



Main Street  
Against Big Tech

# Big Tech's Main Street Squeeze: Stories from Small Business Owners

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## Introduction

For too long, Big Tech corporations like Facebook, Google, and Amazon have used small business owners as a shield against reform and accountability. They have cynically cast themselves as saviors of Main Street, and efforts to rein in their toxic profit model as threats to mom-and-pop shops everywhere. But the truth is that Big Tech corporations abuse their gatekeeper status and exploit small businesses to protect their own monopoly profits.

Small business owners who need to access the digital economy have no choice but to use the services provided by Big Tech. This market dominance enables Big Tech corporations to get away with providing misleading and unreliable data, imposing hidden costs and high barriers to entry, designing confusing interfaces, making abrupt changes in their rules and algorithms, and having inadequate customer service. Small business owners are subject to the whims of Silicon Valley giants. Main street shops across the country have been shuttered while Big Tech continues to generate record-breaking profits.

The stories below demonstrate the variety of ways in which Big Tech takes advantage of small business owners—from pressuring them into paying for additional services, to using terms geared to mislead or deceive, to engaging in predatory pricing in an effort to starve out smaller competitors. It is no wonder that rates of entrepreneurship in the United States have been rapidly declining in recent years.<sup>1</sup> If regulators and lawmakers care about small businesses as much as they claim to, they will take action to rein in Big Tech’s monopoly power and give small businesses a fair shot to succeed.

## Big Tech corporations serve as gatekeepers to the online economy

Online commerce is largely controlled by just three companies: Amazon, Facebook, and Google. Google controls our access to information through its search engine. Google dominates about 90 percent of all global web searches and uses that power to direct users to its own products, in order to sell more ads.<sup>2</sup>

Amazon is where consumers are most likely to purchase goods online. eMarketer projects that Amazon will have accounted for more than 41 percent of all online e-commerce sales by the end of 2021<sup>3</sup>, while Amazon Web Services (AWS) controls more than 40 percent of the global market for cloud infrastructure, producing revenues that more than double its closest competitor.<sup>4</sup>

<sup>1</sup> Technically, “Entrepreneurship was already in decline. Now what’s going to happen?” May 5, 2020, <https://technically/2020/05/05/entrepreneurship-was-already-in-decline-now-whats-going-to-happen-recession-economy-new-startups>.

<sup>2</sup> AP, “If Google’s a monopoly, who is harmed by its market power?” Oct. 21, 2020, <https://apnews.com/article/google-monopoly-antitrust-lawsuit-f37aa86939c39a95571475495213e73d>.

<sup>3</sup> CNBC, “As e-commerce sales proliferate, Amazon holds on to top online retail spot,” June 19, 2021, <https://www.cnbc.com/2021/06/18/as-e-commerce-sales-proliferate-amazon-holds-on-to-top-online-retail-spot.html>.

<sup>4</sup> Wall Street Journal, “How Covid-19 Supercharged the Advertising ‘Triopoly’ of Google, Facebook and Amazon,” March 19, 2021, <https://www.wsj.com/articles/how-covid-19-supercharged-the-advertising-triopoly-of-google-facebook-and-amazon-11616163738>.

Facebook controls access to people through its dominant market power in social networks. Four of the top seven most popular mobile apps in the United States as determined by monthly active persons, reach, and percentage of daily and monthly active persons, are owned by Facebook: Facebook, Instagram, Messenger, and WhatsApp.<sup>5</sup> From September 2017 to September 2018, the Facebook app alone reached more than 75 percent of internet users in the United States.<sup>6</sup>

Collectively, these three companies control 90 percent of the digital advertising market, which many small businesses rely on to reach consumers online, and receive more than half of all advertising dollars spent in the United States.<sup>7</sup> Google also largely controls the market and technologies necessary for buying and selling advertising online, using that control to preference its own ad spaces.

These corporations have the power to decide whose ads get seen and whose do not, whose products are shown at the top of the screen and whose get shown on the second page. They abuse that power to exploit small business owners who have limited resources and too often have limited digital expertise. All of the small business owners surveyed for this report made clear that they use Big Tech's services not because they want to, but because they feel they have no other choice.

