

# Consumer Empowerment in the Internet Generation

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**Abstract:** The main goal of this work consists on the study of the consumer empowerment that the Internet Generation experiences thanks to the Internet. It also covers an explanation of the concept empowerment and how the Internet is being used as an empowering tool. A questionnaire was developed and administered to a sample of respondents to measure the empowerment experimented as a user of Internet and as a consumer. The purpose of this questionnaire is gathering enough data to contrast the Spanish and Portuguese respondents and understand what are the differences between them in terms of consumer empowerment. The thesis also covers a comparison between the Internet Generation and other generations as not all the respondents belong to the same generation. As a second purpose, consumer empowerment will be studied as a function of several facets of Internet and also power values closely related to the term empowerment.

**Keywords:** Internet, empowerment, E-empowerment, Consumer empowerment, Internet Generation.

## Introduction

As the thesis' name suggests, it has been studied the gradual increase in power that has been given and that is perceived by the consumer since the advent of the Internet in 1991 (the year in which it was announced the World Wide Web). It also covers aspects related with the consumer psychology trying to define properly which related factors empower consumers.

The empowerment concept has been studied for years from the point of view of the worker. Mary Parker Follett explained the importance of people rather than engineering techniques and the importance of a common goal inside the organization. Chester Barnard understood an organization as a group of workers able to take their own decisions (Daft, 2013).

More recently, empowerment has been studied from the point of view of the customer, to whom the Internet has provided the ability to search for new market information taking advantage of the different alternative buying propositions and to share information with other consumers.

In this research, consumer empowerment is studied within the Internet Generation. This generation is the first generation to be born into a digital world (between 1990 and 2009 coinciding with the birth of the WWW in the mid-90s). These are the consumers potentially more prone to benefit from the empowerment possibilities that the Internet provides.

## Literature review

The concept empowerment has been largely studied as a process (empowering) and as a result or outcome (empowered) (Zimmerman, 1995, 2000). Empowerment processes occur when people create or are given opportunities to control over their own lives and influence decisions that affect their lives, while results of empowerment relate to the effects or consequences of these processes. In the literature Empowerment has become a framework for social work research, measurement and practice but, because of the relative youth of the Internet, empowerment and the range of possibilities offered by the Internet are still studied.

Zimmerman and Warschausky (1998) divided the concept empowerment in relation to different pillars: individual, organizational and community. These three levels are interrelated, which means that any variation intervention in one of them may affect the others. The individual pillar refers to the perception of personal control, the understanding and acceptance of group norms and the ability to collaborate with others. The organizational pillar includes processes and structures that increase the participation of its members and enhance the achievement of results for the organization by sharing responsibilities and leadership (Perkins and Zimmerman, 1985). Finally in the community pillar empowerment refers to the ability of the community to respond effectively to the challenges presented.

Amichai et al. (2008) explains why nowadays Internet users may feel empowered by the Internet. In their article they propose a new concept called E-empowerment which means Empowerment by the Internet and it comprises 4 levels: the personal, the interpersonal, the group and the citizenship level. The personal and interpersonal levels describe how the Internet allows the individual to reframe or make changes to his or her identity, increase self-efficacy, self-esteem, social skills and the strength of the existing relationships and the formation of new ones. The group level refers to the facility to develop group identification in the Internet, while the citizenship level explains the interaction between government and citizens in the Internet environment. As Amichai et al. (2008) point, there are a lot of tools and opportunities on the web that lead to a greater empowerment, but unless the individual wants to take advantage of them the empowerment will not occur.

When trying to link the consumer with the concept empowerment the Special Eurobarometer 342 (TNS Opinion and Social, 2011) defines consumer empowerment in three terms: consumers' skills such as basic numerical and financial skills, consumer's level of information such as consumers' knowledge of their rights, unfair contractual terms, unfair commercial practices, guarantee rights and consumers' assertiveness that collects consumer complaints and reporting behavior.

## Research Methodology

The empirical data was obtained via a questionnaire administered online since this thesis wants to capture the views and perceptions of the Internet Generation. The questionnaire contains dichotomous questions, multiple choice questions and Likert scales to measure attitudes and was divided in 5 parts:

- Demographic information (6 questions): age, gender, nationality, primary occupation, frequency on the use of Internet and years of completed education.
- E-empowerment (10 questions): this section tried to collect data on how consumers use the Internet and the different attitudes that a user could develop thanks to Internet. Following the work of Amichai et al. (2008) the questions tried to measure the personal, interpersonal, group and citizenship levels of empowerment provided by Internet usage.
- Power values (4 questions): Power values are transformations of individual needs for dominance and control (Schwartz, 2012) and emphasize the attainment of a dominant position within the social system. It was thought as interesting to explore the relationship between this need for dominance over people and resources, and consumer empowerment.
- Consumer empowerment (13 questions): divided in 3 sub-pillars:
  - Consumer skills: the ability to do arithmetic operations.
  - Awareness of consumer legislation: knowledge of consumers of EU on consumer legislation related to unfair commercial practices, length of guarantee rights validity, cooling-off period in distance or doorstep selling.
  - Consumer engagement: attitude in comparing products, consumer attention to price differences, habits when reading terms and conditions, information on consumer rights and attitude when talking about negative and/or positive experiences.

