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# Ecommerce: a social action view

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# ECOMMERCE: A SOCIAL ACTION VIEW

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## Abstract

*We aim to study the social dimension of business-to-customer electronic commerce (B2C eCommerce) and propose a critical social-theoretic approach that equates commercial transactions with social actions undertaken by buyers and sellers who are conceived of as social actors. The critical social-theoretic approach enables analyzing and interpreting empirical evidence of automobile sellers and buyers. By comparing and contrasting social actions of actors in traditional, face-to-face and electronically mediated automotive sales, we discuss how eCommerce affects social conditions of trade and buyer-seller behaviour. Our motive is explain unintended and unexpected consequences arising from eCommerce, including decreasing prices, power redistribution among sellers and buyer, emancipated and empowered buyers, and increasing fairness of trade practices.*

**Keywords:** *Social implications of eCommerce, Seller-Buyer power relations, Power redistribution, Fairness of trade practices.*

## **1 INTRODUCTION**

B2C eCommerce transforms business-customer relationships by introducing electronically mediated communication. This in turn affects business practices, trade conditions, and industry structures (Porter, 2001; Turban et al., 2000). This paper explores the social dimension of eCommerce which is important for two reasons. First, we are interested in a critical understanding of social consequences of technological change brought about by eCommerce. Critical understanding, we argue, helps assess implications of eCommerce as a technological innovation from a value perspective such as, for example, economic rationality, and fairness of trade practices. Second, we are motivated to explore the social dimension of the technology that underlies eCommerce to gain insight into its positive and/or negative consequences.

We aim to understand emerging buyer/seller social behavior patterns as these individuals augment traditional face-to-face by electronically mediated commerce, provide insight into changing seller-buyer social relations and explain the implications for trade practices, and make clear possible consequences of eCommerce such as power redistribution leading to empowered buyers and fairer trade practices.

To this end, we propose to study B2C eCommerce using Habermas's (1984, 1987) Theory of Communicative Action (TCA). TCA enables studying commercial transactions as social actions undertaken by buyers and sellers who are conceived of as social actors. TCA informed our study and interpretation of case studies involving dealers and buyers in the US automobile distribution industry which is transitioning from traditional to eCommerce enabled trade practices. The study focuses on dealer/buyer social actions before and after eCommerce and the resulting changes in social and power relations. Our findings are further interpreted in the light of fairness of trade practices, power redistribution, and processes of system and lifeworld rationalization.

## **2 SOCIAL ACTION FRAMEWORK TO STUDY B2C ECOMMERCE**

Changes in social behavior arising from eCommerce which augments traditional face-to-face communication with electronically mediated communication can be investigated in various ways, e.g., speech act theory (Reiss, 1985; Suchman, 1987), narratology (Daiute and Lightfoot, 2004), social semiotics (Hodge and Kress, 1988), and TCA (Habermas, 1984, 1987; Horkheimer, 1982). We suggest that among the aforementioned theories, TCA provides a most appropriate method to investigate social implications such as, for example, changing power relations arising from electronically mediated communication (Brown, 1985).

We note that the study of information systems using Habermas's TCA (1984, 1987) draws on a long history of critical research (Lyytinen, 1992; Hirschheim and Klein, 1994; Cecez-Kecmanovic and Janson, 1999; Cecez-Kecmanovic, 2001; McGrath, 2005). However, TCA has, to our knowledge, heretofore not been applied to studying eCommerce and, hence, we briefly explain how it can be usefully applied to study B2C commerce.

### **2.1 Commercial transactions as social actions**

Commercial transactions take place in a social space involving producers, markets, brokers, sellers, buyers, regulators and regulations, cultures, et cetera (Axelsson et al., 2002). First, buyers have needs, one being transportation, and sellers have the ability to meet such needs. Second, buyer and seller exchange offers and counter offers. Third, buyer and seller draw up a mutually binding delivery and payment contract. Fourth, contract fulfilment results in product or service delivery by the seller and payment by the buyer. Finally, buyer and seller complete the business transaction by each assessing his or her satisfaction level. During this process buyers and sellers are social actors who take actions to achieve their individual goals.

