify Administrative Process for Trade:** Simplification of taxes, fees, and administrative processes associated with trading across borders will help SMBs become more efficient and productive and will enable logistics companies such as UPS to get goods to their final destination more quickly, which will also broaden the business horizons of SMBs.



**Increase Logistics Support:** SMBs have identified the need for support with logistics around packaging, inventory, and shipping. Both the government and logistics partners could work together to help SMBs with management of inventory, efficient and cost-effective transport and delivery services, and help businesses scale up to fulfill higher volume orders.



## Business Characteristics of Surveyed SMBs



\*1 percent of SMBs said they weren't sure if the business was a women-owned business.

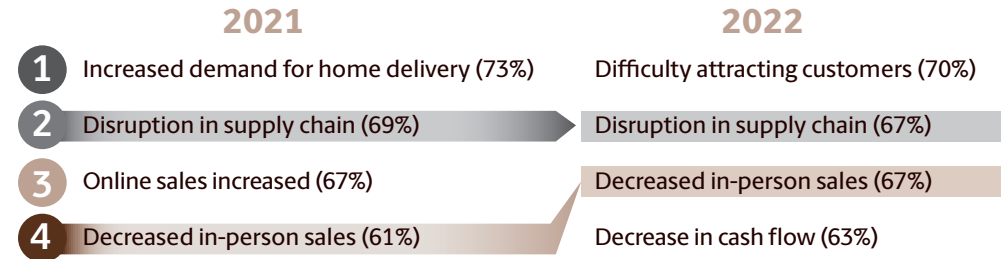


# Top pandemic-related challenges facing SMBs

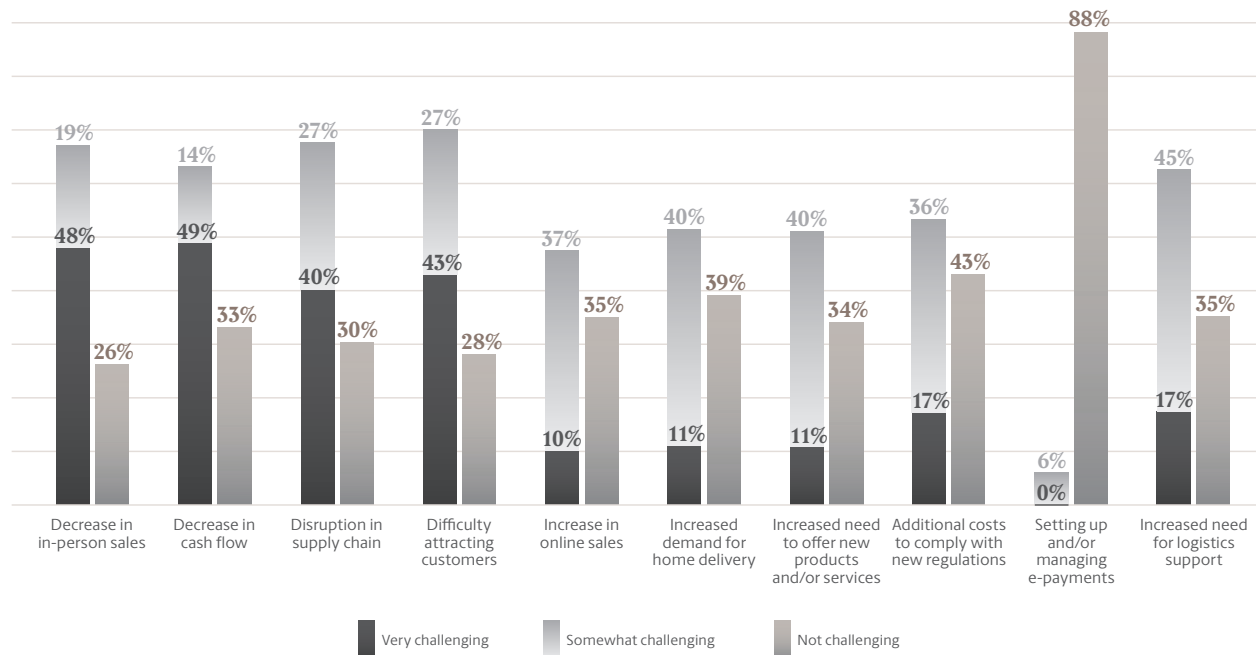
## Top four pandemic-related challenges facing surveyed SMBs in 2021-2022:

- difficulty in attracting customers (70%)
- disruption in supply chain (67%)
- decreased in-person sales (67%)
- decrease in cash flow (63%)

Two of these challenges—disruption in supply chain and declines in in-person sales—were also reported as top challenges in a similar survey from the prior year.



## Challenges Due to COVID-19

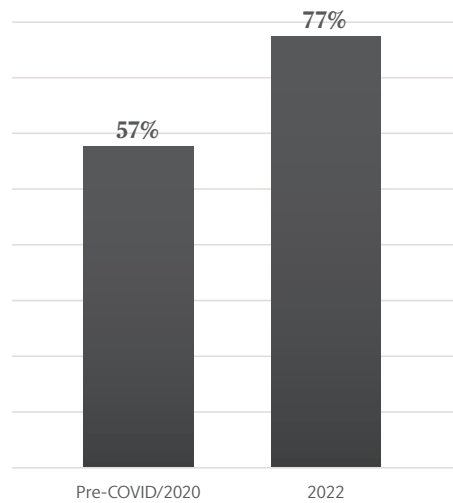


## E-commerce Trends

The number of SMBs selling online has increased since the onset of the COVID-19 pandemic. The number of SMB owners that report selling online has increased by 20 percentage points from pre-COVID to 2022

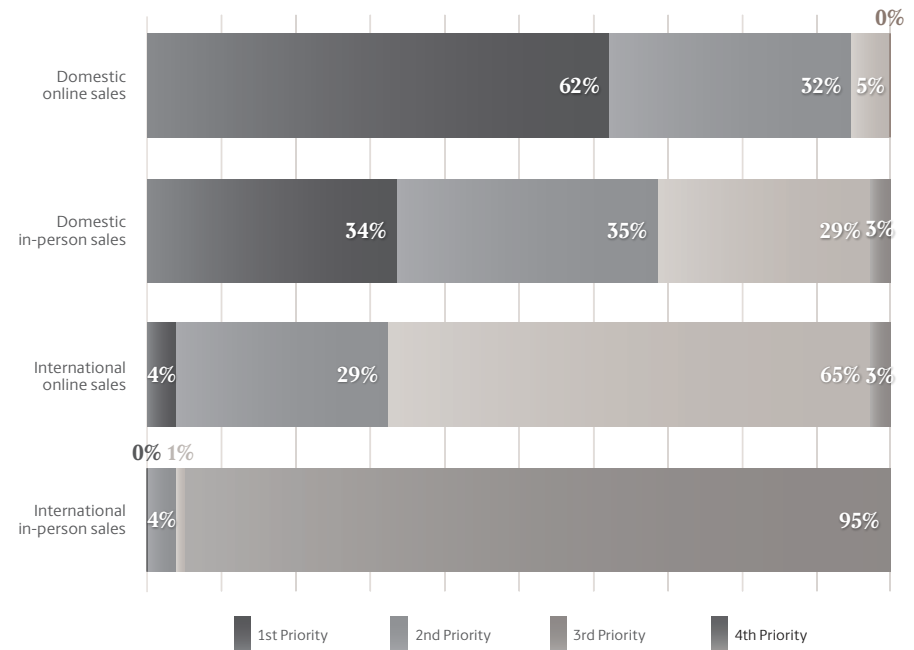
**Few SMBs closed physical stores.** Even with this increase to online sales, only 8 percent of SMBs reported closing a physical store since the start of COVID-19, regardless of gender, business size, or location.

SMBs in E-commerce Pre-Covid and 2022



SMBs overwhelmingly noted a desire to grow their domestic online sales, followed by domestic in-person sales. They reported international e-commerce sales as their third priority. These findings suggest that supporting SMB owners to strengthen their existing online clients while expanding to new clients would be a desired intervention. Programs or policies that aid exporting would do well to first build SMB owner demand.

SMB Business Growth Goals for the Next Two Years

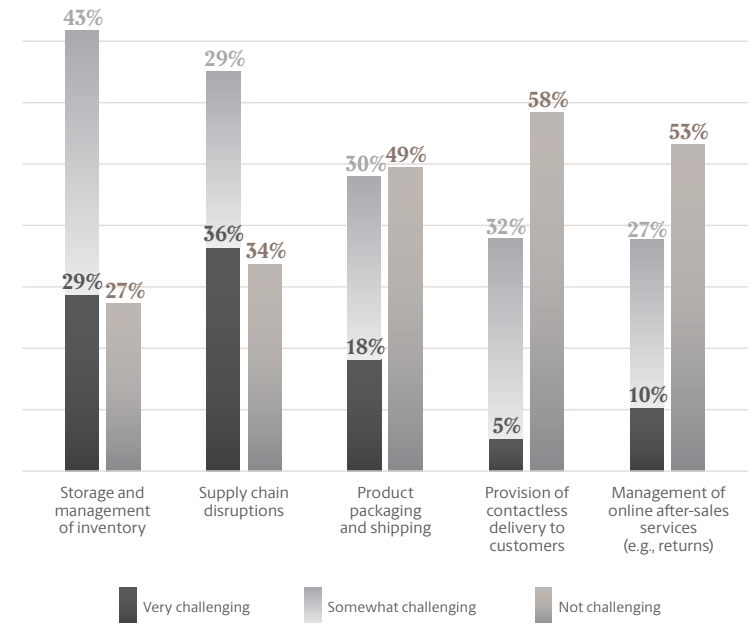


**SMBs that are currently selling online overwhelmingly indicated that they are dealing with more logistical challenges than sales challenges.** The only online sales challenge substantially identified by SMBs was online marketing and branding (77%). They ranked the following challenges to their e-commerce logistics most frequently:

