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Future Shop

HOW NEW TECHNOLOGIES WILL CHANGE
THE WAY WE SHOP AND WHAT WE BUY



J.H. Snider & Terra Ziporyn

Praise for Future Shop (Original Edition)

"Some day, consumer information sources like those envisaged by Snider and Ziporyn will materialize. The more this book is read, the sooner it will happen."

—F.M. Scherer, Professor of Business and Government, Harvard University

"Snider and Ziporyn powerfully describe the glass highways of the future, which will not only benefit consumers but will also provide fantastic opportunities for schools, hospitals, businesses, and the average American as we enter the Information Age of the 21st century."

—Conrad Burns, Chair of U.S. Senate Communications Subcommittee

"*Future Shop* is a look into tomorrow's world of household/buying. It is full of surprises, disconcerting ideas, and useful information. I would think that forward-looking businesses would profit from it as much as forward-looking consumers."

—Robert Heilbroner, Professor of Economics, New School for Social Research

"*Future Shop* describes a telecommunications age in which the foundations of our market economy will be radically different. The authors present a bold, innovative manifesto for change. It's amazing that work on a subject that means so much to consumers has not appeared before."

—Marvin Cetron, author of *American Renaissance*

"*Future Shop* is well-intentioned, well-reasoned and intentionally provocative-- Snider and Ziporyn deliver on their promise to remake the very idea of consumerism."

—Jonathan Kirsch, *Los Angeles Times Book Review*

"The authors have documented and quantified what most of us know through personal experience; that our retail distribution system has become increasingly inefficient and is fostering confusion and abuse to the consumer. The enormous conservation of resources in our society that this book describes makes its contribution significant."

—R.K. Snelling, Executive Vice President of BellSouth Communications

Future Shop

How New Technologies Will Change The Way We Shop and What We Buy

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Preface to the 2008 Reprint of *Future Shop*

The history of the marketplace has been one of accelerating product complexity, especially since the advent of the Industrial Revolution. This growing complexity has led to growing consumer confusion. *Future Shop* addressed the economic and moral consequences of this consumer confusion.

The economic consequence was inefficiency, including the absence in the marketplace of many potentially useful products. The moral consequence was opportunistic behavior, including misleading claims about the price and quality of goods. *Future Shop* called for public policies to reduce such consumer confusion, which it defined in terms of asymmetric information between buyers and sellers.

Future Shop's key intuition was that emerging information technologies could significantly reduce those information asymmetries. In the colloquial words of *Future Shop*, "This book tells why in today's market, despite the huge amount of money spent on consumer information, it's impossible to shop wisely. It also tells why we believe this situation can and will change, if we can only continue to build an information infrastructure that will revolutionize the economics of providing consumer information."¹

Future Shop framed itself as a manifesto predicting that the advent of new information technologies would facilitate both an economic and moral revolution in the marketplace. The economic revolution would entail a vast change in the production and distribution of products that would lead to the creation of new types of businesses and the explosion of product choice. The moral revolution would entail better informed consumers who would reduce the economic incentive for sellers to engage in puffery and deception.

Future Shop envisioned that the potential of this revolution would only partially be realized as a result of the workings of the

private marketplace. The growth of online shopping, for example, would depend on the cost and quality of the telecommunications infrastructure, which the government heavily regulated. Similarly, public policy would influence the development of efficient online transactions mechanisms, including low cost signals of trustworthiness from product information sources and access to comparative product information in online clearinghouses (now often described as “information aggregators”).

In retrospect, *Future Shop*’s success at prediction was a mixed bag. It got many of the big trends right, including the huge growth of online shopping, product choice, independent consumer reviews of products, and product information clearinghouses. On the other hand, many of its specific predictions were far off the mark, including the growth of paid independent consumer reviews, the decline of retailing relative to manufacturing, and the need for government disclosure mandates to facilitate online product information clearinghouses.

