

Theo Prodromitis

Congressional Hearing: US Small Business Committee

Thursday, November 14, 2019

My grandparents came over from Greece in the early 1900's and my parents were both born in NY. Our family values include hard work, integrity and helping others. We live by a Greek concept called "philotimo" which means love of honor and serving the greater good. They have all passed but would be extremely proud of my opportunity to share my small business story with this esteemed committee.

Thank you, Chairwoman Velázquez, Ranking Member Chabot and Committee Members, for your time.

Q4 is extremely crazy in retail, but it is an honor for me to be here!

My grandfather joined the US Navy in WWI and my father fought in the US Army in WWII. In addition, entrepreneurship is in our DNA. My father had one of the first automated car washes in New York City where he partnered with local, ethnically diverse families. We moved to Florida when we bought a Golf Course in Tarpon Springs. My father died when I was 8 and my mom became a Real Estate Broker. I started entrepreneurship early by running the school store in elementary school! I worked with my cousin George and brother Dean in our family business. They ran a large warehouse and distribution center with corporate offices and outside sales representatives for 30 years. As a sales and marketing trainer, I worked directly for several manufacturers of beauty products, traveling nationally visiting 12-20 salons and retail stores daily, including chains and big box retailers. The biggest market force I personally observed was the flooding of US stores with subpar, imported Chinese goods. The premium product market was in trouble and *consumer choices were being limited*. I could feel every pain point.

In 2003, we launched Spa Destinations line of personal care products only to have to pivot and downsize during the economic crisis of 2008. We heard about selling on Amazon in 2014. Our colleagues tried to dissuade us, because they saw Amazon as the enemy and competition, not an opportunity. My

experience told me otherwise. Consider that Moore's law of transistor power doubling every year will soon be replaced with Quantum Supremacy. Technology continues to evolve, we just had to figure out how to stay in business.

We didn't listen to naysayers and started small by listing a few of our natural sponges for sale on Amazon. It was an amazing opportunity to get our **premium** natural sponges directly to customers since stores were flooded with subpar, Chinese synthetic sponges. The Amazon selling platform offered us complete business training through "Seller University". They reinvented a way to get small brand, premium products to millions of customers quickly! The professional seller's account only cost \$39.99 a month.

Everyone still asks me, "Can you really make it work on Amazon? Isn't it too hard, too competitive, too ... everything?" One Pulitzer Prize winning journalist interviewed me and asked, "Are you sure your business on Amazon is fair and your business is profitable?" "Absolutely, I replied." He did not include me in his article, but I am proud to be heard today. Yes, you can make it and no it is not too hard.

When Amazon disrupts an industry, product category or concept, there is fall out because they can afford to give away products and profits. But the playing field levels, and it forces innovation and improved product quality. For example, Amazon set a new standard of delivery time with Prime, other retailers like Walmart and Home Depot innovated with in-store pick up and a more robust online presence. Also, Amazon created a category of "luxury beauty" to differentiate the premium brands from discount beauty. It requires more documentation, eliminating most counterfeit, used, spoiled or outdated resale products. Both examples result in an enhanced customer experience.

Customers come first at Amazon, so we *must* offer great products at great prices. Customers can give feedback to Amazon on absolutely everything including the photo, the description, the product. Sellers can provide feedback as well. Amazon is available 24/7 with support and an escalation strategy even

reaching up to Mr. Bezos and his team. They go to great lengths to protect our brand integrity. We do have to constantly read the terms updates, new marketing programs and follow the “Fulfilled By Amazon” shipping policies. In return, we get to co-brand with one of the most trusted brands in the world. Their logistics expertise blows away all the other e-commerce platforms we sell on including eBay and Walmart. They allow us to leverage their billion-dollar technology and they train us on how to maximize sales, in some cases selling directly against them. Where else can I gain potential access to over 80 million customers?

I was invited to the Amazon Women’s Entrepreneurship Conference in Seattle and have shared my experience with other sellers at an Amazon BOOST Conference. There are online and in-person resources available to us all the time.

We love face-to-face business and brick-and-mortar stores. I am on the National Retail Federation (NRF) Small Business Advisory Council. The statistics reveal that brick-and-mortar is thriving and evolving with a synergy of serving customers both in-store and online. NRF projects continued retail growth in 2019.

“It’s not in-store vs. online. It’s all retail. Of the top 50 online retailers, nearly all operate stores.

Industry-wide, online sales make up 10 percent of all retail sales.” -NRF

Since launching on Amazon, we have grown to a multimillion-dollar, profitable business by being able to offer premium products directly to consumers. We reinvest in our people, product research and development and gain invaluable market insight from customer reviews and feedback. Amazon allows me to spend valuable time with my children, attend family events and even take them on vacations (our first one in 2015 was to Washington, DC). Rebuilding our business on Amazon has provided the funds to expand our own website and respond to evolving market demands.

For us, it is a business network that enables us to be a part of something enormous while maintaining control of our brands and individuality. Thank you.