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The Evolution of Market Equalization on the Internet

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ABSTRACT

This study proposes a new conceptualization for well-functioning markets for all on the Internet: market equalization. First, market digitalization and second, market immunization are defined and conceptualized as primary steps of the evolution of the market equalization process on the Internet. Market equalization promises more democratic and better functioning market structures, but must first overcome new threats and potentially unethical market practices which have materialized along with the development of the Internet. Thus, the study first discusses the aforementioned evolutionary market equalization process step by step, and then highlights possible consumer vulnerabilities at each step with case examples. The study, finally, proposes necessary improvements at each stage of the market equalization process for ethical and long-lasting market relationships for consumers.

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Introduction

The Internet has clearly revolutionized and transformed our lives, and consumers are at the heart of this revolution. As indicated by Kucuk and Krishnamurthy (2007), "*The industrial revolution was to manufacturers what the digital revolution is to consumers* (p.46)". Today, consumers are actively involved in market value creation processes (Lusch and Vargo 2006; Oliver 2006; Peňaloza and Venkatesh 2006; Vargo and Lusch 2004), and are capable of changing the nature of consumption in their favor. Consumers may act as alternative market agents by creating anti-consumption movements (Cherrier 2005; Reisch 2003) or propagating resistance against company brands through websites or blog contributions (Krishnamurthy and Kucuk 2009; Kucuk 2008a, 2008b). Although the concept of consumer power has a multi-facetted history in the marketing literature (Denegri-Knott, Zwick, and Schroeder 2006), there is increasing and renewed attention toward consumer power in online markets which democratizes and equalizes market structure in favor of consumers (Hoffman, Novak, and Venkatesh 2004; Kucuk and Krishnamurthy 2007; Urban 2004).

Although there have been some attempts to model individual-level consumer empowerment actualization on the Internet (Kucuk 2009), there is a need for macro or market-level models that analyze consumer power actualization processes in online markets. Also, although there is a rise in consumer power in online markets with the advent of the Internet, there appears to be no previous research investigating whether consumers are able to eradicate the historically company-dominant market power gap. Thus, this study aims to answer the following question:

What are the threats facing players in the equalization processes which might change the power dynamics in markets?

Market equalization is first conceptualized by focusing on two evolutionary steps: market digitalization and market immunization. These steps are discussed in terms of consumers' online vulnerabilities along the path toward equalization, with case examples provided. There is no doubt that today's consumers are facing unprecedented threats and unethical business practices on the Internet. Such newly appearing ethical issues and possible consumer vulnerabilities need to be discussed in detail within the marketing literature for the sake of the future of online markets. Discussing such vulnerabilities helps to re-define consumers' online rights and can help to usher in the new consumerism conceptualization for better functioning markets in the future.

Therefore, the study contributes to online consumer research in several ways: (1) it provides a new approach to conceptualize and theorize the consumer market equalization process with case examples by focusing on potential online consumer vulnerabilities and ethical issues at each stage of the evolution of the process; (2) it suggests ways to enhance consumer power in light of newly appearing threats with regard to each stage of the market equalization process; (3) it discusses fundamentals of the equalization process which are necessary to achieve well-functioning online markets for nations working with various levels of technological advancement; and (4) it proposes necessary improvements at each stage of the market equalization process in order to eliminate possible consumer vulnerabilities, and thus reach ethical and long-lasting online market relationships for all.
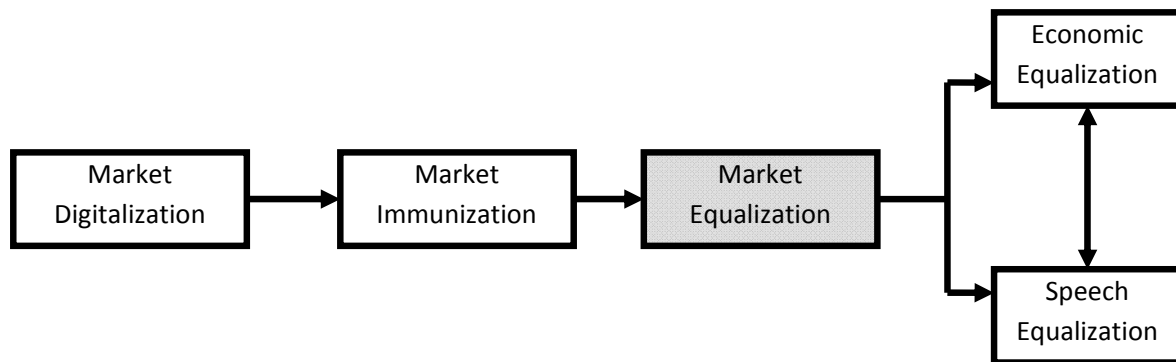
How Does the Market Equalization Process Evolve?