Future Shop’s public policy recommendations were mostly ignored. In the case of some policy areas, such as the management of the electromagnetic spectrum, its recommendations remain as relevant today as they did back in the late 1980s.² In other areas, such as the specific proposals for government to take a greater role in setting up product information clearinghouses, Terra Ziporyn and I wish we could take back most of our words because new private companies such as Google, eBay, and Amazon have succeeded in creating such clearinghouses in ways that exceeded our grandest imaginations.

The parts of *Future Shop* that remain most relevant today are its Preface and Chapters, 6-10, and 14. These are the chapters that broadly describe the problem and consequences of consumer confusion and outline the way new information technology, with the help of public policy, could and would play a major role in alleviating that confusion. The rest of the book is a mere historical curiosity.

Successful Predictions

During the last two decades, information technology has radically changed how consumers shop and what they buy. When *Future Shop* was written, online sales represented less than .01% of retail sales and the World Wide Web, which was to popularize the Internet, hadn’t even been invented. In the Fourth Quarter of 1999, near the peak of the dotcom boom, the U.S. Department of Commerce began

collecting statistics on online retail sales. In that quarter, they had grown to .63% of total retail sales. By 2007, they had increased to 3.5% (up from 2.9% in 2006), a more than 500% increase over the preceding eight years.³ Recasting the Department of Commerce's e-commerce numbers to exclude products that are unlikely ever to be sold online, such as products sold at restaurants, gas stations, and convenience stores, Forrester Research estimates that online retail sales constituted 6% of total retail sales in 2007 and projects this number will increase to 10.7% in 2012 (a 14% annual growth rate versus only a 2.6% growth rate for shopping in physical stores).⁴ According to a Pew/Internet survey, 20% of U.S. Internet users on a typical day "have used the Internet to do research about a product they are thinking about buying."⁵

The same growth in e-commerce is happening worldwide. According to a report by Cisco's Internet Business Solutions Group, by the end of 2007, more than 875 million people had bought a product online, an increase of over 40% in the last year.⁶ A report by Wall Street Transcripts found that 11% of retail sales in South Korea in 2007 were purchased online--making the U.S. an e-commerce laggard in comparison.⁷

The number of products readily available to consumers has exploded.⁸ Consider the book market. In the late 1980s, the average book buyer could purchase with a modicum of search time at most tens of thousands of books. Since books were not conveniently available online, they had to be acquired through travel to a physical book store. By the end of 2007, thanks to online book sellers such as Amazon, Barnes & Noble, and Borders, book buyers could readily access millions of books for purchase without even leaving their homes. Thanks to Google Books, even books out of print are now available to the public with a click of a button. A similar explosion in consumer choice has played out in many other markets including movies, music, news, dating, and jobs. According to a Pew/Internet survey, 76% of Internet users agree that "the Internet is the best place to buy items that are hard to find."⁹

Not only are consumers purchasing online, they are also getting product information online, even when they ultimately purchase from a physical store. According to a Pew/Internet survey, "On a typical day, 20% of Internet users use the Internet to do research about a product they are thinking about buying."¹⁰ According to a

Cisco survey, “51 percent of U.S. shoppers research products online before they purchase in stores.”¹¹

The type of product information consumers are using has also radically changed. Online price-comparison services of identical products have become a major force in the marketplace. These include services that cover vast sections of the marketplace such as Amazon’s Marketplace, eBay’s Shopping.com, and Google’s Froogle.

Online retailers also make comparisons between similar products easier than ever before. Consumers specify what features they are looking for and then all the products with those features show up, thus facilitating comparison shopping. These retailers include travel sites such as Expedia, Travelocity, and Orbitz; consumer electronics sites such as Newegg.com, Buy.com, and Tiger.com; and job search sites such as Monster.com, USAjobs.com, and CareerBuilder.com.

