



Competitive intelligence in service marketing

A new approach with practical application

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Abstract

Purpose – The paper aims to give a new look at competitive intelligence (CI) and the resulting benefits to growing companies.

Design/methodology/approach – A total of 20 questions are presented, competitive information sources are listed, and the four core components of CI are displayed to explain how a company can implement CI into the business planning. Two case studies summarize a CI system that shows how successful this technique can be.

Findings – This research will inspire marketers to take a look at their CI and reactivate it based on what is presented. The overall practice of CI shows the rewards a company that develops this program can gain.

Research limitations/implications – All data were collected by Latitude Consulting. Reference is made to journal and newspaper articles.

Practical implications – The paper will explain how to use CI in a meaningful way.

Originality/value – This is an extremely new and original concept for businesses to apply.

Keywords Marketing intelligence, Marketing information, Competitive strategy, Corporate strategy

Paper type Conceptual paper

Competition is not a force to be taken lightly in the business world. In fact, companies face competition every day. The need for information about this force has been named “competitive information,” “corporate intelligence,” “corporate information” and “business intelligence.” Recently, most business people refer to this gathering of information as “competitive intelligence” (CI – McGonagle and Vella, 2002). The Society of Competitive Intelligence Professionals defines CI as “the process of ethically collecting, analyzing, and disseminating accurate, relevant, specific, timely, foresighted and actionable intelligence regarding the implications of the business environment, competitors, and the organization itself” (Boncella, 2003). In terms of dealing with prospects, a company is usually up against the competition that is vying for the same business (Elizondo, 2002). The purpose of CI includes enhancing a firm’s competitiveness while eroding the competitive advantage of its rivals (Helms *et al.*, 2000). CI seeks information about the competition while protecting the firm’s proprietary information from outsiders (Walle, 1999). Successful use of CI allows a business to

Sadly, Doris C. Van Doren died towards the completion of this paper.



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be knowledgeable and aware of what is happening in its environment (Barson, 2002). Despite this, the category of business intelligence is not an easy sell. The concept of feeding data throughout an organization involves a host of complex technologies strung together for each customer (Garner, 2004).

Intelligence means applying knowledge to manipulate one's environment (Merriam-Webster's Collegiate Dictionary, 1993). It is believed that CI is necessary to handle change in an industry (Guimares, 2000). There seems to be greater recent need for CI because organizations are constantly changing their services and marketing messages to stay successful. In today's unpredictable economy, corporations turn to CI to build and maintain an edge. Insurance companies, historically not into market research, have changed their outlook, to include CI (Lanzoni and Marcus, 2004). A definition of market research with CI is called market intelligence which provides actionable business analysis (Martino, 2003).

Companies that analyze competitive information and then form strategic decisions position themselves to be ahead of the pack (*Business Wire*, 2004). What is interesting is that many marketers ineffectively carry out their CI activities (*Marketing Magazine*, 2003). CI is underutilized in most businesses and the ability to receive early knowledge of competitor activity is unrealized (*Information Management Journal*, 2005). A majority of US-based companies that claim to use CI to guide their decisions either do not use it often enough or use it the wrong way (*Business Wire*, 2005). Many companies miss a competitors' major move because they do not pay systematic attention to the competitor's business relationships. Since a company no longer depends solely on their own resources for success, each firm must think of itself as a combination of relationships. To not do so is a big mistake (Mockus, 2003).

In the service industry, a firm must do its best to keep up with the ever-changing business environment if it plans to survive in the long run. Creating a strong CI voice is essential to establishing the function's influence over company strategies. To do this the company must develop a firm-wide CI culture (Evangelista, 2005). Knowing the competition can give your company an increased advantage. Consider that in service marketing, a firm can only be "winning," it can never win the race. There are constantly new ideas, new service agreements and new people. The race never ends.

Client relationships are particularly important to success due to the longevity of client contracts (Cobb, 2004). Added to this condition is understanding where service begins and where it ends (Sawyer, 2001a, b). Therefore, knowing your competition inside and out can help a firm stay ahead in the market place. Recently, it is not only about getting information, but getting it more quickly than the competition does (Anderson, 2002). How the company uses information is also extremely important (Smith, 2002). A well-informed company is in a better position to "out sell" and "out smart" and "out negotiate" the competition to remain on the leading edge than a company that does not incorporate CI into its planning. As Sun Tzu in the *The Art of War* outlines:

If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle (Tzu, 1994).

Further, understanding the competition helps a firm to adapt more easily to changing market shifts (Brannen, 2004). A service organization must continually revitalize and revamp its business to meet the needs of the customer and all the while continue to

provide significant value. During economically challenging times, excellent CI can be the differentiating factor in the marketplace. It can tell a company about emerging trends in the business environment and the threats posed by their competitors (Fitzpatrick, 2003). To determine a company's edge, a firm needs to understand who it is battling. Some companies resort to spying, but there are less distasteful ways to learn about rivals' movements and plans (Caulfield, 2004). There is a thin line between fair, unfair, and illegal. This is the reason why many companies in a competitive environment check with their lawyers to ensure that their techniques are within safe bounds (Samborn, 2004).