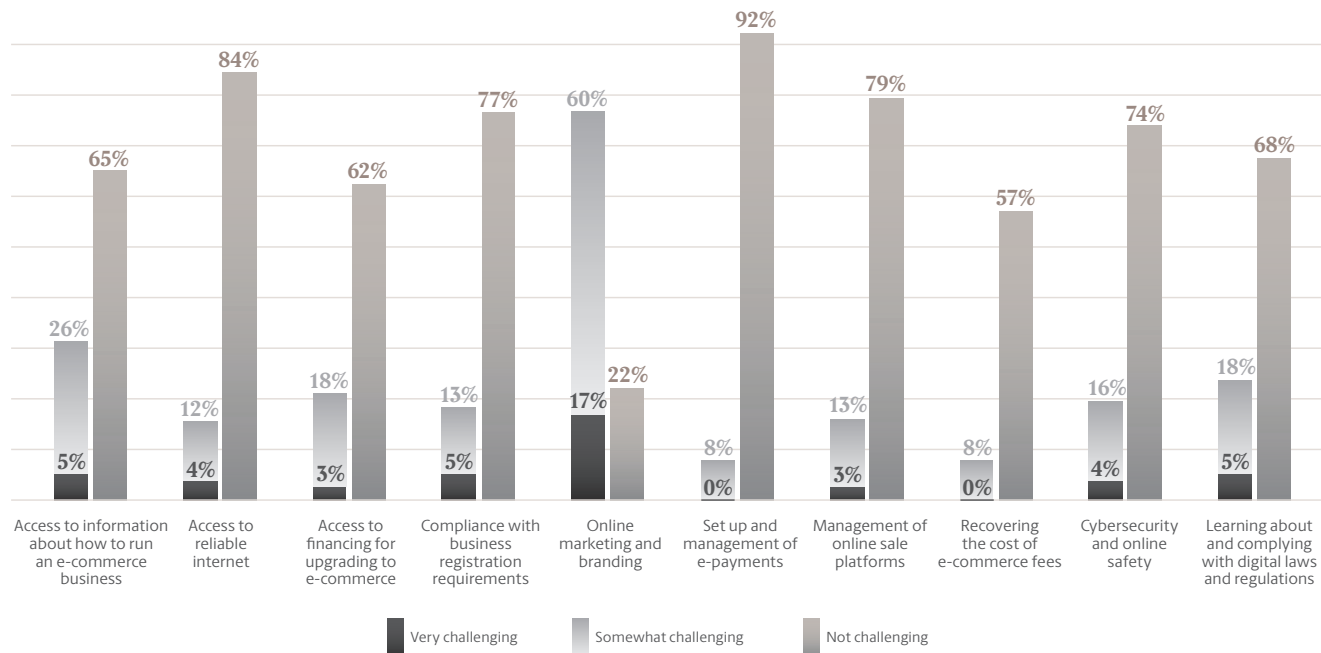
- storage and management of inventory (72%)
- supply chain disruptions (65%)
- product packaging and shipping (48%)

“We used to sell 30-40 percent of products online. I am reducing this to about 15 percent as supply chain issues including lack of lorry drivers and increase in container ship prices have meant I am significantly reducing the variety of items we sell online.”

**Challenges to SMB E-commerce Logistics**



**Challenges to SMB E-commerce Sales**



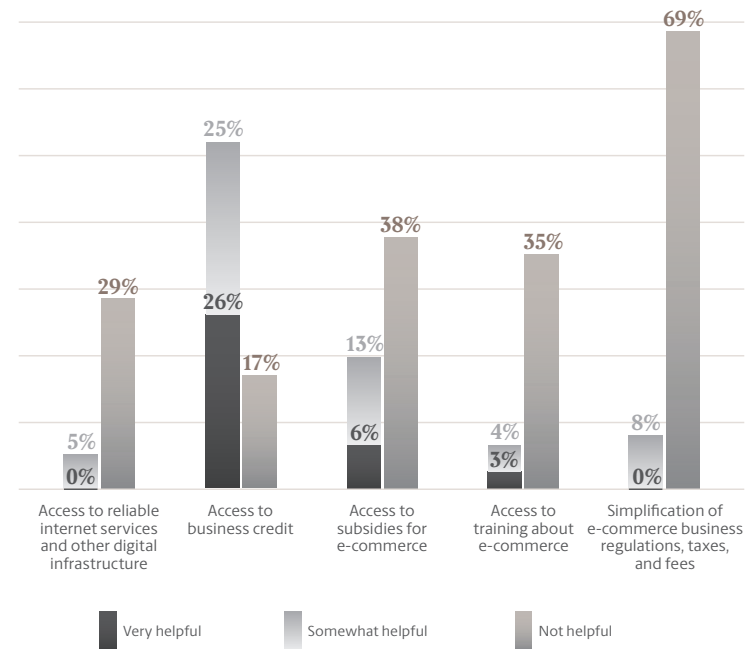
**Most SMBs that sell online use their own website for sales, followed by social media platforms.** Just over one in five are using a global online marketplace like Amazon for sales.<sup>5</sup> Women-owned SMBs were statistically less likely to sell products on a partner company's online platform (used by 25% of men-owned SMBs versus only 6% for women). This suggests that networking opportunities may add value to women's SMBs.



**SMBs that sell online generally did not find government policies helpful during 2021.** While over half of SMBs (51%) found access to business credit to be helpful and about one-fifth found access to subsidies for e-commerce helpful, less than 10 percent reported that government policies related to training about e-commerce; simplification of e-commerce business regulations, taxes, and fees; and access to reliable internet were helpful. This may indicate more government policy support is needed, or that SMBs are not aware of the support available.

Women may be less aware of government policies and programs to support SMBs in e-commerce. When asked about which policies were helpful in the last year, women-owned SMBs were more likely to answer "I don't know" about policies to simplify e-commerce regulations. In addition, 45 percent of women SMB owners stated that access to subsidies for e-commerce was not applicable, while only 11 percent of men SMB owners said the same. This implies a potential gender difference in understanding of various government policies.

**Helpfulness of Government Policies to SMB E-commerce**



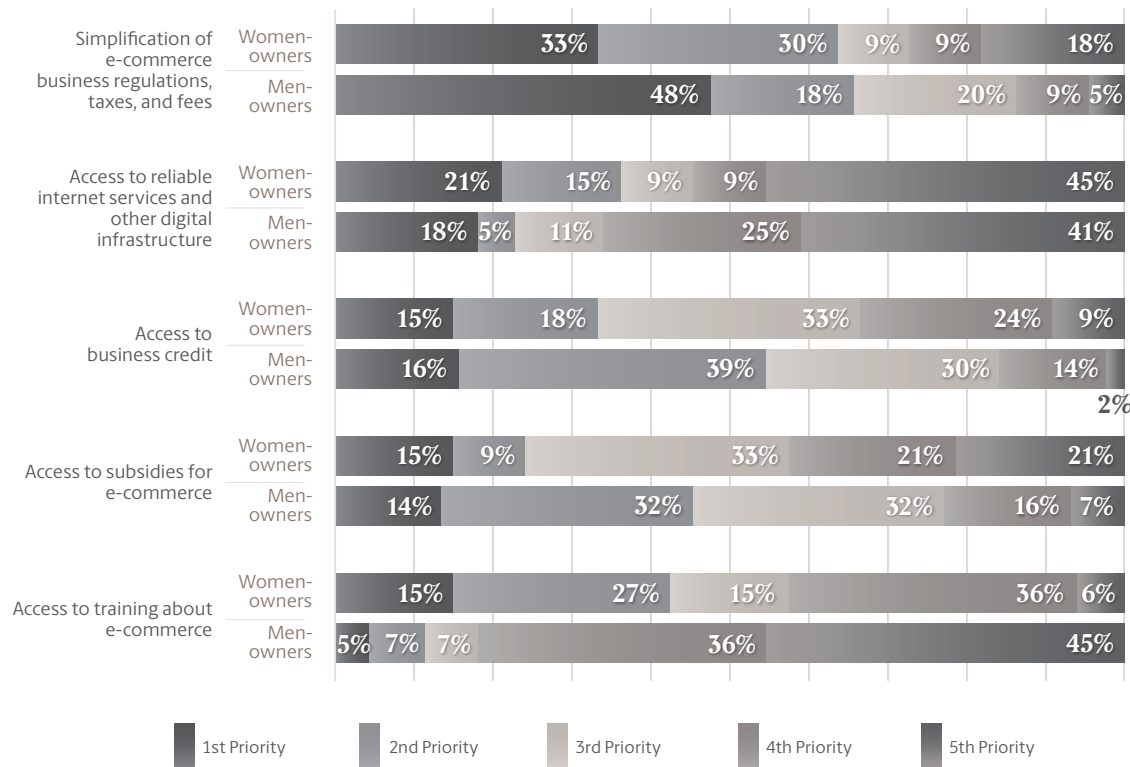
5 This is somewhat different from responses from SMBs surveyed in 2021. In the 2021 survey, 52% of U.K. SMBs used an online platform and 49% used a partner company's online platform. Strikingly different from the 2022 survey, only 5 percent of SMBs had their own website and 23 percent sold online using social media. Because the samples were different for the 2021 and 2022 survey, it is difficult to draw conclusions from this, but perhaps worth further exploration.

**SMBs ranked the simplification of business regulations, taxes, and fees as the highest priority policy intervention to support their engagement in e-commerce.**

This was the highest priority of both SMBs currently selling online and SMBs that are not. There were also some notable gender differences. 32 percent of men ranked access to subsidies for e-commerce as their second priority, whereas only 9 percent of women did so. 27 percent of women ranked access to training as their

second priority, while only 7 percent of men did so. Men overwhelmingly placed access to training as their last priority (45%). Of course, this does not mean that women-owned SMBs need more training and less financing than men-owned SMBs, but it does suggest different behavioral patterns that should influence the way policies and programs are targeted and communicated to ensure they reach both men- and women-owned businesses equally.

