FRANCIS MUNIER AND ZHAO WANG

Consumer sovereign and consumption routine: a reexamination of the Galbraithian concept of the dependence effect

Abstract: The aim of this paper is to suggest that the concept of the dependence effect and of the consumer sovereignty, developed by Galbraith, has to be reexamined in a knowledge-based economy. We reconsider these concepts in the light of the consumption routine. In this perspective, the main result of this paper is that the question of market power must be analyzed in terms of interaction between producers and consumers. The limited knowledge role of consumer and producer implies that the power is shared.

Key words: consumer sovereignty, consumption routine, dependence effect, knowledge of consumer.

John Kenneth Galbraith (1958), as a Post Keynesian, criticized the conditions of the market developed by the neoclassical theory. The concept of the dependence effect is also introduced in order to explain the “modern economy”—actually, the American society. The dependence effect defines the relation between the producer and the consumer. Galbraith considers that the consumer has to impose products in respect to his needs. But, in a modern economy and because of the development of marketing tools and advertising, the relation seems to be inversed. The consumer has lost his sovereignty. To emphasize this point of view, the author analyzed, in particular, the power of the market, the role of big enterprises, and the influence of advertising.

The authors are, respectively, Assistant Professor at Université de Haute–Alsace, Mulhouse, GRAICO (Groupe de Recherche sur l’Apprentissage, l’Innovation et les Connaissances dans les Organisations), and BETA (Bureau d’Économie Théorique et Appliquée), Centre National de la Recherche Scientifique, Université Louis Pasteur, Strasbourg; and Attaché Temporaire d’Enseignement et de Recherche (ATER), Université de Haute–Alsace, Mulhouse, GRAICO.
Different approaches include, more implicitly, the notion of consumer sovereignty. The first approach is the neoclassical theory. The consumer is sovereign only by the fact that the preferences are given. The second one is the Post Keynesian approach, which offers more theoretical tools in order to consider the consumer sovereignty. We will develop more precisely this theory, as Galbraith adheres to this point of view. But this approach is too limited, as it does not include the news characteristics of a knowledge-based economy. This is the reason why we propose to develop the concept of consumption routine in the context of economy of knowledge. As we will present, this concept put in light new explanations of the concept of the dependence effect and consumer sovereignty.

In this paper, we consider that the consumer develops knowledge and routines in order to satisfy his consumption needs. It is precisely because the consumer possesses limited knowledge that he can preserve certain sovereignty. The consumer’s limited rationality leads to building routines in order to protect himself from uncertainty. In this logic, the aim of firms then consists of breaking the routines of consumers in order to change their preferences and behaviors. Firms then develop elaborate strategies and techniques of marketing to influence consumer’s decisions. These problems show that the consumer is not sovereign in the traditional sense of the term. (The consumer is the best judge of his own welfare with stable and given preferences.) On the other hand, the producer is not the agent, which can easily impose his products upon consumers. The relation is interactive and thus makes it necessary to consider that the question of the dependence effect must be reexamined.

**Consumer sovereignty and the dependence effect**

Persky (1993) considers that the concept of consumer sovereignty is a modern concept and seems to be attributed to Hutt: “The consumer is sovereignty when, in his role of citizen, he has not delegated to political institutions for authoritarian use the power which he can exercise socially through his power to demand” (1936, p. 257). It is interesting to note that the notion of power is twice mentioned. The consumer sovereignty is, in fact, the possibility to exercise a sort of power in the market. Galbraith (1958) attacks this myth of consumer sovereignty developed in neoclassical economy, and he criticizes the *American way of life* as follows.

Galbraith stresses that the economy is characterized by a dual aspect. The first aspect concerns business organization, which is not able to influence prices and costs or the behaviors and the choices of consum-
ers. Competing firms, in the neoclassical theory, characterize this market system. But, in the modern economy, this viewpoint is no longer valid, because of the emergence of a new type of firm—the huge corporation. These firms use instruments of power not only to set prices and costs but also to influence the behaviors of consumers. Galbraith points out that the chain of causes and effects does not begin with the consumer but, in the modern economy, very often begins with the producer. This is so because the preferences of the consumer are not given by factors operating outside the economy, such as biological, cultural, or political, but by economic factors—the producer in many cases. It is possible to shape the tastes and wishes of the consumer according to the interests of the producer by advertising and other components of marketing.