TCA (Habermas, 1984) suggests that actions differ with respect to the actors' orientation with respect to the goals to be attained. Actors may be oriented solely to success in achieving 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 expressions by which actors aim to achieve goals by relating to and changing their objective, social, and subjective worlds. Thus, Habermas's classification of social action focuses on the orientation of actors and their relation to the aforementioned three worlds.

Buyers and sellers conduct commercial transactions in an effort to achieve conflicting goals. Sellers aim to sell their products at the highest possible price, whereas buyers seek to purchase the most suitable/desirable product at the lowest price. To achieve their goals buyers and sellers can act *instrumentally/strategically* (oriented to success) or *communicatively* (oriented to understanding).

*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 does not seek social interaction with the seller. Rather he/she assesses alternative offers and selects that offer which optimizes product features and minimizes product price.

*Strategic action* occurs when a success-oriented actor seeks to attain goals by influencing other actors who are assumed to be rational counterparts (Habermas, 1984, pp. 85-86, 285-286; Rasmussen, 1990). Successful strategic action assumes an actor who is well informed about his/her counterpart and has appropriate skills to influence him/her. For example, by acquiring information about a customer and by predicting the customer's potential behavior, a strategically acting dealer seeks to influence the customer so as to make a sale and maximize profit. Both instrumental and strategic actions are success oriented, namely, achieving the desired state of affairs in the objective world. The two action types differ as to how the change of state of affairs is achieved: in case of instrumental action, the actor selects the best option based on the available information while viewing his/her counterpart as an object; in the case of strategic action both actors seek to influence one another based on the assumption of rationally acting counterparts. In both cases success is measured by the achieved state of affairs (e.g., making a sale/profit).

Communicative action differs significantly from the two aforementioned actions because it is conducted by actors oriented to understanding. Thus actors aiming to achieve goals by developing an inter-subjective interpretation of a situation and on that basis coordinate their individual action plans perform *communicative action* (Habermas, 1984). An essential feature of communicative action is the orientation to developing a common understanding that enables cooperation and agreement. In so doing the actors refer to all three worlds, that is, making claims concerning the objective world (that something is the case or is true), the social world (that something is right or legitimate), and the individual subjective worlds (i.e., that the speaker is sincere) (Habermas, 1984, p. 99pp. 286-288; Habermas, 1987, pp. 126-129; Rasmussen, 1990). A key feature of communicative action is questioning, and posing and defending validity claims. By way of discourse actors seek to resolve objections to validity claims and thereby prevent or overcome communicative breakdown. An important requirement of the discursive process is that it be free from power distortions and, hence, ensure equal participation of the participants.

Communicative action has been misunderstood as being impractically idealistic (Cooke, 1998). However, rather than being unreasonably idealistic, communicative action implies that actors have different interests, views and values and that they seek to achieve different, or opposing goals. Actors taking communicative action try to achieve their goals in a more cooperative manner, by developing some level of shared understanding of a situation at hand. The agreement they may reach communicatively is always fragile and holds as long as actors accept the validity claims on which it is based. Actors 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.

The aforementioned paragraphs illustrate that commercial transactions take the form of instrumental, strategic, or communicative action. 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 terms of the system world and lifeworld.

## 2.2 Systemworld and lifeworld aspects of commercial transactions

Habermas (1987) conceives society in terms of a *system world* and a *lifeworld* (1987, p. 118). Systemworld refers to economic and administrative systems, such as “market” and “state,” that ensure society’s physical and material (re)production. The lifeworld refers to a common language, social structures, and shared cultural traditions that ensure social (re)production.

System world aspects involve the automobile market and its performance, competitors and their profitability, customers and their buying capacity, et cetera. Dealers are primarily concerned with system world imperatives such as cost-effectiveness, profit targets, sales plans, competitiveness, market share, and product and service quality. The automobile industry is subject to increasing *system rationalization* as dealers, to stay competitive, need to constantly improve efficiency and effectiveness. By engaging in instrumental and strategic action automobile dealers (re)produce dealership systems and achieve systems integration.