As a concept, *market equalization* strives to narrow or eradicate the historical company-dominant market power gap, to the benefit of consumers. Thus, the *market equalization* concept can be defined in this study's context as the equalization of the market functions and power sources between companies and consumers in online markets. However, markets do not reach market equalization in a single step, rather they must progress or evolve to that point (See Figure 1). The first step toward market equalization can be defined as *market digitalization*, which relates to how much of the market – including both consumers and companies - is connected and has access to market information and digital media sources, and therefore market value creation processes. The second step is *market immunization*, which is how successfully the market creates its own control mechanisms based on mutual trust and social consensus to detect and eliminate harmful business and consumer practices in order to prevent early market entropy.

Although consumer empowerment is on the rise in online markets, there is a need for academic exploration regarding how consumers achieve this new empowerment, and what possible challenges lie ahead for both consumers and companies in terms of reaching market equalization. Clearly, the market equalization idea is at the core of the recently developing "consumer power" literature on the Internet (Denegri-Knott et al. 2006; Kucuk and Krishnamurthy 2007; Kucuk 2008b, 2009; Urban 2004; Wolfinbarger and Gilly 2001). Previously, consumers' accessibility problems have been broadly studied in the "digital divide" (DD) literature (DiMaggio and Hargittai 2001; Mehra, Merkel, and Bishop 2004). Similarly, the availability and strength of a market's own survival mechanisms, as conceptualized as market immunization, can be directly linked to the "consumer trust" literature relating to the Internet (Gefen 2000, 2002; Gefen and Straub 2003; Urban, Sultan, and Qualls 2000). Therefore, there is a need to discuss the role of

the digital divide, consumer trust, and consumer power studies in relation to the market equalization process in light of changing consumer vulnerabilities. As a result, the aforementioned evolutionary steps toward market equalization are discussed within the context of the related literature in the following sections.

Figure-1: The Evolution of Market Equalization Process

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                                                          │Equalization │
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                                                                 ↕
┌─────────────┐   ┌─────────────┐   ┌─────────────┐   
│   Market    │──▶│   Market    │──▶│   Market    │───┤
│Digitalization│   │Immunization │   │Equalization │   │
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                                                          │   Speech    │
                                                          │Equalization │
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Market Digitalization

Although information asymmetry among market players and consumers is improving as a result of the digitalization of markets, there are still digital inequalities and unequal practices that inhibit access to markets (DiMaggio and Hargittai 2001). In this respect, consumer accessibility to Internet technology and information is often associated with users'/consumers' freedom and control (Wolfinbarger and Gilly 2001), as well as consumer power (Kucuk 2008b, 2009; Kucuk and Krishnamurthy 2007). Consumer accessibility problems are likely to reinforce inequality in opportunities for consumer economic mobility and social participation (DiMaggio et al. 2004), which directly impact consumer consumption patterns and voice (Kucuk 2008b). Such access inequalities within the digital world are discussed at length in the DD literature (DiMaggio and Hargittai 2001; Mehra, Merkel and Bishop 2004), with emphasis on societies' moral and ethical value systems (Couldry 2003; Floridi 2001; Hacker and Mason 2003; Koehler 2001; Tavani 2003). In short, any form of DD which restricts consumers' ability to access information can eventually disempower and discriminate against them. Therefore, the relationship between DD and ethics deserves more attention in terms of the market digitalization processes.

Floridi (2001) noted that DD has led to many ethical dilemmas, and investigated DD in terms of the combination of two digital gaps: vertical, which indicates the divide between today's younger generations from past generations; and horizontal, which indicates the divide within sub-cultures and marginalized groups in national markets or between nations in international markets in terms of technological advancements.

In this context, some nations still live with technology developed centuries ago, and face threats of techno-scientific colonization (i.e., usage of science and technology to colonize the scientifically and technologically less developed nations, as opposed to the domination of nature or re-shaping of the physical world) (Floridi 2001). From an ethical point of view, information generated over the centuries should be the property of all humanity to be used and shared for the benefit of all (the "hacker ethic") (Himanen 2001). This is also the fundamental philosophy behind the developments in open source software (OSS). Although this view of public access rights conflicts with intellectual property rights (Vaagan and Koehler 2005), some countries on the other side of the divide use OSS instead of corporate alternatives in their operations

because OSS is generally free of cost. The ethical problems created by vertical DD focus more on who should have the right to own information. Subversion of these rights can lead to major ethical problems and could potentially cause the retardation in the evolution of market digitalization and thus, market equalization.

