

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

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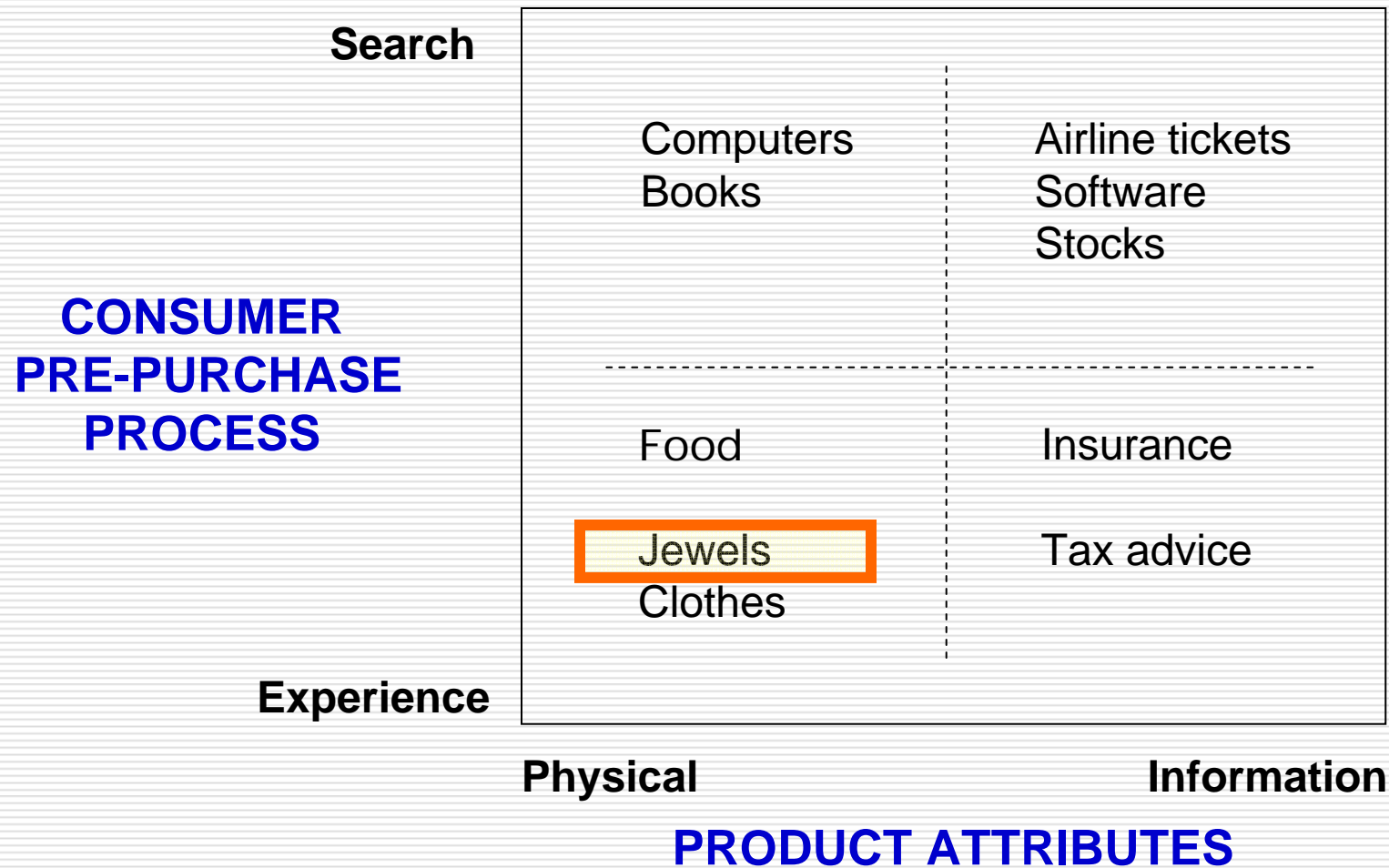
THE PROBLEM



