

Oanda: Transparency as Marketing Strategy

Oanda¹ is a foreign exchange trading company headquartered in Toronto, Canada. It is unique among financial firms in its industry. The company is highly transparent, treats all investors equally, and gives away a lot of valuable information for free.

Oanda is also highly respected, trusted, and considered a pioneer in the industry. In its own words, from their web site listing of innovations is the first:

"We're engineers, not marketers, with a long history of innovative market firsts.

As the Web became widespread back in 1995, we were the first to make comprehensive currency exchange information available over the Internet. Since then, "OANDA Rate®" has become the touchstone for corporations, tax authorities, auditing firms and even central banks. Today more than 35,000 organizations worldwide — including many Fortune 500 companies—rely on us, making OANDA Rates available internally and on their Web sites through our ASP services. And oanda.com continues to be ranked number one for currency exchange information..."²

Their writing seems a contradiction: "Engineers, not marketers", but with "a long history of innovative market firsts". If marketing is about bringing products and services to customers who need and want them, then Oanda is really a very good marketer: They provide high value to customers and continue to listen to their customers by innovating new value for them.

Transparency

Oanda is among a handful of companies who have a policy and practice of substantial transparency. Most businesses are run on the principle of privacy and secrecy, for the reason of competitive advantage. Oanda's 10th claimed innovation is about its transparency:

"OANDA takes transparency to a new level: in the way we do business, and through the more efficient and equitable window into forex trading we offer our clients.



1 <http://oanda.com>

2 <http://www.oanda.com/corp/story/innovations>

We are the only market maker to publish graphical spread statistics, open order summary statistics and client entry price statistics: critical market intelligence, aggregated from a large sample of active traders.

Only OANDA has an open forum where traders can publish their insights, questions, comments and complaints for the world to see. We allow clients and non-clients to post messages without fear of having them deleted. You can read all of them on the OANDA forums (no need to register or open an account).

We'd be the first to admit that the postings aren't always flattering, but *what do our competitors have to fear from open and frank discussion?*"³

Oanda may be nearly unique in the finance industry, but some other for-profit companies around the world are similarly open and transparent. For example, Ricola⁴, a private, family owned manufacturer of herb throat candies in Switzerland, gives away their candy recipe openly and freely on their web site. In business since 1930, the company had sales in 2009 of CHF 316 million⁵ (US\$ 375 million when converted with Oanda's free currency converter).

To be clear: Ricola generates nearly a third of a billion dollars in sales world-wide from the sale of little throat candies, the recipe for which it gives away for free on its web site⁶

On top of this, Ricola's product displays are at grocery checkout counters and prominently displayed in pharmacies around the world - and they seem to have little competition.

Secrecy

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3 Ibid.

4 <http://ricola.com>

5 <http://genevalunch.com/blog/2010/05/20/no-coughing-at-ricola-sales-up-in-2009/>

6 <http://www.ricola.ch/en-ch/World-of-herbs/Ricola-herbology/The-magic-13-herbs>

Questions:

Review Oanda's web site thoroughly and research the contrasting transparency and secrecy perspectives using the Internet to gain a basic understanding of the different considerations inherent in each perspective.

1. What benefits can a business get from a strategy of transparency?
2. Transparency seems counter-intuitive as a strategy. In which contexts would it be unwise to be transparent and in which would it make sense as a marketing strategy? Why?
3. What are some potential legal implications of being highly transparent versus being very private as a business?
4. Capitalism claims the principles of competition, comparative and absolute advantage, individualism, and private ownership (among others) as the reasons it is so successful as a societal model. If transparency means that competitors can see exactly what you are doing, at least some advantage disappears, and information is shared openly and freely, what does it mean for the definition of capitalism?
5. What is there to hide? We live in a world of duality: Some people fear bad things happening and some live in optimism and trust that good things will happen. Businesses are run by people. What are the larger implications for a business if key employees and leaders have a mindset of fear?
For those businesses that have a mindset of optimism and trust?
For the societies in which these businesses operate?
6. The financial industry, while claiming openness, really runs on very carefully managed and exclusive relationships, information flows that are in theory available to all but in reality only to large players, and seemingly runs competitively. How can Oanda not only be successful with a transparency strategy, but also a "level playing field", egalitarian, and open information availability approach?
Why aren't competitors threatening the owners, bullying governments to shut Oanda down, sabotaging their electronic services, buying them and shutting them down, etc.? In other words, why is a rule-changing disruptor "allowed" to continue?

7. If you are the leader of a company that has traditionally been relatively private but now needs the benefit of transparency as a marketing strategy, how could you lead a change to a new mind-frame?

What resistance would you run into?