The lifeworld is the taken-for-granted universe consisting of beliefs, conventions, assumptions, and values shared by members of a particular social group that, in turn determine the horizon of possible understanding within and between social groups. Traditionally, the automobile trade industry involved aggressive selling and hard bargaining skills that were honed through training and experience and which rendered dealers almost exclusively concerned with profit, while disregarding customers’ needs and interests. The information asymmetry that existed between the two parties (Phillips, 2001) enabled dealers to take advantage of and treat customers unfairly. These lifeworld aspects are essential to understand the traditional automobile trade and grasp how eCommerce changes actors’ behavior and trade practices. The imperatives of the systems world and the lifeworld underlie buyer and seller social actions. These social actions in turn (re)produce the systems world (i.e., dealers businesses and automobile market) and (re)produce the lifeworld of actors (i.e., cultural reproduction in the industry and social integration of buyers and sellers). The symbolic reproduction of the lifeworld depends on the degree of contradictions that exist between systems world and lifeworld imperatives of different actors.

When systems world rationality intrudes on the lifeworld the latter becomes *colonized* (Habermas, 1987). Thus when social actions of buyers and sellers become dominated by system imperatives, that is to say, strategic manipulation leading to a lifeworld dominated by efficiency, effectiveness, and profitability as in the case with the traditional vehicle trade, we speak of colonization. However, Wierdsma (2002) argues that the relationship between systems world and lifeworld need not necessarily result in colonization. This idea is of particular interest concerning the automobile distribution industry which is transitioning to eCommerce.

Using Habermas’s TCA (1984, 1987) we propose a social action framework to study B2C transactions as social actions by which sellers and buyers achieve their individual goals. Habermas’s TCA provides the conceptual apparatus to investigate how eCommerce changes social conditions and how these affect the behavior of sellers and buyers and their relative power relations.

### **3 RESEARCH METHODOLOGY**

We mentioned earlier – but it bears repeating – that we explore eCommerce and the social consequences of the technology that underlies eCommerce. Our research interest arises from an often mentioned concern that technology developments lead to a “rationalized, automated, totally managed world” wherein “every vestige of even a relative autonomy for the individual is eliminated (Brown, 1985; Horkheimer, 1982).

Our motive is to identify and understand emerging buyer/seller social behavior as they augment traditional face-to-face by electronically mediated commerce, provide insights into changes of seller-buyer social relations and explain the implications for trade practices, and make clear observed consequences of eCommerce such as power redistribution between sellers and buyers.

Because our research interest focuses on the experiences of sellers and buyers and their interpretation of such experiences we collected data by interviewing nine automobile dealers and six automobile buyers in the St. Louis Metropolitan Region, Missouri, U.S.A. during the 2001 to 2003 period. The onsite semi-structured audio-taped interviews with chief executives and sales persons focused on sales practices before and after the Internet. The interviews were augmented by onsite observations, dealership websites evaluations, and documents downloaded from the website of the National Automobile Dealers Association.

Automobile buyers were selected from the general population and the student body at the University of Missouri-St. Louis. Finding eCommerce vehicle buyers was rather difficult because dealers did not wish to disclose identities of buyers. We placed advertisements on the university’s website and in the most prominent St. Louis newspaper which led to interviews with four eCommerce vehicle buyers and two graduate students. All individuals had experience buying vehicles before and after the arrival of the Internet. Semi-structured audio taped interviews were conducted in person or by telephone and focused on experiences with purchasing automobiles. We asked our informants how they used the Internet to visit dealer and manufacture websites, whether and the extent to which they consulting third party websites such as Kelly Blue Book and Edmunds (2004), and how they experienced changing automobile buying practices arising from eCommerce. To alleviate potential problems arising from self-report data we studied automotive sales process from the perspective of buyers and sellers. We uncovered that on several issues the different parties shared similar interpretations, particularly with respect to a changing sales process from “hard sell” to “soft sell” and the shift of power from the seller towards the buyer.

We used hermeneutical principles to understand the case studies using an iterative circular process informed by Habermas’s (1984, 1987) theoretical framework. The hermeneutic process exemplifies the dialectic relationship between the theoretical framework and empirical data by which our interpretation and theoretical explanations grounded in the data emerged (Gadamer, 1975; Klein and Myers, 1999).

