

California sues Amazon for allegedly thwarting lower prices

September 15 2022, by Glenn CHAPMAN



California's top attorney said Amazon requires that merchants don't list items at lower prices on other websites, which hurts sellers and consumers.

California filed a lawsuit Wednesday accusing Amazon of using its market influence to prevent merchants from offering buyers better deals

elsewhere online, in violation of state antitrust law.

Amazon pressures merchants not to list items at lower prices on other websites, which hurts sellers and consumers, California Attorney General Rob Bonta said in the lawsuit.

"Amazon coerces merchants into agreements that keep prices artificially high, knowing full well that they can't afford to say no," Bonta said in a release.

"Many of the products we buy online would be cheaper if [market forces](#) were left unconstrained."

The attorney general in Washington had filed a similar suit against Amazon, but a judge dismissed the case in March.

"Similar to the DC Attorney General—whose complaint was dismissed by the courts—the California Attorney General has it exactly backwards," an Amazon spokesperson said in response to an AFP inquiry.

"The relief the AG seeks would force Amazon to feature higher prices to customers, oddly going against core objectives of antitrust law."

Amazon dominance

Amazon is such a dominant e-commerce site that merchants feel they have little choice when it comes to agreeing to the titan's selling conditions, Bonta's lawsuit argued.

Those demands include agreeing not to offer lower prices elsewhere, whether it be at Amazon rivals such as Walmart or a merchant's own website, the suit said.

Vendors who don't comply can see their listings made less prominent or even have their ability to sell items on Amazon suspended, according to the suit.

"Amazon takes pride in the fact that we offer low prices across the broadest selection, and like any store we reserve the right not to highlight offers to customers that are not priced competitively," the spokesperson said, noting that sellers set their own prices for products at its website.

Sellers have reported that they could offer goods at lower prices on their own websites and some other e-commerce venues because they would save on fees charged by Amazon, state attorneys argued.

But "with other e-commerce platforms unable to compete on price, consumers turn to Amazon as a one-stop shop for all their purchases," Bonta said.

"This perpetuates Amazon's market dominance."

Bonta is asking a state court in San Francisco to order Amazon to stop its price-floor practice and pay unspecified damages.

While it is true that some Amazon agreements with sellers preclude them from offering lower prices elsewhere online, such conditions are common in the retail industry and don't stop merchants from lowering [prices](#) overall, GlobalData managing director Neil Saunders said in an analyst note.

"This, if anything, allows Amazon to protect its consumers by guaranteeing they are getting one of the best deals," Saunders said.

"Amazon attracts a lot of scrutiny, but given the amount of competition it has injected into the [retail market](#), it strains credulity to suggest the

company has caused any serious harm to consumers."

Unfortunately for Amazon, California has the resources to pour into the litigation, and it comes as Amazon sales are slowing, the analyst noted.

Seattle-based Amazon is also likely concerned that the California lawsuit is a prelude to federal antitrust action, Saunders said.

US regulators have ramped up their focus on the [market](#) power of tech giants, as the fate of legislation aimed at loosening their grip on markets remains undecided.

© 2022 AFP

Citation: California sues Amazon for allegedly thwarting lower prices (2022, September 15) retrieved 30 March 2023 from <https://techxplore.com/news/2022-09-california-sues-amazon-allegedly-thwarting.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.