

UK SMEs show resilience amid economic strain

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Britain's small and medium-sized businesses are showing strong confidence in their future despite ongoing financial pressures, according to a new report from eBay UK.

The study revealed that nearly four in five entrepreneurs (78%) expect growth over the next 12 months. Of these, around one in three described themselves as "very confident," reflecting optimism in a sector often overlooked in government policy. The findings come as

the British Retail Consortium (BRC) highlights fragile consumer confidence, particularly among older shoppers, while major retailers warn ministers that inflation and rising costs continue to squeeze households.

The research highlights a changing landscape for entrepreneurship in the UK. Many new ventures begin with limited resources: 44% were launched with under £1,000 in initial investment, and 3% with no starting capital at all. Increasingly, these businesses are becoming primary sources of income rather than side projects, signalling a shift toward flexible, digital-first careers.

Drivers of this optimism include strong consumer demand (30%), the growing use of innovative selling tools and artificial intelligence (17%), and support from online platforms. One example is Rarewaves, which began as a small vinyl store in 2005 and has since grown into a global retailer. The company now records an annual turnover of around \$100 million, crediting its success in part to AI tools that manage millions of product listings across multiple marketplaces.

Artificial intelligence is emerging as a key growth driver across the SME sector. The report found that 43% of small business owners are enthusiastic about AI's potential, while a further 26% are open to exploring its use. For those already applying the technology, AI is reducing administrative workloads and speeding up product listings, vital for businesses with limited staff.

However, challenges remain. Business owners cited the wider UK economic climate, time pressures, and difficulties accessing funding as major obstacles. This aligns with warnings from the BRC, which recently forecast that food prices may rise by around 6% in the coming months, further dampening consumer sentiment.

Eve Williams, general manager of eBay UK, said the new generation of entrepreneurs is both “ambitious and adaptable.” She added that many are “already embracing tools like AI to scale smarter and grow faster.” Williams stressed that eBay is committed to lowering barriers to entry, supporting innovation, and helping sellers build “flexible, digital-first businesses designed for the future of work.”

Despite uncertain economic headwinds, the findings suggest Britain's SMEs remain resilient, highlighting an entrepreneurial spirit that could help sustain the UK economy where larger retailers are continuing to struggle.

