

# The Acceleration of Ecommerce Among Small Businesses

## THE STATE OF SMALL BUSINESS TODAY

In the U.S. today, small businesses account for over 99 percent of businesses and employ nearly half of the workforce.<sup>1</sup> They have felt the effects of the pandemic particularly hard – a quarter of small businesses have reported temporarily closing since March.<sup>2</sup> Given this reality, many small businesses have turned to companies like PayPal for a ladder to a more permanent future – helping with the distribution of federal loans, providing emergency funding, and leveraging the power of ecommerce – to reach a socially distanced consumer population.

## HELPING BLACK-OWNED SMALL BUSINESSES THROUGH COVID-19

Forty-one percent of Black-owned businesses have shuttered since the start of the pandemic, compared to 17 percent of their white-owned counterparts.<sup>3</sup> To help sustain these businesses during this time, PayPal committed \$10 million dollars in emergency funding to Black-owned small businesses, providing up to \$10,000 to more than 1,100 businesses across the U.S.



Philadelphia, Atlanta, Chicago, Houston, Detroit, and Saint Louis were among the top cities where small businesses received significant grants from PayPal.



### CAFÉ WAKEFERN

Bridgett Jeffries owns Café Wakefern, a home-based dog boarding business. When the pandemic hit, Bridgett was forced to close her doors.

**PayPal Empowerment Grant:** PayPal's grant of \$10,000 has allowed Bridgett to keep her business running and combat the continuing financial impacts of COVID-19.



**“Bridgett said the grant has given her hope and helped her feel seen. She said it was like someone finally recognized her and that, ‘‘There is a Black businesswoman that is doing her best, that is trying and that is struggling, we see her... and we are going to help her.’’**

## PARTNERING WITH THE SBA TO EXTEND A LIFELINE TO SMALL BUSINESSES

When the Small Business Administration (SBA) implemented the Paycheck Protection Program (PPP) to distribute loans to businesses impacted by the pandemic, small businesses in particular struggled to access financing. PayPal was the first non-bank lender approved to distribute the PPP funds and provided access to more than \$2 billion in loans to more than 76,000 small businesses in the U.S. Approximately 308,000 jobs were saved with these funds.



### BRONX NATIVE

Bronx Native was started by Amaurys Gullon to sell clothing and goods that represent the rich culture and history of the Bronx.



**PPP Loan:** When the pandemic hit, Bronx Native applied for a PPP loan via PayPal and used the funds to supplement essential costs such as payroll and rent.

**“PayPal helped us continue our mission of changing the narrative and seeing communities like ours thrive.”**

Bronx Native is now launching two California pop-up's – in Los Angeles and San Francisco – to take advantage of open storefronts with low rent and expand their customer base.

## BRINGING BRICK AND MORTAR STORES TO LIFE ONLINE

With a huge number of traditionally physical businesses – such as bakeries, butchers and grocery stores – permanently moving online, businesses are seeking new technologies to support their needs and reach their consumers. These new e-commerce businesses need an integrated payments platform that can drive a comprehensive, consistent, simple and unified payments experience.



### SALTOPIA

Kimarie Santiago, owner of SALTPIA Infused Sea Salts, was faced with a complete stop to business when its wholesale partner shut down due to the pandemic.



#### Pivot to Ecommerce:

Santiago quickly pivoted to online sales by using PayPal, keeping her business afloat and created a new business model to focus on direct-to-consumer and drive sales and traffic to the website.

# 1.7 million

In Q2, 1.7 million merchants decided to join PayPal, which is nearly three times that of an average quarter for the payments company.

## THE PATH FORWARD FOR SMALL BUSINESSES

While the pandemic has hit small businesses particularly hard, it has also proven their resiliency. New data from PayPal's Whitepaper "Resilience and Growth During the COVID-19 Pandemic: A Study of Digital Small Businesses"<sup>5</sup> has found that:

- 1 Small businesses that joined PayPal between March and May of 2020 **experienced double their expected sales revenue.**
- 2 Transitioning to digital payments has proven successful, as digital small businesses experienced **25% year-over-year growth** in Q2 of 2020.
- 3 Ecommerce is the key to small businesses expanding their customer footprint – as a result, digital small businesses saw **75% of sales outside of their home state** in Q2 of 2020.