The demand is also often determined not by the preferences but by the producers themselves. Galbraith (ibid.) also introduces the concept of the dependence effect or revised sequence in order to explain the role of power in economic life. In *The Affluent Society*, Galbraith denounces a consumer society where the needs are primarily dictated by the production. However, according to the author, the economic system is viable only when the production is done by the satisfaction of the demand, of the sovereign consumer (concept of the dependence effect). This analysis was suggested in an economy in construction and strong growth, applied especially to a mass consumer society, where the urgency of the needs was no longer the important problem to solve. Today, the consumer is confronted with an infinity of products and consumption is no longer urgent. Thus, in a globalized economy, interactive and knowledge-based, the question of the dependence effect and the relevance of the sovereign consumer must be discussed in other contexts. In this way, the real question is, in fact, who exercises the power? Is it the producer or the consumer? Or is it perhaps both?

Briefly, in the neoclassical theory, the consumer is defined by the maximization of his utility. Consequently, optimizing rationality only sums up his behavior. The consumer is endowed with a given set of preferences and complete information in order to make the optimal choice for his consumption. These assumptions about consumer preferences lead to the concept of consumer sovereignty. In the sense that the preferences are given, the goal of a producer is to fulfill them efficiently. Thus, consumption determines production. A consumer could then be considered as sovereign, but as we recall from before, the neoclassical theory does not offer a relevant background in order to analyze our problematic, and the notion of sovereign is simplistic here.
The question of sovereignty and the dependence effect is linked to the question: How do consumers make choices? The Post Keynesian approach offers some explanations about consumer choice (Lavoie, 1994). Six principles aspects sum up the common ground of the Post Keynesian theory of the consumer.

The first is the principle of procedural rationality. This point is very important in our perspective. It suggests that consumers lack perfect knowledge and the capacity to understand information such as the quality or the characteristics of the products. We can then consider that because of the lack of knowledge, consumers are not able to exercise a sort of power. The consumer makes choices by developing rules of thumb, social conventions, and information by general opinions. As Lavoie recalls, “in the case of consumer behaviour, it has long been established by marketing specialists that consumer choice usually involves very simple procedures” (2001, p. 2).

The second is the principle of satiable needs. This one is also important for the consumer sovereignty. In fact, it involves a difference between needs and wants. Needs are the engine of consumer behavior and wants evolve by needs. Producers and marketing agents are more concerned by the wants. They can exercise more power on the consumer by changing wants. In other words, needs give some power to the consumer, but in a modern economy, the part of wants in the consumption is more important and more sensible to advertising.

The third principle is that of separability needs. It allows the consumer to divide the decision-making process with regard to the separable needs. This aspect offers the possibility to make choices without consideration of income or price, but only in considering needs. This leads to the fourth principle, the subordination of needs, which is related to the notion of pyramidal–hierarchy of needs. In the same vein as the second principle, we consider that the producer is better able to impose its products for lifestyle needs than for essential needs.

The fifth principle is the growth of needs. In fact, the consumer always tries to attain new products in order to satisfy higher needs. There are always new needs to be fulfilled. As Gualerzi (1998) suggests, if needs do not exist, the consumer will create them through innovation. In this sense, the consumer has the possibility to search other products and, of course, the producer has included this search behavior in his marketing activities. This also leads to the notion of the dependence effect. The question is, who first exercises the power in consideration of the new product?
The sixth principle, nonindependence, gives some elements to an important aspect of consumption theory—the learning process of the consumer. But, we consider that the Post Keynesian approach does not really include the possibility of learning. This is a neglected aspect in whole consumer theory.

To conclude this part, we suggest that the question of consumer sovereignty and the dependence effect is a concrete one, but that theoretical approaches do not explicitly treat it. We consider that one reason is the neglected dimension of knowledge and learning in consumer theory. In this respect, we propose to develop the concept of consumption routine in order to analyze the interaction between producers and consumers.

**The consumption routine**

We analyze the framework of consumption routine. In order to develop this concept, we first examine the question of rationality and knowledge of the consumer.

*The problematic of consumer rationality*

Rationality relates to three main types: substantive rationality (or perfect rationality), limited rationality, and procedural rationality. These types shape the demand through the consumer’s choice.

