Integrating CI with Strategic Market Planning Through the Use of “Channels to Market Mapping™”

By Nan Bulger, SCIP Executive Director

INTRODUCTION

Typically, competitive intelligence (CI or BI) falls under the corporate umbrella of functions and is therefore considered “overhead” rather than a necessary integrated piece of the business planning process. Business organizations are becoming increasingly aware of competitive intelligence but tend to utilize the function only when there are excess funds available for research and tactical issues that need to be resolved. As a result, lack of definition remains for the following areas and poses a challenge for the competitive intelligence professional:

- the lack of understanding about the vast capabilities of CI and its ability to support the long term decisions of business organizations and their associated functions;
- the focus primarily on tactical marketing and strategy planning and its lack of connectivity to strategic long term decision making processes (Miree and Prescott 2000); and
- the misunderstanding that CI efforts focus solely on current competitors rather than on all parameters that should be taken into account when making corporate business decisions.

While many well-defined market decision making models exist, one methodology is built on the pretense that the above disconnects must be addressed. Using a method of mapping the distribution channels against a company’s defined market segments provides the user a methodical way of addressing short term tactical and long-term
SALES SUPPORT

• Closed Loop Lead Generation
• Regional Market Indicators and Data
• Information on the Competition
• New Market Development Information
• Current Customer and Product Sales Data

ENG/R&D

• Customer Needs
• Customer Feedback
• Technology Advances
• Regulatory Framework
• Technology Used by the Competition
• Introduction and Branding Strategy Used by the Competition

FORECASTING AND PLANNING

• Obtain Market Indicator Data
• Determine Seasonality Issues and Keep the Facility at Full Capacity with the Highest Margin Product

TYPICAL MARKETING RESPONSIBILITIES

• Market Plan Development
• Market Definition
• Sales Training Development
• Lead Development
• Understand Market Indicators and Seasonality
• Support Planning and Forecasting
• Understand the Competition
• Manage MarCom/Marketing Services and Advertising Programs to Include All Advertising Co-op Programs and Direct Mail Campaigns
• Develop Pricing Programs
• Develop Vertical Programs
• Justify All Efforts With Financial Data and Backing

OTHERS

Strategic Planning
Past Performance
Past Successes and Failure
Customer Feedback
Market Plans

Executive Management and Strategic Boards
Growth Justifications
Company Direction
Future Product Justifications
Survey Feedback
Branding Strategies for Brand Awareness and Retention
Finance
Growth Justifications

Human Resources
Competitive Skills
Employee Networks

Figure 1: Competitive Intelligence Deliverables
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strategic decisions and guides the user in the focused use of competitive intelligence data collection. This mapping technique is called CTM™ or Channels-To-Market™ and was developed when I was Global Vice President and Consultant at Fuld & Company. This analytical tool is based on the principal that there must be a focus on events occurring at individual market segment and distribution channel intersections, and that those events support business decision making at tactical and strategic levels throughout and beyond an entire business life-cycle. (See Figure 2) The result is the application of CI data points to business scenarios and actual corporate business decisions.

This article is a brief overview discussion concentrated on the application of the CTM Map™ and methodology and how it makes CI tangible and “actionable.” This is done by focusing and linking the organization’s CI collection efforts to relevant marketing, sales, strategic planning, and other deliverables that provide direct return on investment (ROI). Using this organized method to collect information and make decisions helps to ensure the impact of CI is felt and comprehended throughout the organization and, most importantly, that all tactical decision-making efforts support long-term strategic decisions.

