ASSESSING RELEVANCY OF ICT DRIVEN CONSUMER EMPOWERMENT FOR BUSINESS*

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ABSTRACT

Consumer empowerment commonly focuses on the deliberate provision of power to consumers by business, often using information and communications technology (ICT) to support controlled, self-service initiatives driven by operational efficiency goals. An alternative focus has recently emerged in consumer markets: one where consumer empowerment is not delegated or controlled by business. This undelegated consumer empowerment is an unintended consequence arising from a combination of continued advances in ICT, global technological convergence and marketing strategies developed by business seeking to take advantage of the potential of globalisation using the Internet. Relevancy for business may depend on the competitive environment, nature of the product and on other factors. Undelegated consumer empowerment and the associated empowerment process are examined, leading to a discussion of the types of issues a business needs to consider in assessing relevancy of ICT driven consumer empowerment.

INTRODUCTION

The use of information and communications technology (ICT), particularly the Internet, allows businesses to interact directly with connected consumers. This can be seen as an opportunity for businesses to match their value propositions more closely to consumers' requirements. But this same technology that supports traditional business-to-consumer communications also allows consumers, on their own, to easily gather more information from the market than before, often independent of the communications of any one business in the market. Indeed, recent years have witnessed impressive growth of online social networking, an integrated part of what is called Web 2.0, where members post information about themselves and make contact with others who share similar interests and opinions, including for consumption purposes.

One reason the sharing of market information by means of independent consumer-to-consumer communications is of interest for business is that virtual communities of consumption have been rapidly forming. These are collections of people who interact with each other online to share their enthusiasm for, and knowledge about, a specific consumption activity. In some circumstances, according to the wisdom of crowds perspective (Surowiecki, 2005), groups may be smarter than the smartest people in them, implying that a large number of (non-expert) consumers may predict products that become successful (Howe, 2006). This converts communities of consumption into important sources of intelligence and influence for business. But, most importantly, the same ICT that allows consumer groups to make their voices heard by business (Kozinets, 2006; Pfanner, 2007), also may empower consumers to make independent consumption decisions, to become major partners in production and to shape markets. Clearly, ICT-driven consumer empowerment is undelegated empowerment and market communications may become consumer-to-business communications.

PURPOSE

Much of the consumer empowerment literature focuses on businesses' efforts to retain control of consumers' consumption processes (Watieu et al., 2002), by educating consumers on market behaviour (Bone, 2008; McGregor, 2005), by allowing consumers to self-service some predetermined tasks and, in some cases, by deliberately providing power to consumers in order to benefit from consumers' social networking capabilities (Mitchell, 2009). It is apparent that, while consumers can benefit from authoritarian empowerment, through delegated access to resources such as information, from capacity (to use the information) empowerment, and/or from psychological empowerment, referring to the feeling of power from having access and capacity to use the information (Hunter et al., 2006), consumer empowerment is largely viewed as controlled enablement. Businesses delegate to consumers the authority to choose from and perform specific tasks, and only these, as is

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the case with consumer self-service (CSS) and ATMs (Tumquist, 2004). What consumers are enabled and allowed to do is clearly determined, regulated and controlled by the business.

In contrast, this paper seeks to explain the process leading to ICT driven, undelegated consumer empowerment as well as to develop an analytical framework for organizing issues that businesses need to address in assessing whether this type of consumer empowerment is of relevance to them. The drivers of undelegated ICT driven consumer empowerment are identified and key issues explained.

CONTRASTING PERSPECTIVES OF CONSUMER EMPOWERMENT

In recent years, business has been enacting more consumer-centric (-empowerment) marketing strategies (ITGI, 2005) by responding more closely to consumers requirements. Responsiveness to changing consumer needs may explain Seven Eleven becoming ‘Always Open’, or banking changing from ‘you come to us, on your time’ to limited capability at an ATM at any time, to ‘access any of our services 24/7, by phone or Internet’. Consumer-centric marketing strategies also are often associated with customer relationship management (CRM). Consumer-centricity, however, depends on whether the wants at their core are determined by customers’ actual wants or by managers’ perception of what they ought to be. Disregard for the latter possibility may provide the basis for marketers failing to realize that “a lot of the benefits that are claimed for CRM are really benefits that accrue to the enterprise, but have nothing to do with the customer” (Newell, 2003).

