

FTC and 17 states sue Amazon for inflating online prices and overcharging sellers

Article

The news: The Federal Trade Commission (FTC) and 17 states sued **Amazon** for using a “set of interlocking anti-competitive and unfair strategies to illegally maintain its monopoly

power,” [per](#) a statement.

- The suit seeks to address a longstanding criticism of Amazon: Its third-party sales via its online marketplace, which many sellers use to reach consumers, are in direct competition with its own first-party retail business. It then pushes sellers to use (and pay for) advertising to reach consumers, and access its shipping and delivery network.
- **Amazon will generate \$427.70 billion in US ecommerce sales this year, which will account for 37.6% of the US ecommerce market, [per](#) our forecast.** The company’s online marketplace will account for 65% of those sales, which enables Amazon to rake in billions in fees for services such as advertising and fulfillment.

The details: The suit argues Amazon engages in two separate sets of anti-competitive tactics, with one set negatively impacting sellers, and the other consumers.

- It claims the company’s anti-discounting measures punish sellers for offering prices lower than Amazon, and that it coerces sellers to pay for services to obtain Prime eligibility for products.
- The suit also alleges Amazon degrades the customer experience by replacing organic search results with paid ads.

The context: The suit is far from unexpected. FTC chairwoman **Lina Khan** came to prominence as a law student when she argued in a [law review article](#) that Amazon is anti-competitive and should be broken up even though it offers consumers low prices.

- Even so, the suit represents a major swing for the fences by the FTC, which struck out when it [attempted to block Microsoft’s acquisition of Activision Blizzard](#).
- The suit also dovetails with another [FTC suit](#), filed in June, that alleged Amazon used deceptive practices to drive consumers to enroll in its Prime membership program.

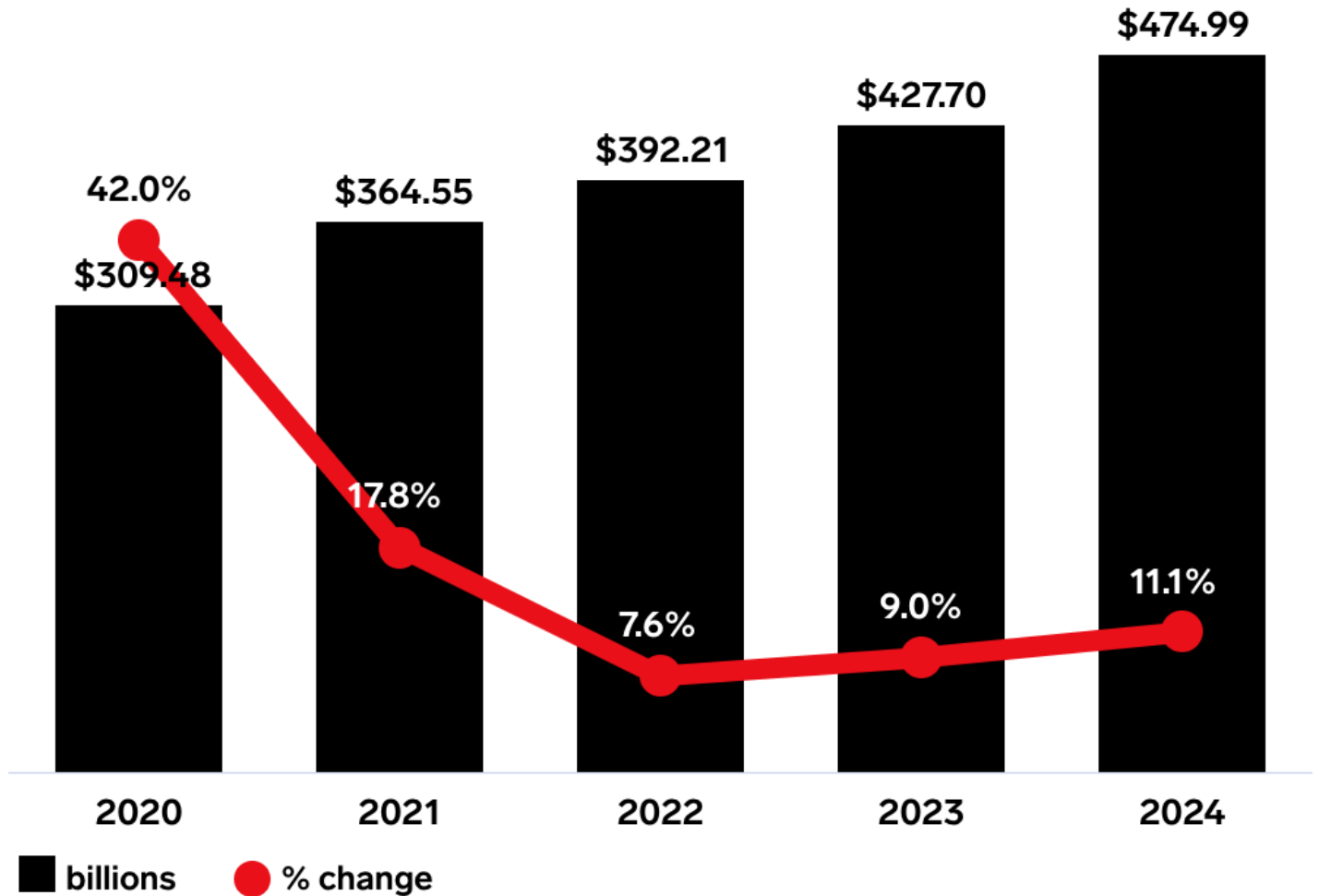
The big takeaway: Amazon has pushed back by arguing “if the FTC gets its way, the result would be fewer products to choose from, higher prices, slower deliveries for consumers, and reduced options for small businesses.”

- However, if the FTC proves successful it could force Amazon to fundamentally alter its business practices.

Go further: Read our [Power of Amazon](#) report.

Amazon Retail Ecommerce Sales

US, 2020-2024



Note: represents the gross value of products or services sold on amazon.com (browser or app), regardless of the method of payment or fulfillment; excludes travel and event tickets, Amazon Web Services (AWS) sales, advertising services, and credit card agreements; includes direct and marketplace sales

Source: Insider Intelligence | eMarketer, June 2023

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