American Monopoly:
Amazon's Anti-Competitive Behavior is in Violation of Antitrust Laws

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I. Introduction

The American Booksellers Association submits this brief in support of its claim that Amazon.com, Inc. ("Amazon") has used exclusionary, anti-competitive pricing schemes to gain market power and illegally monopolize the e-commerce retail market, specifically, the first-party online retail market, the third-party e-commerce marketplace market, the web services market, and the third-party logistics services market.

II. The Parties

Founded in 1900, the American Booksellers Association ("ABA" or the "Association") is a national not-for-profit trade organization headquartered in White Plains, NY that works to help independently owned bookstores grow and succeed. ABA's core members are key participants in their communities' local economy and culture. To assist its members, the Association: provides education, information dissemination, business products, and services; creates relevant programs; and engages in public policy, industry, and local first advocacy. The Association actively supports and defends free speech and the First Amendment rights of all Americans. A volunteer board of 13 booksellers governs the Association.

Amazon was founded in 1994 as an online bookstore. Amazon has grown significantly over the past 16 years and its business scope now stretches far and wide. From 2000[1] to 2018,[2] Amazon's sales grew from $2.762 billion to $232.887 billion. From 2000 to 2018, Amazon's net income went from a loss of $1.411 billion to a profit of $10.073 billion.[3] Amazon (NASDAQ: AMZN) is now one of the world's most valued companies with a market cap of $1.6 trillion[4] as of October 2020.

III. Amazon's Market Power in the E-Commerce Retail Market

According to conservative estimates, Amazon controls 38 percent of the e-commerce retail market.[5] Indeed, some estimate Amazon's share could be 50 percent or higher, [6] which

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[1] "Amazon 2000 Annual Report," accessed June 15, 2020, https://www.annualreports.com/HostedData/AnnualReportArchive/a/NASDAQ_AMZN_2000.pdf
[2] "Amazon 2018 Annual Report," accessed June 15, 2020 https://www.annualreports.com/HostedData/AnnualReportArchive/a/NASDAQ_AMZN_2018.pdf
[3] "SWOT analysis of Amazon (5 Key Strengths in 2020)," accessed October 29, 2020, https://strategicmanagementinsight.com/swot-analyses/amazon-swot-analysis.html
[4] "AMZN," accessed October 28, 2020, https://money.cnn.com/quote/profile/profile.html?symb=AMZN
[5] Matt Day and Spencer Soper,"Amazon U.S. Online Market Share Estimate Cut to 38% From 47%," June 13, 2019, accessed June 15, 2020, https://www.bloomberg.com/news/articles/2019-06-13/emarketer-cuts-estimate-of-amazon-s-u-s-online-market-share
[6] House Subcommittee on Antitrust, Commercial and Administrative Law of the Committee on the Judiciary, *Investigation of Competition in Digital Markets: Majority Staff Report and Recommendations*, October 6, 2020, accessed October 29, 2020, https://judiciary.house.gov/uploadedfiles/competition_in_digital_markets.pdf

amounts to more than Amazon's top three competitors combined,[7] with eBay at an estimated 6.6 percent, Apple at an estimated 3.9 percent and Walmart at an estimated 3.7 percent. In the U.S., more than 60 percent of all online shopping product searches begin on Amazon.[8]

Amazon also dominates in the cloud computing market. Amazon Web Services ("AWS") is responsible for 33 percent of the cloud computing market. This is more than Amazon's top three competitors combined, with Microsoft Azure at 18 percent, Google Cloud at 8 percent, and IBM Cloud at 6 percent.[9] According to Armstrong & Associates, a third-party logistics market research and consulting company, Amazon controls 60 percent of the U.S. e-commerce third-party logistics market.[10]

This paper breaks down Amazon's widespread business scope and its hold on the market into four categories: (A) first-party online retail; (B) third-party e-commerce marketplace, (C) Amazon Web Services; and (D) last-mile logistics services.

A. First-Party Online Retail

The first-party retail market is a submarket of the e-commerce retail market. It refers to sales on Amazon where Amazon itself serves as the seller either by selling its own private label products, such as AmazonBasics, or reselling inventory that a retailer or wholesaler has sold to Amazon. When a retailer or wholesaler has sold its inventory to Amazon, Amazon is in control of the pricing and the product listing is designated as "ships from and sold by Amazon.com."[11]

Amazon's first-party retail market covers a wide range of industries. This section focuses on Amazon's anti-competitive conduct in the online bookselling submarket, the online shopping sites and services submarket, and the online apparel and accessories submarket. It cannot, and is not intended to, capture the full extent of Amazon's anti-competitive conduct in all the industries that it occupies.

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7 Ingrid Lunden,"Amazon's share of the US e-commerce market is now 49%, or 5% of all retail spend," July 13, 2018, accessed June 15, 2020, https://techcrunch.com/2018/07/13/amazons-share-of-the-us-e-commerce-market-is-now-49-or-5-of-all-retail-spend/

8 Greg Magana, "Amazon rules the product search process," March 20, 2019, accessed June 15, 2020, https://www.businessinsider.com/online-shoppers-rely-heavily-on-amazon-2019-3

9 Felix Richter, "Infographic: Amazon Leads $100 Billion Cloud Market.", February 11, 2020, accessed June 15, 2020, https://www.statista.com/chart/18819/worldwide-market-share-of-leading-cloud-infrastructure-service-providers/

10 Jeff Berman, "Armstrong & Associates' report provides deep overview of U.S. e-commerce logistics market," *Supply Chain Management Review*, September 29, 2020, https://www.scmr.com/article/armstrong_associates_report_provides_deep_overview_of_u.s._e_commerce_logis

11 J. Clement, "Third-party seller share of Amazon platform 2007-2020," May 4, 2020, accessed June 15, 2020, https://www.statista.com/statistics/259782/third-party-seller-share-of-amazon-platform/

1. Online Bookselling Submarket

The online bookselling submarket refers to a retail market for the online sale of physical books, audio books, and e-books. Amazon was initially founded in 1994 as an online bookstore, and its conduct in the online bookselling submarket is a case study as to how Amazon dominates entire categories of retail and poses a threat to the competitive process. Amazon controls 42 percent of all sales of physical books,[12] and an estimated 75 percent of online sales of physical books.[13] Further, Amazon controls 83 percent[14] of e-book sales, more than 40 percent of new book sales, and about 85 percent of sales by self-published e-book authors.[15] For comparison, Amazon's share of the online bookselling submarket is as large as Standard Oil's before it was dismantled into 34 companies in 1911.[16]

Nowhere is Amazon's conduct more of a threat to the competitive process than in the online bookselling submarket. Amazon has engaged exclusionary tactics, including predatory pricing, to gain market power and has leveraged its substantial market power against publishers unfairly.

