Chapter 7
Cyberspace, Choice, and Consumer Welfare:
Linking the Triad

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ABSTRACT

Internet, especially through social Media these days have intruded into life of more than billion people over the globe and for youth it has become a vital tool for connecting and sharing information. It has a tremendous impact on how we think, feel and act and nolens-volens we all are a part of this cyberspace. It is often said that the emergence of cyberspace has fueled the growth of online retailing thereby providing customers with numerous choices, which in turn has improved their well being. How the emergence of cyberspace has crippled the control of consumers over their decisions and by making available too many choices confused the consumers is increasingly being debated. The freedom to choose certainly increases welfare, but there exists a threshold beyond which, any expansion in choice instead of bringing satisfaction and welfare, brings misery. It is simply because, when there are endless choices either the decision is withheld or taken by other, meaning the consumer is compelled to choose.

INTRODUCTION

Change, it is said, is the only constant. This statement seems absolutely true for Communication and Information Technology sector. It has experienced exponential growth and has altered the entire landscape of social and personal lives of individuals. Internet, especially through social Media these days have intruded into life of more than billion people over the globe and for youth it has become a vital tool for connecting and sharing information. It has a tremendous impact on how we think, feel and act and *nolens-volens* we all are a part of this cyberspace. The backbone of this cyberspace is the internet which makes it possible for the individuals to defy the barriers of time and space. It shall not be an exaggeration if we call it the harbinger of ICT revolution.

The emergence of cyberspace and consequently, its profound influence on the daily lives of the individual has set in motion a process of adjustments and re-carnations cutting across sectors and countries. The way we socialize has been influenced tremendously by the growth of internet. Individuals and societies are undergoing radical cultural transformations where we can notice some common trends across the globe. One significant trend is the rapidly growing popularity of e-retailing among consumers. It is often said that the emergence of cyberspace has fuelled the growth of online retailing thereby providing customers with numerous choices, which in turn has improved their well being. It has been well documented that freedom to choose signifies the level of welfare and development. Greater the number of alternatives to choose from, greater is the freedom available and finally greater the welfare level.

However, how the emergence of cyberspace has crippled the control of consumers over their decisions and by making available too many choices confused the consumers is increasingly being debated.

In the name of consumer freedom, we are seeing many dark forces of control. Parallel to the possibility of creating new freedoms in cyberspace one also sees spheres of control--the control of consumer space by marketers. Various statistics show that 80% of the internet is now completely occupied by merchants of commerce. The rhetoric of cyberspace is full of choice, freedom, dispersed identities for the consumer. But marketers are gradually moving into this social space and redefining the notions of consumer choice and freedom. If indeed the cyberspace were to really become a world of consumer freedom, this might mean that marketers might lose grip over their consumers. But this ought not to happen. (Venkatesh et. al, 2008)

The consumer of today is radically different from the consumers of yore, for the former has access to a colossal amount of information at his/her fingertips. S/He can shop anything online, make payments as per his convenience, compare prices of products, call customer care in case of inconvenience etc. It seems as if 'Customer is the king' has become reality in the cyberspace. Is it a reality? Has the advent and proliferation of internet provided power to the consumers relative to companies? Has the increase in alternatives led to better choice making? How are the companies modelling their strategies in response to it? These are some of the crucial questions that are circulating in the minds of not only management researchers but marketers, consumers, planners, policy makers as well.

This study is an attempt to search answers for these questions. The prime purpose of this article is to critically analyze, discuss, debate and delve into the choice-compulsion debate relative to online retailing thereby contributing some additional insights. Certainly, this debate is likely to intensify in the coming time as the growth of internet based interactive media will compel both the consumers as well the companies to rethink about its boon and bane.

BACKGROUND

Till date, little is known about the effect of the growth of internet, social media and information technology on the individual interaction and its effect on the dynamism of self and consequently on behavior of the individuals. This in turn limits our knowledge of the consumer behavior in terms of choice making and well being, especially in case of online buying and selling. As for instance, to what extent online shopping offers freedom and choice to customers? Do consumers shell out more resources in terms of time and money? What about window shopping? To what extent social networking sites influence buying

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