## **Small business owners are forced to pay Big Tech for advertising services without knowing if they actually work**

The advertising tools offered by Big Tech sound too good to be true to a prospective advertiser. They do not just offer substantial reach, as nearly every consumer accessing the online marketplace enters through one of their tools, they profess to offer near-surgical precision in the delivery of their ads. Want to run ads that target married adults aged 25-34 who live in Milwaukee, WI, earn an annual income of at least \$120,000, and have an interest in sustainable fashion? Sure thing, Big Tech is happy to oblige.

But what assurances are given to small businesses that their ads actually reached their target audience? Almost none.

In fact, Facebook, which is more affordable for small business owners than Amazon or Google, has been caught misleading advertisers about its ad services on multiple occasions. In 2018, Facebook's Ad Manager claimed it could reach a potential audience of 41 million 18- to 24-year olds in the United States, when census data, updated with a population estimate in 2016, showed that there were only 31 million people in that age range living in the U.S.<sup>8</sup> The same study found that while Facebook's Ad Manager claimed it could reach 60 million 25- to 34-year olds, only 45 million people in that age range lived in the United States.<sup>9</sup>

<sup>5</sup> House Judiciary Committee Investigation of Competition in Digital Markets, Oct. 4, 2020, [https://judiciary.house.gov/uploadedfiles/competition\\_in\\_digital\\_markets.pdf?utm\\_campaign=4493-519](https://judiciary.house.gov/uploadedfiles/competition_in_digital_markets.pdf?utm_campaign=4493-519).

<sup>6</sup> *Ibid.*

<sup>7</sup> Wall Street Journal, "Amazon Surpasses 10% of U.S. Digital Ad Market Share," April 6, 2021, <https://www.wsj.com/articles/amazon-surpasses-10-of-u-s-digital-ad-market-share-11617703200>.

<sup>8</sup> Wall Street Journal, "Facebook's Claimed Reach in the U.S. Is Larger Than Census Figures, Analyst Finds," Sept. 6, 2017, <https://www.wsj.com/articles/facebook-s-claimed-reach-in-the-u-s-is-larger-than-census-figures-analyst-finds-1504711935#:~:text=Pivotal%20Research%20analyst%20Brian%20Wieser,people%20of%20that%20age%20group>.

<sup>9</sup> *Ibid.*

Court documents revealed earlier this year allege Facebook gave its advertisers “inflated and misleading” metrics around how many people their ads could reach and that Facebook COO Sheryl Sandberg acknowledged the problem years before it was made public.<sup>10</sup> Facebook has previously conceded that it inflated metrics for video viewership on their platform by between 60 and 80 percent, while court documents suggest it was anywhere between 150 and 900 percent.<sup>11</sup>

Facebook also uses its ad space to leverage money out of small business owners. Even though Facebook had previously encouraged small business owners to build “Facebook pages” as a way to communicate with their customers, Facebook changed its algorithm so that posts from small business owners were only seen by a fraction of their page’s followers.<sup>12</sup> If small business owners wanted to reach all of their followers, they’d have to pay Facebook first.<sup>13</sup>



**Anita Thomas**  
Executive Director of  
Carolyn Dorfman Dance  
Plainfield, NJ

Anita Thomas from Plainfield, NJ, deals with these challenges first-hand. A former consumer and business marketing professional who now runs a multi-ethnic dance troupe, Anita feels pressured to use Facebook ads as a way to recruit audience members to performances and fundraise from grassroots donors. She isn’t confident that paid ads work, but her primary frustration is there’s no real way to know. Anita knows Facebook has the information she needs to optimize her paid promotions—metrics like how many people from her target audience actually saw her ads—but that data is not provided to Anita. “I may give them a thousand dollars to promote a show, but we only receive aggregate numbers, no targeted information,” she explained. “They have such specific data but they don’t share it with small business owners.”

## Big Tech abuses its role as gatekeepers by forcing small business owners to pay for additional services

Big Tech corporations recognize the gatekeeper status they hold in the online economy and abuse that status to squeeze small business owners into using affiliated services. Small business owners who sell their goods on Amazon’s marketplace lose an average of 30 percent of each sale to Amazon, up from 19 percent in just the last five years.<sup>14</sup> Amazon also pushes small business owners into using Amazon’s fulfillment and advertising services by offering better placement on search results pages to small business owners who use more of Amazon’s services.<sup>15</sup>

<sup>10</sup> Tech Crunch, “Facebook knew for years ad reach estimates were based on ‘wrong data’ but blocked fixes over revenue impact, per court filing,” Feb. 18, 2021, <https://techcrunch.com/2021/02/18/facebook-knew-for-years-ad-reach-estimates-were-based-on-wrong-data-but-blocked-fixes-over-revenue-impact-per-court-filing/>.