### **4 TRADITIONAL AUTOMOBILE SALES PRACTICES**

The traditional sales environment features a strategic advantage of dealers over buyers. While each participant seeks to achieve his/her goal – the salesperson to maximize profit, the buyer to minimize cost – the salesperson is in control of the sales process because of his/her privileged access to information, selling skills, practice, and tactics.

Prior to eCommerce automobile dealers enjoyed an almost monopolistic position concerning car prices, manufacturer holdbacks, and rebates. Customers could in principle obtain automobile invoice pricing by purchasing printed manuals published by companies such as Edmunds (2004) and Kelley Blue Book (2004). However, as our customer and dealer interviews show, most customers considered

acquiring and studying these manuals much too time-consuming and laborious to be of any practical value.

As a result most customers lacked the information needed to make informed decisions. A representative of a St. Louis dealer stated:

“[New] cars had sticker prices but trucks did not. Dealers could mark up a truck whatever way they wanted. The consumer was helpless.”

Because buyers lacked market information and were short on negotiating skills they were unable to successfully engage in strategic action which left the salesperson 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 frustrating and grossly unfair:

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

“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 (Phillips, former automobile salesperson, 2001).

The strategic disadvantage just described motivated buyers to explore purchasing a vehicle using the Internet for acquiring information such as automobile pricing and to negotiate online with multiple automobile dealers. In fact, Greenspan (2003) reports that more than 60% of car buyers search the Internet before contacting a dealer.

## **5 TRANSFORMATION OF AUTOMOBILE SALES PRACTICES BROUGHT ABOUT BY ECOMMERCE**

Internet sites maintained by Edmunds (2004), Kelley Blue Book (2004), and automobile manufacturers provide customers automobile dealer car invoice prices, car options, used car prices and estimates on trade-in car prices. Furthermore, online customers can obtain availability of the car of their choice, and financing and insurance options with only a modest investment of time (Greenspan, 2003). Our empirical findings show that vastly increased buyer access to information enabled by eCommerce significantly changed power positions. That is to say, buyers are gaining bargaining power vis-à-vis sellers – a phenomenon also observed by Porter (2001). The buyer’s relationship with sellers is becoming much more balanced than was the case before the introduction of eCommerce. Buyers and dealers whom we interviewed frequently emphasized these developments by commenting that eCommerce “levels the playing field”.

The aforementioned developments affected buyer and seller behavior during the business transaction processes. Using Habermas’s social action framework we identified three types of change in social behavior of buyers and salespersons. To describe these changes and analyze the resulting transformation of automobile sales practices we use the *semiotic square* to represent a *field of action* (Greimas, 1987) (Figure 1). The horizontal axis in Figure 1 connects the two parallel opposites “supportive” versus “aggressive sell” and “soft sell” versus “hard sell.” The concepts “aggressive sell” versus “soft sell” and “unfair” versus “fair” are terms actually used by buyers and dealers during the interviews. The vertical axis connects the opposites ‘unfair’ versus ‘fair’ and describes the customer’s perception regarding the fairness of the buying process. Figure 1 shows aspects of the automobile purchase process as perceived by buyers and sellers.

Because traditional auto trade practices are perceived by buyers and sellers as aggressive, hard-sell, and unfair they are presented in the lower right-hand quadrant of Figure 1. Based on the analysis of interview data we concluded that, with the arrival of eCommerce, interactions among buyers and sellers become more equitable strategic actions. Moreover, because the Internet enables buyers to have

richer information in hand, they become better at specifying their demands, and predicting and counteracting the salesperson's actions.

Being better informed equips buyers to undertake strategic action. Increasing opportunities for strategic action in turn level the "playing field" and gradually transform vehicle sales practices from 'unfair' to 'fair' (while still remaining 'hard sell' and 'aggressive'). Thus, the automobile sales process is perceived by buyers as more equitable, fairer, "less frustrating," and "at times even enjoyable." This development is reflected in the semiotic square by arrow *a1*, namely, a change from the 'hard sell-aggressive/unfair' quadrant to the 'hard sell-aggressive/fair' quadrant (Figure 1).