In a 2015 letter to Assistant Attorney General William J. Baer, Authors United, a coalition of authors, highlighted how Amazon's dominance and abusive practices led to consolidation in the publishing industry. Authors United alleged that Amazon purposefully sold books at cost or at a loss in order to establish greater market share. The letter states:

> Amazon has sold tens or possibly hundreds of millions of physical books at or below cost. The practice became more extensive in 2007, when Amazon used its (then) 90 percent share of the e-book market to dictate to publishers when to release a particular book in electronic form (i.e. the day of publication), and to impose a one-price-fits-all $9.99 sticker on all e-books, no matter how much authors and publishers had invested in those books. For years after the introduction of the Kindle, Amazon paid publishers $12 to $14 for many new e-books it sold at a loss for $9.99. This strategy worked very well for Amazon, which sold millions of Kindle devices and added many customers to its Amazon Prime program. And on the surface, it would seem to have worked well for 'consumers' who paid less per book. But this strategy badly damaged the publishing

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12 Matt Day and Jackie Gu, "The Enormous Numbers Behind Amazon's Market Reach," Bloomberg, March 27, 2019, accessed June 15, 2020, https://www.bloomberg.com/graphics/2019-amazon-reach-across-markets/

13 "Authors United to William J. Baer, Assistant Attorney General for the Antitrust Division, U.S. Department of Justice," May 2018, accessed June 15, 2020, Https://openmarketsinstitute.org/wp-content/uploads/2018/05/NA-Authors-United-Letter.pdf

14 PublishDrive, "Amazon eBook Market Share 2017 – is it big enough?," January 2019, accessed June 15, 2020, https://blog.publishdrive.com/amazon-ebook-market-share/

15 "Authors United to William J. Baer, Assistant Attorney General for the Antitrust Division, U.S. Department of Justice," May 2018, accessed June 15, 2020, Https://openmarketsinstitute.org/wp-content/uploads/2018/05/NA-Authors-United-Letter.pdf.

16 Paul Krugman, "Amazon's Monopsony Is Not O.K.," The New York Times, October 19, 2014, accessed April 30, 2019, https://www.nytimes.com/2014/10/20/opinion/paul-krugman-amazons-monopsony-is-not-ok.html.

industry by driving down the price customers were willing to pay for new books, hence reducing the amount of revenue available for publishers to invest in new books. This, over time, also harmed readers.[17]

To compound the issue, Amazon founded Amazon Publishing in 2009. Since its inception, Amazon Publishing has become a self-proclaimed "leading publisher of commercial and literary fiction, nonfiction, and children's books."[18] It now has 16 imprints and has expanded to nine offices around the world. Amazon's dominance in the online bookselling submarket could force authors to publish with Amazon. In an interview with *CNBC* in 2014, technology attorney Bob Cohn predicted, "When [Amazon has] 90 percent of the market and you go to authors, even self-published ones, and say we don't want to pay anymore, where are you going to get your book published? If Amazon has 90 percent share, there's no place else to go."[19]

Authors United's letter further explained how Amazon leverages its market power in order to extract "arbitrary and unexpected fees" from publishers, for example, by taking punitive actions such as slowing or stopping the sale of their books if publishers resist the unexpected fees. In a well-publicized fight over e-book terms in 2014, Amazon delayed fulfillment of customer orders for many popular books from Hachette Book Group's ("Hatchette") imprints in order to get the terms Amazon wanted from Hachette. While most popular books ship from Amazon within two days, shipping times for Hachette books were upwards of two to three weeks.[20] A similar incident happened in 2010 with Macmillan Publishers following a dispute over e-book pricing with Amazon.[21]

Amazon's anti-competitive conduct extends to the pricing of its proprietary e-book reader and tablet, the Kindle and Fire, which are "loss leaders," meaning products priced at or below cost to stimulate the sale of more profitable goods or services. [22] Amazon's intent is to leave consumers with no alternative but to purchase e-books and other products from Amazon, rather than its competitors, regardless of price.

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17 "Authors United to William J. Baer, Assistant Attorney General for the Antitrust Division, U.S. Department of Justice," May 2018, accessed June 15, 2020, Https://openmarketsinstitute.org/wp-content/uploads/2018/05/NA-Authors-United-Letter.pdf.

18 Amazon Publishing, "Our History," accessed June 8, 2020, https://amazonpublishing.amazon.com/about-us.html

19 Drew Sandholm, "Amazon's 'predatory Pricing' Questioned," June 30, 2014, accessed July 13, 2020, https://www.cnbc.com/2014/06/30/amazons-predatory-pricing-questioned.html

20 David Streitfeld, "Writers Feel an Amazon Hachette Spat," The New York Times, May 9, 2014, accessed April 30, 2019, https://www.nytimes.com/2014/05/10/technology/writers-feel-an-amazon-hachette-spat.html.

21 Paul Krugman, "Amazon's Monopsony Is Not O.K.," The New York Times, October 19, 2014, accessed April 30, 2019, https://www.nytimes.com/2014/10/20/opinion/paul-krugman-amazons-monopsony-is-not-ok.html.

22 David Gilbert, "Fire Tablet vs. iPad: Why Amazon's $50 Tablet Is Betting Content Is King," International Business Times, September 17, 2015, accessed October 12, 2020, https://www.ibtimes.com/fire-tablet-vs-ipad-why-amazons-50-tablet-betting-content-king-2102347

2. Online Shopping Sites and Services Submarket

The online shopping sites and services submarket encompasses e-commerce sellers that compete with Amazon in the sale of a range of products online. Amazon actively uses below-cost pricing and intimidation to suppress competition in this market.

Amazon's acquisition of Quidsi in 2010 in a prime example of its predatory conduct in this market. In 2009, Quidsi, an e-commerce company that oversaw subsidiaries including Diapers.com, Soap.com, and BeautyBar.com, declined an offer from Amazon to acquire the company. Soon after, Amazon slashed its prices for diapers and other baby products by up to 30 percent. By experimentally changing its prices, Quidsi was able to determine that Amazon was using pricing software to monitor Diapers.com's prices in order to undersell them accordingly.[23] In addition, in September 2010, Amazon introduced its own service that offered a year of free two-day shipping and a 30 percent discount on diapers for customers called Amazon Mom.

As Amazon continued pricing baby products below cost, Diapers.com's growth slowed and investors were reluctant to continue funding the startup in light of the competition from Amazon. Quidsi calculated that it was on track to lose $100 million over three months in the diaper category alone. Left with no alternatives, Quidsi accepted Amazon's offer to acquire the company.

