



***Achieving Synergy Between
Competitive Intelligence and Market Research***

A STRATEGY DYNAMICS GROUP WHITEPAPER

ACHIEVING SYNERGY BETWEEN COMPETITIVE INTELLIGENCE AND MARKET RESEARCH

by Jody Holtzman

Introduction

According to the Encarta World English Dictionary, *synergy* is: “the working together of two or more things, people, or organizations, especially when the result is greater than the sum of their individual effects or capabilities.” There are other definitions of course. And they all go back to the concept of synergism, in which spiritual salvation or regeneration is achieved through the combined work of the human will and Holy Spirit. Although competitive intelligence and market research managers may at times seem like they require regeneration and even a level of salvation, our focus is on the thread that binds together these concepts of synergy.

The thread here is that the integration and synthesis of particular activities can yield greater outcomes than the sum of either alone. So, given this view of synergy, what is the synergistic nexus of competitive intelligence and market research? How can it be achieved? And, to begin with, why is it necessary?

Why Achieve Synergy of CI and MR?

In most companies, competitive intelligence and market research are separated in both organizational and analytic silos. CI typically focuses on companies and market research focuses on customers. Even when the CI group is resident in Marketing, it is often walled off from market research activities.

You will notice, however, that CI stands for “competitive” intelligence,” not “company” intelligence. And nowhere in the phrase “market research” does the word “customer” appear. The fact is, each of these disciplines aims to illuminate the competitive market. However, the competitive market can only be understood through the integration and analysis of research and intelligence about all the elements influencing the dynamic marketplace, supply AND demand. To be sure, there is a need to understand the constituent parts that comprise and influence the competitive marketplace. And, yes, this often involves a “deep dive” on a particular company or customer segment – or the regulatory regime of a particular country for that matter.

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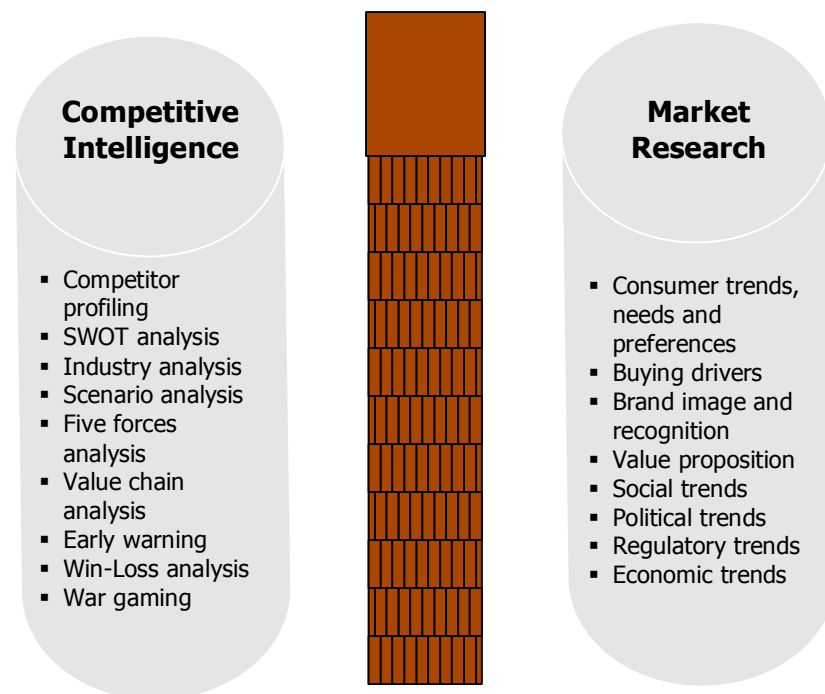
However, even when such a deep dive is conducted, it should not be done in an isolated, unconnected way. Unfortunately, this is exactly what happens all too often and typically. Unconnected company profiles are created in the CI group and complemented by unconnected customer research in the market research group. Adding insult to injury, market research managers typically do not read the company profiles and the CI group doesn't read the customer research. You have little chance of connecting all the dots if you don't look at them.