The type of question in each part appears on the table below:

Table 1. Types of response

Demographic information	E-empowerment	Social values	Consumer empowerment
Multiple choice	Likert scale 9 points	Scale of importance 6 points	Frequency scale 7 points 6 Dichotomous response

The population of interest was mainly those who belonged to the Internet Generation (under 25 years old) although those questionnaires answered by people over 25 years old were used to compare with the Internet generation. The study also aimed to compare the Consumer empowerment between the Spanish and the Portuguese samples so others nationalities were discarded. For that reason, three versions of the questionnaire were administered: one in Portuguese, one in Spanish and another in English. Before spreading the questionnaire, two pre-tests were performed to evaluate and validate it. In order to increase the response rate the researcher offered respondents the possibility to participate in a draw for a smartphone.

## Results

After one month there were 324 questionnaires answered: 128 Spanish, 170 Portuguese and 26 from other nationalities. Of the total sample, 188 respondents were 25 or over 25 years old and the remaining were under 25 years old. The majority were students or employees. From the descriptive analysis, the researcher found that the question “How do you define yourself as an Internet user?” did not added value as long as 97% of respondents considered themselves to be daily users, meaning that the usage of the Internet is already spread among different generations. Also, a question concerning the knowledge of basic numerical skills of the respondents was redundant as long as 93% of the respondents gave the right answer. The analysis of the data was done with the help of the statistical software SPSS.

To reduce the number of variables in order to have a parsimonious model explaining consumer empowerment, it was decided to perform a factor analysis. This technique is described by Hair et al. (2006, p.90) as a tool “utilized to examine the underlying relationship for a large number of variables and to determine whether the information can be condensed or summarized in a smaller set of factors”.

It was performed a factor analysis for each part of the questionnaire. There were found two factors for e-empowerment, another two for power values and three factors for consumer empowerment. All these factors were saved as variables to be related in multiple and logistic regressions. The next three tables (tables 2,3,4) shows the different factor loadings for each factor analysis.

Table 2. Rotated Component Matrix e-empowerment

	Component	
	1	2
PERSONAL1		,550
PERSONAL2	,599	
INTERPERSONAL1		,808
GROUP1		,573
CITIZENSHIP1	,506	
INTERPERSONAL3	,807	
INTERPERSONAL4	,714	
GROUP2	,780	
CITIZENSHIP2		,674

Table 3. Rotated Component Matrix consumer empowerment<sup>a</sup>

	Component		
	1	2	3
COMPARINGPRODUCTS1	,685		
COMPARINGPRODUCTS2	,649		
TENDENCYTOTALK2	,774		
READINGTERMSANDCONDITIONS		,733	
INTERESTININFORMATION1		,837	
INTERESTININFORMATION2		,860	
TENDENCYTOTALK1	,696		
UNFAIRPRACTICES1			,503
COOLINGOFF1			,730
UNFAIRPRACTICES2			,658

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Table 4. Rotated Component Matrix power values

	Component	
	1	2
POWERRESOURCES1		,694
POWERRESOURCES2		,903
POWERDOMINANCE1	,872	
POWERDOMINANCE2	,826	

Regarding consumer empowerment the researcher took the decision to work with three factors found that together forms consumer empowerment instead of creating one unique variable to define it due to the complexity to define one unique scale and as a result of mixing different type of questions such as dichotomous questions and frequency scales. About the two factors found for e-empowerment the researcher realized that the first factor defined an improver role value of the Internet, while the second factor described a facilitator role value of the Internet. Power values were split in two factors that corresponded to power resources (power through control of material and social resources) and power dominance (power through exercising control over people) according to the scale developed by Schwartz and co-authors (2012).

Following the factor analysis, multiple regressions were carried out to predict the three facets of consumer empowerment. Hair et al. (2006, p. 152) defined multiple regression analysis as a “general statistical technique used to analyze the relationship between a single dependent variable and several independent variables”. As there can only be one dependent variable in each multiple regression, there were performed three multiple regressions, one for each facet of

consumer empowerment. As predictors or independent variables for these regressions, it were included the two factors obtained on e-empowerment, two factors obtained on power values and the variables related to age, nationality, years of completed education and gender.

Besides analyzing the whole sample, and for cross-cultural comparisons, the sample was divided in two: one sub-sample with Portuguese respondents (170 cases) and one sub-sample with Spanish respondents (126 cases). The multiple regressions were repeated for each of these sub-samples.

