



**Statement of Dharmesh Mehta  
Vice President, Worldwide Customer Trust and Partner Support  
Amazon.com, Inc.  
before the  
United States House of Representatives  
Committee on Small Business  
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Thank you, Chairwoman Velázquez, Ranking Member Chabot, and members of the Committee. My name is Dharmesh Mehta, and I am the Vice President of Worldwide Customer Trust and Partner Support at Amazon. I have the privilege of leading the teams dedicated to helping support our selling partners to succeed in our store, and the teams dedicated to ensuring that we prevent bad actors, fraud, and abuse from harming our customers, brands, and selling partners.

I'd like to address three items in my testimony. First, Amazon's long record of partnering successfully with small businesses and the remarkable corresponding growth of small businesses selling on Amazon. Second, Amazon's investments in tools and infrastructure for our selling partners. Third, our support for our selling partners and their brands.

**I. Amazon's Partnership With Small Businesses.**

Amazon's mission is to be Earth's most customer-centric company. Our philosophy is simple: work backwards from what customers want – convenience, selection, and low prices – and constantly innovate to make our store better, for both our buying customers and our selling partners.

By offering small and medium-sized businesses a low cost way to reach customers worldwide, and through our investments to support these businesses, Amazon lowers barriers to entry for entrepreneurs, helps make retail even more vibrantly competitive, and continues to delight customers with new innovations. The reason our store model has worked so well, and why both Amazon and our selling partners have thrived since we introduced it, is that empowering third-party sellers helps create a better customer experience than Amazon otherwise could provide on its own. This is why many other retailers around the world have also adopted the model we pioneered, further intensifying competition within retail across online, offline, in-store, and other channels.

In 1999, we made the decision to open our stores—where we had invested significantly in the customer experience and built considerable customer trust, brand equity, and traffic—to small and medium-sized businesses to sell alongside us. We wanted to give customers greater selection, and with the partnership of small and medium-sized businesses that selection and corresponding benefits to customers continue to grow. Today, in the United States alone, there

are more than 1.9 million businesses, content creators, and developers in the U.S. using Amazon products and services to realize their dreams. In 2006, we followed this same approach and invited small and medium-sized businesses to use our logistics network, Fulfillment by Amazon – where we have invested billions of dollars in fulfillment centers and shipping capabilities – to store, pick, pack, ship, and provide customer service for their products (even if those products were not sold in the Amazon store). We wanted to give customers even faster delivery and with the partnership of small and medium-sized businesses, we now provide even more products at faster delivery speeds. There are countless other examples where we make innovative tools available to help small and medium-sized businesses grow and thrive in our store.

And, U.S. small businesses are thriving on Amazon: on average, they sell more than 4,000 items per minute in our stores. In 2018, small and medium-sized businesses made an average of \$90,000 selling in Amazon’s stores. More than 50,000 entrepreneurs surpassed \$500,000 in sales and 25,000 of them exceeded \$1 million. We are also incredibly proud of the fact that small and medium-sized businesses selling in Amazon’s stores have created more than 830,000 jobs in the U.S.

When Amazon first invited third parties to start selling on Amazon in 1999, they represented just 3 percent of our sales, totaling \$100 million. Amazon invested substantially and invented products and services to empower selling partners to help them succeed. Now, over 58 percent of the value of physical products sold in Amazon’s stores come from small and medium-sized businesses – totaling \$160 billion. Third-party sellers’ compound annual growth rate has been 52 percent over the past 19 years, while our first-party business has grown 25 percent. To be clear, that means that third-party sales are growing more than twice as fast as Amazon’s own sales. We celebrate that growth, and we expect that trend to continue.

Numbers paint only part of the picture of our small and medium-sized business selling partners’ success. Every Amazon small business has a story that tells much more. I would like to share a few with the Committee.