It is the responsibility of the people in charge of CI to identify what information is key, and then share it proactively with the organization's decision-makers (Myburgh, 2004). CI is an important source of information for business planning and other activities because it provides information about present and future behavior of competitors and the general business environment (Vedder and Guynes, 2002). Combining intelligence with marketing gives a company a "dual-perspective" outlook for the traditional strengths, weakness, opportunities and threats approach (Novicevic *et al.*, 2004). Knowing what the competition is doing can help a company understand what is going on in the market place and not just what is happening in its own backyard. The knowledge prepares a firm for "competitive early warnings or CEWs" so as to avoid being blindsided by the unexpected (Gilad, 2004). Studying the competition helps a company survive in the long run. As most industries tend to go through expansion and contraction no company wants to be left behind.

Successful marketers predict what will happen in the future. Doing so gives them a competitive advantage over those whose perspectives are based solely on what they observe today (Kinard, 2003). The struggle for profitable growth has led companies to seek growth in adjacent markets, and, as a result, former partners can suddenly become competitors (Johnson, 2004). The bottom line is not to define one's competition too narrowly (Levitt, 1960). CI is one of the most critical business principles (Bagozzi *et al.*, 1998). As a vital function, CI is a key to the performance of any service business (Marin and Poulter, 2004). CI is so critical that it can determine the difference between a firm's success and failure (*Information Management Journal*, 2004). Managers do not realize what is at stake; the survival of their organizations (Wright and Roy, 1999). During difficult economic times, excellent CI can be the differentiating aspect in the industry (Tew, 2005).

Competitive information in service industries is especially important because it can greatly assist an organization in making informed strategic business decisions for their firm. Competitive information for service firms is not often as readily available as it is for consumer goods companies. The task of understanding sources for such information, and making sense of it once obtained, can be daunting. Therefore, this paper is aimed at providing a systematic approach to understanding the objectives of gaining competitive information, how to go about collecting the information and then some practical examples of applying such information to gain a competitive advantage.

Benefits

The benefits of obtaining CI for businesses far outweigh the costs. The four major benefits are listed as follows:

- (1) differentiation;
- (2) cohesive marketing communication plans;

- (3) pre-selling an idea to the target audience; and
- (4) building credibility with your customer.

Each benefit is addressed in a separate section.

1. Differentiation

During poor economic times, excellent CI can be the differentiating factor in the marketplace (*PR Newswire*, 2005). When a company is able to accurately assess the competition by gathering competitive information, it is in a better position to build differentiation for their company. It may be that one company in the competitive set is the low cost provider, and the other company has a superior process for providing the service. A company can use this information to accurately assess questions such as, what does the competition provide? How can the firm set itself apart from the competition? CI is not merely collecting information, analyzing it, and disseminating it (Dishman, 2003). Once a firm has this information, it can then put into place an action plan that will enable the company to gain a competitive advantage by having a distinct point of differentiation.

2. Cohesive marketing communication plans

Some companies will scramble to put out a piece of literature in response to strictly anecdotal information about the competition. This scattered approach can result in a company with a very unfocused and confusing marketing message to the customer. It becomes difficult for a customer to understand just who the firm is and what it does because the company has diluted its brand image and identity. The results of such a scattered approach can be devastating. Customers become unsure about the firm's focus and ability to get the job done. Although customers understand that it is impossible for a company to be all things to all people, the marketing of services organizations has a cumulative effect over time. It is best to take an integrated marketing communication approach or develop a process for planning, executing and monitoring the brand messages that create customer relationships (Duncan, 2005).

Marketers have designed a variety of systems for gathering positive and negative evaluation of services (Yang and Peterson, 2003). A company will need to decide if the feedback describes a clear and consistent message or a hodge-podge of information that has no clear meaning to the customer. What the firm knows about the competition will provide the information needed to build a consistent and cohesive marketing message for the service organization. As the competition changes, the service organization will be able to make appropriate changes to its message based on the needs of the market place.

3. Pre-selling an idea to the target audiences

Knowing competitive strategies and tactics will enable a service organization to pre-sell to the target audience about how and why it should do business with them instead of the competition. As an example of how this works, an information technology (IT) company was going to see a potential customer. This IT company did their homework and knew that this was the first in a series of meetings with similar-type companies. This company wanted the business because the customer would be a significant resume builder for the firm. Prior to the meeting, the IT company went about building

a scorecard that detailed its services vs the competition's services on various attributes and presented the scorecard to the potential customer during the meeting, pointing out their strengths and weaknesses vs the competition. The customer was very impressed with the scorecard because it helped show a clear comparison between two providers. The potential customer also felt that if the prospective company was well prepared and conscientious about their competition, then surely this company would also dig deeper to find out what was other similar companies were doing in the market. The result: the potential customer decided to hire the firm to do the work, figuring they were the best deal for the money even though they were not the lowest cost. This example leads to the fourth benefit of CI, building credibility.

