Technological Change and Power Redistribution: The
Unintentional Consequences of Automobile eCommerce

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ABSTRACT

In this paper we explore how technological change brought about by the Internet and electronic commerce (eCommerce) impacts social conditions of automobile trade and alter traditionally asymmetric power relations between buyers and sellers. By focusing on the social dimension of eCommerce, we aim first to understand why and how the changed automobile trade conditions affect trade practices and buyers’ and sellers’ social behavior. Second, we seek to explain the resulting effects on buyer-seller social relations, especially fairness of trade and power redistribution towards buyers. Of particular interest are unintentional and unexpected empowering and emancipatory consequences of eCommerce which are an important agenda of critical management studies of technology.

To study social changes brought about by eCommerce we propose a critical social-theoretic approach where commercial transactions are seen as social actions undertaken by buyers and sellers who in turn are conceived of as social actors. The critical social-theoretic approach serves to analyze and interpret empirical evidence from our automobile sellers’ and buyers’ case studies. The comparison of social actions by actors in traditional, face-to-face automobile sales versus eCommerce sales enables in-depth investigation of the social dimensions of eCommerce. Based on this investigation we provide insights into emerging changes in trade practices, involving increasing fairness of trade and power redistribution among the buyers and sellers, neither of which were intentional or expected. Although our research into automobile eCommerce did not reveal the ‘politics of technological change’, we found compelling evidence of the ‘change of politics’ in automobile trade practices, including empowering and emancipatory tendencies created by technological change.

KEYWORDS

Social implications of eCommerce, power redistribution, emancipation, theory of communicative action, automobile trade.
1 INTRODUCTION

Business to customer electronic commerce (B2C eCommerce) is transforming business-customer relationships: traditional face-to-face communication has been enhanced and sometimes even replaced with electronically mediated communication. This transformation affects the nature, efficiency and economics of business transactions with far reaching consequences on business practices, trade conditions and industry structures (Napier, et al., 2003; Porter, 2001; Turban et al., 2000; Kalakota and Whinston, 1996). Management and IS literatures portray eCommerce as the epitome of technologically enabled economic rationality, emphasizing significant economic benefits achieved by both sellers and buyers. For instance eCommerce expands the geographic market and enables access to new markets, lowers transaction costs, increases transaction speed and accuracy, and shortens delivery times (Koch and Cebula, 2002; Siskos, 2002; Weill and Vitale, 2001; Weill and Broadbent, 1998). However, with a more widespread adoption eCommerce also tends to reduce barriers to entry, increase the number of competitors and reduce differences among them, thus shifting the basis of competition toward price (Porter, 2001). As a result companies are struggling to remain profitable and convert eCommerce benefits into profits. While the economic argument helps identify both positive and negative eCommerce consequences and explain economic motivation behind companies' behavior, it does not explain the underlying mechanisms that instigate particular consequences.

We argue that the key to understanding the diverse and complex consequences of eCommerce is a deeper and broader insight into seller-buyer relationships not only from the technological and economic perspective, but also from the social perspective. In this paper therefore we explore the social dimension of eCommerce which is important for at least two reasons. First, as researchers, citizens and consumers, we are interested in a critical understanding of social consequences of technological change brought by eCommerce. Improved critical understanding, we argue, should help us assess implications of technological innovation in eCommerce from the value position of justice and fairness of trade practices. Second, as researchers of such a complex technological and economic phenomena, we are compelled to explore the social dimension of eCommerce in order to gain insights into underlying mechanisms that might contribute to its positive and negative consequences.

Having such a broad motivation this paper specifically aims to i) identify and understand emerging changes in buyers’ and sellers' social behavior as they shift from traditional face-to-face to electronically mediated commerce, ii) provide insights into resulting changes of seller-buyer social relations and explain their implications for trade practices, and iii) explain some observed but unintentional and unexpected consequences of eCommerce: power redistribution leading to fairer trade practices and empowering buyers with certain emancipatory implications.

To achieve these aims we propose a social-theoretic framework to study B2C eCommerce, based on Habermas's Theory of Communicative Action (TCA) (1984, 1987, 2001). Applied to the domain of commerce this framework enables studying commercial transactions as social actions undertaken by buyers and sellers, who are conceived of as social actors. The TCA social-theoretic framework informed our conduct of multiple interpretive case studies of dealers’ and buyers’ in the US automobile trade industry undergoing the transition from traditional trade to eCommerce. The research findings presented in the paper focus on dealers’ and buyers’ social actions before and after the introduction of eCommerce and the ensuing changes in their social and power relations.
These findings are further interpreted in the light of fairness of trade practices and the politics of technological change. Although our research into automobile eCommerce did not reveal the ‘politics of technological change’, we found compelling evidence of the ‘change of politics’ in automobile trade, including power redistribution, empowering and emancipatory tendencies created by technological change.

The next section briefly presents the research methodology and the automobile sales case studies. This is followed by a discussion about automobile sales before and after the introduction of eCommerce (sections 3 and 4). Section 5 then examines power redistribution among sellers and buyers and suggests an explanation of empowering and emancipatory tendencies in automobile eCommerce. Finally, conclusions and implications are summarized in section 6.

2 SOCIAL ACTION FRAMEWORK TO STUDY B2C eCOMMERCE

Using Habermas’s TCA (1984, 1987) to understand eCommerce draws on a long strand of critical IS research (e.g., Lyytinen and Klein, 1985; Lyytinen, 1986; Lyytinen and Hirschheim, 1988; Hirschheim and Klein, 1989; Lyytinen et al., 1991; Lyytinen, 1992; Hirschheim and Klein, 1994; Ngwenyama and Lee, 1997; Cecez-Kecmanovic and Janson, 1999, 2001; Cecez-Kecmanovic 2001; Cecez-Kecmanovic et al., 2002; Varey, et al. 2002; McGrath, 2005). As Habermas’s TCA has not been applied in the eCommerce context in this section we explain how the theory may be interpreted and usefully applied to study B2C commerce.

2.1 Commercial transactions as social actions

Commercial transactions include several phases that occur in a social space comprising producers, markets, brokers, sellers, buyers, regulators and regulations, cultures (e.g., industry culture), et cetera (Axelsson et al., 2002). First, buyers have needs (e.g., transportation) whereas sellers have the ability to meet these needs (e.g., a vehicle). After establishing contact a buyer and seller exchange offers and counter offers until both parties are satisfied. Second, the buyer and seller draw up a delivery and payment contract that is mutually binding. Third, contract fulfillment results in product or service delivery by the seller and payment by the buyer. Finally, both buyer and seller complete the business transaction by assessing their satisfaction level. During this process both buyers and sellers can be seen as social actors who take actions to achieve their goals.