**Tara Darnley, Darlyng & Co. (Greensboro, NC)**

Tara Darnley and her husband, Carl, had an idea for soothing their child’s teething troubles. Tara didn’t have a business background or a college degree when they developed the product, and her husband was still working full time as a pastry chef. A few prototypes later, Darlyng & Co. was in business with the Yummy Mitt – an innovative new teether – and was becoming a real hit at trade shows. A few months later, the Yummy Mitt was on retail shelves. But Tara said listing the product on Amazon was a real game changer - seventy-five percent of their sales come from Amazon. Tara relies on Amazon customer reviews and sales data to grow the business, saying, “We thought we only needed to market to moms, but our Amazon data showed us we really needed to target grandparents. Once we did, our sales jumped.” Darlyng & Co. is now a global company selling 20 other products for babies and toddlers. Carl quit his day job and now works alongside Tara and a team of ten employees.

### **Chris Guiher, Vintage Book Art Co. (Columbus, OH)**

Chris Guiher founded his company after unfortunate circumstances forced him to shut down a prior business and left him, in his own words, “basically broke.” Chris decided to return to his creative roots and founded Vintage Book Art, which specializes in unique art printed on dictionary pages. He sells his products in Amazon’s stores using our logistics network, Fulfillment by Amazon (FBA), and has become one of the top artisans on Amazon Handmade. His business has grown by 500 percent since starting with Amazon. When asked about his sales through FBA, Chris said that it has allowed him to grow his business “much faster and more efficiently than I would have been able to without that fulfillment service.”

### **Sejal Parag, KarmaLit (Denver, CO)**

The glow of a candle was an everyday presence in Sejal Parag's childhood home. Her mother lit one each evening to signal the end of a day, a time to reflect and relax. When Sejal started her own family, candle-making became a hobby. In 2015, she saw an opportunity to leave her job at an education non-profit and go into business for herself selling affordable hand-poured, soy-based scented candles on Amazon Handmade. She wanted to be home with her kids and have flexibility to pick them up from school and spend time with them. As a former education advocate, Sejal donates a portion of her sales to schools in her local community and decided to start an initiative to teach young women how to launch and run their own small businesses. She hires local high school girls to give them real world business experiences working with her at KarmaLit.

## **II. Amazon’s Investments In Tools And Infrastructure For Our Selling Partners.**

We know that our selling partners have many ways to reach customers, so we invest in delighting them, providing world-class support, and creating innovative tools to help them run their businesses – including how they manage inventory, process payments, track shipments, improve sales, and sell across borders. In 2019 alone, we will invest \$15 billion in infrastructure, services and tools, programs, and people to further our selling partners’ success.

Amazon employs more than 7,000 employees worldwide who build and maintain the systems and tools that make it easier for our selling partners to identify, attract, and reach our customers, provide our selling partners with vital business analytics, and distill that data into concrete steps to grow their businesses. These employees are constantly developing new services for our selling partners; in 2019 alone, we have launched over 150 new services and tools to help our selling partners run their businesses on Amazon.

A few examples of the innovative tools and services we offer to support small businesses and entrepreneurs include:

- ***Fulfillment by Amazon (FBA)***: our logistics network where businesses selling on Amazon can choose to have us store, pick, pack, ship, and provide customer service for their products (even if those products were not sold in the Amazon store). We have grown our logistics network to be closer to our customers, and we now have 110 fulfillment

centers in the U.S. Improvements in our logistics network benefit all of our small and medium-sized business selling partners. In just one example, we are excited about offering Prime Free One Day shipping to our selling partners because we know that faster delivery times boost sales. As of June 2019, Prime Free One Day shipping is available to Prime members with no minimum purchase amount on more than 10 million products, coast to coast. We saw that 70 percent of selling partners who were able to deliver in two days reported unit sales increases of greater than 20 percent, which is a good indication that Prime Free One Day will help them delight more customers and sell even more.

