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The Emancipatory Politics of eCommerce

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ABSTRACT

In this paper we explore buyers' and sellers' automobile transactions in traditional and electronic commerce (eCommerce) as forms of *social action*. By interpreting commercial transactions through the lens of a social-theoretic approach based on Habermas' Theory of Communicative Action (TCA) (1984, 1987), we aim to find out and explain how the changing trade conditions of eCommerce impact on traditionally asymmetric power relationships between buyers and sellers and on fairness of trade practices. By drawing on empirical studies of automobile sales, we demonstrate how the new trading conditions brought by eCommerce improved the strategic position of buyers and produced more equalized buyer–seller power relations that lead to fairer trade. Furthermore, by showing how the new trading conditions increased the capacity of buyers to take autonomous actions and free themselves from deception, coercion and control by sellers, we demonstrate the emancipatory implications of eCommerce.

Keywords

eCommerce, emancipation, theory of communicative action, car trade.

INTRODUCTION

Buying and selling via the Internet are transforming business-customer relationships: transposing traditional face-to-face interactions into electronic communication. This transposition not only affects the efficiency and economics of business transactions, as is often emphasized, it also impacts on buyers' and sellers' social behavior. That is, when commercial transactions, typically accomplished through social interaction, take the form of electronically mediated transactions, both sellers and buyers find themselves in a different social context and informational environment. While prior eCommerce studies predominantly centered on technological and economic concerns, social concerns such as power relationships between sellers and buyers, and fairness of business transactions attracted much less attention and remained largely unexplored (Selz and Klein, 1998; Kim, 1997; Shetty, 2000; Krishnamur, 2003; Laudon and Travor, 2003).

The paper proposes a critical social-theoretic approach to study eCommerce, specifically automobile trade, with the aim to improve understanding of the social dimensions of eCommerce and in particular its emancipatory implications. The paper seeks to provide an explanation of emerging changes in buyers' and sellers' behavior as they shift from traditional face-to-face to electronically mediated commerce. By interpreting Habermas' Theory of Communicative Action (TCA) (1984, 1987, 2001) in the domain of commercial transactions (car purchases) the paper proposes a social-theoretic approach to B-to-C eCommerce where commercial transactions are seen as *social actions* undertaken by buyers and sellers, conceived as *social actors*. Using such a social-theoretic approach, empirical evidence from the sellers' and buyers' case studies is analyzed and interpreted. The comparison of actions in traditional, face-to-face car sales versus eCommerce car sales enabled us to investigate the changes in the social behavior of actors.

Of particular interest here is the emancipatory politics concerned with illegitimate privileges and unjustified differential power that one group (dealers) apply to take advantage of and limit the 'life chances' of the other (customers). Emancipatory politics, as Giddens (1991) succinctly expressed, 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 supporting trade, to

legal environments and cultural norms – enable and constrain the degree to which these values are upheld and enforced. In this paper we explore changes in trade conditions brought by eCommerce, specifically automobile trade, and how they impacted on the capacity of individuals (customers) to take autonomous actions and free themselves from constraints imposed by unequal access to information, inequitable power relations, and illegitimate control of the buying process by dealers. By analyzing and interpreting the empirical evidence from the case studies within the proposed Habermasian theoretic framework, we aim to shed new light on automobile trade transformations taking place due to eCommerce from the perspective of emancipatory politics.

The next section briefly presents the research methodology and the case studies. This is followed by a discussion about automobile sales before (Section 3) and after the introduction of eCommerce (Section 4). In these sections commercial transactions are interpreted as social actions in the Habermasian sense, assuming readers' familiarity with Habermas' TCA (1984, 1987). This is justified by the limited length of this paper and the availability of a significant body of IS literature in which Habermas' theory is explained and applied¹. The following section then examines the emancipatory implications of eCommerce. Finally, conclusions and theoretical contributions are summarized in the last section.

RESEARCH METHOD

To gain a deep understanding of buyers' and sellers' social behavior we conducted case studies of actors (sellers and buyers) engaged in B-2-C eCommerce for one product type – car sales. While focusing on one product type enabled deep understanding of eCommerce conditions for this product type, it also limited our generalizations. Case studies for other product types (such as grocery, entertainment, software) would be equally pertinent. Our choice of car sales was motivated by a) the high importance and complexity of car purchase decisions which most people have some experience of and can relate to, b) the size and relevance of the car sales market and c) the growing presence and potential impacts of B-2-C eCommerce in this market.

