

Courage to Learn: Amazon

Amazon is typically understood as a dominant online retailer. But over 25 years it has become a core infrastructure provider across multiple markets, including e-commerce, retailing, logistics, cloud computing, voice assistants, security, and government contracting, among other areas. Its strategy is to gain control over a marketplace or a key bottleneck for commerce, and then directly compete with those who must use this commercial infrastructure. It uses mergers, anti-competitive activities, tax subsidies, legal loopholes, and labor suppression to elevate bargaining power, often leveraging dominance in one market into an adjacent space. Amazon expanded and fortified its position throughout the Obama and Trump eras and cemented it during the pandemic.

Key Facts

- Amazon has [89 percent](#) of all eBook sales and 42 percent of physical book sales. It controls [between 65-70 percent](#) of all U.S. online marketplace sales and [50 percent](#) of e-commerce sales. Amazon Echo accounts for nearly [70 percent](#) of the smart speaker market. Amazon is dominant in cloud computing, with [triple the market share](#) of its closest competitor.
- In 2019, [93 percent](#) of independent retailers said Amazon's power is hurting their business. Only 11 percent said their experience using Amazon's Marketplace was successful.
- Amazon has more than [1 million employees](#) in the U.S. It has [2.3 million](#) third party sellers worldwide (with [half](#) in the U.S).
- More than 100 million Americans are members of Amazon Prime. Amazon conditions sales of goods to these members on merchants using its logistics service; more than [85 percent of](#) such sellers now use Fulfillment by Amazon.
- Amazon [keeps](#) an average of 30 percent of each sale made by independent sellers on its site, up from 19 percent just five years ago.
- Amazon has bought [100 companies](#) over the past 20 years.

Recommended Policies

- Break up Amazon by engaging in a series of state and federal antitrust suits, passing stronger antitrust legislation and laws mandating structural separation, banning

mergers by dominant corporations, and/or using unfair methods of competition authority.

- Pass non-discrimination rules, such as bans on self-preferencing, interoperability requirements, purpose-limitations on third party data, and equal treatment for terms and services.
- Change liability standards for third-party sales of counterfeit products through new rulemakings or through targeted reforms of Section 230 of the Communications Decency Act.
- End local tax subsidies.
- Protect workers from abuse by banning noncompete clauses and mandatory arbitration, enforcing labor and safety laws, and strengthening union rights.

Further Reading

- [“Amazon’s Antitrust Paradox”](#) by Lina Khan, January 2017
- [“Understanding Amazon: Making the 21st-Century Gatekeeper Safe for Democracy”](#) by Matt Stoller, Pat Garofalo & Olivia Webb, July 2020
- [“Investigation of Competition in Digital Markets,”](#) U.S. House of Representatives Subcommittee on Antitrust, Commercial & Administrative Law of the Committee on the Judiciary, October 2020

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