Some buyers use the Internet to explore and obtain offers from multiple automobile dealers without establishing personal contact with dealers. Then, after selecting the best offer, these buyers complete the greater part of the purchasing process over the Internet after which they visit the dealership to pick up the vehicle. In so doing buyers engage in instrumental action motivated by a desire for efficient processes and minimal social interaction with salespeople. Furthermore, these buyers also avoid much "gamesmanship" on the part of the salesperson and, hence, reduce his/her potential for strategic action. This change in sales practices arising from eCommerce – signified by arrow *a2* – reflects the transformation from the traditional "unfair" to "fairer" sales practices that are neutral along the 'aggressive-hard sell' and 'supportive-soft sell' axis (Figure 1).

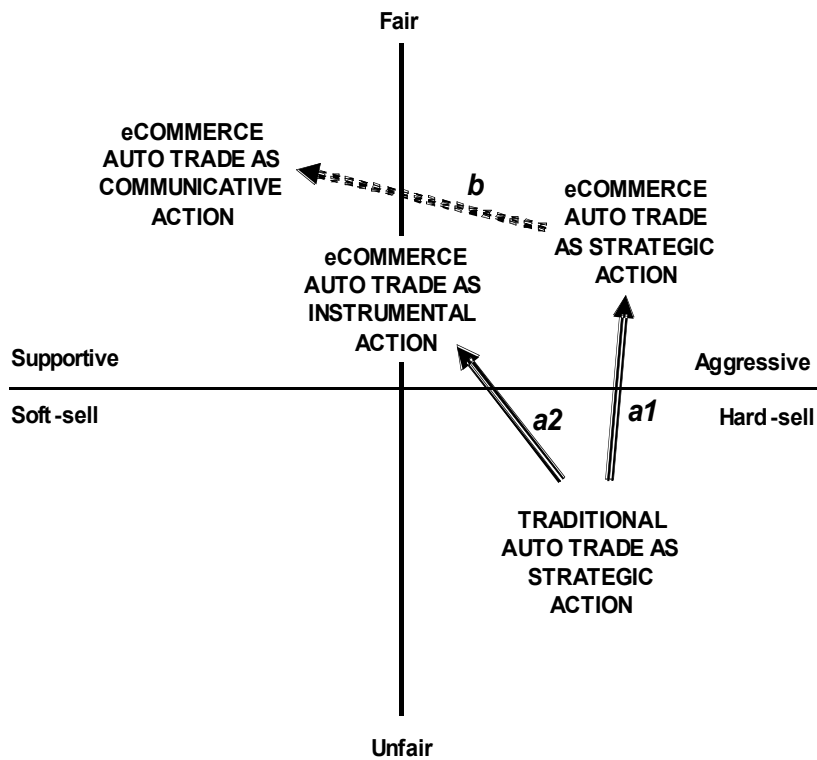


Figure 1. Changing practices in the automobile trade field of action: From the traditional to eCommerce automobile trade

Based on our analysis of empirical data (buyer and dealers interviews and on-site observations) and supported by analysis of industry documents (NADA, 2000, 2003) we conclude that transformations in automobile trade practices arising from eCommerce and depicted by transformations *a1* and *a2* reflect major and ongoing changes in the social behaviour of the actors involved (Figure 1). Furthermore, these changes gain in significance when it is considered that 67% of new car buyers consult the Internet during the purchasing process (Burns, 2005).



Some automobile dealers do recognize that traditional ‘hard sell’ is not effective any longer. They therefore attempt to change their trading practices by building a better relationship with customers. This development is exemplified by the manager of Best Imports Dealership (which in 2002 sold 30% of its vehicles online):

“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.”

The quote suggests this manager is not exclusively concerned with achieving the immediate goal of selling a car at the maximum price (emphasis on *exclusively*). While always having sales and profit goals in mind, this manager recognizes a need to achieve these goals in a cooperative and collaborative manner by establishing a relationship with a customer. Better understanding of customer needs and desires increases the probability of making a sale and retaining a satisfied and loyal customer.

