



Marketing Intelligence and Competitive Advantage: The Real Challenge

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International Conference on Business Intelligence and Knowledge Economy

**Al Zaytoonah University of Jordan, Faculty of
Economics and Administrative Sciences
23-26 (April 2012)
Amman Jordan**



Abstract:

Competitive intelligence is often viewed by practitioners and the academia alike as an ethical and legal business practice, especially in today's competitive environment where the survival of enterprises relies on their ability to not only analyze competitors but also to make the enterprise more competitive and better managed and qualified to deal with their entire environment and stakeholders. The current study aims at highlighting the driving forces of competitive intelligence, showing how businesses use competitive intelligence to pinpoint and recognize risks and opportunities in their markets, and to meet to market needs and challenges, which enable them to enhance marketing efficiency and productivity through a systematic decision making process. Unlike marketing research, competitive intelligence is a tool that uses the gathered information in actual situations in order to yield tangible results (solving real problems). Competitive intelligence experts and practitioners believe that if the intelligence gathered is not actionable, then it is not intelligence. The paper concludes that successful companies often use competitive intelligence as a practice to face business challenges and to cement their strengths and entities, and find solutions to the most problematic situations. Marketing intelligence may be effective in terms of market-oriented, customer-driven or related issues. Competitive intelligence, however, is more strategically oriented: it covers issues that extend beyond market borders, to include the entire business environment, both at the macro and micro levels.

Keywords: Competitive intelligence; business practice; marketing; business intelligence; decision-making; marketing efficiency.

Introduction:

Competitive intelligence is broadly defined as the action of determining, gathering, analysing, and distributing intelligence about products, customers, competitors and any aspect of the environment needed to support executives and managers ; making strategic decisions for an organization (Barnea, 2000). It is evident from this definition that competitive intelligence is an ethical and legal business practice, as opposed to industrial espionage which is illegal. The focus of competitive intelligence is on the external business environment .Furthermore, the term competitive intelligence(IC) is often viewed as synonymous with competitor analysis , but competitive intelligence is more than analyzing competition; it is about making the organization more competitive relative to its entire environment and stakeholder: customers , competitors , distributors , technologies, macro-economic data , and so on The objectives of this descriptive study are : (1) highlighting the drivers of competitive intelligence; (2) showing how successful enterprises use competitive intelligence to conduct an affective SWOT analysis; (3)showing how competitive intelligence is used to gather, analyse, and interpret data and other result for effective decision making; (4) emphasising the real role of marketing intelligence in formulating and implementing systematically and holistically- oriented strategies.

Study Scope:

The study's scope is summarized as follows:

1. An analysis and critique of the power of competitive intelligence in today's turbulent business environment.
2. A review of success stories for enterprises that are marketing –oriented, as well as business-oriented.
3. Competitive intelligence is regarded as a strategic business tool, rather than a data-collection practice.

Therefore, the study theme is that even the most successful enterprises are threatened by competition, unless they possess a bird's-eye-oriented system of systematic and flexible competitive intelligence (Fleisher, 2003).

The Nature and Elements of Competitive Intelligence CCI:

Competitive intelligence is simply a systematic an ethical programme for gathering, analysing, and managing external information that can affect company's plans, decisions and operation's (Barnea, 2010). The major objectives of competitive intelligence can be summarized as follows:

- ✓ Enhance marketplace competitiveness through a greater understanding of firm's competitive environment.
- ✓ View the firm and its internal and external environment as an integral part of the industry as a whole.
- ✓ Enable senior managers in companies of all sizes to make informed decisions about everything from marketing, R&D, and investment tactics to long-term business strategies.

The components of competitive intelligence can therefore be expressed as follows:

- ✓ Professional analysis in all walks of business.
- ✓ Data base capabilities.
- ✓ Proper knowledge of management skills.
- ✓ Excellent researchers
- ✓ Knowledge workers
- ✓ Management capable of understanding the fact that in today's competitive era, business is continuously evolving.
- ✓ Change management skills
- ✓ Risk management skills.