Provided suppliers ‘know’ their customers, consumer market fragmentation allows businesses to benefit from yield management of consumers, encouraging consumer empowering and personalised strategies that combine greater customer power over their consumption with business control of operations, including what is done where, when, to whom and how. However, current business practice appears to overlook that consumers may participate in e-commerce because they prefer it to traditional exchange methods. For the greater and independent choice it affords them. Poor online service and a bad experience, for example, may be quickly rewarded with a click of farewell (Wightman 2000). One option for business is to accept that consumers with more knowledge will feel more powerful (Foucault, 1977: 27) and will act accordingly, at expense of business control. Alternatively, businesses can continue to understand their increasing attention to consumer wants as controlled strategic concessions given to consumers due to increasing competition, as illustrated by current approaches to CSS and CRM. The idea of CSS is that consumers should be, and should feel they are, in charge of their experience, while suppliers benefit from reduced operational costs. The question is whether consumers have their say in regard to CSS, or whether unwanted CSS is imposed upon them. Ultimately, the notion that consumers will be grateful to suppliers for the power they enjoy from CSS (BusinessTown, 2005), contrasts with the view that empowering involves not forcing consumers to do anything they do not want to (Greenberg, 2001).

Without questioning the merit of the delegated perspective, this paper supports the alternative view that ICT-driven consumer empowerment is not controlled by businesses. Rather, it is an unintended consequence of marketing (Pires et al., 2006). It arises from a combination of continued advances in ICT, global technological convergence and marketing strategies developed by businesses seeking to take advantage of the potential of globalisation using the Internet. These strategies involve the provision of extensive amounts of market information about businesses and their value propositions, all of which yield consumers increased market knowledge and unchecked expertise in online consumption. There are no apparent reasons why this expertise that is gained from the online environment, cannot extend its impact to the offline business environment.

Using information diffused by electronic means already has strong implications for markets and for marketing. For example, armed with more and better health information via the Internet, consumers experiencing bad or problematic healthcare may feel empowered to question their doctors (Henwood et al., 2002), even in face-to-face situations. Perceptions of poor service quality, for example, may induce consumers to switch healthcare providers. This will have an impact on individuals’ attitudes as consumers and on the power relationship between businesses and consumers. The process of searching the net for goods and services, comparing potentially large numbers of competing value propositions on offer, entering in exchange agreements and completing transactions online or offline is already, and is likely to continue to be, the rule in many exchange situations within developed markets.

The transition from mass-production, that essentially favoured suppliers, to mass-customisation, saw the growth of enabled but relatively controlled or managed empowerment of consumers. But the advent of globalisation and the web-based economy supports a changing power relationship between businesses and consumers, such that marketing messages and communication processes are now controlled by the latter, becoming consumer-to-business communications. Growth in the sophistication and use of ICT appears to be driving the empowerment process. While this empowerment enables consumers to seek better value propositions that match their requirements more closely, businesses may struggle to either control or manage the process.
The question is whether the market knowledge that was once controlled by business is increasingly available to, controlled, and used for consumption purposes by consumers.

**SOURCES OF ICT-DRIVEN CONSUMER EMPOWERMENT**

Examined solely from a supplier perspective, ICT driven consumer empowerment may be seen as resulting from the combination of continued advances in ICT with global technological convergence and with marketing strategies developed by competing businesses seeking to take advantage of the globalisation potential of the new channel. These strategies usually involve the provision of extensive amounts of information about the businesses and their products, all of which may yield consumers increased market knowledge and unchecked expertise in consumption. Clearly, this type of unplanned ICT-driven consumer empowerment is distinct from other forms of deliberate strategic empowering of consumers by suppliers, commonly involving CRM and CSS tactics, and with a recurring focus on reducing operational costs. Consumers are empowered by their largely undelegated access to a larger choice set of value propositions and market information provided by competing businesses, in their attempt to take advantage of opportunities generated within the highly competitive ICT-enabled market environment.

