

Transparency Strategy and the /-role of the C/O

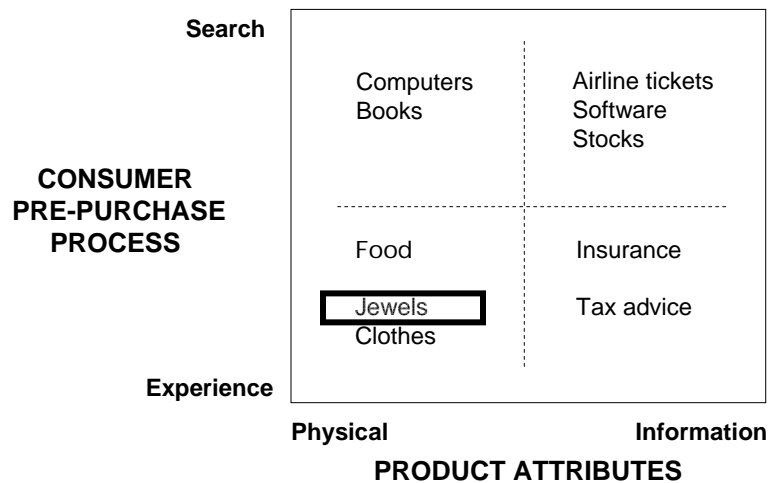
Nelson F. Granados, Ph.D.
Pepperdine University
nelson.granados@pepperdine.edu

THE PROBLEM

Challenge

- The *T* of IT:
"The Internet, per se, will rarely be a competitive advantage."
Porter, HBR, 2001

What is the multi-channel strategy?



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Source: www.bluenile.com, accessed April 1, 2004

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What is the multi-channel strategy?

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Allstate Indemnity <small>Common Driver Program</small>		N/A <small>(Current Insurance Company)</small>	Details
American Family Mutual Insurance Company		\$528	Details

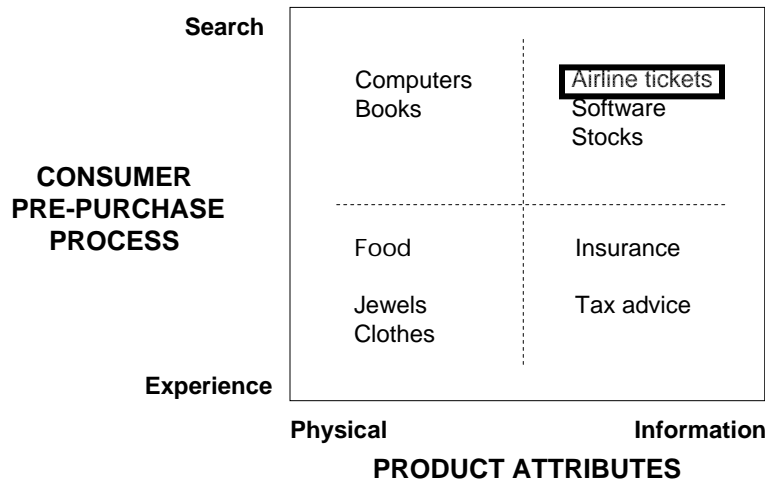
Stability and Size of Company <small>(back to top)</small>	Progressive Direct	State Farm	Allstate	GEICO	American Family
A.M. Best rating	A+*	A++	A+	A++	A
State market share for auto (2004)	10.8%*	22.6%	5.8%	1.2%	14.1%
National market share for auto (2004)	7.3%*	18.3%	11.1%	5.6%	2.2%

Ease of Purchase <small>(back to top)</small>	Progressive Direct	State Farm	Allstate	GEICO	American Family
Are online quotes available?	Yes	Yes	No	Yes	Yes
Does the Web site provide rates for other big-name insurance companies?	Yes	No	No	No	No
Can policies be purchased online?	Yes	Yes	No	Yes	No
Can policies be purchased through a toll-free number 24 hours a day, 7 days a week?	Yes	No	Yes	Yes	No
Can payments be made in installments?	Yes	Yes	Yes	Yes	Yes
Can policies be purchased using a credit card?	Yes	Yes	Yes	Yes	Yes

