

Amazon's use of seller data for private-label business is under SEC scrutiny

Article

The news: The US Securities and Exchange Commission is investigating how Amazon.com handles third-party-seller data in its online store and whether that data forms the basis for the

company's private-label business, [per](#) Engadget.

How we got here: Retailers like [Allbirds](#), [Williams-Sonoma](#), and [others](#) have accused Amazon of using data from third-party sellers to create its own cheaper [copycats](#). Amazon has also allegedly altered search results to [surface its own](#) white label products while burying those of third-party sellers.

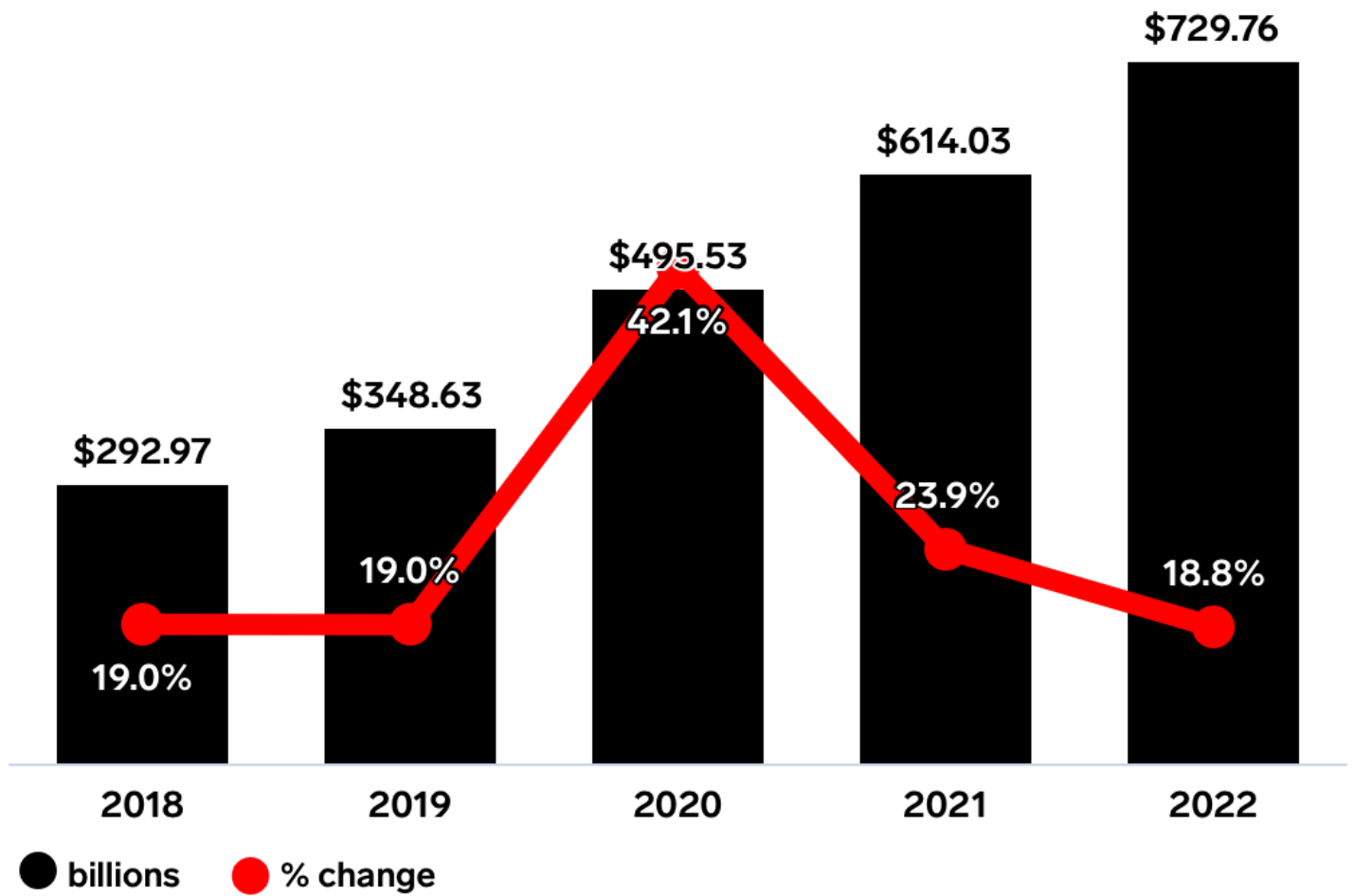
- A Reuters [investigation](#) into Amazon's India business in October found documents showing it had intentionally used non-public, third-party data to create copycat products.
- An independent investigation from The Markup in the same month [revealed](#) Amazon places products from its own house brands ahead of those from competitors, even those with higher customer ratings and more sales based on the volume of user reviews.
- At a congressional antitrust hearing in 2020, then-Amazon CEO **Jeff Bezos** said although Amazon has a policy against using "seller-specific data" to help its own-brand businesses, he could not guarantee that policy had not been violated, [per](#) Insider.
- **The SEC can impose fines and various actions if it finds Amazon failed to disclose business practices to its investors.**
- Amazon denied that it uses third-party-seller data to create copycat products. It also said it launched an internal investigation of its private-label division but refused to give Congress copies of its results.
- In March, the **House Judiciary Committee** [asked](#) the DOJ to investigate Amazon over possible criminal obstruction.

What's next? Mounting allegations claiming Amazon is using third-party-seller information to create competing products, as well as rigging search results to surface its own goods above others, will lead to intensified multi-agency regulatory scrutiny into its business practices.

- The DOJ is in the midst of backing [antitrust legislation](#) aimed at self-preferencing tactics by Big Tech companies like Amazon and **Google**, [per](#) The Wall Street Journal.
- The SEC will continue to probe whether Amazon failed to disclose its practices or misled investors, which could lead to fines or [tighter regulation](#) over retail practices and possibly search algorithms.

Amazon Retail Ecommerce Sales

Worldwide, 2018-2022



Source: eMarketer, October 2021

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