The competitive market, in any industry, is about one thing - - multiple companies trying to get customers/clients to buy from them and not the other guys. This is what the competition is about – acquiring customers. As a famous rabbi once said, “the rest is commentary.” And to answer the central question that enables your company to acquire customers - - i.e., why should anyone buy

- Early warning
- Win-Loss analysis
- War gaming

Organizational Silos = Analytic Silos

There is a wall separating the two functions with the individuals in them possibly having day-to-day contact in the hallway and around the water cooler, but not when it comes to their work, which is designed and conducted in organizational silos.



In Market Research, managers will focus on:

- Consumer trends, needs and preferences
- Drivers of consumer buying behavior
- Brand image and recognition
- Value proposition and positioning
- Brand and ad messaging
- Social trends
- Political trend
- Regulatory trends
- Economic trends

The benefit of removing the organizational and analytic barriers is a stronger understanding of the market. This doesn't change the fact that each of these disciplines has a different focus on a particular piece of the market, i.e., companies on the one hand and consumers on the other. As such, different questions are posed with regard to each.

For example, competitive intelligence managers will ask questions such as:

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- What are our competitors' strategies and plans?
- What would prompt a change of strategy and plans?
- What are our competitors' strengths and weaknesses?
- What accounts for our competitors' successes and defeats?
- How are our competitors organized?
- How might they reorganize and why?
- What pressures are our competitors facing, internally and externally?
- How can we exploit our competitors' weaknesses?
- How successful will our competitors fare in alternative scenarios of the future market environment?
- Which competitors pose a threat to us, now and in the future?

Market researchers on the other hand will ask questions such as:

- Which customer segments present the greatest opportunity for our products and services?
- How will the needs of our customers affect the future shape of our market?
- What do customers want?
- What do our customers value?
- What are the preferences of our customers?
- What is our brand reputation and image with our customers?
- What do customers think about our new product/service?
- Do we have the right messaging to "speak to" the needs and preferences of our customers?

Business Decisions: The Ties That Bind CI and MR

So, how do these efforts come together? A host of business decisions require the combined efforts and integrated market insights of CI and market research. In each of the decision areas in the two tables below, both CI and market research have key roles to play in the types of research and analysis conducted and the intelligence provided to senior management about the various elements of the market. And although each type of research may answer particular questions, it is the synergistic insight that is key for many decisions – the combined insight that is greater than the sum of its parts.

In addressing these business decisions, the synergy between competitive intelligence and market research lies in part with the *integrative questions*. These are the questions with which you use the lens of the customer to understand your competitors, and the lens of the competitor to understand your customers. Such business decisions and their respective integrative questions include, but are not limited to, the following:

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<i>Business Decision</i>	<i>Integrative Questions</i>
New product development and launch	<ul style="list-style-type: none"> ▪ Which customer needs and preferences are not being met by our company or by our competitors? ▪ What do our competitors assume about our customers?
New market entry	<ul style="list-style-type: none"> ▪ Which markets and customer segments are our competitors targeting? ▪ What do our customers think of us versus our competition?
Positioning and Value Proposition development (corporate and new products/services)	<ul style="list-style-type: none"> ▪ How well do our customers and potential customers believe we fulfill their needs and preferences as compared with our competitors?
Market opportunity identification	<ul style="list-style-type: none"> ▪ Which customer needs and preferences are not being met by our company or by our competitors? ▪ What are our competitors' assumptions about the market and our industry?
Marketing/Ad messaging	<ul style="list-style-type: none"> ▪ Which value propositions – ours and our competitors' – resonate most with our customers? ▪ How does our messaging differentiate us from our competitors?
M&A decisions	<ul style="list-style-type: none"> ▪ Which competitor would strengthen our ability to serve our customers?