Reed (2005) discovered that for online salespersons it is essential to sell as many cars as possible rather than maximizing profits on individual cars. Thus, eCommerce led to confluence of the salesperson’s and the buyer’s goals, that is to say, both derive satisfaction from a transaction. The new trading approach, which is consensus seeking and collaborative in nature, is best described as communicative action. The behavior of the Best Imports Dealership’s manager and several other salespersons, we suggest, indicates a third type of changed automobile trade practices that emerged from eCommerce. The aforementioned change is presented as the tentative transition *b* from the quadrant “hard sell-aggressive/fair” to the quadrant “soft sell-supportive/fair” (Figure 1).

Supporting evidence for transition *b* as being desirable for automobile dealers comes from NADA’s (2000) position paper which warns automobile dealers that a “hard sell” strategy and aggressive approach is not a successful option in the eCommerce environment. Instead, the NADA (2000) proposes that salespeople abandon the 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 essence, NADA advises salespersons to engage in communicative action to increase the likelihood of making a sale as well as achieving additional goals. A lack of communicative competence, the prevailing culture of the automotive trading industry and deep-seated values and beliefs of salespersons are barriers towards adopting of NADA’s advice.

## 6 DISCUSSION

Many expected that eCommerce would benefit both automobile dealers and the buying public by reducing the cost of automobile marketing and sales processes, improve customer service, and lead to a more efficient market (Porter, 2001). Using the language of social action theory, greater market efficiency suggests an increase in *system rationalization*. On the one hand, automobile dealership increased operating efficiency arose from the use of information systems that support eCommerce-enabled selling, marketing, communicating with consumers, and improving after-sales service (Luck, January 2005).<sup>1</sup> On the other hand, automobile dealers and industry experts claim a drop in profit per automobile sold because the Internet’s has resulted in better informed buyers combined with presence

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<sup>1</sup> Luck (September 2004) reports marketing cost of \$500 versus \$150 per vehicle sold in the traditional manner versus using the Internet.

of Internet-based novel institutions that help customers purchase cars at lower prices (Luck, July 2004; Zettelmeyer et al., 2006).

These eCommerce developments cannot be understood in terms of system rationalization. Instead, the social dimension of eCommerce provides the foundation to better understand the developments emerging from online automobile sales.

eCommerce results buyer-seller interaction and mutual relationship to change along arrows *a1* and *a2* (Figure 1). These changes suggest that technological mediated interaction become less personal and lead to a decline of the customer loyalty. One Internet buyer explained how his relationship with automobile dealers changed:

“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 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, automobile buyer)

Sharma refers to buyers who are exclusively oriented to success in that they make purchasing decisions using price/performance calculations and who search the Internet to find ‘optimal’ deals. Similarly automobile dealers oriented to success counteract the buyers’ actions and the former use the Internet to sell at the highest price. In short, the buyer and automobile dealer adopt eCommerce to reinforce instrumental and strategic rationality as represented by the arrows *a1* and *a2* (Figure 1). Such systemic rationalization acts as a mechanism for coordinating actions of the actors and it illustrates how eCommerce ultimately leads to competition on price. Furthermore, such systemic rationalization undermines the traditional social basis of automobile trade. The traditional values of trust and loyalty that many buyers and dealers consider important are lacking under conditions just described. Within the social action framework these tendencies reflect intrusions of systemic rationalization into the lifeworld of buyers and dealers, or in Habermas’s (1987) words, they reflect colonization of the lifeworld. Thus, we conjecture that increasing system rationalization intrudes into the actors’ lifeworld thus giving rise to competition based on price.

Based on our empirical evidence, however, we tentatively conclude that the buyer’s and dealer’s eCommerce inspired behaviour moves along vector *b* (Figure 1). This change is exemplified by dealers who seek to build relationships with customers by conducting their Internet-based transactions in a more collaboratively and cooperative way. Unlike impersonal seller-buyer relations as is the case with strategic and instrumental action, eCommerce transactions conducted as communicative action manifest dealer-customer relationships that are manifestly inter-personal and characterized by mutual trust and loyalty. One dealer explained that in the case of Internet-based automobile trading price is not always the customer’s key consideration, rather it is a relationship:

“There are a lot more things that go into (selling a car). Because if we just sold you a car – that takes about fifteen minutes to do. It is the relationship for the next 4-5 years is what we think we do a better job of than just selling a car. I’m here about 80 hours a week. We sell about 80 cars a month – 100 cars on a good month – and 90% of my time is not negotiating deals. It is taking care of customers and other issues that are not related just to the sale.” (Manager, Best Imports Dealership)