Challenge

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

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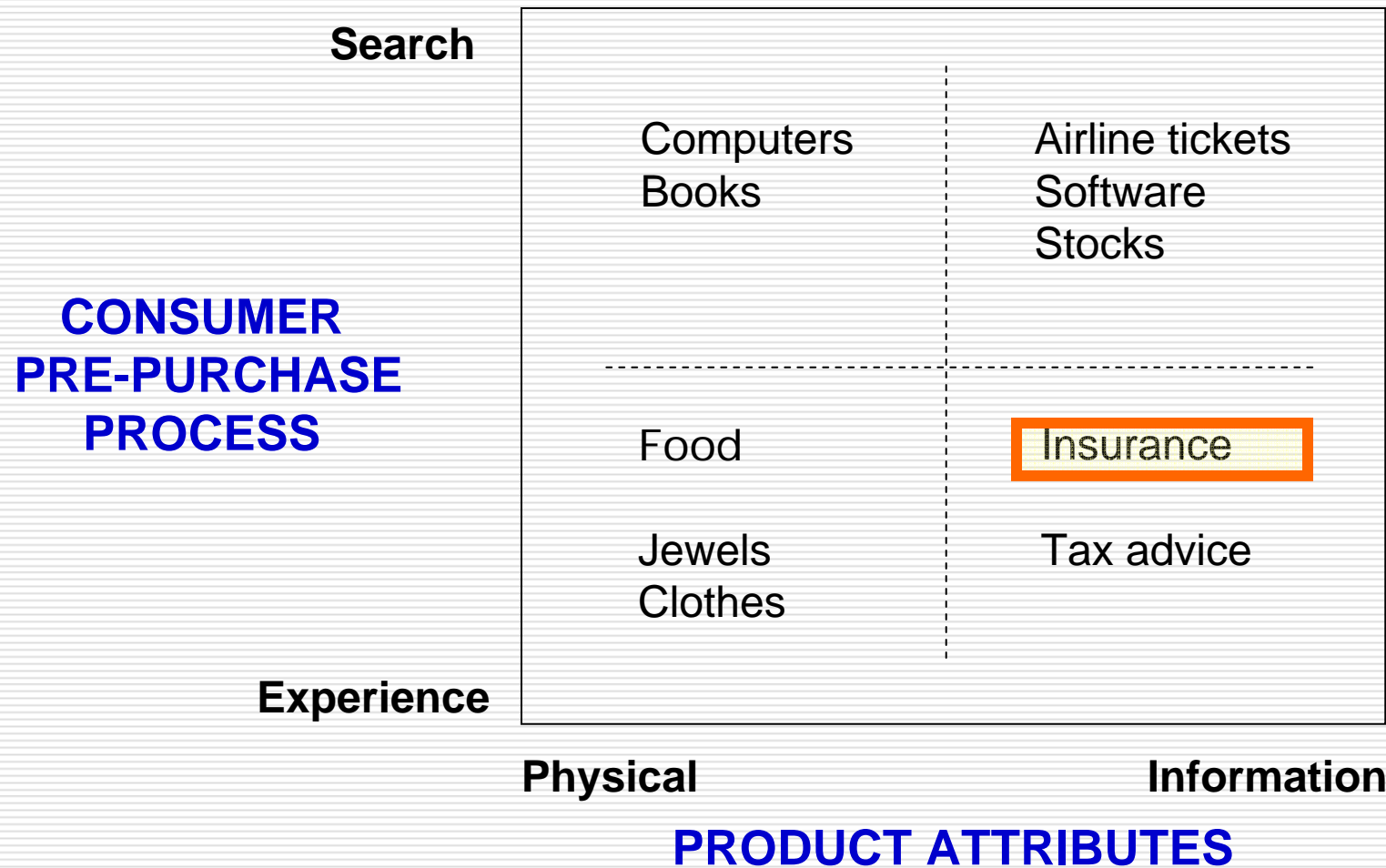
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Source: www.bluenile.com, accessed April 1, 2004

What is the multi-channel strategy?

