



## Council for Responsible Nutrition

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October 28, 2022

The Honorable Richard Durbin  
711 Hart Senate Office Building  
United States Senate  
Washington, DC 20510

The Honorable Bill Cassidy  
520 Hart Senate Office Building  
United States Senate  
Washington, DC 20510

Dear Senators Durbin and Cassidy:

As the leading trade association representing the dietary supplement and functional food industry, I write to express our appreciation for your leadership in working to curb organized retail theft operating among high volume, online third-party retailers with S. 936, the INFORM Consumers Act. CRN supports inclusion of this important legislation in the 2023 National Defense Authorization Act which the Senate is scheduled to consider later this year.

As an industry that prioritizes the manufacturing and sale of safe, effective, and quality products, the sale of counterfeit dietary supplement products serves not only as a threat to the bottom line of our member companies, but a real health risk to consumers who may unknowingly purchase counterfeit products. Online retail sales are a significant percentage of all dietary supplement sales made annually. According to the Nutrition Business Journal<sup>1</sup>, e-commerce sales are expected to more than double between 2019 and 2024. By 2024, e-commerce sales are expected to make up the same percentage of sales as traditional retail channels. With more consumers purchasing dietary supplements online, increased enforcement of the online marketplace is a priority to our members.

The INFORM Consumers Act would modernize consumer protection laws and require online marketplaces to collect and verify basic business information from sellers before they can begin selling their products online. This bill directs online marketplaces to verify high-volume third-party sellers by acquiring the seller's government ID, tax ID, bank account information, and contact information.

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<sup>1</sup>Grebow, Jennifer. "Dietary supplement sales success post-COVID: How can industry keep the momentum going after the pandemic?" Nutritional Outlook, May 26, 2021. <https://www.nutritionaloutlook.com/view/dietary-supplement-sales-success-post-covid-how-can-industry-keep-the-momentum-going-after-the-pandemic>

In a recent study commissioned by the Retail Industry Leaders Association (RILA) and the Buy Safe American Coalition<sup>2</sup>, exclusive data sourced from some of the largest retailers in the country, and provides new insights into the economic impact of retail crime:

- As much as \$68.9 billion worth of products were stolen from retailers in 2019 (pre-COVID).
- Nearly 67% of asset protection managers at leading retailers surveyed report a moderate to considerable increase in organized retail crime, while 80% believe it will only get worse in the future.
- The economic impact of retail crime is profound. Retailers face increased costs for lost product, security, and labor, which lead to higher prices for consumers and ultimately, lower sales. Lower sales translate to fewer jobs throughout the economy. The result is \$125.7 billion in lost economic activity and 658,375 fewer jobs, paying almost \$39.3 billion in wages and benefits to workers.
- The impact of theft is felt through higher prices, and this impact is more acutely felt by low- and middle-income families.
- It is estimated that retail theft costs federal and state governments nearly \$15 billion in personal and business tax revenues, not including the lost sales taxes.

Four out of five Americans take dietary supplements annually. Research shows that consumers who take dietary supplements are also likely to engage in other health-promoting activities such as eating a well-balanced diet, exercising often, visiting the doctor regularly and getting adequate sleep. Consumers deserve to know that the high quality products they purchase online come from trusted brands, rather than felons operating in the shadows of the internet.

The dietary supplement industry supports this important legislation. Please let us know if we may assist you in any way.

Sincerely,



Julia Gustafson  
Vice President, Government Relations  
Council for Responsible Nutrition

Cc: The Honorable Mazie Hirono (D-HI)  
The Honorable Chris Coons (D-DE)  
The Honorable Raphael Warnock (D-GA)

The Honorable Chuck Grassley (R-IA)  
The Honorable Marco Rubio (R-FL)  
The Honorable Thom Tillis (R-NC)

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<sup>2</sup> "The Impact of Organized Retail Crime and Product Theft in the United States." Prepared for Retail Industry Leaders Association and the Buy Safe America Coalition. October 2021.