

E-Consumerism As a Tool for Empowerment

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From a consumerism perspective, the Internet is more than a communication mechanism: it is an aid to consumer empowerment. The Internet has roles to play in each of the three stages of consumption: pre-purchase, purchase, and post-purchase. Each role is a little different, and accordingly, requires a range of input from consumer educators. In the pre-purchase stage, the emphasis is on guiding consumers to useful sources of product and service information, and possibly evaluating that information in terms of its degree of usefulness and independence. During the purchase stage, the emphasis is on locating and evaluating networks of buyer groups, so that consumers can effectively bargain for improved terms of sale. In the post-purchase phase, the emphasis is on guiding consumers to sites that can help them gain redress for unsatisfactory purchase, and possibly instructing consumers how to use such sites. In this paper, we investigate the effect of the Internet from the consumers' perspective. The purpose is to highlight new opportunities for consumerism.

The underlying goal of consumer education is to provide all people the information, mechanisms and confidence that will give them a sense of control over their individual and collective consumer decisions (Edmonson, Flashman, & Quick, 1984). At the same time, consumer education should reflect economic conditions, legislative changes and technological development (Dlabay, 1984). With this in mind, we believe that a better understanding of the changing market environment and of the new opportunities for consumerism in the Internet era will help determine appropriate roles for various participants in consumer education.

The Internet: A Bi-Directional Communication Medium

Porter (2001) stated that the Internet is “an enabling technology that can be used wisely or unwisely” (p. 64), implying that it is important to understand these two alternatives to ensure wise use of the Internet. The most important characteristic of the Internet identified thus far in research is its ability to effectively conduct bi-directional communications between consumers and businesses, among consumers, and among businesses (Porter, 2001; Choi, Stahl, & Whinston, 1997). The bi-directional nature of Internet communication is especially important as it provides an inexpensive medium that can be used to build a “web” of information with the consumer in the center (Figure 1). The purpose of this paper is to explore effective use of the Internet in the pre-purchase, purchase, and post-purchase stages of consumption and to offer implications for the development of e-consumerism.

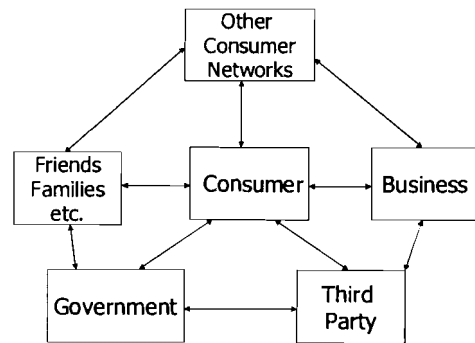


Figure 1. The Web of Bi-Directional Consumer Communication Online

E-Consumerism Defined

In classical economics with perfect competition, neither producer nor consumer has need for any strategy toward the marketplace because full information about market conditions and offerings is assumed to be available to everyone involved at no cost. In this perfect market, no single buyer or seller is large enough to control or influence the price that is determined. However, we live in a world in which firms know more about their products than do consumers and this informational advantage can provide some degree of market power. The need for consumerism has been developed in this context. Consumerism has been defined in the past as the “social movement seeking to augment the rights and power of buyers in relation to sellers” (Kotler, 1972, p. 50). In this paper we propose that the concept of e-consumerism should take its place alongside concepts like e-commerce or e-retailing which are now ubiquitous in the business literature. We define e-consumerism as: *actions of consumers or their agents to protect and promote consumer interest and seek empowerment in the context of the electronic marketplace.*

E-Consumerism in the Pre-Purchase Stage of Consumption

A key difference between the Internet and traditional communication media is that the Internet is predominately a “pull medium.” Consumers have control over what kind of information they will obtain. That is, information is selected as a result of each consumer’s click or active search. Traditional communication media such as TV or telephone are essentially “push media,” in which the information provided to consumers is decided by the businesses.

This “pull” dimension is especially relevant in the pre-purchase stage of consumption, in which consumers engage in search activities to identify goods and services that meet their needs with best value. At the same time, the Internet gives consumers unprecedented access to detailed information about products and services. The implication

is that active and efficient search strategies are more important and more beneficial than ever before.

We suggest some potential uses of the Internet in the exercise of e-consumerism in the pre-purchase stage. First, there are certain technologies that consumers can use to filter information and obtain only necessary/relevant information. The proper use of technology like search engines (e.g., Yahoo.com shopping) or comparison sites (e.g., Mysimon.com) can reduce the incremental cost of obtaining information, and thus consumers should make full use of these technologies. Second, consumers should remember that they are now in a position to initiate the communication process. Thus, when searching for information about products or services, consumers should actively seek answers by sending e-mail to companies or by posting questions on the bulletin boards of companies.