Future Shop was prescient in predicting that product information clearinghouses/aggregators would come to play a central place in the marketplace and that they would help consumers wade through historically unprecedented numbers of products. Today, private aggregators such as Google, eBay, Amazon, Expedia, Match.com, Morningstar, and IMDB.com provide such functionality—often very profitably

Services that provide expert online product quality ratings have also thrived, especially in financial services. Financial rating companies include Moody’s (which rates bonds and had revenue in 2006 of \$2 billion), Morningstar (which rates mutual funds and had revenue in 2007 of \$3 billion), and Fair Isaac (which rates consumer creditworthiness and had revenue in 2007 of \$825 million). Other rating companies include Metacritic (games), Edmunds.com (cars), creditcards.com (credit cards), avvo.com (attorneys), zagat.com (restaurants), ViaMichelin.com (travel), cnet.com (consumer electronics), Match.com (dates), Consumers Union’s ConsumerReports.com (consumer products), and the New York Times’ ConsumerSearch.com (consumer products).

Given *Future Shop*’s focus on the growth of independent consumer reviews of products, the most remarkable development has been the explosion of such reviews.¹² According to a study by Shop.org, a division of the National Retail Federation, during the 2007 Holiday season 58.7% of consumers used online customer product reviews.¹³ According to a joint study by The Kelsey Group and comScore, “Nearly one out of every four Internet users (24 percent) reported

using online reviews prior to paying for a service delivered offline.” For product categories such as restaurants, hotels, and travel, more than 79% of review users “reported that the review had a significant impact on their purchase.”¹⁴ Amazon alone has more than 10 million consumer reviews. Other prominent websites with consumer reviews include eBay.com (used product sellers), TripAdvisor.com (hotels and other travel destinations), AngiesList.com (home service companies such as plumbers, electricians, and landscapers), Digg.com (news and opinion articles), Yelp.com (restaurants and nightlife), Martindale.com (attorneys), ratemyteacher.com (teachers), and IMDB.com (movies).

Another less formal type of free consumer review comes from the explosion of groups that have formed online.¹⁵ An example would be the countless groups that have formed for sufferers of diseases who share their problems and the remedies they have found effective in solving them. Examples of such sites include crohns.org (for sufferers of Crohn’s disease) and dlife.com (for people with diabetes).

Thanks in part to trusted user reviews of sellers, there has been an explosion of small companies serving national markets. Examples include the tens of thousands of small merchants that sell via Amazon and eBay.

Some consumer reviews have undoubtedly been planted by sellers. But in the vast majority of cases the consumers doing the reviewing receive absolutely no direct or indirect compensation from sellers.

One of the most interesting developments is that consumers now often trust peer product reviews more than expert product reviews—perhaps because they believe that experts are less likely to be truly independent. According to the 2007 Edelman Trust Barometer, more than 50% of consumers trusted peer reviews more than expert reviews.¹⁶ This is a major change in just the last five years. In 2003, Edelman found that only a fifth of the respondents picked their peers as their most-trusted source.¹⁷ An Avenue A | Razorfish survey found that when researching products, only 21% of consumers relied on expert opinions the most whereas 55% relied on user reviews the most (22% also relied on comparison charts the most).¹⁸

Another striking development is that the relative importance of advertising versus independent product reviews has declined. According to a study by Universal/McCann, advertising expenditures as a percent of GNP has declined from 2.52% in 2000 to 2.05% in

2007, with declines in 7 of the 8 years studied.¹⁹ Writes Jonah Bloom in *Advertising Age*:

It doesn't matter how loud or often you tell consumers your ``truth," few today buy a big-ticket item (or switch allegiance on a regular purchase) before they know what existing users have to say about the product. This is a low-trust world. Even if the marketer they're considering buying from hasn't lied to them, another marketer has--and it takes just seconds to find a host of opinions on any product or service.²⁰

Forrester Research, a leading researcher of online consumer behavior, is promoting its 2008 Consumer Forum by highlighting the decline of marketing self-promotion: "Step by step, consumers have less trust in brands; consumers find their own information and entertainment—globally—rather than relying on what TV, print, and radio feed them; they support each other with online reviews and advice and skip ads; and they take control."²¹