4. Building credibility with your customer

When a service company has a robust CI system in place it is in a better position to field any questions the customer may have about what is going on in the market and with the competition. A company that understands the selling process of a competitor will sell more products or services (Gitomer, 2002). The ability to answer questions intelligently builds instant credibility with the customer, demonstrating to the customer that this firm will provide significant value to its new customer that is above and beyond the signed service agreement. Credibility and relationships are two strong reasons why a company chooses to do business with a service organization. Long-term relationships with the customer often begin at the sales call.

Conducting the competitive assessment

Understanding the benefits of using CI in order to build a business leads to the question "How can the company go about obtaining the information and making sense of it all?" Building a robust CI system can begin as simply as asking 20 relevant questions about the competition. The list of questions is generated with a cross-functional team within an organization including but not limited to marketing, sales, finance, purchasing, and operations. The cross-functional team is responsible for establishing the objectives for the competitive information needed in order to make informed business strategy decisions or develop or refine a strategic marketing program. Once the team agrees to the objectives, they develop a comprehensive list of questions. Answers to the questions will provide the necessary information about the competition required to assist the organization in meeting their established objectives. The questions also provide a framework for a marketing research plan from which the team can assign individuals the task of obtaining answers. Once the data are collected and analyzed, the team leader and team members can begin to use the information in their strategic market planning.

While the 20 relevant questions might be different depending on the type of service organization, the premise is the same. A company wants to get as much relevant information as possible about the competition in order to close more business. There is likely to be debate over what information is important, but the fact remains that a business would fail if no information was collected (Myburgh, 2004). The goal of the team is to collect actionable information and apply it to decision making to improve performance (Fleisher, 2004).

The team should consider what a successful CI information system would look like based on the firm's objectives for the system. For example, one firm may want to land a specific client for various reasons and another may want to simply grow its business

by closing more deals. After working with many clients on developing the relevant question list, a consulting firm that provides market strategy development for companies in Baltimore, Maryland, generated a master list of the questions found to be most important by all the companies. Some are these questions may seem basic, but, if overlooked, can be detrimental (Table I).

Next to each question a possible source is listed. The internet is a potential goldmine for firms wanting information on their industry (Sullivan, 2004). Most sources of data are free and readily available (*Business Owner*, 2003). Once the questions are chosen, the next step is to organize them by how to obtain the answers.

Twenty relevant questions to gain a competitive advantage over the competition	
Question	Potential answer sources
1. Who are all the companies in the competitive set?	Trade associations, people known, media, and articles; NAICS code research, internet research
2. How is each of the competitive companies positioned in the market place?	Company web sites, customer interviews, market research both primary and secondary
3. What is the complete list of services and solutions those companies offer?	Company web sites, company literature, proposals, past customer interviews
4. What is the size of the company in dollars, employees, etc.?	Hoovers, Dun and Bradstreet reports, annual reports
5. What are the key weaknesses of the firms?	Company web sites, past customer interviews, employee interviews
6. What are the key strengths of the firm?	Company web sites, past customer interviews, employee interviews
7. What is the financial picture of the firm?	Hoovers, credit reports
8. What is the organizational structure of the firms?	Company web sites, annual reports
9. What is the management team's experience and expertise in the industry?	Web site bio's, news and media, associations and trade groups
10. What is the history of the firm and significant events?	News and media, public relations information
11. Is there merger and acquisition history or potential?	News and media, investor information, Hoovers
12. What major money or dollars are being spent on product development or marketing?	Annual reports, people known, public information
13. How does the firm segment the market and who are their target audiences?	Company web sites, company literature, people known, past customer interviews
14. What are the major contract wins and losses? Why?	People known, employees
15. What is the customer's perspective about the firm?	Customer interviews
16. How do the current employees view the firm?	People known, interviews with employees of the firm
17. How do past employees view the firm and why did they leave?	Interview past employees
18. What is the pricing strategy for the firm?	Interview past and current customers
19. What are the current public relation articles written about the firm and what do they mean?	Public relations information, news and media, trade publications
20. What are the current marketing strategies employed by the firm and are they effective?	Company web sites, third party company research

Table I.
Twenty relevant questions

Competitive information

Referring to Figure 1, competitive information will come from four sources. As the model points out, they are:

- (1) people known;
- (2) public information;
- (3) personal experience; and
- (4) straight to the source.

Within each of these four sources, several questions can be answered. Organizing the information in this way will help a company succeed in its quest for CI.

