Enhancing Sales and Marketing Effectiveness Through Competitive Intelligence

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Executive Summary

Over 200 SCIP members worldwide involved in Sales and Marketing Intelligence (SMI) responded to a survey of current practices. The results show that median budgets are less than US$250,000, with median staffing of two people or less. Sales and Marketing Intelligence units are located primarily at the corporate or divisional level. While information on competitors is their major focus, SMI overall has a greater strategic/marketing focus than a tactical/sales focus. A variety of primary and secondary sources are used. In managing information, paper still plays an important role, though more companies are becoming “wired” for electronic networking. In analysis, competitor profiling techniques are used more than the future-oriented methods. In communicating intelligence, e-mail is seen as the most effective of a range of methods used. Competitive Intelligence practitioners rate their own effectiveness generally higher in support of Marketing than in support of Sales. To succeed, CI professionals need to achieve "buy-in" and trust at both the executive and

functional management levels. Lack of those, in addition to resource constraints and other concerns, create barriers to success.

Survey Objective

As Competitive Intelligence (CI) matures, it seems clear that a large part of its value is in how well it relates to, and supports, other core business disciplines. In 1997, the Society of Competitive Intelligence Professionals (SCIP) began two “vertical” initiatives in competitive intelligence, one in Technical Intelligence (TI), the other in Sales and Marketing Intelligence (SMI). As part of the SMI initiative, SCIP presented a one-day seminar to introduce the topic in Dallas in October of 1997.

This first-ever study was part of the preparation for the seminar. Many people worked to make the vision of such a study become reality. Cynthia Allgaier and her staff at The Pine Ridge Group provided the initial idea, survey design, and qualitative analysis, and presented preliminary results at the seminar. Tim Powell and his staff at TW Powell Company designed and executed the quantitative data analysis and charts. SCIP members invested their time and effort in this crucial first step in building a substantial knowledge base on this timely and important issue.

The survey focused entirely on the use of competitive intelligence to support sales and marketing in corporations and other large organizations. The two main areas of inquiry were:

- *Process description.* How does the process work? What levels of funding and staffing are involved? What sources and methods are used?

- *Process evaluation.* Which sources and methods are most effective? What are the strengths and weaknesses of the process?

Demographic information on respondents was also collected. However, company names were not collected, and respondent names were optional.

Survey Method

Questionnaires were faxed during the third quarter of 1997 to 2,841 SCIP members worldwide designated as corporate practitioners. Respondents self-selected as to their involvement in support of either sales or marketing—84% reported serving both sales and marketing—though often they supported other functions as well. A small number of non-qualifying responses were edited out. Two hundred four usable responses were received from a total of fourteen countries, and represented a range of industries.

Closed-ended responses were keyed into an SPSS statistical database for analysis. Open-ended responses were field-coded into discrete categories and/or analyzed using “theme clustering” content analysis. Various statistics and cross-tabulations were prepared (the most relevant of which are presented here.)

Preliminary results were presented to the attendees at the October 1997 SMI seminar, as well as mailed to survey respondents.

These findings should not be construed as representative of all corporations. In fact, we hypothesize that, due to the self-selection mentioned above, the responding companies are as a group on the *leading edge* of contemporary business practice in this area. The incidence of many of these practices in the general business population will, in fact, tend to be *lower* than is reported here.

Response Base

The geographic distribution of responses was in approximate proportion to that of SCIP membership as a whole. Responses from the U.S. represented 81% of the response base, Canada represented 10%, and other countries (Australia, Belgium, Brazil, Denmark, Finland, France, Italy, Germany, Norway, Singapore, South Africa, and the United Kingdom) together contributed 9%.

The distribution by industry (Figure 1) was similar to that of SCIP as a whole, with *Industrial Products* and *Communications* each providing more than 14% of the responses.

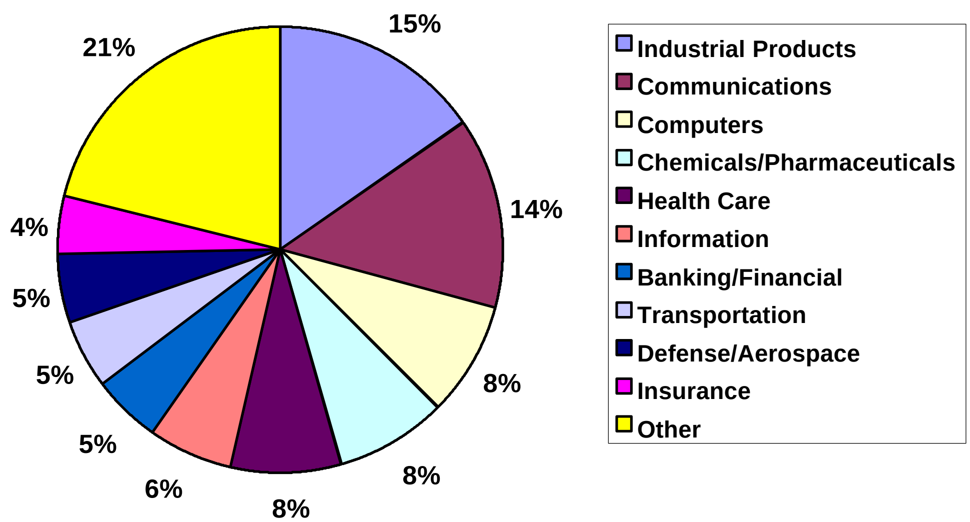

Figure 1: Respondent Industries.

More than 21% of the responses were prepared by corporate vice presidents or directors, with more than 38% from managers, and nearly 30% from analysts. Regarding organizational location, 45% of the responses were from corporate CI groups, 42% were from division-level groups, and 14% of the responses were from groups in business units or other levels.

Most of the sales and marketing efforts covered by this study are in the business-to-business realm, with nearly 80% of the respondents targeting large accounts, 61% targeting mid-size business, 40% targeting small business, 36% targeting distribution channels, and 31% targeting consumers. Over 60% of respondents report serving a global customer base.

Budgets, Staffing, and Level of Effort

Sales and Marketing Intelligence as a function receives surprisingly modest support in most of the corporations reporting. Over half the groups consist of one or two people, and have annual budgets of US$250,000 or less (Figure 2).

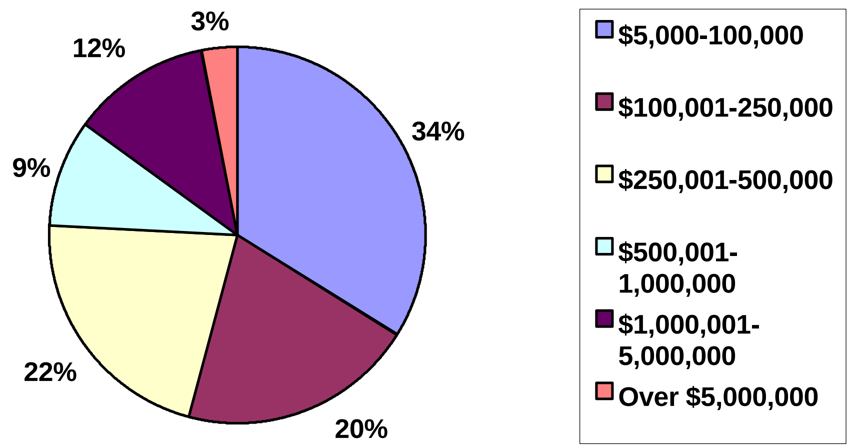

Figure 2: Annual Competitive Intelligence Budget (US$).