**SMB Policy Priorities to Support Expanding E-commerce**



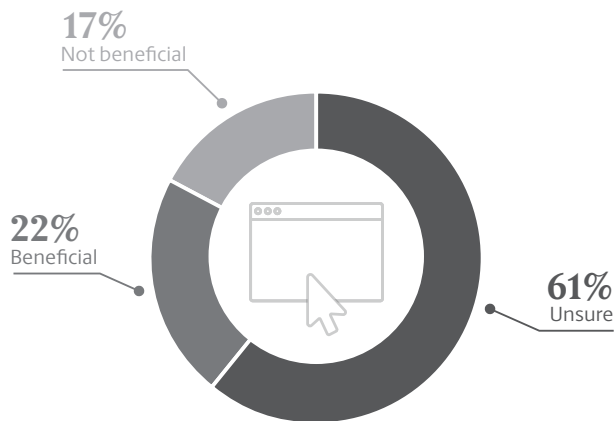
## Why Are Some SMBs Not Selling Online?

**SMBs that are not currently selling online are mostly unsure if their business would benefit from expanding online.**

Of the respondents not selling online, 61 percent did not know if their business would benefit from expanding to online sales. Only 22 percent said yes, and 17 percent said no. This suggests that empowering SMB owners to understand the costs and benefits of online sales is a potential strategy for expanding uptake of e-commerce.

Many expressed that they weren't sure if the costs of setting up online would be worth the benefits. A few SMBs noted that they used to sell online, but have since stopped for various reasons, including the challenges of after-sales customer service, experiences with fraud, and difficulty in competing with other online stores.

### SMB Belief They Would Benefit from Expanding to Online Sales



“We used to sell online, however we had a number of issues with after sales and returns that made it more hassle than it was worth. Additionally, during COVID we were being undercut by online competitors.”

“The start-up time, cost, and management, along with then shipping perishable goods has so far put us off of [expanding to online sales].”

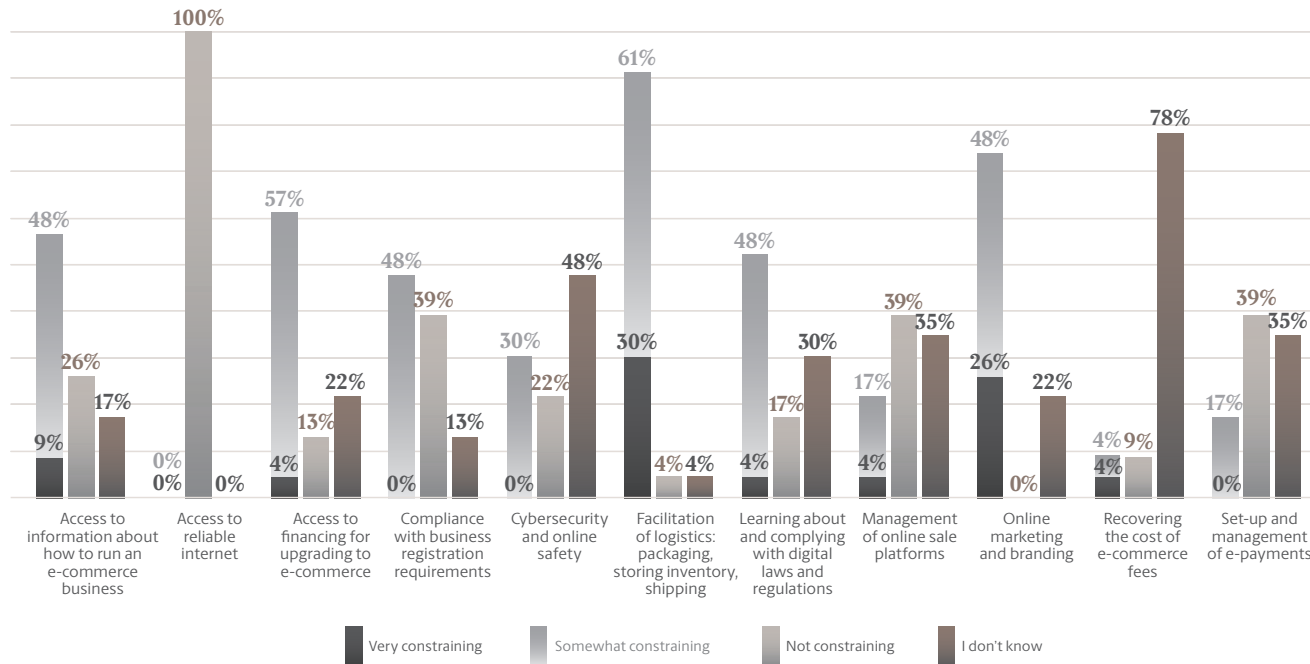


**Top four constraints to SMB expansion to e-commerce:**

- facilitation of logistics: packaging, storing inventory, shipping (91%)
- online marketing and branding (74%)
- access to financing for upgrading e-commerce (61%)
- access to information about how to run an e-commerce business (57%)

While the top four constraints outline key areas to support SMBs to transition to online sales, the survey also showed there is also a lack of understanding of the role of cybersecurity, management of online sale platforms, recovering the cost of e-commerce fees, and the setup and management of e-payments. Educating and informing SMB owners on these areas may help them to determine if online sales is a strategic growth area for their business.

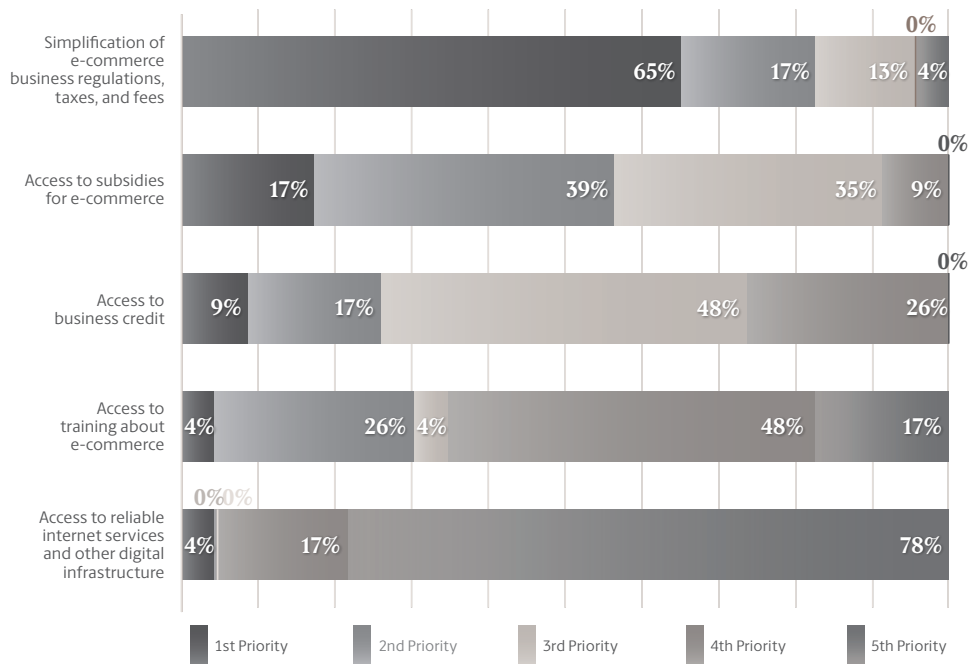
**Constraints to SMB Expansion to E-commerce**



**The main priority for policy intervention for SMBs who want to expand to online sales was simplification of e-commerce business regulations, taxes, and fees.**

This suggests that SMB owners not currently selling online do not have a strong understanding of the legal and regulatory requirements of e-commerce. Access to subsidies for e-commerce was also a high priority, with over half (56%) identifying it as a first or second priority.

**SMB Policy Intervention Priorities to Support Expanding into E-commerce**

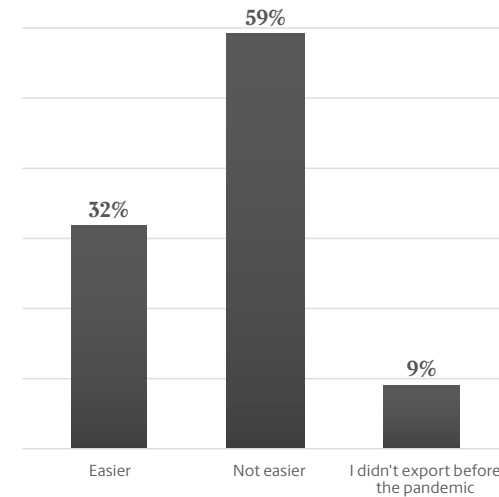


**Trends in Exporting**

**22 percent of the surveyed SMBs are selling internationally.** For the majority of these, export sales represent 20 percent or less of their total sales. The top e-commerce export destinations were to Europe and Eurasia (55%) and North America (50%).

**Exporting has not necessarily gotten easier for SMBs.** Despite the significant global shift toward e-commerce, only 32 percent of SMBs that sell internationally reported that exporting has gotten easier. When asked about Brexit-specific challenges to exporting, respondents pointed to increased costs, confusing laws and regulations, loss of the European Union market, and shipping delays as being particularly challenging.

**Have E-commerce Exports gotten easier since the start of COVID-19?**



“It has been very difficult securing customers abroad with extremely confusing legislation and transporting equipment across to the EU. Brexit plus Covid was very confusing.”



