



United Kingdom

Supporting SMB Growth: Unlocking Recovery through E-commerce



UPS, in partnership with Nathan Associates and Lowe Consultancy Services, surveyed 100 SMBs in the United Kingdom to better understand how national and international trade policy can best support SMBs to compete in the global online marketplace. 40 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

Disruption in supply chain and decreased in-person sales were also reported as top pandemic-related challenges in a similar 2020-2021 survey.

2021

- 1 Increased demand for home delivery (73%)
- 2 Disruption in supply chain (69%)
- 3 Online sales increased (67%)
- 4 Decreased in-person sales (61%)

2022

- Difficulty attracting customers (70%)
- Disruption in supply chain (67%)
- Decreased in-person sales (67%)
- Decrease in cash flow (63%)



E-commerce Trends and Challenges

Primary e-commerce challenges in 2022

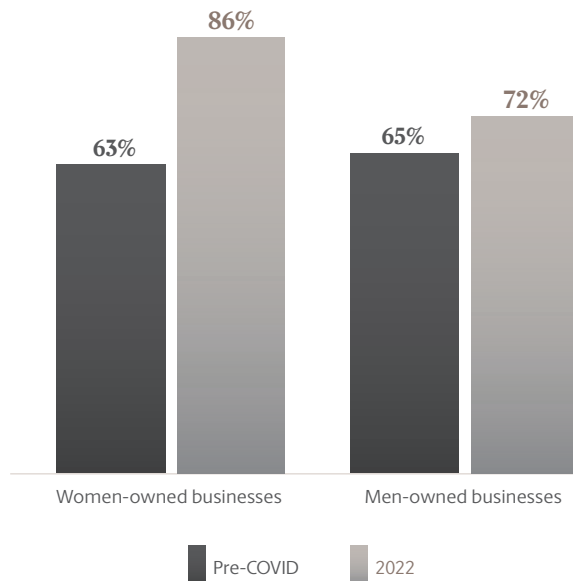
- Online marketing and branding
- Storage and management of inventory
- Supply chain disruptions
- Product packaging and shipping

SMBs overwhelmingly indicated that they are dealing with more logistical challenges than sales challenges when selling online.

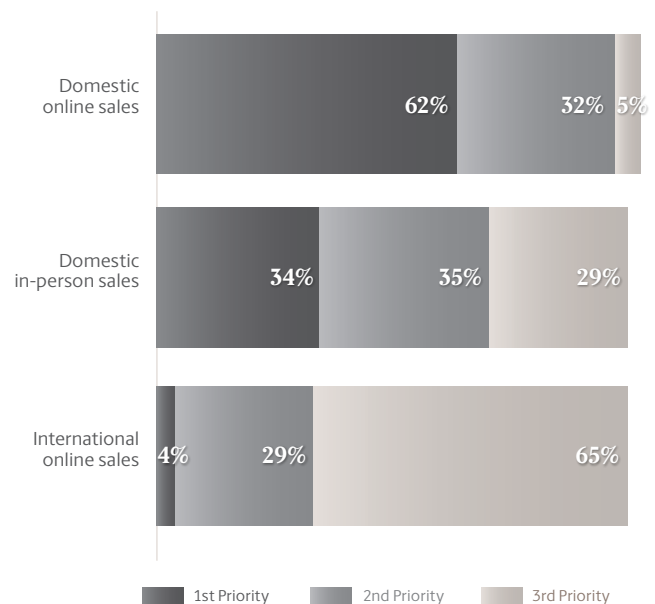
Is e-commerce a priority?

For SMBs that are currently selling online, e-commerce is a priority area of growth for their business with domestic online sales as their highest priority. Additionally, more women-owned SMBs than men-owned SMBs reported they were selling online in 2022. However, only 4 percent of all SMBs ranked international online sales as their highest priority.