There is a slight tendency for SMI-related groups at higher organizational levels to be more adequately funded and staffed, as summarized in Table 1.

	CORPORATE GROUPS	DIVISIONAL GROUPS	COMPETITIVE UNIT /OTHER GROUPS	ALL GROUPS
Annual budget $250,000 or less	**49.1%**	**56.1%**	**66.6%**	**52.5%**
Staffing 1-2 people	**51.9%**	**57.0%**	**73.9%**	**56.8%**

Table 1. Staffing and Budgets at Marketing Intelligence Units.

And SMI isn't their sole job. Only 39% of the individuals polled report spending more than half their time on SMI (as opposed to other CI functions), and a third of respondents report that SMI accounts for less than one-quarter of their time. These ratios are consistent across organizational levels.

Intelligence Objectives

The stated objectives of the SMI function tend to be somewhat more strategic than tactical, and more oriented toward marketing than sales (Figure 3). We note that *Helping sales win business*, which we suggest has the most tangible and readily demonstrable impact, is deemed "extremely/very important" in fewer than three out of every five SMI programs.

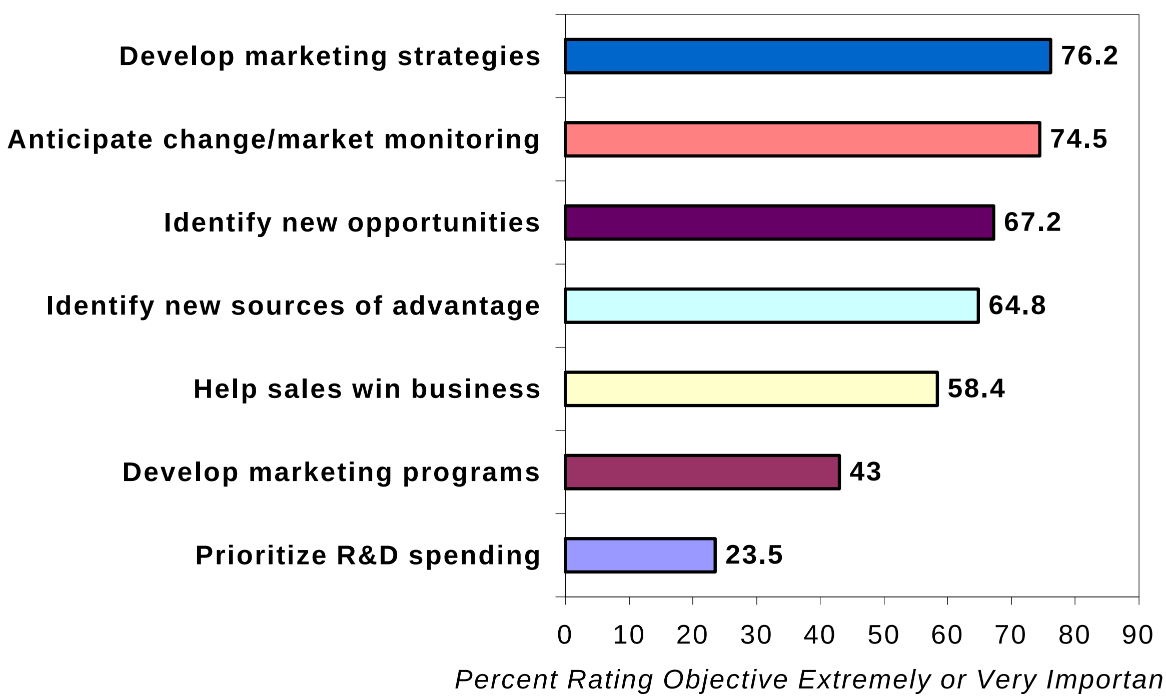

Figure 3: Objectives of Sales and Marketing Intelligence.

Intelligence Content and Sources

The intelligence sought with regard to marketing and sales is heavily focused on competitors' capabilities, products, and services (Figure 4). Other competitor characteristics, such as costs, financial strength, and R&D plans, are less important.

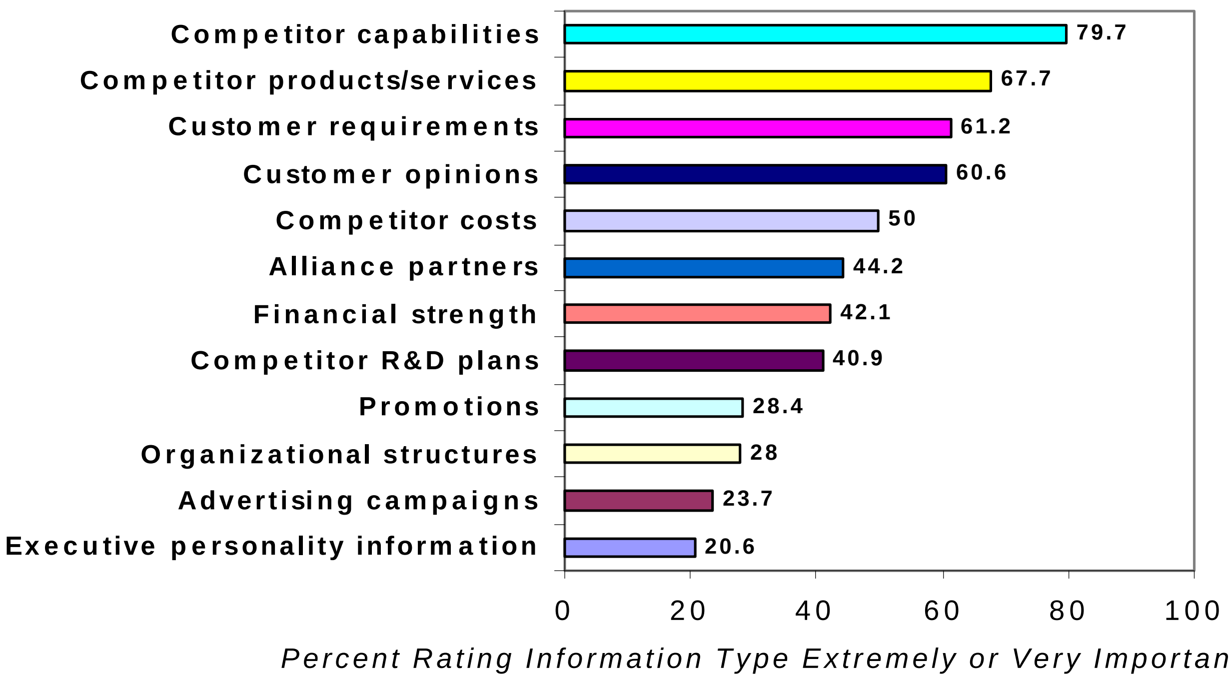

Figure 4: Information Sought in Support of Sales and Marketing.

