

Amazon raised prices on essentials amid pandemic, watchdog says

September 10 2020, by Matt Day and Spencer Soper, Bloomberg News



Credit: Unsplash/CC0 Public Domain

Amazon.com Inc. charged inflated prices for hand sanitizer, disposable gloves and other essentials months after the start of the COVID-19 pandemic, a consumer watchdog said in a report accusing the world's largest online retailer of price gouging.

The report, released Thursday by Public Citizen, examines roughly two dozen products on Amazon's site. Relying on its own observations and data from price-tracking sites, the nonprofit public interest group documented price increases of as much as 1,000% when compared with pre-pandemic levels or [prices](#) at other large retailers.

The report challenges Amazon's public position that it's an innocent bystander of price gouging perpetrated by a select few "bad actors" selling products on its popular webstore. It accuses Amazon of price gouging, as well, on products the online retailer sells directly.

The U.S. company denied it engages in such practices. "There is no place for price gouging on Amazon and that includes products offered directly by Amazon," a spokesman for the company said. "Our systems are designed to offer customers the best available online price and if we see an error, we work quickly to fix it."

One of the roughly two dozen items tracked in the report, a 7.5-ounce bottle of Dial-brand hand soap, was available earlier this week for \$6.41 from Amazon directly and for about the same price from a third-party merchant. Target Corp. listed the product for \$1.49 while CVS Health Corp. charged \$2.29, though neither made it available for home delivery. Walmart Inc. only sells the hand soap in stores and didn't publish a price online (A seller on Walmart's third-party marketplace posted a higher price, \$7.98, than Amazon).

The pandemic coincided with waves of complaints about inflated prices, as well as spotty availability, of such in-demand goods as cleaning supplies and baking ingredients. Germany's cartel regulator also has questioned Amazon about prices during the outbreak. As part of a campaign against inflated prices by resellers, 3M Co. sued, and later settled with, an Amazon merchant.

Alex Harman, Public Citizen's competition policy advocate and the report's author, calls it "crazy" that Amazon is still grappling with inflated prices months later. He suspects the higher prices he identified on Amazon partly stem from hikes by new suppliers the company found during the scramble after the pandemic began. But that doesn't mean those prices should find their way to consumers, he said.

"Increased demand and lack of supply are literally why there are price-gouging laws," Harman said.

Many U.S. states have laws governing acceptable [price increases](#) on essential goods such as food and fuel during emergencies, but they are difficult to enforce. States also define "price gouging" in different ways, with some setting a specific threshold of 10% above usual prices and others using vague descriptions such "unconscionable levels," which makes it difficult to apply to online marketplaces that match buyers and sellers in different states.

The report calls for a national prohibition on price gouging and recommends that Amazon publish list prices and a pricing history for specific items. Amazon's public policy director Brian Huseman in May called on Congress to establish a national price-gouging law for federal emergencies, saying the company had suspended 4,000 seller accounts for violating its price policies and cooperated with regulators in Tennessee, Alaska and Washington to fight price gouging on its site.

©2020 Bloomberg News

Distributed by Tribune Content Agency, LLC.

Citation: Amazon raised prices on essentials amid pandemic, watchdog says (2020, September 10) retrieved 31 May 2023 from

<https://techxplore.com/news/2020-09-amazon-prices-essentials-pandemic-watchdog.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.