

Amazon's power in e-commerce and cloud computing is unlikely to be challenged anytime soon, antitrust report says

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Amazon functions as "a gatekeeper for e-commerce," exercising "significant and durable" market power in U.S. online retail, the House Judiciary Antitrust Subcommittee found after a 16-month investigation. The Seattle commerce giant's power in online retail and cloud computing has grown during the pandemic and is unlikely to be challenged anytime soon, the panel found, serving to lock consumers and sellers into its platform.

The subcommittee report, issued Tuesday afternoon by the Democratic lawmakers who control the subcommittee, also covers the outsize power of digital platform giants Apple, Google and Facebook. It will function as a roadmap "as we rein in anti-competitive behavior, help prevent monopolistic practices and allow innovation to thrive," Rep. Pramila Jayapal, D-Seattle, a subcommittee member, said in a statement. The report suggests remedies including breaking up the tech giants, limiting acquisitions and strengthening antitrust laws and enforcement agencies.

Investigations into Amazon are already under way by European Commission competition regulators, the U.S. Federal Trade Commission and state attorneys general.

Amazon posted a rebuttal on its corporate blog portraying the suggested remedies as "fringe notions" that "would kill off independent retailers and punish consumers" through reduced selection and convenience, and higher prices.

Here are some highlights from the report's section focusing on Amazon:

Amazon's assertions that it controls only 4% of all U.S. retail is an "overly broad" view of the relevant market. Investigators focused specifically on the company's share of [e-commerce](#), and cited credible outside estimates pegging Amazon's share at 50% or more.

Amazon wields its greatest market power over the third-party sellers who reach customers over its "dominant online marketplace," but are generally prevented by Amazon's rules from contacting customers directly. Some 2.3 million sellers do business through Amazon. Many told investigators about strong-arm negotiating tactics in which the company leveraged its power in both marketplace and logistics services to extract favorable terms and reinforce its [power](#). Others described how it exploited data about their sales to launch competing products under its own generic labels. Sellers said that because of Amazon's control over their customers, "they cannot turn to alternative marketplaces, regardless of how much Amazon may increase their costs"—Amazon now captures 30% of each sale, on average, up from 19% in 2015—"or how badly they are treated."

Amazon's dominance in [cloud computing](#) creates "a

core conflict of interest" for customers of Amazon Web Services who compete with the company in other areas.

Would-be Amazon challengers are unlikely to be successful due to Amazon's network effects—the accumulation of buyers and sellers on the company's platform; the switching costs consumers face in shopping elsewhere; and the cost of building a logistics network that could rival Amazon's. Tax avoidance and the extraction of tax incentives have also given Amazon "an unfair advantage over actual and potential competitors."

Amazon has eliminated or damaged rivals and entered adjacent markets through at least 100 acquisitions in the last two decades, which have also deepened its trove of customer data and reduced consumer choice.

Amazon exhibited "a lack of candor" in response to subcommittee questions, raising concern and skepticism about Amazon's claims "where they conflict with credible sources."

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