By acting communicatively and “taking care of the customer” this dealer aims to understand and best fulfil customer needs in terms of selling a particular car and after the sale service. By maintaining the relationship, the manager of the Best Imports Dealership retains customers and ensures future business. This manager does not compete on price; rather he explicitly competes on quality customer service during and after the sale. The changes along the direction *b*, while tentative, mark a return to competition on quality, trust and loyalty. One dealer remarked:

“And the key factor with the Internet is honesty. The Internet has created an environment where you must provide integrity and information.” (Wu, June 2004)

Even though trends *a1* and *a2* – exemplifying increasing system rationalization – appear to dominate eCommerce car retailing; the change in the direction *b* demonstrates that the *a1* and *a2* trends are not the inevitable transformation of eCommerce-based automobile trading. In fact a new collaborative and cooperative approach by some dealers, namely, the role of dealers as facilitators (suggested by NADA), as well as the emergence of a ‘new brand’ of salespersons are signs that social relationships matter and that eCommerce transactions do not have to be stuck in the ‘hard sell-aggressive/fair’ quadrant (Figure 1). Future research into car eCommerce should more rigorously investigate this direction of change.

The emerging transformation of automobile sales practices from the ‘hard sell-aggressive/fair’ to the ‘soft sell-supportive/fair’ (arrow *b*) reflects the change in actors’ social action, which is becoming less strategically rational and more communicatively rational. By acting more communicatively the actors tend to develop and maintain their social relationship, reproduce a culture of cooperation and contribute to *social integration* (Habermas, 1987). In other words, salespersons and buyers symbolically reproduce their lifeworlds. The increase in communicative is evident from the development of intersubjective agreement based on common values (trust and loyalty) and a shared understanding of fair practices. Thus buyers and sellers, despite having opposing goals, are able to coordinate their actions based on shared understanding and communicatively achieved agreement developed through pressure-free argumentation made possible by eCommerce. Compared to the ‘hard sell-aggressive/fair’ quadrant where system rationalization dominates, in the case of ‘soft sell-supportive/fair’ quadrant actions are coordinated by lifeworld rationalization and social integration (Habermas, 1987; Wellmer, 1985).

This leads us to argue that although in car eCommerce systemic rationalization presently dominates (at least in the US in the period we conducted our empirical work) it is not the only and certainly not the inevitable rationalization process in automobile eCommerce. Even though transitions *a1* and *a2* reflect systemic rationalization which instrumentalizes the lifeworld of subjects to accord with the imperatives of efficiency and economics, the evidence for the transition *b* suggests the emergence of lifeworld rationalization, meaning that processes of systemic rationalization of trade are gradually brought under control of the lifeworld of the actors involved. This suggests that the paradox of system rationalization discussed above does not arise from the inner logic of rationalization processes arising from eCommerce. Strictly speaking, as Wellmer (1985, p. 56) contends, this is not a paradox of rationalization as such but a paradoxical consequence of a “selective” process of rationalization.

## 7 CONCLUSION

Based on CAT-bases interpretation of empirical evidence we propose that rationalization processes initiated and reinforced by automobile eCommerce depends on a particular constellation comprising the relationship between system world and lifeworld, and between system rationalization and lifeworld rationalization. Arising from specific historical and cultural conditions in traditional automobile commerce gave rise to an adoption of eCommerce that was focused on system rationalization. It in turn decreased automobile sales prices, reduced dealership profitability, and led to competition on price.

Increased system rationalization made possible by the technology underlying eCommerce did not result in a further colonization of the lifeworld (Habermas, 1984, 1987) nor did it lead to elimination of the autonomy of individuals (Horkheimer, 1982). Rather, the introduction of technology in the form of eCommerce was accompanied by several unanticipated consequences such as lifeworld rationalization that led to empowered and emancipated consumers, more equitable bargaining conditions for buyers, and fairer trade practices. The emerging lifeworld rationalization is apparent

from the re-establishment of dealer-customer relationships and values such as trust and loyalty, and is thereby leading towards competition on service quality during and after the sale.

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