After successfully eliminating the competition, Amazon was able to scale back the previously offered discounts and raised its prices on baby products significantly. Amazon now holds a dominant position in the online market for baby supplies.

Lina Khan, current counsel to the U.S. House Judiciary Committee's Antitrust Subcommittee, warned when she was a fellow at Columbia Law School, "Amazon's history with Quidsi has sent a clear message to potential competitors – namely that, unless upstarts have deep pockets that allow them to bleed money in a head-to-head fight with Amazon, it may not be worth entering the market." Khan continued, "Even as Amazon has raised the price of the Amazon Mom program, no newcomers have recently sought to challenge it in this sector, supporting the idea that intimidation may also serve as a practical barrier."[24]

Amazon's conduct extends beyond an intent to compete vigorously and instead indicates an intent to destroy the competition.

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[23] Brad Stone, "The Secrets of Bezos: How Amazon Became the Everything Store," *Bloomberg.com*, October 10, 2013, accessed April 30, 2019, https://www.bloomberg.com/news/articles/2013-10-10/jeff-bezos-and-the-age-of-amazon-excerpt-from-the-everything-store-by-brad-stone.

[24] Lina M. Khan, "Amazon's Antitrust Paradox," Yale Law Journal 126, no. 3 (January 2017), January 2017, accessed April 30, 2019, https://www.yalelawjournal.org/note/amazons-antitrust-paradox.

3. Online Apparel and Accessories Submarket

Amazon competes in the online apparel and accessories submarket through its private label brands ranging from dozens of apparel brands to AmazonBasics. Amazon has a history of using its deep pockets and data gathered from its competitors to decide which apparel and accessories it should sell and/or acquire. By temporarily lowering prices to out-compete competitors, Amazon possesses a threat not only to the targets it wishes to acquire, but to the competitive process as whole. Once Amazon acquires a competitor, it can raise prices on the product knowing that there are no serious competitors, resulting in a product that is less affordable for consumers due to lack of competition.

One notable example is Amazon's acquisition of the online shoe retailer Zappos. Between 2004 and 2007, Amazon offered to purchase Zappos as Zappos grew in popularity. After Zappos declined to sell, Amazon debuted a competing shoe retailer called Endless.com. Endless.com started selling shoes at a loss, providing free overnight shipping, and offering a $5 rebate on every purchase. In an effort to compete with Amazon's new offerings, Zappos attempted to match Amazon's shipping and started to lose money on every pair of shoes sold. In 2009, the Zappos board finally gave in to Amazon's predatory conduct and voted to sell the company to Amazon. Amazon lost $150 million in its campaign against Zappos. [25]

Even in cases where Amazon has not forcibly acquired apparel or accessory companies, Amazon still uses its market power to force businesses into compliance with its demands. David Barnett, CEO of PopSockets, a phone accessory company, has been outspoken about the company's first-party selling relationship with Amazon. In a January 2020 House Judiciary Antitrust Subcommittee hearing, Barnett stated, "One of the strangest relationships I've had with a retailer is with Amazon." He continued, "The agreement appears to be negotiated in good faith, but what happens is there are phone calls where we get bullying with a smile."[26]

Barnett testified that Amazon pressures PopSockets to lower the price of its products sold on Amazon by threatening to source the product from the "gray market," or third-party sellers. Amazon also reportedly threatens to send excess inventory back at a cost to the company and does not allow PopSockets to sell products through a distributor. Additionally, Popsockets found "enormous amounts" of counterfeit products on Amazon daily – an estimate of 1,000 counterfeits per day.

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[25] Olivia LaVecchia and Stacy Mitchell, "Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities," Institute for Local Self-Reliance, November 2016, accessed May 6, 2019, https://ilsr.org/wp-content/uploads/2020/04/ILSR_AmazonReport_final.pdf
[26] Annie Palmer, "PopSockets CEO says Amazon uses 'bullying with a smile' to press for lower prices," CNBC, January 2020, accessed June 10, 2020, https://www.cnbc.com/2020/01/17/popsockets-ceo-says-amazon-uses-bullying-with-a-smile-to-press-for-lower-prices.html

In 2018, PopSockets attempted to halt selling directly to Amazon. However, selling on other online marketplaces has not been sustainable. The company's sales on Walmart are 1/38th of the sales it had on Amazon, and it is even less for Target. Unable to compete elsewhere, PopSockets is back to testing a direct selling relationship with Amazon.

B. Third-Party E-Commerce Marketplace

Amazon's third-party e-commerce marketplace allows third-party sellers to reach the company's vast customer base. The marketplace has evolved into Amazon's core retail growth strategy. In the first quarter of 2020, 52 percent of products sold on Amazon were sold by third-party sellers.[27] Based on a 2018 survey of primarily U.S.-based Amazon marketplace sellers, 47 percent of sellers report that between 81 and 100 percent of their e-commerce revenue comes from Amazon marketplace sales.[28]

The marketplace is a source of high-margin revenue for Amazon. Third-party marketplace net revenue in 2019 was Amazon's second-largest revenue stream. In 2019, Amazon's net revenue from third-party sellers (in the form of commissions, fulfillment and shipping fees, etc.) was $53.76 billion, a nearly 26 percent increase from 2018.[29]

By selling on the third-party marketplace instead of first-party selling, retailers maintain better pricing control and favorable payment terms. However, there are a number of costs involved in order to sell on Amazon's third-party marketplace, including a selling plan, referral fees, and fulfillment costs. Amazon has two selling plans: individual and professional. The individual plan costs $0.99 per unit sale while the professional plan costs $39.99 per month regardless of the number of units sold. Amazon also charges a referral fee for each item sold. Although Amazon has a specific fee schedule for different product categories, many product categories have between an 8 percent and 15 percent referral fee, with a minimum fee of $0.30 per sale.[30]

For order fulfillment, sellers have the option of Fulfillment by Amazon ("FBA") or Fulfillment by Seller. Products are either displayed on the platform as "sold by merchant and fulfilled by Amazon" or "fulfilled by seller."