Only about three in five respondents deem *Customer requirements and opinions* as extremely/very important pieces of information. Perhaps, there are other marketing functions whose focus is more exclusively on customers.

Information on *Promotions and advertising campaigns* is generally seen as relatively unimportant. A possible explanation for this is that these initiatives are more important in consumer-oriented industries, while our sample was heavily skewed toward business-to-business sales and marketing.

It is also surprising that so little emphasis is placed on personality profiles of key decision-makers, since personal style can have a major effect on decisions made.

A wide range of sources is used in collecting SMI, as shown in Figure 5. There was less consensus here than in some of the areas we inquired about. Only 2 out of 16 factors tested have more than a 50% "importance rating".

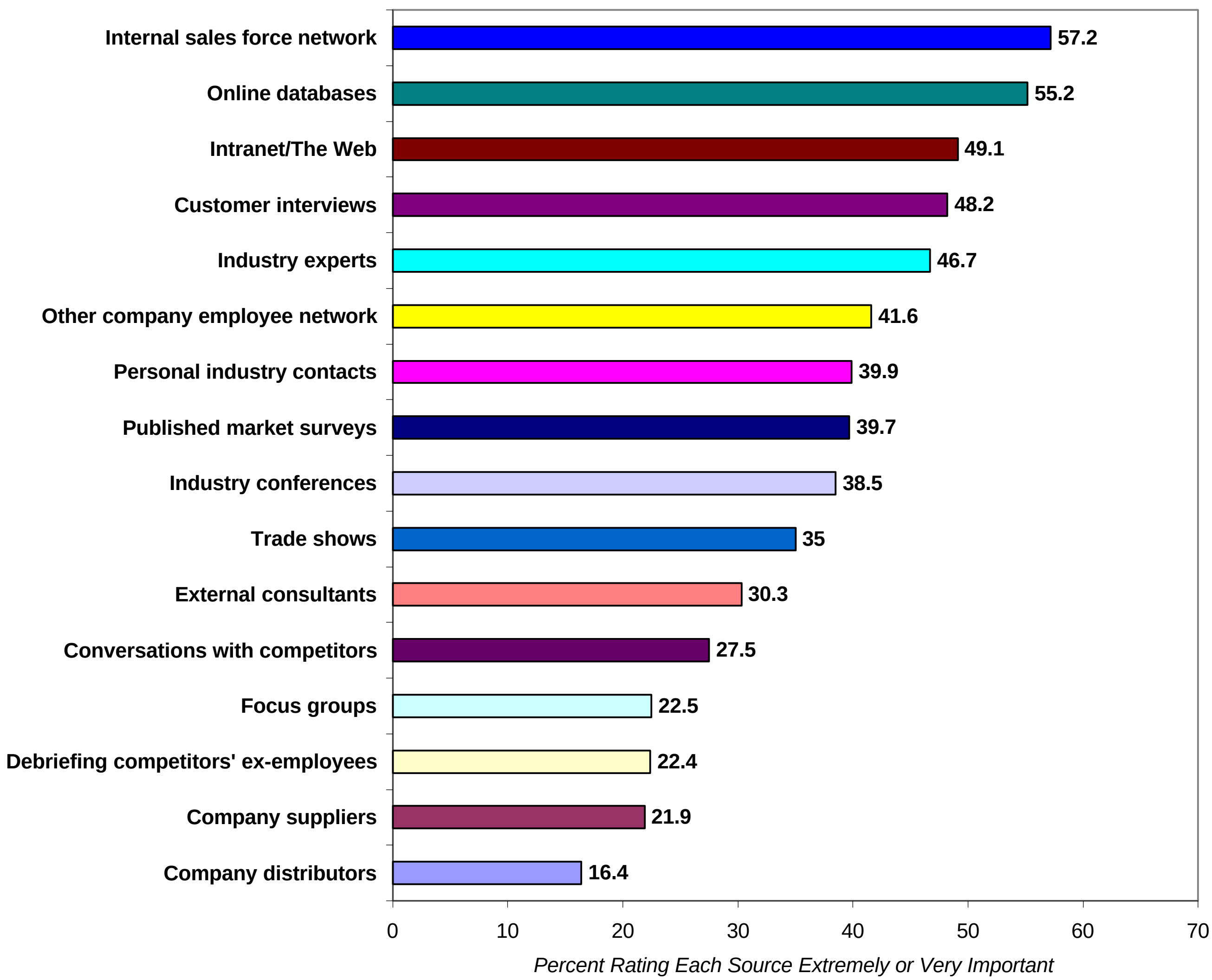

Figure 5: Sources of Sales and Marketing Intelligence.

Primary sources are crucial in collecting SMI. The sales force itself is the most important of these. Building a network to and from the sales force is the single most important first step a company can take in building an SMI capability. We note that advanced information technology is not required to do this effectively. A field sales collection system can take as simple a form as a “hotline” telephone number for the reporting of field information. It is clear, however, that e-mail and intranets have accelerated the capability to link internal primary information sources.

Primary collection networks also often include customers, industry experts, non-sales employees, personal contacts in the industry—and sometimes even competitors themselves.

In spite of the reported importance of the sales network, only 59% of the companies responding report having a program—formal or informal—to capture marketing and competitor information from their sales offices. Clearly, this is an opportunity that could be exploited further, as several companies reported they are working on doing in the near future.

Secondary sources also play a very important role in collecting SMI, with online databases and the Web near the top of the list, and published surveys playing a less important role.

We are surprised at the smaller role that industry conferences and trade shows seem to play, particularly given the large proportion of business-to-business marketers represented. Such industry events typically are productive sources of current sales and marketing approaches, and often serve as early indicators of new strategic directions.

Also surprising is the relatively low use made of “trading partners”—company suppliers and distribution channels. Only 24% of the respondents report having a program to capture market/competitive information from suppliers or distributors. Many of your trading partners also do business with your competitors. This can be a rich resource for development.

Managing and Analyzing Intelligence Information

Intelligence data can be rendered useless if not properly processed and analyzed. A variety of tools are used to manage collected information, as shown in Figure 6.

