

Testimony by Tim Phelan, President, Connecticut Retail Merchants Association
Energy and Technology Committee
February 19, 2019

Members of the Energy and Technology Committee, thank you very much for the opportunity to submit testimony for your consideration on **Proposed Senate Bill 6, AN ACT CONCERNING NET NEUTRALITY PRINCIPLES AND INTERNET PRIVACY.**

My name is Tim Phelan, and I am president of the Connecticut Retail Merchants Association, representing retail businesses all across our state. I appreciate your interest in a strong, vibrant and thriving retail community – it is an interest that we share, along with the people of our great state.

Overall, retailers in our state support more than 470,000 jobs and contribute more than \$34 billion to the state's economy. There are roughly 42,000 retail establishments in Connecticut, and in total, the retail industry produces approximately 14 percent of Connecticut's total GDP.

As much as any other industry, retail is the lifeblood of commerce in Connecticut, indispensable to our economy and our quality of life. And as I am sure you recognize, technology is impacting the retail industry – particularly bricks and mortar retailers in communities all across our state – as much as any industry anywhere.

Retail businesses large and small, well-known national names and home-grown mom and pop storefronts, provide good jobs for Connecticut families and great support for local communities. More than 98 percent of all retail companies are small businesses, employing fewer than 50 people.

So my comments are in that context – the importance to Connecticut families and Connecticut's economy of maintaining those jobs, and keeping those businesses thriving and growing.

The committee bill that you are considering, LCO 3816, could adversely impact retailers whose businesses depend, in large measure, on their ability to reach prospective customers. Restrictions and limitations on reaching customers electronically, via the Internet, could have a chilling effect as local retailers work diligently to maintain and expand their customer base, especially as competition from online retailers continues to ebb away at local businesses. Targeted online ads are also a cost effective way to reach potential customers. And they provide a way for both small and large retail businesses to reduce costs when margins are tight, as they so often are.

Increasingly, we are seeing that the use of mobile phones is becoming a more integrated part of the retail in-store experience. Consumers are using their mobile phones to obtain information on products, and to provide feedback to retailers. In fact, retailers' ability to

provide consumers with the information they're looking for, through the use of technology, can make all the difference in the world in order to maintain and grow customer loyalty.

This relationship – the crossroads between technology, retail and consumers - is still evolving, and we need to navigate forward carefully, to avoid ending up with unintended consequences resulting from good intentions.

It certainly is no secret that a primary means of reaching customers today is online. That is how people communicate, that is how commerce is conducted, that is how recommendations are exchanged and ideas and suggestions are transmitted. And retailers recognize that, and are adding an online presence to their presence in the local community.

Today, those aspects go hand-in-hand, and I would urge the committee to carefully consider the full range of possible impacts before proceeding with this legislative proposal.

Thank you very much for the opportunity to share this testimony.