



Connected Commerce  
Council

## **CONNECTED COMMERCE COUNCIL'S COMMENTS ON COMPETITION AND CONSUMER PROTECTION IN THE 21<sup>ST</sup> CENTURY**

August 20, 2018

The Connected Commerce Council (3C) is a non-profit membership organization with a single goal: to promote small businesses' success through the adoption of essential digital technologies and tools. 3C provides small businesses with services to facilitate access to the market's most effective digital tools, delivers education and coaching to help small businesses optimize growth and efficiency, and works to cultivate a policy environment that considers and respects the interests of today's small businesses and that thereby promotes consumer welfare.

The digital economy has drastically changed how small businesses operate, and so 3C and its small business members have a strong interest in these hearings. Before, a small business might connect to consumers via the Yellow Pages and other print advertising, direct mail, billboards, brick-and-mortar stores, radio and television advertising, and trade shows. Small businesses would often need local lawyers, accounting firms, human resource managers, payroll providers and conference rooms for on-site meetings.

But now there are digital platforms, including Facebook, eBay, Google, Amazon, YouTube, Snap, Oath, Etsy, Expensify, Quickbooks, OpenTable, Slack, Square, Houzz, Pinterest and a host of others, that allow businesses to reach more potential customers, operate more efficiently and internationally, and offer better and innovative products at lower prices. For small businesses, especially startups with very small budgets, today's digital platforms and tools offer inexpensive ways to operate their business, reach prospective customers, learn which products and features customers value most, and then offer that value at competitive prices that drives sales and increases revenue.

Some 3C companies operate entirely digitally; some have physical product that they source, market and sell digitally; and many are traditional brick-and-mortar businesses that have adopted digital opportunities to increase revenue more quickly, operate more efficiently, and be more successful. One common thread is our member companies' delight upon discovering new digital tools.

*"I had avoided hiring employees for so long because the paperwork involved with different states, tax systems and red tape seemed like a nightmare. Because Gusto made it easy I've been able to transform my team and create 5 new jobs in the last 18 months."*

*"I remember making my first website using Microsoft Front Page. Making that website launched my real estate career."*



Connected Commerce  
Council

*“There are many firsts that I was excited about, but the first that comes to mind was being able to list my products for sale on Amazon. This now accounts for 15% of our revenue – a sizeable chunk that I would not be able to achieve through my wholesale customers.”*

*“Our a-ha moment was when we started playing around with Facebook. We joined because it was free and we had no marketing budget left. We had spent hundreds of thousands of dollars on print and television advertising and had seen no marked increase in sales volume. In contrast, Facebook delivered almost immediate growth in our day-to-day bookings.”*

As the FTC turns its attention to digital tools, 3C urges the Commission to appreciate and accommodate the needs of small businesses that rely on these tools to compete (often against large industry incumbents), to gain digital economies of scale that small businesses simply cannot generate independently, and thereby to facilitate the supply of higher quality and lower-priced products to consumers from small businesses. Small businesses need “off the shelf” digital products that work quickly and seamlessly. Small businesses benefit tremendously by utilizing no-cost and low-cost services and tools offered by platforms, and as a result consumers benefit when small businesses can compete more aggressively and price more competitively.

Efforts to regulate digital networks, products and tools by “fixing” competition and data protection concerns may reduce those products’ capabilities – which will harm small businesses and cost consumers, who will face higher prices, reduced quality, and stunted innovation. It is critical that the FTC consider the cost and impact of potential regulation, investigation, and enforcement on the millions of small businesses that drive today’s economy—and on the consumers who benefit as a result.

## **(2) Competition and consumer protection issues in communication, information, and media technology networks**

Small businesses rely heavily on communication, information and media technology networks and platforms. For purposes of this section (focusing on networks) and the following section (focusing on platforms), it is important to define and distinguish networks and platforms.

At their root, networks are systems of interconnected people or things. Unidirectional networks include conventional broadcasters, like radio and television, which enable communication by one to be delivered to many. Multidirectional networks enable two-way



Connected Commerce  
Council

communications, including one-to-one or many-to-many. Multidirectional networks include America's traditional "copper wire" telephone network, as well as the increasingly fiber optic cables and wireless transmission software that comprise broadband internet infrastructure.

Platforms are digital (for the purposes of this submission) products and services that utilize the network's data transmission capabilities. Some platforms are one-sided, such as accounting, payroll or contact management software that enables companies to create and store their own data and access the product's functionality "in the cloud" rather than on only one computer's hard drive or on one local server. Other platforms are multi-sided, allowing different third parties to interact with each other as they utilize the product.

Small businesses rely on existing and emerging technological networks. For example, 3C small business members benefit tremendously from networks that have:

- **Geographic Reach:** *"I am able to work with experts anywhere in the United States and the world. I have benefited from hiring agencies and freelance experts wherever they may live, at a cost my small company can afford. Previously, I would have had to work with a local marketing agency that had no experience in my niche market, or a huge (and unaffordable) agency in New York or San Francisco."*
- **Robust Data Capacity:** *"Google Drive has become our new go-to for quick access to photos that our technicians take in the field. Often it was difficult to get the field photos into the office quickly as the files were too big for email attachments. Being able to upload them to Google Drive is fast, efficient and helps our staff keep workflow running smoothly."*
- **Speed:** Many 3C members are advertising and selling products digitally, globally and in real-time. Network speed is critically important in competitive and price-sensitive activities, including online advertising, auctions and marketplace selling.

Moreover, it is important for even the smallest businesses that networks continue to increase data capacity, transmission speed, geographic reach, data security and physical stability. Continuing investment in networks is critical for all businesses, but especially small businesses that – financially and technically – will never be able to build or otherwise substitute for the foundational global networks that support our digitally-powered enterprises. Network competition is important for all network consumers, including 3C small business members, but regulators and policymakers must balance extremely carefully the challenges of promoting competition and the need for operators to have enough investment capital to fund network improvements and sustainability.