

Amazon faces its first US government antitrust suit, and it certainly won't be its last

Article

The news: The District of Columbia attorney general [sued Amazon](#) Tuesday, May 25, over accusations that it used its marketplace dominance to artificially inflate prices.

More on this: The suit claims Amazon imposes sanctions on third-party products if they're listed for cheaper on other websites, forcing merchants to either increase their prices on other marketplaces or sell exclusively through Amazon. It was filed in district—not federal—court, which means any ruling would only apply to DC. Still, it's significant because it's the first of what will likely be many US antitrust cases against Amazon.

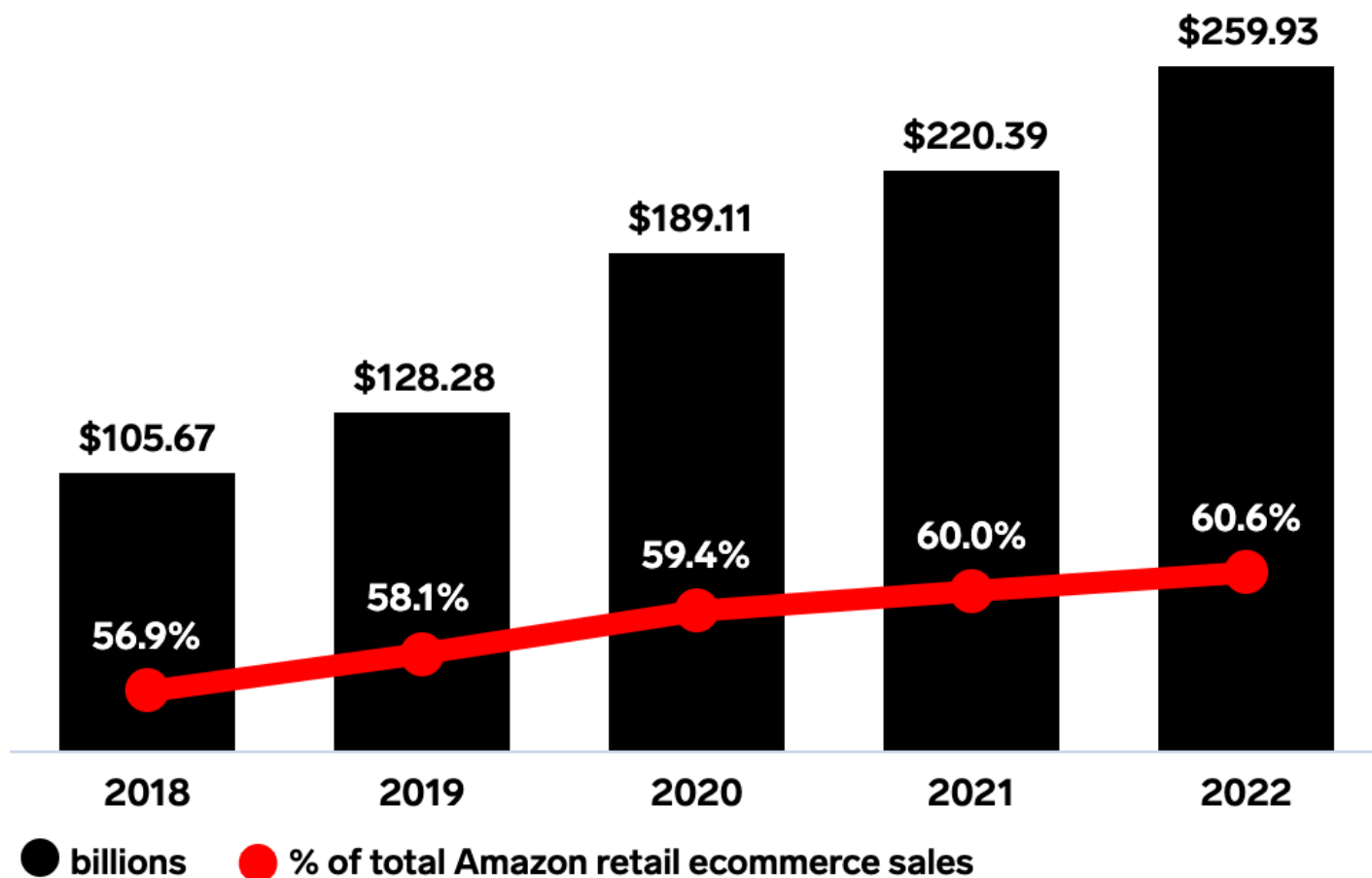
How we got here: Amazon's relationship with third-party sellers has been under the microscope for [years](#), and scrutiny has only ramped up over the last year as Amazon's ecommerce business boomed during the pandemic.

- **Jeff Bezos** was called before Congress for the first time in July 2020, where the House Judiciary Committee [questioned](#) him over allegations that Amazon mined third-party sellers' data to develop competing products.
- Shortly after, the **Federal Trade Commission** and the **New York** and **California** attorneys general [announced](#) plans to investigate Amazon's third-party marketplace.
- In November 2020, the European Commission [filed](#) a formal complaint against Amazon for the same allegations, the first of such antitrust charges worldwide.
- DC's new suit addresses the same segment of Amazon's business, though the complaint focuses on anti-competitive pricing policies rather than use of third-party merchants' data.

Key stat: Amazon's third-party marketplace will make up 60.0% of its US ecommerce sales this year, or \$220.39 billion, [per](#) our estimates. And because Amazon's market share is so large, its third-party marketplace alone makes up nearly a quarter (24.3%) of total US retail ecommerce sales. We expect both its sales and share of the market to keep growing next year.

Amazon Marketplace Sales

US, 2018-2022



Source: eMarketer, February 2021

eMarketer | InsiderIntelligence.com

What's next? DC's suit will certainly not be the last—New York and California's probes are still ongoing, for example. And while the bulk of investigations so far relate to its core ecommerce business, there are other parts of Amazon's business that are rapidly expanding that could draw further regulatory scrutiny down the line. The business made official its purchase of MGM yesterday, for example, and is reportedly [looking](#) to expand into physical pharmacies after it opened its online pharmacy in November 2020. Plus, as Amazon becomes part of the digital advertising [tripoly](#) alongside Facebook and Google, it could also face scrutiny there, especially given how connected its ad business is with its retail ecommerce business.

