



Brazil

Supporting SMB Growth: Unlocking Recovery through E-commerce

UPS, in partnership with Nathan Associates and ABComm, surveyed 103 SMBs in Brazil to better understand how national and international trade policy can best support SMBs to compete in the global online marketplace. 55 percent of the surveyed SMBs were women-owned. Below are some of the challenges, trends, and recommendations that emerged from this survey.

Ongoing Impacts of COVID-19

More than a year after the COVID-19 pandemic began, approximately 79 percent of Brazilian SMBs reported that they were still suffering revenue losses. Despite this, Brazil's e-commerce market grew 31 percent in the first half of 2021, and this trend has continued into 2022 with e-commerce growing 13 percent in the first quarter of 2022. This year, the top four pandemic-related challenges identified by surveyed SMBs in 2021-2022 were:

- 1 Difficulty attracting customers (81%)
- 2 Decrease in cash flow (75%)
- 3 Disruption in supply chain (66%)
- 4 Increased need to offer new products and/or services (66%)



E-commerce Trends and Challenges

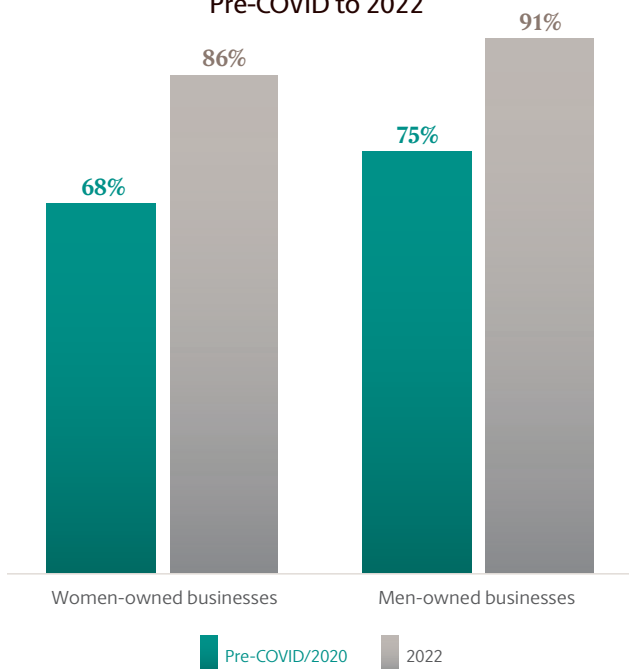
Primary e-commerce challenges in 2022

- Online marketing and branding
- Recovering the cost of e-commerce fees
- Management of online after-sales services such as returns
- Learning about and complying with digital laws and regulations

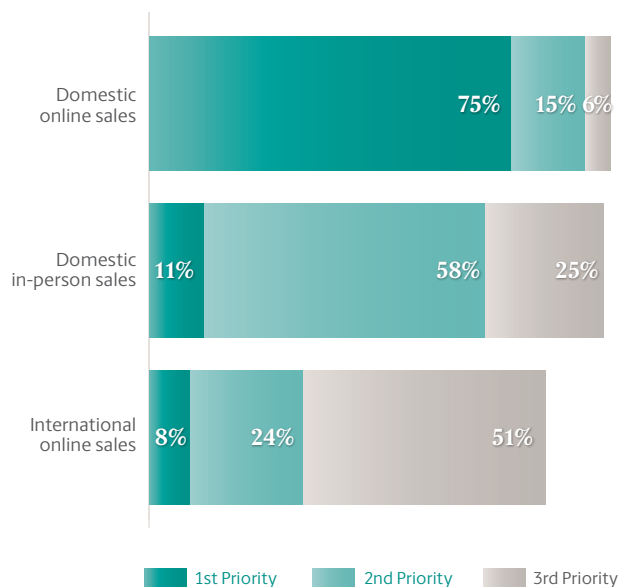
Is e-commerce a priority?