- *FBA Export*: Small and medium-sized businesses can also choose to use FBA's Export Tool to list products on Amazon or their own websites and have Amazon export orders to customers in countries around the world. With FBA Export, a small company can prioritize investing time and money into building their business and brand, rather than in finding customers in other countries, conducting market research, and learning how to navigate logistics. Last year, U.S.-based Amazon selling partners sold more than \$2 billion in our international stores, reaching customers in more than 180 countries, fourteen marketplaces, and across more than thirty product categories.
- *Amazon Storefronts*: a store featuring exclusively U.S. small and medium-sized businesses selling on Amazon. With Storefronts, customers can shop a curated collection of more than 2.5 million products from nearly 30,000 U.S. small and medium-sized businesses from all 50 states, with more than 250 million items sold to more than 70 million customers.
- *Amazon Handmade*: a store that provides customers a trusted destination to find handcrafted customizable items or one-of-a-kind goods made by artisans who are selling to millions of Amazon customers all over the world.
- *Seller Coach*: provides recommendations to selling partners to help increase their success. It notifies them of new products they might want to list, flags best-selling items that they may want to manufacture or be inspired by, highlights top keywords so selling partners can optimize their advertising, helps them identify when to re-stock inventory, offers pricing recommendations, and much more. The tool generates customized reports based on business analytics and data, providing curated guidance for selling partners based on the selling partner's past activities and customer demand.
- *Amazon Intellectual Property Accelerator*: helps brands connect with high-quality trademark attorneys working at pre-negotiated, discounted rates to help selling partners obtain trademark registrations and other intellectual property for emerging brands. Amazon also provides businesses using IP Accelerator with earlier access to brand protections and brand building features in Amazon's stores, and to better protect and grow their brand months, or even years, before their trademark registration is officially issued.

- *Selling Partner Appstore*: helps selling partners identify trusted third-party applications that complement Amazon's free tools to further help them streamline their business operations. With more than 200 apps available, selling partners can find tools and services across a range of categories including pricing, advertising, and inventory management. These tools can also help selling partners sell across multiple marketplaces, integrate with their own physical point-of-sale software, optimize their marketing, and analyze reviews.

### **III. Amazon's Support For Our Selling Partners And Their Brands.**

Amazon employs more than 10,000 full-time employees and partners with more than 5,000 contracted workers around the world dedicated to understanding, responding to, and providing support for our selling partners. These people are committed to helping our selling partners succeed, including assisting them in setting up and managing their accounts, listing products for sale, and answering their questions. We strive to respond to and resolve every contact expeditiously. In 2018, for example, more than 90 percent of emails from selling partners were responded to in under 12 hours; more than 90 percent of phone calls from selling partners were answered in under 90 seconds; more than 90 percent of chats from selling partners were answered in under 90 seconds; and more than 80 percent of all selling partner issues were fully resolved in under 24 hours.

Amazon also employs more than 5,000 employees worldwide to prevent fraud and abuse in order to protect our customers and the success of our honest selling partners. In 2018 alone, we invested over \$400 million to fight fraud and abuse in our stores; those investments directly benefit our selling partners by building a shopping experience trusted by hundreds of millions of customers, and by preventing bad actors from impeding our selling partners' success.

Our primary focus is on preventative, technology-driven tools designed to proactively stop fraud and abuse at scale before it ever affects a customer or selling partner. Our technology constantly analyzes data for potential risk beginning the moment a new account attempts to register. We also continuously scan our existing product listings and all new product updates to find products that might present a concern. Our tools scan the more than 5 billion daily product changes submitted by our selling partners, and we analyze the tens of millions of customer reviews that are submitted weekly. When we find something concerning, we may stop that listing or review, ask for more information, or conduct further investigation.

