



Società Italiana  
Marketing

IL MARKETING DI  
SUCCESSO  
IMPRESE, ENTI E  
PERSONE

XIV<sup>^</sup> SIM Conference  
Bergamo, 26-27 ottobre 2017

PROCEEDINGS

**ISBN 978-88-907662-9-9**

## **Consumer empowerment in the digital era: An exploratory study on the young generations <sup>1</sup>**

### **Abstract**

Marketing literature has already recognized the importance of internet and social media technologies in enhancing consumer empowerment. Blogs, social networking sites, user-generated content sites and countless communities across the web seem to have effectively increased the shift of market power from companies to consumers, enabling people to interact with the world on different levels and to do or to achieve things that they found difficult to do or to achieve before.

But despite the general acceptance of the increased empowerment, studies on the theme are still rather fragmented and with few empirical evidence, highlighting the need for additional research in the area.

The aim of the present study is therefore to fill this literature gap, examining the sources of empowerment in the digital context and the consumer perceptions of empowerment emerging from the use internet and social media technologies. We concentrate the attention on young consumers, belonging to the millennial generation, for their closer relationship with digital devices.

Our discussion highlights different consumer behavior patterns, characterized by different levels of power perceptions and provides evidence to the demand and information power sources, following the theoretical approach of sovereign consumer model, which points out the pivotal role of consumers' aggregation and information.

This contribution presents some valuable research implications, useful for researchers and academics, but also managers and professionals could use this knowledge, in order to build activities for engaging empowered consumers.

*Keywords: consumer empowerment, digital technologies, power perception, millennials.*

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## **1. Aim and scope**

Despite the general acceptance of the idea that consumers are more and more empowered, especially in a web based and social media context of interactions, marketing literature on consumer power in a digital age is still fragmented and with few empirical studies, highlighting the need for additional research in this area (Labrecque *et al.*, 2013). In particular, there is little theoretical and empirical evidence of the impact of internet and social media on consumer power and on consumer perceptions of empowerment.

Therefore, our work aims at developing a deeper understanding of the role of internet and social media technologies in providing consumers a greater power towards firms and of how customers, especially belonging to young generations, perceive themselves to be empowered through the use of digital technologies.

## **2. Theoretical foundations**

In extant literature, the concept of customer empowerment (Wathieu *et al.*, 2002) is usually related to the process by which suppliers let customer to take control of variables that are usually determined by marketers (Cova and Pace, 2006).

Authors have often justified this enhanced consumer power by pointing to the greater availability of information on the offered products (Wathieu *et al.*, 2002) and the greater ability of customers to search for and gather new market information (Pires *et al.*, 2006). But other explanations might be the consumers increased capacity to directly intervene in the shaping of a value proposition adapted to their specific preferences (Pires *et al.*, 2006), as well as their greater capacity to sanction firms (Rezabakhsh *et al.*, 2006).

Empowered consumers usually show their power in the supplier selection process, either by choosing a particular value proposition, or by rejecting another and continuing the searching process; some authors argue that, following this trend, consumers might even become the key actors in the entire process of value creation, while firms are confined in a complementary role of satisfying them through adequate resources and services (Vargo and Lusch, 2004).

Customer empowerment, in particular, has been stressed in the last few years by the increasing use of web technologies and social media (Rezabakhsh *et al.*, 2006; Pires *et al.*, 2006; McCarthy *et al.*, 2014): blogs, social networking sites, user-generated content sites and countless communities across the web seem to have increased the shift of market power from companies to customers. Digital technologies offer, in fact, consumers easy access to a massive body of knowledge and information with comparatively lower search costs and they allow consumer to engage in co-production activities (Harrison and Waite, 2005). Firms, in fact, frequently give consumers the opportunity to specify products' features and take part in the new product development process through technological platforms (Fuller *et al.*, 2010; Fuchs and Schreier, 2011). Moreover, through internet, consumers not only learn how to evaluate a product but can also access the evaluations of other consumers, facilitating choice and risk reduction (Harrison *et al.*, 2006).

The degree of consumer power tend to be even greater in case of development of consumer virtual communities (Pires *et al.*, 2006; Cova and Pace, 2006). Some authors

have pointed out that companies may even lose part of their control over a brand in favor of consumer communities (Cova and Pace, 2006). Wipperfurth (2005) outlined, in particular, a phenomenon, the “brand hijack”, that occurs when a consumer takes a brand away from its marketing professionals to enhance its evolution.

