CONSUMER POWER IN THE DIGITAL SOCIETY

A shift in the balance of power brings with it increased potential for influence.

By **ELIA ZUREIK** *and* **ABBE MOWSHOWITZ**

C onsumers hold the power of the purse. Businesses and governments can be influenced by organized efforts to inhibit or stimulate consumers' willingness to buy products and services. Many significant consumer actions are currently under way. For example, Earthrights [3], a U.K.-based organization, names among others the following boycotts: World Bank Bonds, Shell, Free Burma, Unocal, and Diamonds from Sierra Leone and Angola. The Center for Economic Justice is leading a boycott against World Bank Bonds to attempt to get the World Bank to alter what are perceived to be failed and harmful development policies. Essential Action has organized a

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JEAN-FRANÇOIS PODEVIN

boycott against Shell, the dominant player in Nigeria's oil industry, to protest against the company's support for the Nigerian military. Several university-based groups have joined in an action against companies still doing business in Myanmar (formerly known as Burma) with a view to altering the military regime in that country. To the same end, the International Rivers Network is conducting a boycott against Unocal, co-owners of a natural gas pipeline in Myanmar. Global Witness is leading a boycott against diamonds from Sierra Leone and Angola because warring factions in these countries have been financing their conflicts with the sale of diamonds.

The foregoing is but a very small sample of current, politically motivated actions by consumer groups that in turn constitutes only a fraction of all consumer actions. For example, a Google search on "boycotts" conducted in mid-2005 yielded over 600,000 URLs.

The potential power of consumers is very great, and computer-communications technology offers the means to help realize that potential. Many political actions have been launched by consumer groups in recent years, among them attacks on the practices of multinational corporations [8]. Some groups are so emboldened by the availability of the computer-communications technology as to dream of reversing the trend toward globalization of markets by launching worldwide consumer boycotts of the dominant players' products [11]. Such comprehensive action may seem to be an insurmountable task, but history suggests it could yield significant political results. Boycotts of English manufacturers played an important role in the American Revolution, and again in the struggle for Indian independence [1]. This article is a first approximation to an assessment of the Internet's role in the politicization of consumers and consumption.

CONSUMERS AND CONSUMPTION IN TODAY'S WORLD
The political potential of consumers can be evidenced by their role in the U.S. economy. Consumption has long figured prominently in the economic activity of the U.S., but since the end of World War II it has increased dramatically with the expansion of credit. Figure 1 shows the growth of consumer credit (revolving and non-revolving combined) from 2.5% of U.S. gross domestic product in

1943 to 18.5% in 2003. This sevenfold increase in consumer credit contrasts sharply with the decline in union membership in recent decades. Figure 2 displays union membership as a percentage of the labor force from 1973 to 2003. During this period union membership slid from 24% of the labor force to 12.9%, a decline of nearly 50%.
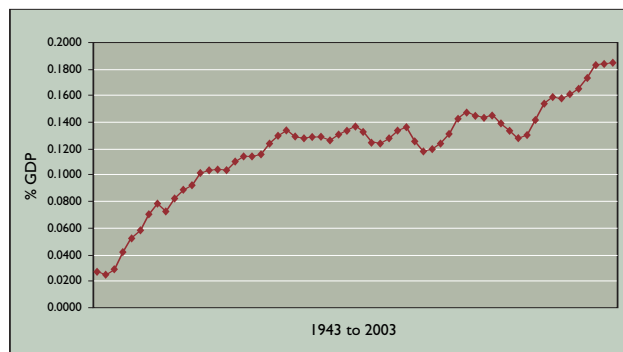
The apparent negative correlation between consumer credit and union membership in recent decades does not in itself prove any substantive relationship between consumption and work. However, it does signal an important change in the relative political power of citizen-as-consumer and citizen-as-worker. The nature and exercise of power by citizens differs radically between these two roles.

Their enlarged economic function in U.S. society suggests that consumers may have reached the stage of development achieved by labor in the early days of the Industrial Revolution. Financial commentators on television and radio repeat endlessly that consumer purchases account for two-thirds of the U.S. gross domestic product.

