

EU files antitrust charges against Amazon over use of data

November 10 2020, by Kelvin Chan



European Executive Vice-President Margrethe Vestager speaks during a press conference regarding an antitrust case with Amazon at EU headquarters in Brussels, Tuesday, Nov. 10, 2020. European Union regulators have filed antitrust charges against Amazon, accusing the e-commerce giant of using data to gain an unfair advantage over merchants using its platform. (Olivier Hoslet, Pool via AP)

European Union regulators filed antitrust charges Tuesday against Amazon, accusing the e-commerce giant of using its access to data from companies that sell products on its platform to gain an unfair advantage over them.

The charges, filed two years after the bloc's antitrust enforcer began looking into the company, are the latest effort by European regulators to curb the power of big technology companies. Margrethe Vestager, the EU commissioner in charge of competition issues, has slapped Google with antitrust fines totaling nearly \$10 billion and opened twin antitrust investigations this summer into Apple. The EU's executive Commission also opened a second investigation Tuesday into whether Amazon favors product offers and merchants that use its own logistics and delivery system.

While the U.S. initially criticized the EU for targeting American companies, it has more recently started taking a tougher line on big tech as well, suing Google this year for abusing its dominance in online search and advertising.

The EU investigation found that Amazon is accessing and analyzing real-time data from other vendors that sell goods on its platform to help it decide which new products of its own to launch and how to price and market them. That "appears to distort genuine competition," Vestager said.



In this Thursday, April 16, 2020 file photo, a logo at the entrance of Amazon, in Douai, northern France. European Union regulators on Tuesday, Nov. 10, 2020 have filed antitrust charges against Amazon, accusing the e-commerce giant of using data to gain an unfair advantage over merchants using its platform. (AP Photo/Michel Spingler, File)

Investigators focused on that practice in France and Germany, the company's two biggest markets in the EU, but Vestager didn't give specific examples of merchants affected by Amazon's behavior.

The stakes have risen for retailers as many European countries have shut nonessential shops temporarily to try to contain the coronavirus pandemic, pushing more shopping online, where Amazon is a major presence.

Amazon faces a possible fine of up to 10% of its annual worldwide revenue. That could amount to as much as \$28 billion, based on its 2019 earnings. The Seattle-based company rejected the accusations.

"We disagree with the preliminary assertions of the European Commission and will continue to make every effort to ensure it has an accurate understanding of the facts," the company said in a statement, adding that it represents less than 1% of the global retail market and that there are bigger retailers in every country where it operates. Under EU rules, it can reply to the charges in writing and present its case in an oral hearing.



In this file photo dated Thursday, Oct. 1, 2020, an Amazon Prime logo appears on the side of a delivery van as it departs an Amazon Warehouse location in Dedham, USA. The EU's executive commission, the bloc's top antitrust enforcer,

said Tuesday Nov. 10, 2020, that the charges have been sent to Amazon, accusing the e-commerce giant of using data to gain an unfair advantage over merchants using its platform. (AP Photo/Steven Senne, FILE)

It could still be a while before a final decision as there are no deadlines for bringing an EU antitrust case to an end.

Vestager said that an analysis of millions of transactions and products listed on Amazon's site found that "very granular, real-time business data" on third-party product listings and transactions was fed into algorithms for Amazon's retail business that decide which new products to launch, their price and supplier.

