

The emergence of social technologies and collaborative consumption could work to our collective advantage in the age of austerity

Richard Bates argues that social technology is allowing for powerful collective action in ways that are proving beneficial for consumers in group fuelled disruption and disintermediation.



'We're all in this together', or so the [Prime Minister](#) was keen to have us believe after entering office. The mantra sought to ready the nation for collective austerity, but provoked mass scepticism as megabucks bonuses continued to flow to the executives of taxpayer dependent banks.

The Dutch share our dislike of rewards for failure, but contrast how the citizens of each nation channel that discontent. Where the eccentric British come together for a spot of urban camping in the depths of winter, the pragmatic Dutch cluster through social media and plan a practical collective action. The camping Brits disrupt St. Paul's cathedral – an institution that's broadly sympathetic to the occupiers' sentiment – while the banks carry on with business as usual. The Tweeting Dutch cause the withdrawal of the bonus that provoked their ire from the comfort of their own homes.

This happened in the Netherlands in 2011 when [ING bank](#) was forced to cancel its CEO's £1m bonus and eat serious humble pie, once it became clear its customers were very much in it together and planning co-ordinated, en masse account withdrawals. The ING story is just one illustration of many ways in which social technologies are enabling powerful forms of collective action.

Of course, coming together as a group in order to pursue a shared objective is nothing new. History is rich with examples of people coming together in groups and using the consequent power of numbers to advance collective interests and press for change – whether social, political, or economic. But, the costs associated with large-scale group formation and, subsequently, the co-ordination and management of group action used to mean that only big organisations with hierarchies and management structures could act in this way. And only then if the benefits achieved outweighed the costs incurred. Instances of people collaborating as a group outside the bounds of an organisation were mostly limited to small scale, local initiatives.

But as [Clay Shirky](#) documents in *Here Comes Everybody*, social technologies have eroded those costs. As the ING example demonstrated, it's not only easy for people to form groups now, it's also easy for the group to achieve critical mass and to co-ordinate and synchronise its actions in order to achieve a shared goal.

What's more, in the past effective group effort was frequently dependent on a division of labour that assigned all members a task to undertake in pursuit of the group's aims. Not anymore. An *active* intermediary can now work on behalf of the group and harness the power of its numbers – rather than the efforts of its members – to achieve the shared goal. Other than aligning with the group and signalling assent to an action being undertaken on their behalf, individual members can now be effective in aggregate while remaining largely *passive* in practice.

Mass campaigning platforms such as [38 degrees](#), [change.org](#), or [Avaaz](#), are already acting as active intermediaries in social and political contexts. They lower the transaction costs of civic engagement – bringing ease and convenience to the expression of views, participation in a campaign, alignment with a cause and collective action. Detractors have been quick to brand this phenomenon '[slacktivism](#)'. While there's undoubtedly a debate to be had on the extent to which this represents meaningful engagement,

these platforms are opening up new forms of civic engagement and activism at a time when participation through conventional channels is experiencing decline.

In my role at [Consumer Focus](#), I've taken an active interest in how consumers and intermediary platforms working on their behalf can harness these dynamics in a market context. Fascinating start ups are appearing in this space at a rapid rate. Want to join together with your neighbours and have fresh produce delivered at wholesale rates direct from the farm? Try [Wholeshare](#). Want to use your community's aggregate buying power to reward local businesses for adopting more sustainable behaviours? Then [Carrotmob](#) could be what you've been looking for.

These new services form the group and then go to market in search of a deal that furthers its interests and/or shared objective. This stands in contrast to Groupon and its band of competitors, who form the deal and then go in search of a group, with their bottom line being the interest that gets furthered.

In a new [report](#), I've argued that intermediary platforms working in this way can transform consumer engagement with utility type markets, not least energy, telecoms and financial services. The architects of these markets shared the assumption that consumers would act as the engines of competition and drive better value, better service and thriving innovation by regularly seeking out and switching to better deals. But these are archetypal '[confusopoly](#)' markets, which consumers are understandably reluctant to engage with. The predictable reality is therefore mass inertia.

An intermediary that works on behalf of consumers can transform this situation by offering a service that:

- Provides a focal point around which consumers who want better value, but reject the conventional 'go it alone' route to market can cluster as a group
- Converts mass inertia into a competitive impetus by grouping participating consumers' aggregate demand into a winnable block of market share
- Leverages that aggregate demand to secure a better deal through a reverse auction mechanism
- Manages the mass switch of participating consumers to the provider who makes the best offer to the group

It's an approach that looks set to turn the status quo on its head. It minimises the costs of market participation for consumers, offering them the attractive proposition of better outcomes for less effort. The onus to be active in the market transfers from the individual consumer to the intermediary working on the group's behalf. And rather than the individual being compelled to seek out the best value provider, providers are compelled to compete on which can offer best value to the group. It therefore inverts inertia, Judo like, from a force that works against consumers to one that can work on their behalf.

Just as with bankers' bonuses, the Dutch are already ahead of the game on this, showing how consumers can derive a benefit from being in it together. Collective switching in energy markets is fast becoming a tried and tested approach in the Netherlands, where the pioneers of the approach, [iChoosr](#), and the consumer body, [Consumentenbond](#), both operate successful schemes that are achieving impressive results. And it's starting to spread. [Which?](#) has just overseen the first instance of collective switching in the British energy market, resulting in a straightforward route to an average saving of £123 for up to 200,000 participating consumers. [Choice](#) provided a much needed jolt to the Australian mortgage market by applying a variation of the approach there.

The emergence of collective switching and other new forms of aggregate buying and web-mediated [collaborative consumption](#) means that group fuelled disruption and disintermediation looks set to gather pace. If that is the case, being all in it together in a consumer context could well work to our collective advantage in the age of austerity.

Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

About the author

Richard Bates leads the Consumer Empowerment Programme at Consumer Focus. He tweets at [@chrdbts](#).

You may also be interested in the following posts (automatically generated):

1. [We must rethink our attitudes towards consumption, work, leisure, and the distribution of income \(30.1\)](#)
2. [‘Social kettling’ and the closure of domestic violence shelters are amongst the new challenges for feminists in 2011: they are responding with a new activism, using social media and collective action \(28.4\)](#)
3. [Think tanks are neglecting cheap and easy social media, and failing to reach out to broader audiences for their work \(20.5\)](#)
4. [Britain needs a digital inclusion policy with concrete targets for both availability and take-up to counter the emergence of a digital underclass. \(18.2\)](#)