Therefore, there was a total of nine multiple regressions trying to predict the three facets of consumer empowerment, first for the whole sample and later for the 2 sub-samples. R square values which measure the amount of variance that can be predicted by the independent variables reach values from 0,05 to 0,3 meaning that in some models it can be explained 5% of the variance of the dependent variable and in others 30%. The results obtained from the 9 multiple regressions can be summarized as:

- In most of the regressions, the e-empowerment viewed as improver was a significant predictor. In most cases it had a negative coefficient, so, in general terms, the more the Internet is perceived with an improver value, the less the consumer empowerment.
- The facilitator value of e-empowerment was less significant in the multiple regressions that were carried out. It seems that Internet usage is perceived as providing empowerment more with an improvement value than with a facilitator value.
- Power resources coefficients were always positive in the multiple regressions where they appeared as significant predictors, meaning that those that appreciate control over material resources are more consumer empowered.
- The influence of age was always negative meaning that the Internet generation is less consumer empowered than other generations.
- Nationality was only significant in the multiple regressions that predict the knowledge of consumers about legislation. In particular, Spanish respondents were more aware of legislation than Portuguese respondents.
- The variable representing the years of completed education showed opposite results for Spanish and Portuguese respondents. For Portuguese people the more years of completed education, the more empowered they are as consumers. For Spanish respondents, the more years the less empowerment.
- Gender, although it was not significant in most of cases, when it is it has a negative coefficient, meaning that women are more consumer empowered than men.

The next step consisted on assessing if it was possible to predict the nationality of respondents (variable nationality) and also if they belonged to the Internet generation or not (variable age). In this case the researcher could not use multiple regression because both variables were dichotomous (age was coded as 1 for Internet Generation, 0 for other generations, while nationality was coded as 1 for Spanish and 0 for Portuguese respondents). In such a situation, logistic regression is the best option to predict the 2 variables.

For the model that predicts nationality it was found a Nagelkerke value of 0,402 meaning that the model was able to explain 40,2% of the nationality's variance. In fact, the model was able to predict when the respondent is Portuguese in 81,8% of the cases and when Spanish in 67,2% of the cases. Overall, the model for nationality correctly predicts 75,5% of the cases, improving the initial value of correct predictions (57 % without predictors).

The significant variables introduced in the final model were `c_engagement_proactive_behavior` (B=0,777), `power_dominance` (B=-0,488) and `c_awareness_of_legislation` (B=0,965) by order of importance. The percentage change in odds is equal to  $(\exp(B) - 1) \times 100$  (Hair et al. 2006). For the three variables that entered in the model, the Percentage change in odds was:

- `c_engagement_proactive_behavior`: 117,1%
- `c_awareness_of_legislation`: 162%
- `power_dominance`: -38,6%

Beginning with the first variable it can be interpreted that it is more probable to find Spanish consumers comparing products and talking about their experiences than Portuguese consumers. Or that, an increase in this type of behavior rises the chances by 117% of being a Spanish consumer and not a Portuguese consumer. The chances of being Spanish increase by 162% if consumer awareness of legislation increases. And for `power_dominance`, it means that an increase in the individual valuation of being in charge, will decrease the chances of being Spanish by 38,6%. Or, one might conclude that Portuguese sampled consumers value more this facet of power.

Concerning the logistic regression that was carried to predict the generation it was found a Nagelkerke value of 0,221 meaning that the model was able to explain 22,1% of the age's variance. By including predictors in the model, the prediction reaches 70,7% of the cases. The significant variables introduced were the same there were introduced in the model to predict nationality: `c_engagement_proactive_behavior` (B=-0,573), `c_awareness_of_legislation` (B=-0,660) and `power_dominance` (B=0,353) by order of importance. The percentage change in odds for the three variables that entered in the model was:

- `c_engagement_proactive_behavior`: -43,6%
- `c_awareness_of_legislation`: -48,3%
- `power_dominance`: 42,3%

Thus, it seems that the odds of belonging to the Internet Generation (compared to other generations) decrease almost 44% when the variable `c_engagement_proactive_behavior` increases 1 unit and the other variables are not changed. Another way of looking to this result could be that when one has consumers that compare products and tend to talk about the positive and negative consumption experiences they had, it will be more probable that we are looking at non Internet Generation consumers. When consumer awareness of legislation increases, the chances of belonging to the Internet Generation decrease by 48,3%. Finally, an increase in the individual valuation of being in charge and command will increase the chances

of belonging to the Internet Generation by 42,3%. Other results can be derived from the variables that were not included in the two logistic regressions:

- Consumer engagement knowledge, that gathers readings terms and conditions and interest in consumer information, appears to have similar values for both Spanish and Portuguese respondents. The two nationalities have the same interest in consumer information and tend to read terms and conditions with equal frequency. There is also no significant difference between generations.
- Spanish and Portuguese respondents tend to equally value material resources. Internet generation and other generations also equally value the material resources.
- None of the two variables that represent e-empowerment were included in the two logistic regressions. That means e-empowerment is not a significant influence for the prediction of age and of nationality of the respondents.