ROI EQUALS ROI – RETURN ON INFORMATION EQUALS RETURN ON INVESTMENT: BUSINESS DECISION MAKING DELIVERABLES

Typically, organizations tend to stick to traditional staffing methods and address their business development needs by designating specific resources to roles in strategic planning, marketing and sales, among others. The decisions of these disciplines should and often are not enabled by the full extent and capabilities CI research has to offer, relying primarily on secondary market and industry data collection, surveys, focus groups, and other traditional tactical efforts for shorter term decisions. For long-term decisions, they typically rely on once per year strategic planning sessions for the development of long-term plans using “massive company month long data dumps” and outside consultants to help them organize their thoughts. In reality, they should be relying on an internal integrated process to combine tactical decisions made throughout the year with those to be made for the future, creating, in effect, a monitoring process, early warning, and risk analysis system. Given that they do not, the result is that much of the research effort is lost because these organizational units do not focus and apply CI towards on-going “decision-making deliverables.” Therefore, a pre-requisite for success is to link CI data collection to specific “end use” deliverables that are relevant to corporate decision-making. The CTM Map™ and methodology helps you do that. For example, Figure 1 depicts decision-making deliverables relevant to a marketing organization and illustrates how those deliverables support and interact with other corporate organizations. CI must support the effective development of these deliverables and most importantly, those deliverables must be tied to ROI. By doing this, the impact of competitive intelligence is felt and understood, and tied to the bottom line. By having a full understanding of corporate interactions, various deliverables will be well defined and integrated. Other interactions and deliverables exist for sales, strategic planning, R&D and other functions within the organization. These must be understood to identify the proper data points to support decisions. As a result of this focus on integrated deliverables, all corporate CI efforts will be connected. Essentially, as depicted in Figure 2, all CI efforts become the foundation for effective and accurate decisions and aid a company in the constant monitoring of the competitive landscape, its position in that landscape, and expedient and accurate planning processes. The “food chain” of information at each level feeds the next level. As a result, the CI process is relevant, useful, and on-going.

THE APPLICATION OF THE CTM™ MAPPING PROCESS

The CTM Map™ is created by mapping distribution channels against market segments. The theory behind this is that all companies typically segment their product lines in some fashion and that they reach the end user through various means of distribution. With that in mind, a single product’s plan and life cycle may differ depending on the channels of distribution. As a result, the competitor must be aware of the dynamics at these intersections through the effective use of CI analysis presented in the deliverables we spoke of in the last section. (See Figure 8a for the application of this mapping process.) This resulting map is called the “CTM Framework.” This effort allows a company to organize and monitor creative long- and short-term strategic decisions easily and to determine what must be gathered in terms of information to develop integrated deliverables and make decisions. The requirements analysis phase is the second step following map development and definition of the deliverables. This exercise aids in identification of gaps in
terms of information and analysis of information. Often companies do not know what their markets are because they don’t know what information they need or how to acquire the information they need to make decisions. Further, they may have the information but are missing data creating a gap during what we call Impact Analysis™. Impact Analysis™ is not discussed in this article but refers to the comprehensive analysis of the data and resultant observations and recommendations. After the segments and channels are identified in the “CTM Framework” and the deliverables are identified, the map is “populated” with CI, and used to evaluate the relationships between the selected market segments and the available distribution channels within the framework.

This innovative market segmentation distribution channel comparison approach identifies critical decision-making points at the intersections (Ansoff 1957). (See Figure 3). At each one of these critical junctures, there are unique market and business dynamics. These dynamics must be clearly assessed and understood by the company.
in order to develop a complete picture of the market and competitive environments (See Figure 5).

For example, the map will enable its user(s) to make decisions relevant to product line extensions, differentiation, acquisition analysis, vertical integration, business gaps and opportunities, and impact of changes in the value chain, and so on. The details of Channel to Market™ or CTM™ on those decision-making processes will be discussed in future articles on the subject.

A myriad of research methods exist including internal and external intelligence gathering. This includes the evaluation of secondary (published) material, and primary research (interviews) with external and internal sources. This method can be applied to the data collection process that is then used to populate the decision-making deliverables located within the map. In turn, this forms the basis for valuable business decisions. Monitoring the industry dynamics within the map creates the basis for long-term strategic plans. The deliverables provide the day-to-day information to conduct business. One feeds the other and hence the term “CI Food Chain.”