Deloitte, one of the world's largest accounting and consulting firms, summarizes its own study on the changing consumer marketing landscape:

To build their knowledge arsenals, consumers are turning to online reviews in large numbers – and those reviews are having a considerable impact on purchase decisions. According to a recent survey by Deloitte's Consumer Products group, almost two-thirds (62 percent) of consumers read consumer-written product reviews on the Internet. Of these, more than eight in 10 (82 percent) say their purchase decisions have been directly influenced by the reviews, either influencing them to buy a different product than the one they had originally been thinking about purchasing or confirming the original purchase intention.... In the past, clever marketers and advertisers shaped brands, but now consumers are increasingly empowered, everyone has a voice, and information and opinions are instantly dispersed.²²

Amazon CEO Jeff Bezos has made his own prediction about the decline of advertising: "I'm not saying that advertising is going away. But the balance is shifting. If today the successful recipe is to put 70 percent of your energy into shouting about your service and 30

percent into making it great, over the next 20 years I think that's going to invert."²³

At least in some areas, the ready availability of better consumer information has reduced the incentive to engage in misleading advertising. For example, *Future Shop* focused on the prevalence of misleading lowest price guarantees and sales in the consumer electronics retailing industry. The growing ease of online comparison shopping has made these claims far less effective. As a result, the major consumer electronics retailing firms now rarely make such outlandish price claims.

From today's vantage point, such predictions of dramatic change in the marketplace may seem self-evident. But in the late 1980s, the close linkage between changing information technology and shopping behavior was harder to fathom. The average household had dialup telephone data service at 2,400 bits/second (compared to millions of bits/second today), paid 35 cents/minute for long distance telephone service (compared to unlimited long-distance service via the Internet today), and had never heard of the Internet (which was viewed as an esoteric text-based tool used for highly specialized, non-commercial purposes). In its *Digital Design Outlook 2008*, interactive marketing and technology agency Avenue A | Razorfish reflects on the telecommunications developments over the past decade:

Once upon a time there was dial up.... Remember, say, 1999? Just pause for a moment, close your eyes, and recall what it was like to watch a Web site load onto your computer screen chunk... by... chunk... by...this better be worth it... chunk.... Broadband, and the unprecedented tidal wave of innovation that followed it, changed everything—most especially, human behavior online.²⁴

In the late 1980s, plans were afoot to build out a much improved telecommunications infrastructure, but the conventional wisdom was that the primary effect on shopping would be to merely shift the locus of sales from physical to online stores, not radically change the structure of the marketplace. Also widespread was the belief that online shopping would be a poor substitute for shopping in physical stores where consumers could see, touch, smell, and test products in their full richness. The notion that online shopping would have many information advantages over shopping in physical stores came across to many as a pipe dream.

Failed Predictions

Those who make predictions about the future often rue them when history reveals their flaws for the world to see. From the vantage point of almost two decades since *Future Shop* was written, history has revealed many flaws, both of commission and omission.

Future Shop predicted the growth of independent product reviews, but it thought those reviews would be created by professional, paid, product reviewers such as *Consumer Reports*, Morningstar, and Fair Isaac. Instead, as we have seen, most of those reviews have been voluntarily contributed by millions of Americans based on their personal experience with products.