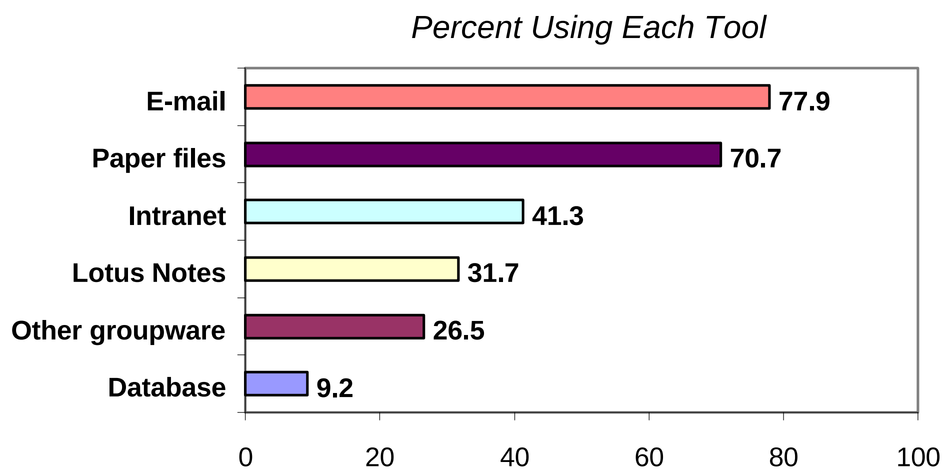

Figure 6: Tools for Managing Collected Information.

We note the persistence of paper as a durable, universally readable information medium, in spite of the array of electronic tools available. As it is clear that multiple methods are being used, paper may be part of an integrated system, or alternatively may form a parallel back-up system.

We note also that slightly more than 5% of respondents are in the process of redesigning their information management system.

A somewhat different picture emerges when those respondents using each tool are asked to rate its effectiveness, as shown in Figure 7. Here, the growing role of electronic tools is more apparent. Electronic databases (most often proprietary databases developed in-house) clearly outpace other tools in terms of how effective they are in the SMI effort.

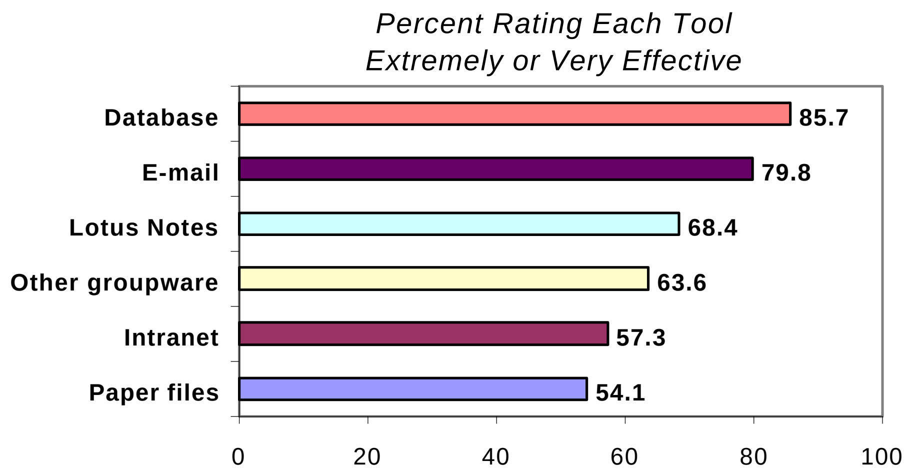

Figure 7: Effectiveness of Information Management Tools.

Techniques being used to analyze the information also vary widely, as shown in Figure 8. We would expect a certain amount of this variation based on the different types of information being collected. The top three most widely used methods of analysis all relate to the development of profiles of competitors, including their financial indicators and strengths, weaknesses, opportunities and threats (SWOT).

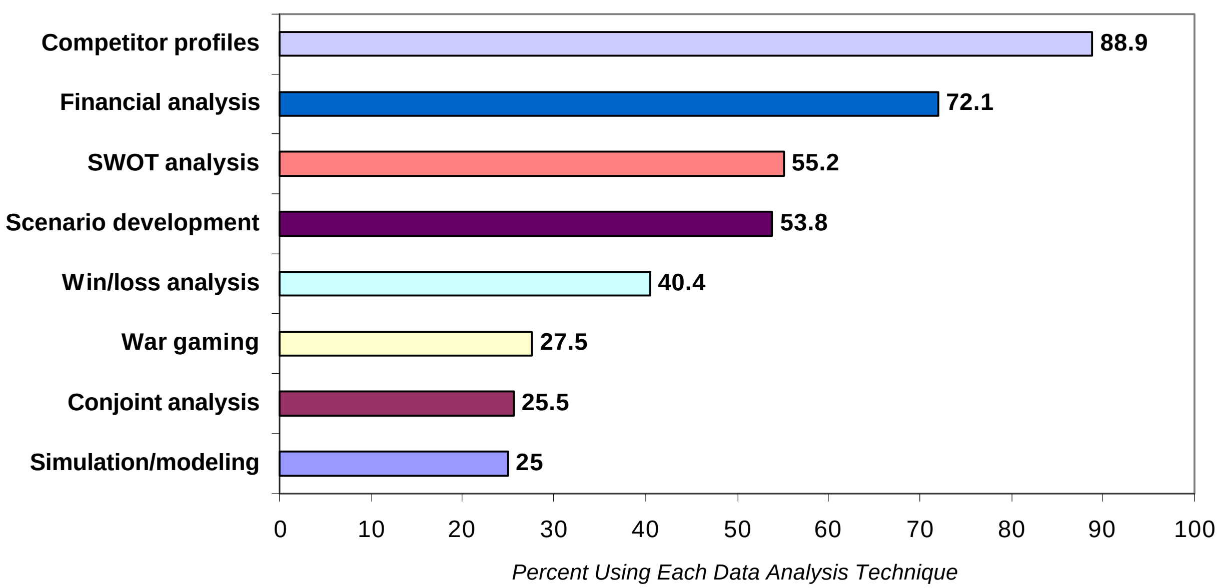

Figure 8: Techniques for Analyzing Information.

Future-oriented “what-if?” exercises like scenario development, war gaming, and simulation and modeling, are used somewhat less frequently. These are techniques that CI professionals could explore if they need to drive their work from a tactical to a more strategic level.

We are surprised that win-loss analysis is being used in only two out of every five companies. Particularly in business-to-business environments, we have found it very effective to:

- Conduct a structured de-briefing after each win or loss, and/or
- Develop a win-loss database, such that patterns can be detected over time.

Figure 9 shows the rated effectiveness of each tool. SWOT analysis is reported to be the most effective technique, perhaps because it is more “actionable” and less static than some of the other techniques.

