

The CI Marketing Interface

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Introduction

In August 2004 a call for papers was issued which invited contributions on the CI Marketing Interface. Thought provoking and stimulating articles were especially welcomed. It is with pleasure therefore, that we are able to present the cream of those contributions in this special issue.

The potential for CI to inform and influence marketing decisions is increasing and this combination can deliver an enviable competitive advantage. Simply knowing more about competitors is not enough. It is what the firm does with that information and how it weaves it into its decision making process which makes the difference. In a large number of organisations, private or public, it is the Marketing

Department which carries the responsibility for critical activities such as customer management, product/service offering, pricing, promotion, distribution strategies, product portfolio management, competitor profiling and the identification of critical success factors to name a few. Marketing managers particularly, are charged with trying to answer the question “*what do we have to do to achieve sustainable competitive advantage?*”

The critical role which Marketing plays in delivering a firm's revenue should not be under-estimated. When using an accounting analogy, if it were not for marketers and sales executives being constantly concerned about delivering targets set for the top line (sales/revenue), managing the second line (cost of sales) and delivering an agreed level of gross profit, then there would be no money for anyone else in the firm to spend. Without a successful top line, there is a failed bottom line. It should come as no surprise therefore that marketers and sales executives are sometimes accused of arrogance. Having said that,

with such responsibility resting on the shoulders of marketing and sales, it is imperative that all the right tools are employed to protect and build the firm's position. This may explain why several research projects have determined that a very high proportion of CI activity is housed within the Marketing Department and carried out by marketing and sales staff.

It could be argued that competitive intelligence practice is nothing more than a fancy name for the analysis and activity which has hitherto been carried out by strategists and planners, in all functions within a business, for many years, but it is more than that. Despite the tools of analysis being broadly similar to those used in strategic planning, CI embraces the serendipity and the one-off aspects of intelligence gathering which leads to better visioning and more exciting scenario development. Planning need not be mechanistic but the reality is that it so often is. Embracing CI encourages firms to look for the unusual, consider the implications, act upon this if necessary, but always, attempt to second guess the competitive landscape. CI really does epitomise the "no surprises" style of management and nowhere is this more important than in the market place.

In seeking to address this aspect of the relationship, authors were asked to consider two broad headings under which their contribution might fit:

Competitive Intelligence for Strategic Insight and Competitive Intelligence for Operational Excellence.

In response, we present three papers which have survived the competitive review process:-

Expanding Intelligence Capabilities, Downstream Knowledge Targets by Dr Scott Erickson and Dr Helen Rothberg. Taking a holistic view of a firm's intelligence assets is the focus of this article and the authors make the links between CI and Knowledge Management (KM). They (rightly) suggest that there are enough similarities to allow the disciplines to communicate and point out that CI "offers an addition to the troika of knowledge assets, the fourth pillar of intellectual capital". It is important to recognise the impact

which information sharing between marketing and other collaborators can have on the downstream end of the corporate value chain, the 'end' which embraces outbound logistics, marketing, sales and associated service functions. Interrelated e-networks, the glue which holds these activities together, are, individually and together, valuable information depositories. This makes them valuable if properly exploited, yet vulnerable if left unprotected.

Examples of firms which have derived benefit from downstream networked knowledge are given: Dell (computers), LeapFrog (educational toys) Freightliner (truck parts) Tesco (grocery) and Timkin (bearings) alongside mentions of 3M, GE, Pepsi, Microsoft and Apple among others. The emphasis throughout is on meeting expectations and increasing customer satisfaction.

The potential for increasingly larger amounts of valuable information which resides in downstream networks to be better exploited is obvious, as is the number interfaces which occur across functions. If the firm itself is not fully cognisant of the existence of such knowledge then it is almost certainly equally unaware that there is a risk of it falling into the wrong hands. Web-sites devoted to customer dissatisfaction, rumours and complaints can have an instant effect on a firm's reputation and sales.

Living in the information age requires firms to be more aware of how it manages the 'critical information and knowledge (which is) passed around logistics providers(including reverse) re-sellers (wholesalers, and retailers), marketing communications agencies (advertising, public relations and sales promotion), after sales service providers and others involved in getting products from core firms to end consumers'.

The authors conclude by drawing attention to a situation where an increased reliance on outsourcing or the greater occurrence of external networks leads to an equal number of opportunities for information acquisition as it does for information leakage. Nowhere is this more critical than in those networks which can positively or negatively affect market posi-

tion or revenue. It would be unwise to assume that all participants are as careful with your secrets as you might wish them to be.

Using Business Intelligence to Discover New Market Opportunities by Dr Janice Frates and Seena Sharp. Changes in a firm's situation, whether that be of a positive or negative nature can provide opportunities upon which competitors can capitalise. Linkages in product use for example, can indicate new segments, initiate modified product ideas and encourage better targeting. One example cited is that of the widespread use and acceptability of text messaging. Recognising this as a complementary service for the majority of its customers, mobile phone manufacturers realised that it was a primary service for a hitherto inaccessible segment - the deaf and hard of hearing. The authors successfully argue that it is these "serendipitous product functions" that BI is best placed to identify.

The authors prefer to use the term Business Intelligence (BI) rather than CI, arguing that for most, "CI is too frequently limited to competitor intelligence which focuses on identifying, monitoring and understanding specific current competitors". They have a point, and in this article, BI is preferred as it 'reflects a broader strategic orientation and use of information than does the more narrow definition of CI'. The debate over terminology is one which is being played out frequently within and outside the CI community but in the context of this article, BI is probably the better description of activity.