But the sources of empowering information are not restricted to businesses. The continued advances in ICT have also led to the development of independent web-based electronic networks and 3rd party government and non-government information networks, such as those from consumer protection organisations and from industry associations, that consumers are able to easily access to extend their market knowledge. Electronic networks are characterised by intense connectivity and are amenable to the development of online consumer/social networks (Kucuk, 2008), such as Web 2.0. Commonly identified as social media (Constantinides and Fountain, 2008), Web 2.0 carries consumer-generated content where everyday people voice their opinions about products, brands and firms (Donatow, 2006) and allows firms to establish successful participatory networks, such as MySpace and Facebook. Overall, it is apparent that the Internet is transforming “information scarcity” into ‘information democracy” (Sawhney and Kotler, 2001) or “transparency” (Deshpande, 2002).

Information is the engine of ICT-driven consumer empowerment and the inherent benefits from accessing and using this information may justify the increase in the number of Internet users from 340 million in 2002 (SEO 2005) to 1.6 billion in 2009 (Internet World Stats, 2009). This enhances consumer empowerment because the increase in the number of Internet users prompts an increase in demand for service-products that promises sales revenue growth. Markets become more attractive to entry with increases in the number of available websites and value propositions. Competition intensifies when new, improved propositions compete with existing ones, increasing amenities and decreasing deterrents, hence increasing consumers’ ability to choose between alternative offerings. Since consumers may not need to settle for the lower quality previously available, their quality expectations thresholds are raised.

As a process, empowerment results from businesses accommodating the new thresholds. But effective consumer empowerment is likely to depend on consumers’ ability to understand and satisfy their wants and needs by selecting the best possible value proposition on offer. Hence, in addition to being a function of the extent and quality of market information that can be accessed online, ICT-driven consumer empowerment depends on consumers’:

- case of timely access to technology and extent of their actual usage of ICT in their day-to-day activities;
- experience in successfully searching for and gathering new market information from a variety of sources, including competing businesses, other consumers and social communities, industry groups and government institutions;
- ability to take advantage of alternative value propositions, given possible constraints posed by their ability to afford the asked price, delivery time and logistic factors associated with globalisation of supply;
- ability to detect breaches of providers’ promises (such as product quality, delivery time, price variation) or situations of provider’s predatory behaviour (such as forced purchase of a second item for supplier’s failure to disclose the need for that complementary product); and,
- ability to seek and achieve compensation for breaches of providers’ promises or predatory behaviour.

Empowered consumers manifest their power when selecting a supplier by choosing one particular value proposition or by rejecting the offer and continuing their market search. They manifest their power during and after consumption, by exercising their voice - including electronic word-of-mouth - through assertiveness,
ability to negotiate, and to claim compensation either individually or as part of a community or crowd; and to exit, by terminating an agreement by just cause, and, subsequently, by receiving indemnification for eventual damages (Kucuk, 2008). Previous use of consumer power (that is, successful searches rewarded by the successful consumption of value propositions with better perceived quality) reduces the willingness, or need, to compromise by settling for propositions below expectations. This suggests that a significant difference made by ICT-driven consumer empowerment is that power empowers, by fostering higher perceived quality expectation thresholds. Arguably, “if customers perceive that they have alternative suppliers from which to choose, their zone of tolerance is likely to be smaller than if they don’t feel they have this flexibility” (Parasuraman et al., 1991, p.43). This effect on perceived quality expectation thresholds was also identified by Zeithaml et al., (1993) and is implicit in descriptions of “new consumers” (Traulsen and Nerreslet, 2004) and of consumers becoming more demanding (Koco, 2000).