In the neoclassical theory, the consumer does not need to have or develop knowledge to consume insofar as complete information is contained in the market prices (Hayek, 1945). Other approaches try to give a less simplified vision of the behavior of the consumer. These approaches constitute “the new economy of the consumer,” in particular, following the seminal work of Becker (1965) and Lancaster (1966a; 1966b) (see also Chiappori and Donni, 2003).

The main assumption of Becker (1965) is comparison of the consumer with a small firm. It is behavior of optimization based on substantive rationality. The utility rises then from “intermediate goods” produced by the household starting from inputs such as commercial goods, the needed time, and the human capital (Stigler and Becker, 1977). The interests of this approach are to underline the role of knowledge in consumption and to introduce a temporal dimension into the consumer behavior. Nevertheless, this notion of knowledge is defined here within the meaning of homogeneous information possessed by all individuals as an element that allows for optimal effectiveness of consumption and production.
Works of Lancaster (1966a; 1966b) introduce the question of the consumer’s choice. By criticizing the assumption of the homogeneity of goods, the author stresses the existence of intrinsic characteristics of alternatives defining the consumer’s choices. It is not so much the goods that determine the utility but rather their attributes.

It is assumed that the consumer is not always capable of understanding the whole of the characteristics of a group of products. Lancaster develops a model based on the relation goods–activities characteristics by introducing the concepts of technology of consumption and activity of consumption. These concepts play a crucial part in obtaining the product, as in the choice of the consumer. The consumer can make an inefficient choice because of a lack of information and insufficient “managerial technique.” This is why consumers do not immediately adopt the products and certain individuals have a propensity to pay for information in order to be more effective.

The assumption of perfect rationality ensures the stability of preferences and maximization of behavior. In this logic, the various assumptions of the traditional model consider that the consumer is the decision maker of his own welfare. Consumption in autonomy is the best choice representing its own utility and interest (Redmond, 2000). Preferences give a sovereign position to the consumer in the sense that they determine the production: “supply quantities . . . from demand quantities . . . and demand quantities do not result from supply quantities” (Walras, 1988, p. 76).

Criticisms of perfect rationality highlight that the choice is context-free except for the budgetary constraint. Simon, for example, indicates that the majority of individuals are only partially rational because of limited informational and cognitive capacity. Simon rejects the idea of omniscient decision maker (homo economicus) by introducing the theory of procedural rationality and limited rationality (Simon, 1955; 2004). According to Mullainathan and Thaler (2000), not only is the rationality of the consumer limited but also his control of intention and his interest.

Based on this theoretical framework, the consumer behavior is based on the process of decision making in an uncertainty context rather than on the result in a stable context. Decisions of the consumer can be influenced by many internal and external factors. Simon (1959) stresses that an individual’s decision is given within the social and historical framework. On one hand, the social and organizational environment of the individual determines the possibilities and the consequences of his decisions and behaviors; on the other hand, the decision also depends on
the experience and the history of the consumer. The cognitive capacity, the knowledge of the consumer, and the social interactions thus play a considerable role in decision making.

Although the theory of limited rationality refutes the perfect “rationality” of the consumer, the goal of this theory is not to show that the consumer behaves in an irrational way. The importance of the concept of limited rationality is that it indeed adds varied constraints that limit the condition, the process, and the result of the behaviors of consumers in a complex and dynamic context. According to this logic, the reason the consumer seeks a satisfactory solution is not because he does not want to find the best solution but because he cannot reach it. The consumer’s choice in this direction is no longer given and stable but, rather, is constructive and adaptive (Hawkins et al., 2001) according to the context and the wishes of the consumer (Simon, 2004; Valente, 2001). Consequently, the consumer can adopt only one acceptable option, which constitutes a form of compromise, as well as in the choice of the goals as in that of the means (Ladwein, 2003).

In an article published in 1938, Galbraith underlines the concept of irrational preference (compared to the traditional notion of rationality) in an imperfect market where the products are identical. According to Galbraith, the consumer’s choice is determined not only by the utility and the budget but is also influenced by time, motivation, knowledge, and social and emotional aspects (Galbraith, 1938). The consumer’s decision is related to other social and economic agents and he cannot be the best “objective” judge for his own welfare. In this way, the traditional notion of the sovereignty of the consumer is not valid any more.

Finally, under the assumption that the consumer has a limited rationality, the question of the concept of consumer sovereignty depends on whether the choice of the consumer reflects the consumer’s real interests and preferences. If the answer is positive, how does a consumer preserve his sovereign position while resisting external influences?