The authors suggest that there are many reasons why firms experience barriers to using BI. Challenges to conventional wisdom, weak, unclear signals, organisational culture and politics to name a few. Through several well recounted examples, the concept of using "surprise to avoid surprises" comes through. As with the mobile phone example, it is strongly suggested that BI is the vehicle through which atypical customers can be discovered. Suggested actions, the execution of which are explained in the article, are: walk in the customer's

shoes, redefine the competitive arena, convert problem customers into new market segments, examine the value chain access points and invite customer feedback. Not wishing to propose BI as the answer to all a firm's ills, it is nevertheless, an actionable and achievable activity which could address some of the problems of drifting market share, reducing revenues and product obsolescence. Finally, BI can be nothing but a valuable ally in the search for marketing's Holy Grail, the hitherto unidentified, unexploited yet potentially highly profitable niche.

Memes, CI and Marketing: A Preliminary Framework by Dr David O'Gorman. In this fascinating article Dr O'Gorman examines the impact on CI and marketing which a greater understanding of the field of memetics can have. Although the new field of memetics is termed as a "fledgling paradigm", the author argues that so too are many aspects of the field we understand to be CI. For the uninitiated, (as indeed was I before I read this article), "memes (which rhymes with dreams) are ideas, beliefs of cultural values that replicate themselves from one brain to another, somewhat like a virus". The potential for this to aid behavioural understanding on many levels is intriguing.

At the firm level, identifying cultural memes may help to answer questions such as why an organisation takes a particular stance in different competitive situations. Why is reaction activity predictable in one scenario but unpredictable in another? What is the meme-set of a competitor's top management team and how does this influence that firm's decision making output?

At the product level, how emotionally tied is the firm to a particular product line? How vigorously will the firm defend its territory, even in light of irrefutable evidence that this is not a wise move. In other words, is there a meme-set at work which is responsible for significant and potentially damaging "group-think".

At the customer level, an understanding of memetics is invaluable. Anything which helps a firm to get to grips with why one group of customers might love its products when another actively

despises them, has to be a powerful and cost effective analytical tool. Whether this be in the consumer or business-to-business arena, significant cost reduction can be achieved by better targeting of the sales effort. There is nothing more emotionally demoralising, or resource draining than trying to sell to a customer who clearly has no propensity to buy the product. Memetic profiling assists in understanding how advertising messages can be implanted into the minds of customers and as a consequence, the creation of the desire to purchase.

Organisations are made up of human beings. Customers are human beings. Decision makers are human beings. Dr O’Gorman concludes his article by drawing attention to the “*growing evidence that human behaviour is a function of genes and memes*”. Understanding why competitors, customers and individual influencers behave in the way they do has to be a core element of any competitive intelligence programme. Otherwise, the entire CI effort becomes one of data collection and mechanistic analysis with little or no regard for the psychology of competitive behaviour.

The contributions in this issue have embraced CI, MR, KM, BI with the added spice of psychology and biology. What is clear though, is that whatever the activity of gathering, assessing, analysing and acting upon any intelligence gathering process is called, it has to be advantageous and add to a firm’s intellectual capital. To suggest otherwise, surely, would have little basis in the world of common sense.

The entire function of marketing from product/service design, test marketing and market predictions through to launch strategies, distribution decisions and customer facing activities is critical to a firm’s very survival. It is probably the key function which not only has the opportunity for, but is specifically charged with, the responsibility of regular contact with key elements of the competitive environment: customers, competitors and regulators. It is not surprising therefore that a symbiotic relationship exists between CI and marketing.

For many firms, the use of ‘*Competitive Intelligence*’ as a term seems less acceptable than BI, MI or KM. As a job title or even an office door plate it can be seen as reflecting an overly aggressive stance or the suggestion of a promise that cannot always be delivered. To subsume CI into the marketing function in such circumstances certainly makes sense. As previously mentioned, this is the most likely location where the right mix of information acquisition/analytical skills and attitude towards information exchange will be found. That is not to say that other functions within the firm do not possess these skills because clearly they do. They just might not be in quite such abundance, as tightly honed, as well practiced or as sharply focused as the expertise one might typically find in a marketing department.

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About the Author

Sheila leads the CI and Marketing Strategy (CIMS) teaching and research team at Leicester Business School, De Montfort University. She holds an MBA from the University of Warwick, the Professional Diploma in Management from the Open University, is a Chartered Member and Fellow of the Chartered Institute of Marketing which has over 55,000 members worldwide.

Her work has been published in Marketing Intelligence & Planning, European Journal of Marketing, R & D Management, Journal of Marketing, Comportamento Organizacional e Gestao and JICIM. She is also author of the ‘The Financial Times Marketing Casebook’ first edition, published by Pitman. She has spoken at many Conferences on both CI, business development and marketing strategy.

Building on over 20 years in industry before entering academia and recognising the value of practical application of theories, many research projects have been undertaken under her supervision. The body of empirical knowledge within her team is growing.

Sheila has been responsible for the setting up and development of a number of CI units and has worked on CI, marketing, business development, consultancy and teaching assignments in UK, Turkey, Germany, Italy, Portugal, Belgium, France, South Africa, Syria, Egypt, United Arab Emirates and the USA.