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Towards a typology of transparency for marketing management research

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Abstract

This paper explores and extends the concept of transparency, as transparency-related terminology in marketing management research is limited in its typological development. Building on previous research, it outlines four types of transparency and extends them by adding three related facets. The four types are: cost transparency, supply transparency, organizational transparency and technological transparency. The expanded concept of transparency is discussed and analyzed using four illustrations, based on case studies conducted at two focal firms in the Swedish manufacturing industry. The study contributes to the field of marketing management research by showing the interrelatedness of information technology exploitation, trust and transparency. In addition, the study highlights the dynamic aspects of the transparency concept. In contrast to results of former studies, the present findings indicate that increased transparency in buyer–supplier relationships brings about not only positive, but also some negative effects.

Keywords: Transparency; Typology; Buyer–supplier relationships; Trust; Information technology

1. Introduction

For some years now, exploitation of information technology has been discussed as an influence on the way in which businesses conduct marketing and purchasing activities in a business-to-business context. The question of how information technology should be exploited is thought to be one of the most important current concerns among marketing and supply managers. The reason for this interest and concern is, of course, the gains in efficiency and decreased costs of information, communication, distribution and transactions that are associated with exploitation of information technology.The research question that has guided us in our study is: How does increased transparency enabled by information technology affects buyer–supplier relationships? Our objective is to facilitate theoretical understanding as well as to outline a framework of practical relevance. In this paper, we aim to expand the concept of transparency and to propose a transparency typology for marketing management research. Moreover, the framework outlined here is applicable not only to descriptions of transparency enabled by information technology, but also to descriptions of transparency in general.

There is a large body of scholarly work contributing to our understanding of marketing practice and marketing management. However, studies addressing transparency in this context are few (Eggert & Helm, 2003). We may turn to economics to see how transparency has been dealt with in previous research. In price theory, transparency has traditionally been seen as a way to improve market quality. Here, complete transparency is an attribute of what is called perfect competition (e.g., Stiegler, 1966). In transaction cost economics, scholars have focused on how costs associated with market imperfection may be dealt with (e.g., Williamson, 1981). In fact, much of the research on e-markets and e-marketing applies the transaction cost perspective when describing the driving forces behind and the benefits of exploiting information technology for marketing purposes (e.g., Malone, Yates, & Benjamin, 1987). Here, transparency seems to be a way of enabling decreased transaction costs, for example, the costs of searching for suitable suppliers or customers and of making comparisons between alternative offers.

The exploitation of information technology has given new energy to discussions of transparency and related issues. Here, transparency is defined as the ability to 'see through' and to share information that is usually not shared between two business

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partners (Lamming, Caldwell, Harrison, & Phillips, 2001). The promise shown by e-enabled businesses and e-based techniques, such as e-auctions, has emphasized the role of transparency. However, it is our belief that the existing research on transparency in business marketing research has failed to present a coherent set of concepts that more generally describe the phenomenon of transparency in business relationships. The typology proposed here contributes to constructing such a set of concepts. The proposed typology stresses the notion that there are more aspects of a relationship to 'see through' and that concepts of transparency have many facets. It is evident that both the concern with and interest in transparency have grown thanks to the augmentation of information technology applications in marketing and purchasing activities. Our study shows that issues of transparency, trust and information technology exploitation are largely interrelated. In contrast to the results of former studies, our findings indicate that increased transparency in buyer–supplier relationships brings about not only positive, but also some negative effects.

2. Theoretical framework

2.1. Previous research on information technology and transparency

An examination of previous research on the effects of information technology, within the area of industrial marketing and purchasing, reveals, among other things, studies on different aspects of information technology adoption (e.g., Laage-Hellman & Gadde, 1996; Raymond & Blili, 1997), studies on the effects on purchasing (e.g., Brenner & Hamm, 1996; de Boer, Harink, & Heijboer, 2002) and studies on channel management and electronic B2B auctions (e.g., Emiliani, 2000; Sashi & O'Leary, 2002). In this context, however, there are few studies focused on transparency (Eggert & Helm, 2003), though the idea of sharing information is not new. The specific concept of supply chain visibility has been the focus of a few studies in the literature on supply chain integration. There is, for example, a distinct line of research on data-sharing concepts such as VMI (Vendor Managed Inventory) (e.g., Cheung & Lee, 2002) and ECR (Efficient Consumer Response) (e.g., Alvarado & Kotzab, 2001), which deal with visibility issues.