In 2018, our proactive efforts blocked over 1 million suspected bad actor accounts before they were able to publish a single product for sale, and we blocked over 3 billion suspected bad listings from being published in our stores. In addition to these technology tools and our other proactive efforts, we invest heavily in innovative mechanisms for brands so they can partner with us to better protect brands and customers by preventing counterfeits and other infringing products from being sold in our stores. A few examples of the innovations we offer our selling partners and brands to help protect their intellectual property and protect customers include:

- *Brand Registry*: This free service powers proactive brand protection on Amazon and is available to any rights owner, including small and medium-sized businesses, with a registered trademark, independent of any economic relationship with Amazon. Through Brand Registry, brands gain access to powerful tools including automated brand protections that use machine learning to detect potentially infringing listings and proactively protect brands' intellectual property. More than 200,000 brands have enrolled in Brand Registry, and those brands are finding and reporting 99 percent fewer suspected infringements than before the launch of Brand Registry.
- *Transparency*: This product serialization service effectively eliminates counterfeits on enrolled products. Amazon provides unique codes that participating brands place on every unit they manufacture of an enrolled product. Amazon then scans these codes before a product is shipped, ensuring only authentic products are received by customers. Since Transparency's launch in 2018, over 6,000 brands have enrolled, enabling Amazon to protect brands and our customers by detecting and preventing over 300,000 counterfeit products from being sold. To date, brands have not reported a single counterfeit notice of infringement for products fully enrolled in Transparency.
- *Project Zero*: This new program launched in 2019 empowers brands to partner with Amazon to drive counterfeits to zero. It combines the breadth and power of Amazon's technology-driven automated protections, the complete coverage of product unit serialization, and a new self-service tool that gives rights owners the control to directly remove suspected counterfeits from Amazon's stores. As of October 2019, over 6,000 brands are already enrolled in Project Zero.

#### **IV. Conclusion.**

As the Committee knows, small businesses make up half of the country's gross domestic product, more than half of our jobs, and 75 percent of new jobs created each year. These businesses are the backbone of our economy. We've heard from many of our small business partners that they want help and guidance leveraging technology to grow their businesses right from their hometowns. We are proud that our tools, training, and resources help them do just that. In the United States alone, there are more than 1.9 million businesses, content creators, and developers in the U.S. using Amazon products and services to realize their dreams, and we are excited that we are helping small and medium-sized businesses selling in Amazon's stores to create more than more than 830,000 jobs in the U.S.

In addition to helping small and medium-sized businesses sell in our stores, we've created a series of services and opportunities that enable businesses and entrepreneurs of all kinds to pursue their dreams by opening access and bypassing traditional gatekeepers:

- Hundreds of thousands of authors have self-published millions of books through Kindle Direct Publishing. This means more diversity of authors, a broader range of content, and ultimately better products for our customers.

- We are empowering independent contractors to partner with Amazon in fulfillment operations and become business owners. As business owners, they hire and develop a team of drivers employing up to 100 people and operate a fleet of vans. Amazon helps them get set up and ready to operate out of a delivery station in their local city.
- Hundreds of thousands of small and medium-sized businesses, tech consultants, and startups use Amazon Web Services (AWS). In 2018, we provided more than \$500 million in AWS credits to help startups build their business.
- Alexa gives entrepreneurs the opportunity to reach millions of engaged customers with a voice-first business. More than 90 percent of new Alexa-enabled products are built by someone other than Amazon. Hundreds of thousands of third-party developers have built more than 100,000 Alexa skills.

These services, tools, and opportunities enable a wide variety of selling partners, content creators, and independent merchants to sell their products, fuel their creative passion, and grow their businesses – all of which helps drive the U.S. economy.

We look forward to engaging with the Committee on this important topic. Creating policy that is helpful for all stakeholders in our dynamic economy requires careful attention, and our experience has proven that focusing on customers first, and working backward from the best customer experience, makes it easier to make great decisions. Amazon shares the Committee's core goal of supporting small businesses and making sure they have the tools they need to grow. As technology continues to advance the world of retail, so too will the opportunities for all of us to work together to ensure small and medium-sized businesses are able to benefit their employees, communities, and the larger American economy.