

FTC sues Amazon for manipulating users to enroll in Prime

Article

The news: The US Federal Trade Commission [sued](#) Amazon.com Inc., alleging the retail giant “knowingly duped” users into unwittingly enrolling in its \$14.99-monthly Prime membership program and that it creates hurdles that make it difficult for consumers to cancel their subscriptions.

- The lawsuit claims that the cancellation process—which Amazon has referred to internally as “The Iliad,” after Homer’s epic poem—requires users to click through five pages on the desktop website or six on the mobile app to cancel Prime.

The context: Amazon recently settled two other cases with the FTC that began before the agency’s chair **Lina Khan** assumed her post.

- The company agreed to pay \$25 million to settle claims that its Alexa home assistant devices illegally collected children’s data.
- It also agreed to pay \$5.8 million to settle allegations that its Ring doorbells illegally spied on users.

Why it matters: There are **174.9 million US Prime members**, which represent 65.9% of the US population, per our Amazon forecast.

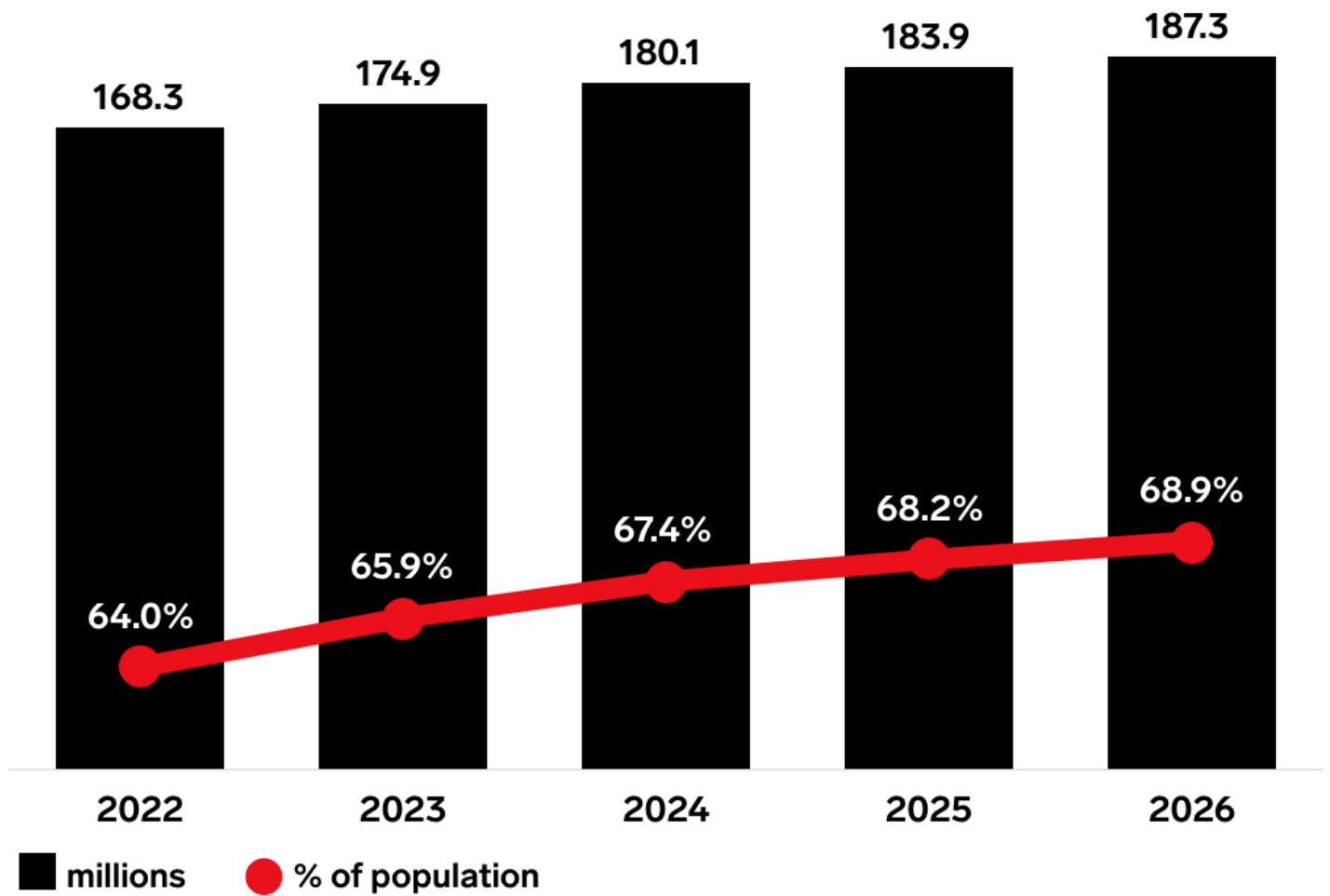
- The program provides Amazon with a steady, predictable revenue stream. The company reported \$9.66 billion in subscription revenues in Q1 alone (while that includes subscriptions other than Prime, the membership program accounts for the majority of that income).
- Ironically, news of the suit came at roughly the same time that Amazon announced its members-only **Prime Day** sale will take place July 11 and 12. The sale, which this year will feature exclusive invite-only deals, is one tactic the retailer uses to drive membership. **The retailer is expected to generate \$8.03 billion in US Prime Day revenues this year, per** our forecast.

The big takeaway: The FTC is eager to shine a light on Amazon, which could remove some of the sheen from a company that has sought to build its reputation as the “Earth’s most customer-centric company.”

Go further: Read our [Amazon Prime Day 2023](#) report.

Amazon Prime Users

US, 2022-2026



Note: individuals ages 18+ who have an Amazon Prime account and sign in at least once during the calendar year

Source: eMarketer, June 2023

eMarketer | InsiderIntelligence.com