DD also illustrates the social injustice and technologic inequality problems in technologically advanced nations (horizontal DD). Although DD was initially associated with and explained by the lack of computers and hence Internet penetration rates in different socio-economic groups within society, the challenge in reality is not just a 'haves' and 'have-nots' problem. The problem is also related to digital inequalities in terms of skills and understanding the technology introduced by the Internet. In many cases, users can become confused and overwhelmed by Internet technology. In some situations, simply providing the technology might not solve the problem, but may actually widen and deepen the divide. For example, without user support, first time users may initially fail and become technophobic. Users in this situation, who likely were already skeptical of technology are not likely to try again, but rather will reject the provided technology in its entirety. The lack of consumer and user technological knowledge, experience and skills, which is conceptualized as the "second-level of DD", reveals an even bigger divide between generations (young and older users) on the Internet (Hargittai 2002). Thus, a consumer's right to be informed and heard as a fundamental component of digital consumerism (Kucuk 2002) is also at risk.

With the Internet, the passive right to be informed is given a new meaning that includes the active right to seek information (Koehler 2001). In other words, consumers do not passively accept the information provided by a company but also should have rights to seek and investigate such information from both company and market sources. This appreciation of the right to seek information is transforming the understanding of today's digital consumerism and the DD.

Kiva.org is an example of how the market digitalization stage can impact consumer rights in many technologically impoverished societies. Kiva.org, the first person-to-person web-based micro-lending organization, was founded in San Francisco in 2005. Kiva connects small-stakes lenders with entrepreneurs in impoverished countries to provide financial services in developing nations, thus revolutionizing access to micro-financing services. Different from many institutionalized micro-financing and charity organizations, lenders on the Kiva site develop a real connection with the project they are helping to finance, which makes the experience much more personal than simply giving money to an organization[1]. The financial risk for lenders is often minimal, as many of the loans are as little as $25, which is considered pocket change in many developed nations. As CNN Money[2] stated, "*If you've got 25 bucks, a PC and a PayPal account, you've now got the wherewithal to be an international financier".* Thus, lenders don't have to be rich, but simply must have access to the Internet to reach and assist those on the other side of the divide to reach their entrepreneurial goals.

However, many potential borrowers in under-developed or developing countries have neither computers nor Internet access, nor a clear understanding of such technologies. Even if they have access to computers and the Internet, many of the borrowers must be taught how to use a computer and open an email account to be able to access potential lenders. In some

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[1] Boston Globe, Dec. 29th, 07 "Change the World One Click at a Time"
(http://www.boston.com/business/technology/articles/2007/12/29/change_the_world_one_click_at_a_time/)
[2] CNN Money, January 17th, 2006, "Be a global financier…on a shoestring"
(http://money.cnn.com/2006/01/17/pf/kiva_microfinance/index.htm)

communities, Kiva volunteers will hold meetings to demonstrate these skills as well as the process of taking digital photographs and uploading the pictures to their websites in order to expand their small businesses. Many of the borrowers have never held a digital camera, let alone ever used a computer. These entrepreneurs in impoverished countries or communities are thus just a few technological steps away from being connected to the larger world and to opportunities to better their lot in life, despite the presence of many socio-economic differences and obstacles. None of this would be possible, however, without the access and user support provided by Kiva and its volunteers. With a 98.45% repayment rate of $48,082,310[3], Kiva is a strong indicator that within the markets, individuals and nations on both sides of the DD are losing enormous market opportunities because of the lack of market digitalization.

Kiva, as an example, can be investigated in terms of vertical and horizontal DD and ethics perspectives. From a vertical DD point of view, Kiva sets a good example because it not only transfers money, but also knowledge, techniques, and technology. Other businesses should follow Kiva's lead, or will risk creating begging nations if only money is transferred without the vital support required to make use of the money. Metaphorically speaking, Kiva is teaching borrowers how to fish, rather than simply providing the meal, and is thus reducing the danger of techno-scientific colonization in such nations.

Similarly, from the horizontal DD perspective, technologically advanced nations are transferring their culture and ethical norms to impoverished nations. This is explained by Hofstede (1980, p.218) as follows:

> Technologies developed in western individualist settings more or less presuppose an individualist mentality in entrepreneurs, managers, and workers which is a part of modernity. Introducing such technologies in more collectivist countries represents one of the main forces toward a shift of societal norms in these countries. On the other hand, the collectivist value pattern in more traditional societies sets a limit to the technology transfer possibilities; this is one of the dilemmas of the economic development of poor countries.

