

Amazon's new seller fee opens it to more antitrust scrutiny

Article

The news: Amazon will begin levying an additional 2% fee on sellers not using its fulfillment services, a move that is guaranteed to invite scrutiny from the FTC as it prepares its antitrust case against the retailer.

What it means: The fee will apply to merchants who use Amazon's Seller Fulfilled Prime program, which allows sellers to fulfill products without going through the retailer's vast logistics network.

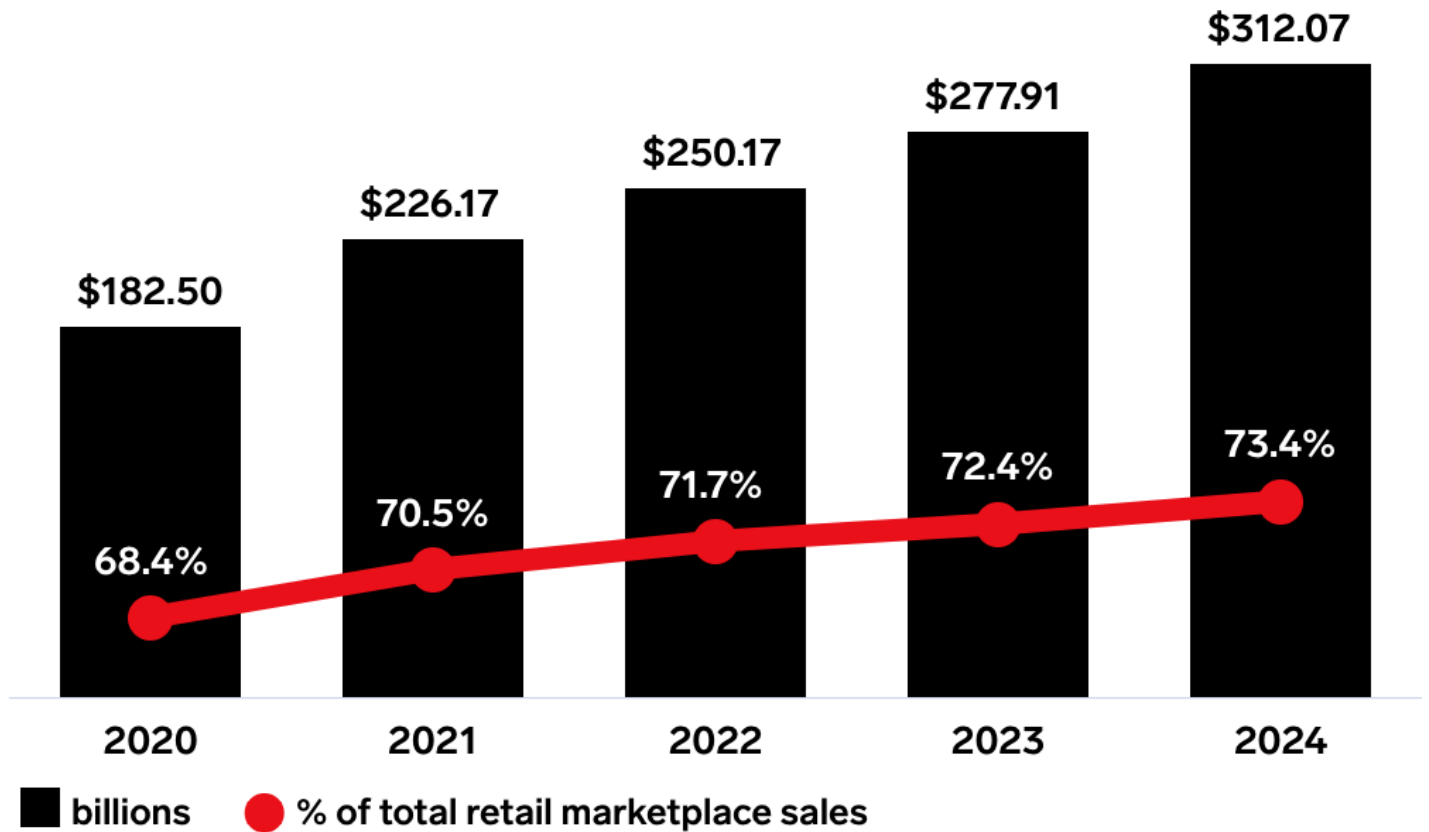
- The retailer told Bloomberg the fee is meant to defray the costs of running a separate infrastructure and measuring its effectiveness. But some sellers see it as an attempt to push them into adopting Amazon's fulfillment services, which would enable the company to take an even larger cut of sales.
- Amazon third-party sellers typically pay the company over half of their revenues, including 15% commission, 20% to 35% in fulfillment fees, and up to 15% in advertising costs.

A bold move: Amazon's decision to introduce the fee now is interesting given that it adds fuel to the antitrust argument that the retailer's policies are designed to favor merchants who use its fulfillment and advertising services, and punish those who don't.

- It also runs counter to other actions Amazon has recently taken to defuse some of the FTC's concerns, including reopening its Seller Fulfilled Prime program after a four-year hiatus and getting rid of dozens of private label brands.
- But it's in keeping with the defensive tone the retailer has adopted to fend off antitrust accusations. A recent blog post by VP of Worldwide Selling Partner Services **Dharmesh Mehta** credits Amazon's "great value" for sellers as the main reason the former choose to stick with its marketplace—rather than the fact that Amazon accounts for nearly three-quarters of total US marketplace sales.

Amazon Marketplace Sales

US, 2020-2024



Note: product sales made through amazon.com (browser or app) where a third-party seller is the merchant of record that assumes legal ownership of the inventory prior to changing hands with the consumer

Source: Insider Intelligence | eMarketer, June 2023

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