<sup>11</sup> The Verge, “Facebook may have knowingly inflated its video metrics for over a year,” Oct. 17, 2018, <https://www.theverge.com/2018/10/17/17989712/facebook-inaccurate-video-metrics-inflation-lawsuit>.

<sup>12</sup> American Economic Liberties Project. “The Truth About Google, Facebook, and Small Business,” May 3, 2021.

<sup>13</sup> *Ibid.*

<sup>14</sup> Institute for Local Self-Reliance, “Amazon’s Monopoly Tollbooth,” July 2020, [https://cdn.ilsr.org/wp-content/uploads/2020/07/ILSR\\_Report\\_AmazonTollbooth\\_Final.pdf](https://cdn.ilsr.org/wp-content/uploads/2020/07/ILSR_Report_AmazonTollbooth_Final.pdf).

<sup>15</sup> *Ibid.*

Amazon is not the only Big Tech company that abuses the leverage it has over small business owners. Stephen Howe, for example, owns a marketing agency in Salt Lake City, UT and took time to become a Google Certified Business, which required him to pass certification exams in order to demonstrate a high-level of product proficiency. Then suddenly, Google changed its rules so that only businesses that spend \$10,000 on Google keyword advertising a month could qualify as a Google Certified Business. Faced with the choice of either spending thousands of dollars to maintain his certification or forgoing the certification he took time to receive, Stephen reluctantly chose to forgo his certification because he simply did not have the cash.



**Sabrina Parsons**  
CEO of Palo Alto Software  
Eugene, OR

Sabrina Parsons, who owns a software company in Oregon, is acutely aware of how Big Tech companies like Google force small business owners to pay additional fees for access to advanced services and features. Sabrina's business develops online content and tools to support small businesses and entrepreneurs, particularly with cash-flow management, and she uses Google's advertising services for lead generation, for which she spends hundreds of thousands of dollars a month. One of the tools she provides to her clients is a tool called OutPost, which is used to increase collaboration and streamline communication on Google Mail. But in order for Sabrina to continue providing that tool to the small businesses she works with, Google required her to undergo a security audit that could only be conducted by a Google-approved security consultant that charged roughly \$15,000.

## **Small businesses are unable to compete with Big Tech companies that operate as both marketplaces and sellers**

Amazon does not just provide small business owners with a venue to sell their products — it actively competes with them on its own marketplace, creating a massive conflict of interest and an uneven playing field. Typically, small business owners offer bids to try and secure prominent placement for their products on Amazon's marketplace. If a small business owner wants their homemade beard oil displayed in the top row after a potential customer searches for beard oil, they will need to bid higher than a competitor who might have their beard oil displayed on the third page. But because Amazon runs the marketplace, it can provide its products with more favorable placement without having to outbid their competitors. As *The Markup* found, "Amazon places products from its house brands and products exclusive to the site ahead of those from competitors—even competitors with higher customer ratings and more sales, judging from the volume of reviews."<sup>16</sup>

<sup>16</sup> The Markup, "Amazon Puts Its Own 'Brands' First, Above Better-Rated Products," Oct. 14, 2021.

During the 2020 COVID-19 pandemic, when online shopping became a public health necessity, Amazon began reserving the most favorable slot—the top left placement on the first page—for its own products, thus making them unavailable to competitors.<sup>17</sup> This is just one of the many ways Amazon safeguards its monopoly power and makes it impossible for small business owners to compete.

***“I work with a small business who in 2020 sold \$500,000 in products on Amazon. He has no access to any data of any customer who has purchased from him. Amazon does, and they use it against him to feature their own products based on what the data tells them customers want to buy.”***



**Thomas Barr**

V.P. of Business Development  
for Local First Arizona

Phoenix, AZ

“I work with a small business who in 2020 sold \$500,000 in products on Amazon. He has no access to any data of any customer who has purchased from him. Amazon does, and they use it against him to feature their own products based on what the data tells them customers want to buy. This creates a clear uncompetitive playing field for businesses who do well on Amazon selling, then have their sales decrease because of the company competing against them because they’ve mined their data,” said Thomas Barr, Vice President of Business Development for Local First Arizona, the largest coalition of local businesses in North America. “Amazon also prioritizes products on its front pages that sell more by offering advertising to its sellers. If you don’t purchase advertising, you end up less featured and have less products sold, so are instead forced to advertise to compete. This brings the typical amount small businesses pay Amazon to nearly 45-50 percent per product, which is unsustainable.”