People known

Following each of the four quadrants around the outside of the circle, it is easy to see that a convenient resource for information is the people known. The most valuable resource of a firm is its employees (Beagrie, 2004). In the minds of its employees there is unique proprietary knowledge about customers, competitors, products, and techniques (Bryan, 2004). Also, the sales force is essential for CI professionals (Farcot, 2003). Every organization's personnel has information that can be identified, collected, and managed for competitive advantage (Erickson *et al.*, 2003). In addition, employees have a fairly large circle of people with whom they associate. The circle can include friends, family members, acquaintances, colleagues, fellow parents on children's sports teams or

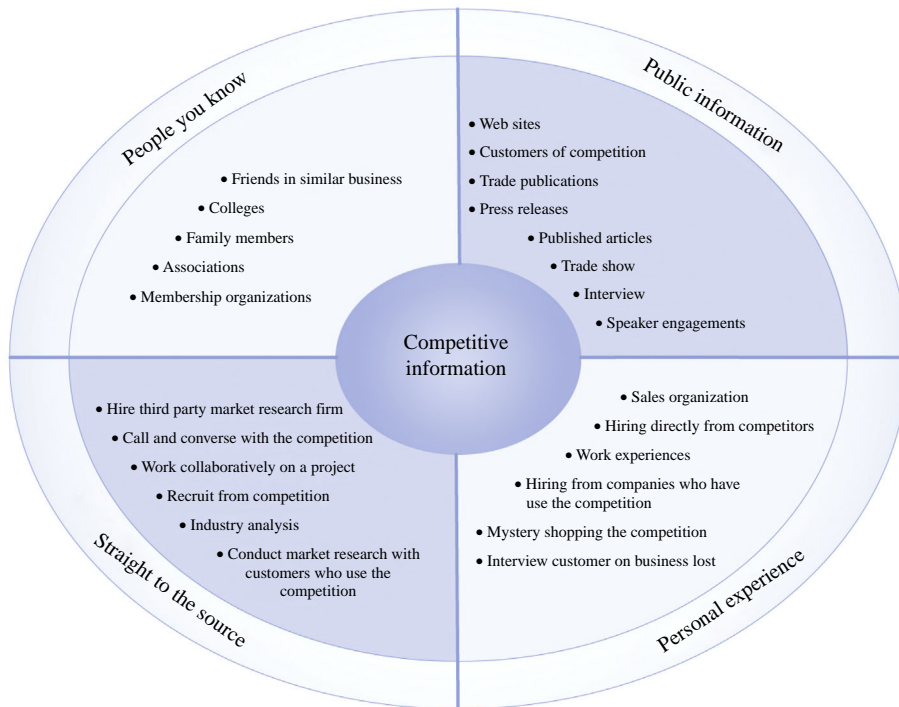


Figure 1.
Resources for gaining competitive information

parents and teachers from school. Going through the list of people can help an organization decide who can be the best resources of information.

As an example, one can find out how employees of a particular firm view their company outside the confines of the business environment. On a Saturday morning at his child's soccer game, a company staff member may run across a neighbor who he knows works for a company in his competitive set. He might casually ask his neighbor, "How are things going at company X?" Just a simple question in conversation may spark a whole host of issues and information that he is trying to acquire. Pressing on, the neighbor may release information that the company is going to be sold. Again, this is further information for him to utilize. The conversation may lead to an issue of low morale among employees, lost projects or many other issues. Keep in mind that this person is not asking for any confidential information by simply asking, "How are things going for you at work?" People known can be a great jumping off point that will lead to the acquisition of information that is often difficult to obtain in a work-related environment.

Public information

The next source of information is public information. Again here, several questions can be answered through these resources. External strengths and weaknesses of a company can be determined through various sources of public information. For example, if a firm has a fast growing technology company in the same area that a company is competing against, chances are the chief executive officer (CEO) has been featured in a recent article. It would be quite easy to get a copy of the article to understand how the CEO views the firm. A company's position or perhaps the market segmentation strategies can be determined by going to the company web site. A review of the investor relation tab on a web site specifically tells investors what is happening in the firm. Public information about competition is widely available and it is up to an organization to know where to look for this background information on the competition. Examples of sources of the information include web sites, customers of the competition, press releases, published articles, trade shows, speaker engagements, case studies, and many more. The library and internet can also be excellent sources of information about the competition. Frequently, information is posted to web sites and written about in articles for potential customers or investors. Information gathered from public resources can provide a company with an accurate picture of the competition and enable the firm to assess each competitor thoroughly.

For example, a company that was thinking about launching Litigation Risk Assessment Software found that there were three other companies doing similar work. Upon reading about the companies in the news and in articles, it was determined that the company was unable to compete with them. The product was a niche product and the company's software was part of an entire program that was already being sold to the target audience. Furthermore, the audience had great success with the competition and was unwilling to change. By having this information prior to production, the company avoided spending significant dollars on the development and release of a similar product.