SMBs Selling Online from Pre-COVID to 2022



SMB Business Growth Goals for the Next Two Years



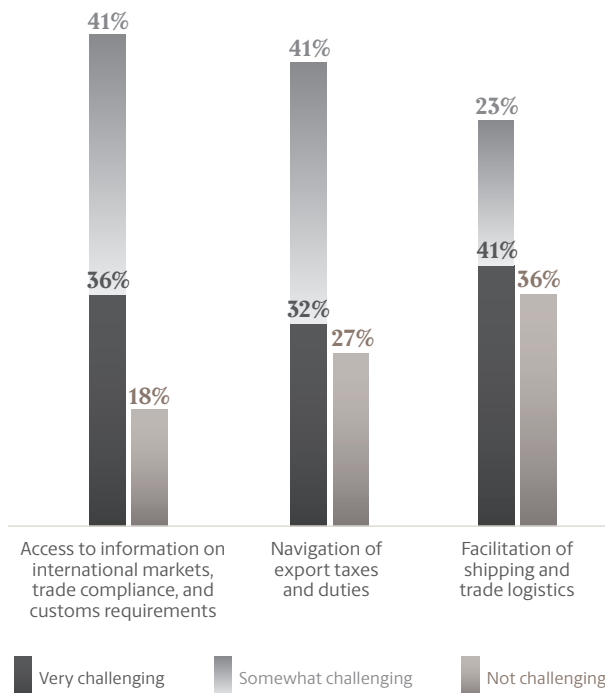


Export Trends and Challenges

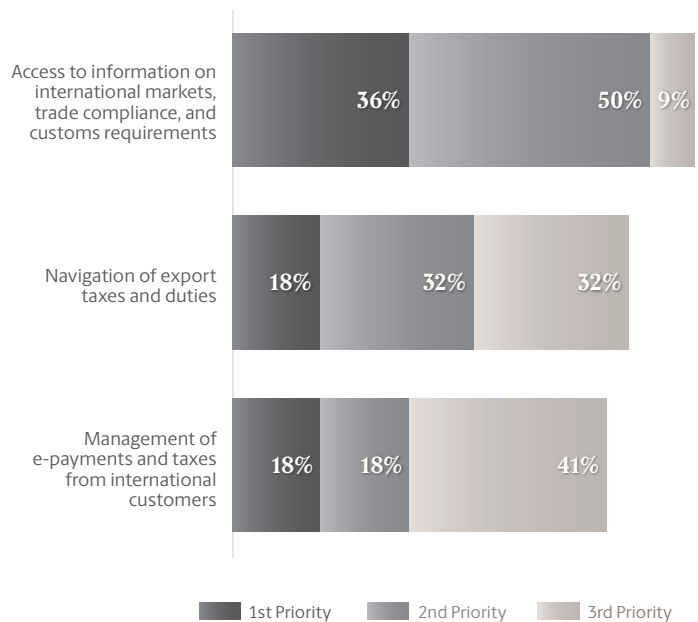
22 percent of surveyed SMBs were exporting. Of these, 32 percent reported that exporting has gotten easier since the start of the pandemic. When asked about Brexit-specific challenges to exporting, respondents pointed to increased costs, confusing laws and regulations, the loss of the European market, and shipping delays as being particularly challenging. As in 2021, SMBs identified challenges around collecting taxes from international customers and trade compliance and customs requirements as challenges. Additional challenges in 2022 include:

- Navigation of export taxes and duties
- Facilitation of shipping and trade logistics

Challenges to SMB E-commerce Exports



SMB Policy Intervention Priorities to Support E-commerce Exports



Policy Recommendations



Increase Business Capacity for SMBs. Provide tax credits or special funds to help SMBs invest in services and platforms to enhance their competitiveness.



Modernize Trade Agreements. Include modern customs provisions that take time, cost, and complexity out of trade through additional services liberalization and fair standards for competition.



Simplify Administrative Process for Trade. Implement policies to streamline border procedures and reduce trading costs to encourage SMBs to export and expand into new markets.



Increase Logistics Support. Both government and logistics partners should work together to help SMBs better manage inventory and provide efficient and cost-effective transport and delivery services.