

Consumer Power: Evolution in the Digital Age

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Abstract

The predictions of growing consumer power in the digital age that predated the turn of the century were fueled by the rise of the Internet, then reignited by social media. This article explores the intersection of consumer behavior and digital media by clearly defining consumer power and empowerment in Internet and social media contexts and by presenting a theoretical framework of four distinct consumer power sources: demand-, information-, network-, and crowd-based power. Furthermore, we highlight technology's evolutionary role in the development of these power sources and discuss the nature of shifts in power from marketers to consumers in terms of each source. The framework organizes prior marketing literature on Internet-enabled consumer empowerment and highlights gaps in current research. Specific research questions are elaborated for each source of power outlining the agenda for future research areas.

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Introduction

At the dawn of the Internet, scholars began predicting a shift in power from the marketer to the consumer, suggesting a new form of consumer–firm relationship (Bakos 1991; Deighton and Kornfeld 2009; Kozinets 1999; Levine et al. 2000; Shipman 2001). With the introduction of the World Wide Web, ordinary consumers gained access to vast amounts of information and developed opportunities to influence their own lives, in the marketplace and beyond. The social media landscape of ubiquitous connectivity, enabled through mobile devices, in turn has not only enhanced access to information but also allowed consumers to create content and amplify their voices, across the globe, to anyone willing to listen.

Some predictions of the effects of these changes have come to fruition; others have rotted on the vine. This article examines the intersection of digital media and consumer behavior to gain insights into consumer empowerment and set the agenda for further research. Specifically, we explore whether the predicted power shift actually has occurred, examine its origins and nature, and discuss its potential trajectory. This research contributes to existing marketing literature by offering a framework that integrates various expressions of consumer behavior in digital media and links them to forms of consumer power. The framework provides the structure for this article, which seeks to contribute in three ways. First, we organize a fragmented body of literature by linking consumer digital media participation with evolving sources of power. Second, we highlight gaps in existing literature related to defining and explaining the mechanisms that underlie consumer empowerment. Third, our framework establishes a basis for identifying routes of investigation related to questions of consumer power, empowerment, and potential disempowerment.

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Consumer Power and Empowerment

For centuries, power has fascinated scientists from various disciplines, with particularly intensive research in sociology and psychology (for an overview, see Magee and Galinsky 2008). Researchers agree that power is a key human concern (Schwartz et al. 2012) that constantly influences behavior and constitutes a “fundamental component of social systems and hierarchies” (Rucker, Galinsky, and Dubois 2011, p 353; cf. Russel 1938). The execution of and exposure to power are endemic to human nature (Nietzsche 1883), so the omnipresent effects of power shape human behavior in nearly every situation (Giddens 1982).

Yet this concept is relatively rarely discussed in consumer behavior contexts (Rucker, Galinsky, and Dubois 2011). Power shapes consumers’ everyday activities in manifold ways, especially online; search algorithms control what information consumers can access, for example, and bloggers and other opinion leaders continuously influence consumption decisions through recommendations and product tests distributed through social media. Consumers also adjust browsing behaviors if they fear that providing personal information would give companies too much power over them. Therefore, differences in the distribution of power among stakeholders (e.g., consumers, marketers, online infrastructure) should directly affect how information gets distributed, how consumers behave online, and how consumers choose among different consumption options in digital worlds.

In the context of this research, we define power as the *asymmetric ability to control people or valued resources in online social relations* (cf. Handgraaf et al. 2008; Keltner, Gruenfeld, and Anderson 2003; Rucker, Dubois, and Galinsky 2011). In this regard, *asymmetric* and *online social relations* refer to the relative degree of mutual dependences between at least two parties. This relational component is a central property of our definition: In online worlds, if no counterpart existed, power could not arise. A powerful entity requires a comparison with a powerless one to derive its position, through perceptions of control over comparatively more people or resources. In exchange, the powerless entity tacitly accepts the differences in the online hierarchy, because it controls comparatively fewer people or resources, and approves the claim on power by the powerful entity.

Previous definitions of power, mostly in offline situations, use *ability* to indicate that explicit action by a powerful entity might not be required, as long as the claim of power is not questioned by the powerless (Magee and Galinsky 2008). In social relations, this tacit agreement is usually safeguarded through status, or “the extent to which an individual or group is respected for or admired by others” (Magee and Galinsky 2008, p 14). In offline contexts, status can be stable, over a long period of time because it results from “subjective interpretations” by a society of “objective accomplishments” achieved by the person in power (Magee and Galinsky 2008, p 14), and these subjective interpretations transform directly into expectations about potential future behavior (Berger et al. 1977). In online environments though, this condition may be rather less stable, such that status requires more and continuous action. Social media environments are equipped with different, explicit signifiers of status (e.g., number of followers, badges, activity rankings, etc.) that may make subjective interpretations of status

obsolete. They continuously measure individual activity and the influence of these activities on others. Therefore, status is more transparent on the Internet and in social media; a clear function of the consumer’s online behavior.

Accordingly, in social media environments, *control over people* relates to influence. Influence is a function of reach, the degree of the person’s embeddedness in the social network, and persuasiveness, linked to the relevance of the content the person creates online. To be influential, a social media participant needs relevant content and sufficient reach. *Control over valuable resources* instead refers to the right to dispose of tangible or nontangible assets online. In virtual communities, status constitutes a scarce resource, derived from longevity, expertise, or the network governance roles assumed by particularly engaged contributors and signified by hierarchically organized icons. Community contributors might gain power through their expertise, as a function of automated ranking systems that confer merit-based status and provide public recognition for cumulative contributions. Contributor status also serves as a quality indicator for users of the community-generated content. Another person might be powerful because she or he can aggregate and combine information (e.g., programming a crawler to analyze electronic word-of-mouth in social networks) or governs the network to grant or restrict access to others.

Finally, the term *empowerment* is very common with respect to developments in the Internet and social media. It refers to the dynamic process of gaining power through action by changing the status quo in current power balances (Cattaneo and Chapman 2010; Clegg 1989; Sadan 1997).¹

Four Sources of Consumer Power

In order to investigate the consumer empowerment phenomenon, we conducted a thorough literature review spanning publications in high-quality academic and managerial journals.² In so doing, we identify an evolution across four sources of consumer power, starting with two individual-based power sources (demand- and information-based power) and progressing to two network-based power sources (network- and crowd-based power), (see Fig. 1). We find that early research (Bickart and Schindler 2001) focused on the Internet’s ability to empower consumers through increased information access, choice, and options to impose market sanctions through voice and exit. Newer social technologies also allow consumers to move beyond these individually based power sources to dynamic, complex, other-oriented power sources. Although we describe these four sources in parallel with historical technology developments, the sources do not

¹ Some researchers refer to empowerment as “both a process and an outcome” (Sadan 1997, p 73; cf. Staples 1990); while others take a psychological perspective (Diener and Biswas-Diener 2005; cf. Rappaport 1987). Unless explicitly noted, these perspectives have not been taken in this paper.

² We began our search with the following journals and followed article references to relevant articles in additional journals: *Journal of Consumer Research*, *Journal of Interactive Marketing*, *Journal of Marketing*, *Journal of Marketing Research*, and *Marketing Science*.

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