In terms of fulfillment costs, third-party sellers have the option of shipping their own orders or using Fulfillment by Amazon. If a third-party seller fulfills orders directly, Amazon charges

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[27] Ibid

[28] J. Clement, "Amazon revenue share of Amazon sellers 2018," May 24, 2019, accessed June 15, 2020 https://www.statista.com/statistics/886918/amazon-revenue-share-of-amazon-sellers/

[29] J. Clement, "Global net revenue of Amazon from 2014 to 2019, by product group," May 25, 2020, accessed June 15, 2020, https://www.statista.com/statistics/672747/amazons-consolidated-net-revenue-by-segment/

[30] Amazon, "Let's talk numbers," accessed June 15, 2020, https://sell.amazon.com/pricing.html?ref_=sdus_soa_pricing_2_n

shipping rates based on the product category and shipping service the customer chooses. Then, Amazon passes that amount on to the seller as a shipping credit. With a professional selling plan, sellers can set their own shipping rates that Amazon will match, with some exceptions. With an individual selling plan, sellers use Amazon's set shipping rates for all products; individual sellers have to ship orders at the set rates even if the shipping credit they receive is less than the total shipping costs.

Just as with first-party online selling, Amazon engages in anti-competitive conduct on its third-party marketplace. Examples of this anti-competitive conduct include search rankings tied to use of Amazon's services, the "fair pricing" policy, and the usage of third-party data to inform the development of Amazon's private label products.

1. Search Rankings, Use of Amazon's Services, and Increased Prices in the Third-Party Marketplace

Amazon engages in anti-competitive behavior by using its search algorithm to manipulate search results and resulting sales. Researchers estimate that more than 80 percent of sales on Amazon are of products ranked first in search results and that around 67 percent of customers do not even view products that are not listed on the first page of search results.[31] Because there are multiple factors that influence Amazon's search rankings, and because Amazon maintains the secrecy of its algorithm, it can claim "strategic ignorance."[32] In other words, due to the complexity of Amazon's algorithm, Amazon can claim that a change in search rankings is due to a combination of factors when in reality it is due to the company favoring its own products and services in direct competition with the third-party sellers it hosts.

While Amazon has not publicly revealed all the intricacies of its algorithm, researchers have gathered information in an effort to paint a clear picture of Amazon's anti-competitive conduct in search rankings.[33] The two main factors impacting search rankings that have drawn anti-competitive scrutiny are (1) whether the product is sold by Amazon and (2) whether the seller uses Fulfillment by Amazon.

According to an article by the *Wall Street Journal* in September 2019, Amazon altered its search rankings to prominently feature products that are more profitable for Amazon. Engineers working for Amazon told the *Wall Street Journal* that when search results on Amazon are sorted by "relevance," products that are more profitable for Amazon are listed higher in the search

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[31] "Petition for the Investigation of Amazon.com, Inc." February 27, 2020, accessed June 15, 2020 http://www.changetowin.org/wp-content/uploads/2020/02/Petition-for-Investigation-of-Amazon.pdf

[32] Sidney Fussell, "Algorithms Are People," September 18, 2019, accessed June 18, 2020, https://www.theatlantic.com/technology/archive/2019/09/is-amazons-search-algorithm-biased-its-hard-to-prove/598264/

[33] "Petition for the Investigation of Amazon.com, Inc." February 27, 2020, accessed June 15, 2020 http://www.changetowin.org/wp-content/uploads/2020/02/Petition-for-Investigation-of-Amazon.pdf

rankings than products that may be more popular and relevant, but would not increase Amazon's profit margin.[34]

As further explained in a 2020 petition to the Federal Trade Commission by major labor unions, "The opacity of Amazon's algorithm may mean that it benefits Amazon's own products at the expense of marketplace products sold by third parties, who must pay for premium services for the chance of being displayed in as advantageous a manner as that of Amazon's own products."[35]

Amazon's goal is not just to favor Amazon's own private labels, but also to favor third-party sellers that contribute to "what the company calls 'contribution profit,' considered a better measure of a product's profitability because it factors in non-fixed expenses such as shipping and advertising, leaving the amount left over to cover Amazon's fixed costs," the *Wall Street Journal* reported.[36]

Notably, the *Wall Street Journal* claims that Amazon did not change its algorithm by directly adding profitably to the algorithm. Instead, Amazon reportedly prioritized factors that correlate with profitability, lending support to its claims of strategic ignorance or plausible deniability.[37]

The claim that Amazon favors its profitability in search rankings has been well documented by previous research. The *Wall Street Journal* also reported that Amazon was forcing customers to consider, or even specifically reject, a competing Amazon product before purchasing a non-Amazon product. According to reporting, a pop-up advertisement appeared on Amazon's mobile app that forced customers to "either click through to the lower-cost Amazon products or dismiss them before continuing to shop."[38]

In 2016, journalists at ProPublica examined 250 regularly purchased products and found that Amazon awarded the "Buy Box," which allows customers to purchase a product with one click, to its own products and products sold by FBA sellers 94 percent of the time, even if the product was available at a lower price from other sellers.[39]

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[34] Sidney Fussell, "Algorithms Are People," September 18, 2019, accessed June 18, 2020, https://www.theatlantic.com/technology/archive/2019/09/is-amazons-search-algorithm-biased-its-hard-to-prove/598264/
[35] Ibid
[36] Jon Brodkin, "Amazon change search results to boost profits despite internal dissent," September 16, 2019, accessed June 18, 2020, https://arstechnica.com/tech-policy/2019/09/amazon-changed-search-algorithm-to-favor-its-own-products-wsj-reports/
[37] Ibid
[38] "Petition for the Investigation of Amazon.com, Inc." February 27, 2020, accessed June 15, 2020 http://www.changetowin.org/wp-content/uploads/2020/02/Petition-for-Investigation-of-Amazon.pdf
[39] Julia Angwin and Surya Mattu, "Amazon Says It Puts Customers First. But Its Pricing Algorithm Doesn't," September 20, 2016, accessed June 18, 2020, https://www.propublica.org/article/amazon-says-it-puts-customers-first-but-its-pricing-algorithm-doesnt

The same journalists also found that Amazon gives itself an edge in search rankings by omitting shipping costs only for its own products and products sold by FBA sellers. While Amazon offers free shipping to its Amazon Prime customers (who pay for the annual subscription) and to non-Prime customers buying over a certain amount, Amazon appeared to conceal the true cost of its products and the products sold by FBA sellers. For instance, Amazon's listing of Loctite glue displayed as No. 5 on a comparison list of products, but fell to No. 39 when shipping was included.

Of the 250 products the journalists tested, the average price difference between the recommended product and the cheapest product was $7.88. In their estimation, a customer buying all 250 products who bought the products from the Buy Box would have paid nearly 20 percent more, approximately $1,400 more, than if the customer purchased the lowest priced products from a different seller.