Future Shop predicted that government would take major steps to make product markets more transparent, with the practical effect of creating product information clearinghouses. In the last 15 years, a radical shift in government philosophy regarding the regulation of private product markets has indeed occurred.²⁵ There is less emphasis on regulating product inputs (e.g., occupational licensing) and outputs (e.g., product features such as safety standards), and more emphasis on empowering consumers with product information via laws mandating that sellers disclose product information, often to government-sponsored information clearinghouses. For example, at the federal level of government, the Securities & Exchange Commission, Department of Transportation, Department of Education, and Environmental Protection Agency have mandated the disclosure of many types of new information in centralized clearinghouses available online to the public. According to a study by Harvard's John F. Kennedy School's Transparency Policy Project, the federal government alone passed 133 targeted transparency rules between 1996 and 2005. Summing up this shift in regulatory philosophy, Mary Graham, the head of Harvard University's Transparency Policy Project, writes: "During the last decade, government's authority to compel the disclosure of information has taken a legitimate place beside its authority to set rules and redistribute financial resources as a means of furthering public priorities."²⁶ Nevertheless, such government clearinghouses have not become a major force in the vast majority of product markets.

Future Shop predicted that new technology would reduce the amount of asymmetric information between buyers and sellers, and it hailed this reduction for its economic and moral effects. (Asymmetric information occurs when one side to a transaction has material

information that the other side lacks.) But it failed to anticipate that new information technology would also facilitate many new markets characterized by asymmetric information. Partly as a result, its utopian vision of a world where people could not exploit asymmetric information between buyers and sellers was fundamentally flawed. The book was correct in predicting that new information technology would allow consumers to cope better with the marketplace complexity that traditionally caused conditions of asymmetric information between buyers and sellers. But it overlooked the possibility that this new information technology would also create the conditions that would lead that marketplace to become ever more complex.

Future Shop predicted that retailers would be superseded by small, independent agents as product information sources. It didn't anticipate the extent to which a new type of giant, diversified retailer would have an incentive to become independent agents themselves. Amazon.com, for example, now sells many millions of products from tens of thousands of different vendors. It cares relatively little if consumer reviews alienate a particular vendor because any one vendor represents such a tiny percentage of its overall business. More important to Amazon is preserving its general reputation among consumers as a clearinghouse of unbiased product features and consumer reviews. In contrast, retailers with small product lines cannot afford to have negative consumer reviews because the effect is to lead consumers to competitors' websites rather than different parts of their own.

Cisco found that 52% of the e-commerce sites it surveyed provided customer reviews, which it said "are becoming a fundamental expectation." But it also found that few retailers "are allowing the unedited, self-policed, shopper-generated content that appears to drive increased sales, but can create significant operational and PR nightmares."²⁷ One of the exceptions was Amazon, which "provides the best and most extensive offering of product reviews" and "has become the destination for consumers conducting product research."²⁸

Future Shop also didn't anticipate the extent to which small retailers would want to operate under the umbrella of these giant retailers, in part because the giant retailers could provide the credible, unbiased reputation systems necessary to generate consumer trust in small retailers. The result has been standardized disclosure systems

and giant product information clearinghouses without government involvement.

Future Shop predicted the decline of all traditional advertising, most of which, like the typical 30 second TV commercial, was intrusive and unwanted.²⁹ But it failed to distinguish between ads consumers wanted and didn't want, and ads they did and didn't find intrusive. Partly as a result, it failed to anticipate the extent to which desired ads could be efficiently targeted to consumers via search engines and other newfangled technologies.

Public Policy Recommendations

Future Shop's policy recommendations focused on three main areas: how to improve America's telecommunications infrastructure, foster the development of trusted and independent sources of product opinions, and foster the development of factual databases of product information that would facilitate comparison shopping. These remain worthy and often underappreciated goals, but *Future Shop's* specific recommendations were often wanting. More effort should have been devoted to developing a broader and more rigorous analytical framework.

The relationship of telecommunications policy to the development of e-commerce remains as important today as it was several decades ago. Good telecommunications policy spurs the deployment of telecommunications networks, which spurs the development of e-commerce. Some of *Future Shop's* specific criticisms of telecommunications policy, such as the federal government's management of the electromagnetic spectrum—the wireless broadband network—continue to be relevant today. Other specific recommendations have held up less well. A notable example was the recommendation to allow telephone companies to accelerate the rate at which they could depreciate their investments to give them an incentive to build out a high speed optical fiber-based broadband network. These were the policies the government was already beginning to pursue. But instead of using the money to build out their networks, the telephone companies used most of it to increase profits and subsidize their monopolistic and highly inefficient operations. In 2006, Bruce Kushnick estimated that the government wasted more than \$200 billion on such subsidies to the telephone industry.³⁰ The result is that the telecommunications networks evolved much more slowly than *Future Shop* predicted.