## **Counterfeited and copycat products proliferate on Big Tech platforms, putting legitimate small businesses at risk**

While Amazon is among the most profitable companies in the world, in large part because of the variety of ways it abuses its monopoly power, it has not invested enough resources to adequately protect its marketplace from counterfeit or scam products being sold on it. A Wall Street Journal investigation in 2019 found more than 4,000 items for sale that should not have been—either because they were unsafe, deceptively labeled, or lacked appropriate health labels.<sup>18</sup> In fact, several large companies, including Nike and Birkenstock, have previously stopped selling their products on Amazon because Amazon has not done enough to crackdown on counterfeited products.<sup>19</sup>

Amazon also copycats products both on and off its platform, and then gives those products preferential listings in search results.<sup>20</sup> But while the big companies can afford to stop selling on Amazon’s marketplace, small businesses oftentimes do not have that luxury.

<sup>17</sup> ProPublica, “Amazon’s New Competitive Advantage: Putting Its Own Products First,” June 6, 2020, <https://www.propublica.org/article/amazons-new-competitive-advantage-putting-its-own-products-first>.

<sup>18</sup> The Wall Street Journal, “Amazon Has Ceded Control of Its Site. The Result: Thousands of Banned, Unsafe or Mislabeled Products,” Aug. 23, 2019, <https://www.wsj.com/articles/amazon-has-ceded-control-of-its-site-the-result-thousands-of-banned-unsafe-or-mislabeled-products-11566564990>.

<sup>19</sup> The New York Times, “Welcome to the Era of Fake Products,” Feb. 11, 2020, <https://www.nytimes.com/wirecutter/blog/amazon-counterfeit-fake-products/>.

<sup>20</sup> Reuters, “Amazon copied products and rigged search results to promote its own brands, documents show,” Oct. 13, 2021.

As Reuters reported, “Joey Zwillinger, co-founder of Allbirds Inc, a San Francisco-based maker of sustainable footwear and apparel, told Reuters that around 2016 or 2017, Amazon began inviting his company to sell its goods on the e-commerce giant’s platform. Allbirds said no. Then, in 2019, Amazon introduced a wool-blend sneaker that closely resembled a popular Allbirds wool shoe – and sold for much less. Zwillinger said the Amazon product used cheaper material but that the design was so similar, ‘it’s hard to tell the difference in a silhouette.’”

## **The high costs associated with using Big Tech’s tools and services perpetuate systemic inequalities**

As America faces a racial reckoning spurred by the killings of George Floyd and Breanna Taylor, and new data<sup>21</sup> shows the disproportionate impact the COVID-19 pandemic has on communities of color, it is worth recognizing that Big Tech’s tools and services perpetuate systemic inequalities that make it harder for Black-owned small businesses to succeed. Black Americans face more barriers in accessing start-up capital than White Americans.

Many small business owners receive start-up money through investments from their “friends and family” network and by borrowing against existing assets, but Black Americans have far less generational wealth available to them—the net worth of a typical White family in America is nearly 10 times more than that of a typical Black family.<sup>22</sup> And the wealth gap is just one of the barriers Black entrepreneurs face. Minority entrepreneurs make up less than 10 percent of those pitching their business to angel investors and just 15 percent of those pitches convert into actual investments, compared with 22 percent of all businesses that pitch angel investors.<sup>23</sup>

The high, and often hidden, costs associated with Big Tech’s tools and services make it more difficult for entrepreneurs with limited access to capital to compete in the online marketplace, perpetuating systemic inequities in our economy. Taken together, these barriers help explain why Black-owned businesses make up only 2.2 percent of the nation’s 5.7 million businesses with more than one employee.<sup>24</sup> And access to capital is not the only way Big Tech disadvantages Black and Brown entrepreneurs.