In this context, the question remains whether it is appropriate to simply transfer necessary technologies without an understanding of local borrowers' norms, beliefs, cultures and ethics.

Some nations and companies set pre-conditions for how technology and loaned funds must be used. For example, under the Bush Administration, the U.S. provided substantial funding for programs to combat HIV/AIDS, but required that a large portion of the funds be slated toward abstinence-only programs (i.e.; programs that focus on teaching abstinence, as opposed to condom usage or other prevention methods, to reduce the spread of HIV infection)[4]. Similar practices can be discussed in terms of the Internet: Do advanced nations have a right to regulate borrowers' lives and, in a way, dictate their moral and ethical values (either consciously or unconsciously) on the Internet? Marginalized populations or subcultures within technologically advanced nations are facing similar risks. Is cultural diversity losing ground in the fight against the DD?

These important questions must be addressed in order to eliminate possible future problems in the effort to eliminate negative DD effects. The predominant ethical value element for consumers

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[3] http://www.kiva.org/about/risk/overview (visited on September 19, 2009)
[4] http://www.prospect.org/cs/articles?article=how_bushs_aids_program_is_failing_Africans

in the market digitalization process is the right to own and access market information and necessary technologies in order to reach digital equality in online markets. Otherwise, both technophobic nations in international markets and marginalized groups in national markets will remain in the digital darkness, and hence social and economic inequalities and unethical business practices will rule national and international markets. Therefore, although efforts to eliminate technical barriers to reaching those living on the other side of the DD are remarkable, business models which lack socio-cultural and ethical sensitivity regarding the dangers of quashing cultural diversity, as well as of techno-scientific colonization, may not empower and may actually damage recipient nations and sub-cultures.

Market Immunization

Market digitalization is necessary, but by itself insufficient, to reach market equalization. Even though some consumers have access to online markets, they are often hesitant to engage in these markets because of perceived risks in cyberspaces. These risks can include, but are not limited to, privacy concerns, security of transactions, and fraud. Today, many online business environments can be perceived as less verifiable and less controllable (Gefen 2000, 2002; Reichheld and Scheffer 2000). Consumers may even reject the most tempting offers because of perceptions of less trustworthy market relationships in cyberspaces (Gefen and Straub 2003). In this context, the need for trustworthy online market environments was emphasized by Urban et al. (2000: p.48) as follows:

> The Internet puts such a power in the hands of consumers that a new term is needed to describe the paradigm shift...customers will demand the best products at the lowest prices. They will demand and receive trust-based relationships with preferred vendors…Trust will soon become the currency of the Internet.

Therefore, unavailability of trust can be interpreted as an indicator of a lack of a market immunization system that differentiates (naturally selects) ethical market practices and relationships from unethical in order to attain a long-lasting market presence. Trust, in this context, is needed when there is an uncertainty in the intentions of others' behaviors (Fukuyama 1995; Gefen 2000; Harrison, Waite and Hunter 2006; Luhmann 1979).

The reason behind uncertainty is generally the lack of knowledge about possible risk factors. As Lewis and Weigert (1985, p.462) succinctly stated, "*Trust begins where knowledge ends*". Thus, trust can be defined as an uncertainty reducer (Luhmann 1979). The market immunity system will be strengthened by reduced uncertainty and increased trust in markets and market relationships. The strength of market immunity systems can be related to the level of mainstream acceptance of the issues which regulate market rules, as well as markets' capability to grow out of and adjust to possible new threats in the market value system (Marshall 1999). Such immunity systems require involvement of governmental regulation, which can be identified as a regulatory immunity system that makes timely changes in: legislation; company self-regulation, such as creating privacy policies and ethical codes which satisfy markets' expectations; consumer self-regulation tools which can be called consumer immunity systems and which aid in the development of online communities and anti-consumption movements (Krishnamurthy and Kucuk 2009; Kucuk 2008a); and finally third-party regulation (watch dogs), or market immunity systems such as Truste and BBB.