In addition to using the CTM Map™ for the company’s internal picture of its own and industry dynamics, the organization can also create competitors’ maps and overlap them with its own map. This application can effectively identify competitor moves and opportunities as well as help forecast strategic market and industry trends differences in business operations, value chain logistics, and so on. These concepts will also be discussed in greater depth in future articles. A strong feature of this methodology is that one does not have to be a marketing expert to understand and use this methodology.

**Figure 3: The Channels-to-Market Map™**

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What is happening at each intersection? For example, consider the women’s apparel business sold through catalog distribution. There are specific attributes that make up the women’s apparel catalog business. Do we have the core competencies to sell through this channel? Can we compete, do we have the right pricing strategies, what are the end users looking for, etc.? Similar questions can be asked of any business with any distribution channels or market breakdown because the methodology to developing the plan, regardless, is basically the same.
The above criteria will answer questions like: Do we have customers at any of these intersections? Can we support marketing efforts at this time or any intersection? Any changes at this intersection that will change our business-base?

Figure 5: An Intersection of The Channels-to-Market Map™ © Nan Bulger 1999

The Application of Software and Automation of the Process

Access and manipulation of the CTM Map™ can be and has been enhanced through the use of software. The depth and level of use can be tailored to the corporate size and the needs of each user. Of course, there needs to be maintenance features designed into the process so as not to create a system so large that it becomes difficult to maintain.

Training will be required for any corporate effort that employs the CTM Map™ as an analytical and risk analysis tool, especially if the company chooses to enable it via software.

Although it appears an extensive amount of information needs to be collected, the map actually allows the marketer to quickly identify and focus on the prime business issues and to identify industry dynamics. Understanding the gaps, the value chain, and the dynamics
between individual segments and distribution channels helps to organize, monitor, and quickly spot changes in the industry, the specific markets, and the competitor moves.

The CTM™ technique is a valuable war room tool exercise. Applying a disciplined process to the methodology provides an ongoing monitoring technique and early warning system. For the CI professional, the CTM™ mapping process provides a mechanism for the measurement of return on investment.

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**Figure 6: An Intersection of The Channels-to-Market Map™**

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4. CASE STUDY: RETAIL AND INDUSTRIAL APPAREL MARKETS

A case study is provided here featuring an applicable CI Framework to illustrate the application of the CTM Map™. The case presents applications in the retail and industrial apparel markets with a focus on diversification. However, it should be noted that this mapping technique is applicable to heavy industrial, government markets among others and can be used to analyze international market dynamics for product line extension, diversification, and acquisition.

The CTM™ can be applied by offering finished goods products to the high-end, low-end, and niche fashion apparel market; namely, end-user goods manufacturers and suppliers. These products, while considered “finished goods” by the fabric manufacturer, are then converted into garments for the B2C apparel manufacturer and are considered raw materials when received by the apparel supplier and/or manufacturer. This creates a complex business model requiring the ability of the fabric manufacturer to look outside of its current customer base (the B2B customer) to understand the end-user retail customer (the B2C customer and the end user customer).

The products of the fabric manufacturer are distributed through a variety of channels, including, but not limited to mass merchants, converters, jobbers, retail specialty chains, and stores. These fabric manufacturers...
must maintain keen awareness of end-user customer trends, changes in the distribution value chains, and other significant elements, such as the use of the Internet to support business by a B2B or B2C customer.

Described below are two examples of how the CTM™ gets to core decisions that these types of manufacturers have to make. The examples address how the methodology can be used to:

- evaluate actual changing distribution value chain trends and their effect on business, and
- study and select diversification strategies.

First, consider the evolution of industrial or “old economy businesses.” Typically, these fabric manufacturers are industrial era mills who support sophisticated, fast moving fashion retailers who have pioneered much of the use of the Internet to support customer satisfaction, services and direct marketing efforts at a cost to the direct mail distribution channel. As a result, the mill must support the demands of the customer. This translates to faster time-to-market cycle times, decreased inventory, custom products, and the use of the Internet for supply chain management. By understanding the changing requirements of the customer and the consumer, the fabric manufacturer can better react to the changes and demands of the customer. Further, it can furnish the customer with front- and back-end services, such as inventory management, order processing, technical support, etc.