We speak of social action when human action is purposively oriented and meaningfully related to the behavior of other human actors (Weber, 1964, 1978). According to TCA (Habermas, 1984) actions differ depending on the actors’ orientation with respect to the goals to be attained. Actors may be oriented solely to success in achieving their goals or, instead, they may be oriented to mutual understanding and achieving their goals by coordinating their actions with other actors. Furthermore, actors refer to different worlds: the objective world consisting of objects and states of affairs, the social world consisting of norms and values, and their inner, subjective world consisting of individual experiences, desires and emotions. Habermas (1984) defines ‘social action’ as symbolic expression through which actors achieve their goals by relating to and changing their objective, social, and subjective worlds. His classification of social actions is based on the orientation of actors and their relation to the worlds.
Buyers and sellers conduct commercial transactions to achieve conflicting goals. Sellers aim to attract buyers and sell their products at the highest possible price. Similarly buyers seek to find and purchase the most suitable/desirable product at the lowest price. To achieve their goals however buyers and sellers may adopt different orientation. They may be exclusively concerned with achieving their goals (orientation to success), or they may attempt to develop a shared interpretation of a situation with other actors so as to achieve their goals by coordinating their actions (orientation to understanding). These basic distinctions indicate whether the buyers and sellers involved in commercial transactions act instrumentally/strategically (success oriented) or communicatively (understanding oriented).

**Instrumental action** occurs when a success-oriented actor seeks to attain goals by intervening in the objective world using predictions drawn from physical or behavioral models (Habermas, 1984, pp. 285-286). When purchasing a car, for instance, a buyer refers to things such as car models, dealers, prices, funding conditions or contracts as things or inanimate objects. Such a buyer does not in fact establish a social interaction with a seller. Instead, based on information from different dealers, the buyer assesses different offers and selects the optimal solutions, that is, the best product under given constraints (e.g., cost) or the least expensive offer for the desired product.

**Strategic action** occurs when a success-oriented actor aims to achieve goals by influencing other actors who are perceived to be rational opponents (Habermas, 1984, pp. 85-86, 285-286; Koningsveld and Mertens, 1992; Rasmussen, 1990; Roderick, 1986). To take successful strategic action an actor has to be well informed about his/her opponents and to have appropriate skills to influence them. For example, by acquiring information about a customer and by predicting the customer’s expected behavior, a strategically acting dealer seeks to influence the customer so as to achieve his/her sales goals (increase sales and/or maximize profit). Both instrumental and strategic actions are oriented to success, that is, to achieve the desired change of state of affairs in the objective world. They differ by the way this change of state of affairs is achieved: in case of instrumental action, the actor selects the best option based on information available/collection without direct interaction with his/her counterparts; in case of strategic action the actor influences his/her counterparts. Success in both cases is measured by the achieved state of affairs (i.e., profit or loss). What these models do not consider however, are personal experience and a sense of dis/satisfaction with the commercial transaction that actors keep in both cases.

A significantly different type of action is conducted by actors oriented to understanding. When actors aim to achieve their goals by developing an inter-subjective interpretation of a situation and on that basis achieve agreement and coordinate their individual action plans, they perform communicative action (Habermas, 1984). An essential difference in acting communicatively to achieve goals is orientation to developing common understanding that enables cooperation and communicatively reached agreement. This is accomplished by referring to all three worlds, that is, making claims concerning the objective world (that something is/is not the case or is/is not true), their social world (that something is/is not right or legitimate), as well as their individual subjective worlds (i.e., that the speaker is/is not sincere) (Habermas, 1984, p. 99pp. 286-288; Habermas, 1987, pp. 126-129; Rasmussen, 1990). A key feature of communicative action is raising, questioning, and defending validity claims, which takes place at the discursive plane. Through discourse actors resolve objections to validity claims and thereby prevent or overcome
communicative breakdowns. An integral component of communicative action – the discursive process itself – can be more or less free from power distortions and equitable or in other words, more or less resembling the “ideal speech situation”

Whereas not meant as a quality of ordinary communication, the ideal speech situation can be understood as “a counterfactual anticipation we make when we seek mutual understanding” (Alvesson and Deetz, 2000, p. 91). The notion of ideal speech situation and communicative symmetry may serve to judge the extent to which a particular communicative action diverges from what is defined as the ‘ideal’ speech situation.

Communicative action is the most complex type of action which some have misunderstood as either idealistic (Cooke, 1998) or totalitarian (Wilson, 1997). Wilson (1997), for instance, interprets communicative action as one that leads to ‘final’ agreement which eliminates different interests, views and values. This is an astonishing reversal of the basic idea of communicative action as defined by Habermas (1984, pp. 85-86, 285-286). In fact, the model of communicative action assumes that actors have different interests, views and values and that they do take actions to achieve different, or even opposing goals. However, compared to strategic and instrumental action, actors taking communicative action try to achieve their goals in a more cooperative manner, by developing at least some level of shared understanding of a situation at hand through discourse. Their mutual understanding is always partial and is often subject to questions and disputes. The agreement they may reach communicatively is therefore always fragile, it may be revised or may be cancelled altogether. This agreement holds as long as actors accept the validity claims on which it is based and are reasonably satisfied concerning the achievement of their goals. Any actor can call into question the basis of the agreement if he/she can demonstrate falsehood of facts about the objective world, (e.g., incorrect description of car accessories), illegality of deeds in the social world (e.g., breach of law), or insincerity of participants (e.g., deceptive intentions) that compromise the agreement. As Habermas explains “[s]tability and absence of ambiguity are rather the exception in the communicative practice of everyday life” (p. 100, 1984).

Commercial transactions can take a form of instrumental, strategic or communicative actions. This is the reason for selecting these three action types from Habermas’s TCA (1984) to study B2C commerce. The interpretation of commercial transactions as social actions as an instantiation of Habermas’s TCA is graphically presented in Figure 1. The meaning of and the difference between actions oriented to success (instrumental and strategic) and actions oriented to understanding (communicative) will be further explained in relation to the notions of system and lifeworld.

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1 Some authors proposed to add the concept of ‘discursive action’ (Lyytinen, 1986; Lyytinen and Klein, 1985; Ngwenyama and Lee, 1997) to Habermas’s classification of action types. If the discursive activity were considered an action type as such and not an integral component of communicative action, the concept of communicative action would lose its major feature. As pointed out by Ludwig (1996, p. 117), discourse with respect to validity claims is not a separate action type but constitutes an integral part of communicative action.

2 Habermas’s concept of an ideal speech situation has been misinterpreted and assailed as being unrealistic or even utopian (Cooke, 1998; Wilson, 1997). However, as Reese-Schäfer (2001) explains, an ideal speech situation never exists under practical circumstances. Rather, the ideal speech situation must be understood as a desirable goal that one tries earnestly to achieve but which nevertheless will always stay out of reach.

3 Habermas’s TCA (1984) also includes dramaturgical and normatively regulated actions which are considered not relevant to the study of commercial transactions, and are therefore omitted here.
Lifeworld supplies actors with background knowledge based on which they interpret a situation and take actions. Commercial transactions as social actions:

- **Systems**
  - Systems rationalization and integration
  - Systems imperatives

- **Lifeworld**
  - Symbolic reproduction of the lifeworld:
    - Cultural reproduction
    - Societal integration and socialisation of individual

A social system consisting of ‘systems’ and ‘lifeworlds’ simultaneously: systems are maintained by instrumental/strategic actions, while lifeworld is symbolically reproduced by communicative actions.