More central to *Future Shop's* public policy vision was a new way to think about creating more transparent and efficient consumer product markets. *Future Shop* disparaged the old model of consumer regulation, which it called the "old consumerism." The old consumerism evolved as an ad hoc response to product scandals and special interest pleadings. It featured local, occupation specific licensing; prohibitively expensive, centralized government enforcement; and regulation of products rather than product information. The "new consumerism," in contrast, was based on creating a simple, universal regulatory framework based on principal-agent theory; national, high visibility principal-agent occupational certification; enforcement via well-structured private sector checks & balances; and consumers empowered to protect their own interests with better product information.

An example of the type of consumer regulatory philosophy *Future Shop* opposed was the local licensing of approximately 800 occupations. The regulations attached to these licenses were scattered in countless obscure laws, whose obscurity made them ideally suited for special interest abuse. Ostensibly designed to protect consumers, the occupational licensing laws often smacked of ad hoc, ill-conceived responses to scandal and the machinations of occupational lobbies seeking to reduce competition.

A special focus of *Future Shop* was on conflict of interest regulation. *Future Shop* opposed the huge number of obscure, occupation- or industry-specific laws either mandating the disclosure of or banning conflicts of interest by information providers. Examples of such laws include mandates that doctors disclose their referral fees; that cable, satellite, and over-the-air broadcasters disclose paid product placements within their advertising; and that mutual fund managers disclose their stock trades. Instead, *Future Shop* wanted a simple certification system that would allow all independent information providers, not just those in particular politically salient occupations or industries, to make a credible and affordable claim that they were indeed independent. Such a certified unbiased information provider (called an I.C.I.C. in the language of *Future Shop*) would have to disclose all material conflict of interests, with materiality defined as a conflict of interest that a reasonable consumer might use to discount the quality of a provider's product information. In the language of principal-agent theory, government should make it possible for an information agent (the information provider) to signal at low cost

to a principal (the consumer) that it has no material undisclosed conflicts of interest.

The Securities & Exchange Commission (SEC), with its focus on empowering investors with better information, was a regulatory model for much of what *Future Shop* proposed. The SEC's laws were primarily developed in response to financial scandals that had collectively cost Americans trillions of dollars over the decades. The loss of so much money in the financial markets had caused Americans great pain and led to unusually thoughtful public discussions of financial market failure. This had led to the creation of a strikingly different and original type of consumer protection system. An independent board designed financial accounting standards. Independent auditors then used these standards to report the financial condition of public companies. The companies, in turn, disclosed this information in a well-structured format to a centralized, publicly accessible database. Independent financial analysts then used the resulting public database of financial information to issue opinions about the companies. Most of the accountability mechanisms relied on checks and balances among well-structured private entities, with a focus on ensuring that individual investors got timely, accurate, unbiased financial information.

Future Shop envisaged that this type of regulatory scheme would become more affordable as a result of emerging information technologies, and thus could be extended to product markets where they had previously been prohibitively expensive.

However, *Future Shop* itself was torn on the extent to which the private sector could create institutions of transparency and trust to facilitate a more efficient and moral marketplace. Its contribution to that debate was not the specific recommendations it made but its general sensibility that a major rethinking of the government's role in facilitating e-commerce should become a priority. That message is still as relevant today as it was then. It will probably take the public policy community many decades to think through how not only to mitigate the potential harms created by e-commerce, but also to fully exploit the opportunities it creates.

Conclusion

In its concluding paragraph, *Future Shop* observed: "The way consumers go about gathering information and making decisions today is closer to the eighteenth century than the twenty-first century.

