

# The growing competition in the business industry



The growing competition in the business industry has made it necessary for any company to stay in competition or have a competitive advantage over its competitors, adequate and relevant information about the competitors need to be received or known at the right time in order to make a good strategic business decision.

However, Tyson (2001) defined competitive intelligence as a systematic process that transforms random bits and pieces of data into strategic knowledge. This definition by Tyson (2001) comprises of information about competitors, customers, technological, environmental, product and market in order to make a good strategic decision.

Also, Lendrevie and Lindon (1990) described competitive intelligence as those activities a company undertake in determining and understanding its industry as well as identifying and understanding the competitors, also determine and understand their weaknesses and strengths and anticipate their next move(s). This definition tends to identify/determine, understand and anticipate industry and competitors. Furthermore, Kahaner (1996) described competitive intelligence as a process of monitoring the competitive environment, with the aim of providing an actionable intelligence that will enhance a company's competitive advantage over its competitors.

Sharp (2009) also revealed that competitive intelligence is a management discipline that propels the decision makers to smarter more successful decisions, thereby minimizing risk, avoiding being blind-sided and getting it right the first time.

Competitive intelligence involves identification of consumer needs, recognition of competitors strength and weakness, assessment of possible moves and identification of company`s own strength and weaknesses (Wright, Pickton and Callow 2002)

Finally, competitive intelligence is a “ process” because it involves gathering, analysing and applying information about product, competitors and the entire environment which includes the supplier, regulatory body, partners and so on (Kahaner 1996) and it’s a “ continuous activity” because the business environment changes as the world changes which usher in more competition (Tyson 2001) also, its gather adequate “ relevant” information at an appropriate “ time” because it is vital a company gets its decisions and moves correctly at the first time (Sharp 2009).

Also, according to Kahaner (1996), he revealed that CI is a process and not a function. He also depicted a CI cycle which can be seen below;

The first stage of any CI process is the Planning and Direction- This stage is when the management gets involved to decide what intelligence is required and the CI practitioner decide on the course to fulfil the task (Kahaner 1996)

The second stage is the Collection- This stage involves the gathering of raw information from which the intelligence will be produced. It also involves processing of information so that it can be transmitted and stored (Kahaner 1996).

The third stage is the Analysis- This is when the functional and relevant information are separated and, the Fourth stage is Dissemination- This stage

involves distributing the intelligence report to who requested it. Also in this stage, recommendations for possible actions will be transmitted. These recommendations will include defence strategy, attack strategy as well as places that needs improvement and development, also places that are threats as well as the strengths and opportunity for the company will be identified.

## **Benefits of Competitive Intelligence**

A formal competitive intelligence program can do the following; (Kahaner 1996)

Anticipate change in the marketplace- Companies that observe the marketplace tends not to be caught unawares, but companies that fail to observe the market place tends to pay a high price for their mistake

Anticipate action of competitors- CI activity will create an opportunity to understand what competitors are trying to do in other to outsmart their competitors

Discover new or potential competitors- CI activity will provide an insight into new segment or market a competitor is entering.

Learn from the success and failure of others- CI activity will investigate if customer are happy with competitors and use their findings as a yardstick for development

Increase the range and quality of acquisition target- CI activity will create an insight on target company for acquisition because not all company that

posses as a threat are really worth acquiring because some companies are created on deception

Learn about new technology, products and processes that affect our business- CI activity tends to reveal if the project being embarked upon by our company is worth investing in or needs additional resources or the project needs to be shut down because some project doesn't worth any extra expense or resource.

Learn about political, legislative or regulatory changes that can affect our business- The CI activity will help analyse the impact of a law or regulation proposed by the government because this government law affects everybody and forces all to change.

Enter new business- CI activity will help us decide if we should enter a new business by observing the success and failure of the market competitor.

Look at our own business practise with an open mind- CI activity will expose us to new ideas and concepts because our method of business might be stale and outmoded. Also it will help us to be externally focused.

Help implement the latest management tools- CI activity will provide us with relevant information that will assist us in re-engineering as well as enhancing customer satisfaction.

## **Why we need to implement Competitive Intelligence**

We need to implement CI because (Kahaner 1996)

The pace of business is increasing rapidly; for example, customers expect us to deliver goods as quickly as possible as well as communicate with them with a faster means of communication. In order to meet this yearning we need an efficient management and CI.

Information overload- We are privileged to collect a lot of information, but we do not have the idea of which information is relevant. CI will assist in analysing the collected information, filter it, learn what is relevant and use it to benefit our business decisions and strategies.

Increased global competition from new competitors: Companies are now moving across their original borders into another country. For example, financial firms like HSBC can be found in several countries in which they constitute a threat and compete with the home companies.

Existing competitor is becoming aggressive- CI will help us forecast competitor's actions and allow us to be proactive because all companies want to acquire more market share and customers.

Political changes affect anybody quickly and forcefully- Deregulation of business such as telecommunication, postal service and electric utilities create more threat to any company because their sector can also be deregulated, but implementing CI in our company will keep us informed about the proposed political change that might affect our business.