Second, consider the need to diversify business. Fashion apparel manufacturers live in a fast paced, fickle business environment dependent on brand identification and retention. This directly relates to their price competitiveness and revenue generation. In essence, they live by the old saying “Here today, gone tomorrow.” By understanding distribution channels and the core competencies at the intersection of these channels and market segments, a company can develop its diversification strategy.

For instance, a textile mill works with retail specialty stores, direct mail catalogs and wholesale distributors.

<table>
<thead>
<tr>
<th>Channel</th>
<th>Market Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Mail</td>
<td>Women’s Apparel</td>
</tr>
<tr>
<td>E-Commerce</td>
<td></td>
</tr>
<tr>
<td>Specialty Retail</td>
<td>Men’s Apparel</td>
</tr>
<tr>
<td>Whole Distributor</td>
<td>Children’s Apparel</td>
</tr>
</tbody>
</table>

**Figure 8a: CTM Channels to Market Map™ for Fashion Apparel Industry Value Chain Adjustment** © Nan Bulger 1999
The manufacturer develops products featuring wicking characteristics, anti-microbial treatments, and warmth and comfort. All of these features translate to benefits that can be used by other B2B customers outside of fashion apparel. The “business trick” here is to determine what those industries are and what those customers want. More specifically, since recent industry trends in the medical industry indicate that, in many cases, home care is replacing hospital and nursing home care, this provides a win-win situation for insurance companies by saving money and by providing comfort for the ultimate customer – the patient.

So what does this have to do with fashion apparel? Trends in home care have created the need for medical supply specialty shops, retail catalogs, and distribution through mass merchants. These are channels the textile manufacturer has become familiar with. If one considers that the product characteristics detailed above provide benefits, which a medical reseller can leverage, by methodically outlining and detailing aspects of the

*NOTE: The information in the intersection described in this figure is provided as an example of the nature of the information to be sought, and it is not meant to be an exhaustive or accurate description of the described channel-to-segment intersection.

Figure 8b
business through channel mapping, value chain trend identification and so on, a company can best develop its diversification strategies through leveraging.

The CTM Map™ for this CI Framework is partially represented in Figure 8a. An example of a specific intersection is represented in Figure 8b.

CONCLUSION

The ultimate outcome of the channels-to-market methodology is to enhance the overall productivity of the organization’s business, optimize the use of business information or CI, and create an on-going early warning system and business dynamics thought process. As with all methodology and decision-making processes, the successful implementation of Channels to Market Mapping™ and the CTM Map™ as analytical tools rests on the level of commitment of the organization to invest its time and resources.

Throughout the process, issues of focus, design, user access, and “system” maintenance among others, must be considered and solved, and the solutions must be tailored to the organization(s) that will use the information.

The CTM Map™ implementation takes time, effort and discipline. Nevertheless, the benefits obtained by employing this methodology considerably outweigh the organizational investment in it.

REFERENCES

Miree and Prescott, 2000. “TAP-IN” to Strategic and Tactical Intelligence in the Sales and Marketing Functions, Competitive Intelligence Review, Vol. 11(1) 4-16.

Ansoff, Igor, 1957. Strategies for Diversification, Harvard Business Review, September-October, 1957, p. 114. Igor Ansoff developed a Product/Market expansion grid to focus an organization’s growth strategy around customer behavior along product lines. The CTM Map™ differs from Ansoff’s approach because it uses distribution channels as an analytical basis, rather than product lines, allowing for the study of the distribution channels’ impact on the organization’s strategy. The CTM Map™ map can also be used to study competitor behavior in the relevant market segments and channel “intersections,” thus extending the corporate analytical horizon, while enabling focused strategic market planning.

1. Notice that the distribution channels are not limited to those channels utilized by the company, but rather, all distribution channels are included in the map to ensure effective monitoring of environmental changes.

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