**Figure 1** Social action framework to study B2C commerce – an interpretation of Habermas’s TCA (1984, 1987) in the context of commercial transactions

### 2.2 System and lifeworld aspects of commercial transactions

In the TCA Habermas conceives of society simultaneously as **systems** and **lifeworld** (1987, p. 118). **Systems** involve economic and administrative systems, such as “market” and “state,” that ensure society’s physical and material (re)production. The **lifeworld** assumes common language, social structures, and shared cultural traditions that ensure social (re)production (Kunnenman, 1986). We will explore system and lifeworld aspects of automobile trade and B2C eCommerce.
System aspects in the automobile trade industry involve the automobile market and its performance, competitors and their profitability, customers and their buying capacity, etc. Dealers are primarily concerned with *system imperatives* such as cost-effectiveness of their operations, sales plans and profit targets, competitiveness and market share, and product and service quality. To remain competitive dealers need to constantly improve efficiency and effectiveness, and *offer* competitive prices while keeping or improving quality. In other words, automobile trade industry survives thanks to increasing *system rationalization*. To achieve these goals sellers intervene in the objective systems world by taking instrumental and strategic actions. In this way sellers maintain and reproduce dealership systems and achieve *system integration* (Figure 1). Porter (2001), for instance, examines the Internet implications on industries’ structures only in terms of system aspects: increased industry efficiency, expanding size of the market, increased competition and reduced differences among competitors, lower profit margins, etc. Apart from system aspects, any social system also has lifeworld aspects that need to be considered in order to understand its processes and changes. The *lifeworld* is the taken-for-granted universe that contains a stock of knowledge in the form of beliefs, conventions, assumptions, and values shared by members of a particular social group. This background knowledge determines the horizon of possible understanding within and between social groups. The automobile trade industry traditionally reflected a culture of aggressive selling and hard bargains. Believes and values acquired through training made dealers exclusively concerned with profit, while disregarding customers’ needs and interests. Dealers generally justified treating customers unfairly and taking advantage of their lack of information (Philips, 2001). Customers on the other hand felt cheated, frustrated, and dissatisfied. These are lifeworld aspects that are important when trying to understand the traditional automobile trade. They are also important for understanding how eCommerce changes actors’ behaviour and consequently trade practices. In other words, both systems and lifeworld aspects need to be considered in order to understand the impacts of eCommerce. As shown in Figure 1, both systems’ imperatives and lifeworld concerns drive buyers’ and sellers’ social actions (that is commercial transactions). These social actions in turn reproduce systems (dealers businesses and the market) and symbolically reproduce lifeworlds of actors (e.g., cultural reproduction in the industry and social integration of both buyers and sellers). The symbolic reproduction of the lifeworld depends on the degree of contradictions and conflicts between systems’ imperatives and lifeworlds of different actors. If the relationship between systems and lifeworlds (for instance between system integration and social integration) is antagonistic and when system’s rationality intrudes into the lifeworld of social members, the lifeworld becomes *colonized* (Habermas, 1987). This happens when social actions of buyers and sellers become subjected to system imperatives: strategic manipulation leads to a lifeworld dominated by language of efficiency, effectiveness, and profitability as was the case with the traditional vehicle trade. However, the relationship between systems and lifeworlds need not necessarily be antagonistic (Wierdsma, 2002). In the vehicle trade industry which is transitioning to eCommerce, this relationships is of particular interest because of increasing competition and decreasing profits. When buyers and sellers, each having opposing goals, approach automobile purchasing so as to create mutual understanding of a situation and reach an agreement cooperatively – in other words when their commercial transactions take the form of communicative action – they symbolically reproduce their lifeworlds (Figure 1). By acting communicatively
the actors develop and maintain their relationship, reproduce a culture of cooperation and contribute to processes of social integration and socialization of individuals (Habermas, 1987).

Starting from Habermas’s TCA as a general social theory (1984, 1987) we proposed the social action framework as a particular instantiation and application of this theory for studying B2C commercial transactions. When commercial transactions – face-to-face or electronic – are interpreted as social actions through which actors (sellers and buyers) achieve their mutually opposing goals, Habermas’s TCA provides the conceptual apparatus to investigate the social dimension of eCommerce: how the change of social conditions affects power redistribution and in turn impacts the behavior of actors and trade practices.

3 RESEARCH METHODOLOGY

To better understand social dimension of B2C eCommerce and gain a deeper insight into buyers’ and sellers’ social behavior we conducted multiple interpretive case studies of sellers and buyers of one product type — automobile. Our choice of automobile sales was motivated by a) the importance and complexity of automobile purchase decisions with which most people have some experience and can relate to, b) the size and relevance of the automobile sales market and c) the growing presence and potential impacts of B2C eCommerce in this market (Shetty, 2000; Selz and Klein, 1998; Kim, 1997). Case studies for other product types (such as grocery, entertainment, software) would be equally pertinent.

The empirical investigation, conducted from 2001 to 2003, involved nine automobile dealership cases and six automobile buyer cases in the St. Louis, Missouri, Metropolitan Region. These dealerships covered the entire range from low end to high end of the market. The investigation included visits to dealerships, observation of automobile sales process, and onsite semi-structured interviews with dealers, chief executives, and sales people. The interviews focused on sales practices and experiences before and after the Internet. The interviewees provided their interpretation of the changes emerging with eCommerce and the impacts it is making on the industry. To make sense of their experiences and the meanings they assigned to changing practices we also studied dealership websites and on-line interactions with buyers.

In addition to dealerships we specifically targeted eCommerce automobile buyers in order to gain access to their authentic experiences. We interviewed six eCommerce automobile buyers: half selected from the general population and half part-time graduate students. These interviews were conducted in person or by telephone. We asked the buyers to reflect on their experiences with purchasing an automobile in a traditional way by visiting dealerships versus on-line using the Internet. We asked them to explain why they chose to search the Internet, visit dealers’ and manufactures’ websites, and consult third party websites (i.e., Edmunds and Kelly Blue Book). Of particular interest was buyers’ ability to find, interpret and meaningfully use information provided on various Web sites. We also prompted the buyers to reflect on their power position vis-à-vis the salespersons and their feelings regarding the purchasing process.

While conducting our field studies we became aware of the role of National Automobile Dealers Association (NADA) and its impact on the automobile sales industry. We therefore explored NADA’s website and studied documents dealing with the introduction of
eCommerce. Furthermore, we investigated consumer-oriented websites, such as Edmunds and Kelley Blue Book.

The case studies were interpretive in nature, informed by Habermas’s Communicative action theory (1984, 1987). The hermeneutic route to understanding adopted in the case studies involved an ongoing circular process from the Habermas’s theoretical framework (1984, 1987) that shaped research design and attentiveness to data, to data collection and interpretation, to theoretical explanation, and so on. Through such a circular process the social-theoretic explanation of changes in actors’ behavior emerging with eCommerce was grounded in the data. The hermeneutic process exemplifies the dialectic relationship between the theoretical framework and empirical data, through which our interpretation and theoretical explanations grounded in the data emerged (Ezzy, 2002; Paton, 1990).