Personal experience

Many times the best way to understand the competition is to have personal first-hand experience with them. A firm wants to know the process that the competition uses to

write proposals because it has lost business to them in the past. Maybe the firm wants to know what materials or tactics the sales force is using to win projects. Maybe the firm needs to know the full range of products and services the competition has to offer. The best way to get this information is to have first hand experience. The firm can make it a practice to hire people who have previously worked at competitive firms or from companies who have exclusively worked with the competition in the past. In this way, a company also has a valuable source of information on hand to get the information it needs. When employing people coming from the competition, it should be noted that many times employees sign non-compete clauses: therefore, before hiring from the competition, an organization should fully understand the ethical and legal ramifications of doing this. Another good source of information about the competition and for future use is to go back and have a conversation with customers who have chosen the competition over the firm. They are more than willing to share information with a company because people tend to want to help others improve their business.

Straight to the source

On occasion, there is no better place to go for information than straight to the source. When there is something that a company needs to know, it may be surprising to learn how many companies are willing to share the information. Although the companies are the competition, they may have a certain skill set or service line-up that a given service company does not have. One way to get that information is to be open to the idea of working on a project with the competition. A very good example of working successfully with the competition comes from a Chicago-based IT firm. This IT firm conducted a teaming project with another IT firm doing work for the government. The strategy was to get into the Federal Space with IT Products. The Chicago-based firm was not at that time well known in the Federal Space and was consistently in competition with the other company. With no previous experience, the Chicago-based IT firm just could not find a way to get into the Federal Space. They went about working as a teaming partner with the competitor to become a subcontractor on the project. In this way, they were privy to the bidding process used by the government and the competition. In addition, they were also able to better understand the expectations of the customers in the Federal Space. The success of the partnership helped the Chicago-based IT firm to gain a stronger foothold on that market and the project was judged to have been well worth the effort.

Competitive information system

Formalizing a strong CI system within a business structure can provide a wealth of competitive advantage for an organization. CI is at the root of strategic marketing, giving a company the ability to provide products and services faster and better than the competition. Exploring how this works, a company needs to examine the core of having the data and how to use it to the company's advantage (Figure 2). Once the competitive information is extracted, analyzing the data will be the next task. This is the beginning of building a strategic system to place the organization at a competitive advantage in the market place.

Competitive positioning

Examining the four components of CI shows that competitive positioning is perhaps the most important component of building the strategic system. Once the firm



Figure 2.
Four-core components of
competitive information

understands how its competitive set is positioned in the market place it can then combine this information with the needs and want of the customer and begin to figure out where and how the firm can play in the market. Having this information greatly reduces the risk in becoming a “me too” service provider. For example, a janitorial service provider for a facility wants to expand into other facilities. How does the customer know which service to use when so many are alike? Once the customer knows they have a need they will begin to gather the alternatives. Next they will weigh the options (here is where a company can prepare itself to being the strongest candidate). The buying process for janitorial services is not all about price; it is about the entire value equation (Deming, 1986):

$$\text{Value} = \text{Cost} + \text{Quality} + \text{Service}.$$

Understanding this fact along with having information about the competition, a firm can develop a strategy for differentiating itself in the market place so that it has the advantage. Possible ways to differentiate could be in pricing or in providing a technologically superior service vs the competition. For example, the janitorial company may consider the use of hand scrubbing vs machines or chemicals used; differentiating could be done on the basis of service. Or, the company may know that the incumbent supplier has had some issues such as poor customer service. This information gives the company an opportunity to learn about what the market wants. It also gives the company an edge in how it can provide the service better then the competition does.

Another example of how to use competitive positioning to the firm’s advantage is in the home appraisal industry. Recently, someone from a small home appraisal company was applying for a loan at a bank. When the subject of appraisal came up, the loan officer mentioned that the appraisal may take longer then usual because the bank was having significant service issues with the current supplier. The person applying for the loan began to ask questions: what has been happening? How does that hurt your business?, etc. After the business transaction was completed, the small appraisal company came back to the bank with a proposal of how it could help the bank improve the appraisal process using their firm. Needless to say, the small appraisal firm earned the bank’s business by strategically positioning itself to the customer vs the competition beyond

offering a lower cost. The positioning for the small firm was centered on providing appraisal to the banks within seven business days guaranteed or the bank was refunded their money. The positioning was successful based on the attribute of service that the banking industry was craving and other suppliers were not providing. The guarantee assisted the bank in providing faster answers to its customers about loan approvals. The small appraisal firm is now providing significant value to the marketplace. CI alone may not allow a firm to answer the question of how to best create value to the customer, but it is an adjunct to the entire process (Berry, 2003). It is a driver of both strategy and success in the marketplace (Lackman *et al.*, 2000).