As the twenty-first century progresses, the consumer's growing information power will transform the marketplace and many of the values currently associated with it." Despite the many failed predictions it made, *Future Shop* nailed this one. The way consumers shop has indeed changed monumentally since *Future Shop* was written close to twenty years ago. If I were to hazard one more prediction about the future of shopping, it is that the next twenty years will see even greater changes than we've seen in the last twenty.

--J.H. Snider
May 31, 2008
Cambridge, Massachusetts

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A New Consumerism for the Obama Administration?

In 1993 (see article below), I hoped that the incoming Clinton Administration would incorporate *Future Shop's* vision of a new consumerism into its plan for a new American information infrastructure, centered around Vice President Al Gore's proposal for an "information superhighway." For whatever reason—maybe because shopping was considered a relatively crass use of telecommunications infrastructure or maybe because the telecommunications infrastructure was so primitive that an online shopping revolution seemed implausible—*Future Shop's* public policy ideas got no traction. Now that the online shopping revolution is well underway and the meltdown of the financial sector has revealed the critical importance of public policies to enhance market transparency, I hope the incoming Obama Administration will be more receptive to the type of issues raised by *Future Shop*.

—*J.H. Snider*
November 11, 2008
Severna Park, Maryland

ARTICLE

Star Tribune (Minneapolis, MN)

January 24, 1993, Metro Edition

Title: Technology, trust are keys to consumer protection

Byline: Dan Wascoe Jr.; Staff Writer

Section: Marketplace

Length: 630 words

Now that Clinton appointees are unpacking, the usual consumer advocates will demand more and better government action to protect us from the perils of the marketplace.

James Snider, a Vermont writer and teacher, also describes himself as a consumer advocate but he contends that many traditional consumer interest groups are pushing the wrong buttons and seeking obsolete remedies.

"Where I agree with traditional consumer advocates is [that] there is significant market failure," he said. "Buyers are uninformed and need new mechanisms" to help them make purchases effectively in an economy rife with choices.

Snider said consumers' best hope lies in high technology and, curiously, trust. By technology he means either computer disks or sophisticated telecomputers that provide prospective customers with detailed, reliable information about quality and prices. By trust he means a network of independent, conflict-free consumer agents who would gather, digest and supply that information for an affordable fee.

"They'll be like a trusted friend, like 150 years ago," Snider said. "That's what we're going to go back to. You'll have these agents, and you'll trust them."

Such a responsive network would render many traditional government regulations and laws unnecessary, he said, but it would require safeguards that the agents are not underwritten or paid off by the companies they evaluate.

Snider drew an analogy to investing in a mutual fund and relying on its professional manager: "You're hiring an agent to make decisions for you and paying a large information fee."

These future consumer agents, in turn, would draw help from independent clearinghouses, established with government support, that would pull specific consumer information from a wide variety of sources, including data that the private sector cannot generate or collect by itself.

In a recent article in the Futurist magazine, Snider wrote that the clearinghouses could, for example, compile the fees charged for every medical procedure by every physician in the country. They also could make available college students' ratings of professors. Such evaluations, - digested, organized, and translated - could make comparison shopping much easier, he said.

Consumers Union, for which Snider used to work, is an example of how a clearinghouse might work, but CU's scope and resources are small and it is "just not a significant factor in the marketplace as a whole," he said.

Telephone services - 800 and 900 numbers - and computer resources such as Prodigy offer a narrow glimpse of the access consumers can expect in future decades, he said, but he insists, "We live in the Dark Ages today. People didn't complain about horses until we had cars . . . The information we have today restricts us in our quality of life, not to mention economic costs."

To make this wealth of information available, fast-changing electronics will play a crucial role but "I don't know how it's going to play out because the technology is so much in turmoil," he said.

