

# Competitive Intelligence

A quarterly eBulletin from the people who bring you the Competitive Intelligence Executive MindXchange

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Strategic Competitive and Market Insights to Propel Profit and Growth

## Competitive Intelligence as Tool for Growth

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During economic downturns, competitive intelligence is most often used as a defensive tool to protect market share from erosion. While there is both a need and merit to this approach, it limits the impact CI can have in a company's expansion and growth — and the chance to further establish CI as an integral part of any company's operations.

The CI professional has three powerful tools to foster growth:

### Value Proposition Alignment

Every company has a value proposition for its products and services. The nature of that value proposition, its communication to potential customers and how it compares to competitive offers has a direct impact on sales success. You can play a crucial role in the refinement of your company's value proposition by providing the insight into competitor value propositions needed to effectively counter them and anticipate changes. Knowing how the competitor establishes value and presents it to the market gives you insight into how they will sell that product (or service) to customers.

Value propositions can be based on features, functions, delivery, packaging, service, pricing or less-defined elements. Determining a competitor's value proposition is a multi-step CI process that requires investigation into all of a competitor's messages, including those that are publicly stated and those that are unstated and those that are only perceived. Naturally, the easiest part of the value proposition is the competitor's publicly-stated messaging, which can be found on the product packaging, advertising, their web site and many other easily accessible places.

Unstated value propositions can be found mostly through interaction with the sales team and their customers. Reviews of public presentations by the competitors, both at industry events and through contact with customers, can also provide insight into the unstated value proposition. Perceived messages are harder to find. They typically can be obtained from interviews with customers and prospects as part of the win/loss procedure used by companies to understand why they are successful (or unsuccessful) in a bid.

### Opportunity Assessment

During economic slowdowns, companies typically take the defensive role, keeping expenses to a minimum and generally not looking for new opportunities. However, this is exactly the time that economic opportunities abound. Potential acquisitions can enhance market position, market niche vacancies may open after the departure of weaker competitors and emerging new technologies have the potential to create new markets altogether.

Any opportunity assessment requires solid knowledge of both your company's strategic goals and objectives as well as intimate knowledge of the market dynamics in which you operate. This is where CI comes into play: The CI professional has to be able to apply that knowledge to the identification of a unique opportunity which would otherwise be passed over. This is by its nature a proactive effort on the part of the CI professional who must constantly seek, and present, new ideas for growth to management and formulate the presentation in terms of the company's strategic goals and objectives. Success in this effort is rewarded well; your company grows while others stagnate or even decline and your company is better positioned for growth when the economy recovers.

### Technology Roadmaps

Every technology goes through periods of rapid improvement followed by consolidation and refinement. Technologies also suffer through shifts that can cause complete dislocation. The CI professional who is able to accurately predict where technology developments are going and — even more importantly — predict when the major technology shifts will occur, can provide their company with a unique, sustainable, market advantage. There are two key aspects to the technology roadmap where the CI process can bring value and insight.

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The first is in the evolutionary development which follows somewhat predictable paths from one level to the next. Given that you can generally predict what the next generation of a current technology will look like — more features, higher quality, slightly better functionality — it is possible to determine which of those evolutionary advances are likely to be taken by the competitor. Knowing that a competitor will focus on one aspect of an evolutionary advance presents the opportunity for your company to focus on a different aspect, perhaps one that has stronger alignment to the customer's needs.

The second is revolutionary development is harder to predict but also has significantly greater impact on company growth, profitability and sustainability. Finding a revolutionary development before it comes to market is difficult because at first the technology usually only addresses a subset of the market, often in an inferior way.

Take, for example, the emergence of the flash drive as a music storage system. Early portable digital music was CD based, relatively inexpensive and easy to use while the first flash drive-based music players suffered from limited capacity, difficult transfer processes, and lower audio quality. CI managers at the CD-based portable music companies may dismissed these flash drive suppliers, but more significantly they were not able to offer a better alternative. When the iPod arrived on the scene, Apple rewrote the rules for portable music players and, subsequently, home-based stationary systems, transforming an entire market.

## Conclusion

Economic cycles come and go. This is a fact of the capitalist economic system, but that does not mean that companies are helpless to set their own growth path. Integrating CI into the economic sustainability process helps a company weather changes in the larger economy by better matching their value propositions with customer expectations, using the relative weakness of competitors to exploit opportunities for growth, and staying ahead of technology developments that can change entire industries.

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