Each of these business decisions requires a combination of different types of research and analysis that are conducted, respectively, by competitive intelligence and market research functions. Neither can answer the questions alone in a way that will effectively support senior management's requirements for actionable intelligence. And although it is possible to derive answers at the end of two separate, parallel research processes conducted independently by each function, much greater insight and efficiencies will be gained by organizing these efforts together on the front end of the effort.

BUSINESS DECISIONS

TYPES OF ANALYSIS	NPD & Launch	New Mkt Entry	Positioning	Market Opportunity Identificat'n	Mktg/ Ad Messaging	M&A
Competitive Intelligence						
Competitor Profiling	√	√	√	√	√	√
SWOT Analysis	√	√	√	√	√	√
Industry Analysis		√	√	√		√
Scenario Analysis	√	√	√	√		√
Wargaming	√	√			√	√
Win-Loss Analysis			√	√		√
Early Warning	√	√		√	√	√
Market Research						
Consumer Qualitative	√	√	√	√	√	
Consumer Quantitative	√	√	√	√	√	
Trend Analysis	√	√	√	√		√
Brand Image & Recognition	√	√	√	√	√	√
Buying/Demand Driver Analysis	√	√	√	√		
Ad Spending Analysis	√	√	√		√	

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Surmounting Organizational and Analytic Silos

So what are some of the practical steps to attain synergy between CI and market research? First of all, break down the silos! It is of prime importance to do this in support of particular business decisions like those above. However, the general rule should be, wherever you sit organizationally, you must reach out across the organizational boundaries to obtain the critical and knowledgeable eye of those viewing the market from different vantage points.

This is not limited only to CI and market research. It should include strategic planning, R&D, PR, HR, investor relations, even finance. However, at a minimum, CI and market research units must work together, both in designing research and analyzing the results and their implications for strategic decision-making.

In addition to pulling together ad hoc teams for particular decision support projects, two activities that can be easily initiated on an ongoing basis without any cost are the following:

- 1) CI-MR Research Calendar: Establish

2) Regular CI-Market Research Meetings: Convene regular CI-market research meetings every one or two months to share insights learned over the preceding period.

- The job of CI is to highlight what competitors are doing in the market with regard to different customer and market segments.
 - The result – identify customer issues that market research may have not considered that can be examined in future research.
- The job of Market Research at these meetings is to highlight key findings about customer demand, needs, preferences, satisfaction and loyalty, and the factors influencing them.
 - The result – identify how your company and competitors are viewed by customers and identify emergent issues against which CI can evaluate competitor strengths and weaknesses.
- The job of all participants in these meetings is to examine the “so what/what if” questions that flow from these discussions of research findings. This should occur even if the only “so what/what if” questions you examine are the implications for follow-on research. An attempt always should be made, however, to identify implications for company and or business unit strategy and its underlying assumptions.

So, why achieve synergy of CI and market research? It is the key to providing actionable insight that enables management decision-making so your company can attain competitive advantage.

Conclusion

So, why achieve synergy of CI and market research? It is the key to providing actionable insight that enables management decision-making. The overriding question that should lead you to derive such customer-centric market intelligence is: Why should anyone buy from us and not the other guys? Answering this question in multiple contexts is key to achieving competitive advantage.

The unifying principal for achieving this synergy is management decision-making. It is here where go/no-go decisions require a comprehensive fact-base about both supply and demand – competitors and customers. And by incorporating these insights into management decisions, both competitive intelligence and market research functions and professionals can add strategic value to their organizations.

There is one more compelling reason to pursue synergy between your CI and market research efforts - - getting the biggest bang for your research buck. The fact is, CI and market research groups are going to spend money, resources and time on external research. Seeding these efforts with additional and/or redesigned questions that can obtain both the originally intended market insight, plus additional understanding about competitors and customers, is relatively easy to do. And it is a much more cost-effective way to spend finite financial resources.

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