The economy is alleged to depend on the actions of consumers. Failure to consume one's fair share of goods and services may soon—if it does not already—carry the stigma of anti-social activity. People are increasingly defined, and define themselves, by the ability to consume. The centrality of the shopping mall in the U.S. testifies to this historic transformation.

Consumption has clearly replaced production as the preeminent activity in the modern economy—perhaps as prelude to a future when most goods and services are made automatically by machines under computer control. The history of labor—especially the union movement—may be recapitulated in the future of consumption, albeit in forms that are currently dimly perceived. Consumer organizations are poised to assume the mantle of leadership once held by organized labor.

CONSUMERS AND POLITICAL CHANGE
Cohen [2], an observer of the history of consumerism in the U.S., concludes that "Americans no longer live in the golden era of the consumer move-

Figure 1. Growth of consumer credit as percentage of U.S. gross domestic product (sources: U.S. Bureau of Economic Analysis, Federal Reserve Bank, World Bank).

ment" [2]. She attributes the decline of the "consumers' republic" to the weakened position of consumers that resulted from the economic crisis of the 1970s. Inflation, stagnant wages, a persistently high rate of unemployment, and growing income inequality combined to depress consumer confidence in this period, and mass consumption no longer appeared to hold the promise of a shared, general prosperity.

In addition, the policies of federal administrations since the 1970s, such as supply-side initiatives, tax cuts, and deregulation, have accentuated disparities of wealth in the U.S. and have not improved the position of the average consumer [2]. The rise of the two-income family may also have helped to depress consumer involvement in labor and price issues, since the pool of non-working women—which supplied many activists in the past—with the time and resources available to devote to consumer causes has been severely depleted [5].

However, the decline of the "consumers' republic" does not signify the decline of consumer power. Social power takes many forms, relatively few of which have democratic aims. What has changed are the goals of consumer power and the conditions under which it may be exercised. Consumers are active in many different political arenas today.

Friedman [5] observes that consumer actions now focus on ethnic and racial issues, special interests, anti-war protests, environmental concerns, and religious agendas (that is, the concerns of "citizen consumers" as opposed to "customer consumers") [2]. Unlike earlier actions, these are not primarily concerned with the jobs of the consumers involved nor with the prices to be paid for the goods and services they buy. The narrow concerns of the past have been replaced by broad political agendas. Despite impressive demonstrations of power in special cases (such as threatened boycotts of companies doing business in Myanmar), consumers have yet to form a broad-based coalition with a widely accepted political agenda.

Consumers are increasingly called upon to join the anti-consumerism bandwagon. Consumerism—the pursuit of happiness through unbridled consumption of goods and services on offer in the marketplace—is held responsible for waste of material and energy, degradation of the environment, unhealthy lifestyles,

poverty, and other evils of contemporary society. Various factions of the anti-consumerism movement advocate recycling to minimize waste, reduced energy use, avoidance of certain products, barter as a substitute for money-based transactions, higher savings rates, and socially responsible investing.

Consumer actions in the past have contributed significantly to political agendas, but none has spawned a lasting organization with its own agenda. The boycott of British manufacturers in colonial America helped, according to Breen [1], to fashion an American national identity and thus contributed to the making of a revolution. Although the experience of those involved in mounting or policing the boycott may have afforded opportunities to acquire skills valuable to revolutionary politics, the boycott itself did not provide a foundation for a political organization. Possibly a judicious combination of selected planks of the anti-consumerism and anti-globalization platforms will provide the basis for a viable political movement [10]. Past experience suggests that a "middle-way ideology" merging political pragmatism with economic interest is the probable road to success [6].

Figure 2. Union membership as percentage of the U.S. labor force (source: [7]).

BOYCOTTS

The boycott is arguably the most powerful of all consumer weapons in the market economy. Companies are in business to generate profits from sales of goods and services, so any action that might seriously impede sales must be a matter of concern to company management. Governments share this concern since tax revenues and employment depend in part on companies' profits from sales. Thus boycotts can be effective in shaping corporate or government policy.