Competitive strategies

The second core component of CI is the use of competitive information to build key competitive strategies for a business. Suppose a company's research uncovers that all competitors in the set are segmenting the target market on the basis of gender, age, and income demographics. The company also discovers that currently there are no other firms in the direct competitive set that have programs or strategies directed specifically toward women. This information is interesting because more women are working outside the home, the divorce rate remains high and there is an increasing interest from women in the military services. Finally, the research confirms that while more women are responsible for their own future financial health, they are becoming extremely interested in learning more about investing. In addition, they have more money to spend on investing. This information leads a firm to develop a specific competitive strategy directed toward women. It becomes a key strategy to capturing a virtually untapped market segment. An entire marketing strategy and campaign is launched with this information resulting in overall growth for the firm.

Competitive and industry direction

One of the core components of CI is to understand the market, analyze it, and attempt to predict changes that will occur. Predicting changes in the market is important because not doing this can cause a company to miss out on significant business opportunities that will hurt the business. One famous example is IBM. In the late 1980s, IBM was focused solely on mainframe computing in big business while all others in their industry began to take a look at desktop computing. IBM was left behind while companies such as Hewlett-Packard (HP), Compaq and Microsoft were looking at increasing the computing power for individual users. The market was moving more towards desktop computing. IBM had not adapted to the changes in the market and missed a great opportunity to compete with Microsoft, Compaq, HP, and others.

There are many other examples of how firms do not track changes that happen in the market by looking at who the competition is and what that competition is doing. This can only hurt the company. Many companies are caught up in running their day to day operations and may forget that the market is always changing. One way to avoid missing these changes is to simply join trade associations. Trade associations can bring competitors together and can provide valuable information on market trends and opportunities. Taking leadership positions within the trade association can also provide opportunities to be involved in gathering market data and in driving the market in certain directions. Through trade associations, a company can be in the best possible position to predict future changes in the market and adapt internally to those changes,

constantly reinventing themselves as a company. The advantage will be advanced information to possible legislative, legal, or regulatory issues that may or may not significantly affect business. Being privy to market information research that can have an effect on business will also give a company an advantage. Surprisingly, many companies do not take the time or spend the resources necessary to become involved with what is happening in the market. This can lead to shortfalls in the business or cause the service firm to be following the market instead of leading the market.

As marketing consultant working with a small robotics company to develop a strategic marketing plan, a consulting firm discovered that a company had not been using competitive and marketing intelligence to their advantage. In fact, most of the information they did have was sketchy and anecdotal information from many different individuals in the firm. When the consulting company interviewed several individuals, they found that the company had not taken the time to understand the market or its competition. It was determined that after 15 years of business they had not changed their technology at all with the exception of a few accessory changes demanded by the current customers. During this engagement, the consulting group thoroughly researched the current market, the robotics industry and the competition. Uncovered data suggested the direction of the market was moving toward small, two-man robotic platforms that had plug-and-play accessories to match the intended mission. This company did not have one of these products in its fleet of robots at the time and needed to build one to stay competitive. However, this would take significant research and development money. At that time (2001), a decision was made to not invest in building the small robotics platform and therefore the company missed out on a whole piece of business that the competition took from it. As of this writing in 2007, the company did go back and re-evaluate the data, and eventually, built the smaller platform. However, this group missed several years of business growth in the small robotics platform market. Moreover, the company was not engaged in activity that would assist them in driving the robotics market. This was surprising, considering that they were the largest robotic unmanned ground vehicle manufacturer in the world. They did not participate in any robotic trade associations or other forums for robotics. They spent much of their time running their current business without much growth or development. Once the strategic direction was put in place for the company, they were able to make some headway in other areas of the business such as customer service, training, accessory items and spare and replacement parts. They held off on building the smaller platform. Despite that, the company has done well due to 9/11 and the war in Iraq; as the war comes to a close, the company will need to invest in making changes to its product line-up in order to sustain the business long-term.

Competitive service and solution line-up

The final component of sound CI is competitive service and solution line-up (Figure 2). Benchmarking the competition should be done frequently to understand what other competitors are offering vs what your company is offering to the market. The service and solution product line-up can be the difference between being number 1 in the market or falling to last place. Top companies in the USA, such as Motorola, Procter & Gamble, McCormick, and others, know that it is critical to their business to know what is being offered by other competitors. Benchmarking was common practice when one of the consultants was working at Procter & Gamble from 1988 to 1997. They were

assigned to do this every six months or so for the product lines. The key is to make a concerted effort in the company and set up a formal system to benchmark against the competition. The best way can be through your sales organization or public relations agencies. They are often in the field and know which companies are providing certain services. New product launch news can come through public relations agencies. Clipping agencies can be hired to scan publications and the media and provide summary reports on the competitive information. This information can give a firm a critical jumpstart toward developing new services and products and market solutions to beat the competition.