Knowledge, preference, and consumer behavior

Because of limited and contextual rationality, the consumer’s preference is not given and stable. The choice of a consumer is carried out according to a decision-making process and this is gradually built according to the current context of the consumer through deliberative activities (Hawkins et al., 2001). These activities are regarded as a situation of problem solving (Ladwein, 2003). The principle of problem solving is to apprehend the way in which an individual processes data, develops knowledge, and
plans his activity. In this way, information and knowledge play a crucial role in the decision-making process, in the formation of the preference, and in the behavior of consumption (Langlois, 2001; Witt, 2001).

In a global vision, the consumer lives within a given context, a sociocultural dynamics. In this context, consumption has particular characteristics, given by various factors: the legal system of consumption, the structure of distribution, the commercial communication system, the sociocultural codes, and so on. Consumer’s knowledge and behavior are conditioned (Munier and Wang, 2004a; 2004b). Concerning the choice, a consumer must know the characteristics of a certain number of alternatives corresponding to his needs and the access to these alternatives for finally choosing. The resolution of the problem is indeed carried out within a framework conditioned by all of this knowledge plus the characteristics of the consumer, his cognitive capacity, and his personality, for example.

Many research works show that in order to solve the problem of consumption need, the consumer must hold a considerable amount of information. Available information in the environment is not directly exploitable. From the functional approach, the informational process of problem solving is built according to three stages: acquisition, treatment, and interpretation of information (Derbaix and Brée, 2000; Hawkins et al., 2001; Ladwein, 2003; Schiffman and Kanuk, 2000). These informational processes determine, at least partially, the formation of knowledge and, more important, the consumer’s preference. This explains why firms devote a considerable part of expenditures to marketing and advertising in order to influence the consumer’s choice through diffusion of the functional and emotional messages.

In a model of purchasing decision, Valente (2001) shows the influence of knowledge and information on the consumer’s preference. In the model, the knowledge of the consumer means the objective “characteristics” of the products perceived by the consumer; information is a message concerning the emotional and functional characteristics of the products diffused by the advertisement work of the producer. With a limited cognitive capacity, the consumer knows only part of the objective “characteristics” of the products. In the majority of situations, the consumer cannot differentiate the products according to their characteristics. The marketing strategies of the producer are based on this aspect by accentuating certain advantages of his product.

The producer cannot directly define a consumer’s choice. On the other hand, the preference can be effectively influenced by external sources through the informational process of its formation (Derbaix and Brée,
In this way, the consumer’s preferences are not stable. Nevertheless, on one hand, fidelity of consumers for trademarks and for products and, on the other hand, many failures of new products diffusion show that the consumer is able to resist an external influence. In this consideration, the concept of consumption routine plays an important role.

**Consumption routine**

With regard to the consumers and their daily activities of consumption, the decision with regard to problem solving is relatively rare; the majority of decisions are founded on routines that the consumer already follows (Ladwein, 2003). Katona (1951) stresses that the resolution of the problem is developed generally when deviations from usual behaviors appear. The unusual situation can give the individual a strong motivation to start a resolution of problem-solving process. When the consumer does not have appropriate routines, he starts these processes. If these new activities of consumption are satisfactory, they fit quickly into a routine activity.

Thus, Kesting (2004) stresses that the activity of consumption presents a double dimension: cognitive and behavioral. There is also a double nature of consumption activities: conscious and subconscious. That, indeed, reveals the respective roles of decision and routine in the consumption activity.

Strongly related to the concept of the resolution of problems, the decision is based more on cognitive dimension (Kesting, 2004; Ladwein, 2003). As mentioned above, the resolution of problems is an informational and cognitive process to prepare and organize the activities of consumption toward a goal. Consequently, the consumer makes efforts in order to obtain information and to mobilize his knowledge to obtain a satisfactory solution. In this process, the result obtained by the consumer is strongly related to the current context, for example, typology and intensity of consumer’s need, his cognitive capacity, available time, budget, knowledge of the trademarks of a given type of product, and availability and accessibility of information and alternatives. All these conditions can be regarded as the constraints in the procedure of problem solving that influence the decision making.

According to this logic, the problem solving, the decision making, and the formation of preferences are all contextual and more or less conscious and require cognitive efforts to be made by the consumer. Once the solution is considered satisfactory, in a similar context, the consumer will repeat the same consumption behaviors for the same need.
or the same “intention” (Katona, 1951; Kesting, 2004) without an informational and cognitive process of decision. This repetition allows for the formation of the routine.