Third, consumers can now share information about products, services, and companies with other consumers through online consumer networks. The term "consumer networks" refers to the sources of communication among consumers including e-mail and discussion lists, Usenet, Bulletin Board Systems (BBS), and chat rooms. Provided that the information from another consumer is reliable, online consumer networks can be a beneficial information source, wherein the post-purchase experience and evaluation of one consumer becomes vital information in the pre-purchase decision making of another. This is especially important in the context of online purchases when consumers are unable to check the quality of the product in person ~ in such cases information provided by other consumers may function as vicarious experiences. Consumers can even review or rate a product (e.g., Bizrate.com).

The role of consumer educators in this pre-purchase stage of e-consumerism can be stated simply. Consumer educators need to be aware of various sources of pre-purchase information on the Internet. They also have a potential role to play in disseminating information about access to and appropriate use of the medium.

E-Consumerism in the Purchase Stage of Consumption

Consumerism during the purchase stage is not discussed in great detail in the literature. In the past, consumers have had neither an effective means of nor the necessary organization for negotiating terms of transaction with businesses. Nevertheless, the concept of consumer countervailing power, the actions of organized consumers which mitigate the economic power of sellers by negotiating the conditions of buying, has been discussed by consumer advocates as a theoretical basis for organized consumer activities (Galbraith, 1956; Nader & Ehrenrich, 2000). Simply put, the notion of consumer countervailing power is that if a critical mass of consumers can band together as a group, they can negotiate more favorable terms from the seller. Several such collective buying groups ("group buyers" or "co-buyers") are currently operating via the Internet in Europe and Asia (e.g., LetsBuyit.com). These networks negotiate directly with suppliers on consumers' behalf.

Effective communication among consumers enables the identification and development of social networks with a shared interest. The elimination of the friction of distance makes it possible to bring together the necessary critical mass of consumers to promote consumer countervailing power (Bakos, 1998). Disintermediation, or the simplification of supply chains, provides an opportunity for consumers and businesses to communicate directly. As a result, consumers can communicate their preferences more directly to businesses and bargain for improved terms of transactions.

The focus of consumer educators during the purchase stage should be consumers' use of online networks and their participation in the collective bargaining process. Consumers should be helped and encouraged to share information with others about products and services and help consumers with mutual interests.

E-Consumerism in the Post-Purchase Stage of Consumption

Following their use of products and services, consumers evaluate the experience against their expectations. Theoretically, based on this post-purchase (or post-consumption) evaluation, consumers have the option to voice their complaints or exit (in the case of dissatisfaction) or to stay loyal (in the case of satisfaction) (Hirschman, 1970). The options in practice may be difficult to exercise. Consumers often lack the means of letting the company or other consumers know of their dissatisfaction, or may have no alternatives or close substitutes for the unsatisfactory products and services.

The Internet has brought new opportunities for consumers to redress their grievances. Indeed, these should be the focus of e-consumerism and consumer education in the post-purchase stage of consumption. As shown in Figure 1, consumers now have easier access to communication with businesses, the government, third parties and other networks of consumers. If and when consumers are dissatisfied with certain products or services they can now actively voice their dissatisfaction, not only to the responsible company (through e-mail) but to other consumers (through bulletin boards, chat rooms and anti-business sites). In addition, many government departments (e.g., <http://www.consumer.gov/sentinel/>), consumer organizations (e.g., <http://natlconsumersleague.org>), and third party sites (e.g., <http://complaints.com>) now compile consumer complaint data using the Internet. Consumers and consumer educators can thus make active use of this communication feature of the Internet to provide accurate information to those who can "do something" for the consumer. Not only can consumers voice their dissatisfaction more effectively with the introduction of the Internet, but also they can more effectively 'exit' the buyer-seller relationship when companies sell unsatisfactory products and services. By reducing the friction of distance and number of intermediaries in the marketplace, the Internet has given consumers easier access to a

wider selection of sellers, and thereby enhanced consumer choice. In sum, the Internet enables consumers to be more active in exercising their right to redress in the post-purchase stage of consumption. Consumer educators have a role to play in identifying the avenues consumers can use for redress, and instructing in the best ways to use them.

A Rejuvenation of Consumer Education?

There are clear outreach components to e-consumerism education. Consumer educators are already using Extension programs and Internet resources, for example, to help consumers evaluate Internet information (e.g., <http://servercc.oakton.edu/~wittman/find/eval.htm>) and become more actively involved in e-consumerism.¹ Consumer educators should see their role as evaluators and disseminators of information sources, and/or facilitators in improving consumer bargaining power and redress. Case studies abound on e-consumerism for classroom or illustrative use. In the final analysis, the Internet cannot be ignored by consumer educators. The Internet will play a permanent role in consumer affairs, as the potential for e-consumerism is realized. As consumer educators, we need to experiment with and share means of bringing the Internet into our education experiences.

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¹Editor's Note

See next two articles in this issue, both related to Web site evaluation.