

# A Congressional committee spent a year investigating Amazon's monopoly power. What do its findings mean for independent businesses?

In 2019, the House Judiciary Committee, through its subcommittee on antitrust, launched an investigation into whether Big Tech companies are using their power to undermine competition and harm smaller businesses. In October 2020, the Committee released its [report](#).

## What did the Committee say in its report?

- It found that Amazon “has monopoly power” and “has engaged in extensive anticompetitive conduct.”
- The Committee calls for new policies to break up and regulate Amazon.

## Why is this important to independent retailers?

- Independent businesses deserve a fair chance to compete. Amazon uses its market power to create an unfair playing field and crush smaller businesses.
- In a recent [survey](#), 93% of independent retailers reported that Amazon's outsized power is hurting their business. Among those selling on Amazon's Marketplace, only 11% described their experience as successful.

## What is “monopoly power”?

- The term monopoly describes a corporation that has significant control over a market.
- A company with monopoly power can push around other businesses. For example, it can force a competitor or supplier to accept unfair terms or pay exorbitant fees, or even block their access to the market, and get away with it. This is because suppliers and competitors have nobody else to do business with.

## Does Amazon have monopoly power?

- The Committee found that Amazon captures about 50% of online shopping and that more than 60% of Americans start their search at Amazon when they want to buy something online.

- As a result, other retailers have little alternative but to sell on Amazon's site. Amazon, the report finds, “has monopoly power over many small- and medium-sized businesses that do not have a viable alternative to Amazon for reaching online consumers.”

## How does Amazon harm competition?

- The Committee found that Amazon bullies suppliers and the many retailers compelled to sell on its site.
- Amazon spies on sellers, copies their popular products, charges them exorbitant fees, forces them to buy additional services, and may delete their listings without recourse.
- In public, Amazon refers to third-party sellers as “partners.” Privately, it calls them “internal competitors.”
- Amazon blocks sellers from charging lower prices elsewhere, making it hard for them to grow their business on their own site or other sites.
- Amazon strong-arms suppliers to get better pricing and terms than competing retailers get. When a supplier resists, Amazon retaliates by removing the “buy button” from the supplier's items or allowing counterfeits of its products to flood the site.
- Amazon has a long track record of using predatory, below-cost pricing to crush smaller competitors. For example, it lost \$200 million in a single month selling diapers at a loss in order to sink a competing diaper retailer.
- Amazon uses its Prime membership program, which it sells at a loss, to lock-in consumers and deter them from shopping around.

# What can you do to help the Committee's recommendations become law?

## Members of Congress need to hear from you!



Sign the petition to Congress, and join your voice with businesses across the country.



Contact your members of Congress directly and tell them that you support the report's recommendations.

### What are the antitrust laws? Don't they prohibit this kind of behavior?

- Antitrust law is the referee that makes it possible to have real competition. Our antitrust laws were designed to ensure that big corporations can't bully and destroy the competition.
- For generations, antitrust law enforcement was strong. But a pro-corporate turn in the courts and federal government in the 1980s led to the weakening of antitrust law and enforcement.
- It's not a coincidence that we have since seen the rise of mega-firms like Walmart, Tyson Foods, and Amazon – and the hollowing-out of main streets. This consolidation of corporate power has contributed to the highest levels of economic inequality in a century.
- The Committee concluded that, because of this shift in antitrust law, Amazon has been able to get away with tactics that are unfair, illegal, and harmful.

### What does the Committee recommend?

- It calls for new legislation that would bar the tech giants from competing with the businesses that depend on their platforms. This would force Amazon to spin off its online Marketplace as a separate company from its Retail division, thus eliminating the conflict of interest. (The U.S. took a similar approach with the railroads and AT&T.)
- It calls for clear rules to stop the tech giants from abusing sellers, suppliers, and consumers.
- It calls for strengthening antitrust enforcement, including by making tactics like predatory pricing easier to prove in court when the perpetrators are large, dominant corporations.

### What happens if we break up and regulate Amazon as the Committee recommends?

- We still have e-commerce, but there's more competition and a fair playing field.
- Small, independent businesses like yours can sell online without dealing with a mafia-like company that can bully you or give advantages to itself.