### Top three challenges to SMB e-commerce exports:

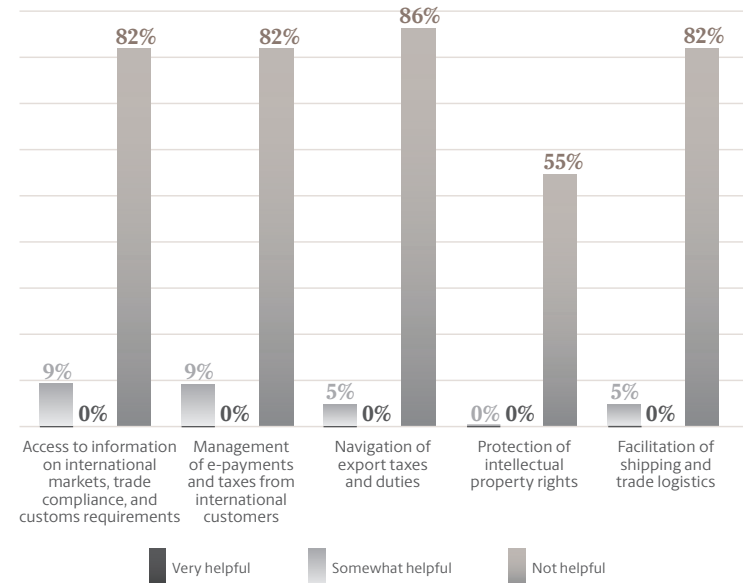
- access to information on international markets, trade compliance, and customs requirements (77%)
- navigation of export taxes and duties (73%)
- facilitation of shipping and trade logistics (64%)

However, the experiences of SMBs are not monolithic. For example, management of e-payments was “very” or “somewhat” challenging for half of surveyed SMBs, yet 41 percent reported it was not a challenge.



### SMBs that export do not feel that government policies are aiding their efforts to export in the COVID-19 and Brexit context.

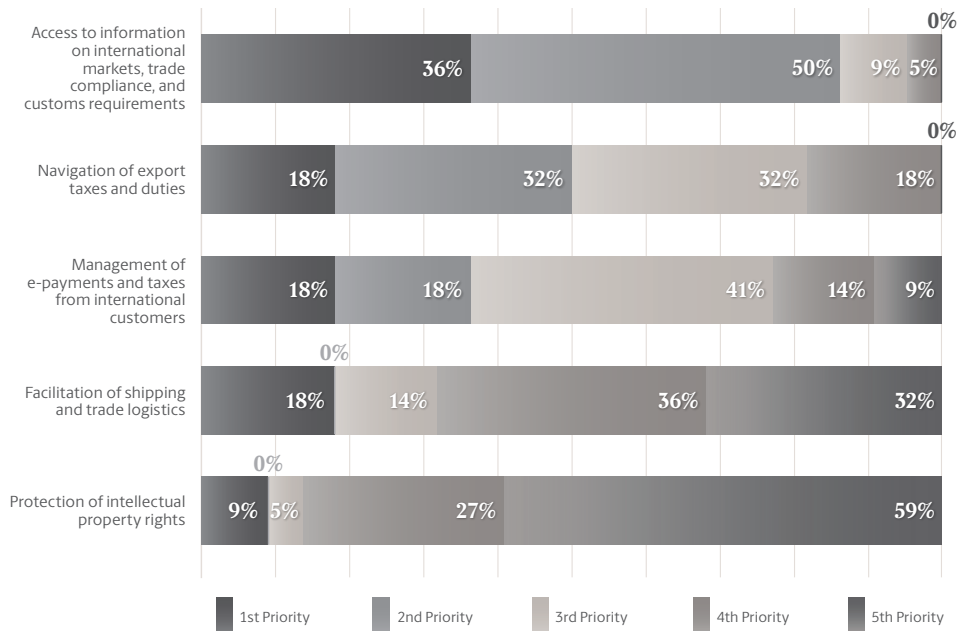
### Helpfulness of Government Policies to SMB E-commerce Exports



**Access to information about international markets and trade was the top priority for government support.** SMBs overwhelmingly identified access to information as the greatest priority, with navigation of export taxes and duties as their second priority, and management of e-payments from international customers as a third priority. Unlike prior responses that emphasized shipping and logistics as a major challenge, far fewer SMB owners ranked support in shipping logistics for exports as a priority policy intervention.

When asked specifically about export challenges in the context of Brexit, nearly three-quarters of respondents chose to comment. The most common answers cited were increased costs of shipping, confusion around trade laws and regulations, and difficulty in navigating regulations. Examples of how SMBs coped include: one respondent opened a European subsidiary to maintain business, one respondent reported having to pass increased local hire staff costs onto customers, and one respondent noted that they lost access to the European Union market. In total, respondents reported increased costs and increased confusion.

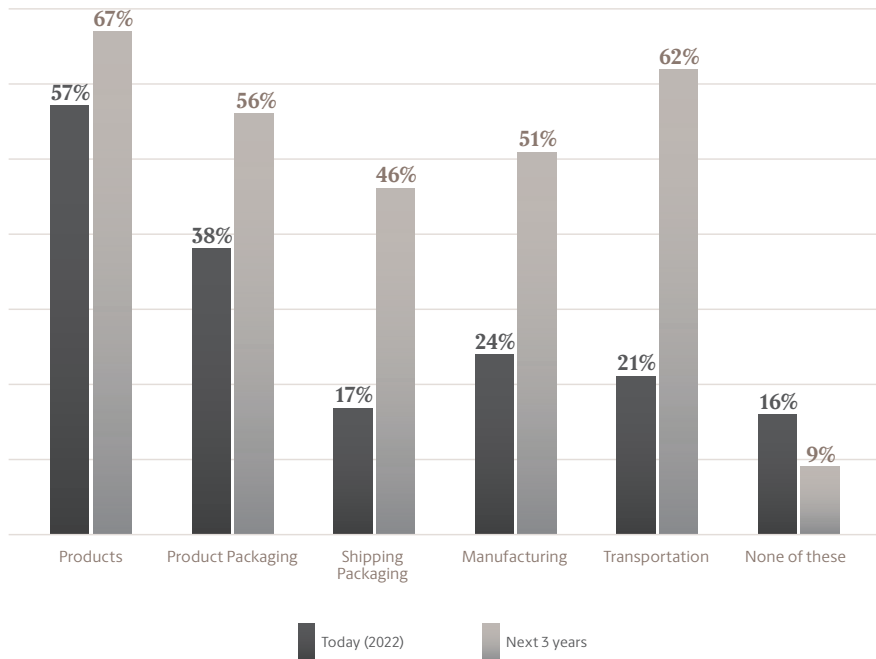
**SMB Policy Intervention Priorities to Support E-commerce Exports**



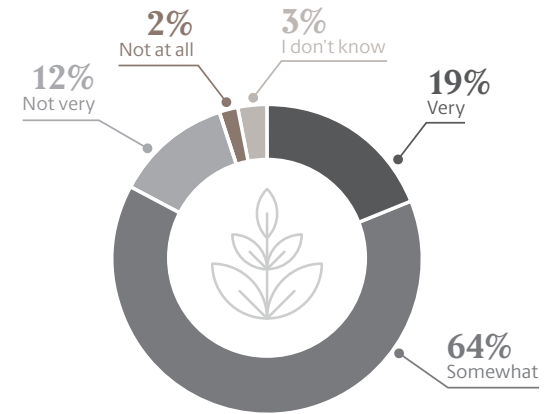
## Sustainability

SMB owners demonstrated a strong interest in being environmentally-friendly in their business operations. A large majority (83%) report their SMB as being 'green' or environmentally-friendly, and the majority seek to make improvements across their business areas, particularly in transportation, including shipping and delivery.

Current Practices vs. Future Plans for Environmental Sustainability



SMB Environmental Sustainability





# Vietnam:

## Supporting SMB Growth: Unlocking Recovery through E-commerce

Vietnam is one of the fastest-growing internet economies in Southeast Asia, second only to Indonesia.<sup>1</sup> Many of Vietnam's small and medium businesses (SMBs), which account for 97 percent of the 800,000 enterprises in the country,<sup>2</sup> are working to take advantage of this growing e-commerce consumer market. They increased their sales to Amazon by 35 percent between September 2020 and August 2021 and increased their export sales via Amazon by 48 percent during the same period.<sup>3</sup> Still, many SMBs are struggling to find the resources for digital transformation and marketing.<sup>4</sup> The country is ranked 64th on the eTrade Alliance's best place in the world for SMBs to do e-commerce.<sup>5</sup>

UPS, in partnership with Nathan Associates and CIT, surveyed 113 SMBs in Vietnam to better understand the challenges they are facing and the ways in which the flourishing e-commerce market can help them grow and adapt to the rapidly changing global economy. In addition to assessing general trends for how SMBs are engaging with e-commerce domestically and internationally, the survey also sought to identify the relative experiences of women-owned SMBs compared to men-owned SMBs and general SMB perspectives around sustainability.

The survey identified the following key findings:

- **E-commerce is a priority for SMBs.** Of the surveyed SMBs, more women-owned SMBs than men-owned SMBs moved into online sales since the start of the pandemic. However, more men-owned SMBs than women-owned SMBs have prioritized e-commerce—both domestically and internationally—as their top priority area for growth.
- **Decreased in-person sales was the top challenge facing SMBs surveyed in 2021 and 2022.** The number of SMBs selling online since the start of the pandemic increased by over 25 percent, while nearly one-third of SMBs reported closing physical stores in the same period, indicating e-commerce has been an important tool for SMB sales.
- **Women-owned SMBs reported more challenges in their e-commerce operations.** This was particularly true with regards to access to information about how to run an e-commerce business, access to internet, access to financial resources, management of online platforms, and supply chain disruptions. However, women-owned SMBs were also more likely to indicate that certain types of government support were helpful, specifically access to business credit, than men-owned SMBs.
- **Access to information about international markets and requirements is a top challenge and priority for SMBs.** Only a small percentage of the sample was currently selling internationally, but they consistently prioritized access to information about global markets, trade compliance, and customs requirements as their priority need.

