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Press Release

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NEW PHOENIX CENTER ECONOMIC ANALYSIS CHALLENGES GERMAN ANTITRUST AUTHORITY'S INVESTIGATION OF AMAZON MARKETPLACE PRICING POLICIES

Research Demonstrates Price-Conscious Marketplace Policies Enhance Consumer Welfare and Market Efficiency

WASHINGTON, D.C. – In a new analysis released today entitled *A Price Conscious Marketplace and Market Efficiency: An Analysis of Germany's Investigation into Marketplace Pricing Policies*, the Phoenix Center's team of economists looks at Germany's Federal Cartel Office (Bundeskartellamt) investigation into Amazon's marketplace pricing mechanisms. Contrary to the Bundeskartellamt's assertions that Amazon's price-control mechanisms—which limit customer exposure to offers classified as “significantly high prices” or “uncompetitive prices”—restrict seller visibility and interfere with pricing freedom, the Phoenix Center's economists demonstrate that Amazon's policies directing consumers toward competitively priced offers enhance economic welfare rather than harm competition.

The Phoenix Center's economic analysis reveals several key findings. First, the Phoenix Center's model shows that marketplace interventions steering price-insensitive consumers toward low-cost sellers generate unambiguous welfare gains by improving allocative efficiency. Second, the Phoenix Center's model shows that Amazon's pricing policy accomplishes what fully competitive markets achieve in the presence of search costs and information asymmetries—channeling transactions to efficient firms rather than allowing high-cost sellers to exploit uninformed consumers. Third, the Phoenix Center's model shows that Amazon's pricing policy protects consumers from potential price gouging by sellers seeking to “free ride” on Amazon's reputation as a low-price marketplace, a concern explicitly recognized in economics research. Finally, the Phoenix Center's economists point out that recent academic research found that buy box algorithms increase seller participation, raise conversion rates by approximately 23%, decrease average prices, and increase average seller quality—directly contradicting claims of harmful exclusion.

Equally troubling, the Phoenix Center's economists highlight an apparent inconsistency in German policy. While condemning Amazon for protecting consumers from exploitative pricing, Germany simultaneously operates extensive price control regimes in pharmaceuticals (AMNOG) and housing (Mietpreisbremse), using remarkably similar consumer protection justifications. As the study notes, the “German government cannot have it both ways. When Amazon prevents high-priced offers from exploiting uninformed consumers, it becomes anticompetitive abuse; when the German government caps pharmaceutical or rental prices, it becomes justified market intervention.”

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“It is odd that a competition authority would oppose a policy of shielding consumers from excessive prices, or claim that doing so would reduce competition,” said study co-author Phoenix Center Chief Economist Dr. George S. Ford. “Amazon’s pricing policy directs purchases toward efficient sellers and enhances economic welfare – exactly what competitive markets are supposed to do.”

A full copy of PHOENIX CENTER POLICY BULLETIN NO. 82, *A Price Conscious Marketplace and Market Efficiency: An Analysis of Germany’s Investigation into Marketplace Pricing Policies*, may be downloaded free from the Phoenix Center’s web page at: <https://www.phoenix-center.org/PolicyBulletin/PCPB82Final.pdf>.

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