For SMBs that are currently selling online, e-commerce is a priority area of growth for their business. SMBs overwhelmingly indicated domestic online sales as their highest priority.

SMBs Selling Online from Pre-COVID to 2022



SMB Business Growth Goals for the Next Two Years



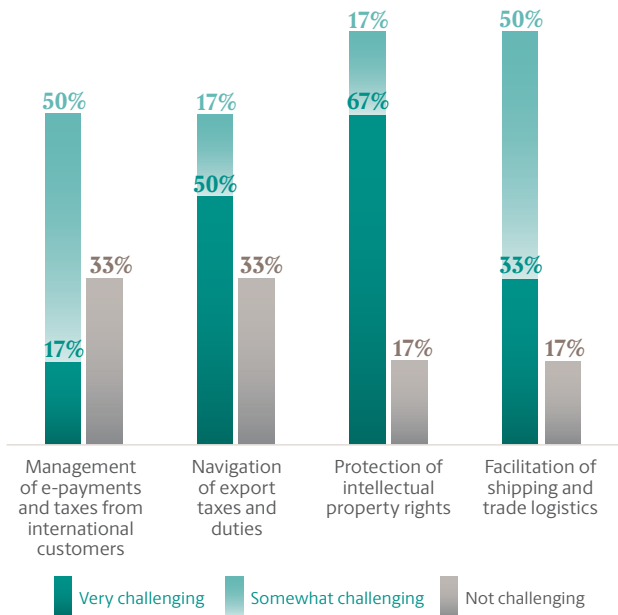


Export Trends and Challenges

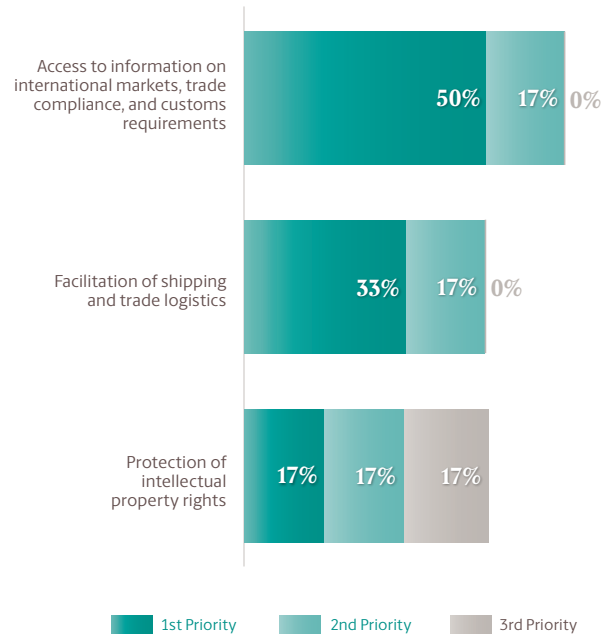
Five out of the six SMBs currently exporting said that exporting has not gotten easier since the COVID-19 pandemic began. Top export challenges in 2022 were:

- Protection of intellectual property rights
- Facilitation of shipping and trade logistics

Challenges to SMB E-commerce Exports



SMB Policy Intervention Priorities to Support E-commerce Exports



Policy Recommendations



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.



Provide Financing to Off-set Upfront Cost.

Leverage partnerships with e-commerce platforms to offer, discounts, and financing that make the upfront costs of transitioning to e-commerce less burdensome for small businesses with limited cash flow.



Ease Access to Export Information.

Provide user-friendly portals and information centers that have market information and guidance for export and trade.



Simplify E-commerce Regulations.

Easier-to-understand regulations and procedures would require less external assistance – and therefore costs – to navigate.



Coordinate Cross-Border Data Flows.

Commit to regulatory cooperation among regulatory systems and avoid data localization requirements.



Eliminate Customs Duties on IT Products.

Sign on to the WTO's Information Technology Agreement to eliminate customs duties on IT products.