1 E-commerce in Vietnam - statistics & facts, Statista, April 2022

2 Roundtables: Small and Medium Enterprises and the EVFTA, Ministry of Planning and Investment, March 2021

3 Vietnamese SMEs achieve breakthrough growth with cross-border e-commerce, Vietnam Investment Review, December 2021

4 Over 57.5 per cent of Vietnamese SMEs struggle with digital transformation: How can they cope with the challenge?, Vietnam Investment Review, April 2021

5 Best Place for MSME Ecommerce Index, eTrade Alliance

## Policy Recommendations



**Expand SMB Digitization Support:** Support SMBs with online marketing and branding and access to information on how to run an e-commerce business. This was a major obstacle for SMBs who want to expand into e-commerce as well as those trying to expand their presence online. Continue to keep SMBs up to date on information on international markets, compliance, and customs requirements.



**Support Access to Finance for SMBS:** SMBs in Vietnam identified access to finance and business credit as a major barrier to expanding to e-commerce. Policies should support more SMB lending by banks, as well as alternative financing such as crowdfunding, fintech, and additional methods to determine credit worthiness, such as alternative credit scoring based on transaction data. Support can also leverage partnerships with e-commerce platforms to offer discounts and financing that make the upfront costs of transitioning to e-commerce less burdensome.



**Invest in Digital Trade Infrastructure:** Digitize customs and tax collection processes to make cross-border trade more efficient



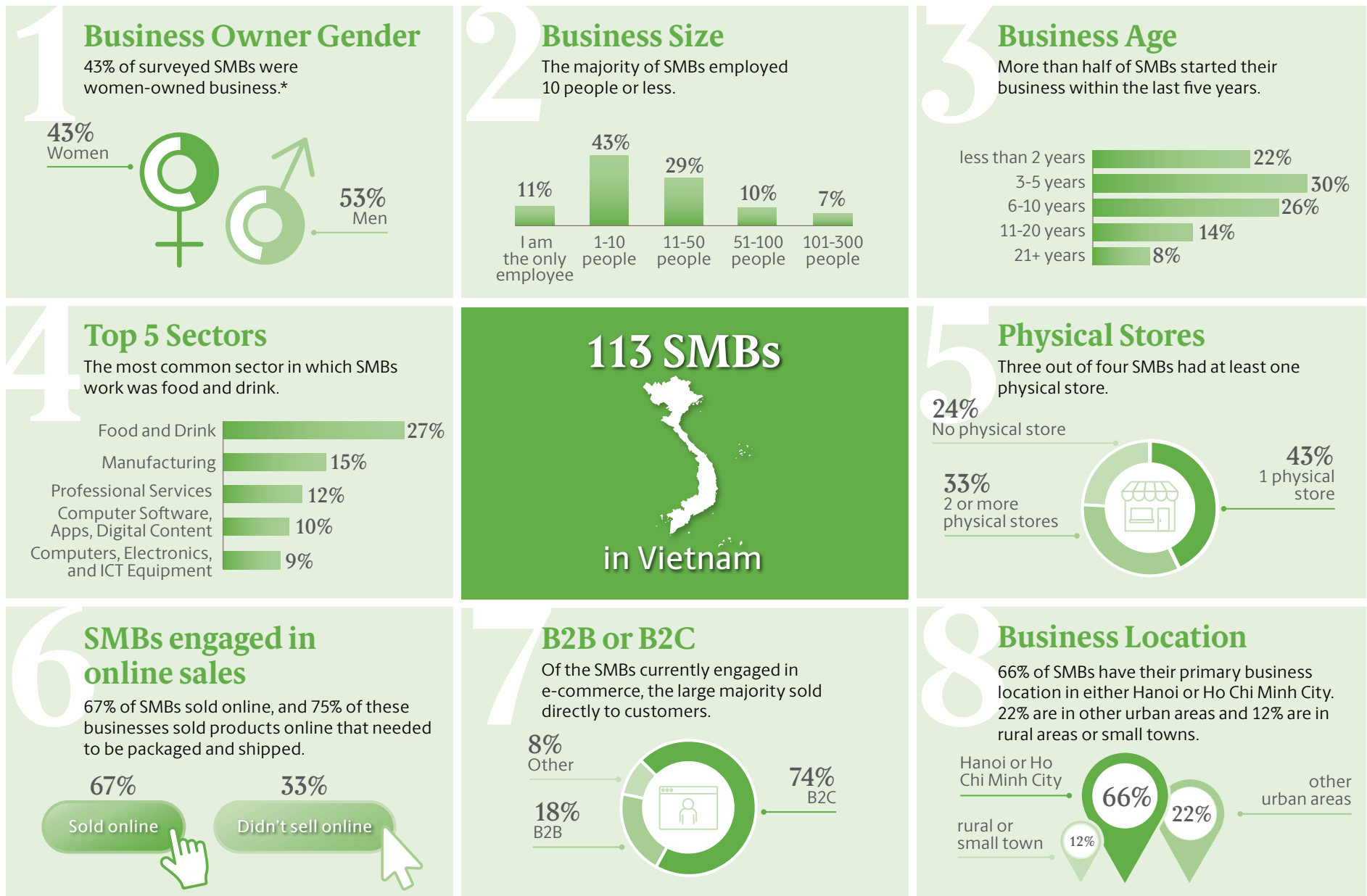
**Protect Intellectual Property Rights:** Provide support to SMBs to protect intellectual property rights and shorten the timeline (currently two years) for approval for IP rights. Improve the mechanisms and policies to create favorable conditions for enterprises in creating, forming, exploiting, and protecting their intellectual property rights.



**Streamline Trade Policies and Border Procedures:** Simplify customs and processes for duty and tax collection for low-value shipments by removing the limitations on the number of orders with tax and special inspection exemptions per day and per month and reduce information requirements to clear low-value shipments. The current e-commerce cross-border transaction management decree, which is being drafted, limits exempted shipments to one order per day and four orders per month or per shipper, making the process of identifying which orders are exempted very complicated and time-consuming. The HS codes are also required for low-value shipments for tax purposes, which further delays the clearance process. Customs and tax collection processes should be digitized to make cross-border trade more efficient.



## Business Characteristics of Surveyed SMBs



\*4 percent of SMBs said they were not sure if the business was a women-owned business.

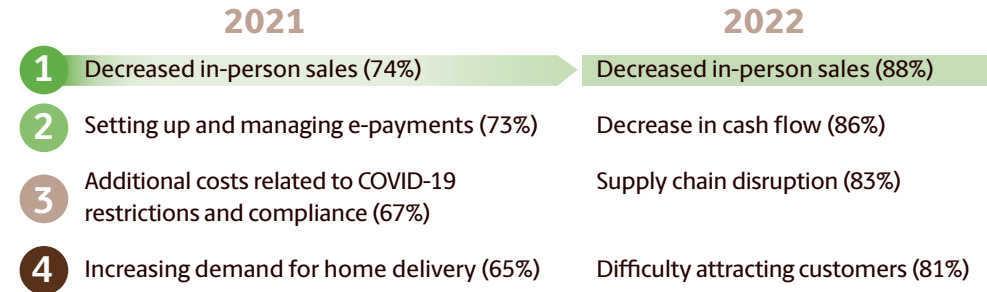
## Top Pandemic-related Challenges Facing SMBs

### Top four pandemic-related challenges facing surveyed SMBs in 2021-2022:

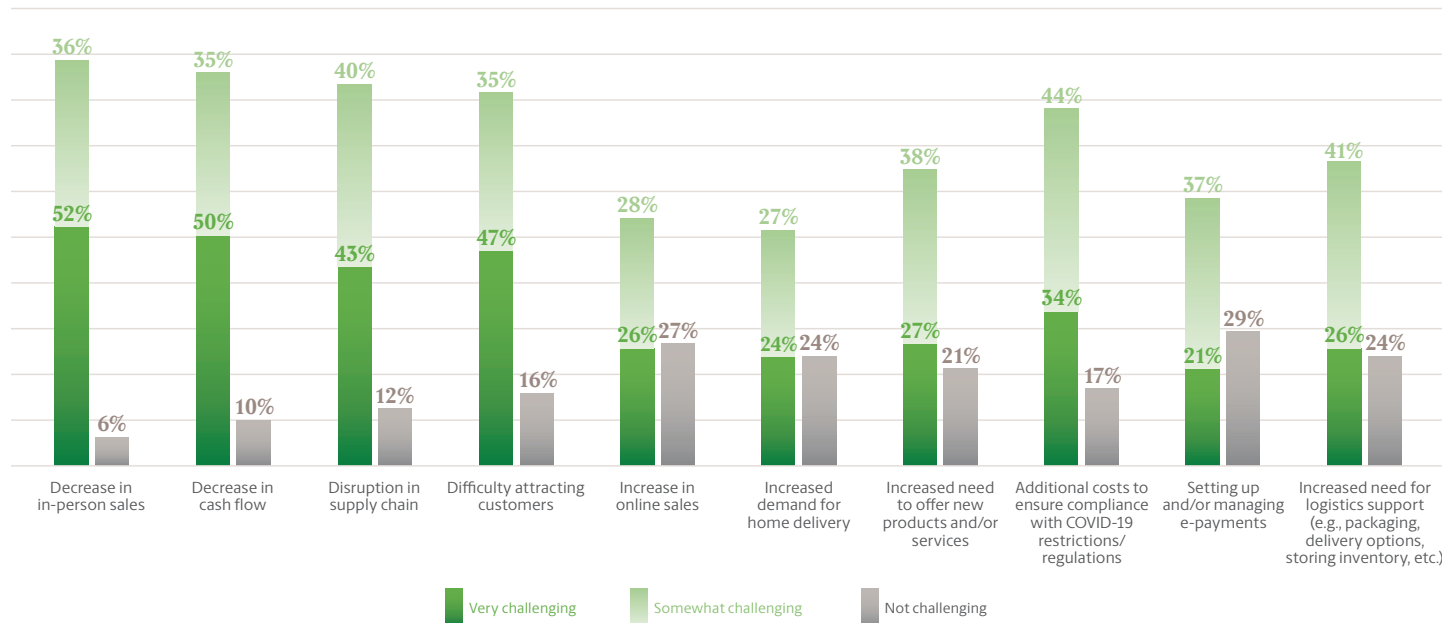
- decreased in-person sales (88%)
- decrease in cash flow (86%)
- supply chain disruption (83%)
- difficulty attracting customers (81%)

In a similar survey from the prior year, SMBs also reported decreased in-person sales as the top challenge from COVID-19, suggesting that they still view in-person sales as an important aspect of their business sales.<sup>6</sup>

There were some significant gender differences. For example, women-owned SMBs were significantly more likely to report that increases in online sales and demand for home delivery were either “very” or “somewhat” challenging (71% compared to 38% of men-owned SMBs). This may be because more women than men moved sales online during the pandemic. Men-owned SMBs were also more likely to report that demand for new products or services was not challenging.