Because it is through the use of search engines that Internet users find the websites from which they purchase their service-products, empowered consumers can be expected to increase demand for more effective search engines, with provider competition improving search engine effectiveness. Reportedly, nearly 40% of the Internet global users visit Google on a daily basis, but competition for the patronage of web searchers is increasing (Alexa, 2009). More effective search engines should enable greater undelegated consumer choice, hence greater consumer empowerment.

Overall, the actual and potential growth in Internet usage is tied to an increase in the number of consumers and suppliers to increasing demand and supply, as well as to the quality of search engines available to both. Because of network synergies, connectivity expands further, potentially involving independent 3rd party stakeholders. This expansion can increase competition and the stock of value propositions available to consumers. Greater choice and better means to choose can push consumers' expected quality thresholds even higher.

ASSESSING ICT-DRIVEN CONSUMER EMPOWERMENT

The key to the process of ICT-driven consumer empowerment in a given competitive context lies on consumers’ acquisition online of vast amounts of quality consumption information that can be freely used to assist with the making of effective consumption decisions. Connectivity is, therefore, a pre-requisite for consumers to benefit from this empowerment. Connectivity issues are first discussed, followed by informational, transactional and strategic issues.

Connectivity Issues

ICT-driven consumer empowerment requires consumers and other market stakeholders to be connected to the Internet. Because market information can be sourced from potential suppliers and/or from a variety of supplier-independent sources, consumer choice may be beyond any one business. Hence, relevance of this type of empowerment for business must depend primarily on how connected the different market stakeholders are.

Assessing connectivity may involve looking for evidence of stakeholder access to ICT, of technical knowledge and of online activity. A summary of potential connectivity evidence for the various types of stakeholders is presented in table 1.

Looking first at supplier-based information, high connectivity pre-empts substantial e-commerce participation activity and expertise. In competitive markets this presumes that suppliers have a more or less extensive web presence, domestically and globally, as evidenced by free availability and functionality of up-to-date searchable websites without broken links, evidence of online promotion activity, operational preparedness for online exchanges (including order-taking, delivery details, invoicing and payment facilities and a feedback function) and support for independent consumer forums.

| Firm / Competitors | • Readily available and functional websites
|                    | • Extensive provision of easy-to-understand-by-average-consumer product information
|                    | • Up-to-date searchable websites without broken links
|                    | • Evidence of online promotional activity (e.g. loyalty programs)
|                    | • Offer of a platform for consumer forums
|                    | • Provision of clear contact details
|                    | • Availability of consumer feedback function
|                    | • Clear operational preparedness for online exchanges (including order-taking)
Regarding independent 3rd party stakeholders, such as government and industry institutions devoted to consumer advice, care and protection, and other formal and informal independent consumer advisory sources (such as community groups and social network), their presence online can be interpreted as indicating a market with high connectivity. By the nature of their activities and independence from the firm, that presence can be an important online source of consumer empowerment. Finally, in terms of consumers, ICT illiterate consumers will be unable to access online information and, therefore, cannot be empowered. Informed consumers are connected consumers who can be in charge of their consumption. Hence, consumer connectivity refers to consumers’ ease of timely access to and extent of actual ICT usage in their day-to-day, including their use of email, online banking and payment of bills. It also refers to their expertise in executing online searches and accessing information about competing value propositions, and in seeking validation by gathering advice and information from trusted independent sources. It further refers to consumers’ degree of preparedness for engaging in online consumption (including perceived risk issues) and for using online information in conducting offline transactions; their preparedness for complaining and for switching suppliers when deemed necessary; and their active involvement in online/virtual social communities.