Rapid technological change- As we can all observe that technology is changing rapidly to the extent that something new happens in the computer industry like new breakthrough which tends to create new opportunities. For

example, NOKIA held the highest market share as well as the highest customers but when the Iphone and Blackberry came into the picture, NOKIA`s market share and customer base starts to decline. However, if we implement CI, CI will keep track of technological changes in our industry and other industry that is important to our survival.

## **Why we and some companies don't use Competitive Intelligence**

Some companies today including ours don't use CI because we believe that we know everything going on in our industry as well as believe nothing goes on outside our company or country that is worth watching. A lot of activity happens outside our company and country that we don't know and such activity could have a vital effect on our survival as a company. Also some managers believe that CI is an act of spying because it's not taught in business school. Unfortunately, CI is being in De Montfort university, Leicester also it has a registered body called Society of Competitive Intelligence Professionals (SCIP).

Furthermore, some managers including you believes CI is not a profit centre (that is, too expensive to implement) as well as some managers feeling CI was a failure when they tried it. But Bernard Jaworski revealed that CI is indirect in nature because it uses intermediaries. Also, CI leads to better strategic planning, greater knowledge of market and increased quality which cannot be quantified. For example, we spend a lot on trying to get a contract and eventually we lose to a competitor. Do we have an idea of what information our competitor had that enhanced the acquisition of the contract? In other words, we need to stop looking at the cost of

implementing CI and look at how we can have a competitive advantage over our competitors and stay in business because according to Tyson (2001) he revealed that companies fail to participate in CI tends to be caught unawares.

However, even some companies that do CI tends to over rely on internet based CI approach because it's convenient, less expensive, have a global reach, accessible and provide anonymity. But several authors like Kahaner (1996) revealed that internet based CI tends to have some pitfall namely; (Fleisher and Blenkhorn 2003)

Pitfall 1: Internet tools maximize CI efficiently- This pitfall tends to deceive some CI practitioner that information are on the internet also publicly available (Klein 1999) which is not true because private companies are reluctant to release information to the public, especially information that will reveal key organisational details (Klein 1999)

Pitfall 2: Internet tool minimize CI cost- This pitfall tends to bring up beliefs that focusing CI internally and making them solely internet based can maintain the quality of CI, which is not true because in doing that, the CI activity will lose focus on the external environment

Pitfall 3: Internet based CI information is reliable- This pitfall also tends to create a belief that because you pay before accessing a website means the information there are accountable, forgetting that stale data can be easily spread on the internet in which this information are unreliable (Stuart 1996)



Pitfall 4: Internet tools maximize user anonymity: This pitfall tends to create a belief that going into a competitors website, his identity is anonymous, forgetting that some websites uses cookies technology to track internet usage pattern and provide focus on their online advertising effort (Fleisher and Blenkhorn 2003)

Pitfall 5: Internet base CI is always ethical- This pitfall tends to create the belief that sourcing information online is ethical, forgetting that information is accessible to everyone and it`s unethical for anyone to collect a protected information (Fleisher and Blenkhorn 2003)

## **CI and other Discipline**

Business Intelligence- This process of intelligence is concerned with business environment in which a company operate (Prior 1998a) including customers, competition, industry trends, public policy and other STEEP (Social, Technology, Environment, Economic and political) factors. Also, business intelligence involves gathering of large amount of unstructured data which is for the purpose of producing a historical and current views about internal business operation, sales activities, customer satisfaction and project assessment (Sharp 2009). This type of intelligence gathers internal information about the company which is mainly for record purposes while, Competitive intelligence gather and analyse both internal and external information about the company to formulate business strategy in other to have a competitive advantage over its competitors.

Market Intelligence- Cornish (1997, p 147) described “ market intelligence as a process of acquiring and analysing information in other to understand the

market (existing and potential customers); to determine the current and future needs and preferences, attitude and behaviour of the market; and to assess changes in the business environment that may affect the size and nature of market in the future". However, the importance of market intelligence is to identify the successful new product development early in the process to create company growth and maximize revenue by determining the difference between cost of a product and its prices (Cornish 1997) while competitive intelligence, encapsulate all the intelligence that can be gotten from business intelligence as well as market intelligence.

Knowledge Management- This serve the need of the operation and functional unit managers and it's used occasionally to make strategic decision by senior managers (Fleisher and Blenkhorn 2003). Also, Broadbent (1998) revealed that knowledge management is concerned with the use of organisational knowledge through sound practise of information management and organisational learning.

Market Research- This is a tactical method driven activity that consist of neutral primary research that investigate and examine beliefs and perception of customers in which the data collected are analysed using a statistical research techniques (Sharp 2000)

However, CI encapsulate all the disciple as CI tends to use both primary and secondary research to source from a wider range of customers in other not just solve or answer a problem statement but to raise a new question and guide action of the decision makers. Also, CI utilizes internal and external generated data to serve its purpose and uses all the disciplines to avoid

being blindsided by change in market place and other changes (Fleisher and Blenkhorn 2003).