

Making Competitive Intelligence Work: Why Some CI Strategies Fall Short & How to Ensure Yours Don't

Googling 'competitive intelligence' yields more than 10.5 million results in less than a second, and judging from the first few pages of results, people define CI in many different ways. This white paper explores the limitations of some CI definitions and how companies can enhance their CI strategies to work smarter and improve decision making.

What is Competitive Intelligence?

Let's start by clarifying what competitive intelligence is not. As the author of *Competitive Intelligence Advantage: How to Minimize Risk, Avoid Surprises, and Grow Your Business in a Changing World* and founder of one of the first competitive intelligence firms in the United States, Sharp Market Intelligence, CI expert Seena Sharp knows all too well how companies struggle to define and execute competitive intelligence effectively. During a recent American Marketing Association webcast, Ms. Sharp emphasized that "Competitive intelligence is not data, or information, or software, or from the Internet, or even focused on competitors. These are all components of competitive intelligence, but they are not CI, per se."¹

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Seena Sharp, CI expert, Sharp Market Intelligence

Look Beyond Competitors: A Cautionary Tale

Many companies operate under the misconception that CI begins and ends with competitors. During the webcast, Ms. Sharp offered an example of what happens when you focus on competitors to the exclusion of other factors that influence business risk and growth. In 2008, readers in the Denver, Colorado region had two major daily newspapers to choose from—*Rocky Mountain News* and *Denver Post*. One year later, *Rocky Mountain News* announced it was going to press for the last time, ending the publication's 150-year reign as the oldest daily in the state. Many saw the closing as just one in a long line of daily newspapers that succumbed to mounting pressures of lost ad revenues and declining circulation.

Ms. Sharp noted that when the publisher of the *Rocky Mountain News* spoke at an industry conference some months later, he shared some of the factors that led to the paper's decline. The most unexpected revelation? The editors often held back on publishing breaking news to its website.² Why would a daily newspaper hamstring itself in such a way? The editors worried that if they went 'live' with a story on the Web, the *Denver Post* might 'steal' it and post the same news on their own site too. In reality, the fear that they might give their competitor an edge on reporting alienated readers who only saw that the *News* was consistently being 'scooped' by the *Post*. The *Rocky Mountain News* was more focused on its competitor than on its customers.

The lesson? If you only look at strengths and weaknesses, opportunities and threats in comparison to competitors, then you only capture a fraction of what influences success—or failure—in a global business environment. The hyper-awareness of the competition prevented The *Rocky Mountain News* from seeing the big picture and contributed to its downfall.

Embrace a Better Definition of Competitive Intelligence

Rather than focusing on the 'competitive' aspect of CI, concentrate on the 'intelligence.' Ms. Sharp's formal definition of competitive intelligence is "knowledge and foreknowledge."³ The *Harvard Business Review* defines it as "a perspective on changing market conditions."⁴ Both of these definitions emphasize the value of intelligence for improving a company's resilience and agility as it moves forward. As Ms. Sharp pointed out in the webcast, "Look at today and tomorrow as that's the only time your company will sell its products or services. So focusing on foreknowledge is far more important than focusing on knowledge and data which reflects the past." Or, as Walter Gretzky advised his son and hockey legend Wayne, "You have to skate to where the puck's going, not where it's been."⁵ Ask yourself, "What insights do I need to make smarter decisions and proactively mitigate risk—now and in the future?"

Doing Competitive Intelligence Right

When you broaden the scope of your competitive intelligence beyond competitors and the industry to encompass factors like social media, security, politics, economics, technology or other influencers relevant to your business, you begin to equip your company to thrive in a constantly-evolving business landscape. But intelligence doesn't rise like a phoenix from accumulated data. To generate actionable competitive intelligence, you need the right information.

2 Sharp, Seena. Outthink, Outsmart, Outperform with Competitive Intelligence. American Marketing Association. Webcast video. December 16, 2015. <https://www.youtube.com/watch?v=RjG2MIEMTO>

3 IBID.

4 Gilad, Benjamin. "'Competitive Intelligence' Shouldn't Just Be About Your Competitors." *Harvard Business Review*. May 18, 2015. <https://hbr.org/2015/05/competitive-intelligence-shouldnt-just-be-about-your-competitors>

5 <https://espn.go.com/sportscentury/features/00014218.html> (Accessed 1/10/2016)

Keep It Current

If you want CI that truly offers knowledge and foreknowledge, you need information that is timely. That's not to say that historical data is without value, but it needs to be the right historical data. If you want to identify future opportunities, for example, monitoring and analyzing media over time can help you see emerging developments, allowing your company to set a trend, rather than follow it.