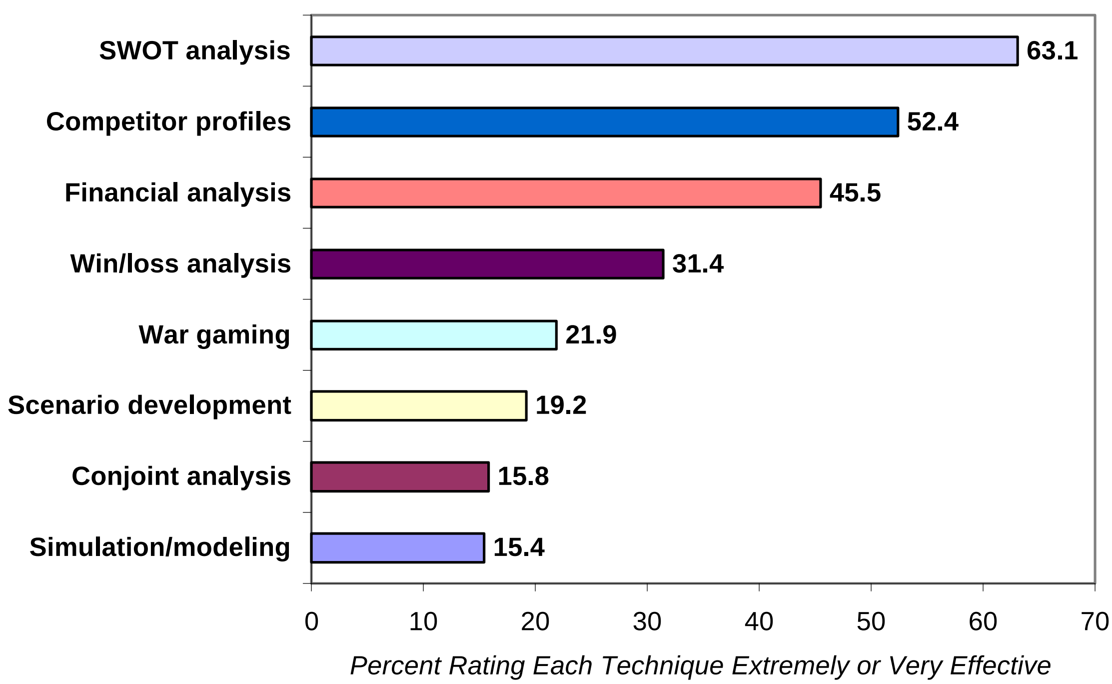

Figure 9: Effectiveness of Analysis Techniques.

On the other hand, we wonder whether the relatively low rated effectiveness of more complex techniques such as conjoint analysis and simulation models results from their being less widely understood than other techniques.

Communicating Intelligence

Intelligence analysis—even when it's correct and insightful—is rendered useless if not communicated quickly and effectively to a decision-maker. Most SMI professionals use a mix of personal interactions (both formal and informal), hard copy reports, and electronic communications to keep in touch with their internal clients (Figure 10).

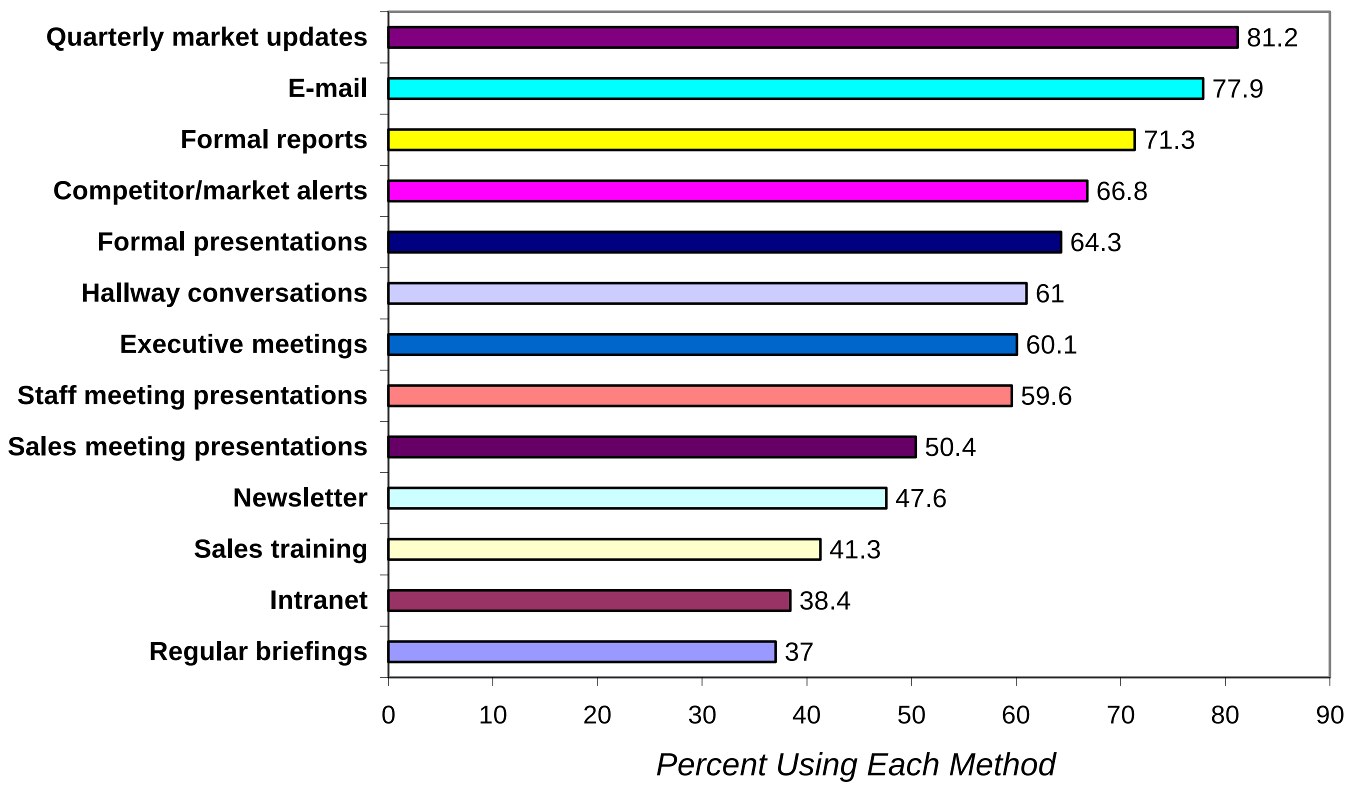

Figure 10: Methods/Tools for Communicating Information.

There was more "convergence" of responses here than in some other areas we tested. Nine out of the 13 communications methods/tools tested are being used by more than half the respondents. Quarterly market updates are the most frequently used, at over 80%. Sales training appears underutilized as a vehicle to demonstrate the value of CI and create advocates for CI within the Sales organization.

The ratings of the *effectiveness* of each communications method (Figure 11) tell a different story. Only one technique is seen as extremely/very effective by more than two-thirds of those responding, and only four have effectiveness scores greater than 50%. Those frequently-used quarterly market updates rank 11 out of 13 in terms of effectiveness.

Real-time electronic communication via e-mail is seen as the most effective technique. Curiously, though, fewer than half of the respondents see intranets as extremely or very effective.

