

## competitive intelligence corner



David Lithwick and Enrico Codogno

a monthly column devoted to answering questions relating to CI

**Dear CIC:** Where should a CI unit be located within an organization?

*Decision Maker*

**Dear Decision Maker:** It all depends on the size of the company. Large corporations for example can have several CI units, each existing within a strategic business unit (SBU). Smaller and medium size companies typically have one unit, and in some cases it's a single individual juggling his/her CI duties with other tasks. Keep in mind that the main goal of a CI unit is to gather information from internal and external sources, and produce meaningful information to decision-makers on the near- and long-term developments within their particular industry. (This includes possible marketing moves by competitors, development of new competitor products, impact from legislation, new hiring by competitors, technologies from unrelated industries that could make significant advances to your particular industry as well as new market trends.) Accordingly, the CI unit should reside wherever key decision-makers exist within a company, whether it be the CEO, the market research director or the manager of a business unit.

**Dear CIC:** Would you say that one of the keys to a successful CI program is analysis? Can you provide some examples of the role it plays?

*Market Analyst*

**Dear Market Analyst:** Yes, because analysis brings together a gamut of information from disparate sources and turns the information into a concise report for management. In fact, analysis itself plays an investigative role in CI. Swinging a

golf club would be a good analogy. If gathering competitor information is equivalent to hitting the golf ball, then analyzing this information would be comparable to following through on the swing. Three examples follow:

1. A CI analyst may contribute by looking into the history of a CEO of a competitive company. He may find that the CEO in question, at the previous company to one he currently runs, pursued an aggressive policy of buying out smaller competitors. This strategy, in turn, led to his company gaining significant market share and profits. It is quite possible that, because it led to success in the past, the CEO may pursue the same policy with his current company, even though the circumstances are different.

2. By analyzing a competitor's financial statements, one finds that the competitor has an unusually high amount of cash: which in turn could mean that the competitor is preparing a major buying spree.

3. Demographic analysis reveals that a certain group within society may soon have a significant impact on the economy: the company who is able to answer their needs the quickest would reap significant benefits in revenues and profits.

**Dear CIC:** Would you consider mystery shopping to be part of CI, because from my understanding it's mostly used to audit internal sales and customer service?

*Secret Shopper*

**Dear Secret Shopper:** Mystery shopping is not CI, but it can be used as a resource for collecting CI, similar to executive

### TIP

If you want to work client side in CI, you may have to create your own role, because the jobs in Canada for full time CI analysts and managers are few and far between.

interviews and focus groups. The beauty of mystery shopping is that it can be done easily and quickly, which is very important, given the very fast turn around time demanded for CI. For example, let's assume you work as a research consultant for a cell phone company. Your manager asks you to find out why a competitor has, according to an Angus Reid survey, ranked #1 in customer servicing for the past three years. If you set aside a day to visit six competitor outlets (four company stores and two dealers), you can be fairly certain, that at the end of the same day you will have some answers based on first hand experience. Between scanning the competitor's in store merchandising, listening to the explanations given by the store staff as well as simply observing how they handle a customer complaint, you will be able to quickly pick up on some important reasons as to why the competitor leads in customer satisfaction.

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