### Challenges Due to COVID-19



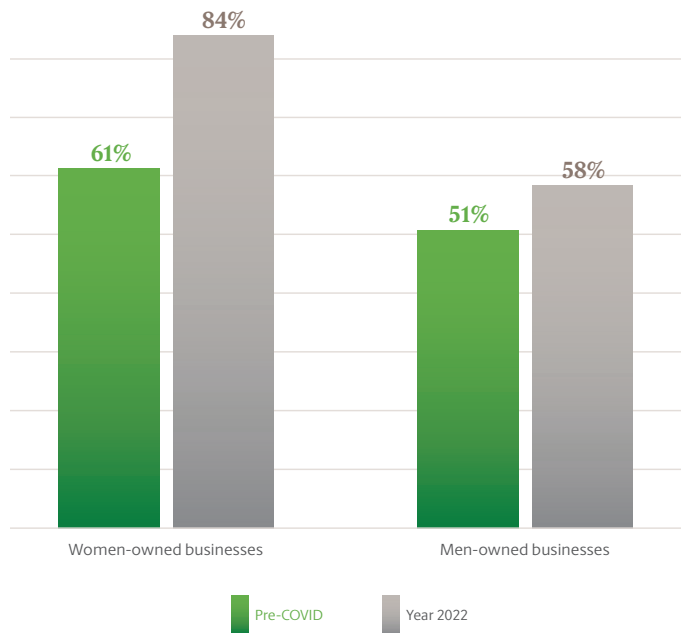
6 The 2021 survey surveyed a different sample of SMBs.

## E-commerce Trends

The number of SMBs selling online has increased over the past two years, particularly for women-owned SMBs. The percentage of women-owned businesses that are selling online increased by 23 percentage points since the start of the pandemic. This is significantly higher than men-owned businesses, which only increased by about four percentage points.<sup>7</sup>

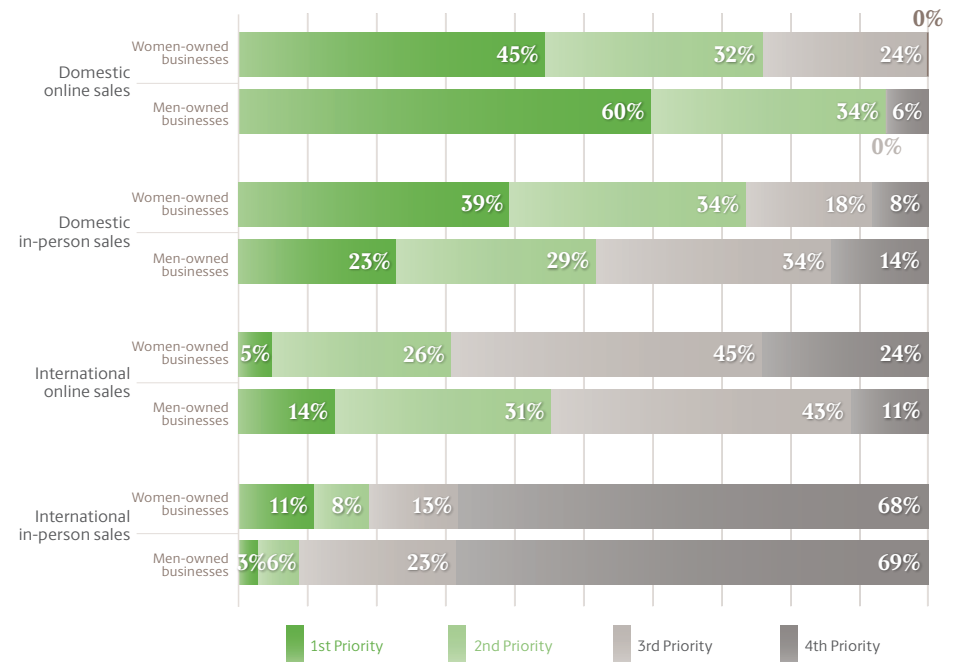
More than one-third (36%) of SMBs closed at least one physical store since the onset of the COVID-19 pandemic, most of whom were women. 35 percent of women-owned SMBs closed one store compared to only 10 percent of men-owned-SMBs. 73 percent of men-owned SMBs did not close any stores, which was significantly higher than the 52 percent of women-owned SMBs.

SMBs in E-commerce Pre-Covid and 2022



Expanding e-commerce sales domestically was the top priority for business growth. When asked to describe their business growth goals for the next two years, SMBs overwhelmingly indicated a desire to grow their domestic online sales, followed by domestic in-person sales. However, there were some gender differences. Women-owned SMBs were significantly more likely to rank domestic online sales as their third priority than men-owned SMBs. Although not statistically significant, more men than women ranked online sales both domestically and internationally as their first priority.

SMB Business Growth Goals for the Next Two Years



<sup>7</sup> These rates do not include the SMBs that were not operational prior to COVID-19.



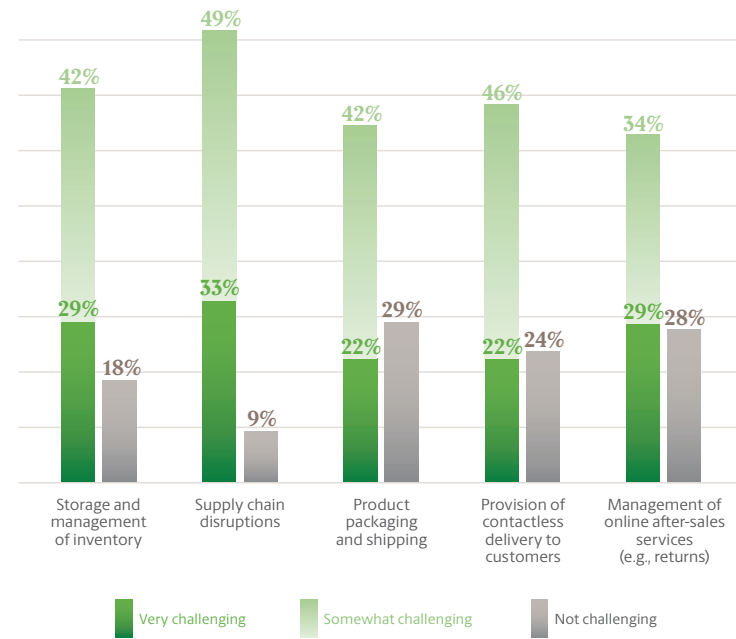
**Major e-commerce challenges include online marketing and information about how to run an e-commerce business.** More than 80 percent of SMBs said that online marketing was either “very” or “somewhat” challenging. Other major challenges indicate they are seeking basic knowledge about how to run an e-commerce business (78%) as well as financial resources to make the investments toward digitization (74%).

There were some significant gender differences. Women-owned SMBs were significantly more likely to rank the following as challenging than men-owned SMBs:

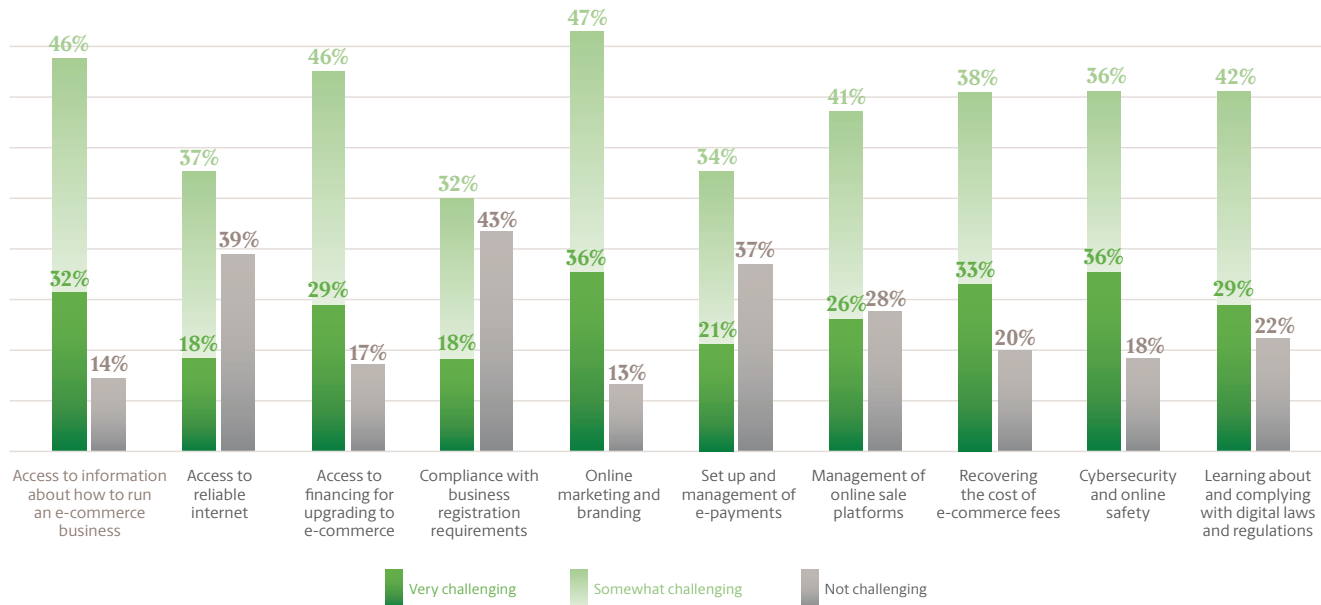
- access to information about how to run an e-commerce business
- reliable internet access
- access to financial resources to upgrade to e-commerce
- management of online platforms

**Supply chain disruptions are the biggest logistical challenge to SMB e-commerce operations, particularly for women-owned businesses.** 82 percent of all SMBs ranked this as challenging. Yet about 95 percent of women-owned SMBs ranked supply chain disruptions as either “very” or “somewhat” challenging, compared to 65 percent of men-owned SMBs.