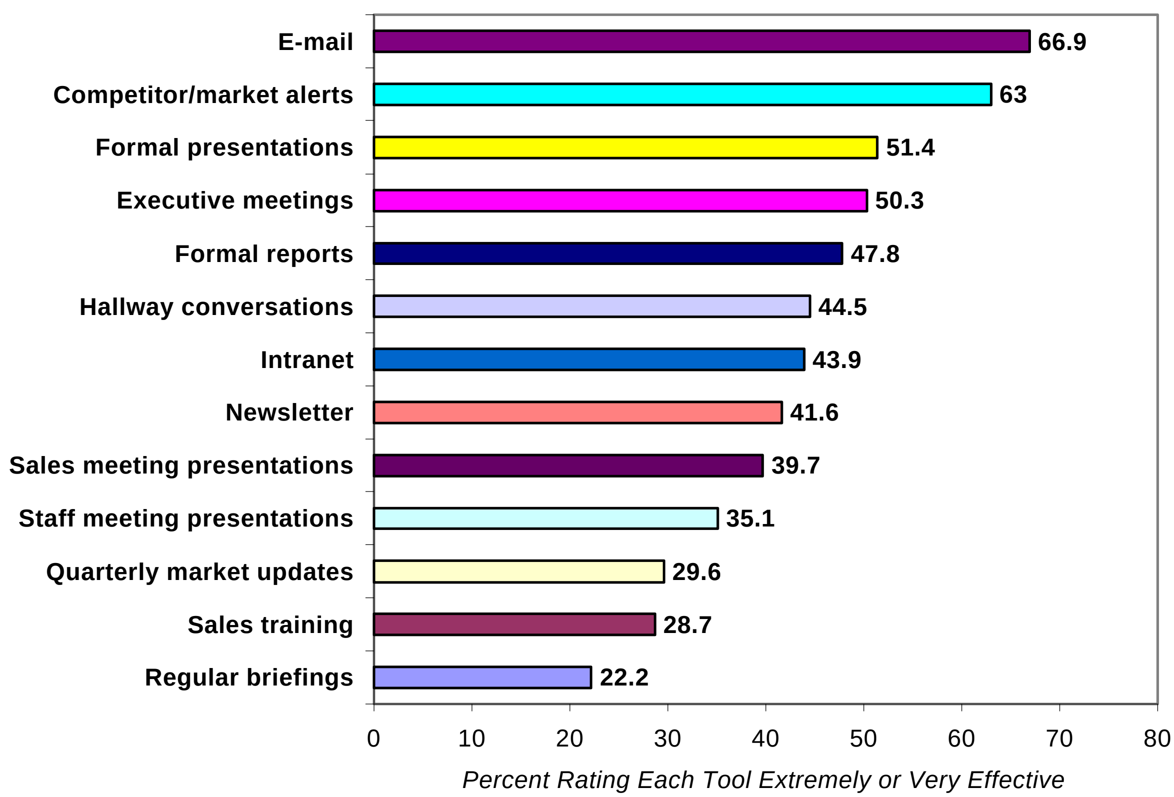

Figure 11: Effectiveness of Communication Methods.

Intelligence Effectiveness

We asked CI practitioners to give themselves a "report card" of their effectiveness against both marketing and sales objectives. These self-assessments are, on the whole, positive when it comes to Marketing goals, with more than half the respondents judging themselves extremely or very effective in seven out of sixteen areas (Figure 12). Particularly strong is the performance against the more strategic objectives like market "scanning and planning".

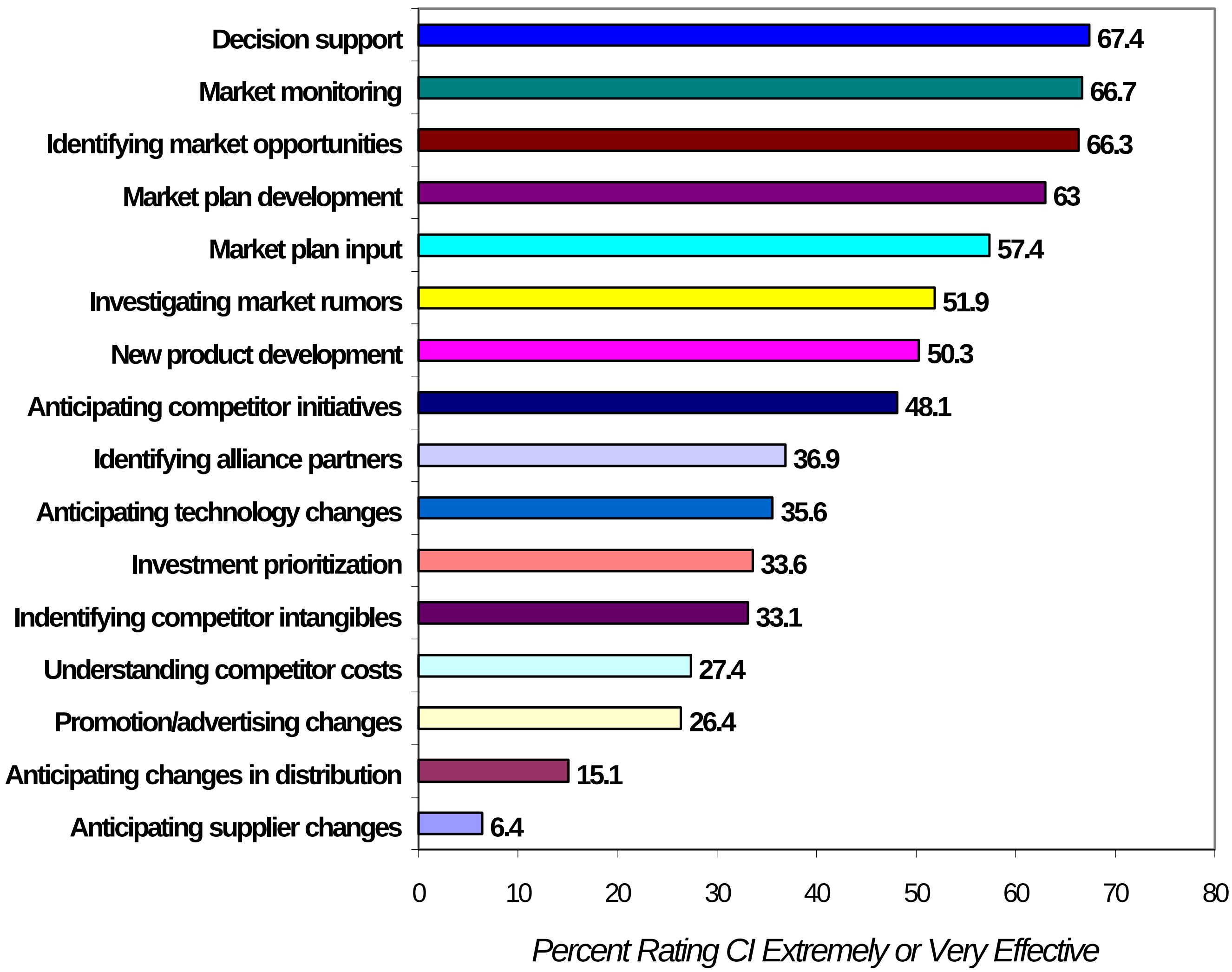

Figure 12: CI Effectiveness in Support of Marketing.

Other objectives have proved more resistant to CI initiatives. Not all companies, of course, have all these objectives as priorities. However, where these lower-rated objectives *are* priorities, there is clearly work to be done to improve performance.

With regard to Sales, CI practitioners rate their own performance more harshly (Figure 13). In only two out of ten areas tested are more than 50% really thrilled about how effective they've been. In *Specific bid support* and *Account qualification*, two potential "clear pay-off" areas for CI, relatively few feel they've been able to make a great contribution.