The aforementioned trust and market immunity building approaches generally focus on protecting consumers and securing the market relationship with the company. However, of late companies have also been identifying the need for the protection of their own rights because of increasing online consumer assault on companies (Freestone and Mitchell 2004). Today, tech-

savvy consumers are capable of abusing the Internet to exploit companies through hacking and illegally downloading digital products such as computer software and movies. This, in turn, means that the misuse of the Internet's democratized and equalized structure costs companies, markets and individuals millions of dollars (Freestone and Mitchell 2004). This level of consumer hazard and company vulnerability has not been seen at any other time in business history. Thus, we are witnessing strong reciprocal vulnerability effects (from consumer-to-company and company-to-consumer), which indicate less survival ability and thus the end of the market, unless strong market control mechanisms and an effective adaptive market immunity system are established.

Therefore, the more trustworthy relationships are built between market agents, the more secure and more ethical the market environment will be. The ethical value for market immunization should be the availability of updated, applicable, controllable and testable ethical codes backed by social consensus which lead to regulative guidelines for the protection of rights for both consumers and companies, and thus markets. Truste, in this context, is a good example of how the gap in consumer trust can be filled by third party independent sources. Truste accomplishes this by creating trustworthy market relationships. Truste is a recognized authority on security and privacy best practices on the Internet. It focuses on protecting consumers from fraudulent business practices and privacy invasion and on teaching companies how to achieve trustworthy relationships with consumers by providing guidelines for secure business. Truste identifies trustworthy and ethical business practices with its branded online seal "Truste" (web privacy seal, email privacy seal, children's privacy seal, behavioral advertising concerns and trusted download programs) to resolve privacy disputes and security issues[5]. Truste is thus helping consumers by creating a complaint platform to address possible unethical business practices and privacy invasive actions, while also providing guidance to companies to re-structure toward ethical and non-invasive data collection processes to enhance consumer trust in cyberspaces. Truste works as a medium to build a social consensus to better define market relationships that will eventually extend the life of the market, and thus strengthen the market immunization system.

If privacy or security problems are reported to a company, and the company chooses to follow the same practices despite Truste's warnings, the company's license with Truste is terminated and the branded online trademark is removed from the company's website in order to inform consumers that the website no longer employs the best possible online business practices. Since Truste fills the gap in trust between consumers and companies, terminations of seal holder licenses mean less consumer trust and eventually less business. Companies which continuously make the requested changes are reported to enjoy privileges by developing trustworthy relationships with consumers who are willing to share their personal information to get better business services and spend more money[6] with such companies.

Truste also helps to foster consumer trust in American companies attempting to do business with European consumers online. The recent E.U. Safe Harbor Seal developed by Truste helps companies certify their compliance with EU Directive Data Protection. The Truste EU Safe Harbor seal indicates to consumers worldwide that companies which have earned the seal take consumer privacy issues seriously. Although Truste shows an understanding of the meaning of privacy for consumers and collaborates with companies to help markets define the meanings and limits of controversial privacy issues, the meaning of privacy might change from culture to

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[5] http://truste.org/about/mission_statement.php
[6] http://truste.org/about/fact_sheet.php

culture. The market itself defines what is considered to be privacy invasion and what is not. For example, privacy is a high value item in an individualist culture, but this might not be the case in a collectivist culture on the Internet (Kucuk 2002). Therefore, privacy-sensitive websites and business models will naturally receive more attention from consumers in privacy-sensitive nations that have more individualist cultures. Further, when consumers in collectivist cultures make their choices (without being aware of privacy-invasive practices), they may fall prey to the companies' and even governments' behavioral targeting operations. For example, during the recent riots in Iran (which is a predominately collectivist culture), it is claimed that Nokia provided customer information to the government, which allowed the government to track down and punish protesters who took and sent digital pictures of the demonstrations. This issue started a boycott call to Nokia users worldwide.

Global companies' culturally insensitive strategies might increase consumer vulnerabilities in collectivist societies, because consumers in these societies are less likely to be on the look out for privacy-invading business practices. Cultural differences may become more important for technologically emerging countries, which have just passed the market digitalization stage and have begun to practice market relationships, because the market immunization structure is not yet in place. Finally, as discussed earlier, although the threats and vulnerabilities have become reciprocal with the advent of the Internet, Truste doesn't provide any protection for companies from the threats that come from consumers. The question is how individual-level consumer ethics can be developed to reach a more balanced and trustworthy market relationship structure. Further, how much consumer power is sufficient, and is there a certain level at which this power or equalization process becomes destructive to markets and causes market entropy?