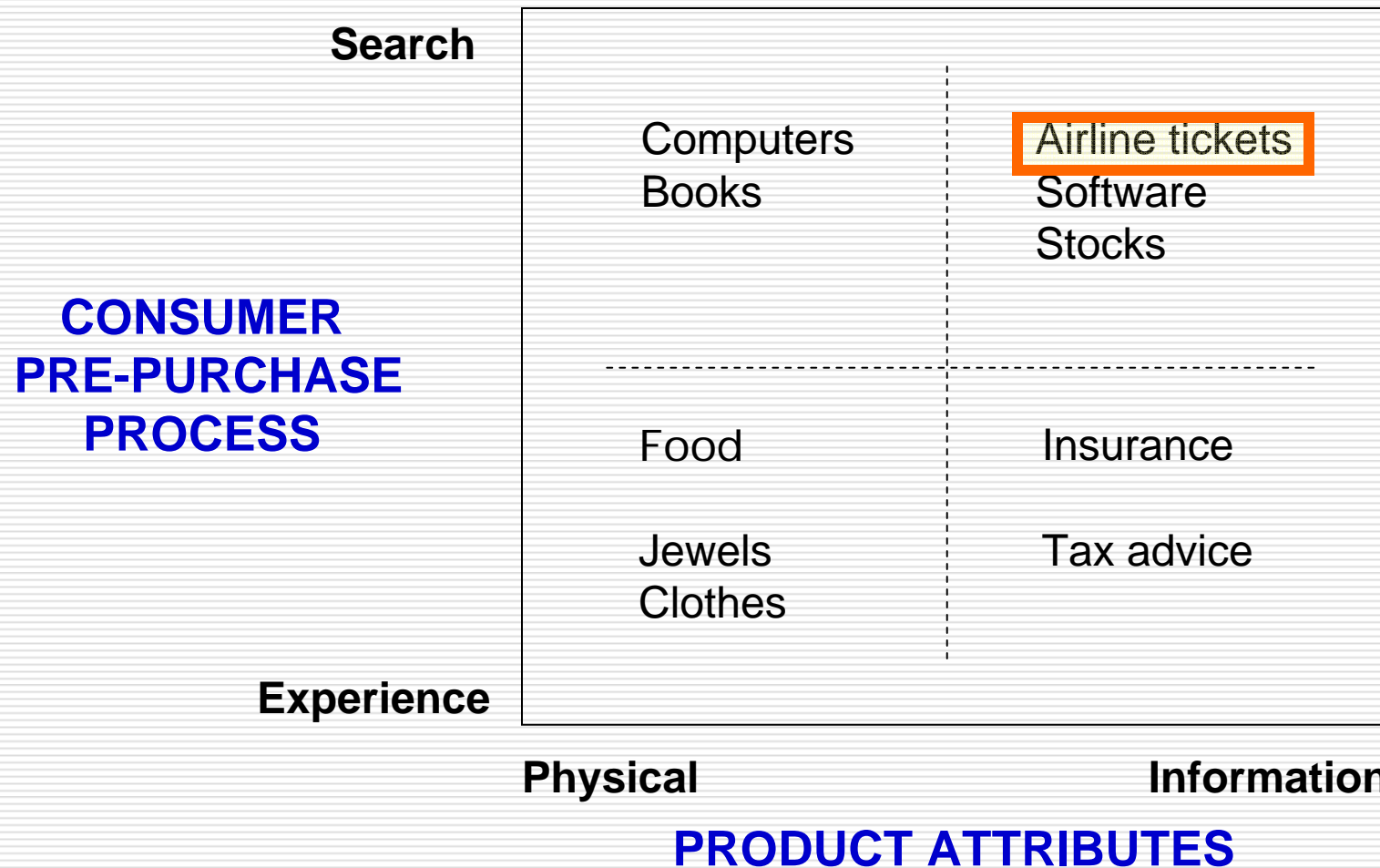


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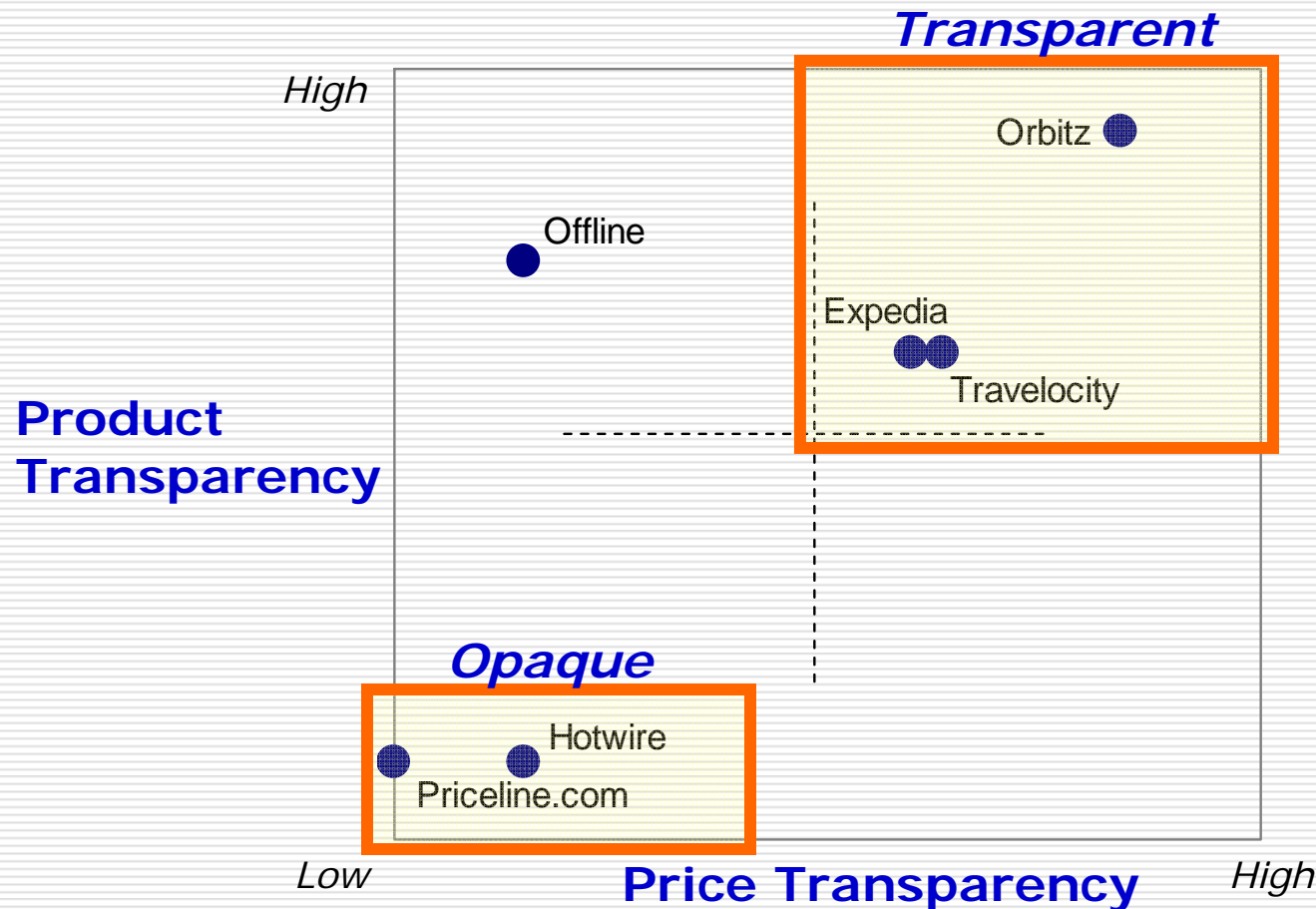
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Allstate Property & Casualty Best Driver Program		N/A (Current Insurance Company)	Details
Allstate Indemnity Common Driver Program		N/A (Current Insurance Company)	Details
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Stability and Size of Company (back to top)	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 (back to top)	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 (back to top)	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
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Can payments be made online?	Yes	Yes	Yes	Yes	Yes
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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?



