

# BTEC UNIT Seventeen: Marketing Intelligence

Unit Code: K/601/0955



# Competitive intelligence



- \* The process of collecting and analyzing information about competitors' strengths and weaknesses in a legal and ethical manner to enhance business decision-making. Competitive intelligence activities can be basically grouped into two main types – 1) Tactical, which is shorter-term and seeks to provide input into issues such as capturing market share or increasing revenues; and 2) Strategic, which focuses on longer-term issues such as key risks and opportunities facing the enterprise. Competitive intelligence is different from corporate or industrial espionage, which use illegal and unethical methods to gain an unfair competitive advantage.

# PORTER FIVE FORCES MODEL



*These guidelines provide a step-by-step guide for acquiring the information you need without crossing the line -*

- \* **1. Ask questions** - If you come across or are offered competitive information and believe that it may be confidential or proprietary ask questions to find out how the information was obtained, or why it was made available.
- \* **2. Be ethical** - How would you or your business react if you found out that your competitors were receiving the kind of information that you acquired? If you think that a particular way of gathering competitive intelligence may be unethical, you should assume that your competitors would view it the same way.
- \* **3. If it doesn't seem right, don't do it** - If you're ever in doubt as to whether a source of information or contemplated technique of gathering information is proper or legal, you should contact your manager or attorney.
- \* **4. Breaking the law has consequences** - If you improperly gather or use competitive information, you can be disciplined or terminated, and you could face criminal and civil penalties. Breaking the law can also result in adverse publicity to your company. Think about how you'd feel if your actions were publicly disclosed on the front page of a newspaper.

# LEGITIMATE SOURCES OF COMPETITIVE INFORMATION INCLUDES THE FOLLOWING

- \* **Public sources.** You may gather information about your competitors from public sources such as:
  - \* Newspapers, magazines, other published articles and television programs
  - \* Advertisements and brochures intended for public distribution
  - \* Information freely available on the Internet and online research services
  - \* Public filings made with governmental or regulatory authorities, such as SEC reports, patent filings and litigation records
  - \* Analyst reports
  - \* Industry surveys or reports
  - \* Public presentations given by competitors at trade shows and conferences
  - \* Freedom of Information Act (FOIA) and similar requests from governmental or regulatory agencies
- \* **Conversations with customers.** Talking with customers is essential. The more you know about your customers and their businesses, the better you can meet their needs. However, you shouldn't contact customers for the purpose of obtaining confidential information about a competitor. Customers may disclose information about a competitor's products or pricing, so long as the information is not confidential.

## LEGITIMATE SOURCES OF COMPETITIVE INFORMATION INCLUDES THE FOLLOWING

- \* Hiring third parties to obtain information. Sometimes company's hire third parties to help us gather competitive intelligence and information about the market for products and services. Third parties are subject to the same standards of behavior that you abide by, so you should assume that if we can't do it directly, you can't hire someone else to do it. -

# BENEFITS OF MARKET RESEARCH

- \* Accuracy is the biggest advantage of these research reports. When performed by a professional [market research firm](#) result of your report is accurate, in depth and to-the-point. Following are the basic advantages of business research:
- \* ☑ Provides crucial customer feedback
- \* ☑ Guides communication with current and potential customers
- \* ☑ Measures reputation and brand value
- \* ☑ Guides to establish market positioning
- \* ☑ Helps minimizing risks
- \* ☑ Helps identify opportunities
- \* ☑ Helps identify competition
- \* ☑ Helps identify potential problems
- \* ☑ Helps determine the most persuasive promise of the brand
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# *Limitations of market research*

## **Limitations of Market Research**

- ☒ Difficulty to avoid groupthink mentality and bring about neutral results.
- ☒ Limited resources for in-house research can hamper effectiveness and accuracy.
- ☒ Centralized research brings geographical difficulties and limitations for detailed research.

# MARKETING RESEARCH COMPANIES

Today's world, however, is more complex and fast-moving than it used to be. All firms must use their marketing information more efficiently as a result of such factors as:

The shortened time span available for executive decision-making.

The fact that marketing activities are more complex and broader in scope than in the past.

The knowledge explosion and IT revolution.

# MARKETING RESEARCH COMPANIES

- \* General observation shows that limitations of business research are apparent in the in-house or internal research projects. When a market research company collects the data, the results are highly accurate, resourceful and thorough.

# Market Research Types

- \* Qualitative Research

- \* The objective of qualitative research is to determine the likes, dislikes and common motivators of the customers, according to [Smallbusinessnotes.com](http://Smallbusinessnotes.com). Companies may use qualitative research to determine which concept to use for a larger market research study.

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# Quantitative Research

- \* Quantitative Research is a highly Comprehensive type of research. The objective in quantitative research is to garner the opinions and feedback from large numbers of customers or consumers. Quantitative research is often used to project the potential success of new product introductions.

# REVIEW QUESTIONS

- \* 1. The Internet has given today's companies a new set of capabilities. Among those capabilities is the ability to operate a new information channel. Describe how information can be used by the marketer in this new channel.
- \* 2. A global manufacturer of complex equipment was alarmed by a quickly growing competitor. The competitor's products were high quality, and they had a good supply of spare parts and efficient logistics. Our client had no knowledge of where the competitor was manufacturing the product, what went into it, or how much they were paying for components. How did this competitor manage to build such a good product? Who were its suppliers?

# REVIEW QUESTIONS

- \* 1. In analysing competitors, firms should only look at companies that produce technically similar products.
- \*       A)       True
- \*       B)       False
- \* 2. Competitor analysis using the 'Four Layer Approach' includes all but one of the following. Which?
- \*       A)       Identifying strategic objectives
- \*       B)       Auditing competitor capabilities
- \*       C)       Identifying the structure of competitor industry
- \*       D)       Indicating how competitors might respond
- \*       E)       Identifying who the competitors are

# REVIEW QUESTIONS

- \* 3. The intensity of rivalry between competitors in an industry will depend on:
  - \* A) The degree of differentiation
  - \* B) Strategic objectives
  - \* C) Structure and costs
  - \* D) Switching costs
  - \* E) Any of the above
  
- \* 4. Michael Porter's model of competitive industry structure indicates a number of forces that shape profitability. Which of the following is not one of those forces?
  - \* A) Power of suppliers
  - \* B) The threat of new entrants
  - \* C) Industry cost base
  - \* D) Industry competitive rivalry

# REVIEW QUESTIONS

- \* 5. In identifying sources of competitive advantage, firms predominantly use one of the following models of analysis. Which?
  - \* A) The Generic Strategy Model
  - \* B) Value Chain Analysis
  - \* C) A SWOT
  - \* D) The General Electric multi-factor model
  - \* E) Strategic group analysis

# REFERENCES

- \* [www.investopedia.com/terms/c/competitive-intelligence](http://www.investopedia.com/terms/c/competitive-intelligence)
- \* [www.marketingscoop.com/collecting-information.htm](http://www.marketingscoop.com/collecting-information.htm)
- \* Clarence Henderson, [Henderson Consulting International](#) Manila, Philippines - April 2000
- \* **Market Research Types** By Rick Suttle
- \* [www.marketsandmarketsblog.com/benefits-and-limitations-of-marke](http://www.marketsandmarketsblog.com/benefits-and-limitations-of-marke)