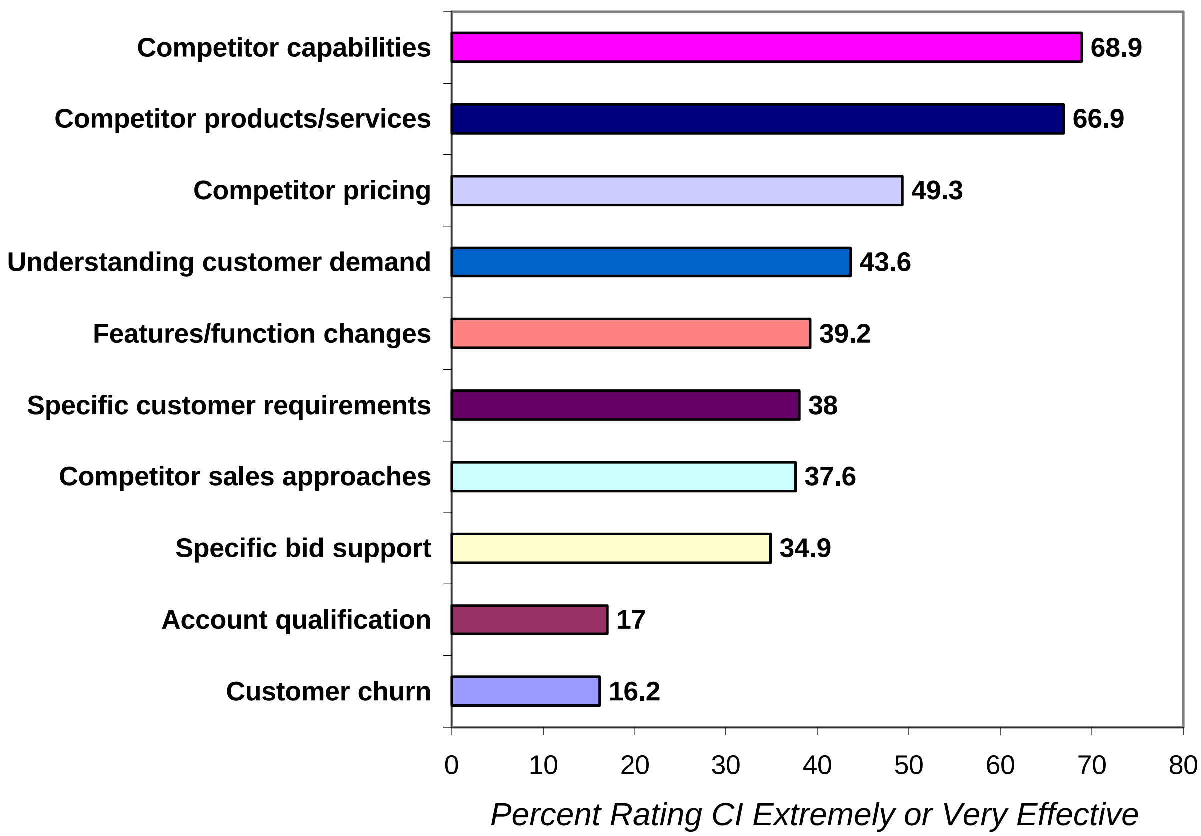

Figure 13: CI Effectiveness in Support of Marketing.

Many CI practitioners are continually under pressure to justify their budgets. When asked what methods they use to do this, respondents are more likely to answer in terms of "relationships and faith" than in terms of bottom-line specifics like customer wins or financial results. (Figure 14). While positive relationships with management are certainly of paramount importance, we would caution that over the long term one of the best ways to *keep* these relationships positive is to consistently contribute to the achievement of business goals.

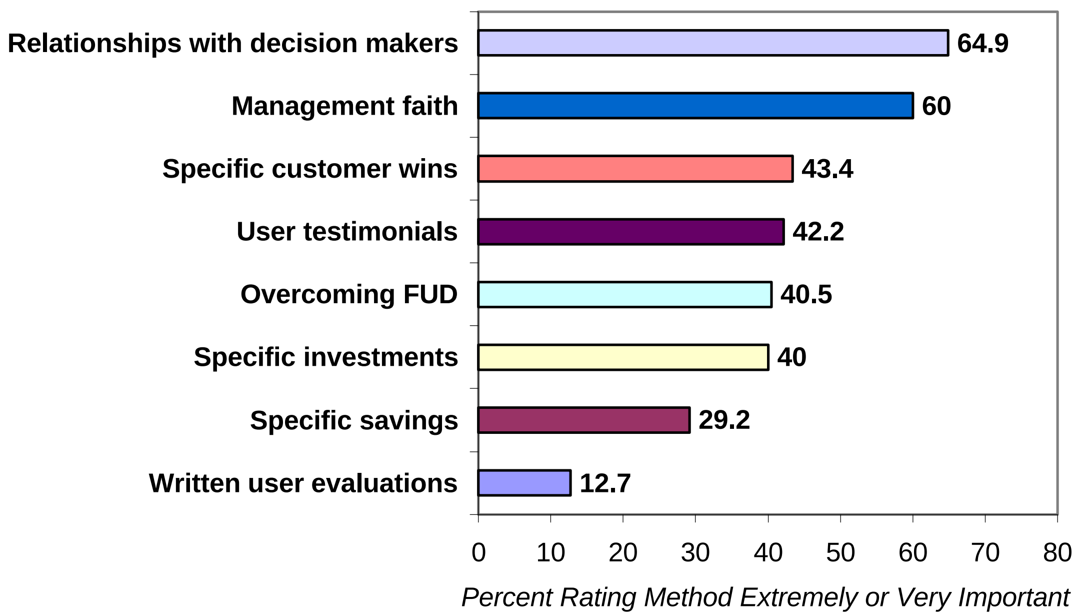

Figure 14: Justification for the CI Budget.

Success Factors and Stumbling Blocks

Respondents were asked to comment on key success factors and stumbling blocks, in regards to both Marketing and Sales. These questions were *open-ended* (write-in), rather than *closed-ended* (short-answer) as most of the other questions were. As a result, they form something of an "ink blot" of the priorities and frustrations of CI practitioners. They were free to list as many items as they wanted; however, many listed only one.

The responses do not fit neatly into categories for statistical analysis. However, if one steps back, and maps different patterns of words into what is behind them, diverse themes begin to aggregate into clusters. The "theme-clusters" mentioned most often are reported below, in descending order of frequency with which each appeared. Verbatim quotes have been woven into composites that reflect the character of each theme.