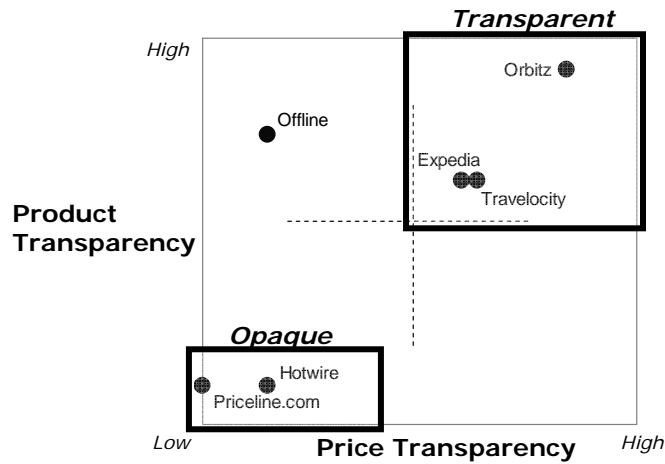
Ease of Customer Service <small>(back to top)</small>	Progressive Direct	State Farm	Allstate	GEICO	American Family
Is there a customer service toll-free number available 24 hours a day, 7 days a week?	Yes	Must call local agent	Yes	Yes	No
Can you make an instant policy change online?	Yes	No	No	Yes	No
Can payments be made online?	Yes	Yes	Yes	Yes	Yes

Ease of Claims <small>(back to top)</small>	Progressive Direct	State Farm	Allstate	GEICO	American Family
Can claims be reported 24 hours a day, 7 days a week via a toll-free number?	Yes	Must call local agent	Yes	Yes	Yes

What is the multi-channel strategy?

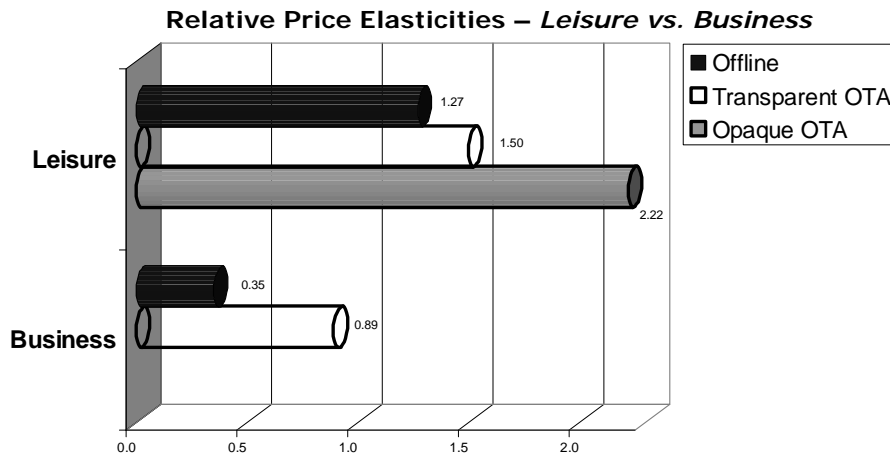


The Internet Enables Competition in the Transparency Dimension



Source: Granados, N.F., Gupta, A., and Kauffman, R.F. "Designing Internet-Based Selling Mechanisms: Multi-Channel Transparency Strategy," *WITS*, Las Vegas, NV, 2005.

Leisure vs. Business



Source: Granados, N.F., Gupta, A., and Kauffman, R.F. "Offline and Online Price Elasticities: Evidence from the Air Travel Industry," *working paper*, 2009.

The Challenges

- The *T* of IT:
"The Internet, per se, will rarely be a competitive advantage."
Porter, HBR, 2001

- The *I* of IT:
"The great paradox of the Internet is that its very benefits—making information widely available; reducing the difficulty of purchasing, marketing, and distribution...—also makes it more difficult for companies to capture those benefits as profits."
Porter, HBR, 2001
 - The positive effect of *product* information
 - *Price* information can lead to price erosion

THE LESSONS

IT Strategy: Information and Technology Strategy

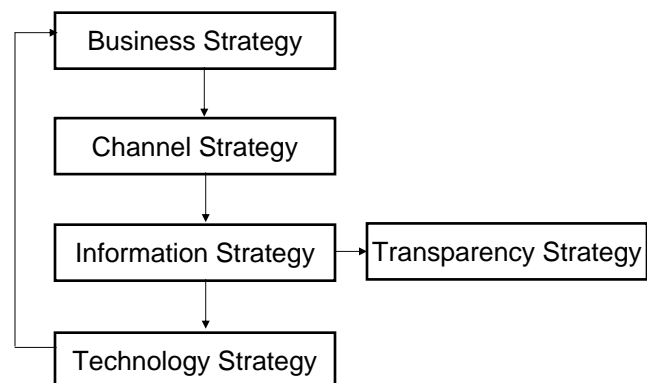
The I of IT: INFORMATION STRATEGY

- Transparency: Differentiate from competitors by strategically disclosing or concealing information.
 - Blue Nile, Hotwire, Orbitz