Friedman [5] classifies consumer boycotts on a number of dimensions including geographical extent, duration, degree of sacrifice demanded, sponsors, actions required, functions, targets, and offense to be redressed. These different dimensions span a rich array of boycott types. For example, a consumer boycott may be confined to one particular community or extend to an entire nation or even the whole world; it may last a few months or go on for years; it may be sponsored by a labor union or a religious group; its target may be the offending party or a surrogate; and, finally, it may be
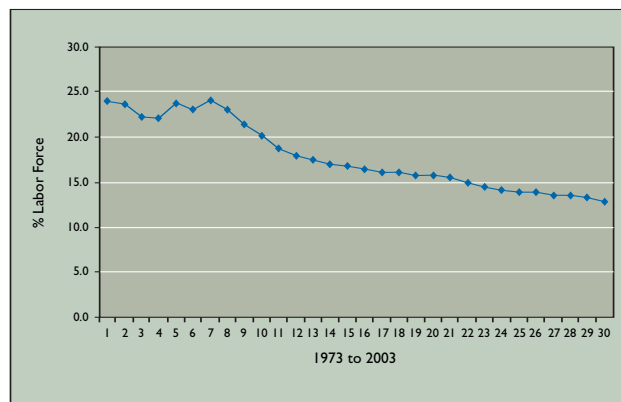
> The rapid growth of e-commerce attests to the advantages of using Internet facilities to identify, reach, and persuade an audience to join an action.

undertaken to improve the position of those participating ("beneficiary boycott") or to benefit society as a whole ("conscience boycott") or groups other than those directly involved in the boycott.

Boycotts of the conscience type appear to be proliferating. *Ethical Consumer* [4] reports on consumer boycott activity in its monthly magazine. Actions motivated by a desire to protect the environment are especially prominent. An anti-pollution group—Oceana—led a boycott against Royal Caribbean Cruises Ltd. aimed at getting the company to stop releasing toxic chemicals from its cruise ships. This action has apparently stimulated Royal Caribbean to install anti-pollution systems (known as advanced wastewater purification technology) on all its ships. Groups opposed to the commercialization of genetically modified crops have also achieved a modest victory through a boycott of the Bayer Corporation. In spring 2004, Bayer agreed not to proceed with commercialization of its genetically modified maize, Chardon LL, in the U.K.

ACTIONS IN CYBERSPACE: FUTURE PROSPECTS
Consumer groups have made effective use of the Internet to diffuse information about multinationals. Klein [8] describes an anti-globalization initiative in April 1998 that led to the removal of the Multilateral Agreement on Investment from the agenda of the Organization for Economic Cooperation and Development. The *Financial Times* observed "The opponents' decisive weapon is the Internet" (cited in [8]). Subsequent consumer actions involving the Internet are discussed in [12]. Whatever its potential, the rich capabilities of the Internet have yet to be fully exploited for political expression and action.

Email and other types of electronic messaging offer weak support for the formation and maintenance of human networks (collections of interconnected individuals who have common interests or shared values). An email message from an unknown correspondent is not especially compelling. Without the means for exerting some kind of social pressure, even messages

from a known correspondent may fall on deaf ears. Instant messaging may serve to reinforce the resolve of those participating in consumer actions. Computer conferencing offers somewhat stronger support than what can be achieved through the use of messaging systems alone. These facilities are capable of fostering dialogue and promoting some continuity in relationships. The ability to influence behavior and sustain the commitment of the members of a human network are critical to the success of consumer actions.

Neither the Internet nor any other instrumentality is sufficient to ensure the success of consumer actions. Boycotts, in particular, are complex undertakings demanding substantial resources, organization, and skilled management [5]. Nevertheless, the Internet is perhaps the most powerful instrument yet devised for the actualization of consumer power. The recent coinage "cyberactivism" is an indicator of the growing recognition of the Internet's potential as a political platform [9]. The Internet lends itself to the formation and transformation of human networks, and is thus an ideal medium for consumer actions such as boycotts. The kind of human network required to support a boycott is a relatively weak community.

