

# Introduction to competitive intelligence

[Technology](#), [Artificial Intelligence](#)



Competitive Intelligence is not spying. Spying implies illegal or unethical activities. While spying does take place, it is a rare activity. Think about it; corporations do not want to find themselves in court, nor do they want to upset shareholders. For the most part, you will find spies in espionage novels, not in the executive suite. Competitive Intelligence is not paper. Paper is the death of good intelligence. Think face-to-face discussion or a quick phone call if you can, rather than paper delivery.

Never equate paper with competitive intelligence. What is not Competitive Intelligence? Competitive Intelligence is not database search. Databases offer just that – data. Databases do not massage or analyze the data. They certainly do not replace human beings who need to make decisions by examining the data and applying their common sense, experience, analytical tools, and intuition. Competitive Intelligence is not the Internet or rumor chasing. The Net is primarily a communications vehicle, not a deliverer of intelligence.

You can find hints at competitive strategy, but you will also uncover rumors disguised as fact, or speculation dressed up as reality. Be wary of how you use or misuse the Net. Its reach is great, but you need to sift, sort, and be selective on its content. What is not Competitive Intelligence? Competitive Intelligence is not a crystal ball. There is no such thing as a true forecasting tool. Intelligence does give corporations good approximations of reality, near- and long-term. It does not predict the future. Competitive Intelligence is not a job for one, smart person.

A CEO might appoint one individual to oversee the CLC process, but that one person cannot do it all. At best, the CLC Ringmaster, the coordinator of the program, keeps management informed and ensures that others in the organization become trained in ways to apply this tool within each of their SSW. Competitive Intelligence is not software. Software does not in and of itself yield intelligence. The CLC market is hot, and numerous software houses are producing products for the intelligence marketplace. Software has become an important weapon in the CIA arsenal, but it does not truly analyze.

It collects, contrasts, and compares. True analysis is a process of people reviewing and making sense of the information. Competitive Intelligence is not a news story. While media reports may yield interesting sources for the CIA analyst to interview, they are not always the most timely, or specific enough for critical business decisions. If a manager first learns of an industry event from a newspaper or magazine report, chances are others in the FIFO

What is Competitive Intelligence? 0 Competitive Intelligence is information that has been analyzed to the point where you can make a decision.

Competitive Intelligence is a tool to alert management to early warning of both threats and opportunities. Competitive Intelligence comes in many flavors. Competitive intelligence can mean many things to many people. - A research scientist sees it as a heads-up on a competitor's new R initiatives. - A salesperson considers it insight on how his or her company should bid against another firm in order to win a contract. - A senior manager believes intelligence to be a long-term view on a marketplace and its rivals.

Competitive Intelligence is a means to deliver reasonable assessments.

Competitive intelligence offers approximations and best views of the market and the competition. Reasonable assessments are what modern entrepreneurs such as Richard Brannon, Bill Gates, and Michael Dell need, want, and use on a regular basis. They don't expect every detail, just the best assessment at the time. Competitive Intelligence is a way for companies to improve their bottom line. Companies, such as Intrastate, have attributed many millions of dollars in earned revenue to their intelligence usage. Competitive Intelligence is a way of life, a process. If a company uses CLC correctly, it becomes a way of life for everyone in the corporation - not just the strategic planning or marketing staff. It is a process by which critical information is available for anyone who needs it. That process might be helped by computerizing, but its success rests upon the people and their ability to use it. Competitive Intelligence is directed from the executive suite. The besting-class intelligence efforts receive their direction and impetus from the CEO.

While the CEO may not run the program, he dedicates budget and personnel; most important, he promotes its use. Competitive Intelligence is seeing outside yourself. Companies that successfully apply competitive intelligence gain an ability to see outside themselves. CLC pushes the not-invertebrate syndrome out the window. Competitive Intelligence is both short- and longer. A company can use intelligence for many immediate decisions, such as how to price a product or place an advertisement. At the same time, you can use the same set of data to decide on long-term product development or market positioning.