Once connectivity issues have been considered, other sources of ICT-driven empowerment need examining. To develop a systematic manner, we borrow guidance from the information systems literature, which commonly characterises ICT adoption as yielding strategic, informational, transactional and strategic benefits. **Informational benefits** are those accruing to the business from improved support for communication, reporting and decision-making, with better information access, quality and flexibility. **Transactional benefits** are those achieved through improved efficiency in operations. **Strategic benefits** include change to a business’ products or way of operating, such as competitive advantage brought by improved customer relations (Mirani and Lederer, 1998). Likewise, we argue that issues related to undelegated ICT-driven consumer empowerment generation can be usefully examined using the informational, transactional and strategic threats and opportunities framework applied below.

Notwithstanding, an important area of distinction from the IS literature is that, while traditional ICT analysis assumes that technology will support existing business objectives so that evaluation frameworks tend to have an internal focus (Licker, 1997), the study of undelegated consumer empowerment also involves an important external focus by a focal firm on competitors, consumers, market institutions and other organization forms that support that empowerment. Finally, it is important to note that the issues discussed for each classification must be understood as typical or illustrative, rather than constituting a list of all relevant issues.

### Informational Issues

Informational issues are reported in Table 2 and refer to the extent of information about the firm, its products and extent of competitive activity that is available online, including the degrees of difference and differentiation between competing firms (for the firm and its competitors).
Table 2: Informational Issues Relevant to ICT-Driven Consumer Empowerment

| Firm / Competitors | • Factors relating to information flow across market sectors leading to price convergence.  
|                     | • Extent of online information provided about the firm and its products |
| 3rd Party Institutions | • Provision of relevant, independent and easy to understand consumer education information online.  
|                     | • Source of industry information (e.g. industry standards, regulations, approvals). |
| Consumers | • Understanding own needs and wants.  
|           | • Past experience.  
|           | • Market knowledge (knowing what to expect).  
|           | • Product knowledge (buying situation, standards, complexity)  
|           | • Willingness to seek/accept feedback from others |

Also pertinent in assessing informational issues is the availability online of relevant, independent and easy to understand consumer education information from independent sources. Such sources may increase consumers' bargaining power by providing market information (such as price and product comparisons and market trends updates) and electronic word of mouth effects (Hennig-Thurau et al., 2004). For consumers, a key issue is the degree of awareness about their own specific needs and wants in a particular buying situation. Other informational issues include the relative value of alternative product and provider attributes, a priori knowledge of what to expect from competing products and providers, past experience in like consumption and willingness to seek additional independent information.

Transactional Issues

Drawing on the informational issues, illustrative transactional issues are reported in table 3. Issues refer to consumers' competency in selecting the value proposition that best meets their requirements. This will depend on the degree of tangibility of the product being considered (with services potentially weighted by higher switching costs), past consumption experience, eventual participation in co-production and availability of viable alternatives.

Table 3: Transactional Issues Relevant to ICT-Driven Consumer Empowerment

| Firm / Competitors | • Competency in selecting the value offer that best meets requirements  
|                    | • Product tangibility  
|                    | • Participation in co-production  
|                    | • Awareness of effective supply alternatives |
| 3rd Party Institutions | • Consumer advocacy (e.g. provider ratings advice).  
|                     | • Consumer support and consultancy (e.g. legal issues) |
| Consumers | • Consumer advocacy  
|           | • Quality of competing value propositions.  
|           | • Product tangibility  
|           | • Degree of global price convergence |

Consumers may also benefit from consumer advocacy by institutions and by providers (Urban, 2005), while providers will consider the quality and degree of distinctiveness of the propositions on offer, influencing price convergence and the quality of competing offers.