As the report states:[40]

> Through its rankings and algorithm, Amazon is quietly reshaping online commerce almost as dramatically as it reshaped offline commerce when it burst onto the scene more than 20 years ago. Just as the company's cheap prices and fast shipping caused a seismic shift in retailing that shuttered stores selling books, electronics and music, now Amazon's pay-to-play culture is forcing online sellers to choose between paying hefty fees or leaving the platform altogether.

In summary, third-party sellers are pressured to pay for Amazon's FBA rather than use a cheaper or even free shipping and logistics service to avoid a demotion in Amazon's search rankings.[41]

2. "Fair Pricing" Policy in the Third-Party Marketplace

While Amazon lacks direct control over the prices of products sold on the third-party marketplace, it has implemented price controls through its "fair pricing" policy to discourage third-party sellers from selling products at a lower price on competing platforms. The "fair pricing" provision states that "any single product or multiple products packages must have a price that is equal to or lower than the price of the same item being sold by the seller on other sites or virtual marketplaces."[42]

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[40] Julia Angwin and Surya Mattu, "Amazon Says It Puts Customers First. But Its Pricing Algorithm Doesn't," September 20, 2016, accessed June 18, 2020, https://www.propublica.org/article/amazon-says-it-puts-customers-first-but-its-pricing-algorithm-doesnt

[41] "Petition for the Investigation of Amazon.com, Inc." February 27, 2020, accessed June 15, 2020 http://www.changetowin.org/wp-content/uploads/2020/02/Petition-for-Investigation-of-Amazon.pdf

[42] Mike Leonard, "Amazon Accused of Monopolization, Sweeping Price-Fixing Scheme," March 20, 2020, accessed September 9, 2020 https://news.bloomberglaw.com/antitrust/amazon-accused-of-monopolization-massive-price-fixing-scheme

In large part, Amazon's fair pricing policy is another name for its previous "most-favored nation" provision which also prevented third-party sellers from selling products at lower prices elsewhere. Following allegations of anti-competitive behavior, Amazon claimed to have dropped its most-favored nation provision and agreed to begin allowing sellers to offer lower prices through competing platforms, according to a lawsuit filed in Seattle. However, critics say Amazon merely rebranded the most-favored nation provision as a fair pricing policy. The aforementioned lawsuit asserts that Amazon's "pricing scheme...broadly and anti-competitively impacts virtually all products offered for sale in the U.S. retail e-commerce market."[43]

Amazon's algorithm that determines search results disfavors products that are sold at a lower price on competing platforms and ranks them lower in the search results where they are less likely to be purchased. The fair pricing policy also asserts that no product sold at a lower price outside of Amazon can win Amazon's "Buy Box," which allows customers to purchase a product with one click. Sellers have reported that losing the Buy Box can result in a one-day drop in sales by as much as 50 percent.[44]

In addition to removing the Buy Box, Amazon may remove the "add to cart" option from the product's listing. The fair pricing policy also allows Amazon to end all of the seller's selling privileges, and as a result, close off more than one third of the e-commerce market (Amazon's e-commerce market share) from the seller.

As explained in a petition to the Federal Trade Commission ("FTC") by major labor unions:[45]

> Research has shown that . . . the policies in fact "allow platforms to collect substantial merchant fees from sellers who need them to reach their unique consumers." Price parity policies like Amazon's "lead to higher platform fees, drive up retail prices, and discourage entry by firms with lower-cost business models." Platform fees are the primary feature through which platforms compete, but potential challengers to Amazon cannot effectively recruit sellers by charging lower fees, because those lower fees cannot translate into lower prices, giving customers no reason to make the switch away from Amazon.

3. Data Usage and Private Label Development in the Third-Party Marketplace

[43] Mike Leonard, "Amazon Accused of Monopolization, Sweeping Price-Fixing Scheme," March 20, 2020, accessed September 9, 2020 https://news.bloomberglaw.com/antitrust/amazon-accused-of-monopolization-massive-price-fixing-scheme
[44] "Petition for the Investigation of Amazon.com, Inc." February 27, 2020, accessed June 15, 2020 http://www.changetowin.org/wp-content/uploads/2020/02/Petition-for-Investigation-of-Amazon.pdf
[45] Ibid

Amazon is alleged to have used third-party seller data to develop its private label products. By using third-party seller data, Amazon can replicate products and cut third-party sellers out of the picture altogether by sourcing directly from manufacturers. Amazon can replicate the product under one of its private label brands for a lower cost and siphon customers from the seller.

The *Wall Street Journal* published an article alleging that Amazon uses sensitive business information from individual third-party sellers on its platform in Amazon's own development of competing products. The report was sourced from interviews with current or former Amazon employees as well as internal company documents. Amazon employees referred to using third-party data when making products as "standard operating procedure."

In 2018, researchers published a large-scale report entitled "Competing with Complementors: An Empirical Look at Amazon.com." As the report states:

> Platform owners [like Amazon] can exert considerable influence over complementors' [like third-party sellers'] welfare. Many complementors with successful products have been pushed out of their markets not by competition from counterparts, but by platform owners that choose to compete directly with the complementors and appropriate the value from their innovations.

The study finds that Amazon is more likely to enter a product space for products with higher prices, greater demand, and higher customer ratings. When certain controls are added, data indicates that Amazon is less likely to enter product spaces of third-party sellers that use its services, like Fulfillment by Amazon.

In a July 2020 House Judiciary Committee hearing, Amazon founder and CEO Jeff Bezos admitted that while Amazon has a policy prohibiting the use of third-party seller data to aid Amazon's private label business, he "[couldn't] guarantee...that the policy has never been violated."

C. Amazon Web Services and AWS Marketplace

Amazon launched Amazon Web Services ("AWS") in 2006 to offer cloud computing services to businesses. According to Amazon, AWS "powers hundreds of thousands of businesses in 190 countries around the world."[46] AWS is responsible for 33 percent of the cloud computing market. Amazon's share is more than its top three competitors combined with Microsoft Azure at 18 percent, Google Cloud at 8 percent, and IBM Cloud at 6 percent.[47]

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[46] "About AWS," accessed June 25, 2020, https://aws.amazon.com/about-aws/#:~:text=In%202006%2C%20Amazon%20Web%20Services,commonly%20known%20as%20cloud%20computing.