Tap Trusted Sources

Anyone who has 'googled' a topic knows that not all information sources are created equal. As informative and convenient as Wikipedia is, the user-generated content lacks the more rigorous vetting of journalistic standards. When you're gathering intelligence, you need to have confidence in the accuracy of information, so seek out trade publications and respected business journals such as the *Harvard Business Review* or *New York Times*. By setting standards for appropriate sources of information, you also improve the relevance and objectivity of the intelligence. When it comes to business information, look for sources beyond the company website so that you capture a comprehensive, unbiased picture.

Establish Context

In the absence of context, information can mislead and result in bad intelligence. When an earthquake and subsequent tsunami devastated Japan in 2011, three Fukushima nuclear reactors experienced catastrophic failure, leading to the evacuation of more than 100,000 people from the area.⁶ Shortly afterwards, Germany closed eight nuclear power plants. Without context, you might infer that the Fukushima disaster caused Germany to suddenly walk away from nuclear energy. In fact, Germany passed a law in 2002 that included a planned phase-out of all nuclear power plants by 2022.⁷ Like any

Do Blogs Count as Sources for CI?

It depends. Bloggers aren't held to the same standards as journalists, so you need to verify any information gathered from blogs. Since that can be a time-consuming process, you may be better off looking elsewhere. There are exceptions, however. Blogs by thought-leaders or industry associations have merit as sources of inspiration or as a jumping off point for deeper research. In addition, monitoring blogs related to your industry, competitors or consumers may help you identify unmet needs—precisely the type of CI that your product development team would find useful.

complicated political situation, however, the phase-out had moved slowly. The Fukushima accident spurred politicians to reach greater consensus for the phase-out. When it comes to competitive intelligence, you need to ensure you have the full picture on which to base your decisions.

Widen Your CI Parameters

More comprehensive competitive intelligence empowers companies to make better decisions. In the AMA webcast, Ms. Sharp offers the example of buying a house. You may compare one house to another—in essence, the competition—in your search, but you don't stop there. You also consider a wide range of factors—commute times, quality of schools, nearby cultural or recreational facilities, local government and more. Your goal is to make the best decision that will result in a home you love. Translate that to business terms, and the goal of CI is to enable informed, strategic decision making that drives your company's success.

⁶ <http://www.world-nuclear.org/info/safety-and-security/safety-of-plants/fukushima-accident/> (Accessed 1/4/2016).

⁷ <https://www.cleanenergywire.org/factsheets/history-behind-germanys-nuclear-phase-out> (Accessed 1/4/2016).

Share Your Insights Often

When you're doing competitive intelligence right, you may find that not everyone is thrilled with the insights because they fly in the face of past experience or conventional wisdom. This is especially true when you seek out CI that is external to your industry. Change is hard—and winning support for change is sometimes even harder. Remember the Fukushima example earlier? Well, digital marketing expert Seth Godin wrote a blog in 2011 that featured a compilation of data from the World Health Organization, industry sources and more. The results revealed that for every person killed by nuclear power generation, 4,000 die due to coal, adjusted for the same amount of power produced. Yet nuclear energy remains the 'bad guy' for many. His point: "It's far easier to amplify sudden and horrible outcomes than it is to talk about the slow, grinding reality of day to day strife."⁸ To overcome the reluctance to believe in competitive intelligence, reach into a marketer's bag of tricks.

- **Employ effective frequency.** A familiar marketing concept, effective frequency refers to the number of times consumers need to see an ad before they engage with a brand. You need to share insights from competitive intelligence with a similar frequency to acclimate your colleagues and stakeholders to new ideas.

- **Engage influencers and CI ambassadors.** Brands often look to influential bloggers and super fans to promote their products. Why not implement a similar approach? You can activate influential people across the organization to champion the new insights you have to share.
- **Connect the dots.** By presenting CI as an ongoing story, you help others understand the information and reasoning that spawned the insights.

Great Competitive Intelligence Boosts Your Value

When you engage in competitive intelligence—and do it well—you help the leaders in your organization make decisions that minimize business risk while maximizing opportunities for growth. You can gain the insights needed to know when market changes are imminent or to identify a gap in the marketplace that your company can fill. Moreover, as you empower the decision makers with competitive intelligence, you earn their trust and respect, allowing you to grow in your profession and gain influence among your colleagues. Once that happens, the thought of making a move without deep competitive intelligence will be inconceivable.

⁸ http://sethgodin.typepad.com/seths_blog/2011/03/the-triumph-of-coal-marketing.html (Accessed 1/4/2016).

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