### Challenges to SMB E-commerce Logistics



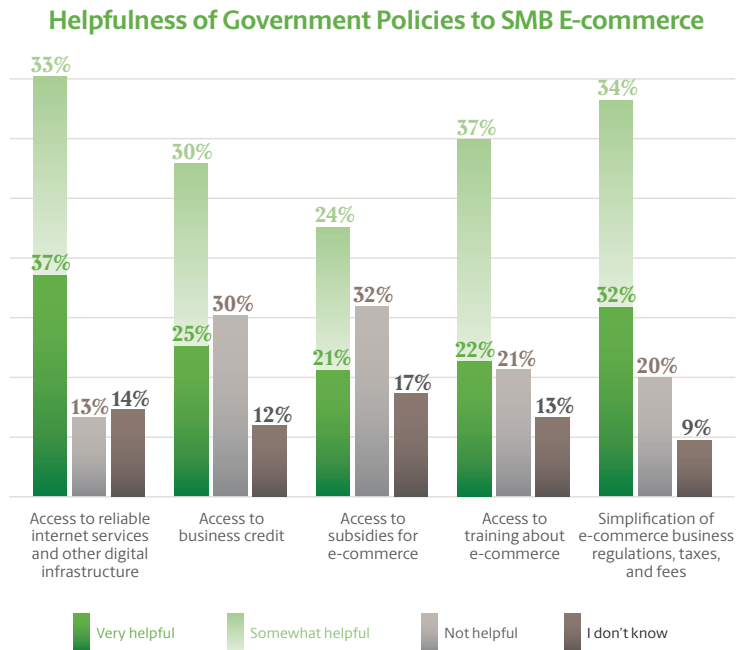
### Challenges to SMB E-commerce Sales



**Most SMBs are selling online via social media.** 62 percent of SMBs sell via social media. Just over one-third sell via their own online store or a local or regional market (38% and 37%, respectively). Only 9 percent of respondents sell on a global platform, like Amazon.

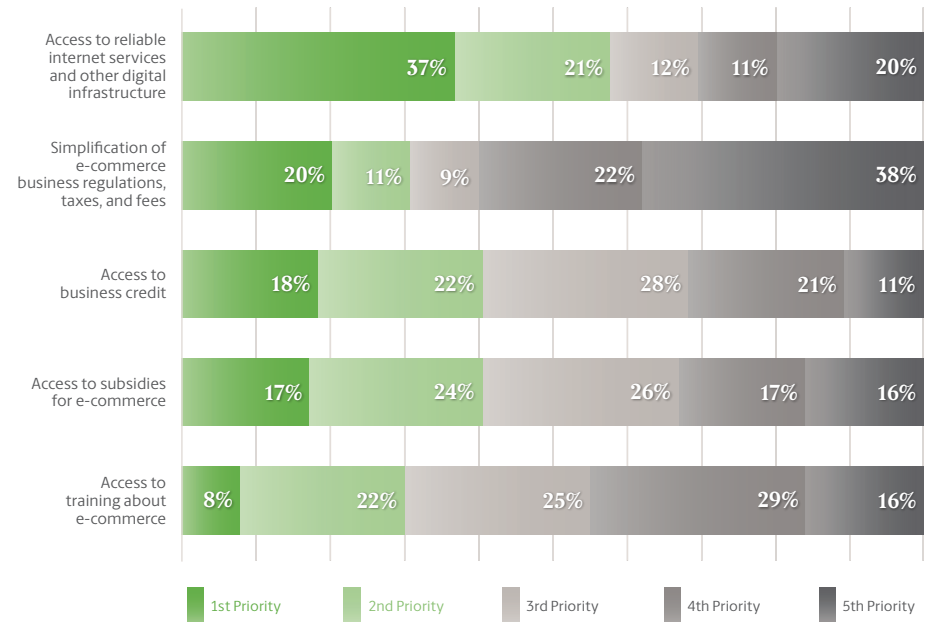
**Nearly a quarter of surveyed SMBs answered that they are less likely to experience harassment and discrimination when conducting business online.** There were no significant gender differences, however.

**SMBs who sell online generally found government policies to be helpful during 2021, particularly for women-owned SMBs.** 70 percent of SMBs and 76 percent of women-owned SMBs reported that government policies that provided access to reliable internet were either “very” or “somewhat” helpful, compared to 60 percent of men-owned SMBs. Women were also more likely to report that access to business credit was helpful (63% compared to 43% of men). In addition, men-owned SMBs were more likely to answer “I don’t know” regarding business credit, suggesting a gap in knowledge about these types of programs.



**SMB owners who sell online ranked access to trusted internet services as their highest priority policy intervention.** The next highest priority interventions were for greater access to business credit and e-commerce subsidies.

**SMB Policy Priorities to Support Expanding E-commerce**



## Why Are SMBs Not Selling Online?

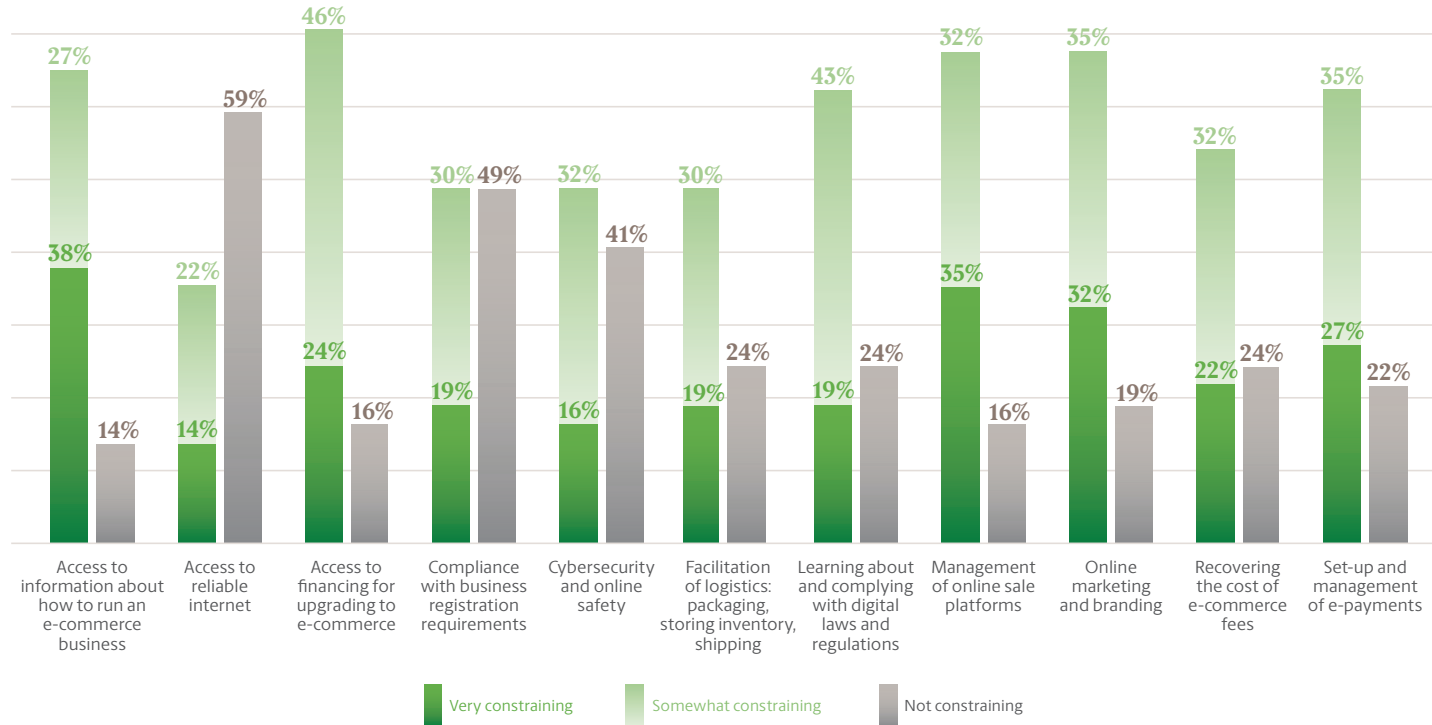
SMBs that are not currently selling online see some benefits of e-commerce. Of the 33 percent of surveyed SMBs that are not selling online, nearly two-thirds (62%) see the benefits of e-commerce to their business. This means that nearly one-third do not think their business would benefit from e-commerce, and about 8 percent are not sure.