We conducted interpretive case studies of nine automobile dealerships in the region of St. Louis, Missouri, USA during the 2001-2003 period. We selected those dealerships that had both traditional, face-to-face sales and established eCommerce sales. The selected dealerships also covered the whole range from low to top end of the market. Each case included observation of car sales processes at automobile dealership premises by one of the authors; interviews with dealership owners, chief executives, and sales people; investigation of their websites and on-line interactions. Each interviewee was asked about car sales practices in their dealership and changes in these practices with eCommerce. We also conducted interviews with seven eCommerce car buyers. These interviews were conducted either in person or via telephone. All interviews were audio taped and later transcribed into written text. Apart from interview transcripts, the empirical evidence from the dealer case studies also included authors' notes (observation of sales personnel and their interaction with customers) and notes from the analysis of these dealerships' websites.

While conducting our field studies we became much more aware of the role of National Automobile Dealers Association (NADA) and their impact on the car sales industry. We therefore explored the NADA website and especially studied documents dealing with the introduction of eCommerce. Furthermore, we investigated consumer-oriented websites, in particular Edmunds and Kelley Blue Book. On edmonds.com we found a comprehensive report "Confessions of a Car Salesman" (2001) by Chandler Phillips, an investigative journalist who worked as an undercover salesman in car dealerships. By keeping a regular journal and recording relevant events in his role of a salesman, he provided valuable insider knowledge of both dealers (their culture, goals, practices and attitude toward buyers) and buyers.

AUTOMOBILE SALES BEFORE ECOMMERCE

Traditionally, selling automobiles involved buyer and seller with opposing interests engaged in strategic action, each trying to maximize his or her gain by influencing the other. The key characteristic of the traditional sales situation is sellers' strategic advantage arising primarily from privileged access to information. While each seeks to achieve their goal – seller to maximize profit, the buyer to minimize cost - the seller stays in control and succeeds due to his/her monopoly on 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

¹ See e.g. Lyytinen and Klein (1985); Lyytinen and Hirschheim (1988); Hirschheim and Klein (1989, 1994); Lyytinen (1992); Ngwenyama and Lee (1997); Cecez-Kecmanovic (2001); Cecez-Kecmanovic and Janson (1999); Varey, et al. (2002); Cecez-Kecmanovic, et al. (2002).

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 interviews show, this proved too time consuming and costly. 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.

Furthermore, salespersons are professionals who enjoy an advantage over the customer in terms of techniques of persuasion. Automobile salespersons go through a lengthy and in-depth training process (NADA, 2000) that includes learning how to subject buyers to psychological pressures, passing customers from one sales person to the next, asking customers to inspect a car by sitting down in it and then taking them on a demo whether the customer wants it or not (i.e., a form of kidnapping), using the office phone to contact a fictitious sales manager to obtain low-ball estimates on a trade-in vehicle, and phoning a fictitious sales manager to check whether the car customers want is still available for sale, all along knowing it is.

Similarly, to counteract seller's strategic action and minimize the car's purchase price buyers too engaged in strategic action. Buyers, however, typically lacked market information and were short on psychological preparedness for negotiation that 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, which left the buyer frustrated with a feeling of being unfairly treated. 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 (Mines et al., 2000).

TRANSFORMATION OF CAR SALES PRACTICES BROUGHT ABOUT BY ECOMMERCE

With the advent of eCommerce automobile salespersons no longer enjoy a monopolistic position concerning car sales information. Due to Internet sites (Edmunds, Kelley Blue Book and other) 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. The fact that eCommerce conditions enable buyers and sellers to have equal access to information significantly changes their power positions: power is much more equally divided between seller and buyer than was the case before the advent of eCommerce. As frequently emphasized in buyers' and dealers' interviews, eCommerce "levels the playing field".