The data analysis process – during and after data collection – aimed at gaining insight into changing social conditions and their impact on the behavior of actors as eCommerce gradually replaces traditional automobile trade processes. Our objectives were to understand and provide theoretical explanation of the observed changes in trade practices, sellers’ and buyers’ behavior, and their power relations. Such analysis was basically concerned with the meanings that actors (buyers and sellers) assign to commercial transactions and the ways they construct their experiences with and their position within the new technological, economic, and social eCommerce conditions. It was therefore important to understand the broader cultural and social context of automobile trade industry within which sellers and buyers interpret situations, construct meanings and take action. For that reason data analysis and interpretation unfolded along the hermeneutic circle or spiral, moving between the local conditions and subjective accounts by automobile sellers and buyers and the industry culture, values and norms as revealed by NADA website and industry documents (Gadamer, 1985; Klein and Myers, 1999). For instance better understanding of automobile dealers’ tradition and culture helped our understanding of dealers’ behavior: how and why they justified deceiving and tricking buyers. Similarly, better understanding of automobile selling practices, economic environment and dealers’ attitudes and values (adopted through training and practice) enabled better understanding of automobile buyers’ frustration and intimidation during the traditional automobile buying process and buyers’ motivation to use the Internet. Understanding individual actors’ behavior and specific automobile selling processes (traditional and eCommerce) in turn contributed to understanding the changes emerging in the industry.

4 AUTOMOBILE SALES BEFORE ECOMMERCE

Selling automobiles involves buyers and sellers with opposing interests, each trying to maximize their gain at the expense of the other and each trying to influence the other. Their behavior in traditional automobile sales can best be described as strategic action. The key characteristic of the traditional sales situation is dealers’ strategic advantage arising primarily from privileged access to information (see first column in Table 1). While

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4 Among a number of principles that underpin the hermeneutic approach is a “hermeneutic rule that we must understand the whole in terms of the detail and the detail in terms of the whole, … The harmony of all the details with the whole is the criterion of correct understanding” (Gadamer, 1985, p. 291). Hermeneutic circle is also defined by Klein and Myers as the first among seven principles of interpretive hermeneutic field research (1999).
each seeks to achieve his/her goal – the dealer to maximize profit, the buyer to minimize cost – the dealer stays in control and succeeds because of his/her privileged access to information, selling skills and tactics.

Before the advent of eCommerce automobile dealers enjoyed an almost monopolistic position concerning car pricing, manufacturer holdbacks and rebates. Customers could in principle obtain automobile invoice pricing by purchasing printed manuals published by companies such as Edmunds and Kelley Blue Book. Customers could also visit multiple automobile dealers and, by going through a time-consuming process, obtain different price quotes on the car of their choice. In practice, however, as our customer and dealer interviews show, this proved too time-consuming, impractical and costly.

Table 1  Buyers’ views of automobile sales before and after eCommerce (quotes from interviewees and documents are printed in small font)

<table>
<thead>
<tr>
<th>Traditional Auto Sales</th>
<th>eCommerce Auto Sales</th>
</tr>
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<tbody>
<tr>
<td>Seller has significant bargaining advantage arising from a privileged access to information.</td>
<td>Buyer and seller have equal access to information.</td>
</tr>
<tr>
<td>Buyers feel at the mercy of the dealers. (Jitta)</td>
<td>Kelly Bluebook provides evaluations [on the car] and gives you price you can expect to pay [if you buy] from private individual [compared] to what you would pay to a dealer. ... on the Internet [you can] check on the car's maintenance record and how well it [tends] to hold up. ... You can go to the factory Internet to see the recalls. ... We looked at Kelly Bluebook, E-Bay and Carpoint.com for price comparisons and came up with what we thought was a fair price. (Josh)</td>
</tr>
<tr>
<td>Sales people in the auto sales industry have had the advantage over consumers forever. ... [Traditionally] a salesman can sell a car at a huge markup over dealer invoice. (Jitta)</td>
<td>With the advent of e-commerce websites like Ednumdns.com or autobytel.com things have changed. No longer can a salesman sell a car at a huge markup over dealer invoice. With the use of these e-commerce technologies the customer now knows what the dealer paid and what a fair market price would be for a car given a certain area. (Jitta)</td>
</tr>
<tr>
<td>[Traditionally] you got many disgruntled customers because the average American does not negotiate ... They want to walk in and that is the sticker price of the car, you have a trade in and you basically hope they will give you a fair price on you trade in. So [the average customer] is basically at the [dealer's] mercy. ... Too many times the consumer goes to the dealer and is at the mercy of their financing [as well]. (Josh)</td>
<td>O n the Internet the [car] price is very transparent. On the Internet you can see the mileage and the condition of the car and get a price quote. And from that baseline we can start bargaining &quot;...” (Pradip)</td>
</tr>
<tr>
<td>Buyer and seller engage in strategic action over which the seller has been in control thanks to their privileged position arising primarily from better access to information and also from selling skills and tactics.</td>
<td>Buyer and seller engage in instrumental action or strategic action with a more balanced power relationship arising from equal access to information; eCommerce “levels the playing field.”</td>
</tr>
<tr>
<td>... they [sales people] kind of string you along and ... they play some games and sometimes the customer plays some games. Like when I’ve bought cars before I always try it at the end of month when</td>
<td>The customer holds the power and it is all about information. An Internet buyer who really does the homework evens the playing field and puts him/her in a more powerful position than before the Internet existed. (Steven)</td>
</tr>
</tbody>
</table>

[The Internet] puts you on a level playing field.
they all have quota to meet... there was a lot of
gamesmanship going on when you are dealing with
a regular dealer which to me wastes my time and
their time. (Mark)

Dealers have capitalized on the high sticker price
and complexity of the good to create market
inefficiency – boosting their economic profits
(Fred).

Sometimes the customer is better armed [with
information] than the salesperson.... [With all that
information] you can negotiate dealer down.... The
Internet has helped people not to get screwed. The
Internet is a great equalizer and has become the IT
negotiator. ... With the Internet there is more a
semblance of fair play. (Josh)

B2C levels the playing field and allows a much more
symmetric distribution of information. (Fred)

The Internet and all the information the buyer gathers on
the Internet have resulted in a salesperson’s relationship
with the buyer where both are more or less equal – that is
to say – they have equal amounts of information and
power. (Steven)

Because of the Internet the buyers stay current that
nobody can cheat them. (Pradip)

... having an extremely educated customer the gamble is
no longer there for them [the dealers] except for people
that have no access to the Internet. (Josh)

This knowledge gained [via the Internet] by the customer
can make him/her an educated shopper. You can walk
into a dealer knowing exactly what to pay for a car. This
should minimize the pricing games often played by car
salesmen.

Sellers are trained to use various persuasion
techniques, aggressive approach and hard-
sell skills to pressure the buyers.