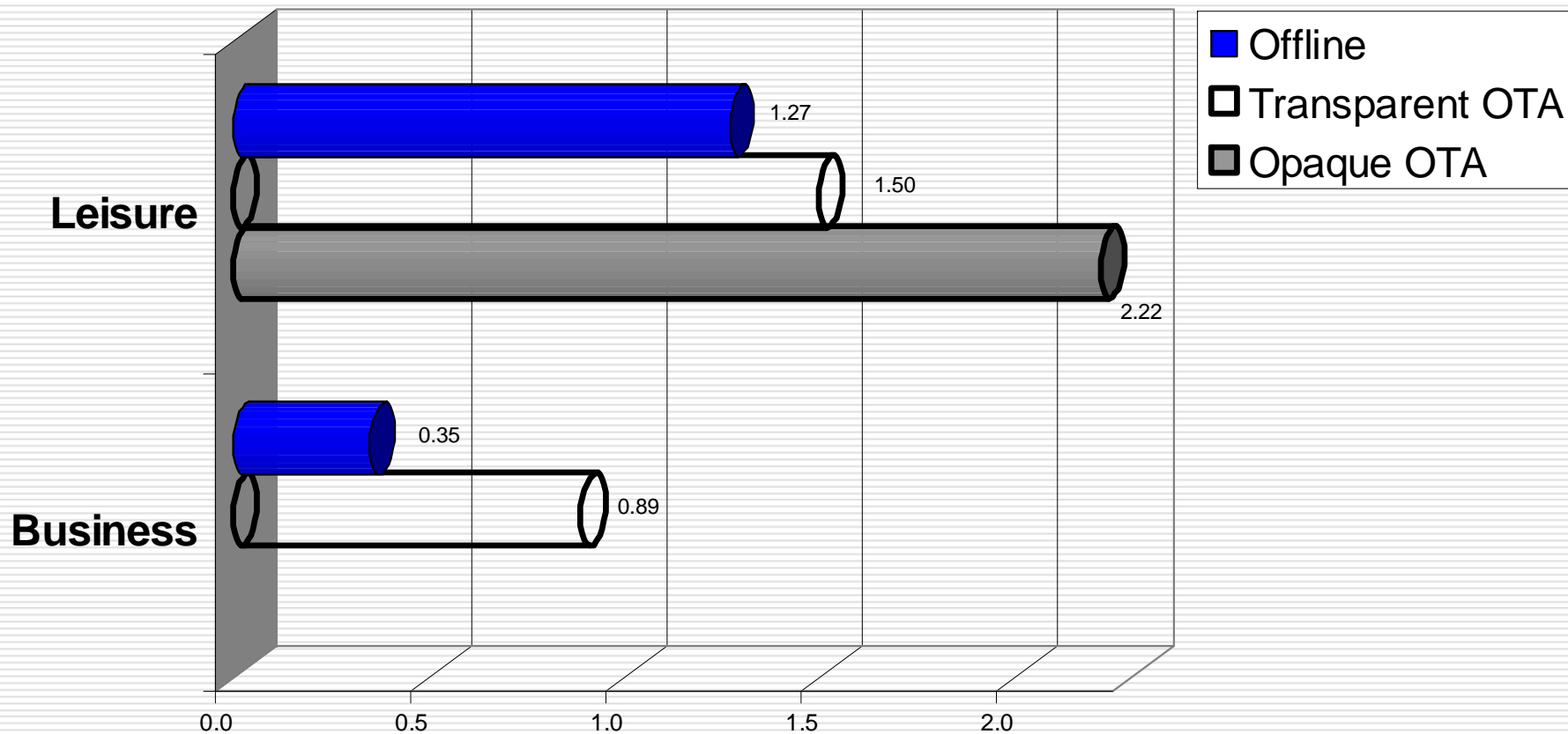
The Internet Enables Competition in the Transparency Dimension