Terms such as “empowerment by the web” (Zwass, 2010), “online consumer empowerment” (Siano *et al.*, 2011), “digital empowerment” (Zhao *et al.*, 2008) and also “e-empowerment” have started to be used for referring “to how the net, as an enabling technology, allows people to do things that they found difficult to do and were unable to achieve before” (Amichai-Hamburger, 2008, p.1773; Harrison and Waite, 2015).

Internet and social media have modified the traditional consumer power sources. Labrecque *et al.* (2013) identified, in particular, four sources of consumer power stemming out from the use of digital media: two individual-based power sources (demand and information power), related to the ability of internet and social media to aggregate consumers’ purchasing behaviors and to reduce information asymmetry; and two network-based power sources (network and crowd power), emerging from the possibility to add value to content through network actions and “the ability to pool, mobilize and structure resources in ways that benefit both individuals and the groups” (Labrecque *et al.*, 2013, p. 259). Kucuc and Krishnamurphy (2007), instead, analyzing few case studies, reported other sources of consumer power: technological, economic, social and legal.

Notwithstanding it seems clear the ability of digital technologies to shift greater power to consumers from marketers, yet “the discussion of consumer power through digital media is in its infancy, with many aspects poorly understood” (Labrecque *et al.*, 2013, p. 266).

Responding to this call, we focus the attention on the sources of empowerment in the digital context (Labrecque *et al.*, 2013) and the consumer perceptions of empowerment emerging from the use internet and social media technologies, following the study of Harrison and Waite (2015) on the impact of service co-production via web technology on consumer perceptions of e-empowerment. In particular, we develop the analysis in the context of young consumer generations, considering their relationship with new technologies and social media devices.

Using a sample of millennial consumers, we try, in particular, to answer to the following research questions: what is the level of technological orientation of young consumers? what are the principal sources of empowerment in the digital context of interactions? what is the impact of the use of internet and social media on consumer perceptions of empowerment?

### **3. Research methodology**

In order to answer to our research questions, an empirical research was developed using a structured questionnaire submitted on-line, via Google Forms, to a convenience sample of young consumers belonging to the millennial generation (aged between 18 and 35). The questionnaire was built for measuring consumers’ relationship with internet, new technologies and social media devices, following a questionnaire already

used by Qualizza (2013), together with their perception of empowerment deriving from the different sources identified by Latrecque *et al.* (2013).

More specifically, the questionnaire consists of four different sections. The first section is composed of 5 questions for measuring consumers' technological orientation; the second section asked the respondents to answer 6 questions related to the use of digital media and the social relationships emerging from that use; the third section, instead, tried to gather information on consumers' perception of power deriving from different power sources of the digital context; lastly, the fourth section included demographic information.

270 usable questionnaires were returned, which constitute our sample.

In order to validate the above questionnaire, an exploratory factor analysis (EFA) was performed and to assess the varying degrees of empowerment perceived by young individuals engaged in the digital context of interaction, we used a cluster analysis.

#### **4. Results and managerial implications**

The preliminary results of the study show a quite good level of technological orientation of the sampled consumers. They own different digital devices and use them rather often during the day and for different activities. The web and social media technologies promote also socialization among individuals, especially younger consumers, and between consumers and firms (Qualizza, 2013). In the latter case, individuals seem to participate to the official Facebook pages or YouTube channels of several companies, but when firms offer greater inclusion, engaging the community in co-creation activities, consumers do not seem eager to participate.

As regards, instead, consumer power sources, it emerged the importance of the individual-based sources, such as the demand and information power sources, while the two network-based sources are not always used by millennials, in particular by "older" consumers, that seem to have a lower level of conative empowerment (Harrison and Waite, 2015). The cluster in which are present most of the younger consumers, instead, presented the lower level of power perception deriving from the use of digital technologies, probably because of the fewer occasions of interactions with firms. Our study provides therefore evidence of the theoretical approach of sovereign consumer model, which points out the pivotal role of consumers' aggregation and sees the power stemming out from the critical mass of the movement.

The present research sheds light on an under developed area of research, the role of internet and social media technologies in providing consumers greater power sources and consumer power perceptions through the use of digital technologies, in the context of young generations, such as millennials.

We believe that such insights could be useful both for academics, extending prior literature, and managers and practitioners, showing the technological attitude of young consumers and their propensity to interact with firms. This could represent a starting point for individuate the paths to follow in order to benefit from the engagement of empowered customers.

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