[47] Felix Richter, "Infographic: Amazon Leads $100 Billion Cloud Market.", February 11, 2020, accessed June 15, 2020, https://www.statista.com/chart/18819/worldwide-market-share-of-leading-cloud-infrastructure-service-providers/

Amazon launched AWS Marketplace in 2012. The AWS Marketplace allows third-party sellers to sell software, data, and related products for use on AWS. Sellers on the AWS Marketplace include independent software vendors that develop software and services as well as authorized software resellers.[48] As of December 2019, there were more than 7,000 software listings and data products on AWS marketplace.[49]

Similar to the third-party marketplace, Amazon uses tactics such as most favored nation restrictions and search result manipulation to dominate the cloud computing industry.[50]

1. Most-Favored-Nation Restriction

The AWS Marketplace requires sellers using the platform to agree to a most-favored-nation provision. This provision prohibits sellers from selling their products at lower prices on non-Amazon platforms (such as competing platforms or on the seller's website), thereby inhibiting the other platforms from effectively competing with Amazon.

By removing any incentives for sellers to reduce prices elsewhere, as is required for a free market, Amazon not only reinforces its own dominance, but also harms consumers.[51]

2. Search Rankings

AWS manipulates search results by favoring its own products and disfavoring competing products and open source products. Additionally, AWS has been accused of remarketing open source products (available to be used, modified, and shared by all) as its own specific products.

The labor unions' FTC petition details one such search result example:[52]

> In 2019, Amazon launched "Amazon DocumentDB (with MongoDB compatibility)." The program is supposed to be an alternative to MongoDB Atlas, document management software released under an open source license. DocumentDB does not use the original open source code developed by MongoDB, but it emulates MongoDB's operation and allows code written for MongoDB to work on DocumentDB.

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[48] "Petition for the Investigation of Amazon.com, Inc.," February 27, 2020, accessed June 15, 2020, http://www.changetowin.org/wp-content/uploads/2020/02/Petition-for-Investigation-of-Amazon.pdf
[49] "AWS Marketplace Makes It Easier for You to Discover Relevant Third-Party Software and Data Products," December 4, 2019, accessed July 13, 2020, https://aws.amazon.com/about-aws/whats-new/2019/12/aws-marketplace-discover-relevant-third-party-software-data-products/
[50] "Petition for the Investigation of Amazon.com, Inc.," February 27, 2020, accessed June 15, 2020, http://www.changetowin.org/wp-content/uploads/2020/02/Petition-for-Investigation-of-Amazon.pdf
[51] Ibid.
[52] Ibid.

AWS does not act as a first party on its AWS Marketplace because customers must purchase AWS services through a dedicated interface, so a search for "MongoDB" does not return an Amazon product as the first result. However, it does not return a MongoDB product as the first result, either. Instead, MongoDB's product is displayed second in the search results, after a version of its products packaged by an unrelated competitor named Bitnami. Moreover, the number of reviews, which can serve as a proxy for sales volume and product popularity—both of which would be legitimate and unsurprising factors in search result rankings—suggests that the product sold by MongoDB is more popular than Bitnami's package, which has no reviews at all. MongoDB's search results raise questions about what inputs Amazon weighs most heavily in its AWS Marketplace search algorithm, given that "MongoDB" is both in the name of the product and the name of the seller.

D. Third-Party Logistics

Third-party logistics ("3PL") refers to the outsourcing of e-commerce inventory management, warehousing, and fulfillment, including shipping and delivery.[53] Amazon has expanded its third-party logistics services in recent years such that it can receive, store, pick, pack, ship, and handle returns of a third-party seller's inventory. Amazon offers its third-party logistics services to both sellers on its third-party marketplace and sellers on non-Amazon platforms.

As of May 2020, Amazon controls 60 percent of the U.S. e-commerce third-party logistics market.[54] Since 2014, Amazon has invested $60 billion in building fulfillment warehouses, leasing airplanes, and buying delivery vans.[55] In fact, Amazon is now the fourth-largest U.S. delivery service, after just the United States Postal Service, UPS and FedEx.[56]

This section outlines Amazon's warehousing, shipping, and delivery expansion through Shipping with Amazon, Fulfillment by Amazon, and Seller Fulfilled Prime.

1. Shipping with Amazon

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53 Rachel Burns, "Third-Party Logistics 101: The Ultimate Guide to 3PLs," October 26, 2018, accessed July 9, 2020, https://www.shipbob.com/blog/3pl/#:~:text=Third%2Dparty%20logistics%20(or%203PL,infrastructure%20to%20automate%20order%20fulfillment

54 Jeff Berman, "Armstrong & Associates' report provides deep overview of U.S. e-commerce logistics market," September 29, 2020, https://www.scmr.com/article/armstrong_associates_report_provides_deep_overview_of_u.s._e_commerce_logis

55 Don Davis, "Amazon is the Fourth-Largest US Delivery Service and Growing Fast," May 26, 2020, accessed July 8, 2020, https://www.digitalcommerce360.com/2020/05/26/amazon-is-the-fourth%E2%80%91largest-us-delivery-service-and-growing-fast/ ("Amazon is approaching a truly vertically integrated logistics network on par with the largest delivery companies in the world.").

56 Ibid.

Amazon piloted its Shipping with Amazon ("SWA") service in a handful of cities across the United States. The shipping service picks up and delivers shipments for third-party sellers that sell on Amazon's platform but do not store products at Amazon's warehouses.[57] With SWA, Amazon sends its drivers to pick up shipments from businesses and warehouses. Then, Amazon either delivers the shipments directly to the recipients or uses another carrier to deliver the shipments the, so-called, "last mile" if it is outside of Amazon's current delivery range.[58]

Although the pilot program was originally limited to sellers using Amazon's platform, the program was expected to expand to accommodate other businesses as well. Amazon plans to undercut other carriers on pricing,[59] and so the competition it spurs, as noted in other markets, is only temporary. Amazon's SWA program is another exclusionary tactic aimed at taking over a market.

2. Fulfillment by Amazon/Multi-Channel Fulfillment

Amazon offers its Fulfillment by Amazon ("FBA") logistics service to sellers on its platform. With FBA, sellers can store products in Amazon's fulfillment centers, and Amazon will handle the packing, shipping, customer service, and returns for those products. Amazon has various fulfillment fees based on the product category, size, dimension, and weight. There are also FBA inventory storage fees based on the daily average volume for the space a third-party seller's inventory occupies in an Amazon fulfillment center. Additional fees associated with FBA, include: removal order fees, removal orders, returning processing fees, unplanned service fees.