The existence of relatively weak bonds is a defining feature of the human network supporting a boycott. Unlike other initiatives such as a workers' strike, the participants in an action are not asked to make a major personal sacrifice. Refraining from buying or wearing Nike sneakers or drinking Pepsi Cola is a far cry from giving up a paycheck. Some people may have greater difficulty than others in foregoing some little convenience or pleasure, but clearly the sacrifice demanded by a boycott is very limited. This is both a strength and a weakness: strength because people can be persuaded to do something consonant with their beliefs if the action called for is not too demanding, thus making it relatively easy to launch a boycott; weakness because the lack of intensity of involvement makes it more difficult to sustain an action over time. The attenuated link between a boycott action and its intended result, coupled with limited personal engagement, may make it difficult for an individual

to maintain an interest in the trivial self-denial required by a product boycott.

Launching and sustaining a boycott has much in common with conducting a political or advertising campaign. A target audience must be identified, reached, and persuaded to participate in the boycott action. The first step in identifying a target audience is to define a profile characterizing likely supporters. Next, lists of individuals must be obtained from organizations, magazines, Web sites, and other sources whose objectives are consistent with those of the boycott. A target audience can then be composed from the lists by using the profile as a filter. Reaching the audience means disseminating convincing messages. This part of a campaign or boycott entails constructing messages that are persuasive in form and content and communicating them to the target audience.

Online voting applications may prove useful in gauging support for proposed or ongoing actions. Potentially more useful might be an adaptation of the virtual stock market concept. This idea was widely discussed in 2003 following a proposal from the U.S. Department of Defense to use it to assist in forecasting foreign-policy events such as terrorist attacks. Just as real stock markets reflect the views of large and diverse groups of participants, virtual stock markets can utilize the global reach of the Internet to offer a distillation of opinions on future events. With appropriate expertise and relatively modest resources boycott organizers could use virtual stock markets as a policy analysis tool.

The rapid growth of e-commerce attests to the advantages of using Internet facilities to identify, reach, and persuade an audience to join an action. As in marketing campaigns, online transactions and browsing behavior can be exploited to facilitate construction of profiles and lists of potential supporters. Recommender systems, for example, relying on a profile of a customer's buying habits or on the choices of other customers to suggest products and services might be adapted to support consumer actions. Instead of additional products and services for sale, such systems could recommend resources of interest to politically minded consumers.

Micro-transaction or micro-payment systems might also prove useful in supporting consumer actions. Designed as cost-effective ways of exchanging small amounts of money over the Internet, these systems extend the reach of e-commerce to chunks of traditional information products and services. The cost of processing a credit card payment might exceed the value of a micro transaction. Thus, micro-payment systems make it feasible to offer for sale pages from a book, video clips, individual songs, and so

forth. Likewise they could support a marketplace for the exchange of information and services among citizen groups. Such a marketplace could function like the one maintained by eBay in which participants acquire reputations according to their trustworthiness as buyers or sellers. An individual might be more inclined to heed a call to action from an instigator on a roster of trusted parties than from one that is unknown.

The requirements of sustaining a boycott also resonate with those of marketing campaigns. Just as companies seek repeat business in the form of replacement or related product purchases, boycotts seek the repeat behavior of self-denial. Generally speaking, it is more difficult to convince people to sustain a commitment than it is to induce them to make a commitment. Through the support it offers for human networking, the Internet may prove an effective instrument in sustaining the commitment to boycott in a geographically distributed participant population.

The challenge for boycott organizers is to develop mechanisms capable of reinforcing desired and inhibiting undesired behavior in virtual or online communities. Overcoming this hurdle may stimulate the coalescence of fragmented consumer groups into a coherent political force. **C**

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ELIA ZUREIK (zureike@post.queensu.ca) is a professor of sociology at Queen's University in Kingston, Ontario, Canada.
ABBE MOWSHOWITZ (abbem@bestweb.net) is a professor of computer science at the City College of New York and member of the doctoral faculty at the Graduate Center of the City University of New York.