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

Relative Price Elasticities – *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

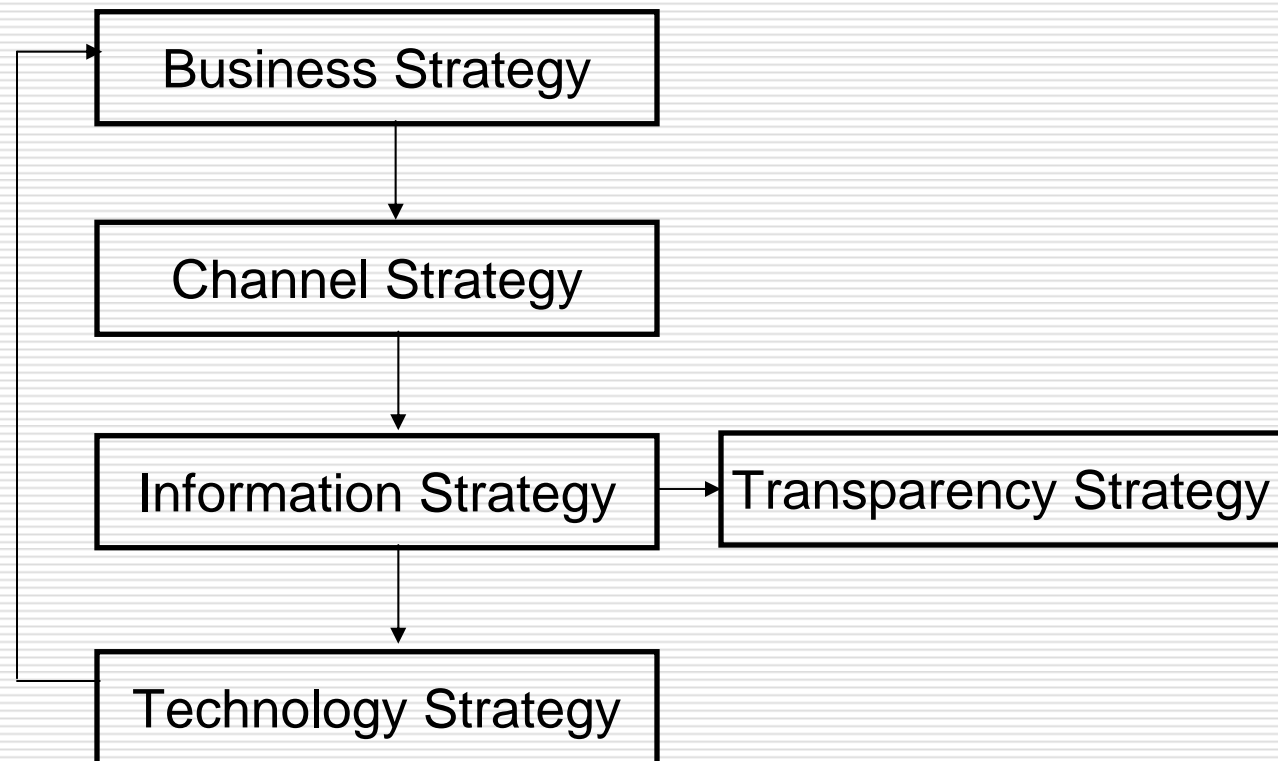
The I of IT: INFORMATION STRATEGY

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

The T of IT: TECHNOLOGY STRATEGY

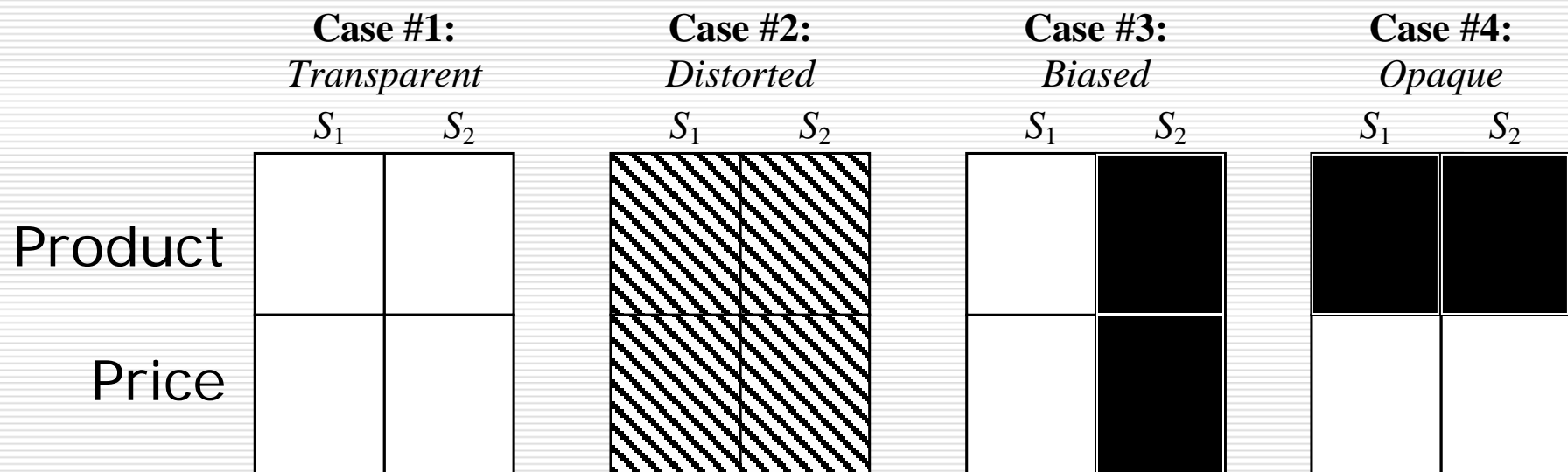
- Develop, use (smartly), or patent digital and search technologies, in line with the i-strategy.
 - Orbitz developed, Blue Nile and Hotwire used