The T of IT: TECHNOLOGY STRATEGY

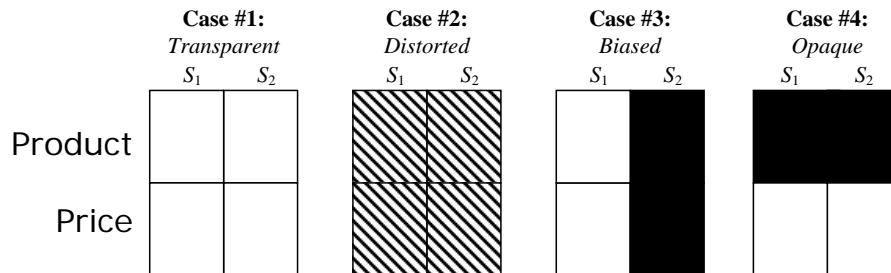
- Develop, use (smartly), or patent digital and search technologies, in line with the i-strategy.
 - Orbitz developed, Blue Nile and Hotwire used

Link between Strategy and IT



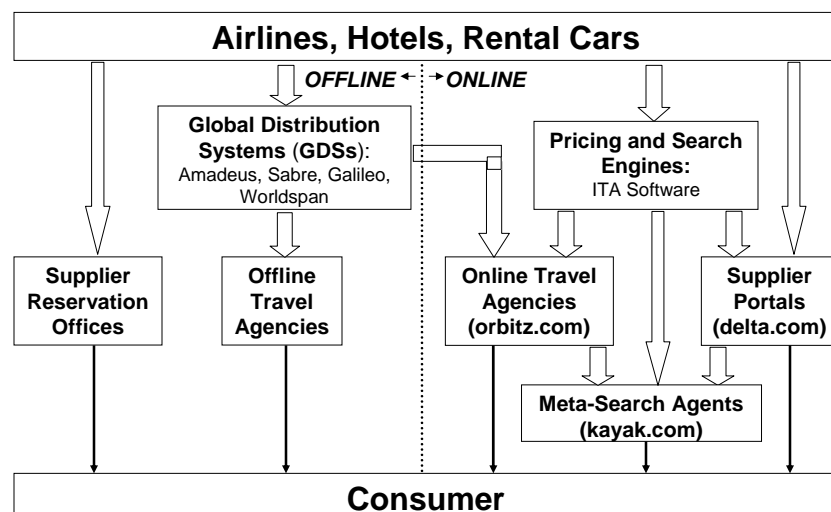
Transparency as a strategic choice

- Transparency strategy: What information do I disclose and to whom?

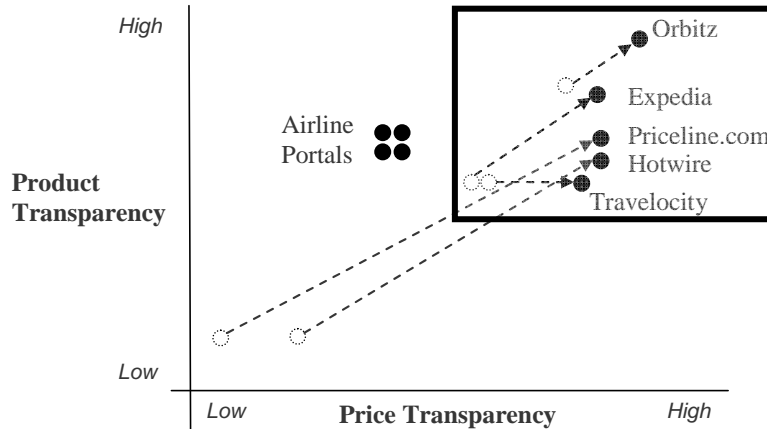


Source: Granados, N.F. Ph.D. Dissertation, University of Minnesota, 2006.

Orbitz Strategy: Industry Impacts

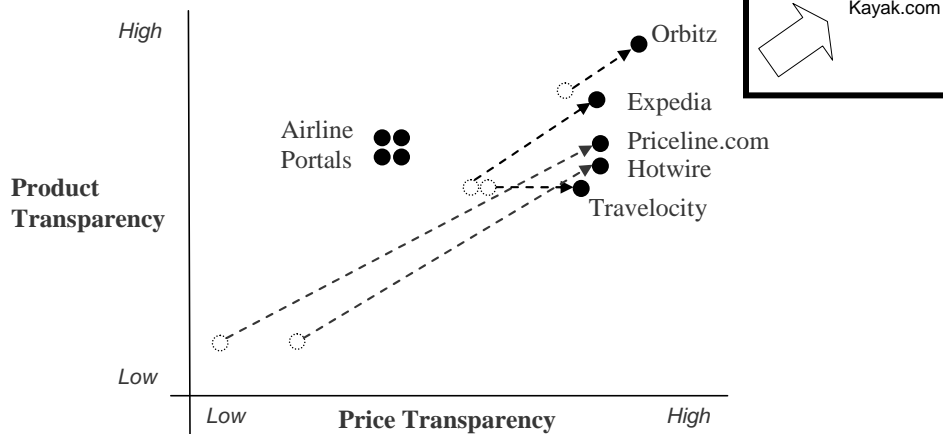


Air Travel: Transparency Design Game



Source: Granados, N.F., Gupta, A., and Kauffman, R.F. "The Impact of IT on Market Information and Transparency: A Unified Theoretical Framework," *Journal of the Association for IS*, March 2006.