Many entrepreneurs use Facebook and Instagram to promote brands or products as influencers—in fact, the influencer marketing industry is expected to grow to more than \$13 billion in 2021.<sup>25</sup> But because there is little transparency around the industry, Black and Brown influencers can not access metrics proving their reach, which leads to the entrenching of discriminatory pay disparity practices as advertisers, modeling companies, and others in the entertainment industry default to paying White influencers more. Mikai McDermott, a London-based Black model and influencer, was on set for a gig when she learned that a White model was

<sup>21</sup> Harvard Publishing Health, “Communities of color devastated by COVID-19: Shifting the narrative.” October 22, 2020, [Communities of color devastated by COVID-19: Shifting the narrative](https://www.harvardpublishinghealth.com/communities-of-color-devastated-by-covid-19-shifting-the-narrative/).

<sup>22</sup> The Brookings Institution, “Examining the Black-white wealth gap,” Feb. 27, 2020, <https://www.brookings.edu/blog/up-front/2020/02/27/examining-the-black-white-wealth-gap/>.

<sup>23</sup> Forbes, “There Are Few Minority Entrepreneurs, And They Rarely Get Funding,” Oct. 16, 2013, <https://www.forbes.com/sites/natalierobehmed/2013/10/16/there-are-few-minority-entrepreneurs-and-they-rarely-get-funding/>.

<sup>24</sup> The Brookings Institution, “To expand the economy, invest in Black businesses,” Dec. 31, 2020, <https://www.brookings.edu/essay/to-expand-the-economy-invest-in-black-businesses/>.

<sup>25</sup> Influencer Marketing Hub, “The State of Influencer Marketing 2021: Benchmark Report,” Aug. 18, 2021, <https://influencermarketinghub.com/influencer-marketing-benchmark-report-2021/>.

receiving 10 times more money for the same job; she could have used data to fight for more pay, but the platforms withhold that information.<sup>26</sup> The experience, which she described as a “whole day of microaggressions,” inspired her to share her story and create an Instagram account called the Influencer Pay Gap to expose pay disparities in the influencer industry.<sup>27</sup> McDermott says the account, which now has more than 60,000 followers, receives more than 100 direct messages a day from Black and Brown influencers who are being paid less than their White counterparts.<sup>28</sup>

## Big Tech uses terms that mislead or deceive small business owners

Small business owners forced to use Big Tech’s tools are often fed metrics that carry little meaning. Small business owners who put money behind an ad on Facebook are likely to see that the ad, almost regardless of how much money spent, achieved massive *reach* and *impressions* that are oftentimes in the thousands or tens of thousands. But what do metrics like “reach” and “impressions” actually mean to small business owners? What’s the difference between an “impression” and a “view,” and were any of those reached actually within the targeted advertising universe? How many of the Facebook users who account for those impressions or views are bots or fake accounts?

*“All the metrics: likes, engagements, reach, frequency... that doesn’t mean anything to me as a small business owner... It is misleading.”*



**Edgar Comellas**

Owner of Aces Wild Entertainment  
Orlando, FL

Facebook knows the answers to these questions, but the small business owners placing the ads do not. Edgar Comellas, who owns a business that provides casino games at parties and events, uses Facebook ads to expand his customer base but oftentimes struggles to make sense of what he’s paying for: “All the metrics: likes, engagements, reach, frequency... that doesn’t mean anything to me as a small business owner.” The projected return on investment, he said, is presented like his business will get sales when that’s not always the case. “It is misleading,” he explained.

Google uses a similarly opaque system where small business owners using keyword advertising might inadvertently spend far more than they had initially

projected without seeing a meaningful return on investment. Sabrina Parsons, whose software business supports small businesses around the country, has heard upsetting stories associated with those using Google’s keyword advertising services. “[They] place keywords, and don’t know if [they’re] hitting the right demographics,” she said, explaining that some small business owners can accidentally end up with thousands of dollars in unforeseen expenses if the keywords they’re advertising with are too broad. “Google Adwords is not very intuitive and can easily confuse small business owners.”

<sup>26</sup> The Verge, “Black Influencers are Underpaid, And a New Instagram Account is Proving it,” July 14, 2020, <https://www.theverge.com/21324116/instagram-influencer-pay-gap-account-expose>.

<sup>27</sup> *Ibid.*

<sup>28</sup> *Ibid.*



## **Big Tech often makes unexplained and sudden changes to their products or algorithm that can create challenges and cause chaos and uncertainty for small business owners who are forced to rely on their platform**

Small changes to Big Tech platforms can create huge problems for small business owners. It takes many small business owners years to figure out how to game Facebook or Google's black-box algorithm to present their business in a favorable way and even minor tweaks to the algorithm can undo years of work. Increasingly, organic content on Facebook is performing worse, forcing small business owners to spend more to have their products seen by their followers or fans.