Within the area of industrial marketing and purchasing, the concept of transparency has previously been elaborated both in terms of cost transparency and value transparency (Lamming et al., 2001; Lamming, Phillips, & Caldwell, 2002). In studies on lean supply, cost transparency has been defined as the sharing of costing information between customer and supplier, including data that would traditionally be kept secret by each party, for use in negotiations (Lamming, 1993 p., 214). Our efforts will rely, to some extent, on the work of Lamming et al. (2001). We will also consider the more recent findings on transparency in business relationships presented by Eggert and Helm (2003). Before outlining our proposed framework for transparency in marketing management research, we wish to point out that the concept of transparency has also been developed in other research fields related to business marketing research. For example, contributions to a broader understanding have been made in consumer marketing (e.g., Sinha, 2000) and corporate communication (e.g., Christensen, 2002). In addition, though not explicitly addressing transparency, the discussion on the "line of visibility" concept from services marketing deals basically with the issue of transparency (e.g., Lovelock, Lewis, & Vandermerve, 1999). In all cases, the key characteristic seems to be the ability to 'see through' something and to share information that is not usually shared. Eggert and Helm (2003, p. 103), taking the interaction approach, note that relationship transparency may be defined as an individual's subjective perception of being informed about the relevant actions and properties of the other party in the interaction. In some of their previous work, an assumption that reciprocity is a necessary condition for attaining transparency seems to have been made. Among other things, this view will be challenged in the following sections.

2.2. Trust and buyer–supplier relationships

Within the field of business-to-business marketing, there seems to be consensus on the specific characteristics of industrial markets that make relationships, adaptations, interaction, trust and commitment central concepts (e.g., Ford, 2001). In general, the literature on marketing management has long had a strong focus on the nature and formation of buyer–supplier relationships (e.g., Dwyer, Schurr, & Oh, 1987; Ford, 1980) and on relationship marketing (e.g., Blois, 1998; Morgan & Hunt, 1994). For example, Morgan and Hunt (1994) show that trust and commitment are key elements of a relationship, as they encourage investments and help firms resist taking advantage of short-term benefits and acting opportunistically with regard to a business partner. In addition, Ford (1980) argues that the formation of buyer–supplier relationships occurs in phases, during which level of commitment, adaptation and long-term orientation increase. In fact, the sheer numbers of studies on the benefits and importance of close relationships show clearly that close relationships are positive, just as former studies have considered transparency to be beneficial. More recently, however, a few studies have pointed to problems associated with close relationships (Håkansson & Ford, 2002; Håkansson & Snehota, 1998).

In buyer–supplier relationships where transparency is developing or where one or both parties are aiming for an increased level of transparency, having trust in the business partner you share information with would seem to be essential. In fact, because sharing information and having trust are so interrelated, trust has been an important theme in previous studies on transparency, for example, studies concerning transaction cost economics and the existence of and problems related to opportunism (e.g., Lamming et al., 2001). The nature and determinants of trust have attracted considerable research attention during the past decade (e.g., Anderson & Narus, 1990; Doney & Cannon, 1997; Ganesan, 1994; Morgan & Hunt, 1994). With respect to transparency in buyer–supplier relationships, a suitable definition of trust is that outlined by Anderson and Narus (1990, p. 45): "the firm's belief that another company will perform actions that will result in positive outcomes for the firm, as well as not take unexpected actions that would result in negative outcomes for the firm". Stylistic flaws notwithstanding, this definition stresses the underlying principle that if a firm does not rely on its business