

Buying Power

Interview with John Hagel,
author of *Net Gain* and *Net Worth*
by
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Attack or be Attacked

- "...lower transaction costs online are forcing every business to "unbundle" its activities and decide whether it's in the business of customer relationships, product innovation or infrastructure services."
- Especially lower search costs for consumers

Follow the Data

- "The key is the ability to capture information about customers and to use that information for commercial purposes."
- "That becomes the key economic asset."
- "There are many new kinds of intermediaries that may capture it before you do."
- You need to get more value from your data than others do.

Customer Willingness

- The key is building trust
 - any information you give me is going to be used to generate value for you.
- More kinds of economic transactions are going to drive information capture.
 - Frequent-flier programs are the classic example.

Search Costs

- The radical shift in bargaining power is the most fundamental event being shaped by electronic commerce.
- The consumers' cost of searching for price and product information is dropping dramatically.
- Information is the key driver in negotiations.

Backlash by Vendors

- “Electronic commerce is unfolding at a much more rapid pace than most people expected.”
- Some vendors adopt a fortress mentality.
- “The real opportunity is to think in much more aggressive, growth terms.”
- “Do unto others before they do unto you.”

Benefits for Small Firms

- “Small businesses there today will either rapidly become big businesses, or they will fall by the wayside through merger and acquisition or just dropping out.”

Historical Analogies

- “I haven't found anything in recent history...”
- “If you look at the leaders in an industry before a particular technology innovation and then look at the leaders 10 or 15 years after the discontinuity has occurred, you see a completely different list of names.”
- “It's difficult in advance to predict where this is all headed.”