Competitive Intelligence Defined 0 CLC may be defined as knowledge and foreknowledge about the external operating environment. 0 The ultimate goal of each intelligence process is to facilitate decision- 0 The intelligence terminology has always been somewhat blurred. Generally speaking, the exact term that each organization prefers to use typically originates from the subject area where intelligence procedures are being applied. Competitive intelligence, business intelligence, market intelligence, and corporate intelligence are used as synonyms. Strategic intelligence, customer intelligence, competitor intelligence, and technology intelligence add a dimension to specify to the subject

### The Scope of Competitive Intelligence 0

According to one of the views, CLC is regarded as the broadest scope of intelligence activities targeting all levels of decision making. Herring (1992) identifies two categories of information needed for business strategy formulation:

- Information about the company's own resources and capabilities.
- Information about the company's external environment.

0 The latter shapes the industry and is the target of every competitive intelligence process. Successful business strategy requires awareness about the company's external environment including:

1. Customers
4. Competitors
5. PEST factors

Industry structure Competitive forces 0 Porter five forces analysis is a framework to derive five forces that determine the imitative intensity and therefore attractiveness, or profitability, of a market. 0 An "unattractive" industry is one in which the combination of these five forces acts to drive down overall profitability. 0 A very unattractive industry would be one approaching "pure competition", in which available profits for all firms are driven to normal profit.

The intelligence process information) by processing it via: - Analysis - Interpretation - Utilization in the future oriented decision making 0 Managing the future does not only mean being able to anticipate what will happen UT also being able to shape the happenings through own actions The Intelligence Pyramid 0 Data - This can be described as the raw data that would typically support a company's operational processes; " What is happening? " 0 Information - Transformed information that is in business terms and is consumable by the business for reporting and analytical needs. - " What does it mean? 0 Knowledge - Enriching the collected information with relationships and correlations that start to " tell the story" of what an organization's data contains. - " What do we already know and why? 0 Intelligence - we have leveraged all the previous stages to put all this data to work to develop action plans to resolve the business problem or challenge. - " What do we do? " The Intelligence Cycle Planning and Direction 0 In order to plan for and design an intelligence system, the system analyst must have answer to the following questions pertaining to decision makers: - What decisions do you regularly make? What information do you need to make these decisions? - What information do you regularly get? - What special studies do you periodically request? - What information old you want that you are not getting now? - What information would you want daily? Weekly? Monthly? Yearly? - What online or offline newsletters, briefings, blobs, reports, or magazines would you like to see on a regular basis? - What topics would you like to be kept informed of? - What data analysis and reporting programs would you want? 2 Intelligence Collection 0 A company can take possible actions to improve the quantity and quality of its developments. .

Motivate distributors, retailers, and other intermediaries to pass along important intelligence. 3. Hire external experts to collect intelligence 4. The firm can purchase competitors products, attend open houses and trade shows, read competitors published reports, attend stockholders meetings, talk to employees, collect competitors ads, consult with suppliers, and look up news stories about competitors. 5. Set up a customer advisory panel. 6. Purchase information from outside research firms and vendors. 7. Take advantage of government-related data resources. Collecting Marketing Intelligence on the Internet Independent customer goods and service review forums such www. Retrieval. Com Distributor or sales agent feedback sites. Customer complaint sites. Public blogs. Combination sites offering customer reviews and expert opinions. Extent. Com, an online advisor on technology products, offers customer comments and evaluations based on ease of use, features, and stability, along with expert reviews. 3 Processing and Exploitation 0 Once the collection plan is executed and information arrives, it is processed for from a foreign language 2.

Evaluation of relevance and reliability 3. Collation of the raw intelligence in preparation for exploitation 4 Databases, Data Warehousing, and Data Mining Companies organize their information into databases and then combine these data. - The customer database, for example, will contain every customer's name, address, past transactions, and sometimes even demographics and chirography's (activities, interests, and opinions). - Companies make these data easily accessible to their decision makers.