Competitive system summary

Looking back at the core components for a complete CI system (Figure 2), they include competitive positioning, competitive strategies, competitive and industry direction and competitive service and solution line-up. Preparing a CI assessment can be quite daunting the first time through for any organization. However, it is well worth the effort. The cross-functional team will need to lock themselves in a room and determine what information is important and relevant to the firm and what information is just noise. It is truly a grueling effort; yet, once completed, it will provide a strong strategic framework for the lead decision makers in a firm. They will be in the best position to set intelligent and informed strategies that are meaningful in the marketplace. Too often strategy is set from an internal and myopic point of view only to find that the company is no further along a year from now. There is a major interface between strategic marketing and CI (Trim, 2004). Knowing the competition will better prepare the sales team, customer service reps, product development team, operations and marketing teams to incorporate the information in their jobs so that they may make strategic decisions for the firm.

Competitive intelligence put into action

Two practical applications display the importance of CI in strategic planning and offer a real world look at how a company profits from the time and money spent (McGonagle and Vella, 2004). Each case represents the role of CI in making a major decision for the company. A geotechnical firm which offers technological services and a Chicago-based IT firm. Both examples answer serious questions about the future direction of the business and present managerial implications for use by a company.

Geotechnical firm

The geotechnical firm is a small, 70-person firm that provides geotechnology services to governmental agencies, civil engineering firms, Department of Transportation companies and construction firms in three states. Services include activities such as engineering plans for decommissioning nuclear power plants, geophysical studies, ground water management plans, land development plans, and land surveying among many other services. A consulting firm had the opportunity to work with the company two years ago to develop new market strategies to grow the company. The geotechnical firm was struggling with the fact that they had not grown their business for a few years and were beginning to lose revenue. Further, the firm had discovered through the sales organization and company sales information that it was not getting new customers. While they were servicing customers they currently had, it was not

building their customer base. This was becoming a problem as contracts with current customers were beginning to run out. The CEO of the company began to worry about the firm's future and sat down with his management team to discuss what they should do. The company decided that it really needed to determine what was going on in the marketplace and what was needed to be done to win new business. The CEO decided to hire the consulting firm to assist him in determining the best course of action. Internal research was conducted in addition to develop a new strategic marketing direction for the firm. Research conducted internally uncovered the following information:

- The competition was not doing a good job of showcasing the good work completed in field. This was determined by going straight to public information (Figure 1). Trade magazines were reviewed as well as visiting web sites of the competition. The geotechnical firm also interviewed past customers of the competitive set and determined that other than the job that they had worked together, there was no knowledge of other work the competition could do because the customer was unaware of the company's background and abilities.
- The competition was not using a brand image and identity strategy to its advantage. This fact was uncovered by doing a comprehensive review of the company web sites and reviewing advertising (public information) that was done in field. It was tracked for a three-month timeframe. Not only did the company discover that many of the other companies did not have a web site, but those that had existing web sites were often not professional and spoke of no specific marketing message. The firm knew that it had a lot of opportunity in this area.
- The geotechnical company decided to join several trade associations and participated in all of the meetings. Upon doing this, the company discovered that they could partner with some of their competition to do projects together as well as take on overflow work and provide complementary services they the competition could not do. Interestingly, they were able to open a new book of business to the competition by renting equipment that they owned to the competition to do their work. Perhaps, the most critical information learned through joining the trade association groups was that some of their work was superior in technology to that of the competition. The company found they could create some news in the market by positioning themselves to be technologically superior than the competition on some services. They used these trade groups not only to give back to industry, but as an inroad to discover what was happening with the competition.
- Another important piece of information was gathered about the competition through personal experience. The CEO decided to go back to customers where business was lost and ask them for the reasons why they lost the business. What the company found was that the potential customer base was not aware of their services or how it does business. The company also learned that nowhere in its literature was there a complete list of services the company offers. The customer interpreted this as though the company would not be a "one stop shop" for all the GEO-Tech needs and that the company could only do a very small portion of the work. Other companies were doing a better job of this. Again this was a huge opportunity for the firm.

Outcomes from the comprehensive study of the competitive set were great achievements for the geotechnical firm and lead to growth for the firm. The company implemented the following strategies as a result:

- The company developed a strong image and identity marketing campaign that centered around their core business, the study of rock. The position tag line was changed to more clearly specify what business they were in. Because the services provided are so broad the company decided to go with a broader positioning statement so as to not leave any future service out.
- They developed a direct mail campaign to prospective customers to showcase key project successes that the company had worked on. The project showcase postcards were in a three-part series to capture the reader's attention and to keep him or her thinking about the company. The image and identity for the company was further solidified by the use of imagery, the new company logo and tagline and color palette.
- The company revamped its existing web site using a professional outside contractor. This new web site does an excellent job of showcasing past project work. It is professional, clean and makes sure to communicate all the services that the geotechnical firm has to offer has to offer to the customer. It works well toward building credibility and rapport with the reader to entice customers to do business with the company. The company also optimized the site location through search engines to drive traffic to the site.
- Finally, the company developed an internal call plan to drive a new customer base for the company in the future.