To describe the resulting transformation of automobile sales practices we will use the semiotic square (Nöth, 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 sales field of action. The horizontal axis of Figure 1 connects the two parallel opposites 'supportive' versus 'aggressive' and 'soft sell' versus 'hard sell'. This axis describes automobile sales people'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.

The elliptical shapes in Figure 1 are used to identify the location of a particular sales practice within the automobile sales field of action (semiotic square). Traditional automobile sales practices are located in the lower right hand corner of Figure 1. Automobile sales people used hard sell or aggressive techniques on their customers. As a result, buyers disliked purchasing a car, were intimidated by the process, and considered the entire experience as extremely unfair. Hence the traditional buying situation is located in the "hard sell-aggressive/unfair" quadrant.

As discussed before, the arrival of eCommerce with equal access to information and more symmetrical power relations has been changing car purchasing practices in several ways. Firstly, equipped with information from manufacturers, dealers and specialized companies, seller and buyer can engage in strategic action – negotiate the deal through face-to-face and email interaction seeking to achieve their goals by influencing each other. With better and richer information in hand, buyers could drive harder bargains. Because they are better informed, buyers can become more adept at predicting the automobile salesperson's actions and, hence, buyers become more efficient at strategic action. As a result, buyers match the strategic intent and aggressive behavior of sellers. Consequently both sellers and buyers have equal chances to undertake successful strategic actions. In short, increasing opportunities for successful strategic actions change the playing field and gradually transform car purchase practice from 'unfair' to 'fair' (while still remaining 'hard sell' and 'aggressive'). 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 1).

Based on our analysis of the empirical evidence from the dealers' and buyers' case studies, documents from NADA (2000-2003) and specialized car information services, it can be argued that the transition a from the "hard sell-aggressive/unfair" to

the "hard sell-aggressive/fair" practices represents the major change in the social behavior of actors motivated and enabled by new eCommerce conditions. This change is significant given the current high percentage of automobile eCommerce customers² and predicted future increases (Bartlett, 2001). Assuming that the performance and sophistication of eCommerce systems and support for actors will also improve, we may expect to see faster and more extensive transition towards fairer car sales practices, albeit characterized by 'hard sell-aggressive' behavior. But the change does not stop there. Such transition in turn increases competition further forcing the actors to explore new strategies and adopt different behavior.

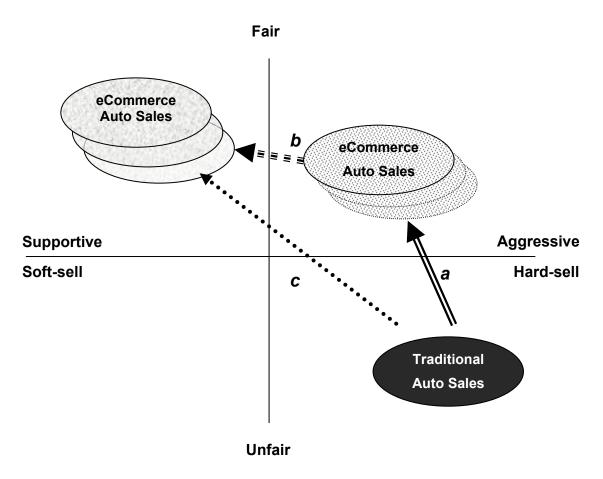


Figure 1: The changing practices of auto sales

Some automobile dealers have already recognized that the traditional way of the 'hard sell' that customers experienced as frustrating will not be effective any longer. They therefore change their approach and behavior as exemplified by a dealership manager:

[I] 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.

In fact NADA's (2000) position paper warned automobile dealers that the hard sell strategy and aggressive approach was not 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:

² For instance, 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. Similarly, Greenspan (August 19, 2003) reported that 63% of online Canadians search the Internet for vehicle prices

⁽http://www.clikz.com/stats/ ig_picture/traffic_patterns/article.php/3065321).