Buyers have negative experiences with the
traditional car buying processes and perceive
them as being unfair, intimidating and
frustrating

Visiting dealerships is very intimidating because one
has four to five salespersons standing around
looking out of the showroom windows for a
potential customer to pull up in his car. Then when
the potential customer enters the showroom he
more or less steps into a pool of sharks... (Steven)

That experience [with traditional sales] was a really
bad experience - going through a salesperson.
(Shidu)

Before the Internet [the buyer] finds himself in a
controlled sales environment (Fred)

... I can’t stand car salesmen ... I just really don’t
have good experience with [traditional]
salesmen... don’t enjoy the phoniness and the
banter they try to create... (Barry)

I don’t like dealing with salespeople. (Mark)

I believe in paying a dealer a profit for his car. I also
believe in rewarding the salesperson for their expert

Buyers consider the Internet buying processes
hassle-free and smooth, perceive them as being
fair, sometimes even enjoyable.

The Internet makes it unnecessary for the buyer to
interact with the salesperson in this intimidating
environment. The Internet also avoids the problem of
the buyer having to visit multiple dealerships and the
troublesome haggling and negotiating and being
subjected to all the salespersons’ tricks. (Steven)

This one [experience] going through the Internet was
really smooth. There was absolutely no hassle. We just
spent one hour. We didn't really have to go take the test
drive and everything. We knew the car that we went
and got the car and it was like a half days work. (Chidu)

Last year, I purchased a new vehicle. I used the internet
to research my decision, and it was a much more relaxed
and enjoyable experience than years earlier when I
purchased a vehicle without this tool. ... This [Internet]
was really the best experience buying a car I ever had. It
did not waste my time; it did not waste their time.
(Mark)

[Due to the Internet] I feel more comfortable to buy a
vehicle. The average person does probably not know
[much] about an automobile. If you don’t feel
comfortable about buying [an automobile] the Internet is
probably the best way to go because you will be able to
help. But I don’t think this justifies making an unfair profit at my expense. (Philips, 2001)

look at the vehicle and find out all sorts of information about that vehicle. (Josh)

A new breed of salespeople is emerging who adopt the role of facilitator and act in a supportive manner towards the buyer.

[Salesperson] did not play games. (Shidu)

Our interface with the dealer was like you are interfacing with the IT guy. So it was like really strange experience rather than like a car buying experience. It was totally hassle-free…. This was totally new experience unlike the way we have bought a care the previous two times. (Shidu)

[The Internet] has caused salesmen to shift their focus. They can actually now save time and come to a mutually beneficial deal sooner with a customer. This is good for the consumer, but it also ends up being good for the dealer as well since now the salesman can sell more volume with less work. (Jitta)

Car salespersons have become more professional on account of the Internet — but still many [continue to be] wheeler-dealers. They have to learn how to play along or otherwise they are doomed to disappear. (Josh)

<table>
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<tr>
<th>Many customers lacked the information needed to make informed decisions. A representative of a St. Louis dealer stated:</th>
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<td>[New] cars had sticker prices but trucks did not. Dealers could mark up a truck whatever way they wanted. The consumer was helpless.</td>
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As explained by a former automobile salesperson (Phillips, 2001):

The [traditional automobile sales] system was not set up for educated people who thought for themselves, it was not to help customers make informed decisions. The system was designed to catch people off guard, to score a quick sale, to exploit people who were weak and uninformed.

As a consequence customers felt intimidated and frustrated as documented in Table 1.

To counteract dealer strategic action and minimize the car’s purchase price buyers engaged in strategic action as well. Buyers, however, typically lacked market information and were short on negotiation skills which then resulted in their inability to successfully counteract the salesperson’s strategic action. In other words, the salesperson remained in control of the automobile buying process. The power relationship between buyer and seller was severely unbalanced with the buyer experiencing the entire car purchasing process as being frustrating and grossly unfair (also confirmed by Mines et al., 2000). The strategic

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5 A car’s “sticker” price represents the maximum possible price customers may be asked to pay. Savvy customers negotiated a vehicle sales price that was below the listed sticker price. Because trucks lacked sticker prices, as is clear from the interviewee’s quote, consumers lacked a starting point necessary for effective price negotiation.
disadvantage under the traditional trade practices motivated many buyers to explore purchasing a vehicle using the Internet\textsuperscript{6}.

5 TRANSFORMATION OF AUTOMOBILE SALES PRACTICES BROUGHT ABOUT BY ECOMMERCE

In the vehicle distribution industry conflict between buyer and seller is particularly virulent (Phillips, 2001). The salesperson’s income is normally based on monthly sales and the net profit achieved. Hence, a salesperson is motivated to achieve as high a price as possible for the vehicle. On the other hand, the buyer tries to purchase the vehicle for as low a price as possible. This situation remains unchanged after the introduction of eCommerce. However what does change are the trade conditions under which the transactions take place. The question we examine in this section is whether and in what ways these eCommerce trade conditions affect buyers’ and sellers’ social behavior and social relations, and, consequently, automobile trade practices.

With the introduction of eCommerce automobile salespersons no longer enjoy a privileged position concerning car sales information. Because of the Internet sites (Edmunds, Kelley Blue Book and other\textsuperscript{7}) that provide information free of charge on new car invoice prices, car options, used car prices and estimates on trade-in car prices, customers can investigate availability and prices of the car of their choice as well as financing and insurance option online with only a modest investment of personal time (Greenspan, 2003). Our empirical findings show that buyers’ and sellers’ equal access to information enabled by eCommerce significantly changes power positions: buyers are gaining bargaining power vis-à-vis sellers – a phenomenon also observed by Porter (2001). The buyers’ relationship with sellers is becoming much more balanced than was the case before the introduction of eCommerce (see Table 1 second column). The buyers and dealers whom we interviewed frequently emphasized that eCommerce “levels the playing field”.

As a result buyers and sellers changed their behavior in business transaction processes which we observed at the dealership sites as well as in the interviews with sellers and buyers. By applying the Habermasian social action framework we identify three types of change in social behavior of actors. To describe these changes in buyers’ and sellers’ behavior and analyze the resulting transformation of automobile sales practices we use the semiotic square (Nøth, 1990). By displaying opposites, the semiotic square represents a field of action (Greimas, 1987). In our case, we use the semiotic square to describe the automobile trade field of action. The horizontal axis connects the two parallel opposites ‘supportive’ versus ‘aggressive’ sell and ‘soft sell’ versus ‘hard sell’ (Figure 2). This axis describes automobile salespeople’s attitude, as perceived by both buyers and sellers. The vertical axis connects the opposites ‘unfair’ versus ‘fair’ and describes the customer’s perception regarding the fairness of the buying process.

\textsuperscript{6} A 2002 study conducted by Automotive Retailing Today reported that 79% of vehicle buyers that were interviewed visited a manufacturer’s website, 44% a dealer’s website, and 40% visited a third party website such as Autobytel.

