

# The Boston Globe

## For iRobot and Amazon, European antitrust roadblock is just one hurdle

By [Hiawatha Bray](#) Globe Staff, Updated December 3, 2023, 8:21 p.m.



Sixteen months after retail titan [Amazon](#) agreed to purchase Bedford-based home robotics company [iRobot](#), a final resolution of the deal could still be months away. Aside from last week's unexpected move by the European Commission to challenge the acquisition on antitrust grounds, there's still a chance that the US Federal Trade Commission could seek to scuttle the deal.

The day after Thanksgiving, iRobot shares soared 34 percent after an erroneous [news report](#) claimed European regulators would approve the transaction. But the EC announcement last Monday instead sent the stock down 17 percent. And the FTC, which has already filed an antitrust suit against Amazon, could soon make matters worse.

"The FTC under Lina Khan has really had Amazon in its crosshairs," said Ben Z. Rose, president of analyst firm Battle Road Research in Lexington. "I think of it as being akin to Ahab going after the great white whale."

Khan, who chairs the FTC, has been a relentless critic of Amazon since her years at Yale Law School, where she wrote a well-regarded paper calling for tough antitrust action against the company. In September the FTC joined with 17 state attorneys general in an antitrust suit against Amazon, alleging that the company blocks third-party sellers from offering their products at lower prices at online stores that compete with Amazon.

Khan's FTC has been hostile to some acquisitions by giant tech companies. Under her leadership, the FTC tried to prevent Facebook's parent company

Meta from buying fitness company Within, and also attempted to keep Microsoft from buying the videogame company Activision Blizzard. The FTC argued that these deals were dangerous because they might enable Meta and Microsoft to throttle potential competitors. Federal courts rejected the FTC's arguments in both cases.

The FTC is still deciding whether to approve Amazon's proposed iRobot acquisition, which has been cleared by regulators in the UK. Mark Jamison, nonresident senior fellow at the American Enterprise Institute, thinks there's a good chance the FTC will try to block it.

The European Commission's warning shot at Amazon last week stated that the tech giant could be unfair to rival sellers of robot vacuums. Because Amazon controls the search and advertising systems that promote all these products, EC regulators fear it may give its own products an advantage over other sellers. For instance, a search for robot vacuum cleaners could prominently display iRobot machines, while downplaying vacuums made by competitors like Needham-based [SharkNinja](#). Amazon could also hamper its robot vacuum competitors by charging them higher fees to advertise their products, the EC said.

Krista Brown, a senior policy analyst at the American Economic Liberties Project, hopes that European and US regulators reject the acquisition. Brown fears that iRobot's technology, which can generate digital maps of a user's home, will provide Amazon with too much sensitive information about the private lives of its customers.

"Amazon won't rest until it has wired itself, its products, and its data harvesting into every inch of our lives," she said, "and enforcers are starting to realize that."

But Jamison said that fears about the deal are speculative and that Amazon would have no incentive to abuse its market power and its reputation with consumers just to sell a few more robot vacuum cleaners.

"If it starts whittling away at that reputation," he said, "then the company loses what makes it profitable." If that happens, said Jamison, consumers could take their business to other large online retailers like Walmart and Target.

Rose said that even if regulators scuttle the deal, it won't pose an existential threat to iRobot. "It's certainly financially solvent," Rose said. "I don't think there's any risk of them going out of business if this doesn't go through." But he added that competition from rivals like SharkNinja, and an overall slump in demand for robot vacuums, has hit the company hard.

For the nine months ended Sept. 30, iRobot's revenues fell 29 percent from the same period last year. The company said it would lay off 140 workers, or 10 percent of its workforce, [when the Amazon acquisition was announced](#) in August 2022. Since then it laid off an additional 85 workers [in February](#).

iRobot's share price has slumped over the past six months, and the Amazon acquisition, originally priced at \$1.7 billion, was lowered to \$1.42 billion in July, after iRobot obtained an additional \$200 million in debt financing.

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