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)

These two quotes illustrate that the changes motivated and encouraged by new eCommerce conditions do not inevitably remain limited to strengthening actors' strategic action that is to the transition a in the semantic square (Figure 1). Factors such as increased car sales competition and dealers' struggle to attract and keep customers, as well as complexity and uncertainty of car buyers' decisions, motivate both dealers and customers to engage in a cooperative process, achieve shared understanding of the situation at hand and search for a mutually satisfying transaction. In other words, the eCommerce-induced change – initially being the transition a – continues and becomes the transition b (from the quadrant "hard sell-aggressive/fair" to the quadrant "soft sell-supportive/fair"). Alternatively, the change might take the form of transition c: from the quadrant "hard sell/aggressive-unfair" to quadrant "soft sell/supportive-fair". Transitions b and c describe the change towards increasing communicative rationality and improved mutual understanding and trust, which is a basis for a communicatively achieved car purchase agreement. It is important to note that a communicatively achieved agreement, as explained by Habermas, "has a rational basis; it cannot be imposed by either party, whether instrumentally through intervention in the situation directly or strategically through influencing decisions of opponents" (1984, p. 101). That is to say, it is achieved only through a genuine communicative action.

Unlike a, the transitions b and c may seem naïve and unrealistic. However, while we have not seen massive evidence of either b or c transitions, we identified motivating forces and signs of change in this direction. 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 this 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 and therefore less effective.

EMANCIPATORY POLITICS OF ECOMMERCE

Under the traditional automobile sales conditions, important information was not easily accessible 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, 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, considered traditional automobile purchasing inevitably unfair and exploitative due to market conditions and an asymmetrical power relation between sellers and buyers.

As trade conditions brought by eCommerce equalize access to information and engender more symmetrical power relations, they impact on the capacity of individuals (customers) to take autonomous actions and make free choices. In so far as customers are liberated from constraints imposed by traditional sales conditions and are making their decisions free from deception, coercion, and control by sellers, we can talk of the emancipatory politics of eCommerce. The emancipatory politics of eCommerce in this context may be characterized by two major aspects: first, the freeing of actors from constraints and trade practices of the past, and second, the transformative attitude toward the future (Table 1).

The first aspect of eCommerce emancipatory politics – concerned with a breakaway from constraints and trade practices of the past – is the most obvious and perhaps least disputed. Due to the Internet and various Internet-based information services, eCommerce is freed from constraints of traditional car sales conditions characterized by unequal access to information and illegitimate privileges of dealers. As a result customers are overcoming inequitable and unjust power positions, oppressive and intimidating practices, and exploitative relations. These in turn reduces or eliminates dealers' domination and enables customers to improve their bargaining position and gain control over their important life decisions. Emancipation in this sense means equalizing dealers' and customers' power positions and customers' taking control over their choices. In a nutshell, eCommerce emancipatory politics is oriented 'away from' inequality, illegitimate privileges, domination, oppression, and control.

Free from constraints of traditional car sales conditions eCommerce enables emerging dynamic changes in the behavior of actors not only 'away from' the past car sales practices but also 'towards' new, transformed practices. The analysis of the empirical evidence from eCommerce car sales shows motivating forces for more cooperative and longer-term customer-dealer relationships. The signs of transformed trade relationships include, for instance, dealer's awareness that only high

quality service, friendliness, fair transactions and trustworthy relationships attract and maintain customers; that successful salesmen are adopting a facilitator role and that 'soft-sell/supportive' car sales practices are gradually replacing 'hard-sell/aggressive' ones. Fundamental to this transformation is the eCommerce contribution to and support for social interaction between dealers and customers as free and equal individuals. Furthermore, eCommerce increases dealers' and customers' capacity to achieve their goals through mutual understanding, negotiation and cooperatively reached agreement. Although these transformations of trade practices are still in an early stage, they reveal the nature of the emancipatory politics of eCommerce concerned with transformative attitudes towards the future.

