

**U.S. House of Representatives Committee on Small Business
Subcommittee on Health and Technology**

**Testimony on “Modern Tools in a Modern World: How App Technology is
Benefitting Small Businesses”**

Presented by:

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Good morning, my name is Cassie Gray and I’m the owner of Clementine, a handcrafted jewelry business. I’m so honored to have been invited to speak with you today. Thank you Chairwoman Radewagen and Ranking Member Moulton for the opportunity to testify.

My road to entrepreneurship was anything but fast or predictable. I graduated from Haverford College with a BA in English in 1997 and promptly moved to New York and joined the publishing industry, where I worked my way up from assistant to senior copywriter. But I developed something like restless hand syndrome; I just wanted to make something tangible. I started sewing again, then rediscovered beading and jewelry making—all things I hadn’t done since I was a child.

About ten years ago, my personal life was in flux, and I left New York to move back to my hometown of Ashfield, Massachusetts. In this rural hilltown, I had to cobble together a living from whatever I could: freelance writing, waiting tables, and selling my jewelry. I opened ShopClementine on [Etsy.com](https://www.etsy.com) in January 2006. When I got my first sale I literally jumped for joy. For the first few years revenue was quite modest, but I’d fallen in love. I spent hours each day in the Etsy community forums, chatting with other makers from across the country and the globe.

While I was still waitressing and freelancing to get by, I devoted myself to learning all I could about jewelry. I attempted to teach myself to solder, but soon realized that a propane camping canister and tin plumbing solder probably weren't going to give me the results I was looking for. I took a series of intensive metalsmithing courses at several different craft schools, which gave me the confidence to move in new directions, expand my product line and focus on attracting new customers who were willing to spend more for high quality handmade jewelry. Through it all, Etsy has remained my main retail venue. The Etsy platform allows me to talk directly to my customers, making the shopping experience truly personal. Now, I work 50 - 60 hours a week on my business, and yearly revenue is more than \$130k.

While my story is particular to my personal circumstances, much of my experience aligns with that of other Etsy sellers. Just today, Etsy released a new report on the US Etsy seller community, which reveals that Etsy sellers are business owners in their own right, and the income they earn on Etsy—through the website and mobile apps—matters to their lives and to the broader economy.¹

Like me, most Etsy sellers are women—86% in fact. Many are parents with children at home and just under a fifth are low-income, with annual household incomes under \$25,000. 39% of Etsy sellers live in rural areas, compared to 21% of the general US population. Nearly half of all sellers had never sold their goods until they sold them on Etsy. In this way, Etsy functions as an on-ramp to entrepreneurship, creating opportunities for many people who might not otherwise have started a business and removing traditional barriers.

And while some might be inclined to write our community off as hobbyists, income from these creative businesses matters. For 30% of Etsy sellers, their creative business is their sole occupation. For the rest, their creative business supplements other jobs, contributing an average of 15% to total household income overall. This money makes a difference—44% use it for necessary household expenses.

Etsy sellers are also self-reliant. Like me, most Etsy sellers manage every part of their business themselves. The vast majority of sellers work alone from home, and most are self-taught. Of the

¹ www.etsy.me/sellercensus

65% who required capital to start their businesses, 83% relied on their own personal savings, and only 1% obtained a loan.

The Internet and mobile technologies have opened up incredible new opportunities to people like me. To operate my Etsy shop, I use the website and the two mobile apps Etsy offers, including one designed specifically to help sellers manage their shops, called Sell on Etsy. As of December 31, 2014, Etsy's mobile apps have been downloaded 21.8 million times.

The Sell on Etsy app is indispensable in my day-to-day routine. When I'm working at my jewelry bench, I check orders and communicate with customers via the app on my phone. If I go to make a hammered ring, but can't remember what gauge the silver should be, I check the listing details via the app. If I get a message from Etsy alerting me that one of my items has been featured editorially, I can go to the app and increase the quantity available so that item doesn't sell out. I also do most of my business's social media interaction via apps: Instagram, Pinterest, Twitter, and Facebook. There are apps that let you enhance photos with text to easily create promotions, apps that let you tie all your social media outlets together so posting to one automatically populates the others. If I see that I'm running low on 14k gold wire, I can check the metals market app for the spot price of gold and decide whether to place an order today or wait for the price to come down. Mobile app technology enhances how entrepreneurial Etsy sellers like me reach customers and make a living. And, it is only the beginning. Already, more than half of Etsy's traffic comes from mobile devices.

The fact that I can use my phone at all to do these things is a bit of a miracle. However, we still have a long way to go getting access to technology for those who need it. I live and work in Franklin County, which is the poorest county in Massachusetts. Most of Ashfield is completely without cell phone reception; in my house high on a hill, I get just one bar of 3G.

There is no broadband or cable available, so I use a satellite to connect to the internet; it's slow and involves me having to go out in the middle of winter storms with a kayak paddle to whack the accumulated ice off the dish. Technology is sprinting ahead, but there are rural areas that are at a disadvantage. This gap in accessibility is a huge hindrance to entrepreneurship and business.

Policymakers have an opportunity to support Internet-enabled businesses like mine with hearings like the one today focusing on the benefits of the mobile app economy. There are other needs as well. In addition to fostering greater broadband deployment in rural areas, policy makers should adopt policies that specifically target the self-employed and micro-businesses. Most Etsy sellers are businesses of one, and face very different challenges from even a five- or ten-person enterprise. They are part of growing trends towards self-employment in the US, which offer both new opportunities and new challenges.

For example, members of our community often struggle to learn about and comply with the regulations that govern their businesses and products. Regulatory agencies should establish a Micro-Advocate to conduct direct outreach to micro-businesses, create user-friendly educational tools, and make formal recommendations to ease compliance burdens.

Further, policymakers should not increase the administrative burdens our community faces. For example, the newly introduced Remote Transactions Parity Act would require all Etsy sellers, regardless of size, to collect and remit sales tax in every state. Proposals like this threaten to undermine businesses of one, who simply don't have the time or resources to comply with such requirements.

Finally, many Internet-enabled businesses sell their goods worldwide, yet trade laws have not kept up with the advent of global e-commerce, and most independent, creative businesses lack the infrastructure and information to navigate complicated international trade rules. Customs and duties vary by country, and packages are often delayed at the border or subject to unforeseen import taxes, leading buyers to reverse transactions or demand refunds. De minimis customs exemptions offer a great opportunity to reduce these barriers. We appreciate efforts by this Congress to increase the U.S. de minimis to \$800, and are hopeful that Congress can continue to pressure the administration to prioritize this issue in ongoing trade negotiations.

Overall, I believe the Internet and the mobile app economy are creating incredible new opportunities for entrepreneurs around the country. I urge Congress to enact policies that support our efforts to start and grow our creative businesses, enabling the broader maker-economy to thrive.