Market Equalization

Market equalization is a process of equalizing the market power between companies and consumers in online markets. Once market digitalization and immunization can be effectively established, market actors' presence will be enhanced in the markets on equal terms with one another. In this context, today's consumers feel less dependent upon companies, and thus have more *freedom* with the Internet (Jordan 1999; Wolfinbarger and Gilly 2001) and *control* (Kucuk and Krishnamurthy 2007; Wolfinbarger and Gilly 2001) over their transactions and relationships with companies. Now, consumers can be anywhere (and anyone) at any time on the Internet, giving them *superior flexibility* (Thompson 2003). This increasing consumer freedom, control and flexibility is an indication of increasing consumer power and market equalization on the Internet. Consumer power is studied in terms of the following power sources: technological, economical, social and legal (Kucuk and Krishnamurthy 2007). Such power sources can be pre-conditions to (1) consumer-organized anti-branding efforts (see Krishnamurthy and Kucuk 2009 for more examples), which are linked to brand value on the Internet (Krishnamurthy and Kucuk 2009; Kucuk 2008a) and (2) consumer exit and voice behaviors, which are defined as exit-based and voice-based consumer empowerment on the Internet (Kucuk 2008b). In other words, market equalization can be discussed two ways: an exit-based market equalization process which can simply be conceptualized as economic equalization, and a voice-based market equalization process, or speech equalization. As a result, the *value* in market equalization is *choice freedom* and *speech equalization* which stimulate consumer involvement in the market value creation processes in environments with strong legal protections and support from community groups.

Economic Equalization
The Internet reduced the many entry barriers to markets for companies and thus fostered competition in technologically advanced nations. This, in turn, reduced the power of monopolies and has accelerated markets' economic liberation and effectiveness on the Internet (O'Rourke

2000; Brynjolfsson, Hu, and Smith 2003; Huang 2005). In other words, the Internet reduces market economic imperfections and stimulates competition which is a powerful *economic equalizer* (Grover and Ramanlal 1999). Thus, competition can be considered an economic equalizer that increases consumers' choice and enhances economic freedom in online markets (Kucuk 2008b). Also, consumers are empowered by technological tools, such as search engines, which support them in finding the best deals and options in the markets, and thus consumer search costs have been dramatically reduced (Bakos 1997; Lal and Sarvary 1999; Lynch and Ariely 2000; Wolfinbarger and Gilly 2001). The Internet has thus technologically brought *transparency* to markets (Kucuk and Krishnamurthy 2007) by reducing information asymmetry, to the benefit of consumers (O'Rourke 2000). Now, with the help of comparison shopping sites such as PriceGrabber.com or mySimon.com, consumers can easily detect price differences between suppliers. Thus, search engines are at the heart of the consumer economic equalization process because they bring more choices and broader price options. Consumers should have the right to seek all available information on the Internet to increase their "information freedom", thus their choices.

Search engines link consumers to the most appropriate and relevant websites by applying user-specified search terms to search the entire Internet in terms of the most visited websites, frequency of keywords in the websites, and how many websites are linked to them in order to find the most popular websites that match the search terms. In this way, search engines give value to consumers. Thus, websites need to ensure that their pages are indexed and structured well and build links to other websites to generate higher rankings on search engine results lists. Although many websites follow the rules and guidelines to optimize their site rankings by relying on their original content quality and link popularity (a process known as white-hat search engine optimization-SEO), other sites break such rules and abuse search engine algorithms with many shortcut techniques (e.g., link hijacking). In this way, they attempt to fool search engines in order to be noticed, and thus taint the search results and mislead consumers (this process is known as black-hat SEO). Search engines have created their own value systems that rank the websites and such value elements are imbedded into the search engines' algorithms. If a website's features do not adhere to the search engine's algorithm, it can be considered a black-hat SEO.

Google is so clearly dominating search and advertising markets[7] that many businesses are looking for ways to increase their chances to being visually noticed and valued by Google's search system, thus its search results. Google wants to ban and remove black-hat SEO sites from search engines for violating their policies. For example, Google recently reduced BMW-Germany's page rankings after accusing BMW of artificially boosting its rankings by using black-hat techniques[8-9]. Although BMW denied misleading consumer searches, it later quickly apologized, fixed the offending pages, and restored its page ranking in Google's list.

Google's effort to eliminate black-hat websites from its system directly impacts consumer choice. Consumers can more easily reach websites without interruption of unrelated, unneeded, unwanted and misleading results. Some black-hatters are fraudulent websites, attempting to steal consumers from the websites which built their brands in a fair or legitimate manner. Therefore, Google's efforts toward reaching a clean web is a worthy mission which eventually enhances consumer choices and search result fairness.