Strategic Issues

Finally, strategic considerations may look at current strategies and how they hinder or promote ICT-driven consumer empowerment, or they may look at devising strategies to hinder or promote their empowerment.
Table 4: Strategic Issues Relevant to ICT-Driven Consumer Empowerment

| Firm / Competitors | ● Basis for competitive advantage/differentiation  
| | ● Ability to create/enforce switching costs for consumers  
| | ● Own barriers to exit (commitment to market)  
| | ● Market orientation (customer-centric activities: customisation, personalisation, responsiveness, consumer education)  
| | ● Competition reducing activities (e.g., alliances)  
| 3rd Party Institutions | ● Countervailing power support (e.g., unionisation)  
| | ● Consumer education by independent advisory and consultative institutions  
| Consumers | ● Understanding legal rights, when product supplied does not match expectations/requirements or in case of provider predatory behaviour  
| | ● Aptitude for voice (assertiveness, negotiation, demand compensation) and exit (to terminate an agreement by just cause, to receive indemnification for damages)  
| | ● Countervailing power  

A business should consider whether it seeks competitive advantage based on unique capabilities and competencies (hence, if unable to be matched by competitors, reducing consumer empowerment and potential need for customer advocacy): its ability to create/enforce switching costs for consumers; its commitment to the market (own barriers to exit); the extent of its practice of market orientation; and its competition reducing capabilities, such as entering in partnerships and strategic alliances. The same areas of interest would be considered for competitors, likewise faced with undelegated consumer empowerment.

Consumer strategic aspects that might be considered include understanding of their legal rights, when a product supplied does not match expectations/requirements or in case of business predatory behaviour; aptitude for voice and to exit; and ability to exercise countervailing power. Finally, typical issues related to institutions would include support for consumer countervailing power and the provision of consumer education by independent advisory and consultative institutions.

Taking the various types of issues into account assists understanding of ICT-driven undelegated consumer empowerment and the issues involved in its creation. However, it is noted that adoption of a solution for ICT-driven consumer empowerment by a firm may involve adapting business processes to leverage the power relationship in order to gain business advantage. This may be market specific. Even in a globalised environment characterized by technological convergence, different markets will have distinct levels of Internet penetration and usage; hence consumer empowerment may vary from market to market. Similarly, within a specific domestic market, the ICT empowerment process cannot be generalised to all consumers. In fact, reflection on the recurring themes in the four types of issues discussed suggests that different consumer groups can be empowered to differing extents, possibly requiring tailored targeting.

CONCLUSION

The literature paints a complex picture of ICT generated undelegated consumer empowerment and its potential impact on marketing strategy. The more common thread emphasizes business intelligence and consumer management based on their value to the business. Preferred consumers receive full attention and businesses enact every effort to satisfy even the least of their desires. Non-preferred consumers are allowed (directed) to serve themselves, more or less effectively, usually on a restricted and highly controlled range of transactions. Consumer empowerment in both these cases is enabled without delegation.

Nevertheless, the literature also suggests that consumer empowerment may be an unintended consequence arising from business endeavours to take advantage of e-commerce opportunities. Connected consumers are empowered, informed consumers who can be in charge of their consumption. In this instance, consumers are able to acquire vast amounts of quality information, often from sources independent to the business. Power is not deliberately delegated to consumers, but control of consumer choice appears to be beyond any one business.

What can business do about undelegated consumer empowerment? From a possible intensification of push and pull marketing strategies combined with consumer education and advocacy, building trust and strengthening relationships (Urban, 2005), to entrapping consumers to produce for the firm through co-creation (Hunter and Garfinkel, 2008) and surrendering some control by giving customers a greater say in the way
firm operates (Thomas and Brain, 2009), there is no lack of recommendations in the literature. This paper supports a view of consumer empowerment as an important and enduring structural change in the business environment. The more demanding consumers become, the more their uniqueness may prevail with preferences for value propositions that more closely match this uniqueness. This is the rationale for the argument that, rather than forming a global market, the Internet is giving way to consumer market fragmentation. But fragmentation need not imply less empowered consumers. It creates the opportunity for suppliers to devise customised and/or personalised marketing strategies that heighten consumers’ selective perceptions, leading to a preference towards the supplier. Hence, a way forward might be to increase customer empowerment to become the consumers’ preferred provider. Competitive advantage may be as sustainable as this preferred status.

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