## **Conclusions**

The results obtained show that consumer empowerment is something real that comes up, in part, thanks to the Internet. Nowadays, people have enough knowledge as consumers that derive in some degree of power. For example, most consumers are able to calculate a percentage, which becomes essential when buying products at a discount or when we have to return a loan. On this point, simple numerical skills, there are no differences between generations probably because the Internet generation is the most educated generation (Lowe, Levitt and Wilson, 2008) while older generations may lack such education but in contrast have more experience in life as consumers.

Nowadays, the consumer has the opportunity to choose between different providers and products' selection is decided by either comparing products or by listening to other consumption experiences (Wathieu et al., 2002). It was found that the facility of finding other people on the Internet increases comparing and expressing opinions about products. It was also found that those who value command or dominance over others are the same that tend to post their opinions. Mixing these two findings, the explanation or conclusion is that those who tend to speak about a product are, at the same time, those that tend to impose their opinions or change the mind of others about consumption. Just the fact of having access to other consumption experiences enhances Consumer empowerment. Internet, thought as a platform or channel, allows at the same time to develop dominance behaviors and consumer empowerment.

Regarding nationality, the difference is that Spaniards are more likely to share their experiences than Portuguese consumers. Due to the results obtained, it seems that thanks to the Internet, consumers are becoming less passive in accepting what is offered by suppliers (confirming the theory of Wright, 2006).

Consumers also look for their rights but in a different way without taking into account the views of other consumers probably because it is something more objective. Internet is found to be the channel to search and find reliable sources on standards and consumer rights. The act of

seeking rights is already empowerment, and the fact of doing it in an individual way without taking into account the opinions of others, constitutes, following the theory of Zimmerman (2000), a process of individual empowerment. Since there were found no significant differences between generations and nationalities it is concluded that the search for rights is something that is above nationality or generations and that only depends on the individual itself and his or her motivation. However, in terms of gender, it was found that women search more about their rights as consumers. Maybe it is the result or consequence of the effort women have done the last two centuries in order to change laws and cultural position that had leaved women in an inferior position to men (Nash, 2004).

Although the consumer searches for rights, another thing is the final knowledge we have about the legislation. The knowledge of the legislation obtained lower score. This may be due to the continuous changes taking place in the European Union legislation that usually add complexity to the existing ones making the consumer not to understand which are the main points of the legislation. Regarding this knowledge, the age was found significant to explain awareness of legislation. The Internet Generation does not know the law better than older generations. The Internet usage has expanded across generations so that older generations, as well as controlling the tools where they can find the legislation, have the experience of having been consumers for years, and for that having a better understanding of legislation. The differences between nationalities are also evident in this aspect. Spaniards were found to know better European legislation maybe because of the multitude of consumer associations that proliferate in Spain. According to Moro, (1992), since the 90s the Spanish consumer knows their rights through the increased associations and especially thanks to the current Spanish legislation that allows quickly and efficient processes in case of consumer complaints. How consumers value material resources also influences on the knowledge of the law and does so equally for both Spanish and Portuguese societies. The more we value something the more we know the law around it. It makes sense if we think that we like having all the information available about something we have in high esteem. Certainly a greater knowledge of the legislation creates a greater sense of control that, as explained Langer (1983), makes find satisfaction in the fact of consuming a product.

Consumer empowerment has different facets and for that reason it cannot be thought as one unique concept and it has to be separated into dimensions. In fact, as in Zimmerman and Warschawsky (1998), the three levels of empowerment, personal, organizational and community, can be used to explain consumer empowerment. Searching for information rights and reading terms and conditions give the consumer some sense of control, and give the necessary information or skills to proceed in the decision making process is part of the individual empowerment process. On the other hand, comparing products or talking about them correspond to the organizational level of empowerment, because in this case the consumer interacts with others and tries to gain political influence by making prevail his/her opinion of a product over other opinions (power dominance). Finally the community level, where the consumer has also the role of a citizen with rights can be thought as the frame where awareness of legislation is placed.

According to the objective of identifying the role played by the Internet on the consumer empowerment process of the Internet generation, the researcher believes that the features that enhance consumer empowerment are those that facilitate life in general and make things easier, while other features of the Internet impoverish consumer empowerment by making the consumer complacent and ready to take the first option that appears in front of his/her eyes. As Pires et al. (2006) suggest, Internet is the tool, but the use we give to Internet is what really matters.

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