Changing demands for wireless transmission of data - cellular phones are just one example - could make the spectrum of broadcast frequencies "the most valuable resource in the United States. TV has been getting it for free and it won't be happy to give it up - even if it is obsolete."

Snider predicted that a struggle for access to that spectrum may be one of "the great political issues of the future."

That's why he hopes to push his ideas with incoming members of the Clinton administration. Perhaps he took heart from at least one line in the new president's inaugural address.

"Technology," the president said, "is almost magic."

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SNIDER & ZIPORYN

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J.H. Snider, MBA, Ph.D., is the President of iSolon.org and a Fellow at Harvard University's Kennedy School of Government. He received his MBA from the Harvard Business School and Ph.D. from Northwestern University

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"Some day, consumer information sources like those envisaged by Snider and Ziporyn will materialize. The more this book is read, the sooner it will happen."

—F.M. Scherer, Professor of Business and Government, Harvard University

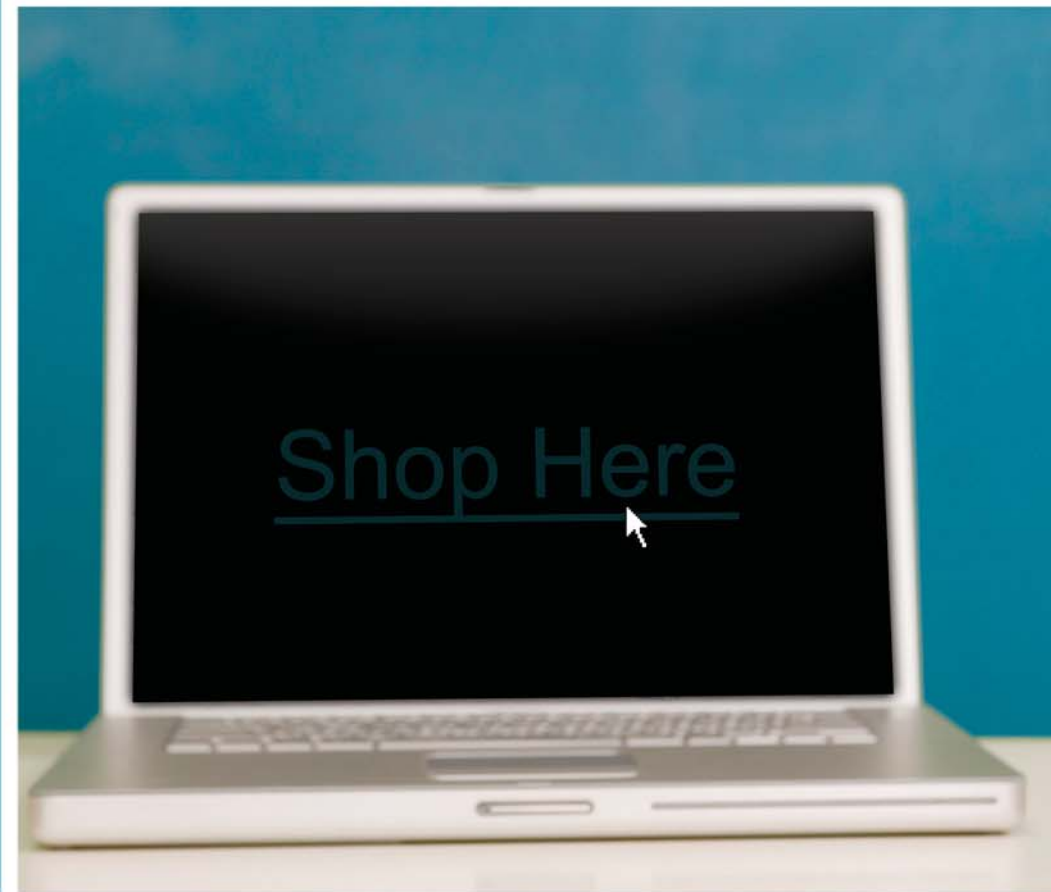
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