Link between Strategy and IT



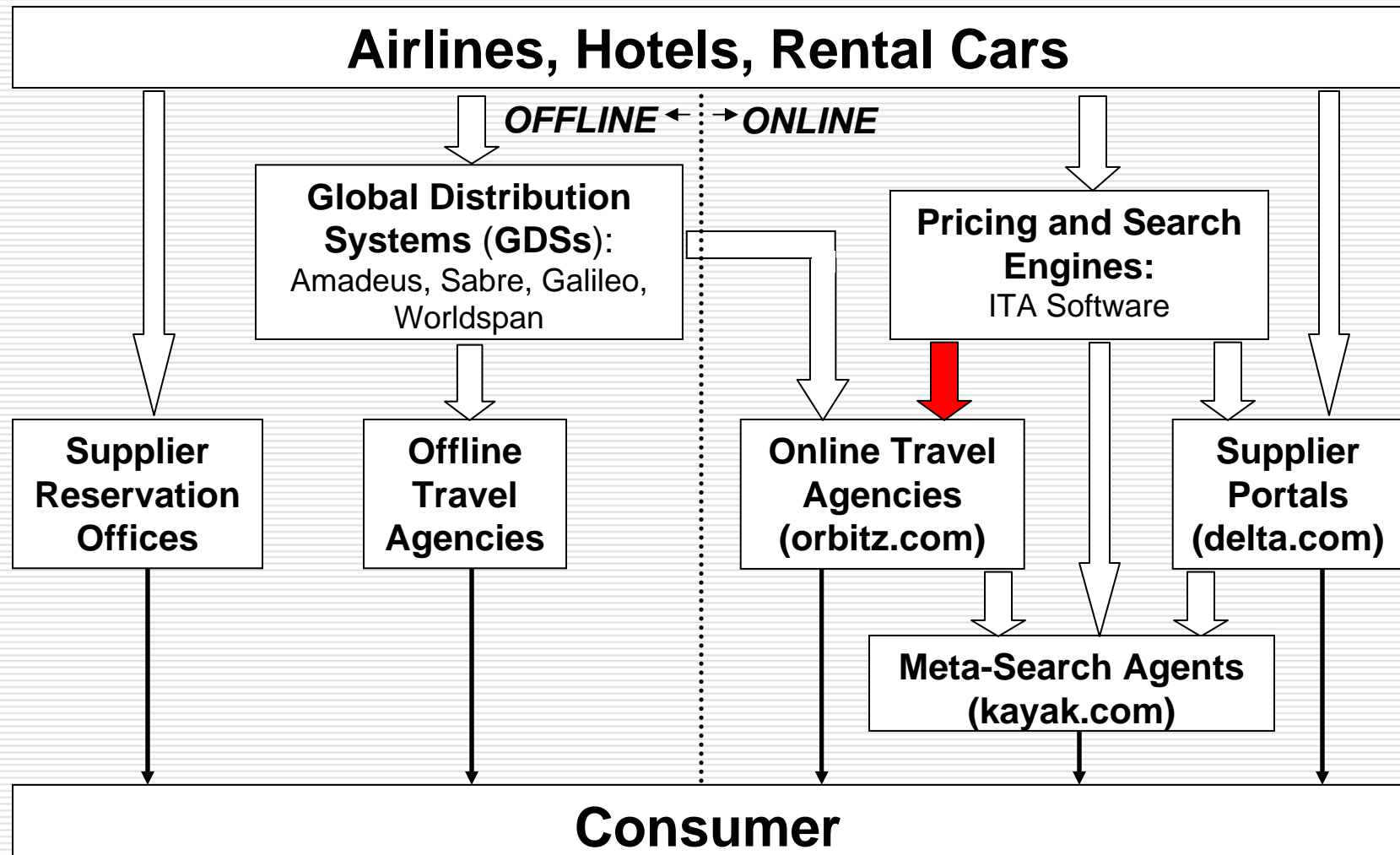
Transparency as a strategic choice

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

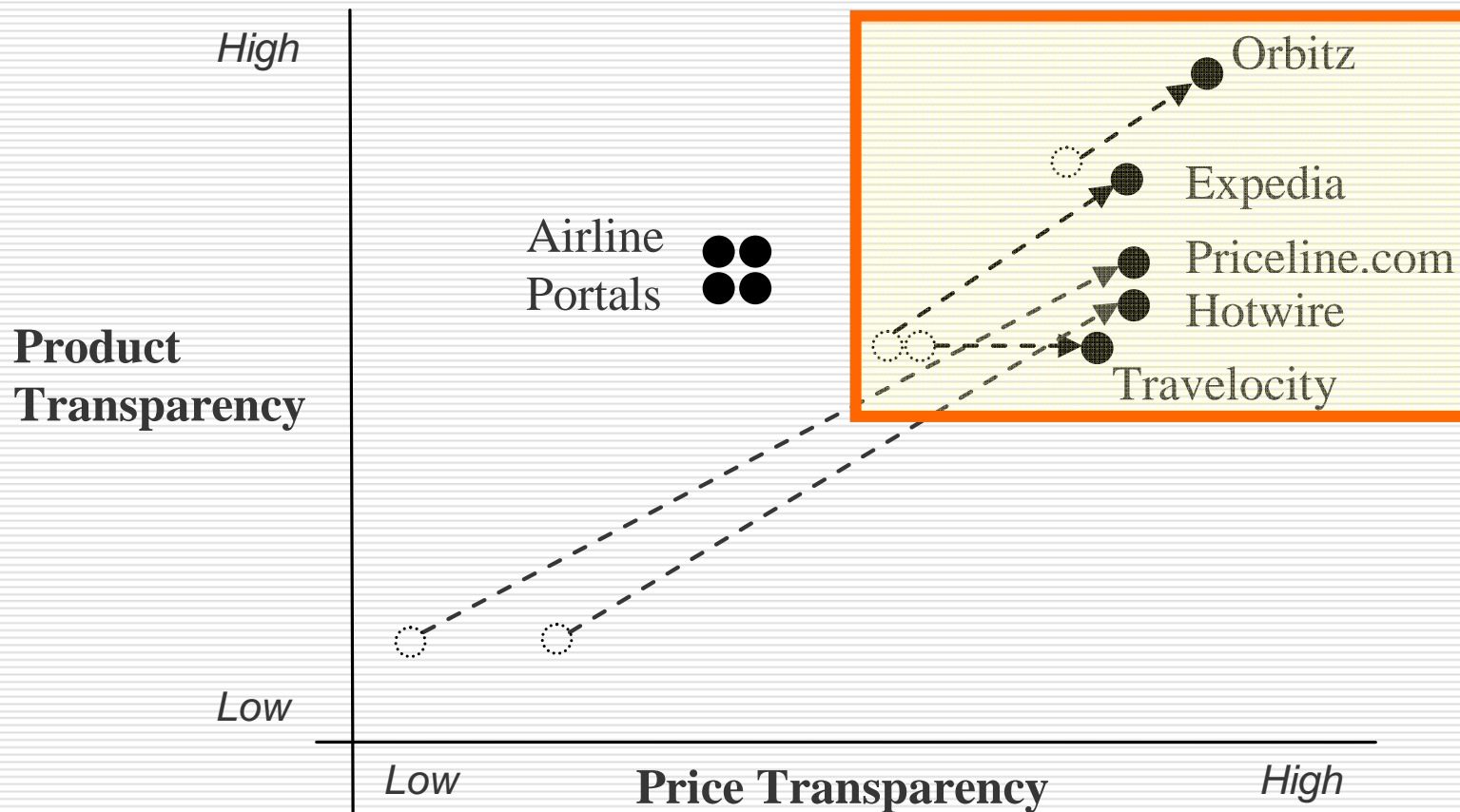


Source: Granados, N.F, Ph.D. Dissertation, University of Minnesota, 2006.