A Chicago-based IT firm

Another company the consulting firm worked with was an IT firm based in Chicago, Illinois. The company provides customer IT solutions to many different types of companies. They are privately held and have approximately 75 employees. In 2004, the firm was presented with an opportunity to partner with a company who had developed a software program with an attorney that developed an automated decision system that assisted him in determining litigation risks for his clients. The attorney was considered an expert in this area. Upon first review, it seemed an easy opportunity to become the technology partner on the project. The software program developed was intended to be marketed to people within legal departments of companies such as Walmart, Target, Home Depot as well as major insurance companies that manage inventories of cases. These cases can include claims that someone has slipped and fell in the store and is now suing Walmart. This product is decision-making software, where attorneys are to enter risk assessments associated with circumstances around a case and in the end, determine if it is appropriate to pay out on the claim or to take the case through the litigation process. Because time and resources cost money this software is intended to save the company money in paying out claims and in litigation cost. Through the partnership agreement the IT firm was to begin a scaled up development of the software and package it for sale to customers in the market. The firm decided to determine if the product was commercially viable and whether to spend the development money to get into this business. They pulled the management team together and decided to choose the consulting firm to determine the viability of the

product and business proposition. The questions that they needed answered in order to make a decision about this project were as follows:

- (1) What other products and companies compete in this market space?
- (2) If there are other products, how do they compare to the product that we are proposing to develop?
- (3) If other products exist, how are they being positioned? Are there areas that we can satisfy that they can't?
- (4) What are prospective customers using now to assess risk? Are they happy with the product or are there areas that need improvement?
- (5) Is this a commercially viable business?

These top five questions, along with a continued list the company made, were the beginning of a CI project that, once completed, answered the ultimate question: should The IT company invest in this business.

The project began with the following action plans for obtaining the data necessary. This first course of action was to develop a list of potential competitors of this software. The consulting firm decided to go straight to the source (Figure 1), interviewing several people within the legal departments of the potential customer base that the IT firm was after and capturing the data. The consulting firm developed a questionnaire for the interview to specifically ask (Figure 1) what products they were using now? Were they happy with them? How they complete their work now and would they be interested in a product like ours if developed? A total of 25 people in all were interviewed. Next, the need to understand the market for a risk assessment software product was determined. It was critical to understand the viability of the product among the professionals that would use this software. Telephone interviews were conducted with several trade associations. The trade show exhibit manual was reviewed to get a complete picture of all competitors that might be in the competitive set. Lastly, once the list was established, the consulting firm conducted internet research, going through each and every web site to capture key learning about the products and services the competition offered. Information was being provided internally about how the work was being conducted to date for litigation risk assessment. This attorney had 20 years experience in consulting on litigation risk to major companies such as Home Depot, Walmart, and St Paul Insurance companies. The data received from the partner was then confirmed in the field.

The research and CI collected uncovered the following information:

- Legal departments and attorneys in general were unwilling to turn their skill base and expertise over to a software program to determine risk. They unanimously felt that they were the final say in any potential litigation to the firm.
- They also unanimously felt that each case deserved individual attention and could not be undertaken in a software program.
- Tracking and inventory of potential litigation cases was already done on a more comprehensive customer software program that has litigation risk assessment components included in it. Legal departments and attorneys would not be inclined to pay for another program that only did one thing.

- Many large companies already pay expert consultants and litigation risk experts to determine the risk for them. They would not want to do the work internally and did not feel comfortable doing that.

In the end, it was determined that this litigation risk assessment program was not a commercially viable business and the Chicago-based IT firm should not make the investment in the program. The product would need to be more comprehensive to handle the case work on the whole and would need to have superior technological capability to beat out the current incumbent competition. The company did not feel they had the expertise to do that. They were able to make a very informed strategic decision by learning about the competition before embarking on the program. This is the core of developing strategic direction. The benefits far outweighed the cost of understanding the competition.

Summary

The benefit of understanding the competition is critical to the future success of a firm. Recently, CI plays a strategic role, not only a tactical one (Parmar, 2004). In a business world where people are inundated with information, products, messages and different types of services, how do they make the right choices? One job of a service organization is to turn the decision-making process into a smooth procedure or a firm will lose business. Most importantly, a firm can use CI to differentiate itself from the competition and develop a distinctive competency in its industry. The potential customer base may be small or large. In order to get to them with the best services possible, a company has to understand thoroughly what the competition is doing and how they might be able to build a stronger and cohesive marketing message. Benchmarking the competition puts a firm at the top of the game and enables the marketing organizations to be nimble in the field. Finally, CI builds credibility with the company's customers. Having CI incorporated in a firm's toolbox demonstrates that the organization does its homework and is prepared to adapt to any situation with well-thought out and informed decisions with regard to the market place. The implications from a managerial perspective are that without CI, a company can be at risk for losing significant business and future opportunities or be at risk of making inappropriate and ill-advised business investment decisions. Further understanding the competition, its strategies and operations, puts any company at a greater advantage for reinventing itself and adapting quickly to changes in the market. Long-term business growth is dependent on this premise.

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