### Top four constraints to SMB expansion to e-commerce:

- access to finance for upgrading to e-commerce (70%)
- management of online sales platforms (68%)
- online marketing and branding (68%)
- access to information about how to run an e-commerce business (65%)

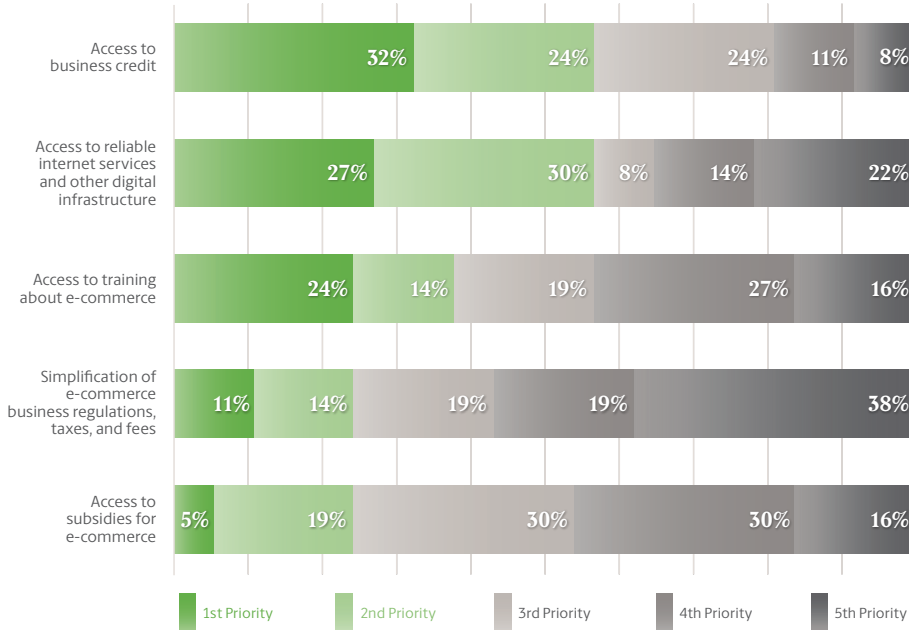
It is worth noting that nearly 60 percent said that access to internet was not a challenge, despite this being a highly ranked policy priority among the same group. However, a notable minority—more than one-third—of SMBs still struggle with reliable digital infrastructure.

Constraints to SMB Expansion to E-commerce



**Access to business credit is the top priority for SMBs that want to expand into online sales, followed by access to reliable internet services.** Although about two-thirds of SMBs not currently selling online said that reliable internet is not a challenge, more than half (57%) ranked it as their first or second priority for policy intervention.

### SMB Policy Intervention Priorities to Support Expanding into E-commerce



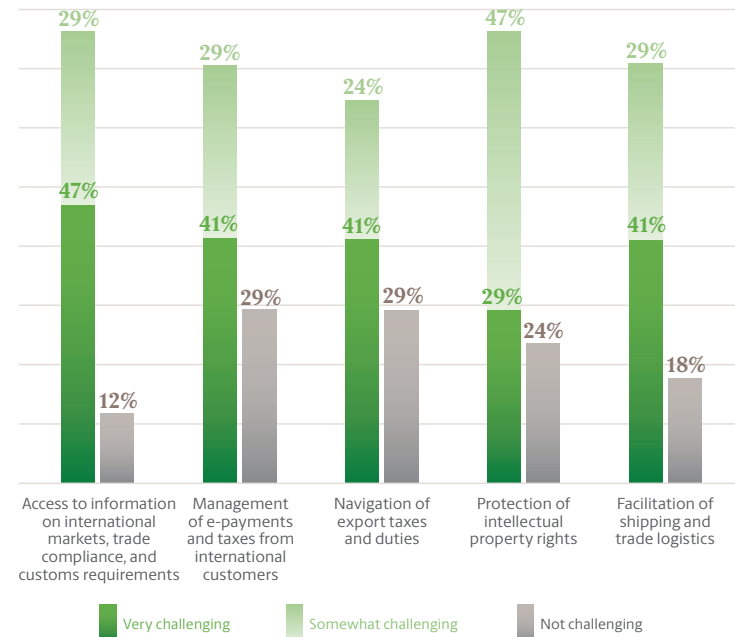
## Trends in Exporting

Only 15 percent of all surveyed SMBs (22% of those selling online) are engaged in e-commerce exports. For these SMBs, international online sales make up an average of 27 percent of total sales. The majority of these SMBs (59%) export to other parts of East Asia and the Pacific.

**Exporting has gotten easier for SMBs.** 53 percent of the SMBs that sell internationally said that e-commerce exports have gotten easier since the start of the pandemic. 29 percent disagreed and 18 percent did not export prior to the pandemic.

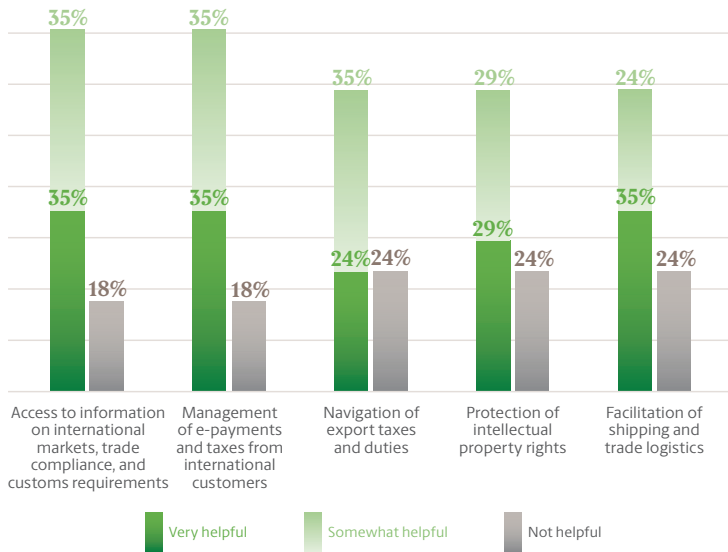
**Information on international markets and protection of intellectual property rights were the top export challenges.** It is notable that almost two-thirds of respondents ranked all export challenges as either “very” or “somewhat” challenging.

### Challenges to SMB E-commerce Exports



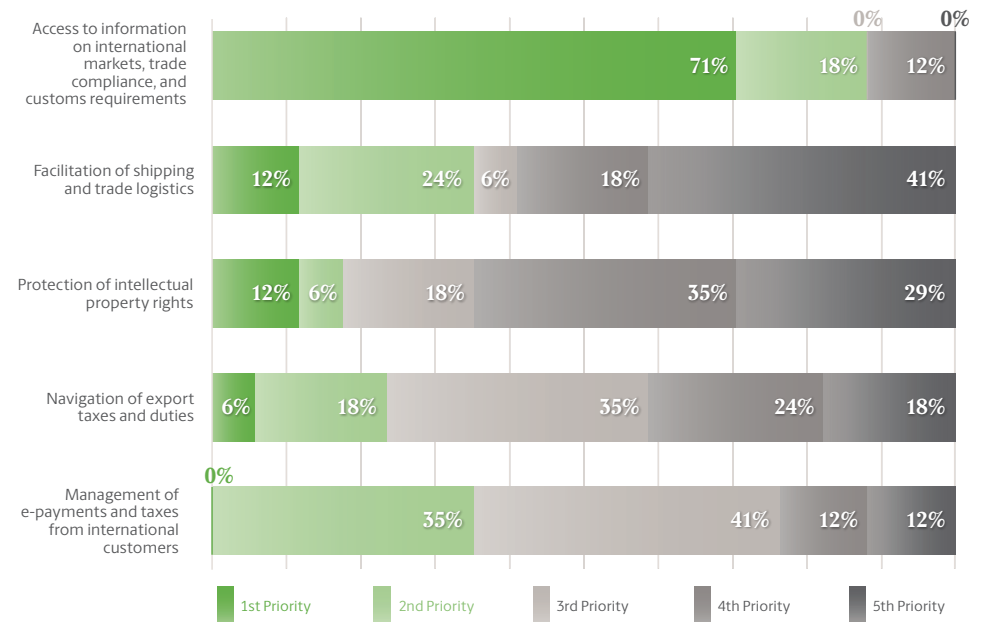
**Government initiatives that provided information on international markets and supported the management of electronic payments and taxes from international customers were most helpful to surveyed SMBs.**

### Helpfulness of Government Policies to SMB E-commerce Exports



**Access to information about international trade was the highest priority for policy interventions.** Given that SMBs reported access to information about international markets, trade compliance, and customs as their greatest challenge and an area where the government was most helpful, it is not surprising that they also ranked this overwhelmingly as their top priority area for policy intervention.

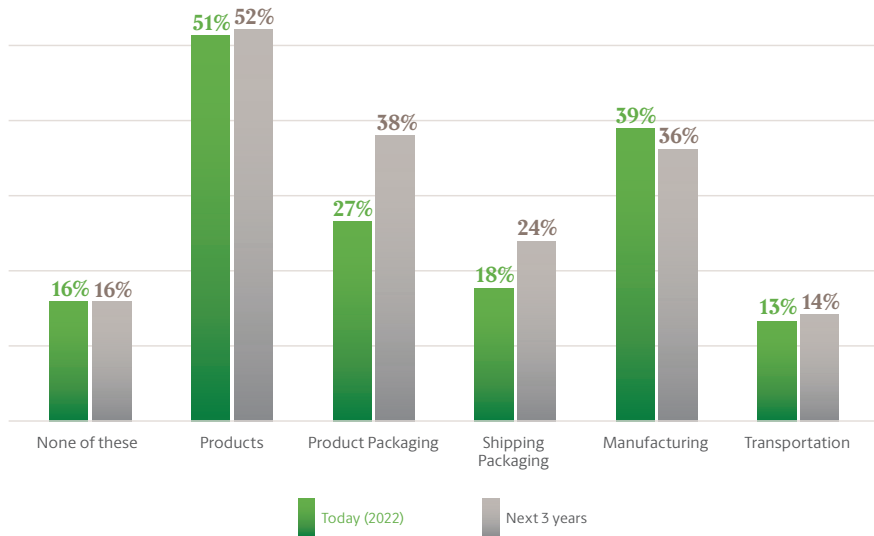
### SMB Policy Intervention Priorities to Support E-commerce Exports



## Sustainability

**Environmental sustainability is a priority for surveyed SMBs.** A large majority (76%) of SMB owners report their business as being either “very” or “somewhat” environmentally-friendly. In addition, many SMBs report having plans to incorporate more eco-friendly or sustainable aspects into their businesses, particularly with regards to products, product packaging, and manufacturing. Transportation is the area that appears to have the least amount of investment in environmental sustainability.

Current Practices vs. Future Plans for Environmental Sustainability



SMB Environmental Sustainability