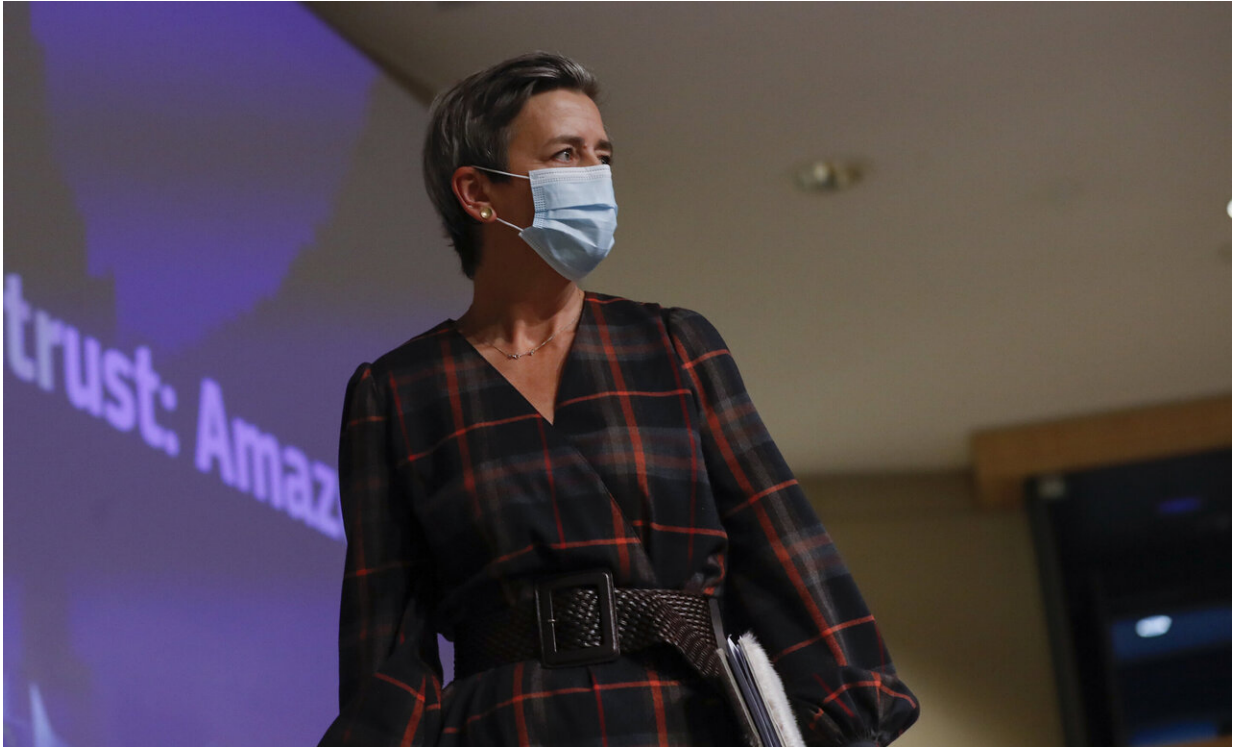
Ordinary retailers take risks when they invest heavily to find new products, bring them to market and decide how much to sell them for, Vestager said.

"Our concern is that Amazon can avoid some of those risks by using the data it has access to," she told reporters at a briefing in Brussels.

The preliminary conclusion, she said, is that by using the data Amazon can focus on the best-selling products, "and this marginalizes third-party sellers and caps their ability to grow."



In this Thursday, Oct. 1, 2020 file photo, an Amazon logo appears on an Amazon delivery van, in Boston, USA. The EU's executive commission, the bloc's top antitrust enforcer, said Tuesday Nov. 10, 2020, that the charges have been sent to Amazon, accusing the e-commerce giant of using data to gain an unfair advantage over merchants using its platform. (AP Photo/Steven Senne, file)



European Executive Vice-President Margrethe Vestager wears a protective face mask after addressing a press conference regarding an antitrust case with Amazon at EU headquarters in Brussels, Tuesday, Nov. 10, 2020. (Olivier Hoslet, Pool via AP)



In this Thursday, April 16, 2020, file photo, a delivery truck at the entrance of Amazon, in Douai, northern France. European Union regulators on Tuesday, Nov. 10, 2020 have filed antitrust charges against Amazon, accusing the e-commerce giant of using data to gain an unfair advantage over merchants using its platform. (AP Photo/Michel Spingler, File)

The EU's second investigation will look at the criteria Amazon uses to decide which seller's product gets chosen for the "buy box" and for its Prime membership service, and whether that means they get preferential treatment by the company's logistics and delivery services.

The "buy box" lets shoppers add items directly to their shopping baskets. It features a single seller's product even though multiple merchants might offer the item.

The second investigation excludes Italy because the country's competition watchdog has already launched a similar probe last year.

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Citation: EU files antitrust charges against Amazon over use of data (2020, November 10)
retrieved 7 May 2024 from <https://techxplore.com/news/2020-11-eu-antitrust-amazon.html>

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