Dimensions of emancipatory politics of eCommerce

The breakaway from constraints and trade practices of the past:

- Freeing eCommerce from constraints of traditional car sales conditions characterized by unequal access to information and illegitimate privileges of dealers
- Overcoming inequitable and unjust power positions, oppressive and intimidating practices, and exploitative relations
- The reduction or elimination of domination and control of one group (dealers) over the choices of the other (customers)
- Enabling individuals to gain control over their important life decisions and make informed choices

The transformative attitude towards the future:

- Enabling and supporting dealers and customers to behave as free and equal individuals
- Increasing dealers' and customers' capacity to achieve their goals through mutual understanding, negotiation and cooperatively reached agreement

Table 1. Emancipatory politics of eCommerce

The emancipatory politics of eCommerce can also be seen as resulting from increasing rationalization – both systems and lifeworld rationalization (Habermas, 1987). Namely, traditional automobile sales was characterized by an unconstrained reign of 'functionalist' reasoning, that is dominance of systems' 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 skills, and their dominant power position, dealers were highly advantaged (in taking strategic actions) and achieving sales and profit targets at the expense of buyers. With eCommerce, however, buyers dramatically increased 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 became more strategically rational (thus increasing systems rationality of car purchase processes). This is at the root of the emancipatory politics of eCommerce oriented 'away from' inequality, illegitimate privileges, domination, oppression, and exploitation.

The structural changes in trade conditions and increased competition due to eCommerce force automobile dealers to become concerned with customer needs and desires, customer 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, they prefer cooperative and supportive sales persons, "facilitators in the purchasing process", with whom they can establish shared understanding and trusting relationships. Sellers and buyers thus are not *solely* concerned with and driven by systems rationalization and are not *exclusively* oriented to achieving their goals (maximizing profit, minimizing cost). ECommerce also motivates and increases the capacity of both sellers and buyers to develop a shared, inter-subjective understanding of their trading situation, developing 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 and equalizing sellers' and buyers' capacity for strategic action, eCommerce car trade practices are showing signs of increasing communicative rationality, socialization and lifeworld rationalization (Habermas, 1984, 1987; authors, 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. 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).

CONCLUSION

This paper provides new insights into social dimension of eCommerce and in particular its emancipatory implications. By adopting the critical social-theoretic approach based on Habermas' TCA (1984, 1987), the paper demonstrates how new automobile trade conditions arising from eCommerce impact on the social behavior of car buyers and sellers and change their social relationships. Firstly, compared to traditional car sales practices where the dealers had privileged access to information, had control over the purchase process and considered it justified to achieve success (high profit margins) by misleading and taking advantage of uninformed customers, eCommerce provides conditions for transparent, fairer and more equitable practices. With the abundance of information and services available via the Internet, customers seized the opportunity to purchase their car online, thus avoiding deceitful, dishonest and intimidating car salesman practices. With eCommerce both sellers and buyers are becoming equally well-informed and are experiencing a more symmetrical and equitable power relation. Consequently, as our findings demonstrate, eCommerce improves customers' bargaining position and equalizes customer-dealer power relations ("evens the playing field"), thus generally leading to fairer trade.

Secondly, more equal power relations in turn motivate dealers and customers to challenge one another on the veracity, sincerity and rightness of their claims, that is to engage in a rational argumentation. Increased competition and the struggle to attract customers motivate dealers to change their attitudes, to seek better understanding of customer needs and adopt the role of facilitators in the purchasing process. Conversely, increased complexity and uncertainty of car purchase decisions motivate buyers to establish a shared understanding of a car purchase situation with their dealer and gradually build social relationship. As both buyers and dealers are becoming aware that trustworthy and mutually satisfying social relationships, preferably long-term, are required for the successful and satisfying car trade business, the likelihood for communicative action is increasing. An important finding from our research suggests that changing trade conditions introduced by eCommerce motivate and assist both car buyers and sellers to gradually become communicatively rational and conduct their business as forms of communicative action.

Thirdly, the rationalization of the automobile trade arising from eCommerce which goes beyond systems and, through communicative action, gradually extends to the lifeworld of actors, can only be explained by a post-traditional, broader conception of rationality integral to Habermas' TCA (1984, 1987), (Cecez-Kecmanovic, et al., 2002). Rational argumentation and consensus building by buyers and sellers supported and encouraged by eCommerce are embedded in lifeworld, thereby re-integrating systems and lifeworld aspects of trade. Our analysis confirmed Wellmer's proposition that systems rationalization and communicative (lifeworld) rationalization are "complementary possibilities of rationalization in the modern world, complementary possibilities which condition and demand each other" (1985, p. 54).

Finally, the Habermasian theoretic 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 politics 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 car sales practices will gravitate towards emancipated trade relations.

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