In just the first half of 2016 changes to Facebook's algorithm caused the reach of organic content to decline by a whopping 52 percent.<sup>29</sup> At the end of 2020, the average reach for organic content on Facebook was just 5.2 percent<sup>30</sup> meaning if small business owners want more than one in 20 of their followers to see the content they're posting, they will have to pay Facebook to boost the post.

More recently, in an effort to reduce election-related mis/disinformation, Facebook made changes to what advertisements were allowed to run on its platform. However, Facebook relied too heavily on machine-learning and artificial intelligence to determine what ads ran afoul of its new rules, so a whole host of small business owners had their advertisements inexplicably blocked.<sup>31</sup> Some small business owners were even locked out of their accounts, costing them thousands of dollars in lost revenue.<sup>32</sup> This threw yet another curveball at small business owners trying to make ends meet and keep their employees on payroll during a pandemic.



**Guadalupe Ramirez**

Owner of AlterNatives  
Boutique

Richmond, VA

Guadalupe Ramirez, who runs a fair trade craft store in Richmond, VA, was one of several small business owners who had her advertisements blocked by Facebook's automated systems. Guadalupe takes pride in the fact that all of the artists and providers for products in her store get paid fairly—no sweat shop products, she said. She also considers products' impact on the environment before she makes purchases. These ethical practices set her business apart from many of her competitors. But if she wants to advertise that to an audience using Facebook's advertising services, she needs to wait for authorization to run the ad. "We've run ads that use words like indegnous rights, women, or environment that get denied," she explained. Guadalupe's business had even had ads blocked for trying to promote a community event at her store on reforestation. "It's like walking on eggshells," she said.

<sup>29</sup> MarTech, "Facebook organic reach is down 52% for publishers' Pages this year," Aug. 6, 2016, <https://martech.org/facebook-organic-reach-drop-steepens-52-publishers-pages/>.

<sup>30</sup> Hootsuite, "How the Facebook Algorithm Works in 2021 and How to Make it Work for You," Feb. 10, 2021, <https://blog.hootsuite.com/facebook-algorithm/>.

<sup>31</sup> Fortune, "Facebook's AI is mistakenly banning some small business' ads," Nov. 28, 2020, <https://fortune.com/2020/11/28/facebook-ai-is-mistakenly-banning-some-small-business-ads/>.

<sup>32</sup> *Ibid.*

## Customer support for using Big Tech’s advertising services are often inaccessible to small business owners

While Big Tech corporations are quick to claim small business owners as their primary constituents when trying to dissuade lawmakers from imposing stricter regulations, the customer support for small business owners who use their tools and services tell a different story. Big Tech takes hard-earned advertising money from small business owners for granted and many small businesses do not even try reaching out to Facebook, Google, or Amazon for customer support, correctly assuming that they are simply too big to care.

And when small business owners do try reaching out for help, they often find there’s nobody on the other side of the screen, just automated systems with canned responses. Aaron Seyedian, who owns a cleaning service in Washington, D.C. called Well-Paid Maids, says he often receives scam phone calls claiming to be Google support but that he knows Google would never

*“It doesn’t feel like there’s a real person behind the screen, it feels above me. They are faceless.”*

actually proactively reach out — “the feeling you get is that you’re not taken care of,” he said. The customer service Amazon provides to small business owners who sell on their marketplace is so horrible that sellers often resort to a “Jeff Bomb,” a term they use to describe frustrated emails they send directly to former CEO Jeff Bezos.<sup>33</sup>



**Guadalupe Ramirez**  
Owner of AlterNatives  
Boutique  
Richmond, VA

Guadalupe Ramirez, whose ads were inexplicably blocked by Facebook’s automated systems, bristled at the thought of reaching out to Facebook for an explanation or seeking out customer service for help with their platform. “It doesn’t feel like there’s a real person behind the screen, it feels above me,” she said. “They are faceless.”

## Big Tech kneecaps their competitors

Big Tech corporations are known to advance their business objectives—namely, grow more revenue—by squashing or acquiring potential competitors. This puts small business owners in a dangerous position. If their revenues become so large as to catch Big Tech’s attention they might find themselves out of business.