With the repetition of routines, knowledge becomes increasingly tacit and consumption activities become more unconscious. The tendency for an action to occur functions apart from the intention. Usually, the subject carries out routines. Consequently, the routinized action gets under way by a quasi-automatic mechanism, but not according to an intention of problem solving.

Some studies have shown that routine is an automatic mechanism. By analyzing the operation of the routine, we estimate that the execution of routines relates to automatic physical behaviors, but it is at least partially intentional, especially when the consumer is led to change context and, consequently, according to news uncertainties.

Because of the unconscious nature of the execution of routines, the consumer no longer collects information concerning alternatives. For the same goal in a similar context, the consumer has a fixed “preference” and he mechanically consumes. Certainly, in a dynamic economy, the unconscious execution of routines enables the consumer to economize his capacities of cognition and calculation (Kesting, 2004). If the conditions of purchase are assured, the routine of consumption makes it possible to provide satisfaction without making cognitive efforts. Logically, a consumer thus pays less attention and becomes less sensitive to changes in his environment. But this does not mean that the consumer is completely unconscious. Schneider and Shiffrin (1977) and Marcel (1983) show that when the intensity, quantitative or qualitative, of environmental changes reaches a certain level, the individual’s consciousness then “wakes up.”

With a limited cognitive capacity, changes of the environment mean, at the same time, opportunities and uncertainties for the consumer. In order to evaluate possible opportunities and uncertainty, the individual must start again the process of problem solving. Furthermore, this process does not guarantee the consumer protection against uncertainty. If the consumer perceives that the level of opportunity is too weak or too “expensive” for the cognitive level (the treatment of information sometimes requires financial investments; Shugan, 1980), to remain in the routine is a way that enables him to reduce uncertainty by keeping the satisfactory solution (Becker, 2002). From this point of view, to remain in the routine can indeed be the result of a deliberate process. In this
sense, the consumer decides again to take the routine after a comparison in order to avoid uncertainty. In this direction, the routine makes it possible for the consumer to resist changes and uncertainty, in a conscious or unconscious way.

With regard to our problems, the notion of the consumption routine shows that although the formation of preference can indeed be influenced by disseminated information or social communications, the consumer’s behavior results from his interest despite the existence of external influence. On the other hand, the consumer himself makes the evaluation of the result of consumption activities. A relatively stable preference rises from a certain level of consumer satisfaction. Consumer preference forms part of the routine of consumption and is reinforced by the repetition of the routine (Kesting, 2003).

The routine is closely related to the knowledge of the consumer. Its formation depends on the apprehension of the environment. Its tolerance also depends on sensitivity to the internal and external changes of the consumer. A consumer can be influenced, but, on one hand, he is also capable of resisting certain influences thanks to the stability of his consumption routines; on the other hand, the consumer, through his consumption and his satisfaction, must evaluate all external influences. In this way, we can estimate that, theoretically, the consumer is at least able to keep his sovereign position vis-à-vis the strategies of marketing.

However, within a complex and dynamic context and because of the limited and procedural rationality of the consumer, consumer preference is not given and stable. In this way, the consumer’s satisfaction depends on the level of aspiration and of the consumer knowledge. The context of consumption is determined by several elements, among them the marketing efforts of the producer.

In this direction, on one hand, the producer cannot easily and completely handle the consumer through his marketing works. On the other hand, the consumer is not able to resist any influence of information, formal or abstract, directly or indirectly, coming from the producer. The power of the producer and the sovereignty of the consumer are thus both limited. However, semantically, sovereignty means absolute. “A limited sovereignty” is, in fact, paradoxical. In our problems, we consider that in the context of the dynamic market and especially in an economy based on the creation and the circulation of knowledge, the concept of sovereignty is not really relevant. Production and consumption are interdependent; the importance is indeed their interaction.
The coevolution of production–consumption

The interrelationship of production–consumption

In the preceding development, we showed that the majority of consumption activities are routinized and make it possible for the consumer to economize his cognitive efforts. From this point of view, the study of the production–consumption interaction is based on the nature of the evolution of consumption routines. On one hand, the influence by the production side appears through this change; on the other hand, the nature of change of routines enables the producer to apprehend the need and the aspiration of the consumer and finally to satisfy them.