\textsuperscript{7} We obtained confirmation from several automobile dealers, Edmunds Incorporated, and one automobile manufacturer that intermediaries such as Edmunds and Kelley Blue Book do indeed publish correct car invoice prices, i.e., the prices that the manufacturer charges the dealer.
Traditional auto trade is perceived by both buyers and sellers as aggressive and hard-sell, and is considered unfair by most buyers (see Table 1). Traditional auto sales are therefore presented in the lower right-hand quadrant (Figure 2). With the introduction of eCommerce, we first observed that trade interactions among buyers and sellers are becoming more equitable strategic actions, with dealers loosing their strategic advantage. As Internet buyers are better informed and have richer information in hand, they become better at specifying their requests and predicting and counteracting the salesperson’s actions. Consequently both sellers and buyers become equally equipped and have equal chances to undertake successful strategic actions. Increasing opportunities for successful strategic actions in turn change the playing field and gradually transform vehicle sales practices from ‘unfair’ to ‘fair’ (while still remaining ‘hard sell’ and ‘aggressive’). Thus automobile trade is perceived by the buyers as more equitable, fairer, less frustrating, and at times even enjoyable (see Table 1). Such a change is represented in the semantic square as the transition depicted by arrow $a$: from the ‘hard sell-aggressive/unfair’ quadrant to the ‘hard sell-aggressive/fair’ quadrant (Figure 2).
A second type of change observed in actors’ behavior in automobile trade can be described by the model of instrumental action. Namely, some buyers choose to use the Internet not only for information gathering purposes but also for collecting offers from the dealers and selecting the best offer without establishing personal contact with dealers. These buyers complete the whole purchasing process over the Internet and go to the dealership only to pick up their vehicle. This is often the case with buyers who value efficient processes and dislike dealing with salespersons. In this way they minimize social interaction with salespeople, avoid their ‘gamesmanship’ and thereby disable their strategic acting. By offering their vehicles to such Internet buyers, dealers are also acting instrumentally, that is, achieving their goals by calculating the lowest price they can afford to sell a vehicle, given market situation and their costs. This change in sales practices – signified by arrow $a_2$ of Figure 2 – indicates the transformation from the traditional unfair to fairer sales practices that are neutral along the ‘aggressive-hard sell’ and ‘supportive-soft sell’ axis.

The increased buyer opportunities to perform successful instrumental and strategic action level the playing field and gradually transform sales practices from ‘unfair’ to ‘fair’ (arrows $a_1$ and $a_2$ in Figure 2). These arrows indicate emerging changes in vehicle trade practices and should not be understood as a simple switch from one type of practice to another. Grounded in our analysis of empirical data (buyers’ and dealers’ interviews and on-site observations) and supported by industry wide documents and analysis (NADA, 2000, 2003) we argue that transformations $a_1$ and $a_2$ of vehicle trade practices reflect major changes in the social behavior of actors arising from new eCommerce conditions. This change is significant given the current high percentage of automobile eCommerce customers and predicted future increases (Bartlett, 2001).

But the change does not stop there. The transitions $a_1$ and $a_2$ in turn broaden the geographic market and lead to intensified rivalry among the dealers, shifting the competition more toward price. These impacts, also confirmed by industry documents and market research (NADA, 2000, 2003), are forcing the actors to explore new strategies and adopt different behavior.

Some automobile dealers have recognized that the traditional way of the ‘hard sell’ will not be effective any longer. They therefore attempt to change their approach toward the customer and build a relationship, as exemplified by the manager of Best Imports dealer (which in 2002 sold about 30% of their vehicles online):

> Most of the people I find want more of a relationship and when they get closer to buying they will call you or you will call them and you will have a really good conversation. You are going to get to know each other and feel more comfortable with each other.

> I find Internet customers especially more concerned about relationship and ease of transaction. … [They] want to be respected and to know that they can get what they want or something reasonably close that they are happy with.

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8 For instance, a 2002 study conducted by Automotive Retailing Today reported that 79% of automobile buyers that were interviewed visited a manufacturer’s website, 44% a dealer’s website, and 40% visited a third party website such as Autobytel. Similarly, Greenspan (August 19, 2003) reported that 63% of online Canadians search the Internet for automobile prices (http://www.clikz.com/stats/ig_picture/traffic_patterns/article.php/3065321).

9 Shifting competition away from quality and towards price is among negative implications of the Internet on the industry structure as indicated by Porter (2001).
[1] let the customer dictate. They are the ones who are making the decision and if you allow them to make their own decisions and choices you will find a lot more happy customers and online referrals.

It seems that this manager is not exclusively concerned with achieving an immediate goal (selling a car and making a profit). While always having his sales and profit goals in mind, he sees the need to achieve them in a more cooperative way by establishing a relationship with a customer. Developing good relationships, the manager believes, enables him to establish mutual understanding with customers. The benefit for him is better understanding of customers’ needs and desires and hence better chances to meet these needs and have satisfied and loyal customers. Customers, on their part, appreciate sellers’ friendly and cooperative attitude and their support in making complex purchasing decisions (Table 1).

The new approach and social behavior of the Best Imports manager can be interpreted as a form of communicative action (as discussed in 2.1). While all nine dealers whom we interviewed emphasized the value of building relationships with their customers, not all of them actually changed their attitudes and trade practices. The behavior of Best Imports dealer (and a few others), we would suggest, indicates a third type of change in automobile trade practices that may be emerging in eCommerce. It is presented as a tentative transition $b$ (from the quadrant ‘hard sell-aggressive/fair’ to the quadrant ‘soft sell-supportive/fair’) in Figure 2.

Supporting evidence for transition $b$ as a desirable change for dealers comes from NADA’s (2000) position paper. The paper warned automobile dealers that a hard sell strategy and aggressive approach would not be successful in the eCommerce environment. Instead, the NADA paper proposed that sales people need to abandon their aggressive sales strategy and adopt a customer-friendly and supportive role:

"Today’s ‘automobile salesman’ is a professional sales consultant who often is working both on-and-off-line. Using more than sales skills, this person offers customers a low-pressure, fair price, self-service experience, and is more of a ‘facilitator’ in the selling transaction than a hard ‘closer.’ Conventional hard-close techniques are fast being eliminated from the sales consultant’s job description. (NADA, 2000)"

In fact the essence of NADA’s advice to sellers is to engage in communicative action for their own good. This advice is still not sufficiently understood by dealers. The lack of communicative competence, the particular culture in the industry and deep-seated values and beliefs of sellers are barriers towards its adoption. Instead of a genuine move towards communicative action we recognize the risk of covert strategic action (Habermas, 1984), that is strategic action disguised as communicative action. While this risk exists, evidence so far suggests that eCommerce trade conditions make such behavior more transparent than would have been the case in the past and would therefore be less effective.

The changes of actors’ behavior and resulting transformation of trade practices due to eCommerce, presented in the automobile trade field of action in Figure 2, have two major directions. The first, $a1$, leads to power redistribution towards buyers and ultimately to more equitable bargaining positions among buyers and sellers. As a result buyers and sellers become equally equipped to take successful strategic actions. This direction of change continues to $b$ as some dealers and buyers attempt to build relationships and trade in a more cooperative way. Importantly, in this change direction long-term relationships and customer loyalty, which were considered important in traditional trade, get new meaning and become significant again under eCommerce conditions.
Interestingly just the opposite is the case with the second direction, $a_2$, that leads to a more automated and Internet mediated automobile trade as instrumental action. Namely, buyers who make decisions exclusively based on price/performance figures are only interested in optimal deals as explained by the buyer:

My experience and from others I know, dealer loyalty has been important in the past - I find a dealer that I feel treats me fairly and where I liked the buying experience and I am more likely to go to that dealer again. Online buyers [adopting an instrumental action model] may not have that same type of dealer loyalty as it is easier/less time consuming to "shop around" from your computer at home than it is to drive to dealers. Online buyers may focus more on price as that will be the main part of their "buying experience". (Sharma)

The direction $a_2$ consequently moves competition to price and away from quality, therefore negatively impacting on the automobile trade industry structure (Porter, 2001).