Multi-Channel Fulfillment ("MCF") is a program within FBA that sellers who sell on their own sites or on a non-Amazon e-commerce platform can use. With MCF (much like the general FBA), Amazon will pick, pack, and ship products to a seller's customers. Sellers that use MCF can choose to have returns sent back to them or back to an Amazon fulfillment center. Unlike FBA, MCF leaves the customer service responsibilities to the seller.[60]

As outlined by a 2020 petition to the FTC by major labor unions, Amazon's FBA has grown rapidly, not because of its more competitive pricing for sellers, but because of Amazon's ever-expanding Prime membership base and market dominance:

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[57] Clare Duffy, "Amazon Halts Its Shipping Service That Competed Wither UPS and FedEx," April 8, 2020 accessed July 10, 2020, https://www.cnn.com/2020/04/08/tech/amazon-third-party-shipping-suspended/index.html

[58] Laura Stevens, "Amazon to Launch Delivery Service That Would Vie With FedEx, UPS," February 9, 2018, accessed July 8, 2020, https://www.wsj.com/articles/amazon-to-launch-delivery-service-that-would-vie-with-fedex-ups-1518175920?mod=e2twd

[59] Laura Stevens, "Amazon to Launch Delivery Service That Would Vie With FedEx, UPS," February 9, 2018, accessed July 8, 2020, https://www.wsj.com/articles/amazon-to-launch-delivery-service-that-would-vie-with-fedex-ups-1518175920?mod=e2twd

[60] "Fill Orders From Other Sales Channels (Multi-Channel Fulfillment)," accessed July 9, 2020, https://sellercentral.amazon.com/gp/help/external/200332450?language=en_US&ref=efph_200332450_cont_200141600

> A third party will pay between $0.48 and $2.40 to store its products with Amazon, but only $0.19 to store them with FedEx. Despite this apparently uncompetitive pricing, FBA has grown significantly. A freight industry journal explained how the growth of the Amazon Prime program has fueled Amazon's fulfillment service: "FBA is expensive but retailers are forced to use it to reach buyers. . . Customers pay for Amazon Prime, and no longer want to pay retailers to ship products to their homes. As a result, FBA, whatever the cost, becomes inevitable as the only really viable way to sell to Prime subscribers." [61]

Further, Amazon disfavors sellers that use Amazon's fulfillment services for sales made on non-Amazon platforms such as eBay by charging these sellers more for fulfillment services:

> A third-party seller will pay 150 percent more to use Amazon fulfillment to sell a t-shirt on eBay's platform than it would if it were selling on Amazon, for example. . . As of February 2020, Amazon charges sellers $3.81 to fulfill an order for a t-shirt when the order is placed on Amazon, and $5.90 to fulfill an order for a t-shirt when the order is placed on a competing platform like eBay. Amazon's vertical expansion into the general logistics market, beyond simply providing complementary services for its own third-party sellers, has created a conflict of interest which incentivizes the company to discriminate against competitor platforms.[62]

3. Seller Fulfilled Prime

In 2015, Amazon introduced Seller Fulfilled Prime, which allows sellers to use the "Prime" badge without paying for FBA. Instead, sellers directly ship the orders in accordance with Prime standards, including free one and two-day shipping.[63] Sellers benefit by attracting Prime members to their products and gaining a higher chance of winning the Buy Box. However, sellers that participate in Seller Fulfilled Prime are subject to Amazon's unchecked market dominance and efforts to exclude its competition.

For example, during the 2019 holiday season, Amazon exerted its power and prohibited sellers using Seller Fulfilled Prime from shipping orders with its competitor, FedEx.[64] As *CNBC* reported at the time, "Without FedEx's ground-delivery network for Prime orders, sellers are forced to develop a contingency plan, which more often than not means they'll end up paying more to make sure shoppers get their packages in time for Christmas." A third-party seller

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[61] "Petition for the Investigation of Amazon.com, Inc." February 27, 2020, accessed June 15, 2020 http://www.changetowin.org/wp-content/uploads/2020/02/Petition-for-Investigation-of-Amazon.pdf
[62] Ibid.
[63] "Sell Products with the Prime Badge Directly From Your Warehouse," accessed July 9, 2020, https://sell.amazon.com/programs/seller-fulfilled-prime.html
[64] "Petition for the Investigation of Amazon.com, Inc." February 27, 2020, accessed June 15, 2020 http://www.changetowin.org/wp-content/uploads/2020/02/Petition-for-Investigation-of-Amazon.pdf

consultant speaking to the sudden change noted that some sellers exclusively use FedEx for Seller Fulfilled Prime since they have negotiated good freight rates or have daily pickups.[65]

Similarly, Amazon at one point prohibited sellers using Seller Fulfilled Prime from using USPS shipping unless the seller purchased the postage through Amazon, allowing Amazon to buy in bulk at lower prices from USPS while charging sellers a higher market rate.[66]

4. Takeover Tactics

Similar to how Amazon is accused of misusing third-party marketplace seller data to out-compete sellers on its marketplace platform, Amazon is also known to contract with logistic companies and then break the contract after learning the market in the area to set up its own logistics operations, according to sources with ties to the logistics industry.

For example, Amazon is alleged to have engaged in such conduct with XPO Logistics, a national warehousing and last-mile delivery provider. In February 2019, XPO Logistics' largest customer, suspected to be Amazon, cut its business with the company by two-third.[67] The loss of most of its Amazon logistics business forced XPO Logistics to close its facilities in Aberdeen, Maryland; Edgerton, Kansas; and Rialto, California.

About six months prior to Amazon's break with XPO Logistics, the town of Schodack, New York approved Amazon's plan to build a 1 million-square-foot warehouse and distribution center, approximately 26 miles southeast of XPO Logistics' facility in Guilderland, New York, and 90 miles north of an XPO Logistics hub in Montgomery, New York.

During a 2019 earnings call with investment analysts, Brian Olsavsky, Amazon's chief financial officer, hinted at how Amazon takes advantage of third-party logistic companies to gain market knowledge:

> We continue to expand our Amazon logistics and delivery capability. We have great third-party partners in the transportation space. What we like about our ability to participate in transportation is that a lot of times we can do it at the same cost or better. We can also invest selectively because we have more perfect information. We know where we're moving things between warehouses and sort centers and by not involving

[65] Annie Palmer, "Amazon Sellers Are The Latest Casualty From The Company's Spat With FedEx," December 17, 2019, accessed July 9, 2020, https://www.cnbc.com/2019/12/17/amazon-sellers-react-to-fedex-ground-block-for-holidays.html

[66] "Petition for the Investigation of Amazon.com, Inc." February 27, 2020, accessed June 15, 2020 http://www.changetowin.org/wp-content/uploads/2020/02/Petition-for-Investigation-of-Amazon.pdf

[67] Lisa Baerlein, "XPO Logistics' Top Customer Pulls Back, Amazon Suspected," February 15, 2019, accessed July 8, 2020, https://www.reuters.com/article/us-xpo-logistics-amazon-com/xpo-logistics-top-customer-pulls-back-amazon-suspected-idUSKCN1Q425V

third parties all the time, we can find that we extend our order cutoffs. [68]

As noted previously, this is similar to Amazon's abuse of third-party marketplace seller data to out-compete sellers on its marketplace platform. It is known to contract with third-party logistic companies and then break the contract after using its partnership with the logistics company to gain insight into a local market. It then uses this data to set up its own logistics operations.