CI's Mechanism's:

1. A process that aims at enhancing performance (Shanker and Richardson, 2004)
 - a) Monitoring a firm's industry or market.
 - b) Identifying current and future competitors.
 - c) Identifying competitors' current and announced activities.
 - d) Explaining and justifying how competitors' actions will affect the firm and how to respond.
2. CI is not an industrial espionage in that it uses legal and ethical means to gather and sift the publicly available information.
3. Thoughts, visions, intelligence properties that are capable of :
 - a) Turning data into meaningful tools and keys.
 - b) Making informed decisions.
 - c) Maintaining survival and growth.
 - d) Realizing sustainable competitive advantage.
4. CI is a learning process in an environment where good learners are good business winners.
5. CI has to do with determining what your business rivals will do before they do it.

The Requirements of an Effective CI:

Competitive intelligence requires a well formulated strategy and sound action plan that aims at achieving some sort of integration in all information flows. Integration is also needed in the company's existing information infrastructure analysis and distribution of the information, and the calculation of business decisions on the grounds of that information and the analysis of same. This is the "intelligence" part of the formula (Alessandro and Joaquin, 2007). An effective competitive intelligence will also require fact-based support systems (Mcgoagle and Vella, 2007). In fact CI normally describes the result of in-depth analysis of detailed business data. It includes database and application technologies, as well as analysis practices. Sometimes used synonymously with "decision support", though business intelligence is technically broader, potentially encompassing knowledge management, enterprise resource planning, data mining, among other practices.

Impact of CI on Marketing Efficiency:

A Fortune 500 company survey conducted in 2006 shows that (Fortune Survey, 2006):

- a) 85% of all marketing departments make use of competitive intelligence in composing marketing strategies. Each company is a leader in its industry and each firm knows its "enemies".
- b) Almost all surveyed companies (99.3%) said that competitive intelligence is a practice that actually enhances marketplace competitiveness through a greater –yet unequivocally ethical – understanding of a firm's competitors and competitive environment.
- c) 95% of all marketing departments rely on CI to construct and implement their marketing mix plans.
- d) 82% of all marketing departments regard CI as the core of competitive strategy.
- e) 92% of all 500 companies listed in future:
 - Enhanced their marketing efficiency through the proper management and implementation of CI.
 - Boosted their sales by 20-45% range over a period of six months.
 - Reduced marketing expenditure by 35% on average.
 - Enhanced market share and penetration by 42% on average.

Purpose and role of intelligence in business:

According to Arik R. Johnson, the managing director of the CI consultancy Aurora WDC, intelligence is both a process and a product – an analytical process that transformation into actionable knowledge about competitors, capabilities, intentions, performance, and position; as well as the final product of that process (<http://www.aurorawdc.com/whatisci.htm>) . The focus of market research tends to be on the problems associated with the profitable marketing of a firm’s product and services. The scope of competitive intelligence is far broader. IC is a value-added concept that layers over the top of business development, market research and strategic planning.

The Cycle of Competitive Intelligence:

The cycle of competitive intelligence (CCI) describes the intelligence cycle as “the process by which raw information is acquired, gathered, transmitted, evaluated and analyzed and made available as finished intelligence for policymakers to use in decision-making and action” (<http://www.aurorawdc.com>). There are five steps which constitute this cycle:

- Planning and direction.
- Collection and research.
- Processing and storage
- Analysis and production
- Dissemination and delivery.

Conclusion:

Competitive intelligence is often regarded by researchers and practitioners alike as an integral part of the business decision –making process. CI helps to achieve and maintain competitive leadership. It develops understanding, creates insight and drives action for general management and individual business function leadership (e.g, strategy, marketing. Sales, technology development, finance, human resources, etc). CI professionals identify competitive trends, provide early warning on threats and opportunities in the evolving competitive environment and evaluate their impact. They help decision-makers understand the competitive implications of current and potential decision and drive action across the company through timely, impactful deliverables (<http://www.aurorawmarkintell.com>)

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