Air Travel: Transparency Design Game



Source: Granados, N.F., Kauffman, R.F., and King, B. "How has Electronic Travel Distribution been Transformed? A Test of the Theory of Newly-Vulnerable Markets," *Journal of MIS*, 2008, 25(2), 73-95

SUMMARY

- Develop a transparency strategy and an IT strategy that supports the business strategy.

- Understand the long-term trends in the industry to strategize accordingly
 - Transparency developments
 - Technological developments

APPENDIX

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Non-stop Economy | 2hr 4min | Airbus A320 | View seats

Return **Thu, Mar 30** **United Airlines 667**

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www.hotwire.com, April 3, 2004

Source: Granados, N.F., Gupta, A., and Kauffman, R.F. "Transparency Strategy in Internet-Based Selling," in *Advances in the Economics of Information Systems* (Ed. K. Tomak, UT Texas, Austin), Idea Group, Publishing, PA, 2005.

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		Continue >
\$169 roundtrip per person	FlexSaver Fare	
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Afternoon return departure Thu, Mar 30 not a red-eye	New York City (LGA) to Chicago (ORD) 0 - 1 Stops	Hotwire Airline Supplier
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\$184 roundtrip per person	Regular Fare	
12:55PM outbound departure Thu, Mar 23 arrives 4:03PM duration: 2hr 8min	Chicago (ORD) to New York City (LGA) Nonstop	 United flight 682
6:00AM return departure Thu, Mar 30 arrives 7:30AM duration: 2hr 30min	New York City (LGA) to Chicago (ORD) Nonstop	 United flight 667
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A Letter from the Publisher

Though a mail election is always a monstrous idea, even in the Third World of the Roman Catholic Church, it is not an ideal one. To report on the background of Poland's John Paul II, and to assess the impact of his former paragon, I first dispatched Washington Correspondent Gregory Werczycki to Cracow.

It was like a summons home for the 43-year-old son of one of Poland's most distinguished poets. Werczycki was born in Warsaw only 21 months before the Germans invaded. Though he left his homeland in 1966 for Scotland and, seven years later, the United States, he has returned to Poland often, and family members proved to be great sources on this particular story.

"Before leaving Washington," recalls Werczycki, "I introduced my mother, who had met the then Bishop of Wroclaw several times with my parents from the home." Later in Warsaw, Werczycki sought out his brother and questioned him about their alleged ties. "I visited my brother in the mountains that will be week had served as Wroclaw's home, and found his name and phone number as an apparently ill quality noted. I will speak Polish," Werczycki says, "which was enormous help in conducting interviews and getting around. I also helped me

understand and share the emotion of the Poles as they talked about their... Pope Poland is a inherently proud and patriotic country, and no greater recognition can come to this nation than to have one of its own made Bishop of Rome. More than once, I felt tears well up as people told of their joy but also of their sadness over the loss of a friend. Cardinal Wroclaw was truly loved here."

Werczycki was especially moved when he read some unpublished poems of John Paul II, who had known Wroclaw's father and admired his poetry. The theme of the Pope's verse, Werczycki reports, is Poland, and it says of his powerful attachment to this country and its people: "It is the kind of attachment that has enabled this country to survive devastating wars and centuries of occupation."

Our 30th anniversary throughout the world contributed to this week's cover story, written by Associate Editor Richard Chilling, and the box on Communism and the church, written by Associate Editor Marie Mays. With this cover package, I feel happy in lack of missing and interpreted in the name of Pope John Paul II, Werczycki, however, already feels strongly about his fellow Pole. "He's a south coast, serious, realistic, and warm man," judges our man in Cracow.

"He'll make a great Pope."

John A. Meyer
Cover Photograph by Arthur Masi - Observative Roman

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96 American Scene Work of our artist Robert Rauschenberg is a study in color and light. He is a pioneer in the use of color in abstract painting.	100 Arts A personal work of the artist Robert Rauschenberg is a study in color and light. He is a pioneer in the use of color in abstract painting.	102 Books A personal work of the artist Robert Rauschenberg is a study in color and light. He is a pioneer in the use of color in abstract painting.	104 Television A personal work of the artist Robert Rauschenberg is a study in color and light. He is a pioneer in the use of color in abstract painting.	106 Lectures A personal work of the artist Robert Rauschenberg is a study in color and light. He is a pioneer in the use of color in abstract painting.	108 115 Pages A personal work of the artist Robert Rauschenberg is a study in color and light. He is a pioneer in the use of color in abstract painting.

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