According to Feldman (2000; 2003), a routine is repeated more or less identically, it is stable. When the routinized activities is confronted with a new level of aspiration that the consumer cannot reach, the dissatisfaction requires a deliberative replanning. This dissatisfaction can arise from internal changes concerning the consumer—for instance, change of income, available time, location of residence, and changes concerning the product or overall the market such as change of price, product accessibility, and diffusion of a new product. We can categorize these changes according to two principal types: context switch of consumption and change of consumer knowledge.

Let us note that these two types of changes are far from being independent. A change must be understood and interpreted by the consumer to be able to modify his behavior. In other words, if a context switch does not lead to a change of knowledge of the consumer, it cannot modify his behavior. The change of consumption behavior could be routinized only if the new behavior assures the satisfaction corresponding to consumer’s aspiration.

On the other side, all the changes of knowledge do not lead to changes in consumption routines. Kesting (2003) considers that the change of routine has an irrational aspect according to three main reasons: first, in order to build a new routine, a consumer must devote time, energy, intelligence, and possibly money to obtain and evaluate information. Second, the execution and the repetition of a new routine are often less effective than the old one. Finally, as for all kinds of change in a context where information is incomplete, the consumer is confronted with uncertainty. In this sense, even if the subject wishes to change his consumption routine, perhaps he does not have enough capacity and knowledge to find and establish a new one that corresponds to the consumer’s aspiration. Moreover, the modification of routine can also be prohibited by an external element, the consumer’s family or the pres-
sure coming from the concept of value of his group of reference (Redmond, 2000).

According to this logic, the formation and the change of consumption routine show the relation between a product, its consumption conditions (price, accessibility, etc.), capacity and knowledge of the consumer, and his aspiration toward the satisfaction of a need through the use of the product. All the elements determining the stability, the changeability, and the effective modification of the routine are based on the knowledge and capacity of the consumer.

The change of routine requires knowledge and sufficient capacities of the consumer. When there is a lack of knowledge and capacity of the consumer and a lack of satisfaction after use, the new routine of consumption cannot be assured. This is the reason why the diffusion of many new products fails despite marketing efforts. In order to reinforce the market and to introduce new products, the producer must disseminate sufficient information according to the structure of the consumer’s knowledge and cognitive capacity. The stability of the consumption routine offers an indicator to understand the structure of consumer’s knowledge and behaviors better. The changeability of the consumption routine also makes it possible to study the interactions between the consumer and the producer. The coherent and dynamic interaction between production and consumption is necessary for economic dynamics when knowledge plays the principal role.

Reexamination of Galbraith’s consumer sovereignty and dependence effect from a coevolutionary perspective

To answer the question of the relevance of the concept of the dependence effect, we have to recall the evolution of the relation between supply and demand. We note that, for a long time, the supply side dominated the market and that, today, things seem to be reversed (Rochefort, 2000). This is a standard system of production where the producer offers one kind of product (black Model T Ford, for example). The producers propose, but the consumers decide. In fact, the variety of products encourages the consumers to consume according to the optional purchase. In a flexibility context, the producer has to take into account the uncertainty of the demand. This is precisely the uncertainty and the problem of variety that lead the producer to internalize permanent interaction between himself and consumers.

Moreover, as Howells (2003) points out implicitly, the consumer is an “evolutionary” entity. Consumption is an active process (Bianchi, 1998) in the direction in which the consumer seeks innovations for satisfying
his needs and his preferences. The consumer thus plays an active part in the competing environment in the shape of agent of interaction (Gualerzi, 1998). Effective consumption patterns require time and resources. This requires the process of learning for consumers (Witt, 2001), which is also reflected in efficient routines (Langlois, 2001; Langlois and Cosgel, 1998).

In recent marketing publications, the phenomenon of multioptionality is underlined (Meffert, 2000). Producers are confronted with a new type of consumer. This rising individualization of consumption leads to a segmentation of markets. Meffert considers that “the multioptional consumer relates to the multidimensional behavioural principles and simultaneous pursues a variety of consumption goals. If this inconsistent consumer behaviour intensifies, a form of paradoxical consumer can evolve. Such buyers constitute a particular problem for management, due to the higher level of behavioural uncertainty . . . and the associated difficulty in anticipating and predicting their preferences and actions” (ibid., p. 70). Consumers are faced with increasing product choices. As a consequence, firms use a variety of marketing strategies to ensure their product is chosen over a competitor’s. To the firm, consumer behavior is also important. In this sense, we can consider in a first phase that consumers demand that the producer take into account their dynamic and uncertain preferences. In this logic, consumers keep a part of sovereignty and the dependence effect is no longer univocal.

