

Retail Competitive Intelligence: Leveling the Playing Field

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Retail competitive intelligence. Is it espionage? Undercover reconnaissance? Perhaps for those with wobbly scruples or a desire to live dangerously.

For the rest of us, competitive research or market intelligence usually covers a quantity of information guided by what we know and limited by what we can afford to find out.

Telephone vs. in-person-selection of relevant questions, tabulation, analysis and paying the research bill. This process has a place. It also has qualified practitioners and an eager market. However, any restaurant operator (single unit or chain) if willing to invest time, some purposeful observation, and most importantly some logical scrutiny, has access to a continuous source of overlooked competitive information on both new and exiting competitors. If this is your only sources of intelligence, it will provide you with a dependable x-ray of your market. If you already use paid research, you can cross-check and supplement it with CI. It works this way:

Everything you see in a competitor's outlet, from signs to uniforms, is the product of a plan which was put in place to achieve a goal. If you're observant and analytical, what you see at the street level can be traced back to the boardroom where the marketing strategy for the restaurant was drafted.

Begin with yourself. You have your own planning tools. You set objectives, strategies and action plans. You define your target and position. You identify market trends and buyer behaviour. You can apply each of these elements to interpreting competitive findings. Your competitor proceeded from the general to the specific, you'll now proceed from the specific to the general. Just as there's a menu selection, there's a check list for collecting critical market data.

Location: What appears to have been significant in choosing the location? The presence of similar restaurants or the contrast among them? The intrusion of a fast-food outlet (particularly the chameleon-like type where plastic is mixed with oak and brass) into a full-service market may signify an end to the accepted ambient pricing level and result in some extra "dealing" for dollars-conspicuously at lunch.

Low priced real estate results in a less desirable location, but could be an alert that some highly aggressive local store

marketing will be forthcoming and necessarily continuous.

Traffic/Dayparts: How many cars are in the parking lot relative to the time of day or the week? Is this pattern similar to your restaurant or different? If your Tuesday dinner isn't as popular as theirs, why not? Many bodies inside but few cars outside? Where are these customers walking from?

In-Store Merchandising: Be your own 'Nielsen'. How much point-of-purchase material is used? What is being emphasized? Over a period of time, which items are being emphasized at which time? Reconstruct one activity chart over a year and see what trends are revealed. Monitor a much-advertised promotion. Did it appear to fail? Either you'll never try a similar offer or you'll modify it based on recognizing and benefiting from someone else's trial and error.

Market: Check out the customers. Really check them out. These people are real customers; not the people you see in your competitor's advertising. Is there anything about the customer type which contradicts expectations raised by media target or creative image? Do your observations confirm what your primary research tells you?

Public Relations: Is any kind of customer feedback requested? Are customer cards present? What concerns do the cards reveal? These cards may leak the company's own perceived areas of weakness.

Appearance: Include uniforms in your observations, as these form part of your overall reaction to the restaurant. Are the uniforms a variation on those of a large, highly visible competitor? What do they say about positioning or your expectations? Are they old? Outdated?

What is the condition of the signs? What is the style of the sign? Typeface, layout and colour combination may vary: in vogue, a clone of a major competitor, or out-of-date. What is the condition of the premises, from a maintenance point of view? Always visit the washrooms. Absence of dirt is desirable. Absence of tissue, soap or towels is not, and is a clue about the general concerns with operations and PR. Inside and on parking lot, is garbage visible? Does it have to be?

Service: How quick are the servers? How accurate? Are they friendly? Attentive? Do they try to sell you additional items or specific menu items?

Do they know their product? Can you visualize a mandate from head office that the crew is executing? Are managers taking a more visible interest in the service and food quality? Has the number of crew during a certain daypart increased or decreased-and why?

Promotions: When are they done? On which menu items? What is the expiry date on any coupons or offers? Do coupons or flyers indicate any other locations which are participating? In a cross promotion, what does the selection of the contra partners say? If a theatre gives out coupons, to whom are they directed? Ask the restaurant staff if the promotion is a popular one. A quick chat with the staff will give first-hand information which can confirm speculation about a promotion's effectiveness.

Operations: Is there a time problem? In a fast-food outlet, what is your time in line and time at the counter? Was your order correct? If not, how was the error dealt with? At any restaurant, (do we have to say it?) how is the food? Temperature, presentation, and style of preparation, if sampled regularly can highlight strengths and weaknesses, as well as trends.

Menu: What went on in the competitors' minds when they wrote the menu. Why did they choose a specific tone, a descriptive style, and visual? What does the menu tell you about the company's product mix, based on the items listed?

This list demonstrates that there's a wealth of information that can be monitored. What's even more important is to answer the "Why" behind each observation.

Document key findings and you'll be able to track market activity and develop a data base. This data will contain new product ideas, tactics, trade area demographics and promotions, integrated with other research reports. You may even decide to trend data on your laptop. The data is not statistically significant, but does it have to be?

Benefits: Your competitive intelligence will remove wrong assumptions. It will remove market naiveté by going into the field, to the front-lines. Your market vision will improve. And your strategic grasp of field activities will strengthen through interpretative exercises. You'll be able to better evaluate other field reports brought to you.