6 POWER REDISTRIBUTION AND EMANCIPATORY IMPLICATIONS OF ECOMMERCE

Information and on-line services provided by dealers, manufactures and specialized organizations (such as Edmonds or Kelly Blue Book) were intended to improve efficiency of the market, decrease transaction costs, increase profitability and enable shorter delivery times, that is to say, increase systems rationalization. While they have been only partially realized (e.g. profitability in fact decreased) some unexpected and unanticipated consequences did materialize. As we have shown in previous sections, power redistribution, more equitable power relations between buyers and sellers, and fairer trade practices were among the serendipitous consequences of eCommerce. These consequences cannot be explained using only economic argument and systems' rationalization. Instead they are revealed through examination of the social dimension of eCommerce within the social action framework by taking into account both system and lifeworld aspects. In this section we seek to provide further insights into unforeseen consequences of eCommerce and in particular its empowering and emancipatory implications.

We are exploring here a deeper meaning of social implications of eCommerce emanating from the evident reduction of illegitimate privileges and unjustified differential power that one group (dealers) enjoyed and used to take advantage of and limit the life chances of the other (customers). Emancipatory politics, as Giddens (1991) succinctly explained, is concerned with “liberating individuals and groups from constraints which adversely affect their life chances” (p. 210). In trade generally, fair trade, equitable transactions, fair competition, open access to information, just relations, and the like, have long been considered guiding values. However, the actual trade conditions – from physical means of goods transportation and presentation to customers, through information systems and eCommerce supporting trade, to legal environments and cultural norms – enable and constrain the degree to which these values are upheld and enforced. Under the traditional automobile sales conditions, important information was not easily available to the buyer. Sellers frequently provided their customers with intentionally misleading information. Furthermore, sales targets and profit interests justified dealers' purposeful distortion of reality and their taking advantage of powerless and naïve buyers. As stated in the NADA report (2000), these norms, beliefs, and practices were entrenched in the industry’s
culture. Concerns for customer satisfaction, customers’ rights and fairness in business transactions were taking a back seat. Consequently, customers, as our empirical findings show (see Table 1), considered traditional automobile purchasing unfair and exploitative. These traditional automobile trade conditions were embedded in the industry structure: the way market operated, high costs of acquiring information for buyers and an asymmetrical power relation between sellers and buyers.

As trade conditions brought about by eCommerce equalize access to information and engender power redistribution leading to more symmetrical power relations, they impact the capacity of individuals (buyers) to take autonomous actions and make free choices. In so far as buyers are liberated from constraints imposed by traditional sales conditions and are making their decisions free from deception, coercion, and control by sellers, eCommerce implications can be seen to empower and emancipate the buyers. While evidently our empirical study did not reveal the ‘politics of technological change’ (that is the intentional social consequences), we provided ample evidence of ‘change of politics’ in automobile trade unintentionally created by technological change. For instance, while describing his vehicle purchase experience via the Internet one of the buyers we interviewed also mentioned that he felt *empowered*:

Using the internet, I found the exact vehicle that fit the features I was looking for. This gave me the ability to visit only those dealers that had the vehicle I was looking for. This saved me a lot of time! I also felt much more empowered because I knew I was buying the best car for me and not something the dealer recommended because he had too many on his lot that day. I also negotiated a great price for my new vehicle and trade-in price for my used one, thanks to information I found on Kelly Blue Book online. (Alan; emphasis added)

The experiences with Internet purchases documented in Table 1 (right column) include numerous aspects of empowerment and emancipation felt by the buyers. We analyze them, following Giddens (1991), at two levels: first, the freeing of actors from constraints and trade practices of the past, and second, the transformative attitude toward the future as presented in Table 2.

Emancipatory politics of eCommerce at the first level – concerned with a breakaway from constraints and trade practices of the past – is the most obvious and perhaps least disputed (the light gray cell in Table 2 and the upper right-hand quadrant in Figure 3). Due to the Internet and various Internet-based information services, eCommerce is freed from the constraints of traditional car sales conditions characterized by unequal access to information and illegitimate privileges of dealers. As a result buyers are overcoming inequitable and unjust power positions, oppressive and intimidating practices, and exploitative relations. These, in turn, at least reduce or at best eliminate dealers’ domination, redistribute power toward buyers and improve their bargaining position. Hence buyers become equally equipped to take successful strategic and instrumental actions (transitions \(a_1\) and \(a_2\) in Figure 3). Emancipation at this level means equalizing dealers’ and buyers’ power relations and buyers taking control over their important life decisions. In a nutshell, eCommerce emancipatory politics is oriented ‘away from’ inequality, illegitimate privileges, domination, oppression, and control.
At the second level, free from constraints of traditional car sales conditions eCommerce shows signs of emerging changes of the behavior of actors not only away from the past sales practices but also towards new, transformed practices. In the previous section we identified the signs of change and revealed motivating forces for more cooperative and longer-term customer-dealer relationships (the tentative transition towards communicative action, Figure 3). The signs of change include dealers’ awareness that only quality service, friendly attitude, fair transactions and trustworthy relationships attract and maintain customers. Buyers also reported some positive experiences with new breed of sellers responsible for the Internet sale. Furthermore, the dealers’ association NADA, as presented above, suggests that supportive automobile sales practices are gradually replacing aggressive ones, and that successful salesmen are adopting a facilitator role. These are signs of emerging transformation of trade practices that need to be investigated in the future. Fundamental to such emerging transformation is eCommerce contribution to and support for a) social interaction between dealers and customers as free and equal individuals, and b) dealers’ and customers’ capacity to achieve their goals through better mutual understanding, negotiation and cooperatively reached agreement (see the dark gray cell in Table 2 and the upper left-hand quadrant of Figure 3). Although these transformations of trade practices are still in their infancy, they reveal the emancipatory potential of eCommerce concerned with transformative attitudes towards the future.