Orbitz Strategy: Industry Impacts

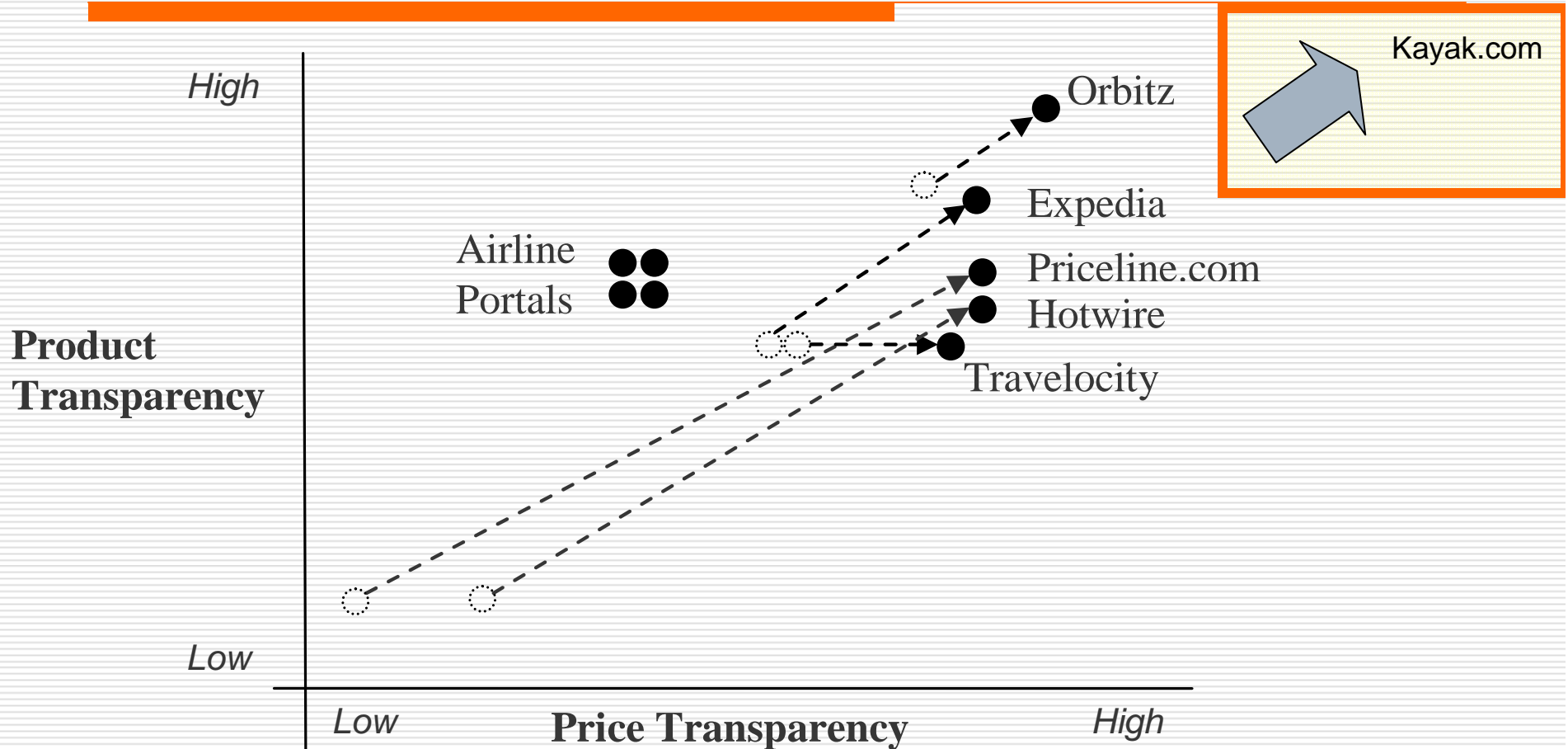


Air Travel: Transparency Design Game



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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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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TIME

OCTOBER 30, 1978 Vol. 112 No. 18 THE WEEKLY NEWSMAGAZINE

A Letter from the Publisher

Though a papal election is always a momentous news event, the surprising selection of Karol Cardinal Wojtyla last week as the 264th Pontiff of the Roman Catholic Church attracted exceptional interest. To report on the background of Polish-born John Paul II, and to assess the reactions of his former parishioners, TIME dispatched Washington Correspondent Gregory Wierzyński to Cracow.



Greg Wierzyński

It was like a summons home for the 13-year veteran of Time Inc. Son of one of Poland's most distinguished poets, Wierzyński was born in Warsaw only 2½ months before the Germans invaded. Though he left his homeland in 1946 for Switzerland and, seven years later, the United States, he has returned to Poland often, and family members proved to be good sources on this particular story. "Before leaving Washington," recalls Wierzyński, "I debriefed my mother, who had met the then Bishop Wojtyla several times while my parents lived in Rome." Later, in Warsaw, Wierzyński sought out his brother and questioned him while they sipped tea.

Once in Cracow, he stopped by the mansion that until last week had served as Wojtyla's home, and found its nuns and priests hospitable—an opportunity he quickly seized. "I still speak Polish," Wierzyński says, "which was an enormous help in conducting interviews and getting around. It also helped me

understand and share the emotion of the Poles as they talked about their—our—Pope. Poland is a stubbornly 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 Wojtyla was truly loved here."

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

Our 30 bureaus throughout the world contributed to this week's cover story, written by Associate Editor Richard Ostling, and the box on Communism and the church, written by Associate Editor Maya Mohr. With this cover package, TIME begins its task of recording and interpreting the reign of Pope John Paul II. Wierzyński, however, already feels strongly about his fellow Pole: "He's a tough, compassionate, realistic and warm man." "He'll make a great Pope."

John C. Meyers

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Cover: Photograph by Arturo Maci *Osservatore Romano*

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