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[7] http://www.pbs.org/cringely/pulpit/2007/pulpit_20070119_001510.html
[8] http://www.clickz.com/3583831
[9] http://news.bbc.co.uk/2/hi/technology/4685750.stm

On the other hand, consumers are already exposed to too much unwanted advertising offline. Today, children see almost 50,000 different commercials by the age of ten (Moynagh and Worsley 2002), and it is almost impossible to prevent this unwanted exposure. Because of the broad nature of television's exposure, when companies advertise their products, they impose upon people other than their target segment. This is generally considered ethical. But is this not the very same technique employed by the black-hatters on the Internet? Using search techniques that artificially boost websites' popularity by bringing misleading information to consumers' attention could be considered unethical, but should black-hatters be considered as legal and ethical as white-hatters[10] as long as their actions are not fraudulent? Is Google's action to ban black hat SEO similar to the efforts of some countries which ban YouTube videos, a practice that is considered to be undemocratic[11]? Consumer choice shouldn't be reduced unless the options available harm consumers. For example, consumers may be pleased to see many choices, but will only be harmed if one of the options is a phishing scam or another hidden unethical business practice. It is questionable as to whether Google is trying to protect its value system or exploit its increasing monopolistic power in search and online advertisement markets[12,13], which might eventually decrease consumers' access to information and hurt consumer choices.

Speech Equalization

Other progress in market equalization is consumers' *speech equalization* with companies (Wu 1999). On the Internet, each market player has equal status because of the Internet's decentralized, anti-hierarchical and non-censored information architecture (Jordan 1999). In other words, each individual node or party – whether a consumer or company, is communicating on the same footing with one another in the markets to communicate their marketing messages (Oliver 2006; Urban 2004), or alternatively to build new meanings and identities through using their own media tools (e.g., blogs, websites) (Krishnamurthy and Kucuk 2009; Kucuk 2008a, 2008b). The Internet is a participatory media, unlike other traditional media. Most importantly, the marginal cost of contacting a person is often zero. As a result of this speech equalization process, consumers can easily communicate with other like-minded consumers on the same footing as companies. Often, consumer-generated messages play a more powerful and credible role in consumers' choices than marketer-generated messages on the Internet (Bickart and Schindler 2001). Thus, consumers' collective knowledge and awareness created through the support of Internet technology enables consumers to construct collective social identity in the market (Bagozzi and Dholakia 2002) as an alternative to company-created brand identity (Kucuk 2008a). This, in turn, enhances consumer voice.

Today, many consumers are using blogs as an alternative to the shortcomings of the one-way nature of mainstream media and to successfully develop their own media messages. Because of increasing consumer effectiveness and empowerment in consumer voice, some companies have found a way to control consumer voice with insider bloggers or sponsored blogging. Companies are thus trying to buy bloggers' voice in order to create positive word-of-mouth (and perhaps negative word-of-mouth about competitors[14]) in order to influence consumer voice and preferences. Sponsored blogging is controversial and widely considered to be unethical.

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[10] http://www.silverdisc.co.uk/articles/seohats/
[11] http://www.theregister.co.uk/2009/03/24/tibet_china_youtube_ban/
[12] http://www.spacemart.com/reports/Search_engine_accuses_Google_of_antitrust_violations_999.html
[13] http://www.theinquirer.net/inquirer/news/1271180/google-worried-anti-trust-investigations

[14] http://www.problogger.net/archives/2006/07/01/payperpost-paying-bloggers-to-post-first-impressions/

Technorati, a search engine which tracks 71 million blogs, reports that 175,000 new blogs are created daily[15]. This indicates the rising importance of blogging and consumer voice. PayPerPost.com is a website built with the purpose of bringing professional advertisers and consumer bloggers together in a platform where consumer-generated advertising is distributed throughout the blogosphere and the Internet. Thus, PayPerPost.com focuses its advertising solely on people who use blogs - bloggers or posties, as they are called on PayPerPost.com. PayPerPost.com states that both positive and negative reviews will be included on its site. However, some are concerned that because PayPerPost works directly with the reviewed companies, it may be censoring out the negative responses and paying only the posties or bloggers who post positive reviews[16]. PayPerPost.com's advertisement system was introduced as "consumer generated advertising", however others have defined this business model as "sponsored blogging", since the bloggers or posties are paid to write about an advertiser[17, 18]. Because the average reader of PayPerPost may assume that posties are members of the general public (and not being paid for their contributions), consumers may be misled. Even if PayPerPost is not intentionally misleading its readers, questions arise regarding whether it is serving to elevate consumer voice through posting insight; or if it attempting to control consumer voice by paying posties to convey only positive sentiment about its customer-companies.