### Table 2. Emancipatory implications of eCommerce

<table>
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<tr>
<th>Levels of emancipatory politics of eCommerce</th>
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<tr>
<td><strong>The breakaway from constraints and trade practices of the past:</strong></td>
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<tr>
<td>• Freeing eCommerce from constraints of traditional car sales conditions characterized by unequal access to information and illegitimate privileges of dealers</td>
</tr>
<tr>
<td>• Overcoming inequitable and unjust power positions, oppressive and intimidating practices, and exploitative relations</td>
</tr>
<tr>
<td>• The reduction or elimination of domination and control of one group (dealers) over the choices of the other (customers)</td>
</tr>
<tr>
<td>• Enabling individuals to gain control over their important life decisions and make informed choices</td>
</tr>
<tr>
<td><strong>The transformative attitude towards the future:</strong></td>
</tr>
<tr>
<td>• Enabling and supporting dealers and buyers to behave as free and equal individuals</td>
</tr>
<tr>
<td>• Increasing dealers’ and buyers’ capacity to achieve their goals through mutual understanding, negotiation and cooperatively reached agreement</td>
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</table>
The emancipatory implications of eCommerce can also be discussed within the Habermasian social action framework presented in Figure 1 in terms of increasing rationalization – both systems and lifeworld rationalization. Namely, traditional automobile sales were characterized by an unconstrained reign of ‘functionalist’ reasoning and dominance of systems’ (economic) imperatives in the form of meeting sales and profit targets, and disregarding ethical, social or emotional concerns. Due to their privileged access to information, their notorious salesmanship tactics, and their dominant power position, dealers were highly advantaged in taking strategic actions and achieving their sales and profit targets at the expense of buyers. With eCommerce, however, buyers significantly increase their capacity for successful strategic actions: preventing dealers from taking undue advantage, and using information from the Internet to influence dealers and thereby achieve their purchasing goals. In such a way buyers become more strategically rational, thereby contributing to automobile trade systems rationality themselves. Interestingly enough such increased strategic rationality has also lifeworld implications: changing trade practices ‘away from’ inequality, illegitimate privileges, domination, oppression, and exploitation which is at the root of the emancipatory politics of eCommerce.

The structural changes in trade conditions and increased competition due to eCommerce force automobile dealers to become concerned with customer needs and desires, customers’ loyalty and satisfaction with the purchase, as well as with the efficiency and fairness of the buying process. On the other hand, buyers’ interviews show that they face a
wider range of opportunities and more complex decisions. As reported by NADA (2003), they prefer cooperative and supportive sales persons, advisors and “facilitators in the purchasing process”, who can be trusted. As discussed before, in eCommerce conditions some sellers and buyers are not solely concerned with and driven by systems rationalization and are not exclusively oriented to achieving their goals (maximizing profit, minimizing cost). Furthermore, eCommerce motivates and increases the capacity of both sellers and buyers to develop a shared, inter-subjective understanding of their trading situation, increase mutual trust, ground their arguments on valid and verifiable sources of information, engage in an open discourse, free from domination and control, and to achieve a communicatively reached, mutually satisfying agreement. In other words, apart from increasing strategic rationality eCommerce automobile trade practices are showing signs of increasing communicative rationality, socialization and lifeworld rationalization (Habermas, 1984, 1987; Cecez-Kecmanovic, et al., 2002). This is precisely the essence of the emancipatory politics of eCommerce concerned with transformative attitudes towards the future.

Thus, the implications of the changing trade conditions brought about by eCommerce are not exhausted by increasing systems rationalization. The far-reaching implications of eCommerce go beyond increasing strategic rationality, towards increasing the communicative rationality of actors as their lifeworld is not necessarily subjected to the imperatives of systems rationalization (Figure 1 and 3). Based on our research findings we suggest that eCommerce creates emancipated trade relations to the degree to which systems rationalization (i.e., profit maximization) is brought under the control of a rationalized lifeworld (Wellmer, 1985, p. 57; Habermas, 1987).

7 CONCLUSION

In this paper we extend understanding of B2C eCommerce by revealing and examining the social dimension of eCommerce based on multiple automobile dealers’ and buyers’ case studies. We put forward a view of B2C commercial transitions as social actions and sellers and buyers as social actors. Based on Habermas’ Theory of communicative action (1984, 1987, 2001) we propose the social action framework that can be used to study B2C eCommerce and its implications on the social behavior of actors. The paper demonstrates how the interpretation of the case study findings through the lens of the social action framework enables deeper theoretical understanding of the observed changes in the social behavior of automobile buyers and sellers emerging with eCommerce. Such understanding provides a new way of seeing B2C eCommerce and explaining its social implications. This contribution to knowledge is particularly relevant as the key social implications of eCommerce were neither intended (by the developers and adopters) nor anticipated (by the actors in the industry).

Firstly, a more symmetrical and equitable power relation between sellers and buyers brought about by eCommerce ("the Internet evens the playing field") and resulting increase in actors’ capacity to act instrumentally and strategically have profound social implications. Power redistribution and empowerment of buyers ultimately lead toward fairer trade practices and increasing satisfaction of buyers (see Table 1 and Figure 2). At the same time the changing behavior of buyers and sellers have significant systems implications such as broadening the geographic market, intensifying competition, decreasing prices, and declining profits (claimed also by Porter, 2001), that threatens the viability of the vehicle trade industry. These negative implications though motivate dealers to change
their behavior further: adopt less aggressive sales strategies and a more cooperative attitude toward the customer, including the development of long-term relationships with customers. An important finding from our research suggests that changes of buyers’ and sellers’ social behavior under eCommerce conditions may have implications beyond improved effectiveness of actions and increased strategic rationality, towards increasing communicative rationality.

Secondly, these changes of social behavior of actors and social implications of eCommerce may be seen from the system and lifeworld rationalization point of view (Habermas, 1987). Systems rationalization of the automobile trade arising from eCommerce – including increasing efficiency of commercial transitions and effectiveness of buyers' and sellers' instrumental and strategic actions – create market conditions that adversely affect the sellers and the industry structure, confirming Porter’s claims (2001). We found that both sellers and buyers are motivated to change their behavior that led to increasing system rationalization. The empirical evidence from some dealers' whose behavior approximates the communicative model of action and the rational behind NADA’s advise to dealers to change attitude and adopt the facilitator role are interpreted as signs of change toward communicative rationality and lifeworld rationalization (Habermas, 1987). Although tentative and uncertain this tendency toward lifeworld rationalization is threatened by systems imperatives (e.g. cost cutting, sales and profit targets, survival in the market) and pressing systems rationalization (see Figure 1). Whether system rationalization and lifeworld rationalization supported and encouraged by eCommerce would remain contradictory processes is still an open question. Further observations and studies in the field are called for to examine whether systems rationalization and lifeworld rationalization brought about by eCommerce diffusion may ever be “complementary possibilities of rationalization” as Wellmer (1985, p. 54) envisaged.

Finally, the Habermasian social action framework enabled us to examine and assess the emancipatory potential of eCommerce. Most notably, the increased capacity of individuals (customers) to take autonomous actions and to free themselves from deception, coercion, and control by sellers, testify to the emancipatory potential of eCommerce. It is the emancipatory politics characterized by a breakaway from constraints and trade practices of the past and the equalizing of opportunities for strategic action by both dealers and buyers. In addition, the perceived necessity and desire of both sellers and buyers to develop a shared, inter-subjective understanding of their trading situation, ground their arguments on valid and verifiable sources of information and thereby engage in a rational discourse, free from domination and control, motivate them to achieve a communicatively reached, mutually satisfying agreement. This indicates the emergence of a new quality in buyer-seller relationships – the emancipatory politics of eCommerce concerned with transformative attitude towards the future.

Our investigation of the emancipatory implications of eCommerce leads to an important conclusion: the more eCommerce fosters a consensual form of trade between free and equal individuals, based on widely available, reliable and comprehensive information; and the more eCommerce supports and motivates sellers and buyers to engage in rational argumentation, free from manipulation, coercion or domination, the more automobile sales practices will gravitate towards emancipated trade relations.
8 REFERENCES