IV. Conclusion

When Amazon's behavior is taken as a whole, it is clear that Amazon is unlawfully restraining trade, is engaging in exclusionary, anti-competitive pricing schemes, and is using both its horizontal and vertical integration to create barriers to entry, increase Amazon's market power, and unfairly manipulate marketplaces. Amazon has used exclusionary, anti-competitive pricing schemes to gain market power and illegally monopolize the e-commerce retail market, specifically, the first-party online retail market, the third-party e-commerce marketplace market, the web services market, and the third-party logistics services market.

Amazon needs to be broken up into at least four autonomous companies: retail, e-commerce marketplace platform, web services, and logistics. Additionally, given how Amazon uses systemic below-cost pricing on books in particular, we urge consideration that Amazon's retail operations be divided into book retail and other retail.

Amazon's business model is predicated on anti-competitive behavior and it has shown consistently that it will use its dominance to control markets. Under the so-called "Chicago School" definition of consumer welfare, consumer welfare is focused narrowly on price. Given the perception that Amazon has lower prices than its competitors in each market, the belief is that Amazon is good for consumers. Not only is this perception not true, as spelled out in this argument, gauging consumer welfare as being about price and price alone mitigates the negative impact that Amazon has on communities throughout the U.S. We can no longer merely consider consumer welfare. We must consider American welfare.

[68] Daniel P. Bearth, "Amazon.com 'Insourcing' Roils Freight Industry, Analysts Say," February 21, 2019, accessed July 10, 2020, https://www.ttnews.com/articles/amazon-shift-roils-trucking-logistics-firms

Appendix: Other Considerations

Given Amazon's ubiquity in almost every aspect of consumer life, Amazon has the power to assert dominance over creators, workers, and local communities.

In the book industry specifically, Amazon is able to decide on its whim, or while facing political pressure, to remove books promoting a certain viewpoint. For instance, in April 2019 Amazon pulled anti-vaccine books and video content after being questioned by Rep. Adam Schiff (D-CA). While booksellers, including Amazon, have the right to decide which books to carry, an open market is necessary to ensure consumers have access to information, especially given Amazon's dominant share of the online bookselling submarket.[69]

Additionally, dangerous and stress-inducing working conditions in Amazon's warehouses (or fulfillment centers) have been well documented[70] [71] [72] and have drawn due criticism. Workers are forced to compromise safety standards in order to comply with strict quota requirements to fulfill Amazon's one and two-day shipping. According to one study, Amazon workers are three times as likely to get injured and more than five times as likely to suffer a serious injury than workers at other private employers.[73] One former worker explained in a *PBS FRONTLINE* interview, "We're not treated as human beings, we're not even treated as robots. We're treated as part of the data stream."[74]

At the community level, Amazon has facilitated the growth of online sales which has resulted in the so-called "retail apocalypse" as retail activity moves from Main Streets to industrial parks.[75] According to the study *Prime Numbers: Amazon and American Communities* conducted by Civic

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69 "ABFE Criticizes Congressman for Challenging Amazon on Anti-Vaccine Titles," Bookselling This Week, March 27, 2019, accessed April 30, 2019. https://www.bookweb.org/news/abfe-criticizes-congressman-challenging-amazon-anti-vaccine-titles-571846.

70 Irene Tung and Deborah Berkowitz, "Amazon's Disposable Workers: High Injury and Turnover Rates at Fulfillment Centers in California," March 6, 2020, accessed July 13, 2020, https://www.nelp.org/publication/amazons-disposable-workers-high-injury-turnover-rates-fulfillment-centers-california/

71 Deborah Berkowitz and Athena Coalition, "Packaging Pain: Workplace Injuries in Amazon's Empire," January 10, 2020, accessed July 13, 2020, https://www.nelp.org/publication/packaging-pain-workplace-injuries-amazons-empire/

72 Olivia LaVecchia and Stacy Mitchell, "Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities," Institute for Local Self-Reliance, November 2016, accessed May 6, 2019, https://ilsr.org/wp-content/uploads/2020/04/ILSR_AmazonReport_final.pdf

73 U.S. Senators Brown et al, Letter to Jeff Bezos, February 7, 2020, accessed July 13, 2020, https://www.documentcloud.org/documents/6772867-AmazonWorkerSafetyLetterFeb72020.html

74 Patrice Taddonio, "'You're Just Disposable: New Accounts from Former Amazon Employees Raise Questions About Working Conditions," February 14, 2020, accessed July 13, 2020, https://www.pbs.org/wgbh/frontline/article/youre-just-disposable-new-accounts-from-former-amazon-employees-raise-questions-about-working-conditions/

75 Civic Economics, "Prime Numbers: Amazon and American Communities," April 04, 2018, accessed May 01, 2019, https://civiceconomics.wordpress.com/2018/04/04/prime-numbers-amazon-and-american-communities/

Economics, in 2018 alone, Amazon's retail sales displaced 62,410 storefronts. Even considering Amazon's massive distribution network, the net result is a loss of more than 703,537 jobs nationwide. The 62,410 displaced storefronts is an increase of almost 42 percent from 2016. The COVID-19 pandemic has almost assuredly caused these numbers to increase as more consumers turn to big-box online retail like Amazon.

A survey by Change to Win also uncovered local labor markets that saw a decrease in average wages upon Amazon's arrival. Amazon appears to consider high unemployment and low median income advantageous when choosing a warehouse location, appearing to intentionally enter vulnerable labor markets.[76] One example is in Mercer County, New Jersey where Amazon opened its largest fulfillment center in New Jersey in June 2014, employing an estimated 3,500 workers. Excluding seasonal workers, the survey estimated that Amazon holds 30 percent of New Jersey's and 51 percent of Mercer County's warehousing and storage labor market. Since 2014, Mercer County's annual salary and weekly earnings averages in warehousing and storage have decreased 18 percent. This decrease does not appear to be part of a larger market trend as wages were on the rise for three consecutive years.[77]

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[76] "Petition for the Investigation of Amazon.com, Inc." February 27, 2020, accessed June 15, 2020 http://www.changetowin.org/wp-content/uploads/2020/02/Petition-for-Investigation-of-Amazon.pdf
[77] Ibid.