PayPerPost.com makes a point of broadcasting its concern with transparency and the full disclosure of its posties. However, PayPerPost.com does not disclose the names of the posties and advertisers. This decreases transparency and increases questions about the ethical value of PayPerPost.com. There is nothing wrong with innovation in advertising and monetizing a blog may be reasonable in some situations, but the blogosphere is meant to be a place for people to share their thoughts - honestly and transparently - as an alternative to the shortcomings of the one-way nature of mainstream media.

Also, although PayPerPost.com does not have restrictions regarding how one can express thoughts about an advertiser's product or service, PayPerPost.com cannot be a true representation of the consumer voice since consumers are paid to post/advertise. It is highly possible that posties only discuss products they like, making the products they are endorsing sound far better than they actually are, which is false advertising. In this context, although it may be admirable that PayPerPost.com is trying to develop a "code of ethics" to build an honest and transparent platform, this intention is far weaker in application and reality. Most importantly, although the idea of sponsored posts or being paid to write things about a company makes good business sense from the company's perspective, this potential for consumer bribery does nothing to benefit consumer welfare. PayPerPost.com's advertisement system can create a happy haven for unethical bloggers and confusion in trustworthy consumer voice.

[15] http://articles.latimes.com/2007/mar/09/business/fi-bloggers9
[16] http://www.businessweek.com/magazine/content/06_28/b3992034.htm
[17] http://www.techcrunch.com/2007/11/16/payperpost-bloggers-get-slammed-by-google/
[18] http://www.problogger.net/archives/2006/07/01/payperpost-paying-bloggers-to-post-first-impressions/

Conclusion

This study conceptualizes the developments in societies and changes in consumer market power with the advent of the Internet in three new evolutionary steps: market digitalization, market immunization and market equalization. Historically and theoretically, market digitalization was a major obstacle to Internet acceptance and dissemination, as broadly discussed in the digital divide literature. Later, scholars became aware of the trust problems that consumers and companies face as a result of the development of the digital economy, thus the theory shifted gears to develop more trust-based market models and solutions to strengthen the market's immunization in order to prevent the pre-mature death of new online markets. Today, digitalization and immunization problems have not been totally resolved in many nations. Many technologically poor countries are generally in the market digitalization stage while technologically emerging nations are in the market immunization stage. On the other hand, many technologically savvy consumers are realizing and enjoying the power provided by the Internet and are involving themselves in market operations as equal market actors. This is defined as market equalization in this study's context.

The value proposition for market digitalization is discussed in terms of accessibility to and understandability of technology; for market immunization in terms of development of ethical codes and protection of rights, and finally for market equalization in terms of speech equalization and choice freedom, which encourages active consumer involvement with companies in market value development processes. However, hierarchical changes in consumer roles and power in the markets have also brought new and unprecedented ethical challenges. Possible ethics problems facing the consumer market equalization processes have been showcased in this paper and the ethical value elements for each step of the market equalization process have been highlighted.

This process of digitalization, immunization and equalization might not accurately reflect the process in different nations as some societies experience these stages in a different order or may take more time for a particular stage. For example, market digitalization can be reached more easily and quickly in countries with wide-spread telecommunication and information technology infrastructure, whereas market immunization can be better reached in markets in which consumer protection culture and good-faith company presence are more valued. Generally, there is a time lag between the emergence of the technological problem and the legislation proposed to aid in solving the aforementioned ethical problems. Thus, policy makers are often late to help markets build a strong market immunization system. Consumers in countries that don't have advanced understandings of individuals' rights and market involvement might not be able to enjoy market equalization. For example, a country with filtering systems which do not allow consumers to browse certain domains such as YouTube or Twitter will struggle to reach market equalization as a result of this practice. In this context, third-party consumer protection services in developing countries require more technological and social support to build consensus regarding what is right and wrong for such nations. This could be accomplished, in part, by developing a learning society through the assistance of community advocates or groups which help individuals develop their skills and understanding of Internet technology. Through this communal effort, norms could be developed regarding what is and what is not acceptable practice on the Internet in an individual nation.

Strong markets can only be built with active and effective involvement of consumers, companies and policy makers on equal terms. This helps to develop fairly-distributed controllable power mechanisms among market players rather than creating one destructive and traditionally dysfunctional power source in the market. The Internet is a promising tool and platform to

achieve a more balanced market power structure through market equalization, which brings strength and survival to the market.

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