That was the story with Quidsi-owned Diapers.com, a diapers delivery service. Once Amazon recognized it as a competitor, Amazon dropped diaper prices to intentionally undercut Diapers.com, even if that meant absorbing losses as high as \$200 million a month.<sup>34</sup> Quidsi was eventually sold to Amazon; Amazon shut it down almost seven years later.<sup>35</sup>

<sup>33</sup> NBC, “Amazon bullies partners and vendors, says antitrust subcommittee,” Oct. 6, 2020, <https://www.cnbc.com/2020/10/06/amazon-bullies-partners-and-vendors-says-antitrust-subcommittee.html>.

<sup>34</sup> ArsTechnica, “Emails detail Amazon’s plan to crush a startup rival with price cuts,” July 30, 2020, <https://arstechnica.com/tech-policy/2020/07/emails-detail-amazons-plan-to-crush-a-startup-rival-with-price-cuts/>.

<sup>35</sup> CNBC, “Congress has the goods on Apple, Amazon, Facebook and Google,” July 30, 2020, <https://www.cnbc.com/2020/07/30/apple-amazon-facebook-google-internal-emails-released-by-congress.html>.



**Michael DeSanto**

Owner of Phoenix Books

Burlington, VT

Michael DeSanto, a veteran who owns and operates bookstores in Vermont, has experienced first-hand how difficult it is to compete with tech giants like Amazon. He identifies himself as one of the many businesses that Amazon uses price cuts to push out of the market, as he sees it. And the ability to cut prices and absorb losses is not Amazon’s only competitive advantage Amazon has over Michael’s bookstores—Michael sees a noticeable difference in shipping time between his deliveries and Amazon’s, too.

## Big Tech’s societal harms and monopoly power present a moral dilemma for many small business owners

Small business owners, unlike the CEOs of Facebook, Google, or Amazon, pride themselves on the value they bring to their communities. They want to grow revenue, but they also want to share that revenue with their employees and reinvest that revenue into their communities. It’s why small business is consistently considered the most trusted institution in America.<sup>36</sup>

*“[Facebook is] literally poisoning our society.”*

**Stephen Howe**

Owner of Innoative Design

Salt Lake City, UT

It’s also why so many small business owners are presented with a moral dilemma when it comes to Big Tech’s tools and services. On the one hand, it is nearly impossible not to use Big Tech’s tools and remain competitive; but on the other, small business owners are reluctant to give money to Big Tech platforms that sew hate and division, profit off of dangerous mis/disinformation, facilitate discrimination, and erode our information ecosystem. Stephen Howe, who runs Innovative Design in Salt Lake City, UT thinks misinformation on Facebook is “literally poisoning our society.” And yet, he still spends thousands of dollars to advertise on Facebook each year.

Nearly all of the small business owners surveyed for this report expressed frustration at the fact that they feel forced to give money to companies that they feel are inflicting immeasurable harm on people and communities around the world. “Politically and philosophically, I’m not aligned with Facebook but I don’t have any other options,” Guadalupe Ramirez said. “As a consumer, I hate being spied upon,” Rosalind McCallard, owner of Snackrilege in Portland, OR, said while explaining how morally opposed she is to the surveillance advertising-based business model Facebook uses. Stephen Howe, who owns a marketing agency based in Salt Lake City, UT, feels like misinformation on Facebook is “poisoning our society.” But Stephen also recognizes that Big Tech corporations like Facebook, Google, and Amazon are monopolies that leave him with no choice.

<sup>36</sup> Gallup, “Confidence in Institutions,” Accessed Aug. 16, 2021, <https://news.gallup.com/poll/1597/confidence-institutions.aspx>.

## Conclusion

The exploitative relationship Big Tech has with small business owners does not just hurt small businesses—it threatens our economy, hampers innovation, drives down wages for workers, and leaves consumers with less choice. But it's not too late for lawmakers and regulators to intervene and rein in Big Tech's power to protect small business owners. By modernizing and strengthening our antitrust laws, banning surveillance advertising, and requiring algorithmic transparency and accountability, they can begin to level the playing field and give small business owners a fair shot to compete.

Already, there is bipartisan legislation in Congress that would limit the ability of Big Tech companies like Amazon to self-preference their own products over competitors' in their marketplace. There are a variety of proposals, both in the U.S. and the EU, to strengthen consumers' privacy laws and ban surveillance advertising. And, there are multiple legislative proposals that would compel Big Tech companies to open up their black-box algorithms and provide small business owners with the ad and algorithmic transparency they need to get ahead. All that's needed now is the political courage for our lawmakers to act.