Marketing

In discussing success factors in CI support of Marketing, variations on the following ten theme-clusters prevailed:

- *Accurate, Timely Information*. "Providing actionable, relevant information—that's how we provide value."
- *Executive Support*. "If you have support from the top, everything else falls into place. Without it, you're swimming upstream."
- *Business Understanding.* "We need to understand the competitive, the markets, the competitors. We need to think like business people."
- *Business Results*. "We need to contribute directly to successes in the marketplace— identifying prospects, developing proposals, winning bids, etc."
- *Information Sharing.* "We need teamwork, coordination, cooperation, networks."
- *Shared Goals*. "We need to clearly understand what is expected of us—and our clients need to understand what we can (and cannot) do."
- *Trust/Buy-in.* "We need to be part of the strategy team, not just data-collectors or hotline people."
- *Linkage to Strategy*. "We need to have strategies that are supported by facts, not just gut-feel."
- *Responsiveness*. "We need to be responsive to our internal clients."
- *Added Value.* "We need to analyze what we collect, not just bury people in data."

In discussing stumbling blocks to success with Marketing, the following seven theme-clusters emerged:

- *Lack of Trust/Buy-in.* “They don’t act on our information—they think they know it all already. They think we’re unethical.”
- *Resource Constraints.* “We need more people/budget/technology.”
- *Lack of Information Sharing.* “The culture doesn’t encourage/incentivize people to share the competitive information they have.”
- *Data Scarcity/Quality/Cost.* “We can’t get the information our clients ask for.”
- *Lack of Executive Support.* “They don’t understand what we do or how we do it. They get interested for a while—but it’s not consistent.”
- *Time Constraints.* “Everyone waits until the eleventh hour before they contact us—then we can’t help them. People don’t plan ahead.”
- *Unclear Goals.* “Expectations are not set clearly, priorities shift constantly, objectives are unrealistic.”

Sales

Regarding key success factors in supporting Sales, the following six theme-clusters emerged:

- *Communications To/From Sales.* “Sales need to tell us what they want, we need to get results to them, and they need to give us feedback.” It is interesting that in some cases the focus was on providing information to the sales people, but in others it seemed to be on getting information from the sales people. The best situation seems to be where there is two-way communication, such that quid pro quo can be established.
- *Timely, Accurate Information.* See Marketing.
- *Competitive Results.* See Marketing.
- *Trust/Buy-in.* See Marketing.
- *Shared Goals.* See Marketing.
- *Executive Support.* See Marketing.

In discussing stumbling blocks to success with Sales, the following seven theme-clusters emerged:

- *Lack of Communications*. “We’re not a priority for sales. They have enough to do already. They don’t share competitive information, or process-related feedback.”
- *Lack of Trust/Buy-in*. See Marketing.
- *Resource Constraints*. See Marketing.
- *Time Constraints*. See Marketing.
- *Unclear Goals*. See Marketing.
- *Data Scarcity/Quality*. See Marketing.
- *Lack of Executive Support*. See Marketing.

Conclusions

In analyzing such a massive response database—over 25,000 data points—it is easy to "lose sight of the forest for the trees." The overall sense we are left with is that CI typically has a somewhat uneasy relationship with Sales/Marketing. There is often a cultural gap—even a cognitive style gap. Competitive Intelligence tends to be rational and fact-oriented (“left-brained”), Sales/Marketing tends to be impressionistic and action-oriented (“right-brained”). Also, most CI people have not had sales experience.

There is often a structural gap between CI and Sales, in that CI is often located within Marketing, with a mandate to support Sales. As a result of these several factors, relationships are not easily formed, goals are not well communicated, the pump is never primed.

We sense that in many cases a “negative feedback” loop—a vicious cycle—is at work:

1. *Sales wants answers, but answers are difficult to get with minimal resources.*
2. *Therefore, credibility is not established.*
3. *Therefore, CI is not invited into a position to help.*
4. *Hence, resources are not forthcoming.*
5. *And so on.*

Another conclusion is that CI professionals are trying to do a lot without much in the way of resources. Very heavy demands are made, under very difficult timeframes, but the human and technology resources to accomplish miracles are not made available. Goals and expectations are often unclear—or even in conflict—making them extremely hard to manage. And in many cases, Sales and Marketing are only two of several clients that CI must serve.

We do, of course, recommend maximizing the use of existing resources before campaigning for more. We have made comments herein intended to suggest possible ways to do that (see Table 2 for a summary). But we also call on senior management to recognize that CI can have an impact only if it is supported—consistently, and in deed as well as word—as a value-adding business process. It will not work if it is seen as an experiment. CI must be given the tools, talent, and mandate to do their job.

We believe that Marketing and Sales is an “acid test” for the practice of competitive intelligence. It is there that CI can—and must—have significant, demonstrable impact if it is to succeed as a discipline. There are few, if any, other places in the spectrum of corporate activities where the contributions of CI will have as clear and direct an impact on the company’s operating results.

Ten Things CI People Can Do to Build Their Effectiveness with Sales and Marketing
1. *Take a sales person to lunch.* Find out how they think, what concerns them, what challenges they face, what motivates them.
2. *Go on sales calls.* Learn how *customers* think, what concerns them, etc. Sometimes you'll be surprised whom *they* see as your competitors.
3. *Create a collection network.* Make it easy for the sales force to use (like a toll–free phone number). Use existing technology like e-mail or intranets. Create incentives to contribute.
4. *Be "proactive."* Try to present opportunities to Sales that they have not yet seen. Try to avoid the role of "information order-taker."
5. *Add value to information.* Go for strategic insight and awareness—not voluminous, data-laden reports.
6. *Get wins.* Contribute directly to bottom-line wins…and don't be shy about letting people know you did so. Nothing succeeds like success.
7. *Track wins and losses.* Patterns will emerge over time. Most important is to debrief customers as to the *reasons* for the win or loss.
8. *Get to industry functions.* Trade shows and other industry events, if you can get to them, are great places to take the pulse of the industry, spot new players—and gather intelligence.
9. *Communicate effectively.* Usually this means quickly, and to the right people. The time-honored "quarterly update" is not enough in this fast-paced world.
10. *Talk to trading partners.* Suppliers, wholesalers, retailers, distributors, independent reps, and promotion companies can all be sources of intelligence.

Table 2: Ten Things CI People Can Do to Build Their Effectiveness with Sales and Marketing.

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Next Steps

This survey—indeed, any survey of this type—was not a popularity contest. There is no single “best-practice” solution to the complex problem of how CI can best support Sales and Marketing.. Each industry and company presents a unique environment. And even for a single company, we submit that there is a range of solutions that could work. The *consistency and quality of execution* of the CI program will always prevail over the particular features and technologies of the solution.

We have scoped out the range of issues being faced and solutions being used worldwide. How can you use this information to create value in your company?

First, we suggest you do some *benchmarking*. We recommend that you benchmark your own organization’s SMI programs against these current practices.

In doing so, please bear in mind that this is a study about “what is”—not necessarily “what should be.” Be sure to take the important next step—ask yourselves if your current approach is the best one possible, given your industry’s structure and company’s competitive position—*regardless of how it compares with what others are doing*. We know of companies that, by making “out-of-the-box” investments in SMI, have levered the competitive balance strongly in their favor.

If your current approach could be improved, be prepared to make specific recommendations—including their estimated costs and benefits—to that end. The suggestions offered here may be helpful as guideposts. They are, of course, only generic— “your mileage may vary.”