In the same vein, Jeppesen (2001) suggests that the consumer is an active individual engaged in production activities, which requires competencies. It is also argued that there exists an end consumer, whose knowledge is a valuable input to production. In this logic, the consumer influences firms’ innovation. We find here the concept developed by Lundvall (1985) with the user of innovation. In certain industries, the consumer also has a real position in order to impose his preference and, of course, his sovereignty.

Production activities offer a variety of choices of products thanks to the development of scientific research. This variety offered plays a role in the selection of the consumption routines. The knowledge of the consumer plays a considerable part in the selection. The consumer is equipped with knowledge through studies, observations, training, accumulation of experiments, and interactive social communications. In fact, the production side and the consumption side remain in an interactive environment where knowledge plays an intermediate role through real communication carried out between the two sides. This communication is established through the codified information concerning the products and the feedback of consumers after their use and evaluation.
The consumer is, in this perspective, considered the king in the interaction with the producer. The phrase “the consumer is king” shows simply that producers are permanently forced to attract new customers. Hence, the producer takes into account not only the functional need but, especially, the imaginary need that expresses the pleasure of consuming. It is through the means of marketing and advertising that the immaterial dimension of the need appears. The functional dimension evolves according to the technological innovation and the increasing consumerism of the ways of life. Since the early 1990s, the profile of the consumer has become that of the consumer entrepreneur. The new technological products attract this consumer entrepreneur.

But, in comparison with the evolution of marketing, would not the king be naked? The segmentation of products (one-to-one) seems to be a kind of hypocritical relationship. In other words, this increasing individualization of product leads to a new form of producer power. Harvey et al. (2001) consider that producers still have to mold consumption via their attempts to estimate and create demand.

The sovereignty is, in fact, precarious in a certain manner. Consumers faced with a variety of products have to create their own identity and therefore “have no choice but to choose” (Giddens, 1991). This point creates a paradox. Firms provide choice, and the right to choose is restricted through firms’ marketing activities because consumers are influenced by social and cultural contexts taken into account by the firms.

Furthermore, we suggest that the dependence effect is no longer relevant in a modern economy based on knowledge. The direction of the relationship is no longer important; interactions are more appropriate to describe the producer–consumer relationship. As Harvey et al. pointed out, “Consumption and production cannot be understood in isolation. Producers attempt to cultivate demand for their products, while consumers seek items which are most appropriate to their current and anticipated activities” (2001, p. 81). Because consumers develop knowledge and routine, they can impose power to face the producer. In another sense, because of the consumer’s limited knowledge and uncertainty, producers also have the possibility to exercise power.

It is clear that there is a variation between the knowledge on both sides. We consider that it is precisely because of this variation that the variety and the evolution of the consumption of products appear. The consumer uses a product in order to reach an ultimate utility corresponding to his needs. With this intention, the consumer uses and develops his knowledge in order to establish the relevant routines that facilitate his life and assure his satisfaction (Langlois, 2001).
Because of cognitive and technical limits, in the majority of cases, the consumer cannot know and understand all the functions of a new product. To some extent, the knowledge of the consumer conditions the real utility of the product. Thus, the consumer knowledge also determines the evolution of the products in the market. Thus, one can consider that the production side and the consumption side take part in the market trends by carrying out the variety and the selection of the products as solutions corresponding to the needs and through the circulation of knowledge between the two sides.

Conclusion

We showed that the question of the sovereignty of the consumer must be reconsidered in light of the recent developments in the field of the economy of knowledge. By supposing that the consumer develops routines insofar as his knowledge is limited implies that the producer is then obliged to set up an important arsenal to impose his product. In other words, and a priori in a paradoxical manner, it is precisely because the knowledge of the consumer is limited that he can preserve a form of power in the market. One can see more clearly here that the relation of the dependence effect is no longer relevant in a knowledge-based economy. The question of the sovereignty of the consumer or that of the producer in a dynamic interaction in which knowledge is crucial and also changes the notion of the dependence effect.

REFERENCES


